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Diffusione presunta

Oggetto : SIT S.p.a., revenues up, with adjusted net profit rising to Euro 15.8 million (+33.7%) and EBITDA to Euro 42 million (+29.5%)

*Testo del comunicato*

Vedi allegato.



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PRESS RELEASE - 9M 2021

## **SIT revenues up, with adjusted net profit rising to Euro 15.8 million (+33.7%) and EBITDA to Euro 42 million (+29.5%)**

*2021 guidance confirmed*

### **SIT reports for 9M 2021:**

- **Consolidated revenues** of Euro 286.2 million (+26.1% on the same period of 2020, +19.4% at like-for-like consolidation scope);
- **Heating Division Sales** of Euro 220.9 million (+26.7% on 9M 2020);
- **Metering Division Sales** of Euro 62.0 million (+22.6% on 9M 2020), including Smart Gas Metering sales of Euro 46.7 million and Water Metering sales of Euro 15.3 million;
- **Consolidated EBITDA** of Euro 42.0 million (+29.5% on 9M 2020);
- **Adjusted consolidated net profit** of Euro 15.8 million (5.5% margin), compared to Euro 11.8 million in 9M 2020 (5.2% margin);
- **Operating cash flow** of Euro +7.0 million, after investments of Euro 19.6 million;
- **Net financial position** at September 30, 2021 of Euro 123.7 million (Euro 116.1 million at end of 2020).

### **Q3 2021 reports:**

- **Consolidated revenues** of Euro 96.0 million (+2.5% on Q3 2020, -3.2% at like-for-like consolidation scope);
- **Heating Division Sales** of Euro 76.2 million (+9.4% on Q3 2020);
- **Metering Division Sales** of Euro 18.8 million (-19.5% on Q3 2020), including Smart Gas Metering sales of Euro 13.5 million and Water Metering sales of Euro 5.3 million;
- **Consolidated EBITDA** of Euro 13.1 million, compared to Euro 17.2 million in Q3 2020.

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### **Padua, November 10, 2021**

The Board of Directors of SIT S.p.A., listed on Euronext Milan, in a meeting today presided over by Federico de' Stefani, the Chairman and Chief Executive Officer, has approved the consolidated 9 months 2021 results.

*"In the first nine months of 2021 we confirmed growth in foreign markets driven by the Heating and Water Metering business" stated de' Stefani. "The uncertainty and volatility issues regarding supply chain were addressed by an international team who managed to mitigate*



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*the impact of shortages on production and shipments. Over the coming months, as this situation persists, the contribution provided by this team continues to be fundamental. We have consistently invested time and resources in supporting research and development to maintain our leadership and make our contribution to the energy transition. It is with great satisfaction that MeterSIT - a group company which develops and manufactures smart gas meters - has attended the COP26 conference with the UK Government's Department of Economic Development, Energy and Business Department (BEIS), and with whom we have been working closely in the development of devices utilising hydrogen for residential use".*

## KEY FINANCIALS

(Euro.000)	9M 2021	%	9M 2020	%	Change	Change %
Revenues from contracts with customers	286,203	100.0%	226,951	100.0%	59,252	26.1%
EBITDA	41,955	14.7%	32,401	14.3%	9,554	29.5%
EBIT	23,059	8.1%	15,126	6.7%	7,933	52.5%
Result before taxes (EBT)	12,030	4.2%	13,186	5.8%	(1,155)	-8.8%
Net profit/(loss) of the period	9,100	3.2%	11,377	5.0%	(2,277)	-20.0%
Net profit/(loss) of the period adjusted	15,768	5.5%	11,794	5.2%	3,974	33.7%
Cash flow from operating & investing activities	6,999		(5,611)			

(Euro.000)	30/09/2021	31/12/2020	30/09/2020
Net Financial Position	(123,722)	(116,139)	(96,725)
Net trade working capital	62,044	49,732	58,169
Net trade working capital/Revenues	16.2%	15.5%	19.2%

9M 2021 consolidated revenues were Euro 286.2 million, increasing 26.1% on the same period of 2020 (Euro 227.0 million). The 2021 figures include the sales of Janz, the Portuguese Water Metering company acquired at the end of 2020 and reporting sales of Euro 16.1 million for the first nine months of 2021.

