



## 2018H1 - Results presentation



September 10, 2018

- This presentation has been prepared by SIT S.p.A. only for information purposes and for the presentation of the Group's results and strategies.
- For further details on the SIT Group, reference should be made to publicly available information.
- Statements contained in this presentation, particularly those regarding any SIT Group possible or assumed future performance, are or may be forward looking statements and in this respect they involve some risks and uncertainties.
- Any reference to past performance of the SIT Group shall not be taken as an indication of future performance.
- This document does not constitute an offer or invitation to purchase or subscribe for any shares and no part of it shall form the basis of or be relied upon in connection with any contract or commitment whatsoever.
- By attending this presentation you agree to be bound by the foregoing terms.

# 2018H1 - Key financial results

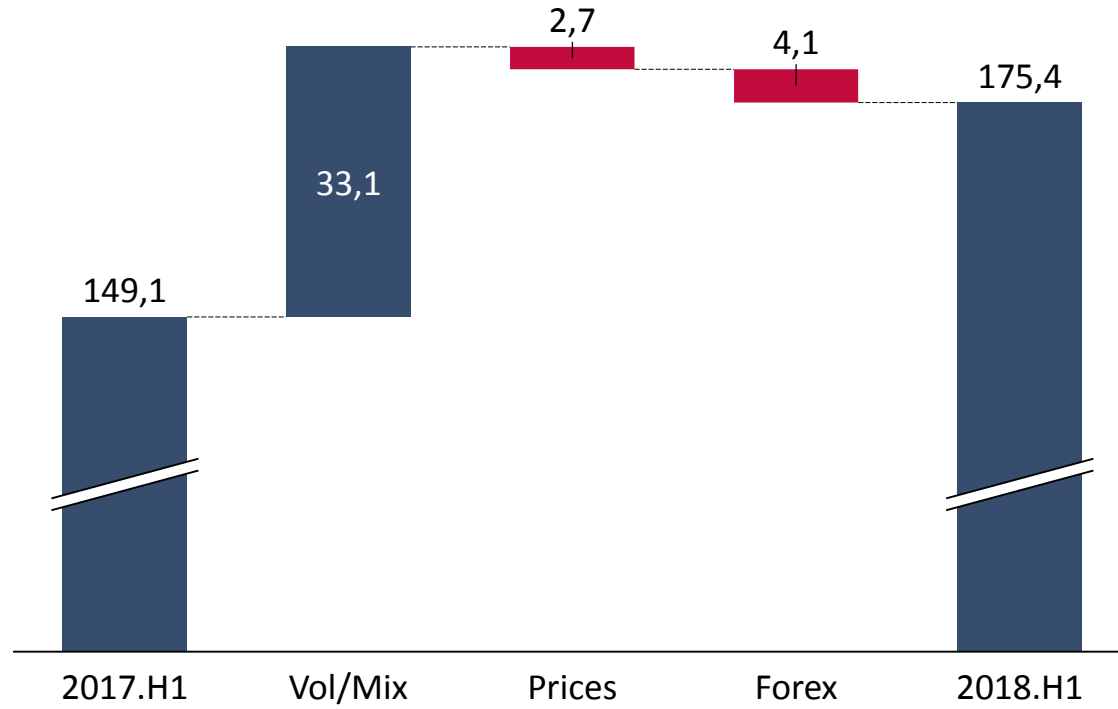
(Euro.000)	2018H1	%	2017H1	%	diff	diff%
Revenues	175.931	100,0%	149.124	100,0%	26.267	17,6%
EBITDA Adjusted (1)	23.352	13,3%	21.599	14,5%	1.753	8,1%
EBITDA	20.026	11,4%	21.609	14,5%	(1.583)	-7,3%
EBITA	14.122	8,1%	15.568	10,5%	(1.536)	-9,8%
EBIT	10.984	6,3%	12.521	8,4%	(1.537)	-12,3%
Net Income	8.417	4,8%	912	0,6%	7.505	n/a
Operating cash flow	(8.417)		4.370		(12.787)	
	<b>2018.06</b>		<b>2017.12</b>			
Net financial position	80.867		65.105		15.762	

