



PRESS RELEASE

Treviso, November 13, 2008

**DE' LONGHI SpA: the Board of Directors approves the results as at September 30, 2008: consolidated revenues amount to € 1052.3 million (+3.4%, or +7.2% at constant exchange rates); Ebitda is € 107.7 million (+2.6%) before non recurrent items and € 111.9 (+15%) after non recurrent items.**

**Quarter July 1st - September 30, 2008**

- net revenues down by 4% (-0.8% at constant exchange rates) from € 381 to € 365.9 million;
- the gross profit improves as percentage on revenues, going from 38.2% to 38.9%, despite the reduction in value from € 145.5 to € 142.4 million;
- EBITDA before non recurrent items decreases from € 47.5 to € 44.6 million (-6.1%), but rises by 12.6% (from €45.5 to € 51.2 million) after non recurrent items;
- EBIT up from € 35.5 to € 40.8 million (+14.8%), reaching 11.1% of revenues (9.3% in 2007);
- net profit pertaining to the Group improves by 17.6%, from € 16.4 to € 19.3 million.

**Nine months January 1st - September 30, 2008**

- net revenues are growing by 3.4%, to € 1052.3 million (they were € 1017.6 million in 2007); at constant exchange rates the growth rate is 7.2%;
- the gross profit improves from 38.9% to 40% of revenues (or from € 395.6 to € 421.4 million);
- EBITDA before non recurrent items goes from € 105 to € 107.7 million (+2.6%), but it grows by 15% (from € 97.3 to € 111.9 million) after non recurrent items;
- EBIT increases both in absolute value (from € 68.2 to € 82 million) and as a percentage of revenues (from 6.7% to 7.8%);
- net profit pertaining to the Group increases to € 32.2 million (from € 19.9 million, i.e. +61.4%);
- net debt amounts to € 416.2 million, thus being higher than at Dec.31, 2007 (€ 355.9 million), but slightly lower than at Sept.30, 2007 (€ 419.7 million).



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## The results of the nine months 2008

The Board of Directors has approved the results as at September 30, 2008 today.

The De' Longhi Group ends the first nine months of 2008 obtaining growth of revenues and net profit, despite the critical factors characterizing the macroeconomic scenario, particularly:

- a deepening of the financial crisis started in the summer 2007 and the following slowing down of consumption, which, according to the generally shared opinion, will continue in the last months of the year and in 2009, and
- an unfavourable climate trend both in winter and summer, which depressed the sales of portable heaters and air conditioners.

In this context, revenues grow by 3.4% up to € 1052.3 million (from € 1017.6 million) in the nine months: at constant exchange rates growth is 7.2%. The contraction of portable air conditioners impacted on third quarter, which shows sales decreasing by 4% (-0.8% at constant exchange rates), from € 381 to € 265.9 million.

The gross profit improves in the nine months and in the third quarter (on revenues, respectively by 1.1 and 0.7 percentage points).

EBITDA before non recurrent items increases from € 105 to € 107.7 million in the nine months, while slightly decreasing as a percentage of revenues (from 10.3% to 10.2%). In the quarter, on the contrary, the contraction is more evident (from 12.5% to 12.2% of revenues, i.e. to € 44.6 million).

After non recurrent items, Ebitda increases by 1 percentage point of revenues, reaching € 111.9 million, or 10.6% of revenues.

EBIT amounts to € 82 million (from € 68.2 million in 2007), or 7.8% of revenues (6.7% in 2007), thus growing by 20.3%. In the quarter, growth rate is 14.8% (from 9.3% to 11.1% of revenues).

Net financial charges increase from € 34.2 to € 39.1 million, mainly due to exchange rate losses (most of them related to Eastern Europe markets), and, net of these losses, the figure remains almost stable vs. last year.

Net profit pertaining to the Group amounts to € 32.2 million vs. € 19.9 million in 2007 (+61.4%), thanks also to some tax savings. The net profit is growing in the quarter too, from € 16.4 to € 19.3 million (+17.6%).



