



FY 2021 – Results presentation

March 22, 2022

Highlights

- Q4 consolidated revenues are € 94,3m, in line with Q4 2020 (-4,2% at same perimeter)
- Q4 Divisional sales:
 - Heating accounts €77,4m, +3,6% vs same period of 2020
 - Metering with €14,9m is -17,5% vs previous year, including new water metering business (€4,5m)
- FY consolidated revenues are € 380,5m, +18,6% vs 2020 (+12,5% at same perimeter)
- In the Heating business all geographies have increased vs previous year. America is +24,3% (+27,7% at same forex) thanks to recovery in Direct Heating fireplaces and stable SWH. Asia/Pacific is +13,3% (with China +32,3%) while Italy and Rest of Europe are +26,7% and +16,5% respectively
- Consolidated EBITDA margin of 13,5%, reports €51,2m vs €43,6m (+17,4% vs PY)
- Net debt at €106,7m vs €116,0m at end of 2020
- Cash flow from operations for €27,2m after capex of €26,1m

Key financial results

€m, unless otherwise stated	FY 21	%	FY 20	%	Chg. YoY
Revenues	380,5	100,0%	320,7	100,0%	18,6%
EBITDA	51,2	13,5%	43,6	13,6%	17,4%
EBITDA adjusted	51,2	13,5%	44,6	13,9%	14,8%
EBIT	24,3	6,4%	19,6	6,1%	24,0%
EBT	11,7	3,1%	16,0	5,0%	(26,8%)
Net income	8,2	2,2%	13,2	4,1%	(37,7%)
Net Income adjusted	16,3	4,3%	13,4	4,2%	21,6%
Cash flow from operations adj	27,2		14,6		
NTWC	45,4		49,6		
Net financial debt	106,7		116,0		

€m, unless otherwise stated	Q4 21	%	Q4 20	%	Chg. YoY
Revenues	94,3	100,0%	93,8	100,0%	0,6%
EBITDA	9,3	9,8%	11,2	12,0%	(17,5%)
EBITDA adjusted	9,3	9,8%	12,2	13,0%	(24,1%)
EBIT	1,3	1,3%	4,5	4,8%	(71,7%)
Net Income adjusted	0,5	0,6%	1,6	1,7%	(66,3%)

- FY consolidated revenues account 18,6% growth (12,5% at same perimeter)
- Divisional trends:
 - Heating: FY +19,8%, Q4 +3,6%
 - Metering: FY +12,1% , Q4 -17,5%
- EBITDA adj at €51,2m vs €44,6m improves by 14,8%
- EBIT at €24,3m (6,4% of revenues) vs €19,6m (6,1%), up 24,0%
- Net income of €8,2m vs €13,2m (includes one off tax revenue for Patent Box ruling of €1,8m and nonrecurring financial charges for €10,0 m, of which €9,0 due to FV of Warrants)
- Net income adjusted at €16,3m accounts 21,6% increase
- Cash flow from operations is €27,2m after capex for €26,1m
- NTWC of €45,4m, 11,9% of revenues vs 15,5% of previous year
- Net financial debt stands at €106,7m vs €116,0 of 2020

Consolidated revenues – FY

Breakdown by Division

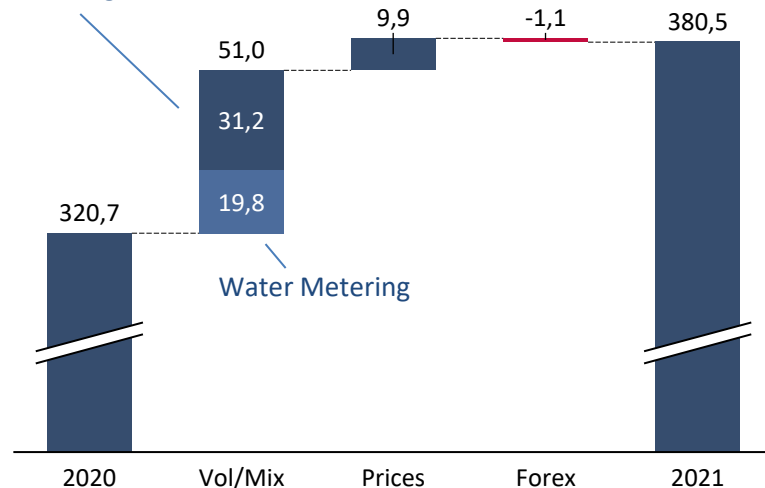
€m, unless otherwise stated	FY 21	%	FY 20	%	Chg. YoY
Heating	298,3	78,4%	249,0	77,6%	19,8%
Metering	76,9	20,2%	68,6	21,4%	12,1%
Total business sales	375,2	98,6%	317,6	99,0%	18,1%
Other revenues	5,4	1,4%	3,1	1,0%	73,9%
Total revenues	380,5	100,0%	320,7	100,0%	18,6%

