



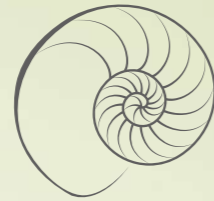
---

# INSPIRE THROUGH EXCELLENCE

---

CREATE OPPORTUNITIES  
AND COMMIT TO MAKING  
THEM HAPPEN.  
EXPLORE, LEARN, IMAGINE.





# INSPIRE THROUGH EXCELLENCE

World-class brands, high-performance and low-consumption products, excellent results across all operations: we are continuously working to improve the quality of our products and services.

## 2019 | FACTS AND FIGURES

ROAD TO 2022

**DOUBLE-DIGIT** PROFITABLE REVENUE GROWTH

**80% OF TURNOVER** FROM INNOVATIVE PRODUCTS (YOUNGER THAN 5 YEARS)

**UP TO 800,000** CONNECTIVITY-READY PRODUCTS SOLD

**+6%**

PROFITABLE REVENUE GROWTH COMPARED TO 2018

**LYDOS HYBRID 2019 BEST PRODUCT**

LYDOS HYBRID 2019 BEST PRODUCT AUNA AWARDS, SPAIN

OVER **250,000**

CONNECTIVITY-READY PRODUCTS SOLD IN THE LAST 2 YEARS

**74%**

OF TURNOVER FROM INNOVATIVE PRODUCTS (YOUNGER THAN 5 YEARS)

**PASSION FOR EXCELLENCE:**

TOWARDS A WORLD CLASS COMPANY

**30%**

OF CONNECTED PRODUCTS REMOTELY MONITORED FROM OUR TECHNICAL SUPPORT CENTRE

## OUR STORIES

### OUR JOURNEY TOWARDS GROWTH: THE ACQUISITION OF CALOREX

The acquisition of Calorex, a leader in domestic and commercial water heating solutions in Mexico, was finalised in 2019 and represents a key step in the consolidation of Ariston Thermo's operations in the American market. With over 70 years of history, Calorex boasts a significant presence in terms of the quality and reliability of its products in Mexico—one of the emerging countries with the best prospects for growth and currently the second-largest economy in



Latin America. With this deal, Ariston Thermo acquires a leadership position in Mexico and lays the foundations for boosting its growth potential in North America as well as Central and Latin America: in 2017, Calorex generated approximately 130 million dollars in sales, more than 15% of which in the United States.

### PRODUCTIVE EXCELLENCE ALSO IN NORTH AMERICA

With respect to space heating, the Ariston Thermo Group launched the first Italian production range of domestic heating products in the US and Canada under the NTI and HTP brands. Leveraging the manufacturing prowess of the plant in Osimo and the extensive industry experience of the NTI and HTP teams, in September 2019 the Group introduced the new ranges of the TRX (NTI) and ELU (HTP) series. These are **high-efficiency condensing boilers** rated between 24 and 45kW which, by meeting the technical specifications of the North American market, **refresh part of the NTI and HTP product ranges**, combining high performance with cost competitiveness.

### ALBACINA, WHERE SUSTAINABILITY AND TECHNOLOGY COEXIST

In early 2018, Ariston Thermo purchased from Whirlpool the historic plant in Albacina, one of the first and most important manufacturing sites in the entrepreneurial history of the Merloni family. Besides its symbolic meaning, the revival of Albacina carries considerable **industrial significance**: Ariston Thermo is turning the site into a world-class hub for the manufacturing of advanced renewable thermal comfort technologies. The new design competence centre places special emphasis not only on developing and producing highly efficient solutions and systems, but also on safety and minimising waste and losses—a testament to the Group's **sustainable approach**, as part of which the combination of **innovation** and **energy efficiency** represents the key to growth.





## LYDOS HYBRID

Lydos Hybrid is the first Class A water heater with hybrid technology.

The combination of innovative technologies allows for greater efficiency compared to the Energy Class B standards, delivering energy savings of up to 50%. This means lower costs, less CO<sub>2</sub> emissions, and greater comfort for users.

