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# H1 2016 results

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September 2016, 28th



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# 1 – Financial highlights (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>EBITDA Adjusted <sup>(3)</sup></b>	15,9	13,7%	14,4	13,7%		+10,4%
<b>Group Net Income</b>	7,7	6,6%	6,0	5,7%	+27,5%	
<b>Net Financial Position (debt)</b>	(15,4)		(65,0)			
<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

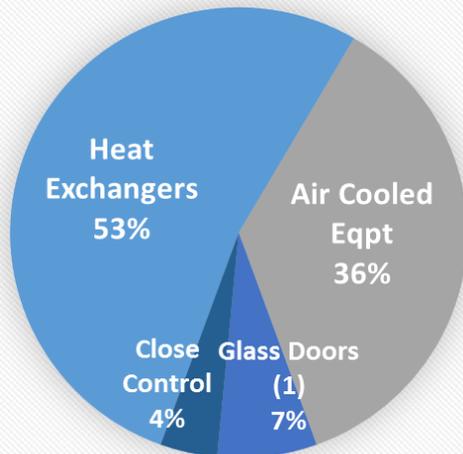
(4) See page 10 for details



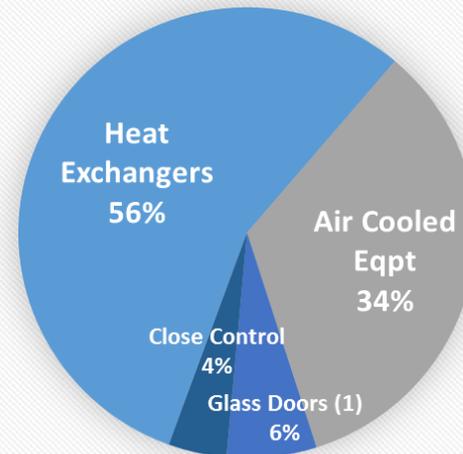
## 2 – Net sales breakdown

Breakdown of sales by product H1-16 (€ 116,2 m)

H1 2016 - Sales Breakdown by Product



H1 2015 - Sales Breakdown by Product



Products	€ /000	%	€ /000	%	Δ %
	H1 16		H1 15		
Heat Exchangers	61.454	52,9%	58.394	55,7%	+5,2%
Air Cooled Eqpt	41.886	36,0%	35.514	33,9%	+17,9%
Glass Doors <sup>(1)</sup>	8.185	7,0%	6.673	6,4%	+22,7%
Close Control	4.707	4,0%	4.324	4,1%	+8,9%
<b>TOTAL</b>	<b>116.232</b>	<b>100,0%</b>	<b>104.905</b>	<b>100,0%</b>	<b>+10,8%</b>

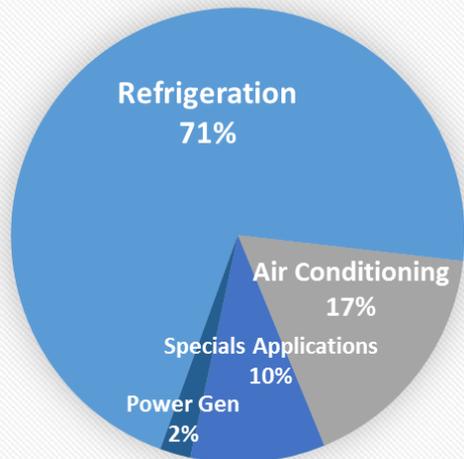
(1) Glass doors for refrigerated display cabinets



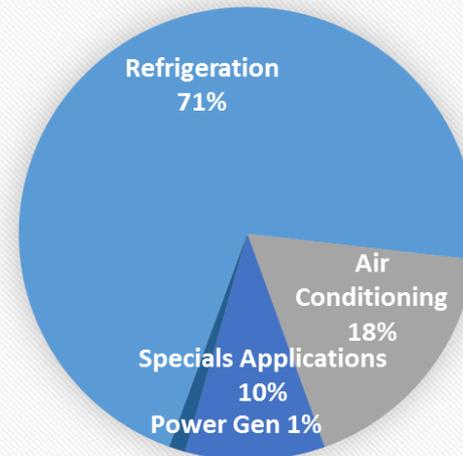
## 2 – Net sales breakdown

Breakdown of sales by application H1-16 (€ 116,2 m)

