ELICA S.p.A. BoD APPROVES Q1 2019 RESULTS

OWN BRAND PRODUCT SALES CONTINUE TO GROW AS MARGIN STRENGTHENS FURTHER

FY 2019 GUIDELINES APPROVED GROWTH IN REVENUES AND STRENGTHENING OF MARGINS

Consolidated Highlights – Q1 2019

- **Revenue: Euro 116.6 million (Euro 118.9 million in Q1 2018), -1.9% on the same period of the previous year (-3.0% net of the currency effect). Cooking segment in line with Q1 2018, Motors segment impacted by slower European and Turkish demand;**
- **Own brand product sales, mainly the Elica brand, continue to grow - reporting a revenue increase of 8.2%, while in Q1 2019 the own brand product contribution to cooking revenue rises to 50.0%;**
- **OEM revenue, mainly in EMEA, again impacted by forecast lower market demand in the area and sales numbers of some of the main segment customers.**
- **EBITDA[1]: Euro 10.2 million, up 5.2% (+70bp) on Q1 2018 (Euro 9.7 million); margin rises to 8.8% from 8.1% in the same period of the previous year;**
- **EBIT: Euro 4.3 million (Euro 4.8 million in Q1 2018), with 3.7% revenue margin due to higher amortisation and depreciation with the full implementation of the investment plan supporting the development of the new product range launched in 2018;**
- **Net Profit attributable to the Group: Euro 1.4 million, with significant growth of 29.8% on Euro 1 million for the same period of 2018;**
- **Net Financial Position[2]: Euro 67.4 million (Euro 73.0 million in Q1 2018), compared to Euro 56.3 million at December 31, 2018, featuring increased inventory in support of B2C segment development and reduced Capex;**

Milan, May 7, 2019 – The Board of Directors of **Elica S.p.A.**, the parent of a Group that is the leading manufacturer of kitchen range hoods, has today approved the Q1 2019 consolidated results, prepared in accordance with IFRS.

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[1] Inclusive of IFRS 16 effect, as outlined in the reconciliation tables (8.2% net of IFRS 16 effect)
[2] Net of IFRS 16 effect, as outlined in the reconciliation tables

"The Q1 results highlight continued own brand products sales growth (+8.2%) and an improving operating margin (rising to 8.8% of revenue). The Cooking business result was substantially in line with the first quarter of 2018, despite the EMEA B2B contraction and lower estimated demand levels. The contribution of the new Nicola Tesla and New Ceiling range shall be fully apparent in the Q2 results, while reporting double-digit growth on the first quarter of 2018. In the second half of 2019, the negative impact from the EMEA B2B segment shall ease and the benefits from strengthening the sales structures and rolling out marketing investments shall become evident" **stated Antonio Recinella, Chief Executive Officer of Elica.**

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Q1 2019 Consolidated revenue

In the first quarter of 2019, Elica returned **Consolidated revenue of Euro 116.6 million,** -1.9% on Q1 2018 (-3.0% net of the currency effect).

The market in the first quarter of 2019 saw demand reduce 0.4%. This development mainly owes to Western Europe (-1.5%), in particular Germany, the UK and France, while North America reported growth of 2.1%[3].

Own brand sales rose 8.2% in the first quarter, with EMEA and India performing particularly strongly, alongside the contribution of the Cooking segment which rose to ~50.0%, again highlighting the Group's strategy to sharpen its focus on this product category.

OEM revenue contracted 5.9% on the same period of the previous year (-7.9% at like-for-like exchange rates).

The **Motors** business, representing 13% of turnover, reported a 16% revenue contraction in Q1 2019, in line with the general OEM sector in the EMEA region and weaker demand - particularly in Turkey (-15.8% at like-for-like exchange rates).

Profitability – Q1 2019

EBITDA of Euro 10.2 million was up 5.2% on the same period of 2018 (Euro 9.7 million), with a margin of 8.8% significantly improving on 8.1% for the first quarter of 2018. Net of the IFRS 16 effect, EBITDA was Euro 9.5 million (8.2% margin).

EBIT was Euro 4.3 million, compared to Euro 4.8 million for Q1 2018, due to higher amortisation and depreciation with the full implementation of the investment plan supporting the development of the new product range launched in 2018.

Financial charges of Euro 0.85 million were significantly down on Euro 1.0 million in Q1 2018, thanks to lower interest on the improved net financial position, the renegotiation of the medium-term debt and reduced coverage costs and currency losses.

