



9M 2022 – Results presentation

November 3, 2022

Highlights



- Q3 consolidated revenues are €95,7m in line with Q3 2021
- Q3 Divisional sales:
 - Heating accounts €77,0m, +1,0% vs PY
 - Metering at €17,3m is -8,4%, with Gas metering at -16,1% and Water metering at +11,2% vs PY
- 9M consolidated revenues are €290,4m, +1,5% vs 9M 2021
- Q3 one off non-recurring accrual for €8,8m due to dispute settlement
- 9M EBITDA adjusted of €35,6m, 12,3% of revenues vs €42,0m, 14,7%
- 9M Net income of €10,5m at 3,6% of revenues vs €9,1m, 3,2%
- 9M Net income adjusted of €8,2m at 2,8% of revenues vs €15,8m, 5,5%
- Net debt at €138,7m vs €123,6m of PY



Key financial results

| €m, unless otherwise stated | 9M 22 | % | 9M 21 | % | Chg. YoY |
|-----------------------------|--------|--------|-------|--------|----------|
| Revenues | 290,4 | 100,0% | 286,2 | 100,0% | 1,5% |
| EBITDA adjusted | 35,6 | 12,3% | 42,0 | 14,7% | (15,2%) |
| EBITDA | 26,8 | 9,2% | 42,0 | 14,7% | (36,2%) |
| EBIT adjusted | 15,4 | 5,3% | 23,1 | 8,1% | (33,3%) |
| EBIT | 6,5 | 2,3% | 23,1 | 8,1% | (71,6%) |
| EBT | 11,4 | 3,9% | 12,0 | 4,2% | (4,9%) |
| Net income | 10,5 | 3,6% | 9,1 | 3,2% | 15,2% |
| Net Income adjusted | 8,2 | 2,8% | 15,8 | 5,5% | (47,7%) |
| Cash flow from operations | (28,3) | | 7,0 | | |
| NTWC | 81,0 | | 61,9 | | |
| Net financial debt | 138,7 | | 123,6 | | |

| €m, unless otherwise stated | Q3 22 | % | Q3 21 | % | Chg. YoY |
|-----------------------------|-------|--------|-------|--------|----------|
| Revenues | 95,7 | 100,0% | 96,0 | 100,0% | (0,3%) |
| EBITDA adjusted | 11,8 | 12,3% | 13,1 | 13,6% | (9,9%) |
| EBIT adjusted | 4,9 | 5,1% | 6,8 | 7,1% | (28,8%) |
| Net Income adjusted | 2,1 | 2,2% | 5,3 | 5,5% | (60,7%) |

- 9M consolidated revenues account 1,5% growth
- Divisional trends:
 - Heating: 9M +6,3%, Q3 +1,0%
 - Metering: 9M -17,1% , Q3 -8,4%
- EBITDA adjusted at €35,6m vs €42,0m of PY
- EBIT adjusted at €15,4m (5,3% of revenues) vs €23,1m (8,1%)
- Net income of €10,5m includes FV accounting effect of Warrant for +€8,7m
- Net income adjusted at €8,2m, 2,8% of revenues vs 5,5%
- Cash flow from operations is minus €28,3m after capex for €21,1m and increase in NTWC for €34,0m
- NTWC of €81,0m (20,9% of revenues) vs €61,9m of PY (16,2%) due to inventory and supply chain strategy
- Net financial debt stands at €138,7m vs 2021-year end of €106,7m vs €123,6 at PY

*Adjustment due to one off non-recurring accrual for €8,8m due to dispute settlement

