

EQUITY RESEARCH

EDILIZIACROBATICA SPA

NEWS

Press release

BUY

TP 25.0€

Up/Downside: 57%

Accelerating Commercial Trends

Yesterday, EdiliziAcrobatica announced a 50% increase in the number of contracts signed in H1 2023. This is a good omen ahead of the H1 revenue publication. This figure also reflects Q2's accelerating sales momentum following a 43% increase in the number of contracts signed in Q1.

With the group due to publish its H1 2023 revenue figures at the beginning of August, EdiliziAcrobatica has confirmed its strong start to the year with a 50% increase in the number of contracts signed in H1. More than 11,500 contracts were signed in H1 2023 (vs. 7,700 in H1 2022), despite the end of the Bonus Facciate and the credit transfer mechanism. This growth is the direct result of a customer base that continues to expand.

For the record, while EdiliziAcrobatica recorded 43% growth in the number of contracts signed in Q1, the group subsequently published revenue of €36.8m (+10.5% yoy). While the end of the Bonus Facciate does not appear to have had an impact on contract volumes, it should have a significant impact on the average order size in 2023 after two exceptional financial years.

Our TP of €25 has been reiterated, as has our Buy rating.

Key data

| | |
|------------------|------------------------------------|
| Price (€) | 15.9 |
| Industry | Engineering & Contracting Services |
| Ticker | EDAC-IT |
| Shares Out (m) | 8.236 |
| Market Cap (m €) | 130.9 |

Ownership (%)

| | |
|-------------------|------|
| Arim Holding Sarl | 74.0 |
| Treasury shares | 0.3 |
| Free float | 25.7 |

| EPS (€) | 12/23e | 12/24e | 12/25e |
|----------------------------------|--------|--------|--------|
| Estimates | 2.31 | 2.07 | 2.45 |
| Change vs previous estimates (%) | 0.00 | 0.00 | 0.00 |

| Performance (%) | 1D | 1M | YTD |
|-----------------|------|------|-------|
| Price Perf | -1.9 | -1.5 | 0.9 |
| Rel FTSE Italy | -2.5 | -4.8 | -13.9 |



| TP ICAP Midcap Estimates | 12/22 | 12/23e | 12/24e | 12/25e | Valuation Ratio | 12/23e | 12/24e | 12/25e |
|--------------------------|-------|--------|--------|--------|-----------------|--------|--------|--------|
| Sales (m €) | 134.5 | 161.8 | 160.2 | 179.8 | EV/Sales | 0.8 | 0.8 | 0.7 |
| Current Op Inc (m €) | 28.5 | 29.5 | 27.3 | 32.4 | EV/EBITDA | 4.0 | 4.1 | 3.3 |
| Current op. Margin (%) | 21.2 | 18.2 | 17.1 | 18.0 | EV/EBIT | 4.4 | 4.5 | 3.6 |
| EPS (€) | 1.84 | 2.31 | 2.07 | 2.45 | PE | 6.9 | 7.7 | 6.5 |
| DPS (€) | 0.50 | 0.63 | 0.56 | 0.67 | | | | |
| Yield (%) | 3.1 | 3.9 | 3.5 | 4.2 | | | | |
| FCF (m €) | 11.8 | 4.0 | 15.1 | 10.4 | | | | |

