Quarterly Report at 31 March 2007

De'Longhi S.p.A. – Registered office: Via L. Seitz 47, 31100 Treviso, Italy
Share capital: €448,500,000.00
Tax identification and Business Register no: 11570840154
Treviso Chamber of Commerce R.E.A. no. 224758 - VAT no. 03162730265

Contents

*Company officers **

Board of Directors

GIUSEPPE DE'LONGHI	Chairman
FABIO DE'LONGHI	Vice Chairman and Chief Executive Officer
DARIO MELÒ	Director and Chief Operating Officer
ALBERTO CLÒ **	Director
RENATO CORRADA **	Director
CARLO GARAVAGLIA	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

PRICEWATERHOUSECOOPERS S.P.A. ***

Internal Auditing and Corporate Governance Committee

RENATO CORRADA **
CARLO GARAVAGLIA
GIOVANNI TAMBURI **

Compensation Committee

ALBERTO CLÒ **
CARLO GARAVAGLIA
GIOVANNI TAMBURI **

* The company officers were elected at the shareholders' meeting of 18 April 2007 for the period 2007-2009.
** Independent directors.
***Extension of audit engagement to financial years 2007-2008-2009 approved by the shareholders' meeting of 18 April 2007.

Report on operations

Overview of the group's results at 31 March 2007

The group reported €291.2 million in revenues in the first three months of 2007, an increase of 5.5% on the same period in 2006; at constant exchange rates the increase would have been 7%.

Gross profit was €111.3 million. Gross profit margin rose from 37.4% to 38.2%, reporting an increase after several quarters in contraction, despite the fact that there are no signs of a decline in raw material prices, which continue to be under considerable pressure.
EBITDA was 18.2% higher than in the first quarter of 2006 at €23.1 million, with the margin rising from 7.1% to 7.9%; assuming the same scope of consolidation, this margin would have risen from 6.6% to 7.9%.
EBIT increased by 37.2% to €13.4 million, with the margin climbing from 3.5% in the first quarter of 2006 to 4.6% in the same period of 2007.
Assuming the same scope of consolidation, this margin would have improved from 3.1% to 4.5%.

These results were achieved thanks to growth by both the Household segment and the Professional segment.
The Household division reported a 3.0% decrease in revenues due to changes in the scope of consolidation; assuming the same scope of consolidation (in other words, ignoring the sale of Elba) the division would have increased its revenues by 2.7%. EBITDA increased by 3.9% (22.4% assuming the same scope of consolidation). These results mostly reflected higher sales of coffee machines, food processors and portable air-conditioning products which more than made up for poor sales of heating products due to the mild winter.
The Professional division reported a 34.7% increase in revenues (14.8% assuming the same scope of consolidation ie. ignoring the acquisition of RC Group) and a 46.9% improvement in EBITDA (30.2% assuming the same scope of consolidation) thanks to both large thermo-cooling systems and industrial heating products.

In terms of performance on individual markets, Italy and Europe in general reported good results. Poor sales of domestic heating products penalized overall performance in North America and Japan.

Net financial expenses remained virtually the same if we ignore the upfront fee of €1.2 million, expensed in full in the quarter, in relation to the renewal of the arrangements for factoring receivables without recourse for the five-year period 2007-2012. In detail, the reduction in average debt in the quarter (measured on a pro-forma basis to take account of the effect of factoring receivables) helped absorb the impact of the rise in 3-month Euribor, which went up by over 1% in the period.
Profit before taxes came to €2.5 million, reporting an improvement of €2.3 million on the same period in 2006.
The result after taxes was a profit of €0.4 million compared with a loss of €1.3 million in the corresponding period of 2006.

The net financial position improved by €147.3 million (from €511.9 million at 31 March 2006 to €364.6 million at the end of March 2007) thanks to better working capital management and the net proceeds generated from extraordinary transactions carried out during 2006 (purchase of RC Group and disposal of Elba).
Net borrowings at 31 March 2007 also benefited from the derecognition of €80.9 million in receivables factored without recourse which, on the basis of intervening contractual amendments, have been excluded from the consolidated balance sheet since they now satisfy the IAS/IFRS requirement that their risks and rewards be substantially transferred to the factor.

Consolidated income statement - highlights

Key figures from the consolidated income statement are presented below.

(€/million)	1st quarter 2007	% of revenues	1st quarter 2006	% of revenues	Change	% change
Revenues	291.2	100.0%	276.2	100.0%	15.1	5.5%
Gross profit	111.3	38.2%	103.4	37.4%	8.0	7.7%
EBITDA	23.1	7.9%	19.5	7.1%	3.6	18.2%
EBIT	13.4	4.6%	9.7	3.5%	3.6	37.2%
Profit (loss) for the period pertaining to the group	0.4	0.1%	(1.3)	(0.5%)	1.7	

For a better presentation of the results, we have prepared the following pro-forma figures on the basis of the same scope of consolidation and so ignoring the impact of the major transactions carried out in 2006, namely the sale of Elba S.p.A. by the Household division and the purchase of RC Group by the Professional division:

(€/million)	1st quarter 2007	% of revenues	1st quarter 2006	% of revenues	Change	% change
Pro-forma revenues	*277.8*	*100.0%*	*264.3*	*100.0%*	*13.5*	*5.1%*
Pro-forma EBITDA	*22.0*	*7.9%*	*17.5*	*6.6%*	*4.4*	*25.3%*
Pro-forma EBIT	*12.5*	*4.5%*	*8.3*	*3.1%*	*4.2*	*50.3%*

Consolidated balance sheet - highlights

(€/million)	31.03.2007	31.12.2006	31.03.2006 (*)
Net working capital	358.8	307.0	464.3
Net capital employed	985.1	935.2	1,096.4
Net financial position	(364.6)	(314.6)	(511.9)

(*) The figures at 31 March 2006 include €70.4 million in amounts due to factors for receivables factored without recourse.

