



2019 – Results presentation

March 26, 2020

Highlights

- 2019 consolidated revenues are **€ 352,2** million, -2,1% vs 2018
- Q4 2019 consolidated revenues are **€ 89,4** million, -0,9% vs Q4 2018
- Group revenues displays **two different trends** in divisional sales:
 - Heating is at **-8,6% vs 2018**, with Q4 at -6,7% vs same period of 2018
 - Smart Gas Metering **+23,1% vs 2018** in line with forecasted deliveries
- In the Heating business **American market** performs well (+12,0%)
- 2019 EBITDA of **€48,7 million**, at 13,8% of revenues improves by 11,2% vs 2018
- Net debt at **€78,4 million**, includes IFRS 16 effect of €5,7, in line with forecast

Key financial results

€m, unless otherwise stated	2019	%	2018	%	Chg. YoY
Revenues	352,2	100,0%	359,7	100,0%	(2,1%)
EBITDA	48,7	13,8%	43,8	12,2%	11,2%
EBIT	24,7	7,0%	24,0	6,7%	3,3%
Net income	19,9	5,7%	24,3	6,7%	(17,9%)
Cash flow from operations	10,0		3,2		
NTWC	35,0		29,5		
Net financial debt	78,4		71,3		

€m, unless otherwise stated	Q4 2019	%	Q4 2018	%	Chg. YoY
Revenues	89,4	100,0%	90,3	100,0%	(0,9%)
EBITDA	11,6	13,0%	9,1	10,1%	27,5%
EBIT	4,4	4,9%	3,4	3,8%	29,4%
Net income	3,7	4,2%	7,7	8,6%	(51,8%)

- Revenues display two different divisional trends:
 - Heating: - 8,6%
 - Metering: +23,1%
- EBITDA includes net volume effect of € -5,2m
- EBIT accounts increase of depreciation of € 3,7m for 2018 capex plan
- Net income at 5,7% of revenues vs 6,7% of previous year
- Operating cash flow of €10,0m improves vs €3,2m after capex of €23,0m and €30,0m respectively
- Net financial debt stands at € 78,4m including the impact of IFRS16 of €5,7m. Adjusted NFP is € 72,7m vs €71,3m

Consolidated revenues – FY

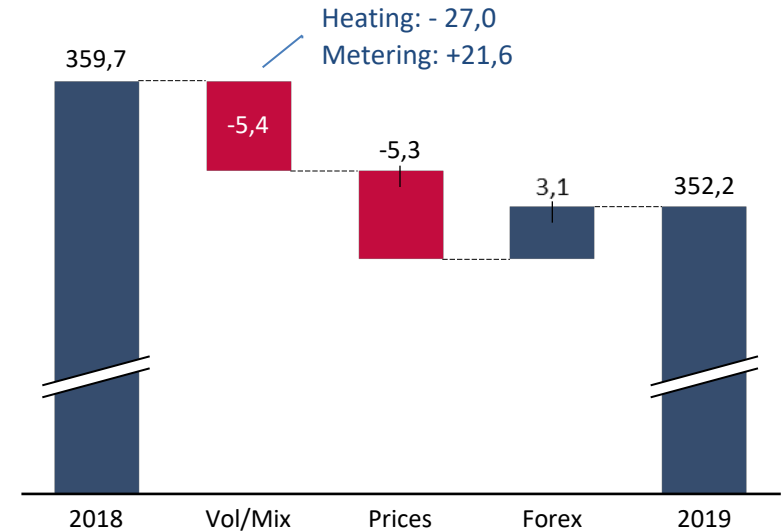
Breakdown by Division

€m, unless otherwise stated	FY 19	%	FY 18	%	Chg. YoY
Heating	260,0	73,8%	284,5	79,1%	(8,6%)
Smart Gas Metering	88,6	25,2%	72,0	20,0%	23,1%
Total business sales	348,7	99,0%	356,5	99,1%	(2,2%)
Other revenues	3,6	1,0%	3,2	0,9%	11,8%
Total revenues	352,2	100,0%	359,7	100,0%	(2,1%)

