

EQUITY RESEARCH

UNIDATA S.P.A

NEWS
Press release

BUY

TP 6.0€

Up/Downside: 48%

IoT Tender Offer in Molise

Yesterday, Unidata S.p.A. announced the award of an IoT tender for smart water meters in the Molise region. Unidata's total contribution amounts to more than €3m over the next two years.

The contract is part of a temporary consortium comprising Information Development and Automation S.r.l., Atena Sintec S.r.l. m Datek22 S.r.l., Acea Elabori S.p.A., Pide S.r.l., Idragest S.r.l., IA.ING S.r.l., A2A Smart City S.p.A., Beccaceci S.r.l. and Unidata. As part of the contract, Unidata will be involved in the design and implementation of a LoraWan IoT network for all the municipalities in the Molise region and in the design of WAN and WiFi telecommunications networks. The total value of the contract is €49m, of which Unidata's share will surpass €3m over the next two years.

Following three IoT & Smart Metering tenders won in 2023 (worth €15.7m over 14 years), this new contract further increases Unidata's reach in Italy and aligns perfectly with its latest 2024 - 2026 strategic plan (presented last November). The latter will focus on three main pillars: Network, Cloud and IoT, with the objective of connecting more than 700,000 IoT devices by 2025.

The IoT market in Italy is booming, and is expected to grow at a CAGR of +9.5% (2022 - 2026) according to NetConsulting cube. This growth will be driven by the mobile market (eSIMs) and the rollout of fibre and 5G networks. Benefiting from this structural trend, we expect the group to further develop this business, also increasing its presence in the public administration and wholesale markets. In line with its 2024 - 2026 strategic plan, the group is expected to announce 1 to 2 additional projects over the next 2 years.

Buoyed by a favourable environment, with digitisation and access to fibre at the forefront, we expect the group's revenue to grow at a CAGR of +10.9% over 2023E - 2027E, underpinned by: the roll-out of their fibre infrastructure, the completion of their various JVs and the acquisition of new B2B, B2C and P.A. customers.

Following the stock split (1:10) in December, our TP and EPS were divided by 10. We are reiterating our Buy recommendation.

Key data

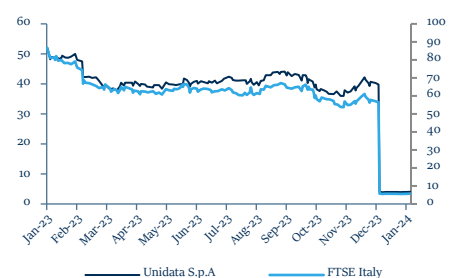
Price (€)	4.1
Industry	Telecommunications
Ticker	UD-IT
Shares Out (m)	30.887
Market Cap (m €)	125.4
Average trading volumes (k shares / day)	0.250
Next event	FY 2023 - tbc
Source:	FactSet

Ownership (%)

Uninvest S.r.l.	55.0
Upperhand S.r.l.	6.2
Free float	38.8
Source:	TPICAP Midcap estimates

EPS (€)	12/23e	12/24e	12/25e
Estimates	0.35	0.42	0.48
Change vs previous estimates (%)	-90.00	-90.00	-90.00
Source:	TPICAP Midcap estimates		

Performance (%)	1D	1M	YTD
Price Perf	1.5	0.0	3.0
Rel FTSE Italy	1.5	-1.4	1.8



Source: FactSet

TP ICAP Midcap Estimates	12/22	12/23e	12/24e	12/25e	Valuation Ratio	12/23e	12/24e	12/25e
Sales (m €)	51.3	92.5	108.5	122.9	EV/Sales	1.9	1.6	1.4
Current Op Inc (m €)	10.7	16.9	20.2	22.8	EV/EBITDA	7.3	6.0	5.0
Current op. Margin (%)	20.9	18.3	18.6	18.6	EV/EBIT	10.6	8.7	7.5
EPS (€)	2.96	0.35	0.42	0.48	PE	11.5	9.6	8.4
DPS (€)	0.00	0.01	0.01	0.01	Source:	TPICAP Midcap		
Yield (%)	0.0	0.2	0.2	0.2				
FCF (m €)	-4.4	1.0	3.9	5.7				

Consensus FactSet - Analysts:5	12/23e	12/24e	12/25e
Sales	94.3	115.6	127.4
EBIT	15.9	20.1	23.5
Net income	9.1	12.3	15.2

Analyst

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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	0.35	0.42	0.48
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

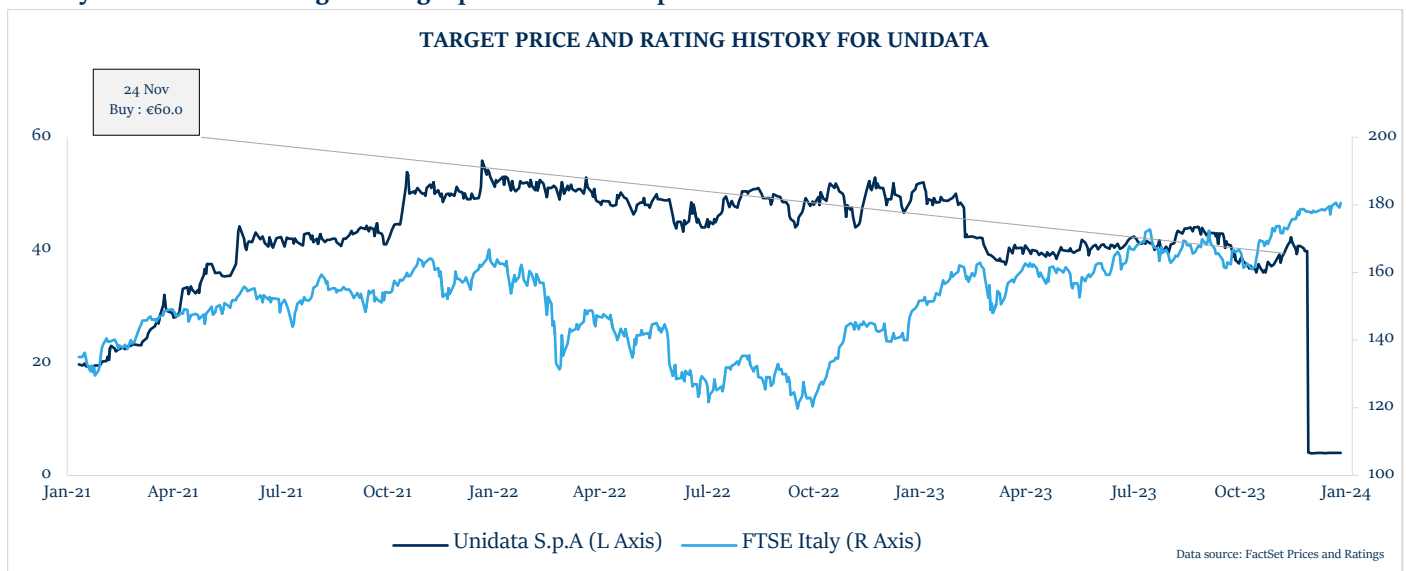
This Report may mention evaluation methods defined as follows:

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.

Conflict of Interests between TP ICAP Midcap and the Issuer

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	82%	63%
Hold	15%	61%
Sell	1%	0%
Under review	1%	100%

Midcap employs a rating system based on the following:

Buy: Expected to outperform the markets by 10% or more over a 6 to 12 months horizon.

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.

The history of ratings and target prices for the Issuers covered in this report are available on request at <https://researchtpicap.midcapp.com/en/disclaimer>.

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