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PRESS RELEASE

SIT APPROVES THE RESULTS AT 30 SEPTEMBER 2019:
OPERATING EFFICIENCIES DRIVES MARGIN IMPROVEMENT

SIT reports for 9M 2019:

- *Consolidated revenues of Euro 262.8 million (-2,5%)*
- *Heating Division sales of Euro 190.7 million (-9,3%)*
- *Smart Gas Metering Division sales of Euro 69.5 million (+22,5%)*
- *Consolidated EBITDA of Euro 37.1 million (+6,9%), including impact from initial application of IFRS 16 of +Euro 1.7 million*
- *Consolidated net profit of Euro 16.2 million (-2,0%) with a tax rate benefitting from extraordinary tax income of Euro 3.7 million*

For Q3 2019, the performances realized are:

- *Consolidated revenues of Euro 95.5 million (+1,6%)*
- *Heating Division sales of Euro 68.3 million (-2,4%)*
- *Smart Gas Metering Division sales of Euro 27.1 million (+12,95)*
- *Consolidated EBITDA of Euro 16.0 million (+8,9%) including impact from initial application of IFRS 16 of +Euro 0.4 million*

- *Consolidated Net Financial Position of Euro 86.9 million, including impact from initial application of IFRS 16 of Euro 6.2 million*
- *Investments in first 9 months of Euro 11.2 million*

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Padua, November 6, 2019

The Board of Directors of SIT S.p.A. ("***SIT***" or the "***company***"), listed on the main market of the Italian Stock Exchange, in a meeting today presided over by the Chairman and Chief Executive Officer Federico de' Stefani, approved the consolidated 9M 2019 results.

"The third quarter was significant both in terms of the results delivered and the recognition received" stated Chairman and CEO Federico de' Stefani. *"During this period, renowned institutions such as SDA Bocconi awarded our Group's ability to create value - not only in financial terms but also in human,*

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social, environmental and technological terms - while the UK government assigned SIT a major role in the Smart Metering transition, assigning our technology a key role in the development of a hydrogen-driven meter prototype. SIT has always closely focused on innovation, with the goal of maximizing comfort and performance, while reducing energy consumption and emissions. In this regard, we continue to consider the role of new energy sources such as hydrogen for example. Looking at the quarterly results, the global coverage of the Heating business is reflected in the different results reported - depending on the situations at play in the various countries and their respective regulatory frameworks, in addition to the general economy - while the Smart Gas Metering division continues to grow domestic market volumes. Significant improvement in our operating efficiencies achieved by our Group in the period".

KEY FINANCIALS

(Euro.000)	9M 2019	%	9M 2018	%	change %
Revenues from contracts with customers	262,768	100.0%	269,397	100.0%	-2.5%
EBITDA	37,118	14.1%	34,708	12.9%	6.9%
EBIT	20,330	7.7%	20,552	7.6%	-1.1%
Net profit/(loss) for the period	16,199	6.2%	16,529	6.1%	-2.0%
Cash flow from operating & investing activities	779		(20,797)		

(Euro.000)	30/09/2019	31/12/2018	30/09/2018
Net Financial Position [1]	86,916	71,334	92,447
Net trade working capital	49,880	29,473	50,123
Net trade working capital/Revenues	14.2%	8.2%	13.9%

[1] At 30.09.2019, Net financial debt includes impact from initial application of IFRS 16 of Euro 6,183 thousand.

9M 2019 revenues were Euro 262.8 million, decreasing 2.5% over the same period of 2018 (Euro 269.4 million). In the third quarter revenues are Euro 95.5 million with an increase of 1.6% vs previous year.

(Euro.000)	9M 2019	%	9M 2018	%	change %
Heating	190,732	72.6%	210,290	78.1%	(9.3%)
Smart Gas Metering	69,507	26.5%	56,762	21.1%	22.5%
Total sales	260,239	99.0%	267,052	99.1%	(2.6%)
Other revenues	2,529	1.0%	2,345	0.9%	7.8%
Total revenues	**262,768**	**100%**	**269,397**	**100%**	**(2.5%)**

Heating Division sales of Euro 190.7 million were down 9.3% (-2.2% in the third quarter) on the previous year, mainly due to the decline on the European and Asian markets and only partially offset by the good US market performance - expanding +17.7% (+10.8% at like-for-like exchange rates).

On the American market - which represents approx. 23.6% of division sales - the 17.7% (+20.6% in the third quarter) improvement follows greater Storage Water Heating market share, thanks to the renewal of a long-term contract with a major sector customer and a stronger electronics performance on the Direct Heating market.

