

WIIT

Sector: Industrials

OUTPERFORM

Price: Eu18.36 - Target: Eu24.00

A More Profitable Growth Paves the Way for FY24 Outlook

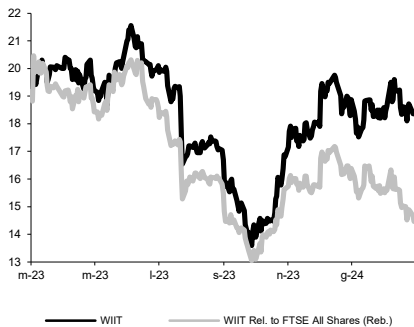
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Stock Rating			
Rating:	Unchanged		
Target Price (Eu):	Unchanged		
	2024E	2025E	2026E
Chg in Adj EPS	-10.4%	1.2%	

Next Event

1Q24 Results out 9 May 2024

WIIT - 12M Performance



Stock Data			
Reuters code:	WIIT.MI		
Bloomberg code:	WIIT IM		
Performance	1M	3M	12M
Absolute	-1.2%	1.5%	-6.2%
Relative	-8.0%	-9.5%	-28.0%
12M (H/L)	21.55/13.60		
3M Average Volume (th):	23.10		

Shareholder Data	
No. of Ord shares (mn):	28
Total no. of shares (mn):	28
Mkt Cap Ord (Eu mn):	514
Total Mkt Cap (Eu mn):	514
Mkt Float - Ord (Eu mn):	189
Mkt Float (in %):	36.7%
Main Shareholder:	
WIIT Fin Srl	56.5%

Balance Sheet Data	
Book Value (Eu mn):	38
BVPS (Eu):	1.34
P/BV:	13.7
Net Financial Position (Eu mn):	-198
Enterprise Value (Eu mn):	712

■ **FY23 results.** WIIT posted a solid set of FY results but in line with our expectations. In a constantly growing market, FY23 sales came to €130.1mn, up 9.5% (9M: +12.7%), benefiting from solid organic growth in core revenues (+10% in Italy, +6% in Germany), a higher focus on valued-added services, increased cross-selling, and the contribution from M&A (€7.7mn Lansol, €4.5mn Global Access). Adj. EBITDA grew 20.3% (9M: 26.5%), even faster than revenues thanks to a better mix and cost synergies that supported margins in Italy (45.5% in FY23, +8pp YoY), while Germany saw a 33.3% margin not too far from the FY22 level (33.6%) mainly due to the consolidation of Lansol. Personnel costs increased €3.8mn YoY (to €34mn) to reflect the change in scope (especially in Germany) and the investments in Corporate and commercial structure. FY FCFO came to €47.6mn (our exp. €42.5mn), completely absorbed by €24.7mn of CapEx, an €8mn cash-out for M&A, €7.8mn for dividends and a €9.9mn buyback, driving net debt up to €202mn (our exp. €195mn, 1H: €199.5mn), or €154mn ex-IFRS 16 impact (€10.6mn) and including treasury shares (€37.5mn), with a leverage ratio of 3x adj. EBITDA'23E.

■ **Feedback from conference call.** Management seems highly confident about 2024 trends, expecting a double-digit organic growth in Italy and high single-digit growth in Germany. German operations are showing no impact from the GDP decline, with the company boasting an increasing pipeline and being in the final stages of negotiation for a large €5mn annual contract. Further solidifying their European presence, WIIT is also nearing the acquisition of a target company in the Swiss market - a strategic move to enter the market regardless of the target's size.

■ **Change in estimates.** On FY24, we reflect the higher capex (€25.5mn from previous €20mn) and the acquisition of Edge&Cloud, which will bring an additional €8mn in revenue, although with a neutral upside on EBITDA as most of the run rate of cost synergies will start to materialize from next year (c. €2mn in FY25 and €3mn in FY26). On the other hand, we embody higher D&A (+€2mn) and financial expenses (rising from €7.4mn to €7.8mn). This leads to 10% Adj. EPS dilution in FY24, which is fully recovered in FY25/26 (EPS +1%/+4%).

■ **OUTPERFORM confirmed; target still €24.** We confirm our DCF-based target at €24, which implies 15x EV/EBITDA'24 (broadly in line with the historical average, the stock is currently trading at c.13x) and 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 and 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	148	158	168
EBITDA Adj (Eu mn)	42	51	56	62	68
Net Profit Adj (Eu mn)	13	15	18	23	27
EPS New Adj (Eu)	0.446	0.538	0.632	0.816	0.955
EPS Old Adj (Eu)	0.446	0.537	0.705	0.806	
DPS (Eu)	0.300	0.300	0.316	0.408	0.477
EV/EBITDA Adj	18.9	14.3	12.7	11.1	9.9
EV/EBIT Adj	34.3	25.9	22.2	18.1	15.4
P/E Adj	41.1	34.2	29.0	22.5	19.2
Div. Yield	1.6%	1.6%	1.7%	2.2%	2.6%
Net Debt/EBITDA Adj	4.3	4.0	3.5	2.9	2.3

