Q1 2022 – Results presentation

May 11, 2022

Highlights

- Q1 consolidated revenues are € 93,8m, +1,2% vs Q1 2021
- Q1 Divisional sales:
  - Heating accounts €76,1m, +7,9% vs PY
  - Metering at €16,5m is -22,2%, with Gas metering at -37,1% and Water metering at +29,5% vs PY
- Consolidated Q1 EBITDA of €14,7m, 15,6% margin vs €15,1m, 16,2% of PY
- Net income of €12,4m at 13,2% of revenues
- Net debt at €124,8m vs €110,6m of PY
- Q1 Cash flow from operations for -€19,4m vs €6,9m of PY

- SIT presented Made to Matter, Sustainability plan to 2025. The company's commitment to driving change towards a more sustainable world. +50 projects and initiatives, 11 sustainable development goals, €8,0m allocated to capex and opex focused on sustainability

Key financial results

€m, unless otherwise stated	Q1 22	%	Q1 21	%	*Chg. YoY*
Revenues	93,8	*100,0%*	92,7	*100,0%*	*1,2%*
EBITDA	14,7	*15,6%*	15,1	*16,2%*	*(2,6%)*
EBIT	8,0	*8,6%*	8,9	*9,6%*	*(10,1%)*
EBT	14,1	*15,0%*	7,4	*8,0%*	*89,9%*
Net income	12,4	*13,2%*	7,8	*8,4%*	*59,8%*
Net Income adjusted	5,3	*5,6%*	7,2	*7,7%*	*(26,8%)*
Cash flow from operations	(19,4)		6,9		
NTWC	70,4		53,2		
Net financial debt	124,8		110,6		

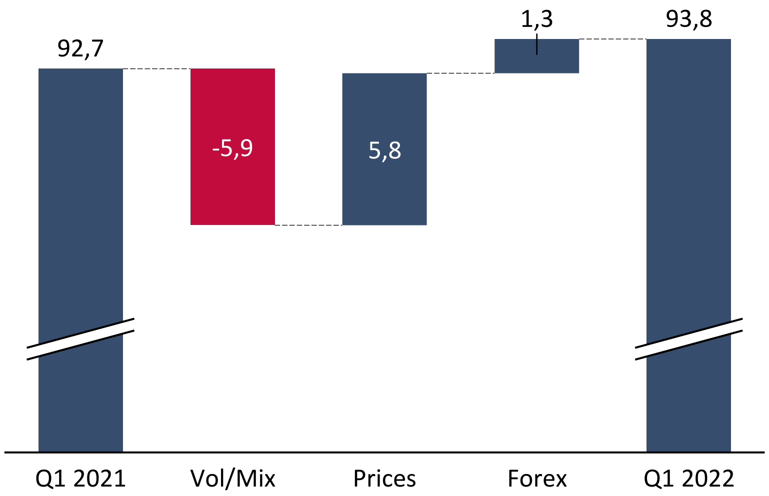
- Q1 revenues account 1,2% growth
- Divisional trends:
  - Heating: +7,9%
  - Metering: -22,2%
- EBITDA at 15,6% vs 16,2% of PY
- EBIT at 8,6% of revenues
- Net income of €12,4m at 13,2% includes FV accounting effect of Warrant for +€7,1m
- Net income adjusted at 5,6% of revenues vs 7,7% of PY
- Cash flow from operations is -€19,4m after capex for €5,4m
- NTWC YTD increase of €17,2 due to Inventory to support procurement strategy and manage shortage issues
- Net financial debt stands at €124,8m vs 2021-year end of €106,7m vs €110,6 at PY

Consolidated revenues

Breakdown by Division

€m, unless otherwise stated	Q1 22	%	Q1 21	%	Chg. YoY
Heating	76,1	*81,1%*	70,5	*76,1%*	*7,9%*
Metering	16,5	*17,6%*	21,3	*22,9%*	*(22,2%)*
Total business sales	**92,6**	***98,7%***	**91,8**	***99,0%***	***0,9%***
Other revenues	1,2	*1,3%*	0,9	*1,0%*	*29,3%*
Total revenues	**93,8**	***100,0%***	**92,7**	***100,0%***	***1,2%***

Consolidated revenue bridge (€m)