Consolidated revenues – 9M

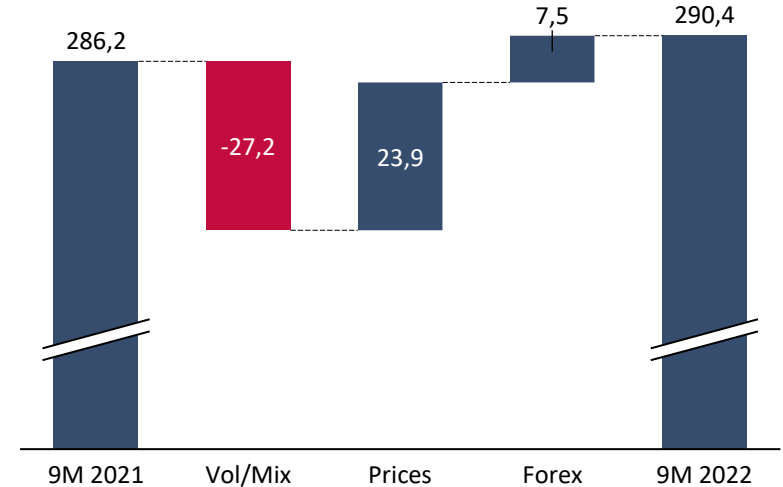
Breakdown by Division

| €m, unless otherwise stated | 9M 22 | % | 9M 21 | % | Chg. YoY |
|-----------------------------|--------------|---------------|--------------|---------------|-------------|
| Heating | 234,8 | 80,9% | 220,9 | 77,2% | 6,3% |
| Metering | 51,4 | 17,7% | 62,0 | 21,7% | (17,1%) |
| Total business sales | 286,2 | 98,6% | 282,9 | 98,8% | 1,2% |
| Other revenues | 4,2 | 1,4% | 3,3 | 1,2% | 26,5% |
| Total revenues | 290,4 | 100,0% | 286,2 | 100,0% | 1,5% |

Breakdown by geography

| €m, unless otherwise stated | 9M 22 | % | 9M 21 | % | Chg. YoY |
|-----------------------------|--------------|---------------|--------------|---------------|-------------|
| Italy | 66,9 | 23,0% | 89,7 | 31,3% | (25,4%) |
| Europe (excluding Italy) | 132,2 | 45,5% | 120,3 | 42,1% | 9,8% |
| America | 62,6 | 21,6% | 52,6 | 18,4% | 19,1% |
| Asia/Pacific | 28,7 | 9,9% | 23,6 | 8,3% | 21,5% |
| Total revenues | 290,4 | 100,0% | 286,2 | 100,0% | 1,5% |

Consolidated revenue bridge (€m)



Consolidated revenues – Q3

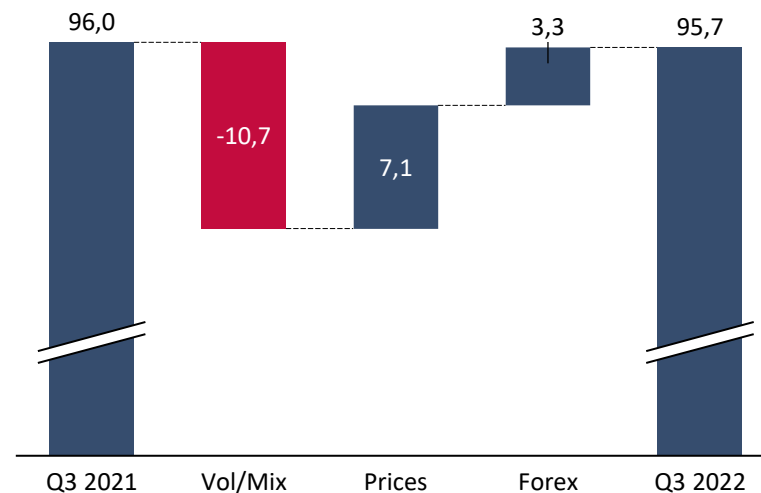
Breakdown by Division

| €m, unless otherwise stated | Q3 22 | % | Q3 21 | % | Chg. YoY |
|-----------------------------|-------------|---------------|-------------|---------------|---------------|
| Heating | 77,0 | 80,5% | 76,2 | 79,4% | 1,0% |
| Metering | 17,3 | 18,0% | 18,8 | 19,6% | (8,4%) |
| Total business sales | 94,2 | 98,5% | 95,0 | 99,0% | (0,8%) |
| Other revenues | 1,4 | 1,5% | 0,9 | 1,0% | 52,0% |
| Total revenues | 95,7 | 100,0% | 96,0 | 100,0% | (0,3%) |

Breakdown by geography

| €m, unless otherwise stated | Q3 22 | % | Q3 21 | % | Chg. YoY |
|-----------------------------|-------------|---------------|-------------|---------------|---------------|
| Italy | 16,2 | 16,9% | 30,7 | 32,0% | (47,4%) |
| Europe (excluding Italy) | 49,8 | 52,0% | 37,7 | 39,3% | 32,0% |
| America | 19,2 | 20,1% | 18,8 | 19,6% | 2,3% |
| Asia/Pacific | 10,5 | 11,0% | 8,7 | 9,1% | 20,4% |
| Total revenues | 95,7 | 100,0% | 96,0 | 100,0% | (0,3%) |

Consolidated revenue bridge (€m)