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The net debt amounts to € 416.2 million, slightly decreasing from the figure of September 2007 (€ 419.7 million), but higher by some € 60.3 million than the Dec. 31 2007 figure, as a consequence of the economic and financial cycle which causes the peak of indebtedness in the third quarter. The dynamics of the debt in the 12 months incorporate (i) lower sales of receivables on a non-recourse basis by € 9.5 million, (ii) acquisitions of participations, net of not strategic real assets disposals, by € 12 million, (iii) a recovery of € 9.8 million in the fair value of derivatives, (iv) a positive effect, net of related costs, of € 17.7 million coming from insurance payments for the fire of April 2007, and (v) a negative cash flow from operations of € 2.5 million, whose performance was affected mainly by a higher working capital absorption (i.e. higher stocks of portable air conditioners and of coffee makers for the end of year sales).

As regards segments, growth is coming from coffee makers and food processors, from cleaning products and from large air conditioners (in the Professional division); on the contrary, portable heaters and air conditioners, irons and wall radiators are suffering.

Growth is generally spread throughout all reference markets, excepted Italy, UK and northern America.

The Household division increases sales in the 9 months (+3.1% to € 760.6 million), while in the third quarter is suffering from the poor performance of portable air conditioners (-7.7%, down to € 266.1 million).

The division's Ebitda - before non recurrent items - is improving in the 9 months (from 9.5% to 10.6% of revenues), while is slightly down in the quarter (from 13% to 12.9% of revenues).

Sales of the Professional division grow not only in the 9 months (by 1.5%, to € 305.3 million), but also in the third quarter (by 3.6%, to € 100.9 million), due to a partial recovery of the wall radiators business. Such recovery is the reason why the division's Ebitda - before non recurrent items - decreases in the 9 months (from 11.7% to 10.3% of revenues) while improving in the third quarter (from 10.6% to 11.4% of revenues).

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### **Relevant events.**

On August 28, it was brought to completion the transfer of the real estate business of De' Longhi s.p.a. to a wholly owned specific vehicle, Gamma s.r.l., which increased its share capital to this purpose. This transfer is part of the reorganization process of the De' Longhi Group, started in June 2007, when the two distinct divisions, Household and



Professional, were created. The transaction has no impact on the Group's consolidated net equity, net debt and Ebitda.

In September 2008, insurance companies have settled losses related to the fire of April 2007 by paying to the Company the sum of € 39 million.

### **Foreseeable business development**

Despite an environment hard to predict, the Group is pursuing its targets, also on the base of the positive revenues' trend until end of October.

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### **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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### **Art. 36 of "Regolamento Mercati": conditions for the listing of companies controlling other companies incorporated and ruled according to the laws of states not belonging to the EU.**

In connection with the requirements for the listing of companies controlling other companies incorporated and ruled according to laws of states not belonging to the EU and materially relevant for the consolidated accounts, we outline that seven companies of our Group fall within the said regulation and that appropriate procedures have already been adopted with the purpose to ensure the full compliance to said regulation.



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Consolidated results of De' Longhi Group as at September 30, 2008

