



Company presentation and 2019 9M results

November 2019

AGENDA

1. **Company overview**
2. **Market scenario and priorities for SIT**
3. **Key financials**
4. **Heating business**
5. **Smart Gas Metering business**
6. **9M 2019 results**

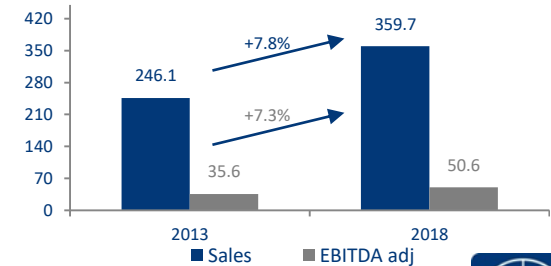


Company overview



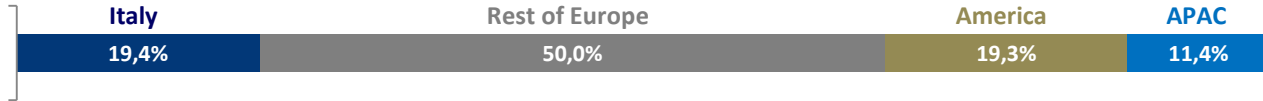
SIT at a glance

- SIT develops and manufactures **measuring devices and systems** for safety and high performance of **gas equipment**
- SIT currently operates in two business divisions and holds **90 patents** and strong **co-development relationships** with long term customers
 - **Heating**: SIT has a **dominant position** in all the segments of the domestic heating and large catering sector
 - **Smart Gas Metering**: SIT owns highly innovative technology that has enabled a stunning 5 year CAGR in the Italian market (+70.5%)
- Approximately **65% of the sales are concluded outside Italy** through a global sales network coverage
- Sustained and consistent **organic growth in both revenues** (7.8% 2013-18 sales CAGR) **and margins** (7.3% 2013-18 EBITDA adj CAGR)



Heating

- SIT develops and manufactures components and systems for the control, regulation and safety of gas appliances for domestic heating, cooking and large catering facilities
- 2018 revenues: €287.0m (79.9%)



Products

- Mechanical controls
- Electronic controls
- Integrated systems
- Fans
- Flue exhaust systems
- Sensors

Appliances

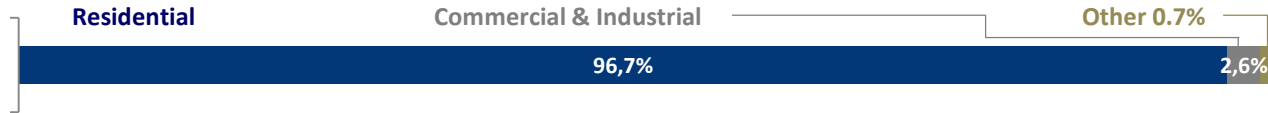
- Boilers
- Water heaters
- Fireplaces
- Pellet stoves
- Space heaters
- Instantaneous water heaters
- Professional cooking and catering

Customers



Smart Gas Metering

- SIT has developed a new generation of connected and remotely controlled static gas meters that measure directly the gas consumption in cubic meters (without need of any compensation devices)
- 2018 revenues : €72.1m (20.1%)



Products



Smart Gas Meters

Appliances

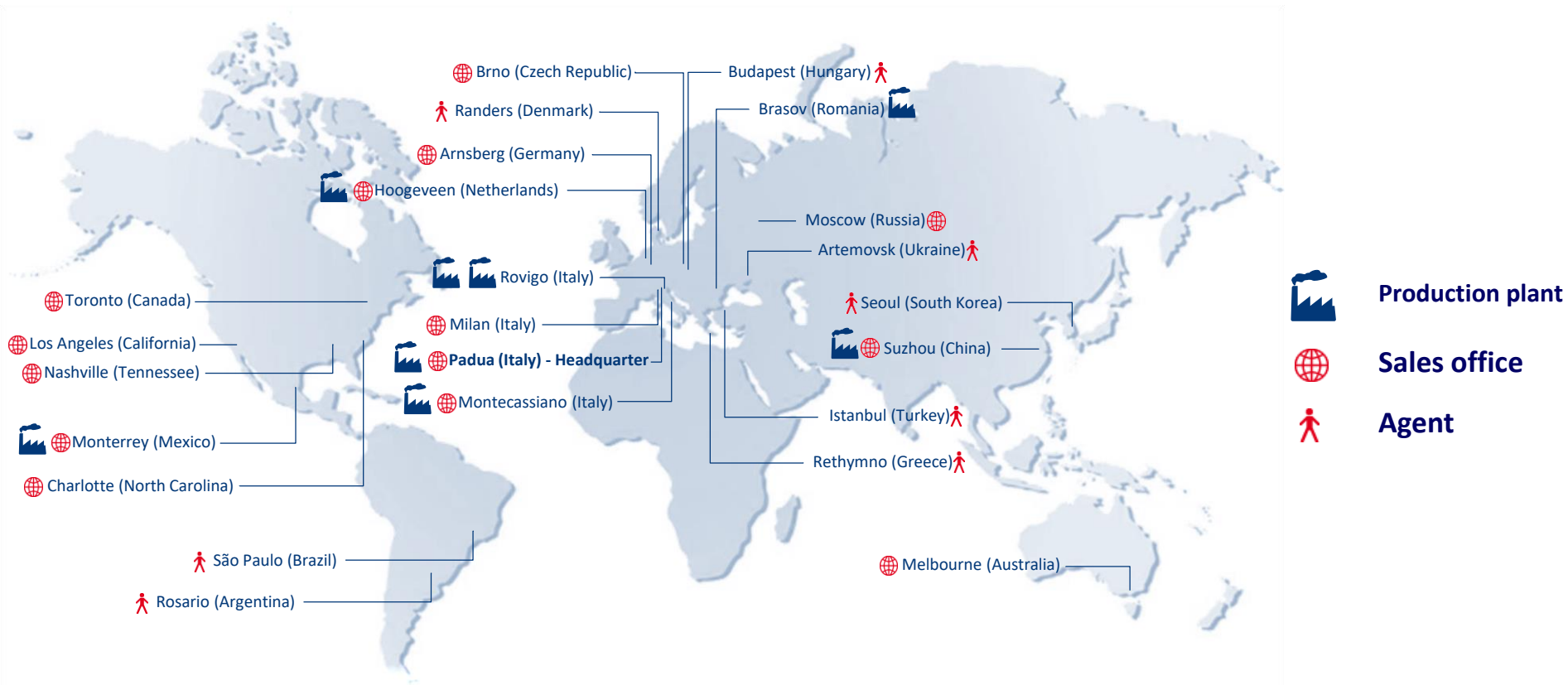


Smart Grids

Customers



Global coverage...



