



FY 2020 – Results presentation

March 29, 2021

Highlights

- Q4 consolidated revenues are € 93,8m, +4,9% vs Q4 2019 (+6,5% at same forex)
- Q4 Divisional sales:
 - Heating accounts €74,7m at +7,8% vs same period of 2019
 - Smart Gas Metering with €18,1m is -5,5% vs Q4 2019
- FY consolidated revenues are €320,7m, -8,9% vs previous year
- In the Heating business Q4 sales are +7,8%, +9,9% at same forex; Europe, excluding Italy, is up €3,5m, +10,5% with Turkey +€2,5m, +36,9% due to OEM demand in Central Heating; other central European markets grow in line with divisional trend
- Q4 EBITDA adjusted margin of 13,0% thanks to volumes and efficiencies brings FY EBITDA adjusted to €44,6m (13,9% of revenues) vs €48,3m (13,7% of revenues) of 2019
- Net debt at €115,8m, includes M&A (€31,0m) and IFRS 16 – capital leases of €15,3m (+€11,6m). Cash flow from operations adjusted for M&A is €14,6m vs €10,0m of 2019

Key financial results

€m, unless otherwise stated	FY 20	%	FY 19	%	Chg. YoY
Revenues	320,7	100,0%	352,2	100,0%	(8,9%)
EBITDA	43,6	13,6%	48,7	13,8%	(10,5%)
EBITDA adjusted	44,6	13,9%	48,3	13,7%	(7,7%)
EBIT	19,6	6,1%	24,7	7,0%	(20,7%)
EBT	16,0	5,0%	21,3	6,1%	(25,0%)
Net income	13,2	4,1%	19,9	5,7%	(33,6%)
Net Income adjusted	13,4	4,2%	14,9	4,2%	(10,0%)
Cash flow from operations adjusted	14,6		10,0		
NTWC	49,8		35,0		
Net financial debt	115,8		78,4		

€m, unless otherwise stated	Q4 20	%	Q4 19	%	Chg. YoY
Revenues	93,8	100,0%	89,4	100,0%	4,9%
EBITDA adjusted	12,2	13,0%	10,4	11,7%	17,1%
EBITDA	11,2	12,0%	11,6	13,0%	(3,4%)
EBIT	4,5	4,8%	4,4	4,9%	2,0%

- Q4 revenues account +4,9%, (+6,5% at same forex) vs 2019
- FY revenues are -8,9% with the following divisional trend:
 - Heating: - 4,2% (-3,5% at same forex)
 - Metering: -22,6%
- FY EBITDA adjusted of M&A costs stands at 13,9% vs 13,7% of previous year
- Q4 EBITDA adjusted at €12,2m vs €10,4m improves by 17,1%
- Net income adjusted at 4,2% of revenues in line with previous year
- Cash flow from operations adjusted for M&A is €14,6m after capex of €12,7m
- NTWC includes JANZ water metering for €5,6m
- Net financial debt includes M&A for €31,0m and IFRS16 capital leases for €15,3m (+€11,6m vs 2019)