Breakdown by geography

€m, unless otherwise stated	Q1 22	%	Q1 21	%	Chg. YoY
Italy	24,6	*26,2%*	28,9	*31,2%*	*(15,0%)*
Europe (excuding Italy)	41,4	*44,2%*	39,6	*42,7%*	*4,7%*
America	19,5	*20,8%*	18,0	*19,4%*	*8,1%*
Asia/Pacific	8,3	*8,9%*	6,2	*6,6%*	*34,9%*
Total revenues	**93,8**	***100,0%***	**92,7**	***100,0%***	***1,2%***

Heating sales

Heating sales by geography

€m, unless otherwise stated	Q1 22	%	Q1 21	%	Chg. YoY
Italy	14,9	*19,6%*	14,3	*20,3%*	*4,3%*
Europe (excuding Italy)	34,3	*45,1%*	32,8	*46,5%*	*4,8%*
America	19,0	*25,0%*	17,4	*24,7%*	*8,9%*
Asia/Pacific	7,8	*10,3%*	6,0	*8,5%*	*30,6%*
Total business sales	**76,1**	***100,0%***	**70,5**	***100,0%***	***7,9%***

Heating sales by application

€m, unless otherwise stated	Q1 22	%	Q1 21	%	Chg. YoY
Central Heating	44,8	*58,9%*	41,1	*58,3%*	*9,0%*
Direct Heating	13,0	*17,1%*	12,1	*17,2%*	*7,3%*
Storage Water Heating	7,5	*9,8%*	7,8	*11,0%*	*(3,8%)*
Catering	3,7	*4,9%*	2,1	*3,0%*	*77,1%*
Other	7,1	*9,3%*	7,4	*10,5%*	*(4,6%)*
Total business sales	**76,1**	***100,0%***	**70,5**	***100,0%***	***7,9%***

- Q1 Divisional sales are up 7,9% vs previous year, +6,0% at same forex
- Italy. Q1 accounts +4,3% vs previous year; Catering segment is up €1,0m, +130%, and Direct Heating applications (Pellet Stoves and Space Heaters) also grow (€+0,5m, +35%)
- Europe. Q1 up €1,6m, +4,8% . Turkey is +10,8% of divisional sales, in line with PY; UK, 7,2% of divisional sales, is down 10,1%; Central Europe, grows 30%, +€1,5; Russia 4,1% of divisional sales is -10,4%
- America, Q1 up €1,6m, +8,9%, +2,9% at same forex. Direct Heating up €1,0m, +11,1% and Storage Water Heating down €0,8m, -11,4%
- Asia/Pacific, Q1 accounts increase for €1,8m, +30,6%, +26,0% at same forex; China,6,4% of divisional sales, accounts +37,9% y/y; Australia +€0,8, +49,5%

Metering sales

Smart Gas Metering sales by application

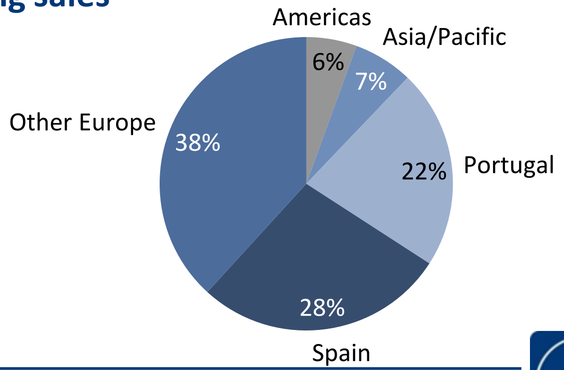
€m, unless otherwise stated	Q1 22	%	Q1 21	%	Chg. YoY
Residential	8,5	*82,2%*	15,0	*91,1%*	*(43,5%)*
Commercial & Industrial	1,7	*16,9%*	1,4	*8,5%*	*24,9%*
Other	0,1	*1,0%*	0,1	*0,4%*	*37,9%*
Total business sales	**10,3**	***100,0%***	**16,4**	***100,0%***	***(37,3%)***

- Foreign sales account for 9,3% of divisional gas metering sales in Greece, Central Europe, UK and India
- Increase in C&I is deployment of new generation product family
- Current order portfolio of €27,6m of which €2,2m in foreign markets, mainly Greece, India, Eastern Europe

