

# EdiliziAcrobatica

Sector: Real Estate Services



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## Brilliant 4Q, increasing diversification

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.

### FY23 Preliminary Group Revenues: +12% y/y (+7% l-f-l)

Back on February 14<sup>th</sup>, EDAC reported FY23 preliminary revenues at €164.4mn (gross of banking fees), up 12% y/y and beating our expectations (€161.5mn). Stripping out Enigma Capital (acquired in April), EDAC FY23 organic growth is ca. 7%. The Group had a strong comeback in 4Q23, up by an impressive 32% y/y (22% organic) and totalling €46.6mn, supported by weather conditions and by the ramp-up of clients' demand thanks to an acceleration of Banca Sella financing (partnership in place from May 2023).

### Acrobatica Energy and Enigma BUs stand on top

- ◆ EdiliziAcrobatica SPA up 11% y/y in 4Q23 but not enough to compensate for the weak performance of the first 9 months: FY23 revenues at ca. €118mn (-11% y/y), in line with our expectations;
- ◆ Acrobatica Energy reporting FY23 revenues at €32.7mn (4x FY22 and in line vs. our estimate of €32mn) thanks to the high average ticket per contract (ca. €1mn, driven by Ecobonus projects);
- ◆ Enigma Capital FY contribution (April-December) at €7.9mn, weighing ca. 5% on Group revenues and beating our €6.0mn forecast;
- ◆ France at €3.9mn (-17% y/y) lower vs our expectations (€4.6mn);
- ◆ Spain at €1.2mn (+43% y/y), in line with our estimates.

### “Fotovoltaico” and “Smart Living” to widen offer range

FY23 business and corporate development continued at unrelented pace, with #26 new branches openings, #786 new net hires (Group HR close to 2,500 people), +48% y/y new contracts, +100% y/y new clients, Enigma Capital acquisition, new partnerships (Banca Sella, Italsoft) and business units (“Acrobatica Fotovoltaico”, “Acrobatica Smart Living”) for additional business expansion and diversification. Latest news are the Group rebranding and the JV with Italsoft to further strengthen EDAC value-added and digitally-enabled services focused on energy requalification projects, creation of residential energy communities, smart buildings transformation, and properties administration.

### Estimates and Fair Value (€20.00 p/s) Confirmed

We confirm EDAC estimates and fair value pending the release of the full set of FY23 financials, expected to be disclosed on March 27<sup>th</sup>.

<b>Fair Value (€)</b>	<b>20.00</b>
<b>Market Price (€)</b>	<b>12.40</b>
<b>Market Cap. (€m)</b>	<b>103.8</b>

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.(IFRS)	-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	1.0
EV/SALES (x)	1.0	1.1	0.8
EV/EBITDA (x)	3.9	7.2	4.5
EV/EBIT (x)	4.7	10.9	6.2
P/E (x)	8.7	16.2	8.6
DIV YIELD (%)	8.4	2.5	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)	103.8
FREE FLOAT (%)	26.4
AVG. -20D VOL. (#)	7,095
RIC / BBG	EDAC.MI / EDAC IM
52 WK RANGE	11.95 – 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
<b>Value of Production</b>	<b>134.5</b>	<b>154.6</b>	<b>177.5</b>	<b>198.3</b>
Chg. % YoY	53.4%	15.0%	14.8%	11.7%
<b>EBITDA</b>	<b>34.0</b>	<b>24.0</b>	<b>30.2</b>	<b>35.1</b>
EBITDA Margin (%)	25.3%	15.5%	17.0%	17.7%
<b>EBIT</b>	<b>28.4</b>	<b>16.0</b>	<b>21.8</b>	<b>26.4</b>
EBIT Margin (%)	21.2%	10.4%	12.3%	13.3%
<b>Net Profit</b>	<b>14.7</b>	<b>8.1</b>	<b>12.2</b>	<b>15.3</b>
Chg. % YoY	32.2%	-44.8%	50.5%	25.4%
<b>Adjusted Net Profit</b>	<b>14.7</b>	<b>8.1</b>	<b>12.2</b>	<b>15.3</b>
Chg. % YoY	32.2%	-44.8%	50.5%	25.4%
<b>Net Fin. Position (IFRS)</b>	<b>-5.0</b>	<b>-42.6</b>	<b>-30.6</b>	<b>-18.5</b>
Net Fin. Pos. / EBITDA (x)	0.1	1.8	1.0	0.5
Capex	-10.0	-6.2	-6.7	-6.9
<b>OpFCF b.t.</b>	<b>20.7</b>	<b>1.4</b>	<b>23.5</b>	<b>26.0</b>
OpFCF b.t. as % of EBITDA (*)	60.8%	5.8%	77.8%	74.0%

