



PRESS RELEASE

HALF-YEAR 2016, TURNOVER UP (+10.8%), PROFITS UP (+27.5%)

- *Turnover: €116.2 million (€104.9 million in the first 6-month period of 2015; +10.8%, +10.3% at constant exchange rates);*
- *Net economic outturn for the period: €7.7 million equal to 6.6% of revenue, € 6.0 million in the first 6-month period of 2015, +27.5%;*
- *EBITDA €15.1 million equal to 13.0% of revenue (€12.5 million in 2015, + 21.2%);*
- *Negative net funding position for €15.4 million (positive for €4.2 million at 31 December 2015).*

Uboldo, 28 September 2016 – The Board of Directors of LU-VE, meeting on this same date, approved the consolidated financial half-yearly report, at 30 June 2016, the first prepared using the IAS/IFRS international accounting principles.

1. Management trends

The first 6-month period of 2016 saw the LU-VE Group, despite a geopolitical and macroeconomic scenario still characterized by strongly unstable elements, achieve an important increase in sales volumes, with a significant increase in the economic indicators. The improvement in the results compared to the same period of the previous financial year was obtained thanks to the policy of diversification of market and products risks, through a very extensive territorial presence and an important cross-coordination of products with the various application segments.

The Company also undertook two important projects which enabled further growth of the Group: **the acquisition of Spirotech** and the preparatory activities for the **switch to the official listing on the main MTA market** (*Mercato Telematico Azionario*, the Italian equities market), scheduled for the first months of 2017.

The analysis of revenue by **product category** shows a marked reinforcement. for all four main categories (static heat exchangers, fan-cooled heat exchangers, close control air conditioning and special glass doors for refrigerated counters and cabinets). The table shows the revenue trend for the first 6-month periods of 2016 and 2015:

PRODUCTS	€ /000 1st half year 2016	%	€ /000 1st half year 2015	%	Delta %
Heat exchangers	61.454	52,6%	58.394	55,0%	+5,2%
Fan-cooled products	41.886	35,9%	35.514	33,5%	+17,9%
Doors	8.185	7,0%	6.673	6,3%	+22,6%
Close Control	4.707	4,0%	4.324	4,1%	+8,9%
TURNOVER	116.232	99,5%	104.905	98,9%	+10,8%
Other	548	0,5%	1.171	1,1%	-53,2%
Operative revenues and income	116.780	100,0%	106.076	100,0%	+10,1%

Revenue analysis by **product application** shows a positive trend in all segments. The table shows the revenue trend by type of application in the first 6-month periods of 2016 and 2015:

APPLICATIONS	€ /000 1st half year 2016	%	€ /000 1st half year 2015	%	Delta %
Refrigeration	82.828	70,9%	74.766	70,5%	+10,8%
Air conditioning	19.709	16,9%	18.533	17,5%	+6,3%
Special applications	11.146	9,5%	10.380	9,8%	+7,4%
Power generation /industrial applications	2.549	2,2%	1.226	1,2%	+107,9%
TURNOVER	116.232	99,5%	104.905	98,9%	+10,8%
Other	548	0,5%	1.171	1,1%	-53,2%
Operative revenues and income	116.780	100,0%	106.076	100,0%	+10,1%

In general, and notwithstanding the fact that demand in Europe is not buoyant, **the Refrigeration segment** (traditionally the most important for the Group) **reported +10.8%**. This positive performance derives from greater penetration of some main customers and the acquisition of important projects connected to large-scale refrigerated logistic centres.

Compared to last year's period in examination, also the "*special applications*" category shows strong recovery, in particular in the sectors of air conditioning for trains and transport in general (+24.2%).



A **geographical breakdown** of sales reveals in particular the vigorous growth in the traditional main markets such as Italy (+14%), Germany (+11%), France (+31%), Sweden (+22%) and Russia (+14%) and penetration of new markets in South America (Mexico and Costa Rica) with the acquisition of important commissions.

Economic and investment data

I **Operative revenues and income** reached **€116.8 million (+10.1%)**, against the previous €106.1 million. The increase was obtained in the presence of slightly falling prices, a function of the trend of the costs of the main raw materials used.

