

SIT, consolidated revenues of € 222.8 million with EBITDA in line with the first nine months of 2023

Highlights

In the first nine months of 2024, SIT achieved:

- **Consolidated revenues** of Euro 222.8 million (-8.0% compared to the same period of 2023);
- **Heating&Ventilation Division sales** of Euro 155.5 million (-11.7% compared to the first nine months of 2023);
- **Metering Division sales** of Euro 65.1 million (+1.8% compared to the same period of 2023), of which Smart Gas Metering sales of Euro 43.3 million (-2.6%) and Water Metering of Euro 21.8 million (+11.8%);
- **Consolidated EBITDA** of Euro 19.4 million vs Euro 20.0 million compared to the same period of 2023;
- **Consolidated net income** of Euro -8.3 million vs Euro -19.4 million of the first nine months 2023;
- **Cash flow from operations** positive for Euro 3.6 million after capex for Euro 11.8 million;
- **Net financial debt** at Euro 159.0 million, of which Euro 11.6 million from IFRS16, in line with September 30, 2023.

In the third quarter of 2024, the results are:

- **Consolidated revenues** of Euro 71.9 million, -4.4% compared to the third quarter of 2023;
- **Heating&Ventilation Division sales** of Euro 52.1 million, -1.3% compared to the first nine months of 2023;
- **Metering Division sales** of Euro 19.3 million, -10.7% compared to the third quarter of 2023, of which Smart Gas Metering sales of Euro 11.8 million (-20.8%) and Water Metering of Euro 7.5 million (+12.0%).

Padua, November 8, 2024 - The Board of Directors of **SIT S.p.A.**, a company listed on the Euronext Milan segment of the Italian Stock Exchange, at today's meeting chaired by **Federico de' Stefani, Chairman and Chief Executive Officer of SIT**, approved the consolidated results for the first nine month of 2024.

Federico de' Stefani, Chairman and Chief Executive Officer of SIT stated:

"Although our current performance doesn't yet reflect our expectations, we have begun to reposition ourselves in high-potential sectors, bringing innovative technological solutions and products to the market that will contribute to the Group's performance as early as 2025. In addition, the cost reduction actions taken in the first nine months of the year are already showing concrete benefits, which will continue in the coming months.

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Looking positively to 2025, despite a market with extremely limited visibility, we are confident that we can achieve satisfactory results in the near future.

In fact, we expect SIT's market share to grow, thanks especially to the introduction of new products and the consolidation of the Group's strategic commercial relationships."

KEY FINANCIALS

(Euro,000)	9M 2024	%	9M 2023	%	Diff%
Revenues from contracts with customers	222,831	100.0%	242,097	100.0%	-8.0%
EBITDA	19,420	8.7%	20,038	8.3%	-3.1%
Operating income (EBIT)	(1,476)	-0.7%	(20,207)	-8.3%	92.7%
Net income	(8,301)	-3.7%	(19,379)	-8.0%	57.2%
Net income adjusted	(5,306)	-2.4%	882	0.4%	-
Cash flow from operations	3,571		(22,276)		

(Euro,000)	30/09/2024	31/12/2023	30/09/2023
Net financial debt	159,000	153,690	158,963
Net trade working capital	77,010	79,858	85,247
Net trade working capital/Revenues	25.9%	24.5%	26.3%

Sales performance
Consolidated revenues by Division

(Euro,000)	2024.09	%	2023.09	%	diff	diff %
Heating & Ventilation	155,531	69.8%	176,096	72.7%	(20,564)	(11.7%)
Metering	65,124	29.2%	63,958	26.4%	1,166	1.8%
Total sales	220,656	99.0%	240,054	99.2%	(19,398)	(8.1%)
Other revenues	2,175	1.0%	2,043	0.8%	132	6.5%
Total revenues	222,831	100%	242,097	100%	(19,266)	(8.0%)

(Euro,000)	2024.Q3	%	2023.Q3	%	diff	diff %
Heating & Ventilation	52,052	72.4%	52,737	70.1%	(685)	(1.3%)
Metering	19,307	26.8%	21,608	28.7%	(2,302)	(10.7%)
Total sales	71,359	99.2%	74,345	98.8%	(2,986)	(4.0%)
Other revenues	580	0.8%	877	1.2%	(297)	(33.9%)
Total revenues	71,939	100%	75,222	100%	(3,283)	(4.4%)

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Consolidated revenues by geography

(Euro,000)	2024.09	%	2023.09	%	diff	diff %
Italy	69,995	31.4%	73,509	30.4%	(3,513)	(4.8%)
Europe (excluded Italy)	93,979	42.2%	112,607	46.5%	(18,628)	(16.5%)
America	35,726	16.0%	34,065	14.1%	1,661	4.9%
Asia/Pacific	23,130	10.4%	21,916	9.1%	1,214	5.5%
Total revenues	222,831	100%	242,097	100%	(19,266)	(8.0%)

