

EdiliziAcrobatica

Sector: Real Estate services



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€30mn annual EBITDA level is not so far

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.

FY21 results massively exceeding our expectations

FY21 was definitively a great year for EdAc that reported €87.7mn top line, (+90% y/y), boosted by the exceptional orders intake related to “*Bonus Facciate*” fiscal incentives. EBITDA increased fourfold vs. FY20 at €21.3mn, implying EBITDA margin at 24% (vs. 11% in FY20) and Net Financial Position turned massively positive (i.e. Net Cash) at €3.6mn, again thanks to fiscal incentives driving a much-improved Net Working Capital and >100% OpFCF (before taxes) / EBITDA cash conversion ratio.

Larger and larger operational footprint

FY21 buoyant figures growth went along a further acceleration in the development of EdAc operational footprint. Over the year, the Group launched 18 new branches and reached a total of 119 point of sales, with ca. 1,400 employees. We also remind the setup of EdiliziAcrobatica 110% Srl and of EdiliziAcrobatica Iberica, therefore enhancing its commercial traction both at national and international level. The breaking news is that EdAc is going to enter also Monte Carlo thanks to a 60% owned jv.

Estimates revised upwards on renewed fiscal incentives

We are revising upwards our estimates due to: (i) the extension of “*Bonus Facciate*” up to December 2022 (albeit at 60% deduction rate), and (ii) solid order intake in Q1 22. We now expect Value of Production to grow at 19% CAGR_{21A-24E} up to €149.4mn in 2024E, EBITDA to reach €30.9mn in 2024E (21% EBITDA margin) and Net Financial Position to build up to ca. €20mn in 2024E, thanks to the higher-than-expected cash-in of tax credits in the final months of the year and despite constant dividend payments assumed.

Fair Value at € 25.0 p/s (from €20.0)

We reckon that visibility on “life beyond 2024” (expiry of all fiscal incentives) is low, but the stock trading multiples at which EdAc is currently trading (5.3x-4.7x-3.8x EV/EBITDA and 9.5x-8.5x-7.3x P/E respectively on 2022E-23E-24E figures) are definitively too low, in our view, given domestic growth beyond 2023E and the ramp up of foreign businesses. We calculate that higher estimates and steady stock market multiples for peers lead to updated €25.0 p/s fair value (up from €20.0 p/s).

Fair Value (€)	25.0
Market Price (€)	17.0
Market Cap. (€m)	138.6

KEY FINANCIALS (€m)	2021A	2022E	2023E
VALUE OF PRODUCTION	87.7	120.0	131.6
EBITDA	21.3	24.8	27.2
EBIT	18.3	22.5	25.1
NET PROFIT	11.1	14.5	16.2
EQUITY	22.1	34.2	48.0
NET FIN. POS.	3.6	6.8	11.8
EPS ADJ. (€)	1.4	1.8	2.0
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%	20.6%	20.7%
EBIT MARGIN (%)	20.9%	18.7%	19.1%
NET DEBT / EBITDA (x)	n.m.	n.m.	n.m.
EV/SALES (x)	1.5	1.1	1.0
EV/EBITDA (x)	6.3	5.3	4.7
EV/EBIT (x)	7.3	5.9	5.1
P/E ADJ. (x)	12.4	9.5	8.5
DIV YIELD (%)	1.8	1.8	1.8

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

STOCK DATA

FAIR VALUE (€)	25.0
MARKET PRICE (€)	17.0
SHS. OUT. (m)	8.15
MARKET CAP. (€m)	138.6
FREE FLOAT (%)	25.9
AVG. -20D VOL. (#)	14,073
RIC / BBG	EDAC.MI / EDAC IM
52 WK RANGE	6.02-20.50

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	2021A	2022E	2023E	2024E
Value of Production	87.7	120.0	131.6	149.4
Chg. % YoY	89.9%	36.9%	9.7%	13.5%
EBITDA	21.3	24.8	27.2	30.9
EBITDA Margin (%)	24.3%	20.6%	20.7%	20.7%
EBIT	18.3	22.5	25.1	29.2
EBIT Margin (%)	20.9%	18.7%	19.1%	19.5%
Net Profit	11.1	14.5	16.2	19.0
Chg. % YoY	nm	31.1%	11.8%	17.0%
Adjusted Net Profit	11.1	14.5	16.2	19.0
Chg. % YoY	nm	31.1%	11.8%	17.0%
Net Fin. Position	3.6	6.8	11.8	19.9
Net Fin. Pos. / EBITDA (x)	nm	nm	nm	nm
Capex	-1.5	-2.4	-2.6	-2.9
OpFCF b.t.	21.6	13.5	16.4	20.7
OpFCF b.t. as % of EBITDA (*)	101.3%	54.6%	60.2%	66.8%

