



PRESS RELEASE

LU-VE GROUP LANDS IN THE USA with the acquisition of Zyklus, a Texas company specializing in the production of heat exchangers

Uboldo, 27 June 2018 – LU-VE S.p.A. (“**LU-VE**”) announces the acquisition of the US corporation Zyklus Heat Transfer Inc (“**Zyklus**”), active in the manufacturing and commercialization of heat exchanger coils.

LU-VE, whose shares were admitted to trading on the Italian stock exchange in June 2017, is the holding company of LU-VE Group, one of the main European producers of heat exchangers and ventilated products for the refrigeration, air conditioning and industrial process cooling markets, with production facilities in Europe, Russia, China and India.

Zyklus (Jacksonville, Cherokee County, Texas) specializes in manufacturing heat exchangers for commercial refrigeration, refrigerated transport and air conditioning. It has inherited a long tradition in this sector and is deeply-rooted in its territory, with a client base of prime importance.

The acquisition allows LU-VE Group to make use of an existing production facility in the USA as a platform to expand its own business in the North American markets, through the strengthening of the commercial, technical and production structure of Zyklus.

At present, there are no existing commercial relationships between Zyklus and LU-VE Group.

Late yesterday evening LU-VE Group entered into binding agreements and simultaneously executed closing, thus acquiring the whole share capital of Zyklus from the former sole shareholder and President, Mr. Zachary Riddlesperger, who will continue in the company as Vice-President Operations.

For the financial year ended 31 December 2017, Zyklus clocked revenues of USD 10.3 million, adjusted EBITDA of USD 1.7 million and net profits of USD 1.0 million. The net adjusted financial position was negative USD 3.4 million. In the last two years, Zyklus registered an average growth higher than 12% each year.



The acquisition was performed directly by LU-VE, at a price of USD 10.0 million (€ 8.6 million at the official exchange rate of 22 June 2018), paid with available cash. The price is subject to customary adjustments, on the basis of audited financial statements as of 30 June 2018 and of the EBITDA for the year 2018. An earn-out scheme at the third year has also been agreed.

Part of the price has been deposited in an escrow account, and its payment is subject to the achievement of agreed profitability results.

The President of LU-VE Iginio Liberali said *“Zyklus’s acquisition is another important step in the strategy of internationalization of the Group. LU-VE is now present in all the most important countries of the world; the US market is the first market in the world for refrigeration and air conditioning. Our “glocal” growth strategy has led us to invest at international level, to satisfy the requests of different local markets: the acquisition of Spirotech in India in 2016, creating a second facility in Poland, which is currently under construction, and the doubling of the manufacturing surface in China, which will be completed by early 2019.”* Mr. Liberali added: *“The Zyklus facility will allow an important strengthening of the commercial presence of LU-VE Group in North America, where in the next few years there will be a rapid development in the market for heat exchangers with “European” technology, characterized by careful attention to environmental impact and energy consumption. Moreover, we expect to generate significant industrial synergies (for products and processes) as well as commercial synergies: on one hand, Zyklus will be able to take advantage of LU-VE technologies; on the other hand, LU-VE can strengthen its already-established relationships with important North-American clients”*.

Studio Biscozzi Nobili of Milan and Kilpatrick Townsend & Stockton LLP of Atlanta acted as legal advisers to LU-VE.

LU-VE Group is one of the major manufacturers in the world in the heat exchanger field. It operates in various segments of the market: refrigeration (commercial and industrial); process cooling for industrial applications and power generation; air conditioning (civil, industrial and close control); glass doors and closing systems for refrigerated counters and cabinets. The LU-VE Group is an international company (with HQ in Uboldo, Varese, Italy) consisting of 11 manufacturing facilities in 7 countries: Italy, China, India, Sweden, Poland, Czech Republic and Russia, with a network of sales companies and representative offices in Europe, Asia, the Middle East and Oceania. The Group also includes a software house dedicated to ICT (Information and Communications Technology), the development of product calculation software and digitalization. The strength of the Group lies in its employees: over 2,500 qualified people (including about 800 in Italy); 390,000 sqm (of which 160,000 covered); 2,500 sqm used as Research and Development laboratories; 80% of products exported to 100 countries. Consolidated turnover of €270 million (as at 31.12.2017).



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