

EdiliziAcrobatica

Sector: Real Estate Services



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Growth goes on but no more extra profits

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.

1H23: Top line strongly up, profits and cash flow down

In 1H23 EDAC top line came out at €73.7mn, up 9% vs. the extraordinary 1H22 despite: (i) stop to invoice discounting on fiscal aids works and (ii) adverse weather conditions of April-May that didn't allow the delivery of several orders. Energy (ex-EA 110) and the recently acquired Enigma reported great performances, offsetting France/Spain weak results. Profitability suffered more, with EBITDA at €11mn, -64% y/y (but flat vs. 2H22). Net Debt was at €58mn (vs. €5mn of FY22), as IAS transition brought ~€15mn more debt (almost all related to the registration of Enigma minorities on the balance sheet). The remaining is due NWC absorption.

Business development continues at fast pace

In the first nine months of 2023, EDAC acquired ca. 18,590 new orders (+53% y/y), grew its client base (+78% y/y), continued to expand its domestic and international footprint, (#8 new Italian branches openings and #3 in Spain, reaching a total of #138 POS), and labour force (#669 new net hires (vs. FY22)). The abrupt stop of invoice discounting was offset by following innovative commercial actions (partnership with Banca Sella), internationalization (closing of the acquisition of 51% of Enigma Capital) and diversification ones (Energy Acrobatica to surf the opportunities from the *Energy Performance of Buildings Directive*). We also note that in the latest few days several appointments have been announced in order to ensure the total continuity in the group's path of growth and internationalization after Mr. Iovino sudden and tragic death.

Forecasts revised to take into account the new scenario

Growth rates ahead remain double digit, but the new underlying scenario prompts a downwards revision of 2023E-25E EBITDA forecasts by ca. 20% on average and implies a higher NWC impacting Debt. In 2025E we expect: VoP at €198.3mn (14% CAGR_{22A-25E}), EBITDA at €35.1mn (EBITDA margin at ca. 18%), Net Debt at €18.5mn, after €17.4mn cumulated dividends.

Fair Value at €20.00 p/s (from €25.00 p.s.)

Based on revised underlying scenario, we update EDAC fair value at €20.00 p.s. (from €25.00). At fair value EDAC would trade at 1.1x EV/Sales, 6.5x EV/EBITDA, 13.7x P/E 2024E.

Fair Value (€)	20.00
Market Price (€)	12.40
Market Cap. (€m)	103.1

KEY FINANCIALS (€m)	2022A	2023E	2024E
VALUE OF PRODUCTION	134.5	154.6	177.5
EBITDA	34.0	24.0	30.2
EBIT	28.4	16.0	21.8
NET PROFIT	14.7	8.1	12.2
EQUITY	33.8	31.5	43.0
NET FIN. POS.	-5.0	-42.6	-30.6
EPS ADJ. (€)	1.8	1.0	1.5
DPS (€)	1.3	0.4	0.4

Source: EdiliziAcrobatica (historical figures), Value Track (2023E-24E estimates)

RATIOS & MULTIPLES	2022A	2023E	2024E
EBITDA MARGIN (%)	25.3	15.5	17.0
EBIT MARGIN (%)	21.2	10.4	12.3
NET DEBT / EBITDA (x)	0.1	1.8	1.1
EV/SALES (x)	1.0	0.9	0.8
EV/EBITDA (x)	3.9	6.0	4.4
EV/EBIT (x)	4.7	9.1	6.1
P/E (x)	8.7	12.8	8.5
DIV YIELD (%)	8.4	3.2	3.2

Source: EdiliziAcrobatica (historical figures), Value Track (2023E-24E estimates)

STOCK DATA

FAIR VALUE (€)	20.00
MARKET PRICE (€)	12.40
SHS. OUT. (m)	8.32
MARKET CAP. (€m)	103.1
FREE FLOAT (%)	26.4
AVG. -20D VOL. (#)	27,751
RIC / BBG	EDAC.MI / EDAC IM
52 WK RANGE	12.40 – 18.50

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	2022A	2023E	2024E	2025E
Value of Production	134.5	154.6	177.5	198.3
Chg. % YoY	53.4%	15.0%	14.8%	11.7%
EBITDA	34.0	24.0	30.2	35.1
EBITDA Margin (%)	25.3%	15.5%	17.0%	17.7%
EBIT	28.4	16.0	21.8	26.4
EBIT Margin (%)	21.2%	10.4%	12.3%	13.3%
Net Profit	14.7	8.1	12.2	15.3
Chg. % YoY	32.2%	-44.8%	50.5%	25.4%
Adjusted Net Profit	14.7	8.1	12.2	15.3
Chg. % YoY	32.2%	-44.8%	50.5%	25.4%
Net Fin. Position	-5.0	-42.6	-30.6	-18.5
Net Fin. Pos. / EBITDA (x)	0.1	1.8	1.0	0.5
Capex	-10.0	-6.2	-6.7	-6.9
OpFCF b.t.	20.7	1.4	23.5	26.0
OpFCF b.t. as % of EBITDA (*)	60.8%	5.8%	77.8%	74.0%

