

12m Results 2020

Opinion ⁽¹⁾: In line

Impact ⁽¹⁾: We will maintain our estimates

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Lingotes Especiales (LGT) is a small Spanish industrial company specialising in the design, development, casting and machining of steel components, mainly for use in the automotive industry, where it is a market leader in braking systems (85% sales) with a 12% market share in Europe.

Revenue in line. The surprise lies in the margin

A DECREASE IN REVENUES THAT WON'T SURPRISE ANYBODY (EUR 91.2MN; -20.7% VS 2019), impacted by the Covid-19 pandemic that has paralysed the automotive sector practically throughout the world (according to ACEA data, in 2020 passenger vehicle registrations in Europe declined by c. 24%).

BUT WITH A HIGHER THAN EXPECTED REC. EBITDA MARGIN, that continues to show a significant improvement at c. 13% (vs 14.6% in 2019 and our estimate of 12.3%). This improvement in margins takes Recurrent EBITDA to c. EUR 12Mn (c. -30% vs 2019), beating our estimates (+10% in recurrent terms).

AND MAINTAINING A STRONG BALANCE SHEET STRUCTURE. LGT's cash generation ability is a fact and despite the strong decline in activity in 2020 (with revenue and EBITDA falling c. 20%), ND was EUR 9.2Mn (vs EUR 15.2Mn in 2019). The sound balance sheet (ND/Rec. EBITDA 2020: 0.8x) acts as a support to deal with a situation like the current one, allowing LGT to approve a dividend of EUR 7Mn against 2019 earnings which had been suspended due to the Covid situation (EUR 0.7/share; yield c. 6%).

THE STRENGTHS REMAIN INTACT. Although 2020 was an unparalleled challenge (with no comparison possible), LGT's fundamentals have proven to be very sound, closing 2020 in a more than satisfactory fashion. Its main strengths remain intact: (i) the heavy investment plan in 2016-2019 (which has improved its competitive position), (ii) cost flexibility and a focus on profitability (2020 results are the best example) and (iii) a very robust balance sheet structure (ND/Rec. EBITDA 2020 0.8x). This is something that at present perhaps the market has overlooked: share price performance -12m -14.4% (-31.8% vs sector).

AND 2021E? OUR NUMBERS ARE UNCHANGED. The continuation in 2021 of the reactivation seen in the auto sector in the last quarter of 2020 could enable LGT to regain 2019 levels sooner than estimated. However, and despite the company's good performance in 2020, we maintain our estimates unchanged in the face of a situation that continues to advise prudence: 2021e revenue EUR 101.4Mn (+11.3% vs 2020) and Rec. EBITDA of c. EUR 13.5Mn, although today the risk of deviation from our 2021e estimates is still on the upside.

Market Data

Market Cap (Mn EUR and USD)	113.0	136.5
EV (Mn EUR and USD) ⁽²⁾	130.3	157.3
Shares Outstanding (Mn)	10.0	
-12m (Max/Med/Min EUR)	13.40 / 11.26 / 8.90	
Daily Avg volume (-12m Mn EUR)	0.05	
Rotation ⁽³⁾	11.0	
Refinitiv / Bloomberg	LGT.MC / LGT SM	
Close fiscal year	31-Dec	

Shareholders Structure (%)

Board of Directors	55.0
Mallorquina de Seguros	6.0
Onchena	5.0
Free Float	34.0

Financials (Mn EUR)

	2020	2021e	2022e	2023e
Adj. nº shares (Mn)	10.0	10.0	10.0	10.0
Total Revenues	91.2	101.4	114.1	117.5
Rec. EBITDA ⁽⁴⁾	11.8	13.3	16.9	18.0
% growth	-30.0	12.5	27.5	6.2
% Rec. EBITDA/Rev.	12.9	13.1	14.8	15.3
% Inc. EBITDA sector ⁽⁵⁾	-24.1	31.8	16.7	7.1
Net Profit	6.0	6.1	8.8	9.5
EPS (EUR)	0.60	0.61	0.88	0.95
% growth	-31.2	1.0	44.8	8.9
Ord. EPS (EUR)	0.56	0.61	0.88	0.95
% growth	-35.3	7.3	44.8	8.9
Rec. Free Cash Flow ⁽⁶⁾	4.7	4.3	7.6	8.3
Pay-out (%)	0.0	80.0	80.0	80.0
DPS (EUR)	0.00	0.48	0.70	0.76
Net financial debt	9.2	11.9	9.1	7.8
ND/Rec. EBITDA (x)	0.8	0.9	0.5	0.4
ROE (%)	13.1	13.6	19.0	19.3
ROCE (%) ⁽⁶⁾	10.4	10.0	13.9	14.8

Ratios & Multiples (x) ⁽⁷⁾

	2020	2021e	2022e	2023e
P/E	18.8	18.7	12.9	11.8
Ord. P/E	20.0	18.7	12.9	11.8
P/BV	2.5	2.6	2.3	2.2
Dividend Yield (%)	0.0	4.3	6.2	6.8
EV/Sales	1.43	1.28	1.14	1.11
EV/Rec. EBITDA	11.0	9.8	7.7	7.3
EV/EBIT	15.0	15.5	10.8	10.0
FCF Yield (%) ⁽⁶⁾	4.2	3.8	6.8	7.3

Relative performance (Base 100)



Stock performance (%)	-1m	-3m	-12m	YTD	-3Y	-5Y
Absolute	-4.6	-7.4	-14.4	-6.6	-34.8	27.1
vs Ibex 35	-7.7	-8.7	-3.0	-8.3	-21.5	29.0
vs Ibex Small Cap Index	-11.2	-15.7	-31.8	-10.5	-45.8	-37.8
vs Eurostoxx 50	-5.8	-10.6	-15.8	-8.8	-37.9	2.4
vs Sector benchmark ⁽⁵⁾	-9.2	-15.1	-31.8	-11.7	-26.0	5.6

(1) The opinion regarding the results is on reported EBITDA with respect to our estimate for the year (12m). The impact reflects whether, due to the results, we envisage a significant revision (>5% - 10%, depending on the sector) of our EBITDA estimate (for any of the estimated years).

