

EQUITY RESEARCH

UNIDATA S.P.A
 INITIATION OF COVERAGE
BUY**TP 60.0€**

Up/Downside: 55%

Next-gen service provider**A diversified portfolio ...**

Unidata S.p.A. is an Italian telecommunications operator that provides ultra-broadband (FTTH) connectivity, IoT, VoIP, Cloud and other dedicated services to approximately 19 400 B2B, B2C and P.A. clients (more than 55 000 direct and indirect clients including TWT's partners network) in the Lazio region. Boasting a proprietary fibre infrastructure (6 200 km), a LoRaWAN network and a Tier IV data centre, the group is able to generate high profitability levels (EBITDA margin >30%).

... to exploit a favourable context

According to the 2022 DESI Index, Italy ranks 18th out of the 27 EU Member States, below the EU-27 average. However, supported by a significant stimulus package (€40.3 billion for digitisation efforts), Italy has been rapidly improving their infrastructure, with telecom operators playing a crucial role. Unidata, with a diverse product and service portfolio, is expected to benefit from the growth of the digital market, estimated to grow by +3.1% in 2023 and +4.3% in 2024.

TWT acquisition: expanding Unidata's geographical presence ...

Last February, Unidata finalised the acquisition of TWT Group, a primary telecommunications, connectivity and ICT services operators founded in Milan (in 1995) and specialised in the B2B segment. The integration will allow Unidata to expand its geographical presence, going beyond the borders of the Lazio region, which will unlock commercial synergies with data access and software development costs.

... to support a CAGR growth (2023 - 2027) of 10.9%

In an environment where digitisation efforts and fibre accessibility are rapidly increasing, we estimate that the group should be able to generate a CAGR growth of revenues of +10.9% over the period 2023E - 2027E, driven by (i) the constant deployment of their fibre infrastructure network, (ii) the fulfilment of their various JVs (Unifiber, Unicenter and Unitirreno), (iii) the acquisition of new B2B, B2C and P.A. clients, (iv) and the integration of TWT Group.

A target price of €60

We are hereby initiating coverage of Unidata with a Buy rating, based on a DCF valuation (70% weight) and a comparable valuation (30% weight).

Key data

Price (€)	38.7
Industry	Telecommunications
Ticker	UD-IT
Shares Out (m)	3.089
Market Cap (m €)	119.5
Average trading volumes (k shares / day)	0.545
Next event	FY 2023 - tbc

Ownership (%)

Uninvest S.r.l.	55.0
Upperhand S.r.l.	6.2
Free float	38.8

EPS (€)	12/23e	12/24e	12/25e
Estimates	3.52	4.21	4.82
Change vs previous estimates (%)	na	na	na

Performance (%)	1D	1M	YTD
Price Perf	0.0	3.5	-17.0
Rel FTSE Italy	0.0	-1.9	-32.2



TP ICAP Midcap Estimates	12/22	12/23e	12/24e	12/25e	Valuation Ratio	12/23e	12/24e	12/25e	Consensus FactSet - Analysts:5	12/23e	12/24e	12/25e
Sales (m €)	51.3	92.5	108.5	122.9	EV/Sales	1.9	1.6	1.3	Sales	98.7	118.3	130.8
Current Op Inc (m €)	10.7	16.9	20.2	22.8	EV/EBITDA	7.1	5.8	4.8	EBIT	16.3	19.5	23.9
Current op. Margin (%)	20.9	18.3	18.6	18.6	EV/EBIT	10.3	8.4	7.2	Net income	9.1	11.8	15.5
EPS (€)	2.96	3.52	4.21	4.82	PE	11.0	9.2	8.0				
DPS (€)	0.00	0.07	0.08	0.10								
Yield (%)	0.0	0.2	0.2	0.2								
FCF (m €)	-4.4	1.0	3.9	5.7								

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Description

Unidata S.p.A. was founded in 1985 by Renato Brunetti (current President and CEO), Marcello Vispi, and Claudio Bianchi. Headquartered in Rome, the group boasts a 5 900 km proprietary fibre network infrastructure in the Lazio region, as well as a wireless LoRaWAN network and a Tier IV data centre, servicing approx. 19 400 B2B, B2C and P.A. clients (more than 55 000 direct and indirect clients including TWT's partners network). More specifically, the group offers ultra-broadband FTTH (Fibre to the Home) connectivity, IoT, VoIP, Cloud and other dedicated services. Since 2017, the group invested more than €60M to deploy their fibre network and consolidate their presence in a strategic region (Lazio). This in turn triggered a +45% CAGR (2018 – 2022) in revenues and a +43% CAGR (2018 – 2022) in EBITDA.

SWOT Analysis

Strengths

- Highly scalable and flexible business model, requiring no additional CAPEX for user growth;
- Strong presence in a strategic location (Lazio region) with high population density and GDP per capita. From regional to national reach following TWT Group acquisition;
- Diverse product and service offering, tailored to the customers' needs (B2B, B2C and P.A.);
- Significant legislative support as the Italian government seeks to speed up digitisation efforts to reach EU goals.

Weaknesses

- Medium-sized company compared to major telecom competitors in Italy;
- Relatively high CAPEX to deploy FTTH network.

Opportunities

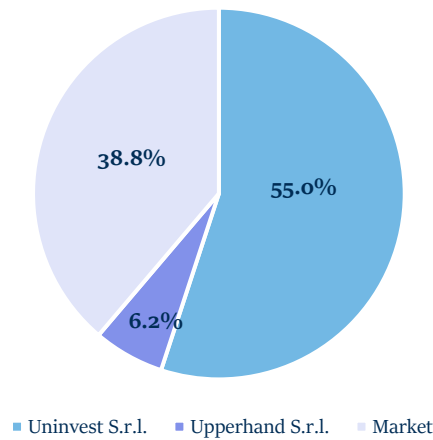
- Increasing their presence in the Cloud, Cybersecurity, IoT & Smart Solutions markets in Italy;
- Exponential shift in demand towards FTTH connectivity in Italy, which is still behind compared to OECD and EU peers;
- Potential to replicate their product and service portfolio on a national level (following TWT Group acquisition);
- Italian government stimulus package (>€40bn for digitisation).

Threats

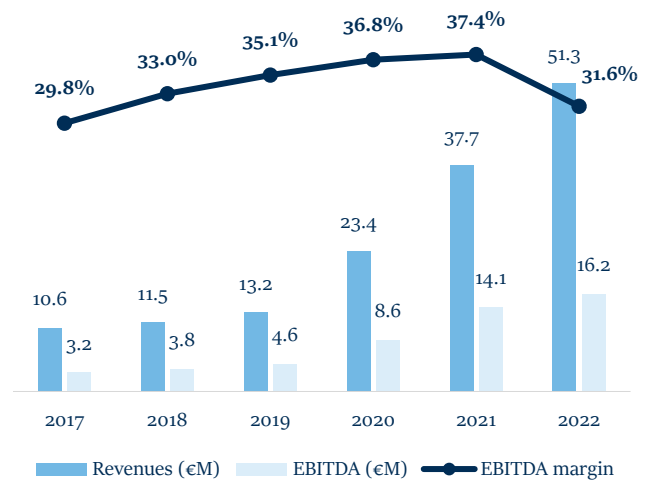
- Tightening of the regulatory framework and EU stimulus package;
- Aggressive low cost competitors.

Company snapshot

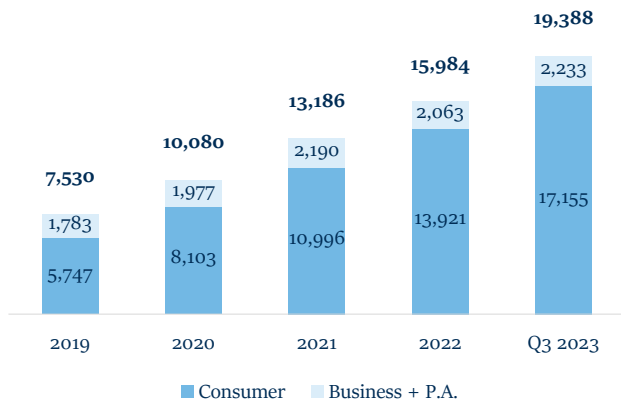
Shareholder structure



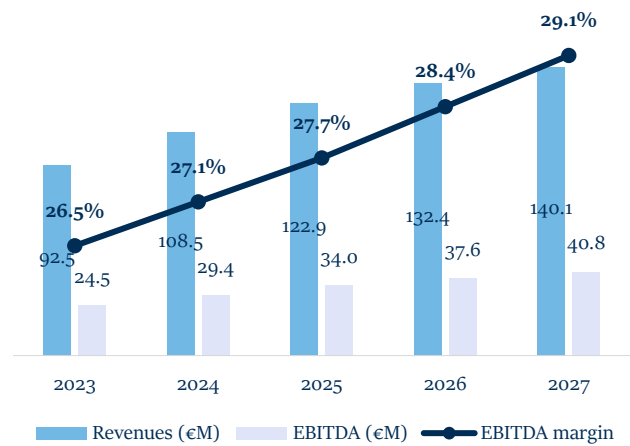
Group revenue and EBITDA (2017 - 2022)



Number of clients (2019 - Q3 2023)



Group revenue and EBITDA estimates (2023E - 2027E)



SHAREHOLDERS & GOVERNANCE



MANAGER IN CHARGE OF PREPARING THE CORPORATE ACCOUNTING DOCUMENTS

Roberto Giacometti
CFO & Investor Relations Officer

BOARD OF DIRECTORS

Renato Brunetti
Chairman and CEO

Marcello Vispi
Vice-Chairman

Giampaolo Rossini
CTO

Paolo Bianchi
Member

Barbara Ricciardi
Independent Member

Alessandra Bucci
Independent Member

Stefania Argentieri Piuma
Independent Member

BOARD OF STATUTORY AUDITORS

Pierluigi Scibetta
Chairman of the BoSA

Antonia Coppola
Auditor

Luigi Rizzi
Auditor

AUDITOR

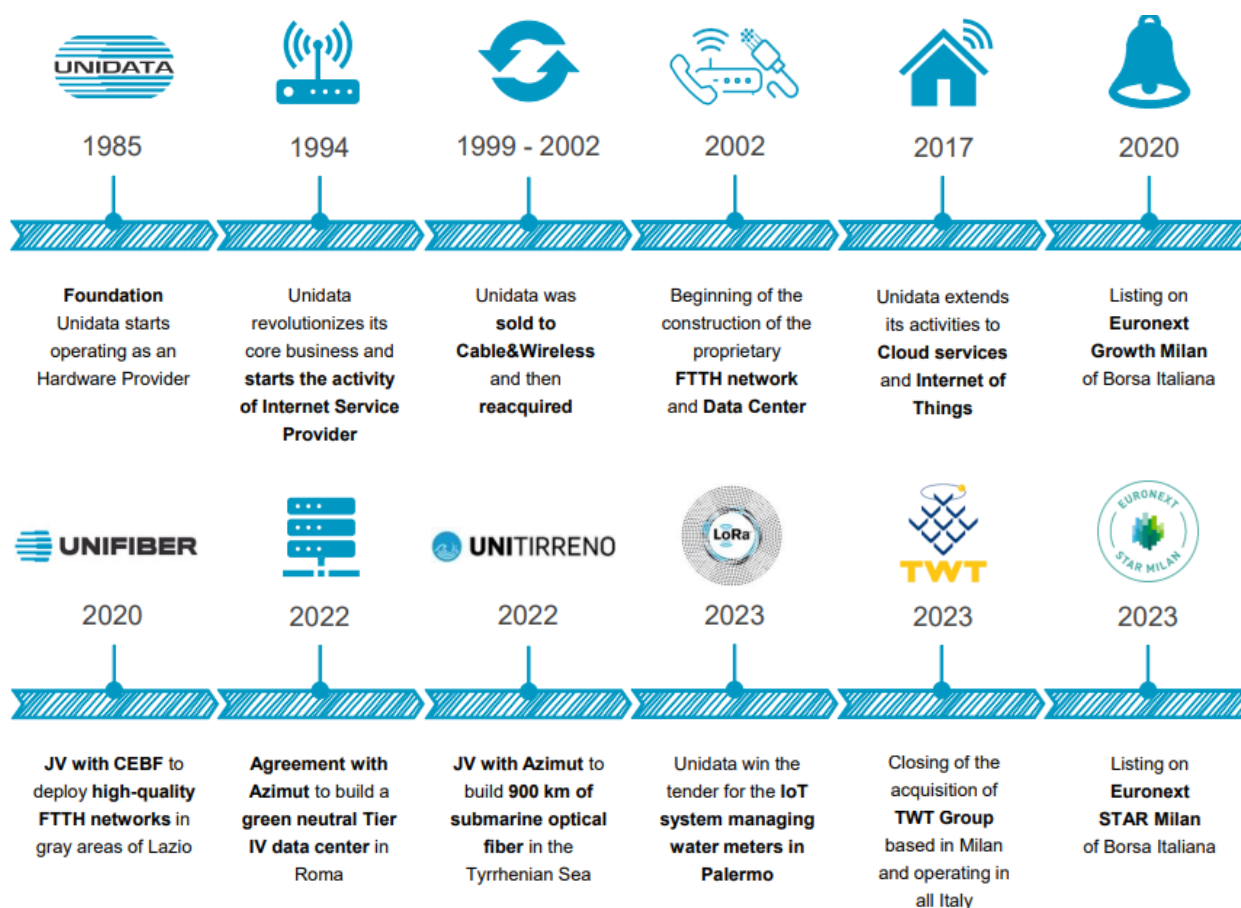


Source: Unidata Presentation

Unidata: overview

Unidata S.p.A. (Unidata), founded in 1985, has become an established telecommunications company offering innovative and cutting-edge services in the networks and Internet areas. Today, Unidata serves the private residential sector, the business sector serving small, medium and large companies as well as the public administration, along with the wholesale sector for large telecommunication operators. Unidata was among the first companies in Italy to truly believe in the potential of fibre optic networks, proposing a competitive offer on the market with high-speed Internet access services, private networks and Data Centre services. The company was listed on the EGM segment (formerly AIM) of the Italian stock exchange in March 2020, and is now part of the STAR segment of Euronext Milan (since June 2023).

Group history



Source : Unidata Presentation

The group has two main divisions: **Retail** (63% of FY 2022 revenues) and **Infrastructure** (37% of FY 2022 revenues). Amongst the two divisions, the group operates within four main domains in Italy: *Fibre & Networking*, *Infrastructure*, *Cloud & Datacentre* and *IoT & Smart Solutions*. From 2023, the company will start to promote its own offer in the 'Cyber Security' area on the market.

Fibre & Networking

Unidata offers state-of-the-art services including: ultra-broadband connectivity, VoIP telephony, dedicated Virtual Local Area Networks (VLAN), wireless connectivity and Internet of Things (IoT) to approximately 290k B2C & B2B real estate units (365k in Q3 2023) across the Lazio region, compared to 210k units in 2021 and 150k units in 2020. The network services employ a proprietary access infrastructure comprised 100% of FTTH (Fibre to the Home) technology entirely in fibre optics, that spans over 5 450 km as of 2022 (reached 6 200 km in Q3 2023), composed of and integrated with a variety of technologies, infrastructures and licences. Their range of services are offered locally (Rome and Lazio region) and nationwide, thanks to agreements with major wholesale operators and also thanks to the acquisition of TWT Group, which provides services to customers throughout Italy (thanks to its network of partners, circa 370). Throughout the group's history, Unidata has set up various Points of Presence (PoP), i.e. sites where the proprietary telecommunications equipment is installed. These devices, using GPON (Gigabit-capable Passive Optical Network) technology are able to provide FTTH-type services to both the SME and residential market.

Infrastructure

The network in GPON and Point to Point technology has great potential with long service expectancy over time, high speed potential and scalability. The group first started constructing their fibre network in Rome approximately 20 years ago. Today, the network is in continuous expansion, extending over the territory of Rome and Lazio, thanks also to the construction of the network infrastructure in grey areas of Lazio through the subsidiary Unifiber S.p.A. Today, the group directly builds fibre optic networks in grey areas in the Lazio region. Within this activity, the Unidata has also developed an important wholesale supply activity to major telecommunications operators via co-investment by providing network resources in IRU (Indefeasible Right of Use) contracts (15 years' duration).

Cloud & Datacentre

Unidata offers services related to its data centre, respecting the Rating 4 ANSI/TIA-942 standards (formerly known as TIER IV) to ensure the highest levels of infrastructure security and continuity of service provision. The *Unidata Data Center* spans over 800 square metres, offering services which range from Co-location to Hosting, from Cloud (SaaS, IaaS and PaaS) to Storage, Disaster Recovery and other customised projects. The data centre services display synergies with network services by connecting the customers' premises directly to the services with dedicated fibre optic lines. The group's data centre also hosts a junction of the Namex Consortium, the Internet Exchange Point for Rome and Central/Southern Italy. Following the acquisition of TWT Group, Unidata now holds a 650 square meter TIER III datacentre in Milan (see page 20 for details).

IoT & Smart Solutions

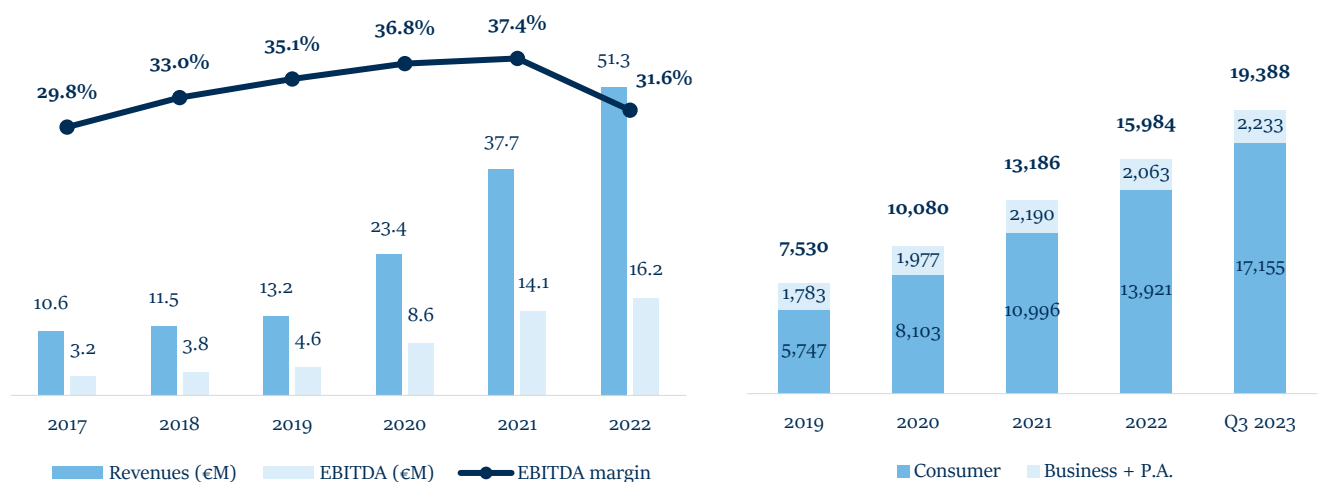
Unidata, who has always focused on new technologies, is preparing to address the so-called fourth industrial revolution by focusing on *Internet of Things* (IoT) technology. Today, the group offers security services, also integrated with smart solutions for private networks and data centres. These services are extended to IoT solutions and projects, leveraging upon the innovative LoRa™ wireless technology and the underlying LoRaWAN™ network protocol. The group has the ability to design and implement specific vertical projects, related to the implementation of fibre optics and to IoT development and deployment.

