WIIT BUY

SECTOR: Industrials

Price (Eu): 48.38

Target Price (Eu): 63.00

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Pure Play on the Fast Growing Cloud Market, M&A Ahead

- **Company description.** Wiit is a pure provider of critical cloud computing services for enterprises, mostly under hosted private cloud and hybrid cloud models. Wiit has gained a leading position in the management of ERP systems (SAP, Oracle, Microsoft), and assembled an outstanding portfolio of references (60 active clients). Wiit has equipped itself with two data centres, one of which is certified Tier IV (the highest certification available). In 2016, Wiit reported net sales of Eu15.3mn and net profit of Eu0.9mn.
- **The cloud market provides significant growth opportunities.** Cloud computing still represents a limited portion of the IT budget for Italian companies compared to traditional IT, but it is growing rapidly given the clear benefits of the cloud: greater flexibility and scale, lower equipment CAPEX and administrative expenses, as well as tighter security and faster software updates. According to Assinform, the Italian cloud market is forecast to grow at a 2016-18 CAGR of 23.2%, from Eu1.8bn to Eu2.8bn.
- **The economics of Wiit's cloud business are particularly attractive.** The hosted private cloud and hybrid cloud business benefits from high visibility on revenues as contracts typically run for 4-5 years (backlog reached Eu58.1mn at YE16, or 3.8x 2016 net sales; the backlog covers 76% of 2017 budgeted net sales), and highly predictable cash flows as billing is monthly or quarterly. Low maintenance CAPEX (development CAPEX is driven by the award of new contracts) and low working capital needs (the business runs no inventories) typically lead to strong cash conversion. Finally, the focus on clients' critical applications, the portfolio of references, the quality of the asset base, and the ability to provide end-to-end solutions represent significant barriers to entry.
- **Strong earnings growth forecast.** We expect Wiit to grow its net sales from Eu15.3mn in 2016 to Eu40mn in 2021 (21.1% CAGR for 2016-21). EBITDA adjusted is expected to grow more than net sales, from Eu4.7mn in 2016 to Eu21.1mn in 2021 (40.0% CAGR for 2016-21) thanks to strong operating leverage. Robust cash generation (we assume average EBITDA cash conversion of 45%) should allow the company to reduce leverage, finance growth and remunerate its shareholders (we have factored a 60% pay-out ratio in our model from FY17). At the bottom line, we forecast net profit to grow from Eu0.9mn in 2016 to Eu12.2mn in 2021. Our net sales and EBITDA adjusted FY17 estimates are broadly in line with company targets, i.e. Eu19.8mn and Eu8.4mn respectively.
- **Initiate coverage with BUY, TP at Eu63.0.** Wiit is well placed in a market with sound and long-lasting growth prospects: its organic growth path should be supported by up-selling to the current client base and the acquisition of new clients with sophisticated requirements and large IT budgets. The recent IPO allowed Wiit to raise the necessary financial resources to seize potential external growth opportunities abroad and in Italy: we expect that M&A could materialize in the short to medium term, accelerating growth and raising visibility on our estimates. We initiate our coverage with a Buy, TP Eu63. Our fair value of Eu63 per share is obtained from a simple average between a peer comparison valuation (Eu63 per share) and a DCF valuation (Eu63 per share).

Key Figures	2015A	2016A	2017E	2018E	2019E
Sales (Eu mn)	13	15	20	25	30
Ebitda (Eu mn)	4	5	8	11	15
Net profit (Eu mn)	0	1	3	6	8
EPS - New (Eu)		0,633	1,736	2,581	3,009
EPS - Old (Eu)					
DPS (Eu)	0,000	0,000	0,778	1,515	1,788

Ratios & Multiples	2015A	2016A	2017E	2018E	2019E
P/E		76,4	27,9	18,7	16,1
Div. Yield	0,0%	0,0%	1,6%	3,1%	3,7%
EV/Ebitda	35,1	28,4	13,4	9,6	7,3
ROCE	18,4%	18,9%	31,7%	50,0%	64,8%

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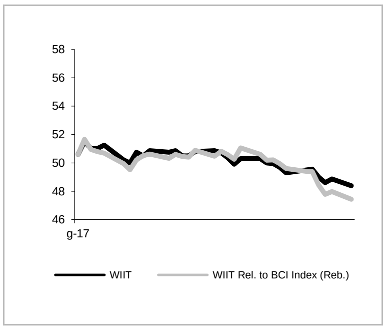
WIIT - 12m Performance



RATING: New Coverage
TARGET PRICE (Eu): New Coverage

Change in EPS est:	2017E	2018E

STOCK DATA

Reuters code:	WIIT.MI
Bloomberg code:	WIIT IM

Performance	1m	3m	12m
Absolute	-4,9%	--	--
Relative	-6,4%	--	--
12 months H/L:			51.50/48.38

SHAREHOLDER DATA

No. of Ord. shares (mn):	3
Total No. of shares (mn):	3
Mkt Cap Ord (Eu mn):	124
Total Mkt Cap (Eu mn):	124
Mkt Float - ord (Eu mn):	34
Mkt Float (in %):	*27,7%*
Main shareholder:	
WIIT Fin Srl	63,2%

BALANCE SHEET DATA	2017
Book value (Eu mn):	26
BVPS (Eu):	11,20
P/BV:	4,3
Net Financial Position (Eu mn):	11
Enterprise value (Eu mn):	113

Please see important disclaimer on the last page of this report

WIIT - *KEY FIGURES*		2015A	2016A	2017E	2018E	2019E
	Fiscal year end	31/12/2015	31/12/2016	31/12/2017	31/12/2018	31/12/2019
PROFIT & LOSS (Eu mn)	Sales	13	15	20	25	30
	EBITDA	4	5	8	11	15
	EBIT	2	2	5	8	11
	Financial income (charges)	(0)	(0)	(0)	(0)	(0)
	Associates & Others					
	Pre-tax profit (Loss)	1	1	4	7	11
	Taxes	(1)	(0)	(0)	(1)	(3)
	Tax rate (%)	-74,8%	-32,7%	-13,0%	-13,0%	-28,0%
	Minorities & discontinue activities	0	0	0	0	0
	Net profit	0	1	3	6	8
	Total extraordinary items	1	0	1	0	0
	Ebitda excl. extraordinary items	4	5	8	11	15
	Ebit excl. extraordinary items	2	2	5	8	11
	Net profit restated	1	1	4	7	8
PER SHARE DATA (Eu)	Total shares out (mn) - average fd		2	3	3	3
	EPS stated fd		0,433	1,426	2,524	2,981
	EPS restated fd		0,633	1,736	2,581	3,009
	BVPS fd		2,149	11,204	11,933	13,399
	Dividend per share (ord)	0,000	0,000	0,778	1,515	1,788
	Dividend per share (sav)	0,000	0,000	0,000	0,000	0,000
	Dividend pay out ratio (%)	0,0%	0,0%	60,0%	60,0%	60,0%
CASH FLOW (Eu mn)	Gross cash flow	1	3	7	10	11
	Change in NWC	(2)	(2)	(1)	(1)	(0)
	Capital expenditure	(3)	(3)	(5)	(4)	(4)
	Other cash items	0	0	0	0	0
	Free cash flow (FCF)	(3)	(1)	1	5	7
	Acquisitions, divestments & others	(1)	0	0	0	0
	Dividend	0	0	0	(2)	(4)
	Equity financing/Buy-back	0	0	18	0	0
	Change in Net Financial Position	(4)	(1)	20	3	3
BALANCE SHEET (Eu mn)	Total fixed assets	11	12	14	14	15
	Net working capital	1	3	3	4	5
	Long term liabilities	1	1	2	2	2
	Net capital employed	12	14	15	17	17
	Net financial position	(9)	(9)	11	14	17
	Group equity	3	5	26	31	34
	Minorities	0	0	0	0	0
	Net equity	3	5	26	31	34
ENTERPRISE VALUE (Eu mn)	Average mkt cap - current	124	124	124	124	124
	Adjustments (associate & minorities)	0	0	0	0	0
	Net financial position	(9)	(9)	11	14	17
	Enterprise value	133	133	113	110	107
RATIOS(%)	EBITDA margin*	29,6%	30,6%	42,6%	46,4%	49,3%
	EBIT margin*	14,5%	15,7%	25,8%	32,3%	37,1%
	Gearing - Debt/equity	nm	nm	-41,0%	-45,9%	-49,2%
	Interest cover on EBIT	5,7	5,2	11,6	22,8	36,7
	Debt/Ebitda	2,29	1,96	nm	nm	nm
	ROCE*	18,4%	18,9%	31,7%	50,0%	64,8%
	ROE*	6,0%	24,3%	21,7%	22,8%	23,5%
	EV/CE	13,2	10,5	7,8	6,9	6,3
	EV/Sales	10,4	8,7	5,7	4,4	3,6
	EV/Ebit	nm	nm	24,5	13,8	9,7
	Free Cash Flow Yield	-2,4%	-1,0%	1,0%	4,1%	5,4%
GROWTH RATES (%)	Sales	7,6%	19,9%	29,4%	24,6%	20,1%
	EBITDA*	26,2%	24,1%	79,8%	35,7%	27,8%
	EBIT*	32,6%	29,4%	113,5%	56,0%	37,9%
	Net profit	-67,5%	363,8%	266,1%	94,7%	18,1%
	EPS restated			174,1%	48,6%	16,6%

** Excluding extraordinary items*

Source: Intermonte SIM estimates

Index

Executive Summary

Company description. Wiit is a pure provider of critical cloud computing services for enterprises, mostly under hosted private cloud and hybrid cloud models. In particular, it has gained a leading position in the management of ERP systems (SAP, Oracle, Microsoft), and assembled an outstanding portfolio of references (60 active clients). Wiit has equipped itself with two data centres, one of which is certified Tier IV (the highest certification available). In 2016, Wiit reported net sales of Eu15.3mn and net profit of Eu0.9mn.

The cloud market provides significant growth opportunities. Cloud computing still represents a limited portion of the IT budget for Italian companies compared to traditional IT, but it is growing rapidly given the clear benefits of the cloud: greater flexibility and scale, lower equipment CAPEX and administrative expenses, as well as tighter security and faster software updates. According to Assinform, the Italian cloud market is forecast to grow at a 2016-18 CAGR of 23.2%, from Eu1.8bn to Eu2.8bn.

The economics of Wiit's cloud business are particularly attractive. The hosted private cloud and hybrid cloud business benefits from high visibility on revenues as contracts typically run for 4-5 years (the company's backlog reached Eu58.1mn at YE16, or 3.8x 2016 net sales; the backlog covers 76% of 2017 budgeted net sales), and highly predictable cash flows as billing is monthly or quarterly. Low maintenance CAPEX (development CAPEX is driven by the award of new contracts) and low working capital needs (the business runs no inventories) typically lead to strong cash conversion. Finally, the focus on clients' critical applications, the portfolio of references, the quality of the asset base, and the ability to provide end-to-end solutions represent significant barriers to entry.

Strong earnings growth forecast. We expect Wiit to grow its net sales from Eu15.3mn in 2016 to Eu40mn in 2021 (21.1% CAGR for 2016-21). EBITDA is expected to grow more than net sales, from Eu4.7mn in 2016 to Eu21.1mn in 2021 (40.0% CAGR for 2016-21) thanks to strong operating leverage. Robust cash generation (we assume average EBITDA cash conversion of 45%) should allow the company to reduce leverage, finance growth and remunerate its shareholders (we have factored a 60% pay-out ratio in our model from FY17). At the bottom line, we forecast net profit to grow from Eu0.9mn in 2016 to Eu12.2mn in 2021. Our net sales and EBITDA FY17 estimates are broadly in line with company targets, i.e. Eu19.8mn and Eu8.4mn respectively.

