

**Company Note**
**Wiit**
**The M&A Journey Continues**

Wiit recently announced the signing of two agreements for the gradual acquisition from the Kelyan Group of a 100% stake in Etaeria S.r.l., a provider of cloud services and solutions and managed IT security services, and of the business operated by Aedera S.r.l. provider of IT services and solutions for the digitalisation of companies provided in SAAS mode.

**Acquisition of Etaeria and of the Aedera business**

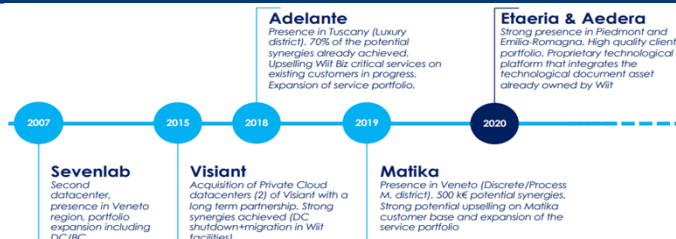
The price agreed envisages a very appealing implied multiple (4.5x EV/adj. EBITDA, not including potential synergies), in our view. The acquisitions will allow Wiit to have direct contact with Etaeria's 80 top medium-large customers, which shall be directly managed by WIIT following the transaction. Furthermore, the strong complementary offer should also allow the group to provide an increasingly broad range of services to Etaeria's customers. Management indicated synergies related to data centres insourcing and personnel optimisation at about EUR 1.5M to be achieved over 12 to 24 months, while the group should also generate strong commercial and technological synergies with the WIIT document business unit and the Aedera Business (not yet quantified). Lastly, the operation will allow Wiit to strengthen its own presence in Piedmont and Emilia Romagna.

**Estimates Update**

We updated our financial model, mainly to incorporate the effect arising from the abovementioned deals. Our estimates revision led to an EPS accretion of around 11.8% and 24% in FY20E-21E respectively. On the other hand, we increased our 2019E net debt projection as we understood that the company will start to recognise all the future earn-out to be paid for their acquisitions in the group's NFP from YE19E. Lastly, we added 2022E to our explicit forecast period.

**Valuation**

We derived a new target price of EUR 116.0/share (from EUR 84.5/share) obtained as the average of the multiples' comparison, which points to EUR 129.7/share, and the DCF model that points to EUR 102.4/share. **Our TP is now at a 16% upside from the market price. As a result we change our recommendation to the stock to ADD (from Hold),** keeping in mind that our valuation model does not consider any potential upside arising from M&A which should remain a major catalyst to the equity story in the coming months.

**Group's acquisitions since 2007**


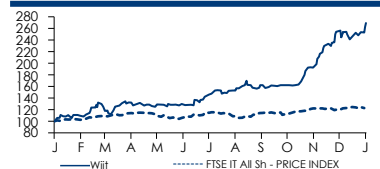
Source: Company data

**MID CORPORATE**
**10 January 2020: 12:23 CET**

Date and time of production

**ADD**  
**(from HOLD)**
**Target Price: EUR 116.0**  
**(from EUR 84.5)**

Italy/Information Technology  
Update

**MTA-STAR**
**Price Performance**  
**(RIC: WIIT.MI, BB: WIIT IM)**

**Wiit - Key Data**

Price date (market close)	08/01/2020
Target price (EUR)	116.0
Target upside (%)	16.47
Market price (EUR)	99.60
Market cap (EUR M)	264.15
52Wk range (EUR)	99.6/37.5

Price performance %	1M	3M	12M
Absolute	5.3	67.1	169.2
Rel. to FTSE IT All Sh	3.0	50.4	117.1

Y/E Dec (EUR M)	FY18A	FY19E	FY20E
Revenues	25.20	34.16	48.51
Adj. EBITDA	10.40	13.38	17.53
Adj. EBIT	5.30	7.38	10.33
Adj. Net income	3.80	6.72	8.06
EPS (EUR)	1.43	2.53	3.04
Net debt/-cash	4.40	21.35	21.09
Adj P/E (x)	32.8	39.3	32.8
EV/EBITDA (x)	12.4	23.1	16.3
EV/EBIT (x)	25.4	44.8	27.6
Div ord yield (%)	1.9	1.3	1.8

Source: Company data, FactSet and Intesa Sanpaolo Research estimates

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See page 12 for full disclosure and analyst certification  
 Banca IMI is Corporate Broker to Wiit

**10 January 2020: 13:00 CET**  
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**INTESA  SANPAOLO**

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## Recent Events

### Acquisition of the Etaeria and Aedera businesses

On 20 December, Wiit announced the signing of two agreements for the gradual acquisition from the Kelyan Group of a 100% stake in Etaeria S.r.l., a provider of cloud services and solutions and managed IT security services, and of the business operated by Aedera S.r.l. provider of IT services and solutions for the digitalisation of companies provided in SAAS mode.

