



9M 2022 – Results presentation

November 3, 2022

Highlights

- Q3 consolidated revenues are €95,7m in line with Q3 2021
- Q3 Divisional sales:
 - Heating accounts €77,0m, +1,0% vs PY
 - Metering at €17,3m is -8,4%, with Gas metering at -16,1% and Water metering at +11,2% vs PY
- 9M consolidated revenues are €290,4m, +1,5% vs 9M 2021
- Q3 one off non-recurring accrual for €8,8m due to dispute settlement
- 9M EBITDA adjusted of €35,6m, 12,3% of revenues vs €42,0m, 14,7%
- 9M Net income of €10,5m at 3,6% of revenues vs €9,1m, 3,2%
- 9M Net income adjusted of €8,2m at 2,8% of revenues vs €15,8m, 5,5%
- Net debt at €138,7m vs €123,6m of PY

Key financial results

€m, unless otherwise stated	9M 22	%	9M 21	%	Chg. YoY
Revenues	290,4	100,0%	286,2	100,0%	1,5%
EBITDA adjusted	35,6	12,3%	42,0	14,7%	(15,2%)
EBITDA	26,8	9,2%	42,0	14,7%	(36,2%)
EBIT adjusted	15,4	5,3%	23,1	8,1%	(33,3%)
EBIT	6,5	2,3%	23,1	8,1%	(71,6%)
EBT	11,4	3,9%	12,0	4,2%	(4,9%)
Net income	10,5	3,6%	9,1	3,2%	15,2%
Net Income adjusted	8,2	2,8%	15,8	5,5%	(47,7%)
Cash flow from operations	(28,3)		7,0		
NTWC	81,0		61,9		
Net financial debt	138,7		123,6		

€m, unless otherwise stated	Q3 22	%	Q3 21	%	Chg. YoY
Revenues	95,7	100,0%	96,0	100,0%	(0,3%)
EBITDA adjusted	11,8	12,3%	13,1	13,6%	(9,9%)
EBIT adjusted	4,9	5,1%	6,8	7,1%	(28,8%)
Net Income adjusted	2,1	2,2%	5,3	5,5%	(60,7%)

- 9M consolidated revenues account 1,5% growth
- Divisional trends:
 - Heating: 9M +6,3%, Q3 +1,0%
 - Metering: 9M -17,1% , Q3 -8,4%
- EBITDA adjusted at €35,6m vs €42,0m of PY
- EBIT adjusted at €15,4m (5,3% of revenues) vs €23,1m (8,1%)
- Net income of €10,5m includes FV accounting effect of Warrant for +€8,7m
- Net income adjusted at €8,2m, 2,8% of revenues vs 5,5%
- Cash flow from operations is minus €28,3m after capex for €21,1m and increase in NTWC for €34,0m
- NTWC of €81,0m (20,9% of revenues) vs €61,9m of PY (16,2%) due to inventory and supply chain strategy
- Net financial debt stands at €138,7m vs 2021-year end of €106,7m vs €123,6 at PY

*Adjustment due to one off non-recurring accrual for €8,8m due to dispute settlement