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WIIT – Key Figures						
Profit & Loss (Eu mn)	2021A	2022A	2023A	2024E	2025E	2026E
Sales	77	119	130	148	158	168
EBITDA	23	40	47	56	62	68
EBIT	5	16	19	27	34	39
Financial Income (charges)	-4	-6	-8	-8	-7	-7
Associates & Others	0	0	0	0	0	0
Pre-tax Profit	1	11	12	20	27	32
Taxes	-1	-3	-3	-5	-7	-9
Tax rate	25.0%	31.9%	28.5%	27.0%	27.0%	27.0%
Minorities & Discontinued Operations	0	0	0	0	0	0
Net Profit	-0	7	8	14	19	23
EBITDA Adj	30	42	51	56	62	68
EBIT Adj	15	23	28	32	38	43
Net Profit Adj	9	13	15	18	23	27
Per Share Data (Eu)	2021A	2022A	2023A	2024E	2025E	2026E
Total Shares Outstanding (mn) - Average	28	28	28	28	28	28
Total Shares Outstanding (mn) - Year End	28	28	28	28	28	28
EPS f.d	-0.015	0.258	0.298	0.510	0.694	0.833
EPS Adj f.d	0.331	0.446	0.538	0.632	0.816	0.955
BVPS f.d	1.617	1.480	1.130	1.342	1.721	2.149
Dividend per Share ORD	0.300	0.300	0.300	0.316	0.408	0.477
Dividend per Share SAV	0.000	0.000	0.000	0.000	0.000	0.000
Dividend Payout Ratio (%)	90.7%	67.2%	55.8%	50.0%	50.0%	50.0%
Cash Flow (Eu mn)	2021A	2022A	2023A	2024E	2025E	2026E
Gross Cash Flow	18	31	36	43	48	52
Change in NWC	9	-8	12	-0	-1	-1
Capital Expenditure	-21	-28	-25	-26	-17	-17
Other Cash Items	11	3	-19	-19	-19	-19
Free Cash Flow (FCF)	6	-6	23	17	31	35
Acquisitions, Divestments & Other Items	-77	-20	-7	-4	-2	1
Dividends	-3	-8	-8	-8	-9	-11
Equity Financing/Buy-back	19	-8	-10	0	0	0
Change in Net Financial Position	-45	-40	-21	5	19	24
Balance Sheet (Eu mn)	2021A	2022A	2023A	2024E	2025E	2026E
Total Fixed Assets	205	216	217	213	201	189
Net Working Capital	-10	18	13	13	14	14
Long term Liabilities	19	19	19	19	19	19
Net Capital Employed	186	222	234	235	226	215
Net Cash (Debt)	-141	-181	-202	-198	-178	-154
Group Equity	45	41	32	38	48	60
Minorities	0	0	0	0	0	0
Net Equity	45	41	32	38	48	60
Enterprise Value (Eu mn)	2021A	2022A	2023A	2024E	2025E	2026E
Average Mkt Cap	613	615	523	514	514	514
Adjustments (Associate & Minorities)	0	0	0	0	0	0
Net Cash (Debt)	-141	-181	-202	-198	-178	-154
Enterprise Value	753	796	726	712	693	669
Ratios (%)	2021A	2022A	2023A	2024E	2025E	2026E
EBITDA Adj Margin	38.3%	35.5%	39.0%	37.8%	39.5%	40.3%
EBIT Adj Margin	20.1%	19.5%	21.5%	21.6%	24.3%	25.9%
Gearing - Debt/Equity	nm	nm	nm	nm	nm	nm
Interest Cover on EBIT	1.2	2.9	2.5	3.5	4.8	5.7
Net Debt/EBITDA Adj	4.8	4.3	4.0	3.5	2.9	2.3
ROACE*	3.4%	8.0%	8.5%	11.7%	14.6%	17.6%
ROE*	30.7%	28.8%	41.2%	51.2%	53.3%	49.4%
EV/CE	5.1	3.9	3.2	3.0	3.0	3.0
EV/Sales	9.8	6.7	5.6	4.8	4.4	4.0
EV/EBITDA Adj	25.5	18.9	14.3	12.7	11.1	9.9
EV/EBIT Adj	nm	34.3	25.9	22.2	18.1	15.4
Free Cash Flow Yield	1.1%	-1.1%	4.5%	3.4%	6.0%	6.8%
Growth Rates (%)	2021A	2022A	2023A	2024E	2025E	2026E
Sales	46.8%	54.1%	9.5%	14.1%	6.4%	6.3%
EBITDA Adj	61.2%	42.8%	20.5%	10.5%	11.3%	8.4%
EBIT Adj	71.1%	50.0%	20.6%	14.5%	19.5%	13.4%
Net Profit Adj	52.2%	34.9%	20.5%	17.6%	29.1%	17.0%
EPS Adj	44.0%	34.9%	20.5%	17.6%	29.1%	17.0%
DPS	185.7%	0.0%	0.0%	5.4%	29.1%	17.0%

*Excluding extraordinary items Source: Intermonte SIM estimates

4Q/FY23 Results

WIIT – 4Q/9M23 Results: P&L

P&L Eu mn	1Q22A	2Q22A	1H22A	3Q22A	9M22A	4Q22A	2022A	1Q23A	2Q23A	1H23A	3Q23A	9M23A	4Q23A	2023A	2023E	A/E
Revenue	26.4	27.9	54.3	31.1	85.3	33.4	118.8	31.8	32.4	64.2	32.0	96.2	33.9	130.1	129.1	1%
<i>YoY growth</i>	52.1%	60.7%	57.1%	74.0%	61.1%	38.3%	54.1%	20.6%	16.0%	18.2%	3.1%	12.7%	1.5%	9.5%	8.7%	
Italy	12.2	14.0	26.2	15.6	41.8	16.2	58.0	14.5	14.1	28.6	14.1	42.7	15.1	57.7	59.2	-2%
as % of Group sales	46.1%	50.2%	48.2%	50.3%	49.0%	48.5%	48.8%	45.6%	43.6%	44.6%	43.9%	44.3%	44.4%	44.3%	45.8%	
Germany	14.2	13.9	28.1	15.5	43.6	17.2	60.8	17.3	18.3	35.6	18.0	53.5	18.9	72.4	69.9	4%
as % of Group sales	53.9%	49.8%	51.8%	49.9%	51.1%	51.5%	51.2%	54.4%	56.4%	55.4%	56.1%	55.7%	55.6%	55.7%	54.2%	
Opex	(16.3)	(18.3)	(34.5)	(21.0)	(55.5)	(21.0)	(76.6)	(19.8)	(20.0)	(39.8)	(18.6)	(58.4)	(20.9)	(79.3)	(78.6)	
Adj. EBITDA	10.1	9.6	19.7	10.1	29.8	12.4	42.2	12.0	12.3	24.3	13.4	37.7	13.0	50.8	50.5	0%
<i>YoY growth</i>	40.9%	36.8%	38.9%	32.7%	36.7%	60.9%	43.0%	19.0%	28.0%	23.4%	32.9%	26.6%	5.0%	20.3%	19.7%	
margin	38.2%	34.6%	36.3%	32.4%	34.9%	37.1%	35.5%	37.7%	38.1%	37.9%	41.8%	39.2%	38.4%	39.0%	39.1%	
Italy	4.9	5.3	10.2	5.1	15.3	6.4	21.7	5.9	6.4	12.3	7.3	19.6	6.6	26.3	27.1	-3%
margin	40.1%	38.2%	39.1%	32.5%	36.6%	39.5%	37.5%	40.8%	45.3%	43.0%	52.2%	46.0%	44.1%	45.5%	45.8%	
Germany	5.2	4.3	9.5	5.0	14.5	6.0	20.5	6.1	5.9	12.0	6.1	18.1	6.4	24.5	23.4	5%
margin	36.6%	30.9%	33.8%	32.3%	33.3%	34.9%	33.7%	35.3%	32.3%	33.8%	33.9%	33.8%	33.9%	33.8%	33.5%	
Extraord	(0.4)	(0.5)	(0.8)	(0.9)	(1.7)	(0.7)	(2.4)	(1.0)	(1.0)	(2.0)	(0.7)	(2.7)	(1.2)	(3.9)	(2.7)	
Rep. EBITDA	9.7	9.2	18.9	9.2	28.1	11.7	39.8	11.0	11.3	22.3	12.7	35.0	11.8	46.8	47.8	-2%
D&A, provisions	(4.4)	(5.0)	(9.4)	(5.0)	(14.4)	(4.5)	(19.0)	(5.3)	(5.7)	(11.0)	(5.7)	(16.7)	(6.0)	(22.7)	(22.6)	
Adj. EBIT	5.7	4.6	10.3	5.0	15.4	7.9	23.2	6.7	6.7	13.4	7.7	21.0	7.0	28.0	27.9	0%
margin	21.7%	16.5%	19.1%	16.2%	18.0%	23.6%	19.5%	21.1%	20.6%	20.9%	23.9%	21.9%	20.7%	21.5%	21.6%	
Rep. EBIT	4.3	3.0	7.4	2.7	10.1	6.2	16.2	4.5	4.5	9.0	5.7	14.7	4.7	19.5	20.5	
Financial Charges	(1.2)	(0.8)	(2.0)	(2.2)	(4.2)	(1.4)	(5.6)	(1.7)	(1.8)	(3.6)	(1.9)	(5.5)	(2.3)	(7.8)	(7.4)	
Pretax	3.1	2.3	5.4	0.5	5.9	4.8	10.6	2.8	2.7	5.4	3.8	9.2	2.5	11.7	13.1	
taxes	(0.9)	(0.1)	(1.0)	0.5	(0.5)	(2.8)	(3.4)	(0.6)	(1.0)	(1.6)	(0.9)	(2.5)	(0.9)	(3.3)	(3.5)	
Net income	2.3	2.2	4.4	0.9	5.4	2.0	7.3	2.2	1.7	3.8	3.0	6.8	1.6	8.3	9.6	
Adj. Net income	3.2	2.9	6.1	3.4	9.6	2.9	12.5	3.9	2.8	6.7	5.0	11.6	3.4	15.1	15.0	0%
Net debt	147.0	159.8	159.8	180.0	180.0	180.8	180.8	191.9	198.7	198.7	199.5	199.5	202.2	202.2	195.3	4%