The agreements envisage a consideration of about EUR 3.5M for the acquisition of an initial 60% stake in Etaeria, calculated on the basis of an enterprise value of approx. EUR 6.7M, (corresponding to a multiple of 4.5x on the average adj. EBITDA 2018/19), in addition to an earn-out subject to the achievement of certain profitability objectives in 2019 (EUR 2.2M). Put&call options for the acquisition of the remaining 40% stake have been set, which will allow the acquisition of an additional 20% in Etaeria from the approval of the 2020 annual report and the acquisition of the final 20% of Etaeria from the approval of the 2021 annual report. As regards the Aedera Business, the estimated consideration at closing, amounts to approx. EUR 1.4M (based on an EV of EUR 2.2M) plus a variable price component for a total of approx. EUR 0.9M subject to the achievement of turnover objectives by the Aedera Business in 2019-22.

We highlight that Etaeria generated revenues at EUR 6.1M in FY18 (83% are recurring revenues) with an adj. EBITDA of EUR 1.4M (margin at around 23%) and has over 80 top, medium-large customers, highly complementary to Wiit's portfolio, plus a further 200 smaller customers.

#### Etaeria deal

 <ul style="list-style-type: none"> <li>• Share deal</li> <li>• 40% at closing</li> <li>• 40% in 24 months</li> <li>• EV 6.7 M€</li> <li>• Earn out 2.2M euro</li> </ul>	<ul style="list-style-type: none"> <li> Founded in 2016</li> <li> Provide managed security services and infrastructural <b>cloud computing</b></li> <li> <b>40</b> highly specialized people</li> <li> <b>&gt; 80</b> top medium-large customers</li> <li> Company in line with <b>WIIT</b> mission and vision</li> </ul>	<p><b>83%</b> Recursive Revenues</p> <p><b>2018</b> Turnover: <b>6.1 M</b> EBITDA Adjusted: <b>1.4 M</b></p> <p><b>Stand-Alone Growth</b> EBITDA CAGR 2019-2022 <b>10-15% pre Synergies</b></p>
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Source: Company data

Aedera generated turnover of EUR 1.9M (94% recurring) with an adj. EBITDA at EUR 417k (margin at about 22%). The transactions are expected to be closed in January 2020.

#### Aedera deal

 <ul style="list-style-type: none"> <li>• Asset deal</li> <li>• 60% paid at closing</li> <li>• 40% in 24 months</li> <li>• EV 2.2 M€</li> <li>• Earn out 0.9K euro</li> </ul>	<ul style="list-style-type: none"> <li> Founded in 2016</li> <li> <b>30 years</b> experience in document management</li> <li> <b>18</b> highly specialized people</li> <li> <b>Proprietary</b> technology platform</li> <li> Company in line with <b>WIIT</b> mission and vision</li> </ul>	<p><b>94%</b> Recursive Revenues</p> <p><b>2018</b> Turnover: <b>1.9 M</b> EBITDA Adjusted : <b>417 k</b></p> <p><b>Stand-Alone Growth</b> EBITDA CAGR 2019-2022 <b>15-20% pre Synergies</b></p>
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Source: Company data

We positively view the deals which will be concluded at a very appealing implied multiple (4.5x EV/adj. EBITDA, not including potential synergies). This operation, which follows the entry of Adelante and Matika, is part of the stated domestic M&A strategy, which envisages the consolidation of highly synergetic entities with the group from a geographic and technological standpoint with the possibility for up-selling to existing customers and the acquisition of new customers, in addition to cost synergies.

