



## PRESS RELEASE

### HALF-YEAR 2016, TURNOVER (+10.8%) AND PROFIT (+27.5%)

*Turnover: €116.2 million (€104.9 million in the first half of 2015; +10.8%, +10.3% at constant exchange rates);*

*Net economic result for the period: €7.7 million or 6.6% of revenues, € 6.0 million in the first half of 2015, +27.5%;*

*EBITDA €15.1 million or 13.0% of revenues (€12.5 million in 2015, +21.2%);*

*Net financial position negative for €15.4 million (positive for €4.2 million at 31 December 2015)*

**Uboldo, 28 September 2016** – The Board of Directors of LU-VE, which met today, approved the consolidated half-year financial report, as at 30 June 2016, the first prepared using IAS/IFRS international accounting standards.

#### **1. Operating performance**

The first half of 2016 saw the LU-VE Group, despite a geopolitical and macroeconomic scenario still characterized by strong elements of instability, achieve an important increase in sales volumes, with a significant increase in economic indices. The improvement in results compared to the same period of the previous year was achieved thanks to the policy of diversification of market and product risks, through a very extensive territorial presence and an important product articulation for the various application segments.

The Company has also been involved in two important projects that will allow further growth of the Group: **the acquisition of Spirotech** and the preparatory activities for the **transition to listing on the main MTA telematic market** expected in the first months of 2017.

The analysis of turnover by **product categories** shows for all four main categories (air heat exchangers, ventilated appliances, precision air conditioners close control and special glass doors for refrigerated counters and display cases) a decisive strengthening. The table shows the trend of turnover in the first semesters of 2016 and 2015:

PRODUCTS	€ /000 1 <sup>st</sup> half year 2016	%	€ /000 1 <sup>st</sup> half year 2015	%	Delta %
Heat exchangers	61.454	52,6%	58.394	55,0%	+5,2%
Air cooled equipment	41.886	35,9%	35.514	33,5%	+17,9%
Glass doors	8.185	7,0%	6.673	6,3%	+22,6%
Close Control	4.707	4,0%	4.324	4,1%	+8,9%
<b>TURNOVER</b>	<b>116.232</b>	<b>99,5%</b>	<b>104.905</b>	<b>98,9%</b>	<b>+10,8%</b>
Other	548	0,5%	1.171	1,1%	-53,2%
<b>Operating revenues and income</b>	<b>116.780</b>	<b>100,0%</b>	<b>106.076</b>	<b>100,0%</b>	<b>+10,1%</b>

The analysis of turnover from the point of view of product **application** shows a positive trend in all segments. The table shows the trend of turnover by type of applications in the first semesters of 2016 and 2015:

APPLICATIONS	€ /000 1 <sup>st</sup> half year 2016	%	€ /000 1 <sup>st</sup> half year 2015	%	Delta %
Refrigeration	82.828	70,9%	74.766	70,5%	+10,8%
Air conditioning	19.709	16,9%	18.533	17,5%	+6,3%
Special applications	11.146	9,5%	10.380	9,8%	+7,4%
Power Gen/industrial applications	2.549	2,2%	1.226	1,2%	+107,9%
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In general, although demand in Europe has not been high, **the Refrigeration segment** (traditionally the most important for the Group) **marks + 10.8%**. The positive performance comes from the increased penetration towards some of the main customers and the acquisition of important projects related to large refrigerated logistics centers.

Compared to the period under review on the previous year, "*special applications*" also reported a strong recovery, in particular in railway air conditioning and transport sectors in general (+24.2%).

From the point of view of the **geographical distribution** of sales, it is worth noting in particular the strong growth achieved in the main traditional markets such as Italy (+14%), Germany (+11%), France (+31%), Sweden (+22%) and Russia (+14%) and the entry into new markets in South America (Mexico and Costa Rica) with the acquisition of important orders.



