

# EdiliziAcrobatica

Sector: Real Estate Services



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## 1H22 marks a new all-time high for business

EdiliziAcrobatica SpA (EdAc) is by far the Italian leader in outdoor maintenance and renovation of real estate assets, through an innovative double safety rope and no use of scaffoldings technique.

### Best-in class 1H22 Financials

EDAC reported striking 1H22 financials, boosted by the delivery of works related to fiscal aids (Bonus Facciate 90%-60%):

- ◆ VoP at €67.9mn, +85% y/y;
- ◆ EBITDA at €21.8mn, +3x y/y, with EBITDA margin at 32.1%;
- ◆ EBIT at €20.9mn, EBIT Margin at 30.8% (+16 ppt y/y);
- ◆ Net Profit at €10.7mn, ca. in line with the entire FY21 bottom line;
- ◆ Net Cash at €6.8mn, vs. €3.6mn as of 2021 year end.

### Operational and HR development keeps going

EdAc development remains buoyant also in terms of operational footprint. Indeed, during 1H22, the Group reached a total of 91 directly managed business units, (+11 vs. 1H21), of which 80 in Italy, 8 in France, 2 in Spain and 1 in Monaco. Also including ca. 30 franchisees, EdAc boasts 121 point of sales and 1,538 human resources (756 net new hires between 1H21-1H22).

### 2022E-23E P&L estimates up, low visibility on fiscal aids

We are revising EDAC 2022E-23E top line by ca. 8% on avg. while confirming 2024E at €149mn, with EA 110% filling the gap of declining revenues coming from *Bonus Facciate* 90%-60%. In 2024E we expect EBITDA margin at ca. 23% and Net Cash at ca. €16mn.

Our new estimates are subject to the proper restart of tax credits cash-in mechanism with almost stable banking fees.

### Fair Value confirmed at €25.00 p/s

We are confirming EDAC fair value at €25.0 p/s, as our upward estimates revision is offset by peers' multiples derating.

We warn the low visibility on fiscal aids evolution but we deem that our fair value would be sustainable even in a normalized scenario without fiscal bonuses but with seamless execution of domestic and international businesses.

<b>Fair Value (€)</b>	<b>25.00</b>
<b>Market Price (€)</b>	<b>15.30</b>
<b>Market Cap. (€m)</b>	<b>126.0</b>

KEY FINANCIALS (€m)	2021A	2022E	2023E
VALUE OF PRODUCTION	87.7	131.4	139.5
EBITDA	21.3	31.5	32.8
EBIT	18.3	29.9	31.4
NET PROFIT	11.1	17.0	18.6
EQUITY	22.1	36.6	52.8
NET FIN. POS.	3.6	6.1	10.7
EPS ADJ. (€)	1.4	2.1	2.3
DPS (€)	0.3	0.3	0.3

Source: EdiliziAcrobatica (historical figures), Value Track (2022E-23E estimates)

RATIOS & MULTIPLES	2021A	2022E	2023E
EBITDA MARGIN (%)	24.3	24.0	23.5
EBIT MARGIN (%)	20.9	22.8	22.5
NET DEBT / EBITDA (x)	nm	nm	nm
EV/SALES (x)	1.5	0.9	0.8
EV/EBITDA (x)	6.3	3.8	3.5
EV/EBIT (x)	7.3	4.0	3.7
P/E (x)	12.4	7.4	6.8
DIV YIELD (%)	1.8	2.0	2.0

Source: EdiliziAcrobatica (historical figures), Value Track (2022E-23E estimates)

### STOCK DATA

FAIR VALUE (€)	25.00
MARKET PRICE (€)	15.30
SHS. OUT. (m)	8.2
MARKET CAP. (€m)	126.0
FREE FLOAT (%)	25.7
AVG. -20D VOL. (#)	2,514
RIC / BBG	EDAC.MI / EDAC IM
52 WK RANGE	12.50-18.85

Source: Stock Market Data



## Business Description

EdiliziAcrobatica S.p.A. (EdAc) is active in the Italian market of real estate assets outdoor maintenance and renovation through an innovative approach based on the double safety rope tool.

The company carries out maintenance works ranging from securing and prompt intervention, to renovation, installation, proofing, maintenance, and rebuilding, all executed without the use of scaffoldings or fixed-aerial solutions. Founded back as of 1994, the company has experienced a successful growth thus becoming nowadays the largest European company in its niche-segment.

## Key Financials

€mn	2021A	2022E	2023E	2024E
<b>Value of Production</b>	<b>87.7</b>	<b>131.4</b>	<b>139.5</b>	<b>148.9</b>
Chg. % YoY	89.9%	49.9%	6.1%	6.7%
<b>EBITDA</b>	<b>21.3</b>	<b>31.5</b>	<b>32.8</b>	<b>34.2</b>
EBITDA Margin (%)	24.3%	24.0%	23.5%	23.0%
<b>EBIT</b>	<b>18.3</b>	<b>29.9</b>	<b>31.4</b>	<b>32.5</b>
EBIT Margin (%)	41.0%	22.8%	22.5%	21.8%
<b>Net Profit</b>	<b>11.1</b>	<b>17.0</b>	<b>18.6</b>	<b>20.4</b>
Chg. % YoY	nm	53.0%	9.8%	9.5%
<b>Adjusted Net Profit</b>	<b>11.1</b>	<b>17.0</b>	<b>18.6</b>	<b>20.4</b>
Chg. % YoY	nm	53.0%	9.8%	9.5%
<b>Net Fin. Position</b>	<b>3.6</b>	<b>6.1</b>	<b>10.7</b>	<b>15.9</b>
Net Fin. Pos. / EBITDA (x)	nm	nm	nm	nm
Capex	-1.5	-2.0	-2.4	-2.9
<b>OpFCF b.t.</b>	<b>21.6</b>	<b>17.9</b>	<b>19.8</b>	<b>19.8</b>
OpFCF b.t. as % of EBITDA (*)	101.3%	56.8%	60.5%	57.8%