(2) Please refer to Appendix 3.

(3) Rotation is the % of the capitalisation traded - 12m.

(4) Financial projections include IFRS 16 adjustments. FY 19 EBITDA is c. EUR 0.1Mn higher due to IFRS 16.

(5) Sector: Eurostoxx 600 Automobiles & Parts.

(6) Please see Appendix 2 for the theoretical tax rate (ROCE) and rec. FCF calculation.

(7) Multiples and ratios calculated over prices at the date of this report.

(*) Unless otherwise indicated, all the information contained in this report is based on: The Company, Refinitiv and Lighthouse

12m20 Results

Table 1. 12m20 Results

EUR Mn	12m20 Real	12m19	12m20 Real vs 12m19	2020e	12m20 Real vs 2020e	4Q20	4Q20 vs 4Q19
Total Revenues	91.2	114.9	-20.7%	87.5	4.2%	27.1	-8.2%
Recurrent EBITDA¹	11.8	16.8	-30.0%	10.7	9.8%	2.8	-23.9%
<i>Rec. EBITDA/Revenues</i>	<i>12.9%</i>	<i>14.6%</i>	<i>-1.7 p.p.</i>	<i>12.3%</i>	<i>0.7 p.p.</i>	<i>10.2%</i>	<i>-2.1 p.p.</i>
EBITDA	12.6	16.8	-25.0%	10.7	17.6%	3.6	-0.8%
<i>EBITDA/Revenues</i>	<i>13.9%</i>	<i>14.6%</i>	<i>-0.8 p.p.</i>	<i>12.3%</i>	<i>1.6 p.p.</i>	<i>13.3%</i>	<i>1.0 p.p.</i>
EBIT	8.7	11.7	-25.5%	5.2	66.8%		
NP	6.0	8.7	-31.2%	3.8	58.3%		
Rec. FCF	4.0	8.4	-52.9%	4.3	-8.8%		
<i>Rec. FCF Yield</i>	<i>3.5%</i>	<i>7.4%</i>	<i>-3.9 p.p.</i>	<i>3.8%</i>	<i>0.3 p.p.</i>		
Net Debt	9.2	15.2	-39.7%	11.9	29.0%		
<i>ND / EBITDA</i>	<i>0.8 x</i>	<i>0.9 x</i>	<i>-0.1 x</i>	<i>1.1 x</i>	<i>0.3 x</i>		

Note 1: Recurrent EBITDA adjusted to strip out: (i) the reductions in social security contributions received (EUR 0.8Mn in 2020; included in EBITDA) and (ii) capitalised expenses (EUR 0.7Mn and EUR 0.4Mn in 2020 and 2019, respectively).

Table 2. Estimates review

EUR Mn	2021e (New)	2021e	Review (%)	2022e (New)	2022e	Review (%)	2023e (New)
Total Revenues	101.4	101.4	0.1%	114.1	114.5	-0.3%	117.5
Recurrent EBITDA	13.3	13.1	0.9%	16.9	17.1	-1.3%	18.0
<i>Recurrent EBITDA growth</i>	<i>12.5%</i>	<i>22.4%</i>	<i>-9.9 p.p.</i>	<i>27.5%</i>	<i>30.4%</i>	<i>-2.9 p.p.</i>	<i>6.2%</i>
<i>Rec. EBITDA/Revenues</i>	<i>13.1%</i>	<i>13.0%</i>	<i>0.1 p.p.</i>	<i>14.8%</i>	<i>15.0%</i>	<i>-0.1 p.p.</i>	<i>15.3%</i>
EBIT	8.4	7.8	8.0%	12.0	11.9	1.3%	0.0
Net Profit	6.1	5.8	5.2%	8.8	8.9	-1.6%	9.5
Recurrent Free Cash Flow	4.3	6.4	-32.4%	7.6	9.0	-15.0%	8.3
Deuda Neta	11.9	12.0	-1.3%	9.1	7.6	18.8%	7.8
<i>ND / EBITDA</i>	<i>0.9 x</i>	<i>0.9 x</i>	<i>0.0 x</i>	<i>0.5 x</i>	<i>0.4 x</i>	<i>0.1 x</i>	<i>0.4 x</i>

Note 1: Non-material adjustment to estimates due to the effect of including 2020 as the last year closed. Our main assumptions are unaffected.

