



Company presentation and 2019FY results

March 26 2020

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**

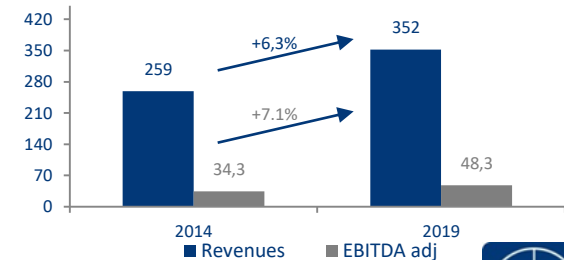


Company overview



SIT at a glance

- SIT develops and manufactures **measuring devices and systems** for safety and high performance of **gas appliances**
- SIT currently operates in two business divisions and holds **88 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 6 year CAGR (+61.5%) in the Italian market reaching over €88m turnover in 2019
- Approximately **60% of the sales are realized outside Italy** through a global sales network coverage
- Sustained and consistent **organic growth in both revenues** (6.3% 5Y sales CAGR) **and margins** (7.1% 5Y 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
- 2019 business sales: €260.0m (73.8%)



Products

Mechanical controls

Electronic controls

Integrated systems

Fans

Flue exhaust systems

Sensors

Appliances

Boilers

Water heaters

Fireplaces

Pellet stoves

Space heaters

Instantaneous water heaters

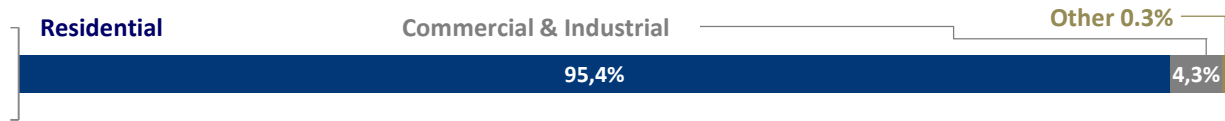
Professional cooking and catering

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)
- 2019 business sales: €88,6m (25.2%)



