

- **The company confirmed its outlook** provided during the 1H23 results presentation, adding a clear quantification of sales and EBITDA expected trend. FY23E sales are expected down by 18-21% yoy (in 1H23 the company guided for a further decrease vs. 1H23 when sales were down by -14%; our estimates point to -18% yoy). Heating and Ventilation sales are expected to decrease by 25-30% (our estimates: -27%). Smart gas Metering sales are expected up by a high double-digit (+20-25%). Water Metering sales are expected up between 10% and 15%. The EBITDA margin is expected below double-digit (9-10%); the net debt is expected in line with 1H23.

**What we think:** Results were weak as expected, with slightly higher net debt. We recall that SIT has around 26% of total business that is growing (Metering), and a mid/high-single-digit percentage of Heating and Ventilation business that is performing well, while the remaining part is strongly affected by harsh market conditions. We see a long road for SIT to get out of the woods (in terms of profitability recovery and debt reduction), strongly related to its capability to rethink its business. **Rating BUY and TP EUR 4.2, in view of a possible business rethinking.**

#### SIT - 3Q/9M23 results

EUR M	3Q22A	3Q23A	3Q23E	yoy %	A/E %	9M22A	9M23A	9M23E	yoy %	A/E %
<b>Total revenues</b>	<b>95.7</b>	<b>75.2</b>	<b>73.7</b>	<b>-21.4</b>	<b>2</b>	<b>290.4</b>	<b>242.1</b>	<b>240.6</b>	<b>-16.6</b>	<b>1</b>
o/w Heating	77.0	52.7	52.3	-31.5	1	234.8	176.1	175.7	-25.0	0
o/w Smart Metering	17.3	21.6	20.4	25.2	6	51.4	64.0	62.7	24.4	2
<b>Adj. EBITDA</b>	<b>11.8</b>	<b>7.5</b>	<b>6.9</b>	<b>-36.6</b>	<b>8</b>	<b>35.6</b>	<b>21.9</b>	<b>20.1</b>	<b>-38.4</b>	<b>9</b>
<b>Margin (%)</b>	<b>12.3</b>	<b>9.9</b>	<b>9.4</b>			<b>12.3</b>	<b>9.1</b>	<b>8.4</b>		
EBIT	-4.0	-0.3	1.9	NM		6.5	-20.2	-17.0	NM	
Margin (%)	NM	NM	NM			2.3	NM	NM		
Pre-tax	-5.4	-2.0	0.1	NM		11.4	-24.9	-22.7	NM	
Net Result attr.	-3.7	-1.2	0.8	NM		10.5	-19.4	-17.4	NM	
Net Result adjusted	2.1	-0.8	0.8	NM		8.2	0.9	2.4	NM	
<b>Net debt</b>	<b>138.7</b>	<b>159.0</b>	<b>154.0</b>		<b>3</b>	<b>138.7</b>	<b>159.0</b>	<b>154.0</b>		<b>3</b>

NM: not meaningful; A: actual; E: estimates; Source: Company data and Intesa Sanpaolo Research estimates