De'Longhi S.p.A.

Interim management statement at 31 march 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 results, balance sheet and financial position

The principal consolidated figures at 31 March 2010 are as follows:

1st quarter results

-	Revenues	€300.6 million	(+ €10 million; +3.5% on 1st quarter 2009)
-	EBITDA *	€32.1 million	(+ €6.5 million, 10.7% of revenues vs 8.8% in 1st quarter 2009)

* (before non-recurring expenses)

Net financial position

-	Net debt	€124.9 million	(improvement of €146.0 million on 31.03.09)

Income statement data

(€/million)	**31.03.2010 (3 months)**	**% of revenues**	**31.03.2009 (3 months)**	**% of revenues**	**Change**	**% change**
Revenues	300.6	100.0%	290.5	100.0%	10.0	3.5%
Gross profit	134.8	44.8%	122.5	42.2%	12.3	10.0%
EBITDA before non-recurring income (expenses)	32.1	10.7%	25.6	8.8%	6.5	25.6%
EBITDA	31.7	10.5%	24.3	8.4%	7.3	30.1%
EBIT	22.5	7.5%	15.7	5.4%	6.8	43.6%
Profit (loss) pertaining to the Group	10.2	3.4%	3.7	1.3%	6.5	176.1%

Results by operating segment

	31.03.2010 (3 months)				31.03.2009 (3 months)			
(€/million)	**Household**	**Professional**	**Corporate**	**Consolidated total**	**Household**	**Professional**	**Corporate**	**Consolidated total**
Revenues	230.4	70.5	3.0	**300.6**	221.6	70.2	2.8	**290.5**
Change 2010/2009	*8.7*	*0.3*	*0.2*	***10.0***				
% change	*3.9%*	*0.4%*	*6.6%*	***3.5%***				
EBITDA before non-recurring income (expenses)	30.7	3.1	(1.7)	**32.1**	25.3	2.6	(2.5)	**25.6**
Change 2010/2009	*5.4*	*0.4*	*0.8*	***6.5***				
% of revenues	*13.3%*	*4.3%*		***10.7%***	*11.4%*	*3.8%*		***8.8%***

Total segment revenues are reconciled to the consolidated figures by eliminating certain intersegment transactions, amounting to €3.2 million at 31 March 2010 and €4.1 million at 31 March 2009.

Balance sheet and financial data

(€/million)	**31.03.2010**	**31.03.2009**	**31.12.2009**
Net working capital	294.9	385.3	264.4
Net capital employed	836.8	943.5	805.6
Net debt	124.9	270.9	117.1
Net equity	711.9	672.7	688.5

Content of the interim management statement

This document relating to the unaudited consolidated results at 31 March 2010 constitutes the interim management statement required by art. 154-ter of Decree 58/98 (Testo Unico della Finanza or TUF).
The income statement figures refer to the three months to 31 March 2010, with comparative figures at 31 March 2009. The balance sheet figures refers to 31 March 2010, 31 March 2009 and 31 December 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 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)	31.03.2010 (3 months)	% of revenues	31.03.2009 (3 months)	% of revenues
Revenues	**300.6**	**100.0%**	**290.5**	**100.0%**
Change	*10.0*	*3.5%*		
Materials consumed & production costs (production services and payroll costs)	(165.8)	(55.2%)	(168.0)	(57.8%)
Gross profit	**134.8**	**44.8%**	**122.5**	**42.2%**
Other services, expenses and provisions	(72.2)	(24.0%)	(67.3)	(23.2%)
Payroll (non-production)	(30.5)	(10.2%)	(29.7)	(10.2%)
EBITDA before non-recurring income (expenses)	**32.1**	**10.7%**	**25.6**	**8.8%**
Change	*6.5*	*25.6%*		
Other non-recurring income (expenses)	(0.4)	(0.1%)	(1.2)	(0.4%)
EBITDA	**31.7**	**10.5%**	**24.3**	**8.4%**
Change	*7.3*	*30.1%*		
Amortization and depreciation	(9.1)	(3.0%)	(8.6)	(3.0%)
EBIT	**22.5**	**7.5%**	**15.7**	**5.4%**
Change	*6.8*	*43.6%*		
Financial income (expenses)	(6.3)	(2.1%)	(9.6)	(3.3%)
Profit (loss) before taxes	**16.2**	**5.4%**	**6.1**	**2.1%**
Taxes	(6.1)	(2.0%)	(2.4)	(0.8%)
Profit (loss) for the period	**10.1**	**3.4%**	**3.7**	**1.3%**
Profit (loss) pertaining to minority interests	(0.1)	(0.0%)	-	-
Profit (loss) pertaining to the Group	**10.2**	**3.4%**	**3.7**	**1.3%**

The Group closed the first quarter of 2010 with an improvement in its principal performance and balance sheet indicators.