Products



Smart Gas Meters

Appliances

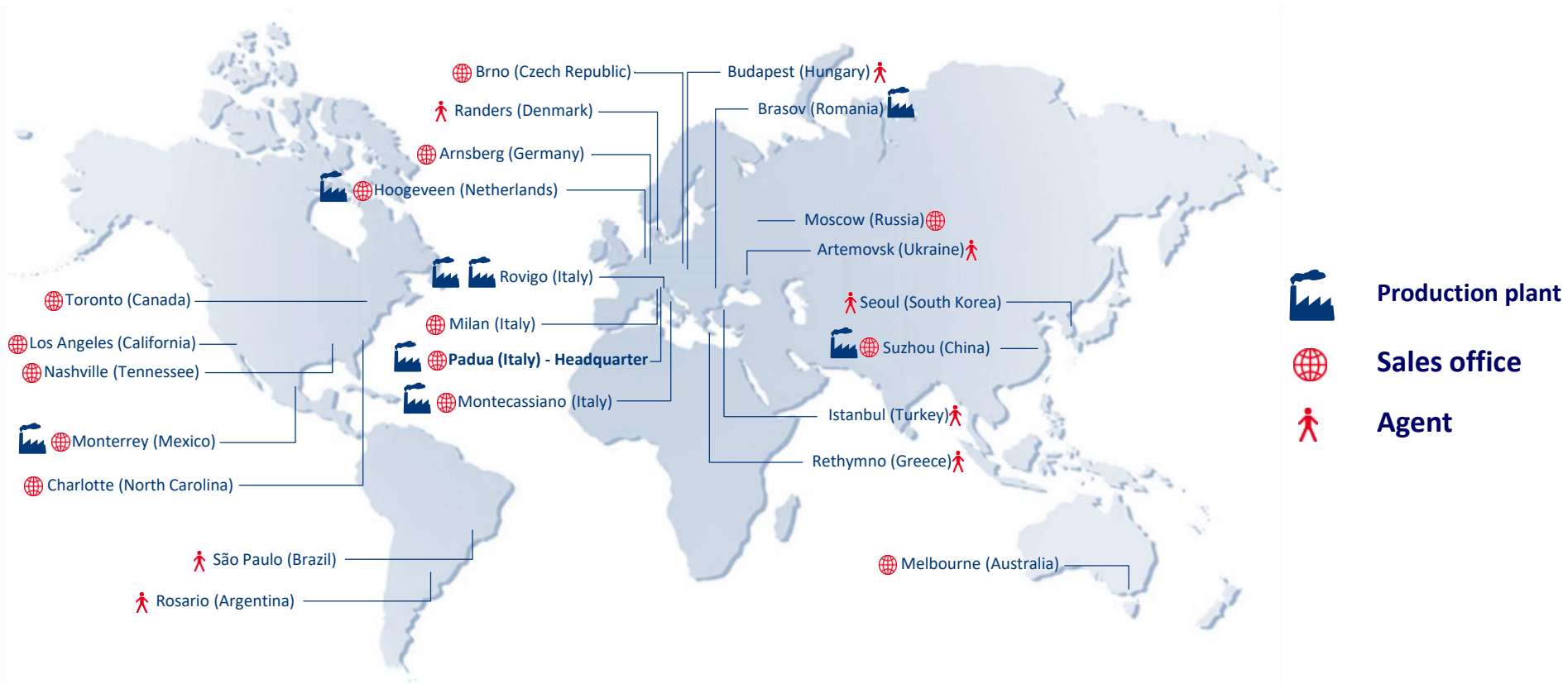


Smart Grids

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

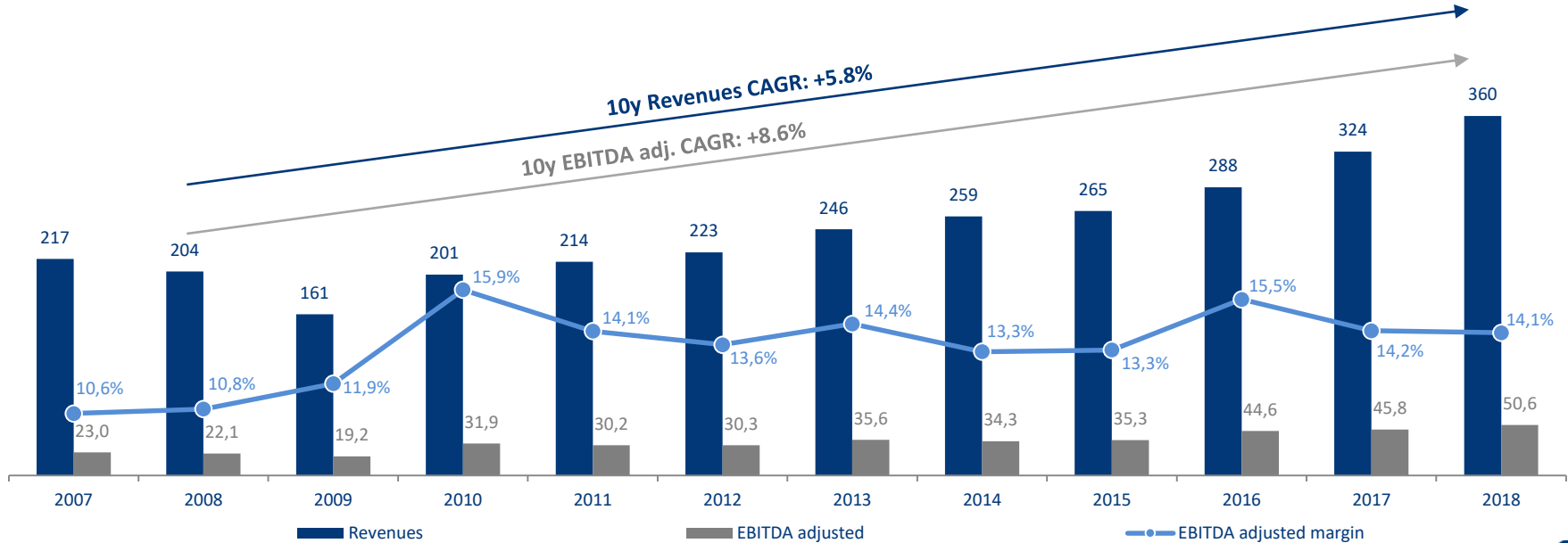
Suzhou - China



- 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



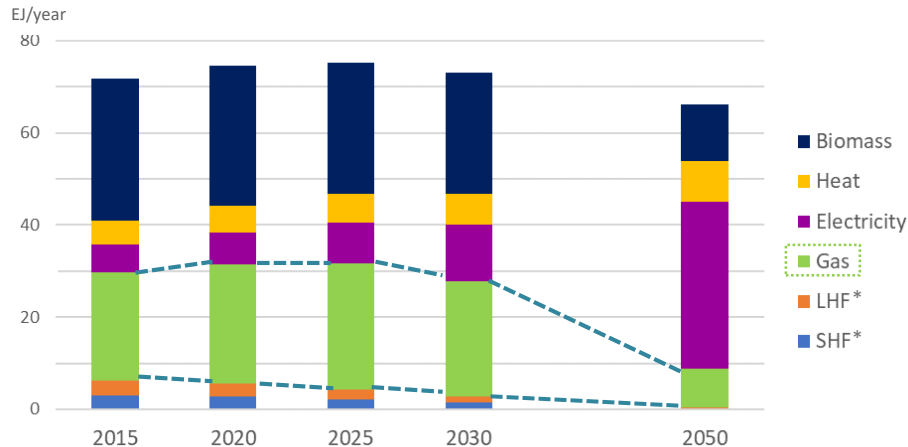
Market scenario and priorities for SIT



Decarbonization

Scenario macro trends

Global residential heating and cooking



*LHF: Liquid Hydrocarbon Fuel

*SHF: Solid Hydrocarbon Fuel

Implications and priorities for SIT

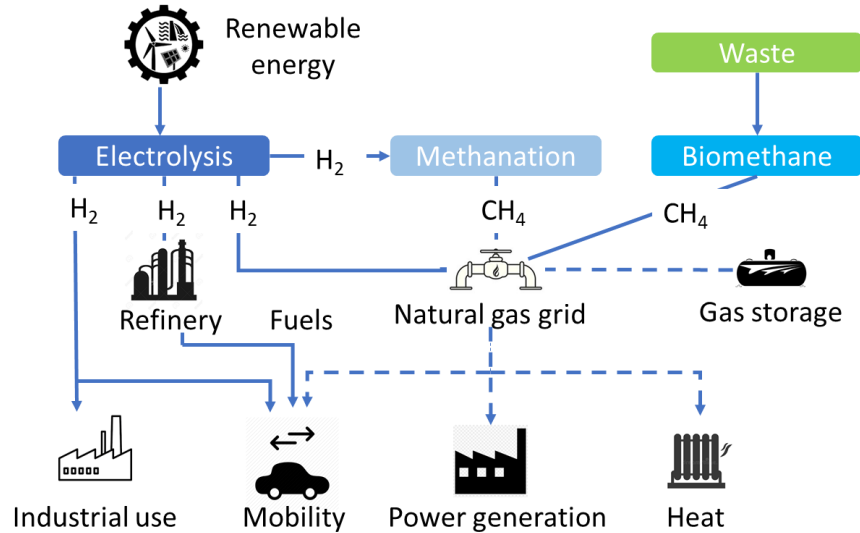
- Gas will maintain a key role at least for the next decade
- Maximize return from current profit pool
- Evaluate adjacencies not linked to gas consumption for mid-long term opportunities

Power to gas

Scenario macro trends

Implications and priorities for SIT

Power to gas and H₂ role

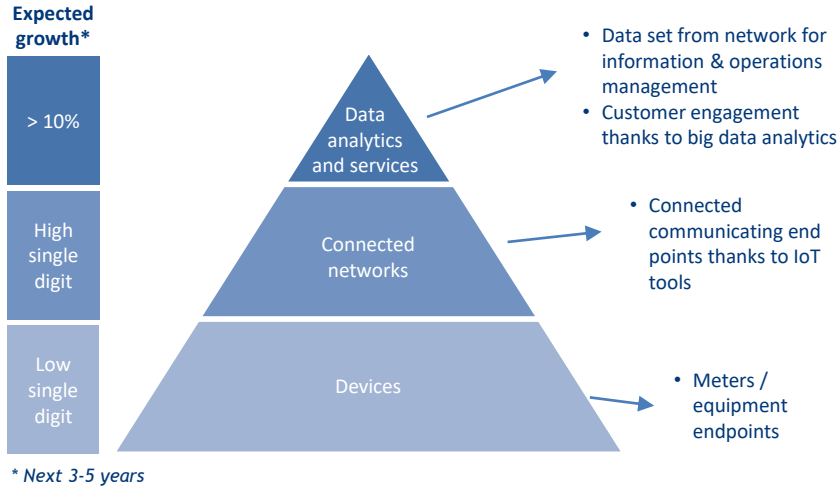


- Hydrogen and biomethane will be injected into the network
- Adapt and prepare products for H₂ / biomethane