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

Investment case

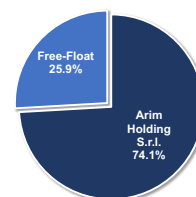
Strengths / Opportunities

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

Weaknesses / Risks

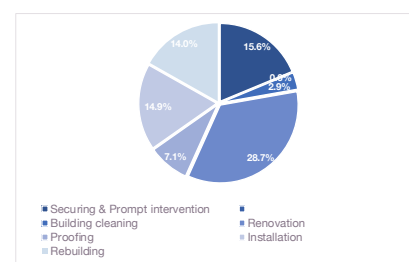
- ◆ Labor intensive business model, requiring highly-skilled workers;
- ◆ The company is braked in its (international) expansion by different regulatory landscapes;
- ◆ Credit collection takes long time, but bad debt risks are minimal.

Shareholders Structure



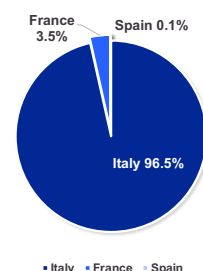
Source: EdiliziAcrobatica

Revenues breakdown by business line



Source: EdiliziAcrobatica 1H21

Revenues breakdown by geography



Source: EdiliziAcrobatica FY21

Stock multiples @ €25.0 Fair Value

	2022E	2023E
EV / SALES (x)	1.6	1.5
EV / EBITDA (x)	8.0	7.1
EV / EBIT (x)	8.8	7.7
EV / CAP.EMP. (x)	7.2	5.3
OpFCF Yield (%)	6.5	8.4
P / E (x)	14.0	12.5
P / BV (x)	6.0	4.2
Div. Yield. (%)	1.2	1.2

Source: Value Track

EdAc business keeps on growing

FY21 Financials: outstanding results exceeding our expectations

EdiliziAcrobatica reported impressive FY21 financial figures, mostly driven by fiscal incentives opportunities related to “*Bonus Facciate 90%*” and “*Superbonus 110%*” in 2H21.

Operating profitability and Cash generation catch the eye, with EBITDA increasing fourfold vs. FY20, and Net Financial Position turning massively cash positive.

We note that EdAc reported figures are net of fees paid by the Group to banks for the cash-in of fiscal incentives credits that, according to the new principles established by the Italian accounting regulator (OIC), must be reported before the Value of Production line.

More in detail, FY21 financials reveal:

- ◆ **Value of Production at €87.7mn**, almost doubling FY20 amount of €46.2mn;
- ◆ **EBITDA at €21.3mn**, marking a more than fourfold increase y/y vs. €5.0mn in FY20;
- ◆ **EBITDA margin at 24.3%**, registering a >1,300bps growth vs. 10.8% in FY20;
- ◆ **Net Profit at €11.1mn**, i.e. 6x over FY20 €1.8mn;
- ◆ **Net Cash at €3.6mn** while Net Debt was at €7.7mn in FY20.

EdAc: FY20-FY21 Key Financials vs. Value Track Estimates

(€mn)	FY20	FY21	y/y (%)	FY21 (VT Estimates)	FY21 Actual/Est. (%)
Value of Production (Gross of Banking Fees)	46.2	99.4	115%	83.0	20%
Value of Production (Net of Banking Fees)	46.2	87.7	90%	78.0	12%
EBITDA	5.0	21.3	326%	10.3	107%
EBITDA Margin (% of Net VoP)	10.8%	24.3%	1344bps	13.2%	1107bps
Net Profit	1.8	11.1	531%	3.9	185%
Net Fin. Position [i.e. Net Debt (-) Cash (+)]	-7.7	3.6	<i>n.m.</i>	-8.4	<i>n.m.</i>

Source: EdiliziAcrobatica, Value Track Analysis

(Gross) Revenues from Sales at €98.6mn (+120% y/y)

EdAc released **FY21 Value of Production** figure at **€87.7mn**, almost doubling FY20 result of €46.2mn (+90% y/y). Going bottom-up and considering banking fees of ca. €11.7mn related to the cash.in of fiscal incentives credits, we calculate implied (gross) **Revenues from Sales at ca. €98.6mn**. that compares with €44.7mn in FY20 (+121% y/y).

