



PRESS RELEASE

ELICA S.p.A. BoD

ASSESSED THE MEASURES ADOPTED FOR THE CURRENT HEALTH EMERGENCY AND APPROVED 2019 CONSOLIDATED RESULTS AND 2019 SEPARATE FINANCIAL STATEMENTS

OWN BRAND SALES GROWTH CONTINUES MARGIN GROWTH ALONGSIDE SUBSTANTIAL IMPROVEMENT IN NET FINANCIAL POSITION

OWN BRAND SALES AND MOTOR SEGMENT GROWTH CONFIRMED IN THE FIRST TWO MONTHS OF 2020

2019 consolidated financial highlights:

- **Revenue:** Euro 480 million (+5.8% in Q4 2019 to Euro 124.1 million), +1.6% on 2018 (+0.3% net of the currency effect). Cooking segment growth continues at 2.5% (+4.2% in Q4 2019). Motors segment significantly expands in Q4 (+17.5%). The overall contraction on 2018 (-4.4%) is however impacted by the poor performance in the first half of the year and particularly on the Turkish market;
- **Own brand sales growth continues**, up 10% (+11.7% in Q4 2019), driven particularly by the EMEA market. Own brand revenue for FY 2019 accounts for 52% (vs 49% in 2018). Despite signs of recovery in the second half of the year in the EMEA region, in 2019 the poor North American market performance continued to have an impact on OEM revenue;
- **Adjusted EBITDA¹:** Euro 45 million (including IFRS 16 effect for Euro 3.4 million), up 12.7% over Euro 40 million for 2018; margin on revenue rises to 9.4% from 8.5% for the same period of the previous year.
- **Adjusted EBIT¹:** Euro 19.6 million (Euro 19.8 million in 2018), with a margin on revenue of 4.1% (4.2% in 2018).
- **Net Profit attributable to the Group** (net of minorities of Euro 4.4 million) was Euro 3.0² million, significantly improving on the loss of Euro 0.96 million in 2018;
- **Net Financial Position³:** Euro - 47.2 million (excluding the IFRS 16 effect for Euro -11.8 million) compared to Euro -56.3 million in 2018, improving thanks to the cash generation and the containment of investment.

¹ The figure was adjusted for the extraordinary charge for the replacement of the Chief Executive Officer and for other restructuring costs, for a total of Euro 2.6 million. The adjustment of the 2018 result concerned the extraordinary accrual of Euro 11.3 million (of which Euro 10.2 million EBITDA effect and Euro 8.3 million net of the tax effect), considered necessary in view of the settlement stipulating mutual positions on the insolvency declaration of Exklusiv-Hauben Gutmann GmbH, in full and final settlement of all claims.

² Euro 3.2 million, excluding IFRS 16 effect of Euro - 0.2 million

³ The value indicated is net of the IFRS 16 effect, as outlined in the reconciliation tables

- **Update on Covid-19:**
 - Although it is difficult to make reliable predictions on impacts and duration of the Covid-19 emergency, the company informs that it has registered low single digit growth in the first two months of the year compared to the same period of 2019, driven by Own brand sales and Motors division positive trend consistent with Q4 2019.
 - The company confirms, for the time being, regular operation of the Italian, Polish and Chinese production plant.
- **Resolutions on the allocation of the net result;**
- **Calling of the Shareholders' Meeting and approval of the illustrative reports on matters on the Agenda;**
- **Closing of the Second Cycle of the 2016-2022 Phantom Stock & Voluntary Co-investment Plan;**
- **Composition of the Board Internal Committees.**

Fabriano, March 12, 2020 – The Board of Directors of **Elica S.p.A.**, the parent of a Group that is the leading manufacturer of kitchen range hoods, has today approved the 2019 consolidated results at December 31, 2019 and the separate financial statements at December 31, 2019, prepared in accordance with IFRS, in addition to the Directors' Report.

Elica Group Operating Performance

In 2019, Elica's **consolidated revenues amounted to Euro 480 million**, +1.6% on the same period of 2018 (+0.3% net of the currency effect).

