



9M 2019 – Results presentation

November, 6 2019

Highlights

- 9M 2019 consolidated revenues are **€ 262,8 million**, -2,5% vs 9M 2018
- 3Q 2019 consolidated revenues are **€ 95,5 million**, +1,6% vs 3Q 2018
- Group revenues displays **two different trends** in divisional sales:
 - Heating is at **-9,3%** vs 9M 2018, improving vs H1 (-12,8%)
 - Smart Gas Metering **+22,5%** vs 9M 2018; order portfolio confirmed for 2019FY
- In the Heating business **American market** performs well (+17,7%)
- Increase in 9M 2019 EBITDA of **6,9%** thanks to additional efficiencies
- Favorable tax ruling (**+€3,7 million**) improves net income
- **Capex** lower than forecasted

Key financial results

€m, unless otherwise stated	9M 2019	%	9M 2018	%	Chg. YoY
Revenues	262,8	100,0%	269,4	100,0%	(2,5%)
EBITDA	37,1	14,1%	34,7	12,9%	6,9%
EBIT	20,3	7,7%	20,6	7,6%	(1,1%)
Net income	16,2	6,2%	16,5	6,1%	(2,0%)
Cash flow from operations	0,8		(20,8)		
NTWC	49,9		50,1		
Net financial debt	86,9		92,4		

Reported EBITDA includes the following non recurring items:

	9M 2019	9M 2018
<i>Managing director severance costs</i>	-	2,7
<i>Translisting to MTA</i>	-	1,1
<i>Captive shopfloor relocation and startup</i>	0,8	-
<i>Insurance reimbursement</i>	(0,8)	-
<i>Provision for CEO post IPO bonus</i>	0,6	-
<i>Other</i>	0,2	0,05
<i>Total non recurring operating items</i>	0,8	3,8
<i>First time adoption IFRS 16</i>	(1,7)	-

