

Treviso, November 12, 2009

PRESS RELEASE

De' LONGHI SpA:

the Board of Directors has approved the consolidated results as at September 30, 2009. Revenues were decreasing by 7.4% in the quarter and by 11.2% in the nine months; profitability (Ebitda before non recurring items) declines from 12.2% to 11% of revenues in the quarter and from 10.2% to 9.1% in the nine months. Strong contraction of net indebtedness from € 416.2 to € 237.5 million in the 12 months.

Summary

the third quarter

July 1st – September 30, 2009

- revenues amounted to € 338.7 million, down by 7.4% ;
- gross profit decreased from € 142.4 to € 139.7 million, but improving by 2.30 percentage points on revenues;
- Ebitda, before non recurring items, amounted to € 37.2 million (or 11% of revenues) vs. € 44.6 million in 2008 (or 12.2% of revenues);
- Ebit amounted to € 25.3 million, or 7.5% of revenues (vs. € 40.8 million of 2008, or 11.1% of revenues);
- financial charges fell from € 16.3 to € 5 million;
- net profit pertaining to the Group decreased from € 19.3 to € 15.1 million (or 4.5% of revenues).

the nine months

January 1st – September 30, 2009

- net revenues decreased by 11.2% down to € 934 million, thus partially recovering the negative trend shown in the first half-year;
- still improving the gross profit, as a percentage of revenues, increasing from 40% to 42%;
- Ebitda before non recurring items went down from € 107.7 to € 85.4 million (from 10.2% to 9.1% of revenues);
- Ebit declined from € 82 to € 52.5 million, being also impacted by a variation of € 10.5 million in non recurring costs;
- significant savings, amounting to € 15.2 million, were obtained from the reduction of net financial charges, declining from € 39.1 to € 24 million;
- net profit amounted to € 19 million (vs. € 32.2 million in 2008);
- the net debt decreased from € 416.2 to € 237.5 million (i.e. a reduction of € 178.7 million) and was even below the figure of end of 2008 (€ 246.5 million).

The results of the nine months

The Board of Directors has approved today the results as at September 30, 2009.

The business in the 9 months is positively affected by a less unfavourable trend of revenues in the third quarter vs. the previous quarters and by the continuing improvement of the gross profit vs. 2008, mainly in the Household division, which delivers in the third quarter an Ebitda above 12% of revenues, almost in line with the one of 2008.

revenues

Contrasting with a macroeconomic scenario that did not show signs of improvement, the Group was able to benefit from a product mix successful both in the sales dynamics and in profitability.

Particularly coffee makers and food processors were confirming to be the main drivers of the sales of the Household division and, thanks to their contribution, the Group was able to balance the decrease in revenues of the Professional division, linked to the recessive real estate business.

	the 9 months			the 3rd quarter		
	M €	Var. yoy	Var. yoy %	M €	Var. yoy	Var. yoy %
total revenues	934,0	(118,3)	(11,2) %	338,7	(27,1)	(7,4) %
divisions:						
- Household	700,4	(60,2)	(7,9) %	255,9	(10,2)	(3,8) %
- Professional	239,7	(65,5)	(21,5) %	83,4	(17,5)	(17,4) %

Revenues in the 9 months amounted to € 934 million, down by 11.2% (with a negligible impact of exchange rates) vs. 2008 (€ 1052.3 million), as a consequence of the reduction of sales in the Household division (-7.9%) and in the Professional division (-21.5%).

This trend benefited from sales in the third quarter that were satisfactory, if compared to the two previous quarters of this year, as expected, especially for the Household division, which limited the reduction to 3.8%.

Generally speaking, products of the household area confirmed to be more resilient to the widespread consumption crisis and allowed the Group to counterbalance the more unfavourable trend in sales of the climatization business and of the Ariete brand.

At a geographic breakdown, we remark the growth of USA, Australia and France, in countertrend to the decreasing other main reference markets.

the operating margins

The described sales' trend brought together a structural improvement of the product profitability, due to the increased focus on products with higher margins in the high end and to the products' cost reduction sustained also by the progressive depreciation of the US Dollar, the currency in which most of the Household's manufacturing costs are expressed.

The improvement of the **gross profit** was the necessary prologue to the protection of the final operating margin, thus diluting the constraints of the fixed costs.

	the 9 months		the 3rd quarter	
	M €	% on sales	M €	% on sales
Gross profit	392,6	42,0 %	139,7	41,2 %
EBITDA before non recurring items	85,4	9,1 %	37,2	11,0 %
EBITDA	79,0	8,5 %	34,6	10,2 %
EBIT	52,5	5,6 %	25,3	7,5 %

The gross profit increased to 42% of revenues (from 40%) in the nine months and to 41.2% (from 38.9%) in the third quarter and limited the reduction of Ebitda.

EBITDA

Ebitda (before non recurring items) amounted to € 85.4 million (vs. € 107.7 million in 2008) and shrunk by 1.1 percentage points on revenues (from 10.2% to 9.1%); however, before the negative impact of exchange rates for € 24.5 million (and without considering the hedging policies put in place), it would have been 11.3% of revenues vs. a correspondent 10.7% in 2008.

