



PRESS RELEASE

DE' LONGHI S.p.A.: Results as of 30 September 2004 approved by the Board of Directors:

- Consolidated net sales at € 910.2 million (+4.6% compared to 30 September 2003, +5.7% at constant exchange rates)
- Gross Profit at € 476.8 million (+6.1%)
- EBITDA at € 101.6 million (-2.5%)
- EBIT at € 52.9 million (+0.9%)
- Profit before tax at € 20.2 million (+6.2%)

Positive sales trend for the De' Longhi Group from main European markets; sales growth in the air conditioning and treatment, cooking and food preparation and heating segments.

Sales and profitability penalised in the markets with sales denominated in US dollars; significant growth in the European markets in spite of price pressures in some product categories.

The Board of Directors of De' Longhi S.p.A. has today approved the results as of 30 September 2004.

The results of the first nine months of the year show a growth of net sales and an improvement of gross margin, up to 52.4% of sales from 51.7% in September 2003.

Consolidated net sales were € 910.2 million, an increase of 4.6% compared to 30 September 2003 (+ 5.7% at constant exchange rates).

Gross profit grew from € 449.5 million in the first nine months of 2003 to € 476.8 million as of 30 September 2004, EBITDA decreased from € 104.2 million to € 101.6 million and EBIT was € 52.9 million from € 52.4 in September 2003.

Profit before tax increased by 6.2% to € 20.2 million even if it was penalised by losses on exchange rate hedges (€ 6.2 million compared to gains on exchange rate hedges of € 5.6 million in the first nine months of 2003), due to the different movements of currencies compared to the levels of hedging.

With regard to the sales performance by geographic area, European markets showed a significant growth rate (+14.7% overall in the Rest of Europe in the nine month period), mainly due to the contribution of Germany, France and Greece even if in a scenario of declining prices; sales growth



in the UK (+9.7%) was also satisfactory; the continuous weakness of the US dollar and the industrial cost base which is still mainly European reduced the competitiveness of the Group in North America.

As far as business segments are concerned, main contribution to growth came from the following product families: fixed air conditioning, water-filled radiators, cookers and hobs, large thermo-cooling machines.

Sales performance of coffee makers and stand mixers was also positive, mainly by virtue of new automatic coffee machines and *Kenwood Chef Titanium*.

“The external conditions continued to be tough in the first nine months of the year” – said the CEO Stefano Beraldo – “in particular with regard to the pressures on selling prices. However, the persisting rise of the price of raw materials leads us to believe that this trend is bound to be reversed next year.”

Attached: Reclassified Consolidated Balance Sheets and Profit and Loss Statements.

Contacts:

For the Press:

Barabino & Partners  
Federico Steiner  
Niccolò Moschini  
T 0039 – 02 – 72.02.35.35  
T 0039 – 347 – 33.55.398

For analysts and investors:

De'Longhi S.p.A.  
Federico Caretti  
T 0039 – 0422 – 413.236

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## De'Longhi S.p.A. consolidated financial statement as at September, 30<sup>th</sup> 2004

### Income statement as at September, 30<sup>th</sup> 2004 year-to-date:

	2004 (9 months)	% on sales	2003 (9 months)	% on sales	31.12.2003	% on sales
	Euro mil.	%	Euro mil.	%	Euro mil.	
Net revenues	910,2	100,0%	870,0	100,0%	1.278,0	100,0%
<i>Change Sept. 2004 – Sept. 2003</i>	<i>40,2</i>	<i>4,6%</i>				
Cost of materials	(433,4)	(47,6%)	(420,5)	(48,3%)	(624,7)	(48,9%)
<b>Gross margin</b>	<b>476,8</b>	<b>52,4%</b>	<b>449,5</b>	<b>51,7%</b>	<b>653,3</b>	<b>51,1%</b>
Services and other operating expenses	(241,8)	(26,6%)	(216,8)	(24,9%)	(328,1)	(25,7%)
<b>Value added</b>	<b>235,0</b>	<b>25,8%</b>	<b>232,8</b>	<b>26,8%</b>	<b>325,2</b>	<b>25,4%</b>
Labour costs	(123,6)	(13,6%)	(119,7)	(13,8%)	(162,4)	(12,7%)
Provisions	(9,8)	(1,1%)	(8,9)	(1,0%)	(11,8)	(0,9%)
<b>EBITDA</b>	<b>101,6</b>	<b>11,2%</b>	<b>104,2</b>	<b>12,0%</b>	<b>151,0</b>	<b>11,8%</b>
<i>Change Sept. 2004 – Sept. 2003</i>	<i>(2,6)</i>	<i>(2,5%)</i>				
Depreciation and amortisation	(48,8)	(5,4%)	(51,9)	(6,0%)	(66,3)	(5,2%)
<b>EBIT</b>	<b>52,9</b>	<b>5,8%</b>	<b>52,4</b>	<b>6,0%</b>	<b>84,7</b>	<b>6,6%</b>
<i>Change Sept. 2004 – Sept. 2003</i>	<i>0,5</i>	<i>0,9%</i>				
Net financial expenses	(28,2)	(3,1%)	(21,6)	(2,5%)	(33,9)	(2,7%)
Extraordinary income (expenses)	(3,3)	(0,4%)	(11,2)	(1,3%)	(11,6)	(0,9%)
<b>Earnings before taxes and minorities</b>	<b>21,3</b>	<b>2,3%</b>	<b>19,6</b>	<b>2,3%</b>	<b>39,2</b>	<b>3,1%</b>
Minorities	(1,1)	(0,1%)	(0,6)	(0,1%)	(0,1)	(0,0%)
<b>Earnings before taxes</b>	<b>20,2</b>	<b>2,2%</b>	<b>19,0</b>	<b>2,2%</b>	<b>39,1</b>	<b>3,1%</b>

