



Corporate Presentation



AGENDA

1. **Company overview**
2. **Market scenario and priorities for SIT**
3. **Heating business**
4. **Metering business**
 - **Smart Gas Metering**
 - **Water Metering**



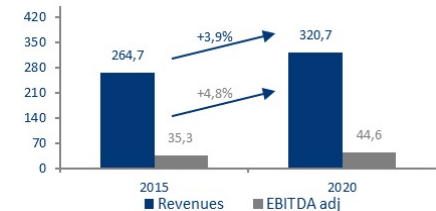
Annex: Regulatory statement and disclaimer

Company overview



SIT at a glance

- SIT develops and manufactures **measuring devices for the gas and water meters sector** and **systems** for safety and high performance of **domestic gas appliances**
- SIT currently operates in **two business divisions:**
- **Heating:** SIT has a dominant position in all segments of the **domestic gas heating** and large catering sector
- **Metering:** SIT has developed a highly innovative technology that has enabled a stunning growth in the Italian **smart gas meter market** reaching $\approx 35\%$ market share and over €88m turnover in 2019
- In 2020 SIT acquired **JANZ**, an established player of the **water metering market** with leadership position in the Iberian area and Latin America
- Over **65% of the sales are realized outside Italy** through a global sales network coverage
- SIT holds **74 patents** and strong co-development relationships with long term customers
- Sustained and consistent organic growth in both revenues (3,9% 5Y sales CAGR) and margins (4,8% 5Y EBITDA adj CAGR)



Heating

- SIT develops and manufactures components and systems for control, performance, emission regulation and safety of gas appliances for domestic heating and large catering facilities
- 2020 business sales: €249,0m (77,6%)



Products



Mechanical controls



Electronic controls



Integrated systems



Fans



Flue exhaust systems

Appliances



Boilers



Water heaters



Fireplaces



Pellet stoves



Space heaters



Instantaneous water heaters



Professional cooking and catering

Customers



BOSCH



Vaillant

LENNOX



BAXI



Electrolux



ARISTON
THERMO GROUP

VIESSMANN



- 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)

- 2020 business sales: €68,6m (21,4%)



Products



Residential Smart Gas Meters



Commercial & Industrial Smart Gas Meters

Appliances



Smart Grids

Customers



- Founded in 1915 and based in Lisbon, JANZ develops solutions for the water management market. The company produces and distributes water meters – within a fully integrated manufacturing process – water meters components and accessories. JANZ offers also water meter repair services
- Product portfolio includes volumetric meters, single-jet meters and multi-jet meters also with telemetry applications “My Water” as well as chambers, registers and other OEM components

Products



Residential meters



Industrial and commercial meters



Chambers

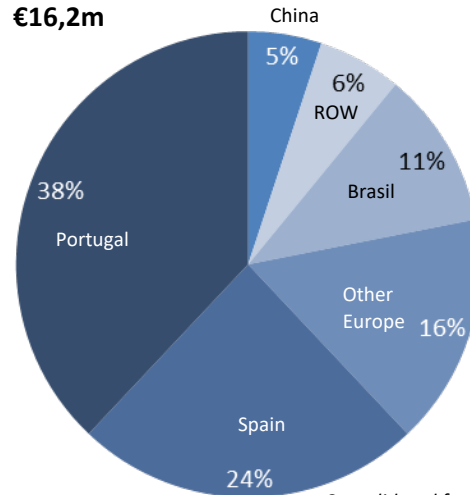


Registers



Technology and accessories

2020 sales by geography



Consolidated from 1.1.21

Customers



Global coverage...



