2020 FY results

17th March 2021

Record sales in 2020: the first time above € 400 M
Minimizing the impact of the pandemic

Economics

- In the first two months environmental - friendly technologies drove growth of sales by +8,6% (1) and order book by +13,4% (1)
- Then Covid and lock downs impacted top line and profitability
- In 2020 sales grew by 2,5% and EBITDA reported shrunk by 3,3%

Financials

- Net working capital under strict control: 8,9% of sales vs 9,5% as of December 2019 – No impact on receivable quality
- Strong treasury position: raised € 170,5 M long term loans to increase financial flexibility and debt duration

Strategy

- ✓ Protecting people top priority
- ✓ Building resilience in unprecedented crisis
- ✓ Focus on integration of AL Air: product lines rationalization, sales and purchase organization, SAP roll-out
- ✓ Accelerated capex program nearly completed in Poland, India, and China, on track in USA with additional flexibility

1) Like for like data – AL Air consolidated in P&L starting from 1^{st} May 2019

Impact of Covid 19 outbreak and countermeasures
(1/2)

- LUVE followed with particular attention the developments in the Covid-19 outbreak and has adopted all the necessary control and prevention measures for the **safety and well-being of its employees**, in consultation with local authorities and union representatives, at all Group facilities
- Extensive **remote working** has been applied with great success at all offices
- **Lockdown** was temporarily applied in Italy for two months, Russia for one week, India for two months and China for 1,5 months, up to a capacity in lockdown estimated between 50% and 55%
- Production activities gradually restarted due to customers involved in **strategic supply chains**
- The **independence of the Group's factories** from one to another also allowed the transfer of production from closed factories to those in operation
- Since June 20, **all plants are operating** at a normal level of production, considering the extraordinary measures required to face the pandemic risks
- Average absenteeism rate higher than usual due to Covid restrictions

Impact of Covid 19 outbreak and countermeasures
(2/2)

- **Resilient business model** resulting from diversification of product applications, geographical markets and production footprint (sales -10,6% LFL in H1 and -1,8% in H2)
- **Strengthen relationship with key clients** offering back-up in Europe of global supply chains from low-cost countries such as India
- Minimal impact on **working capital** and support to small suppliers thanks to the strong financial structure
- No impact on trade receivable quality
- **Cost actions**: LUVE has taken several measures to reduce fixed costs and labour costs, including employee furloughs. In addition, other actions taken to lower expenses include reducing travel and exhibition expenditures.
- LUVE reviewed its **capital expenditures** by delaying specific projects and the purchase of some program-related equipment without impacting the long-term strategy of the Group
- LU-VE has **solid fundamentals** underpinning the strategy adopted to decisively challenge the pandemic consequences and take advantage of opportunities during the recovery phase
- Slow-down of big projects completion with OEM customers due to COVID restrictions

2020 financial highlights: small impact from Covid

- Consolidated sales [1]: € 401,5 M, +2,5% (+6,4% at constant FX) thanks to business resilience and AL Air (-4,6% LFL)
- EBITDA reported : **11,3 %** on sales, **vs 11,9 % in 2019**
- Net financial debt [2]: € 106,8 m thank to high net cash generation in the last 12 months
- Net cash generation (12 months adjusted) [3] : + € 20,4 M
- Order book as of December 20: € 77,0 M , + 6,1% vs December 19 (LFL)

€ Millions	2019 [4]		2020		Growth
Total sales [1]	391,6	100,0%	401,5	100,0%	+2,5%
EBITDA	46,8	11,9%	45,2	11,3%	-3,3%
Net income	18,3	4,7%	10,7	2,7%	-41,5%
Net financial debt [2]	(107,5)		(106,8)		-0,7%
Net cash generation (12 months adj.) [3]	37,9		20,4		-46,2%

Notes

(1) Total sales include sales of products and other sales

(2) Including put&call on minorities, deferred price of AL Air EX acquisition and IFRS 16 adoption

(3) See page 17 for details

(4) Al Air Ex consolidated since 1st of May 2019

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Net sales breakdown by product

Products € 000	2019	%	2020	%	Δ %	Δ LFL % [1]
Heat Exchangers	199,4	50,9%	182,5	45,5%	-8,5%	-8,6%
Air Cooled Equipment	156,5	40,0%	174,5	43,5%	11,5%	-6,0%
Close Control /Data Center	22,5	5,7%	24,6	6,1%	9,3%	+8,2%
Glass Doors	11,0	2,8%	11,0	2,7%	0,1%	+0,1%
Total sales of products	**389,3**	**99,4%**	**392,5**	**97,8%**	**0,8%**	**-6,3%**
Other revenues	2,3	0,6%	8,9	2,2%	287,3%	
Total sales	**391,6**	**100,0%**	**401,5**	**100,0%**	**2,5%**	