As far as Europe is concerned the first 9 months of 2019 are down 16.6% while Q3 2019 reported a contraction of 7.9% against Q3 2018. In particular, Turkey, representing 10.3% of divisional sales, reported a decrease in the 9M of 34.5% while the Q3 2019 performed - 3.1% over Q3 2018, due to the absence of the E.r.P (Energy Related Products) regulation effect, which supported sales in H1 2018.

Italy, representing 19.6% of divisional sales, reported either in the 9M 2019 and Q3 2019 a decrease of approx. 10.o% as compared to the same period of 2018, due to the suspension of the incentives programme introduced by the Chinese government ("coal to gas policy") - in place in the initial part of 2018 - in addition to the slowdown on the local market.

China (5.4% of divisional sales) reported in the first 9M of 2019 a decrease of 18.1% whereas in the third quarter 2019 recorded an increase of 13.4% vs Q3 2018.

In 9M 2019, the Smart Gas Metering Division generated revenues of Euro 69.5 million, an increase of 22.5% compared to Euro 56.8 million in 9M 2018. In the third quarter 2019 sales are growing 12.9% vs the same period of 2018. The current order backlog is confirmed as previously disclosed.

In terms of products, sales for Residential Meters amounted to Euro 66.5 million (95.7% of total sales), while sales for Commercial & Industrial Meters amounted to Euro 2.8 million. In the first nine months of 2018, these were respectively Euro 55.2 million (97.3% of the total) and Euro 1.4 million, with the latter up nearly 100% following the entry into production of the new product platform. 9M 2019 revenues were all substantially generated on the domestic market.

Purchase costs of raw materials and consumables, including changes in inventories, amounted to Euro 143.4 million (54.6% of revenues, compared to 53.4% in the first nine months of 2018), due to the increase in transformation costs, only partially offset by the reduction in purchase prices.

Service costs, amounting to Euro 29.8 million, account for 11.4% of revenues compared to 12.3% in 9M 2018 (Euro 33.3 million). This decrease is due to the streamlining measures undertaken by the Group, mainly regarding outsourcing (approx. Euro 1.6 million) and transport (approx. Euro 1.9 million), while custom duties on sales increased Euro 0.3 million, with technical consultancy rising approx. Euro 1.1 million, focused on innovation projects for both products and processes. The accounting effect relating to the initial application of IFRS 16 reduced rental and hire costs by approx. Euro 1.7 million.

Personnel expenses of Euro 51.6 million accounted for 19.6% of revenues (20.8% in the same period of 2018), decreasing Euro 4.3 million, due mainly to the non-recurring charges in 2018 of Euro 2.5 million for the mutual resolution of the employment of the general manager and the reduced volumes, which resulted in a lesser recourse to temporary staff (Euro 2.7 million).

Amortization and depreciation of Euro 16.9 million rose Euro 2.6 million, +18.5% on the same period of the previous year, due to the entry into service of the investments made in 2018 (for approx. Euro 1 million), in addition to the impact from the initial application of IFRS 16 (Euro 1.6 million).

Other charges and income include non-recurring income for Euro 0.7 million relating to an insurance payment.

EBITDA, including the initial application of IFRS 16 for +Euro 1.7 million, was Euro 37.1 million, up 6.9% (+8.9% in the Q3) on the same period in 2018 (Euro 34.7 million). In the first nine months of 2018, non-recurring costs totalling Euro 3.8 million were incurred (of which Euro 2.5 million for personnel relating to the settlement with the general manager and Euro 1.1 million for the transition from the AIM market to the main segment), while in the same period of 2019 non-recurring costs amounted to Euro 0.8 million.

Group EBIT therefore decreased from Euro 20.6 million in 9M 2018 to Euro 20.3 million in the same period of 2019. In the third quarter EBIT rised by 6.3%.

Financial charges in 9M 2019 were Euro 3.2 million, in line with the same period of the previous year and including the fair value decrease of the Warrants issued by the company for Euro 0.4 million. Financial income of Euro 0.5 million decreased compared to the same period of the previous year (Euro 6.5 million). This financial income included in 2018 the increase in the fair value concerning the market movements of the Performance Shares (Euro 1.7 million) and of the Warrants issued by the company (for Euro 4.2 million).

Net financial charges, after the above fair value changes, were Euro 2.3 million in 9M 2019, decreasing on Euro 2.5 million in the same period of 2018.

