



H1 2023 – Results presentation

September 29, 2023

Highlights

- Q2 consolidated revenues are €83,3, -17,4% vs Q2 2022
- Q2 Divisional sales:
 - Heating accounts €60,7, -25,8% vs PY
 - Metering at €22,0 is +24,9%, with Gas metering at +39,1% and Water metering in line vs PY
- Heating European and US end-market accounted significant slow down in Q2 vs PY
- H1 consolidated revenues are €166,9 -14,3% vs H1 2022
- H1 EBITDA adjusted of €14,5 minus 39,2% vs €23,8m of PY
- H1 Net income adjusted of €1,6 vs €6,2 of PY
- Impairment loss on goodwill for €17,0 due to megatrend in heating sector and impact on gas appliances
- Net debt at €146,4 vs €122.6 of PY

€ millions, unless otherwise stated



Key financial results

€M, unless otherwise stated	H1 23	%	H1 22	%	Chg. YoY
Revenues	166,9	100,0%	194,7	100,0%	(14,3%)
EBITDA adjusted	14,5	8,7%	23,8	12,2%	(39,2%)
EBITDA	13,2	7,9%	23,8	12,2%	(44,5%)
EBIT adjusted	0,8	0,5%	10,5	5,4%	(92,4%)
EBIT	(20,0)	(12,0%)	10,5	5,4%	(289,9%)
EBT	(22,8)	(13,7%)	16,8	8,6%	(235,7%)
Net income	(18,2)	(10,9%)	14,2	7,3%	(227,6%)
Net Income adjusted	1,6	1,0%	6,2	3,2%	(73,3%)
Cash flow from operations	(11,7)		(7,6)		
NTWC	74,9		62,8		
Net financial debt	146,4		122,6		

€M, unless otherwise stated	Q2 23	%	Q2 22	%	Chg. YoY
Revenues	83,3	100,0%	100,9	100,0%	(17,4%)
EBITDA adjusted	6,2	7,4%	9,2	9,1%	(32,4%)
EBIT adjusted	(0,8)	(1,0%)	2,5	2,5%	(132,3%)

- H1 consolidated revenues account 14,3% decrease
- Divisional trends:
 - Heating: H1 -21,8%, Q2 -25,8%
 - Metering: H1 +24,1% , Q2 +24,9%
- EBITDA adj at €14,5M vs €23,8M of PY
- EBIT adj at €0,8M (0,5% of revenues) vs €10,5M (5,4%)
- Net income adjusted at €1,6M, 1,0% of revenues vs 3,2%
- Cash flow from operations is minus €11,7M after capex for €10,5M and includes nonrecurring dispute settlement
- NTWC of €74,9M (22,3% of revenues) vs €62,8M (16,0%) of PY
- Net financial debt stands at €146,4M vs 2022 year-end of €130,5M vs €122,6 of PY
- Adjustments in EBIT includes impairment loss on goodwill for €17,0M and non-recurring restructuring costs

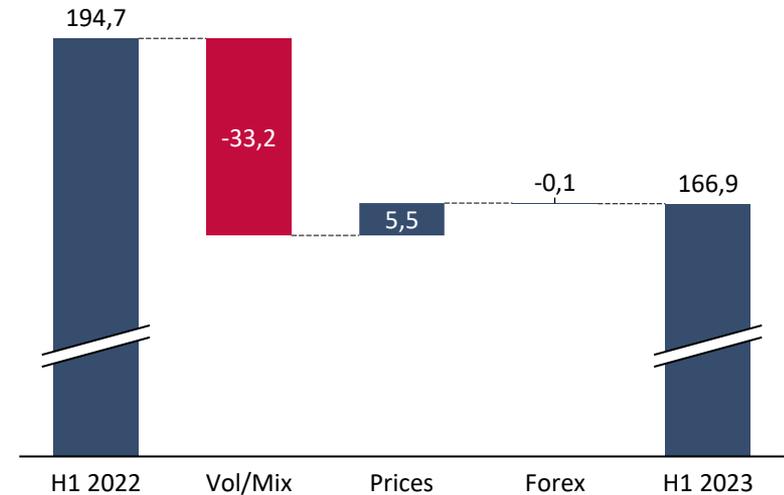
Consolidated revenues

Breakdown by Division

€m, unless otherwise stated	Q2 23	%	Q2 22	%	Chg. YoY
Heating & Ventilation	60,7	72,8%	81,8	81,0%	(25,8%)
Metering	22,0	26,4%	17,6	17,4%	24,9%
Total business sales	82,7	99,2%	99,4	98,5%	(16,8%)
Other revenues	0,7	0,8%	1,5	1,5%	(57,7%)
Total revenues	83,3	100,0%	100,9	100,0%	(17,4%)

