

12m Results 2023

 Opinion ⁽¹⁾: In line

 Impact ⁽¹⁾: We will maintain our estimates

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Compañía Española de Viviendas en Alquiler, Cevasa (CEV), Cevasa specialises in the development of buildings for long-term renting, mainly in the residential segment in Catalonia, principally in the city of Barcelona and its metropolitan area (where it is the main private property owner).

2023 earnings: margin expansion and a still-low risk profile

Market Data

Market Cap (Mn EUR and USD)	146.5	158.5
EV (Mn EUR and USD) ⁽²⁾	287.4	310.9
Shares Outstanding (Mn)	23.3	
-12m (Max/Med/Min EUR)	6.85 / 6.34 / 5.60	
Daily Avg volume (-12m Mn EUR)	n.m.	
Rotation ⁽³⁾	0.5	
Factset / Bloomberg	CEV-ES / CEV SM	
Close fiscal year	31-Dec	

Shareholders Structure (%)

Vaqué-Boix family	61.7
Banco Santander	24.1
Manuel Valiente	6.6
Others	2.3
Free Float	5.3

Financials (Mn EUR)

	2023	2024e	2025e	2026e
Adj. n ^o shares (Mn)	23.2	23.3	23.3	23.3
Total Revenues	21.4	22.2	23.1	24.4
Rec. EBITDA	14.8	15.2	15.9	17.0
% growth	11.6	3.0	4.5	6.8
% Rec. EBITDA/Rev.	69.1	68.4	68.6	69.4
% Inc. EBITDA sector ⁽⁴⁾	4.1	12.0	5.9	8.1
Net Profit	10.9	12.4	13.2	13.5
EPS (EUR)	0.47	0.53	0.57	0.58
% growth	-62.0	13.1	6.8	2.4
Ord. EPS (EUR)	0.45	0.47	0.50	0.55
% growth	26.5	3.5	7.7	8.9
Rec. Cash Flow ⁽⁵⁾	6.3	10.8	10.2	10.9
Pay-out (%)	53.1	46.8	43.8	42.8
DPS (EUR)	0.25	0.25	0.25	0.25
Net financial debt	49.4	40.5	32.7	25.4
ND/Rec. EBITDA (x)	3.3	2.7	2.1	1.5
ROE (%)	2.8	3.2	3.3	3.3
ROCE (%) ⁽⁵⁾	2.5	2.8	2.9	3.0

Ratios & Multiples (x) ⁽⁶⁾

	2023	2024e	2025e	2026e
P/E	13.4	11.8	11.1	10.8
Ord. P/E	13.9	13.4	12.5	11.5
P/BV	0.4	0.4	0.4	0.4
Dividend Yield (%)	4.0	4.0	4.0	4.0
EV/Sales	13.45	12.93	12.42	11.76
EV/Rec. EBITDA	19.5	18.9	18.1	16.9
EV/EBIT	18.7	16.9	16.2	16.0
FCF Yield (%) ⁽⁵⁾	4.3	7.4	6.9	7.4

(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) Sector: Stoxx Europe 600 Real State.

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

(6) 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, Factset and Lighthouse.

(**) This note corrects the one published on March 25th. It correctly incorporates the impact on CF generation and Net Debt of the delivery of homes in L'Hospitalet and Montgat in the years 2024e, 2025e and 2026e. As an example, the 2024 FCF increases to EUR 14.7Mn (vs EUR 5,0Mn in the previous note) and the 2024 ND decreases to EUR 40.5Mn (vs EUR 50.2Mn in the previous note). There are no changes in Revenues or rec. EBITDA in the estimated period.

DOUBLE-DIGIT GROWTH IN RENTAL INCOME TO EUR 19.3Mn (+5.8% VS 2022)... in line with our estimates. Revenue growth was driven by two factors: i) higher occupancy in offices and commercial premises (c.2p.p.; residential at highs of c.97%) and ii) rent increases. By segment, residential delivered growth of 4.1%, offices of 17.6% and commercial of 8.8%. Overall occupancy of the portfolio reached 96.4% (+0.3p.p. vs 2022). With GAV largely unchanged (EUR 546.3Mn; +1.9% vs 2022).

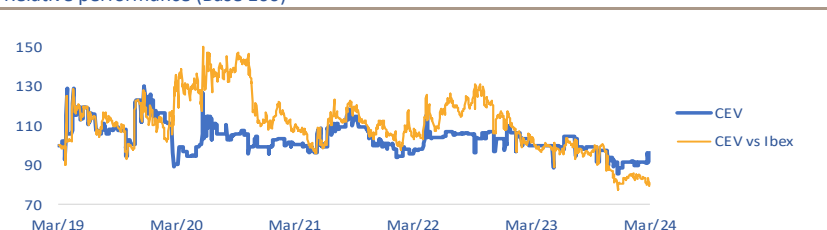
...ALONGSIDE MARGIN IMPROVEMENT (REC. EBITDA MARGIN: 69.1%). CEV adjusted the amount of chargeable expenses to tenants, resulting in a 3.6p.p. expansion in gross margin to 95.4%. This, coupled with lower overhead as a percentage of sales, pushed up the recurring EBITDA margin to 69.1% (+4.4p.p. vs 2022). Recurring EBITDA amounted to EUR 14.8Mn (+11.7% vs 2022; +7% vs our estimates).

WITH AN (EXPECTED) DECLINE IN THE BOTTOM LINE (EUR 10.9Mn; -62% VS 2022). Net profit was lower for three reasons: i) smaller change in real estate values (EUR 0.5Mn vs EUR 15.5Mn in 2022), ii) halt to activity in the development business, and iii) higher finance costs.

