SIT

2018FY - Results presentation

March 22, 2019

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2018FY - Key financial results

(Euro million)	2018FY	%	2017FY	%	diff%
Revenues	359,7	100,0%	324,0	100,0%	11,0%
EBITDA Adjusted (1)	50,4	14,0%	45,8	14,2%	9,9%
EBITDA	43,8	12,2%	44,1	13,6%	-0,6%
EBIT Adjusted (1)	30,5	8,5%	26,9	8,3%	13,4%
EBIT	24,0	6,7%	25,2	7,8%	-4,8%
Net Income Adjusted (1)	19,4	5,4%	14,4	4,5%	34,6%
Net Income	24,3	6,7%	(23,3)	-7,2%	-
Cash flow from operations	3,2		24,2		
NTWC	29,5		21,9		
Net financial debt	71,3		65,1		

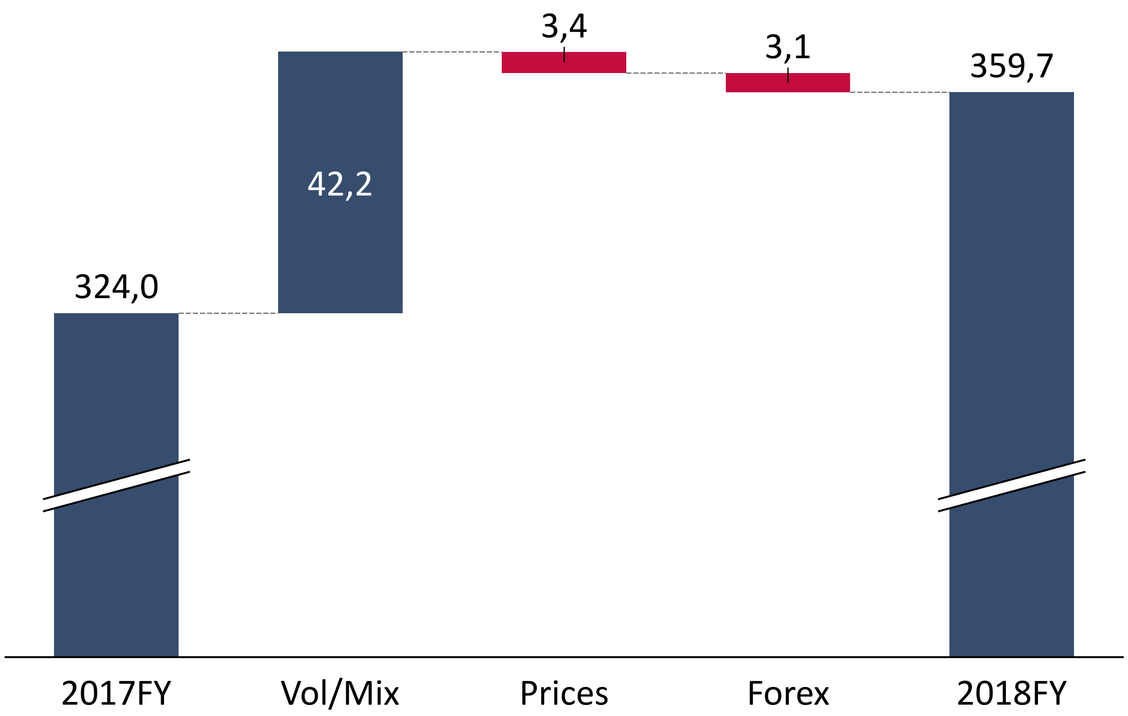
(1) Adjusted EBITDA and Adjusted EBIT are net of non-recurring operating income and charges. Adjusted net income also includes non-recurring financial income and charges and the tax effect of all non-recurring items. Main adjustments are for managing director severance costs (2,7€) and main market listing (2,4€). Please refer to Net Income Adjusted slide for details of non-recurring items.