H1 2016 - Sales Breakdown by Application



H1 2015 - Sales Breakdown by Application



Applications	€ /000	%	€ /000	%	Δ %
	H1 16		H1 15		
Refrigeration	82.828	71,3%	74.766	71,3%	+10,8%
Air Conditioning	19.709	17,0%	18.533	17,7%	+6,3%
Specials Applications	11.146	9,6%	10.380	9,9%	+7,4%
Power Gen	2.549	2,2%	1.226	1,2%	+107,9%
<b>TOTAL</b>	<b>116.232</b>	<b>100,0%</b>	<b>104.905</b>	<b>100,0%</b>	<b>+10,8%</b>



## 2 – Net sales breakdown

Key highlights H1 2016 (€ 116,2 m)

1. Robust growth (+ 10,3% at constant FX)
2. Refrigeration & air conditioning (88% of total sales): + 9,9%
3. Higher penetration in some key customers
4. Strong recovery in air conditioning for railways application
5. Glass doors for refrigerated cabinet (acquired in 2014): + 22,7%
6. High growth in “domestic” markets (Italy + 14%, Germany + 11%, France + 31%, Sweden + 22%) and Russia (+14%)



## 3 – Profit & Loss (IFRS)

- See EBITDA bridge analysis
- Low taxation due to full benefit of ACE from IPO in July 15
- Group net income + 31,1%
- Transition to IFRS completed

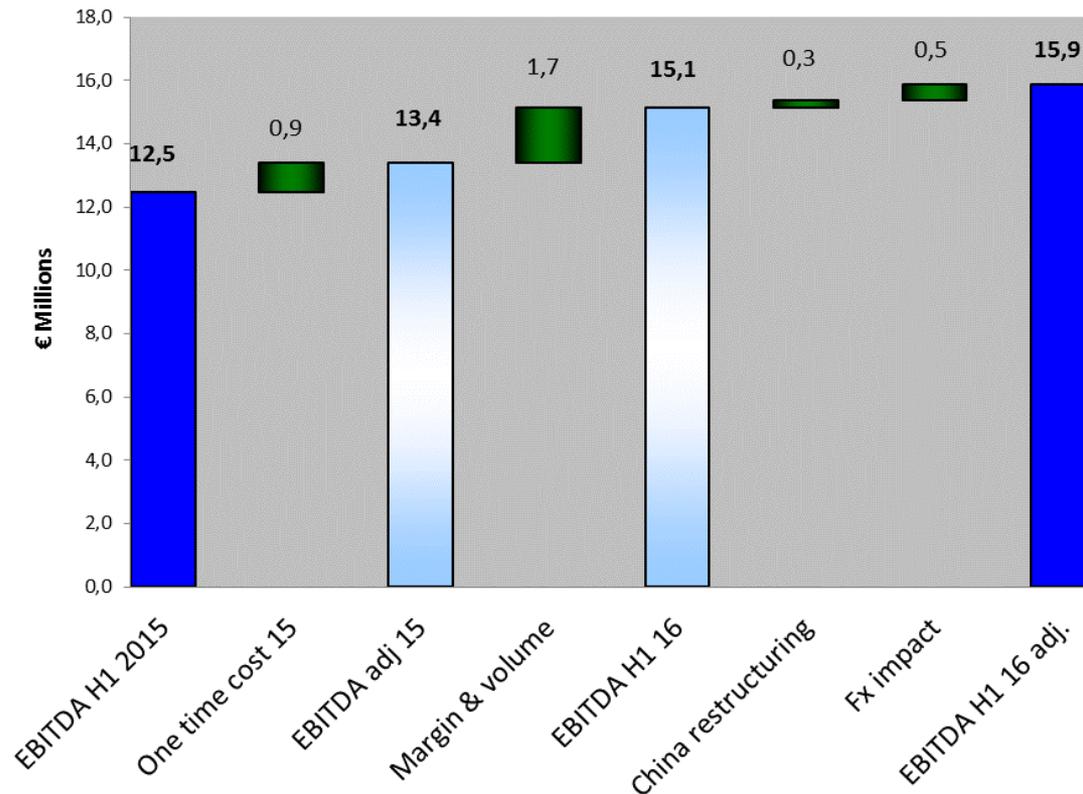
Consolidated Profit & Loss Reclassified (000 Euro)	H1 2016	% sales	H1 2015	% sales	Delta % 2016 vs 2015
<b>Sales and operating income</b>	<b>116.780</b>	<b>100,0%</b>	<b>106.076</b>	<b>100,0%</b>	<b>10,1%</b>
Purchases of materials	(59.302)	50,8%	(54.959)	51,8%	
Inventory increase (decrease)	922	-0,8%	2.463	-2,3%	
Services	(17.813)	15,3%	(16.490)	15,5%	
Labour cost	(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>EBITDA</b>	<b>15.130</b>	<b>13,0%</b>	<b>12.480</b>	<b>11,8%</b>	<b>21,2%</b>
Increase (decrease) of derivatives fair value	(188)	0,2%	333	-0,3%	
Depreciation	(6.277)	5,4%	(5.983)	5,6%	
Gain (loss) of non current assets	37	0,0%	26	0,0%	
<b>EBIT</b>	<b>8.702</b>	<b>7,5%</b>	<b>6.856</b>	<b>6,5%</b>	<b>26,9%</b>
Net financial charges	14	0,0%	84	-0,1%	
<b>EBT</b>	<b>8.716</b>	<b>7,5%</b>	<b>6.940</b>	<b>6,5%</b>	<b>25,6%</b>
Income taxes	(1.022)	0,9%	(906)	0,9%	
<b>Group net income</b>	<b>7.694</b>	<b>6,6%</b>	<b>6.034</b>	<b>5,688%</b>	<b>27,5%</b>
Minority interest	323		413		
<b>Net income</b>	<b>7.371</b>	<b>6,3%</b>	<b>5.621</b>	<b>5,3%</b>	<b>31,1%</b>



