

9m 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.

Excellent margin recovery. Operating efficiency is evident

Market Data

Market Cap (Mn EUR and USD)	113.5	132.5
EV (Mn EUR and USD) ⁽²⁾	134.1	156.6
Shares Outstanding (Mn)	10.0	
-12m (Max/Med/Mín EUR)	14.30 / 11.90 / 8.90	
Daily Avg volume (-12m Mn EUR)	0.09	
Rotation ⁽³⁾	19.2	
Thomson Reuters / Bloomberg	LGT.MC / LGT SM	
Close fiscal year	31-Dec	

“EXPECTED” FALL IN REVENUES (EUR 64.1MN 9M20; -25% VS 9M19)... due to the Covid-19 crisis which brought the auto sector to a virtual standstill all over the world. However, we would point up that in 3Q LGT already returned to similar levels of revenue to those seen in 3Q19 (3Q20 revenues: -1.8% vs 3Q19). What’s more, LGT managed to grow c. 4p.p. more than the European market (LGT 9m20 sales -25% vs a fall in demand for vehicles in the EU of -28.8%).

Shareholders Structure (%)

Board of Directors	55.0
Mallorquina de Seguros	6.0
Onchena	3.5
Free Float	35.5

...BUT WITH RESILIENT MARGINS (EBITDA EUR 9.0MN; -31.4% VS 9M19). The EBITDA margin picked up in 3Q20 and reached 14.1% in 9m20 (vs 12.1% in 1H20 and an estimated 12.3% for the year as a whole). In fact, the 3Q20 EBITDA margin was 17.2% (+1.9p.p. vs 3Q19; and higher than the sector’s even in a normalised situation). The main reasons for the improvement in margins are: (i) the recovery of volumes seen in 3Q20, (ii) proven cost discipline and (iii) the investments made in 2016 and 2019 (which have improved operating efficiency and the product portfolio).

Financials (Mn EUR)

	2019	2020e	2021e	2022e
Adj. nº shares (Mn)	10.0	10.0	10.0	10.0
Total Revenues	114.9	87.5	101.4	114.5
Rec. EBITDA ⁽⁴⁾	16.8	10.7	13.1	17.1
% growth	-7.5	-36.2	22.4	30.4
% Rec. EBITDA/Rev.	14.6	12.3	13.0	15.0
% Inc. EBITDA sector ⁽⁵⁾	10.8	-37.6	42.2	11.3
Net Profit	8.7	3.8	5.8	8.9
EPS (EUR)	0.87	0.38	0.58	0.89
% growth	-5.3	-56.6	52.0	54.8
Ord. EPS (EUR)	0.87	0.38	0.58	0.89
% growth	-5.3	-56.6	52.0	54.8
Rec. Free Cash Flow ⁽⁶⁾	8.4	6.9	6.4	9.0
Pay-out (%)	80.3	80.0	80.0	80.0
DPS (EUR)	0.70	0.30	0.46	0.71
Net financial debt	15.2	15.4	12.0	7.6
ND/Rec. EBITDA (x)	0.9	1.4	0.9	0.4
ROE (%)	19.2	8.5	13.0	18.6
ROCE (%) ⁽⁶⁾	14.3	6.6	10.1	15.5

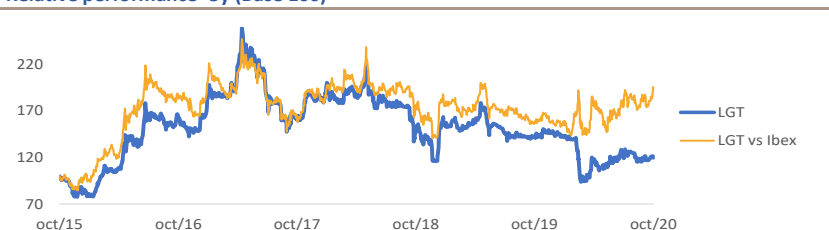
LGT’S STRENGTHS REMAIN INTACT. Which, if the reactivation seen in the auto sector (especially in September) were to continue, could enable LGT to regain 2019 levels sooner than estimated. In our view, the company’s main strengths continue to be: (i) the strong investment plan already implemented in 2016-2019, which has improved LGT’s competitive position, (ii) cost flexibility and a focus on profitability (6m20 and 9m20 results are an example) and (iii) a healthy balance sheet structure (despite the increase in ND to EUR 19.4Mn in 1H20; a reflection of the Covid-19 effect which caused a 48% reduction in 1H20 EBITDA).

IN SUMMARY: THE COMPANY’S OPERATING EFFICIENCY IS EVIDENT. Results are fully in line in terms of revenues (logical reflection of a difficult year), but better than expected in EBITDA (excellent margin recovery); which again confirms LGT’s proven cost discipline and operating efficiency. We maintain our estimates against a backdrop of an increasing number of fresh outbreaks of Covid-19 that continues to advise caution. But the positive surprise on margins (and its continuation in 4Q20) would result in an upgrade to numbers: 2020e EBITDA close to EUR 12.5Mn? Currently, the risk to our estimates is on the upside (barring a new, unlikely, scenario of a total shut-down due to Covid-19).

