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PRESS RELEASE

SIT S.p.A. approves 2020 results and proposes to Shareholders' Meeting a dividend of Euro 0.28 per share

SIT reports for Q4 2020:

- Consolidated revenues of Euro 93.8 million (+4.9% on Q4 2019);
- Heating Division sales of Euro 74.7 million (+7.8% on Q4 2019);
- Smart Gas Metering Division sales of Euro 18.1 million (-5.5% on Q4 2019);
- Consolidated adjusted EBITDA of Euro 12.2 million, a 13.0% revenue margin (+17.1% on 2019).

The 2020 results report:

- Consolidated revenues of Euro 320.7 million (-8.9% on 2019);
- Heating Division sales of Euro 249.0 million (-4.2%, -3.5% at like-for-like exchange rates);
- Smart Gas Metering Division sales of Euro 68.6 million (-22.6% on 2019);
- Consolidated adjusted EBITDA of Euro 44.6 million - 13.9% revenue margin (-7.7% on 2019);
- Adjusted consolidated net profit of Euro 13.4 million (-10.0% on 2019);
- Net financial position (debt) of Euro 115.8 million (Euro 78.4 million at end of 2019), including acquisition cost of Janz of Euro 29.7 million and IFRS 16 impact of Euro 15.4 million.

Padua, March 29, 2021

The Board of Directors of SIT S.p.A., listed on the main market of the Italian Stock Exchange (SIT:IM), in a meeting today presided over by Federico de' Stefani, the Chairman and Chief Executive Officer, approved the 2020 consolidated results and called the Shareholders' Meeting for April 29, 2021.

"The 2020 results demonstrate SIT's considerable robustness and ability to react to extraordinary events, such as those which we are currently experiencing. We have managed to contain to a minimum the impacts of the pandemic and at the same time have executed major projects, such as for example entering the water meter sector by acquiring the Portuguese enterprise Janz and developing the new range of Hydrogen-ready products. Water and hydrogen are in fact the main candidates for the ongoing energy transition.

From the fourth quarter of 2020, we have experienced high demand for our products, which satisfy emerging demands and global macrotrends in terms of sustainability and energy efficiency. We are therefore very confident that this trend shall continue at least for a significant part of the current year "stated **Federico de' Stefani, Chairman and Chief Executive Officer of SIT S.p.A.**



KEY FINANCIALS

(Euro.000)	2020	%	2019	%	diff%
Revenues from contracts with customers	320,731	100.00%	352,207	100.00%	-8.90%
EBITDA adjusted ⁽¹⁾	44,600	13.90%	48,295	13.70%	-7.70%
EBITDA	43,621	13.60%	48,739	13.80%	-10.50%
EBIT	19,616	6.10%	24,734	7.00%	-20.70%
Result before taxes (EBT)	15,991	5.00%	21,320	6.10%	-25.00%
Net profit/(loss) of the year	13,225	4.10%	19,928	5.70%	-17.90%
Net profit/(loss) of the year adjusted ⁽²⁾	13,409	4.20%	14,900	4.20%	-10.00%
Cash flow from operations adjusted ⁽³⁾	14,586		9,992		

(1) Net of M&A costs equal to Euro 1.0 M;

(2) Net of non-recurring items and change in warrants fair value;

(3) Net of cash flow for acquisition equal to Euro 28.4 M;

(Euro.000)	31/12/2020	31/12/2019
Net Financial Position ⁽¹⁾	115,751	78,379
Net trade working capital ⁽²⁾	49,817	34,971
Net trade working capital/Revenues ⁽³⁾	15.50%	9.90%

(1) On 31th December, 2020 the amount includes financial liability for IFRS 16 equal to Euro 15.3M;

(2) On 31th December, 2020 the amount includes the NTWC of JANZ for Euro 5.6 M (the company has been consolidated on 31th December, 2020)

(3) Equal to 10,9%, JANZ excluded.

