

**SIT (BUY)**

SIT IM; SIT-IT

**1Q24 Preview: Out on 9 May**

Possible Surprise	Positive	Neutral	Negative
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**Results due on 09 May:** During the FY23 results presentation SIT gave its FY24 guidance, according to which sales in the Heating and Ventilation division are expected to still be down double digit in 1Q24 yoy (-25% yoy in our forecasts). We have incorporated in our estimates around 4% growth (which should accelerate in the coming quarters) in the Metering division in 1Q24E yoy. EBITDA is down around 26% yoy, given lower volumes, with a margin in line with FY23A (down 90bps yoy). We expect net debt to have worsened vs. YE23 given the adverse working capital seasonality of 1Q.

**What we think:** All in all, 1Q24E results should be weak with an expected recovery to be visible only in 2H24 when a likely re-stocking in the sector should impact positively the Heating and Ventilation division's top line. **BUY** confirmed, **TP Under Review**.

**SIT - Key data**

09/05/2024	Engineering		
Target Price (€)	Under Review		
Rating	BUY		
Mkt price (€)	2.25		
Mkt cap (EUR M)	56.5		
Performance (%)	1M	3M	12M
Absolute	33.9	-15.1	-53.3
Rel. to FTSE IT All Sh	34.4	-22.5	-62.0

Source: FactSet, Company data, Intesa Sanpaolo Research estimates

Intesa Sanpaolo is Corporate Broker to SIT

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**SIT - 1Q24 preview**

EUR M	1Q23A	1Q24E	yoy %
<b>Revenues</b>	<b>83.0</b>	<b>68.2</b>	<b>-17.8</b>
o/w Heating and Ventilation	62.7	47.0	-25.0
o/w Smart Metering	20.4	21.2	3.9
<b>EBITDA adj.</b>	<b>8.3</b>	<b>6.1</b>	<b>-26.1</b>
<b>Margin (%)</b>	<b>9.9</b>	<b>9.0</b>	
EBIT	1.6	-0.8	
Margin (%)	1.9		
Pre-tax	0.2	-2.5	
Net Result	1.3	-2.2	
Net debt	143.1	160.0	

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