

EQUITY - SPAIN

Sector: Industrials - Machine Tools

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Review of estimates
Closing price: EUR 3.76 (22 Apr 2020)

Nicolás Correa (NEA) is a Spanish industrial (Burgos), whose core business is the design and manufacture of chip removal machine tools, specialising in milling machines for the general mechanical engineering industry (aerospace, renewables, automotive sectors, etc). Currently, sales in Spain account for 15% (2019) of the total, with a 53% of sales made in the rest of Europe. China accounted for 10,5% in 2019.

David López Sánchez – david.lopez@lighthouse-ief.com
+34 915 904 226

Credibly able to weather the Covid-19 crisis

Market Data

Market Cap (Mn EUR and USD)	46.3	50.1
EV (Mn EUR and USD) ⁽¹⁾	43.8	47.4
Shares Outstanding (Mn)	12.3	
-12m (Max/Med/Min EUR)	5.60 / 4.21 / 3.14	
Daily Avg volume (-12m Mn EUR)	0.09	
Rotation ⁽²⁾	51.0	
Thomson Reuters / Bloomberg	NEA.MC / NEA SM	
Close fiscal year	31-Dec	

Shareholders Structure (%)

Nicolás-Correa Family	31.9
Onchena	3.6
Board (Excl. Nicolas-Correa)	2.0
Free Float	62.6

Financials (Mn EUR)

	2019	2020e	2021e	2022e
Adj. nº shares (Mn)	12.3	12.3	12.3	12.3
Total Revenues	74.3	52.0	60.0	71.9
Rec. EBITDA ⁽³⁾	9.3	2.5	5.4	8.6
% growth	11.0	-73.4	118.2	58.7
% Rec. EBITDA/Rev.	12.6	4.8	9.0	12.0
% Inc. EBITDA sector ⁽⁴⁾	3.2	-11.7	22.4	9.4
Net Profit	8.1	1.0	3.8	6.1
EPS (EUR)	0.66	0.08	0.31	0.50
% growth	2.6	-87.7	281.2	60.8
Ord. EPS (EUR)	0.64	0.08	0.31	0.50
% growth	18.8	-87.3	281.2	60.8
Rec. Free Cash Flow ⁽⁵⁾	4.4	0.6	2.6	4.5
Pay-out (%)	25.7	25.0	25.0	25.0
DPS (EUR)	0.17	0.02	0.08	0.12
Net financial debt	-4.9	-3.4	-5.8	-9.4
ND/Rec. EBITDA (x)	-0.5	-1.4	-1.1	-1.1
ROE (%)	16.1	1.9	7.1	10.5
ROCE (%) ⁽⁵⁾	16.8	2.1	7.6	11.9

Ratios & Multiples (x)⁽⁶⁾

	2019	2020e	2021e	2022e
P/E	5.7	46.5	12.2	7.6
Ord. P/E	5.9	46.5	12.2	7.6
P/BV	0.9	0.9	0.8	0.8
Dividend Yield (%)	4.5	0.5	2.0	3.3
EV/Sales	0.59	0.84	0.73	0.61
EV/Rec. EBITDA	4.7	17.6	8.1	5.1
EV/EBIT	5.4	41.8	11.2	6.2
FCF Yield (%) ⁽⁵⁾	9.4	1.4	5.7	9.8

(1) Please refer to Appendix 3.

(2) Rotation represents the % of the capitalisation traded - 12m.

(3) Financial projections include IFRS 16 adjustments. FY 19 EBITDA is c. EUR 0.2Mn higher due to IFRS 16.

(4) Sector: TR Europe Industrial Machinery and Equipment.

(5) Please see Annex 2 for the theoretical tax rate (ROCE) and recurrent FCF calculation.

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

WE DOWNGRADE OUR ESTIMATES FOR 2020E: because of the severe demand shock swiftly unleashed by Covid-19. We downgrade all items of the P&L: Revenue, EBITDA and Net Profit (-33%, -73% and -86%, respectively vs our previous estimate). However, we think that the company maintains its cash generation ability intact (FCF 2022e of c. EUR 4.5Mn; FCF yield of c. 10%).

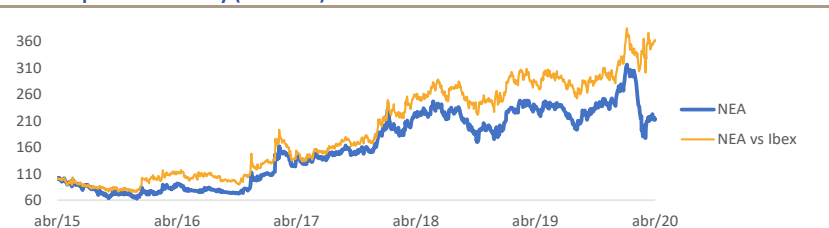
ALTHOUGH WE EXPECT A PARTIAL RECOVERY IN 2021 AND 2022: Our estimates envisage as central scenario a stabilisation of industrial activity in 4Q20, with a (still partial) recovery from 2H21, that should enable NEA to achieve revenue of at least EUR 72Mn in 2022e (-1.1% CAGR 2019-2022e). Albeit with profitability still below that of 2019 (EBITDA 2022e EUR 8.6Mn; -8% vs 2019).

WITH OBJECTIVE REASONS FOR GROWTH (AFTER COVID-19). The main drivers of the business in this period (and which will allow NEA to maintain a positive growth differential vs its sector) are: (i) its competitive position (in 2019 +5p.p. of market share vs its main competitors in Spain), (ii) a diversified business (both geographically and by sector) and (iii) a net cash position with which to tackle the current crisis (opening up the strategic option of taking advantage of the cycle downturn to grow non-organically).

IN CONCLUSION: A very sharp decrease in revenues and profitability in 2020 that (vs 2008) "catches" NEA with objective and plausible arguments for resistance (not for growth vs 2019). Taking on board the 2020 collapse, and with zero visibility regarding the speed of the recovery, it's true that an approximation to 2019 in two years would imply a FCF Yield 2022 > 10%. With zero visibility regarding the speed of the recovery from the crisis...

WHAT DOES TODAY'S SHARE PRICE TELL US? Even without the full recovery of 2019 results in 2022e (our central scenario today), the company would be trading at a discount of c. 31% to the multiple reached in January 2020 (prior to the Covid-19 shock). The recovery of levels of EBITDA generation prior to the Covid-19 crisis would imply, at today's prices, EV/EBITDA 2022e of c. 4.5x

Relative performance -5y (Base 100)



Stock performance (%)

	-1m	-3m	-12m	YTD	-3Y	-5Y
Absolute	13.9	-29.1	-11.5	-19.8	51.3	112.4
vs Ibex 35	9.3	1.1	26.2	13.9	133.7	260.4
vs Ibex Small Cap Index	-1.8	-7.6	7.9	-0.6	55.6	119.5
vs Eurostoxx 50	2.4	-5.7	9.2	5.9	83.6	179.1
vs Sector benchmark ⁽⁴⁾	-5.2	-8.7	5.5	3.3	68.1	122.3

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

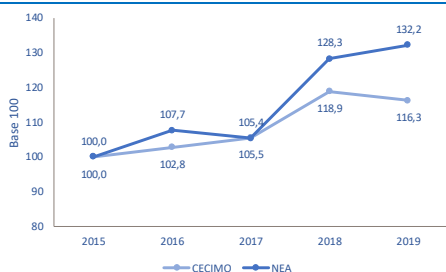
Report issued by IEF Servicios de Análisis, S.L.U. Lighthouse is a project of IEF Servicios de Análisis, S.L.U.