Consolidated revenues

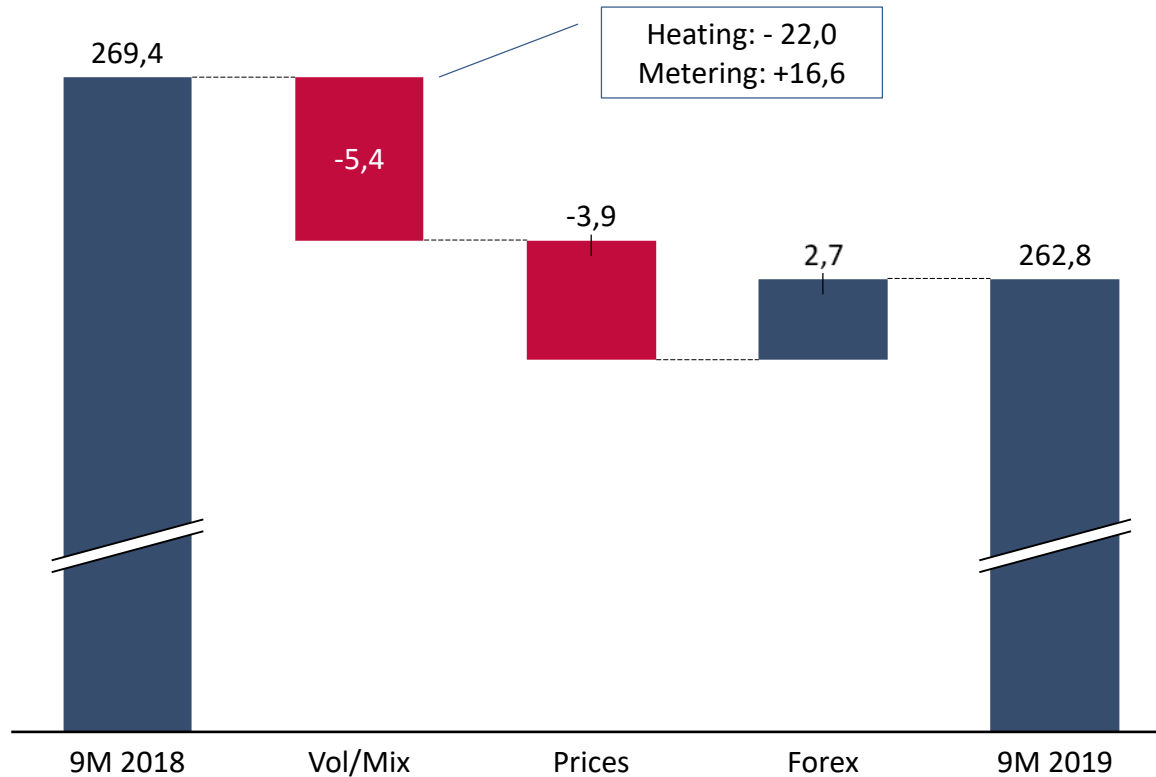
Breakdown by Division

€m, unless otherwise stated	9M 19	%	9M 18	%	Chg. YoY
Heating	190,7	72,6%	210,3	78,1%	(9,3%)
Smart Gas Metering	69,5	26,5%	56,8	21,1%	22,5%
Total business sales	260,2	99,0%	267,1	99,1%	(2,6%)
Other revenues	2,5	1,0%	2,3	0,9%	7,8%
Total revenues	262,8	100,0%	269,4	100,0%	(2,5%)

Breakdown by geography

€m, unless otherwise stated	9M 19	%	9M 18	%	Chg. YoY
Italy	103,8	39,5%	97,7	36,3%	6,2%
Europe (excluding Italy)	95,2	36,2%	111,1	41,2%	(14,3%)
America	45,4	17,3%	38,7	14,4%	17,3%
Asia/Pacific	18,5	7,0%	21,9	8,1%	(15,8%)
Total revenues	262,8	100,0%	269,4	100,0%	(2,5%)

Consolidated revenue bridge



Euro millions

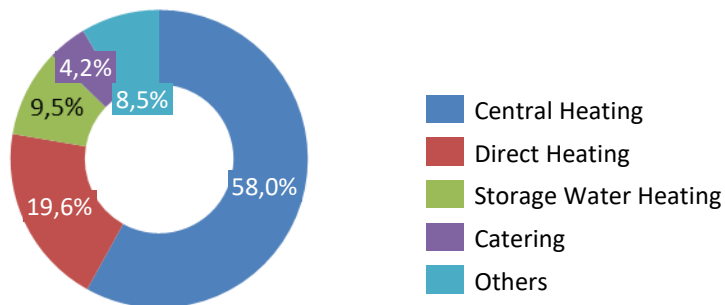


Heating sales

Heating sales by geography

€m, unless otherwise stated	9M 19	%	9M 18	%	Chg. YoY
Italy	37,4	19,6%	41,7	19,8%	(10,3%)
Europe (excluding Italy)	88,8	46,6%	106,5	50,6%	(16,6%)
America	45,1	23,6%	38,3	18,2%	17,7%
Asia/Pacific	19,4	10,2%	23,7	11,3%	(18,2%)
Total business sales	190,7	100,0%	210,3	100,0%	(9,3%)

9M 2019 - Heating sales by application



- Italy reflects, as stated in the H1 comments, the impact of lower export due to the Chinese coal to gas policy and a slowdown of the Italian end-market
- Europe, down 7,9% in Q3, reduces the YTD difference vs last year mainly due to Turkey. In the country starting from Q3 there are more comparable conditions not influenced by the change in regulation that took place in 1H2018
- America grows significantly (+6,8€, +17,7%, +10,8% at same forex rates) thanks to market share increase
- The improved trend in Q3 vs H1 in Asia/Pacific (-2,4%) is mainly due to China that has slightly recovered
- Central Heating absorbs most of the decrease vs 9M 2018 while Storage Water Heating grows thanks to America

