



2019H1 - Results presentation



September 12, 2019

- 2019H1 consolidated revenues are 167,2 million -4,6% vs 2018H1
- 2019H1 displays **two different trends** in SIT's divisional sales:
 - Heating, **-12,8%** vs 2018H1 after five year growth at 3,6% CAGR (+4,8% last three years)
 - Smart Gas Metering, **+29,6%** vs 2018H1
- In the Heating business **American market** performs well (+16,1%)
- **Benefits** from performance improvement initiatives are currently **offset** by decrease in Heating volumes
- NWC and Net debt are **in line with forecast**

2019H1 - Key financial results

(Euro million)	2019H1	%	2018H1	%	diff%
Revenues	167,2	100,0%	175,4	100,0%	(4,6%)
EBITDA	21,1	12,6%	20,0	11,4%	5,5%
EBIT	10,1	6,0%	11,0	6,3%	(8,1%)
Net Income	4,5	2,7%	8,4	4,8%	(46,3%)
Cash flow from operations	0,5		(8,4)		
NTWC	36,9		36,1		
Net financial debt	87,6		80,9		

Reported EBITDA includes the following non recurring items:

	2019H1	2018H1
<i>Managing director severance costs</i>		2,5
<i>Translating to MTA</i>		0,9
<i>Captive shopfloor relocation and startup</i>	0,8	
<i>Insurance reimbursement</i>	(0,8)	
<i>Provision for CEO post IPO bonus</i>	0,4	
<i>Other</i>	0,2	(0,05)
<i>Total non recurring operating items</i>	0,6	3,4
<i>First time adoption IFRS 16</i>	(1,3)	

2019H1 – Consolidated revenues

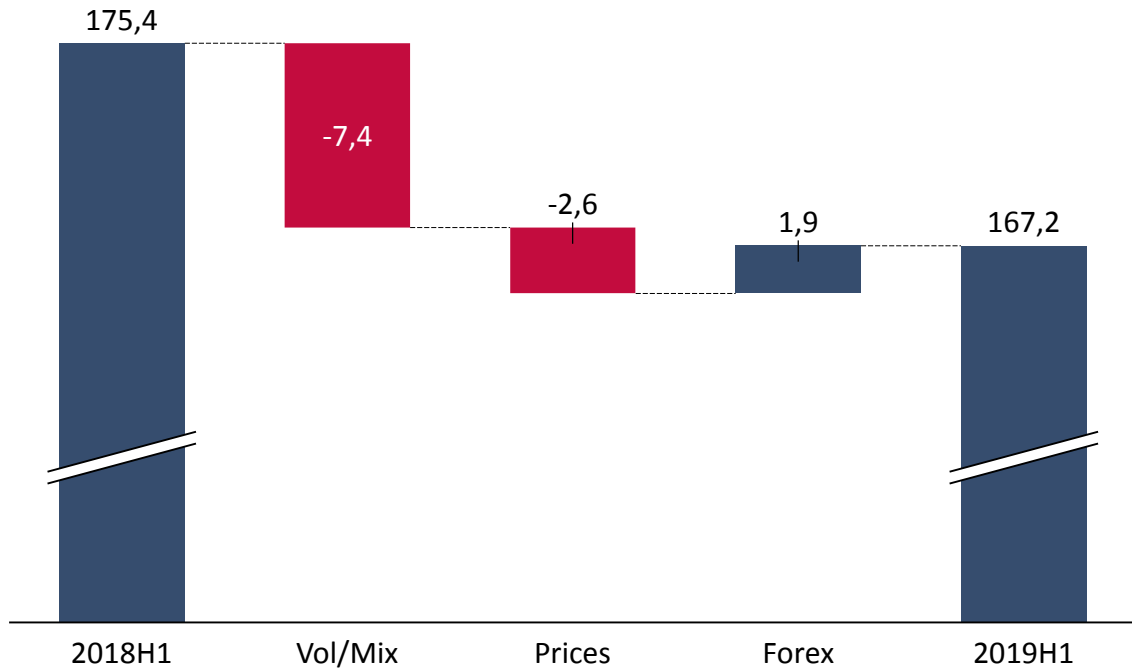
Breakdown by Division

Euro million	2019H1	%	2018H1	%	diff %
Heating	123,1	73,6%	141,2	80,5%	(12,8%)
Smart Gas Metering	42,4	25,4%	32,7	18,7%	29,6%
Total business sales	165,5	99,0%	173,9	99,2%	(4,8%)
Other revenues	1,7	1,0%	1,5	0,8%	15,8%
Total revenues	167,2	100%	175,4	100%	(4,6%)