€m, unless otherwise stated	H1 23	%	H1 22	%	Chg. YoY
Heating & Ventilation	123,4	73,9%	157,8	81,1%	(21,8%)
Metering	42,3	25,4%	34,1	17,5%	24,1%
Total business sales	165,7	99,3%	192,0	98,6%	(13,7%)
Other revenues	1,2	0,7%	2,7	1,4%	(57,6%)
Total revenues	166,9	100,0%	194,7	100,0%	(14,3%)

H1 Consolidated revenue bridge (€m)



Heating & Ventilation sales

Q2 sales by geography

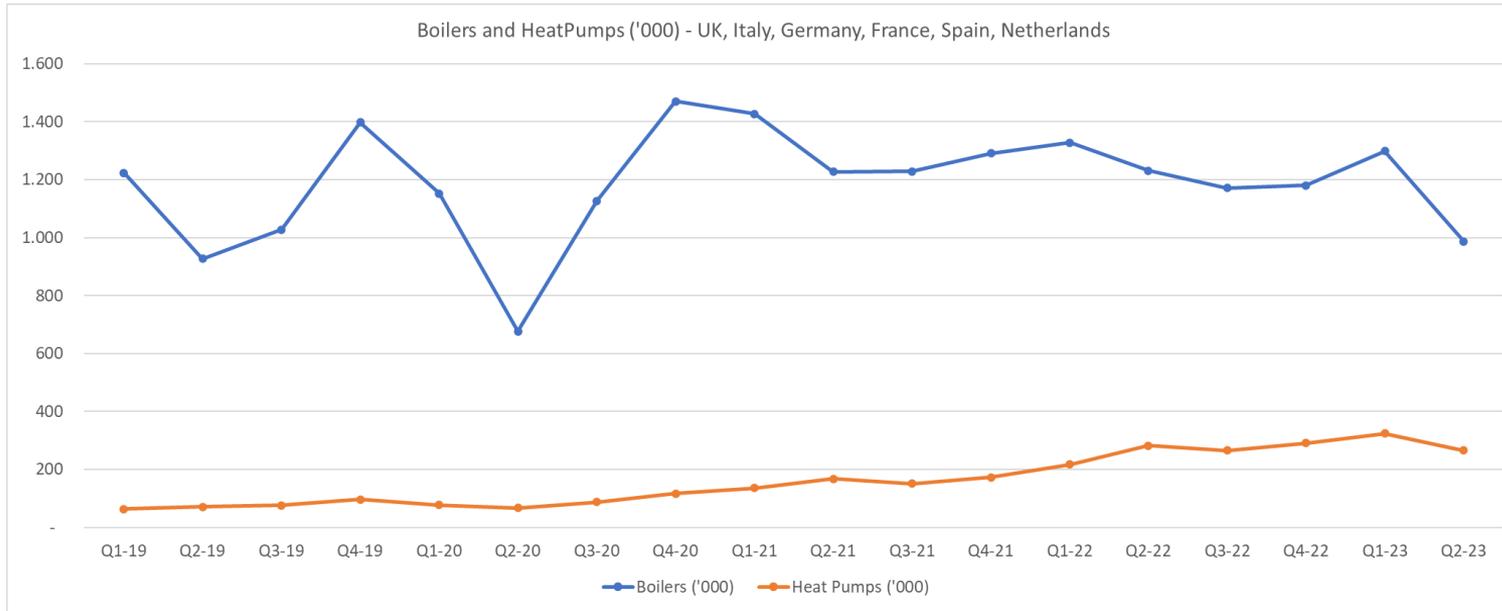
€m, unless otherwise stated	Q2 23	%	Q2 22	%	Chg. YoY
Italy	9,7	15,9%	15,0	18,4%	(35,7%)
Europe (excloding Italy)	31,2	51,4%	33,3	40,7%	(6,4%)
America	11,1	18,3%	23,0	28,1%	(51,7%)
Asia/Pacific	8,7	14,4%	10,4	12,8%	(16,2%)
Total business sales	60,7	100,0%	81,8	100,0%	(25,8%)

H1 sales by geography

€m, unless otherwise stated	H1 23	%	H1 22	%	Chg. YoY
Italy	21,6	17,5%	29,9	19,0%	(27,9%)
Europe (excloding Italy)	64,1	52,0%	67,7	42,9%	(5,2%)
America	22,8	18,5%	42,0	26,6%	(45,7%)
Asia/Pacific	14,8	12,0%	18,3	11,6%	(18,9%)
Total business sales	123,4	100,0%	157,8	100,0%	(21,8%)