After the non recurring costs of € 6.4 million, Ebitda amounted to € 79 million (or 8.5% of revenues), vs. € 111.9 million (or 10.6% of revenues) in 2008. It has to be noticed that in the comparison with 2008 the negative variation of the non recurring items amounts to € 10.5 million, given the posted net losses of € 6.4 million in 2009 vs. net profits of € 4.2 million in 2008.

Furthermore, as above mentioned, the dynamics of Ebitda was remarkably favourable for the Household division, which in the quarter delivered a margin (before non recurring items) of 12.4% of revenues, thus decreasing by only € 2.6 million vs. the third quarter of 2008.

EBITDA <i>before non rec. items</i>	3rd quarter 2009		3rd quarter 2008	
	M €	% of revenues	M €	% of revenues
divisions:				
- Household	31,6	12,4 %	34,2	12,9 %
- Professional	6,7	8,1 %	11,5	11,4 %

EBIT

Ebit amounted to € 52.5 million in the nine months, or 5.6% of revenues, comparing with € 82 million in 2008, or 7.8% of revenues.

In the quarter, Ebit amounted to € 25.3 million (or 7.5% of revenues) vs. € 40.8 million in 2008 (or 11.1% of revenues).

financial charges

Net financial charges were decreasing, mainly in the interests' component, following the reduction of the net debt and of market interest rates, which for short term maturities are now below 1%.

In the nine months, the charges amounted to € 24 million vs. € 39.1 million in 2008.

net profit

Net profit pertaining to the Group amounted to € 19 million, or 2% of revenues, vs. € 32.2 million, or 3.1% of revenues, in 2008.

net indebtedness

Net indebtedness was continuing its reduction path both in the 12 months and from year's inception, thanks to the reduction of the operating working capital (declining by € 96.6 million in the 12 months), the improved product profitability – which allowed to protect the operating cash generation process – and to the financial benefit (€ 67.2 million) of the sale of some of the Group's real estate assets in December 2008.

Net indebtedness at September 30 amounted to € 237.5 million, declining by € 178.7 million in the 12 months and by € 9 million from year's inception. The latter figure is meaningful since the third quarter represents, within the yearly financial cycle, the debt peak preceding the stronger cash generation phase of the fourth quarter.

Events following the end of the quarter

There are no material events following the end of the quarter.

Foreseeable business development

The results are developing in line with the expectations of the Group. Markets remain difficult and with marked differences both in terms of geography and in terms of segments. The Company is not anticipating major changes in the remaining part of the year and in the following months.

Declaration of the manager responsible for the company's accounts.

The manager responsible for the preparation of the company's accounts, Stefano Biella, hereby declares, as per article 154 bis, paragraph 2, of the "Testo Unico della Finanza", that all information related to the company's accounts contained in this press release are fairly representing the accounts and the books of the company.

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A N N E X
Consolidated results of De' Longhi Group as at September 30, 2009

Consolidated Income Statement

Million Euro	30.09.2009 (9 months)	% of revenues	30.09.2008 (9 months)	% of revenues	3rd quarter 2009	% of revenues	3rd quarter 2008	% of revenues
Net revenues	934,0	100,0%	1.052,3	100,0%	338,7	100,0%	365,9	100,0%
<i>change</i>	<i>(118,3)</i>	<i>(11,2%)</i>			<i>(27,1)</i>	<i>(7,4%)</i>		
Materials consumed and other production costs (services and production payroll costs)	(541,4)	(58,0%)	(630,9)	(60,0%)	(199,0)	(58,8%)	(223,5)	(61,1%)
Gross Profit	392,6	42,0%	421,4	40,0%	139,7	41,2%	142,4	38,9%
Costs of services and other expenses	(219,0)	(23,4%)	(227,7)	(21,6%)	(74,1)	(21,9%)	(70,4)	(19,2%)
Labour cost (non industrial)	(88,2)	(9,4%)	(85,9)	(8,2%)	(28,4)	(8,4%)	(27,4)	(7,5%)
EBITDA before non recurring items	85,4	9,1%	107,7	10,2%	37,2	11,0%	44,6	12,2%
<i>change</i>	<i>(22,3)</i>	<i>(20,7%)</i>			<i>(7,4)</i>	<i>(16,7%)</i>		
Non recurring items	(6,4)	(0,7%)	4,2	0,4%	(2,6)	(0,8%)	6,6	1,8%
EBITDA	79,0	8,5%	111,9	10,6%	34,6	10,2%	51,2	14,0%
<i>change</i>	<i>(32,8)</i>	<i>(29,4%)</i>			<i>(16,7)</i>	<i>(32,5%)</i>		
Amortization	(26,6)	(2,8%)	(29,8)	(2,8%)	(9,3)	(2,8%)	(10,5)	(2,9%)
EBIT	52,5	5,6%	82,0	7,8%	25,3	7,5%	40,8	11,1%
<i>change</i>	<i>(29,6)</i>	<i>(36,0%)</i>			<i>(15,5)</i>	<i>(38,1%)</i>		
Net financial charges	(24,0)	(2,6%)	(39,1)	(3,7%)	(5,0)	(1,5%)	(16,3)	(4,5%)
Profit before taxes	28,5	3,1%	42,9	4,1%	20,3	6,0%	24,4	6,7%
Taxes	(9,4)	(1,0%)	(10,4)	(1,0%)	(5,0)	(1,5%)	(5,1)	(1,4%)
Profit / (Loss) of the period	19,1	2,0%	32,5	3,1%	15,3	4,5%	19,3	5,3%
Profit (loss) pertaining to minority interests	0,1	0,0%	0,3	0,0%	0,2	0,0%	0,0	0,0%
Profit (loss) pertaining to the Group	19,0	2,0%	32,2	3,1%	15,1	4,5%	19,3	5,3%

