



Corporate presentation

Mediobanca

5th ITALIAN MID CAP CONFERENCE

January 18, 2023

AGENDA

1. **Company overview**
2. **Made to Matter**
3. **Market scenario and priorities for SIT**
4. **Financials: 9 Months 2022**
5. **Heating business**
6. **Metering business**
7. **Annex**

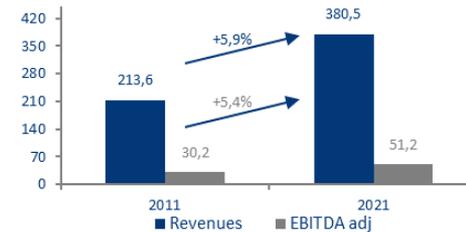


Company overview



SIT at a glance

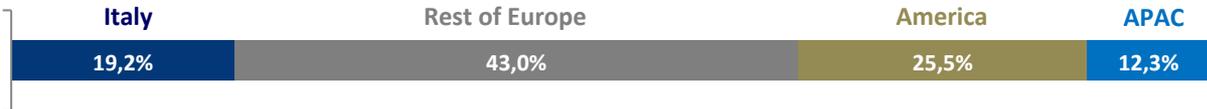
- SIT develops and manufactures **measuring devices for the gas and water meters sector** and **systems** for safety and high performance of **domestic gas appliances**
- SIT currently operates in **two business divisions**:
 - **Heating**: SIT has a dominant position in all segments of the **domestic 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 ≈35% market share and in 2020 SIT acquired **JANZ**, an established player of the **water metering market** with leadership position in the Iberian area and Latin America (*+20,3% 9M 2022 sales growth*)
- **77% of the sales are realized outside Italy** through a global sales network coverage
- SIT holds **88 patents** and strong co-development relationships with long term customers
- Sustained and consistent growth in both revenues and EBITDA adj in the last 10 years (2011-2021) with CAGR between 5% and 6%



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

9 months 2022 business sales: €234,8 (80,9%)



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



- 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)

- 9 months 2022 business sales: €33,0m (11,4%)



Products



Residential Smart Gas Meters



Commercial & Industrial Smart Gas Meters

Appliances



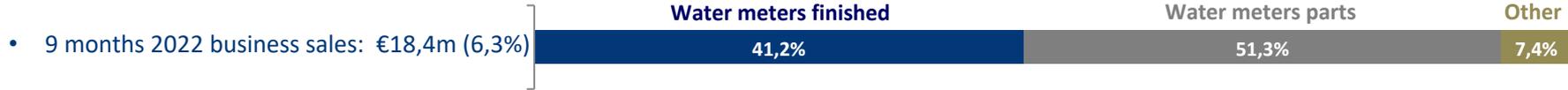
Smart Grids

Customers



Water Metering

- Founded in 1915 and based in Lisbon, JANZ develops solutions for the water management market. The company produces and distributes water meters, components and accessories. JANZ offers also water meter repair services



Products



Residential meters



Industrial and commercial meters



Chambers



Registers



Technology and accessories

Division



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

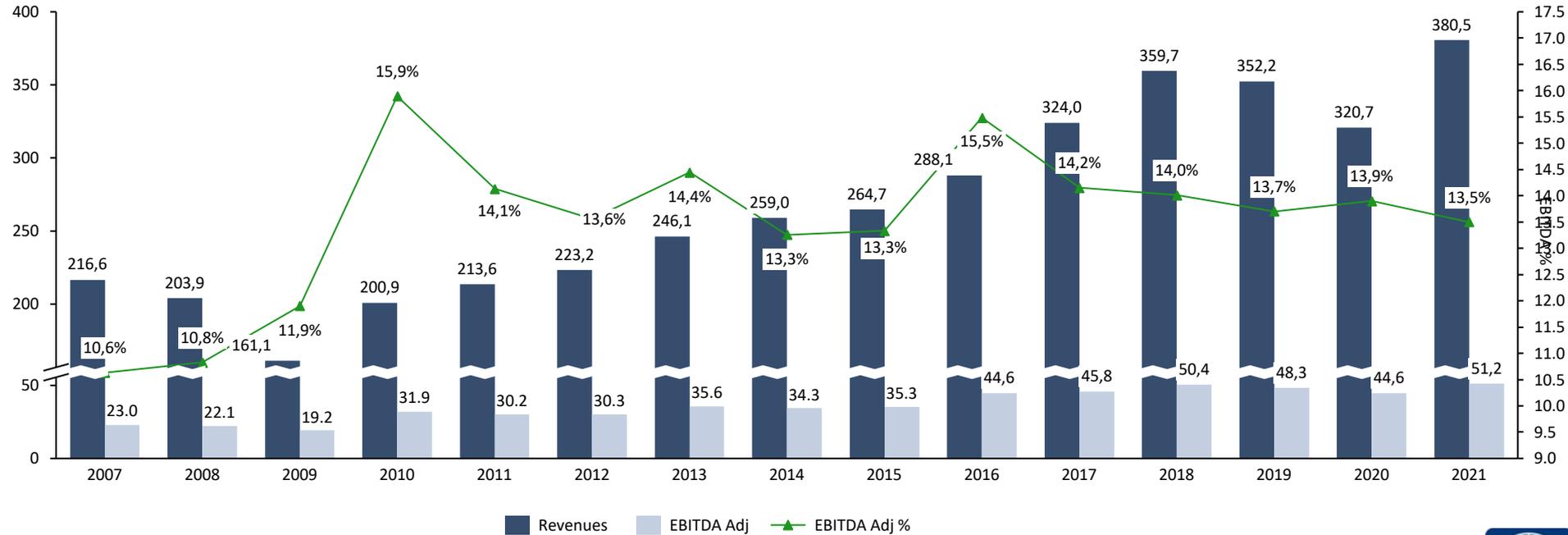


- Mechanical controls
- Purchasing hub
- Located since 2014
- Local and international OEM customers



A strong organic growth path

- In the long run SIT has achieved stable and solid growth rates both in revenues and margins
- In the last 10y CAGR was between 5% - 6% in both revenues and EBITDA adj
- SIT business model maintains strong resilience in global slowdowns, in both 2009 and 2020 crisis
- Rebound in 2010 and 2021 thanks to core business fundamental drivers of demand



Made to matter



Road to Sustainability



Mission, Vision and Values

Mission

To create **smart solutions** for climate control and consumption measurements **for a more sustainable world**