Breakdown by geography

Euro million	2019H1	%	2018H1	%	diff %
Italy	65,2	39,0%	59,9	34,1%	8,9%
Europe (excluding Italy)	61,5	36,8%	76,0	43,3%	(19,0%)
America	29,1	17,4%	25,0	14,3%	16,3%
Asia/Pacific	11,4	6,8%	14,5	8,3%	(21,3%)
Total revenues	167,2	100%	175,4	100%	(4,6%)

2019H1 – Consolidated revenue bridge



Vol/Mix:

Heating, -19,9€, -14,3%

Smart Gas Metering, +12,5€, +38,2%

Price: mainly related to Smart Gas Metering

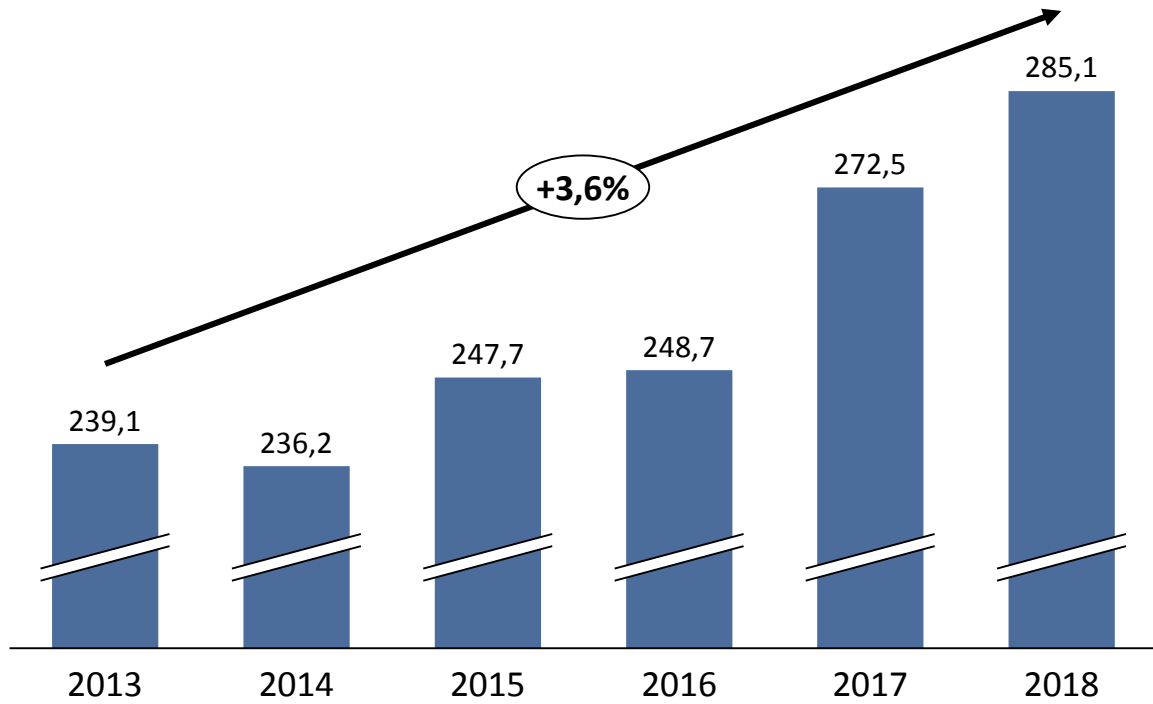
Forex: all in Heating

2019H1 - Heating sales by geography

Euro million	2019H1	%	2018H1	%	diff %
Italy	25,5	20,7%	28,4	20,1%	(10,1%)
Europe (excluding Italy)	57,4	46,6%	72,4	51,3%	(20,8%)
America	29,0	23,5%	24,9	17,7%	16,1%
Asia / Pacific	11,3	9,2%	15,4	10,9%	(26,9%)
Total business sales	123,1	100%	141,2	100%	(12,8%)

- *Italy reflects exceptional demand in 2018H1 due to export to China by Italian OEMs within Coal to Gas policy*
- *In Europe Turkey (-10,1€, -46,1%) because of change in regulation that took place in 2018H1*
- *America grows significantly (+4,0€, +16,1%, +8,8% at same forex rates)*
- *Trend in Asia/Pacific is mainly due to China which accounts -2,7€, -30,9% as the government incentive program (Coal to Gas policy) slowed down significantly*