The poor market performance continues, with estimated global range hood demand down 0.8% ⁴in 2019, however improved in the fourth quarter of the year. In particular, North America continues to perform poorly (-2.1%), while Latin America recovered slightly (+0.6%). Asia (-1.2%) also contracted despite the improved Indian demand - supported by higher public and consumer spending - mainly due to the Chinese market reduction. The EMEA market continues to be impacted by Turkey, while demand has grown in France and UK.

Own brand sales in 2019 were up 10% (+8.5% at like-for-like exchange rates), picking up to 11.7% in Q4 (+9.6% at like-for-like exchange rates), thanks in particular to the EMEA and India regions. The overall percentage of own brand sales out of the total Cooking segment revenue rose to 52% (55% in Q4 2019).

⁴ Source: Elica Group, internal estimates

OEM revenue reduced 4.5% on the previous year (-6.1% at like-for-like exchange rates), impacted particularly by the slowdown on the American market, despite signs of recovery in the second half in EMEA. The **Motors** segment, representing 13% of total revenue, saw a significant improvement in the fourth quarter of the year (+17.5% on Q4 2018). The overall contraction in 2018 (-4.4%) is however impacted by the poor performance in the first half of the year, particularly on the Turkish market.

Adjusted EBITDA, including the IFRS 16 effect, was Euro 45 million up 12.7% on the same period of 2018 (Euro 40 million), with a margin on revenue of 9.4%. Net of the IFRS 16 effect, Adjusted EBITDA was Euro 41.6 million, with a margin on revenue of 8.7% (8.5% in 2018). The adjustment to the 2019 result was approx. Euro 2.6 million and concerns the extraordinary charge for the replacement of the previous Chief Executive Officer (Euro 1.3 million) and restructuring charges (Euro 1.3 million). The adjustment to the 2018 result related to the provision of approx. Euro 10.2 million, mainly for the insolvency of the former German subsidiary Exklusiv-Hauben Gutmann GmbH.

Adjusted EBIT was Euro 19.6 million, substantially in line with Euro 19.8 million for 2018, despite higher amortisation and depreciation stemming from the major investment plan supporting the development of the new product range launched in 2017 and 2018.

Financial expense was Euro 5.1 million, increasing by approx. Euro 1 million over 2018, of which Euro 0.3 million concerning the impact from initial application of IFRS 16 and Euro 0.6 million from the impairment of the non-core investment in a Group associate real estate company.

Net Profit was Euro 7.4 million, significantly up on Euro 2.3 million in 2018. Minorities of Euro 4.4 million compared to Euro 3.3 million in 2018, reflecting mainly the reduction in the Group's investment in the Indian Joint Venture in September 2018 (from 51% to 25.5%).

Net Profit attributable to the Group amounted to Euro 3.0⁵ million, recovering considerably on the loss of Euro 0.96 million in 2018;

	2019	% revenue	2018	% revenue	19 Vs 18%	2019 - same standards as 2018	
<i>In Euro thousands</i>							
Revenue	479,986		472,387		1.6%	479,986	
Adjusted EBITDA	45,038	9.4%	39,973	8.5%	12.7%	41,625	8.7%
EBITDA	42,467	8.9%	29,818	6.3%	42.4%	39,054	8.1%
Adjusted EBIT	19,623	4.1%	19,771	4.2%	(0.8%)	19,598	4.1%
EBIT	17,052	3.6%	8,539	1.8%	99.7%	17,027	3.5%
Net financial expenses	(5,119)	(1.1%)	(4,053)	(0.9%)	(26.3%)	(4,854)	(1.0%)
Income taxes	(4,554)	(1.0%)	(2,172)	(0.5%)	(109.7%)	(4,612)	(1.0%)
Profit from continuing operations	7,379	1.5%	2,314	0.5%	218.9%	7,562	1.6%
Adjusted Profit for the year	9,333	1.9%	10,593	2.2%	(11.9%)	9,516	2.0%
Profit for the year	7,379	1.5%	2,314	0.5%	218.9%	7,562	1.6%
Adjusted Profit attributable to the Group	5,017	1.1%	7,318	1.5%	(31.4%)	5,200	1.1%
Profit attributable to the Group	3,063	0.6%	(961)	(0.2%)	418.7%	3,246	0.7%
Basic earnings per share on continuing operations and discontinued operations (Euro cents)	4.84		(1.55)		412.3%	5.13	
Diluted earnings per share on continuing operations and discontinued operations (Euro cents)	4.84		(1.55)		412.3%	5.13	

