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**Paris**

**European Midcap  
Event**

**29 June 2017**

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# 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

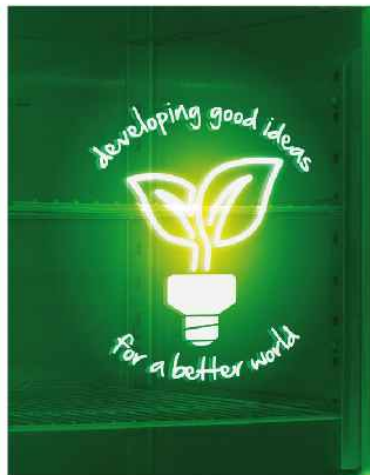
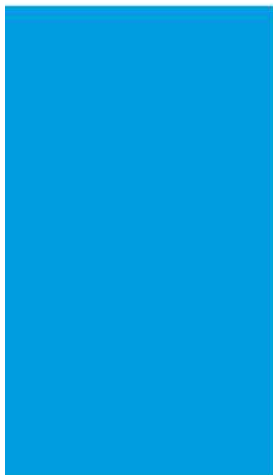
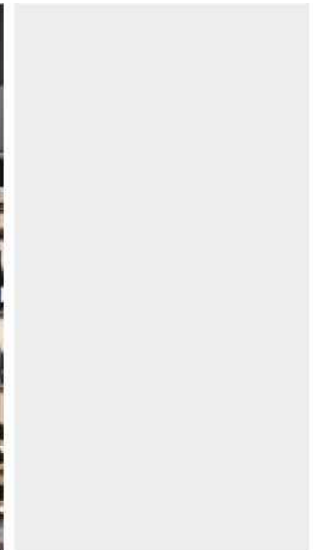
- Operating theatres
- White rooms
- Data centers and telephone exchanges





# 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>

Proforma revenues 2016 (€ MN)	251,3	CAGR turnover '09 – '16	+9,0%
Proforma EBITDA 2016 Adjusted (€ MN)	35,0	EBITDA ADJ MARGIN 2016	13.9%
		AVERAGE '09 -'16	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, IND)
- **2404** employees (**787** in Italy) – on 31.12.16

October 2016: Acquisition of SPIROTECH (India)

21<sup>st</sup> June 2017: listed on MTA market in Milan



(1) In 2016 - 2014 data are based on IFRS – 2009-2013 data are based on ITA GAAP

(2) Adjusted to exclude extraordinary items

(3) Pro forma means the aggregated result of: a) consolidated results of LUVE Group and b) Spirotech



## 2 – LU-VE Business Model – Highlights

PRODUCTS	% of sales <sup>(1)</sup>	APPLICATIONS	TYPE OF CUSTOMER
Heat exchangers	57%	Refrigeration – Air conditioning Special applications ( <i>whitegoods, transport</i> etc.)	OEM
Air cooled equipment	33%	Refrigeration – Air conditioning Power Generation	Distributors/Installers
Glass doors for refrigerated display cabinets	6%	Refrigeration	OEM
Close control	4%	Air conditioning	Distributors/Installers