Heating sales recorded a significant growth in the last 5 years



All organic growth



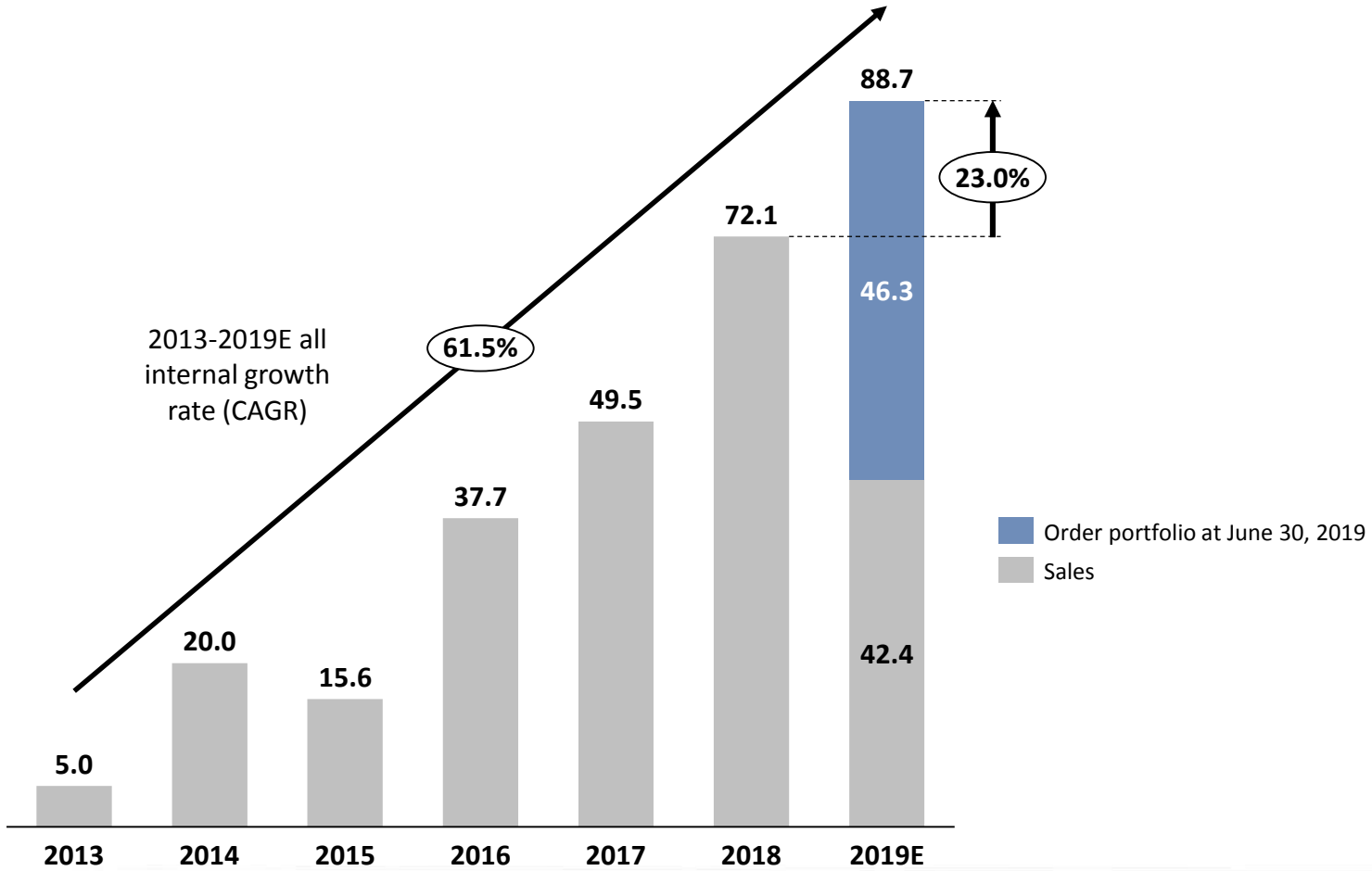
2019H1 - Smart Gas Metering keeps growing

Smart Gas Metering business sales by application

Euro million	2019H1	%	2018H1	%	diff %
Residential	40,0	94,4%	31,7	96,7%	26,4%
Commercial & Industrial	2,2	5,3%	1,0	3,0%	130,7%
Other	0,1	0,3%	0,1	0,3%	42,5%
Total business sales	42,4	100%	32,7	100%	29,6%

- *2019H1 sales are mainly realized in Italy*
- *Product qualification and pilot testing in foreign markets are in process*
- *UK certification expected by 2020.Q1*

