

FOURTH QUARTER AND FULL YEAR 2023 RESULTS

5TH MARCH 2024



Highlights

Financials

2024 outlook

Appendix

ALL TIME HIGH REVENUES AND PROFIT

2023

	Net revenues	EBIT Adj.	Net Income Adj.	Free Cash Flow ¹
Q4	805 €M <i>+23.2% YoY</i>	87 €M <i>10.8% margin</i>		136 €M <i>vs. 114 €M in 2022</i>
FY	3,092 €M <i>+30.0% YoY</i>	314 €M <i>10.2% margin</i>	212 €M <i>+30.0% YoY</i>	112 €M <i>vs. 32 €M in 2022</i>

1. Free Cash Flow definition in Appendix.

A STRONGER GROUP THANKS TO WOLF-BRINK ACQUISITION, ADDING SCALE AND CAPABILITIES

FY2023

1

CHAMPION OF SUSTAINABLE COMFORT
ACROSS ALL STAGES OF THE **ENERGY TRANSITION**



All technologies: natural refrigerant HP, hybrid, H2, high efficiency boilers, Home Energy Management, Demand Response

2

UNIQUELY BALANCED ACROSS **HEATING, AIR TREATMENT AND HOT WATER**



Air Treatment addition
Water heating market stable growth

3

GLOBAL FOOTPRINT OF 40+ MARKETS, **INTEGRATED AND AGILE BACK-END**



Egypt plant acquisition (Feb 2024)

4

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



Strong synergies delivered above plans

5

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



Scale and continued **balance sheet robustness**
Investing for the future

PRODUCTS AND SOLUTIONS: NEW LAUNCHES IN 2H 2023



ARISTON NET: 1 APP COVERING HEATING AND WATER HEATING SOLUTIONS

- Easy, intuitive and accessible user experience
- Energy saving and consumption tips
- Amazon Alexa and Google Assistant voice control compatible
- Demand Response functionalities
- Powered by Artificial Intelligence



>4 app rating on app stores



ULTRA-LOW-NOISE HHP FOR CENTRAL EUROPEAN MARKETS



- Elco brand
- Aerotop SX 13kW
- Ultra-low-noise performance enabling installation closer to buildings



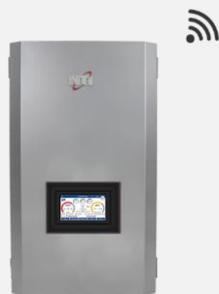
ELECTRIC STORAGE WATER HEATER WITH DEMAND RESPONSE



- Ariston brand
- First Ariston Demand Response ESWH
- Grid balancing services to enable renewables growth in the power generation mix



NEW HIGH EFFICIENCY BOILER RANGE



- NTI brand
- Firetube stainless steel heat exchanger to optimize energy efficiency and reduce cleaning need
- 24/7 remote monitoring thanks to NTI Net
- Wide power range up to 850 MBH



EXTENDED RANGE OF HEAT PUMP WATER HEATERS



- American Standard brand
- Launched 65-gal range
- Demand Response
- High efficiency and low noise

ESG: CONTINUING STRONG CONTRIBUTION

FY2023

Avoided CO₂

26 mln tons

+7 mln tons in 2023

vs. 2020 base year

Renewable technologies

49%

+4 p.p. vs. 2022

vs. 51% fossil fuel products revenues in Europe²

H2-ready gas boilers¹

75%

+40 p.p. vs. 2022

Certificated 20% H2-ready, revenues in Europe² of total gas boilers



Progress toward our «Road to 100» target available in the 2023 Annual Report
(downloadable from the corporate website)

¹ Condensing boilers; ² Refers to Thermal Comfort perimeter. Europe includes Balkans, Switzerland, the United Kingdom, Israel, Norway and Ukraine. Excluding Russia. Methodological notes (more details included in the 2023 Annual Report): Avoided CO₂: not including Wolf & Brink perimeter in the 2023 data; Renewable technologies: 48% in 2023 excluding Wolf & Brink; H2-ready gas boilers: 69% in 2023 excluding Wolf & Brink.