(1) Pro-forma data based on 2016 actual results plus Spirotech

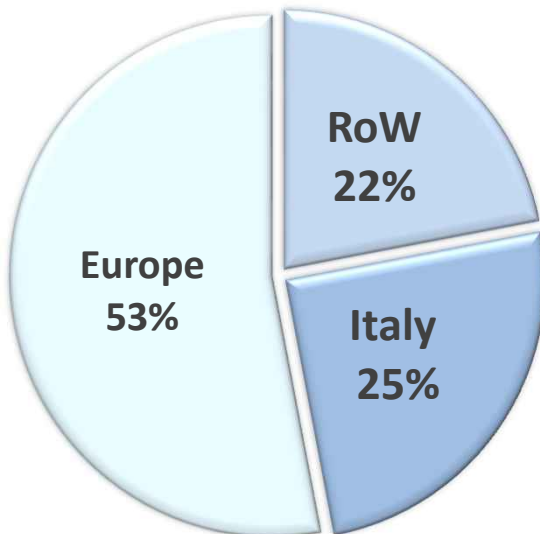


## 2 – LU-VE Business Model – Highlights

LU-VE sells its products in more than 100 countries

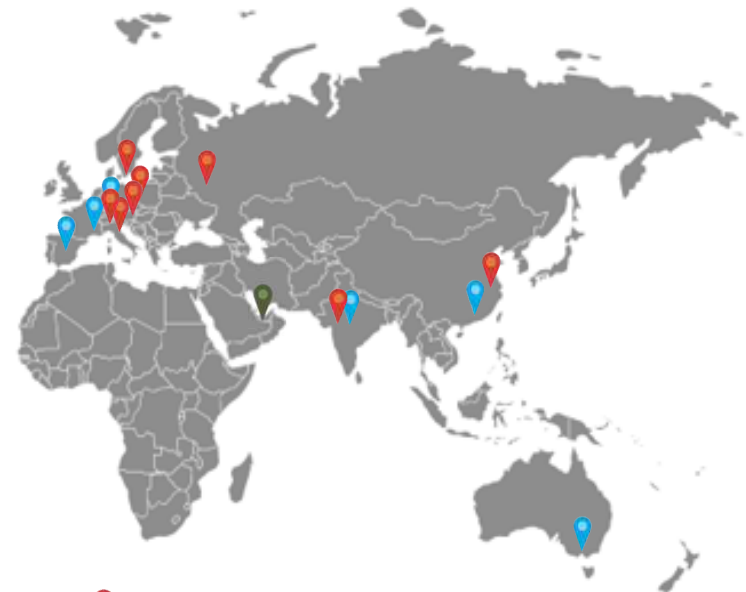
Germany is its main export market (9% of total sales)

Breakdown of sales 2016 by geographical area <sup>(1)</sup>



- 6 SALES COMPANIES**
- Australia – Melbourne
  - China – Hong Kong
  - France – Lyon
  - Germany – Stuttgart
  - India – New Delhi
  - Spain – Madrid

- 1 REPRESENTATIVE OFFICE**
- UAE - Dubai



- 11 PRODUCTION FACILITIES**
- Italy (3) – Uboldo (VA)
  - Italy – Limana (BL)
  - Italy – Travacò Sicc. (PV)
  - Poland – Gliwice
  - Czech Republic – Novosedly Na Moravě
  - Sweden – Asarum
  - Russia – Lipetsk
  - China – Changshu
  - India – Bhiwadi (Rajasthan)