Source: Intermonte SIM (E), Company Data (A), FactSet Consensus (C)

WIIT – 4Q/FY23 Results: FCF and Net Debt

FCF statement	1Q21A	1H21A	9M21A	2021A	1Q22A	1H22A	9M22A	2022A	1Q23A	1H23A	9M23A	2023E	2023E	A-E
Net Income	2.7	2.9	4.1	(0.4)	2.7	4.4	6.0	7.2	2.2	3.8	6.8	8.3	9.6	(1.3)
+ D&A	3.5	7.5	11.5	18.2	5.4	11.5	18.0	23.5	6.5	13.3	20.3	27.4	27.3	0.1
-NWC chg	0.0	1.5	2.8	8.9	3.4	2.9	(4.4)	(8.4)	2.6	4.9	4.4	11.9	5.6	6.3
CF from Operations	6.3	11.9	18.4	26.7	11.4	18.7	19.6	22.3	11.2	22.0	31.5	47.6	42.5	5.1
Capex	(1.6)	(4.9)	(7.2)	(21.0)	(7.3)	(16.7)	(21.0)	(28.2)	(8.7)	(14.8)	(18.2)	(24.7)	(25.0)	0.3
Equity FCF	4.6	7.0	11.2	5.7	4.1	2.0	(1.4)	(5.9)	2.5	7.2	13.3	22.9	17.5	5.4
Acquisitions	(1.0)	(2.4)	(2.7)	(77.0)	(9.5)	(6.5)	(22.1)	(20.9)	(6.4)	(8.0)	(8.0)	(8.0)	(10.0)	2.0
Dividends		(3.2)	(3.2)	(3.2)		(8.4)	(8.4)	(8.4)		(7.8)	(7.8)	(7.8)	(7.8)	
Buyback	(1.5)	(4.6)	(6.4)	(6.4)	(3.6)	(4.9)	(7.6)	(7.6)	(2.0)	(5.3)	(8.5)	(9.9)	(12.0)	2.1
Equity financing		25.0	25.0	25.0										
Other	(0.4)	1.2	(4.8)	10.9	2.6	(1.4)	0.1	2.6	(5.2)	(4.0)	(7.7)	(18.6)		(18.6)
Net Cash Flow	1.7	23.0	19.1	(45.0)	(6.4)	(19.2)	(39.4)	(40.2)	(11.1)	(17.9)	(18.7)	(21.4)	(12.3)	(9.1)
Net Debt (post IFRS16)	93.9	72.6	76.5	140.6	147.0	159.8	180.0	180.8	191.9	198.7	199.5	202.2	195.3	6.9
IFRS16	7.9	8.6	8.8	10.7	11.5	10.3	10.3	10.3	12.8	12.1	11.0	10.6	11.0	(0.4)
Net Debt ex IFRS16	86.0	64.0	67.7	129.9	135.5	149.5	169.7	170.5	179.1	186.6	188.5	191.6	184.3	7.3
treasury shares MtM	24.3	24.3	24.3	45.9	41.0	24.5	22.2	28.0	32.8	35.2	27.9	37.5	35.3	2.2
ND ex IFRS16 + own shares	61.7	39.7	43.4	84.0	94.5	125.0	147.5	142.5	146.3	151.4	160.6	154.2	149.0	5.1
ND/annualized EBITDA				2.8x				3.4x		3.1x	3.1x	3.0x	2.9x	

Source: Intermonte SIM (E), Company Data (A), FactSet Consensus (C)

Feedback from conference call

Management seems highly confident about this year trends, expecting a double-digit organic growth in Italy and high single-digit growth in Germany. German operations are showing no impact from the GDP decline, with the company boasting an increasing pipeline and being in the final stages of negotiation for a large €5mn annual contract. Further solidifying their European presence, WIIT is also nearing the acquisition of a target company in the Swiss market - a strategic move to enter the market regardless of the target's size.

FY24 expectations

- Organic growth expected at double digit level in Italy (FY23: +11%) and high single digit in Germany (FY23: +6%) thanks to new bookings and orders.
- Phase-out of low-margin services completed (hardware resale less than €1mn in Italy).
- Italy is currently a step ahead of Germany, having delivered stronger deals in terms of size and complexity. Germany is performing well with a healthy pipeline. In Germany, double-digit growth is expected in the central area, while the northern part with operations established in August 2023 is expected to see flat growth.
- The Edge & Cloud contribution to EBITDA will be minimal this year as cost synergies start from Q2 (€2mn synergies visible from January 2024). This should cause some dilution on margins, which will be recovered from FY25 onwards.

M&A: Negotiations are in the final stages for a target company in the Swiss market. While not financially significant, entering a new market requires minimum revenue and a local datacenter. The target company is well-performing and presents an opportunity for WIIT to enter its fifth European market and manage operations from Germany.