Ratios & Multiples (x) ⁽⁷⁾

	2019	2020e	2021e	2022e
P/E	13.0	30.0	19.7	12.7
Ord. P/E	13.0	30.0	19.7	12.7
P/BV	2.5	2.6	2.5	2.3
Dividend Yield (%)	6.2	2.7	4.1	6.3
EV/Sales	1.17	1.53	1.32	1.17
EV/Rec. EBITDA	8.0	12.5	10.2	7.8
EV/EBIT	11.5	25.7	17.2	11.3
FCF Yield (%) ⁽⁶⁾	7.4	6.0	5.6	7.9

Relative performance -5y (Base 100)



Stock performance (%)

	-1m	-3m	-12m	YTD	-3Y	-5Y
Absolute	1.8	-1.3	-15.6	-16.2	-26.3	19.6
vs Ibex 35	6.6	10.9	23.7	24.8	17.2	93.9
vs Ibex Small Cap Index	4.3	-3.1	-12.0	-9.0	-32.0	-9.9
vs Eurostoxx 50	10.5	10.0	3.3	6.0	-9.1	37.9
vs Sector benchmark ⁽⁵⁾	5.9	-2.9	7.0	3.4	9.6	56.9

(1) The opinion about results is in respect of reported EBITDA and its relation to our estimate for the year (12m). The impact reflects whether, as a consequence of these results, we envisage a significant (>5%) upgrade or downgrade to our EBITDA estimates (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 Anex 2 for the theoretical tax rate (ROCE) and recurrent 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, Thomson Reuters and Lighthouse

9m20 Results

EUR Mn	9m20	9m19	9m20 vs	2020e	2020e vs	3T20	3T20 vs
			9m19		2019		3T19
Total Revenues	64.1	85.4	-25.0%	87.5	-23.9%	24.5	-1.8%
Recurrent EBITDA	9.0	13.2	-31.4%	10.7	-36.2%	4.2	10.6%
<i>Rec. EBITDA/Revenues</i>	<i>14.1%</i>	<i>15.4%</i>	<i>-1.3 p.p.</i>	<i>12.3%</i>	<i>-2.4 p.p.</i>	<i>17.2%</i>	<i>1.9 p.p.</i>
EBITDA	9.0	13.2	-31.4%	10.7	-36.2%	4.2	10.6%
<i>EBITDA/Revenues</i>	<i>14.1%</i>	<i>15.4%</i>	<i>-1.3 p.p.</i>	<i>12.3%</i>	<i>-2.4 p.p.</i>	<i>17.2%</i>	<i>1.9 p.p.</i>
PBT	4.5	8.7	-48.1%	5.0	-56.5%	2.9	24%

Note: 9M20 results do not include information regarding Net Debt at September 2020 (EUR 19.4Mn at June 2020; +27.1% vs 2019).

Valuation inputs

Inputs for the DCF Valuation Approach

	2020e	2021e	2022e	Terminal Value ⁽¹⁾		
Free Cash Flow "To the Firm"	7.0	6.6	9.1	148.6		
Market Cap	113.5	At the date of this report				
Net financial debt	19.4	Debt net of Cash (6m Results 2020)				
					Best Case	Worst Case
Cost of Debt	2.0%	Net debt cost			1.8%	2.3%
Tax rate (T)	20.0%	T (Normalised tax rate)			=	=
Net debt cost	1.6%	Kd = Cost of Net Debt * (1-T)			1.4%	1.8%
Risk free rate (rf)	0.1%	Rf (10y Spanish bond yield)			=	=
Equity risk premium	9.0%	R (own estimate)			8.5%	9.5%
Beta (B)	1.0	B (Thomson Reuters and Lighthouse)			0.9	1.1
Cost of Equity	9.1%	Ke = Rf + (R * B)			7.8%	10.6%
Equity / (Equity + Net Debt)	85.4%	E (Market Cap as equity value)			=	=
Net Debt / (Equity + Net Debt)	14.6%	D			=	=
WACC	8.0%	WACC = Kd * D + Ke * E			6.9%	9.3%
G "Fair"	1.5%				2.0%	1.0%

(1) Terminal value calculated on the recurrent Free Cash Flow "to the Firm" of the last estimated year using the normalised tax rate (T) indicated in the upper table.