Source: EdiliziAcrobatica (historical figures), Value Track (estimates)

## Investment case

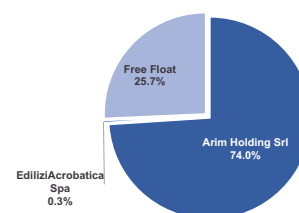
### Strengths / Opportunities

- ◆ Innovative approach to “old” problems is making the company to sparkle;
- ◆ Business model granting high scalability;
- ◆ Low level of capital expenditure.

### Weaknesses / Risks

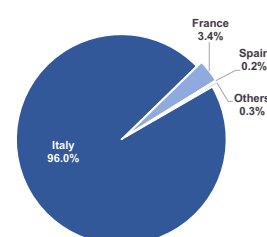
- ◆ Labor intensive business model, requiring highly-skilled workers;
- ◆ The company is braked in its (international) expansion by different regulatory landscapes;
- ◆ Credit collection takes long time, but bad debt risks are minimal.

## Shareholders Structure



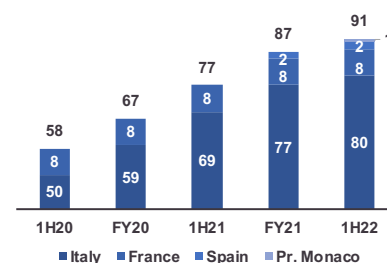
Source: EdiliziAcrobatica

## Revenues breakdown by geography



Source: EdiliziAcrobatica, Value Track, FY21

## Direct Branches evolution



Source: EdiliziAcrobatica, Value Track, 1H22

## Stock multiples @ €25.00 Fair Value

	2022E	2023E
EV / SALES (x)	1.5	1.4
EV / EBITDA (x)	6.3	6.0
EV / EBIT (x)	6.7	6.2
EV / CAP.EMP. (x)	6.5	4.6
OpFCF Yield (%)	9.0	10.2
P / E (x)	12.1	11.1
P / BV (x)	5.6	3.9
Div. Yield. (%)	1.2	1.2

Source: Value Track

## Buoyant 1H22 results

EdiliziAcrobatica reported buoyant 1H22 financials, exceeding our estimates especially at profitability level, mainly thanks to the delivery of works still related to Bonus Facciate 90% and first projects on the current 60% bonus. We also highlight the Group continuous business development, in terms of new branches opened and new employees hired. More in details:

- ◆ **Value of Production at €67.9mn**, +85% y/y vs €36.8mn of 1H21;
- ◆ **EBITDA at €21.8mn**, marking a more than threefold increase y/y vs. €7.0mn in 1H21;
- ◆ **EBIT at €20.9mn** and **EBIT Margin at 30.8%** (+16 ppt y/y), reducing the gap to EBITDA;
- ◆ **Net Profit at €10.7mn**, almost in line with the entire bottom line of FY21 (€11.1mn);
- ◆ **Net Cash at €6.8mn** (FY21 €3.6mn) thanks to 73% EBITDA-OpFCF conversion rate.

### EdAc: Key Financials 1H20-1H21-1H22

(IT GAAP, €mn)	1H20	1H21	1H22	Δ y/y (%)
<b>Value of Production</b>	<b>18.7</b>	<b>36.8</b>	<b>67.9</b>	<b>85%</b>
<b>EBITDA</b>	<b>1.4</b>	<b>7.0</b>	<b>21.8</b>	<b>213%</b>
<i>EBITDA Margin (%)</i>	<i>7.3%</i>	<i>18.9%</i>	<i>32.1%</i>	<i>13ppt</i>
<b>EBIT</b>	<b>0.4</b>	<b>5.5</b>	<b>20.9</b>	<b>278%</b>
<i>EBIT Margin (%)</i>	<i>2.4%</i>	<i>15.0%</i>	<i>30.8%</i>	<i>16ppt</i>
<b>Net Profit</b>	<b>0.0</b>	<b>1.6</b>	<b>10.7</b>	<b>566%</b>
<b>Net Financial Position</b>	<b>-4.2</b>	<b>-7.7</b>	<b>5.8</b>	<b>n.m.</b>

Source: EdiliziAcrobatica, Value Track Analysis

### Value of Production almost doubling at €67.7mn (+85% y/y)

1H22 **Revenues from Sales amounted to €67.4mn** vs. €36.5mn of 1H21, already net of the fair value of banking fees related to the cash-in of 1H22 fiscal credits (ca. €6.5mn).

Adding other revenues (including ca. €65k worth of internally developed fixed assets) we get to a **€67.7mn Value of Production**, almost doubling €36.8mn 1H22 result (+85% y/y).

