PRESS RELEASE

FIRST HALF OF 2018:
RECORD TURNOVER AND EBITDA

I - Approval of the consolidated half-yearly financial report as at 30 June 2018.

- Consolidated turnover: €152.8 million, +14.9% (€133 million in the first half of 2017);
- Order portfolio: €42.5 million, +17.4% compared to 30 June 2017;
- Consolidated adjusted EBITDA[1]: €18.1 million (11.8% of revenues), + 27.4% (€ 14.2 in the first half of 2017);
- Net profit for the period of €6.6 million, + 231.2% (€2 million in the first half of 2017);
- Net financial position[2] negative by €75.7 million (€51.1 million as at 30 June 2017 and €35.3 million as at 31 December 2017);
- Adjusted net cash generation: €11.0 million (€10.7 million as at 30 June 2017)

II – Approval of the proposal for amendments to the articles of association (including the introduction of the increase in voting rights) to be submitted to the Shareholders' Meeting.

Uboldo, 25 September 2018 – The Board of Directors of LU-VE S.p.A. ("LU-VE" or the "Company"), which met today, examined and approved the consolidated half-yearly financial report as at 30 June 2018 of the group (the "Group" or the "LU-VE Group").

1. Consolidated half-yearly financial report

Business performance

For the LU-VE Group, the first half of 2018 was characterised by growth in both turnover and profitability and by a rather active demand.

The growing energy efficiency requirements of plants and the need to replace traditional refrigerants with natural fluids with low environmental impact, following the introduction of

[1] Excluding non-recurring costs of €1 million for the acquisition of the company Zyklus Heat Transfer Inc ("**Zyklus**") in the USA.

[2] Including put&call on the minority in Spirotech in India and the acquisition of Zyklus in the USA.

increasingly stringent regulations on the matter, have once again had a marked influence on the demand trend in the refrigeration market.

In particular, thanks to constant investments in innovation, preparation and adjustment of production capacity, the Group was able to meet the growth in demand in terms of volumes and types of products that were able to comply with the new technical and regulatory requirements. The significant increase in special applications (particularly in high energy efficiency clothes dryers and "mobile" applications), the acquisition of new prestigious customers and the launch by existing customers of new high energy efficiency projects developed in partnership with the Group, strengthened the position of the LU-VE Group in this sector.

The most important event of the half-year was certainly the acquisition on 26 June of 100% of the American company Zyklus, based in Jacksonville, Texas.

The newly acquired company - consolidated with reference to the Balance Sheet as at 30 June 2018 and which will be consolidated as at 1 July 2018 with reference to the Income Statement - is active in the production of heat exchangers and copper components for the refrigeration and air conditioning industry with a turnover of just over 10 million US dollars and an Adjusted EBITDA of approximately 1.7 million US dollars in 2017.

This acquisition represents an important step in the long-term project to penetrate the North American market.

The key events of the first half-year include:

- the continuation of the project to expand the plant in Poland on time and in accordance with the expected costs. Construction work will be completed next October;
- the project to relocate the Chinese plant to the Special Economic Zone of Tianmen in the province of Hubei, in a new leased plant of 15,000 square meters (twice as much as the current one);
- in June, the process of full conversion into shares of "CCDs" (Compulsory Convertible Debentures) - issued by the subsidiary LU-VE India on the occasion of the acquisition of Spirotech (in India) - and fully subscribed by LU-VE was completed. This conversion operation eliminates the risk of unrealised exchange gains/losses arising from fluctuations in the INR/€ exchange rate.

The table below shows the trend in **turnover by product type** (air cooled heat exchangers, air cooled equipment, close control air conditioners and glass doors) in the two six-month periods subject to comparison:

PRODUCTS	€ /000 H1 2018	%	€ /000 H1 2017	%	Delta %
Heat exchangers	90,912	59.5%	81,033	60.9%	+12.2%
Air Cooled Equipment	48,800	31.9%	40,307	30.3%	+21.1%
Doors	5,397	3.5%	4,631	3.5%	+16.5%
Close Control	5,585	3.7%	4,735	3.5%	+18.0%
TOTAL PRODUCTS	**150,694**	**98.6%**	**130,706**	**98.2%**	**+15.3%**
Other	2,106	1.4%	2,333	1.8%	-9.7%
TOTAL	**152,800**	**100.0%**	**133,039**	**100.0%**	**+14.9%**

The growth of more than 12% in sales of heat exchangers, amounting to almost €10 million, involved all production plants.