1) Like for like data –AL Air consolidated starting from 1st May 2019
2) Restated data for Close Control / Data Center in 2019 and 2020 to fully reflect total exposure to these products

Net sales breakdown by application

Applications € 000	2019	%	2020	%	Δ %	Δ LFL % [1]
Refrigeration	227,5	58,1%	222,4	55,4%	-2,2%	-7,7%
Air Conditioning	64,5	16,5%	72,9	18,1%	13,0%	+3,3%
Special Applications	59,7	15,2%	54,1	13,5%	-9,3%	-9,5%
Industrial cooling	37,7	9,6%	43,2	10,8%	14,5%	-9,5%
Total sales of products	**389,3**	**99,4%**	**392,5**	**97,8%**	**0,8%**	**-6,3%**
Other revenues	2,3	0,6%	8,9	2,2%	293,8%	
Total sales	**391,6**	**100,0%**	**401,5**	**100,0%**	**2,5%**	

1) Like for like data –AL Air consolidated starting from 1st May 2019

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Diversification and green tech mitigate Covid impact

- Increase of sales of products + 0,8% thanks to full consolidation of AL Air
- On a LFL basis decrease of sales by 6,3% mainly driven by volume (10,4% in H1) due to Covid and lock down impact
- On a constant currency basis decrease of sales LFL is 2,4% (Ruble, INR, Zloty and Czech Koruna)
- More substantial impact on HE (-8,5%) mainly due to lockdown in India and HORECA business, better results on ACE +11,5% (-6,0% LFL);
- Refrigeration remains core business (55,4%), Air Conditioning shows sound growth +3,3% on LFL
- Italy reduces its share from 19,3% to 16,7% mainly due to Covid and full consolidation of Al Air
- Russia becomes the primary export market (7,5% of total sales), followed by Poland (6,8%), Czech Republic, France, Finland and Germany (5,8%)
- Excellent growth LFL in France, Denmark, China, Czech Republic and Sweden

AL Air : integration process nearly completed

- Integration process started in May 2019
- Sales & marketing integration: completed
- Purchases: completed
- Branding integration: completed
- Product lines integration: in progress
- R&D integration: in progress
- Staffing and retention: completed
- Accounting and controlling: SAP roll-out completed in the AL Air plants:
  - Finland April 2020, despite lockdown
  - Italy October 2020

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Profit & loss

Consolidated Profit & Loss Reclassified *(000 Euro)*	2019	Delta %	2020	Delta %	Delta %
Sales and operating income	**391.584**	*100,0%*	**401.457**	*100,0%*	**2,5%**
Purchases of materials	(204.035)	*-52,1%*	(201.197)	*-50,1%*	
Inventory increase (decrease)	489	*0,1%*	(2.431)	*-0,6%*	
Services	(54.255)	*-13,9%*	(52.201)	*-13,0%*	
Labour cost	(83.361)	*-21,3%*	(91.684)	*-22,8%*	
Other operating costs	(3.660)	*-0,9%*	(8.742)	*-2,2%*	
Total operating costs	**(344.822)**	*-88,1%*	**(356.255)**	*-88,7%*	**3,3%**
EBITDA	**46.762**	***11,9%***	**45.202**	***11,3%***	**-3,3%**
Increase (decrease) of derivatives fair value	(597)	*-0,2%*	(1.269)	*-0,3%*	
Depreciation	(24.355)	*-6,2%*	(28.298)	*-7,0%*	
Gain (loss) of non current assets	164	*0,0%*	(177)	*0,0%*	
EBIT	**21.974**	***5,6%***	**15.458**	***3,9%***	**-29,7%**
Net financial charges	(1.324)	*-0,3%*	(3.558)	*-0,9%*	
EBT	**20.650**	***5,3%***	**11.900**	***3,0%***	**-42,4%**
Income taxes	(2.357)	*-0,6%*	(1.201)	*-0,3%*	
Net income	**18.293**	***4,7%***	**10.699**	***2,7%***	**-41,5%**
Minority interest	779		821		
Group net income	**17.514**	***4,5%***	**9.878**	***2,5%***	**-43,6%**