...on a local for local production base

Italy – Padova, HQ and R&D Labs



- 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 and for hydrogen and biogas applications)

Italy - Milano



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

Italy – Rovigo, Macerata



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

Portugal – Lisbon

- Water metering HQ
- R&D facilities
- Water meter, registers and volumetric chambers production



Tunisia – Tunis



- Plastics suppliers insourced in Jul 2020
- Newco established in Nov 2020
- Electronics for Metering and Heating applications
- Start of production in Q2 2021

Romania - Brasov



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

Netherlands - Hoogeveen



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

Mexico - Monterrey



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

China - Suzhou

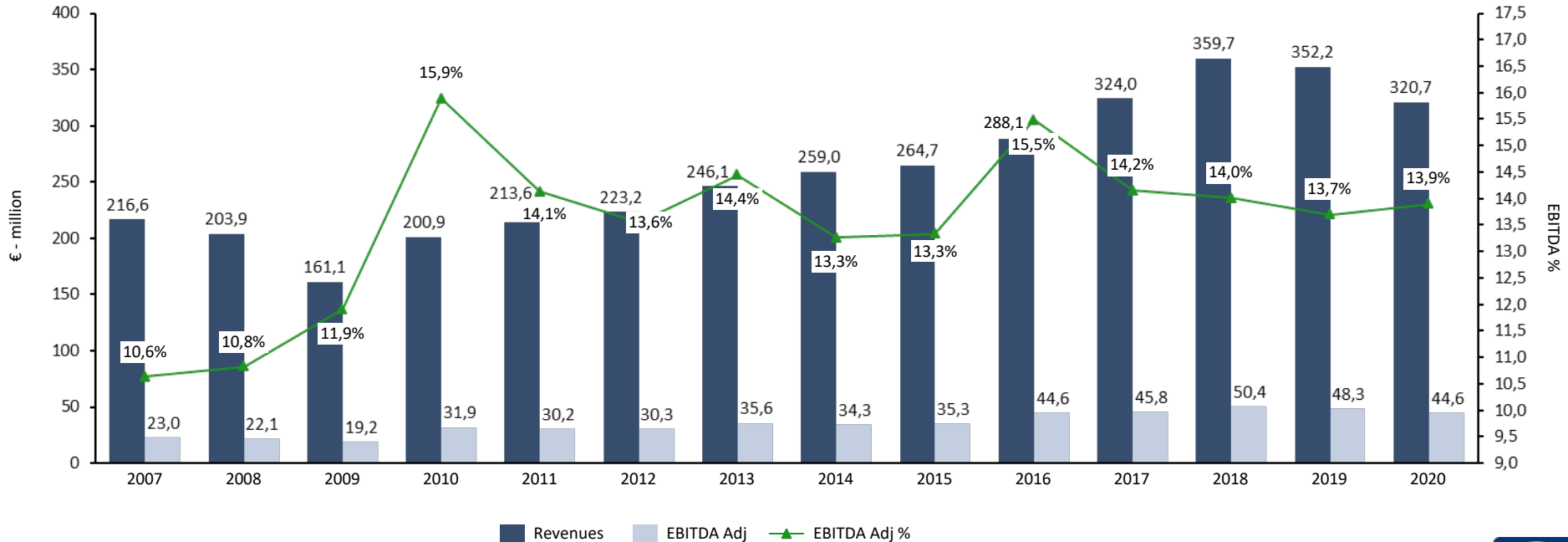


- Mechanical controls
- Purchasing hub
- Located since 2014
- Local and international OEM customers



A strong organic growth path

- In the long run SIT has achieved stable and solid organic growth rates both in revenues and margins
- In the 10y ending in 2019, before Covid impact, CAGR was 8,1% in revenues and 9,4% in EBITDA adj
- SIT business model maintains strong resilience in global slowdowns, in both 2009 and 2020 crisis
- Rebound in 2010 and 2021E thanks to core business nondiscretionary demand