Breakdown by geography

€m, unless otherwise stated	FY 21	%	FY 20	%	Chg. YoY
Italy	107,0	28,1%	107,7	33,6%	(0,6%)
Europe (excluding Italy)	167,5	44,0%	128,8	40,2%	30,0%
America	74,2	19,5%	58,5	18,3%	26,8%
Asia/Pacific	31,8	8,4%	25,7	8,0%	23,6%
Total revenues	380,5	100,0%	320,7	100,0%	18,6%

Consolidated revenue bridge (€m)

Heating: +41,5
Gas Metering: -10,3



Consolidated revenues – Q4

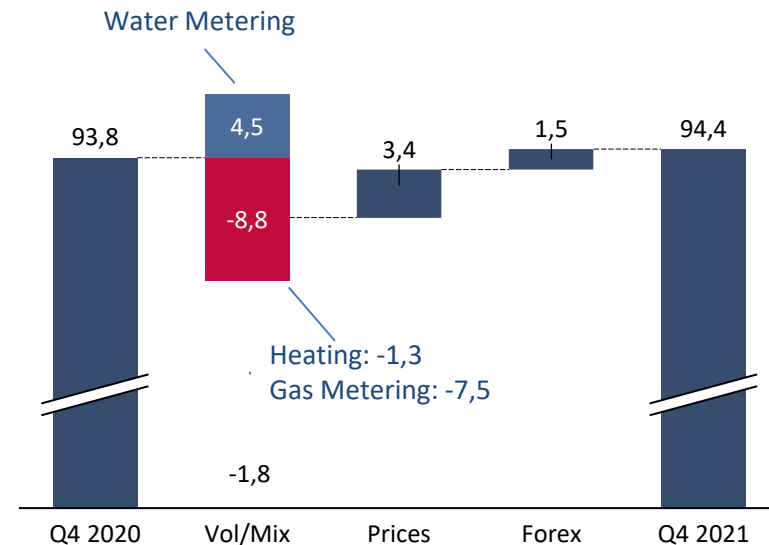
Breakdown by Division

€m, unless otherwise stated	Q4 21	%	Q4 20	%	Chg. YoY
Heating	77,4	82,0%	74,7	79,7%	3,6%
Metering	14,9	15,8%	18,1	19,3%	(17,5%)
Total business sales	92,3	97,8%	92,8	98,9%	(0,5%)
Other revenues	2,1	2,2%	1,0	1,1%	107,1%
Total revenues	94,3	100,0%	93,8	100,0%	0,6%

Breakdown by geography

€m, unless otherwise stated	Q4 21	%	Q4 20	%	Chg. YoY
Italy	17,4	18,4%	29,3	31,2%	(40,8%)
Europe (excloding Italy)	47,1	50,0%	38,0	40,5%	24,2%
America	21,7	23,0%	18,4	19,7%	17,5%
Asia/Pacific	8,2	8,7%	8,1	8,6%	1,2%
Total revenues	94,3	100,0%	93,8	100,0%	0,6%

Consolidated revenue bridge (€m)



Heating sales

FY Heating sales

€m, unless otherwise stated	FY 21	%	FY 20	%	Chg. YoY
Italy	55,7	18,7%	43,9	17,6%	26,7%
Europe (excloding Italy)	140,1	47,0%	120,2	48,3%	16,5%
America	72,0	24,1%	58,0	23,3%	24,3%
Asia/Pacific	30,5	10,2%	26,9	10,8%	13,3%
Total business sales	298,3	100,0%	249,0	100,0%	19,8%

