



# SIT spa

## PRESS RELEASE

### SIT: REVENUES AND EBIT GREW IN FIRST HALF 2017

- Revenues up 10.7% in H1 to Euro 149.1 million (Euro 134.7 million in H1 2016).
- EBITDA up 2.9 % to Euro 21.6 million (Euro 21.0 million in H1 2016).
- EBIT up 10.4% to Euro 12.5 million (Euro 11.3 million in H1 2016).
- SIT H1 2017 net profit of Euro 912 thousand (0.6% margin) compared to Euro 1.9 million (1.5% margin) in H1 2016.
- Net financial debt at June 30, 2017 of Euro 126.9 million (Euro 158.6 million at June 30, 2016).

**Padua, September 29, 2017** – The Board of Directors of SIT S.p.a. (“SIT” or the “Company”), listed on the AIM segment of the Italian Stock Exchange since July 20, 2017 after merging with the Industrial Stars of Italy 2 SPAC, today approved the 2017 Consolidated Half-Year Report.

#### 1. H1 2017 Key Consolidated Highlights

The first half of 2017 featured improved production volumes driven by favorable international economic conditions. H1 2017 **revenues were up 10.7%** to Euro 149.1 million.

H1 2017 **EBITDA** of Euro 21.6 million rose 2.9% vs. Euro 21.0 million H1 2016. The weaker growth for EBITDA in comparison to revenues is due to reduced Smart Gas Metering Division profitability, with a recovery expected in the second half of 2017. The Heating Division EBITDA margin however was in line with the first half of 2016.

Raw materials, ancillaries, consumables and goods on revenues rose from 48.6% to 52.1% (Euro 12.1 million + 18.6%). This relates both to the Smart Gas Metering performance and finished product stock levels which in 2017 saw a reduced increase on the same period of the previous year.

Personnel expenses on revenues decreased from 23.0% in 2016 to 21.5% in 2017. The average number of employees rose 111 (+6% on H1 2016).

H1 2017 EBIT was up 10.4% to Euro 12.5 million (Euro 11.3 million in H1 2016).

Amortization, depreciation and write downs decreased in the period (Euro 9.1 million in H1 2017 compared to Euro 9.7 million in H1 2016).

**Net profit** in the first half of 2017 was Euro 912 thousand (0.6% margin) compared to Euro 1.9 million (1.5% margin) in H1 2016. The reduction essentially relates to the increased parent company tax charge following the reporting of a profit in comparison to a loss.

#### 2. Division performances

The **Heating Division** reported increased product revenues of 9.0% at Euro 129.0 million (Euro 118.4 million in the same period of the previous year). The Mechanical Controls, Electric Fans and Integrated Systems business areas generated growth.

In terms of regional breakdown, China expanded significantly (+ Euro 3.8 million, + 68.8%), supported by government “from coal to gas” incentives. The Chinese government has in fact introduced a series of measures focused on increasing by 2020 the degree of energy demand satisfied by gas rather than coal in order to resolve current atmospheric pollution levels and reduce the impact on global warming. These policies support the adoption of gas-based domestic heating systems, particularly in the north of the country. Chinese market growth prospects and the general Heating market performance both in Europe and USA have prompted a series of capex to expand production capacity and the maintenance of optimal plant saturation levels. These investments will be completed in the second half of 2017 for approx. Euro 3.5 million.

The **Smart Gas Metering** Division continued on its growth path in the first half of 2017. Sales revenues reached Euro 20.0 million, up 23.7% on Euro 16.1 million in the first half of 2016. Both business areas contributed to these results: residential meters (+21.9%) and commercial meters (+46.5%).

At June 30, 2017, the backlog was Euro 31.1 million (Euro 24.9 million at June 30, 2016), of which Euro 25.7 million with delivery scheduled in 2017.



# SITspa

The subsidiary Metersit Romania S.r.l., incorporated in 2016 and based in Brasov, as a meter assembly operating unit, was fully operational in 2017 in line with company plans.

The following tables break down revenues by Division and Region.

(in Euro thousands)	H1 2017	%	H1 2016	%	Change %
Heating	129,030	86.6%	118,391	88%	9.0%
Smart Gas Metering	19,954	13.4%	16,135	12%	23.7%
Total product sales	148,984	99.9%	134,526	99.9%	10.7%
Total services	139	0.1%	202	0.1%	-31%
<b>Total revenues</b>	<b>149,124</b>	<b>100%</b>	<b>134,728</b>	<b>100%</b>	<b>10.7%</b>

(in Euro thousands)	H1 2017	%	H1 2016	%	Change %
Italy	43,981	29.5%	38,496	28.6%	14.2%
Europe (excluding Italy)	64,718	43.4%	60,047	44.6%	7.8%
The Americas	23,484	15.7%	23,319	17.3%	0.7%
Asia/Pacific	16,941	11.4%	12,866	9.5%	31.7%
<b>Total</b>	<b>149,124</b>	<b>100%</b>	<b>134,728</b>	<b>100%</b>	<b>10.7%</b>

### 3. Financial position at 30.06.2017

At June 30, 2017, the **net financial debt** was Euro 126.9 million, compared to Euro 158.6 million at June 30, 2016 and Euro 124.7 million at December 31, 2016.

Operating cash flow of Euro 4.4 million was generated in the first half of 2017 (Euro 10.0 million in the same period of 2016). The difference, net of increased investment in the period (+Euro 2.3 million), relates to the working capital changes (principally the payment of increased variable remuneration components and non-recurring cash flows). Trade working capital was substantially in line with the previous year.