Sales Trend

(Euro.000)	2020	%	2019	%	diff %
Heating	249,003	77.60%	260,026	73.80%	-4.20%
Smart Gas Metering	68,634	21.40%	88,625	25.20%	-22.60%
Total business revenues	317,637	99.00%	348,651	99.00%	-8.90%
Other revenues	3,094	1.00%	3,556	1.00%	-13.00%
Total revenues	320,731	100%	352,207	100%	-8.90%

2020 consolidated revenues totalled Euro 320.7 million, reducing 8.9% on Euro 352.2 million in 2019. Revenues were impacted in the year by COVID-19, with a 20% contraction in H1 on the previous year, although the performance normalised from Q3 (-2,0%) and particularly in Q4 (+4.9%).

Heating Division sales amounted to Euro 249.0 million, -4.2% year-on-year (-3.5% at like-for-like exchange rates), although with growth in the final quarter of 7.8% (9.9% at like-for-like exchange rates), reflecting restocking and demand support incentives.



(Euro.000)	2020	%	2019	%	diff %
Italy	43,945	17.60%	50,852	19.60%	-13.60%
Europe (excluding Italy)	120,213	48.30%	120,811	46.50%	-0.50%
The Americas	57,960	23.30%	61,460	23.60%	-5.70%
Asia/Pacific	26,885	10.80%	26,902	10.30%	-0.10%
Total revenues	249,003	100%	260,027	100%	-4.20%

The 2020 results were notably impacted by the Italian market, which contracted 13.6% following the particularly severe lockdown in the initial part of the year and the associated drop in Catering sector sales (-35.4%) and for Direct Heating applications such as pellet stoves (-50.7%).

Europe (excluding Italy) in 2020 saw substantial stability. The poor performance in a number of areas particularly hit by the pandemic, such as the UK (-10.1%, -Euro 2.4 million) was offset by the recovery in Turkey (+11.2%, +Euro 3.0 million), with recovery of Central Heating business determined by multinational clients based in that area. A number of central European markets performed well thanks to the introduction of new products and end-market demand.

Sales in the Americas contracted 5.5% (-3.5% at like-for-like exchange rates), with the growth for Storage Water Heating applications (+12.4%) offset by District Heating applications (-24.1%) and in particular fireplaces, whose consumption is more discretionary and was therefore impacted by the lockdown.

The year-on-year performance in Asia/Pacific was substantially stable, with China (5.9% of the division) reporting a 2.5% contraction (down approx. Euro 0.4 million on the previous year).

In 2020, the **Smart Gas Metering Division** generated revenues of Euro 68.6 million, down 22.6% on Euro 88.6 million in 2019. Sales contracted 5.5% in Q4. The performance, substantially in line with expectations as the first rollout on the Italian market is gradually completed (estimated at 75-80%), closely reflected the COVID impact on the overseas commercial development target markets, the UK and India, which were severely held back by the pandemic.

In terms of products, sales for Residential Meters totalled Euro 64.6 million (94.1% of total sales), while sales for Commercial & Industrial Meters amounted to Euro 3.8 million. In 2019, sales were Euro 84.5 million and Euro 3.8 million respectively.

Operating performance

2020 consolidated revenues were Euro 320.7 million, decreasing 8.9% on 2019 (Euro 352.2 million).

Raw material and consumable costs, including changes in inventories, amounted to Euro 170.9 million, accounting for 53.3% of revenues, compared to 55.3% in 2019, demonstrating the Group's considerable capacity to absorb the inefficiencies related to the temporary shutdown of production during the lockdown.

Service costs of Euro 38.2 million accounted for 11.9% of revenues, compared to 11.0% in the previous year (Euro 38.9 million). The decrease in costs reflects the general drop off in activity during



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the lockdown, with transport costs (Euro 0.2 million), utilities (Euro 0.4 million), travel (Euro 0.8 million) and accessory personnel costs (Euro 0.5 million) particularly reducing.

Personnel expense totalled Euro 66.6 million, accounting for 20.8% of revenues (19.7% in 2019), contracting Euro 2.8 million. This reduction is due to the impact of the temporary lay-off scheme during the lockdown, in addition to the reduction of contract work (Euro 1.4 million); 2019 included non-recurring costs of Euro 0.5 million for the transfer of blue-collar staff from the Padua facilities to the new production and logistics hub at Rovigo.

