Interim management statement
First quarter 2008

INTERIM MANAGEMENTSTATEMENTFIRSTQUARTER2008

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
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 member
ENRICO PIAN	Alternate member

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; Silvia De'Longhi was appointed as a director at the shareholders' meeting held on 22 April 2008.
** Independent directors.
*** Extension of audit engagement to financial years 2007-2008-2009 approved by the shareholders' meeting of 18 April 2007.

OVERVIEW OF FIRST-QUARTER RESULTS

The group continued to increase its revenues and profits in the first quarter 2008, confirming the trend already seen in previous quarters, despite the uncertain economic conditions and the impact of unfavourable exchange rates in certain markets due to a very much stronger euro.

The principal consolidated figures are as follows:

(€/million)	**1st quarter 2008**	**% of revenues**	**1st quarter 2007**	**% of revenues**	**Change**	**% change**
Revenues	**330.5**	**100.0%**	**291.2**	**100.0%**	**39.3**	**13.5%**
Gross profit	135.4	41.0%	111.3	38.2%	24.1	21.6%
EBITDA (before non-recurring expenses)	**31.7**	**9.6%**	**23.6**	**8.1%**	**8.1**	**34.5%**
EBITDA	30.4	9.2%	23.1	7.9%	7.3	31.6%
EBIT	20.5	6.2%	13.4	4.6%	7.2	53.6%
Profit for the period pertaining to the group	**6.0**	**1.8%**	**0.4**	**0.1%**	**5.6**	

(€/million)	**31.03.2008**	**31.03.2007**	**31.12.2007**
Net working capital	374.0	358.8	363.4
Net capital employed	996.1	985.1	986.5
Net financial position	(372.1)	(364.6)	(355.9)

Revenues increased by 13.5% on the first quarter of 2007 to €330.5 million. Revenue growth at constant exchange rates was 17.4%.

Gross profit was €135.4 million, with its margin improving from 38.2% in the first quarter of 2007 to 41.0% in the same period of 2008, reflecting the product mix and the benefits of a weaker dollar, which were limited by the group's currency risk hedging policies.

EBITDA, before non-recurring expenses, came to €31.7 million, up 34.5% on the same period in 2007 and reporting an improvement in margin from 8.1% in 2007 to 9.6% in 2008.

EBIT increased by 53.6% to €20.5 million, with the margin climbing from 4.6% in the first quarter of 2007 to 6.2% in the same period of 2008.

With reference to segment reporting, as from 2008 the traditional Household and Professional divisions have been joined by the Corporate division following the company reorganization carried out in 2007; this new division principally comprises the activities of the parent company De'Longhi S.p.A. and other subsidiaries providing corporate services to the group's two operating divisions.

The improvement in this year's first-quarter results principally reflects growth by the Household division, which increased its revenues by 17.8%. This was mostly due to continued, strong demand for coffee machines in Europe's major markets and for food processors.

The division's EBITDA, before non-recurring expenses, improved by 87.1%, from €14.0 million to €26.3 million.

The Professional division reported revenue growth of 1.7%, with good sales of large and precision thermo-cooling systems more than making up for lower sales of water-filled radiators, especially on the UK market, which was affected by the property slump and the stronger euro against the pound sterling.
The division's EBITDA, before non-recurring expenses, went down from €9.6 million in the first quarter of 2007 to €7.3 million in the first quarter of 2008, with the margin going from 10.6% to 7.9%, reflecting the worse sales of water-filled radiators.

In terms of performance on individual markets, sales in Europe and the rest of the world were higher, with particular improvements in Germany, Russia, Spain and Holland; sales were down in Italy, reflecting lower consumer spending, in North America and in the United Kingdom, reflecting greater economic uncertainties and the negative impact of a stronger euro.

Net financial expenses remained virtually the same as in the first quarter of 2007; the increase in financial expenses due to higher interest rates was offset by lower average debt and the absence of last year's one-off costs for renewing the receivables factoring programme.

The result after taxes was a profit of €6.0 million, marking a major improvement on the corresponding figure of €0.4 million reported in the first quarter of 2007.

The net financial position reported net borrowings of €372.1 million, €7.5 million more than at 31 March 2007. However, this increase reflects a series of non-recurring events in the past twelve months: €17.5 million for acquisitions of equity investments in the second half of 2007 (inclusive of the related debt and recognition of call options), net of the retirement of certain assets no longer deemed to be of strategic value to the group, €19.7 million for extraordinary capital expenditure to restore production capacity after the fire, being the part not yet reimbursed by insurance cover, and €13.2 million for changes in the fair value of derivatives. Ignoring the impact of these events, the group's net borrowings at 31 March 2008 would have been €42.9 million lower than at 31 March 2007.