Results by business segment

Segment information is presented below (using the primary reporting format):

Household

(€/million)	1st quarter 2007	1st quarter 2006	Change	1st quarter 2006 pro-forma (*)	Change pro-forma
Net revenues	207.2	213.7	(6.5)	201.9	5.4
% change			*(3.0%)*		*2.7%*
EBITDA	13.5	13.0	0.5	11.1	2.5
% of revenues	*6.5%*	*6.1%*		*5.5%*	

(*) The pro-forma figures at 31 March 2006 have been calculated assuming the same scope of consolidation (in other words excluding the figures of Elba from the first quarter of 2006).

Professional

(€/million)	1st quarter 2007	1st quarter 2006	Change	1st quarter 2007 pro-forma (**)	Change pro-forma
Net revenues	90.7	67.3	23.4	77.3	10.0
% change			*34.7%*		*14.8%*
EBITDA	9.6	6.5	3.1	8.5	2.0
% of revenues	*10.6%*	*9.7%*		*11.0%*	

(**) The pro-forma figures at 31 March 2007 have been calculated assuming the same scope of consolidation (in other words excluding the figures of RC Group from the first quarter of 2007).

The consolidated figures reconcile with the individual segment results after eliminating certain transactions between the two segments. Such transactions accounted for €6.7 million in revenues in the first quarter of 2007 and €4.9 million in revenues in the first quarter of 2006.

Household

The Household division reported a 3.0% decrease in revenues in the first three months of 2007 due to the change in the scope of consolidation.

Assuming the same scope of consolidation, revenues would have risen by 2.7% mostly thanks to sales of coffee machines and food processors and the good sell-in of air-conditioners, which more than made up for poor sales of heating products.

Professional

The Professional division enjoyed an increase in sales of water-filled radiators and large thermo-cooling systems. Sales of wall-mounted air conditioners were in line with 2006.

Markets

The group's revenues are broken down by geographical area as follows:

(€/million)	1st quarter 2007	1st quarter 2006	Change	% change	1st quarter 2007 pro-forma	1st quarter 2006 pro-forma	Pro-forma change	% pro-forma change
Italy	69.3	64.1	5.2	8.2%	64.8	64.7	0.1	0.1%
United Kingdom	34.9	34.4	0.5	1.4%	32.5	28.8	3.7	12.7%
Rest of Europe (*)	123.4	106.4	17.0	16.0%	117.7	104.6	13.1	12.5%
United States, Canada and Mexico	18.9	21.0	(2.1)	(9.8%)	18.8	20.0	(1.2)	(5.8%)
Rest of the world (*)	44.7	50.3	(5.6)	(11.1%)	44.0	46.1	(2.1)	(4.5%)
Total	**291.2**	**276.2**	**15.1**	**5.5%**	**277.8**	**264.3**	**13.5**	**5.1%**

(*) Commencing from the half-year report at 30 June 2006, revenues from sales in Russia (and countries in the former Soviet Union) have been classified in "Rest of Europe" rather than in "Rest of the world". As a result, the sales relating to this market in the first quarter of 2006 have been reclassified to "Rest of Europe".

Sales on the Italian market improved thanks to large thermo-cooling systems and portable air-conditioning units.

Sales in the United Kingdom and United States were affected by the poor performance of heating products due to the mild winter.

The growth in sales in the "Rest of Europe" particularly reflected good performance in Germany, Greece and Eastern Europe.

Group results

Gross profit reported in the following reclassified income statement has been redefined to include all transformation costs.

The reclassified consolidated income statement is summarized as follows:

(€/million)	*1st quarter 2007*	*% of revenues*	*1st quarter 2006*	*% of revenues*
Net revenues	**291.2**	100.0%	**276.2**	100.0%
Change	*15.1*	*5.5%*		
Materials consumed & production costs (services and production payroll costs)	(179.9)	(61.8%)	(172.8)	(62.6%)
Gross profit	**111.3**	**38.2%**	**103.4**	**37.4%**
Cost of services & other expenses	(61.4)	(21.1%)	(59.2)	(21.4%)
Payroll (non-industrial)	(23.4)	(8.0%)	(22.8)	(8.2%)
Provisions	(2.9)	(1.0%)	(1.6)	(0.6%)
Other income (expenses)	(0.5)	(0.2%)	(0.2)	(0.1%)
EBITDA	**23.1**	**7.9%**	**19.5**	**7.1%**
Change	*3.6*	*18.2%*		
Amortization and depreciation	(9.7)	(3.3%)	(9.8)	(3.5%)
EBIT	**13.4**	**4.6%**	**9.7**	**3.5%**
Change	*3.6*	*37.2%*		
Financial income (expenses)	(10.9)	(3.7%)	(9.6)	(3.5%)
Profit before taxes	**2.5**	**0.8%**	**0.2**	**0.1%**
Taxes	(2.3)	(0.8%)	(1.3)	(0.5%)
Profit (loss) for the period	**0.1**	**0.0%**	**(1.1)**	**(0.4%)**
Profit (loss) pertaining to minority interests	(0.2)	(0.1%)	0.2	0.1%
Profit (loss) pertaining to the group	**0.4**	**0.1%**	**(1.3)**	**(0.5%)**

The gross profit presented above differs by €32.1 million in the first quarter of 2007 (€34.0 million in the first quarter of 2006) from the consolidated income statement, reflecting the reclassification of production-related payroll and service costs from payroll and services respectively, with the purpose of achieving a better presentation of period performance.

Gross profit was €111.3 million. Gross profit margin rose from 37.4% to 38.2%, reporting an increase after several quarters in contraction, despite the fact that there are no signs of a decline in raw material prices, which continue to be under considerable pressure.

