



LU-VE Group Investor Day

Milan, 27 September 2022



LU-VE: A **LU**cky **VE**nture

The future has an ancient heart
(Carlo Levi)

Summary

- 1. Lucky Venture** pag 4
- 2. Lucky Business** pag 6
- 3. Lucky Investors** pag 26
- 4. An eye to the future** pag 33



LU-VE

GROUP

leadership with passion



Lucky Venture

Lucky Venture

- AN INNOVATIVE AND VISIONARY FOUNDING FATHER
- SMOOTH GENERATIONAL CHANGE
- FAMILY BUSINESS: 2 FAMILIES, 1 COMPANY
- PASSIONATE AND COMPETENT MANAGEMENT
- ESG PIONEERS SINCE 1986





LU-VE
GROUP
leadership with passion



Lucky Business

Lucky Business

60_x

bigger in 36 years

(€10 to ≈ €600m)



3_x

bigger in 7 years

(since listed in 2015)

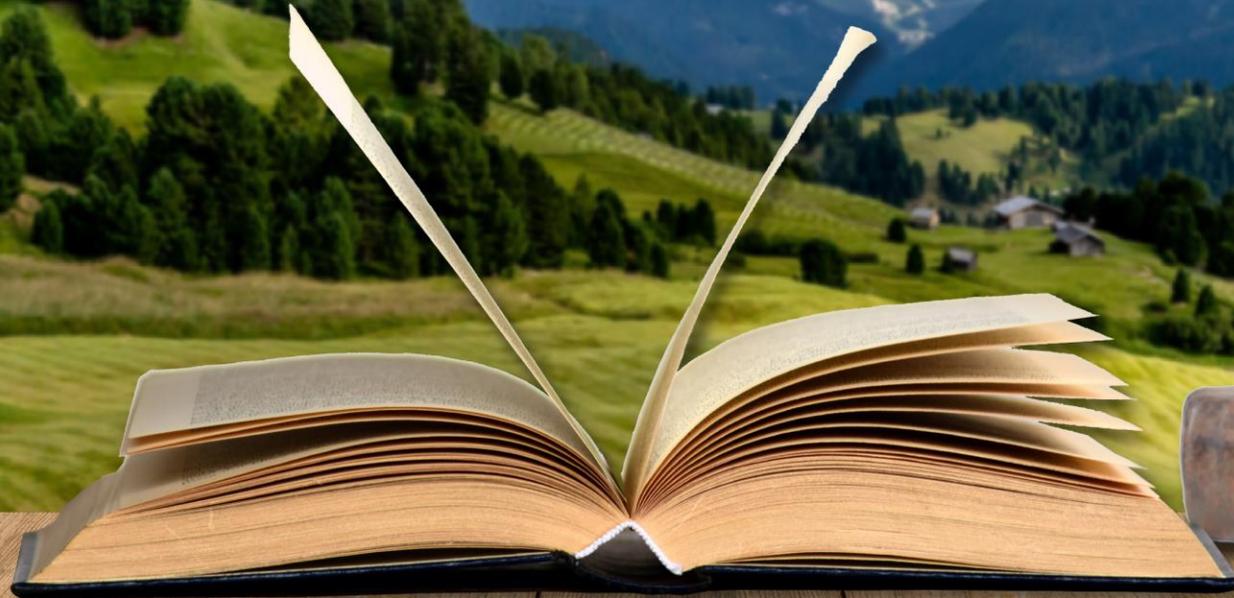
Lucky Business

	1986	2015	2022 H1 LTM
Sales (€ m)	10.5	212.3	582.7
EBITDA (€ m)	0.6	26.2	77.1
Employees	220	1,661	4,386
Plants	1	10	19





OVER 600 YEARS OF EXPERIENCE
IN HEAT EXCHANGER TECHNOLOGY



Innovation is in our DNA



“Hitec -Turbocoil” fins and grooved tubes

“Safetubes System”

“Minichannel” 5mm tubes

The “Whisperer®” Silencer

CO2 Transcritical cooling system

“Igea” Hygienic unit cooler

Oval tube technology

EC motors pioneer

“Emeritus®” adiabatic system

“Mirabilia” doors

... and many more

Lucky Business

- Diversified applications, segments and markets with **uncorrelated business cycles**
- Focus on markets with expected **high potential growth**
- Business growth sustained by **megatrends**