This report has been prepared on the basis of information available to the public. The report includes a financial analysis of the company covered. The report does not propose any personalised investment recommendation. Investors should consider the contents of this report as just another element in their investment decision-making process. The final two pages of this report contain very important legal information regarding its contents.

We downgrade our estimates

Covid-19 makes a significant downgrade of estimates inevitable: Revenue and EBITDA 2020e; -33% and -73% (vs previous estimate)

Chart 1. NEA revenues growth vs sector in Europe



Note: CECIMO refers to European Association of the Machine Tool Industries

NEA's performance in the last four years has been impeccable from a strictly business generation and profitability point of view (Revenue and EBITDA 2015-2019: +7.2% and +22% CAGR, respectively); showing a significant growth differential to its sector in Europe (Chart 1). This was true even in 2019, when industrial output "cooled" in almost all markets, especially in those to which NEA is most sensitive (Europe and China), causing, according to CECIMO data (4Q19), an erosion of the European machine tool sector: declines in order volumes (-23% vs 4Q18), and in production volumes (-4% vs 2018).

Despite this, in 2019 NEA's results consolidated the company's step-up in size with: (i) a well diversified order book close to highs for the last five years (EUR 31.1Mn; 42% of 2019 sales), (ii) revenue of EUR 74Mn (+3% vs 2018), (iii) margins above the sector average (EBITDA margin 2019 c. 13%; +1p.p. vs 2018) and (iv) a net cash position of EUR 4.9Mn. But today, in a context in which a sharp fall in economic activity is inevitable, the main questions are: (i) How will NEA respond in 2020 to the crisis unleashed so quickly by Covid-19? and (ii) what will be its ability for recovery after 2020 in a (theoretical) context of macro normalisation in 2022?

In our opinion, the NEA of today has little in common with the company that faced (and suffered) the Lehman Brothers Crisis of 2008.

Without intending to estimate the future by extrapolating from what happened in the past, comparing the current brusque fall in general economic activity (of unknown duration and extent) with what happened in 2008 is inevitable, especially in an inherently cyclical sector such as the machine tool one: decisions about investment in industrial machinery are some of the first to be postponed in a recession (consumption of machine tools in Europe c. -41% in 2009, NEA's revenues -50%; Table 1).

Chart 2. NEA order book geographic diversification (2019)

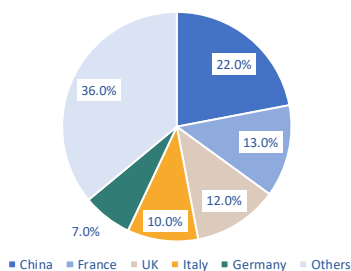
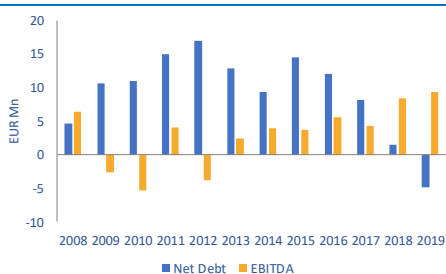


Table 1. Machine tool consumption in Europe vs NEA revenues and EBITDA (2008-2019)

Year since "crisis"	Year	Sector growth	Base 100	Revenues		EBITDA		EBITDA/Revenues
				EUR Mn	Base 100	EUR Mn	Base 100	
0	2008		100.0	116.0	100.0	6.4	100.0	5.5%
1	2009	-40.8%	59.2	58.0	50.0	-2.6	-41.1	-4.5%
2	2010	-7.7%	54.6	34.0	29.3	-5.4	-84.7	-15.8%
3	2011	28.4%	70.1	63.9	55.1	4.1	64.7	6.4%
4	2012	-0.3%	69.9	31.7	27.3	-3.8	-59.8	-12.0%
5	2013	2.8%	71.8	54.7	47.2	2.4	38.4	4.5%
6	2014	7.5%	77.2	55.6	47.9	3.9	62.1	7.1%
7	2015	11.8%	86.3	56.2	48.5	3.7	58.5	6.6%
8	2016	2.8%	88.7	60.5	52.2	5.6	87.4	9.2%
9	2017	2.6%	91.1	59.2	51.1	4.3	68.1	7.3%
10	2018	12.7%	102.6	72.1	62.2	8.4	132.5	11.7%
11	2019	-2.2%	100.4	74.3	64.1	9.3	147.0	12.6%

Note: European sector growth measured as the evolution of machine tool consumption in CECIMO members.

Chart 3. Net Debt vs vs EBITDA (2008-2019)



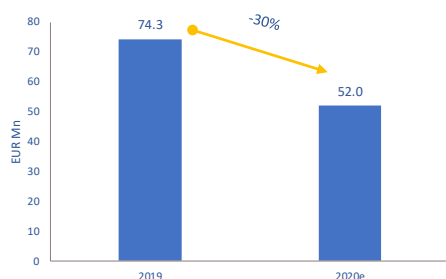
However, after the rationalisation of the company's structure (concluded in 2017), we think NEA has significant differentiating aspects to enable the company to weather the Covid-19 crisis without compromising its business and which justify that our structure of estimates today is very different to the situation in 2008-2012.

Our opinion for the coming years consists of two parts: on the one hand what we expect for 2020e, in a situation in which the visibility of any business is very low, and, on the other, the performance we can expect from NEA in the years following the macro shock brought about by Covid-19.

2020e: A (strong) decline is inevitable.

Whilst making estimates about the effects of Covid-19 means assuming maximum uncertainty, the severe reduction in economic activity seen in 1Q20 in China (GDP -6.8% vs +6.0% in 4Q19), with an impact from 2Q20 on the rest of the world, leads us to a downgrade of our 2020e estimates that can be summarised in three main areas:

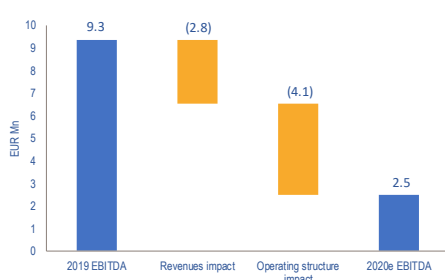
Chart 4. Revenues 2020e vs 2019



- **A fall in revenue (EUR 52Mn, -33% vs initial estimates; -30% vs 2019)...** The supply and demand shock caused by the Covid-19 crisis is now evident in all markets (Chinese industrial output slumped 13.5% in February; with unprecedented falls in March PMIs in the EU) and sectors (for example, in Europe, vehicle sales fell 55% in March, with a decline of 25.6% in the cumulative figure for the year).

With the global economy on hold, we think NEA will benefit from the momentum of its order book (EUR 31Mn, Dec. 2019; c. 40% of 2019 sales), that will allow it to maintain a good level of activity throughout 1H20. And although the current high degree of uncertainty will inevitably reduce the level of new orders in 2Q20 and 3Q20, NEA's positioning in China (where apparently industrial output began to recover in March; with a fall of -1.1% y/y vs -13.5% in February) and low exposure to the auto sector, will help sustain a fall in revenues of 30% (vs 50% in 2009).