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

Investment case

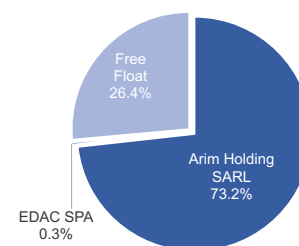
Strengths / Opportunities

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

Weaknesses / Risks

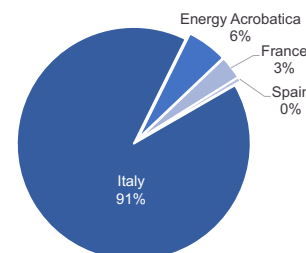
- ◆ Labor intensive business model, requiring highly-skilled workers;
- ◆ The company is braked in its (international) expansion by different regulatory landscapes;
- ◆ Credit collection takes long time, but bad debt risks are minimal.

Shareholders Structure



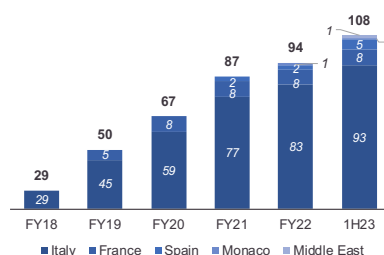
Source: EdiliziAcrobatica

Revenues by Geography



Source: EdiliziAcrobatica, Value Track, FY22

Directly Managed Branches



Source: EdiliziAcrobatica, Value Track, FY22

Stock multiples @ €20.00 Fair Value

	2023E	2024E
EV / SALES (x)	1.3	1.1
EV / EBITDA (x)	8.7	6.5
EV / EBIT (x)	13.0	9.0
EV / CAP.EMP. (x)	2.8	2.7
OpFCF Yield (%)	0.7	12.0
P / E (x)	20.5	13.7
P / BV (x)	5.3	3.9
Div. Yield. (%)	2.0	2.0

Source: Value Track

1H23 Financials

Despite the abrupt stop to invoice discounting on works with fiscal incentives, EDAC reported sound top line figures in 1H23, while margins and cash flow generation certainly paid their tolls, with the latter also being affected by the transition from OIC (IT GAAP) to IAS accounting standards.

Nonetheless, the company has announced signs of continuous business development: (i) the 18,590 contracts signed by clients up to September 30th (+53% y/y), (ii) the number of clients growing by 78% y/y, (iii) the over #800 net hires y/y (of which #115 in September to get to a total of 2,378 human resources) and (iv) the 10 new domestic branches opened in 1H23.

Key Financials & Messages

More in details, EDAC 1H23 financials came out as follows:

- ◆ **Value of Production** at **€73.7mn**, growing 9% y/y also despite adverse weather conditions;
- ◆ **EBITDA** down y/y to **€11mn**, but in line with 2H22 (restated with IAS standards);
- ◆ **NWC** absorbing over **€26mn** due to dynamics related to the stop of invoice discounting;
- ◆ **Net Debt** mounting to **€58mn**, after the combined effect of NWC, M&A and transition to IAS.

EDAC: Key Financials 1H22-1H23

(IAS, €mn)	1H22	1H23	y/y
Value of Production	67.9	73.7	9%
EBITDA	23.0	11.0	-52%
<i>EBITDA Margin (%)</i>	<i>33.9%</i>	<i>15.0%</i>	<i>-18.9ppt</i>
Net Working Capital	17.8 (*)	44.2	26.4
Net Financial Position	-5.0 (*)	-58.0	-53.0

Source: EdiliziAcrobatica, Value Track Analysis, (*) FY22

P&L

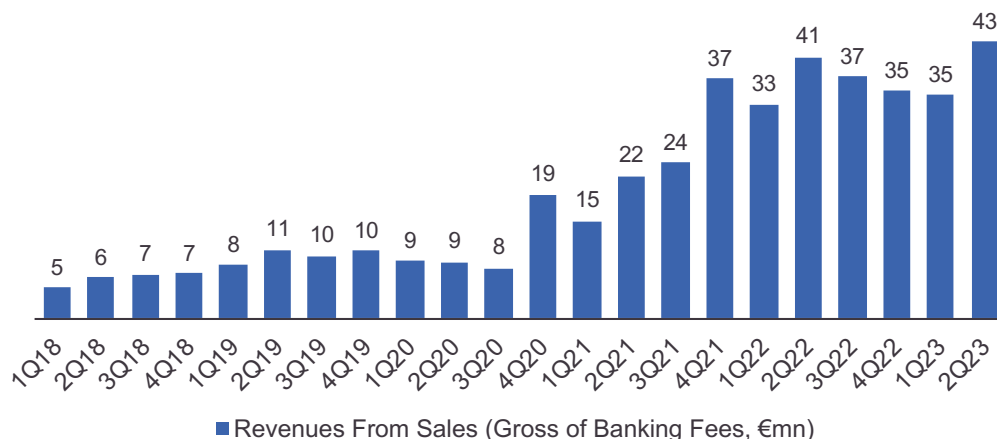
Over the last few years, dominated by the *Bonus Facciate* fiscal aids, EDAC was able to secure a massive client base and anticipate the suspension of State benefits thanks to innovative commercial, internationalization and diversification strategies. As a result, 2Q23 Revenues from Sales (gross of banking fees the Group has to pay for the cash-in of *Ecobonus* tax credits) were the highest ever recorded (ca. €43mn), driving a 1H23 **Value of Production** growth of ca. 9% y/y (**€73.7mn** vs. €67.9mn in 1H22, an already exceptional semester).

