



H1 2022 – Results presentation

August 4, 2022

Highlights



- Q2 consolidated revenues are €100,9m, +3,4% vs Q2 2021
- Q2 Divisional sales:
 - Heating accounts €81,8m, +10,2% vs PY
 - Metering at €17,6m is -19,7%, with Gas metering at -32,2% and Water metering at +21,1% vs PY
- H1 consolidated revenues are €194,7m, +2,3% vs H1 2021
- Consolidated Q2 EBITDA of €9,2m, minus 33,8% vs €13,8m of PY
- Consolidated H1 EBITDA of €23,8m, 12,2% vs €28,9m, 15,2% of PY
- H1 Net income of €14,2m at 7,3% of revenues vs €9,5m, 5,0% of PY
- Net debt at €122,6m vs €120,9m of PY



Key financial results



€m, unless otherwise stated	H1 22	%	H1 21	%	Chg. YoY
Revenues	194,7	100,0%	190,3	100,0%	2,3%
EBITDA	23,8	12,2%	28,9	15,2%	(17,5%)
EBIT	10,5	5,4%	16,2	8,5%	(35,2%)
EBT	16,8	8,6%	11,4	6,0%	47,6%
Net income	14,2	7,3%	9,5	5,0%	49,4%
Net Income adjusted	6,2	3,2%	10,5	5,5%	(41,2%)
Cash flow from operations	(9,9)		6,2		
NTWC	62,8		63,6		
Net financial debt	122,6		120,9		

€m, unless otherwise stated	Q2 22	%	Q2 21	%	Chg. YoY
Revenues	100,9	100,0%	97,6	100,0%	3,4%
EBITDA	9,2	9,1%	13,8	14,2%	(33,8%)
EBIT	2,5	2,5%	7,3	7,5%	(66,0%)
EBT	2,7	2,7%	4,0	4,1%	(31,8%)
Net income	1,8	1,8%	1,8	1,8%	3,8%
Net Income adjusted	0,9	0,9%	3,3	3,4%	(72,3%)

- H1 consolidated revenues account 2,3% growth
- Divisional trends:
 - Heating: H1 +9,1%, Q2 +10,2%
 - Metering: H1 -20,9% , Q2 -19,7%
- EBITDA at €23,8m vs €28,9m of PY
- EBIT at €10,5m (5,4% of revenues) vs €16,2m (8,5%)
- Net income of €14,2m vs €9,5m includes FV accounting effect of Warrant for +€8,1m
- Net income adjusted at €6,2m, 3,2% of revenues vs 5,5%
- Cash flow from operations is minus €9,9m after capex for €11,7m and increase in NTWC for €16,3m
- NTWC of €62,8m (16,0% of revenues) in line with previous year
- Net financial debt stands at €122,6m vs 2021-year end of €106,7m vs €120,9 at PY



Consolidated revenues – H1

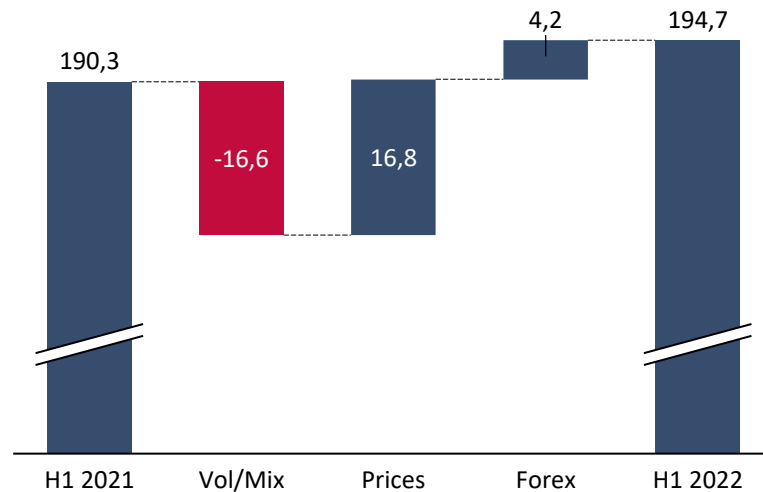
Breakdown by Division

€m, unless otherwise stated	H1 22	%	H1 21	%	Chg. YoY
Heating	157,8	81,1%	144,7	76,1%	9,1%
Metering	34,1	17,5%	43,2	22,7%	(20,9%)
Total business sales	192,0	98,6%	187,9	98,8%	2,2%
Other revenues	2,7	1,4%	2,4	1,2%	16,3%
Total revenues	194,7	100,0%	190,3	100,0%	2,3%