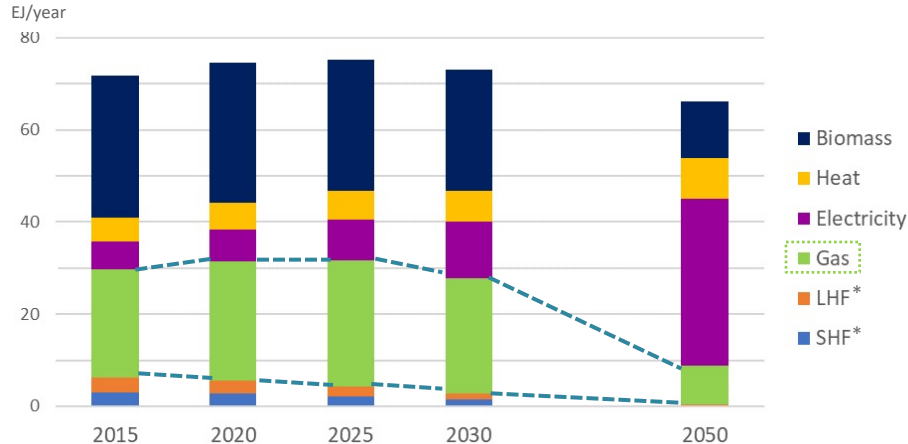
Market scenario and priorities for SIT



Decarbonization

Scenario macro trends

Global residential heating and cooking



*LHF: Liquid Hydrocarbon Fuel

*SHF: Solid Hydrocarbon Fuel

Implications and priorities for SIT

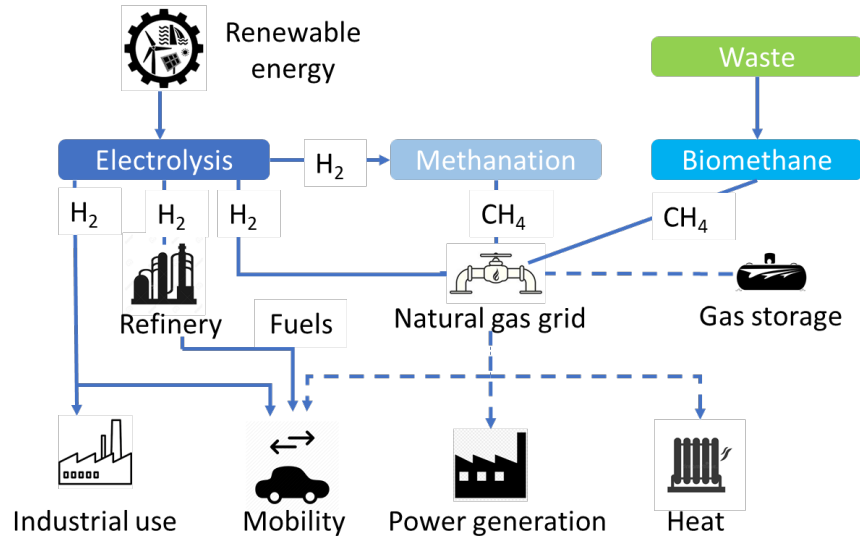
- Gas will maintain a key role at least for the next decade
- Maximize return from current profit pool
- Evaluate adjacencies not linked to gas consumption for mid-long term opportunities

