

EQUITY RESEARCH

EDILIZIACROBATICA SPA
RESULTS REVIEW

BUY

TP 21.8€ (vs 22.4€)

Up/Downside: 67%

The Momentum Continues

Yesterday, EdiliziAcrobatica published 9M 2023 revenue of €118m (+6% yoy) generally in line with our forecast. If the activity in Italy still faced base effect challenges linked to the Bonus Facciate (-16.7% yoy), the group's Energy subsidiary continues to outperform our projections with revenue of €23.4m (vs. €3.7m at 9M 2022).

The dynamic continued for EDAC. After publishing 6% revenue growth in H1, the group showed similar trends at 9M, with revenue landing at €118m, in line with our estimates and confirming the high volume of signed contracts announced last month.

In detail, activity in Italy still showed a decline of 17% to €86m in the face of demanding base effects linked to the end of the Facciate Bonus which had significantly boosted the group's activity. On the other hand, the group's Energy subsidiary continued to outperform our estimates with 9M revenue of €23.4m (vs. €3.7m on 30 September 2022). Conversely, activity in the United Arab Emirates (€4.4m between April and September) and especially activity in France (€3.1m, -13.8% yoy) landed below our expectations. If the structuring of the recently acquired subsidiary in the UAE largely explained the weak performance, no apparent reason is mentioned for the activity in France. After a heavy period of recruitment, the dynamic should clearly accelerate in the UAE with positive newsflow to be expected in the coming months concerning contract wins.

For the record, the Italian government announced at the beginning of the year the cessation of the tax credit transfer mechanism. If we had anticipated a backlog of signed contracts that could still benefit from this system in H1, it would seem that this scenario will also recur in H2. The group will therefore once again see revenue deducted from the costs associated with this mechanism, an element which was not present in our H2 estimates. For this reason, as well as the slight discrepancy between our expectations and the figures published in France and the UAE, our FY landing has been revised to €151m (vs. €161.8M previously). After taking this revision into account, our TP has been slightly adjusted to €21.8 (vs. €22.4 previously). Current valuation ratios still leave room for significant upside. Therefore, we reiterate our Buy rating.

Key data

Price (€)	13.1
Industry	Engineering & Contracting Services
Ticker	EDAC-IT
Shares Out (m)	8.236
Market Cap (m €)	107.5

Ownership (%)

Arim Holding Sarl	74.0
Treasury shares	0.3
Free float	25.7

EPS (€)

	12/23e	12/24e	12/25e
Estimates	1.65	1.76	2.12
Change vs previous estimates (%)	-8.29	-8.97	-10.23

Performance (%)

	1D	1M	YTD
Price Perf	2.8	-0.4	-17.2
Rel FTSE Italy	2.6	-3.4	-31.0



TP ICAP Midcap Estimates	12/22	12/23e	12/24e	12/25e	Valuation Ratio	12/23e	12/24e	12/25e
Sales (m €)	134.5	151.0	156.6	174.8	EV/Sales	0.7	0.7	0.6
Current Op Inc (m €)	28.5	21.7	23.7	28.5	EV/EBITDA	4.5	4.0	3.2
Current op. Margin (%)	21.2	14.4	15.1	16.3	EV/EBIT	5.1	4.4	3.5
EPS (€)	1.84	1.65	1.76	2.12	PE	7.9	7.4	6.1
DPS (€)	0.50	0.45	0.48	0.58				
Yield (%)	3.8	3.4	3.7	4.4				
FCF (m €)	11.8	1.3	10.9	8.3				