Sound IPO rationale targeting organic and external growth. WIIT was listed on 5th June 2017 on the Italian AIM market. The IPO price was set at Eu45 per share, corresponding to a market capitalization of Eu115.5mn. The offer consisted of a combination of a capital increase (330k new shares) and a secondary offer (287k shares). Orizzonte SGR was the seller of secondary shares. The greenshoe option (92.6k shares) was exercised in its entirety. Wiit Fin Srl provided secondary shares for the greenshoe. Selling shareholders have agreed to lock-ups lasting 18 months. The offer also included remedy shares in favour of investors, if targeted 2017 adjusted EBITDA (Eu8.4mn) is not achieved. Free float represents 27.7% of the share capital. The IPO rationale was to raise the financial resources to help Wiit speed up execution of its strategy, i.e. growth through acquisitions for international expansion, entering European markets (the UK, Germany and Spain are the most attractive opportunities), and/or further consolidating its position in Italy. In the future the company aims to make the transition from the AIM to the MTA.

We consider Wiit to be an attractive investment opportunity. Wiit is well placed in a market with sound and long-lasting growth prospects as Italy is still at the early stage of the move into the cloud. The company's strategy is to pursue a combination of organic growth (cross-selling and up-selling to the current client base, with a focus on top clients having sophisticated requirements and large IT budgets) and external growth opportunities (expansion abroad and further consolidation of positioning in Italy). Acquisition targets might be cloud players with comparable business models to its own and/or IT players providing services complementary to Wiit (for instance application management), with a suitable client base for an up-selling strategy.

SWOT Analysis

Strengths	Weaknesses
Full exposure to the fast-growing cloud market	High development capex
Barriers to entry (long duration of contracts, focus on critical applications, ability to offer end-to-end solutions)	High revenue concentration
Very good visibility on revenues and cash flow streams	High exposure to SAP clients
High cash conversion	
Committed management team	

Opportunities	Threats
Increase direct sales force in order to win new customers (exploiting an underutilized asset base)	Increasing competition from global players
Expand abroad (UK, Germany, Spain) by means of acquisitions	Pricing pressure while the cloud market matures
Consolidate positioning in Italy by means of acquisitions	Reputational risk
SAP migration to new HANA ERP system might accelerate demand for cloud services	

Source: Intermonte SIM

Shareholder Structure

Offer Structure

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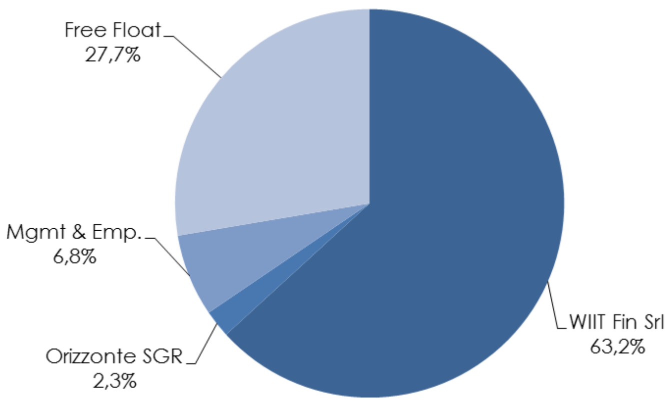
Current shareholding

The main shareholder is Wiit Fin Srl, with 63.2% of share capital. Wiit Fin Srl is controlled by Wiit founder, Chairman and CEO Alessandro Cozzi.

Management and employees directly own 6.8% of company share capital.

Orizzonte SGR Spa, a private equity fund, owns 2.3% of share capital.

Wiit – Shareholding structure



Source: Company presentation

Company Description

Profile

Wiit was set-up in the 1990's as a provider of IT outsourcing services for medium and large enterprises.

From its inception it has specialised in the provision of critical cloud computing services (the focus on clients' core infrastructures and platforms), mostly under hosted private cloud and hybrid cloud models.

In particular, it has gained a leading position in the management of ERP systems (SAP, Oracle, Microsoft).

Wiit has equipped itself with important strategic assets: the company owns 2 data centres, one of which is certified Tier IV (the highest certification available for a data centre).

The employee headcount exceeds 90, and consists mostly of specialist personnel.

The company's main clients are leading large and medium enterprises with high credit ratings and generous IT budgets. Over the years, Wiit has gained the trust of more than 60 corporate clients, putting together an outstanding portfolio of references (Prada, Ansaldo Energia, Bauli, Acqua Minerale San Benedetto).

The company operates three branches in Italy (Milan, Rome and Castelfranco Veneto) and has one subsidiary in Switzerland.

In 2016 it reported net sales of Eu15.3mn and net profit of Eu0.9mn.

Senior management

Alessandro Cozzi, Chairman and CEO (1972)

Founder and majority shareholder of Wiit since its inception

Expert in business administration, finance and accounting: directly manages these areas together with strategic alliances and M&A

Riccardo Mazzanti, General Manager (1970)

1994 – Consultant at Infogroup

1997 – Manager of the data centre and opening of new Metro Cash & Carry shopping centres

1999 – CIO of The Medusa Film Group (Fininvest Group)

2005 – CRM Director for the start-up of DTTV at Mediaset

2008 – General Manager of Wiit

Enrico Rampin, Sales & Marketing Director (1968)

1998 – Sales Executive, north-east and central region for Systems Integrator

2002 – Sales Executive, north-east region for Oracle

2009 – Sales & Marketing Director of Wiit

Cloud Computing

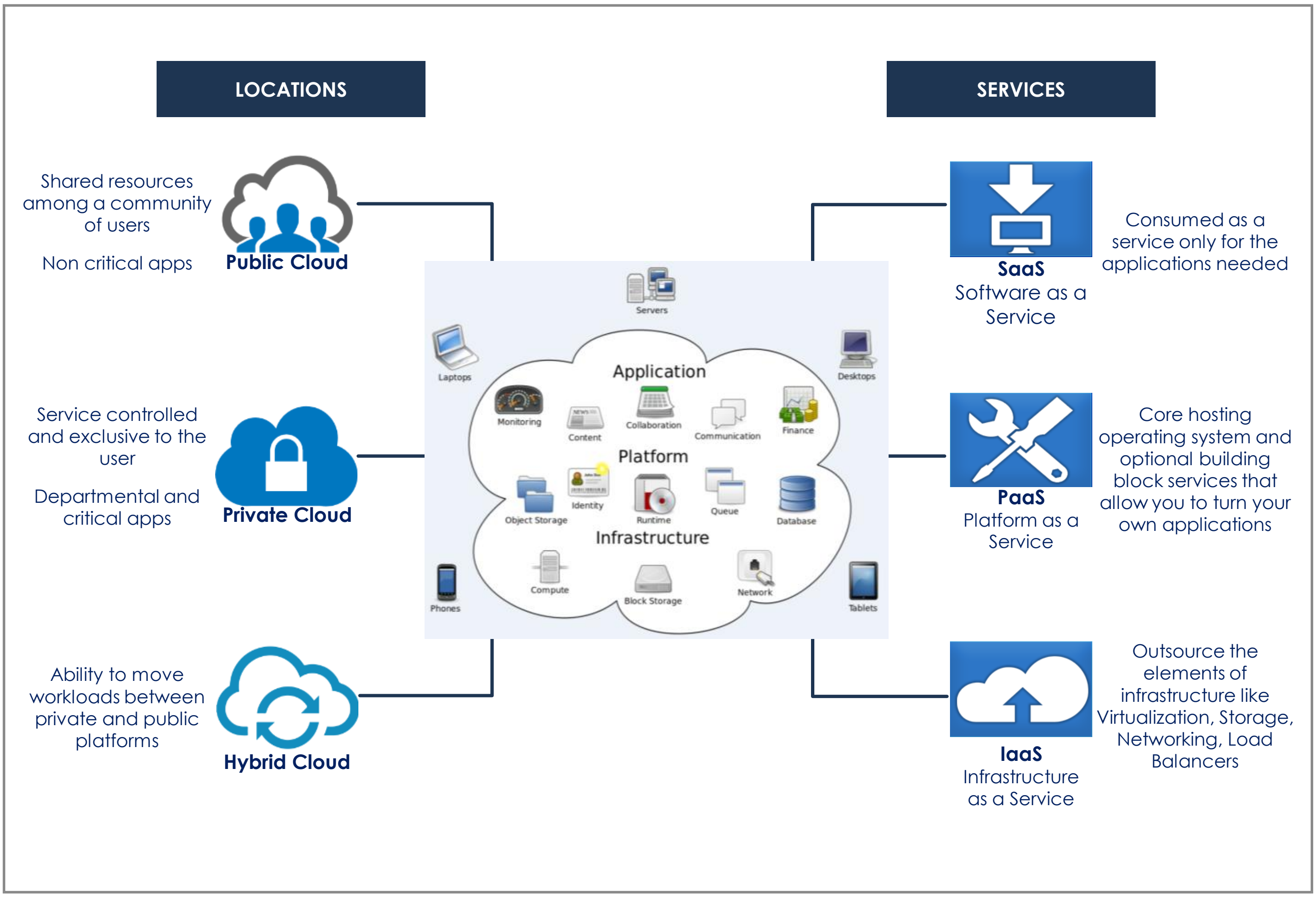
Definition

Cloud computing is a type of Internet-based computing that provides shared computer processing resources and data to computers and other devices on demand.

It is a model for enabling on-demand access to a shared pool of computing resources (e.g., computer networks, servers, storage, applications and services), which can be rapidly provisioned and released with minimal management effort.

Cloud computing and storage solutions provide users and enterprises with various capabilities to store and process their data in privately owned or third-party data centres that may be located remotely from the user anywhere across the world.

Wiit – Cloud Computing



Source: Company presentation

Benefits

Cloud computing allows companies to avoid up-front infrastructure costs (e.g. purchasing servers). It also enables organisations to focus on their core businesses instead of spending time and money on computer infrastructure.

Cloud computing allows enterprises to get their applications up and running faster, with improved manageability and less maintenance, and enables Information technology teams to adjust resources more rapidly to meet fluctuating and unpredictable business demand.

Characteristics

Cloud computing is defined by five essential characteristics:

On-demand self-service. A consumer can unilaterally source computing capabilities, such as server time and network storage, as needed automatically without requiring human interaction with each service provider.

Broad network access. Capabilities are available over the network and accessed through different client platforms (e.g. mobile phones, tablets, laptops, and workstations).

Resource pooling. Computing resources are pooled to serve multiple consumers using a multi-tenant model, with different physical and virtual resources dynamically assigned and reassigned according to consumer demand.

Rapid elasticity. Capabilities can be elastically provisioned and released, in some cases automatically, to scale rapidly outward and inward commensurate with demand. To the consumer, the capabilities available for provisioning often appear unlimited and can be appropriated in any quantity at any time.

Measured service. Cloud systems automatically control and optimise resource use by leveraging a metering capability appropriate to the type of service (e.g., storage, processing, bandwidth, and active user accounts). Resource usage can be monitored, controlled, and reported, providing transparency for both the provider and consumer of the service used.

