

UNIDATA

Sector: Telecoms

BUY

Price: Eu50.60 - Target: Eu78.00

TWT: A Transformational Deal to Strengthen Business Profile

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Stock Rating

Rating: Unchanged

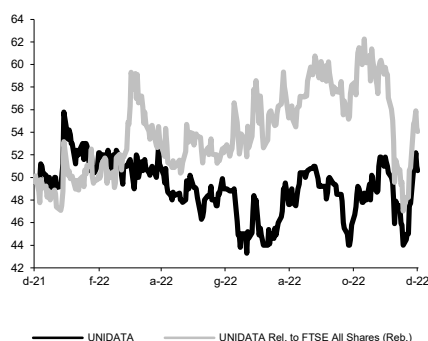
Target Price (Eu): from 65.00 to 78.00

	2022E	2023E	2024E
Chg in Adj EPS	18.5%	18.5%	12.6%

Next Event

FY22 Results Out March 2023 (TBC)

UNIDATA - 12M Performance



Stock Data

Reuters code: UD.MI
Bloomberg code: UD:IM

Performance	1M	3M	12M
Absolute	-1.6%	2.8%	2.0%
Relative	-9.5%	-8.7%	8.4%
12M (H/L)		55.80/43.30	
3M Average Volume (th):		1.88	

Shareholder Data

No. of Ord shares (mn):	3
Total no. of shares (mn):	3
Mkt Cap Ord (Eu mn):	128
Total Mkt Cap (Eu mn):	128
Mkt Float - Ord (Eu mn):	30
Mkt Float (in %):	23.7%
Main Shareholder:	
Uninvest (Brunetti/Vispi/Bianchi)	69.0%

Balance Sheet Data

Book Value (Eu mn):	35
BVPS (Eu):	13.79
P/BV:	3.7
Net Financial Position (Eu mn):	-3
Enterprise Value (Eu mn):	132

■ **TWT acquisition.** Last week, Unidata (UD) announced a binding agreement for the purchase of 100% of TWT for €58mn. TWT is one of the leading players in telecommunications and connectivity and communication services, with a focus on the B2B segment. The outlay for UD will be €50mn, as one of the two sellers is committed to reinvesting €8.0mn of the proceeds in UD shares (c.6% of the UD market cap pre-announcement), which will be issued through a reserved rights issue in early 2023 (deal closing in February). This is a highly strategic and transformational deal for UD, as it allows: i) expansion of its offer of B2B connectivity services; ii) strengthening and diversification of its commercial ICT offer, leveraging on TWT's national network of resellers and a proprietary platform dedicated to the reseller channel; iii) expansion of its footprint within Italy, with a significant presence in Northern Italy, leading to an important step up in size that will allow the company's EBITDA to overtake key peers like Intred. The implicit multiple paid is 8.4x 2022E EV/EBITDA (prior to synergies), in line with UD's pre-deal trading multiple. The acquisition will be financed through UD's available liquidity, with the remainder coming from bank financing with a pool of lenders.

■ **Updated estimates to reflect FY25 targets:** on a pro-forma basis, we were estimating mid-teens accretion on UD's 2022/23 EPS from the TWT deal, which was also confirmed in the new 2023-25 business plan targets. For the combined entity, our new estimates are aligned with the mid-point of the company's FY25 targets: revenues at €128-134mn (our exp. €131.5mn) and EBITDA at €34-36mn (our exp. €34.6mn), a 26-27% margin (our exp. 26.3%), reflecting the different profitability level of TWT (12% in FY22) which is expected to improve by FY25 (c.19% in FY25) thanks in part to the phase-out of the voice-trading business (almost zero margin activity for TWT) and integration synergies (i.e. €2mn, a c.3% cut in COGS). For UD standalone, FY25 targets for revenues (€72-75mn, our exp. €75.1mn) and EBITDA (€23-25mn, our exp. €23.6mn) see an acceleration in organic growth, partly driven by the extension of the Unifiber rollout (diluting margins from 38% in FY21 to 32-33% in FY25), but do not capture upside from Unitirreno and Unicenter before 2025. The new FY22 target leads to a 12% top line increase (to €51.8mn), offset by lower profitability (c.29%), with no change in absolute EBITDA (still at c.€15mn) while we assume lower D&A (c.€5.0mn). As for YE22 net debt, we are factoring in a €1.2mn cash-in from the exercise of last tranche of UD warrants expiring in November, leading to c.294k of additional shares (at a strike price of €16.9). 2022-24 EPS change +18-19%.

■ **BUY confirmed, new TP at €78 (from €65).** Following the TWT deal, our DCF valuation leads to a target price of €78/share, which implies c.48% upside potential, before including further value creation from the 3 co-investment projects. The stock is currently trading at c.10-11x 2023E EV/EBIT, which we believe offers an attractive entry point (Italian peers are trading at c.14x). We appreciate UD's business model as it offers a very attractive risk-return profile thanks to a) a proprietary network with a focus on future-proof FTTH technology (no risk of disruptive change and limited CapEx in the long run) and first-mover advantage in Rome, a highly strategic location; b) significant opportunities from the TWT acquisition (footprint expansion to Lombardy, more diversified customer base and commercial upselling synergies); c) strong visibility on IRR (upfront CapEx with guaranteed returns); d) presence of a key anchor client, the state-owned company OF, targeting faster and deeper FTTH coverage of Italy; e) downside protection (visible and recurring revenue streams, low churn); f) supportive regulatory framework (NRRP boost).

