



PRESS RELEASE

Treviso, March 16, 2007

DE' LONGHI SpA: the Board of Directors approves the financial statements for the FY ending December 31, 2006: strong positive signals coming from indicators of growth, profitability and cash generation.

- significant growth of consolidated net revenues (+8.4% or 9.5% at comparable consolidation perimeter), reaching Eur 1,363 mn (1,257.7 mn in FY 2005), thanks to the contribute of both Household and Professional divisions (respectively +10.5% and +11.5% at comparable consolidation perimeter);
- Product innovation and efficiency in the industrial and logistic processes were the main drivers of the increase of EBITDA (Eur 125.6 mn vs. 105 mn in 2005, or 9.2% of revenues) and of EBIT (85 mn vs. 67.5 mn in 2005, or 6.2% of revenues);
- the net profit amounts to Eur 39.8 mn (it was 24.8 mn in 2005); however a higher increase is shown at a before-tax level, where profit increases from 27.5 mn to 61.3 mn, thanks also to the 26.4 mn gain from the sale of the controlled company Elba SpA;
- the Net Financial Position benefits from cash flows amounting to 196.8 mn and drops from -511.4 mn down to -314.6 mn; the main factors behind this reduction are the efficiency of working capital management, the sale of Elba SpA and the effects of sales with no recourse of receivables;
- the BoD proposes to distribute a dividend of Eur 0.06 per share, subject to the approval of the Shareholders' Meeting to be held on April 18 (April 19 in second call).

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The 2006 results.

The Board of Directors of De' Longhi SpA has approved the FY 2006 financial statements today.

Despite the global scenario evidencing significant growth in raw materials' prices, the Group was successful in delivering substantial increases in revenues and margins, carrying out positive effects in the cash generation as well.

The consolidated net revenues amounts to Eur 1,363 mn, or a +8.4% increase vs. 2005 (1,257.7 mn). The main determinants were both external factors - the global economy growth - and management actions - products mix, a more efficient manufacturing and distribution structure, the strengthening of market shares.

These results originate also from the completion of the transfer process of production assets from Italy to China and from the full start of the Russian factory, thus bringing out major benefits in competitiveness and growth opportunities in new markets.

The said dynamics allowed the group to feature an EBITDA at Eur 125.6 mn, increasing both in absolute values (+20.6 mn) and as percentage to revenues (from 8.3% to 9.2%). EBIT positively performs as well, reaching Eur 85 mn (+17.5 mn), or a 6.2% of revenues.

It is worth mentioning the Eur 26.4 mn gain arising from the sale of the controlled company Elba SpA.

The net profit amounts to Eur 39.8 mn (+60.5% vs. 2005); however a major increase is performed by the profit before-tax (61.3 mn in 2006 vs. 27.5 mn in 2005, or +123%)

Both *Household* and *Professional* divisions contributed to the above mentioned positive results.

The *Household* division reported a +7.5% growth in revenues (amounting to Eur 1,072 mn; at comparable consolidation perimeter the increase is +10.5%) and a 16% growth in EBITDA (amounting to Eur 92.2 mn, or 8.6% of revenues). Coffee makers, small appliances and portable heaters were leading.

The *Professional* division outlines a 17.4% increase of revenues (317.8 mn; at comparable consolidation perimeter the increase is +11.5%) and a 31.1.% increase of EBITDA (33.3 mn, or 10.5% of revenues), thanks to the



positive performance of water-filled radiators and industrial air conditioning.

Furthermore, interesting synergies and development trends in the professional air-conditioning business are offered by the acquisition of RC Group.

As regards the geographical distribution of revenues, the good performances are confirmed by all main markets, excepted the United Kingdom (-4.9%, but +0.4% at a comparable consolidation perimeter); in details, North America (+26.7%), Europe (including Russia too) (+11%) and even the domestic Italian market (+7.1%) are outstanding.

The good operating results, the efficiencies in the working capital management, the sale of Elba SpA and the derecognition of the program of non-recourse receivables sales have boosted the cash flows (Eur 196.8 mn), bringing the Net Financial Position down to -314.6 mn from the 2005 -511.4 mn (it was -396.6 at Sept. 30, 2006).

The Board of Directors resolved to propose to the Shareholders' Meeting to be held on April 18 (April 19 in sccond call) a dividend of 0.06 Eur per share.

As at today the auditors' certificate is not available yet since the group accounts are still under review.

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Events following year end

No major event has ocurred since the closing of the FY 2006 accounts.

Foreseeable business developments

We deem the growth trend can continue in 2007, given the positive outlook of the global economy.