The improvement in gross profit translated into higher EBITDA and EBIT; EBITDA improved from €19.5 million to €23.1 million (with the margin going from 7.1% to 7.9%), while EBIT increased from €9.7 million to €13.4 million (with the margin climbing from 3.5% to 4.6%).

Assuming the same scope of consolidation, EBITDA would have improved by €4.4 million (+25.3%).

Based on the same scope of consolidation, the Household division reported an increase of €2.5 million in EBITDA in the first three months of the year (+22.4%), benefiting from good returns on those products enjoying higher sales.

Assuming the same scope of consolidation, Professional division EBITDA was €2.0 million higher in the first three months of 2007 than in the corresponding period of 2006, representing an increase of

30.2%. Profitability benefited from the good results reported by large thermo-cooling systems and by industrial heating products.

Net financial expenses remained unchanged if we ignore the upfront fee of €1.2 million, expensed in full in the quarter, in relation to the renewal of the arrangements for factoring receivables without recourse for the five-year period 2007-2012. In detail, the reduction in average debt in the quarter (measured on a pro-forma basis to take account of the effect of factoring receivables) helped absorb the impact of the rise in 3-month Euribor, which went up by over 1% in the period.

The first quarter of 2007 closed with €2.5 million in profit before taxes, up €2.3 million on the same period in 2006.

The result after taxes was a profit of €0.4 million compared with a loss of €1.3 million in the corresponding period of 2006.

Review of the balance sheet and financial position

The reclassified consolidated balance sheet is summarized below:

(€/million)	31.03.2007	31.12.2006	Change 31.03.07 – 31.12.06	31.03.2006	Change 31.03.07 – 31.03.06
Non-current assets	**718.6**	**718.9**	**(0.3)**	**730.7**	**(12.2)**
-Inventories	369.3	323.7	45.6	372.6	(3.3)
-Receivables	310.0	348.0	(38.0)	377.7	(67.6)
-Suppliers	(291.9)	(327.1)	35.2	(259.2)	(32.6)
-Other	(28.7)	(37.7)	9.0	(26.7)	(2.0)
Net working capital	**358.8**	**307.0**	**51.8**	**464.3**	**(105.5)**
Total non-current liabilities and provisions	(92.2)	(90.7)	(1.5)	(98.6)	6.4
Net capital employed	**985.1**	**935.2**	**49.9**	**1,096.4**	**(111.3)**
Net financial position (*)	**364.6**	**314.6**	**50.0**	**511.9**	**(147.3)**
Total net equity	**620.6**	**620.6**	**(0.1)**	**584.5**	**36.0**
Total net borrowings and equity	**985.1**	**935.2**	**49.9**	**1,096.4**	**(111.3)**

(*) The net financial position at 31 March 2006 includes €70.4 million in amounts due to factors for receivables factored without recourse.

The cash flow statement can be summarized as follows:

(€/million)	*31.03.2007 (3 months)*	*31.03.2006 (3 months)*	*31.12.2006 (12 months)*
Cash flow from operating activities	**(49.8)**	**(41.4)**	**57.3**
Cash flow generated (absorbed) by changes in equity accounts	(0.2)	0.3	(8.0)
Cash flow generated by deconsolidating Marka Finance S.A. and factoring receivables without recourse	-	40.6	112.9
Cash flow from sale of Elba S.p.A.	-	-	76.6
Cash flow for acquisition of RC Group	-	-	(42.0)
Cash flow for the period	**(50.0)**	**(0.5)**	**196.8**
Opening net financial position	(314.6)	(511.4)	(511.4)
Closing net financial position (*)	**(364.6)**	**(511.9)**	**(314.6)**

(*) The net financial position at 31 March 2006 includes €70.4 million in amounts due to factors for receivables factored without recourse.

The net financial position at 31 March 2007 reported net borrowings of €364.6 million, having increased by €50.0 million since 31 December 2006 due to cash absorption typifying the first quarter of the year.

Net borrowings at 31 March 2007 were €147.3 million lower than a year earlier thanks to better working capital management and the net proceeds arising from extraordinary transactions carried out during 2006 (disposal of Elba S.p.A. and purchase of RC Group).

Net borrowings at 31 March 2007 also benefited from the derecognition of €80.9 million in receivables factored without recourse which, on the basis of intervening contractual amendments, have been excluded from the consolidated balance sheet since they now satisfy the IAS/IFRS requirement that their risks and rewards be substantially transferred to the factor.

Significant events

New without-recourse receivables factoring programme 2007–2012

A new without-recourse receivables factoring programme was agreed on 20 March 2007 and falls within the scope of Law 52/91 (known as the Factoring Law). The purpose of these new arrangements is to replace those applied since September 2002 with an IAS compliant structure in order to qualify for derecognition on a permanent basis, meaning that factored receivables can be taken off-balance sheet and the group's debt reduced by the same amount.

The previous arrangements were such that the adoption of IAS/IFRS led to a steady reduction in the amount factored, making it necessary to redesign them in order to restore this benefit to its original level (a maximum amount of €100 million) by reincluding without-recourse factoring carried out on a non-recurring basis. This increase in receivables qualifying for derecognition was also achieved by including the factoring of receivables from foreign customers and adopting a system of factoring receivables gross of any credit notes.

The operation was arranged by BNP Paribas and Finanziaria Internazionale (both of whom were the arrangers of the previous operation). In addition to the parent company De'Longhi S.p.A., the companies assigning their receivables are DL Radiators S.p.A and Ariete S.p.A.

The without-recourse factoring of receivables is carried out by the Italian branch of BNP Paribas, while the non-senior notes issued, split into three tranches (mezzanine A, mezzanine B and Junior notes) with an increasing degree of risk, have been subscribed by banks and/or institutional investors.

The one-off costs of this operation, which include upfront arrangers fees and placement fees (for placing the mezzanine and junior notes, for the credit line and the legal costs for structuring the deal), amount to €1.5 million and have been expensed in full to the group's income statement at 31 March 2007.

