

Buy

Recommendation unchanged

Share price: EUR 40.20

closing price as of 05/07/2023

Target price: EUR 60.00

Target Price unchanged

Upside/Downside Potential 49.3%

Reuters/Bloomberg

UD.MI/UD.IM

Market capitalisation (EURm) 124

Current N° of shares (m) 3

Free float 33%

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

Daily avg. trad. vol. 12 mth (k) 14.42

Price high/low 12 months 52.80 / 37.40

Abs Perfs 1/3/12 mths (%) -2.66/-1.71/-11.65

Key financials (EUR) 12/22 12/23e 12/24e

Sales (m) 51 93 116

EBITDA (m) 16 24 30

EBITDA margin 31.6% 25.9% 25.8%

EBIT (m) 11 17 22

EBIT margin 20.9% 18.5% 18.7%

Net Profit (adj.)(m) 8 10 13

ROCE 15.2% 18.1% 19.7%

Net debt/(cash) (m) 10 56 65

Net Debt/Equity 0.3 0.9 0.9

Debt/EBITDA 0.6 2.3 2.2

Int. cover(EBITDA/Fin. int) 239.0 8.4 10.3

EV/Sales 2.5 1.9 1.6

EV/EBITDA 8.0 7.5 6.4

EV/EBITDA (adj.) 8.0 7.5 6.4

EV/EBIT 12.0 10.5 8.8

P/E (adj.) 15.5 11.1 9.4

P/BV 3.2 2.0 1.7

OpFCF yield -0.7% -6.0% 2.8%

Dividend yield 0.2% 0.2% 0.2%

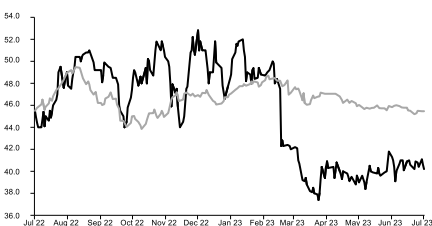
EPS (adj.) 3.01 3.62 4.27

BVPS 14.55 20.09 24.26

DPS 0.10 0.10 0.10

Shareholders

Uninvest 55%; Michela Colli 6%; Others 6%;



Source: FactSet

UNIDATA FTSE AIM Italia (Rebased)

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Merger with TWT seems progressing well

The facts: We summarise here an interesting presentation held yesterday by Unidata of the first new management line after the merger with TWT. We remind investors that Unidata is changing shape with the transformational acquisition of TWT, the extension of the investment size of the Unifiber JV, the creation of a datacenter in Fiumicino-Rome (Unicenter JV), and the construction of a submarine cable between Sicily and Genova (Unitirreno JV). Current BP includes traditional Unidata business, the Unifiber JV impact and the TWT acquisition but not the impact of the Unitirreno and Unicenter JVs. All in all, over 2022-2025e, we are aligned with the bottom/mid part of the current BP as described above which implies a 11%/17% cagr at aggregate sales and EBITDA level respectively with gearing expected to decline to 1.8x by 2025e from 2.3x in 2023e.

Our analysis: The company has closed the acquisition of IWT in February 2023 and as such will consolidate the asset for ten months. The consideration was EUR 52.1m after having added the net potential liabilities and an equity component. The deal was financed with a combination of equity and debt. TWT is a primary Italian TLC, connectivity and ICT services operator specialized in the B2B segment1 which operates across all Italy with a strong presence in Northern regions thanks to a highly recognized brand and a highly scalable IT "white label" sales platform. The company reported, in 2022, EUR 59.1m and EUR 6.9m (11.7%) of Sales and EBITDA respectively. The sales numbers include app. EUR 16.6m of voice traffic, with basically no profitability attached, which will be terminated entailing a higher than nominal profitability (16.2%). The most immediate feedback from yesterday presentation is of a merger with a strong complementarity (i.e. very little overlapping) in terms of geographic exposure, operations/infrastructure, and know-how and that of a group which is investing a lot in strengthening the management structure with the addition of a new global commercial director and a new global head of Human Resources. Moreover, our sensation is that current TWT performance is in line with the BP expectations.

The Unifiber JV, in partnership with CEBF (Connecting Europe Broadband Fund), where Unidata has a 30% stake, announced in September 2022 the doubling of the planned equity investments from EUR 18.5m to EUR 37m. The doubling of the investment also implies the doubling of the households to be connected to 193k. The additional equity component investment for Unidata is of EUR 7m, or 18.9% of the total, % wise lower than the above-mentioned stake. The situation of having a financial stake proportionally larger than the capex % portion, is a typical outcome for Unidata as it offers its expertise and management in complex projects in exchange of a higher stake in the JVs. The possibility of the CEBF partner to finance further geographical expansion seems there but company aims to consolidate current operations for the time being but clearly is an element of further upside to current forecasts. IOT initiatives for water metering are also progressing with an acceleration in bids which might generate some newsflow in due course. The other JVs initiatives mentioned above (the sub cable and the datacenter) seem on track with some minor delays in the location of the datacenter which should anyway be sort out soon.

Conclusion & Action: We value Unidata looking at our DCF with 1% Itg and 8.5% WACC which entail a PT of EUR 60 (app. 48% upside). Rating BUY confirmed. **Main risks are execution risks in TWT integration and JVs' development.**

Disclaimer

This research has been prepared by Andrea Devita; Enrico Esposti; Gabriele Gambarova; Matteo Cuconato; Andrea Belloli; 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 06 July 2023 at 8:29 AM CET.

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

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- as Joint Lead Manager of the bond issuance organized in July 2021 and January 2023

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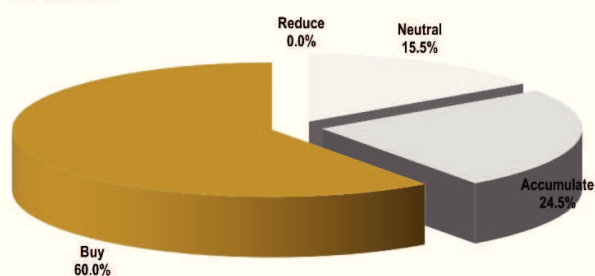
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Percentage of recommendations by the 30 June 2023

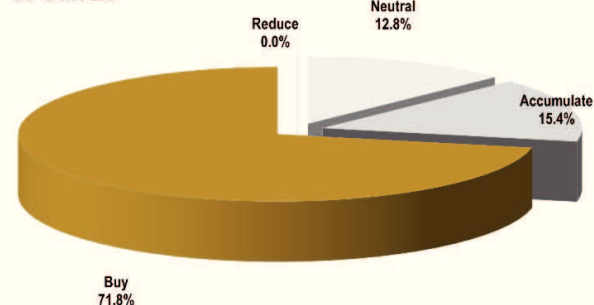
All recommendations

Recommendations on stocks under conflict of interest (*)

30 Jun 23



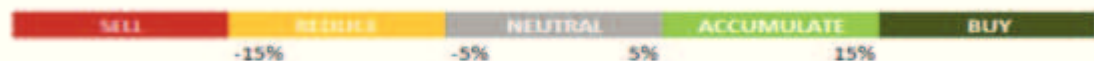
30 Jun 23



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