De'Longhi S.p.A.

Interim Management Statement at 30 September 2010

COMPANY OFFICERS *

Board of Directors

GIUSEPPE DE'LONGHI	Chairman
FABIO DE'LONGHI	Vice Chairman and Chief Executive Officer
ALBERTO CLÒ **	Director
RENATO CORRADA **	Director
SILVIA DE'LONGHI	Director
CARLO GARAVAGLIA	Director
DARIO MELO'	Director
GIORGIO SANDRI	Director
SILVIO SARTORI	Director
GIOVANNI TAMBURI**	Director

Board of Statutory Auditors

GIANLUCA PONZELLINI	Chairman
MASSIMO LANFRANCHI	Standing member
GIULIANO SACCARDI	Standing member
ROBERTO CORTELLAZZO-WIEL	Alternate auditor
ENRICO PIAN	Alternate auditor

External Auditors

RECONTA ERNST & YOUNG S.P.A.. ***

Internal Auditing and Corporate Governance Committee

RENATO CORRADA **
SILVIO SARTORI
GIOVANNI TAMBURI **

Compensation Committee

ALBERTO CLÒ **
CARLO GARAVAGLIA
GIOVANNI TAMBURI **

* The company officers were elected at the shareholders' meeting of 21 April 2010 for the period 2010-2012.
** Independent directors.
*** The engagement to audit the financial statements for 2010-2018 was approved by the shareholders' meeting of 21 April 2010.

Overview of the Group's income statement and statement of financial position

The principal consolidated figures at 30 September 2010 are as follows:

3rd quarter results

- Revenues	€418.8 million	(+23.6% on 3rd quarter 2009)
- EBITDA *	€58.0 million	(13.8% of revenues vs 11.0% in 3rd quarter 2009)

9 month results

- Revenues	€1,069.8 million	(+14.5% on first 9 months 2009)
- EBITDA *	€124.5 million	(11.6% of revenues vs 9.1% in first 9 months 2009)

Net financial position

- Net debt	€112.4 million	(-€125.1 million on 30.09.2009)

* before non-recurring expenses

Income statement data

(€/million)	30.09.2010 (9 months)	% revenues	30.09.2009 (9 months)	% revenues	3rd quarter 2010	% revenues	3rd quarter 2009	% revenues
Revenues	1,069.8	100.0%	934.0	100.0%	418.8	100.0%	338.7	100.0%
Gross profit	469.9	43.9%	392.6	42.0%	179.3	42.8%	139.7	41.2%
EBITDA before non-recurring income (expenses)	124.5	11.6%	85.4	9.1%	58.0	13.8%	37.2	11.0%
EBITDA	120.0	11.2%	79.0	8.5%	56.3	13.5%	34.6	10.2%
EBIT	92.0	8.6%	52.5	5.6%	46.7	11.1%	25.3	7.5%
Profit (loss) pertaining to the Group	46.1	4.3%	19.0	2.0%	28.3	6.8%	15.1	4.5%

Results by operating segment

	3rd quarter 2010 (3 months)				3rd quarter 2009 (3 months)			
(€/million)	Household	Professional	Corporate	Consolidated total	Household	Professional	Corporate	Consolidated total
Revenues	325.2	95.2	2.8	**418.8**	255.9	83.4	3.1	**338.7**
Change 2010/2009	*69.2*	*11.8*	*(0.3)*	***80.1***				
% change	*27.1%*	*14.1%*		***23.6%***				
EBITDA before non-recurring income (expenses)	51.3	9.0	(2.3)	**58.0**	31.6	6.7	(1.3)	**37.2**
Change 2010/2009	*19.6*	*2.3*	*(1.0)*	***20.8***				
% of revenues	*15.8%*	*9.5%*		***13.8%***	*12.4%*	*8.1%*		***11.0%***

