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**Small Cap Conference**

**29<sup>th</sup> November 2016**

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# CONTENTS

1. Products and Applications
2. Business Model - Highlights
3. Shareholder Structure
4. History of the Group
5. Management Team
6. Strengths
7. Technological Leadership
8. Financial Results
9. Spirotech Acquisition
10. Future Development
11. Disclaimer



# 1 – Products and Applications

## Heat exchangers





# 1 – Products and Applications

## Refrigeration



Storage of fresh foods  
in general and  
fast freezing of  
perishable foods





# 1 – Products and Applications

## Air Cooled Equipment - Air Conditioning



Air conditioning for Frankfurt Exhibition Centre - Dry coolers for Hall 4 and 11



# 1 – Products and Applications

## Close Control Air Conditioning



### Precision air conditioning

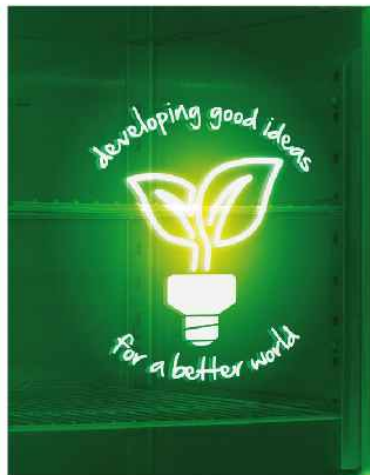
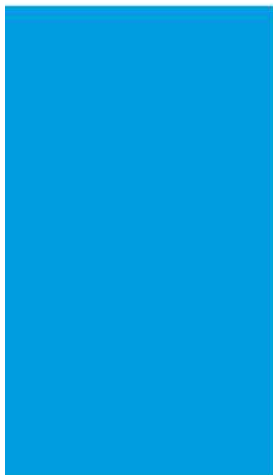
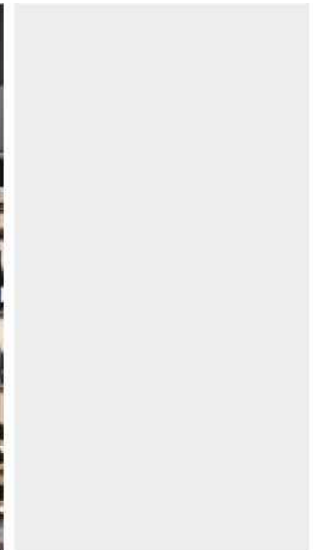
- Operating theatres
- White rooms
- Data centers and telephone exchanges





# 1 – Products and Applications

## Glass doors and closing systems





# 1 – Products and Applications

## Mobile applications



AIR CONDITIONING FOR TRAINS



MOBILE AIR-CONDITIONING



REFRIGERATED TRANSPORT







## 2 – LU-VE Business Model – Highlights

### Leadership, growth, global

#### LONG TERM GROWTH AND RESILIENT CASH GENERATION <sup>(1) (2)(3)</sup>

Consolidated revenues 2015 (€ MN)	212,3	CAGR turnover '09 – '15	+7,5%
EBITDA 2015 Adjusted (€ MN)	29,1	EBITDA ADJ MARGIN 2015	13.7%
		AVERAGE '09 - '15	14,2%

#### LEADING MANUFACTURER OF AIR COOLED EQUIPMENT AND HEAT EXCHANGERS

European leader for more than **40%** of turnover with market share of **40/50%**

#### TECHNOLOGICAL LEADERSHIP

#### A GLOBAL GROUP WITH STRONG PRESENCE IN ITALY / EUROPE <sup>(3)</sup>

- Over **73%** of turnover comes from outside Italy (main export market **GERMANY**)
- **50%** of production is outside Italy (POL, CZE, SWE, RUS, CHN)
- **1661** employees (**708** in Italy) – on 31.12.15

#### October 2016: Acquisition of SPIROTECH (India)



(1) In 2015 and 2014 data are based on IFRS – 2009-2013 data are based on ITA GAAP