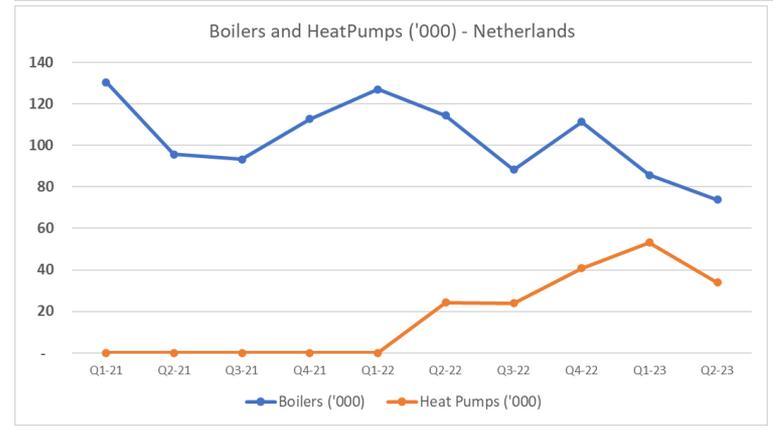
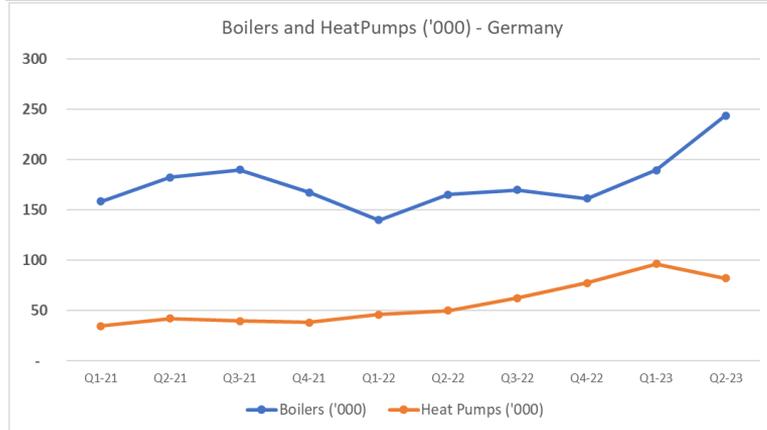
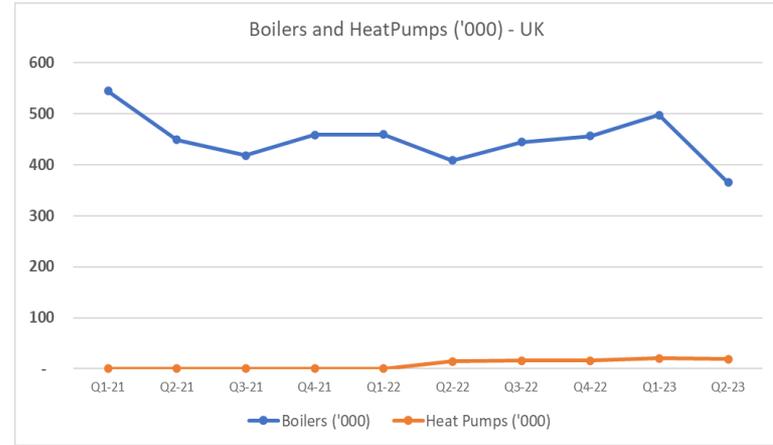
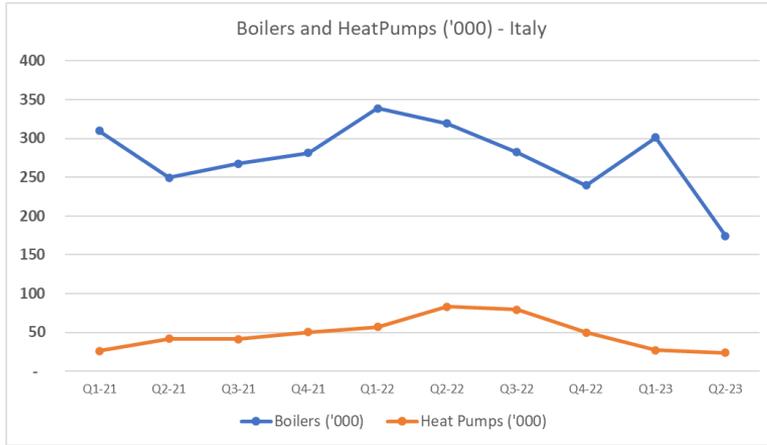
- Divisional sales
 - Q2 -25,8%, H1 -21,8%, forex impact not material
- Italy, H1 down 27,9% due to change in incentives regulations with all product segments impacted. Higher impact in Direct Heating (-44,6%) due to pellet stoves.
- Europe. H1 down €3,5M, -5,2% vs PY. Turkey (18,9% of Divisional sales) is up €7,9M, +51,3%, due to Fans (+€3,6) and mechanical controls; UK, (8,1% of Divisional sales) accounts €0,5M increase, +5,2%, mainly in flues (+33,2% YTD); Central Europe markets are down in H1 for €6,1M (-22,5%) mainly in Central Heating with Heat Recovery Units up €1,7M, +34,0%
- America. H1 sales are down €19,2M, -45,7%, -46,8% at same forex. Impact in both Direct Heating and SWH applications.
- Asia/Pacific H1 accounts decrease for €3,4M, -18,9%, -15,6% at same forex vs PY; China posted a better Q2 (-8,2%) bringing H1 down €1,8M, -16,5% vs PY; Australia, 2,7% of divisional sales, accounts a H1 decrease of €1,1M, -21,1% due to general slowdown
- Fans and flues (respectively -12,6% and -7,0%) are the product families performing relatively better throughout the division

