

SIT (BUY)**New ESG-linked Bond**

Market Mover	Positive	Neutral	Negative
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What's up? Yesterday, SIT completed the placing of a non-convertible bond for a value of EUR 40M, entirely subscribed by PRICOA Private Capital Group, a company of the US group Prudential Financial. The bond has a 10-year duration, with a 6-year pre-amortisation period and carries a fixed half-yearly coupon indexed from the fifth year to a sustainability rating ("ESG") provided by the international agency EcoVadis. The issue is part of a shelf offering, which gives SIT the right to request PRICOA, on an uncommitted basis, over the next three years to subscribe to additional bonds, up to a total amount of USD 100M (or Euro equivalent).

What we think: The bond issue underlines SIT's commitment towards ESG targets and diversifies funding sources while increasing the financial flexibility of the company. We recall that SIT reported a net debt of EUR 101M at March-21 and had a gearing of 0.76 and an EV/EBITDA ratio of 2.65x at Dec-20. **Our positive stance and target price are confirmed.**

SIT - Key Data

20/05/2021	Engineering		
Target Price (EUR)	12.1		
Rating	BUY		
Mkt price (EUR)	7.60		
Mkt cap (EUR M)	190		
Main Metrics (€ M)	2021E	2022E	2023E
Revenues	358.4	370.8	383.8
EBITDA	48.24	49.32	54.34
EPS (EUR)	0.70	0.61	0.72
Net debt/-cash	113.2	90.62	76.84
Ratios (x)	2021E	2022E	2023E
Adj. P/E	10.8	12.5	10.6
EV/EBITDA	6.3	5.7	4.9
EV/EBIT	13.5	13.5	10.7
Debt/EBITDA	2.3	1.8	1.4
Div yield (%)	3.9	4.6	5.3
Performance (%)	1M	3M	12M
Absolute	2.4	13.4	78.4
Rel. to FTSE IT All Sh	3.0	6.5	23.9

Source: FactSet, Company data, Intesa Sanpaolo Research estimates

Intesa Sanpaolo is Corporate Broker to SIT

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