As far as for 1H22 Revenues breakdown by businesses/geography, we highlight:

- ◆ **Italy** (proprietary business units, franchising, Energy Acrobatica 110%) at ca. €67.4mn vs. €34.7mn in 1H21. Out of the total, EA 110% reported sales for ca. €1.4mn, doubling the result of 2H21 (that represented the first operating semester of the subsidiary).
- ◆ **France** (EdiliziAcrobatica Sas) at €2.5mn in 1H22 vs. €1.8mn in 1H21 (+41%);
- ◆ **Spain** (EdiliziAcrobatica Iberica) recording revenues for ca. €500k, i.e. 2x the result of 2H22.

### EdAc: Top Line breakdown by geography 1H20-1H21-1H22

(IT GAAP, €mn)	1H20	1H21	1H22	Δ y/y (%)
Italy	16.0	34.7	64.3	85%
France	1.6	1.8	2.5	41%
Spain	0.0	0.0	0.5	n.m.
<b>Revenues from Sales</b>	<b>17.6</b>	<b>36.5</b>	<b>67.4</b>	<b>85%</b>
Other Revenues	1.1	0.3	0.5	53%
<b>Value of Production</b>	<b>18.7</b>	<b>36.8</b>	<b>67.9</b>	<b>85%</b>

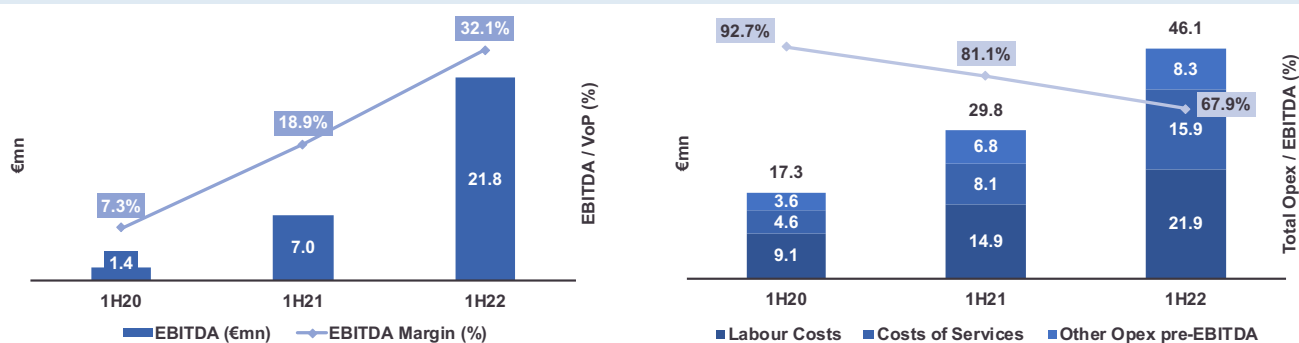
Source: EdiliziAcrobatica, Value Track Analysis

### Best-in-class profitability: EBITDA and EBIT margin above 30%

EdAc reported sky-high operating and net profitability mainly thanks to (i) the final delivery of works still related to Bonus Facciate 90% (above-average marginality) and advancements on current 60% bonus, and (ii) an efficient cost management leading to a very positive operating leverage. We outline:

- ◆ **EBITDA at €21.8mn**, increasing more than threefold y/y, thanks to Services Costs equal weight on top line vs. 1H21 and all the other Opex (especially Labour and Raw Materials) declining y/y as a percentage of VoP. Indeed, Group **EBITDA margin stood at 32%**, despite the French subsidiary negative EBITDA (we estimate ca. €-260k in 1H22, but at break-even in September 2022);
- ◆ **EBIT at €20.9mn**, increasing more than proportionally with respect to EBITDA (lower D&A expenses y/y) and **EBIT margin** gaining ca. 16 percentage points to get to ca. **31%**;
- ◆ **Net Profit at €10.7mn**, almost in line with the entire FY21 bottom line of €11.1mn, despite much higher financial charges (€4.4mn of which €4.1mn relative to additional banking fees related to the cash in of 2H21 fiscal credits) and taxes (€5.2mn vs €1.4mn of 1H21).

EdAc 1H20-1H21-1H22: EBITDA evolution (lhs) and Opex pre-EBITDA evolution (rhs)



Source: EdiliziAcrobatica, Value Track Analysis

### EdAc: 1H20-1H21-1H22 P&L

(IT GAAP, €mn)	1H20	1H21	1H22	Δ y/y (%)
<b>Revenues from Sales</b>	17.6	36.5	67.4	85%
Other Revenues	1.1	0.3	0.5	53%
<b>Value of Production</b>	18.7	36.8	67.9	85%
Operating Expenses	-17.3	-29.8	-46.1	
<b>EBITDA</b>	1.4	7.0	21.8	213%
EBITDA Margin (%)	7.3%	18.9%	32.1%	13ppt
D&A & Impairments	-0.9	-1.4	-0.9	
<b>EBIT</b>	0.4	5.5	20.9	278%
EBIT Margin (%)	2.4%	15.0%	30.8%	16ppt
Net Financial Charges	-0.1	-2.8	-4.4	
FX, Non-Op. Income	0.0	0.2	-0.6	
<b>Pre-Tax Profit</b>	0.3	3.0	15.9	438%
Taxes	-0.3	-1.4	-5.2	
Minorities	0.0	0.0	0.0	
<b>Net Profit</b>	0.0	1.6	10.7	566%

Source: EdiliziAcrobatica, Value Track Analysis

### 73% Operating Free Cash Flow Conversion

EdAc 1H22 **Net Cash Position stands at €6.8mn**, implying at €3.2mn free cash-flow generation over the first six months of 2022. This is the result of:

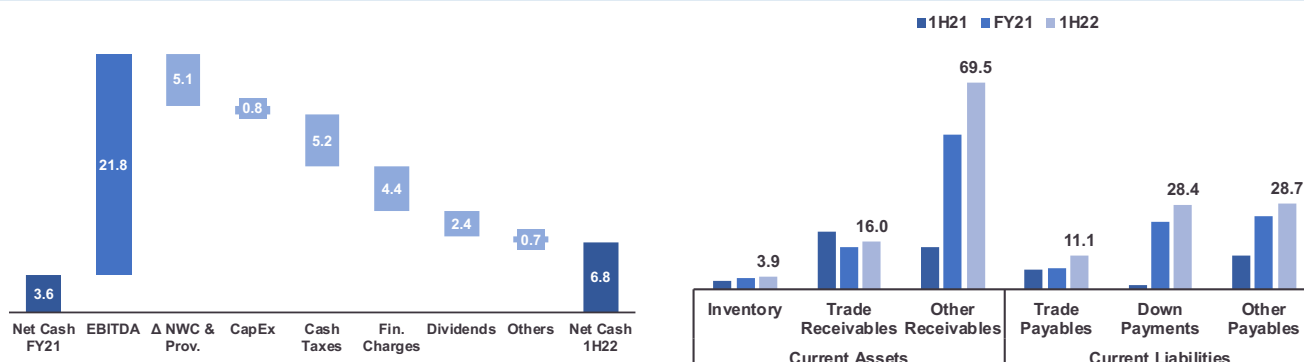
- ◆ Low capex requirement (ca. €800k), but Net Working Capital up by more than €5mn as cash in of tax credits is getting longer, this leading to **OpFCF before taxes at €15.9mn**, some 73% cash conversion ratio with respect to EBITDA;
- ◆ Some €12mn cash out related to taxes, financial charges and dividends (€2.4mn, i.e. €0.30 p/s).

#### EdAc: 1H21-FY21-1H22 Balance Sheet

(IT GAAP, €mn)	1H21	FY21	1H22
Net Fixed Assets	5.3	5.5	5.7
Net Working Capital	17.3	15.6	21.2
Provisions	2.2	2.6	3.2
<b>Total Capital Employed</b>	<b>20.5</b>	<b>18.5</b>	<b>23.8</b>
<b>Group Net Equity</b>	<b>12.8</b>	<b>22.1</b>	<b>30.6</b>
<b>Net Financial Position</b>	<b>-7.7</b>	<b>3.6</b>	<b>6.8</b>

Source: EdiliziAcrobatica, Value Track Analysis

#### EdAc: Cash Flow Statement 1H22 (lhs) and Net Working Capital breakdown (1H21-FY21-1H22, rhs)



Source: EdiliziAcrobatica, Value Track Analysis

### EdAc operational and commercial updates

EdAc development was accelerated also in terms of local and foreign operational footprint. Indeed, during 1H22, the Group reached a total of 91 directly managed business units, (+11 vs. 1H21), of which 80 in Italy, 8 in France, 2 in Spain and 1 in Monaco.

Considering also ca. 30 franchisees, EdAc counts **121 point of sales** and **1,538 human resources** (756 net new hires between 1H21-1H22).

## Forecasts 2022E-24E

### Estimates drivers

We have outlined several times that EdAc drivers in our view are:

- 1. Short term. Fiscal incentives**, such as “*Bonus Facciate*” and “*Superbonus 110%*” speeding up the time of direct business units to reach grown up figures in terms of sales and profitability;
- 2. Short and medium term. Human resources evolution**, boosting revenues generating capabilities;
- 3. Medium and long term. International expansion**, i.e. the time needed by the already set and the soon to be opened business units in France and Spain to reach “mature” sales figures.

### *Bonus Facciate, Superbonus: new extensions on the horizon?*

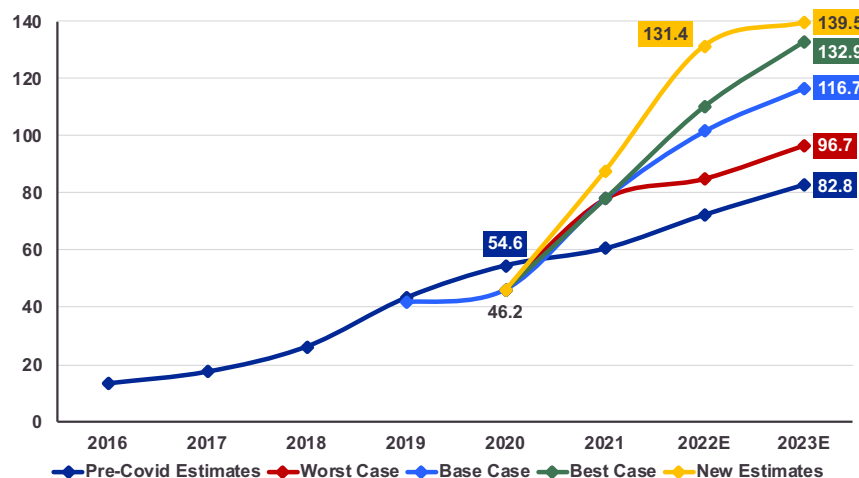
The Italian Budget Law set the cease of *Bonus Facciate* 60% at the end of 2022 and of *Superbonus* in 2025 (110% up to Dec. 2023, 70% up to Dec. 2024 and 65% up to Dec. 2025).