Vision

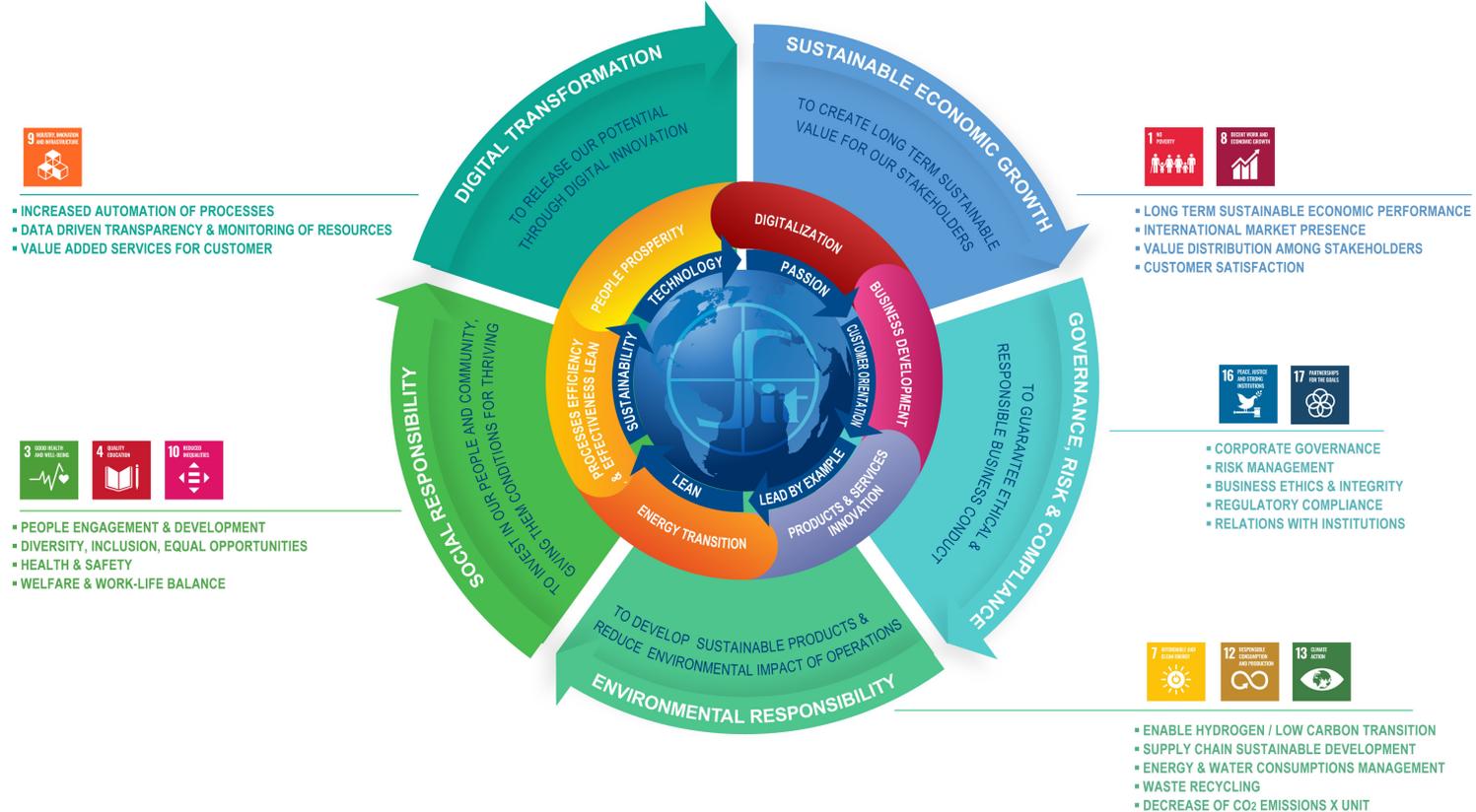
To be recognized as the **leading sustainable Partner** for energy and climate control solutions - and to enjoy the journey!

Values

- CUSTOMER ORIENTATION
- LEAD BY EXAMPLE
- SUSTAINABILITY
- TECHNOLOGY
- LEAN
- PASSION

Green Paper: the SIT ESG Manifesto

The **Green Paper** is the link between the United Nations' SDGs and the key pillars of the Sustainability in SIT.



Governance of Sustainability

SIT has defined a Governance dedicated to the group's Sustainability strategy and deployment to pursue "sustainable success".



Made to Matter

SIT's Sustainability Plan to 2025, the Company's commitment to driving change towards a more sustainable and ethical world

+50
INITIATIVES AND PROJECTS

DEFINED ON THE BASIS OF THE MATERIALITY MATRIX AND THE GREEN PAPER OBJECTIVES

11
SUSTAINABLE DEVELOPMENT GOALS

OF THE UN AGENDA 2030 TO WHICH SIT MAKES A CONTRIBUTION

> € 8M
INVESTMENTS

ECONOMIC RESOURCES ALREADY ALLOCATED WITHIN THE PLAN (CAPEX/OPEX)

MADE BY US



SUSTAINABLE ECONOMIC GROWTH
GOVERNANCE, RISK AND REGULATORY COMPLIANCE

MADE FOR FUTURE



ENVIRONMENTAL RESPONSIBILITY

MADE WITH CARE



SOCIAL RESPONSIBILITY



DIGITAL TRANSFORMATION, INNOVAZIONE E LEAN CULTURE



Market scenario and priorities for SIT



6 key trends in the climate solution market (1/2)

Electrification



- A** • **Electricity demand will grow significantly, driven by all final sector** in Stated Policy and Sustainable Development Cases; **electricity is expected to be a key source of energy for buildings across regions** (significant growth expected in Europe +12p.p. and China +18p.p.)
- **Growing electrification to have impact on capacity and peak hours needs, with demand response technologies required to help alleviate effect** (peak demand could be 1,5x – 2x higher vs current demand)

Hydrogen



- B** • **Hydrogen can play a major role in the global energy transition resulting in a \$250-500B profit pool until 2050**
- At the **application level** we expect **different waves of adoption; the switch from gas to H2 blend (at least 15-20%) is a possibility across all the gas pipelines**, while a broader **H2 100% adoption** to be more **focused in «H2 Valleys»**
- **Government and policy support is a key catalyst to accelerate market growth** and EU hydrogen strategy should unlock huge investments in the next decade

Energy efficiency



- C** • **Energy efficiency 1st lever to achieve energy consumption and CO2 Carbon targets:** Cost / MWh is ~50% that of the next most economical resource
- **Actions on 'Building envelope'** are usually the first to be implemented in order to achieve targets
- As a consequence, **buildings' demand for heating / cooling will decrease**, while **Air Management Systems will be more and more a necessary upgrade**, especially in new buildings

6 key trends in the climate solution market (2/2)

Servitization



- D** • **Servitization accelerate the development of a value-added services-oriented offering**, balancing the progressive contraction of profit pool that could be experienced in the energy market in a world where energy demand will decrease
- **Outcome-based contract** and **“Heating as a service” models** could be more and more a competitive model vs. traditional OEM's equipment sales enabled by smart services; thus, **Utilities will innovate** and **integrate their business model** also with **digital features**

Digitalization



- E** • **Smart solutions expected to play a significant role in energy efficiency of buildings** (expected a further impact on energy consumption reduction - up to 10% in 2040; space heating and cooling play a major role, nearly 55%)
- **No clear leader emerging in digital technologies due to early maturity of technology** (some digital players gaining significant share especially in the 'Device control' segment)

