

PRESS KIT 2016

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Ariston Thermo Group

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PRESENTATION

PROFILE

A worldwide leading company in the thermic comfort industry, **Ariston Thermo** offers a complete range of heating and water heating products, systems and services designed to provide the maximum comfort with the minimum use of energy.

GROUP SYNTHESIS

Ariston Thermo, founded in 1930, is the most global Italian company in the heating sector with 89% of its turnover coming from outside Italy.

In 2015 the Group sold **7 million products** in over **150 countries**, reaching **€1.43 billion** turnover.

It has **6,700 employees** and **54 companies** and **6 representative offices** in **34 countries**.

It has a **leading position in three different market sectors** (thermic comfort, burners, and components), offering a **complete range of products, systems and services** (boilers, water heaters, solar thermal systems, heat pumps, air conditioners, burners, pre-post sales services, heating elements, thermostats) mainly under the brands **Ariston, Chaffoteaux, Elco, Atag Heating, Racold, Cuenod, Ecoflam, and Thermowatt**.

Ariston Thermo's goal is to reach, by 2020, the **80% of the business** from high efficiency and renewable energy solutions. In **2015** the Group reached the **47%** target.

2015 KEY FIGURES

2015 KEY FIGURES

- 1.43 billion Euro of total sales
- 7 million products sold per year (and over 35 million components)
- 72 million Euro in R&D and investments
- 6,700 employees

SALES BY BUSINESS SEGMENT

- Thermic Comfort 90%
- Burners 5%
- Components 5%

SALES BY GEOGRAPHIC AREA

- Italy 11%
- Western Europe 48%
- Eastern Europe 16%
- Asia 19%
- Other 6%

EMPLOYEES BY BUSINESS SEGMENT

- Thermic Comfort 87%
- Burners 4%
- Components 9%

EMPLOYEES BY GEOGRAPHIC AREA

- Italy 23%
- Western Europe 41%
- Eastern Europe 6%
- Asia 26%
- Other 3%

HISTORY

The growth of **Ariston Thermo** has been driven by innovation and ambition to explore new trends and new markets.

1930's

Founded in Italy in 1930.

Aristide Merloni founds Industrie Merloni in the Marche region of Italy and starts the production of weighing scales.

1960's

Production of electric water heaters.

Launch of the Ariston brand.

1970's

The Company becomes a leader in the water heater segment and expands into Western Europe's main markets.

1980's

Already European market leader in water heaters, the Company enters the heating sector and starts producing boilers.

1990's

Subsidiaries set up in Eastern Europe and Asia. The Company becomes a world leader in water heating and a key player in heating. Acquisition of Racold, the largest water heating company in India. First fully owned factory opened in China.

2001

Acquisition of a number of historical companies and brands in the heating and burners industry: Chaffoteaux, Elco, Cuenod and Rendamax.

2005

Opening of a new plant in St. Petersburg, Russia, and acquisition of Ecoflam, a leader in heating systems in Italy.

2008

After the acquisition of the Swiss company Termogamma SA, specializing in heat pumps, the Company opens the European Centre for solar thermal energy in Italy.

2009

The Company changes its name to Ariston Thermo Group and is now a world leader in the heating industry with a complete range of products, systems and services.

2011

With the acquisition of Cipag SA and Domotec AG, the Company becomes the leader in Switzerland in the production, distribution and maintenance of water heating systems.

2013

Ariston Thermo completes the acquisition of DhE - an Italian company producing heating elements for commercial and industrial applications – and enters into a joint venture for manufacturing and selling high-efficiency home heating systems in Uzbekistan.

2014

The Group continues on its international growth path through the acquisition of Atag Heating, a premium condensing heating brand in the Benelux area, the acquisition of Heat Tech Geysers, the second largest player in the South African domestic water heaters market, and the opening of a new production plant in Vietnam, at the forefront of electric water heaters production.

