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PRESS RELEASE

DE' LONGHI S.p.A.: the Board of Directors approved the positive H1 2002 consolidated results: net sales up to € 558.7m (+8.4% vs H1 2001), EBITDA up to € 62.9m (+18,1% vs H1 2001), EBIT up to € 29.1m (+43,3%), profit before tax up to € 12.0m (+196.8%).

Strong cash flow generation of € 55.9 million and consequent reduction of the net debt, which after taking into account the distribution of dividends, decreased to € 398.9m as of June, 30 2002 from € 447.1m at the end of 2001.

Management of De' Longhi confirms the growth forecasts for the current year.

The Board of Directors of De'Longhi S.p.A. - leader in the Heating, Air Conditioning and Treatment, Cooking and Food Preparation and Cleaning and Ironing Systems segments – and listed on the Italian Stock Exchange since July 2001– today approved H1 2002's positive financial statements.

Net sales reached € 558.7m (+8.4% vs H1 2001), EBITDA increased to € 62.9m (+18.1%), EBIT was € 29.1m (+43.3%), with profit before tax increasing by 196.8% to € 12.0m.

Even more remarkable were the results for the second quarter, with net sales increasing by 11.4% compared to 2Q 2001 and EBITDA margin improving by 1.5% (11.1% of sales vs 9.6% in Q2 2001) and up by 29,1% in absolute terms compared to the same period in 2001.

New products accounted for more than 23% of the turnover in the second half; this percentage is expected to increase in the second half of the year, as consequence of the presentation of the new collection of products.

At EBITDA level, the increase of 18.2% (and the improvement of EBITDA margin from 10.3% in H1 2001 to 11.3% in H1 2002), was mainly driven by a more favourable sales mix, actions undertaken to improve work efficiency, as well as synergies arising from the integration with Kenwood.

As far as business divisions are concerned (Heating, Air Conditioning and Treatment, Cooking and Food Preparation and Cleaning and Ironing Systems), it is worth noting the continuous growth trend for the Cooking and Food Preparation segment, which is the largest one in terms of contribution to sales: this segment reported a +13.4% growth vs H1 2001, driven by both De'Longhi branded products (in particular coffee machines, fryers and electrical ovens) and Kenwood branded products.

On a geographical basis, North America (+39.4%) and Japan (+37.1%) confirmed the significant growth rates of the recent years.



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Also Italy, thanks to the positive performance of portable air conditioners and the launch of Colombina Explora, reported Q2 sales up more than 20% compared to the same quarter of last year.

“In spite of the seasonality effects which historically penalises the first half (1H 2001 accounted for 43% of sales for the total year) ” – the Chairman Giuseppe De’Longhi comments – “we are satisfied with the results achieved, which are in line with our expectations and we are confident for the second half of the year, during which we expect to launch many products, in some cases strongly innovative”.

“The integration of Kenwood” – continues Stefano Beraldo – “continues to provide satisfactory results: sales were up in almost every market, mainly in the UK. The brand is being relaunched strongly and thanks to the work of specific teams, (formed by Italian, English and Chinese employees) new cost savings opportunities, which had not been included in the original plan, were discovered. These additional synergies will contribute to profitability in the second half.”

With the regard to the financial performance, net working capital decreased to € 360.9 million (29.1% on sales) in H1 2002 from € 388.5 million as of December 2001 (32.4% on sales). Net financial position was € 398.9 million (down from € 447.1 million in December 2001), with a free cash flow generation of € 48.9 million in the second half.

In September 2002, De’ Longhi concluded a securitization contract, for a maximum amount of € 100m. As a consequence of this agreement, an equivalent amount of the domestic trade receivables relative to De’ Longhi Spa and Ariete will be disposed of on a “pro-soluto” basis every month.

This transaction is instrumental in both reducing the cost of capital and optimising the financial structure and provides flexibility with a long term view.

The Board of Directors appointed Federico Caretti as new Investor Relations Manager of the Group.

De’Longhi is trading at about +45% above the IPO price.

Attached: consolidated Balance Sheets and Profit and Loss Statements.

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Treviso, September 13, 2002

De'Longhi S.p.A. consolidated financial statement as at 30/06/2002
Income statement:

	30.06.2002	% of sales	30.06.2001	% of sales
	Euro mil.	%	Euro mil.	%
Total revenues	558,7	100,0%	515,3	100,0%
<i>Increases 2002/2001</i>	<i>43,4</i>	<i>8,4%</i>		
Materials	(270,0)	(48,3%)	(255,7)	(49,6%)
Services	(136,5)	(24,4%)	(123,1)	(23,9%)
Value added	152,2	27,2%	136,4	26,5%
Labour costs	(82,9)	(14,8%)	(78,9)	(15,3%)
Provisions and writedowns	(6,4)	(1,2%)	(4,3)	(0,8%)
EBITDA	62,9	11,3%	53,2	10,3%
<i>Increases 2002/2001</i>	<i>9,7</i>	<i>18,1%</i>		
Depreciation and amortization	(33,7)	(6,0%)	(32,9)	(6,4%)
EBIT	29,1	5,2%	20,3	3,9%
<i>Increases 2002/2001</i>	<i>8,8</i>	<i>43,3%</i>		
Net financial expenses	(15,5)	(2,8%)	(17,8)	(3,5%)
Other income (loss)	(1,3)	(0,2%)	1,9	0,4%
Earnings before taxes	12,3	2,2%	4,4	0,8%
Minority interests	(0,4)	(0,1%)	(0,3)	(0,1%)
Net (loss) income for the year	12,0	2,1%	4,0	0,8%

De'Longhi S.p.A. consolidated financial statement as at 30/06/2002
Balance sheet:

	30.06.2002	31.12.2001	Change 30.06.2002 31.12.2001	30.06.2001	Change 30.06.2002 30.06.2001
	Euro mil.	Euro mil.	Euro mil.	Euro mil.	Euro mil.
Trade receivables	375,8	412,5	(36,8)	345,1	30,6
Net inventory	293,1	234,8	58,2	304,4	(11,3)
Trade payables	(308,0)	(249,7)	(58,3)	(276,7)	(31,3)
Other current assets (liabilities)	0	(9,1)	9,2	8,4	(8,4)
Net working capital	360,9	388,5	(27,6)	381,2	(20,3)
Non current assets:					
Intangible assets	423,3	435,2	(11,9)	440,5	(17,2)
Tangible assets	187,1	193,7	(6,6)	194,4	(7,3)
Financial assets	9,4	9,6	(0,2)	8,5	0,9
Total funds and long-term liabilities	(52,5)	(54,8)	2,3	(45,9)	(6,5)
Total capital employed	928,2	972,2	(43,9)	978,6	(50,4)
Minority interests	(0,5)	(0,3)	(0,2)	(0,8)	0,3
Net equity	(528,9)	(524,8)	(4,1)	(377,1)	(151,8)
Total non-financial sources	(529,4)	(525,1)	(4,3)	(377,9)	(151,5)
Net financial position	(398,9)	(447,1)	48,2	(600,7)	201,9