Elica S.p.A.

Half-Year Report

at June 30, 2018

Contents

Corporate boards

Members of the Board of Directors

Francesco Casoli
Executive Chairman,
born in Senigallia (AN) on 05/06/1961, appointed by resolution of 27/04/2018.

Antonio Recinella
Chief Executive Officer, born in Livorno (LI) on 5/11/1968, appointed by resolution of 27/04/2018.

Cristina Finocchi Mahne
Independent Director, born in Trieste on 01/07/1965, appointed by resolution of 27/04/2018.

Federica De Medici
Independent Director and Lead Independent Director, born in Pavia on 24/08/1972, appointed by resolution of 27/04/2018.

Davide Croff
Independent Director, born in Venice on 01/10/1947, appointed by resolution of 27/04/2018.

Elio Cosimo Catania
Independent Director, born in Catania on 05/06/1946, appointed by resolution of 27/04/2018.

Barbara Poggiali
Independent Director, born in Milan on 04/03/1963, appointed by resolution of 27/04/2018.

Gennaro Pieralisi
Director, born in Monsano on 14/02/1938, appointed by resolution of 27/04/2018.

Members of the Board of Statutory Auditors

Giovanni Frezzotti
Chairman, born in Jesi (AN) on 22/02/1944, appointed by resolution of 27/04/2018.

Massimiliano Belli
Statutory Auditor, born in Recanati (MC) on 22/08/1972, appointed by resolution of 27/04/2018.

Monica Nicolini
Statutory Auditor, born in Pesaro on 16/04/1963, appointed by resolution of 27/04/2018.

Leandro Tiranti
Alternate Auditor, born in Sassoferrato (AN) on 04/05/1966, appointed by resolution of 27/04/2018.

Serenella Spaccapaniccia
Alternate Auditor, born in Montesangiorgio (AP) on 04/04/1965, appointed by resolution of 27/04/2018.

Internal Control, Risk Management and Sustainability Committee

Davide Croff (Chairman)
Elio Cosimo Catania
Cristina Finocchi Mahne

Appointments and Remuneration Committee

Elio Cosimo Catania (Chairman)
Davide Croff
Barbara Poggiali

Independent Audit Firm
KPMG S.p.A.

Registered office and Company data
Elica S.p.A.
Registered office: Via Ermanno Casoli,2 – 60044 Fabriano (AN)
Share capital: Euro 12,664,560.00
Tax Code and Company Registration No.: 00096570429
Ancona REA No. 63006 – VAT Number 00096570429

Investor Relations Manager
Giulio Cocci - Group Controlling & Investor Relations Director
Francesca Cocco – Lerxi Consulting – Investor Relations
Tel: +39 (0)732 610 4205
E-mail: investor-relations@elica.com

Directors' Report

Key Financial Highlights

H1 2018 Performance

In Euro thousands	**H1 18**	**% revenue**	**H1 17**	**% revenue**	**18 Vs 17%**	**H1 17 Restated[1]**	**% revenue**
Revenue	243,250		242,798		0.2%	236,995	
Adjusted EBITDA	**20,062**	8.2%	**18,372**	7.6%	9.2%	**20,204**	8.5%
EBITDA	16,062	6.6%	17,122	7.1%	(6.2%)	19,154	8.1%
Adjusted EBIT	**10,215**	4.2%	**7,930**	3.3%	28.8%	**10,677**	4.5%
EBIT	6,215	2.6%	6,680	2.8%	(7.0%)	9,627	4.1%
Net financial charges	(2,278)	(0.9%)	(2,662)	(1.1%)	14.4%	(2,495)	(1.1%)
Income taxes	(1,582)	(0.7%)	(2,822)	(1.2%)	43.9%	n.m.	
Profit from continuing operations	2,355	1.0%	1,196	0.5%	96.9%	n.m.	
Adjusted Profit for the period	**5,355**	2.2%	**2,138**	0.9%	150.5%	n.m.	
Profit for the period	2,355	1.0%	1,196	0.5%	96.9%	n.m.	
Profit attributable to the owners of the Parent - Adjusted	**4,036**	1.7%	**1,852**	0.8%	117.9%	n.m.	
Profit attributable to the owners of the Parent	1,036	0.4%	910	0.4%	13.9%	n.m.	
Basic earnings per share on continuing operations and discontinued operations (Euro/cents)	1.67		1.47		13.9%	n.m.	
Diluted earnings per share on continuing operations and discontinued operations (Euro/cents)	1.67		1.47		13.9%	n.m.	

In Euro thousands	**June 30, 18**	**Dec 31, 17**	**June 30, 17**
Trade receivables	72,600	75,923	83,700
Inventories	77,495	73,298	76,190
Trade payables	(125,415)	(120,541)	(126,838)
Managerial Working Capital	**24,680**	**28,680**	**33,052**
% annualised revenue	*5.1%*	*6.0%*	*6.8%*
Other net receivables/payables	(13,693)	(14,682)	(14,714)
Net Working Capital	**10,987**	**13,999**	**18,339**
% annualised revenue	*2.3%*	*2.9%*	*3.8%*

In Euro thousands	**June 30, 18**	**Dec 31, 2017**	**June 30, 17**
Cash and cash equivalents	**29,204**	**34,873**	**28,976**
Other financial assets	**501**	**-**	**-**
Finance leases and other lenders	(34)	-	(23)
Bank loans and borrowings	(59,646)	(57,040)	(55,958)
Current loans and borrowings	**(59,680)**	**(57,040)**	**(55,981)**
Finance leases and other lenders	-	(33)	(5)
Bank loans and borrowings	(39,903)	(47,121)	(43,619)
Non-current loans and borrowings	**(39,903)**	**(47,154)**	**(43,624)**
Net Financial Position	**(69.878)**	**(69.321)**	**(70.629)**
Assets for derivatives	372	1,014	1,896
Liabilities for derivatives	(576)	(749)	(784)
Liabilities for derivatives	(104)	(75)	(135)
Net Financial Position -included Assets and Liabilities relating to Derivative instruments	**(70,186)**	**(69,132)**	**(69,652)**

[1] Net of the H1 2017 contribution of the German subsidiary Exklusiv-Hauben Gutmann GmbH, sold on August 28, 2017

In the first half of 2018, Elica Group consolidated revenue amounted to Euro 243.3 million - an increase of 0.2% on the same period of the previous year and of 3.1% at like-for-like exchange rates. At like-for-like consolidation scope, considering the sale of the subsidiary Exklusiv Hauben Gutmann GmbH in August 2017, growth at like-for-like exchange rates was 5.5%.
The market continued to expand, with global kitchen hood demand up 1.3%[2] in the first half of 2018. This was driven by the improving Americas and EMEA markets. EMEA growth (+1.3%) was led by Eastern Europe (+4.1%) and particularly another strong Russian performance. A gap was again evident in the Americas (+2.3%) between North America (+2.9%) and Latin America (+1.3%), while the Asian markets continued to expand - although slowing on the first quarter of 2018 (+0.9%) - driven by the Chinese economic recovery.
Group Revenue figures report a 0.5% contraction for the Cooking Area on the first half of 2017 (+2.9% at like-for-like exchange rates, +5.7% at like-for-like exchange rates and consolidation scope), featuring improving own brand product sales (up 1.7%, +5.3% at like-for-like exchange rates, +11.3% at like-for-like exchange rates and consolidation scope) and particularly for the Elica brand which in H1 2018 grew revenues 11.7% (15.3% at like-for-like exchange rates). This follows the implementation of strategic policies under the Strategic Plan communicated in May 2017, resulting in dedicated investment and spending and translating into - and continuing to support also in the future - a major extension of the own brand product range which covers both the kitchen hood and high-end cooking segments.
Third party brand sales revenue decreased 2.3% on the first half of 2017 (+1.0% at like-for-like exchange rates). This mainly relates to slower orders from some EMEA customers and the impact on revenue from the weakening US Dollar in North America.
The Motors Area in the first half of 2018 reported a revenue increase of 4.2%, driven by the heating and ventilation segments.

Analysing revenue on the main product markets[3], EMEA saw growth of 1.3% (1.6% at like-for-like exchange rates, 5.0% at like-for-like exchange rates and consolidation scope). Product sales in the Americas declined significantly (-11.6%, -1.8% at like-for-like exchange rates), with revenue growth in Asia[4] of 9.7% (18.4% at like-for-like exchange rates).

Adjusted EBITDA of Euro 20.1 million (8.2% of Net Revenue) was up 9.2% on H1 2018. The main operating profitability drivers were the Sales Price/Volume/Mix, which more than offset raw material price increases and brand and product promotion costs.

EBITDA of Euro 16.1 million, compared to Euro 17.1 million for the first half of 2017, was impacted by the extraordinary accrual considered necessary in view of the opening of preliminary voluntary insolvency proceedings[5] at the German ex-subsidiary Exklusiv Hauben Gutmann GmbH, against whom Elica S.p.A. has a non-current commercial receivable, arising before the disposal.

Adjusted EBIT of Euro 10.2 million increased 28.8% on Euro 7.9 million in the same period of 2017, reflecting the strong underlying business dynamics outlined above.

EBIT at Euro 6.2 million decreased 7.0% compared to Euro 6.7 million in H1 2017, due to the extraordinary charges of Euro 4.0 million as stated above.