[3] Source: Elica Group: internal estimates

The Net Profit attributable to the owners of the Parent was Euro 1.4 million, significantly improving (29.8%) on Euro 1.0 million for Q1 2018 and mainly thanks to the dynamics outlined above. Minorities of Euro 0.8 million were in line with the same period of 2018.

In Euro thousands	Q1 19	% revenue	Q1 18	% revenue	19 Vs 18%	Q1 19 GAAP 2018 (*)	% revenue
Revenue	116,612		118,878		-1.90%	116,612	
EBITDA	10,217	8.80%	9,681	8.10%	5.50%	9,505	8.20%
EBIT	4,263	3.70%	4,760	4.00%	-10.40%	4,274	3.70%
Net financial charges	-851	-0.70%	-1,012	-0.90%	15.90%	-792	-0.70%
Income taxes	-1,322	-1.10%	-1,956	-1.60%	32.40%	-1,339	-1.10%
Profit from continuing operations	2,090	1.80%	1,792	1.50%	-16.60%	2,143	1.80%
Profit for the period	2,090	1.80%	1,792	1.50%	-16.60%	2,143	1.80%
Profit attributable to the owners of the Parent	1,317	1.10%	1,015	0.90%	-29.80%	1,367	1.20%
Basic earnings per share on continuing operations and discontinued operations (Euro/cents)	2.12		1.64		-29.30%	2.2	
Diluted earnings per share on continuing operations and discontinued operations (Euro/cents)	2.12		1.64		-29.30%	2.2	

(*) see paragraph on the application of IFRS 16 Leases in Definitions and Reconciliations

Statement of Financial Position

The Net Financial Position at March 31, 2019 was Euro 67.4 million (Euro 73.0 million in Q1 2018), compared to Euro 56.3 million at December 31, 2018.

In Euro thousands	Mar 31, 19	Jan 1, 19 (*)	Dec 31, 18	Mar 31, 18
Cash and cash equivalents	26.229	35.612	35.612	30.417
Bank loans and borrowings - (current)	-43.107	-37.792	-37.792	-59.377
Bank loans and borrowings - (non-current)	-50.492	-54.102	-54.102	-44.016
				-33
Net Financial Position	**-67.370**	**-56.282**	**-56.282**	**-73.009**
Assets for derivatives (current)	596	513	513	206
Liabilities for derivatives (current)	-681	-1.737	-1.737	-330
Liabilities for derivatives (non-current)	-161	-120	-120	-175
Net Financial Position - Including Derivatives Effect	**-67.615**	**-57.626**	**-57.626**	**-73.307**
Finance lease payables as per IFRS16 - (current)	-2.706	-2.947	n/a	n/a
Finance lease payables as per IFRS 16 - (non-current)	-8.185	-8.403	n/a	n/a
Net Financial Position - Including Derivatives Effect and IFRS 16 Impact	**-78.506**	**-68.976**	**n/a**	**-73.307**

(*) see paragraph on the application of IFRS 16 Leases in Definitions and Reconciliations

Managerial Working Capital on annualised revenue was 4.2% in the first quarter of 2019 (4.5% in the same period of the previous year).

In Euro thousands	Mar 31, 19	Dec 31, 18
Trade receivables	60,919	51,192
Inventories	80,454	76,196
Trade payables	-108,937	-109,916
Managerial Working Capital	**32,436**	**17,472**
% annualised revenue	*7.00%*	*3.70%*
Other net receivables/payables	-12,659	-10,801
as a % of annualised revenue	*-2.70%*	*-2.30%*
Net Working Capital	**19,777**	**6,672**
% annualised revenue	*4.20%*	*1.40%*

Significant events in the period and subsequent events

On January 30, 2019, in accordance with Article 2.6.2, paragraph 1, letter b) of the Regulations of the Markets Organised and Managed by Borsa Italiana S.p.A., Elica S.p.A. published the Financial Calendar for the year 2019.

On February 12, 2019, the Board of Directors of Elica S.p.A. approved the additional periodic disclosure for the fourth quarter of 2018, prepared according to IFRS and the 2018 preliminary consolidated results.