Now, we also do not exclude new extensions on both fiscal incentives, especially after:

1. Winning election party (Fratelli D'Italia) stating to be in favor of a rationalization of *Superbonus*, making the incentive structural but lowering tax deduction and diversifying the benefit according to the beneficiary's income and the type of property (higher for first houses, lower for second). We would not be surprised of an extension also of *Bonus Facciate* incentive.
2. Time lost from June to October 2022 due to continuous **regulatory changes** regarding the monetization of fiscal credits to prevent tax frauds, but inevitably blocking the market and affecting clients and professionals (ANCE, the Italian national association of building constructors, estimated ca. €20bn of frozen tax credits and more than 10,000 companies in financial distress). Recently the Italian Revenue Agency has clarified doubts on joint and several liability and on cases of gross negligence, allowing the market to restart.

That said, we note that EdAc is still working some orders related to *Bonus Facciate* 90%, while starting the ones related to *Bonus Facciate* 60% and foreseeing a stronger contribution of EdiliziAcrobatica 110% in the next three years. As a matter of facts our top line and backlog forecasts drawn 1 year ago were underestimated, also because our base case assumed the ceasing of *Bonus Facciate* works already as of 1H22 (vs. December 2022).

### EdAc: Value of Production scenarios outlined in our 26/10/21 report vs. current estimates (\*)



Source: EdiliziAcrobatica, Value Track Analysis, (\*) Adjusted for banking fees

**Human resources: continuous evolution accelerating revenue generating capability**

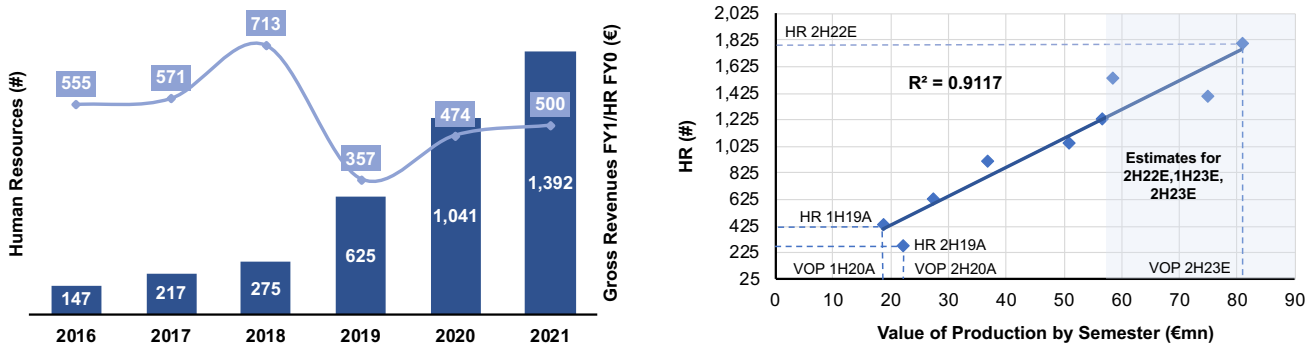
Over the last six years, EdAc has strongly expanded its workforce adding ca. 1,400 people and reaching over 1,500 human resources as of 1H22. As it usually takes ca. 1 year for a single acrobat worker to gain the complete skillset to be efficient at full level, there is a strong positive correlation between the number of human resources at “year 0” and the sales generated by workmen in “year 1”.

Indeed, assuming ca. €500-€600 gross daily revenues per workman (lower than historical average) and 200 annual working days, we calculate that 100 new net human resources translate into ca. €10mn-€12mn additional revenues generation capability.

Consequently, we believe that the high amount of new personnel added over the last two years together with ca. 650 additional new resources that should join the Company in 2022 (ca. 350-400 net of “churn”) are allowing EdAc to materially increase its revenues generation capability.

At profitability level, we expect a positive effect on the medium/long run, as first periods should be characterized by labour costs growing in line with revenues.

**EdAc: HR evolution over the last six years (lhs) and HR vs. 1YR FWD Value of Production by semester (rhs)**



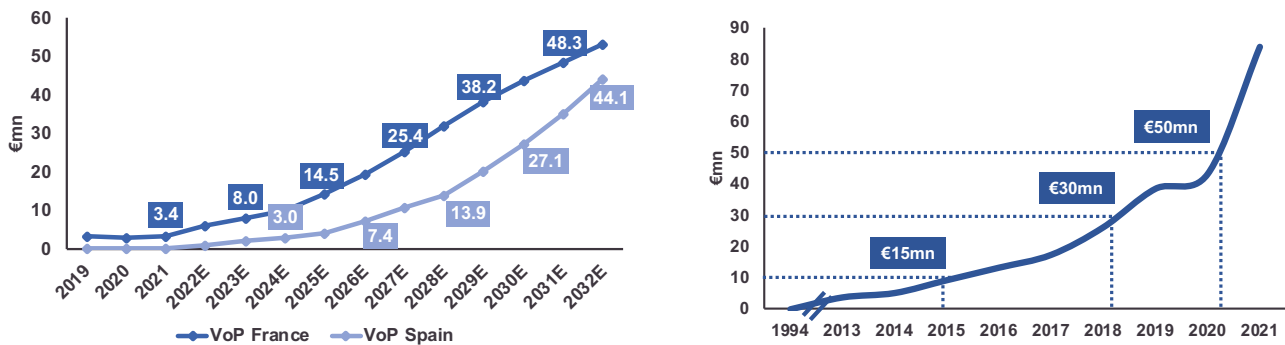
Source: EdiliziAcrobatica, Value Track Analysis

**International expansion: France and Spain aiming to replicate parent’s growth path**

Abroad, EdAc is already active in France, Spain and Principality of Monaco, and new countries should be addressed in the next future. Scaling up takes a long time, but the experience that the company has gained in these years should make these times a bit shorter.