Additional Key Services

In addition to the three main areas, Unidata develops some additional key services, such as:

- **Projects** – the group works in projects which are tailor made in relation to customers' needs. Unidata offers a broad range of services, mainly providing support, design and consultancy services for Internet technologies, and more generally, for digital environments. The latest project adopted by the group is *Project Bari*, for which Unidata is constructing a video surveillance system at the ASI consortium in Bari. Furthermore, the group was also awarded around €15.7M in IoT tenders since the beginning of 2023 (see page 18 for further details);
- **R&D** – the group has its own dynamic R&D team, boasting collaborations with various research institutes and universities, as well as participating in research tenders.
-

Group revenues and EBITDA – in €M (left), the number of Unidata clients (right)



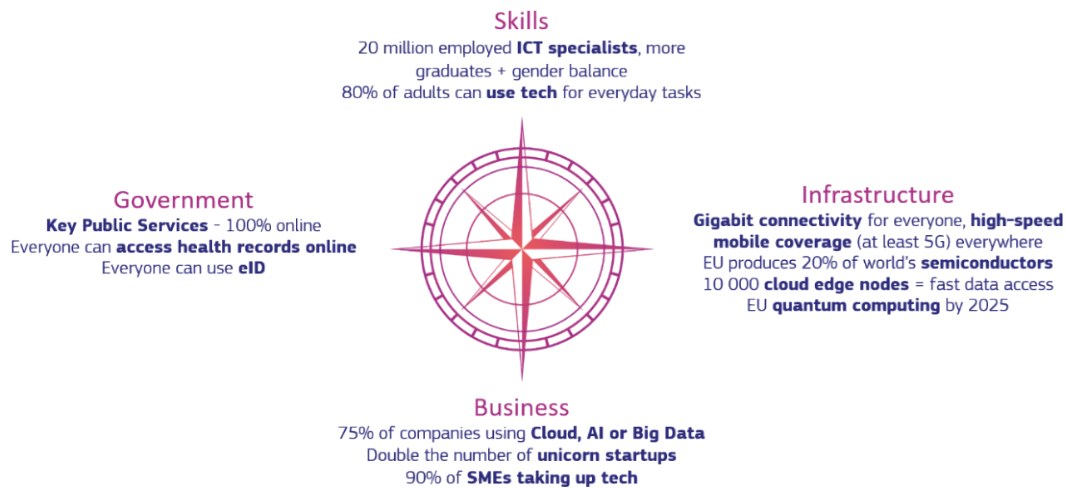
Sources : Unidata, TP ICAP Midcap

Digitisation in Italy: the market

Towards a “Digital Decade”

Digital transformation is one of the most recurring topics today. The European Parliament is putting in place policies in an effort to strengthen Europe’s capacities in new digital technologies, new opportunities for businesses and consumers, enhance digital skills across the union, bolster the digitisation of public services and infrastructure, all whilst supporting the EU’s green transition to reach climate neutrality by 2050 (source: European Commission).

2023 Digital Decade: targets and objectives

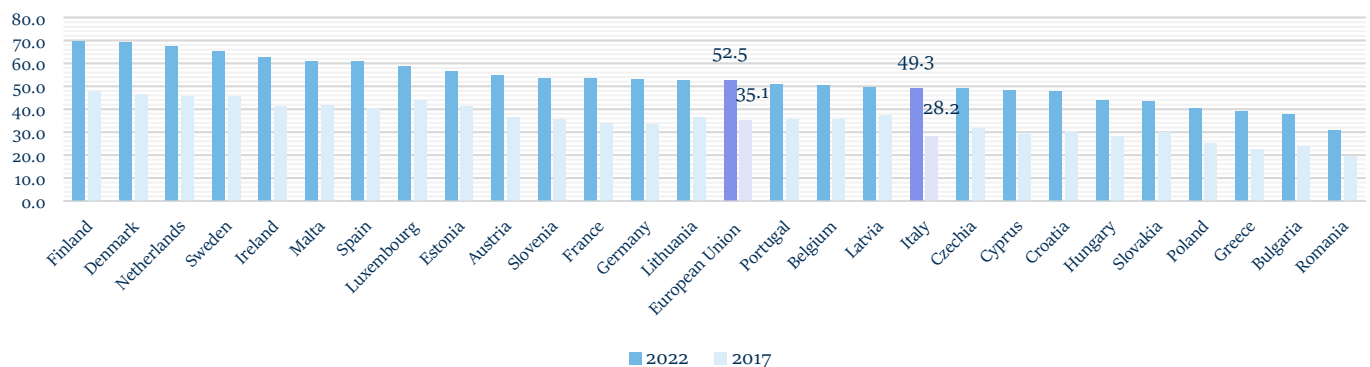


Sources : European Commission

As showcased above, the EU’s “Path to the Digital Decade” targets and objectives rely on four main pillars, namely: a **digitally skilled population**, the digitisation of **public services**, digital transformation of **businesses** and secure & sustainable digital **infrastructures**. In order to monitor each Member States’ progress, the European Commission issues an annual “*Digital Economy and Society Index*” (DESI). The DESI index ranks Member States according to their level of digitisation, aligning the index to the aforementioned pillars of the “Path to the Digital Decade” policy programme (source: European Commission).

According to the 2022 DESI Index, Italy ranks 18th out of the 27 EU Member States, below the EU-27 average and thus ranking the nation amongst the least digitalised countries. The report further indicates that, as of 2022, 38% of households had a connection with a speed higher than 100 Mbps, just below the EU average of 41%. However, amongst the EU-27 states, Italy registered the most notable improvement since 2017. In fact, in 2017, Italy’s penetration rate was only 5%. This also reflected on the country’s overall DESI score, showcasing the highest five-year increase (+75% vs +51% EU-27 average), reaching a score of 49.3 in 2022 (vs 28.2 in 2017). Supported by European funding, countries such as Italy, Germany, Poland and Greece have remarkably improved their DESI scores, reinforcing their political focus on digital investments (source: DESI). Italy is one of the countries that will benefit the most from European funds allocated under the EU recovery plan.

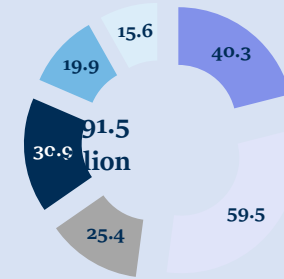
Digital Economy and Society Index (DESI) – 2022 vs 2017



Sources : OECD, TP ICAP Midcap

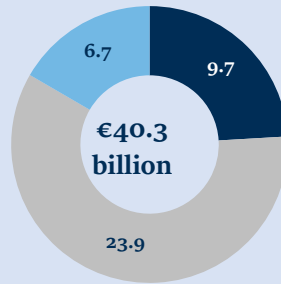
National Recovery and Resilience Plan (NRRP)

- Digitalisation, Innovation, Competitiveness, Culture and Tourism
- Green Revolution and Ecological Transition
- Infrastructure for sustainable mobility
- Education and Research
- Inclusion and Cohesion
- Health



Following unprecedented crisis due to the pandemic, Italy's recovery and resilience plan (NRRP) responds to the urgent need of a strong recovery and fostering future growth. The NRRP consists of 132 investments and 58 reforms, **supported by a total of €191.5 billion** – of which €68.9 billion in grants and €122.6 billion in loans. The plan is expected to increase Italy's gross domestic product by 1.5% - 2.5% and create +240 000 jobs by 2026 (source: European Commission).

- Public sector
- Manufacturing sector
- Tourism and Culture 4.0



Amongst the six main packages outlined by the NRRP, Unidata will benefit from the “Digitation, Innovation, Competitiveness, Culture and Tourism” package, comprising of more than €40 billion in funds. The latter is further divided into three main missions:

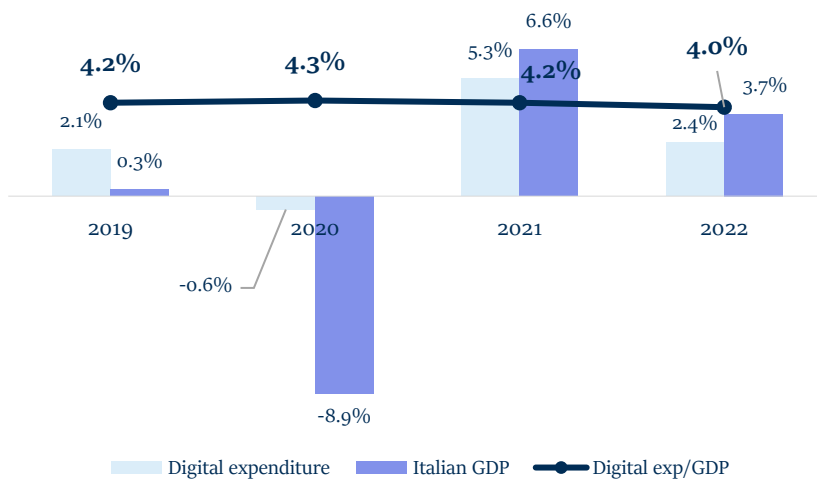
- Digitisation, Innovation and Safety of the **Public Sector**;
- Digitisation, Innovation and Competitiveness of the **Manufacturing Sector**;
- Tourism and Culture 4.0.

Sources : European Commission, NRRP, ItaliaDomani, TP ICAP Midcap

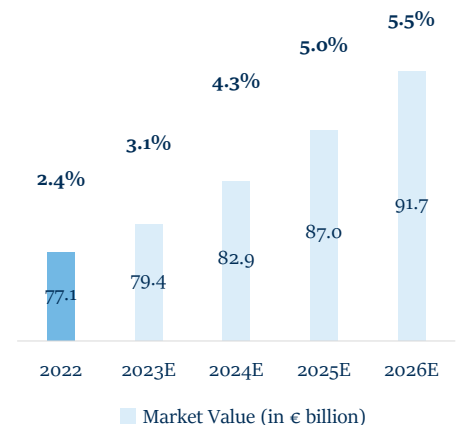
In 2022, Italy's gross domestic product increased by 3.7 % year-on-year, following a strong increase in 2021 due to the post-pandemic recovery. The digital market reflected a similar trend, achieving a growth of 2.4% in 2022 (to a total value of €77.1 billion), with its incidence on GDP decreasing slightly from 4.2% to 4% compared to recent years. The growth in 2022 was primarily carried by the Business sector, increasing by +4.9% year-on-year, linked both to the increase in employment levels (increased to 60.9% in 2022 compared to 59% in 2021), as well as digital expenditure from the business sector, reaching €2.1 billion in 2022 (+1.3% YoY) (source: Anitec-Assinform). The study further mentions that the digital market in Italy was driven by an overall tendency to shift towards cloud solutions, an increasing demand for security and private of corporate data and information and the systematic roll-out of NRRP funds.

Going forward, the digital market should grow rapidly. The €40.3 billion allocated to the digitalisation of the country will reap its fruits in the coming 5-10 years. Sectors such as the B2C or consumer sector, may be affected by the effects of inflation, which is likely to persist in the near future. On the other hand, we believe the manufacturing and the overall business sector will drive the growth of this market, supported by the NRRP funds. In fact, the study estimates the digital market in Italy to grow by +3.1% in 2023 and +4.3% in 2024.

Italy's GDP and Digital Market – in % growth and € billion (2019 – 2022)



Digital expenditure in Italy

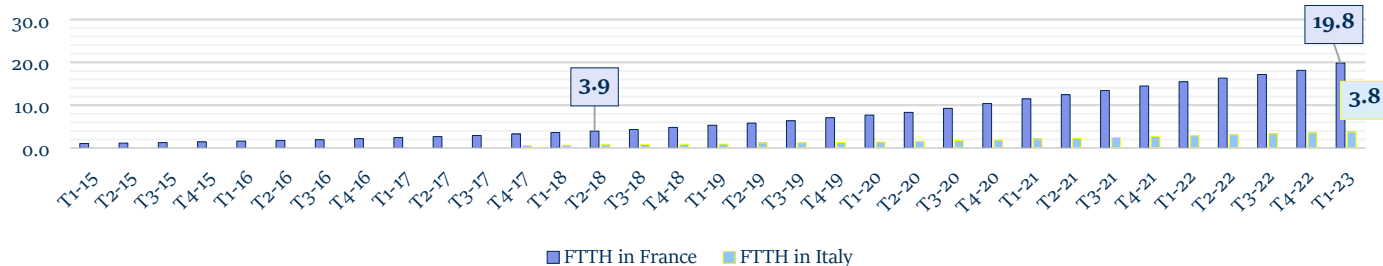


Sources : NetConsulting cube, ISTAT, Anitec-Assinform, TP ICAP Midcap

The Italian telecommunications market: FTTH as a backbone

The main objective is to provide a strong backbone in terms of connectivity for the public and private sector, accelerating the growth of the telecom sector. In fact, the Italian National Broadband Strategy aims to develop a nationwide network to create a public telecom infrastructure in line with the objectives of the European Commission's "Gigabit Society" targets, which proposes a plan in which all European homes – rural and urban – should have access to a connection of at least 100 Mbit/s (which could be upgraded to 1 Gbit/s). Within this mission, FTTH, FWA, 5G, Cloud and Cybersecurity technologies are at the forefront. In Europe, most countries opt for FTTH (Fibre to the Home) technology due to its long term sustainability, thanks to its scalability and durability.

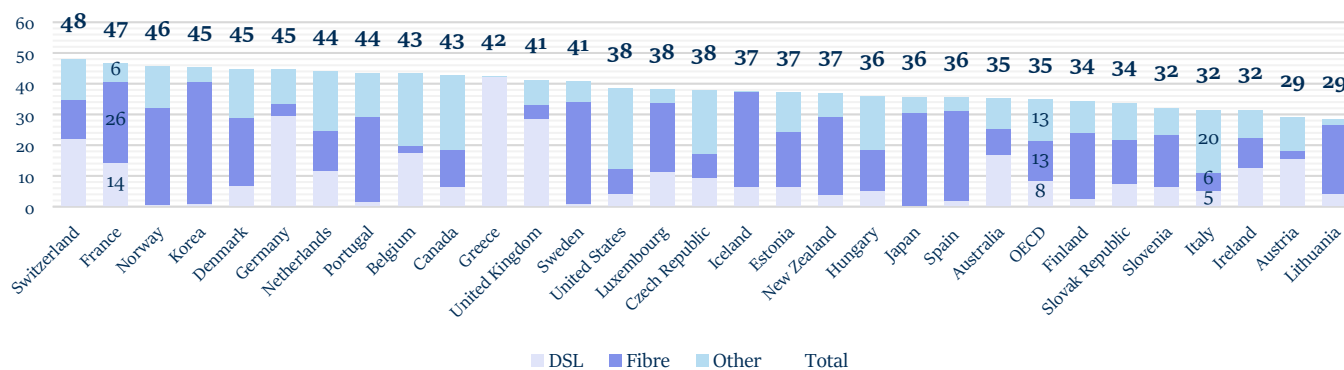
FTTH subscriptions: France vs Italy (in millions)



Sources : ARCEP, AGCOM, TP ICAP Midcap

Compared to OECD peers, Italy has been lagging behind in terms of fixed broadband connectivity. In fact in 2022, Italy had approximately 6 fibre network subscriptions per 100 inhabitants, well below the OECD average of 13 subscriptions per 100 inhabitants. With regards to total FTTH subscriptions, Italy is roughly 5 years behind France. As of the Q1 this year, the FTTH connections in Italy amounted to approximately 3.8 million (vs 19.8 million in France), nonetheless showcasing a strong progression compared to the situation in Q1 2018, where FTTH subscriptions were below the 1 million mark (sources: AGCOM, ARCEP). The total fibre network in France spans over 11 million km (source: ARCEP). **We estimate the total FTTH network in Italy at around 6 million km.**

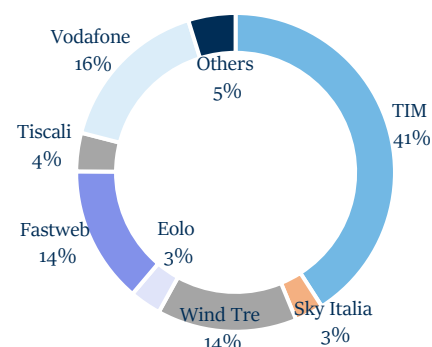
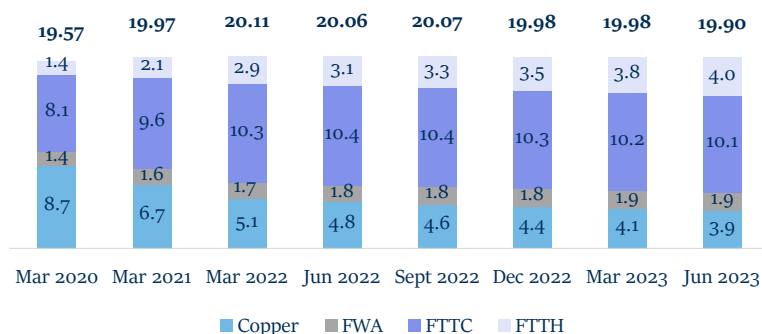
Fixed broadband subscriptions per 100 inhabitants (2022)



Sources : OECD, TP ICAP Midcap

Supported by the NRRP, a higher focus has been put on FTTH connectivity. The total number of fixed network lines has remained relatively stable over the past 3/4 years, however there has been a gradual shift from Copper lines (-19% vs June 2022) to FTTH (+28% vs June 2022). The use of copper is still required for FTTC (Fibre to the Cabinet) connections, in which small amounts are used as a substitute to fibre optic lines when the end destination is not very accessible. The same reasoning can be applied for FWA (Fixed Wireless Access) as this technology is more easily implemented, in fact FWA lines represent roughly 7-9% of all lines nationwide since 2019. Overall the market is very fragmented, with various regional and national operators throughout the country. TIM is undoubtedly the largest player in the market, with 41% of the total market share, followed by Vodafone, Fastweb and Wind Tre with 16%, 14% and 14% respectively (source: AGCOM). As Copper lines are slowly losing traction in the market in favour of FTTH, the aforementioned large operators are also losing market share (roughly -0.4% combined vs June 2022), consequently picked up by smaller operators. In fact, the 'Other' segment, comprised mainly of smaller operators such as Unidata, showcased a +1% increase in market share compared to June 2022.

Number of fixed network lines by type – in millions (left) and total market share as of June 2023 (right)



Sources : AGCOM, TP ICAP Midcap

Going forward, supported by important European funding and new consumer (Video Streaming, Smart home, Cloud Gaming...) and enterprise (IoT, Cybersecurity, Cloud...) habits, the **deployment of FTTH lines in Italy will accelerate in the next years**. The total number of lines may remain relatively stable, as copper and FTTC lines offset the increase of FTTH and FWA. In fact, according to a study conducted by SOStariffe.it, users who turned to the marketplace comparator in 2022 are now increasingly opting for tariffs that offered the best performance in terms of internet speed and not price. The latter was also driven by the increasing accessibility to FTTH lines: in 2021, the percentage of the population who could activate a fibre-optic contract was just under 18%, however in 2022 this rose to approximately 38% (sources: SOStariffe.it, Corriere della Sera). Even though European countries like France are significantly ahead in the deployment of fibre and in subscriptions, we do believe Italy will follow suit. As of Q1 2023, the FTTH subscriptions in Italy are roughly 5 years behind France, however driven by important European funding, changing consumer habits and increasing accessibility to fibre lines, the gap will shrink notably in the next 5 – 10 years. In fact, **IDATE for FTTH Council Europe estimates the total number of FTTH subscriptions in Italy to reach 11.4 million by 2027**, generating a +224% increase compared to 3.5 million subscriptions at the end of 2022 (source: IDATE).