Chart 5. EBITDA 2020e vs 2019



- **... that will cause EBITDA to decline to EUR 2.5Mn in 2020e (-73% vs initial estimates; -73% vs 2019).** The estimated fall in revenue will have a negative impact of EUR 2.8Mn on 2020e EBITDA, with 60% of the fall being a result of the company's operating structure in which c. 30% of costs are fixed.
- **Net profit (-86% vs previous estimate):** The above points fully impact 2020e net profit, which we expect to be around EUR 1Mn (-87% vs 2019). Given the company's operating leverage (and the zero impact of financial items), any improvement in the business situation would almost entirely translate to NP.

What would happen in an even worse scenario in 2020?

If the economy were to remain on hold for too long it would fall into a cycle of economic contraction with an additional impact to that seen in our downgrade of estimates. Given that uncertainty regarding the current macro scenario is maximum, the question to be answered now is what to expect from 2020e numbers in an even worse situation.

Table 2. 2020e: P&L, Cash Flow and ND main figures vs changes in the Current Scenario

	2020e		
	Worst Case	Current Scenario	Best Case
Total Revenues	46.9	52.0	57.3
Revenues growth vs 2019	-36.8%	-30.0%	-22.9%
Growth vs Current Scenario	-10.0%		10.0%
EBITDA	0.9	2.5	4.2
Growth vs 2019	-90.8%	-73.4%	-55.5%
Growth vs Current Scenario	-65.4%	0	67.3%
EBITDA/Revenues	1.8%	4.8%	7.3%
EBITDA Mg. increase vs 2019 (p.p.)	(10.7)	(7.8)	(5.3)
EBIT	(0.6)	1.0	2.7
Growth vs 2019	-106.9%	-87.2%	-66.8%
Growth vs Current Scenario	-154.2%	0	158.6%
EBIT/Revenues	n.a.	2.0%	4.7%
EBIT Mg. Increase vs 2019 (p.p.)	n.a.	(9.0)	(6.3)
Increase in working capital (gap in days)	60.0	31.4	23.3
Working Capital Increase	(2.0)	0.2	(0.1)
Rentals (IFRS 16 impact)*	(0.2)	(0.2)	(0.2)
Effective Tax Rate	n.a.	n.a.	15.6%
Taxes	0.3	(0.0)	(0.4)
=Recurrent Operating Cash Flow	(1.3)	2.5	3.9
Capex/Sales	3.4%	3.4%	3.4%
-CAPEX	(1.6)	(1.8)	(1.9)
=FCF to the firm	(2.9)	0.7	1.5
Growth vs FCF 2019	n.a.	-92.5%	-84.0%
ND	(0.1)	(3.4)	(4.2)
ND/EBITDA 2019	-0.1x	-1.4x	-1.0x

With a decline in revenue of close to -40% (vs -30% in our projections), we estimate EBITDA would still be positive (vs negative EBITDA in 2009, 2010 and 2012). And perhaps what is most interesting is that even in this scenario (in which we assume an increase in working capital of 60 days) the company would be able to maintain a positive cash position. This justifies our view that today NEA presents plausible arguments for being able to weather the Covid-19 crisis without compromising its business.

And the day after? 2021e, stabilisation and 2022e, recovery (albeit partial)

Our estimates envisage as central scenario a stabilisation of industrial activity at the end of 4Q20, with a (still partial) recovery from 2H21, that should enable NEA to achieve revenue of at least EUR 72Mn in 2022e (-1.1% CAGR 2019-2022e), albeit with profitability still below that of 2019 (EBITDA EUR 8.6Mn; -8% vs 2019).

In our view, the main drivers of the business in this period will be:

Chart 6. Revenues (2015-2022e)

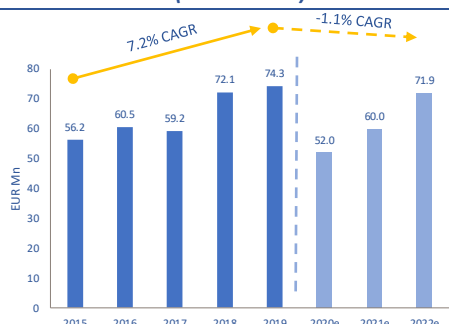
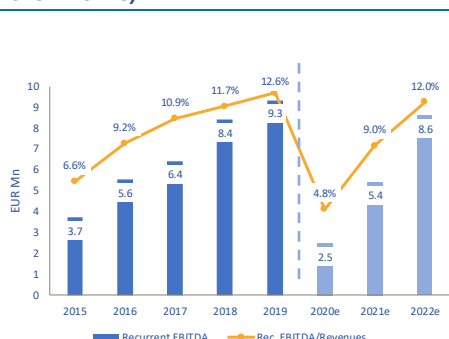


Chart 7. EBITDA Rec. and EBITDA Rec Mg. (2015 – 2022e)



- **Its good competitive position...** In 2019, NEA increased its market share by c. 5p.p. vs its main peers of the Spanish milling subsector with a share of c. 34%, according to the Spanish Machine Tool Manufacturers Association (*Asociación de Fabricantes de Máquina Herramienta Española*). And without losing margin (2019 EBITDA margin +1p.p. vs 2018): thanks to comprehensive cost cutting. This has resulted in much higher profitability than in 2008 (5.5%) and the sector (>10%).
- **With a diversified business both geographically and by sector...** With exposure to China (c. 22% of the orderbook at the 2019 close), where industrial output is starting to stabilise, and to sectors such as offshore wind energy (which is immersed in a growth process and should suffer less than the automotive industry). In the specific case of NEA, diversification implies less risk and greater growth opportunities.
- **And with a net cash position (EUR 4.9Mn; 10% of Market Cap; vs ND/EBITDA 2011 c. 4x),** which is especially interesting in a context such as the current one. In addition to considerably reducing financial risk, the net cash positions opens up the strategic option of taking advantage of the cycle downturn to grow non-organically (unthinkable during the 2008 crisis).

What would be the worst case scenario for NEA when 2022 arrives?

The basic idea is that of a company able to get through the crisis. But not that of a company that is unaffected by the cycle. Nor that of a business that (*a priori*) will be able to grow vs 2019 over the next two years. The halting of part of global economic and industrial activity will have a very serious impact on GDP and employment throughout the world and the extent of this still remains very uncertain. If the recovery of economic activity after the “Covid-19” shock were to take longer than expected, we estimate 2022e revenue of EUR 68Mn, with a Recurrent EBITDA margin of c. 11% (EBITDA EUR 7.4Mn, -21% vs 2019).

Table 3. 2022e ¿What would happen if...?