We underline that this outcome was achieved despite (i) no more invoice discounting (abrupt overnight stop with the “*Decreto Blocca Cessioni*”), (ii) adverse weather conditions (delaying the delivery of works) but also thanks to (iii) the three months contribution of Enigma Capital (closing signed at the end of March). In terms of Revenues breakdown, we highlight:

- ◆ **EdiliziAcrobatica SPA** (Italy, parent company) reporting ca. **€57.4mn sales** (gross of banking fees), a bit lower than forecasts due to the adverse weather conditions of April and May;
- ◆ **Energy Acrobatica** (rebranded from EA 110) reporting strong sales figure (**€15.3mn**), delivering works related to the *Ecobonus* (and from 2024-25 focusing on energy efficiency projects to surf the opportunities from the *Energy Performance of Buildings Directive* a package of rules proposed by the EU aimed at promoting energy-efficient renovation and construction of new buildings with a jump of two energy classes by 2033 and zero emissions by 2050);

- ◆ **France & Spain** suffering from opposite issues (lack of workers in France and weak sales network in Spain, respectively) and reporting sales far from expectations, at ca. **€2.2mn** and **€520k**, respectively;
- ◆ **Enigma** (Middle East) contributing with ca. **€2.1mn** to 1H23 consolidated Top Line, all recorded over 2Q23 and in line with FY forecasts.

EDAC: Revenues from Sales (Gross of Banking Fees) by Quarters



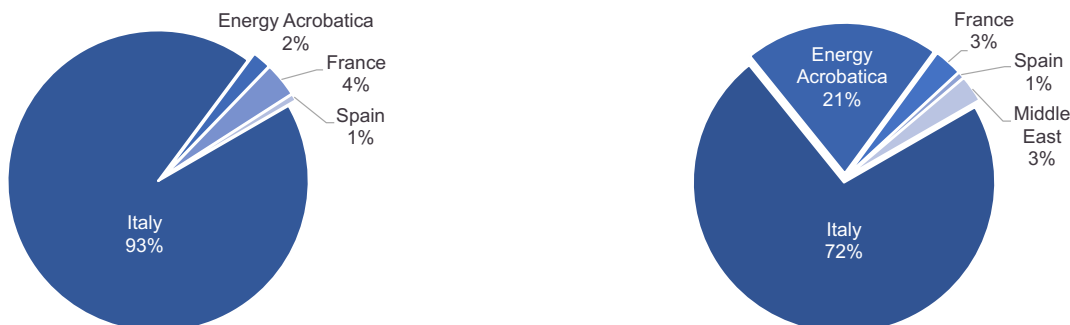
Source: EdiliziAcrobatica, Value Track Analysis

EDAC: Revenues from Sales Breakdown 1H22-1H23

(IAS, €mn)	1H22	1H23	y/y
Italy (EdiliziAcrobatica SPA)	69.5	57.4	-17%
Energy Acrobatica (former EA 110)	1.4	15.3	11x
France	2.5	2.2	-11%
Spain	0.5	0.5	15%
Middle-East (Enigma Capital)	//	2.1	nm
Revenues from Sales – Gross of Banking Fees	73.9	77.6	5%
Banking Fees	-6.5	-4.1	-37%
Revenues from Sales	67.4	73.5	9%

Source: EdiliziAcrobatica, Value Track Analysis

EDAC: Revenues from Sales by Geographic Area 1H22 vs. 1H23



Source: EdiliziAcrobatica, Value Track Analysis

On the other hand, operating profitability certainly suffered more than top line due to the stop of invoice discounting, that in the past semesters were able to double usual core business margins (which, on the contrary, remained stable y/y).

The transition to IAS helped securing a slightly higher **EBITDA** vs. OIC (IT GAAP) principles (**€11.0mn** vs. €9.2mn), but completely offset at **EBIT** level (**€7.5mn**), as leasing is now treated as an asset and depreciated vs. being a recurring expense above the EBITDA line.

