Event: SIT Technologies, which controls 75.5% of SIT share capital and 18.3% of the outstanding warrants, just announced the launch of a voluntary public purchase offer on all outstanding 4,269,319 warrants issued by SIT at a price of EUR0.40 for each warrant in cash with a premium of 107.6% vs. the closing price of February 16 (EUR0.197). The tender offer will start February 22 and will finish on March 12 with the right for SIT Technologies to extend the offering period. The maximum total outlay is EUR1.7 million. The Offer is not aimed to delist the SIT Warrants from the MTA market of the Italian Stock Exchange but has the target to provide an exit option for warrant holders while reducing the dilution risk for SIT Technologies deriving from the possible exercise of the warrants and the consequent issuance of new SIT shares, in case the monthly average price of the SIT shares would exceed Euro 9,30.

Analysis: The offering price is 146% above the average price of the last 12 months and 123% above the average price of the last three months and therefore we believe it will be largely subscribed also because, based on our calculations, the theoretical EUR0.40 price will be reached only at SIT share price of EUR9.70 or 48% above the current share price.

Our view: The news is positive, clearly for the warrants holders, but also confirm the commitment of the major shareholder of SIT, Mr. De Stefani. We remain buyers of the stock due to its technological leadership, its strong free cash flow generation, its diversification strategy (recent acquisition in the water smart meters), potential reduction of production costs thanks to the new plant in Tunisia and a robust balance sheet. Despite the recent strong share performance (+43% in the last three months) SIT remains undervalued with a sharp discount to peers (>60% at EV/EBITDA level).

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