- See EBITDA bridge analysis
- Increase cost of derivatives due to interest rate coverage costs
- Increase of depreciation mainly due to PPA and IFRS 16 related to Al Air (€2,5 M) and increase of technical depreciation (€1,4 M)
- Increase of financial charges due to unrealized FX losses (mainly non-cash)
- AL Air consolidated for 8 months in 2019
- See net income bridge analysis

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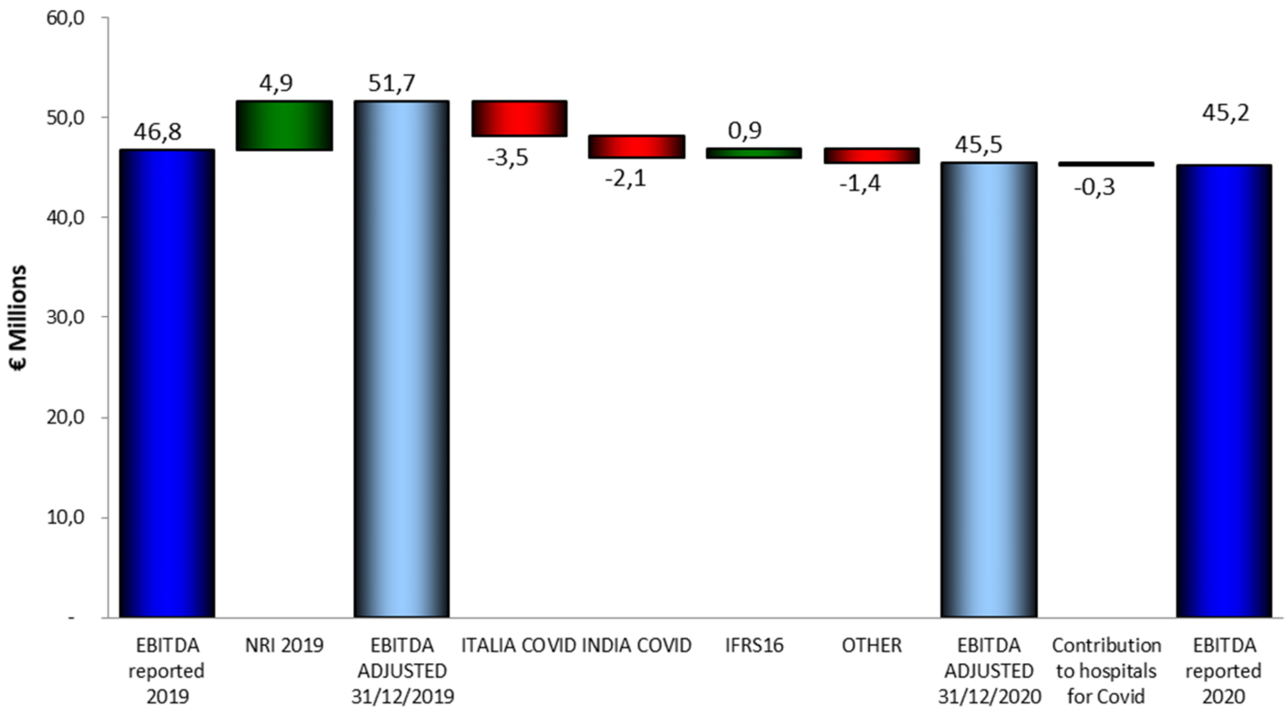
Resilient EBITDA reported: -3,3 %



(1) Due to rounding, numbers presented throughout this chart may not add up precisely to the totals provided
(2) Source: management analysis of consolidated results as of 31/12/2020

