PRESS RELEASE

LU-VE: ACQUISITIONS AND "GREEN" PRODUCTS PUSH TURNOVER (+ 27.6%) AND ADJUSTED NET PROFIT (+ 38.2%)

I – Approved the draft financial report of LU-VE S.p.A. and the consolidated financial statement at 31 December 2019.

- Consolidated sales: €391.6 million, +27.6% compared to 2018 financial year, + 7.7% on a like-for-like basis[1];
- Order book at €72.6 million, + 78.2% compared to December 2018, + 13.6% on a like for like basis;
- Adjusted[2] consolidated EBITDA*:* €51.7 million (13.2% of revenues) +34.5%, + 11.6% on a like-for-like basis and excluding the IFRS 16 effect;
- Net profit for the year at €18.4 million (€16.1 million in the 2018 financial year)[3];
- Adjusted net profit of €22.8 million (5.8% of revenues);
- Net Financial position[4] negative by €107.2 million – (€151.8 million at 30/06/2019 and €63.6 million at 31/12/18), increased mainly due to the acquisition of AL Air of the Swedish group Alfa Laval (€ 45.0 million) and the adoption of IFRS 16 (€17 million).
- Adjusted LTM net cash flow generation: €37.9 million (€25.5 million at 30 June 2019 and €11.0 million at 31/12/2018).

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[1] The newly acquired AL Air was consolidated for 8 months, starting from 30 April 2019.

[2] Excluding non-recurring costs for € 4.9 m of which €2.4 m is related to the acquisition of AL Air, €1.8 m related to the fair value of the AL Air inventory and €1m related to non-recurring costs related to the start of the new Polish plant and the displacement of the Chinese plant, net of extraordinary income of €0.3 million.

[3] After discounting the value of one-time costs for a total of €4.4 million (€4.9 million gross of tax effects), mainly related to the acquisition of AL Air.

[4] Included put and call options on the minority in Spirotech and the share of the deferred price of AL Air.

II – Proposed dividend of €0.27 per share

III – Deliberated the start of a plan of acquisition of treasury shares

Uboldo, 18 March 2020 – The Board of Directors of LU-VE S.p.A. ("LU-VE" or "the Company") meeting today reviewed and approved the draft financial statement of LU-VE S.p.A. and the consolidated financial statement of the group ("the Group" or "LU-VE Group").

1. CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2019

Management performance

For the LU-VE Group, the 2019 financial year was characterized by an increase in turnover and profitability, thanks to:

- Completion of AL Air's acquisition from the Swedish Alfa Laval Group on 30 April 2019: consolidated for only eight months in the financial statements at December 31, 2019, contributing €61.2 million to the turnover of the year.
- Organic growth of the Group's core business: Business Unit Components (+9.4% on a like-for-like basis) and Cooling Systems Business Unit (+ 7.6% on a like-for-like basis).

The Group's ability to meet the growing demand for energy efficiency in air conditioning and refrigeration systems and the need to replace traditional refrigerants with natural fluids with low environmental impact (following the introduction of increasingly stringent European and international regulations) has been a marked influence on sales growth.

Thanks to the constant investment in innovation, improvement and adaptation of production capacity, the Group was able to cope with the growth in demand (volumes and type of products) in terms of quality (new technical and regulatory requirements) and quantities.

The most significant event of the year is certainly the completion of the acquisition, which took place on 30 April, of 100% of the AL Air division of the Swedish Alfa Laval Group (announced on 12 December 2018). This acquisition has a significant impact on the future prospects, as it significantly consolidates the market position in the **Cooling Systems** sector, leading the Group to become the world's third largest producer and the second largest producer of air heat exchangers in Europe.