2015

The Group opens a new branch, Ariston Thermo Indonesia, and debuts on the Danish market with the acquisition of Gastech-Energi A/S. The Group also acquires SPM, French manufacturer of burners and components. On Ariston Thermo's 20th anniversary in Russia, a new logistics hub is opened in Saint Petersburg.

WORLDWIDE PRESENCE

GLOBAL REACH

- **20 production sites in 12 countries:** Belgium, China, France, Germany, India, Italy, Russia, South Africa, Switzerland, The Netherlands, Uzbekistan and Vietnam.
- **54 companies and 6 representative offices in 34 countries:** Argentina, Austria, Belarus, Belgium, Brazil, China, Croatia, Czech Republic, Denmark, Egypt, France, Germany, Hungary, India, Indonesia, Italy, Kazakhstan, Morocco, Poland, Portugal, Romania, Russia, Saudi Arabia, Singapore, South Africa, Spain, Switzerland, The Netherlands, Turkey, Ukraine, United Arab Emirates, United Kingdom, Uzbekistan and Vietnam.
- **18 centres of competence and R&D in 10 countries.**
- **Distribution in 150 countries.**

The understanding of local needs has made **Ariston Thermo** the world's partner in energy efficient comfort.

As well as a strong position in European markets, **Ariston Thermo** has a leading position in key emerging markets (fastest growing economies).

As early entrant into these markets, **Ariston Thermo** has succeeded in establishing deep roots and high brand awareness.

OUR GROWTH IN 2015 MAKES US CONFIDENT IN THE FUTURE

Paolo Merloni – Executive Chairman

“We wish to bring culture, organisation and products even closer to local demand, improving our understanding of it to better meet its needs”.

GREAT RESULTS IN A DIFFICULT CONTEXT

2015 was a growth year for Ariston Thermo that brought us great results in sales and profitability. These results can be even better appreciated considering the strong political and economic turmoil affecting many important world economies, not to mention the effects of the ErP Directive coming into force.

In 2015 we successfully carried out our plans to strengthen our organisation, with significant branch openings whilst expanding our product lines. Indeed, never before, as in this period, has our product portfolio benefited from such radical development. We have also renewed our commitment to build up our brands through continued significant investment. As in years past, we have progressed on our path of external growth as well. Gastech-Energi, number one in Denmark for domestic boiler maintenance services, and SPM, French leader in burner technology, were brought into our Group in 2015. Lastly, we have completed an important buy-back transaction, providing us with greater flexibility in seizing future growth opportunities.

We are fully aware of the difficult challenges awaiting us in the future. Nevertheless, we look at the future, especially at 2016, with renewed confidence and determination.

CONTINUING ALONG OUR GROWTH PATH

STRENGTHENING OUR PRESENCE AND SHARPENING OUR FOCUS ON INNOVATION AND ON THE OPERATIONS

We shall continue our work in countries with high economic growth, as we bring culture, organisation and products even closer to local demand, improving our understanding of it to better meet its needs. At the same time we shall endeavour to strengthen our presence in mature markets, where we are already among the leaders. As we sharpen our focus on product innovation, through the increased commitment of human and financial resources, we shall be able to

offer even more efficient products and solutions, which are linked to and respectful of the environment. In the end, we are working to further improve the performance of our operations, in terms of quality, efficiency and levels of service, so that we can guarantee our customers even higher levels of satisfaction.

INVESTING IN PEOPLE

These are just a few of the ingredients for our future development. Among all of them, the most important are to be found in our people. Their skills and energy are the main drivers of our development. It is only thanks to those people that Ariston Thermo shall see continued growth well into the future and shall contribute to improving our customers' quality of life, while helping to preserve the environment.

OBJECTIVE: ENERGY EFFICIENCY

The highly energy-efficient products may contribute decisively to the reduction of energy consumptions without sacrificing comfort. Ariston Thermo, with its own solutions, intends to play a major role in this scenario.