REFRIGERATION AND CONSERVATION OF FRESH AND PACKAGED FOOD AND FLOWERS



AIR CONDITIONING, HEAT PUMPS AND HOUSEHOLD APPLIANCES



TRANSPORTATION, TRAIN AND MOBILE AIR CONDITIONING AND REFRIGERATION



AIR CONDITIONING FOR DATA CENTERS



POWER GENERATION, OIL & GAS, STEEL-MAKING AND MINING



FRESH FOOD CONSERVATION AND PERISHABLE FOOD BLAST FREEZING



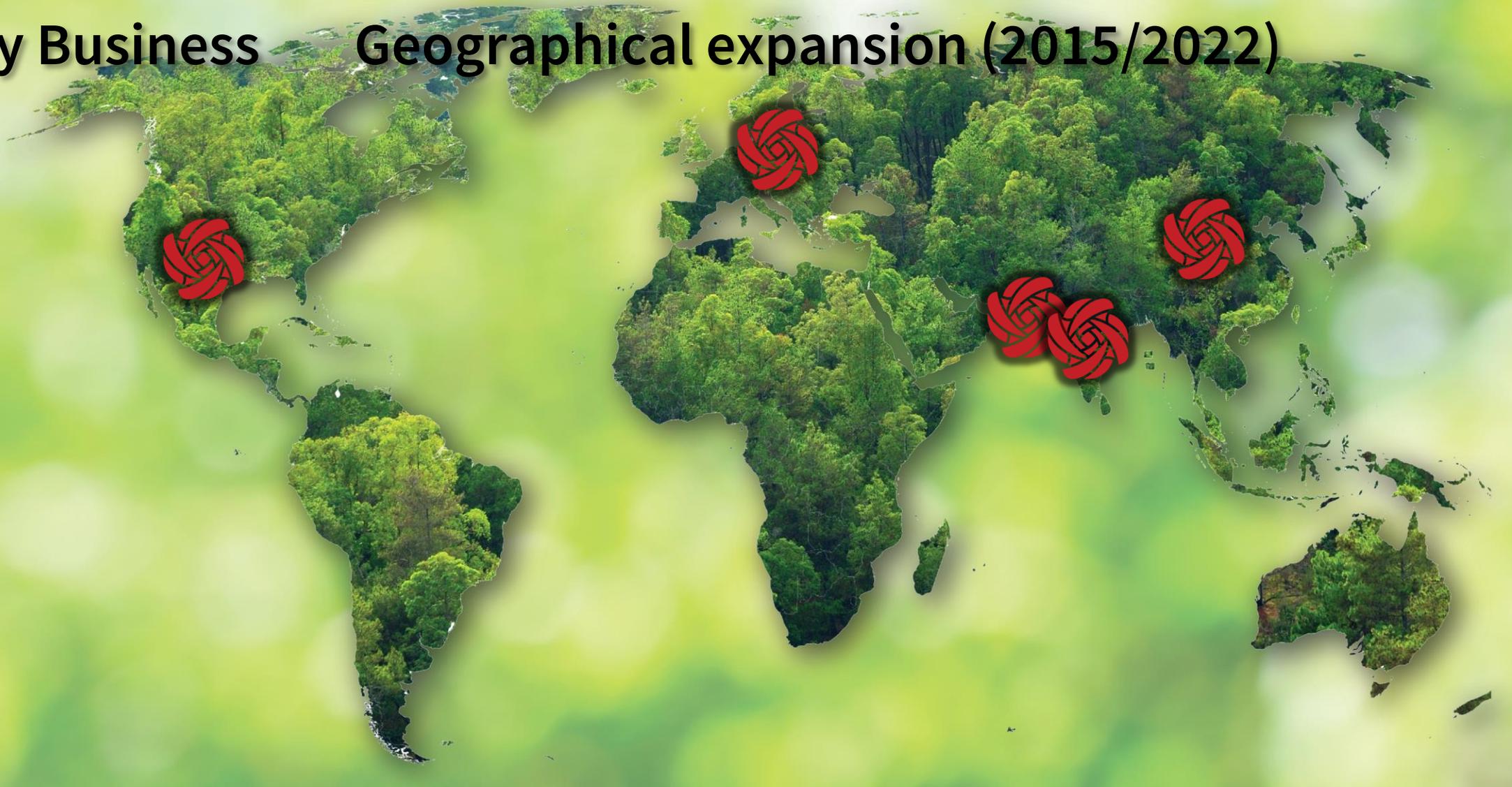
REFRIGERATION FOR COUNTERS AND DISPLAY CABINETS AND AIR CONDITIONING



GLASS DOORS, CLOSING SYSTEMS AND DIGITAL SIGNAGE SOLUTIONS

Lucky Business

Geographical expansion (2015/2022)