(2) Adjusted to exclude extraordinary items

(3) Excluding Spirotech acquisition, completed on October 2016



## 2 – LU-VE Business Model – Highlights

PRODUCTS	% of sales <sup>(1)</sup>	APPLICATIONS	TYPE OF CUSTOMER
Heat exchangers	60%	Refrigeration – Air conditioning Special applications ( <i>whitegoods, transport</i> etc.)	OEM
Air cooled equipment	31%	Refrigeration – Air conditioning Power Generation	Distributors/Installers
Glass doors for refrigerated display cabinets	5%	Refrigeration	OEM
Close control	4%	Air conditioning	Distributors/Installers

(1) Pro-forma data based on 2015 actual results plus Spirotech

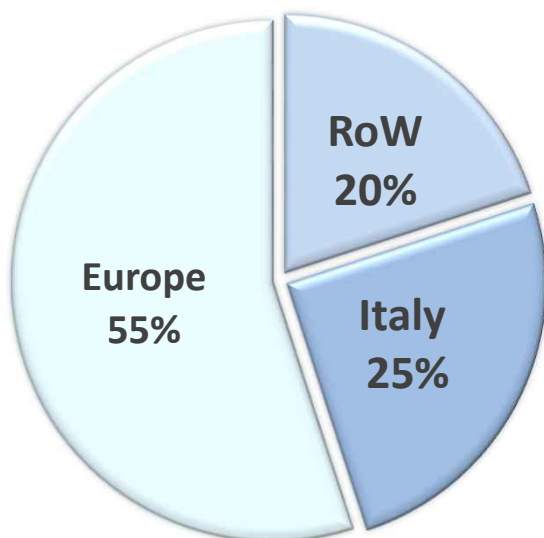


## 2 – LU-VE Business Model – Highlights

LU-VE sells its products in more than 100 countries

Germany is its main export market (13% of total sales)

Breakdown of sales 2015 by geographical area <sup>(1)</sup>



### 13 SALES COMPANIES

- AUSTRALIA - MELBOURNE
- AUSTRIA - VIENNA
- CHINA - HONG KONG
- UAE - DUBAI
- FRANCE - LYONS
- GERMANY - STUTTGART
- INDIA - NEW DELHI
- POLAND - WARSAW
- POLAND - GLIWICE
- RUSSIA - MOSCOW
- SINGAPORE - SINGAPORE
- SPAIN - MADRID
- UK/EIRE - FAREHAM HANTS

### 10 PRODUCTION FACILITIES

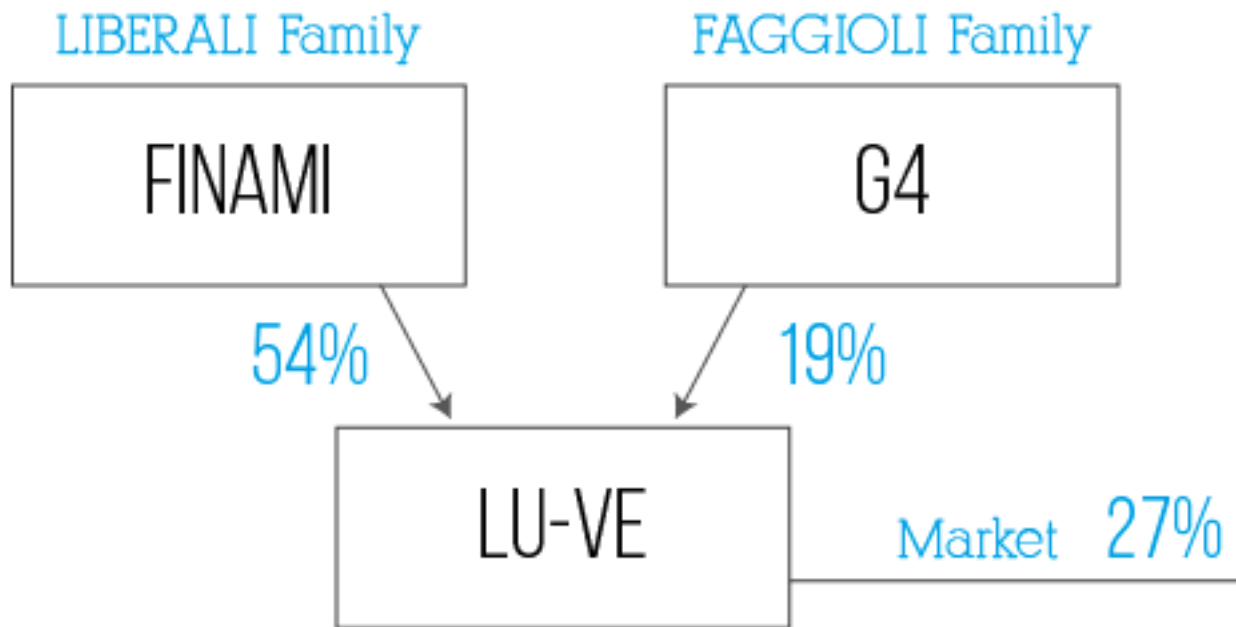
- ITALY (2) - UBOLDO (VA)
- ITALY - LIMANA (BL)
- ITALY - TRAVACÒ SICC. (PV)
- POLAND - GLIWICE
- CZECH REPUBLIC - NOVOSÉDLÝ NA MORAVĚ
- SWEDEN - ASARUM
- RUSSIA - LIPETSK
- CHINA - CHANGSHU
- INDIA - BHIWADI (RAJASTHAN)







