

FY23 Results First Take: in Line with the Guidance

Vs. our estimates	Above	In Line	Below
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Results. Results were in line with the guidance and our estimates, and the financial support by the main shareholder was announced. In detail:

- **FY23 revenues decreased by 17% yoy** (-18.2% in 4Q23 yoy), in line with expectations in both divisions. Heating and Ventilation revenues dropped by 25.8% (-28.1% yoy in 4Q23, underlying the lack of positive seasonality typical of 2H). There was a trend reversal in 4Q23 in the Heating end-market, but SIT's customers didn't restock, and the improvement was not translated into an increase in product sales. Italy was down by 34.6% (-26.1% in 4Q23), hurt by the end of fiscal incentives in the end market. In Europe (-13.3% in FY23 and -25.3% in 4Q) Turkey recovered yoy in FY23 (from supplier issues), while the UK was flat. Americas were strongly down (-46% yoy in FY23) with no improvements in 4Q23 yoy. APAC (-14% yoy) saw a positive 4Q23. The metering division performed strongly (+22% yoy), with Smart Gas Metering at EUR 60M (+24% yoy in FY23) thanks to the strong positioning on the Italian market and positive cycle, and Water Metering at EUR 28.6M (+18.5% yoy). In FY23, price contributed positively by around 2% and volumes negatively by around 17% in terms of sales bridge;
- **Adj. EBITDA was EUR 29M (in line with our estimates)**, down 38.5% yoy, due to lower volumes' negative impact only partially offset by the positive performance of the Metering division and by the overall cost base streamlining. EBITDA reported was EUR 21.7M and included restructuring costs (e.g. parent company reorganisation and closure of the Dutch production facility). EBIT was negative for EUR 25.2M, affected by the write-down of goodwill of the Heating division; adj. EBIT (excluding restructuring costs and the write-down) would be EUR 0.1M. The net income was negative for EUR 23.4M (EUR -0.3M adj. net income) after EUR 6.9M of financial charges and EUR 7.9M in tax revenues thanks to deferred tax assets;
- **Net debt was EUR 153.7M** after EUR 14.9M cash flow from operations absorption (including the cash-out for a settlement with a customer that occurred in 1Q23 and EUR 23M capex), despite a more supportive net working capital impact vs. FY22;
- **Debt renegotiation:** SIT signed amending agreements on some bank financing aimed at extending the debt maturity by 2 years, re-modulating the repayment profile, and

25/04/2024		Engineering		
Target Price (€)		Under Review		
Rating		BUY		
Mkt price (€)		1.64		
Mkt cap (EUR M)		41.0		
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	19.6	13.8	4.7	
EV/EBITDA	7.0	5.1	4.2	
EV/EBIT	Neg.	22.7	12.2	
Debt/EBITDA	5.4	3.9	3.2	
Div yield (%)	0	0	27.5	
Performance (%)	1M	3M	12M	
Absolute	-11.1	-46.7	-70.1	
Rel. to FTSE IT All Sh	-10.8	-52.5	-75.6	

Source: FactSet, Company data, Intesa Sanpaolo Research estimates

Intesa Sanpaolo is Corporate Broker to SIT

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