



## **FY 2023 – Results presentation**

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**April 24, 2024**

# Highlights

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- Q4 consolidated revenues are €84,2, -18,2% vs Q4 2022
- Q4 Divisional sales:
  - Heating accounts €57,9, -28,1% vs PY
  - Metering at €24,7 is +16,8%, with Gas metering at +1,0% and Water metering +58,7% vs PY
- FY consolidated revenues are €326,3, -17,0% vs 2022
- FY EBITDA adjusted of €29,0, -38,5% vs €47,1 of PY
- FY Net income adjusted -€0,3 vs €10,9 of PY
- Impairment loss on goodwill for €17,0 accounted in H1 reporting due to megatrend in heating sector and impact on gas appliances
- Net debt at €153,7 vs €130,5 of PY
- Amendment to bank debt with 24-month extension of the original maturities and remodulation of the installments maintaining original due dates
- Loan cash injection by main shareholder for €5 million

*€ millions, unless otherwise stated*



# Key financial results

€M, unless otherwise stated	FY 23	%	FY 22	%	Chg. YoY
Revenues	326,3	100,0%	393,3	100,0%	(17,0%)
EBITDA adjusted	29,0	8,9%	47,1	12,0%	(38,5%)
EBITDA	21,7	6,6%	38,2	9,7%	(43,3%)
EBIT adjusted	0,1	0,0%	19,4	4,9%	(99,6%)
EBIT	(25,2)	(7,7%)	10,6	2,7%	(338,9%)
EBT	(31,3)	(9,6%)	13,6	3,4%	(330,7%)
Net income	(23,4)	(7,2%)	11,2	2,9%	(308,6%)
Net Income adjusted	(0,3)	(0,1%)	10,9	2,8%	(103,2%)
Cash flow from operations	(14,9)		(13,1)		
NTWC	79,9		73,8		
Net financial debt	153,7		130,5		

€M, unless otherwise stated	Q4 23	%	Q4 22	%	Chg. YoY
Revenues	84,2	100,0%	102,9	100,0%	(18,2%)
EBITDA adjusted	7,0	8,4%	11,5	11,2%	(38,9%)
EBIT adjusted	(1,1)	(1,3%)	4,1	4,0%	(127,4%)
Net Income adjusted	(1,2)	(1,5%)	2,7	2,6%	(146,4%)

- FY consolidated revenues account 17,0% decrease
  - Divisional trends:
    - Heating: FY -25,8%, Q4 -28,1%
    - Metering: FY +22,2% , Q4 +16,8%
  - EBITDA adj at €29,0M vs €47,1M of PY
  - EBIT adj at €0,1M vs €19,4M
  - Net income adj at minus €0,3M vs €10,9M
  - Cash flow from operations is minus €14,9M after capex for €23,0M
  - NTWC of €79,9M (24,5% of revenues) vs €73,8M (18,8%)
  - Net financial debt stands at €153,7M vs 2022 of €130,5M
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- Adjustments in EBIT includes impairment loss on goodwill for €17,0M and restructuring costs