Inputs for the Multiples Valuation Approach

Company	Ticker Reuters	Mkt. Cap	P/E 20e	EPS 20e-22e	EV/EBITDA 20e	EBITDA 20e-22e	EV/Sales 20e	Revenues 20e-22e	EBITDA/Sales 20e	FCF Yield 20e	FCF 20e-22e
CIE Automotive	CIEA.MC	2,133.5	13.4	32.8%	10.9	21.1%	1.6	11.3%	14.3%	1.8%	n.a.
Gestamp	GEST.MC	1,364.0	n.a.	n.a.	7.5	30.1%	0.7	12.3%	8.8%	1.5%	n.a.
Faurecia	EPED.PA	4,406.1	n.a.	n.a.	6.0	31.9%	0.6	13.1%	10.0%	n.a.	n.a.
Voestalpine	VOES.VI	4,271.3	n.a.	n.a.	9.9	32.9%	0.8	7.9%	7.7%	5.7%	20.7%
Auto-Parts			13.4	32.8%	8.6	29.0%	0.9	11.2%	10.2%	3.0%	20.7%
Brembo SPA	BRBI.MI	2,878.9	27.2	40.1%	9.8	17.4%	1.6	9.3%	16.6%	2.6%	66.2%
Hallex AB	HLDX.ST	168.7	27.8	n.a.	8.9	53.5%	0.6	9.3%	7.0%	n.a.	59.2%
Brake Systems			27.5	40.1%	9.3	35.5%	1.1	9.3%	11.8%	2.6%	62.7%
LGT	LGT.MC	113.5	30.0	53.4%	12.5	26.3%	1.5	14.4%	12.3%	6.0%	14.5%

Free Cash Flow sensitivity analysis (2021e)

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

Scenario	EBITDA/Sales 21e	EBITDA 21e	EV/EBITDA 21e
Max	14.3%	14.5	9.3x
Central	13.0%	13.1	10.2x
Min	11.7%	11.8	11.3x

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

Rec. FCF EUR Mn	CAPEX/Sales 21e			Scenario	Rec. FCF/Yield 21e		
EBITDA 21e	3.6%	4.0%	4.4%		Max	7.2%	6.8%
14.5	8.1	7.7	7.3	Central	6.0%	5.6%	5.3%
13.1	6.8	6.4	6.0	Min	4.8%	4.5%	4.1%
11.8	5.5	5.1	4.7				

