LU-VE incontra la comunità finanziaria

24 ottobre 2016

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CONTENTS

1 – LU-VE business model – highlights

PRODUCTS	% of sales (1)	APPLICATIONS	TYPE OF CUSTOMER
Heat exchangers	60%	Refrigeration – Air conditioning Special applications (***whitegoods, transport*** 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

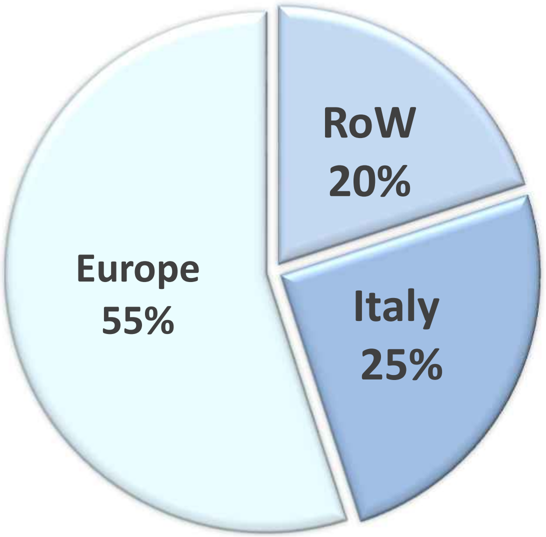
(1) Pro-forma data based on 2015 actual results plus Spirotech

1 – 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 (1)



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 - NOVOSEDLY NA MORAVĚ
- SWEDEN - ASARUM
- RUSSIA - LIPETSK
- CHINA - CHANGSHU
- INDIA - BHIWADI (RAJASTHAN)

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

1 – LU-VE business model – highlights

Heat exchangers

1 – LU-VE business model – highlights

Refrigeration

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

1 – LU-VE business model – highlights

Air Cooled Equipment - Air Conditioning

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

1 – LU-VE business model – highlights

Mobile applications

AIR CONDITIONING FOR TRAINS

MOBILE AIR-CONDITIONING

REFRIGERATED TRANSPORT

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H1 2016 results

September 2016, 28th

H1 – 2016 results

A. Financial highlights

B. Net sales breakdown

C. Profit & Loss

D. Net working capital

E. Net cash flow

F. Balance sheet

G. The path ahead

A – 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 [1]
Sales of finished products [2]	116,2	100,0%	104,9	100,0%	+10,8%	+10,3%
EBITDA	15,1	13,0%	12,5	11,8%	+21,2%	
EBITDA Adjusted [3]	15,9	13,7%	14,4	13,7%		+10,4%
Group Net Income	7,7	6,6%	6,0	5,7%	+27,5%	
Net Financial Position (debt)	(15,4)		(65,0)			
Net cash generation adj [4]	11,1		12,1			