Valuation inputs

Inputs for the DCF Valuation Approach

	2021e	2022e	2023e	Terminal Value ⁽¹⁾		
Free Cash Flow "To the Firm"	4.6	7.9	8.5	127.5		
Market Cap	113.0	At the date of this report				
Net financial debt	9.2	Debt net of Cash (12m Results 2020)				
					Best Case	Worst Case
Cost of Debt	1.3%	Net debt cost			1.1%	1.6%
Tax rate (T)	20.0%	T (Normalised tax rate)			=	=
Net debt cost	1.1%	Kd = Cost of Net Debt * (1-T)			0.9%	1.3%
Risk free rate (rf)	0.4%	Rf (10y Spanish bond yield)			=	=
Equity risk premium	9.0%	R (own estimate)			8.5%	9.5%
Beta (B)	1.0	B (Refinitiv and Lighthouse)			0.9	1.1
Cost of Equity	9.4%	Ke = Rf + (R * B)			8.1%	10.9%
Equity / (Equity + Net Debt)	92.5%	E (Market Cap as equity value)			=	=
Net Debt / (Equity + Net Debt)	7.5%	D			=	=
WACC	8.8%	WACC = Kd * D + Ke * E			7.5%	10.2%
G "Fair"	1.5%				2.0%	1.0%

(1) The terminal value reflects the NAV of FCF beyond the period estimated with the WACC and G of the central scenario.

Inputs for the Multiples Valuation Approach

Company	Ticker Reuters	Mkt. Cap	P/E 21e	EPS 21e-23e	EV/EBITDA 21e	EBITDA 21e-23e	EV/Sales 21e	Revenues 21e-23e	EBITDA/Sales 21e	FCF Yield 21e	FCF 21e-23e
CIE Automotive	CIEA.MC	2,812.8	10.0	n.a.	8.3	n.a.	1.5	n.a.	17.4%	9.9%	n.a.
Gestamp	GEST.MC	2,591.0	17.0	32.8%	5.2	12.4%	0.6	8.0%	11.9%	4.6%	47.0%
Faurecia	EPED.PA	5,959.2	11.1	29.8%	4.2	10.6%	0.6	9.1%	13.3%	9.0%	29.9%
Voestalpine	VOES.VI	5,913.1	16.7	n.a.	6.3	11.3%	0.7	4.6%	11.5%	6.1%	29.3%
Auto-Parts			13.7	31.3%	6.0	11.4%	0.8	7.2%	13.5%	7.4%	35.4%
Brembo SPA	BRBI.MI	3,626.7	19.6	12.0%	9.0	4.1%	1.7	7.4%	18.9%	4.6%	10.4%
Hallex AB	HLDX.ST	232.6	11.3	16.3%	5.4	10.1%	0.7	4.4%	13.6%	6.0%	n.a.
Brake Systems			15.4	14.1%	7.2	7.1%	1.2	5.9%	16.2%	5.3%	10.4%
LGT	LGT.MC	113.0	18.7	25.6%	9.8	16.3%	1.3	7.6%	13.1%	3.8%	38.3%

Free Cash Flow sensitivity analysis (2022e)

A) Rec. EBITDA and EV/EBITDA sensitivity to changes in EBITDA/Sales

Scenario	EBITDA/Sales 22e	EBITDA 22e	EV/EBITDA 22e
Max	16.3%	18.6	7.0x
Central	14.8%	16.9	7.7x
Min	13.3%	15.2	8.6x

B) Rec. FCF and Rec. FCF - Yield sensitivity to changes in EBITDA and CAPEX/sales

Rec. FCF EUR Mn	CAPEX/Sales 22e			Scenario	Rec. FCF/Yield 22e		
	4.0%	4.5%	5.0%		Max	Central	Min
EBITDA 22e	4.0%	4.5%	5.0%	Max	8.8%	8.3%	7.8%
18.6	9.9	9.3	8.8	Central	7.3%	6.8%	6.3%
16.9	8.2	7.6	7.1	Min	5.7%	5.2%	4.7%
15.2	6.5	5.9	5.4				