As far as for the Group’s businesses breakdown, we highlight:

- ◆ **Italy** (proprietary business units, franchising, Energy Acrobatica 110%) likely to report FY21 revenues at approximately €94.9mn vs. €41.5mn in FY20;
- ◆ **France** (EdiliziAcrobatica Sas) registering a more moderate growth y/y, with top line at €3.4mn in FY21 vs. €3.1mn in FY20 (+9% y/y), heavily impacted by covid-19 implications;
- ◆ **Spain** (EdiliziAcrobatica Iberica) recording first revenues for ca. €300k.

Looking at sales breakdown by semester, we note that 2H21 followed the usual business seasonality, with the second part of the year characterized by higher orders deliveries and superior revenues.

Still, both semesters witnessed terrific expansion rates facilitated by “*Bonus Facciate 90%*” fiscal incentives and despite the complexities brought by the ongoing pandemic.

EdAc: Top Line breakdown by semester

(€mn)	1H20	2H20	FY20	1H21	2H21	FY21
Italy	16.0	25.5	41.5	34.7	60.2(*)	94.9(*)
y/y (%)				117%	136%	128%
France	1.6	1.6	3.1	1.8	1.6	3.4
y/y (%)				13%	4%	9%
Spain	0.0	0.0	0.0	0.0	0.3	0.3
y/y (%)				n.m.	n.m.	n.m.
Revenues from Sales (Gross)	17.6	27.1	44.7	36.5	62.1	98.6
y/y (%)				107%	129%	121%
Banking Fees	0.0	0.0	0.0	-2.5	-9.2	-11.7
Net Revenues from Sales	17.6	27.1	44.7	34.0	52.9	86.9
y/y (%)				93%	95%	95%
Other Revenues	1.1	0.4	1.5	0.3	0.5	0.8
Value of Production	18.7	27.5	46.2	34.3	53.4	87.7
y/y (%)				83%	94%	90%

Source: EdiliziAcrobatica, Value Track Analysis

(*) Value Track Estimates

Profitability widely on the rise: EBITDA and EBIT margin above 20%

Operating and Net profitability figures surely catch the eye, with:

- ◆ **EBITDA at €21.3mn**, increasing more than fourfold (4.3x) y/y by means of fiscal incentives acting as profitability accelerators for EdAc branches. Group EBITDA margin stood at 24% thanks to positive operating leverage at domestic level and despite the French subsidiary negative EBITDA of ca. €0.9mn (justified by substantial training expenses);
- ◆ **EBIT at €18.3mn**, increasing more than proportionally with respect to EBITDA (D&A expenses with a lower incidence on sales). EBIT Margin gained 1,400 bps to get to ca. 21%;
- ◆ **Net Profit at €11.1mn**, gaining ca. €9.3mn vs FY20, also benefitting from lower implied interest rate on existing financing lines.

EdAc: FY20-FY21 P&L

(€mn)	FY20	FY21	y/y (%)
Value of Production	46.2	87.7	90%
Operating Expenses	-41.2	-66.4	
EBITDA	5.0	21.3	326%
EBITDA Margin (% of VoP)	10.8%	24.3%	1344bps
Depreciation & Amortization	-1.9	-3.0	
EBIT	3.1	18.3	483%
EBIT margin (% of VoP)	6.8%	20.9%	1409bps
Net Fin. Income (charges)	-0.3	-1.2	
Pre-tax Profit	2.8	17.1	501%
Taxes	-1.1	-6.0	
Net Profit	1.8	11.1	531%

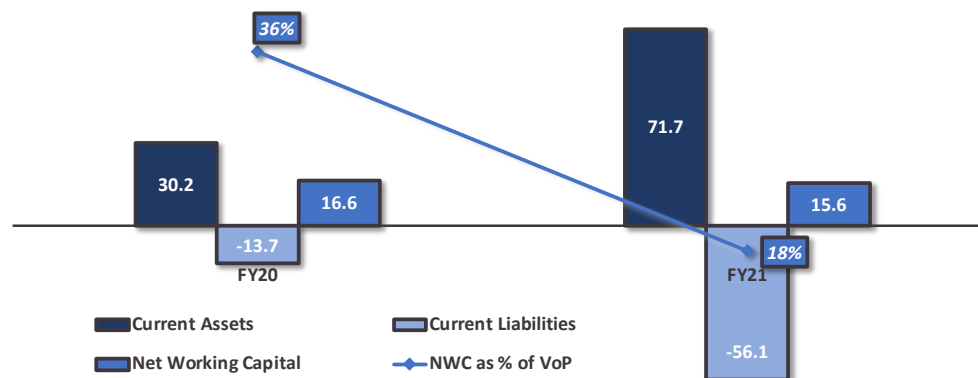
Source: EdiliziAcrobatica, Value Track Analysis

