

EdiliziAcrobatica

Sector: Real Estate services



Analyst

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Growth on pause due to Covid-19

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

EdAc burdened by 2Q20 lockdown

In 1Q20 EdAc was growing at a double-digit rate (+10% YoY), driven by Italian business (+15% YoY) and French subsidiary take up. Obviously the two months stop in 2Q20, driven by Covid-19 outbreak, determined 1H figures to be weaker. Indeed, as of June 2020 Value of Production decreased to €18.7mn (-4.2% YoY) while EBITDA fell to €1.4mn (-42.7% YoY). Profitability remained pretty stable as far as contract margin is concerned, however, EBITDA Margin decreased to 7.3% (490 bps reduction) due to higher weight of fixed costs on total revenues.

Higher Net Working Capital and Capex led to slight worsening of Net Debt to €4.2mn vs 2.6mn as of 2019-year end.

Business development continues

EdAc improved penetration of Italian market, opening a new franchise in Southern Italy. On the French side, the company opened three new branches in Lion, Marseille and Norbonne. Moreover, EdAc launched new sanitization business line, highly appreciated by customers and recording 600 new contracts, and distributed for free a new app for condominium virtual meetings that should help fidelizing the client base.

That said, we fine tune our forecasts in order to embed 1H20 results and uncertainties on possible future lockdowns in France and Italy.

Thus, we foresee weaker 2020E results vs previous estimates, while we expect a sharp recovery over 2021E:

- ◆ Value of Production to grow at 18% CAGR 2019A-22E;
- ◆ EBITDA at €4mn and €6mn in 2020E and 2021E with EBITDA margin quickly recovering from 9.7% in 2020E to 11.8% in 2021E;
- ◆ Net financial Debt to stand at €6.0mn in 2020E while decreasing to €5.6mn in 2022E.

Fair Value at €7.0 per share

Based on our 2021E'-22E estimate we calculate an updated **€7.0 fair value per share** (vs. previous €7.3 per share). At such fair value the company would trade at 1.5x - 1.1x EV/Sales'20E and '21E respectively.

Fair Value (€)	7.00
Market Price (€)	5.28
Market Cap. (€m)	41.8

KEY FINANCIALS (€m)	2019A	2020E	2021E
VALUE OF PRODUCTION	41.8	42.4	56.0
EBITDA	4.2	4.0	6.3
EBIT	2.3	2.1	4.1
NET PROFIT	1.1	0.9	2.4
EQUITY	11.5	12.7	15.1
NET FIN. POS.	-2.6	-6.0	-6.8
EPS ADJ. (€)	0.1	0.1	0.3
DPS (€)	0.0	0.0	0.0

Source: EdiliziAcrobatica (historical figures), Value Track (2020E-21E estimates)

RATIOS & MULTIPLES	2019A	2020E	2021E
EBITDA MARGIN (%)	10.1%	9.4%	11.3%
EBIT MARGIN (%)	5.6%	5.0%	7.4%
NET DEBT / EBITDA (x)	0.6	1.5	1.1
EV/SALES (x)	1.4	1.2	0.9
EV/EBITDA (x)	13.6	12.5	7.7
EV/EBIT (x)	24.6	23.5	11.8
P/E ADJ. (x)	47.2	47.1	17.7
DIV YIELD (%)	0%	0%	0%

Source: EdiliziAcrobatica (historical figures), Value Track (2020E-21E estimates)

STOCK DATA

FAIR VALUE (€)	7.00
MARKET PRICE (€)	5.28
SHS. OUT. (m)	7.92
MARKET CAP. (€m)	41.8
FREE FLOAT (%)	22.8
AVG. -20D VOL. (#)	4,166
RIC / BBG	EDAC.MI / EDAC IM
52 WK RANGE	2.84-7.55

