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Consulenza di direzione
in Comunicazione d'Impresa

PRESS RELEASE

DE' LONGHI S.p.A: Nine months results as of 30 September 2003 approved by the Board of Directors:

- Net Sales were € 870.0 m (+4.6% at constant exchange rates and +0.1% at current exchange rates compared to 30 September 2002)
- Gross margin up to 51.7% from 51.0% in the first nine months of 2002

Net financial position continued to decrease (€ 339.7 m, compared to € 397.6 m as of 30 September 2002) as well as net working capital, down to 27.6% on sales versus 30.6% on sales as of 30 September 2002

The Board of Directors of De' Longhi S.p.A. - leader in Heating, Air Conditioning and Treatment, Cooking and Food Preparation and Cleaning and Ironing - today has approved Nine Months Results as of 30 September 2003.

Consolidated net sales were € 870.0 m (+4.6% at constant exchange rates and +0.1% at current exchange rates compared to 30 September 2002), with net sales in the third quarter up by 0.8% at constant exchange rates.

Unfavourable exchange rates fluctuations of main currencies versus € continued in the third quarter, whilst price pressures in some of the Group's reference markets even exacerbated in the three month period.

In spite of this, gross margin improved from 51.0% in the first nine months of 2002 to 51.7% in the first nine months of 2003, by virtue of a greater utilisation of the Chinese industrial platform and of a more favourable sales mix.

The improvement of gross margin did not translate into an increase of EBITDA due to higher advertising expenses (5.0% on sales in the first nine months of 2003 compared to 4.2% in the same period of 2002).

The renewed advertising efforts, mainly to support De' Longhi and Kenwood branded products, allowed to gain further market shares even in a weak consumer environment and to achieve significant growth rates in important markets such as Italy (+11.9%).

The reduction of profit before tax is due higher extraordinary expenses in the first nine months of 2003, (mainly relating to the adhesion to tax amnesty program for about €7.5 m).

As far as business segments are concerned, Air conditioning and Treatment (+10.8 at constant exchange rates and +8.7% at current exchange rates), Heating (+9.4% at constant exchange rates and +3.5% at current exchange rates) and Cooking and Food Preparation (+3.4% at constant exchange rates) all showed positive results.



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At geographical level, Italy reported a 11.9% sales growth in the nine months periods; main European markets, in particular France and Spain, recorded a significant increase (sales were up by 9.7% overall in the Rest of Europe).

Net working capital improved, decreasing to € 352.1 m (27.6% of sales), from € 386.8 as of 30 September 2002 (30.6% of sales).

Net financial position was € 339.7 m, down from € 397.6 m as of 30 September 2002, thanks to an organic free cash-flow generation of € 35.6 m and € 22.4 m of additional securitization proceeds versus September 2002.

“2003 has proved to be a difficult year for small domestic appliances ” – commented the Group's Chairman Giuseppe De 'Longhi – “due to increased competitive pressures and weakness of private consumptions. Anyhow De' Longhi Group is well equipped to cope with the current market scenario, also by virtue of continuous launch of new products. Over the recent weeks, we have been introducing important new products both in Italy and abroad. I would like to mention *Pastamore* pasta cooker, two fully automatic coffee machines under *Ariete* e *De' Longhi* brands, the timer pasta version of *Alicia* electric moka and *Caldopanny* wall-mounted towel heater; all these launches are supported by TV advertising campaigns”.

“With regard to industrial costs” – concludes the Group's CEO Stefano Beraldo – “we believe that cost savings arising from a greater utilisation of our Chinese industrial platform will allow the Group to go back to more customary profitability levels in the short term and partially offset unfavourable exchange rate movements. Our Chinese plant is also offering interesting opportunities on the product development side; for the sake of example *Pastamore* pasta cooker was completely designed, developed and manufactured in the Tricom facility ”.