We forecast the currently active foreign subsidiaries to cumulatively reach ca. yearly €30mn, €50mn and €100mn as of 2027E, 2029E and 2033E (1-2-years lag vs. previous report).

**EdAc: EdiliziAcrobatica foreign turnover evolution (rhs) and EdAc France and EdAc Iberica potential evolution (lhs)**



Source: Value Track Analysis

## Update of 2022E-24E estimates

We are revising upwards our 2022E-24E forecasts as follows:

- ◆ **Value of Production up by ca. 8% on average for 2022E-23E**, as a result of the buoyant 1H22 (almost entirely generated with *Bonus Facciate* 90% related works) and current/expected brimful orders backlog.

We are confirming our top line for 2024E, albeit with a different revenues mix, i.e. a bit less sales from construction sites and franchising (linked to *Bonus Facciate* renovation works) and a higher contribution from EA 110%, characterized by higher average order size. We also foresee a mildly slower evolution in France;

- ◆ **EBITDA up by ca. 20% on average for 2022E-24E** thanks to higher top line triggering positive operating leverage, and to the fact that energy and transportation costs have a low weight on P&L.

Worthy to note, 2H22 EBITDA margin should be lower than 1H one due to a revenues mix more skewed towards 60% works rather than 90%. Indeed, we expect FY22E EBITDA Margin slightly under FY21 and then declining by ca. 100bps to 23% in 2024E, also because of aggressive hiring policies;

- ◆ **Net Profit revised upwards** but less than proportionally vs. EBITDA, because banking fees for the monetization of tax credits are getting higher and higher;
- ◆ **Net Financial Position down by ca. €2mn on average**, because of higher working capital absorption related to the stop and go on fiscal credits cash-in from financial institutions from June and the intensification of demand for renovation works before the expiry date of the bonus.

### EdAc: New vs. Old 2022E forecasts

(IT GAAP, €mn)	2022E Old (€mn)			2022E New (€mn)			2022E New vs. Old (%)		
	Italy	Abroad	Group	Italy	Abroad	Group	Italy	Abroad	Group
Value of Production (Gross*)	122.0	8.0	130.0	134.4	7.0	141.4	10.2%	-12.5%	8.8%
Value of Production (Net*)	112.0	8.0	120.0	124.4	7.0	131.4	11.1%	-12.5%	9.5%
EBITDA	24.8	0.0	24.8	31.5	0.0	31.5	27.4%	n.m.	27.4%
Net Profit	14.5	0.0	14.5	17.0	0.0	17.0	16.6%	n.m.	16.6%
Net Financial Position	6.8	0.0	6.8	6.1	0.0	6.1			

Source: EdiliziAcrobatica, Value Track Analysis, (\*) Gross and Net of banking fees

### EdAc: New vs. Old 2023E forecasts

(IT GAAP, €mn)	2023E Old (€mn)			2023E New (€mn)			2023E New vs. Old (%)		
	Italy	Abroad	Group	Italy	Abroad	Group	Italy	Abroad	Group
Value of Production (Gross*)	130.6	11.0	141.6	139.5	10.0	149.5	6.8%	-9.1%	5.5%
Value of Production (Net*)	120.6	11.0	131.6	129.5	10.0	139.5	7.3%	-9.1%	6.0%
EBITDA	27.2	0.0	27.2	32.8	0.0	32.8	20.5%	n.m.	20.5%
Net Profit	16.2	0.0	16.2	18.6	0.0	18.6	14.6%	n.m.	14.6%
Net Financial Position	11.8	0.0	11.8	10.7	0.0	10.7			

Source: EdiliziAcrobatica, Value Track Analysis, (\*) Gross and Net of banking fees



### EdAc: New vs. Old 2024E forecasts

(IT GAAP, €mn)	2024E Old (€mn)			2024E New (€mn)			2024E New vs. Old (%)		
	Italy	Abroad	Group	Italy	Abroad	Group	Italy	Abroad	Group
Value of Production (Gross*)	133.4	16.0	149.4	145.9	13.0	158.9	9.4%	-18.8%	6.4%
<b>Value of Production (Net*)</b>	<b>133.4</b>	<b>16.0</b>	<b>149.4</b>	<b>135.9</b>	<b>13.0</b>	<b>148.9</b>	<b>1.9%</b>	<b>-18.8%</b>	<b>-0.3%</b>
<b>EBITDA</b>	<b>30.9</b>	<b>0.0</b>	<b>30.9</b>	<b>34.2</b>	<b>0.0</b>	<b>34.2</b>	<b>10.7%</b>	<b>n.m.</b>	<b>10.7%</b>
Net Profit	19.0	0.0	19.0	20.4	0.0	20.4	7.2%	n.m.	7.2%
<b>Net Financial Position</b>	<b>19.9</b>	<b>0.0</b>	<b>19.9</b>	<b>15.9</b>	<b>0.0</b>	<b>15.9</b>			

Source: EdiliziAcrobatica, Value Track Analysis (\*) Gross and Net of banking fees

### Forecasted figures 2022E-24E

Here follow our new estimates:

- ◆ **Value of Production** (net of any rebate of tax credit banking fees) growing at ca. 19% CAGR<sub>2021A-24E</sub> to reach **€148.9mn in 2024E**;
- ◆ **EBITDA** at **€34.2mn in 2024E**, with EBITDA margin comfortably above 20%;
- ◆ **Net Profit** at **€20.4mn in 2024E**, despite high tax rate and financial charges/fees;
- ◆ **Net Cash Position** building up to **€15.9mn as of 2024E**.