	30.09.2010 (9 months)				30.09.2009 (9 months)			
(€/million)	Household	Professional	Corporate	Consolidated total	Household	Professional	Corporate	Consolidated total
Revenues	822.2	250.6	8.5	**1,069.8**	700.4	239.7	8.8	**934.0**
Change 2010/2009	*121.8*	*10.9*	*(0.2)*	***135.8***				
% change	*17.4%*	*4.5%*		***14.5%***				
EBITDA before non-recurring income (expenses)	106.4	22.7	(4.5)	**124.5**	73.6	18.3	(6.5)	**85.4**
Change 2010/2009	*32.8*	*4.4*	*1.9*	***39.1***				
% of revenues	*12.9%*	*9.0%*		***11.6%***	*10.5%*	*7.6%*		***9.1%***

Total segment revenues are reconciled to the consolidated figures by eliminating certain intersegment transactions, amounting to €4.3 million in 3rd quarter 2010 (€3.7 million in 3rd quarter 2009) and €11.5 million in the nine months to 30 September 2010 (€14.9 million at 30 September 2009).

Statement of financial position

(€/million)	30.09.2010	30.09.2009	31.12.2009
Net working capital	289.4	348.9	264.4
Net capital employed	838.7	905.0	805.6
Net debt	(112.4)	(237.5)	(117.1)
Net equity	(726.3)	(667.6)	(688.5)
Net financial position/Net equity	15.5%	35.6%	17.0%

Content of the interim management statement
This document presenting the unaudited consolidated results at 30 September 2010 constitutes the interim management statement required by art 154-ter of Decree 58/98 (known as "Testo Unico della Finanza" or "TUF").
The income statement figures refer to the nine months to 30 September 2010 and the third quarter of 2010, with comparatives for the corresponding periods in 2009. The statement of financial position figures refer to 30 September 2010, 31 December 2009 and 30 September 2009. This report includes details of any significant transactions, including with related parties.
The format of the financial statements presented herein is comparable with the reclassified statements presented in the report on operations contained in the half-year and annual financial reports.
The consolidated figures have been prepared using the same consolidation procedures and accounting policies as those described in the annual report, to which the reader should refer.
The figures contained in this document, including some of the percentages, have been rounded relative to their full Euro amount. As a result, some of the totals in the tables may differ from the sum of the individual amounts presented.

Group results

The reclassified consolidated income statement is summarized as follows:

(€/million)	30.09.2010 (9 months)	% revenues	30.09.2009 (9 months)	% revenues	3rd quarter 2010	% Revenues	3rd quarter 2009	% revenues
Revenues	**1,069.8**	**100.0%**	**934.0**	**100.0%**	**418.8**	**100%**	**338.7**	**100.0%**
Change	*135.8*	*14.5%*			*80.1*	*23.6%*		
Materials consumed & production costs (production services and payroll costs)	(599.9)	(56.1%)	(541.4)	(58.0%)	(239.5)	(57.2%)	(199.0)	(58.8%)
Gross profit	**469.9**	**43.9%**	**392.6**	**42.0%**	**179.3**	**42.8%**	**139.7**	**41.2%**
Other services & expenses	(230.7)	(21.6%)	(202.6)	(21.7%)	(83.5)	(19.9%)	(67.7)	(20.0%)
Value added	**239.3**	**22.4%**	**190.0**	**20.3%**	**95.8**	**22.9%**	**72.0**	**21.3%**
Payroll (non-production)	(93.6)	(8.8%)	(88.2)	(9.4%)	(31.5)	(7.5%)	(28.4)	(8.4%)
Provisions	(21.1)	(2.0%)	(16.4)	(1.8%)	(6.3)	(1.5%)	(6.4)	(1.9%)
EBITDA before non-recurring income (expenses)	**124.5**	**11.6%**	**85.4**	**9.1%**	**58.0**	**13.8%**	**37.2**	**11.0%**
Change	*39.1*	*45.8%*			*20.8*	*56.0%*		
Other non-recurring income (expenses)	(4.5)	(0.4%)	(6.4)	(0.7%)	(1.7)	(0.4%)	(2.6)	(0.8%)
EBITDA	**120.0**	**11.2%**	**79.0**	**8.5%**	**56.3**	**13.5%**	**34.6**	**10.2%**
Change	*41.0*	*51.8%*						
Amortization and depreciation	(27.9)	(2.6%)	(26.6)	(2.8%)	(9.7)	(2.3%)	(9.3)	(2.8%)
EBIT	**92.0**	**8.6%**	**52.5**	**5.6%**	**46.7**	**11.1%**	**25.3**	**7.5%**
Change	*39.6*	*75.5%*			*21.4*	*84.8%*		
Financial income (expenses)	(24.5)	(2.3%)	(24.0)	(2.6%)	(7.5)	(1.8%)	(5.0)	(1.5%)
Profit (loss) before taxes	**67.6**	**6.3%**	**28.5**	**3.1%**	**39.1**	**9.3%**	**20.3**	**6.0%**
Income taxes	(21.4)	(2.0%)	(9.4)	(1.0%)	(10.8)	(2.6%)	(5.0)	(1.5%)
Profit (loss) for the period	**46.2**	**4.3%**	**19.1**	**2.0%**	**28.4**	**6.8%**	**15.3**	**4.5%**
Profit (loss) pertaining to minority interests	0.1	0.0%	0.1	0.0%	0.0	0.0%	0.2	0.0%
Profit (loss) pertaining to the Group	**46.1**	**4.3%**	**19.0**	**2.0%**	**28.3**	**6.8%**	**15.1**	**4.5%**