CEV'S LEVERAGE REMAINED CONSERVATIVE (LTV 2023: 10.8%), WHILE IT RAISED THE DIVIDEND. Net debt was steady at EUR 49.4Mn (-0.4% vs 2022), leaving leverage (LTV) at 10.8% (well below the industry average: c.40%) and highlighting the company's defensive profile. CEV raised the dividend to EUR 0.25/share (+25.0% vs 2022; EUR 5.8Mn). Dividend yield 2023 of 4.0%.

OUR ESTIMATES ARE UNCHANGED. We are revising up slightly our estimate for EBITDA margin (to c. 68% vs 65% previously; <5% change in recurring EBITDA). The property management business enjoys strong visibility. For 2024e and 2025e, we expect to see a company with EBITDA of EUR 16.9Mn and EUR 17.6Mn as the development business starts back up with the delivery of the L'Hospitalet and Montgat buildings.

HIGH VISIBILITY, LOW RISK AND DISCOUNT TO NAV OF 61.5%. The healthy momentum of the development business was confirmed in 2023. Moreover, the new housing law will hardly affect the company at all (further illustrating CEV's low risk profile). The (medium-term) business catalysts are the deliveries of the two developments (L'Hospitalet and Montgat) and the HMB profit (4,500 affordable homes in Barcelona). The share price is down 3.8% over the past 12 months (-18% vs sector), leaving CEV trading at a 61.5% discount to NAV (showing its value; FCF yield 2024e: 7.4%).

Relative performance (Base 100)


Stock performance (%)	-1m	-3m	-12m	YTD	-3Y	-5Y
Absolute	5.0	8.6	-3.8	5.0	-4.4	-3.9
vs Ibex 35	-2.7	0.4	-20.8	-3.1	-27.1	-19.2
vs Ibex Small Cap Index	4.0	9.7	-1.1	6.4	6.0	-18.4
vs Eurostoxx 50	1.3	-2.4	-19.7	-5.6	-27.2	-36.9
vs Sector benchmark ⁽⁴⁾	1.2	13.7	-18.0	9.8	23.9	33.5

12m Results 2023
Table 1. 2023 Results

EUR Mn	12m23		12m23 Real		12m23 Real	
	Real	12m22	vs 12m22	2023e	vs 2023e	
Total Revenues	21.4	20.4	4.5%	21.1	1.5%	
Recurrent EBITDA	14.8	13.2	11.7%	13.8	6.8%	
<i>Rec. EBITDA/Revenues</i>	<i>69.1%</i>	<i>64.7%</i>	<i>4.4 p.p.</i>	<i>65.6%</i>	<i>3.5 p.p.</i>	
EBITDA	14.7	17.6	-16.1%	13.8	6.7%	
<i>EBITDA/Revenues</i>	<i>69.0%</i>	<i>86.0%</i>	<i>-17.0 p.p.</i>	<i>65.6%</i>	<i>3.3 p.p.</i>	
EBIT	15.3	33.1	-53.6%	13.7	11.5%	
PBT	13.7	37.7	-63.6%	11.4	20.7%	
NP	10.9	28.7	-62.0%	8.7	26.0%	
Net Debt	49.4	49.6	-0.4%	61.5	-19.6%	

Table 2. Review of estimates

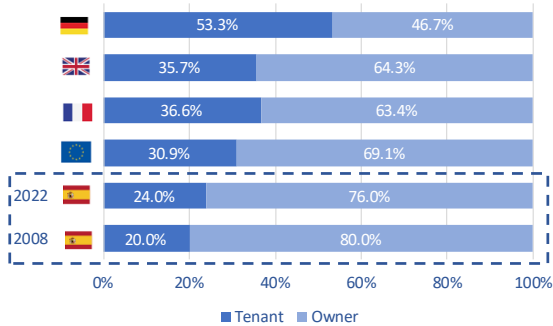
EUR Mn	2024e (New)	Review (%)	2025e (New)	Review (%)	2026e (New)
Total Revenues	22.2	1.5%	23.1	1.5%	24.4
Recurrent EBITDA	15.2	4.9%	15.9	4.5%	17.0
<i>Recurrent EBITDA growth</i>	<i>3.0%</i>	<i>-2 p.p.</i>	<i>4.5%</i>	<i>-1 p.p.</i>	<i>6.8%</i>
<i>Rec. EBITDA/Revenues</i>	<i>68.4%</i>	<i>2 p.p.</i>	<i>68.6%</i>	<i>2 p.p.</i>	<i>69.4%</i>
EBIT	17.0	18.2%	17.7	-6.3%	17.9
Net Profit	12.4	34.4%	13.2	4.0%	13.5
Recurrent Free Cash Flow	10.8	225.9%	10.2	-34.5%	10.9
<i>ND / EBITDA</i>	<i>2.7 x</i>	<i>-3.1 x</i>	<i>2.1 x</i>	<i>-3.1 x</i>	<i>1.5 x</i>

Note on the Housing Law (Law 12/2023 of 24 May on the Right to Housing)

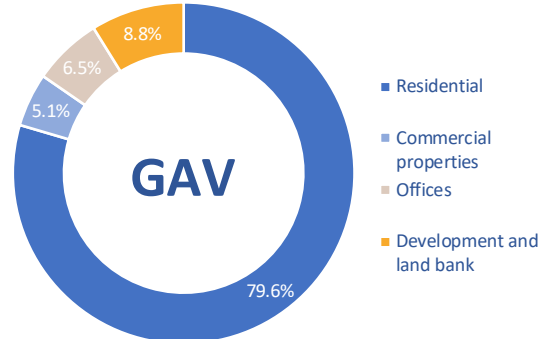
According to Spain's new Housing Law (Law 12/2023 of 24 May on the Right to Housing), the rents applied to homes owned by large landlords (> 5 housing developments) located in areas classified as in a stressed residential market in new leases will be the lower of the last rent of the rental lease subject to the Urban Lease Law (LAU in Spanish) after applying the annual rental revision clause of the previous lease and the higher of the reference range published in the state system of housing rental price indices. For CEV, the impact of the new law will be limited, since only 34% of its leased homes are subject to the LAU, whereas the remaining 66% are subject to subsidised housing leases (VPO) or below-market rents under the old 'Renta Antigua' regime.

