PRESS RELEASE

Treviso, March 27th, 2006

DE'LONGHI SpA: the Board of Directors has approved the consolidated and draft financial statements for the period ending December 31st, 2005

- The significant increase in consolidated revenues in the last quarter of the year (+ 11.0%) allowed the De' Longhi Group to recover almost completely the sales decline in the first six months (-12.7%), reducing the revenue decline for the FY 2005 to 2.0%. The growth trend for revenues continued in the first few months of 2006.

- EBITDA for the FY 2005 was € 105.0 mn (€ 114.4 mn in 2004) and EBIT € 67.5 mn (€ 79.1 mn in 2004). Excluding non recurring expenses in 2005, the year closed with an EBITDA of € 117.4 mn (€ 136.7 mn in 2004). EBITDA in the second half of 2005 improved significantly both compared to first half of 2005 (€ 32.6 mn) and second half of 2004 (€ 50.6 mn).

- Consolidated net income amounted to € 24.8 mn compared to € 35.3 mn in 2004.

- Net financial debt of € 511.4 mn vs. € 458.0 mn at the end of 2004 reflects the completion of investments in China, Russia and Italy, as well as an increase in working capital following the growth in air conditioning unit inventories and increased trade receivables related to sales in 4Q05.

- The Board of Directors resolved to propose a dividend of € 0.02 per share, to the Shareholders' Meeting to be held next April 27th (April 28th in second call).

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Main results in 2005

The Board of Directors has met today and approved draft and consolidated financial statements for the period ending on December 31st, 2005.

2005 was characterised by a contrasting performance: the first half was penalised by a weak season for portable and fixed air conditioning units with a subsequent substantial drop in revenues and profitability followed by a recovery in revenues, EBITDA and EBIT in the second half.

In light of these dynamics, FY 2005 closed with consolidated revenues of € 1,257.7 mn, down by 2.0% vs. 2004.

The recovery in sales during the last quarter of the year (+10.8%) accompanied by improved profitability made it possible to close FY 2005 with EBITDA of € 105.0 mn (€ 114.4 mn in 2004) and EBIT of € 67.5 mn vs. € 77.5 mn in 2004.

Net income for the FY 2005 was € 24.8 mn vs. € 35.3 mn in 2004.

In terms of geographical breakdown, revenues featured a return to growth in Japan (+7.1%), a positive performance in France, Spain and the Netherlands that contributed to an increase in sales in the Rest of Europe.
The positive performance of heating in North America during the year's last quarter made it possible to almost entirely recover the first half's drop in sales (-26%) and to close 2005 with revenues of € 97.2 mn (-1.5%).
The performance in the Rest of the World benefited, in particular, from a notable improvement in revenues in former Russia.

In terms of business divisions, the *Household* division reported a drop in sales of 1.9%; of note is the growth in the sale of family coffee makers, stand mixers and portable heaters. The division's overall performance was impacted by the negative trend in revenues for portable and wall air conditioning units and a weak performance in cleaning products.

The decreased sales of fixed air conditioners distributed through professional channels in the *Professional* division (revenues down by 2.3%) more than offset the increase in revenues from large thermo-cooling machines.

The *Household* division's EBITDA margin (8.0% vs. 7.5% in 2004) benefited from the positive performance of family coffee makers, stand mixers and portable heating products characterised by solid profitability.

The Professional division's profitability (9.6% from 14.3%) was impacted by the weak season for fixed air conditioning units and the increase in the price of steel, the most important raw material used in the construction of water-filled radiators.

The investments in China, Italy and Russia, as well as the growth in working capital, primarily due to an increase in air conditioning unit inventories and increased trade receivables related to increased revenues in 4Q05, resulted in net financial debt of € 511.4 mn vs. the € 458.0 mn at the end of 2004.

"Even though the year was penalised by a very weak first half" – the CEO Fabio De' Longhi stated – "the Group reacted in the second half increasing its market share in the primary reference markets."

The Board of Directors resolved to propose a dividend of € 0.02 per share, to the Shareholders' Meeting to be held on April 27th, 2006 (April 28th in second call). The share will trade ex-dividend as of May 8th, 2006 and paid on May 11th, 2006.

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Events following year-end

On March 22nd, 2006 De Longhi Radiators, a wholly owned subsidiary of the De' Longhi Group, kicked off new production lines for the production of column radiators in the Moimacco (Udine) plant.

The total investment of € 8 mn, already included in the De' Longhi Group's investment plan, will make it possible to produce column radiators, a type of fixed radiator that is rapidly gaining market share in important European markets, in particular Italy, Germany, France and Great Britain. Approximately 100 workers will work on the new lines at full capacity.

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Today the Board of Directors has also approved the following documents:

- The new "internal dealing" procedure as per Art.152 -8, paragraph 8-a), of Consob Regulation n.11971/99 and the Self-Governance Code for Listed Companies: related resolutions and subsequent amendments
- procedure for the creation, management and updating of the register of individuals having access to De' Longhi S.p.A's privileged information, as per Art. 115 bis of Legislative Decree

58/98 and Art. 152 bis *et seq*. of Consob regulation n. 11971/99: related resolutions and amendments;
- new procedure for the communication to the market of De' Longhi S.p.A's privileged information as per Art. 6 of the Self-Governance Code for Listed Companies: related resolutions and subsequent amendments;
- organisational and management chart as per Legislative Decree n. 231, dated June 8th, 2001
- Programmed Security Document as per Legislative Decree n. 196, dated June 30th, 2003.