Notes

(1) At constant exchange rates

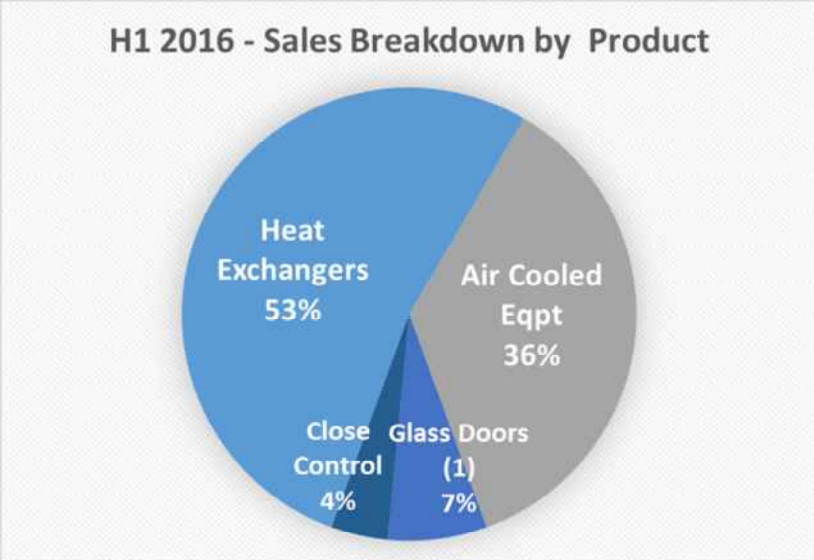
(2) Excluding other sales

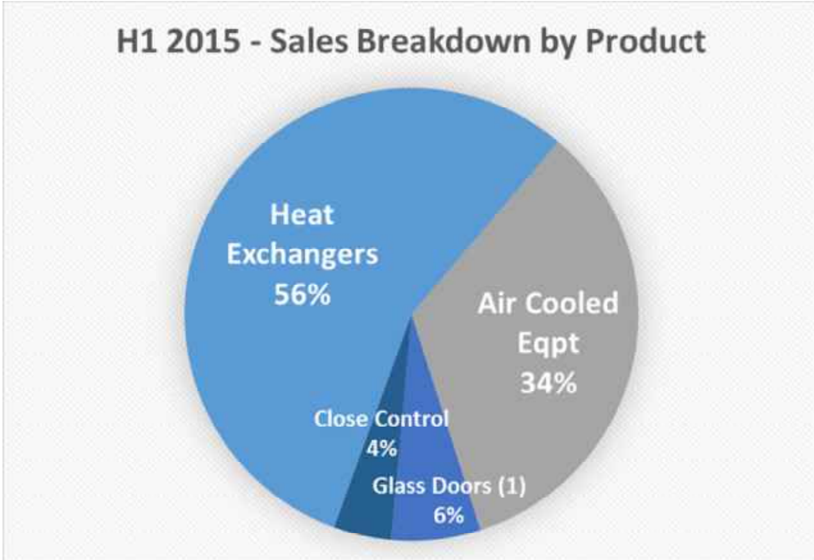
(3) Excluding one time costs and FX effect on EBITDA

(4) See page 10 for details

B – Net sales breakdown

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





Products	€ /000 H1 16	%	€ /000 H1 15	%	Δ %
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 (1)	8.185	7,0%	6.673	6,4%	+22,7%
Close Control	4.707	4,0%	4.324	4,1%	+8,9%
TOTAL	**116.232**	100,0%	**104.905**	100,0%	+10,8%

