

## EQUITY RESEARCH

# EDILIZIACROBATICA SPA

## RESULTS REVIEW

Press release

**BUY**

**TP 21.8€**

**Up/Downside: 82%**

### Strong Performance

EdiliziAcrobatica released its 2023 revenue figures which amounted to €164.4m, up 11% yoy, of which 6% was organic growth. This points to a VOP in line with or even slightly above our expectations. Although the decline in the Italian market was expected following the end of the Bonus Facciate, the Energy subsidiary once again outperformed expectations.

Yesterday after market close, EDAC published its 2023 revenue figures. The group turned in a strong performance, recording revenue of €164.4m, up 11% yoy, of which 6% was organic growth, for a FY 2023 that was shaping up to be a year of transition. As a reminder, the Bonus Facciate, which had made a major contribution to the group's financial performances in 2021 and 2022, was not renewed for 2023, resulting in a challenging base effect. Revenue should result in a VOP in line with or slightly above our expectations of €151m (+12.3% yoy).

In detail, the Italian market came in at €118.5m, down 12%, a result slightly below our forecast, in the face of a challenging base effect linked to the Bonus Facciate as mentioned above. While the main consequence of the end of this tax incentive was a significant fall in average order size, the group was able to count on a strong sales momentum and a 48% increase in the number of contracts signed in 2023 to report a decline of “only” 12%. To compensate for this loss in its core business, the group had relied in particular on its Energy subsidiary, which once again outperformed our expectations with revenue of €32.7m (vs. the €30.4m expected and €8.2m recorded in 2022). The integration of Enigma also contributed €7.9m (consolidated since April), leading to 2023 revenue in excess of €10m, confirming the potential of this new subsidiary, which had achieved revenue of €6.6m in 2022. Lastly, EA France posted revenue of €3.9m (down 11% yoy) and EA Iberica €1.2m (up 44.7%).

Currently, visibility remains low for FY 2024, particularly for the Italian market, where we believe that average order size could fall once again (due to a small Bonus Facciate backlog that was still present in 2023) but where the dynamic in volume was strong in 2023, and on the Energy subsidiary, which has now refocused on the photovoltaic business to make way for a recently announced JV in the energy efficiency business. This is why our relatively cautious 2024 scenario is being reiterated for now. On the basis of this scenario, we still consider the valuation multiples to be low. Therefore, we are reiterating our Buy rating on the stock, with the TP maintained at €21.8.

#### Key data

Price (€)	12.0
Industry	Engineering & Contracting Services
Ticker	EDAC-IT
Shares Out (m)	8.236
Market Cap (m €)	98.8

Source: FactSet

#### Ownership (%)

Arim Holding Sarl	74.0
Treasury shares	0.3
Free float	25.7

Source: TPICAP Midcap estimates

#### EPS (€)

	12/23e	12/24e	12/25e
Estimates	1.65	1.76	2.12
Change vs previous estimates (%)	0.00	0.00	0.00

Source: TPICAP Midcap estimates

#### Performance (%)

	1D	1M	YTD
Price Perf	-4.4	-9.8	-13.7
Rel FTSE Italy	-4.6	-11.6	-16.1



Source: FactSet

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	0.6	0.5
Current Op Inc (m €)	28.5	21.7	23.7	28.5	EV/EBITDA	4.1	3.6	2.9
Current op. Margin (%)	21.2	14.4	15.1	16.3	EV/EBIT	4.7	4.1	3.2
EPS (€)	1.84	1.65	1.76	2.12	PE	7.3	6.8	5.6
DPS (€)	0.50	0.45	0.48	0.58	Source: TPICAP Midcap			
Yield (%)	4.2	3.7	4.0	4.8				
FCF (m €)	11.8	1.3	10.9	8.3				

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## FINANCIAL DATA

<b>Income Statement</b>	<b>12/20</b>	<b>12/21</b>	<b>12/22</b>	<b>12/23e</b>	<b>12/24e</b>	<b>12/25e</b>
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
<b>EBITDA</b>	<b>5.0</b>	<b>21.3</b>	<b>30.7</b>	<b>24.5</b>	<b>26.5</b>	<b>31.3</b>
% of Sales	11.2	24.5	22.9	16.2	16.9	17.9
<b>Current operating profit</b>	<b>3.1</b>	<b>18.3</b>	<b>28.5</b>	<b>21.7</b>	<b>23.7</b>	<b>28.5</b>
% 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
<b>Net profit, group share</b>	<b>1.7</b>	<b>11.1</b>	<b>15.1</b>	<b>13.6</b>	<b>14.5</b>	<b>17.5</b>
EPS	0.20	1.36	1.84	1.65	1.76	2.12
<b>Financial Statement</b>	<b>12/20</b>	<b>12/21</b>	<b>12/22</b>	<b>12/23e</b>	<b>12/24e</b>	<b>12/25e</b>
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
<b>Assets</b>	<b>22.7</b>	<b>21.5</b>	<b>27.2</b>	<b>44.5</b>	<b>50.2</b>	<b>59.4</b>
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
<b>Liabilities</b>	<b>22.7</b>	<b>21.5</b>	<b>27.2</b>	<b>44.5</b>	<b>50.2</b>	<b>59.4</b>
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
<b>Cash flow statement</b>	<b>12/20</b>	<b>12/21</b>	<b>12/22</b>	<b>12/23e</b>	<b>12/24e</b>	<b>12/25e</b>
CF after elimination of net borrowing costs and taxes	5.4	20.9	25.0	16.4	17.3	20.3
$\Delta$ 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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This Report may mention evaluation methods defined as follows:

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%	56%
Sell	1%	0%
Under review	2%	100%

Midcap employs a rating system based on the following:

Buy: Expected to outperform the markets by 10% or more over a 6 to 12 months horizon.

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

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