

Buy

from Neutral

Share price: EUR 52.20

closing price as of 01/02/2022

Target price: EUR 62.00

from Target Price: EUR 45.00

Upside/Downside Potential 18.8%

Reuters/Bloomberg

UD.MI/UD.IM

Market capitalisation (EURm) 127

Current N° of shares (m) 2

Free float 24%

Daily avg. no. trad. sh. 12 mth (k) 2

Daily avg. trad. vol. 12 mth (k) 60.06

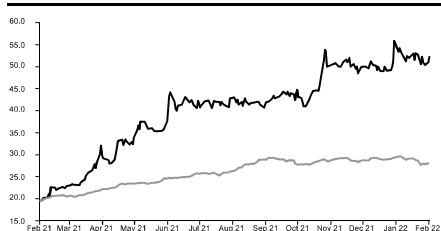
Price high/low 12 months 55.80 / 19.50

Abs Perfs 1/3/12 mths (%) -6.45/3.57/167.69

Key financials (EUR)	12/20	12/21e	12/22e
Sales (m)	23	37	46
EBITDA (m)	9	11	13
EBITDA margin	36.8%	28.6%	28.7%
EBIT (m)	5	6	7
EBIT margin	20.9%	14.9%	15.9%
Net Profit (adj.)(m)	3	6	5
ROCE	11.3%	14.6%	13.5%
Net debt/(cash) (m)	(3)	4	(0)
Net Debt/Equity	-0.2	0.2	0.0
Debt/EBITDA	-0.4	0.3	0.0
Int. cover(EBITDA/Fin. int)	79.9	high	high
EV/Sales	1.9	3.8	2.8
EV/EBITDA	5.2	13.3	9.6
EV/EBITDA (adj.)	5.2	13.3	9.6
EV/EBIT	9.2	25.4	17.4
P/E (adj.)	12.7	24.6	24.0
P/BV	2.2	6.3	4.7
OpFCF yield	8.4%	-1.2%	3.1%
Dividend yield	0.0%	0.0%	0.0%
EPS (adj.)	1.53	2.27	2.18
BVPS	8.78	8.90	11.08
DPS	0.00	0.00	0.00

Shareholders

Uninvest 69%; Others 7%;



Source: FactSet

Analyst(s)

Andrea Bonfà

andrea.bonfa@bancaakros.it

+39 02 4344 4269

Andrea Devita, CFA

andrea.devita@bancaakros.it

+39 02 4344 4031

New Business Plan suggests long term growth cycle

The facts: Unidata has recently presented a new 2022e-2024e BP which basically aims to double sales and EBITDA vs. 2021e. The latter should be EUR 37m of sales and around EUR 11m of EBITDA set to reach by 2024e sales of EUR64-79m and EBITDA of 19/23m in a base/best case range scenario. Users as of 2021e, should be app. 13000 and be app. 30k/40k by 2024e of which app. 15% business and 85% consumers over the periods. CAPEX over 2022e/2024e should be EUR 39m allowing to connect app. 250k households. Parallely, through the JV Unifiber in which the company has a 30% stake, the company aims to reach further 100k households with some EUR 40m capex. Most of the above investment should be pre-paid by its wholesale clients allowing it to remain constantly cash positive in 2022e/2024e. Acquisitions are not included in our forecasts and are on-top of the equity story.

Our analysis: In the light of the above new BP and of the preliminary 2021e guidance, we expect Group sales to rapidly expand over 2021e/2024e with a 24% cagr in VoP. By 2024e Fiber&Networking (FN – 37% of 2021e sales) is expected to expand to app. EUR 30m from EUR 13.6m in 2021e or 30% cagr. Infrastructure built for third parties, which include also the network to be built for Unifiber, should expand from EUR14.9m in 2021e (41% sales) to EUR 25m in 2024e or 19% cagr. Datacenter&Cloud, IoT&Smart Solutions, Consultancy and Cybersecurity should also contribute to the growth although the absolute figures are indeed smaller (10% of sales combined by 2024e from 6% in 2021e). By 2024e the company should reach a total of app. 34k clients with app. EUR 72m VoP. The latter include the sale of equipment for some EUR 9m. In our forecasts we are in the top part of the Fiber&Networking and Infrastructure company's guidance and in the low part in all other activities. 2021e is in line with company's indications.