The company in 8 charts

Demand for rented housing has continued to grow (since 2008) and Spain is still a long way from European average levels



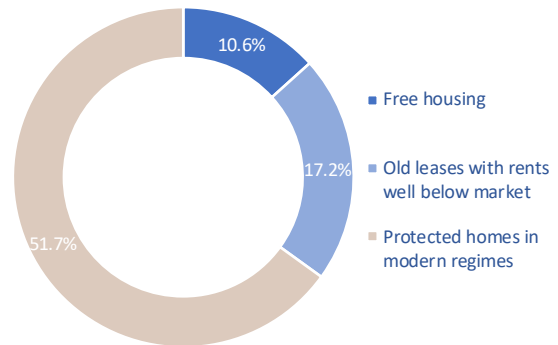
Cevasa (CEV) has a unique exposure to rented housing (c. 80% of GAV 2023)...



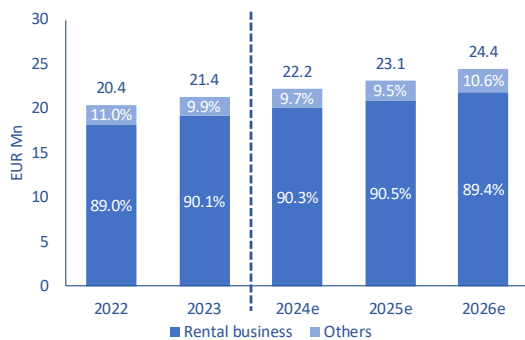
... with a portfolio concentrated in Catalonia (mainly Barcelona and its metropolitan area)



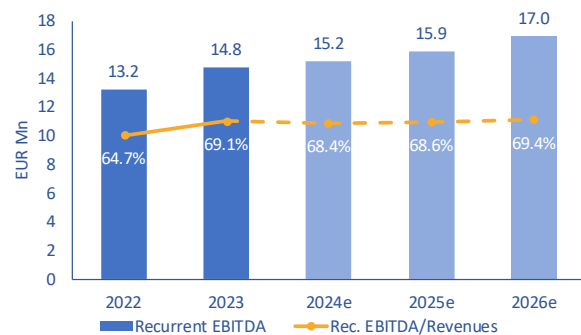
And the particularity of having invested a large percentage in state sponsored housing



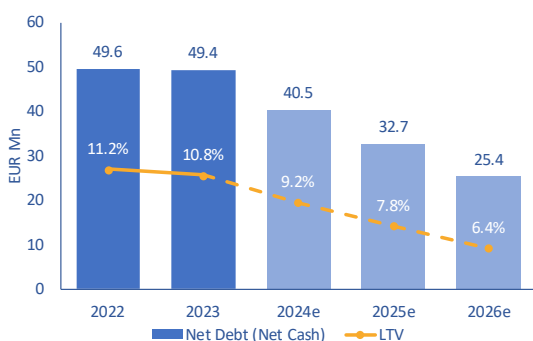
Until 2026e visibility is significant, for revenue (CAGR 23-26e: +4.6%)...



... and margins (Rec EBITDA: CAGR 23-26e: +4.7%)



Despite the rebound in investment, leverage will remain at very prudent levels (LTV < 20%)



Trading at a discount of c. 60% to its EPRA NRV

EUR Mn	2022	2023	22-23
GAV	536.2	546.3	1.9%
EPRA NAV/NRV	483.7	490.2	1.3%
EPRA NAV/NTA	423.9	427.2	0.8%
EPRA NAV/NDV	400.9	406.7	1.4%
Number of shares	23.2	23.2	0.0%
EPRA NAV/NRV per share	20.89	21.17	1.3%
EPRA NAV/NTA per share	18.31	18.45	0.8%
EPRA NAV/NDV per share	17.32	17.57	1.4%

Valuation inputs

Inputs for the DCF Valuation Approach

	2024e	2025e	2026e	Terminal Value ⁽¹⁾		
Free Cash Flow "To the Firm"	4.0	2.5	2.8	184.1		
Market Cap	146.5	At the date of this report				
Net financial debt	49.4	Debt net of Cash (12m Results 2023)				
					Best Case	Worst Case
Cost of Debt	5.5%	Net debt cost			5.3%	5.8%
Tax rate (T)	20.0%	T (Normalised tax rate)			=	=
Net debt cost	4.4%	$K_d = \text{Cost of Net Debt} * (1-T)$			4.2%	4.6%
Risk free rate (rf)	3.2%	Rf (10y Spanish bond yield)			=	=
Equity risk premium	6.0%	R (own estimate)			5.5%	6.5%
Beta (B)	1.0	B (own estimate)			1.0	1.1
Cost of Equity	9.2%	$K_e = R_f + (R * B)$			8.7%	10.3%
Equity / (Equity + Net Debt)	74.8%	E (Market Cap as equity value)			=	=
Net Debt / (Equity + Net Debt)	25.2%	D			=	=
WACC	8.0%	$WACC = K_d * D + K_e * E$			7.5%	8.9%
G "Fair"	2.0%				2.0%	1.5%

(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 Factset	Mkt. Cap	P/E 24e	EPS 24e-26e	EV/EBITDA 24e	EBITDA 24e-26e	EV/Sales 24e	Revenues 24e-26e	EBITDA/Sales 24e	FCF Yield 24e	FCF 24e-26e
Merlin Properties	MRL-ES	4,460.5	15.6	3.2%	21.9	8.3%	16.9	8.2%	77.5%	4.5%	8.3%
Colonial	COL-ES	2,886.9	16.5	6.7%	27.2	5.0%	n.a.	4.2%	81.2%	8.7%	4.4%
Lar España	LRE-ES	577.5	10.5	-3.6%	14.5	2.9%	10.8	4.9%	74.6%	8.6%	-47.0%
Árma	ARM-ES	177.7	n.a.	n.a.	n.a.	80.3%	16.6	28.2%	28.6%	n.a.	52.2%
REITs			14.2	2.1%	21.2	24.1%	14.8	11.4%	65.5%	7.3%	4.5%
CEV	CEV-ES	146.5	11.8	4.6%	18.9	2.6%	12.9	4.8%	76.2%	7.4%	-5.6%