HEADQUARTERS

UBOLDO (VA) - ITALY

19 PRODUCTION FACILITIES

37 SALES OFFICES

MEGATRENDS

Standards and Regulations

International frameworks

- UN Sustainable Development
- Paris Agreement - Legally binding international treaty on climate change
- EU Green Deal
- EU Horizon 2030
- Kigali Protocol (to reduce/eliminate F-Gas)
- Regulation (UE) 517/2014 on F-Gases



MEGATRENDS

Urbanization and changing consumer habits



Globally, over 50% of the population lives in urban areas today.

By 2045, the world's urban population will increase by 1.5 times to 6 billion
(source World Bank)

Urbanization is affecting how consumers shop, what products they prefer and how those goods are delivered

Improvement in living standards is increasing demand for HVACR

MEGATRENDS

Cold Chain and Refrigeration

1.6 billion tons of food wasted every year

- 30% could be saved by refrigeration and cold chain to feed 950 million people annually
- United Nations issued a call to halve per-capita global food loss by 2030

Change of business models in commercial refrigeration

- HO.RE.CA "Americanization"

GWP reduction target

- Natural refrigerants transition in progress



MEGATRENDS

Electrification, Heat pumps and District Heating

Heat pumps

- › Accelerated replacement of gas boilers
- › Energy savings
- › Improved technology covers a wider temperature range

District heating

- › Carbon emission reduction (centralized service for end-users)
- › Heat generation source flexibility (renewable, gas, coal, oil, etc)

Government subsidies/investments



MEGATRENDS

Digitalization, IoT and Data centers

Key factors

- › Cloud technology (also linked to IoT applications) in data centers is fueling the market growth
- › Increase in demand for online retail or e-commerce
- › Use of social media
- › PPM (Predictive and Preventive Maintenance)
- › "Free cooling" concept



MEGATRENDS

Air treatment and Ventilation

Trends

Focus on the improved air quality infrastructures (public and private investments)

- › Air to Air energy recovery
- › Smart and energy saving air ventilation technologies
- › Germicidal irradiation (against Covid) for high-efficiency air treatment
- › Transition to natural refrigerants in progress
- › Stricter standards to reduce noise emissions