REVIEW OF THE GROUP'S RESULTS, BALANCE SHEET AND FINANCIAL POSITION

This report on the unaudited consolidated results for the first quarter of 2008 represents the interim management statement required by article 154-ter of Decree 58/1998. The information on operations, the balance sheet and financial position have been prepared in compliance with the accounting standards and measurement bases established by the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and adopted by the European Union, in accordance with the procedures contained in article 6 of Regulation EC 606/2002 of the European Parliament and Council dated 19 July 2002. The information on operations refers to the first quarter of 2008 and the first quarter of 2007. The balance sheet information refers to 31 March 2008, 31 December 2007 and 31 March 2007. This interim management statement also includes details of any significant transactions, including with related parties.
The format of the financial statements presented therein is comparable with the reclassified statements presented in the report on operations contained in the half-year and annual reports.

The figures presented 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 presented below:

(€/million)	1st quarter 2008	% of revenues	1st quarter 2007	% of revenues
Net revenues	**330.5**	100.0%	**291.2**	100.0%
Change	*39.3*	*13.5%*		
Materials consumed & production costs (services and production payroll costs)	(195.0)	(59.0%)	(179.9)	(61.8%)
Gross profit	**135.4**	**41.0%**	**111.3**	**38.2%**
Services & other expenses and provisions	(74.7)	(22.6%)	(64.4)	(22.1%)
Payroll (non-production)	(29.0)	(8.8%)	(23.4)	(8.0%)
EBITDA (before non-recurring expenses)	**31.7**	**9.6%**	**23.6**	**8.1%**
Change	*8.1*	*34.5%*		
Other non-recurring income (expenses)	(1.4)	(0.4%)	(0.5)	(0.2%)
EBITDA	**30.4**	**9.2%**	**23.1**	**7.9%**
Change	*7.3*	*31.6%*		
Amortization and depreciation	(9.8)	(3.0%)	(9.7)	(3.3%)
EBIT	**20.5**	**6.2%**	**13.4**	**4.6%**
Change	*7.2*	*53.6%*		
Financial income (expenses)	(10.8)	(3.3%)	(10.9)	(3.7%)
Profit before taxes	**9.7**	**2.9%**	**2.5**	**0.8%**
Taxes	(3.6)	(1.1%)	(2.3)	(0.8%)
Profit (loss) for the period	**6.1**	**1.8%**	**0.1**	**0.0%**
Profit (loss) pertaining to minority interests	0.2	0.0%	(0.2)	(0.1%)
Profit (loss) pertaining to the group	**6.0**	**1.8%**	**0.4**	**0.1%**

Gross profit improved by €24.1 million from €111.3 million in 2007 to €135.4 million in 2008 (with the margin going from 38.2% to 41.0%), reflecting a good product mix and the benefits of a weaker dollar, which were limited by the group's currency risk hedging policies.

"Services & other expenses and provisions" accounted for 22.6% of revenues compared with 22.1% in the first quarter of 2007, mainly due to changes in the scope of consolidation and the provisions booked in the quarter.

Non-production payroll costs increased from 8% of revenues in the first quarter of 2007 to 8.8% in the same period of 2008, mainly because of changes in the scope of consolidation.

EBITDA before non-recurring expenses came to €31.7 million, up 34.5% on the same period in 2007 and reporting an improvement in margin from 8.1% in 2007 to 9.6% in 2008, even though the group increased its spending on advertising and promotions by around €2.3 million to support the launch and development of new products in order to meet its medium-term strategic goals.

"Other non-recurring income (expenses)" mostly refer to the costs of restructuring certain production activities at one of the group's subsidiaries.

Net financial expenses decreased by €0.1 million, benefiting from a reduction in average debt and the absence of one-off costs incurred in the first quarter of 2007 for renewing the without-recourse receivables factoring programme. These effects more than made up for higher interest rates.

Taxes came to €3.6 million (€2.3 million in 2007).

After tax, the profit pertaining to the group was €6.0 million, having increased by €5.6 million on the first quarter of 2007.