Housing and wellness



- F** • **Worldwide urbanization** (55% by 2018) **is projected to achieve 68% by 2050** (fastest growth rate in Asia; lower rates in Europe and U.S.)
- **Emerging urban housing needs have some relevant implications for SIT**, boosting consumers demand for:
 - **Enhanced sustainability requirements** in urban buildings, to be achieved especially through **Air management system**
 - **Centralized heating & cooling systems (in Districts or Buildings)** to reduce energy costs, with effective distribution in single homes / flats

6 key trends: Impact on SIT markets

Electrification **A**



A



- Growing Demand for:
 - Heat Pumps and Hybrid Systems (Heat Pump + Boiler, also integrated in one product)
 - Storage Systems (Lithium Batteries and Alternative Techs)

Hydrogen **B**



B



- Growing Demand for:
 - CH₄ – H₂ mix ready products (Meters and Boilers)
 - 100% H₂ ready products

Energy efficiency **C**



C



- Growing Demand for high efficiency Boilers (High Modulation Combustion Management Systems) and declining demand for Standard Efficiency ones
- Growing demand for Ventilation and Heat Recovery Units

Servitization **D**



D



- Growing Demand for connected Products and therefore for components and systems that enable the connectivity e.g. Smart Meters :
 - Gas and Water Smart Meters
 - Connected Heating and Ventilation Appliances

Digitalization **E**



E



Housing and wellness **F**



F



- Growing demand for Ventilation and Heat Recovery Units
- Growing demand for Ambient Quality sensors (e.g. Air) and Purification

6 key trends: SIT Strategic Product Development

Electrification **A**



Hydrogen **B**



Energy efficiency **C**



Servitization **D**



Digitalization **E**



Housing and wellness **F**



Financials: 9 Months 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

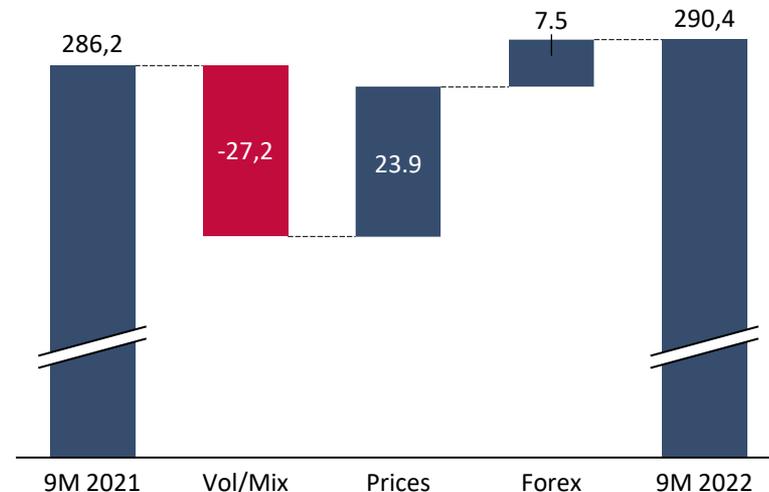
Breakdown by Division

€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 (excluding 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

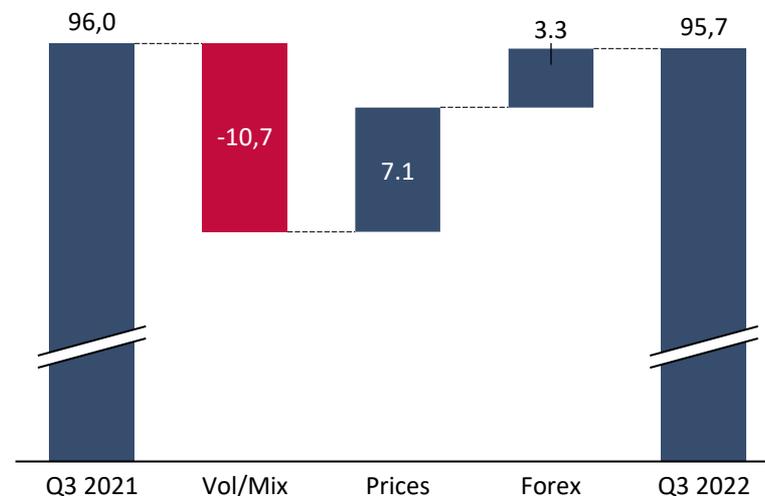
Breakdown by Division

€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%)

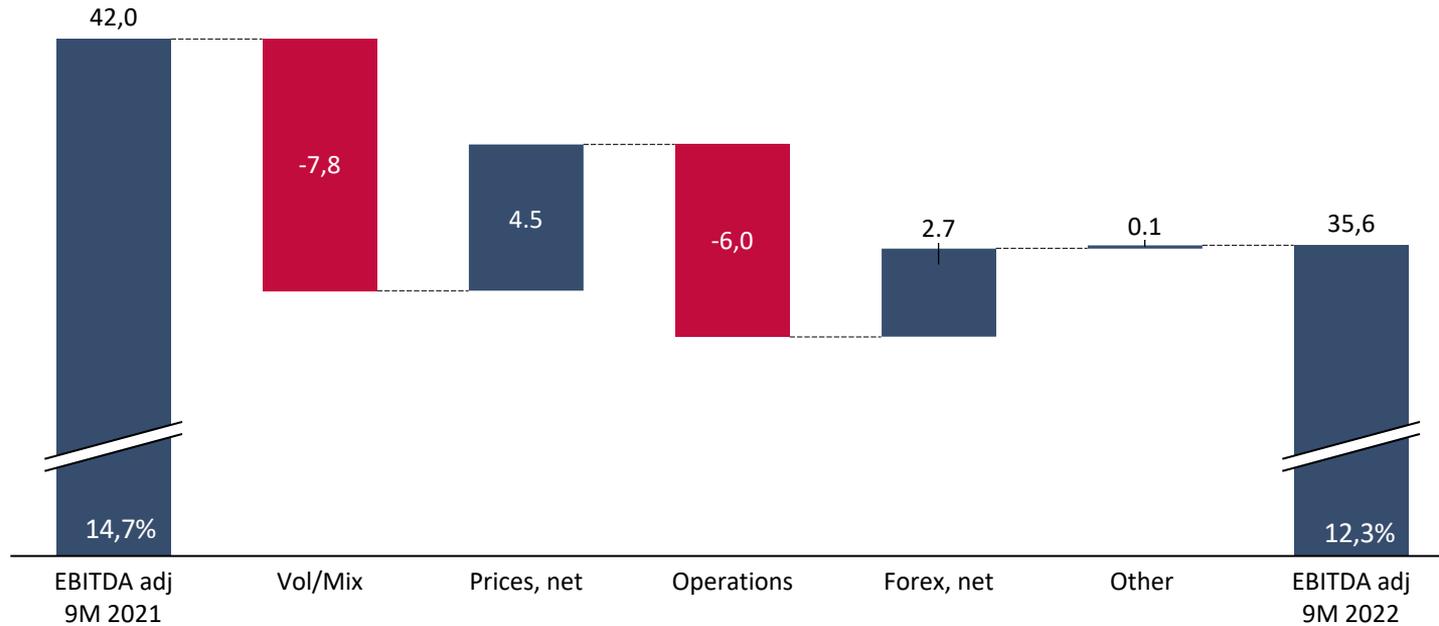
9M 2022 foreign sales are ≈7%, mostly Greece and Bulgaria