Highlights

Financials

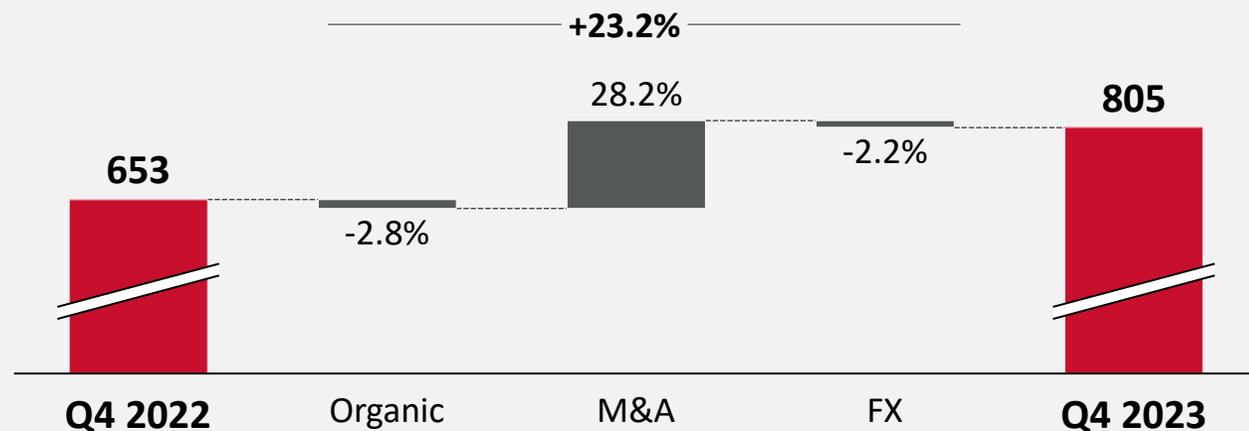
2024 outlook

Appendix

STRONG GROWTH DRIVEN BY ACQUIRED PERIMETER

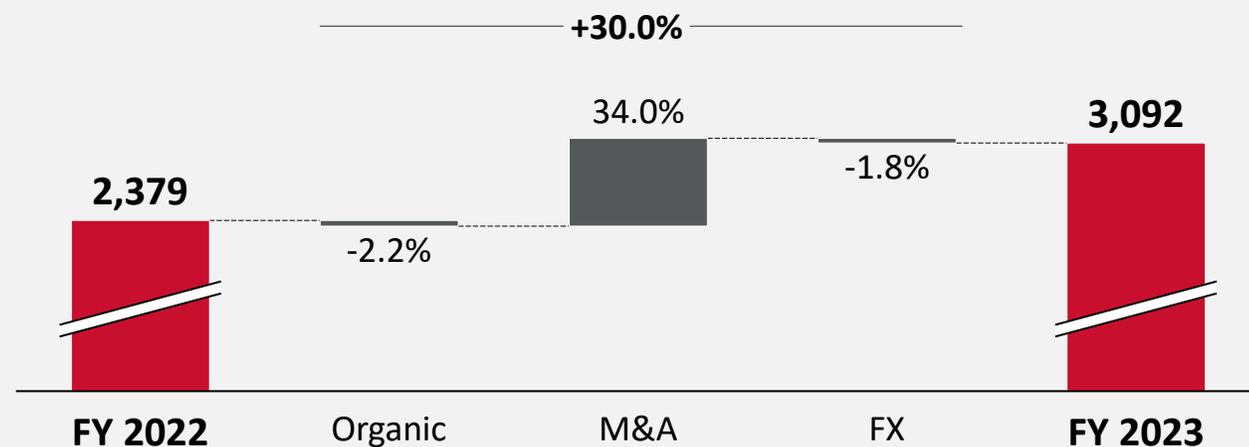
NET REVENUES, €M

Q4



- +23.2% growth
- Acquired perimeter continued to grow, though at lower pace vs. previous quarters
- Pro-forma¹ at -3.2%
- Organic impacted by soft heating markets in Europe
- FX headwind mainly in Asia Pacific & MEA

FY

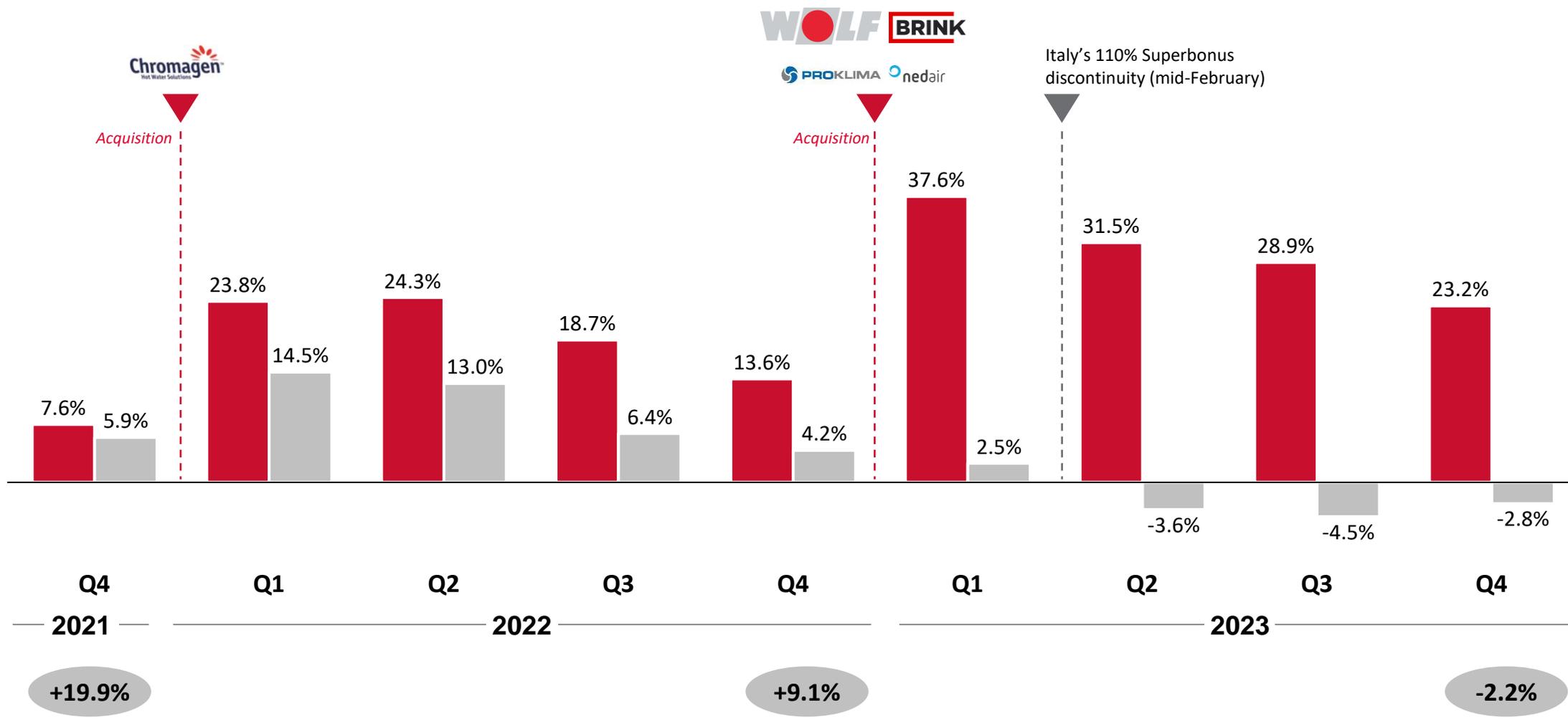


- +30.0% growth
- Acquired perimeter growing at +18.8%
- Pro-forma at +1.1%; +2.5% excluding FX
- Positive organic growth excluding Italy
- FX headwind mainly in Asia Pacific & MEA

ORGANIC SLOW DOWN IN 2023, AFTER 2 YEARS OF STRONG ORGANIC GROWTH

NET REVENUES GROWTH YOY, % OF €M

■ Growth ■ Organic growth



Note: organic growth excludes change of perimeter and FX effects.

