

Analysar

29 March 2022

Buy

Recommendation unchanged

Share price: EUR 50.00

closing price as of 28/03/2022

Target price: EUR 62.00

Target Price unchanged

Upside/Downside Potential 24.0%

Reuters/Bloomberg

UD.MI/UD.IM

Market capitalisation (EURm) 122

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) 61.87

Price high/low 12 months 55.80 / 28.00

Abs Perfs 1/3/12 mths (%) -1.96/0.00/77.30

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 2.6

EV/EBITDA 5.2 13.3 9.2

EV/EBITDA (adj.) 5.2 13.3 9.2

EV/EBIT 9.2 25.4 16.7

P/E (adj.) 12.7 24.6 23.0

P/BV 2.2 6.3 4.5

OpFCF yield 8.4% -1.2% 3.3%

Dividend yield 0.0% 0.0% 0.0%

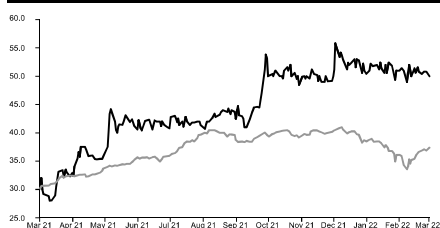
EPS (adj.) 1.53 2.27 2.18

BVPS 8.78 8.90 11.08

DPS 0.00 0.00 0.00

Shareholders

Uninvest 69%; Others 7%;



Source: FactSet
UNIDATA FTSE AIM Italia (Rebased)

Analyst(s)

Andrea Bonfà

andrea.bonfa@bancaakros.it

+39 02 4344 4269

Andrea Devita, CFA

andrea.devita@bancaakros.it

+39 02 4344 4031

2021 profitability results well above expectations

The facts: The company reported yesterday 2021 results. A post results conference call is planned for today at 15.30 CET.

EURm	2019a	1H20a	2H20a	2020a	%Ch.	H121a	%Ch.	2H21a	%Ch.	2H21e	%Ch.	2021a	%Ch.	2021e	%Ch.
Sales	12.8	8.8	13.9	22.7	77%	13.7	56%	22.6	63%	22.9	64%	36.3	60%	36.6	61%
Other revenues	0.4	0.2	0.6	0.7		0.5		0.2		0.0		0.7		0.5	
Value of Production	13.2	9.0	14.5	23.44	77%	14.2	59%	22.8	57%	22.9	58%	37.0	58%	37.1	58%
Less Materials Sales	na	na	na	(2.8)		na		na		na		(5.1)		(6.0)	
Vop Net of Material	na	na	na	20.7		na		na		na		31.9	54%	31.1	50%
Cost of goods sold	(5.9)	(5.1)	(6.8)	(11.9)	100%	(8.9)	73%	(10.6)	57%	(14.1)	109%	(19.5)	64%	(23.0)	93%
Added value	7.3	3.8	7.7	11.5	59%	5.3	40%	12.2	58%	8.8	14%	17.5	52%	14.1	22%
% total sales	55.1%	42.7%	53.3%	45.0%		37.6%		53.4%		38.3%		47.3%		38.0%	
Labour Cost	(2.1)	(1.4)	(1.5)	(2.9)	37%	(1.7)	23%	(1.7)	14%	(1.8)	17%	(3.4)	18%	(3.5)	20%
EBITDA	5.2	2.5	6.2	8.6	67%	3.6	49%	10.4	69%	7.0	13%	14.1	63%	10.6	23%
EBITDA Margin	39.0%	27.4%	42.6%	36.8%		25.6%		45.7%		30.4%		38.0%		28.6%	
EBITDA materials	na	na	na	(0.1)		na		na		na		(1.8)		0.0	
EBITDA bef Materials	na	na	na	8.5		na		na		na		12.3	45%	10.6	25%
EBITDA Margin	na	na	na	41%		na		na		na		38%		34%	
D&A	(3.1)	(1.4)	(2.3)	(3.7)	22%	(2.1)	46%	(2.8)	24%	(3.0)	29%	(4.9)	33%	(5.1)	36%
EBIT	2.1	1.0	3.9	4.9	134%	1.5	53%	7.6	95%	4.0	3%	9.1	86%	5.5	13%
EBIT margin	15.8%	11.2%	26.9%	20.9%		10.8%		33.2%		17.5%		24.6%		14.9%	
Net Fin. Inc. (costs)	(0.1)	(0.1)	(0.1)	(0.1)		(0.1)		(0.2)	nm	0.1	nm	(0.3)		0.0	
Pre-tax profit	2.0	0.9	3.8	4.8	143%	1.5	55%	7.4	91%	4.1	6%	8.8	84%	5.5	16%
Taxes	(0.6)	(0.3)	(1.1)	(1.4)		1.5		(2.5)		(1.5)		(1.0)		0.0	
Tax rate	28.6%	33.1%	28.1%	29.1%		nm		33.9%		37.3%		11.1%		0.0%	
Minorities	0.0	0.0	0.0	0.0		0.0		0.0		0.0		0.0		0.0	
Net profit	1.4	0.6	2.8	3.4	141%	3.0	371%	4.9	76%	2.6	-8%	7.8	131%	5.5	63%
Net margin	10.7%	7.1%	19.1%	14.5%		21.0%		21.3%		11.1%		21.2%		14.9%	
Net financial debt	4.1	(9.3)	(3.4)	(3.4)		(1.4)		2.2		3.7		2.2		3.7	