...on a local for local production base

Headquarter

Padova - Italy



- All centralized SG&A functions
- R&D (mechanical controls, electronics, integrated systems, new product platforms)
- Labs for R&D and reliability (new project will upgrade and expand lab facilities for both Heating and Smart Gas Metering)

Milano

- Smart Metering head office
- Sales & tender management
- R&D department
- Procurement & quality



Italy

Rovigo



- Mechanical controls, Integrated systems, Sensors, Smart Gas Meters
- Captive aluminum die casting and machining
- High volumes automated assembly lines



Macerata



- Flue exhaust systems, Fans
- R&D department and testing facilities
- Assembly lines, direct shipments to customers

Abroad

Brasov - Romania



- Mechanical controls, Integrated systems, Smart Gas Meters
- High and low volumes assembling
- Direct shipments and direct inspections

Hoogeveen - Netherlands



- Electronic controls
- Electronics R&D
- European and US customers

Monterrey - Mexico



- Mechanical controls
- Markets served: N.A.F.T.A., Australia and Argentina

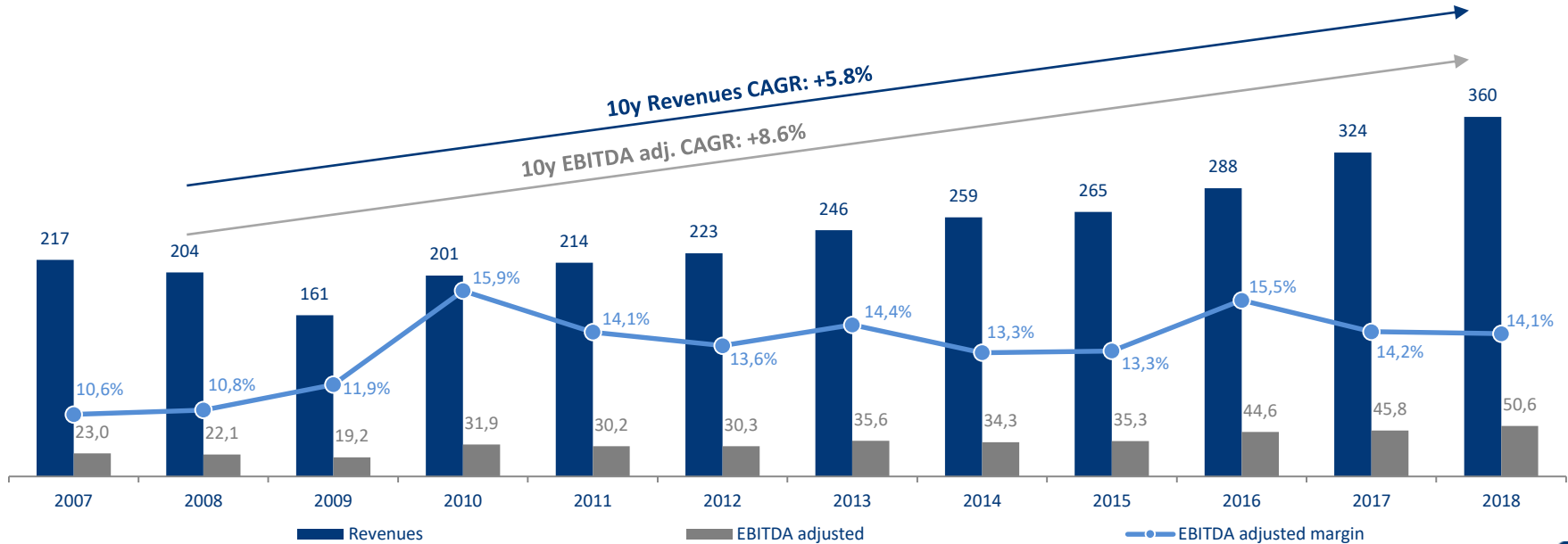
Suzhou - China



- Mechanical controls
- Purchasing hub
- Moved to new plant in 2014
- Local and international OEM customers

A strong organic growth path

- SIT was able to achieve growing revenues in the long run: the 5.8% 10 year CAGR came with an improvement in margins (+8.6% 10 year EBITDA adj. CAGR)
- Some cyclicalty is inherent the business we operate but SIT was able to reach new heights after the periodical slowdown of the past



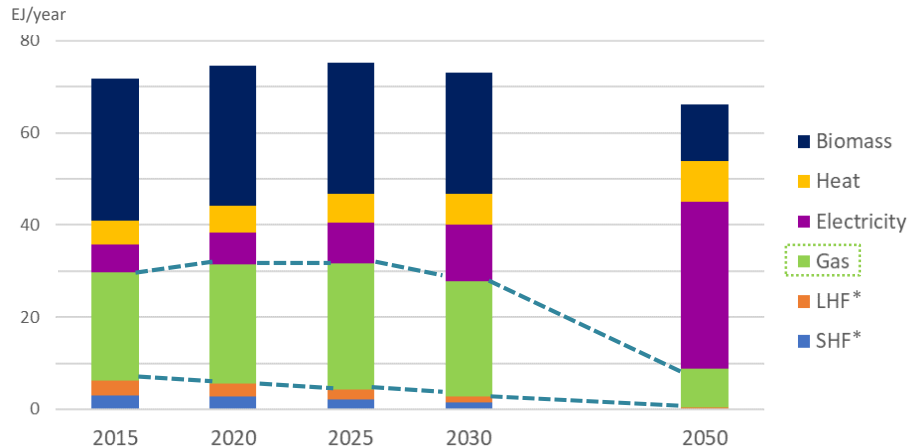
Market scenario and priorities for SIT



Decarbonization

Scenario macro trends

Global residential heating and cooking



*LHF: Liquid Hydrocarbon Fuel

*SHF: Solid Hydrocarbon Fuel

Implications and priorities for SIT

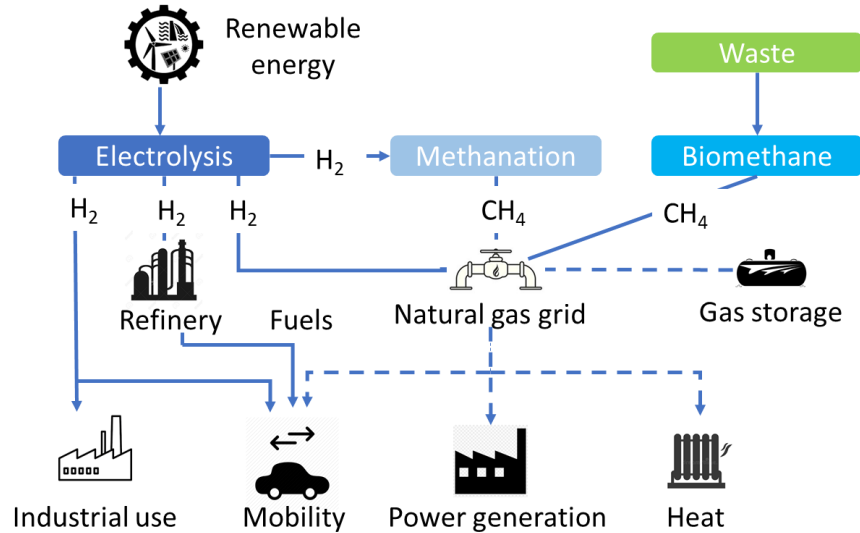
- Gas will maintain a key role at least for the next decade
- Maximize return from current profit pool
- Evaluate adjacencies not linked to gas consumption for mid-long term opportunities

Power to gas

Scenario macro trends

Implications and priorities for SIT

Power to gas and H₂ role

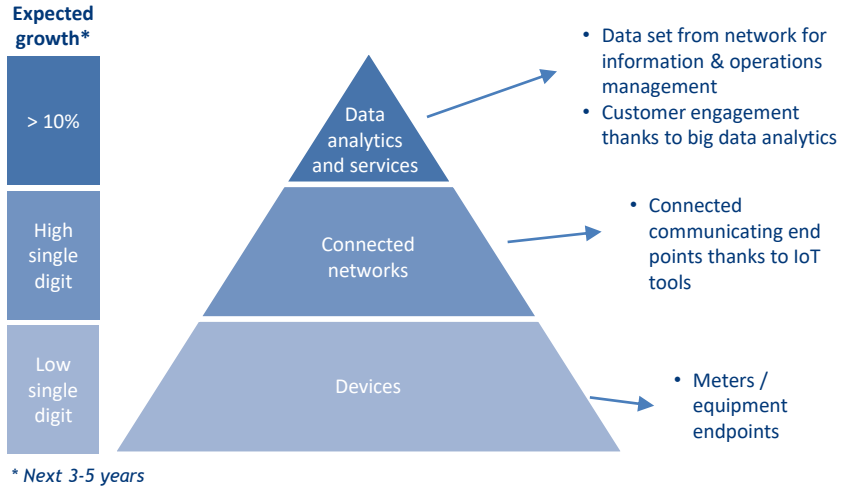


- Hydrogen and biomethane will be injected into the network
- Adapt and prepare products for H₂ / biomethane