### 3 – Shareholder Structure





## 4 - History of the Group

Tradition, innovation and passion



Headquarters: Uboldo (VA)

LU-VE: LUcky VEnture

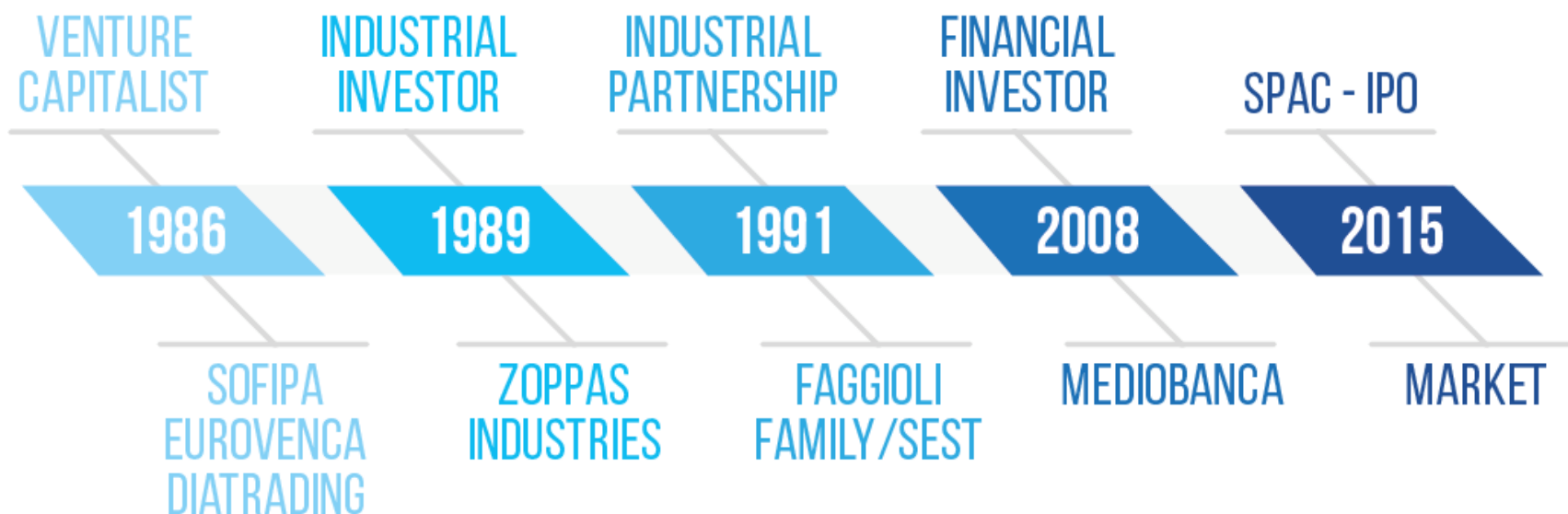
“The future has an ancient heart” Carlo Levi