After memorising and learning consumption habits, the innovative **i-Memory software** allows to identify the most convenient option between electric and renewable heat pump energy, maintaining the ideal water temperature at all times. Lydos Hybrid also offers Wi-Fi functionality through a mobile application, allowing to remotely control the water heater.



## INTERNATIONAL RECOGNITION

### LYDOS HYBRID 2019 BEST PRODUCT

In recognition of its superior energy efficiency performance and its strongly innovative content, Ariston Thermo's Lydos Hybrid water heater was named the **best product of the year in the Hydraulics, Air Conditioning and Heating category** at the **AUNA 2019** awards in Barcelona. The winner is selected based on the votes of industry professionals.

### SUPERBRANDS AWARD 2019

In November 2019 **Racold, the Group's leading brand in India, received the prestigious "Superbrands 2019" award** as the only brand selected in the Water Heating category. Superbrands is an international organisation present in 86 countries that is dedicated to acknowledging and promoting the best brands in each country, telling the story of world-class firms that put respect and sustainability at the centre of their growth strategies.

### ARISTON THERMO RECEIVES AN AWARD FROM THE ITALIAN ASSOCIATION OF FAMILY BUSINESSES

Ariston Thermo received the Alberto Falck "2019 Family Business" award from **AidAF, the Italian Association of Family Businesses**, at the 15th National Conference in Monopoli (province of Bari) in recognition of the Group's outstanding performance over the years as well as its system of values, which are rooted in the industrial and cultural heritage of the Merloni family.

## SMART COMFORT. ANYTIME, ANYWHERE

Ariston Thermo offers the largest range of products, systems and services in the market, including smart thermostats and devices equipped with Wi-Fi technology, designed to provide **user-friendly connectivity solutions** as well as detailed energy consumption reports that allow customers to monitor their usage habits and achieve savings.

Ariston Thermo's **remote control platform** allows support and maintenance centres to monitor all products in real time and promptly intervene in case of need, thus providing added value to customers in terms of comfort and safety, through an IoT (Internet of Things) platform that guarantees data security and integrity.

## INTEROPERABILITY

The future of thermal comfort goes hand in hand with the creation of true domestic ecosystems, i.e. integrated solutions allowing customers to control all smart devices in the home—including those for domestic comfort—through a single interface or App.

Through **Ariston NET**, Ariston Thermo already has several partnerships in place—including those with **Amazon Alexa, Apple HomeKit, and Google Assistant**—allowing to integrate its heating systems with smart home platforms. It also continues investing to ensure its products are compatible with the main IoT solutions at the international level.

In addition to the services for end customers, Ariston also offers **professional interoperability solutions** that enable its systems to communicate with third-party software platforms—such as Support Centres—thus allowing to improve their offerings as well as develop new opportunities and business models.

## CUSTOMER TESTIMONIALS



*"Being able to set the temperature at home with your voice is truly outstanding!"*

Antonio T. - Italia - Voice Control, Amazon



*"I can turn on the water heater when I get off work and jump into the shower straight away once I am home. This is truly convenient, I don't have to wait 20 minutes to wash myself"*

A buyer in Bangalore - India - Water heating service



*"It's important for me not to waste energy because I want to take care of the environment where my children will grow up, but I never expected to be able to lower my energy bill simply thanks to an App."*

