



H1 2021 – Results presentation

September 23, 2021

Highlights

- Q2 consolidated revenues are € 97,6m, +62,6% vs Q2 2020 (53,6% at same perimeter)
- Q2 Divisional sales:
 - Heating accounts €74,2m, +53,7% vs same period of 2020
 - Metering with €21,9m is +103% vs previous year, counting new Water metering business (€5,1m)
- H1 consolidated revenues are € 190,3m, +42,7% vs H1 2020 (+34,8% at same perimeter)
- In the Heating business all geographies have increased in H1. America is +34,2% (+46,3% at same forex) thanks to recovery in Direct Heating Fireplaces and positive trend in Storage Water Heating. Asia/Pacific is +36,7% (with China +66,7%) while Italy and Rest of Europe are +54,0% and +34,2% respectively
- Consolidated H1 EBITDA margin of 15,2%, reports €28,9m vs €15,2m (+90,6%) thanks to volumes and net prices with a better than average contribution of new water metering business
- Net debt at €121,0m vs €116,1m at end of 2020
- Cash flow from operations for €6,2m after capex of €8,0m

Key financial results

€m, unless otherwise stated	H1 21	%	H1 20	%	Chg. YoY
Revenues	190,3	100,0%	133,4	100,0%	42,7%
EBITDA	28,9	15,2%	15,2	11,4%	90,6%
EBIT	16,2	8,5%	3,8	2,8%	329,4%
EBT	11,4	6,0%	3,6	2,7%	213,5%
Net income	9,5	5,0%	3,8	2,9%	149,1%
Net Income adjusted	10,5	5,5%	3,6	2,7%	193,9%
Cash flow from operations	6,2		(1,9)		
NTWC	63,7		43,1		
Net financial debt	121,0		88,9		

€m, unless otherwise stated	Q2 21	%	Q2 20	%	Chg. YoY
Revenues	97,6	100,0%	59,9	100,0%	62,8%
EBITDA	13,8	14,2%	6,2	10,4%	121,6%
EBIT	7,0	7,2%	0,5	0,8%	1322,0%
EBT	3,7	3,8%	(1,3)	(2,1%)	-
Net income	1,5	1,6%	(0,3)	(0,6%)	-
Net Income adjusted	3,1	3,1%	(0,3)	(0,6%)	-

- H1 consolidated revenues account 42,7% growth (34,8% at same perimeter)
- Divisional trends:
 - Heating: H1 +38,3%, Q2 +53,7%
 - Metering: H1 +59,0% , Q2 +103,0%
- EBITDA at €28,9m vs €15,2m improves by 90,6%
- EBIT at €16,2m (8,5% of revenues) vs €3,8m (2,8%)
- Net income of €9,5m vs €3,8m (includes one off tax revenue for Patent Box ruling of €1,8m and FV charge for Warrants of €2,8m)
- Net income adjusted at €10,5m, 5,5% of revenues makes significant improvement vs previous year
- Cash flow from operations is €6,2m after capex for €8,0m
- NTWC of €63,7m (16,6% of revenues, in line with 16,1% of previous year even after JANZ consolidation)
- Net financial debt stands at €121m vs 2020-year end of €116,1m and previous year of €88,9m (before M&A of €31,7m)