	Slow Recovery	2022e	
		Current Scenario	Fast Recovery
Total Revenues	68.3	71.9	75.5
2022e Revenues vs 2020e	31.4%	38.2%	45.1%
EBITDA	7.4	8.6	9.8
2022e EBITDA vs 2020e	198.9%	246.2%	293.6%
2022e EBITDA vs 2019	-20.6%	-8.0%	4.6%
EBITDA/Revenues	10.9%	12.0%	12.9%
2022e EBITDA Mg. vs 2020e (p.p.)	6.1	7.2	8.2
2022e EBITDA Mg. vs 2019 (p.p.)	(1.7)	(0.6)	0.4
2022e Net Debt	(7.5)	(9.4)	(9.2)
2022e EV/EBITDA	5.9	5.1	4.5
Premium / (Discount) vs Jan. 2020 EV/EBITDA	-14.2%	-25.9%	-34.8%

In terms of velocity, it could be said that our central scenario (2020-2022) is one of slow recovery, justified by the highly cyclical nature of the machine tool sector. Current micro and macro conditions do not allow for hopes of a quick or explosive recovery. The most interesting aspect of a sensitivity analysis of numbers for 2022 is that: (i) even in the most pessimistic scenario the survival of the company would not be in doubt (maintaining a net cash position) and (ii) the option (which is not our central scenario) of a return to 2019 EBITDA levels is viable and (“only”) dependent on 7p.p higher growth than estimated (vs 2020): EUR 9.8Mn and EV/EBITDA 2022e 4.5x: vs multiples of c.7x seen in January 2020 (vs EBITDA 2019).

In conclusion: NEA's survival is not in doubt. A return to levels of EBITDA close to those of 2019 does not seem viable until at least 2022.

Despite the significant downgrade to our estimates (Table 4), we would underscore three factors resulting from the adjustments made by the company in recent years (concluded in 2017), that will help it to deal with the current difficult and uncertain macro environment without compromising its survival: (i) the rationalisation of its structure and concentration of its activity in a single plant (giving greater flexibility in the event of a sudden fall in revenues), (ii) a focus on more profitable clients (resulting in an EBITDA margin of c. 13% vs 5.5% in 2008), (iii) the entry in new sectors (such as offshore wind energy), and (iv) a very healthy capital structure.

Table 4. Lighthouse estimates review

EUR Mn	2020e (New)	Review (%)	2021e (New)	Review (%)	2022e (New)
Total Revenues	52.0	-32.7%	60.0	-24.6%	71.9
Recurrent EBITDA	2.5	-73.1%	5.4	-43.0%	8.6
<i>Recurrent EBITDA growth</i>	<i>-73.4%</i>	<i>-76.3 p.p.</i>	<i>118.2%</i>	<i>115.2 p.p.</i>	<i>58.7%</i>
<i>Rec. EBITDA/Revenues</i>	<i>4.8%</i>	<i>-7.2 p.p.</i>	<i>9.0%</i>	<i>-2.9 p.p.</i>	<i>12.0%</i>
Net Profit	1.0	-85.7%	3.8	-45.4%	6.1
Recurrent Free Cash Flow	0.6	-89.6%	2.6	-56.3%	4.5
<i>ND / EBITDA</i>	<i>-1.4 x</i>	<i>-0.3 x</i>	<i>-1.1 x</i>	<i>0.4 x</i>	<i>-1.1 x</i>

All this means that, in our view, both commercial and financial risk has decreased significantly vs previous periods (as reflected in the fact that our central scenario today is very different from the situation in 2008). If the changes to the business model mentioned above had not been made, our view would necessarily be different, even if debt had been reduced to current net cash levels.

What does today's share price tell us? Even without the full recovery of 2019 results in 2022e (our central scenario today), the company would be trading at a discount of c. 30% to its multiple in January 2020 (prior to the Covid-19 shock). A return to levels of EBITDA generation prior to the Covid-19 crisis would imply, at today's prices, EV/EBITDA 2022e of c. 4.6x.

Table 5: Lighthouse 2020e Central Scenario vs 2008 "Lehman" Crisis

	2008	2009	Drop (%)
	Pre Crisis Year	1 Year since Crisis	
"Lehman" Crisis			
Revenues	116.0	58.0	-50.0%
EBITDA	6.4	(2.6)	-141.1%
EBITDA/Sales	5.5%	n.a.	n.a.
	2019	2020e	
"Covid-19" Crisis			
Revenues	74.3	52.0	-30.0%
EBITDA	9.3	2.5	-73.4%
EBITDA/Sales	12.6%	4.8%	(7.8)
"Lehman" Crisis	Reference	IBEX (Pts.)	NEA (EUR/acc)
Market "Pre Crisis"	2Q 08	12,046.2	6.1
Market "Post Crisis"	1Q 09	7,815.0	2.0
Drop (%)		-35.1%	-67.4%
"Covid-19" Crisis	Reference	IBEX (Points)	NEA (EUR/share)
Market "Pre Crisis"	Jan20	9,367.9	5.42
Market "Today"	"Today"	6,719.8	3.76
Drop (%)		-28.3%	-30.6%

Table 7: Crisis impact in NEA valuation multiples

EV/EBITDA	"Lehman" Crisis		"Covid-19" Crisis	
	Reference	EV/EBITDA 2008	Reference	EV/EBITDA 2019
Pre Crisis	2Q 08	14.5	Jan20	6.9
Post Crisis	1Q 09	7.8	"Today"	4.7
Drop in valuation multiple (%)*		-45.9%		-31.8%

(*) NEA EV/EBITDA comparison over the year prior to the crisis, understood as the one that best reflects the EBITDA that the company should obtain once the macro collapse has been overcome. Therefore, we use the EBITDA for 2008 and 2019 as references to make the EV/EBITDA comparison between the "Lehman" crisis and that produced by the "Covid-19" effect.