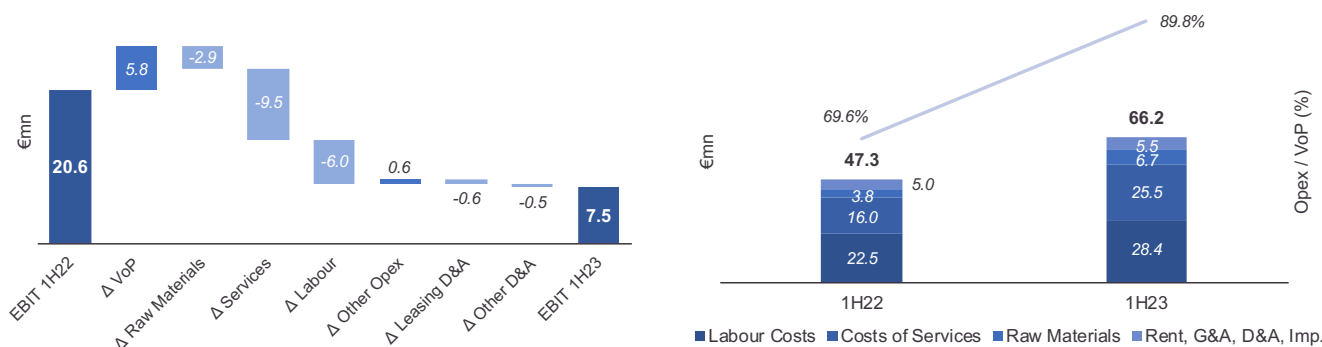
Interestingly, these results are consistent with the second half of 2022 (EBITDA at €11mn and EBIT at €7.8mn, restated under IAS), that was however still positively impacted by *Bonus Facciate*. Indeed, the average ticket value is obviously decreased but the Group was able to increase the number of contracts signed (+50% in the first six months of the year).

EDAC: Operating Profits OIC vs. IAS

(IAS, €mn)	1H22	1H23	y/y
EBITDA OIC (IT GAAP)	21.6	9.2	-58%
EBITDA IAS	23.0	11.0	-52%
EBIT OIC (IT GAAP)	20.9	7.5	-64%
EBIT IAS	20.6	7.5	-64%

Source: EdiliziAcrobatica, Value Track Analysis

EDAC: EBIT Bridge 1H22-1H23 & Operating Expenses Evolution 1H22-1H23



Source: EdiliziAcrobatica, Value Track Analysis

Below the EBIT line, Net Financial Charges dropped from €4.9mn of 1H22 to €1.5mn, as a result of the much lower discounting fees for tax credits. Nonetheless, **Net Profit** came out at **€3.7mn**, implying a 64% y/y reduction vs. 1H22 €10.2mn.

Balance Sheet & Cash Flow Statement

The transition to IAS has much more affected EDAC Balance Sheet than P&L, as it requires:

1. The registration of leasing as a Net Fixed Asset (ca. €19.2mn as of June 30th, 2023);
2. The registration of minorities stakes related to acquisitions as Net Fixed Assets (Enigma Capital remaining 49% calculated at €12.9mn is now on the Group Balance Sheet).

We calculate that the transition to IAS decreased EDAC FY22 and 1H23 Net Financial Positions by ca. €17mn and €32mn, respectively (therefore decreasing FY22-1H23 free cash flow generation by ca. €15mn, almost all related to the registration of Enigma Capital minorities).

EDAC: Net Financial Position OIC vs. IAS

(IAS, €mn)	FY22	1H23	Δ
Net Fixed Assets OIC (IT GAAP)	7.0	13.1	6.1
Net Fixed Assets IAS	24.9	45.2	20.3
Net Financial Position (IT GAAP)	12.0	-25.9	-37.9
Net Financial Position IAS	-5.0	-58.0	-53.0

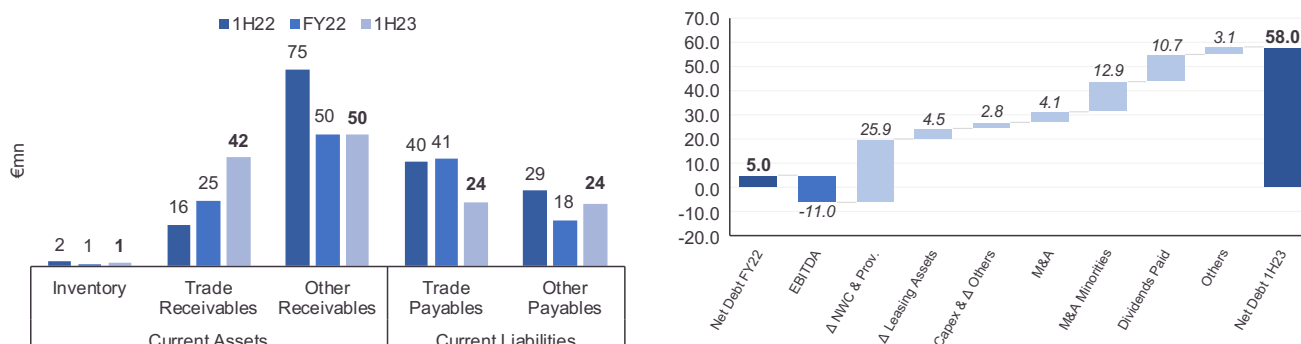
Source: EdiliziAcrobatica, Value Track Analysis

Still, EDAC free cash flow generation was weak in both cases, as a result of:

- ◆ **Net Working Capital** absorbing €25.9mn due to the combined effect of (i) bureaucratic difficulties in collecting tax credits related to FY22 works (ca. €20mn receivables to be cashed-in) and (ii) the return to a normalized cycle post-fiscal bonuses, characterized by much less down payments from clients and longer trade receivables cash conversion, especially after the strong volumes reported by Energy Acrobatica;
- ◆ **Dividends** paid for ca. €10.7mn, referred to (i) ordinary pay-out of €0.50 p/s on FY22 Net Profit and (ii) extraordinary pay-out of €0.8 p/s on FY21 Net Profit, paid in April 2023;
- ◆ **M&A cash-out** (net of the cash acquired) of ca. €4.1mn for 51% of Enigma Capital. The remaining 49% (valued at €12.9mn) is also accounted as additional debt due to IAS principles;
- ◆ **Capex, Δ Leasing, Δ Other Fixed Assets** of ca. €7.3mn. Pure capex was €1.8mn and related to workmen's work kits, leasehold improvements and electronic machines.

