

SIT (Neutral, TP €7.60)

	Market Cap. €160.71m	Price: € 6.40	(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	15.6	1.0	4.8
2023E	402	13	12.1	1.0	5.0

Source: Mediobanca Securities

4Q22 preliminary sales above company guidance and MBe in each Business Unit

Event SIT just released its preliminary 4Q/FY22 sales.

Comment/Financials We highlight:

- ◆ 4Q preliminary core sales stood at €101m, above our estimate pointing to €92m. This led FY core sales to €388m, implying an YoY growth of 3.3% above the company guidance indicating flat revenues YoY (revised downwards in November);
- ◆ 4Q sales in the heating division came out at 80m, implying an YoY growth of 3.7%. This is above our estimate of €75m;
- ◆ In the gas metering division, the company posted solid growth on the gas side with 4Q revenues of €15.4m (+48% YoY) while we were expecting €11.5m. In the water segment, sales were in line with our expectations at €6m. This led the business unit to grow by 41% YoY. We highlight there that 4Q21 represent a quite soft comparison base in the smart metering as it was strongly impacted by the end of the Italian rollout period.

We also highlight that local press reported during the weekend an interview to SIT's CEO Federico de' Stefani. In our view, main takeaways from the interview are the following: i) new laboratories are about to be completed and this will further boost research and innovation, ii) the heating BU should be supported by replacement of old and inefficient building stock (c140m boilers need to be replaced in Europe), and iii) important growth opportunities to be seized are emerging at the international level in the water segment, even leveraging the recent partnership with Gwf.

View/Action Preliminary sales marked a positive recovery trend following the contraction recorded in 3Q and came out above our estimate and company guidance (which was cut with 3Q22 release). The company will unveil its full set of FY22 results on March 21 when the focus will be on profitability and cash generation which were the main weaknesses of the last release. We have a Neutral rating on the name.

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