

SIT (Neutral, TP €7.60)

Market Cap. €158.19m		Price: € 6.30		(Emanuele Negri +39 02 8829 855)	
	Turnover	Net Profit	PE Adj.	PBV	Yield
2021	381	8	13.1	1.4	3.5
2022E	384	13	15.3	1.0	4.9
2023E	402	13	11.9	1.0	5.1

Source: Mediobanca Securities

Management sees mid-to-high-single digit increase in 2023 revenues. Focus on R&D and M&A to support future growth

Event Italian daily Milano Finanza reported during the weekend some statements from SIT's Chairman and CEO Federico de' Stefani.

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

- ◆ **Management sees solid growth opportunities for 2023** - Mr de' Stefani reaffirmed that revenues are expected to grow mid-to-high-single digit next year. According to Mr de' Stefani, while inflation will persist during 2023, raw materials shortages and customers' destocking may progressively normalize in the next months. SIT's Chairman and CEO also reminded that the company developed a global and more diversified supply chain to face shortages observed during 2022;
- ◆ **M&A opportunities may be seized in both Heating and Metering** - The company may boost its growth profile through M&A operations in both the business divisions, searching for companies generating €20-100m annual revenues. In the Heating division, SIT may scout for targets ensuring a widening of the product portfolio, with main focus on electrification, namely heat pumps and hybrid solutions. On the other hand, M&A in Metering would be focused on increasing geographical presence and diversification;
- ◆ The current free float (c.20%) may be increased in future to enhance stock's liquidity;
- ◆ **Focus on new technologies to support growth in Metering** - The company will continue to invest in R&D to develop new products and technologies. On the back of past investments, SIT is set to present new products in both Gas (and hydrogen) and Water Metering at the 2022 edition of Enlit Europe, one of the largest events for the industry. According to the article, also leveraging new technologies, the Metering division will participate to new important domestic and foreign tenders in the first part of 2023.

View/Action Messages from the article are overall in line with the scenario and the strategy outlined during the last conference call and also reiterate interest in M&A operations in each business division. We would welcome as positive the suggested potential enhancement of the stock liquidity. We have a Neutral rating on the name.

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