- *Revenue growth of 11,0% is all **organic:***
  - Heating, +13,0€ +4,7%
  - Smart Gas Metering ,+22,7€ +45,9%
- *Revenue growth at same forex rates is +12,0%*
- *EBITDA Adjusted is 50,4€, +9,9% due to 2018H2 improved operating conditions and efficiencies*
- *Net Income Adjusted improves by 5,0€, +34,6%*
- *Accelerated capex plan to increase production capacity and remove inefficiencies has been deployed on time and effective in 2018H2*
- *2018FY Cash flow from operations is +3,2€ after capex for 30,0€ (+73% vs LY) increase in net working capital for 15,1€ vs BoP*

Euro million

2018FY - Sales bridge

Euro million



2018FY - Revenue breakdown by Division and geography

Divisional sales

Euro million	2018FY	%	2017FY	%	diff %
Heating	287,0	79,8%	274,0	84,6%	4,7%
Smart Gas Metering	72,1	20,1%	49,5	15,3%	45,9%
Total product sales	**359,1**	**99,8%**	**323,5**	**99,8%**	**11,0%**
Other revenues	0,5	0,2%	0,5	0,2%	7,6%
Total revenues	**359,7**	**100,0%**	**324,0**	**100,0%**	**11,0%**

- *Growth is all organic*

Revenues by geography

Euro million	2018FY	%	2017FY	%	diff %
Italy	126,1	35,1%	99,3	30,7%	27,0%
Europe (excluding Italy)	148,4	41,3%	139,5	43,1%	6,4%
America	55,3	15,4%	49,8	15,4%	11,0%
Asia/Pacific	29,9	8,3%	35,4	10,9%	(15,6%)
Total revenues	**359,7**	**100%**	**324,0**	**100%**	**11,0%**

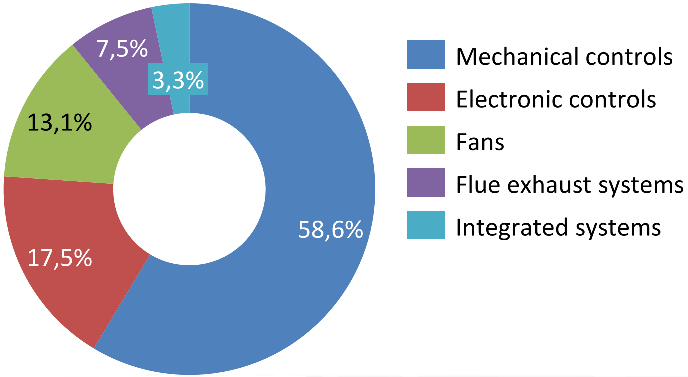
- *Smart Gas Metering achieved substantially all revenues in Italy*

2018FY - Heating sales growth driven by Europe and America

Heating business sales by application

Euro million	2018FY	%	2017FY	%	diff %
Central Heating	178,4	62,7%	177,8	65,3%	0,3%
Direct Heating	51,6	18,1%	50,0	18,4%	3,2%
Storage Water Heating	22,0	7,7%	17,3	6,4%	26,7%
Catering	10,9	3,8%	11,0	4,0%	(0,8%)
Other	21,7	7,6%	16,0	5,9%	35,2%
Total business sales	**284,5**	**100%**	**272,2**	**100%**	**4,5%**

Heating business sales by product family



- *Europe, approx. 70% of Divisional Business Sales, accounts 2018 sales growth of +6,5%. Growth is mainly in Netherlands (+4,5€,+26,9%), Russia (+3,4€,+36,7%) and Italy (+2,5€,+4,7%) due to volumes and market share*
- *In Europe, Turkey (approx. 13,5% of Divisional Business Sales) is down 3,3% vs 2017*
- *America, approx. 20% of Divisional Business Sales, grows significantly (+11,3%,+ 15,8% at same forex rates)*
- *China, 6,1% of Divisional Business Sales, accounts -18,7% vs 2017 as the government incentive program ("coal to gas policy"), which was fully effective in 2017FY, is temporarily on hold and has been so for most of 2018FY*
- *Mechanical controls: +5,0€ are up 3,1%. Fans: +5,3€, +16,7%. Electronic performs with +2,1€, +4,4%. Integrated systems 2018 growth: +4,7%*