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

Heating business

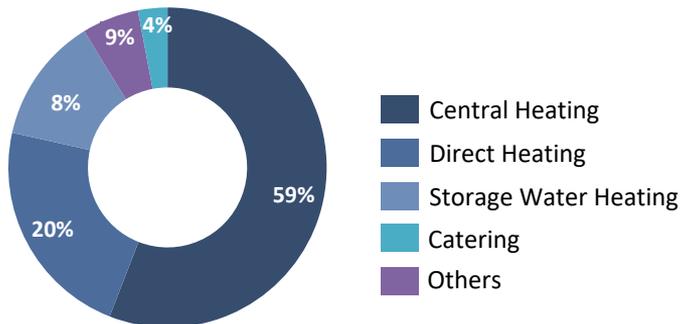


Market segments and products

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

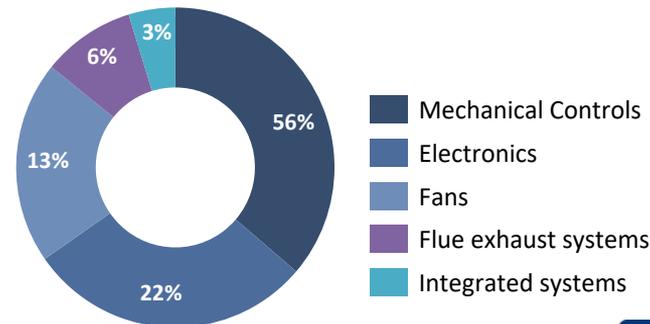
9M 2022 sales



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** ▶ Pretested and assembled modules for condensing gas boilers
- **Flues exhaust kits** ▶ For domestic boilers

9M 2022 sales



Central heating

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

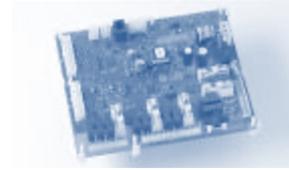


Products

- 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



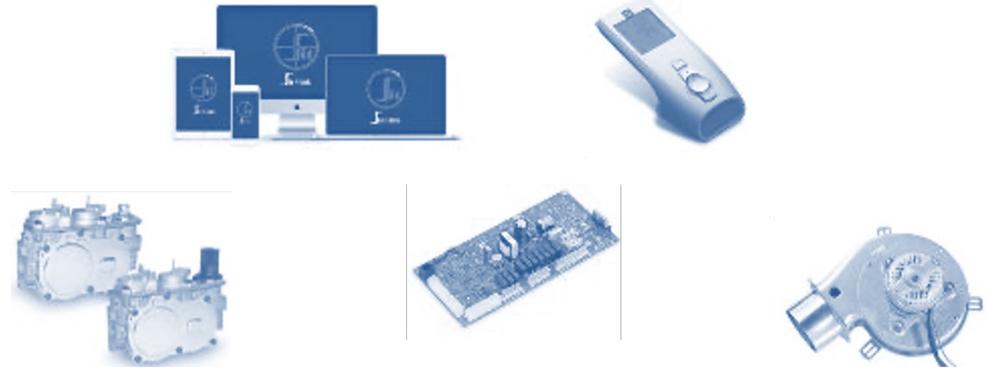
Direct heating

- 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 space heaters
- SIT main markets in this business are North America, United Kingdom and Europe



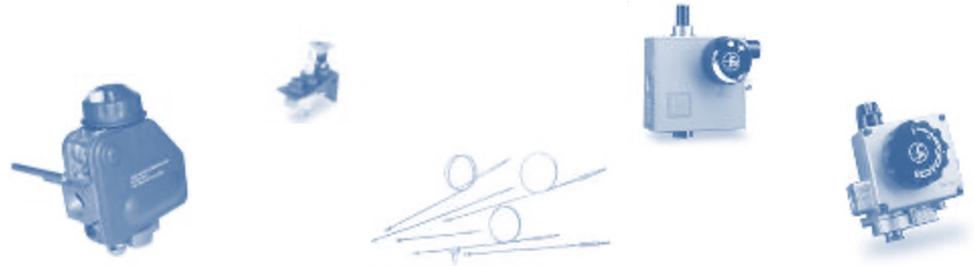
Storage water heating

- 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			Electronics		Comfort Control Techs	Fans					Flues		
		Boilers	SWH	IWH	Fireplaces	Furnaces	Valve	Electronics	Integrated Systems	BIC/IFC/DFC	Connectivity	Premix <40Kw	Premix <90Kw	Premix <150Kw	Std. Efficiency	Pellet	Cooker Hoods	Flues	
																			
		✓	✓		✓		✓	✓	✓	✓		✓		✓	✓	✓	✓	✓	
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ebmpapst		✓					✓			✓		✓	✓	✓	✓	✓	✓		
White Rodgers			✓			✓				✓									
Robertshaw			✓		✓					✓									
MERTIK		✓		✓	✓					✓									
ERCO		✓	✓				✓		✓										
UTEK																			
SIEMENS		✓					✓		✓										
ESR							✓		✓			✓							
ICM							✓		✓										
Crucial Control							✓		✓										
NORDGAS							✓	✓		✓									
DEXEN										✓									
FASCO					✓					✓									
S.P.												✓	✓	✓					
torin-sifan												✓	✓	✓	✓	✓	✓		
FIME												✓	✓	✓	✓				
SOHON												✓			✓				
EMC															✓				
Falcol															✓				
M&G																✓			
Gas Geboen																		✓	
BRIPAL																		✓	