RISING CONSUMPTIONS CAUSES HIGHER CO₂ EMISSIONS

The most recent estimates on the amount of global CO₂ emitted into the atmosphere, as a direct consequence of energy consumption, show an increase from 31.6 Gton/year in 2013 to over 44 Gton/ year in 2040, absent regulatory interventions. Such an increase would seriously put environmental sustainability at risk. Energy efficiency is at the core of the Group's sustainable growth vision.

ENERGY EFFICIENCY REPRESENTS THE MAIN INTERVENTION TO CURB CO₂

According to the 2015 report of the International Energy Agency, if we consider the total number of possible areas of intervention for curbing CO₂ emissions, 53% derives from the energy efficiency of products used by end users.

IN EUROPE, THERMIC COMFORT ACCOUNTS FOR 30% OF TOTAL ENERGY CONSUMPTION

Analysing Europe alone, energy consumption and the related emissions are caused by three main areas: 23% is attributable to the industrial sector, 26% to transportation, and 30% to domestic and commercial thermic comfort.

80% OF RESIDENTIAL ENERGY CONSUMPTION IS FOR THERMIC COMFORT

Thermic comfort is particularly important in residential energy consumption. On average, final energy consumption for domestic heating represents approximately 67% of total consumption, and increases up to 80% if energy consumption for water heating is considered.

A SIGNIFICANT CONTRIBUTION

The replacement of existing systems in Europe with new, high-efficiency Ariston Thermo technologies using renewable energy would allow for energy savings of 35% on average without reducing comfort.

OBJECTIVE: ENERGY EFFICIENCY

Ariston Thermo has made energy efficiency the pillar of its long-term strategy for sustainable growth, aware of the impact that its own industrial activities cause in terms of energy consumption and the resulting emissions into the atmosphere.

In 2015, the Group carried out 47% of its business with high-efficiency solutions using renewable energy. Within 2020, Ariston Thermo's goal is to reach the 80% target.

CONNECTIVITY: COMFORT AND SAVINGS

The Group sees the future of thermic comfort as a true domestic ecosystem and is committed to the development of connected applications and services which contribute to maximise power conservation for customers and its support network.

FOR HEATING

Maximum comfort, always and everywhere

Ariston Thermo expands its connectivity service by offering smart thermostats and by equipping some of its products with integrated Wi-Fi technology. The smartphone App enables simple, intuitive and functional remote management of home heating systems. At any time, users can take control of their home heating system, check on its operation and adapt it to their specific needs.

Savings at your fingertips

The remote control system goes beyond traditional powering-on, temperature control and time programming operations, and includes continuous energy consumption reporting. Through these tools Ariston Thermo is able to guarantee savings of up to 25%* with greater awareness of energy consumption.

Worry free guarantee

The Ariston Thermo remote control platform opens its doors to a whole new service for support and maintenance centres, maximising the effectiveness of its technicians' interventions and providing a cutting-edge offering. Indeed, our customers can contact our authorised service technicians, who, through a dedicated web portal, can monitor all products in real time and provide prompt maintenance service in the interest of customers' well being and safety.

FOR WATER HEATING

Remote control and programming

Ariston Thermo also allows the remote control of water heaters. The new control and programming functions for our hot water systems ensure easy management of the number of showers available daily, for the entire week.

Energy consumption reports

Constant monitoring of consumption for water heaters combined with detailed reports opens new perspectives in terms of saving money and protecting the environment.

SENIOR MANAGEMENT

Leonardo Senni

CEO

Antonio Picca Piccon

CFO

Giorgio Scaloni

Strategic Marketing

Luca Mezzopera

Human Resources

Marco Conti

Components

Giuliano Conticini

Burners

“QUALITY MADE OF PASSION”

The focus on Quality does not stop at the design and manufacturing of products, but it involves all business processes, from vendor relationship management to support to technical personnel and end customers. In the last 3 years, we listened to over 30,000 consumers to improve our products and services, considering our long-running habit of listening an integral part to our pursuit of excellence. Our goal is to ensure our costumers’ satisfaction, exceeding their expectations, in order to make them the best promoters of our “Quality made of Passion” philosophy.