Appendix 1. Financial Projections⁽¹⁾

Balance Sheet (EUR Mn)	2016	2017	2018	2019	2020	2021e	2022e	2023e	CAGR	
Intangible assets	0.2	0.4	0.5	0.9	1.1	1.3	1.5	1.7		
Fixed assets	45.6	49.5	55.1	56.8	57.2	57.3	57.4	57.7		
Other Non Current Assets	0.7	0.6	0.6	0.5	0.4	0.4	0.4	0.4		
Financial Investments	0.9	0.7	0.6	0.6	0.2	0.2	0.2	0.2		
Goodwill & Other Intangibles	-	-	-	-	-	-	-	-		
Current assets	20.6	28.8	29.5	28.9	28.3	30.9	33.6	34.0		
Total assets	68.0	80.1	86.3	87.7	87.3	90.2	93.2	94.1		
Equity	41.4	42.3	44.5	46.2	45.1	44.2	48.1	50.6		
Minority Interests	-	-	-	-	-	-	-	-		
Provisions & Other L/T Liabilities	2.0	1.9	1.7	1.5	8.3	8.3	8.3	8.3		
Other Non Current Liabilities	-	-	-	0.2	0.1	0.1	0.1	0.1		
Net financial debt	3.1	10.7	17.0	15.2	9.2	11.9	9.1	7.8		
Current Liabilities	21.5	25.2	23.1	24.6	24.5	25.7	27.6	27.2		
Equity & Total Liabilities	68.0	80.1	86.3	87.7	87.3	90.2	93.2	94.1		
P&L (EUR Mn)	2016	2017	2018	2019	2020	2021e	2022e	2023e	16-20	20-23e
Total Revenues	95.6	104.2	115.6	114.9	91.2	101.4	114.1	117.5	-1.2%	8.8%
<i>Total Revenues growth</i>	20.3%	9.0%	10.9%	-0.6%	-20.7%	11.3%	12.5%	3.0%		
COGS	(33.7)	(41.6)	(48.7)	(49.6)	(37.7)	(43.4)	(49.1)	(50.8)		
Gross Margin	62.0	62.6	66.9	65.3	53.5	58.0	65.0	66.8	-3.6%	7.6%
<i>Gross Margin/Revenues</i>	64.8%	60.1%	57.9%	56.8%	58.7%	57.2%	57.0%	56.8%		
Personnel Expenses	(24.1)	(26.7)	(28.1)	(27.8)	(25.2)	(26.5)	(27.8)	(27.9)		
Other Operating Expenses	(18.9)	(19.2)	(20.5)	(20.6)	(16.5)	(18.3)	(20.3)	(20.9)		
Recurrent EBITDA	19.0	16.7	18.2	16.8	11.8	13.3	16.9	18.0	-11.3%	15.0%
<i>Recurrent EBITDA growth</i>	44.6%	-12.1%	8.9%	-7.5%	-30.0%	12.5%	27.5%	6.2%		
<i>Rec. EBITDA/Revenues</i>	19.9%	16.0%	15.8%	14.6%	12.9%	13.1%	14.8%	15.3%		
Restructuring Expense & Other non-rec.	-	-	-	-	0.8	-	-	-		
EBITDA	19.0	16.7	18.2	16.8	12.6	13.3	16.9	18.0	-9.7%	12.4%
Depreciation & Provisions	(3.8)	(5.0)	(5.5)	(5.5)	(4.5)	(5.0)	(5.0)	(5.0)		
Capitalized Expense	-	0.6	0.1	0.4	0.7	0.2	0.2	0.2		
Rentals (IFRS 16 impact)	-	-	-	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)		
EBIT	15.2	12.4	12.8	11.7	8.7	8.4	12.0	13.0	-13.0%	14.4%
<i>EBIT growth</i>	65.8%	-18.8%	3.7%	-8.7%	-25.5%	-3.5%	43.0%	8.4%		
<i>EBIT/Revenues</i>	15.9%	11.9%	11.1%	10.2%	9.6%	8.3%	10.5%	11.1%		
Impact of Goodwill & Others	-	-	-	-	-	-	-	-		
Net Financial Result	(0.2)	(0.2)	(0.2)	(0.3)	(0.3)	(0.3)	(0.3)	(0.3)		
Income by the Equity Method	(0.8)	(0.2)	(0.4)	-	-	-	-	-		
Ordinary Profit	14.2	11.9	12.2	11.4	8.4	8.1	11.7	12.7	-12.3%	14.8%
<i>Ordinary Profit Growth</i>	59.3%	-16.1%	2.6%	-6.6%	-26.3%	-4.1%	44.8%	8.9%		
Extraordinary Results	-	-	-	-	(0.4)	-	-	-		
Profit Before Tax	14.2	11.9	12.2	11.4	8.1	8.1	11.7	12.7	-13.2%	16.5%
Tax Expense	(3.7)	(3.0)	(3.0)	(2.7)	(2.1)	(2.0)	(2.9)	(3.2)		
<i>Effective Tax Rate</i>	26.1%	25.1%	24.7%	23.7%	25.6%	25.0%	25.0%	25.0%		
Minority Interests	-	-	-	-	-	-	-	-		
Discontinued Activities	-	-	-	-	-	-	-	-		
Net Profit	10.5	8.9	9.2	8.7	6.0	6.1	8.8	9.5	-13.1%	16.8%
<i>Net Profit growth</i>	56.0%	-14.9%	3.1%	-5.3%	-31.2%	1.0%	44.8%	8.9%		
Ordinary Net Profit	10.5	8.9	9.2	8.7	5.6	6.1	8.8	9.5	-14.4%	19.2%
<i>Ordinary Net Profit growth</i>	56.0%	-14.9%	3.1%	-5.3%	-35.3%	7.3%	44.8%	8.9%		
Cash Flow (EUR Mn)	2016	2017	2018	2019	2020	2021e	2022e	2023e	16-20	20-23e
Recurrent EBITDA						13.3	16.9	18.0	-11.3%	15.0%
Rentals (IFRS 16 impact)						(0.1)	(0.1)	(0.1)		
Working Capital Increase						(1.4)	(0.8)	(0.8)		
Recurrent Operating Cash Flow						11.8	16.0	17.1	-13.5%	11.6%
CAPEX						(5.1)	(5.1)	(5.3)		
Net Financial Result affecting the Cash Flow						(0.3)	(0.3)	(0.3)		
Tax Expense						(2.0)	(2.9)	(3.2)		
Recurrent Free Cash Flow						4.3	7.6	8.3	n.a.	20.4%
Restructuring Expense & Other non-rec.						-	-	-		
- Acquisitions / + Divestures of assets						-	-	-		
Extraordinary Inc./Exp. Affecting Cash Flow						-	-	-		
Free Cash Flow						4.3	7.6	8.3	n.a.	14.0%
Capital Increase						-	-	-		
Dividends						(7.0)	(4.8)	(7.0)		
Net Debt Variation						2.7	(2.8)	(1.3)		