The greatest contribution both in percentage and in absolute terms was made by the plants in India and Poland (+32.2% and +13.5%, respectively).

Due to the strong growth recorded by air cooled equipment (+21.1%), the percentage of heat exchanger sales out of total Group sales decreased slightly from 60.9% to 59.5%.

Smaller product families also showed good growth rates, +18% in close control air conditioning products for data centres and +16.5% in the glass door sector, respectively, with the acquisition of new customers and new projects with existing customers.

The table below shows turnover trends by **application type** in the two six-month periods subject to comparison:

APPLICATIONS	€ /000 H1 2018	%	€ /000 H1 2017	%	Delta %
Refrigeration	93,501	61.2%	84,394	63.4%	+10.8%
Air Conditioning	25,060	16.4%	24,775	18.6%	+1.2%
Special Applications	25,721	16.8%	18,128	13.6%	+41.9%
Power Gen / Industrial Applications	6,412	4.2%	3,409	2.6%	+88.1%
TOTAL APPLICATIONS	**150,694**	**98.6%**	**130,706**	**98.2%**	**+15.3%**
Other	2,106	1.4%	2,333	1.8%	-9.7%
TOTAL	**152,800**	**100.0%**	**133,039**	**100.0%**	**+14.9%**

Refrigeration is confirmed as the traditional "core" segment for the Group with a growth of 10.8%, albeit with a decreasing percentage of total sales (61.2%) due to the very strong development (+41.9%) recorded in the segment of **special applications**. For the first time in the history of the Group, this segment reached second place in terms of percentage of total sales, going beyond **air conditioning** thanks to the success of the new sales shares (+74.2%) in the field of heat exchangers for high energy efficiency clothes dryers (€10.7 million) and strong growth in "mobile" applications (+27% for a value of €9.2 million). On lower absolute values, it is worth mentioning that sales in the "**power gen**" field almost doubled as a result of important projects acquired in the second half of 2017 and the expansion of the supplied customer base.

In terms of the **geographical breakdown** of sales, Italy, despite a growth of 10.5%, suffered a further slight decline of the impact on the total (22.9%). Very strong increases (from 22% to more than 33%) in three of the first four export markets (Germany, Poland and France) with the only negative signs concerning Great Britain and Denmark. Growth figures were very positive in China, Iran (before the reintroduction of sanctions) and Egypt.

The main financial statement items are analysed below.

Revenues and operating income rose by 14.9% (€+19.8% million). The increase in revenues would have been 16.6% (€+22.1 million) at constant exchange rates.

Total operating costs rose from €120.1 million (90.3% as a percentage of revenues) to €135.7 million (88.8% as a percentage of revenues).

Adjusted EBITDA amounted to €18.1 million (11.8% of sales); gross of non-recurring costs (related to the acquisition of Zyklus), it amounted to **€17.1 million** (11.2% of revenues) compared to €12.9 million (9.7% of revenues) in 2017. The change compared with the previous year is related to the increase in sale prices and to the increase in volumes with a consequent improvement in the capacity to absorb fixed costs.

EBIT amounted to **€9.6 million** (6.3% of revenues) compared to €6.1 million (4.6% of revenues) in 2017. Net of non-recurring costs, the figure would have been €10.6 million (6.9% of revenues).

The **EBT** in H1 2018 was equal to **€7.9 million** (5.2% of revenues) against a value of €2.5 million in H1 2017 (1.9% of revenues). Net of non-recurring costs, EBT would have been €8.9 million (5.8% of sales) as at 30 June 2018.

The **Net profit (loss) for the period** was €6.6 million (4.3% of revenues) compared to €2.0 million (1.5% of revenues) as at 30 June 2017

The **net financial position** was negative by **€75.7 million** (negative by €35.3 million as at 31 December 2017). The change (equal to €40.4 million) was mainly caused by the distribution of dividends (€4.9 million), acquisition of Zyklus (€12.6 million), investments (€13 million), adjustment of the put&call option on Spirotech net of around €17 million from inflows from operations (€1.3 million). The impact of the change in net working capital was negative by €25 million. In the period from 30 June 2017 to 30 June 2018, the adjusted net cash generation was equal to €11.0 million.

Subsequent events

After 30 June, the merger process leading to the incorporation of LU-VE India Corporation Private Ltd into Spirotech Heat Exchangers Ltd was started in India and should be completed in the first quarter of 2019.

The turnover of products only at the end of August was 15.2% higher than that of the same period of the previous year (+14.0% on a like-for-like basis). At the end of August, the order portfolio totalled €46.1 million (€42.5 million as at 30 June 2018), marking an increase in excess of 20% compared to 31 August 2017 on a like-for-like basis.