Service model

Cloud-computing providers offer their services according to different models, of which the three standard models are:

- Infrastructure as a Service (IaaS),
- Platform as a Service (PaaS),
- Software as a Service (SaaS).

Infrastructure as a Service (IaaS). IaaS refers to online services that separate the user from the details of infrastructure like physical computing sources, location, security, back-up etc. IaaS provides processing, storage, networks, and other fundamental computing resources where the consumer is able to deploy and run arbitrary software, which can include operating systems and applications. The consumer does not manage or control the underlying cloud infrastructure but has control over operating systems, storage, and deployed applications; and possibly limited control of select networking components (e.g. host firewalls).

Platform as a Service (PaaS). In the PaaS model, cloud providers deliver a computing platform typically including operating system, programming, language execution, environment database and webserver. The capability provided to the consumer is to deploy onto the cloud infrastructure consumer-created or acquired applications. The consumer does not manage or control the underlying cloud infrastructure including network, servers, operating systems, or storage, but has control over the deployed applications and possibly configuration settings for the application hosting environment.

Software as a Service (SaaS). In the SaaS model, users gain access to applications and databases on a cloud infrastructure. The applications are accessible from various client devices through either a client interface, such as a web browser (e.g. web-based e-mail), or a programme interface. The consumer does not manage or control the underlying cloud infrastructure (including network, servers, operating systems, storage, or even individual application capabilities) while the application runs, with the possible exception of limited user-specific application configuration settings. This eliminates the need to install and run the application on the cloud user's own computers, which simplifies maintenance and support.

Deployment models

Cloud-computing services might be deployed basically in three models:

- Private Cloud,
- Public Cloud,
- Hybrid Cloud.

Private cloud. The cloud infrastructure is operated solely for a single organisation, whether managed internally or by a third-party, and hosted either internally or externally. Undertaking a private cloud project requires a significant level and degree of engagement to virtualise the business environment, and requires the organisation to re-evaluate decisions about existing resources. When done right, it can improve business, but every step in the project raises security issues that must be addressed to prevent serious vulnerabilities. Self-run data centres are generally capital intensive. They have a significant physical footprint, requiring allocations of space, hardware, and environmental controls. These assets have to be refreshed periodically, resulting in additional capital expenditure.

Public cloud. A cloud is called a "public cloud" when the services are rendered over a network that is open for public use. Public cloud services may be free. Technically there may be little or no difference between public and private cloud architecture, however, security considerations may be substantially different for services (applications, storage, and other resources) that are made available by a service provider for a public audience and when communication is effected over a non-trusted network. Generally, public cloud service providers like Amazon Web Services (AWS), Microsoft and Google own and operate the infrastructure at their data centre and access is generally via the Internet.

Hybrid cloud. A hybrid cloud service is a cloud computing service that is composed of some combination of private, public and community cloud services, from different service providers.

Varied use cases for hybrid cloud service exist. For example, an organisation may store sensitive client data in-house on a private cloud application, but interconnect that application to a business intelligence application provided on a public cloud as a software service. This example of hybrid cloud extends the capabilities of the enterprise to deliver a specific business service through the addition of externally available public cloud services.

Hybrid cloud adoption depends on a number of factors such as data security and compliance requirements, level of control needed over data, and the applications an organisation uses.

Business description

Positioning

Wiit is a pure provider of critical cloud computing services for enterprises, mostly under hosted private cloud and hybrid cloud models. In particular, it has gained a leading position in the management of ERP systems (SAP, Oracle, Microsoft).

The company's cloud computing services fit into the Infrastructure as a Service (IaaS) and the Platform as a Service (PaaS) models. Wiit's services also include a minor SaaS offering related to Enterprise Information Management.

In the Infrastructure as a Service (IaaS) model, the main services provided are: data centre, backup and data storage, dedicated and shared servers, help desk, server management and cyber security.

In the Platform as a Service (PaaS) model, the main services provided are database management, system management of SAP and other APP (Application Programming Platforms), SAP application support.

The company's offering is particularly potent where the client has a need for high and guaranteed service levels, business continuity, information security, personalisation, integration, scalability, and flexibility.

Wiit guarantees clients high quality standards and security thanks to "end-to-end" governance of all service components, from the data centre to application management.

History

2004: acquisition of first data centre

2007: acquisition of second data centre

2008: achievement of first and second level SAP certification

2013: Orizzonte SGR enters capital

2013: achievement of third level SAP certification

2015: achievement of fourth, fifth and sixth level SAP certification

2015: acquisition of Visiant Technologies / achievement of TIER IV data centre certification

2016: qualification as Innovative SME / establishment of Wiit Switzerland

2017: IPO on the Italian AIM market

Wiit – Key Operational Data

KEY OPERATIONAL DATA

2 Data Centers (TIER IV)*

3 branches in Italy & **1** in Switzerland

6 SAP certifications**

5 Quality certifications***

Over 60 corporate clients

Over 70 connected countries

About 80% of revenues from **SAP** clients

About 90 dedicated on staff

(*) Source: Uptime Institute Website – Tier Certification of Constructed Facility – March 17
(**) Source: SAP website – February 2017
(***) ISO 27001; ISO 20000; ISO 22301; ISAE 3402; ISO 9001
(****) EBITDA adjusted excluding the Figurative cost of Performance Shares

Source: Company presentation

Wiit – Offering (I)

SERVICE FAMILY	SERVICES	Public	Private	Hosted Private Wiit The Private Cloud
IaaS	Data Center	✓	✓	✓
IaaS	Backup and data storage	✓	✓	✓
IaaS	Dedicated and shared servers	✓	✓	✓
IaaS	Help Desk	✗	Outsourcing: system integrator or IT consultant	✓
IaaS	Server management and cyber security	✗	Outsourcing: system integrator or IT consultant	✓
PaaS	Database Management	✗	Outsourcing: system integrator or IT consultant	✓
PaaS	SAP system management and other APP	✗	Outsourcing: system integrator or IT consultant	✓
PaaS	SAP Application Support	✗	Outsourcing: system integrator or IT consultant	✓
Saas	Software	✗	Outsourcing: system integrator or IT consultant	(✓)

Source: Company presentation

Wiit – Offering (II)

SERVICE FAMILY	SERVICES	WIIT OFFERING
IaaS	Data Center	Equipped with 2 Data Centers in Italy, one of which is Tier IV certified (the highest world class in reliability). Wiit's data Centers offer a guarantee in service continuity.
IaaS	Backup and data storage	Market leader in technology performance and shared security by all clients. Wiit is able to offer access to company data real time and always protected.
IaaS	Dedicated and shared servers	Market leader in technology performance and security, tailor made to the specific needs of the client. Wiit guarantees processing capacity according to demands requested.
IaaS	Help Desk	Tech support to guests is available 24/7, in Italian or English, and is constantly controlled in terms of quality served and perceived.
IaaS	Server management and cyber security	Processes, procedures and tools are all certified according to international standards (ITIL, ISO20000). Wiit offers a 24/7 availability guarantee of always state-of-the-art infrastructures.
PaaS	Database Management	24/7 access to specialized know-how in basic components of applications, operating systems and databases.
PaaS	SAP system management and other APP	The crew is equipped with specialized competencies at the highest levels in SAP (6 certifications in management and maintenance services) available 24/7.
PaaS	SAP Application Support	Dedicated user support in SAP including when it is time for application updating. Wiit is always at the side of the client to assist them with their business processes.
Saas	Software	Wiit provides services of Document Management and Dematerialization in SaaS mode leveraging on its high-end datacenter. In this way a model of pay-per-document has been enabled and added to the cloud offering.

Source: Company presentation

Client base

Wiit's main clients are leading large and medium enterprises with global operations, high credit worthiness and large IT budgets.

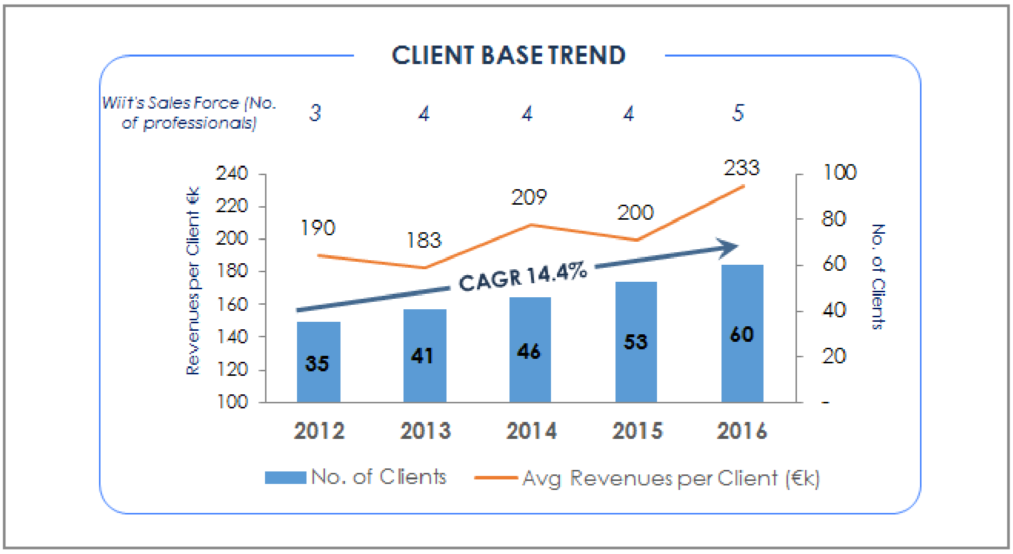
In terms of sectors, the company has a diverse range of clients, led by Consumer Product Goods and Retail (27% of total revenues in 2016), Professional services (24%), Industrial (24%), and Processing (16%). The Public sector accounts for just 7% of total revenues.

The number of clients has grown steadily from 35 in 2012 to 60 in 2016. Average revenue per client has also been on a steady upward trend (client data consumption doubles every 3 years on average), thanks to the increasing size of new clients, greater share of client needs satisfied by Wiit, and cross-selling of additional services to existing clients.

The company has put together an outstanding portfolio of references: Prada, Ansaldo Energia, Bauli, and Acqua Minerale San Benedetto are among the main clients.

Customer concentration is relatively high (the leading client accounts for roughly 15% of total net sales, the first 20 account for 80% of total net sales) but the historical retention rate is 86% (only 3 small clients have not renewed contracts since 2010).

Wiit – Client base



Source: Company presentation

Business economics

Wiit's business (hosted private and hybrid cloud) benefits from very high visibility on revenues as contracts typically run for 4-5 years. In the event of early termination, the client becomes subject to high penalty fees (usually 60-70% of the residual contract value); Wiit also has the right to suspend services for non-payment.

At the end of 2016, the backlog reached Eu58.1mn, or 3.8x 2016 net sales (Eu15.3mn). The backlog covers 78% of budgeted net sales for 2017 (Eu19.8mn) and extends until 2026.

The potential for margin expansion in the cloud computing business is significant due to fixed costs, which we estimate could represent 40-50% of the overall cost base.

The business boasts high cash conversion as a result of low maintenance CAPEX and low working capital needs.
Maintenance CAPEX for technology updates and R&D is limited, whereas development CAPEX is driven by the acquisition of new clients (set-up costs to be sustained in the first contract year which are usually around 15% of total contract value in terms of revenues).
Wiit's facilities are now used at 30% of capacity.
Invoicing is monthly or quarterly, thereby giving very high visibility to operating cash flow. The business runs no inventories.