Margaret S. - United States - Mobile apps user

## INCREASINGLY SMART



CONNECTIVITY IN ALL HEATING AND WATER HEATING SEGMENTS



PARTNERSHIPS IN THE SMART HOME AREA INCLUDING APPLE, AMAZON, AND GOOGLE

## IN PURSUIT OF EXCELLENCE

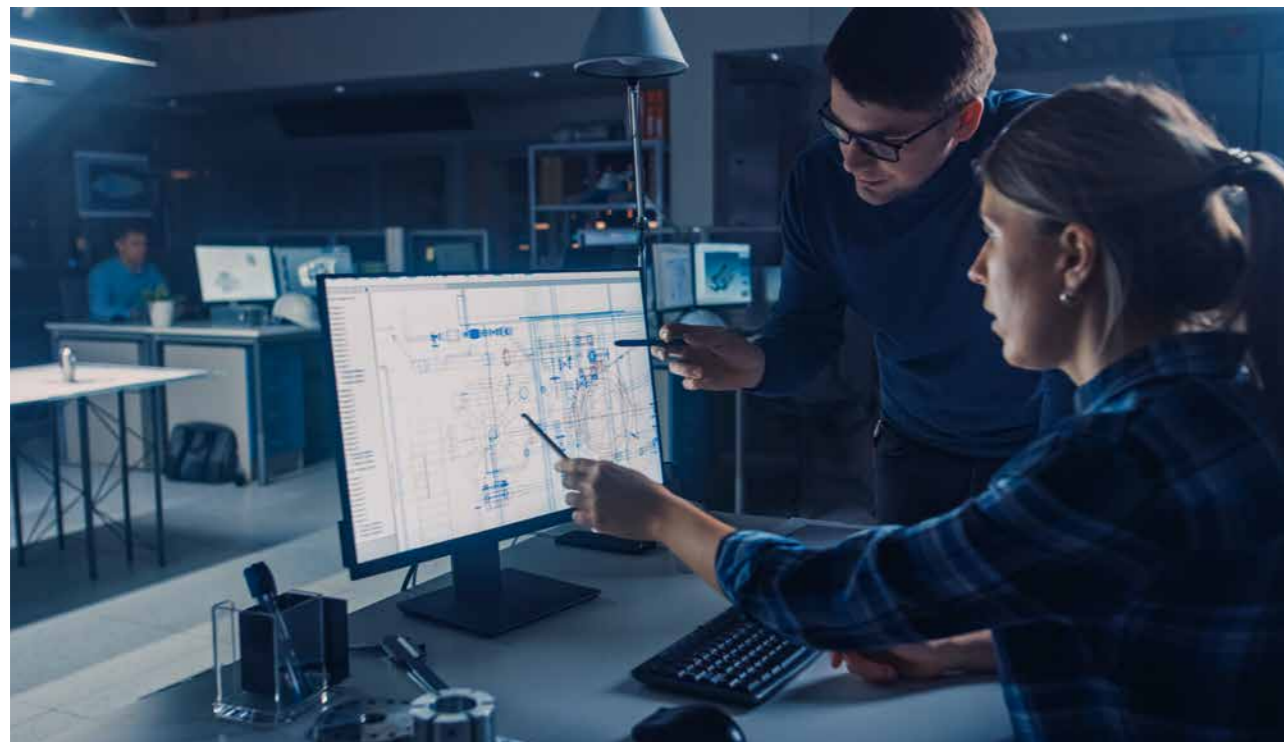
Ariston Thermo is constantly exploring innovative ways to enhance system and product engineering in order to design the best solutions available in the market.

This approach has led Ariston Thermo to assemble a team of engineers specialising in CAE (Computer Aided Engineering) software, which can simulate the mechanical behaviour, technical exchanges, and combustion emissions of the new components being developed. In addition, they use software to optimise the operation of Ariston Thermo's products. These advanced tools allow to reduce manufacturing time and costs while enhancing the quality and performance of the solutions offered.

The Group has also considerably expanded its installed

capacity with remote diagnostics functionality, which allows to monitor products in real time and ensures customers will immediately receive support from the *Guardian Angel* thanks to the Contact App.

**33 SITES**  
**HAVE OBTAINED THE**  
**ISO 9001**  
**CERTIFICATION FOR THEIR**  
**QUALITY MANAGEMENT SYSTEMS**



### LOMBHE@T

Synergies such as those achieved by the partnership between our R&D Ariston Thermo Innovative Technology (ATIT) centre with Politecnico di Milano's Competence Centre ensure we remain constantly committed to looking for new solutions. The LombHe@t project is one of the initiatives selected by the Lombardy Regional Government as part of the "Research and Innovation Call Hub" for the financing of strategic industrial research and experimental development projects to boost the competitiveness of the regional ecosystem. The project was selected and funded in November 2019 and is aimed at **finding solutions to decarbonise civil heating systems**. Ariston Thermo Innovative Technology has joined the initiative in partnership with other industry players.