(1) Glass doors for refrigerated display cabinets

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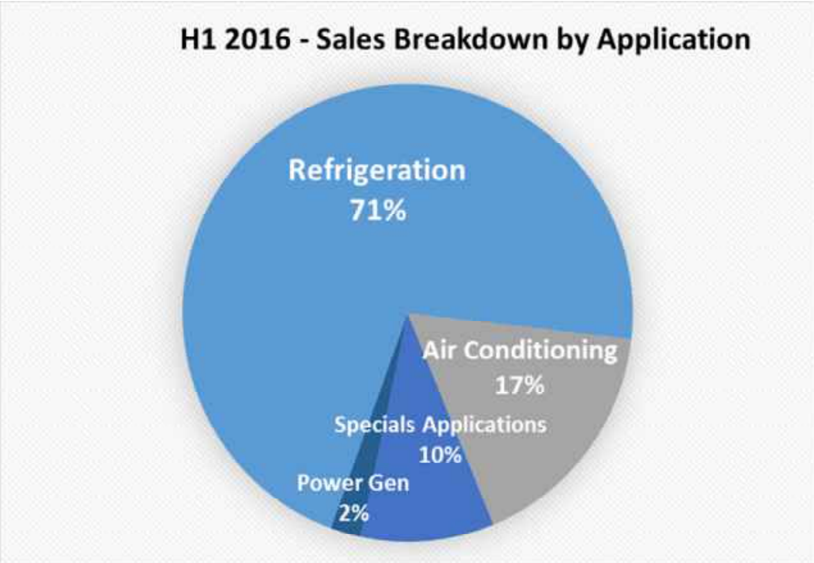
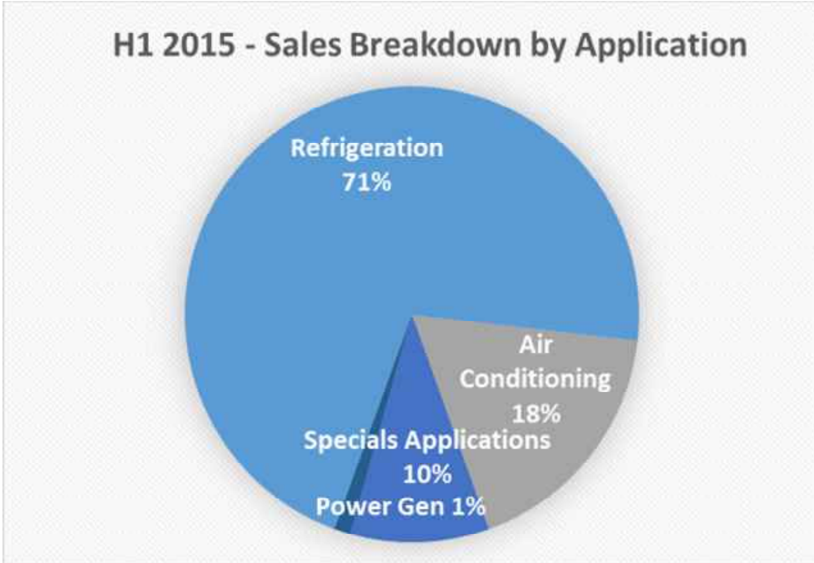
B – Net sales breakdown

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





Applications	€ /000 H1 16	%	€ /000 H1 15	%	Δ %
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%
TOTAL	**116.232**	100,0%	**104.905**	100,0%	+10,8%

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B – 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%)

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C – Profit & Loss (IFRS)

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

Consolidated Profit & Loss Reclassified *(000 Euro)*	H1 2016	% sales	H1 2015	% sales	Delta % 2016 vs 2015
Sales and operating income	**116.780**	**100,0%**	**106.076**	**100,0%**	**10,1%**
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%	
Total operating costs	**(101.650)**	**87,0%**	**(93.596)**	**88,2%**	**8,6%**
EBITDA	**15.130**	**13,0%**	**12.480**	**11,8%**	**21,2%**
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%	
EBIT	**8.702**	**7,5%**	**6.856**	**6,5%**	**26,9%**
Net financial charges	14	0,0%	84	-0,1%	
EBT	**8.716**	**7,5%**	**6.940**	**6,5%**	**25,6%**
Income taxes	(1.022)	0,9%	(906)	0,9%	
Group net income	**7.694**	**6,6%**	**6.034**	**5,688%**	**27,5%**
Minority interest	323		413		
Net income	**7.371**	**6,3%**	**5.621**	**5,3%**	**31,1%**

