

UNIDATA

Sector: Telecoms

BUY
Price: Eu3.23 - Target: Eu4.90

FY24 Outlook Implies a Challenging Path to FY26 targets

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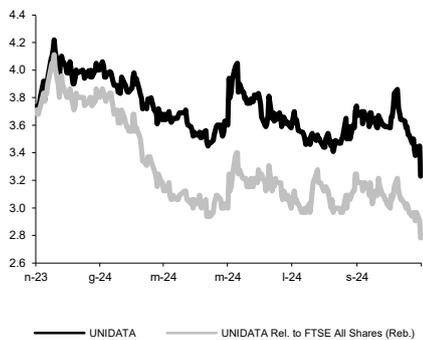
Stock Rating

Rating:	Unchanged		
Target Price (Eu):	from 6.50 to 4.90		
	2024E	2025E	2026E
Chg in Adj EPS	-3.2%	-15.3%	-27.9%

Next Event

2025-27 BP update mid-December 2024

UNIDATA - 12M Performance



Stock Data

Reuters code: UD.MI
 Bloomberg code: UD IM

Performance	1M	3M	12M
Absolute	-10.0%	-6.1%	-14.8%
Relative	-8.1%	-11.1%	-32.3%
12M (H/L)		4.22/3.23	
3M Average Volume (th):		13.87	

Shareholder Data

No. of Ord shares (mn):	31
Total no. of shares (mn):	31
Mkt Cap Ord (Eu mn):	100
Total Mkt Cap (Eu mn):	100
Mkt Float - Ord (Eu mn):	39
Mkt Float (in %):	38.8%
Main Shareholder:	
Uninvest (Brunetti/Vispi/Bianchi)	55.0%

Balance Sheet Data

Book Value (Eu mn):	74
BVPS (Eu):	2.40
P/BV:	1.3
Net Financial Position (Eu mn):	-46
Enterprise Value (Eu mn):	146

■ **9M24 results.** Unidata reported solid 9M profitability (27.0%, our exp. 26.0%) despite a top line broadly in line with our expectations, translating into a 5% surprise on the bottom line, while net debt was in line with our assumptions. The flattish trend for revenues (9M: +0.3%, o/w 1Q: +11%, 2Q: -9%, 3Q: -0.7%) confirmed the inversion of the revenue mix with an increase in weight for Service Revenues and the disposal of Voice Trading. Within the mix, Service revenues (9M: 75% of total, 1H: 72%) grew 12% YoY (1H: +9%), while Infrastructure revenues decreased 28% (1H: -20%) due to a different phasing of wholesale revenues (-54%) and activities related to Unifiber (-7%). Margin improvement (9M: 27.0%, +2.7pp YoY, 1H: 25.2%) was the result of: i) Service Revenues growth; ii) a reduction in the Cost of Sales linked to Infrastructure; and iii) the execution of important, highly profitable projects picked up in 1Q24. Industrial CapEx of €6.6mn (our exp. €8.7mn) and €1.9mn of financial investments (Unifiber and Uniritirreno) led to net debt of €46.9mn (our exp. €46.0mn), slightly below YE23.

■ **FY24 Outlook.** Unidata provided a forecast of total revenues between Eu100mn and Eu104mn; an adjusted EBITDA Margin between 26.4% and 27.0%; net financial debt expected between Eu44mn and Eu45mn, benefitting from a working capital release in 4Q related to the expected availability by the end of December of the Eu2.4mn restricted deposit, which serves as collateral for the Eu40mn bank loan secured in 2023 for the acquisition of the TWT Group.

■ **FY25-27 Business Plan.** As every year, the company is expected to present a plan update in December, with new targets extended by one year, up to 2027. Current targets for 2026 project revenues in the Eu130-140mn range, adj. EBITDA at Eu37-41mn, and net debt at approximately Eu24mn (0.6x EBITDA).

■ **Estimates Change.** We do not know what the new targets for 2027 will be, but given the limited growth in FY24, the current 2026 targets, even if taken at the lower end of the ranges, imply very challenging low-teen growth. For this reason, while we adapt our FY24 estimates to the mid-point of company targets, we inject some prudence for FY25-26, reducing top line/adj. EBITDA estimates 15%/17% below the lower end of company targets set for FY26. These changes result in a 15%/28% EPS cut for FY25-26.

■ **BUY confirmed; new TP €4.9 (from €6.5).** 9M results came in line with our expectations although the limited growth implied in FY24 targets suggests a challenging trajectory to the lower end of the old FY26 targets; we therefore expect consensus to incorporate some prudence ahead of the coming Business Plan update in December. The revision of estimates prompts us to reduce our DCF-based TP to €4.9 (from €6.5), which still implies c50% upside to the current market price. Despite the significant downward revision of estimates, we remain positive on the stock: we believe that in a scenario of radical reshaping of the Italian telecom sector, Unidata should play its part by actively considering new strategic options, such as consolidation scenarios, to strengthen its market position, with a near-term call to action that could re-ignite the stock's speculative appeal. In particular, in a market consolidation scenario, Unidata has attractive strategic assets, including a proprietary FTTH network in a highly strategic location like Rome, and extensive expertise in infrastructure projects, as demonstrated by initiatives such as Unifiber, Uniritirreno, #Rome5G, and IoT tenders.

Key Figures & Ratios	2022A	2023A	2024E	2025E	2026E
Sales (Eu mn)	51	93	102	106	110
EBITDA Adj (Eu mn)	16	24	27	29	31
Net Profit Adj (Eu mn)	8	8	10	12	13
EPS New Adj (Eu)	0.243	0.264	0.319	0.375	0.420
EPS Old Adj (Eu)	0.243	0.264	0.330	0.443	0.582
DPS (Eu)	0.100	0.010	0.015	0.017	0.019
EV/EBITDA Adj	9.9	7.2	5.3	4.9	4.3
EV/EBIT Adj	15.0	12.4	8.6	7.6	6.5
P/E Adj	13.3	12.2	10.1	8.6	7.7
Div. Yield	3.1%	0.3%	0.5%	0.5%	0.6%
Net Debt/EBITDA Adj	0.6	2.0	1.7	1.4	1.1

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- Discounted cash flow (DCF) model or similar methods such as a dividend discount model (DDM)
- Comparison with market peers, using the most appropriate methods for the individual company analysed: among the main ratios used for industrial sectors are price/ earnings (P/E), EV/EBITDA, EV/EBIT, price /sales.
- Return on capital and multiples of adjusted net book value are the main methods used for banking sector stocks, while for insurance sector stocks return on allocated capital and multiples on net book value and embedded portfolio value are used
- For the utilities sector comparisons are made between expected returns and the return on the regulatory asset base (RAB)

Some of the parameters used in evaluations, such as the risk-free rate and risk premium, are the same for all companies covered, and are updated to reflect market conditions. Currently a risk-free rate of 4.0% and a risk premium of 5.5% are being used.

Frequency of research: quarterly.

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BUY: stock expected to outperform the market by over 25% over a 12 month period;

OUTPERFORM: stock expected to outperform the market by between 10% and 25% over a 12 month period;

NEUTRAL: stock performance expected at between +10% and -10% compared to the market over a 12 month period;

UNDERPERFORM: stock expected to underperform the market by between -10% and -25% over a 12 month period;

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

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

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OUTPERFORM:	48.09 %
NEUTRAL:	23.67 %
UNDERPERFORM	00.00 %
SELL:	00.00 %

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NEUTRAL:	09.83 %
UNDERPERFORM	00.00 %
SELL:	00.00 %

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Emittente	%	Long/Short
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