



PRESS RELEASE

DE' LONGHI S.p.A.: meeting with the trade-union organisations regarding the reorganization of the industrial activities.

The De' Longhi Group has today met the Trade-Union organisations and the internal representatives of the workforce to present them the program of the industrial reorganisation planned for the year 2005. This program is part of the strategy to concentrate in Italy the product categories which are less hit by the increasing competition stemming in particular from the strengthening of the euro and price pressures in main markets; foreign manufacturing facilities, in particular those located in China, will be in charge of the remaining production lines, as well of those targeting the Eastern markets and those with a dollar denominated revenue base.

This process aims at maintaining an adequate profitability level for the Group, so that it continues to invest in product innovation, quality, communication and design, the distinguishing features of the Group.

This program implies the end of some production activities currently carried out in the Italian manufacturing facilities located in Treviso, Mignagola and Gorgo al Monticano, and the concomitant dismissal of 650 employees.

The areas within the Mignagola plant which have been so far dedicated to the production of cooking and air conditioning appliances, will be focussing more on the latter category and will devote more space to the existing logistic centre, in order to provide a better efficiency of the operations.

Once this restructuring program is over, in Italy there will be about 2,650 employees, in comparison to a number of 7,382 employees for the Group overall in September 2004 (3,860 at the end of 2000).

The Group confirm its will to strengthen those Italian productions which will not be involved in the reorganisation plan, in particular medium and large air conditioners (with applications to serve residential, commercial and industrial customers as well as those for the support of telecom networks), cookers and hobs, water-filled radiators, automatic coffee makers and built-in appliances as shown by the investments carried out in Italy in plants, machinery and equipment in the first nine months of the year for a total of € 14 million.

"This is a necessary step to allow the Group to compete consistently with the different external conditions. We will continue to invest in research and development, technology, quality and design, in order to maintain our leadership for the segments we operate in." – said the CEO Stefano Beraldo.

"Since the majority of our revenues is generated abroad, this requires a reassessment of our industrial structure, also to be closer to the markets served and, through an adequate action on the product cost side, to contrast the unfavourable external conditions, in particular the



strengthening of the euro, which strongly penalised the competitiveness of our exports.” – concluded the CEO Stefano Beraldo.

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