### EdAc: 2021A-24E Key financials

(IT GAAP, €mn)	2021A	2022E	2023E	2024E	CAGR 21A-24E
<b>Value of Production</b>	<b>87.7</b>	<b>131.4</b>	<b>139.5</b>	<b>148.9</b>	<b>19.3%</b>
<b>EBITDA</b>	<b>21.3</b>	<b>31.5</b>	<b>32.8</b>	<b>34.2</b>	<b>17.2%</b>
<i>EBITDA Margin (%)</i>	<i>24.3%</i>	<i>24.0%</i>	<i>23.5%</i>	<i>23.0%</i>	<i>-127bps</i>
EBIT	18.3	29.9	31.4	32.5	21.0%
<b>Net Profit</b>	<b>11.1</b>	<b>17.0</b>	<b>18.6</b>	<b>20.4</b>	<b>22.5%</b>
<b>Net Financial Position</b>	<b>3.6</b>	<b>6.1</b>	<b>10.7</b>	<b>15.9</b>	<b>63.9%</b>

Source: EdiliziAcrobatica, Value Track Analysis

### EdAc: 2021A-24E Value of Production breakdown

(IT GAAP, €mn)	2021A	2022E	2023E	2024E	CAGR 21A-24E
<b>Gross Revenues from Sales</b>	<b>98.6</b>	<b>139.2</b>	<b>147.4</b>	<b>156.8</b>	<b>16.7%</b>
o/w Italy	94.7	132.2	137.4	143.8	14.9%
o/w France	3.4	6.0	8.0	10.0	43.3%
o/w Spain	0.2	1.0	2.0	3.0	138.2%
o/w Intragroup	0.3	0.0	0.0	0.0	n.m.
Banking Fees	-11.7	-10.0	-10.0	-10.0	n.m.
<b>Net Revenues from Sales</b>	<b>86.9</b>	<b>129.2</b>	<b>137.4</b>	<b>146.8</b>	<b>19.1%</b>
Other Revenues	0.7	2.2	2.1	2.1	42.4%
<b>Value of Production</b>	<b>87.7</b>	<b>131.4</b>	<b>139.5</b>	<b>148.9</b>	<b>19.3%</b>

Source: EdiliziAcrobatica, Value Track Analysis

**EdAc: P&L evolution 2021A-24E**

(IT GAAP, €mn)	2021A	2022E	2023E	2024E	CAGR 21A-24E
<b>Value of Production</b>	<b>87.7</b>	<b>131.4</b>	<b>139.5</b>	<b>148.9</b>	<b>19.3%</b>
Labour costs	-33.0	-45.2	-48.0	-48.1	13.3%
Other costs (Raw Materials + SG&A)	-33.4	-54.7	-58.7	-66.6	25.9%
<b>EBITDA</b>	<b>21.3</b>	<b>31.5</b>	<b>32.8</b>	<b>34.2</b>	<b>17.2%</b>
EBITDA Margin (%)	24.3%	24.0%	23.5%	23.0%	-127bps
Depreciation & Amortization	-3.0	-1.6	-1.4	-1.8	n.m.
<b>EBIT</b>	<b>18.3</b>	<b>29.9</b>	<b>31.4</b>	<b>32.5</b>	<b>21.0%</b>
EBIT margin (%)	20.9%	22.8%	22.5%	21.8%	91bps
Net Fin. Income (charges) and non-operating items	-1.2	-5.0	-4.0	-2.5	n.m.
<b>Pre-tax Profit</b>	<b>17.1</b>	<b>24.9</b>	<b>27.4</b>	<b>30.0</b>	<b>20.6%</b>
Taxes	-6.0	-8.0	-8.8	-9.6	n.m.
<b>Net Profit</b>	<b>11.1</b>	<b>17.0</b>	<b>18.6</b>	<b>20.4</b>	<b>11.1</b>

Source: EdiliziAcrobatica, Value Track Analysis

**EdAc: Balance Sheet evolution 2021A-24E**

(IT GAAP, €mn)	2021A	2022E	2023E	2024E
Net Working Capital	15.6	28.3	39.0	50.6
Net Fixed Assets	5.5	5.9	6.9	8.0
Provisions	2.6	3.6	3.8	3.9
<b>Total Capital Employed</b>	<b>18.5</b>	<b>30.6</b>	<b>42.1</b>	<b>54.8</b>
<b>Group Net Equity</b>	<b>22.1</b>	<b>36.6</b>	<b>52.8</b>	<b>70.7</b>
<b>Net Fin. Position [i.e. Net Debt (-) Cash (+)]</b>	<b>3.6</b>	<b>6.1</b>	<b>10.7</b>	<b>15.9</b>