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	2018A	2019A	2020E	2021E
Value of Production	26.2	41.8	42.4	56.0
Chg. % YoY	51.0%	59.3%	1.6%	31.9%
EBITDA	4.4	4.2	4.0	6.3
EBITDA Margin	16.6%	10.1%	9.4%	11.3%
EBIT	3.7	2.3	2.1	4.1
EBIT Margin	13.9%	5.6%	5.0%	7.4%
Net Profit	2.2	1.1	0.9	2.4
Chg. % YoY	nm	-50.8%	-18.8%	nm
Adjusted Net Profit	2.3	1.1	0.9	2.4
Chg. % YoY	nm	-52.7%	-18.8%	nm
Net Fin. Position	2.2	-2.6	-6.0	-6.8
Net Fin. Pos. / EBITDA (x)	nm	0.6	1.5	1.1
Capex	-1.8	-2.8	-3.0	-3.5
OpFCF b.t.	0.3	-2.0	-2.5	1.0
OpFCF b.t. as % of EBITDA	7.9%	-47.8%	-61.9%	15.3%

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

Investment case

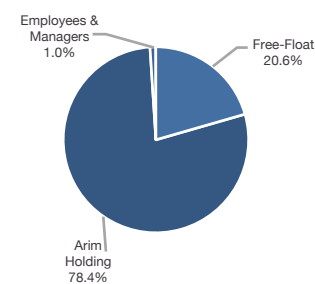
Strengths / Opportunities

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

Weaknesses / Risks

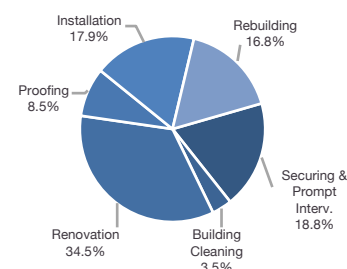
- ◆ Labor intensive business model, requiring highly-skilled workers;
- ◆ The company is braked in its (international) expansion by different regulatory landscapes;
- ◆ Credit collection takes long time, but bad debt risks are minimal.

Shareholders Structure



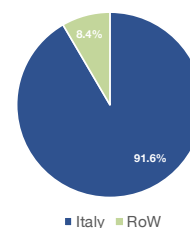
Source: EdAc SpA

Revenues breakdown by product line



Source: EdAc SpA

Revenues breakdown by geography



Source: EdAc SpA. (*)Revenues as of 1H20

Stock multiples @ €7.00 Fair Value

	2020E	2021E
EV / SALES (x)	1.5	1.1
EV / EBITDA (x)	15.9	9.8
EV / EBIT (x)	29.9	15.1
EV / CAP.EMP. (x)	3.4	2.8
OpFCF Yield (%)	-3.9	1.6
P / E (x)	62.5	23.5
P / BV (x)	4.4	3.7
Div. Yield. (%)	0.0	0.0

Source: Value Track

EdAc 1H20 results

EdAc 1H20 financial figures have been affected by direct effects of Covid-19 outbreak which forced the company to stop business activities in 2Q20. Despite a ca. two months stops, interim results remain noticeable, proving company's ability to fiercely face market headwinds:

- ◆ Value of Production stood at €18.7mn vs €19.5mn 1H19, i.e. ca -4.2% YoY;
- ◆ EBITDA was down to €1.4mn, -43.7% YoY. The increase of structural costs on VoP implied marginally lower values, i.e. EBITDA Margin standing at 7.3%;
- ◆ Net Profit down but still positive at ca. €22k vs €780k 1H19;
- ◆ Net Debt increasing to ca. €4.2mn vs. €2.9mn as for the end of December 2019.

EdAc: 1H19 and 1H20 Key financials

€ mn	1H19	1H20	Change YoY (%)
Value of Production	19.5	18.7	-4.2%
EBITDA	2.4	1.4	-43.7%
EBITDA Margin as % of VoP	12.4%	7.3%	
EBIT	1.5	0.4	-70.1%
Net Profit	0.78	0.02	-97.2%
Net Financial Position	-2.4	-4.2	72.2%

Source: EdiliziAcrobatica, Value Track Analysis

By the way, a good first quarter, before the lockdown

EdAc recorded good first quarter results supported by good performance of Italian business (+15%YoY), and French subsidiary, which contributed to €0.7mn. As the end of March 2020, Group Revenues were up by 10%, YoY, i.e. €9.6mn vs €8.7mn 1Q19.

