Intermonte

Milan, 14 May 2025

Italian Equity Research – 1Q25 Results

WIIT

OUTPERFORM

Sector: Industrials

Price: Eu17.74 - **Target: Eu25.00**

Building Momentum in Core Markets, Confident Tone on 2Q

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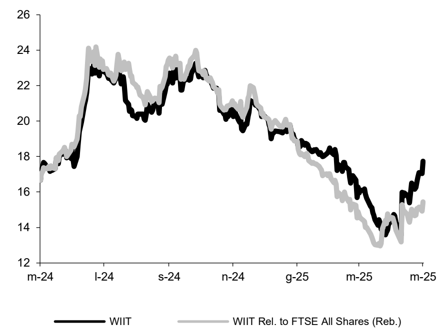
Stock Rating			
Rating:			Unchanged
Target Price (Eu):			from 26.00 to 25.00
	2025E	**2026E**	**2027E**
Chg in Adj EPS	0.0%	-2.5%	-2.1%

Next Event

2Q25 Results Out 4 August

WIIT - 12M Performance



Stock Data			
Reuters code:			WIIT.MI
Bloomberg code:			WIIT IM
Performance	**1M**	**3M**	**12M**
Absolute	24.6%	-4.0%	6.5%
Relative	6.9%	-9.7%	-8.3%
12M (H/L)			23.65/13.56
3M Average Volume (th):			34.27

Shareholder Data	
No. of Ord shares (mn):	28
Total no. of shares (mn):	28
Mkt Cap Ord (Eu mn):	497
Total Mkt Cap (Eu mn):	497
Mkt Float - Ord (Eu mn):	182
Mkt Float (in %):	36.7%
Main Shareholder:	
WIIT Fin Srl	56.5%

Balance Sheet Data	
Book Value (Eu mn):	37
BVPS (Eu):	1.34
P/BV:	13.3
Net Financial Position (Eu mn):	-203
Enterprise Value (Eu mn):	700

- **1Q25 results**. The company posted a solid set of results, with improving profitability from Germany, driven by a greater focus on higher value-added services and faster exploitation of M&A synergies. Revenue came to €41.1mn (our exp. €39.4mn), up 22.6%, driven by the organic growth of ARR revenues of +4.6% (Italy +7.4%, Germany +2.1%) and a €7.7mn contribution from M&A (M&P and Edge&Cloud in Germany, Econis in Switzerland). Profitability exceeded expectations, with the margin at 38.4% (our exp. 36.9%, cons. 36.8% or 42.9% on a LfL basis (+4pp YoY) with Italy 48.9% (+4.6pp YoY) and Germany 36.6% (41.5% LfL, +5.2pp YoY) supported by the focus on cloud, optimised processes, and cost synergies, more than offsetting the €4mn increase in personnel costs (€13mn, 32% of sales) entirely linked to new acquisitions. This led to positive surprises on adj. EBITDA (€15.8mn, 7/8% vs our/cons. estimates), on adj. EBIT (€7.8mn, 8.5% YoY) and adj. net profit (€4.3mn, +4.1% YoY), compensating higher D&A and financial expenses. FCFO (€8.9mn, -€2mn vs. our exp.) was completely absorbed by CapEx (€11.1mn o/w €2.9mn RoU) and buybacks (€1.1mn) leading to a rise in net debt (€217mn, +€4mn vs YE24). Excluding the impact of IFRS16 (€12.1mn) and the value of treasury shares as at the end of March 2025 (€28.9mn), net debt was €176mn, a leverage ratio of 2.7x adj. EBITDA.
- **Positive tone from the call.** 2Q outlook: solid trends expected, driven by strong organic growth, new client activations, good pipeline visibility, and ongoing cost reductions. FY25 organic growth: guidance for +8–10% in Italy and 4–5% in Germany. CapEx: partially frontloaded in 1Q, with lower spending anticipated in the coming quarters; total FY25 cash CapEx expected at €27mn (€31mn including RoU). WIIT Cloud Native Platform: April saw the first major German contract, beating US hyperscalers in a competitive bid. M&A: two small targets under evaluation in Germany. Buyback: programme continuing, aimed at supporting potential future M&A. Cybersecurity remains a core offering, with 70% of contracts signed in the past two years including related services.
- **Change in estimates**. We make minor adjustments to our FY25 estimates, reducing the top line and adj. EBITDA by ~1%, fully offset by lower D&A. As a result, the impact on FY25 EPS is negligible, while FY26–27 EPS are revised down by ~2%. Our FY25 net debt estimate increases to reflect a €4mn RoU impact related to CapEx.
- **OUTPERFORM confirmed; new TP €25 (from €26).** We update our DCF model to reflect a higher equity risk premium (6% vs 5.5%): this prompts us to trim our TP from €26 to €25 (~13x EV/EBITDA'25, historical average of ~15x, currently c.11x). 1Q results improved visibility on FY expectations. 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	171	184	196
EBITDA Adj (Eu mn)	51	58	66	74	79
Net Profit Adj (Eu mn)	15	15	18	25	31
EPS New Adj (Eu)	0.538	0.527	0.659	0.883	1.104
EPS Old Adj (Eu)	0.538	0.527	0.659	0.905	1.128
DPS (Eu)	0.300	0.300	0.330	0.441	0.552
EV/EBITDA Adj	14.3	13.2	10.7	9.2	8.2
EV/EBIT Adj	25.9	26.4	21.6	16.7	13.8
P/E Adj	33.0	33.6	26.9	20.1	16.1
Div. Yield	1.7%	1.7%	1.9%	2.5%	3.1%
Net Debt/EBITDA Adj	4.0	3.7	3.1	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 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.
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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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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 March 2025 Intermonte's Research Department covered 131 companies.
As of today Intermonte's distribution of stock ratings is as follows:

BUY:	32.59 %
OUTPERFORM:	37.78 %
NEUTRAL:	29.63 %
UNDERPERFORM	00.00 %
SELL:	00.00 %

As at 31 March 2025 the distribution of stock ratings for companies which have received corporate finance services from Intermonte in the last 12 months (74 in total) is as follows:

BUY:	52.70 %
OUTPERFORM:	29.73 %
NEUTRAL:	17.57 %
UNDERPERFORM	00.00 %
SELL:	00.00 %

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Emittente	%	Long/Short

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