(Euro,000)	2024.Q3	%	2023.Q3	%	diff	diff %
Italy	18,997	26.4%	22,614	30.1%	(3,618)	(16.0%)
Europe (excluded Italy)	31,654	44.0%	34,517	45.9%	(2,863)	(8.3%)
America	13,284	18.5%	10,197	13.6%	3,086	30.3%
Asia/Pacific	8,005	11.1%	7,893	10.5%	111	1.4%
Total revenues	71,939	100%	75,222	100%	(3,283)	(4.4%)

Consolidated revenues for the first nine months of 2024 amounted to Euro 222.8 million, recording a decrease of 8.0% compared to the same period of 2023 (Euro 242.1 million).

Consolidated revenues for the third quarter of 2024 amounted to Euro 71.9 million, a decrease of 4.4% compared to the same period of 2023 (Euro 75.2 million).

Sales of the **Heating & Ventilation Division** in the first nine months of 2024 amounted to Euro 155.5 million, -11.7% compared to Euro 176.1 million in the same period of 2023.

The following table shows the business sales by geography of the Heating & Ventilation Division according to management data:

(Euro,000)	2024.09	%	2023.09	%	diff	diff %
Italy	26,772	17.2%	28,527	16.2%	(1,755)	(6.2%)
Europe (excluded Italy)	71,965	46.3%	92,003	52.2%	(20,039)	(21.8%)
America	32,742	21.1%	32,476	18.4%	266	0.8%
Asia/Pacific	24,053	15.5%	23,090	13.1%	963	4.2%
Total sales	155,531	100%	176,096	100%	(20,564)	(11.7%)

(Euro,000)	2024.Q3	%	2023.Q3	%	diff	diff %
Italy	7,609	14.6%	6,934	13.1%	674	9.7%
Europe (excluded Italy)	24,662	47.4%	27,874	52.9%	(3,212)	(11.5%)
America	11,978	23.0%	9,671	18.3%	2,307	23.9%
Asia/Pacific	7,804	15.0%	8,258	15.7%	(454)	(5.5%)
Total sales	52,052	100%	52,737	100%	(685)	(1.3%)

The Heating & Ventilation Division recorded a trend in Q3 substantially in line with the same period of the previous year, while the comparison of the 9M was affected by the first quarter of 2023, still influenced by sector incentives.

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Geographically, in Q3 there was growth in Italy of 9.7% compared to the same period of 2023 and in America of 23.9%. Europe (excluding Italy) decreased in the quarter by 11.5% and the Pacific area by 5.5%, mainly due to the performance of the Australian market.

As regards the **Metering Division**, Smart Gas Metering recorded a reduction of 20.8% in Q3 compared to the previous year due to some shipping delays that will be recovered during the year, confirming the presence of an order book in line with forecasts. Water Metering recorded a growth 12.0% growth in the quarter compared to the previous year.

Smart Gas Metering achieved sales substantially in Italy, while in the third quarter of 2024 Water Metering achieved sales in Portugal for 23.4%, Spain for 40.0%, rest of Europe for 20.7% and in America and Asia for 13.2% and 2.7% respectively.

Economic performance

Consolidated revenues for the first nine months of 2024 amounted to Euro 222.8 million, a reduction of 8.0% compared to the same period of 2023 (Euro 242.1 million).

The **purchase cost of raw materials and consumables**, including changes in inventories, was Euro 115.8 million equal to 52.0% on revenues compared to 52.7% in the same period of 2023.

Service costs in the period amounted to Euro 33.2 million, compared to Euro 34.9 million in the same period of the previous year (respectively equal to 14.9% and 14.4% of revenues).

Personnel costs amounted to Euro 56.2 million (Euro -2.3 million), 25.2% on revenues, increasing from 24.2% in the same period of the previous year.

Depreciation, amortization and impairment losses, amounting to Euro 20.9 million, equal to 9.4% of revenues for the period and compared to Euro 40.4 million in the first nine months of 2023, including the impairment of goodwill recorded for Euro 17.0 million following the impairment test carried out on the invested capital of the Heating & Ventilation CGUs due to the changed sector context.

Finally, **other net income** of Euro 2.0 million was recorded from certain disposals of assets carried out as part of the optimization of the invested capital of the Heating & Ventilation Division.

The **operating result** amounted to Euro -1.5 million (0.7% of revenues) against an operating loss of Euro 20.2 million (8.3% of revenues) in the first nine months of 2023.