Related party transactions

The effects of transactions by De'Longhi S.p.A. and other group companies with ultimate parent companies, associated companies and related parties are reported in Appendix 1.

Subsequent events

On 18 April 2007 a fire broke out in the company's headquarters in Via L. Seitz, Treviso. The fire affected the factory, the production lines and certain technical offices without harming any persons, either employees, firefighters or police. The fire did not affect computer equipment or the supply chain, which remained intact with no interruption to their operation, while the accounting and commercial offices resumed their business as usual just a few days after the fire.
A company task force immediately drew up an extraordinary action plan, involving the activation of the destroyed production lines at the factory in Mignagola (Treviso); the first new line started production on 14 May and the other new lines should be operational by June.

As regards the associated effects on the consolidated financial statements relating to the "Buildings" and "Production plant" of De'Longhi S.p.A. that were destroyed, the initial assessments indicate that the estimated residual values of these assets are adequately covered by the property all-risks plan with Assicurazioni Generali.
As for inventories, the damage incurred, which is still being quantified, is also covered by the insurance plan.

The group is also adequately covered by this insurance plan for any "loss of earnings" and for the reimbursement of all the extra costs incurred for restarting production.

An insurance adjuster has been appointed to ensure that this claim is properly managed and to assist the company with all the activities required for its settlement.

Outlook for the rest of 2007

The group confirms its growth targets for the year. In fact, it believes it will be able to absorb any shortfall in sales arising from lost production of the lines affected by the fire with the growth in sales of other product lines.

Treviso, 14 May 2007

for the Board of Directors
Vice Chairman and CEO
Fabio De'Longhi

CONSOLIDATED INCOME STATEMENT	*Notes*	31.03.2007	31.03.2006
Revenues from sales and services	*1*	285,421	270,672
Other operating income and revenues	*1*	5,812	5,508
Total consolidated net revenues		***291,233***	***276,180***
Raw and ancillary materials, consumables and goods		(198,584)	(174,601)
Change in inventories of finished products and work in progress		31,134	29,495
Change in inventories of raw and ancillary materials, consumables and goods		19,619	6,286
Materials consumed		***(147,831)***	***(138,820)***
Payroll costs		(42,205)	(42,692)
Services and other operating expenses	*2*	(74,647)	(73,317)
Contingency and other provisions		(2,944)	(1,610)
Other non-recurring income (expenses)	*3*	(532)	(229)
Amortization and depreciation	*4*	(9,715)	(9,775)
EBIT		**13,359**	**9,737**
Other financial income (expenses)	*5*	(10,332)	(9,327)
Exchange gains (losses)	*5*	618	(229)
Extraordinary financial expenses for without recourse factoring of receivables	*5*	(1,182)	-
Financial income (expenses)		***(10,896)***	***(9,556)***
Earnings before tax (EBT)		**2,463**	**181**
Taxes		(2,320)	(1,311)
PROFIT (LOSS) AFTER TAXES		**143**	**(1,130)**
Profit (loss) pertaining to minority interests		(218)	182
PROFIT (LOSS) PERTAINING TO THE GROUP		**361**	**(1,312)**
EARNINGS PER SHARE		**0.002**	**(0.01)**

Appendix 1 reports the effect of related-party transactions on the income statement, as required by CONSOB Resolution 15519 of 27 July 2006.

CONSOLIDATED BALANCE SHEET - ASSETS	*Notes*	31.03.2007	31.12.2006	31.03.2006
NON-CURRENT ASSETS				
INTANGIBLE ASSETS		414,417	414,158	418,209
- Goodwill	*6*	223,689	223,679	219,158
- Other intangible assets	*6*	190,728	190,479	199,051
PROPERTY, PLANT AND EQUIPMENT		252,549	255,183	266,293
- Land, property, plant and machinery		212,384	213,522	219,757
- Other tangible assets		40,165	41,661	46,536
EQUITY INVESTMENTS AND OTHER FINANCIAL ASSETS		11,871	11,317	8,880
- Equity investments (in associated companies)		6,476	6,476	6,496
- Equity investments (in other companies)		731	731	190
- Receivables		2,164	1,610	2,194
- Other securities		2,500	2,500	
DEFERRED TAX ASSETS		42,767	41,332	38,616
TOTAL NON-CURRENT ASSETS		721,604	721,990	731,998
CURRENT ASSETS				
INVENTORIES	*7*	369,288	323,733	372,552
TRADE RECEIVABLES	*8*	310,019	348,014	377,662
CURRENT TAX ASSETS		25,602	20,530	24,223
OTHER RECEIVABLES		17,873	18,865	14,214
CURRENT FINANCIAL RECEIVABLES AND ASSETS		3,387	994	1,457
CASH AND CASH EQUIVALENTS	*9*	72,230	112,952	95,473
TOTAL CURRENT ASSETS		798,399	825,088	885,581
TOTAL ASSETS		**1,520,003**	**1,547,078**	**1,617,579**