On February 27, 2019, Elica S.p.A. announced the reaching - together with the subsidiary Elica GmbH - of a settlement with the company Exklusiv-Hauben Gutmann GmbH ("Gutmann") in insolvency, with its administrators and with its sole shareholder Manuel Fernandez Salgado, to whom the company was sold in August 2017. The agreement was approved by the creditors committee of the Gutmann insolvency and the Administrator of the insolvency and is binding upon the parties. The Board of Directors of Elica S.p.A., in consideration of the opportunity to establish mutual positions on the insolvency declaration of Exklusiv-Hauben Gutmann GmbH and to mitigate the main risks associated with the claims advanced and the disputes threatened against Elica S.p.A and Elica GmbH, assessed the proposal as being in the interest of the company and mandated the Chief Executive Officer to conclude a possible agreement. Within the overall framework of the agreement and in settlement of the mutual rights and claims, Elica S.p.A. shall recognise to Gutmann Euro 2.6 million (with an overall adjustment effect on the EBITDA of Elica S.p.A. of Euro 3.4 million, including the write-down of Euro 0.8 million of the original receivable of Euro 2.5 million of Elica S.p.A. from Manuel Fernandez Salgado), of which Euro 800 thousand to be paid within three weeks from the agreement's conclusion, Euro 1.7 million through the transfer to Gutmann of Elica S.p.A.'s receivable from Manuel Fernandez Salgado for the transfer of the shares of Gutmann and a further Euro 100 thousand to be fully offset against that to be paid by Gutmann for the retransfer of the "Gutmann" brands acquired by Elica S.p.A. in 2017 (with an overall adjustment effect on the EBIT of Elica S.p.A. of Euro 1.1

million, deriving from the write-down of the Gutmann brands recognised to the statement of financial position of Elica S.p.A.). Manuel Fernandez Salgado shall remain liable to pay to Elica S.p.A. the residual amount of Euro 800 thousand, due for the transfer of the Gutmann shares. This obligation will be settled by paying Elica S.p.A. the amount of Euro 200 thousand by February 28, 2020, in settlement of his entire debt position. For completeness, Elica S.p.A. in addition agrees to settle the guarantee provided in 2015 in favour of the company owning the property leased by Gutmann of Euro 1.65 million, which has already been provisioned in the company's accounts, and to settle the amounts regarding the trade payables arising in favour of Gutmann GmbH after the sale of the company and prior to its declaration of insolvency, related to ordinary operations and amounting to approx. Euro 0.5 million, currently prudently blocked by Elica S.p.A.. Elica S.p.A. therefore updated the 2018 result adjustments. Elica S.p.A., following the opening of the preliminary insolvency proceedings, partially wrote-down the trade receivable - for an amount of Euro 4.0 million - recognised when communicating its H1 2018 results. Subsequently, during the 2018 Fourth Quarter a further write-down of Euro 2.8 million was made to cover the insolvency risks of the German company regarding the trade receivable of Elica S.p.A. in view of its continuing insolvency. The agreement concluded therefore had an additional adjustment impact for Elica S.p.A. of Euro 4.5 million (with an overall effect of Euro 3.4 million on EBITDA and an additional Euro 1.1 million on EBIT, as previously stated) concerning financial year 2018 and in settlement of the respective positions, of which Euro 0.8 million with cash effect in 2019. This transaction definitively concludes all disputes between the two companies, excluding further impacts on future accounts.

On March 7, 2019, the Board of Directors of Elica S.p.A. approved the 2018 consolidated results at December 31, 2018 and the statutory financial statements at December 31, 2018, prepared in accordance with IFRS, in addition to the Directors' Report.

On April 18, 2019, the Shareholders' Meeting of Elica S.p.A. met in ordinary session and **approved** the following matters on the agenda:

- **Statutory Financial statements at December 31, 2018 of Elica S.p.A.:** Directors' Report; Board of Statutory Auditors' Report; Non-Financial Report, Independent Auditors' Report. The Shareholders' Meeting also noted the consolidated results for 2018.
- **2019-2025 Phantom Stock & Voluntary Co-investment Plan:**The Shareholders' Meeting also approved the 2019-2025 Phantom stock option incentive plan (the "2019-2025 Phantom Stock & Voluntary Co-investment Plan") according to the terms and conditions of the Disclosure Document, in addition to the granting to the Board of Directors of Elica S.p.A., with express power to sub-delegate, the broadest powers necessary for full and complete execution of the plan. In this regard it is noted that: a) the potential Beneficiaries of the stated plan are identified directors and employees of Elica S.p.A. and/or its subsidiaries, whose features are outlined in the Disclosure Document according to the means established by paragraph 1, Schedule 7, by Annex 3A of the Issuers' Regulation, whose names are not communicated today and will be provided subsequently, where available, during the implementation of the plan, according to the means established by Article 84-*bis*, paragraph 5, letter a) of the Issuers' Regulation; b) the financial instruments on which this incentive plan is based are phantom stocks or "units", virtually representing an ordinary share of Elica S.p.A., whose value they trace over time and with a monetary payment; c) the 2019-2025 Phantom Stock & Voluntary Co-investment Plan is proposed for the following purposes: i) to guarantee the alignment of the interests of management with those of the Shareholders; ii) to maintain the focus of key managers on company objectives; iii) to support the retention of key employees over the long term.

