

Treviso, November 12 2010

PRESS RELEASE

**De' LONGHI SpA:**

**the Board of Directors of De' Longhi S.p.a. has approved the results as at September 30, 2010: consolidated revenues reached € 1,069.9 million, growing by 14.5% (+23.6% in the third quarter); Ebit amounted to € 92 million (8.6% of revenues); net profit increased to € 46.1 million; net indebtedness declined in the twelve months from € 237.5 million to € 112.4 million.**

**Summary**

the third quarter

July 1st – September 30, 2010

- net revenues grew by 23.6% (+ € 80.1 million) to € 418.8 million; at a divisional breakdown, Household grew by 27.1% and Professional by 14.1%;
- net industrial margin improved from 41.2% to 42.8% of revenues;
- Ebitda (before non recurring items) climbed to € 58 million from € 37.2 million (from 11% to 13.8% of revenues);
- Ebit strongly progressed from € 25.3 to € 46.7 million (from 7.5% to 11.1% of revenues);
- net profit amounted to € 28.3 million (or 6.8% of revenues), vs. € 15.1 million (or 4.5% of revenues) of the third quarter 2009.

the nine months

January 1st – September 30, 2010

- revenues reached € 1,069.8 million, growing by 14.5%; at a divisional breakdown, Household grew by 17.4% and Professional by 4.5%;
- net industrial margin improved by € 77.3 million, from 42% to 43.9% of revenues;
- Ebitda (before non recurring items) increased from 9.1% to 11.6% of revenues, to € 124.5 million (+€ 39.1 million); after non recurrent items, Ebitda margin improved from 8.5% to 11.2% of revenues (+ € 41 million);
- Ebit amounted to € 92 million, from 5.6% to 8.6% of revenues;
- net profit reached € 46.1 million vs. € 19 million in 2009;
- net debt declined by € 125.1 million to € 112.4 million in the twelve months.

Approval of the procedure for related parties

- the Board of Directors of De' Longhi S.p.a., according to "Regolamento Consob n. 17221" dated March 12, 2010 and following amendments, has approved today the Procedure on transactions with related parties of the De' Longhi Group; in making it effective, the Board has appointed a committee

composed of three independent directors. For more details, reference can be made to the full text of the Procedure, which will be made available on the website of the Company, [www.delonghi.com](http://www.delonghi.com).

## The results of the nine months

The Board of Directors of De' Longhi spa has approved the results as at September 20, 2010.

The results of the first 9 months of 2010 confirmed a dynamic trend for the Household division, which represents more than three fourth of consolidated revenues, with satisfactory values in terms of growth and profitability.

Such results, going beyond the initial expectations, were due non only to the counter-cycle behaviour of the demand for this business segment (verified for main competitors as well), but also to the quality and appeal of the product portfolio, which enabled the Group the obtain significant progresses in the markete shares.

revenues

Revenues reached € 1,069.8 million, a level never obtained by the Group in the first 9 months of the year; likewise, in the third quarter, revenues (€ 418.8 million) were the highest ever obtained among the first three quarters.

|                       | the 9 months   |              |               | the 3rd quarter |             |               |
|-----------------------|----------------|--------------|---------------|-----------------|-------------|---------------|
|                       | M €            | Var. yoy     | Var. yoy %    | M €             | Var. yoy    | Var. yoy %    |
| <b>Total revenues</b> | <b>1.069,8</b> | <b>135,8</b> | <b>14,5 %</b> | <b>418,8</b>    | <b>80,1</b> | <b>23,6 %</b> |
| divisions:            |                |              |               |                 |             |               |
| - Household           | 822,2          | 121,8        | 17,4 %        | 325,2           | 69,2        | 27,1 %        |
| - Professional        | 250,6          | 10,9         | 4,5 %         | 95,2            | 11,8        | 14,1 %        |

A major part of this growth was coming from the Household division, showing an increase of revenues of 17.4% in the 9 months and of 27.1% in the quarter.

However, the Professional division too gave evidence of a better trend than expected , with revenues growing by 4.5% in the 9 months and by 14.1% in the quarter, thanks mainly to the Climaveneta brand.

