

Backgrounder - 1

CANDY GROUP: AN OVERVIEW

The Candy Group is a leading privately owned – by the Fumagalli Family - household appliance manufacturer well known internationally with more than 70 years of industry experience. The Group is present across Europe, Middle East, Asia and Latin America.

Under a diversified portfolio of brands with differentiated market and value propositions, Candy Group offers a full range of small and large domestic appliances, both free-standing and built-in including washing, cooking, cooling and small domestic appliances.

Candy has been a pioneer and innovator in the global washing machine market. It produced the first Italian made washing machine in 1945 and invented the modern front-loading washing machine in the late '50s, setting the European standards still in place today. Going forward, the Group will leverage its washing machines expertise to acquire more market share in strategic market segments to accelerate profitable growth.

Products are marketed under two international brands, **Candy** and **Hoover**, and several national brands as **Rosières (France)**, **Jinling (China)**, **Baumatic (UK)**, **Iberna**, **Zerowatt**, **Gasfire (Italy)**, **Hoover-Otsein (Spain)**, **Süsler (Turkey)** and **Vyatka (Russia)**.

Candy is one of the European leaders in the major domestic appliances sector, both free-standing and built-in, with a consolidated positioning in the core segment of the market. For more than 70 years, **Candy** products have been combining innovation and ease of use to meet consumer needs and to improve their quality of life. Strengthened by its long experience of records and successes, Candy has been able to develop simply-Fi, the first complete range of appliances with Wi-Fi connection for easier management, even remotely. This range of smart products features appliances from all key categories to wash, cook and store in a perfect Italian style.

Hoover is a well-known international brand with a strong innovative attitude. Established more than a century ago, it is a trendsetter in the market by introducing innovative and technologically-advanced products with cutting-edge performance and design. It offers a full range of small and major domestic appliances, both free-standing and built-in, positioned in the high-end market segment. Hoover is at the frontier of innovation also for ecological values: all products are in the excellence classes for performance, energy saving and silence. Hoover is among the European floor-care market leaders.

Hoover Born Innovative

Today the Group comprises 45 companies worldwide, including Candy Hoover Service, which is dedicated to after-sales support and includes 2,000 centres and more than 6,000 specialists.

In 2017 the Candy Group recorded revenues of € 1.148 billion, with a further growth of 14% (+ 10% at constant exchange rates and perimeter), thanks to the focus on innovation and the IOT, confirming for the second consecutive year to be the group that grows more in Europe in the domestic appliance market. In 2016, turnover amounted to 1.035 billion euros, up 10% compared to 2015. Important results, which reaffirm and reward the group's major investments.

The structure of the Candy Group is organised in **Business Sectors**: washing appliances, built-in & cooking appliances, cooling appliances and small domestic appliances, with full responsibility on relevant product lines. The commercial organization has been split into two geographical areas Big Europe, including Russia and the rest of the world, with strategic facilities in China and Turkey. The headquarters, design center, industrial site and R&D premises are based in Brugherio (MB), Italy.

Backgrounder – 2

CANDY history: from the first washing machine to Wi-Fi connected appliances

Candy has been part of the Italy's industrial history since 1945 when he presented the first Italian washing machine for the family. Firmly positioned between Europe's white goods industry-leading brands thanks to its 70 years of experience, Candy offers today a complete range of large household appliances, both free standing and built-in.

The first Italian washing machine was the Model 50, made in 1945. It is a real industrial project started from the workshops of Eden Fumagalli thanks to the intuition of Eden Fumagalli himself, the technical intelligence of his son Niso, the foresight of his second son Enzo and the managerial and organizational competence of the third son Peppino. Appliances are a revolutionary innovation in the post-war era and have success because they respond to the real needs of families. The name Candy comes from an American song: a sweet sound that evokes the "purity" of a laundry well done. Candy washing machines should wash properly, be nice and cost the right price, and open up new technological features. Candy is committed to constantly improving the quality and performance of its products by focusing on technology and smart design, marking the evolution of washing machines in Italy and fixing at the end of the '50 the European standard still in place today, with the Automatic (first fully automatic washing machines with frontal portholes and horizontal basket).

Between 1965 and 1975, Candy begins to diversify production studying other products and presenting Stipomatic, the first dishwasher. The aesthetics of the products is entrusted to the most prestigious designers of the time. Thanks to acquisitions of other major brands and their expertise in different segments, Candy completes the range of large appliances with refrigeration and cooking products.