(Euro.000)	9M 2021	%	9M 2020	%	Change	Change %
Heating	220,887	77.2%	174,312	76.8%	46,575	26.7%
Smart Gas Metering	62,006	21.7%	50,560	22.3%	11,445	22.6%
Total business revenues	282,893	98.8%	224,872	99.1%	58,020	25.8%
Other revenues	3,310	1.2%	2,079	0.9%	1,231	59.2%
<b>Total revenues</b>	<b>286,203</b>	<b>100.0%</b>	<b>226,951</b>	<b>100.0%</b>	<b>59,251</b>	<b>26.1%</b>

(Euro.000)	9M 2021	%	9M 2020	%	Change	Change %
Italy	89,676	31.3%	78,352	34.5%	11,324	14.5%
Europe (excluding Italy)	120,349	42.1%	90,875	40.0%	29,474	32.4%
The Americas	52,559	18.4%	40,088	17.7%	12,471	31.1%
Asia/Pacific	23,619	8.3%	17,635	7.8%	5,983	33.9%
<b>Total revenues</b>	<b>286,203</b>	<b>100.0%</b>	<b>226,951</b>	<b>100.0%</b>	<b>59,251</b>	<b>26.1%</b>



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**Heating Division** sales in the first nine months of 2021 amounted to Euro 220.9 million, +26.7% compared to Euro 174.3 million in the same period of 2021 (+28.2% at like-for-like exchange rates). In the third quarter, the division's core sales rose 9.4% to Euro 76.2 million compared with Euro 69.6 million in the same period of 2020, reflecting strong market demand supported by the positive impact of incentives.

The following table presents Heating Division core sales by region:

(Euro.000)	9M 2021	%	9M 2020	%	Change	Change %
Italy	43,032	19.5%	31,141	17.9%	11,891	38.2%
Europe (excluding Italy)	104,705	47.4%	84,859	48.7%	19,846	23.4%
The Americas	51,046	23.1%	39,651	22.7%	11,395	28.7%
Asia/Pacific	22,105	10.0%	18,661	10.7%	3,443	18.5%
<b>Total revenues</b>	<b>220,887</b>	<b>100.0%</b>	<b>174,312</b>	<b>100.0%</b>	<b>46,574</b>	<b>26.7%</b>

**Italian sales** were up 38.2% on 9M 2020. Recovering Central Heating demand supported this improvement, in addition to incentives; we highlight the increase for mechanical controls (+Euro 5.8 million, +39.0%), for fans (+Euro 5.5 million, +53.3%) and for flue kits (+Euro 0.6 million, +43.0%).

**European sales** (excluding Italy) in 9M 2021 rose 23.4% on the same period of the previous year to Euro 104.7 million. All regions report improvements on 9M 2020; Turkey in particular, the leading market with 12.1% of division sales, saw growth of 32.2% (Euro +6.5 million), thanks to recovering Central Heating demand from multinational customers in the country, while the UK, 7.5% of division sales, was up 18.3% (Euro 2.6 million). The central European markets performed well, thanks to the launch of new products.

**Sales in the Americas** were up 28.7% (+36.3% at like-for-like exchange rates), thanks both to the growth in sales for Storage Water Heating applications and the good fireplace performance, recovering strongly on the same period of the previous year.

**Asia/Pacific sales** were up 18.5% to Euro 22.1 million (Euro 18.7 million in 9M 2020). Growth was achieved both in China (6.4% of the division), with a 42.8% recovery of the retail market in the Central Heating segment, and in Australia, which reported an increase of Euro 1.1 million (+24.0%).

The **Metering Division** reports for 9M 2021 sales of Euro 62.0 million (+22.6%), including those of Janz (Water Metering enterprise acquired at the end of December 2020) of Euro 15.3 million in the period.

**Smart Gas Metering** sales for 9M 2021 totalled Euro 46.7 million (Euro 50.6 million in the same period of 2020 (-7.6%)). In the first nine months of 2021, sales for Residential Meters totalled Euro 42.8 million (91.7% of total sales), while sales for Commercial & Industrial Meters amounted to Euro 3.6 million.

In the first nine months of 2021, overseas sales totalled Euro 3.6 million (7.6% of the total), compared to Euro 1.2 million in the same period of 2020 (2.4% of the total).

Looking at the **Water Metering** division, the group's new operating segment, following the acquisition of the Portuguese Janz at the end of December 2020, reported 9M



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2021 sales of Euro 15.3 million. These sales regarded finished meters for Euro 7.7 million and components for Euro 7.6 million.

9M 2021 **EBITDA** was Euro 42.0 million, compared to Euro 32.4 million in the previous year (respectively 14.7% and 14.3% margins). The 9M 2021 performance reflects the increased volumes, particularly with regards to the Heating Division, and the greater contribution of the water metering business acquired at the end of 2020. Prices also increased, facilitating the transfer to the sales market of the higher raw material and component costs incurred. Q3 EBITDA was Euro 13.1 million (13.6% margin), while amounting to Euro 17.2 million in the same period of 2020 (18.4% margin), due to the exceptional rebound in volumes in the quarter and supply conditions not yet impacted by the cost increases.

