

redefining the financial covenants related to the mid-term financing. Moreover, SIT's main shareholder Technologies S.A.P.A. (52.88% ownership) provided a EUR 5M shareholder loan (5% annual rate interest, with capitalisation of related financial charges and convertible into capital and/or equity of SIT);

- **Outlook:** For the Metering division SIT has a positive outlook thanks to the awarded tenders and positive cycle. Heating and Ventilation division should recover by year-end with improvements QoQ. The company's focus is on EBITDA and net debt containment. In detail: **Metering business** is expected to grow at high single digit; **Heating and Ventilation** is expected to recover along the year, with 1Q24 still down double digits yoy, 2Q24 down single digits, and 2H24 increasing vs. 1H24. EBITDA should benefit from the structural cost savings of EUR 2M and plant reorganisation for EUR 2.5M, as such, **EBITDA margin** should improve by 100/200 bps yoy. Capex should be in the range of EUR 20/25M and **net debt** at YE24 should be around EUR140/147M.

What we think: FY23 results perfectly matched the guidance and our estimates, while the net debt was a little above our estimate. FY23 was a tough year for several reasons (basically related to the sector slowdown, triggered also by the unclear regulation and the end of fiscal supports as well as to high inflation and interest rates). The company reacted with an internal reorganisation to contain its cost base and with the expansion to new, complementary businesses, through new partnerships. We appreciated the main shareholder's commitment to reducing SIT's debt. We see FY24E as transitional but positive, with the company's efforts in controlling the cost base materialising in an expected increase, as the company guided, in EBITDA margin by 100/200 bps yoy. The net debt should also improve, based on the company's guidance. **Rating Buy. We put our TP Under Review** ahead of our estimates' revision.

SIT – 4Q/FY23 results

EUR M	4Q22A	4Q23E	4Q23A	yoy %	A/E %	FY22A	FY23E	FY23A	yoy %	A/E %
Total revenues	102.9	82.4	84.2	-18.2	2.2	393.3	324.5	326.3	-17.0	0.6
o/w Heating	80.5	55.4	57.9	-28.1	4.5	315.3	231.5	234.0	-25.8	1.1
o/w Smart Metering	21.1	24.6	24.7	16.8	0.2	72.5	88.6	88.6	22.2	0.0
EBITDA Adj.	11.5	6.7	7.0	-38.9	5.0	47.1	28.6	29.0	-38.5	1.3
Margin (%)	11.2	8.1	8.4			12.0	8.8	8.9		
EBIT	4.2	3.7	-5.0			10.6	-16.5	-25.2		
Margin (%)	4.1	4.5				2.7				
Net Result attr.	0.7	3.0	-4.0			11.2	-16.4	-23.4		
Net debt	130.5	144.9	153.7			130.6	144.9	153.7		

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