Source: Company Data, Banca Akros forecasts

Our analysis: Results are overall much better than expected at profitability levels partly helped by the much higher than expected contribution of materials in 2021. However, EBITDA results adjusted for materials contributions are definitely higher than our forecasts and company's indication on the business plan presented in November (EUR 11.3m). Sales mix was different than our estimates with an higher contribution of infrastructure for some EUR 2.6m and an about similar lower amount in Fiber&Networking. Worth mentioning that also net debt was slightly better than expected. The company announced 13199 clients compared with our forecast of 12700 and over 4200 KM of fiber network (Akros 3985). For the first time the company indicated the number of households connected in 210k. The company announced a symbolic dividend of 10 cents that we assume might be increased over the years with the growth in results.

Conclusion & Action: The company confirmed the 2022e-2024e business plan but clearly the company is starting from an higher basis making the BP more realistic than before. More after today's cc. Rating and PT confirmed.

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.

Banca Akros is a bank authorised to perform also investment services; it is part of the Banco BPM Group (the "Group") and it is duly subject to the management and co-ordination of Banco BPM (the "Parent Company"). Banca Akros is registered with the Italian Banking Association code n. 5328 and is subject to the regulation and surveillance of Bank of Italy and Consob (Commissione Nazionale per le Società e la Borsa).

Banca Akros has prepared this research for its professional clients only, pursuant to Directive 2016/65/EU, Delegated Regulation 2016/598 and Annex 3 of Consob Regulation on Intermediaries (Resolution n. 16190).

This research has been produced and is being distributed as of 29 March 2022 at 8:23 AM CET.

In compliance with art. 5 and 6 of Delegated Regulation 2016/598, Banca Akros hereby declared that it has a personal interest in some of the companies examined in this research, specifically.

Abitare In-Banca Akros is acting as corporate broker

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 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 June 2021

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

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

- as Joint Bookrunner of the bond issuance organized in February and March 2022 (Issuer's Green, Social and Sustainability Bond Framework: Banco BPM EU750m 5Y Green Covered; ISIN IT0005489932)

BTP Futura-Banca Akros acted as co dealer of the issuance organized 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 and for the sell out organized in January-February 2022

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 Dealer Manager of the tender offer on ENEL Finance International N.V.'s note organized in June 2021

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 Bookrunner of the bond issuance organized in June 2021 (grey market 8-16 June 2021)

Enervit-Banca Akros is acting as corporate broker

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 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

IGD-Banca Akros acted as a Joint Bookrunner of the bond issuance organized in March 2022: Inaugural Green Bond

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 February 2021 and March 2022 (EUR Benchmark PerpNC6.5 AT1 6.625%)

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

Met.Extra Group (ex Titanmet)-Banca Akros was acting as collecting intermediary for the public exchange offer organized in January 2022

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

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

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

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 January 2022 (UniCredit EU 1.75b Snr Pref, ISIN XS2433141947)

Unicredit-Banca Akros acted as Co-Lead Manager of the bond issuance organized in June 2021 (UniCredit EU1b 8NC7 Green Snr Pref, ISIN XS2360310044, Grey market 28/6 – 4/7)

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 January 2021 and January 2022

Financial analysts who prepared this research, have gained considerable experience with Banca Akros and other authorised brokerage houses. Said financial analysts do not receive a bonus, salary or any other form of remuneration, whether directly or indirectly, from any earnings in any investment banking operation. Said financial analysts and their families are not directors, managers or advisors of the companies. **Financial analyst Andrea Bonfà (and/or his relatives) holds financial instruments issued by Arnoldo Mondadori Editore, Digital Bros, El.En., IndelB, Italian Wine Brands, Orsero, OVS, Unidata, Unieuro. Financial analyst Gabriele Gambarova (and/or his relatives) holds financial instruments issued by CNH Industrial, Leonardo, Sogefi. Financial analyst Enrico Esposti (and/or his relatives) holds financial instruments issued by Anima, Poste Italiane.** Other financial analysts and their families do not hold financial instruments issued by the companies under examination.

