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Consulenza di direzione
in Comunicazione d'Impresa

PRESS RELEASE

DE' LONGHI S.p.A.: First Half Results as of 30 June 2003 approved by the Board of Directors:

- Net Sales were €570.7 m(+2.1% vs 30 June 2002, +6.7% at constant exchange rates)
- Gross margin up to 53.0% from 51.7% in 1H 2002
- EBITDA was €62.6 m (-0.5% vs 30 June 2002) and EBITDA margin was 11.0%
- Profit before tax and extraordinary items was €15.9 m (+ 23.6%)

Still positive signs for De' Longhi Group from main markets globally. Italy continued to grow, also thanks to new products (*Alicia De' Longhi*, *Saladino Ariete* and *Mangiaebevi Simac*) and favourable summer season for portable air conditioners.

The Board of Directors today has approved First Half Results of De' Longhi S.p.A. - leader in Heating, Air Conditioning and Treatment, Cooking and Food Preparation and Cleaning and Ironing segments with brands such as De'Longhi, Kenwood, Ariete and Simac.

Net Sales were €570.7 m, +2.1% compared to 30 June 2002 (+6.7% at constant exchange rates).

Second quarter reported a strong growth, with sales up by 10.6% compared to second quarter 2002 (+5.8% at current exchange rates).

First half results can be considered satisfactory, above all considering growth at constant exchange rates.

Gross margin improved from 51.7% of first half 2002 to 53.0% of first half 2003, driven by a higher utilisation of Chinese industrial platform and a more favourable sales mix (air conditioning and coffee machines). The timely reallocation of production to China, which is in its initial stage, made exchange rates effects neutral at gross margin level.

The slight reduction of EBITDA to 11.0% on sales from 11.3% of first half 2002 is ascribable to higher advertising expenses (up more than 20%), to support launch of new products, also to the benefit of the following quarters.

Profit before taxes and extraordinary items increased (€15.9 m vs €12.8 m), thanks to lower interest expenses, also by virtue of gains from currencies hedging.



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Adherence to tax amnesty program for about €7.5 m was entirely accounted for in the second quarter of 2003.

As far business segments are concerned, the best performing categories were portable conditioning, dehumidification and coffee machines, also by virtue of the success of some recently launched products (compact dehumidifier and *Alicia*).

At geographical level, Italy was the best performing market (+15% in the first half). Rest of Europe (+8.6%) reported positive results thanks to higher penetration in Spain and Portugal, following set up of new subsidiaries.

“As it often happened over the recent years ” – commented the Group’s CEO Stefano Beraldo – “our tendency to grow primarily came from our ability to launch new products which attract the consumer’s attention thanks to their innovation and quality, and only to a smaller extent from market trends overall”.

“De’ Longhi continued to grow and show vitality signs in main product categories and markets”– said the Group’s Chairman Giuseppe De’Longhi –”.

Attached: Reclassified Consolidated Balance Sheets and Profit and Loss Statements

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Treviso, 12 September 2003

De'Longhi S.p.A. consolidated financial statement as at 30 June 2003

Income statement

| | 2003 | % of sales | 2002 | % of sales |
|---|------------------|-------------------|------------------|-------------------|
| | Half Year | | Half Year | |
| | Euro mil. | % | Euro mil. | % |
| Net revenues | 570,7 | 100,0% | 558,7 | 100,0% |
| <i>Change HY 2003-HY 2002</i> | <i>12,0</i> | <i>2,1%</i> | | |
| Cost of materials | (268,1) | (47,0%) | (270,0) | (48,3%) |
| Gross margin | 302,6 | 53,0% | 288,7 | 51,7% |
| Services and other operating expenses | (149,7) | (26,2%) | (136,5) | (24,4%) |
| Value added | 152,9 | 26,8% | 152,2 | 27,2% |
| Labour costs | (85,4) | (15,0%) | (82,9) | (14,8%) |
| Provisions | (4,9) | (0,9%) | (6,4) | (1,2%) |
| EBITDA | 62,6 | 11,0% | 62,9 | 11,3% |
| <i>Change HY 2003-HY 2002</i> | <i>(0,3)</i> | <i>(0,5%)</i> | | |
| Depreciation and amortisation | (33,6) | (5,9%) | (33,7) | (6,0%) |
| EBIT | 28,9 | 5,1% | 29,1 | 5,2% |
| <i>Change HY 2003-HY 2002</i> | <i>(0,2)</i> | <i>(0,7%)</i> | | |
| Net financial expenses | (12,7) | (2,2%) | (15,9) | (2,9%) |
| Extraordinary income (expenses) | (7,9) | (1,4%) | (0,9) | (0,2%) |
| Earnings before taxes and minorities | 8,4 | 1,5% | 12,3 | 2,2% |
| Minority interest | (0,4) | (0,1%) | (0,4) | (0,1%) |
| Income before taxes | 8,0 | 1,4% | 12,0 | 2,1% |

De'Longhi S.p.A. consolidated financial statement as at 30 June 2003**Balance sheet**

| | 30.06.2003 | 31.12.2002 | 30.06.2002 |
|------------------------------------|-------------------|-------------------|-------------------|
| | Euro mil. | Euro mil. | Euro mil. |
| Trade receivables | 315,7 | 327,1 | 384,4 |
| Net inventory | 312,5 | 233,8 | 293,1 |
| Trade payables | (313,2) | (290,9) | (308,0) |
| Other current assets (liabilities) | (11,4) | (0,8) | (8,6) |
| Net working capital | 303,6 | 269,1 | 360,9 |
| Fixed assets: | | | |
| Intangible assets | 435,5 | 434,6 | 423,3 |
| Tangible assets | 217,2 | 221,0 | 187,1 |
| Financial assets | 8,3 | 8,0 | 9,4 |
| Non current liabilities | (107,9) | (108,8) | (52,5) |
| Total capital employed | 856,7 | 824,0 | 928,2 |
| Net equity | (550,8) | (554,9) | (529,4) |
| Net financial position | (305,9) | (269,1) | (398,9) |