

**SIT (Under Review)**

SIT IM; SIT-IT

**9M24 Preliminary Sales; FY Guidance Lowered**

Market Mover (SIT-IT)	Positive	Neutral	Negative
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**What's up?** In a press release issued Friday after market close, SIT unexpectedly published its preliminary 9M24 sales, down by 8.1% yoy (-4.1 in 3Q24 yoy). In detail: 3Q24 Heating & Ventilation Division performed in line with 3Q23, with Italy up 11.1%, America up 23.9%, Europe (ex-Italy) down 12%, and APAC down by 5.5% mostly due to Australia. Metering division sales dropped by 10.6% yoy in 3Q24, with revenues from the Smart Gas Metering business unit down 20.7%, affected by shipping delays that should be recovered along the year, and the Water Metering sales up by 12%.

**FY24 guidance revised downwards:**

- Heating & Ventilation Division sales are expected to be down by low double digits yoy (previous guidance high single digit down);
- Metering Division sales are expected in line with FY23 (previous guidance confirmed);
- Group EBITDA margin is expected slightly higher yoy (previous guidance up 100/200 bps) due to lower volumes;
- The net financial position is expected negative for EUR 145/150M (previous guidance confirmed).

**What we think:** We see the revised guidance as negative and implying a recovery postponement. Assuming Heating & Ventilation FY24E revenues are down double digits and EBITDA margin at 9.3% (vs. 9.8% in our current estimates), FY24E EBIT would be slightly negative and FY25E EBIT would be down double digits vs. our current estimates. While we also outline that SIT's financial structure is unattractive, we put our **Rating and TP under review**.

**SIT - Key Data**

21/10/2024	Engineering		
Target Price (€)	Under Review		
Rating	Under Review		
Mkt price (€)	1.0		
Mkt cap (EUR M)	26.2		
<b>Main Metrics (€ M)</b>	<b>2024E</b>	<b>2025E</b>	
Revenues	307.6	326.5	
EBITDA	30.14	33.76	
EPS (EUR)	-0.09	0.02	
Net debt/-cash	150.6	145.9	
<b>Ratios (x)</b>	<b>2024E</b>	<b>2025E</b>	
Adj. P/E	Neg.	54.7	
EV/EBITDA	5.9	5.1	
EV/EBIT	82.8	25.5	
Debt/EBITDA	5.0	4.3	
Div yield (%)	0	0	
<b>Performance (%)</b>	<b>1M</b>	<b>3M</b>	<b>12M</b>
Absolute	-11.1	-34.9	-61.0
Rel. to FTSE IT All Sh	-14.9	-35.9	-68.8

Source: FactSet, Company data, Intesa Sanpaolo Research estimates

Intesa Sanpaolo is Corporate Broker to SIT

**Giada Cabrino** - Research Analyst  
+39 02 4127 9024  
giada.cabrino@intesasanpaolo.com

**SIT - 3Q/9M24 preliminary sales**

<b>EUR M</b>	<b>3Q23A</b>	<b>3Q24P</b>	<b>yoy %</b>	<b>9M23A</b>	<b>9M24P</b>	<b>yoy %</b>
Heating & Ventilation	52.7	52.0	-1.4	176.1	155.5	-11.7
Metering	21.6	19.3	-10.6	64.0	65.1	1.8
o/w Gas Metering	14.9	11.8	-20.7	44.5	43.3	-2.7
o/w Water Metering	6.7	7.5	12.0	19.5	21.8	11.8
<b>Total sales</b>	<b>74.3</b>	<b>71.3</b>	<b>-4.1</b>	<b>240.1</b>	<b>220.6</b>	<b>-8.1</b>

A: actual; P: preliminary; Source: Company data