Servitization

Scenario macro trends

From devices to services



Implications and priorities for SIT

- Market growth led by network solutions, new services and big data analytics
- Investigate opportunities for servitization
- From devices to IoT and intelligent equipment, data management and services

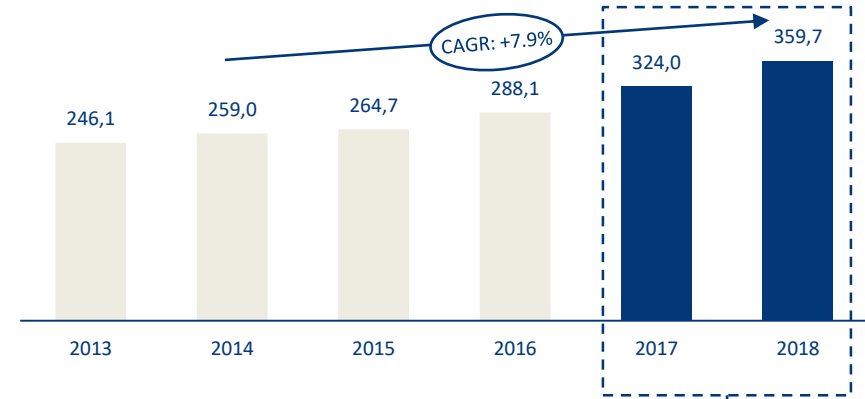
Key financials



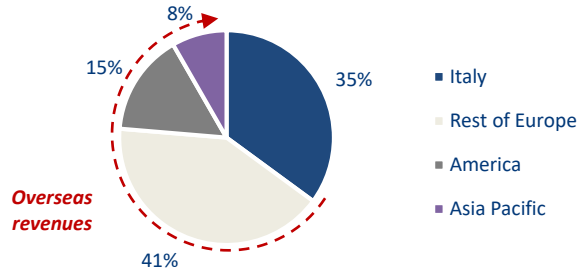
Consolidated revenues

- Solid and consistent **organic revenues growth** (7.9% 2013-18 CAGR)
- **Heating** solutions account for 79.9% of revenues with a 4.7% YoY growth in 2018, while **Smart Gas Metering** grew by 45.9%
- Over **60%** of 2018 revenues are **overseas**

Revenues evolution (€m)



2018 revenues by geography



Revenues by division

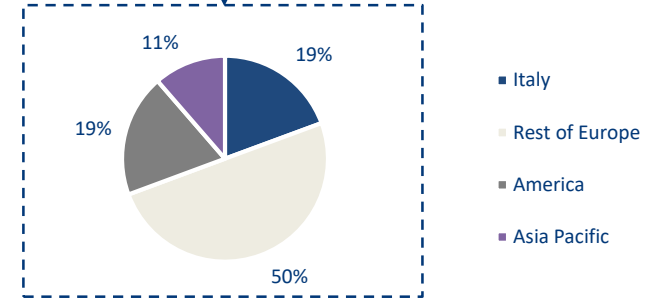
€m, unless otherwise stated	2017	% on 2017	2018	% on 2018	Chg. YoY
Heating	272.2	84.0%	284.5	79.1%	4.5%
Smart Gas Metering	49.4	15.2%	72.0	20.0%	45.8%
Total business sales	321.5	99.3%	356.5	99.1%	10.9%
Other revenues	2.4	0.7%	3.2	0.9%	31.2%
Total	324.0	100.0%	359.7	100.0%	11.0%

Heating revenues

Heating business sales by geography

€m, unless otherwise stated	2017	2018	Chg. %
Italy	52.6	55.1	4.7%
Rest of Europe	132.6	142.2	7.2%
America	49.3	54.9	11.3%
Asia Pacific	37.6	32.3	(13.9%)
Total Heating	272.2	284.5	4.5%

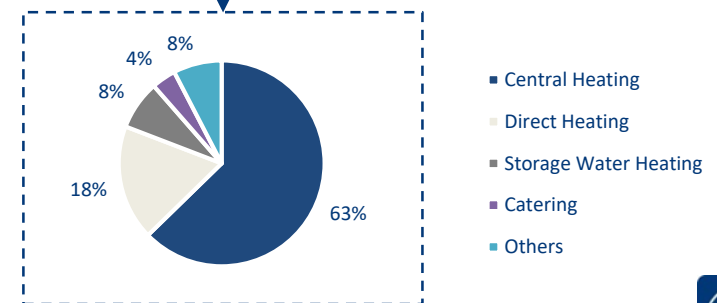
Breakdown by geography of 2018 sales



Heating business sales by market segment

€m, unless otherwise stated	2017	2018	Chg. %
Central Heating	177.8	178.4	0.3%
Direct Heating	50.0	51.6	3.2%
Storage Water Heating	17.3	22.0	26.7%
Catering	11.0	10.9	(0.8%)
Others	16.0	21.7	35.2%
Total Heating	272.2	284.5	4.5%

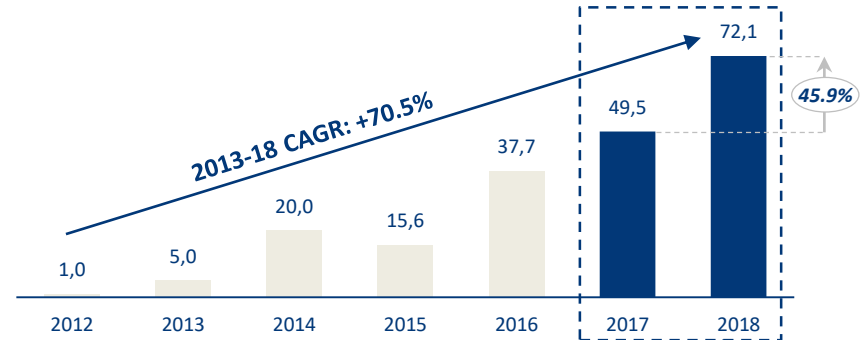
Breakdown by market segment of 2018 sales



Smart gas metering revenues

- In 2018 SIT achieved the first significant contract awarded in an overseas tender. The contract came from India for a consideration of approx. €0.5m
- Product qualification and pilot testing in foreign markets are on going
- UK certification is expected by Q1 2020
- In 2019 SIT expects revenues of approx. €89.0m (+23.4% vs 2018)

Smart gas metering business sales by application (€m)



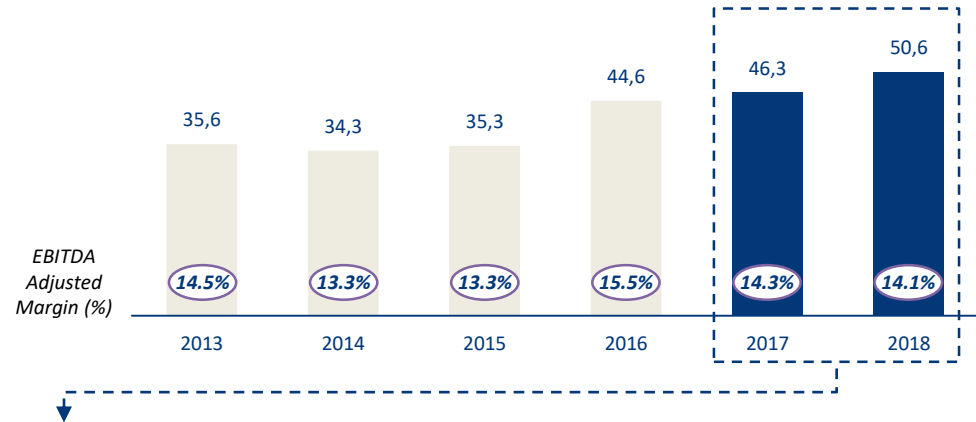
Breakdown by market segment

€m, unless otherwise stated	2017	% on 2017	2018	% on 2018	Chg. YoY
Residential	46.5	94.1%	70.0	97.2%	50.6%
Commercial & Industrial	2.8	5.6%	1.8	2.6%	(33.5%)
Other	0.1	0.3%	0.2	0.2%	24.6%
Total	49.4	100.0%	72.0	100.0%	45.8%