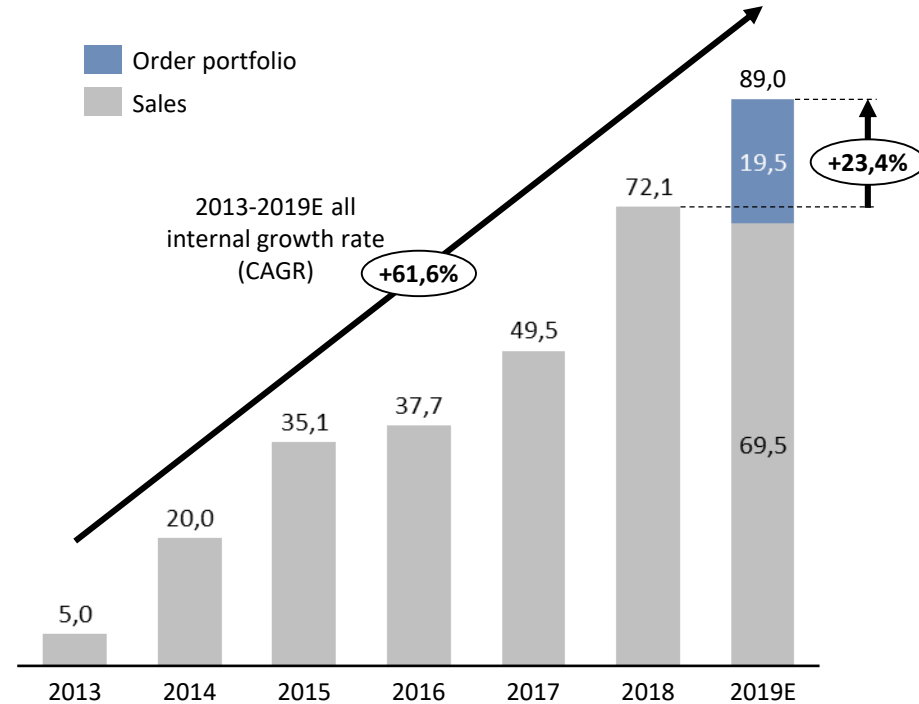
Smart Gas Metering sales

Smart Gas Metering sales by application

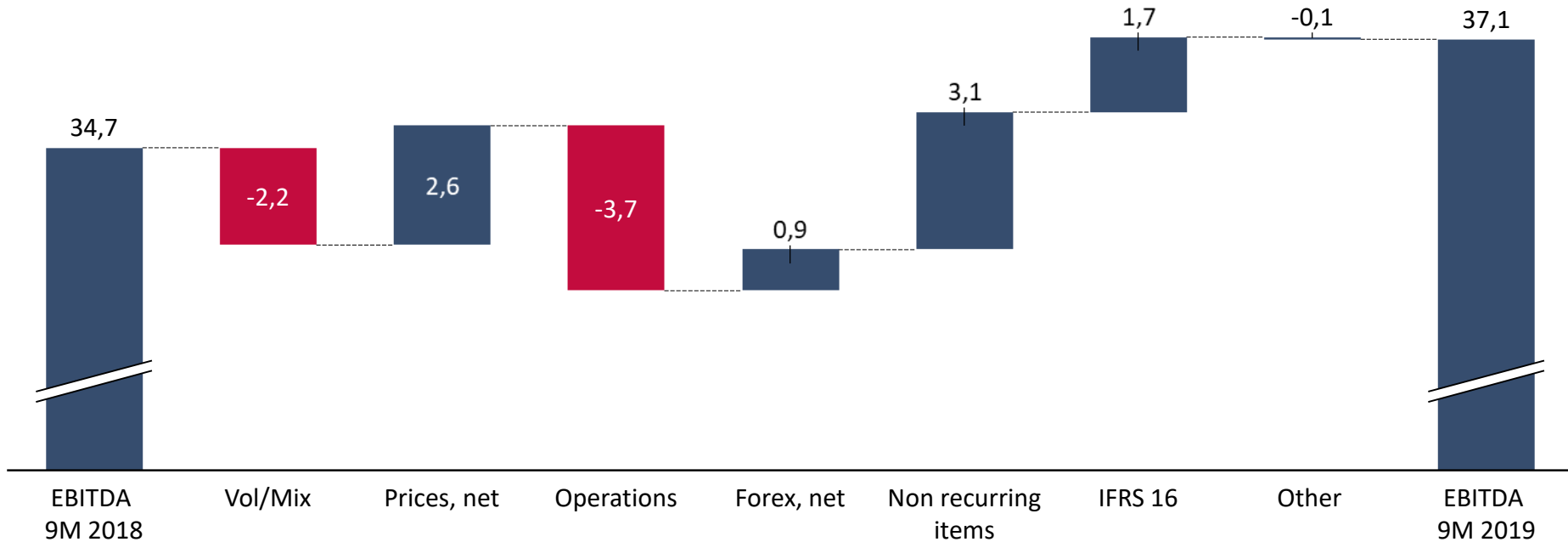
€m, unless otherwise stated	9M 19	%	9M 18	%	Chg. YoY
Residential	66,5	95,7%	55,2	97,3%	20,4%
Commercial & Industrial	2,8	4,0%	1,4	2,5%	98,9%
Other	0,2	0,3%	0,1	0,2%	65,5%
Total business sales	69,5	100,0%	56,8	100,0%	22,5%

