

EdiliziAcrobatica

Sector: Real Estate services



Analysts

Marco Greco

+39 02 80886654

marco.greco@value-track.com

skype: marco.m.greco

Sunshine over EdAc

EdiliziAcrobatica SpA (EdAc) is by far the Italian leader in outdoor maintenance and renovation of real estate assets, through an innovative technique based on double safety rope and no use of scaffoldings.

1Q19 Value of Production +74% YoY

EdiliziAcrobatica has released its 1Q19 Value of Production (VoP) figure (based on management account and not audited) that stood at €8.3mn, i.e. a sound +74% YoY growth rate (€4.8mn in 1Q18).

The company is growing not only in terms of sales but also in terms of distribution and operating network. Indeed, at the end of March EdAc counts 74 sales points, out of which 42 direct branches and 32 franchisees. This compares with 71 salespoints as of the end of 2018 (39 direct and 31 franchisees).

These numbers confirm the scalability of EdAc business model in a reference market resilient to macroeconomic weaknesses, thanks to the never-ending necessity for owners to preserve and add value to proprietary real estate assets.

2019 estimate remains unchanged, for the time being

1Q19 revenues growth pace is definitely higher than our 2019E full year 58% top line increase forecast and would imply a 54% growth rate in the remaining nine-months period.

That said, we reckon that first quarter is normally "lighter" if compared to the rest of the year (1Q figure is on average 20% of projected full-year VoP), and that an exceptionally sunny 1Q could have helped.

So for the time being we are not changing our 2019E onwards estimate, but we are aware that if the current positive momentum continues, there is room for future upward revisions of our forecasts.

Updated fair value at €6.0 per share (up from €5.5)

EdAc is steadily and consistently delivering its IPO promises with an outstanding business momentum. This means, in our view, that we can progressively reduce the small size / market liquidity discount originally applied to EdAc multiples compared to its peers.

So, we are confident in revising upward our fair valuation at €6.00 per share, (or €46.4mn equity value, up from the previous €5.50 per share).

At €6.0 fair value, EdAc shares would trade at 7.3x - 5.2x EV/EBITDA 2019E-20E and 12.8x - 9.3x P/E 2019E-20E.

Fair Value (€) 6.00
Market Price (€) 5.20
Market Cap. (€m) 40.2

KEY FINANCIALS (€m)	2018A	2019E	2020E
VALUE OF PRODUCTION	26.2	41.3	50.5
EBITDA	4.4	6.4	8.5
EBIT	3.7	5.7	7.8
NET PROFIT	2.2	3.6	5.0
EQUITY	10.1	13.7	18.6
NET FIN. POS.	2.1	2.1	4.1
EPS ADJ. (€)	0.3	0.5	0.6
DPS (€)	0.0	0.0	0.0

Source: EdiliziAcrobatica (historical figures), Value Track (2019E-20E estimates)

RATIOS & MULTIPLES	2018A	2019E	2020E
EBITDA MARGIN (%)	16.6	15.7	17.0
EBIT MARGIN (%)	13.9	13.8	15.5
NET DEBT / EBITDA (x)	nm	nm	nm
NET DEBT / EQUITY (x)	nm	nm	nm
EV/EBITDA (x)	8.6	6.3	4.5
EV/EBIT (x)	10.3	7.1	4.9
P/E ADJ. (x)	16.9	11.1	8.1
DIV YIELD (%)	0.0	0.0	0.0

Source: EdiliziAcrobatica (historical figures), Value Track (2019E-20E estimates)

STOCK DATA

FAIR VALUE (€)	6.00
MARKET PRICE (€)	5.20
SHS. OUT. (m)	7.73
MARKET CAP. (€m)	40.2
FREE FLOAT (%)	20.6
AVG. -20D VOL. (#)	8,890
RIC / BBG	EDAC.MI / EDAC IM
52 WK RANGE	3.20 - 5.40

Source: Stock Market Data



Business Description

EdiliziAcrobatica S.p.A. (EdAc) is active in the Italian market of real estate assets outdoor maintenance and renovation through an innovative approach based on the double safety rope tool.

The company carries out maintenance works ranging from securing and prompt intervention, to renovation, installation, proofing, maintenance, and rebuilding, all executed without the use of scaffoldings or fixed-aerial solutions. Founded back as of 1994, the company has experienced a successful growth thus becoming nowadays the largest European company in its niche-segment.

Key Financials

€mn	2017A	2018A	2019E	2020E
Value of Production	17.4	26.2	41.3	50.5
Chg. % YoY	30.5%	51.0%	57.6%	22.4%
EBITDA	2.5	4.4	6.4	8.5
EBITDA Margin	15.1%	16.6%	15.7%	17.0%
EBIT	2.0	3.7	5.7	7.8
EBIT Margin	12.0%	13.9%	13.8%	15.5%
Net Profit	1.1	2.2	3.6	5.0
Chg. % YoY	na	>100%	62.2%	37.8%
Adjusted Net Profit	1.1	2.3	3.6	5.0
Chg. % YoY	na	>100%	55.9%	37.8%
Net Fin. Position	-2.3	2.1	2.1	4.1
Net Fin. Pos. / EBITDA (x)	0.9	nm	nm	nm
Capex	-0.9	-0.9	-1.5	-1.5
OpFCF b.t.	0.6	1.3	2.0	4.7
OpFCF b.t. as % of EBITDA	24.5%	29.5%	31.9%	55.8%

Source: EdiliziAcrobatica SpA (historical figures), Value Track (estimates)

Investment case

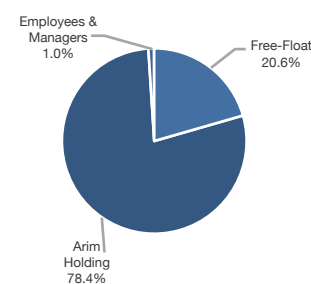
Strengths / Opportunities

- ◆ Innovative approach to “old” problems is making the company to sparkle;
- ◆ Business model granting high scalability;
- ◆ Low level of capital expenditure.

Weaknesses / Risks

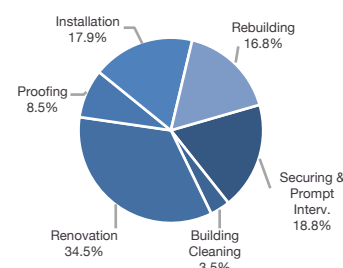
- ◆ Labor intensive business model, requiring highly-skilled workers;
- ◆ The company is braked in its (international) expansion by different regulatory landscapes;
- ◆ Credit collection takes long time, but bad debt risks are minimal.

Shareholders Structure



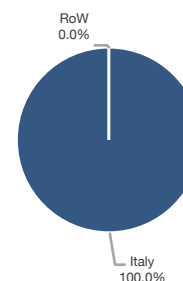
Source: EdAc SpA

Revenues breakdown by product line



Source: EdAc SpA

Revenues breakdown by geography



Source: EdAc SpA

Stock multiples @ €6.00 Fair Value

	2019E	2020E
EV / SALES (x)	1.2	0.9
EV / EBITDA (x)	7.3	5.2
EV / EBIT (x)	8.2	5.7
EV / CAP.EMP. (x)	4.0	3.1
OpFCF Yield (%)	4.3	10.3
P / E (x)	12.8	9.3
P / BV (x)	3.4	2.5
Div. Yield. (%)	0.0	0.0

Source: Value Track

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