In H1 2018, the Euro average exchange rate strengthened against all currencies to which the Group is exposed, with the exception of the Polish Zloty, which weakened in the second quarter of 2018 alone.

	Average H1 2018	Average H1 2017	%	June 30, 18	Dec 31, 17	%
USD	1.21	1.08	12.0%	1.17	1.20	(2.5%)
JPY	131.61	121.78	8.1%	129.04	135.01	(4.4%)
PLN	4.22	4.27	(1.2%)	4.37	4.18	4.5%
MXN	23.09	21.04	9.7%	22.88	23.66	(3.3%)
INR	79.49	71.18	11.7%	79.81	76.61	4.2%
CNY	7.71	7.44	3.6%	7.72	7.80	(1.0%)
RUB	71.96	62.81	14.6%	73.16	69.39	5.4%
GBP	0.88	0.86	2.3%	0.89	0.89	0.0%

[2] Global range hood market volumes calculated by the Company.
[3] Data concerns sales revenues by geographic area and therefore does not refer to the breakdown by operating segment according to the various Group company locations.
[4] Concerning revenue in "Other Countries" - principally the Asian markets.
[5] Under German law, among other possibilities, operational continuity is permitted.

Net financial charges as a percentage of revenue in H1 2018 reduced 14.4%, improving on the first half of 2017 due to the impact of currency hedges.

The Profit of Euro 2.4 million was up on Euro 1.2 million for the first half of 2017.

The Managerial Working Capital on annualised revenue of 5.1% reduced on 6.8% at June 30, 2017 and on 6.0% at December 31, 2017.

The Net Financial Position at June 30, 2018 was a debt position of Euro 69.9 million, increasing on Euro 69.3 million at December 31, 2017 and decreasing on Euro 70.6 million at June 30, 2017.

Definitions and reconciliations

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.
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.
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 restructuring charges.
The earnings per share for H1 2018 and H1 2017 was calculated by dividing the Group profit 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 December 31, 2017 and June 30, 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, plus Other financial assets, 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). Net Financial Position -included Assets and Liabilities relating to Derivative instruments is the sum of Net Financial Position plus derivative instrument assets less liabilities for derivative instruments, as reported in the Statement of Financial Position.

Euro thousands	**H1 18**	**H1 17**
Operating profit – EBIT	**6,215**	**6,680**
(Amortisation & Depreciation)	9,847	10,442
EBITDA	**16,062**	**17,122**
(Valuation trade receivable before sale, from Gutmann)	4,000	-
(Restructuring charges)	-	1,250
Adjusted EBITDA	**20,062**	**18,372**

Euro thousands	**H1 18**	**H1 17**
Operating profit – EBIT	**6,215**	**6,680**
(Valuation trade receivable before sale, from Gutmann)	4,000	-
(Restructuring charges)	-	1,250
Adjusted EBIT	**10,215**	**7,930**

Euro thousands	H1 18	H1 17
Profit for the period	**2,355**	**1,196**
(Valuation trade receivable before sale, from Gutmann)	4,000	-
(Restructuring charges)	-	1,250
(Adjusted non-recurring income taxes & adjusted items)	(1,000)	(308)
Adjusted Profit for the period	**5,355**	**2,138**
(Profit attributable to non-controlling interests)	**(1,319)**	**(286)**
(Non-controlling interest profit adjustment items)	-	-
Adjusted Profit attributable to the owners of the Parent	**4,036**	**1,852**

	H1 18	H1 17
Profit attributable to the owners of the Parent *(in Euro thousands)*	1,036	910
Shares in circulation at period-end	62,047,302	62,047,302
Earnings (loss) per share (Euro/cents)	**1.67**	**1.47**

Euro thousands	June 30, 18	Dec 31, 17
Other receivables	7,163	4,180
Tax assets	14,339	14,306
(Provision for risks and charges)	(4,018)	(6,679)
(Other payables)	(19,851)	(16,706)
(Tax liabilities)	(11,326)	(9,784)
Other net receivables/payables	**(13,693)**	**(14,682)**

Significant events in H1 2018

On January 12, 2018, the company announced that the Board of Directors of Elica S.p.A. would approve the Q4 2017 additional periodic disclosure on February 12, 2018.

On January 25, 2018, Elica S.p.A. took part at the Italian Day in Frankfurt, organised by Polytems HIR, Banca Akros and Equinet Bank, making presentations and hosting meetings with institutional investors.

On January 30, 2018, 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 2018.

On February 12, 2018, the Board of Directors of Elica S.p.A. approved the additional periodic disclosure for the fourth quarter of 2017, prepared according to IFRS.
On the same date, the Group, following the changes to the consolidation scope as a result of the disposal of the company Exklusiv-Hauben Gutmann GmbH realigned the 2017-2019 Plan Objectives. In addition, the Board of Directors of Elica S.p.A., in line with the Shareholders' Meeting motion of April 28, 2017, launched the third cycle of the 2016-2022 Phantom Stock & Co-investment Plan, identifying the Beneficiaries of the 2018-2020 Plan cycle and the relative performance objective parameters, in line with the Disclosure Document published on March 28, 2017 and available on the website of Elica S.p.A., to which reference should be made for greater details of the Plan.
On the same date, the Board of Directors of Elica S.p.A. called the Shareholders' AGM.

On March 12, 2018, Elica S.p.A. noted the resignation of Ms. Cristina Scocchia from the position of independent director at Elica S.p.A., with immediate effect and for personal reasons.

On March 15, 2018, the Board of Directors of Elica S.p.A approved the 2017 Consolidated Financial Statements and the Directors' Report, and the 2017 Separate Financial Statements of Elica S.p.A. and the Directors' Report, prepared in accordance with IFRS. The Board in addition approved the consolidated non-financial disclosure ("NFD") prepared in accordance with Legislative Decree No. 254/2016. The NFD outlines Group operations, its performances, results and the impact in terms of environmental, social, personnel, human rights and anti-active and passive corruption aspects.

On April 4, 2018, in accordance with law the Annual Report comprising the Separate and Consolidated Financial Statements at December 31, 2017, the Directors' Report and the Statement as per Article 154-bis, paragraph 5 of Legs. Decree No. 58/1998, together with the Board of Statutory Auditors' Report, the Independent Auditors' Reports, the 2017 Corporate Governance and Ownership Structure Report, the Non-Financial Disclosure and the Remuneration Report, the Board of Directors' Illustrative Report to the Shareholders' AGM, called for April 27, 2018, concerning the proposal to purchase and utilise treasury shares, in addition the Annual Accounts and/or the Financial Statements of the subsidiaries and associates of Elica S.p.A. were made available to the public.

On April 4, 2018, Elica S.p.A. announced the slate of candidates for the renewal of the Board of Directors of Elica S.p.A., in addition to a slate of candidates for the renewal of the Board of Statutory Auditors, to be appointed at the Shareholders' AGM called for April 27, 2018.

On April 27, 2018, the Shareholders' Meeting of Elica S.p.A. approved the separate financial statements of Elica S.p.A. at December 31, 2017, the Directors' Report, the Board of Statutory Auditors' Report, the Independent Auditors' Report and noted the consolidated results of the company for 2017.
The Shareholders' AGM of Elica S.p.A. also approved:

- coverage of the FY 2017 loss through use of "Retained Earnings".
- appointment of the Board of Directors, who will remain in office for the years 2018, 2019 and 2020, until the Shareholders' AGM called for the approval of the 2020 Annual Accounts, which shall consist of eight members. The Directors, nominated in the slate filed by the majority shareholder FAN Srl, holding 52.81% of the share capital, and approved by a 99.9% majority were: Francesco Casoli, who assumes the role of Chairperson; Antonio Recinella; Gennaro Pieralisi; Elio Cosimo Catania; Davide Croff; Barbara Poggiali; Cristina Finocchi Mahne and Federica De Medici. Messrs. Elio Cosimo Catania, Davide Croff, Barbara Poggiali, Cristina Finocchi Mahne and Federica De Medici declared their independence in accordance with the regulations in force, including the Consolidated Finance Act, and the Self-Governance Code. On appointment, as far as the company is aware, none of the directors held shares in the company, with the exception of the Chairman Francesco Casoli, who holds directly 160,000 shares and indirectly 33,440,445 shares.
- appointment of the 3 statutory auditors of the Board of Statutory Auditors and the 2 alternate auditors from Slate No. 1 proposed by the majority shareholder FAN Srl, holder of 52.81% of the share capital, who will remain in office for the years 2018, 2019 and 2020 and approved unanimously: Giovanni Frezzotti, who assumes the role of Chairperson of the Board of Statutory Auditors; Massimiliano Belli, elected statutory auditor; Monica Nicolini, elected statutory auditor; Leandro Tiranti elected alternate auditor; Serenella Spaccapaniccia, elected alternate auditor. At the date of voting, as far as the company is aware, none of the statutory auditors held shares in the company.
- the first section of the Remuneration Report, filed on April 4, 2018.
- 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 28, 2017.