From 1975 to 1985 Candy's range of appliances keeps growing. Technology, innovation, functionality and aesthetics are the basis of all new Candy appliances. New built-in collections are introduced to the market and new invention, the Candy Trio, which integrated in a 60 cm wide appliance, dishwasher, oven and a hob. Moreover, Candy presents the first products electronically controlled, in particular washing machines and dishwashers.

The 90's are the years of international expansion, with the integration of domestic and international leading brands that have marked the history of the appliances in many countries.

In the millennium, the logo changes and Candy continues to grow. In 2002 Candy exports to 111 countries and in the same year, the slogan "Candy knows how" is born and still used. It continues its industrial expansion, with the opening of factories in Russia, Turkey and China, and achieves technical records with the 15 place settings dishwasher, the DUO, the first built-in appliance to combine a dishwasher and electronic multi-function oven in standard sizes and EasyCase, a tank positioned inside the porthole to collect the condensation water: a dryer revolution.

In 2014 Candy launches simply-Fi, the first full range of Wi-Fi-connected appliances that are easy to manage remotely through an app.

Candy today is the result of long experience, continuous innovation, achievements and successes. Candy products are characterized by a higher level of comfort and smart innovation; they are intended for traditional consumers, with a penchant for quality and reliable household appliances, with particular attention for the mix of design and functionality, to simplify and improve the quality of life.

Backgrounder - 3

**HOOVER: FROM FLOOR-CARE LEADERSHIP
TO TOP POSITIONING IN LARGE APPLIANCES**

Hoover was established in 1908 in Ohio, USA, with the patent of the first vacuum cleaner. More than 100 years later, the brand has grown to a market leader in the European floorcare sector, as well as reaching a strong position in the market of large appliances, both free-standing and built-in. The final frontier explored by Hoover is the market of ironing systems, in the premium segment.

In both Major and Small Domestic Appliances, the Hoover brand is characterized by state-of-the-art technology and design, outstanding performance and attention to detail. It is intended for innovation and technology enthusiasts, mostly young people and residents in large urban centres, the “Young Urban Techie”, to consumers who follow fashion and design adopting trendy life style, “Aspirational”, passing through young families, singles and young professionals approaching the home appliances market for the first time “Unengaged Discoverer”.

In 1919, the company expanded its operations into Europe with the incorporation of Hoover Ltd. in London. In 1932, the first European factory was opened in Perivale, Middlesex, for the production of carpet cleaners. Five years later, the company was listed on the London Stock Exchange.

In 1946, a new factory in Cambuslang, Scotland, began the production of vacuum cleaners. In 1948, a plant for washing machines was opened in Merthyr Tydfil, Wales. Manufacturing operations have later been discontinued in all British sites.

The Hoover Group continued its expansion through the 1980s, a decade in which it restructured both its industrial and corporate organisation. In 1985 it marked the beginning of a sequence of changes in ownership: Chicago Pacific Corp. bought international activities, then Maytag Corp. purchased Chicago Pacific in 1989 and became the owner of Hoover. In 1993, the Hoover Trading Company and Hoover U.K. merged to become the Hoover European Appliances Group.

In 1995, **Candy Group** acquired the Hoover European Appliances Group in its entirety with the exclusive rights on the brand for the whole of Europe - including all territories of the former-Soviet Union -, the Mediterranean countries, and selected Middle East countries. Hoover appliances are also marketed in Australia and New Zealand under an agreement with a local distributor.

Whether in large or small appliances, Hoover is characterized by technology and innovation, high performing products and care of details. The brand sells today the appliances that will be the standard of tomorrow.

Backgrounder - 4

ROSIÈRES, A TALE OF PASSION

Rosières specialises in built-in electrical appliances and is a leader in France in terms of image and experience in the cooking sector. For more than 150 years it has been guided by a “passion for innovation”, a concept that has become the brand’s signature. It became part of the **Candy Group** in 1987.

A small village in the French region of Berry is where the know-how and authenticity of the brand first came to light, but the true founding of the Rosières company as we know it today dates back to **1869**. In that year, Jules Roussel, who already controlled the local foundry, became the owner of Rosières. Roussel upgraded the foundry and launched new cast iron products. At the time of his death, a public limited company was created by his heirs and the company's engineers. In **1909**, Henri Magdelénat developed the assembly lines, extended the foundry, reorganised the assembly department and the shipping warehouse. He also added a department for the manufacturing of enamels and cast iron enamelling, the quality of which became rapidly acknowledged everywhere. Magdelénat also created a department entirely given over to designing new products: particularly enamelled kitchens, wood and coal stoves.