Amortisation, depreciation and write-downs of Euro 24.1 million were substantially in line with the previous year.

The provisions for risks amount to Euro 0.8 million, compared to Euro 0.1 million in 2019. This account was impacted for Euro 0.6 million by the accrual in the year for the disposal of meter batteries. 2019 included a benefit of Euro 0.9 million for the release of the product warranty provision due to the lapse of obligations to clients for potential contractual compensation.

Other charges and income totalled Euro 0.6 million; in the previous year, they amounted to Euro 53 thousand - increasing Euro 0.5 million; In 2019, the account included non-recurring income of Euro 0.8 million from an insurance repayment.

EBITDA was Euro 43.6 million, decreasing 10.5% on 2019 (Euro 48.7 million). Non-recurring costs were incurred in 2020 of Euro 1 million for the acquisition of the company Janz while non-recurring transactions in 2019 generated net income of Euro 0.4 million.

2020 adjusted EBITDA was therefore Euro 44.6 million (13.9% revenue margin) compared to Euro 48.3 million (13.7% margin in 2019).

Group EBIT therefore decreased from Euro 24.7 million in 2019 to Euro 19.6 million in 2020 (-20.7%), with a 6.1% margin, down from 7.0%.

Financial charges in 2020 amounted to Euro 3.9 million, down from Euro 4.2 million in 2019. Financial income of Euro 0.8 million decreased compared to the previous year (Euro 2.0 million). This financial income included the increase in the fair value concerning the market movements of the Warrants issued by the company (for Euro 0.5 million, compared to Euro 1.5 million in 2019).

Adjusted net financial charges, net of the aforementioned changes in fair value, were Euro 3.6 million in 2020, in line with the previous year.

Income taxes amounted to Euro 2.8 million, compared to Euro 1.4 million in 2019. The favourable outcome of an application was notified in 2019 and the relative non-recurring tax income of Euro 3.7 million was recognised.

The net profit was Euro 13.2 million (Euro 19.9 million in 2019).

The adjusted net profit, net of the above-stated non-recurring effects, was Euro 13.4 million (Euro 14.9 million in 2019), 4.2% revenue margin.



Cash Flow performance

At December 31, 2020, the net financial debt was Euro 115.8 million, compared to Euro 78.4 million at December 31, 2019, therefore increasing Euro 37.4 million.

The movements in the net financial position are reported below:

(Euro.000)	2020	2019
Cash flow from current activities (A)	47,561	48,941
Cash flow generated (absorbed) from Working Capital (B)	-20,279	-15,999
CASH FLOW FROM OPERATING ACTIVITIES (A + B)	27,282	32,942
Cash flow from investing activities (C)	-41,065	-22,950
CASH FLOW FROM OPERATING & INVESTING ACTIVITIES (A + B + C)	-13,783	9,992
Interest paid	-3,038	-2,816
Amortised cost	-453	-605
FV change of derivatives	264	76
Change in translation reserve	-1,909	1,838
Change in shareholders' equity and acquisition treasury	-775	-685
Acquisition	-2,581	-
Dividends	-3,476	-6,969
IFRS 16	-11,621	-731
Change in net financial position	-37,372	100
Opening net financial position	78,379	78,479
Closing net financial position	115,751	78,379

Operating cash flows amounted to Euro 47.6 million, compared to Euro 48.9 million in the previous year.

Cash flows absorbed by working capital totalled Euro 20.3 million, of which approx. Euro 10.5 million due to commercial working capital. This increase concerned for approx. Euro 3.0 million higher inventories than normal to deal with particularly sustained demand in the initial months of 2021; the increase in trade receivables (Euro 6.1 million) reflects the higher sales in Q4 on the preceding year. The absorption for other working capital items was substantially in line with 2019, particularly due to personnel and tax management.

In terms of investments, we highlight in 2020 the acquisition of Janz, the Portuguese water metering enterprise and Plast Alfin, a Tunisian plastics manufacturing company, for a total outlay of Euro 28.4 million.