- Revenue growth of 17,6% is all **organic**:  
- Heating, +13,3€ +10,3%  
- Smart Gas Metering ,+13,0€ +65,0%
- Revenue growth at same forex rates is +20,4%
- EBITDA Adjusted is 23,4€, +8,1% (+13,4% at same forex rate) due to extra costs for capacity constraints
- Accelerated capex plan is on time and will be effective in 2018.H2
- Net Income is 8,4€, 4,8% of Revenues (+7,5€ vs 2017.H1) thanks to post IPO capital structure and new funding conditions
- Operating Cash flow reflects increase in capex (+5,6€, +100%) and swing in trade working capital (+14,6€)

(1) Adjusted for non-recurring income and charges. In 2018.H1 non-recurring operating charges are 3,3€ million net and refer to lay off cost for 2,5€ and service costs for 0,9€, mostly due to main market listing project (MTA), and other minor revenues. In 2017.H1 non-recurring income and charges were not material.

# 2018H1 - Sales bridge

Euro millions



# 2018H1 - Sales breakdown by Division and geography

## Divisional sales

Euro.000	2018H1	%	2017H1	%	diff	diff %
Heating	142.303	81,2%	129.030	86,6%	13.273	10,3%
Smart Gas Metering	32.922	18,8%	19.954	13,4%	12.968	65,0%
Total product sales	175.225	99,9%	148.984	99,9%	26.241	17,6%
Other	166	0,1%	139	0,1%	27	19,5%
Total revenues	<b>175.391</b>	<b>100%</b>	<b>149.124</b>	<b>100%</b>	<b>26.267</b>	<b>17,6%</b>

- *Growth is all internal*

## Revenues by geography

Euro.000	2018H1	%	2017H1	%	diff	diff %
Italy	59.864	34,1%	43.981	29,5%	15.883	36,1%
Europe (excluding Italy)	75.997	43,3%	64.718	43,4%	11.279	17,4%
America	25.032	14,3%	23.484	15,7%	1.548	6,6%
Asia/Pacific	14.500	8,3%	16.941	11,4%	-2.441	-14,4%
Total revenues	<b>175.391</b>	<b>100%</b>	<b>149.124</b>	<b>100%</b>	<b>26.267</b>	<b>17,6%</b>

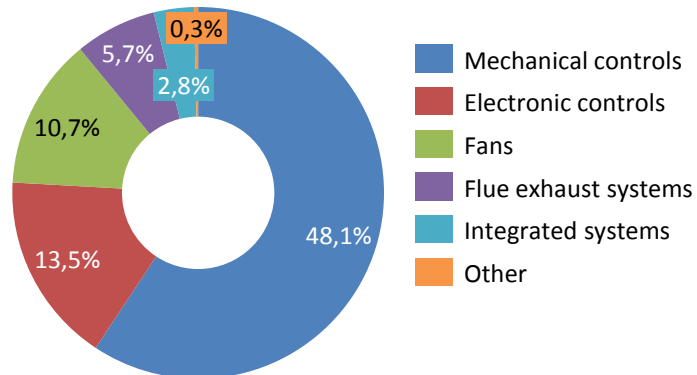
- *Smart Gas Metering realized substantially all revenues in Italy*

# 2018H1 - Heating sales growth driven by Europe and America

## Heating product sales by application

Euro.000	2018H1	%	2017H1	%	diff	diff %
Central Heating	91.651	64,4%	82.589	64,0%	9.061	11,0%
Direct Heating	21.966	15,4%	21.492	16,7%	474	2,2%
Storage Water Heating	11.215	7,9%	9.794	7,6%	1.420	14,5%
Catering	5.573	3,9%	5.571	4,3%	2	0,0%
Other	11.899	8,4%	9.584	7,4%	2.315	24,2%
<b>Total product sales</b>	<b>142.303</b>	<b>100,0%</b>	<b>129.030</b>	<b>100,0%</b>	<b>13.273</b>	<b>10,3%</b>