Appendix 1. Financial Projections⁽¹⁾

Balance Sheet (EUR Mn)	2015	2016	2017	2018	2019	2020e	2021e	2022e	CAGR	
Intangible assets	0.7	0.4	0.4	0.3	1.0	1.0	1.0	1.0		
Fixed assets	22.4	17.0	16.7	12.7	13.8	14.3	15.0	15.4		
Other Non Current Assets	10.4	9.8	9.6	10.8	11.6	11.6	11.6	11.6		
Financial Investments	0.9	2.9	2.5	6.0	2.0	2.1	2.2	2.2		
Goodwill & Other Intangibles	9.5	9.5	9.5	9.5	9.5	9.5	9.5	9.5		
Current assets	28.8	28.2	30.6	36.2	37.1	31.2	33.8	38.1		
Total assets	72.6	67.8	69.4	75.5	75.2	69.8	73.1	77.9		
Equity	34.3	37.2	39.4	47.1	53.0	51.9	55.5	60.6		
Minority Interests	3.4	0.7	0.7	0.8	0.8	0.8	0.9	1.0		
Provisions & Other L/T Liabilities	2.7	2.1	2.1	3.3	3.6	3.6	3.6	3.6		
Other Non Current Liabilities	-	-	-	-	0.8	0.8	0.8	0.8		
Net financial debt	14.5	12.1	8.1	1.5	(4.9)	(3.4)	(5.8)	(9.4)		
Current Liabilities	17.7	15.8	19.0	22.8	21.8	16.1	18.1	21.2		
Equity & Total Liabilities	72.6	67.8	69.4	75.5	75.2	69.8	73.1	77.9		
P&L (EUR Mn)	2015	2016	2017	2018	2019	2020e	2021e	2022e	15-19	19-22e
Total Revenues	56.2	60.5	59.2	72.1	74.3	52.0	60.0	71.9	7.2%	-1.1%
<i>Total Revenues growth</i>	-0.5%	7.7%	-2.1%	21.7%	3.0%	-30.0%	15.3%	19.9%		
COGS	(25.8)	(27.2)	(26.6)	(32.1)	(34.0)	(23.7)	(26.8)	(32.0)		
Gross Margin	30.4	33.3	32.6	40.0	40.2	28.3	33.2	39.9	7.3%	-0.3%
<i>Gross Margin/Revenues</i>	54.1%	55.0%	55.1%	55.5%	54.2%	54.5%	55.4%	55.5%		
Personnel Expenses	(16.4)	(16.6)	(14.8)	(16.9)	(17.7)	(14.4)	(15.6)	(17.8)		
Other Operating Expenses	(10.3)	(11.1)	(11.4)	(14.7)	(13.2)	(11.4)	(12.2)	(13.5)		
Recurrent EBITDA	3.7	5.6	6.4	8.4	9.3	2.5	5.4	8.6	25.9%	-2.7%
<i>Recurrent EBITDA growth</i>	-2.6%	49.3%	15.8%	31.0%	11.0%	-73.4%	118.2%	58.7%		
<i>Rec. EBITDA/Revenues</i>	6.6%	9.2%	10.9%	11.7%	12.6%	4.8%	9.0%	12.0%		
Restructuring Expense & Other non-rec.	-	-	(2.1)	-	-	-	-	-		
EBITDA	3.7	5.6	4.3	8.4	9.3	2.5	5.4	8.6	25.9%	-2.7%
Depreciation & Provisions	(1.7)	(2.2)	(1.4)	(1.3)	(1.3)	(1.3)	(1.3)	(1.4)		
Capitalized Expense	0.3	0.0	-	0.1	0.3	-	-	-		
Rentals (IFRS 16 impact)	-	-	-	-	(0.2)	(0.2)	(0.2)	(0.2)		
EBIT	2.3	3.4	3.0	7.2	8.2	1.0	3.9	7.1	37.6%	-4.8%
<i>EBIT growth</i>	-4.6%	48.4%	-11.9%	142.1%	13.4%	-87.2%	274.8%	79.6%		
<i>EBIT/Revenues</i>	4.1%	5.6%	5.0%	10.0%	11.0%	2.0%	6.5%	9.8%		
Impact of Goodwill & Others	-	-	-	-	-	-	-	-		
Net Financial Result	(0.9)	(0.6)	(0.3)	(0.5)	(0.2)	(0.1)	(0.1)	(0.2)		
Income by the Equity Method	(0.1)	0.0	(0.3)	0.0	0.1	0.1	0.1	0.1		
Ordinary Profit	1.3	2.7	2.4	6.7	8.0	1.0	3.9	7.0	56.0%	-4.4%
<i>Ordinary Profit Growth</i>	1.6%	103.9%	-13.6%	184.0%	18.3%	-87.2%	281.6%	78.9%		
Extraordinary Results	-	1.9	-	0.4	-	-	-	-		
Profit Before Tax	1.3	4.7	2.4	7.1	8.0	1.0	3.9	7.0	56.0%	-4.4%
Tax Expense	(0.2)	0.1	(0.0)	0.9	0.2	(0.0)	(0.0)	(0.7)		
<i>Effective Tax Rate</i>	12.3%	n.a.	0.2%	n.a.	n.a.	0.5%	0.6%	10.6%		
Minority Interests	0.2	(0.6)	(0.1)	(0.2)	(0.2)	(0.0)	(0.1)	(0.1)		
Discontinued Activities	-	-	-	-	-	-	-	-		
Net Profit	1.4	4.1	2.2	7.8	8.1	1.0	3.8	6.1	56.1%	-8.8%
<i>Net Profit growth</i>	0.2%	203.0%	-45.6%	250.0%	2.8%	-87.6%	281.2%	60.8%		
Ordinary Net Profit	1.4	2.1	4.3	6.6	7.8	1.0	3.8	6.1	55.0%	-7.9%
<i>Ordinary Net Profit growth</i>	0.7%	56.3%	104.4%	51.5%	19.1%	-87.3%	281.2%	60.8%		
Cash Flow (EUR Mn)	2015	2016	2017	2018	2019	2020e	2021e	2022e	15-19	19-22e
Recurrent EBITDA						2.5	5.4	8.6	25.9%	-2.7%
Rentals (IFRS 16 impact)						(0.2)	(0.2)	(0.2)		
Working Capital Increase						0.2	(0.5)	(1.2)		
Recurrent Operating Cash Flow						2.5	4.8	7.2	16.5%	-0.2%
CAPEX						(1.8)	(2.0)	(1.8)		
Net Financial Result affecting the Cash Flow						(0.1)	(0.1)	(0.2)		
Tax Expense						(0.0)	(0.0)	(0.7)		
Recurrent Free Cash Flow						0.6	2.6	4.5	32.4%	1.3%
Restructuring Expense & Other non-rec.						-	-	-		
- Acquisitions / + Divestures of assets						-	-	-		
Extraordinary Inc./Exp. Affecting Cash Flow						-	-	-		
Free Cash Flow						0.6	2.6	4.5	37.1%	-18.5%
Capital Increase						-	-	-		
Dividends						(2.1)	(0.2)	(0.9)		
Net Debt Variation						1.4	(2.4)	(3.6)		

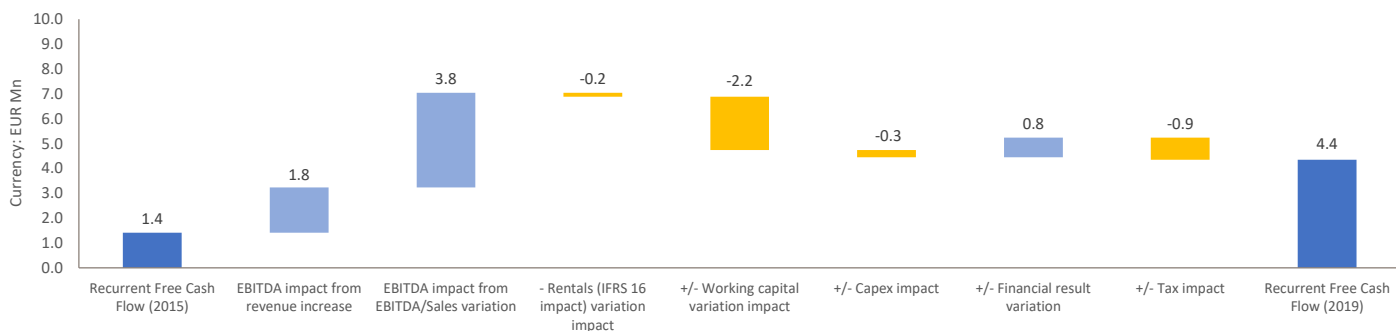
Note 1: Financial projections include IFRS 16 adjustments. FY 19 EBITDA is c. EUR 0.2Mn higher due to IFRS 16.