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

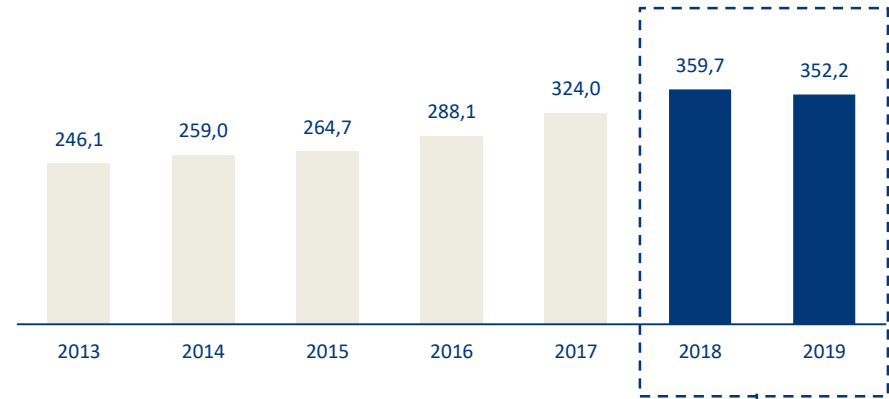
Key financials



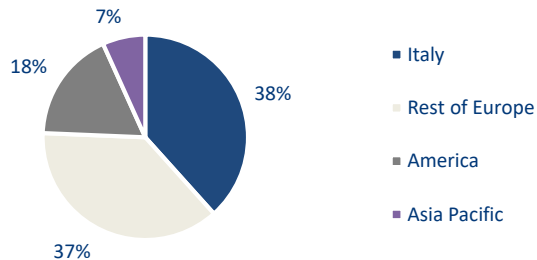
Consolidated revenues

- Solid and consistent **organic revenue growth** (+6.3% 5Y CAGR)
- **Heating** solutions account for 73.8% of revenues with a 8,6% YoY decrease in 2019, while **Smart Gas Metering** grew by 23.1%
- Over **60%** of 2019 revenues are **overseas**

Consolidated revenues (€m)



2019 revenues by geography



Revenues by division

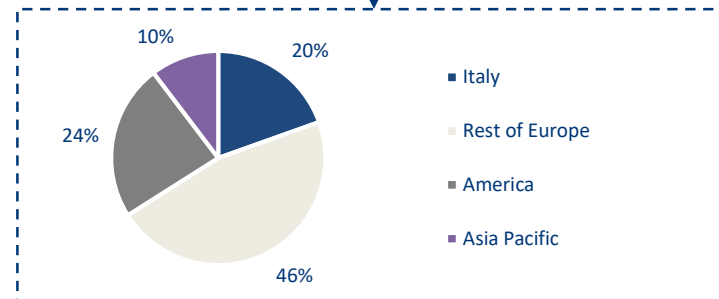
€m, unless otherwise stated	FY 19	%	FY 18	%	Chg. YoY
Heating	260,0	73,8%	284,5	79,1%	(8,6%)
Smart Gas Metering	88,6	25,2%	72,0	20,0%	23,1%
Total business sales	348,7	99,0%	356,5	99,1%	(2,2%)
Other revenues	3,6	1,0%	3,2	0,9%	11,9%
Total revenues	352,2	100,0%	359,7	100,0%	(2,1%)

Heating sales

Heating business sales by geography

€m, unless otherwise stated	FY 19	FY 18	Chg. %
Italy	50,9	55,1	(7,7%)
Rest of Europe	120,8	142,2	(15,0%)
America	61,5	54,9	12,0%
Asia Pacific	26,9	32,3	(16,8%)
Total Heating	260,0	284,5	(8,6%)

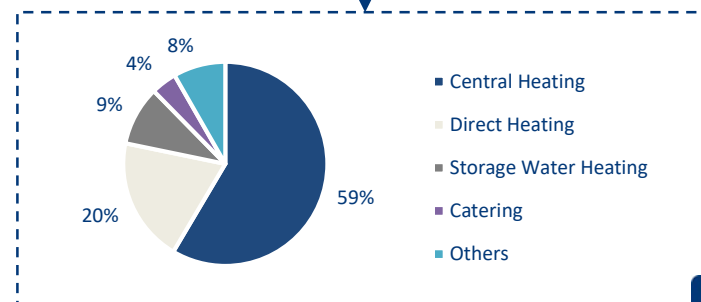
Breakdown by geography of 2019 sales



Heating business sales by market segment

€m, unless otherwise stated	FY 19	FY 18	Chg. %
Central Heating	152,1	178,4	(14,7%)
Direct Heating	51,3	51,6	(0,5%)
Storage Water Heating	24,5	22,0	11,3%
Catering	10,6	10,9	(2,8%)
Others	21,5	21,7	(0,7%)
Total Heating	260,0	284,5	(8,6%)

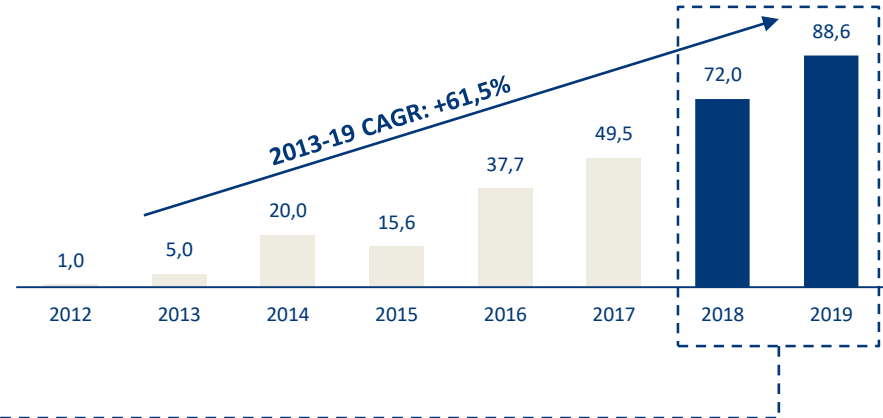
Breakdown by market segment of 2019 sales



Smart Gas Metering sales

- Smart Gas Metering has an impressive growth story as a newcomer in the metering business
- SIT has introduced a disruptive new technology that as been accepted and validated in both Italian and foreign markets
- Current sales are mainly in Italy
- Product qualification and pilot testing in foreign markets are on going
- UK certification is expected by H1 2020
- **Current order backlog is approx. €50m**

Smart Gas Metering business sales (€m)