However, YoY growth vanished due to the forced closure over 2Q20, stopping business activities for almost 40 days and, thus, implying weaker 2Q results. Overall, as of June 2020, Top Line experienced a -2.8% reduction of Sales, from €18.1mn 1H19 to €17.6mn in 1H20 and broken down as follows:

- ◆ €14.8mn revenues from Italian construction sites, i.e. -3.9% YoY;
- ◆ €1.2mn revenues from Italian franchising business, i.e. +66.3% YoY;
- ◆ €1.6mn revenues from the French subsidiary, showing a remarkable growth (+18.1% YoY) and accounting for 8.4% of total Revenues from sales.

EdAc: Value of Production breakdown 1H19 and 1H20

€ mn	1H19	1H20	Change YoY (%)
Revenues from Construction sites	15.4	14.8	-3.9%
Franchising in Italy	0.7	1.2	66.3%
France (starting 2019FY)	1.3	1.6	18.1%
Total Revenues from Sales	18.1	17.6	-2.8%
As % of VoP	92.8%	94.2%	
Other Revenues	1.4	1.4	0.0%
As % of VoP	7.2%	7.5%	
Total Value of Production	19.5	18.7	-4.2%

Source: EdiliziAcrobatica, Value Track Analysis

Profitability evolution affected by business development costs

EBITDA decreased more than proportionally with respect to the Top Line fall, recording -42.7% YoY, with EBITDA Margin down to 7.3% (-490bps).

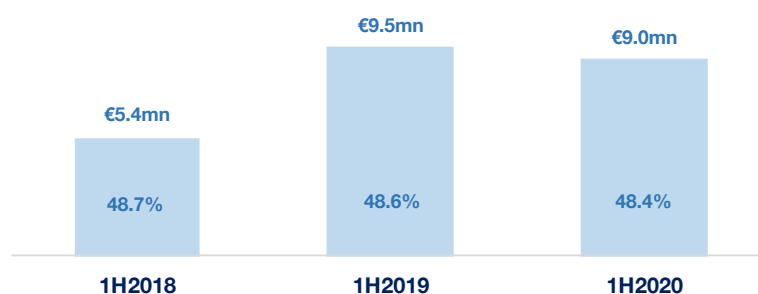
It is worthy to underline that the dilution in operating margins was not due to inefficiencies but to increasing weight of fixed structural costs on total revenues. Indeed, Contract Margin remained pretty stable as a percentage of Value of Production, i.e. 48.4% in 1H20 vs. 48.6% in 1H19. Not considering the French business, already in a start-up phase, Contract Margin would have been ca. 52%.

EdAc: From Value of Production to EBITDA

€ mn	1H19	1H20	Change YoY (%)
Value of Production	19.5	18.7	-4.2%
Contract Costs	-10.0	-9.7	-3.0%
Contract Margin	9.5	9.0	-5.3%
Contract Margin as % of VoP	48.6%	48.4%	-20 bps
Other Costs	-7.1	-7.6	7.0%
EBITDA	2.4	1.4	-42.7%
<i>EBITDA margin as % of VoP</i>	12.2%	7.3%	-490 bps

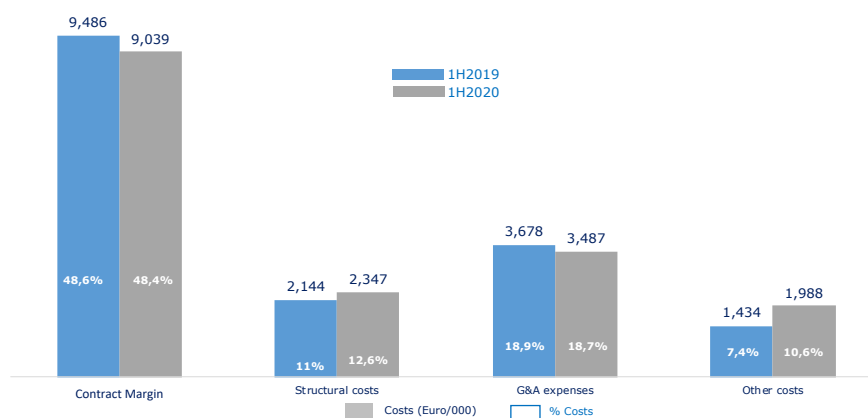
Source: EdiliziAcrobatica, Value Track Analysis