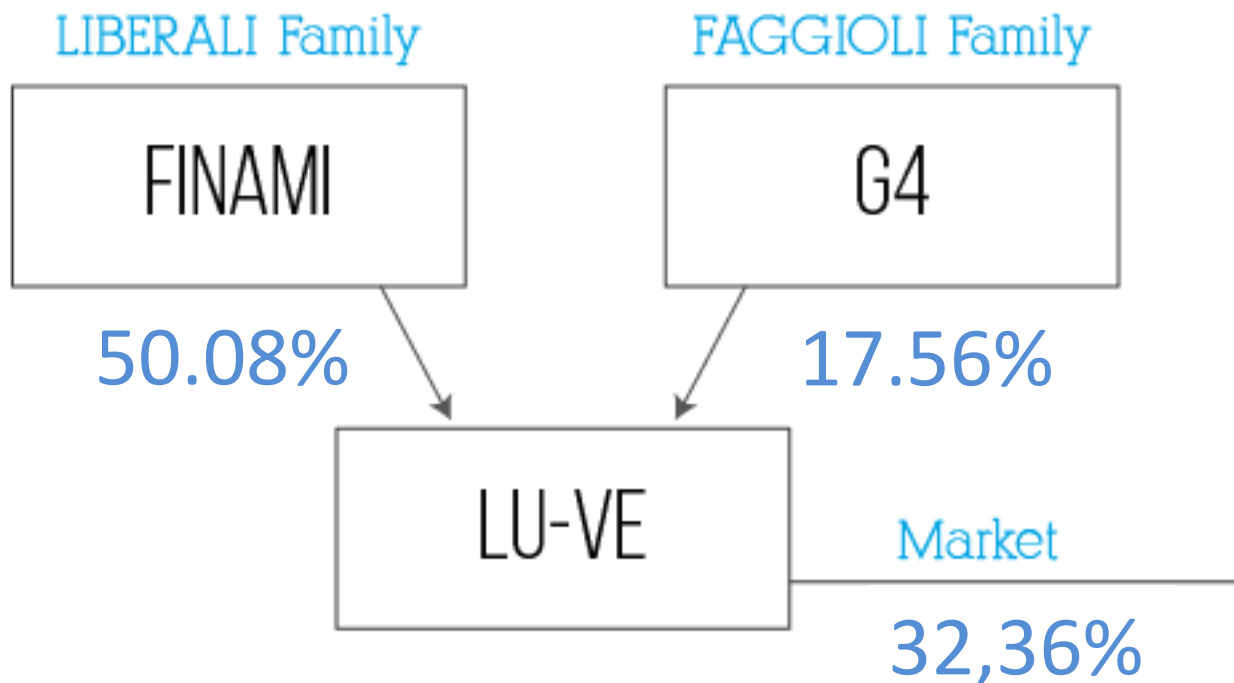


(1) Pro-forma data based on 2016 actual results plus Spirotech





### 3 – Shareholder Structure <sup>(1)</sup>



(1) Fully diluted – post warrant conversion at end of May 2016



## 4 - History of the Group

Tradition, innovation and passion



Headquarters: Uboldo (VA)

LU-VE: LUcky VEnture

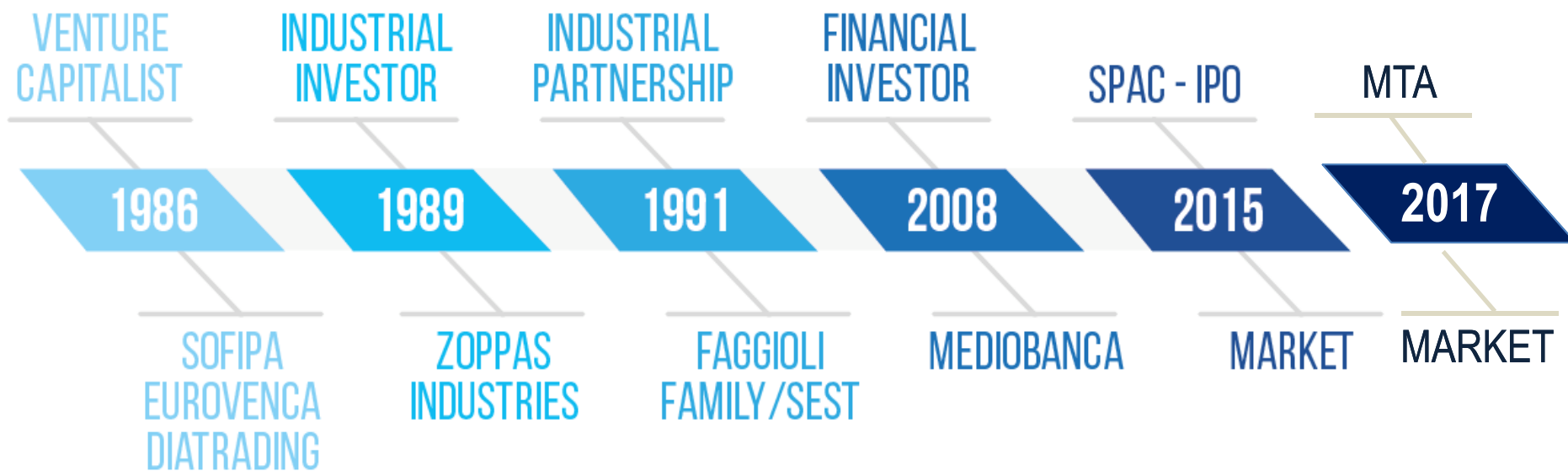
“The future has an ancient heart” Carlo Levi





