



Q1 2020 – Results presentation

May 13, 2020

Highlights

- Q1 2020 consolidated revenues are **€ 73,4** million, **-8,9%** vs Q1 2019
- Divisional sales:
 - Heating accounts **€56,4** million at **-9,2%** vs same period of 2019
 - Smart Gas Metering with **€16,4** million is **-7,3%** vs Q1 2019
- In the Heating business Europe accounts a lower decrease (4,9%) due to new products introduced by customers and final market growth in central Europe
- Q1 2020 EBITDA of **€8,9** million (12,1% of revenues) vs **€12,5** million (15,5% of revenues) at Q1 2019
- Net debt at **€101,6** million, includes IFRS 16 effect of €5,3, reflects seasonal trend in NTWC and strong support provided to supply chain

Key financial results

€m, unless otherwise stated	Q1 2020	%	Q1 2019	%	Chg. YoY
Revenues	73,4	100,0%	80,6	100,0%	(8,9%)
EBITDA	8,9	12,1%	12,5	15,5%	(28,6%)
EBIT	3,3	4,5%	7,1	8,9%	(53,9%)
EBT	4,9	6,7%	3,2	4,0%	52,5%
Net income	4,2	5,7%	n.a	-	-
Cash flow from operations	(19,4)		(11,6)		
NTWC	57,9		46,6		
Net financial debt	101,6		91,0		

- Sales display the following divisional trends:
 - Heating: -9,2%
 - Metering: -7,3%
- EBITDA includes net volume effect of €-4,6m
- EBIT is 4,5% on revenues vs 8,9% of LY
- Q1 2020 net income at €4,2m, 5,7% of revenues
- Q1 2020 operating cash flow of €-19,4m after capex for €0,6m vs €-11,6m and €5,1m respectively in Q1 2019
- Net financial debt stands at € 101,6m vs €91,0m at same period of 2019 mainly for trend in NTWC

Consolidated revenues

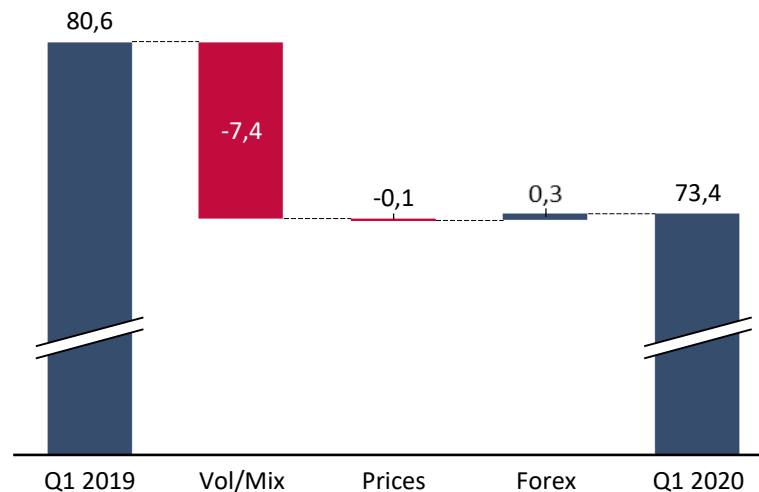
Breakdown by Division

€m, unless otherwise stated	Q1 20	%	Q1 19	%	Chg. YoY
Heating	56,4	76,8%	62,1	77,1%	(9,2%)
Smart Gas Metering	16,4	22,3%	17,7	21,9%	(7,3%)
Total business sales	72,7	99,1%	79,8	99,0%	(8,8%)
Other revenues	0,7	0,9%	0,8	1,0%	(15,1%)
Total revenues	73,4	100,0%	80,6	100,0%	(8,9%)