The Illustrative Report of the Directors to the Shareholders' Meeting on the proposal to establish a long-term incentive plan called the 2019-2025 Phantom Stock & Voluntary Co-investment Plan, accompanied by the Disclosure Document drawn up as per Annex 3A, Schedule 7 of the Issuers' Regulation, was published on March 18, 2019 and is available to the public at the registered office, in addition to the 1Info authorised storage mechanism at www.1info.it and on the website https://elica.com/corporation/it/investor-relations/assemblea-azionisti

- **Remuneration Report:** In accordance with Article 123 ter, paragraph 6 of Legs. Decree No. 58/1998, the Shareholders' Meeting of Elica S.p.A., considering the content of the Remuneration Report filed on March 27, 2019 and made available to the public on the company website https://elica.com/corporation/it/investor-relations/bilanci-e-relazioni and on the authorised storage mechanism 1Info at www.1info.it expressed its approval of the first section of the report. The results of the vote will be made available to the public in accordance with Article 125 *quater*, paragraph 2 of the same Decree.

- **Purchase and utilisation of treasury shares:** The Shareholders' Meeting also approved the authorisation to purchase and utilise treasury shares, pursuant to Article 2357 and 2357-*ter* of the Civil Code, in order to provide the company with an important instrument of strategic and operative flexibility. The new authorisation was preceded by the revocation of that previously granted on April 27, 2018. Today's authorisation concerns the purchase of ordinary company shares up to a maximum of 20% of the share capital, therefore 12,664,560 ordinary shares and runs for a period of 18 months from the date of the Shareholders' Meeting motion, while the authorisation to utilise such shares is without time limit. The purchase price per ordinary share is fixed in the amount of: (a) not below a minimum of 95% of the official price recorded of the share in the trading session before each operation (b) not above a maximum (i) Euro 5 and (ii) 105% of the official price of the share in the trading session before each operation. It is expected that the purchases will be carried out at price conditions in line with that established by Article 3 Delegated Regulation 2016/1052 in enactment of Regulation (EC) 596/2014 and however in compliance with the applicable regulations and conditions and the limits fixed by Consob in relation to accepted industry guidelines, where applicable. The Board of Directors in concluding the individual treasury share buy-back operations must comply with the operational conditions established by the market concerning the purchase of treasury shares of Consob in accordance with Article 13, Regulation 596/2014, with resolution No. 16839 of March 19, 2009, in addition to the applicable legal and regulatory provisions, including the Regulations as per Regulation 596/2014, Delegated Regulation 2016/1052 and the EU and national executing regulations, and in particular in compliance with Article 132 of the CFA, Article 144-bis first paragraph, letter b) of the Issuers' Regulation or as per the relative applicable regulation, in order to ensure equal treatment among shareholders. The Company today holds 1,275,498 ordinary treasury shares, comprising 2.01% of the share capital.

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Statement pursuant to Article 154-*bis*, paragraph two, of the Consolidated Finance Act

The Corporate Financial Reporting Manager, Mr. Alessandro Carloni, declares, pursuant to Article 154-bis, second paragraph of Legs. Decree No. 58/98, that this press release corresponds to the underlying accounting documents, records and accounting entries.

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The Elica Group has been present in the cooker hood market since the 1970's, is chaired by Francesco Casoli and led by Antonio Recinella and today is the world leader in terms of units sold. It is also a European leader in the design, manufacture and sale of motors for central heating boilers. With over 3,800 employees and an annual output of approx. 21 million units, the Elica Group has seven plants, including in Italy, Poland, Mexico, India and China. With many years' experience in the sector, Elica has combined meticulous care in design, judicious choice of materials and cutting edge technology guaranteeing maximum efficiency and reducing consumption, making Elica the prominent market figure it is today. The company has revolutionized the traditional image of the kitchen cooker hood: it is no longer seen as simple accessory but as a design object which improves quality of life.

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Definitions and reconciliations

EBITDA is the operating profit (EBIT) plus amortisation and depreciation and any impairment losses on goodwill and brands. EBIT is the operating profit as reported in the consolidated income statement.