Key Figures & Ratios	2020A	2021A	2022E	2023E	2024E
Sales (Eu mn)	23	37	52	112	124
EBITDA Adj (Eu mn)	9	14	15	25	29
Net Profit Adj (Eu mn)	3	8	7	10	12
EPS New Adj (Eu)	1.370	3.182	2.681	3.807	4.894
EPS Old Adj (Eu)	1.385	3.182	2.263	3.213	4.347
DPS (Eu)	0.000	0.100	0.100	0.190	0.245
EV/EBITDA Adj	4.6	6.7	8.8	7.0	5.9
EV/EBIT Adj	8.1	10.4	13.2	10.2	8.5
P/E Adj	36.9	15.9	18.9	13.3	10.3
Div. Yield	0.0%	0.2%	0.2%	0.4%	0.5%
Net Debt/EBITDA Adj	-0.4	0.2	0.2	2.0	1.5

* Multiples updated at 5 December 2022

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UNIDATA – Key Figures

Profit & Loss (Eu mn)	2019A	2020A	2021A	2022E	2023E	2024E
Sales	13	23	37	52	112	124
EBITDA	5	9	14	15	25	29
EBIT	2	5	9	10	17	20
Financial Income (charges)	-0	-0	-0	-0	-4	-3
Associates & Others	0	0	0	0	0	0
Pre-tax Profit	2	5	9	10	14	17
Taxes	-1	-1	-1	-3	-4	-5
Tax rate	28.8%	29.3%	11.1%	30.0%	30.0%	29.0%
Minorities & Discontinued Operations	0	0	0	0	0	0
Net Profit	1	3	8	7	10	12
EBITDA Adj	5	9	14	15	25	29
EBIT Adj	2	5	9	10	17	20
Net Profit Adj	1	3	8	7	10	12
Per Share Data (Eu)	2019A	2020A	2021A	2022E	2023E	2024E
Total Shares Outstanding (mn) - Average	2	2	2	3	3	3
Total Shares Outstanding (mn) - Year End	2	2	3	3	3	3
EPS f.d	0.700	1.370	3.182	2.681	3.807	4.894
EPS Adj f.d	0.700	1.370	3.182	2.681	3.807	4.894
BVPS f.d	6.165	8.748	11.779	13.788	17.496	22.200
Dividend per Share ORD	0.000	0.000	0.100	0.100	0.190	0.245
Dividend per Share SAV	0.000	0.000	0.000	0.000	0.000	0.000
Dividend Payout Ratio (%)	0.0%	0.0%	3.1%	3.7%	5.0%	5.0%
Cash Flow (Eu mn)	2019A	2020A	2021A	2022E	2023E	2024E
Gross Cash Flow	4	7	13	12	17	21
Change in NWC	4	6	-4	0	1	0
Capital Expenditure	-8	-11	-14	-14	-14	-17
Other Cash Items	0	-1	-0	0	0	0
Free Cash Flow (FCF)	1	1	-5	-2	4	5
Acquisitions, Divestments & Other Items	0	0	0	0	-50	0
Dividends	0	0	0	-0	-0	-0
Equity Financing/Buy-back	0	6	-0	1	0	0
Change in Net Financial Position	-3	8	-6	-1	-46	4
Balance Sheet (Eu mn)	2019A	2020A	2021A	2022E	2023E	2024E
Total Fixed Assets	27	35	44	53	110	118
Net Working Capital	4	-2	-1	-2	-3	-3
Long term Liabilities	-15	-15	-12	-12	-12	-12
Net Capital Employed	16	18	31	40	95	102
Net Cash (Debt)	-4	3	-2	-3	-49	-45
Group Equity	12	21	29	35	44	56
Minorities	0	0	0	0	0	0
Net Equity	12	21	29	35	44	56
Enterprise Value (Eu mn)	2019A	2020A	2021A	2022E	2023E	2024E
Average Mkt Cap		43	93	128	128	128
Adjustments (Associate & Minorities)	0	0	0	0	0	0
Net Cash (Debt)	-4	3	-2	-3	-49	-45
Enterprise Value		39	95	132	178	173
Ratios (%)	2019A	2020A	2021A	2022E	2023E	2024E
EBITDA Adj Margin	38.5%	36.7%	38.1%	29.0%	22.5%	23.6%
EBIT Adj Margin	15.8%	20.8%	24.6%	19.3%	15.6%	16.5%
Gearing - Debt/Equity	33.3%	-15.9%	7.7%	9.8%	111.1%	79.7%
Interest Cover on EBIT	17.1	44.7	32.1	33.4	4.8	6.9
Net Debt/EBITDA Adj	0.8	-0.4	0.2	0.2	2.0	1.5
ROACE*	18.0%	28.2%	36.9%	28.2%	25.9%	20.7%
ROE*	15.5%	19.9%	31.1%	21.3%	24.3%	24.7%
EV/CE		2.3	3.9	3.7	2.6	1.8
EV/Sales		1.7	2.6	2.5	1.6	1.4
EV/EBITDA Adj		4.6	6.7	8.8	7.0	5.9
EV/EBIT Adj		8.1	10.4	13.2	10.2	8.5
Free Cash Flow Yield	0.5%	0.6%	-4.1%	-1.2%	3.4%	3.8%
Growth Rates (%)	2019A	2020A	2021A	2022E	2023E	2024E
Sales	14.4%	77.2%	58.1%	40.0%	116.7%	10.4%
EBITDA Adj	32.5%	69.0%	64.1%	6.6%	68.1%	15.8%
EBIT Adj	-9.4%	132.7%	87.4%	10.1%	74.2%	17.2%
Net Profit Adj	-12.6%	139.7%	133.7%	-13.2%	42.0%	28.6%
EPS Adj	-12.6%	95.7%	132.3%	-15.7%	42.0%	28.6%
DPS			nm	0.0%	90.3%	28.6%

