Intermonte

Milan, 12 March 2025

Italian Equity Research – FY24 Results

WIIT

OUTPERFORM

Sector: Industrials

Price: Eu15.68 - **Target: Eu26.00**

Solid FY24 Momentum, Strong Backlog Supports FY25 Visibility

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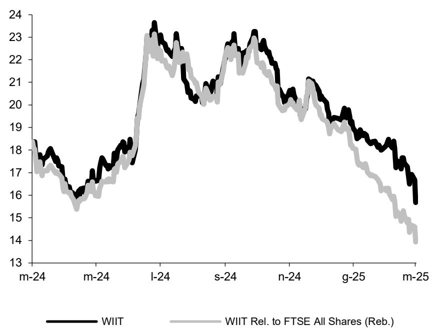
Stock Rating			
Rating:			Unchanged
Target Price (Eu):			from 28.00 to 26.00
	2025E	**2026E**	**2027E**
Chg in Adj EPS	-25.9%	-18.8%	-11.7%

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

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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 of 5.5% are being used.

Frequency of research: quarterly.

Reports on all companies listed on the S&PMIB40 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.

Explanation of our ratings system:

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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Intermonte SIM is authorised by CONSOB to provide investment services and is listed at n° 246 in the register of brokerage firms.

As at 31 December 2024 Intermonte's Research Department covered 132 companies.

As of today Intermonte's distribution of stock ratings is as follows:

BUY:	30.60 %
OUTPERFORM:	43.28 %
NEUTRAL:	26.12 %
UNDERPERFORM	00.00 %
SELL:	00.00 %

As at 31 December 2024 the distribution of stock ratings for companies which have received corporate finance services from Intermonte in the last 12 months (71 in total) is as follows:

BUY:	50.70 %
OUTPERFORM:	29.58 %
NEUTRAL:	19.72 %
UNDERPERFORM	00.00 %
SELL:	00.00 %

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Intermonte acts as ECM advisor to Banca Ifis in the offer promoted on illimity Bank

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Emittente	%	Long/Short

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Further information is available