



9M 2021 – Results presentation

November 10, 2021

Highlights

- Q3 consolidated revenues are € 96,0m, +2,6% vs Q3 2020 (-3,2% at same perimeter)
- Q3 Divisional sales:
 - Heating accounts €76,2m, +9,4% vs same period of 2020
 - Metering with €18,8m is -19,5% vs previous year, counting new water metering business (€5,3m)
- 9M consolidated revenues are € 286,2m, +26,1% vs 9M 2020 (+19,4% at same perimeter)
- In the Heating business all geographies have increased vs previous year. America is +28,7% (+36,3% at same forex) thanks to recovery in Direct Heating Fireplaces and positive trend in Storage Water Heating. Asia/Pacific is +18,5% (with China +42,8%) while Italy and Rest of Europe are +38,2% and +23,4% respectively
- Consolidated 9M EBITDA margin of 14,7%, reports €42,0m vs €32,4m (+29,5%) thanks to volumes and net prices with a better than average contribution of new water metering business
- Net debt at €123,7m vs €116,1m at end of 2020
- Cash flow from operations for €7,0m after capex of €19,6m

Key financial results

€m, unless otherwise stated	9M 21	%	9M 20	%	Chg. YoY
Revenues	286,2	100,0%	227,0	100,0%	26,1%
EBITDA	42,0	14,7%	32,4	14,3%	29,5%
EBIT	23,1	8,1%	15,1	6,7%	52,4%
EBT	12,0	4,2%	13,2	5,8%	(8,8%)
Net income	9,1	3,2%	11,4	5,0%	(20,0%)
Net Income adjusted	15,8	5,5%	11,8	5,2%	33,7%
Cash flow from operations	7,0		(5,6)		
NTWC	62,0		58,2		
Net financial debt	123,7		96,7		

€m, unless otherwise stated	Q3 21	%	Q3 20	%	Chg. YoY
Revenues	96,0	100,0%	93,6	100,0%	2,5%
EBITDA	13,1	13,6%	17,2	18,4%	(24,3%)
EBIT	6,8	7,1%	11,3	12,1%	(39,8%)
EBT	0,6	0,7%	9,6	10,2%	(93,2%)
Net income	(0,4)	(0,4%)	7,6	8,1%	(105,6%)
Net Income adjusted	5,3	5,5%	8,2	8,8%	(35,6%)

- 9M consolidated revenues account 26,1% growth (19,4% at same perimeter)
- Divisional trends:
 - Heating: 9M +26,7%, Q3 +9,4%
 - Metering: 9M +22,6% , Q3 -19,5%
- EBITDA at €42,0m vs €32,4m improves by 29,5%
- EBIT at €23,1m (8,1% of revenues) vs €15,1m (6,7%)
- Net income of €9,1m vs €11,4m (includes one off tax revenue for Patent Box ruling of €1,8m and nonrecurring financial charges for €8,6m, of which €7,6 due to FV of Warrants)
- Net income adjusted at €15,8m, 5,5% of revenues vs 5,2% of previous year, with 33,7% increase
- Cash flow from operations is €7,0m after capex for €19,6m
- NTWC of €62,0m, 16,2% of revenues vs 19,2% of previous year even after JANZ consolidation
- Net financial debt stands at €123,7m vs 2020-year end of €116,1m and previous year of €96,7m (before M&A of €31,7m)