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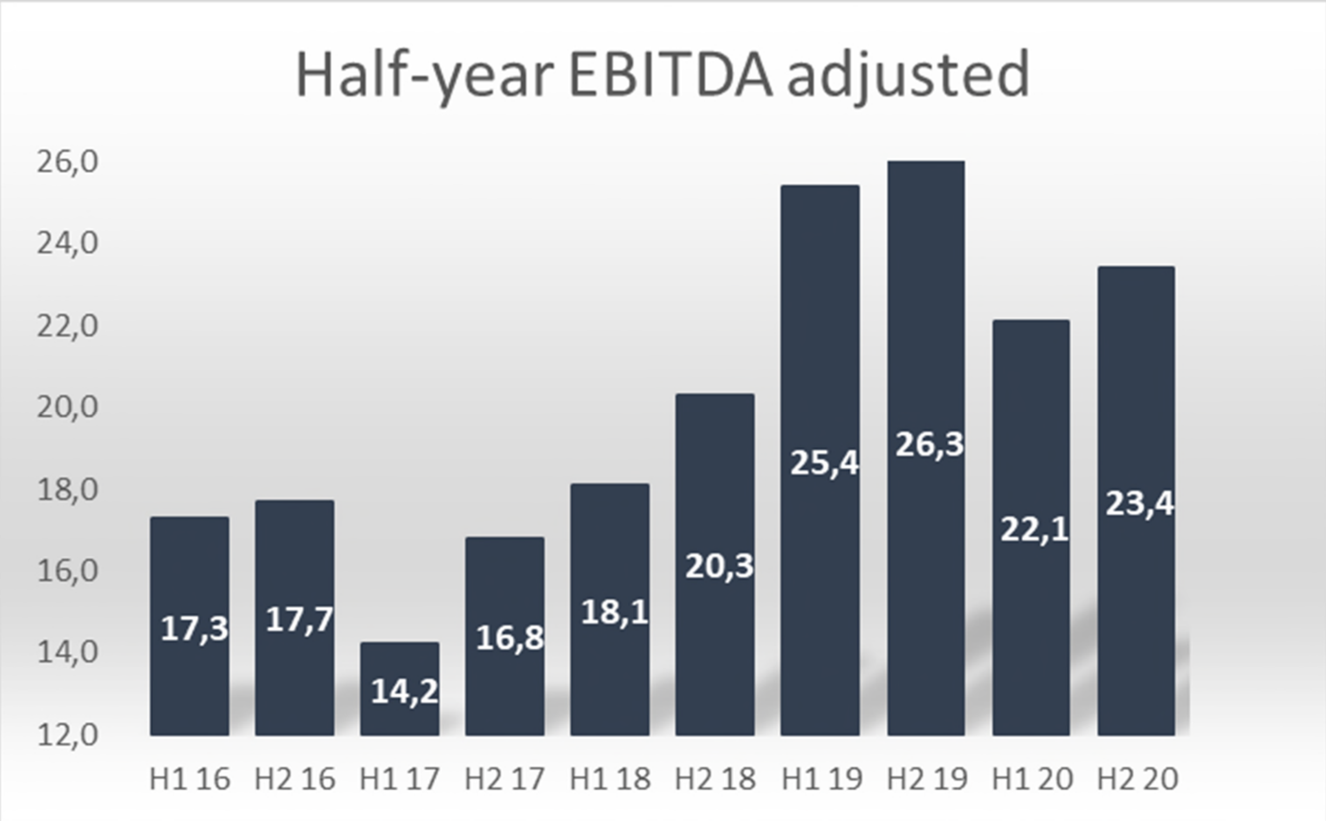
Improving trend of EBITDA from H1 17 to H2 19



- In H1 20 impact of Covid and lockdown
- H2 20 close to H1 19, but full recovery not yet achieved
- Resilient business model and profitability

1) All data in € million
2) H1 2016 proforma to include Spirotech which has been acquired in October 2016
3) ZHT is consolidated since H2 2018
4) AL Air is consolidated since 1st of May 2019