Connectivity plans in Italy

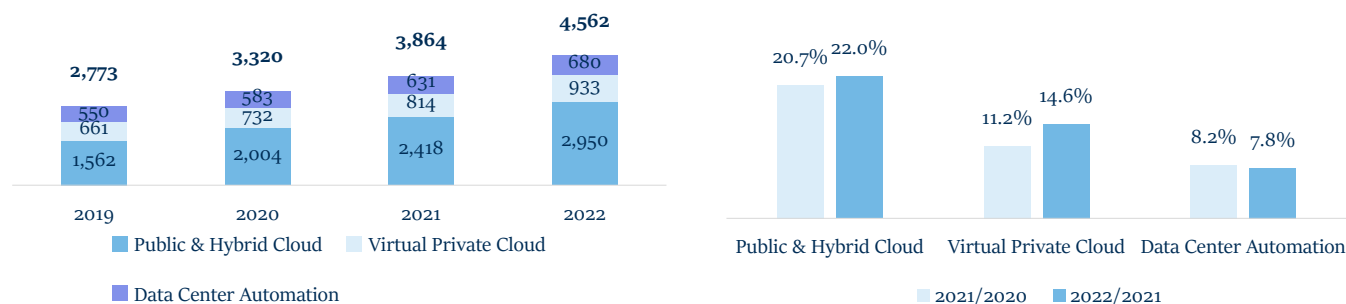
'Italia a 1 Giga'	Aims to connect roughly 7 million homes with networks capable of providing 300Mbps download speed, fixed connectivity of at least 1 Gbps (gigabit per second) download and 200 Mbps (megabit per second) upload speed connectivity in grey and black Next Generation Access (NGA) areas.
'Italia 5G'	Involves investments to deploy 5G mobile infrastructure in NGA areas: 5G corridors, to support EU efforts to spread fibre and 5G-based technologies along European transport corridors, facilitating the introduction of autonomous driving and new 5G value-added services; 5G-ready extra-urban roads, to deploy fibre backhaul on provincial and extra-urban roads and ensure their readiness for 5G.
'Connected Schools'	Project to provide schools with state-of-the-art connectivity (at least 1 Gbps) supplying approximately 9000 school buildings currently not covered by the existing national school plan.
'Connected health care facilities'	Project to cover approximately 12,000 hospitals and health facilities (connectivity of at least 1 Gbps and up to 10 Gbps).
'Connected smaller islands'	Provide adequate connectivity to 18 small islands through submarine fibre optic cables.

Sources : DESI 2021, TP ICAP Midcap

The Italian Cloud, IoT and Cybersecurity markets

Despite high inflation levels and an overall uncertain macroeconomic context, the **Cloud market in Italy surpassed the €4.5 billion mark in 2022** (+18% compared to 2021), driven by organic growth (+15%) and cloud price increases (+3%) (source: Osservatorio Cloud Transformation). The latter was influenced by high energy costs, as cloud centres are relatively energy intensive, consuming around 220 – 320 TWh/year, or 1% of global energy consumption (source: International Energy Agency). The Public & Hybrid Cloud market, i.e. services provided by external providers and networking services between public and hybrid clouds, was valued at €2.95 billion in 2022, increasing by +22% compared to 2021. Platform as a Service (PaaS), Infrastructure as a Service (IaaS) and Software as a Service (SaaS) drove the growth of this market, increasing by +33%, +27% and +14% respectively compared to 2021 (source: Cloud Transformation Observatory – Politecnico of Milan).

Cloud computing market in Italy – in €M and % growth (2019 – 2022)



Sources : Cloud Transformation Observatory – Politecnico of Milan, TP ICAP Midcap

Stimulated by the Italian Cloud Strategy, the digital transformation proceeds at a steady pace, particularly amongst SMEs. In fact, according to the Cloud Transformation Observatory by the Politecnico of Milan, over 52% of SMEs in Italy adopt at least one Cloud service in 2022 (vs 45% in 2021), well above the European average of 42%. The report further estimates that Italian SMEs’ expenditure on Cloud services to increase by +24% in 2023, reaching a total value of €351 million. The benefits of adopting Cloud services are plentiful: from greater scalability, flexibility of applications, to increased design agility related to rapid development, to lower software implementation and management costs. It is therefore hardly a surprise that the **Cloud services market in Italy is expected to grow with a CAGR of 19.2% from 2022 to 2026**, reaching a total market value of €11.8 billion by 2026 (source: NetConsulting cube, Anitec-Assinform).

The Italian Cloud Strategy

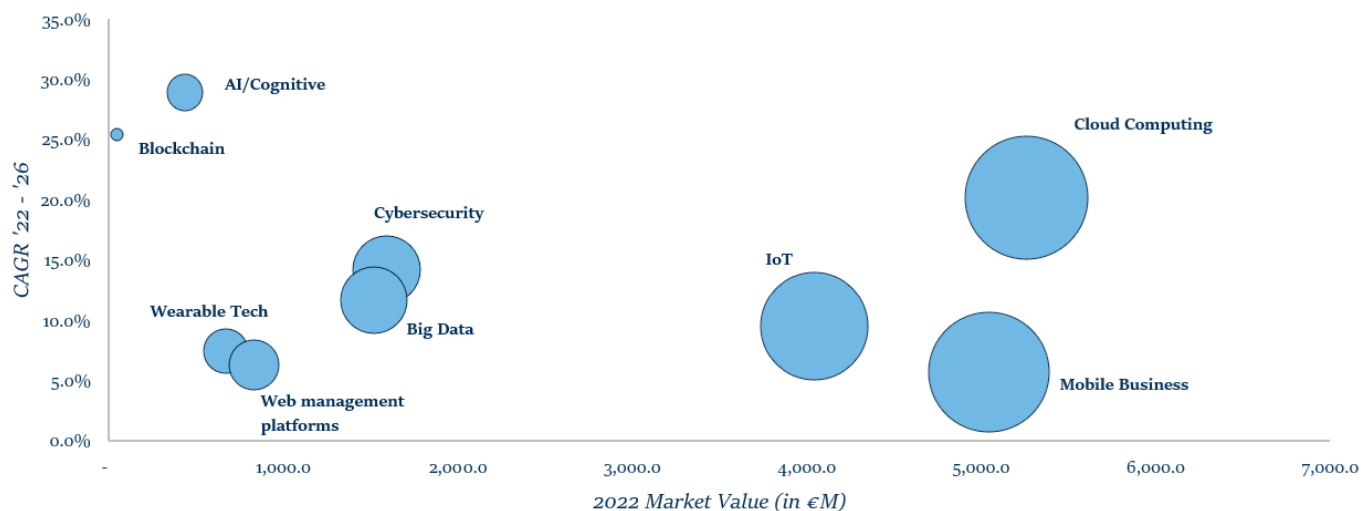
The Italian Cloud Strategy, developed in 2021 by the Department for Digital Transformation and the Agency for National Cybersecurity (ACN), sets out the path for public administrations to move to the cloud. The target is the migration to the cloud of 75% of Italian public administrations by 2026 (source: DESI, Department for Digital Transformation). The strategy aims to tackle three main challenges: ensuring the country’s technological autonomy, securing control over data, and increasing the resilience of digital services.

Overall, there are three main lines of action:

1. **Certification process of cloud services** → the objective is to establish a certification scheme for cloud services that can be purchased by the public administration in line with the security, reliability and compliance requirements ;
2. **The development of a taxonomy to classify data and services managed by public administrations** → data and related services to be classified as either ‘strategic’, ‘critical’, or ‘ordinary’ depending on the level of importance to national security.
3. **The creation of the National Strategic Hub (NSH)** → a national data processing infrastructure for the hosting of cloud services for ‘strategic’ and ‘critical’ public administrations’ data, across interconnected data centres throughout the country.

Sources : European Commission, NRRP, Department for Digital Transformation, TP ICAP Midcap

Digital Enabler Market in Italy – in €M and % CAGR (2022)

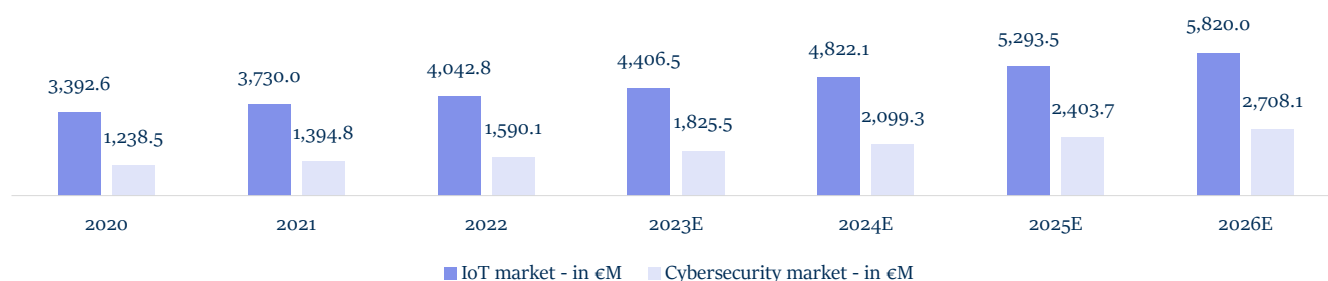


Sources : NetConsulting cube, ISTAT, Anitec-Assinform, TP ICAP Midcap

The **Internet of Things (IoT)**, the convergence of the digital and physical worlds, is today one of the key trends driving the digital transformation of businesses and the economy. A study by McKinsey estimates that the IoT could enable \$5.5 trillion to \$12.6 trillion in value globally, including the value captured by consumers and customers of IoT products and services (source: McKinsey). **In Italy, the IoT market is steadily growing. In fact, in 2022 the market's value surpassed the €4 billion mark, increasing +8.4% YoY** (source: NetConsulting cube). The number of IoT connections in Italy reached 124 million at the end of 2022, i.e. approximately 2.1 per inhabitant. Even though the connections per inhabitant have increased YoY (1.8 connections per inhabitant in 2021), this number is still far from the 10 connections per capita envisaged by the end of the decade. Within this market, non-cellular IoT connections are prevalent with about 85 million connections still driven by the development and use of Low Power Wireless Access (LPWA) networks such as the LoRaWAN standard and the further spread of Bluetooth Low Energy (BLE) technologies (source: IoTAnalytics).

Looking ahead, the IoT market will benefit from innovation and growth of the mobile market, driven by the rise of eSIMs (i.e. virtual SIMs) and the deployment of 5G networks in the private context. The evolution and growth of the 5G network and the introduction of LoRaWAN (long range data transmission protocol) are some of the most significant drivers for IoT and Smart Cities. This in turn will also favour speed, low latency as well as lower costs and optimised consumption rates. The IoT market in Italy is estimated to grow at a +9.5% CAGR (2022 – 2026E).

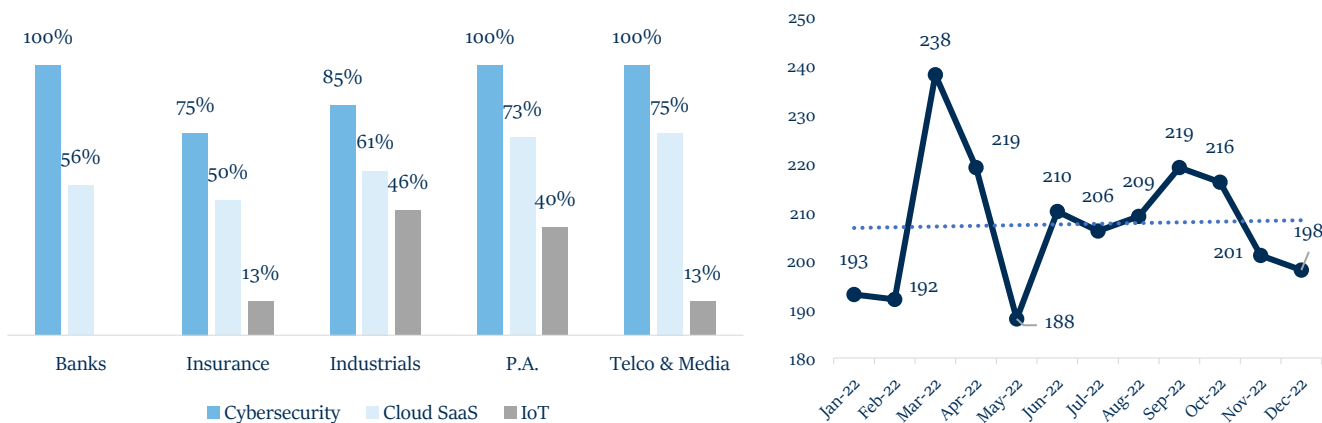
IoT and Cybersecurity market value in Italy – in €M (2020 – 2026E)



Sources : NetConsulting cube, Anitec-Assinform, TP ICAP Midcap

Amongst the various digital investments made by companies in Italy, the importance of **cybersecurity** emerged prominently in 2022, in an effort to counter increasing cyber-attacks. In fact, according to the Italian Association for Information Security (CLUSIT), 1 141 severe incidents were recorded in Italy during H1 2022, up +8.4% compared to H1 2021. Within the CLUSIT report, 67% of companies reported an increase in cyber-attack attempts and 14% suffered tangible consequences, such as service interruptions, delays in process operations and/or reputation damage. In 2022, overall **spending on cybersecurity in Italy stood at €1.6 billion, increasing +14% compared to 2021** (source: NetConsulting cube). This upward trend is expected to carry through to 2023, in which spending is estimated to reach €1.8 billion (+14.8% compared to 2022), in particular from the Public Administration and Healthcare sectors, both in part supported by PNRR fund and the National Cybersecurity Plan.

Main areas of digital investments in 2022 (left) and number of cyber-attacks in Italy by month (right)

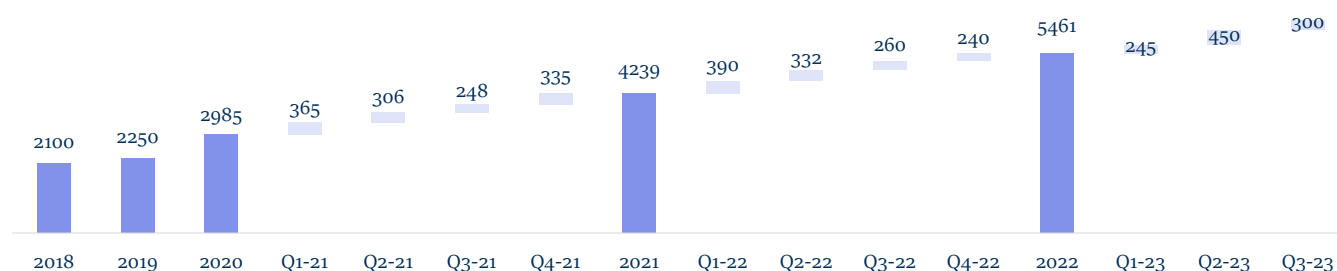


Sources : NetConsulting cube, CIO Survey 2022, Clusit Report 2023, TP ICAP Midcap

A long term value asset base

Following more than €60M invested to build, develop and strengthen their fibre optic network since 2017, the group's network reached the 6 200 km mark in Q3 2023 (equivalent to 0.1% of the national infrastructure – according to our estimate of 6 million km). Unidata's network is primarily focused in the Lazio area, adopting a *first mover* strategy in fibre optic (FTTH) and radio (Fixed Wireless Access). The network is not entirely proprietary, in fact Unidata targets strategic locations (population with high FTTH connection availability – see image on the bottom right) to deploy their network. Regardless, approximately 80% of their total network is proprietary. The remaining 20% is available indirectly through Indefeasible Right of Use (IRU) agreements with other wholesale providers (with a duration of approx. 10-15 years).

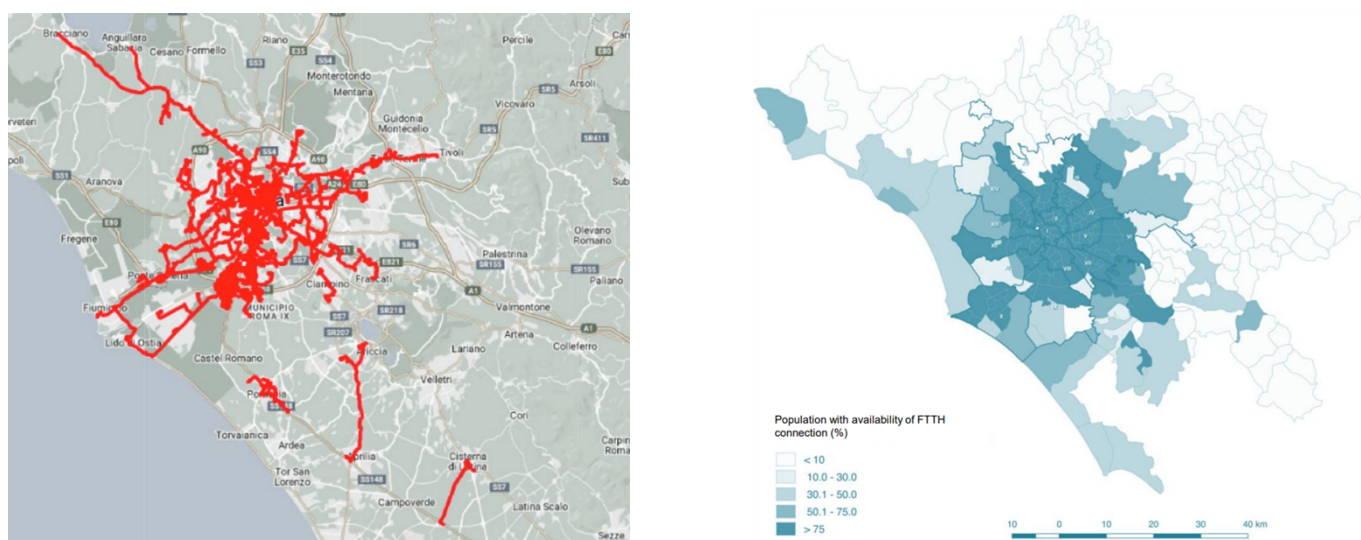
Unidata's fibre optic infrastructure (in km)



Sources : Unidata, TP ICAP Midcap

Unidata's business model is scalable, with a high degree of operating leverage and spare capacity to serve clients without additional investments. Adopting a *first mover* strategy enables the group to implement themselves in areas with high availability of FTTH connectivity, increasing the barriers to entry as it becomes unfeasible for competitors to replicate an infrastructure in the same area both in terms of costs and location. The group's positioning in Rome is not random. In addition to a high availability of FTTH connectivity, the Lazio region boasts one of the highest GDP in Italy after Lombardia and Piemonte (source: ISTAT, 2023). The Rome metropolitan area also has one of the highest population densities in Italy after Milano and Firenze (source: ilSole24Ore).