## WORLD CLASS COMPANY

Continuous improvement and learning are at the centre of the **World Class Manufacturing (WCM) programme**, which was launched in 2011 and is based on **Lean Thinking Principles**. The international WCM Association regularly audits manufacturing sites with respect to all the main production management topics, from environmental safety to efficiency, maintenance, internal logistics, and quality in order to guarantee the highest standards and meet customer expectations.

The activities carried out during the year concerned also a specific programme seeking to reduce the stock of raw materials. This was implemented at all production sites in partnership with the procurement office.

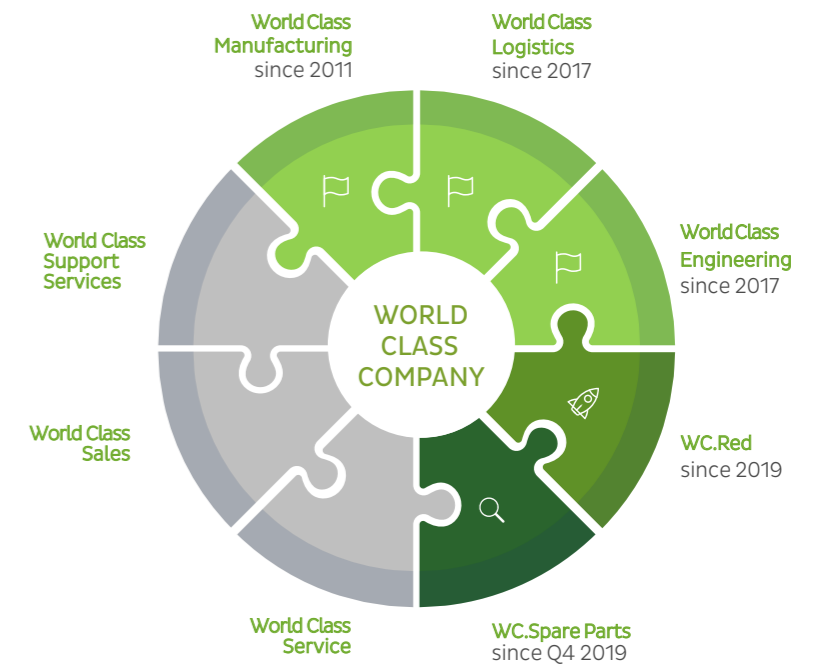
Today, the **World Class Logistics (WCL)** programme covers 40% of the Group's main warehouses—and we have also launched the **World Class Engineering (WCE)**, programme at one of our technical offices.

To support the adoption of World Class guidelines and implement a medium- to long-term vision in accordance with the industrial challenges that lie ahead, in 2019 Ariston Thermo began building a World Class Company (WCC), to supplement its various programmes, defining its governance and appointing a steering committee to outline the key strategic objectives.



CERRETO (ITALY) EARNS THE BRONZE MEDAL AND WORLD CLASS MANUFACTURING AWARD, JOINING 3 OTHER SITES CERTIFIED BETWEEN 2016 AND 2019

+ 7 % THE NUMBER OF PEOPLE INVOLVED IN THE WORLD CLASS MANUFACTURING PROGRAMME



## CYBERSECURITY

"Our goal is to provide a secure Group IT ecosystem that allows to successfully operate in an increasingly digital world"

Cosimo Corsini

Chief Strategy Officer, Chairman of Security Committee – Ariston Thermo Group

Digitisation requires businesses to maintain high levels of security in terms of infrastructure integrity as well as protection of their software and data. To tackle this challenge, in 2015 Ariston Thermo set up a new organisational function dedicated to cybersecurity and tasked with **integrating, steering, and consolidating the efforts and results** of the various business functions when it comes to the security of the Group's ICT. Several internal reviews have been conducted over the

last two years to identify potential vulnerabilities and, therefore, set up a continuous improvement process focusing on the training of, and communication with, internal staff—including through specific investments. The initiatives launched between 2018 and 2019 have laid the groundwork for a broader plan of investments in cybersecurity for the three years from 2020 through 2022, which was built based on the findings of the internal assessment.