



PRESS RELEASE

RECORD TURNOVER AND PROFIT

I - The draft financial statements of LU-VE S.p.A. and the consolidated financial statements as at 31 December 2016 have been approved, in accordance with IAS/IFRS international accounting standards.

Consolidated for the first time the Indian company Spirotech, acquired in October 2016.

Aggregate turnover¹ 2016: €251.3 million (€212.3 million in 2015; +18.4%);

Like-for-like revenue growth of 9.1% (product turnover: +9.7%);

Aggregate net profit for the year at €18.4 million (€9.6 million in 2015; +68.5% on like-for-like basis);

Aggregate EBITDA of €33.0 million (€26.2 million in 2015; +17.3% on a like-for-like basis);

Adjusted aggregate EBITDA (excluding non-recurring costs) of €35.0 million (€29.1 million in 2015; +7% on a like-for-like basis);

Net financial position negative for €30.2 million (positive for €4.2 million in 2015).

II - Proposed dividend of €0.22 per share.

III – The submission of the application for admission to the MTA market is expected in the coming days.

IV - The convocation of the shareholders' meeting for the approval of the financial statements and for the renewal of the authorization to purchase treasury shares has been approved.

V – Suspension of the exercise of LU-VE S.p.A. Warrants.

The President Dr. Iginio Liberali underlined: *"It has been a very positive year. When we went public in 2015, we promised that the money raised would be dedicated to*

¹In this press release, "aggregate" means the consolidated income statement of LU-VE Group as at 31 December 2016, added to Spirotech's 1-1-2016 / 30-9-2016 figure.



new investments to further strengthen us. We were committed to growing organically, in emerging geographical areas, also through new acquisitions. Goals achieved. We have kept our commitments. Our 'leadership with passion' has guided us and will continue to do so. I would therefore like to thank all the women and men of LU-VE Group who have made this possible".

Uboldo, 10 March 2017 – The Board of Directors of LU-VE S.p.A. ("LU-VE" or the "Company"), which met today, approved the draft financial statements of LU-VE S.p.A. and the consolidated financial statements of the group (the "Group" or the "LU-VE Group").

1. CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2016

Operating performance

In a macro-economic scenario still characterized by various difficulties, in 2016 the LU-VE Group achieved important results.

On the one hand, in fact, it has taken a further important step in its strategy of progressive internationalization, completing the acquisition of 95% of Spirotech, an Indian company with production headquarters in Bhiwadi, Rajasthan, about 60 km south of New Delhi, active in the production of technologically advanced heat exchangers, 75% of whose turnover comes from exports.

On the other hand, it achieved an aggregate turnover (i.e. including 12 months of sales of the newly acquired Spirotech in India) of 251.3 million Euros, an increase of over 18.4% compared to 2015. Even on a like-for-like basis, growth would have been significant with an increase in consolidated turnover of 19.2 million euros, thanks above all to a further strong strengthening in the refrigeration sector.

Analyzing the **results according to the application of the products**, the following was highlighted:

- the Group grew in the refrigeration market, where the value of sales grew by 13.9% compared to 2015, with a value of 167.8 million Euros (165.4 million Euros with an increase of 12.3% on a like-for-like basis), both thanks to the consolidation of relations with some of the main customers and the acquisition of new ones, and also to the growth in distribution and the achievement of important orders for logistics centers related to the world of large-scale retail trade.
The incidence of refrigeration on the Group's total sales, which would have been over 72% on a like-for-like basis, fell to 67.6% in the aggregate figure);
- turnover in the air conditioning market as a whole grew by 18.2% compared to 2015 with a value of 43.6 million Euros (38.8 million Euros with a

increase of 5.4% excluding Spirotech) with a differentiated trend between the traditional OEM sector, which saw a contraction in volumes with some customers (-2.6%) more than proportionally offset by the growth in the market of projects related to high power machines. Aggregate additional sales of Spirotech amounted to EUR 4.8 million, mainly on the Indian market of air conditioning machinery manufacturers;