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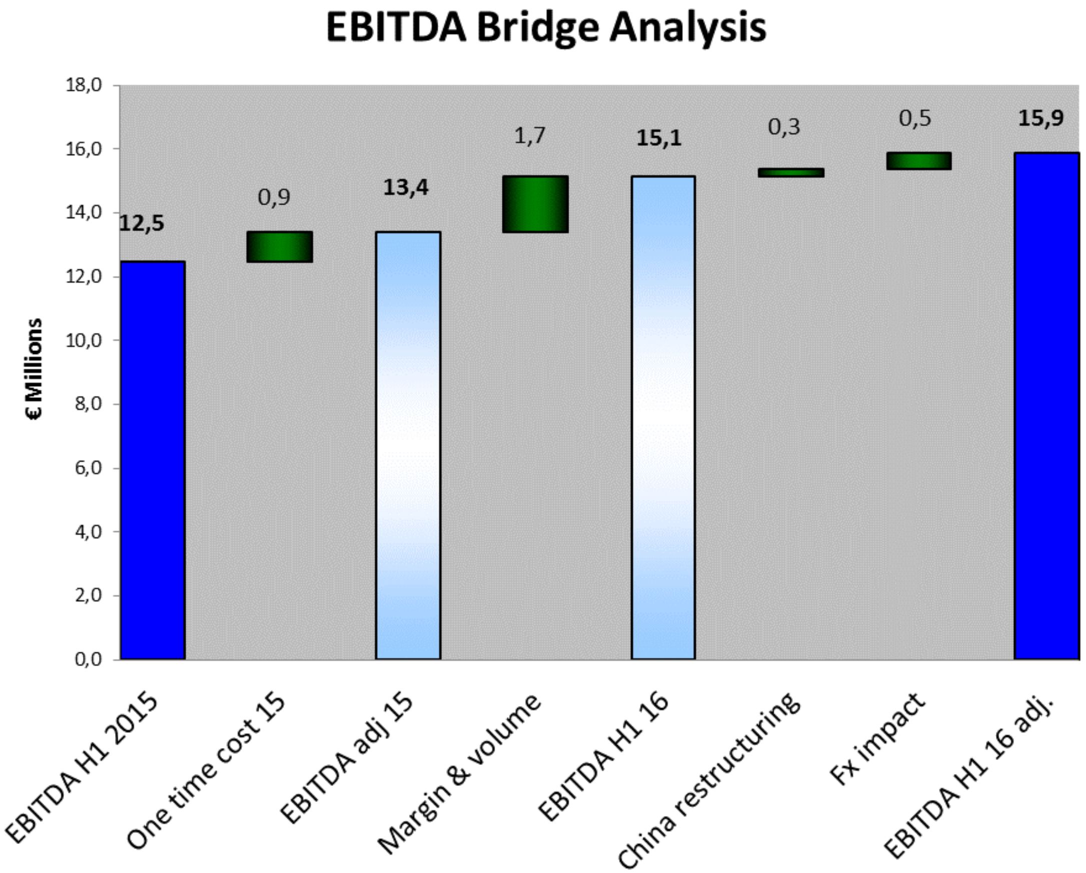
C – Profit & Loss: EBITDA bridge analysis (IFRS)

- 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)



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D – 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

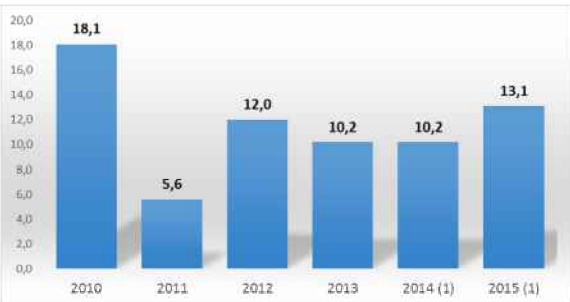
€uro/000

	30/06/2016	Days	30/06/2015	Days
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%**	

E – 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)
= Total Normalized Net Cash Flow		**€ 11,1**

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

F – 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	
Non current assets (A)	**136.839**	**96,0%**	**131.554**	**108,2%**	**133.576**	**97,0%**
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	
Current assets (B)	**82.122**		**64.531**		**78.052**	
A/payable	46.857		47.072		42.295	
Other payable and current liabilities	13.981		13.065		14.260	
Current liabilities (C)	**60.838**		**60.137**		**56.555**	
Working capital (D=B-C)	**21.284**	**14,9%**	**4.394**	**3,6%**	**21.497**	**15,6%**
Personnel provisions	3.580		3.305		3.435	
Deferred taxes	9.818		8.866		11.035	
Risk provisions	2.158		2.177		2.859	
Long term liabilities (E)	**15.556**	**10,9%**	**14.348**	**11,8%**	**17.329**	**12,6%**
Net invested capital (A+D-E)	**142.567**	**100,0%**	**121.600**	**100,0%**	**137.744**	**100,0%**
Group net worth	124.861		122.355		69.220	
Minority interest	2.281		3.443		3.522	
Total group net worth	**127.142**	**89,2%**	**125.798**	**103,5%**	**72.742**	**52,8%**
M/L term net financial position	83.753		93.817		73.387	
Short term net financial position	(68.328)		(98.015)		(8.385)	
Net financial position	**15.425**	**10,8%**	**(4.198)**	**-3,5%**	**65.002**	**47,2%**
Net worth and net financial position	**142.567**	**100,0%**	**121.600**	**100,0%**	**137.744**	**100,0%**

