

## SIT (BUY)

SIT IM; SIT-IT

## Feedback from Event

As stated by the company during its FY24 and 1Q25 results presentation, the focus is on product range diversification in the H&V Division, profitability increase, and net debt reduction.

- **Following two challenging years for the heating sector** (marked by a lack of incentives, regulatory uncertainty, and customer overstocking), **SIT has implemented a series of strategic initiatives aimed at diversifying its product portfolio** and rebalancing its exposure across gas, ventilation, and electrification solutions, to strengthen the top line;
- **Moreover, SIT has streamlined its production chain**, which now operates with lower fixed costs and is more flexible. Efficiency actions are still ongoing, as well as a careful capex allocation. The net working capital has already improved in FY24, and, while subject to quarterly fluctuations, it should further benefit from current actions (i.e. relocation of sourcing closer to manufacturing plants);
- **H&V Division:** product focus is on central heating, heat pumps, mechanical ventilation, and residential cooking and professional catering. SIT aims to expand into Commercial & Industrial applications. R&D projects are ongoing;
- **Smart Gas Metering business:** Smart gas meters are mainly sold to gas distributors. Focus is on the residential segment, with RF169 (wireless communication 169 MHz) and NBIoT technologies. SIT is also strengthening its commercial footprint in Italy and the UK. It is going to diversify into commercial and industrial applications (G40, first static meter in EU) and increase the penetration in the domestic gas metering market. All in all, the expansion will be through products and geographies;
- **Water Metering business:** the supply is to utilities and components to OEMs. JANZ has already shown strong growth, expanding in Portugal, Spain, and entering Italy. The target is to expand SIT's presence with utilities in Italy, Spain, and other EU countries, and leverage JANZ's reputation to enter new value-added offer (add-on) and to strengthen the relationship with OEMs and increase the engagement of direct utilities.

## SIT - Key Data

30/05/2025		Engineering		
Target Price (€)		1.70		
Rating		BUY		
Mkt price (€)		1.3		
Mkt cap (EUR M)		31.6		
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		10.7	5.5	
EV/EBITDA		4.9	4.3	
EV/EBIT		17.2	12.6	
Debt/EBITDA		4.0	3.5	
Div yield (%)		0	0	
Performance (%)		1M	3M	12M
Absolute		-4.2	5.0	-35.2
Rel. to FTSE IT All Sh		-9.4	1.2	-44.6

Source: FactSet, Company data, Intesa Sanpaolo Research estimates

Intesa Sanpaolo is Corporate Broker to SIT

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