



PRESS RELEASE

Treviso, August 29, 2008

DE' LONGHI SpA: HALF YEAR RESULTS AS AT JUNE 30, 2008.

The Board of Directors of De' Longhi SpA has approved the results of the first half 2008: consolidated revenues at € 686.4 million (+7,8%,) and Ebitda at € 60.6 million (+17,1%).

Six months January 1st - June 30th, 2008

- net revenues up by 7.8%, from € 636.5 to € 686.4 million; at constant exchange rates, the growth rate is about +11.8%;
- improvement of both gross profit (to € 279 million, i.e. + 11.5%, up from 39.3% to 40.6% of revenues) and Ebitda (to € 60.6 million, i.e. +17.1%, up from 8.1% to 8.8% of revenues);
- EBIT is progressing from € 32.7 to € 41.3 million (+26.2%), thus reaching 6% of revenues (vs. 5.1% in 2007);
- net financial charges are totalling € 22.8 million, vs. € 23.1 million of first half 2007;
- net profit pertaining to the Group amounts to € 12.9 million (vs. € 3.5 million of first half 2007);
- the net financial position ends at € -395.7 million from € -381.1 million (as at June 30, 2007), after a negative cash flow of € 14.6 million in the twelve months, which however incorporates negative flows for acquisitions and other extraordinary items of € 61.4 million.

* * * * *

The results of the first half 2008.

The Board of Directors of De' Longhi SpA approved the first half 2008 results today.

Despite the slowing trend of the economic activity in some of the reference markets, the Group achieved net revenues of € 686.4 million in the first six months of 2008, up by 7.8% vs. the same period of 2007.



Furthermore, the appreciation of the Euro currency had an unfavourable impact on the growth: at constant exchange rates, revenues would have increased by about 11.8% in the six months.

Profitability is improving, in terms of both gross profit and Ebitda. Gross profit amounts to € 279 million (+11.5%), going up from 39.3% to 40.6% of revenues.

As regards Ebitda (before non recurrent items), the growth is 9.7%, to € 63.1 million (or 9.2% of revenues). After non recurrent items, Ebitda reaches € 60.6 million (+17.1% vs. € 51.8 million of 2007).

Ebit amounts to € 41.3 million (+26.2% vs. € 32.7 million of 2007), or 6% of revenues (5.1% in 2007).

Net financial charges show a slight decrease, down from € 23.1 to € 22.8 million, thanks to lower costs for non-recourse sales of receivables (the 2007 figure included a one off payment of € 1.3 million) and to a decrease of the average net debt of the period: these two effects help compensate the impact of the increase of market interest rates (of about three quarters of percentage point).

Net profit pertaining to the Group amounts to € 12.9 million, vs. € 3.5 million in 2007.

As regards the business areas, Household still plays as the driving division, in terms of growth and profitability, while the Professional division is affected by the Pound depreciation and the slowing down of the residential real estate business, especially in the UK market, with a marked impact on the steel radiators segment:

- the Household's revenues increase by 10,1% to € 494.5 million;
- in the Professional division, revenues hold at about last year's level (slightly growing by 0.4%).

The above mentioned results are confirmed by the analysis of the performances by product family: cooking (especially coffee makers), cleaning and industrial air conditioning are performing well, while portable air conditioners and the heating business are suffering.

The Group, thanks to the growth of cooking and coffee makers sales and to the consequent decrease of the share of "weather-related" products, has reduced the volatility of its turnover deriving from the climate.

At a geographical breakdown, the second quarter confirms the trend of the first one, showing contraction in the Italian, US and UK markets (to be noted the relevant impact of Euro appreciation in the USA and UK), while



continental and eastern Europe, Canada and rest of the world are growing at double digit.

The Net Financial Position decreases from € -355.9 million as at Dec. 31, 2007 to € -395.7 million, with a downturn of € 39.8 million, which is consistent with the typical economic and financial cycle of the first half year. In the last 12 months (i.e. from June 30, 2007 to June 30, 2008), the net debt increases by € 14.6 million (it was € -381.1 million at end of June 2007), which however is the combination of € 46.8 million of positive flows from operations and € 61.4 million of others negative flows including: (i) acquisitions (net of disposals) for € 25.5 million, (ii) flows from extraordinary investments for the recovery of operations after the fire for € 32.7 million, (iii) the € 8.6 million reduction of the fair value of derivatives for hedging the exchange rate risk, and (iv) higher non-recourse sales of receivables for € 5.4 million.

The net working capital, despite the growth of revenues, increased in the 12 months by only € 10.1 million, but its ratio to the 12 months rolling revenues has decreased from 26.2% to 24.8%.

The comment of the C.E.O., Mr. Fabio De' Longhi:

"We are satisfied of the results obtained despite the complex macroeconomic scenario. We keep on implementing our strategic plan (launches of new products and opening of new subsidiaries) and we confirm our growth targets, unless the world scenario further deteriorates".

* * * * *

Events following year end.

On the 24th of July, the Company resolved to spin-off the real estate assets and business of De' Longhi S.p.A. into a wholly controlled special purpose vehicle, Gamma s.r.l., which approved a share capital increase to serve such specific purpose. This transaction is part of the reorganization plan started by the Group in FY 2007 and which created two legally and operationally separated business divisions, the Household and Professional segments.

The mentioned transaction has no impact on consolidated Net Worth, Net Financial Position and Ebitda.

* * * * *

Foreseeable business development

The Group is carrying on the implementation of the industrial plan and is confident to reach the growth targets, unless the world macroeconomic scenario further deteriorates.



* * * * *

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.