### *Dati economici e patrimoniali*

**Operating revenues and income** reached **€116.8 million (+10.1%)**, compared to €106.1 million previously. The increase was achieved in the presence of slightly ceding prices depending on the trend in the costs of the main raw materials used.

Total **operating costs** went from €93.6 million (88.2% of revenues) to €101.7 million (87.0% of revenues). The overall increase was +8.6% (€8.1 million). This is mainly due to the growth in material consumption, the increase in costs for services and the increase in personnel costs.

**The Gross Operating Margin (EBITDA)** amounted to €15.1 million (13.0% of revenues) compared to €12.5 million (11.8% of revenues) in 2015. At constant exchange rates, EBITDA in 2016 would have been 15.6 million Euros. The increase is essentially linked to the increase in sales volumes.

The level of **depreciation and amortisation** rose slightly as investments accelerated.

**The Operating Result (EBIT)** was €8.7 million (7.5% of revenues) compared to €6.9 million (6.5% of revenues) in 2015.

**Profit before tax (EBT)** for the period to 30 June 2016 amounted to €8.7 million (7.5% of revenues) compared to €6.9 million at 30 June 2015 (6.5% of revenues).

**Net profit for the period** was €7.7 million (6.6% of revenues) compared to €6.0 million (5.7% of revenues) at 30 June 2015 (+27.5%).

**Asset and financial management** showed an increase of €5.3 million in non-current assets, mainly linked to the acceleration of investment plans.

The **Group's working capital** at 30 June 2016 amounted to €28.5 million, with an incidence on turnover in the last twelve months of 12.8% (€30.4 million at 30 June 2015 - 14.1%). At 31 December 2015 it amounted to €11.3 million. The increase compared to the year-end figure is due to the usual seasonality of the Group's working capital.

**Consolidated shareholders' equity** amounted to €127.1 million compared to €125.8 million previously. The increase (€1.3 million) is due to the result for the period of €7.7 million, adjusted for a distribution of dividends of €3.9 million, changes in the scope of consolidation of €1.3 million and other changes of €1.2 million.

The **net financial position** was negative for €15.4 million (positive for €4.2 million at 31 December 2015). The change (equal to €19.6 million) was influenced by the distribution of dividends for €3.9 million, by the acquisitions of minority stakes in HTS sro and LUVE France Sarl for €3.3 million and by the acceleration of investment plans. The impact of the change in working capital was negative for €17.2 million. In the period 30 June 2015 – 30 June 2016, adjusted net cash generation amounted to €11.1 million.



## **2. Events after the end of the period**

On September 18, the Group signed binding contracts for the acquisition of the Indian company *Spirotech Heat Exchangers Private Limited* ("**Spirotech**") which in the year ended March 2016, achieved a turnover of 21 million Euros, with an EBITDA of more than 20% and a net profit of 2.2 million Euros. For further details, please refer to the press release issued on the same date. The *closing* is expected by the end of October 2016.

## **3. Foreseeable development of operations**

The estimated Group turnover at the end of Q3 2016 will reach approximately €173.0 million (+8.5% on 2015).

By the end of the year, a higher result in terms of turnover and profit is expected than in 2015.

\* \* \*

Chairman Dr. Iginio Liberali said: *"The first half of 2016 confirms the vitality of the Group, which is growing significantly internally. A commitment we had made to the market at the time of listing. We also had another commitment: to grow externally. We honored him with the recent acquisition of Spirotech in India. The next goal is to move from the AIM market to the MTA in early 2017."*

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**LU-VE Group** is an international reference in the field of heat exchangers and components for commercial and industrial refrigeration, air conditioning, industrial applications, close control air conditioning and glass doors for refrigeration appliances. LU-VE Group is an international company (HQ in Uboldo, Varese) composed of 10 production plants in 6 different countries: Italy (5), China, Poland, Czech Republic, Russia and Sweden: over 1,600 qualified employees (of which over 600 in Italy); 340,000 square meters of surface (of which 145,000 are covered); 2,350 square meters for Research & Development laboratories; 76% of products exported to 100 countries; consolidated turnover over €212 million (as at 31.12.2015).