Power to gas

Scenario macro trends

Implications and priorities for SIT

Power to gas and H₂ role

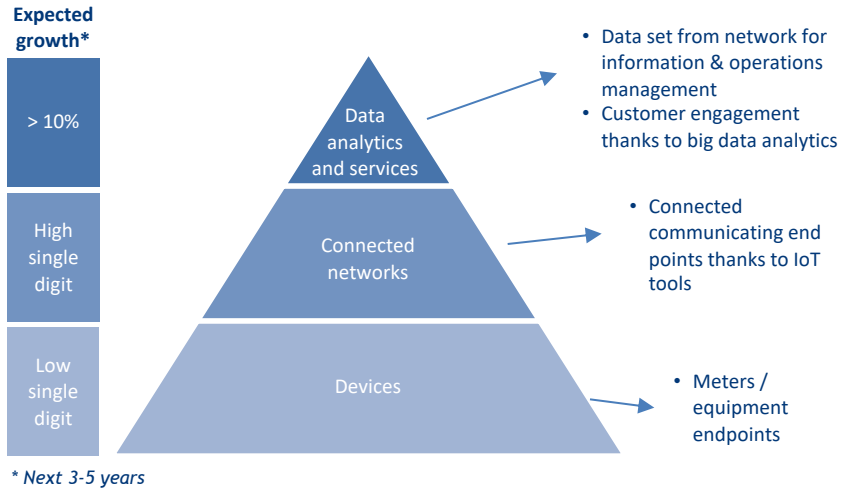


- Hydrogen and biomethane will be injected into the network
- Adapt and prepare products for H₂ / biomethane

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

Heating business

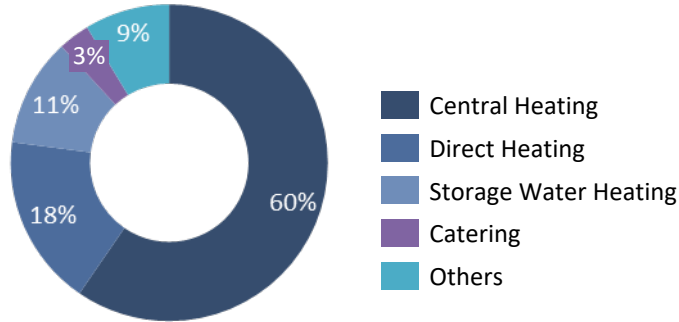


Market segments and products

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

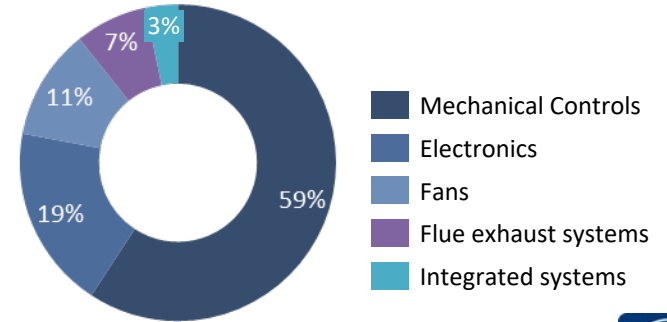
2020 sales



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

2020 sales



Central heating

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

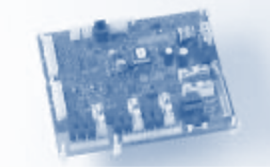


Products

- 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



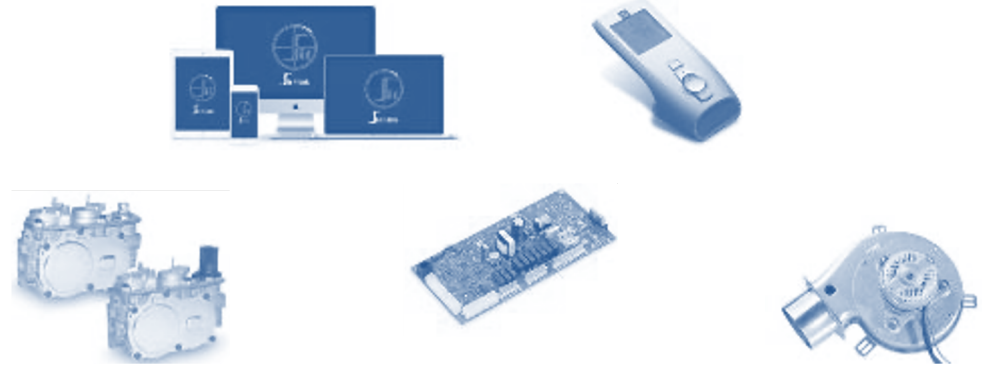
Direct heating

- 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



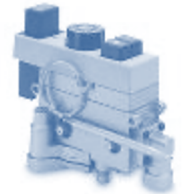
Professional cooking and catering appliances