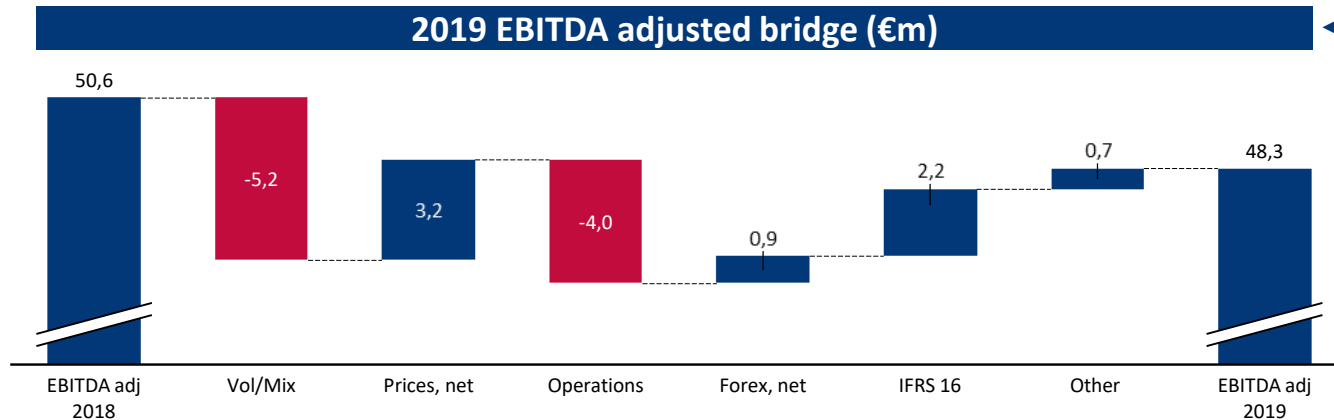
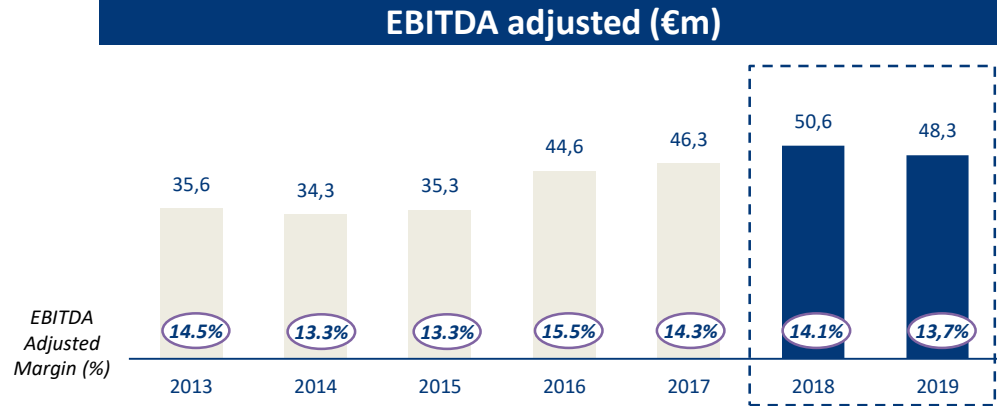


Breakdown by application

€m, unless otherwise stated	FY 19	%	FY 18	%	Chg. YoY
Residential	84,5	95,4%	70,0	97,2%	20,8%
Commercial & Industrial	3,8	4,3%	1,8	2,6%	107,3%
Other	0,3	0,3%	0,2	0,2%	57,7%
Total business sales	88,6	100,0%	72,0	100,0%	23,1%

EBITDA adjusted

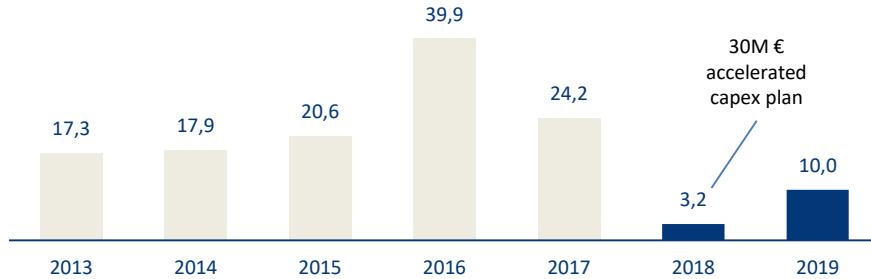
- Stable margin on revenues at mid double-digit level (5Y average stands at 14,2%)
- 2019 decrease is mainly due to volume effect in Heating business and transformational opex increase
- 2019 IFRS16 effect at €+2,2m



Cash flow and net debt

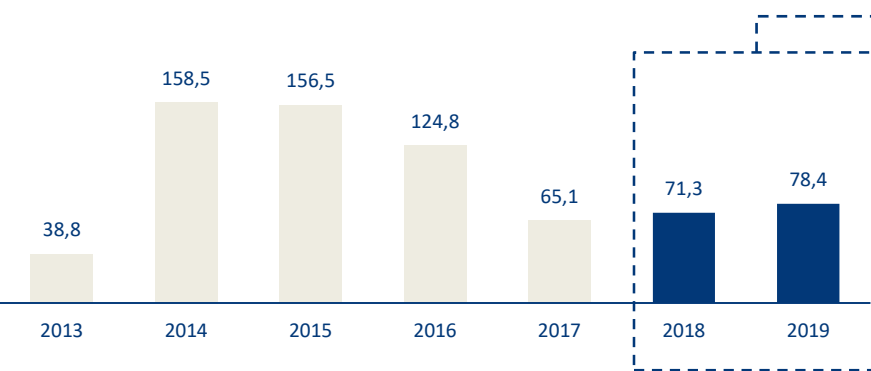
Cash flow from operations (€m)

CFO is before debt service

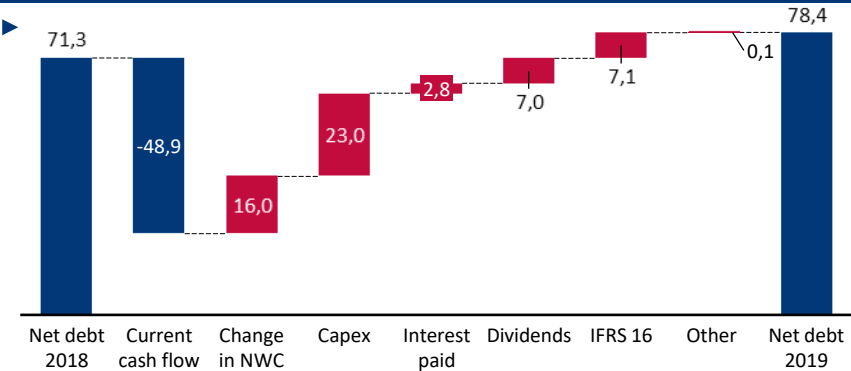


- Cash flow generation in 2018 and 2019 has been affected by accelerated capex plan in production capacity increase and new R&D labs
- 2019 NTWC stands at approx. 10% of revenues
- Net Debt/EBITDA adjusted: 1,62 vs 1,41 of LY