Unidata's fibre optic infrastructure and availability of FTTH connectivity

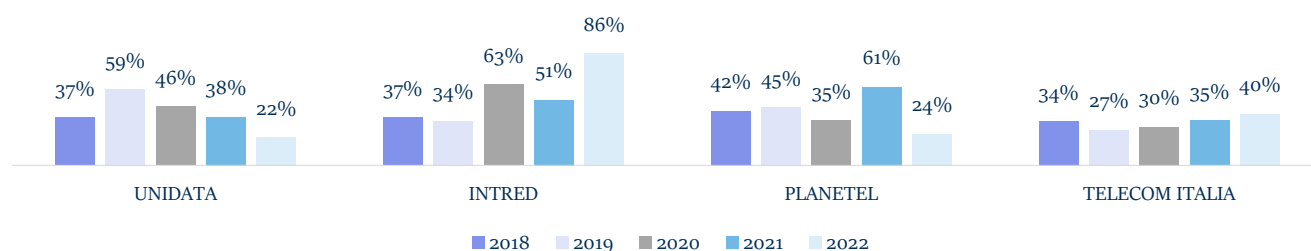


Sources : Unidata, TP ICAP Midcap

In terms of residential units reached, Unidata has cabled more than 400k units as of Q3 2023, compared to 221k at 31/12/2022 and 150k at 31/12/2021. **The goal for the 2023 - 2024 period is to connect an additional 68 300 units**, with the PoPs (Point of Presence) already present on the territory, in order to guarantee service coverage to the entire catchment area. For FY 2023, Unidata's objective is connect 53 300 units, through their PoPs in Rome and the Lazio region, implying an additional 15 000 units for 2024. Going further, Unidata aims to reach 700k IoT devices connected by the end of 2025, in an area with a population of more than 2.7M.

CAPEX to support FTTH network deployment

CAPEX as a % of sales (2018 – 2022)



Sources : Unidata, TP ICAP Midcap

The difference between black, grey and white areas

When discussing broadband and ultra-broadband connectivity, there is a clear difference between white, grey and black areas. In 2013, the European Commission established this breakdown in order to make a clear distinction between the various types of areas in which action is needed in relation to long-term digitisation goals. The breakdown was drawn up referencing the level of private investment in ultra-broadband networks in the different municipalities. In fact, the cabling is mapped according to the number of households in a given area, which is never homogeneous (source: Unidata, European Commission).

- **Black areas**, with a high population density, are characterised by the presence of infrastructure and a competitive market with at least two different providers of ultra-broadband and network services ;
- **Grey areas** are those where only one network operator is present, with other operators unlikely to invest or build a second network within three years of the original mapping ;
- **White areas** do not have an ultra-broadband infrastructure and no operator has shown interest in investing and therefore require economic intervention by the State.

Sources : European Commission, NRRP, TP ICAP Midcap

Players operating in the Telecom market are due to deploy significant CAPEX to construct fibre optic lines. In fact, since 2018 operators in Italy have allocated (on average) approx. 42% of sales to CAPEX for network deployment works. Player such as Unidata, Intred and Planetel all adopt a similar and local strategy, focusing on *grey* areas across Italy. Large national operators such as TIM and Open Fiber (telecom company owned by Macquarie Asset Management and Cassa Depositi e Prestiti (CDP) operating in the wholesale fibre infrastructure market) have been reducing the amount of *white* areas in Italy over the past 5 years. In fact, in just five years of activity, Open Fiber (OF) has become Italy's leading operator in terms of FTTH infrastructure development, investing more than €6 billion. As of September 2023, Open Fiber has installed about 70 357 km of ultra-broadband networks in *white* areas, approx. 78% of the total (source: Open Fiber).

OF and FiberCop (wholesale operator created in 2020 owned by TIM, KKR (37.5%) and Fastweb (4.5%) with an enterprise value of €7.7 billion) signed in 2022 an IRU (worth over €200 million) which will give OF use of the FiberCop network infrastructure in *white* areas. The two entities also previously reached a preliminary deal to merge their assets, in which TIM's fixed asset unit, FiberCop, will merge with Open Fiber to create a single national entity called AccessCo. The integration project will include not only the two operators but also KKR, Macquarie Asset Management and Cassa Depositi e Prestiti (CDP), leaving control to the latter (source: TIM, FiberCop, Open Fiber). This in turn will, in our opinion, accelerate the network deployment across Italy, allowing other regional players (such as Unidata, Intred and Planetel) to expand their network in new areas at a lower cost, either by acquiring Indefeasible Right of Use (IRU) contracts directly from OF (or later AccessCo) or by developing their proprietary in new *grey* areas.

Open Fiber's progress in white areas (FTTH)










	Infrastructure reach		Italian municipalities	Number of households	
	km	% of total		In completed municipalities	of which are eligible
Total Plan	90 000 km	100.0%	6 232	6.4 million	
Works at 31/12/21	37 400 km	42.5%	2 610 completed	2.42 million	1.84 million
Works at 31/12/22	57 000 km	65.0%	4 504 completed	3.78 million	2.93 million
Works at 30/09/23	70 357 km	78.0%	4 639 completed	4.33 million	3.95 million

Sources : Open Fiber, TP ICAP Midcap

Unidata's positioning in the Italian telecommunications market

In terms of pricing, the Italian telecommunications industry is relatively stable. Amongst other local operators, Unidata has B2C offers ranging from the lower end of the spectrum (€19.90 per month for 1 Giga/s FTTH connectivity + unlimited calls) to the higher end, offering (€34.90 per month for 10 Giga/s FTTH connectivity + free activation + unlimited calls), addressing a broader customer pool. As the technology develops and becomes more accessible prices are starting to normalise, allowing smaller operators to compete with low-cost strategies. In fact, **the average monthly cost for B2C FTTH connectivity in Italy has decreased to €25.93, compared to €31.54 in 2020** (source: CORCOM). When taking into account all types of Internet connectivity (FWA, FTTH, FTTC, and ADSL), the average monthly cost has remained relatively stable compared to 2020 (decreasing by approx. €1 to €24.52 today). Today, national operators such as TIM and Iliad have prices which are in line with average national FTTH prices (TIM : €24.90 per month for 2.5 Giga/s FTTH connectivity and Iliad : €19.90 per month for 5 Giga/s FTTH connectivity).

Unidata's main competitors and FTTH (B2C) offer

Company	Region	Net margin*	Fibre monthly price
	Lazio and Lombardia	14.6%	19.90 € - 34.90 €
	Lombardia	3.9%	24.95 € - 29.95 €
	Lombardia (Brescia, Bergamo, Milano...)	19.1%	24.95 € - 28.95 €
	Emilia Romagna	7.4%	27.90 € - 29.90 €
	Veneto, Lombardia, Trento	11.4%	28.00 €
	Vicenza, Veneto	n.a.	n.a.
	Toscana	7.7%	24.95 €
	Campania	3.9%	24.90 €
	Abruzzo	4.0%	29.90 €

* based on latest FY reports

Promo Gigafiber 1000 da 19.90€ /mese 26.90€ per sempre	Promo Gigafiber 2500 24.90€ /mese 29.90€ per sempre
<ul style="list-style-type: none"> ✓ Fibra FTTH fino a 1 Giga/s ✓ Modem FRITZ!Box 7530 incluso ✓ Attivazione € 39.90 ✓ WIFI ultra-veloce ✓ Chiamate illimitate ✓ Nessun vincolo di durata 	<ul style="list-style-type: none"> ✓ Fibra FTTH fino a 2.5 Giga/s ✓ Modem FRITZ!Box 5530 incluso ✓ porta ETH 2.5 Giga/s ✓ Attivazione gratuita ✓ WIFI 6 di ultima generazione ✓ Chiamate illimitate ✓ Nessun vincolo di durata
Promo Gigafiber Gamers 29.90€ /mese 33.90€ per sempre	dai 10 Giga/s 34.90€ /mese 39.90€ per sempre
<ul style="list-style-type: none"> ✓ Fibra FTTH fino a 2.5 Giga/s ✓ Modem FRITZ!Box 5530 incluso ✓ porta ETH 2.5 Giga/s ✓ Attivazione gratuita ✓ WIFI 6 di ultima generazione ✓ Chiamate illimitate ✓ IP pubblico statico ✓ Nessun vincolo di durata 	<ul style="list-style-type: none"> ✓ Fibra FTTH fino a 10 Giga/s ✓ Modem ZTE/ZXHN F6448P incluso ✓ Attivazione gratuita ✓ WIFI 6 di ultima generazione ✓ Chiamate illimitate ✓ Nessun vincolo di durata

Note: net margins reflect performance at group level, taking into account other services such as broadband connectivity, FWA, Voice, Data Centre and others.

Sources : Unidata, Companies, FactSet, TP ICAP Midcap

Within the competitive landscape, Planetel and Intred have similar characteristics, both in terms of size and offering. However, their strategy and reach focuses on specific regions (in this case Lombardy). Unidata differs from the latter two by offering a diversified range of services (*Retail and Infrastructure*) and boasts a national reach. In fact, with the recent acquisition of TWT Group, the group significantly increases their national presence, with their client pool increasing to 21 900 in Q3 2023 (19 400 not including TWT). Unidata will also have access to TWT's active lines at a national level, representing approx. 33k additional indirect clients. In our view, one of the most important takeaways from this acquisition concerns the consolidated client mix. The group will in fact increase its B2B client pool, adding more than 2 400 B2B clients to their portfolio, which offer recurring revenues and a higher monthly revenue per user (ARPU). The sole client segment which saw a steady yearly positive price effect since 2019, increasing to €503 in 2021 (vs €459 in 2019). Following the reporting change of client segments, both the "Business Unidata" and "Business TWT" client segments saw an increase in ARPU to €386 and €357 in 9M 2023 respectively.

Total # of Unidata clients and average monthly revenue per user (ARPU)

Client type:	2019		2020		2021	
	# of clients	ARPU	# of clients	ARPU	# of clients	ARPU
Business and P.A.	1,521	€ 459.09	1,612	€ 499.09	1,777	€ 503.63
% change			6.0%	8.7%	10.2%	0.9%
Microbusiness	262	€ 77.85	365	€ 73.54	413	€ 71.96
% change			39.3%	-5.5%	13.2%	-2.1%
Consumer	5,747	€ 23.64	8,103	€ 24.93	10,996	€ 23.97
% change			41.0%	5.5%	35.7%	-3.9%
TOTAL	7,530		10,080		13,186	
% change			33.9%		30.8%	

* ARPU = average monthly revenue per user







Client type:	2022		9M 2023	
	# of clients	ARPU	# of clients	ARPU
Business Unidata	2,063	€ 370.00	2,233	€ 386.00
% change			8.2%	4.3%
Consumer Unidata	13,921	€ 23.00	17,155	€ 22.00
% change			23.2%	-4.3%
TOTAL (Unidata only)	15,984		19,388	
% change			21.2%	21.3% vs FY 2022
Business TWT	2,308	€ 342.00	2,499	€ 357.00
% change			8.3%	4.4%
TOTAL (incl. TWT)	18,292		21,887	
% change			38.7%	19.7% vs FY 2022

Sources : Unidata, TP ICAP Midcap

Unidata's key projects

Following a CAPEX plan of more than €60M (across 2018 – H1 2023 period) associated with the development of their fibre network, Unidata has also announced various co-investment agreements in the past three years. These agreements target to develop fibre networks and datacentres in Italy with a variety of financial partners. Taking into account all three projects, **Unidata will invest between €24.7 - €30.7M**, implying total JV investments amounting to €270M. In addition, **the group also announced €15.7M worth of IoT & Smart Metering tenders** won over the course 2023.

Unidata project overview

Project	Year	Brief description	Unidata role	Ownership	Key Partner	Unidata Equity	Total Investments
 UNIFIBER	2021	Deploy high-quality FTTH networks in the "grey areas" of Latium region	Execution, maintenance and selling of the network	Unidata owns 30% of the share capital	 cebf	€ 7.0 mn (€ 37 mn together with CEBF)	€ 90.0 mn in 2021-2025
 UNITIRRENO	2022	System of underwater cables in the Tyrrhenian Sea of about 890 kilometers	Operational management and development of the commercial offering	Unidata indirectly owns 33.3% of the share capital	 AZIMUT	€ 12 - 18 mn (€ 36 mn together with Azimut)	€ 80.0 mn in 2022-2025
 UNICENTER	2022	Green and neutral data center with a power of about 20 MW for a total area of 20,000 sqm	Operational management	Unidata owns 25% of the share capital	 AZIMUT	€ 5.7 mn (€ 57 mn together with Azimut)	€ 100.0 mn in 2023-2025

Sources : Unidata presentation, TP ICAP Midcap

To finance these projects and M&A activity (see the following chapter for details on the TWT acquisition) the group opted for a bond issue worth €10M (July 2022), a capital increase of approx. €15M (February 2023) and bank debt increase of approx. €41M linked to the TWT acquisition (February 2023). In all of the following projects, Unidata retains a minority share allowing the group to exclude associated assets off their balance sheet. The group will also have the potential to take control of the some projects at a later stage.

UNIFIBER project details

UNIFIBER				
	Investment	% of equity	% shareholders	% of total inv
Unidata	7 M€	19.0%	30.0%	
CEBF	30 M€	81.0%	70.0%	
Total equity	37 M€	100.0%	100.0%	41.0%
External financing	53 M€			59.0%
Total Investment	90 M€			100.0%
(2021-2025)				



Sources : Unidata, TP ICAP Midcap

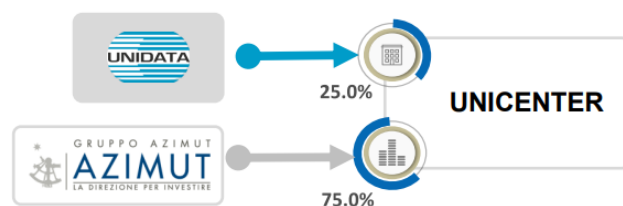
The first agreement was signed in 2020 (UNIFIBER) with the *Connecting Europe Broadband Fund* (CEBF)¹ to deploy FTTH networks in *grey* areas Lazio region. The objective is to provide 193 000 homes and 8 000 business with FTTH connectivity. Already in 2022, 71 903 residential units have been reached in several municipalities in the Lazio region, which corresponds to 571 km of installed fibre. By 2023, an additional 69 000 residential units are expected to be reached, for a total of 139 821. The image above pinpoints the various municipalities which will benefit from Unifiber's network development works. Within the agreement framework, Unidata's main role revolves around the design, construction, maintenance and activation of the fibre network, which will have to be completed before the end of Q4 2025. CEBF, on the other hand, will monitor the operation and assist Unifiber in the expansion by providing financing and the know-how accrued through similar investments across Europe. Unifiber has been designed as a non-vertically integrated operator, focused solely on the construction of the passive network and selling the infrastructure exclusively wholesale. i.e. only to operators, including Unidata itself. In fact, Unidata will have the right to acquire a share of the network on a *pay-per-use* basis. **Based on latest M&A transactions, this type of infrastructure is valued at 18 – 20x EV/EBITDA multiples** (source: Unidata, SFR FTTH, Fast Fiber, Bluevia).

¹ CEBF is an infrastructure fund focused on the greenfield investments (fibre infrastructure development) in Europe with approx. €500M in capital. CEBF is sponsored by *Cassa Depositi e Prestiti (IT)*, *Caisse des Dépôts et Consignations (FR)*, *KfW (DE)*, *European Investment Bank*, *European Commission* and other investors.

UNICENTER project details

	UNICENTER			
	Investment	% of equity	% shareholders	% of total inv
Unidata	5.7 M€	10.0%	25.0%	
Azimut	51.3 M€	90.0%	75.0%	
Total equity	57 M€	100.0%	100.0%	41.0%
External financing	43 M€			59.0%
Total Investment	100 M€			100.0%

(2023-2026)



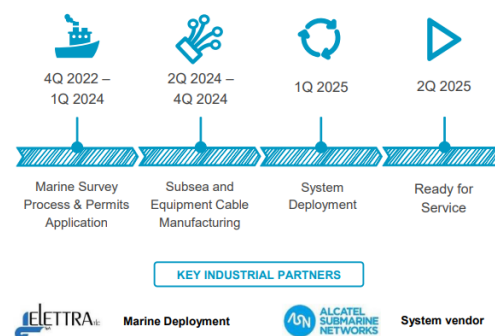
Sources : Unidata, TP ICAP Midcap

The second agreement (UNICENTER) was signed in June 2022 with Azimut Libera Impresa SGR (“Azimut”)² to construct a green and neutral Tier IV level datacentre in Rome, with a 3 200 rack capacity and 16 MW power, with a total area of 20 000 square metres. In this context, Unicenter will operate on a B2B and wholesale basis, whilst Unidata will provide services (in line with market prices) for the data centre serving international and domestic customers. The initial investment for the creation of the green data centre will be approx. €57M, of which €5.7M from Unidata and €51.3M from Azimut. The total investment across the 2023-2026 period will amount to approximately €100M. **Based on latest M&A transactions, this type of infrastructure is valued at 16 - 18x EV/EBITDA multiples** (source: Unidata, Equinix Inc., Digital Realty Trust Inc., OVH Groupe S.a.S., WIT S.p.A., FactSet).

UNITIRRENO project details

	UNITIRRENO		
	Investment	% of equity	% of total inv
Unidata	12 - 18 M€	33.3 - 51.0%	
Azimut	18 - 24 M€	49.0 - 57.7%	
Total equity	36 M€	100.0%	45.0%
External financing	44 M€		55.0%
Total Investment	80 M€		100.0%

(2022-2025)



Sources : Unidata, TP ICAP Midcap

The third agreement (UNITIRRENO) was announced in September 2022 again with Azimut to construct a system of underwater cables in the Tyrrhenian Sea of about 900 km, connecting Mazara del Vallo (city on the western coast of Sicily) with Genoa, creating a junction point near Rome - Fiumicino and one in Olbia (Sardinia). Contrary to the Unifiber agreement, Unidata will not be in charge of the network’s construction, which will be assigned to industrial partners (Alcatel Submarine Networks and Eletttra Tlc S.p.A.), however will hold operational management of Unitirreno (cable landing station, Network Operations Centre, Security Operations Centre) and will develop the commercial offering. As of May 2023, Unidata has already paid out €5.5M out of its total equity investment (option to increase total investment to 18M€, gaining majority stake).

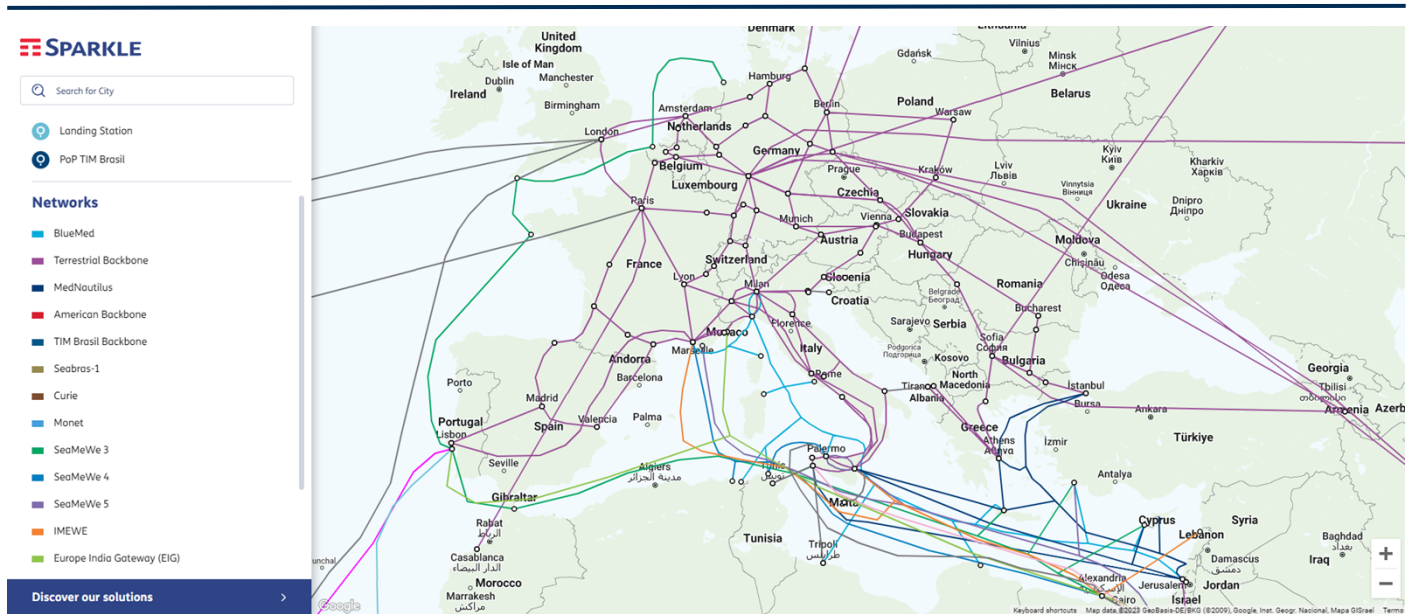
Submarine fibre optic cables are considered as the “backbone” of internet, connecting continents and land masses with cables on the sea/ocean floor. The global network today is over 1.5 million km in length, comprised of over 200 independent cables, carrying over 95% of global communications (5% through satellites) (source: NATO Cooperative Cyber Defence - CCDCOE). The network is only expected to grow, needed in order to support the growing volumes of data and connection speeds (across various solutions such as 5G, Cloud, cybersecurity and more). In fact, according to the Unidata, **the submarine fibre optic market is booming with a projected global investment of \$2.5 billion across 2022, 2023 and 2024** (source: Unidata). According to Allied Market Research, The overall global submarine cables market was valued at \$7.4 billion in 2022 and is projected to reach \$14 billion by 2032.