- 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	
																		
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<i>Robertshaw</i>			✓															
White Rodgers			✓		✓				✓									
ERCO		✓	✓															
SIEMENS		✓					✓	✓		✓	✓							
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FASCO											✓	✓	✓					
<i>SOHON</i>											✓			✓				
M&G																		✓
GROPPALI																		✓
Cox Geelen																		✓

Heating development priorities



- Gas adaptive and combustion management valves and solutions
- Complete platform for major customers: Electronics + valve+ fan+ ECMS + accessories
- Integrated systems



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



- New products development to strengthen offering for North America



- Hydrogen: components and CMS



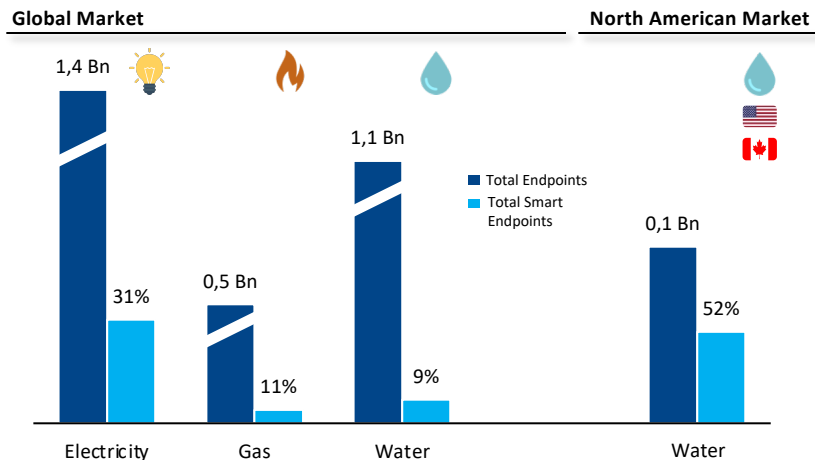
- Aftermarket

SIT Metering business



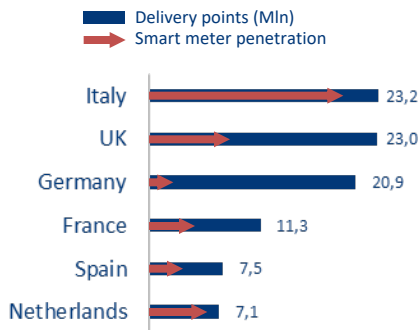
Market size and smart penetration

Global Endpoints¹



- On global scale, still room for growth in terms of automation of endpoints
- Gas and Water Metering Markets exhibit the lowest smart penetration rate (11% and 9% respectively), therefore are expected to present a sound growth trend in the next years
- North American market is the most advanced, with 52% of smart water meters installed

European Gas Delivery Points and smart penetration



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

Smart gas metering

- 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

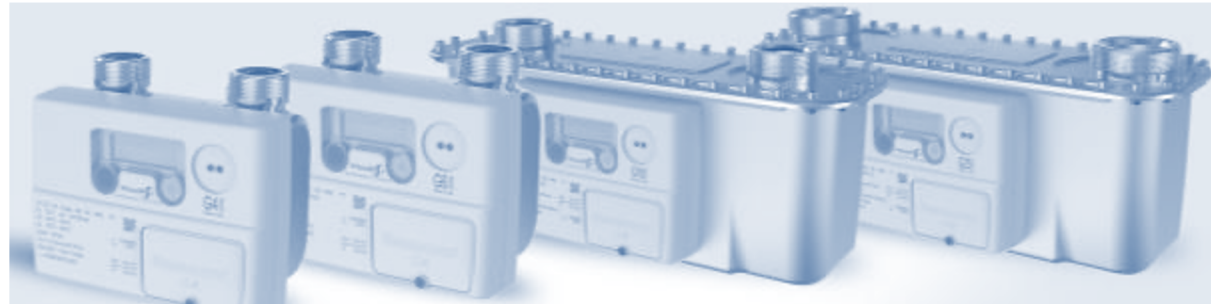
- European directive on smart gas metering (EU 2009/73)
- Italy: early adopter with directive ARG/gas155/08 issued by the national Authority (AEEG)
- European installed base over 120 million pcs