EdAc: Contract Margin evolution 1H19-1H20



Source: EdiliziAcrobatica, Value Track Analysis

EdAc: 1H19-1H20 Operating Costs analysis (€'000)



Source: EdiliziAcrobatica, Value Track Analysis

Recent business developments in Italy and France

Despite adverse market conditions, EdAc continued to focus its efforts onto further penetration of Italian market. Thus, over the first half, there was opened a new franchise in Southern Italy.

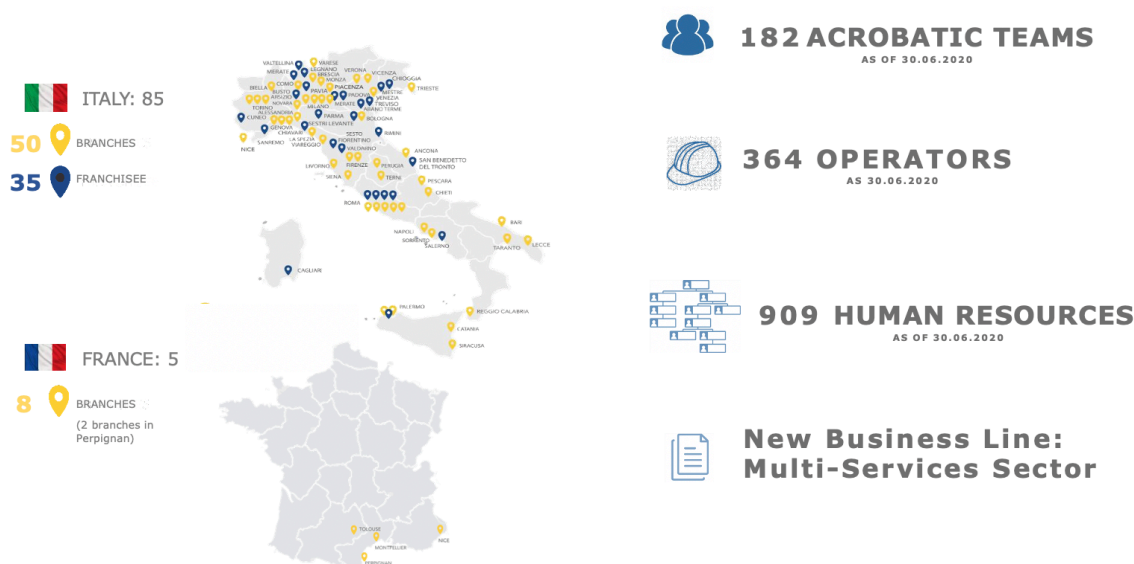
On the French side, company invested on human capital by hiring new brand managers that allowed new openings in Lion, Marseille and Norbonne, thus reaching a total of 8 branches in France.

The company is getting ready to faithfully replicate results achieved by the Italian business model in France, trying to make up for the delay which pandemic indirectly caused.

Moreover, company tried to get the most out of the situation launching sanitization business line for residential and commercial spaces and distributing for free a new app to plan and manage condominium virtual meetings.

Albeit newly established, sanitization services resulted to be highly appreciated by customers, recording 600 contracts and €100k revenues.

EdAc: Main recent achievements in 1H20



Source: EdiliziAcrobatica, Value Track Analysis

From EBITDA down to Net Profit

1H20 EBIT was down as well to €0.4mn (-70% YoY), mirroring EBITDA dynamics and impacted by D&A charges.

More in particular, slightly higher D&A charges YoY are attributable to amortization costs of:

- ◆ New branches openings in Italy and France;
- ◆ Non-operating costs related to IPO process (AIM – November 2018, Euronext – February 2019);
- ◆ Goodwill and other intangibles related to the acquisition of ETAIR finalized as of March 2019.