Income taxes amounted to Euro 0.8 million, compared to Euro 6.1 million in 9M 2018. In the third quarter of 2019, the company was notified of the favourable outcome to the appeal presented to the Tax Agency regarding the tax treatment of the fair value change concerning the Warrants and the Performance shares in financial years 2017 and 2018. Consequently, the relative non-recurring tax income of Euro 3.7 million was recorded.

The net profit in the period was Euro 16.2 million (Euro 16.5 million in 2018).

The adjusted net profit, following the above non-recurring effects, in 9M 2019 was Euro 13.1 million, compared to Euro 14.8 million in the same period of 2018 (respectively a 5.0% and 5.5% revenue margin).

In terms of financial management, in 9M 2019 operating cash flows after investments of Euro 0.8 million were generated, compared to an absorption of Euro 20.8 million in 9M 2018.

This movement follows (i) the generation of operating cash flows in the period of Euro 40.1 million, compared to Euro 36.2 million in the same period of 2018, (ii) working capital management absorption of Euro 28.1 million, compared to Euro 35.0 million in 2018 and (iii) investment activities which absorbed Euro 11.2 million, compared to 21.9 million in the same period of 2018.

In the first nine months of 2019, inventories absorbed Euro 6.2 million, partly due to the seasonality of the Heating business and partly the level of Smart Gas Metering order acquisitions. In the same period of 2018, the absorption from changes in inventories was Euro 24.2 million, due to the exceptionally low level of inventory at 31.12.2017 due to the major demand on the Chinese market. In addition, trade receivables at September 30, 2018 included a higher level of overdue debts than usual, which were subsequently recovered.

Among the financing activity cash flows, we indicate the payment of interest for Euro 1.9 million (Euro 2.4 million in 9M 2018), the payment of dividends for Euro 7.0 million (Euro 6.0 million in 2018) and the impact of the new operating lease contracts in accordance with IFRS 16 for Euro 0.6 million.

As reported in the statement below, the movement in the net financial debt in the first nine months of 2019 was Euro 8.4 million, compared to Euro 27.3 million in the same period of 2018.

(Euro.000)	9M 2019	9M 2018
Cash flow from current activities (A)	**40,052**	**36,162**
Change in inventories	(6,199)	(24,236)
Change in trade receivables	(6,555)	(13,654)
Change in trade payables	(8,342)	8,895
Change in current assets, liabilities and taxes	(6,994)	(6,042)
Cash flow generated (absorbed) from Working Capital (B)	(28,090)	(35,037)
CASH FLOW FROM OPERATING ACTIVITIES (A + B)	**11,962**	**1,125**
Cash flow from investing activities (C)	**(11,183)**	**(21,922)**
CASH FLOW FROM OPERATING & INVESTING ACTIVITIES (A + B + C)	**779**	**(20,797)**
Interest paid	(1,930)	(2,438)
Dividends	(6,969)	(5,986)
IFRS 16 impact on new contracts	(556)	-
Other	239	1,880
Change in net financial position	**(8,437)**	**(27,341)**
Opening net financial position [(1)]	**78,479**	**65,105**
Closing net financial position [(1)]	**86,916**	**92,446**

[(1)] Net financial debt includes Euro 7,144 thousand at 1.1.2019 and Euro 6,183 thousand at 30.9.2019 for initial application of IFRS 16.

The 9M 2019 Results summary, in addition to the documents outlining the period results, are available on the company website at www.sitgroup.it in the Investor Relations - Financial Disclosure section, according to the means established by applicable regulation.

Outlook

Sales and operating margins for the full-year 2019 are expected to be in line with the trend of the first nine months of the year.

Declaration of the executive officer for financial reporting

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 press release are fairly representing the accounts and the books of the Company.

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SIT develops, produces and distributes high-precision components and systems for the control and safety of gas-based domestic heating and catering equipment. The Group operates in the Smart Gas Metering sector, producing new generation remote meters with real-time consumption readings and communication.

SIT has production companies located in Italy, Mexico, the Netherlands, Romania and China, in addition to a commercial and distribution structure covering all global markets.