Consolidated Income Statement

(Euro million)	30.09.2008 (9 months)	% revenues	30.09.2007 (9 months)	% revenues	3rd quarter 2008	% revenue	3rd quarter 2007	% revenues
<b>Net Revenues</b>	<b>1.052,3</b>	<b>100,0%</b>	<b>1.017,6</b>	<b>100,0%</b>	<b>365,9</b>	<b>100,0%</b>	<b>381,0</b>	<b>100,0%</b>
<i>Change</i>	<i>34,7</i>	<i>3,4%</i>			<i>(15,2)</i>	<i>(4,0%)</i>		
Materials consumed and other production costs (services and production payroll costs)	(630,9)	(60,0%)	(622,0)	(61,1%)	(223,5)	(61,1%)	(235,6)	(61,8%)
<b>Gross profit</b>	<b>421,4</b>	<b>40,0%</b>	<b>395,6</b>	<b>38,9%</b>	<b>142,4</b>	<b>38,9%</b>	<b>145,5</b>	<b>38,2%</b>
Cost of services and other expenses	(227,7)	(21,6%)	(213,9)	(21,0%)	(70,4)	(19,2%)	(72,9)	(19,1%)
Payroll (non-industrial)	(85,9)	(8,2%)	(76,7)	(7,5%)	(27,4)	(7,5%)	(25,0)	(6,6%)
<b>EBITDA before non recurrent items</b>	<b>107,7</b>	<b>10,2%</b>	<b>105,0</b>	<b>10,3%</b>	<b>44,6</b>	<b>12,2%</b>	<b>47,5</b>	<b>12,5%</b>
<i>change</i>	<i>2,7</i>	<i>2,6%</i>			<i>(2,9)</i>	<i>(6,1%)</i>		
Other non recurrent items	4,2	0,4%	(7,7)	(0,8%)	6,6	1,8%	(2,0)	(0,5%)
<b>EBITDA</b>	<b>111,9</b>	<b>10,6%</b>	<b>97,3</b>	<b>9,6%</b>	<b>51,2</b>	<b>14,0%</b>	<b>45,5</b>	<b>11,9%</b>
<i>change</i>	<i>14,6</i>	<i>15,0%</i>			<i>5,7</i>	<i>12,6%</i>		
Amortization and depreciation	(29,8)	(2,8%)	(29,1)	(2,9%)	(10,5)	(2,9%)	(10,0)	(2,6%)
<b>EBIT</b>	<b>82,0</b>	<b>7,8%</b>	<b>68,2</b>	<b>6,7%</b>	<b>40,8</b>	<b>11,1%</b>	<b>35,5</b>	<b>9,3%</b>
<i>change</i>	<i>13,8</i>	<i>20,3%</i>			<i>5,3</i>	<i>14,8%</i>		
Financial income /(expenses)	(39,1)	(3,7%)	(34,2)	(3,4%)	(16,3)	(4,5%)	(11,1)	(2,9%)
<b>Profit before taxes</b>	<b>42,9</b>	<b>4,1%</b>	<b>34,0</b>	<b>3,3%</b>	<b>24,4</b>	<b>6,7%</b>	<b>24,4</b>	<b>6,4%</b>
Taxes	(10,4)	(1,0%)	(13,7)	(1,3%)	(5,1)	(1,4%)	(7,8)	(2,0%)
<b>Profit (loss) for the period</b>	<b>32,5</b>	<b>3,1%</b>	<b>20,3</b>	<b>2,0%</b>	<b>19,3</b>	<b>5,3%</b>	<b>16,7</b>	<b>4,4%</b>
Profit (loss) pertaining to minority interests	0,3	0,0%	0,4	0,0%	0,0	0,0%	0,2	0,1%
<b>Profit (loss) pertaining to the Group</b>	<b>32,2</b>	<b>3,1%</b>	<b>19,9</b>	<b>2,0%</b>	<b>19,3</b>	<b>5,3%</b>	<b>16,4</b>	<b>4,3%</b>



## Consolidated Balance Sheet

(Euro Million)	30.09.2008	30.09.2007	31.12.2007	Change 30.09.08 – 30.09.07	Change 30.09.08 – 31.12.07
- Intangible assets	425,8	418,1	421,4	7,7	4,4
- Tangible assets	243,4	243,9	248,4	(0,5)	(5,0)
- Financial Assets	4,5	5,0	4,8	(0,5)	(0,4)
- Deferred tax assets	42,3	45,2	34,8	(3,0)	7,5
<b>Fixed Assets</b>	<b>715,9</b>	<b>712,2</b>	<b>709,4</b>	<b>3,7</b>	<b>6,5</b>
- Inventories	428,8	403,1	335,2	25,7	93,6
- Trade receivables	359,2	349,5	378,0	9,8	(18,7)
- Trade payables	(294,9)	(319,4)	(333,7)	24,5	38,8
- Other current liabilities (net of current assets)	(47,6)	(15,6)	(16,2)	(31,9)	(31,4)
<b>Net working capital</b>	<b>445,5</b>	<b>417,6</b>	<b>363,4</b>	<b>28,0</b>	<b>82,2</b>
- Deferred tax liabilities	(17,8)	(23,1)	(19,2)	5,2	1,3
- Employee benefits	(34,5)	(34,7)	(35,7)	0,2	1,3
- Other provisions	(35,8)	(29,3)	(31,3)	(6,5)	(4,5)
<b>Non current liabilities</b>	<b>(88,1)</b>	<b>(87,1)</b>	<b>(86,2)</b>	<b>(1,0)</b>	<b>(1,8)</b>
<b>Total capital employed</b>	<b>1.073,4</b>	<b>1.042,8</b>	<b>986,5</b>	<b>30,6</b>	<b>86,8</b>
<b>Net Financial Position</b>	<b>416,2</b>	<b>419,7</b>	<b>355,9</b>	<b>(3,5)</b>	<b>60,3</b>
<b>Total shareholders' equity</b>	<b>657,2</b>	<b>623,1</b>	<b>630,7</b>	<b>34,1</b>	<b>26,5</b>
<b>Total net debt and shareholders' equity</b>	<b>1.073,4</b>	<b>1.042,8</b>	<b>986,5</b>	<b>30,6</b>	<b>86,8</b>



