

SIT (Outperform, TP €12.00)

	Market Cap. €150.04m	Price: € 6.00	(Emanuele Negri +39 02 8829 855)		
	Turnover	Net Profit	PE Adj.	PBV	Yield
2021	381	8	13.1	1.4	3.5
2022E	397	16	9.3	0.9	5.2
2023E	407	19	8.0	0.9	5.3

Source: Mediobanca Securities

1Q22: beat on our estimates on P&L, higher than expected NFP reflecting inventories build-up; FY22 Outlook in line with MBe
Event SIT disclosed yesterday its 1Q22 results and the outlook for the full year.

Comment/Financials Looking at 1Q22 figures released, we highlight:

- ◆ Sales at €93.8m a bit above 1Q21 and our estimates of €92.8m. In greater details, we observe a strong performance from the heating division and the water metering business, growing yoy by 8% and 30% respectively. On the other hand, gas metering posted a weaker quarter (down 37% yoy) reflecting, as expected, the incoming conclusion of the rollout period in Italy;
- ◆ EBITDA at €14.7m mirroring an EBITDA margin of 15.6%. This compares to our estimates of €13.0m with 14.0% margin. We highlight that 1Q21 (16.2% EBITDA margin) represents a tough comparison base due to top line rebound and to non-recurring cost savings observed in the first part of last year;
- ◆ The adj. net profit came out at €5.3m vs our estimate of €4.4m. This mainly reflects the EBITDA dynamic;
- ◆ NFP sequentially increased to €125m from €107 at YE21 on the back of the inventories build-up process implemented to mitigate impacts from shortages. This compares to our estimate of €117m.

The company also provided an outlook for the full year 2022 including the following indications: 4-5% yoy growth on sales and EBITDA margin around 13%. As a reminder, we expect sales of €397m (+4.3% YoY) and EBITDA margin at €12.9%.

SIT - 1Q22 results

€m	1Q22A	1Q21A*	YoY chg.	1Q22E	A/E
Total sales	93.8	92.7	1%	92.8	1%
EBITDA	14.7	15.1	-3%	13.0	13%
EBITDA margin	15.6%	16.2%		14.0%	
EBIT	8.0	8.9	-10%	6.1	32%
EBIT margin	8.6%	9.6%		6.6%	
Net profit adj.	5.3	7.2	-27%	4.4	19%
Net Debt/(Cash)	124.8	110.4		116.9	

Source: Mediobanca Securities, *restated

View/Action 1Q22 numbers came out above our estimates on the P&L side. Looking at the balance sheet, we observe a larger than expected increase in the NFP due to inventories build-up. The outlook provided is in line with our estimate. We have an Outperform rating on the name.

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