## 4 - History of the Group

A history of successful partnerships



LU-VE financial statements have been audited since 1986

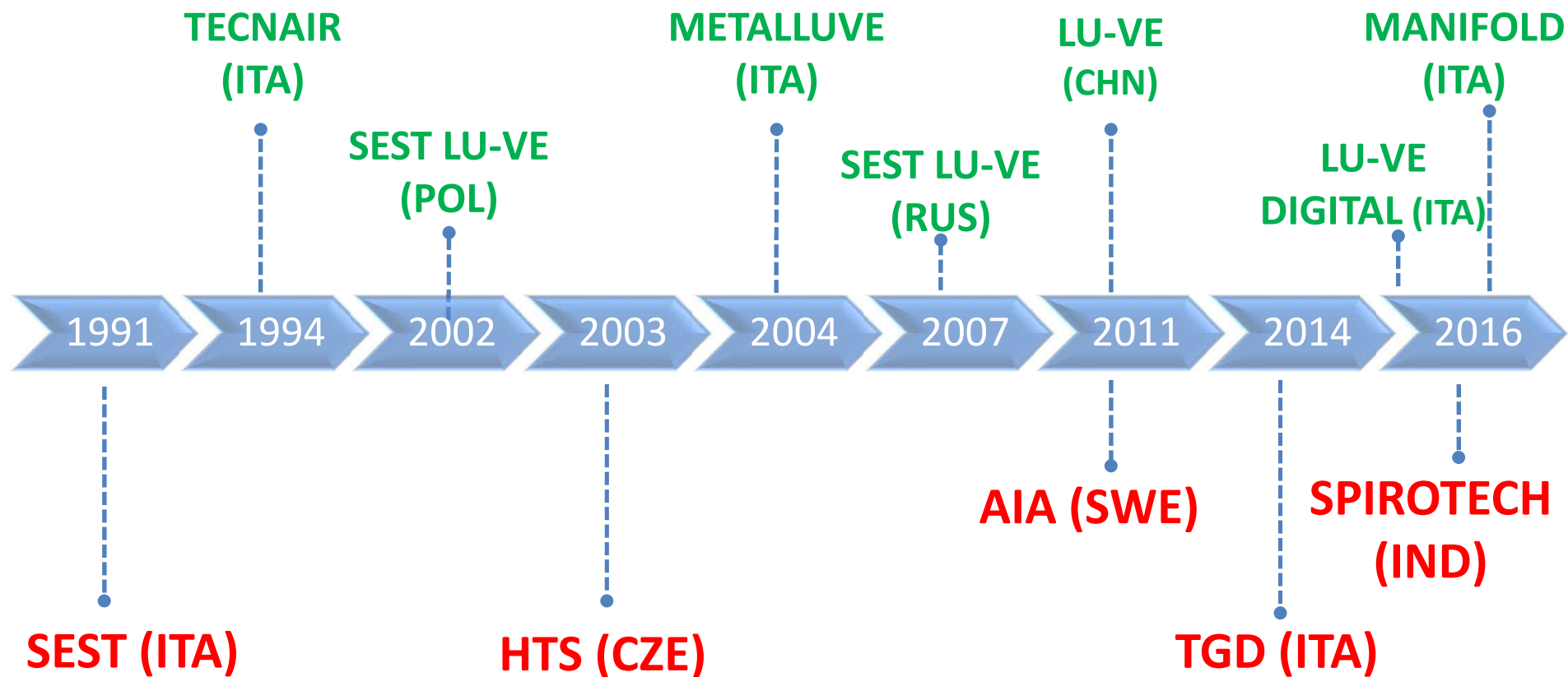
Since 2015 financial statements are based on IFRS





## 4 - History of the Group

Organic growth and acquisitions



□ GREENFIELD

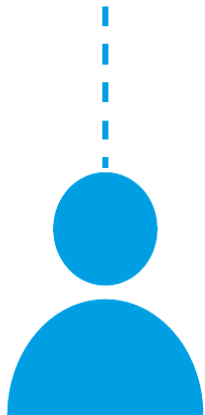
□ ACQUISITIONS



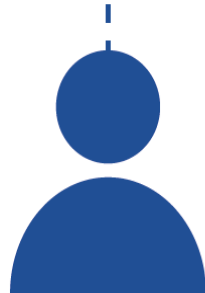


## 5 – Management Team

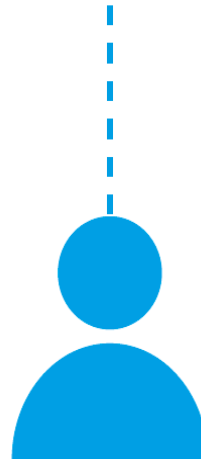
**IGINIO LIBERALI**  
PRESIDENT  
LU-VE GROUP