Consolidated revenues – H1

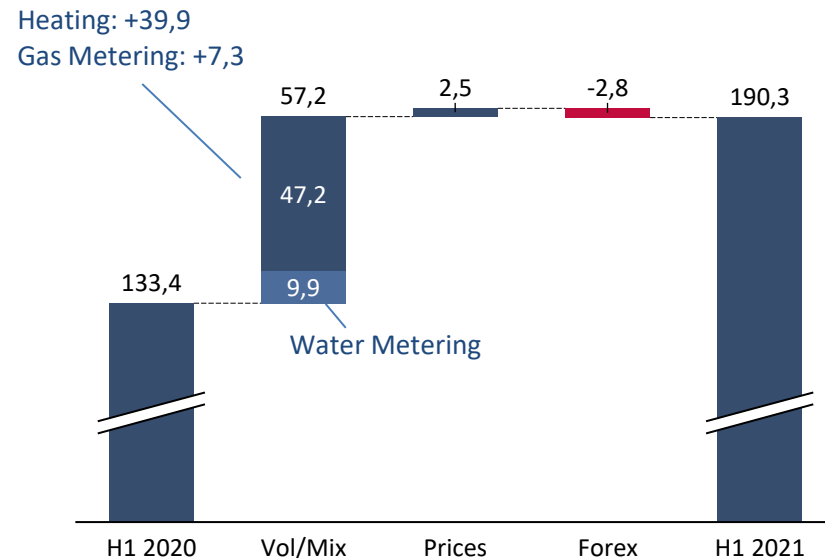
Breakdown by Division

€m, unless otherwise stated	H1 21	%	H1 20	%	Chg. YoY
Heating	144,7	76,1%	104,7	78,5%	38,3%
Metering	43,2	22,7%	27,2	20,4%	59,0%
Total business sales	187,9	98,8%	131,8	98,8%	42,5%
Other revenues	2,4	1,2%	1,5	1,2%	53,8%
Total revenues	190,3	100,0%	133,4	100,0%	42,7%

Breakdown by geography

€m, unless otherwise stated	H1 21	%	H1 20	%	Chg. YoY
Italy	59,0	31,0%	43,6	32,7%	35,3%
Europe (excluding Italy)	82,6	43,4%	54,9	41,2%	50,4%
America	33,8	17,7%	24,5	18,3%	38,0%
Asia/Pacific	14,9	7,8%	10,4	7,8%	43,6%
Total revenues	190,3	100,0%	133,4	100,0%	42,7%

Consolidated revenue bridge (€m)



Consolidated revenues – Q2

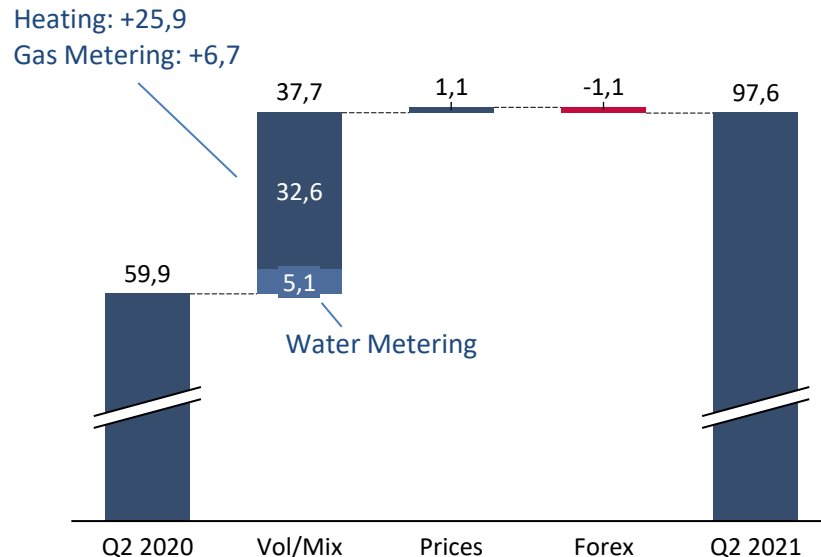
Breakdown by Division

€m, unless otherwise stated	Q2 21	%	Q2 20	%	Chg. YoY
Heating	74,2	76,1%	48,3	80,6%	53,7%
Metering	21,9	22,5%	10,8	18,0%	103,0%
Total business sales	96,1	98,5%	59,1	98,6%	62,7%
Other revenues	1,4	1,5%	0,9	1,4%	68,9%
Total revenues	97,6	100,0%	59,9	100,0%	62,8%

Breakdown by geography

€m, unless otherwise stated	Q2 21	%	Q2 20	%	Chg. YoY
Italy	30,0	30,8%	17,5	29,2%	71,8%
Europe (excloding Italy)	43,1	44,1%	24,0	40,1%	79,4%
America	15,7	16,1%	12,2	20,4%	29,1%
Asia/Pacific	8,7	8,9%	6,2	10,4%	39,8%
Total revenues	97,6	100,0%	59,9	100,0%	62,8%

Consolidated revenue bridge (€m)



Heating sales

Q2 Heating sales by geography

€m, unless otherwise stated	Q2 21	%	Q2 20	%	Chg. YoY
Italy	14,5	19,5%	7,1	14,7%	103,9%
Europe (excloding Italy)	35,8	48,3%	22,2	45,9%	61,7%
America	15,4	20,8%	12,4	25,7%	24,4%
Asia/Pacific	8,5	11,5%	6,6	13,7%	28,2%
Total business sales	74,2	100,0%	48,3	100,0%	53,7%