Said growth, to different degrees, is a common feature of all Group's reference markets, with the exception of Greece, Spain and the Americas (countries still in full recession).

Segments of food processors and coffee makers, but also those of cleaning and ironing, which are benefiting from the growing investments of the Group, showed growth trends stronger than all other segments.

operating margins

The marked growth, the actions on product mix and the currency management allowed to improve profitability at all levels, thus balancing the higher logistic and marketing costs.

|                                     | 9 months |               | 3rd quarter |               |
|-------------------------------------|----------|---------------|-------------|---------------|
|                                     | M €      | % on revenues | M €         | % on revenues |
| Net industrial margin               | 469,9    | 43,9 %        | 179,3       | 42,8 %        |
| EBITDA (before non recurrent items) | 124,5    | 11,6 %        | 58,0        | 13,8 %        |
| EBITDA                              | 120,0    | 11,2 %        | 56,3        | 13,5 %        |
| EBIT                                | 92,0     | 8,6 %         | 46,7        | 11,1 %        |

Net industrial margin increased from € 392.6 to € 469.9 million, thus going up to 43.9% of revenues (from 42%). In the quarter, the margin improved from 41.2% to 42.8%.

EBITDA

An even higher progress was obtained by Ebitda (before non recurring items), which amounted to € 124.5 million (11.6% of revenues) vs. € 85.4 million (9.1% of revenues) of 2009.

After non recurring items (€ -4.5 million), Ebitda amounted to € 120 million (11.2% of revenues) vs. € 79 million (8.5% of revenues).

It's to be noted that the strong performance of the Household division, whose Ebitda climbed to 15.8% of revenues in the quarter (15.3% after non recurring items), was driven by a double digit growth of coffee makers and food processors.

| <i>EBITDA</i><br><i>before non rec. items</i> | 3rd quarter 2010 |           | 3rd quarter 2009 |           |
|---|------------------|-----------|------------------|-----------|
|   | M €              | % on rev. | M €              | % on rev. |
| divisions:                                    |                  |           |                  |           |
| - Household                                   | 51,3             | 15,8 %    | 31,6             | 12,4 %    |
| - Professional                                | 9,0              | 9,5 %     | 6,7              | 8,1 %     |

EBIT

Ebit increased to € 92 million (8.6% of revenues), a level – in the 9 months – close to the Ebit obtained in the 12 months 2009 (€ 92.4 million).

In the quarter, Ebit amounted to € 46.7 million, or 11.1% of revenues (vs. 7.5% in the third quarter 2009), thus improving by 360 basis points.

financial charges

Net financial charges amounted to € 24.5 million vs. € 24 million in 2009, due to higher losses on exchange rates (related to the high volatility of some export currencies) which compensated the contraction of interests paid on debt.

net profit

Net profit pertaining to the Group in the 9 months amounted to € 46.1 million, a value never obtained by the Group, and equal to 4.3%

of revenues, vs. € 19 million (or 2% of revenues) in the 9 months 2009.

net indebtedness

The working capital, despite the strong growth of turnover, declined to 18.8% of 12 months rolling revenues and, together with the positive development of margins, allowed the Group to hold the net debt down during the phase of the annual financial cycle which is seasonally heavier. Net indebtedness amounted to € 112.4 million vs. € 117.1 million of end 2009 (down by € 4.7 million) and vs. € 237.5 million of September 2009 (down by € 125.1 million).

Approval of the procedure for related parties

the Board of Directors of De' Longhi S.p.a., according to "Regolamento Consob n. 17221" dated March 12, 2010 and following amendments , has approved today the Procedure on transactions with related parties of the De' Longhi Group; in making it effective, the Board has appointed a committee composed of three independent directors. For more details, reference can be made to the full text of the Procedure, which will be made available on the website of the Company, [www.delonghi.com](http://www.delonghi.com).

### **Events following the end of the quarter**

There are no material events following the end of the quarter.

### **Foreseeable business development**

The positive developments of the first 9 months, in absence of unforeseeable events in the last quarter of the year, suggest revenues and profitability for year 2010 in line with the trend of the first three quarters.