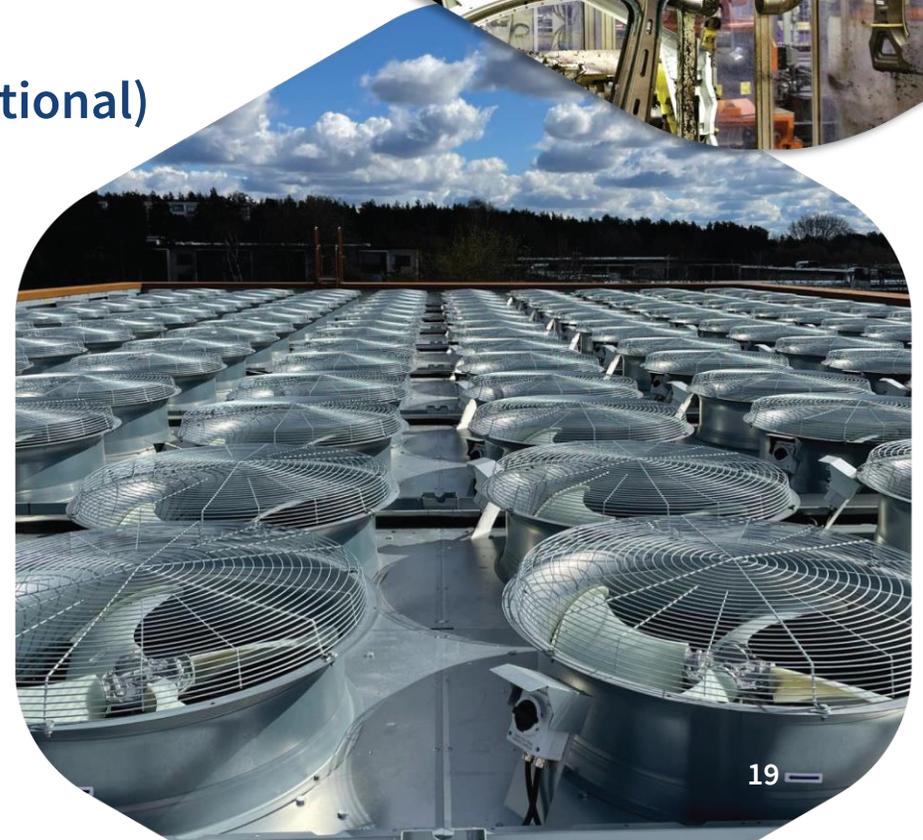


MEGATRENDS

Industrial Cooling and Processes

Key factors

- › Increasing worldwide demand of energy (renewables and traditional)
- › Increasing demand of “green” waste disposal plants
- › Increasing demand for cogeneration systems
- › Possible revamping of nuclear power generation



MEGATRENDS

Geographical areas 1

EUROPE

- › Mature market (with evolving business model)
 - › Green transition (mostly EU countries) guided by standards and regulations
 - › Natural refrigerants (F-Gas phase out)
 - › Tailwind for heat pumps, district heating and digitalization
-

USA

- › The biggest market worldwide (HVACR)
- › Green transition at early stage
- › Reshoring from Asia
- › In September 2022, US Senate ratified Kigali Amendment



MEGATRENDS

Geographical areas 2

CHINA

- › Asia will rise from around 45% of today's global GDP to some 60% by 2030
- › Slight fall in population, but still one of the most populated countries (1.4 billion)
- › Increasing trend to work “For China from China” for the huge domestic market
- › Cold chain logistics: €80 billion Government investment (2023-2028)



LU-VE Tianmen plant

MEGATRENDS

Geographical areas 3

INDIA

- › The most populated country: 1.5 billion by 2030 and 1.66 billion by 2050
- › HVACR expected to grow at a CAGR of 16% (2020–2030)
- › Data Centers expected to grow at a CAGR of 15% (2022-2027)
- › Cold Chain is fragmented and unorganized and high percentage of food waste
- › LU-VE part of the "INDEE+ Future Refrigeration India" an international program to promote the use of natural refrigerants



LU-VE Spirotech plant

Lucky Business ESG by nature

PIONEERS OF ESG



“LU-VE is the embodiment of the principle that companies are women, men and ideas.

Grey matter for a greener world has been our commitment right from the beginning”

Iginio Liberali, President of LU-VE Group



Lucky Business

AWARDS AND ACKNOWLEDGMENTS 2021- 2022





LU-VE

GROUP

leadership with passion





Lucky Investors

Lucky investors

A seven-year journey

- Sales from € 212 m to € 583 m⁽¹⁾ (x3 times)
- EBITDA from € 26 m to € 77 m⁽¹⁾ (x3 times)
- Employees from 1,600 to >4,500 (x3 times)
- 4 Strategic acquisitions
- New plants in Poland, China, India, and USA
- Market cap increased from € 190 m to € 460 m

(1) Last Twelve Months as of June 2022



Lucky Investors

We kept our promises

Strategic targets identified since 2015		Actual results: 2015 – H1-22 LTM		
Organic growth (CAGR)	5/6% p.a.	CAGR	Organic	Total
		Sales	12.8%	16.8%
		EBITDA	13.7%	17.9%
NWC	Strict control	10-15% on sales		
Growth Capex		€ 84 m		
Geographic expansion	Asia - USA	5 new plants in Poland, China and USA Doubled plant in India		
Acquisitions		4 strategic acquisitions € 122 m invested		

Lucky Investors

M&A activity (2015- 2022)

Sales acquired: € 145 m ⁽¹⁾

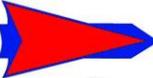
Amount invested: € 122 m

Average EBITDA multiple paid = 7.0x ⁽¹⁾

Value created at current EBITDA multiples = € 45 m

ACC Wanbao asset deal

SPIROTECH
HEAT EXCHANGERS PVT. LTD.

