

WIIT

Sector: Industrials

OUTPERFORM

Price: Eu20.35 - Target: Eu28.00

Exceeding Expectations, 2025 Visibility Boosted by Strong Pipeline

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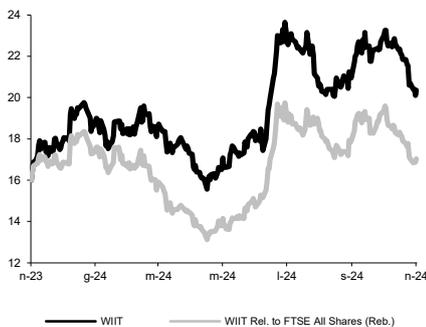
Stock Rating

Rating:	Unchanged		
Target Price (Eu):	from 27.00 to 28.00		
	2024E	2025E	2026E
Chg in Adj EPS	-1.5%	1.0%	0.2%

Next Event

FY24 Results: Expected mid-March 2025

WIIT - 12M Performance



Stock Data

Reuters code:	WIIT.MI		
Bloomberg code:	WIIT IM		
	1M	3M	12M
Performance			
Absolute	-11.5%	-1.5%	27.2%
Relative	-12.0%	-7.9%	7.8%
12M (H/L)	23.65/15.56		
3M Average Volume (th):	31.46		

Shareholder Data

No. of Ord shares (mn):	28
Total no. of shares (mn):	28
Mkt Cap Ord (Eu mn):	570
Total Mkt Cap (Eu mn):	570
Mkt Float - Ord (Eu mn):	209
Mkt Float (in %):	36.7%
Main Shareholder:	
WIIT Fin Srl	56.5%

Balance Sheet Data

Book Value (Eu mn):	37
BVPS (Eu):	1.33
P/BV:	15.3
Net Financial Position (Eu mn):	-211
Enterprise Value (Eu mn):	781

■ **9M24 results.** 9M figures came above our expectations (+8/10% on adj. EBITDA and adj. net profit) while net debt was in line. In a constantly growing market, the 9M top line rose 19.7% YoY (+6.1% organically) to €115.2mn, with Italy at €44.4mn, up 4.8% (core revenues +5.2%, 1H: +7.6%) and Germany €61.7mn, up 7.6% (core +7.3%, 1H: +4.4%), benefitting from the contribution of newly-acquired companies consolidated as of 2Q (Edge&Cloud €4.4mn, Econis €9.0mn). Moving to profitability, adj. EBITDA reached €42.6mn (up 12.9% YoY), a 37% margin (41.6% like-for-like, +2.4pp YoY) as a result of higher OpEx (+€5.5mn YoY) mainly due to the change in scope partially offset by cost synergies from M&A and higher personnel costs (+€9.7mn YoY) as a consequence of the investment in the commercial and corporate structure, as well as the effect of new acquisitions. Within the mix, Italy (€20.5mn) continued to enjoy an outstanding margin (46.1% margin, +3.7pp YoY), while Germany (€21.8mn) saw a 35.4% margin (like-for-like: 38.1%). Adj. EBIT was €22.5mn (+5% vs our exp. €21.0mn), while adj. net profit was €12.2mn (our exp. €11.0mn). Net debt increased to €215mn (€161mn ex-IFRS16 and own shares) reflecting healthy CFO (€27mn, our exp. €28mn) absorbed by CapEx (€23mn), dividends (€8m), buyback (€0.7mn) and M&A cash-out (€9.5mn).

■ **Confident tone from the call.** Solid organic growth is set to continue in 4Q, with core revenues expected to rise 8-10% in Italy and mid-high single digit in Germany, albeit with a slight delay in the latter. For 2025, management is confident of achieving 7-9% growth in Germany, contingent on timely onboarding of two key contracts. CapEx is set at €27mn for FY24 and slightly reduced to €22-23mn in FY25, benefiting from advance spending this year. The M&A pipeline includes two small potential targets in Germany and one in Switzerland, with a focus on cost synergies in Germany and scale expansion in Switzerland. WIIT's commercial pipeline shows strong upselling opportunities, highlighted by a recent contract in Italy, alongside two key renewals in Italy and Germany, extending visibility by a further 2-3 years.

■ **Change in estimates.** We embody in our estimates the M&P acquisition in Germany (low single-digit upside at EPS level, more visible from FY27 onwards) and fine-tune our estimates, raising D&A for this year to c. €27mn and reducing 2025 CapEx.

■ **OUTPERFORM confirmed; new TP €28 (from €27).** After updating our DCF model, we are lifting our target price to €28 (from €27) or 14x EV/EBITDA'25 (broadly in line with the historical average, currently at c.12x). The stock continues to offer good visibility on organic growth, supportive earnings direction (adj. EPS set to more than double over the next 2 years) and attractive M&A prospects, prompting us to reiterate our positive rating. The company should continue to benefit from its leading position as a digital champion, further consolidating small M&A targets in Italy and gaining scale in Germany and Switzerland. It is also well placed in a market with sound growth prospects underpinned by an embedded technological shift from on-premises to cloud infrastructure and services. WIIT should exploit this trend through its strong market positioning in the premium cloud niche, which is suitable for mission-critical applications requiring the tightest SLAs, and by taking advantage of its extremely scalable business model.

Key Figures & Ratios	2023A	2024E	2025E	2026E	2027E
Sales (Eu mn)	130	164	182	195	207
EBITDA Adj (Eu mn)	51	57	66	74	80
Net Profit Adj (Eu mn)	15	17	25	31	36
EPS New Adj (Eu)	0.538	0.599	0.890	1.114	1.278
EPS Old Adj (Eu)	0.538	0.608	0.882	1.112	
DPS (Eu)	0.300	0.299	0.445	0.557	0.639
EV/EBITDA Adj	14.3	13.8	11.5	9.9	9.0
EV/EBIT Adj	25.9	26.5	19.5	15.6	13.5
P/E Adj	37.9	34.0	22.9	18.3	15.9
Div. Yield	1.5%	1.5%	2.2%	2.7%	3.1%
Net Debt/EBITDA Adj	4.0	3.7	2.9	2.3	1.8

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- 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 of 5.5% are being used.

Frequency of research: quarterly.

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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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OUTPERFORM:	48.09 %
NEUTRAL:	23.67 %
UNDERPERFORM	00.00 %
SELL:	00.00 %

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OUTPERFORM:	34.43 %
NEUTRAL:	09.83 %
UNDERPERFORM	00.00 %
SELL:	00.00 %

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Emittente	%	Long/Short
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