(*) see paragraph on the application of IFRS 16 Leases

⁵ Euro 3.2 million, excluding the IFRS 16 effect of Euro -0.2 million

Elica Group Equity and Financial Performance

The Net Financial Position at December 31, 2019, net of the IFRS 16 effect of Euro 11.8 million, was a debt of Euro 47.2 million, compared to Euro -56.3 million at December 31, 2018. The improvement mainly relates to the generation of operating cash (Euro 39.1 million in 2019, substantially in line with the previous year) and lower capex (Euro -21.2 million compared to Euro -27.8 million in 2018).

<i>In Euro thousands</i>	Dec 31, 19	Jan 1, 19	Dec 31, 18
Cash and cash equivalents	35,613	35,612	35,612
Bank loans and borrowings (current)	(27,317)	(37,792)	(37,792)
Bank loans and borrowings (non-current)	(55,451)	(54,102)	(54,102)
Net Financial Position	(47,155)	(56,282)	(56,282)
Lease payables IFRS 16 (current)	(3,525)	(2,961)	n/a
Lease payables IFRS 16 (non-current)	(8,233)	(8,829)	n/a
Net Financial Position - Including IFRS 16 impact	(58,913)	(68,073)	(56,282)
Assets for derivatives	498	513	513
Liabilities for derivatives (current)	(386)	(1,737)	(1,737)
Liabilities for derivatives (non-current)	(198)	(120)	(120)
Net Financial Position - Including IFRS 16 impact and Derivatives effect	(58,999)	(69,416)	(57,626)

The **Managerial Working Capital** on annualised revenue was 3.7% in 2019, unchanged on 2018.

<i>In Euro thousands</i>	Dec 31, 19	Dec 31, 18	Jan 1, 19
Trade receivables	55,022	51,192	51,192
Inventories	72,890	76,196	76,196
Trade payables	(110,100)	(109,916)	(109,916)
Managerial Working Capital	17,812	17,472	17,472
% annualised revenue	3.7%	3.7%	3.7%
Other net receivables/payables	(9,671)	(10,801)	(10,801)
Net Working Capital	8,141	6,672	6,672

2019 Separate Financial Statements of Elica S.p.A.

In 2019, revenues reduced 1.5% on the previous year. The decline was influenced by revenues from third parties and was primarily driven by the decrease in OEM revenues, which nonetheless recovered in the second half of the year, and the sales of the motors business, which also recovered sharply, with gains in the fourth quarter (+17.5% on 2018). Own brand product sales – driven by the new products launched in 2018 and in particular by the very positive performance of the NicolaTesla range – increased constantly on 2018, offsetting most of the negative effects mentioned above.

Adjusted **EBITDA** of Euro 14.2 million rose 2.4% on Euro 13.9 million in 2018 thanks to own brand sales growth and to the higher profitability of the new products distributed in 2019.

The 2019 **EBITDA** of Euro 12.3 million was up considerably on the 2018 figure (Euro 3.7 million), which had been severely impacted by the extraordinary accrual of Euro 10.2 million following the opening of preliminary voluntary insolvency proceedings at the German ex-subsidiary Exklusiv Hauben Gutmann GmbH, against whom Elica S.p.A. had a non-current commercial receivable at December 31, 2018. In 2019 the indicator was affected by the extraordinary charge for the replacement of the previous Chief Executive Officer (Euro 1.3 million) and restructuring charges.

The net interest expense was Euro 1.9 million, up by approx. Euro 0.9 million on 2018, owing to both the decrease in financial income due to the release in 2018 of the discounting on the receivable claimed by the Parent Company from Gutmann and the effect of the first-time application of IFRS 16 on financial charges.

The **net loss for 2019** was Euro 1.5 million, compared to a net profit of Euro 0.5 million in 2018. This result was influenced by the dividends collected from Group companies and the lesser impairment losses on equity investments required in 2019. The 2018 profit had benefited from the gain of Euro 8.4 million thanks to the sale of 33% of the Indian subsidiary to Whirlpool of India Ltd in September 2018.

Managerial working capital declined significantly on December 2018 (Euro -4.4 million from Euro 3 million), owing in particular to the reduction of trade receivables from related parties.

