

## SIT (Outperform, TP €10.00)

Market Cap. €173.05m		Price: € 6.92		(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	10.9	1.0	4.5
2023E	400	18	9.8	1.0	4.6

Source: Mediobanca Securities

**2Q22E: top line supported by heating and water metering. Higher costs for transports weighing on profitability**

Event SIT will unveil its 2Q/1H22 full set of results on August 4. Conference call scheduled on August 4, at 5pm CET (click here to access the call).

Comment/Financials Looking at main 2Q22E figures, we expect:

- Total sales of €98.4m, implying a slight increase YoY (+1%). In greater detail, we see both the heating and the water metering businesses continuing on their growth path, while we project an YoY decrease in gas metering due to the end of the Italian rollout period, only partially compensated by the abroad development;
- EBITDA and EBIT decreasing YoY mainly due to negative impacts from increased costs for raw materials and transports. Our forecasts imply an EBITDA margin of 10.6% and an EBIT margin of 3.6%, from 14.2% and 7.5%, last year, respectively;
- NFP overall flat QoQ at €123m (€125m in 1Q22). We see positive cash generation in the quarter from NWC, as we project a first reduction in the inventories' level, overall offset by the dividend paid.

### SIT - 2Q/1H22E preview

€m	2Q22E	2Q21A	YoY chg.	1H22E	1H21A	YoY chg.
Total sales	98.4	97.6	1%	192.2	190.3	1%
EBITDA	10.4	13.8	-25%	25.1	28.9	-13%
EBITDA margin	10.6%	14.2%		13.1%	15.2%	
EBIT	3.5	7.3	-52%	11.6	16.2	-29%
EBIT margin	3.6%	7.5%		6.0%	8.5%	
Adj. Net profit	2.3	3.3	-30%	7.6	10.5	-28%
Net Debt/(Cash)	123.3	121.0		123.3	121.0	

Source: Mediobanca Securities

**View/Action** We expect the company to post an overall positive quarter at the top-line level, while we see a reduction in profitability due to persistent inflationary pressures on raw materials and transports. We finally forecast an overall flat Net Financial Position QoQ, with dividends offsetting NWC cash generation. Beyond 2Q results, we believe that the main focus should be on messages related to i) the expected demand trend for the next few months, in a context where energy efficiency in buildings remains a key topic in Europe (please click here to download our report "Italian Mid Caps - Monthly Watch - Consume Energy Responsibly at Home"), and ii) next quarters' profitability. We have an Outperform rating on the name.