In **1934**, Rosières obtained the exclusive licence for the production of the famous AGA kitchens, for France and other countries, invented in Sweden by a doctor, Gustaf Dalen (a Nobel prize winner). The AGA Véritables are equipped with heat accumulators that thanks to continual combustion enable round the clock operation while consuming as little as between 4 and 5 kg of fuel every 24 hours. When used in conjunction with the AGA boiler, these kitchens guarantee the hot water supply for the entire household. They were manufactured until 1966.

1938-1940 was the period when cast iron and enamelled cast iron kitchens were the rage; gas powered stoves soon replaced the previous models. A vast programme of modernisation, product innovation, the establishment of an export network and the constant renewal of the production lines, is proof of the constant search for perfection that is distinctive of the brand.

From the historic cast iron kitchens to the technological revolution, Rosières has built up its unique identity, a subtly blend of modernity and tradition, soundness and innovation. It achieved many records over the years: the first enamelled kitchen to be coloured red in '72, the creation of ultra-flat hobs, which was a global exclusive in '77.

The year 1985 marked the beginning of the collaboration with Paul Bocuse who designed the famous Rosières Bocuse kitchens that boasted professional standard performances; there were also numerous prizes awarded to Rosières products, like the “Janus de l’Industrie” of '88 assigned to the **Magis** oven and the 2010 Design Awards for the Ghisa iron hob manufactured using a single mould.

Since the 2000s Rosières has been developing profound and complete collections of coordinated electrical kitchen appliances, like the Creatis of 2001, Signature of 2004, Prodiges of 2011.

Today Rosières is intent on supporting French cuisine with the aim of passing on the tradition to future generations through innovative and unique products, made out of high quality materials. The aim is to pass on and share the experience it has acquired that has come to embody a specific lifestyle, by providing the best technology through which it can promote the many talents of its customers.

Backgrounder - 5

CANDY GROUP: THE AQUISITIONS

Back in 1945, the Eden Fumagalli Mechanical Workshop in Monza (a town north of Milan), manufacturers of precision machine instruments, designed the *Model 50*, the first all-Italian washing machine, which was launched officially at the Milan Trade Fair in 1946. In that same year, Eden Fumagalli and his three sons Niso, Enzo and Peppino, established the new company **Candy**.

After having built up an improving expertise in the washing segment during years 50s and 70s, with the launch of an automatic washing machine that set the European standard still in place today, the company studied a strategy based on innovation and diversification of the product range, also by acquisitions.

In 1971, Candy acquired **Kelvinator**, a specialist in refrigerators with worldwide reach. In 1973, **Candy** reached a major milestone by expanding the portfolio of appliances through the acquisition of **La Sovrana**. Cookers were added to the washing machine and dishwasher ranges before in 1980, **Kelvinator UK** was acquired, marking the beginning of international manufacturing.

In 1985, the Group acquired **Zerowatt**, producer of top-loading washing machines and dryers. This was followed by **Gasfire**, a prestigious Italian name synonymous with built-in cooking appliances. In 1987, came **Rosières**, a prestigious French brand, well known for its top-of-the-range built-in cooking appliances.

In 1992, Candy acquired **Mayc-Otsein** of Spain, a specialist in top-loading washing machines. The following year saw the addition of **Iberna** in Italy, a well-known national brand in the cooling segment. **Hoover European Appliances Group** was acquired in 1995 with exclusive rights on the brand name and products for the Mediterranean, Europe and the former-USSR territories. Hoover is today a European market leader in floor-care products. The portfolio included highly-innovative major domestic appliances, whose competitive positioning is aiming at the very top of the market thanks to technology and innovation, advanced performance products and attention to detail.

Sixty years after the first washing machine, in 2005, the Group acquired an established Russian washing machine brand, **Vyatka**, and its manufacturing site, Vesta, in Kirov. The whole range of Candy and Hoover appliances is now marketed in Russia, alongside Vyatka washing machines.

In mid-2006, the **Jinling** brand was acquired in China, together with industrial facilities, sales network and international operations. The company is the country's third largest manufacturer of washing machines on Asian-type platforms (i.e. vertical axle), which Candy European-type models have added to.