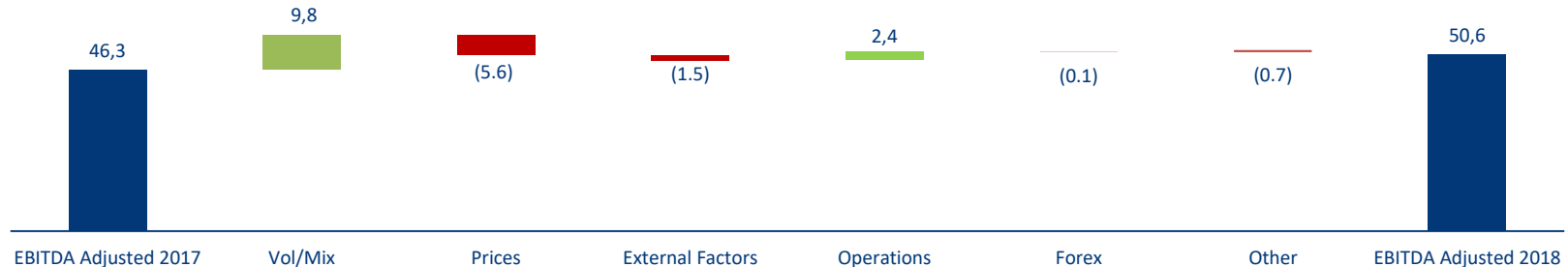
EBITDA adjusted

- Solid increase in **EBITDA Adjusted**, reaching **over €50m in 2018** (+9.3% vs 2017)
- **Stable margin on revenues** at mid double-digit level
- **Positive impact of volume/mix effect in 2018**, which more than compensated the negative effect on prices and external market factors

EBITDA adjusted evolution (€m)



2018 EBITDA adjusted bridge (€m)

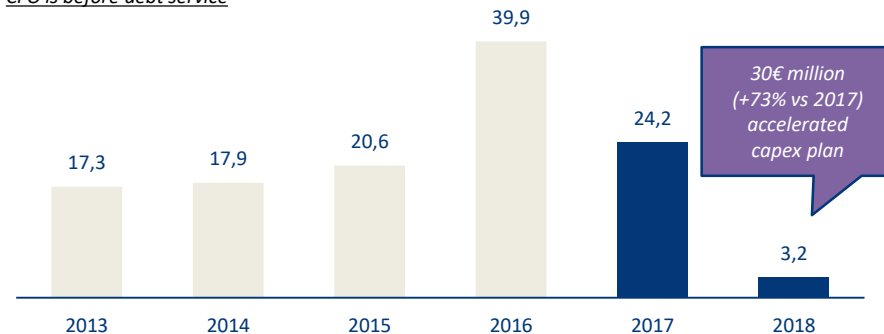


Cash flow

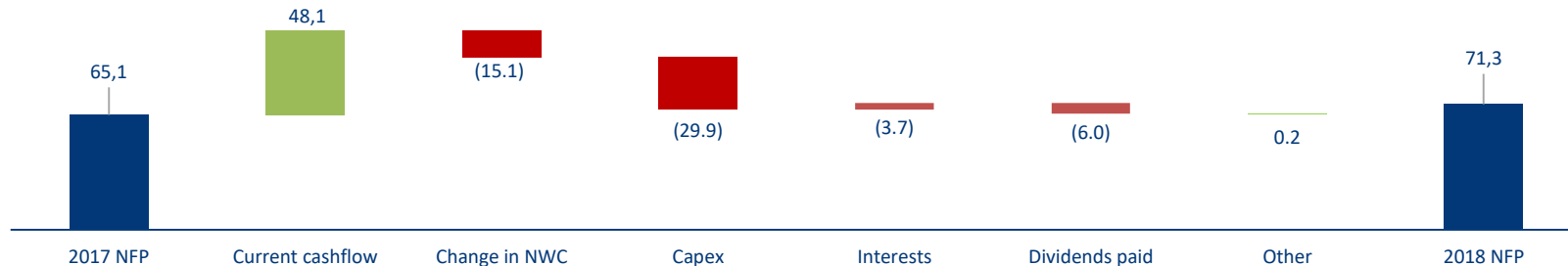
- Increasing cash flow from operations before debt service over the recent years
- In 2018, notwithstanding €30m accelerated capex plan, cash flow from operations was positive and equal to €3.2m
- Solid average cash flow from operations generation in the >€20m range per year

Cash flow from operations evolution (€m)

CFO is before debt service



2017-2018 change in net financial position (€m)



SIT shares

Current shareholder base

Shareholder base at Sept. 2019	n. ordinary shares	%
SIT Technologies S.p.A	18.350.779	73,38%
Treasury shares	118.009	0,47%
Market	6.538.677	26,15%
Total	25.007.465	100,0%

- No outstanding special or performance shares

ISIN	IT0005262149
Bloomberg	SIT:IM
Reuters	SIT.MI
Industry	INDUSTRIA
Super Sector	EDILIZIA E MATERIALI
Market Segment	MTA

Comments

- Outstanding SIT Warrants: n. 5.224.733
- Convertible between share price of €9,30 - € 13.00 (with a max of 0.2868 conversion rate)
- Expiring in July 2022
- Max n. of ordinary shares to be issued due to warrant exercise: 1.498.453

- Dividends paid:
 - €0,25 per share in 2018
 - €0,28 per share in 2019

- 2018FY EPS: €1,01
- 2018FY BVPS: €4,73

Guidelines

In the current macro scenario and in consideration of the initiatives underway SIT view on future performance is the following:

- Organic top-line increase in the range of low single digit growth
- EBITDA margin in line with recent years average
- Capex in line with last 3 years average
- NFP expected stable/improving

Key take aways

- SIT maintains a solid position in its reference markets with a relevant global market share in key sectors (over 50% in mechanical controls)
- Growth opportunities and product development roadmap in the Heating business clearly defined and underway
- Attractive underlying market drivers and visible outlook in the Smart Metering thanks to regulatory, standards, growing gas penetration in emerging markets and higher technological requirements
- Positive financial performance

Heating business

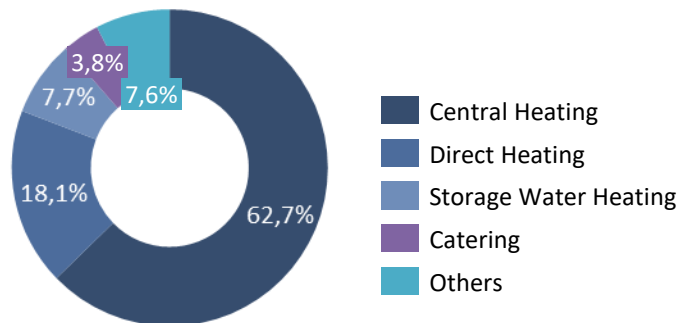


Market segments and products

SIT operates in these main market segments:

- **Central heating** ▶ Boilers for domestic and water heating
- **Direct heating** ▶ Gas stoves and fireplaces for room heating
- **Storage water heating** ▶ Boilers for domestic water heating
- **Catering** ▶ Professional and collective gas cooking appliances