## 4 - History of the Group

A history of successful partnerships



LU-VE financial statements have been audited since 1986

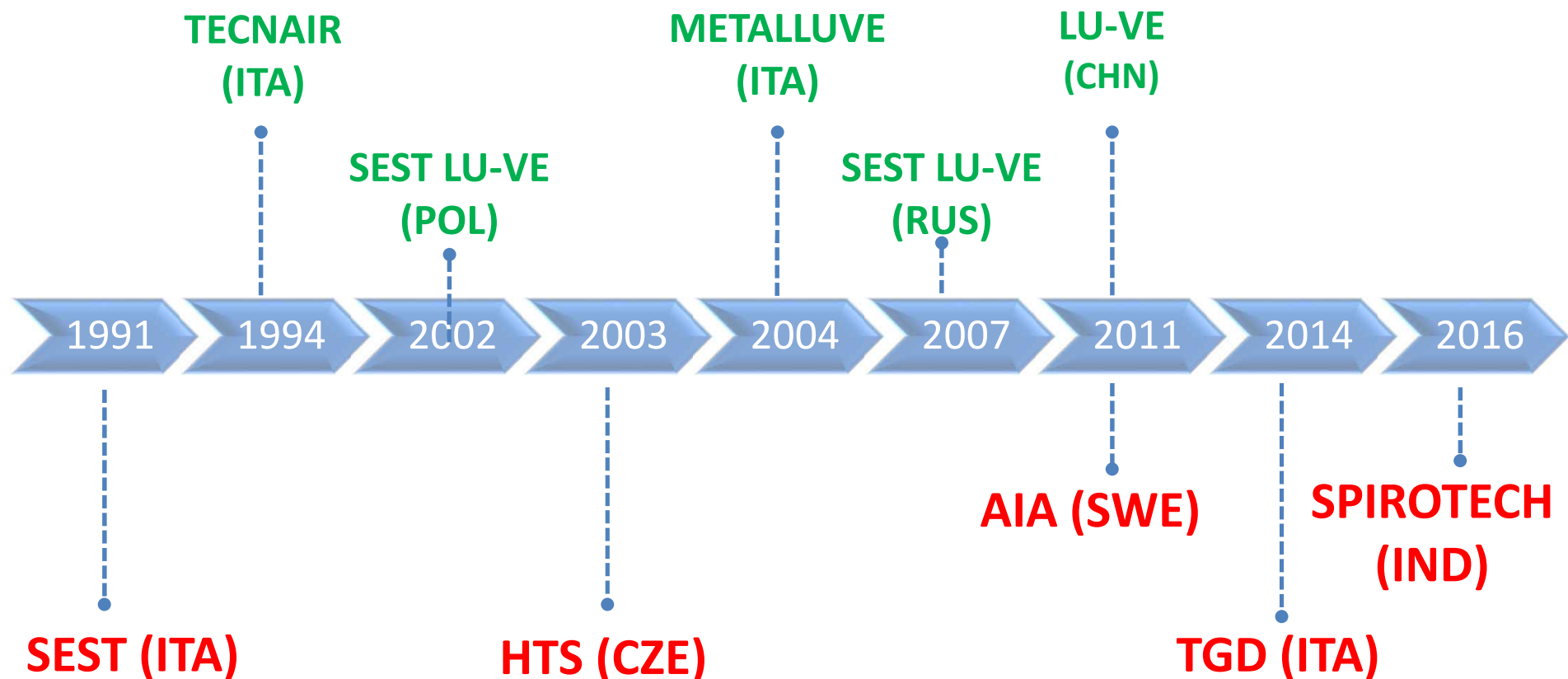
Since 2015 financial statements are based on IFRS