On April 27, 2018, the Board of Directors of Elica S.p.A., elected by the Shareholders' AGM and meeting under the chairmanship of Francesco Casoli:

- appointed Francesco Casoli and Antonio Recinella as executive directors of Elica S.p.A., assigning the latter the role of C.E.O.
- assessed the independence of the Directors Elio Catania, Davide Croff, Barbara Poggiali, Cristina Finocchi Mahne and Federica De Medici, declaring them independent in accordance with Article 148, paragraph 3 of the CFA (restated in Article 147-ter, paragraph 4 of the CFA) and under Article 3.C.1. of the Self-Governance Code for listed companies;
- appointed Elio Catania (Chairperson), Davide Croff and Barbara Poggiali, independent/non-executive directors, as members of the Appointments and Remuneration Committee;
- in addition appointed Davide Croff (Chairperson), Elio Catania and Cristina Finocchi Mahne, independent/non-executive directors, as members of the Control, Risks and Sustainability Committee;
- appointed Independent Director Federica De Medici as Lead Independent Director;
- appointed the Executive Director, Francesco Casoli, as responsible for the Internal Control and Risk Management System.

Furthermore, the Board of Statutory Auditors of the company, in addition to verifying the correct application of the declaration criteria and procedures adopted by the Board of Directors to assess the independence of its members, positively assessed and communicated to the Board of Statutory Auditors the independence of its members.
Alessandro Carloni, holding the necessary requirements pursuant to the Company By-Laws, was appointed as Corporate Financial Reporting Manager, having heard the opinion of the Board of Statutory Auditors. Mr. Carloni also declared to not holding any Elica S.p.A. shares.

The Board of Directors of Elica S.p.A. on May 7, 2018 approved the 2018 First Quarter Report, prepared in accordance with IFRS accounting standards.

On the same date, Elica S.p.A. announced the signing of an agreement for the early conversion of the bond loan issued by the subsidiary ELICA PB INDIA PRIVATE LTD and fully subscribed by Elica S.p.A., as announced on May 14, 2013.

Following early conversion, Elica S.p.A. acquired an additional holding in Elica PB India Private Ltd, to increase its stake from 51% to 58.45%, as the Indian shareholders of Elica PB India Private Ltd. agreed not to exercise their right to acquire the portion of the share capital converted which would have diluted the company's investment and to waive also the option to sell their holding at fair value, according to the agreement. Elica S.p.A. undertook the obligation to pay to the Indian shareholders waiving the purchase option on a portion of the converted share capital, by December 31, 2018, i.e. within three days of any sale of the shares of the Indian company to third parties, INR 105,599,616 (approx. Euro 1.3 million).

On June 1, 2018, Elica S.p.A. announced the signing of an agreement for the sale to Whirlpool of India Limited of 33% of the share capital of the Indian subsidiary Elica PB India Private Ltd. together with the other Indian minority shareholders disposing of 16%. On closing, Whirlpool of India Limited will acquire in total 49% of the Indian subsidiary Elica S.p.A..
Alongside the acquisition of the investment, Whirlpool of India Limited will sign an exclusive distribution agreement for a number of its cooking segment products with Elica PB India Private Ltd to speed up the development of its business on the Indian market, leveraging on Elica PB India's distribution structure which, over the last 2 years, has benefitted from the opening of numerous mono-brand stores and annual growth rates at over 30%.
The consideration for the sale of 33% of the Indian subsidiary Elica PB India Private Ltd will be approx. INR 1,074,494,375.26 (approx. Euro 13.4 million at the current exchange rate) and shall be settled through a single payment on the operation completion date. The operation's closing is subject to conditions, including anti-trust approval in Europe and Turkey and the completion of the obligatory authorisation procedures required by the Indian foreign exchange rules.
Subsequent to the receipt of consideration, Elica will pay INR 105,599,616 (approx. Euro 1.3 million at the current exchange rate) to the other Indian shareholders against the waiving of some of their rights concerning the early conversion of the bond loan. On the basis of the blocking agreement with the Indian shareholders, Elica S.p.A. will continue to exercise control over Elica PB India Private Ltd., and fully consolidate the company in its financial statements.
Closing also involves the signing by Elica PB India Private Ltd. and Whirlpool of India Limited of an exclusive distribution contract and a manufacturing agreement in the name of and on behalf of Whirlpool concerning the latter's built-in cooking segment products.
Also on closing, Elica S.p.A., Whirlpool of India Limited and the other Indian shareholders agreed to sign a shareholder agreement stipulating, among other matters, a prohibition on the sale to third parties of their respective investments in Elica PB India Private Ltd within 90 days from the approval of the financial statements of Elica PB India Private Ltd for the year ending March 31, 2021.
In addition, the shareholder agreement will include a Put & Call option under which Whirlpool of India Limited may acquire (i.e. Elica and the other Indian shareholders may sell to Whirlpool of India Limited) the entire holding of these latter in Elica PB India Private Ltd..

Elica Group structure and consolidation scope

The Elica Group is a global manufacturer of kitchen range hoods for domestic use and is a European player in the home heating system boiler motor sector.

Parent

- Elica S.p.A. - Fabriano (Ancona, Italy) is the parent of the Group (in short Elica).

Subsidiaries

- Elica Group Polska Sp.zo.o – Wroclaw – (Poland) (in short Elica Group Polska). This wholly-owned company has been operational since September 2005 in the production and sale of electric motors and from December 2006 in the production and sale of exhaust hoods for domestic use;
- Elicamex S.A. de C.V. – Queretaro (Mexico) (in short Elicamex). This company was incorporated at the beginning of 2006 (the parent owns 98% directly and 2% through Elica Group Polska). The Group intends to concentrate production for the American markets with this company in Mexico and reap the benefits of optimising operations and logistics;
- Leonardo Services S.A. de C.V. – Queretaro (Mexico) (in short Leonardo). This wholly-owned subsidiary was incorporated in January 2006 (the Parent owns 98% directly and 2% indirectly through Elica Group Polska Sp.zo.o.). Leonardo Services S.A. de C.V. manages the Mexican staff, providing services to ELICAMEX S.A. de C.V;
- Ariafina CO., LTD – Sagamihara-Shi (Japan) (in short Ariafina). Incorporated in September 2002 as a 50:50 joint venture with Fuji Industrial of Tokyo, the Japanese hood market leader, Elica S.p.A. acquired control in May 2006 (51% holding) to provide further impetus to the development of the important Japanese market, where high- quality products are sold;
- Airforce S.p.A. – Fabriano (Ancona, Italy) (in short Airforce). This company operates in a special segment of the production and sale of hoods. Elica S.p.A. owns 60% of this company;
- Airforce Germany Hochleigstungs-Dunstabzugssysteme GmbH – Stuttgart (Germany) (in short Airforce Germany). The 95% holding is held by Airforce S.p.A.;
- Elica Inc – Chicago, Illinois (United States), offices in Bellevue, Washington (United States). This company aims to develop the Group's brands in the US market by carrying out marketing and trade marketing with resident staff. The company is a wholly-owned subsidiary of ELICAMEX S.A. de C.V.;
- Elica PB India Private Ltd. - Pune (India) (in short Elica India); in 2010, Elica S.p.A. signed a joint venture agreement, subscribing 51% of the share capital of the newly-incorporated Indian company and therefore attaining control. In 2018, following the conversion of the Debenture, the Elica Group increased its holding to 58%. Elica PB India Private Ltd. is involved in the production and sale of Group products.
- Zhejiang Elica Putian Electric CO.,LTD. – Shengzhou (China) (in short Putian), a Chinese company held 98% and operating under the Puti brand, a leader in the Chinese home appliances sector, producing and marketing range hoods, gas hobs and kitchenware sterilisers. Putian is one of the main players in the Chinese hood market and the principal company developing Western-style hoods. The production site is located in Shengzhou, a major Chinese industrial district for the production of kitchen home appliances.
- Elica Trading LLC – St. Petersburg (Russian Federation) (in short Elica Trading), a Russian company held 100%, incorporated on June 28, 2011.
- Elica France S.A.S. - Paris (France) (in short Elica France), a wholly-owned French company incorporated in 2014.
- Elica GmbH – Munich (Germany), a German company wholly-owned by Elica S.p.a. and incorporated in 2017, while not operative at June 30, 2017.

Associates

- I.S.M. S.r.l. – Cerreto d'Esi (AN-Italy). The company, of which Elica S.p.A. holds 49.385% of the Share Capital, operates within the real estate sector.

Changes in the consolidation scope

There were no changes in the consolidation scope compared to December 31, 2017. Compared to June 30, 2017, the company Exklusiv Hauben Gutmann GmbH (in short Gutmann), whose shares were sold by Elica S.p.A. to third parties in the second half of 2017, was deconsolidated.

Related party transactions

In the first half of 2018, transactions were entered into with subsidiaries, associates and other related parties. All transactions were conducted on an arm's length basis in the ordinary course of business.

Subsequent events and outlook

The Group continues extensive monitoring of demand dynamics across all markets in execution of the three-year Strategic Plan launched in 2017.

Compliance with Section VI of the regulation implementing Legislative Decree no. 58 of February 24, 1998 concerning market regulations ("Market Regulations")

Elica S.p.A. confirms compliance with the conditions for listing pursuant to Articles 36 and 37 of Consob's Market Regulations. In particular, having control, directly or indirectly, over some companies registered in countries outside of the European Union, the financial statements of the above-mentioned companies, prepared for the purposes of the Elica Group Consolidated Financial Statements, were made available in accordance with the provisions required by the current regulations enacted on March 30, 2009.