Breakdown by geography

€m, unless otherwise stated	Q1 20	%	Q1 19	%	Chg. YoY
Italy	26,1	35,6%	28,8	35,7%	(9,2%)
Europe (excluding Italy)	30,9	42,1%	32,4	40,2%	(4,5%)
America	12,3	16,7%	13,9	17,2%	(11,5%)
Asia/Pacific	4,1	5,6%	5,5	6,9%	(25,7%)
Total revenues	73,4	100,0%	80,6	100,0%	(8,9%)

Consolidated revenue bridge (€m)



Heating sales

Q1 Heating sales by geography

€m, unless otherwise stated	Q1 20	%	Q1 19	%	Chg. YoY
Italy	11,6	20,5%	12,8	20,7%	(9,8%)
Europe (excl. Italy)	28,7	51,0%	30,2	48,7%	(4,9%)
America	12,1	21,4%	13,7	22,1%	(11,9%)
Asia/Pacific	4,0	7,1%	5,3	8,6%	(25,3%)
Total business sales	56,4	100,0%	62,1	100,0%	(9,2%)

Q1 Heating sales by application

€m, unless otherwise stated	Q1 20	%	Q1 19	%	Chg. YoY
Central Heating	34,4	60,9%	38,0	61,1%	(9,6%)
Direct Heating	8,2	14,5%	10,0	16,1%	(17,9%)
Storage Water Heating	5,5	9,8%	6,1	9,9%	(10,5%)
Catering	2,5	4,3%	2,6	4,2%	(6,6%)
Other	5,9	10,5%	5,4	8,7%	9,4%
Total business sales	56,4	100,0%	62,1	100,0%	(9,2%)

- Italy. Q1 decrease of 9,8% reflects 2-3 weeks of shutdown of major customers due to covid19. Q1 Italian boiler end-market is down 11,5% vs previous year
- Europe down €1,5m, -4,9%, of which UK (10,2% of divisional sales) explains decrease of €1,2m, -17,7% caused mainly by plant shutdown
- Turkey (10,6% of divisional sales) is flat vs Q1 2019
- Other central European markets grow thanks to new products and boiler end market growth
- America is down €1,6m, -11,9%, -14,5% at same forex. Major customers managed end of 2019 overstock while Q1 sales were effected by mild winter
- Asia/Pacific is down 25,3% for covid19 lockdown

Smart Gas Metering sales

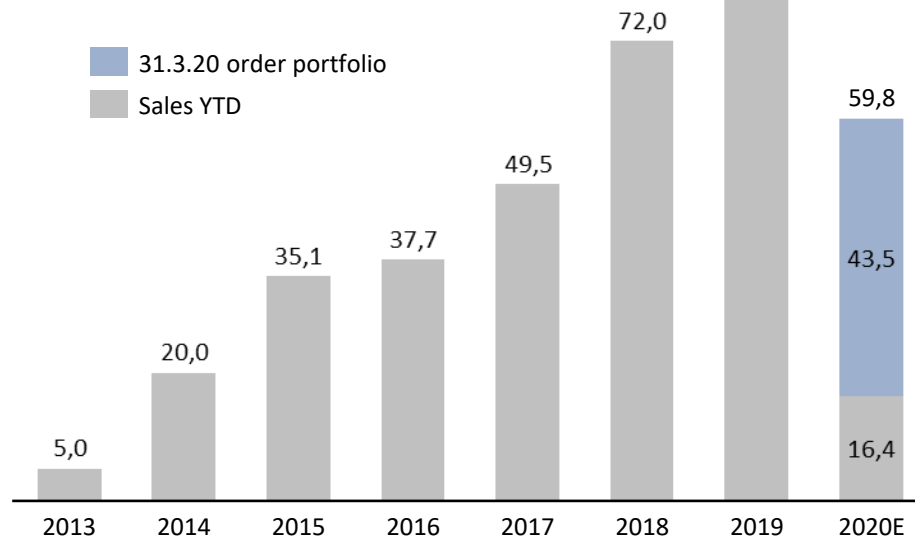
Q1 Metering sales by application

€m, unless otherwise stated	Q1 20	%	Q1 19	%	Chg. YoY
Residential	15,5	94,5%	16,7	94,6%	(7,4%)
Commercial & Industrial	0,9	5,3%	0,9	5,0%	(2,3%)
Other	0,0	0,2%	0,1	0,4%	(43,3%)
Total business sales	16,4	100,0%	17,7	100,0%	(7,3%)