*Excluding extraordinary items

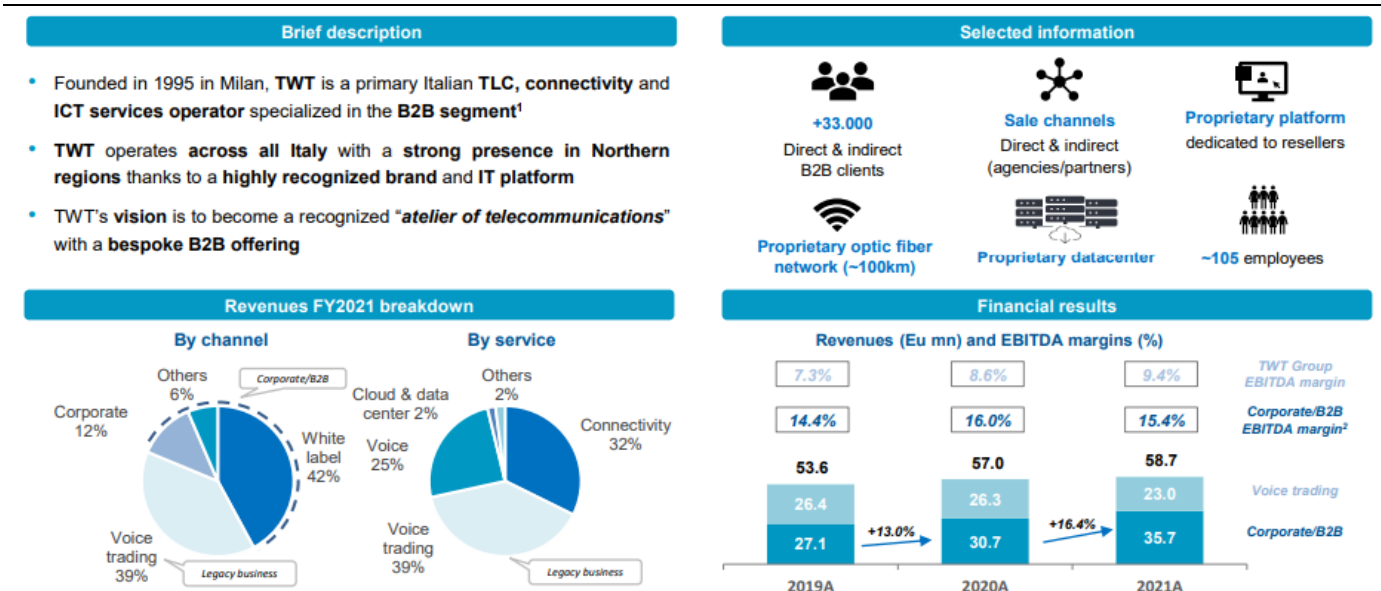
Source: Intermonte SIM estimates

TWT Acquisition

Last week, Unidata (UD) announced a binding agreement for the €58mn purchase of 100% of Gruppo TWT, one of the leading players in telecommunications and connectivity and communication services, with a focus on the B2B segment.

- **Description of TWT:** over 33,000 clients served directly and indirectly (through accredited resellers), a Tier 3+ datacentre at its dedicated site in Milan (c.3,400m²) and a proprietary fibre optic network (c.100km) in the Milan area.
- **TWT financials:** consolidated 2021 revenues of €58.7mn, with a NFP (net cash) of c.€13.99mn. For 2022, TWT expects to generate consolidated revenues broadly in line with last year, with reported EBITDA of c.€6.9mn, mainly driven by the contribution from services in the Corporate/ B2B channel, with net cash of c.€14.5mn at year-end.
- **Phase-out of Voice Trading business:** UD has committed to selling the majority of TWT's legacy voice trading business: it will run off basic level clients (i.e. customers/contracts with almost no gross margin) in order to focus on the most profitable clients (~5% of 2021 Voice Trading revenues, ~€23mn).

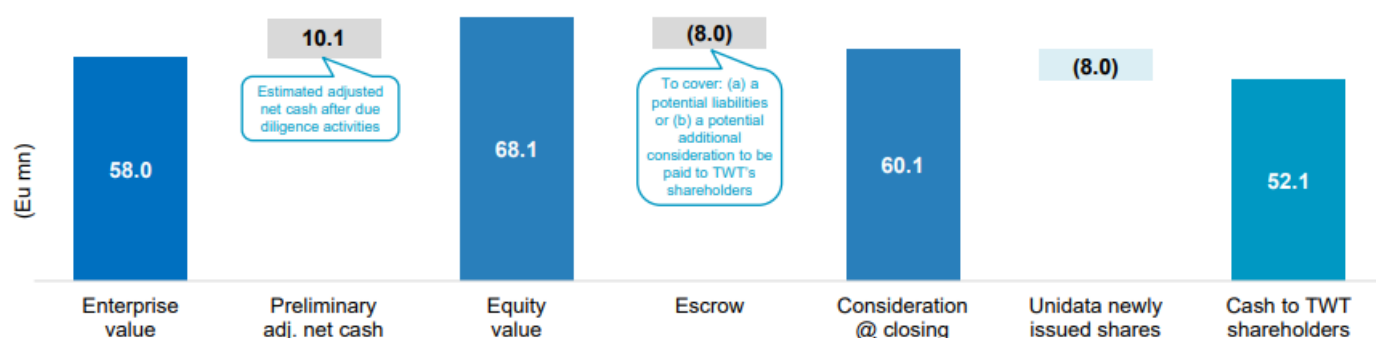
Unidata – TWT at a glance



Source: Company presentation. Notes: 1) Excluding the legacy international voice trading business, which is essentially to be run-off; 2) Pro-forma excluding the whole voice trading business unit

- **Transaction details:** the EV of the deal is €58mn. The outlay for UD will be €50mn, as one of the two sellers is committed to reinvesting €8.0mn of the proceeds in Unidata shares (c.6% of the pre-deal market cap), which will be issued during 2023 as part of a larger rights issue announced by UD on 29 September 2022, or as part of a reserved capital increase that will be agreed for that purpose. The acquisition does not constitute a reverse take-over.
- **Financing:** the deal will be financed through Unidata's available liquidity, with the remainder coming from bank financing with a pool of lenders.
- **Closing:** the deal should be closed in mid-February 2023. The purchase is not in the format of a reverse takeover.