Pursuant to art. 5 and 6 of the EU Delegated Regulation 958/2016 implementing art. 20 of the EU Regulation 2014/596 (Market Abuse Regulation), Banca Akros hereby informs its clients that information on conflicts of interests is available at its web site section:

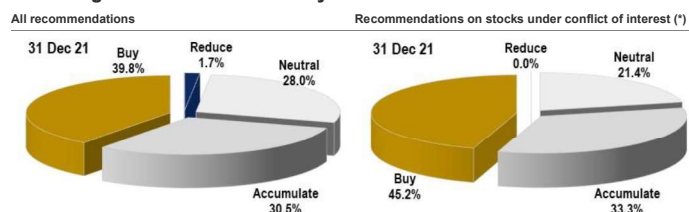
<https://www.bancaakros.it/documentazione/avvertenze-legali/>

The information and opinions given in this research are based on sources believed to be reliable. Banca Akros has done its best to check the source of said information and that it has already been made public. However, notwithstanding the said controls Banca Akros does not guarantee nor shall it be held liable if the information supplied herein or used to prepare this research is found to be inaccurate, incomplete, untrue or incorrect.

This research is for information purposes only. It shall not be regarded as a proposal for a contract, an offer to sell nor as a solicitation to buy and/or sell financial products nor, in general, to invest. Nor shall it be regarded as advice on investment opportunities. Banca Akros does not guarantee that any of the forecasts and/or estimates supplied in this research are attainable. Moreover, Banca Akros shall not be held liable for any consequences and/or damage that may derive from the use of this research and/or the information contained herein. All the information or opinions contained in this research are subject to change without notice, without detriment to any legal or regulatory requirements.

Unless specifically authorised, this research may not be reproduced and/or circulated, whether wholly or in part, directly or indirectly.

Percentage of recommendations by the 31 December 2021



(*) Please note that the rate of issuers who are in potential conflict of interests with Banca Akros is equivalent to 35.59% of all issuers covered

ESN Recommendation System

The ESN Recommendation System is **Absolute**. It means that each stock is rated based on **total return**, measured by the upside/downside potential (including dividends and capital reimbursement) over a **12-month time horizon**. The final responsible of the recommendation of a listed company is the analyst who covers that company. The recommendation and the target price set by an analyst on one stock are correlated but not totally, because an analyst may include in its recommendation also qualitative elements as market volatility, earning momentum, short term news flow, possible M&A scenarios and other subjective elements.



The ESN spectrum of recommendations (or ratings) for each stock comprises 5 categories: **Buy (B), Accumulate (A), Neutral (N), Reduce (R) and Sell (S)**.

Furthermore, in specific cases and for a limited period of time, the analysts are allowed to rate the stocks as **Rating Suspended (RS)** or **Not Rated (NR)**, as explained below.

Meaning of each recommendation or rating:

- **Buy:** the stock is expected to generate total return of **over 15%** during the next 12-month
- **Accumulate:** the stock is expected to generate total return of **5% to 15%** during the next 12-month
- **Neutral:** the stock is expected to generate total return of **-5% to +5%** during the next 12-month
- **Reduce:** the stock is expected to generate total return of **-5% to -15%** during the next 12-month
- **Sell:** the stock is expected to generate total return **under -15%** during the next 12-month
- **Rating Suspended:** the rating is suspended due to: a) a capital operation (take-over bid, SPO, etc.) where a Member of ESN is or could be involved with the issuer or a related party of the issuer; b) a change of analyst covering the stock; c) the rating of a stock is under review by the Analyst.
- **Not Rated:** there is no rating for a stock when there is a termination of coverage of the stocks or a company being floated (IPO) by a Member of ESN or a related party of the Member.