The **Net Financial Position** at December 31, 2019, net of the IFRS 16 effect of Euro 6.7 million, was a debt of Euro 51 million, compared to Euro -58.9 million at December 31, 2018. The improvement was primarily due to the lower outlays for capital increases of the subsidiaries of approx. Euro 5 million, lower capital expenditures of approx. Euro 1 million and the reduction in financial receivables from subsidiaries.

Income Statement

<i>In Euro thousands</i>	Dec 31, 19	Dec 31, 18	19 Vs 18%	2019 - same standards as 2018
Revenue	353,705	359,074	-1.5%	353,705
Adjusted EBITDA	14,203	13,876	2.4%	14,249
% of revenue	4.02%	3.86%	4.0%	4.03%
EBITDA	12,312	3,721	230.9%	10,696
% of revenue	3.48%	1.04%	234.7%	3.02%
EBIT	(2,195)	(9,059)	-75.8%	(2,150)
% of revenue	-0.62%	-2.52%	-75.4%	-0.61%
Net interest expense	(1,886)	(989)	90.7%	(1,758)
% of revenue	-0.53%	-0.28%	90.4%	-0.50%
Dividends from subsidiaries	4,277	5,395	-20.7%	4,277
% of revenue	1.21%	1.50%	-19.4%	1.21%
Write-downs of investments in subsidiaries and associates	(2,607)	(5,000)	-47.9%	(2,607)
% of revenue	-0.74%	-1.39%	-47.0%	-0.74%
Net exchange rate gains/losses	(219)	399	-154.9%	(219)
% of revenue	-0.06%	0.11%	-156.3%	-0.06%
Income/(Charges) Subsidiary disposal charges	-	8,432	-100.0%	-
% of revenue	0.00%	2.35%	-100.0%	0.00%
Profit/(loss) for the year	(1,457)	529	-375.4%	(1,326)
% of revenue	-0.41%	0.15%	-374.55%	-0.37%

Statement of Financial Position

<i>In Euro thousands</i>	Dec 31, 19	Jan 1, 19	Dec 31, 18
Cash and cash equivalents	10,600	5,377	5,377
Financial receivables from subsidiaries	15,137	19,989	19,989
Financial payable to subsidiaries	(3,355)	(2,245)	(2,245)
Bank loans and borrowings	(17,938)	(27,950)	(27,950)
Current loans and borrowings	(6,156)	(10,206)	(10,206)
Bank loans and borrowings	(55,413)	(54,102)	(54,102)
Non-current loans and borrowings	(55,413)	(54,102)	(54,102)
Net Financial Position	(50,968)	(58,931)	(58,931)
Lease payables IFRS 16 (current)	(1,625)	(1,497)	-
Lease payables IFRS 16 (non-current)	(5,086)	(5,631)	-
Net Financial Position - Including IFRS 16 impact	(57,680)	(66,059)	(58,931)
Assets for derivatives	651	840	840
Liabilities for derivatives (current)	(383)	(1,734)	(1,734)
Liabilities for derivatives (non-current)	(198)	(120)	(120)
Net Financial Position - Including IFRS 16 impact and Derivatives effect	(57,610)	(67,073)	(59,944)

<i>In Euro thousands</i>	Dec 31, 19	Dec 31, 18
Trade receivables	23,515	23,246
Trade receivables - related parties	25,617	31,470
Inventories	34,543	37,098
Trade payables	(69,761)	(68,540)
Trade payables - related parties	(18,290)	(20,252)
Managerial Working Capital	(4,377)	3,022
% of revenue	-1.24%	0.84%
Other net receivables/payables	(495)	108
Net Working Capital	(4,872)	3,130
% of revenue	-1.38%	0.87%

Significant events in 2020 and following year-end

- **On January 30, 2020**, 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 2020.
- **On February 12, 2020**, Elica S.p.A. took note of the resignation of Mr. Davide Croff from the position of independent director tendered on February 11, 2020 with immediate effect, due to “personal reasons that made it impossible to continue to carry out the activities associated with the office of director with the necessary diligence.” Mr. Davide Croff, as far as the company is aware, did not hold Elica shares at the date of the relationship’s conclusion.