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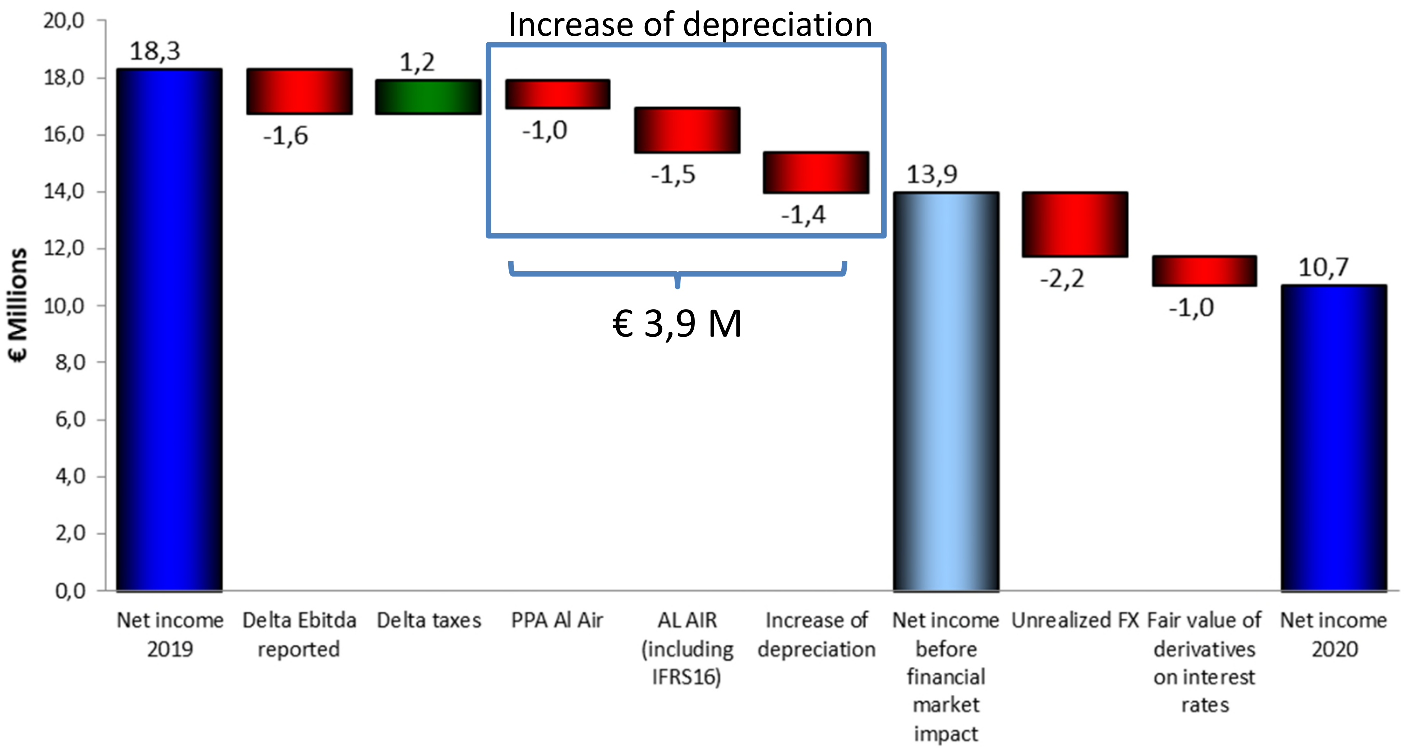
In H1 Reported Net Income in line with 2019
In H2 impact of FX and interest rate coverage costs



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(2) Source: management analysis of consolidated results as of 31/12/2020

Recurring profitability shows strong resilience

€ Millions	31 dec 19	31 dec 20
EBITDA reported	46,8	45,2
Non recurring items	4,9	0,3
EBITDA adjusted	**51,7**	**45,5**
EBITDA margin %	*13,2%*	*11,3%*
EBIT reported	22,0	15,5
Depreciation on PPA	3,5	4,5
Non recurring items	4,9	0,3
EBIT adjusted	**30,4**	**20,2**
EBIT margin %	*7,8%*	*5,0%*
Net Income reported	18,3	10,7
Depreciation on PPA net of tax	2,6	3,4
Non recurring items net of tax	4,4	0,2
Net income adjusted	**25,3**	**14,3**
Net Income margin %	*6,5%*	*3,6%*

- Effects of Covid 19 lockdown from March 2020 to May 2020
- Increase of PPA amortization due to full consolidation of Al Air
- In 2019 NRI mainly related to Al Air one-time costs
- In 2020 NRI related only to hospital contribution for Covid

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Balance sheet

Consolidated Balance Sheet Reclassified *(000 Euro)*	31/12/2019	% net invested capital	31/12/2020	% net invested capital
Net intangible assets	98.005		94.727	
Net tangible assets	163.269		158.707	
Pre-paid taxes	6.603		7.903	
Financial assets	219		215	
Non current assets (A)	**268.096**	**100,6%**	**261.552**	**101,5%**
Inventory	61.812		56.647	
A/receivable	61.728		59.763	
Other receivables and current assets	16.513		13.878	
Current assets (B)	**140.053**		**130.288**	
A/payable	86.231		80.630	
Other payable and current liabilities	27.783		28.446	
Current liabilities (C)	**114.014**		**109.076**	
Working capital (D=B-C)	**26.039**	**9,8%**	**21.212**	**8,2%**
Personnel provisions	5.491		5.573	
Deferred taxes	17.954		14.537	
Risk provisions	4.231		4.941	
Long term liabilities (E)	**27.676**	**10,4%**	**25.051**	**9,7%**
Net invested capital (A+D-E)	**266.459**	**100,0%**	**257.713**	**100,0%**
Group net worth	155.526		146.931	
Minority interest	3.422		3.993	
Total group net worth	**158.948**	**59,7%**	**150.924**	**58,6%**
M/L term net financial position	155.499		239.837	
Short term net financial position	(47.988)		(133.048)	
Net financial position	**107.511**	**40,3%**	**106.789**	**41,4%**
Net worth and net financial position	**266.459**	**100,0%**	**257.713**	**100,0%**