Breakdown by geography

€m, unless otherwise stated	FY 19	%	FY 18	%	Chg. YoY
Italy	135,1	38,3%	126,1	35,1%	7,1%
Europe (excluding Italy)	131,4	37,3%	148,4	41,3%	(11,5%)
America	61,9	17,6%	55,3	15,4%	12,0%
Asia/Pacific	23,8	6,8%	29,9	8,3%	(20,3%)
Total revenues	352,2	100,0%	359,7	100,0%	(2,1%)

Consolidated revenue bridge (€m)



Consolidated revenues – Q4

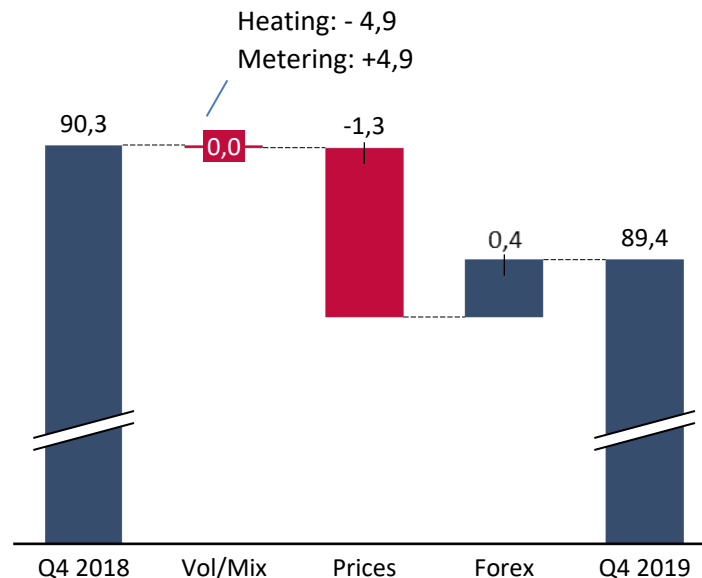
Breakdown by Division

€m, unless otherwise stated	Q4 19	%	Q4 18	%	Chg. YoY
Heating	69,3	77,5%	74,3	82,2%	(6,7%)
Smart Gas Metering	19,1	21,4%	15,2	16,8%	25,7%
Total business sales	88,4	98,9%	89,5	99,1%	(1,2%)
Other revenues	1,0	1,1%	0,8	0,9%	23,0%
Total revenues	89,4	100,0%	90,3	100,0%	(0,9%)

Breakdown by geography

€m, unless otherwise stated	Q4 19	%	Q4 18	%	Chg. YoY
Italy	31,3	35,0%	28,5	31,5%	10,0%
Europe (excluding Italy)	36,2	40,5%	37,3	41,3%	(2,9%)
America	16,6	18,5%	16,6	18,4%	(0,2%)
Asia/Pacific	5,3	5,9%	7,9	8,8%	(32,8%)
Total revenues	89,4	100,0%	90,3	100,0%	(0,9%)

Q4 Consolidated revenue bridge (€m)



Heating sales

Q4 Heating sales by geography

€m, unless otherwise stated	Q4 19	%	Q4 18	%	Chg. YoY
Italy	13,4	19,4%	13,4	18,1%	0,2%
Europe (excluding Italy)	32,0	46,2%	35,7	48,1%	(10,4%)
America	16,4	23,6%	16,5	22,3%	(1,1%)
Asia/Pacific	7,5	10,8%	8,6	11,6%	(12,9%)
Total business sales	69,3	100,0%	74,3	100,0%	(6,7%)

FY Heating sales by geography

€m, unless otherwise stated	FY 19	%	FY 18	%	Chg. YoY
Italy	50,9	19,6%	55,1	19,4%	(7,7%)
Europe (excluding Italy)	120,8	46,5%	142,2	50,0%	(15,0%)
America	61,5	23,6%	54,9	19,3%	12,0%
Asia/Pacific	26,9	10,3%	32,3	11,4%	(16,8%)
Total business sales	260,0	100,0%	284,5	100,0%	(8,6%)