Breakdown by geography

€m, unless otherwise stated	H1 22	%	H1 21	%	Chg. YoY
Italy	50,7	26,1%	59,0	31,0%	(13,9%)
Europe (excuding Italy)	82,4	42,3%	82,6	43,4%	(0,3%)
America	43,4	22,3%	33,8	17,7%	28,5%
Asia/Pacific	18,2	9,3%	14,9	7,8%	22,1%
Total revenues	194,7	100,0%	190,3	100,0%	2,3%

Consolidated revenue bridge (€m)



Consolidated revenues – Q2

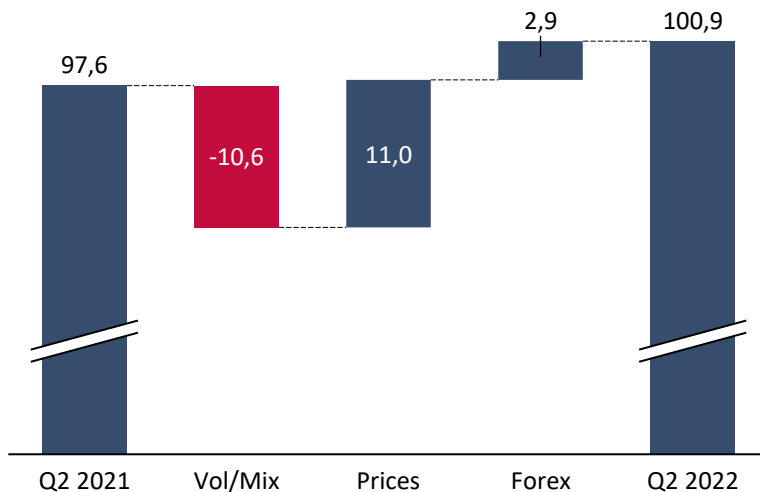
Breakdown by Division

€m, unless otherwise stated	Q2 22	%	Q2 21	%	Chg. YoY
Heating	81,8	81,0%	74,2	76,1%	10,2%
Metering	17,6	17,4%	21,9	22,5%	(19,7%)
Total business sales	99,4	98,5%	96,1	98,5%	3,4%
Other revenues	1,5	1,5%	1,4	1,5%	7,8%
Total revenues	100,9	100,0%	97,6	100,0%	3,4%

Breakdown by geography

€m, unless otherwise stated	Q2 22	%	Q2 21	%	Chg. YoY
Italy	26,2	25,9%	30,0	30,8%	(12,9%)
Europe (excluding Italy)	41,0	40,6%	43,1	44,1%	(4,8%)
America	23,9	23,7%	15,7	16,1%	51,8%
Asia/Pacific	9,9	9,8%	8,7	8,9%	13,1%
Total revenues	100,9	100,0%	97,6	100,0%	3,4%

Consolidated revenue bridge (€m)



Q2 Heating sales by geography

€m, unless otherwise stated	Q2 22	%	Q2 21	%	Chg. YoY
Italy	15,0	18,4%	14,5	19,5%	4,0%
Europe (excluding Italy)	33,3	40,7%	35,8	48,3%	(7,0%)
America	23,0	28,1%	15,4	20,8%	49,0%
Asia/Pacific	10,4	12,8%	8,5	11,5%	22,6%
Total business sales	81,8	100,0%	74,2	100,0%	10,2%

H1 Heating sales by geography

€m, unless otherwise stated	H1 22	%	H1 21	%	Chg. YoY
Italy	29,9	19,0%	28,7	19,9%	4,2%
Europe (excluding Italy)	67,7	42,9%	68,6	47,4%	(1,4%)
America	42,0	26,6%	32,8	22,7%	27,7%
Asia/Pacific	18,3	11,6%	14,5	10,0%	25,9%
Total business sales	157,8	100,0%	144,7	100,0%	9,1%

- Divisional sales:
 - Q2 +10,2%, +6,3% at same forex
 - H1 +9,1%, +6,1% at same forex
- Italy. H1 accounts +4,2%, €1,2m increase vs PY. Catering segment is up €1,5m, +80%, and Direct Heating applications (Pellet Stoves and Space Heaters) also grow (€+0,5m, +15%); Central Heating down €0,7m, -3,6%
- Europe. H1 down €1,0m, -1,4% vs PY. Turkey (9,7% of Divisional sales) is down €1,5m, -8,7%, due to OEM demand in Central Heating; UK, (6,0% of Divisional sales) is down 22% in Flues (-27%) and Mechanical controls (-15%); Central Europe markets grow €3,8m, +15%
- America. H1 sales are up €9,2m, +27,7%, +17,4% at same forex. Fireplaces increase €4,1m, +25%, Central Heating up €2,8m, +60% and Storage Water Heating up €1,5m, +14,2%
- Asia/Pacific. H1 accounts increase for €3,8m, +25,9%, +20,5% at same forex vs PY; China, 6,9% of divisional sales, accounts +€1,5m, +15,9%; Australia +€0,7, +18,9%