The two deals will allow Wiit to have direct contact with Etaeria's 80 top medium-large customers, which shall be directly managed by WIIT following the transaction (the others will be managed through the other commercial channels). Furthermore, the strong complementary offer should also allow the group to provide an increasingly broad range of services to Etaeria's customers. Management indicated synergies related to data center insourcing and personnel optimisation at about EUR 1.5M to be achieved over 12 to 24 months, while the group should also generate strong commercial and technological synergies with the WIIT document business unit and the Aedera Business (not yet quantified). Lastly, the operation will allow Wiit to strengthen its own presence in Piedmont and Emilia Romagna.

**Synergies**

**New Loan to Support Internationalisation**

On 7 January, Wiit also announced the signing of a loan for a maximum EUR 40M to support the group's acquisition-led growth strategy and investment plan, on the Italian and International markets.

The new loan should provide the group with the liquidity to take advantage of some potential M&A opportunities on the market. We highlight that following the recent important steps taken in the development of its domestic M&A strategy, with the acquisitions of Adelante, Matika, Etaeria & Aedera, we now expect management to focus on M&A expansion in Europe (mainly France and Germany).

**Main drivers for future growth**



Source: Company data

## Estimates Revision

We updated our financial model, mainly to incorporate the effect arising from the abovementioned deals. Our estimates revision led to an EPS accretion of around 11.8% and 24% in FY20E-21E respectively. On the other hand, we increased our 2019E net debt projection as we understood that the company will start to recognise all the future earn-out to be paid for their acquisitions in the group's NFP from YE19E. Lastly, we added 2022E to our explicit forecast period.

### Wiit - Estimates revision (2019E-22E)

EUR M	FY19E Old	FY19E New	Chg. %	FY20E Old	FY20E New	Chg. %	FY21E Old	FY21E New	Chg. %	FY22E New
Revenues	34.6	34.2	-1.2	42.6	48.5	13.9	46.8	53.4	14.1	59.0
Adj. EBITDA	13.7	13.4	-2.3	15.9	17.5	10.1	19.2	22.0	14.7	25.8
Adj. EBITDA margin (%)	39.6	39.2		37.4	36.1		41.0	41.2		43.7
EBITDA	12.7	12.4	-2.5	15.9	17.5	10.1	19.2	22.0	14.7	25.8
EBITDA margin (%)	36.7	36.2		37.4	36.1		41.0	41.2		43.7
Adj. EBIT	7.5	7.4	-1.5	9.3	10.3	10.8	12.0	14.4	20.2	17.5
Adj. EBIT margin (%)	21.7	21.6		21.9	21.3		25.6	27.0		29.7
EBIT	6.5	6.4	-1.7	9.3	10.3	10.8	12.0	14.4	20.2	17.5
EBIT margin (%)	18.8	18.7		21.9	21.3		25.6	27.0		29.7
Adj. group's net profit	6.8	6.7	-1.4	7.2	8.1	11.8	9.1	11.2	24.0	13.8
Group's net profit	6.0	5.9	-1.6	7.2	8.1	11.8	9.1	11.2	24.0	13.8
Net debt -cash	15.8	21.3		12.8	21.1		8.2	15.6		8.5

Source: Intesa Sanpaolo Research estimates

## Valuation

We valued Wiit using a DCF approach and a peers' multiple comparison. Following our estimates revision, **we derived a new target price of EUR 116.0/share** (from EUR 84.5/share) obtained as the average of the multiples' comparison, which points to EUR 129.7/share, and the DCF model that points to EUR 102.4/share. Our TP is now at a 16% upside from the market price. As a result **we change our recommendation on the stock to ADD** (from Hold), keeping in mind that our valuation model does not consider any potential upside arising from M&A which should remain a major catalyst for the equity story in the coming months.

Overall, we believe that Wiit can leverage on some company-specific positives, including: 1) strong exposure to the cloud market in Italy, which grew 22% in 2016-18; 2) the significant potential for a margin expansion, thanks to a scalable platform; 3) the long-term contracts with solid customers and a high renewable rate, allowing the creation of strong relationships with clients; 4) the direct ownership of the data centres, for which the one in Milan obtained the highest certification in the category, the Tier IV certification; 5) a very high visibility on revenues and cash flow streams; 6) an attractive dividend policy; and 7) an experienced management team, which has driven the development of Wiit since its foundation.