Consolidated revenues – FY

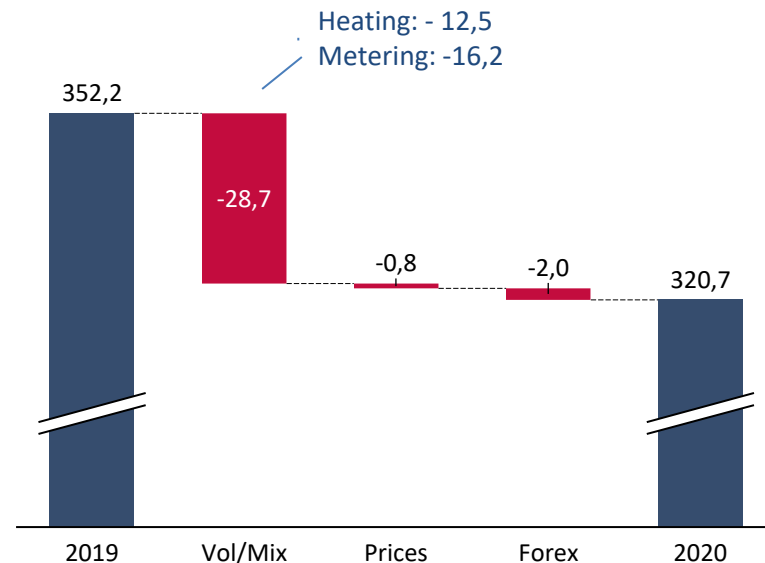
Breakdown by Division

€m, unless otherwise stated	FY 20	%	FY 19	%	Chg. YoY
Heating	249,0	77,6%	260,0	73,8%	(4,2%)
Smart Gas Metering	68,6	21,4%	88,6	25,2%	(22,6%)
Total business sales	317,6	99,0%	348,7	99,0%	(8,9%)
Other revenues	3,1	1,0%	3,6	1,0%	(13,0%)
Total revenues	320,7	100,0%	352,2	100,0%	(8,9%)

Breakdown by geography

€m, unless otherwise stated	FY 20	%	FY 19	%	Chg. YoY
Italy	107,7	33,6%	135,5	38,5%	(20,5%)
Europe (exclusing Italy)	128,8	40,2%	129,1	36,7%	(0,2%)
America	58,5	18,3%	61,8	17,5%	(5,3%)
Asia/Pacific	25,7	8,0%	25,8	7,3%	(0,5%)
Total revenues	320,7	100,0%	352,2	100,0%	(8,9%)

Consolidated revenue bridge (€m)



Consolidated revenues – Q4

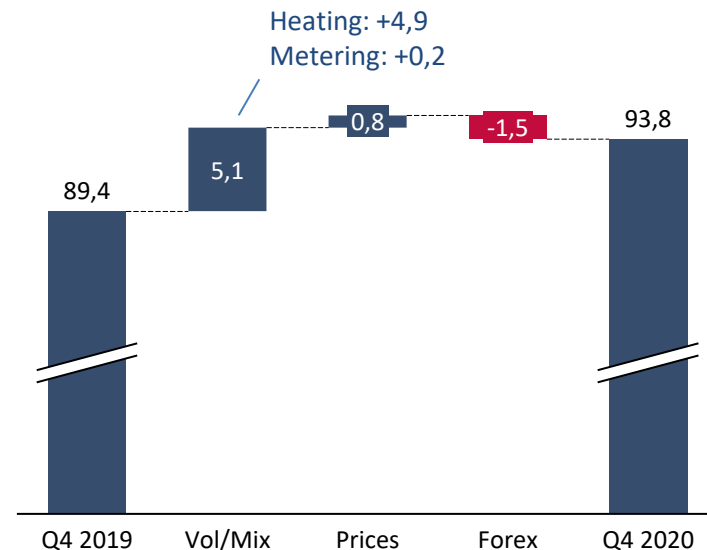
Breakdown by Division

€m, unless otherwise stated	Q4 20	%	Q4 19	%	Chg. YoY
Heating	74,7	79,6%	69,3	77,5%	7,8%
Smart Gas Metering	18,1	19,3%	19,1	21,4%	(5,5%)
Total business sales	92,8	98,9%	88,4	98,9%	4,9%
Other revenues	1,0	1,1%	1,0	1,1%	(1,2%)
Total revenues	93,8	100,0%	89,4	100,0%	4,9%

Breakdown by geography

€m, unless otherwise stated	Q4 20	%	Q4 19	%	Chg. YoY
Italy	29,3	31,2%	31,7	35,5%	(7,6%)
Europe (excuding Italy)	38,0	40,5%	34,0	38,0%	11,8%
America	18,4	19,7%	16,4	18,4%	12,3%
Asia/Pacific	8,1	8,6%	7,3	8,2%	9,9%
Total revenues	93,8	100,0%	89,4	100,0%	4,9%