Metering business



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

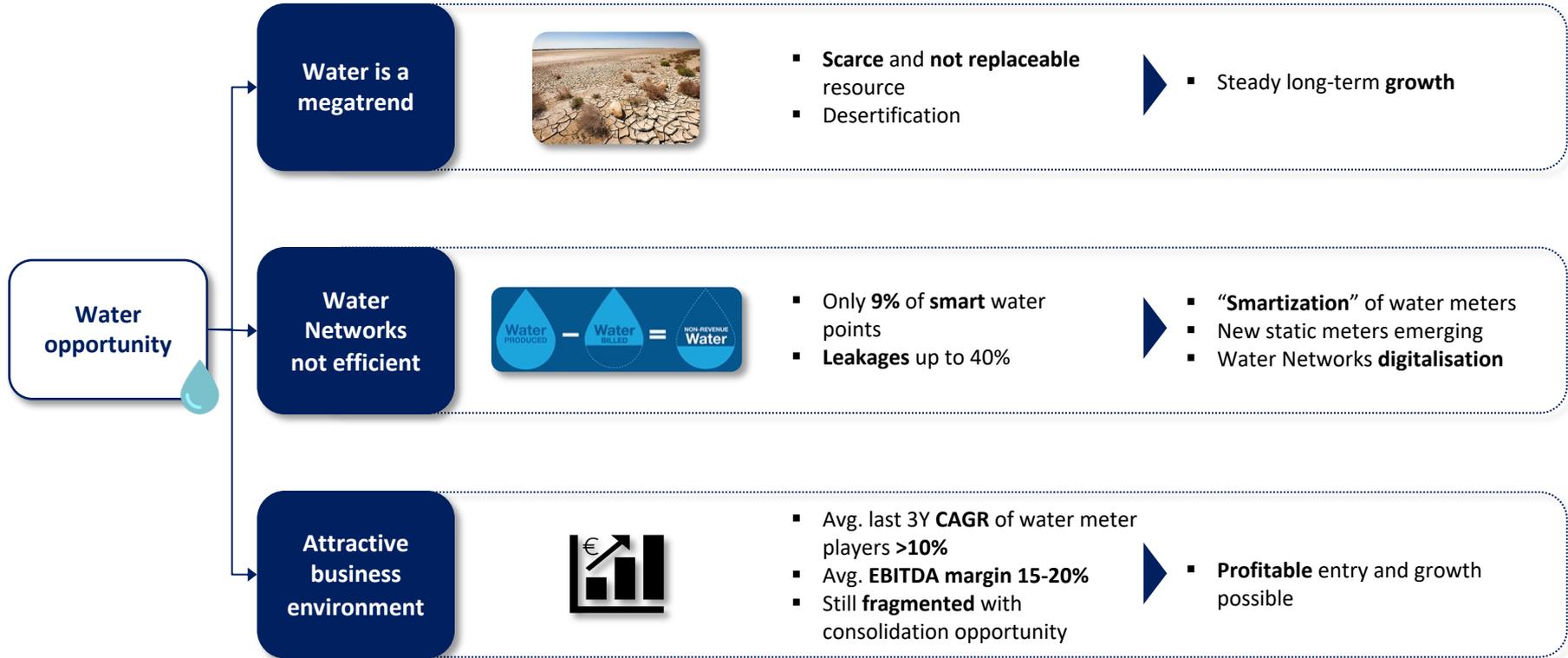


Technology

- 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

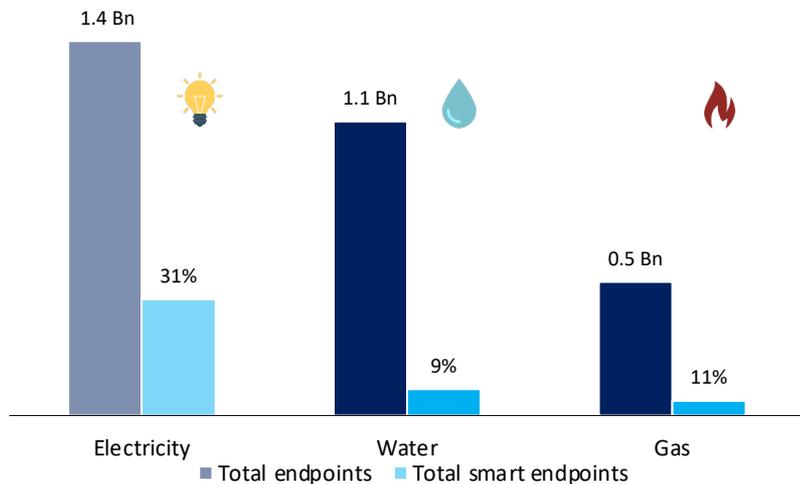


Water Opportunity



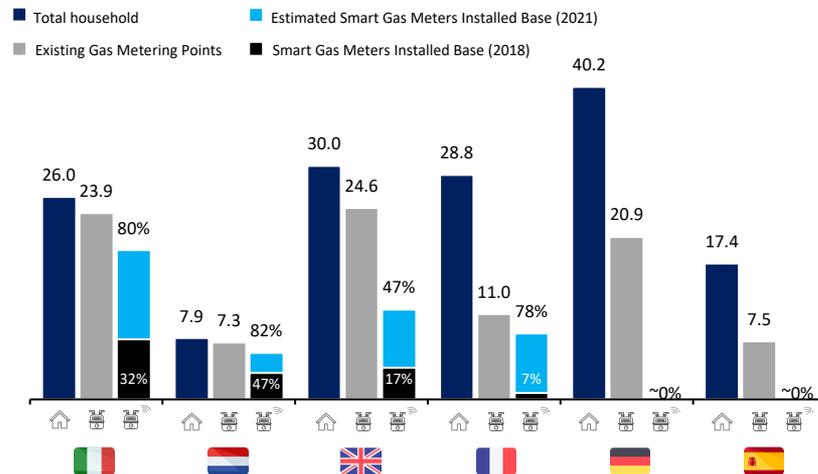
Market size and smart penetration

Global Endpoints¹



- On global scale, still room for growth in terms of automation of endpoints
- Water and gas metering markets exhibit the lowest smart penetration rate (~9% and ~11% respectively), therefore are expected to present a sound growth trend in the next years

Main European Countries Smart Gas Metering Penetration²



- In Europe, the markets with the highest smart metering penetration are Italy, Netherlands, UK and France
- Italy, France and the Netherlands are expected to complete their rollouts soon, whilst the UK ramps up its yearly installations to reach up to 3,6M units between 2022 and 2025³
- The other EU countries present a penetration rate near to 0%

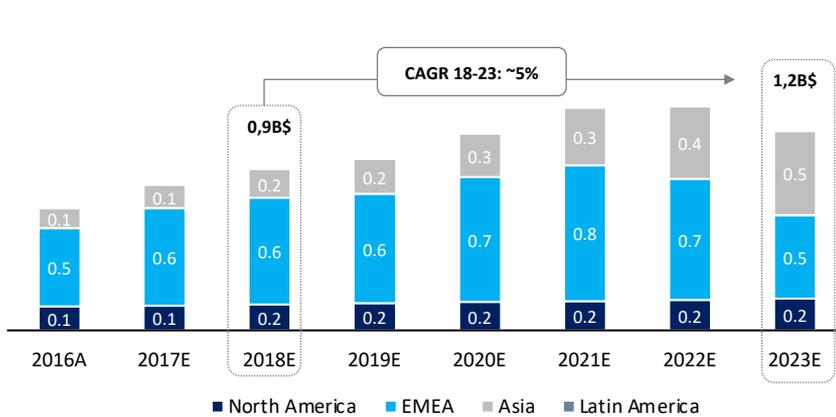
Sources: 1. Itron Investor update November 2019