Company

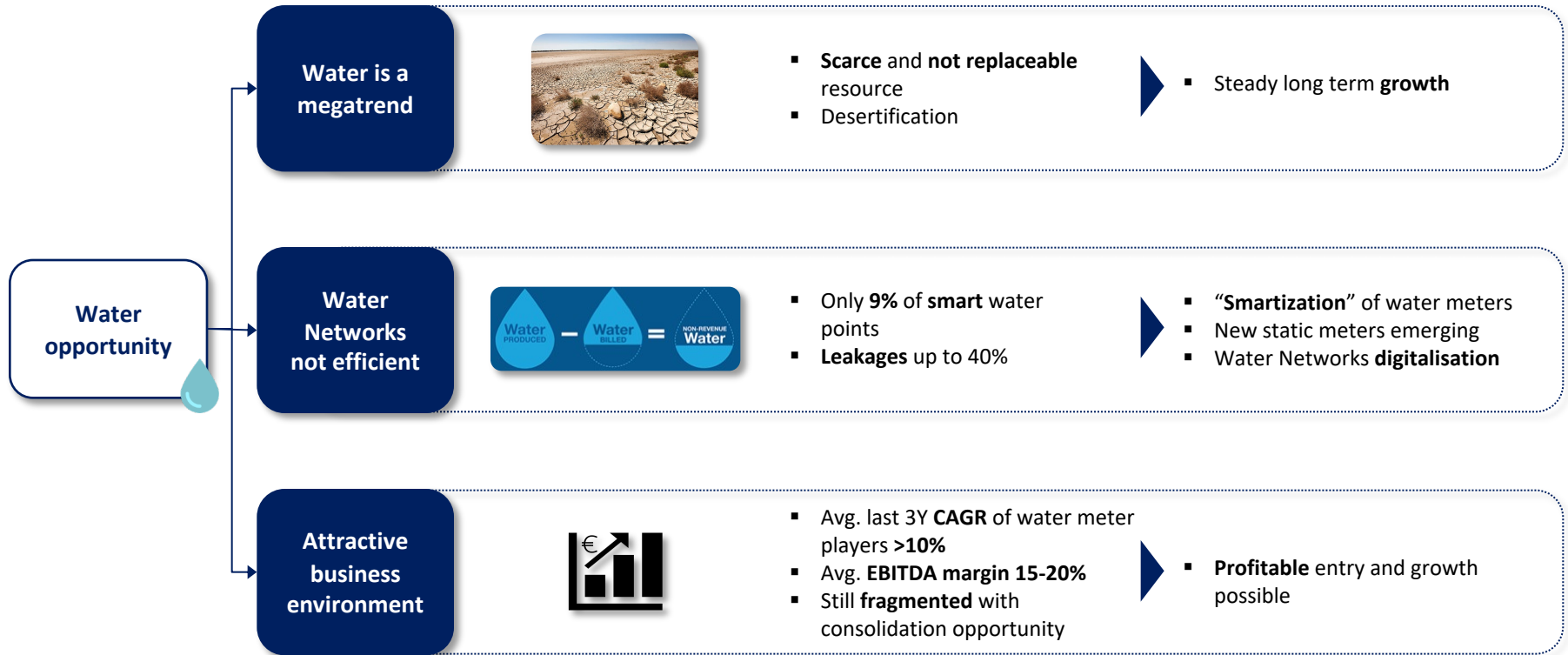


Technology

- 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

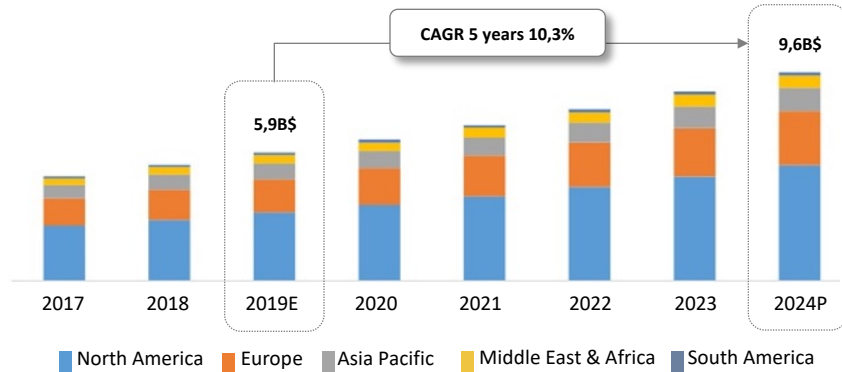


Water Opportunity



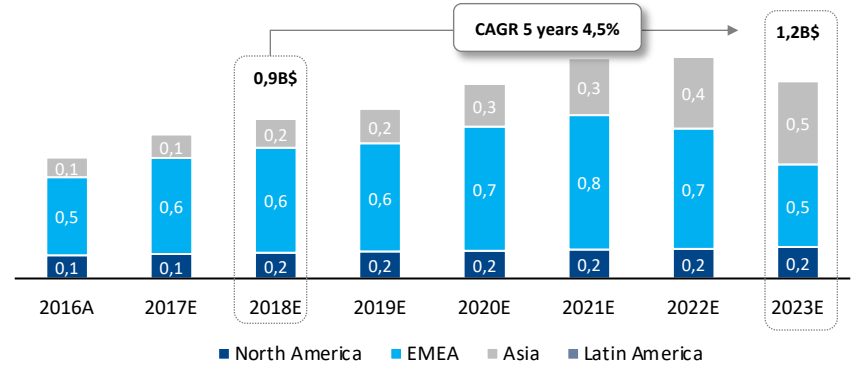
Smart metering market trends

Smart Water Metering Market Data¹



























































- ~1/3 of installed base would be smart by the end of 2025²
- Smart Water Metering 10,3% growth rate up to 2024³ driven by:
 - Aging infrastructure and increasing water consumption
 - Governments/utilities initiatives to reduce non revenue water, accurate meter reading and development of smart city infrastructure
 - Residential segment is expected to grow faster also boost by the need for billing accuracy

Smart Gas Metering Market Data²



- Global market for smart gas meters is predicted to grow from 0,9B\$ in 2018 to 1,2B\$ in 2023
- Opportunities in European markets both for replacement (e.g. Italy) and new installations (e.g. UK)
- Italian market: expected to recover in 2023 thanks to replacement, after slower path until 2022 due to roll-out ending
- UK market deployment wave will peak to compensate Italian market decline from 2021 onwards
- Indian opportunity in smart meters




Metering competitive landscape

	Gas Meters		Gas Network		Water Meters		Heat Meters	Electricity Meters	Software Solutions / Services	
	Residential	C&I	Transports & Distributors	Pressure Regulators	Residential	C&I			MDC / MDM	Smart Grids (NTW)
										
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Metering development priorities



- Residential Meter Zigbee SMETS 2 
- Residential Meter Walk-by for India
- NB-IoT (Narrow Band Internet of Things) 
- LoRa 



- New Platform (Mechanics and Electronics)
- Ultra sonic water meter
- Water/gas synergy
- Ready for H, L, E + 23% H₂



- Explore H₂ opportunities and prepare meters for H₂/CH₄ blends
- Explore safety opportunities (% of H₂, Pressure, Earthquake)



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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