WIIT

OUTPERFORM

Sector: Industrials

Price: Eu17.04 - **Target: Eu26.00**

Higher-Value Sales Mix and Earnout Reversal Drive P&L Beat

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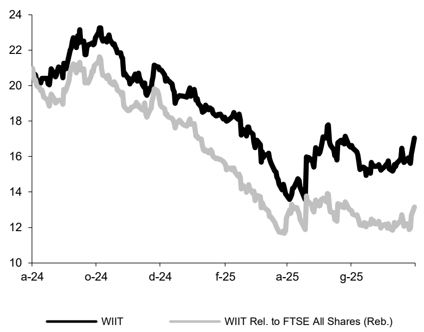
Stock Rating			
Rating:			Unchanged
Target Price (Eu):			from 25.00 to 26.00
	2025E	**2026E**	**2027E**
Chg in Adj EPS	3.2%	9.7%	8.3%

Next Event
9M25 Results out 13 November

WIIT - 12M Performance



Stock Data			
Reuters code:			WIIT.MI
Bloomberg code:			WIIT IM
Performance	**1M**	**3M**	**12M**
Absolute	11.4%	3.3%	-19.4%
Relative	8.7%	-3.0%	-46.0%
12M (H/L)			23.25/13.56
3M Average Volume (th):			32.46

Shareholder Data	
No. of Ord shares (mn):	28
Total no. of shares (mn):	28
Mkt Cap Ord (Eu mn):	477
Total Mkt Cap (Eu mn):	477
Mkt Float - Ord (Eu mn):	164
Mkt Float (in %):	34.3%
Main Shareholder:	
WIIT Fin Srl	58.4%

Balance Sheet Data	
Book Value (Eu mn):	38
BVPS (Eu):	1.34
P/BV:	12.7
Net Financial Position (Eu mn):	-202
Enterprise Value (Eu mn):	679

WIIT delivered a solid 1H25, supported by a strong margin rebound in Italy (+8pp YoY) and Germany (>10pp YoY), beating our estimates by 4% on revenues, 9% on adj. EBITDA, and 17% on net profit. The P&L surprise was primarily driven by greater management focus on higher value-added revenues, and partly by the reversal of a ~€2mn earnout paid in Germany following a recent client loss at Edge&Cloud. Management appears confident of exceeding the €66mn consensus EBITDA for FY25, expecting to fully offset the impact of annualised €4mn churn without requiring acceleration in 2H. On the positive side, FY25 cash CapEx should stay <€25mn (vs previous €25–26mn hint), with net debt expected between €200–203mn. From 2026, lower D&A could fuel a high single-digit EPS uplift and support a P/E re-rating.

- **1H25 results.** Revenue came in at €85.3mn (vs our estimate of €82.4mn), up 17.3% YoY, driven by organic ARR growth of +4.9% (1Q: +4.6%), or +9.1% ex-churn (Italy +12.7%, Germany +4.7%). The churn was mainly the result of a strategic shift towards higher-margin, value-added contracts in both countries, in line with WIIT's premium positioning. In particular, in Germany, the Edge & Cloud unit (acquired last year) experienced significant churn following a banking client's decision to insource its cloud infrastructure—a move entirely unrelated to WIIT's service quality. As a result, the company recovered €2mn in earnout already paid, which offset the revenue impact in 1H, while a further €1mn top line/EBITDA shortfall is expected in 4Q. An additional €17.4mn contribution came from recently acquired companies in Germany and Switzerland. Adj. EBITDA margin came to 40.8% and the L4L margin to 45.4%, up 8.7pp YoY. Italy reached 53.5% (+8pp YoY), while Germany posted 39.3%, with the L4L margin at 42.4% or 47.8% excl. Gecko (+10.6pp YoY), supported by synergies and a better mix. Net debt was slightly weaker (+€5mn, vs our exp) mainly on higher leases (rentals and vehicles), a €0.9mn personnel reorganization one-off in Italy and Germany, and a €1mn security deposit for a new building**.**
- **Change in estimates**. We raise our top line/EBITDA estimates for FY25 by 1-2% (higher contribution from Swiss) and reduce cash CapEx (<€25mn) with net debt still in the €200-203mn range (our exp. €202mn). For FY26-27, we reduce D&A (higher occupancy rates, extension of RoU contract duration from 3 to 5) in line with management hints, leading to an EPS uplift of 1% for FY25 and 8-10% for FY26-27.
- **OUTPERFORM confirmed; new TP €26 (from €25).** We update our DCF model to reflect a lower equity risk premium (5.5% vs prior 6%): this prompts us to increase our TP from €25 to €26 (~13x EV/EBITDA'25, historical average ~15x, currently c.11x). The stock offers solid visibility on organic growth, strong earnings momentum (adj. EPS set to almost double in two years), and attractive M&A prospects, reinforcing our positive stance. WIIT remains well placed as a digital champion, expanding through small M&A in Italy and scaling in Germany, while benefiting from a structural shift from on-premises to cloud. Its premium cloud niche, tailored for mission-critical applications with stringent SLAs, along with a highly scalable business model, offers long-term upside.