- Strong financial structure: D/E = 0,7x
- Strong liquidity position to cover future commitments
- Target NFD/EBITDA ≈ 2x achieved in 2019, then Covid
- Impact of IFRS 16 on NFA (€ 17,6 M) and NFD (€ 16,0 M)
- Improvement of NWC management
- No A/R issues
- 2019 data restated according to IFRS 3 in relation Al Air PPA

Operational net working capital under even stricter control

- Tight control of operational working capital
- Seasonality in operational working capital needs
- Further optimization after AL AIR consolidation
- No issues on A/R

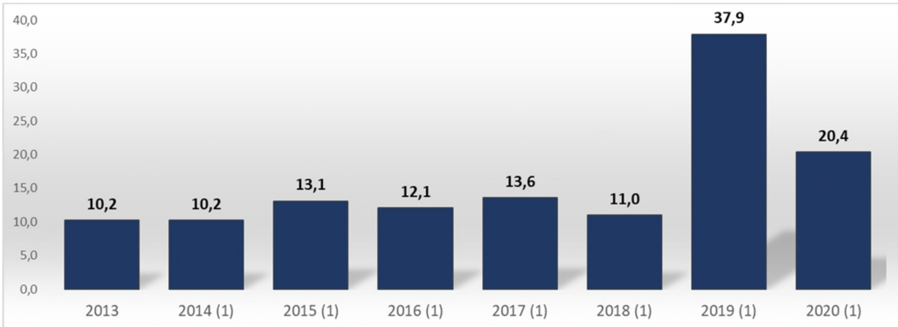
	Like for Like data			
€ Millions	31/12/2019	Days	31/12/2020	Days
Stock	61,8	57	56,6	51
A/receivable	61,7	57	59,8	54
Working capital	123,5		116,4	
A/payable	86,2	120	80,6	115
Net working capital	37,3	34	35,8	32
% on net sales LTM	**9,5%**		**8,9%**	

Net cash flow: consistently strong cash generation

Net cash / (net debt)	**€ m**	
Net financial position as of December 19	(107,5)	
Net financial position as of December 20	(106,8)	
Delta in net financial position	0,7	0,7
+ Dividends paid in 2020		6,5
+ Purchase of treasury stock		0,3
+ Accelerated capex program		12,9
+ Transaction cost AL AIR paid in 2020		0,4
+ IFRS 16 effect		(0,7)
+ NRI (contribution to Covid hospitals)		0,3
= Total normalized net cash flow		**20,4**