## 3 – Profit & Loss: EBITDA bridge analysis (IFRS)

- Fx effect: negative on EBITDA by € 0,5 M
- One time restructuring costs in China = € 0,3 M
- EBITDA increase thanks to volume and margin = € 1,7 M
- One time adjustments on H1 15 EBITDA = € 0,9 M (IFRS)

### EBITDA Bridge Analysis





## 4 – Net working capital (IFRS)

- Tight control of working capital
- Seasonality in working capital needs
- Slightly improved vs H1 2015

### Net Working Capital: H1 2016 vs H1 2015

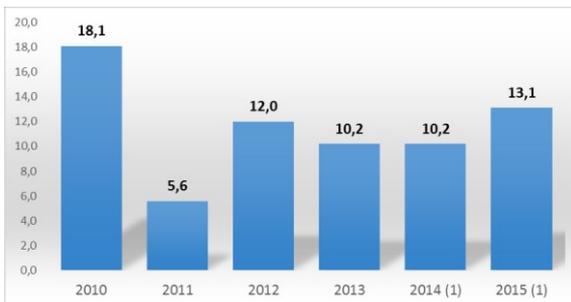
Euro/000	Days		Days	
	30/06/2016		30/06/2015	
Stock	25.350	41	24.667	41
A/reicevable	49.984	81	48.023	80
Working capital	75.334	122	72.690	121
A/payable	46.857	109	42.295	107
Net working capital	28.477	46	30.395	51
% on net sales LTM	12,8%		14,1%	



# 5 – Net cash flow (IFRS)

## ➤ Consistently strong cash generation

Net cash generation adjusted 2010-2015 (€ m):



Net Cash / (net debt)	€ m	
Net financial position as of June 15 (IFRS)	(€ 65,0)	
Net financial position as of June 16 (IFRS)	(€ 15,4)	
Decrease in net financial position	€ 49,6	€ 49,6
+ Dividends paid: June 15 - June 16		€ 3,9
+ Accelerated Capex program (above maintenance capex)		€ 4,0
+ Treasury stock purchase		€ 0,8
+ Minorities acquisitions		€ 2,3
- Capital increase		(€ 49,5)
<b>= Total Normalized Net Cash Flow</b>		<b>€ 11,1</b>