Net financial expenses for the first nine months of 2024 amounted to Euro 8.9 million compared to Euro 5.2 million in the same period of the previous year. It should be noted that in the period under review it was necessary to record the cost deriving from the renegotiation concluded with the banks during 2024 according to the amortised cost method pursuant to IFRS 9. This resulted in a financial cost of Euro 3.9 million.

Adjusted net financial expenses, net of the aforementioned non-recurring items, amounted to Euro 5.0 million in the period, compared to Euro 5.2 million in the same period of the previous year.

Income taxes for the period were positive for Euro 1.9 million and reflect the allocation of deferred tax assets deriving mainly from recoverable tax losses accrued by the Parent Company.

The **net result** for the period amounted to a loss of Euro 8.3 million compared to a loss of Euro 19.4 million in the same period of 2023.

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Adjusted net profit, net of the adjustments and valuations described above, amounted to a loss of Euro 5.3 million (2.4% of revenues) compared to a profit of Euro 0.9 million (0.4%) in the same period of 2023.

Financial performance

As of September 30, 2024, **net financial debt** was Euro 159,0 at the same level as of September 30, 2023. The evolution of the net financial position is shown in the table below:

(Euro.000)	9M 2024	9M 2023
Cash flow from current activities (A)	16,485	22,287
Change in inventories	(4,438)	(5,116)
Change in trade receivables	3,178	14,344
Change in trade payables	3,692	(18,945)
Change in other current assets and liabilities and for taxes	(3,583)	(18,226)
Cash flow from changes in Working Capital (B)	(1,151)	(27,943)
CASH FLOW FROM OPERATING ACTIVITIES (A + B)	15,335	(5,656)
Cash flow from investing activities (C)	(11,764)	(16,620)
CASH FLOW FROM OPERATING & INVESTING ACTIVITIES (A + B + C)	3,571	(22,276)
Changes for interest	(5,263)	(5,236)
Changes MTM derivatives and amortised cost	(4,514)	240
Changes in translation reserve and other equity items	(470)	(1,469)
Changes to financial assets	1,783	913
IFRS 16	(417)	(632)
Change in net debt	(5,310)	(28,460)
Initial net debt	153,690	130,503
Final net debt	159,000	158,963

Cash flows for the first nine months of 2024 show the generation of cash flows from current operations of Euro 16.5 million compared to Euro 22.3 million in the same period of 2023.

In the first nine months of 2024, the **absorption of working capital** amounted to Euro 1.2 million compared to Euro 27.9 million in the same period of 2023. We would like to point out that in 2023, the disbursement due to a transaction concluded with a customer following a commercial dispute in previous years was recorded in this line.

As regards **trade working capital**, in the first nine months of 2024 there was a positive change of Euro 2.4 million, net of the increase in inventories due to the seasonality of the Heating & Ventilation sector and the order backlog in Smart Gas Metering. The change in trade receivables and payables is consistent with the trend in business volumes for the period.

Investment flows amounted to Euro 11.8 million compared to Euro 16.6 million in the same period of 2023.

Cash flows from operations after investments are therefore positive and equal to Euro 3.6 million compared to Euro -22.3 million in the previous period.

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Financial cash flows include **interests** of Euro 5.3 million during the period and changes in MTM and amortised cost for a total of Euro 4.5 million, mainly due to the recognition of the cost of the bank renegotiation in accordance with the criteria set in IFRS 9.

Significant events occurring after the end of the period

No significant events occurred after the end of the reporting period.

Outlook

Considering the market trend especially in Europe, the FY2024 sales of the Heating & Ventilation Division are expected to decrease low double digit compared to 2023.

For Metering, the outlook is confirmed, and the Division is expected to achieve sales in line FY 2023.

At consolidated level, the EBITDA margin should be slightly higher than previous year despite the reduction in sales volumes thanks to strict control of operating costs and efficiencies achieved through the production footprint.

Net financial debt is expected to be in line with previous outlook, between Euro 145 and 150 million.

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 the period are available on the website www.sitcorporate.it in the Investor Relations section.

Today at 3:00PM CET, SIT's management will hold a conference call to present to the financial community and the press the results for the period. You may participate through the following link:

https://lc.cx/tO9P_O

The support documentation shall be published in the "Investor Relations" section on the company website (www.sitcorporate.it/en) before the conference call.