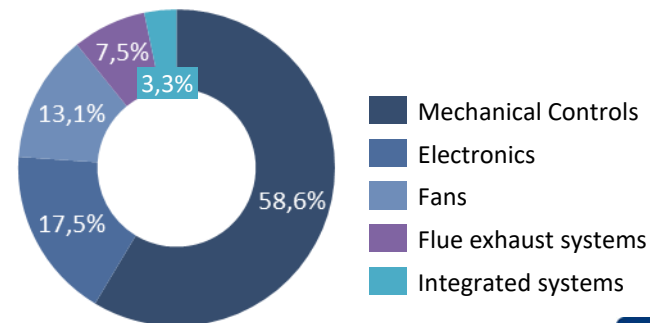
2018 sales



Current product families include:

- **Mechanical controls** ▶ Multifunctional regulating safety gas valves
- **Electronic controls** ▶ Mainboards, devices and displays
- **Fans** ▶ Applications for heating and cooking hoods
- **Integrated systems** ▶ Pre tested and assembled modules for condensing gas boilers
- **Flues exhaust kits** ▶ For domestic boilers

2018 sales



Central heating

- The Central heating business relates to boilers combining home heating and domestic hot water



Products

- SIT is the world's top name in the production of multifunctional, regulating, safety gas valves



- SIT is the main player for the non captive electronic controls market



- Air management technology (Fans and Exhaust systems) complete SIT traditional offering



- Innovative solutions for sub-assembled and pre-tested integrated systems (modules) for condensing boilers



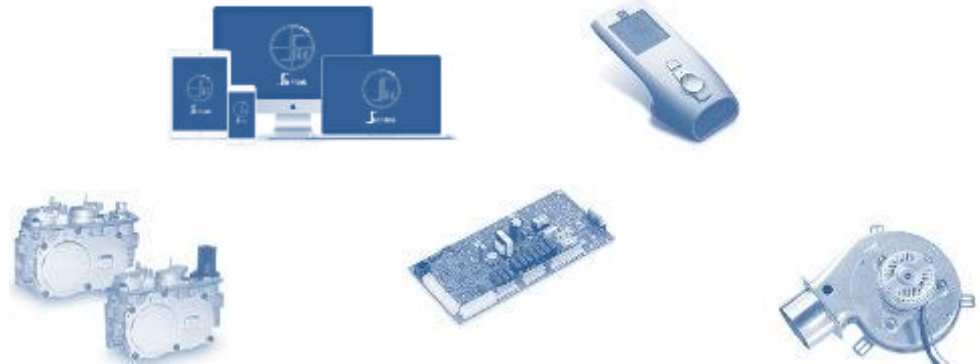
Direct heating

- The Direct heating business is connected with fireplaces and stoves (being both gas and pellet)



Products

- SIT provides mechanical controls (gas valves and sensors), electronic controls (main boards, remote controls and user interfaces) and fans for gas fireplaces, stoves and spaceheaters
- SIT main markets in this business are North America, United Kingdom and Europe



Storage water heating

- The Storage water heating business regards water heating for domestic purposes

Products

- New efficiency standards and electronic features have been recently introduced in the US market providing opportunities to increase technological content and differentiation of offering
- SIT main markets in this business are North America, Argentina and Australia
- SIT provides mechanical controls and pilots



Professional cooking and catering appliances

- The professional cooking and catering appliances business relates to equipments used in the food preparation industry (mainly restaurants and catering servicers)

Products

- SIT provides mechanical controls and fans for collective and community cooking appliances and high end cooker hoods
- SIT main markets in this business are the United States and Europe (where the company is market leader)



Heating competition overview

		Valves					CMS		Integrated systems	Electronics		Fans						Flues	
		Boilers	SWH	IWH	Fireplace	Furnace	Valve	Electronics		BIC - IFC/DF	Connectivity	Premix <40 kW	Premix <70 kW	Premix <40 kW	Std. Efficiency	Pellet	Cooker Hoods		
		✓	✓		✓		✓	✓	✓	✓		✓		✓		✓	✓	✓	✓
resideo		✓	✓			✓	✓			✓	✓								
<i>Robertshaw</i>			✓																
White Rodgers			✓		✓					✓									
ERCO		✓	✓																
SIEMENS		✓				✓	✓			✓	✓								
						✓	✓			✓	✓	✓							
						✓	✓			✓	✓								
ebmpapst		✓				✓		✓		✓		✓	✓	✓	✓	✓	✓	✓	✓
FIME												✓	✓	✓	✓	✓	✓	✓	✓
FASCO												✓	✓	✓					
<i>SOHON</i>												✓			✓				
M&G																			✓
GROPPALI																			✓
Cox Geelen																			✓



Heating customers trends

Geography

Main customers

Key trends

Global trends



Continental trends



Implications for SIT

- Leverage worldwide footprint
- Exploit global product platforms and complete product solutions



- M&A, also intercontinental
- Connectivity
- High efficiency and low emission
- Home automation
- High efficiency
- Investment in all new technologies (heat pumps, hybrids, H₂, solar)
- Servitization
- Gas adaptive,
- High performance
- Pollution reduction (coal to gas)
- Polarization of the market
- Product upscaling (condensing, branding)
- Focus from EU/North America players



Heating development priorities



- Gas adaptive and combustion management solutions
- Integrated systems



- Renewal of fan product line-up (improved performance and new applications)



- New products development to strengthen offering for North America



- Aftermarket

Smart Gas Metering business



Key highlights

- The business is driven by two major forces:
 1. Smart technology, deployed by regulation aiming at smart grids, network efficiency and consumer needs
 2. Data driven services through connected meters and devices

Regulatory framework

- European directive on smart gas metering (EU 2009/73)
- Italy: early adopter with directive ARG/gas155/08 issued by the national Authority (AEEG)
- European installed base over 120 million pcs

Company



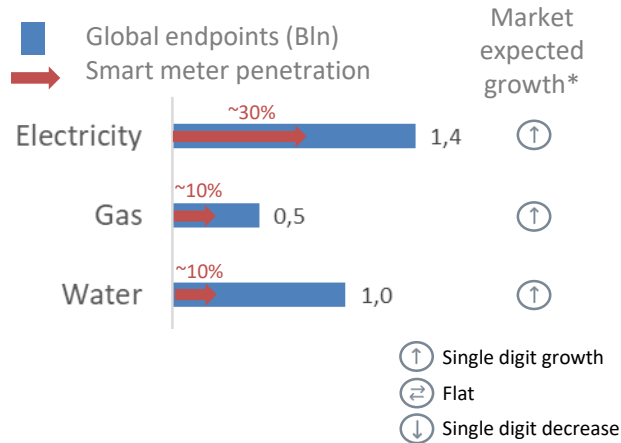
Technology

- Innovative **thermo-flow sensor technology** that provides accurate measurement features in all conditions without add-on of compensation devices or calculations – truly disruptive, particularly on Commercial & Industrial applications
- Complete range of meters for both Residential and Commercial & Industrial purposes
- Developed and assembled with modular approach