Among the main events of the year are also:

- expansion of the plant in Poland: completion in accordance with the timetable and the expected costs;

- transfer to the Tianmen Special Economic Zone (China): completion of compliance with the expected time and cost, in a location with 15,000 square meters (double the previous one);
- closing of the agreement for the construction of a production plant in Jacksonville (Texas, USA) of about 25,000 square meters: the agreement with JEDCO - Jacksonville Economic Development Corporation (local public body that deals with the economic development of the area) was signed through the subsidiary Zyklus) for a new plant of about 25,000 square meters. The agreement between JEDCO and LU-VE Group provides for the granting of land of about 80,000 square meters (at half the purchase price) and a multi-year policy of tax deductions, in return for the creation of the factory and increasing the current workforce to 120 (with the creation of about 50 new jobs, within 48 months of the completion of the plant;
- market-diversification: The strategic process that has been underway for a further diversification of the Group's product applications continued in the 2019 financial year.

The following table shows the turnover trend for Business Units: the growth of total sales of products was 29.1% and on a like-for-like basis, 8.8%.

Strategic Busness Units € 000	2018	%	2019	%	Δ %	Δ LFL % (1)
Components	195,9	63,8%	214,9	54,9%	9,7%	9,4%
Cooling Systems	105,7	34,5%	174,4	44,5%	65,0%	7,6%
Total sales of products	**301,7**	**98,3%**	**389,3**	**99,4%**	**29,1%**	8,8%
Other revenues (2)	5,2	1,7%	2,3	0,6%	-56,4%	
Total sales	**306,9**	**100,0%**	**391,6**	**100,0%**	**27,6%**	**7,7%**

Refrigeration is confirmed as the traditional "core" segment, with a growth of 5.9% (on a like-for-like basis), albeit with a decreasing impact on total sales (59.0%) due to the very strong development recorded in the **Special Applications** segment (15.5%), and of **Air Conditioning, + 15.4%** thanks to the contribution of the newly acquired AL Air.

Following the acquisition of Al Air and the excellent organic growth of 40.3%, it should be noted the increase of 246.8% of sales in the field of***" Power gen***".

In the geographical breakdown of sales, I**taly** grows +16.9%, but further reduces its impact on total sales (19.3% compared to 21.3% in 2018).

Europe (including Italy) represents 75.6% of turnover, a percentage that is expected to decline in the coming years thanks to the expected accelerated growth in North America and emerging markets (India and China mainly).

The main export markets are confirmed to be Poland, Germany, Czech Republic (+51.1% on a like-for like basis).

Below is an analysis of the main financial statement items.

I **Revenues and operating income** increased by 27.6% (+€84.7 million). On a like-for-like basis (without considering the contribution of "AL Air" ") the increase would have been 7.7%. At constant exchange rates (like-for-like) the increase in revenues would have been 7.5%. The increase (on a like-for-like basis) was due to the higher sales volumes of 8.4%, net of a slight drop in sales prices (-0.7%).

Il **Gross Operating Margin (EBITDA)** was €46.8 million (11.9% of revenues) compared to €36.6 million (11.9% of revenues) in 2018. Excluding the impact of non-recurring operating costs, EBITDA would have been equal to €51.7 million (13.2% of sales).

Adjustments (€4.9 million) relate to the transaction costs of the acquisition of AL Air for €2.4 million, for €1.8 million reclassified to Income Statement of non-recurring operating costs related to the adjustment to the fair value of Al Air's stock on the date of acquisition of control (in accordance with IFRS3). The remaining amounts (€0.7 million) refer to fixed costs incurred before the start of production in the new Polish and Chinese plants, net of extraordinary revenues of €0.3 million euros.

Adjusted EBITDA as of December 31, 2018 is €38.4 million. The change compared to that date (+€13.3 million, + 34.5%) is generated by the increase in prices and volumes (+€4.5 million), the contribution of "AL Air"(€5.5 million) and the first adoption of IFRS16 (€3.3 million).

Depreciation and amortization showed an increase of €8.2 million, linked to the change in the consolidation basis for €2.2 million and the first adoption of IFRS16 for €3.5 million.

Operating profit (EBIT) was €22.1 million (5.6% of revenues) compared to € 19.7 million (6.4% of revenues) in 2018. Excluding non-recurring operating costs ("*adjusted*" EBIT) it would have been €27.0 million (6.9% of revenues).

The balance of the proceeds and financial charges was negative for €1.3 million (negative for €2.4 million in 2018).

