

EdiliziAcrobatica

Sector: Real Estate services



Analyst

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Still growing at 74% rate

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.

First five months 2019: Orders intake +74% YoY

EdiliziAcrobatica has released its for first five months 2019 orders intake figure (based on management accounts and not audited) standing at €18.5mn, i.e. +74.4% YoY growth rate (€10.6mn in 5-months 2018).

Growth is driven not only by like for like higher market penetration but also by a wider distribution and operating network. Indeed, at the end of May EdAc counts 77 sales points, out of which 44 direct branches and 33 franchisees. This compares with 70 salespoints as of the end of 2018 (39 direct and 31 franchisees).

Revising upwards 2019E-20E top line

First five months 2019 revenues growth pace hints at a full year top line figure higher than our previous forecasts and 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.

As a consequence, we are slightly reviewing upwards our 2019E full-year Value of Production estimate at €43.3mn (+65% YoY and a couple of millions higher than our previous forecast).

On the other hand, we are cautiously maintaining 2019E EBITDA, EBIT and Net Profit in line with our previous estimates, as the higher number of openings may require temporarily higher (start-up) costs. At the same time, we reckon that in 2020E there's room for future upward revision of margins and profits.

Fair value unchanged at €6.0 per share for the time being

EdAc is steadily and consistently delivering its IPO promises with an outstanding business momentum.

At current €6.0 market price (or €46.4mn equity value) the stock is trading in line with our previous fair value at 7.3x - 5.2x EV/EBITDA 2019E-20E and 12.8x - 9.3x P/E 2019E-20E, multiples that we judge affordable given the company's growth profile.

For the time being we maintain unchanged our fair value but the outlook is positive.

Fair Value (€) 6.00
Market Price (€) 6.00
Market Cap. (€m) 46.4

KEY FINANCIALS (€m)	2018A	2019E	2020E
VALUE OF PRODUCTION	26.2	43.3	52.7
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	14.8	16.1
EBIT MARGIN (%)	13.9	13.1	14.7
NET DEBT / EBITDA (x)	nm	nm	nm
NET DEBT / EQUITY (x)	nm	nm	nm
EV/EBITDA (x)	6.1	7.3	5.2
EV/EBIT (x)	7.2	8.2	5.7
P/E ADJ. (x)	11.4	12.8	9.3
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 (€)	6.00
SHS. OUT. (m)	7.73
MARKET CAP. (€m)	46.4
FREE FLOAT (%)	20.6
AVG. -20D VOL. (#)	7,897
RIC / BBG	EDAC.MI / EDAC IM
52 WK RANGE	3.20 - 6.60

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	43.3	52.7
Chg. % YoY	30.5%	51.0%	65.1%	21.8%
EBITDA	2.5	4.4	6.4	8.5
EBITDA Margin	15.1%	16.6%	14.8%	16.1%
EBIT	2.0	3.7	5.7	7.8
EBIT Margin	12.0%	13.9%	13.1%	14.7%
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

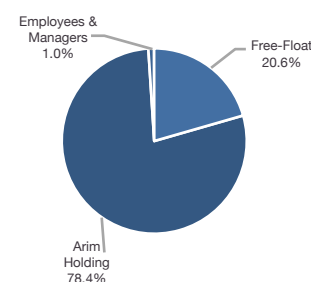
Strengths / Opportunities

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

Weaknesses / Risks

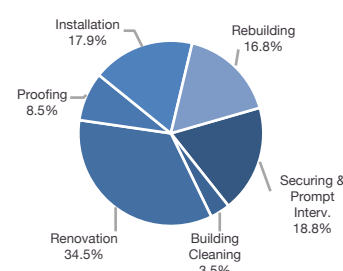
- ◆ Labor intensive business model, requiring highly-skilled workers;
- ◆ The company is braked in its (international) expansion by different regulatory landscapes;
- ◆ Credit collection takes long time, but bad debt risks are minimal.

Shareholders Structure



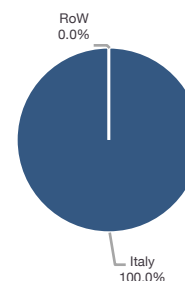
Source: EdAc SpA

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)	1.1	0.8
EV / EBITDA (x)	7.3	5.2
EV / EBIT (x)	8.2	5.7
EV / CAP.EMP. (x)	4.0	3.1
OpFCF Yield (%)	4.4	10.7
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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