

EQUITY RESEARCH

UNIDATA S.P.A
NEWS
BUY**TP 6.0€**

Up/Downside: 111%

3 new contracts in IoT

Unidata announced yesterday the signing of contracts worth € 1mn (c. 1% of the FY25E exp. revenues) with 3 counterparties in the regions of Tuscany and Emilia-Romagna, for the implementation and management of *smart metering* of water

Unidata announced yesterday that it has been awarded contracts with three counterparties: ASA S.p.A (Tuscany, Livorno), the Municipality of Zeri (Tuscany, Zeri, Massa-Carrara Province) and the municipalities managed by SorgeAqua S.r.l. in the Emilia-Romagna region. **The projects aim to digitize water distribution networks and improve system efficiency to reduce water loss, using LoRaWan technology.** Unidata has been awarded the contract by SorgeAqua S.r.l. and the Municipality of Zeri in a temporary business combination ('RTI'). **These projects, worth c. € 1mn, contribute to the expansion of Unidata's customer base, which now reaches 13 water utilities, with c. € 17mn of orders in pipeline in the field of smart metering (IoT). The IoT segment is considered one of the pillars of the industrial plan for 2027E (midpoint of the revenue guidance at € 142.5mn in FY27E, implied target EBITDA margin of c. 41%). In general, we assume that the contracts have an average duration of around 4 years and, although they are not counted as recurring revenue, we estimate that they could generate more than € 4mn in FY25E.** We also believe that UD could potentially sign new IoT contracts during the FY25E, based on the growth drivers identified in the last company's presentation. **Additionally, the company aims to reach 76% of the revenue from services by 2027, and the IoT area is a key part of this strategy.**

This announcement is positive because: **(1) it strengthens visibility on the plan's objectives for the IoT segment, identified as one of the main growth drivers by 2027; (2) we positively assess the exposure to two regional public administrations known for their short payment terms, thus limiting the impact on NWC; (3) we view favorably the improvement of Unidata's competitiveness in the IoT segment, where competition in Italy remains limited (A2A being the only significant player, mainly present in the north of the country).**

Given our interpretation of the news, which brings additional visibility to the objectives of the 2027E plan, **we confirm our BUY recommendation with a TP of 6.0 €.**

Key data

Price (€)	2.9
Industry	Telecommunications
Ticker	UD-IT
Shares Out (m)	30.887
Market Cap (m €)	88.0
Average trading volumes (k shares / day)	0.240
Next event	FY 2024 - 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 (€)	12/24e	12/25e	12/26e
Estimates	0.39	0.48	0.55
Change vs previous estimates (%)	0.00	0.00	0.00

Source: TPICAP Midcap estimates

Performance (%)	1D	1M	YTD
Price Perf	1.8	11.8	-4.4
Rel FTSE Italy	2.2	7.7	-15.5



Source: FactSet

TP ICAP Midcap Estimates	12/23	12/24e	12/25e	12/26e	Valuation Ratio	12/24e	12/25e	12/26e
Sales (m €)	93.3	101.3	117.8	125.3	EV/Sales	1.3	1.1	0.9
Current Op Inc (m €)	12.3	18.3	22.1	23.7	EV/EBITDA	4.8	3.8	3.2
Current op. Margin (%)	13.2	18.1	18.8	18.9	EV/EBIT	7.2	5.6	4.8
EPS (€)	0.22	0.39	0.48	0.55	PE	7.4	5.9	5.2
DPS (€)	0.01	0.01	0.01	0.01	Source:	TPICAP Midcap		
Yield (%)	0.5	0.3	0.3	0.4				
FCF (m €)	1.4	7.2	7.7	11.0				

Consensus FactSet - Analysts:5	12/24e	12/25e	12/26e
Sales	111.8	123.4	133.8
EBIT	17.8	21.7	25.4
Net income	10.6	13.6	16.6

