

WIIT

Sector: Industrials

OUTPERFORM

Price: Eu16.66 - Target: Eu25.00

Strong Momentum Enhances Visibility on FY Expectations

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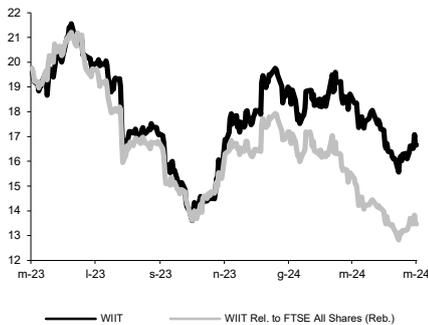
Stock Rating

Rating:	Unchanged		
Target Price (Eu):	Unchanged		
	2024E	2025E	2026E
Chg in Adj EPS	0.0%	0.0%	0.0%

Next Event

2Q24 Results out 1 August 2024

WIIT - 12M Performance



Stock Data

Reuters code:	WIIT.MI
Bloomberg code:	WIIT IM

Performance	1M	3M	12M
Absolute	0.1%	-8.5%	-15.7%
Relative	-1.1%	-18.3%	-39.5%
12M (H/L)	21.55/13.60		
3M Average Volume (th):	25.77		

Shareholder Data

No. of Ord shares (mn):	28
Total no. of shares (mn):	28
Mkt Cap Ord (Eu mn):	467
Total Mkt Cap (Eu mn):	467
Mkt Float - Ord (Eu mn):	171
Mkt Float (in %):	36.7%
Main Shareholder:	
WIIT Fin Srl	56.5%

Balance Sheet Data

Book Value (Eu mn):	37
BVPS (Eu):	1.31
P/BV:	12.7
Net Financial Position (Eu mn):	-200
Enterprise Value (Eu mn):	667

■ **1Q24 results.** The company reported solid revenues and EBITDA, broadly in line with our forecasts, while the bottom line came in 10/14% above our estimate/ consensus thanks mainly to a mix of lower D&A, financial charges and taxes. The top line rose 5.5% YoY to €33.5mn, with Italy at €15.0mn, up 3.6% (core revenues +7.9%) and Germany €18.5mn, up 7% (core 7.5%), not yet benefitting from the contribution of newly-acquired companies Edge&Cloud and Eonis (both consolidated as of 2Q). Moving to profitability, adj. EBITDA reached €13.0mn (up 8.4% YoY), a 38.9% margin (up 1.1pp YoY), despite higher personnel costs (€9.1mn, +€0.8mn YoY) following investments in the corporate and commercial structure. Within the mix, Italy (€6.7mn) continued to enjoy an outstanding margin (44.3%), while Germany (€6.4mn) posted QoQ margin improvement (34.6% margin; FY23: 33.8%). Adj. EBIT stood at €7.2mn (our exp. €7.0mn), while adj. net profit was €4.1mn (our exp. €3.7mn). Net debt came in at €203mn (€157mn ex-IFRS16 and treasury shares) reflecting a healthy CFO (€9.8mn) and limited CapEx (€9.6mn).

■ **Positive tone from the call.** Management is happy with the strong commercial momentum in Germany and is confident of announcing a new contract with a significant client in Italy soon. Potential acquisitions may follow in the DACH area (no sizeable targets, funded with higher leverage), expansion plans in Switzerland will be facilitated by the recently-acquired Eonis acting as a cornerstone platform. Some positive hints on 2024 CapEx (€26-27mn), a bit lower than our old estimate (€30mn).

■ **No meaningful change in estimates.** We are leaving our FY24-26 estimates virtually unchanged, only trimming FY24 CapEx to €27mn. Adjusted leverage (ex-IFRS16 and treasury shares) is expected to narrow from 2.8x in FY24 to a healthy 1.7x in FY26, when the company will have to refinance its €150mn bond.

■ **OUTPERFORM confirmed; new TP €25.** Based on our current estimates, adj. EPS is expected to more than double over the next 2 years. We are confirming our DCF-based target price at €25 or 13x EV/EBITDA'25 (broadly in line with the historical average, the stock is currently trading at c.10x). The stock still offers a compelling entry point, prompting us to reiterate our positive view. WIIT 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 while entering other markets in the DACH area (Switzerland). WIIT 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. The company 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	2022A	2023A	2024E	2025E	2026E
Sales (Eu mn)	119	130	162	180	192
EBITDA Adj (Eu mn)	42	51	56	66	74
Net Profit Adj (Eu mn)	13	15	17	25	31
EPS New Adj (Eu)	0.446	0.538	0.608	0.882	1.112
EPS Old Adj (Eu)	0.446	0.538	0.608	0.882	1.112
DPS (Eu)	0.300	0.300	0.304	0.441	0.556
EV/EBITDA Adj	18.9	14.3	11.9	9.9	8.5
EV/EBIT Adj	34.3	25.9	21.4	16.7	13.3
P/E Adj	37.3	31.0	27.4	18.9	15.0
Div. Yield	1.8%	1.8%	1.8%	2.6%	3.3%
Net Debt/EBITDA Adj	4.3	4.0	3.6	2.8	2.2

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- Discounted cash flow (DCF) model or similar methods such as a dividend discount model (DDM)
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- 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)

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Frequency of research: quarterly.

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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.

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OUTPERFORM:	46.22 %
NEUTRAL:	27.73 %
UNDERPERFORM	00.84 %
SELL:	00.00 %

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OUTPERFORM:	51.02 %
NEUTRAL:	10.20 %
UNDERPERFORM	00.00 %
SELL:	00.00 %

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Emitente	%	Long/Short
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