- **On February 13, 2020**, the Board of Directors of Elica S.p.A. approved the additional periodic disclosure for the fourth quarter of 2019, prepared according to IFRS and the 2019 preliminary consolidated results.

Outlook

The possible consequences on the business and the market of the coronavirus are being constantly monitored, and the knock-on effects on the Chinese and global economy merit further evaluation.

In the initial phase, no significant repercussions are expected for the business as the Chinese supply chain has reacted according to plan. Much will depend in the subsequent phase on the spread of the virus and governmental decisions, in addition to the impact of the virus on global home appliance demand.

Although it is difficult to make reliable predictions on impacts and durations of the Covid-19 emergency, the company informs that it has registered a growth trend in the initial two months of the year, with a low single digit growth against the same period of 2019, driven by the extension of own brand sales and Motors division growth from Q4 2019 into the new year. The company confirms, at the moment, regular operation of the Italian, Polish and Chinese production plant.

The Group reserves its right to update the 2020 Outlook and guidance, if the "Coronavirus (or Covid-19) crisis" generated material impacts on the Group's economic and financial indicators.

Motions upon allocation of the result for the year

In view of the 2019 results, the Board of Directors proposed not to distribute a dividend for 2019, in order to maintain all available company resources for investment in future development, approving the allocation of the 2019 profit to "Retained Earnings".

The Board of Directors also reviewed and resolved upon the following matters:

Ordinary Shareholders' Meeting Call The Board of Directors of Elica S.p.A. called the Shareholders' Meeting at the registered office in Fabriano, via Ermanno Casoli No. 2, for April 28, 2020 at 9AM in single call. The Shareholders' Meeting call notice shall be made available to the public at the registered office, in addition to the 1Info authorised storage mechanism at www.1info.it and on the website <http://elica.com/corporation> (Investor Relations - Shareholders' Meeting Section) according to the legally-established times and means.

Approval of:

- **Illustrative Report of the Directors' to the Shareholders' Meeting on the proposal concerning "Approval of amendments to the 2019-2025 Phantom Stock & Voluntary Co-investment Plan, in favour of certain directors and employees of Elica S.p.A. and/or its subsidiaries; granting of powers"**

With regards to the 2019-2025 Phantom Stock & Voluntary Co-investment Plan, the Board of Directors of Elica has proposed a change to the Plan to reflect the recent organisational changes and the maintenance of three separate Beneficiary categories. The change specifically concerns the replacement of the definition of "Managers directly reporting to the Chairperson and Chief Executive Officer" category with the following definition of "strategic" Executives"; "*Executives of Elica S.p.A. involved in decision-making processes which impact upon future development and the company's and Group's prospects*". The Board of Directors took the opportunity also to propose the inclusion of a Clawback definition, also in situations of malus, updating the definition. Furthermore, in line with Borsa Italiana Notice No. 8342 of May 6, 2013 and Article 6.P.2 of the Self-Governance Code, in addition to the motion passed by the Shareholders' Meeting of April 18, 2019, the Board of Directors of Elica S.p.A. today identified the clusters of Beneficiaries for the 2020-2022 plan cycle and the relative parameters in terms of performance Objectives, as defined in the disclosure document which shall be made available to the public, including the change proposals, according to the legally-established deadlines and means.

The Illustrative Report of the Directors to the Shareholders' Meeting on the proposal to amend the long-term incentive plan called the 2019-2025 Phantom Stock & Voluntary Co-investment Plan and the Disclosure Document, drawn up as per paragraph 1, Schedule 7, by Attachment 3A of the Issuers' Regulation, will be made available to the public at the registered office, in addition to the 1Info authorised storage mechanism at www.1info.it and on the website <http://elica.com/corporation>, according to the legally-established timeframes and means.

- **Corporate Governance and Ownership Structure Report, Report on the Remuneration policy and compensation settled as per Article 123-ter, Legislative Decree 58/98 and the Non-Financial Report for 2019.**

The Board of Directors of Elica S.p.A. today approved the 2019 Corporate Governance and Ownership Structure Report, the Report on the Remuneration policy and compensation paid, which includes a new long-term monetary incentive plan (2020-2022) in favour of the Chief Executive Officer, details of which can be found in the report. With the approval of this new plan, the Chief Executive Officer has waived his share of the bonus relating to the 2019-2025 Phantom Stock and Voluntary Co-investment Plan referring to the years 2020 and 2021, resulting from the 2019 Assignment, and will not be the beneficiary of the Assignments provided for in 2020 and 2021 relating to the 2019-2025 Phantom Stock and Voluntary Co-investment Plan.