### DCF model

The main assumptions in our three-stage DCF model are as follows:

- Explicit estimates until 2022E;
- In 2022-25E, we assume a sales CAGR of 10.0%, an average EBIT margin of 28.5%, capex equal to D&A and an average net working capital/sales ratio at 4.7%;
- The terminal value at 2026E, in which we assumed flat revenues compared with our 2025E assumption and an EBIT margin at 25.1% (equal to 2018-25 average). We set a 2% perpetuity growth rate;

For the WACC calculation, we used a risk-free rate at 1.5% a risk premium at 7.0%, and a Beta of 1.0x (Source: our elaboration on Bloomberg data). We raised our target gearing ratio to 30%, following the latest acquisitions. As a result, we derived a WACC of 6.5% (from 7.1%). The table below summarises our DCF model.

WACC calculation (%)		2018A-26E key assumptions (%)	
Risk-free rate	1.5	Sales 2018A-26E CAGR	15.3
Equity risk premium	7.00	Perpetual growth rate	2.0
Beta (x)*	1.0	EBIT margin 2018A-26E avg.	25.1
Cost of equity	8.4	EBIT 2018A-26E CAGR	18.9
Net Cost of Debt	2.1	Capex to sales 2018A-26E	17.4
Gross Cost of Debt	3.0	avg.	
Tax rate	30	Working capital to sales	4.2
Gearing	30	2018A-26E	
<b>WACC (%)</b>	<b>6.5</b>		

Source: Intesa Sanpaolo Research estimates, \*Bloomberg

Source: Intesa Sanpaolo Research estimates

**DCF valuation (EUR M)**

Forecast cash flow (2019-25E)	70
Terminal value	227
<b>Enterprise value</b>	<b>298</b>
Adj. net debt at 2019E*	-26.3
Equity value	272
Number of shares (M)	2.7
<b>Equity value per share (EUR)</b>	<b>102.4</b>

\* adjusted for estimated cashout on Etaeria and the Aedera business; Source: Intesa Sanpaolo Research estimates

**Multiples valuation**

In our peers' panel, we included both players exposed to Business Data Centres and Cloud segments. However, note that no listed group exactly matches the background and/or geographical presence of Wiit.

**Wiit vs. peers – 2019-21E growth comparison**

%	Revenues growth (yoy)			2018A-21E	EBITDA growth (yoy)			2018A-21E
	2019E	2020E	2021E	CAGR	2019E	2020E	2021E	CAGR
Equinix	11.2	8.7	9.4	9.8	12.4	9.2	10.7	10.8
Interxion Holding	13.1	13.9	14.8	13.9	26.3	14.6	14.4	18.3
Nextdc	8.6	14.4	24.4	15.6	33.0	22.4	31.7	28.9
Descartes Systems Group	21.0	10.5	10.5	13.9	33.2	12.8	12.3	19.0
Paycom Software	32.7	23.4	22.6	26.2	32.3	23.8	24.3	26.8
Qualys	17.1	14.1	14.8	15.3	27.1	12.5	16.3	18.5
Overall mean	17.3	14.2	16.1	15.8	27.4	15.9	18.3	20.4
Overall median	15.1	14.0	14.8	14.6	29.7	13.7	15.3	18.8
Wiit*	35.6	42.0	10.0	28.4	23.6	41.6	25.6	30.0

Priced at market close on 08/01/2020; Source: FactSet and (\*) Intesa Sanpaolo Research estimates

**Wiit vs. peers – 2019E-21E margins comparison**

%	EBITDA margin			EBIT margin			Div Yield	
	2019E	2020E	2021E	2019E	2020E	2021E	2019E	2020E
Equinix	48.1	48.3	48.9	20.3	21.0	22.5	1.7	1.8
Interxion Holding	51.3	51.6	51.4	19.5	20.0	20.0	0.0	0.0
Nextdc	47.5	50.8	53.7	19.4	19.5	24.8	0.0	0.0
Descartes Systems	37.5	38.3	38.9	17.1	19.8	21.5	NA	NA
Paycom Software	42.4	42.5	43.1	36.6	36.9	37.2	0.0	0.0
Qualys	43.1	42.5	43.0	35.0	33.9	34.6	0.0	0.0
Overall mean	45.0	45.7	46.5	24.7	25.2	26.8	0.3	0.4
Overall median	45.3	45.4	46.0	19.9	20.5	23.7	0.0	0.0
Wiit*	39.2	36.1	41.2	18.7	21.3	27.0	1.3	1.8