Q4 Heating sales

€m, unless otherwise stated	Q4 21	%	Q4 20	%	Chg. YoY
Italy	12,7	16,4%	12,8	17,1%	(1,2%)
Europe (excloding Italy)	35,4	45,7%	35,4	47,3%	0,1%
America	21,0	27,1%	18,3	24,5%	14,6%
Asia/Pacific	8,4	10,8%	8,2	11,0%	1,7%
Total business sales	77,4	100,0%	74,7	100,0%	3,6%

- Divisional sales:
 - FY +19,8%, +20,8% at same forex
 - Q4 +3,6%, +1,6% at same forex
- Italy. FY accounts +26,7%, €11,7m increase vs previous year supported by Central Heating demand; main product family's performance are Mechanical controls (+€5,7m, +27,5%) Fans (+€5,6m, +38,2%) and Flues kits (+€0,8m,+40%)
- Europe. Q4 was flat bringing FY increase to €19,9m, +16,5% . Turkey grows FY €6,0m +20,4%; UK Q4 was down 18% due to missing components from other suppliers bringing FY growth to 6,2%; Central Europe maintains growth rate at +30% for new product introduction
- America. Q4 up €2,7m, +14,6%. Fireplaces grow €11,6m vs PY (+40%, +48% at same forex); SWH down €1,4m, (-6%, -4% at same forex)
- Asia/Pacific. Q4 in line with PY. China, 6,5% of divisional sales, accounts +32,3% y/y as retail market picks up

Metering sales

FY Smart Gas Metering

€m, unless otherwise stated	FY 21	%	FY 20	%	Chg. YoY
Residential	51,5	90,2%	64,6	94,1%	(20,2%)
Commercial & Industrial	5,2	9,2%	3,8	5,5%	39,6%
Other	0,4	0,7%	0,3	0,5%	19,7%
Total business sales	57,1	100,0%	68,6	100,0%	(16,7%)

2021 Smart Gas Metering foreign sales are ≈7%, mostly Greece and Croatia

Q4 Smart Gas Metering

€m, unless otherwise stated	Q4 21	%	Q4 20	%	Chg. YoY
Residential	8,7	83,5%	17,0	94,2%	(48,9%)
Commercial & Industrial	1,6	15,8%	1,0	5,4%	68,3%
Other	0,1	0,8%	0,1	0,4%	15,8%
Total business sales	10,4	100,0%	18,1	100,0%	(42,3%)

FY Water Metering

€m, unless otherwise stated	FY 21	%	FY 20	%	Chg. YoY
Water meters, finished	9,3	47,2%	7,6	47,5%	23,2%
Water meter parts	9,1	46,0%	7,1	44,8%	27,4%
Other	1,3	6,8%	1,2	7,7%	9,6%
Total business sales	19,8	100,0%	15,9	100,0%	24,1%

2020 Water Metering only for comparison, consolidated from 2021

Q4 Water Metering

€m, unless otherwise stated	Q4 21	%	Q4 20	%	Chg. YoY
Water meters, finished	1,6	35,5%	2,0	48,4%	(21,5%)
Water meter parts	2,6	57,3%	1,8	42,1%	45,2%
Other	0,3	7,2%	0,4	9,5%	(19,5%)
Total business sales	4,5	100,0%	4,2	100,0%	6,8%

2020 Water Metering only for comparison, consolidated from 2021

EBITDA adj bridge



Euro millions



From EBITDA to net income

€m, unless otherwise stated	FY 21	% of sales	FY 20	% of sales	Chg. YoY
EBITDA	51,2	13,5%	43,6	13,6%	17,4%
D&A, impairment of assets	26,9		24,0		
EBIT	24,3	6,4%	19,6	6,1%	24,0%
Net financial (charges)/income	(13,7)		(3,1)		
Net forex (charges)/income	1,0		(0,5)		
Other financial (charges)/income	0,0		-		
EBT	11,7	3,1%	16,0	5,0%	(26,8%)
Taxes	(3,5)		(2,8)		
Net income	8,2	2,2%	13,2	4,1%	(37,7%)
Net financial (charges)/income adjusted	(3,7)	(1,0%)	(3,6)	(1,1%)	2,2%
Net income adjusted	16,3	4,3%	13,4	4,2%	21,6%

