



9M 2020 – Results presentation

November 5, 2020

Highlights

- Q3 consolidated revenues are € 93,6m, -2,0% vs Q3 2019 picking up (+57,5%) from Q2 lockdown
- Q3 Divisional sales:
 - Heating accounts €69,6m at +3,0% vs same period of 2019
 - Smart Gas Metering with €23,4m is -13,5% vs 2019
- 9M consolidated revenues are €227,0m -13,6% vs previous 9M
- In the Heating business Q3 accounts increase in Italy (+4,8%) and rest of Europe (+8,0%) that rebound after severe lockdown effects in previous quarter. Highlights are on the following geographies: Central Europe +23,9%, UK +20,9% and Turkey +12,6%
- Q3 EBITDA margin of 18,4% thanks to volumes and efficiencies brings 9M EBITDA to €32,4m (14,3% of revenues) vs €37,1m (14,1% of revenues) at same period 2019
- Net debt at €96,7m, accounts quarterly increase of €7,9 for swing in NTWC and Tunisian project

Key financial results

€m, unless otherwise stated	9M 2020	%	9M 2019	%	Chg. YoY
Revenues	227,0	100,0%	262,8	100,0%	(13,6%)
EBITDA	32,4	14,3%	37,1	14,1%	(12,7%)
EBIT	15,1	6,7%	20,3	7,7%	(25,6%)
EBT	13,2	5,8%	17,0	6,5%	(22,4%)
Net income	11,4	5,0%	16,2	6,2%	(29,8%)
Cash flow from operations	(5,6)		0,8		
NTWC	58,2		49,9		
Net financial debt	96,7		86,9		

€m, unless otherwise stated	Q3 2020	%	Q3 2019	%	Chg. YoY
Revenues	93,6	100,0%	95,5	100,0%	(2,0%)
EBITDA	17,2	18,4%	16,0	16,7%	7,8%
EBIT	11,3	12,1%	10,2	10,7%	10,9%
EBT	9,6	10,2%	10,6	11,1%	(9,7%)
Net income	7,6	8,1%	11,7	12,2%	(35,3%)

- Q3 Revenues are -2,0%, -1,1% at same forex, vs Q3 2019
- YTD revenues are -13,6% (-20,3% at H1) and display the following divisional trend:
 - Heating: - 8,6% (vs -15,0% at H1)
 - Metering: -27,3% (vs. -36,0% at H1)
- 9M EBITDA includes net volume effect of € -10,6m improving by €0,2m vs previous quarter
- 9M EBIT accounts depreciation of €17,3m approx. with an increase of €0,5m vs 2019
- Net income at 5,0% of revenues. 2019 accounted one off tax ruling revenue of €3,7m
- 9M operating cash flow decrease reflects EBITDA reduction accounted in Q2
- NTWC accounts swing in Q3 for increase in sales
- Net financial debt stands at €96,7m vs end of 2019 of €78,4m and includes Tunisian acquisition for €1,1m and building rent for €2,2m

Consolidated revenues – 9M

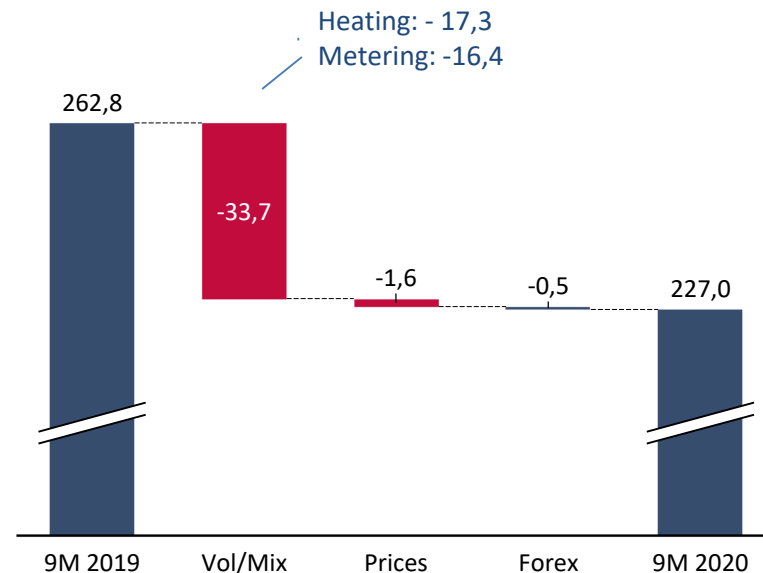
Breakdown by Division

€m, unless otherwise stated	9M 20	%	9M 19	%	Chg. YoY
Heating	174,3	76,8%	190,7	72,6%	(8,6%)
Smart Gas Metering	50,6	22,3%	69,5	26,5%	(27,3%)
Total business sales	224,9	99,1%	260,2	99,0%	(13,6%)
Other revenues	2,1	0,9%	2,5	1,0%	(17,8%)
Total revenues	227,0	100,0%	262,8	100,0%	(13,6%)