Reference Market

Trends

Cloud computing still represents a limited portion of the IT budget for Italian companies compared to traditional IT, but it is growing rapidly given the clear benefits of the cloud: greater flexibility and scale, lower equipment CAPEX and administrative expenses, as well as tighter security and faster software updates. In addition, the cloud provides better support for a mobile workforce.

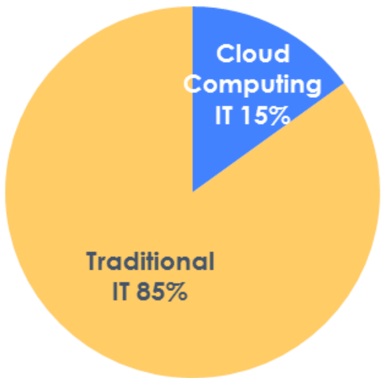
A 2016 survey by NEXTVALUE of 1,000 CIOs and IT Managers at Italian companies found that:

- 85% of the external IT budget is still spent on-premises and/or outsourcing; only 15% is spent on the cloud;
- 40% of CIOs and IT managers said they had increased the weight of cloud computing as a proportion of total IT and 49% of them plan to do so in 2017;
- the IT cloud budget is split as follows: 44% on SaaS, 24% on IaaS, 13% on PaaS, and 19% on Cloud Management & Security services.

Finally, a recent study conducted by the Polytechnic University of Milan's Observatory foresees that cloud services will increasingly shift towards Hybrid Cloud solutions, the core of the Wiit offering.

Overall, the demand environment for Cloud computing services in Italy is very supportive: Wiit is well positioned to gain from current market trends.

Wiit – IT budget breakdown for Italian companies



Source: NEXTVALUE, 2016

Size

The Italian Cloud Computing market was worth Eu1.8bn in 2013, according to NEXTVALUE. In 2016, the market is estimated to have reached a value of Eu3.1bn, up 19.5% YoY, implying a 20.4% CAGR in the 2013-16 period.

Traditional cloud services grew at an even faster rate in the 2013-16 period. In particular, PaaS and IaaS, which are the mostly provided by Wiit, reported CAGRs of 33.6% and 43.3% respectively.

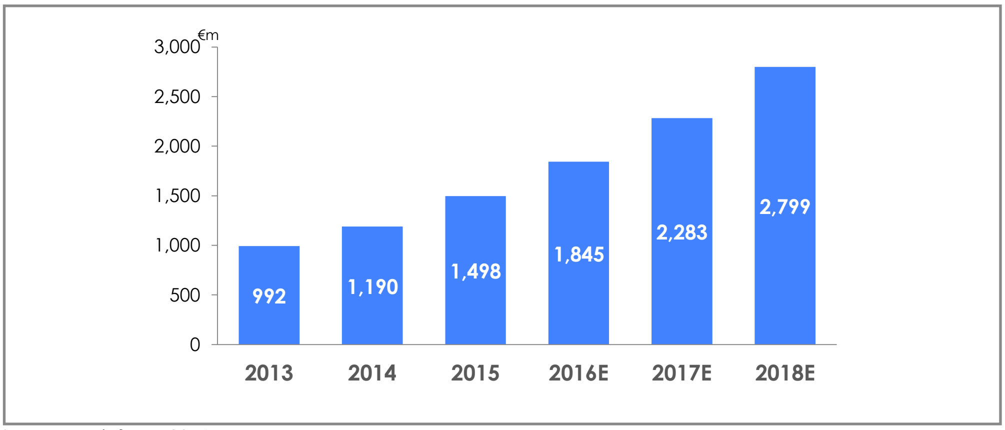
Wiit – Italian Cloud Market

Eu mn	2013	2014	2015	2016E	16 v 15	CAGR 13-16
Cloud services	**848**	**1,126**	**1,428**	**1,827**	**27.9%**	**29.2%**
of which SaaS	487	606	724	886	22.4%	22.1%
of which PaaS	**39**	**52**	**65**	**93**	**43.1%**	**33.6%**
of which IaaS	**221**	**333**	**474**	**650**	**37.1%**	**43.3%**
of which Cloud Mngm & Security	101	135	165	198	20.0%	25.2%
Business Process as a service	960	1,080	1,210	1,325	9.5%	11.3%
Total Cloud computing	1,808	2,206	2,638	3,152	19.5%	20.4%

Source: NEXTVALUE, 2016

The move into the cloud is still at an early stage of development and is expected to continue for many years. According to Assinform, the Italian cloud market is forecast to grow at a 23.2% CAGR in the 2016-18 period, from Eu1.8bn to Eu2.8bn.

Wiit – Italian cloud market



Source: Assinform, 2016

Competition

Wiit's competitors in the Italian Cloud and IT Outsourcing market are split between multinational companies like IBM or HP on the one hand, and domestic operators such as Engineering on the other.

Large IT multinationals are not structured to cover the mid-sized companies market efficiently, economically and with the necessary level of quality and flexibility.
Mid-sized domestic IT companies typically offer a wide range of consulting services, systems integration, sales of hardware and applications; cloud computing services are generally not a core business.

Corporate Strategy & Use of IPO Proceeds

Wiit is well placed in a market with sound and long-lasting growth prospects.

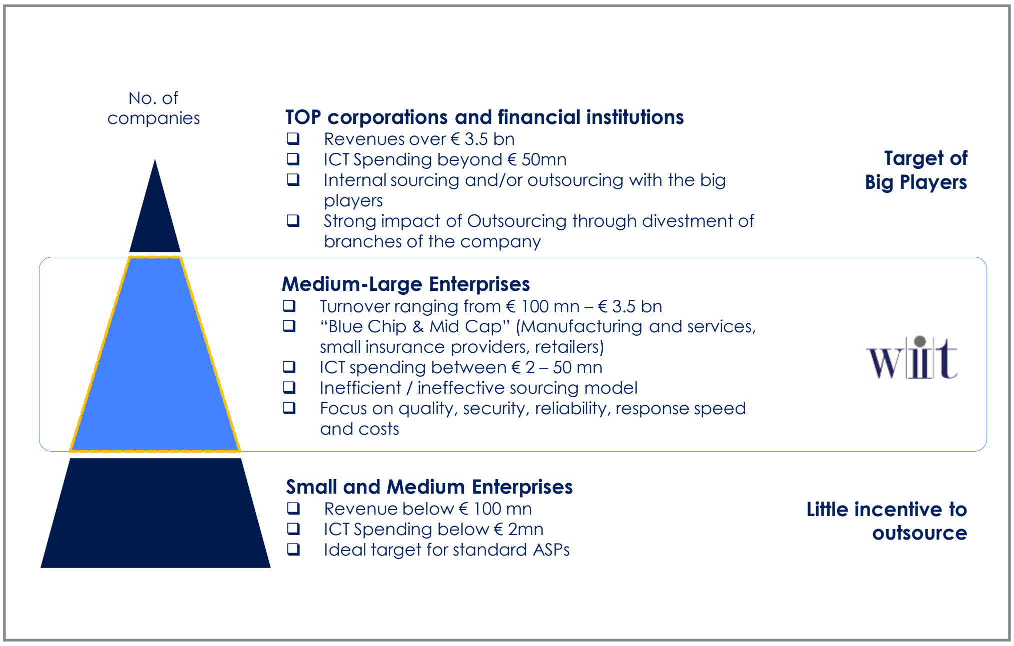
The company's strategy is to pursue a combination of organic and external growth opportunities.

In order to boost organic growth the company aims to:

- cross-sell and up-sell to its current client base, with a focus on top clients having sophisticated needs and large IT budgets;
- increase its direct salesforce in order to win new customers and exploit an underutilized asset base
- focus on those sectors where the company has built solid credentials (fashion, luxury, industrial and manufacturing) and on those with good potential (pharma and insurance).

In the Italian market Wiit has identified 2,000 companies that fit its criteria, of which 800 have been tagged first choices.

Wiit – Targeted clients



Source: Company presentation

The strategy of growth through acquisitions aims to deliver on two objectives:

- foreign expansion, entering effectively into European markets (UK, Germany and Spain offer the most attractive opportunities) with the aim of:
    - leveraging on an established local brand, a country-based salesforce having relationships with local clients and deep knowledge of the local market, and a data centre in the country;
    - exploiting cost savings thanks to the centralisation of operations in Italy;
    - achieving revenue synergies thanks to up-selling activities.
- further consolidation of positioning in Italy, in order to extract cost synergies (e.g. consolidation of data centres).

Wiit's acquisition targets might be:

- cloud players whose business model is comparable to its own, with low integration risks;
- IT players providing services complementary to Wiit (for instance application management), with a suitable client base for an up-selling strategy.

Management has a solid track record in M&A. Visiant, a provider of data centre services, was acquired in June 2015 for a total of Eu1.36mn. Visiant's EBITDA went from Eu0.40mn in 2014 to Eu0.98mn in 2016.

The rationale of the IPO was to raise the financial resources that could help Wiit speed up execution of its strategy.

Financials

Historical Results

In the 2014-2016 period Wiit reported double-digit net sales growth (+13.5% CAGR) driven by the increase in cloud revenues (+20.6% CAGR). Cloud business revenues were fuelled by the expanding customer base (on average 6 new customers per year at increasing average contract values) and up-selling on the consolidated customer base (almost all contracts were renewed in the period). EBITDA increased from Eu3.0mn to Eu4.7mn (+25.2% CAGR), with the margin rising from 25.2% in 2014 to 30.6% in 2016, thanks to operating leverage. In 2016 EBITDA was hit by costs related to the acquisition of Visiant, which will be neutralised in 2017. EBIT increased from Eu1.7mn to Eu2.4mn (+31.1% CAGR), with the margin rising from 11.8% in 2014 to 15.7% in 2016. The extraordinary charges reported in 2015 (Eu0.8mn) and 2016 (Eu0.6mn) refer to a write-down of certain acquired assets and the cost of performance shares, respectively.

Wiit – P&L

Eu mn		2014A	2015A	2016A	CAGR 2014 - 2016
Number of Customers (YE)		46	53	60	
Average Revenues per Customer (Eu mn)		0.209	0.200	0.233	
Number of New Customers per year		4	7	7	
Cloud Business		**9.6**	**10.6**	**14.0**	**20.6%**
	YoY Growth		*10.3%*	*31.9%*	
	on sales %	*80.8%*	*82.8%*	*91.1%*	
Non core Revenues		2.1	1.4	0.6	
Other Revenues		0.2	0.8	0.7	
Net Sales		**11.9**	**12.8**	**15.3**	**13.5%**
	YoY Growth		*7.6%*	*19.9%*	
Total Costs		(8.9)	(9.0)	(10.6)	
	on sales %	*-74.8%*	*-70.3%*	*-69.4%*	
EBITDA		**3.0**	**3.8**	**4.7**	**25.2%**
	YoY Growth		*26.2%*	*24.1%*	
	Ebitda Margin %	*25.2%*	*29.6%*	*30.6%*	
D&A		(1.6)	(1.9)	(2.3)	
EBIT		**1.4**	**1.9**	**2.4**	**31.0%**
	YoY Growth		*32.6%*	*29.4%*	
	Ebit Margin %	*11.8%*	*14.5%*	*15.7%*	
Financial Charges		(0.3)	(0.3)	(0.5)	
Extraordinary charges		0.0	(0.8)	(0.6)	
Pretax Profit		**1.1**	**0.8**	**1.4**	
	YoY Growth		*-29.2%*	*73.3%*	
Income Tax		(0.5)	(0.6)	(0.4)	
		-45.2%	*-74.8%*	*-32.7%*	
Net Profit		**0.6**	**0.2**	**0.9**	**22.8%**
	YoY Growth		*-67.5%*	*363.8%*	
	Net Profit Margin %	*5.1%*	*1.5%*	*5.9%*	
Restated Net Profit		**0.6**	**0.7**	**1.3**	**48.5%**

Source: Company data

We believe roughly 50-60% of COGS are represented by variable costs that grow hand-in-hand with top line growth. Specifically, we consider the following items to be variable costs: connectivity, raw materials, electricity, and car rental. Furthermore, we believe a portion of the third party services line could be considered a variable cost, while a portion of the Board of Directors' compensation is linked to Wiit's EBITDA growth, and is therefore also variable.