Note: adj. EBITDA margin for Wiit; Priced at market close on 08/01/2020; NA: not available; Source: FactSet and (\*) Intesa Sanpaolo Research estimates

## Multiples comparison (2019-20E)

x	Country	Price EUR	Market Cap EUR M	EV/Sales		EV/EBITDA		EV/EBIT		P/E	
				2019E	2020E	2019E	2020E	2019E	2020E	2019E	2020E
Equinix	USA	525.0	44,773	10.6	9.9	22.1	20.6	52.3	47.4	95.6	74.1
Interxion Holding	USA	76.8	5,885	11.2	10.4	21.9	20.2	57.5	52.1	130.5	119.2
Nextdc	AUS	4.1	1,399	15.5	14.6	32.7	28.7	79.8	74.6	NA	NA
<b>Median Data Center</b>				<b>11.2</b>	<b>10.4</b>	<b>22.1</b>	<b>20.6</b>	<b>57.5</b>	<b>52.1</b>	<b>113.1</b>	<b>96.7</b>
Descartes Systems	CAN	40.4	3,397	10.7	10.0	28.5	26.2	62.4	50.6	101.9	75.3
Paycom Software	USA	254.6	14,869	22.4	18.1	52.8	42.6	61.2	49.0	82.9	66.3
Qualys	USA	75.6	2,930	9.2	8.0	21.4	18.8	26.3	23.6	36.8	33.7
<b>Median Cloud</b>				<b>10.7</b>	<b>10.0</b>	<b>28.5</b>	<b>26.2</b>	<b>61.2</b>	<b>49.0</b>	<b>82.9</b>	<b>66.3</b>
Overall mean				13.3	11.8	29.9	26.2	56.6	49.6	89.5	73.7
Overall median				11.0	10.2	25.3	23.4	59.4	49.8	95.6	74.1
Min				9.2	8.0	21.4	18.8	26.3	23.6	36.8	33.7
Max				22.4	18.1	52.8	42.6	79.8	74.6	130.5	119.2
<b>Wiit*</b>	<b>ITA</b>	<b>99.6</b>	<b>264</b>	<b>8.4</b>	<b>5.9</b>	<b>23.1</b>	<b>16.3</b>	<b>44.8</b>	<b>27.6</b>	<b>39.3</b>	<b>32.8</b>
Vs Overall mean				-36.7	-50.2	-22.7	-37.7	-20.8	-44.3	-56.1	-55.5

Priced at market close on 08/01/2020; NM: not meaningful; NA: not available; Source: FactSet and (\*) Intesa Sanpaolo Research estimates

We used the EV/EBIT to calculate our implied share value, as we consider it more representative than EV/EBITDA following the change in IFRS 16. In this report we decided to reduce the discount we apply to Wiit's valuation to 30% (vs. 40% used in our previous report).

## Valuation range based on 2019E-20E average multiples

EUR M	EV/Sales		EV/EBITDA		EV/EBIT		P/E	
	2019E	2020E	2019E	2020E	2019E	2020E	2019E	2020E
Median Multiple (x)	13.3	11.8	29.9	26.2	56.6	49.6	89.5	73.7
Implied EV	374.1	496.4	313.0	409.7	378.7	514.5		
Implied Equity Value	350.7	473.3	289.7	386.6	355.3	491.4	565.7	597.0
Discount (%)	30.0	30.0	30.0	30.0	30.0	30.0	30.0	30.0
Implied Share Value	92.6	124.9	76.5	102.0	93.8	<b>129.7</b>	149.3	157.6

Source: Intesa Sanpaolo Research estimates



## Peers description

**Equinix** engages in the provision of collocation space and related services. It operates through the following geographical segments: Americas, Europe, Middle East and Africa, and Asia-Pacific.

**InterXion Holding** engages in the provision of carrier and cloud-neutral data centre services. It operates through the following business segments: Big4, Rest of Europe, and Corporate and Other. The Big4 segment comprises France, Germany, the Netherlands, and the United Kingdom. The Rest of Europe segment consists of Austria, Belgium, Denmark, Ireland, Spain, Sweden, and Switzerland. The Corporate and Other segment represents the expenses, such as corporate management, general and administrative expenses, loans, borrowings and related expenses, income tax assets, and liabilities.