Analyst

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FINANCIAL DATA

Income Statement	12/21	12/22	12/23	12/24e	12/25e	12/26e
Sales	37.0	51.3	93.3	101.3	117.8	125.3
Changes (%)	57.9	38.8	81.6	8.6	16.3	6.4
Gross profit	17.5	20.3	32.7	36.1	42.6	46.2
% of Sales	47.2	39.5	35.0	35.6	36.2	36.9
EBITDA	14.1	16.2	22.4	27.4	32.7	35.6
% of Sales	38.1	31.6	24.0	27.0	27.8	28.5
Current operating profit	9.1	10.7	12.3	18.3	22.1	23.7
% of Sales	24.6	20.9	13.2	18.1	18.8	18.9
Non-recurring items	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	9.1	10.7	12.3	18.3	22.1	23.7
Net financial result	-0.3	-0.1	-3.0	-2.3	-2.5	-1.9
Income Tax	-1.0	-3.1	-2.5	-4.4	-5.4	-6.0
Net profit, group share	7.8	7.5	6.7	11.6	14.2	15.8
EPS	3.20	2.96	0.22	0.39	0.48	0.55
Financial Statement	12/21	12/22	12/23	12/24e	12/25e	12/26e
Goodwill	0.0	0.0	37.5	37.5	37.5	37.5
Tangible and intangible assets	33.7	39.4	77.2	83.2	87.9	92.2
Right of Use	9.3	9.3	9.8	8.6	7.4	6.2
Financial assets	1.1	3.5	9.4	9.4	9.4	9.4
Working capital	-1.3	1.1	-8.9	-6.0	-3.1	-1.3
Other Assets	0.4	3.6	5.1	5.1	5.1	5.1
Assets	43.2	56.9	130.1	137.7	144.2	149.1
Shareholders equity group	29.0	36.9	64.6	75.8	89.9	105.5
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	2.2	8.6	47.2	43.8	36.5	26.1
Other liabilities	12.0	11.4	18.3	18.3	18.3	18.3
Liabilities	43.2	56.9	130.1	137.9	144.7	149.8
Net debt excl. IFRS 16	-3.1	3.8	42.4	42.5	35.2	24.7
Gearing net	0.1	0.2	0.7	0.6	0.4	0.2
Leverage	0.2	0.5	2.1	1.6	1.1	0.7
Cash flow statement	12/21	12/22	12/23	12/24e	12/25e	12/26e
CF after elimination of net borrowing costs and taxes	13.3	13.1	18.2	20.7	24.8	27.8
Δ WCR	-4.7	-6.3	0.7	-2.9	-2.9	-1.7
Operating cash flow	8.6	6.8	18.9	17.8	21.9	26.0
Net capex	-13.9	-11.2	-17.5	-10.6	-14.1	-15.0
FCF	-5.3	-4.4	1.4	7.2	7.7	11.0
Acquisitions/Disposals of subsidiaries	0.0	0.0	-46.7	0.0	0.0	0.0
Other investments	0.0	-2.1	-5.2	-3.2	0.0	0.0
Change in borrowings	1.1	11.1	36.9	-3.5	0.0	0.0
Dividends paid	0.0	-0.2	-0.3	-0.4	-0.2	-0.3
Repayment of leasing debt	1.6	-0.6	-0.2	0.0	0.0	0.0
Equity Transaction	0.0	0.0	0.0	0.0	0.0	0.0
Others	-0.3	0.4	14.5	0.0	0.0	0.0
Change in net cash over the year	-2.9	4.2	0.4	0.1	7.5	10.7
ROA (%)	10.0%	7.4%	3.6%	5.9%	6.8%	7.0%
ROE (%)	27.0%	20.3%	10.4%	15.4%	15.9%	15.1%
ROCE (%)	25.6%	23.7%	10.0%	14.4%	12.2%	12.5%