Q3 Heating sales by geography

| €m, unless otherwise stated | Q3 22 | % | Q3 21 | % | Chg. YoY |
|-----------------------------|-------------|---------------|-------------|---------------|-------------|
| Italy | 15,2 | 19,7% | 14,3 | 18,8% | 6,0% |
| Europe (excloding Italy) | 33,4 | 43,4% | 36,1 | 47,4% | (7,5%) |
| America | 17,9 | 23,2% | 18,2 | 23,9% | (1,7%) |
| Asia/Pacific | 10,5 | 13,7% | 7,6 | 10,0% | 38,9% |
| Total business sales | 77,0 | 100,0% | 76,2 | 100,0% | 1,0% |

9M Heating sales by geography

| €m, unless otherwise stated | 9M 22 | % | 9M 21 | % | Chg. YoY |
|-----------------------------|--------------|---------------|--------------|---------------|-------------|
| Italy | 45,1 | 19,2% | 43,0 | 19,5% | 4,8% |
| Europe (excloding Italy) | 101,0 | 43,0% | 104,7 | 47,4% | (3,5%) |
| America | 59,8 | 25,5% | 51,0 | 23,1% | 17,2% |
| Asia/Pacific | 28,8 | 12,3% | 22,1 | 10,0% | 30,4% |
| Total business sales | 234,8 | 100,0% | 220,9 | 100,0% | 6,3% |

- Divisional sales:
 - Q3 +1,0%, -3,3% at same forex
 - 9M +6,3, +2,9% at same forex
- Italy. 9M accounts +4,8%, €2,1m increase vs PY. Catering segment is up €1,7m, +57,6%, and Direct Heating applications (Pellet Stoves and Space Heaters) grow (€+0,7m, +12,1%); Central Heating down €1,2m, -4,4%, mainly Flues
- Europe. 9M down €3,7m, -3,5% vs PY. Turkey (10,7% of Divisional sales) is down €1,5m, -5,4%, due to OEM demand in Central Heating; UK, (6,0% of Divisional sales) is down 14,3% in Flues (-21%) and Mechanical controls (-5%); Central Europe markets grow €4,6m, +12,8%
- America. 9M sales are up €8,8m, +17,2%, +5,2% at same forex
- Asia/Pacific. 9M accounts increase for €6,7m, +30,4%, +24,2% at same forex vs PY; China, 7,4% of divisional sales, accounts +€3,2m, +22,9%; Australia +€1,2m, +22%

Metering sales



Q3 Smart Gas Metering

| €m, unless otherwise stated | Q3 22 | % | Q3 21 | % | Chg. YoY |
|-----------------------------|-------------|---------------|-------------|---------------|----------------|
| Residential | 9,1 | 80,0% | 12,5 | 92,8% | (27,6%) |
| Commercial & Industrial | 2,2 | 19,6% | 0,9 | 6,4% | 155,4% |
| Other | 0,0 | 0,4% | 0,1 | 0,8% | (61,1%) |
| Total business sales | 11,3 | 100,0% | 13,5 | 100,0% | (16,1%) |

Q3 Water Metering

| €m, unless otherwise stated | Q3 22 | % | Q3 21 | % | Chg. YoY |
|-----------------------------|------------|---------------|------------|---------------|--------------|
| Water meters, finished | 1,9 | 32,5% | 2,7 | 50,1% | (27,9%) |
| Water meter parts | 3,5 | 59,2% | 2,2 | 41,7% | 57,6% |
| Other | 0,5 | 8,3% | 0,4 | 8,2% | 13,1% |
| Total business sales | 5,9 | 100,0% | 5,3 | 100,0% | 11,2% |

9M Smart Gas Metering

| €m, unless otherwise stated | 9M 22 | % | 9M 21 | % | Chg. YoY |
|-----------------------------|-------------|---------------|-------------|---------------|----------------|
| Residential | 27,0 | 81,7% | 42,8 | 91,7% | (37,0%) |
| Commercial & Industrial | 5,8 | 17,6% | 3,6 | 7,7% | 61,7% |
| Other | 0,2 | 0,6% | 0,3 | 0,6% | (27,6%) |
| Total business sales | 33,0 | 100,0% | 46,7 | 100,0% | (29,3%) |