**NextDC** operates and develops smart, secure and scalable data centres. 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.

**Descartes Systems Group** is an information technology company, which provides logistics technology solutions. It specialises in cloud-based solutions including modular and software-as-a-service to route, schedule, track, and measure delivery resources; plan, allocate and execute shipments; rate, audit and pay transportation invoices; access and leverage global trade and restricted party data; file customers and security documents for imports and exports; research and perform trade tariff and duty calculations and to complete numerous other logistics processes. It primarily supports the transportation industry, logistics service providers, third-party logistics providers, freight forwarders, and custom brokers.

**Paycom Software** provides cloud-based human capital management software solutions delivered as Software-as-a-Service. The company provides functionality and data analytics that businesses need to manage the complete employment life cycle from recruitment to retirement. Its solutions require virtually no customisation and is based on a core system of records maintained in a single database for all HCM functions, including talent acquisition, time and labour management, payroll, talent management and human resources management applications.

**Qualys** engages in the provision of cloud security and compliance solutions. Its products enable organisations 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 United States and Foreign geographical segments. It also offers solutions through a software-as-a-service model, primarily with renewable annual subscriptions.

## Wiit – Key Data

Rating ADD	Target price (EUR/sh) Ord 116.0	Mkt price (EUR/sh) Ord 99.60			Sector Information Technology
<b>Values per share (EUR)</b>	<b>2017A</b>	<b>2018A</b>	<b>2019E</b>	<b>2020E</b>	<b>2021E</b>
No. ordinary shares (M)	2.65	2.65	2.65	2.65	2.65
Total no. of shares (M)	2.65	2.65	2.65	2.65	2.65
Market cap (EUR M)	145.17	124.59	264.15	264.15	264.15
Adj. EPS	1.28	1.43	2.53	3.04	4.24
CFPS	2.5	3.2	4.5	5.8	7.1
BVPS	9.3	8.4	9.8	11.6	14.1
Dividend ord	0.79	0.90	1.34	1.82	2.54
<b>Income statement (EUR M)</b>	<b>2017A</b>	<b>2018A</b>	<b>2019E</b>	<b>2020E</b>	<b>2021E</b>
Revenues	19.56	25.20	34.16	48.51	53.36
EBITDA	7.62	10.01	12.38	17.53	22.01
EBIT	4.19	4.91	6.38	10.33	14.41
Pre-tax income	3.90	4.31	6.08	9.83	13.91
Net income	3.10	3.51	5.92	8.06	11.24
Adj. net income	3.40	3.80	6.72	8.06	11.24
<b>Cash flow (EUR M)</b>	<b>2017A</b>	<b>2018A</b>	<b>2019E</b>	<b>2020E</b>	<b>2021E</b>
Net income before minorities	3.1	3.5	6.1	8.3	11.5
Depreciation and provisions	3.4	5.1	6.0	7.2	7.6
Others/Uses of funds	0	0	0	0	0
Change in working capital	0	1.3	-0.8	0.3	-1.3
Operating cash flow	6.5	9.9	11.3	15.8	17.8
Capital expenditure	-7.5	-6.4	-7.0	-7.0	-7.5
Financial investments	0	0	0	0	0
Acquisitions and disposals	0	-8.4	-6.1	-5.0	0
Free cash flow	-1.0	-4.9	-1.8	3.8	10.3
Dividends	-0.9	-2.1	-2.3	-3.5	-4.8
Equity changes & Other non-operating items	17.6	2.6	-12.9	0	0
Net cash flow	15.7	-4.4	-17.0	0.3	5.5
<b>Balance sheet (EUR M)</b>	<b>2017A</b>	<b>2018A</b>	<b>2019E</b>	<b>2020E</b>	<b>2021E</b>
Net capital employed	16.9	26.6	47.3	51.7	52.9
of which associates	0	0	0	0	0
Net debt/-cash	-7.9	4.4	21.3	21.1	15.6
Minorities	0	0	0	0	0
Net equity	24.8	22.2	26.0	30.7	37.4
Minorities value	0	0	0	0	0
Enterprise value	145.2	124.6	285.5	285.2	279.7
<b>Stock market ratios (x)</b>	<b>2017A</b>	<b>2018A</b>	<b>2019E</b>	<b>2020E</b>	<b>2021E</b>
Adj. P/E	42.7	32.8	39.3	32.8	23.5
P/CFPS	22.2	14.5	22.2	17.3	14.0
P/BVPS	5.9	5.6	10.2	8.6	7.1
Payout (%)	68	68	60	60	60
Dividend yield (% ord)	1.4	1.9	1.3	1.8	2.6
FCF yield (%)	-5.2	-4.0	-0.7	1.4	3.9
EV/sales	7.4	4.9	8.4	5.9	5.2
EV/EBITDA	19.1	12.4	23.1	16.3	12.7
EV/EBIT	34.7	25.4	44.8	27.6	19.4
EV/CE	8.6	4.7	6.0	5.5	5.3
D/EBITDA	Neg.	0.44	1.7	1.2	0.71
D/EBIT	Neg.	0.90	3.3	2.0	1.1
<b>Profitability &amp; financial ratios (%)</b>	<b>2017A</b>	<b>2018A</b>	<b>2019E</b>	<b>2020E</b>	<b>2021E</b>
EBITDA margin	39.0	39.7	36.2	36.1	41.2
EBIT margin	21.4	19.5	18.7	21.3	27.0
Tax rate	18.6	18.6	NM	16.0	17.0
Net income margin	15.9	13.9	17.3	16.6	21.1
ROCE	24.8	18.5	13.5	20.0	27.2
ROE	21.2	15.0	24.5	28.4	33.0
Interest cover	12.1	8.2	21.3	20.7	28.8
Debt/equity ratio	Neg.	19.8	82.1	68.7	41.6
<b>Growth (%)</b>		<b>2018A</b>	<b>2019E</b>	<b>2020E</b>	<b>2021E</b>
Sales		28.9	35.6	42.0	10.0
EBITDA		31.4	23.6	41.6	25.6
EBIT		17.3	29.9	61.9	39.5
Pre-tax income		10.5	41.0	61.7	41.5
Net income		13.3	68.5	36.2	39.6
Adj. net income		11.8	76.7	19.9	39.6