Early in 2007, the acquisition of **Doruk**, founded in 1947, with the brand **Süsler**, market leader in Turkey, gave the Group an industrial site for cookers, hobs, ovens, both built-in and free-standing.

In 2013 Candy Group completed the acquisition of the **Baumatic** brand in the UK. Baumatic is a well-known domestic appliances brand established in 1992 which specialises in built-in products, free-standing kitchen and wine coolers.

Early 2017 a strategic cooperation agreement with Hefei Meiling Co., Ltd, a leading white goods player in China, was signed. Meiling manufactures and supplies refrigeration products and operates a strong distribution and service network throughout China. The joint venture aims to strengthen the marketing and the distribution of Candy, Jinling and Meiling washing machines in China and marks the launch of a industrial cooperation in the refrigeration sector.

Backgrounder – 6

CANDY GROUP INDUSTRIAL SITES

The manufacturing structure of **Candy Group** is based on a network of several plants in Italy, France, Russia, China and Turkey. The basic strategy is to achieve a balanced presence between market shares and local production.

Brugherio's plant (Monza Brianza, Italy) inaugurated in 1961, produces front loading washing machines with different loading capacities (up to 11 kg) and several depths from 40 to 60 centimetres.

Jinling washing machines are manufactured in **Jiangmen**, Guandong Region, People's Republic of China, to which Candy washing machines have been added for the Chinese, Far East and Australia markets. Candy production in China is a significant case of Italian know-how and technology transfer. In 2012, the Candy Group opened its new production site in the Guangdong Province, for the production of at least two million washing machines a year.

Eskişehir (Turkey) is the Group's main manufacturing centre for cookers, ovens, hobs, both free-standing and built-in. In the same site, a new greenfield plant, named **Renta**, with a yearly output capacity of 600,000 dryers started mass-production in 2009.

In May 2018 a second production unit was inaugurated. The new unit is specialized in the production of intelligent dishwashers, and is a project created to develop a new high efficiency production process based on the use of innovative particles. The new factory employs 300 workers with an annual production capacity of about 800,000 pieces.

Kirov plant's output are the Candy, Hoover, Vyatka front-loading washing machines for the Russian markets. At the same plant, in June 2013, a new line dedicated to the production of the full range of refrigerators to the local market was established.

In **Bourges**, France, Rosières manufactures built-in appliances and free-standing cookers. Established in 1860, it is one of the oldest European companies in the industry, firmly positioned at the top of the premium market.

Biographical Notes – 1

BEPPE FUMAGALLI

Chief Executive Officer

Beppe Fumagalli was appointed as Chief Executive Officer at the beginning of 2014.

His first line reports are the four Business Sectors (Washing Appliances, Cooling Appliances, Built-in and Cooking Appliances and Small Domestic Appliances), the heads of the regional sales and the central staff.

From Q4 2009 until Q1 2014, **Beppe Fumagalli** was in charge of the Washing Appliance Business Sector, the most important in terms of manufacturing volumes and total sales in the Group. From 2003 to 2009, he was the head of the Small Domestic Appliances Business Sector in charge of manufacturing and selling Hoover floorcare appliances, a business in which the Group is leader in Europe.

Soon after graduating in Economics at the Bocconi University, Milan in 1985, he started working as assistant to the chairman of Zerowatt, following acquisition of the latter. He became co-managing director of Usines de Rosières after its acquisition in 1988. In 1990, he was put in charge of the Group's diversified operations. From 1992 to 1994, he served as the Group Controller.

In 1993, he was appointed Director General of the Spanish company Mayc-Otsein following its acquisition. In July 1994, he was appointed as Central Marketing Director, Candy Group.

ALDO FUMAGALLI

Director, Business Sector “Washing Appliances” and Connectivity

Since the beginning of 2014, **Aldo Fumagalli** has been in charge of the Washing Appliance Business Sector, the most important one in terms of manufacturing volumes and total sales. He is member of the Board of Directors and president of Candy SpA.

From 2003 until 2014, he was Operating President and CEO of Candy Group. He joined Candy in 1985, after graduating in electronic engineering at the Milan Polytechnic University and achieving an MBA degree from the Sda-Bocconi Business School, also in Milan. He was head of the Oven and Microwave Division and General Manager of the Gasfire subsidiary in 1987, and later the General Manager, Group's Cooking Division. Appointed Group's Marketing Director in 1994, he was then Chairman, Zerowatt (1999) and Managing Director, Candy Elettrodomestici.