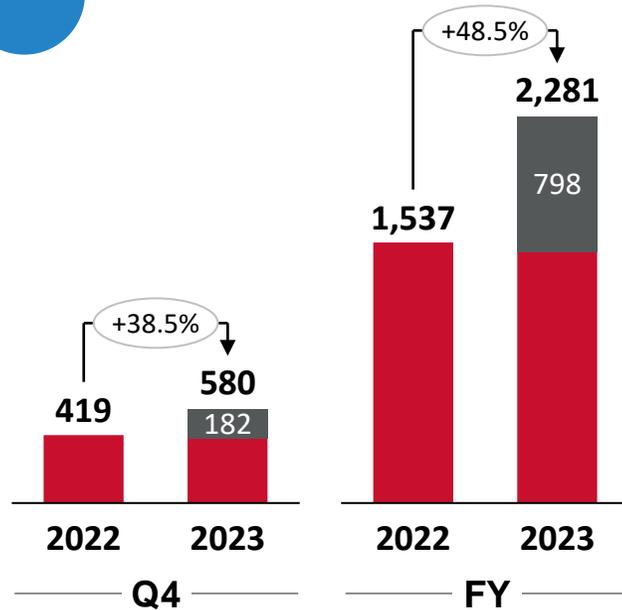
GROWTH CONCENTRATED IN GERMANY (WOLF AND ELCO)

NET REVENUES, €M

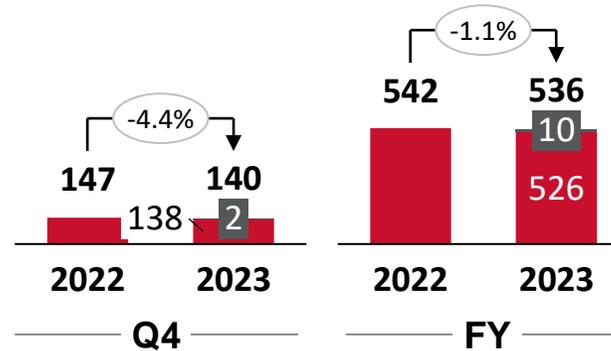
Share of net revenues, %
FY2023

Organic M&A

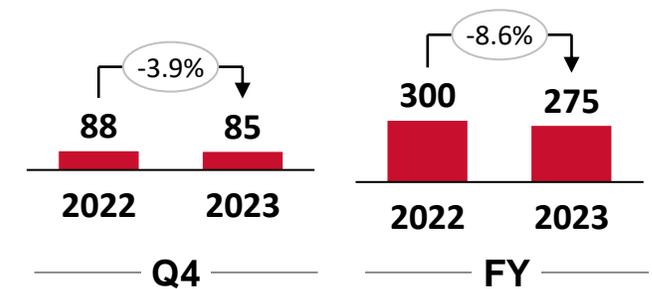
Europe



Asia Pacific & MEA



Americas



Q4 comments:

Germany (Wolf and Elco) growing
Weak demand in Italy

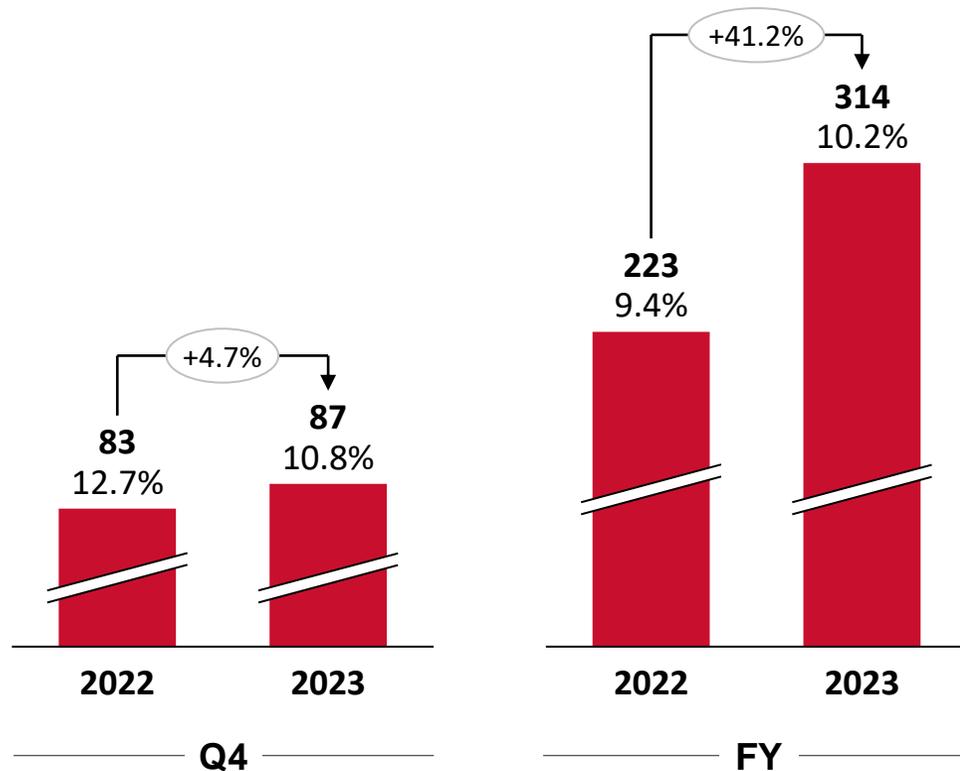
Positive organic growth
FX headwinds in Australia and China

Hot Water business growing, Heating affected by weak demand
Argentina exited

>10% EBIT ADJ. MARGIN

€M, % OF NET REVENUES

EBIT Adj.