Ordinary cash investments therefore in 2020 totalled Euro 12.7 million, compared to Euro 23.0 million in 2019, reducing due to COVID-related delays.

Operating cash flows after investments therefore absorbed Euro 13.8 million, compared to a generation of Euro 10.0 million in the previous year.

Among financing activity cash flows, in 2020 we indicate the payment of interest for Euro 3.0 million (Euro 2.8 million in 2019) and of dividends for Euro 3.5 million (Euro 7.0 million in 2019), decidedly reducing due to the COVID-related uncertainties in the initial parts of the year.

The movement in the net debt reflects the renewal of the lease contracts as per IFRS 16, in addition to the inclusion of the contracts concerning JANZ and the Tunisian facility; application of this standard therefore resulted in a Euro 11.6 million increase in 2020.



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Outlook

The Group in 2021 at consolidated level forecasts mid/high single-digit sales growth, consolidating - for the first time - the water meters business.

Overall profitability is expected to grow. Particular focus has to be directed, in the general context, to the increase in raw material prices, an external factor that the Group is monitoring and actively managing with the highest priority.

Further results from the development of new products and smart applications adapted also to the use of alternative gases such as hydrogen may also emerge in the year.

With regards to the individual divisions, SIT forecasts:

- Heating division revenue is expected to grow, confirming this segment's resilience and the importance for consumers of the installation of highly-efficient boilers and heating equipment;
- for the Smart Gas Metering division, after a decade featuring the extensive replacement of traditional meters with smart meters on the domestic market, a phase of preparing for a new cycle of the gradual replacement of existing meters has begun; overseas revenues are expected to account for approx. 10% of the total;
- for the Water Metering division, 2021 is the year for the integration of the acquired entity Janz and the building of future synergies with the Group. Revenues are expected to grow in line with the objectives of the Plan announced on acquisition.

Proposal for the allocation of the net profit for the year

The Board of Directors has approved the proposal to the Shareholders' Meeting:

- to approve the financial statements of SIT S.p.A. at December 31, 2020;
- to distribute an ordinary dividend of Euro 0.28 for each qualifying share;
- to allocate the residual to other reserves.

Proposal to distribute a dividend of Euro 0.28 per share.

The Board of Directors approved the proposal to the Shareholders' Meeting to distribute a dividend of Euro 0.28 per share, establishing the coupon date as **May 10, 2021**, the record date as **May 11, 2021** and the payment date as **May 12, 2021**.

Calling of the Shareholders' Meeting

The financial statements at December 31, 2020, approved today by the Board of Directors of SIT S.p.A., shall be submitted for the approval of the Shareholders' Meeting to be held, in single call, on 29/4/2021.



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Declaration of the manager responsible for the preparation of the Company's accounts

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. This press release and the results presentation for 9M 2020 are available on the website www.sitcorporate.it in the Investor Relations section.

The SIT Group, through its two divisions Heating and Smart Metering, creates intelligent solutions for the control of environmental conditions and consumption measurement for a more sustainable world. A market-leading multinational company, listed on the MTA segment of Borsa Italiana, SIT aims to be the number one sustainable partner for energy and climate control solutions for its customers, focusing on experimentation and the use of alternative gases with low environmental profiles. The Group has production sites in Italy, Mexico, the Netherlands, Romania, China, Tunisia and Portugal, in addition to a commercial structure covering all global markets. SIT is also a member of the [European Heating Industry](#) and of the [European Hydrogen Alliance](#) - www.sitcorporate.it

