

PRESS RELEASE

ELICA S.p.A. and Exklusiv-Hauben Gutmann GmbH agree settlement stipulating mutual positions on the insolvency declaration of Exklusiv-Hauben Gutmann GmbH and on additional mutual claims

Updating of 2018 adjustment items

- The concluded agreement shall have an additional adjustment impact for Elica S.p.A. of Euro 4.5 million concerning financial year 2018 and in settlement of the respective positions

Fabriano, February 27, 2019 – Elica S.p.A., the parent of the Group that is the leading manufacturer of kitchen range hoods, announces 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.

Agreement rationale and terms

The agreement was approved today 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. Elica GmbH also agreed with the proposal.

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, including 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..

Update on 2018 results 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 concluded agreement shall therefore have an additional adjustment impact for the company Elica S.p.A. of Euro 4.5 million (*with a total effect of Euro 3,4 million on EBITDA and an additional Euro 1,1 million on EBIT, as previously specified*) 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 companies, without further impacts on future accounts.

A comparative table against the preliminary figures published on February 12, 2019 is presented below:

	Updated			Preliminary 12/02/2019			
<i>In Euro thousands</i>	2018	% revenue	2017	% revenue	18 Vs 17%	2018	% revenue
Revenue	472,387		479,305		(1.4%)	472,387	
Adjusted EBITDA*	39,973	8.5%	36,840	7.7%	8.5%	39,973	8.5%
EBITDA	29,818	6.3%	34,521	7.2%	(13.6%)	33,218	7.0%
Adjusted EBIT*	19,771	4.2%	16,324	3.4%	21.1%	19,771	4.2%
EBIT	8,539	1.8%	14,005	2.9%	(39.0%)	13,016	2.8%
Net financial charges	(4,053)	(0.9%)	(5,242)	(1.1%)	22.7%	(4,192)	(0.9%)
Subsidiary disposal charges	-	0.0%	(3,908)	(0.8%)	(100.0%)	-	0.0%
Profit before taxes	4,486	1.0%	4,855	1.0%	7.6%	8,824	1.9%

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.

Adjustment 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.

ANNEX A: Adjusted preliminary FY2018 Consolidated EBITDA

<i>Euro thousands</i>	2018	2017
Operating profit – EBIT	8,539	14,005
(Impairment of Brands - Goodwill)	1,077	-
(Amortisation & Depreciation)	20,202	20,516
EBITDA	29,818	34,521
(Accrual to the risks provision for settlement with Gutmann)	2,600	
(Valuation receivable for sale Gutmann shares, from Manuel Fernandez)	800	
(Valuation trade receivable before sale, from Gutmann)	6,755	
(Write-down of Intangibles relating to Gutmann sale)		285
(Restructuring charges)		2,034
Adjusted EBITDA	39,973	36,840

ANNEX B: Adjusted preliminary FY2018 Consolidated EBIT

<i>Euro thousands</i>	2018	2017
Operating profit – EBIT	8,539	14,005
(Impairment of Brands - Goodwill)	1,077	0
(Accrual to the risks provision for settlement with Gutmann)	2,600	0
(Valuation receivable for sale Gutmann shares, from Manuel Fernandez)	800	0
(Valuation trade receivable before sale, from Gutmann)	6,755	0
(Write-down of Intangibles relating to Gutmann sale)	0	285
(Restructuring charges)	0	2,034
Adjusted EBIT	19,771	16,324