- the special applications segment - ranging from compressed air to domestic appliances to the cooling of cabinets and electrical panels and commercial vehicles - is the one that has been most favorably affected by the acquisition of Spirotech. The aggregate turnover value reached 32.4 million Euros (+60.8%) due to the inclusion of some of Spirotech's most important customers in the "domestic appliance" segment and refrigerated transport, while on a like-for-like basis turnover would have grown by only 2.1%.
- the power gen and industrial applications markets did not benefit from any impact linked to the Spirotech transaction and recorded a slight decrease compared to 2015 values (-3.7% with a turnover of 4.55 million euros) partly due to the postponement of the invoicing of some orders made in the last months of 2016 which would have allowed a slightly increase in result compared to the previous year. Despite the success in expanding the customer base and the acquisition of several new orders for smaller sizes, however, in 2016 there were no repeat individual projects worth more than one million euros and one of the main customers in the segment was missing.

The trend of aggregate turnover by type of applications in 2016, compared to the trend in 2015, is summarized in the following table:

APPLICATIONS	€ /000 2016	%	€ /000 2015	%	Delta %
Refrigeration	167.765	67,6%	147.351	70,5%	13,9%
Air Conditioning	43.638	17,6%	36.905	17,6%	18,2%
Special applications	32.354	13,0%	20.115	9,6%	60,8%
Power Gen/Industrial applications	4.552	1,8%	4.729	2,3%	-3,7%
TOTALS*	248.309	100,0%	209.100	100,0%	18,8%

* In 2016, the company generated other revenues of Euro 3 million, bringing the total turnover to Euro 251.3 million, an increase of 18.4% compared to 2015.

The trend of **aggregated results by product line** is analyzed by the following table:

PRODUCTS	€ /000 2016	%	€ /000 2015	%	Delta %	
Heat exchangers	141.283	56,9%	114.685	54,8%	23,2%	
Air cooled equipment	80.737	32,5%	72.049	34,5%	12,1%	
Glass doors	15.576	6,3%	13.244	6,3%	17,6%	
Close Control	10.713	4,3%	9.122	4,4%	17,4%	
TOTALS	248.309	100,0%	209.100	100,0%	18,8%	

*In 2016, the company generated other revenues of Euro 3 million, bringing the total turnover to Euro 251.3 million, an increase of 18.4% compared to 2015.

Economic (aggregated) and balance sheet data

During the 2016 financial year, **operating revenues and income** increased by 18.4%.

Total **operating costs** went from 186.0 million Euros in 2015 (87.6% of revenues) to 218.3 million Euros (approximately 86.9% of revenues). The main variations are attributable to:

- growth in the consumption of raw materials (+ 20.7 million Euros);
- increase in service costs (+6.0 million Euros, of which 1.6 million Euros for costs related to the acquisition of Spirotech, 2.6 million Euros for the first consolidation of Spirotech and 1.8 million Euros for increases in transport costs, costs for participation in fairs and in the variable part of directors' fees);
- increase in personnel costs (+4.6 million Euros, caused by 1.5 million Euros by the first consolidation of Spirotech, by 2.2 million Euros by the effect on direct labor costs of the increase in sales volumes and by 0.9 million Euros to interventions to strengthen the structure and normal wage dynamics).

The Gross Operating Margin (Ebitda) in the period ended 31 December 2016 amounted to 33.0 million Euros (13.1% of revenues) compared to 26.2 million Euros (12.4% of revenues) in 2015. Not considering Spirotech's acquisition costs (non-recurring) and the one-time costs of restructuring in China (0.4 million Euros), EBITDA for the year would have been 35.0 million Euros (13.9% of sales). In the absence of the consolidation of Spirotech, EBITDA in 2016 would have been 30.8 million Euros (13.3% of sales).



Depreciation **and amortization** increased by 1.1 million Euros, linked by 0.7 million Euros to the first consolidation of Spirotech.

The Operating Result (EBIT) amounted to 20.2 million Euros (8.0% of revenues) compared to 13.9 million Euros (6.6% of revenues) in the year ended 31 December 2015. Normalizing the 2016 figure for the aforementioned non-recurring costs, EBIT would rise to 22.2 million Euros (8.8% of revenues).