# Consolidated revenues – FY

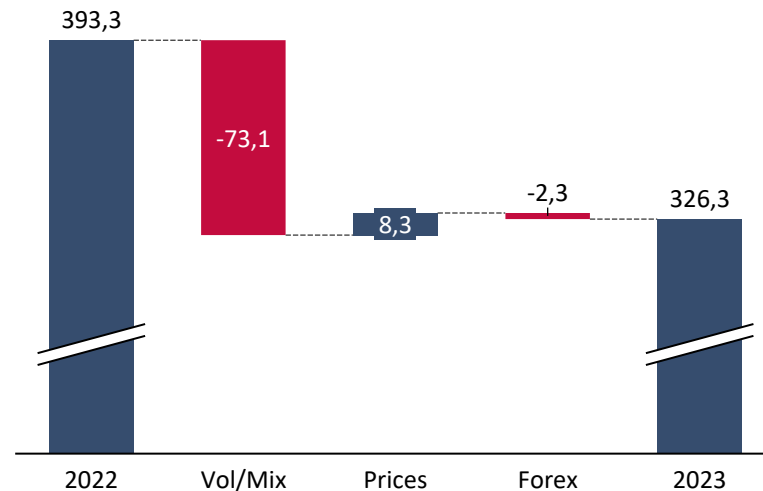
## Breakdown by Division

€M, unless otherwise stated	FY 23	%	FY 22	%	Chg. YoY
Heating & Ventilation	234,0	71,7%	315,3	80,2%	(25,8%)
Metering	88,6	27,2%	72,5	18,4%	22,2%
<b>Total business sales</b>	<b>322,6</b>	<b>98,9%</b>	<b>387,9</b>	<b>98,6%</b>	<b>(16,8%)</b>
Other revenues	3,6	1,1%	5,5	1,4%	(33,1%)
<b>Total revenues</b>	<b>326,3</b>	<b>100,0%</b>	<b>393,3</b>	<b>100,0%</b>	<b>(17,0%)</b>

## Breakdown by geography

€M, unless otherwise stated	FY 23	%	FY 22	%	Chg. YoY
Italy	97,3	29,8%	99,5	25,3%	(2,1%)
Europe (excluding Italy)	151,4	46,4%	169,4	43,1%	(10,6%)
America	47,1	14,4%	85,5	21,7%	(44,8%)
Asia/Pacific	30,4	9,3%	39,0	9,9%	(22,0%)
<b>Total revenues</b>	<b>326,3</b>	<b>100,0%</b>	<b>393,3</b>	<b>100,0%</b>	<b>(17,0%)</b>

## Consolidated revenue bridge



# Consolidated revenues – Q4

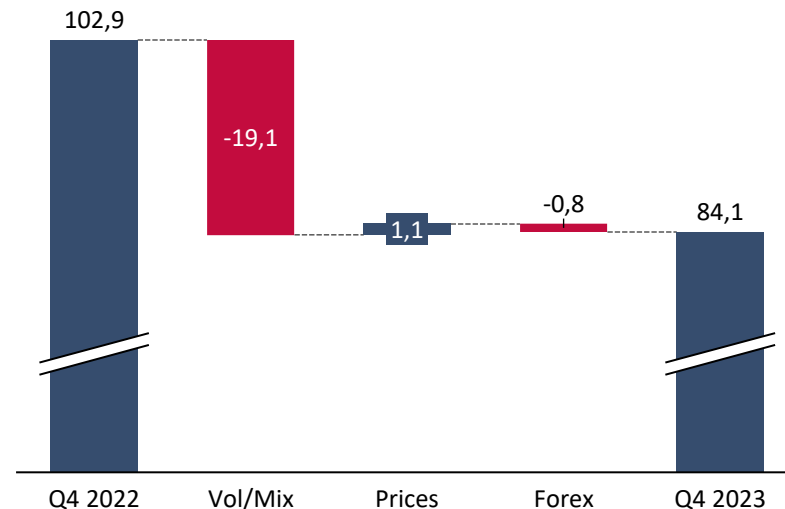
## Breakdown by Division

€M, unless otherwise stated	Q4 23	%	Q4 22	%	Chg. YoY
Heating & Ventilation	57,9	68,8%	80,5	78,3%	(28,1%)
Metering	24,7	29,3%	21,1	20,5%	16,8%
<b>Total business sales</b>	<b>82,6</b>	<b>98,1%</b>	<b>101,7</b>	<b>98,8%</b>	<b>(18,8%)</b>
Other revenues	1,6	1,9%	1,3	1,2%	26,6%
<b>Total revenues</b>	<b>84,2</b>	<b>100,0%</b>	<b>102,9</b>	<b>100,0%</b>	<b>(18,2%)</b>

## Breakdown by geography

€M, unless otherwise stated	Q4 23	%	Q4 22	%	Chg. YoY
Italy	23,8	28,3%	32,5	31,6%	(26,7%)
Europe (excluding Italy)	38,8	46,0%	37,2	36,2%	4,1%
America	13,1	15,5%	22,9	22,2%	(42,8%)
Asia/Pacific	8,5	10,1%	10,3	10,0%	(17,4%)
<b>Total revenues</b>	<b>84,2</b>	<b>100,0%</b>	<b>102,9</b>	<b>100,0%</b>	<b>(18,2%)</b>