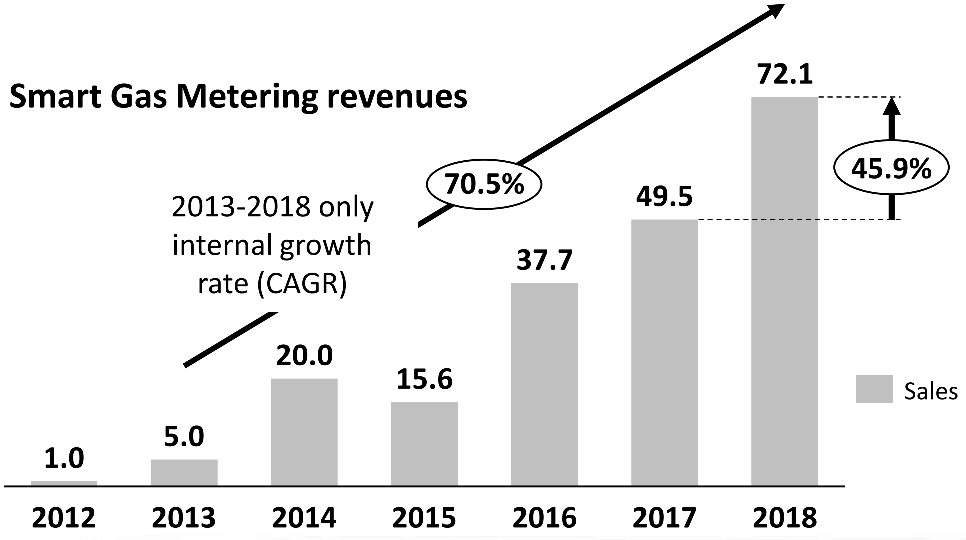
Euro million

2018FY - Smart Gas Metering confirms growth trend

Smart Gas Metering business sales by application

Euro million	2018FY	%	2017FY	%	diff %
Residential	70,0	97,2%	46,5	94,1%	50,6%
Commercial & Industrial	1,8	2,6%	2,8	5,6%	(33,5%)
Other	0,2	0,2%	0,1	0,3%	24,6%
Total business sales	**72,0**	**100%**	**49,4**	**100%**	**45,8%**

