

PRESS RELEASE

**ELICA S.p.A. SIGNS AGREEMENT TO ACQUIRE 30%
OF CHINESE SUBSIDIARY FROM MINORITY SHAREHOLDER**

Fabriano, July 26, 2017 – Elica S.p.A., the parent company of a Group that is the leading manufacturer of kitchen range hoods, has signed an agreement to acquire 30% of the share capital of the Chinese subsidiary Zhejiang ELICA Putian Electric Co., Ltd. from minority shareholder Du Renyao.

The operation extends governance over the Chinese subsidiary in order to drive forward company results.

The subsidiary is one of the first Chinese manufacturers to develop western-style kitchen hoods on the local market, under the PUTI brand. Production is located in Shengzhou, a major Chinese kitchen appliance manufacturing district.

In 2010, Elica S.p.A. acquired a majority holding in the Chinese company and consolidated control in 2011.

Elica currently, before conclusion of the operation, owns 66.76% of the share capital of Zhejiang ELICA Putian Electric Co., Ltd..

Conditions and value of the operation

Consideration for the 30% holding in the Chinese subsidiary is CNY 15 million (Euro 1,907,863 the ECB¹ exchange rate of July 24, 2017), to be paid in cash utilising available Company resources within three working days from the opening of a dedicated account, authorised *ad hoc* by the Chinese authorities. Elica will in addition release a surety in guarantee of the amount due.

Mr. Renyao Du, currently a Director of the subsidiary, on conclusion of the operation will step down and not undertake any other role at the Chinese company.

The transfer of shares shall be completed and effective from the issue by the authorities of the new “business license”, which requires mandatory initiatives and authorisations, and in particular: approval of the transfer by MOFCOM², the opening of a special current account for the receipt of payment, the payment of taxes by the seller following the receipt of consideration. The “business license” may be issued by the third quarter of this year.

Elica S.p.A. commits not to execute any transactions on its shares in the Chinese subsidiary during the period until conclusion of the operation.

Profile of Zhejiang ELICA Putian Electric Co., Ltd and key financial highlights

The IFRS-prepared financial statements for 2016 of the Chinese subsidiary involved in the transaction are attached.

Kitchen hood sales account for 69% of revenues, with the remaining approx. 31% from the sale of gas hobs, sterilisers, accessories/spare parts and electric motors.

Sales of the Chinese company contracted 30% in 2016 against the previous year, significantly impacting the margin and in spite of the cost streamlining measures undertaken.

Property, plant and equipment of Euro 7.6 million are recognised at historic cost and not at fair value.

¹ European Central Bank

² Ministry Of Commerce, People's Republic Of China

Impact on 2017-2019 Objectives

The Company does not expect any significant impacts from the operation on the 2017-2019 Objectives announced to the market on May 15, 2017.

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 3,600 employees and an annual output of over 19 million units, the Elica Group has eight plants, including in Italy, Poland, Mexico, Germany, India and China. With many years' experience in the sector, Elica has combined meticulous care in design, judicious choice of material and cutting edge technology guaranteeing maximum efficiency and reducing consumption making the Elica Group the prominent market figure it is today. The Group has revolutionised the traditional image of the kitchen cooker hood: it is no longer seen as simple accessory but as a design object which improves the quality of life.

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Definitions

EBITDA is the operating profit (EBIT) plus amortisation and depreciation and any impairment losses on goodwill.

EBIT is the operating profit as reported in the consolidated income statement.

Adjusted EBITDA is EBITDA net of the relative adjustment items.

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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.

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 Debt (NFD) is the sum of Cash and Cash equivalents less Current loans and borrowings (including the current portion of amounts due under finance leases and to other lenders and of bank loans and borrowings, as reported in the Statement of Financial Position) and Non-current loans and borrowings (including the non-current portion of amounts due under finance leases and to other lenders and of bank loans and borrowings, as reported in the Statement of Financial Position).

ATTACMENT A

Zhejiang Putian Electric Co. Ltd

Income Statement at December 31, 2016

| | 2016 |
|--|----------------|
| <i>In Euro thousands</i> | |
| Revenues | 17,999 |
| Other operating revenues | 232 |
| Changes in inventories of finished and semi-finished goods | (371) |
| Increase in internal work capitalised | 797 |
| Raw materials and consumables | (12,700) |
| Services | (2,155) |
| Labour costs | (4,175) |
| Amortisation and Depreciation | (1,897) |
| Other operating expenses and provisions | (841) |
| Restructuring charges | 0 |
| EBIT | (3,111) |
| Share of loss from associates | 0 |
| AFS Impairment | 0 |
| Financial income | 6 |
| Financial charges | (719) |
| Exchange gains | 8 |
| Other income and non-operating charges | (260) |
| Pre-tax result | (4,076) |
| Income taxes | (1,040) |
| Net profit from normal operations | (5,116) |
| Net profit from discontinued operations | 0 |
| Net profit/(loss) for the year | (5,116) |
| EBITDA | (1,214) |

EBITDA is the operating profit (EBIT) plus amortisation and depreciation and write-downs of goodwill for losses in value.

ATTACMENT B

Zhejiang Putian Electric Co. Ltd

Balance Sheet at December 31, 2016

| | 2016 |
|---|----------------|
| <i>In Euro thousands</i> | |
| Property, plant and equipment | 7,584 |
| Goodwill | - |
| Other intangible assets | 3,788 |
| Investments in associated companies | - |
| Other financial assets | - |
| Other receivables | - |
| Tax receivables | - |
| Deferred tax assets | 757 |
| AFS financial assets | - |
| Derivative financial instruments | - |
| Total non-current assets | 12,129 |
| Trade and financial receivables | 3,331 |
| Inventories | 4,874 |
| Other receivables | 534 |
| Tax receivables | (5) |
| Derivative financial instruments | - |
| Cash and cash equivalents | 3,116 |
| Current assets | 11,850 |
| Total Assets | 23,979 |
| Liabilities for post-employment benefits | - |
| Provisions for risks and charges | - |
| Deferred tax liabilities | - |
| Finance leases and other lenders | 649 |
| Bank loans and mortgages | - |
| Other payables | - |
| Tax payables | - |
| Derivative financial instruments | - |
| Non-current liabilities | 649 |
| Provisions for risks and charges | 129 |
| Finance leases and other lenders | - |
| Bank loans and mortgages | 12,563 |
| Trade payables | 11,386 |
| Other payables | 1,952 |
| Tax payables | 25 |
| Derivative financial instruments | - |
| Current liabilities | 26,055 |
| Share capital | 3,332 |
| Capital reserves | 5 |
| Hedging, translation and stock option reserve | 865 |
| Retained earnings | (1,811) |
| Net profit/(loss) for the year | (5,116) |
| Shareholders' Equity | (2,725) |
| Total liabilities and shareholders' equity | 23,979 |