Interim management statement at 31 March 2011

De'Longhi S.p.A. – Registered office: Via L. Seitz 47, 31100 Treviso, Italy
Share capital: €448,500,000
Tax Identification and Business Register no: 11570840154
Treviso Chamber of Commerce R.E.A. no. 224758 - VAT no. 03162730265

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 at the shareholders' meeting of 21 April 2010.

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

The main consolidated figures at 31 March 2011 are as follows:

1st quarter results

- Revenues €362.6 million (+ €62 million; +20.6% on 1st quarter 2010)
- EBITDA * €44.1 million (+ €12.0 million, 12.2% of revenues; vs 10.7% in 1st quarter 2010)

* (before non-recurring expenses)

Net financial position

- Net debt €26.6 million (improvement of €98.3 million on 31.03.2010)

Income statement

(€/million)	1st quarter 2011	% revenues	1st quarter 2010	% revenues	Change	% change
Revenues	362.6	100.0%	300.6	100.0%	62.0	20.6%
Gross profit	159.9	44.1%	134.8	44.8%	25.1	18.7%
EBITDA before non-recurring expenses	44.1	12.2%	32.1	10.7%	12.0	37.4%
EBITDA	43.3	11.9%	31.7	10.5%	11.6	36.7%
EBIT	33.8	9.3%	22.5	7.5%	11.2	49.8%
Profit (loss) pertaining to the group	18.9	5.2%	10.2	3.4%	8.7	85.3%

Results by operating segment

	1st quarter 2011				1st quarter 2010			
(€/million)	Household	Professional	Corporate	Consolidated total	Household	Professional	Corporate	Consolidated total
Revenues	287.0	77.5	3.3	**362.6**	230.4	70.5	3.0	**300.6**
Change 2011/2010	*56.6*	*7.0*	*0.4*	***62.0***				
% change	*24.6%*	*10.0%*	*11.9%*	***20.6%***				
EBITDA before non-recurring expenses	42.6	4.4	(2.9)	**44.1**	30.7	3.1	(1.7)	**32.1**
Change 2011/2010	*11.8*	*1.4*	*(1.2)*	***12.0***				
% margin on revenues	*14.8%*	*5.7%*		***12.2%***	*13.3%*	*4.3%*		***10.7%***

Total segment revenues are reconciled to the consolidated figures by eliminating certain intersegment transactions, amounting to €5.2 million at 31 March 2011 and €3.2 million at 31 March 2010.

Statement of financial position

(€/million)	**31.03.2011**	**31.03.2010**	**31.12.2010**
Net working capital	250.0	294.9	226.9
Net capital employed	790.1	836.8	765.3
Net debt	26.6	124.9	4.7
Net equity	763.5	711.9	760.6

Content of the interim management statement

The present document reporting the unaudited consolidated results at 31 March 2011 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 three months to 31 March 2011, compared to 31 March 2010. The statement of financial position figures refer to 31 March 2011, 31 March 2010 and 31 December 2010. This report includes details of any significant transactions, including those 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 financial report, to which the reader should refer.

The figures contained in the present 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)	1st quarter 2011	% revenues	1st quarter 2010	% revenues
Revenues	**362.6**	**100.0%**	**300.6**	**100.0%**
Change	*62.0*	*20.6%*		
Materials consumed & other production costs (production services and payroll costs)	(202.7)	(55.9%)	(165.8)	(55.2%)
Gross profit	**159.9**	**44.1%**	**134.8**	**44.8%**
Other services, expenses and provisions	(80.4)	(22.2%)	(72.2)	(24.0%)
Payroll (non-production)	(35.4)	(9.8%)	(30.5)	(10.2%)
EBITDA before non-recurring income (expenses)	**44.1**	**12.2%**	**32.1**	**10.7%**
Change	*12.0*	*37.4%*		
Other non-recurring income (expenses)	(0.8)	(0.2%)	(0.4)	(0.1%)
EBITDA	**43.3**	**11.9%**	**31.7**	**10.5%**
Change	*11.6*	*36.7%*		
Amortization and depreciation	(9.5)	(2.6%)	(9.1)	(3.0%)
EBIT	**33.8**	**9.3%**	**22.5**	**7.5%**
Change	*11.2*	*49.8%*		
Financial income (expenses)	(4.8)	(1.3%)	(6.3)	(2.1%)
Profit (loss) before taxes	**28.9**	**8.0%**	**16.2**	**5.4%**
Income taxes	(9.8)	(2.7%)	(6.1)	(2.0%)
Profit (loss) for the period	**19.1**	**5.3%**	**10.1**	**3.4%**
Profit (loss) pertaining to minority interests	0.2	0.1%	(0.1)	(0.0%)
Profit (loss) pertaining to the group	**18.9**	**5.2%**	**10.2**	**3.4%**

The group saw continued growth in revenues in the first quarter of 2011 along with an improvement in its principal profit margins. First-quarter revenues were 20.6% higher year-on-year at €362.6 million, while EBITDA before non-recurring expenses came to €44.1 million, with a margin of 12.2%, reporting a major improvement on the equivalent period of 2010 (€32.1 million with a margin of 10.7%).

