



**2023
FIRST
QUARTER
RESULTS**

May 3rd, 2023

**ANALYST
PRESENTATION**



OUR KEY **INVESTMENT THESIS** ... AND HOW IT PLAYED OUT IN Q1 2023

1



CHAMPION OF SUSTAINABLE COMFORT ACROSS ALL STAGES OF THE ENERGY TRANSITION

- Strong trend in HHP and HPWH sales, on the back of the energy transition trend in Europe
- Demand for high-efficiency fossil fuel products in Europe also sustained in view of upcoming bans

2



UNIQUELY BALANCED COMMITMENT TO BOTH **HOT WATER AND **HEATING****

- Increasing synergies and appeal for fully sustainable solutions
- Water-heating technology diffusion facilitated by adoption of heating heat pumps in Europe
- Hot water: mixed performance in high-potential markets, early sales of HPWH in US

3



GLOBAL FOOTPRINT OF 40+ MARKETS SUPPORTED BY AN INTEGRATED AND AGILE INDUSTRIAL BACK-END

- Supply-chain disruptions – mainly in US heating and Wolf – mitigated by distributed, centrally-managed procurement
- Production resumed (almost) in full at flooded plants

4



PROFITABLE GROWTH COMBINING **STEADY ORGANIC EXPANSION WITH **PROVEN M&A TRACK RECORD****

- Organic headwinds due to regulatory changes on incentive mechanism in Italy
- Newly added business in Germany accelerating beyond expectations
- Wolf-Brink integration progressing as planned

5



SOLID FINANCIAL PERFORMANCE AT TOP- AND BOTTOM-LINE, LEAN BALANCE SHEET

- Total growth ca. +38%
- 9.6% margin on EBIT Adjusted, +0.5pts vs Q1'22
- Negative FCF due to seasonality, though significantly better than Q1'22



USA HEAT PUMP WATER HEATERS

- Launch of the first American Standard HPWH in USA
- Production line in Mexico
- Available in 50 & 80 gal size
- Demand-Response ready
- High efficiency and low noise
- Integrated leak sensor and optional shut-off valve
- Aqua Comfort link mobile APP



WOLF HIGH-POWER MONOBLOCK R290 HEAT PUMP CHA-16/20

- Extension of the product range of the very successful CHA-07 & CHA-10
- High power output, perfectly suited for renovation requirements of single family homes and small multifamily buildings
- Fastest-growing segment in German heat pump market (+113% in '22)
- Natural & environmentally friendly refrigerant R290 allows higher flow temperatures – makes it very well suited for existing buildings with radiators
- A benchmark in performance, efficiency, sound level and dimensions



“EXPERT SERVICE” AFTER-SALES TOOL FOR SERVICE CENTERS

- New digital tool for our service centers network, all key after-sales processes with one entry point for our partners
- Designed with customer-centric approach, aims at doing business with Ariston easier
- Technicians can register interventions, activate extended warranty contracts and get technical information on the go, thanks to the innovative APP available on all mobile stores



INDIA NEW STORAGE & MICROSTORAGE PLATFORMS

The Indian offer has been completely renewed with:

- Maximum (“five-star”) energy efficiency rating
- New sophisticated aesthetic
- New advanced functions and improved usability, including temperature control for the first time in the microstorage category 1,3,6 liters in India

Q1 2023 NET REVENUE BY DIVISION

€M	Q1 2023	Q1 2022	Change	o/w M&A
Thermal Comfort	713.6	507.7	+40.5%	188.3
Burners	22.4	21.8	+2.3%	
Components	23.7	22.5	+5.4%	
Total	759.7	552.1	+37.6%	188.3

KEY COMMENTS

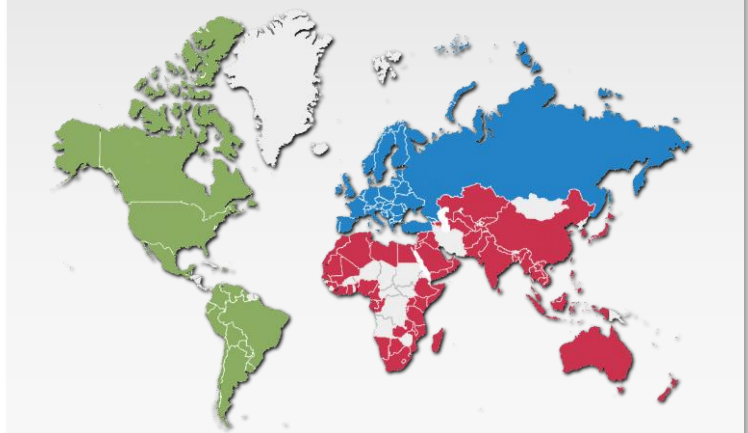
- Like-for-like growth generally driven by price (mostly carryover from 2022) and mix
- Thermal comfort: growth driven by heating in central European countries (both Wolf and Elco), headwinds in Italy after change in incentive mechanism
- Burners: mix change and customised solutions fully compensate for missing Russian business and drop in oil burners for residential heating
- Components: continued satisfactory trend driven by growth in Professional segment
- Organized integration effort of Wolf-Brink proceeding well amidst very strong business growth
- Pro-forma growth (including Wolf-Brink in 2022) stands at +7%