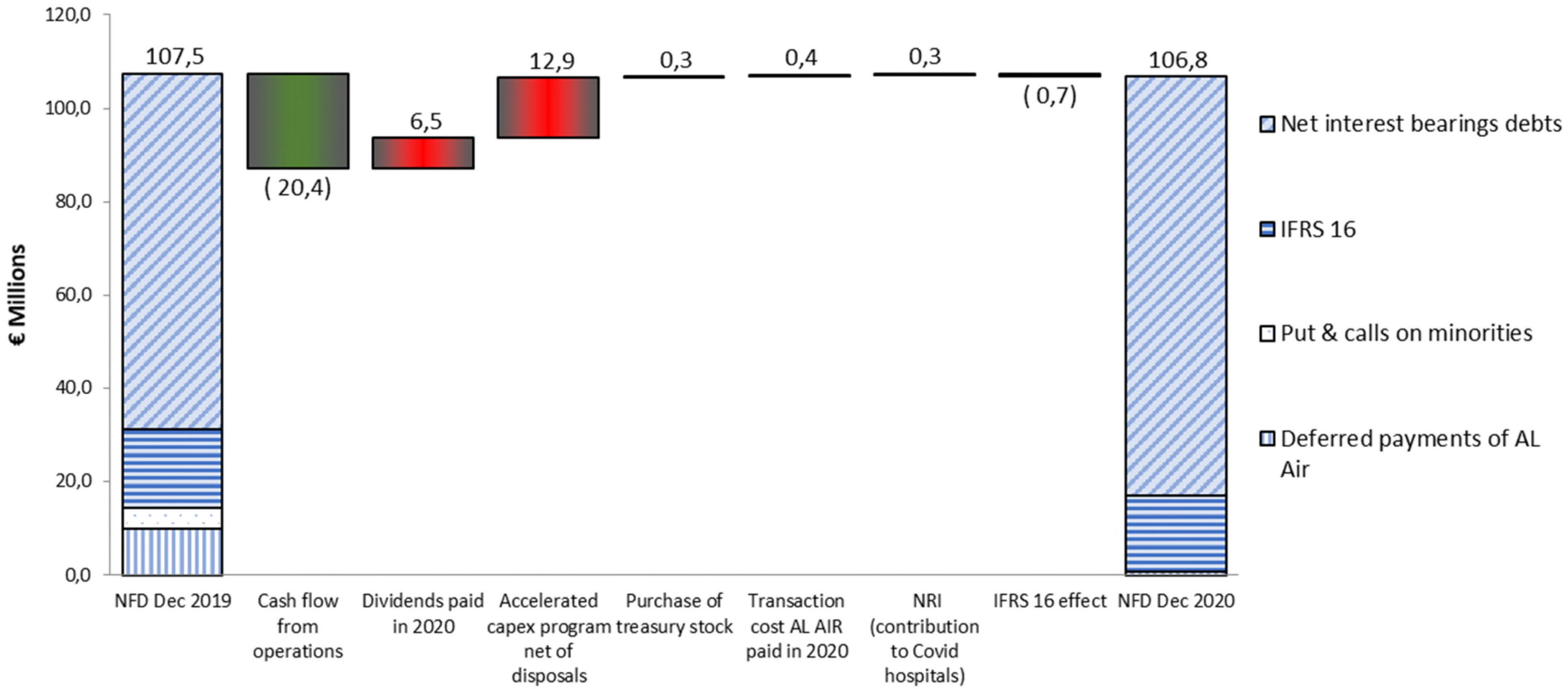
- Extraordinary cash generation in 2019 due to optimization of NWC of AL AIR and India
- Accelerated capex program above maintenance level

LTM net cash generation adjusted 2013 - 2020 (€ m)



(1) 2013 ITA GAAP – 2014-2020 IFRS

Net financial debt bridge analysis



(1) Due to rounding, numbers presented throughout this chart may not add up precisely to the totals provided
(2) December 2019 Net Debt as reported in 2020
(3) Source: management analysis of consolidated results as of 31/12/2020

Lu-Ve: a Five Years Journey (2015-2019)

Growth, expansion and acquisitions

	Strategic targets identified since 2015	Actual results
Organic Growth Delivered	• Organic growth (5-6% p.a.), supported by **megatrends** • Consistently delivered high EBITDA margin • Accelerated CAPEX program • Strict control of working capital	Doubled the size of the group from €212m in 2015 to €416m in 2019(1) thanks to: • Organic growth +9% CAGR 2015-2019 • Additional €118m turnover thanks to acquisitions EBITDA organic growth = 9% Extraordinary capex = €52m (2015 - 2019) Trade NWC ≈ 10-15% of sales
Geographic Expansion Delivered	• Strong focus on emerging economies • Internationalization process • Greenfield /enlargement of existing plants	• New plant in Poland • New plant in China • New plant in US • Doubled plant in India • Sales outside Italy: 81% (vs 73% in 2015)

Acquisitions
Delivered
	• Possible targets
	  • North America
	  • Emerging economies
	  • Europe
	• Possible use of further leverage
		• Acquisitions value = €102m (2)
		• Average EBITDA multiple paid @ 7,0x
		SPIROTECH HEAT EXCHANGERS PVT. LTD. · fincoil · Zyklus Heat Transfer, inc. · HELPMAN

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1) Based on proforma prepared by Lu-Ve 2) Including earn-out; based on final price for AL Air

Expected future trend post Covid

Drivers and trends	What LUVE does
Acceleration of the transition to "**green capex**" by major customers in order to: • Adopt refrigerants with low GWP • Reduce energy consumption and noise level • Comply with EU regulations and with similar regulation introduced in USA, China and other countries • Decarbonization	• LUVE was a **first mover** in green technologies applied to heat exchangers • Currently ≈ 50% of sales are already based on refrigerants with low GWP to stem climate change • New Eurovent certification for CO^2 • ESG rating
Major attention on comfort and indoor air quality in public and private buildings	Special heat exchangers for heat-pump applications and solutions for indoor air quality optimization
Acceleration of digitalization	• Focus on data center market • Application of IoT to all range of products
Increasing value of food security, pharma storage and e-commerce	Focus on mobile applications and logistic centers
Reassess of international supply chains	LUVE production footprint provides clients resilient supply without sacrificing competitiveness