The **balance of financial income and expenses** in 2016 was positive for 2.2 million Euros, while it was negative for 3.4 million Euros in the year ended 31 December 2015. Financial charges were down by 0.9 million euros compared to 2015.

Profit before tax (EBT) in 2016 amounted to 22.4 million Euros (8.9% of revenues) compared to 10.5 million Euros at 31 December 2015 (5.0% of revenues). The adjusted 2016 figure would have been equal to 24.4 million Euros (9.7% of revenues). In 2016, the percentage incidence of taxes on taxable income was about 18.2%.

Net **profit for 2015** amounted to 18.3 million Euros (7.3% of revenues) compared to 9.6 million Euros (4.5% of revenues) at 31 December 2015. The adjusted net result would have been 20.2 million Euros (8.0% of sales).

In terms of **asset and financial management**, the Group's consolidated financial statements show a significant increase in **non-current assets** (+35.1 million Euros, linked to the first consolidation of Spirotech for 24.4 million Euros). Investments **in fixed assets** for the year amounted to approximately 19.2 million Euros (of which 2.1 million for capitalised research and development costs).

The **Group's working capital** (sum of inventories and receivables from customers net of payables to suppliers), increased by 12.0 million Euros (linked by 5.8 million Euros to the first consolidation of Spirotech)

Consolidated shareholders' equity amounted to 134.4 million Euros compared to 125.8 million Euros at 31 December 2015 (+ 8.6 million Euros).

The **net financial position** was negative for 30.2 million Euros (positive for 4.2 million Euros at 31 December 2015) with a difference of 34.4 million Euros, mainly linked to the aforementioned acquisition of Spirotech. Adjusted cash flow from extraordinary items was approximately EURO 12.1 million. Debt is all positioned over the medium term and liquidity at 31.12.2016 amounted to approximately 120.6 million Euros.



Events after the end of the financial year

There were no significant events after the end of the year, other than the decision to formally start the process for the transition from listing of its ordinary shares and warrants from AIM Italia to the Mercato Telematico Azionario ("MTA") organized and managed by Borsa Italiana S.p.A.: in the afternoon of today the shareholders' meeting called to resolve on this passage is scheduled and during the next week the Application for Admission to trading on the MTA and to Consob of the Application for Authorization to publish the prospectus.

Foreseeable development of operations

The overall scenario remains very competitive and the visibility of demand as usual rather limited, however some projects under discussion with both new and existing customers reasonably predict that in 2017 the Group will also achieve growing sales in line with budget expectations.

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2. DIVIDEND

The Board of Directors resolved to propose to the Shareholders' Meeting a **gross dividend of € 0.22 per share** payable starting from April 20, 2017, with coupon detachment on April 18, 2017 (so-called record date April 19, 2017).

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3. CONVOCAZIONE OF THE SHAREHOLDERS' MEETING FOR THE APPROVAL OF THE FINANCIAL STATEMENTS AND FOR THE AUTHORIZATION TO PURCHASE TREASURY SHARES

Convocation of the Shareholders' Meeting

At today's meeting, the Board of Directors resolved to convene the Company's Ordinary Shareholders' Meeting on 12 April 2017, on first call, and, if necessary, on 13 April 2017, on second call, to discuss and resolve on the following agenda:

1. *Presentation of the Annual Financial Report including the draft Financial Statements as at 31 December 2016, the Report of the Board of Statutory Auditors and the Report of the Independent Auditors; inherent and consequent resolutions.*

2. *Proposal for authorization to purchase and dispose of treasury shares, subject to revocation of the resolution adopted by the Shareholders' Meeting of 29 April 2016.*



Inherent and consequent resolutions.

It should be noted that the notice of full convocation of the Shareholders' Meeting, the Report of the Board of Directors on the items on the agenda and all the documentation required by current legislation, will be made available at the registered office and on the company's website at www.luvegroup.com, Investor Relations section, within the terms of the law.

