

**SIT (BUY)**

SIT IM; SIT-IT

**Impact of the EPBD**

Market Mover (SIT-IT)	Positive	Neutral	Negative
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**What's up?** The EU Parliament approved the final draft of the Energy Performance of Buildings Directive aimed at achieving a fully decarbonized building stock by 2050. The text will then be formally endorsed by the Council of Ministers and published in the EU Official Journal of the Union and enter into force. According to SIT management, there are two beneficial points to the company:

- The Directive outlines as a discriminating factor the type of fuel used, instead of the use (or ban) of heat boilers. The boilers working with a green gas, such as biomethane, or electric boilers, will continue to be incentivized and will represent one of the technological solutions that can be installed in buildings, in line with the path towards reducing CO2 emissions that Europe has undertaken. For example, in the Netherlands, the heating solutions installed during 2023 were 50% with hybrid technology.

SIT is well equipped with components for hybrid boilers (working with biomethane, green hydrogen, blended solutions...). It is also investing in heat pumps.

- According to the EPBD, the Member States should establish the requirements for implementing standards for the air quality of internal environments. For residential and non-residential buildings, the indication is that single states should equip and install measurement and control devices for monitoring and regulating air quality.

This is a great opportunity in the field of Controlled Mechanical Ventilation, an area where SIT has invested in recent months.

**What we think:** While not in the very short run, we see the new EPBD Directive positive for SIT: the company is at the forefront with the new technologies and ready to deal with the changes triggered by the new Directive. **Rating and TP confirmed.**

**SIT - Key Data**

14/03/2024	Engineering
Target Price (€)	4.2
Rating	BUY
Mkt price (€)	2.00
Mkt cap (EUR M)	50.2

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	24.0	16.9	5.8
EV/EBITDA	7.3	5.4	4.4
EV/EBIT	Neg.	23.9	12.8
Debt/EBITDA	5.4	3.9	3.2
Div yield (%)	0	0	22.5

Performance (%)	1M	3M	12M
Absolute	-21.6	-39.9	-64.7
Rel. to FTSE IT All Sh	-27.6	-46.2	-72.2

Source: FactSet, Company data, Intesa Sanpaolo Research estimates

Intesa Sanpaolo is Corporate Broker to SIT

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