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

## Investment case

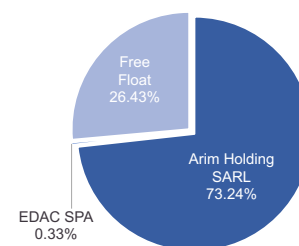
### Strengths / Opportunities

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

### Weaknesses / Risks

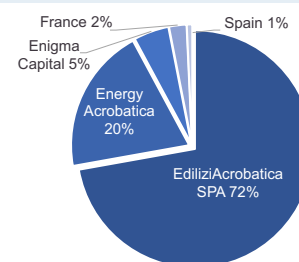
- ◆ Labor intensive business model, requiring highly-skilled workers;
- ◆ The company is braked in its (international) expansion by different regulatory landscapes;
- ◆ Credit collection takes long time, but bad debt risks are minimal.

## Shareholders Structure



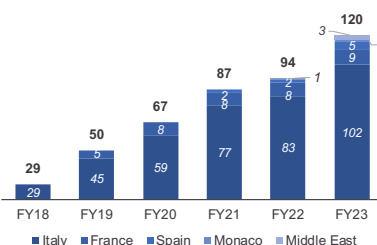
Source: EdiliziAcrobatica

## Revenues by Geography



Source: EdiliziAcrobatica, Value Track, FY23

## Directly Managed Branches



Source: EdiliziAcrobatica, Value Track, FY23

## Stock multiples @ €20.0 Fair Value

	2024E	2025E
EV / SALES (x)	1.1	0.9
EV / EBITDA (x)	6.5	5.2
EV / EBIT (x)	9.0	7.0
EV / CAP.EMP. (x)	2.7	2.5
OpFCF Yield (%)	12.0	14.1
P / E (x)	13.7	10.9
P / BV (x)	3.9	3.1
Div. Yield. (%)	2.0	2.0

Source: Value Track

## FY23 Preliminary Revenues

On February 14<sup>th</sup>, EDAC reported FY23 preliminary and unaudited revenues from sales. We remind that the following data is reported gross of the banking fees the Group has to pay for the cash-in of the tax credits related to the last *Ecobonus* projects. Key figures and messages are:

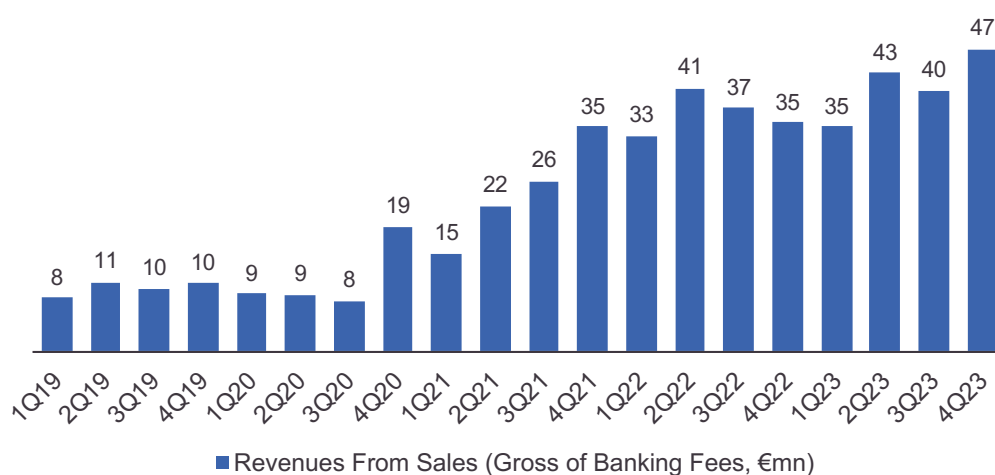
- ◆ **Revenues at €164.4mn in FY23**, growing by ca. 12% y/y vs. FY22 €146.6mn and beating our expectations (€161.5mn) by ca. 2%;
- ◆ Stripping out the nine months contribution of Enigma Capital (consolidated since the beginning of April), EDAC **FY23 organic growth is ca. 7% y/y**;
- ◆ **Revenues at €46.6mn in 4Q23**, implying an outstanding 32% growth y/y and an exceptional rebound of the last quarter vs. the first nine months of the year, facilitated by much better weather conditions and the ramp-up of clients' demand thanks to an acceleration of Banca Sella financing (partnership in place from May 2023);
- ◆ Even without the contribution of Enigma, EDAC **4Q23 organic growth stands at an impressive 22% y/y**.