In our opinion, the main threat for the Unitirreno project revolves around TIM’s SPARKLE (“Sparkle”) submarine network. As a global operator, TIM’s submarine network spans across different continents, connecting the Americas, Europe, Africa and Asia, leveraging upon a global backbone of over 600 000 km (both terrestrial and submarine) (source: TIM SPARKLE website). Unitirreno’s planned network area overlaps with TIM’s BlueMed cable (part of Sparkle), with a capacity up to 240 terabytes and 18 cable networks (source: Submarinenetworks), placing Unitirreno’s cable in competition (on paper) with an established operator. Nonetheless, by Q2 2025, it is safe to assume that the BlueMed cable will significantly reduce its available capacity (as the Italian section of the BlueMed cable went live in September of this year), leaving room for both.

² “Fondo Infrastrutture per la Crescita - ESG” is a fund established and managed by Azimut Libera Impresa SGR, investing in social infrastructure projects to generate a positive and sustainable growth of the economy, environment and society with a specific ESG approach.

Overall, this type of infrastructure is highly valued, in fact following KKR’s offer for TIM’s NetCo (Openfiber and other infrastructure assets), the current Meloni government decided to apply their *Golden Power* constraints in KKR’s bid, given its strategic and critical importance for the Italian government (source: ilSole24Ore). KKR’s latest offer (accepted by TIM’s BoD earlier this month) stood at €22 billion, valuing the NetCo at 14x EBITDA, almost three times that of Vodafone or Telefonica, assuming the grid’s EBITDA of €1.8 billion. This offer did not include Sparkle, as there are rumours of a public company taking over this division, with state-backed lender *Cassa Depositi e Prestiti* (CDP) the most likely candidate (source: ilSole24Ore). Multinational tech companies such as Google are also investing in submarine cable systems. Following announcement of the *Firmina* cable (connecting the East Coast of the US to Argentina, Brazil and Uruguay) in 2021, Google also announced their plans for the new transatlantic submarine cable called *Nuvm* which is expected to go into operation in 2026, with touchpoints in South Carolina (US), Bermuda and Portugal (source: Google Cloud). **Based on latest M&A transactions, this type of infrastructure is valued at 12 – 13x EV/EBITDA multiples** (source: Unidata, Zayo, Level 3 Communications).

TIM SPARKLE submarine cable network in Europe (as of October 2023)



Sources : TIM SPARKLE website

Finally, as aforementioned, **the group also announced €15.7M worth of IoT & Smart Metering tenders won** over the course of 2023. The first tender was awarded in February of this year, including a variety of Internet of Things (IoT) projects in Palermo (IT) focused on Smart Metering solutions for water management. The total value of the contract sums up to €2.7M, for a period of 36 months, hereby including the design and implementation of a LoraWAN™ network and a wireless IoT network for water meters. The group also won a tender for similar services in the Firenze-Prato-Pistoia metropolitan area. The total value of the tender amounts to more than €3.5M, a duration of 13 years, including the design and implementation of a LoraWAN™ network and the provision of cloud-based network management and supervision platforms. Finally, the third contract, which amounts to more than €9.5M for a duration of 14 years, also includes the services outlined for the latter two, in the Province of Rieti (IT).

IoT and Smart Metering: tenders awarded in 2023



Award in **Temporary Grouping of Companies**, with the role of Mandatory, with BIP S.p.A. and Lektor S.r.l.

Tender for the implementation of the **Automatic Meter Management System of the Metropolitan City of Palermo**.

Total value of the contract equal to **2.7 million Euros**, for a period of **36 months**

The awarded tender is part of the **PNRR funds**



Award in **Public Private Partnership** of the concession for the **implementation and management of the smart metering IoT system for Acqua Pubblica Sabina**

Assignment through project financing equal to **9.5 million Euros** for a duration of **14 years**

Unidata will build the network using **LoRaWAN® technology** and implementing a management system for data-driven water resource management processes



Award of the contract for the **Connectivity service for the meters of the integrated water service users**, for drinking water use, in Firenze- Prato-Pistoia Metropolitan Area

Assignment through project financing equal to **over 3.5 million Euros** for a duration of **13 years**

The awarded tender is part of the **PNRR funds**

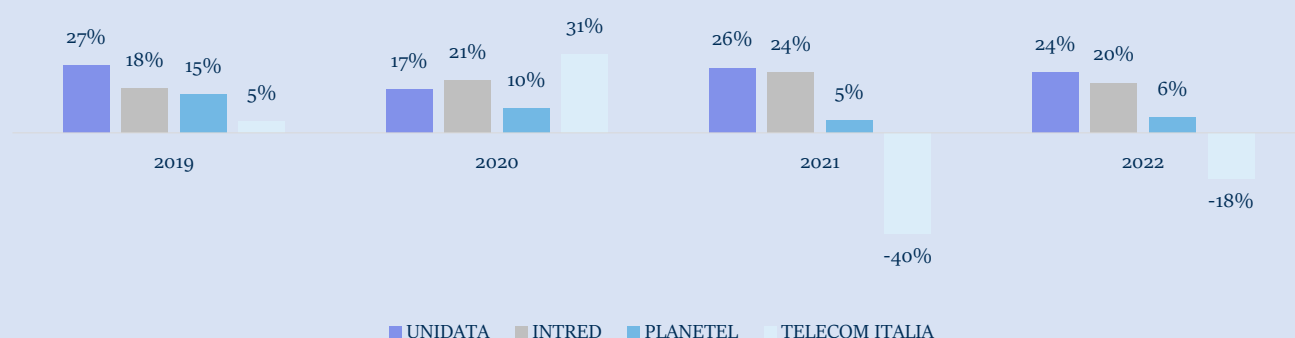
Sources : Unidata presentation

ROCE comparison with telco and datacentre peers

Compared to **telco industry peers**, Unidata boasts a higher average Return on Capital Employed (ROCE) across the 2019-2022 period. Thanks to a diversified portfolio of products and services, Unidata is able to generate a higher ROCE thanks to their asset-light balance sheet, due to their smaller fibre infrastructure compared to their peers (Unidata: 6 200 km compared to Intred: 10 600 km and Telecom Italia: 600 000 km). Telco companies typically operate with a low working capital (usually below 5% of revenues), in part also influenced by the seasonality incurred during infrastructure development procedures (which usually favours the H2). This industry characteristic in turn limits the weight of fixed assets on the Capital Employed (CE), resulting in a double-digit ROCE.

In terms of profitability, fibre optic operators set a good benchmark. In fact, across the 2019 – 2022 period, both Unidata and Intred generated an average EBIT margin above 20% (Unidata: 21% and Intred: 27%), benefitting from a high portion of recurring revenues (both over 60%), a diverse B2B, B2C and P.A. client pool and a significant fibre network infrastructure (Unidata: 6 200 km and Intred: 10 600 km). Unidata's average EBIT margin is in part influenced by the strong growth in revenues from their *Infrastructure* division (+133% YoY in FY 2022), representing 37% of the group's total revenues (vs 22% in FY 2021), a division which is characterised by lower margins (6% EBITDA margin in FY 2022 vs 47% from the *Retail* division). In addition, approximately 10% of FY 2022 revenues came from various activities such as Datacentre & Cloud, IoT & Smart Solutions and other services such as Project Bari (construction of a video surveillance system), which we believe had an impact on the group's margins.

Return on Capital Employed (ROCE) - telco peers

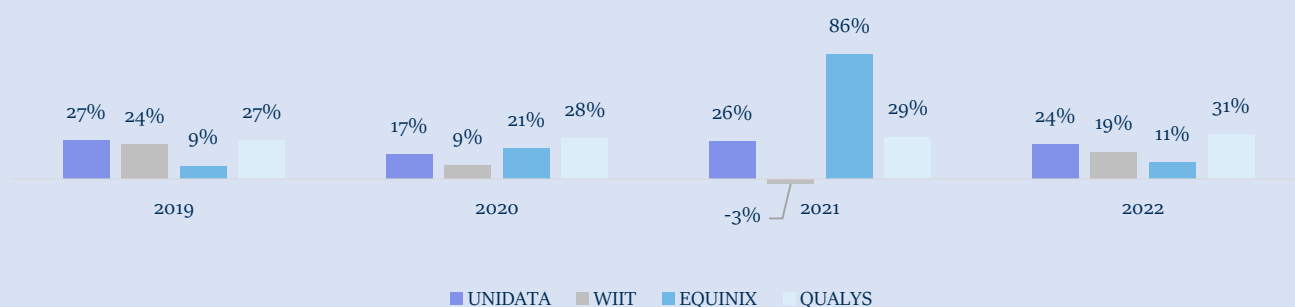


Sources : FactSet, TP ICAP Midcap

Margin differences are especially highlighted when comparing Unidata to **datacentre peers**. In fact, when compared datacentre peers, Unidata's average EBIT margin across 2019 – 2022 (21%) is significantly higher than Wiiit's (at 12%) and Equinix (at 17%). In addition, higher working capital requirements (17% and 24% of revenues in FY 2022 for Wiiit and Qualys respectively, compared to 2% for Unidata), in turn weighs on the CE, resulting in a weaker (vs telco) ROCE.

Even though fibre-related activities yield higher margins, we do appreciate the group's diversification through their JVs. Both Unifiber and Unitirreno will significantly increase the group's reach in Italy, while also providing infrastructure development services (in Unifiber) and maintaining said assets off their balance sheet. Even though the datacentre market is characterised by lower margins and a higher working capital, we positively view Unidata's efforts to increase their presence in a market which is expected to growth by 19.2% CAGR (2022 – 2026), also representing an important step towards becoming a fully integrated Internet service provider. In turn, we do **estimate Unidata's ROCE to decrease to 16% and 13% in 2023E and 2024E** respectively (vs 24% in 2022).

Return on Capital Employed (ROCE) - datacentre peers



Sources : FactSet, TP ICAP Midcap

TWT Group acquisition

Last February, Unidata finalised the acquisition of TWT Group (including Berenix S.r.l. and its subsidiaries TWT S.p.A., Domitilla S.p.A. and Voisoft S.p.A.). Founded in 1995 in Milan, TWT Group is a **primary Italian telecommunications, connectivity and ICT services operator specialised in the B2B segment**. More specifically, TWT Group boasts over 33 000 direct and indirect clients (the latter through authorised resellers), a 650 square metre Tier 3+ data centre in Milan and a proprietary fibre optic network (approximately 100km) around the Milan area. In FY2021, TWT Group generated €58.7M in revenues (of which €21.8M from their B2B voice trading activity) and €6.9M in EBITDA (reported). The group's net debt amounted to -€13.9M (net cash position).

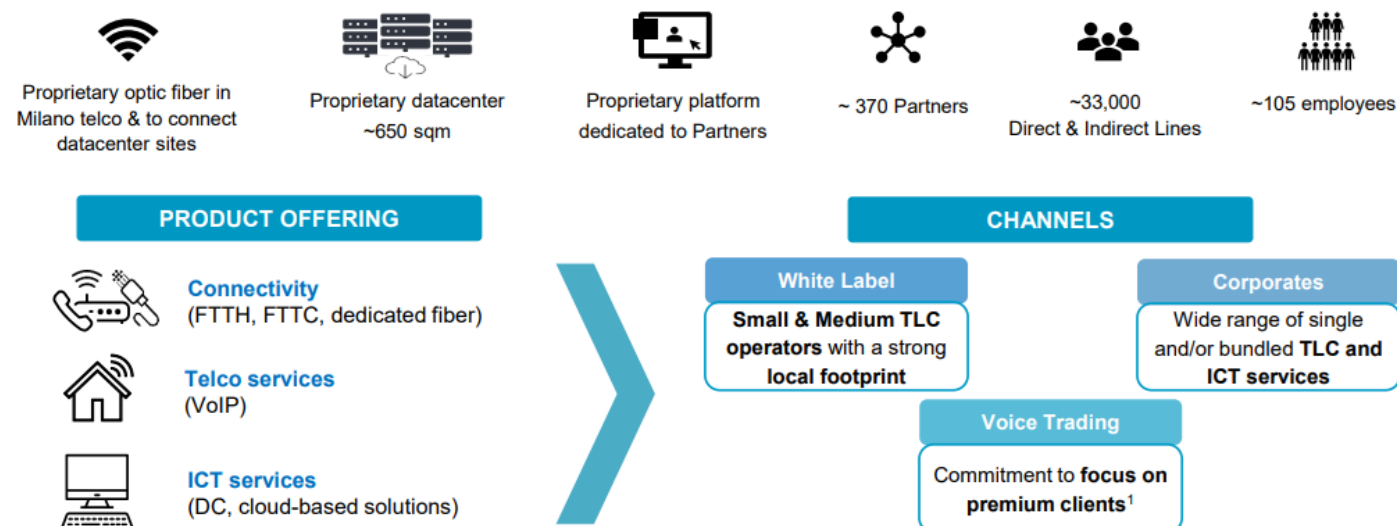
Unidata + TWT Group main synergies

	Geography	Commercial	Infrastructure	Know-how	Industrial opportunities
	Central Italy & recent expansion in Puglia	Corporate / Wholesale B2B & Consumer	Historical core business	Technology driven	Commercial offering and Tech solutions
	Strong national presence	White Label / Corporate - Only B2B	Asset-light (focus on services)	Network and process driven	

Sources : Unidata, TP ICAP Midcap

The **total consideration for the acquisition amounted to €58M** (of which €55.6M for Berenix S.r.l. and its subsidiaries, and €2.4M for Voisoft S.r.l.), of which €2.8M paid as a deposit and €8M in shares in FY22. Unidata issued their first consolidated financial statement for the last H1 2023 results. In order to complete the acquisition, Unidata relied upon a pool of bank credits for a total of €41.2M. The loan has a total duration of 6 years covered entirely by a fixed IRS / Eurirs interest rate. Leveraging upon TWT's extensive reseller network present throughout Italy and on TWT's proprietary platform for reseller customers, Unidata effectively diversifies and strengthens their commercial offer. TWT's integration will allow Unidata to expand its geographical presence, going beyond the borders of the Lazio region, as well as unlocking commercial synergies with data access and software development costs (Voisoft S.r.l specialises in the production of software in the telecommunications sector). Going forward, Unidata will significantly reduce TWT's legacy voice trading business: run-off of base clients (i.e. customers/contracts with almost no gross margin), in order to focus on TWT's more profitable activities: *Connectivity* (FTTH and FTTC fibre solutions), *Telco services* (VoIP) and *ICT services* (DC, cloud-based solutions). Complementary to Unidata's *Infrastructure* segment, TWT's asset-light business model and high cash conversion will also enable the group to optimise their balance sheet and cash generation, leaving room for additional M&A opportunities and CAPEX plans.

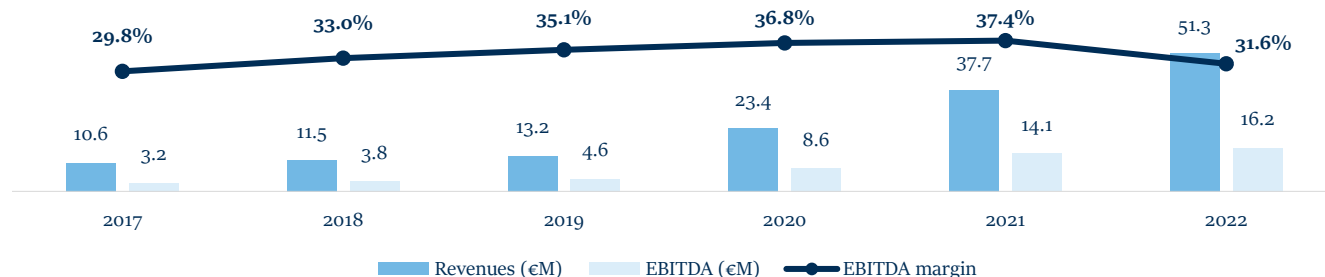
TWT Group snapshot



Sources : Unidata presentation

Financial analysis

Group revenues, EBITDA and EBITDA margin – in €M and % (2017 – 2022)

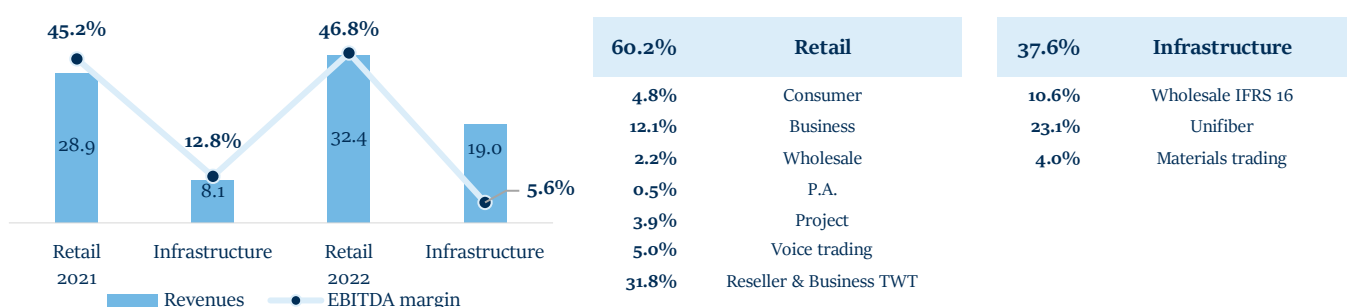


Sources : Unidata, TP ICAP Midcap

The group's growth story has seen a constant and strong growth. In fact, since 2018, the group's revenues have increased 4.4x from €11.5M in FY 2018 to €51.4M in FY 2022. There have been several event which have significantly stimulated Unidata's top line growth. At first glance, the most significant YoY increase took place in FY 2020, as the Covid-19 pandemic in Italy unleashed an unprecedented demand for Cloud and Internet services. This demand was stimulated by P.A., B2B and B2C clients, in turn triggered a +77% YoY increase in revenues. This effect spilled over to FY 2021 as well, as the group's customer base notably increased to 13 186 customers, compared to 10 080 in FY 2020 (+31%), triggering a positive volume effect. In FY 2022, the group's revenues posted a +39% YoY increase, reaching €51.3M. This strong *double digit* growth was mainly driven by:

- The *Infrastructure* division (29% of total revenues) as revenues increased to €15.1M (+156% YoY). This division posted a significant *triple digit* growth reflecting the group's strong increase in network deployment (+30% YoY) to 5 450 km in FY 2022, in turn triggering a positive volume effect, as the group's client pool increased to 17 187 in FY 2022 (+30% YoY).
- The *Wholesale* division (31% of total revenues) as revenues increased to €16.1M (+39% YoY). As a reminder, this activity revolves around the sale of Unidata's fibre optic network to other telecom operators, through the use of I.R.U contracts ("Indefeasible Right of Use"). The YoY increase goes hand-in-hand with the increase in the group's network, maximising the value of less strategic lines in Unidata's portfolio.
- The *Fibre & Networking* division (27% of total revenues) as revenues increased to €13.8M (+16% YoY). An increased network reach and a larger client pool drove the division's organic growth, supplying fibre optic, xDLS, wireless and telephony connectivity solutions.