EBITDA should expand from app. EUR 11m in 2021e or app. 29% on sales to over EUR 21m in 2024e (26% cagr) and app. same EBITDA margin. The expansion should be driven essentially by F&N growth. In 2021e we expect EBITDA to be in line with company's guidance. After D&A expanding to EUR 7.7m from EUR 5.1m in 2021e, which reflect a 15 years rule of thumb depreciation on expected capex, nil financial charges due to the net cash position and taxes at 28% of pretax, we expect the company to reach a FY24e net profit of app. EUR10m from EUR5.5m in FY21e. We are aligned to the EBITDA guidance as far as 2021e is concerned and in the middle as far as 2024e is concerned.

The company, despite app. EUR 39m of capex over 2022e-2024e, should remain always net cash positive in 2022e/2024e thanks to the advances of its wholesale clients. Given the sheer size of the capex, FCF yield should not be material until 2024e but thereafter when capex should be maintenance only, we expect free cash flow yields close to 10%. Net-net, by adopting the new business plan, we are increasing our 2022e/2023e EPS by 16% and 33% respectively, with overall about the same previous net debt profile.

Conclusion & Action: We have updated our valuation of Unidata standalone, with a 2021e/2031e DCF using a WACC of 8.5%, Itg of 1% and exit tax rate of 28%: estimates until 2024e follows our view on business plan and then we assume substantially nil growth which is conservative in our opinion as it assumes no more deals going forward. The rounded FV is of EUR 62 offering a 19% upside. Rating from NEUTRAL to BUY. **Main risks are a in a slower than expected fiber roll-out and higher than expected price deflation. The creation of single national network player might also represent a risk of slow-down for its fiber roll-out plan.**

Disclaimer

This research has been prepared by Giada Cabrino;Andrea Devita;Enrico Esposti;Gabriele Gambarova;Paola Saglietti;Luigi Tramontana;Francesco Sala;Andrea Bonfà;Gian Marco Gadini (members of AIAF); Marcello Renna (ordinary member of SIAT), who are financial analysts with Banca Akros SpA ("Banca Akros"), which is responsible for the preparation of the research.

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This research has been produced and is being distributed as of 02 February 2022 at 8:28 AM CET.

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Agos-Banca Akros acted as Joint Lead Manager of the issuance organized in October 2021

Alerion Clean Power-Banca Akros is acting as corporate broker

Alerion Clean Power-Banca Akros may be involved in extraordinary finance initiatives concerning the company

Almawave-The Bank was acting as Global Coordinator and Joint Bookrunner of the pertinent IPO

Almawave-Banca Akros is a specialist or liquidity provider

Amco-Banca Akros acted as Joint Bookrunner of the bond issuance organized in April 2021

Anima Holding-Banca Akros acted as Joint Bookrunner of the bond issuance (listed in Dublin) organized in April 2021

Anima Holding-Banca Akros' parent group holds more than 3% or is a member of shareholders pacts

ASTM-Banca Akros acted as Joint Lead Manager of the bond issuance organized in November 2021

ASTM-Banca Akros is a specialist or liquidity provider (until 4 June 2021)

ASTM-Banca Akros was acting as intermediary to the public exchange offer organized in April-May 2021

Atlantia-Banca Akros acted as Other Bookrunner of the bond issuance organized in February 2021

Autogrill-Banca Akros acted as a Co-dealer of the capital increase organized in June 2021

Autostrade per l'Italia - Gruppo Atlantia-Banca Akros acted as Other Bookrunner of the bond issuance organized in December 2020 and in January 2022 and as a Bookrunner of the bond issuance organized in January 2021

Banca Ifis-Banca Akros is acting as corporate broker

Banca Sistema-Banca Akros is acting as corporate broker

Banco Bpm-Banca Akros acted:

- as Joint Bookrunner of the bond issuance organized in December 2020, January and June 2021

- as Joint Lead Manager of the bond issuance organized in July 2021

- as bookrunner in the issuance in September 2020

- as Joint Bookrunner of the bond issuance organized in January 2022

BE-Banca Akros is acting as corporate broker (until 31 January 2021)

BTP Futura-Banca Akros acted as co dealer of the issuance organized in July, November 2020 and in April 2021

Carraro-Banca Akros was acting as coordinator to the public exchange offer organized in May-June 2021

Cattolica Assicurazione-Banca Akros acted as intermediary for the public exchange offer organized in October 2021

CDP-Banca Akros acted as a Sole Bookrunner of the issuance organized in July 2021

Cellularline-Banca Akros is acting as corporate broker (until 31 May 2021)

Cembre-Banca Akros is a specialist or liquidity provider

Cerved-Banca Akros was acting as intermediary for the public exchange offer organized in July and August 2021

Creval-Banca Akros was acting as collecting intermediary for the public exchange offer organized in March - April 2021 and for the sell out organized in May 2021

Culti Milano-Banca Akros is a specialist or liquidity provider

DEA Capital-Banca Akros is acting as corporate broker

Digital Bros-Banca Akros is a specialist or liquidity provider

Digital Magics-Banca Akros is a specialist or liquidity provider

Digital Magics-Banca Akros is acting as Nomad

Enel-Banca Akros acted as a Joint Bookrunner of the tender offer on ENEL Finance International N.V.'s notes organized in January 2022

Enel-Banca Akros acted as a Dealer Manager of the tender offer on ENEL Finance International N.V.'s note organized in June 2021

Enel-Banca Akros acted as Bookrunner of the bond issuance organized in June 2021 (grey market 8-16 June 2021)

Enervit-Banca Akros is acting as corporate broker (from 1 July 2020)

Exprivia-Banca Akros is a specialist or liquidity provider (until 9 October 2020)

Falck Renewables-Banca Akros is a specialist or liquidity provider

Fiera Milano-Banca Akros is a specialist or liquidity provider

Fine Foods and Pharmaceuticals-Banca Akros is a specialist or liquidity provider

Fine Foods and Pharmaceuticals-Banca Akros is acting as Nomad

Fine Foods and Pharmaceuticals-The Bank was acting as Sponsor in the MTA/Star transition process (12 luglio 2021)

Gambero Rosso-Banca Akros is acting as Nomad

Gamenet-Banca Akros acted as Joint Bookrunner of the bond issuance organized in March 2021

Gas Plus-Banca Akros is a specialist or liquidity provider

GPI-Banca Akros acted as Joint Bookrunner of the bond issuance organized in December 2019 and in the reopening in August 2020 and October 2020 (grey market 28/08-03/09/2020 and 28/10-03/11/2020)

GPI-Banca Akros is a specialist or liquidity provider.

Guala Closures-Banca Akros was acting as collecting intermediary for the public exchange offer (equity and warrant) organized in May-June 2021 and for the sell out organized in June 2021