In the third quarter the De'Longhi Group confirmed and strengthened its upward trend in sales and earnings and the improvement in the structure of its statement of financial position already seen in the first half of the year.

Third-quarter revenues were 23.6% higher year-on-year at €418.8 million, while EBITDA before non-recurring expenses came in at €58.0 million, with a margin of 13.8% (11.0% in third quarter 2009).

Revenues came to €1,069.8 million for the first nine months of 2010 (up 14.5% on 2009). EBITDA before non-recurring expenses was €124.5 million (€85.4 million in 2009), with the margin going from 9.1% in 2009 to 11.6% in the first nine months of 2010.

The growth in the nine months came from both divisions, with the stronger impetus coming from the Household division, which increased its revenues by 17.4%. Affected by the continued weakness of its markets in previous quarters, the Professional division reported revenue growth of 4.5%.
In terms of markets, all the major geographical areas experienced growth except for North America.

In terms of the Group's profitability, gross profit improved from €392.6 million to €469.9 million, with the margin climbing from 42.0% to 43.9%, thanks to the effect of double-digit volume growth, the product mix and generally positive results of currency risk management.

These positive effects more than offset the impact on EBITDA of higher logistical costs and higher promotional costs than in 2009.

EBITDA before non-recurring expenses came to €124.5 million in the first nine months of 2010, with the margin improving from 9.1% in the same period of 2009 to 11.6% in 2010.
Third-quarter EBITDA before non-recurring expenses came to €58.0 million, with the margin improving from 11.0% in the same period of 2009 to 13.8% in 2010.

After booking €27.9 million in amortization and depreciation, EBIT came to €92.0 million in the first nine months of 2010 (€52.5 million in 2009), with the margin improving from 5.6% to 8.6%.

Net financial expenses amounted to €24.5 million (€24.0 million in the first nine months of 2009); the benefits of a reduction in net interest expense resulting from a reduction in the level of debt and from the continued low level of interest rates were cancelled out by €4.2 million in exchange losses.

Nine-month profit before taxes was €67.6 million (€28.5 million in 2009).

Profit pertaining to the Group amounted to €46.1 million, an increase of €27.1 million on the same period in 2009.