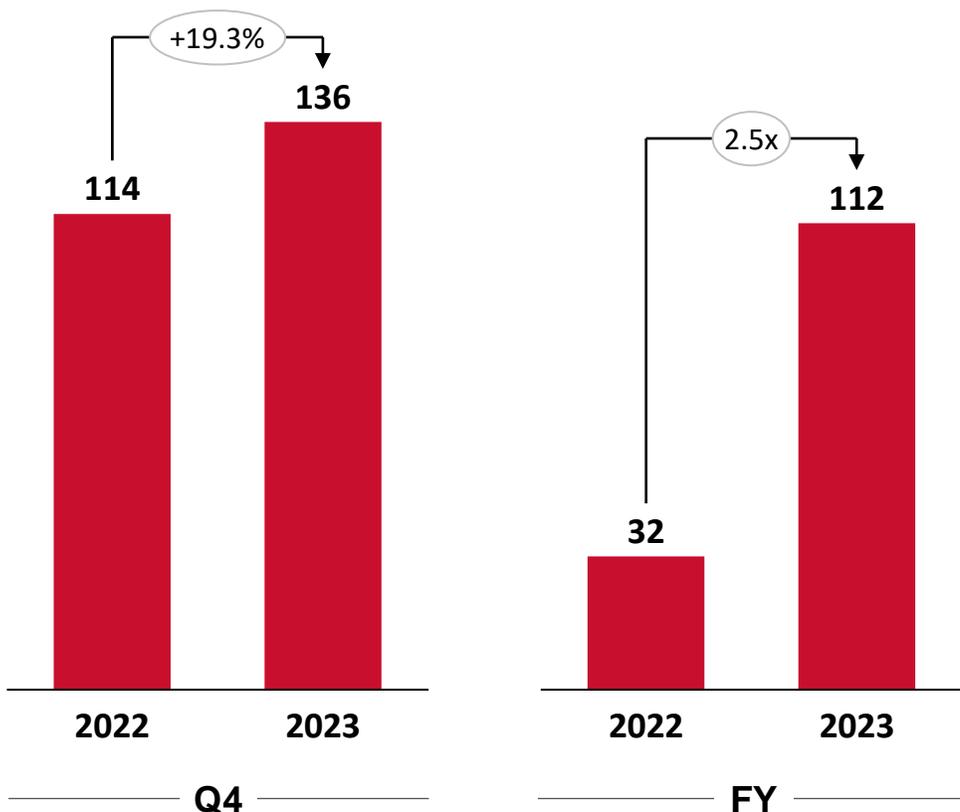
Comments

- Q4 EBIT Adj. % margin at 10.8% thanks to seasonality
- FY EBIT Adj. +0.8 ppt vs. 2022: pricing, mix, sourcing productivity and acquisition synergies more than offsetting cost inflation and lower volumes
- Main adjustments on EBIT:
 - PPA impact from M&A: +26.4 €M
 - Net insurance reimbursement for flash flood: -7.9 €M

CASH FLOW FROM OPERATIONS IMPROVED YoY

€M

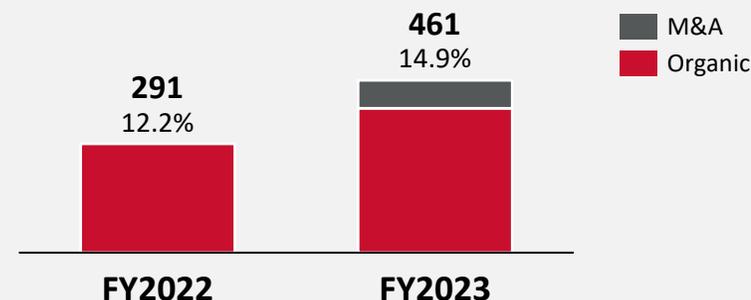
Free Cash Flow



Comments

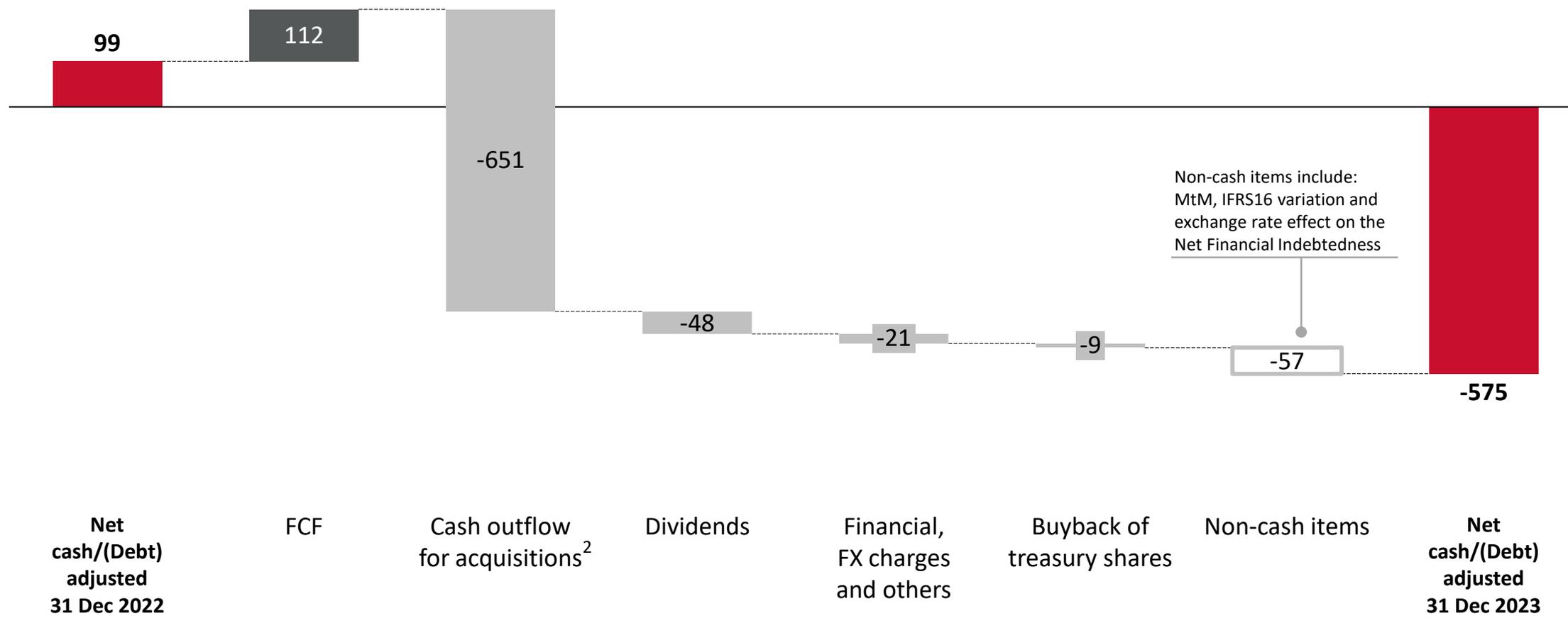
- +136 €M positive cash generation concentrated in Q4
- Working capital improvement vs. Q3, mainly driven by inventory reduction
- Continued to invest for long term on technologies, operations flexibility & efficiency, and digitalization. CapEx at ~5% of net revenues
- MtM moved below FCF in the non-cash items (2022 restated)