The **"Pre-Tax result (EBT)"** amounted to €20.8 million (5.3% of revenues) compared to €17.4 million at December 31, 2018 (5.7% of revenues). The EBT for 2019 normalized for non-recurring operating costs would have amounted to €25.7 million (6.6% of revenues).

The **"net profit for the year"** amounted to €18.4 million (4.7% of revenues) compared to €16.1 million (5.2% of revenues) as of December 31, 2018. The net result for 2019, net of non-ordinary operating costs, would have been €22.8 million (5.8% of revenues).

The **net financial position** is negative by €107.2 million (€63.6 million at December 31, 2018 and €151.8 million at 30/6/2019) with a difference of €43.6 million compared to 12/31/208, mainly due to: €45 million acquisition of AL Air, €17 million for first adoption of IFRS16, €5,5 million dividend distribution, €30 million capital expenditures net of approx.. €56 million positive operating cash flow. In the 2019 financial year, the net cash flow of adjusted extraordinary components was approx. €38 million.
The debt is all positioned on the medium and long term and the liquidity present at 31 December 2019 amounted to approximately € 141 million. In 2019, the net cash flow from the adjusted management of extraordinary items was € 37.9 million.

Events after the end of the period

Consolidated sales of products alone at the end of February reached a value of **€66.9** million an increase of **31.2%** compared to the same period of the previous year **(+8.6%** on a like-for-like basis).

Compared to the same period of 2019, the order book at the end of February grew by **85.3%** to a value of **€84.4 million (+13.4%** on a like-for-like basis).

This value includes over **€32 million** relating to former "AL Air" companies, which, due to the increased impact on the total sales of large projects related to the "Power Gen" segment, have historically had a portfolio with greater visibility.

Predictable management evolution

LU-VE is closely monitoring developments in the spread of Coronavirus and has taken all necessary control and prevention measures, in consultation with local authorities, and trade union representatives at all the relevant facilities. It is confirmed that for the time being Italian production has not been impacted by this phenomenon. The so-called “smart working” for employees was encouraged at all the offices, for all the functions capable of carrying out their activity through this method, thus allowing a very important reduction in the presence of staff in the offices even before this was required by recent legislation The critical issues related to possible supply difficulties resulting from the closure of the production plants of some suppliers

and customers as well as difficulties related to road transport are being monitored with great attention and timeliness.

The Chinese plant (located in Tianmen, Hubei Province, the main centre of the spread of the virus in China) after an additional closing period of one month compared to the period already planned for the Chinese New Year holiday, has gradually phased up production starting from 12 March 2020.

All the other plants of the Group outside Italy are currently operating. Nevertheless, in all the European countries where we have production facilities (Finland, Sweden, the Czech Republic and Poland), the local authorities have started to adopt restrictive measures to combat the Covid-19 epidemic and it can be predicted that such measures will become gradually more stringent, as has happened in Italy.

Due to the possible economic impact of Coronavirus, the macroeconomic scenario remains characterized by strong uncertainty and rather limited visibility. It is therefore complicated to make predictions concerning the trend of the commercial, economic and financial trends.
In this context, LU-VE will continue to maintain its commitment to improving its strategic positioning in all the markets in which it operates. In this stage it will be very important to manage, in the short term, the temporary situation, but without letting this distract attention from the objectives of volume growth and profitability in the medium and long term.

2. DIVIDEND

The Board of Directors resolved to propose to the Shareholders' Meeting (which will be convened for April 29, 2020) a gross dividend of €0.27 per share, payable as of **May 6, 2020,** ex-coupon no. 5 on **May 4, 2020** and with record date *ex* art. 83-*terdecies* of Legislative Decree No. 58/1998 ("TUF") on May **5, 2019**, in accordance with the Italian Stock Market calendar.

3. START OF A TREASURY SHARE PURCHASE PROGRAM

In today's meeting, the Board of Directors also gave a mandate to the CEO, dr. Matteo Liberali to start, in consideration of the current share price and the liquidity available in the company, a program to purchase the Company's own shares on the basis of the authorization issued by the shareholders' meeting of 29 April 2019.

The details of the program will be communicated in accordance with the law before it actually starts.