Unidata - Structure of TWT deal: Bridge to Equity Value



- Implied EV/EBITDA 2022E multiple of ~8.4x based on 2022E EBITDA reported of ~Eu 6.9mn (pre-synergies)
- Effective cash consideration to be determined based on TWT's adjusted net cash at closing (expected by mid February 2023¹⁾)
- Sustainable financial leverage, with an acquisition financing provided by a pool of lenders for ~Eu 50mn
- Capital increase reserved to one of TWT's shareholders for Eu 8.0mn
- As communicated on 29th September 2022, capital increase up to Eu 50mn reserved to institutional investors by end 2023 to further reduce financial indebtedness and sustain Unidata's growth

Source: Company presentation. Note: 1) following golden power authorisation.

Our take: this is a highly strategic and transformational deal for UD, as it allows: i) expansion of its offer of B2B connectivity services; ii) strengthening and diversification of its commercial ICT offer, leveraging on TWT's national network of resellers and a proprietary platform dedicated to the reseller channel; iii) expansion of its footprint within Italy, with a significant presence in Northern Italy, leading to an important step up in size that will allow the company to overtake key peers like Intred (on a pro-forma basis the combined 2022 EBITDA of Unidata is c.€22mn, vs. consensus of €20.2mn for Intred). **The implicit multiple paid is 8.4x 2022E EV/EBITDA, in line with UD's pre-deal trading multiple: considering TWT's attractive growth profile and the synergies incorporated in its FY25 targets, the EV/EBITDA would come to around 5x on 2025 figures.** On a pro-forma and preliminary basis, we were estimating mid-teen accretion on UD's 2022-23 EPS from the TWT deal which was also confirmed in new 2023-25 business plan targets.

Unidata – Value creation from TWT acquisition

Eu mn	TWT		Unidata		Unidata + TWT (pro forma)		potential upside
	2021A	2022E	2021A	2022E	2021A	2022E	
Revenues	58.7	58.0	37.0	51.8	95.7	109.8	112%
EBITDA	5.5	6.9	14.1	15.0	19.6	21.9	46%
margin	9%	12%	38%	29%	20%	20%	
D&A (our estimate)	(2.0)	(2.3)	(5.0)	(5.0)	(7.0)	(7.3)	
EBIT	3.5	4.6	9.1	10.0	12.6	14.6	46%
margin	6%	8%	25%	19%	13%	13%	
fin. Exp.			(0.3)	(0.3)		(3.6)	
EBT			8.8	9.7		11.1	14%
taxes			(1.0)	(2.9)		(3.3)	
tax rate			11.1%	30.0%		30.0%	
net profit			7.8	6.8		7.8	14%
EV (UD prices at 25 Nov)	58.0	58.0	124.7	125.4	182.7	183.4	
EV/EBITDA	10.5x	8.4x	8.8x	8.3x	9.3x	8.4x	
EV/EBIT	16.6x	12.6x	13.7x	12.5x	14.5x	12.5x	

Source: Intermonte SIM, Company data

2025 Company Targets vs Our New Estimates

For the combined entity, our new estimates are aligned with the mid-points of FY25 company targets: revenues at €128-134mn (our exp. €131.5mn) and EBITDA at €34-36mn (our exp. €34.6mn), a 26-27% margin (our exp. 26.3%) reflecting TWT's different level of profitability (12% in FY22) which is expected to improve by FY25 (c.19% in FY25) partly thanks to the phase-out of the voice-trading business (almost zero margin activity for TWT) and integration synergies (i.e. €2mn, c.3% cut in COGs).





Unidata – 2025 Company Targets vs Intermonte Estimates

Eu mn	Intermonte Estimates					2025 targets		
	'21A	'22E	'23E	'24E	25E	Mid	Low	High
Services	14.5	13.7	17.0	23.2	30.4	30.1	29.4	30.8
Fiber Infrastructure	13.6	28.6	38.2	34.9	33.2	32.5	31.7	33.2
Other revenues	7.2	5.9	4.6	4.0	1.5	1.5	1.4	1.5
Managed Services	1.6	3.6	6.0	9.0	10.0	9.6	9.5	9.6
VoP (standalone)	37.0	51.8	65.8	71.1	75.1	73.5	72.0	75.0
TWT revenues	-	-	46.4	52.8	56.4	57.5	56.0	59.0
VoP (combined)	37.0	51.8	112.3	124.0	131.5	131.0	128.0	134.0
YoY growth	59.9%	40.0%	116.7%	10.4%	6.1%			
EBITDA (standalone)	14.1	15.0	18.0	21.4	23.6	24.0	23.0	25.0
as % of VoP	38.1%	29.0%	27.3%	30.0%	31.4%	32.7%	31.9%	33.3%
TWT EBITDA	-	-	7.3	7.9	11.0	11.0	11.0	11.0
as % of TWT revenues			15.7%	15.0%	19.5%	19.1%	19.6%	18.6%
EBITDA (combined)	14.1	15.0	25.3	29.3	34.6	35.0	34.0	36.0
YoY growth	64.1%	6.6%	68.1%	15.8%	18.2%			
as % of VoP	38.1%	29.0%	22.5%	23.6%	26.3%	26.7%	26.6%	26.9%

Source: Intermonte SIM, Company data

For UD standalone, FY25 targets for revenues (€72-75mn, our exp. €75.1mn) and EBITDA (€23-25mn, our exp. €23.6mn) see an acceleration in organic growth also driven by the extension of the Unifiber rollout (diluting margins from 38% in FY21 to 32-33% in FY25), while not yet capturing upside from Unitirreno and Unicenter before 2025.