Free Cash Flow sensitivity analysis (2025e)

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

Scenario	EBITDA/Sales 25e	EBITDA 25e	EV/EBITDA 25e
Max	72.0%	16.7	17.2x
Central	68.6%	15.9	18.1x
Min	65.2%	15.1	19.0x

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

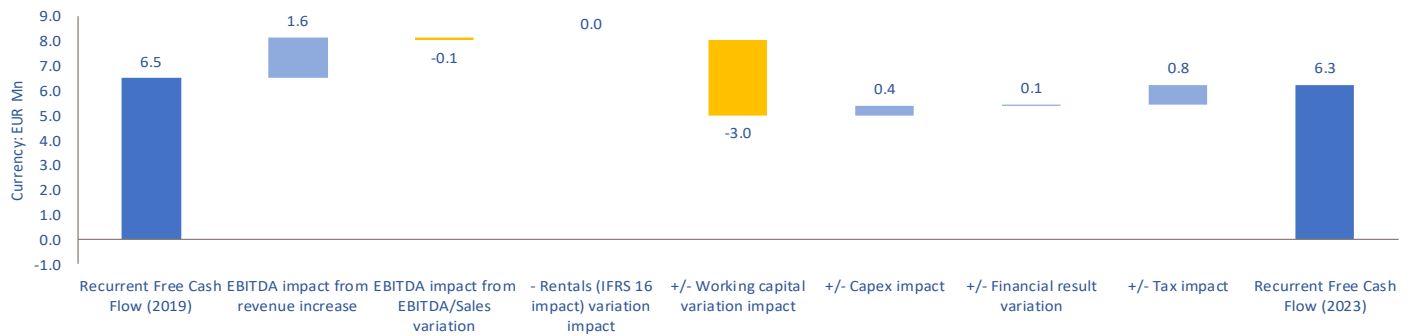
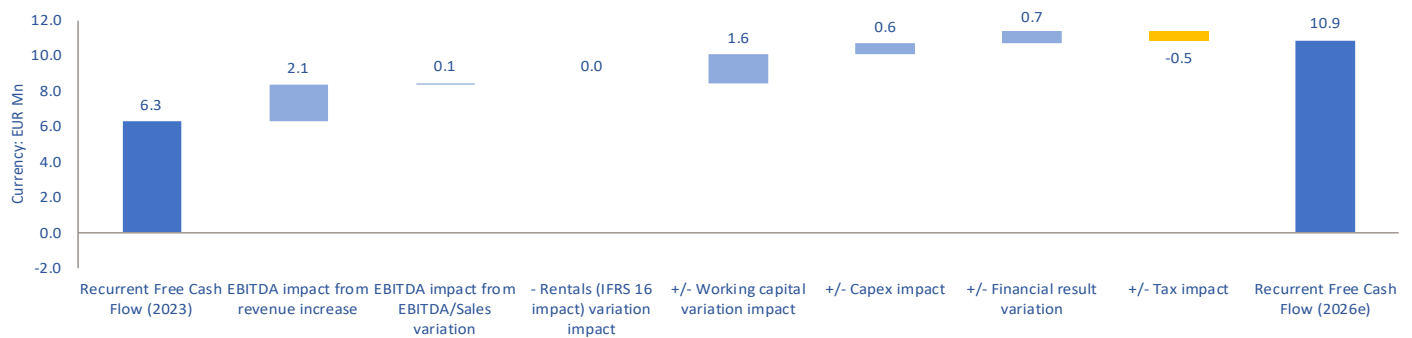
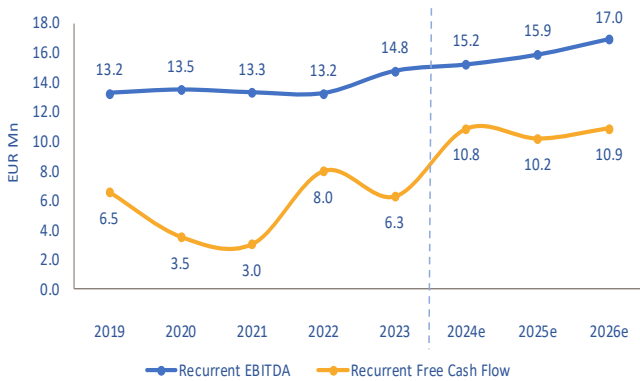
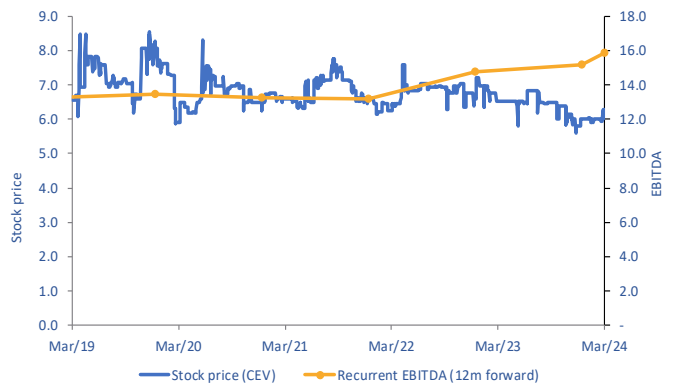
Rec. FCF EUR Mn	CAPEX/Sales 25e			➔	Scenario		
EBITDA 25e	4.5%	5.0%	5.5%		Max	Rec. FCF/Yield 25e	7.4%
16.7	11.1	10.9	10.8		7.6%	7.5%	7.4%
15.9	10.3	10.2	10.0		7.0%	6.9%	6.9%
15.1	9.5	9.4	9.3		6.5%	6.4%	6.3%