Appendix 1. Financial Projections⁽¹⁾

Balance Sheet (EUR Mn)	2015	2016	2017	2018	2019	2020e	2021e	2022e		
Intangible assets	0.3	0.2	0.4	0.5	0.9	1.0	1.1	1.2		
Fixed assets	31.6	45.6	49.5	55.1	56.8	54.8	53.4	52.7		
Other Non Current Assets	0.9	0.7	0.6	0.6	0.5	0.5	0.5	0.5		
Financial Investments	1.2	0.9	0.7	0.6	0.6	0.6	0.6	0.6		
Goodwill & Other Intangibles	-	-	-	-	-	-	-	-		
Current assets	18.4	20.6	28.8	29.5	28.9	22.0	25.5	28.8		
Total assets	52.4	68.0	80.1	86.3	87.7	78.9	81.2	83.8		
Equity	35.8	41.4	42.3	44.5	46.2	43.0	45.7	50.0		
Minority Interests	-	-	-	-	-	-	-	-		
Provisions & Other L/T Liabilities	2.3	2.0	1.9	1.7	1.5	1.5	1.5	1.5		
Other Non Current Liabilities	-	-	-	-	0.2	0.2	0.2	0.2		
Net financial debt	(2.2)	3.1	10.7	17.0	15.2	15.4	12.0	7.6		
Current Liabilities	16.5	21.5	25.2	23.1	24.6	18.9	21.8	24.5		
Equity & Total Liabilities	52.4	68.0	80.1	86.3	87.7	78.9	81.2	83.8		
										CAGR
P&L (EUR Mn)	2015	2016	2017	2018	2019	2020e	2021e	2022e	15-19	19-22e
Total Revenues	79.5	95.6	104.2	115.6	114.9	87.5	101.4	114.5	9.7%	-0.1%
<i>Total Revenues growth</i>	25.5%	20.3%	9.0%	10.9%	-0.6%	-23.9%	15.9%	12.9%		
COGS	(29.2)	(33.7)	(41.6)	(48.7)	(49.6)	(37.3)	(43.1)	(48.7)		
Gross Margin	50.3	62.0	62.6	66.9	65.3	50.2	58.3	65.7	6.8%	0.2%
<i>Gross Margin/Revenues</i>	63.3%	64.8%	60.1%	57.9%	56.8%	57.3%	57.5%	57.4%		
Personnel Expenses	(19.9)	(24.1)	(26.7)	(28.1)	(27.8)	(21.3)	(26.0)	(28.1)		
Other Operating Expenses	(17.2)	(18.9)	(19.2)	(20.5)	(20.6)	(18.2)	(19.1)	(20.5)		
Recurrent EBITDA	13.2	19.0	16.7	18.2	16.8	10.7	13.1	17.1	6.3%	0.6%
<i>Recurrent EBITDA growth</i>	50.8%	44.6%	-12.1%	8.9%	-7.5%	-36.2%	22.4%	30.4%		
<i>Rec. EBITDA/Revenues</i>	16.6%	19.9%	16.0%	15.8%	14.6%	12.3%	13.0%	15.0%		
Restructuring Expense & Other non-rec.	-	-	-	-	-	-	-	-		
EBITDA	13.2	19.0	16.7	18.2	16.8	10.7	13.1	17.1	6.3%	0.6%
Depreciation & Provisions	(4.0)	(3.8)	(5.0)	(5.5)	(5.5)	(5.5)	(5.4)	(5.3)		
Capitalized Expense	-	-	0.6	0.1	0.4	0.1	0.1	0.1		
Rentals (IFRS 16 impact)	-	-	-	-	(0.1)	(0.1)	(0.1)	(0.1)		
EBIT	9.2	15.2	12.4	12.8	11.7	5.2	7.8	11.9	6.3%	0.5%
<i>EBIT growth</i>	72.2%	65.8%	-18.8%	3.7%	-8.7%	-55.4%	49.0%	52.6%		
<i>EBIT/Revenues</i>	11.5%	15.9%	11.9%	11.1%	10.2%	6.0%	7.7%	10.4%		
Impact of Goodwill & Others	-	-	-	-	-	-	-	-		
Net Financial Result	(0.3)	(0.2)	(0.2)	(0.2)	(0.3)	(0.3)	(0.2)	(0.2)		
Income by the Equity Method	-	(0.8)	(0.2)	(0.4)	-	-	-	-		
Ordinary Profit	8.9	14.2	11.9	12.2	11.4	5.0	7.5	11.7	6.4%	0.7%
<i>Ordinary Profit Growth</i>	77.7%	59.3%	-16.1%	2.6%	-6.6%	-56.5%	52.0%	54.8%		
Extraordinary Results	-	-	-	-	-	-	-	-		
Profit Before Tax	8.9	14.2	11.9	12.2	11.4	5.0	7.5	11.7	6.4%	0.7%
Tax Expense	(2.2)	(3.7)	(3.0)	(3.0)	(2.7)	(1.2)	(1.8)	(2.8)		
<i>Effective Tax Rate</i>	24.5%	26.1%	25.1%	24.7%	23.7%	23.7%	23.7%	23.7%		
Minority Interests	-	-	-	-	-	-	-	-		
Discontinued Activities	-	-	-	-	-	-	-	-		
Net Profit	6.7	10.5	8.9	9.2	8.7	3.8	5.8	8.9	6.7%	0.7%
<i>Net Profit growth</i>	69.1%	56.0%	-14.9%	3.1%	-5.3%	-56.6%	52.0%	54.8%		
Ordinary Net Profit	6.7	10.5	8.9	9.2	8.7	3.8	5.8	8.9	6.7%	0.7%
<i>Ordinary Net Profit growth</i>	69.1%	56.0%	-14.9%	3.1%	-5.3%	-56.6%	52.0%	54.8%		
										CAGR
Cash Flow (EUR Mn)	2015	2016	2017	2018	2019	2020e	2021e	2022e	15-19	19-22e
Recurrent EBITDA						10.7	13.1	17.1	6.3%	0.6%
Rentals (IFRS 16 impact)						(0.1)	(0.1)	(0.1)		
Working Capital Increase						1.1	(0.6)	(0.6)		
Recurrent Operating Cash Flow						11.8	12.5	16.5	1.2%	-4.3%
CAPEX						(3.5)	(4.1)	(4.6)		
Net Financial Result affecting the Cash Flow						(0.3)	(0.2)	(0.2)		
Tax Expense						(1.2)	(1.8)	(2.8)		
Recurrent Free Cash Flow						6.9	6.4	9.0	-2.9%	2.3%
Restructuring Expense & Other non-rec.						-	-	-		
- Acquisitions / + Divestitures of assets						-	-	-		
Extraordinary Inc./Exp. Affecting Cash Flow						-	-	-		
Free Cash Flow						6.9	6.4	9.0	-4.0%	0.8%
Capital Increase						-	-	-		
Dividends						(7.0)	(3.0)	(4.6)		
Net Debt Variation						0.1	(3.4)	(4.4)		

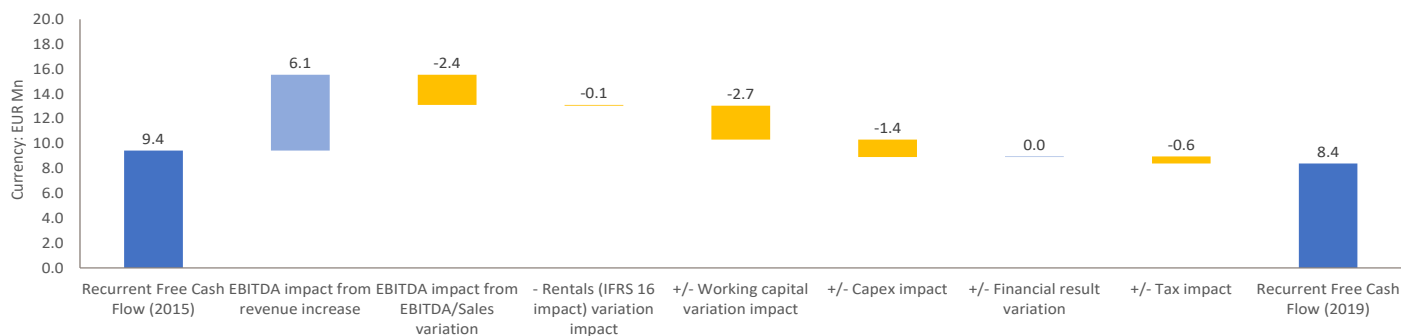
Note 1: Financial projections include IFRS 16 adjustments. FY 19 EBITDA is c. EUR 0.1Mn higher due to IFRS 16.