9M 2021 **EBIT** was Euro 23.1 million, up 52.5% on Euro 15.1 million in the same period of 2020, after amortisation and depreciation of Euro 18.9 million, up Euro 1.6 million on 2020. The EBIT margin was 8.1% in 9M 2021, compared to 6.7% in 9M 2020. Q3 2021 EBIT was Euro 6.8 million, decreasing from Euro 11.3 million in the same period of the previous year due to the reduced EBITDA and higher amortisation and depreciation which increased to Euro 6.2 million (from Euro 5.9 million).

The 9M 2021 **pre-tax profit** was Euro 12.0 million (4.2% of sales), reducing 8.8% on Euro 13.2 million for the same period of 2020 (5.8% of sales). This follows the increase in net financial charges, which in the period totalled Euro 11.5 million, including non-recurring charges due to the increase in the value of the SIT Warrants in circulation (Euro 7.6 million), the reversal of the residual amortised cost for Euro 0.4 million and charges for the early settlement of interest rate hedges for Euro 0.6 million, due to the refinancing of the bank debt in August 2021. Net of the stated non-recurring transactions, the adjusted pre-tax profit was Euro 20.6 million (7.2% margin), up 51.4% on the same period of 2020.

The **net profit** for the period was Euro 9.1 million (3.2% margin), compared to Euro 11.4 million (5.0% margin in 9M 2020, -20.0%).

The **net profit adjusted** for non-recurring charges was Euro 15.8 million (5.5% margin), compared to Euro 11.8 million (5.2% margin in 9M 2020), with a 33.7% increase.

The **net financial debt** at September 30, 2021 was Euro 123.7 million, compared to Euro 116.1 million at December 31, 2020 and Euro 96.7 million at September 30, 2020, before the acquisition of Janz in December 2020.

**Cash flows** in the period were as follows:



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(Euro.000)	9M 2021	9M 2020
Cash flow from current activities (A)	42,768	33,864
Cash flow generated (absorbed) from Working Capital (B)	(16,158)	(30,286)
<b>CASH FLOW FROM OPERATING ACTIVITIES (A + B)</b>	<b>26,610</b>	<b>3,578</b>
Cash flow from investing activities (C)	(19,611)	(9,189)
<b>CASH FLOW FROM OPERATING &amp; INVESTING ACTIVITIES (A + B + C)</b>	<b>6,999</b>	<b>(5,611)</b>
Interest paid	(2,647)	(1,577)
Changes in accrued interest, MTM and amortised cost	(805)	(816)
Equity changes	(2,068)	(3,089)
Changes to financial assets	(1,000)	-
Changes in payables for acquisitions	374	(1,096)
Dividends paid	(6,890)	(3,476)
IFRS 16	(1,546)	(2,681)
<b>Change in net financial position</b>	<b>(7,583)</b>	<b>(18,346)</b>
<b>Opening net financial position</b>	<b>116,139</b>	<b>78,379</b>
<b>Closing net financial position</b>	<b>123,722</b>	<b>96,725</b>

## Subsequent events and outlook

There were no significant events subsequent to period-end.

Despite continued supply chain uncertainty and component cost volatility, the Company confirms for the 2021 full-year the forecasts published on the approval of the half-year results.

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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 2021 are available on the website [www.sitcorporate.it](http://www.sitcorporate.it) in the Investor Relations section.

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The SIT Group, through its two divisions Heating and Metering, creates intelligent solutions for the control of environmental conditions and consumption measurement for a more sustainable world. A market-leading multinational company and listed on Euronext Milan, 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 Clean Hydrogen Alliance](#), in addition to the [Community Valore Acqua per l'Italia](#) ("Value Water for Italy Community") - [www.sitcorporate.it/en](http://www.sitcorporate.it/en)



