

WIIT

Sector: Industrials

OUTPERFORM

Price: Eu15.68 - Target: Eu26.00

Solid FY24 Momentum, Strong Backlog Supports FY25 Visibility

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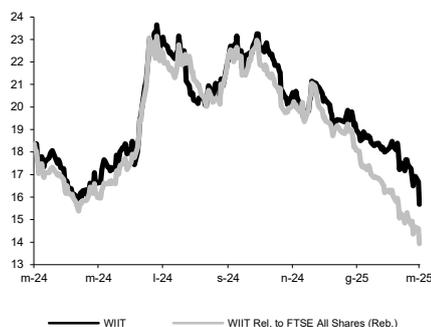
Stock Rating

Rating:	Unchanged		
Target Price (Eu):	from 28.00 to 26.00		
	2025E	2026E	2027E
Chg in Adj EPS	-25.9%	-18.8%	-11.7%

Next Event

1Q25 Results Out 13 May

WIIT - 12M Performance



Stock Data

Reuters code:	WIIT.MI		
Bloomberg code:	WIIT IM		
Performance	1M	3M	12M
Absolute	-13.9%	-23.1%	-14.6%
Relative	-14.1%	-31.1%	-27.2%
12M (H/L)	23.65/15.56		
3M Average Volume (th):	19.00		

Shareholder Data

No. of Ord shares (mn):	28
Total no. of shares (mn):	28
Mkt Cap Ord (Eu mn):	439
Total Mkt Cap (Eu mn):	439
Mkt Float - Ord (Eu mn):	161
Mkt Float (in %):	36.7%
Main Shareholder:	
WIIT Fin Srl	56.5%

Balance Sheet Data

Book Value (Eu mn):	40
BVPS (Eu):	1.41
P/BV:	11.1
Net Financial Position (Eu mn):	-197
Enterprise Value (Eu mn):	636

■ **FY24 results.** In a nutshell, FY24 showcased strong execution, with robust organic growth of 8% in Italy, solid 4% growth in Germany, and a faster-than-expected Swiss turnaround (8% margin vs. breakeven). Profitability exceeded expectations, with EBITDA 2% above forecasts despite the top line being 3% lower, driven by the strategic cleanup of low-margin activities. The adjusted net profit (€14.8mn, €-2mn vs. expectations) was hit by higher D&A (€29.0mn vs. €27.2mn expected) and net financial expenses (€8.6mn vs. €7.8mn expected). Operating Cash Flow was stronger (€40.4mn, +€2mn vs. our exp.) while higher CapEx (€3.5mn one-off for a 5-year contract renewal) led to net debt landing slightly above forecasts (€215mn vs. €211mn expected). Excluding the IFRS16 impact (€11.4mn) and the value of treasury shares at the end of December 2024 (€38.3mn), net debt stood at €163mn, a leverage ratio of 2.8x adj. EBITDA.

■ **Conference call confirmed solid business outlook in Italy and Germany,** with a multi-year order backlog at €247.3mn (up from €150mn in Jan-24). Order intake is split evenly between new logos and renewals. A strong opportunity for European cloud providers is emerging as industry clients rebalance costs, driven by a shift from public to hybrid cloud and AI adoption, alongside Trump tariffs, rising data sovereignty concerns, and recent 15-20% price hikes by hyperscalers. Datacentre utilisation by YE25 is seen at 40% in Italy (after doubling capacity) and 70% in Germany, with no expansionary CapEx planned. 2025 CapEx (ex-IFRS16) is expected at €25-27mn (€15mn growth, €12mn maintenance), while D&A is set to rise to ~€34mn in 2025 due to IFRS16 lease impacts (related to the Milan HQ and a new building in Frankfurt) and a shorter amortisation period. M&A focus remains on consolidating small providers in the DACH region for faster cost synergies, with no plans for new geographical areas. Electricity costs are ~€10mn/year, mostly fixed. The €150mn bond (3.7% yield) is performing well, with refinancing plans to be assessed after the summer as rates decline. Cybersecurity sales at ~€8mn per year.

■ **Change in estimates.** Our EBITDA estimates remain largely unchanged, despite a 4-5% revenue cut to account for the ongoing phase-out of lower-margin services. We are revising our bottom line forecast (double-digit impact on EPS) to reflect higher D&A and financial expenses, but with no significant impact on operating FCF. On the other hand, we are factoring in higher CapEx at ~€27mn (upper end of the €25-27mn range), resulting in a 9% cut to 2025 Equity FCF.

■ **OUTPERFORM confirmed; new TP €26 (from €28).** After updating our DCF model, we are trimming our target price from €28 to €26 (~13x EV/EBITDA'25, historical average of ~15x, currently c.10x). The stock offers solid visibility on organic growth, strong earnings momentum (adj. EPS set to more than 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	173	186	198
EBITDA Adj (Eu mn)	51	58	66	74	80
Net Profit Adj (Eu mn)	15	15	18	25	32
EPS New Adj (Eu)	0.538	0.527	0.659	0.905	1.128
EPS Old Adj (Eu)	0.538	0.599	0.890	1.114	1.278
DPS (Eu)	0.300	0.300	0.330	0.452	0.564
EV/EBITDA Adj	14.3	13.2	9.6	8.2	7.3
EV/EBIT Adj	25.9	26.4	19.6	14.8	12.2
P/E Adj	29.2	29.7	23.8	17.3	13.9
Div. Yield	1.9%	1.9%	2.1%	2.9%	3.6%
Net Debt/EBITDA Adj	4.0	3.7	3.0	2.3	1.8