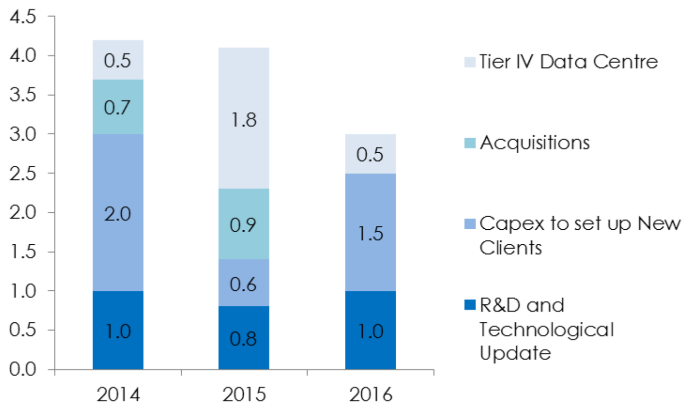
Wiit – FY16 COGS Breakdown

Eu mn	7.6	100.0%
Third parties services	1.2	16.2%
BoD	1.0	13.3%
Connectivity	1.1	14.6%
Other costs	1.2	15.5%
Rent	0.7	9.4%
Costs vs Foster Srl	0.5	6.1%
Raw Material	1.0	13.2%
Electric Energy	0.6	7.8%
Car rent	0.3	3.8%

Source: Company data

Over the last three years Wiit has carried out important investments for the development of a new, high quality data centre (certified Tier IV) and the financing of external growth (the rationale was to acquire data centres from third parties). For the time being, Wiit does not need to invest in further capacity since proprietary data centre facilities are currently used at 30% of their capacity. Wiit spent about Eu1mn per year in maintenance CAPEX for technological updates to the cloud infrastructure and R&D. Development CAPEX is mainly represented by set-up costs for newly acquired customers: these costs are incurred in the first year of the contract and represent around 15% of the total value of the contract in terms of revenues.

Wiit – Breakdown of Historical Investments



Source: Company data

In order to finance these important investments, the company has increased its leverage in the last few years (reaching 2x EBITDA as at YE16). The company has taken out mortgages with various Italian financial institutions at variable interest rates and spreads of between 1.0%-2.5%. In October 2015 the company also issued a Eu2.0mn 2015-20 Minibond yielding a 4.8% coupon. Finally, the company has issued two convertible bonds for a total of Eu4.3mn with an average interest rate of about 3.2%, which were mainly subscribed by Orizzonte SGR. These should be converted into equity before the IPO.

As at the end of FY16 the company's financial structure was as follows:

Wiit – Source of Financing at YE16

Bank Debt and Leasing short term exposure	3.1
Long term debt	9.6
o/w Minibond 2015-2020 4.8%	2.0
o/w Convertible Bond	4.3
o/w Bank Debt and leasing	3.3
Total Financial Debt	12.7
Cash	3.6
Net financial position	**9.2**

Source: Company data

Wiit –Cash Flow

(Eu mn)	2014A	2015A	2016A
EBITDA	3.0	3.8	4.7
Financial Charges	(0.1)	(0.3)	(0.5)
Cash Taxes	(0.4)	(0.6)	(0.4)
Change in WC	2.7	(1.8)	(1.6)
Capex	(3.5)	(3.2)	(2.9)
Others			
Operating Cash Flow	**1.7**	**(2.2)**	**(0.7)**
Non-recurring Cash Outs			
Acquisitions	(0.7)	(0.9)	
Rights Issue			
Disposals			
Dividends			
Others	(0.4)	(0.8)	0.2
Change in NFP	**0.7**	**(3.8)**	**(0.5)**
NFP at year beginning	(5.5)	(4.9)	(8.7)
NFP at year end	**(4.9)**	**(8.7)**	**(9.2)**
Net Debt/EBITDA	*-1.6x*	*-2.3x*	*-2.0x*

Source: Company data

Wiit – Balance Sheet

Eu mn	2014A	2015A	2016A
Inventories	0.1	0.1	0.0
Receivables	4.5	4.0	4.0
Payables	(2.9)	(2.6)	(1.7)
Other current assets/liabilities	(2.1)	(0.1)	0.7
NWC	**(0.4)**	**1.4**	**3.0**
Net Fixed Assets	6.2	8.4	8.9
Net Intangible assets	1.7	2.0	2.2
Net Financial Investment	1.6	0.5	0.5
Termination Indemnity Reserve	(0.6)	(0.7)	(0.8)
Net Capital Employed	**8.5**	**11.6**	**13.7**
NFP	**(4.9)**	**(8.7)**	**(9.2)**
of which Convertible bonds	(1.4)	(1.9)	(4.3)
Group Equity	3.6	3.0	4.5
Minorities			
Net Equity	3.6	3.0	4.5

Source: Company data

Wiit – 1Q17 Results

(Eu mn)	1Q16A	1Q17A	YoY	2016E	2017E	YoY
Net Sales	**3,5**	**4,7**	**34%**	**15,3**	**19,9**	**29%**
Total Costs	(2,4)	(2,7)		(10,6)	(11,4)	
EBITDA Adjusted	**1,2**	**2,0**	**74%**	**4,7**	**8,5**	**80%**
Ebitda Margin	*32,9%*	*42,6%*		*30,6%*	*42,6%*	
EBIT	**0,6**	**1,2**	**81%**	**2,4**	**4,6**	**93%**
Ebit Margin	*18,3%*	*24,7%*		*15,7%*	*23,3%*	

Source: Company data and Intermonte SIM Estimates

On 14th June 2017, Wiit disclosed its 1Q17 results (revenue, adjusted EBITDA and EBIT).

Revenue came to Eu4.7mn, up 34.1% YoY, adjusted EBITDA amounted to Eu2.0mn from Eu1.2mn last year, and EBIT was Eu1.2mn, up from Eu0.6mn in 1Q16.

Management confirmed that 1Q17 results are in line with the FY17 budget.

2Q17 and 3Q17 results will be released on 13 Sept and 26 Oct respectively.

Our Estimates

We expect Wiit to grow net sales from Eu15.3mn in 2016 to Eu40mn in 2021 (2016-21 CAGR of 21.1%). Cloud business revenues should grow at a 23% CAGR over the next five years (some Eu5mn of additional revenue per year).

These expectations are based on the following assumptions:

- average contract duration of 5 years. We assume that every year 100% of the consolidated customer base with contracts approaching expiry will renew for a further 5 years. The renewal will occur at a 5% discount to the previous contract.
- Revenue streams from consolidated customer base expected to grow at 3% each year on a like-for-like basis. This should come from customers' increased data usage, combined with up-selling. As for 2017, we expect revenues to grow by 10% YoY on a LfL basis, considering that two very important contracts, which were signed during 2016, will continue to have a positive impact on revenues in 2017.
- Wiit's sales force will be increased from 5 to 10 units. We expect Wiit to enlarge its customer base every year by adding 8/9 new customers, with average annual revenue per new customer of around Eu0.5mn and an average duration of 5 years.

Our FY17 net sales estimate is roughly aligned with the company's target at Eu19.8mn.

Wiit – Net Sales Assumptions

Eu mn		2016A	2017E	2018E	2019E	2020E	2021E	CAGR 2016 - 2021
Backlog (YE)		58.1	69.3	82.7	95.7	108.5	121.0	
	book to bill	*2.9x*	*2.8x*	*2.8x*	*2.7x*	*2.7x*	*2.7x*	
Number of Customers (YE)		60	68	77	86	95	104	
Average Revenues per Customer (Eu mn)		0.233	0.283	0.313	0.338	0.360	0.379	
LfL Growth % YoY			*10.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	
Renewals at 5% discount (Eu mn)			13.3	18.3	22.9	27.7	32.5	
Number of New Customers per year		7	8	9	9	9	9	
Average Revenue per New Customer (Eu mn)			0.500	0.500	0.500	0.500	0.500	
Order Intake per year (Eu mn)			20.0	22.5	22.5	22.5	22.5	
Cloud Business		**14.0**	**19.2**	**24.1**	**29.1**	**34.2**	**39.4**	**23.0%**
	YoY Growth	*31.9%*	*37.6%*	*25.4%*	*20.7%*	*17.5%*	*15.2%*	
	on sales %	*91.1%*	*96.9%*	*97.5%*	*97.9%*	*98.2%*	*98.5%*	
Non core Revenues		0.6	0.6	0.6	0.6	0.6	0.6	
Other Revenues		0.7	0.0	0.0	0.0	0.0	0.0	
Net Sales		**15.3**	**19.9**	**24.7**	**29.7**	**34.8**	**40.0**	**21.1%**
	YoY Growth	*19.9%*	*29.4%*	*24.6%*	*20.1%*	*17.1%*	*14.9%*	

Source: Intermonte SIM estimates

We expect Wiit to grow EBITDA adjusted from Eu4.7mn in 2016 to Eu21.1mn in 2021 (2016-21 CAGR: 40.0%), which implies a margin of roughly 60% on the additional revenues generated over the next five years.
These expectations are based on the following assumptions:

- We assume a 60/40 split of COGS between variable and fixed costs. As for FY17, we expect Wiit to achieve some efficiencies on recently acquired third-party data centres.
- We assume Personnel costs will increase strongly in FY17, especially considering that Wiit expects to double its sales force from 5 to 10 units. Over the next five years we assume personnel costs will rise due to the greater number of employees and an increase in the variable component of salaries.
- D&A are expected to grow in line with the increase in fixed assets. We assume fixed assets will be depreciated over a five-year period.
- Financial charges should go down given the reduction in leverage over the next five years.
- In 2017 and 2018 Wiit should enjoy favourable taxation, related to enhanced depreciation ("Iper-ammortamento"), which allows companies to apply a 250% overvaluation to investments in new material goods, devices and technology that enable Industry 4.0 transformation for the purposes of calculating the portion of depreciation that reduces taxable income. Further tax benefits could come from the patent box regulation.

Our FY17 EBITDA adjusted estimate is roughly aligned with the company's target at Eu8.4mn.
Our FY17 reported EBITDA estimate includes the costs related to the IPO process, which should amount to Eu0.5mn.

Extraordinary charges reported in 2017, 2018 and 2019 refer to the cost of performance shares.

Bottom line, we expect restated net profit to grow from Eu1.3mn in 2016 to Eu12.2mn in 2021, posting a 2016-21 CAGR of 66.0%.