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Analyst certifications

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Methodology

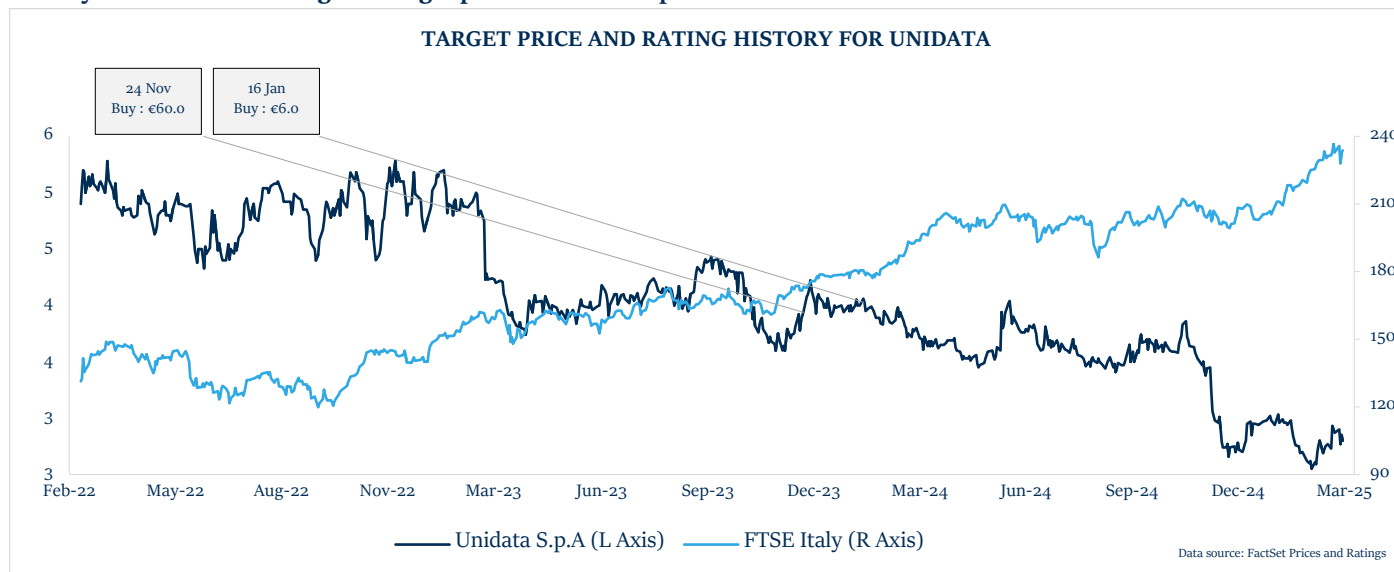
This Report may mention evaluation methods defined as follows:

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



Historical recommendations and target price (-1Y)

Date	Analyst	Old Target Price	New Target Price	Closing Price	Old Recommendation	New Recommendation
12 Feb 25 - 19:07:34	Michele Mombelli	€ 6.00	€ 6.00	€ 2.59	Achat	Buy
11 Feb 25 - 08:40:40	Michele Mombelli	€ 6.00	€ 6.00	€ 2.61	Achat	Buy
18 Dec 24 - 08:06:17	Davide Longo	€ 6.00	€ 6.00	€ 2.85	Achat	Buy
13 Nov 24 - 07:46:03	Filippo Migliorisi	€ 6.00	€ 6.00	€ 3.23	Achat	Buy
12 Sep 24 - 07:46:41	Filippo Migliorisi	€ 6.00	€ 6.00	€ 3.70	Achat	Buy
11 Sep 24 - 07:51:06	Filippo Migliorisi	€ 6.00	€ 6.00	€ 3.58	Achat	Buy
24 May 24 - 15:05:09	Filippo Migliorisi	€ 6.00	€ 6.00	€ 3.84	Achat	Buy
14 May 24 - 08:29:43	Filippo Migliorisi	€ 6.00	€ 6.00	€ 3.60	Achat	Buy
02 Apr 24 - 07:58:38	Filippo Migliorisi	€ 6.00	€ 6.00	€ 3.69	Achat	Buy

Distribution of Investment Ratings

Rating	Recommendation Universe*	Portion of these provided with investment banking services**
Buy	80%	60%
Hold	15%	73%
Sell	3%	20%
Under review	2%	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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