OXYGEN
Oxygen is what allows movement and life.
The idea of purity and dynamism conveyed by this word perfectly expresses Elica’s ability to innovate and compete. Elica operates with strength and determination; it has met and exceeded all the goals set for the year, establishing its ability to evolve, innovate, and grow continuously, involving every person of the Group. Elica: a pure breath of fresh air.
Letter to the Shareholders

Dear Shareholders,

In 2012, despite the challenging economic conditions and highly competitive market, our Company grew revenues, increased market share and margins and laid the foundations for our stable and long-term development.

In September, Giuseppe Perucchetti was appointed as our new Chief Executive Officer and brings extensive experience in the home appliance sector to the role, developed through many high profile positions, some of which on the international front. We further consolidated our international expansion in the year, we streamlined production processes and our technological platforms through World Class Manufacturing systems. We continued to invest in design and technology, achieving in this way major awards across the globe and building further upon the trust that our clients and consumers place in us.

Elca continued on its growth path and the ambitious targets achieved in the year - thanks to the contribution and commitment of all involved - are not seen as a final destination point but rather push us on to achieve even greater results. We have the drive for the coming years to increase our leadership globally and we will work with our characteristic passion to turn this opportunity into reality and demonstrate that we have the strength and ability to continue to achieve and to grow.

Francesco Casoli
Executive Chairman
Chief Executive Officer’s view

In 2012, Elica - despite the challenging global market due to the continued global economic-financial crisis - confirmed itself as a solid, competitive, and winning enterprise. The strong results and the achievement of the targets is testament to this, with growth in consolidated revenues of 1.7%, an EBITDA of Euro 27 million and a Net Debt at Euro 62.3 million. In addition, and supporting these results, Elica increased its global market share and for the first time in its history brought Managerial Working Capital under 10% of revenues.

In 2012, the Elica team also completed a series of structural alterations to fundamental areas of the company. Internally, we changed the organisational structure, making it leaner, reactive and ready to face the challenges of the future. The managerial structure is now more integrated and result-orientated and therefore more flexible within a highly competitive market, in which fast decision-making and the capacity to react are fundamental. In relation to our product offer, we invested further in research and development to design increasingly innovative and higher quality products - new models which add value to the brand and set the bar in terms of design and functionality. Innovation is today a necessary pre-condition for us as we seek to establish ourselves as the undisputed global leader in the sector. Therefore, our goal is to conceive, design and create products with the needs and desires of our clients in central focus. This approach paid off also in 2012 and a range of external sources have endorsed our capacity to innovate. The Premio dei Premi (Award of Awards), established by the Office of the Prime Minister, the Businesses for Innovation Award 2012 of Confindustria, the Reddot Design Awards for the 35cc and the If Design Awards for the new Sweet and Tiffany models are just some of the awards received, acknowledgement for our revolutionising of the kitchen range hood through a process of ongoing innovation.

Alongside product innovation, we are investing also in our logistic-productive processes, substantially improving competitiveness through the introduction of World Class Manufacturing (WCM) methods and programmes. We seek to introduce greater efficiencies throughout the value chain, entirely cutting out waste and integrating as best as possible each phase of the chain, from purchases to logistics and from production to distribution.

Through WCM we have already attained excellent results also in terms of security and quality of the workspaces of our personnel. In relation to external growth, we have further expanded our international presence, achieving significant revenue growth rates in all non-European regions. We increased sales by 27% in the Americas, where Elicamex for the second year in a row was awarded the Premio al Mérito Empresarial Querétaro 2012 for “offering internationally high quality products and services” in the Mexico region and for demonstrating long-term consistent growth. 12% growth was reported in the rest of the world.

In Europe, we continue to invest in our commercial and distribution structure. In particular, in Russia we completed the Elica Trading LLC structure. Today, a new commercial policy and the restructuring of distribution allows us to be present in all countries with our products, guaranteeing reduced delivery times and a prompt assistance service available throughout the market. This, among other factors, has allowed Elica to become the only "global player" in the range hood sector. The international expansion and growth path which we are pursuing has been shadowed by significant internal achievements. In fact, from a human resources viewpoint we continue to improve the skills and abilities of our personnel and to strive for excellence: Elica Group Polska was recognised as one of the best working environments, achieving fourth place in the Great Place to Work Institute survey and the Top Employers 2012 certification; the Italian Parent Company was recognised as the leader, among large Italian enterprises, in the Great Place to Work awards and was confirmed in the Top Employers 2012 list for the fourth year in a row. Elica ensures the development of career paths which facilitate cultural cross-fertilisation. We send personnel abroad and recently have begun to accept employees from overseas: they come to Italy, for example, from Mexico and from China.

In conclusion and with an eye on the future, we expect continued challenges for our sector in Europe, with strong performances however in the Americas and Asian markets. We therefore remain highly focused on Group growth and profitability: we have all of the resources, the skills and the necessary instruments to expand the Cooking sector internationally, we will continue with the implementation of production process streamlining programmes and will continue to improve the quality - not just of products - but also of each phase of the production process and of all departments, based on an inter-connected and integrated approach. It is a process of continual improvement, supported by the belief and certainty of our stakeholders - taking us together to the same objective: the well-being of Elica and in Elica.
Financial Highlights

CONSOLIDATED REVENUES

COOKING AREA REVENUES

MOTOR AREA REVENUES

EBITDA

EBIT

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<table>
<thead>
<tr>
<th>Year</th>
<th>Group Net Profit</th>
<th>Cash/Net Debt</th>
<th>EPS (Earning Per Share)</th>
<th>ROCE (Return on Capital Employed)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>3.6</td>
<td>4.3</td>
<td>6.2</td>
<td>2.4%</td>
</tr>
<tr>
<td>2009</td>
<td>4.2</td>
<td>(34.9)</td>
<td>7.5</td>
<td>1.9%</td>
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<tr>
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<td>(34.9)</td>
<td>6.9</td>
<td>4.1%</td>
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<td>(68.8)</td>
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</tr>
<tr>
<td>2012</td>
<td>34.9</td>
<td>(62.3)</td>
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