Operating segment performance

Household
The Household division reported €325.2 million in third-quarter revenues, up €69.2 million (+27.1%) on the same period in 2009.
Nine-month revenues came to €822.2 million, representing a year-on-year increase of €121.8 million (+17.4%).
All the Group's principal brands reported an improvement in results; sales by both the De'Longhi and Kenwood brands were particularly strong.
As for product lines, food cooking and preparation products enjoyed excellent sales, particularly thanks to sales of coffee machines, small domestic appliances and food processors, while household cleaning products also reported good results.

Third-quarter EBITDA before non-recurring expenses was €51.3 million, with the margin improving from 12.4% to 15.8%.
Nine-month EBITDA before non-recurring expenses was €106.4 million (with a margin of 12.9% versus 10.5% at 30 September 2009), representing an improvement of €32.8 million on the same period in 2009.

Professional
The Professional division showed signs of recovery during the third quarter, with revenues climbing by €11.8 million (+14.1%) year-on-year to €95.2 million.
Nine-month revenues amounted to €250.6 million, representing a year-on-year increase of €10.9 million (+4.5%); in a persistently difficult market context, sales growth by both large thermo-cooling systems and water-filled radiators made up for lower sales of fixed air-conditioning units.

Review of the statement of financial position

The reclassified consolidated statement of financial position is presented below:

(€/million)	30.09.2010	30.09.2009	31.12.2009	Change 30.09.10 – 30.09.09	Change 30.09.10 – 31.12.09
- Intangible assets	415.8	416.3	414.7	(0.6)	1.1
- Property, plant and equipment	178.9	176.2	177.6	2.7	1.3
- Financial assets	2.2	2.5	2.5	(0.3)	(0.3)
- Deferred tax assets	37.1	48.8	38.1	(11.7)	(1.0)
Non-current assets	**634.0**	**643.9**	**632.9**	**(9.9)**	**1.2**
- Inventories	361.7	342.2	257.1	19.4	104.6
- Trade receivables	304.2	306.0	351.9	(1.8)	(47.7)
- Trade payables	(320.1)	(249.4)	(291.1)	(70.7)	(29.0)
- Other payables (net of receivables)	(56.4)	(49.9)	(53.5)	(6.5)	(3.0)
Net working capital	**289.4**	**348.9**	**264.4**	**(59.6)**	**25.0**
Total non-current liabilities and provisions	**(84.7)**	**(87.8)**	**(91.7)**	**3.1**	**7.0**
Net capital employed	**838.7**	**905.0**	**805.6**	**(66.3)**	**33.1**
Net financial position	**(112.4)**	**(237.5)**	**(117.1)**	**125.1**	**4.7**
Total net equity	**(726.3)**	**(667.6)**	**(688.5)**	**(58.7)**	**(37.8)**
Total net debt and equity	**(838.7)**	**(905.0)**	**(805.6)**	**66.3**	**(33.1)**

The net financial position reported €112.4 million in net debt at 30 September 2010, having improved by €125.1 million since 30 September 2009 thanks to cash flow from operating activities.

Net working capital decreased by €59.6 million relative to 30 September 2009, and by €44.0 million before the factoring of receivables without recourse. Working capital turnover improved from 24.7% of revenues at the end of September 2009 to 18.8% at 30 September 2010.

Details of the net financial position are as follows:

(€/million)	30.09.2010	30.09.2009	31.12.2009	Change 30.09.10 – 30.09.09	Change 30.09.10 – 31.12.09
Cash and cash equivalents	132.3	75.6	124.0	56.8	8.4
Other financial receivables	14.0	11.9	13.9	2.1	0.1
Current portion of non-current debt	(54.1)	(67.4)	(67.1)	13.3	12.9
Current financial debt	(84.6)	(118.7)	(74.9)	34.1	(9.7)
Net current financial debt	**7.6**	**(98.6)**	**(4.1)**	**106.2**	**11.7**
Non-current financial debt	**(120.0)**	**(138.9)**	**(113.0)**	**18.9**	**(7.0)**
Total net financial position	**(112.4)**	**(237.5)**	**(117.1)**	**125.1**	**4.7**