Consequently, IAS **Net Debt** increased from €5.0mn as of FY22 to **€58.0mn** as of June 30th, 2023.

EDAC: Net Working Capital 1H22-1H23 & Cash Flow Statements FY22-1H23



Source: EdiliziAcrobatica, Value Track Analysis

Trade Payables include down payments from clients for ca. €11.1mn in 1H23 vs. €31.5mn in FY22.

EDAC: P&L 1H22-1H23

(IAS, €mn)	1H22	1H23	y/y
Revenues from Sales	67.4	73.5	9%
Δ Fixed Assets, Other Revenues	0.5	0.2	-59%
Value of Production	67.9	73.7	9%
Operating Expenses	-44.9	-62.7	40%
EBITDA	23.0	11.0	-52%
EBITDA Margin (%)	33.9%	15.0%	-18.9ppt
D&A	-2.4	-3.5	45%
EBIT	20.6	7.5	-64%
EBIT Margin (%)	30.4%	10.2%	-20.2ppt
Net Financial Charges	-4.9	-1.5	-68%
Non-Operating Income	-0.3	0.1	nm
Taxes	-5.2	-2.4	-54%
Minorities	0.0	0.1	nm%
Net Profit	10.2	3.7	-64%

Source: EdiliziAcrobatica, Value Track Analysis

EDAC: Balance Sheet 1H22-1H23

(IAS, €mn)	1H22	FY22	1H23
Net Fixed Assets	23.2	24.9	45.2
Net Working Capital	24.2	17.8	44.2
Provisions	3.1	3.9	4.4
Total Capital Employed	44.2	38.8	85.0
Group Net Equity	29.0	33.8	27.0
Net Financial Position	-15.2	-5.0	-58.0

Source: EdiliziAcrobatica, Value Track Analysis

Corporate & Business Development

Corporate Development

We cannot help mentioning the tragedy that took place at the end of September, when Mr. Riccardo Iovino, founder and CEO of the company, abruptly passed away.

In order to ensure the total continuity in the group's path of growth and internationalization, the following appointments have been announced:

- ◆ Vincenzo Polimeni is the new Country Manager for France and for the Principality of Monaco. We remind that he already worked for the group in the past;
- ◆ Anna Marras has been confirmed by the Board of Directors as new CEO and granted all operational and management powers;
- ◆ Tino Seminara has been appointed as new nonexecutive director.

Business Development

As previously mentioned, 1H23 business development continued at unrelented pace, with #10 new Italian branches openings, #3 in Spain (Madrid, Valencia, Tarragona), #585 new net hires (vs. FY22) and the closing for the acquisition of 51% of Enigma Capital.

Contracts & Clients

Over the last few months, EDAC has significantly increased the number of signed contracts on a year-over-year basis. More in details:

- ◆ As of 1Q23, the number of YTD contracts signed grew by 43% y/y;
- ◆ As of 1H23, the number of YTD contracts signed grew by 50% y/y, from ca. 7,700 to ca. 11,500;
- ◆ As of 9M23, the number of YTD contracts signed grew by 53% y/y, from 12,149 to 18,590.

In addition, as of 9M23, the number of clients grew by a brilliant 78% y/y, another strong sign of healthy business development and a result achieved thanks to management ability to anticipate the stop of fiscal bonuses and understand that the large client base (intended as condominium administrators) achieved during that period could be recurring.

Commercial, Internalization & Diversification Strategies

Behind the rising number of contracts signed there are few management innovative commercial, internationalization and diversification strategies:

- ◆ “**Finanziamento Condominio**”, i.e. the new partnership with Sella Personal Credit signed in May 2023 that should enable tenants to access the necessary financing for building renovation works and recover the investment made through tax declarations in 10 years (government policy substituting invoice discounting).

Tenants could access resources between €10k and €160k for a period between 19-48 months and only 10% of the total work amount should be anticipated.

The project is having great success and is one of the main reasons of the rising number of contracts YTD, as customers are able to defer renovation expenses while still enjoying the pros of *Bonus Facciate* (recovering the investments by cumulating tax returns) even if on a longer term horizon;

- ◆ **Enigma Capital** acquisition, Middle East group providing “double rope access based” maintenance, cleaning and facility management services for residential and commercial buildings (more details in our Update Report of April '23);
- ◆ **Energy Acrobatica:** delivering the last projects on *Ecobonus* and starting to dedicate to the energy efficiency of residential buildings, using the traditional double-rope technique to install PV panels on roofs and acting as general contractor for interventions such as installations of thermal coats and condensing boilers and the replacement of windows frames.