>100% Operating Free Cash Flow Conversion

At the end of 2021, Net Financial Position was positive (i.e. **Net Cash**) at **€3.6mn**, implying an outstanding Free Cash Flow generation during the period, mostly achieved on account of the superb operating profitability previously outlined and thanks to Net Working Capital evolution, again affected by fiscal incentives.

Indeed, NWC stood at ca. 18% of total revenues in FY21, half of FY20 value despite surged receivables (as expected due to the huge amount of tax credits related to fiscal incentives) however offset by significant current liabilities that include advance payments from clients for work-in-progress orders.

EdAc: FY20-FY21 Net Working Capital evolution



Source: EdiliziAcrobatica, Value Track Analysis

*Adjusted for banking fees

As a result, **OpFCF (before taxes)** is calculated at **€21.6mn**, implying a higher than 100% cash conversion ratio with respect to EBITDA.

Net of taxes, financial investments, interest expenses, dividends paid and capital injections relative to warrant conversion, Free Cash Flow was at €11.3mn.

EdAc: FY20-FY21 Cash Flow Statement

(€mn)	FY20	FY21
EBITDA	5.0	21.3
Working Capital Needs	-6.3	1.0
Capex	-1.7	-1.5
Change in Provisions	0.5	0.8
OpFCF b.t.	-2.4	21.6
As % of EBITDA	-49%	101%
Cash Taxes	-1.1	-6.0
OpFCF a.t.	-3.5	15.6
Capital Injections (warrant conversion)	0.4	0.5
Other Op. Items (incl. Fin. Inv.)	-0.9	-3.1
Net Financial Charges	-0.3	-1.2
Dividends	-0.8	-0.5
Net Cash generated	-5.0	11.3

Source: EdiliziAcrobatica, Value Track Analysis

EdAc: FY20-FY21 Balance Sheet

(€mn)	FY20	FY21
Net Working Capital	16.6	15.6
<i>As a % of VoP</i>	36%	18%
Net Fixed Assets	5.8	5.5
Provisions	1.8	2.6
Total Capital Employed	20.6	18.5
Group Net Equity	12.9	22.1
Net Fin. Position [i.e. Net Debt (-) Cash (+)]	-7.7	3.6

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 FY21, the Group opened 18 new branches, reaching a total of 77 directly managed business units (of which 8 in France and 1 in Spain). Considering also 33 franchisees, EdAc counts **119 point of sales** and **1,392 human resources** (+34% vs. 1,041 of FY20). On the commercial side of the business, we also remind that during 2021, the Group:

- ◆ Developed **EAcondominio APP** to facilitate residents-administrators' interactions;
- ◆ Set up **Energy Acrobatica 110% Srl** to operate as main contractor for real estate projects financed by fiscal aids of the so called "*Superbonus 110%*" (extended up to December 2023);
- ◆ Constituted **EdiliziAcrobatica Iberica** by acquiring part of **Accés Vertical** (Spanish company operating on safety rope building services) to furtherly expand EdAc highly scalable business model in Europe.

Forecasts 2022E-24E

Estimates drivers

In our view, EdAc continues to be a zero-cost call option on the success of specific short- and medium-term business drivers:

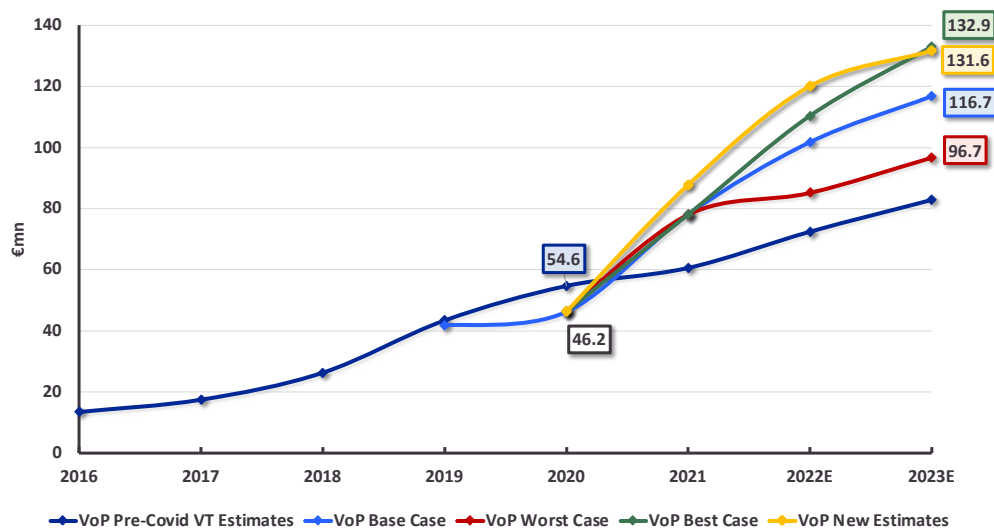
- 1. Short term. Fiscal incentives**, such as “*Bonus Facciate*” and “*Superbonus 110%*” speeding up the time of direct business units to reach mature figures in terms of sales and profitability;
- 2. Short term. Human resources continuous evolution**, significantly boosting EdAc revenue generating capability;
- 3. Medium 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” figures in terms of revenue generation.

Fiscal incentives: “*Bonus Facciate*” extended at 60%

Our base case scenario was built on the assumption of “*Bonus Facciate 90%*” ending as of December 2021 but with the possibility to execute the works also in 1H22. However, the new Italian Budget Law has extended the relative fiscal aids for the whole 2022 albeit with tax deductions at 60%. From 2023, “*Bonus Facciate*” is bound to halt.

As a consequence, our base case was underestimating EdAc backlog and top line evolution, at least for FY22E. On top of this, the extension of “*Superbonus*” fiscal aids for residential buildings up to December 2025 (with decreasing percentages to be deducted, i.e. 110% up to Dec. 2023, 70% up to Dec. 2024 and 65% up to Dec. 2025) is yet another positive outlook for EdAc business expansion in the short- and medium-term, especially after the setup of EA 110%.

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

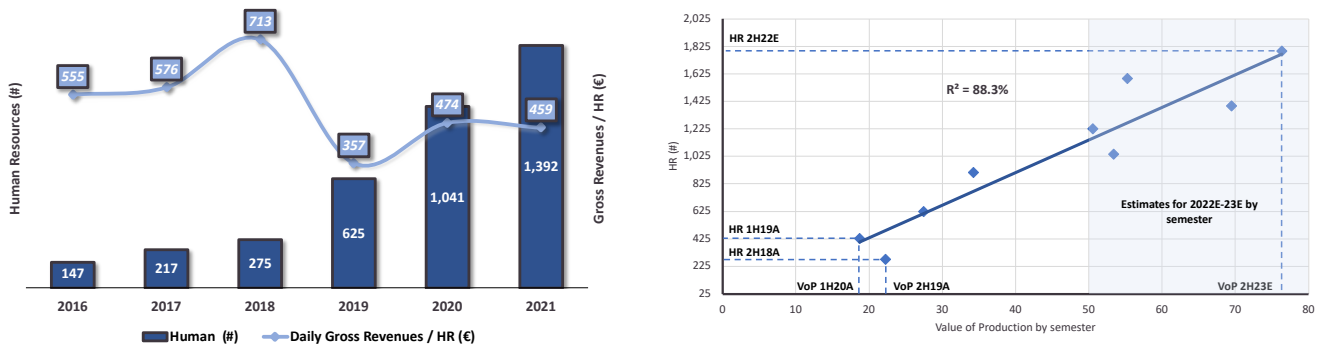
Over the last six years, EdAc has strongly expanded its workforce adding ca. 1,250 people and almost reaching 1,400 human resources. As it usually takes ca. 1 year for a single acrobat to gain the complete skillset to be efficient at full level, there is an obvious strong positive correlation between the number of human resources at “year 0” and the sales generated by workmen in “year 1” (chart below on rhs).