Breakdown by geography

€m, unless otherwise stated	9M 20	%	9M 19	%	Chg. YoY
Italy	78,4	34,5%	103,8	39,5%	(24,5%)
Europe (excluding Italy)	90,9	40,0%	95,2	36,2%	(4,5%)
America	40,1	17,7%	45,4	17,3%	(11,6%)
Asia/Pacific	17,6	7,8%	18,5	7,0%	(4,6%)
Total revenues	227,0	100,0%	262,8	100,0%	(13,6%)

Consolidated revenue bridge (€m)



Consolidated revenues – Q3

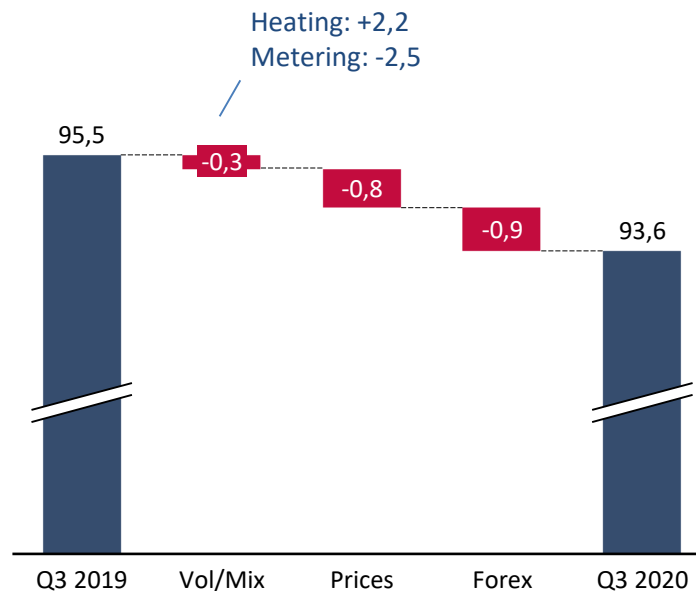
Breakdown by Division

€m, unless otherwise stated	Q3 20	%	Q3 19	%	Chg. YoY
Heating	69,6	74,4%	67,6	70,8%	3,0%
Smart Gas Metering	23,4	25,0%	27,1	28,3%	(13,5%)
Total business sales	93,1	99,4%	94,7	99,1%	(1,7%)
Other revenues	0,5	0,6%	0,8	0,9%	(34,3%)
Total revenues	93,6	100,0%	95,5	100,0%	(2,0%)

Breakdown by geography

€m, unless otherwise stated	Q3 20	%	Q3 19	%	Chg. YoY
Italy	34,8	37,1%	38,6	40,4%	(9,9%)
Europe (excluding Italy)	36,5	39,0%	33,6	35,2%	8,7%
America	15,4	16,5%	16,3	17,0%	(5,1%)
Asia/Pacific	6,9	7,3%	7,1	7,4%	(2,9%)
Total revenues	93,6	100,0%	95,5	100,0%	(2,0%)

Q3 Consolidated revenue bridge (€m)



Heating sales

Q3 Heating sales by geography

€m, unless otherwise stated	Q3 20	%	Q3 19	%	Chg. YoY
Italy	12,5	17,9%	11,9	17,6%	4,8%
Europe (excuding Italy)	34,0	48,8%	31,4	46,5%	8,0%
America	15,2	21,8%	16,1	23,9%	(6,0%)
Asia/Pacific	8,0	11,5%	8,1	12,0%	(1,3%)
Total business sales	69,6	100,0%	67,6	100,0%	3,0%

9M Heating sales by geography

€m, unless otherwise stated	9M 20	%	9M 19	%	Chg. YoY
Italy	31,1	17,9%	37,4	19,6%	(16,8%)
Europe (excuding Italy)	84,9	48,7%	88,8	46,6%	(4,4%)
America	39,7	22,7%	45,1	23,6%	(12,1%)
Asia/Pacific	18,7	10,7%	19,4	10,2%	(3,9%)
Total business sales	174,3	100,0%	190,7	100,0%	(8,6%)