Appendix 2. Free Cash Flow⁽¹⁾

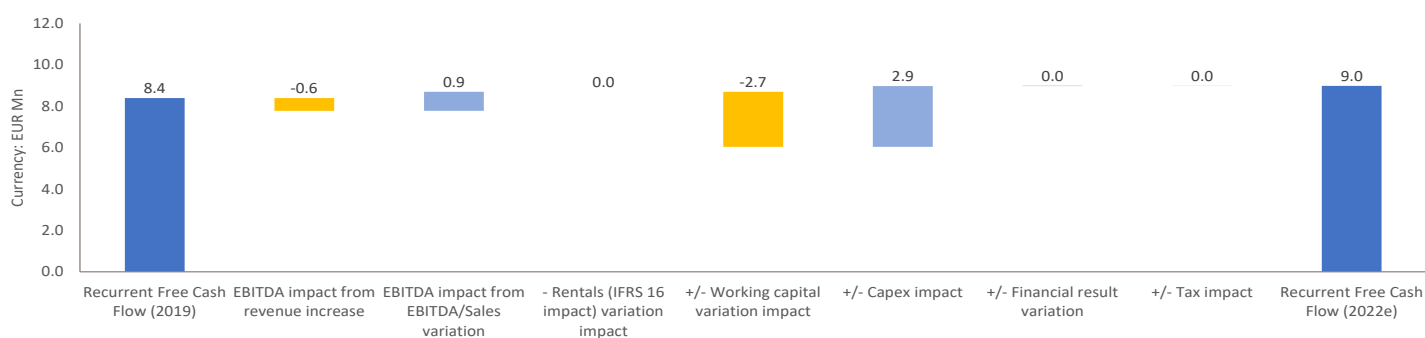
A) Cash Flow Analysis (EUR Mn)	2016	2017	2018	2019	2020e	2021e	2022e	CAGR	
								16-19	19-22e
Recurrent EBITDA	19.0	16.7	18.2	16.8	10.7	13.1	17.1	-4.0%	0.6%
<i>Recurrent EBITDA growth</i>	44.6%	-12.1%	8.9%	-7.5%	-36.2%	22.4%	30.4%		
<i>Rec. EBITDA/Revenues</i>	19.9%	16.0%	15.8%	14.6%	12.3%	13.0%	15.0%		
- Rentals (IFRS 16 impact)	-	-	-	(0.1)	(0.1)	(0.1)	(0.1)		
+/- Working Capital increase	2.9	(4.5)	(2.8)	2.1	1.1	(0.6)	(0.6)		
= Recurrent Operating Cash Flow	21.9	12.2	15.4	18.9	11.8	12.5	16.5	-4.8%	-4.3%
<i>Rec. Operating Cash Flow growth</i>	21.6%	-44.4%	26.8%	22.2%	-37.6%	6.0%	32.3%		
<i>Rec. Operating Cash Flow / Sales</i>	22.9%	11.7%	13.4%	16.4%	13.5%	12.3%	14.4%		
- CAPEX	(18.1)	(10.0)	(11.5)	(7.5)	(3.5)	(4.1)	(4.6)		
- Net Financial Result affecting Cash Flow	(0.2)	(0.2)	(0.2)	(0.2)	(0.3)	(0.2)	(0.2)		
- Taxes	(3.7)	(3.0)	(3.2)	(2.8)	(1.2)	(1.8)	(2.8)		
= Recurrent Free Cash Flow	(0.1)	(1.1)	0.6	8.4	6.9	6.4	9.0	<i>n.a.</i>	2.3%
<i>Rec. Free Cash Flow growth</i>	-101.3%	-790.6%	155.1%	n.a.	-18.4%	-6.5%	40.2%		
<i>Rec. Free Cash Flow / Revenues</i>	n.a.	n.a.	0.5%	7.3%	7.8%	6.3%	7.8%		
- Restructuring expenses & others	-	-	-	-	-	-	-		
- Acquisitions / + Divestments	(0.2)	0.4	0.2	0.4	-	-	-		
+/- Extraordinary Inc./Exp. affecting Cash Flow	-	-	-	-	-	-	-		
= Free Cash Flow	(0.3)	(0.7)	0.8	8.8	6.9	6.4	9.0	<i>n.a.</i>	0.8%
<i>Free Cash Flow growth</i>	-103.0%	-121.5%	216.3%	994.4%	-22.0%	-6.5%	40.2%		
<i>Recurrent Free Cash Flow - Yield (s/Mkt Cap)</i>	n.a.	n.a.	0.5%	7.4%	6.0%	5.6%	7.9%		
<i>Free Cash Flow Yield (s/Mkt Cap)</i>	n.a.	n.a.	0.7%	7.7%	6.0%	5.6%	7.9%		
B) Analytical Review of Annual Recurrent Free Cash Flow Performance (Eur Mn)									
Recurrent FCF(FY - 1)	9.4	(0.1)	(1.1)	0.6	8.4	6.9	6.4		
EBITDA impact from revenue increase	2.7	1.7	1.8	(0.1)	(4.0)	1.7	1.7		
EBITDA impact from EBITDA/Sales variation	3.2	(4.0)	(0.3)	(1.3)	(2.1)	0.7	2.3		