## 4 - History of the Group

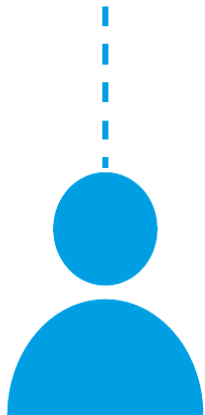
Organic growth and acquisitions



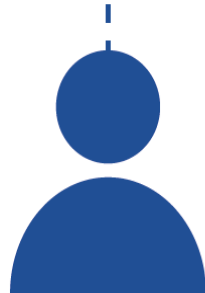


## 5 – Management Team

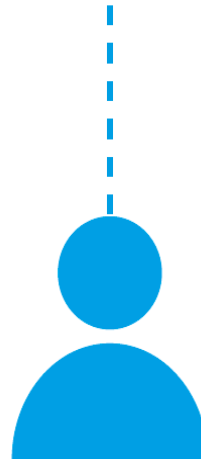
**IGINIO LIBERALI**  
PRESIDENT  
LU-VE GROUP



**PIERLUIGI FAGGIOLI**  
VICE PRESIDENT  
LU-VE GROUP



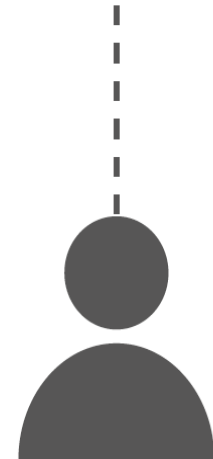
**MATTEO LIBERALI**  
MD – CEO



**MICHELE FAGGIOLI**  
MD – COO



**ELIGIO MACCHI**  
CFO





## 6 - Strengths

Market Leadership	<ul style="list-style-type: none"><li>• Half of total turnover comes from areas in which the Group is the European leader</li></ul>
High level of customer loyalty	<ul style="list-style-type: none"><li>• High cost of replacing supplier/co-design</li><li>• Brand value</li></ul>
“Glocal” approach	<ul style="list-style-type: none"><li>• Plants in Italy, Poland, Czech Rep., Sweden, Russia and China</li><li>• Almost 50% of production is made outside Italy</li><li>• Extensive commercial structure</li></ul>
Low cyclicity	<ul style="list-style-type: none"><li>• Wide range of fields of application</li><li>• Wide variety of customers and end users</li><li>• Direct sales in more than 100 countries</li></ul>
Technological leadership	<ul style="list-style-type: none"><li>• See next page</li></ul>





## 7 – Technological Leadership

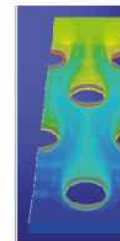
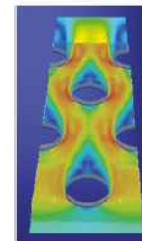
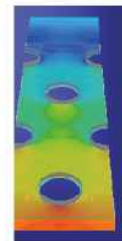
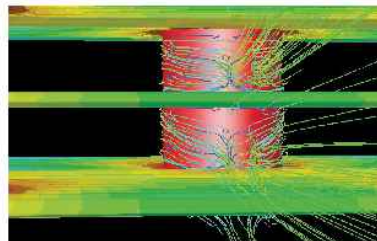
### Strengths

#### Technological leadership

- First in the world to obtain **Eurovent/TÜV SÜD** performance certification
- Definition of new energy efficiency standards for the sector,
- Constant introduction of technological innovation and patents onto the market
- First in the world to use nanotechnology in heat exchange process
- Eurovent Certified LU-VE (Exchangers) Main Failure Value 0% (2001-2015)

#### R&D leadership

- The largest R&D laboratory for the sector in Europe (the only one able to test **CO2** systems)
- The first to use computational fluid dynamics, **CFD**
- First in the sector to use “green” technology/solutions, LCC/LCA Life Cycle Costing/ Assessment
- Works with more than **22** universities and research institutes in 13 different countries