- Q3 Divisional sales are +3,0% vs previous year, +4,3% at same forex
- Italy. Q3 accounts an increase of 4,8% vs previous year rebounding after severe shutdown effect in Q2 by major customers.
- Europe. Q3 up €2,5m, +8,0%, of which UK explains €1,1m,+20.9% being the area most affected by plant shutdown and stock reduction by distributors; Turkey (12,6% of quarterly divisional sales) is up €1,0m, +12,2% in Q3 vs previous year, and is up €0,5m, +2,5% vs 9M 2019 due to OEM demand
- Other central European markets in Q3 confirm growth trend bringing YTD increase to €2,3m, +23,9% thanks to new products and boiler end-market
- America, Q3 is down €1,0m, -6,0%, -1,4% at same forex improving YTD trend to -11,7% from -17,7% accounted in H1, net of forex effect
- Asia/Pacific, Q3 is overall flat vs previous year with China up €0,3m, +6,1% and Middle East and Australia down €0,9m and €0,1m respectively

Smart Gas Metering sales

Q3 Metering sales by application

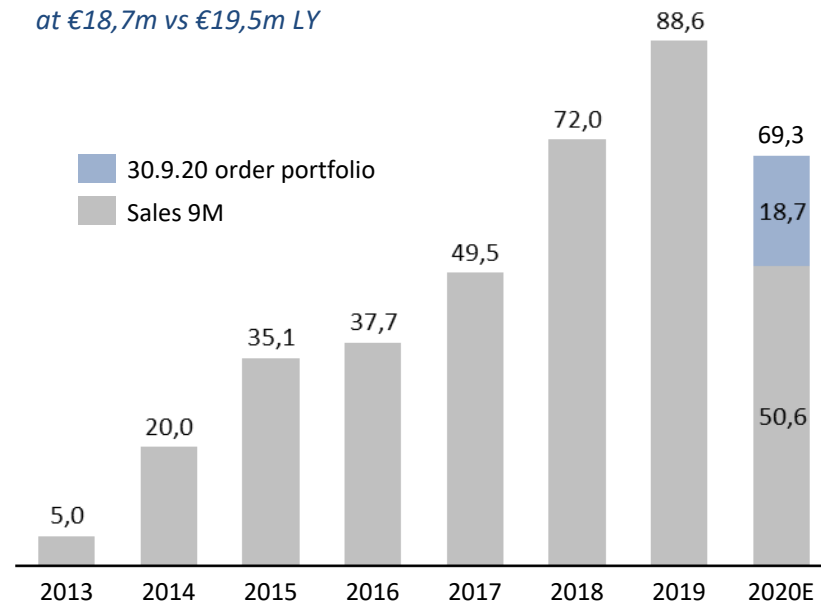
€m, unless otherwise stated	Q3 20	%	Q3 19	%	Chg. YoY
Residential	22,1	94,6%	26,5	97,8%	(16,4%)
Commercial & Industrial	1,2	4,9%	0,5	2,0%	112,6%
Other	0,1	0,5%	0,1	0,2%	109,1%
Total business sales	23,4	100,0%	27,1	100,0%	(13,5%)