CONSOLIDATED BALANCE SHEET - NET EQUITY AND LIABILITIES	*Notes*	31.03.2007	31.12.2006	31.03.2006
NET EQUITY				
GROUP PORTION OF NET EQUITY		615,566	615,568	582,606
- Share capital		448,500	448,500	448,500
- Reserves		166,705	127,292	135,418
- Profit (Loss) pertaining to the group		361	39,776	(1,312)
MINORITY INTERESTS		4,989	5,037	1,936
TOTAL NET EQUITY		620,555	620,605	584,542
NON-CURRENT LIABILITIES				
FINANCIAL PAYABLES		203,763	209,648	289,088
- Bank loans and borrowings (long-term portion)		187,052	191,919	274,711
- Other financial payables (long-term portion)		16,711	17,729	14,377
DEFERRED TAX LIABILITIES		21,227	20,461	16,573
NON-CURRENT PROVISIONS FOR CONTINGENCIES AND OTHER CHARGES		70,988	70,236	82,030
- Employee benefits		42,088	42,009	41,767
- Other provisions		28,900	28,227	40,263
TOTAL NON-CURRENT LIABILITIES		295,978	300,345	387,691
CURRENT LIABILITIES				
TRADE PAYABLES		291,876	327,088	259,244
FINANCIAL PAYABLES		239,464	221,975	319,657
- Bank loans and borrowings (short-term portion)		215,229	203,898	218,017
- Other financial payables (short-term portion)		24,235	18,077	101,640
CURRENT TAX LIABILITIES		18,203	21,154	23,379
OTHER PAYABLES		53,927	55,911	43,066
TOTAL CURRENT LIABILITIES		603,470	626,128	645,346
TOTAL NET EQUITY AND LIABILITIES		**1,520,003**	**1,547,078**	**1,617,579**

Appendix 1 reports the effect of related-party transactions on the balance sheet, as required by CONSOB Resolution 15519 of 27 July 2006.

CONSOLIDATED CASH FLOW STATEMENT (in terms of Cash and cash equivalents)	*Notes*	**31.03.2007** ***3 months***	**31.03.2006** ***3 months***	**31.12.2006** ***12 months***
Profit (loss) pertaining to the group		361	(1,312)	39,776
Capital (gains) losses on disposal of equity investments and deconsolidation of Marka Finance		-	-	(25,083)
Amortization and depreciation		9,715	9,775	40,617
Net change in provisions and writedowns		(533)	(3,619)	(5,532)
Cash flow generated (absorbed) by current operations (A)		**9,543**	**4,844**	**49,778**
Change in assets and liabilities for the period:				
Trade receivables		38,381	32,289	(6,958)
Inventories		(45,555)	(32,342)	14,293
Trade payables		(35,210)	(26,689)	40,142
Other current assets and liabilities		(9,014)	(7,806)	(1,934)
Cash flow generated (absorbed) by movements in working capital (B)		**(51,398)**	**(34,548)**	**45,543**
Cash flow generated (absorbed) by current operations and movements in working capital (A+B)		**(41,855)**	**(29,704)**	**95,321**
Investment activities				
Net investments in intangible assets		(3,013)	(2,314)	(12,245)
Net investments in property, plant and equipment		(4,326)	(9,342)	(25,103)
Net investments in equity investments and other financial assets		(600)	(32)	(684)
Cash flow from sale of Elba S.p.A.		-	-	76,637
Cash flow for acquisition of RC Group		-	-	(42,042)
Cash flow generated (absorbed) by investment activities (C)		**(7,939) -**	**(11,688)**	**(3,437)**
Changes in net equity for IAS 32 and 39		715	85	(1,294)
Payment of dividends		-	-	(2,990)
Change in currency translation reserve		(850)	53	(4,446)
Increase (decrease) in minority interests in capital and reserves		(48)	182	740
Net change in other sources of finance		9,255	(40,486)	(147,973)
Cash flow generated (absorbed) by changes in equity accounts and financing activities (D)		**9,072**	**(40,166)**	**(155,963)**
Increase (decrease) in cash and cash equivalents (A+B+C+D)		**(40,722)**	**(81,558)**	**(64,079)**
Opening cash and cash equivalents	*9*	**112,952**	**177,031**	**177,031**
Increase (decrease) in cash and cash equivalents (A+B+C+D)		(40,722)	(81,558)	(64,079)
Closing cash and cash equivalents	*9*	**72,230**	**95,473**	**112,952**

CONSOLIDATED CASH FLOW STATEMENT (in terms of Net Financial Position)	*Notes*	**31.03.2007** ***3 months***	**31.03.2006** ***3 months***	**31.12.2006** ***12 months***
Profit (loss) pertaining to the group		361	(1,312)	39,776
Capital (gains) losses on disposal of equity investments and deconsolidation of Marka Finance		-	-	(25,083)
Amortization and depreciation		9,715	9,775	40,617
Net change in provisions and writedowns		(533)	(3,619)	(5,532)
Cash flow generated (absorbed) by current operations (A)		**9,543**	**4,844**	**49,778**
Change in assets and liabilities for the period:				
Trade receivables		38,381	32,289	(6,958)
Inventories		(45,555)	(32,342)	14,293
Trade payables		(35,210)	(26,689)	40,142
Other current assets and liabilities		(9,014)	(7,806)	(1,934)
Cash flow generated (absorbed) by movements in working capital (B)		**(51,398)**	**(34,548)**	**45,543**
Cash flow generated (absorbed) by current operations and movements in working capital (A+B)		**(41,855)**	**(29,704)**	**95,321**
Investment activities				
Net investments in intangible assets		(3,013)	(2,314)	(12,245)
Net investments in property, plant and equipment		(4,326)	(9,342)	(25,103)
Net investments in equity investments and other financial assets		(600)	(32)	(684)
Cash flow from sale of Elba S.p.A.		-	-	76,637
Cash flow for acquisition of RC Group		-	-	(42,042)
Cash flow generated (absorbed) by investment activities (C)		**(7,939)**	**(11,688)**	**(3,437)**
Changes in net equity for IAS 32 and 39		715	85	(1,294)
Payment of dividends		-	-	(2,990)
Change in currency translation reserve		(850)	53	(4,446)
Increase (decrease) in minority interests in capital and reserves		(48)	182	740
Cash flow generated (absorbed) by changes in equity accounts (D)		**(183)**	**320**	**(7,990)**
Effect of factoring receivables without recourse (E)		**-**	**40,591**	**112,900**
Cash flow for the period (A+B+C+D+E)		**(49,977)**	**(481)**	**196,794**
Opening net financial position	***10***	**(314,604)**	**(511,398)**	**(511,398)**
Cash flow for the period (A+B+C+D+E)		(49,977)	(481)	196,794
Closing net financial position	***10***	**(364,581)**	**(511,879)**	**(314,604)**