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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 | 161.8 | 160.2 | 179.8 |
| Changes (%) | 13.9 | 94.7 | 54.6 | 20.4 | -1.0 | 12.2 |
| Gross profit | 41.0 | 79.8 | 121.1 | 146.1 | 144.9 | 162.7 |
| % of Sales | 91.9 | 91.7 | 90.0 | 90.3 | 90.5 | 90.5 |
| EBITDA | 5.0 | 21.3 | 30.7 | 32.3 | 30.1 | 35.2 |
| % of Sales | 11.2 | 24.5 | 22.9 | 20.0 | 18.8 | 19.6 |
| Current operating profit | 3.1 | 18.3 | 28.5 | 29.5 | 27.3 | 32.4 |
| % of Sales | 7.0 | 21.1 | 21.2 | 18.2 | 17.1 | 18.0 |
| EBIT | 3.1 | 18.3 | 28.5 | 29.5 | 27.3 | 32.4 |
| Net financial result | -0.4 | -1.2 | -5.6 | -2.3 | -3.0 | -3.6 |
| Income Tax | -1.1 | -6.0 | -7.8 | -8.1 | -7.3 | -8.6 |
| Tax rate (%) | 39.3 | 35.0 | 34.0 | 30.0 | 30.0 | 30.0 |
| Net profit, group share | 1.7 | 11.1 | 15.1 | 19.0 | 17.1 | 20.2 |
| EPS | 0.20 | 1.36 | 1.84 | 2.31 | 2.07 | 2.45 |
| 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 | 4.4 | 4.3 | 4.6 |
| 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 | 34.9 | 36.9 | 46.4 |
| Other Assets | 0.7 | 0.7 | 0.4 | 0.4 | 0.4 | 0.4 |
| Assets | 22.7 | 21.5 | 27.2 | 47.2 | 51.3 | 61.0 |
| Shareholders equity group | 12.9 | 22.1 | 35.2 | 43.4 | 55.3 | 70.8 |
| 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 | -0.3 | -8.1 | -13.9 |
| Other liabilities | 0.3 | 0.4 | 0.2 | 0.2 | 0.2 | 0.2 |
| Liabilities | 22.7 | 21.5 | 27.2 | 47.2 | 51.3 | 61.0 |
| Net debt excl. IFRS 16 | 7.7 | -3.6 | -12.0 | -0.3 | -8.1 | -13.9 |
| Gearing net | 0.6 | -0.2 | -0.3 | -0.0 | -0.1 | -0.2 |
| Leverage | 1.5 | -0.2 | -0.4 | -0.0 | -0.3 | -0.4 |
| 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 | 21.8 | 19.8 | 23.0 |
| Δ WCR | -8.4 | -6.1 | -10.9 | -15.1 | -2.0 | -9.5 |
| Operating cash flow | -3.0 | 14.8 | 14.1 | 6.7 | 17.8 | 13.5 |
| Net capex | -1.7 | -1.7 | -2.3 | -2.8 | -2.7 | -3.1 |
| FCF | -4.8 | 13.2 | 11.8 | 4.0 | 15.1 | 10.4 |
| 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 | -5.2 | -4.6 |
| 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 | -11.7 | 7.9 | 5.8 |
| ROA (%) | 3.3% | 10.5% | 12.2% | 17.0% | 14.2% | 15.3% |
| ROE (%) | 13.0% | 50.1% | 43.1% | 43.8% | 30.8% | 28.5% |
| ROCE (%) | 9.4% | 59.2% | 77.1% | 45.5% | 39.4% | 39.1% |

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Analyst certifications

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Methodology

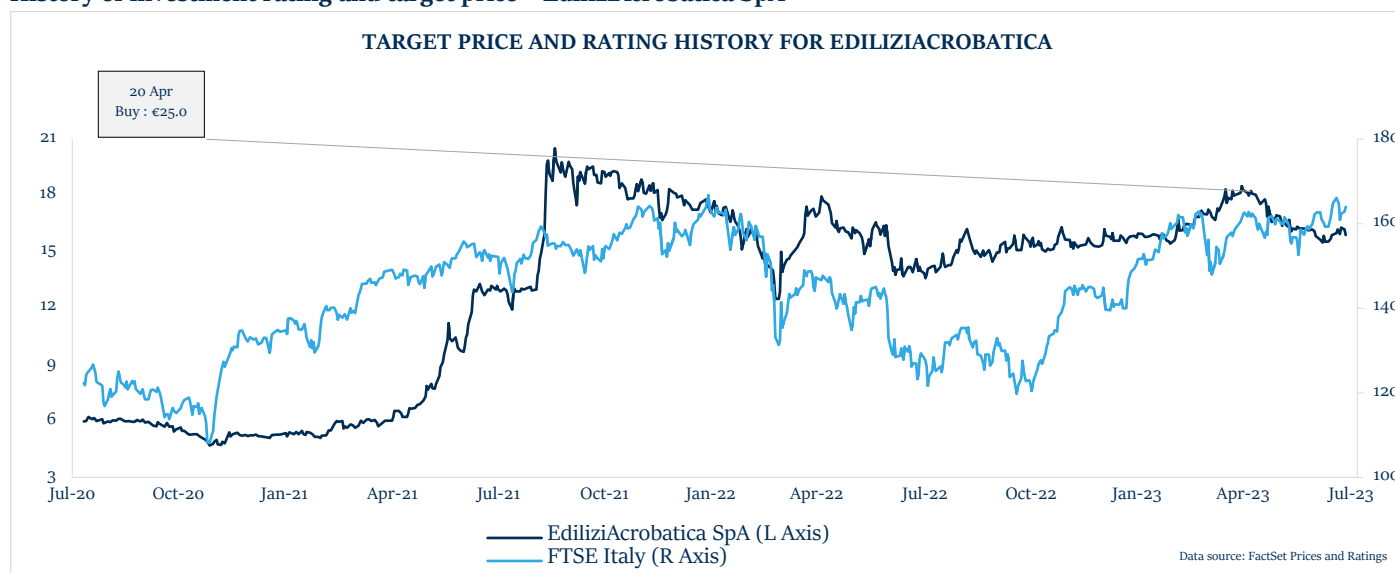
This Report may mention evaluation methods defined as follows:

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.

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 | 83% | 63% |
| Hold | 14% | 52% |
| Sell | 3% | 20% |
| Under review | 0% | |

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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