PRODUCT QUALITY

Our objective is to satisfy customers with our high performance and highly energy efficient products, which are functional, reliable, durable and that present limited installation and maintenance costs. Laboratory tests, dynamic simulations and total traceability guarantee Quality of products.

SUPPLIER QUALITY

Criteria used to select suppliers for raw materials and components and our development and planning projects designed for them guarantee everywhere Ariston Thermo quality standard certification and compliance.

QUALITY OF MANUFACTURING PROCESSES

The Group’s manufacturing plants are involved in a continuous process of performance and Quality verifications, to be viewed as an approach toward on-going improvement of each aspect of our production and plant maintenance.

Our implementation of the World Class Manufacturing (WCM) programme to integrate flexibility, control of processing times and a reduction of manufacturing costs is broader than ever. In the same manner, the Lean Six Sigma methodology enables us to reduce the variability of manufacturing processes through training and the identification of specific professional figures, now also with Master Black Belt level.

QUALITY IN SALES AND AFTER SALES SERVICES

A continuing professional growth path has been developed for our sales network covering product awareness and knowledge of the most advanced installation configurations. Customer support management processes have been standardised to provide constantly improved levels of service.

PEOPLE AND PLACES AT THE CENTRE OF OUR BUSINESS

SCOUTING TALENT

Investing in the growth of our people means investing in the development of our business. People are at the core of Ariston Thermo's commitment which translates into a careful selection process and in specific development activities, aimed at internal professional growth. The Group's international reach provides us with a valuable exchange of knowledge, learning and values, resulting in a deeper understanding of constantly evolving markets and cultures.

Cooperation with universities

Ariston Thermo's primary investment in the construction of future growth paths starts inside top Italian and foreign universities, also through specific guidance initiatives. For example, in 2015, Ariston Thermo invited 7 prestigious Italian universities to a challenge, which will continue into 2016. This same model will also be exported abroad.

After graduation

The selection process for new graduates, often recruited during their university career, is based on the use of assessment tools consistent with profiles sought. In fact, "Competency Based Interviews" (CBI) are being used more and more, representing an interview method that enables measurement of skills according to the corporate leadership model.

Group growth paths

Work immediately, always learning. Over time, Ariston Thermo has developed institutional programmes that accompany domestic, international and interdepartmental groups of professionals throughout their career - from recent graduates to managers - with the objective of strengthening their important skills for the development of business and organisational culture.

ARISTIDE MERLONI FOUNDATION

Economics and culture are the two pillars of the Aristide Merloni Foundation, serving its local area for over 50 years.

In support of entrepreneurship

The Aristide Merloni Foundation presented, in the presence of Rt Hon. Enrico Letta, the *Orizzonte Europa* Report, a support measure for the development of businesses, which is the result of a survey of a sample of 130 businesses on the use and the advantages of European funds. In cooperation with Confindustria Ancona, Aristide Merloni Foundation launched the *Missione impresa* project, a Workshop on Entrepreneurship promotion for 25 companies open to change and innovation.

Projects for culture

The Aristide Merloni Foundation remains a key player in the activities linked to the designation of Fabriano as a UNESCO Creative City. In fact, in September 2015, Fabriano organised the UNESCO Creative Cities' International Forum, which brought together representatives from 11 "UNESCO Creative Cities". In addition, Fabriano was also nominated to be host city for the upcoming UNESCO Creative Cities Network Annual Meeting for 2017.

SUPPORT FOR LOCAL COMMUNITIES

Attention to the needs of local communities, in all of the countries where the Group operates, is a necessary requisite for our doing business. Some of the main initiatives of 2015 have been realised in India, Turkey and Romania, focusing especially on children, disadvantaged families and young talents.

THERMIC COMFORT DIVISION



Comfort always on

For more than 50 years we have been entering the homes of families who choose Ariston to improve and simplify their everyday life.