2019H1 - Smart Gas Metering order portfolio

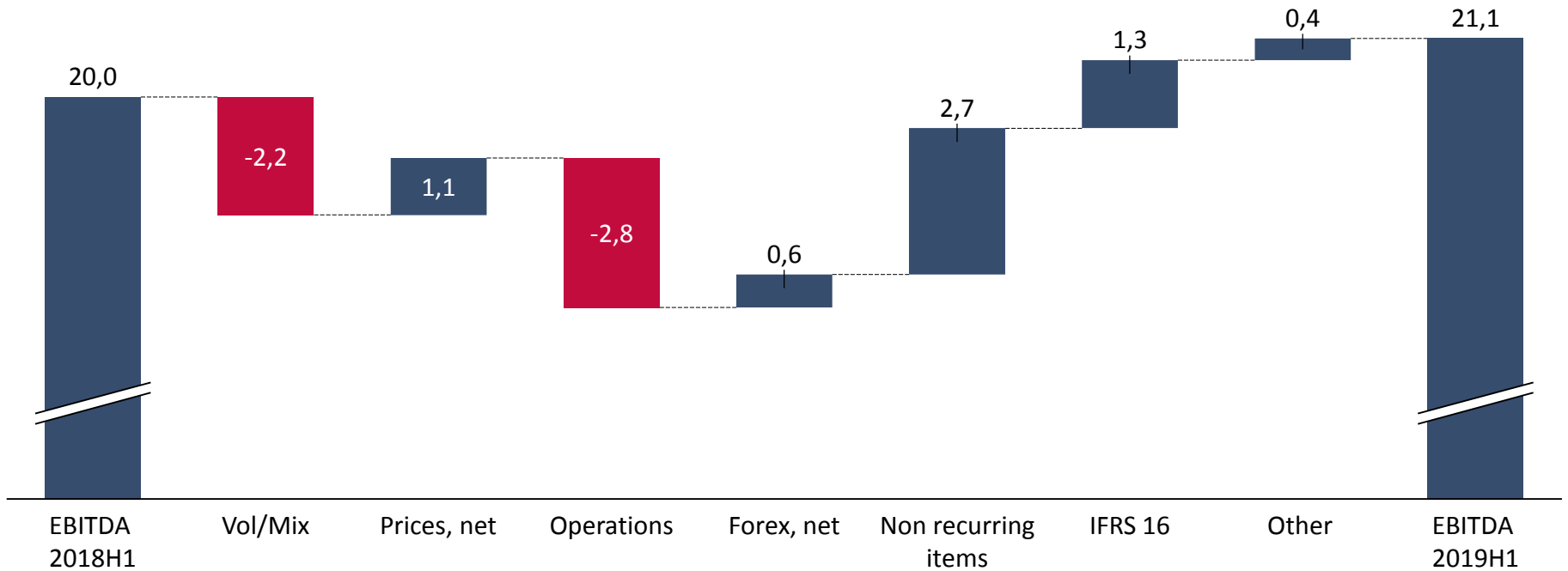


Euro million



2019H1 – EBITDA bridge

Euro million



2019H1 – Net trade working capital

Euro million	2019.06	2018.12	2019.06 vs 2018.12	2018.06	2017.12	2018.06 vs 2017.12
Inventory	62,4	52,2	10,2	59,1	38,1	21,0
Accounts receivables	52,3	52,0	0,3	58,7	52,1	6,6
Accounts payables	77,8	74,8	3,0	81,7	68,4	13,4
Net Trade Working Capital - reported	36,9	29,5	7,4	36,1	21,9	14,2
NTWC / Revenues*	10,9%	8,2%	2,7%	10,2%	6,8%	3,4%

* annualized

NTWC @ End of Period

- *2019H1 change in inventory reflects Heating business seasonality and increase in Smart Gas Metering order backlog*
- *Improved payment terms on Account Receivables due to reabsorption of 2018.06 overdue*

2019H1 – Cash flow statement

Euro million	2019H1	2018H1
Current cash flow	23,0	24,5
Change in net working capital	(14,8)	(21,3)
Capex, net	(7,7)	(11,6)
Cash flow from operations	0,5	(8,4)
Financial charges, paid and accrued	(1,6)	(1,7)
Dividends paid	(7,0)	(6,0)
IFRS 16 - Leases	(0,6)	-
Other	(0,4)	0,4
Change in net debt	(9,1)	(15,8)
Net debt - BoP reported	71,3	65,1
IFRS 16 - BoP initial recognition	7,1	-
Net debt - EoP	87,6	80,9

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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