Q1 2023 NET REVENUE BY AREA

€M	Q1 2023	Q1 2022	Change	o/w M&A
■ Europe	570.0	357.2	+59.6%	186.6
■ Americas	67.9	71.3	-4.9%	
■ Asia/Pacific & MEA	121.9	123.6	-1.4%	1.8
Total	759.7	552.1	+37.6%	188.3

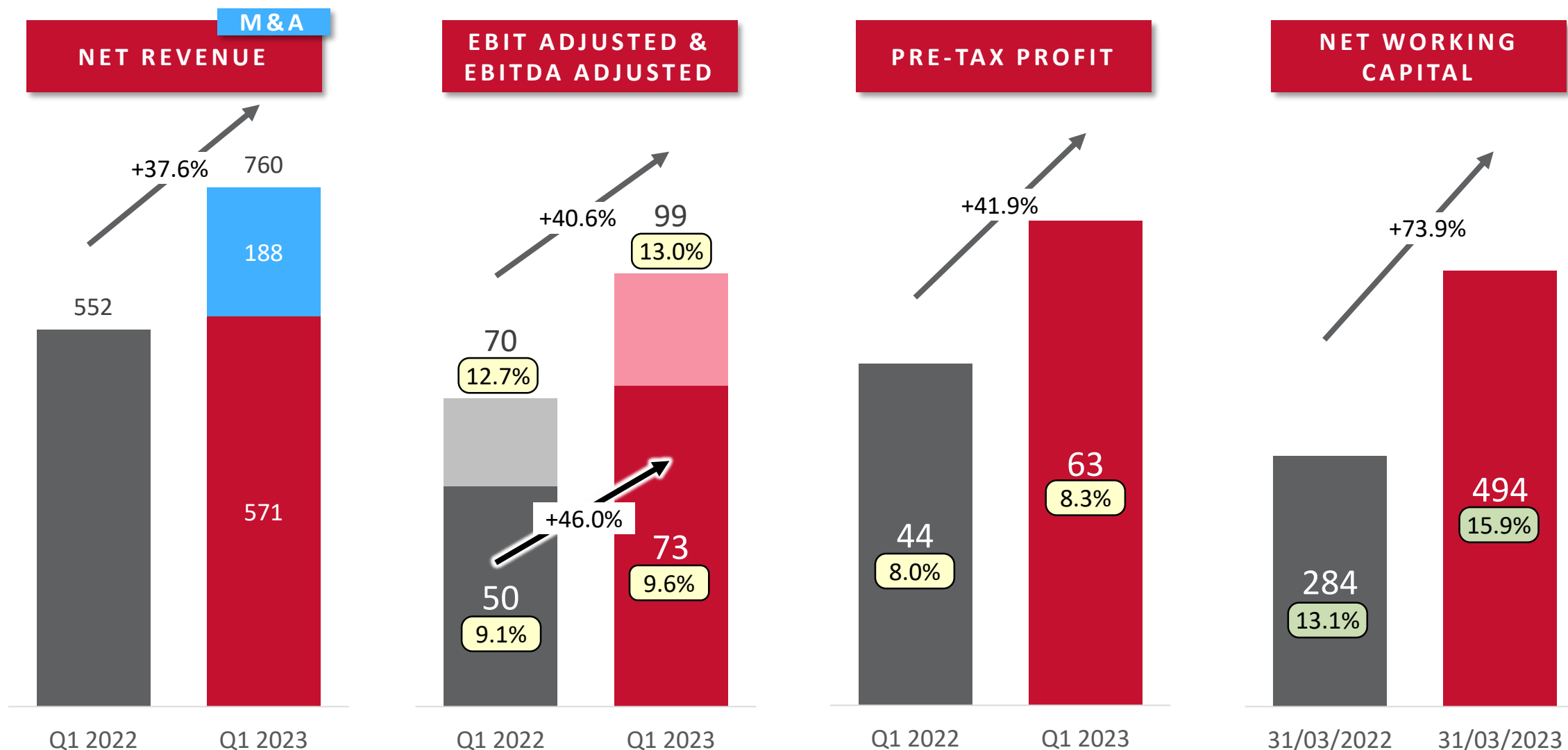
KEY COMMENTS

- Continuing growth momentum in Europe driven by Wolf-Brink and also +7% organic
- Americas negative despite favourable FX, due to weak market demand in both heating and water-heating, and supply chain issues on heating
- Asia/Pacific & MEA slightly negative due to missing contribution of Turkey & Egypt. FX headwinds in some key markets
- Overall FX tailwinds of ca. 1% in the quarter



Q1 2023 FINANCIALS

€M



Note: Adjustments for non-recurring events or transactions, restructuring or employment termination agreements, other events not representative of normal business operations.