Consolidated revenues – 9M

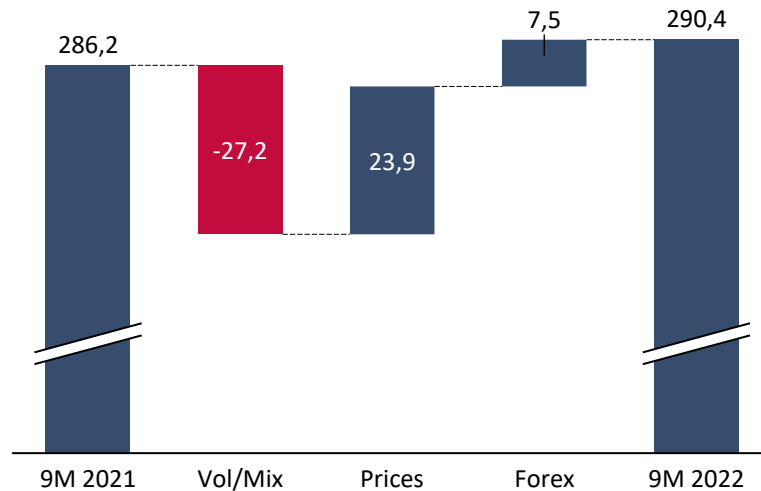
Breakdown by Division

€m, unless otherwise stated	9M 22	%	9M 21	%	Chg. YoY
Heating	234,8	80,9%	220,9	77,2%	6,3%
Metering	51,4	17,7%	62,0	21,7%	(17,1%)
Total business sales	286,2	98,6%	282,9	98,8%	1,2%
Other revenues	4,2	1,4%	3,3	1,2%	26,5%
Total revenues	290,4	100,0%	286,2	100,0%	1,5%

Breakdown by geography

€m, unless otherwise stated	9M 22	%	9M 21	%	Chg. YoY
Italy	66,9	23,0%	89,7	31,3%	(25,4%)
Europe (excl. Italy)	132,2	45,5%	120,3	42,1%	9,8%
America	62,6	21,6%	52,6	18,4%	19,1%
Asia/Pacific	28,7	9,9%	23,6	8,3%	21,5%
Total revenues	290,4	100,0%	286,2	100,0%	1,5%

Consolidated revenue bridge (€m)



Consolidated revenues – Q3

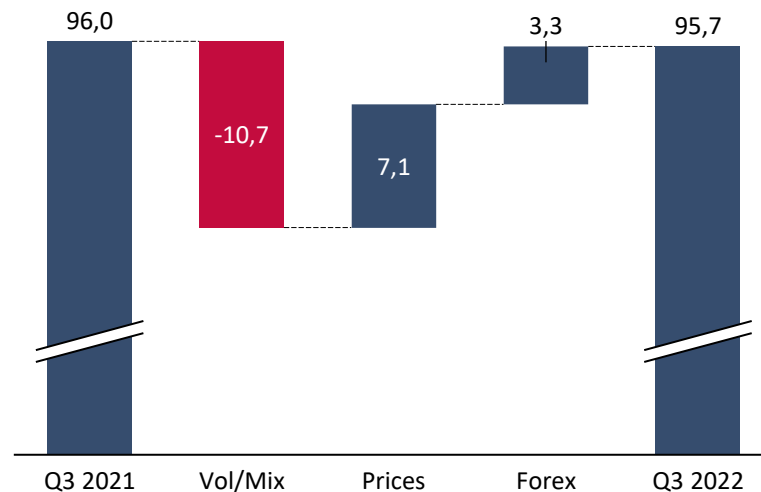
Breakdown by Division

€m, unless otherwise stated	Q3 22	%	Q3 21	%	Chg. YoY
Heating	77,0	80,5%	76,2	79,4%	1,0%
Metering	17,3	18,0%	18,8	19,6%	(8,4%)
Total business sales	94,2	98,5%	95,0	99,0%	(0,8%)
Other revenues	1,4	1,5%	0,9	1,0%	52,0%
Total revenues	95,7	100,0%	96,0	100,0%	(0,3%)

Breakdown by geography

€m, unless otherwise stated	Q3 22	%	Q3 21	%	Chg. YoY
Italy	16,2	16,9%	30,7	32,0%	(47,4%)
Europe (excluding Italy)	49,8	52,0%	37,7	39,3%	32,0%
America	19,2	20,1%	18,8	19,6%	2,3%
Asia/Pacific	10,5	11,0%	8,7	9,1%	20,4%
Total revenues	95,7	100,0%	96,0	100,0%	(0,3%)

Consolidated revenue bridge (€m)