Obligations in accordance with Article 70, paragraph 8 and Article 71, paragraph 1-bis of the "Issuers' Regulation"

In accordance with Article 70, paragraph 8 and Article 71, paragraph 1-*bis* of the Consob Issuers' Regulation, on January 16, 2013, Elica announced that it would employ the exemption from publication of the required disclosure documents concerning significant merger, spin-off, and share capital increase operations through conferment of assets in kind, acquisitions and sales.

Elica S.p.A.

Condensed Interim Consolidated Financial Statements

as at and for the six months ended

June 30, 2018

Consolidated financial statements at June 30, 2018

H1 2018 Consolidated Income Statement

In Euro thousands	*Note*	H1 18	H1 17
Revenue	1.	243,250	242,798
Other operating income	2.	1,175	1,494
Changes in inventories finished/semi-finished goods	3.	2,287	4,140
Increase in internal work capitalised		1,910	1,997
Raw materials and consumables	3.	(129,935)	(132,565)
Services	4.	(43,945)	(43,608)
Labour costs	5.	(46,162)	(48,196)
Amortisation & Depreciation		(9,847)	(10,442)
Other operating expenses and provisions	6.	(12,518)	(7,688)
Restructuring charges		-	(1,250)
Operating Profit		**6,215**	**6,680**
Share of profit/(loss) of associates		(5)	(12)
Financial income	7.	98	181
Financial charges	7.	(1,607)	(1,678)
Exchange rate gains/(losses)	7.	(764)	(1,153)
Profit before taxes		**3,937**	**4,018**
Income taxes	12.	(1,582)	(2,822)
Profit from continuing operations		**2,355**	**1,196**
Profit from discontinued operations		-	-
Profit for the period		**2,355**	**1,196**
of which:			
Attributable to non-controlling interests		1,319	286
Attributable to the owners of the Parent		1,036	910
Basic earnings per Share (Euro/cents)		**1.67**	**1.47**
Diluted earnings per Share (Euro/cents)		**1.67**	**1.47**

H1 2018 Statement of Comprehensive Income

In Euro thousands	**Note**	**H1 18**	**H1 17**
Profit for the period		**2,355**	**1,196**
Other comprehensive income/(expense) which may not be subsequently reclassified to profit/(loss) for the period:			
Actuarial gains/(losses) of employee defined plans	16.	319	235
Tax effect concerning the Other income/(expense) which may not be subsequently reclassified to the profit/(loss) for the period		-	3
Total other comprehensive income/(expense) which may not be subsequently reclassified to profit/(loss) for the period, net of the tax effect		**319**	**238**
Other comprehensive income/(expense) which may be subsequently reclassified to profit/(loss) for the period:			
Exchange differences on the conversion of foreign financial statements	19.	611	1,107
Net change in cash flow hedges	19.	(748)	312
Tax effect concerning the Other income/(expense) which may be subsequently reclassified to the profit/(loss) for the period	19.	198	(113)
Total other comprehensive income/(expense) which may be subsequently reclassified to profit/(loss) for the period, net of the tax effect		**60**	**1,305**
Total other comprehensive income, net of the tax effect:		**379**	**1,543**
Total comprehensive income for the period		**2,734**	**2,739**
of which:			
Attributable to non-controlling interests		1,338	116
Attributable to the owners of the parent		1,396	2,623

Consolidated Statement of Financial Position at June 30, 2018

In Euro thousands	***Note***	**June 30, 18**	**Dec 31, 17**
Property, plant & equipment	8.	100,694	97,686
Goodwill	9.	39,339	39,405
Other intangible assets	10.	26,889	26,063
Investments in associates	11.	1,396	1,391
Other financial assets	20.	501	-
Other receivables	17.	2,654	2,632
Tax assets	18.	-	417
Deferred tax assets	12.	16,454	15,464
AFS financial assets		52	52
Derivative financial instruments	20.	-	8
Total non-current assets		**187,981**	**183,118**
Trade receivables	13.	72,600	75,923
Inventories	14.	77,495	73,298
Other receivables	17.	7,163	4,180
Tax assets	18.	14,339	14,306
Derivative financial instruments	20.	372	1,006
Cash and cash equivalents	20.	29,204	34,873
Current assets		**201,173**	**203,587**
Assets of discontinued operations		**-**	**-**
Total assets		**389,155**	**386,705**
Liabilities for post-employment benefits	16.	10,465	10,903
Provisions for risks and charges	15.	10,480	8,916
Deferred tax liabilities	12.	3,047	3,256
Finance leases and other lenders	20.	-	33
Bank loans and borrowings	20.	39,903	47,121
Other payables	17.	144	225
Tax liabilities	18.	118	183
Derivative financial instruments	20.	104	75
Non-current liabilities		**64,261**	**70,712**
Provisions for risks and charges	15.	4,018	6,679
Finance leases and other lenders	20.	34	-
Bank loans and borrowings	20.	59,646	57,040
Trade payables	13.	125,415	120,541
Other payables	17.	19,851	16,706
Tax liabilities	18.	11,326	9,784
Derivative financial instruments	20.	576	749
Current liabilities		**220,866**	**211,499**
Liabilities of discontinued operations		-	-
Share capital		12,665	12,665
Capital reserves		71,123	71,123
Hedging and translation reserve		(14,717)	(14,766)
Reserve for actuarial gains/losses		(2,886)	(3,197)
Treasury shares		(3,551)	(3,551)
Retained earnings		33,404	37,049
Profit attributable to owners of the parent		1,036	166
Equity attributable to the owners of the Parent	19.	**97,074**	**99,489**
Capital and reserves attributable to non-controlling interests		5,635	3,779
Profit attributable to non-controlling interests		1,319	1,226
Equity attributable to non-controlling interests	19.	**6,954**	**5,005**
Total equity		**104,028**	**104,494**
Total liabilities and equity		**389,155**	**386,705**

H1 Consolidated Statement of Cash Flows

In Euro thousands	**June 30, 18**	**June 30, 17**
Opening cash and cash equivalents	**34,873**	**31,998**
Operating activities		
Profit for the period	**2,355**	**1,196**
Amortisation & Depreciation	9,847	10,442
Non-monetary (income)/charges	5	12
Trade working capital	3,539	(9,389)
Other working capital accounts	4,339	5,982
Income taxes paid	(3,133)	(2,517)
Change in provisions	(1,240)	1,081
Other changes	620	56
Cash flow from operating activities	**16,332**	**6,863**
Investing activities		
Investments		
- Intangible	(3,739)	(2,833)
- Tangible	(10,485)	(10,171)
Cash flow used in investing activities	**(14,224)**	**(13,004)**
Financing activities		
Dividends	(1,356)	(1,261)
Increase (decrease) in loans and borrowings	(4,747)	7,591
Net changes in other financial assets/liabilities	(715)	(1,600)
Interest paid	(1,364)	(1,416)
Cash flow used in financing activities	**(8,183)**	**3,314**
Increase/(Decrease) in cash and cash equivalents	**(6,075)**	**(2,826)**
Net effect of conversion of cash and cash equivalents	406	(196)
Closing cash and cash equivalents	**29,204**	**28,976**

Statement of changes in Consolidated Equity at June 30, 2018

In Euro thousands	Share capital	Share premium reserve	Acquisition/Sale treasury shares	Retained earnings	Hedge, trans. & post-employ ben. res.	Profit/(loss) for period	Equity owners of parent	Equity non-control. int.	Total
Balance at December 31, 2016	12,665	71,123	(3,551)	45,870	(16,595)	(5,563)	103,949	5,309	109,258
Change in cash flow hedges net of the tax effect					199		199		199
Actuarial gains/(losses) on post-employment benefits					213		213	25	238
Exchange rate gains/(losses) on translation of foreign subsidiaries' financial statements					1,301		1,301	(195)	1,107
Total gains/(losses) recognised directly to equity					1,713		1,713	(170)	1,543
Profit for the period						910	910	286	1,196
Total gains/(losses) recognised in profit and loss						910	2,623	116	2,739
Allocation of profit for the period				(5,563)		5,563			
Other movements				(200)			(200)	9	(191)
Dividends								(1,261)	(1,261)
Balance at June 30, 2017	12,665	71,123	(3,551)	40,106	(14,882)	910	106,371	4,174	110,545
Balance at December 31, 2017	12,665	71,123	(3,551)	37,049	(17,963)	166	99,489	5,005	104,494
Fair value changes on cash flow hedges net of the tax effect					(551)		(551)		(551)
Actuarial gains/(losses) on post-employment benefits					311		311	7	319
Exchange rate gains/(losses) on translation of foreign subsidiaries' financial statements					600		600	11	611
Total gains/(losses) recognised directly to equity	-	-	-	-	360	-	360	19	379
Profit for the period						1,036	1,036	1,319	2,355
Total gains/(losses) recognised in profit and loss	-	-	-	-		1,036	1,396	1,338	2,734
Allocation of profit for the period				166		(166)	-		-
Other movements				(3,811)			(3,811)	1,967	(1,844)
Dividends				-			-	(1,356)	(1,356)
Balance at June 30, 2018	12,665	71,123	(3,551)	33,404	(17,603)	1,036	97,074	6,954	104,028

Notes to the Condensed Interim Consolidated Financial Statements at June 30, 2018

Group structure and brief description of its activities

The operating segments are as follows:

- "Europe": production and sale of range hoods, accessories and electric motors developed by the Group companies based in Europe, i.e. the Italian companies Elica S.p.A. and Airforce S.p.A., the German companies Elica GmbH and Airforce Germany GmbH, the Polish company Elica Group Polska Sp.zo.o, the Russian company Elica Trading LLC and the French company Elica France S.A.S.;

- "America": production and sale of range hoods and accessories, developed by the Group companies based in America, i.e. the Mexican companies Elicamex S.A. de C.V. and Leonardo S.A. de C.V. and the US company Elica Inc;

- "Asia and the Rest of the World": production and sale of range hoods, accessories and other products, developed by the Group companies located in Asia, i.e. the Chinese company Zhejiang Putian Electric Co. Ltd., the Indian company Elica PB India Private Ltd. and the Japanese company Ariafina CO., LTD.

