

EQUITY RESEARCH

EDILIZIACROBATICA SPA

RESULTS REVIEW

Press release

BUY

TP 19.5€

Up/Downside: 72%

Start to the Year In Line

Start of the year in line for Acrobatica which published Q1 revenue of €33.3m. This was down 3.8% vs. Q1 2023, a logical decline following the restructuring initiated for the Energy subsidiary which had published revenue of €5m in Q1 2023 (vs. €150k in Q1 2024).

The Acrobatica group published revenue of €33.3m for 3M 2024, in line with our expectations but down 3.8% vs. Q1 2023. The decline was expected following the latest measures taken regarding the group's diversification, namely: the refocusing of the Energy subsidiary on photovoltaics to make way for the new JV with Italsoft called Acrobatica Smart Living (ASL). While ASL is in the process of being structured and has therefore not yet generated any revenue, the recently refocused Energy subsidiary generated revenue of €150k (vs. €5m in Q1 2023). As mentioned in our last comment, activity should begin in Q2 for Acrobatica Smart Living and quickly ramp up over the rest of the year.

Regarding the other segments, the core activity in Italy shows slight growth of 1.4% to €28.6m, for now in line with our FY estimates (+1.3%). Internationally, while the Spanish subsidiary continues to show a strong rate of growth (+50% yoy), the French subsidiary is growing once again with revenue of €1.2m (vs. €1.1m in the Q1 2023). Finally, Enigma, a subsidiary in the United Arab Emirates acquired last year, contributed €2.7m, representing growth of 23% vs. the same period in 2023.

This publication, in line with our expectations, does not lead us to revise our estimates for the current financial year. We will be particularly attentive to the evolution of the energy segment with the ASL JV and the Energy subsidiary which should be the main variables for FY 2024, with Italy continuing to show resilience and growth for the international subsidiaries. We reiterate both our Buy rating on the stock given the low valuation levels and our TP of €19.5.

Key data

Price (€)	11.4
Industry	Engineering & Contracting Services
Ticker	EDAC-IT
Shares Out (m)	8.236
Market Cap (m €)	93.5

Source: FactSet

Ownership (%)

Arim Holding Sarl	74.0
Treasury shares	0.3
Free float	25.7

Source: TPICAP Midcap estimates

EPS (€)

	12/24e	12/25e	12/26e
Estimates	0.99	1.27	1.41
Change vs previous estimates (%)	0.00	0.00	na

Source: TPICAP Midcap estimates

Performance (%)

	1D	1M	YTD
Price Perf	-0.9	3.7	-18.3
Rel FTSE Italy	-1.9	1.6	-29.1



Source: FactSet

TP ICAP Midcap Estimates	12/23	12/24e	12/25e	12/26e	Valuation Ratio	12/24e	12/25e	12/26e
Sales (m €)	158.8	163.4	186.2	196.6	EV/Sales	0.6	0.5	0.4
Current Op Inc (m €)	14.3	16.1	19.3	21.1	EV/EBITDA	4.0	3.1	2.4
Current op. Margin (%)	9.0	9.9	10.3	10.7	EV/EBIT	6.4	4.8	3.8
EPS (€)	0.74	0.99	1.27	1.41	PE	11.5	8.9	8.1
DPS (€)	0.18	0.23	0.30	0.33	Source: TPICAP Midcap			
Yield (%)	1.5	2.1	2.7	2.9				
FCF (m €)	-18.8	16.1	11.9	16.8				