## 2018.H1

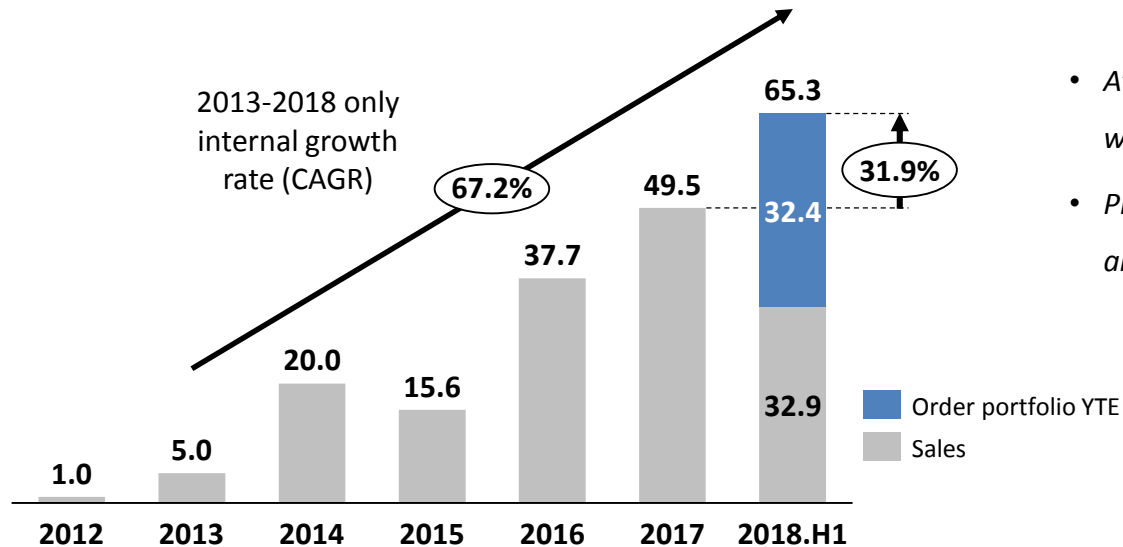


- Europe, which accounts approx. 70% of Divisional Business Sales, sustains 2018.H1 sales growth (+15,6%). Growth is consistent in most European areas
- Turkey, approx. 15% of Divisional Business Sales, is up 32,0% vs 2017.H1
- America, approx. 17% of Divisional Business Sales, grows significantly (+7,4%, + 22,2% at same forex rates)
- China, 6,3% of Divisional Business Sales, slows down -6,6% vs 2017.H1. After rapid growth in 2017 for coal to gas policy incentives, infrastructure delays in gas network and lack of natural gas postpones market demand
- Mechanical controls: +6,0€ are up 7,6%. Fans: +4,5€, +31,2%. Electronic performs well with +2,7€, +12,9%
- Integrated systems 2018.H1 growth: +10,4%

# 2018H1 - Smart Gas Metering confirms growth trend

## Smart Gas Metering product sales by application

Euro.000	2018H1	%	2017H1	%	diff	diff %
Residential	31.666	96,2%	18.568	93,0%	13.098	70,5%
Commercial & Industrial	975	3,0%	1.294	6,5%	-319	-24,7%
Other	281	0,8%	92	0,5%	189	-
<b>Total product sales</b>	<b>32.922</b>	<b>100,0%</b>	<b>19.954</b>	<b>100,0%</b>	<b>12.968</b>	<b>65,0%</b>