- Italy. **Q4 sales improves vs Q3 and are in line with previous year.** FY sales are down 7,7% vs 2018 because of lower export due to stop in Chinese coal to gas policy and slowdown of the Italian end-market
- Europe **down 10,4% in Q4, improves the YTD difference vs last year.** Turkey, 10,1% of Divisional sales, explains 50% of the decrease, -31,1% vs 2018. Remaining decrease is spread in most major countries for reduction in Central Heating applications
- America **slows in Q4 due to mechanical controls in fireplaces. Storage Water Heating continues growth**, +9,4% in Q4, +11,3% vs 2018FY. Overall growth in America is +12,0%, 6,6% at same forex rates
- Asia/Pacific is down in Q4 mainly for Middle East (-1,3M€) while **China is in line with Q4 2018.** 2019FY China, 5,8% of Divisional sales, is down 12,8% vs 2018.

Smart Gas Metering sales

Q4 Metering sales by application

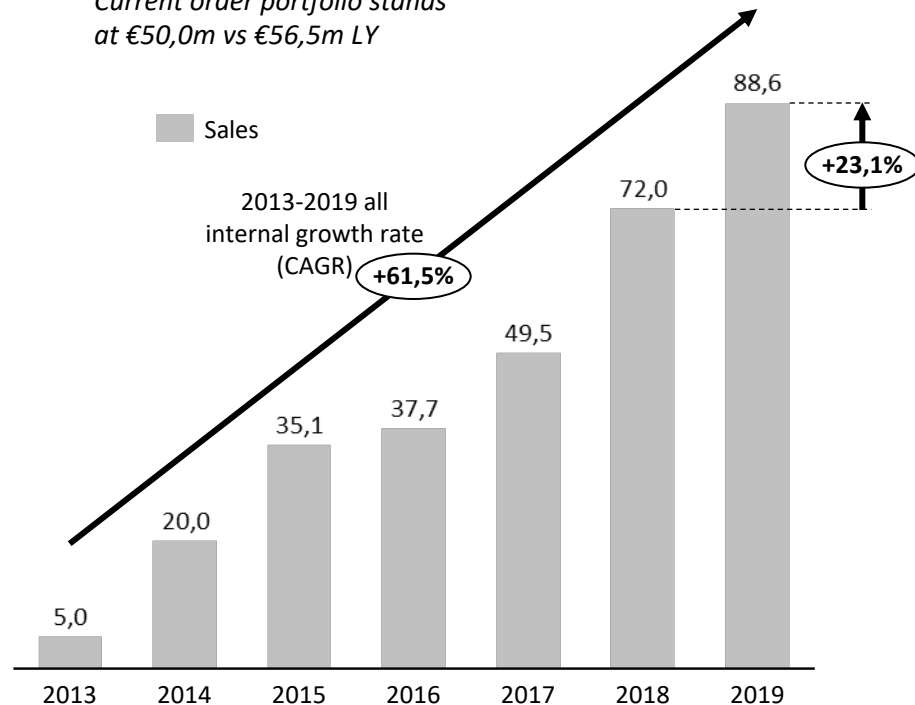
€m, unless otherwise stated	Q4 19	%	Q4 18	%	Chg. YoY
Residential	18,0	94,2%	14,7	96,8%	22,4%
Commercial & Industrial	1,0	5,5%	0,4	2,9%	133,8%
Other	0,1	0,3%	0,0	0,3%	38,1%
Total business sales	19,1	100,0%	15,2	100,0%	25,7%