Proposal for authorisation of the Shareholders' Meeting to purchase and dispose of treasury shares

With particular reference to the proposal to renew the shareholders' authorisation to purchase and dispose of treasury shares, subject to the revocation of the resolution adopted by the Shareholders' Meeting on 29 April 2016, it should be noted that the reasons for the authorization are:

1. the possibility of investing in the capital of the company and supporting the liquidity of the security;
2. the possibility of using own shares in the context of operations related to industrial projects in which the opportunity for exchanges or disposals of shares takes shape;
3. the purchase or sale of treasury shares, in compensation plans based on financial instruments pursuant to art. 114bis of the TUF.

The proposal provides that:

1. the maximum number of shares that can be purchased is equal to 1,400,000 ordinary shares;
2. the authorization is valid for a period of 18 months;
3. the purchase price of the treasury shares must be, including the ancillary purchase charges, at least, not less than 20% and, as a maximum, not higher than 10% of the official price of the trading recorded on the Stock Exchange the day before the purchase and, in any case, not exceeding 20 Euros.

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4. SUSPENSION OF THE EXERCISE OF LU-VE S.p.A. WARRANTS

We also inform the Bearers of "Warrant LU-VE S.p.A." that as a result of the resolution to convene the Ordinary Shareholders' Meeting called to approve the financial statements of LU-VE S.p.A. at 31 December 2016, in compliance with the provisions of art. 3, paragraph 6 of the Regulations of the "WARRANTS LU-VE S.p.A.", the exercise of the "Warrants LU-VE S.p.A." is suspended from 10 March 2017 (inclusive) until the day (included) of the shareholders' meeting and in any case until the day (excluded) of the detachment



of any dividends approved by the Shareholders' Meeting.

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ATTACHMENTS

Reclassified Consolidated Income Statement	31/12/2016	SPIROTECH	31/12/2016	%	31/12/2015	%	Change %
(in thousands of Euro)		1/1-30/09/2016	AGGREGATED	Revenues		Revenues	2016 PF over 2015
Revenues and operating income	236.266	15.013	251.279	100,0%	212.264	100,0%	18,4%
Purchases of materials	(120.685)	(8.776)	(129.461)	51,5%	(108.300)	51,0%	
Change in inventories	3.650	(161)	3.489	-1,4%	3.060	-1,4%	
Services	(37.462)	(1.875)	(39.337)	15,7%	(33.358)	15,7%	
Personnel costs	(49.902)	(1.063)	(50.965)	20,3%	(46.335)	21,8%	
Other operating costs	(1.826)	(204)	(2.030)	0,8%	(1.111)	0,5%	
Total operating costs	(206.225)	(12.079)	(218.304)	86,9%	(186.044)	87,6%	17,3%
Gross Operating Margin (Ebitda)	30.041	2.934	32.975	13,1%	26.220	12,4%	25,8%
Variation in fair value of derivatives	313	(7)	306	-0,1%	(201)	0,1%	
Depreciation and amortization	(12.953)	(538)	(13.491)	5,4%	(12.340)	5,8%	
Gains/losses on non-current assets	430	1	431	-0,2%	241	-0,1%	
Operating Result (Ebit)	17.831	2.390	20.221	8,0%	13.920	6,6%	45,3%
Net financial income and expenses	1.992	177	2.169	-0,9%	(3.381)	1,6%	
Earnings before taxes (Ebt)	19.823	2.567	22.390	8,9%	10.539	5,0%	112,4%
Income taxes for the period	(3.273)	(796)	(4.069)	1,6%	(942)	0,4%	
Net profit for the period	16.550	1.771	18.321	7,3%	9.597	4,5%	90,9%
Minority interest	704	89	793		498		
Profit attributable to the Group	15.846	1.682	17.528	7,0%	9.099	4,3%	92,6%