Metering sales



Q2 Smart Gas Metering

€m, unless otherwise stated	Q2 22	%	Q2 21	%	Chg. YoY
Residential	9,5	83,1%	15,3	91,4%	(38,3%)
Commercial & Industrial	1,9	16,3%	1,3	7,9%	38,9%
Other	0,1	0,7%	0,1	0,7%	(36,8%)
Total business sales	11,4	100,0%	16,8	100,0%	(32,2%)

H1 Smart Gas Metering

€m, unless otherwise stated	H1 22	%	H1 21	%	Chg. YoY
Residential	17,9	82,7%	30,3	91,2%	(40,9%)
Commercial & Industrial	3,6	16,5%	2,7	8,2%	31,8%
Other	0,2	0,8%	0,2	0,6%	(8,6%)
Total business sales	21,7	100,0%	33,2	100,0%	(34,7%)

H1 2022 foreign sales are ≈7%, mostly Greece and Bulgaria

Q2 Water Metering

€m, unless otherwise stated	Q2 22	%	Q2 21	%	Chg. YoY
Water meters, finished	2,8	44,7%	2,5	49,7%	9,1%
Water meter parts	3,0	47,5%	2,3	45,5%	26,6%
Other	0,5	7,7%	0,2	4,8%	93,3%
Total business sales	6,2	100,0%	5,1	100,0%	21,1%

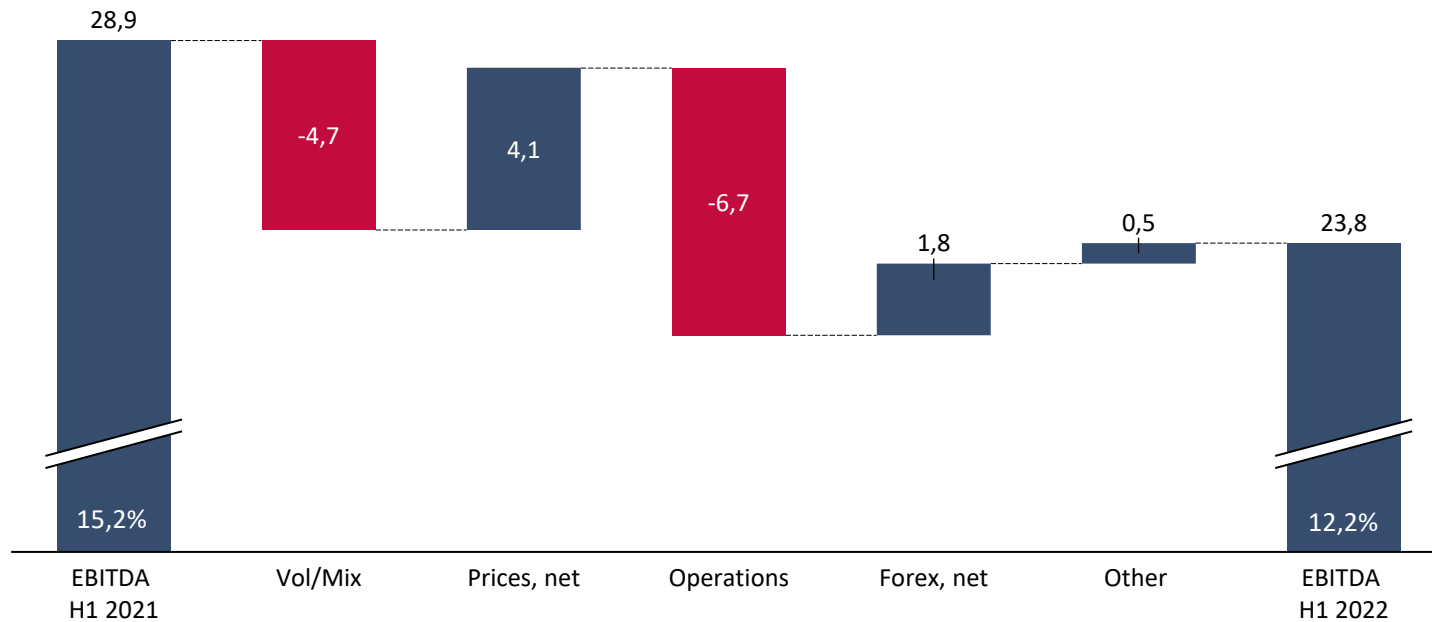
H1 Water Metering

€m, unless otherwise stated	H1 22	%	H1 21	%	Chg. YoY
Water meters, finished	5,7	45,4%	5,1	50,8%	11,9%
Water meter parts	5,9	47,6%	4,3	43,3%	37,7%
Other	0,9	7,0%	0,6	5,9%	47,7%
Total business sales	12,5	100,0%	9,9	100,0%	25,2%