Revenues came to €300.6 million, up 3.5% on the same period of 2009. EBITDA before non-recurring expenses amounted to €32.1 million, with a margin of 10.7% (€25.6 million with a margin of 8.8% in first quarter 2009).

The first quarter of 2010 saw a recovery in the world economy, although at an uneven pace between countries and regions; GDP accelerated in the United States and in the emerging nations, while the euro-zone continued to report moderate recovery with improvements in industrial output and business confidence.
In this persistently unstable market context, De’Longhi reported a growth in revenues by both its divisions, although of differing amounts.

The Household division boosted its revenues by 3.9% on first quarter 2009 to €230.4 million, thanks to continued growth in sales by the coffee machine and food processor product categories.
The Professional division, whose markets are still being affected by the economic crisis and pervasive uncertainty, reported a slight increase in revenues on 2009 to €70.5 million.

In terms of geographical markets, sales performed well in Western Europe, in the former Soviet Union and in the Rest of the world.

In terms of the Group's profitability, gross profit improved from €122.5 million to €134.8 million, with the margin climbing from 42.2% to 44.8% thanks to the positive effects of volumes and mix, savings in purchasing and production costs and the favourable trend in exchange rates.

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

EBITDA before non-recurring income (expenses) came to €32.1 million in the first three months of 2010 (€25.6 million in 2009), with the margin improving from 8.8% in 2009 to 10.7% in first quarter 2009.

EBIT amounted to €22.5 million in the first three months of 2010, with the margin rising from 5.4% to 7.5% also thanks to fewer non-recurring expenses.

Net financial expenses were lower at 31 March 2010, down from €9.6 million to €6.3 million due to a smaller amount of debt and the still very low level of interest rates.

Profit pertaining to the Group amounted to €10.2 million, an increase of €6.5 million on the same period of 2009 (€3.7 million at 31 March 2009).

Operating segment performance

Household
This division's sales revenues amounted to €230.4 million (€221.6 million in the first three months of 2009), while EBITDA before non-recurring items was €30.7 million (€25.3 million at 31 March 2009) with a growth in margin (from 11.4% in 2009 to 13.3% in 2010), thanks to a combination of positive effects from costs, product mix and favourable exchange rates, despite an increase in promotional costs.

Professional
This division’s sales revenues amounted to €70.5 million (€70.2 million in 2009), while EBITDA before non-recurring expenses was €3.1 million (€2.6 million in 2009), with a margin of 4.3% up from 3.8% in 2009.
The results were affected from the general market crisis, which continued into the first few months of 2010; industrial heating products went against the general trend with a solid increase in first-quarter revenues.

Review of the balance sheet and financial position

The reclassified consolidated balance sheet is summarized below:

(€/million)	**31.03.2010**	**31.03.2009**	**31.12.2009**	**Change 31.03.10 – 31.03.09**	**Change 31.03.10 – 31.12.09**
- Intangible assets	413.9	414.6	414.7	(0.8)	(0.8)
- Property, plant and equipment	177.8	179.7	177.6	(1.8)	0.2
- Financial assets	2.6	4.9	2.5	(2.3)	0.1
- Deferred tax assets	36.0	44.5	38.1	(8.5)	(2.1)
Non-current assets	**630.3**	**643.7**	**632.9**	**(13.4)**	**(2.6)**
- Inventories	296.6	341.3	257.1	(44.7)	39.5
- Trade receivables	295.2	296.5	351.9	(1.3)	(56.7)
- Trade payables	(256.7)	(221.1)	(291.1)	(35.5)	34.4
- Other payables (net of receivables)	(40.1)	(31.4)	(53.5)	(8.8)	13.3
Net working capital	**294.9**	**385.3**	**264.4**	**(90.4)**	**30.5**
- Deferred tax liabilities	(24.1)	(23.5)	(25.3)	(0.7)	1.2
- Employee benefits	(26.5)	(28.5)	(28.7)	2.0	2.2
- Other provisions	(37.8)	(33.5)	(37.7)	(4.3)	(0.1)
Total non-current liabilities and provisions	**(88.4)**	**(85.5)**	**(91.7)**	**(2.9)**	**3.3**
Net capital employed	**836.8**	**943.5**	**805.6**	**(106.7)**	**31.2**
Net financial position	**(124.9)**	**(270.9)**	**(117.1)**	**146.0**	**(7.8)**
Total net equity	**(711.9)**	**(672.7)**	**(688.5)**	**(39.3)**	**(23.5)**
Total net debt and equity	**(836.8)**	**(943.5)**	**(805.6)**	**106.7**	**(31.2)**

Net working capital decreased by €90.4 million relative to 31 March 2009, thanks to lower inventories and careful control of receivables.