As a result, EBIT margin decreased significantly to 2.4% vs 7.6% 1H19.

Net Profit decreased as well but remain on positive territory at €22k in 1H20 vs. €780k 1H19.

EdAc: From EBITDA to Net Profit

€ mn	1H19	1H20	Change YoY (%)
EBITDA	2.4	1.4	-43.7%
D&A	-0.8	-0.9	16.0%
Impairment & Provisions	-0.2	0.0	--
EBIT	1.5	0.4	-70.1%
Net Financial Charges	-0.2	-0.1	-31.5%
Taxes	-0.5	-0.3	-41.5%
Net Profit	0.8	0.02	-97.2%

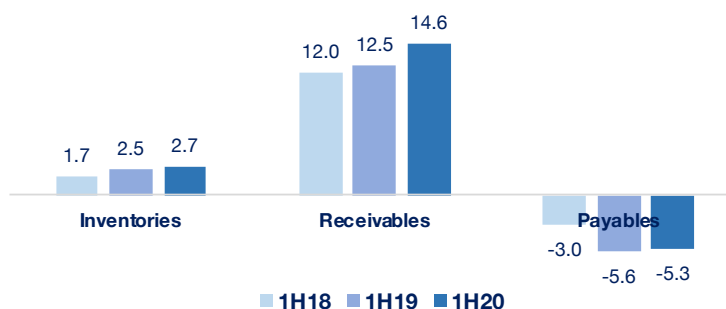
Source: EdiliziAcrobatica, Value Track Analysis

Higher receivables drive slight cash burn in 1H20.

Net Working Capital (NWC) increased from €10.2mn as end of 2019 to €11.7mn, as a result of:

- ◆ Increase in Receivables: €14.6mn vs €13.7mn as of 2019 year-end, a consequence of the high amount of June invoices (€2mn) that were cashed in only starting as of July;
- ◆ Decrease in Payables, i.e. €5.3mn vs €6.7mn as of 2019 year-end partially counterbalanced by an increase in other operating liabilities.

However, it is noteworthy to mention that NWC shows seasonality, with a first half usually affected by a higher incidence on Total Revenues followed by a strong cash in of receivables in Q4.

EdAc: Trade Working Capital evolution in 1H18, 1H19, 1H20 (€mn)

Source: EdiliziAcrobatica, Value Track Analysis

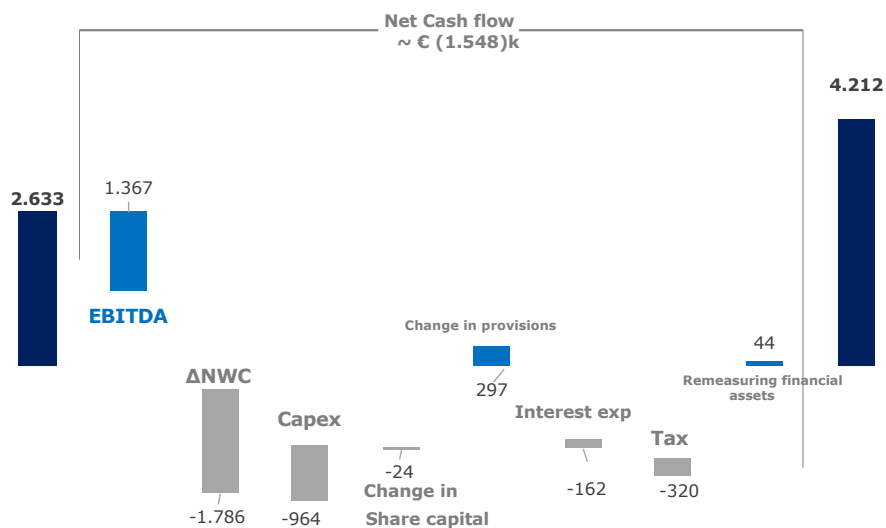
EdAc continued to invest in new branches in order to support business development both at domestic and international level. This generated €1mn capex over the first half.

Summing up, as a consequence of higher NWC and of Capex EdAc achieved a negative €-1.4mn OpFCF after tax in 1H20, implying a slight worsening of Net Financial Debt to €4.2mn vs €2.6mn as of the end of 2019.