Appendix 2. Free Cash Flow⁽¹⁾

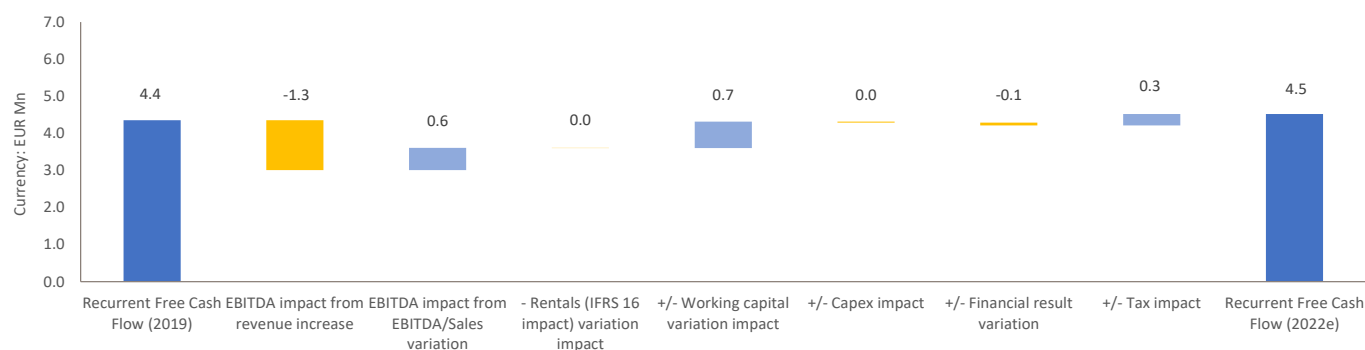
A) Cash Flow Analysis (EUR Mn)	2016	2017	2018	2019	2020e	2021e	2022e	CAGR	
								16-19	19-22e
Recurrent EBITDA	5.6	6.4	8.4	9.3	2.5	5.4	8.6	18.9%	-2.7%
<i>Recurrent EBITDA growth</i>	49.3%	15.8%	31.0%	11.0%	-73.4%	118.2%	58.7%		
<i>Rec. EBITDA/Revenues</i>	9.2%	10.9%	11.7%	12.6%	4.8%	9.0%	12.0%		
- Rentals (IFRS 16 impact)	-	-	-	(0.2)	(0.2)	(0.2)	(0.2)		
+/- Working Capital increase	(1.3)	0.8	(1.8)	(1.9)	0.2	(0.5)	(1.2)		
= Recurrent Operating Cash Flow	4.3	7.2	6.6	7.2	2.5	4.8	7.2	19.2%	-0.2%
<i>Rec. Operating Cash Flow growth</i>	9.0%	67.8%	-7.5%	9.0%	-65.7%	92.4%	50.8%		
<i>Rec. Operating Cash Flow / Sales</i>	7.1%	12.1%	9.2%	9.8%	4.8%	8.0%	10.0%		
- CAPEX	(0.9)	(1.0)	(1.9)	(1.8)	(1.8)	(2.0)	(1.8)		
- Net Financial Result affecting Cash Flow	(0.6)	(0.3)	(0.2)	(0.1)	(0.1)	(0.1)	(0.2)		
- Taxes	0.1	(0.0)	(1.0)	(1.0)	(0.0)	(0.0)	(0.7)		
= Recurrent Free Cash Flow	2.8	5.8	3.6	4.4	0.6	2.6	4.5	15.9%	1.3%
<i>Rec. Free Cash Flow growth</i>	97.3%	108.4%	-38.8%	22.1%	-85.6%	317.9%	72.1%		
<i>Rec. Free Cash Flow / Revenues</i>	4.6%	9.8%	4.9%	5.9%	1.2%	4.4%	6.3%		
- Restructuring expenses & others	(0.1)	0.0	0.0	-	-	-	-		
- Acquisitions / + Divestments	0.2	1.2	-	-	-	-	-		
+/- Extraordinary Inc./Exp. affecting Cash Flow	-	(2.1)	1.4	4.0	-	-	-		
= Free Cash Flow	2.9	5.0	5.0	8.4	0.6	2.6	4.5	41.9%	-18.5%
<i>Free Cash Flow growth</i>	23.8%	71.4%	-0.9%	68.1%	-92.5%	317.9%	72.1%		
<i>Recurrent Free Cash Flow - Yield (s/Mkt Cap)</i>	6.0%	12.6%	7.7%	9.4%	1.4%	5.7%	9.8%		
<i>Free Cash Flow Yield (s/Mkt Cap)</i>	6.3%	10.8%	10.7%	18.0%	1.4%	5.7%	9.8%		
B) Analytical Review of Annual Recurrent Free Cash Flow Performance (Eur Mn)									
Recurrent FCF(FY - 1)	1.4	2.8	5.8	3.6	4.4	0.6	2.6		
EBITDA impact from revenue increase	0.3	(0.1)	1.4	0.3	(2.8)	0.4	1.1		
EBITDA impact from EBITDA/Sales variation	1.5	1.0	0.6	0.7	(4.1)	2.6	2.1		
= Recurrent EBITDA variation	1.8	0.9	2.0	0.9	(6.9)	2.9	3.2		
- Rentals (IFRS 16 impact) variation impact	-	-	-	(0.2)	(0.0)	(0.0)	(0.0)		
+/- Working capital variation impact	(1.5)	2.0	(2.5)	(0.2)	2.1	(0.6)	(0.7)		
= Recurrent Operating Cash Flow variation	0.4	2.9	(0.5)	0.6	(4.8)	2.3	2.4		
+/- CAPEX impact	0.6	(0.1)	(0.9)	0.2	0.0	(0.3)	0.2		
+/- Financial result variation	0.2	0.3	0.2	0.1	(0.0)	(0.0)	(0.1)		
+/- Tax impact	0.3	(0.1)	(1.0)	(0.1)	1.0	(0.0)	(0.7)		
= Recurrent Free Cash Flow variation	1.4	3.0	(2.3)	0.8	(3.7)	2.0	1.9		
Recurrent Free Cash Flow	2.8	5.8	3.6	4.4	0.6	2.6	4.5		
C) "FCF to the Firm" (pre debt service) (EUR Mn)									
EBIT	3.4	3.0	7.2	8.2	1.0	3.9	7.1	34.2%	-4.8%
* <i>Theoretical Tax rate</i>	0.0%	0.2%	0.0%	0.0%	0.5%	0.6%	10.6%		
= Taxes (pre- Net Financial Result)	-	(0.0)	-	-	(0.0)	(0.0)	(0.7)		
Recurrent EBITDA	5.6	6.4	8.4	9.3	2.5	5.4	8.6	18.9%	-2.7%
- Rentals (IFRS 16 impact)	-	-	-	(0.2)	(0.2)	(0.2)	(0.2)		
+/- Working Capital increase	(1.3)	0.8	(1.8)	(1.9)	0.2	(0.5)	(1.2)		
= Recurrent Operating Cash Flow	4.3	7.2	6.6	7.2	2.5	4.8	7.2	19.2%	-0.2%
- CAPEX	(0.9)	(1.0)	(1.9)	(1.8)	(1.8)	(2.0)	(1.8)		
- Taxes (pre- Financial Result)	-	(0.0)	-	-	(0.0)	(0.0)	(0.7)		
= Recurrent Free Cash Flow (To the Firm)	3.4	6.1	4.7	5.5	0.7	2.7	4.7	17.8%	-5.2%
<i>Rec. Free Cash Flow (To the Firm) growth</i>	54.9%	83.5%	-23.4%	16.3%	-87.0%	282.3%	71.4%		
<i>Rec. Free Cash Flow (To the Firm) / Revenues</i>	5.5%	10.4%	6.5%	7.4%	1.4%	4.5%	6.5%		
- Acquisitions / + Divestments	0.2	1.2	-	-	-	-	-		
+/- Extraordinary Inc./Exp. affecting Cash Flow	-	(2.1)	1.4	4.0	-	-	-		
= Free Cash Flow "To the Firm"	3.6	5.3	6.1	9.5	0.7	2.7	4.7	38.2%	-21.1%
<i>Free Cash Flow (To the Firm) growth</i>	17.4%	47.4%	14.9%	56.0%	-92.5%	282.3%	71.4%		
<i>Rec. Free Cash Flow To the Firm Yield (o/EV)</i>	7.6%	14.0%	10.7%	12.5%	1.6%	6.2%	10.6%		
<i>Free Cash Flow "To the Firm" - Yield (o/EV)</i>	8.2%	12.1%	13.9%	21.6%	1.6%	6.2%	10.6%		

Note 1: Financial projections include IFRS 16 adjustments. FY 19 EBITDA is c. EUR 0.2Mn higher due to IFRS 16.