Net debt (€m)



2019 change in net debt (€m)



SIT shares

Current shareholder base

Shareholder base at Dec. 2019	n. ordinary shares	%
SIT Technologies S.p.A	18.350.779	73,38%
Treasury shares	167.109	0,67%
Market	6.489.577	25,95%
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
 - €0,14 per share in 2020

- 2019FY EPS: €0,81
- 2019FY BVPS: €6,00

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

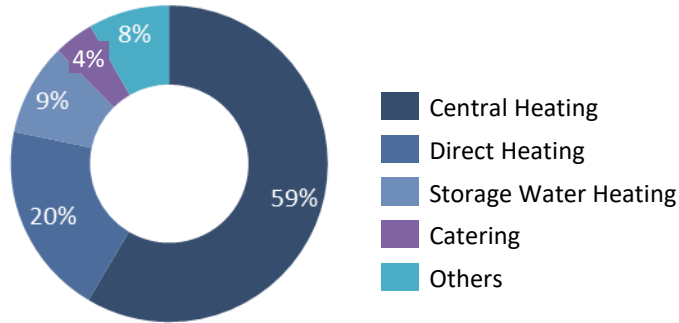


Market segments and products

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

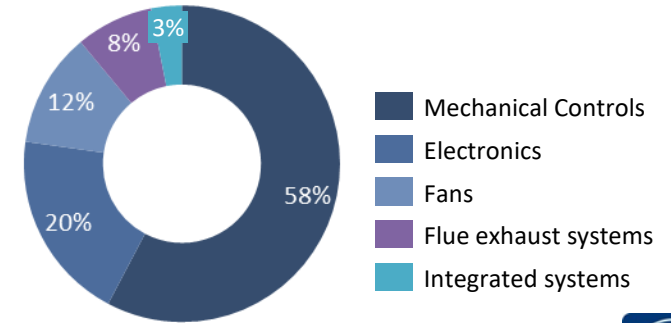
2019 sales



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

2019 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



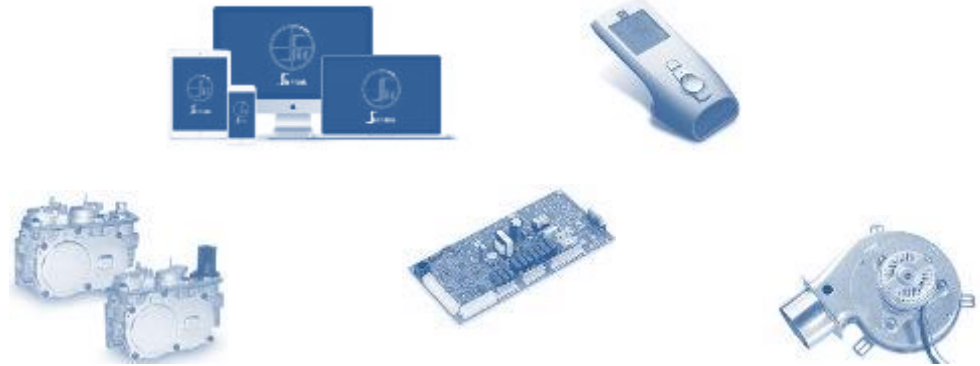
Direct heating

- 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		✓					✓	✓		✓	✓							
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FIME												✓	✓	✓	✓	✓	✓	✓
FASCO												✓	✓	✓				
<i>SOHON</i>												✓		✓				
M&G																		✓
GROPPALI																		✓
Cox Geelen																		✓



Heating customers trends

Geography



Main customers



Key trends

- 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

Global trends

Continental trends

Implications for SIT

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

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



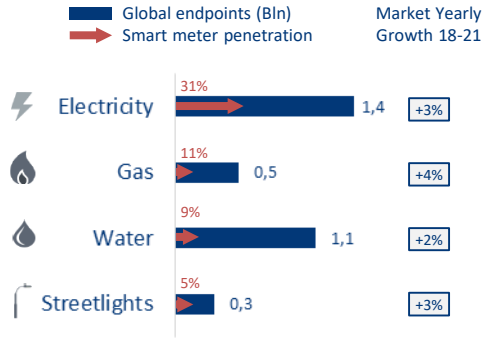
Technology

- 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



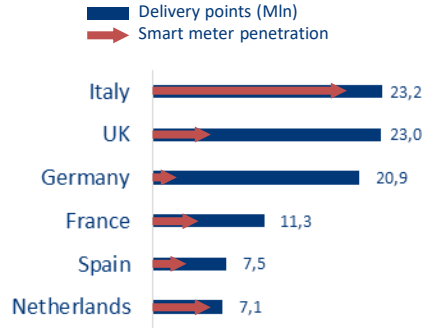
Metering Addressable Market

Global Endpoints



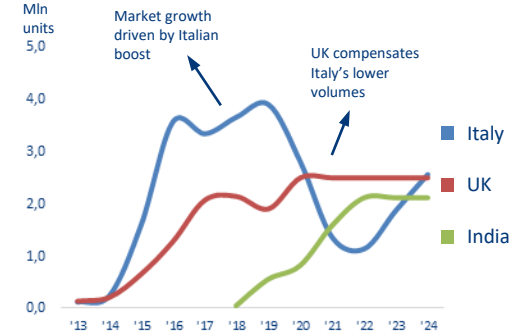
- On global scale, still room for growth in terms of automation of endpoints. Automated gas meters equals to only 11% of total endpoints installed
- Moderate but constant growth forecasted for all market segments (+2-4% per year)

European Gas Delivery Points














- Opportunities in European markets both for replacement (e.g. Italy) and new installations (e.g. UK, Germany,...)