Wiit – Income Statement 2016-2021

Eu mn		2016A	2017E	2018E	2019E	2020E	2021E	CAGR 2016 - 2021
Number of Customers (YE)		60	68	77	86	95	104	
Average Revenues per Customer (Eu mn)		0,233	0,283	0,313	0,338	0,360	0,379	
Number of New Customers per year		7	8	9	9	9	9	
Cloud Business		**14,0**	**19,2**	**24,1**	**29,1**	**34,2**	**39,4**	**23,0%**
	YoY Growth	*31,9%*	*37,6%*	*25,4%*	*20,7%*	*17,5%*	*15,2%*	
	on sales %	*91,1%*	*96,9%*	*97,5%*	*97,9%*	*98,2%*	*98,5%*	
Non core Revenues		0,6	0,6	0,6	0,6	0,6	0,6	
Other Revenues		0,7	0,0	0,0	0,0	0,0	0,0	
Net Sales		**15,3**	**19,9**	**24,7**	**29,7**	**34,8**	**40,0**	**21,1%**
	YoY Growth	*19,9%*	*29,4%*	*24,6%*	*20,1%*	*17,1%*	*14,9%*	
Total Costs		(10,6)	(11,4)	(13,3)	(15,1)	(16,7)	(18,9)	
	on sales %	*-69,4%*	*-57,4%*	*-53,6%*	*-50,7%*	*-48,0%*	*-47,3%*	
EBITDA Adjusted		**4,7**	**8,5**	**11,5**	**14,7**	**18,1**	**21,1**	**40,1%**
	YoY Growth	*24,1%*	*79,8%*	*35,7%*	*27,8%*	*23,4%*	*16,5%*	
	Ebitda Margin %	*30,6%*	*42,6%*	*46,4%*	*49,3%*	*52,0%*	*52,7%*	
Exceptional Items		0,0	(0,5)	0,0	0,0	0,0	0,0	
EBITDA Reported		**4,7**	**8,0**	**11,5**	**14,7**	**18,1**	**21,1**	
	YoY Growth	*24,1%*	*69,2%*	*44,3%*	*27,8%*	*23,4%*	*16,5%*	
	Ebitda Margin %	*30,6%*	*40,1%*	*46,4%*	*49,3%*	*52,0%*	*52,7%*	
D&A		(2,3)	(3,3)	(3,5)	(3,6)	(3,8)	(4,0)	
EBIT		**2,4**	**4,6**	**8,0**	**11,0**	**14,3**	**17,1**	**56,2%**
	YoY Growth	*29,4%*	*92,6%*	*72,9%*	*37,9%*	*29,5%*	*19,6%*	
	Ebit Margin %	*15,7%*	*23,3%*	*32,3%*	*37,1%*	*41,0%*	*42,7%*	
Financial Charges		(0,5)	(0,4)	(0,4)	(0,3)	(0,3)	(0,2)	
Extraordinary charges		(0,6)	(0,4)	(0,2)	(0,1)	0,0	0,0	
Pretax Profit		**1,4**	**3,8**	**7,4**	**10,6**	**14,0**	**16,9**	
	YoY Growth	*73,3%*	*183,3%*	*94,7%*	*42,7%*	*32,1%*	*20,3%*	
Income Tax		(0,4)	(0,5)	(1,0)	(3,0)	(3,9)	(4,7)	
		-32,7%	*-13,0%*	*-13,0%*	*-28,0%*	*-28,0%*	*-28,0%*	
Net Profit		**0,9**	**3,3**	**6,5**	**7,6**	**10,1**	**12,2**	**82,6%**
	YoY Growth	*363,8%*	*266,1%*	*94,7%*	*18,1%*	*32,1%*	*20,3%*	
	Net Profit Margin %	*5,9%*	*16,8%*	*26,2%*	*25,7%*	*29,0%*	*30,4%*	
Restated Net Profit		**1,3**	**4,1**	**6,6**	**7,7**	**10,1**	**12,2**	**66,0%**

Source: Intermonte SIM estimates

We expect Wiit's cash generation to improve strongly, in line with EBITDA growth, with an EBITDA cash conversion of approximately 45%.

Our assumptions on CAPEX are as follows:

- We assume CAPEX for setting up new clients to represent 15% of total revenues over the duration of the contract (we assume a 5-year duration).
- We assume CAPEX for client renewals to represent 5% of total revenues over the duration of the contract (we assume a 5-year duration).
- We include a further Eu0.5mn of CAPEX related to R&D charges.
- FY17 CAPEX is expected to be higher given increased costs related to some important contracts signed in 2016.

As for the financing cash flow component, for 2017 we include the conversion of the convertible bonds owned by Orizzonte SGR prior to the IPO (Eu4.6mn) and the cash-in from the listing (Eu13.7mn net of fees). Finally, we assume that as of 2017, Wiit will start to pay dividends at a 60% pay-out ratio.

Wiit – Cash Flow 2016-2021

(Eu mn)	2016A	2017E	2018E	2019E	2020E	2021E
EBITDA	4,7	8,5	11,5	14,7	18,1	21,1
Financial Charges	(0,5)	(0,4)	(0,4)	(0,3)	(0,3)	(0,2)
Cash Taxes	(0,4)	(0,4)	(0,9)	(2,9)	(3,8)	(4,6)
Change in WC	(1,6)	(0,5)	(0,8)	(0,4)	(0,8)	(0,8)
Capex	(2,9)	(5,5)	(4,1)	(4,3)	(4,5)	(4,8)
Others						
Operating Cash Flow	**(0,7)**	**1,6**	**5,3**	**6,8**	**8,7**	**10,7**
Non-recurring Cash Outs						
Acquisitions						
Rights Issue		18,3				
Disposals						
Dividends			(2,0)	(3,9)	(4,6)	(6,1)
Others	0,2					
Change in NFP	**(0,5)**	**19,9**	**3,3**	**2,9**	**4,1**	**4,6**
NFP at year beginning	(8,7)	(9,2)	10,7	14,1	16,9	21,0
NFP at year end	**(9,2)**	**10,7**	**14,1**	**16,9**	**21,0**	**25,6**
Net Debt/EBITDA	*-2,0x*	*1,3x*	*1,2x*	*1,2x*	*1,2x*	*1,2x*

Source: Intermonte SIM Estimates

Wiit – Balance Sheet 2016-2021

Eu mn	2016A	2017E	2018E	2019E	2020E	2021E
Inventories	0,0	0,0	0,0	0,0	0,0	0,0
Receivables	4,0	5,2	6,5	7,8	9,1	10,5
Payables	(1,7)	(2,1)	(2,2)	(2,5)	(2,7)	(3,0)
Other current assets/liabilities	0,7	0,4	0,0	(0,6)	(0,8)	(1,1)
NWC	**3,0**	**3,5**	**4,3**	**4,8**	**5,6**	**6,4**
Net Fixed Assets	8,9	11,0	11,5	12,1	12,7	13,4
Net Intangible assets	2,2	2,3	2,4	2,5	2,6	2,6
Net Financial Investment	0,5	0,5	0,5	0,5	0,5	0,5
Termination Indemnity Reserve	(0,8)	(1,8)	(2,1)	(2,3)	(2,4)	(2,5)
Net Capital Employed	**13,7**	**15,4**	**16,6**	**17,5**	**18,9**	**20,4**
NFP	**(9,2)**	**10,7**	**14,1**	**16,9**	**21,0**	**25,6**
of which Convertible bonds	(4,3)					
Group Equity	4,5	26,1	30,6	34,4	39,9	46,0
Minorities						
Net Equity	4,5	26,1	30,6	34,4	39,9	46,0

Source: Intermonte SIM Estimates

Peers

We have put together a peer group comprising companies operating in the broader IT – Cloud-based services sector. Since there are no strictly comparable peers, we have chosen companies with similar growth and profitability patterns. We have split the peer group in an attempt to take account of exposure to the different service models (IaaS, PaaS, SaaS) in Cloud services. Wiit is mostly exposed to IaaS and PaaS services.