Heating sales

Q3 Heating sales by geography

€m, unless otherwise stated	Q3 22	%	Q3 21	%	Chg. YoY
Italy	15,2	19,7%	14,3	18,8%	6,0%
Europe (excloding Italy)	33,4	43,4%	36,1	47,4%	(7,5%)
America	17,9	23,2%	18,2	23,9%	(1,7%)
Asia/Pacific	10,5	13,7%	7,6	10,0%	38,9%
Total business sales	77,0	100,0%	76,2	100,0%	1,0%

9M Heating sales by geography

€m, unless otherwise stated	9M 22	%	9M 21	%	Chg. YoY
Italy	45,1	19,2%	43,0	19,5%	4,8%
Europe (excloding Italy)	101,0	43,0%	104,7	47,4%	(3,5%)
America	59,8	25,5%	51,0	23,1%	17,2%
Asia/Pacific	28,8	12,3%	22,1	10,0%	30,4%
Total business sales	234,8	100,0%	220,9	100,0%	6,3%

- Divisional sales:
 - Q3 +1,0%, -3,3% at same forex
 - 9M +6,3, +2,9% at same forex
- Italy. 9M accounts +4,8%, €2,1m increase vs PY. Catering segment is up €1,7m, +57,6%, and Direct Heating applications (Pellet Stoves and Space Heaters) grow (€+0,7m, +12,1%); Central Heating down €1,2m, -4,4%, mainly Flues
- Europe. 9M down €3,7m, -3,5% vs PY. Turkey (10,7% of Divisional sales) is down €1,5m, -5,4%, due to OEM demand in Central Heating; UK, (6,0% of Divisional sales) is down 14,3% in Flues (-21%) and Mechanical controls (-5%); Central Europe markets grow €4,6m, +12,8%
- America. 9M sales are up €8,8m, +17,2%, +5,2% at same forex
- Asia/Pacific. 9M accounts increase for €6,7m, +30,4%, +24,2% at same forex vs PY; China, 7,4% of divisional sales, accounts +€3,2m, +22,9%; Australia +€1,2m, +22%

Metering sales

Q3 Smart Gas Metering

€m, unless otherwise stated	Q3 22	%	Q3 21	%	Chg. YoY
Residential	9,1	80,0%	12,5	92,8%	(27,6%)
Commercial & Industrial	2,2	19,6%	0,9	6,4%	155,4%
Other	0,0	0,4%	0,1	0,8%	(61,1%)
Total business sales	11,3	100,0%	13,5	100,0%	(16,1%)

Q3 Water Metering

€m, unless otherwise stated	Q3 22	%	Q3 21	%	Chg. YoY
Water meters, finished	1,9	32,5%	2,7	50,1%	(27,9%)
Water meter parts	3,5	59,2%	2,2	41,7%	57,6%
Other	0,5	8,3%	0,4	8,2%	13,1%
Total business sales	5,9	100,0%	5,3	100,0%	11,2%

9M Smart Gas Metering

€m, unless otherwise stated	9M 22	%	9M 21	%	Chg. YoY
Residential	27,0	81,7%	42,8	91,7%	(37,0%)
Commercial & Industrial	5,8	17,6%	3,6	7,7%	61,7%
Other	0,2	0,6%	0,3	0,6%	(27,6%)
Total business sales	33,0	100,0%	46,7	100,0%	(29,3%)