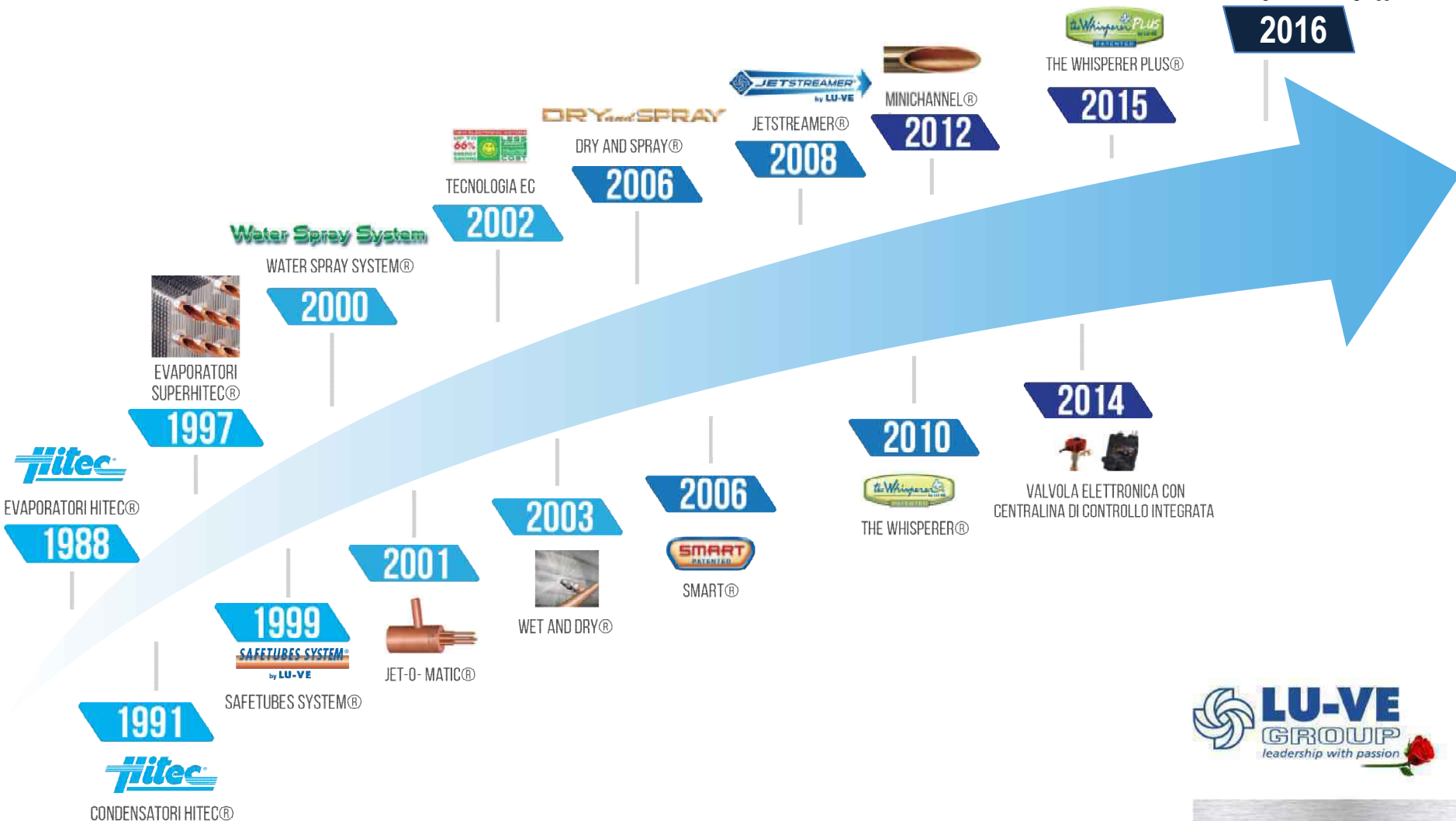




## 7 - Patents & Innovations

«Less raw material, more brain power»