Appendix 1. Financial Projections

Balance Sheet (EUR Mn)	2019	2020	2021	2022	2023	2024e	2025e	2026e	CAGR	
Intangible assets	1.0	1.0	1.1	1.1	1.0	1.0	1.0	1.0		
Fixed assets	456.2	461.7	479.8	496.5	499.0	500.3	501.6	502.9		
Other Non Current Assets	4.0	4.0	3.4	1.9	1.8	1.8	1.8	1.8		
Financial Investments	10.0	7.1	10.3	12.2	11.7	19.8	28.4	37.2		
Goodwill & Other Intangibles	-	-	-	-	-	-	-	-		
Current assets	23.0	26.3	34.3	27.7	33.3	32.4	33.6	35.2		
Total assets	494.1	500.0	528.8	539.3	546.9	555.4	566.4	578.2		
Equity	332.8	337.2	357.5	383.6	388.2	394.8	402.2	409.9		
Minority Interests	10.0	10.5	11.4	12.8	13.5	14.3	15.2	16.1		
Provisions & Other L/T Liabilities	83.1	83.7	85.3	89.8	89.8	89.8	89.8	89.8		
Other Non Current Liabilities	-	-	-	-	-	-	-	-		
Net financial debt	65.8	64.9	69.5	49.6	49.4	40.5	32.7	25.4		
Current Liabilities	2.5	3.7	5.0	3.5	6.1	5.8	6.0	6.3		
Equity & Total Liabilities	494.1	500.0	528.8	539.3	546.9	545.2	545.9	547.4		
P&L (EUR Mn)	2019	2020	2021	2022	2023	2024e	2025e	2026e	19-23	23-26e
Total Revenues	19.0	19.1	19.4	20.4	21.4	22.2	23.1	24.4	3.1%	4.6%
Total Revenues growth	5.3%	0.6%	1.9%	5.2%	4.5%	4.1%	4.1%	5.6%		
COGS	(0.9)	(0.8)	(1.2)	(1.7)	(1.0)	(1.3)	(1.3)	(1.4)		
Gross Margin	18.1	18.2	18.2	18.8	20.4	21.0	21.8	23.0	3.1%	4.1%
Gross Margin/Revenues	95.3%	95.7%	93.8%	91.9%	95.4%	94.2%	94.2%	94.3%		
Personnel Expenses	(3.2)	(3.1)	(3.4)	(3.8)	(3.9)	(4.0)	(4.1)	(4.2)		
Other Operating Expenses	(1.6)	(1.6)	(1.6)	(1.8)	(1.7)	(1.8)	(1.8)	(1.9)		
Recurrent EBITDA	13.2	13.5	13.3	13.2	14.8	15.2	15.9	17.0	2.8%	4.7%
Recurrent EBITDA growth	5.7%	1.7%	-1.4%	-0.4%	11.6%	3.0%	4.5%	6.8%		
Rec. EBITDA/Revenues	69.9%	70.7%	68.3%	64.7%	69.1%	68.4%	68.6%	69.4%		
Net development revenue and non-rec.	(0.1)	(1.0)	0.4	4.4	(0.0)	1.7	1.7	0.9		
EBITDA	13.1	12.5	13.7	17.6	14.7	16.9	17.6	17.8	2.9%	6.6%
Depreciation & Provisions	(0.2)	(0.1)	0.4	(0.1)	0.1	0.1	0.1	0.1		
Capitalized Expense	-	-	-	-	-	-	-	-		
Net development revenue and non-rec.	16.8	0.2	17.9	15.5	0.5	-	-	-		
EBIT	29.8	12.6	32.0	33.1	15.3	17.0	17.7	17.9	-15.3%	5.4%
EBIT growth	-51.2%	-57.7%	154.1%	3.3%	-53.6%	11.0%	4.0%	1.3%		
EBIT/Revenues	n.a.	66.1%	n.a.	n.a.	71.8%	76.6%	76.5%	73.4%		
Impact of Goodwill & Others	-	-	-	-	-	-	-	-		
Net Financial Result	(1.6)	(1.3)	(1.5)	(1.3)	(1.6)	(1.5)	(1.1)	(0.9)		
Income by the Equity Method	-	-	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)		
Ordinary Profit	28.2	11.3	30.5	31.7	13.7	15.5	16.6	17.0	-16.5%	7.4%
Ordinary Profit Growth	-52.7%	-59.8%	169.9%	3.9%	-56.8%	13.4%	6.8%	2.4%		
Extraordinary Results	-	-	-	5.9	-	-	-	-		
Profit Before Tax	28.2	11.3	30.5	37.7	13.7	15.5	16.6	17.0	-16.5%	7.4%
Tax Expense	(5.4)	(1.5)	(5.2)	(7.9)	(2.1)	(2.3)	(2.5)	(2.6)		
Effective Tax Rate	19.1%	13.2%	16.9%	21.0%	15.0%	15.0%	15.0%	15.0%		
Minority Interests	(0.8)	(0.6)	(0.9)	(1.1)	(0.7)	(0.8)	(0.9)	(0.9)		
Discontinued Activities	-	-	-	-	-	-	-	-		
Net Profit	22.0	9.3	24.5	28.7	10.9	12.4	13.2	13.5	-16.1%	7.4%
Net Profit growth	-51.2%	-57.9%	164.8%	17.2%	-62.0%	13.4%	6.8%	2.4%		
Ordinary Net Profit	8.5	10.0	9.3	8.3	10.5	10.9	11.7	12.8	5.4%	6.8%
Ordinary Net Profit growth	24.4%	17.2%	-6.4%	-11.0%	26.5%	3.8%	7.7%	8.9%		
Cash Flow (EUR Mn)	2019	2020	2021	2022	2023	2024e	2025e	2026e	19-23	23-26e
Recurrent EBITDA						15.2	15.9	17.0	2.8%	4.7%
Rentals (IFRS 16 impact)						-	-	-		
Working Capital Increase						0.7	(1.0)	(1.4)		
Recurrent Operating Cash Flow						15.9	14.9	15.6	-3.0%	9.8%
CAPEX						(1.2)	(1.2)	(1.2)		
Net Financial Result affecting the Cash Flow						(1.5)	(1.1)	(0.9)		
Tax Expense						(2.3)	(2.5)	(2.6)		
Recurrent Free Cash Flow						10.8	10.2	10.9	-1.1%	20.2%
Net development revenue and non-rec.						12.0	12.0	11.1		
- Acquisitions / + Divestures of assets						(8.1)	(8.6)	(8.8)		
Extraordinary Inc./Exp. Affecting Cash Flow						-	-	-		
Free Cash Flow						14.7	13.6	13.1	-4.6%	28.2%
Capital Increase						-	-	-		
Dividends						(5.8)	(5.8)	(5.8)		
Net Debt Variation						(8.9)	(7.8)	(7.3)		