EdAc: 1H19-FY19-1H20 Cash Flow Statement

€mn	1H19	FY2019	1H20
EBITDA	2.4	4.2	1.4
Change in WC and in Provisions	-3.3	-3.4	-1.5
Capex	-1.4	-2.8	-1.0
OpFCF b.t.	-2.4	-2.0	-1.1
Cash Taxes	-0.5	-0.9	-0.3
OpFCF a.t.	-2.9	-3.0	-1.4
Capital Injections	0	0.7	0.0
Other Op. Items (incl. Fin. Inv.)	-1.5	-2.3	0.0
Net Financial Charges	-0.2	-0.3	-0.2
Net Cash generated	-4.5	-4.8	-1.6

Source: EdiliziAcrobatica, Value Track Analysis

EdAc: Cash Flow analysis 1H20 (€'000)

Source: EdiliziAcrobatica, Value Track Analysis

EdAc: 1H19-2H19-1H20 Balance Sheet structure

€mn	1H19	FY2019	1H20
Working Capital	9.8	10.2	12.0
Net Fixed Assets	4.5	5.4	5.4
Provisions	1.0	1.5	1.7
Total Capital Employed	13.3	14.2	15.7
Group Net Equity	10.8	11.5	11.5
Net Fin. Position [i.e. Net Debt (-) Cash (+)]	-2.4	-2.6	-4.2

Source: EdiliziAcrobatica, Value Track Analysis

Estimates update

2020E-21E estimates revision

We fine tune our forecasts in order to embed 1H20 results and the uncertainties caused by Covid-19 outbreak on possible future lockdowns in France and Italy, even if not at national level. Thus, we foresee slightly weaker 2020E results vs previous estimates, while we expect a sharp recovery over 2021E.

We underline that government tax subsidies providing tax credits for redoing the front of house and condominium in 2020 could provide some upside.

Overall, we are amending our 2020E-21E forecasts as follow:

- ◆ **Value of Production downward to €42.4mn FY20E** (-13.5% vs previous estimates), driven by expected lower contribution of French business as well as contraction of Italian revenues;
- ◆ **EBITDA marginally suffering** from the top line decrease and negative contribution of France in 2020E, still on a scale-up phase by the end of the year. However, looking at Italian business, profitability margins should remain almost constant in 2020E, with EBITDA margin at 10.7% (vs 11.1% as of previous estimates) thanks to lower labour costs and opex optimization;
- ◆ **Net Debt is supposed to remain constant** vs our previous estimates and mainly driven by demanding NWC and Capex.

EdAc: New vs. Old 2020E forecasts

€mn	2020E Old			2020E new			2020E New vs. Old		
	Italy	France	Group	Italy	France	Group	Italy	France	Group
Value of Production	44.0	5.0	49.0	38.9	3.5	42.4	-11.6%	-30.0%	-13.5%
EBITDA	4.9	0.0	4.9	4.2	-0.2	4.0	-15.3%	n.m.	-18.4%
EBIT	2.5	0.0	2.5	2.3	-0.2	2.1	-8.8%	n.m.	-13.8%
Net Profit	1.3	0.0	1.3	1.0	-0.2	0,9	-20.2%	n.m.	-31.8%
OpFCF after tax	-2.3	-0.5	-2.8	-3.0	-0.5	-3.5			
Net Financial Position	-4.9	-1.0	-5.9	-5.0	-1.0	-6.0			

Source: EdiliziAcrobatica, Value Track Analysis

EdAc: New vs. Old 2021E forecasts

€mn	2021E Old			2021E new			2021E New vs. Old		
	Italy	France	Group	Italy	France	Group	Italy	France	Group
Value of Production	54.0	6.5	60.5	51.0	5.0	56.0	-5.6%	-23.1%	-7.5%
EBITDA	7.6	0.0	7.6	6.4	-0.1	6.3	-15.0%	n.m.	-16.3%
EBIT	5.1	0.0	5.1	4.2	-0.1	4.1	-17.6%	n.m.	-19.5%
Net Profit	2.9	0.0	2.9	2.5	-0.1	2.4	-16.2%	n.m.	-19.6%
OpFCF after tax	-0.1	0.0	-0.1	-0.5	0.0	-0.5			
Net Financial Position	-6.6	0.0	-6.6	-6.7	-0.1	-6.8			