WIIT – Peer Profiles

Company	Country	Mkt Cap (Eu mn)	Description
IaaS / PaaS			
Vmware	UNITED STATES	34.753	VMware, Inc. provides the development and application of virtualization technologies with x86 server-based computing, separating application software from the underlying hardware. Its virtualization infrastructure solutions, which include a suite of products designed to deliver a software-defined data center, run on industry-standard desktop computers and servers and support a wide range of operating system and application environments, as well as networking and storage infrastructures. The company develops and markets its products and service offerings within three main product groups: software-defined data center, end-user computing and hybrid cloud computing. VMware was founded by Diane Greene, Mendel Rosenblum, Scott Devine, Edward Wang and Edouard Bugnion in 1998 and is headquartered in Palo Alto, CA.
Equinix	UNITED STATES	30.226	Equinix, Inc. engages in the provision of collocation space and related service. It operates through the following geographical segments: Americas, Europe, Middle East and Africa, and Asia-Pacific. Its services include interconnection and connectivity, data centers and collocation, professional services, and Equinix Marketplace. It offers applications and content acceleration, cloud infrastructure solutions, wide area network optimization, and disaster recovery and business continuity solutions. The company was founded by Jay Steven Adelson and Albert M. Avery IV on June 22, 1998 and is headquartered in Redwood City, CA.
j2 Global	UNITED STATES	3.995	j2 Global, Inc. is a holding company, which engages in the provision of Internet services. It operates through the Business Cloud Services and Digital Media segments. The Business Cloud Services segment offers online fax, virtual phone system, unified communications, online backup, customer relationship management, intellectual property licensing, global network operations, and customer support. The Digital Media segment includes display and video advertising, performance marketing, web properties, and licensing activities. The company was founded by Jaye Muller and John F. Rieley in December 1995 and is headquartered in Los Angeles, CA.
Interxion Holding	UNITED STATES	2.715	Interxion Holding NV engages in the provision of carrier and cloud neutral colocation data center services. It operates through the Big4 and the Rest of Europe segments. The Big4 segment consists of France, Germany, the Netherlands, and the United Kingdom. The Rest of Europe segment comprises of Austria, Belgium, Denmark, Ireland, Spain, Sweden, and Switzerland. Its services include colocation, interconnection, and customer service. The company was founded by Bart van den Dries on April 6, 1998 and is headquartered in Schiphol-Rijk, the Netherlands.
Nextdc Limited	AUSTRALIA	847	NextDC Ltd. operates and develops smart, secure and scalable datacenters. The company enables business transformation through innovative data centre outsourcing solutions, connectivity services and infrastructure management software. It provides services such as private data suites, blocks & racks, and cross connect. NextDC was founded by Bevan Andrew Slattery on May 11, 2010 and is headquartered in Brisbane, Australia.
iomart Group	UNITED KINGDOM	382	Iomart Group Plc provides cloud computing and managed hosting services through a network of owned data centers. It operates through its segments: Hosting and Easyspace. The Hosting segment provides managed hosting facilities and services, through a network of owned datacentres, to the larger small and medium-sized enterprises, and corporate markets. The Easyspace segment provides a range of shared hosting and domain registration services to micro and small and medium sized companies. Iomart Group was founded by Angus MacSween and William Dobbie in December 1998 and is headquartered in Glasgow, the United Kingdom.
Redcentric	UNITED KINGDOM	153	Redcentric Plc operates as holding company, which engages in offering network, based managed services. The company offers managed security services that include network services, collaboration, infrastructure, applications services, security and mobile. Redcentric was founded on February 11, 2013 and is headquartered in Harrogate, the United Kingdom.
Over The Wire Holdings	AUSTRALIA	60	Over The Wire Holdings Ltd. provides telecommunications, cloud and information technology solutions. It operates through the following business divisions: Data Networks, Voice, Cloud & Other Services and Data Centre Co-Location. The company's products include data networks, data centre co-location, Internet, AWS direct connect, infrastructure as a service, backup as a service, IP voice, platform as a service, hosted PBX and Information technology support services. Over The Wire Holdings was founded by Brent Evans Paddon, Jay Binks and Michael Omeros on July 1, 2011 and is headquartered in Brisbane, Australia.
SaaS			
ServiceNow	UNITED STATES	14.657	ServiceNow, Inc. engages in the provision of enterprise cloud computing solutions. It offers customer and facilities service management, orchestration core, service mapping, cloud and portfolio management, edge encryption, performance analytics, service portal designer, visual task boards, and configuration management database. The company was founded by Frederic B. Luddy in June 2004 and is headquartered in Santa Clara, CA.
Red Hat	UNITED STATES	14.217	Red Hat, Inc. engages in the provision of open source software solutions. The firm operates its business through the following graphical segments: Americas (the United States, Canada, and Latin America), EMEA (Europe, Middle East, and Africa) and Asia Pacific. It offers Red Hat Enterprise Linux, Red Hat JBoss Middleware, Red Hat Enterprise Virtualization, and Red Hat Storage Server. The company was founded by Robert F. Young in March 1993 and is headquartered in Raleigh, NC.
LogMeIn	UNITED STATES	5.441	LogMeIn, Inc. develops and markets a suite of remote access, remote support and collaboration solutions that provide instant, secure connections between internet enabled devices. It provides essential cloud based services for remote access, device management, data management, customer care and collaboration. The company's product line includes Gravity, LogMeIn Free, LogMeIn Pro, LogMeIn Central, LogMeIn Rescue, LogMeIn Rescue Mobile, LogMeIn Backup, join.me, Pachube and RemotelyAnywhere. LogMeIn was founded by Michael K. Simon and Marton B. Anka in February 2003 and is headquartered in Woburn, MA.
MYOB Group	AUSTRALIA	1.472	MYOB Group Ltd. engages in the provision of desktop and cloud business management software solutions to businesses and accounting practices. It operates through the Australia and New Zealand geographical segments. The company was founded in 1991 and is headquartered in Melbourne, Australia.
Inovalon Holdings	UNITED STATES	1.682	Inovalon Holdings, Inc. is a leading technology company providing cloud-based platforms empowering a data-driven transformation from volume-based to value-based models throughout the healthcare industry. It offers large-scale data interconnectivity capabilities, unparalleled proprietary data sets, advanced analytics, data-driven intervention systems, and industry-leading subject matter expertise. The company engages in the assessment and improvement of clinical and quality outcomes and financial performance across the healthcare ecosystem. Inovalon Holdings was founded on September 11, 2014 and is headquartered in Bowie, MD.
Wisetech Global	AUSTRALIA	1.243	Wisetech Global Ltd. develops cloud-based software solutions for the international and domestic logistics industries. Its activities include development, sale, and implementation of software solutions that enable logistics service providers to facilitate the movement and storage of goods and information domestically and internationally. Wisetech operates as a logistics service provider software market across various aspects of the global supply chain, such as freight forwarding, customs clearance, container freight, tracking and tracing, warehousing, cross-border compliance, and air, sea, rail and road transport. The company was founded by Maree McDonald Isaacs and Richard John White on August 2, 1994 and is headquartered in Sydney, Australia.
Qualys	UNITED STATES	1.392	Qualys, Inc. engages in the provision of cloud security and compliance solutions. Its products enable organizations to identify security risks to information technology infrastructures, help protect information technology systems and applications from cyber attacks and achieve compliance with internal policies and external regulations. The firm operates its business through the Unites States and Foreign geographical segments. It also offers solutions through a software-as-a-service model, primarily with renewable annual subscriptions. The company was founded on December 30, 1999 and is headquartered in Redwood City, CA.

Source: Factset

For each peer, the following tables show key figures for the 2016-18 period, market multiples, and stock performances over the last three years.

WIIT – Key figures for peers

			FY16 - FY18 Average Margins			CAGR FY16 - FY18			
Company	**Country**	**Mkt Cap (Eu mn)**	**EBITDA Margin**	**EBIT Margin**	**Net income Margin**	**Revenue**	**EBITDA**	**EBIT**	**Net income**
IaaS / PaaS									
VMware, Inc. Class A	UNITED STATES	31.529	37%	33%	27%	6,5%	5,2%	7,1%	7,5%
Equinix, Inc.	UNITED STATES	29.790	47%	20%	7%	16,4%	20,0%	34,6%	104,5%
j2 Global, Inc.	UNITED STATES	3.548	43%	40%	16%	19,5%	15,1%	13,5%	17,7%
Interxion Holding N.V.	UNITED STATES	2.841	46%	23%	10%	15,9%	17,7%	20,1%	21,3%
Nextdc Limited	AUSTRALIA	862	38%	18%	8%	24,7%	48,3%	74,1%	193,0%
iomart Group plc	UNITED KINGDOM	385	41%	26%	15%	8,2%	7,8%	8,5%	19,3%
Redcentric Plc	UNITED KINGDOM	129	17%	11%	1%	2,2%	5,2%	15,1%	na
Over The Wire Holdings Ltd.	AUSTRALIA	60	22%	16%	11%	41,8%	37,1%	28,2%	29,8%
Mean IaaS / PaaS			**36%**	**23%**	**12%**	**16,9%**	**19,6%**	**25,2%**	**56,2%**
SaaS									
ServiceNow, Inc.	UNITED STATES	16.380	22%	16%	11%	32,1%	50,9%	60,5%	59,8%
Red Hat, Inc.	UNITED STATES	15.257	27%	24%	17%	15,1%	16,1%	17,8%	16,3%
LogMeIn, Inc.	UNITED STATES	5.076	33%	28%	20%	85,7%	120,9%	120,4%	123,6%
MYOB Group Ltd.	AUSTRALIA	1.407	47%	28%	26%	10,3%	11,3%	18,1%	11,3%
Inovalon Holdings, Inc. Class A	UNITED STATES	1.594	24%	17%	11%	6,1%	10,1%	7,3%	-0,7%
Wisetech Global Ltd.	AUSTRALIA	1.365	34%	25%	18%	35,7%	51,0%	68,9%	70,6%
Qualys, Inc.	UNITED STATES	1.367	33%	24%	16%	15,4%	14,2%	13,4%	13,0%
Mean SaaS			**31%**	**23%**	**17%**	**28,6%**	**39,2%**	**43,8%**	**42,0%**

Source: Factset

WIIT – Peer group multiples

Company	**Country**	**Mkt Cap (Eu mn)**	**Median EV/EBITDA FY17**	**Median EV/EBITDA FY18**	**Median EV/EBITDA FY19**	**Median EV/EBIT FY17**	**Median EV/EBIT FY18**	**Median EV/EBIT FY19**	**Median PE FY17**	**Median PE FY18**	**Median PE FY19**
Iaas/Paas											
VMware, Inc. Class A	UNITED STATES	31.529	10,1 x	9,3 x	9,0 x	11,5 x	10,4 x	9,4 x	18,0 x	16,5 x	15,2 x
Equinix, Inc.	UNITED STATES	29.790	20,9 x	17,8 x	16,5 x	48,3 x	37,8 x	30,1 x	nm	66,8 x	53,2 x
j2 Global, Inc.	UNITED STATES	3.548	9,9 x	9,0 x	na	10,5 x	9,7 x	na	14,5 x	12,6 x	11,9 x
Interxion Holding N.V.	UNITED STATES	2.841	16,7 x	15,0 x	13,8 x	33,9 x	29,8 x	26,6 x	61,5 x	51,9 x	44,4 x
Nextdc Limited	AUSTRALIA	862	28,1 x	24,1 x	16,5 x	53,5 x	48,4 x	28,4 x	79,2 x	94,8 x	40,6 x
iomart Group plc	UNITED KINGDOM	385	8,6 x	7,8 x	na	13,8 x	11,9 x	na	17,1 x	15,5 x	na
Over The Wire Holdings Ltd.	AUSTRALIA	60	11,9 x	7,9 x	5,8 x	17,2 x	11,7 x	8,4 x	25,4 x	18,1 x	14,1 x
Mean excluding min and max			**13,9 x**	**11,8 x**	**12,3 x**	**24,9 x**	**20,3 x**	**20,6 x**	**36,0 x**	**33,8 x**	**29,9 x**
Median			**11,9 x**	**9,3 x**	**13,8 x**	**17,2 x**	**11,9 x**	**26,6 x**	**21,7 x**	**18,1 x**	**27,9 x**
Saas											
ServiceNow, Inc.	UNITED STATES	16.380	44,3 x	29,2 x	19,9 x	60,0 x	37,7 x	24,2 x	95,2 x	65,3 x	43,5 x
Red Hat, Inc.	UNITED STATES	15.257	20,8 x	17,6 x	15,0 x	23,7 x	19,7 x	16,2 x	36,7 x	31,1 x	26,2 x
LogMeIn, Inc.	UNITED STATES	5.076	15,7 x	11,8 x		19,0 x	13,6 x		28,5 x	22,7 x	20,9 x
MYOB Group Ltd.	AUSTRALIA	1.407	12,6 x	11,3 x	10,3 x	21,0 x	17,9 x	15,2 x	18,9 x	17,0 x	16,0 x
Inovalon Holdings, Inc. Class A	UNITED STATES	1.594	17,7 x	14,5 x	14,2 x	25,8 x	21,2 x	19,4 x	40,3 x	35,7 x	32,1 x
Wisetech Global Ltd.	AUSTRALIA	1.365	36,2 x	26,0 x	18,6 x	47,6 x	32,0 x	22,6 x	64,0 x	48,3 x	35,1 x
Qualys, Inc.	UNITED STATES	1.367	18,9 x	14,5 x	10,0 x	26,5 x	19,6 x		50,3 x	41,6 x	34,8 x
Mean excluding min and max			**21,9 x**	**16,9 x**	**14,6 x**	**28,9 x**	**22,1 x**	**19,5 x**	**44,0 x**	**35,9 x**	**29,8 x**
Median			**18,9 x**	**14,5 x**	**14,6 x**	**25,8 x**	**19,7 x**	**19,4 x**	**40,3 x**	**35,7 x**	**32,1 x**
Mean excluding min and max			**17,5 x**	**14,3 x**	**13,5 x**	**27,4 x**	**21,1 x**	**20,6 x**	**38,3 x**	**34,5 x**	**29,3 x**
Median			**17,2 x**	**14,5 x**	**14,2 x**	**24,8 x**	**19,6 x**	**21,0 x**	**36,7 x**	**33,4 x**	**32,1 x**

Source: Factset

Wiit – Peer group stock performances

Company	Country	Mkt Cap (Eu mn)	3M	6M	1Y	3Y
IaaS / PaaS						
VMware, Inc. Class A	UNITED STATES	31.529	-2,7%	7,8%	44,8%	-7,9%
Equinix, Inc.	UNITED STATES	29.790	9,7%	16,7%	14,0%	107,3%
j2 Global, Inc.	UNITED STATES	3.548	3,3%	-2,4%	27,3%	70,2%
Interxion Holding N.V.	UNITED STATES	2.841	14,9%	22,0%	21,4%	67,4%
Nextdc Limited	AUSTRALIA	862	13,5%	29,7%	29,0%	162,3%
iomart Group plc	UNITED KINGDOM	385	6,5%	2,8%	15,7%	40,6%
Redcentric Plc	UNITED KINGDOM	129	-16,3%	-15,8%	-53,2%	-32,7%
Over The Wire Holdings Ltd.	AUSTRALIA	60	-6,1%	-19,6%	-9,5%	
SaaS						
ServiceNow, Inc.	UNITED STATES	16.380	30,4%	32,1%	57,3%	91,8%
Red Hat, Inc.	UNITED STATES	15.257	14,5%	34,2%	33,9%	78,2%
LogMeIn, Inc.	UNITED STATES	5.076	8,0%	10,0%	72,2%	170,9%
MYOB Group Ltd.	AUSTRALIA	1.407	-4,0%	-8,6%	-4,0%	
Inovalon Holdings, Inc. Class A	UNITED STATES	1.594	4,6%	11,6%	-36,2%	
Wisetech Global Ltd.	AUSTRALIA	1.365	22,9%	20,1%	29,1%	
Qualys, Inc.	UNITED STATES	1.367	18,3%	23,7%	35,3%	62,6%

Source: Factset

Valuation

We have calculated a fair value for Wiit of Eu63 per share, which is obtained from a simple average between a peer comparison valuation (Eu63 per share) and a DCF valuation (Eu63 per share).