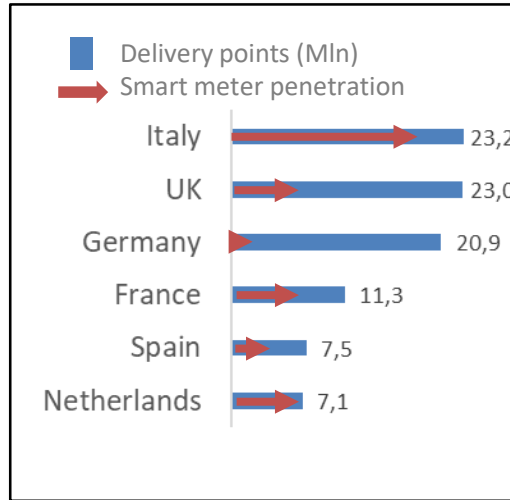


Metering addressable market – underlying size and trend

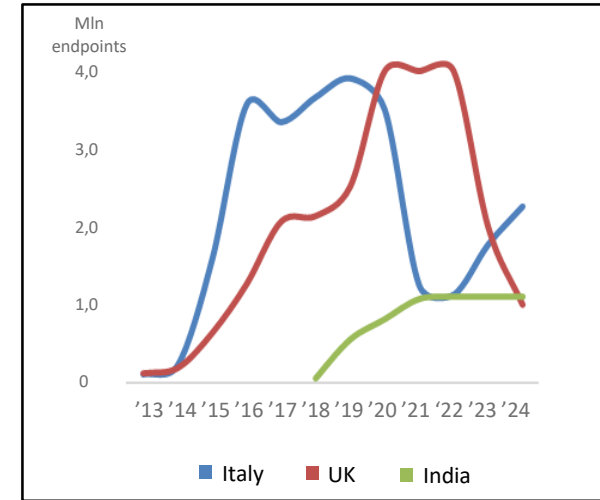
Global endpoints



European gas delivery points



MeterSIT target markets












































- On global scale, smart penetration will continue with moderate but constant growth expected in all market segments (+2-4% per year)

- Confirmed development opportunities in European Markets for new installations of smart meters and replacements

- UK market deployment will peak over the next 3 years
- Italian market expected to recover from 2023 thanks to replacement
- Indian opportunity in pre-paid and walk-by smart meters

Smart Metering competition overview

		Gas		Gas network		Water		Heat	Electricity	Software solutions/services		
		Residential	C&I	Valve	Electronics	Residential meters	C&I meters	Meters	Meters	MDC / MDM	Smart Grids (NTW)	Data management
												
		✓	✓									
		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
		✓	✓	✓	✓	✓	✓		✓	✓		✓
		✓				✓			✓	✓		✓
		✓	✓		✓	✓	✓	✓	✓	✓	✓	✓
		✓	✓			✓			✓	✓	✓	
		✓	✓			✓		✓		✓		✓
		✓	✓			✓			✓	✓		✓
		✓	✓	✓	✓					✓		
		✓							✓	✓		
		✓	✓									
									✓	✓		✓
									✓	✓		
		✓										
		✓										

Smart Gas Metering development priorities



- Residential Meter Zigbee SMETS 2 for UK
- Residential Meter Walk-by for India
- NBIoT (Narrow Band Internet of Things)



- New Platform (New Mechanics and Electronics)



- Explore H2 opportunities and prepare meters for H2/CH4 blends (Hy4Heat award from BEIS - Department for Business, Energy & Industrial Strategy – UK Government)

9M 2019 results



Key financials

Q3 2019 – Key financials

€m, unless otherwise stated	Q3 2019	%	Q3 2018	%	Chg. YoY
Revenues	95,5	100,0%	94,0	100,0%	1,6%
EBITDA	16,0	16,7%	14,7	15,6%	8,9%
EBIT	10,2	10,7%	9,6	10,2%	7,0%
Net income	11,7	12,2%	8,1	8,6%	43,9%

9M 2019 – Key financials

€m, unless otherwise stated	9M 2019	%	9M 2018	%	Chg. YoY
Revenues	262,8	100,0%	269,4	100,0%	(2,5%)
EBITDA	37,1	14,1%	34,7	12,9%	6,9%
EBIT	20,3	7,7%	20,6	7,6%	(1,1%)
Net income	16,2	6,2%	16,5	6,1%	(2,0%)
Cash flow from operations	0,8		(20,8)		
NTWC	49,9		50,1		
Net financial debt	86,9		92,4		

Highlights

- Q3 2019 consolidated revenues are € 95,5 million, +1,6% vs Q3 2018
- Group revenues display two different trends in divisional sales:
 - Heating is at -9,3% vs 9M 2018, improving vs H1 (-12,8%)
 - Smart Gas Metering +22,5% vs 9M 2018; order portfolio confirmed for 2019FY
- In the Heating business American market performs well (+17,7% vs 9M 2018, +20,6% vs Q3 2018)
- Increase in 9M 2019 EBITDA of 6,9% thanks to additional efficiencies (+8,9% Q3 2019 vs Q3 2018)
- Favorable tax ruling (+€3,7 million) improves net income
- Capex lower than forecasted

Consolidated revenues Q3 2019

Breakdown by Division

€m, unless otherwise stated	Q3 19	%	Q3 18	%	Chg. YoY
Heating	67,6	70,8%	69,1	73,5%	(2,2%)
Smart Gas Metering	27,1	28,3%	24,0	25,6%	12,7%
Total business sales	94,7	99,1%	93,1	99,1%	1,7%
Other revenues	0,8	0,9%	0,9	0,9%	(5,6%)
Total revenues	95,5	100,0%	94,0	100,0%	1,6%

- Q3 2019 consolidated revenues are € 95,5 million, +1,6% vs Q3 2018
- Heating Q3 2019 business sales are €67,6 million, -2,2% vs Q3 2018 improving vs. previous quarters (-13,9% in Q2 and -11,7% in Q1)
- Smart Gas Metering Q3 2019 business sales are €27,1 million + 12,7% vs Q3 2018 with order portfolio confirmed for 2019FY

Breakdown by geography

€m, unless otherwise stated	Q3 19	%	Q3 18	%	Chg. YoY
Italy	38,6	40,4%	37,8	40,2%	2,0%
Europe (excluding Italy)	33,6	35,2%	35,1	37,3%	(4,2%)
America	16,3	17,0%	13,6	14,5%	19,1%
Asia/Pacific	7,1	7,4%	7,4	7,9%	(4,9%)
Total revenues	95,5	100,0%	94,0	100,0%	1,6%

Consolidated revenues 9M 2019

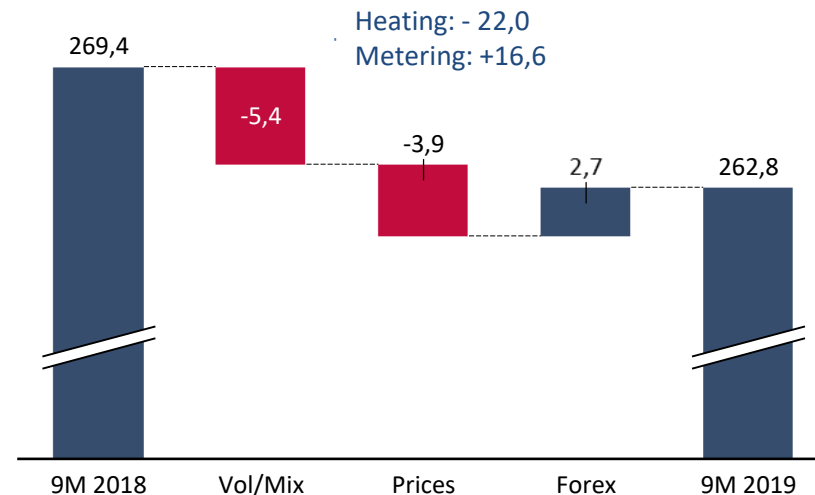
Breakdown by Division

€m, unless otherwise stated	9M 19	%	9M 18	%	Chg. YoY
Heating	190,7	72,6%	210,3	78,1%	(9,3%)
Smart Gas Metering	69,5	26,5%	56,8	21,1%	22,5%
Total business sales	260,2	99,0%	267,1	99,1%	(2,6%)
Other revenues	2,5	1,0%	2,3	0,9%	7,8%
Total revenues	262,8	100,0%	269,4	100,0%	(2,5%)