German context: Revenue in Germany is on track, with no impact from the decrease in GDP. The company enjoys an increasing pipeline, with a large deal (worth €5 million annually) in the final negotiation stage. The client is looking to move from Google to a private cloud solution, driven by a combination of cost savings, data security concerns (German users are more sensitive than Italians regarding data privacy regulations like GDPR), and the advantage of a local provider. A framework agreement is in place to integrate the services. Data sovereignty is a growing concern.

FY24 Capex: €25-26mn capex (compared to €24.7mn in FY23), including rents and all capex needed to achieve synergies in Germany. Capex intensity is decreasing year-over-year.

Cashout for earnout: only €400k left to be paid in Italy and €2mn in Germany. The latter is related to the Edge & Cloud deal. E&C is expected to generate approximately €8mn in revenue this year. If revenues reach €9mn, WIIT will pay an additional €2mn earnout.

Multiple voting rights: the company wants to take advantage of the new Italian government law (DDL Capitali) expected to be approved by the Senate shortly. They plan to submit a proposal for adopting multiple voting rights at the next AGM in May. This tool could provide more financial flexibility in the shareholder structure.

Personnel: thanks to Edge & Cloud, the company onboarded 66 people, allowing them to halt recruitment plans in Germany.

Upselling: In 2023, 60% of sales came from new logos. In 2024, the company expects a more balanced mix with 40-50% of sales from new logos and the rest from upselling/cross-selling with existing customers.

Energy costs: Energy costs down by €1mn in FY23 (from €9.3mn in FY22 to €8.2mn in FY23). At constant perimeter, further reductions of €700k in 2024 and €500k in 2025 are expected, although the 2024 reduction might be slightly offset by higher organic growth.

Datacenter rationalization: The company plans to close two datacenters in the coming years and halt new hires for another one in Munich. Client permission is the constraint for completing the full datacenter migration.

Acquisition of Edge & Cloud (24 January 2024)

Last 24th January the company announced the purchase of the “Edge & Cloud” business of German Edge Cloud GmbH & Co. KG (GEC), part of the Fridelhm Loh Group, for €6.5mn. The division, based in Haiger (Frankfurt area) is made up of the following assets:

- A portfolio of 40 loyal clients that can generate c.€9.2mn of recurring revenues;
- 66 employees with the technical and commercial expertise necessary for the provision of services;
- The hardware, software and other IP required to manage the business.

It offers the following services:

- Cloud Services: infrastructure services for cloud computing with a specific focus on data management, data analysis, management of remote work locations, etc.;
- Edge Computing: appliances for Edge computing with ready-to-use software and hardware systems.

The deal involves payment of a base price of €2.5mn at closing and earn-out components up to an aggregate maximum of €4mn, payable based on reaching defined revenue milestones. Thanks to this acquisition, WIIT is aiming to generate annual EBITDA of €3mn after a period of integration and the extraction of over €3mn of cost synergies.

Our comment: the deal fits perfectly with WIIT’s growth strategy in an area of high strategic potential like Frankfurt, where WIIT is already present through Lansol (acquired in September 2022). Despite the limited size and minimal initial profitability, we expect that over 18 months, after cost synergies have been extracted, it can guarantee attractive upside, at around 5% of group EBITDA as of 2025.

WIIT – M&A Trackrecord

Date	Target	Country	EV (€mn)	Year	Sales (€mn)	EV /Sales	EBITDA (€mn)	EBITDA margin	EV/EBITDA pre syn.	synergies (€mn)	EV/EBITDA post syn.	employees
28-Jun-18	Adelante	IT (Toscana)	6.4	FY17	7.0	0.9x	0.9	12.9%	7.1x			
20-Jun-19	Matika	IT (Veneto)	8.5	FY18	9.2	0.9x	1.6	17.4%	5.3x			38
20-Dec-19	Etaeria	IT (Piemonte)	6.7	FY18	6.1	1.1x	1.4	23.0%	4.5x			40
20-Dec-19	Aedera	IT (Emilia)	2.2	FY18	1.9	1.2x	0.4	21.1%	4.6x			18
19-Sep-20	Myloc	DE (Dusseldorf)	50.0	FY19	16.2	3.1x	7.4	45.7%	6.8x			70
27-Jul-21	Mivitec	DE (Munich)	4.0	FY21	4.0	1.0x	0.5	12.5%	8.0x	1.0	2.7x	23
18-Oct-21	R42 Group	DE (North East)	70.8	FY21	27.6	2.6x	8.9	32.3%	7.9x	2.0	6.5x	140
	Boreus	DE (Stralsund)	52.8	FY21	14.1	3.7x	5.6	39.7%	9.4x			
	Geco	DE (Rostock)	18.0	FY21	13.5	1.3x	3.3	24.4%	5.5x			
14-Feb-22	ERPTEch	IT (Lombardia)	4.0	FY21	9.0	0.4x	0.5	5.6%	8.0x	3.0	1.1x	44
2-Sep-22	Lansol	DE (Frankfurt)	18.0	FY22	6.6	2.7x	2.0	30.3%	9.0x	1.0	6.0x	24
16-Jan-23	Global Access	DE (Munich)	8.0	FY22	4.0	2.0x	1.1	26.3%	7.6x	1.0	3.9x	9
24-Jan-24	Edge&Cloud	DE (Frankfurt)	6.5	FY23	9.2	0.7x	~ 0	n.m.	n.m.	3.0	2.2x	66

Source: Intermonte SIM

Change in Estimates

On FY24, we reflect the higher capex (€25.5mn from previous €20mn) and the acquisition of Edge&Cloud, which will bring an additional €8mn in revenue, although with a neutral upside on EBITDA as most of the run rate of cost synergies will start to materialize from next year (c. €2mn in FY25 and €3mn in FY26). On the other hand, we embody higher D&A (+€2mn) and financial expenses (rising from €7.4mn to €7.8mn). This leads to 10% Adj. EPS dilution in FY24, which is fully recovered in FY25/26 (EPS +1%/+4%).