Appendix 2. Free Cash Flow

A) Cash Flow Analysis (EUR Mn)	2020	2021	2022	2023	2024e	2025e	2026e	CAGR	
								20-23	23-26e
Recurrent EBITDA	13.5	13.3	13.2	14.8	15.2	15.9	17.0	3.1%	4.7%
<i>Recurrent EBITDA growth</i>	1.7%	-1.4%	-0.4%	11.6%	3.0%	4.5%	6.8%		
<i>Rec. EBITDA/Revenues</i>	70.7%	68.3%	64.7%	69.1%	68.4%	68.6%	69.4%		
- Rentals (IFRS 16 impact)	-	-	-	-	-	-	-		
+/- Working Capital increase	(2.1)	(6.8)	5.1	(3.0)	0.7	(1.0)	(1.4)		
= Recurrent Operating Cash Flow	11.4	6.5	18.3	11.7	15.9	14.9	15.6	1.0%	9.8%
<i>Rec. Operating Cash Flow growth</i>	-14.1%	-42.8%	181.8%	-36.0%	35.0%	-6.0%	4.4%		
<i>Rec. Operating Cash Flow / Sales</i>	59.7%	33.5%	89.7%	55.0%	71.3%	64.4%	63.7%		
- CAPEX	(4.6)	(1.5)	(1.2)	(1.8)	(1.2)	(1.2)	(1.2)		
- Net Financial Result affecting Cash Flow	(1.4)	(1.4)	(1.3)	(1.6)	(1.5)	(1.1)	(0.9)		
- Taxes	(1.9)	(0.6)	(7.9)	(2.1)	(2.3)	(2.5)	(2.6)		
= Recurrent Free Cash Flow	3.5	3.0	8.0	6.3	10.8	10.2	10.9	21.2%	20.2%
<i>Rec. Free Cash Flow growth</i>	-46.1%	-13.6%	162.7%	-21.6%	73.2%	-6.2%	6.9%		
<i>Rec. Free Cash Flow / Revenues</i>	18.4%	15.6%	39.0%	29.2%	48.7%	43.9%	44.4%		
- Restructuring expenses & others	-	-	4.4	(0.0)	12.0	12.0	11.1		
- Acquisitions / + Divestments	1.8	(9.4)	4.0	-	(8.1)	(8.6)	(8.8)		
+/- Extraordinary Inc./Exp. affecting Cash Flow	0.1	6.3	6.3	-	-	-	-		
= Free Cash Flow	5.4	(0.0)	22.7	6.2	14.7	13.6	13.1	4.6%	28.2%
<i>Free Cash Flow growth</i>	-27.5%	-100.4%	n.a.	-72.5%	136.5%	-7.9%	-3.1%		
<i>Recurrent Free Cash Flow - Yield (s/Mkt Cap)</i>	2.4%	2.1%	5.4%	4.3%	7.4%	6.9%	7.4%		
<i>Free Cash Flow Yield (s/Mkt Cap)</i>	3.7%	n.a.	15.5%	4.3%	10.1%	9.3%	9.0%		
B) Analytical Review of Annual Recurrent Free Cash Flow Performance (Eur Mn)									
	2020	2021	2022	2023	2024e	2025e	2026e		
Recurrent FCF(FY - 1)	6.5	3.5	3.0	8.0	6.3	10.8	10.2		
EBITDA impact from revenue increase	0.1	0.3	0.7	0.6	0.6	0.6	0.9		
EBITDA impact from EBITDA/Sales variation	0.1	(0.5)	(0.7)	0.9	(0.2)	0.1	0.2		
= Recurrent EBITDA variation	0.2	(0.2)	(0.0)	1.5	0.4	0.7	1.1		
- Rentals (IFRS 16 impact) variation impact	-	-	-	-	-	-	-		
+/- Working capital variation impact	(2.1)	(4.7)	11.9	(8.1)	3.7	(1.6)	(0.4)		
= Recurrent Operating Cash Flow variation	(1.9)	(4.9)	11.8	(6.6)	4.1	(0.9)	0.7		
+/- CAPEX impact	(2.4)	3.1	0.3	(0.6)	0.6	0.1	(0.1)		
+/- Financial result variation	0.3	(0.1)	0.1	(0.3)	0.1	0.4	0.2		
+/- Tax impact	0.9	1.3	(7.3)	5.8	(0.3)	(0.2)	(0.1)		
= Recurrent Free Cash Flow variation	(3.0)	(0.5)	4.9	(1.7)	4.6	(0.7)	0.7		
Recurrent Free Cash Flow	3.5	3.0	8.0	6.3	10.8	10.2	10.9		
C) "FCF to the Firm" (pre debt service) (EUR Mn)									
	2020	2021	2022	2023	2024e	2025e	2026e	CAGR	
EBIT	12.6	32.0	33.1	15.3	17.0	17.7	17.9	6.8%	5.4%
* Theoretical Tax rate	13.2%	16.9%	21.0%	15.0%	15.0%	15.0%	15.0%		
= Taxes (pre- Net Financial Result)	(1.7)	(5.4)	(6.9)	(2.3)	(2.6)	(2.7)	(2.7)		
Recurrent EBITDA	13.5	13.3	13.2	14.8	15.2	15.9	17.0	3.1%	4.7%
- Rentals (IFRS 16 impact)	-	-	-	-	-	-	-		
+/- Working Capital increase	(2.1)	(6.8)	5.1	(3.0)	0.7	(1.0)	(1.4)		
= Recurrent Operating Cash Flow	11.4	6.5	18.3	11.7	15.9	14.9	15.6	1.0%	9.8%
- CAPEX	(4.6)	(1.5)	(1.2)	(1.8)	(1.2)	(1.2)	(1.2)		
- Taxes (pre- Financial Result)	(1.7)	(5.4)	(6.9)	(2.3)	(2.6)	(2.7)	(2.7)		
= Recurrent Free Cash Flow (To the Firm)	5.2	(0.4)	10.2	7.6	12.1	11.1	11.6	13.9%	15.2%
<i>Rec. Free Cash Flow (To the Firm) growth</i>	-3.7%	-107.2%	n.a.	-25.6%	58.4%	-8.2%	5.0%		
<i>Rec. Free Cash Flow (To the Firm) / Revenues</i>	27.0%	n.a.	50.1%	35.7%	54.3%	47.9%	47.6%		
- Acquisitions / + Divestments	1.8	(9.4)	4.0	-	(8.1)	(8.6)	(8.8)		
+/- Extraordinary Inc./Exp. affecting Cash Flow	0.1	6.3	6.3	-	-	-	-		
= Free Cash Flow "To the Firm"	7.1	(3.4)	20.6	7.6	4.0	2.5	2.8	2.5%	-28.2%
<i>Free Cash Flow (To the Firm) growth</i>	11.8%	-148.4%	700.0%	-63.0%	-47.9%	-37.4%	13.1%		
<i>Rec. Free Cash Flow To the Firm Yield (o/EV)</i>	1.8%	n.a.	3.6%	2.7%	4.2%	3.9%	4.0%		
<i>Free Cash Flow "To the Firm" - Yield (o/EV)</i>	2.5%	n.a.	7.2%	2.7%	1.4%	0.9%	1.0%		