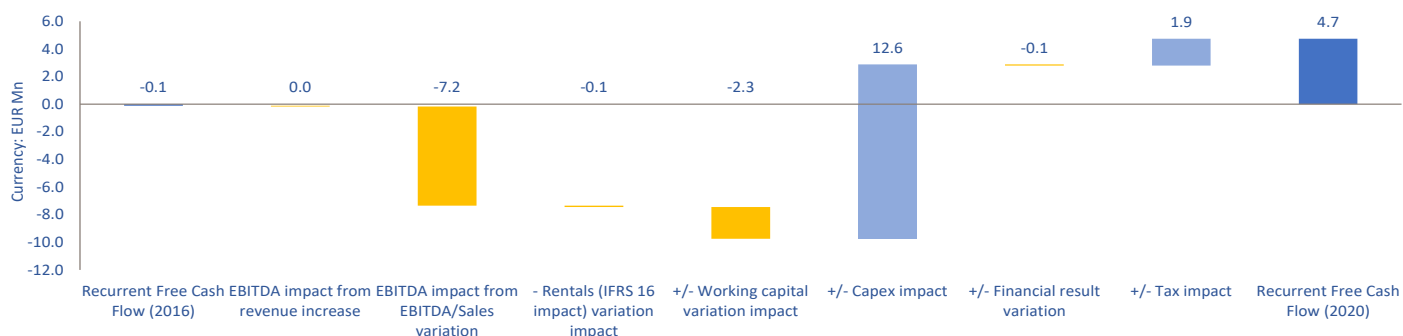
Note 1: Financial projections include IFRS 16 adjustments. FY 19 EBITDA is c. EUR 0.1Mn higher due to IFRS 16.