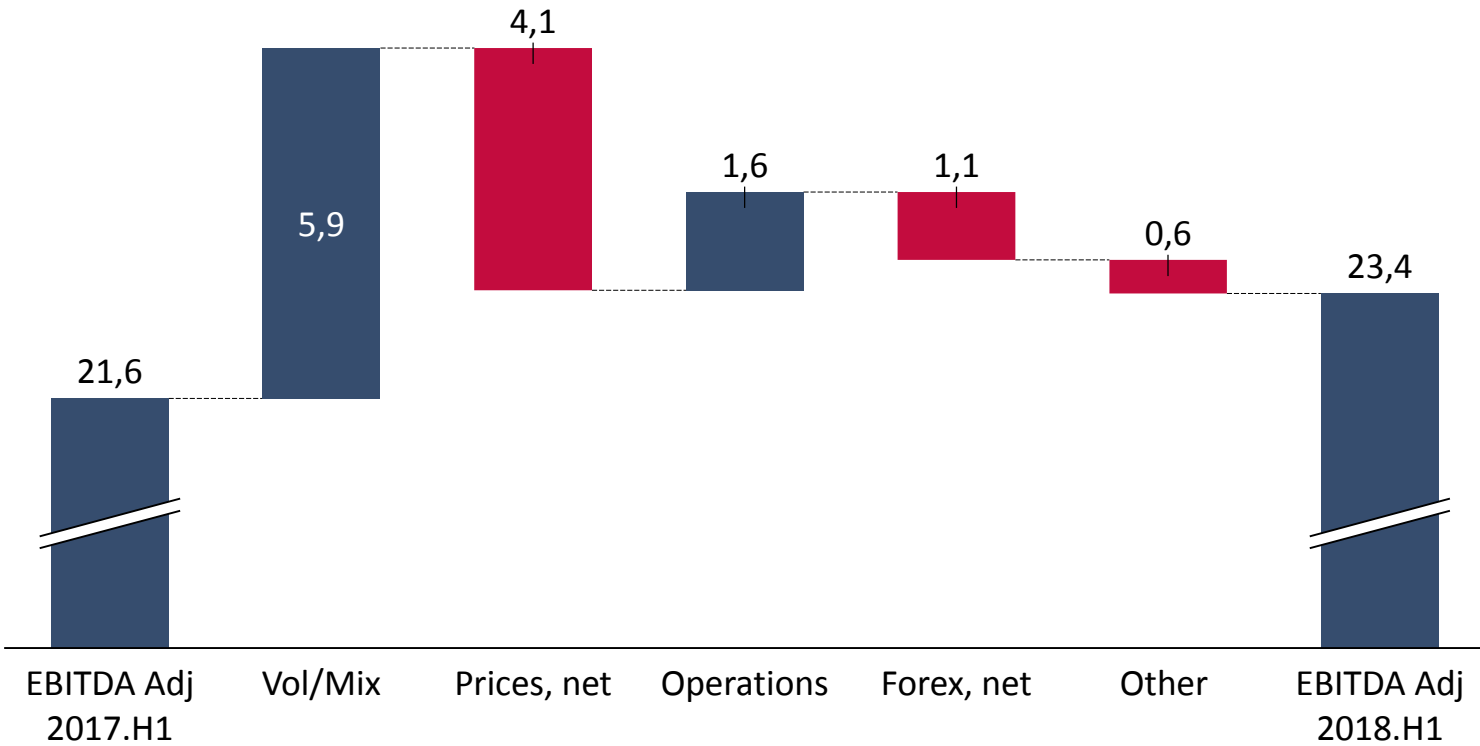


- At June 2018, **order portfolio stands at €51,5 millions** of which 32,4€ is for delivery in 2018.
- Product qualification and pilot testing in foreign markets are in process

# 2018H1 – EBITDA Adjusted bridge

Euro millions

YoY: +8,1%, (+13,4% at same forex rates)