Results by business segment

The group's reorganization in 2007 resulted in its separation into the two distinct business sectors in which it operates (Household and Professional), with the aim of improving its market positioning and competitiveness.
De'Longhi S.p.A. has therefore become a holding company for the two divisions, with the functions of setting strategy, of control, co-ordination and management of centralized activities and resources.
As a result of this process, the group's segment reporting has been revised in order to improve the presentation of the results on the basis of the new corporate structure.
The traditional Household and Professional divisions have been joined by the Corporate division, which principally comprises the activities of the parent company De'Longhi S.p.A. and other subsidiaries providing the group with corporate services.

The group's results of operations by segment are summarized in the following table:

	1st quarter 2008				1st quarter 2007		
(€/million)	**Household**	**Professional**	**Corporate**	**Consolidated total**	**Household**	**Professional**	**Consolidated total**
Net revenues	244.2	92.2	3.9	**330.5**	207.2	90.7	**291.2**
EBITDA	25.3	7.1	(1.9)	**30.4**	13.5	9.6	**23.1**
% of revenues	*10.4%*	*7.7%*		***9.2%***	*6.5%*	*10.6%*	***7.9%***
EBIT	18.1	5.0	(2.6)	**20.5**	5.5	7.9	**13.4**
% of revenues	*7.4%*	*5.5%*		***6.2%***	*2.6%*	*8.7%*	***4.6%***

Total segment revenues are reconciled to the consolidated figures by eliminating certain intersegment transactions, amounting to €9.8 million at 31 March 2008 and Euro 6.7 million at 31 March 2007.

Corporate

The Corporate division had €3.9 million in revenues in the first three months of 2008.
EBITDA was a negative €1.9 million, reflecting costs incurred for the division's normal activities.

Household

This division's revenues were 17.8% higher; EBITDA made important progress, jumping from €13.5 million at 31 March 2007 to €25.3 million at 31 March 2008, with a margin of 10.4% (6.5% in the first quarter of 2007).
These results are mainly due to the continued, strong growth in sales of fully automatic coffee machines and coffee machines using capsules.

Given the previous analysis of consolidated results by business segment (in which the new Corporate division's results were included in the Household division), the current results are not significantly different to those previously presented (net revenues in the first quarter of 2008 would have been €1.5 million higher, while EBITDA would have been €1.5 million lower).

Professional

This division's revenues increased by 1.7%, particularly benefiting from good sales of large and precision thermo-cooling systems; however, the results were penalized by lower sales of water-filled radiators following a downturn on the UK market due to the property slump and stronger euro against the pound sterling.

Markets

Sales were up in Europe, especially in Germany, Spain and Holland thanks to strong demand for coffee machines, and in Russia, which benefited from investments in previous years.

The Italian and UK markets reported lower sales, mainly because of reduced consumer spending and, where the UK was concerned, the stronger euro.

The group's sales in North America were down chiefly because of the stronger euro.

Sales in the "Rest of the world" were higher, especially in Australia, thanks to the good performance of air-conditioning and in Japan.

Review of the balance sheet and financial position

The reclassified consolidated balance sheet is presented below:

(€/million)	31.03.2008	31.03.2007	31.12.2007	Change 31.03.08 – 31.03.07	Change 31.03.08 – 31.12.07
- Intangible assets	420.6	414.4	421.4	6.1	(0.9)
- Property, plant and equipment	239.0	252.5	248.4	(13.5)	(9.3)
- Financial assets	4.9	8.8	4.8	(3.9)	0.1
- Deferred tax assets	41.5	42.8	34.8	(1.3)	6.7
Non-current assets	**706.0**	**718.6**	**709.4**	**(12.6)**	**(3.5)**
- Inventories	383.5	369.3	335.2	14.3	48.3
- Trade receivables	303.9	310.0	378.0	(6.2)	(74.1)
- Trade payables	(295.0)	(291.9)	(333.7)	(3.1)	38.7
- Other payables (net of receivables)	(18.4)	(28.7)	(16.2)	10.3	(2.2)
Net working capital	**374.0**	**358.8**	**363.4**	**15.3**	**10.7**
- Deferred tax liabilities	(18.7)	(21.2)	(19.2)	2.5	0.5
- Employee benefits	(33.2)	(42.1)	(35.7)	8.9	2.5
- Other provisions	(32.0)	(28.9)	(31.3)	(3.1)	(0.7)
Total non-current liabilities and provisions	**(83.9)**	**(92.2)**	**(86.2)**	**8.3**	**2.3**
Net capital employed	**996.1**	**985.1**	**986.5**	**10.9**	**9.5**
Net financial position	**372.1**	**364.6**	**355.9**	**7.5**	**16.2**
Total net equity	**624.0**	**620.6**	**630.7**	**3.4**	**(6.7)**
Total net borrowings and equity	**996.1**	**985.1**	**986.5**	**10.9**	**9.5**

Property, plant and equipment were €9.3 million lower than at 31 December 2007 after making €6.2 million in investments in equipment and moulds, charging €7.1 million in depreciation and retiring €6.5 million in assets no longer of strategic value to the group.