FY Metering sales by application

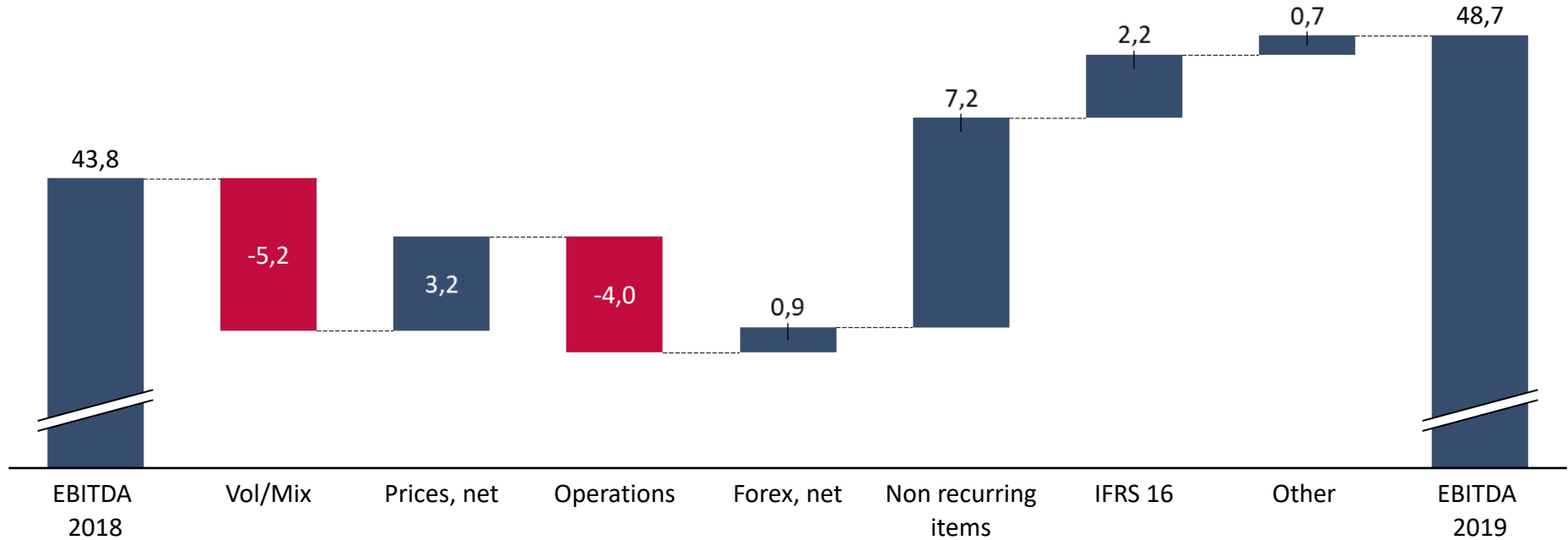
€m, unless otherwise stated	FY 19	%	FY 18	%	Chg. YoY
Residential	84,5	95,4%	70,0	97,2%	20,8%
Commercial & Industrial	3,8	4,3%	1,8	2,6%	107,3%
Other	0,3	0,3%	0,2	0,2%	57,7%
Total business sales	88,6	100,0%	72,0	100,0%	23,1%

2013 - 2019 Metering sales trend (€M)

Current order portfolio stands at €50,0m vs €56,5m LY



FY EBITDA bridge



[go to Annex for details](#)

Euro millions



From EBITDA to net income – FY

€m, unless otherwise stated	2019	% of sales	2018	% of sales	Chg. YoY
EBITDA	48,7	13,8%	43,8	12,2%	11,2%
D&A, impairment of assets	24,0		19,9		
EBIT	24,7	7,0%	24,0	6,7%	3,3%
Net financial (charges)/income	(2,1)		8,5		
Net forex (charges)/income	(1,3)		(0,3)		
Other financial (charges)/income	(0,0)		(0,1)		
EBT	21,3	6,1%	32,1	8,9%	(33,5%)
Taxes	(1,4)		(7,8)		
Net income	19,9	5,7%	24,3	6,7%	(17,9%)
Net financial (charges)/income adjusted	(3,6)	-1,0%	(4,3)	-1,2%	(15,8%)
Net income adjusted	14,9	4,2%	19,6	5,4%	(23,9%)

- Increase in Depreciation is due to capex plan deployed in 2018 (€+3,7m) and IFRS 16 impact for €+2,1m
- Net financial charges and income include the income from FV accounting of Warrants and Performance shares
 - 2018: €13,3m
 - 2019: €1,5m
- 2019 taxes include favourable effect of ruling regarding tax impact of FV accounting of previous years for approx. €3,7m
- Net financial charges adjusted are net of FV accounting effects of equity instruments
- Net income adjusted includes adjustments for non recurring operating items, financial items and tax ruling