### 4. Subsequent events

On July 3, 2017, as per the Framework Agreement signed with Industrial Stars of Italy<sup>2</sup>, the company agreed with BNP Paribas and a banking syndicate a **new loan** to refinance the existing debt at significantly better conditions.

The loan excludes any secured guarantees and includes an advance repayment option (even partial) without penalty. The nominal amount is Euro 135 million, with 5 year duration, maturing June 30, 2022; capital reimbursement based on half-yearly instalments with an average duration of approx. 3.9 years.

The 2017 Consolidated Half-Year Report will be available at [www.sitgroup.it](http://www.sitgroup.it) in the Investor Relations - Financial Disclosure section, according to regulation established by Borsa Italiana for AIM Italia Issuers.

*We are particularly pleased with the performance of our sales and operating results in the first six months of this year, and we expect a positive trend also in the second half of the year", said SIT Executive Chairman Federico de Stefani. "This perspective is supported by the constant development of the Smart Gas Metering Division and, for the Heating Division, by the significant growth of the Chinese market, which has become the world's first domestic boiler market, still increasing its size. In this respect, investments in production capacity are currently underway".*



# SITspa

SIT develops and manufactures measuring devices and systems for the safety, comfort and performance of domestic gas equipment. SIT counts more than 2,000 employees and representatives. Production sites are located in Italy, Mexico, the Netherlands, Romania and China with sales offices covering all global markets.

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## 1. CONSOLIDATED INCOME STATEMENT

<i>(Euro thousands)</i>	H1 2017	H1 2016
<b>Revenues from sales and services</b>	<b>149,124</b>	<b>134,728</b>
Raw materials, ancillaries, consumables and goods	77,672	65,510
Service costs	17,143	17,176
Personnel expense	32,019	30,962
Depreciation, amortisation and write-downs	9,118	9,684
Provisions	293	81
Other charges (income)	358	(28)
<b>EBIT</b>	<b>12,521</b>	<b>11,343</b>
Investment income/(charges)	-	-
Financial income	101	29
Financial charges	(8,002)	(9,336)
Net exchange gains (losses)	(1,601)	289
Impairments on financial assets	-	-
<b>Profit before taxes</b>	<b>3,019</b>	<b>2,325</b>
Income taxes	(2,107)	(391)
<b>Net profit for the period</b>	<b>912</b>	<b>1,934</b>
<b>Minority interest result</b>	<b>-</b>	<b>(20)</b>
<b>Group net profit</b>	<b>912</b>	<b>1,954</b>



## 2. CONSOLIDATED BALANCE SHEET

(Euro thousands)

	June 30, 17	Dec 31, 16
Goodwill	78,138	78,138
Other intangible assets	76,935	80,715
Property, plant & equipment	41,641	41,913
Investments	156	156
Non-current financial assets	1,838	1,769
Deferred tax assets	6,554	7,505
<b>Non-current assets</b>	<b>205,262</b>	<b>210,196</b>
Inventories	46,073	38,490
Trade receivables	43,934	44,660
Other current assets	7,023	4,585
Tax receivables	2,246	2,370
Other current financial assets	172	168
Cash and cash equivalents	25,569	33,828
<b>Current assets</b>	<b>125,017</b>	<b>124,101</b>
<b>Total assets</b>	<b>330,279</b>	<b>334,297</b>
Share capital	73,579	73,579
Reserves	(3,137)	(6,056)
Group net profit	912	1,740
Minority interest net equity	0	0
<b>Shareholders' Equity</b>	<b>71,354</b>	<b>69,263</b>
Medium/long term loans and borrowings	106,131	110,056
Other non-current financial liabilities and derivative financial instruments	33,202	32,745
Provisions for risks and charges	2,366	2,679
Post-employment benefit provision	6,225	6,036
Other non-current liabilities	0	5
Deferred tax liabilities	21,720	22,225
<b>Non-current liabilities</b>	<b>169,644</b>	<b>173,746</b>
Short-term loans and borrowings	10,443	10,126
Other current financial liabilities and derivative financial instruments	3,210	6,057
Trade payables	62,348	59,965
Other current liabilities	13,018	14,406
Tax payables	262	734
<b>Current liabilities</b>	<b>89,281</b>	<b>91,288</b>
<b>Total liabilities</b>	<b>258,925</b>	<b>265,034</b>
<b>Total Shareholders' Equity and Liabilities</b>	<b>330,279</b>	<b>334,297</b>



### 3. FINANCIAL POSITION

<i>(Euro thousands)</i>	<b>H1 2017</b>	<b>H1 2016</b>
Cash flow from current operations	21,575	22,396
Cash flow absorbed from changes in Working Capital	(12,185)	(9,647)
Cash flow from investing activities	(5,020)	(2,733)
<b>Cash flow from operating activities</b>	<b>4,370</b>	<b>10,016</b>
Interest paid	(5,788)	(7,591)
Change in payables for interest on loans	(879)	(624)
Amortised cost	(1,219)	(853)
Cash Flow Hedge Reserve	617	(976)
Statement of changes in shareholders' equity	722	(2,073)
<b>Change in net financial position</b>	<b>(2,177)</b>	<b>(2,101)</b>
<b>Opening net financial position</b>	<b>(124,773)</b>	<b>(156,481)</b>
<b>Closing net financial position</b>	<b>(126,950)</b>	<b>(158,582)</b>