MeterSit Target Markets



- UK market deployment wave will peak to compensate Italian market decline
- Italian market expected to recover in 2023 due to replacement
- Indian opportunity in pre-paid and walk-by smart meters

Smart Metering competition overview

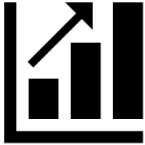
		Gas		Gas network		Water		Heat	Electricity	Software solutions/services		
		Residential	C&I	Valve	Electronics	Residential meters	C&I meters	Meters	Meters	MDC / MDM	Smart Grids (NTW)	Data management
												

		✓	✓									
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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)

2019FY results



Highlights

- 2019 consolidated revenues are **€ 352,2** million, -2,1% vs 2018
- Q4 2019 consolidated revenues are **€ 89,4** million, -0,9% vs Q4 2018
- Group revenues displays **two different trends** in divisional sales:
 - Heating is at **-8,6% vs 2018**, with Q4 at -6,7% vs same period of 2018
 - Smart Gas Metering **+23,1% vs 2018** in line with forecasted deliveries
- In the Heating business **American market** performs well (+12,0%)
- 2019 EBITDA of **€48,7 million**, at 13,8% of revenues improves by 11,2% vs 2018
- Net debt at **€78,4 million**, includes IFRS 16 effect of €5,7, in line with forecast

Key financial results

€m, unless otherwise stated	2019	%	2018	%	Chg. YoY
Revenues	352,2	100,0%	359,7	100,0%	(2,1%)
EBITDA	48,7	13,8%	43,8	12,2%	11,2%
EBIT	24,7	7,0%	24,0	6,7%	3,3%
Net income	19,9	5,7%	24,3	6,7%	(17,9%)
Cash flow from operations	10,0		3,2		
NTWC	35,0		29,5		
Net financial debt	78,4		71,3		

€m, unless otherwise stated	Q4 2019	%	Q4 2018	%	Chg. YoY
Revenues	89,4	100,0%	90,3	100,0%	(0,9%)
EBITDA	11,6	13,0%	9,1	10,1%	27,5%
EBIT	4,4	4,9%	3,4	3,8%	29,4%
Net income	3,7	4,2%	7,7	8,6%	(51,8%)

- Revenues display two different divisional trends:
 - Heating: - 8,6%
 - Metering: +23,1%
- EBITDA includes net volume effect of € -5,2m
- EBIT accounts increase of depreciation of € 3,7m for 2018 capex plan
- Net income at 5,7% of revenues vs 6,7% of previous year
- Operating cash flow of €10,0m improves vs €3,2m after capex of €23,0m and €30,0m respectively
- Net financial debt stands at € 78,4m including the impact of IFRS16 of €5,7m. Adjusted NFP is € 72,7m vs €71,3m

Consolidated revenues – FY

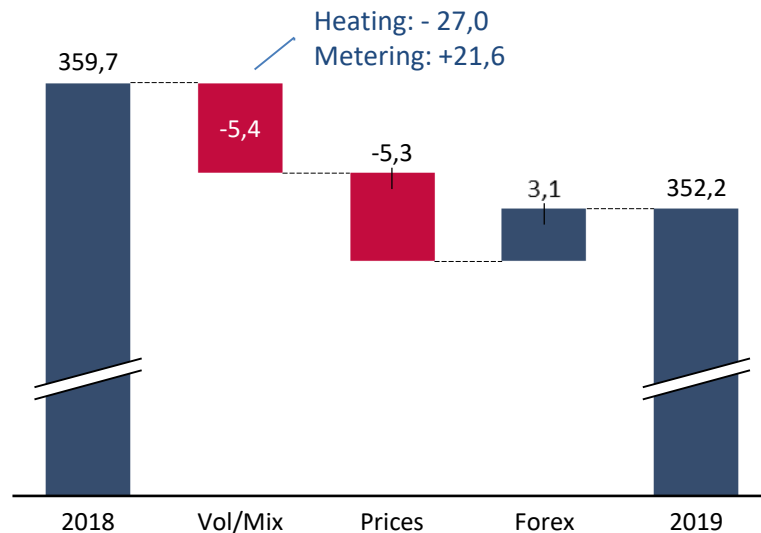
Breakdown by Division

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Other revenues	3,6	1,0%	3,2	0,9%	11,8%
Total revenues	352,2	100,0%	359,7	100,0%	(2,1%)

Breakdown by geography

€m, unless otherwise stated	FY 19	%	FY 18	%	Chg. YoY
Italy	135,1	38,3%	126,1	35,1%	7,1%
Europe (excluding Italy)	131,4	37,3%	148,4	41,3%	(11,5%)
America	61,9	17,6%	55,3	15,4%	12,0%
Asia/Pacific	23,8	6,8%	29,9	8,3%	(20,3%)
Total revenues	352,2	100,0%	359,7	100,0%	(2,1%)

Consolidated revenue bridge (€m)



Consolidated revenues – Q4

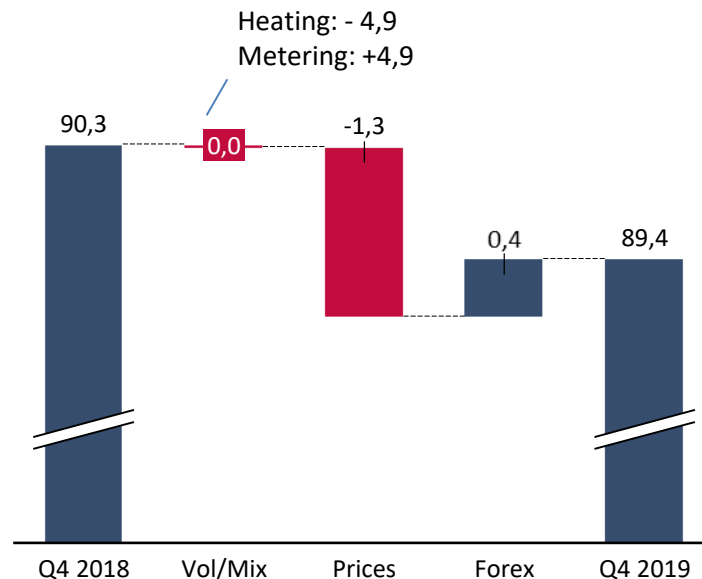
Breakdown by Division

€m, unless otherwise stated	Q4 19	%	Q4 18	%	Chg. YoY
Heating	69,3	77,5%	74,3	82,2%	(6,7%)
Smart Gas Metering	19,1	21,4%	15,2	16,8%	25,7%
Total business sales	88,4	98,9%	89,5	99,1%	(1,2%)
Other revenues	1,0	1,1%	0,8	0,9%	23,0%
Total revenues	89,4	100,0%	90,3	100,0%	(0,9%)

Breakdown by geography

€m, unless otherwise stated	Q4 19	%	Q4 18	%	Chg. YoY
Italy	31,3	35,0%	28,5	31,5%	10,0%
Europe (excluding Italy)	36,2	40,5%	37,3	41,3%	(2,9%)
America	16,6	18,5%	16,6	18,4%	(0,2%)
Asia/Pacific	5,3	5,9%	7,9	8,8%	(32,8%)
Total revenues	89,4	100,0%	90,3	100,0%	(0,9%)

