



# SIT spa

## PRESS RELEASE

### SIT RELEASES 2019Q1 RESULTS: REVENUES AT EURO 80.6 MILLION, EBITDA MARGIN AT 15.5% NET FINANCIAL DEBT ADJUSTED IN LINE WITH 2018Q1

#### Padova, May 10, 2019

The Board of Directors of SIT S.p.A. ("SIT") listed on the MTA segment of the Italian Stock Exchange, ISIN code IT0005262149, at today's meeting reviewed and approved the Group's 2019Q1 financial results.

Federico de' Stefani, SIT's Chairman and Chief Executive Officer, stated:

*"SIT, that has accomplished in these years a significant growth in both financial and industrial terms, in the first quarter of 2019 has reported in the Heating business a solid growth in the American market, and has accounted a decrease in the regulated Chinese market and in Turkey. In the same period, the Smart Gas Metering Division has consolidated its growth with an increase of its market share in Italy while pursuing new opportunities in foreign markets. The outlook for 2019 is positive, based on the order backlog and the current visibility on the markets, and revenues are not expected lower than 2018, also due to the growth and positive contribution by the Smart Gas Metering business"*

#### Revenues

Consolidated revenues for 2019Q1 are Euro 80.6 million vs. Euro 87.2 million of last year accounting a change of -7.6% (-8.8% at same exchange rates).

(Euro.000)	2019Q1	%	2018Q1	%	%change
Heating	62,112	77,1%	70,366	80,7%	-11.7%
Smart Gas Metering	17,650	21,9%	16,106	18,5%	9.6%
Total business sales	79,762	99,0%	86,472	99,1%	-7.8%
Other revenues	808	1,0%	757	0,9%	6.7%
<b>Total revenues</b>	<b>80,570</b>	<b>100%</b>	<b>87,229</b>	<b>100%</b>	<b>-7.6%</b>

**Heating Division** sales amounted to Euro 62.1 million vs. Euro 70.4 million, -11.7% on the previous year, mainly because of the exceptionally high demand of 2018Q1 in China and Turkey in both cases driven by regulation.

On a geographical basis, the Heating business sales are:

(Euro.000)	2019Q1	%	2018Q1	%	%change
Italy	10,926	17.6%	12,446	17.7%	-12.2%
Europe (excluding Italy)	32,118	51.7%	39,842	56.6%	-19.4%
America	13,716	22.1%	11,485	16.3%	19.4%
Asia/Pacific	5,351	8.6%	6,593	9.4%	-18.8%
<b>Total business sales</b>	<b>62,112</b>	<b>100%</b>	<b>70,366</b>	<b>100%</b>	<b>-11.7%</b>

Italy reflects exceptional demand in 2018Q1.



Europe (-7.7€, -19.4%) main trends are:

- Turkey (-6.6€, -51.7%, going from 17.9% to 9.8% of Divisional business sales) because of change in regulation that took place in 2018Q1 (adoption of ErP – Energy related Products directive);
- Ukraina and Cekia respectively -1.0€, -61.5% and -0.6€, -19.6% for different seasonality;
- UK (approx. 11.1% of Divisional sales) is up 17.1%, +1.0€.

America grows significantly (+2.2€, +19.4%, +1.3€, 10.9% at same forex rates).

Asia/Pacific (-1.2€, -18.2%) is mainly due to China, 4.3% of Divisional sales, which accounts -0.9€, -25.8% as the government incentive program (Coal to Gas policy), which was still effective in 2018Q1, is temporarily on hold and has been so for the remaining part of 2018FY.

**Smart Gas Metering** sales amounted to Euro 17.7 million vs. Euro 16.1 million, +9.6% on the previous year, thanks to the increased market share in the Italian residential meter roll out plan. Current order backlog for 2019 delivery stands at Euro 65.2 million.

## Consolidated financial highlights

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Euro.000	2019Q1	%	2018Q1	%	change %
Revenues from contracts with customers	80,570	100.0%	87,232	100.0%	-7.6%
EBITDA <sup>(1)</sup>	12,474	15.5%	13,803	15.8%	-9.6%
EBIT <sup>(1)</sup>	7,137	8.9%	9,389	10.8%	-24.0%

<sup>(1)</sup> EBITDA and EBIT include the effect of the first time adoption of IFRS 16 – Leases respectively equal to Euro +659 thousand and Euro +194 thousand

Euro.000	2019Q1	2018Q1
Cash flow from operations	(12,228)	(19,772)
Net trade working capital <sup>(1)</sup>	46,552	47,274
Net financial debt	91,026	85,089
Net financial debt adjusted <sup>(2)</sup>	84,354	85,089

<sup>(1)</sup> Reported 2019Q1 NTWC includes non-recourse factoring for Euro 14,674 thousand vs Euro 626 thousand of previous year.

<sup>(2)</sup> Net financial debt adjusted does not include the effect of the first time adoption of IFRS 16 – Leases for Euro 6,672 thousand.

The Group's 2019Q1 EBITDA is Euro 12.5 million vs Euro 13.8 million of last year. Improved efficiencies in internal operations and product redesign (Euro +1.2 million) have partially offset the impact of volumes (Euro -1.7 million) and price reduction (Euro -0.9 million) accounted in the Smart Gas Metering business.

2019Q1 EBIT is Euro 7.1 million vs Euro 9.4 million mainly due to the effect of the additional depreciation of the accelerated capex plan deployed throughout 2018.

Cash flow from operations is Euro -12.2 million after capex of Euro 5,0 million (+20% vs last year).

## Outlook

The positive outlook for the Smart Gas Metering business is confirmed for 2019, supported by the significant order backlog while, for the Heating Division, volumes are expected to contract on the previous year, partly due to the general economic conditions.



# SITspa

In this overall environment and in the absence of significant changes in the general economy, the Group expects to maintain stable for 2019 revenue and margin levels.

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## **Declaration of the executive officer for financial reporting**

The manager responsible for the preparation of the Company's accounts, Paul Fogolin, hereby declares, as per article 154-bis, paragraph 2, of the "Testo Unico della Finanza", that all information related to the Company's accounts contained in this press release are fairly representing the accounts and the books of the Company.

This press release and the presentation slides regarding the 2019Q1 results are available at the Company website [www.sitgroup.it](http://www.sitgroup.it) in the Investor Relations section.

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SIT develops, manufactures and distributes components and systems for the control and safety of gas-based domestic heating and catering equipment. The Group operates in the Smart Gas Metering sector, producing new generation remote meters with real-time consumption readings and communication.

It has production companies located in Italy, Mexico, the Netherlands, Romania and China, in addition to a commercial and distribution structure covering all global markets.

### **SIT S.p.A.**

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