

UNIDATA

Sector: Telecoms

BUY

Price: Eu2.85 - Target: Eu5.50

Restoring Confidence: Ambitious Targets Offer Higher Visibility

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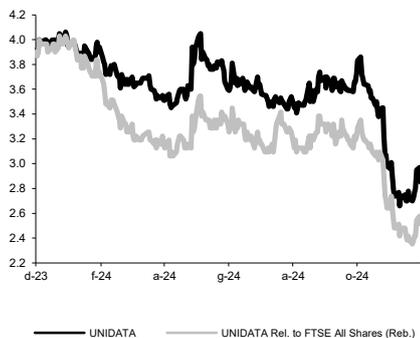
Stock Rating

Rating:	Unchanged		
Target Price (Eu):	from 4.90 to 5.50		
	2024E	2025E	2026E
Chg in Adj EPS	0.0%	7.2%	14.4%

Next Event

FY24 Preliminary Results mid-Feb 2025

UNIDATA - 12M Performance



Stock Data

Reuters code:	UD.MI		
Bloomberg code:	UD IM		
Performance	1M	3M	12M
Absolute	-4.4%	-23.0%	-29.8%
Relative	-4.9%	-24.7%	-42.4%
12M (H/L)	4.06/2.66		
3M Average Volume (th):	29.84		

Shareholder Data

No. of Ord shares (mn):	31
Total no. of shares (mn):	31
Mkt Cap Ord (Eu mn):	88
Total Mkt Cap (Eu mn):	88
Mkt Float - Ord (Eu mn):	34
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:	1.2
Net Financial Position (Eu mn):	-46
Enterprise Value (Eu mn):	134

Following a challenging FY24, the new 2026-27 targets (12% CAGR for top line and 15% for EBITDA) appear ambitious yet aligned to prior objectives and achievable, provided that solid execution in FY25 confirms the sustainability of the projected trends. While meaningful upgrades to consensus estimates may take a few quarters of solid execution, reassuring insights from the call have led us to improve our estimates. That said, we remain more conservative than the new targets, taking a wait-and-see approach.

- Focus on higher margin services.** FY24 has been a transitional year and cannot be considered a proxy for future years. This year, underperformance was mainly driven by a decline in low-margin infrastructure revenues (-18% YoY, largely due to the complexity of network construction for Unifiber in grey areas), while service revenues grew by a healthy +14%. With infrastructure's contribution to sales expected to decline by 2027 (32% in FY23, 27% in FY24, and ~23% by FY27), top-line growth will increasingly rely on higher-margin services, potentially supporting growth rates in the low teens range, well above our previous estimates (4% CAGR). The 2025-2027 plan focuses on improving infrastructure performance through better scoring in grey areas, expanding the reseller segment with new products and incentives, and strengthening retail & wholesale via enhanced sales structures, updated pricing, and improved CRM systems.
- Positive tone from the call.** Management provided greater visibility on the sustainability of the updated outlook, the upcoming debt refinancing (room to reduce interest rates and accelerate CapEx), and progress on key strategic initiatives: Uniritreno (operational by June 2025), Unicenter (16MW DC, modular investment, ready in 2025, with 13,600 sqm identified in Rome's Commercica area), Unifiber (strong commitment from CEBF, future integration with Clifiber in Salento), IoT tenders (€23.4mn value awarded, of which €16.7mn in 2025-27), and the #Roma5G (€3mn revenues in FY24 and €4mn in FY25). Management confirmed interest in separating the infrastructure and retail businesses but deferred details on their economics in order to gain better visibility in the coming quarters.
- Changes to estimates.** We have raised our estimates for FY25-27, though we remain ~10% below targets. We now forecast sales of €110mn in FY25 (+7.5% YoY), €119mn in FY26, and €129mn in FY27, with margins at 27-28%. Assuming ~€60mn in CapEx over three years, we estimate net debt at €25mn by 2027 (vs. €10mn target, 0.2x EBITDA).
- BUY confirmed; new TP €5.5 (from €4.9).** The revision of estimates prompts us to raise our DCF-based TP to €5.5 (from €4.9), which still implies >90% upside to the current market price. The new 2026-27 targets, while ambitious, appear well within reach, supported by management's confidence in sustaining growth and successfully executing strategic plans. Investors will focus on FY25 as a test of trend sustainability, with upgrades to estimates likely requiring a few quarters of solid execution. 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, Uniritreno, #Roma5G, and IoT tenders.

Key Figures & Ratios	2023A	2024E	2025E	2026E	2027E
Sales (Eu mn)	93	102	110	119	129
EBITDA Adj (Eu mn)	24	27	30	33	37
Net Profit Adj (Eu mn)	8	10	12	15	18
EPS New Adj (Eu)	0.264	0.319	0.403	0.480	0.573
EPS Old Adj (Eu)	0.264	0.319	0.375	0.420	0.443
DPS (Eu)	0.010	0.015	0.019	0.022	0.026
EV/EBITDA Adj	7.2	4.9	4.2	3.6	3.1
EV/EBIT Adj	12.4	7.9	6.5	5.2	4.3
P/E Adj	10.8	8.9	7.1	5.9	5.0
Div. Yield	0.4%	0.5%	0.7%	0.8%	0.9%
Net Debt/EBITDA Adj	2.0	1.7	1.3	0.9	0.7

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- Comparison with market peers, using the most appropriate methods for the individual company analysed: 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)

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Frequency of research: quarterly.

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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;

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NEUTRAL:	23.67 %
UNDERPERFORM	00.00 %
SELL:	00.00 %

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NEUTRAL:	09.83 %
UNDERPERFORM	00.00 %
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Emittente	%	Long/Short
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