Peer comparison

The equity value calculated from the peer comparison is based on EV/EBITDA and P/E ratios of the peer group described in the previous section for 2017 and 2018.

We have based our valuation on median multiples, as these are slightly more conservative than mean multiples.

We have used FY17 and FY18 normalized net profit for the P/E multiples comparison, applying a normalized 28% tax rate.

The mean market multiples valuation yields an equity value range of Eu55 to Eu71 per share. The midpoint of the range is Eu63 per share.

Wiit – Market Multiples Valuation

	Peer Group Median multiples	
Eu mn	**2017E**	**2018E**
Wiit EBITDA Adjusted	8,5	11,5
EV/EBITDA Peer Group	17,2 x	14,5 x
EV based on multiples	145,2	165,9
Net Financial Position	10,7	14,1
Associates	0,5	0,5
Equity Value on EV/EBITDA	**156,4**	**180,4**
Wiit Normalized Net Profit	3,4	5,5
P/E Peer Group	36,7 x	33,4 x
Equity Value on P/E	**124,9**	**184,0**
Mean Market Multiples Valuation	**140,6**	**182,2**
Eu Per Share	**55**	**71**

Source: Intermonte SIM

DCF Valuation

Our discounted cash flow model, containing detailed 2017 – 2021 estimates, yields an equity value of Eu63.0 per share.

Our DCF model is based on the following assumptions:

- WACC at 9.0% (risk-free rate at 2.5%, risk premium at 5.5%, beta at 1.1x and equity weighting of 100%) with a sensitivity range of +/-0.3%
- Long-term growth rate at 2.5% with a sensitivity range of +/-0.5%.

The terminal value is calculated assuming the necessary CAPEX for the renewal of the consolidated customer base (no additional customers) and is assumed to be around 6.1% of sales or 10% of the value of the contracts to be renewed. Terminal Value accounts for the 84% of total mid-range enterprise value. If we take out from the terminal value the present value of FY21 order backlog (ca Eu32mn in our model), the terminal value would account for only 60% of total mid-range enterprise value.

On average, we expect the company to generate Eu6.7mn in annual free cash flow in the 2017-2021 period (average EBITDA cash conversion of 45%).

Our DCF sensitivity analysis yields an equity value of Eu56.0 per share in the most bearish case and of Eu71.0 per share in the most bullish.

WIIT – DCF Valuation

(Eu mn)	2017E	2018E	2019E	2020E	2021E	TV
EBITDA	8,5	11,5	14,7	18,1	21,1	21,6
taxes on EBIT	-0,6	-1,0	-3,1	-4,0	-4,8	-5,4
Non recurring Cash-out	0,0	0,0	0,0	0,0	0,0	
NWC Change	-0,5	-0,8	-0,4	-0,8	-0,8	
Capex	-5,5	-4,1	-4,3	-4,5	-4,8	-2,5
Capex/Revenues	*-27,7%*	*-16,5%*	*-14,5%*	*-13,0%*	*-11,9%*	*-6,1%*
Free cash flow	**1,8**	**5,5**	**6,8**	**8,7**	**10,7**	**213,1**
Disc. Free Cash Flow	**1,7**	**4,7**	**5,3**	**6,2**	**7,0**	**127,3**
Year	*1*	*2*	*3*	*4*	*5*	*6*

Total Disc. FCF	24,8
Terminal value	127,3
Total EV (Eu mn)	**152,1**
NFP '16 Adjusted	9,1
Associates (Book Value 2016)	0,5
TOTAL Equity Value	**161,7**
# of shares (mn)	2,6
Fair Value per share (Eu)	**63**
WACC	*9,0%*
Terminal Growth	*2,5%*

Source: Intermonte SIM estimates

WIIT – DCF Valuation Sensitivity

		Wacc				
		8.4%	8.7%	**9.0%**	9.3%	9.6%
Term. Growth	1.5%	61	58	56	53	51
	2.0%	65	62	59	**56**	54
	2.5%	70	66	**63**	60	57
	3.0%	75	**71**	67	64	60
	3.5%	82	77	72	68	65

Source: Intermonte SIM estimates

WIIT Peer Group - Absolute Performances

Stock	Price	Ccy	Mkt cap	1M	3M	6M	YTD	1Y	2Y
WIIT	**48,38**	**EUR**	**124**	**-4,9%**	**-4,4%**	**-4,4%**	**-4,4%**	**-4,4%**	**-4,4%**
EQUINIX	435,48	USD	33.929	1,9%	8,1%	15,8%	21,8%	14,6%	65,3%
INOVALON	12,85	USD	1.876	-5,5%	8,4%	14,2%	24,8%	-33,2%	-51,1%
INTERXION	45,92	USD	3.261	4,7%	14,1%	22,1%	30,9%	23,0%	64,7%
IOMART	3,17	GBP	341	0,2%	7,8%	5,9%	3,9%	16,4%	30,1%
J2 GLOBAL	84,67	USD	4.081	-3,4%	1,8%	-1,4%	3,5%	28,2%	21,2%
LOGMEIN	111,40	USD	5.869	2,6%	7,6%	11,0%	15,4%	75,8%	71,6%
MYOB GROUP	3,37	AUD	2.044	0,0%	-4,8%	-8,9%	-7,9%	-4,8%	-4,5%
NEXTDC	4,45	AUD	1.264	-2,0%	13,5%	31,3%	22,3%	29,0%	91,7%
OVER THE WIRE	2,02	AUD	88	0,5%	-5,6%	-19,2%	-20,8%	-9,4%	---
QUALYS	41,85	USD	1.550	0,6%	15,9%	24,2%	32,2%	34,0%	13,1%
RED HAT	98,53	USD	17.485	12,2%	14,3%	35,4%	41,4%	35,3%	24,6%
SERVICENOW	110,00	USD	18.687	8,7%	27,3%	35,1%	48,0%	54,9%	39,4%
VMWARE	91,05	USD	37.187	3,3%	-0,3%	11,7%	15,6%	46,7%	7,7%
WISETECH GLOBAL	6,64	AUD	1.931	-14,3%	18,6%	18,6%	17,5%	31,0%	---
Mean performance				**0,3%**	**8,2%**	**12,8%**	**16,3%**	**22,5%**	**28,4%**
Italy FTSE Mib	21.484,8	EUR	334.354	2,6%	8,7%	11,3%	11,7%	28,3%	-9,6%

Source: FactSet

WIIT Peer Group - Multiple Comparison

Stock	Price	Ccy	Mkt cap	EV/Sales 2017	EV/Sales 2018	EV/Ebitda 2017	EV/Ebitda 2018	EV/Ebit 2017	EV/Ebit 2018	P/E 2017	P/E 2018	Div Yield 2017	Div Yield 2018
WIIT	**48,38**	**EUR**	**124**	**5,7**	**4,4**	**13,4**	**9,6**	**24,5**	**13,8**	**27,9**	**18,7**	**1,6%**	**3,1%**
EQUINIX	435,48	USD	33.929	9,7	8,7	20,5	17,8	46,7	36,9	108,1	65,0	1,8%	2,1%
INOVALON	12,85	USD	1.876	4,4	3,7	18,2	14,7	27,5	21,4	42,9	36,8	0,0%	0,0%
INTERXION	45,92	USD	3.261	7,6	7,0	16,9	15,2	34,0	30,1	59,7	52,0	0,0%	0,0%
IOMART	3,17	GBP	341	3,5	3,2	8,7	8,0	14,8	13,0	17,3	15,7	2,0%	2,3%
J2 GLOBAL	84,67	USD	4.081	3,9	3,4	9,4	7,9	10,7	9,0	14,5	13,0	1,8%	2,0%
LOGMEIN	111,40	USD	5.869	5,5	4,5	15,8	11,9	19,2	13,9	28,8	23,2		
MYOB GROUP	3,37	AUD	2.044	5,8	5,2	12,4	11,2	21,0	18,3	18,7	17,3	3,7%	4,0%
NEXTDC	4,45	AUD	1.264	13,5	11,5	45,1	28,1	125,0	53,2	583,0	73,1	0,0%	0,0%
OVER THE WIRE	2,02	AUD	88	3,4	2,5	15,0	12,0	19,4	17,2	27,4	25,6	0,5%	1,0%
QUALYS	41,85	USD	1.550	5,9	4,8	18,8	14,4	26,2	19,5	49,5	41,0		
RED HAT	98,53	USD	17.485	5,6	4,7	20,7	17,4	23,7	19,4	36,7	31,2	0,0%	0,0%
SERVICENOW	110,00	USD	18.687	9,6	7,2	44,2	29,2	60,1	36,9	94,4	63,9	0,0%	0,0%
VMWARE	91,05	USD	37.187	3,9	3,5	10,6	9,9	12,0	10,7	18,5	17,0	0,0%	0,0%
WISETECH GLOBAL	6,64	AUD	1.931	17,8	12,1	64,5	35,2	103,3	46,8	122,5	64,0	0,0%	0,3%
Median				**5,7**	**4,8**	**17,6**	**14,5**	**25,0**	**19,5**	**39,8**	**34,0**	**0,0%**	**0,2%**

Source: Intermonte SIM estimates for covered companies, FactSet consensus estimates for peer group

DETAILS ON STOCKS RECOMMENDATION

Stock NAME	WIIT		
Current Recomm:	BUY	Previous Recomm:	na
Current Target (Eu):	63.00	Previous Target (Eu):	na
Current Price (Eu):	48.38	Previous Price (Eu):	na
Date of report:	18/07/2017	Date of last report:	na

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- 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 2.5% and a risk premium of 5.0% are being used.

Frequency of research: quarterly.

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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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OUTPERFORM:	46,75 %
NEUTRAL:	39,61 %
UNDERPERFORM	00,65 %
SELL:	00,00 %

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OUTPERFORM:	45,65 %
NEUTRAL:	28,26 %
UNDERPERFORM	00,00 %
SELL:	00,00 %

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IKF	0,57	SHORT
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PREMUDA .	0,53	SHORT
STEFANEL .	0,71	SHORT
WASTE ITALIA	1,06	SHORT
ZEPHYRO SPA	1,4	LONG

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