Appendix 2. Free Cash Flow⁽¹⁾

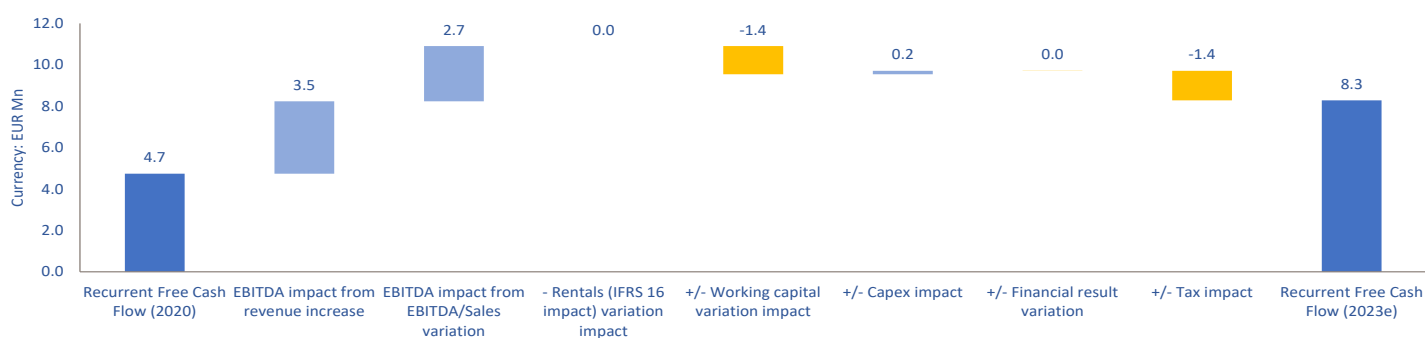
A) Cash Flow Analysis (EUR Mn)	2017	2018	2019	2020	2021e	2022e	2023e	CAGR	
								17-20	20-23e
Recurrent EBITDA	16.7	18.2	16.8	11.8	13.3	16.9	18.0	-11.0%	15.0%
<i>Recurrent EBITDA growth</i>	-12.1%	8.9%	-7.5%	-30.0%	12.5%	27.5%	6.2%		
<i>Rec. EBITDA/Revenues</i>	16.0%	15.8%	14.6%	12.9%	13.1%	14.8%	15.3%		
- Rentals (IFRS 16 impact)	-	-	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)		
+/- Working Capital increase	(4.5)	(2.8)	2.1	0.6	(1.4)	(0.8)	(0.8)		
= Recurrent Operating Cash Flow	12.2	15.4	18.9	12.3	11.8	16.0	17.1	0.2%	11.6%
<i>Rec. Operating Cash Flow growth</i>	-44.4%	26.8%	22.2%	-35.1%	-4.1%	36.3%	6.5%		
<i>Rec. Operating Cash Flow / Sales</i>	11.7%	13.4%	16.4%	13.4%	11.6%	14.0%	14.5%		
- CAPEX	(10.0)	(11.5)	(7.5)	(5.5)	(5.1)	(5.1)	(5.3)		
- Net Financial Result affecting Cash Flow	(0.2)	(0.2)	(0.2)	(0.3)	(0.3)	(0.3)	(0.3)		
- Taxes	(3.0)	(3.2)	(2.8)	(1.8)	(2.0)	(2.9)	(3.2)		
= Recurrent Free Cash Flow	(1.1)	0.6	8.4	4.7	4.3	7.6	8.3	86.7%	20.4%
<i>Rec. Free Cash Flow growth</i>	-790.6%	155.1%	n.a.	-43.5%	-8.7%	76.1%	8.6%		
<i>Rec. Free Cash Flow / Revenues</i>	n.a.	0.5%	7.3%	5.2%	4.3%	6.7%	7.1%		
- Restructuring expenses & others	-	-	-	0.8	-	-	-		
- Acquisitions / + Divestments	0.4	0.2	0.4	-	-	-	-		
+/- Extraordinary Inc./Exp. affecting Cash Flow	-	-	-	-	-	-	-		
= Free Cash Flow	(0.7)	0.8	8.8	5.6	4.3	7.6	8.3	n.a.	14.0%
<i>Free Cash Flow growth</i>	-121.5%	216.3%	994.4%	-36.4%	-22.4%	76.1%	8.6%		
<i>Recurrent Free Cash Flow - Yield (s/Mkt Cap)</i>	n.a.	0.5%	7.4%	4.2%	3.8%	6.8%	7.3%		
<i>Free Cash Flow Yield (s/Mkt Cap)</i>	n.a.	0.7%	7.8%	4.9%	3.8%	6.8%	7.3%		
B) Analytical Review of Annual Recurrent Free Cash Flow Performance (Eur Mn)									
Recurrent FCF(FY - 1)	(0.1)	(1.1)	0.6	8.4	4.7	4.3	7.6		
EBITDA impact from revenue increase	1.7	1.8	(0.1)	(3.5)	1.3	1.7	0.5		
EBITDA impact from EBITDA/Sales variation	(4.0)	(0.3)	(1.3)	(1.6)	0.1	2.0	0.5		
= Recurrent EBITDA variation	(2.3)	1.5	(1.4)	(5.0)	1.5	3.6	1.0		
- Rentals (IFRS 16 impact) variation impact	-	-	(0.1)	(0.0)	-	-	-		
+/- Working capital variation impact	(7.4)	1.8	4.9	(1.5)	(2.0)	0.6	(0.0)		
= Recurrent Operating Cash Flow variation	(9.7)	3.3	3.4	(6.6)	(0.5)	4.3	1.0		
+/- CAPEX impact	8.1	(1.5)	4.0	2.1	0.4	(0.1)	(0.2)		
+/- Financial result variation	(0.0)	0.0	(0.0)	(0.1)	(0.0)	0.0	0.0		
+/- Tax impact	0.7	(0.2)	0.5	1.0	(0.3)	(0.9)	(0.3)		
= Recurrent Free Cash Flow variation	(0.9)	1.6	7.8	(3.7)	(0.4)	3.3	0.7		
Recurrent Free Cash Flow	(1.1)	0.6	8.4	4.7	4.3	7.6	8.3		
C) "FCF to the Firm" (pre debt service) (EUR Mn)									
EBIT	12.4	12.8	11.7	8.7	8.4	12.0	13.0	-11.0%	14.4%
* <i>Theoretical Tax rate</i>	25.1%	24.7%	23.7%	25.6%	25.0%	25.0%	25.0%		
= Taxes (pre- Net Financial Result)	(3.1)	(3.2)	(2.8)	(2.2)	(2.1)	(3.0)	(3.3)		
Recurrent EBITDA	16.7	18.2	16.8	11.8	13.3	16.9	18.0	-11.0%	15.0%
- Rentals (IFRS 16 impact)	-	-	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)		
+/- Working Capital increase	(4.5)	(2.8)	2.1	0.6	(1.4)	(0.8)	(0.8)		
= Recurrent Operating Cash Flow	12.2	15.4	18.9	12.3	11.8	16.0	17.1	0.2%	11.6%
- CAPEX	(10.0)	(11.5)	(7.5)	(5.5)	(5.1)	(5.1)	(5.3)		
- Taxes (pre- Financial Result)	(3.1)	(3.2)	(2.8)	(2.2)	(2.1)	(3.0)	(3.3)		
= Recurrent Free Cash Flow (To the Firm)	(0.9)	0.8	8.6	4.6	4.6	7.9	8.5	90.9%	23.0%
<i>Rec. Free Cash Flow (To the Firm) growth</i>	-448.2%	187.8%	960.0%	-46.8%	0.1%	72.0%	8.0%		
<i>Rec. Free Cash Flow (To the Firm) / Revenues</i>	n.a.	0.7%	7.5%	5.0%	4.5%	6.9%	7.2%		
- Acquisitions / + Divestments	0.4	0.2	0.4	-	-	-	-		
+/- Extraordinary Inc./Exp. affecting Cash Flow	-	-	-	-	-	-	-		
= Free Cash Flow "To the Firm"	(0.6)	1.0	9.0	4.6	4.6	7.9	8.5	n.a.	23.0%
<i>Free Cash Flow (To the Firm) growth</i>	-55.3%	284.1%	768.6%	-49.0%	0.1%	72.0%	8.0%		
<i>Rec. Free Cash Flow To the Firm Yield (o/EV)</i>	n.a.	0.6%	6.6%	3.5%	3.5%	6.1%	6.5%		
<i>Free Cash Flow "To the Firm" - Yield (o/EV)</i>	n.a.	0.8%	6.9%	3.5%	3.5%	6.1%	6.5%		

Note 1: Financial projections include IFRS 16 adjustments. FY 19 EBITDA is c. EUR 0.1Mn higher due to IFRS 16.

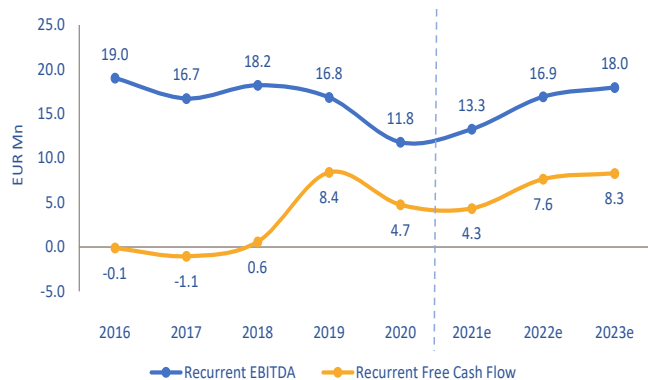
Recurrent Free Cash Flow accumulated variation analysis (2016 - 2020)



Recurrent Free Cash Flow accumulated variation analysis (2020 - 2023e)



Recurrent EBITDA vs Recurrent Free Cash Flow



Stock performance vs EBITDA 12m forward



Appendix 3. EV breakdown at the date of this report

	EUR Mn	Source
Market Cap	113.0	
+ Minority Interests	-	12m Results 2020
+ Provisions & Other L/T Liabilities	1.3	12m Results 2020
+ Net financial debt	9.2	12m Results 2020
- Financial Investments	0.2	12m Results 2020
+/- Others ⁽¹⁾	7.0	12m Results 2020
Enterprise Value (EV)	130.3	

(1) Corresponding to EUR 7Mn of the 2020 dividend (charged to 2019 earnings) pending payment.