9M 2022 foreign sales are ≈7%, mostly Greece and Bulgaria

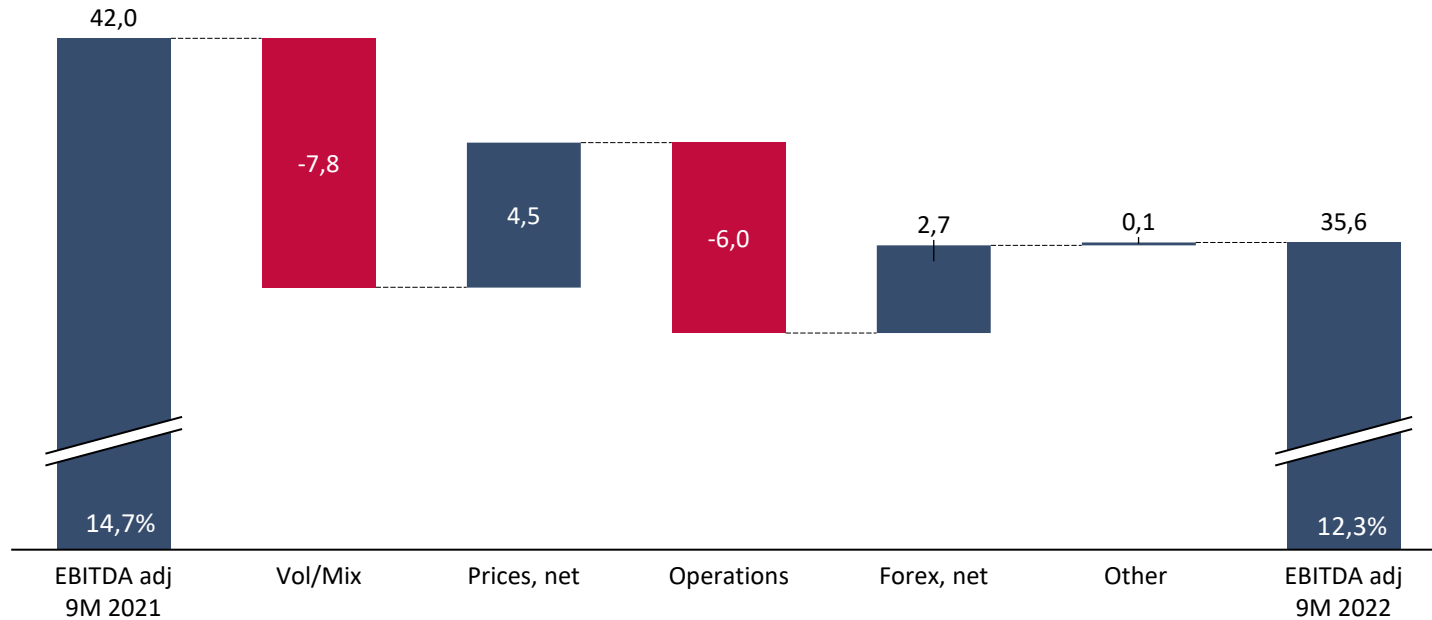
9M Water Metering

| €m, unless otherwise stated | 9M 22 | % | 9M 21 | % | Chg. YoY |
|-----------------------------|-------------|---------------|-------------|---------------|--------------|
| Water meters, finished | 7,6 | 41,2% | 7,7 | 50,6% | (1,9%) |
| Water meter parts | 9,4 | 51,3% | 6,5 | 42,7% | 44,5% |
| Other | 1,4 | 7,4% | 1,0 | 6,7% | 33,0% |
| Total business sales | 18,4 | 100,0% | 15,3 | 100,0% | 20,3% |

9M 2022 geography breakdown: Portugal 23,6%, Spain 30,3%, Rest of Europe 33,3%, Americas 6,7%, Asia/Pacific 6,1%



EBITDA adjusted bridge – 9M



Euro millions



From EBITDA to Net income – 9M

| €m, unless otherwise stated | 9M 22 | % of sales | 9M 21 | % of sales | Chg. YoY |
|--|--------------|---------------|--------------|---------------|----------------|
| EBITDA | 26,8 | 9,2% | 42,0 | 14,7% | (36,2%) |
| D&A, impairment of assets | 20,2 | | 18,9 | | |
| EBIT | 6,5 | 2,3% | 23,1 | 8,1% | (71,6%) |
| Net financial (charges)/income | 6,5 | | (11,5) | | |
| Net forex (charges)/income | (1,6) | | 0,5 | | |
| EBT | 11,4 | 3,9% | 12,0 | 4,2% | (4,9%) |
| Taxes | (1,0) | | (2,9) | | |
| Net income | 10,5 | 3,6% | 9,1 | 3,2% | 15,2% |
| Ebitda adjusted | 35,6 | 12,3% | 42,0 | 14,7% | (15,2%) |
| Ebit adjusted | 15,4 | 5,3% | 23,1 | 8,1% | (33,3%) |
| Net financial (charges)/income adjusted | (2,2) | (0,8%) | (2,9) | (1,0%) | (23,4%) |
| Net income adjusted | 8,2 | 2,8% | 15,8 | 5,5% | (47,7%) |