SIT, through its Business Units Heating & Ventilation, Smart Gas Metering, and Water Metering, creates intelligent solutions for environmental condition control and consumption measurement for a more sustainable world. A multinational leader in its reference markets and listed on the Euronext Milan segment, SIT aims to be the leading sustainable partner for energy and climate control solutions serving client companies, paying great attention to experimentation and the use of alternative gasses with low environmental impact. The group has production sites in Italy, Mexico, Romania, China, Tunisia, and Portugal, and has a commercial structure covering all global reference markets. SIT adheres to the United Nations Global Compact and its related principles that promote a responsible way of doing business and has obtained the Gold sustainability rating by EcoVadis. SIT is also a member of the European Heating Industry and the European Clean Hydrogen Alliance, as well as the Water Value Community for Italy - www.sitcorporate.it/en

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Annex 1

BALANCE SHEET

(Euro.000)	30/09/2024	31/12/2023
Goodwill	70.946	70.946
Other intangible assets	47.706	50.781
Property, plants and equipment	97.883	105.270
Investments	709	657
Non-current financial assets	3.462	2.533
Deferred tax assets	22.451	18.874
Non-current assets	243.158	249.061
Inventories	86.049	83.315
Trade receivables	60.321	63.458
Other current assets	14.386	14.264
Tax receivables	3.843	3.752
Other current assets	4.751	6.630
Cash and Cash Equivalents	7.453	8.700
Current assets	176.804	180.119
Total assets	419.962	429.181
Share capital	96.162	96.162
Total Reserves	36.021	70.350
Net Profit	(8.301)	(23.388)
Minority interests net equity	787	-
Shareholders' Equity	124.670	143.124
Medium/long-term loans and borrowings	82.316	58.182
Other non-current financial liabilities and derivative financial instruments	55.816	51.434
Provisions for risks and charges	8.688	10.513
Post-employment benefit provision	4.803	5.096
Other non-current liabilities	5.231	6
Deferred tax liabilities	11.752	12.094
Non-current liabilities	168.607	137.325
Short-term bank loans	21.215	50.809
Other current financial liabilities and derivative financial instruments	11.857	8.596
Trade payables	69.360	66.915
Other current liabilities	21.943	20.768
Tax payables	2.310	1.645
Current liabilities	126.685	148.733
Total Liabilities	295.292	286.057
Total Shareholders' Equity and Liabilities	419.962	429.181

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Annex 2

INCOME STATEMENT

(Euro.000)	9M 2024	9M 2023
Revenues from sales and services	222.831	242.097
Raw materials, ancillaries, consumables and goods	120.331	133.308
Change in inventories	(4.491)	(5.719)
Services	33.185	34.909
Personnel expense	56.174	58.514
Depreciation, amortisation and write-downs	20.901	40.447
Provisions	250	463
Other charges (income)	(2.044)	383
EBIT	(1.476)	(20.207)
Investment income/(charges)	-	-
Financial income	311	543
Financial charges	(9.233)	(5.696)
Net exchange gains (losses)	243	510
Impairments on financial assets	-	-
Profit before taxes	(10.154)	(24.850)
Income taxes	1.854	5.471
Net profit for the year	(8.301)	(19.379)
Minority interest result	(30)	-
Group net profit	(8.271)	(19.379)

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Annex 3

CASH FLOW STATEMENT

(Euro.000)	2024/09	2023/09
Net profit	(8.301)	(19.379)
Amortisation & depreciation	20.895	40.245
Non-cash adjustments	(3.178)	1.739
Income taxes	(1.854)	(5.471)
Net financial charges/(income)	8.923	5.153
CASH FLOW FROM CURRENT ACTIVITIES (A)	16.485	22.287
<i>Changes in assets and liabilities:</i>		
Inventories	(4.438)	(5.116)
Trade receivables	3.178	14.344
Trade payables	3.692	(18.945)
Other assets and liabilities	(2.885)	(15.612)
Income taxes paid	(698)	(2.614)
CASH FLOW GENERATED (ABSORBED) FROM CHANGES IN WORKING CAPITAL (B)	(1.151)	(27.943)
CASH FLOW FROM OPERATING ACTIVITIES (A + B)	15.335	(5.656)
CASH FLOW FROM INVESTING ACTIVITIES (C)	(11.764)	(16.620)
CASH FLOW FROM OPERATING & INVESTING ACTIVITIES (A + B + C)	3.571	(22.276)
<i>Financing activities:</i>		
Interest paid	(3.394)	(4.472)
Repayment of non-current financial payables	(8.135)	(11.591)
Increase (decrease) current financial payables	2.235	25.727
Increase (decrease) other financial payables	(2.342)	(2.276)
New loans	2.288	10.000
Parent company financing	5.000	-
Other changes in Equity	460	-
CASH FLOW FROM FINANCING ACTIVITIES (D)	(3.888)	17.388
Change in translation reserve	(930)	(1.469)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (A + B + C + D)	(1.247)	(6.357)
Cash & cash equivalents at beginning of the year	8.700	23.535
Increase (decrease) in cash and cash equivalents	(1.247)	(6.357)
Cash & cash equivalents at end of the year	7.453	17.178