

UNIDATA

Sector: Telecoms

BUY

Price: Eu42.80 - Target: Eu64.00

Stronger 2H After Solid 1H, New Tenders in Pipeline, CMD by YE

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Stock Rating

Rating: Unchanged

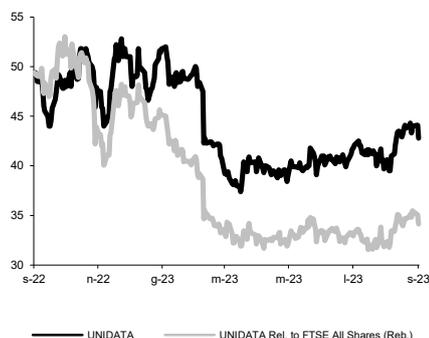
Target Price (Eu): Unchanged

	2023E	2024E	2025E
Chg in Adj EPS	0.0%	0.0%	0.0%

Next Event

9M23 Results Out 14 November

UNIDATA - 12M Performance



Stock Data

Reuters code: UD.MI

Bloomberg code: UD IM

Performance	1M	3M	12M
Absolute	7.8%	4.4%	-13.4%
Relative	7.3%	2.0%	-38.7%
12M (H/L)	52.80/37.40		
3M Average Volume (th):	1.33		

Shareholder Data

No. of Ord shares (mn): 3

Total no. of shares (mn): 3

Mkt Cap Ord (Eu mn): 132

Total Mkt Cap (Eu mn): 132

Mkt Float - Ord (Eu mn): 51

Mkt Float (in %): 38.8%

Main Shareholder:

Uninvest (Brunetti/Vispi/Bianchi) 55.0%

Balance Sheet Data

Book Value (Eu mn): 60

BVPS (Eu): 19.38

P/BV: 2.2

Net Financial Position (Eu mn): -50

Enterprise Value (Eu mn): 183

■ **1H results** came in better than our expectations (+9%/+7%/+16% on top line/adj. EBITDA/adj. EBIT) and the FY23-25 outlook was confirmed. Group turnover was up 93% YoY (+21.7% ex-TWT) to reflect 4 months of consolidation of TWT (€15.3mn vs. our €15mn, including €2.1mn in voice trading revenues) and adj. EBITDA rose 68% YoY to €9.4mn, a 22.6% margin. Net debt was €49.6mn, marginally better (our exp. €51.5mn), with the increase from YE22 (€9.6mn) mainly reflecting c.€13.6mn of operating cash flow, that was more than absorbed by a c.€52mn net cash-out for TWT, c.€9mn in CapEx and €6.6mn of financial investments. Very favourable KPIs: customer base +15% YoY to 20.9k (of which UD Consumer 16.3k +17%, UD Business 2.2k +7%, TWT Business 2.5k +8%) with ARPU up at Business (UD +3%, TWT +8%) but falling further in the Consumer segment (-9%). The fibre network now extends to over 5,900km (+450km in 1H). Stock split announced to boost liquidity, (ratio still not set, we think 1:10 is likely) to be approved by an EGM that will be called soon.

■ **Positive feedback from conference call.** Management delivered reassuring comments on current trading and restated its belief in a stronger seasonal pattern in 2H vs. 1H. The company also announced the award of another IoT tender for water metering services (in Florence), bringing the total number of IoT tenders awarded to >€15.7mn since the beginning of 2023; in the meantime, management expressed confidence in the formalisation of the award of the 5G/Wi-Fi joint tender with Boldyn Networks in Rome, despite recent appeals presented by other operators (favourable TAR ruling expected by the end of this month). By Oct./Nov., the company plans to host a capital markets day to present updated guidance and factor in further upside from new initiatives and tenders awarded.

■ **Change in estimates.** We are revising our FY23 top line forecast to reflect the full impact of the phasing-out of revenues from voice trading (c.€16mn), with a negligible impact on EBITDA, as we continue to assume much faster progress in 2H, in line with management indications. In addition, we nudged up CapEx in line with FY23-25 company targets (c.€20mn in FY23, c.€25mn in FY24, c.€15mn in FY25).

■ **BUY confirmed; target still €64.** Ahead of the CMD to be held by YE, we confirm our DCF-based target price at €64, implying over 45% upside from the current market price. The stock is trading at c.9x EV/EBIT'24E, which we believe represents an extremely attractive entry point (Italian peer Intred is trading at c.14x), with a further liquidity boost potentially coming from the announced stock split. We appreciate the business model, as it offers a very attractive risk-return profile thanks to: a) a proprietary network focused on future-proof FTTH technology (no risk of disruptive change and limited long-term CapEx) and first-mover advantage in Rome, a highly strategic location; b) significant opportunities from TWT (footprint expansion to Lombardy, more diversified customer base and commercial upselling synergies); c) strong visibility on IRR (upfront CapEx with guaranteed returns); d) the presence of an anchor client, state-owned OF, targeting faster and deeper FTTH coverage of Italy; e) downside protection (visible and recurring revenue streams, low churn); f) a supportive regulatory framework (NRRP boost).

Key Figures & Ratios	2021A	2022A	2023E	2024E	2025E
Sales (Eu mn)	37	51	96	124	132
EBITDA Adj (Eu mn)	14	16	25	29	35
Net Profit Adj (Eu mn)	8	8	10	12	15
EPS New Adj (Eu)	3.182	2.956	3.120	3.880	4.744
EPS Old Adj (Eu)	3.182	2.956	3.120	3.880	4.744
DPS (Eu)	0.100	0.100	0.147	0.194	0.237
EV/EBITDA Adj	6.7	8.3	7.3	6.4	5.1
EV/EBIT Adj	10.4	12.5	11.2	9.1	7.3
P/E Adj	13.4	14.5	13.7	11.0	9.0
Div. Yield	0.2%	0.2%	0.3%	0.5%	0.6%
Net Debt/EBITDA Adj	0.2	0.6	2.0	1.8	1.3