Foreseeable business development

The trend for revenue growth, begun in the second half of 2005, has continued throughout the first few months of 2006. In light of the order book for the next few months and the signs of recovery in several markets, even if the overall scenario remains difficult, the Group feels that 2006 revenues could exceed those of 2005.

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Attachments: Consolidated (reclassified) balance sheets and income statements; consolidated revenues by division and geographic area; division EBITDA margins

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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 2004 have been reclassified in accordance with the new international principles.

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De'Longhi S.p.A. consolidated financial statement as at December, 31st 2005

Income statement as at December, 31st 2005 year-to-date:

	2005	% on sales	2004	% on sales
	Euro mil.	%	Euro mil.	%
Net revenues	**1.257,7**	**100,0%**	**1.283,3**	**100,0%**
Changes 2005/2004	*(25,6)*	*(2,0%)*		
Consumption and industrial costs (services and industrial labour)	(763,2)	(60,7%)	(777,0)	(60,6%)
Gross profit (*)	**494,5**	**39,3%**	**506,2**	**39,4%**
Cost of services and other expenses	(274,9)	(21,9%)	(272,3)	(21,2%)
Value added	**219,6**	**17,5%**	**233,9**	**18,2%**
Payroll (non-industrial)	(88,9)	(7,1%)	(84,9)	(6,6%)
Provisions	(13,3)	(1,1%)	(12,4)	(1,0%)
EBITDA before non recurring income (expenses)	**117,4**	**9,3%**	**136,7**	**10,6%**
Changes 2005/2004	*(19,3)*	*(14,1%)*		
Non recurring income (expenses)	(12,4)	(1,0%)	(22,2)	(1,7%)
EBITDA	**105,0**	**8,3%**	**114,4**	**8,9%**
Amortization and depreciation	(37,5)	(3,0%)	(36,9)	(2,9%)
EBIT	**67,5**	**5,4%**	**77,5**	**6,0%**
Changes 2005/2004	*(10,1)*	*(13,0%)*		
Financial income (expenses)	(40,0)	(3,2%)	(43,4)	(3,4%)
Profit before taxes	**27,5**	**2,2%**	**34,1**	**2,7%**
Taxes	(2,6)	(0,2%)	1,4	0,1%
Profit (loss) for the period	**24,9**	**2,0%**	**35,5**	**2,8%**
Profit (loss) pertaining to minority interests	(0,0)	0,0%	(0,2)	0,0%
Profit (loss) pertaining to the Group	**24,8**	**2,0%**	**35,3**	**2,8%**

(*) Gross profit is defined as revenues net of consumption, industrial payroll costs, temporary employment, subcontracting, power, maintenance and transport on purchases.

Balance sheet as at December, 31st 2005:

	31/12/2005	*31/12/2004*	*Changes 2004-2005*	*Changes %*
Fixed assets	**690,2**	**666,9**	**23,3**	**3,5%**
Net inventory	340,2	295,3	44,9	15,2%
Trade receivables	450,1	415,5	34,6	8,3%
Trade payables	(285,9)	(265,7)	(20,2)	7,6%
Other current assets (liabilities)	5,5	29,0	(23,4)	(80,9)%
Net working capital	**509,9**	**474,0**	**35,8**	**7,6%**
Non current liabilities	(103,1)	(119,1)	15,9	(13,4)%
Total capital employed	**1.096,9**	**1.021,9**	**75,1**	**7,3%**
Net debt (*)	**511,4**	**458,0**	**53,4**	**11,6%**
Total shareholders' equity	**585,5**	**563,8**	**21,7**	**3,8%**
Total net debt and shareholders' equity	**1.096,9**	**1.021,9**	**75,1**	**7,3%**

(*) Includes Euro 113,1 million in securitisation transactions and receivables factored without recourse at December 31st, 2005 (Euro 149,0 million at December 31st, 2004, which includes Euro 53 million in receivables factored without recourse to provide a better representation of group's financial position and ensure a proper basis for comparison even if IAS 39, under which factored receivables fall, is applicable as from January 1st, 2005).

Revenues by geographical area

	2005	2004	Changes	Changes %
Italy	307,9	340,3	(32,4)	(9,5)%
United Kingdom	163,4	187,4	(24,0)	(12,8)%
Rest of Europe	421,8	417,7	4,1	1,0%
USA, Canada, Mexico	97,2	98,8	(1,5)	(1,5)%
Japan	47,5	44,4	3,2	7,1%
Rest of the World	219,8	194,7	25,1	12,9%
Total	**1.257,7**	**1.283,3**	**(25,6)**	**2,0%**

Results by business segments

	2005	2004	Changes 2004-2005
Household			
Net revenues	994,0	1.013,5	(19,5)
Changes%	*(1,9%)*		
EBITDA	79,7	76,0	3,7
% on net revenues	*8,0%*	*7,5%*	

	2005	2004	Changes 2004-2005
Professional			
Net revenues	263,7	269,8	(6,1)
Changes%	*(2,3%)*		
EBITDA	25,3	38,4	(13,1)
% on net revenues	*9,6%*	*14,3%*	