* * * * *

Contacts:

for the press:

Alessandro Rinadini:

M: +39 34 82 64 28 96

for analysts and investors:

Investor Relations, Fabrizio Micheli

Ph: +39 0422 413235

on the web:

www.delonghi.it



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

Consolidated Income Statement

Euro million	1st half 2008	% on revenues	1st half 2007	% on revenues
Net Revenues	686,4	100,0%	636,5	100,0%
<i>change 2008/2007</i>	<i>49,9</i>	<i>7,8%</i>		
Materials consumed and other production costs (services and production payroll costs)	(407,5)	(59,4%)	(386,4)	(60,7%)
Gross profit	279,0	40,6%	250,1	39,3%
Cost of services and other expenses	(148,9)	(21,7%)	(134,9)	(21,2%)
Added Value	130,1	18,9%	115,2	18,1%
Payroll (non-industrial)	(58,6)	(8,5%)	(51,7)	(8,1%)
Provisions	(8,4)	(1,2%)	(6,0)	(0,9%)
EBITDA before non recurring items	63,1	9,2%	57,5	9,0%
<i>change 2008/2007</i>	<i>5,6</i>	<i>9,7%</i>		
Other income (expenses)	(2,5)	(0,4%)	(5,7)	(0,9%)
EBITDA	60,6	8,8%	51,8	8,1%
Amortization and depreciation	(19,4)	(2,8%)	(19,1)	(3,0%)
EBIT	41,3	6,0%	32,7	5,1%
<i>change 2008/2007</i>	<i>8,6</i>	<i>26,2%</i>		
Net financial income / (charges)	(22,8)	(3,3%)	(21,9)	(3,4%)
Financial charges for the renewal of the program of non-recourse sales of receivables.	-	0,0%	(1,3)	(0,2%)
Profit before taxes	18,5	2,7%	9,6	1,5%
Taxes	(5,3)	(0,8%)	(5,9)	(0,9%)
Profit (loss) for the period	13,2	1,9%	3,7	0,6%
Profit (loss) pertaining to minority interests	0,3	0,0%	0,1	0,0%
Profit (loss) pertaining to the Group	12,9	1,9%	3,5	0,6%



Consolidated Balance Sheet

Euro million	30.06.08	31.12.07	change 30.06.08- 31.12.07	30.06.07	change 30.06.08- 30.06.07
Fixed Assets	712,8	709,4	3,4	709,3	3,5
Inventories	409,2	335,2	74,0	384,5	24,7
Trade receivables	314,4	378,0	(63,6)	329,9	(15,5)
Other current assets	56,7	63,8	(7,1)	63,3	(6,5)
Trade payables	(321,8)	(333,7)	11,8	(328,0)	6,2
Other current liabilities	(76,0)	(79,9)	4,0	(77,2)	1,3
Net working capital	382,6	363,4	19,2	372,5	10,1
Non current liabilities	(79,3)	(86,2)	6,9	(86,9)	7,5
Total capital employed	1.016,1	986,5	29,6	994,9	21,2
Net Debt	395,7	355,9	39,8	381,1	14,6
Total shareholders' equity	620,4	630,7	(10,3)	613,8	6,6
Total net debt and shareholders' equity	1.016,1	986,5	29,6	994,9	21,2



Consolidated Cash Flow Statement

Euro million	1st half 2008	1st half 2007	31.12.2007
Cash Flow from operations and from changes in the net working capital	1,6	(29,5)	65,1
Cash Flow from investments	(11,9)	(26,6)	(40,6)
Operating Cash Flow	(10,3)	(56,2)	24,4
Cash Flow from extraordinary investments	(7,9)	-	(23,9)
Cash Flow from fire event	-	-	(19,4)
dividends paid	(9,0)	(9,0)	(9,0)
Cash Flow from change in <i>Fair value</i> and <i>Cash flow hedge</i> reserves	(6,5)	(0,1)	(7,0)
Change in currency translation reserve	(6,3)	(1,6)	(6,8)
increase /(decrease) in minority interests in capital and reserves	0,2	0,3	0,4
Cash flow absorbed by changes in net equity	(21,6)	(10,4)	(22,3)
Net Cash Flow	(39,8)	(66,5)	(41,3)
Opening net financial position	(355,9)	(314,6)	(314,6)
Closing net financial position	(395,7)	(381,1)	(355,9)



Revenues by geographical breakdown

Euro million	1st half 2008	1st half 2007	change	change %
Italy	142,0	163,5	(21,5)	(13,1%)
UK	60,2	67,2	(7,0)	(10,5%)
Other Europe	329,4	263,4	66,0	25,0%
USA, Canada and Mexico	40,1	43,1	(3,0)	(6,9%)
Rest of the world	114,7	99,2	15,5	15,6%
Total	686,4	636,5	49,9	7,8%

Business segments

Euro million	1st half 2008				1st half 2007		
	Household	Professional	Corporate	Total Consolidated	Household	Professional	Total Consolidated
Net Revenues	494,5	204,3	8,3	686,4	449,2	203,5	636,5
<i>change 2008/2007</i>	<i>45,3</i>	<i>0,9</i>					
EBITDA	46,2	19,8	(2,8)	63,1	32,7	24,8	57,5
<i>change 2008/2007</i>	<i>13,5</i>	<i>(4,9)</i>					
<i>% on revenues</i>	<i>9,3%</i>	<i>9,7%</i>		<i>9,2%</i>	<i>7,3%</i>	<i>12,2%</i>	<i>9,0%</i>
EBIT	44,6	19,3	(3,2)	60,6	26,9	24,8	51,8
<i>change 2008/2007</i>	<i>17,7</i>	<i>(5,6)</i>					
<i>% on revenues</i>	<i>9,0%</i>	<i>9,4%</i>		<i>8,8%</i>	<i>6,0%</i>	<i>12,2%</i>	<i>8,1%</i>