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FINANCIAL DATA

Income Statement	12/20	12/21	12/22	12/23e	12/24e	12/25e
Sales	44.7	86.9	134.5	151.0	156.6	174.8
Changes (%)	13.9	94.7	54.6	12.3	3.7	11.6
Gross profit	41.0	79.8	121.1	136.4	141.7	158.2
% of Sales	91.9	91.7	90.0	90.3	90.5	90.5
EBITDA	5.0	21.3	30.7	24.5	26.5	31.3
% of Sales	11.2	24.5	22.9	16.2	16.9	17.9
Current operating profit	3.1	18.3	28.5	21.7	23.7	28.5
% of Sales	7.0	21.1	21.2	14.4	15.1	16.3
EBIT	3.1	18.3	28.5	21.7	23.7	28.5
Net financial result	-0.4	-1.2	-5.6	-2.3	-3.0	-3.6
Income Tax	-1.1	-6.0	-7.8	-5.8	-6.2	-7.5
Tax rate (%)	39.3	35.0	34.0	30.0	30.0	30.0
Net profit, group share	1.7	11.1	15.1	13.6	14.5	17.5
EPS	0.20	1.36	1.84	1.65	1.76	2.12
Financial Statement	12/20	12/21	12/22	12/23e	12/24e	12/25e
Goodwill	0.2	0.6	0.6	5.6	7.7	7.7
Tangible and intangible assets	5.5	4.5	4.5	4.2	4.1	4.3
Right of Use	0.0	0.0	0.0	0.0	0.0	0.0
Financial assets	0.0	0.4	2.0	2.0	2.0	2.0
Working capital	16.2	15.3	19.8	32.3	36.0	45.0
Other Assets	0.7	0.7	0.4	0.4	0.4	0.4
Assets	22.7	21.5	27.2	44.5	50.2	59.4
Shareholders equity group	12.9	22.1	35.2	38.0	48.8	62.3
Minorities	0.0	0.0	-0.0	0.0	0.0	0.0
LT & ST provisions and others	1.8	2.6	4.0	4.0	4.0	4.0
Net debt	7.7	-3.6	-12.0	2.4	-2.8	-7.1
Other liabilities	0.3	0.4	0.2	0.2	0.2	0.2
Liabilities	22.7	21.5	27.2	44.5	50.2	59.4
Net debt excl. IFRS 16	7.7	-3.6	-12.0	2.4	-2.8	-7.1
Gearing net	0.6	-0.2	-0.3	0.1	-0.1	-0.1
Leverage	1.5	-0.2	-0.4	0.1	-0.1	-0.2
Cash flow statement	12/20	12/21	12/22	12/23e	12/24e	12/25e
CF after elimination of net borrowing costs and taxes	5.4	20.9	25.0	16.4	17.3	20.3
Δ WCR	-8.4	-6.1	-10.9	-12.5	-3.7	-9.0
Operating cash flow	-3.0	14.8	14.1	3.9	13.6	11.2
Net capex	-1.7	-1.7	-2.3	-2.6	-2.7	-3.0
FCF	-4.8	13.2	11.8	1.3	10.9	8.3
Free Cash Flow excl IFRS 16	0.0	0.0	0.0	0.0	0.0	0.0
Acquisitions/Disposals of subsidiaries	0.0	0.0	0.0	-5.0	-2.1	0.0
Other investments	-5.1	-2.6	0.0	0.0	0.0	0.0
Change in borrowings	12.7	1.2	0.0	0.0	0.0	0.0
Dividends paid	-0.8	-1.7	-2.4	-10.7	-3.7	-3.9
Repayment of leasing debt	0.0	0.0	0.0	0.0	0.0	0.0
Equity Transaction	0.0	0.5	0.0	0.0	0.0	0.0
Change in net cash over the year	2.5	10.0	9.4	-14.4	5.1	4.3
ROA (%)	3.3%	10.5%	12.2%	13.0%	12.9%	14.2%
ROE (%)	13.0%	50.1%	43.1%	35.7%	29.7%	28.1%
ROCE (%)	9.4%	59.2%	77.1%	36.1%	35.1%	35.7%