Consolidated revenues – 9M

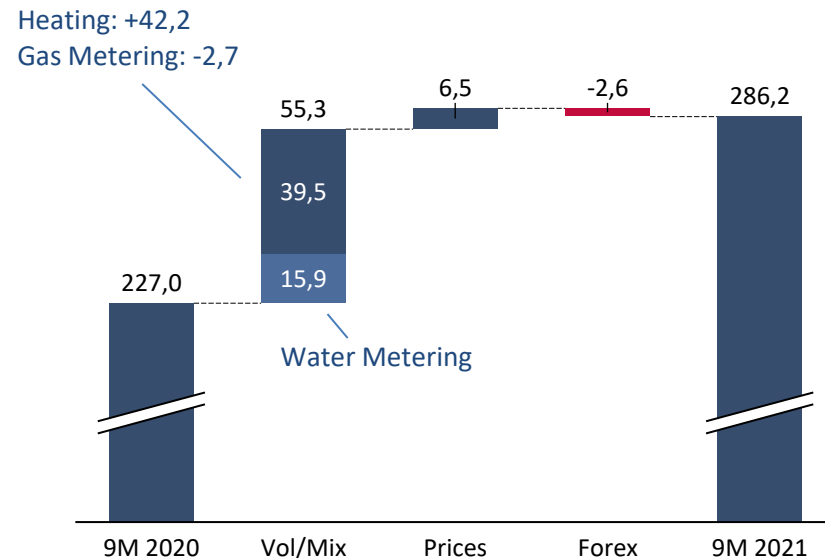
Breakdown by Division

€m, unless otherwise stated	9M 21	%	9M 20	%	Chg. YoY
Heating	220,9	77,2%	174,3	76,8%	26,7%
Metering	62,0	21,7%	50,6	22,3%	22,6%
Total business sales	282,9	98,8%	224,9	99,1%	25,8%
Other revenues	3,3	1,2%	2,1	0,9%	59,2%
Total revenues	286,2	100,0%	227,0	100,0%	26,1%

Breakdown by geography

€m, unless otherwise stated	9M 21	%	9M 20	%	Chg. YoY
Italy	89,7	31,3%	78,4	34,5%	14,5%
Europe (excluding Italy)	120,3	42,1%	90,9	40,0%	32,4%
America	52,6	18,4%	40,1	17,7%	31,1%
Asia/Pacific	23,6	8,3%	17,6	7,8%	33,9%
Total revenues	286,2	100,0%	227,0	100,0%	26,1%

Consolidated revenue bridge (€m)



Consolidated revenues – Q3

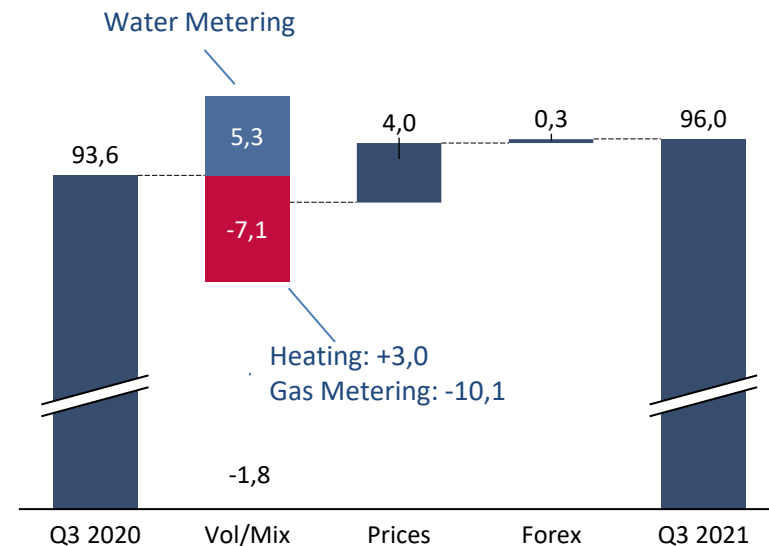
Breakdown by Division

€m, unless otherwise stated	Q3 21	%	Q3 20	%	Chg. YoY
Heating	76,2	79,4%	69,6	74,4%	9,4%
Metering	18,8	19,6%	23,4	25,0%	(19,5%)
Total business sales	95,0	99,0%	93,1	99,5%	2,1%
Other revenues	0,9	1,0%	0,5	0,5%	85,9%
Total revenues	96,0	100,0%	93,6	100,0%	2,6%