European Heating end-market quarterly trend



- Q2 2023 accounted significant slow down in end market sales, after a Q1 in line with PY
- Changes and announcement effect in incentives regulation
- Legislation and announcement effect of fossil fuel banning country by country
- Impact of inflation and interest rates in household spending capacity

Italy, UK, Germany, NL end-market quarterly trend



Metering sales

Q2 Smart Gas Metering

€m, unless otherwise stated	Q2 23	%	Q2 22	%	Chg. YoY
Residential	12,8	80,7%	9,5	83,1%	35,0%
Commercial & Industrial	3,0	19,1%	1,9	16,3%	63,1%
Other	0,0	0,3%	0,1	0,7%	(41,6%)
Total business sales	15,8	100,0%	11,4	100,0%	39,1%

H1 Smart Gas Metering

€m, unless otherwise stated	H1 23	%	H1 22	%	Chg. YoY
Residential	24,0	81,3%	17,9	82,7%	33,9%
Commercial & Industrial	5,4	18,4%	3,6	16,5%	51,7%
Other	0,1	0,3%	0,2	0,8%	(49,3%)
Total business sales	29,5	100,0%	21,7	100,0%	36,2%

H1 2023 foreign sales are ≈6%, mostly Greece and Croatia

Q2 Water Metering

€m, unless otherwise stated	Q2 23	%	Q2 22	%	Chg. YoY
Water meters, finished	2,1	34,5%	2,8	44,7%	(23,9%)
Water meter parts	3,5	56,5%	3,0	47,5%	17,5%
Other	0,6	9,0%	0,5	7,7%	15,4%
Total business sales	6,1	100,0%	6,2	100,0%	(1,2%)

H1 Water Metering

€m, unless otherwise stated	H1 23	%	H1 22	%	Chg. YoY
Water meters, finished	4,7	36,9%	5,7	45,4%	(16,3%)
Water meter parts	7,0	54,6%	5,9	47,6%	18,1%
Other	1,1	8,4%	0,9	7,0%	24,5%
Total business sales	12,8	100,0%	12,5	100,0%	2,9%

H1 2023 geography breakdown: Portugal 17,3%, Spain 35,6%, Rest of Europe 36,6%, Americas 7,7%, Asia/Pacific 2,8%

From EBITDA to Net income – H1

€M, unless otherwise stated	H1 23	% of sales	H1 22	% of sales	Chg. YoY
EBITDA	13,2	7,9%	23,8	12,2%	(44,5%)
D&A, impairment of assets	33,2		13,3		
EBIT	(20,0)	-12,0%	10,5	5,4%	(289,9%)
Net financial (charges)/income	(3,1)		6,3		
Net forex (charges)/income	0,3		0,0		
EBT	(22,8)	-13,7%	16,8	8,6%	(235,7%)
Taxes	4,7		(2,6)		
Net income	(18,2)	-10,9%	14,2	7,3%	(227,6%)
Ebitda adjusted	14,5	8,7%	23,8	12,2%	(39,2%)
Ebit adjusted	0,8	0,5%	10,5	5,4%	(92,4%)
Net financial (charges)/income adjusted	(3,1)	(1,9%)	(1,8)	(0,9%)	76,0%
Net income adjusted	1,6	1,0%	6,2	3,2%	(73,3%)