The statement of cash flows can be summarized as follows:

(€/million)	**30.09.2010 (9 months)**	**30.09.2009 (9 months)**	**31.12.2009 (12 months)**
Cash flow generated (absorbed) by current operations	100.0	55.2	100.7
Cash flow generated (absorbed) by changes in working capital	(48.3)	(5.7)	73.3
Cash flow generated (absorbed) by investment activities	(27.3)	(25.4)	(34.1)
Cash flow generated (absorbed) by operating activities	**24.4**	**24.1**	**140.0**
Non-recurring cash flow	-	0.3	0.6
Payment of dividends	(12.0)	(9.0)	(9.0)
Cash flow generated (absorbed) by changes in cash flow hedge reserve	(7.2)	(0.7)	3.9
Change in currency translation reserve	(0.4)	(5.6)	(6.3)
Change in minority interests in net equity	(0.1)	(0.2)	0.2
Cash flow generated (absorbed) by changes in equity accounts	**(19.7)**	**(15.5)**	**(11.2)**
Cash flow for the period	**4.7**	**9.0**	**129.4**
Opening net financial position	(117.1)	(246.5)	(246.5)
Closing net financial position	**(112.4)**	**(237.5)**	**(117.1)**

Cash flow generated by current operations was a positive €100 million in the first nine months of 2010, a year-on-year increase of €44.8 million that reflects the big growth in earnings; changes in working capital absorbed €48.3 million in cash flow (€5.7 million in the first nine months of 2009) primarily because of the higher level of inventories needed to meet the growth in sales.

The following tables present the statement of comprehensive income and the principal changes in net equity in the first nine months of 2010:

(€/million)	30.09.2010 (9 months)	30.09.2009 (9 months)	3rd quarter 2010	3rd quarter 2009
Profit (loss) for the period	**46.2**	**19.1**	**28.4**	**15.3**
Other components of comprehensive income:				
Change in fair value of cash flow hedges	(7.2)	(0.7)	(16.8)	(2.6)
Tax effect of change in fair value of cash flow hedges	2.0	0.2	4.6	0.7
Differences from translating foreign companies' financial statements into euro	9.0	(3.4)	(17.0)	(5.7)
Total comprehensive income (loss) for the period	**49.9**	**15.2**	**(0.8)**	**7.7**
Total comprehensive income (loss) attributable to:				
Owners of the parent	49.9	15.1	(0.8)	7.6
Minority interests	0.1	0.1	-	0.1

(€/million)	Group portion of net equity	Minority interests in net equity	Total net equity
Net equity at 31 December 2009	**686.8**	**1.7**	**688.5**
Payment of dividends	(12.0)	(0.2)	(12.2)
Comprehensive income (loss) for the period	49.9	0.1	49.9
Net equity at 30 September 2010	**724.7**	**1.6**	**726.3**

Significant events

During 2010 the Group has completed the restructuring and reorganization activities started in both its operating divisions in 2009, involving the centralization of administrative and back office functions for some of the Group's companies.

The Group has continued to invest in strengthening its international commercial network, with the result that the De'Longhi brand in Greece is now under direct distribution.

As for the Professional division, the Group has continued to target costs and process improvements in order to recover profitability by restructuring both manufacturing and operating activities.

Subsequent events

There have been no significant events since the end of the period.

Outlook for the current year

The excellent performance in the first nine months of 2010 seems to point towards good growth for the year as a whole and an accordingly strong improvement in profits.

Treviso, 12 November 2010

For the Board of Directors
Vice Chairman and Chief Executive Officer
Fabio De'Longhi

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Declaration by the Financial Reporting Officer

Pursuant to para. 2, article 154-bis of Decree 58/1998, Stefano Biella, the Financial Reporting Officer, declares that the accounting information contained in this interim management statement corresponds to the underlying documentary and accounting records.

Treviso, 12 November 2010

Financial Reporting Officer
Stefano Biella