

## SIT (Outperform, TP €9.20)

	Market Cap. €152.55m	Price: € 6.10	(Emanuele Negri +39 02 8829 855)		
	Turnover	Net Profit	PE Adj.	PBV	Yield
2021	381	8	13.1	1.4	3.5
2022E	396	22	11.5	0.9	5.1
2023E	402	15	10.3	0.9	5.2

Source: Mediobanca Securities

**3Q22A below MBe on profitability and cash absorption; revenues in line. FY22 guidance lowered**

Event SIT unveiled yesterday its full set of 3Q/9M22 results, followed by a conference call.

Comment/Financials Looking at main 3Q22 figures, we highlight:

- ◆ Sales of €96m (MBe pointing to €98m), implying an YoY flat trend, supported by Heating (+1% YoY) and Water Metering (+11% YoY), while Gas Metering continued on its declining trend (-16% YoY);
- ◆ On the profitability side, EBITDA adj. came out at €11.8m, implying an YoY decrease of 10% and an EBITDA margin of 12.3%. This compares to last year EBITDA margin of 13.6% and to our estimate of 12.7%. The press release underlined that profitability was impacted by higher logistics, transport and R&D costs;
- ◆ Adj. net profit was down mainly reflecting the EBIT dynamic and higher than expected net exchange losses;
- ◆ Looking at the balance sheet, SIT sequentially increased its net financial position to €139m (MBe €127m) from €123m at June 30, mainly reflecting a further inventory build-up to mitigate the impact of the shortage and ensure customer service.

The company finally lowered its guidance, now targeting i) consolidated sales flat YoY from previous 3-5%, ii) adj. EBITDA margin below 12%, from previous 12-13%. During the conference call, the management indicated important growth opportunities in the metering business both in Italy and abroad for the next year and that the full operations of the Tunisian plant may be achieved by the end of 2023.

### SIT - 3Q/9M22A results vs Mediobanca estimates

€m	3Q22A	3Q21A	YoY chg.	3Q22E	A/E	9M22A	9M21A	YoY chg.	9M22E	A/E
Total sales	95.7	96.0	0%	98.5	-3%	290.4	286.2	1%	293.2	-1%
EBITDA adj.	11.8	13.1	-10%	12.5	-6%	35.6	42.0	-15%	36.3	-2%
EBITDA adj. margin	12.3%	13.6%		12.7%		12.3%	14.7%		12.4%	
EBIT adj.	4.9	6.8	-29%	5.4	-11%	15.4	23.1	-33%	16.0	-4%
EBIT adj. margin	5.1%	7.1%		5.5%		5.3%	8.1%		5.4%	
Adj. Net profit	2.1	5.3	-61%	3.9	-46%	8.2	15.8	-48%	10.1	-18%
Net Debt/(Cash)	138.7	123.6		126.3		138.7	123.6		126.3	

Source: Mediobanca Securities

**View/Action** 3Q results came out overall in line with our estimate at the top-line level, while below on i) profitability, impacted by higher logistics, transport and R&D costs, and ii) cash generation, reflecting a further build-up in inventories. We have an Outperform rating on the name.

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