2. Benchmarking smart metering deployment in the EU-28 – European Commission (2019) + Internal Estimates

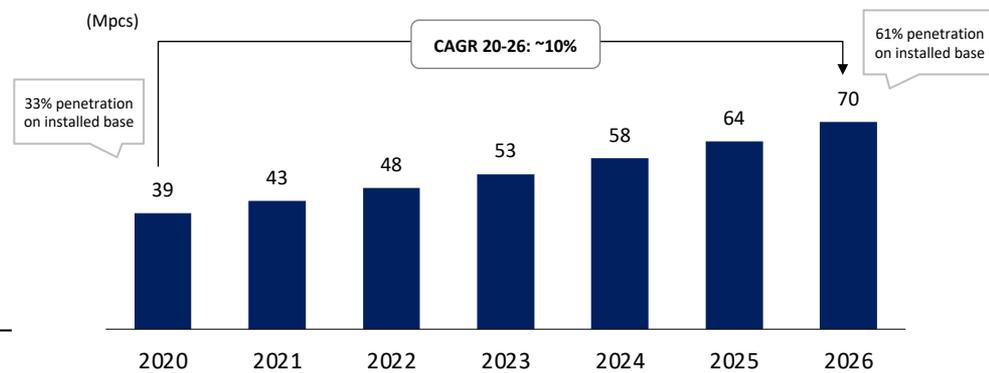
3. Berg Insight Report 2020

Market size and smart penetration - Gas

Smart Gas Metering Market Data¹



European Union Smart Meters Installed Base Development²

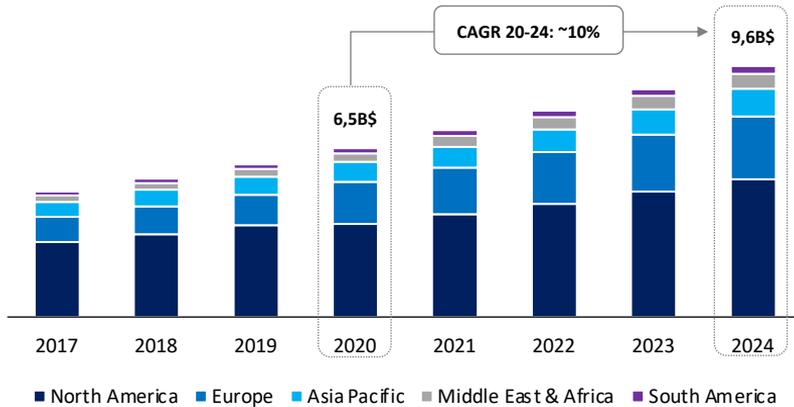


- Global market for smart gas meters is predicted to grow from 0,9B\$ in 2018 to 1,2B\$ in 2023
- Opportunities in European markets both for replacement (e.g. Italy) and new installations (e.g. UK)
- Italian market: expected to recover in 2023 thanks to replacement, after slower path until 2022 due to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

- According to the latest Berg Insight Report (2020), the penetration of smart meters in Europe reached 33% of the installed base hitting ~39M smart gas meters installed base in 2020
- The installed base will continue to grow at a ~10% CAGR between 2020 and 2026, reaching ~70M units at the end of the period

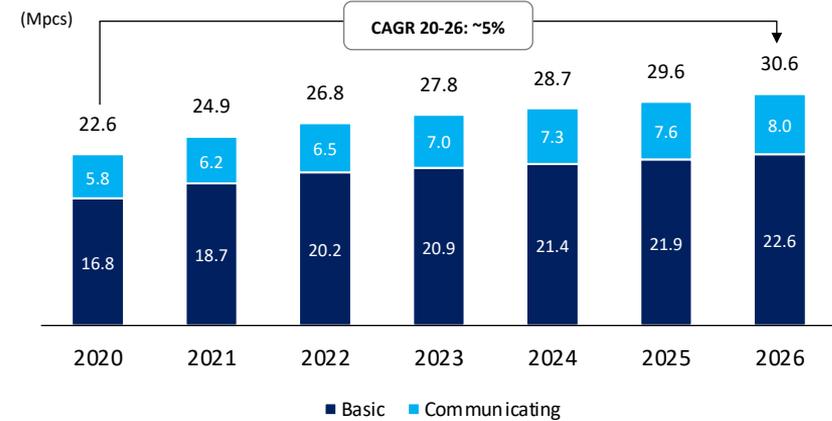
Market size and smart penetration - Water

Smart Water Metering Market Data¹



- ~1/3 of installed base would be smart by the end of 2025
- Smart Water Metering ~10% growth rate up to 2024 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

EMEA Smart Water Metering Yearly Installations²



- EMEA Market for Water Metering is expected to grow ~5% annually until 2026
- Communicating meters include both hybrid (volumetric and velocity meters with external communication modules) and static solutions
- In the next few years basic meters will remain the most installed (~74% of total installations), while the % of communicating meters will remain stable around ~26%

Metering competitive landscape

Gas Meters		Gas Network			Water Meters			Software Solutions / Services			
Residential	C&I	Transports & Distributors	Pressure Regulators	Residential	C&I	Heat Meters	Electricity Meters	MDC / MDM	Smart Grids (NTW)		
											
 	✓	✓									
 					✓	✓			✓		
 	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	
 	✓	✓	✓	✓	✓		✓	✓	✓	✓	
Landis+Gyr 	✓	✓	✓	✓			✓	✓	✓	✓	
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 	✓			✓	✓	✓	✓	✓	✓	✓	
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 	✓	✓	✓	✓				✓		✓	
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SIT shares

Current shareholder base

Shareholder base	n. ordinary shares	%
SIT Technologies S.p.A	18,725,779	74.6%
Treasury shares	729,447	2.9%
Market	5,654,983	22.5%
Total	25,110,209	100.0%

- No outstanding special or performance shares

ISIN	IT0005262149
Bloomberg	SIT:IM
Reuters	SIT.MI
Industry	INDUSTRIA
Super Sector	EDILIZIA E MATERIALI
Market Segment	Euronext Milan

Comments

Dividends paid since public listing:

- €0,25 per share in 2018
- €0,28 per share in 2019
- €0,14 per share in 2020 (*Covid contingency plan*)
- €0,28 per share in 2021
- €0,30 per share in 2022

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.

Paul Fogolin

Chief Financial Officer

paul.fogolin@sitgroup.it

Investor Relations

Mara Di Giorgio

+39 335 773 7417

investorrelations@sitgroup.it



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Since at the moment there is no existing reliable market research which provide the required level of detail, nor any official data, the statements of key information, the assessments concerning the positioning of SIT Group and the assessments regarding the market and the market segments of the reference market are based exclusively on assessments carried out by SIT's management, in accordance to its own knowledge of the market and its analysis of the data gathered. For such reason, these statements and assessments may not be updated and/or may also be quite approximate. Due to the lack of reliable and standardized data and of market data provided by third parties, these assessments are necessarily subjective and are provided, unless otherwise specified, by SIT on the basis of the analysis of the data it, as a company, has gathered. These evaluations and the performance of the industries in which SIT operates could prove to be different from those assumed due to the known and unknown risks, the uncertainties and other causes.