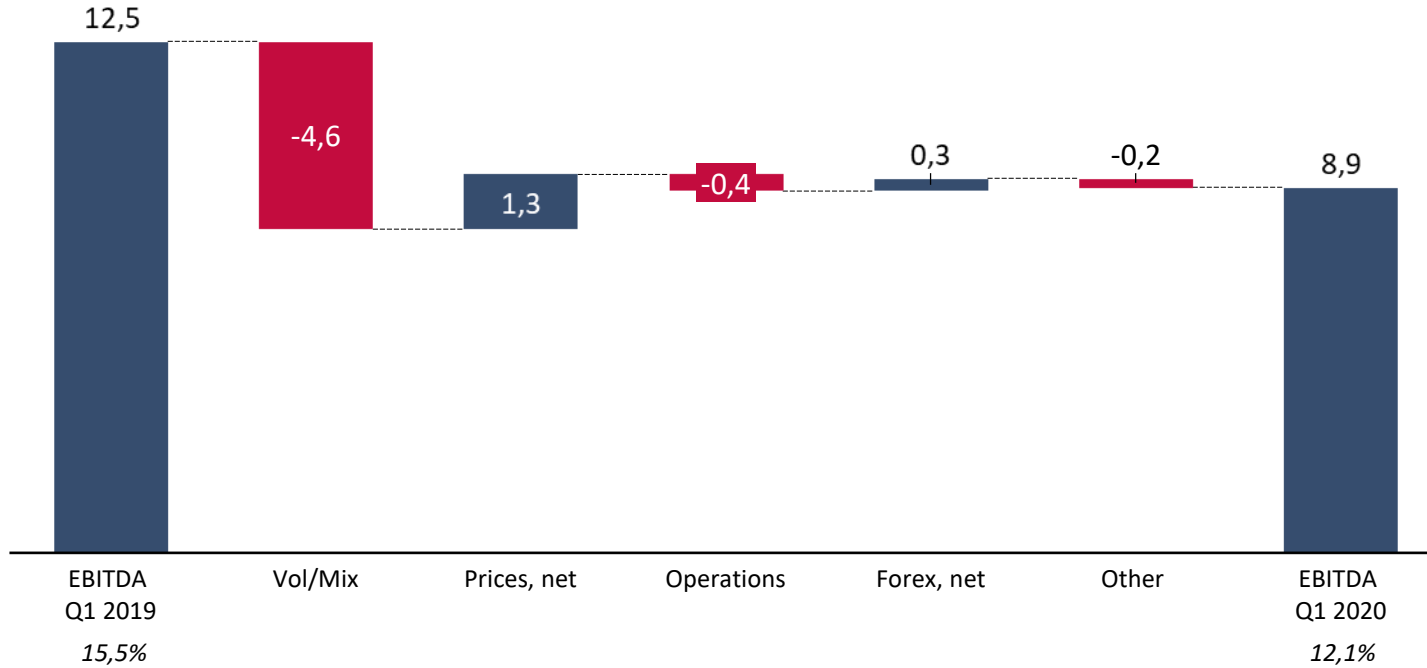
- Sales are substantially all realized in Italy
- UK product certification is on going with slight delay due to lockdown in governmental offices – certification is expected by H1 2020

2013 – 2020E Metering sales trend (€m)