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



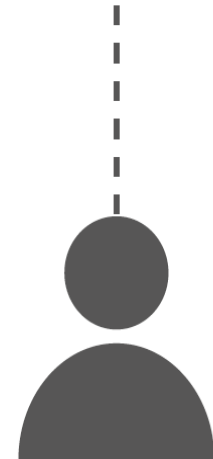
**MATTEO LIBERALI**  
MD – CEO



**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, India 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

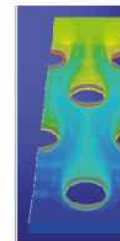
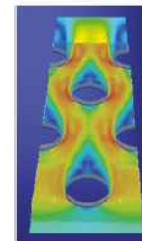
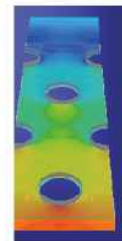
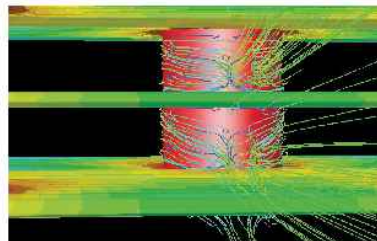
### Strengths

#### 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

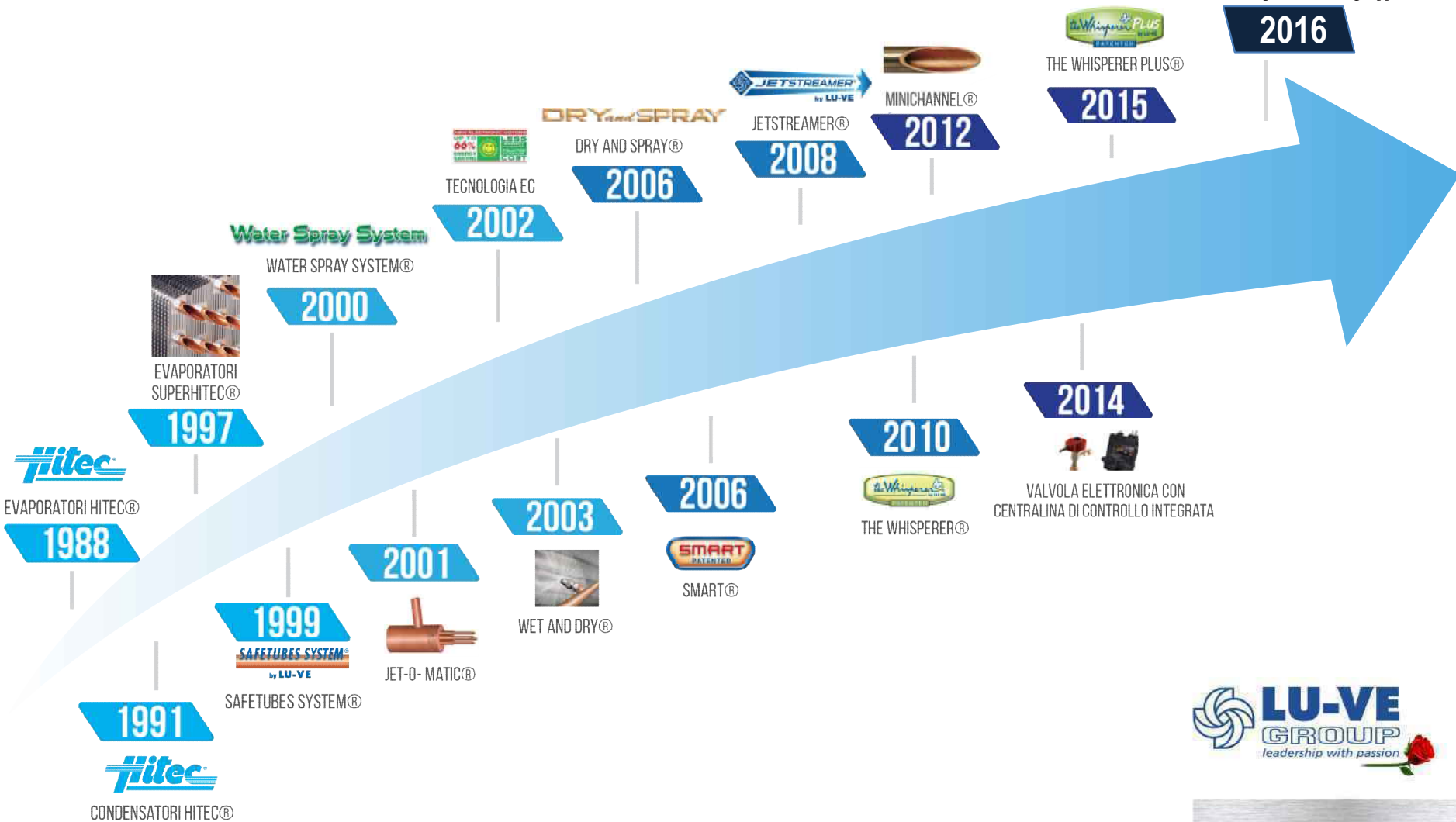




## 7 - Patents & Innovations

«Less raw material, more brain power»

**Nidea®** inside  
New Intelligent Defrosting Apparatus



**LU-VE**  
GROUP  
leadership with passion



## 8 – Financial highlights (IFRS)

- Pro-forma <sup>(1)</sup> consolidated sales <sup>(2)</sup>: **€ 248.3m** (+18,8% vs. FY15) ; **+ 9.7%** on LFL basis <sup>(3)</sup>
- Pro forma adj.<sup>(4)</sup> EBITDA : **14.1%** (vs 13.9% in FY15)
- Group net income margin: 7.4% (vs 4.6% in FY15)
- NFD: € (30.2m) (vs € 4.2 m as of Dec 2015)
- Net cash generation (12 months adjusted) <sup>(5)</sup> : **€ 12.1 m** (vs 13.1 in FY15)

€ m	2016 Proforma <sup>(1)</sup>		2015		LFL Growth <sup>(3)</sup>
<b>Sales of finished products <sup>(2)</sup></b>	248,3	100,0%	209,1	100,0%	+9,7%
<b>EBITDA</b>	33,0	13,3%	26,2	12,5%	+17,3%
<b>EBITDA adjusted <sup>(4)</sup></b>	35,0	14,1%	29,1	13,9%	+7,0%
<b>Group net income</b>	18,3	7,4%	9,6	4,6%	+68,5%
<b>Net financial position (debt) <sup>(5)</sup></b>	(30,2)		4,2		
<b>Net cash generation adj <sup>(6)</sup></b>	12,1		13,1		

### Notes

(1) Pro-forma means the aggregated results of: **a)** consolidated results of LUVE Group and **b)** Spirotech