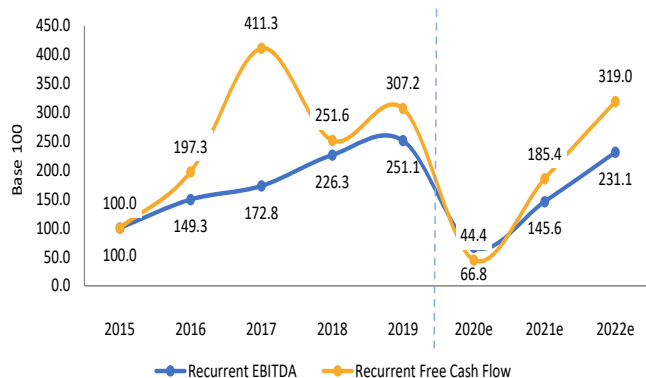
Recurrent Free Cash Flow accumulated variation analysis (2015 - 2019)



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	46.3	
+ Minority Interests	0.8	12m Results 2019
+ Provisions & Other L/T Liabilities	3.6	12m Results 2019
+ Net financial debt	(4.9)	12m Results 2019
- Financial Investments	2.0	12m Results 2019
+/- Others		
Enterprise Value (EV)	43.8	

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	58.0	34.0	63.9	31.7	54.7	55.6	56.2	60.5	59.2	72.1	74.3	52.0	60.0	71.9	2.5%	-1.1%
Total Revenues growth	-50.0%	-41.3%	87.9%	-50.4%	72.7%	1.6%	1.1%	7.7%	-2.1%	21.7%	3.0%	-30.0%	15.3%	19.9%		
EBITDA	(2.6)	(5.4)	4.1	(3.8)	2.4	3.9	3.7	5.6	4.3	8.4	9.3	2.5	5.4	8.6	n.a.	-2.7%
EBITDA growth	-141.1%	-106.0%	176.4%	-192.5%	164.2%	61.7%	-5.7%	49.3%	-22.1%	94.5%	11.0%	-73.4%	118.2%	58.7%		
EBITDA/Sales	n.a.	n.a.	6.4%	n.a.	4.5%	7.1%	6.6%	9.2%	7.3%	11.7%	12.6%	4.8%	9.0%	12.0%		
Net Profit	(5.1)	(8.6)	0.7	(7.1)	(0.3)	1.3	1.4	4.1	2.2	7.8	8.1	1.0	3.8	6.1	n.a.	-8.8%
Net Profit growth	-217.3%	-68.1%	108.0%	n.a.	95.7%	537.0%	1.7%	203.0%	-45.6%	250.0%	2.8%	-87.6%	281.2%	60.8%		
Adjusted number shares (Mn)	12.5	12.4	12.3	12.2	12.2	12.2	12.2	12.2	12.2	12.2	12.3	12.3	12.3	12.3		
EPS (EUR)	n.a.	n.a.	0.06	n.a.	n.a.	0.11	0.11	0.34	0.18	0.64	0.66	0.08	0.31	0.50	n.a.	-9.0%
EPS growth	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	1.7%	n.a.	-45.6%	n.a.	2.6%	-87.7%	n.a.	60.8%		
Ord. EPS (EUR)	n.a.	n.a.	0.04	n.a.	n.a.	0.11	0.11	0.17	0.35	0.54	0.64	0.08	0.31	0.50	n.a.	-8.1%
Ord. EPS growth	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0.2%	56.3%	n.a.	51.5%	18.8%	-87.3%	n.a.	60.8%		
CAPEX	(2.7)	(0.7)	(1.9)	(0.4)	(1.7)	(0.9)	(1.5)	(0.9)	(1.0)	(1.9)	(1.8)	(1.8)	(2.0)	(1.8)		
CAPEX/Sales %	4.6%	1.9%	3.0%	1.2%	3.2%	1.6%	2.6%	1.5%	1.7%	2.7%	2.4%	3.4%	3.4%	2.5%		
Free Cash Flow	(8.5)	(0.3)	(4.5)	(1.6)	0.3	3.2	2.4	2.9	5.0	5.0	8.4	0.6	2.6	4.5	n.a.	-18.5%
ND/EBITDA (x)⁽²⁾	n.a.	n.a.	3.6x	n.a.	5.3x	2.4x	3.9x	2.2x	1.9x	0.2x	-0.5x	-1.4x	-1.1x	-1.1x		
P/E (x)	n.a.	n.a.	18.5x	n.a.	n.a.	10.0x	11.5x	5.2x	17.5x	5.1x	7.1x	46.5x	12.2x	7.6x		
EV/Sales (x)	0.7x	0.9x	0.5x	0.9x	0.6x	0.5x	0.5x	0.5x	0.8x	0.5x	0.7x	0.8x	0.7x	0.6x		
EV/EBITDA (x)⁽²⁾	n.a.	n.a.	7.6x	n.a.	13.1x	6.6x	7.1x	5.6x	10.4x	4.6x	5.8x	17.6x	8.1x	5.1x		
Absolute performance	-22.0%	-35.7%	-30.1%	-32.4%	85.0%	-15.8%	17.0%	36.9%	83.1%	1.7%	44.3%	-19.8%				
Relative performance vs Ibx 35	-40.0%	-22.1%	-19.5%	-29.1%	52.4%	-18.8%	26.0%	39.7%	70.5%	19.6%	29.1%	n.a.				