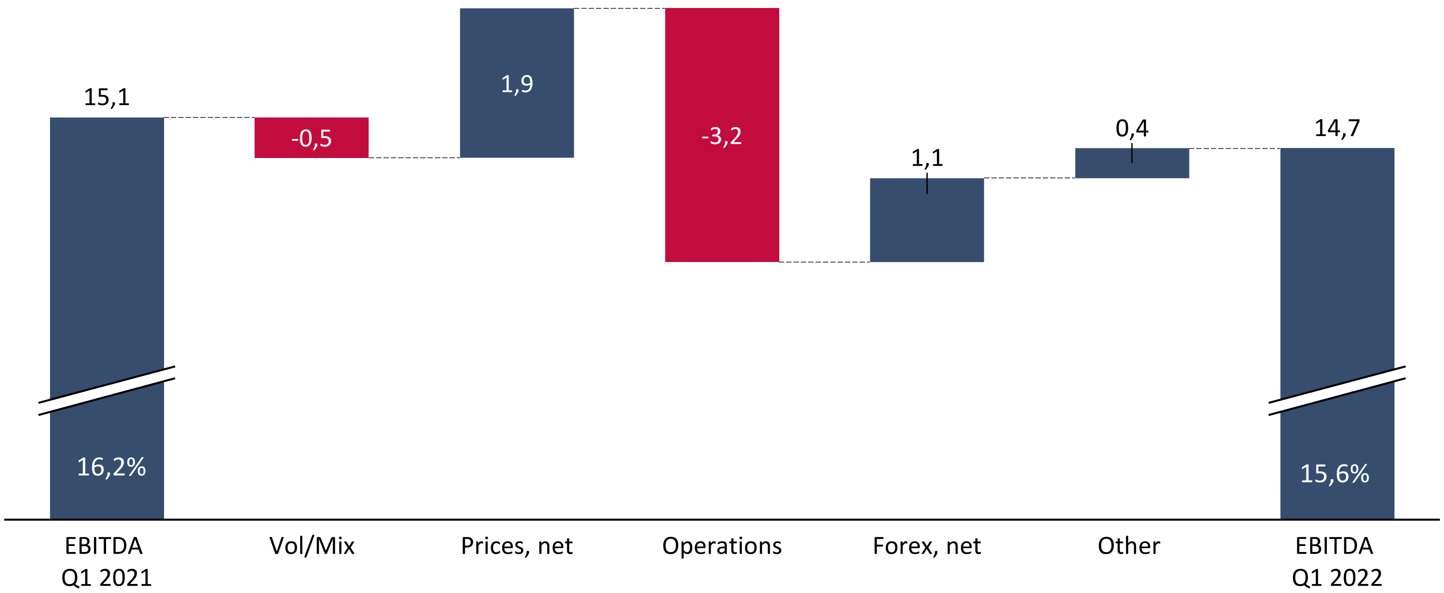
Water Metering sales by product

€m, unless otherwise stated	Q1 22	%	Q1 21	%	Chg. YoY
Water meters, finished	2,9	*46,1%*	2,5	*52,0%*	*14,8%*
Water meter parts	3,0	*47,7%*	2,0	*41,0%*	*50,7%*
Other	0,4	*6,2%*	0,3	*7,0%*	*14,4%*
Total business sales	**6,2**	***100,0%***	**4,8**	***100,0%***	***29,5%***

Water Metering sales by geography



EBITDA bridge



Euro millions

From EBITDA to net income

€m, unless otherwise stated	Q1 22	*% of sales*	Q1 21	*% of sales*	*Chg. YoY*
EBITDA	**14,7**	***15,6%***	**15,1**	***16,2%***	***(2,6%)***
D&A, impairment of assets	6,6		6,1		
EBIT	**8,0**	***8,6%***	**8,9**	***9,6%***	***(10,1%)***
Net financial (charges)/income	6,1		(2,3)		
Net forex (charges)/income	0,0		0,8		
EBT	**14,1**	***15,0%***	**7,4**	***8,0%***	***89,9%***
Taxes	(1,7)		0,3		
Net income	**12,4**	***13,2%***	**7,8**	***8,4%***	***59,8%***
Net financial (charges)/income adjusted	**(1,1)**	***(1,1%)***	**(1,2)**	***(1,3%)***	***(8,0%)***
Net income adjusted	**5,3**	***5,6%***	**7,2**	***7,7%***	***(26,8%)***

- D&A going from 6,6% to 7,1% of revenues, reflects capex trend
- EBIT of €8,0m at 8,6%% of revenues
- Net financial (charges)/income account changes in FV of Warrants (Q1 22 net income of €7,1m, Q1 21 net charge of €1,1m)
- Q1 21 taxes include one off revenue for Patent Box ruling for €1,8m, net
- Net income of €12,4m at 13,6% of revenues vs 8,4% of previous year
- Net financial charges adjusted are net of FV accounting effects of equity instruments
- Net income adjusted at 5,6% of revenues