## Consolidated Cash Flow Statement

(Euro Million)	30.09.2008 (9 month)	30.09.2007 (9 months)	31.12.2007 (12 months)
Cash Flow from operations and from changes in the net working capital	(63,8)	(38,8)	65,1
Cash Flow from investments	(25,5)	(35,4)	(40,6)
<b>Operating Cash Flow</b>	<b>(89,3)</b>	<b>(74,2)</b>	<b>24,4</b>
Cash Flow from non recurrent items	29,3	(11,2)	(43,4)
dividends paid	(9,0)	(9,0)	(9,0)
Cash Flow from change in <i>Fair value</i> and <i>Cash flow hedge</i> reserves	7,3	(6,5)	(7,0)
Change in currency translation reserve	1,2	(4,4)	(6,8)
increase /(decrease) in minority interests in capital and reserves	0,2	0,3	0,4
<b>Cash flow absorbed by changes in net equity</b>	<b>(0,3)</b>	<b>(19,6)</b>	<b>(22,3)</b>
<b>Net Cash Flow</b>	<b>(60,3)</b>	<b>(105,1)</b>	<b>(41,3)</b>
Opening Net Financial Position	(355,9)	(314,6)	(314,6)
<b>Closing Net Financial Position</b>	<b>(416,2)</b>	<b>(419,7)</b>	<b>(355,9)</b>





## Business segments

(Euro million)	30.09.2008 (9 months)				30.09.2007 (9 months)		
	<i>Household</i>	<i>Professional</i>	<i>Corporate</i>	<b>Group Consolidated</b>	<i>Household</i>	<i>Professional</i>	<b>Group Consolidated</b>
Net Revenues	760,6	305,3	12,6	<b>1.052,3</b>	737,7	300,9	<b>1.017,6</b>
<i>change 2008/2007</i>	23,0	4,4					
<i>change %</i>	3,1%	1,5%					
EBITDA before non recurrent items	80,4	31,3	(3,8)	<b>107,7</b>	70,0	35,1	<b>105,0</b>
<i>change 2008/2007</i>	10,3	(3,8)					
<i>margin % on revenues</i>	10,6%	10,3%		<b>10,2%</b>	9,5%	11,7%	<b>10,3%</b>

(Euro million)	3rd quarter 2008				3rd quarter 2007		
	<i>Household</i>	<i>Professional</i>	<i>Corporate</i>	<b>Group Consolidated</b>	<i>Household</i>	<i>Professional</i>	<b>Group Consolidated</b>
Net Revenues	266,1	100,9	4,2	<b>365,9</b>	288,4	97,4	<b>381,0</b>
<i>change 2008/2007</i>	(22,3)	3,5					
<i>change %</i>	(7,7%)	3,6%					
EBITDA before non recurrent items	34,2	11,5	(0,9)	<b>44,6</b>	37,4	10,4	<b>47,5</b>
<i>change 2008/2007</i>	(3,2)	1,1					
<i>margin % on revenues</i>	12,9%	11,4 %		<b>12,2%</b>	13,0%	10,6%	<b>12,5%</b>