% percentage of Q1 net revenue
% percentage of L12M net revenue

Q1 2023 CONDENSED INCOME STATEMENT

€M	Q1 2023	Q1 2022	Change
Net revenue	759.7	552.1	+37.6%
EBITDA adjusted % on net revenue	98.6 13.0%	70.1 12.7%	+40.6%
EBITDA % on net revenue	97.3 12.8%	67.2 12.2%	+44.6%
EBIT adjusted % on net revenue	73.1 9.6%	50.1 9.1%	+46.0%
EBIT % on net revenue	70.4 9.3%	46.6 8.4%	+51.2%
Profit before tax	62.7	44.2	+42.0%

KEY COMMENTS

- Organic net revenue increase mainly driven by Thermal Comfort with a focus on Central Europe
- Cost inflation fully compensated for by 2022 pricing actions. Normalization of logistics and energy
- Fixed costs increase led by labor inflation, R&D and digital
- Q1 EBIT Adj. % margin higher than Q1'22, with excellent result for Wolf
- Major components of adjustments:
 - Damage repair from Sept '22 flooding (Genga and Cerreto D'Esì plants)
 - PPA amortization (on EBIT only)



Note: Adjustments for non-recurring events or transactions, restructuring or employment termination agreements, other events not representative of normal business operations.

Q1 2023 CASH FLOW

€M	Q1 2023	Q1 2022	Change
EBITDA	97.3	67.2	+44.6%
Provisions and write-downs	2.4	4.4	-45.5%
Change in working capital ¹	(102.3)	(112.1)	-8.8%
Tax paid	(10.9)	(9.3)	+16.9%
Other Assets and Liabilities	2.1	19.9	-89.7%
Operating cash flow	(11.5)	(29.9)	-61.7%
Capex (without right-of-use assets)	(16.3)	(5.3)	n.s.
IFRS16 lease payments	(7.5)	(5.8)	+28.5%
Other changes	(0.7)	(4.5)	-84.5%
Free Cash Flow	(35.9)	(45.5)	-21.0%

KEY COMMENTS

- Net working capital absorption lower than Q1 2022 despite much larger perimeter with Wolf-Brink acquisition. Containment effort still ongoing amidst seasonal increase
- Continued discipline on DPO along with satisfactory performance on credit quality
- Capex off to a seasonally slow start in Q1. Investments expected above average for the full year
- Negative FCF for organic perimeter and even more relevant for Wolf-Brink, though overall contained compared to historical average performance

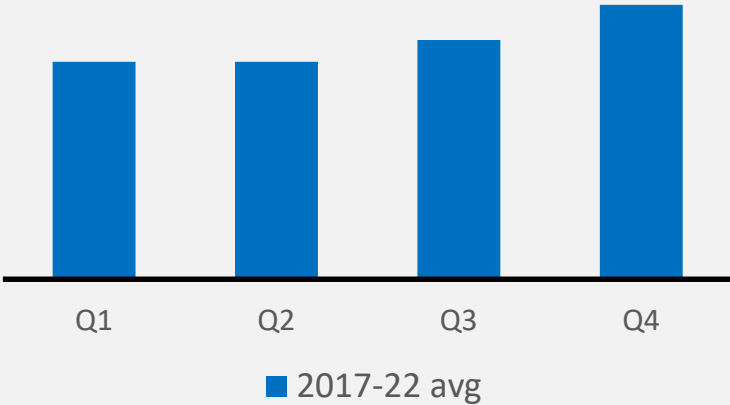


¹ Change in working capital does not include FX effect.