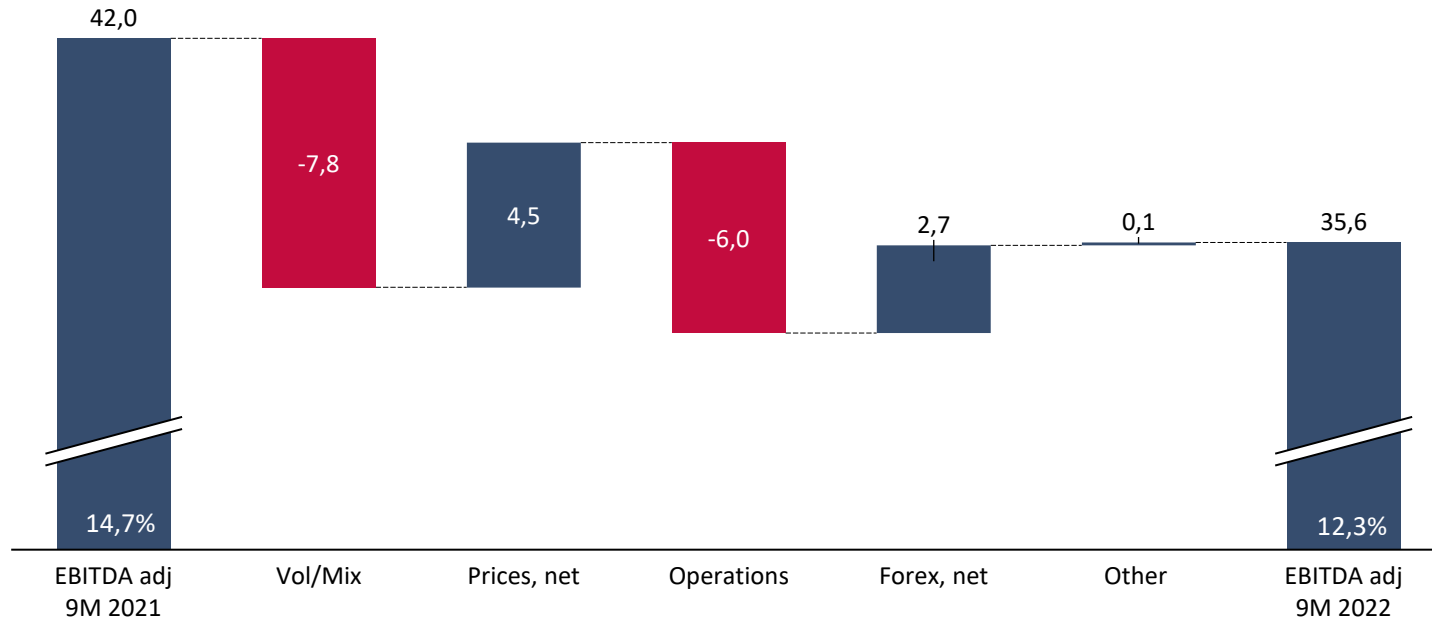
9M 2022 foreign sales are ≈7%, mostly Greece and Bulgaria

9M Water Metering

€m, unless otherwise stated	9M 22	%	9M 21	%	Chg. YoY
Water meters, finished	7,6	41,2%	7,7	50,6%	(1,9%)
Water meter parts	9,4	51,3%	6,5	42,7%	44,5%
Other	1,4	7,4%	1,0	6,7%	33,0%
Total business sales	18,4	100,0%	15,3	100,0%	20,3%

9M 2022 geography breakdown: Portugal 23,6%, Spain 30,3%, Rest of Europe 33,3%, Americas 6,7%, Asia/Pacific 6,1%

EBITDA adjusted bridge – 9M



Euro millions



From EBITDA to Net income – 9M

€m, unless otherwise stated	9M 22	% of sales	9M 21	% of sales	Chg. YoY
EBITDA	26,8	9,2%	42,0	14,7%	(36,2%)
D&A, impairment of assets	20,2		18,9		
EBIT	6,5	2,3%	23,1	8,1%	(71,6%)
Net financial (charges)/income	6,5		(11,5)		
Net forex (charges)/income	(1,6)		0,5		
EBT	11,4	3,9%	12,0	4,2%	(4,9%)
Taxes	(1,0)		(2,9)		
Net income	10,5	3,6%	9,1	3,2%	15,2%
Ebitda adjusted	35,6	12,3%	42,0	14,7%	(15,2%)
Ebit adjusted	15,4	5,3%	23,1	8,1%	(33,3%)
Net financial (charges)/income adjusted	(2,2)	(0,8%)	(2,9)	(1,0%)	(23,4%)
Net income adjusted	8,2	2,8%	15,8	5,5%	(47,7%)