**Nidea®** inside  
New Intelligent Defrosting Apparatus



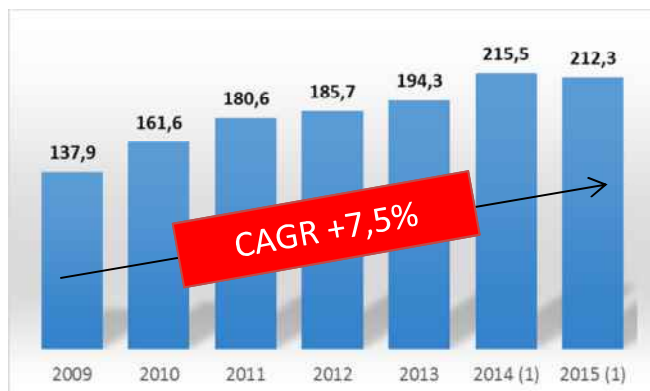
**LU-VE GROUP**  
leadership with passion



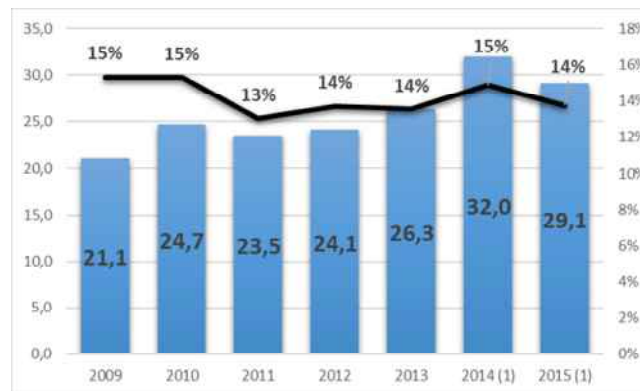
# 8 – Financial Results

## Turnover, EBITDA, Net Income and Cash Generation Trends

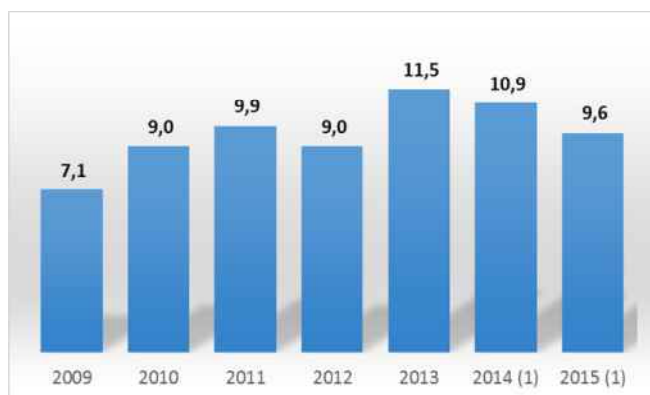
### Turnover 2009-2015



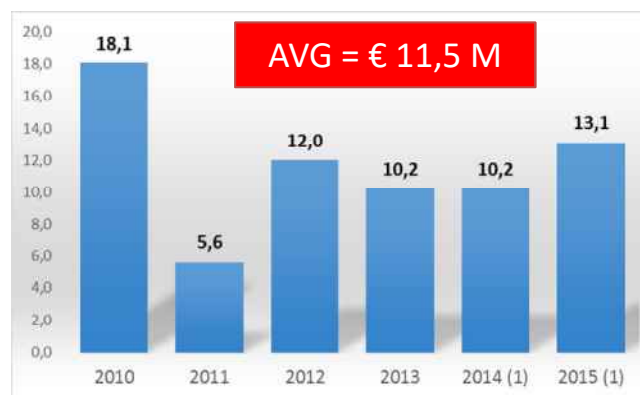
### EBITDA ADJ <sup>(2)</sup> 2009-2015



### Group Net Income 2009-2015



### Net Cash Generation ADJ <sup>(2)</sup> 2009-2015



(1) 2014-2015 based on IFRS – 2009-2013 based on ITA GAAP

(2) Adjustments to exclude extraordinary items





## 8 – Financial Results – H1 2016 (IFRS)

- Consolidated Sales: € 116,2m **(+10,8% vs. 1H15)** + 10,3% at constant exchange rates
- EBITDA margin: 13,0% (vs. 11,8% in 1H15) **(vs 13,4% at constant FX rates)**
- Group Net Income margin: 6,6.% **(vs 5,7% in 1H15)**
- NFD: € 15,4m (vs. € 65,0 m as of 30 Jun 2015)
- **Net cash generation (12 months adjusted) : € 11,1 m** (vs 12,2 as of June 2015)

