SIT (BUY)

SIT IM; SIT-IT

2Q26 Preview: Out on 5 August

Preview: We expect a softer performance from the H&V Division in 2Q26E, with sales a few million EUR below the 2Q25 level. This is consistent with our FY26E assumption of a more moderate growth trajectory (+2.4% yoy), following the strong +5.8% delivered in FY25 yoy. We believe the usual seasonality, with 2H outperforming 1H, will be even more pronounced this year. We take a similarly cautious stance on the Metering Division. Based on the FY25 sales phasing, the business also shows a strong second half. That said, Smart Gas Metering revenues remain largely secured, with quarterly performance driven primarily by the timing of revenue recognition rather than by underlying demand. Against this backdrop, we expect lower volumes and temporary cost inflation - which should be progressively mitigated through price renegotiations over the course of the year - to weigh on margins in 2Q26E.

Overall, we believe the 2Q26 results will not be representative of either the underlying FY26E performance or the trend seen in 1Q26. As a result, we expect management to reiterate its FY26 guidance despite a likely soft quarterly print.

SIT - Key Data

31/07/2026			Engineering
Target Price (EUR)			3.4
Rating			BUY
Mkt price (EUR)			2.3
Mkt cap (EUR M)			57.0
Performance (%)	**1M**	**3M**	**12M**
Absolute	7.1	-15.9	78.0
Rel. to FTSE IT All Sh	6.6	-21.8	44.3

Source: FactSet, Company data, Intesa Sanpaolo Research estimates

Intesa Sanpaolo SpA is Corporate Broker to SIT

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Figure 11 - SIT 2Q/1HE 26 preview

EUR M	2Q25A	2Q26E	yoy %	1H25A	1H26E	yoy%
Total revenues	83.6	78.6	-6.0	153.7	151.0	-1.8
o/w H&V	56.6	53.0	-6.3	106.7	103.9	-2.7
o/w Metering	25.4	24.0	-5.5	43.8	44.0	0.3
EBITDA adj.	**13.1**	**10.0**	**-23.5**	**20.6**	**18.8**	**-8.5**
Margin (%)	**15.7**	**12.8**		**13.4**	**12.5**	
EBIT adj.	6.4	4.0	-37.3	7.5	6.8	-8.5
Margin (%)	7.7	5.1		4.9	4.5	
Net result adj.	3.7	1.7	-54.6	2.2	2.5	14.0
Net debt	150.8	138.4		150.8	138.4	

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