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Annex 1

BALANCE SHEET

(Euro.000)	31/12/2020	31/12/2019
Goodwill	98,070	78,138
Other intangible assets	52,569	59,125
Property, plant & equipment	90,228	79,317
Investments in other companies	326	54
Non-current financial assets	2,282	1,531
Deferred tax assets	4,762	5,167
Non-current assets	248,237	223,332
Inventories	56,502	51,126
Trade receivables	65,518	57,176
Other current assets	14,234	10,133
Tax receivables	3,983	4,770
Other current financial assets	1,032	23
Cash and cash equivalents	42,328	34,064
Current assets	183,597	157,292
Total assets	431,834	380,624
Share capital	96,152	96,152
Total Reserves	43,844	31,486
Net profit/(loss)	13,225	19,928
Minority interest net equity	-	-
Shareholders' Equity	153,221	147,566
Medium/long-term loans and borrowings	91,934	85,029
Other non-current financial liabilities and derivative financial instruments	15,634	4,138
Provisions for risks and charges	4,740	4,142
Post-employment benefit provision	6,095	6,201
Other non-current liabilities	35	4
Deferred tax liabilities	14,653	16,370
Non-current liabilities	133,091	115,884
Short-term loans and borrowings	46,614	19,730
Other current financial liabilities and derivative financial instruments	4,928	3,588
Trade payables	72,203	73,331
Other current liabilities	18,638	15,957
Financial instruments for Warrants	1,045	1,567
Tax payables	2,094	3,001
Current liabilities	145,522	117,174
Total Liabilities	278,613	233,058
Total Shareholders' Equity and Liabilities	431,834	380,624



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Annex 2

INCOME STATEMENT

(Euro.000)	2020	2019
Revenues from sales and services	320,731	352,207
Raw materials, ancillaries, consumables and goods	173,696	193,328
Change in inventories	(2,777)	1,557
Service costs	38,198	38,883
Personnel expense	66,581	69,429
Depreciation, amortization and write-downs	24,052	24,085
Provisions	815	139
Other charges (income)	550	53
EBIT	19,616	24,734
Investment income/(charges)	-	(20)
Financial income	835	2,033
Financial charges	(3,939)	(4,163)
Net exchange gains (losses)	(521)	(1,263)
Impairments on financial assets	-	-
Profit/(loss) before taxes	15,991	21,320
Income taxes	(2,766)	(1,392)
Net profit/(loss) for the period	13,225	19,928
Minority interest result	-	-
Group net profit/(loss)	13,225	19,928



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Annex 3

CASH FLOW STATEMENT

(Euro.000)	2020	2019
Net profit/(loss)	13,225	19,928
Amortization & depreciation	24,006	24,007
Non-cash adjustments	4,461	1,474
Income taxes	2,765	1,392
Net financial charges/(income)	3,104	2,140
CASH FLOW FROM CURRENT ACTIVITIES (A)	47,561	48,941
<i>Changes in assets and liabilities:</i>		
Inventories	(2,876)	1,009
Trade receivables	(6,051)	(5,218)
Trade payables	(1,554)	(1,464)
Other assets and liabilities	(3,483)	(5,507)
Income taxes paid	(6,315)	(4,894)
CASH FLOW GENERATED (ABSORBED) FROM CHANGES IN WORKING CAPITAL (B)	(20,279)	(16,074)
CASH FLOW FROM OPERATING ACTIVITIES (A + B)	27,282	32,867
<i>Investing activities:</i>		
Investments in property, plant & equipment	(14,026)	(23,044)
Other changes in property, plant & equipment	710	824
Investments in intangible assets	(685)	(743)
Other changes in intangible assets	25	-
Other changes in financial assets	1,280	13
Acquisition of a subsidiary, net of cash acquired	(28,369)	-
CASH FLOW FROM INVESTING ACTIVITIES (C)	(41,065)	(22,950)
CASH FLOW FROM OPERATING & INVESTING ACTIVITIES (A + B + C)	(13,783)	9,917
<i>Financing activities:</i>		
Interest paid	(3,023)	(2,741)
Repayment of non-current financial payables	(22,416)	(16,875)
Increase (decrease) current financial payables	227	(3,745)
Increase (decrease) other financial payables	(2,000)	(2,169)
New financing	55,418	-
Dividend payments	(3,476)	(6,969)
Own shares	(775)	(685)
Change in translation reserve	(1,909)	1,838
CASH FLOW FROM FINANCING ACTIVITIES (D)	22,046	(31,346)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (A + B + C + D)	8,263	(21,429)
Cash & cash equivalents at beginning of the year	34,065	55,494
Increase/(decrease) in cash and cash equivalents	8,263	(21,429)
Cash & cash equivalents at end of the year	42,328	34,065



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