€ m	H1 2016		H1 2015		Growth	Growth <sup>(1)</sup>
<b>Sales of finished products <sup>(2)</sup></b>	116,2	100,0%	104,9	100,0%	+10,8%	+10,3%
<b>EBITDA</b>	15,1	13,0%	12,5	11,8%	+21,2%	
<b>Group Net Income</b>	7,7	6,6%	6,0	5,7%	+27,5%	
<b>Net Financial Position (debt)</b>	<b>(15,4)</b>		<b>(65,0)</b>			
<b>Net cash generation adj <sup>(4)</sup></b>	11,1		12,1			

### Notes

(1) At constant exchange rates

(2) Excluding other sales

(3) Excluding one time costs and FX effect on EBITDA

(4) Trailing Twelve Months



## 9 - Spirotech Acquisition

- On October 5<sup>th</sup> 2016, Luve acquired 95% of Spirotech
- Spirotech is a leading and fast growing Indian producer of heat exchanger for HVAC <sup>(1)</sup> industry, home appliances and transportation:
  - ✓ turnover of € 21 <sup>(2)</sup> millions with an average EBITDA margin > 20%
  - ✓ doubled the turnover during the last 5 years
  - ✓ world class customers in Europe, US and India
  - ✓ strong management team with international experience
  - ✓ state of the art manufacturing plant with expansion opportunities
- Ideal base to expand production in India, to benefit from long term trend in creation and expansion of cold chain in India and Asia
- Total consideration <sup>(3)</sup> :
  - ✓ 7,3x FY16 EBITDA
  - ✓ 15,6x FY16 Net Earnings

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(1) Heating Ventilation Air Conditioning

(2) Based on 1 € = 75 INR

(3) Based on audit financial statement FY16



## 9 - Spirotech Acquisition

### Impact of Acquisition on Reported Earnings per Share

	LUVE	Spirotech	Combined
Total earnings (€ 000)	9.099	2.159	11.258
Number of shares	19.553.206	2.544.805	19.553.206
Earnings per shares	€ 0,47	€ 0,85	€ 0,58
Share price	€ 10,00	€ 13,20	€ 10,00
Price / earnings ratios	21,49x	15,57x	17,37x

Based on:

*Lu-Ve audit financial statement as of 31/12/15*

*Spirotech audit financial statement as of 31/3/2016*

*1 € = 75,0 INR*

*Acquisition price = 2520 M INR = € 33,6 M*



# 10 - Future Developments

## Growth, expansion and acquisitions

Organic growth

Delivered

- Growth of turnover (**7,5%** CAGR '09 -'15 - **5,8%** organic )
- Strengthening of the EBITDA margin (Adj H1 16: **≈14%**)
- CAPEX anticipation envisaged within the timeframe (CAPEX annual average in last three years~ **€ 8.5 m**)
- Strict control of operating working capital (**~10-15%** of turnover)
- Development of new products/applications

Geographic expansion

- Strong focus on emerging economies with high potential
- Close relationship with end user
- Greenfield investments in emerging economies/enlargement of existing plants

Acquisitions

Delivered

- Identify and carry out M&A which make good industrial sense
- Possible targets for LU-VE include companies which are
  - Active in the same business:
    - The Americas
    - Emerging economies: see Spirotech acquisition in India
    - Europe
- Own complementary technology and/or products
- Possible use of further financial leverage





## 10 - Future Developments

1. Integration of Spirotech
2. Filing MTA – spring 2017
3. Accelerated capex program
4. M&A activity (about € 50 millions firepower)



## 11 - 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.
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- Any reference to past performance of the LU-VE Group shall not be taken as an indication of future performance.
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**LU-VE**  
**GROUP**

*leadership with passion*



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**“OUR BEST  
DAYS HAVE  
YET TO BE LIVED”**

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NAZIM HIKMET