

SIT (BUY)

SIT IM; SIT-IT

1H25: First Signs of Turnaround Are Visible

Vs. our estimates (SIT-IT)	Above	In Line	Below
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Results: 1H25 sales were in line with expectations, EBITDA adj. was 17.1% better than our estimates, testifying to the initial benefits from SIT's turnaround. In detail:

- **Total sales were EUR 153.7M in 1H25 (+1.9% yoy and +2.2% in 2Q25 yoy).** Heating & Ventilation Division sales grew by 3.1% yoy in 1H25 (+1.8% in 2Q25 yoy), driven by volumes. In particular, sales in Italy increased double digit in both 1H25 and 2Q25 (around 20% of total revenues), thanks to ventilation products. Sales in Europe ex-Italy dropped by 5.8% yoy in 1H25 (around 42% of revenues) due to negative Turkey performance; ex-Turkey, they would have grown. America performed well (+35% yoy in 2Q25 at constant forex; +33% in 1H25 yoy, around 25% of revenues), driven by fireplaces and Central Heating. The Metering Division sales dropped by 4.3% in 1H25 yoy and were up 1% yoy in 2Q25. In detail, Smart Gas Metering revenues dropped by 9.2% yoy in 1H25 but improved in 2Q25; thanks to the order portfolio, expectations are for a normalisation in 2H25. Water Metering sales were strong (+6.4% yoy in 1H25, with an acceleration in 2Q25);
- **1H25 EBITDA adj. was EUR 20.6M, with a 13.4% margin** (in 2Q25 EBITDA margin adj. was 15.7%), thanks to volumes and efficiencies carried out with the turnaround. One-off costs related to the reorganisation were EUR 3.7M. Adj. net income was EUR 2.2M, while the reported net loss was EUR 0.7M (EUR 6.1M net loss in 1H24);
- **The cash flow from operations was positive** for EUR 1.3M after EUR 3.6M capex and EUR 10.3M in net trade working capital absorption, reflecting the inventory build-up in view of the seasonality of the H&V Division and strong orders from the Smart Gas Metering;
- **Net debt reached EUR 150.8M** vs. EUR 145.9M at YE24 and EUR 160.9M at the end of June 2024.
- **Outlook was confirmed:**
 - In 2H25, H&V should be back to its seasonal pattern;
 - Smart Gas Metering is expected to recover its Order/Invoicing ratio; Water Metering is expected to grow by 15/20%;
 - EBITDA adj. margin should remain in the double-digit range;
 - Net debt at YE25 is projected at EUR 140M.

What we think: We see these results as a confirmation of the company's successful turnaround and view our FY25E EBITDA margin adj. at 10.9% as fully reachable and even conservative given the recovery of the positive seasonality in H&V Division in the second part of the year. **Rating BUY and TP EUR 1.7.**

SIT - Key Data

06/08/2025		Engineering		
Target Price (EUR)		1.70		
Rating		BUY		
Mkt price (EUR)		1.2		
Mkt cap (EUR M)		30.3		
Main Metrics (EUR M)		2025E	2026E	2027E
Revenues		319.8	333.6	348.5
EBITDA		34.86	38.03	41.20
EPS (EUR)		0.12	0.23	0.34
Net debt/-cash		138.3	131.4	124.5
Ratios (x)		2025E	2026E	2027E
Adj. P/E		10.2	5.3	4.5
EV/EBITDA		4.8	4.3	3.9
EV/EBIT		17.1	12.5	10.5
Debt/EBITDA		4.0	3.5	3.0
Div yield (%)		0	0	0
Performance (%)		1M	3M	12M
Absolute		-9.4	-5.1	-13.9
Rel. to FTSE IT All Sh		-11.9	-10.5	-33.7

Source: FactSet, Company data, Intesa Sanpaolo Research estimates

Intesa Sanpaolo is Corporate Broker to SIT

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