H1 Heating sales by geography

€m, unless otherwise stated	H1 21	%	H1 20	%	Chg. YoY
Italy	28,7	19,9%	18,7	17,8%	54,0%
Europe (excloding Italy)	68,6	47,4%	50,9	48,6%	34,8%
America	32,8	22,7%	24,5	23,4%	34,2%
Asia/Pacific	14,5	10,0%	10,6	10,2%	36,7%
Total business sales	144,7	100,0%	104,7	100,0%	38,3%

- Divisional sales:
 - Q2 +53,7%, +55,5% at same forex
 - H1 +38,3%, +41,0% at same forex
- Italy. H1 accounts 54,0%, €10,1m increase vs previous year supported by Central Heating demand; main product family's performance are Fans (+€4,6m, +76,8%) and Mechanical controls (+€4,6m, +50,0%); Flues kits +€0,7m, +95%
- Europe. H1 reports increase (€17,7m) in all geographies. Turkey (11,6% of Divisional sales) is up €5,4m, +47,6%, due to OEM demand in Central Heating; UK, (8,4% of Divisional sales) is up €4,4m, +55,9%, after severe lockdown effect in 2020; Central Europe markets grow €2,7m, +39,1%
- America. H1 sale are up €8,3m, +34,2%, +46,3% at same forex. Fireplaces increase €6,9m, +65,1% and Storage Water Heating up €1,1m, +11,2%
- Asia/Pacific. H1 accounts increase for €3,9m, +36,7% vs previous year; China, 6,4% of divisional sales, accounts +€3,7m, +66,7% y/y also because of covid effect in 2020

Metering sales – H1

H1 Smart Gas Metering sales by application

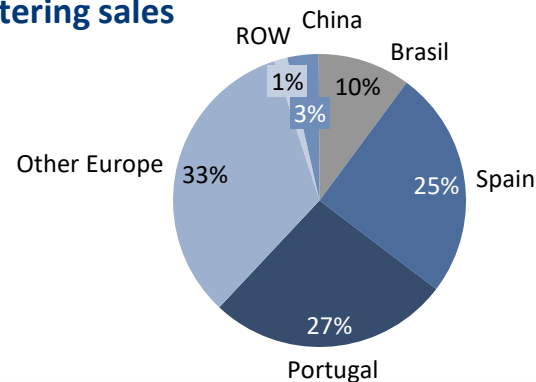
€m, unless otherwise stated	H1 21	%	H1 20	%	Chg. YoY
Residential	30,3	91,2%	25,4	93,5%	19,3%
Commercial & Industrial	2,7	8,2%	1,6	6,0%	67,8%
Other	0,2	0,6%	0,1	0,5%	42,6%
Total business sales	33,2	100,0%	27,2	100,0%	22,3%

- H1 Smart Gas Metering sales increase €6,0m, +22,3%
- Increase in C&I is deployment of new generation of product family
- H1 sales are 95% in Italy, 5% foreign (Greece, Croatia, India)
- Order portfolio of €20,0m . FY foreign sales expected between 5-10% of divisional sales

H1 Water Metering sales by product

€m, unless otherwise stated	H1 21	%	H1 20	%	Chg. YoY
Water meters, finished	5,0	50,0%	2,9	37,9%	70,7%
Water meter parts	4,3	43,3%	3,6	47,1%	19,1%
Other	0,7	6,7%	1,2	15,0%	(41,7%)
Total business sales	9,9	100,0%	7,7	100,0%	29,5%

H1 Water Metering sales by geography



2020 only for comparison, consolidated from 2021



Metering sales – Q2

Q2 Smart Gas Metering sales by application

€m, unless otherwise stated	Q2 21	%	Q2 20	%	Chg. YoY
Residential	15,3	91,4%	9,9	92,1%	54,2%
Commercial & Industrial	1,3	7,9%	0,8	7,0%	75,5%
Other	0,1	0,7%	0,1	0,9%	24,7%
Total business sales	16,8	100,0%	10,8	100,0%	55,5%