Breakdown by geography

€m, unless otherwise stated	Q3 21	%	Q3 20	%	Chg. YoY
Italy	30,7	32,0%	34,8	37,2%	(11,6%)
Europe (excluding Italy)	37,7	39,3%	35,9	38,4%	4,9%
America	18,8	19,6%	15,6	16,7%	20,3%
Asia/Pacific	8,7	9,1%	7,2	7,7%	20,6%
Total revenues	96,0	100,0%	93,6	100,0%	2,6%

Consolidated revenue bridge (€m)



Heating sales

9M Heating sales

€m, unless otherwise stated	9M 21	%	9M 20	%	Chg. YoY
Italy	43,0	19,5%	31,1	17,9%	38,2%
Europe (excluding Italy)	104,7	47,4%	84,9	48,7%	23,4%
America	51,0	23,1%	39,7	22,7%	28,7%
Asia/Pacific	22,1	10,0%	18,7	10,7%	18,5%
Total business sales	220,9	100,0%	174,3	100,0%	26,7%

Q3 Heating sales

€m, unless otherwise stated	Q3 21	%	Q3 20	%	Chg. YoY
Italy	14,3	18,8%	12,5	17,9%	14,5%
Europe (excluding Italy)	36,1	47,4%	34,0	48,8%	6,3%
America	18,2	23,9%	15,2	21,8%	19,9%
Asia/Pacific	7,6	10,0%	8,0	11,5%	(5,6%)
Total business sales	76,2	100,0%	69,6	100,0%	9,4%

- Divisional sales:
 - 9M +26,7%, +28,2% at same forex
 - Q3 +9,4%, +9,0% at same forex
- Italy. 9M accounts +38,2%, €11,9m increase vs previous year supported by Central Heating demand; main product family's performance are Mechanical controls (+€5,8m, +39,0%) Fans (+€5,5m, +53,3%) and Flues kits (+€0,6m, +43%)
- Europe. 9M reports increase (€19,8m) in all geographies. Turkey (12,1% of Divisional sales) is up €6,5m, +32,2%, due to OEM demand in Central Heating; UK, (7,5% of Divisional sales) is up €2,6m, +18,3%; Central Europe markets grow €3,2m, +27,6%
- America. 9M sales are up €11,4m, +28,7%, +36,3% at same forex
- Asia/Pacific. 9M accounts increase for €3,4m, +18,5% vs previous year; China, 6,4% of divisional sales, accounts +€4,3m, +42,8% y/y as retail market picks up

Metering sales

9M Smart Gas Metering

€m, unless otherwise stated	9M 21	%	9M 20	%	Chg. YoY
Residential	42,8	91,7%	47,5	94,0%	(9,9%)
Commercial & Industrial	3,6	7,7%	2,8	5,5%	29,5%
Other	0,3	0,6%	0,2	0,5%	20,8%
Total business sales	46,7	100,0%	50,6	100,0%	(7,6%)

Q3 Smart Gas Metering

€m, unless otherwise stated	Q3 21	%	Q3 20	%	Chg. YoY
Residential	12,5	92,8%	22,1	94,6%	(43,5%)
Commercial & Industrial	0,9	6,4%	1,2	4,9%	(24,5%)
Other	0,1	0,8%	0,1	0,5%	(4,9%)
Total business sales	13,5	100,0%	23,4	100,0%	(42,3%)

9M Water Metering

€m, unless otherwise stated	9M 21	%	9M 20	%	Chg. YoY
Water meters, finished	7,7	50,6%	5,5	47,1%	39,7%
Water meter parts	6,5	42,7%	5,4	45,8%	21,5%
Other	1,0	6,7%	0,8	7,1%	23,7%
Total business sales	15,3	100,0%	11,7	100,0%	30,2%

