

**SIT (BUY)****Partnership with Panasonic in Residential Heat Pumps**

Market Mover (SIT-IT)	Positive	Neutral	Negative
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**What's up?** In a press release, SIT announced a partnership with Panasonic for the launch of a new complete fan solution for residential heat pumps. SIT stated that the collaboration combines the quality and reliability of Panasonic Industry's Japanese-engineered motors with SIT's enhanced fluid dynamics and motor controls experience. The new application, which will be jointly presented to the market starting from the beginning of 2024, will be adapted to the specific needs of each heat pump manufacturer to ensure the best performance, minimised noise, and low consumption. SIT also stated that they aim to reach 30% of total revenues with ventilation technology in the future, in the context of SIT's transition to non-carbon heating and climate control solutions.

The heat pump market reached 1.5 M units sold in Europe in 2022 (from 1M units in 2021) and is expected to grow at a 20% CAGR over the next 5 years. New rules by the European Commission supporting heating electrification should be the market driver, along with the introduction and development of a new heat pump generation that respects the European regulation on the use of F-gas.

**What we think:** We see this newsflow as very positive, in the wake of SIT's business rethinking and its positioning in new growing segments. SIT has started its transition and some businesses in the Heating and Ventilation division are already growing (according to our estimates,

**SIT - Key Data**

24/11/2023	Engineering		
Target Price (€)	4.2		
Rating	BUY		
Mkt price (€)	2.23		
Mkt cap (EUR M)	56		
Main Metrics (€ M)	2023E	2024E	2025E
Revenues	324.5	341.9	365.9
EBITDA	26.61	35.21	41.71
EPS (EUR)	0.08	0.12	0.35
Net debt/-cash	144.9	138.7	134.8
Ratios (x)	2023E	2024E	2025E
Adj. P/E	26.7	18.8	6.5
EV/EBITDA	7.6	5.5	4.6
EV/EBIT	Neg.	24.6	13.2
Debt/EBITDA	5.4	3.9	3.2
Div yield (%)	0	0	20.2
Performance (%)	1M	3M	12M
Absolute	-11.5	-35.5	-64.3
Rel. to FTSE IT All Sh	-16.8	-37.6	-69.5

Source: FactSet, Company data, Intesa Sanpaolo Research estimates

Intesa Sanpaolo is Corporate Broker to SIT

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Market Mover: The indicators Positive/Neutral/Negative are the analysts' view on the market's possible reaction to the news in question. Intesa Sanpaolo's fundamentals-based 12-month rating can be found in the key data table in the comment.

ventilation appliances and electronic components have reached a high single-digit percentage of the total Heating and Ventilation sales). **Rating BUY and TP EUR 4.2.**