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 further 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)



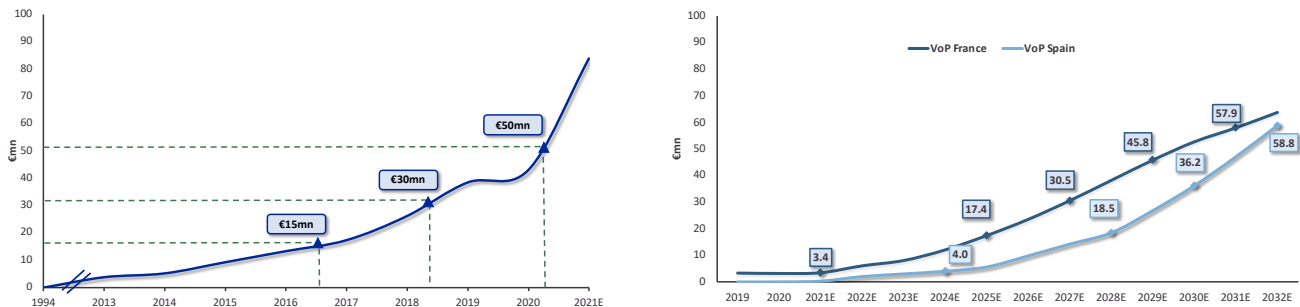
Source: EdiliziAcrobatica, Value Track Analysis

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

After fiscal aids dismission in the coming years, EdAc should then enjoy a much stronger domestic footprint and experience additional growth thanks to its foreign subsidiaries, with French and Spanish businesses reaching more “mature” financial figures way sooner than EdiliziAcrobatica SpA in its past.

We expect the two operating companies to cumulatively reach ca. yearly €30mn, €50mn and €100mn as of 2026E, 2028E and 2031E.

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



Source: EdiliziAcrobatica, Value Track Analysis

Update of 2022E-23E estimates

We are revising upwards our 2022E-23E forecasts as follows:

- ◆ **Value of Production up by ca. 16% on average for 2022E-23E**, as a result of the current solid orders backlog, the renewal of fiscal incentives, and more and more business units reaching “mature” financial figures. We remark that while our last estimates were affected by banking charges below the EBIT line, OIC new accounting treatment implies an impact on Value of Production. Therefore, and for the sake of comparison, we adjusted our previous VoP figures for the banking fees we were estimating last October (i.e. €2.5mn for 2022E, €0.0mn for 2023E). We now forecast much more significant charges (i.e. €10mn for 2022E and €10mn for 2023E) as a consequence of the high amount of current orders backlog and new intakes expected thanks to the bonuses renewal;
- ◆ **EBITDA up by ca. 77% on average for 2022E-23E** thanks to higher top line and to positive operating leverage. After FY21 EBITDA margin at 24.3%, we forecast EBITDA margin stable at around 21% for FY22E-23E due to the intensive hiring process expected;
- ◆ **Net Profit** heightened by €7mn-€8mn each year, following strong margins rerating and as we do not foresee any change for D&A and pure interest charges.
- ◆ **Net Financial Position** growing on the back of higher Net Profit and of better working capital evolution (higher-than-expected cash-in of fiscal credits related to the exceptional demand for renovation works in the last months of the year) and despite ca. €2.4mn constant dividend payments assumed per year and CapEx at 2.0% of annual net sales.

EdAc: New vs. Old 2022E forecasts

€mn	2022E Old			2022E new			2022E New vs. Old		
	Italy	France	Group	Italy	France	Group	Italy	France	Group
Value of Production (Gross*)	96.4	7.8	104.1	122.0	8.0	130.0	26.6%	3.2%	24.9%
Value of Production (Net*)	93.9	7.8	101.6	112.0	8.0	120.0	19.3%	3.2%	18.1%
EBITDA	13.3	0.0	13.3	24.8	0.0	24.8	86.0%	n.m.	86.0%
Net Profit	6.6	0.0	6.6	14.5	0.0	14.5	120.9%	n.m.	120.9%
Net Financial Position	-7.4	0.0	-7.4	6.8	0.0	6.8			

Source: EdiliziAcrobatica, Value Track Analysis

* Gross and Net of banking fees

EdAc: New vs. Old 2023E forecasts

€mn	2023E Old			2023E new			2023E New vs. Old		
	Italy	France	Group	Italy	France	Group	Italy	France	Group
Value of Production (Gross*)	106.2	10.5	116.7	130.6	11.0	141.6	23.0	4.8%	21.4%
Value of Production (Net*)	106.2	10.5	116.7	120.6	11.0	131.6	13.6%	4.8%	12.8%
EBITDA	16.3	0.0	16.3	27.2	0.0	27.2	67.2%	n.m.	67.2%
Net Profit	9.0	0.0	9.0	16.2	0.0	16.2	80.3%	n.m.	80.3%
Net Financial Position	-3.7	0.0	-3.7	11.8	0.0	11.8			