The Board of Directors also approved the non-financial report for financial year 2019.

These documents shall be made available to the public at the registered office, in addition to the 1Info authorised storage mechanism at www.1info.it and on the website <http://elica.com/corporation> according to the legally-established times and means.

Assessment of the independence of Directors and Statutory Auditors

The Board of Directors assessed the independence of the Directors Elio Catania, Giovanni Tamburi, Barbara Poggiali, Cristina Finocchi Mahne and Federica De Medici. Following the assessments, the Directors Elio Catania, Barbara Poggiali, Cristina Finocchi Mahne and Federica De Medici were considered 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. 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.

➤ Directors' Report to the Shareholders' Meeting concerning the purchase and utilisation of treasury shares.

The Board of Directors today also approved the Directors' Report to the Shareholders' Meeting on the proposal concerning the authorisation of the purchase and utilisation of treasury shares.

The main reasons for which is requested to the Shareholders' Meeting to authorize the purchase and utilization of treasury shares, can be briefly identified in the possibility of: a) execute any future share-based incentive plans which may be authorised in favour of Directors and/or employees and/or business partners of the company and/or its subsidiaries, in accordance with applicable legal and regulatory provisions; and/or b) sign agreements with individual Directors, employees and/or business partners of the company or companies controlled by it, not falling under the scrip issue plans governed by Article 114-bis of the CFA; and/or c) act, where necessary and in compliance with applicable provisions (including those considered by market practices), directly or through authorised intermediaries, with the objective to contain irregular share price movements of the company or to enable fluid trading; and/or d) invest in treasury shares within the pursuit of company policies (for example utilising such as remuneration, including shares swaps, for the acquisition of investments or in acquisition operations of other companies), or where market conditions render such operations advantageous; and/or e) use treasury shares for operations such as sale, transfer, assignment, exchange or other disposition in the context of agreements with strategic partners, or for potential extraordinary finance transaction (e.g. convertible loans); and/or f) use treasury shares as collateral for loans.

The proposal drawn up by the Board of Directors concerns the purchase of ordinary shares by the Company within a maximum limit of 20% of the share capital, i.e. 12,664,560 ordinary shares.

The authorisation for the purchase of ordinary treasury shares is requested for a period of 18 months from the date on which the Shareholders' Meeting adopts the relative motion.

The Board of Directors proposes that the purchase price per ordinary share is fixed as: (a) not below a minimum of 95% of the official price recorded of the share in the trading session before each operation (b) not above a maximum (i) Euro 5 and (ii) 105% of the official price of the share in the trading session before each operation. It is expected that the purchases will be carried out at price

conditions in line with that established by Article 5 of Regulation No. 596/2014 of April 16, 2014, and however in compliance with the applicable regulations and conditions and the limits fixed by Consob in relation to accepted industry guidelines, where applicable.

The Board of Directors in concluding the individual treasury share buy-back operations must comply with the operational conditions established for market practice concerning the purchase of treasury shares admitted by Consob, in addition to the applicable legal and regulatory provisions, including the Regulations as per Regulation 596/2014, Delegated Regulation 2016/1052 and the relative EU and national executing regulations, and in particular in compliance with Article 132 of the CFA, Article 144-bis first paragraph, letter b) of the Issuers' Regulations and Regulation No. 596/2014 of April 16, 2014, in addition to applicable regulations, in order to ensure equal treatment among shareholders. The company currently does not hold ordinary treasury shares. The approval of the proposal is subject to revocation of the authorisation granted on April 18, 2019, for that part not utilised. The Directors' Report concerning the proposal to purchase and utilise treasury shares will be made available to the public at the registered offices and on the authorised storage mechanism 1Info at www.1info.it and the website <https://elica.com/corporation> (Investor Relations - Shareholders' Meeting section) according to the legally required timelines and means.