### Income statement for the III quarter 2004:

	2004 III Quarter	% on sales	2003 III Quarter	% on sales
	Euro mil.	%	Euro mil.	%
Net revenues	296,0	100,0%	299,3	100,0%
<i>Change IIIQ 2004 – IIIQ 2003</i>	<i>(3,3)</i>	<i>(1,1%)</i>		
Cost of materials	(145,1)	(49,0%)	(152,4)	(50,9%)
<b>Gross margin</b>	<b>151,0</b>	<b>51,0%</b>	<b>147,0</b>	<b>49,1%</b>
Services and other operating expenses	(76,2)	(25,7%)	(67,1)	(22,4%)
<b>Value added</b>	<b>74,8</b>	<b>25,3%</b>	<b>79,9</b>	<b>26,7%</b>
Labour costs	(37,7)	(12,7%)	(34,3)	(11,5%)
Provisions	0,1	0,0%	(3,9)	(1,3%)
<b>EBITDA</b>	<b>37,2</b>	<b>12,6%</b>	<b>41,7</b>	<b>13,9%</b>
<i>Change IIIQ 2004 – IIIQ 2003</i>	<i>(4,5)</i>	<i>(10,7%)</i>		
Depreciation and amortisation	(15,8)	(5,3%)	(18,2)	(6,1%)
<b>EBIT</b>	<b>21,4</b>	<b>7,2%</b>	<b>23,5</b>	<b>7,8%</b>
<i>Change IIIQ 2004 – IIIQ 2003</i>	<i>(2,0)</i>	<i>(8,7%)</i>		
Net financial expenses	(11,1)	(3,7%)	(8,9)	(3,0%)
Extraordinary income (expenses)	(2,6)	(0,9%)	(3,3)	(1,1%)
<b>Earnings before taxes and minorities</b>	<b>7,7</b>	<b>2,6%</b>	<b>11,2</b>	<b>3,8%</b>
Minorities	(0,7)	(0,3%)	(0,2)	(0,1%)
<b>Earnings before taxes</b>	<b>7,0</b>	<b>2,4%</b>	<b>11,0</b>	<b>3,7%</b>

**Balance sheet as at September, 30<sup>th</sup> 2004:**

	30.09.2004	30.06.2004	31.12.2003	30.09.2003
	Euro mil.	Euro mil.	Euro mil.	Euro mil.
Trade receivables	284,1	285,1	298,3	296,0
Net inventory	364,4	357,5	260,4	304,7
Trade payables	(255,6)	(338,2)	(308,6)	(264,3)
Other current assets (liabilities)	25,0	14,0	(0,9)	15,8
<b>Net working capital</b>	<b>417,9</b>	<b>318,5</b>	<b>249,2</b>	<b>352,1</b>
Fixed assets:				
Intangible assets	413,0	418,1	430,3	435,0
Tangible assets	226,5	227,5	215,3	216,9
Financial assets	7,9	8,0	8,1	8,1
Non current liabilities	(93,2)	(97,2)	(93,7)	(110,8)
<b>Total capital employed</b>	<b>972,1</b>	<b>874,9</b>	<b>809,3</b>	<b>901,4</b>
<b>Net equity</b>	<b>(575,8)</b>	<b>(569,4)</b>	<b>(562,1)</b>	<b>(561,7)</b>
<b>Net financial position</b>	<b>(396,3)</b>	<b>(305,5)</b>	<b>(247,2)</b>	<b>(339,7)</b>