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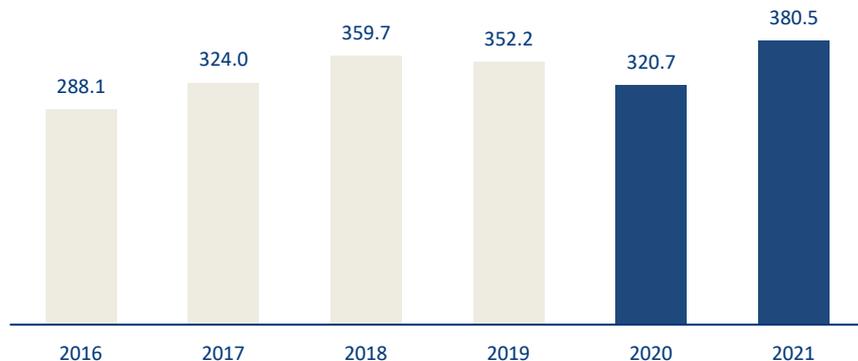


Annex



Consolidated yearly financials

Consolidated revenues (€m)



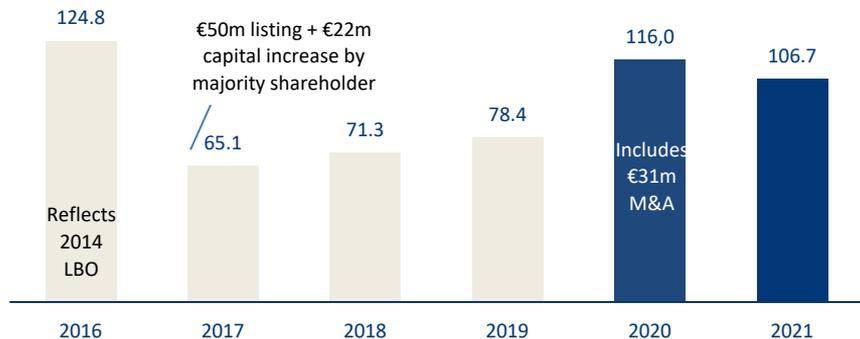
EBITDA adjusted (€m)



Cash flow from operations (€m)



Net debt (€m)

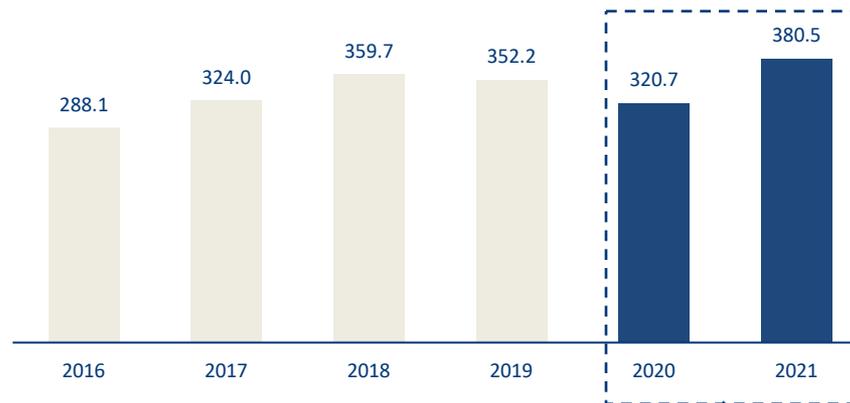


CFO is before debt service

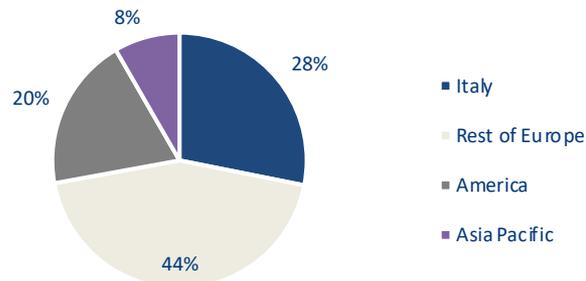
Consolidated revenues

- Solid and consistent **revenue growth** accounting a +5,7% 5Y CAGR at consolidated level
- **Heating** solutions account for 78,4% of revenues with a 19,8% YoY increase in 2021 vs 2020 (+14,7% vs 2019)
- **Metering** increased by 12,1% vs 2020 accounting for contribution of Water Metering consolidated from 2021.
- Over **70%** of 2021 revenues are **overseas**

Consolidated revenues (€m)



2021 revenues by geography



Revenues by division

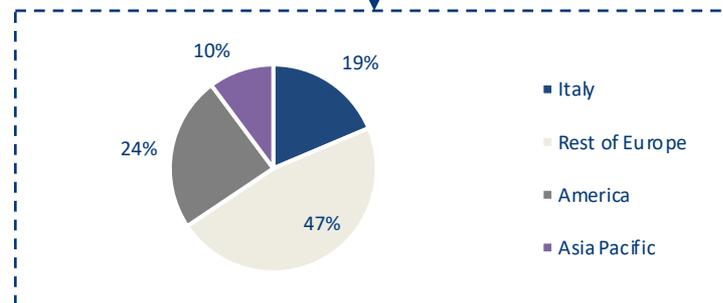
€m, unless otherwise stated	FY 21	%	FY 20	%	Chg. YoY
Heating	298,3	78,4%	249,0	77,6%	19,8%
Metering	76,9	20,2%	68,6	21,4%	12,1%
Total business sales	375,2	98,6%	317,6	99,0%	18,1%
Other revenues	5,4	1,4%	3,1	1,0%	73,9%
Total revenues	380,5	100,0%	320,7	100,0%	18,6%

Heating sales

Heating business sales by geography

€m, unless otherwise stated	FY 21	FY 20	Chg. %
Italy	55,7	43,9	26,7%
Rest of Europe	140,1	120,2	16,5%
America	72,0	58,0	24,3%
Asia Pacific	30,5	26,9	13,3%
Total Heating	298,3	249,0	19,8%

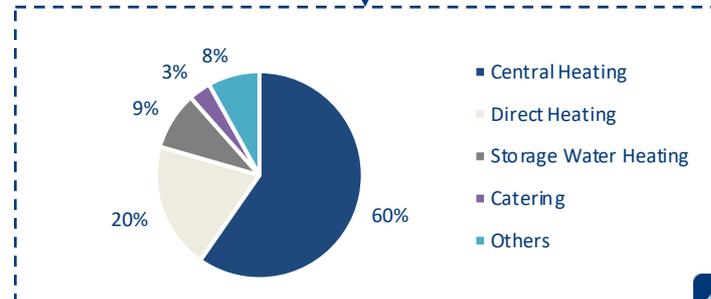
Breakdown by geography of 2021 sales



Heating business sales by market segment

€m, unless otherwise stated	FY 21	FY 20	Chg. %
Central Heating	178,0	148,3	20,0%
Direct Heating	58,8	43,6	35,0%
Storage Water Heating	26,9	27,5	(2,3%)
Catering	10,4	8,0	29,8%
Others	24,1	21,6	11,7%
Total Heating	298,3	249,0	19,8%