Recurrent Free Cash Flow accumulated variation analysis (2019 - 2023)

Recurrent Free Cash Flow accumulated variation analysis (2023 - 2026e)

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	146.5	
+ Minority Interests	13.5	12m Results 2023
+ Provisions & Other L/T Liabilities	89.8	12m Results 2023
+ Net financial debt	49.4	12m Results 2023
- Financial Investments	11.7	12m Results 2023
+/- Others		
Enterprise Value (EV)	287.4	

Appendix 4. Historical performance ⁽¹⁾

Historical performance (EUR Mn)														CAGR		
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024e	2025e	2026e	13-23	23-26e
Total Revenues	18.2	19.6	17.4	16.4	13.9	14.6	19.0	19.1	19.4	20.4	21.4	22.2	23.1	24.4	1.6%	4.6%
Total Revenues growth	-2.3%	8.1%	-11.5%	-5.5%	-15.5%	5.2%	29.7%	0.6%	1.9%	5.2%	4.5%	4.1%	4.1%	5.6%		
EBITDA	6.8	8.0	7.3	8.5	8.6	7.9	13.1	12.5	13.7	17.6	14.7	16.9	17.6	17.8	8.0%	6.6%
EBITDA growth	-17.0%	17.7%	-9.0%	16.1%	2.0%	-8.1%	65.4%	-5.0%	9.3%	28.8%	-16.2%	14.9%	4.0%	1.3%		
EBITDA/Sales	37.5%	40.8%	42.0%	51.5%	62.2%	54.4%	69.3%	65.5%	70.3%	86.0%	69.0%	76.2%	76.1%	73.0%		
Net Profit	2.5	3.0	22.6	5.6	13.0	14.5	22.0	9.3	24.5	28.7	10.9	12.4	13.2	13.5	15.9%	7.4%
Net Profit growth	-47.5%	21.3%	647.0%	-75.3%	134.2%	11.6%	51.1%	-57.9%	164.8%	17.2%	-62.0%	13.4%	6.8%	2.4%		
Adjusted number shares (Mn)	23.3	23.2	23.2	23.2	23.2	23.2	23.2	23.2	23.2	23.2	23.2	23.3	23.3	23.3		
EPS (EUR)	0.11	0.13	0.97	0.24	0.56	0.63	0.95	0.40	1.06	1.24	0.47	0.53	0.57	0.58	16.0%	7.3%
EPS growth	n.a.	21.5%	n.a.	-75.3%	n.a.	11.6%	51.2%	-57.9%	n.a.	17.0%	-62.0%	13.1%	6.8%	2.4%		
Ord. EPS (EUR)	0.11	0.13	0.97	0.24	0.56	0.63	0.37	0.43	0.40	0.36	0.45	0.47	0.50	0.55	15.5%	6.7%
Ord. EPS growth	n.a.	21.5%	n.a.	-75.3%	n.a.	11.6%	-41.6%	17.2%	-6.4%	-11.1%	26.5%	3.5%	7.7%	8.9%		
CAPEX	(6.1)	(1.8)	(0.6)	(1.4)	(4.4)	(26.6)	(2.2)	(4.6)	(1.5)	(1.2)	(1.8)	(1.2)	(1.2)	(1.2)		
CAPEX/Sales %	33.5%	9.0%	3.2%	8.4%	31.8%	182.4%	11.7%	24.0%	7.5%	5.7%	8.5%	5.5%	5.0%	5.0%		
Free Cash Flow	(2.7)	1.5	3.8	(1.6)	(4.5)	(21.8)	7.5	5.4	(0.0)	22.7	6.2	14.7	13.6	13.1	15.7%	28.2%
ND/EBITDA (x) ⁽²⁾	8.0x	5.5x	7.0x	6.5x	4.9x	7.9x	5.0x	5.2x	5.1x	2.8x	3.4x	2.4x	1.9x	1.4x		
P/E (x)	57.6x	38.5x	5.7x	33.4x	6.9x	9.9x	8.5x	16.2x	6.3x	5.4x	12.8x	11.8x	11.1x	10.8x		
EV/Sales (x)	12.93x	11.05x	11.16x	12.78x	19.08x	11.82x	16.34x	18.67x	16.20x	15.60x	14.01x	12.93x	12.42x	11.76x		
EV/EBITDA (x) ⁽²⁾	34.5x	27.1x	26.6x	24.8x	30.7x	21.7x	23.6x	28.5x	23.1x	18.1x	20.3x	17.0x	16.3x	16.1x		
Absolute performance	-3.2%	-18.8%	10.8%	44.5%	-51.7%	61.5%	29.6%	-19.7%	2.1%	0.1%	-9.7%	5.0%				
Relative performance vs Ibx 35	-20.3%	-21.7%	19.4%	47.5%	-55.1%	89.9%	15.9%	-5.1%	-5.4%	6.0%	-26.4%	-3.1%				