Q4 Consolidated revenue bridge (€m)



Heating sales

Q4 Heating sales by geography

€m, unless otherwise stated	Q4 19	%	Q4 18	%	Chg. YoY
Italy	13,4	19,4%	13,4	18,1%	0,2%
Europe (excluding Italy)	32,0	46,2%	35,7	48,1%	(10,4%)
America	16,4	23,6%	16,5	22,3%	(1,1%)
Asia/Pacific	7,5	10,8%	8,6	11,6%	(12,9%)
Total business sales	69,3	100,0%	74,3	100,0%	(6,7%)

FY Heating sales by geography

€m, unless otherwise stated	FY 19	%	FY 18	%	Chg. YoY
Italy	50,9	19,6%	55,1	19,4%	(7,7%)
Europe (excluding Italy)	120,8	46,5%	142,2	50,0%	(15,0%)
America	61,5	23,6%	54,9	19,3%	12,0%
Asia/Pacific	26,9	10,3%	32,3	11,4%	(16,8%)
Total business sales	260,0	100,0%	284,5	100,0%	(8,6%)

- Italy. **Q4 sales improves vs Q3 and are in line with previous year.** FY sales are down 7,7% vs 2018 because of lower export due to stop in Chinese coal to gas policy and slowdown of the Italian end-market
- Europe **down 10,4% in Q4, improves the YTD difference vs last year.** Turkey, 10,1% of Divisional sales, explains 50% of the decrease, -31,1% vs 2018. Remaining decrease is spread in most major countries for reduction in Central Heating applications
- America **slows in Q4 due to mechanical controls in fireplaces. Storage Water Heating continues growth,** +9,4% in Q4, +11,3% vs 2018FY. Overall growth in America is +12,0%, 6,6% at same forex rates
- Asia/Pacific is down in Q4 mainly for Middle East (-1,3M€) while **China is in line with Q4 2018.** 2019FY China, 5,8% of Divisional sales, is down 12,8% vs 2018.

Smart Gas Metering sales

Q4 Metering sales by application

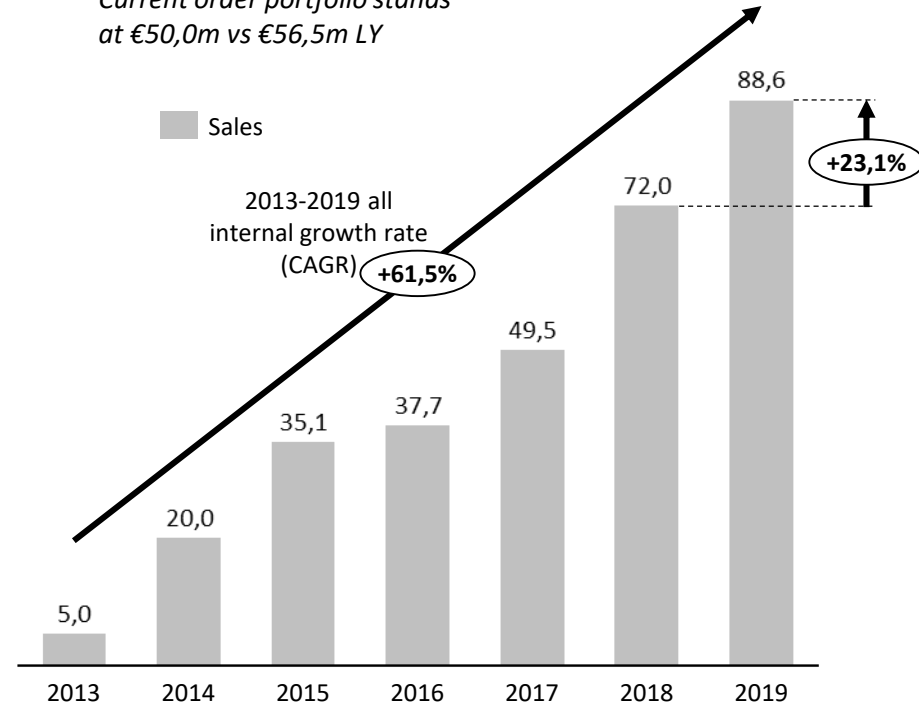
€m, unless otherwise stated	Q4 19	%	Q4 18	%	Chg. YoY
Residential	18,0	94,2%	14,7	96,8%	22,4%
Commercial & Industrial	1,0	5,5%	0,4	2,9%	133,8%
Other	0,1	0,3%	0,0	0,3%	38,1%
Total business sales	19,1	100,0%	15,2	100,0%	25,7%

FY Metering sales by application

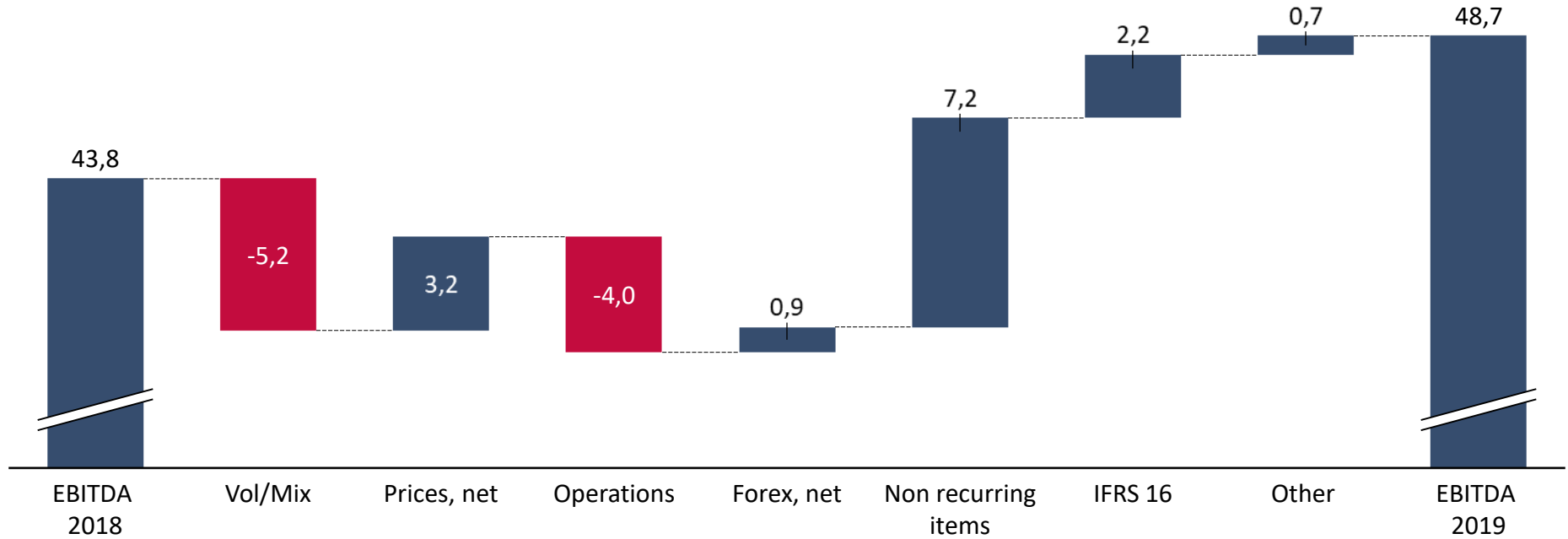
€m, unless otherwise stated	FY 19	%	FY 18	%	Chg. YoY
Residential	84,5	95,4%	70,0	97,2%	20,8%
Commercial & Industrial	3,8	4,3%	1,8	2,6%	107,3%
Other	0,3	0,3%	0,2	0,2%	57,7%
Total business sales	88,6	100,0%	72,0	100,0%	23,1%