The activities are based in the same geographic areas and therefore in Europe, specifically in Italy, Poland, Germany, Russia and France, in America, i.e. in Mexico and in the United States, and in Asia, respectively in China, India and Japan.

Segment revenue is determined based on the geographic area to which the respective companies belong. Segment results are determined by taking into account all the costs that can be allocated directly to sales in a specific segment. Costs not allocated to the segments include all costs not directly attributable to the area, including manufacturing, sales, general, administrative costs, as well as financial income and charges and taxes.
Inter-segment revenue includes revenue between Group segments that are consolidated on a line-by-line basis in relation to sales made to other segments.
Assets, liabilities and investments are allocated directly on the basis of their classification in a specific geographic area.

The Euro is the functional and reporting currency for Elica and all consolidated companies, except for such foreign subsidiaries as Elica Group Polska Sp.zo.o, Elicamex S.A. de C.V., Leonardo Services S.A. de. C.V., Ariafina CO., LTD, Elica Inc., Elica PB India Private Ltd., Zhejiang Elica Putian Electric Co. Ltd. and Elica Trading LLC, which prepare their financial statements in the Polish Zloty (Elica Group Polska Sp.zo.o), the Mexican Peso (Elicamex S.A. de C.V. and Leonardo Services S.A. de C.V.), Japanese Yen, US Dollar, Indian Rupee, Chinese Renminbi and Russian Ruble respectively.

The exchange rates used for the translation to Euro of the financial statements of companies consolidated in a currency other than the consolidation currency, compared with those used in the previous periods, are shown in the table below:

	Average H1 2018	Average H1 2017	%	June 30, 18	Dec 31, 17	%
USD	1.21	1.08	12.0%	1.17	1.20	(2.5%)
JPY	131.61	121.78	8.1%	129.04	135.01	(4.4%)
PLN	4.22	4.27	(1.2%)	4.37	4.18	4.5%
MXN	23.09	21.04	9.7%	22.88	23.66	(3.3%)
INR	79.49	71.18	11.7%	79.81	76.61	4.2%
CNY	7.71	7.44	3.6%	7.72	7.80	(1.0%)
RUB	71.96	62.81	14.6%	73.16	69.39	5.4%

Approval of the 2018 Half-Year Report
The report for the period ended June 30, 2018 was approved by the Board of Directors on August 2, 2018.

Accounting policies and basis of consolidation

The annual consolidated financial statements were prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and approved by the European Union through Regulation No. 1606/2002.

These condensed consolidated half-year financial statements were prepared, in summary form, in conformity with IAS 34 “Interim Financial Statements” and in conformity with the requirements of Consob Regulation No. 11971 of May 14, 1999 and subsequent amendments and integrations.
The condensed consolidated half-year financial statements therefore do not include all the information published in the annual report and must be read together with the consolidated financial statements as at December 31, 2017.

The accounting and consolidation principles adopted for the preparation of the current condensed consolidated half-year financial statements are unchanged compared to those adopted for the preparation of the Group annual consolidated financial statements for the year ended December 31, 2017, except for the application of the new standards IFRS 15 Revenue from contracts with customers and IFRS 9 Financial instruments, both without significant effects.

The Condensed Consolidated Half-Year Financial Statements were prepared on the basis of the historical cost convention, except for some financial instruments which are recognised at fair value. The financial statement accounts have been measured in accordance with the general criteria of prudence and accruals and on a going concern basis, and also take into consideration the economic function of the assets and liabilities.

The Condensed Consolidated Interim Financial Statements at June 30, 2018 consist of the Statement of Financial Position, the Income Statement, the Statement of Comprehensive Income, the Statement of Cash Flows, the Statement of Changes in Equity and related Notes. The condensed interim consolidated financial statements are compared with the corresponding period of the previous year for the income statement, statement of cash flows and statement of changes in equity and with the consolidated statement of financial position at December 31, 2017.

The present consolidated financial statements are presented in thousands of Euro and all the amounts are rounded to the nearest thousandth, unless otherwise specified.

Changes in accounting policies

The financial statements utilised are the same as those used for the preparation of the consolidated financial statements at December 31, 2017. No new accounting policies with significant impact on the consolidated financial statements were adopted in the period.
The following standards were however applied from January 1, 2018:

IFRS 15 - Revenue from contracts with customers. IFRS 15 sets out the principles for the recognition of revenue from contracts with customers, except for those contracts falling within the scope of the standards concerning leases, insurance contracts and financial instruments. The new standard establishes an overall framework to identify the timing and amount of revenue recognition. According to the new standard, the amount that the entity recognises as revenue should reflect the consideration that it has the right to receive following the exchange of the assets transferred to the customer and/or services provided, to be recognised upon fulfilment of the contractual obligations. In addition, to recognise the revenue, the requirement of probable obtainment/receipt of the economic benefits linked to the income is emphasised; for a contract in progress, a requirement to recognise revenue taking account of any discounting effect from payments deferred over time is introduced. On initial application, the Group chose the “modified approach”, whereby the effects of first time application of the new standard are recognised to opening equity. The impacts on the Group financial statements are not significant.

IFRS 9 - Financial Instruments. IFRS 9 introduces new classification and measurement criteria for financial instruments and a new financial asset impairment model, in addition to rules for the recognition of hedges eligible for “hedge accounting”. The impacts on the Group financial statements are not significant.

As required by IAS 8 - Accounting standards, changes in accounting estimates and errors - the main new accounting standards and interpretations, in addition to amendments to the existing standards and interpretations that are already applicable, not yet in force or not yet approved by the European Union (EU), which could be applied in the future to the financial statements, are illustrated below. Management is assessing their potential impact on future financial statements.

IFRS 16 *Leases*. The IASB issued IFRS 16 Leases in January 2016. The standard defines the principles for the recognition, measurement, presentation and disclosure of leasing contracts, for both parts of the contract, therefore concerning the customer ("lessee") and the supplier ("lessor"). IFRS 16 will be effective from January 1, 2019. Companies may choose to apply the standard before this date, although only if they also apply IFRS 15 Revenue from Contracts with Customers. IFRS 16 completes the IASB project to improve the financial reporting of leases. IFRS 16 replaces the previous IAS 17 Leases and related interpretations. The principal effect of application of the new standard for a lessee will be that all leasing contracts will imply a right to use the asset from the beginning of the contract and, where the relative payments are expected in a specific period, also recognition of a corresponding financial payable. IFRS 16 therefore eliminates the breakdown of leases into operating leases and finance leases, as previously the case under IAS 17, introducing a single measurement model. Applying this model, a lessee should recognise: (a) assets and liabilities for all leases with a duration of greater than 12 months, except where the value of the underlying asset is minimal; (b) depreciation of leased assets separately from interest on leasing payables in the income statement. From application of IFRS 16, the Group expects assets to increase, in addition to financial payables and EBITDA, with no impact expected on the net result - although such impacts have not yet been precisely estimated.

Use of estimates

In the preparation of the condensed half-year financial statements, the Group's management made accounting estimates and assumptions which have an effect on the values of the assets and liabilities and disclosures. The actual results may differ from these estimates. The estimates and assumptions are periodically reviewed and the effects of any changes are promptly recognised in the consolidated financial statements.

In this context, the Group made assumptions about the future performance characterised by significant uncertainty, in which results in the coming years could differ from such estimates and, therefore, require adjustments that is not currently possible to estimate or forecast, and these adjustments might even be significant.

The account items principally concerned by uncertainty are: goodwill, the allowance for trade receivables impairment and inventory obsolescence provision, non-current assets (property, plant and equipment and intangible assets), pension funds and other post-employment benefits, provisions for risks and charges and deferred tax assets and liabilities.

Reference is made to the previous year annual accounts and the notes to the present condensed consolidated half-year financial statements for the details relating to the estimates stated above.

Composition and main changes in the Income Statement and Statement of Financial Position

1. Revenue

In Euro thousands	H1 18	H1 17	Changes
Revenue	243,250	242,798	452
Total revenue	**243,250**	**242,798**	**452**

For the comments relating to the changes in revenues, reference should be made to the paragraph "H1 2018 performance" in the Director' Report. Customers who comprise more than 10% of total revenue constituted 12.4% of revenue in the first six months of 2018 compared to 14.1% in the first half of 2017.

The following tables contain segment information as defined in the "Group structure and brief description of its activities" paragraph.