Source EdiliziAcrobatica, Value Track Analysis

New 2020E-22E estimates

Here follows our new 2020E-22E estimates (2022E unveiled for the first time) at a glance:

EdAc: 2019A-22E Key Financials forecasts

(€mn)	2019A	2020E	2021E	2022E
Value of Production	41.8	42.4	56.0	68.5
EBITDA	4.2	4.0	6.3	10.0
EBIT	2.3	2.1	4.1	6.9
Net Profit	1.1	0.9	2.4	4.2
OpFCF after tax	-3.0	-3.5	-0.6	1.6
Net Financial Position	-2.6	-6.0	-6.8	-5.7

Source: Value Track Analysis

Ca. 19% Revenues CAGR 2019A-2022E

EdAc is working hard to widen both customer base and market share at domestic and international level by increasing the number of new direct offices and franchisees openings. We now expect Revenues growing at ca. 19% CAGR 2019A-202E up to €66.4mn in 2022E, supported by geographical expansion and rebounding turnover.

We expect EBITDA Margin to quickly recover from the economic shock, getting close to 14.5% and €6.9mn EBITDA in absolute term as for 2022E.-On EBIT estimates we underline the rise of D&A costs in 2020E-22E, driven by investments in new branch and franchisees

Net Financial charges are expected to increase in absolute terms but decreasing as percentage of EBIT (from 11.9% FY19 to 4% FY22E) thanks to lower cost of funding. As a result, Net Profit is now expected to grow at 57.2% CAGR 2019A-22E.

EdAc: P&L evolution 2019A-22E

(€mn)	2019A	2020E	2021E	2022E
Total Revenues from Sales	39.2	41.3	53.7	66.4
Chg. % YoY	57%	5%	30%	24%
Other Revenues	2.5	1.1	2.3	2.1
Total Value of Production	41.8	42.4	56.0	68.5
EBITDA	4.2	4.0	6.3	10.0
EBITDA margin (%)	10.1%	9.4%	11.3%	14.5%
Depreciation & Amortization	-1.9	-1.9	-2.2	-3.0
EBIT	2.3	2.1	4.1	6.9
EBIT margin (%)	5.6%	5.0%	7.4%	10.1%
Net Fin. Income (charges)	-0.3	-0.2	-0.2	-0.3
Pre-tax Profit	2.0	1.9	3.9	6.6
Tax	-0.9	-1.0	-1.6	-2.4
Net Profit	1.1	0.9	2.4	4.2

Source: Value Track Analysis

Sound Balance Sheet

We forecast cumulated **Operating Free Cash Flow before tax** over the next three years at ca. **€2.5mn**. We expect the Group to invest ca. €10.2mn and mainly to export EdAc business model in France and consolidate its leading market positioning in Italy. However, Free cash flow generation is expected to contain Net Debt increase in 2021E.

As an effect, **Net Financial Position** is expected to worsen at €6.8mn Net Debt 2021E, while we expect an overall reduction starting as of 2022E This could lead EdAc to consider further M&A activities abroad in the future, supporting further growth via external lines.

EdAc: Balance Sheet evolution 2019A-22E

(€mn)	2019A	2020E	2021E	2022E
Working Capital	10.2	13.7	16.1	18.6
Net Fixed Assets	5.4	6.5	7.8	8.5
Provisions	1.5	1.5	2.0	2.1
Total Capital Employed	14.2	18.7	21.9	25.0
Group Net Equity	11.5	12.7	15.1	19.3
Net Fin. Position [i.e. Net Debt (-) Cash (+)]	-2.6	-6.0	-6.8	-5.7

