

Wiit (BUY)

WIIT IM; WIIT-IT

Wiit - Key Data

13/03/2024	Information		
Target Price (€)	26.7		
Rating	BUY		
Mkt price (€)	18.36		
Mkt cap (EUR M)	514.5		
Main Metrics (€ M)	2023E	2024E	2025E
Revenues	131.0	144.0	154.5
Adj. EBITDA	51.50	57.40	61.60
Adj. EPS (EUR)	0.55	0.70	0.80
Net debt/-cash	193.3	181.5	164.6
Ratios (x)	2023E	2024E	2025E
Adj. P/E	33.1	26.3	22.9
EV/EBITDA	14.6	12.1	11.0
EV/EBIT	32.5	22.7	19.5
Debt/EBITDA	4.0	3.2	2.7
Div yield (%)	1.6	1.6	1.6
Performance (%)	1M	3M	12M
Absolute	-1.2	1.5	-6.2
Rel. to FTSE IT All Sh	-7.5	-8.6	-23.0

Source: FactSet, Company data, Intesa Sanpaolo Research estimates

Intesa Sanpaolo is Specialist to Wiit

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4Q/FY23 Results First Take: Solid Backlog supports visibility on FY24

Vs. our estimates **Above** **In Line** **Below**

Results. Wiit unveiled positive results in line with our estimates/consensus on P&L figures: top line EUR 130.M; adj. EBITDA EUR 50.8M and adj. net income at EUR 15.1M. The key points were:

- Organic growth was about 11% in Italy (core revenue growth around 10%) and +6% in Germany, on top of the contribution from new acquisitions (EUR 7.7M related to Lansol and EUR 4.5M to Global Access);
- The group margin on revenues came in at 39.0% (Italy 45.5%, Germany 33.8%), mainly thanks to the focus on value-added services at the group level and sales rationalization and achieved cost synergies in Italy; Adj. Opex showed a decrease of EUR 1.9M vs. last year despite the marketing and communication costs made to support the growth in Italy and Germany. On the other side, personnel costs rose by EUR 3.8M vs. last year due to the new consolidation perimeter and to the investments in Corporate and commercial structure in Germany;
- NFP was slightly worse than our estimate: EUR 202M (vs. EUR 193M) or EUR 154.2M ex-IFRS 16 (EUR 10.6M) and including treasury shares (EUR 37.5M), which implies a 3.0x adj. EBITDA. The EUR 47.6M cash flow from operations was entirely absorbed by capex (EUR 24.7M plus EUR 5.3M of investments for rights of use), M&A cash-out (EUR 8M), dividends (EUR 7.8M), and share buybacks (EUR 16.6M);
- DPS proposed at EUR 0.30, flat yoy and aligned with our estimate;
- Long-term backlog as of 1 January 2024 was EUR 150M vs. EUR 144M last year.

What we think: In light of the solid backlog, management provided a positive outlook for 2024. Furthermore, as the company increases the number of its customers, management

sees higher upselling opportunities. As regards profitability, management is confident of retaining a 44-45% margin in Italy, while Germany's performance is expected to be impacted by the dilution effect related to the recent acquisition of Edge & Cloud (as the company expects to exploit significant cost synergies from 2025 onwards). Capex is expected in the range of EUR 25-26M, also due to the investments necessary to generate the previously mentioned synergies from Edge & Cloud. We note that our estimates do not yet incorporate the effects related to the consolidation of Edge & Cloud. As regards M&A, management confirmed that the company intends to continue to increase its presence in the DACH region and that it is in the 'final stage' to conclude a deal in a new country (Switzerland). Overall, potential targets could be small/medium-sized companies with high potential in terms of generating cost synergies. While we plan to update our estimates mainly to include Edge & Cloud in our financial model, we reiterate our positive stance on the stock.

Wiit – 4Q/FY23 results

EUR M	4Q22A	4Q23A	yoy %	4Q23E	A/E %	FY22A	FY23A	yoy %	FY23E	A/E %	F23C	FY24E
Revenues	33.5	33.9	1.3	34.8	-2.6	118.8	130.1	9.5	131.0	-0.7	130.0	144.0
Adj. EBITDA	12.4	13.0	5.4	13.8	-5.4	42.2	50.8	20.3	51.5	-1.4	51.0	57.4
Adj. EBITDA margin %	36.9	38.4		39.5		35.5	39.0		39.3		39.2	39.9
Adj. EBIT	7.8	7.0	-11.0	8.5	-17.6	23.2	28.0	20.7	29.5	-5.1	28.4	35.4
Adj. EBIT margin %	23.4	20.6		24.3		19.5	21.5		22.5		21.8	24.6
Adj. net income	3.5	3.4	-3.3	3.9	-11.3	13.1	15.1	14.9	15.5	-2.8	15.5	19.5
NFP	183.0	202.2		193.3		183.0	202.2		193.3		193.7	181.5

A: actual; E: estimates; C: FactSet consensus; Source: Company data and Intesa Sanpaolo Research