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 0.2Mn 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

		Machine-tools								
EUR Mn		Georg Fischer	Hermle	Starrag	Tornos Holding	Datron AG	Fidia	Average	NEA	
Market data	Ticker (Reuters)	FIN.S	MBHG_p.F	STGN.S	TOHN.S	DARG.DE	FDA.MI		NEA.MC	
	Country	Switzerland	Germany	Switzerland	Switzerland	Germany	Italy		Spain	
	Market cap	2,535.9	214.0	124.7	66.4	32.7	16.8		46.3	
	Enterprise value (EV)	2,796.6	66.5	124.1	67.6	25.1	30.3		43.8	
Basic financial information	Total Revenues	3,108.6	463.0	330.6	132.8	54.4	38.3		52.0	
	Total Revenues growth	-9.3%	0.0%	-14.2%	-29.8%	-2.4%	-16.3%	-12.0%	-30.0%	
	2y CAGR (2020e - 2022e)	6.8%	n.a.	4.9%	7.7%	n.a.	n.a.	6.5%	17.6%	
	EBITDA	284.6	n.a.	11.8	2.1	5.0	2.4		2.5	
	EBITDA growth	-5.6%	n.a.	-49.4%	-78.5%	-17.4%	301.7%	30.2%	-73.4%	
	2y CAGR (2020e - 2022e)	23.0%	n.a.	38.0%	98.7%	n.a.	n.a.	53.2%	86.1%	
	EBITDA/Revenues	9.2%	n.a.	3.6%	1.6%	9.2%	6.3%	6.0%	4.8%	
	EBIT	178.4	114.4	0.9	(1.4)	4.2	(0.1)		1.0	
	EBIT growth	3.0%	n.a.	-92.3%	-124.2%	-18.2%	97.2%	-26.9%	-87.2%	
	2y CAGR (2020e - 2022e)	30.2%	n.a.	246.4%	n.a.	n.a.	n.a.	138.3%	159.5%	
	EBIT/Revenues	5.7%	24.7%	0.3%	n.a.	7.7%	n.a.	9.6%	2.0%	
	Net Profit	128.2	84.5	-	0.5	2.8	(0.8)		1.0	
	Net Profit growth	-19.2%	n.a.	n.a.	-91.3%	-19.6%	-82.8%	-53.2%	-87.6%	
	2y CAGR (2020e - 2022e)	32.2%	n.a.	n.a.	171.8%	n.a.	n.a.	102.0%	147.6%	
CAPEX/Sales %	-5.3%	n.a.	n.a.	-2.1%	n.a.	-2.3%	-3.3%	-3.4%		
Free Cash Flow	160.0	n.a.	18.3	21.9	n.a.	1.0		0.6		
Net financial debt	158.5	n.a.	n.a.	(28.4)	n.a.	11.6		(3.4)		
ND/EBITDA (x)	0.6	n.a.	n.a.	(13.4)	n.a.	4.8	(2.7)	(1.4)		
Pay-out	55.2%	n.a.	n.a.	0.0%	14.2%	n.a.	23.1%	25.0%		
Multiples and Ratios	P/E (x)	18.5	12.7	n.a.	n.a.	11.1	n.a.	14.1	46.5	
	P/BV (x)	1.8	n.a.	0.7	0.6	n.a.	2.5	1.4	0.9	
	EV/Revenues (x)	0.9	0.1	0.4	0.5	0.5	0.8	0.5	0.8	
	EV/EBITDA (x)	9.8	n.a.	10.5	32.0	5.0	12.6	14.0	17.6	
	EV/EBIT (x)	15.7	0.6	n.a.	n.a.	6.0	n.a.	7.4	41.8	
	ROE	9.9	n.a.	n.a.	1.0	n.a.	n.a.	5.4	1.9	
	FCF Yield (%)	6.3	n.a.	14.8	33.1	n.a.	6.0	15.0	1.4	
	DPS	17.27	10.05	0.00	0.00	0.10	n.a.	5.48	0.02	
	Dvd Yield	2.8%	4.7%	0.0%	0.0%	1.2%	n.a.	1.7%	0.5%	

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).

Appendix 6. Valuation inputs

Inputs for the DCF Valuation Approach

	2020e	2021e	2022e	Terminal Value ⁽¹⁾		
Free Cash Flow "To the Firm"	0.7	2.7	4.7	41.1		
Market Cap	46.3	At the date of this report				
Net financial debt	-4.9	Debt net of Cash (12m Results 2019)				
					Best Case	Worst Case
Cost of Debt	2.4%	Net debt cost			2.0%	2.8%
Tax rate (T)	20.0%	T (Normalised tax rate)			=	=
Net debt cost	1.9%	Kd = Cost of Net Debt * (1-T)			1.6%	2.2%
Risk free rate (rf)	1.1%	Rf (10y Spanish bond yield)			=	=
Equity risk premium	9.0%	R (own estimate)			8.5%	9.5%
Beta (B)	1.2	B (Thomson Reuters)			1.2	1.4
Cost of Equity	11.9%	Ke = Rf + (R * B)			11.3%	14.4%
Equity / (Equity + Net Debt)	100.0%	E (Market Cap as equity value)			=	=
Net Debt / (Equity + Net Debt)	0.0%	D			=	=
WACC	11.9%	WACC = Kd * D + Ke * E			11.3%	14.4%
G "Fair"	2.0%				2.5%	1.5%

(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
Georg Fischer	FIN.S	2,535.9	18.5	28.4%	9.8	23.0%	0.9	6.8%	9.2%	6.3%	8.3%
Hermle	MBHG_p.F	214.0	12.7	n.a.	n.a.	n.a.	0.1	n.a.	n.a.	n.a.	n.a.
Starrag	STGN.S	124.7	n.a.	n.a.	10.5	38.0%	0.4	4.9%	3.6%	14.8%	-33.8%
Tornos Holding	TOHN.S	66.4	n.a.	n.a.	32.0	98.7%	0.5	7.7%	1.6%	33.1%	-59.7%
Datron AG	DARG.DE	32.7	11.1	n.a.	5.0	n.a.	0.5	n.a.	9.2%	n.a.	n.a.
Fidia	FDA.MI	16.8	n.a.	n.a.	12.6	n.a.	0.8	n.a.	6.3%	6.0%	n.a.
Machine-tools			14.1	28.4%	14.0	53.2%	0.5	6.5%	6.0%	15.0%	-28.4%
NEA	NEA.MC	46.3	46.5	147.6%	17.6	86.1%	0.8	17.6%	4.8%	1.4%	168.2%

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	10.0%	6.0	7.3x
Central	9.0%	5.4	8.1x
Min	8.0%	4.8	9.1x

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

FCF Rec. EUR Mn	CAPEX/Sales 21e			Scenario	Rec. FCF/Yield 21e		
EBITDA 21e	2.4%	3.4%	4.4%		Max	8.3%	7.0%
6.0	3.8	3.2	2.6	Central	7.0%	5.7%	4.4%
5.4	3.2	2.6	2.0	Min	5.7%	4.4%	3.1%
4.8	2.6	2.0	1.4				

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Recommendation History

Date of report	Recommendation	Price (EUR)	Target price (EUR)	Period of validity	Reason for report	Analyst
23-Apr-2020	n.a.	3.76	n.a.	n.a.	Review of estimates	David López Sánchez
02-Mar-2020	n.a.	4.57	n.a.	n.a.	12m Results 2019	David López Sánchez
18-Nov-2019	n.a.	4.45	n.a.	n.a.	9m Results 2019	David López Sánchez
02-Sep-2019	n.a.	3.72	n.a.	n.a.	6m Results 2019	David López Sánchez
16-May-2019	n.a.	4.17	n.a.	n.a.	3m Results 2019	David López Sánchez
11-Apr-2019	n.a.	4.18	n.a.	n.a.	Review of estimates	David López Sánchez
01-Mar-2019	n.a.	3.99	n.a.	n.a.	12m Results 2018	David López Sánchez
17-Jan-2019	n.a.	3.59	n.a.	n.a.	Initial Coverage	David López Sánchez