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The world economy has continued to expand thanks to strong growth in emerging countries, renewed growth in the United States and an upturn in the euro-zone; after temporarily slowing last autumn, international trade started to accelerate once again from the end of 2010; the price of raw materials has kept rising in the first few months of the year (Source: Bank of Italy).

Given this context and despite continued volatility in the principal currencies in which the group operates and rising raw material costs, De'Longhi has achieved revenues and EBITDA growth in both its divisions.

The Household division reported €287.0 million in revenues, an increase of 24.6% on the first quarter of 2010, particularly thanks to continued, double-digit growth in sales of coffee machines and food processors and to strong growth in sales of portable air-conditioning units, thanks to strong demand in 2010 causing a sell-out in customer stocks.
The Professional division reported a 10% year-on-year increase to €77.5 million thanks to sales of large thermo-cooling systems.

In terms of geographical markets, emerging markets continued to forge ahead, growing by 33%, while mature markets grew by 12.6%.

As for the group's profitability, gross profit increased from €134.8 million to €159.9 million with a slightly lower margin than in the equivalent period of 2010 (down from 44.8% to 44.1%) due to the impact of higher raw material costs in the first quarter of 2011.
The cost of non-production services and payroll grew by less than the increase in sales, thus producing an improvement in EBITDA in terms of margin on sales; EBITDA before non-recurring income/expenses came to €44.1 million in the first three months of 2011 (€32.1 million in 2010), with the margin going from 10.7% in 2010 to 12.2% in the first quarter of 2011.

EBIT amounted to €33.8 million in the first three months of 2011, with a margin of 9.3% versus 7.5% in the prior year equivalent period.

Net financial expenses were lower at 31 March 2011, down from €6.3 million to €4.8 million, partly due to €2.4 million in exchange gains.

Profit pertaining to the group amounted to €18.9 million, an increase of €8.7 million on the equivalent period of 2010 (€10.2 million).

Operating segment performance

Household
The division's sales revenues amounted to €287.0 million (€230.4 million in the first three months of 2010), while EBITDA before non-recurring expenses was €42.6 million (€30.7 million at 31 March 2010) with a growth in margin (from 13.3% in 2010 to 14.8% in 2011), thanks to a lower incidence of cost of services despite the upward trend in costs and higher investment in promotions and advertising.

Professional
This division's sales revenues amounted to €77.5 million (€70.5 million in 2010), while EBITDA before non-recurring expenses was €4.4 million (€3.1 million in 2010), with a margin of 5.7%, up from 4.3% in the first three months of 2011.
The improvement was determined by a major increase in sales of large thermo-cooling systems.

Review of the statement of financial position

The reclassified consolidated statement of financial position is presented below:

(€/million)	**31.03.2011**	**31.03.2010**	**31.12.2010**	**Change 31.03.11 – 31.03.10**	**Change 31.03.11 – 31.12.10**
- Intangible assets	407.3	413.9	408.6	(6.6)	(1.4)
- Property, plant and equipment	186.9	177.8	186.4	9.1	0.4
- Financial assets	2.3	2.6	2.1	(0.3)	0.2
- Deferred tax assets	37.7	36.0	33.5	1.7	4.2
Non-current assets	**634.1**	**630.3**	**630.6**	**3.8**	**3.5**
- Inventories	329.0	296.6	288.0	32.4	41.0
- Trade receivables	277.7	295.2	387.9	(17.4)	(110.2)
- Trade payables	(299.1)	(256.7)	(374.2)	(42.4)	75.1
- Other payables (net of receivables)	(57.6)	(40.1)	(74.9)	(17.5)	17.3
Net working capital	**250.0**	**294.9**	**226.9**	**(44.9)**	**23.1**
- Deferred tax liabilities	(19.7)	(24.1)	(19.4)	4.5	(0.3)
- Employee benefits	(24.9)	(26.5)	(25.9)	1.6	1.0
- Other provisions	(49.5)	(37.8)	(46.9)	(11.7)	(2.6)
Total non-current liabilities and provisions	**(94.0)**	**(88.4)**	**(92.2)**	**(5.6)**	**(1.9)**
Net capital employed	**790.1**	**836.8**	**765.3**	**(46.7)**	**24.8**
Net financial position	**(26.6)**	**(124.9)**	**(4.7)**	**98.3**	**(21.9)**
Total net equity	**(763.5)**	**(711.9)**	**(760.6)**	**(51.5)**	**(2.9)**
Total net debt and equity	**(790.1)**	**(836.8)**	**(765.3)**	**46.7**	**(24.8)**

Net working capital decreased by €44.9 million compared to 31 March 2010, and by €17.2 million before the factoring of receivables without recourse. Working capital turnover improved from 20.9% of revenues at the end of March 2010 to 14.8% at 31 March 2011.