Ariston combines technologies, energy performances and the Italian design. This is the source of inspiration which guides us towards a future in which comfort is sustainable and intelligent.

Ariston products are designed to fulfill the needs of modern life. A wide line of smart water heaters, boilers and heat pumps including an integrated range of solar systems and apps for remote control. “Comfort always on” is the claim of the brand’s new global campaign, because Ariston comfort is always on to simplify everyday life through the proposition of the best solutions.

Ariston products are distributed worldwide with a presence in 150 countries.



Premium heating solutions with first-class support

Elco integrates high-quality consulting, products, systems and tailor-made services in a comprehensive proposition meeting the exact needs of its customers.

A global pioneer in heating, Elco proposes smart solutions and technologies designed to meet the needs of any domestic and commercial project, ensuring maximum energy saving. Aquatop S, the ground source heat pump, and Thision S Plus, the gas fired, wall hung condensing boiler, are some of the innovative products launched by Elco in 2015.

Elco provides the best after-sales support in the industry. From initial consulting through maintenance to online monitoring, we provide our customers with h24, 365 days per year support to make sure that their heating systems always operate reliably and efficiently.



For more than a century Chaffoteaux has been making the difference by giving access to thermic comfort to millions of people every day

Precursor in the development of multi-energy solutions, Chaffoteaux is proud to share its most modern technological innovations for environmental protection and energy savings with its customers.

Integrating renewable energy sources (with a 70% of energy saving), ease of installation and maintenance drives product development at Chaffoteaux, which supports its trade customers with a dedicated training programme and excellent pre-and after-sales service.

Through the innovation Chaffolink, Chaffoteaux provides worry-free safety in a heating system always monitored by the user and the Customer Support Centre.



Atag Heating is a leading innovator in technology, performance and design.

Atag Heating's main strength is the attention for efficiency without giving up comfort. Atag Heating manufactures boilers with the triple "I" - innovative, iconic and intelligent - capable of achieving the best levels of efficiency in Europe with the lowest emissions.

Atag Heating is a major player in the Benelux heating market. For 7 years in a row, an Atag boiler is chosen to be Best boiler in Holland according to "Consumentenbond" (Dutch Consumers Union).



Racold: reborn everyday with hot water

Racold is Ariston Thermo Group's leading water-heating brand in India, offering a comprehensive range of electric, gas, and solar water heaters for the domestic, commercial and industrial sector.

2015 has been a year of successful communications for Racold. Google India rewarded Racold as an example of a business that distinguished itself by its innovative use of the Internet to expand its business. For the sixth year in a row, the Bureau of Energy Efficiency (BEE) awarded Racold first prize for the category of electric high energy efficiency water heater manufacturers.

BURNERS DIVISION



Customized solutions capable of meeting every request for industrial processes and residential and commercial heating

Elco, Cuenod and Ecoflam products offer quality and precision during the combustion process. The robust design and architecture of the entire range ensure total reliability.

Advanced power controls, variable geometry flame, and versatility in the use of liquid, gas or biomass-derived fuels make the burners easy to adapt to any application.

The ability to innovate along with cutting-edge technological solutions that distinguish all range products arise from a constant commitment to research and development. The philosophy committed to continuous product improvement enables us to offer a completely renewed range with burners up to 80 MW.

Our international sales and customer service network provide designers, installers and end users fast and effective pre and after sales services. Original spare parts are available at short notice anywhere in the world.

COMPONENTS DIVISION



For over 50 years, Thermowatt has been synonymous with quality and reliability

Care for details, competence and flexibility have made Thermowatt the perfect partner for the top manufacturers of domestic and commercial devices.

For decades now, we have worked alongside technical teams at manufacturing companies throughout the design phase to ensure the final product meets the requirements of both the manufacturer and the user. Quality, reliability and relentless innovation have made us the preferred partner of more than 250 electric appliance manufacturers in over 100 countries.