Q4 Consolidated revenue bridge (€m)



Heating sales

Q4 Heating sales by geography

€m, unless otherwise stated	Q4 20	%	Q4 19	%	Chg. YoY
Italy	12,8	17,1%	13,4	19,4%	(4,8%)
Europe (excuding Italy)	35,4	47,3%	32,0	46,2%	10,5%
America	18,3	24,5%	16,4	23,6%	11,9%
Asia/Pacific	8,2	11,0%	7,5	10,8%	9,8%
Total business sales	74,7	100,0%	69,3	100,0%	7,8%

FY Heating sales by geography

€m, unless otherwise stated	FY 20	%	FY 19	%	Chg. YoY
Italy	43,9	17,6%	50,9	19,6%	(13,6%)
Europe (excuding Italy)	120,2	48,3%	120,8	46,5%	(0,5%)
America	58,0	23,3%	61,5	23,6%	(5,7%)
Asia/Pacific	26,9	10,8%	26,9	10,3%	(0,1%)
Total business sales	249,0	100,0%	260,0	100,0%	(4,2%)

- Q4 Divisional sales are +7,8% vs previous year, +9,9% at same forex
- Italy. Q4 accounts a decrease of 4,8% vs previous year; FY is down 13,6% for Catering, Pellet Stoves and other heating applications affected by covid lockdown
- Europe. Q4 up €3,5m, +10,5% of which Turkey is + €2,5m, +36,9% due to OEM demand in Central Heating; other central European countries confirm divisional trend in the quarter vs previous year
- Europe FY in line with 2019. Turkey (11,6% of divisional sales) is up €3,0m, +11,2%; UK (8,4% of divisional sales) down 10,1% due to lock down effect; Other central European markets confirm trend bringing FY increase to €1,6m, +16,6% thanks to new products and boiler end-market
- America, Q4 is up €2,0m, +11,9%. FY is down €3,5m, -5,7% with Storage Water Heating +7,5% and Direct Heating -24,6% (impact of lockdown on fireplaces)
- Asia/Pacific, FY is overall flat vs previous year; China, 5,9% of divisional sales, accounts -2,5% y/y

Smart Gas Metering sales

Q4 Smart Gas Metering sales by application

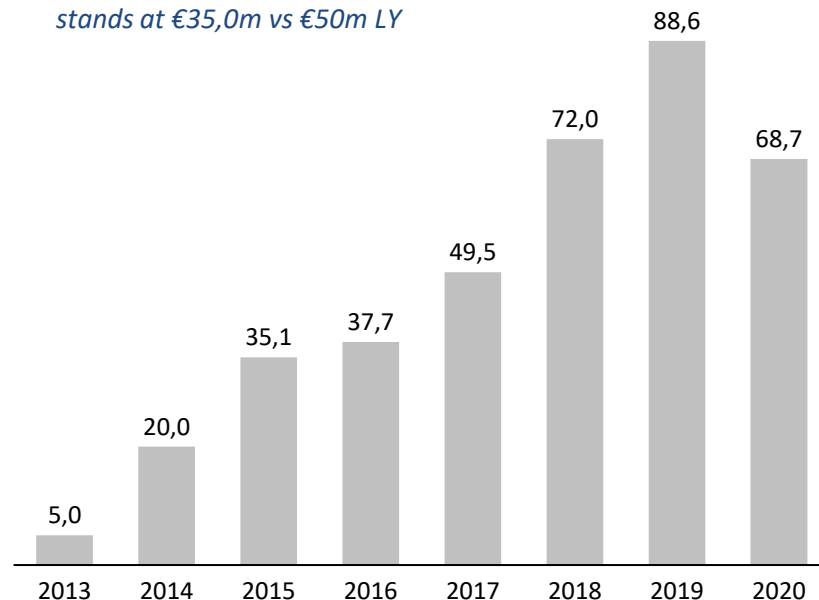
€m, unless otherwise stated	Q4 20	%	Q4 19	%	Chg. YoY
Residential	17,0	94,2%	18,0	94,1%	(5,5%)
Commercial & Industrial	1,0	5,4%	1,0	5,4%	(6,3%)
Other	0,1	0,4%	0,1	0,5%	(21,4%)
Total business sales	18,1	100,0%	19,1	100,0%	(5,5%)