4. OTHER BOARD RESOLUTIONS

Convening the Shareholders' Meeting

At today's meeting, the Board of Directors also decided to convene the Company's ordinary meeting for the day **29 April 2020,** in a single convocation, to discuss and deliberate on, among other things, the approval of the financial statements for the year to December 31, 2019.

At the same venue, the Assembly will be called upon:

(i) to express its vote on the Remuneration Policy for 2020, contained in Section I of the "Annual report on the remuneration policy and the remuneration paid" prepared by the Company pursuant to art. 123-ter of Legislative Decree no. 58/1998 ("TUF"), as modified and integrated by the legislative decree n. 49/2019 which accepts the EU Directive 2017/828 (so-called SHRD II), as well as on the remuneration paid in 2019 to the directors, auditors and senior managers with strategic responsibilities, indicated in Section II of the report itself;

(ii) the renewal of the Board of Directors and the Board of Statutory Auditors, reaching the two bodies currently in office upon expiry of the mandate with the approval by the Shareholders' Meeting of the LU-VE financial statement as at 31 December 2019;

(iii) to resolve on the authorization to purchase and dispose of treasury shares.

The notice of call of the Shareholders' Meeting and the related documentation required by current legislation, including the explanatory report of the Board of Directors on the items on the agenda prepared pursuant to art. 125-ter of the TUF and articles 73 and 84-ter of Consob Regulation no. 11971/1999 ("Issuers Regulation"), will be filed at the registered office and made available on the company's website at www.luvegroup.com, section *"Investor Relations" "Shareholders 'meeting documentation" "Shareholders' Meeting of April 29, 2020"*, and on the authorized storage mechanism *eMarket Storage* at www.emarketstorage.com in accordance with the law. In compliance with current legislation, the notice of convocation of the Shareholders' Meeting will also be published in extract in a newspaper.

Shareholders' meeting authorization proposal for the purchase and disposal of treasury shares

With reference to the proposal to renew the Shareholders 'Meeting authorization to purchase and dispose of treasury shares, subject to revocation of the resolution adopted by the Shareholders' Meeting on April 29, 2019 for the unexecuted part, it is specified that the reasons behind the authorization will be specified in detail in the aforementioned Illustrative Report on

the items on the agenda, to which reference is made, which in the manner indicated above will be made available to the public, together with the notice of call of the Shareholders' Meeting on 20 March 2020 (i.e. at least 40 days before the date of the Assembly).

The proposal provides that: (i) the maximum number of shares that can be purchased, even on several occasions, is equal to a maximum of n. 2,223,436 ordinary shares equal to 10% of the share capital, and therefore to an extent not exceeding the fifth part of the Company's share capital; (ii) the purchase authorization is valid for a period of 18 months from the date on which the Shareholders' Meeting has adopted the related resolution, while the duration of the authorization for the disposal of treasury shares is without time limits; (iii) the unit purchase price must be at least not less than 15% (fifteen percent) and, as a maximum, not more than 15% (fifteen percent) to the average of the official prices of the transactions recorded on the Italian Stock Exchange in the three sessions prior to the purchase or announcement of the transaction, depending on the technical methods identified by the Board of Directors, without prejudice to the further limits from time to time deriving from applicable legislation and accepted market practices; (iv) the purchase operations may be carried out in accordance with the provisions of art. 5 of Reg. (EU) n.596 / 2014 and will be carried out in compliance with art. 132 of the TUF, art. 144-bis of the Issuers' Regulation, as well as any accepted market practices, and in any case in order to ensure equal treatment between Shareholders and compliance with all applicable regulations, including European standards (including, in particular, the regulatory technical standards adopted in implementation of Reg. (EU) No. 596/2014).

As of today, the Company does not hold treasury shares in its portfolio, furthermore there are no treasury shares held through subsidiaries, trust companies or third parties.

Approval of other documents

In today's meeting, the Board of Directors also approved (i) the Report on corporate governance and ownership structures for the 2019 financial year, prepared pursuant to art. 123-bis of the TUF, as well as (ii) the "Annual report on the remuneration policy and the remuneration paid" prepared pursuant to art. 123-ter, paragraph 3 of the Consolidated Law on Finance, including, in Section I, of the "2020 Remuneration Policy" (which this year will be submitted to the binding and no longer consultative vote of the Shareholders' Meeting on 29 April 2020) and in Section II of the remuneration paid in 2019 to directors, statutory auditors and executives with strategic responsibilities (who will be subject to the advisory vote of the aforementioned Shareholders' Meeting starting from this year).