We expect that these trends will be supported and accelerated further by the fiscal response to Covid such as the Next Generation EU and the USD 1.9 trillion stimulus package in USA

New capex program in the US

- New capex program in the US to take benefit from the market transition from traditional products to more environmentally friendly products, i.e., “European style”
- Project divided into stages according to commercial developments allows additional flexibility
- New industrial building in Jacksonville (Texas):
  - up to 29.000 sqm of covered area
  - in an 80.000 sqm land, acquired and paid in 2020
- Possible relocation of current operations from a leased building (6.500 sqm)
- Up to € 30 M total capex in 4/5 years:
  - 20% new machinery
  - 80% land and building

Plant expansion in India

- The old build up area is 11.200 sqm (2012)
- The enlargement of the plant added up to 12.000 sqm
- The new area is going to be used for volume expansion of the existing product portfolio of Spirotech (heat exchangers) and backup to Europe

New plant (2020)

- Construction started in April 2019 and it was completed by December 2020
- The capex requirement was € 4.8 millions

Old plant (2012)

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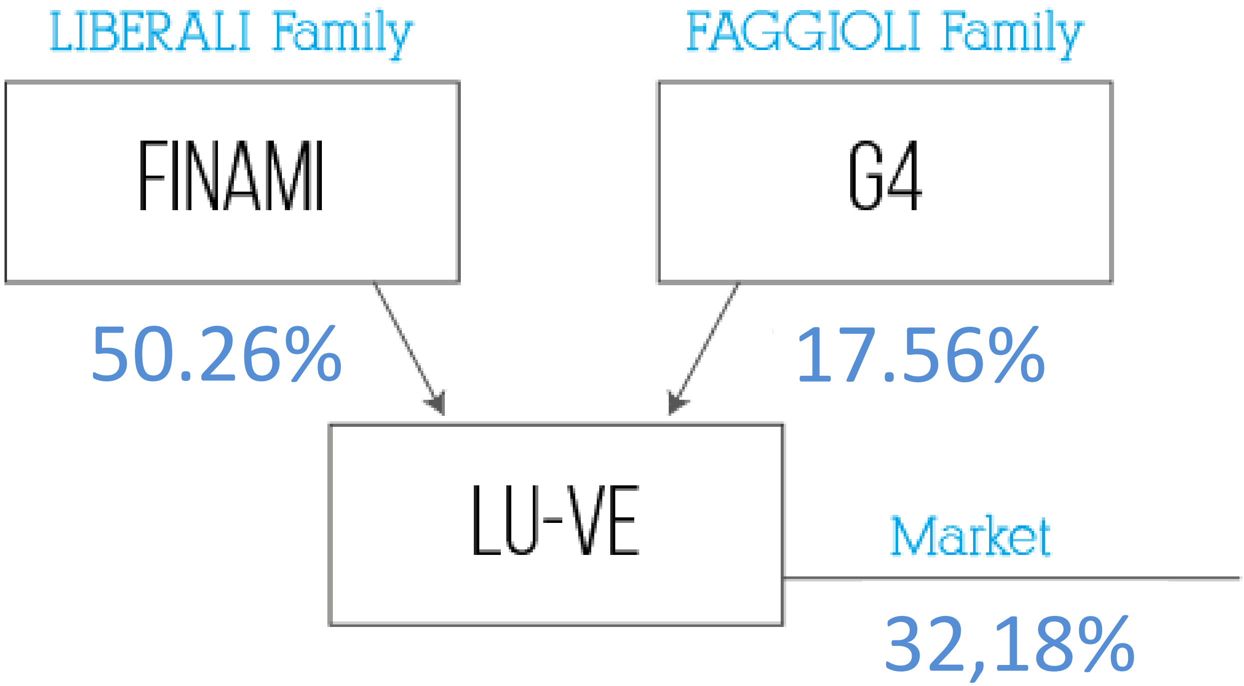
Closing remarks

1. New market opportunities in a post Covid environment	•	Sales of LUVE products are the "green capex" of its customers
2. M&A	•	New projects on opportunistic way (possible multiple arbitrage) in USA, Asia and EU
3. Focus on deleverage	•	Target NFD/EBITDA adj < 2.0x by 2021-year end

Shareholders structure (1) (2)



(1) Fully diluted – post warrant conversion at end of May 2017
(2) Updated as of January 31st, 2021
(3) Treasury shares as of January 31st, 2021: 0,1262%

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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NAZIM HIKMET