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De' Longhi SpA consolidated financial statement as at December 31st 2006

Income statement as at December 31st 2006 year-to-date

Euro/million	2006	% on sales	2005	% on sales
Net revenues	1.363,0	100,0%	1.257,7	100,0%
<i>Change 2006/2005</i>	<i>105,3</i>	<i>8,4%</i>		
Materials consumed and other production costs (services and production payroll costs)	(849,9)	(62,4%)	(761,6)	(60,6%)
Gross profit	513,1	37,6%	496,0	39,4%
Cost of services and other expenses	(286,3)	(21,0%)	(276,5)	(22,0%)
Value added	226,8	16,6%	219,6	17,5%
Payroll (non-industrial)	(91,6)	(6,7%)	(88,9)	(7,1%)
Provisions	(12,5)	(0,9%)	(13,3)	(1,1%)
Other income (expenses)	2,8	0,2%	(12,4)	(1,0%)
EBITDA	125,6	9,2%	105,0	8,3%
Amortization and depreciation	(40,6)	(3,0%)	(37,5)	(3,0%)
EBIT	85,0	6,2%	67,5	5,4%
<i>Change 2006/2005</i>	<i>17,5</i>	<i>25,9%</i>		
Financial income (expenses)	(23,6)	(1,7%)	(40,0)	(3,2%)
Profit before taxes	61,3	4,5%	27,5	2,2%
Taxes	(20,9)	(1,5%)	(2,6)	(0,2%)
Profit (loss) for the period	40,4	3,0%	24,9	2,0%
Profit (loss) pertaining to minority interests	0,7	0,0%	0,1	0,0%
Profit (loss) pertaining to the Group	39,8	2,9%	24,8	2,0%



Balance sheet as at December 31st 2006

Euro/million	31/12/2006	31/12/2005	Changes 2006-2005	% Changes
Fixed assets	718,9	730,2	(11,3)	(1,6%)
Net inventory	323,7	340,2	(16,5)	(4,8%)
Trade receivables	348,0	450,1	(102,1)	(22,7%)
Other current assets	39,4	31,4	8,0	25,5%
Trade payables	(327,1)	(285,9)	(41,2)	14,4%
Other current liabilities	(77,1)	(65,9)	(11,2)	16,9%
Net working capital	307,0	469,8	(162,9)	(34,7%)
Non current liabilities	(90,7)	(103,2)	12,5	(12,1)%
Total capital employed	935,2	1.096,9	(161,7)	(14,7%)
Net debt (*)	314,6	511,4	(196,8)	(38,5%)
Total shareholders' equity	620,6	585,5	35,1	6,0%
Total net debt and shareholders' equity	935,2	1.096,9	(161,7)	(14,7%)

(*) Includes Euro 113,1 million in receivables factored without recourse at December 31st, 2005.

Cash flow statement as at December 31st 2006

Euro/million	31/12/2006	31/12/2005 pro-forma (*)
Net operating cash flow	57,3	(50,3)
Cash flow absorbed by changes in net equity	(8,0)	(3,0)
Cash flow generated by deconsolidating Marka Finance S.A. and factoring receivables without recourse	112,9	-
Cash flow from sale of Elba S.p.A.	76,6	-
Cash flow from acquisition of RC Group	(42,0)	-
Cash flow for the period	196,8	(53,4)
Opening net financial position	(511,4)	(458,0)
Closing net financial position	(314,6)	(511,4)

(*) The opening net financial position in the pro-forma cash flow statement at 31 December 2005 includes Euro 58,9 million in payables due to factors for receivables factored without recourse.



Revenues by geographical area

Euro/million	2006	2005	Change	% Change	2006	2005	Change	% Change
					pro-forma	pro-forma	pro-forma	pro-forma
Italy	329,7	307,9	21,8	7,1%	323,8	309,0	14,8	4,8%
United Kingdom	155,5	163,4	(7,9)	(4,9)%	153,8	153,2	0,6	0,4%
Rest of Europe	512,1	461,2	50,8	11,0%	505,0	456,8	48,2	10,6%
USA, Canada, Mexico	123,2	97,2	25,9	26,7%	122,7	95,4	27,3	28,6%
Rest of the World	242,6	228,0	14,7	6,4%	241,7	216,1	25,7	11,9%
Total	1.363,0	1.257,7	105,3	8,4%	1.347,0	1.230,4	116,6	9,5%

Results by business segments

Household

Euro/million	2006	2005	Change 2006-2005	2005	Change
				pro-forma (*)	2006 - 2005 pro-forma
Net revenues	1.072,0	997,1	74,8	969,9	102,1
Change %			7,5%		10,5%
EBITDA	92,2	79,5	12,7	73,6	18,6
% on net revenues	8,6%	8,0%		7,6%	

(*) 2005 pro-forma data have been adjusted to be consistent with those of the current period (ie. excluding the figures related to Elba in the period June-December 2005).

Professional

Euro/million	2006	2005	Change 2006-2005	2006	Change
				pro-forma (**)	2006 pro-forma - 2005
Net revenues	317,8	270,6	47,1	301,8	31,2
Change %			17,4%		11,5%
EBITDA	33,3	25,4	7,9	31,5	6,1
% on net revenues	10,5%	9,4%		10,4%	

(**) 2006 pro-forma data have been adjusted to be consistent with those of the previous period (ie. excluding the figures related to RC Group in the period September-December 2006).