Net trade working capital

€m, unless otherwise stated	2022.03	2021.12	Q1 22 Change	2021.03	2020.12	Q1 21 Change	YoY change
Inventory	86,2	70,1	16,1	62,0	56,5	5,5	24,3
Accounts receivables	59,7	56,1	3,7	59,9	65,4	(5,5)	(0,1)
Accounts payables	(75,6)	(80,8)	5,1	(68,6)	(72,2)	3,6	(7,1)
Net Trade Working Capital	**70,4**	**45,4**	**24,9**	**53,2**	**49,6**	**3,6**	**17,1**
NTWC/Revenues	***18,5%***	***11,9%***	***6,6%***	***14,2%***	***15,5%***	***-1,3%***	***4,3%***

- YTD Inventory trend increase (+€16,1) reflects procurement strategy to address shortage issues and maintain high customer service levels

Cash flow and net debt

Change in net debt

€m, unless otherwise stated	Q1 22	Q1 21
Current cash flow	**14,8**	**15,9**
Change in NTWC	**(24,3)**	**(3,5)**
Inventory	(15,4)	(5,3)
Accounts Receivables	(3,2)	5,6
Accounts Payables	(5,6)	(3,8)
Other working capital	**(4,5)**	**(1,6)**
Capex, net	**(5,4)**	**(3,9)**
Cash flow from operations	**(19,4)**	**6,9**
Financial charges	(0,6)	(0,7)
Dividends paid	-	-
Other	2,0	(0,8)
Change in net debt	**(18,0)**	**5,4**
Net debt - BoP	**106,7**	**116,0**
Net debt - EoP	**124,8**	**110,6**

- Current cash flow of €14,8 vs €15,9 of PY
- NTWC absorbs €24,3m due to increase in Inventory to manage shortage issues and guarantee customer service
- Other working capital refers to VAT balance and w/o tax timing
- Capex of €5,4m vs €3,9 of PY

Net financial position

€m, unless otherwise stated	31/03/2022	31/12/2021	31/03/2021
(Cash & cash equivalents)	(39,6)	(46,7)	(42,3)
Current debt, net	16,8	20,1	41,1
Non current debt	129,0	114,0	92,0
MTM derivatives & M&A debt	3,3	3,4	4,9
IFRS 16 - Leases	15,2	15,9	14,9
Net debt - EoP	**124,8**	**106,7**	**110,6**

- Net Debt/EBITDA: 2,4x vs 2,1x vs 2,2x of previous year

Final comments and outlook

- Macroeconomic and geopolitical uncertainties invest the entire industrial sector
- As to SIT and the impacts deriving from the Russia/Ukraine crisis, production of electronic boards for the Heating division proceeds regularly in the Ukrainian plant of a US multinational supplier located near the western border; SIT has started the project of insourcing the electronic boards from the supplier according to schedule
- The shortage on electronic components persists with inflationary pressures and irregularities in supplies
- Further disruption and logistic issues could be added as a result of the strict Covid lockdown applied by the Chinese authorities. SIT response, in this scenario, is a procurement policy independent of production programs, aimed at ensuring the level of customer service
- Taking into account the foreseeable situation to date, we expect at consolidated level for 2022FY a growth in sales between 4 and 5% compared to 2021FY and a profitability (EBITDA margin) of around 13%

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.

Paul Fogolin

Chief Financial Officer

paul.fogolin@sitgroup.it

Investor Relations

Mara Di Giorgio

+39 335 773 7417

investorrelations@sitgroup.it

Disclaimer

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.

Since at the moment there is no existing reliable market research which provide the required level of detail, nor any official data, the statements of key information, the assessments concerning the positioning of SIT Group and the assessments regarding the market and the market segments of the reference market are based exclusively on assessments carried out by SIT's management, in accordance to its own knowledge of the market and its analysis of the data gathered. For such reason, these statements and assessments may not be updated and/or may also be quite approximate. Due to the lack of reliable and standardized data and of market data provided by third parties, these assessments are necessarily subjective and are provided, unless otherwise specified, by SIT on the basis of the analysis of the data it, as a company, has gathered. These evaluations and the performance of the industries in which SIT operates could prove to be different from those assumed due to the known and unknown risks, the uncertainties and other causes.

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 or reading this presentation you agree to be bound by the foregoing terms.