

SIT (Outperform, TP €10.00)

	Market Cap. €167.55m	Price: € 6.70	(Emanuele Negri +39 02 8829 855)		
	Turnover	Net Profit	PE Adj.	PBV	Yield
2021	381	8	13.1	1.4	3.5
2022E	396	24	10.5	1.0	4.6
2023E	400	18	9.5	0.9	4.8

Source: Mediobanca Securities

Focus on product diversification, improved procurement strategy and M&A

Event An Italian website published an interview to Tomaso Valdinoci, SIT's Chief Product Officer.

Comment/Financials Main takeaways from the interview, in our view, are the following:

- ◆ **Shortages** - The company designed a specific plan to optimize its procurement strategy. In greater detail, the new strategy envisages sourcing of alternative products, supplier diversification and strengthening of the electronics purchasing team in China, where most of the electronic components are manufactured;
- ◆ **Demand trends** - Mr. Valdinoci argued that the Russia-Ukraine conflict may boost the decarbonization trend thus providing support to energy efficient solutions, including hydrogen appliances;
- ◆ **Offer diversification** - The company aims to further increase its product diversification entering the controlled mechanical ventilation segment, with products allowing better air exchange and heat recovery in buildings;
- ◆ **M&A** - SIT intends to continue its external growth path targeting companies operating in smart water meters and in gas water heater components for the North American market.

View/Action Messages from the interview are overall in line with company's strategy. We believe that a further offer diversification and an improved procurement strategy may underpin company's short/mid-term growth. Beyond this, we appreciate SIT's positioning in hydrogen which may become increasingly important in the European energy mix. We have an Outperform rating on the name.

(Back to first page)