WIIT – Changes to 2024-26 Estimates

Eu mn	Actual			New Estimates			Old Estimates			New vs Old		
	'21A	'22A	'23A	'24E	'25E	'26E	'24E	25E	'26E	'24E	25E	'26E
Revenue	77.1	118.8	130.1	148.4	157.9	167.8	140.1	149.0	158.2	6%	6%	6%
YoY growth	17.9%	54.1%	9.5%	14.1%	6.4%	6.3%	8.5%	6.3%	6.2%			
Italy	56.4	58.0	57.7	63.8	66.9	70.2	63.9	67.1	70.3	0%	0%	0%
as % of tot	73.2%	48.8%	44.3%	43.0%	42.4%	41.8%	45.6%	45.0%	44.4%			
Germany	20.7	60.8	72.4	84.7	90.9	97.7	76.2	81.9	87.9	11%	11%	11%
as % of tot	26.8%	51.2%	55.7%	57.0%	57.6%	58.2%	54.4%	55.0%	55.6%			
Adj. EBITDA	29.5	42.2	50.8	56.1	62.4	67.7	56.8	60.8	65.1	-1%	3%	4%
YoY growth	19.6%	43.0%	20.3%	10.5%	11.3%	8.4%	12.4%	7.0%	7.2%			
as % of sales	38.3%	35.5%	39.0%	37.8%	39.5%	40.3%	40.5%	40.8%	41.2%			
Italy		21.7	26.3	29.6	31.1	33.0	29.7	31.2	33.0	0%	0%	0%
as % of sales		37.4%	45.5%	46.5%	46.5%	47.0%	46.5%	46.5%	47.0%			
Germany		20.5	24.5	26.4	31.3	34.7	27.1	29.6	32.1	-2%	6%	8%
as % of sales		33.7%	33.8%	31.2%	34.4%	35.5%	35.5%	36.1%	36.5%			
EBITDA	23.3	39.7	46.8	56.1	62.4	67.7	56.8	60.8	65.1	-1%	3%	4%
YoY growth	42.9%	70.6%	17.9%	19.7%	11.3%	8.4%	18.7%	7.0%	7.2%			
as % of sales	30.2%	33.4%	36.0%	37.8%	39.5%	40.3%	40.5%	40.8%	41.2%			
Adj. EBIT	15.5	23.2	28.0	32.1	38.3	43.5	34.1	38.0	42.2	-6%	1%	3%
YoY growth	24.8%	50.0%	20.6%	14.5%	19.5%	13.4%	22.0%	11.4%	11.3%			
as % of sales	20.1%	19.5%	21.5%	21.6%	24.3%	25.9%	24.3%	25.5%	26.7%			
EBIT	5.1	16.2	19.5	27.4	33.6	38.8	29.4	33.3	37.5	-7%	1%	3%
Pre Tax Income	0.8	10.6	11.7	19.6	26.6	32.0	22.4	26.3	30.5			
Net Profit	-0.4	7.2	8.3	14.3	19.4	23.3	16.3	19.2	22.3			
Adj. Net profit	9.3	12.5	15.1	17.7	22.9	26.8	19.8	22.6	25.7	-10%	1%	4%
YoY growth	-0.4%	34.9%	20.5%	17.6%	29.1%	17.0%	31.4%	14.3%	13.9%			
EPS (€)	-0.01	0.26	0.30	0.51	0.69	0.83	0.58	0.68	0.80			
Adj. EPS (€)	0.33	0.45	0.54	0.63	0.82	0.95	0.71	0.81	0.92	-10%	1%	4%
YoY growth	-5.7%	34.9%	20.5%	17.6%	29.1%	17.0%	31.4%	14.3%	13.9%			
Capex	21.0	28.2	24.7	25.5	16.5	16.5	19.5	16.5	16.5	31%	0%	0%
as % of revs.	27.2%	23.7%	19.0%	17.2%	10.5%	9.8%	13.9%	11.1%	10.4%			
Net Debt/(Cash)	140.6	180.8	202.2	197.6	178.2	154.5	179.4	159.4	137.7	10%	12%	12%
ND/Adj. EBITDA	n.m.	4.3x	4.0x	3.5x	2.9x	2.3x	3.2x	2.6x	2.1x			
Net Debt ex IFRS16	129.9	170.5	191.6	187.0	167.6	143.9	168.4	148.4	126.7	11%	13%	14%
ND/Adj. EBITDA	n.m.	4.0x	3.8x	3.3x	2.7x	2.1x	3.0x	2.4x	1.9x			
own shares MtM	45.9	28.5	37.5	37.5	37.5	37.5	35.0	35.0	35.0			
ND ex IFRS16 & own shares	84.0	142.0	154.2	149.6	130.1	106.4	133.3	113.4	91.7	12%	15%	16%
ND/Adj. EBITDA	n.m.	3.4x	3.0x	2.7x	2.1x	1.6x	2.3x	1.9x	1.4x			

Source: Intermonte SIM (E), Company Data (A)

Comparison with Current Consensus

WIIT – 2024-26E Intermonte Estimates vs. Current Consensus

Eu mn	Actual			New Estimates			Old Estimates			New vs Old		
	'21A	'22A	'23A	'24E	'25E	'26E	'24E	25E	'26E	'24E	25E	'26E
Revenue	77.1	118.8	130.1	148.4	157.9	167.8	142.0	151.3		5%	4%	n.m.
YoY growth	17.9%	54.1%	9.5%	14.1%	6.4%	6.3%	n.m.	6.6%	n.m.			
Adj. EBITDA	29.5	42.2	50.8	56.1	62.4	67.7	56.2	60.8		0%	3%	n.m.
YoY growth	19.6%	43.0%	20.3%	10.5%	11.3%	8.4%	n.m.	8.2%	n.m.			
as % of sales	38.3%	35.5%	39.0%	37.8%	39.5%	40.3%	39.6%	40.2%	n.m.			
EBITDA	23.3	39.7	46.8	56.1	62.4	67.7	56.2	61.9		0%	1%	n.m.
YoY growth	42.9%	70.6%	17.9%	19.7%	11.3%	8.4%	n.m.	10.2%	n.m.			
as % of sales	30.2%	33.4%	36.0%	37.8%	39.5%	40.3%	39.6%	40.9%	n.m.			
Adj. EBIT	15.5	23.2	28.0	32.1	38.3	43.5	33.0	38.0		-3%	1%	n.m.
YoY growth	24.8%	50.0%	20.6%	14.5%	19.5%	13.4%	n.m.	15.2%	n.m.			
as % of sales	20.1%	19.5%	21.5%	21.6%	24.3%	25.9%	23.2%	25.1%	n.m.			
EBIT	5.1	16.2	19.5	27.4	33.6	38.8	32.1	36.4		-15%	-8%	n.m.
Pre Tax Income	0.8	10.6	11.7	19.6	26.6	32.0	21.0	25.7				
Net Profit	-0.4	7.2	8.3	14.3	19.4	23.3	15.4	19.0				
Adj. Net profit	9.3	12.5	15.1	17.7	22.9	26.8	18.9	22.6		-6%	1%	n.m.
YoY growth	-0.4%	34.9%	20.5%	17.6%	29.1%	17.0%	n.m.	19.7%	n.m.			
EPS (€)	0.0	0.3	0.3	0.5	0.1	0.1	0.7	0.8				
Adj. EPS (€)	0.3	0.4	0.5	0.6	0.8	1.0	0.6	0.7		12%	16%	n.m.
YoY growth	-6%	35%	20%	18%	29%	17%	n.m.	24.8%	n.m.			
DPS (€)	0.30	0.30	0.30	0.32	0.41	0.41	0.31	0.33		2%	25%	n.m.
payout	91%	67%	56%	50%	50%	43%	n.m.	5.4%	n.m.			
Capex	21.0	28.2	24.7	25.5	16.5	16.5	20.0	19.2		27%	-14%	n.m.
as % of revs.	27.2%	23.7%	19.0%	17.2%	10.5%	9.8%	14.1%	12.7%	n.m.			
Net Debt/(Cash)	140.6	180.8	202.2	197.6	178.2	154.5	175.1	156.0		13%	14%	n.m.
ND/Adj. EBITDA	n.m.	4.3x	4.0x	3.5x	2.9x	2.3x	3.1x	2.5x	n.m.			