The aim is to surf the opportunities from the *Energy Performance of Buildings Directive* a package of rules proposed by the EU aimed at promoting energy-efficient renovation and construction of new buildings with a jump of two energy classes by 2033 and zero emissions by 2050).

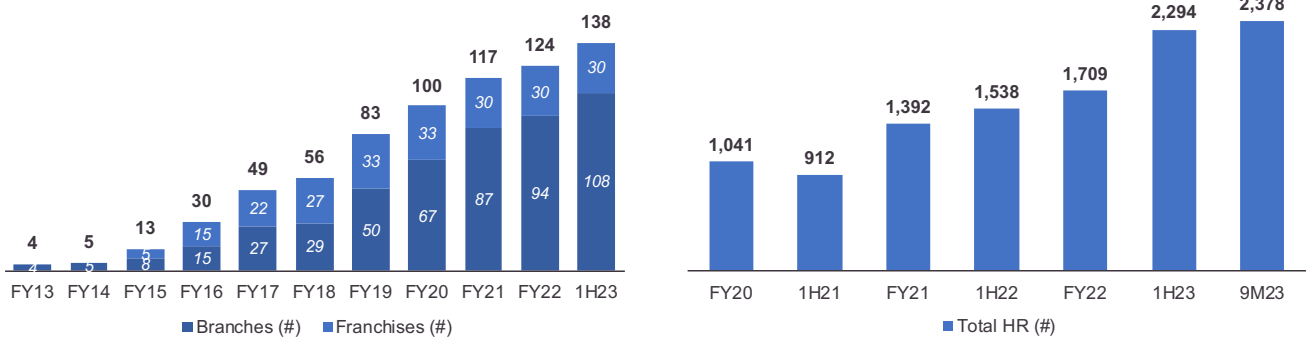
Point of Sales

In terms of directly managed branches, EDAC added #16 new units over the latest twelve months (#13 in Italy and #3 in Spain). We now count #93 Italian direct branches, #43 more than at the end of 2019, #15 foreign branches, and ca. #30 domestic franchises, for almost #140 total point of sales, up from #83 in 2019.

Human Resources

Over 1H23 the Group continued its forceful hiring strategy, reaching 2,294 human resources vs. 1,709 at the end of FY22. As of the end of September, the number furtherly increased to 2,378 (#115 hires only in September, all-time monthly high).

EDAC: Point of Sales and Total HR Evolution



Source: EdiliziAcrobatica, Value Track Analysis

Forecasts 2023E-25E

On the back of 1H23 results, we are revising downwards EDAC estimates as follows:

- ◆ **Value of Production** adjusted by 9% on average over the next three years, as the take up of France, Spain and Monaco operations is taking more time than expected. As far as Italy operations are concerned, we expect higher FY23E Revenues from Energy partially compensating lower sale of EdiliziAcrobatica SPA. From FY24E onwards, Energy should start to dedicate to the energy efficiency of residential buildings, substituting *Ecobonus* (hence, no more banking fees).
- ◆ **EBITDA** down by 15% on average due to the normalization of EdiliziAcrobatica SPA profitability back to pre-fiscal incentives levels (ca. 18%-20%) but affected by the delays of France, Spain and Monaco (EBITDA<0). Energy should boast the same marginality of the parent company.
- ◆ **Net Financial Position** updated to include the transition to IAS principles (both old and new estimates now include leasing assets and Enigma minorities). The revision is driven by the lower Net Profit and due to a progressive normalization of working capital, which should happen between FY23E and FY24E.

EDAC: Old vs. New Estimates

(IAS, €mn)	2023E			2024E			2025E		
	Old	New	Δ	Old	New	Δ	Old	New	Δ
Value of Production	171.6	154.6	-10%	193.4	177.5	-8%	215.2	198.3	-8%
o/w Italy (incl. Energy Acrobatica)	152.3	142.6	-6%	164.2	157.0	-4%	176.9	168.5	-5%
o/w Abroad	19.3	12.0	-38%	29.2	20.5	-30%	38.3	29.8	-22%
EBITDA	31.5	24.0	-24%	34.7	30.2	-13%	39.1	35.1	-10%
<i>EBITDA Margin (%)</i>	<i>18.4%</i>	<i>15.5%</i>	<i>-280bps</i>	<i>17.9%</i>	<i>17.0%</i>	<i>-90bps</i>	<i>18.2%</i>	<i>17.7%</i>	<i>-50bps</i>
Net Financial Position (*)	171.6	154.6	-10%	193.4	177.5	-8%	215.2	198.3	-8%

Source: Value Track Analysis, (*) Old & New Net Financial Position restated under IAS

Our new 2025E estimates outline:

- ◆ **Value of Production at €198.3mn** from €134.5mn in 2022A (14% CAGR_{22A-25E});
- ◆ **EBITDA at €35.1mn** (EBITDA margin at ca. 18%);
- ◆ **OpFCF (b.t.) at €26.0mn**, with a 2024E-25E average 75% EBITDA conversion rate;
- ◆ **Net Debt at €18.5mn**, also considering €17.4mn cumulated dividends 2023E-25E.