## Consolidated revenue bridge



# Heating & Ventilation sales

## Q4 sales by geography

€M, unless otherwise stated	Q4 23	%	Q4 22	%	Chg. YoY
Italy	8,1	14,1%	11,0	13,7%	(26,1%)
Europe (excuding Italy)	27,6	47,7%	37,0	45,9%	(25,3%)
America	12,3	21,2%	23,0	28,5%	(46,5%)
Asia/Pacific	9,8	17,0%	9,5	11,9%	3,0%
<b>Total business sales</b>	<b>57,9</b>	<b>100,0%</b>	<b>80,5</b>	<b>100,0%</b>	<b>(28,1%)</b>

## FY sales by geography

€M, unless otherwise stated	FY 23	%	FY 22	%	Chg. YoY
Italy	36,7	15,7%	56,1	17,8%	(34,6%)
Europe (excuding Italy)	119,6	51,1%	138,0	43,8%	(13,3%)
America	44,8	19,1%	82,8	26,3%	(46,0%)
Asia/Pacific	32,9	14,1%	38,4	12,2%	(14,2%)
<b>Total business sales</b>	<b>234,0</b>	<b>100,0%</b>	<b>315,3</b>	<b>100,0%</b>	<b>(25,8%)</b>

- Divisional sales
  - Q4 -28,1%, -27,1% at same forex
  - FY -25,8%, -25,1% at same forex
- Italy, FY down 34,6% due to change in incentives regulations with all product segments impacted. Higher impact in Direct Heating (-62,1%) due to pellet stoves.
- Europe. FY down €18,4M, -13,3% vs PY. Turkey (18,1% of Divisional sales) is up €4,2M, +10,9%, due to fans and mechanical controls; UK, (8,5% of Divisional sales) is overall in line with PY with flues (+25,6% YTD); Central Europe markets are down 28,5% mainly in Central Heating with Heat Recovery Units in line with previous year (+1,0%)
- America. FY sales are down €38,1M, -46,0%. Impact in both Direct Heating and SWH applications.
- Asia/Pacific FY accounts decrease for €5,4M, -14,2%, -9,2% at same forex vs PY; China posted a Q4 at -2,2% bringing FY down €2,8M, -11,6%, -5,5% at same forex vs PY; Australia, 2,5% of divisional sales, accounts a decrease of €2,3M, -27,9%, -23,3% at same forex

# Metering sales

## Q4 Smart Gas Metering

€M, unless otherwise stated	Q4 23	%	Q4 22	%	Chg. YoY
Residential	12,2	78,9%	12,6	82,2%	(3,0%)
Commercial & Industrial	3,2	20,8%	2,7	17,4%	21,1%
Other	0,0	0,3%	0,1	0,4%	(27,6%)
<b>Total business sales</b>	<b>15,5</b>	<b>100,0%</b>	<b>15,4</b>	<b>100,0%</b>	<b>1,0%</b>

## FY Smart Gas Metering

€M, unless otherwise stated	FY 23	%	FY 22	%	Chg. YoY
Residential	48,8	81,3%	39,6	81,9%	23,2%
Commercial & Industrial	11,0	18,4%	8,5	17,5%	30,2%
Other	0,2	0,3%	0,3	0,6%	(35,4%)
<b>Total business sales</b>	<b>60,0</b>	<b>100,0%</b>	<b>48,4</b>	<b>100,0%</b>	<b>24,0%</b>