- D&A is 7,1% of revenues vs 7,5% of previous year; includes additional Janz PPA amortisation of €1,5m
- EBIT of €24,3m at 6,4% of revenues, +24,0%
- Net financial charges include change in FV of Warrants for €9,0m; unwinding of IRS for €0,6m and write off of amortized cost for € 0,4m due to Q3 refinancing
- Net forex income of €1,0m vs €0,5m charges of PY
- FY21 taxes includes one off revenue for Patent Box ruling for €1,8m, net
- Net financial charges adjusted are net of FV accounting effects of equity instruments and refinancing effects
- Net income adjusted at €16,3m at 4,3% vs 4,2% of previous year, +21,6%

Cash flow, net debt, net trade working capital

Change in net debt

€m, unless otherwise stated	FY 21	FY 20
Current cash flow	52,2	44,2
Change in NTWC	4,8	(10,5)
Inventory	(13,0)	(2,9)
Accounts Receivables	9,9	(6,1)
Accounts Payables	7,9	(1,6)
Other working capital	(3,7)	(6,4)
Capex, net	(26,1)	(12,7)
Cash flow from current operations	27,2	14,6
M&A	-	(28,4)
Cash flow from operations	27,2	(13,8)
Financial charges	(3,7)	(3,0)
Dividends paid	(6,9)	(3,5)
IFRS 16 - Leases	(3,0)	(11,9)
Other	(4,4)	(5,4)
Change in net debt	9,3	(37,6)
Net debt - BoP	116,0	78,4
Net debt - EoP	106,7	116,0

Net trade working capital

€m, unless otherwise stated	2021.12	2020.12	YoY Change
Inventory	70,1	56,5	13,7
Accounts receivables	56,1	65,4	(9,3)
Accounts payables	(80,8)	(72,2)	(8,5)
Net Trade Working Capital	45,4	49,6	-4,2
<i>NTWC/Revenues</i>	<i>11,9%</i>	<i>15,5%</i>	<i>-3,5%</i>

- Reported 2021 NTWC decrease of €4,2m vs PY.
- Increase in Inventory and AP due to procurement strategy and shortages

Net financial position

€m, unless otherwise stated	31/12/2021	31/12/2020
(Cash & cash equivalents)	(46,7)	(42,3)
Current debt, net	20,1	46,4
Non current debt	114,0	91,9
MTM derivatives & M&A debt	3,4	4,4
IFRS 16 - Leases	15,9	15,7
Net debt - EoP	106,7	116,0

- Debt portfolio was refinanced in 2021 (€40m 10y bond and €90m 5y loan) – all ESG linked

- Net Debt/EBITDA: 2,08x vs 2,60x

Update on Russia/Ukraine crisis

- Impact of the Russian/Ukraine war on SIT operations is carefully monitored
- Sales.
 - SIT accounted 2021 sales in Russia and Ukraine for almost 5% of consolidated revenues, all referred to the Heating Division
 - The Group does not hold direct assets in these countries. SIT sales coverage is provided through local distributors managed by employees of the Cech subsidiary based in Moscow.
- Supply chain.
 - Supplier based in Ukraine, close to Slovakian border, part of US multinational group, currently provides ≈25% of assembled electronic boards for the Heating business
 - Contingency plan to exit from Ukraine is in place to accelerate insourcing and move production to suppliers located in other low cost areas
- Support initiatives to Ukrainian population and SIT customer's families has been launched

Final comments

- Due to increased uncertainties concerning supply chain constraints, cost inflation, impact of Russia/Ukraine crisis, it is currently not appropriate to provide precise forecasts for the current year.
- We remain confident on the fundamental positive trends underlying SIT business growth, market and technological leadership and operational excellence
 - Energy transition to lower emissions and H2 ready applications
 - Higher efficiency applications also supported by incentives
 - Water consumption management/metering
 - Domestic market gas metering replacement roll-out
 - Passthrough of increased costs

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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