### **Declaration of the manager responsible for the company's accounts.**

The manager responsible for the preparation of the company's accounts, Stefano Biella, hereby declares, as per article 154 bis, paragraph 2, of the "Testo Unico della Finanza", that all information related to the company's accounts contained in this press release are fairly representing the accounts and the books of the company.

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**A N N E X**  
**Consolidated results of De' Longhi Group as at September 30, 2010**

**Consolidated Income Statement**

| Euro million  | 30.09.2010<br>(9 months) | %             | 30.09.2009<br>(9 months) | %             | 3rd<br>quarter<br>2010 | %            | 3rd<br>quarter<br>2009 | %             |
|---|--------------------------|---------------|--------------------------|---------------|------------------------|--------------|------------------------|---------------|
|   |                          | on rev.       |                          | on rev.       |                        | on rev.      |                        | on rev.       |
| <b>Net revenues</b>   | <b>1.069,8</b>           | <b>100,0%</b> | <b>934,0</b>             | <b>100,0%</b> | <b>418,8</b>           | <b>100%</b>  | <b>338,7</b>           | <b>100,0%</b> |
| <i>change</i>   | 135,8                    | 14,5%         |                          |               | 80,1                   | 23,6%        |                        |               |
| Materials consumed and other<br>production costs (services and<br>production payroll costs) | (599,9)                  | (56,1%)       | (541,4)                  | (58,0%)       | (239,5)                | (57,2%)      | (199,0)                | (58,8%)       |
| <b>Net Industrial margin</b>  | <b>469,9</b>             | <b>43,9%</b>  | <b>392,6</b>             | <b>42,0%</b>  | <b>179,3</b>           | <b>42,8%</b> | <b>139,7</b>           | <b>41,2%</b>  |
| Cost for goods and services   | (230,7)                  | (21,6%)       | (202,6)                  | (21,7%)       | (83,5)                 | (19,9%)      | (67,7)                 | (20,0%)       |
| <b>Added value</b>  | <b>239,3</b>             | <b>22,4%</b>  | <b>190,0</b>             | <b>20,3%</b>  | <b>95,8</b>            | <b>22,9%</b> | <b>72,0</b>            | <b>21,3%</b>  |
| Labour cost (non industrial)  | (93,6)                   | (8,8%)        | (88,2)                   | (9,4%)        | (31,5)                 | (7,5%)       | (28,4)                 | (8,4%)        |
| Provisions  | (21,1)                   | (2,0%)        | (16,4)                   | (1,8%)        | (6,3)                  | (1,5%)       | (6,4)                  | (1,9%)        |
| <b>EBITDA</b>   |                          |               |                          |               |                        |              |                        |               |
| <b>before non recurring items</b>   | <b>124,5</b>             | <b>11,6%</b>  | <b>85,4</b>              | <b>9,1%</b>   | <b>58,0</b>            | <b>13,8%</b> | <b>37,2</b>            | <b>11,0%</b>  |
| <i>change</i>   | 39,1                     | 45,8%         |                          |               | 20,8                   | 56,0%        |                        |               |
| Non recurring items   | (4,5)                    | (0,4%)        | (6,4)                    | (0,7%)        | (1,7)                  | (0,4%)       | (2,6)                  | (0,8%)        |
| <b>EBITDA</b>   | <b>120,0</b>             | <b>11,2%</b>  | <b>79,0</b>              | <b>8,5%</b>   | <b>56,3</b>            | <b>13,5%</b> | <b>34,6</b>            | <b>10,2%</b>  |
| <i>change</i>   | 41,0                     | 51,8%         |                          |               |                        |              |                        |               |
| Amortization  | (27,9)                   | (2,6%)        | (26,6)                   | (2,8%)        | (9,7)                  | (2,3%)       | (9,3)                  | (2,8%)        |
| <b>EBIT</b>   | <b>92,0</b>              | <b>8,6%</b>   | <b>52,5</b>              | <b>5,6%</b>   | <b>46,7</b>            | <b>11,1%</b> | <b>25,3</b>            | <b>7,5%</b>   |
| <i>change</i>   | 39,6                     | 75,5%         |                          |               | 21,4                   | 84,8%        |                        |               |
| Net financial charges   | (24,5)                   | (2,3%)        | (24,0)                   | (2,6%)        | (7,5)                  | (1,8%)       | (5,0)                  | (1,5%)        |
| <b>Profit before taxes</b>  | <b>67,6</b>              | <b>6,3%</b>   | <b>28,5</b>              | <b>3,1%</b>   | <b>39,1</b>            | <b>9,3%</b>  | <b>20,3</b>            | <b>6,0%</b>   |
| Taxes   | (21,4)                   | (2,0%)        | (9,4)                    | (1,0%)        | (10,8)                 | (2,6%)       | (5,0)                  | (1,5%)        |
| <b>Profit / (Loss) of the period</b>  | <b>46,2</b>              | <b>4,3%</b>   | <b>19,1</b>              | <b>2,0%</b>   | <b>28,4</b>            | <b>6,8%</b>  | <b>15,3</b>            | <b>4,5%</b>   |
| Profit (loss) pertaining to minority<br>interests   | 0,1                      | 0,0%          | 0,1                      | 0,0%          | 0,0                    | 0,0%         | 0,2                    | 0,0%          |
| <b>Profit (loss) pertaining to the Group</b>  | <b>46,1</b>              | <b>4,3%</b>   | <b>19,0</b>              | <b>2,0%</b>   | <b>28,3</b>            | <b>6,8%</b>  | <b>15,1</b>            | <b>4,5%</b>   |