Appendix 4. Historical performance ⁽¹⁾⁽²⁾

Historical performance (EUR Mn)	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021e	2022e	2023e	CAGR	
															10-20	20-23e
Total Revenues	66.7	72.4	57.6	58.1	63.0	79.5	95.6	104.2	115.6	114.9	91.2	101.4	114.1	117.5	3.2%	8.8%
Total Revenues growth	46.3%	8.6%	-20.4%	0.8%	8.5%	26.1%	20.3%	9.0%	10.9%	-0.6%	-20.7%	11.3%	12.5%	3.0%		
EBITDA	11.7	10.4	5.0	6.4	8.7	13.2	19.0	16.7	18.2	16.8	12.6	13.3	16.9	18.0	0.8%	12.4%
EBITDA growth	129.5%	-11.6%	-51.3%	26.1%	36.7%	51.5%	44.6%	-12.1%	8.9%	-7.5%	-25.0%	5.0%	27.5%	6.2%		
EBITDA/Sales	17.6%	14.3%	8.7%	10.9%	13.8%	16.6%	19.9%	16.0%	15.8%	14.6%	13.9%	13.1%	14.8%	15.3%		
Net Profit	4.4	3.6	0.3	2.5	4.0	6.7	10.5	8.9	9.2	8.7	6.0	6.1	8.8	9.5	3.1%	16.8%
Net Profit growth	561.3%	-17.9%	-92.9%	876.0%	58.1%	69.1%	56.0%	-14.9%	3.1%	-5.3%	-31.2%	1.0%	44.8%	8.9%		
Adjusted number shares (Mn)	11.0	11.0	11.0	10.9	9.9	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0		
EPS (EUR)	0.40	0.33	0.02	0.23	0.40	0.67	1.05	0.89	0.92	0.87	0.60	0.61	0.88	0.95	4.1%	16.8%
EPS growth	n.a.	-17.9%	-92.9%	n.a.	74.2%	67.3%	56.0%	-14.9%	3.1%	-5.3%	-31.2%	1.0%	44.8%	8.9%		
Ord. EPS (EUR)	0.40	0.33	0.02	0.23	0.40	0.67	1.05	0.89	0.92	0.87	0.56	0.61	0.88	0.95	3.4%	19.2%
Ord. EPS growth	n.a.	-17.9%	-92.9%	n.a.	74.2%	67.3%	56.0%	-14.9%	3.1%	-5.3%	-35.3%	7.3%	44.8%	8.9%		
CAPEX	(5.9)	(2.8)	(2.7)	(1.7)	(3.2)	(6.1)	(18.1)	(10.0)	(11.5)	(7.5)	(5.5)	(5.1)	(5.1)	(5.3)		
CAPEX/Sales %	8.9%	3.9%	4.6%	3.0%	5.0%	7.7%	18.9%	9.6%	9.9%	6.5%	6.0%	5.0%	4.5%	4.5%		
Free Cash Flow	7.1	1.8	2.0	8.3	0.5	10.3	(0.3)	(0.7)	0.8	8.8	5.6	4.3	7.6	8.3	-2.3%	14.0%
ND/EBITDA (x) ⁽³⁾	0.6x	0.7x	1.4x	0.0x	0.7x	-0.2x	0.2x	0.6x	0.9x	0.9x	0.7x	0.9x	0.5x	0.4x		
P/E (x)	7.3x	7.7x	93.8x	13.1x	9.4x	12.5x	13.5x	19.9x	12.0x	15.5x	20.2x	18.7x	12.9x	11.8x		
EV/Sales (x)	0.58x	0.47x	0.54x	0.57x	0.68x	1.03x	1.52x	1.79x	1.09x	1.30x	1.52x	1.28x	1.14x	1.11x		
EV/EBITDA (x) ⁽³⁾	3.3x	3.3x	6.2x	5.2x	4.9x	6.2x	7.6x	11.2x	6.9x	8.9x	10.9x	9.8x	7.7x	7.3x		
Absolute performance	-2.6%	-13.2%	-13.1%	36.7%	24.8%	123.3%	69.0%	25.4%	-38.2%	23.2%	-10.7%	-6.6%				
Relative performance vs Ibx 35	18.0%	-0.1%	-8.9%	12.6%	20.4%	140.5%	72.5%	16.7%	-27.3%	10.2%	5.6%	-8.3%				

Note 1: The multiples are historical, calculated based on the price and EV at the end of each year, except (if applicable) in the current year, when multiples would be given at current prices.

The absolute and relative behavior corresponds to each exercise (1/1 to 31/12). The source, both historical multiples and the evolution of the price, is Refinitiv.

Note 2: Financial projections include IFRS 16 adjustments. FY 19 EBITDA is c. EUR 0.1Mn higher due to IFRS 16.