EDAC: Revenues from Sales Breakdown 2022A-25E

(IAS, €mn)	2022A	2023E	2024E	2025E	CAGR _{22A-25E}
Italy (net of Banking Fees)	120.2	109.5	120.9	132.4	3%
Energy Acrobatica	8.2	32.0	33.0	35.0	62%
France	4.7	4.6	6.5	9.0	24%
Spain	0.8	1.2	2.0	5.0	81%
Monaco	0.0	0.2	0.8	1.2	nm
Middle East	0.0	6.0	11.2	14.6	nm
Intragroup	-0.2	0.0	0.0	0.0	nm
Revenues from Sales	133.7	153.5	174.7	197.2	14%

Source: EdiliziAcrobatica, Value Track Analysis

EDAC: P&L 2022A-25E

(IAS, €mn)	2022A	2023E	2024E	2025E	CAGR _{22A-25E}
Revenues from Sales	133.7	153.5	174.4	197.2	14%
Δ Fixed Assets, Other Revenues	0.8	1.1	3.1	1.1	11%
Value of Production	134.5	154.6	177.5	198.3	14%
Operating Expenses	-100.4	-130.6	-147.3	-163.1	18%
EBITDA	34.0	24.0	30.2	35.1	1%
EBITDA Margin (%)	25.3%	15.5%	17.0%	17.7%	-7.6ppt
D&A	-5.6	-8.0	-8.4	-8.7	16%
EBIT	28.4	16.0	21.8	26.4	-2%
EBIT Margin (%)	21.2%	10.4%	12.3%	13.3%	-7.9ppt
Net Financial Charges	-5.7	-3.0	-2.3	-2.0	-30%
Non-Operating Income	-0.3	0.0	0.0	0.0	-100%
Taxes	-7.9	-4.6	-6.8	-8.5	3%
Minorities	0.1	-0.4	-0.5	-0.6	nm
Net Profit	14.7	8.1	12.2	15.3	1%

Source: EdiliziAcrobatica, Value Track Analysis

EDAC: Balance Sheet 2022A-25E

(IAS, €mn)	2022A	2023E	2024E	2025E
Net Fixed Assets	24.9	43.9	43.6	42.0
Net Working Capital	17.8	35.1	35.5	38.0
Provisions	3.9	5.0	5.5	6.0
Total Capital Employed	38.8	74.1	73.6	74.0
Group Net Equity	33.8	31.5	43.0	55.6
Net Financial Position	-5.0	-42.6	-30.6	-18.5

Source: EdiliziAcrobatica, Value Track Analysis

EDAC: Cash Flow Statement 2022A-25E

(IAS, €mn)	2023E	2024E	2025E
EBITDA	24.0	30.2	35.1
Δ Net Working Capital & Provisions	-16.5	-0.1	-2.2
Capex (excl. Financial Inv.)	-6.2	-6.7	-6.9
OpFCF b.t.	1.4	23.5	26.0
As a % of EBITDA	5.8%	77.8%	74.0%
Cash Taxes	-4.6	-6.8	-8.5
OpFCF a.t.	-3.2	16.7	17.4
Capital Injections	0.0	2.1	0.0
Others (incl. Financial Inv.)	-20.6 (*)	-1.2	0.0
Net Financial Charges	-3.0	-2.3	-2.0
Dividends Paid	-10.7	-3.3	-3.3
Δ Net Financial Position	-37.6	12.0	12.1

Source: EdiliziAcrobatica, Value Track Analysis, (*) Including Enigma Capital minorities and Δ leased assets

Valuation

We set EDAC **Fair Equity Value at €20.00 p/s** (from €25.00 p/s) as a result of the downwards estimates review, while the average of peers' multiples remained almost flat since our last update of April. At €20.00 p/s EDAC would trade at 1.1x EV/Sales, 6.5x EV/EBITDA and 13.7x P/E 2024E, still at significant discount vs. international peers (average), especially on EV/EBITDA (-21%), EV/EBIT (-30%), P/E (-41%).

EDAC: Multiples Sensitivity at Various Stock Price Levels

Fair Equity Value p/s (€)	EV/Sales		EV/EBITDA		EV/EBIT		P/E Adj.	
	2023E	2024E	2023E	2024E	2023E	2024E	2023E	2024E
€ 17.00	1.2	1.0	7.6	5.7	11.5	7.9	17.5	11.6
€ 18.00	1.3	1.0	8.0	6.0	12.0	8.2	18.5	12.3
€ 19.00	1.3	1.1	8.3	6.2	12.5	8.6	19.5	13.0
€ 20.00	1.4	1.1	8.7	6.5	13.0	9.0	20.6	13.7
€ 21.00	1.4	1.2	9.0	6.8	13.5	9.4	21.6	14.3
€ 22.00	1.5	1.2	9.4	7.1	14.1	9.8	22.6	15.0
€ 23.00	1.5	1.3	9.7	7.3	14.6	10.2	23.7	15.7