Net financial debt of €124.9 million reported an improvement of €146.0 million on 31 March 2009, benefiting from cash flow from operating activities in the past 12 months.

Details of the net financial position are as follows:

(€/million)	31.03.2010	31.03.2009	31.12.2009	Change 31.03.10 – 31.03.09	Change 31.03.10 – 31.12.09
Cash and cash equivalents	103.2	82.6	126.5	20.6	(23.3)
Other financial receivables	23.9	20.5	11.5	3.5	12.5
Current financial debt	(142.8)	(220.3)	(142.0)	77.5	(0.8)
Net current financial debt	**(15.6)**	**(117.2)**	**(4.0)**	**101.6**	**(11.6)**
Non-current financial debt	**(109.2)**	**(153.7)**	**(113.1)**	**44.4**	**3.8**
Total net financial position	**(124.9)**	**(270.9)**	**(117.1)**	**146.0**	**(7.8)**

Net current financial debt improved from €117.2 million at 31 March 2009 to €15.6 million at 31 March 2010 due to the steps taken for reducing financial exposure and to increased cash flow from operating activities.

The cash flow statement can be summarized as follows:

(€/million)	31.03.2010 (3 months)	31.03.2009 (3 months)	31.12.2009 (12 months)
Cash flow generated (absorbed) by current operations and changes in working capital	(9.7)	(19.0)	174.0
Cash flow generated (absorbed) by investment activities	(6.4)	(8.6)	(34.1)
Cash flow generated (absorbed) by operating activities	**(16.1)**	**(27.5)**	**140.0**
Non-recurring cash flow (*)	-	-	0.6
Payment of dividends	-	-	(9.0)
Cash flow generated (absorbed) by changes in fair value and cash flow hedge reserves	7.3	3.5	3.9
Change in currency translation reserve	1.1	(0.5)	(6.3)
Change in minority interests in net equity	(0.1)	0.2	0.2
Cash flow generated (absorbed) by changes in equity accounts	**8.3**	**3.2**	**(11.2)**
Cash flow for the period	**(7.8)**	**(24.4)**	**129.4**
Opening net financial position	(117.1)	(246.5)	(246.5)
Closing net financial position	**(124.9)**	**(270.9)**	**(117.1)**

(*) Includes cash flow generated (absorbed) by extraordinary investment activities.
For the sake of consistent classification, a number of reclassifications have been made in the cash flow statement at 31 March 2009 in order to reallocate cash flows arising from the translation of foreign currency financial statements.

Cash flow generated (absorbed) by operating activities in the first three months of the year, which traditionally sees a general absorption of the cash balances reported at 31 December of the previous year, was a negative €16.1 million in 2010, improving from a negative €27.5 million in the first three months of 2009.

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

(€/million)	**31.03.2010 (3 months)**	**31.03.2009 (3 months)**
Profit (loss) for the period	**10.2**	**3.7**
Other components of comprehensive income:		
Change in fair value of cash flow hedges	7.3	3.5
Tax effect of change in fair value of cash flow hedges	(2.0)	(1.0)
Differences from translating foreign companies' financial statements into euro	8.0	4.0
Total comprehensive income (loss) for the period	**23.4**	**10.2**
Total comprehensive income (loss) attributable to:		
Owners of the parent	23.5	10.1
Minority interests	(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	-	-	-
Change in scope of consolidation	-	-	-
Movements from transactions with shareholders	-	-	-
Comprehensive income (loss) for the period	23.5	(0.1)	23.4
Net equity at 31 March 2010	**710.3**	**1.6**	**711.9**

Significant events

During the first quarter of 2010 the Group completed the restructuring and reorganization activities started in both its operating divisions in 2009.
These activities have primarily involved centralizing administrative and back office functions for some of the Group's companies.

Household
Ariete completed its reorganization in Italy, Spain and Portugal during the first quarter of 2010 by aggregating businesses and centralizing certain functions.

Professional
In order to counter the difficult market, the Group continued its actions on costs and its programme of recovering profitability for restructuring operating and manufacturing processes. As a result, the activities of Climaveneta Home System were fully aggregated into the parent company.

Subsequent events

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

Outlook for the current year

The first quarter of 2010 has confirmed the Group's good performance by both its income statement and balance sheet in 2009.
However, the uncertain market conditions and appreciation of the dollar and raw materials are reasons for continued caution.

Treviso, 12 May 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 May 2010

Financial Reporting Officer
Stefano Biella