- D&A for €20,2m, 7,0% of revenues vs €18,9m, 6,6%
- Net financial (charges)/income account changes in FV of Warrants for income of €8,7m that will be consolidated till EoY
- EBT of €11,4m at 3,9% of revenues
- 9M 21 taxes includes one off revenue for Patent Box ruling for €1,8m, net
- Net income of €10,5m at 3,6% of revenues vs 3,2% of previous year
- Net financial charges adjusted reflect improved funding conditions on new facilities
- Net income adjusted is equal to €8,2m

- 2022 adjustment due to one off non-recurring accrual for €8,8m for dispute settlement and FV revenues for warrant €8,7
- 2021 adjustment includes FV charge for warrant €7,6, refinancing charges €1,0 and patent box tax revenue €1,8

Net trade working capital

€m, unless otherwise stated	2022.09	2021.12	9M 22 Change	2021.09	2020.12	9M 21 Change	YoY change
Inventory	101,7	70,1	31,6	69,4	56,5	12,9	32,3
Accounts receivables	61,7	56,1	5,6	66,6	65,4	1,3	(4,9)
Accounts payables	(82,4)	(80,8)	(1,6)	(74,1)	(72,2)	(1,9)	(8,3)
Net Trade Working Capital	81,0	45,4	35,6	61,9	49,6	12,3	19,1
<i>NTWC/Revenues</i>	<i>20,9%</i>	<i>11,9%</i>	<i>8,9%</i>	<i>16,2%</i>	<i>15,5%</i>	<i>0,7%</i>	<i>4,7%</i>

Reported 2022 NTWC

- YTD Inventory trend increase (+€31,6) reflects Heating seasonality, procurement strategy to address shortage issues and maintain customer service levels

Cash flow and Net debt

Change in net debt

€m, unless otherwise stated	9M 22	9M 21
Current cash flow	33,9	42,8
Change in NTWC	(34,0)	(12,2)
Inventory	(28,8)	(12,6)
Accounts Receivables	(4,2)	(1,0)
Accounts Payables	(1,0)	1,5
Other working capital	(7,1)	(4,0)
Capex, net	(21,1)	(19,6)
Cash flow from operations	(28,3)	7,0
Financial charges	(2,3)	(3,2)
Dividends paid	(7,3)	(6,9)
IFRS 16 - Leases	(0,7)	(1,5)
Other	6,6	(3,0)
Change in net debt	(32,0)	(7,6)
Net debt - BoP	106,7	116,0
Net debt - EoP	138,7	123,6

- Current cash flow of €33,9m vs €42,8m of PY
- NTWC burns €34,0m due to increase in Inventory for €28,8m that reflects seasonality in Heating business and procurement strategy to manage shortage issues
- Capex of €21,1m in line with forecasted project pipeline including New HQ and Labs
- Dividends paid in 2022 amount to €7,3m

Net financial position

€m, unless otherwise stated	30/09/2022	31/12/2021	30/09/2021
(Cash & cash equivalents)	(24,5)	(46,7)	(41,8)
Current debt, net	19,9	20,1	24,8
Non current debt	127,8	114,0	121,6
MTM derivatives & M&A debt	1,0	3,4	3,9
IFRS 16 - Leases	14,5	15,9	15,1
Net debt - EoP	138,7	106,7	123,6

- Net Debt/EBITDA: 3,09x vs 2,10x vs 2,28x of previous year

Final comments and outlook

- Q3 2022 confirmed high market volatility and accounted slow down of European end-markets
- Order portfolio is resilient but customer reaction to limited visibility is likely to delay orders and shipments
- Year end sales expected to confirm 2021FY level with an adjusted EBITDA margin slightly below 12%

- For 2023, current outlook provides:
 - inflationary environment in both costs and revenues
 - opportunities for market share growth in certain product families/applications
 - product portfolio enhancement
 - significant domestic and international tenders in the metering business

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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