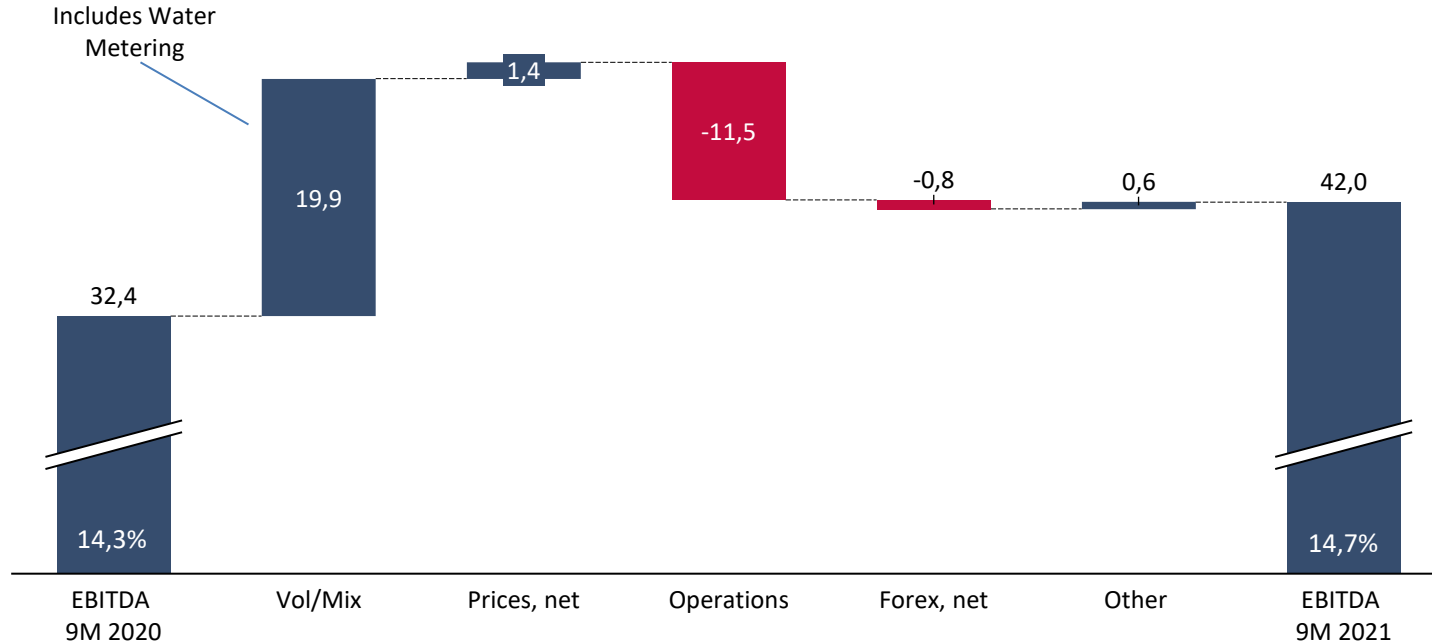
2020 Water Metering only for comparison, consolidated from 2021

Q3 Water Metering

€m, unless otherwise stated	Q3 21	%	Q3 20	%	Chg. YoY
Water meters, finished	2,8	51,6%	2,6	64,6%	5,2%
Water meter parts	2,2	41,7%	1,8	43,4%	26,6%
Other	0,4	6,6%	(0,3)	(7,9%)	(209,8%)
Total business sales	5,3	100,0%	4,1	100,0%	31,6%

2020 Water Metering only for comparison, consolidated from 2021

EBITDA bridge – 9M



Euro millions



From EBITDA to net income – 9M

€m, unless otherwise stated	9M 21	% of sales	9M 20	% of sales	Chg. YoY
EBITDA	42,0	14,7%	32,4	14,3%	29,5%
D&A, impairment of assets	18,9		17,3		
EBIT	23,1	8,1%	15,1	6,7%	52,4%
Net financial (charges)/income	(11,5)		(3,1)		
Net forex (charges)/income	0,5		1,1		
EBT	12,0	4,2%	13,2	5,8%	(8,8%)
Taxes	(2,9)		(1,8)		
Net income	9,1	3,2%	11,4	5,0%	(20,0%)
Net financial (charges)/income adjusted	(2,9)	(1,0%)	(2,7)	(1,2%)	9,6%
Net income adjusted	15,8	5,5%	11,8	5,2%	33,7%