Source: EdiliziAcrobatica, Value Track Analysis

* Gross and Net of banking fees

Forecasted figures 2022E-24E

Here follows our new estimates, including for the first time 2024E. Once again, we underline that our Value of Production is forecasted net of any rebate of tax credit banking fees. We forecast:

- ◆ **Value of Production** growing at ca. 19% CAGR_{2021A-24E} to reach **€149.4mn in 2024E**;
- ◆ **EBITDA at €30.9mn by 2024E**, with EBITDA margin stable at around 21%;
- ◆ **Net Profit** surging to **€19.0mn in 2024E**, despite the high tax rate expected (ca. 35%);
- ◆ **Net Cash Position** building up to **€19.9mn as of 2024E**.

EdAc: 2020A-23E Key financials

(€mn)	2021A	2022E	2023E	2024E	CAGR 21A-24E
Value of Production	87.7	120.0	131.6	149.4	19.4%
EBITDA	21.3	24.8	27.2	30.9	13.3%
<i>EBITDA Margin (%)</i>	24.3%	20.6%	20.7%	20.7%	-357bps
EBIT	18.3	22.5	25.1	29.2	16.7%
Net Profit	11.1	14.5	16.2	19.0	19.7%
Net Financial Position	3.6	6.8	11.8	19.9	76.6%

Source: EdiliziAcrobatica, Value Track Analysis

EdAc: 2021A-24E Value of Production breakdown

(€mn)	2021A	2022E	2023E	2024E	CAGR 21A-24E
Gross Revenues from Sales	98.6	127.9	139.5	147.3	14.3%
o/w Italy	94.9 (*)	119.9	128.5	131.3	11.4%
o/w France	3.4	6.0	8.0	12.0	52.3%
o/w Spain	0.3	2.0	3.0	4.0	137.1%
Banking Fees	-11.7	-10.0	-10.0	0.0	n.m.
Net Revenues from Sales	86.9	117.9	129.5	147.3	19.2%
Other Revenues	0.8	2.1	2.1	2.1	39.2%
Value of Production	87.7	120.0	131.6	149.4	19.4%

Source: EdiliziAcrobatica, Value Track Analysis

(*) VT Estimate

EdAc: P&L evolution 2021A-24E

(€mn)	2021A	2022E	2023E	2024E	CAGR 21A-24E
Value of Production	87.7	120.0	131.6	149.4	19.4%
EBITDA	21.3	24.8	27.2	30.9	13.3%
<i>EBITDA Margin (%)</i>	24.3%	20.6%	20.7%	20.7%	-357bps
Depreciation & Amortization	-3.0	-2.3	-2.1	-1.8	n.m.
EBIT	18.3	22.5	25.1	29.2	16.7%
<i>EBIT margin (%)</i>	20.9%	18.7%	19.1%	19.5%	-138bps
Net Fin. Income (charges) and non-operating items	-1.2	-0.1	-0.1	0.1	n.m.
Pre-tax Profit	17.1	22.4	25.0	29.3	19.6%
Taxes	-6.0	-7.8	-8.7	-10.2	n.m.
Net Profit	11.1	14.5	16.2	19.0	19.7%

Source: EdiliziAcrobatica, Value Track Analysis

EdAc: Balance Sheet evolution 2021A-24E

(€mn)	2021A	2022E	2023E	2024E
Net Working Capital	15.6	25.1	33.7	41.2
Net Fixed Assets	5.5	5.6	6.1	7.3
Provisions	2.6	3.2	3.6	3.8
Total Capital Employed	18.5	27.5	36.2	44.7
Group Net Equity	22.1	34.2	48.0	64.6
Net Fin. Position [i.e. Net Debt (-) Cash (+)]	3.6	6.8	11.8	19.9

Source: EdiliziAcrobatica, Value Track Analysis

EdAc: Cash Flow Statement evolution 2021A-24E

(€mn)	2021A	2022E	2023E	2024E
EBITDA	21.3	24.8	27.2	30.9
Working Capital Needs	1.0	-9.5	-8.6	-7.6
Capex	-1.5	-2.4	-2.6	-2.9
Change in Provisions	0.8	0.7	0.3	0.2
OpFCF b.t.	21.6	13.5	16.4	20.7
Cash Taxes	-6.0	-7.8	-8.7	-10.2
OpFCF a.t.	15.6	5.7	7.6	10.4
Capital Injections	0.5	0.0	0.0	0.0
Other Op. Items (incl. Fin. Inv.)	-3.1	0.0	0.0	0.0
Net Financial Charges	-1.2	-0.1	-0.1	0.1
Dividends	-0.5	-2.4	-2.4	-2.4
Net Cash generated	11.3	3.1	5.1	8.1

Source: EdiliziAcrobatica, Value Track Analysis

Valuation

We are revising upwards EdAc fair value at €25.0 p/s (from €20.0 p/s), implying a potential upside of ca. 47% from current market price.