As regards working capital management, net working capital turnover improved from 26.0% of revenues at 31 March 2007 to 24.4% at 31 March 2008, reflecting the effectiveness of measures adopted to keep working capital levels in check; assuming the same scope of consolidation and ignoring the benefits of factoring receivables without recourse, this turnover ratio improved from 32.1% at 31 March 2007 to 28.8% at 31 March 2008.

Inventories increased by €14.3 million relative to 31 March 2007 (or by €6.1 million, +1.6%, assuming the same scope of consolidation).

Trade receivables were €6.2 million lower than at 31 March 2007, but €1.9 million higher assuming the same scope of consolidation and before the benefits of factoring receivables without recourse.

Other payables (net of receivables) were €10.3 million lower than at 31 March 2007, reflecting the recognition of €22.5 million in receivables from the insurance company for the insurance claim against the fire on 18 April 2007.
The net financial position reported net borrowings of €372.1 million, €7.5 million more than at 31 March 2007. However, this increase reflects a series of non-recurring events in the past twelve

months: €17.5 million for acquisitions of equity investments in the second half of 2007 (inclusive of the related debt and recognition of call options), net of the retirement of certain assets no longer deemed to be of strategic value to the group, €19.7 million for extraordinary capital expenditure to restore production capacity after the fire, being the part not yet reimbursed by insurance cover, and €13.2 million for changes in the fair value of derivatives. Ignoring the impact of these events, the group's net borrowings at 31 March 2008 would have been €42.9 million lower than at 31 March 2007.
The cash flow statement can be summarized as follows:

(€/million)	***31.03.2008 (3 months)***	***31.03.2007 (3 months)***	***31.12.2007 (12 months)***
Cash flow generated by current operations	13.5	9.5	86.4
Cash flow absorbed by changes in working capital	(15.1)	(51.4)	(21.3)
Cash flow generated (absorbed) by investment activities	0.3	(7.9)	(40.6)
Cash flow generated (absorbed) by operating activities	**(1.2)**	**(49.8)**	**24.4**
Cash flow generated (absorbed) by extraordinary investment activities	-	-	(23.9)
Cash flow absorbed by the fire	-	-	(19.4)
Payment of dividends			(9.0)
Cash flow generated (absorbed) by changes in fair value and cash flow hedge reserves	(8.4)	0.7	(7.0)
Change in currency translation reserve	(6.6)	(0.9)	(6.8)
Change in minority interests in net equity	-	-	0.4
Cash flow generated (absorbed) by changes in equity accounts	**(15.0)**	**(0.2)**	**(22.3)**
Cash flow for the period	**(16.2)**	**(50.0)**	**(41.3)**
Opening net financial position	(355.9)	(314.6)	(314.6)
Closing net financial position	**(372.1)**	**(364.6)**	**(355.9)**

First-quarter cash flow traditionally features a general absorption of the cash balances reported at 31 December of the previous year.
Cash flow for the first quarter of 2008 was a negative €16.2 million (€50 million in the first quarter of 2007) and included negative changes in the equity accounts of €6.6 million in relation to the currency translation reserve (mainly for pounds sterling and dollars) and of €8.4 million in relation to the cash flow hedge reserve following the recognition of hedging derivatives.

The following table summarizes the principal changes in net equity in the first quarter of 2008:

(€/million)	Group portion of net equity	Minority interests in net equity	Total net equity
Net equity at 31 December 2007	**625.2**	**5.5**	**630.7**
Movement in cash flow hedge reserve	(6.1)	-	(6.1)
Differences from converting foreign company financial statements into euro	(6.6)	(0.1)	(6.7)
Profit (loss) after taxes	6.0	0.2	6.1
Total changes	**(6.7)**	**-**	**(6.7)**
Net equity at 31 March 2008	**618.5**	**5.5**	**624.0**

Subsequent events

There have been no significant events since the end of the first quarter.

Outlook for the current year

The group believes that it will be able to achieve its predetermined growth objectives.

Treviso, 13 May 2008

for the Board of Directors
Vice Chairman and CEO
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, 13 May 2008

Financial Reporting Officer
Stefano Biella