Breakdown by geography

€m, unless otherwise stated	9M 19	%	9M 18	%	Chg. YoY
Italy	103,8	39,5%	97,7	36,3%	6,2%
Europe (excluding Italy)	95,2	36,2%	111,1	41,2%	(14,3%)
America	45,4	17,3%	38,7	14,4%	17,3%
Asia/Pacific	18,5	7,0%	21,9	8,1%	(15,8%)
Total revenues	262,8	100,0%	269,4	100,0%	(2,5%)

9M Consolidated revenue bridge



Heating sales

Q3 Heating sales by geography

€m, unless otherwise stated	Q3 19	%	Q3 18	%	Chg. YoY
Italy	11,9	17,6%	13,3	19,3%	(10,8%)
Europe (excluding Italy)	31,4	46,5%	34,1	49,3%	(7,7%)
America	16,1	23,9%	13,4	19,4%	20,6%
Asia/Pacific	8,1	12,0%	8,3	12,0%	(2,0%)
Total business sales	67,6	100,0%	69,1	100,0%	(2,2%)

9M Heating sales by geography

€m, unless otherwise stated	9M 19	%	9M 18	%	Chg. YoY
Italy	37,4	19,6%	41,7	19,8%	(10,3%)
Europe (excluding Italy)	88,8	46,6%	106,5	50,6%	(16,6%)
America	45,1	23,6%	38,3	18,2%	17,7%
Asia/Pacific	19,4	10,2%	23,7	11,3%	(18,2%)
Total business sales	190,7	100,0%	210,3	100,0%	(9,3%)

- Italy reflects, as stated in the H1 comments, the impact of lower export due to the Chinese coal to gas policy and a slowdown of the Italian end-market
- Europe, down 7,7% in Q3, reduces the YTD difference vs last year mainly due to Turkey. In the country starting from Q3 there are more comparable conditions not influenced by the change in regulation that took place in 1H2018
- America grows significantly in both 9M (+6,8€, +17,7%, +10,8% at same forex rates) and Q3 (+20,6%) thanks to market share increase
- The improved trend in Q3 in Asia/Pacific (-2,0%) is mainly due to China that has slightly recovered

Smart Gas Metering sales

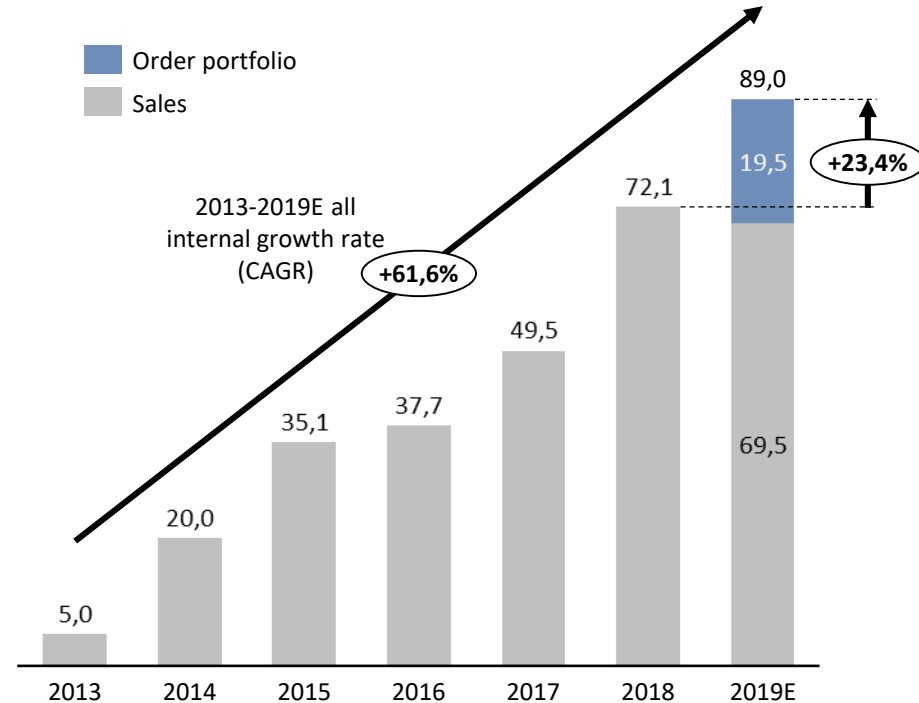
Q3 Metering sales by application

€m, unless otherwise stated	Q3 19	%	Q3 18	%	Chg. YoY
Residential	26,5	97,8%	23,6	98,1%	12,3%
Commercial & Industrial	0,5	2,0%	0,4	1,8%	26,6%
Other	0,1	0,2%	0,0	0,1%	195,0%
Total business sales	27,1	100,0%	24,0	100,0%	12,7%

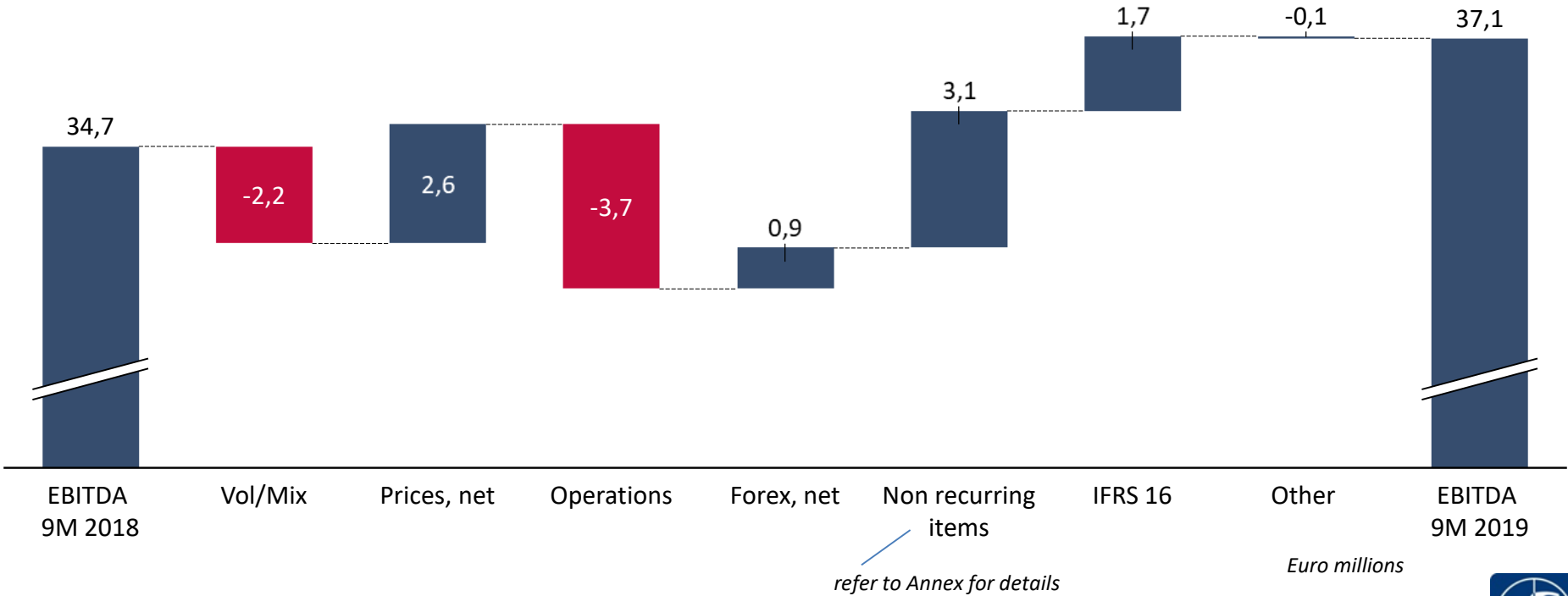
9M Metering sales by application

€m, unless otherwise stated	9M 19	%	9M 18	%	Chg. YoY
Residential	66,5	95,7%	55,2	97,3%	20,4%
Commercial & Industrial	2,8	4,0%	1,4	2,5%	98,9%
Other	0,2	0,3%	0,1	0,2%	65,5%
Total business sales	69,5	100,0%	56,8	100,0%	22,5%