The upward revision is the combined result of: 1) steady average peers' multiple on the one side and, 2) upward revised 2022E-23E-24E forecasts on the other side supported by “*Bonus Facciate*” and “*Superbonus 110%*” renewal.

At €25.0 p/s, EdAc would trade at 8.0x-7.1x EV/EBITDA 2022E-23E, halving the current discount with respect to comparables and roughly in line with our last EV/Sales fair multiples outlined in the update of October 2021.

EdAc: Sensitivity of implicit stock trading multiples between €17.0 and €29.0

Equity Value p/s	EV / Sales (x)		EV / EBITDA (x)		EV / EBIT (x)		P / E (x)	
	2022E	2023E	2022E	2023E	2022E	2023E	2022E	2023E
€ 17.00	1.1	1.0	5.3	4.7	5.9	5.1	9.5	8.5
€ 19.00	1.2	1.1	6.0	5.3	6.6	5.7	10.7	9.5
€ 21.00	1.4	1.2	6.6	5.9	7.3	6.4	11.8	10.5
€ 23.00	1.5	1.3	7.3	6.5	8.0	7.0	12.9	11.5
€ 25.00	1.6	1.5	8.0	7.1	8.8	7.7	14.0	12.5

Source: Value Track Analysis

Looking more in details at peers' multiples, we note steady figures from our last report, while EdAc stock price started to recover just now from a 30% decline, that in our view was unjustified, especially after the positive news flow regarding the reference market (fiscal incentives) and the Company itself (orders backlog, new hires, international expansion and FY21 results).

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	£9,699	3.4	3.2	15.0	13.9	33.3	28.0
Stericycle	\$5,448	2.5	2.3	14.6	12.1	nm	35.4
Terminix	\$5,557	2.9	2.8	15.3	14.1	33.7	29.7
Mears Group	£231	0.5	0.4	4.4	3.9	15.7	14.5
HomeServe Plc	£2,872	2.2	2.0	9.6	8.7	18.8	16.9
ABM Industries	\$3,050	0.5	0.5	7.8	7.0	15.0	13.0
GDI	CAD 1,244	0.7	0.7	10.0	9.5	25.6	24.4
Average	<i>n.m.</i>	1.8	1.7	11.0	9.9	23.7	23.1
Median	<i>n.m.</i>	2.2	2.0	10.0	9.5	22.2	24.4
EdAc @ current market price	€ 138	1.1	1.0	5.3	4.7	9.5	8.5
<i>Discount vs. Average (%)</i>		<i>-39.8%</i>	<i>-43.4%</i>	<i>-51.6%</i>	<i>-53.0%</i>	<i>-59.8%</i>	<i>-63.2%</i>
EdAc @ €25.0 p/s	€ 188	1.6	1.5	8.0	7.1	14.0	12.5

Source: Market Consensus (01/04/22), Value Track Analysis

A useful cross check can be drawn by comparing the stock trading multiples of a cluster of Italian companies directly or indirectly exposed to the theme of fiscal incentives on restructuring works / energy efficiency.

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	€ 32	1.3	1.0	15.7	8.8	26.4	13.5
Gibus	€ 80	0.9	0.8	5.3	4.9	7.7	7.0
Sciuker	€ 188	1.4	1.0	7.6	5.0	17.1	11.8
Innovatec	€ 220	1.0	0.8	13.8	9.8	16.8	12.4
Average	<i>n.m.</i>	1.1	0.9	10.6	7.1	17.0	11.2
Median	<i>n.m.</i>	1.1	0.9	10.7	6.9	17.0	12.1
EdAc @ current market price	€ 139	1.1	1.0	5.9	5.1	9.5	8.5
<i>Discount vs. Average (%)</i>		-3.4%	4.9%	-44.6%	-29.3%	-44.0%	-23.6%
EdAc @ €25.0 p/s	€ 188	1.6	1.5	8.8	7.7	14.0	12.5

Source: Market Consensus (08/04/22), Value Track Analysis

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