= Recurrent EBITDA variation	5.9	(2.3)	1.5	(1.4)	(6.1)	2.4	4.0		
- Rentals (IFRS 16 impact) variation impact	-	-	-	(0.1)	-	-	-		
+/- Working capital variation impact	(2.0)	(7.4)	1.8	4.9	(1.0)	(1.7)	0.0		
= Recurrent Operating Cash Flow variation	3.9	(9.7)	3.3	3.4	(7.1)	0.7	4.0		
+/- CAPEX impact	(12.0)	8.1	(1.5)	4.0	4.0	(0.6)	(0.5)		
+/- Financial result variation	0.0	(0.0)	0.0	(0.0)	(0.0)	0.0	0.0		
+/- Tax impact	(1.5)	0.7	(0.2)	0.5	1.6	(0.6)	(1.0)		
= Recurrent Free Cash Flow variation	(9.6)	(0.9)	1.6	7.8	(1.5)	(0.4)	2.6		
Recurrent Free Cash Flow	(0.1)	(1.1)	0.6	8.4	6.9	6.4	9.0		
C) "FCF to the Firm" (pre debt service) (EUR Mn)									
EBIT	15.2	12.4	12.8	11.7	5.2	7.8	11.9	-8.4%	0.5%
* <i>Theoretical Tax rate</i>	26.1%	25.1%	24.7%	23.7%	23.7%	23.7%	23.7%		
= Taxes (pre- Net Financial Result)	(4.0)	(3.1)	(3.2)	(2.8)	(1.2)	(1.8)	(2.8)		
Recurrent EBITDA	19.0	16.7	18.2	16.8	10.7	13.1	17.1	-4.0%	0.6%
- Rentals (IFRS 16 impact)	-	-	-	(0.1)	(0.1)	(0.1)	(0.1)		
+/- Working Capital increase	2.9	(4.5)	(2.8)	2.1	1.1	(0.6)	(0.6)		
= Recurrent Operating Cash Flow	21.9	12.2	15.4	18.9	11.8	12.5	16.5	-4.8%	-4.3%
- CAPEX	(18.1)	(10.0)	(11.5)	(7.5)	(3.5)	(4.1)	(4.6)		
- Taxes (pre- Financial Result)	(4.0)	(3.1)	(3.2)	(2.8)	(1.2)	(1.8)	(2.8)		
= Recurrent Free Cash Flow (To the Firm)	(0.2)	(0.9)	0.8	8.6	7.0	6.6	9.1	<i>n.a.</i>	2.0%
<i>Rec. Free Cash Flow (To the Firm) growth</i>	-101.7%	-448.2%	187.8%	960.0%	-18.0%	-6.5%	38.5%		
<i>Rec. Free Cash Flow (To the Firm) / Revenues</i>	n.a.	n.a.	0.7%	7.5%	8.1%	6.5%	8.0%		
- Acquisitions / + Divestments	(0.2)	0.4	0.2	0.4	-	-	-		
+/- Extraordinary Inc./Exp. affecting Cash Flow	-	-	-	-	-	-	-		
= Free Cash Flow "To the Firm"	(0.4)	(0.6)	1.0	9.0	7.0	6.6	9.1	<i>n.a.</i>	0.5%
<i>Free Cash Flow (To the Firm) growth</i>	-103.4%	-55.3%	284.1%	768.6%	-21.6%	-6.5%	38.5%		
<i>Rec. Free Cash Flow To the Firm Yield (o/EV)</i>	n.a.	n.a.	0.6%	6.4%	5.3%	4.9%	6.8%		
<i>Free Cash Flow "To the Firm" - Yield (o/EV)</i>	n.a.	n.a.	0.8%	6.7%	5.3%	4.9%	6.8%		