Both of the aforementioned reports will be filed and made available to the public - together with the Annual Financial Report at 31 December 2019 containing, among other things, the financial statements and the consolidated financial statements at 31 December 2019, the Directors' Report on Operations,

the Reports of the Statutory Auditors and the Independent Auditors - in accordance with the law, respectively at the administrative headquarters and on the Company's website at the address www.luvegroup.com, section "Investor Relations" "Shareholders 'Meeting documentation" "Shareholders' Meeting 29 April 2020" , as well as on the authorized organized storage mechanism eMarket Storage at www.emarketstorage.com

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The President, Mr. **Iginio Liberali** underlined: *"In the last ten years, organic growth and acquisitions have made LU-VE the third largest player in the ventilated appliance segment. Our ability to innovate with cutting-edge technological solutions and our ability to hybridize different high-level cultures are the driving forces and the greatest competitive advantage expressed by our collaborators*

Our constant commitment has the aim of offering high efficiency products, capable of minimizing environmental impacts, improving the quality of life of communities, ensuring food conservation and reducing food waste.

In a very changing economic scenario for social, political, cultural and technological aspects, we have accelerated the path of knowledge, study and application of a business model, based on the diffusion of an integrated and shared culture within the Group.

An independent German institute recently classified LU-VE S.p.A. among the best Italian companies in terms of culture, career prospects and corporate well-being. An important recognition that honors us.

In these difficult times, an inspiring light must instead come to us from our Chinese colleagues in Tianmen, who after finding themselves in the middle of the storm, in the area of China hardest hit by the Coronavirus, have returned to work in recent days.

Their strength and determination, together with that of all the Group's collaborators, make us look with great confidence at the Group's prospects.

My first thanks go to all the people of the LU-VE Group for the commitment shown in this last year. But above all I would like to thank those who, in these difficult days, have stayed at their jobs, with a sense of sacrifice and responsibility, to ensure production continuity. I am sure that, once again, in difficulties we will be able to express the best of ourselves with passion, commitment, courage and determination ".

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Pursuant to paragraph 2 of article 154 bis of the Consolidated Law on Finance, the manager responsible for preparing the corporate accounting documents, Eligio Macchi, declares that the accounting information contained in this press release corresponds to the documentary results, books and accounting records.

The tables of the Consolidated Reclassified Income Statement, Consolidated Reclassified Balance Sheet and Consolidated Cash Flow Statement are attached.

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ATTACHMENTS

Consolidated Profit & Loss Reclassified *(000 Euro)*	31/12/2019	% sales	31/12/2018	% sales	Delta % 2019 vs 2018
Sales and operating income	391.581	100,00%	306.869	100,00%	27,60%
Purchases of materials	-204.035	52,10%	-167.429	54,60%	
Inventory increase (decrease)	489	-0,10%	5.643	-1,80%	
Services	-54.255	13,90%	-42.951	14,00%	
Labour cost	-83.361	21,30%	-62.823	20,50%	
Other operating costs	-3.660	0,90%	-2.707	0,90%	
Total operating costs	-344.822	88,10%	-270.267	88,10%	27,60%
EBITDA	46.759	11,90%	36.602	11,90%	27,70%
Increase (decrease) of derivatives fair value	-597	0,20%	-663	0,20%	
Depreciation	-24.211	6,20%	-16.422	5,40%	
Gain (loss) of non current assets	164	0,00%	213	-0,10%	
EBIT	22.115	5,60%	19.730	6,40%	12,10%
Net financial charges	-1.323	0,30%	-2.368	0,80%	
EBT	20.792	5,30%	17.362	5,70%	19,80%
Income taxes	-2.442	0,60%	-1.269	0,40%	
Net income	18.350	4,70%	16.093	5,20%	14,00%
Minority interest	779		686		
Group net income	17.571	4,50%	15.407	5,00%	14,00%

