

## Company News

### SIT (BUY)

#### New Product Launches at Enlit

Market Mover (SIT-IT)	Positive	Neutral	Negative
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**What's up?** SIT is set to present SmartIO, the new smart water meter for residential applications, at Enlit Europe in Paris (28/30 November 2023), the main European trade fair dedicated to technologies and innovation for utilities. **SmartIO uses ultrasonic technology and 'best in class' measurement capacity and was developed in joint venture with the Swiss company GWF** (we recall that SIT signed a joint venture with GWF for the development, production and distribution of ultrasonic smart water meters for residential applications in November 2022 and this is one of the outcomes).

SmartIO helps the efficient management of water resources and is part of a sector that is expected to grow in Italy, driven by the replacement of installed meters with smart devices. According to the company, 29 tenders were announced in Water Metering in Italy in just one year, for a total value of EUR 250M. The replacement of mechanical meters with smart devices is not mandatory at present, but it is important, given that in Italy around 40% of water waste is also caused by an obsolete water network. The Italian NRRP (National Recovery and Resilience Plan) will play a central role, with EUR 900M allocated for projects to reduce losses in water distribution networks, including digitalisation and monitoring of the networks. Equally key to the 'smartening' of the network is the use of so-called 'ultrasonic' measurement technology. This technology, which is the natural smart static evolution of mechanical water meters, can make a decisive contribution to reducing waste, allowing energy operators to promptly identify losses.

SmartIO uses patented, innovative technology and maintains a high level of accuracy throughout the product lifecycle, with low maintenance costs. Thanks to IoT technology, the meter 'dialogues' with the proprietary MyWater software, materially contributing to reduce water waste. The first target of SmartIO will be utilities, both in the Iberian and the Italian markets, where it will be marketed through MeterSIt, (a SIT company leader in Smart Gas Metering). In addition to these two main markets, SmartIO is also aimed at utilities in other European countries and completes the range of products for Water Metering, which already includes 'eRegister', a fully integrated meter that combines volumetric metrology with communication technology and 'add-on radio module' which, applied to traditional JANZ mechanical meters, allows the measurement to be communicated, effectively transforming them into smart meters. These last 2 products were presented at Enlit in Frankfurt last year.

**As regards smart gas meters**, MeterSIt is set to present the new version with its Thermomassico G4 static meter with double Nb-IoT and 169MHz communication channel born from the collaboration with a well-known Italian gas distributor to optimise the management of privileged readings.

**What we think:** We deem this newsflow positive. As a reminder, SIT Metering division sales (18% of total revenues) grew by 25.2% in 3Q23 yoy, with Smart Gas Metering up by 31.9% yoy and Water Metering up by 12.2% yoy. SIT guided for Smart Gas Metering sales up by a high double-digit (+20-25%) and Water Metering up between 10% and 15% in FY23. **Rating BUY and TP EUR 4.2.**

### SIT - Key Data

29/11/2023	Engineering		
Target Price (€)	4.2		
Rating	BUY		
Mkt price (€)	2.43		
Mkt cap (EUR M)	61		
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	29.1	20.5	7.0
EV/EBITDA	7.7	5.7	4.7
EV/EBIT	Neg.	25.2	13.6
Debt/EBITDA	5.4	3.9	3.2
Div yield (%)	0	0	18.5
Performance (%)	1M	3M	12M
Absolute	21.5	-30.4	-60.3
Rel. to FTSE IT All Sh	12.6	-32.1	-66.5

Source: FactSet, Company data, Intesa Sanpaolo Research estimates

Intesa Sanpaolo is Corporate Broker to SIT

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