

PRESS RELEASE

ELICA S.P.A.:

MAJORITY HOLDING OF CHINESE COMPANY ZHEJIANG PUTIAN ELECTRIC CO. LTD ACQUIRED

- **The Elica Group enters the Chinese market following the acquisition of 55% of Putian**

Fabriano, July 16, 2010 – The Elica Group, the leading manufacturer of kitchen range hoods, has acquired a majority 55% holding in the Chinese company **Zhejiang Putian Electric Co. Ltd.**, which operates under the **“Putian”** brand, a leader in the Chinese home appliance sector producing and marketing range hoods, gas hobs and kitchenware sterilisers. The cost of the operation is **Euro 13.8 million**.

The Group has therefore entered the Chinese market - the second largest range hood market¹ – with a product line boasting a high level of brand awareness, a central position in the distribution network and a solid, high quality production base with strong potential for future development.

The Elica Group consolidates its position as a global player in the range hoods sector through entering the Chinese market, with the Group already established in Europe, The Americas and India (with consistently increasing market shares) and also creates the opportunity to serve the OEM² client base with local production and increases purchasing from Low Cost Countries.

Putian is one of the leading players in the Chinese range hood market and the principal company developing western style range hoods. The production site is located in Shengzhou, a major Chinese industrial district for the production of kitchen home appliances.

Recognised for the quality of its products, designed and developed internally, Putian’s wide range spans the medium-high end of the market.

The tradition and the know-how developed under Renyao Du and his 350 employees established Putian in the local market, achieving high visibility through presence at approximately 130 dedicated sales points in partnership with leading distributors and an extensive network of agents serving the largest Chinese provinces.

¹ Volume data drawn up by the Company

² Original Equipment Manufacturer

Putian: Key Figures (pro-forma)

The key pro-forma figures for 2009 reclassified and shown in Euro³ of Zhejiang Putian Electric Co. Ltd, post spin-off of the non-strategic assets not included in the acquisition, are reported below.

PUTIAN

Financial Highlights		Principal balance sheet data			
<i>In Euro thousands*</i>	2009	<i>In Euro thousands*</i>	2009		2009
Net revenues	14,384	Net fixed assets	6,433	Net Equity	4,596
EBITDA	2,622				
<i>% of revenues</i>	18.2%				
EBIT	1,037	Net Working Capital	6,187	Net Funds	8,025
<i>% of revenues</i>	7.2%				
Net Profit	366				
<i>% of revenues</i>	2.5%	Net Capital Employed	12,620	Total Sources	12,620

*Euro/Remimbi Exchange Rate at 07/07/2010

Putian's revenues derived approximately 60% from the sale of range hoods, approximately 30% from the sale of gas hobs and the remaining part principally consists of sales of kitchenware sterilisers.

Details of the operation

Today Elica S.p.A. signed an equity transfer agreement and a joint venture agreement with the Chinese shareholders Renyao Du and his wife Dong Wenhua, which provides for the purchase by Elica of **55% of Putian** (Zhejiang Putian Electric Co. Ltd).

The transfer of 55% of the share capital of Putian is met by consideration⁴ of **Euro 13.8 million**, of which Euro 7.8 million payable within 15 days of the transfer of the holding and the remaining Euro 6 million within 45 days of the transfer. The agreement establishes a mechanism for an adjustment of the sum paid based on the EBITDA recorded by Putian for the financial year 2010. The operation will be financed through dedicated bank credit lines.

The contract remains subject to suspensive conditions, including the release by the Chinese public authorities of the necessary authorisations for the completion of the operation. It is expected that the suspensive conditions will be fulfilled **by the third quarter of the present year**.

Renyao Du, who until today held the majority shareholding in the company, in 2010 will act as General Manager of Putian in order to ensure the operational continuity of the company.

The agreements also established that Elica will consolidate its control of Putian in 2011 through the **acquisition of a further 15% stake**. The purchase price of this latter holding will be based on the

³ At the official ECB Euro/Remimbi exchange rate of July 7, 2010

⁴ All amounts are expressed using the official ECB Euro/Remimbi exchange rate of July 7, 2010.

EBITDA which Putian records in 2010 (i.e. 10.5 times the 2010 EBITDA net of the Net Financial Position at May 31, 2010). This further transfer remains subject to the fulfilment of certain suspensive conditions including the granting by the Chinese authorities of the necessary authorisation to complete the operation and the establishment of the 2010 EBITDA of Putian.

Impact on the budget figures

The operation affects the Elica Group forecasts of March 30, 2010 both in terms of 2010 consolidated revenues which are expected to grow by between 5% and 7% on 2009 and in terms of 2010 consolidated EBITDA which is estimated to grow by between 25% and 35% on 2009.

Studio Di Tanno e Associati and **Studio Grimaldi e Associati** were advisors to the Elica Group for the operation.

The **Elica Group** has been present in the cooker hood market since the 1970s and is today 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 for domestic use. With over 2,300 employees and an annual output of approx. 16 million units of kitchen hoods and motors, the Elica Group has 9 plants - of these, five are in Italy, one is in Poland, one in Mexico, one in Germany and one in India. With many years' experience in the sector, Elica has combined meticulous care in design, judicious choice of material and cutting edge technology guaranteeing maximum efficiency and reducing consumption making the Elica Group the prominent market figure it is today. The Group has revolutionized the traditional image of the kitchen cooker hood: it is no longer seen as simple accessory but as a design object which improves the quality of life.

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