Source: Intermonte SIM (E), Company Data (A), FactSet Consensus (C)

DCF Valuation

We confirm our DCF-based target at €24, which implies 15x EV/EBITDA'24 (broadly in line with the historical average, the stock is currently trading at c.12x) and still offers a compelling entry point, prompting us to reiterate our positive view.

WIIT – DCF Valuation (WACC at 7.2% before 2026, 8.2% beyond 2026, g still at 2.5%)

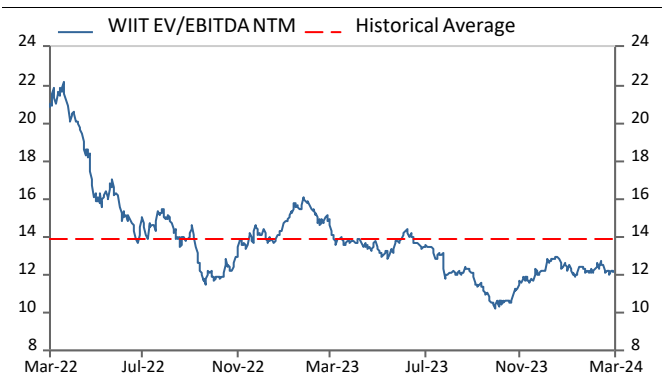
Eu mn	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E	2035E	TV
Revenues	148.4	157.9	167.8	177.2	185.8	193.5	200.2	206.9	213.6	220.4	227.1	233.8	239.5
YoY growth	14.1%	6.4%	6.3%	5.6%	4.9%	4.2%	3.5%	3.4%	3.3%	3.2%	3.1%	3.0%	2.5%
Adj. EBITDA	56.1	62.4	67.7	71.0	73.8	76.3	78.5	80.6	82.7	84.7	86.8	88.7	92.2
EBITDA margin %	37.8%	39.5%	40.3%	40.1%	39.7%	39.5%	39.2%	39.0%	38.7%	38.5%	38.2%	38.0%	38.5%
D&A	(24.0)	(24.1)	(23.7)	(23.4)	(23.1)	(22.9)	(22.7)	(22.5)	(22.5)	(22.4)	(22.4)	(22.4)	(24.0)
Adj. EBIT	32.1	38.3	43.5	47.6	50.7	53.5	55.8	58.1	60.2	62.3	64.4	66.3	68.3
Adj. EBIT margin %	21.6%	24.3%	25.9%	26.9%	27.3%	27.6%	27.9%	28.1%	28.2%	28.3%	28.4%	28.4%	28.5%
Taxes on EBIT	(7.9)	(9.4)	(10.6)	(11.7)	(12.4)	(13.1)	(13.7)	(14.2)	(14.8)	(15.3)	(15.8)	(16.3)	(16.7)
NOPAT	24.2	28.9	32.8	35.9	38.3	40.4	42.1	43.8	45.5	47.1	48.6	50.1	51.5
+ D&A	24.0	24.1	23.7	23.4	23.1	22.9	22.7	22.5	22.5	22.4	22.4	22.4	24.0
-/+ Delta WKC	(0.1)	(0.9)	(0.6)	(0.7)	(0.7)	(0.7)	(0.8)	(0.8)	(0.8)	(0.8)	(0.9)	(0.9)	-
- Capex	(25.5)	(16.5)	(16.5)	(17.7)	(18.6)	(19.3)	(20.0)	(20.7)	(21.4)	(22.0)	(22.7)	(23.4)	(24.0)
Capex on sales %	17.2%	10.5%	9.8%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
= FCF	22.6	35.6	39.4	40.9	42.1	43.2	44.0	44.9	45.8	46.6	47.4	48.2	1,247
x Discount factor	1.00	0.94	0.87	0.80	0.74	0.68	0.63	0.59	0.54	0.50	0.47	0.43	0.43
= PV (FCF)		33.3	34.4	32.6	31.0	29.5	27.9	26.4	24.9	23.5	22.2	20.9	541
WACC applied		6.9%	6.9%	7.9%	7.9%	7.9%	7.9%	7.9%	7.9%	7.9%	7.9%	7.9%	7.9%

DCF analysis

SUM PV(FCF'25-35E)	307
PV TV	541
Enterprise Value	847
Net debt @YE24	(198)
treasury shares	35
Equity value	685
NOSH (mn)	28.0
FV per share (Eu)	24
Actual share price	18
Upside/(Downside)	32.9%
implied EV/EBITDA'24	15.1x
implied EV/EBITDA'25	14.8x

