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Consulenza di direzione
in Comunicazione d'Impresa

PRESS RELEASE

DE' LONGHI S.p.A.: sales in 2003 increased by over 4% at constant exchange rates (sales were in line with 2002 at current exchange rates). Finalised the acquisition of a leading manufacturer of oil-filled radiators (also involved in the production of other heating appliances) in China.

Sales of the De' Longhi Group in 2003 grew by more than 4% at constant exchange rates; at current exchange rates sales were in line with the 2002 figure (€ 1.274 million). Both Italy and Rest of Europe showed healthy growth rates, whereas turnover in the UK, North America and Japan was affected by unfavourable exchange rates movements.

Over the last days, the De' Longhi Group also finalised the transaction which led to the control (67%) of a new Hong Kong company which acquired all the manufacturing assets previously owned by one of the leading manufacturers of oil-filled radiators and is also active in the production of other heating appliances; the company owns three operating facilities located in Zhongshan in the province of Guangdong. The start of the negotiations for this transaction was disclosed in the 2003 third quarter report.

Thanks to this transaction, the De' Longhi Group sets up its second Chinese industrial centre, specialised in metal working and heating appliances and which will join the Tricom manufacturing operations, which are dedicated to the production of small domestic appliances (plastic moulding platform).

This acquisition is important because it will both allow to gain additional market shares and immediately recover competitiveness in the UK and US markets by facing the appreciation of euro.

The payment for this acquisition will be made through a profit-sharing arrangement (whereby the seller, as a minority shareholder of the acquired company, has the right to 33% of the income) with a maximum of \$6,8 million payable in 5 years and subject to the company's ability to double its current production output.

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