### EDAC: Revenues from Sales Breakdown FY22-FY23

Revenues (IAS, €mn)	4Q22	4Q23	y/y	FY22	FY23	y/y
EdiliziAcrobatica SPA	29.5	32.7	+11%	132.9	118.7	-11%
Acrobatica Energy	4.5	9.3	+107%	8.2	32.7	+299%
Enigma Capital (Middle East)	//	3.5	nm	//	7.9	nm
EdiliziAcrobatica France SAS	1.1	0.8	-28%	4.7	3.9	-17%
EA Iberica (Spain)	0.1	0.3	+124%	0.8	1.2	+43%
<b>Revenues from Sales (Gross of Banking Fees)</b>	<b>35.2</b>	<b>46.6</b>	<b>+32%</b>	<b>146.6</b>	<b>164.4</b>	<b>+12%</b>

Source: EdiliziAcrobatica, Value Track Analysis

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

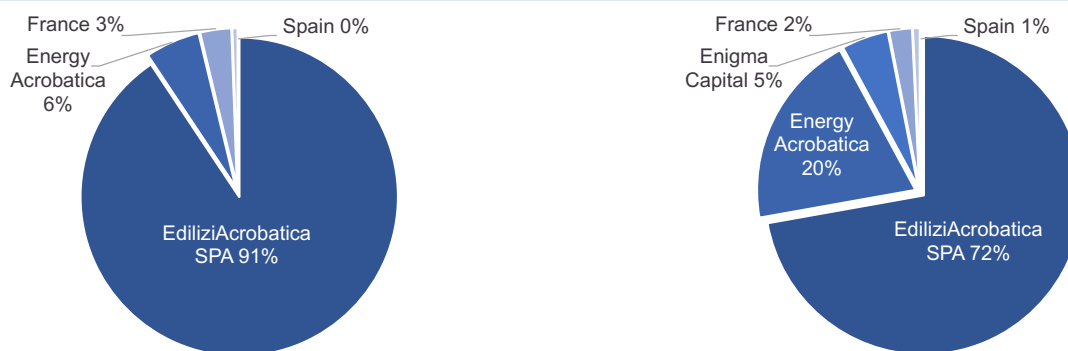


Source: EdiliziAcrobatica, Value Track Analysis

In terms of sales breakdown, we highlight:

- ◆ **EdiliziAcrobatica SPA** reported strong results in 4Q23 (+11% y/y). Still, it was not enough to compensate for the weak performance of the first 9 months of the year (affected by poor weather conditions and challenging comparison vs. booming 2022). Indeed, FY23 revenues totaled ca. €118mn (-11% y/y), in line with our expectations of ca. €117.5mn;
- ◆ **Acrobatica Energy** increased its contribution to total sales by ca. four times y/y, reporting FY23 revenues at €32.7mn (vs. our estimate of €32mn) thanks to the high average ticket per contract (ca. €1mn, related to Ecobonus projects). Revenues were €9.3mn in 4Q23, ca. 2x 4Q22;
- ◆ **Enigma Capital** was consolidated only since the beginning of April. Nonetheless, its FY contribution totaled €7.9mn, weighing ca. 5% on Group revenues and beating our forecast of €6.0mn. On 4Q23, Enigma contribution (ca. €3.5mn) weighted 7.5% on total;
- ◆ **France** failed to achieve our expectations (€4.6mn), reporting FY revenues at €3.9mn (-17% y/y), following a marked slowdown in the second part of the year;
- ◆ **Spain** reporting FY23 sales at €1.2mn, in line with our estimates and growing by ca. 43% y/y. The last quarter of the year was particularly strong, with revenues at €0.3mn, more than doubling 4Q22 (ca. €0.1mn).