STATEMENT OF CHANGES IN CONSOLIDATED NET EQUITY

	SHARE CAPITAL	SHARE PREMIUM RESERVE	LEGAL RESERVE	OTHER RESERVES	FAIR VALUE RESERVE	PROFIT (LOSS) CARRIED FORWARD	PROFIT (LOSS) PERTAINING TO GROUP	GROUP PORTION OF NET EQUITY
Balance at 1 January 2006	448,500	325	5,393	43,384	(620)	61,979	24,820	583,781
Allocation of 2005 result as per AGM resolution of 27 April 2006								
- payment of dividends							(2,990)	(2,990)
- allocation to reserves			200	808		20,822	(21,830)	-
Changes in reserves for application of IAS					(905)	351		(554)
Difference from conversion of foreign companies' financial statements into euro						(4,445)		(4,445)
Profit pertaining to the group							39,776	39,776
Balance at 31 December 2006	448,500	325	5,593	44,192	(1,525)	78,707	39,776	615,568
Allocation of prior-year profit to reserves until such time as being apportioned by the AGM						39,776	(39,776)	-
Changes in reserves for application of IAS					487			487
Difference from conversion of foreign companies' financial statements into euro						(850)		(850)
Profit pertaining to the group							361	361
Balance at 31 March 2007	448,500	325	5,593	44,192	(1,038)	117,633	361	615,566

Explanatory notes

Accounting standards
This quarterly report has been prepared in accordance with CONSOB Regulation 11971 of 14 May 1999 and subsequent amendments.

The figures for the period have been prepared on the basis of the international accounting and financial reporting standards issued by the International Accounting Standards Board (IASB), including the SIC and IFRIC interpretations, as adopted to date by the European Commission, pursuant to EC Regulation 1606 of 19 July 2002. More specifically this quarterly report has been prepared in accordance with IAS 34 - Interim Financial Reporting.
The following documents have been used for interpretation and application purposes even though not endorsed by the European Commission:
- Framework for the Preparation and Presentation of Financial Statements (issued by the IASB in 2001);
- Implementation Guidance, Basis for Conclusions, IFRIC and other documents issued by the IASB or IFRIC complementing the accounting standards;
- Interpretational documents on how to apply IAS/IFRS in Italy, prepared by the Italian Accounting Board.

The accounting policies and measurement bases adopted for preparing the quarterly report at 31 March 2007 are the same as those used for preparing the comparative figures at 31 March 2006 and the consolidated financial statements at 31 December 2006, to which the reader should refer for more information on such policies and measurement bases.

Based on the provisions of IAS 34, the interim financial report is presented in a condensed format and does not include all the information required in annual financial reports.
Furthermore, interim financial statements require using valuation processes that are generally carried out more completely when preparing the annual financial report. In addition, sales in the small household appliances sector tend to be seasonal, with a consequent effect on the principal components of the income statement.

As regards the comparative periods, it is reported that for the purposes of consistent comparison a number of income statement and balance sheet reclassifications have been made to the figures previously published at 31 March 2006, which have not however affected the profit for the period or the group's portion of net equity.

This report is expressed in thousands of Euro, which is the reporting currency of the parent company and the group's principal companies.

Scope of consolidation

The scope of consolidation includes the financial statements at 31 March 2007 of the parent company, De'Longhi S.p.A., and of the companies in which it directly or indirectly owns the majority of share capital or shares with voting rights, or over which it has the power, including through contractual agreements, to govern their financial and operating policies.
There have been no significant changes in the scope of consolidation since 31 December 2006.

The following exchange rates were used:

Currency		1st quarter 2007		1st quarter 2006		Full year 2006	
		Average rate	Closing rate	Average rate	Closing rate	Average rate	Closing rate
US dollar	USD	1.31049	1.33180	1.20205	1.21040	1.25560	1.3170
British pound	GBP	0.67054	0.67980	0.68610	0.69640	0.68173	0.6715
Hong Kong dollar	HKD	10.23280	10.40700	9.32536	9.39230	9.75454	10.2409
Chinese Renmimbi (Yuan)	CNY	10.16770	10.29510	9.67756	9.70380	10.00960	10.2793
Australian dollar	AUD	1.66716	1.64840	1.62645	1.69970	1.66681	1.6691
Canadian dollar	CAD	1.53553	1.53660	1.38889	1.40840	1.42369	1.5281
Japanese yen	JPY	156.46767	157.32000	140.51433	142.42000	146.01500	156.9300
Malaysian ringgit	MYR	4.58381	4.60470	4.48089	4.45800	4.60437	4.6490
New Zealand dollar	NZD	1.88366	1.86440	1.81042	1.97740	1.93732	1.8725
Polish zloty	PLN	3.88659	3.86680	3.83263	3.94250	3.89586	3.8310
South African rand	ZAR	9.48847	9.70050	7.40202	7.50660	8.53118	9.2124
Singapore dollar	SGD	2.00727	2.02040	1.95651	1.95820	1.99415	2.0202
Russian rouble	RUB	34.47727	34.65800	33.83530	33.54600	34.11170	34.6800
Turkish lira	TRY	1.84850	1.84550	1.60197	1.63230	1.80898	1.8640

COMMENTS ON THE INCOME STATEMENT

1. REVENUES

Revenues, comprising revenues from sales and services and other operating income and revenues, are broken down as follows:

Revenues by business segment

Revenues are broken down by business segment as follows:

	31.03.2007	31.03.2006	Change	% change
Household	207,223	213,738	(6,515)	(3.0%)
Professional	90,713	67,322	23,391	34.7%
Intrasegment transactions	(6,703)	(4,880)	(1,823)	
Total	**291,233**	**276,180**	**15,053**	**5.4%**

Revenues by geographical area

Revenues are broken down by geographical segment as follows:

	31.03.2007	31.03.2006	Change	% change
Italy	69,345	64,113	5,232	8.2%
United Kingdom	34,910	34,423	487	1.4%
Rest of Europe*	123,357	106,360	16,997	16.0%
United States, Canada and Mexico	18,941	21,002	(2,061)	(9.8%)
Rest of the world*	44,680	50,282	(5,602)	(11.1%)
Total	**291,233**	**276,180**	**15,053**	**5.4%**

(*) Commencing from the 2006 half-year report, revenues from sales in Russia (and countries in the former Soviet Union) have been classified in "Rest of Europe" rather than in "Rest of the world". As a result, the sales relating to this market in the first quarter of 2006 have been reclassified to "Rest of Europe".