Note 3: All ratios and multiples on EBITDA refer to total EBITDA (not to recurrent EBITDA).

Appendix 5. Main peers 2021e

		Auto-Parts				Brake Systems			
		CIE							
EUR Mn		Automotive	Gestamp	Faurecia	Voestalpine	Average	Brembo SPA	Haldex AB	LGT
Market data	Ticker (Reuters)	CIEA.MC	GEST.MC	EPED.PA	VOES.VI		BRBI.MI	HLDX.ST	LGT.MC
	Country	Spain	Spain	France	Austria		Italy	Sweden	Spain
	Market cap	2,812.8	2,591.0	5,959.2	5,913.1		3,626.7	232.6	113.0
	Enterprise value (EV)	5,041.5	5,322.7	9,351.7	9,178.2		4,132.6	312.3	130.3
Basic financial information	Total Revenues	3,476.0	8,601.4	16,829.1	12,601.2		2,443.4	426.3	101.4
	Total Revenues growth	8.0%	15.4%	14.8%	11.0%	12.3%	12.2%	8.3%	11.3%
	2y CAGR (2021e - 2023e)	n.a.	8.0%	9.1%	4.6%	7.2%	7.4%	4.4%	7.6%
	EBITDA	605.4	1,023.7	2,241.5	1,447.8		460.6	57.8	13.3
	EBITDA growth	12.9%	32.6%	26.2%	44.1%	28.9%	20.3%	0.3%	5.0%
	2y CAGR (2021e - 2023e)	n.a.	12.4%	10.6%	11.3%	11.4%	4.1%	10.1%	16.3%
	EBITDA/Revenues	17.4%	11.9%	13.3%	11.5%	13.5%	18.9%	13.6%	13.1%
	EBIT	430.2	415.6	1,061.5	589.4		254.8	33.5	8.4
	EBIT growth	15.7%	159.9%	148.8%	n.a.	108.1%	39.7%	82.6%	-3.5%
	2y CAGR (2021e - 2023e)	n.a.	25.7%	25.4%	15.0%	22.0%	11.5%	14.7%	24.5%
	EBIT/Revenues	12.4%	4.8%	6.3%	4.7%	7.0%	10.4%	7.9%	8.3%
	Net Profit	282.5	157.0	547.0	406.5		180.2	20.3	6.1
Net Profit growth	17.8%	209.1%	277.2%	491.8%	249.0%	47.6%	169.0%	1.0%	
2y CAGR (2021e - 2023e)	n.a.	40.8%	29.8%	33.2%	34.6%	13.0%	16.1%	25.6%	
CAPEX/Sales %	5.9%	6.9%	6.6%	5.8%	6.3%	8.0%	6.3%	-5.0%	
Free Cash Flow	279.2	119.7	539.3	359.5		167.4	14.0	4.3	
Net financial debt	1,328.1	2,502.1	2,675.1	3,401.5		307.8	63.3	11.9	
ND/EBITDA (x)	2.2	2.4	1.2	2.3	2.0	0.7	1.1	0.9	
Pay-out	35.0%	23.3%	26.4%	26.8%	27.9%	31.7%	23.9%	80.0%	
Multiples and Ratios	P/E (x)	10.0	17.0	11.1	16.7	13.7	19.6	11.3	18.7
	P/BV (x)	2.2	1.4	1.5	1.0	1.5	2.2	1.7	2.6
	EV/Revenues (x)	1.5	0.6	0.6	0.7	0.8	1.7	0.7	1.3
	EV/EBITDA (x)	8.3	5.2	4.2	6.3	6.0	9.0	5.4	9.8
	EV/EBIT (x)	11.7	12.8	8.8	15.6	12.2	16.2	9.3	15.5
	ROE	24.9	8.9	14.1	6.7	13.7	11.8	16.1	13.6
	FCF Yield (%)	9.9	4.6	9.0	6.1	7.4	4.6	6.0	3.8
	DPS	0.77	0.06	1.05	0.61	0.62	0.18	0.10	0.48
Dvd Yield	3.4%	1.4%	2.5%	1.9%	2.3%	1.6%	2.2%	4.3%	

Note 1: Financial data, multiples and ratios based on market consensus (Refinitiv). In the case of the company analyzed, own estimates (Lighthouse).

Note 2: All ratios and multiples on EBITDA refer to total EBITDA (not to recurrent EBITDA).

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Notes and Reports History

Date of report	Recommendation	Price (EUR)	Target price (EUR)	Period of validity	Reason for report	Analyst
01-Mar-2021	n.a.	11.30	n.a.	n.a.	12m Results 2020	David López Sánchez
30-Oct-2020	n.a.	11.35	n.a.	n.a.	9m Results 2020	David López Sánchez
28-Jul-2020	n.a.	11.90	n.a.	n.a.	Estimates downgrade	David López Sánchez
28-Feb-2020	n.a.	13.30	n.a.	n.a.	12m Results 2019	David López Sánchez
28-Oct-2019	n.a.	13.45	n.a.	n.a.	9m Results 2019	David López Sánchez
22-Jul-2019	n.a.	14.35	n.a.	n.a.	6m Results 2019 - Estimates downgrade	David López Sánchez
13-May-2019	n.a.	15.45	n.a.	n.a.	3m Results 2019	David López Sánchez
01-Mar-2019	n.a.	15.00	n.a.	n.a.	12m Results 2018	David López Sánchez
22-Nov-2018	n.a.	12.68	n.a.	n.a.	Initiation of Coverage	David López Sánchez