FY Smart Gas Metering sales by application

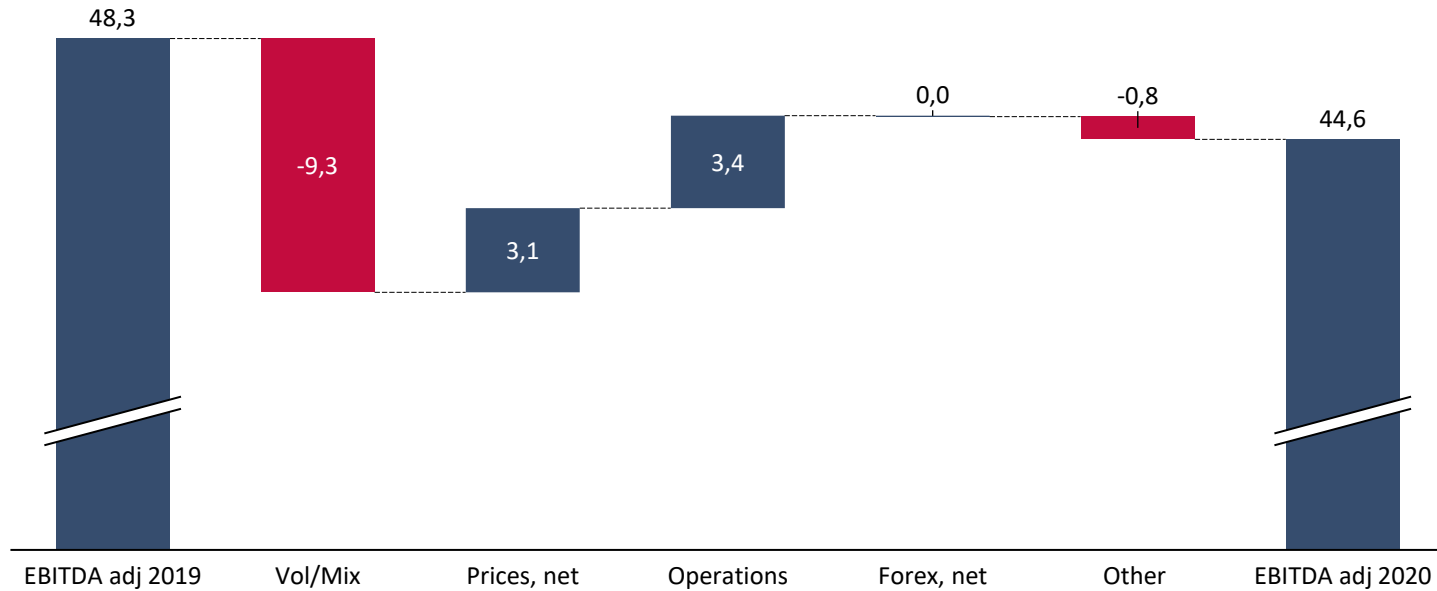
€m, unless otherwise stated	FY 20	%	FY 19	%	Chg. YoY
Residential	64,6	94,1%	84,5	95,4%	(23,6%)
Commercial & Industrial	3,8	5,5%	3,8	4,3%	(2,1%)
Other	0,3	0,5%	0,3	0,3%	9,5%
Total business sales	68,6	100,0%	88,6	100,0%	(22,6%)

2013 – 2020 Smart Gas Metering sales trend and 2021 backlog (€m)