Unidata - 2025 Standalone targets by stream of revenues

Business lines	Revenues 2022	Revenues 2025	Description
 Services	€ ~13.7mn	€ 29.4 – 30.8mn	<ul style="list-style-type: none"> Includes Consumers, Business, Wholesale and P.A. clients' revenues from TLC & ICT services
 Fiber Infrastructure Development	€ ~28.6mn	€ 31.7 – 33.2mn	<ul style="list-style-type: none"> Fiber network construction - Unidata and Unifiber Grey areas of Latium Apulia (industrial district area + 2 municipals' industrial areas) Molise (2 industrial areas)
 Other revenues	€ ~6.0mn	€ 1.4 – 1.5mn	<ul style="list-style-type: none"> Net sales of fiber material and other revenues
 Managed Services	€ ~3.5mn	€ 9.5 – 10.0mn	<ul style="list-style-type: none"> Network and system integration project & services Supply of support services, design and consulting of Internet technologies and more generally in relation to the digital environment High-level technical staff

Source: Company presentation

Change to Estimates

On FY23-25, our new estimates lead to a mid-to-high teen increase in EPS. The new FY22 target leads to a 12% increase in the top line (at €51.8mn), offset by lower profitability (c.29%) with no change in absolute EBITDA (still at c.€15mn) while we assume lower D&A (c.€5.0mn). As for YE22 net debt, we are factoring in a €1.2mn cash-in from the exercise of the last tranche of UD warrants in November, leading to c.294k additional shares (at a strike price of €16.9).

Unidata – Change in Estimates

Eu mn	'21A	New Estimates				Old Estimates				New vs Old			
		'22E	'23E	'24E	25E	'22E	'23E	'24E	25E	'22E	'23E	'24E	25E
Services	14.5	13.7	17.0	23.2	30.4								
Fiber Infra.	13.6	28.6	38.2	34.9	33.2								
Other revs.	7.2	5.9	4.6	4.0	1.5								
Managed Servs.	1.6	3.6	6.0	9.0	10.0								
VoP (standalone)	37.0	51.8	65.8	71.1	75.1	46.1	56.5	72.1	87.8	12%	17%	-1%	-14%
TWT revenues	-	-	46.4	52.8	56.4								
VoP (combined)	37.0	51.8	112.3	124.0	131.5	46.1	56.5	72.1	87.8	12%	99%	72%	50%
YoY growth	59.9%	40.0%	116.7%	10.4%	6.1%	24.5%	22.6%	27.7%	21.7%				
EBITDA	14.1	15.0	25.3	29.3	34.6	14.9	18.2	22.7	27.5	1%	39%	29%	26%
YoY growth	64.1%	6.6%	68.1%	15.8%	18.2%	5.6%	22.3%	24.6%	21.5%				
as % of VoP	38.1%	29.0%	22.5%	23.6%	26.3%	32.3%	32.2%	31.4%	31.4%				
D&A	(5.0)	(5.0)	(7.8)	(8.8)	(10.6)	(6.8)	(6.7)	(7.1)	(8.6)				
EBIT	9.1	10.0	17.5	20.5	24.0	8.1	11.5	15.6	18.9	24%	51%	31%	27%
as % of VoP	24.6%	19.3%	15.6%	16.5%	18.3%	17.6%	20.4%	21.6%	21.6%				
PBT	8.8	9.7	13.8	17.5	21.3	8.0	11.4	15.4	18.7	21%	21%	14%	14%
as % of VoP	23.8%	18.8%	12.3%	14.1%	16.2%	17%	20%	21%	21%				
Net income	7.8	6.8	9.7	12.4	15.1	5.8	8.2	11.1	13.6	18%	18%	12%	11%
as % of VoP	21.2%	13.1%	8.6%	10.0%	11.5%	13%	14%	15%	15%				
EPS (€)	€ 3.18	€ 2.68	€ 3.81	€ 4.89	€ 5.97	€ 2.26	€ 3.21	€ 4.35	€ 5.33	18%	18%	13%	12%
DPS (€)	€ 0.10	€ 0.10	€ 0.19	€ 0.24	€ 0.30	€ 0.10	€ 0.16	€ 0.22	€ 0.27				
payout	3%	4%	5%	5%	5%	4%	5%	5%	5%				
CapEx	(13.9)	(13.9)	(14.4)	(16.6)	(18.1)	(13.9)	(14.4)	(16.6)	(18.1)	0%	0%	0%	0%
as % of VoP	37.6%	26.8%	12.8%	13.4%	13.8%	30.1%	25.5%	23.1%	20.6%				
Net Debt	2.2	3.4	49.3	44.9	42.3	3.6	4.4	4.6	2.5				
ND/EBITDA	0.2x	0.2x	2.0x	1.5x	1.2x	0.2x	0.2x	0.2x	0.1x				

Source: Intermonte SIM (E), Company Data (A)

DCF Valuation

Unidata – DCF model (WACC still at 8.8%, g unchanged at 1.7%)