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

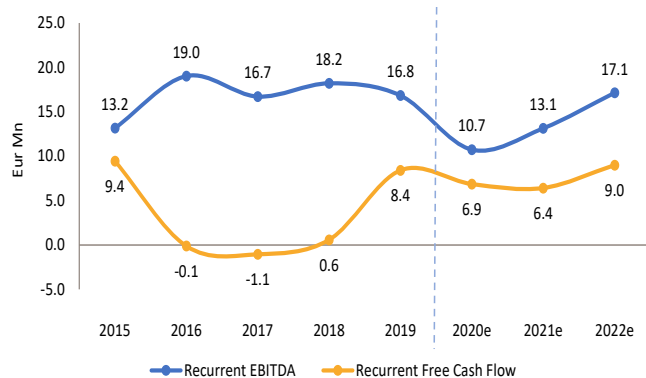
Recurrent Free Cash Flow accumulated variation analysis (2015 - 2019)



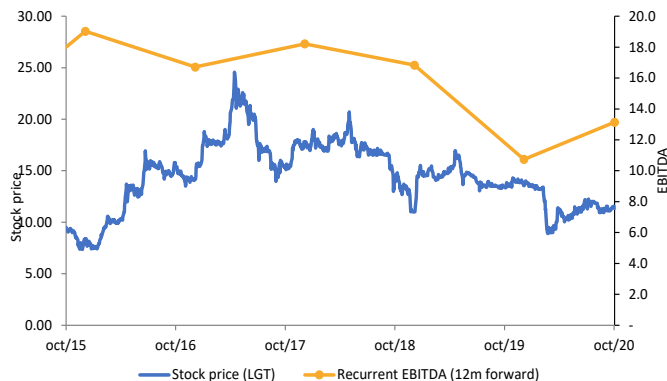
Recurrent Free Cash Flow accumulated variation analysis (2019 - 2022e)



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	113.5	
+ Minority Interests	-	6m Results 2020
+ Provisions & Other L/T Liabilities	1.5	6m Results 2020
+ Net financial debt	19.4	6m Results 2020
- Financial Investments	0.2	6m Results 2020
+/- Others	-	6m Results 2020
Enterprise Value (EV)	134.1	

Appendix 4. Historical performance (1)(2)

Historical performance (EUR Mn)	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020e	2021e	2022e	CAGR	
															09-19	19-22e
Total Revenues	45.6	66.7	72.4	57.6	58.1	63.0	79.5	95.6	104.2	115.6	114.9	87.5	101.4	114.5	9.7%	-0.1%
Total Revenues growth	-40.1%	46.3%	8.6%	-20.4%	0.8%	8.5%	26.1%	20.3%	9.0%	10.9%	-0.6%	-23.9%	15.9%	12.9%		
EBITDA	5.1	11.7	10.4	5.0	6.4	8.7	13.2	19.0	16.7	18.2	16.8	10.7	13.1	17.1	12.7%	0.6%
EBITDA growth	-49.6%	129.5%	-11.6%	-51.3%	26.1%	36.7%	51.5%	44.6%	-12.1%	8.9%	-7.5%	-36.2%	22.4%	30.4%		
EBITDA/Sales	11.2%	17.6%	14.3%	8.7%	10.9%	13.8%	16.6%	19.9%	16.0%	15.8%	14.6%	12.3%	13.0%	15.0%		
Net Profit	0.7	4.4	3.6	0.3	2.5	4.0	6.7	10.5	8.9	9.2	8.7	3.8	5.8	8.9	29.3%	0.7%
Net Profit growth	-78.3%	561.3%	-17.9%	-92.9%	876.0%	58.1%	69.1%	56.0%	-14.9%	3.1%	-5.3%	-56.6%	52.0%	54.8%		
Adjusted number shares (Mn)	10.7	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		
EPS (EUR)	0.06	0.40	0.33	0.02	0.23	0.40	0.67	1.05	0.89	0.92	0.87	0.38	0.58	0.89	30.2%	0.7%
EPS growth	-78.3%	n.a.	-17.9%	-92.9%	n.a.	74.2%	67.3%	56.0%	-14.9%	3.1%	-5.3%	-56.6%	52.0%	54.8%		
Ord. EPS (EUR)	0.06	0.40	0.33	0.02	0.23	0.40	0.67	1.05	0.89	0.92	0.87	0.38	0.58	0.89	30.2%	0.7%
Ord. EPS growth	-78.3%	n.a.	-17.9%	-92.9%	n.a.	74.2%	67.3%	56.0%	-14.9%	3.1%	-5.3%	-56.6%	52.0%	54.8%		
CAPEX	(4.0)	(5.9)	(2.8)	(2.7)	(1.7)	(3.2)	(6.1)	(18.1)	(10.0)	(11.5)	(7.5)	(3.5)	(4.1)	(4.6)		
CAPEX/Sales %	8.8%	8.9%	3.9%	4.6%	3.0%	5.0%	7.7%	18.9%	9.6%	9.9%	6.5%	4.0%	4.0%	4.0%		
Free Cash Flow	2.7	7.1	1.8	2.0	8.3	0.5	10.3	(0.3)	(0.7)	0.8	8.8	6.9	6.4	9.0	12.7%	0.8%
ND/EBITDA (x) ⁽³⁾	2.7x	0.6x	0.7x	1.4x	0.0x	0.7x	-0.2x	0.2x	0.6x	0.9x	0.9x	1.4x	0.9x	0.4x		
P/E (x)	48.1x	7.3x	7.7x	93.8x	13.1x	9.4x	12.5x	13.5x	19.9x	12.0x	15.5x	30.0x	19.7x	12.7x		
EV/Sales (x)	1.02x	0.58x	0.47x	0.54x	0.57x	0.68x	1.03x	1.52x	1.79x	1.09x	1.30x	1.53x	1.32x	1.17x		
EV/EBITDA (x) ⁽³⁾	9.1x	3.3x	3.3x	6.2x	5.2x	4.9x	6.2x	7.6x	11.2x	6.9x	8.9x	12.5x	10.2x	7.8x		
Absolute performance	-3.7%	-2.6%	-13.2%	-13.1%	36.7%	24.8%	123.3%	69.0%	25.4%	-38.2%	23.2%	-16.2%				
Relative performance vs Ibx 35	-25.8%	18.0%	-0.1%	-8.9%	12.6%	20.4%	140.5%	72.5%	16.7%	-27.3%	10.2%	24.8%				