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FINANCIAL DATA

Income Statement	12/21	12/22	12/23	12/24e	12/25e	12/26e
Sales	86.9	134.5	158.8	163.4	186.2	196.6
Changes (%)	94.7	54.6	18.1	2.9	14.0	5.6
Gross profit	79.8	121.1	143.4	147.9	168.5	177.9
% of Sales	91.7	90.0	90.3	90.5	90.5	90.5
EBITDA	21.3	30.7	24.0	26.0	30.6	33.0
% of Sales	24.5	22.9	15.1	15.9	16.4	16.8
Current operating profit	18.3	30.7	14.3	16.1	19.3	21.1
% of Sales	21.1	22.9	9.0	9.9	10.3	10.7
EBIT	18.3	30.7	14.3	16.1	19.3	21.1
Net financial result	-1.2	-5.6	-3.5	-3.6	-4.1	-4.3
Income Tax	-6.0	-7.8	-4.8	-4.4	-4.7	-5.2
Tax rate (%)	35.0	31.0	44.1	35.0	31.0	31.0
Net profit, group share	11.1	17.4	6.1	8.1	10.5	0.0
EPS	1.36	2.11	0.74	0.99	1.27	1.41
Financial Statement	12/21	12/22	12/23	12/24e	12/25e	12/26e
Goodwill	0.6	0.6	5.6	7.7	7.7	7.7
Tangible and intangible assets	4.5	4.5	-2.5	-9.6	-17.8	-26.4
Right of Use	0.0	0.0	0.0	0.0	0.0	0.0
Financial assets	0.4	2.0	2.0	2.0	2.0	2.0
Working capital	15.3	19.8	51.7	50.8	57.5	61.0
Other Assets	0.7	0.4	0.4	0.4	0.4	0.4
Assets	21.5	27.2	57.1	51.2	49.8	44.6
Shareholders equity group	22.1	35.2	30.5	37.2	45.8	54.8
Minorities	0.0	-0.0	0.0	0.0	0.0	0.0
LT & ST provisions and others	2.6	4.0	4.0	4.0	4.0	4.0
Net debt	-3.6	-12.0	22.5	9.9	-0.1	-14.4
Other liabilities	0.4	0.2	0.2	0.2	0.2	0.2
Liabilities	21.5	27.2	57.1	51.2	49.8	44.6
Net debt excl. IFRS 16	-3.6	-12.0	22.5	9.9	-0.1	-14.4
Gearing net	-0.2	-0.3	0.7	0.3	-0.0	-0.3
Leverage	-0.2	-0.4	0.9	0.4	-0.0	-0.4
Cash flow statement	12/21	12/22	12/23	12/24e	12/25e	12/26e
CF after elimination of net borrowing costs and taxes	20.9	25.0	15.7	18.1	21.8	23.5
Δ WCR	-6.1	-10.9	-31.8	0.8	-6.7	-3.4
Operating cash flow	14.8	14.1	-16.1	18.9	15.1	20.1
Net capex	-1.7	-2.3	-2.7	-2.8	-3.2	-3.3
FCF	13.2	11.8	-18.8	16.1	11.9	16.8
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	-5.0	-2.1	0.0	0.0
Other investments	-2.6	0.0	0.0	0.0	0.0	0.0
Change in borrowings	1.2	0.0	20.0	0.0	0.0	0.0
Dividends paid	-1.7	-2.4	-10.7	-1.4	-1.9	-2.5
Repayment of leasing debt	0.0	0.0	0.0	0.0	0.0	0.0
Equity Transaction	0.5	0.0	0.0	0.0	0.0	0.0
Change in net cash over the year	10.0	9.4	-14.5	12.6	10.0	14.3
ROA (%)	10.5%	12.2%	5.1%	6.6%	8.2%	8.4%
ROE (%)	50.1%	49.4%	19.9%	21.9%	22.9%	21.1%
ROCE (%)	59.2%	85.4%	16.8%	23.0%	29.4%	35.9%

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Methodology

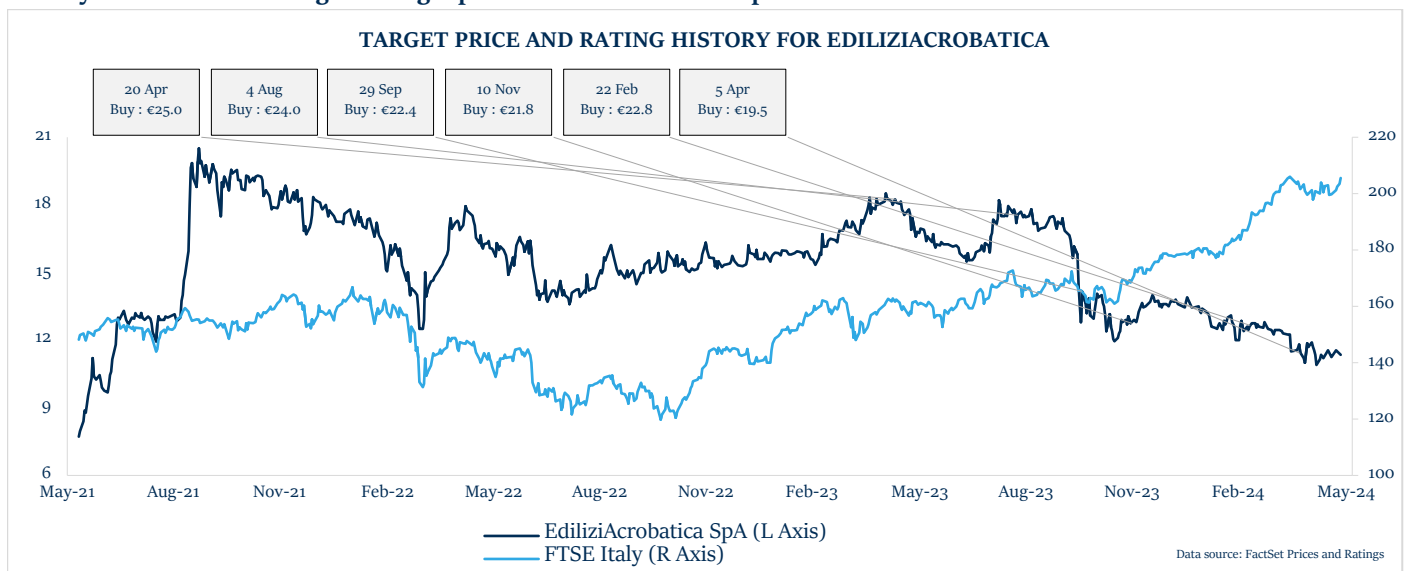
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1. DCF method: discounting of future cash flows generated by the company's operations. Cash flows are determined by the analyst's financial forecasts and models. The discount rate used corresponds to the weighted average cost of capital, which is defined 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.

Conflict of Interests between TP ICAP Midcap and the Issuer

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	81%	64%
Hold	15%	54%
Sell	2%	33%
Under review	1%	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.

Sell: Stock is expected underperform the markets by 10% or more over a 6 to 12 months horizon.

The history of ratings and target prices for the Issuers covered in this report are available on request at <https://researchtpicap.midcapp.com/en/disclaimer>.

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