9M Metering sales by application

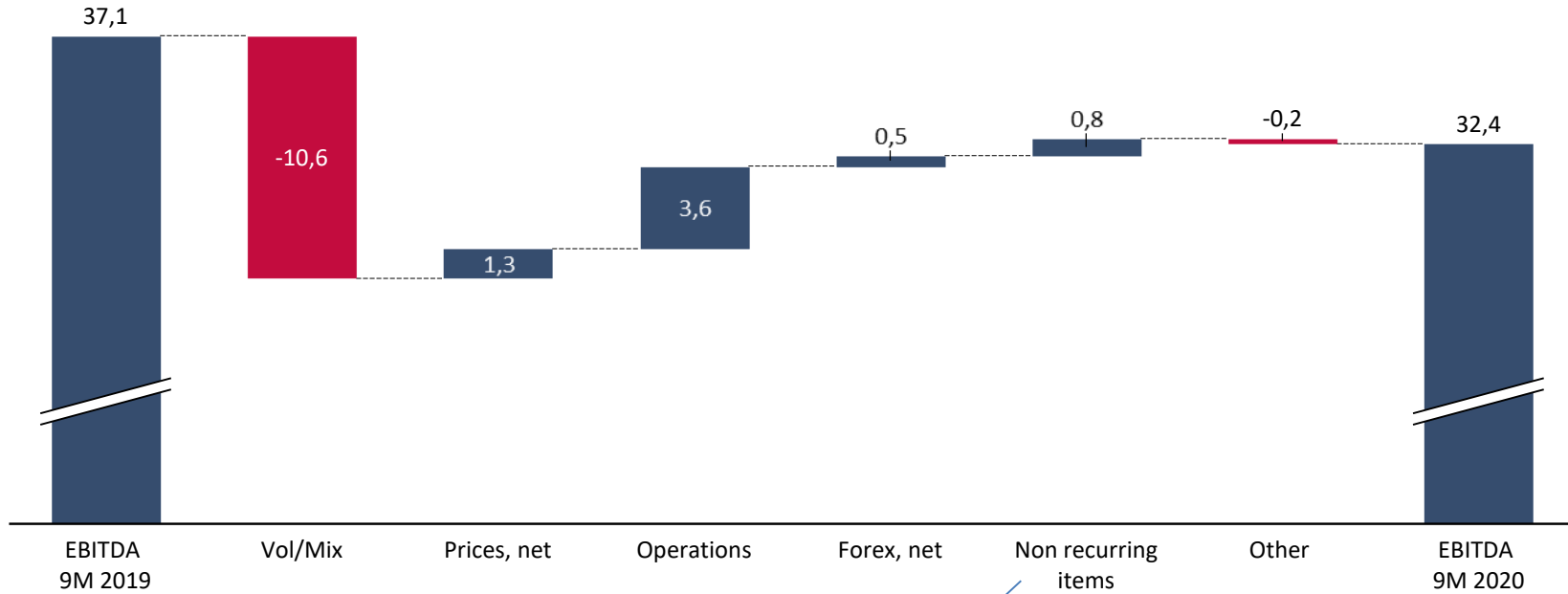
€m, unless otherwise stated	9M 20	%	9M 19	%	Chg. YoY
Residential	47,5	94,0%	66,5	95,7%	(28,5%)
Commercial & Industrial	2,8	5,5%	2,8	4,0%	(0,6%)
Other	0,2	0,5%	0,2	0,3%	23,4%
Total business sales	50,6	100,0%	69,5	100,0%	(27,3%)

2013 – 2019 Metering sales trend and 2020 backlog (€M)

Current order portfolio stands at €18,7m vs €19,5m LY



9M EBITDA bridge



[go to Annex for details](#)

Euro millions



From EBITDA to net income – 9M

€m, unless otherwise stated	9M 2020	% of sales	9M 2019	% of sales	Chg. YoY
EBITDA	32,4	14,3%	37,1	14,1%	(12,7%)
D&A, impairment of assets	17,3		16,8		
EBIT	15,1	6,7%	20,3	7,7%	(25,6%)
Net financial (charges)/income	(3,1)		(2,7)		
Net forex (charges)/income	1,1		(0,6)		
EBT	13,2	5,8%	17,0	6,5%	(22,4%)
Taxes	(1,8)		(0,8)		
Net income	11,4	5,0%	16,2	6,2%	(29,8%)
Net financial (charges)/income adjusted	(2,7)	(1,2%)	(2,3)	(0,9%)	14,7%
Net income adjusted	11,8	5,2%	13,1	5,0%	(10,3%)

- Depreciation increase of €0,5m
- Increase in Net financial charges/income reflects change in MTM of derivatives and less income on USD cash deposits
- Change in FV of Warrants in line with previous year and equal to a net charge of €0,4m
- Net forex income of €1,1m mainly due to EUR/MXN, was €1,4m in H1 2020
- Taxes in 2019 include one off tax ruling revenues for €3,7m; while 2020 tax losses recorded in H1 have been totally absorbed during Q3
- Net financial charges adjusted are net of FV accounting effects of equity instruments

Net trade working capital

€m, unless otherwise stated	2020.09	2019.12	2020.09 vs 2019.12	2019.09	2018.12	2019.09 vs 2018.12	2020.09 vs 2019.09
Inventory	57,6	51,1	6,5	57,9	52,2	5,6	(0,2)
Accounts receivables	63,2	57,2	6,0	58,5	52,0	6,4	4,8
Accounts payables	62,7	73,3	(10,6)	66,5	74,8	(8,3)	(3,8)
Net Trade Working Capital	58,2	35,0	23,2	49,9	29,5	20,4	8,3
<i>NTWC/Revenues</i>	<i>19,2%</i>	<i>9,9%</i>	<i>9,3%</i>	<i>14,2%</i>	<i>8,2%</i>	<i>6,0%</i>	<i>5,0%</i>
<i>AR (adjusted for non recourse factoring)/Revenues</i>	<i>22,9%</i>	<i>19,3%</i>	<i>3,6%</i>	<i>19,9%</i>	<i>18,1%</i>	<i>1,8%</i>	<i>3,0%</i>

