

SIT (Outperform, TP €6.20)

	Market Cap. €138.54m	Price: € 5.54	(Giuseppe Grimaldi +39 02 8829 412)		
	Turnover	Net Profit	PE Adj.	PBV	Yield
2019	352	20	9.5	1.0	2.3
2020E	295	4	34.8	0.9	2.9
2021E	333	12	11.5	0.9	5.3

Source: Mediobanca Securities

1Q/20 Results preview - A transitional quarter impacted by Covid-19

Event On May 13, SIT will unveil its 1Q20 results.

Comment/Financials We expect first quarter to be impacted by Covid-19 which affected operations. We forecast revenues to decline double digit with similar contraction in both Heating and Smart Metering divisions. At the profitability level, we see EBITDA margin to drop mainly resulting from lower volumes. We expect SIT to close touch above breakeven at the bottom-line level. We see net debt to increase QoQ mainly reflecting the seasonal trend in working capital.

1QFY20 results preview

€m	1Q20E	1Q19A	YoY chg.
Total sales	69.8	80.6	-13.3%
EBITDA	6.8	12.5	-45.4%
% margin	9.7%	15%	
EBIT	1.1	7.1	nm
EBIT margin	1.5%	8.9%	
Net profit	0.1	na	na
Net Debt/(Cash)	95.9	91.0	

Source: Mediobanca Securities

View/Action 1Q20 is set to be a transitional quarter with C-19 impacting on figures as for other industrial companies. In such a scenario, we would focus on any indication provided by the company on current trading for assessing the underlying demand.

We have an Outperform rating on the name.

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