

SIT (BUY)**A JV to Produce Ultrasonic Smart Water Meters**

Market Mover (SIT-IT)	Positive	Neutral	Negative
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What's up? In yesterday's press release, SIT announced they signed a joint venture agreement with the Suisse company GWF for the development, production and distribution of ultrasonic smart water meters for residential applications. SIT will operate through its controlled companies MeterRSit and Janz and, together with GWF, will help water utility customers and municipalities boost efficiencies and accelerate sustainability efforts. In the JV, GWF will contribute its know-how and IP concerning the innovative and patented 4D technology® with its best-in-class ultrasonic signal processing and highly robust mechanical design. SIT will provide deep knowledge and expertise in smart meter communication technologies by leveraging on its experience with over 7M smart gas meters installed. SIT and GWF will build production and testing facilities in Switzerland and Portugal. GWF is one of the leaders in the field of smart metering for reading water and gas meters. These new ultrasonic smart water meters are highly performant, have a competitive cost and are deemed sustainable.

What we think: The joint venture SIT-GWF is an innovation boost for the growing Janz (acquired by SIT in 2020 and active in the water smart metering). Indeed, Janz's products are mainly based on the traditional technology; the adoption of the ultrasonic technology is a disruptive innovation for Janz, in our view. **Rating BUY and TP EUR 8.4/share.**

SIT - Key Data

30/11/2022	Engineering		
Target Price (EUR)	8.4		
Rating	BUY		
Mkt price (EUR)	6.12		
Mkt cap (EUR M)	154		
Main Metrics (€ M)	2022E	2023E	2024E
Revenues	380.5	397.8	416.6
EBITDA	36.09	48.14	55.20
EPS (EUR)	0.45	0.51	0.69
Net debt/-cash	129.7	110.2	94.55
Ratios (x)	2022E	2023E	2024E
Adj. P/E	13.7	12.1	8.8
EV/EBITDA	7.9	5.5	4.5
EV/EBIT	35.4	13.7	9.8
Debt/EBITDA	3.6	2.3	1.7
Div yield (%)	4.9	4.9	6.5
Performance (%)	1M	3M	12M
Absolute	0.3	-9.5	-41.7
Rel. to FTSE IT All Sh	-7.3	-18.4	-37.2

Source: FactSet, Company data, Intesa Sanpaolo Research estimates

Intesa Sanpaolo is Corporate Broker to SIT

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