[www.luvegroup.com](http://www.luvegroup.com)

## ATTACHMENTS

Reclassified Consolidated Income Statement	30/06/2016	% Revenues	30/06/2015	% Revenues	Change 2016 over 2015
<i>(in thousands of Euro)</i>					
<b>Revenues and operating income</b>	<b>116.780</b>	<b>100,0%</b>	<b>106.076</b>	<b>100,0%</b>	<b>10,1%</b>
Purchases of materials	(59.302)	50,8%	(54.959)	51,8%	
Changes in inventories	922	-0,8%	2.463	-2,3%	
Services	(17.813)	15,3%	(16.490)	15,5%	
Personnel costs	(24.573)	21,0%	(23.878)	22,5%	
Other operating costs	(884)	0,8%	(732)	0,7%	
<b>Total operating costs</b>	<b>(101.650)</b>	<b>87,0%</b>	<b>(93.596)</b>	<b>88,2%</b>	<b>8,6%</b>
<b>Gross Operating Margin (Ebitda)</b>	<b>15.130</b>	<b>13,0%</b>	<b>12.480</b>	<b>11,8%</b>	<b>21,2%</b>
Variation in fair value of derivatives	(188)	0,2%	333	-0,3%	
Depreciation and amortization	(6.277)	5,4%	(5.983)	5,6%	
Gains/losses on non-current assets	37	0,0%	26	0,0%	
<b>Operating Result (Ebit)</b>	<b>8.702</b>	<b>7,5%</b>	<b>6.856</b>	<b>6,5%</b>	<b>26,9%</b>
Net financial income and expenses	14	0,0%	84	-0,1%	
<b>Earnings before taxes (Ebt)</b>	<b>8.716</b>	<b>7,5%</b>	<b>6.940</b>	<b>6,5%</b>	<b>25,6%</b>
Income taxes for the period	(1.022)	0,9%	(906)	0,9%	
<b>Net profit for the period</b>	<b>7.694</b>	<b>6,6%</b>	<b>6.034</b>	<b>5,7%</b>	<b>27,5%</b>
Minority interest	323		413		
<b>Profit attributable to the Group</b>	<b>7.371</b>	<b>6,3%</b>	<b>5.621</b>	<b>5,3%</b>	<b>31,1%</b>

Consolidated Reclassified Balance Sheet		% on net invested capital		% on net invested capital	Change %
(in thousands of Euro)	30/06/2016		31/12/2015		2016 over 2015
Net intangible assets	39.812		39.123		
Net plant, property and equipment	92.678		89.131		
IDeferred tax assets	3.426		2.379		
Financial fixed assets	923		921		
<b>Non-current activities (A)</b>	<b>136.839</b>	<b>96,0%</b>	<b>131.554</b>	<b>108,2%</b>	<b>5.285</b>
Inventories	25.350		24.625		725
Trade receivables	49.984		33.761		16.223
Other receivables and current assets	6.788		6.145		643
<b>Current assets (B)</b>	<b>82.122</b>		<b>64.531</b>		<b>17.591</b>
Trade payables	46.857		47.072		(215)
Other payables and current liabilities	13.981		13.065		916
<b>PCurrent liabilities (C)</b>	<b>60.838</b>		<b>60.137</b>		<b>701</b>
<b>Net working capital (D=B-C)</b>	<b>21.284</b>	<b>14,9%</b>	<b>4.394</b>	<b>3,6%</b>	<b>16.890</b>
Provisions for employee benefits	3.580		3.305		275
Deferred tax liabilities	9.818		8.866		952
Provisions for risks and charges	2.158		2.177		(19)
<b>Non-current liabilities (E)</b>	<b>15.556</b>	<b>10,9%</b>	<b>14.348</b>	<b>11,8%</b>	<b>1.208</b>
<b>Net Invested Capital (A+D-E)</b>	<b>142.567</b>	<b>100,0%</b>	<b>121.600</b>	<b>100,0%</b>	<b>20.967</b>
Shareholders equity attributable to the Group	124.861		122.355		2.506
Non-controlling interests	2.281		3.443		(1.162)
<b>Total Consolidated Net Worth</b>	<b>127.142</b>	<b>89,2%</b>	<b>125.798</b>	<b>103,5%</b>	<b>1.344</b>
Net Financial Position at Medium Term	83.753		93.817		(10.064)
Net Financial position at Short Term	(68.328)		(98.015)		29.687
<b>Total Net Financial Position</b>	<b>15.425</b>	<b>10,8%</b>	<b>(4.198)</b>	<b>-3,5%</b>	<b>19.623</b>
<b>Net Worth and Net Financial Position</b>	<b>142.567</b>	<b>100,0%</b>	<b>121.600</b>	<b>100,0%</b>	<b>20.967</b>