Net Working Capital, % of net revenues



1.4X LEVERAGE AFTER TRANSFORMATIONAL WOLF-BRINK ACQUISITION

€M



Leverage¹

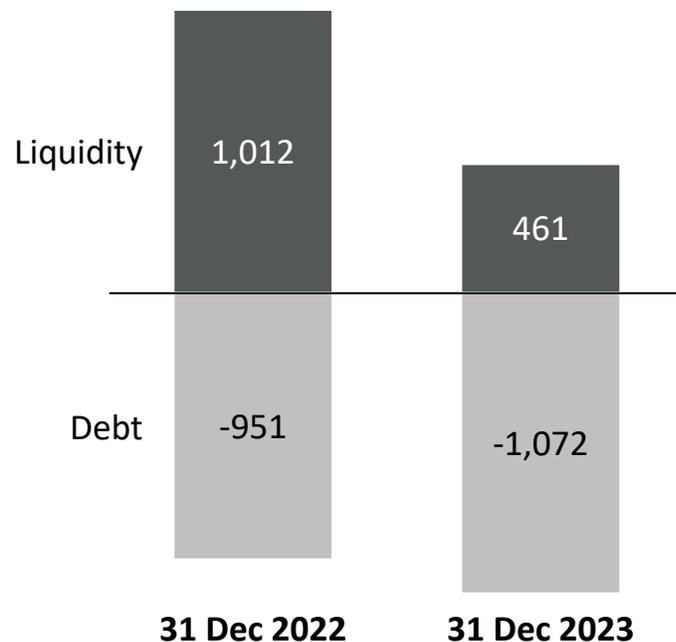
-0.3x

1.4x

1. Net debt/(Cash) adjusted / EBITDA Adj. 2. It includes Wolf-Brink long-term net financial position impact at acquisition date

€M

Liquidity and Debt end of year balance



**Net financial
Indebtedness adjusted**

+99

-575

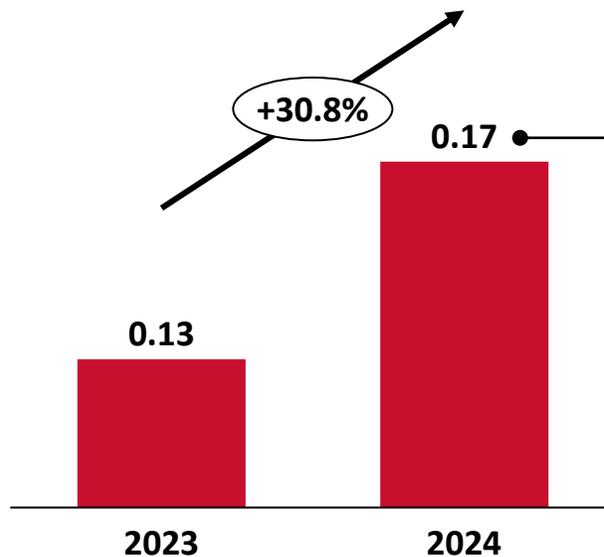
Comments

- Liquidity increased in Q4 thanks to positive FCF; YoY variation driven by Wolf-Brink acquisition
- +0.9 €bn committed unused credit lines to fuel organic & inorganic growth
- Non-current bank debt duration unchanged at ~4.5 year, thanks to mid-long term syndicated line and a Schuldschein agreement, both signed in 2023:
 - >80% of maturities in 2027-2031
- Low sensitivity to inflation: 64% of long-term debt at fixed-rate or hedged

+31% DIVIDEND PROPOSAL

€/SHARE

Dividend Proposal for approval by the Annual General Meeting on May 4, 2024



Dividend	0.17 €/share
Total Payout	63.0 €M
Payout ratio (on reported Net Profit)	33%
Payment date	May 22, 2024
Ex-dividend date	May 20, 2024

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2024 OUTLOOK

2024 a transition year

Fundamentals remain strong for the mid term

Top line

- Water heating market expected to steadily grow
- Challenging external context affecting heating demand, mainly HHP
- Expected negative H1 (Germany and Italy), particularly Q1
- FY organic growth between -1% and -5%