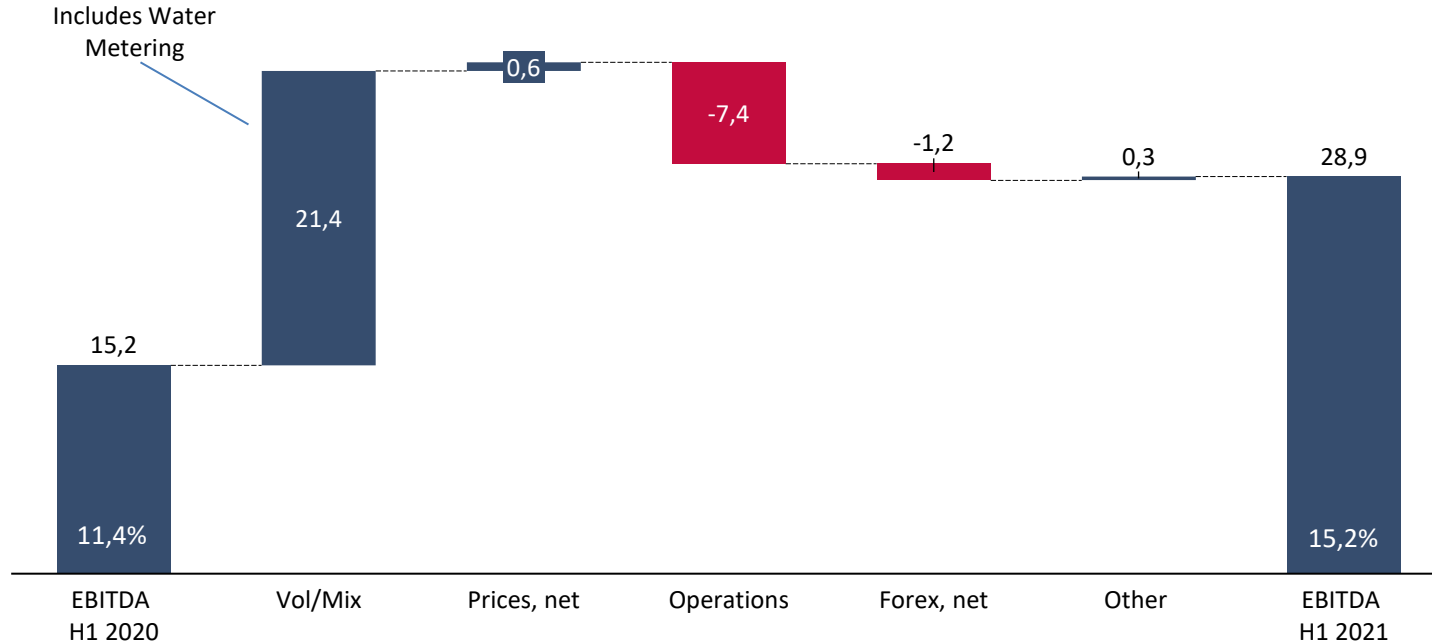
- 2020 Q2 Smart Gas Metering sales were impacted by covid lockdown
- 2021 Q2 sales account 55,5% increase vs previous year
- Increase in C&I is also for deployment of new generation of product family

Q2 Water Metering sales by product

€m, unless otherwise stated	Q2 21	%	Q2 20	%	Chg. YoY
Water meters, finished	2,5	48,1%	1,3	38,4%	87,4%
Water meter parts	2,3	45,5%	1,7	50,4%	35,1%
Other	0,3	6,5%	0,4	11,2%	(13,5%)
Total business sales	5,1	100,0%	3,4	100,0%	49,8%

2020 only for comparison, consolidated from 2021

EBITDA bridge



Euro millions



From EBITDA to net income – H1

€m, unless otherwise stated	H1 21	% of sales	H1 20	% of sales	Chg. YoY
EBITDA	28,9	15,2%	15,2	11,4%	90,6%
D&A, impairment of assets	12,7		11,4		
EBIT	16,2	8,5%	3,8	2,8%	329,4%
Net financial (charges)/income	(4,9)		(1,4)		
Net forex (charges)/income	0,1		1,3		
EBT	11,4	6,0%	3,6	2,7%	213,5%
Taxes	(1,9)		0,2		
Net income	9,5	5,0%	3,8	2,9%	149,1%
Net financial (charges)/income adjusted	(2,2)	(1,1%)	(1,7)	(1,2%)	29,5%
Net income adjusted	10,5	5,5%	3,6	2,7%	193,9%