Net financial debt of €26.6 million reported an improvement of €98.3 million on 31 March 2010, benefiting from cash flow from operating activities in the past 12 months.

Details of the net financial position are as follows:

(€/million)	31.03.2011	31.03.2010	31.12.2010	Change 31.03.11 – 31.03.10	Change 31.03.11 – 31.12.10
Cash and cash equivalents	211.2	103.2	193.5	108.0	17.7
Other financial receivables	13.3	23.9	12.2	(10.6)	1.1
Current financial debt	(139.9)	(142.8)	(102.8)	2.9	(37.2)
Net current financial debt	**84.5**	**(15.8)**	**103.0**	**100.3**	**(18.4)**
Non-current financial debt	**(111.1)**	**(109.1)**	**(107.7)**	**(2.0)**	**(3.4)**
Total net financial position	**(26.6)**	**(124.9)**	**(4.7)**	**98.3**	**(21.9)**
Of which:					
- positions with banks and other financial payables	*(10.3)*	*(132.3)*	*5.6*	*122.0*	*(15.9)*
- options and fair value of derivative financial instruments	*(16.3)*	*7.4*	*(10.3)*	*(23.7)*	*(6.0)*

Net financial position includes the negative fair value change in derivative financial instruments of €8.8 million (versus a positive fair value change of €11.5 million at 31 March 2010) and the value of call options for €7.5 million (€4 million at 31 March 2010).

The statement of cash flows can be summarized as follows:

(€/million)	31.03.2011 (3 months)	31.03.2010 (3 months)	31.12.2010 (12 months)
Cash flow generated (absorbed) by current operations and changes in working capital	(0.5)	(9.7)	177.5
Cash flow generated (absorbed) by investment activities	(9.9)	(6.4)	(45.4)
Cash flow generated (absorbed) by operating activities	**(10.4)**	**(16.1)**	**132.1**
Payment of dividends	-	-	(12.0)
Cash flow generated (absorbed) by changes in fair value and cash flow hedge reserves	(7.2)	7.3	(7.0)
Change in currency translation reserve	(4.5)	1.1	(0.7)
Change in minority interests in net equity	0.2	(0.1)	-
Cash flow generated (absorbed) by changes in net equity	**(11.5)**	**8.3**	**(19.7)**
Cash flow for the period	**(21.9)**	**(7.8)**	**112.4**
Opening net financial position	(4.7)	(117.1)	(117.1)
Closing net financial position	**(26.6)**	**(124.9)**	**(4.7)**

Cash flow from operating activities in the first-quarter, which traditionally decreases the cash balances reported at the year-end, was negative for €10.4 million in 2011 (versus a negative €16.1 million in the first quarter of 2010); the cash flow in the first-quarter of 2011 has improved due to a decrease in trade receivables, that more than offsets growth in inventories of coffee machines and small domestic appliances needed to satisfy strong demand in upcoming months, and also a growth in investments on the same period in 2010.

In contrast, cash flows were penalized by changes in equity: changes in the fair value of currency derivatives and in the currency translation reserve generated a negative impact of €11.5 million in the first three months of 2011 (versus a positive impact of €8.3 million in the first quarter of 2010).

The following tables present the statement of comprehensive income and the principal changes in net equity in the first three months of 2011:

(€/million)	1st quarter 2011	1st quarter 2010
Profit (loss) for the period	**19.1**	**10.1**
Other components of comprehensive income:		
Change in fair value of cash flow hedges	(7.2)	7.3
Tax effect of change in fair value of cash flow hedges	2.0	(2.0)
Differences from translating foreign companies' financial statements into euro	(11.0)	8.0
Total comprehensive income (loss) for the period	**2.9**	**23.4**
Total comprehensive income (loss) attributable to:		
Parent company shareholders	2.7	23.5
Minority interests	0.2	(0.1)

(€/million)	Group portion of net equity	Minority interests in net equity	Total net equity
Net equity at 31 December 2010	**758.9**	**1.7**	**760.6**
Total comprehensive income (loss) for the period	2.7	0.2	2.9
Net equity at 31 March 2011	**761.6**	**1.8**	**763.5**

Significant events

During the first quarter of 2011 the group continued its strategy of enhancing logistics, sales and administrative structures in high growth emerging countries (in the Asia Pacific-Americas area and in the Middle East-India-Africa area) to get closer to the customer and be able to capture every opportunity for growth in these important markets.

Subsequent events

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

Outlook for the current year

With the global economy still displaying many elements of volatility – from raw material prices and currencies to the budget deficits of certain nations - the group has confirmed the trend emerging in the second half of 2010, particularly where its core products are concerned, and is pursuing growth in line with expectations.

Treviso, 12 May 2011

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 art. 154-bis para. 2 of TUF, Stefano Biella, the Financial Reporting Officer, declares that the accounting information contained in the present interim management statement corresponds to the underlying documentary and accounting records.

Treviso, 12 May 2011

Financial Reporting Officer
Stefano Biella