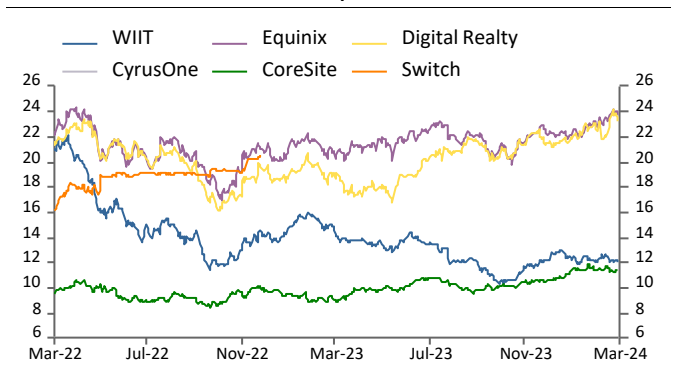
Source: Intermonte SIM

WIIT - EV/EBITDA NTM evolution



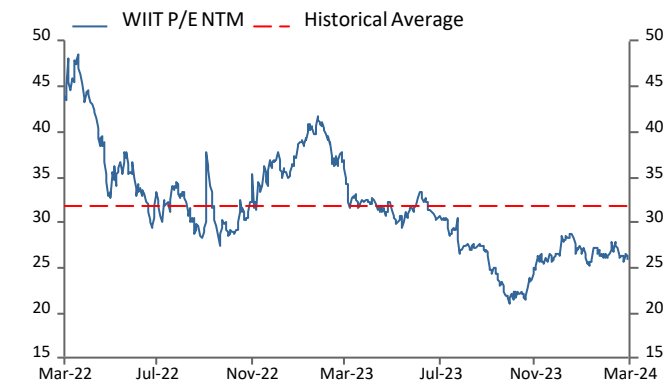
Source: FactSet Consensus

WIIT - EV/EBITDA NTM evolution vs. peers



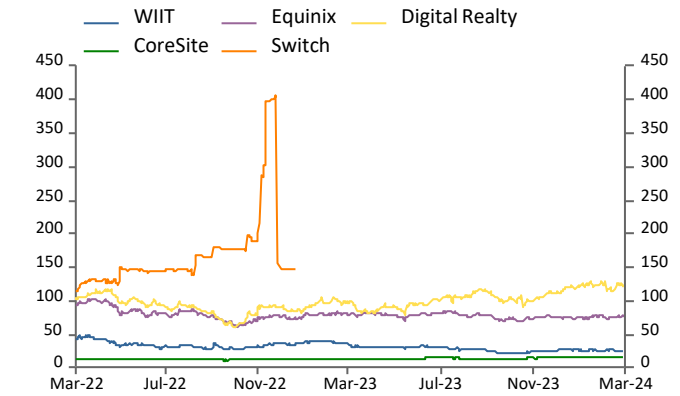
Source: FactSet Consensus

WIIT – P/E NTM evolution



Source: FactSet Consensus

WIIT – P/E NTM evolution vs. peers



Source: FactSet Consensus

Peer Multiple Comparison

Company	Currency	Price	Mkt. Cap (Eu mn)	Abs. Perf. (%)				EV/Sales (x)		EV/EBITDA (x)		EV/EBIT (x)		Adj. P/E (x)		Div. Yield (%)	
				1m	3m	6m	Ytd	'24E	'25E	'24E	'25E	'24E	'25E	'24E	'25E	'24E	'25E
WIIT (@mkt price, our est.)	EUR	18.36	514	1%	2%	8%	-6%	4.8	4.4	12.7	11.1	22.2	18.1	29.0	22.5	1.7%	2.2%
WIIT (@mkt price, cons)	EUR	18.36	514	1%	2%	8%	-6%	4.9	4.4	12.3	10.8	21.5	18.4	27.3	22.8	1.7%	1.8%
WIIT (@our TP, our est.)	EUR	24	684					5.9	5.5	15.7	13.8	27.5	22.5	38.6	29.9	1.3%	1.7%
GDS Holding	USD	7.73	1,376	32%	-9%	-31%	-14%	4.4	4.2	9.9	9.1	53.5	36.8	n.m.	n.m.	0.0%	0.0%
Beijing Sinnet Teec h.	CNY	9.96	2,286	13%	-6%	-2%	3%	2.2	2.0	10.3	9.1	22.7	17.9	24.9	19.0	0.6%	0.9%
Sunevision Holdings Ltd.	HKD	2.77	759	-1%	-4%	-25%	-12%	6.9	5.9	9.8	8.4	14.3	12.6	7.2	6.6	4.0%	4.3%
Nextdc Limited	AUD	17.48	5,447	21%	34%	33%	27%	25.4	24.1	52.8	47.5	336.6	309.8	n.m.	n.m.	0.0%	0.0%
OVH Groupe SAS	EUR	9.87	1,880	3%	12%	5%	13%	2.6	2.3	7.1	6.1	108	48	n.m.	n.m.	0.0%	0.0%
Keppel DC REIT	SGD	1.70	2,012	-1%	-15%	-22%	-13%	15.3	14.7	20.1	19.0	20.1	19.0	19.5	18.5	5.2%	5.5%
Itz Colocation Datacenter - Median								5.6	5.0	10.1	9.1	38.1	27.9	19.5	18.5	0.3%	0.5%
Intuit Inc.	USD	662.64	169,926	-1%	11%	18%	4%	11.6	10.1	29.9	24.8	30.5	26.1	39.9	34.2	0.5%	0.6%
IONOS Group SE	EUR	20.05	2,807	-5%	41%	28%	15%	2.4	2.1	8.4	7.0	11.6	9.4	16.8	13.5	0.4%	0.5%
VeriSign, Inc.	USD	191.98	17,742	-3%	-10%	-5%	-6%	12.3	11.5	16.1	15.0	18.4	17.0	24.4	22.5	0.0%	0.0%
GoDaddy, Inc. Class A	USD	117.54	15,339	1%	9%	55%	8%	4.4	4.0	15.2	13.1	23.8	19.7	24.1	18.5	0.0%	0.0%
Wix.com Ltd.	USD	141.27	7,085	4%	33%	46%	13%	3.9	3.4	20.8	14.5	22.6	15.9	25.7	19.2	0.0%	0.0%
Kingsoft Cloud Holdings	USD	3.49	797	30%	-16%	-34%	-8%	0.8	0.7	n.m.	30.0	n.m.	n.m.	n.m.	n.m.	0.0%	0.0%
Web infrastructure - Median								4.2	3.7	16.1	14.8	22.6	17.0	24.4	19.2	0.0%	0.0%
Cloud Peers - Median Itz Colocation and &Web Infrastructure								4.9	4.4	13.1	11.9	30.3	22.5	22.0	18.8	0.2%	0.2%
Equinix, Inc.	USD	892.81	77,376	4%	12%	15%	11%	11.5	17.1	24.7	33.9	59.0	98.1	76.1	169.7	1.9%	0.6%
Digital Realty Trust, Inc.	USD	146.23	41,827	-1%	8%	11%	8%	11.2	10.7	22.6	21.1	71.2	61.0	86.3	91.7	3.4%	3.5%
US Colocation Datacenter - Median								11.3	13.9	23.6	27.5	65.1	79.5	81.2	130.7	2.7%	2.1%
21Vianet Group	USD	1.76	239	12%	-43%	-48%	-41%	1.2	1.2	4.5	4.4	78.4	55.6	n.m.	n.m.	0.0%	0.0%
iomart Group plc	GBP	1.44	189	4%	-13%	-21%	-7%	1.4	1.4	4.9	4.8	9.0	8.6	11.7	11.3	4.3%	4.5%
Managed services - Median								1.3	1.3	4.7	4.6	43.7	32.1	11.7	n.m.	2.1%	2.3%
Cloud Peers - Median								4.9	4.4	13.1	11.9	40.9	30.0	22.0	19.2	1.2%	1.3%

Source: Intermonte SIM (E), Company Data (A)

WIIT in Brief

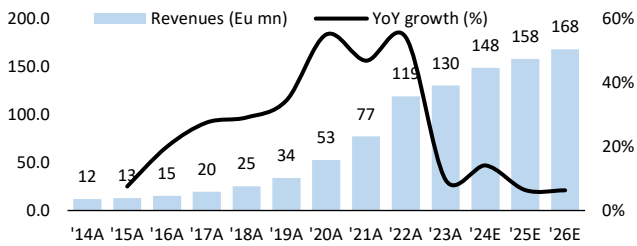
Company description

WIIT is a leading player in the European cloud computing market, focused on hybrid and hosted private clouds for the B2B market with a special focus on mission-critical services, serving 160+ top clients and 2,000+ mid-sized ones. WIIT manages 3 DCs in Italy and a campus of 17 DCs in Germany and has 2 major Tier IV datacentre (highest reliability and security) certified by the Uptime Institute (USA). Established in 1996, WIIT has been listed on the Italian stock market since 2019 (IPO price €45, before 1:10 split) and on the STAR segment from the same year. Since 2007, WIIT has made 12 successful acquisitions (5 in Italy and 7 in Germany).