INCOME STATEMENT	Europe		Americas		Asia and the Rest of World		Unallocated items and eliminations		Consolidated	
In Euro thousands	H1 18	H1 17	H1 18	H1 17	H1 18	H1 17	H1 18	H1 17	H1 18	H1 17
Segment revenue:										
Third parties	182,186	180,085	32,550	36,023	28,448	26,695	67	(5)	243,250	242,798
Inter-segment	8,215	7,333	24	106	5,111	2,718	(13,349)	(10,157)	-	-
Total revenue	**190,400**	**187,418**	**32,574**	**36,130**	**33,558**	**29,413**	**(13,282)**	**(10,162)**	**243,250**	**242,798**
Segment profit:	**19,400**	**15,778**	**1,257**	**5,637**	**1,208**	**1,004**			**21,865**	**22,419**
Unallocated overheads									**(15,650)**	**(15,739)**
EBIT									**6,215**	**6,680**
Share of profit of associates									(5)	(12)
Financial income									98	181
Financial charges									(1,607)	(1,678)
Exchange rate gains/(losses)									(764)	(1,153)
Profit before taxes									**3,937**	**4,018**
Income taxes									(1,582)	(2,822)
Profit from continuing operations									**2,355**	**1,196**
Profit from discontinued operations									-	-
Profit for the period									**2,355**	**1,196**

STATEMENT OF FINANCIAL POSITION	Europe		Americas		Asia and the Rest of World		Unallocated items and eliminations		Consolidated	
In Euro thousands	June 18	Dec 17	June 18	Dec 17	June 18	Dec 17	June 18	Dec 17	June 18	Dec 17
Assets:										
Segment assets	271,553	264,691	54,473	42,002	47,428	47,447	(23,101)	(11,176)	350,353	342,964
Investments							1,396	1,391	1,396	1,391
Unallocated assets							37,405	42,349	37,405	42,349
Total operating assets	**271,553**	**264,691**	**54,473**	**42,002**	**47,428**	**47,447**	**15,700**	**32,565**	**389,155**	**386,705**
Total disposal assets or discontinued operations										
Total assets	**271,553**	**264,691**	**54,473**	**42,002**	**47,428**	**47,447**	**15,700**	**32,565**	**389,155**	**386,705**
Liabilities										
Segment liabilities	(158,160)	(152,033)	(41,585)	(30,730)	(27,781)	(28,660)	42,661	33,405	(184,865)	(178,017)
Unallocated liabilities							(100,262)	(104,194)	(100,262)	(104,194)
Equity							(104,028)	(104,494)	(104,028)	(104,494)
Total operating liabilities	**(158,160)**	**(152,033)**	**(41,585)**	**(30,730)**	**(27,781)**	**(28,660)**	**(161,629)**	**(175,282)**	**(389,155)**	**(386,705)**
Total liabilities associated with discontinued operations										
Total liabilities	**(158,160)**	**(152,033)**	**(41,585)**	**(30,730)**	**(27,781)**	**(28,660)**	**(161,629)**	**(175,282)**	**(389,155)**	**(386,705)**

2. Other operating income

(in Euro thousands)	H1 18	H1 17	Changes
Grants related to income	369	275	94
Ordinary gains	22	577	(555)
Claims and insurance settlement	144	103	41
Other revenue and income	641	539	102
Total	**1,175**	**1,494**	**(318)**

The account decreased by Euro 318 thousand. This decrease concerned Ordinary gains, which in the previous year mainly related to the Mexican subsidiary, net of the decrease in operating grants of the parent and the Chinese subsidiary.

3. Raw materials and consumables and changes in inventories of finished and semi-finished goods

In Euro thousands	H1 18	H1 17	Changes
Purchase of raw materials	102,734	108,800	(6,066)
Transport of purchases	3,004	3,966	(962)
Purchases of consumables	1,799	1,416	383
Packaging	1,079	1,046	33
Purchases of supplies	619	334	285
Purchases of semi-finished materials	9,400	8,623	777
Purchase of finished goods	13,009	12,309	700
Other purchases	889	688	201
Change in inventory of raw materials, consumables and goods	(2,599)	(4,617)	2,018
Raw materials and consumables	**129,935**	**132,565**	**(2,631)**
Changes in inventories of finished and semi-finished goods	**(2,287)**	**(4,140)**	**1,853**
Total	**127,647**	**128,425**	**(778)**

The account decreased in absolute terms by approx. Euro 0.8 million (-0.6%), although decreasing as a percentage of revenue from 52.9% to 52.5% following the revenue increase of 0.2%. In particular, raw material purchases decreased 6%. This decrease is due for Euro 2.3 million to the deconsolidation of Exklusiv Hauben Gutmann GmbH following the sale of the subsidiary to third parties in the second half of 2017. This aggregate includes also the risk assessment by Management upon inventory obsolescence.

4. Services

In Euro thousands	H1 18	H1 17	Changes
Outsourcing	14,654	15,164	(510)
Transport	4,910	5,308	(398)
Management of finished products	2,938	2,755	183
Consulting	2,644	2,749	(105)
Other professional services	4,728	5,184	(456)
Maintenance	1,223	1,329	(106)
Utilities	2,312	2,375	(63)
Commissions	844	1,070	(226)
Travel	1,580	1,420	160
Advertising	3,101	2,480	621
Insurance	599	557	42
Director and Statutory Auditors' fees	1,187	1,077	110
Trade fairs and promotional events	2,727	1,674	1,053
Industrial services	297	253	44
Banking commissions and charges	202	213	(11)
Total Services	**43,945**	**43,608**	**338**

The account increased in absolute terms by approx. Euro 0.3 million. This increase relates for Euro 1 million to Trade Fairs and promotional events and for Euro 0.6 million to Advertising. Outsourcing however decreased Euro 0.5 million, as did Other professional services for Euro 0.5 million and Transport for Euro 0.4 million. As a percentage on revenues, these costs increased from 18% to 18.1%. The impact from the deconsolidation of Exklusiv Hauben Gutmann GmbH was approx. Euro 1.5 million.

5. Labour costs

Labour costs incurred by the Group were as follows:

In Euro thousands	**H1 18**	**H1 17**	**Changes**
Wages and salaries	31,920	34,538	(2,618)
Social security expenses	8,932	9,551	(619)
Post-employment benefits	1,529	1,442	87
Other costs	3,781	2,665	1,116
Total	**46,162**	**48,196**	**(2,035)**

The account reduced by approx. Euro 2 million. These costs on revenue also decreased, from 19.9% in 2017 to 19% in 2018. Other costs include the increase of approx. Euro 0.5 million for the Long Term Incentive Plan. The impact from the deconsolidation of Exklusiv Hauben Gutmann GmbH was approx. Euro 3.4 million, partly offset by the Euro 0.6 million increase in labour costs for the new German subsidiary.

6. Other operating expenses and provisions

In Euro thousands	**H1 18**	**H1 17**	**Changes**
Leases and rentals	1,236	1,749	(513)
Rental of vehicles and industrial equipment	1,349	1,338	11
Hardware, software and patents	458	486	(28)
Other taxes	675	594	81
Magazine and newspaper subscriptions	6	9	(3)
Sundry equipment	125	197	(72)
Catalogues and brochures	246	156	91
Losses on receivables and allowance for impairment	5,653	413	5,240
Provisions for risks and charges	1,927	979	948
Other prior year expenses and losses	843	1,768	(925)
Total	**12,518**	**7,688**	**4,830**

This account in H1 2018 principally comprises lease and rental charges for Euro 1.2 million, rental of vehicles and industrial equipment for Euro 1.3 million, Other prior year expenses and losses for Euro 0.8 million, risks and charges provisions and provisions for the fair value measurement of receivables for Euro 5.6 million. This account reflects the conclusion of the analysis by Group management on the recoverability of receivables and on possible losses related to other risks.
The increase in the account is mainly due to the cost stemming from the valuation, on the basis of Group policy, of the trade receivables from Exklusiv Hauben Gutmann GmbH, as outlined in the paragraph on the H1 2018 Performance.

7. Net financial charges

In Euro thousands	**H1 18**	**H1 17**	**Changes**
Financial income	98	181	(83)
Financial charges	(1,607)	(1,678)	71
Exchange rate gains/(losses)	(764)	(1,153)	389
Total net financial charges	**(2,273)**	**(2,650)**	**377**

The financial management performance principally reflects currency movements relating to the currencies utilised by the Group.

8. Property, plant & equipment

The breakdown of property, plant and equipment at June 30, 2018 and December 31, 2017 is detailed below.

In Euro thousands	**June 30, 18**	**Dec 31, 17**	**Changes**
Land, land usage rights and buildings	46,530	43,053	3,477
Plant and machinery	27,577	28,097	(520)
Industrial and commercial equipment	22,674	22,372	302
Other assets	3,382	3,094	288
Assets in progress and advances	532	1,071	(539)
Total property, plant and equipment	**100,694**	**97,686**	**3,008**

Property, plant and equipment increased from Euro 97,686 thousand at December 31, 2017 to Euro 100,694 thousand at June 30, 2018, an increase of Euro 3,008 thousand as a result of the sales, purchases and of depreciation recorded in the income statement of Euro 6,834 thousand. The movement includes exchange gains of approx. Euro 643 thousand. The main increase concerned the Mexican subsidiary Elicamex which began construction on a new production facility.