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G – The path ahead (5 years timeframe)

Growth, expansion and acquisitions

Organic growth Delivered	• Growth of turnover (**7,7**% CAGR ’09 -’16 LTM – **6,3%** 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

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SPIROTECH
HEAT EXCHANGERS PVT. LTD.

Acquisition of Spirotech

September 2016

Spirotech acquisition

A. Transaction overview

B. Spirotech at a glance

C. Transaction strategic rationale

D. Transaction financials

A – Transaction overview

- On October 5^{th} 2016, Luve acquired 95% of Spirotech

- Spirotech is a leading and fast growing Indian producer of heat exchanger for HVAC (1) industry, home appliances and transportation:
  - ✓ turnover of € 21 (2) 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 (3) :
  - ✓ 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

B. Spirotech at a glance

- Incorporated in 1994 by Dr. Malhotra e Mr. Srinivasan
- Based in Bhiwadi (65 km south of New Delhi), Rajasthan
- Situated on 40,500 sq.m plot, 11.000 sq.m new facility (2012)
- Opportunity to double the plant

- Average 350 employees

B. Spirotech at a glance

Financial highlights FY16 - Value Drivers [1]		

Sales	€ 21 M	• Doubled sales in the last 5 years
		• High growth potential thanks to:
		    • Existing strong pipeline of new customers
		    • Further expansion of the customer basis thanks to LUVE sales network

EBITDA	> 20%	• Demonstrated ability to co-design products with highly recognized, highly demanding top customers in Europe and US • High quality (defective PPM < 400), high volume production capacity (3 M coils p.a), coupled with extremely competitive production costs
Net working capital	Avg 33% sales	• Opportunity to improve cash cycle due to synergies with LUVE in purchasing and logistic
Fixed assets	€ 8,5 M	• New facility built in 2012, state of the art machineries • Low maintenance capex • Opportunity to double production plant • High return on invested capital (> 25%)
NFD + Net Worth	€ 14,4 M	• Positive net financial position (€ 0,8 M as of July 16) • Net worth: € 15,2 M

(1) All value based on 1 € = 75 INR

C. Transaction strategic rationale

The overall M&A strategy of LU-VE can be summarized as follows:

- IPO to raise financial resources
- Expected consolidation of the HVAC industry
- Expansion in Asia and North America

The interest in Spirotech is driven by the following:

- Expansion of Spirotech customer basis thanks to LUVE sales network
- Expansion in the Indian market with LUVE products related to the cold chain infrastructure
- Transfer of customers/products from other Group European plants based on logistic and technological evaluation
- Expansion in Middle East due to the logistic advantage

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D. Transaction financials

- Valuation for 100%: MINR 2520 (MEUR 33,6) - based on a net cash position of 57 MINR (MEUR 0,8) as of 31/7/16 (1)
- Acquired 95%
- 5% kept by Managing Director (co-founder)
- Put & Call based on 3 years average performance
- Implied multiples (2):
  - EBITDA (FY16): 7,3x
  - P\E (FY16): 15,6x

(1) All value based on 1 € = 75 INR
(2) Based on audit financial statement FY16

D. Transaction financials

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**

<u>Based on:</u>
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

4. Looking forward

1. Integration of Spirotech

2. Filing MTA – spring 2017

3. Accelerated capex program

4. M&A activity (about € 50 millions firepower)

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“OUR BEST DAYS HAVE YET TO BE LIVED”

NAZIM HIKMET