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Annex 1- UNAUDITED

CONSOLIDATED BALANCE SHEET

(Euro.000)	30/09/2019	31/12/2018
Goodwill	78,138	78,138
Other intangible assets	61,014	66,111
Property, plant & equipment	72,442	65,169
Investments in other companies	54	54
Non-current financial assets	1,541	1,544
Deferred tax assets	5,513	7,482
Non-current assets	**218,702**	**218,498**
Inventories	57,871	52,230
Trade receivables	58,462	52,038
Other current assets	10,763	9,102
Tax receivables	3,119	3,565
Other current financial assets	132	97
Cash and cash equivalents	35,086	55,494
Current assets	**165,433**	**172,526**
Total assets	**384,135**	**391,024**
Share capital	96,152	96,152
Total Reserves	31,306	4,986
Net profit/(loss)	16,199	24,265
Minority interest net equity	-	-
Shareholders' Equity	**143,657**	**125,403**
Medium/long-term loans and borrowings	95,006	104,730
Other non-current financial liabilities and derivative financial instruments	5,445	710
Provisions for risks and charges	4,631	4,492
Post-employment benefit provision	5,895	5,908
Other non-current liabilities	1,332	758
Deferred tax liabilities	16,940	18,260
Non-current liabilities	**129,249**	**134,858**
Short-term loans and borrowings	18,431	16,257
Other current financial liabilities and derivative financial instruments	3,253	5,228
Trade payables	66,453	74,795
Other current liabilities	15,886	17,088
Short-term financial instruments for Performance Shares	-	8,260
Financial instruments for Warrants	3,396	3,028
Tax payables	3,810	6,107
Current liabilities	**111,229**	**130,763**
Total Liabilities	**240,478**	**265,621**
Total Shareholders' Equity and Liabilities	**384,135**	**391,024**

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Annex 2- UNAUDITED

CONSOLIDATED INCOME STATEMENT

(Euro.000)	9M 2019	9M 2018
Revenues from sales and services	**262,768**	**269,397**
Raw materials, ancillaries, consumables and goods	148,680	167,257
Change in inventories	(5,242)	(23,269)
Service costs	29,842	33,260
Personnel expense	51,615	55,907
Depreciation, amortisation and write-downs	16,920	14,282
Provisions	607	625
Other charges (income)	17	783
EBIT	**20,330**	**20,552**
Investment income/(charges)	(21)	(78)
Financial income	548	6,516
Financial charges	(3,242)	(3,158)
Net exchange gains (losses)	(616)	(803)
Impairments on financial assets	-	(429)
Profit/(loss) before taxes	**17,000**	**22,600**
Income taxes	(801)	(6,070)
Net profit/(loss) for the period	**16,199**	**16,529**
Minority interest result	-	-
Group net profit/(loss)	**16,199**	**16,529**

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Annex 3- UNAUDITED

CONSOLIDATED CASH FLOW STATEMENT

(Euro.000)	9M 2019	9M 2018
Net profit/(loss)	16,199	16,529
Amortisation & depreciation	16,788	14,156
Non-cash adjustments	3,571	2,259
Income taxes	801	6,069
Net financial charges/(income)	2,693	(2,851)
CASH FLOW FROM CURRENT ACTIVITIES (A)	**40,052**	**36,162**
Changes in assets and liabilities:		
Inventories	(6,199)	(24,236)
Trade receivables	(6,555)	(13,654)
Trade payables	(8,342)	8,895
Other assets and liabilities	(3,601)	(2,752)
Income taxes paid	(3,393)	(3,290)
CASH FLOW GENERATED (ABSORBED) FROM CHANGES IN WORKING CAPITAL (B)	**(28,090)**	**(35,037)**
CASH FLOW FROM OPERATING ACTIVITIES (A + B)	**11,962**	**1,125**
Investing activities:		
Investments in property, plant & equipment	(10,756)	(21,025)
Other changes in property, plant & equipment	78	72
Investments in intangible assets	(508)	(975)
Other changes in financial assets	3	6
CASH FLOW FROM INVESTING ACTIVITIES (C)	**(11,183)**	**(21,922)**
CASH FLOW FROM OPERATING & INVESTING ACTIVITIES (A + B + C)	**779**	**(20,797)**
Financing activities:		
Interest paid	(1,499)	(1,956)
Repayment of non-current financial payables	(8,437)	(6,075)
Increase (decrease) current financial payables	(3,948)	(1,889)
Increase (decrease) other financial payables	(1,518)	-
(Increase) decrease in financial receivables from holding company	-	674
(Increase) decrease in financial receivables from companies under control of holding company	-	51
Dividend payments	(6,969)	(5,986)
Paid-in share capital increase	-	2
Own shares	(349)	-
Change in translation reserve	1,580	2,346
CASH FLOW FROM FINANCING ACTIVITIES (D)	**(21,187)**	**(12,833)**
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (A + B + C + D)	**(20,408)**	**(33,630)**
Cash & cash equivalents at beginning of the year	**55,494**	**70,024**
Increase/(decrease) in cash and cash equivalents	(20,408)	(33,630)
Cash & cash equivalents at end of the year	**35,086**	**36,394**