(Eu mn)	'22E	'23E	'24E	'25E	'26E	'27E	'28E	'29E	'30E	'31E	'32E	'33E	TV
VoP	51.8	112.3	124.0	131.5	136.5	142.6	148.7	156.2	163.9	171.3	180.6	191.0	194.2
<i>YoY growth</i>	40.0%	117%	10.4%	6.1%	3.8%	4.5%	4.2%	5.1%	4.9%	4.5%	5.4%	5.8%	1.7%
Adj. EBITDA	15.0	25.3	29.3	34.6	36.2	38.6	41.2	44.2	47.4	50.5	54.3	58.4	58.3
as % of VoP	29.0%	22.5%	23.6%	26.3%	26.5%	27.1%	27.7%	28.3%	28.9%	29.5%	30.1%	30.6%	30.0%
D&A	(5.0)	(7.8)	(8.8)	(10.6)	(11.6)	(13.2)	(15.2)	(15.5)	(15.8)	(16.2)	(16.5)	(16.8)	(18.4)
EBIT	10.0	17.5	20.5	24.0	24.5	25.4	25.9	28.7	31.5	34.4	37.9	41.6	39.8
as % of VoP	19.3%	15.6%	16.5%	18.3%	18.0%	17.8%	17.5%	18.4%	19.2%	20.1%	21.0%	21.8%	20.5%
Taxes	(2.4)	(4.2)	(4.9)	(5.8)	(5.9)	(6.1)	(6.2)	(6.9)	(7.6)	(8.3)	(9.1)	(10.0)	(9.6)
<i>tax rate</i>	24.0%	24.0%	24.0%	24.0%	24.0%	24.0%	24.0%	24.0%	24.0%	24.0%	24.0%	24.0%	24.0%
Change in WC	0.5	1.3	0.3	(4.4)	(1.6)	(5.6)	(3.3)	(3.0)	(0.9)	(1.3)	(2.7)	(3.5)	-
Capex	(13.9)	(14.4)	(16.6)	(18.1)	(19.8)	(21.4)	(21.8)	(22.0)	(21.9)	(21.4)	(20.6)	(19.7)	(18.4)
as % of VoP	26.8%	12.8%	13.4%	13.8%	14.5%	15.0%	14.7%	14.1%	13.3%	12.5%	11.4%	10.3%	9.5%
Unlevered FCF	(0.8)	8.0	8.0	6.3	8.9	5.6	9.8	12.3	17.1	19.6	22.0	25.2	30.3
TV													424
year	0	0	1	2	3	4	5	6	7	8	9	10	11
Disc. Factor	1.00	1.00	0.92	0.84	0.78	0.71	0.65	0.60	0.55	0.51	0.47	0.43	0.39
Disc. Flows			7.4	5.3	6.9	4.0	6.4	7.4	9.4	10.0	10.2	10.8	167.2

Sum of FCF'24-33E	77.9
Terminal value	167.2
Total EV	245.1
Net Cash (Debt) at YE23	(49.3)
Minorities	0.0
treasury shares	1.2
Equity Value	197.0
current NOSH (mn)	2.538
Target Price (Eu)	78
current price (Eu)	52.8
<i>upside vs current price</i>	47%

WACC	8.8%
<i>Terminal growth</i>	1.7%

Source: Intermonte SIM

Unidata - TP Sensitivity to WACC (%) and g (%)

		g										
		1.2%	1.3%	1.4%	1.5%	1.6%	1.7%	1.8%	1.9%	2.0%	2.1%	2.2%
WACC	7.8%	90	91	92	93	94	96	97	98	100	101	102
	8.0%	86	87	88	89	91	92	93	94	95	97	98
	8.2%	83	84	85	86	87	88	89	90	91	93	94
	8.4%	80	81	82	83	84	85	86	87	88	89	90
	8.6%	77	78	79	80	81	81	82	83	84	85	86
	8.8%	74	75	76	77	78	78	79	80	81	82	83
	9.0%	72	73	73	74	75	76	76	77	78	79	80
	9.2%	69	70	71	71	72	73	74	74	75	76	77
	9.4%	67	68	68	69	70	70	71	72	72	73	74
	9.6%	65	66	66	67	67	68	69	69	70	71	71
	9.8%	63	63	64	65	65	66	66	67	68	68	69

Source: Intermonte SIM

Valuation Multiples

The stock is currently trading at c.10-11x EV/EBIT '23E (in our view, this is a more meaningful metric to capture D&A associated with different investment profiles), which we believe represents an attractive entry point (Italian peers trading at c.14x).

