

## NEWS

23 December 2019

### WIIT

**Review of the double acquisition of Etaeria and Aedera's documentation**  
(Company press release)

As a reminder, WIIT announced on Friday 20/12 before trading, the signature of a SPA with the aim of gradually acquiring Etaeria and Aedera's documentation BU, from the Kelyan Group.

Scope of consolidation :

- (i) Founded in 2016, Etaeria provides managed security services and infrastructural cloud computing, has 40 specialized employees and 80+ medium and large customer accounts. Last FY financials: €6.1m of sales (ow 83% recurring), €1.4m Adj. EBITDA (23% margin), expected pre-synergy EBITDA growth of +10-15% 2019-22 CAGR ;

- (ii) Aedera has 30+ years of experience in document management, has 18 dedicated staffs, owns and operates its proprietary platform. Last FY financials: €1.9m of sales (ow 94% recurring), €0.7m Adj. EBITDA (37% margin), expected pre-synergy EBITDA growth of +15-20% 2019-22 CAGR.

Synergies :

- (i) Etaeria: Synergies related to data centers insourcing and headcount optimization estimated at €1.5m achievable over the next 12-24 months;

- (ii) Aedera : Strong commercial and technological synergies with WIIT's Documentary BU, as well as R&D synergies related to the platform development.

Financial consideration : (i) the acquisition of Etaeria will be paid for 60% @FC (Q1 2020E), then the remaining 40% over the next 24 months through a P&C options corresponding to an EV of €6.7m in addition to a potential earn-out of €2.2m; (ii) the acquisition of the Aedera BU will be paid for 60% @FC, then the remaining 40% over the next 24 months corresponding to an EV of €2.2m in addition to a potential earn-out of €0.9m. The average transaction multiple is 4.5x EV/Adj. EBITDA (Last FY); these acquisitions will be accretive and financed by the partial drawdown (c.€10m) of the acquisition financing (Term Loan) for a total amount of 35M€ made available by Banca IMI.

These new acquisitions will allow WIIT to (i) continue the consolidation of the Italian cloud market, (ii) up-sell the services already marketed by the Group, and (iii) achieve substantial industrial synergies.

We reiterate our recommendation to buy and increase our TP to €119/share (vs. €89).

**Buy, TP of €119 (vs. €89) - Pierre Buon : +33 1 53 45 10 77**

### Market Data

<b>Industry</b>	Cloud services
<b>Share Price (€)</b>	89,2
<b>Market Cap (€M)</b>	236,6
<b>Bloomberg</b>	WIIT IM
<b>Market Segment</b>	STAR Italia

### Ownership structure

<b>Founders</b>	62,2%
<b>Free float</b>	33,0%
<b>Treasury shares</b>	4,9%

€M (31/12)	2018a	2019e	2020e	2021e
<b>Sales (€M)</b>	25,2	33,0	48,1	53,6
<i>Growth</i>	29,1%	30,8%	45,8%	11,3%
<b>EBIT</b>	4,9	6,3	10,3	14,4
<i>Marge</i>	19,3%	19,2%	21,4%	26,9%
<b>Net income</b>	3,5	5,8	8,2	11,8
<b>EPS (€)</b>	1,35	2,29	3,23	4,67
<i>EPS growth</i>	7,9%	69,3%	41,3%	44,6%
<b>Dividend</b>	0,90	1,37	1,94	2,80
<i>Yield (%)</i>	1,0%	1,5%	2,2%	3,1%
<b>FCF</b>	1,9	2,2	9,1	11,4
<b>ROCE</b>	13,6%	14,2%	15,4%	20,3%
<b>EV/Sales (x)</b>		7,8	5,3	4,7
<b>EV/EBIT (x)</b>		40,9	25,0	17,5
<b>PE (x)</b>		41,0	29,0	20,1
<b>Net Debt</b>	4,4	21,6	20,1	15,9
<i>Gearing</i>	20%	128%	93%	56%

Midcap Partners estimates

**Upcoming event : FY2019 Results - N.d.**

Top Peers (Ccy)	Market Cap (M)	EV/Sales 2019	EV/Sales 2020	EV/EBIT 2019	EV/EBIT 2020
Interxion Holding N.V.	5 732	11,2	10,2	57,6	51,1
Holdings Ltd. Sponsored ADR C	6 629	14,5	10,8	108,7	63,1
Nextdc Limited	1 461	15,5	15,1	79,9	73,0

Source: FACTSET

## Disclaimer

This document may refer to valuation methods defined as follows:

- 1 - DCF method: discounting future cash flows generated by the business's operations. Cash flows are determined using the analyst's financial forecasts and models. The discount rate used is the weighted average cost of capital, defined as the weighted average cost of the company's borrowings and the theoretical cost of its equity as estimated by the analyst.
- 2 - Comparables method: application of stock-market valuation multiples, or multiples observed for recent transactions. These multiples may be used as benchmarks and applied to the company's financial aggregates to determine its valuation. The analyst builds the sample according to the company's characteristics (size, growth, profitability, etc). The analyst may also apply a premium/discount based on his perception of the company's characteristics.
- 3 - Asset-based method: estimation of the value of the equity on the basis of the revalued and corrected assets comprising the fair value of the liability.
- 4 - Discounted dividend method: discounted future value of estimated dividend flows. The discounting rate taken is general the cost of capital.
- 5 - The sum of the parts: this method consists in estimating a company's various activities by using the most appropriate evaluation method for each of them, then by adding them together.

Rating structure:

- Buy: expected over-performance 10% greater than the market within 6 – 12 months  
Hold: expected performance of between -10% and +10% compared to the market within 6 – 12 months  
Sell: expected under-performance 10% greater than the market within 6 – 12 months

Company	Closing price (€)	Rating	Warning
WIIT S.P.A	89.2	Buy	G

A LOUIS CAPITAL MARKETS – MCP or any corporate entity related to it holding more than 5% of the total shares issued by the issuer;

B The issuer holds more than 5% of the total shares issued by LOUIS CAPITAL MARKETS - MCP or any corporate entity related to it;

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G LOUIS CAPITAL MARKETS – MCP and the issuer agreed that the former should provide the latter with a service to produce and circulate the investment recommendation on the said issuer;

Stock rating distribution

At December 2019 the stock rating distribution issued by the LOUIS CAPITAL MARKETS - MCP Midcap research team is as follows:

Rating	Midcap Partners coverage universe	of which Investment banking services*
Buy	75%	76%
Hold	23%	24%
Sell	2%	0%

\* investment banking services provided by midcap Partners in the previous 12 months

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