NM: not meaningful; Neg.: negative; A: actual; E: estimates; Source: Company data and Intesa Sanpaolo Research

## Company Snapshot

### Company Description

WIIT S.p.A., a company listed on the MTA-STAR Segment, is one of the leading players in the Cloud Computing market in Italy and particularly in the sectors of Hybrid Cloud and Hosted Private Cloud for businesses. The company is focused and specialised in Hosted Private and HybridCloud services for businesses requiring the management of critical applications and business continuity, and runs all the leading international application platforms (SAP, Oracle, and Microsoft) with an end-to-end approach. WIIT operates proprietary data centres; its main one is Tier IV certified by Uptime Institute LLC in Seattle (US) and, with particular reference to SAP, the company is among the most certified SAP partners in the world in Outsourcing Operations.

### Key Risks

#### Company specific risks:

- The niche market in which the group operates could limit the number of target companies to be acquired and therefore result in difficulties in identifying and finding investment opportunities;
- The group's revenues are concentrated on a limited number of customers.

#### Sector generic risks:

- Increasing competition from major players;
- A potential decrease in the price of services resulting from the growing maturity of the cloud market.

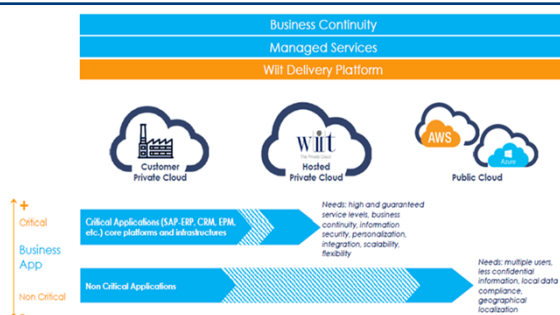
### Key data

Mkt price (EUR)	99.60	Free float (%)	35.1
No. of shares	2.65	Major shr	Wiit Fin Srl
52Wk range (EUR)	99.6/37.5	(%)	61.5
Reuters	WIIT.MI	Bloomberg	WIIT IM
<b>Performance (%)</b>	<b>Absolute</b>		<b>Rel. FTSE IT All Sh</b>
-1M	5.3	-1M	3.0
-3M	67.1	-3M	50.4
-12M	169.2	-12M	117.1