Business outlook

For the second half-year, the trend is expected to be substantially in line with that of the first half-year, assuming a macroeconomic scenario not affected by unforeseeable events.

* * *

Iginio Liberali, chairman, emphasised the following: "*We recorded an excellent first half of 2018: significant growth with positive results. This lays the foundations for an equally good result at the end of the year. In the medium term, the acquisition of Zyklus in the USA opens up new prospects for growth and development, both in terms of geographical areas and market.*"

* * *

2. Proposal to the Shareholders' Meeting to amend the Articles of Association and to reduce the number of members of the Board of Directors in office.

At today's meeting, the Board of Directors resolved to call the Company's Shareholders' Meeting for 30 October 2018 in order to propose to the Shareholders: *(i)* during the shareholders' extraordinary meeting, the adoption of some amendments to the Articles of Association, including the introduction of the increase in voting rights; and *(ii)* during the shareholders' ordinary meeting, the reduction in the number of members of the Board of Directors in office from 13 to 12, following the resignation of the director Attilio Arietti, resigned on 14 May 2018. For details on the above proposals, refer to the explanatory reports that, such as the notice of call and other shareholders' meeting documents, will be published within the terms and according to the procedures envisaged by the laws and regulations in force.

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The Manager responsible for preparing the company's financial reports, Eligio Macchi, hereby declares that pursuant to Article 154 bis, paragraph 2, of the Consolidated Law on Finance, the accounting information provided in this press release matches the information reported on the company's documents, books and accounting records.

Please find attached the Reclassified Consolidated Income Statement, Reclassified Consolidated Balance Sheet and Consolidated Statement of Cash Flows.

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***LU-VE Group** is one of the largest manufacturers of heat exchangers in the world. It operates in different market segments: refrigeration (commercial and industrial); process cooling for industrial and power generation applications; air conditioning (civil, industrial and close control); glass doors and closing systems for refrigerated counters and display cabinets. LU-VE (HQ in Uboldo, Varese) is an international company with 12 production plants in 8 different countries (Italy, China, India, Sweden, Poland, Czech Republic, Russia and USA), with a network of sales companies and representative offices in Europe, Asia, the Middle East and Oceania. The group also includes a software house for ITC, development of software for product calculation and digitalisation. The Group has almost 2,600 qualified employees (of which about 800 in Italy); more than 390,000 square meters (of which about 170,000 are covered); 2,500 square meters for Research & Development laboratories; 80% of the production exported to 100 countries. Consolidated turnover €270 million (as at 31/12/2017).*
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ANNEXES

Reclassified Consolidated Income Statement *(in thousands of Euro)*	30/06/2018	% Revenues	30/06/2017	% Revenues	% Change 2018 compared to 2017
Revenues and operating income	**152,800**	**100.0%**	**133,039**	**100.0%**	**14.9%**
Purchases of materials	(89,758)	58.7%	(74,745)	56.2%	
Changes in inventories	8,621	-5.6%	4,086	-3.1%	
Services	(22,104)	14.5%	(20,020)	15.0%	
Personnel costs	(31,438)	20.6%	(28,791)	21.6%	
Other operating costs	(1,001)	0.7%	(672)	0.5%	
Total operating costs	**(135,680)**	**88.8%**	**(120,142)**	**90.3%**	**12.9%**
EBITDA	**17,120**	**11.2%**	**12,897**	**9.7%**	**32.7%**
Change in fair value of derivatives	248	-0.2%	119	-0.1%	
Depreciation and amortisation	(7,888)	5.2%	(6,967)	5.2%	
Gains/losses on non-current assets	103	-0.1%	91	-0.1%	
EBIT	**9,583**	**6.3%**	**6,140**	**4.6%**	**56.1%**
Net financial income and expense	(1,675)	1.1%	(3,622)	2.7%	
EBT	**7,908**	**5.2%**	**2,518**	**1.9%**	**214.1%**
Income taxes for the period	(1,290)	0.8%	(520)	0.4%	
Net profit (loss) for the period	**6,618**	**4.3%**	**1,998**	**1.5%**	**231.2%**
Profit attributable to non-controlling interests	296		143		
Profit attributable to the group	**6,322**	**4.1%**	**1,855**	**1.4%**	**240.8%**