2013 - 2019 Metering sales trend (€M)

Current order portfolio stands at €50,0m vs €56,5m LY



FY EBITDA bridge



[go to Annex for details](#)

Euro millions



From EBITDA to net income – FY

€m, unless otherwise stated	2019	% of sales	2018	% of sales	Chg. YoY
EBITDA	48,7	13,8%	43,8	12,2%	11,2%
D&A, impairment of assets	24,0		19,9		
EBIT	24,7	7,0%	24,0	6,7%	3,3%
Net financial (charges)/income	(2,1)		8,5		
Net forex (charges)/income	(1,3)		(0,3)		
Other financial (charges)/income	(0,0)		(0,1)		
EBT	21,3	6,1%	32,1	8,9%	(33,5%)
Taxes	(1,4)		(7,8)		
Net income	19,9	5,7%	24,3	6,7%	(17,9%)
Net financial (charges)/income adjusted	(3,6)	-1,0%	(4,3)	-1,2%	(15,8%)
Net income adjusted	14,9	4,2%	19,6	5,4%	(23,9%)

- Increase in Depreciation is due to capex plan deployed in 2018 (€+3,7m) and IFRS 16 impact for €+2,1m
- Net financial charges and income include the income from FV accounting of Warrants and Performance shares
 - 2018: €13,3m
 - 2019: €1,5m
- 2019 taxes include favourable effect of ruling regarding tax impact of FV accounting of previous years for approx. €3,7m
- Net financial charges adjusted are net of FV accounting effects of equity instruments
- Net income adjusted includes adjustments for non recurring operating items, financial items and tax ruling

Net trade working capital

€m, unless otherwise stated	2019.12	2018.12	2019.12 vs 2018.12	2018.12	2017.12	2018.12 vs 2017.12
Inventory	51,1	52,2	(1,1)	52,2	38,1	14,1
Accounts receivables	57,2	52,0	5,1	52,0	52,1	(0,1)
Accounts payables	73,3	74,8	(1,5)	74,8	68,4	6,4
Net Trade Working Capital	35,0	29,5	5,5	29,5	21,9	7,6
<i>NTWC/Revenues</i>	<i>9,9%</i>	<i>8,2%</i>	<i>1,7%</i>	<i>8,2%</i>	<i>6,8%</i>	<i>1,4%</i>

- 2019 NTWC increase of €5,5 million mainly due to timing of end of year sales
- 2019 year end capex payables are €5,1m vs €8,0m of previous year

Cash flow and net debt

Details on cash generation

€m, unless otherwise stated	2019	2018
Current cash flow	48,9	48,1
Change in net working capital	(16,0)	(15,1)
Capex, net	(23,0)	(29,9)
Cash flow from operations	10,0	3,2
Financial charges, paid and accrued	(2,8)	(3,6)
Dividends paid	(7,0)	(6,0)
IFRS 16 - Leases	(0,7)	-
Other	0,6	0,2
Change in net debt	0,1	(6,2)
Net debt - BoP reported	71,3	65,1
IFRS 16 - BoP initial recognition	7,1	-
Net debt - EoP	78,4	71,3

Key considerations

- Current cash flow in line with previous year
- 2019 capex includes €6,5m for new labs building acquisition
- Net Debt/EBITDA adjusted: 1,62 vs 1,41 of LY

Net financial position:

€m, unless otherwise stated	2019	2018
(Cash & cash equivalents)	(34,1)	(55,5)
Current debts, net	0,6	4,4
SFA term loan	104,8	120,9
MTM derivatives	1,4	1,5
IFRS 16 - Leases	5,7	-
Net debt - EoP	78,4	71,3

Final comments regarding coronavirus impact

- SIT has deployed a cross functional task force to manage the sanitary emergency that is taking place. Smart working and flexibility initiatives have been undertaken
- Up to March, 22 business continuity has been guaranteed although not at optimal efficiencies level
- Focus has been on global supply chain and customers: some delays in supplies and intragroup logistics on certain components has occurred
- With the governmental decree issued and effective from March 23, SIT has deployed in all its Italian manufacturing plants the lockdown required by the authorities in non essential industries
- The current macroscenario will impact on future performances
- In this situation, mitigation of the risk impact will be deployed through the priority selection and timing of future non core initiatives

ANNEXES



Non recurring operating items

Reported EBITDA includes the following non recurring items:

	2019	2018
<i>Managing director severance costs</i>	-	2,7
<i>Translisting to MTA</i>	-	2,4
<i>Captive shopfloor relocation</i>	0,8	-
<i>Insurance reimbursement</i>	(0,8)	-
<i>Provision for CEO post IPO bonus</i>	(0,8)	0,3
<i>Change in previous years provisions</i>	-	1,1
<i>Other</i>	0,3	0,3
<i>Total non recurring operating items</i>	(0,4)	6,7
<i>First time adoption IFRS 16</i>	(2,2)	-

Reported EBITDA includes the following non recurring items:

	Q4 2019	Q4 2018
<i>Managing director severance costs</i>	-	0,0
<i>Translisting to MTA</i>	-	1,3
<i>Captive shopfloor relocation</i>	0,0	-
<i>Insurance reimbursement</i>	-	-
<i>Provision for CEO post IPO bonus</i>	(1,3)	0,3
<i>Change in previous years provisions</i>	-	1,1
<i>Other</i>	0,1	0,2
<i>Total non recurring operating items</i>	(1,2)	2,9
<i>First time adoption IFRS 16</i>	(0,5)	-

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.

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