Breakdown by market segment of 2021 sales



Metering sales

- **Smart Gas Metering** has an impressive growth story as a newcomer in the metering business
- SIT has introduced a disruptive new technology that as been accepted and validated in both Italian and foreign markets
- SIT has achieved **≈35% share in domestic market** with over 6 million pcs installed to date
- UK and India are future growth markets for Smart Gas Metering
- SIT operates in the **Water Metering** business with JANZ, acquired in Dec 2020

Smart Gas Metering business sales (€m)



Water Metering business sales (€m)

€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

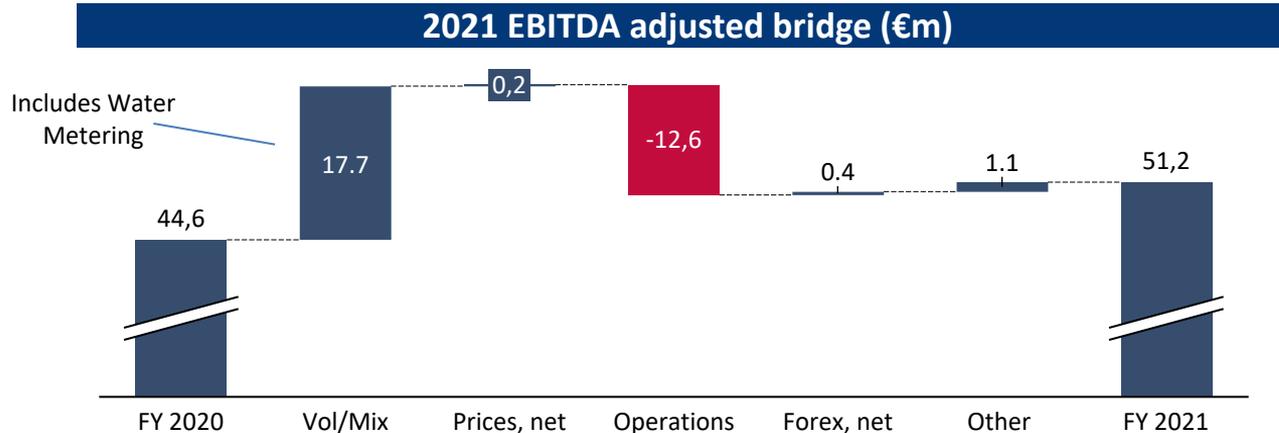
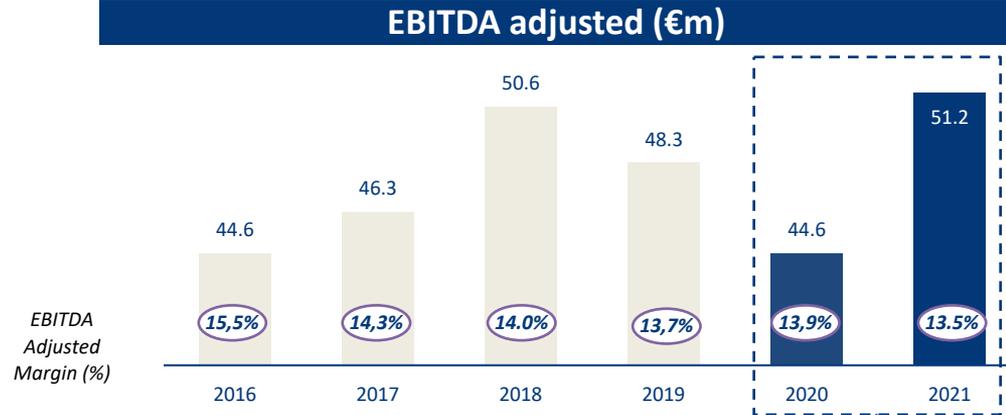
Smart Gas Metering business sales by application

€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

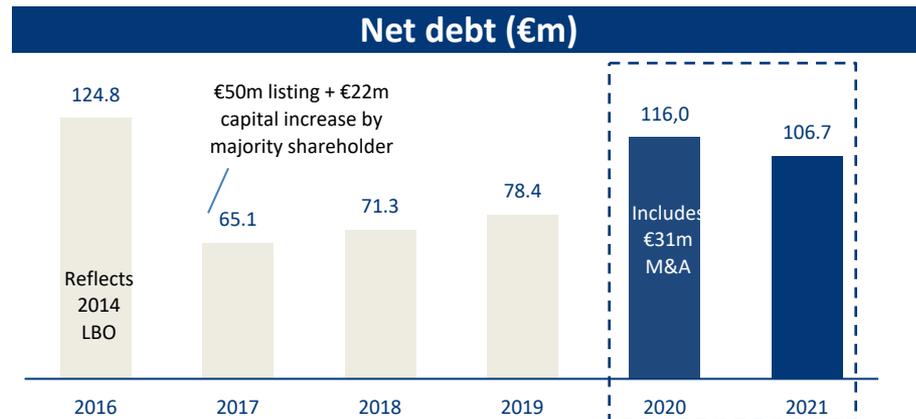
EBITDA adjusted

- Stable margin on revenues at mid double-digit level (5Y average stands at 14,0%)
- In 2021 significant contribution from volumes and the higher-than-average impact of Water Metering
- Price increase in materials was passed through to customers
- Operations accounts freight and logistics cost increase and ramp-up of Tunisian plant

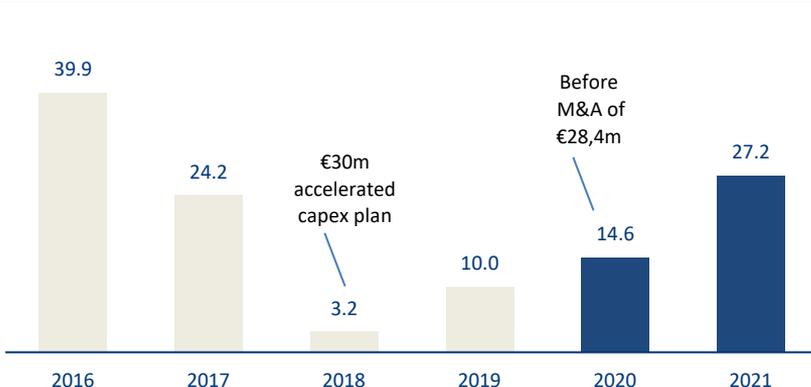


Cash flow and net debt

- Cash conversion in last 5y of 20% on average due to accelerated capex plan (production capacity increase, Tunisian plant start – up, New R&D labs) and swing in NTWC
- In 2021 debt portfolio was refinanced for €130m, ESG linked and fixed rate
- Net Debt/EBITDA adjusted: 2,08 vs 2,60 of LY



Cash flow from operations (€m)



2021 change in net debt (€m)