# 2018H1 – Financial charges

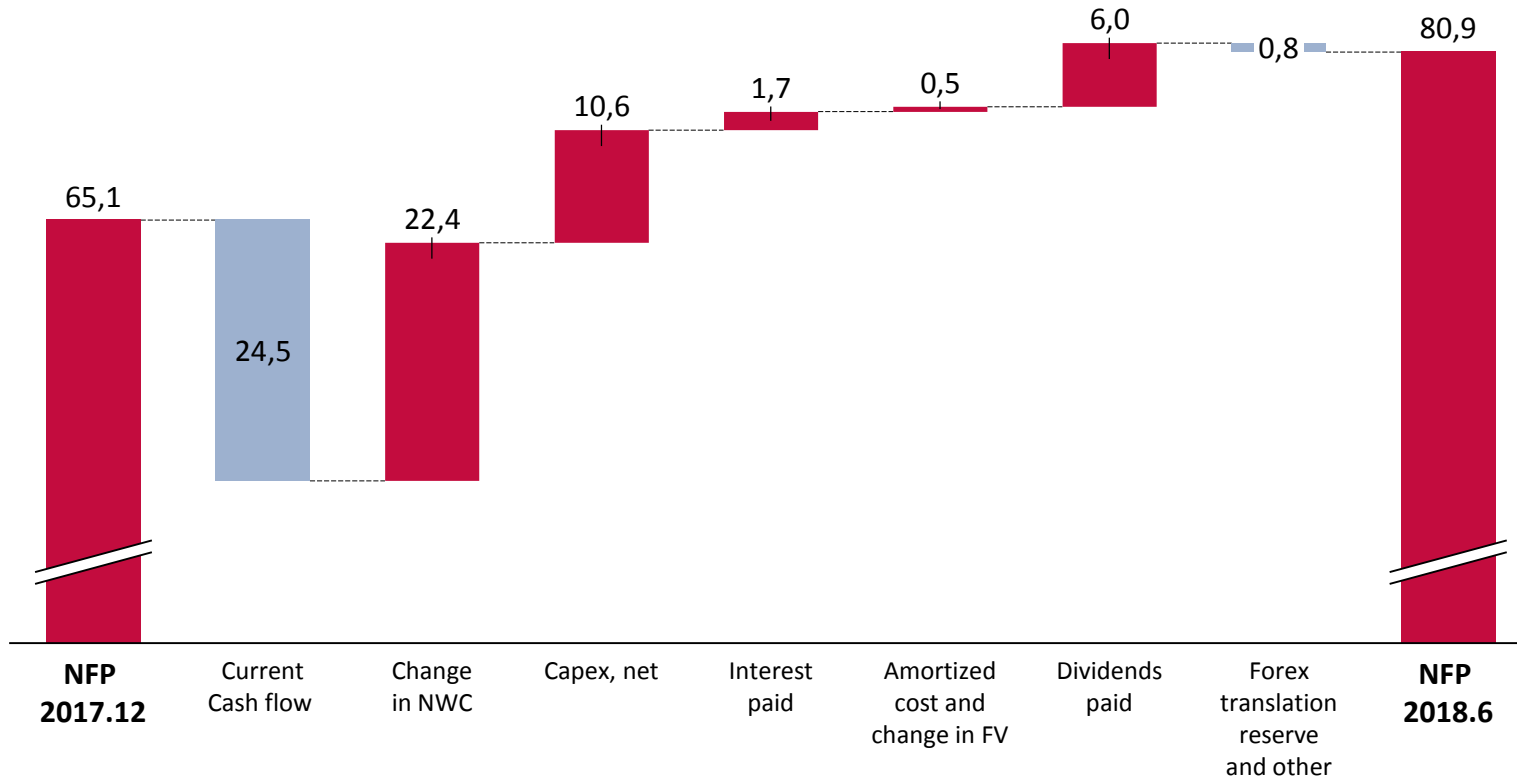
Euro.000	2018H1	2017H1	diff
Financial charges	(2.318)	(8.002)	5.684
Financial income	2.975	101	2.874
Net financial (charges)/income	657	(7.901)	8.558

- New post IPO capital structure and improved conditions on new funding facilities reduce financial charges by 5,7€ million
- Financial income:
  - Fair value accounting of SIT Warrants and Performance Shares for 2,5€ million
  - Fair value accounting of derivatives mostly on forex for 0,4€ million

# 2018H1 – Net financial position

Euro millions

*NFP/ LTM EBITDA Adj : 1,7x*



# 2018H1 – Net trade working capital

Euro.000	2018.6	2017.12	Diff vs 2017.12	2017.6	Diff vs 2017.6
Inventory	59.108	38.130	20.978	46.073	13.035
Accounts receivables	58.708	52.126	6.582	43.934	14.774
Accounts payables	81.374	68.367	13.007	62.348	19.026
<b>Net Trade Working Capital - Reported</b>	<b>36.442</b>	<b>21.889</b>	<b>14.553</b>	<b>27.659</b>	<b>8.783</b>
<b>NTWC / Revenues</b>	<b>10,3% (*)</b>	<b>6,8%</b>	<b>3,5%</b>	<b>9,2%(*)</b>	<b>1,1%</b>
<i>Non recourse factoring</i>	12.399	9.098	3.301	10.061	3.296
<i>Capex accounts payables</i>	3.716	4.680	-964	2.323	1.393
<b>Net Trade Working Capital – Adjusted</b>	<b>52.557</b>	<b>35.667</b>	<b>16.890</b>	<b>40.043</b>	<b>13.472</b>
<b>NTWC Adjusted /Revenues</b>	<b>14,9%(*)</b>	<b>11,0%</b>	<b>3,8%</b>	<b>13,3%(*)</b>	<b>1,8%</b>

*NTWC @ End of Period*

(\*) annualized

**Paul Fogolin**

***Chief Financial Officer & Investor Relator***

paul.fogolin@sitgroup.it

SIT S.P.A.

Viale dell'Industria 31-33 - 35129 Padova (Italy)

Ph. + 39 049 8293.111

Fax + 39 049 8070093

[www.sitgroup.it](http://www.sitgroup.it)