Profitability

- Expected EBIT Adj. margin at 9.4%-10%

Cash Flow

- Generation concentrated in Q4
- NWC improvement throughout the year
- Keep investing for the future: 4%+ CapEx on net revenue

M&A

- Synergies from Wolf & Brink above plan
- Continuous assessment of M&A options with strong strategic rationale

Mid-term guidance

Over the cycle:

- Mid-single-digit organic growth (assuming neutral FX)
- EBIT-Adjusted margin > 10%

Plus M&A

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ARISTON GROUP PRODUCT PORTFOLIO

FY 2023

THERMAL COMFORT DIVISION

HEATING (and AIR TREATMENT)



HEAT PUMPS

HYBRID SYSTEMS

BOILERS



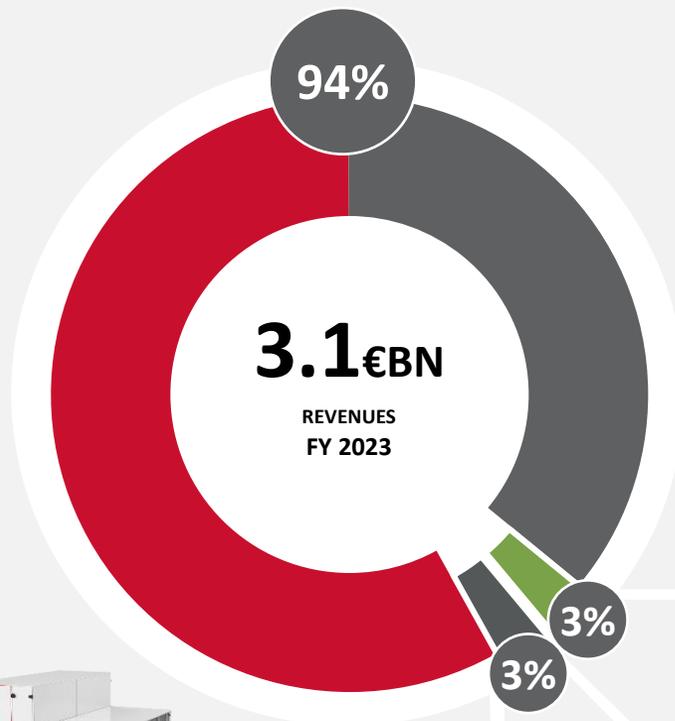
DIRECT SERVICES & PARTS



RESIDENTIAL HEAT-RECOVERY VENTILATION



AIR-HANDLING UNITS



HOT WATER



ELECTRIC
STORAGE & INSTANT

HEAT PUMPS

GAS
STORAGE & INSTANT

SOLAR

COMPONENTS DIVISION



BURNERS DIVISION



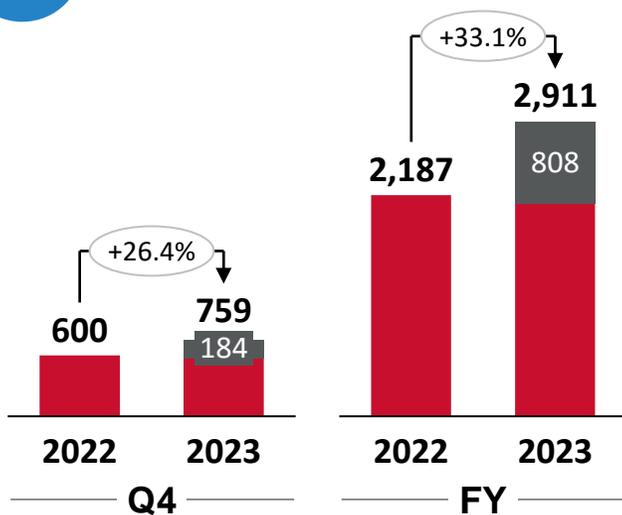
NET REVENUES BY DIVISION

NET REVENUES, €M

Share of net revenues, %
FY2023

Organic M&A

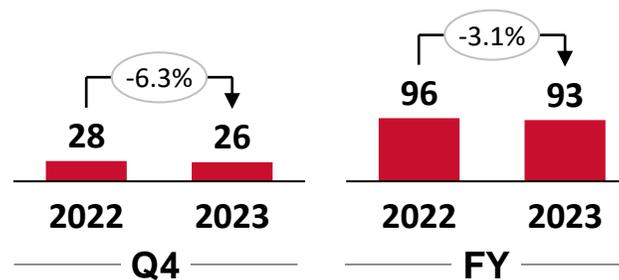
Thermal Comfort



Q4 comments:

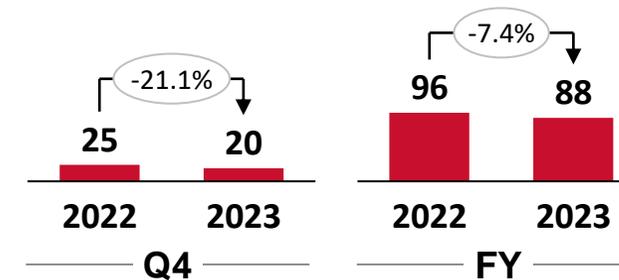
Growing central European countries; prolonged headwind in Italy (destocking, incentive change)