- Reported NTWC increase of €8,3m vs previous 9M is mainly due to trend in AP for extended supply chain support and in AR for lower level of non-recourse factoring
- In Q3 NTWC accounts a swing of +€15,3m thanks to increase in sales (+€21,9 in AR)
- Inventory level reflects positive outlook for following months and industry seasonality

Cash flow and net debt

Change in net debt

€m, unless otherwise stated	9M 2020	9M 2019
Current cash flow	33,9	40,1
Change in NTWC	(23,1)	(21,1)
Inventory	(8,4)	(6,2)
Accounts Receivables	(6,8)	(6,6)
Accounts Payables	(8,0)	(8,3)
Other working capital	(7,1)	(7,0)
Capex, net	(9,2)	(11,2)
Cash flow from operations	(5,6)	0,8
Financial charges	(2,0)	(1,9)
Dividends paid	(3,5)	(7,0)
IFRS 16 - Leases	(2,7)	(0,6)
Other	(4,6)	0,2
Change in net debt	(18,3)	(8,4)
Net debt - BoP	78,4	78,5
Net debt - EoP	96,7	86,9

- 9M Current cash flow decrease reflects EBITDA reduction accounted in Q2
- YTD change in NTWC is basically in line with previous year; Q3 NTWC burns €14,4m mainly for AR (€21,2m cash absorption) due to pick up in volumes
- Q3 Capex have accelerated as expected (€5,0m)
- Dividends paid are 50% lower than previous year for covid contingency plan decided during lockdown
- Increase in IFRS 16 leases refer to rent of Tunisian plant building and facilities (€2,0m)
- 2020 Other items include €2,8m for translation reserve and €1,1m for Tunisian acquisition

Net financial position

€m, unless otherwise stated	30/09/2020	31/12/2019	30/09/2019
(Cash & cash equivalents)	(34,0)	(34,1)	(35,1)
Current debt, net	35,8	19,7	18,3
Non current debt	85,5	85,0	95,0
MTM derivatives	2,6	2,0	2,5
IFRS 16 - Leases	6,9	5,7	6,2
Net debt - EoP	96,7	78,4	86,9

- Net Debt/LTM EBITDA adjusted: 2,26 vs 1,74 of LY vs 1,62 of 2019FY

Final comments and outlook

- SIT has in place a cross functional task force to monitor and manage the impact of covid on all operations and has deployed strict safety measures in all plants and subsidiaries world wide. Extensive smart working and other workplace solutions have been adopted in accordance to current legislation and sanitary best practices
- In this scenario, performance outlook is still dependent on the uncertain impact of second wave covid emergencies or mandatory shutdown
- 2020FY consolidated sales outlook is confirmed low double-digit decrease vs previous year
- Heating sales are improving thanks to restocking and national incentives
- Despite decrease in volumes, 2020FY EBITDA margin is expected slightly lower than previous year thanks to increased efficiencies and cost control
- Capex plan is confirmed, and the full year amount is expected in the range of approx. 15 million euro
- High single digit improvement of net financial position is expected vs current value as NWC is released
- Closing of Janz acquisition is expected by end of 2020

ANNEXES



Non recurring operating items

Reported EBITDA includes the following non recurring items:

	<i>9M 2020</i>	<i>9M 2019</i>
<i>Captive shopfloor relocation</i>	-	0,8
<i>Insurance reimbursement</i>	-	(0,8)
<i>Provision for CEO post IPO bonus</i>	-	0,6
<i>Change in previous years provisions</i>	-	0,2
<i>Other</i>	-	(0,1)
<i>Total non recurring operating items</i>	-	0,8

Reported EBITDA includes the following non recurring items:

	<i>Q3 2020</i>	<i>Q3 2019</i>
<i>Captive shopfloor relocation</i>	-	0,0
<i>Insurance reimbursement</i>	-	-
<i>Provision for CEO post IPO bonus</i>	-	0,2
<i>Change in previous years provisions</i>	-	0,0
<i>Other</i>	-	(0,0)
<i>Total non recurring operating items</i>	-	0,2

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