Source: EdiliziAcrobatica, Value Track Analysis

**EdAc: Cash Flow Statement evolution 2021A-24E**

(IT GAAP, €mn)	2021A	2022E	2023E	2024E
EBITDA	21.3	31.5	32.8	34.2
Working Capital Needs	1.0	-12.7	-10.8	-11.6
Capex	-1.5	-2.0	-2.4	-2.9
Change in Provisions	0.8	1.0	0.2	0.1
<b>OpFCF b.t.</b>	<b>21.6</b>	<b>17.9</b>	<b>19.8</b>	<b>19.8</b>
Cash Taxes	-6.0	-8.0	-8.8	-9.6
<b>OpFCF a.t.</b>	<b>15.6</b>	<b>9.9</b>	<b>11.1</b>	<b>10.2</b>
Capital Injections	0.5	0.0	0.0	0.0
Other Op. Items (incl. Fin. Inv.)	-2.8	0.0	0.0	0.0
Net Financial Charges	-1.5	-5.0	-4.0	-2.5
Dividends	-0.5	-2.4	-2.5	-2.5
<b>Net Cash generated</b>	<b>11.3</b>	<b>2.5</b>	<b>4.6</b>	<b>5.2</b>

Source: EdiliziAcrobatica, Value Track Analysis

## Valuation

We are confirming EdAc fair value at €25.0 p/s as our upward revision of 2022E-23E P&L estimates is offset by peers' multiples derating (peers stock prices falling by ca 15% on average since our latest update). At €25.0 p/s, EdAc would trade at 1.5x-1.4x EV/Sales, 6.3x-6.0x EV/EBITDA, 12.1x-11.1x 2022E-23E, halving the current 60% discount with respect to direct peers.

We warn the low visibility on fiscal aids / banking fees evolution but we deem that our fair value would be sustainable even in a normalized scenario without fiscal bonuses but with seamless execution of domestic and international businesses.

Indeed, based on EdAc's current operational and marketing capacity, some €130mn revenues are achievable in a non-fiscally aided scenario, and if we assume a conservative normalized 15% - 20% EBITDA Margin, this would result in ca. €20-26mn annual EBITDA. At €25 p/s, EdAc would thus trade at 1.5x EV/Sales and 8x-10x EV/EBITDA.

Last but not least, also the cross check with stock trading multiples of a cluster of Italian companies directly or indirectly exposed to the theme of fiscal incentives on restructuring works / energy efficiency, highlights the undervaluation of EdAc share price.

### EdAc: Peers' stock trading multiples

Company	Market Cap (mn)	EV / Sales (x)		EV / EBITDA (x)		P / E (x)	
		2022E	2023E	2022E	2023E	2022E	2023E
Rentokil Initial	£13,195	4.3	2.9	20.1	13.2	41.5	23.4
Stericycle	\$4,011	2.0	2.0	12.8	10.8	nm	33.4
Mears Group	£211	0.1	0.1	1.4	1.3	8.3	9.2
ABM Industries	\$2,852	0.5	0.5	8.0	7.3	12.8	13.5
GDI	CAD 1,060	0.6	0.6	9.0	8.4	26.8	25.0
<b>Average</b>	<i>n.m.</i>	<b>1.5</b>	<b>1.2</b>	<b>10.3</b>	<b>8.2</b>	<b>22.4</b>	<b>20.9</b>
<b>Median</b>	<i>n.m.</i>	<b>0.6</b>	<b>0.6</b>	<b>9.0</b>	<b>8.4</b>	<b>19.8</b>	<b>23.4</b>
<b>EdAc @ current market price</b>	<b>€ 126</b>	<b>0.9</b>	<b>0.8</b>	<b>3.8</b>	<b>3.5</b>	<b>7.4</b>	<b>6.8</b>
<i>Discount vs. Average (%)</i>		-40.6%	-31.7%	-63.0%	-57.2%	-66.8%	-67.6%
<b>EdAc @ €25.0 p/s</b>	<b>€ 206</b>	<b>1.5</b>	<b>1.4</b>	<b>6.3</b>	<b>6.0</b>	<b>12.1</b>	<b>11.1</b>

Source: Market Consensus (26/10/22), Value Track Analysis

### EdAc: Peers' stock trading multiples

Company	Market Cap (mn)	EV / Sales (x)		EV / EBIT (x)		P / E (x)	
		2022E	2023E	2022E	2023E	2022E	2023E
Nusco	€ 28	0.7	0.6	7.5	5.4	11.3	8.7
Gibus	€ 66	0.7	0.7	4.0	4.2	6.4	6.2
Sciuker	€ 178	1.0	0.7	4.3	2.9	7.1	5.7
Innovatec	€ 171	0.8	0.7	10.5	8.0	11.3	9.1
<b>Average</b>	<i>n.m.</i>	<b>0.8</b>	<b>0.7</b>	<b>6.6</b>	<b>5.1</b>	<b>9.0</b>	<b>7.4</b>
<b>Median</b>	<i>n.m.</i>	<b>0.8</b>	<b>0.7</b>	<b>5.9</b>	<b>4.8</b>	<b>9.2</b>	<b>7.4</b>
<b>EdAc @ current market price</b>	<b>€ 126</b>	<b>0.9</b>	<b>0.8</b>	<b>4.0</b>	<b>3.7</b>	<b>7.4</b>	<b>6.8</b>
<i>Discount vs. Average (%)</i>		13.8%	23.5%	-39.1%	-28.4%	-17.8%	-8.7%
<b>EdAc @ €25.0 p/s</b>	<b>€ 206</b>	<b>1.5</b>	<b>1.4</b>	<b>6.7</b>	<b>6.2</b>	<b>12.1</b>	<b>11.1</b>

Source: Market Consensus (26/10/22), Value Track Analysis

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