9. Goodwill

In Euro thousands	**June 30, 18**	**Dec 31, 17**	**Changes**
Goodwill allocated to subsidiaries	39,339	39,405	(66)
Goodwill	**39,339**	**39,405**	**(66)**

The account decreased due to exchange rate movements. No operations in the half-year produced additional goodwill compared to December 2017.
Based on the information currently available, no impairment indicators were evident at June 30, 2018.
In particular, against the first half 2018 results, the company will monitor the adequacy of the 2017-2019 objectives in view of the Strategic Plan under execution, as adjusted following the changes to the consolidation scope with the sale of the company Exklusiv-Hauben Gutmann GmbH, estimating a 2017-2019 CAGR of Net consolidated revenue of +5.6%, of adjusted EBITDA of +12.3%, of adjusted EBIT of +13.7% and a Net Financial Position at year-end 2019 of Euro 73 million, with a return at year-end 2019 of 10% in terms of Return on Net Assets (RONA). During the second half of the year, the company will update the plan and the consequent 2018-2020 three-year objectives.
The Management of the Group will continue to constantly monitor the circumstances and the events which form the basis of the future development of the business and will carry out at December 31, 2018 a more extensive analysis in relation to an impairment test.

10. Other intangible assets

The breakdown of the "Other intangible assets" at June 30, 2018 and December 31, 2017 is shown below.

In Euro thousands	**June 30, 18**	**Dec 31, 17**	**Changes**
Development Costs	7,240	8,260	(1,020)
Industrial patents and intellectual property rights	11,954	11,996	(42)
Concessions, licenses, trademarks & similar rights	1,876	1,922	(46)
Assets in progress and payments on account	4,243	2,210	2,033
Other intangible assets	1,576	1,675	(99)
Total other intangible assets	**26,889**	**26,063**	**826**

Other intangible assets increased from Euro 26,063 thousand at December 31, 2017 to Euro 26,889 thousand at June 30, 2018, an increase of Euro 826 thousand as a result of the purchases, sales and amortisation recorded to the income statement of Euro 3,013 thousand.
"Assets in progress and payments on account" refer in part to advances and the development of projects for the implementation of new IT platforms and the design, development and creation of new software applications, and also the development of new products.

11. Investments in associates

The change in the account, which increased from Euro 1,391 thousand at December 31, 2017 to Euro 1,396 thousand at June 30, 2018, relates to the performance of the company I.S.M. S.r.l..

12. Deferred tax assets – Deferred tax liabilities

(in Euro thousands)	**June 30, 18**	**Dec 31, 17**	**Changes**
Deferred tax assets	16,454	15,464	990
Deferred tax liabilities	(3,047)	(3,256)	209
Total	**13,407**	**12,208**	**1,199**

Deferred taxes are in line with December 31, 2017. Deferred tax assets increased also due to the write-down of trade receivables, as described in the preceding notes.

This development also impacts income tax charges, contributing to their reduction from Euro 2.8 million in the first half of 2017 to Euro 1.6 million in the first half of 2018, together with the lower tax charge of the Mexican subsidiary. The deferred tax asset was recorded as it is considered recoverable in relation to the assessable results for the periods in which deferred taxes will reverse in the financial statements and as Group management considers that such commitments will be respected. The amount concerning the parent, provisioned on prior year losses, is Euro 4.4 million.

13. Trade receivables and payables

Trade receivables and trade payables were as follows:

(in Euro thousands)	**June 30, 18**	**Dec 31, 17**	**Changes**
Trade receivables	72,600	75,923	(3,323)
Trade payables	(125,415)	(120,541)	(4,874)
Total	**(52,815)**	**(44,618)**	**(8,197)**

Trade receivables are recorded net of the allowance for impairment of Euro 9,720 thousand (Euro 4,256 thousand at December 31, 2017) made following an analysis of the credit risk on receivables and on the basis of historical data on credit losses, considering that a substantial portion of the receivables are insured by prime international insurance companies. The amount is substantially in line with December from an operating viewpoint. The decrease in fact is mainly due to the valuation, on the basis of Group policy, of the trade receivables from Exklusiv Hauben Gutmann GmbH, as outlined previously.
Management considers that the value approximates the fair value of the receivables.
The increase in trade payables is due to their seasonality.

14. Inventories

In Euro thousands	**June 30, 18**	**Dec 31, 17**	**Changes**
Raw material, ancillaries and consumables	31,339	29,367	1,972
Raw materials obsolescence provision	(2,824)	(2,635)	(189)
Total	28,515	26,732	1,783
Work-in-progress and semi-finished goods	15,496	14,435	1,061
Semi-finished goods obsolescence provision	(886)	(794)	(92)
Total	14,610	13,641	969
Finished products and goods	36,535	35,278	1,257
Finished products obsolescence provision	(2,372)	(2,358)	(14)
Total	34,163	32,920	1,243
Advances	207	6	201
Total inventories	**77,495**	**73,298**	**4,197**

The account increased from Euro 73,298 thousand at December 31, 2017 to Euro 77,495 thousand at June 30, 2018.
Inventories are stated net of the obsolescence provisions of Euro 6,082 thousand (Euro 5,787 thousand at December 31, 2017), in order to take into consideration the effect of waste, obsolete and slow moving items and the risk estimates of the use of some categories of raw and semi-finished materials based on assumptions made by management. The quantification of the inventory obsolescence provision of raw materials, semi-finished and finished products amounts to 7.3% of inventories (same as December 31, 2017).
Inventories also include materials and products that were not physically held by the Group at the balance sheet date. These items were held by third parties on display, for processing or for examination.

15. Provisions for risks and charges

The details are reported below.

(in Euro thousands)	**June 30, 18**	**Dec 31, 17**	**Changes**
Accruals for agents' termination benefits	581	579	2
Product warranties	1,659	1,883	(223)
Legal and tax risks provision	7,470	6,746	724
Restructuring provision	255	630	(375)
Personnel provision	1,621	3,307	(1,686)
LTI provision	1,672	680	992
Other Provisions	1,240	1,770	(530)
Total	**14,498**	**15,595**	**(1,097)**
of which			
Non-current	10,480	8,916	1,564
Current	4,018	6,679	(2,661)
Total	**14,498**	**15,595**	**(1,097)**

Accruals for agents' termination benefits cover possible charges upon the termination of contracts with agents and sales representatives.

Product warranties represent an estimate of the costs likely to be incurred to repair or replace items sold to customers. These provisions reflect the average warranty costs historically incurred by the Group as a percentage of sales still covered by warranty.

The legal and tax risks provision relates to likely costs and charges to be incurred as a result of ongoing legal and tax disputes, according to the best possible estimates considering the available information. As was the case at December 2017, the provision includes, among others, the estimate made by the Board of Directors with regards to the risk upon outstanding cases between Esperança Real S/A, Madson Eletrometalurgica Ltda and Elica S.p.A.. At June 30, the provision amounted to Euro 4 million, including updates reflecting available information at that date.
This provision also includes, as also in December 2017, a prudent provision of Euro 0.9 million recognised by the Group following an investigation undertaken by the Tax Agency in 2017.

The Restructuring Provision includes costs relating to Elica S.p.A.'s plan, already in place at December 31, 2017.

Personnel provisions include the higher cost estimated by the Group for contractual indemnity and for employee bonuses. This provision decreased following the payment of the higher costs related to the previous year and increased following the provision made for this cost for the current period.

The LTI (Long Term Incentive) provision includes the best estimate of that matured at June 30, 2018 for the 2016-2022 Phantom Stock & Voluntary Co-investment Plan cost. The provision concerns the second and third cycles of the Plan. No accrual was recorded for the first cycle as the targets were not achieved. For further details, reference should be made to the Remuneration Report, published on the company website (http://elica.com/corporation).

Other provisions include, among others, allocations required to comply with the waste disposal regulation.

The impact of the discounting on the non-current provisions is not material.

16. Liabilities for post-employment benefits

The most recent actuarial calculation of the present value of the provision was performed at December 31, 2017 and June 30, 2018 by an actuarial services company. The changes in the present value of post-employment benefit obligations in the reporting period were as follows:

In Euro thousands	June 30, 18	Dec 31, 17	Changes
Opening balance	**10,903**	**11,129**	**(226)**
Current service cost	1,529	2,980	(1,451)
Actuarial gains and losses	(319)	(203)	(116)
	12,113	**13,906**	**(1,793)**
Financial charges	70	150	(80)
Pension fund	(1,430)	(2,805)	1,375
Benefits provided	(289)	(348)	59
	(1,648)	**(3,003)**	**1,355**
Liabilities for post-employment benefits	**10,465**	**10,903**	**(438)**

17. Other Receivables and Other Payables

(in Euro thousands)	June 30, 18	Dec 31, 17	Changes
Other receivables (non-current)	2,654	2,632	23
Other receivables (current)	7,163	4,180	2,983
Total	**9,817**	**6,812**	**3,005**

The increase in Other receivables concerns the current portion and mainly the Parent, due to the increase in prepayments and accrued income caused by the seasonality of contracts.

(in Euro thousands)	June 30, 18	Dec 31, 17	Changes
Other payables (non-current)	144	225	(81)
Other payables (current)	19,851	16,706	3,145
Total	**19,995**	**16,931**	**3,064**

The increase in the current portion of Other payables principally concerns the parent, partly for approx. Euro 1.6 million employee payables, including for untaken holidays and leave, in addition to the portion matured for the thirteenth month, in addition to the payable to the Indian shareholders for the compensation fee. As described in the significant events in the period paragraph of this report, with the conversion into shares of the Debenture, Elica S.p.A. undertook the obligation to pay to the Indian shareholders waiving the right to acquire a portion of the converted share capital, by December 31, 2018, i.e. within three days from any sale of shares of the Indian subsidiary to third parties, a fee of INR 105,599,616 (approx. Euro 1.3 million).