Zyklus 
Heat Transfer, inc.

fincoil

ALFA

 **HELPMAN**
since 1924

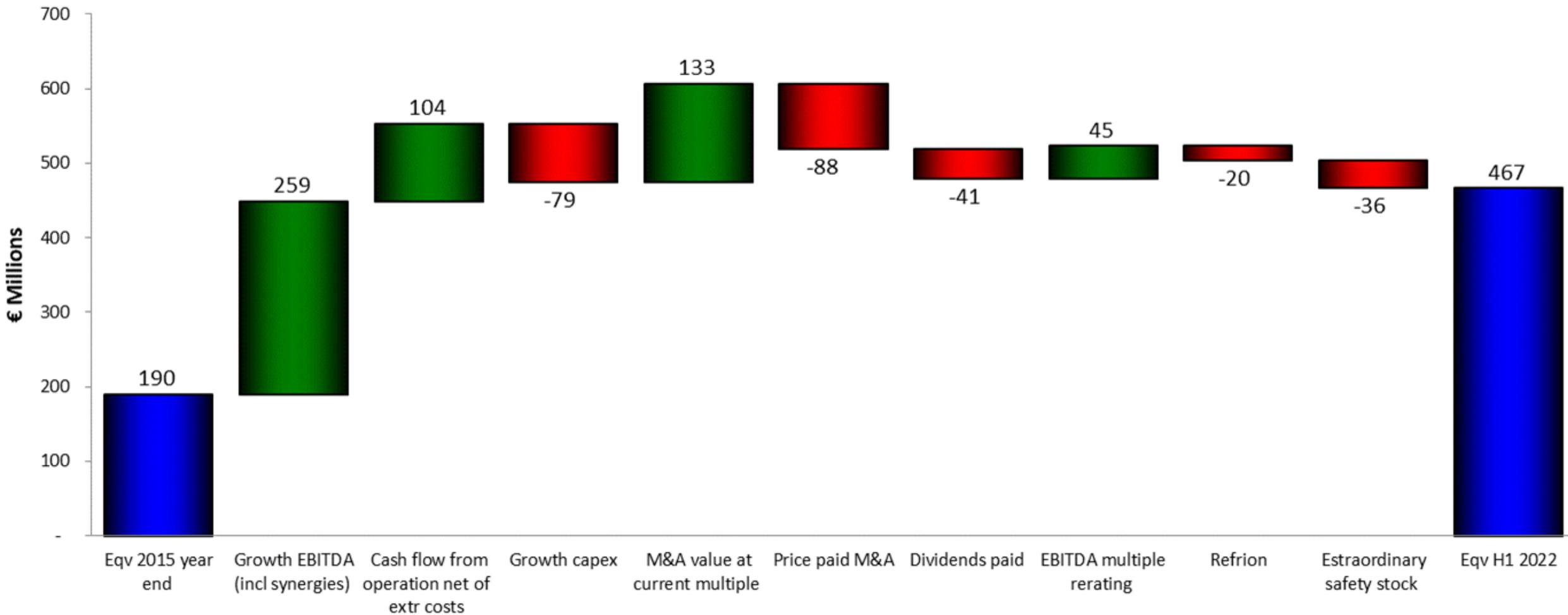
REFRION
COOL GENERATION



⁽¹⁾ Including Refrion acquired on 30 March 2022

Lucky Investors

Market cap evolution: 2015-2022



Based on publicly available data and yearly financial reports
 HP: pps = 21 €

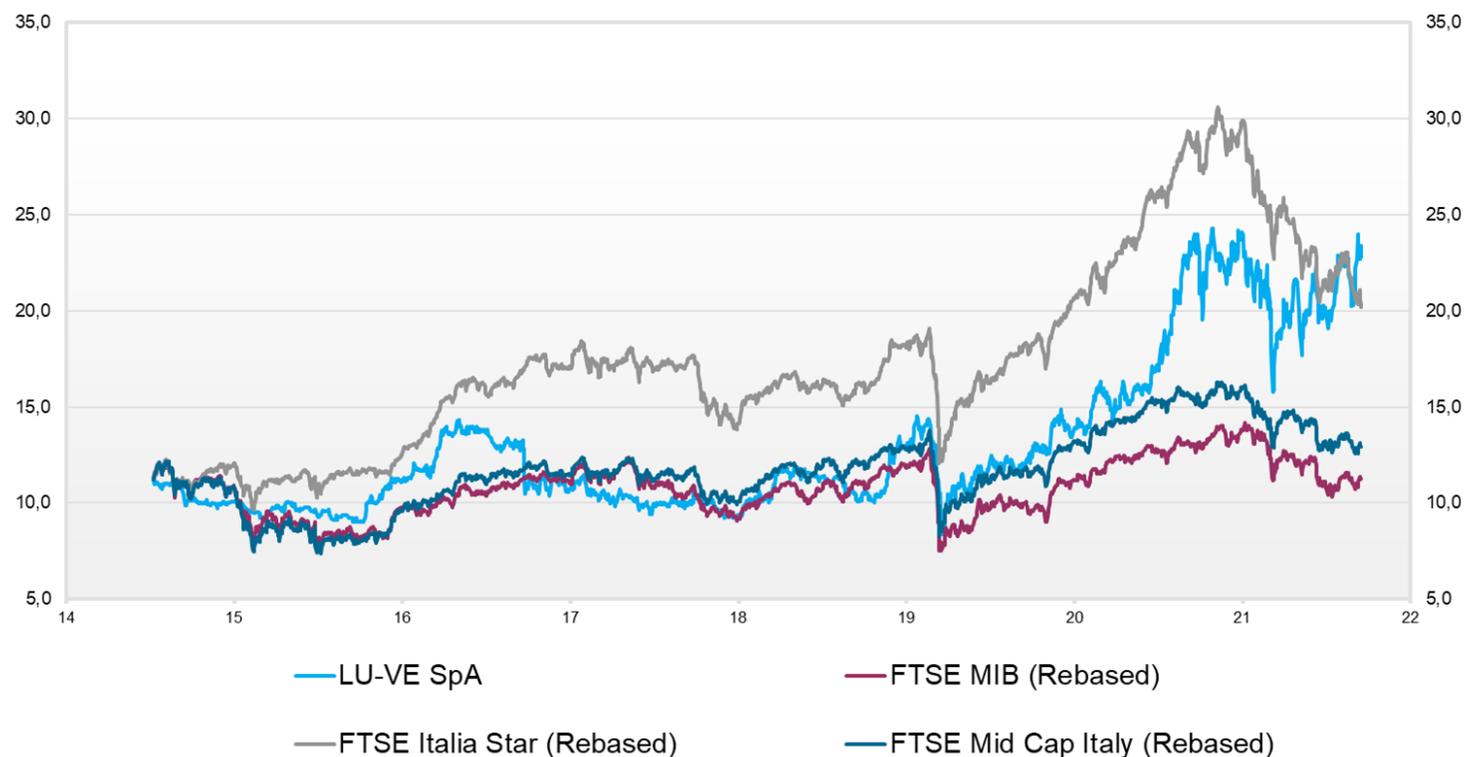
Lucky Investors

Total shareholders return and market comparison

TSR (hp = pps = 21 €):

- › IRR = 19.2% (from January 2015 to 1st September 2022)
- › C2C = 2.9x

Price for LU-VE SpA (IT) in EUR as of 09/15/22



Lucky Investors

LU-VE presence on the Italian Stock Exchange





An eye to the future





ustainable