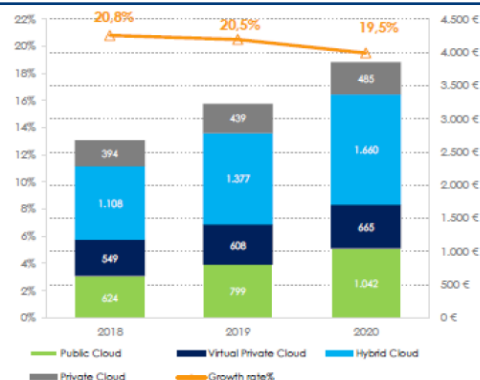
### Estimates vs. consensus

EUR M (Y/E Dec)	2018A	2019E	2019C	2020E	2020C	2021E	2021C
Sales	25.20	34.16	33.52	48.51	47.23	53.36	52.13
EBITDA	10.01	12.38	13.35	17.53	17.46	22.01	21.10
EBIT	4.91	6.38	6.60	10.33	10.54	14.41	14.13
Pre-tax income	4.31	6.08	6.16	9.83	9.77	13.91	12.36
Net income	3.51	5.92	5.94	8.06	8.14	11.24	10.96
EPS	1.43	2.53	2.40	3.04	3.15	4.24	4.26

### The new trend for Critical Corporate Apps



### Italian Cloud market



Source: Company data, Intesa Sanpaolo Research estimates and FactSet consensus data (priced at market close of 08/01/2020)

## Our Mid Corporate Definition

Italy is characterised by a large number of non-listed and listed micro, small and medium-sized companies. Looking at the revenues of these Italian companies, around 5,000 companies have revenues ranging from EUR 50M-EUR 1,500M based on Intesa Sanpaolo elaborations. We define these companies as 'Mid Corporate'. Looking more specifically at Italian listed companies, we include in our Mid Corporate segment all STAR companies and those with a market capitalisation below EUR 1Bn.

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### Equity rating key: (long-term horizon: 12M)

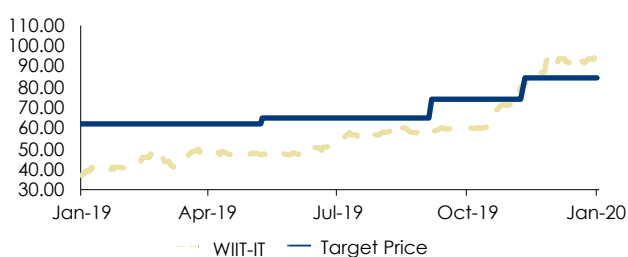
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**Equity Rating Key (long-term horizon: 12M)**

Long-term rating	Definition
BUY	If the target price is 20% higher than the market price
ADD	If the target price is 10%-20% higher than the market price
HOLD	If the target price is 10% below or 10% above the market price
REDUCE	If the target price is 10%-20% lower than the market price
SELL	If the target price is 20% lower than the market price
RATING SUSPENDED	The investment rating and target price for this stock have been suspended as there is not a sufficient fundamental basis for determining an investment rating or target. The previous investment rating and target price, if any, are no longer in effect for this stock.
NO RATING	The company is or may be covered by the Research Department but no rating or target price is assigned either voluntarily or to comply with applicable regulations and/or firm policies in certain circumstances.
TARGET PRICE	The market price that the analyst believes the share may reach within a one-year time horizon
MARKET PRICE	Closing price on the day before the issue date of the report, as indicated on the first page, except where otherwise indicated

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The 12M rating and target price history chart(s) for the companies currently under our coverage can also be found at Intesa Sanpaolo's website/Research/Regulatory disclosures: <https://group.intesasanpaolo.com/en/research/RegulatoryDisclosures/tp-and-rating-history-12-months->

**Target price and market price trend (-1Y)****Historical recommendations and target price trend (-1Y)**

Date	Rating	TP (EUR)	Mkt Price (EUR)
18-Nov-19	HOLD	84.5	81.0
13-Sep-19	BUY	74.1	58.0
16-May-19	BUY	64.9	47.5

**Equity rating allocations (long-term horizon: 12M)****Intesa Sanpaolo Research Rating Distribution (at November 2019)**

Number of companies considered: 115	BUY	ADD	HOLD	REDUCE	SELL
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of which Intesa Sanpaolo's Clients (%) (*)	79	57	37	0	0

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