Source: Value Track Analysis

EdAc: Cash Flow Statement evolution 2019A-22E

(€mn)	2019A	2020E	2021E	2022E
EBITDA	4.2	4.0	6.3	10.0
Working Capital Needs	-4.1	-3.5	-2.4	-2.5
Capex	-2.8	-3.0	-3.5	-3.7
Change in Provisions	0.6	0.0	0.5	0.1
OpFCF b.t.	-2.0	-2.5	1.0	4.0
Cash Taxes	-0.9	-0.7	-1.6	-2.4
OpFCF a.t.	-3.0	-3.2	-0.6	1.6
Capital Injections	0.7	0.0	0.0	0.0
Other Op. Items (incl. Fin. Inv.)	-1.5	0.0	0.0	0.0
Net Financial Charges	-0.3	-0.2	-0.2	-0.3
Net Cash generated	-4.8	-3.4	-0.8	1.1

Source: Value Track Analysis

Valuation

In order to take into proper account both recent events and updated market outlook, we calculate EdAc fair equity value as an average of short- and long-term views, thus getting an updated **€7.0 fair value per share** (down from the previous €7.30 fair value per share). This is the result of Peers analysis, which provides €6.9 fair value per share, and of DCF analysis that returns €7.3 fair equity value per share.

At €7.0 fair value the company would trade at 1.5x and 1.1x EV/Sales'20E and '21E respectively.

Peers analysis

There are no close comparables to EdiliziAcrobatica currently listed on the Italian Stock market, so we look at some foreign players active in real estate facility service as identified on our previous researches.

Being close to the end of 2020 and deeming this year as not really meaningful due to the (hopefully) non recurring situation, we now move to 2021E and 2022 as reference years while still taking into account EV/Sales as the most suitable multiple.

Based on current market price, foreign peers are trading, on average, at ca. **1.7x and 1.6x EV/Sales in 2021E and 2022E** respectively.

Given its smaller size, EdAc fair multiples must embed a material discount on foreign peers' multiples (we assume some 40% discount), leading to fair **1.0x EV/Sales 21E-22E** on average.

Due to the lower visibility on 2022E, we computed a weighted average of two fair values per share, with 2021E accounting for two-third of the final outcome.

Thus, our fair valuation based on peers' multiples provides **€6.8 fair value per share**.

EdAc vs. peers EV/Sales vs. Sales CAGR 2019A-2022E

	EV/Sales 2021E	EV/Sales 2022E	Sales CAGR 2019-22E
Rentokil Initial	0.3x	0.2x	3.7%
Stericycle	2.8x	2.7x	-5.6%
ServiceMaster	3.3x	3.1x	1.1%
Mears Group	0.6x	0.6x	-4.7%
HomeServe Plc	3.8x	3.5x	9.1%
ABM Industries	0.5x	0.5x	-2.8%
GDI	0.6x	0.5x	10.1%
Average	1.7x	1.6x	--
EdAc @ current mkt price	0.9x	0.7x	17.9%

Source: Value Track Analysis

Discounted Cash Flow Model

As in our previous equity research, we perform two different DCF calculations, one based on the current unlevered capital structure, the other on a target D/E one.

We based our model on the main following assumptions:

- ◆ Revised estimates in order to incorporate recent events and new markets outlook;
- ◆ WACC in the 11.9% (target capital structure) - 12.4% (unlevered capital structure) region, already including a 2.0% small size risk premium, unchanged from our latest reports;
- ◆ 2020E as reference time point for DCF valuation.

DCF model based on actual D/E structure returns **€7.30 fair value per share** while the one based on target 20%-80% D/E ratio would return a €7.89 fair value per share.

EdiliziAcrobatica: Discounted Cash Flow Model

	Unlevered Capital structure (€mn)	Target Capital structure (€mn)
PV of future Cash flows FY20E-FY27E	18.6	19.2
PV of Terminal value with PGR at 2%	42.7	46.8
Fair Enterprise value	61.3	66.0
Net Cash Position 2019E Year-End	-2.6	-2.6
Minorities (*)	-2.0	-2.0
Fair Equity Value	56.7	61.3
Fair Equity Value per share (€)	7.15	7.74

Source: Value Track Analysis

(*) Minorities related to small stakes not owned in some local branches at the end of 2019FY

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