Adjusted EBITDA is EBITDA net of the relative adjustment items.

Adjusted EBIT is EBIT net of the relative adjustment items.

Net financial income/(charges) is the sum of the Share of profit/(loss) from associates, Financial income, Financial Charges, Impairment of available-for-sale financial assets and Exchange rate gains and losses.

The adjusted profit is the result for the period, as published in the Consolidated Income Statement, net of the relative adjustment items.
The adjusted profit attributable to the owners of the Parent is the result for the period attributable to the owners of the Parent, as published in the Consolidated Income Statement, net of the relative adjustment items.
Ajustment items: earnings items are considered for adjustment where they: (i) derive from non-recurring events and operations or from operations or events which do not occur frequently; (ii) derive from events and operations not considered as in the normal course of business operations, as is the case for impairments, disputes considered atypical in terms of frequency and amount and restructuring charges.

At March 31, 2019 and March 31, 2018 there were no adjustment items.

The Earnings per Share for Q1 2018 and Q1 2019 was calculated by dividing the Profit/(loss) attributable to the owners of the Parent, as defined in the Consolidated Income Statement, by the number of outstanding shares at the respective reporting dates. The numbers of shares in circulation at the reporting date is unchanged on March 31, 2018 (62,047,302).

The earnings per share so calculated coincide with the earnings per share as per the consolidated income statement, as there were no changes to the number of shares in circulation.
Managerial Working Capital is the sum of Trade receivables with Inventories, net of Trade payables, as presented in the Consolidated Statement of Financial Position.

Net Working Capital is the amount of Managerial Working Capital and Other net receivables/payables. Other net receivables/payables comprise the current portion of Other receivables and Tax Receivables, net of the current portion of Provisions for risks and charges, Other payables and Tax payables, as presented in the Consolidated Statement of Financial Position.

Net Financial Position (NFP) is the sum of Cash and Cash equivalents and Other financial assets less Current bank loans and borrowings and amounts due under finance leases and to other lenders, as reported in the Statement of Financial Position and Non-current bank loans and borrowings and amounts due under finance leases and to other lenders, as reported in the Statement of Financial Position. Amounts due under finance leases were zero.

The Net Financial Position - Including Derivative Instruments is the sum of the Net Financial Position and derivative instrument assets and liabilities, as per the Statement of Financial Position.
The Net Financial Position - Including the Derivatives Effect and the IFRS 16 Impact is the sum of the Net Financial Position - Including Derivative Instruments and current and non-current lease payables from application of IFRS 16, as per the Statement of Financial Position.
On application of IFRS 16 Leases

The column Mar 31, 19 GAAP 2018 presents the income statement indicators, as if the new standard IFRS 16 regarding the recognition of lease contracts had not been applied. A comparison is therefore provided with the previous year.

The column Jan 1, 19 presents the impact on initial application of IFRS 16 Leases, at the beginning of the period presented.

The Elica Group applied IFRS 16 Leases from January 1, 2019, retrospectively with full impact on equity, according to point C5 (b) of IFRS 16. The comparative information was therefore not restated. On the basis of point C8 of the same standard, finance leases payables emerging from application of IFRS 16 at the initial application date of January 1, 2019 were therefore recognised.

operating lease commitments as per financial statements at 31/12/2018	13,049
maturity within 12 months	(1,012)
impact of contracts for goods of a value of less than 5k$ (with a residual duration of greater than 12 months)	(19)
Other	(147)
impact from discounting	(520)
finance lease payable as per IFRS 16 at 1/1/2019	11,351

Reconciliations:		
Euro thousands	**Mar 31, 19**	**Mar 31, 18**
EBIT	**4,263**	**4,760**
(Amortisation & Depreciation)	5,954	4,921
EBITDA	**10,217**	**9,681**
	Mar 31, 19	**Mar 31, 18**
Profit attributable to the owners of the Parent *(in Euro thousands)*	1,317	1,015
Outstanding shares at year-end	62,047,302	62,047,302
Earnings (loss) per share (Euro/cents)	**2.12**	**1.64**
Euro thousands	**Mar 31, 19**	**Dec 31, 18**
Other receivables	6,409	6,589
Tax receivables	13,038	17,275
(Provision for risks and charges)	-4,736	-9,318
(Other payables)	-20,081	-14,503
(Tax liabilities)	-7,289	-10,844
Other net receivables / payables	**-12,659**	**-10,801**

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