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## Annex 1

### BALANCE SHEET

(Euro.000)	30/09/2021	31/12/2020
Goodwill	88,771	88,771
Other intangible assets	62,559	65,165
Property, plant & equipment	95,967	90,228
Investments in other companies	330	326
Non-current financial assets	2,317	2,282
Deferred tax assets	8,034	4,836
<b>Non-current assets</b>	<b>257,978</b>	<b>251,608</b>
Inventories	69,475	56,570
Trade receivables	66,633	65,365
Other current assets	13,662	14,234
Tax receivables	3,995	3,983
Other current financial assets	5	1,032
Cash and cash equivalents	41,708	42,328
<b>Current assets</b>	<b>195,478</b>	<b>183,512</b>
<b>Total assets</b>	<b>453,456</b>	<b>435,120</b>
Share capital	96,152	96,152
Total Reserves	48,870	43,844
Net profit/(loss)	9,100	13,225
Minority interest net equity	-	-
<b>Shareholders' Equity</b>	<b>154,122</b>	<b>153,221</b>
Medium/long-term loans and borrowings	82,145	91,934
Other non-current financial liabilities and derivative financial instruments	55,191	16,284
Provisions for risks and charges	5,294	4,990
Post-employment benefit provision	5,940	6,095
Other non-current liabilities	51	35
Deferred tax liabilities	15,765	17,333
<b>Non-current liabilities</b>	<b>164,386</b>	<b>136,671</b>
Short-term loans and borrowings	24,408	46,614
Other current financial liabilities and derivative financial instruments	3,689	4,666
Trade payables	74,064	72,203
Other current liabilities	19,482	18,638
Financial instruments for Warrants	8,621	1,045
Tax payables	4,684	2,062
<b>Current liabilities</b>	<b>134,948</b>	<b>145,228</b>
<b>Total Liabilities</b>	<b>299,334</b>	<b>281,899</b>
<b>Total Shareholders' Equity and Liabilities</b>	<b>453,456</b>	<b>435,120</b>





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## Annex 2

### INCOME STATEMENT

(Euro.000)	9M 2021	9M 2020
<b>Revenues from sales and services</b>	<b>286,203</b>	<b>226,951</b>
Raw materials, ancillaries, consumables and goods	160,459	128,181
Change in inventories	(12,576)	(8,703)
Service costs	35,681	26,641
Personnel expense	59,787	46,992
Depreciation, amortisation and write-downs	18,908	17,507
Provisions	367	488
Other charges (income)	518	719
<b>EBIT</b>	<b>23,059</b>	<b>15,126</b>
Investment income/(charges)	-	-
Financial income	216	145
Financial charges	(11,710)	(3,230)
Net exchange gains (losses)	465	1,145
Impairments on financial assets	-	-
<b>Profit/(loss) before taxes</b>	<b>12,030</b>	<b>13,186</b>
Income taxes	(2,930)	(1,809)
<b>Net profit/(loss) for the period</b>	<b>9,100</b>	<b>11,377</b>
<b>Minority interest result</b>	-	-
<b>Group net profit/(loss)</b>	<b>9,100</b>	<b>11,377</b>



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## Annex 3

### CASH FLOW STATEMENT

<b>(Euro.000)</b>	<b>9M 2021</b>	<b>9M 2020</b>
Net profit/(loss)	9,100	11,377
Amortisation & depreciation	18,895	17,273
Non-cash adjustments	345	320
Income taxes	2,932	1,810
Net financial charges/(income)	11,496	3,084
<b>CASH FLOW FROM CURRENT ACTIVITIES (A)</b>	<b>42,768</b>	<b>33,864</b>
<b>Changes in assets and liabilities:</b>		
Inventories	(12,624)	(8,387)
Trade receivables	(1,022)	(6,782)
Trade payables	1,460	(7,968)
Other assets and liabilities	(918)	(4,559)
Income taxes paid	(3,054)	(2,591)
<b>CASH FLOW GENERATED (ABSORBED) FROM CHANGES IN WORKING CAPITAL (B)</b>	<b>(16,158)</b>	<b>(30,286)</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES (A + B)</b>	<b>26,610</b>	<b>3,578</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES (C)</b>	<b>(19,611)</b>	<b>(9,189)</b>
<b>CASH FLOW FROM OPERATING &amp; INVESTING ACTIVITIES (A + B + C)</b>	<b>6,999</b>	<b>(5,611)</b>
<b>Financing activities:</b>		
Interest paid	(2,647)	(1,577)
Repayment of non-current financial payables	(127,205)	(10,125)
Increase (decrease) current financial payables	(594)	(119)
Increase (decrease) other financial payables	(1,777)	(1,523)
New financing	133,562	25,500
Dividend payments	(6,890)	(3,476)
Own shares	(2,173)	(197)
<b>CASH FLOW FROM FINANCING ACTIVITIES (D)</b>	<b>(7,724)</b>	<b>8,483</b>
Change in translation reserve	105	(2,892)
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (A + B + C + D)</b>	<b>(620)</b>	<b>(20)</b>
<b>Cash &amp; cash equivalents at beginning of the year</b>	<b>42,328</b>	<b>34,065</b>
Increase/(decrease) in cash and cash equivalents	(620)	(20)
<b>Cash &amp; cash equivalents at end of the year</b>	<b>41,708</b>	<b>34,045</b>

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Numero di Pagine: 11