



PRESS RELEASE

Treviso, 12<sup>th</sup> September 2006

**DE'LONGHI Spa - Half year results as of 30th June 2006: Sales increase of 7.8% and EBITDA growth of 34.5%**

- Consolidated sales grew by 7.8% to € 576.2 million
- Gross profit increased from € 212.9 million to € 218.9 million
- EBITDA was € 41.4 million (+34.5%) and EBIT reached € 22.3 million (+75.5%)
- Net profit grew to € 24.3 million from € 0.3 million in the first half of 2005 and benefited from the gain on the disposal of Elba Spa
- Net debt was € 360.6 million, decreasing by € 150.8 million (-29%) compared to 31 December 2005

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**Main results of the First Half 2006**

The Board of Directors of De Longhi Spa has met today and has approved the half year results as of 30th June 2006.

Net sales grew by 7.8% to € 576.2 million, thanks to the positive trading performance of the main product categories in which the Group operates.

Gross profit reached € 218.9 million from € 212.9 million, in spite of unfavourable exchange rate movements and higher raw material costs.

EBITDA grew from € 30.8 million to € 41.4 million and EBIT from € 12.7 million to € 22.3 million (respectively +34.5% and +67.5%) with the improvement of both margins (respectively at 7.2% and 3.9% of sales from 5.8% and 2.4% in the first half of 2005).



Net profit benefited from the gain on the disposal of Elba Spa (€ 26.4 million) and totalled € 24.3 million at the end of June 2006, compared to € 0.3 million in the same period of 2005.

Sales performance in the first half was positive in Europe (in particular Germany, Greece and Russia), in North America and Rest of the World (revenue growth mainly in Australia and New Zealand).

Both the household and professional divisions reported an increase of sales and profitability.

In the first half of the year, which is traditionally marked by an absorption of cash, the reduction of the net financial position was remarkable; compared to December 2005 the decrease was € 150.8 million, thanks to the reduction of working capital, also due the disposal of trade receivables on a *pro-soluto* basis (€ 70.9 million) and the proceeds of sale of Elba Spa (€ 78.2 million).

“The first half was positive in terms of revenue growth and the Group increased market shares in its main geographical areas. The profitability also improved, in spite of rising raw material costs. The air conditioning season contributed marginally to the result of the period” – the CEO Fabio De’Longhi said – “but the order backlog for heating appliances and the sales trend for cooking products lead us to be confident for the remainder of the year”.

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### **Outlook and expected business progress**

The De’ Longhi Group reiterates its target of achieving a sales growth for the FY 2006.

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### **Note**

The figures included in the financial statements have been prepared in accordance with IFRS international accounting principles; the comparable figures for the same period in 2005 have been reclassified in accordance with the new international principles.

Sales generated in Russia and in the former U.S.S.R. Countries were accounted for in the geographical area “Rest of Europe” rather than in the “Rest of the World” starting with the Half Year Report 2006. Sales for the first half 2005 in these markets were consistently accounted for in the “Rest of Europe” geographical area.



The De' Longhi Group historically generates about 40% of its sales and between 30 and 40% of EBITDA in the first half of the year.

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Attached: Reclassified Consolidated Profit and Loss Accounts and Balance Sheets; consolidated sales by business segment and geographical market; EBITDA by business segment

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## De'Longhi S.p.A. consolidated financial statement as at June, 30<sup>th</sup> 2006

### Consolidated income statement as at June, 30th 2006 year-to-date:

| (Euro millions)                                                   | 2006<br>Half year | % on revenues | 2005<br>Half year | % on revenues |
|-------------------------------------------------------------------|-------------------|---------------|-------------------|---------------|
| <b>Net revenues</b>                                               | <b>576,2</b>      | <b>100,0%</b> | <b>534,4</b>      | <b>100,0%</b> |
| <i>Changes</i>                                                    | <i>41,8</i>       | <i>7,8%</i>   |                   |               |
| Consumption and industrial costs (services and industrial labour) | (357,3)           | (62,0%)       | (321,5)           | (60,2%)       |
| <b>Gross profit</b>                                               | <b>218,9</b>      | <b>38,0%</b>  | <b>212,9</b>      | <b>39,8%</b>  |
| Cost of services and other expenses                               | (126,5)           | (22,0%)       | (127,5)           | (23,9%)       |
| Payroll (non industrial)                                          | (48,0)            | (8,3%)        | (45,8)            | (8,6%)        |
| Provisions                                                        | (5,4)             | (0,9%)        | (5,4)             | (1,0%)        |
| Other income (expenses)                                           | 2,4               | 0,4%          | (3,4)             | (0,6%)        |
| <b>EBITDA</b>                                                     | <b>41,4</b>       | <b>7,2%</b>   | <b>30,8</b>       | <b>5,8%</b>   |
| <i>Changes</i>                                                    | <i>10,6</i>       | <i>34,5%</i>  |                   |               |
| Amortization and depreciation                                     | (19,1)            | (3,3%)        | (18,1)            | (3,4%)        |
| <b>EBIT</b>                                                       | <b>22,3</b>       | <b>3,9%</b>   | <b>12,7</b>       | <b>2,4%</b>   |
| <i>Changes</i>                                                    | <i>9,6</i>        | <i>75,5%</i>  |                   |               |
| Financial income (expenses)                                       | 2,4               | 0,4%          | (12,4)            | (2,3%)        |
| <b>Profit before taxes</b>                                        | <b>24,7</b>       | <b>4,3%</b>   | <b>0,3</b>        | <b>0,1%</b>   |
| Taxes                                                             | (0,1)             | (0,0%)        | 0,3               | 0,1%          |
| <b>Profit (loss) for the period</b>                               | <b>24,6</b>       | <b>4,3%</b>   | <b>0,6</b>        | <b>0,1%</b>   |
| Minority interests                                                | 0,2               | 0,0%          | 0,3               | 0,1%          |
| <b>Profit (loss) pertaining to the Group</b>                      | <b>24,3</b>       | <b>4,2%</b>   | <b>0,3</b>        | <b>0,1%</b>   |