Burners



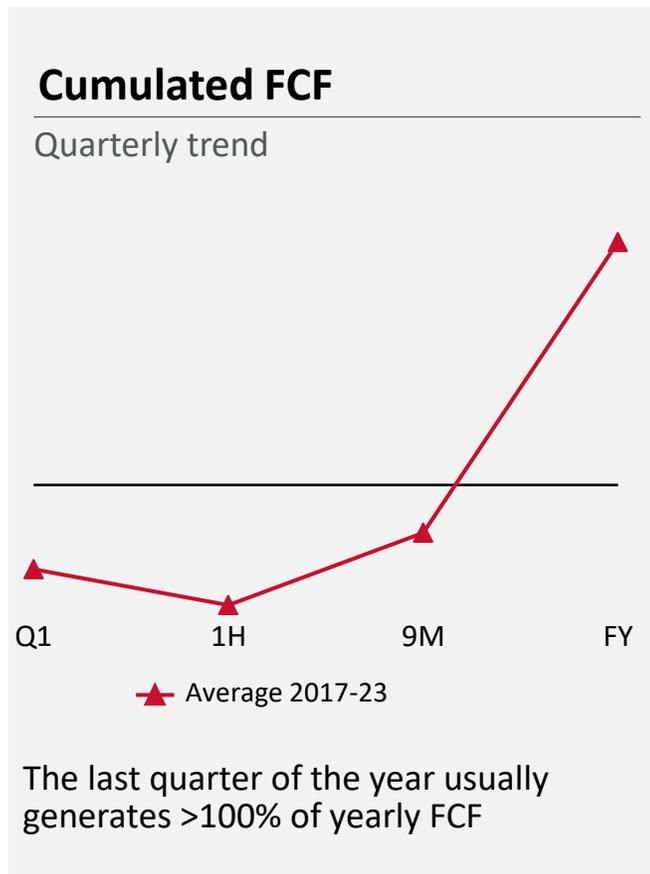
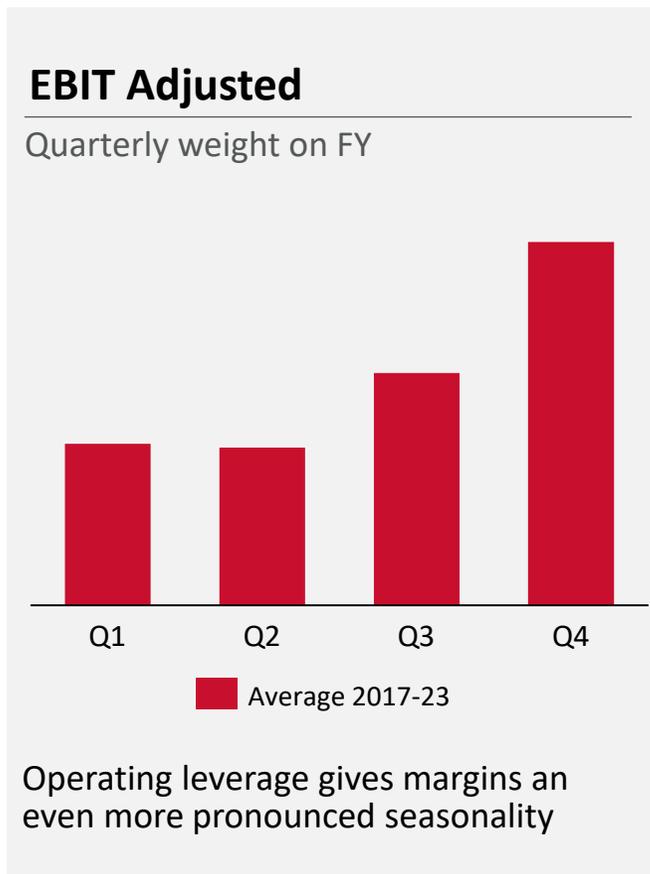
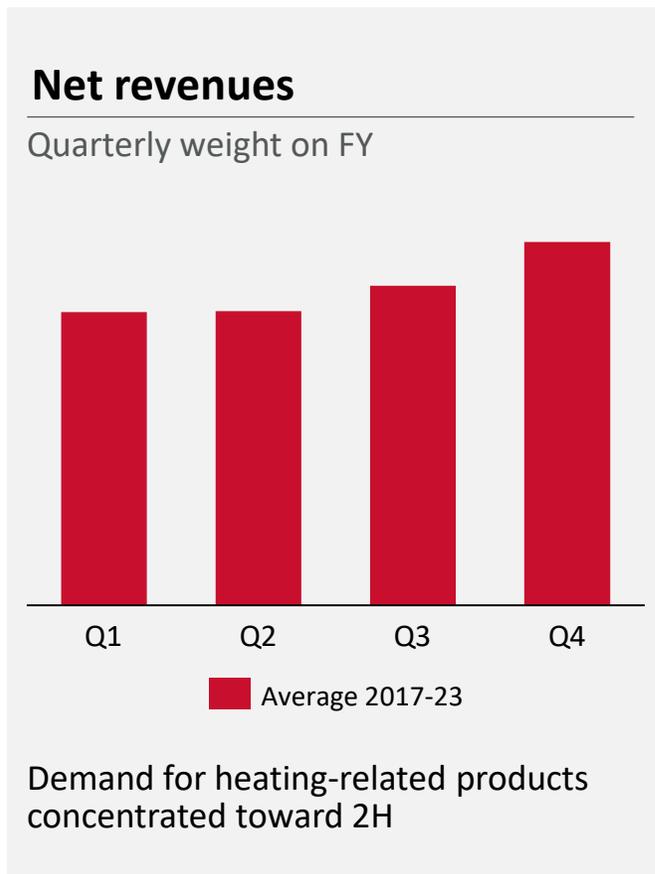
Slowdown of project business vs. high comparable in Q4 2022, residential OEM recovery

Components



Weak demand of professional segment, affected by high stock level

HISTORICAL SEASONALITY



FY INCOME STATEMENT

€M

Income statement	FY 2023	FY 2022	% change
Net revenue	3,091.8	2,378.8	+30.0%
EBITDA	417.1	283.5	+47.1%
<i>% margin</i>	13.5%	11.9%	
EBITDA adjusted	422.2	305.3	+38.3%
<i>% margin</i>	13.7%	12.8%	
EBIT	285.7	193.7	+47.5%
<i>% margin</i>	9.2%	8.1%	
EBIT adjusted	314.2	222.6	+41.2%
<i>% margin</i>	10.2%	9.4%	
Net financial charges	(30.8)	(18.6)	
Income/(losses) from associates	(1.3)	4.7	
Profit before tax	253.6	179.8	
Taxes	(62.4)	(39.5)	
Net profit reported	191.2	140.3	+36.3%
Net profit adjusted	211.8	162.9	+30.0%