- **Approval of the Illustrative Reports of the Directors to the Shareholders' Meeting upon the establishment of the number of Directors, the appointment of two directors as per Article 2386 of the Civil Code and the establishment of the remuneration for members of the Board of Directors, as per Article 2386 of the Civil Code and confirmation of the insurance coverage.**

The Board of Directors resolved to propose to the Shareholders' Meeting to reduce the number of directors from eight to seven, not proposing the co-opting of Director Davide Croff, who tendered his resignation on February 11. In this regard, the Board considers that the proposed reduction shall not compromise the proper and effective functioning of the Board and will comply with the criteria outlined in the "diversity policy for management and control bodies", including: the age difference, seniority and professional expertise, in addition to the gender difference and the number of independent directors.

The Board of Directors also resolved to propose to the Shareholders' Meeting to confirm the appointment of Mauro Sacchetto, appointed by the Board of Directors on July 8, 2019 to replace the Chief Executive Officer Antonio Recinella and the appointment of Giovanni Tamburi, appointed on September 26, 2019 to replace the Director Gennaro Pieralisi.

The Board of Directors, with regards to the remuneration to be granted to the Board of Directors, consequent and subsequent to the approval to reduce the number of directors from eight to seven, approved to propose to shareholders to: i) reduce the total gross annual remuneration of the members of the Board of Directors, for its entire mandate, to a total of Euro 233,000, in addition to VAT where due, statutory contributions and the reimbursement of documented expenses incurred for the execution of office, from February 12, 2020 and for the entire remainder of the mandate and, therefore, until the Shareholders' Meeting called to approve the 2020 Annual Accounts; ii) maintain the insurance coverage according to the terms of the Shareholders' Meeting motion of April 27, 2018.

These reports shall be made available to the public at the registered office, in addition to the 1Info authorised storage mechanism at www.1info.it and on the website <http://corporation.elica.com> (Investor Relations - Shareholders' Meeting Section) according to the legally-established times and means.

Closing of the Second Cycle of the 2016-2022 Phantom Stock & Voluntary Co-investment Plan

The Board of Directors, at the end of the vesting period relating to the Second Cycle of the Plan (2017-2019), based on the results for the period, assessed the achievement of the targets, deciding:

- a) a value of 2017 -2019 Cumulative LTI EBIT which resulted in an achievement of 120% (weight 50%)
- b) a value of 2017 -2019 Cumulative Free Cash Flow which resulted in an achievement of 120% (weight 50%).

As a result of this resolution, the overall level of maturity of the 2017 - 2019 cycle of the Phantom Stock Plan was 120%.

The effective value of the cash conversion of the Phantom Stock Assigned will be determined after the date of the Shareholders' Meeting of April 28, 2020 called to approve the 2019 Financial Statements, on the basis of the average share price for the month preceding the resolution in question.

Please note that the 2016 - 2022 Phantom Stock and Co-investment Plan, for each allocation cycle, also provides for the possibility for the beneficiary to join the Co-investment Plan, through the deferment of 50% of the Phantom Stock Assigned for a further period of two years. Any expression of willingness to subscribe to the Co-investment Plan is provided for, on the basis of the Plan's Implementing Regulations, during the month of May of the assignment year of the 2017 - 2019 Phantom Stock Plan and, at the date of publication of this Report, is not yet known.

Any subscription to the Co-investment Plan will be disclosed in the Report on the Remuneration policy and on compensation paid in 2020.

Composition of the Board Internal Committees

The Board of Directors appointed Federica de Medici as a member of the Appointments and Remuneration Committee and of the Control, Risks and Sustainability Committee; Federica De Medici accepted the appointments. Cristina Finocchi Mahne undertakes the role of Chairperson of the Control, Risks and Sustainability Committee; therefore the Appointments and Remuneration Committee comprises Barbara Poggiali, Federica De Medici and Elio Catania (the latter acting as Chairperson), while the Control, Risks and Sustainability Committee comprises Elio Catania, Federica De Medici and Cristina Finocchi Mahne (the latter acting as Chairperson).

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

The Executive Officer for Financial Reporting Mr. Giulio Cocci declares, pursuant to Article 154-bis, second paragraph of Legs. Decree No. 58/98, that this press release corresponds to the underlying accounting documents, records and accounting entries.