## Consolidated Balance Sheet

| Euro million   | 30.09.2010     | 30.09.2009     | 31.12.2009     | change<br>30.09.10 –<br>30.09.09 | change<br>30.09.10 –<br>31.12.09 |
|--|----------------|----------------|----------------|----------------------------------|----------------------------------|
| - intangible assets  | 415,8          | 416,3          | 414,7          | (0,6)                            | 1,1                              |
| - tangible assets  | 178,9          | 176,2          | 177,6          | 2,7                              | 1,3                              |
| - financial assets   | 2,2            | 2,5            | 2,5            | (0,3)                            | (0,3)                            |
| - deferred tax assets  | 37,1           | 48,8           | 38,1           | (11,7)                           | (1,0)                            |
| <b>Fixed assets</b>  | <b>634,0</b>   | <b>643,9</b>   | <b>632,9</b>   | <b>(9,9)</b>                     | <b>1,2</b>                       |
| - inventories  | 361,7          | 342,2          | 257,1          | 19,4                             | 104,6                            |
| - trade receivables  | 304,2          | 306,0          | 351,9          | (1,8)                            | (47,7)                           |
| - trade payables   | (320,1)        | (249,4)        | (291,1)        | (70,7)                           | (29,0)                           |
| - other net current assets / (liabilities)                   | (56,4)         | (49,9)         | (53,5)         | (6,5)                            | (3,0)                            |
| <b>Net working capital</b>                                   | <b>289,4</b>   | <b>348,9</b>   | <b>264,4</b>   | <b>(59,6)</b>                    | <b>25,0</b>                      |
| <b>Non current liabilities</b>                               | <b>(84,7)</b>  | <b>(87,8)</b>  | <b>(91,7)</b>  | <b>3,1</b>                       | <b>7,0</b>                       |
| <b>Net invested capital</b>                                  | <b>838,7</b>   | <b>905,0</b>   | <b>805,6</b>   | <b>(66,3)</b>                    | <b>33,1</b>                      |
| <b>Net financial position</b>                                | <b>(112,4)</b> | <b>(237,5)</b> | <b>(117,1)</b> | <b>125,1</b>                     | <b>4,7</b>                       |
| <b>Total shareholders' equity</b>                            | <b>(726,3)</b> | <b>(667,6)</b> | <b>(688,5)</b> | <b>(58,7)</b>                    | <b>(37,8)</b>                    |
| <b>Total net financial position and shareholders' equity</b> | <b>(838,7)</b> | <b>(905,0)</b> | <b>(805,6)</b> | <b>66,3</b>                      | <b>(33,1)</b>                    |