Strengths/Opportunities

- Still underpenetrated addressable market, with increasing IT outsourcing and shift to cloud by SMEs
- High entry/low exit barriers for mission-critical services
- Complexity and customisation help WIIT set good prices
- Highly scalable and flexible business model, with good visibility from current backlog and upselling/lock-in opportunities into recursive contracts (89% of FY23 sales)
- Proven M&A track record, upside from consolidation in Germany (55.7% of FY23 revenues)
- No need for extra CapEx (DC capacity utilisation still low)

WIIT – Revenue Trend and YoY growth (2014-26E)



Source: Company Data, Intermonte SIM (E)

Management

CEO: Alessandro Cozzi
Chairman: Riccardo Sciutto
CMO: Enrico Rampin
Chief M&A: Francesco Baroncelli
CFO: Stefano Pasotto

Next BoD renewal: spring 2024
BoD independent members: 3/9

Shareholders

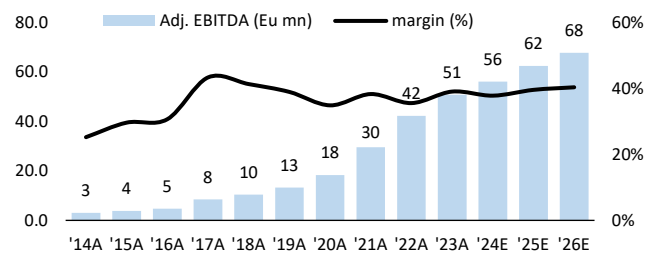
A. Cozzi (WIIT Fin& direct) 56.47%
 Market 36.69%
 Own shares 6.84%

Global Coordinator & Specialist: Intermonte SIM
ESG Rating: Sustainability 14.8 (low risk)

Weaknesses/Threats

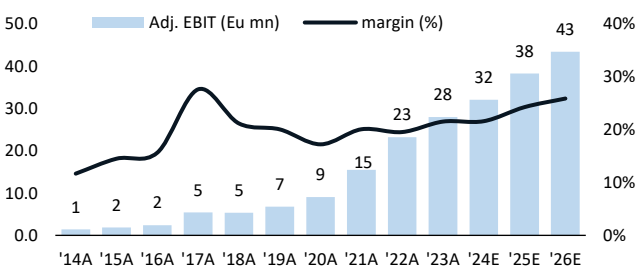
- Competition from hyperscalers (price erosion, loss of M/S)
- Disruptive technologies and/or commoditisation of cloud
- Country risk from major geographical exposure to Italy
- Dependence on some key customers and renewal risk
- Cybersecurity risks to proprietary infrastructure
- Fragmented customer base requiring a large salesforce
- Exit of key managers
- Any deterioration in quality of service

WIIT – Adj. EBITDA & Margin on Sales (2014-26E)



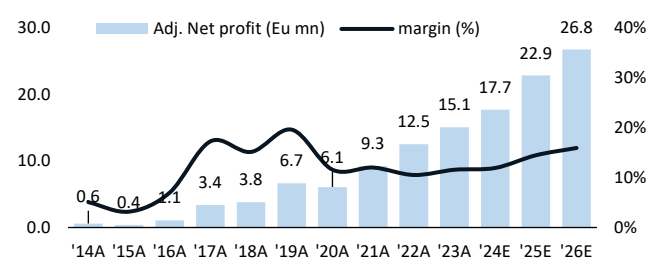
Source: Company Data, Intermonte SIM (E)

WIIT – Adj. EBIT & Margin on Sales (2014-26E)



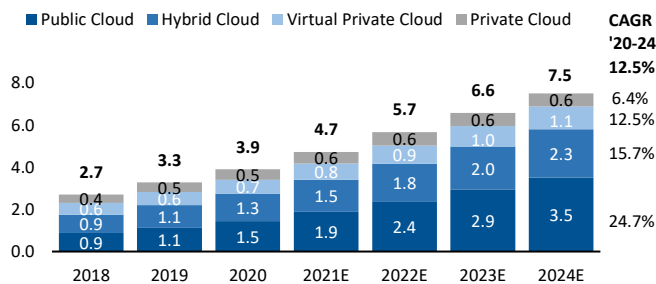
Source: Intermonte SIM, Company Data (A)

WIIT – Net Profit & Margin on Sales (2014-26E)



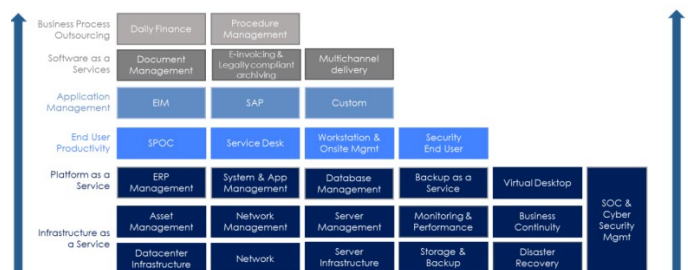
Source: Intermonte SIM, Company Data (A)

Italian Cloud Market (Eu bn)



Source: Anitec, Assinform

WIIT – Hosted Private & Hybrid Cloud: Core Services Provided by WIIT



Source: Annual Report 2021

DETAILS ON STOCKS RECOMMENDATION			
Stock NAME	WIIT		
Current Recomm:	OUTPERFORM	Previous Recomm:	OUTPERFORM
Current Target (Eu):	24.00	Previous Target (Eu):	24.00
Current Price (Eu):	18.36	Previous Price (Eu):	17.16
Date of report:	13/03/2024	Date of last report:	14/11/2023

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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&P500 Index, most of those on the MIBEX 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 2023 Intermonte's Research Department covered 117 companies. Intermonte's distribution of stock ratings is as follows:

BUY:	26.02 %
OUTPERFORM:	47.15 %
NEUTRAL:	26.02 %
UNDERPERFORM	00.81 %
SELL:	00.00 %

The distribution of stock ratings for companies which have received corporate finance services from Intermonte in the last 12 months (51 in total) is as follows:

BUY:	38.78 %
OUTPERFORM:	51.02 %
NEUTRAL:	10.20 %
UNDERPERFORM	00.00 %
SELL:	00.00 %

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Emittente	%	Long/Short

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