

SIT (BUY)

SIT IM; SIT-IT

MID Certification for SmartIO

Market Mover (SIT-IT)	Positive	Neutral	Negative
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What's up? In a press release, SIT communicated that SmartIO, the ultrasonic residential water meter developed through SIT's subsidiary Janz, has obtained the MID Certification (Measuring Instrument Directive), with the highest precision in the market. The MID Certificate is valid in Europe and the UK and is recognised in other non-EU countries and guarantees accuracy and reliability of the measuring instruments.

According to the press release, from August 2022 to September 2023, 29 tenders were called in Italy in the water meter sector for a total value of around EUR 250M. The replacement of existing mechanical meters with smart meters is not currently mandatory and there is ample room for the development of smart meters: SIT said that only around 17% of installed water meters (3.5M out of existing 21M meters) are smart meters.

What we think: We remind that we see SIT's FY25E Metering division revenues strongly up (EUR 108.3M, +14.3% yoy) thanks to the SmartIO water meter's rollout in Italy and other selected European markets. We point out that around EUR 900M of NRRP (National Recovery and Resilience Plan) funds are allocated in Italy to support water waste reduction, with meter substitution being among the most important projects. **Rating BUY and TP EUR 2.2.**

SIT - Key Data

27/06/2024	Engineering		
Target Price (€)	2.2		
Rating	BUY		
Mkt price (€)	1.84		
Mkt cap (EUR M)	46.2		
Main Metrics (€ M)	2024E	2025E	
Revenues	329.1	347.3	
EBITDA	32.92	35.91	
EPS (EUR)	-0.13	0.01	
Net debt/-cash	147.2	141.9	
Ratios (x)	2024E	2025E	
Adj. P/E	Neg.	NM	
EV/EBITDA	5.9	5.2	
EV/EBIT	NM	41.8	
Debt/EBITDA	4.5	4.0	
Div yield (%)	0	0	
Performance (%)	1M	3M	12M
Absolute	1.1	2.2	-53.8
Rel. to FTSE IT All Sh	3.9	5.6	-62.1

Source: FactSet, Company data, Intesa Sanpaolo Research estimates

Intesa Sanpaolo is Corporate Broker to SIT

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