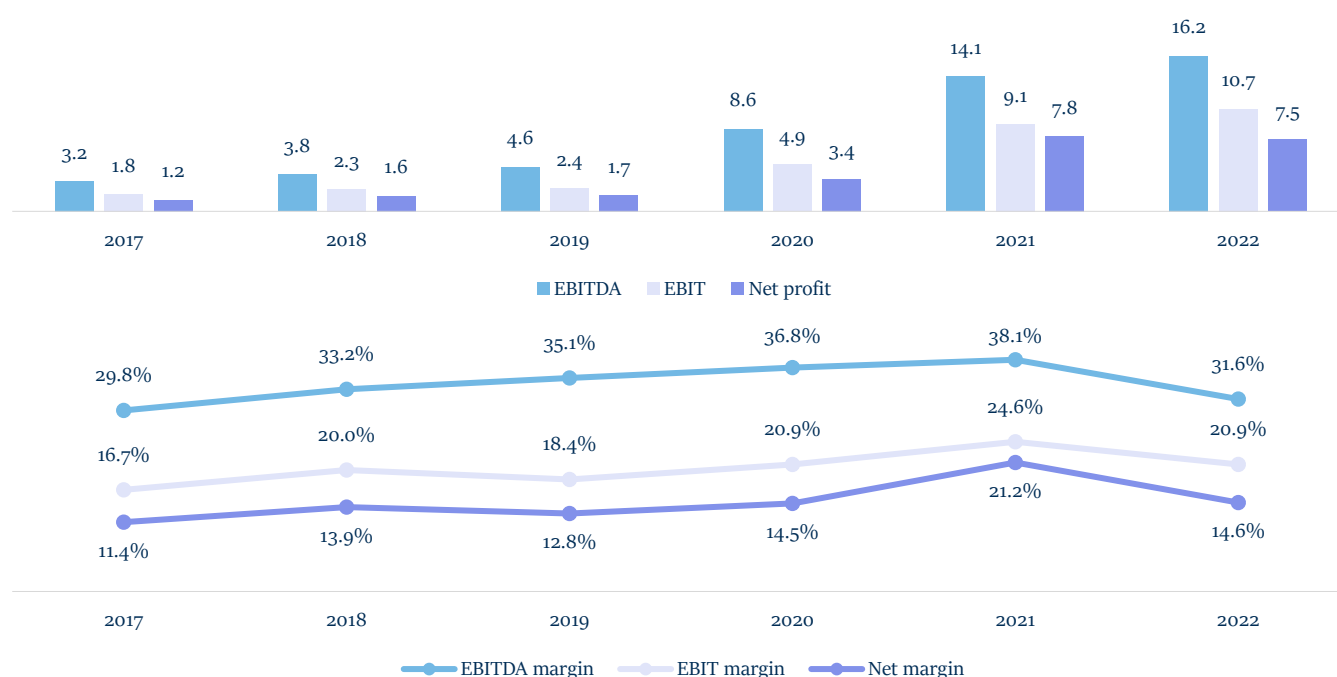
FY Revenues and EBITDA margin by division (left) and H1 2023 revenue breakdown (right)



Sources : Unidata, TP ICAP Midcap

Following the consolidation of TWT Group in the latest H1 2023 results, the group also proceeded to change their revenue segment reporting. As outlined on page 5, the group historically split revenues into *Fibre & Networking*, *Infrastructure*, *Cloud & Datacentre*, *IoT & Smart Solutions*, however – going forward – the group will divide revenues into two main groups: **Retail** (60% of H1 2023 revenues) and **Infrastructure** (38% of H1 2023 revenues). It will therefore be difficult to compare the specific business units' historical performance. Regardless, all the group's activities (*Fibre & Networking*, *Cloud & Data* and *IoT & Smart Solutions*) all grew at a steady pace. The integration of TWT's activities further strengthened Unidata's positioning in Italy. In fact, the group's H1 2023 revenues increased by +93% YoY (+22% YoY not including TWT contribution) to €41.7M. On the other hand, the group also increased their fibre optic network's reach by more than 450 km, reaching a total of 5 900 km at the end of June (increased to 6 200 km at Q3 of this year).

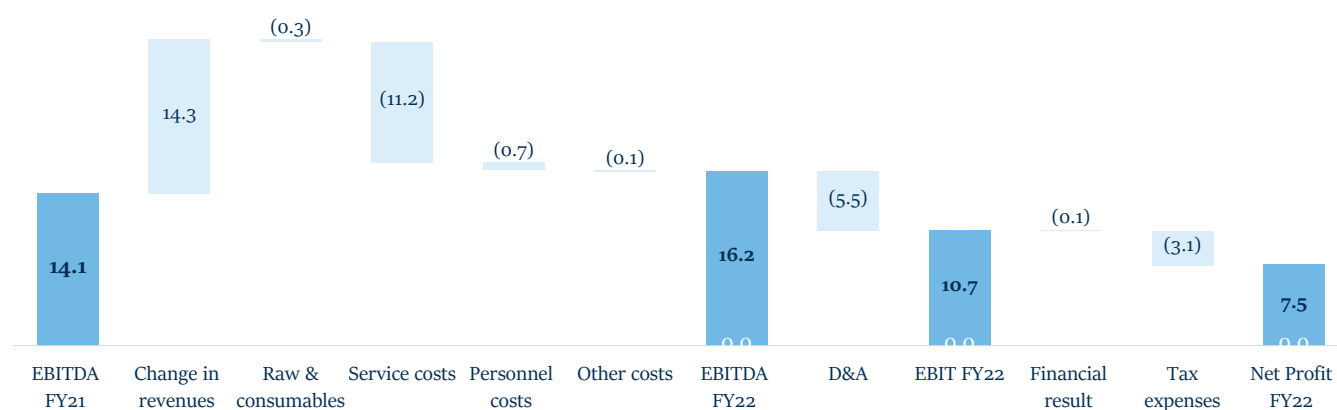
Group EBITDA, EBIT and Net Profit – in €M and % (2017 – 2022)



Sources : Unidata, TP ICAP Midcap

Since 2017, the group's the cost structure steadily decreased to 61.9% in FY 2021 (as a % of total revenues), compared to 70.2% in 2017. The biggest change occurred in FY 2022, where the cost structure jumped back up to 68.4%. Higher equipment procurement costs related to networking operations and datacentre peripherals triggered a €700k increase in raw materials costs over the course of the year. Service costs, on the other hand, showcased the most significant increase. In fact, due to higher utilities, internet services and design costs, as well as a more significant fibre construction activity (+133% YoY increase in *Infrastructure* revenues), this variable cost increased by +101% YoY (or €11.2M), representing 43.2% of total revenues (vs 29.8% in FY 2021).

Group EBITDA, EBIT and Net Profit breakdown – in €M (2021 – 2022)

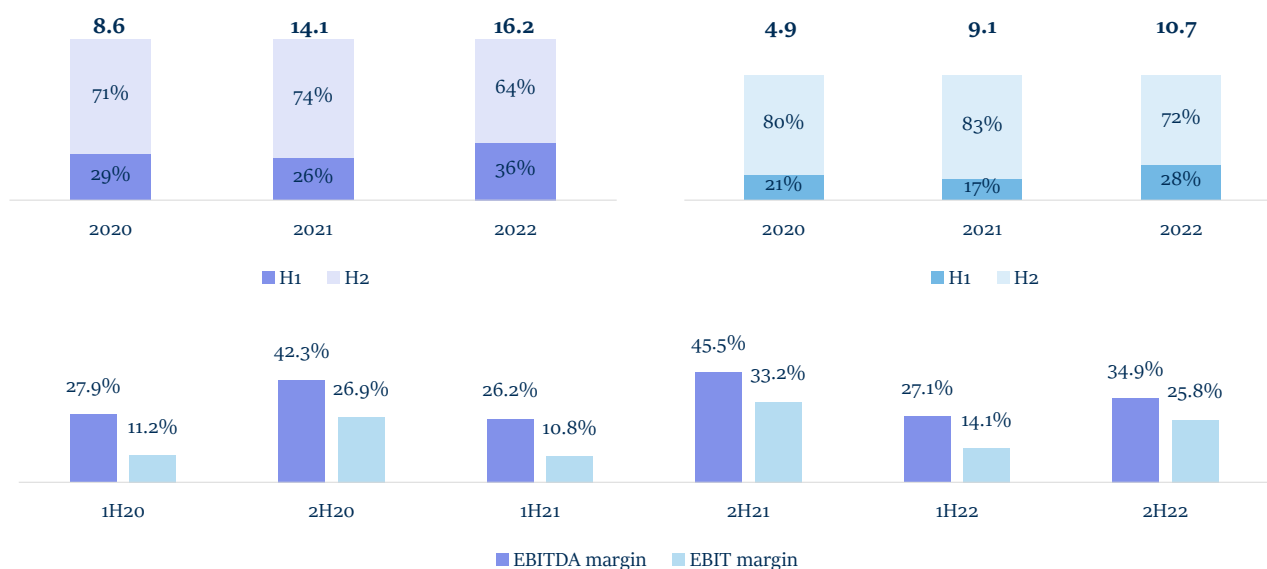


Sources : Unidata, TP ICAP Midcap

These cost structure movements obviously influenced the group's EBITDA, EBIT and Net Profit. In fact, the latter three recorded a relatively steady growth in until FY 2021 reaching 38.1%, 24.6% and 21.2% respectively. In FY 2022, following an increase in network construction from the *Infrastructure* division (revenues increasing +133% YoY), the group's EBITDA, EBIT and Net Profit decreased to 31.6%, 20.9% and 14.6% respectively, due to the capital intensive natural of this activity. The latter's EBITDA margin also decreased to 5.6% in FY 2022 (vs 12.8% in FY 2021), putting pressure on the group's margins. H1 2023 followed the same trend. The integration of TWT further deteriorated the group's margins, as the newly acquired group engages in low margin activities, such as *Voice and Trading* (we estimate low single digit EBITDA margins). However, this trend should not continue going forward, as the group intends to notably decrease the latter activity and focus on TWT's fibre reseller business (exclusively B2B clientèle).

Even though the H1 2023 EBITDA margin (20.6%) is significantly lower than the group's historical FY average (35.7%), it is worth noting that the **EBITDA presents a strong seasonality favouring the H2**. In FY 2021, 26.4% of EBITDA was generated in the H1, with the remaining 73.6% generated in the H2. The seasonality effect softened in part in FY 2022, as 36.1% of the EBITDA was recorded in the H1. While the *Retail* segment's revenues are flat and recurring throughout the year, this seasonality is triggered by the nature of the *Infrastructure* works. In fact, fibre network works usually begin in the H1 and are subsequently activated in the H2, releasing the revenues in the second semester.

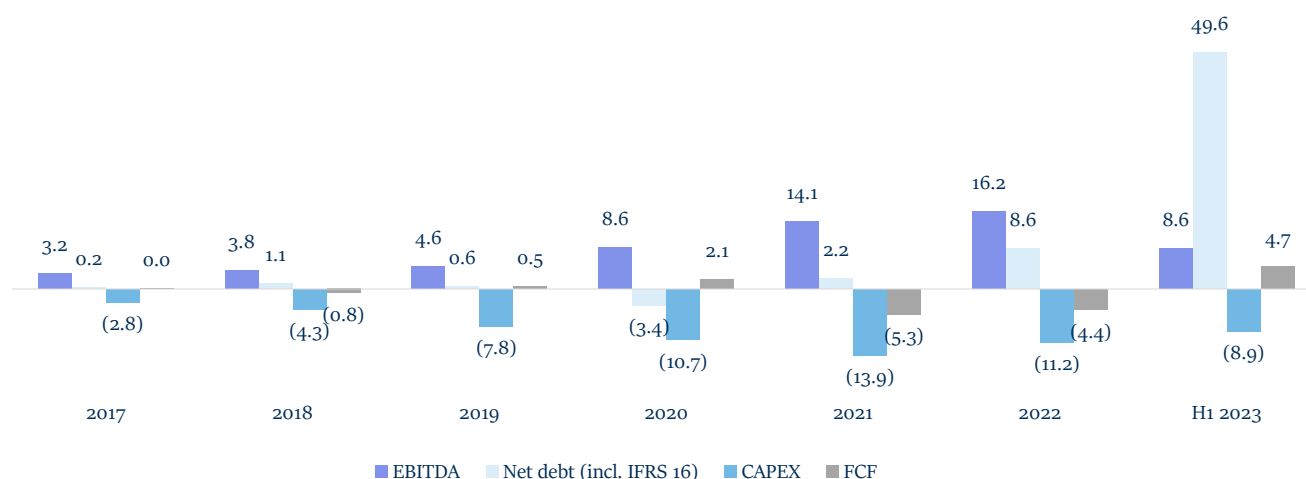
EBITDA (left) and EBIT (right) semester seasonality – in % and €M (2020 – 2022)



Sources : Unidata, TP ICAP Midcap

The group's earnings and works seasonality also have an effect on the net debt (incl. IFRS 16). In fact, the group posted 1.1M€ and 0.6M€ in net debt in FY 2018 and FY 2019 respectively, reflecting a strong increase in network activities (the *Fibre & Networking* division's revenues rose +14% in FY 2019) and weak net cash generation (approx. €0.2M in FY 2018 and FY 2019 combined). The trend inverted in FY 2020 as the group benefitted from €5.7M in IPO proceeds to generate €9.4M net in cash, bringing their net debt position to -€3.4M. Strong CAPEX levels in FY 2021 and FY 2022 put pressure on the FCF, which resorted to negative territory (-5.3M€ and -€4.4M respectively), subsequently increasing the group's net debt position to €2.2M and €8.6M. In H1 2023, the group's net debt jumped to €49.6M reflecting the €46.7M TWT acquisition cost and a gross debt increase of approx. €40M.

Group EBITDA, Net debt, CAPEX and FCF – in €M (2017 – H1 2023)



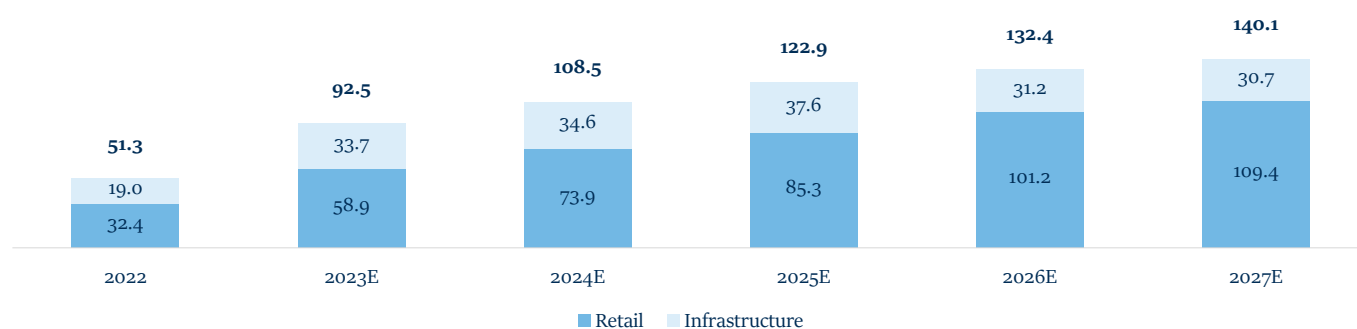
Sources : Unidata, TP ICAP Midcap

Estimates: *double-digit* CAGR

Asset base to support +10.9% CAGR (2023 – 2027) in revenues

Going forward, there are various pillars onto which Unidata's management will leverage upon. Over the course of the past few years, the group has announced three JV partnerships (Unifiber, Unicenter and Unitirreno), three IoT & Smart metering tenders and the recent TWT Group acquisition, leading us to believe that any additional important M&A operations will not occur in the short-term. Following the closing of the acquisition of TWT Group this year, we believe Unidata will focus on consolidation activities in the short term. In fact, Unidata will no longer have an action radius partially limited to Central Italy and Lazio in particular, but on the contrary will already become an important player on a national level in the short term. By integrating TWT, Unidata's management will proceed to significantly reduce TWT's legacy voice trading business (with almost no gross margin), on the other hand focusing on their *Connectivity, Telco services* and *ICT services* segments.

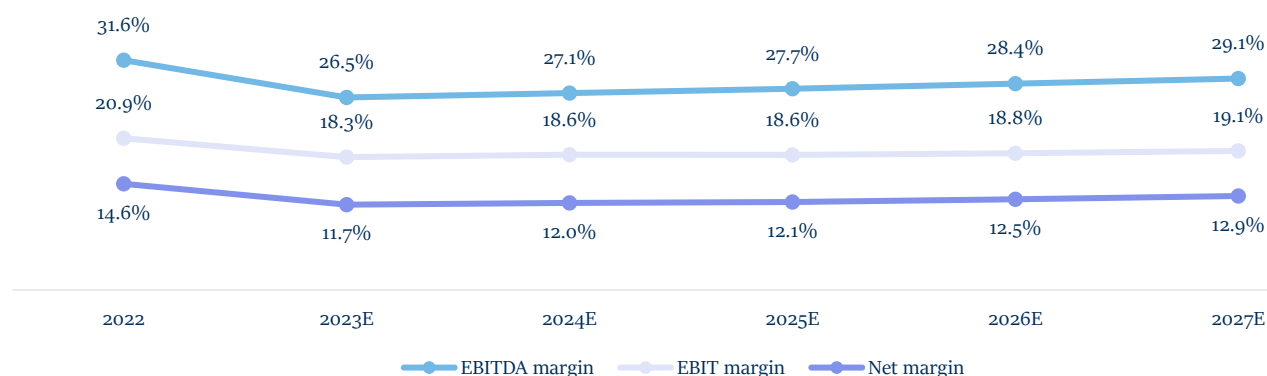
Revenue estimates by segment – in €M (2022 – 2027E)



Sources : TP ICAP Midcap estimates

We have structured our revenue estimates based on the latest breakdown first observed at the H1 2023 results. In an environment where digitisation efforts and fibre accessibility are rapidly increasing, we estimate that the group should be able to generate a CAGR growth of revenues of +10.9% over the period 2023E – 2027E, driven by (i) the constant deployment of their fibre infrastructure network, (ii) the fulfilment of their various JVs (Unifiber, Unicenter and Unitirreno), (iii) the acquisition of new B2B, B2C and P.A. clients, (iv) and the integration of TWT Group. For the **Retail division, we estimate a +16.8% CAGR (2023 - 2027)** reflecting a steady increase their customer base and a positive price effect in the Business sub-division (we estimate approx. +1% increase in ARPU per year), however partially offset by a negative price effect in the Consumer sub-division (we estimate approx. -0.5%/-1% decrease in ARPU per year). On the other hand, for the **Infrastructure division, we estimate a -2.3% CAGR (2023 - 2027)**, reflecting the natural development of the Unifiber works timeline and relatively stable revenues from the Wholesale sub-division. By 2027E, we estimate the *Retail* division to weigh 78% on total sales (vs 63% at FY 2022). This development, in turn, reflects positively on our EBITDA margin estimates, which we estimate to gradually increase to 29.1% by 2027E. On the other hand, due to the capital intensive nature of the *Infrastructure* segment, we estimate the EBIT margin decrease to 18.5% in by 2025E (due to a cumulative €50M+ CAPEX plan) and then follow the same upward trend (however at a slower pace) to reach 19% by 2027E, reflecting increasing D&A levels.