Net trade working capital

€m, unless otherwise stated	2019.12	2018.12	2019.12 vs 2018.12	2018.12	2017.12	2018.12 vs 2017.12
Inventory	51,1	52,2	(1,1)	52,2	38,1	14,1
Accounts receivables	57,2	52,0	5,1	52,0	52,1	(0,1)
Accounts payables	73,3	74,8	(1,5)	74,8	68,4	6,4
Net Trade Working Capital	35,0	29,5	5,5	29,5	21,9	7,6
<i>NTWC/Revenues</i>	<i>9,9%</i>	<i>8,2%</i>	<i>1,7%</i>	<i>8,2%</i>	<i>6,8%</i>	<i>1,4%</i>

- 2019 NTWC increase of €5,5 million mainly due to timing of end of year sales
- 2019 year end capex payables are €5,1m vs €8,0m of previous year

Cash flow and net debt

Details on cash generation

€m, unless otherwise stated	2019	2018
Current cash flow	48,9	48,1
Change in net working capital	(16,0)	(15,1)
Capex, net	(23,0)	(29,9)
Cash flow from operations	10,0	3,2
Financial charges, paid and accrued	(2,8)	(3,6)
Dividends paid	(7,0)	(6,0)
IFRS 16 - Leases	(0,7)	-
Other	0,6	0,2
Change in net debt	0,1	(6,2)
Net debt - BoP reported	71,3	65,1
IFRS 16 - BoP initial recognition	7,1	-
Net debt - EoP	78,4	71,3

Key considerations

- Current cash flow in line with previous year
- 2019 capex includes €6,5m for new labs building acquisition
- Net Debt/EBITDA adjusted: 1,62 vs 1,41 of LY

Net financial position:

€m, unless otherwise stated	2019	2018
(Cash & cash equivalents)	(34,1)	(55,5)
Current debts, net	0,6	4,4
SFA term loan	104,8	120,9
MTM derivatives	1,4	1,5
IFRS 16 - Leases	5,7	-
Net debt - EoP	78,4	71,3

Final comments regarding coronavirus impact

- SIT has deployed a cross functional task force to manage the sanitary emergency that is taking place. Smart working and flexibility initiatives have been undertaken
- Up to March, 22 business continuity has been guaranteed although not at optimal efficiencies level
- Focus has been on global supply chain and customers: some delays in supplies and intragroup logistics on certain components has occurred
- With the governmental decree issued and effective from March 23, SIT has deployed in all its Italian manufacturing plants the lockdown required by the authorities in non essential industries
- The current macroscenario will impact on future performances
- In this situation, mitigation of the risk impact will be deployed through the priority selection and timing of future non core initiatives

ANNEXES



Non recurring operating items

Reported EBITDA includes the following non recurring items:

	2019	2018
<i>Managing director severance costs</i>	-	2,7
<i>Translisting to MTA</i>	-	2,4
<i>Captive shopfloor relocation</i>	0,8	-
<i>Insurance reimbursement</i>	(0,8)	-
<i>Provision for CEO post IPO bonus</i>	(0,8)	0,3
<i>Change in previous years provisions</i>	-	1,1
<i>Other</i>	0,3	0,3
<i>Total non recurring operating items</i>	(0,4)	6,7
<i>First time adoption IFRS 16</i>	(2,2)	-

Reported EBITDA includes the following non recurring items:

	Q4 2019	Q4 2018
<i>Managing director severance costs</i>	-	0,0
<i>Translisting to MTA</i>	-	1,3
<i>Captive shopfloor relocation</i>	0,0	-
<i>Insurance reimbursement</i>	-	-
<i>Provision for CEO post IPO bonus</i>	(1,3)	0,3
<i>Change in previous years provisions</i>	-	1,1
<i>Other</i>	0,1	0,2
<i>Total non recurring operating items</i>	(1,2)	2,9
<i>First time adoption IFRS 16</i>	(0,5)	-

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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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