- D&A is in line with planned capex deployment, going from 8,5% of revenues in H1 2020 to 6,4% in 2021
- EBIT of €16,2m at 8,5% of revenues
- Increase in Net financial charges accounts change in FV of Warrants (net charge of €3,0m YoY) and charge for derivatives unwinding €0,6m
- Net forex income of €0,1m vs €1,3m
- H1 21 taxes includes one off revenue for Patent Box ruling for €1,8m, net
- Net income of €9,5m at 5,0% of revenues vs 2,9% of previous year
- Net financial charges adjusted are net of FV accounting effects of equity instruments and derivatives unwinding
- Net income adjusted accounts a ≈200% increase vs previous year

Net trade working capital

€m, unless otherwise stated	2021.06	2020.12	YTD change	2020.06	2019.12	YTD change	YoY change
Inventory	67,6	56,6	11,0	61,4	51,1	10,3	6,2
Accounts receivables	73,5	65,4	8,2	41,4	57,2	(15,8)	32,2
Accounts payables	(77,4)	(72,2)	(5,2)	(59,7)	(73,3)	13,6	(17,7)
Net Trade Working Capital	63,7	49,7	14,0	43,1	35,0	8,1	20,6
<i>NTWC/Revenues</i>	<i>16,6%</i>	<i>15,5%</i>	<i>1,1%</i>	<i>16,1%</i>	<i>9,9%</i>	<i>6,2%</i>	<i>0,5%</i>

- YoY change includes increase of NTWC for JANZ of €7,9m

- Reported 2021 NTWC YTD increase of €14,0m reflects Inventory trend to support Heating sales seasonality
- Reported 2020 NTWC YTD reflected covid Q1 contingency supply chain support and severe Q2 slowdown in sales

Cash flow and net debt

Change in net debt

€m, unless otherwise stated	H1 21	H1 20
Current cash flow	29,2	16,1
Change in NTWC	(13,8)	(8,7)
Inventory	(10,7)	(12,1)
Accounts Receivables	(7,9)	14,4
Accounts Payables	4,8	(11,0)
Other working capital	(1,2)	(5,3)
Capex, net	(8,0)	(4,1)
Cash flow from operations	6,2	(1,9)
Financial charges	(1,8)	(1,4)
Dividends paid	(6,9)	(3,5)
IFRS 16 - Leases	(1,6)	(0,6)
Other	(0,7)	(3,0)
Change in net debt	(4,8)	(10,5)
Net debt - BoP	116,1	78,4
Net debt - EoP	121,0	88,9

- Current cash flow reflects significant improvement in EBITDA
- NTWC absorbs €13,8m due to increase in Inventory for €10,7m that reflects seasonality in Heating sales, and increase in volumes for both AR and AP
- Capex of €8,0m in line with forecasted project pipeline
- Dividends paid in H1 2021 amount to €6,9m vs €3,5m in previous year

Net financial position

€m, unless otherwise stated	30/06/2021	31/12/2020	30/06/2020
(Cash & cash equivalents)	(56,1)	(42,3)	(41,1)
Current debt, net	117,8	46,4	35,7
Non current debt	39,6	91,9	87,2
MTM derivatives & M&A debt	4,1	4,4	1,6
IFRS 16 - Leases	15,7	15,7	5,4
Net debt - EoP	121,0	116,1	88,9

ESG financing:

- May 21: €40m, 10y private placement was issued
- Aug 21: €90m, 5y bank loan refinancing

both transactions have interest margins linked to ESG certifications

- Net Debt/EBITDA: 2,07x vs 2,60x vs 2,33x of previous year

Final comments and outlook

Outlook

- In the second half of 2021 SIT expects consolidated sales in line with reported H1 sales
- YoY sales are expected to grow by 15-20% at both consolidated and divisional level including the contribution of the Water Metering business
- In the Smart Gas Metering, in 2021FY, the foreign market will contribute for 5-10% of divisional sales
- Consolidated EBITDA expected to grow vs previous year, with margin in line
- Expected improvement of H1 net financial position by year end, after accelerated capex plan including NGA business line, Tunisian plant start up and New Labs

The assumptions included in current estimates consider a macroeconomic scenario not conditioned by unforeseeable events. If the economic situation were to undergo significant changes, the actual values could differ from the forecast data

ANNEXES



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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