BUSINESS SEASONALITY

NET REVENUE

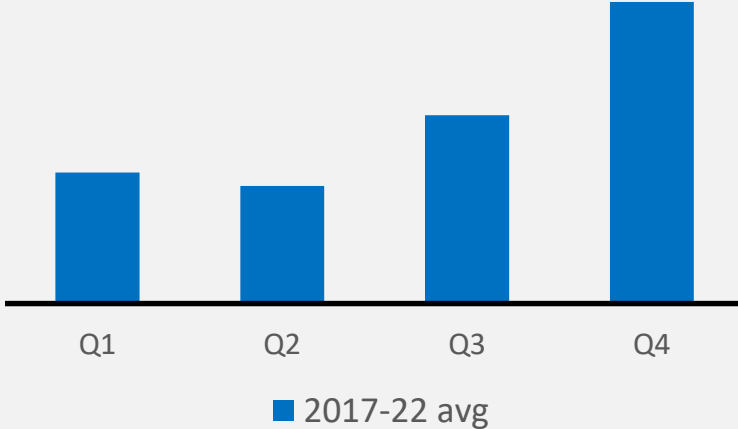
Quarterly weight on FY



1 Demand for heating-related products is predictably concentrated towards the second part of the year

EBIT ADJUSTED

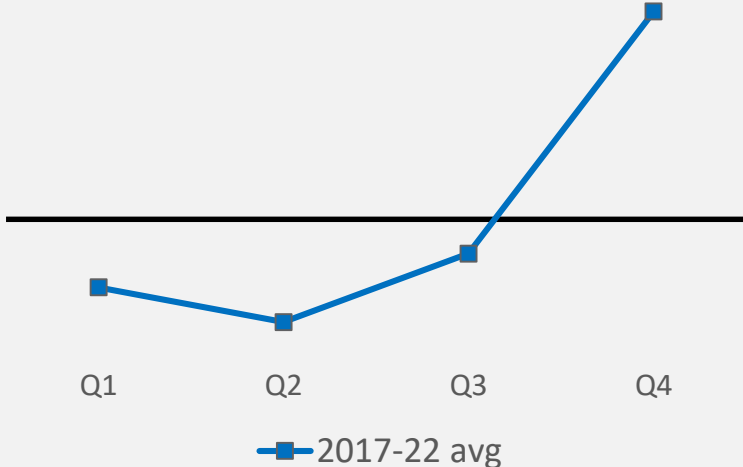
Quarterly weight on FY



2 Operating leverage gives margins an even more pronounced seasonality

CUMULATED FCF

Quarterly trend



3 The last quarter of the year usually generates >100% of yearly FCF

Q1 2023 revenue & FCF in line with historical performance

Strong Q1 EBIT Adjusted % might indicate a more balanced seasonality for margins throughout the year

TOTAL NET FINANCIAL INDEBTEDNESS

REFERENCE: ESMA 32-382-1138 GUIDELINES

€M	31/03/2023	31/12/2022	31/03/2022
Liquidity	363.2	1,011.6	592.9
minus: Current financial indebtedness	(88.6)	(86.2)	(102.6)
minus: Non-current financial indebtedness	(905.1)	(865.2)	(469.7)
Net Financial Indebtedness (ESMA guidelines)¹	(630.5)	60.2	20.6
<i>Adjustments: Put & call options, escrow accounts and positive MtM</i>	<i>37.7</i>	<i>38.6</i>	<i>54.3</i>
Net Financial Indebtedness adjusted¹ (previous calculation method)	(592.8)	98.9	74.9

KEY COMMENTS

At 31 March 2023:

- Cash-out to acquire Wolf-Brink on Jan 2nd
- €460M additional committed unused credit lines to fuel organic & inorganic growth
- Non-current bank debt >4yr duration, with >90% of maturities in 2025-2027
- Low sensitivity to inflation: >50% of LT debt at fixed-rate or hedged
- Debt consists in bank credit lines plus €4M in acquisition-related put & call options
- Largest share of Adjustments (€34M) relates to positive MtM of derivatives



¹ Positive for net cash, negative for net debt.

OUTLOOK FOR THE REST OF 2023

TOP LINE

- Previous outlook: organic in line with mid-term guidance and >30% addition from Wolf-Brink
- Overall growth expectations unchanged at Group level, though more skewed in favour of Wolf (inorganic)

PROFITABILITY

- As previously indicated, EBIT Adjusted margin expected in 9.2%-10% range
- Q1 trends allow for an optimistic look at the upper part of the range

CASH FLOW

- Further normalization of NWC
- Insurance reimbursement for expenses & business interruption from 2022 floods
- Expectation for a robust performance despite higher-than-average Capex. Generation will be concentrated in H2

M&A

- Wolf-Brink integration
- Continued scouting and pursuit of M&A options in our space, in different sizes and geographies

MID-TERM GUIDANCE

OVER THE CYCLE:

- MID-SINGLE-DIGIT ORGANIC GROWTH (INCLUDES FX)
- EBIT-ADJUSTED MARGIN > 10%

PLUS M&A



Disclaimer

This document contains forward-looking statements that relate to future events and future operating, economic and financial results of Ariston Group. By their nature, forward-looking statements involve risk and uncertainty because they depend on the occurrence of future events and circumstances. Actual results may differ materially from those reflected in forward-looking statements due to a variety of factors, most of which are outside of the Group's control, including the direct and indirect consequences resulting from the ongoing developments in Ukraine and Russia.

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