More information can be found in the Report on operations.

2. SERVICES AND OTHER OPERATING EXPENSES

These are detailed as follows:

	31.03.2007	31.03.2006	Change
Transport (for purchases and sales)	16,015	16,854	(839)
Advertising	3,799	3,229	570
Promotional expenses	9,288	9,238	50
Subcontracted work	3,575	4,751	(1,176)
Commissions	5,677	5,444	233
Technical support	3,436	2,798	638
Travel	3,457	3,357	100
Insurance	1,133	1,193	(60)
Storage and warehousing	4,469	3,791	678
Consulting services	3,306	2,769	537
Power	2,476	2,389	87
Postage, telegraph and telephones	1,183	1,122	61
Maintenance	1,015	972	43
Other services	5,162	6,492	(1,330)
Rentals and leasing	4,978	5,118	(140)
Other operating expenses	5,678	3,800	1,878
Total services and other operating expenses	**74,647**	**73,317**	**1,330**

"Rentals and leasing" at 31 March 2007 consist of premises rental (€3,944 thousand), operating lease payments (€215 thousand), royalties (€193 thousand) and equipment hire (€626 thousand).

3. OTHER INCOME (EXPENSES)

These mainly consist of income (expenses) recognized in the period in relation to non-recurring events or prior periods and legal fees relating to the arrangement of a new contract for the without-recourse factoring of receivables.

4. AMORTIZATION AND DEPRECIATION

These charges comprise:

	31.03.2007	31.03.2006	Change
Amortization of intangible assets	2,754	2,883	(129)
Depreciation of property, plant and equipment	6,961	6,892	69
Total	**9,715**	**9,775**	**(60)**

5. FINANCIAL INCOME (EXPENSES)

Net financial income and expenses are broken down as follows:

	31.03.2007	31.03.2006	Change
Interest expense and other bank charges	(7,587)	(7,547)	(40)
Financial discounts	(2,300)	(2,197)	(103)
Other financial income (expenses)	(445)	417	(862)
Total other financial income (expenses)	**(10,332)**	**(9,327)**	**(1,005)**
Exchange gains (losses)	**618**	**(229)**	**847**
Extraordinary financial expenses for without-recourse factoring of receivables	**(1,182)**	**-**	**(1,182)**
Total financial income (expenses)	**(10,896)**	**(9,556)**	**(1,340)**

"Extraordinary financial expenses for without-recourse factoring of receivables" refer to extraordinary costs relating to the new receivables factoring programme; more details can be found in the Report on operations in the paragraph entitled "New without-recourse receivables factoring programme 2007-2012".

COMMENTS ON THE BALANCE SHEET

6. INTANGIBLE ASSETS
These are broken down as follows:

	31.03.2007	31.12.2006	31.03.2006
Goodwill	223,689	223,679	219,158
Trademarks and similar rights	164,332	165,339	173,036
Other assets	26,396	25,140	26,015
Total	**414,417**	**414,158**	**418,209**

"Trademarks and similar rights" include trademarks viewed as having an indefinite useful life under the criteria specified in IAS 38. The review of the De'Longhi and Climaveneta trademarks carried out upon IFRS transition supported the thesis that they have indefinite useful lives. This conclusion was based on their brand notoriety, their economic performance, the characteristics of their particular markets, the specific brand strategies and the level of investment in brand support.
The impairment test carried out at the end of 2006 on the basis of discount rates reflecting current market assessments of the time value of money and the risks specific to the individual cash generating units, did not reveal any significant evidence that these assets might have suffered an impairment loss. No events of significance have occurred so far in 2007 such as might suggest that the carrying amounts of trademarks may have suffered an impairment loss.

Other assets relate mostly to patents and the capitalization of new product development costs.

7. INVENTORIES
These are broken down as follows:

	31.03.2007	31.12.2006	31.03.2006
Raw, ancillary and consumable materials	86,987	69,211	70,914
Work in progress and semi-finished products	26,962	26,142	39,779
Finished products and goods	255,122	228,150	261,859
Advances	217	230	
Total	**369,288**	**323,733**	**372,552**

The value of inventories is adjusted by a provision for obsolete or slow-moving goods totalling €22,817 thousand (€24,081 thousand at 31 December 2006), in relation to products and raw materials no longer deemed to be of strategic interest.

8. TRADE RECEIVABLES
These are broken down as follows:

	31.03.2007	31.12.2006	31.03.2006
Trade receivables			
- due within 12 months	323,687	362,090	314,928
- due beyond 12 months	20	0	25
Provision for doubtful accounts	(13,688)	(14,076)	(10,015)
Total	**310,019**	**348,014**	**304,938**
Assigned receivables (*)	-	-	72,724
Total	**310,019**	**348,014**	**377,662**

(*) The amount at 31 March 2006 refers to receivables factored without recourse whose risks and rewards were not substantially transferred to the factor. As a result, they continue to be reported in the balance sheet.

Trade receivables are €37,995 thousand lower than at 31 December 2006.