2019.09 Metering order portfolio (€M)



EBITDA bridge



From EBITDA to net income – Q3 2019

€m, unless otherwise stated	Q3 2019	% of sales	Q3 2018	% of sales	Chg. YoY
EBITDA	16,0	16,7%	14,7	15,6%	8,9%
D&A, impairment of assets	5,8		5,1		
EBIT	10,2	10,7%	9,6	10,2%	7,0%
Net financial (charges)/income	0,4		2,7		
Net forex (charges)/income	(0,05)		(0,6)		
Other financial (charges)/income	(0,02)		(0,4)		
EBT	10,6	11,1%	11,2	12,0%	(5,8%)
Taxes	1,1		(3,1)		
Net income	11,7	12,2%	8,1	8,6%	43,9%
Net financial (charges)/income, adjusted	(0,4)	0,4%	(0,7)	0,7%	(44,7%)
Net income adjusted	7,3	7,7%	5,9	6,3%	24,0%

- Net financial charges and income include the change in FV accounting of Warrants and Performance shares
- Q3 2019 also accounts change in MTM of derivatives for €+0,3m
- Q3 2019 taxes include favourable effect of ruling regarding tax impact of FV accounting of previous years for approx. €3,7m
- Net income adjusted includes operating items, financial items and non recurring tax ruling

From EBITDA to net income – 9M 2019

€m, unless otherwise stated	9M 2019	% of sales	9M 2018	% of sales	Chg. YoY
EBITDA	37,1	14,1%	34,7	12,9%	6,9%
D&A, impairment of assets	16,8		14,2		
EBIT	20,3	7,7%	20,6	7,6%	(1,1%)
Net financial (charges)/income	(2,7)		3,4		
Net forex (charges)/income	(0,6)		(0,8)		
Other financial (charges)/income	(0,0)		(0,1)		
EBT	17,0	6,5%	22,6	8,4%	(24,8%)
Taxes	(0,8)		(6,1)		
Net income	16,2	6,2%	16,5	6,1%	(2,0%)
Net financial (charges)/income, adjusted	(2,3)	0,9%	(2,5)	0,9%	(7,8%)
Net income adjusted	13,1	5,0%	14,8	5,5%	(11,2%)

- Increase in Depreciation is due to capex plan deployed in 2018 (€1m) and IFRS 16 impact for €1,6m
- Net financial charges and income include the change in FV accounting of Warrants and Performance shares
- 9M 2019 taxes include favourable effect of ruling regarding tax impact of FV accounting of previous years for approx. €3,7m
- Net income adjusted includes operating items, financial items and non recurring tax ruling
- 9M 2019 adjusted net income is 5,0% of revenues versus 5,5% of 9M 2018

Net trade working capital

€m, unless otherwise stated	2019.09	2018.12	2019.09 vs 2018.12	2018.09	2017.12	2018.09 vs 2017.12
Inventory	57,9	52,2	5,6	61,7	38,1	23,6
Accounts receivables	58,5	52,0	6,4	65,7	52,1	13,5
Accounts payables	66,5	74,8	(8,3)	77,3	68,4	8,9
Net Trade Working Capital	49,9	29,5	20,4	50,1	21,9	28,2
<i>NTWC/Revenues</i>	<i>14,2%</i>	<i>8,2%</i>	<i>6,0%</i>	<i>13,9%</i>	<i>6,8%</i>	<i>7,2%</i>

- 9M trend in NTWC (+€20,4m) reflects Heating business seasonality and Smart Gas Metering order backlog
- Improved payment terms on account receivables due to reabsorption of 2018.09 overdue

Cash flow and net debt

Details on cash generation

€m, unless otherwise stated	9M 2019	9M 2018
Current cash flow	40,1	36,2
Change in net working capital	(28,1)	(35,0)
Capex, net	(11,2)	(21,9)
Cash flow from operations	0,8	(20,8)
Financial charges, paid and accrued	(1,9)	(2,4)
Dividends paid	(7,0)	(6,0)
IFRS 16 - Leases	(0,6)	-
Other	0,2	1,9
Change in net debt	(8,4)	(27,3)
Net debt - BoP reported	71,3	65,1
IFRS 16 - BoP initial recognition	7,1	-
Net debt - EoP	86,9	92,4

Key considerations

- Current cash flow improves versus same period of last year
- Working capital reflects seasonality
- 9M 2019 change in Working capital performs better than previous year thanks to
 - initial stock level more in line with planned operating conditions
 - improved AR payment terms due to reabsorption of 2018 overdue
- 9M 2019 capex effect on cash flow is in delay vs planned
- Net Debt/EBITDA adjusted: 1,74 vs 1,90 same period of LY

Outlook and final comments

- Expected topline in line with 9M performances
- Forecasted EBITDA growing mid single digit
- Capital management review in process
- Q4 is expected to be cash positive with an improvement of net debt vs 2019.09

ANNEXES

Reported EBITDA includes the following non recurring items:

	Q3 2019	Q3 2018
<i>Managing director severance costs</i>	-	0,2
<i>Translisting to MTA</i>	-	0,1
<i>Captive shopfloor relocation and startup</i>	0,0	-
<i>Insurance reimbursement</i>	-	-
<i>Provision for CEO post IPO bonus</i>	0,2	-
<i>Other</i>	(0,0)	0,10
Total non recurring operating items	0,2	0,5
First time adoption IFRS 16	(0,4)	-

Reported EBITDA includes the following non recurring items:

	9M 2019	9M 2018
<i>Managing director severance costs</i>	-	2,7
<i>Translisting to MTA</i>	-	1,1
<i>Captive shopfloor relocation and startup</i>	0,8	-
<i>Insurance reimbursement</i>	(0,8)	-
<i>Provision for CEO post IPO bonus</i>	0,6	-
<i>Other</i>	0,2	0,05
Total non recurring operating items	0,8	3,8
First time adoption IFRS 16	(1,7)	-

Regulatory statement

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 presentation are fairly representing the accounts and the books of the company.

Paul Fogolin

Chief Financial Officer

paul.fogolin@sitgroup.it

Investor Relations

Mara Di Giorgio

+39 335 773 7417

investorrelations@sitgroup.it



Disclaimer

This presentation has been prepared by SIT S.p.A. only for information purposes and for the presentation of the Group's results and strategies.

For further details on the SIT Group, reference should be made to publicly available information.

Since at the moment there is no existing reliable market research which provide the required level of detail, nor any official data, the statements of key information, the assessments concerning the positioning of SIT Group and the assessments regarding the market and the market segments of the reference market are based exclusively on assessments carried out by SIT's management, in accordance to its own knowledge of the market and its analysis of the data gathered. For such reason, these statements and assessments may not be updated and/or may also be quite approximate. Due to the lack of reliable and standardized data and of market data provided by third parties, these assessments are necessarily subjective and are provided, unless otherwise specified, by SIT on the basis of the analysis of the data it, as a company, has gathered. These evaluations and the performance of the industries in which SIT operates could prove to be different from those assumed due to the known and unknown risks, the uncertainties and other causes.

Statements contained in this presentation, particularly those regarding any SIT Group possible or assumed future performance, are or may be forward looking statements and in this respect they involve some risks and uncertainties.

Any reference to past performance of the SIT Group shall not be taken as an indication of future performance.

This document does not constitute an offer or invitation to purchase or subscribe for any shares and no part of it shall form the basis of or be relied upon in connection with any contract or commitment whatsoever.

By attending or reading this presentation you agree to be bound by the foregoing terms.

