

SIT (BUY)**SIT IM; SIT-IT****1Q25 1st Take: In Line with Expectations**

Vs. our estimates (SIT-IT)	Above	In Line	Below
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Results. Results were in line with our estimates.

- **1Q25 revenues were EUR 70M (in line with our estimates), +1.5% yoy.** Heating & Ventilation Division sales increased by 4.7% yoy, with Italy up 15.7%, driven by ventilation products for Direct Heating; Europe was down by 7.5%, mainly due to Turkey (around 10% of divisional sales), while Central Europe recorded growth, driven by the Electronics segment; America saw an increase of 31.4% thanks to fireplace and Central Heating; APAC decreased by 9.5%. The company outlined a recovery in the order intake of this division in 1Q25 by around 15/20% yoy. The Metering Division sales declined by 10.8%, due to the Smart Gas Metering (-15.4% yoy to EUR 11.3M) due to order fulfilment delays, expected to be recovered along the year; the order backlog of Smart Gas Metering business for 2025 is at EUR 57.5M (in line with FY24); the Water Metering sales were down by 2.4% (EUR 7.1M);
- **EBITDA adj. increased substantially and reached EUR 7.4M** (in line with our expectations, which reflected the company's outlook), with a 10.6% margin on sales, a good achievement, in our view. Improvement was driven by higher volumes yoy and efficiency measures implemented in FY24. EBITDA was EUR 5.6M, with an 8% margin. One-off costs were EUR 1.9M, related to reorganization activities;
- **EBIT adj was positive at around EUR 1 M. The net income adj. was negative at EUR -1.5M**, with net income negative at EUR -2.8M after lower net financial charges yoy (EUR -1.5M vs. EUR -1.8M in 1Q24) and taxes for EUR 0.8M (vs. a positive deferred tax provision of EUR 0.2M in 1Q24);
- The Net Trade Working Capital absorption was EUR 0.3M (EUR 6M in 1Q24) after a EUR 5.5M increase in inventories due to Metering orders and H&V seasonality; capex was EUR 2.4M (EUR 4.4M in 1Q24), leading to a cash flow from operations at EUR 2M (negative for EUR 7.6M in 1Q24). Net debt remained substantially stable, at EUR 147.2M vs. EUR 146M at YE24.

What we think: The results were in line with our estimates and reflect the company's efforts towards sustainable profitability. We believe that SIT is close to a turning point. However, we continue to outline that the company's financial structure remains unbalanced, characterised by a still high level of debt (4x FY25E net debt/EBITDA). The company's FY25 outlook was confirmed for revenues up high single digit, EBITDA margin at double digit, and net debt reduction. **Rating BUY and TP EUR 1.7.**

SIT - Key Data

11/05/2025		Engineering	
Target Price (€)		1.70	
Rating		BUY	
Mkt price (€)		1.3	
Mkt cap (EUR M)		32.3	
Main Metrics (€ M)	2025E	2026E	
Revenues	319.8	333.6	
EBITDA	34.86	38.03	
EPS (EUR)	0.12	0.23	
Net debt/-cash	138.3	131.4	
Ratios (x)	2025E	2026E	
Adj. P/E	10.9	5.6	
EV/EBITDA	4.9	4.3	
EV/EBIT	17.3	12.6	
Debt/EBITDA	4.0	3.5	
Div yield (%)	0	0	
Performance (%)	1M	3M	12M
Absolute	19.0	25.4	-42.9
Rel. to FTSE IT All Sh	-0.9	18.0	-50.0

Source: FactSet, Company data, Intesa Sanpaolo Research estimates

Intesa Sanpaolo is Corporate Broker to SIT

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Figure 6 - - SIT 1Q25 results

EUR M	1Q24A	1Q25E	1Q25A	yoy %	A/E %
Total revenues	69.0	69.7	70.1	1.5	0.5
o/w Heating&Ventilation	47.9	49.5	50.1	4.7	1.2
o/w Metering	20.7	19.0	18.4	-10.8	-3.0
EBITDA	6.4	7.0	5.6	-12.2	-20.3
Margin (%)	9.2	10.0	8.0		
EBITDA adj.	3.8	7.0	7.4	94.7	6.2
Margin (%)	5.5	10.0	10.6		
EBIT	-0.5	1.0	-0.8	65.1	NM
Margin (%)	NM	1.4	NM		
EBIT adj.	-3.0	1.0	1.0	NM	4.3
Margin (%)	NM	1.4	1.5		
Pre-tax	-2.1	-0.5	-2.1	NM	NM
Net Result	-1.8	-0.5	-2.9	NM	NM
Net result adj.	-3.6	-0.5	-1.5		
Net debt	161.1	146.0	147.2		

A: actual; E: estimates; Source: Company data and Intesa Sanpaolo Research