EBITDA, EBIT and Net margin estimates – in % (2022 – 2027E)

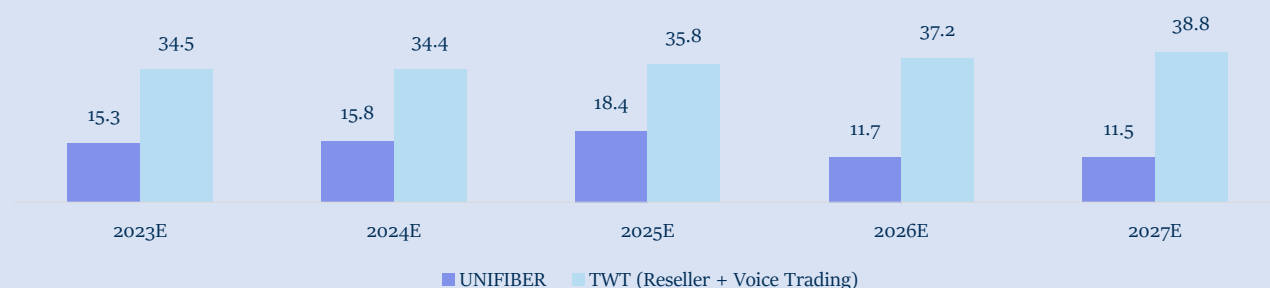


Sources : TP ICAP Midcap estimates

M&A and Unifiber revenue contribution

Part of the two main business units (*Retail* and *Infrastructure*), we hereby outline our revenue estimates for TWT's Reseller & Business and Voice Trading activities (both part of *Retail* division) and Unifiber (part of *Infrastructure* division). As outlined on page 16, Unidata has a minority share in the JV (30%), thus enabling the group to maintain the project off their balance sheet. In the following breakdown, we only showcase Unidata's minority share.

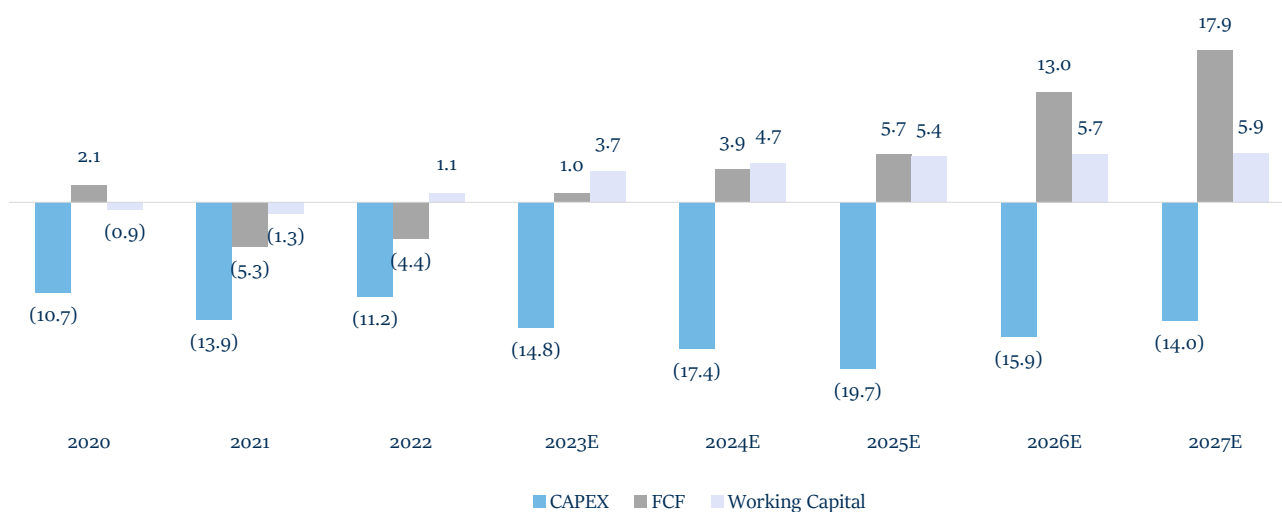
- **Unifiber** (30% share) – we estimate a **cumulative revenue of €72.8M across the 2023E – 2027E period**. For this project, Unidata, in addition to being minority shareholder, will also be in charge of the construction of the network, an activity for which the group generated €9.6M at H1 2023. We do estimate the revenues to steadily grow to €18.4M by 2025E, year in which the fibre network works are expected to be completed. Following the completion of the construction works, we estimate the group to generate €11.7M and €12.5M in revenues from fibre wholesale activities.
- **TWT's Reseller & Business and Voice Trading** (fully consolidated) – we estimate a **cumulative revenue of €180.6M across the 2023E – 2027E period**. Following the consolidation of TWT earlier this year, Unidata will benefit from TWT's national reach in the B2B market, offering connectivity (FTTH) and ICT (cloud-based solutions), and established client base (over 33 000 direct and indirect clients). As a reminder, these business units will eventually be integrated into Unidata's historic revenue sub-segments, therefore our estimates are our view of the potential contribution.



Source : TP ICAP Midcap estimates

Following a hike in CAPEX levels to deploy their fibre network over the past three years (46%, 38% and 22% of sales in 2020, 2021 and 2022), we estimate it at around 16% of revenues in 2023E, 2024E and 2025E, in line with the group's new 2024 – 2026 business plan. In the long-term, we estimate CAPEX to stabilise at around 10% of revenues going forward. We do expect the group to re-invest the majority of their cash flows to further expand their fibre network infrastructure, create additional data centres and develop their cybersecurity & IoT offerings. Awaiting further visibility on synergies deriving from TWT Group, we also estimate a stable working capital going forward, between 3% and 5% of sales. The latter, combined with relatively stable CAPEX, should reflect positively on the FCF, which we see increasing to 12% of sales by 2027E.

CAPEX, Working Capital and FCF estimates – in €M (2020 – 2027E)



Sources : TP ICAP Midcap estimates

Valuation

To determine the intrinsic value of Unidata S.p.A., we used a discounted free cash flow model (DCF) method (70% weight) and the publicly listed comparable methodology (30% weight).

Normative flows	Discount rate
<ul style="list-style-type: none"> EBITDA margin of 31.6% by 2032E Capital expenditure (CAPEX) of 10% of revenue Corporate tax modelled in line with the Italian rate of 27.9% 	<ul style="list-style-type: none"> A risk-free rate of 4.3% (Italian 10yr BTP) An equity risk premium of 8.5% A specific risk premium of 2% An adjusted 1yr beta (FactSet) of 0.6x A long-term growth rate of 2%

Valuation summary

DCF (M€)	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E
Sales	92.5	108.5	122.9	132.4	140.1	145.5	151.0	156.2	160.5	163.7
Variation	16.7%	17.2%	13.3%	7.8%	5.8%	3.9%	3.7%	3.5%	2.8%	2.0%
EBITDA	24.5	29.4	34.0	37.6	40.8	43.1	45.4	47.8	49.9	51.7
Margin	26.5%	27.1%	27.7%	28.4%	29.1%	29.6%	30.1%	30.6%	31.1%	31.6%
D&A	(7.6)	(9.2)	(11.2)	(12.7)	(14.0)	(15.1)	(16.2)	(17.3)	(15.9)	(16.4)
% of sales	8.2%	8.5%	9.1%	9.6%	10.0%	10.4%	10.8%	11.1%	9.9%	10.0%
EBIT	16.9	20.2	22.8	24.9	26.8	28.0	29.2	30.5	34.0	35.4
Margin	18.3%	18.6%	18.6%	18.8%	19.1%	19.2%	19.3%	19.5%	21.2%	21.6%
Taxes	(4.2)	(5.0)	(5.8)	(6.4)	(7.0)	(7.3)	(7.7)	(8.0)	(9.0)	(9.6)
Tax rate	27.9%	27.9%	27.9%	27.9%	27.9%	27.9%	27.9%	27.9%	27.9%	27.9%
CAPEX	14.8	17.4	19.7	15.9	14.0	14.6	15.1	15.6	16.1	16.4
% of sales	16.0%	16.0%	16.0%	12.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
ΔWC	2.6	0.9	0.7	0.3	0.1	1.3	1.4	1.5	1.5	1.5
% of sales	2.8%	0.9%	0.6%	0.2%	0.1%	0.9%	0.9%	1.0%	0.9%	0.9%
FCF	2.9	6.1	7.9	15.0	19.6	19.9	21.2	22.6	23.3	24.3
Discounted FCF	2.9	5.4	6.3	10.8	12.7	11.5	11.1	10.6	9.8	9.2

VALUATION SUMMARY			
Sum of discounted FCF	90.3	Net debt (excl. IFRS 16)	3.8
Terminal Value	266.9	Provisions	0.0
TGR	2.0%	Minorities	0.0
Discounted TV	101.1		
Enterprise Value	191.4	Equity Value	187.7
# of shares (millions)	3.2		
TARGET PRICE =	57.8		

WACC Calculation			
Risk free rate (BTP 10Y)	4.3%	Beta (1Y adjusted)	0.6x
Size premium	2.0%	Market premium	8.5%
Cost of Equity		11.6%	
Interest rate	4.0%	Tax rate	27.9%
Cost of Debt		2.9%	
% equity	97%	% net debt	3%
WACC =		11.3%	

Valuation method	Target price	Weight
DCF	57.8	70%
EV/EBITDA	74.3	15%
P/E	55.8	15%
TARGET PRICE	60.0	100%

		WACC				
		11.1%	11.2%	11.3%	11.4%	11.5%
TGR	1.0%	55.8	55.1	54.5	53.9	53.3
	1.5%	57.4	56.7	56.1	55.4	54.7
	2.0%	59.3	58.5	57.8	57.1	56.4
	2.5%	61.3	60.5	59.7	59.0	58.2
	3.0%	63.6	62.7	61.9	61.1	60.2

Sources : TP ICAP Midcap estimates

Comparables' methodology, multiples and margins

EV/EBITDA	2024E	2025E
Figure	29.4	34.0
Multiple	10.1 x	9.3 x
Multiple at -20% discount	8.1 x	7.4 x
Enterprise Value	238.0	251.9
Bridge @ 2022	3.8	3.8
Equity Value	234.2	248.2
# of shares	3.2	3.2
Price/share	72.1	76.4
Average	74.3	

P/E	2024E	2025E
Figure	10.9	13.0
Multiple	20.8 x	18.2 x
Multiple at -20% discount	16.6 x	14.6 x
Enterprise Value	180.5	189.3
Bridge @ 2022	3.8	3.8
Equity Value	176.7	185.5
# of shares	3.2	3.2
Price/share	54.4	57.1
Average	55.8	

Current & Target Multiples	2023E	2024E	2025E	2026E	2027E
Sales	92.5	108.5	122.9	132.4	140.1
EV/Sales	1.8 x	1.5 x	1.3 x	1.1 x	0.9 x
Target EV/Sales	2.0 x	1.7 x	1.5 x	1.4 x	1.3 x
EBITDA	24.5	29.4	34.0	37.6	40.8
EV/EBITDA	6.8 x	5.6 x	4.6 x	3.9 x	3.1 x
Target EV/EBITDA	7.7 x	6.4 x	5.5 x	5.0 x	4.6 x
EBIT	16.9	20.2	22.8	24.9	26.8
EV/EBIT	9.9 x	8.1 x	6.9 x	5.8 x	4.8 x
Target EV/EBIT	11.1 x	9.3 x	8.2 x	7.5 x	7.0 x
Net Income	7.5	10.9	13.0	14.9	16.5
P/E	22.2 x	15.0 x	12.1 x	9.8 x	7.7 x
Target P/E	25.5 x	17.6 x	14.7 x	12.9 x	11.6 x

TRADING MULTIPLES			Market Value (M€)		EV/EBIT			EBIT Margin			EV/Sales			EV/EBITDA			P/E			
Company Name	Ticker	Country	Equity	EV	2023	2024	2025	2023	2024	2025	2023	2024	2025	2023	2024	2025	2023	2024	2025	
Telecom peers:																				
Telecom Italia S.p.A.	TIT-IT	Italy	5,501	38,808	31.8 x	24.6 x	22.7 x	8%	10%	11%	2.4 x	2.4 x	2.4 x	6.6 x	6.3 x	6.5 x				
Vodafone Group Plc	VOD-GB	United Kingdom	23,183	76,198	17.1 x	16.0 x	14.7 x	10%	11%	12%	1.8 x	1.8 x	1.8 x	5.8 x	5.8 x	5.6 x	12.0 x	9.4 x	8.3 x	
Intred SpA	ITD-MIL	Italy	156	172	17.1 x	16.8 x	15.3 x	20%	19%	19%	3.5 x	3.1 x	2.8 x	8.1 x	7.6 x	6.9 x	24.0 x	23.9 x	21.2 x	
Planetel S.p.A.	PLN-MIL	Italy	32	44	9.3 x	7.7 x	6.5 x	13%	14%	15%	1.2 x	1.1 x	1.0 x	7.4 x	6.3 x	5.6 x	11.9 x	6.7 x	5.0 x	
Telefonica SA	TEF-ES	Spain	21,963	65,121	5.0 x	5.0 x	14.5 x	9%	9%	11%	0.5 x	0.4 x	1.6 x	5.0 x	4.9 x	4.9 x	12.2 x	11.5 x	11.4 x	
Elisa Oyj Class A	ELISA-FI	Finland	7,006	8,066	16.7 x	15.8 x	15.2 x	22%	23%	23%	3.7 x	3.6 x	3.5 x	10.7 x	10.3 x	10.0 x	17.8 x	17.1 x	16.5 x	
Royal KPN NV	KPN-NL	Netherlands	12,604	19,754	15.6 x	14.9 x	14.2 x	23%	24%	25%	3.7 x	3.6 x	3.5 x	3.7 x	7.6 x	7.4 x	16.0 x	15.1 x	14.0 x	
Swisscom AG	SCMN-CH	Switzerland	27,559	35,608	15.4 x	15.3 x	15.2 x	20%	20%	20%	3.1 x	3.1 x	3.1 x	7.6 x	7.6 x	7.5 x	15.3 x	15.2 x	15.1 x	
Telenor ASA	TEL-NO	Norway	13,432	21,725	14.5 x	13.4 x	12.8 x	22%	23%	24%	3.2 x	3.1 x	3.0 x	7.4 x	7.1 x	6.9 x	22.1 x	15.0 x	13.1 x	
Telia Company AB	TELIA-SE	Sweden	8,370	17,824	20.1 x	16.5 x	15.1 x	11%	14%	15%	2.3 x	2.2 x	2.2 x	6.8 x	6.5 x	6.3 x	19.2 x	14.8 x	12.8 x	
Telenet Group Holding NV	TNET-BE	Belgium		7,888	13.8 x	12.5 x	11.5 x	20%	22%	24%	2.8 x	2.7 x	2.8 x	5.7 x	5.6 x	5.7 x	7.5 x	6.9 x	6.6 x	
freenet AG	FNTIN-DE	Germany	3,022	3,771	16.0 x	11.1 x	10.5 x	9%	13%	13%	1.5 x	1.4 x	1.4 x	7.6 x	7.4 x	7.2 x	13.7 x	10.8 x	10.2 x	
Eutelsat Communications SA	ETL-FR	France	1,915	3,827	15.3 x	16.1 x	13.7 x	21%	18%	17%	3.2 x	2.8 x	2.3 x	5.1 x	4.8 x	4.4 x	6.0 x	6.4 x	6.1 x	
Datacenter, cloud and cybersecurity peers:																				
WIIT SpA	WIIT-IT	Italy	482	668	21.1 x	17.6 x		19%	22%	23%	4.1 x	3.8 x		11.2 x	9.9 x		32.1 x	25.8 x	21.7 x	
Defence Tech Holding SpA	DTH-IT	Italy	106	102	12.8 x	10.8 x		30%	29%		3.8 x	3.1 x	2.7 x	10.2 x	8.5 x	7.2 x	20.8 x	18.0 x	13.9 x	
Equinix, Inc.	EQIX-US	United States	67,685	82,103	63.0 x	55.4 x	46.6 x	17%	18%	20%	10.8 x	10.0 x	9.2 x	24.0 x	22.0 x	19.8 x	80.0 x	75.5 x	67.5 x	
GDS Holdings Ltd.	GDS-US	China	1,815	7,034	77.1 x	55.0 x	37.3 x	7%	9%	11%	5.4 x	4.8 x	4.2 x	12.4 x	10.9 x	9.5 x				
Qualys, Inc.	QLYS-US	United States	6,081	5,816	28.0 x	26.4 x	23.8 x	41%	40%	39%	11.6 x	10.4 x	9.4 x	25.8 x	24.6 x	22.4 x	35.3 x	33.8 x	30.3 x	
Nextdc Limited	NXT-AU	Australia	4,047	4,036	203.1 x	145.9 x	85.8 x	8%	10%	14%	16.3 x	14.1 x	11.8 x	34.1 x	28.0 x	22.7 x				
Shanghai AtHub Co.	603881-CN	China	1,233	1,587	49.2 x	39.7 x	32.7 x	16%	19%	20%	8.1 x	7.4 x	6.5 x	11.6 x	10.5 x	9.3 x	58.2 x	46.9 x	35.8 x	
			Mean		33.1x	26.8x	22.7x	17.4%	18.2%	18.7%	4.6x	4.3x	4.0x	10.8x	10.1x	9.3x	23.8x	20.8x	18.2x	
			Median		16.9x	16.0x	15.1x	18.0%	18.3%	18.5%	3.3x	3.1x	2.8x	7.6x	7.6x	7.2x	17.8x	15.1x	13.9x	
			Harmonic Mean		16.9x	15.2x	15.9x	13.9%	15.4%	16.7%	2.4x	2.3x	2.6x	7.9x	7.9x	7.4x	15.7x	13.5x	12.0x	
Unidata S.P.A.	UD-MIL	Italy		117	9.9 x	8.1 x	6.9 x	18.3%	18.6%	18.6%	1.8 x	1.5 x	1.3 x	6.8 x	5.6 x	4.6 x	22.2 x	15.0 x	12.1 x	
vs. Peers Average					-70%	-70%	-70%	5%	2%	0%	-61%	-65%	-68%	-37%	-45%	-50%	-6%	-28%	-33%	

Sources : Companies, FactSet, TP ICAP Midcap

Publicly listed market peers



Founded in 1994 and headquartered in Rome, Italy, Telecom Italia S.p.A. is Italy's foremost telecommunications provider, offering a comprehensive suite of services, including fixed-line and mobile telephony, high-speed internet, and advanced digital solutions. With a rich history and commitment to innovation, Telecom Italia plays a pivotal role in connecting communities and businesses across Italy and Brazil.



Vodafone Group Plc is a global telecommunications behemoth headquartered in the UK. The company was founded on July 1984. Renowned for its expansive reach, Vodafone delivers mobile, fixed-line, and broadband services in multiple countries, predominantly operating in Asia, Africa, Europe and Oceania.



