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Oggetto : SIT approves the financial results at 30th of
September 2020.

Testo del comunicato

Vedi allegato.



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PRESS RELEASE

SIT in Q3 recovers revenues and margins Core Heating business up 3%

CEO and Chairman Federico de' Stefani: "SIT confirms in the quarter its capacity to expertly navigate periods of disruption".

SIT reports for 9M 2020:

- Consolidated revenues of Euro 227.0 million (-13.6% on 9M 2019);
- Heating Division sales of Euro 174.3 million (-8.6% on 9M 2019);
- Smart Gas Metering Division sales of Euro 50.6 million (-27.3% on 9M 2019);
- Consolidated EBITDA of Euro 32.4 million (-12.7% on 2019);
- Consolidated Net Profit of Euro 11.4 million (-29.8% on 2019);
- Net financial position at September 30, 2020 of Euro 96.7 million (Euro 78.4 million at end of 2019).

Q3 2020 reports:

- Consolidated revenues of Euro 93.6 million (-2.0% on Q3 2019);
- Heating Division sales of Euro 69.6 million (+3.0% on Q3 2019);
- Smart Gas Metering Division sales of Euro 23.4 million (-13.5% on Q3 2019);
- Consolidated EBITDA of Euro 17.2 million (+7.8% on Q3 2019);
- Consolidated Net Profit of Euro 7.6 million (-35.3% on Q3 2019).

Padua, November 5, 2020

The Board of Directors of SIT S.p.A., listed on the main market of the Italian Stock Exchange, in a meeting today presided over by Federico de' Stefani, the Chairman and Chief Executive Officer, approved the consolidated 9M 2020 results.

"Following an excellent third quarter amid an unstable general operating environment, we approve the 9M results. Over recent months we have particularly driven revenue and margin growth" stated Federico de' Stefani, Chairman and Chief Executive Officer of SIT "We have flexibly navigated a period of total disruption in which - despite numerous unknown factors - we remained very close to our customers, our supply chain, our employees and the region, not only in our home country of Italy, but also internationally. The continuing pandemic opens up opportunities to review our operating processes thanks to our ability to react quickly within a changing environment. The Advisory Board and the renewed Board of Directors have brought extensive international experience to the Group in support of managing both ordinary and extraordinary situations. In October, we converted a major



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opportunity: the Janz acquisition, which we will complete by year-end and is a key addition on our strategic growth trajectory. We will continue to closely focus over the coming quarters on any further opportunities arising within the marketplace.

SIT's future development - concluded de' Stefani - centres on three major drivers: sustainability, human capital and technology. We will continue to invest in innovative solutions and the digitalisation of processes and products to drive our development as an increasingly smart organisation. Finally, we renew our commitment as a key green economy player, with a focus on protecting natural resources and alternative gases such as biomethane and hydrogen, in support of the energy transition".

KEY FINANCIALS

(Euro.000)

Financials	9M 2020	%	9M 2019	%	Change	Change %
Revenues from contracts with customers	226,951	100.0%	262,768	100.0%	-35,817	-13.6%
EBITDA	32,401	14.3%	37,118	14.1%	-4,717	-12.7%
EBIT	15,126	6.7%	20,330	7.7%	-5,204	-25.6%
Result before taxes (EBT)	13,186	5.8%	17,000	6.5%	-3,814	-22.4%
Net profit/(loss) of the period	11,377	5.0%	16,199	6.2%	-4,822	-29.8%
Cash flow from operating & investing activities	-5,611		779		-6,390	

(Euro.000)

	30/09/2020	31/12/2019	30/09/2019
Net Financial Position	-96,725	-78,379	-86,916
Net trade working capital	58,169	34,971	49,880
Net trade working capital/Revenues ⁽¹⁾	19.2%	9.9%	14.2%

(1) Annualized

9M 2020 consolidated revenues were Euro 227.0 million, decreasing 13.6% on the same period of 2019 (Euro 262.8 million). Revenues in Q3 were Euro 93.6 million, reducing 2.0% (Euro 95.5 million).

(Euro.000)	9M 2020	%	9M 2019	%	Change	Change %
Heating	174,312	76.8%	190,732	72.6%	-16,420	-8.6%
Smart Gas Metering	50,560	22.3%	69,507	26.5%	-18,947	-27.3%
Total business revenues	224,872	99.1%	260,239	99.0%	-35,367	-13.6%
Other revenues	2,080	0.9%	2,529	1.0%	-449	-17.8%
Total revenues	226,951	100.0%	262,768	100.0%	-35,817	-13.6%

In the first nine months of 2020, **Heating Division** sales totaled Euro 174.3 million, declining 8.6% on the same period of 2019.