(1) 2010-2013 ITA GAAP – 2014-2015 IFRS



# 6 – Balance sheet (IFRS)

- Seasonal working capital needs
- Strong financial structure
- Debt capacity to finance acquisitions

Consolidated Balance Sheet Reclassified (000 Euro)	30/06/2016	% net invested capital	31/12/2015	% net invested capital	30/06/2015	% net invested capital
Net intangible assets	39.812		39.123		39828	
Net tangible assets	92.678		89.131		90947	
Pre-paid taxes	3.426		2.379		1896	
Financial assets	923		921		905	
<b>Non current assets (A)</b>	<b>136.839</b>	<b>96,0%</b>	<b>131.554</b>	<b>108,2%</b>	<b>133.576</b>	<b>97,0%</b>
Inventory	25.350		24.625		24.667	
A/receivable	49.984		33.761		48.023	
Other receivables and current assets	6.788		6.145		5.362	
<b>Current assets (B)</b>	<b>82.122</b>		<b>64.531</b>		<b>78.052</b>	
A/payable	46.857		47.072		42.295	
Other payable and current liabilities	13.981		13.065		14.260	
<b>Current liabilities (C)</b>	<b>60.838</b>		<b>60.137</b>		<b>56.555</b>	
<b>Working capital (D=B-C)</b>	<b>21.284</b>	<b>14,9%</b>	<b>4.394</b>	<b>3,6%</b>	<b>21.497</b>	<b>15,6%</b>
Personnel provisions	3.580		3.305		3.435	
Deferred taxes	9.818		8.866		11.035	
Risk provisions	2.158		2.177		2.859	
<b>Long term liabilities (E)</b>	<b>15.556</b>	<b>10,9%</b>	<b>14.348</b>	<b>11,8%</b>	<b>17.329</b>	<b>12,6%</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>137.744</b>	<b>100,0%</b>
Group net worth	124.861		122.355		69.220	
Minority interest	2.281		3.443		3.522	
<b>Total group net worth</b>	<b>127.142</b>	<b>89,2%</b>	<b>125.798</b>	<b>103,5%</b>	<b>72.742</b>	<b>52,8%</b>
M/L term net financial position	83.753		93.817		73.387	
Short term net financial position	(68.328)		(98.015)		(8.385)	
<b>Net financial position</b>	<b>15.425</b>	<b>10,8%</b>	<b>(4.198)</b>	<b>-3,5%</b>	<b>65.002</b>	<b>47,2%</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>137.744</b>	<b>100,0%</b>



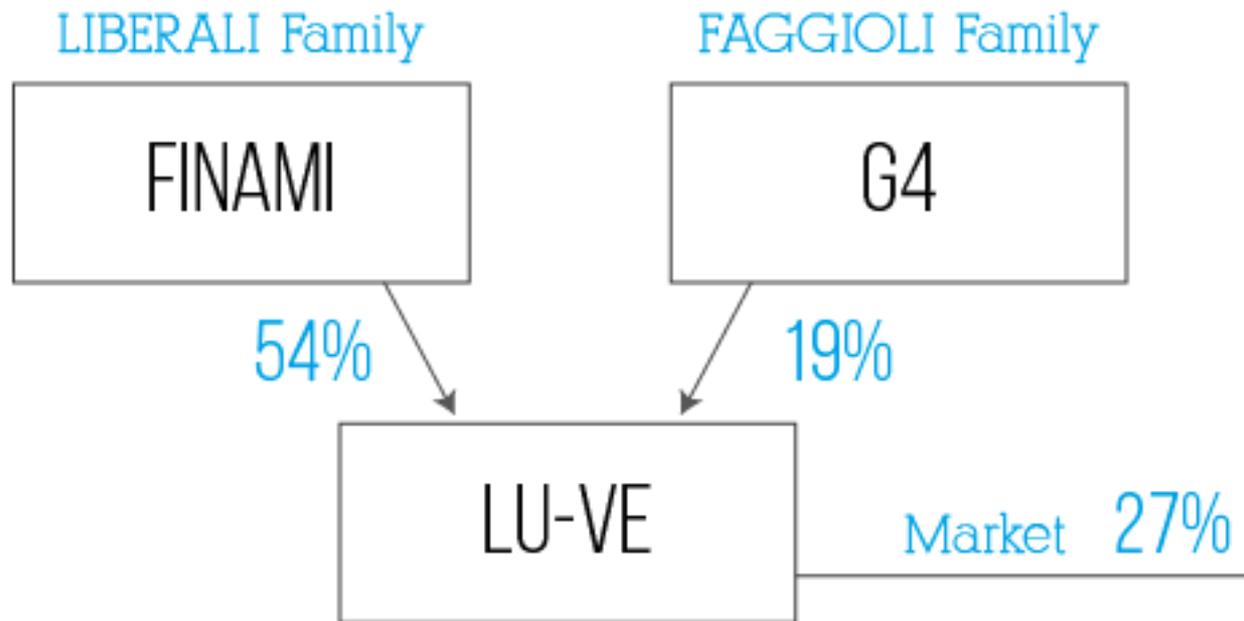
## 7 – The path ahead (5 years timeframe)