The Elica Group has been active in the kitchen hood and stoves market since the 1970's. Chaired by Francesco Casoli and led by Mauro Sacchetto, today it 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 approx. 3,700 employees, 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/(expense) is the sum of the Share of profit/(loss) from associates, Financial Income, Financial Expense, Impairment of 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 Group is the result for the period attributable to the Group, 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 impairments, disputes considered atypical in terms of frequency and amount and restructuring charges.

The earnings per share for 2018 and 2019 was calculated by dividing the Profit attributable to the Group, 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 was 63,322,800, while at December 31, 2018 was 62,047,302.

The earnings (loss) per share in Q4 2018 and Q4 2019 was calculated as the difference between the profit (loss) per share and the profit (loss) per share for 9M of the same years.

Managerial Working Capital is the sum of Trade receivables with Inventories, net of Trade payables, as presented in the Consolidated Statement of Financial Position.

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

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

The Net Financial Position - Including IFRS 16 Impact is the sum of the Net Financial Position and current and non-current lease payables from application of IFRS 16, as per the Statement of Financial Position.

The Net Financial Position - Including IFRS 16 impact and Derivatives Effect is the sum of the Net Financial Position - Including IFRS 16 impact and the derivative instrument assets and liabilities, as per the Statement of Financial Position.

On application of IFRS 16 Leases

The column FY 19 GAAP 2018 presents the income statement indicators, as if the new standard IFRS 16 regarding the recognition of lease contracts had not been applied. A comparison is therefore provided with the previous year. The impacts from this application concern the accounts of Other operating expenses and provisions and amortisation and depreciation, in addition to financial expense. The column Jan 1, 19 presents the impact on initial application of IFRS 16 Leases, at the beginning of the period presented.

operating lease commitments as per financial statements at 31/12/2018	13,049
maturity within 12 months	(1,012)
impact of contracts for goods of a value of less than 5k\$ (with a residual duration of greater than 12 months)	(19)
Other	(147)
impact from discounting	(520)
Impact on the right of use land in Poland	440
finance lease payable as per IFRS 16 at 1/1/2019	11,791

Reconciliations

<i>Euro thousands</i>	Dec 31,2019	Dec 31, 2018
Operating profit – EBIT	17,052	8,539
(Amortisation & Depreciation)	25,415	20,202
EBITDA	42,467	29,818
(CEO replacement risk provision)	1,280	
(Impairment of pre-sale trade receivable from Gutmann)		10,155
(Restructuring charges)	1,292	
Adjusted EBITDA	45,038	39,973

<i>Euro thousands</i>	Dec 31, 2019	Dec 31, 2018
Operating profit – EBIT	17,052	8,539
(Impairment of Brands)	0	1,077
(CEO replacement risk provision)	1,280	0
(Impairment of pre-sale trade receivable from Gutmann)	0	10,155
(Restructuring charges)	1,292	0
Adjusted EBIT	19,623	19,771

<i>Euro thousands</i>	Dec 31, 2019	Dec 31, 2018
Profit for the year	7,379	2,314
(Impairment of Brands)	-	1,077
(CEO replacement risk provision)	1,280	-
(Impairment of pre-sale trade receivable from Gutmann)	-	10,155
(Restructuring charges)	1,292	-
(Impact valuation trade receivables - from Gutmann)	-	(139)
(Income taxes & adjusted items)	(617)	(2,814)
Adjusted Profit for the year	9,333	10,593
(Loss attributable to non-controlling interests)	(4,403)	(3,275)
(Non-controlling interest profit adjustments)	-	-
Adjusted Profit attributable to the Group	4,930	7,318

	Dec 31, 2019	Dec 31, 2018
Profit/(loss) attributable to the Group (<i>in Euro thousands</i>)	2,976	(961)
Outstanding shares at year-end	63,322,800	62,047,302
Earnings (loss) per share (Euro/cents)	4.70	(1.55)

<i>Euro thousands</i>	Dec 31, 19	Dec 31, 18
Other assets	5,374	6,589
Tax assets	14,966	17,275
(Provision for risks and charges)	(6,487)	(9,318)
(Other liabilities)	(15,749)	(14,503)
(Tax liabilities)	(7,775)	(10,844)
Other net assets/ liabilities	(9,671)	(10,801)