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The geographic distribution of Heating Division sales was as follows:

(Euro.000)	9M 2020	%	9M 2019	%	Change	Change %
Italy	31,141	17.9%	37,407	19.6%	-6,266	-16.8%
Europe (excluding Italy)	84,859	48.7%	88,807	46.6%	-3,948	-4.4%
The Americas	39,651	22.7%	45,104	23.6%	-5,453	-12.1%
Asia/Pacific	18,661	10.7%	19,414	10.2%	-753	-3.9%
Total revenues	174,312	100.0%	190,732	100.0%	-16,420	-8.6%

Heating division sales in Q3 2020 were up 3.0% on Q3 2019 (+4.3% at like-for-like exchange rates). Sales by region in the quarter were as follows:

(Euro.000)	Q3 2020	%	Q3 2019	%	Change	Change %
Italy	12,476	17.9%	11,902	17.6%	574	4.8%
Europe (excluding Italy)	33,958	48.8%	31,435	46.5%	2,522	8.0%
The Americas	15,174	21.8%	16,144	23.9%	-970	-6.0%
Asia/Pacific	8,037	11.5%	8,142	12.0%	-105	-1.3%
Total revenues	69,646	100.0%	67,624	100.0%	2,022	3.0%

The **Italian** market saw sales rebound (+4.8%) in the quarter, recovering from the major impact of the lockdown in the second quarter. In **Europe** (excluding Italy), the overall growth of Euro 2.5 million in the quarter related for approx. Euro 1.1 million to the UK market (+20.9%), which suffered significantly from the lockdown, while Turkey (+1.0 million, +12.2%) benefitted from improving demand from multinational manufacturers in the country. Central Europe also improved (+1.0 million) following the introduction of new products by a customer and growing consumer demand. Sales decreased 6.0% in the third quarter on the **American market** (-1.4% at like-for-like exchange rates). This is an improvement on the first part of the year impacted by the COVID-related uncertainties, with year-to-date sales in the nine months down 12.1% (-11.7% at like-for-like exchange rates).

Asia/Pacific reported results substantially in line with Q3 2019. Within the region, China saw growth (Euro 0.3 million, +6.1%), with the Middle Eastern and Australian markets declining.

The **Smart Gas Metering** Division in the first nine months of 2020 reported sales of Euro 50.6 million, down 27.3% on 9M 2019. Division sales in Q3 2020 of Euro 23.4 million were down 13.5% on Euro 27.1 million in the same period of 2019.

In terms of products, in the first nine months of 2020 sales for residential meters amounted to Euro 47.5 million (94.0% of total sales), while sales for Commercial & Industrial meters amounted to Euro 2.8 million.

9M 2020 EBITDA was Euro 32.4 million, compared to Euro 37.1 million in the previous year (respectively a 14.3% and 14.1% margin). The reduction in EBITDA in absolute value equal to 4.7 million (-12.7%) reflects the general contraction in sales volumes during the lockdown, against improved production efficiencies and the cutting of operating costs in the period. Q3 EBITDA of Euro 17.2 million was up 7.8% on the same period of 2019 (Euro 16.0 million).



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9M 2020 EBIT was Euro 15.1 million, down 25.6% on Euro 20.3 million in the same period of 2019, including amortisation and depreciation of Euro 17.3 million, up Euro 0.5 million on 2019. The EBIT margin was 6.7% in 9M 2020, compared to 7.7% in 9M 2019. Q3 2020 EBIT was Euro 11.3 million, an increase of 10.9% compared with Euro 10.2 million in the same period of the previous year.

The 9M 2020 pre-tax profit was Euro 13.2 million (5.8% of sales), reducing 22.4% on Euro 17.0 million in the same period of 2019 (6.5% of sales). The Q3 2020 pre-tax profit of Euro 9.6 million was down 9.7% on the same period of 2019 (Euro 10.6 million).

The net profit for the period was Euro 11.4 million (5.0% margin), compared to Euro 16.2 million (6.2% margin in 9M 2019, - 29.8%). In 2019, extraordinary tax income of Euro 3.7 million was reported. The Q3 2020 net profit was Euro 7.6 million (8.1% margin), compared to Euro 11.7 million (12.2% margin), down 35.3% on Q3 2019.

The net financial debt at September 30, 2020 was Euro 96.7 million, compared to Euro 78.4 million at December 31, 2019 and Euro 86.9 million at September 30, 2019.