Current trading and order portfolio stands at €35,0m vs €50m LY



EBITDA adjusted bridge



Euro millions

From EBITDA to net income

€m, unless otherwise stated	FY 20	% of sales	FY 19	% of sales	Chg. YoY
EBITDA	43,6	13,6%	48,7	13,8%	(10,5%)
D&A, impairment of assets	24,0		24,0		
EBIT	19,6	6,1%	24,7	7,0%	(20,7%)
Net financial (charges)/income	(3,1)		(2,1)		
Net forex (charges)/income	(0,5)		(1,3)		
EBT	16,0	5,0%	21,3	6,1%	(25,0%)
Taxes	(2,8)		(1,4)		
Net income	13,2	4,1%	19,9	5,7%	(33,6%)
Net financial (charges)/income adjusted	(3,6)	(1,1%)	(3,6)	(1,0%)	1,0%
Net income adjusted	13,4	4,2%	14,9	4,2%	(10,0%)

- 2020 EBITDA includes €1,0m non recurring costs related to M&A
- Increase in Net financial charges/income reflects change in FV of Warrants (€0,9m)
- Net forex charges of €0,5m
- 2020 tax rate at 17,6% vs 2019 of 6,5% due to one off tax revenue in 2019 of €3,7m
- Net financial charges adjusted are net of FV accounting effects of equity instruments
- Net income adjusted is 4,2% of revenues in line with previous year

Net trade working capital

Adjusted of JANZ

€m, unless otherwise stated	2020.12	2019.12	2020.12 vs 2019.12	2020.12	2020.12 vs 2019.12
Inventory	56,5	51,1	5,4	52,5	1,4
Accounts receivables	65,5	57,2	8,3	62,2	5,0
Accounts payables	72,2	73,3	(1,1)	70,5	(2,9)
Net Trade Working Capital	49,8	35,0	14,8	44,2	9,3
<i>NTWC/Revenues</i>	<i>15,5%</i>	<i>9,9%</i>	<i>5,6%</i>	<i>10,9%</i>	<i>1,0%</i>
<i>AR (adjusted for non recourse factoring)/Revenues</i>	<i>23,4%</i>	<i>19,3%</i>	<i>4,1%</i>	<i>21,2%</i>	<i>3,1%</i>

- Reported NTWC increase of €14,8m vs previous year includes JANZ (€5,6), water metering acquisition consolidated on 31 dec 20
- Adjusted NTWC reflects industry seasonality
- Adjusted NTWC increase of €9,3m due to:
 - Inventory for higher sales outlook in Q12021
 - AR due to higher Q4 sales vs 2019

Cash flow and net debt

Change in net debt

€m, unless otherwise stated	FY 20	FY 19
Current cash flow	47,6	48,9
Change in NTWC	(10,5)	(5,7)
Inventory	(2,9)	1,0
Accounts Receivables	(6,1)	(5,2)
Accounts Payables	(1,6)	(1,5)
Other working capital	(9,8)	(10,4)
Capex, net	(12,7)	(23,0)
Cash flow from current operations	14,6	9,9
M&A	(28,4)	-
Cash flow from operations	(13,8)	9,9
Financial charges	(3,0)	(2,7)
Dividends paid	(3,5)	(7,0)
IFRS 16 - Leases	(11,6)	(0,7)
Other	(5,5)	0,6
Change in net debt	(37,4)	0,1
Net debt - BoP	78,4	78,5
Net debt - EoP	115,8	78,4

- FY change in NTWC reflects seasonal trend and pick up in volumes as expected; Inventory absorption is higher than previous year due to positive sales outlook into 2021; Q4 NTWC generates €12,7m
- FY booked Capex slightly lower than forecasted (≈€15,0m), project pipeline is on track; y/y reflects lockdown effect in H1
- M&A includes JANZ water metering and Tunisian supplier acquisition
- Dividends paid are 50% lower than previous year for covid contingency plan decided during lockdown
- Increase in IFRS 16 leases refer to renewals and impact of Tunisian plant
- 2020 Other items include €(1,9m) for translation reserve and M&A debt (€2,6m)

