

UNIDATA

Sector: Telecoms

BUY

Price: Eu37.80 - Target: Eu65.00

Strategy Update: 'As-a-Service' Focus and Steady Growth

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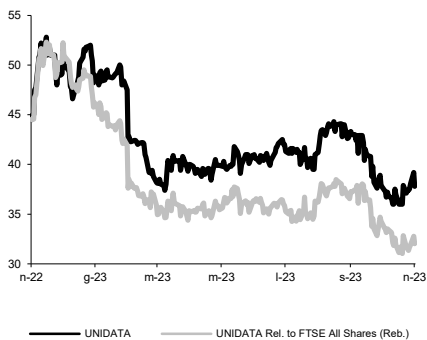
Stock Rating

Rating:	Unchanged		
Target Price (Eu):	from 64.00 to 65.00		
	2023E	2024E	2025E
Chg in Adj EPS	-0.5%	1.4%	2.1%

Next Event

EGM 28 November 2023

UNIDATA - 12M Performance



Stock Data

Reuters code:	UD.MI		
Bloomberg code:	UD IM		
Performance	1M	3M	12M
Absolute	-0.3%	-8.3%	-15.1%
Relative	-7.0%	-12.1%	-33.1%
12M (H/L)	52.80/36.00		
3M Average Volume (th):	1.69		

Shareholder Data

No. of Ord shares (mn):	3
Total no. of shares (mn):	3
Mkt Cap Ord (Eu mn):	117
Total Mkt Cap (Eu mn):	117
Mkt Float - Ord (Eu mn):	45
Mkt Float (in %):	38.8%
Main Shareholder:	
Uninvest (Brunetti/Vispi/Bianchi)	55.0%

Balance Sheet Data

Book Value (Eu mn):	60
BVPS (Eu):	19.37
P/BV:	2.0
Net Financial Position (Eu mn):	-48
Enterprise Value (Eu mn):	165

- New 2024-26 targets.** 2026 targets are broadly in line with our initial expectations: total revenues are seen at €130-140mn (our exp. €137.2mn), an 11% CAGR from the 2023 pro forma figure of €97mn, and adj. EBITDA at €37-41mn (our exp. 36.4mn), implying a 17% CAGR (2023 pro forma target: €25mn) with the margin in the 28-29% range (our exp. 26.5%). Cumulative 2024-26 CapEx expected at €56mn (our exp. €55.5mn) including c. €15mn in financial investments, with net debt at €23mn (0.6x EBITDA, our exp. €32mn), halving from 2023 (€46mn, 1.9x). On the 2023 reported perimeter (TWT consolidated from 1 March), the company expects c. €90mn turnover and €24mn EBITDA, with a 26% margin.
- Key strategic drivers.** The new BP entails: a) steady growth driven by Business, Wholesale and Public Sector markets; b) optimisation of purchasing and process automation; c) growing attention to environmental impact and the circular economy; d) innovation driven by AI, smart grid, water, energy; e) investments in new networks (fibre, cloud, Wi-Fi and IoT), datacentres and strategic connectivity for the Mediterranean; f) bringing ESG reporting into line with the new EU CSRD (focused on fighting greenwashing or ESG-washing) and ESRs.
- Positive feedback from conference call.** Very comprehensive presentation, with clear messages and a straightforward vision. Management is happy with the current consensus on FY24 (approximately €120mn revenue and €29.5mn EBITDA), while for FY26 targets, the contribution of TWT can no longer be isolated, as it is now fully part of the Group. Management's focus is on the winning 'As-a-Service' paradigm: it is important not only to build infrastructure but also to offer it as a regular service with recurring contracts. The focus of UD will be across three Europe-wide strands: digitalisation, health, and renewable energy. On M&A, no room for transformational deals akin to TWT in terms of size, but management is open to exploring niche acquisitions, especially in areas like AI, Wi-Fi, IoT.
- Change in estimates.** We make minor tweaks to our estimates to fully reflect the clean-up of voice trading revenues with no relevant impact on EBITDA.
- BUY confirmed; TP raised at €65 (from €64).** The new BP provides greater visibility on strategy, but limited room for significant revisions to consensus estimates. This prompts us to remain positive on the stock and, despite an increase in WACC (now 9.2%), we slightly improve our DCF-based TP to €65 (from €64), which implies c. 80% upside from the current market price. The stock is trading at c.8x EV/EBIT '24E, which we believe is an extremely attractive entry point (Italian peer Intred trading at c.14x), with a further liquidity boost potentially coming from the announced stock split. We appreciate the business model, as it offers a very attractive risk-return profile thanks to: a) a proprietary network focused on future-proof FTTH technology (no risk of disruptive change and limited long-term CapEx) and first-mover advantage in Rome, a highly strategic location; b) significant opportunities from TWT (footprint expansion to Lombardy, more diversified customer base and commercial upselling synergies); c) strong visibility on IRR (upfront CapEx with guaranteed returns); d) the presence of an anchor client, state-owned OF, targeting faster and deeper FTTH coverage of Italy; e) downside protection (visible and recurring revenue streams, low churn); f) a supportive regulatory framework (NRRP boost).

Key Figures & Ratios	2021A	2022A	2023E	2024E	2025E
Sales (Eu mn)	37	51	90	120	128
EBITDA Adj (Eu mn)	14	16	25	29	35
Net Profit Adj (Eu mn)	8	8	10	12	15
EPS New Adj (Eu)	3.182	2.956	3.105	3.933	4.844
EPS Old Adj (Eu)	3.182	2.956	3.120	3.880	4.744
DPS (Eu)	0.100	0.100	0.146	0.197	0.242
EV/EBITDA Adj	6.7	8.3	6.6	5.6	4.5
EV/EBIT Adj	10.4	12.5	10.1	8.0	6.5
P/E Adj	11.9	12.8	12.2	9.6	7.8
Div. Yield	0.3%	0.3%	0.4%	0.5%	0.6%
Net Debt/EBITDA Adj	0.2	0.6	1.9	1.6	1.1

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- Discounted cash flow (DCF) model or similar methods such as a dividend discount model (DDM)
- Comparison with market peers, using the most appropriate methods for the individual company analysed: among the main ratios used for industrial sectors are price/ earnings (P/E), EV/EBITDA, EV/EBIT, price /sales.
- Return on capital and multiples of adjusted net book value are the main methods used for banking sector stocks, while for insurance sector stocks return on allocated capital and multiples on net book value and embedded portfolio value are used
- For the utilities sector comparisons are made between expected returns and the return on the regulatory asset base (RAB)

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Frequency of research: quarterly.

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A draft copy of each report may be sent to the subject company for its information (without target price and/or recommendations), but unless expressly stated in the text of the report, no changes are made before it is published.

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BUY: stock expected to outperform the market by over 25% over a 12 month period;

OUTPERFORM: stock expected to outperform the market by between 10% and 25% over a 12 month period;

NEUTRAL: stock performance expected at between +10% and -10% compared to the market over a 12 month period;

UNDERPERFORM: stock expected to underperform the market by between -10% and -25% over a 12 month period;

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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:	52.14 %
NEUTRAL:	21.36 %
UNDERPERFORM	01.71 %
SELL:	00.00 %

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NEUTRAL:	10.20 %
UNDERPERFORM	00.00 %
SELL:	00.00 %

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Emittente	%	Long/Short
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