Key Figures & Ratios	2023A	2024A	2025E	2026E	2027E
Sales (Eu mn)	130	159	174	187	199
EBITDA Adj (Eu mn)	51	58	66	75	81
Net Profit Adj (Eu mn)	15	15	19	27	34
EPS New Adj (Eu)	0.538	0.527	0.680	0.968	1.196
EPS Old Adj (Eu)	0.538	0.527	0.659	0.883	1.105
DPS (Eu)	0.300	0.300	0.340	0.484	0.598
EV/EBITDA Adj	14.3	13.2	10.2	8.8	7.8
EV/EBIT Adj	25.9	26.4	20.5	15.0	12.5
P/E Adj	31.7	32.3	25.0	17.6	14.2
Div. Yield	1.8%	1.8%	2.0%	2.8%	3.5%
Net Debt/EBITDA Adj	4.0	3.7	3.0	2.4	1.9

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The main methods used to evaluate financial instruments and set a target price for 12 months after the investment recommendation are as follows:

- Discounted cash flow (**DCF**) model or similar methods such as a dividend discount model (**DDM**)
- Comparison with market peers, using the most appropriate methods for the individual company analysed: among the main ratios used for industrial sectors are price/ earnings (P/E), EV/EBITDA, EV/EBIT, price /sales
- Return on capital and multiples of adjusted net book value are the main methods used for banking sector stocks, while for insurance sector stocks return on allocated capital and multiples on net book value and embedded portfolio value are used
- For the utilities sector comparisons are made between expected returns and the return on the regulatory asset base (RAB)

Some of the parameters used in evaluations, such as the risk-free rate and risk premium, are the same for all companies covered, and are updated to reflect market conditions. Currently a risk-free rate of 4.0% and a risk premium between 5.5% - 6.0% are being used.

Frequency of research: quarterly.

Reports on all companies listed on the FTSEMIB40 Index, most of those on the MIDEX Index and the main small caps (regular coverage) are published at least once per quarter to comment on results and important newsflow.

A draft copy of each report may be sent to the subject company for its information (without target price and/or recommendations), but unless expressly stated in the text of the report, no changes are made before it is published.

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BUY: stock expected to outperform the market by over 25% over a 12 month period;

OUTPERFORM: stock expected to outperform the market by between 10% and 25% over a 12 month period;

NEUTRAL: stock performance expected at between +10% and - 10% compared to the market over a 12 month period;

UNDERPERFORM: stock expected to underperform the market by between -10% and -25% over a 12 month period;

SELL: stock expected to underperform the market by over 25% over a 12 month period.

Prices: The prices reported in the research refer to the price at the close of the previous day of trading

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As at 5 August 2025 Intermonte's Research Department covered 134 companies. Intermonte's distribution of stock ratings is as follows:

BUY:	32.09%
OUTPERFORM:	36.57%
NEUTRAL:	31.34%
UNDERPERFORM:	00.00%
SELL:	00.00%

The distribution of stock ratings for companies which have received corporate finance services from Intermonte in the last 12 months (79 in total) is as follows:

BUY:	51.90%
OUTPERFORM:	29.11%
NEUTRAL:	18.99%
UNDERPERFORM:	00.00%
SELL:	00.00%

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