Attached: Reclassified Consolidated Balance Sheets and Profit and Loss Statements

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De'Longhi S.p.A. consolidated financial statement as at September, 30th 2003

Income statement as at September, 30th 2003 year-to-date:

	2003 (Nine months)		2003 (Nine months)	
	Euro mil.	% of sales %	Euro mil.	% of sales %
Net revenues	870,0	100,0%	869,3	100,0%
<i>Change 30/09/2003 - 30/09/ 2002</i>	<i>0,7</i>	<i>0,1%</i>		
Cost of materials	(420,5)	(48,3%)	(426,3)	(49,0%)
Services and other operating expenses	(216,8)	(24,9%)	(202,0)	(23,2%)
Value added	232,8	26,8%	240,9	27,7%
Labour costs	(119,7)	(13,8%)	(121,2)	(13,9%)
Provisions	(8,9)	(1,0%)	(8,7)	(1,0%)
EBITDA	104,2	12,0%	111,1	12,8%
<i>Change 30/09/2003 - 30/09/ 2002</i>	<i>(6,8)</i>	<i>(6,2%)</i>		
Depreciation and amortisation	(51,9)	(6,0%)	(51,6)	(5,9%)
EBIT	52,4	6,0%	59,5	6,8%
<i>Change 30/09/2003 - 30/09/ 2002</i>	<i>(7,1)</i>	<i>(12,0%)</i>		
Net financial expenses	(21,6)	(2,5%)	(25,5)	(2,9%)
Extraordinary income (expenses)	(11,2)	(1,3%)	(1,6)	(0,2%)
Earnings before taxes and minorities	19,6	2,3%	32,4	3,7%
Minority interest	(0,6)	(0,1%)	(0,6)	(0,1%)
Income before taxes	19,0	2,2%	31,8	3,7%

Income statement for the III quarter 2003

	2003 III Quarter		2002 III Quarter	
	Euro mil.	% of sales %	Euro mil.	% of sales %
Net revenues	299,3	100,0%	310,6	100,0%
<i>Change IIIQ 2003 - IIIQ 2002</i>	<i>(11,2)</i>	<i>(3,6%)</i>		
Cost of materials	(152,4)	(50,9%)	(156,3)	(50,3%)
Services and other operating expenses	(67,1)	(22,4%)	(65,6)	(21,1%)
Value added	79,9	26,7%	88,7	28,6%
Labour costs	(34,3)	(11,5%)	(38,3)	(12,3%)
Provisions	(3,9)	(1,3%)	(2,2)	(0,7%)
EBITDA	41,7	13,9%	48,2	15,5%
<i>Change IIIQ 2003 - IIIQ 2002</i>	<i>(6,5)</i>	<i>(13,6%)</i>		
Depreciation and amortisation	(18,2)	(6,1%)	(17,8)	(5,7%)
EBIT	23,5	7,8%	30,4	9,8%
<i>Change IIIQ 2003 - IIIQ 2002</i>	<i>(6,9)</i>	<i>(22,8%)</i>		
Net financial expenses	(8,9)	(3,0%)	(9,6)	(3,1%)
Extraordinary income (expenses)	(3,3)	(1,1%)	(0,7)	(0,2%)
Earnings before taxes and minorities	11,2	3,8%	20,1	6,5%
Minority interest	(0,2)	(0,1%)	(0,2)	(0,1%)
Income before taxes	11,0	3,7%	19,9	6,4%

De'Longhi S.p.A. consolidated financial statement as at September, 30th 2003

Balance sheet:

	30.09.2003	30.06.2003	31.12.2002	30.09.2002
	Euro mil.	Euro mil.	Euro mil.	Euro mil.
Trade receivables	296,0	315,7	327,1	371,6
Net inventory	304,7	312,5	233,8	292,7
Trade payables	(264,3)	(313,2)	(290,9)	(278,7)
Other current assets (liabilities)	15,8	(11,4)	(0,8)	1,2
Net working capital	352,1	303,6	269,1	386,8
Fixed assets:				
Intangible assets	435,0	435,5	434,6	416,1
Tangible assets	216,9	217,2	221,0	188,3
Financial assets	8,1	8,3	8,0	9,9
Non current liabilities	(110,8)	(107,9)	(108,8)	(54,0)
Total capital employed	901,4	856,7	824,0	947,1
Net equity	(561,7)	(550,8)	(554,9)	(549,5)
Net financial position	(339,7)	(305,9)	(269,1)	(397,6)