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Methodology

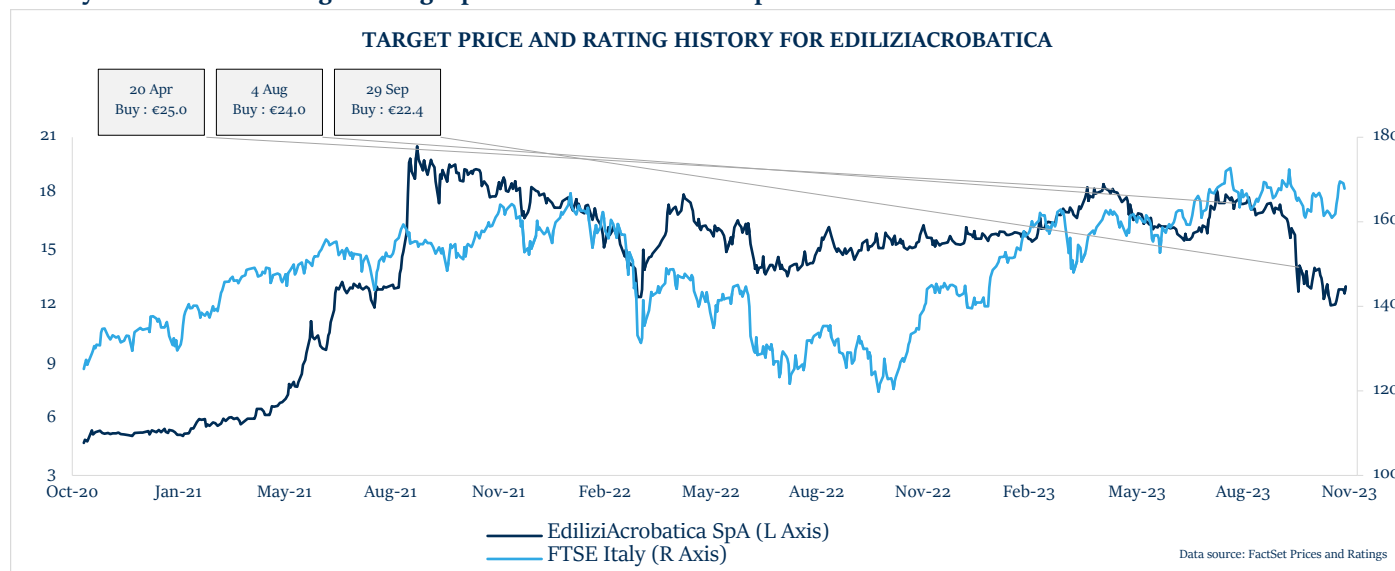
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1. DCF method: discounting of future cash flows generated by the company's operations. Cash flows are determined by the analyst's financial forecasts and models. The discount rate used corresponds to the weighted average cost of capital, which is defined as the weighted average cost of the company's debt and the theoretical cost of its equity as estimated by the analyst.
2. Comparable method: application of market valuation multiples or those observed in recent transactions. These multiples can be used as references and applied to the company's financial aggregates to deduce its valuation. The sample is selected by the analyst based on the characteristics of the company (size, growth, profitability, etc.). The analyst may also apply a premium/discount depending on his perception of the company's characteristics.
3. Assets and liabilities method: estimate of the value of equity capital based on revalued assets adjusted for the value of the debt.
4. Discounted dividend method: discounting of estimated future dividend flows. The discount rate used is generally the cost of capital.
5. Sum of the parts: this method consists of estimating the various activities of a company using the most appropriate valuation method for each of them, then realizing the sum of the parts.

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G. Midcap and the Issuer have agreed to the provision by the former to the latter of a service for the production and distribution of the investment recommendation on the said Issuer: EdiliziAcrobatica SpA

History of investment rating and target price – EdiliziAcrobatica SpA



Distribution of Investment Ratings

Rating	Recommendation Universe*	Portion of these provided with investment banking services**
Buy	80%	64%
Hold	16%	48%
Sell	2%	0%
Under review	1%	100%

Midcap employs a rating system based on the following:

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Hold: expected performance between -10% and +10% compared to the market over a 6 to 12 months horizon.

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