- 9M 2019 sales are mainly realized in Italy
- Product qualification and pilot testing in foreign markets are in process
- UK certification expected by Q1 2020
- 2019FY order portfolio is confirmed

Smart Gas Metering order portfolio (€m)



EBITDA bridge



Euro millions

From EBITDA to net income

€m, unless otherwise stated	9M 2019	% of sales	9M 2018	% of sales	Chg. YoY
EBITDA	37,1	14,1%	34,7	12,9%	6,9%
D&A, impairment of assets	16,8		14,2		
EBIT	20,3	7,7%	20,6	7,6%	(1,1%)
Net financial (charges)/income	(2,7)		3,4		
Net forex (charges)/income	(0,6)		(0,8)		
Other financial (charges)/income	(0,0)		(0,1)		
EBT	17,0	6,5%	22,6	8,4%	(24,8%)
Taxes	(0,8)		(6,1)		
Net income	16,2	6,2%	16,5	6,1%	(2,0%)
Net financial (charges)/income, adjusted	(2,3)	0,9%	(2,5)	0,9%	(7,8%)
Net income adjusted	13,1	5,0%	14,8	5,5%	(11,2%)

- Increase in Depreciation is due to capex plan deployed in 2018 (€1m) and IFRS 16 impact for €1,6m
- Net financial charges and income include the change in FV accounting of Warrants and Performance shares
- 9M 2019 taxes include favourable effect of ruling regarding tax impact of FV accounting of previous years for approx. €3,7m
- Net income adjusted includes operating items, financial items and non recurring tax ruling
- 9M 2019 adjusted net income is 5,0% of revenues versus 5,5% of 9M 2018

Net trade working capital

€m, unless otherwise stated	2019.09	2018.12	2019.09 vs 2018.12	2018.09	2017.12	2018.09 vs 2017.12
Inventory	57,9	52,2	5,6	61,7	38,1	23,6
Accounts receivables	58,5	52,0	6,4	65,7	52,1	13,5
Accounts payables	66,5	74,8	(8,3)	77,3	68,4	8,9
Net Trade Working Capital	49,9	29,5	20,4	50,1	21,9	28,2
<i>NTWC/Revenues</i>	<i>14,2%</i>	<i>8,2%</i>	<i>6,0%</i>	<i>13,9%</i>	<i>6,8%</i>	<i>7,2%</i>

- 9M trend in NTWC (+€20,4m) reflects Heating business seasonality and Smart Gas Metering order backlog
- Improved payment terms on account receivables due to reabsorption of 2018.09 overdue

Cash flow and net debt

Details on cash generation

€m, unless otherwise stated	9M 2019	9M 2018
Current cash flow	40,1	36,2
Change in net working capital	(28,1)	(35,0)
Capex, net	(11,2)	(21,9)
Cash flow from operations	0,8	(20,8)
Financial charges, paid and accrued	(1,9)	(2,4)
Dividends paid	(7,0)	(6,0)
IFRS 16 - Leases	(0,6)	-
Other	0,2	1,9
Change in net debt	(8,4)	(27,3)
Net debt - BoP reported	71,3	65,1
IFRS 16 - BoP initial recognition	7,1	-
Net debt - EoP	86,9	92,4

Key considerations

- Current cash flow improves versus same period of last year
- Working capital reflects seasonality
- 9M 2019 change in Working capital performs better than previous year thanks to
 - initial stock level more in line with planned operating conditions
 - improved AR payment terms due to reabsorption of 2018 overdue
- 9M 2019 capex effect on cash flow is in delay vs planned
- Net Debt/EBITDA adjusted: 1,74 vs 1,90 same period of LY

Outlook and final comments

- Expected topline in line with 9M performances
- Forecasted EBITDA growing mid single digit
- Capital management review in process
- Q4 is expected to be cash positive with an improvement of net debt vs 2019.09

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