Consolidated Balance Sheet Reclassified (000 Euro)	31/12/2019	% of net invested capital	31/12/2018	% of net invested capital	Delta % 2019 vs 2018
Net intangible assets	96.570		70.170		
Net tangible assets	163.269		125.061		
Pre-paid taxes	6.603		4.722		
Financial assets	220		2.196		
Non current assets (A)	**266.662**	**100,2%**	**202.149**	**96,7%**	**64.513**
Inventory	61.812		44.667		17.145
A/receivable	61.728		50.854		10.874
Other receivables and current assets	16.513		9.472		7.041
Current assets (B)	**140.053**		**104.993**		**35.060**
A/payable	86.230		57.800		28.430
Other payable and current liabilities	27.784		20.585		7.199
Current liabilities (C)	**114.014**		**78.385**		**35.629**
Working capital (D=B-C)	**26.039**	**9,8%**	**26.608**	**12,7%**	**(569)**
Personnel provisions	5.491		4.057		1.434
Deferred taxes	16.768		13.173		3.595
Risk provisions	4.231		2.581		1.650
Long term liabilities (E)	**26.490**	**10,0%**	**19.811**	**9,5%**	**6.679**
Net invested capital (A+D-E)	**266.211**	**100,0%**	**208.946**	**100,0%**	**57.265**
Group net worth	155.586		142.216		13.370
Minority interest	3.422		3.170		252
Total group net worth	**159.008**	**59,7%**	**145.386**	**69,6%**	**13.622**
M/L term net financial position	155.499		156.303		(804)
Short term net financial position	(48.296)		(92.743)		44.447
Net financial position	**107.203**	**40,3%**	**63.560**	**30,4%**	**43.643**
Net worth and net financial position	**266.211**	**100,0%**	**208.946**	**100,0%**	**57.265**

Consolidated Statement of Cash Flow *(000 Euro)*		**31/12/2019**	**31/12/2018**
A.	Cash and cash equivalents at beginning of year	85.905	50.762
	Group net income	17.573	15.407
	Adjustments for:		
	- Depreciation	24.211	16.422
	- Realized capital gains	(164)	(404)
	- Net financial income and expense	2.800	2.534
	- Income taxes	2.442	1.269
	- Delta fair value	(1.059)	663
	Changes in Staff Severance Reserve	(22)	82
	Changes in provisions	250	109
	Changes in *Trade Account Receivable*	(1.615)	(2.067)
	Changes in *Inventory*	(955)	(4.949)
	Changes in *Trade Account Payable*	20.341	(6.550)
	Delta Net Working Capital	17.771	(13.566)
	Changes in Other Receivable, Other Payable, Deferred Taxes	(5.302)	4.589
	Payment of taxes	(4.543)	(3.786)
	Financial Income/charges received/paid	(2.591)	(2.289)
B.	Cash flows generated by operating activities	51.366	21.030
	Investments in non-current assets:		
	- Intangible assets	(5.459)	(4.026)
	- property, plant and equipment	(23.480)	(23.569)
	- financial assets	-	-
	Net purchase price of business combination	(29.689)	(8.930)
C.	Cash flow generated/absorbed by investing activities	(58.628)	(36.525)
	Repayment of loans	(82.257)	(55.269)
	Loans drawdown	95.500	97.848
	Changes in other financial liabilities	(7.109)	(195)
	Changes in other short term financial assets	355	14.207
	Sale (purchase) of treasury stocks	1.618	(198)
	Payment of dividends	(5.944)	(5.265)
	Other changes	(413)	1.451
D.	Cash flow generated/absorbed by financing activities	1.750	52.579
	Exchange differences (translation)	(1.533)	(2.616)
	Other changes non-cash	2.991	675
E.	Other Changes	1.458	(1.941)
F.	Net cash flow of the year (B+C+D+E)	(4.054)	35.143
	Cash and cash equivalents at end of year (A+F)	81.851	85.905
	Current financial debt	33.555	(6.838)
	Non-current financial debt	155.499	156.303
	Net financial position	107.203	63.560