As required by CONSOB Circular 3369 of 9 April 1997, it is reported that the total amount of receivables factored under Law 52/1991 during the first quarter of 2007 came to €45,479 thousand.

Trade receivables are stated net of a provision for doubtful accounts of €13,688 thousand, representing a reasonable estimate of the expected risk at the reporting date. Provisions are prudently made against a number of disputed receivables or those whose collection is otherwise in doubt, taking account of the fact that a significant portion of the receivables is covered by major insurers.

9. CASH AND CASH EQUIVALENTS

This balance consists of surplus liquidity on bank current accounts, mostly relating to customer payments received at period end.

Some of the group's foreign companies have a total of €72.2 million in cash on current accounts held at the same bank. These cash balances form part of the international cash pooling system and are partially offset by €65.6 million in overdrafts held by certain other foreign companies with the same bank. This bank therefore acts as a "clearing house" for the group's positive and negative cash balances. Considering the substance of the transactions and technical workings of the international cash pooling system, the positive and negative cash balances have been netted against one another within the consolidated balance sheet.

The bank in question has been given a lien over all the cash balances within the international cash pooling system in respect of this service.

10. NET FINANCIAL POSITION

Details of the net financial position are as follows:

	31.03.2007	31.12.2006	31.03.2006
A. Cash	301	1,034	524
B. Cash equivalents	71,929	111,918	94,949
C. Securities	-	19	619
D. Total liquidity (A+B+C)	**72,230**	**112,971**	**96,092**
E 1. Current financial receivables	**3,387**	**975**	**838**
E 2. Non-current financial receivables and other securities (*)	**3,029**	**3,074**	**1,253**
F. Current bank loans and borrowings	(165,134)	(103,545)	(124,262)
G. Current portion of non-current debt	(50,095)	(100,354)	(93,755)
H. Other current financial payables	(24,235)	(18,077)	(102,955)
I. Current financial debt (F+G+H)	**(239,464)**	**(221,976)**	**(320,972)**
J. Net current financial debt (D+E1+E2+I)	**(160,818)**	**(104,956)**	**(222,789)**
K. Non-current bank loans and borrowings	(187,052)	(191,919)	(274,711)
L. Other non-current payables	(16,711)	(17,729)	(14,379)
M. Non-current financial debt (K+L)	**(203,763)**	**(209,648)**	**(289,090)**
Total	**(364,581)**	**(314,604)**	**(511,879)**

(*) This amount differs from that reported in the balance sheet (€2,164 thousand at 31 March 2007, €1,610 thousand at 31 December 2006 and €2,194 thousand at 31 March 2006) because the balance sheet amount also includes non-financial receivables of €1,635 thousand. €1,036 thousand and €941 thousand respectively.

11. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Appendix 1 contains the information concerning transactions and balances between group companies and related parties required by CONSOB Regulations 97001574 dated 20 February 1997, 98015375 dated 27 February 1998 and DEM/2064231 dated 30 September 2002. All transactions fall within the group's normal operations and are settled under arm's-length terms and conditions.

Transactions and balances between the parent company and subsidiaries are not reported since these have been eliminated upon consolidation.

12. SEGMENT REPORTING

Segment information is presented below (using the primary reporting format):

	31.03.2007				31.03.2006			
	Household	Professional	Eliminations	Consolidated total	Household	Professional	Eliminations	Consolidated total
Total revenues	207,223	90,713	(6,703)	291,233	213,738	67,322	(4,880)	276,180
EBITDA	**13,528**	**9,593**	**(47)**	**23,074**	**13,022**	**6,532**	**(42)**	**19,512**
Amortization and depreciation	(8,051)	(1,664)	-	(9,715)	(8,450)	(1,325)	-	(9,775)
EBIT	**5,478**	**7,929**	**(47)**	**13,359**	**4,572**	**5,207**	**(42)**	**9,737**
Financial income (expenses)				(10,896)				(9,556)
Profit before taxes				**2,463**				**181**
Taxes				(2,320)				(1,311)
Profit (loss) after taxes				**143**				**(1,130)**
Profit (loss) for the period pertaining to minority interests				(218)				182
Profit (loss) for the period				**361**				**(1,312)**
Total assets	1,101,443	552,837	(134,277)	1,520,003	1,267,141	441,413	(90,975)	1,617,579
Total liabilities	(616,624)	(417,101)	134,277	(899,448)	(809,030)	(314,936)	90,929	(1,033,037)

Treviso, 14 May 2007

for the Board of Directors
Vice Chairman and CEO

Fabio De'Longhi

APPENDIX 1

Transactions and balances with related parties

In compliance with the guidelines and methods for identifying significant transactions, especially those with related parties covered by De'Longhi S.p.a.'s rules on corporate governance, we shall now present the following information concerning transactions with related parties during the first quarter of 2007.

All transactions fall within the group's normal operations and are settled under arm's-length terms and conditions.

(€/million)	Revenues	Raw material and other costs	Trade and other receivables	Trade payables
Associated companies: (1)				
Top Clima SA	3.7	(0.4)	5.0	(0.6)
Total associated companies	**3.7**	**(0.4)**	**5.0**	**(0.6)**
Ultimate parent companies:				
De'Longhi Soparfi S.A. (2)	0.1	-	1.1	-
Total ultimate parent companies	**0.1**	**-**	**1.1**	**-**
Related companies:				
Omas S.r.l.		(0.1)	0.6	(0.1)
Max Information S.r.l.	-	(0.2)	-	(0.1)
Mokarabia S.p.A.	-	(0.2)	-	(0.5)
Total related companies	**-**	**(0.5)**	**0.6**	**(0.7)**
TOTAL RELATED PARTIES	**3.8**	**(0.9)**	**6.6**	**(1.3)**

(1) These mostly refer to dealings of a commercial nature.
(2) These refer to receivables for the recharge of services rendered and for the sale of the equity investment in Omas S.r.l.