## Consolidated Cash Flow Statement

| Euro million   | 30.09.2010<br>(9 months) | 30.09.2009<br>(9 months) | 31.12.2009<br>(12 months) |
|--|--------------------------|--------------------------|---------------------------|
| Cash flow from operations  | 100,0                    | 55,2                     | 100,7                     |
| Cash flow from changes in working capital                            | (48,3)                   | (5,7)                    | 73,3                      |
| Cash flow from investments   | (27,3)                   | (25,4)                   | (34,1)                    |
| <b>Operating cash flow</b>   | <b>24,4</b>              | <b>24,1</b>              | <b>140,0</b>              |
| Cash Flow from non recurring items                                   | -                        | 0,3                      | 0,6                       |
| Dividends  | (12,0)                   | (9,0)                    | (9,0)                     |
| Cash flow from changes in the <i>Cash flow hedge</i> reserve         | (7,2)                    | (0,7)                    | 3,9                       |
| Cash flow from changes in the conversion reserve                     | (0,4)                    | (5,6)                    | (6,3)                     |
| Cash flow from changes in the net equity pertaining to third parties | (0,1)                    | (0,2)                    | 0,2                       |
| Cash flow from changes in the net equity                             | <b>(19,7)</b>            | <b>(15,5)</b>            | <b>(11,2)</b>             |
| <b>Net cash flow</b>   | <b>4,7</b>               | <b>9,0</b>               | <b>129,4</b>              |
| Opening net financial position                                       | (117,1)                  | (246,5)                  | (246,5)                   |
| <b>Closing net financial position</b>                                | <b>(112,4)</b>           | <b>(237,5)</b>           | <b>(117,1)</b>            |

## Business Segments

| Euro million                         | 3rd quarter 2010<br>(3 months) |              |           |              | 3rd quarter 2009<br>(3 months) |              |           |              |
|--------------------------------------|--------------------------------|--------------|-----------|--------------|--------------------------------|--------------|-----------|--------------|
|                                      | Household                      | Professional | Corporate | Total Group  | Household                      | Professional | Corporate | Total Group  |
| Net Revenues                         | 325,2                          | 95,2         | 2,8       | <b>418,8</b> | 255,9                          | 83,4         | 3,1       | <b>338,7</b> |
| <i>change 2010/2009</i>              | 69,2                           | 11,8         | (0,3)     | <b>80,1</b>  |                                |              |           |              |
| <i>change %</i>                      | 27,1%                          | 14,1%        |           | <b>23,6%</b> |                                |              |           |              |
| EBITDA before non<br>recurring items | 51,3                           | 9,0          | (2,3)     | <b>58,0</b>  | 31,6                           | 6,7          | (1,3)     | <b>37,2</b>  |
| <i>change 2010/2009</i>              | 19,6                           | 2,3          | (1,0)     | <b>20,8</b>  |                                |              |           |              |
| <i>% on revenues</i>                 | 15,8%                          | 9,5%         |           | <b>13,8%</b> | 12,4%                          | 8,1%         |           | <b>11,0%</b> |

| Valori in milioni di Euro            | 30.09.2010<br>(9 months) |              |           |                | 30.09.2009<br>(9 months) |              |           |              |
|--------------------------------------|--------------------------|--------------|-----------|----------------|--------------------------|--------------|-----------|--------------|
|                                      | Household                | Professional | Corporate | Total Group    | Household                | Professional | Corporate | Total Group  |
| Net Revenues                         | 822,2                    | 250,6        | 8,5       | <b>1.069,8</b> | 700,4                    | 239,7        | 8,8       | <b>934,0</b> |
| <i>change 2010/2009</i>              | 121,8                    | 10,9         | (0,2)     | <b>135,8</b>   |                          |              |           |              |
| <i>change %</i>                      | 17,4%                    | 4,5%         |           | <b>14,5%</b>   |                          |              |           |              |
| EBITDA before non<br>recurring items | 106,4                    | 22,7         | (4,5)     | <b>124,5</b>   | 73,6                     | 18,3         | (6,5)     | <b>85,4</b>  |
| <i>change 2010/2009</i>              | 32,8                     | 4,4          | 1,9       | <b>39,1</b>    |                          |              |           |              |
| <i>% on revenues</i>                 | 12,9%                    | 9,0%         |           | <b>11,6%</b>   | 10,5%                    | 7,6%         |           | <b>9,1%</b>  |