18. Tax Assets and Payables

(in Euro thousands)	June 30, 18	Dec 31, 17	Changes
Tax assets (non-current)	-	417	(417)
Tax assets (current)	14,339	14,306	33
Total	**14,339**	**14,723**	**(384)**

(in Euro thousands)	June 30, 18	Dec 31, 17	Changes
Tax liabilities (non-current)	118	183	(65)
Tax liabilities (current)	11,326	9,784	1,542
Total	**11,444**	**9,967**	**1,477**

Current tax payables increased Euro 1.5 million. This increase principally concern the following companies: Elica S.p.a. for Euro 0.4 million, Elica Group Polska for Euro 0.5 million and Elicamex for Euro 1 million.

19. Equity

Equity attributable to owners of the parent at June 30, 2018 amounted to Euro 97,074 thousand (Euro 99,489 thousand at December 31, 2017). Movements in the half-year principally concerned the translation reserve, the hedging reserve and the Post-employment benefit reserve. For further details, reference should be made to the Statement of changes in Consolidated Equity. The movement in the translation reserve, positive at consolidated level for Euro 0.6 million and at Group level for Euro 0.6 million, mainly relates to the Mexican subsidiary Elicamex and the Polish subsidiary Elica Group Polska and therefore to the performance of the Mexican Peso and US Dollar and of the Polish Zloty against the Euro.
The change in the Cash Flow Hedge reserve is negative for Euro 0.5 million, relating for Euro 0.7 million to valuations and a tax impact of Euro 0.2 million, of an opposing impact. This includes the valuation of commodities, of currency derivatives and the movement in currency derivatives.

Other movements include the impact of the compensation fee, for Euro 1.3 million, agreed by Elica S.p.A. with the Indian shareholders, as described in the significant events in the period paragraph of this Report, in addition to the impact from the conversion of the Debenture for Euro 1.9 million.
The account Non-controlling interest Equity at June 30, 2018 amounted to Euro 6,954 thousand (Euro 5,005 thousand at December 31, 2017). The movements in the account in the period principally related to: an increase of Euro 1.3 million following the recording of the profit for the period, of Euro 1.9 million relating to the conversion of the Debenture, as outlined above, and a decrease of Euro 1,356 thousand for the distribution of dividends to third parties.

20. Net Financial Position

The Net Financial Debt at June 30, 2018 and at December 31, 2017 is detailed below:

In Euro thousands	**June 30, 18**	**Dec 31, 2017**	**June 30, 17**
Cash and cash equivalents	**29,204**	**34,873**	**28,976**
Other financial assets	**501**	**-**	**-**
Finance leases and other lenders	(34)	-	(23)
Bank loans and borrowings	(59,646)	(57,040)	(55,958)
Current loans and borrowings	**(59,680)**	**(57,040)**	**(55,981)**
Finance leases and other lenders	-	(33)	(5)
Bank loans and borrowings	(39,903)	(47,121)	(43,619)
Non-current loans and borrowings	**(49,903)**	**(47,154)**	**(43,624)**
Net Financial Position	**(69.878)**	**(69.321)**	**(70.629)**
Assets for derivatives	372	1,014	1,896
Liabilities for derivatives	(576)	(749)	(784)
Liabilities for derivatives	(104)	(75)	(135)
Net Financial Position -included Assets and Liabilities relating to Derivative instruments	**(70,186)**	**(69,132)**	**(69,652)**

The Net Financial Position-included Assets and Liabilities relating to Derivative instruments at June 30, 2018 was a debt position of Euro 70.2 million, compared to Euro 69.1 million at December 31, 2017.

Other financial assets include deposits restricted beyond one year.
Covenants exist on the medium-long term credit lines existing at June 30 based on the Condensed Consolidated Half-Year Financial Statements. At June 30, 2018 and until the preparation of the present report, the covenants had all been fulfilled.
Management believes that at the present moment, the funds available, in addition to those that will be generated from operating and financial activities, will permit the Group to satisfy its requirements deriving from investment activities, working capital management and repayment of debt in accordance with their maturities.
The following table shows the expected cash flows in relation to the contractual expiries of financial liabilities:

(in Euro thousands)	**June 30, 18**	**Dec 31, 17**	**Changes**
Bank loans and borrowings	99,549	104,161	(4,612)
Total	**99,549**	**104,161**	**(4,612)**
Bank loans and borrowings have the following repayment schedules:			
On demand or within one year	59,646	57,040	2,606
Within two years	15,411	18,650	(3,239)
Within three years	13,828	18,108	(4,280)
Within four years	9,463	7,125	2,338
Within five years	1,201	3,238	(2,037)
After 5 years			
Total	**99,549**	**104,161**	**(4,612)**
Less amounts to be repaid within one year	59,646	57,040	2,606
Due after one year	**39,903**	**47,121**	**(7,218)**

21. Significant non-recurring events and operations

There were none in the period.

22. Related party transactions and balances

Inter-company transactions are eliminated in the Condensed Consolidated Half-Year Financial Statements and therefore not shown in this note.
Related party transactions were carried out in accordance with law and based on reciprocal business needs.
The income statement and statement of financial position amounts deriving from the transactions carried out as per IAS 24 with related parties are summarised below.

Elica Group vs Related parties

In Euro thousands	**Payables**	**Receivables**	**Costs**	**Revenue & income**
I.S.M. srl	-	1	-	1
Fastnet S.p.A.	3	-	22	-
	3	1	22	1

In accordance with IAS 24, remuneration paid to Directors, Statutory Auditors and Key Management Personnel are included in related party transaction, and their amounts are in line with previous periods; reference should be made to the Annual Report in this regard. There are no balances with the parents Fan and Fintrack.

23. Contingent liabilities
Group companies have valued the contingent liabilities that could arise from pending judicial proceedings and have made appropriate provisions in their financial statements on a prudent basis.

The allocation within the Legal and tax risks provision included in the Group consolidated financial statements at June 30, 2018 for contingent risks and charges relating to legal disputes amounts to Euro 7,470 thousand and is mainly held by the Parent Company.

Management considers that the provision for risks in order to cover possible liabilities from pending or potential disputes is, on the whole, adequate.

24. Positions or transactions arising from atypical and/or unusual operations
In the first half of 2018, no transactions classifiable in this category were recorded.

25. Subsequent events after period-end
For information on events after June 30, 2018, reference should be made to the Directors' Report.

Fabriano, August 2, 2018

The Chairman
Francesco Casoli

Statement of the corporate financial reporting manager in accordance with Article 154 *bis*, paragraph 5 of Legislative Decree 58/1998

The undersigned Antonio Recinella, as Chief Executive Officer, and Alessandro Carloni, Corporate financial reporting manager of Elica S.p.A., affirm, and also in consideration of Article 154-bis, paragraphs 3 and 4, of Legislative Decree No. 58 of February 24, 1998:
- the accuracy of the information on company operations and
- the effective application of the administrative and accounting procedures for the compilation of the condensed half-year consolidated financial statements in the first half-year of 2018.

In addition, we declare that the condensed consolidated half-year financial statements:
a) were prepared in accordance with international accounting standards, endorsed by the European Union pursuant to EU regulation No. 1606/2002 of the European Parliament and Council, of July 19, 2002;
b) correspond to the underlying accounting documents and records;
c) provide a true and fair view of the financial position and results of operations of the issuer and of the companies included in the consolidation.

The Directors' Report on the First Half 2018 includes a reliable analysis of the significant events in the first six months of the year and their impact on the condensed consolidated half-year financial statements, with a description of the principal risks and uncertainties for the remaining six months. The condensed consolidated half-year financial statements also contain a reliable analysis of the significant transactions with related parties.

Fabriano, August 2, 2018

The Chief Executive Officer
Antonio Recinella

Corporate Financial
Reporting Manager
Alessandro Carloni

KPMG S.p.A.
Revisione e organizzazione contabile
Via 1° Maggio, 150/A
60131 ANCONA AN
Telefono +39 071 2901140
Email it-fmauditaly@kpmg.it
PEC kpmgspa@pec.kpmg.it

(Translation from the Italian original which remains the definitive version)

Report on review of condensed interim consolidated financial statements

To the Shareholders of
Elica S.p.A.

Introduction

We have reviewed the accompanying condensed interim consolidated financial statements of the Elica Group comprising the income statement and the statements of comprehensive income, financial position, cash flows and changes in equity and notes thereto, as at and for the six months ended 30 June 2018. The parent's directors are responsible for the preparation of these condensed interim consolidated financial statements in accordance with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34), endorsed by the European Union. Our responsibility is to express a conclusion on these condensed interim consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with Consob (the Italian Commission for Listed Companies and the Stock Exchange) guidelines set out in Consob resolution no. 10867 dated 31 July 1997. A review of condensed interim consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (ISA Italia) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the condensed interim consolidated financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed interim consolidated financial statements of the Elica Group as at and for the six months ended 30 June 2018 have not been prepared, in all material respects, in accordance with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34), endorsed by the European Union.

Ancona, 3 August 2018

KPMG S.p.A.

(signed on the original)

Gianluca Geminiani
Director of Audit