- D&A for €13,9M, 8,3% of revenues vs €13,3M, 6,8%
- Impairment of assets for €19,5M (GW for €17,0M)
- EBIT of minus €20,0Mm vs €10,5M of PY
- Net financial (charges) €3,1M vs net financial income of €6,3 in PY due to changes in FV of Warrants expired in July 22
- EBT of €22,8M vs €16,8M of PY (both include one off items)
- H1 23 taxes revenue for deferred tax assets
- Net income of minus €18,2M vs €14,2M of PY
- Adjustments in H1 23 refer to impairment losses and non-recurring restructuring cost
- Adjustments in H1 22 refer to change in FV of Warrants

Net trade working capital

€m, unless otherwise stated	2023.06	2022.12	H1 23 Change	2022.06	2021.12	H1 22 Change	YoY change
Inventory	98,9	91,4	7,6	98,0	70,1	27,8	1,0
Accounts receivables	52,5	63,8	(11,3)	63,8	56,1	7,7	(11,3)
Accounts payables	(76,5)	(81,4)	4,9	(98,9)	(80,8)	(18,2)	22,4
Net Trade Working Capital	74,9	73,8	1,2	62,8	45,4	17,4	12,1
<i>NTWC/Revenues</i>	<i>22,3%</i>	<i>18,8%</i>	<i>3,5%</i>	<i>16,0%</i>	<i>11,9%</i>	<i>4,1%</i>	<i>6,3%</i>

Reported H1 23 NTWC: +€1,2M

- Inventory increase (+€7,6M) due mainly to Gas Metering build up for H2 production
- Account Receivables (-€11,3M) and Account Payables (-€4,9M) reflects decrease in volumes

Cash flow and Net debt

Change in net debt

€M, unless otherwise stated	H1 23	H1 22
Current cash flow	15,2	24,5
Change in NTWC	0,5	(16,3)
Inventory	(5,9)	(26,3)
Accounts Receivables	12,3	(6,5)
Accounts Payables	(5,8)	16,5
Other working capital	(17,0)	(6,3)
Capex, net	(10,5)	(9,4)
Cash flow from operations	(11,7)	(7,6)
Financial charges	(3,2)	(1,4)
Dividends paid	-	(7,3)
IFRS 16 - Leases	(0,5)	(0,6)
Other	(0,5)	1,1
Change in net debt	(15,9)	(15,9)
Net debt - BoP	130,5	106,7
Net debt - EoP	146,4	122,6

- Current cash flow of €15,2M vs €24,5M of PY
- YTD change in NTWC in line with end of PY. Inventory increase in Gas Metering business offset by AR and AP decrease in volumes
- Other working capital (-€17,0M) includes dispute settlement with customer accrued in 2022
- Capex for €10,5M vs €9,4M of PY

Net financial position

€m, unless otherwise stated	30/06/2023	31/12/2022	30/06/2022
(Cash & cash equivalents)	(23,8)	(23,5)	(43,1)
Current debt, net	47,3	20,5	20,5
Non current debt	109,1	117,5	127,7
MTM derivatives & M&A debt	0,0	1,2	2,4
IFRS 16 - Leases	13,8	14,9	15,1
Net debt - EoP	146,4	130,5	122,6

- Net Debt/EBITDA LTM: 3,88x vs 2,77x vs 2,66x of previous year
- Waiver on June 30 covenants was timely agreed by all lenders, covenant reset currently underway

Final comments and outlook

Looking forward we highlight two different trends:

- Metering is riding a positive cycle leveraging competitive position and product portfolio
- Heating is suffering weak demand in end-market due to confusing regulation, incentives cancellation, high inflation and interest rate impact on household spending. Value chain is still overloaded with excess stock, de-stocking will take longer than expected

FY 2023 outlook

- Smart Gas Metering will maintain high double-digit growth thanks to key projects with domestic top clients
- Water Metering will grow between 10%-15% partially recovering the Q2 delay
- Heating & Ventilation: the typical seasonality of sales will not take place in the remaining part of 2023 in which a further slowdown is expected
- At consolidated level sales forecasts are expected to be further reduced compared to H1 results
- Cost reduction activities already in place with main structural effects expected from the beginning 2024
- EBITDA adjusted margin forecasted below double digit
- Net debt expected in line with reported H1 level

Future developments

- Management is working on a series of projects to accelerate internationalization and value generation, redesigning business portfolio targeting growth segments and cash generation potential

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