Comments

- Q4 EBIT Adj. % margin at 10.8% thanks to seasonality
- FY EBIT Adj. +0.8 ppt vs. 2022: pricing, mix, sourcing productivity and acquisition synergies more than offsetting cost inflation and lower volumes
- List of EBIT adjustments:
 - PPA impact from M&A: +26.4 €M
 - Net insurance reimbursement for flash flood: -7.9 €M
 - Multi-year restructuring program: +5.4 €M
 - Acquisition/asset disposal ancillary expenses: +3.1 €M
 - Impairment loss and others: +1.5 €M

Q4 CONDENSED INCOME STATEMENT

NET REVENUES, €M

	Q4 2023	Q4 2022	% change
Net revenue	804.8	653.5	+23.2%
EBITDA	108.8	91.0	+19.5%
<i>% margin</i>	<i>13.5%</i>	<i>13.9%</i>	
EBITDA adjusted	115.3	103.8	+11.1%
<i>% margin</i>	<i>14.3%</i>	<i>15.9%</i>	
EBIT	61.4	68.4	-10.2%
<i>% margin</i>	<i>7.6%</i>	<i>10.5%</i>	
EBIT adjusted	87.0	83.1	+4.7%
<i>% margin</i>	<i>10.8%</i>	<i>12.7%</i>	

FY CASH FLOW STATEMENT

€M

	FY 2023	FY 2022	Change
EBITDA	417.1	283.5	133.6
Tax paid	(74.0)	(35.4)	(38.6)
Provisions and other changes from operating activities	24.3	(1.4)	25.7
Change in working capital ¹	(63.8)	(115.8)	52.0
Operating Cash Flow	303.5	130.9	172.6
CapEx	(158.7)	(78.6)	(80.1)
IFRS16 lease payments	(32.7)	(23.1)	(9.6)
Other changes ²	(0.6)	2.4	(3.0)
Free Cash Flow	111.6	31.7	79.9

Comments

- +136 €M positive cash generation concentrated in Q4
- Working capital improvement vs. Q3, mainly driven by inventory reduction
- Continued to invest for long term on technologies, operations flexibility & efficiency, and digitalization. CapEx at ~5% of net revenues
- Provisions driven by Wolf funds adequacy
- MtM moved below FCF in the non-cash items (2022 restated)

1. Change in working capital does not include FX and acquisition perimeter variation effects; 2. Excludes MtM derivatives impact.

FY 2022 FCF RECONCILIATION

		New definition		Previous definition		
		FY 2023	FY 2022	FY 2022		
		EBITDA	417.1	283.5	EBITDA	283.5
No change	IFRS16 lease payments	(32.7)	(23.1)	IFRS16 lease payments	(23.1)	
	Paid taxes	(74.0)	(35.4)	Paid taxes	(35.4)	
	Change in working capital	(63.8)	(115.8)	Change in working capital	(115.8)	
	CapEx	(158.7)	(78.6)	CapEx	(78.6)	
1 Items grouped	Provisions and other changes from operating activities	24.3	(1.4)	Provisions and write-downs	17.7	
				Other assets and liabilities	(19.1)	
	Other changes <u>(excluding MtM derivatives)</u>	(0.6)	2.4	Other changes <u>(including MtM derivatives)</u>	34.1	
		Free Cash Flow	111.6	31.7	Free Cash Flow	63.4
		MtM moved below FCF in the financing activities		31.7		
				2 MtM derivatives moved below FCF in Non-cash items		

NET FINANCIAL INDEBTEDNESS

€M

	31/12/2023	31/12/2022
Liquidity	461.3	1,011.6
minus: Current financial indebtedness	(122.5)	(86.2)
minus: Non-current financial indebtedness	(949.8)	(865.2)
Net Financial Indebtedness¹ (ESMA guidelines)	(610.9)	60.2
Adjustments: Put & call options, escrow accounts and positive MtM	35.9	38.6
Net Financial Indebtedness¹ adjusted (previous calculation method)	(575.0)	98.9

Comments

- Liquidity increased in Q4 thanks to positive FCF; YoY variation driven by Wolf-Brink acquisition
- +0.9 €bn committed unused credit lines to fuel organic & inorganic growth
- Non-current bank debt duration unchanged at ~4.5 year, thanks to mid-long term syndicated line and a Schuldschein agreement, both signed in 2023:
 - >80% of maturities in 2027-2031
- Low sensitivity to inflation: 64% of long-term debt at fixed-rate or hedged
- Debt consists in bank credit lines plus 11 €M in acquisition-related put & call options
- The largest share of adjustments relates to 17 €M of positive MtM of derivatives

1. Positive figures represent net cash.

HISTORICAL QUARTERLY GROWTH BY REGION

NET REVENUES, YOY, % OF €M

	2021		2022					2023				
	Q4	FY	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY
Europe	+6.6%	+18.1%	+17.5%	+18.2%	+15.3%	+14.1%	+16.2%	+59.6%	+50.8%	+46.7%	+38.5%	+48.5%
Asia Pacific & MEA	+5.6%	+20.3%	+54.0%	+52.3%	+48.5%	+18.0%	+40.6%	-1.4%	+3.6%	-1.7%	-4.4%	-1.1%
Americas	+16.1%	+24.9%	+15.5%	+17.7%	-5.1%	+5.1%	+7.4%	-4.9%	-22.2%	-4.5%	-3.9%	-8.6%
Total Group	+7.6%	+19.4%	+23.8%	+24.3%	+18.7%	+13.6%	+19.7%	+37.6%	+31.5%	+28.9%	+23.2%	+30.0%

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.

THANK YOU

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SUSTAINABLE COMFORT FOR EVERYONE



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