- D&A for €20,2m, 7,0% of revenues vs €18,9m, 6,6%
- Net financial (charges)/income account changes in FV of Warrants for income of €8,7m that will be consolidated till EoY
- EBT of €11,4m at 3,9% of revenues
- 9M 21 taxes includes one off revenue for Patent Box ruling for €1,8m, net
- Net income of €10,5m at 3,6% of revenues vs 3,2% of previous year
- Net financial charges adjusted reflect improved funding conditions on new facilities
- Net income adjusted is equal to €8,2m

- 2022 adjustment due to one off non-recurring accrual for €8,8m for dispute settlement and FV revenues for warrant €8,7
- 2021 adjustment includes FV charge for warrant €7,6, refinancing charges €1,0 and patent box tax revenue €1,8

Net trade working capital

| €m, unless otherwise stated | 2022.09 | 2021.12 | 9M 22 Change | 2021.09 | 2020.12 | 9M 21 Change | YoY change |
|----------------------------------|--------------|--------------|-----------------|--------------|--------------|-----------------|---------------|
| Inventory | 101,7 | 70,1 | 31,6 | 69,4 | 56,5 | 12,9 | 32,3 |
| Accounts receivables | 61,7 | 56,1 | 5,6 | 66,6 | 65,4 | 1,3 | (4,9) |
| Accounts payables | (82,4) | (80,8) | (1,6) | (74,1) | (72,2) | (1,9) | (8,3) |
| Net Trade Working Capital | 81,0 | 45,4 | 35,6 | 61,9 | 49,6 | 12,3 | 19,1 |
| <i>NTWC/Revenues</i> | <i>20,9%</i> | <i>11,9%</i> | <i>8,9%</i> | <i>16,2%</i> | <i>15,5%</i> | <i>0,7%</i> | <i>4,7%</i> |

Reported 2022 NTWC

- YTD Inventory trend increase (+€31,6) 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 | 9M 22 | 9M 21 |
|----------------------------------|---------------|--------------|
| Current cash flow | 33,9 | 42,8 |
| Change in NTWC | (34,0) | (12,2) |
| Inventory | (28,8) | (12,6) |
| Accounts Receivables | (4,2) | (1,0) |
| Accounts Payables | (1,0) | 1,5 |
| Other working capital | (7,1) | (4,0) |
| Capex, net | (21,1) | (19,6) |
| Cash flow from operations | (28,3) | 7,0 |
| Financial charges | (2,3) | (3,2) |
| Dividends paid | (7,3) | (6,9) |
| IFRS 16 - Leases | (0,7) | (1,5) |
| Other | 6,6 | (3,0) |
| Change in net debt | (32,0) | (7,6) |
| Net debt - BoP | 106,7 | 116,0 |
| Net debt - EoP | 138,7 | 123,6 |

- Current cash flow of €33,9m vs €42,8m of PY
- NTWC burns €34,0m due to increase in Inventory for €28,8m that reflects seasonality in Heating business and procurement strategy to manage shortage issues
- Capex of €21,1m in line with forecasted project pipeline including New HQ and Labs
- Dividends paid in 2022 amount to €7,3m

Net financial position

| €m, unless otherwise stated | 30/09/2022 | 31/12/2021 | 30/09/2021 |
|-----------------------------|--------------|--------------|--------------|
| (Cash & cash equivalents) | (24,5) | (46,7) | (41,8) |
| Current debt, net | 19,9 | 20,1 | 24,8 |
| Non current debt | 127,8 | 114,0 | 121,6 |
| MTM derivatives & M&A debt | 1,0 | 3,4 | 3,9 |
| IFRS 16 - Leases | 14,5 | 15,9 | 15,1 |
| Net debt - EoP | 138,7 | 106,7 | 123,6 |

- Net Debt/EBITDA: 3,09x vs 2,10x vs 2,28x of previous year

Final comments and outlook



- Q3 2022 confirmed high market volatility and accounted slow down of European end-markets
- Order portfolio is resilient but customer reaction to limited visibility is likely to delay orders and shipments
- Year end sales expected to confirm 2021FY level with an adjusted EBITDA margin slightly below 12%

- For 2023, current outlook provides:
 - inflationary environment in both costs and revenues
 - opportunities for market share growth in certain product families/applications
 - product portfolio enhancement
 - significant domestic and international tenders in the metering business



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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