Cash flows in the period were as follows:

(Euro.000)	9M 2020	9M 2019
Cash flow from current activities (A)	33,864	40,052
Cash flow generated (absorbed) from Working Capital (B)	-30,286	-28,090
CASH FLOW FROM OPERATING ACTIVITIES (A + B)	3,578	11,962
Cash flow from investing activities (C)	-9,189	-11,183
CASH FLOW FROM OPERATING & INVESTING ACTIVITIES (A + B + C)	-5,611	779
Interest paid	-2,014	-1,930
Amortised cost	-474	-428
FV change of derivatives	95	-517
Change in translation reserve	-2,892	1,580
Change in shareholders' equity and acquisition treasury	-197	-396
Acquisition	-1,096	-
Dividends	-3,476	-6,969
IFRS 16	-2,681	-556
Change in net financial position	-18,346	-8,437
Opening net financial position	78,379	78,479
Closing net financial position	96,725	86,916

- (1) The opening net financial debt at 1.1.2019 was adjusted for Euro 7,144 thousand to take account of the impact from the initial application of IFRS 16.
- (2) The Group's net financial position does not consider the financial liabilities for Warrants, as these items will not involve any financial outlay.



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In the first nine months of 2020, operating cash flows of Euro 33.9 million were generated, compared to Euro 40.1 million in the same period of 2019, substantially as a result of the decrease in self-financing in Q2 2020.

Cash flows absorbed by changes in working capital amount to Euro 30.3 million, compared to Euro 28.1 million in the same period of 2019. This movement, in addition to the increase in inventories of Euro 8.4 million since the beginning of the year, compared to Euro 6.2 million in the same period of 2019, in view of the seasonality of sales, includes the significant increase in Q3 2020 of trade receivables and follows the rebound in sales.

Cash investments in 9M 2020 were Euro 9.2 million, compared to Euro 11.2 million in the same period of 2019.

Operating cash flows after investments therefore absorbed Euro 5.6 million in the first nine months of 2020, compared to a generation of cash of Euro 0.8 million in the same period of the previous year.

Among the financing activity cash flows, in 9M 2020 we indicate the payment of interest for Euro 2.0 million (Euro 1.9 million in 9M 2019) and the payment of dividends for Euro 3.5 million (Euro 7.0 million in 9M 2019), a reduction made in view of the COVID emergency related uncertainties.

We in addition highlight the impact from the acquisition of a supplier in Tunisia (Euro 1.1 million) and the recognition of Euro 2.7 million as per IFRS 16, of which Euro 2.0 million for the rental of the facility in Tunisia. Finally, we indicate the change in the translation reserve which impacted for Euro 2.9 million in the 2020 period.

The increase in the net financial debt in the first nine months of 2020 was therefore Euro 18.3 million, compared to Euro 8.4 million in the same period of 2019.

Subsequent events and outlook

The COVID emergency and the uncertainties surrounding the developing Italian and global situation continues to be a major focus for the Group - both in terms of managing personnel and workspaces and with regards to the business impacts.

An inter-departmental task force launched at the start of the year monitors and manages the COVID impact on the organization and on operations/projects. Safety measures and compliant conduct has been adopted at all facilities and offices globally, in accordance with government measures.

The operating forecasts for the fourth quarter of the year in this environment depend on the possible further impact of the health emergency and, particularly, any new lockdown.

Our current estimates - which do not take account of any new lockdown - for the fourth quarter of 2020 indicate consolidated revenues in line with the same period of 2019. In particular, we indicate the recovery of the Heating division, improving on initial forecasts due to restocking by customers and the incentives to support demand. It is therefore expected that consolidated Group revenues shall see a low double-digit decrease on 2019.

Although amid declining volumes in 2020 against 2019, thanks to the efficiency and cost-cutting measures introduced the annual EBITDA margin is expected to only decline slightly on 2019.



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Investments have recovered on the initial part of the year and for 2020 are estimated at approx. Euro 15 million, while the net financial position should improve in the high single-digits on September 30, 2020.

Post-signing activities are continuing on schedule and the acquisition of Janz is expected to be completed by the end of 2020.

Declaration of the manager responsible for the preparation of the Company's accounts

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 press release are fairly representing the accounts and the books of the Company.

This press release and the results presentation for 9M 2020 are available on the website www.sitcorporate.it in the Investor Relations section.

The SIT Group, through its two divisions Heating and Smart Gas Metering, creates intelligent solutions for the control of environmental conditions and consumption measurement for a more sustainable world. A market-leading multinational company, listed on the MTA segment of Borsa Italiana, SIT aims to be the number one sustainable partner for energy and climate control solutions for its customers, focusing on experimentation and the use of alternative gases with low environmental profiles. The Group has production sites in Italy, Mexico, the Netherlands, Romania, China and Tunisia, in addition to a commercial structure covering all global markets.