Consolidated Reclassified Balance Sheet			Change %		
	31/12/2016	% on net invested capital	31/12/2015	% on net invested capita	
(in thousands of Euro)	2016 over 2015				
Net intangible assets	58.432		39.123		
Net plant, property and equipment	103.127		89.131		
Deferred tax assets	3.059		2.379		
Financial fixed assets	2.050		921		
Non-current activities (A)	166.668	101,2%	131.554	108,2%	35.114
Inventories	30.914		24.625		6.289
Trade receivables	45.456		33.761		11.695
Other receivables and current assets	7.525		6.145		1.380
Current assets (B)	83.895		64.531		19.364
Trade payables	53.070		47.072		5.998
Other payables and current liabilities	16.407		13.065		3.342
Current liabilities (C)	69.477		60.137		9.340
Net working capital (D=B-C)	14.418	8,8%	4.394	3,6%	10.024
Provisions for employee benefits	3.936		3.305		631
Deferred tax liabilities	10.329		8.866		1.463
Provisions for risks and charges	2.182		2.177		5
Medium and long term liabilities (E)	16.447	10,0%	14.348	11,8%	2.099
Net Invested Capital (A+D-E)	164.639	100,0%	121.600	100,0%	43.039
Shareholders equity attributable to the Group	132.572		122.355		10.217
Non-controlling interests	1.823		3.443		(1.620)
Total Consolidated Net Worth	134.395	81,6%	125.798	103,5%	8.597
Net Financial Position at Medium Term	107.705		93.817		13.888
Net Financial Position at Short Term	(77.461)		(98.015)		20.554
Total Net Financial Position	30.244	18,4%	(4.198)	-3,5%	34.442
Net Worth and Net Financial Position	164.639	100,0%	121.600	100,0%	43.039

Consolidated Cash Flow Statement (in thousands of Euro)		31/12/2016	31/12/2015
Cash and cash equivalents at the beginning of the year	55.266	29.738	
Profit (loss) for the period	15.846	9.099	
Adjustments for:			
- Depreciation and amortization	12.953	12.340	
- Realized gains on non-current assets	(430)	(241)	
- Net financial income and expense	807	3.011	
- Income tax	3.273	942	
- Fair value changes recorded in the operating result	313	(201)	
Changes in post-employment benefits	387	(196)	
Changes in provisions	5	(931)	
Changes in trade receivables	(11.695)	4.227	
Changes in inventories	(6.289)	(2.932)	
Changes in trade payables	5.998	2.164	
Changes in net working capital	(11.986)	3.459	
Changes in other receivables, payables, deferred taxes	1.694	(370)	
Tax payments	(3.633)	(3.429)	
Received/paid net financial income (expenses)	(714)	(2.929)	
Cash flows generated/absorbed by operating activities	18.515	20.554	
Investments in non-current assets			
- intangible assets	(21.854)	(2.632)	(**)
- property, plant and equipment	(23.287)	(10.512)	
- financial assets	15		
Net acquisition price business combination			
Cash flows generated/absorbed by investing activities	(45.126)	(13.144)	
Repayment of loans	(21.616)	(48.496)	
New loans	55.269	84.392	(*)
Changes in other financial liabilities	676	505	(*),(**)
Changes in short-term financial assets	(9.389)	(64.487)	
Purchase of treasury shares	(530)	(462)	
Sale of treasury shares			
Contributions/repayments of own capital	(70)	51.176	
Payment of dividends	(3.876)	(4.500)	
Other changes	(1.620)	210	
Cash flows generated/absorbed by financing activities	18.844	18.338	
Exchange differences	(799)	(692)	
Other non-monetary changes	(245)	472	
Other changes	(1.044)	(220)	
Net cash flows in the period (B+C+D+E)	(8.811)	25.528	
Cash and cash equivalents at the end of the period (A+F)	46.455	55.266	
Current financial debt	(31.006)	(42.749)	
Non-current financial debt	107.705	93.817	
Net financial debt (Nota 20)	30.244	(4.198)	

Note:

(*) In order to improve the representation and comparability of the items, some comparative data from the previous year have been reclassified.

(**) The items do not include the value deriving from the application of IAS 17 on the lease of the company Master Cold by the subsidiary Manifold. For more information, see note 15.