2023 Foreign sales are ≈4%, mostly Greece and Croatia

## Q4 Water Metering

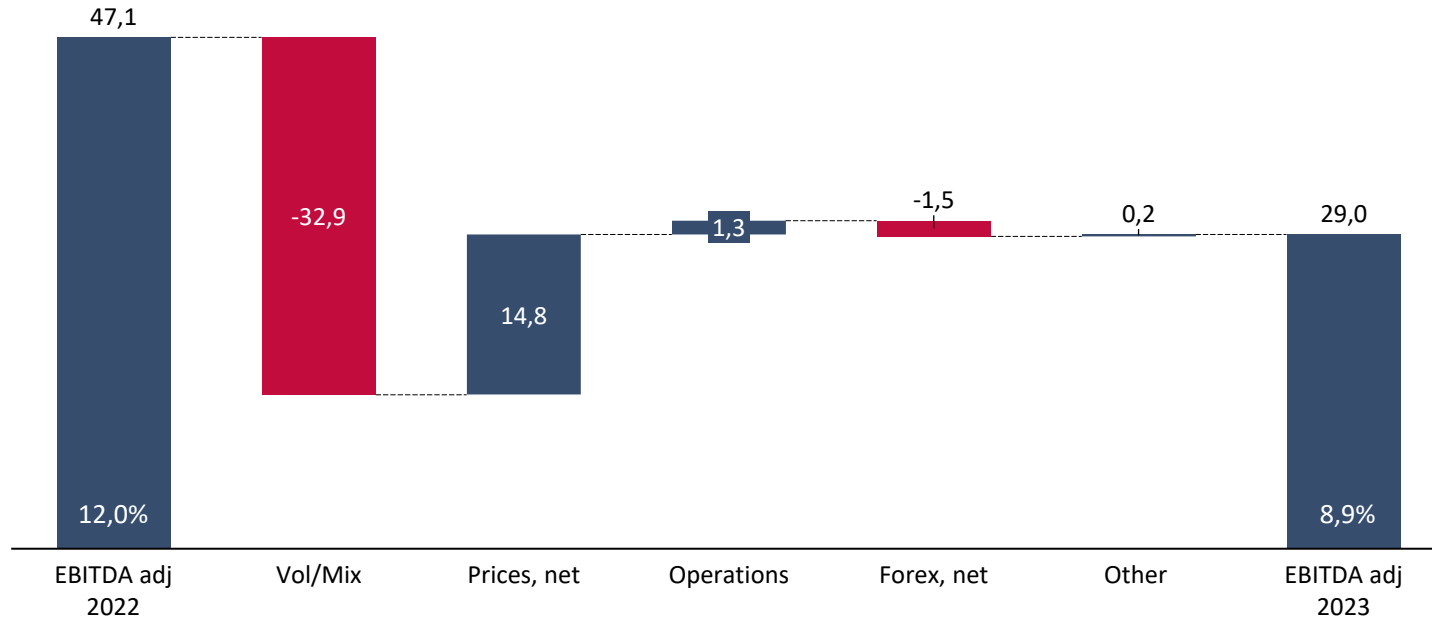
€M, unless otherwise stated	Q4 23	%	Q4 22	%	Chg. YoY
Water meters, finished	4,5	49,0%	1,9	33,5%	132,3%
Water meter parts	3,7	40,4%	3,3	57,1%	12,3%
Other	1,0	10,6%	0,5	9,4%	78,7%
<b>Total business sales</b>	<b>9,1</b>	<b>100,0%</b>	<b>5,8</b>	<b>100,0%</b>	<b>58,7%</b>

## FY Water Metering

€M, unless otherwise stated	FY 23	%	FY 22	%	Chg. YoY
Water meters, finished	11,6	40,6%	9,5	39,4%	22,2%
Water meter parts	14,3	50,0%	12,7	52,7%	12,4%
Other	2,7	9,4%	1,9	7,9%	41,1%
<b>Total business sales</b>	<b>28,6</b>	<b>100,0%</b>	<b>24,2</b>	<b>100,0%</b>	<b>18,5%</b>

2023 geography breakdown: Portugal 19,0%, Spain 36,2%, Rest of Europe 34,7%, Americas 7,3%, Asia/Pacific 2,7%

# EBITDA adjusted bridge





# From EBITDA to Net income – FY

€M, unless otherwise stated	FY 23	% of sales	FY 22	% of sales	Chg. YoY
<b>EBITDA</b>	<b>21,7</b>	<b>6,6%</b>	<b>38,2</b>	<b>9,7%</b>	<b>(43,3%)</b>
D&A, impairment of assets	46,9		27,7		
<b>EBIT</b>	<b>(25,2)</b>	<b>-7,7%</b>	<b>10,6</b>	<b>2,7%</b>	<b>(338,9%)</b>
Net financial (charges)/income	(6,9)		4,5		
Net forex (charges)/income	0,8		(1,3)		
<b>EBT</b>	<b>(31,3)</b>	<b>-9,6%</b>	<b>13,6</b>	<b>3,4%</b>	<b>(330,7%)</b>
Taxes	7,9		(2,4)		
<b>Net income</b>	<b>(23,4)</b>	<b>-7,2%</b>	<b>11,2</b>	<b>2,9%</b>	<b>(308,6%)</b>
<b>Ebitda adjusted</b>	<b>29,0</b>	<b>8,9%</b>	<b>47,1</b>	<b>12,0%</b>	<b>(38,5%)</b>
<b>Ebit adjusted</b>	<b>0,1</b>	<b>0,0%</b>	<b>19,4</b>	<b>4,9%</b>	<b>(99,6%)</b>
<b>Net financial (charges)/income adjusted</b>	<b>(6,9)</b>	<b>(2,1%)</b>	<b>(4,2)</b>	<b>(1,1%)</b>	<b>62,2%</b>
<b>Net income adjusted</b>	<b>(0,3)</b>	<b>(0,1%)</b>	<b>10,9</b>	<b>2,8%</b>	<b>(103,2%)</b>