Reclassified Consolidated Balance Sheet *(in thousands of Euro)*	30/06/2018	% of net invested capital	31/12/2017	% of net invested capital	% Change 2018 compared to 2017
Net intangible assets	70,789		62,718		
Net property, plant and equipment	117,442		111,191		
Deferred tax assets	3,905		3,359		
Financial assets	1,902		1,941		
Non-current assets (A)	**194,038**	**91.6%**	**179,209**	**102.3%**	**14,829**
Inventories	47,679		37,988		9,691
Trade receivables	65,923		47,616		18,307
Other receivables and current assets	10,539		11,258		(719)
Current assets (B)	**124,141**		**96,862**		**27,279**
Trade payables	64,085		63,405		680
Other payables and current liabilities	22,323		17,677		4,646
Current liabilities (C)	**86,408**		**81,082**		**5,326**
Net working capital (D=B-C)	**37,733**	**17.8%**	**15,780**	**9.0%**	**21,953**
Provisions for employee benefits	4,122		4,047		75
Deferred tax liabilities	13,329		13,217		112
Provisions for risks and charges	2,418		2,472		(54)
Medium/long-term liabilities (E)	**19,869**	**9.4%**	**19,736**	**11.3%**	**133**
Net Invested Capital (A+D-E)	**211,902**	**100.0%**	**175,253**	**100.0%**	**36,649**
Shareholders' equity attributable to the group	133,112		137,842		(4,730)
Non-controlling interests	3,084		2,124		960
Total Consolidated Shareholders' Equity	**136,196**	**64.3%**	**139,966**	**79.9%**	**(3,770)**
Medium-Term Net Financial Position	110,165		115,074		(4,909)
Short-Term Net Financial Position	(34,459)		(79,787)		45,328
Total Net Financial Position	**75,706**	**35.7%**	**35,287**	**20.1%**	**40,419**
Own funds and net financial debt	**211,902**	**100.0%**	**175,253**	**100.0%**	**36,649**

	Consolidated Statement of Cash Flows *(in thousands of Euro)*	H1 2018		H1 2017
A.	**Cash and cash equivalents at the beginning of the period**	**50,762**		**46,455**
	Contribution of change in consolidation area	**142**		**-**
	Profit (loss) for the period	6,322		1,855
	Adjustments for:			
	- Depreciation and amortisation	7,888		6,967
	- Realised gains on non-current assets	(294)		(91)
	- Net financial income and expense	1,821		211
	- Income taxes	1,289		454
	- Fair value changes booked in operating income	(248)		(119)
	Changes in post-employment benefits	100		156
	Changes in provisions	(54)		2
	Changes in trade receivables	(17,136)	*	(8,397)
	Changes in inventories	(7,961)		(3,829)
	Changes in trade payables	(265)		(1,268)
	Changes in net working capital	**(25,362)**		**(13,494)**
	Changes in other receivables and payables, deferred taxes	(265)		477
	Tax payment	(1,373)		(2,894)
	Received/paid net financial income/expenses	(1,914)		(952)
B.	**Cash flows generated/absorbed by operating activities**	**(12,090)**		**(7,428)**
	Investments in non-current assets			
	- intangible assets	(2,335)		(2,074)
	- property, plant and equipment	(7,667)		(9,708)
	- financial assets	-		-
	Business combination net acquisition price	(8,677)		-
C.	**Cash flows generated/absorbed by investing activities**	**(18,679)**		**(11,782)**
	Repayment of loans	(33,367)	**	(22,356)
	New loans	30,500		42,000
	Changes in other financial liabilities	(243)		(122)
	Changes in short-term financial assets	7,014		4,462
	Purchase of treasury shares	(160)		(143)
	Contributions/repayments of own capital	-		208
	Payment of dividends	(4,940)	***	(4,666)
	Other changes	1,040		394
D.	**Cash flows generated/absorbed by financing activities**	**(156)**		**19,777**
	Exchange differences	(2,774)		2,796
	Other non-monetary changes	2,011		(352)
E.	**Other changes**	**(763)**		**2,444**
F.	**Net cash flows in the period (B+C+D+E)**	**(31,688)**		**3,011**
	Cash and cash equivalents at the end of the period (A+F)	**19,216**		**49,466**
	Current financial debt	(15,243)		(23,114)
	Non-current financial debt	110,165		123,678
	Net financial debt (Note 20)	**75,706**		**51,098**

* This item includes the amount referring to the first-time adoption of IFRS 9 (see note on "New accounting standards").
** This item includes €4,072 thousand relating to the repayment of the Zyklus loans.
*** The amount refers for €4,860 to the dividends distributed by LU-VE S.p.A. and for €80 thousand to the dividends distributed to third parties by Tecnair.