Peer Multiple Valuation

Company	Currency	Price	Mkt. Cap (Eu mn)	Abs. Perf. (%)				EV/Sales (x)			EV/EBITDA (x)			EV/EBIT (x)			Adj. PE (x)			Div. Yield (%)		
				1m	3m	6m	Ytd	'22E	'23E	'24E	'22E	'23E	'24E	'22E	'23E	'24E	'22E	'23E	'24E	'22E	'23E	'24E
Unidata (@mkt price, our est.)	EUR	52.8	134	5%	7%	8%	-5%	2.7	1.6	1.4	9.2	7.3	6.1	13.7	10.5	8.7	19.7	13.9	10.8	0.2%	0.4%	0.5%
Unidata (@mkt price, cons.)	EUR	52.8	134	5%	7%	8%	-5%	2.7	2.4	1.9	8.4	7.9	6.2	13.8	11.9	8.8	20.6	16.8	12.3	0.2%	0.2%	0.3%
Unidata(@ TP, our est.)	EUR	78	198	5%	7%	8%	-5%	3.9	2.2	2.0	13.4	9.8	8.3	20.1	14.2	11.9	29.1	20.5	16.0	0.1%	0.2%	0.3%
Intred SpA	EUR	12.70	201	0%	-13%	-20%	-33%	4.4	3.8	3.2	10.4	8.8	7.6	16.3	14.1	12.1	21.4	19.0	16.4	0.5%	0.5%	0.6%
Planetel S.p.A.	EUR	6.00	41	-1%	-13%	-17%	-37%	1.4	1.0	0.8	6.6	4.4	2.7	17.1	8.8	4.6	20.3	12.7	8.3	0.0%	0.0%	0.0%
Convergenze SpA	EUR	2.50	19	-4%	-4%	-3%	-19%	1.0	0.9	0.8	12.9	6.4	5.3	85.9	14.1	11.8	n.m	n.m	n.m	0.0%	0.0%	0.0%
Italian Regional FTTH players - Median								1.4	1.0	0.8	10.4	6.4	5.3	17.1	14.1	11.8	20.8	15.8	12.3	0.0%	0.0%	0.0%
United Internet AG	EUR	20.20	3,919	5%	-8%	-34%	-42%	1.0	1.0	0.9	4.6	4.5	4.2	7.6	7.7	7.1	8.7	8.8	8.1	2.6%	2.6%	2.6%
Cogent Communications Holdings Inc	USD	57.87	2,639	7%	8%	-4%	-21%	6.0	5.8	4.9	15.5	14.8	12.7	31.0	29.2	25.4	85.8	66.0	45.3	6.1%	6.8%	6.9%
Chorus Limited	NZD	8.11	2,178	4%	3%	12%	14%	6.1	6.2	6.2	8.8	9.0	9.0	24.1	24.9	23.4	58.5	55.1	44.7	4.3%	5.2%	5.9%
WideOpenWest, Inc.	USD	9.84	819	-5%	-44%	-55%	-54%	2.2	2.3	2.3	5.6	5.5	5.1	38.0	21.1	21.1	46.7	22.8	30.1	0.0%	0.0%	0.0%
Bredband2 i Skandinavien AB	SEK	1.42	125	-4%	1%	-33%	-34%	1.0	1.0	0.9	6.4	6.1	5.9	16.3	14.2	12.1	13.1	12.1	10.9	7.0%	7.0%	14.1%
Intl. Regional FTTH players - Median								4.1	4.0	3.6	7.6	7.5	7.4	27.6	23.0	22.2	52.6	38.9	37.4	5.2%	6.0%	6.4%
Equinix, Inc.	USD	684.27	60,148	12%	8%	1%	-19%	10.5	9.7	9.0	22.6	20.9	19.2	63.4	56.5	46.8	86.3	76.4	64.6	1.8%	2.0%	2.1%
Digital Realty Trust, Inc.	USD	109.16	29,813	13%	-8%	-19%	-38%	10.1	9.5	9.1	19.1	18.5	17.5	71.0	59.5	51.2	75.9	84.5	67.0	4.4%	4.6%	4.8%
OVH Groupe SAS	EUR	14.10	2,686	6%	15%	-24%	-45%	4.1	3.7	3.2	10.9	9.6	8.2	163.1	89.1	53.2	535.4	238.0	88.7	0.0%	0.0%	0.0%
WIIT SpA	EUR	18.6	521	21%	5%	-11%	-48%	5.9	5.2	4.7	17.3	14.6	12.6	37.4	28.4	23.0	40.2	29.9	24.2	1.5%	1.8%	2.0%
Intl. Datacenter Co-locators - Median								8.0	7.4	6.8	18.2	16.5	15.1	67.2	58.0	49.0	81.1	80.4	65.8	1.7%	1.9%	2.1%
Lumen Technologies, Inc.	USD	5.20	5,110	-12%	-47%	-55%	-59%	1.4	1.7	1.8	3.7	4.7	4.8	6.8	11.9	12.6	3.2	6.5	6.7	14.4%	1.8%	0.8%
Tata Communications Limited	INR	1294.55	4,376	2%	5%	38%	-10%	2.5	2.2	2.0	10.0	8.8	7.8	19.4	16.4	14.4	22.0	20.3	18.2	1.5%	1.7%	2.0%
Intl. Long-Distance Carriers - Median								2.0	2.0	1.9	6.9	6.7	6.3	13.1	14.1	13.5	12.6	13.4	12.5	7.9%	1.8%	1.4%
Average Selected Peers								3.1	3.0	2.7	9.0	7.1	6.9	22.4	18.6	17.9	36.7	27.4	24.9	3.4%	1.8%	1.7%

Source: Intermonte SIM (E), FactSet (C)

Unidata in Brief

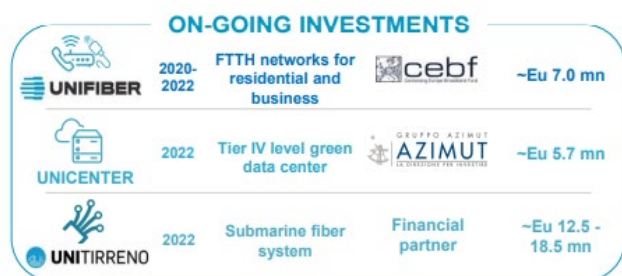
Company description

With a track record of 37 years in the ITC sector, **Unidata (UD)** is today an ultrafast broadband, Cloud and IoT provider for business/government/residential clientele in Lazio region. The company has an advanced FTTH network, covering over 5,200km and connecting 250k properties. Since 2018 UD has invested over €50mn to build and expand the network, strengthening its presence in the Rome area, Italy's main market with growing demand for ultrafast broadband services from the public sector, households and SME. UD shares have been listed on Euronext Growth Milan since March 2020.

Strengths/Opportunities

- Attractive risk-return profile with scalable business model
- Cutting edge fibre network in strategic locations
- TWT value creation and expansion in Northern Italy
- Connectivity boost from NRRP plan
- Italy FTTH market still seriously under-penetrated
- Greater financial flexibility from smart co-investment model

Unidata – Key Initiatives to reshape business profile



Source: Company presentation

Unidata – 2023-25 Business Plan Targets

	2021A	2022F	2023W	2025B
Revenues	~Eu 37mn	~Eu 51.8mn	~Eu 72mn	~Eu 75mn
CAGR 22-25 (%)			~12%	~13%
EBITDA	~Eu 14mn	~Eu 15.1mn	~Eu 23mn	~Eu 25mn
CAGR 22-25 (%)			~15%	~16%
EBITDA margin (%)	~38%	~29%	~32%	~33%