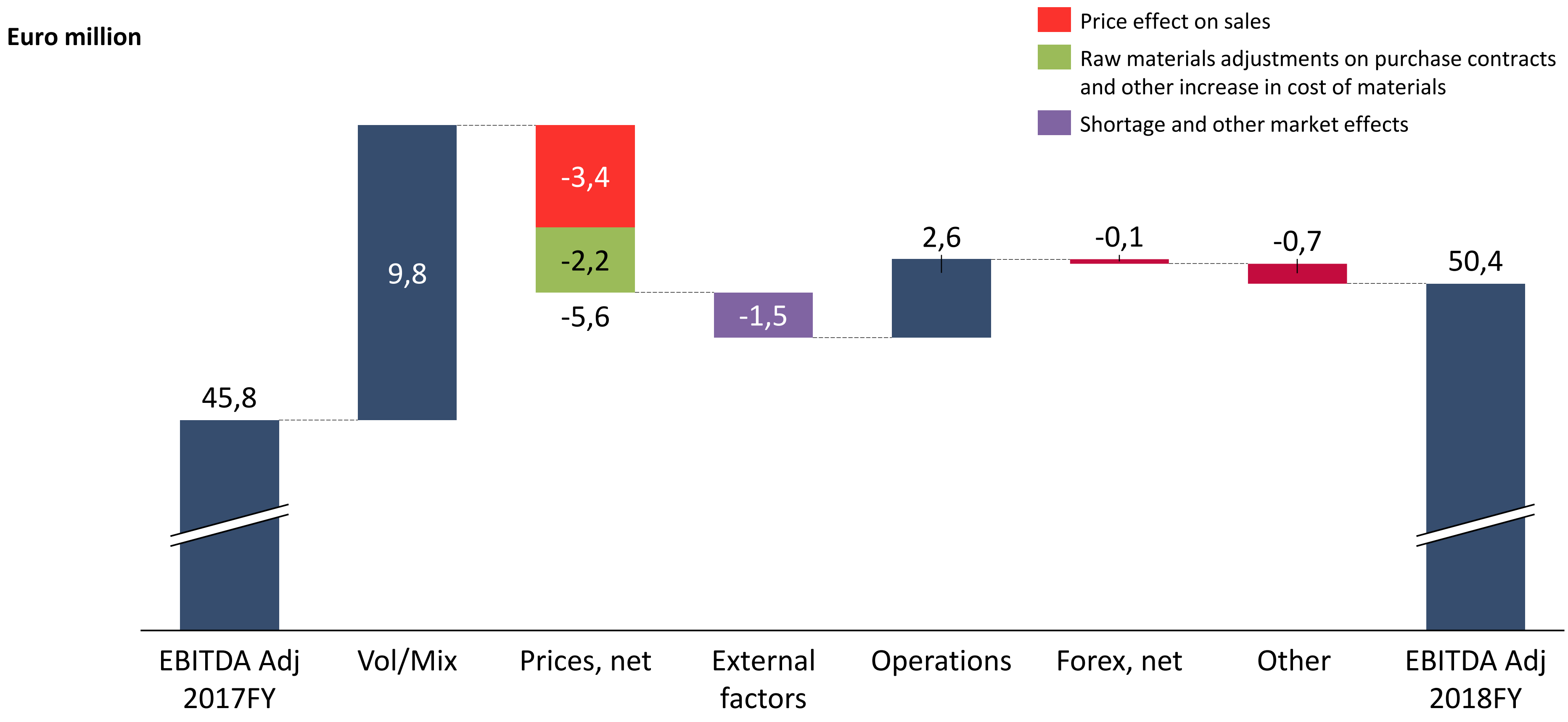
Smart Gas Metering revenues



- *At February 2019, **business sales are €10,1** (+10,7% vs. 2018) and **order portfolio stands at €56,5** all of which is for delivery in 2019*
- *In 2018FY first contract awarded in overseas tender: India for approx. €0,5*
- *Product qualification and pilot testing in foreign markets are in process*

Euro million

2018FY – EBITDA Adjusted bridge



2018FY – Financial income and charges

Euro million	2018FY	2017FY	diff
Financial charges - Reported	**4,8**	**49,8**	
Fair value accounting effect of SPAC merger	*-*	*31,3*	
One off charges due to 2017 refinancing	*-*	*9,5*	
Financial charges - Adjusted	**4,8**	**8,9**	**(4,1)**
Financial income - Reported	**13,3**	**2,9**	
Change in fair value of SIT Warrants	*(9,5)*	*(2,7)*	
Change in fair value of SIT Performance Shares	*(3,2)*	*-*	
Financial income - Adjusted	**0,5**	**0,2**	**0,3**
Net financial (charges)/income - Reported	**8,5**	**(46,9)**	
% of Revenues	*2,4%*	*14,5%*	
Net financial (charges)/income - Adjusted	**(4,3)**	**(8,7)**	**4,5**
% of Revenues	*1,2%*	*2,7%*	

- *Adjustments to **Financial charges** relate to 2017 fair value accounting of SPAC merger and one off writedown due to 2017 refinancing*
- *Adjustments to **Financial income** are for change in market value of SIT warrants and performance shares*
- ***2018FY Net financial charges Adjusted improve for 4,5€ million (-51,1%) due to full year effect of new funding facility***