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Annex 1

BALANCE SHEET

(Euro.000)	30/09/2020	31/12/2019
Goodwill	79,329	78,138
Other intangible assets	54,260	59,125
Property, plant & equipment	78,579	79,317
Investments in other companies	54	54
Non-current financial assets	255	1,531
Deferred tax assets	5,006	5,167
Non-current assets	217,483	223,332
Inventories	57,646	51,126
Trade receivables	63,221	57,176
Other current assets	12,948	10,133
Tax receivables	3,956	4,770
Other current financial assets	7	23
Cash and cash equivalents	34,045	34,064
Current assets	171,823	157,292
Total assets	389,306	380,624
Share capital	96,152	96,152
Total Reserves	42,060	31,486
Net profit/(loss)	11,377	19,928
Minority interest net equity	-	-
Shareholders' Equity	149,589	147,566
Medium/long-term loans and borrowings	85,482	85,029
Other non-current financial liabilities and derivative financial instruments	5,823	4,138
Provisions for risks and charges	4,453	4,142
Post-employment benefit provision	5,881	6,201
Other non-current liabilities	31	4
Deferred tax liabilities	15,028	16,370
Non-current liabilities	116,698	115,884
Short-term loans and borrowings	35,843	19,730
Other current financial liabilities and derivative financial instruments	3,627	3,588
Trade payables	62,698	73,331
Other current liabilities	14,999	15,957
Financial instruments for Warrants	1,985	1,567
Tax payables	3,867	3,001
Current liabilities	123,019	117,174
Total Liabilities	239,717	233,058
Total Shareholders' Equity and Liabilities	389,306	380,624



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Annex 2

INCOME STATEMENT

(Euro.000)	9M 2020	9M 2019
Revenues from sales and services	226,951	262,768
Raw materials, ancillaries, consumables and goods	128,181	148,680
Change in inventories	(8,703)	(5,242)
Service costs	26,641	29,842
Personnel expense	46,992	51,615
Depreciation, amortisation and write-downs	17,507	16,920
Provisions	488	607
Other charges (income)	719	17
EBIT	15,126	20,330
Investment income/(charges)	-	(21)
Financial income	145	548
Financial charges	(3,230)	(3,242)
Net exchange gains (losses)	1,145	(616)
Impairments on financial assets	-	-
Profit/(loss) before taxes	13,186	17,000
Income taxes	(1,809)	(801)
Net profit/(loss) for the period	11,377	16,199
Minority interest result	-	-
Group net profit/(loss)	11,377	16,199



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Annex 3

CASH FLOW STATEMENT

(Euro.000)	9M 2020	9M 2019
Net profit/(loss)	11,377	16,199
Amortisation & depreciation	17,273	16,788
Non-cash adjustments	320	3,571
Income taxes	1,810	801
Net financial charges/(income)	3,084	2,693
CASH FLOW FROM CURRENT ACTIVITIES (A)	33,864	40,052
Changes in assets and liabilities:		
Inventories	-8,387	-6,199
Trade receivables	-6,782	-6,555
Trade payables	-7,968	-8,342
Other assets and liabilities	-4,559	-3,601
Income taxes paid	-2,591	-3,393
CASH FLOW GENERATED (ABSORBED) FROM CHANGES IN WORKING CAPITAL (B)	-30,286	-28,090
CASH FLOW FROM OPERATING ACTIVITIES (A + B)	3,578	11,962
CASH FLOW FROM INVESTING ACTIVITIES (C)	-9,189	-11,183
CASH FLOW FROM OPERATING & INVESTING ACTIVITIES (A + B + C)	-5,611	779
Financing activities:		
Interest paid	-1,577	-1,499
Repayment of non-current financial payables	-10,125	-8,437
Increase (decrease) current financial payables	-119	-3,948
Increase (decrease) other financial payables	-1,523	-1,518
New financing	25,500	-
Dividend payments	-3,476	-6,969
Own shares	-197	-396
Change in translation reserve	-2,892	1,580
CASH FLOW FROM FINANCING ACTIVITIES (D)	5,591	-21,187
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (A + B + C + D)	-20	-20,408
Cash & cash equivalents at beginning of the year	34,065	55,494
Increase/(decrease) in cash and cash equivalents	-20	-20,408
Cash & cash equivalents at end of the year	34,045	35,086

Fine Comunicato n.20105-71

Numero di Pagine: 12