The total **operative costs** rose from €93.6 million (an impact of 88.2% on revenues) to €101.7 million (an impact of 87.0% on revenues). The overall increase is +8.6% (€8.1 million). This is substantially due to the growth in consumption of materials, the increase in costs for services and the increase in staff costs.

The **Gross Operative Margin (EBITDA)** is equal to €15.1 million (13.0% of revenues) compared to €12.5 million (11.8% of revenues) in 2015. At constant exchange rates, the EBITDA of 2016 would have been 15.6 million Euro. The increase is largely due to the increase in sales volumes.

The level of **depreciation** has grown slightly in correspondence with the acceleration of investments.

The **Operating Result (EBIT)** is €8.7 million (7.5% of revenues) compared to €6.9 million (6.5% of revenues) in 2015.

The **Pre-tax Result (EBT)** in the period to 30 June 2016 is equal to €8.7 million (7.5% of revenues) against a value of €6.9 million at 30 June 2015 (6.5% of revenues).

The **Net Profit** for the period is €7.7 million (6.6% of revenues) compared to €6.0 million (5.7% of revenues) at 30 June 2015 (+27.5%).

Asset and Financial Management shows an increase of €5.3 million in non-current assets, mainly connected to the acceleration of the investment plans.

Group **Working Capital** at 30 June 2016 amounts to €28.5 million with an impact on turnover of the last 12 months of 12.8% (€30.4 million at 30 June 2015 – an impact of 14.1%). At 31 December 2015 it amounted to €11.3 million. The increase compared to the year-end figure is due to the habitual seasonality of the working capital of the Group.

The **Net Consolidated Assets** amount to €127.1 million compared to the previous €125.8 million. The increase (€1.3 million) is due to earnings for the period of €7.7 million, adjusted for a distribution of dividends for €3.9 million, for variations in the area of consolidation for €1.3 million and other variations for €1.2 million.

The **Net Financial Position** is negative by €15.4 million (positive by €4.2 million at 31 December 2015). The variation (equal to €19.6 million) is influenced by the €3.9 million from the distribution of



dividends, by €2.3 million from the acquisition of minority shareholdings in HTS sro and LU-VE France Sarl and by €3.0 million from the acceleration of the investment plans the impact of the variation of working capital is negative for €17.2 million. In the period 30 June 2015 – 30 June 2016 the net generation of adjusted cash was equal to €11.1 million.

2. Events after the end of the period

On 18 September the Group signed binding contracts for the acquisition of the Indian company *Spirotech Heat Exchangers Private Limited* (“**Spirotech**”) which in the financial year ending in March 2016, recorded a turnover of 21 million Euro, with an EBITDA of more than 20% and a net profit of 2.2 million Euro. For further details, see the press release issued on that date- the closing is scheduled for the end of the month of October.

3. Forecast of management developments

It is estimated that Group turnover at the end of the third quarter of 2016 will reach approximately €173.0 million (about +8.5% on 2015).

For year-end, a higher result is forecast in terms of turnover and profits compared to 2015.

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The President, Mr. Iginio Liberali stated: *“The first 6-month period of 2016 confirms the vitality of the Group which is growing significantly internally. A commitment to the market which we took at the moment of quotation. We also had another commitment: to grow externally. This we have honoured with the recent acquisition of Spirotech in India. The next objective is the switch from the AIM market to MTA I the first months of 2017.”*

Per ulteriori informazioni:

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LU-VE Group is an international reference point in the field of heat exchangers and components for commercial and industrial refrigeration, air conditioning, industrial applications, close control A/C and also for glass doors for refrigeration equipment. LU-VE Group is an international company (HQ in Uboldo, Varese, Italy) with 10 production facilities in 6 different countries: Italy (5), China, Poland, Czech Republic, Russia and Sweden: more than 1600 skilled employees including more than 600 in Italy; 340,000 sq m of surface area



(including 145,000 sq m covered); 2,350 sq m of Research & Development laboratories; 76% of production is exported to 100 countries; consolidated turnover over €212 million (*at 31.12.2015*).

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