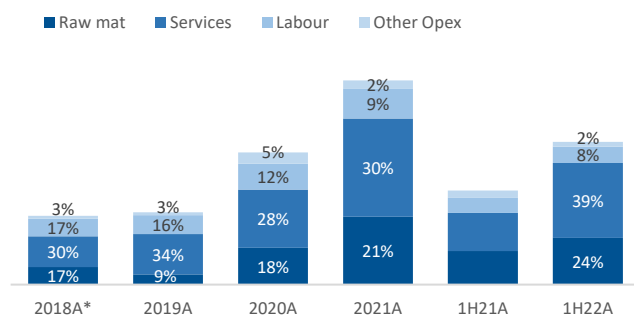
	2022F Agg.	2023W	2025B
Revenues	~Eu 110.7mn	~Eu 128mn	~Eu 134mn
CAGR 22-25 (%)		~5%	~7%
EBITDA	~Eu 22.1mn	~Eu 34mn	~Eu 36mn
CAGR 22-25 (%)		~15%	~16%
EBITDA margin (%)	~20%	~26%	~27%

2024E adj. revenue and EBITDA expected to be substantially in line with targets communicated in Nov-2021

Indicative combined entity's targets incl. acquisition financing, synergies and voice trading optimization

Source: Company presentation

Unidata – OpEx Breakdown 2018-1H22 (% of VoP)



Source: Company data (*ITA GAAP)

Management

CEO: Renato Brunetti
Chairman: Renato Brunetti
CFO: Roberto Giacometti
Next BoD renewal: end of 2023
BoD independent members: 2/7
Women on board: 2/7

Shareholders

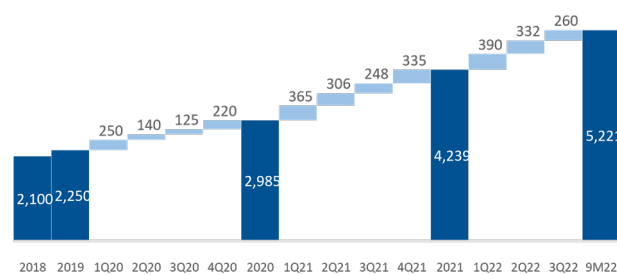
Uninvest S.r.l. *	68.98%
R. Brunetti	2.43%
C. Bianchi	2.43%
M. Vispi	2.44%
G. Rossini	2.04%
Market	21.68%

*Equally owned by the shareholders R. Brunetti, M. Vispi and C. Bianchi.

Weaknesses/Threats

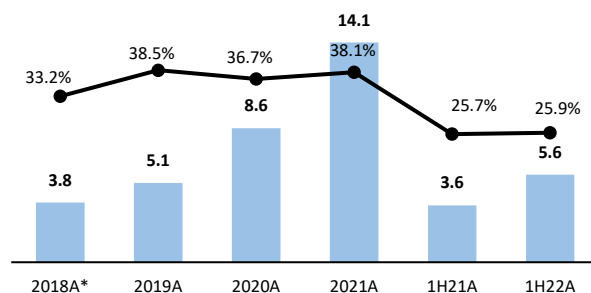
- Overreliance on highly-experienced key manager
- SMEs typically more heavily penalised during economic downturns
- Fierce competition in the Telco segment with pricing pressure
- Customers and churn rate may fluctuate and cause volatility
- Keeping up with business growth may require additional investment

Unidata – Network Length (km)



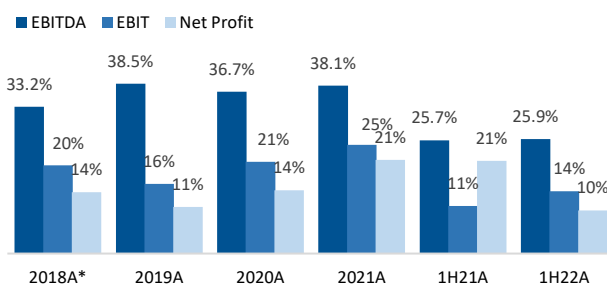
Source: Company data

Unidata – EBITDA Trend 2018-1H22 (Eu mn, % on VoP)



Source: Company data (*ITA GAAP)

Unidata - EBITDA, EBIT and Net Income as % of VoP



Source: Intermonte SIM (E), Company Data (A)

DETAILS ON STOCKS RECOMMENDATION			
Stock NAME	UNIDATA		
Current Recomm:	BUY	Previous Recomm:	BUY
Current Target (Eu):	78.00	Previous Target (Eu):	65.00
Current Price (Eu):	50.60	Previous Price (Eu):	48.80
Date of report:	06/12/2022	Date of last report:	26/10/2022

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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)

Some of the parameters used in evaluations, such as the risk-free rate and risk premium, are the same for all companies covered, and are updated to reflect market conditions. Currently a risk-free rate of 2.5% and a risk premium of 5.0% are being used.

Frequency of research: quarterly.

Reports on all companies listed on the S&PMB40 Index, most of those on the MIBEX Index and the main small caps (regular coverage) are published at least once per quarter to comment on results and important newsflow.

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Explanation of our ratings system:

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;
SELL: stock expected to underperform the market by over 25% over a 12 month period.

Prices: The prices reported in the research refer to the price at the close of the previous day of trading

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As at 30 September 2022 Intermonte's Research Department covered 121 companies. Intermonte's distribution of stock ratings is as follows:

BUY:	22.13 %
OUTPERFORM:	48.36 %
NEUTRAL:	27.87 %
UNDERPERFORM:	01.64 %
SELL:	00.00 %

The distribution of stock ratings for companies which have received corporate finance services from Intermonte in the last 12 months (52 in total) is as follows:

BUY:	38.46 %
OUTPERFORM:	50.00 %
NEUTRAL:	11.54 %
UNDERPERFORM:	00.00 %
SELL:	00.00 %

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Intermonte SIM SpA holds net long or short positions in excess of 0.5% of the overall share capital in the following issuers:

Emittente	%	Long/Short
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