**EDAC: Revenues from Sales (Gross of Banking Fees) by Location / Legal Entity FY22 vs. FY23**



Source: EdiliziAcrobatica, Value Track Analysis

# Business & Corporate Developments

## Business Development

FY23 business development continued at unrelenting pace, with #26 new branches openings, #786 new net hires (Group HR close to 2,500 people), +48% y/y new contracts, +100% y/y new clients, Enigma Capital acquisition, new partnerships (Banca Sella, Italsoft) and business units (“Acrobatica Fotovoltaico”, “Acrobatica Smart Living”) for additional business expansion and diversification.

## 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;
- ◆ **As of FY23, the number of FY contracts signed grew by 48%, from 17,925 to 26,550.**

In addition, as of FY23, the number of clients doubled y/y (exactly +100%), 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);
- ◆ **Acrobatica Energy**: delivering the last projects on *Ecobonus* (closing approximately #30 construction sites) and starting to dedicate to the energy efficiency of residential buildings (50 cities in 17 areas), 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. **“Acrobatica Fotovoltaico”** will indeed offer (i) preventive analysis, (ii) in-house design, (iii) installation by qualified personnel and (iv) post-installation services (e.g., panel cleaning).

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

- ◆ **Acrobatica Smart Living:** new JV created with Italsoft (51% EDAC, 49% Italsoft), Italian technological leader for the digital and energetic innovation of the construction sector. The JV is a further strengthening of EDAC value-added services offering to condos and residents, that from now on will also focus on the energy requalification of buildings, the creation of residential energy communities, smart buildings transformation, and, in a second phase, the provision of services for the administration of properties through digital platforms. We expect the Newco to generate significant cross-selling opportunities for both the companies: while EDAC will provide its renowned commercial footprint, Italsoft will lever on its technological know-how, engineering and software hub for the efficient management of building sites, and general contractor network for an extensive coverage of the Italian construction sector.

**EDAC: Acrobatica Fotovoltaico and Acrobatica Smart Living**



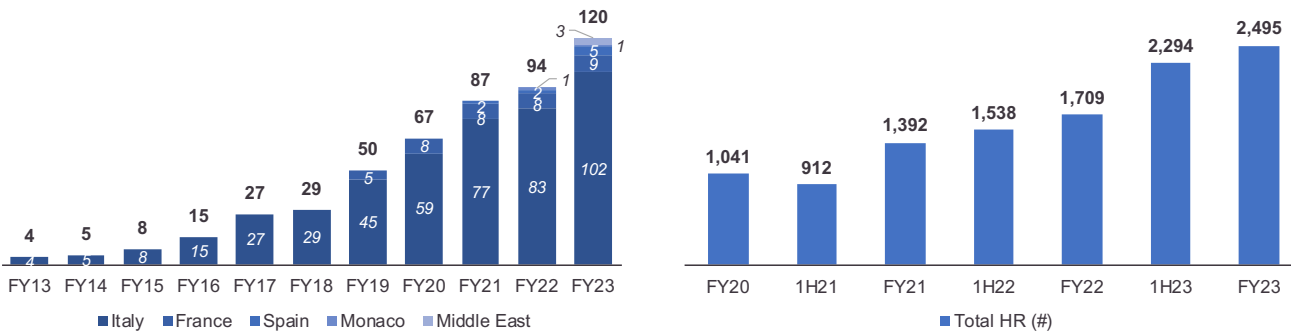
Source: EdiliziAcrobatica

**Point of Sales & Human Resources**

In terms of directly managed branches, EDAC added #26 new units over the latest twelve months (#19 in Italy, #3 in Spain, #1 in France, and #3 in the Middle East). We now count #102 Italian direct branches, #57 more than at the end of 2019, #18 foreign branches, and ca. #30 domestic franchises, for #150 total point of sales, up from #83 in 2019.

We also highlight that over FY23 the Group continued its forceful hiring strategy, reaching 2,495 human resources vs. 1,709 at the end of FY22.

**EDAC: Group Operating Branches & HR Evolution**



Source: EdiliziAcrobatica, Value Track Analysis

## 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 finalized:

- ◆ 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.

We also mention the important rebranding of the Group, a result of the entire marketing team working for several months and responding to the needs of an increasingly international market. Indeed, by 2024, the company will be 30 years old, with a presence in several countries worldwide.

The new brand (from “EdiliziAcrobatica” to “Acrobatica”) also corresponds to a new store concept, even more modern and impactful than in the past.

### EDAC: Rebranding



Source: EdiliziAcrobatica

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