I Grandi Viaggi-Banca Akros is a specialist or liquidity provider

Il Sole 24 Ore-Banca Akros is acting as corporate broker
IndelB-Banca Akros is acting as corporate broker
Industrial Stars of Italy 4-Banca Akros acted as a Nomad and Global Coordinator of the SPAC equity and warrant IPO organized in June 2021
Industrial Stars of Italy 4-Banca Akros is a specialist or liquidity provider
Industrial Stars of Italy 4-Banca Akros is acting as Nomad
Intesa Sanpaolo-Banca Akros acted as Co-Manager of the bond issuance organized in August 2020 and February 2021
Inwit-Banca Akros acted as bookrunner of the bond issuance organized in July and October 2020 and as other bookrunner of the bond issuance organized in April 2021
Italian Wine Brands-Banca Akros is a specialist or liquidity provider
Marcolin-Banca Akros acted as Joint Global Coordinator and Joint Bookrunner of the bond issuance organized in May 2021
Monnalisa-Banca Akros is acting as corporate broker
Neodecortech-Banca Akros is acting as corporate broker
Net Insurance-Banca Akros is acting as corporate broker
Nexi-Banca Akros acted as Passive Bookrunner of the bond issuance (listed in Luxembourg) organized in April 2021
Openjobmetis-Banca Akros is acting as corporate broker (until 3 December 2020)
Orsero-Banca Akros is acting as corporate broker
Osai-Banca Akros is acting as corporate broker
OVS-Banca Akros is acting as collecting bank and managing the offering of the unexercised rights of the capital increase organized in July 2021
Panaria-Banca Akros was acting as advisor and coordinator to the public exchange offer organized in May-June 2021
PLC-Banca Akros is a specialist or liquidity provider
Prima Industrie-Banca Akros is acting as corporate broker
QF Immobiliare Dinamico-Banca Akros is a specialist or liquidity provider (closed-end funds)
QF Mediolanum RE A-Banca Akros is a specialist or liquidity provider (closed-end funds)
QF Mediolanum RE B-Banca Akros is a specialist or liquidity provider (closed-end funds)
Reno De Medici-Banca Akros acted as intermediary for the public exchange offer organized in November-December 2021
Saipem-Banca Akros was acting as intermediary for the share buyback programme organized in September 2021
Salcef-Banca Akros acted as Joint Global Coordinator e Joint Bookrunner of the Accelerated Bookbuilding organized in September and October 2021
Salcef-Banca Akros is a specialist or liquidity provider
Salcef-Banca Akros is acting as Nomad (until 21 December 2020)
Salcef-The Bank was acting as Sponsor in the MTA transition process (21 December 2020)
Sciuker Frames-Banca Akros is acting as corporate broker
SEIF – Società Editoriale Il Fatto-Banca Akros is a specialist or liquidity provider
Shedirpharma-Banca Akros is a specialist or liquidity provider
Telecom Italia-Banca Akros acted as Joint Bookrunner of the bond issuance organized in January 2021
Terna-Banca Akros acted as a Bookrunner of the bond issuance organized in June 2021: Isin XS2357205587, grey market 16-22 June
Terna-Banca Akros acted as a Joint Bookrunner of the bond issuance organized in February 2022: Inaugural Green Hybrid PerpNC6
Tiscali-Banca Akros assisted Linkem and Linkem Retail as financial advisor issuing a fairness opinion on the Linkem Retail/Tiscali merger exchange ratio
UniCredit-Banca Akros acted as Co-Lead Manager of the bond issuance organized in July 2020 and June 2021 (UniCredit EU1b 8NC7 Green Snr Pref, ISIN XS2360310044, Grey market 28/6 – 4/7)
UniCredit-Banca Akros acted as Co-Lead Manager of the bond issuance organized in January 2022 (UniCredit EU 1.75b Snr Pref, ISIN XS2433141947)
Unidata-Banca Akros is acting as corporate broker
Unidata-Banca Akros was acting as intermediary for the share buyback programme organized in September 2021
Visibilia Editore-As at 31 August 2021 Banca Akros was holding a net long position of 0.92% of the issuer's share capital
Visibilia Editore-Banca Akros is a specialist or liquidity provider
Websolute-As at 31 August 2021 Banca Akros was holding a net long position of 0.55% of the issuer's share capital
Webuild (Salini Impregilo)-Banca Akros acted as a CoManager of the issuance organized in December 2020, January 2021 and January 2022

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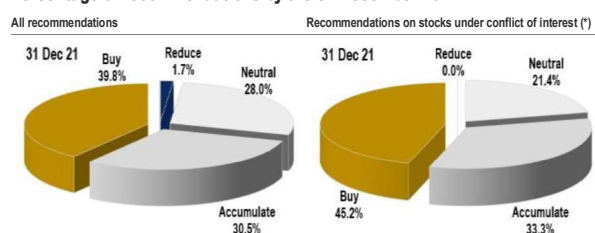
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Meaning of each recommendation or rating:

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