ransparent



mbitious



esults

An eye to the future

Helping our customers reach their sustainability goals



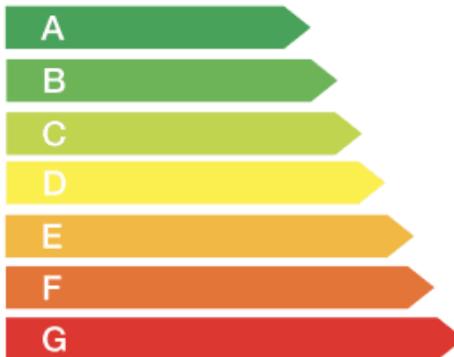
PIONEERS OF ESG



SINCE 2004



ENERGY EFFICIENCY CLASS



An eye to the future

PIONEERS OF ESG



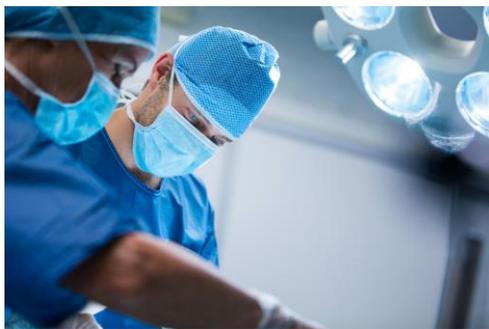
**SCHOLARSHIP
(312, since 2000)**



**EXTRAORDINARY BONUS TO
ALL EMPLOYEES (2022)**



**FREE VACCINATION FOR ALL WORKERS
IN INDIAN PLANTS (2021-2022)**



**DONATION TO HOSPITALS FOR
COVID EMERGENCY (2020)**



**TABLET DONATION
FOR STUDENTS (2020)**



**ZERO INJURY PROGRAM and NEW SAFETY
AT WORK TRAINING SYSTEM (2005)**

An eye to the future

PIONEERS OF ESG



SINCE INCEPTION (BoD)