### Growth, expansion and acquisitions

Organic growth <i>Delivered</i>	<ul style="list-style-type: none"><li>• Growth of turnover (7,7% CAGR '09 -'16 LTM – 6,3% organic )</li><li>• Strengthening of the EBITDA margin (Adj H1 16: ≈14%)</li><li>• CAPEX anticipation envisaged within the timeframe (CAPEX annual average in last three years~ € 8.5 m)</li><li>• Strict control of operating working capital (~10-15% of turnover)</li><li>• Development of new products/applications</li></ul>
Geographic expansion	<ul style="list-style-type: none"><li>• Strong focus on emerging economies with high potential</li><li>• Close relationship with end user</li><li>• Greenfield investments in emerging economies/enlargement of existing plants</li></ul>
Acquisitions <i>Delivered</i>	<ul style="list-style-type: none"><li>• Identify and carry out M&amp;A which make good industrial sense</li><li>• Possible targets for LU-VE include companies which are<ul style="list-style-type: none"><li>• Active in the same business:<ul style="list-style-type: none"><li>• The Americas</li><li>• Emerging economies: see Spirotech acquisition in India</li><li>• Europe</li></ul></li></ul></li><li>• Own complementary technology and/or products</li><li>• Possible use of further financial leverage</li></ul>



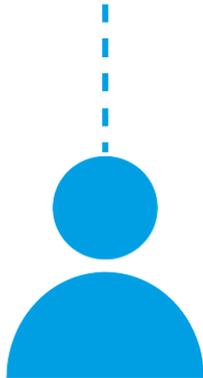
## 8 – Group structure: Shareholder structure post IPO



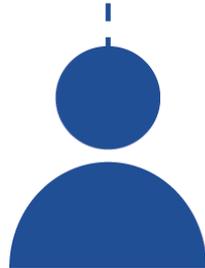


## 8 – Group structure: Management Team

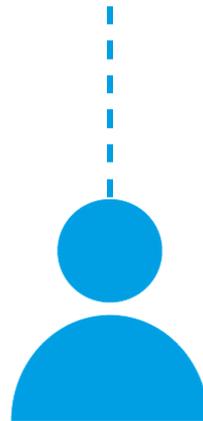
**IGINIO LIBERALI**  
PRESIDENT  
LU-VE GROUP



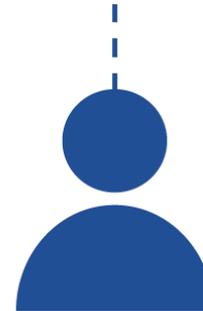
**PIERLUIGI FAGGIOLI**  
VICE PRESIDENT  
LU-VE GROUP



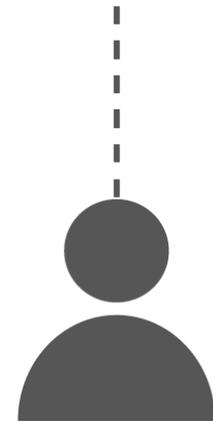
**MATTEO LIBERALI**  
MD – CEO



**MICHELE FAGGIOLI**  
MD – COO



**ELIGIO MACCHI**  
CFO





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*leadership with passion*



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“OUR BEST  
DAYS HAVE  
YET TO BE LIVED”

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NAZIM HIKMET