Intred, founded in 1996, is a telecommunications and internet services operator that manages their own fiber optic network infrastructure (10 000 km + in Lombardy). Headquartered in Brescia, the company provides broadband, ultra-broadband, mobile, fixed line, cloud and complementary services to businesses and consumers.



Planetel S.p.A. is a dynamic Italian telecommunications company providing a diverse range of voice and data services to both businesses and consumers. Founded in 2000 and headquartered in Treviolo, the company offers Internet, video calling, fibre optic connectivity, cloud and VOIP services.



Telefonica SA is a Spanish multinational telecommunications company headquartered in Madrid, Spain. Operating across Europe, Latin America, and beyond, Telefonica is one of the largest telephone operators and mobile network providers in the world. More specifically, the group provides fixed and mobile telephony, broadband and subscription television.



Founded in 1982 and headquartered in Helsinki, Finland, Elisa Oyj Class A engages in the provision of telecommunications, information and communications technology. The group operates through the Consumer Customers and Corporate Customers segments.



Royal KPN NV is a Dutch telecommunications titan with a strong presence in the Netherlands and beyond. Specializing in mobile, fixed-line, and internet services, KPN has played an instrumental role in shaping the Dutch telecommunications landscape and connecting communities.



Swisscom AG stands as Switzerland's premier telecommunications provider, offering mobile, fixed-line, and IT services. Partially state-owned the group serves residential, business and wholesale customers. The group is headquartered in Bern, Switzerland.



Telenor ASA, based in Norway, is a global telecommunications company providing mobile and internet services. The group is one of the largest mobile telecommunications with operations worldwide, but focused in Scandinavia and Asia. Founded in 1885, Telenor is majority state-owned.



Telia Company AB is a leading Nordic and Baltic telecommunications firm, offering a wide spectrum of services, including mobile, broadband, and TV. With a strong presence in the region, Telia enhances digital connectivity for residents and businesses alike.



Telenet Group Holding NV is the largest provider of cable broadband services in Belgium. The group offers basic and enhanced video, including high definition, pay television and video-on-demand services, high-speed broadband internet and fixed-line, and mobile telephony services to residential customers. The company was founded in 1996 and is headquartered in Brussels, Belgium.



Freenet AG, headquartered in Germany, is a telecommunications company with a customer-centric approach. Freenet offers a wide range of telecommunications, television, internet and mobile services.



Eutelsat Communications SA is a leading global satellite operator and service provider. With a diverse fleet of geostationary and low Earth orbit satellites, Eutelsat delivers high-quality communication, broadcasting, and broadband connectivity solutions to customers worldwide. Their advanced satellite technology plays a vital role in connecting people, businesses, and governments, enabling communication, data transfer, and access to digital content across the globe.



WIIT SpA is a holding company, which engages in the provision of hosted private and hybrid cloud services. It offers cloud computing, critical applications, business continuity and disaster recovery, cyber security, technology migrations, service desk, and digital transformation solutions. The company was founded by Alessandro Cozzi in 2001 and is headquartered in Milan, Italy.



Defence Tech Holding SpA engages in the design, construction, and certification of cyber security, big data, and intelligence systems. It operates through the following macro business areas: Cyber Security and Technologies for Intelligence, Engineering and Control Systems, and Electronics. The company was founded in 2010 and is headquartered in Rome, Italy.



Equinix, Inc. engages in the provision of collocation space and develops data centre solutions. The firm offers secure key management, consulting, network virtualization, customer support, and managed services. The company is a leader in global collocation data centre market share, with 248 data centres in 27 countries on five continents. Founded in 1998 the company is headquartered in Redwood City, CA.



GDS Holdings Ltd. engages in developing and operating data centers in China. It builds, operates, and transfers data centers at other locations. Its data centers are carrier and cloud-neutral, which enable customers to connect to major telecommunications carriers, and to access a number of cloud service providers. The firm also offers collocation and managed services, which include direct private connection to major public cloud platforms. The company was founded by William Huang and Wei Huang in 2001 and is headquartered in Pudong, China.



Qualys, Inc. engages in the provision of cloud security and compliance solutions. Its products enable organizations to identify security risks to information technology infrastructures, help protect information technology systems and applications from cyber-attacks, and achieve compliance with internal policies and external regulations. The firm also offers solutions through a software-as-a-service model, primarily with renewable annual subscriptions. The company was founded on December 30, 1999 and is headquartered in Foster City, CA.



NextDC is an Australian data centre operator. As of July 2020, the company operates 11 data centres around Australia, with facilities in Melbourne, Sydney, Brisbane, Perth and Canberra. The company was founded by Bevan Andrew Slattery on May 11, 2010 and is headquartered in Brisbane, Australia.



Shanghai AtHub Co., Ltd. engages in data center construction. Its main business includes customized data centers, fully equipped electric power properties, key data center infrastructure management, data center planning consulting, and network enablement services. The company was founded on November 18, 2009 and is headquartered in Shanghai, China.

Source : FactSet, Companies, TP ICAP Midcap

Appendix #1: Unidata's top management



Renato Brunetti – Chairman & CEO

- Expert in IT systems and software projects;
- In 1985, he founded Unidata together with two partners, guiding the company towards its new core business, sensing the potential offered by the Internet;
- Currently President of the NaMex Consortium and Vice President of AIIP (Italian Internet Provider Association).



Roberto Giacometti – CFO & Investor Relations Officer

- Expert in Administration and Finance, Planning and Control;
- Held the position of General Manager in several Italian and foreign companies and was Director of the National Secretariat of Agesci;
- In 2019, he joined Unidata and followed the listing process on EGM and the recent extraordinary operations.

Appendix #2: Unidata's ESG Strategy

Unidata ESG Strategy and certifications

ENVIRONMENTAL

Reducing climate-changing emissions and the energy consumption



SOCIAL

Infrastructure of areas to resolve conditions of digital divide



GOVERNANCE

Protection of employees and attention to their training and well-being



Achieved certifications

UNI EN ISO 9001:2015
SGQ Certificato n.520

ISO 9001: 2015
(Quality management System)

ISO/IEC 27001

ISO/IEC 27001: 27017,
27018 (Information Security Management System)

ISO 14001: 2015
(Environmental management System)

Sources : Unidata presentation

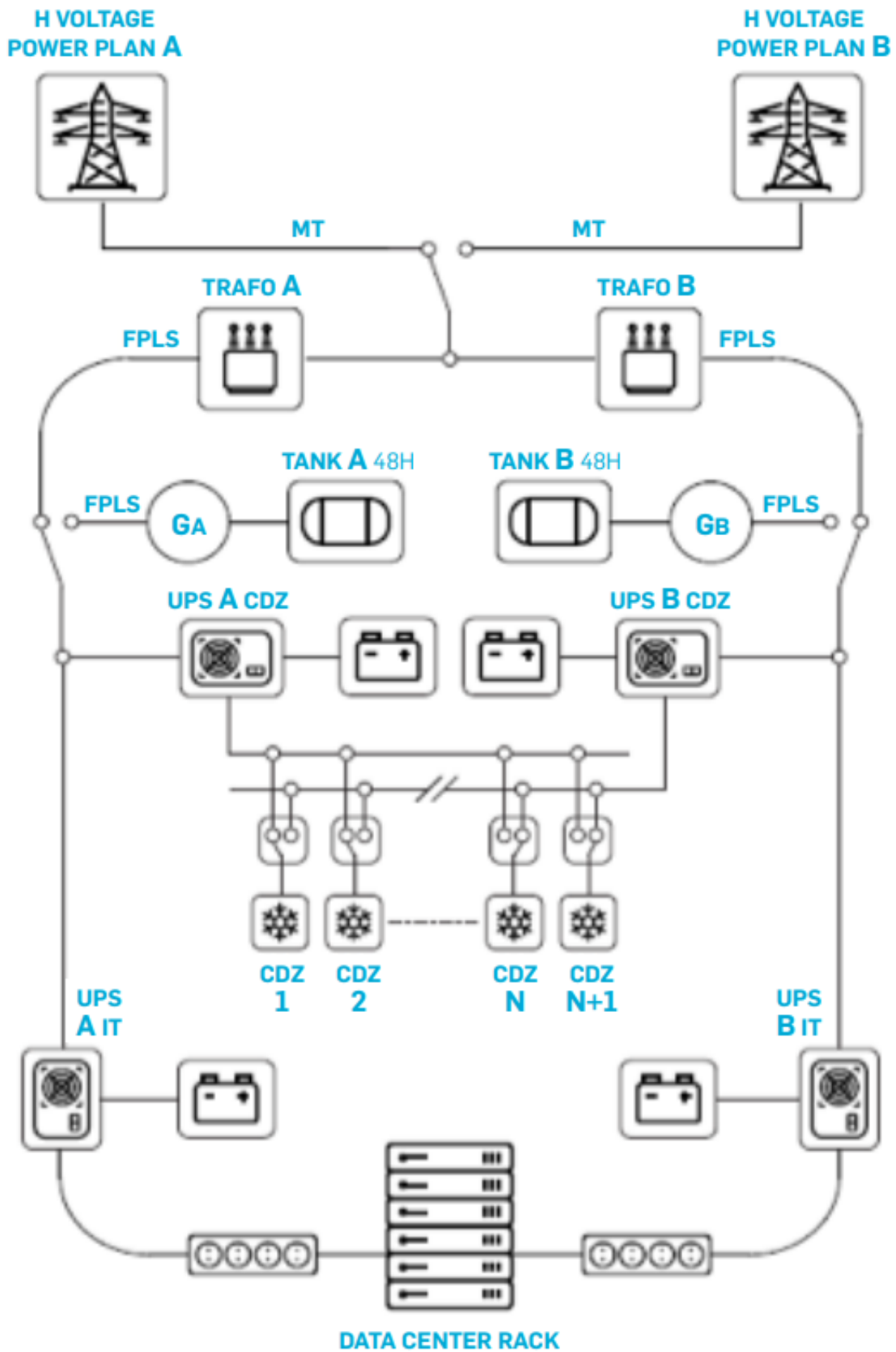
In 2022, Unidata became a Benefit Company and published its 1st Impact Report and 3rd ESG Report. The group's ESG Strategy is axed on three macro-drivers of common benefit: i) developing an infrastructure in grey areas to resolves conditions of total or partial digital divide, ii) to reduce climate-changing emissions and their overall energy consumption and iii) to protect their employees by prioritizing their training and well-being.

Unidata ESG Goals (2024 - 2026)

<p>Fiber in grey and black areas</p> <ul style="list-style-type: none"> New HU OF +21k New HU UF +64k <p>Roma 5G</p> <ul style="list-style-type: none"> 100 squares connected by WIFI 1525 Small Cells <p>Unitirreno</p> <ul style="list-style-type: none"> 890km from Mazara del Vallo to Genova with connections at Roma – Fiumicino and Olbia 	<p>Personal development</p> <ul style="list-style-type: none"> employment increase 215+ units Women from 28% to 32% of the total increase of the under 30 <p>Training</p> <ul style="list-style-type: none"> +46% of total training hours Assessment 90+% of staff <p>Welfare</p> <ul style="list-style-type: none"> +10% monetary incentive +29% of smart working days <p>Evaluation</p> <ul style="list-style-type: none"> company climate measurement periodic performance assessment 	<p>Savings enabled by IoT metering projects</p> <ul style="list-style-type: none"> 80M m3 of water 60GWh of energy <p>-10% data center consumption</p> <p>Direct self-production 4+%</p> <p>95+% energy used from renewables</p> <p>Mobility manager and contribution to the Sustainable Urban Mobility Plan</p> <p>12% reduction in the average CO2 emissions by the car fleet</p>

Sources : Unidata presentation

Appendix #3: Data Centre rack structure



Sources : Unidata

FINANCIAL DATA

Income Statement	12/20	12/21	12/22	12/23e	12/24e	12/25e
Sales	23.4	37.0	51.3	92.5	108.5	122.9
Changes (%)	77.3	57.9	38.8	80.2	17.2	13.3
Gross profit	11.5	17.5	20.3	32.4	38.6	44.5
% of Sales	49.2	47.2	39.5	35.0	35.6	36.2
EBITDA	8.6	14.1	16.2	24.5	29.4	34.0
% of Sales	36.8	38.1	31.6	26.5	27.1	27.7
Current operating profit	4.9	9.1	10.7	16.9	20.2	22.8
% of Sales	20.9	24.6	20.9	18.3	18.6	18.6
Non-recurring items	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	4.9	9.1	10.7	16.9	20.2	22.8
Net financial result	-0.1	-0.3	-0.1	-1.9	-2.2	-2.2
Income Tax	-1.4	-1.0	-3.1	-4.2	-5.0	-5.8
Net profit, group share	3.4	7.8	7.5	10.9	13.0	14.9
EPS	1.38	3.20	2.96	3.52	4.21	4.82
Financial Statement	12/20	12/21	12/22	12/23e	12/24e	12/25e
Goodwill	0.0	0.0	0.0	46.7	46.7	46.7
Tangible and intangible assets	26.7	33.7	39.4	47.8	57.1	66.8
Right of Use	7.4	9.3	9.3	8.1	6.9	5.7
Financial assets	1.3	1.1	3.5	3.5	3.5	3.5
Working capital	-0.9	-1.3	1.1	3.7	4.7	5.4
Other Assets	0.4	0.4	3.6	3.6	3.6	3.6
Assets	34.8	43.2	56.9	113.4	122.5	131.7
Shareholders equity group	21.4	29.0	36.9	47.8	60.6	75.2
Minorities	0.0	0.0	0.0	0.0	0.0	0.0
LT & ST provisions and others	0.0	0.0	0.0	0.0	0.0	0.0
Net debt	-2.5	2.2	8.6	54.2	50.5	45.1
Other liabilities	15.9	12.0	11.4	11.4	11.4	11.4
Liabilities	34.8	43.2	56.9	113.4	122.5	131.7
Net debt excl. IFRS 16	-6.3	-3.1	3.8	50.2	46.5	41.1
Gearing net	-0.1	0.1	0.2	1.1	0.8	0.6
Leverage	-0.3	0.2	0.5	2.2	1.7	1.3
Cash flow statement	12/20	12/21	12/22	12/23e	12/24e	12/25e
CF after elimination of net borrowing costs and taxes	7.5	13.3	13.1	18.5	22.2	26.1
Δ WCR	5.2	-4.7	-6.3	-2.6	-0.9	-0.7
Operating cash flow	12.7	8.6	6.8	15.8	21.2	25.3
Net capex	-10.7	-13.9	-11.2	-14.8	-17.4	-19.7
FCF	2.1	-5.3	-4.4	1.0	3.9	5.7
Acquisitions/Disposals of subsidiaries	0.0	0.0	0.0	-46.7	0.0	0.0
Other investments	-1.1	0.0	-2.1	0.0	0.0	0.0
Change in borrowings	3.2	1.1	11.1	35.4	0.0	0.0
Dividends paid	0.0	0.0	-0.2	0.0	-0.2	-0.3
Repayment of leasing debt	-0.1	1.6	-0.6	-0.2	0.0	0.0
Equity Transaction	0.0	0.0	0.0	0.0	0.0	0.0
Others	5.4	-0.3	0.4	0.0	0.0	0.0
Change in net cash over the year	9.4	-2.9	4.2	-10.4	3.7	5.4
ROA (%)	5.3%	10.0%	7.4%	6.6%	7.1%	7.3%
ROE (%)	15.8%	27.0%	20.3%	22.7%	21.5%	19.8%
ROCE (%)	17.1%	25.6%	23.7%	15.6%	13.0%	13.5%

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Methodology

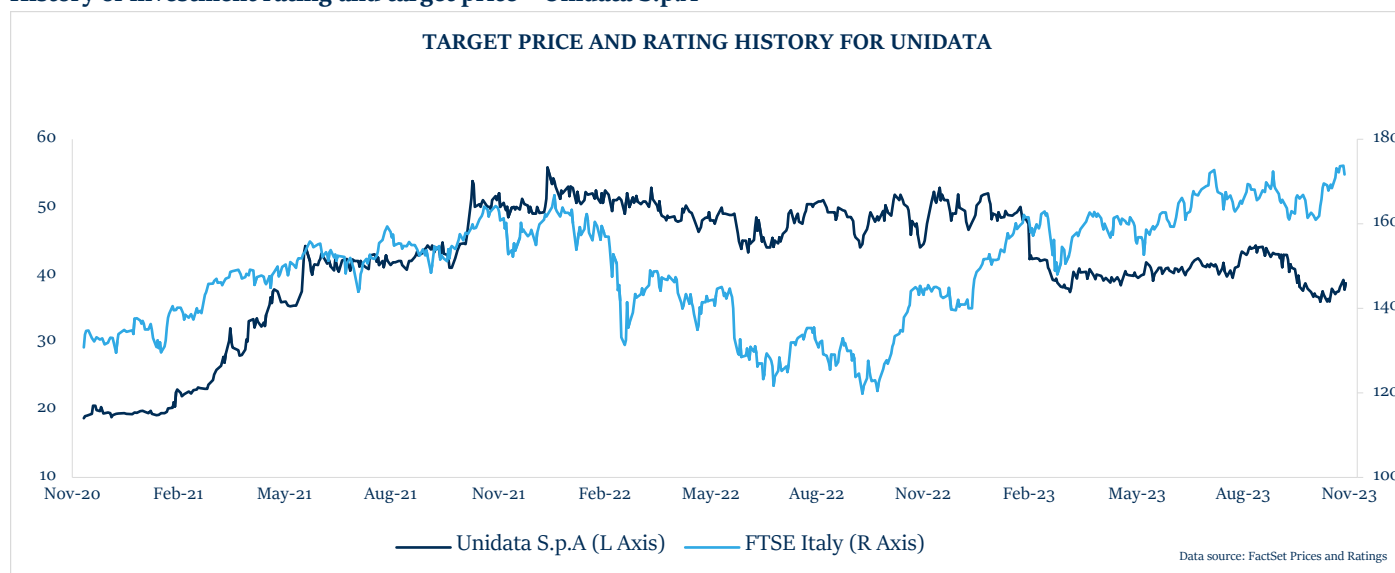
This Report may mention evaluation methods defined as follows:

1. DCF method: discounting of future cash flows generated by the company's operations. Cash flows are determined by the analyst's financial forecasts and models. The discount rate used corresponds to the weighted average cost of capital, which is defined as the weighted average cost of the company's debt and the theoretical cost of its equity as estimated by the analyst.
2. Comparable method: application of market valuation multiples or those observed in recent transactions. These multiples can be used as references and applied to the company's financial aggregates to deduce its valuation. The sample is selected by the analyst based on the characteristics of the company (size, growth, profitability, etc.). The analyst may also apply a premium/discount depending on his perception of the company's characteristics.
3. Assets and liabilities method: estimate of the value of equity capital based on revalued assets adjusted for the value of the debt.
4. Discounted dividend method: discounting of estimated future dividend flows. The discount rate used is generally the cost of capital.
5. Sum of the parts: this method consists of estimating the various activities of a company using the most appropriate valuation method for each of them, then realizing the sum of the parts.

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G. Midcap and the Issuer have agreed to the provision by the former to the latter of a service for the production and distribution of the investment recommendation on the said Issuer: Unidata S.p.A

History of investment rating and target price – Unidata S.p.A



Distribution of Investment Ratings

Rating	Recommendation Universe*	Portion of these provided with investment banking services**
Buy	80%	63%
Hold	16%	56%
Sell	2%	0%
Under review	1%	100%

Midcap employs a rating system based on the following:

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Hold: expected performance between -10% and +10% compared to the market over a 6 to 12 months horizon.

Sell: Stock is expected underperform the markets by 10% or more over a 6 to 12 months horizon.

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