

## EQUITY RESEARCH

## EDILIZIACROBATICA SPA

## RESULTS REVIEW

## Press release

BUY

TP 22.8€ (vs 21.8€)

Up/Downside: 81%

## A Diversification That Is Becoming Increasingly Widespread

After driving the group's growth in 2023, the group's diversification into energy efficiency seems to be intensifying. In addition to its own Energy subsidiary, the group will now also rely on the recent Acrobatica Smart Living Joint Venture to increase its presence in this booming market in Italy.

If the group recently published revenue up 11% for FY 2023, it is notably thanks to its recent diversification in the energy efficiency sector. This diversification seemed quite logical given the significant presence of Acrobatica within the Italian condominium management market, which we estimate to exceed 40%. After creating its subsidiary dedicated to energy renovation in 2021 and recording revenue of €8.2m in 2022, the latter generated revenue of nearly €33m in FY 2023.

With the aim of intensifying this diversification, the group recently announced the creation of a joint venture with the company Italsoft called Acrobatica Smart Living (ASL). Italsoft is an Italian group active in the energy efficiency sector through the organization and execution of works but also the provision of numerous services on its Edilmode platform (progress and quality control, electronic invoice management, contracts and tax credits etc.). Italsoft recorded revenue exceeding €55m in 2022, hypergrowth vs. 2021. Acrobatica Smart Living, 51% owned by EDAC, will combine EdiliziAcrobatica's sales force and large customer base with the expertise of Italsoft in energy efficiency and automation (smart buildings) and its digital services. EDAC therefore now has two entities in this segment with its subsidiary Acrobatica Energy, which will now be focused on the installation and maintenance of photovoltaic devices. The Acrobatica Smart Living JV will operate on different types of projects (exterior insulation, efficient and intelligent heating systems, windows etc.) with its initial activity expected before the end of the semester. Even though our initial forecast anticipated a drop of more than €10m in revenue for the Energy subsidiary, whose caution was linked to the lack of visibility surrounding the discontinued Superbonus regulations, the integration of Acrobatica Smart Living leads us to raise our revenue estimates. Despite a delayed start of activities (in Q2), the level of first requests allows us to envisage activity on energy efficiency (Acrobatica Energy + ASL) stable (vs. 2023). Therefore, our estimates are now calling for 2024 revenue of €167.6m and €191.1m for 2025 (vs. €156.6m and €174.8m previously) without a major implication on the EBITDA margin. We are reiterating our Buy rating and upgrading our TP to €22.8.

## Key data

Price (€)	12.6
Industry	Engineering & Contracting Services
Ticker	EDAC-IT
Shares Out (m)	8.236
Market Cap (m €)	103.8

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	1.73	2.18
Change vs previous estimates (%)	0.03	-1.72	2.68

Source: TPICAP Midcap estimates

Performance (%)	1D	1M	YTD
Price Perf	1.6	0.0	-9.4
Rel FTSE Italy	1.6	-4.2	-13.5



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	167.6	191.1	EV/Sales	0.7	0.6	0.5
Current Op Inc (m €)	28.5	21.7	25.1	31.6	EV/EBITDA	4.3	3.7	2.9
Current op. Margin (%)	21.2	14.4	15.0	16.6	EV/EBIT	4.9	4.1	3.1
EPS (€)	1.84	1.65	1.73	2.18	PE	7.6	7.3	5.8
DPS (€)	0.50	0.45	0.51	0.65	Source: TPICAP Midcap			
Yield (%)	4.0	3.6	4.1	5.2				
FCF (m €)	11.8	1.3	8.9	8.5				