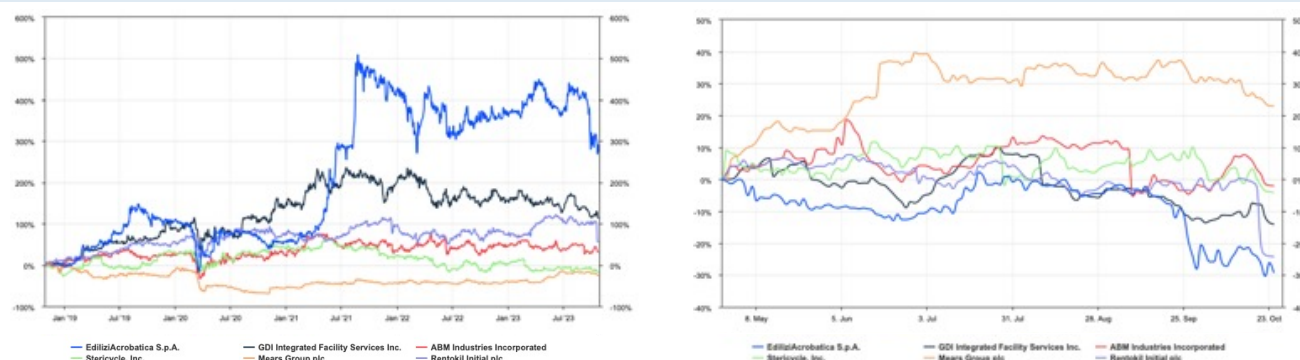
Source: Value Track Analysis

EDAC: International Peers Stock Trading Multiples

Company	EV/Sales		EV/EBITDA		EV/EBIT		P/E Adj.	
	2023E	2024E	2023E	2024E	2023E	2024E	2023E	2024E
Rentokil Initial	3.4	3.2	14.6	13.2	20.5	18.0	40.5	29.7
Stericycle	1.9	1.8	12.2	10.6	16.4	13.9	nm	28.5
Mears Group	0.2	0.2	1.7	1.7	3.8	4.3	9.0	11.1
ABM Industries	0.5	0.5	7.8	8.0	10.4	10.6	12.4	14.4
GDI Integrated Facility	0.5	0.5	8.7	7.8	21.7	17.8	nm	32.2
Average	1.3	1.2	9.0	8.3	14.6	12.9	20.6	23.2
Median	0.5	0.5	8.7	8.0	16.4	13.9	12.4	28.5
EdiliziAcrobatica	0.9	0.8	6.0	4.4	9.1	6.1	12.8	8.5

Source: Market Consensus, Value Track Analysis

EDAC: Weekly Stock Performance vs. International Peers since 2019 (lhs) and last 6 months (rhs)



Source: S&P Capital IQ, Value Track Analysis

Also, we look at a cluster of Italian companies exposed to the theme of fiscal incentives on energy efficiency works not only as a cross-check for EDAC Group as a whole but also to infer a possible valuation of Energy Acrobatica (*Ecobonus* and residential building energy efficiency) standalone.

EDAC: Energy (Acrobatica) Italian Peers' Stock Trading Multiples

Company	EV/Sales		EV/EBITDA		EV/EBIT		P/E Adj.	
	2023E	2024E	2023E	2024E	2023E	2024E	2023E	2024E
Nusco	0.4	0.3	3.6	2.7	5.4	3.7	7.3	5.1
Gibus	0.9	0.8	5.6	4.5	8.6	6.5	10.6	7.8
Sciuker	0.4	0.3	1.4	1.1	1.6	1.3	2.6	3.2
Innovatec	1.0	0.7	8.7	6.3	21.8	11.0	28.3	13.3
Average	0.7	0.5	4.8	3.6	9.4	5.6	12.2	7.4
Median	0.6	0.5	4.6	3.6	7.0	5.1	8.9	6.5
EdiliziAcrobatica	0.9	0.8	6.0	4.4	9.1	6.1	12.8	8.5

Source: Market Consensus, Value Track Analysis

For our Sum of the Parts valuation, we took 2024E as reference year and the following assumptions:

- ◆ **Italy**, i.e. EDAC traditional business valued in line with international peers, taking EV/Sales as most reliable multiple given the historical strong correlation between EDAC Market Cap and Annualized Revenues;
- ◆ **Energy** valued in line with Italian groups exposed to energy efficiency incentives;
- ◆ **France, Spain, Monaco** subsidiaries value at 1.5x EV/Sales 2024E, given their maturity stage (start-ups or scale ups) and important expansion phase ahead;
- ◆ **Enigma Capital** is valued at cost, i.e. €20.1mn (100% since minorities are included in IAS Net Financial Position).

The result is a **Fair Equity Value of €20.0 p/s**, after subtracting our estimate for 2024E Net Debt of €30.6mn and adding €0.3mn peripheral assets (treasury shares at current market price).

EDAC: Sum of the Parts Valuation

Fair Equity Value p/s (€)	Italy	Energy	France	Spain	Monaco	Enigma	EDAC Group
Fair EV/Sales 2024E	1.2x	0.5x	1.5x	1.5x	1.5x		
Enterprise Value (€mn)	146.3	16.4	9.8	3.0	1.2	20.1	196.8
Net Financial Position							-30.6
Adjustments							0.3 (*)
Fair Equity Value (€mn)							166.5
NOSH							8.3
Fair Equity Value p/s (€)							20.0

Source: Value Track Analysis, (*) Treasury Shares at Mkt Price

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