**All organic
2019 - 2013
CAGR of 61,5%**



EBITDA bridge



Euro millions



From EBITDA to EBT

€m, unless otherwise stated	Q1 2020	% of sales	Q1 2019	% of sales	Chg. YoY
EBITDA	8,9	12,1%	12,5	15,5%	(28,6%)
D&A, impairment of assets	5,6		5,3		
EBIT	3,3	4,5%	7,1	8,9%	(53,9%)
Net financial (charges)/income	(0,6)		(3,8)		
Net forex (charges)/income	2,2		(0,1)		
Other financial (charges)/income	-		-		
EBT	4,9	6,7%	3,2	4,0%	52,5%
Net financial (charges)/income adjusted	(0,8)	(1,1%)	(1,4)	(1,7%)	(39,8%)

- Depreciation includes IFRS 16 impact of €0,5m
- Net financial charges and income include the impact of FV accounting of Warrants
 - Q1 2019: €2,5m charges
 - Q1 2020: €0,3m income
- Net forex income of €2,2m
- **Net income Q1 2020 is €4,2m (5,7% of revenues)**
- Net financial charges adjusted are net of FV accounting of equity instruments

Net trade working capital

€m, unless otherwise stated	2020.03	2019.12	2020.03 vs 2019.12	2019.03	2018.12	2019.03 vs 2018.12
Inventory	51,9	51,1	0,8	60,9	52,2	8,6
Accounts receivables	62,5	57,2	5,3	50,2	52,0	(1,8)
Accounts payables	56,5	73,3	(16,8)	64,5	74,8	(10,3)
Net Trade Working Capital	57,9	35,0	22,9	46,6	29,5	17,1
<i>NTWC/Revenues</i>	<i>19,6%</i>	<i>9,9%</i>	<i>9,7%</i>	<i>14,2%</i>	<i>8,2%</i>	<i>6,1%</i>

- 2020.03 reported NTWC increase is mainly due to AP
- Increase in reported AR also reflects decrease in non recourse factoring
- AR overdue at 2020.03 is in line with historical levels

Cash flow and net debt

Change in net debt

€m, unless otherwise stated	Q1 2020	Q1 2019
Current cash flow	10,6	13,1
Change in net working capital	(29,3)	(19,6)
Capex, net	(0,6)	(5,1)
Cash flow from operations	(19,4)	(11,6)
Financial charges, paid and accrued	(0,5)	(0,6)
Dividends paid	-	-
IFRS 16 - Leases	-	(0,2)
Other	(3,3)	(0,2)
Change in net debt	(23,2)	(12,5)
Net debt - BoP	78,4	78,5
Net debt - EoP	101,6	91,0

Net financial position

€m, unless otherwise stated	31/03/2020	31/12/2019	31/03/2019
(Cash & cash equivalents)	(15,0)	(34,1)	(40,3)
Current debts, net	24,5	19,7	16,8
Non current debt	85,2	85,0	104,9
MTM derivatives	1,6	2,0	3,0
IFRS 16 - Leases	5,3	5,7	6,7
Net debt - EoP	101,6	78,4	91,0

- Q1 2020 current cash flow of +€10,6M vs €13,1 of previous year
- NTWC burns €23,8m vs end of 2019 for less AR factoring and increase in supplier payments
- Other WC items absorb €5,5m mainly for taxes and VAT credit
- Q1 2020 capex are €0,5m vs €5,1m vs previous year
- Q1 2020 other items for €3,3m refers to change in translation reserve
- Net Debt/LTM EBITDA adjusted: 2,27 vs 1,87 of LY

Final comments regarding coronavirus impact

- Starting from April 14, 2020 production at Italian plants resumed, in compliance with all of the applicable safety and health and hygiene regulations. Operations were further normalised from May 4, 2020, coinciding with the start of Phase 2.
- Overall foreign operations were not significantly impacted by mandatory lockdown local regulation, except for China in the initial part of Q1 2020
- Smart working and flexibility initiatives are in place
- Order portfolio update/outlook with major clients is in progress
- Additional liquidity to manage uncertain scenarios has been assured with banking partners

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