Note: a certain flexibility on the limits of total return bands is permitted especially during higher phases of volatility on the markets

Disclaimer:

These reports have been prepared and issued by the Members of European Securities Network LLP ('ESN'). ESN, its Members and their affiliates (and any director, officer or employee thereof), are neither liable for the proper and complete transmission of these reports nor for any delay in their receipt. Any unauthorised use, disclosure, copying, distribution, or taking of any action in reliance on these reports is strictly prohibited. The views and expressions in the reports are expressions of opinion and are given in good faith, but are subject to change without notice. These reports may not be reproduced in whole or in part or passed to third parties without permission. The information herein was obtained from various sources. ESN, its Members and their affiliates (and any director, officer or employee thereof) do not guarantee their accuracy or completeness, and neither ESN, nor its Members, nor its Members' affiliates (nor any director, officer or employee thereof) shall be liable in respect of any errors or omissions or for any losses or consequential losses arising from such errors or omissions. Neither the information contained in these reports nor any opinion expressed constitutes an offer, or an invitation to make an offer, to buy or sell any securities or any options, futures or other derivatives related to such securities ('related investments'). These reports are prepared for the professional clients of the Members of ESN only. They do not have regard to the specific investment objectives, financial situation and the particular needs of any specific person who may receive any of these reports. Investors should seek financial advice regarding the appropriateness of investing in any securities or investment strategies discussed or recommended in these reports and should understand that statements regarding future prospects may not be realised. Investors should note that income from such securities, if any, may fluctuate and that each security's price or value may rise or fall. Accordingly, investors may receive back less than originally invested. Past performance is not necessarily a guide to future performance. Foreign currency rates of exchange may adversely affect the value, price or income of any security or related investment mentioned in these reports. In addition, investors in securities such as ADRs, whose value are influenced by the currency of the underlying security, effectively assume currency risk. ESN, its Members and their affiliates may submit a pre-publication draft (without mentioning neither the recommendation nor the target price/fair value) of its reports for review to the Investor Relations Department of the issuer forming the subject of the report, solely for the purpose of correcting any inadvertent material inaccuracies. Like all members employees, analysts receive compensation that is impacted by overall firm profitability. For further details about the analyst certification, the specific risks of the company and about the valuation methods used to determine the price targets included in this report/note, please refer to the specific disclaimer pages prepared by the ESN Members. In the case of a short note please refer to the latest relevant published research on single stock or contact the analyst named on the front of the report/note for detailed information on the valuation methods, earning estimates and risks. A full description of all the organisational and administrative measures taken by the Members of ESN to manage interest and conflicts of interest are available on the website of the Members or in the local disclaimer of the Members or contacting directly the Members. Research is available through the ESN Members sales representative. ESN and/or ESN Members will provide periodic updates on companies or sectors based on company-specific developments or announcements, market conditions or any other publicly available information. Unless agreed in writing with an ESN Member, this research is intended solely for internal use by the recipient. Neither this document nor any copy of it may be taken or transmitted into Australia, Canada or Japan or distributed, directly or indirectly, in Australia, Canada or Japan or to any resident thereof. This document is for distribution in the U.K. only to persons who have professional experience in matters relating to investments and fall within article 19(5) of the financial services and markets act 2000 (financial promotion) order 2005 (the "order") or (ii) are persons falling within article 49(2)(a) to (d) of the order, namely high net worth companies, unincorporated associations etc (all such persons together being referred to as "relevant persons"). This document must not be acted on or relied upon by persons who are not relevant persons. Any investment or investment activity to which this document relates is available only to relevant persons and will be engaged in only with relevant persons. The distribution of this document in other jurisdictions or to residents of other jurisdictions may also be restricted by law, and persons into whose possession this document comes should inform themselves about, and observe, any such restrictions. By accepting this report, you agree to be bound by the foregoing instructions. You shall indemnify ESN, its Members and their affiliates (and any director, officer or employee thereof) against any damages, claims, losses, and detriments resulting from or in connection with the unauthorized use of this document. For disclosure upon "conflicts of interest" on the companies under coverage by all the ESN Members, on the "interests" and "conflicts" of the analysts and on each "company recommendation history", please visit the ESN website:

(http://www.esnpartnership.eu/research_and_database_access)

or refer to the local disclaimer of the Members, or contact directly the Members:

www.bancaakros.it regulated by the CONSOB - Commissione Nazionale per le Società e la Borsa

www.caixabi.pt regulated by the CMVM - Comissão do Mercado de Valores Mobiliários

www.cic-marketsolutions.eu regulated by the AMF - Autorité des marchés financiers

www.valores.gvcgaesco.es regulated by CNMV - Comisión Nacional del Mercado de Valores

Members of ESN (European Securities Network LLP)