Net financial position

€m, unless otherwise stated	31/12/2020	31/12/2019
(Cash & cash equivalents)	(42,3)	(34,1)
Current debt, net	47,3	19,7
Non current debt	91,9	85,0
MTM derivatives & M&A debt	3,5	2,0
IFRS 16 - Leases	15,3	5,7
Net debt - EoP	115,8	78,4

- Net Debt/EBITDA adjusted: 2,6 vs 1,6 of 2019FY

ESG picture – Corporate governance

Does the company have a combined Chair/CEO?	Yes
Percentage of independent directors	57.1% (4 out of 7)
Percentage of female directors	42.9% (3 out of 7)
Does the company have loyalty shares?	No
Does major shareholders (if any) have a “shareholders pact” in place?	No
Has the company adopted a “poison pill” or “change of control” clauses?	No
Potential dilution from stock options outstanding + not yet granted?	No
CEO remuneration detail (fixed salary)	Euro 0.66 million
Chairman remuneration detail (fixed salary)	Combined Chair/CEO
Is the share price included in the MBO criteria?	No
Percentage of treasury shares	1,6056% (at 3/29/21)

ESG picture – Climate risk & Social responsibilities

Has the company defined GHG-emissions targets?	No
<p>How does the company assess climate-related risk?</p> <p>SIT Group monitors on continuous basis the production activities commissioning to external laboratories to analyze and report the compliance to the environmental regulation, especially with regard to monitoring emissions of ozone-depleting and dangerous gases.</p>	
Does the company publish a separated Sustainability report?	Yes
<p>Does the company have a Chief SRI/CSR officer (or a committee)?</p> <p>Committee made o 3 independent BOD Members + CSR Director (SIT employee)</p>	Yes
Does the Chief SRI/CSR officer votes in any of the company's committee?	No
Is the Investor Relation officer a different person from CFO (or other officers)?	No
Is the ESG strategy integrated in the Business Plan (or in the group strategy)?	Yes
Does the company have an ethical code?	Yes
<p>How is the cybersecurity issue managed?</p> <p>The group constantly updates antivirus tools, including ransomware prevention and detection, keeps strong firewall policies, conducts periodical vulnerability assessment and intrusion prevention checks. Recently it has enforced password policies and it is progressively introducing MFA (Multi Factor Authentication).</p>	

Final comments and outlook

- Macrotrend in **Heating**: confirmed strong current trading
- Q1 2021: exceptional growth will be reported in Heating
- **Water metering** macrotrend confirms consistent and steady growth
- Q1 2021 starting of consolidation and integration process
- **Gas metering**: domestic market first roll-out is in final stage; new replacement will include different communication technologies; 2021FY: ≈10% of revenues are expected from foreign markets
- Q1 2021 sales slightly lower than previous year

- FY2021 consolidated sales outlook is in mid/high digit growth range vs previous year
- Consolidated profit is expected to increase vs previous year
- External factors such as increase in commodity prices are monitored and actively managed with high priority by the Group

ANNEXES



Non recurring operating items

Reported EBITDA includes the following non recurring items:

	Q4 20	Q4 19
<i>Captive shopfloor relocation</i>	-	0,0
<i>Insurance reimbursement</i>	-	-
<i>Provision for CEO post IPO bonus</i>	-	(1,3)
<i>Change in previous years provisions</i>	-	0,0
<i>M&A</i>	1,0	0
<i>Total non recurring operating items</i>	1,0	(1,2)

Reported EBITDA includes the following non recurring items:

	FY 20	FY 19
<i>Captive shopfloor relocation</i>	-	0,8
<i>Insurance reimbursement</i>	-	(0,8)
<i>Provision for CEO post IPO bonus</i>	-	(0,8)
<i>Change in previous years provisions</i>	-	0,2
<i>M&A</i>	1,0	0,0
<i>Total non recurring operating items</i>	1,0	(0,4)

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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