### Consolidated balance sheet as at June, 30<sup>th</sup> 2006

| (Euro millions)                                | 30.06.2006   | 31.12.2005     | Changes<br>30.06.06 –<br>31.12.05 | 30.06.2005     | Changes<br>30.06.06 –<br>30.06.05 |
|------------------------------------------------|--------------|----------------|-----------------------------------|----------------|-----------------------------------|
| <b>Fixed assets</b>                            | <b>692,6</b> | <b>730,2</b>   | <b>(37,7)</b>                     | <b>721,3</b>   | <b>(28,8)</b>                     |
| - Net inventory                                | 386,4        | 340,2          | 46,2                              | 397,7          | (11,2)                            |
| - Trade receivables                            | 294,4        | 450,1          | (155,7)                           | 382,4          | (88,0)                            |
| - Trade payables                               | (281,3)      | (285,9)        | 4,6                               | (293,7)        | 12,4                              |
| - Other current assets (liabilities)           | (37,3)       | (34,5)         | (2,8)                             | (27,7)         | (9,6)                             |
| <b>Net working capital</b>                     | <b>362,2</b> | <b>469,8</b>   | <b>(107,6)</b>                    | <b>458,7</b>   | <b>(96,5)</b>                     |
| Non current liabilities                        | (91,3)       | (103,1)        | 11,9                              | (110,6)        | 19,3                              |
| <b>Total capital employed</b>                  | <b>963,5</b> | <b>1.096,9</b> | <b>(133,4)</b>                    | <b>1.069,4</b> | <b>(105,9)</b>                    |
| <b>Net debt</b>                                | <b>360,6</b> | <b>511,4</b>   | <b>(150,8)</b>                    | <b>508,5</b>   | <b>(147,8)</b>                    |
| <b>Total shareholders' equity</b>              | <b>602,8</b> | <b>585,5</b>   | <b>17,3</b>                       | <b>561,0</b>   | <b>41,9</b>                       |
| <b>Total net debt and shareholders' equity</b> | <b>963,5</b> | <b>1.096,9</b> | <b>(133,4)</b>                    | <b>1.069,4</b> | <b>(105,9)</b>                    |

## Revenues by geographical area

| (Euro millions)          | 2006<br>Half year | %             | 2005<br>Half year | %             | Changes %   |
|--------------------------|-------------------|---------------|-------------------|---------------|-------------|
| <b>Geographical area</b> |                   |               |                   |               |             |
| Italy                    | 146,3             | 25,4%         | 149,5             | 28,0%         | (2,2%)      |
| United Kingdom           | 63,6              | 11,0%         | 68,9              | 12,9%         | (7,7%)      |
| Rest of Europe           | 209,9             | 36,4%         | 195,5             | 36,6%         | 7,4%        |
| Northern America         | 42,5              | 7,4%          | 30,2              | 5,7%          | 40,7%       |
| Japan                    | 9,7               | 1,7%          | 9,6               | 1,8%          | 0,7%        |
| Rest of the World        | 104,2             | 18,1%         | 80,6              | 15,1%         | 29,3%       |
| <b>Total</b>             | <b>576,2</b>      | <b>100,0%</b> | <b>534,4</b>      | <b>100,0%</b> | <b>7,8%</b> |

## Results by business segments

### *Household*

| (Euro millions)   | 2006<br>Half year | 2005<br>Half year | Changes | Changes % |
|-------------------|-------------------|-------------------|---------|-----------|
| Net revenues      | 435,2             | 402,0             | 33,2    | 8,3%      |
| EBITDA            | 25,0              | 16,9              | 8,2     | 48,4%     |
| % on net revenues | 5,7%              | 4,2%              |         |           |

### *Professional*

| (Euro millions)   | 2006<br>Half year | 2005<br>Half year | Changes | Changes % |
|-------------------|-------------------|-------------------|---------|-----------|
| Net revenues      | 141,0             | 132,4             | 8,6     | 6,5%      |
| EBITDA            | 16,4              | 13,9              | 2,5     | 17,7%     |
| % on net revenues | 11,6%             | 10,5%             |         |           |