- › Professionalism
- › Independence
- › Diversity
- › Expertise
- › Culture mix

LTI for top management linked to "Zero Injury" program

€213 m loans with Green/ESG KPI (2021/2022)



An eye to the future

STAR Euronext Milan

STAR segment achieved on 21 September 2022

Majority shareholders did their duty

- › ABB in March 2021
- › Waiver of increased voting rights to achieve the required free float (35%)

Objective: reduce valuation gap

- › Better visibility
- › Increase transparency
- › Improve liquidity of stock

Threat: “short-termism” but.....



An eye to the future

ADVANTAGES OF BEING A FAMILY COMPANY

- Continuity/Long termism:
Family companies think in generations
- Family leadership is value based
- Passion
- Vision



An eye to the future

Strategy

Create sustainable competitive advantage

- › Product focus and innovation
- › Technology enhancements
- › Production plants efficiency and flexibility
- › First mover in "green tech"

Reduce risk profile

- › Widening product applications in uncorrelated sectors
- › Increasing internationalization

Geographical focus

- › USA
- › Asia
- › Developing countries

Disciplined M&A activity (industrial focus and valuation)



An eye to the future

LU-VE's medium term value creation framework

- High Single Digit growth in sales volume (organic)
- EBITDA margin toward 14/15% thanks to scale and efficiency capex
- NWC on sales: Mid Double Digit (net of extraordinary fluctuation)
- Growth capex: € 20/30 m p.a.
- Tax rate: 20-21%
- ESG targets in process
- Capital allocation
 - NFD/EBITDA <2
 - Growth capex
 - Steady / smooth dividend policy
 - M&A: up to 3x leverage if required by strategic M&A (dry powder: € 60/70 m + target debt capacity)



CLOSING REMARKS - Investment Thesis

- Secular trends driving increased total addressable market
- Leading through innovation and technology
- First mover in "green tech"
- Diversified applications, segments and markets with uncorrelated business cycles
- Premium products offering
- Pricing power
- Highly efficient, technologically-advanced and flexible production
- Investing in capacity and growth
- Compelling ESG story
- Superior organic growth
- Strong profitability and balance sheet
- M&A fire power



Families point of view

- Long term objectives: family companies think in generations
- Strong market opportunity in middle/long term
- Valuation gap vs peers
- More buyers than sellers
- ESG committed since 1986
- Deep respect for stakeholders



Milan, July 2015, first day of trading

S triving

T oward

A nother

R ecord

Disclaimer

This presentation has been prepared by LU-VE S.p.A. for information purposes only and for use in presentations of the Group's results and strategies.

For further details on the LU-VE Group, reference should be made to publicly available information.

Statements contained in this presentation, particularly the ones regarding any LU-VE Group possible or assumed future performance, are or may be forward looking statements and in this respect, they involve some risks and uncertainties: actual results may differ materially from such statements, as they relate to future events and circumstances, many of which are outside the control of the LU-VE Group.

Any reference to past performance of the LU-VE Group shall not be taken as an indication of future performance.

This document does not constitute an offer or invitation to purchase or subscribe for any shares and no part of it shall form the basis of or be relied upon in connection with any contract or commitment whatsoever.

By attending and/or reading this presentation you agree to be bound by the foregoing terms.

The information contained and the opinions expressed in this document have not been independently verified.

The information set out in this document are provided as of the date indicated herein and LU-VE Group assumes no obligation to update such information.

The Manager in charge of the Company's financial reports, Eligio Macchi, declares, pursuant to paragraph 2 of Article 154-bis of Italy's Consolidated Law on Finance, that the accounting information contained in this document corresponds to the documented results, books and accounting records.

OUR BEST DAYS HAVE YET TO BE LIVED

Nazim Hikmet