Consolidated Balance Sheet

Million Euro	30.09.2009	30.09.2008	31.12.2008	Change 30.09.09 – 30.09.08	Change 30.09.09 – 31.12.08
- intangible assets	416,3	425,8	414,5	(9,5)	1,9
- tangible assets	176,2	243,4	178,5	(67,2)	(2,3)
- financial assets	2,5	4,5	5,0	(1,9)	(2,4)
- deferred tax assets	48,8	42,3	42,2	6,5	6,6
Fixed assets	643,9	715,9	640,1	(72,0)	3,8
- inventories	342,2	428,8	320,5	(86,5)	21,8
- trade receivables	306,0	359,2	367,2	(53,3)	(61,2)
- trade payables	(249,4)	(294,9)	(286,2)	45,5	36,8
- other net current assets / (liabilities)	(49,9)	(47,6)	(45,1)	(2,3)	(4,8)
Net working capital	348,9	445,5	356,3	(96,6)	(7,4)
- deferred tax liabilities	(23,5)	(17,8)	(21,5)	(5,7)	(2,0)
- employee benefits	(28,6)	(34,5)	(30,5)	5,9	1,9
- other provisions	(35,7)	(35,8)	(35,7)	0,1	0,0
Non current liabilities	(87,8)	(88,1)	(87,7)	0,3	(0,1)
Net invested capital	905,0	1.073,4	908,7	(168,3)	(3,7)
Net financial position	(237,5)	(416,2)	(246,5)	178,7	9,0
Total shareholders' equity	(667,6)	(657,2)	(662,3)	(10,4)	(5,3)
Total net financial position and shareholders' equity	(905,0)	(1.073,4)	(908,7)	168,3	3,7

Consolidated Cash Flow Statement

Million Euro	30.09.2009 (9 months)	30.09.2008 (9 months)	31.12.2008 (12 months)
Cash flow from operations and from changes in the working capital	49,5	(64,8)	38,4
Cash flow from investments	(25,4)	(31,0)	(42,5)
Operating cash flow	24,1	(95,8)	(4,1)
Cash flow from non recurring items	0,3	35,8	103,2
Dividends paid	(9,0)	(9,0)	(9,0)
Cash flow from changes in the <i>Fair value</i> e di <i>Cash flow hedge</i> reserves	(0,7)	7,3	9,9
Cash flow from changes in the currency translation reserve	(5,6)	1,3	9,4
Cash flow from changes in the equity pertaining to minorities	(0,2)	-	-
Cash from from changes in the net equity	(15,5)	(0,4)	10,3
Net cash flow	9,0	(60,3)	109,4
Opening net financial position	(246,5)	(355,9)	(355,9)
Closing net financial position	(237,5)	(416,2)	(246,5)

Business Segments

Million Euro	30.09.2009 (9 months)				30.09.2008 (9 months)			
	Household	Professional	Corporate	Total Consolidated	Household	Professional	Corporate	Total Consolidated
Net Revenues	700,4	239,7	8,8	934,0	760,6	305,3	12,6	1.052,3
<i>change 2009/2008</i>	(60,2)	(65,5)	(3,8)	(118,3)				
<i>change %</i>	(7,9%)	(21,5%)	(30,3%)	(11,2%)				
EBITDA before non recurring items	73,6	18,3	(6,5)	85,4	80,4	31,3	(3,8)	107,7
<i>change 2009/2008</i>	(6,7)	(13,0)	(2,7)	(22,3)				
<i>margin % of revenues</i>	10,5%	7,6%		9,1%	10,6%	10,3%		10,2%

Million Euro	3rd quarter 2009 (3 months)				3rd quarter 2008 (3 months)			
	Household	Professional	Corporate	Total Consolidated	Household	Professional	Corporate	Total Consolidated
Net Revenues	255,9	83,4	3,1	338,7	266,1	100,9	4,2	365,9
<i>change 2009/2008</i>	(10,2)	(17,5)	(1,1)					
<i>change %</i>	(3,8%)	(17,4%)	(26,6%)					
EBITDA before non recurring items	31,6	6,7	(1,3)	37,2	34,2	11,5	(0,9)	44,6
<i>change 2009/2008</i>	(2,6)	(4,7)	(0,4)					
<i>margin % of revenues</i>	12,4%	8,1%		11,0%	12,9%	11,4 %		12,2%