

SIT (BUY)**New JV in the Cooker Hoods Sector: SIT MBT**

Market Mover (SIT-IT)	Positive	Neutral	Negative
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What's up? In a press release, SIT announced the creation of a new JV: SIT MBT. This aims to position itself as a European leader in the design and production of fans for cooker hoods, for induction hobs and pellet stoves through the development of innovative, highly energy-efficient products and their customisation to the specific needs of customers, thanks to the technological expertise of the Montecassiano centre of excellence.

SIT aims to capture the opportunity that will arise from the upgrade of EU energy labels, defined by the ECOLabelling regulation, that will take effect from January 1, 2025. All manufacturers of hoods, induction hobs and kitchens will have to adapt their products to comply with the new legislation, in a European market of cooker hoods that sees around 8M units' annual installations. In detail:

- The JV will include the spin-off of the SIT Spa business segment dedicated to ventilation and components for hoods and pellets, and 100% of the innovative start-up Motors & Blowers Technology Srl (MBT), based in the province of Ancona, started by Gian Luca Uncini and Riccardo Massili, established and recognised managers with long experience in the ventilation sector and in particular in the cooker hoods segment. Wentelon will be part of the JV as supplier partner of motors for ventilation; with its state-of-the-art Chinese factories, it should ensure technology and competitiveness to the business;
- SIT MBT will be owned by SIT for 70% and by Wentelon and the managers for the remaining 30%. In particular, SIT will bring to the JV an established business and the group's historic production plant in Montecassiano (Macerata), which will become the centre of excellence of SIT MBT with an overall team of approximately 35 people. Gian Luca Uncini will take on the role of Commercial Director, and Riccardo Massili as Technical Director.

What we think: We deem this newsflow as positive. SIT business is going towards 'electrification': after the partnership with Panasonic for the entry into the heat pumps business, SIT is reinforcing its Ventilation units to capture the expected growth, also fuelled by the new regulation. As a reminder, SIT plans to reach 30% of its future revenues in the ventilation business. **BUY, TP EUR 4.2.**

SIT - Key Data

15/12/2023	Engineering		
Target Price (€)	4.2		
Rating	BUY		
Mkt price (€)	3.34		
Mkt cap (EUR M)	84		
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	40.0	28.2	9.7
EV/EBITDA	8.6	6.3	5.2
EV/EBIT	Neg.	28.1	15.2
Debt/EBITDA	5.4	3.9	3.2
Div yield (%)	0	0	13.5
Performance (%)	1M	3M	12M
Absolute	55.3	-7.2	-46.0
Rel. to FTSE IT All Sh	50.0	-11.8	-55.6

Source: FactSet, Company data, Intesa Sanpaolo Research estimates

Intesa Sanpaolo is Corporate Broker to SIT

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