<b>Consolidated Cash Flow Statement</b> <i>(in thousands of Euro)</i>		<b>1st half year 2016</b>	<b>1st half year 2015</b>
<b>A.</b>	<b><i>Cash and cash equivalents at the beginning of the year</i></b>	<b>55.266</b>	<b>29.738</b>
	Profit (loss) for the period	7.371	5.621
	Adjustments for:		
	- Depreciation and amortization	6.277	5.983
	- Realized gains on non-current assets	(37)	(26)
	- Net financial income and expense	1.175	1.364
	- Income tax	1.022	906
	- Fair value changes recorded in the operating result	188	(333)
	Changes in post-employee benefits	(4)	(25)
	Changes in provisions	(19)	(249)
	<i>Changes in trade receivables</i>	(16.223)	(10.035)
	<i>Changes in inventories</i>	(725)	(2.974)
	<i>Changes in trade payables</i>	(215)	(2.613)
	<b><i>Changes in net working capital</i></b>	<b>(1.190)</b>	<b>(2.381)</b>
	Changes in other receivables, payables, deferred taxes	501	1.592
	Tax payments	(1.543)	(799)
	Received/paid net financial income (expenses)	(1.044)	(1.109)
<b>B.</b>	<b><i>Cash flows generated/absorbed by operating activities</i></b>	<b>(3.276)</b>	<b>(2.697)</b>
	Investments in non-current assets		
	- intangible assets	(2.182)	(1.603)
	- property, plant and equipment	(8.294)	(7.921)
	- financial assets	(9)	(2)
<b>C.</b>	<b><i>Cash flows generated/absorbed by investing activities</i></b>	<b>(10.485)</b>	<b>(9.526)</b>
	Repayment of loans	(10.979)	(20.571)
	New loans	5.000	35.122
	Changes in other financial liabilities	9	(339)
	Change in short term financial assets	1.444	63
	Purchase of treasury shares	(292)	0
	Payment of dividends	(3.876)	(4.675)
	Other changes	(1.162)	464
<b>D.</b>	<b><i>Cash flows generated/absorbed by financing activities</i></b>	<b>(9.856)</b>	<b>11.564</b>
	Exchange differences	(747)	819
	Other changes	217	0
<b>E.</b>	<b><i>Other non-monetary changes</i></b>	<b>(530)</b>	<b>819</b>
<b>F.</b>	<b><i>Net cash flows in the period (B+C+D+E)</i></b>	<b>(24.147)</b>	<b>(1.340)</b>
	<b><i>Cash and cash equivalents at the end of the period (A+F)</i></b>	<b>31.119</b>	<b>28.398</b>
	Current financial debt	(37.209)	20.882
	Non-current financial debt	83.753	72.816
	<b><i>Net financial debt</i></b>	<b>15.425</b>	<b>65.300</b>