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 Factset.

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

Appendix 5. Main peers 2024e

		REITs					
		Merlin Properties				Average	CEV
EUR Mn		Colonial	Lar España	Árma			
Market data	Ticker (Factset)	MRL-ES	COL-ES	LRE-ES	ARM-ES		CEV-ES
	Country	Spain	Spain	Spain	Spain		Spain
	Market cap	4,460.5	2,886.9	577.5	177.7		146.5
	Enterprise value (EV)	8,494.7	8,682.5	983.6	231.8		287.4
Basic financial information	Total Revenues	501.3	392.9	91.2	14.0		22.2
	Total Revenues growth	6.8%	-1.7%	-21.0%	39.0%	5.8%	4.1%
	2y CAGR (2024e - 2026e)	8.2%	4.2%	4.9%	28.2%	11.4%	4.8%
	EBITDA	388.6	319.0	68.0	4.0		16.9
	EBITDA growth	11.7%	0.9%	n.a.	241.5%	84.7%	14.9%
	2y CAGR (2024e - 2026e)	8.3%	5.0%	2.9%	80.3%	24.1%	2.6%
	EBITDA/Revenues	77.5%	81.2%	74.6%	28.6%	65.5%	76.2%
	EBIT	355.2	302.3	33.9	(2.0)		17.0
	EBIT growth	2.7%	-1.7%	-60.7%	31.1%	-7.1%	11.0%
	2y CAGR (2024e - 2026e)	18.2%	12.3%	45.3%	n.a.	25.3%	2.6%
	EBIT/Revenues	70.9%	76.9%	37.2%	n.a.	61.7%	76.6%
	Net Profit	266.2	175.2	37.1	(5.0)		12.4
	Net Profit growth	418.9%	117.2%	0.9%	84.7%	155.4%	13.4%
	2y CAGR (2024e - 2026e)	13.6%	9.0%	25.3%	n.a.	16.0%	4.6%
CAPEX/Sales %	48.9%	19.1%	12.4%	157.1%	59.4%	5.5%	
Free Cash Flow	199.1	249.8	49.9	(19.0)		14.7	
Net financial debt	4,265.5	4,716.8	497.6	88.0		40.5	
ND/EBITDA (x)	11.0	14.8	7.3	22.0	13.8	2.7	
Pay-out	80.5%	83.1%	151.2%	-10.5%	76.1%	46.8%	
Multiples and Ratios	P/E (x)	15.6	16.5	10.5	n.a.	14.2	11.8
	P/BV (x)	0.7	0.6	0.6	n.a.	0.6	0.4
	EV/Revenues (x)	16.9	22.1	10.8	16.6	16.6	12.9
	EV/EBITDA (x)	21.9	27.2	14.5	n.a.	21.2	18.9
	EV/EBIT (x)	23.9	28.7	29.0	n.a.	27.2	16.9
	ROE	4.5	3.5	6.2	n.a.	4.7	3.2
	FCF Yield (%)	4.5	8.7	8.6	n.a.	7.3	7.4
	DPS	0.46	0.27	0.67	0.02	0.36	0.25
Dvd Yield	4.8%	5.1%	9.7%	0.3%	5.0%	4.0%	

Note 1: Financial data, multiples and ratios based on market consensus (Factset). 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
03-Apr-2024	n.a.	6.30	n.a.	n.a.	12m Results 2023 (corrected version)	José Miguel Cabrera van Grieken
25-Mar-2024	n.a.	6.30	n.a.	n.a.	12m Results 2023	José Miguel Cabrera van Grieken
06-Nov-2023	n.a.	6.40	n.a.	n.a.	9m Results 2023	José Miguel Cabrera van Grieken
08-Sep-2023	n.a.	6.45	n.a.	n.a.	6m Results 2023	Alfredo Echevarría Otegui
12-Jun-2023	n.a.	6.55	n.a.	n.a.	Small & Micro Caps (Spain)	David López Sánchez
05-May-2023	n.a.	6.55	n.a.	n.a.	3m Results 2023	David López Sánchez
04-Apr-2023	n.a.	6.55	n.a.	n.a.	Company visit	David López Sánchez
24-Feb-2023	n.a.	6.79	n.a.	n.a.	12m Results 2022	David López Sánchez
14-Nov-2022	n.a.	7.03	n.a.	n.a.	Initiation of Coverage	David López Sánchez