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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	167.6	191.1
Changes (%)	13.9	94.7	54.6	12.3	11.0	14.0
Gross profit	41.0	79.8	121.1	136.4	151.7	172.9
% 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>27.9</b>	<b>34.5</b>
% of Sales	11.2	24.5	22.9	16.2	16.6	18.0
<b>Current operating profit</b>	<b>3.1</b>	<b>18.3</b>	<b>28.5</b>	<b>21.7</b>	<b>25.1</b>	<b>31.6</b>
% of Sales	7.0	21.1	21.2	14.4	15.0	16.6
EBIT	3.1	18.3	28.5	21.7	25.1	31.6
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	-6.6	-8.4
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>14.3</b>	<b>18.0</b>
EPS	0.20	1.36	1.84	1.65	1.73	2.18
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	4.3	4.7
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	38.8	49.6
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>53.1</b>	<b>64.3</b>
Shareholders equity group	12.9	22.1	35.2	38.0	49.8	65.2
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	-0.8	-5.0
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>53.1</b>	<b>64.3</b>
Net debt excl. IFRS 16	7.7	-3.6	-12.0	2.4	-0.8	-5.0
Gearing net	0.6	-0.2	-0.3	0.1	-0.0	-0.1
Leverage	1.5	-0.2	-0.4	0.1	-0.0	-0.1
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	18.3	22.5
$\Delta$ WCR	-8.4	-6.1	-10.9	-12.5	-6.5	-10.8
Operating cash flow	-3.0	14.8	14.1	3.9	11.8	11.7
Net capex	-1.7	-1.7	-2.3	-2.6	-2.8	-3.2
FCF	-4.8	13.2	11.8	1.3	8.9	8.5
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	-4.2
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	3.1	4.3
ROA (%)	3.3%	10.5%	12.2%	13.1%	13.4%	15.4%
ROE (%)	13.0%	50.1%	43.1%	35.8%	31.1%	30.1%
ROCE (%)	9.4%	59.2%	77.1%	36.1%	35.0%	36.3%

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### Methodology

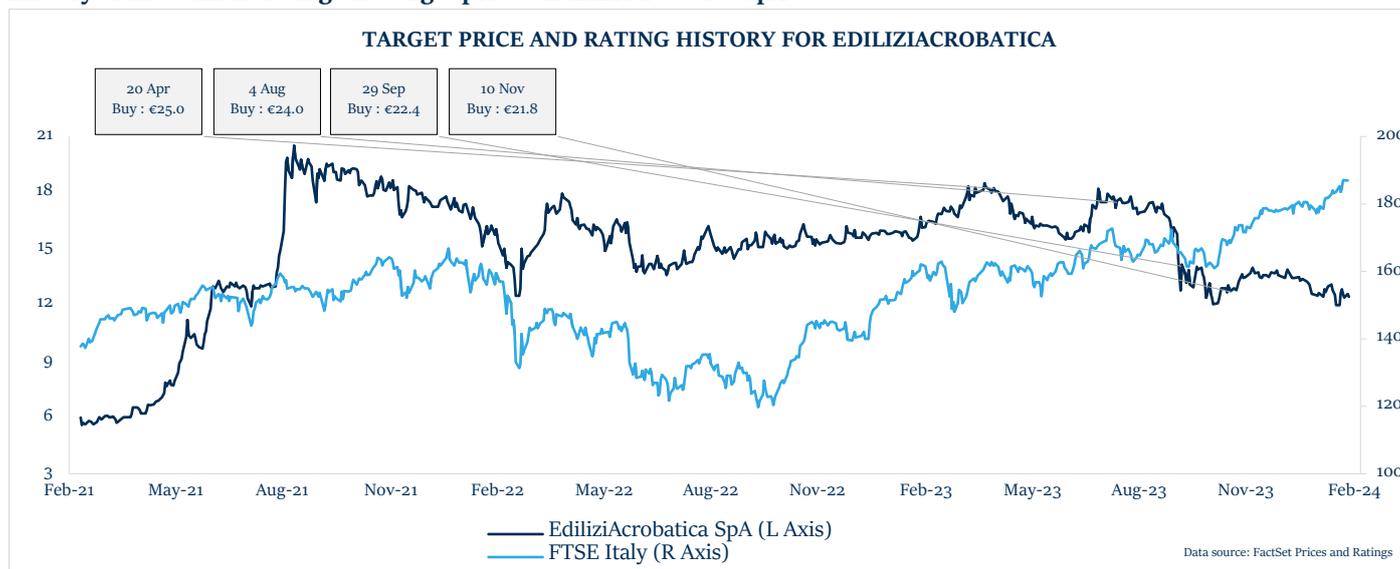
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1. DCF method: discounting of future cash flows generated by the company's operations. Cash flows are determined by the analyst's financial forecasts and models. The discount rate used corresponds to the weighted average cost of capital, which is defined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

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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