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 Thomson Reuters.

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 Competitors 2020e

Market data	EUR Mn	Auto-Parts				Average	Brake Systems		
		CIE					Brembo SPA	Haldex AB	LGT
		Automotive	Gestamp	Faurecia	Voestalpine				
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		2,133.5	1,364.0	4,406.1	4,271.3		2,878.9	168.7	113.5
Enterprise value (EV)		4,373.0	4,837.8	8,722.0	8,368.0		3,488.9	245.4	134.1
Basic financial information	Total Revenues	2,810.1	7,343.4	14,513.8	11,025.2		2,159.7	395.2	87.5
	Total Revenues growth	-18.8%	-19.0%	-18.3%	-13.3%	-17.4%	-16.7%	-19.5%	-23.9%
	2y CAGR (2020e - 2022e)	11.3%	12.3%	13.1%	7.9%	11.2%	9.3%	9.3%	14.4%
	EBITDA	401.5	648.2	1,447.4	845.0		357.6	27.6	10.7
	EBITDA growth	-32.5%	-39.4%	-40.3%	-23.8%	-34.0%	-28.3%	-50.7%	-36.2%
	2y CAGR (2020e - 2022e)	21.1%	30.1%	31.9%	32.9%	29.0%	17.4%	53.5%	26.3%
	EBITDA/Revenues	14.3%	8.8%	10.0%	7.7%	10.2%	16.6%	7.0%	12.3%
	EBIT	255.4	98.2	329.9	(48.0)		157.2	16.7	5.2
	EBIT growth	-40.2%	-80.5%	-73.5%	-120.0%	-78.6%	-48.3%	-48.1%	-55.4%
	2y CAGR (2020e - 2022e)	26.7%	n.a.	n.a.	n.a.	26.7%	32.7%	57.3%	50.8%
	EBIT/Revenues	9.1%	1.3%	2.3%	n.a.	4.2%	7.3%	4.2%	6.0%
	Net Profit	159.8	(100.8)	(221.1)	(133.0)		98.2	2.3	3.8
	Net Profit growth	-49.0%	n.a.	n.a.	-38.6%	-43.8%	-59.0%	385.6%	-56.6%
	2y CAGR (2020e - 2022e)	31.4%	98.4%	n.a.	n.a.	64.9%	43.6%	n.a.	53.4%
CAPEX/Sales %	7.0%	7.3%	6.6%	5.5%	6.6%	7.0%	6.6%	-4.0%	
Free Cash Flow	38.9	19.8	(178.3)	242.4		75.0	(25.4)	6.9	
Net financial debt	1,704.4	2,816.3	3,244.0	3,900.5		438.2	84.2	15.4	
ND/EBITDA (x)	4.2	4.3	2.2	4.6	3.9	1.2	3.1	1.4	
Pay-out	44.8%	-1.0%	-22.7%	-42.5%	-5.3%	50.6%	0.0%	80.0%	
Multiples and Ratios	P/E (x)	13.4	n.a.	n.a.	n.a.	13.4	27.2	27.8	30.0
	P/BV (x)	2.4	0.8	1.2	0.8	1.3	1.9	1.2	2.6
	EV/Revenues (x)	1.6	0.7	0.6	0.8	0.9	1.6	0.6	1.5
	EV/EBITDA (x)	10.9	7.5	6.0	9.9	8.6	9.8	8.9	12.5
	EV/EBIT (x)	17.1	49.2	26.4	n.a.	30.9	22.2	14.7	25.7
	ROE	18.9	n.a.	n.a.	n.a.	18.9	7.7	4.2	8.5
	FCF Yield (%)	1.8	1.5	n.a.	5.7	3.0	2.6	n.a.	6.0
	DPS	0.56	0.00	0.37	0.32	0.31	0.15	0.00	0.30
Dvd Yield	3.4%	0.1%	1.2%	1.3%	1.5%	1.8%	0.0%	2.7%	

Note 1: Financial data, multiples and ratios based on market consensus (Thomson Reuters). 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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Date of report	Recommendation	Price (EUR)	Target price (EUR)	Period of validity	Reason for report	Analyst
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.	Review of estimates	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	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.	Initial Coverage	David López Sánchez