H1 2022 geography breakdown: Portugal 23,9%, Spain 28,4%, Rest of Europe 34,9%, Americas 6,8%, Asia/Pacific 5,9%



EBITDA bridge – H1



From EBITDA to Net income – H1

€m, unless otherwise stated	H1 22	% of sales	H1 21	% of sales	Chg. YoY
EBITDA	23,8	12,2%	28,9	15,2%	(17,5%)
D&A, impairment of assets	13,3		12,7		
EBIT	10,5	5,4%	16,2	8,5%	(35,2%)
Net financial (charges)/income	6,3		(4,9)		
Net forex (charges)/income	0,0		0,1		
EBT	16,8	8,6%	11,4	6,0%	47,6%
Taxes	(2,6)		(1,9)		
Net income	14,2	7,3%	9,5	5,0%	49,4%
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Net financial (charges)/income adjusted	(1,8)	(0,9%)	(2,2)	(1,1%)	(17,6%)
Net income adjusted	6,2	3,2%	10,5	5,5%	(41,2%)

- D&A for €13,3m, 6,8% of revenues vs €12,7m, 6,7%
- EBIT of €10,5m at 5,4% of revenues
- Net financial (charges)/income account changes in FV of Warrants for income of €8,1m that will be consolidated till EoY
- EBT includes impact of FV accounting of Warrants (net income of €8,1m in H122, net charge of €2,8m in H121)
- H1 21 taxes includes one off revenue for Patent Box ruling for €1,8m, net
- Net income of €14,2m at 7,3% of revenues vs 5,0% of previous year
- Net financial charges adjusted reflect improved funding conditions on new facilities
- Net income adjusted is equal to €6,2m

Net trade working capital

€m, unless otherwise stated	2022.06	2021.12	H1 22 Change	2021.06	2020.12	H1 21 Change	YoY change
Inventory	98,0	70,1	27,8	67,5	56,5	11,0	30,5
Accounts receivables	63,8	56,1	7,7	73,5	65,4	8,2	(9,8)
Accounts payables	(98,9)	(80,8)	(18,2)	(77,4)	(72,2)	(5,2)	(21,5)
Net Trade Working Capital	62,8	45,4	17,4	63,6	49,6	14,0	-0,8
<i>NTWC/Revenues</i>	<i>16,0%</i>	<i>11,9%</i>	<i>4,1%</i>	<i>16,6%</i>	<i>15,5%</i>	<i>1,1%</i>	<i>-0,6%</i>

Reported 2022 NTWC

- YTD Inventory trend increase (+€27,8) reflects Heating seasonality, procurement strategy to address shortage issues and maintain customer service levels

Cash flow and Net debt

Change in net debt

€m, unless otherwise stated	H1 22	H1 21
Current cash flow	24,5	29,2
Change in NTWC	(16,3)	(13,8)
Inventory	(26,3)	(10,7)
Accounts Receivables	(6,5)	(7,9)
Accounts Payables	16,5	4,8
Other working capital	(6,3)	(1,2)
Capex, net	(11,7)	(8,0)
Cash flow from operations	(9,9)	6,2
Financial charges	(1,4)	(1,8)
Dividends paid	(7,3)	(6,9)
IFRS 16 - Leases	(0,6)	(1,6)
Other	3,4	(0,7)
Change in net debt	(15,9)	(4,8)
Net debt - BoP	106,7	116,0
Net debt - EoP	122,6	120,9

- Current cash flow of €24,5m vs €29,2m of PY
- NTWC absorbs €16,3m due to increase in Inventory for €26,3m that reflects seasonality in Heating business and procurement strategy to manage shortage issues
- Capex of €11,7m in line with forecasted project pipeline of which New HQ and Labs
- Dividends paid in H1 2022 amount to €7,3m

Net financial position

€m, unless otherwise stated	30/06/2022	31/12/2021	30/06/2021
(Cash & cash equivalents)	(43,1)	(46,7)	(56,1)
Current debt, net	20,5	20,1	117,8
Non current debt	127,7	114,0	39,6
MTM derivatives & M&A debt	2,4	3,4	4,1
IFRS 16 - Leases	15,1	15,9	15,7
Net debt - EoP	122,6	106,7	120,9

- Net Debt/EBITDA: 2,66x vs 2,10x vs 2,07x of previous year

Final comments and outlook



- Q2 2022 results realized in a more volatile market
- Backlog positive but visibility is limited due to worsening of macroeconomic and geopolitical scenario
- In H2 SIT will continue to :
 - address global production footprint and supply chain issues according to market demand and availability
 - adjust pricing policies transferring partially the increase in materials and energy costs
 - participate to domestic and international tenders for the roll out of new smart meters
- In this more challenging context we expect consolidated sales growing in a range of 3% and 5% and EBITDA margin between 12% and 13%



ANNEXES



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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