- D&A is 6,6% of revenues vs 7,6% of previous year; includes additional Janz PPA amortisation of €0,9m
- EBIT of €23,1m at 8,1% of revenues, +52,4%
- Net financial charges include change in FV of Warrants for €7,6m; unwinding of IRS for €0,6m and write off of amortized cost for € 0,4m due to Q3 refinancing
- Net forex income of €0,5m vs €1,1m
- YTD 21 taxes includes one off revenue for Patent Box ruling for €1,8m, net
- Net income of €9,1m at 3,2% of revenues vs 5,0% of previous year
- Net financial charges adjusted are net of FV accounting effects of equity instruments and refinancing effects
- Net income adjusted at €15,8m at 5,5% vs 5,2% of previous year, +33,7%

Net trade working capital

€m, unless otherwise stated	2021.09	2020.12	YTD change	2020.09	2019.12	YTD change	YoY change
Inventory	69,5	56,6	12,9	57,6	51,1	6,5	11,8
Accounts receivables	66,6	65,4	1,3	63,2	57,2	6,0	3,4
Accounts payables	(74,1)	(72,2)	(1,9)	(62,7)	(73,3)	10,6	(11,4)
Net Trade Working Capital	62,0	49,7	12,3	58,2	35,0	23,2	3,9
<i>NTWC/Revenues</i>	<i>16,2%</i>	<i>15,5%</i>	<i>0,7%</i>	<i>19,2%</i>	<i>9,9%</i>	<i>9,3%</i>	<i>-3,1%</i>

- YoY change includes increase of NTWC for JANZ of €7,6m

- Reported 2021 NTWC YTD increase of €12,3m reflects Inventory trend to support Heating sales seasonality
- Reported 2020 NTWC YTD reflected covid related contingency plan and supply chain support provided to vendors

Cash flow and net debt

Change in net debt

€m, unless otherwise stated	9M 21	9M 20
Current cash flow	42,8	33,9
Change in NTWC	(12,2)	(23,1)
Inventory	(12,6)	(8,4)
Accounts Receivables	(1,0)	(6,8)
Accounts Payables	1,5	(8,0)
Other working capital	(4,0)	(7,1)
Capex, net	(19,6)	(9,2)
Cash flow from operations	7,0	(5,6)
Financial charges	(3,2)	(2,0)
Dividends paid	(6,9)	(3,5)
IFRS 16 - Leases	(1,5)	(2,7)
Other	(3,0)	(4,6)
Change in net debt	(7,6)	(18,3)
Net debt - BoP	116,1	78,4
Net debt - EoP	123,7	96,7

- Current cash flow reflects significant improvement in EBITDA
- NTWC absorbs €12,2m due to increase in Inventory for €12,6m that reflects seasonality in Heating sales, and increase in volumes for both AR and AP
- Capex of €19,6m in line with forecasted project pipeline, includes Tunisian plant setup and acquisition of NGA assets for electronic SWH controls and ramp up of New R&D labs
- Dividends paid in 2021 amount to €6,9m vs €3,5m in previous year

Net financial position

€m, unless otherwise stated	30/09/2021	31/12/2020	30/09/2020
(Cash & cash equivalents)	(41,7)	(42,3)	(34,0)
Current debt, net	24,8	46,4	35,8
Non current debt	121,6	91,9	85,5
MTM derivatives & M&A debt	3,9	4,4	2,6
IFRS 16 - Leases	15,1	15,7	6,9
Net debt - EoP	123,7	116,1	96,7

ESG financing:

Aug 21: €90m, 5y bank loan refinancing with interest margins linked to ESG KPI

- Net Debt/EBITDA: 2,28x vs 2,60x vs 2,26x of previous year

Final comments and outlook

Outlook confirms 2021FY guidance provided at H1 reporting:

- 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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