- D&A for €28,7M, 9,2% of revenues vs €27,7M, 7,0%
- Impairment of goodwill for €17,0M
- EBIT of minus €25,2M vs €10,6M of PY
- Net financial (charges) €56,9M vs net financial income of €4,5 in PY due to changes in FV of Warrants expired on July 22
- EBT of minus €31,4M vs €13,6M of PY (both include one off items)
- FY 23 taxes revenue for deferred tax assets
- Net income of minus €23,4M vs €11,2M of PY
- Adjustments in FY23 refer to impairment losses and restructuring costs
- Adjustments in FY22 refer to change in FV of Warrants

# Cash flow, net debt, net trade working capital

€M, unless otherwise stated	FY 23	FY 22
<b>Current cash flow</b>	<b>27,5</b>	<b>46,4</b>
<b>Change in NTWC</b>	<b>(4,8)</b>	<b>(27,1)</b>
Inventory	9,4	(19,7)
Accounts Receivables	1,0	(6,7)
Accounts Payables	(15,1)	(0,7)
<b>Other working capital</b>	<b>(14,6)</b>	<b>(5,5)</b>
<b>Capex, net</b>	<b>(23,0)</b>	<b>(26,9)</b>
<b>Cash flow from operations</b>	<b>(14,9)</b>	<b>(13,1)</b>
Financial charges	(7,2)	(3,3)
Dividends paid	-	(7,3)
IFRS 16 - Leases	(1,8)	(2,0)
Other	0,7	2,0
<b>Change in net debt</b>	<b>(23,2)</b>	<b>(23,8)</b>
<b>Net debt - BoP</b>	<b>130,5</b>	<b>106,7</b>
<b>Net debt - EoP</b>	<b>153,7</b>	<b>130,5</b>

€M, unless otherwise stated	2023.12	2022.12	YoY change
Inventory	83,3	91,4	(8,0)
Accounts receivables	63,5	63,8	(0,3)
Accounts payables	(66,9)	(81,4)	14,5
<b>Net Trade Working Capital</b>	<b>79,9</b>	<b>73,8</b>	<b>6,2</b>
<b>NTWC/Revenues</b>	<b>24,5%</b>	<b>18,8%</b>	<b>5,7%</b>

- Inventory decrease of €8,0 thanks to Heating & Ventilation -€10,0 with normalization of supply chain supporting destocking target, while Gas Metering is building up stock (+€2,5) for planned production in first part of 2024

€m, unless otherwise stated	31/12/2023**	31/12/2023*	31/12/2022
(Cash & cash equivalents)	(13,7)	(8,7)	(23,5)
Current debt, net	26,6	50,9	20,5
Non current debt	127,1	97,8	117,5
MTM derivatives & M&A debt	0,2	0,2	1,2
IFRS 16 - Leases	13,5	13,5	14,9
<b>Net debt - EoP</b>	<b>153,7</b>	<b>153,7</b>	<b>130,5</b>

- \* Net Debt reported
- \*\* Net Debt pro-forma, amended agreements include covenant reset and shareholder loan

# Final comments and outlook

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Looking forward we have different visibility on the two Divisions:

- Metering provides positive outlook thanks to awarded tenders and positive cycle
- Heating & Ventilation is expected to recover by year-end showing a quarter-on-quarter improvement
- Management focus KPI is on EBITDA and NFP

FY 2024 outlook

- Metering business top line expected further increase at high single digit increase
- Heating & Ventilation is expected to recover over the course of the year, with the first quarter still down double digit and the second quarter expected to be down single digit, compared to the previous year. Visibility on H2 24 suggests an improvement as compared to the first part of the year
- EBITDA improvement will come from carry over of structural cost reductions (€2,0) and manufacturing footprint reorganization (€2,5)
- Consolidated EBITDA margin expected to improve between 100 e 200 bps
- Capex planned between €20 - €25M
- Net debt expected between €140 - €147

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