(2) Excluding other sales of € 3,0 M in 2016 and € 3,2 in 2015

(3) LFL = excluding Spirotech

(4) Excluding one time costs

(5) Including PUT&CALL on minority

(6) See page 10 for details

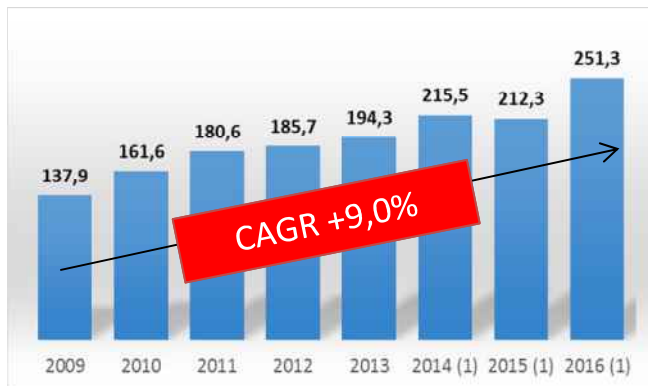




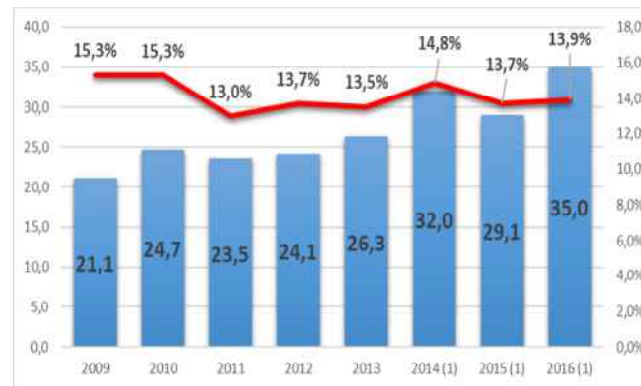
## 8 – Financial Results <sup>(1)</sup>

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

#### Turnover 2009-2016

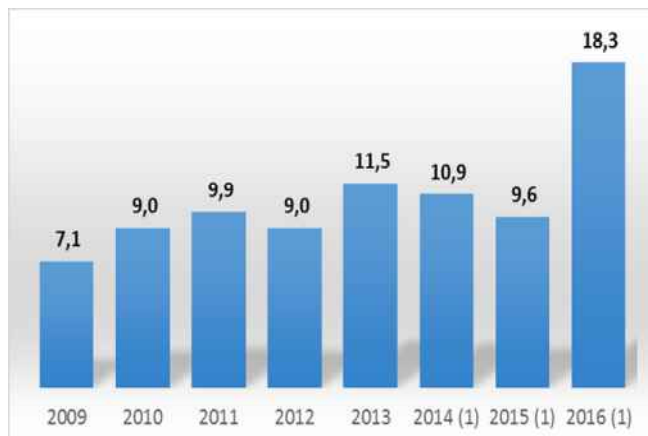


#### EBITDA ADJ <sup>(2)</sup> 2009-2016

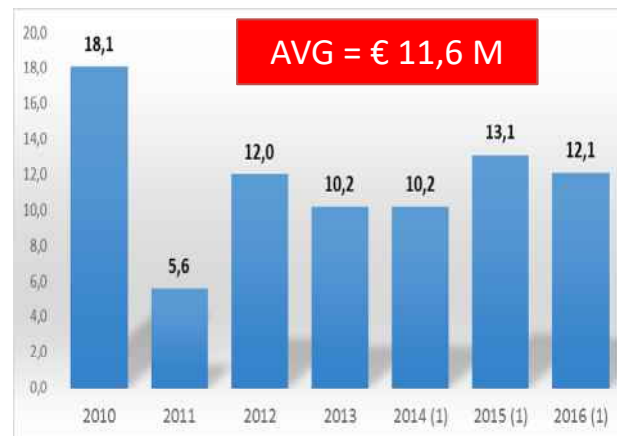


- 1) 2014-2016 based on IFRS – 2009-2013 based on ITA GAAP – 2016 proforma
- 2) Pro forma means the aggregated result of: a) consolidated results of LUVÉ Group and b) Spirotech
- 3) Adjustments to exclude extraordinary items

#### Group Net Income 2009-2016



#### Net Cash Generation ADJ <sup>(3)</sup> 2009-2016





## 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



## 10 – From AIM Italia to MTA

On 21<sup>st</sup> of June 2017 LU-VE completed the transition from AIM Italia market to MTA – the main Italian Stock Exchange market:

- A promise to the market accomplished
- Better liquidity of the stock
- Access to a broader investor base
- Better visibility for the company
- One time costs in 2016 P&L



# 11 – Share price



		apr-15				lug-15				set-15				apr-16				ott-16				March 17					
						TP		CP				TP		CP				TP		CP				TP		CP	
UBI		NO TP	UBI		14,4		11,9	UBI		12,6		10,2	UBI		12,9		9,8	UBI		15,21		9,26	UBI		16,07		13,00
Intermonte		NO TP	Intermonte		14,5		11,0	Intermonte		14,0		10,0	Intermonte		13,5		9,8	Intermonte		16,00		9,00	Intermonte		16,00		13,31





## 12 – The path ahead (5 years timeframe)

### Growth, expansion and acquisitions

Organic  
growth

Delivered

- Growth of turnover (**9,0%** CAGR '09 -'16 – **6,4%** organic )
- Strengthening of the EBITDA margin (Adj 16: **≈14%**)
- CAPEX anticipation envisaged within the timeframe
- Strict control of operating working capital (**~10-15%** of turnover)
- Development of new products/applications

Geographic  
expansion

Delivered

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

Acquisitions

Delivered

- Spirotech (India) acquired in October 2016: the single largest acquisition by LUVE
- Possible further targets 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



## 13 - Future Developments

1. Integration of Spirotech **In progress**
2. Filing MTA – spring 2017 **Delivered: 21 June 2017**
3. Accelerated capex program **In progress**
4. M&A activity (about € 50 millions firepower) **In progress**



## 14 - 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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**LU-VE**  
**GROUP**

*leadership with passion*



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

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NAZIM HIKMET