2018FY – Net income Adjusted

Euro million	2018FY	2017FY	diff
Net income - Reported	**24,3**	**(23,3)**	**47,6**
EBITDA Adjustments	**6,6**	**1,8**	
Managing Director severance costs	*2,7*	*-*	
2017 AIM Listing and 2018 translisting to MTA	*2,4*	*1,8*	
Risk provisions related to product warranty	*0,7*	*-*	
Provisions related to 2017 SPAC merger	*0,5*	*-*	
Other	*0,3*	*(0,02)*	
Financial charges Adjustments	**-**	**40,8**	
Financial income Adjustments	**(12,8)**	**(2,7)**	
Tax effect on Adjustments, net	**1,4**	**(2,1)**	
Total Adjustments, net of tax effect	**(4,8)**	**37,8**	
Net income - Adjusted	**19,4**	**14,4**	**5,0**
% of Revenues	***5,4%***	***4,5%***	

- *Net income is adjusted for non recurring operating and financial items, net of tax effect*
- ***Net income Adjusted improves for 5,0€ million with a 34,6% increase vs previous year***

2018FY – Net trade working capital

Euro million	2018	2017	diff
Inventory	52,2	38,1	14,1
Accounts receivables	52,0	52,1	(0,1)
Accounts payables	74,8	68,4	6,4
Net Trade Working Capital - Reported	**29,5**	**21,9**	**7,6**
NTWC / Revenues	**8,2%**	**6,8%**	**1,4%**
Non recourse factoring	13,1	9,1	4,0
Capex accounts payables	8,0	4,7	3,3
Net Trade Working Capital – Adjusted	**50,6**	**35,7**	**14,9**
NTWC Adjusted/Revenues	**14,1%**	**11,0%**	**3,1%**

NTWC @ End of Period

- *2017 EoP had a particularly low level of stock due to peak in demand and production capacity constraints in that period*
- *2018 increase in Inventory for slowdown of Chinese market has substantially been reabsorbed, current stock turn KPI is in line with planned operating conditions*
- *Account payables for Capex are consistent with investment plan timely deployed throughout 2018FY*

2018FY – Cash flow statement

Euro million	2018FY	2017FY
Current cash flow	**48,1**	**48,1**
Change in net working capital	**(15,1)**	**(6,5)**
Inventory	(14,2)	0,4
Accounts Receivables	(0,1)	(7,6)
Accounts Payables	6,4	8,9
Other working capital	(7,2)	(8,3)
Capex, net	**(29,9)**	**(17,3)**
Cash flow from operations	**3,2**	**24,2**
Interest paid	(3,7)	(11,1)
SPAC merger, net	-	48,4
Dividends paid	(6,0)	-
Other	0,2	(1,9)
Change in Net financial position	**(6,2)**	**59,7**
Net financial debt - BoP	**65,1**	**124,8**
Net financial debt - EoP	**71,3**	**65,1**

- ***2018FY accelerated capex plan was deployed*** *to increase production capacity by approx 30% and remove manufacturing bottlenecks on high runners*
- *Italian manufacturing footprint was improved by locating captive shopfloor from Padova to Rovigo*
- *Logistic hub was insourced to reduce operating risks and improve timing and service level on deliveries*

- *Net Debt/EBITDA Adjusted:1,42*

	2018	2017
(Cash)	(55,5)	(70,0)
Current debts, net	4,4	1,5
SFA term loan	120,9	132,5
MTM derivatives	1,5	1,1
Net financial debt - EoP	**71,3**	**65,1**

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 & Investor Relator

paul.fogolin@sitgroup.it

SIT S.P.A.
Viale dell'Industria 31-33 - 35129 Padova (Italy)
Ph. + 39 049 8293.111
Fax + 39 049 8070093
www.sitgroup.it