

12m Results 2023

 Opinion ⁽¹⁾: In line

 Impact ⁽¹⁾: We will maintain our estimates

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Desarrollos Especiales de Sistemas de Anclaje (DESA) is a small industrial group with its corporate headquarters in Barcelona (Spain), specialising (>60 years) in the manufacture and sale of fasteners, staples and tools used in the construction, industry and agriculture sectors. It has an international presence (30% of revenue) and is controlled by its core shareholders (c.75% of capital).

A set of FY23 earnings (in line) that bodes well for a better 2024e

Market Data

Market Cap (Mn EUR and USD)	22.4	24.2
EV (Mn EUR and USD) ⁽²⁾	31.8	34.4
Shares Outstanding (Mn)	1.8	
-12m (Max/Med/Min EUR)	14.78 / 12.94 / 11.97	
Daily Avg volume (-12m Mn EUR)	n.m.	
Rotation ⁽³⁾	0.7	
Factset / Bloomberg	DESA-ES / DESA SM	
Close fiscal year	31-Dec	

Shareholders Structure (%)

Maden	29.6
SARM	20.2
Gestión Ixua	16.0
Board Members	12.1
Free Float	22.1

Financials (Mn EUR)

	2023	2024e	2025e	2026e
Adj. nº shares (Mn)	1.8	1.8	1.8	1.8
Total Revenues	47.7	50.1	52.4	54.8
Rec. EBITDA	4.8	5.3	5.7	6.2
% growth	-7.7	10.8	8.7	7.3
% Rec. EBITDA/Rev.	10.0	10.6	11.0	11.2
% Inc. EBITDA sector ⁽⁴⁾	12.7	11.4	14.6	14.3
Net Profit	2.1	2.8	3.2	3.6
EPS (EUR)	1.20	1.59	1.82	2.00
% growth	-24.3	33.1	14.1	10.1
Ord. EPS (EUR)	1.31	1.59	1.82	2.00
% growth	-17.1	21.6	14.1	10.1
Rec. Free Cash Flow ⁽⁵⁾	3.9	2.0	2.3	2.6
Pay-out (%)	70.5	52.7	46.2	42.0
DPS (EUR)	0.84	0.84	0.84	0.84
Net financial debt	10.7	10.2	9.4	8.3
ND/Rec. EBITDA (x)	2.2	1.9	1.6	1.3
ROE (%)	11.2	14.2	15.1	15.3
ROCE (%) ⁽⁵⁾	8.3	10.8	11.6	12.2

Ratios & Multiples (x)⁽⁶⁾

	2023	2024e	2025e	2026e
P/E	10.5	7.9	6.9	6.3
Ord. P/E	9.6	7.9	6.9	6.3
P/BV	1.2	1.1	1.0	0.9
Dividend Yield (%)	6.7	6.7	6.7	6.7
EV/Sales	0.67	0.63	0.61	0.58
EV/Rec. EBITDA	6.7	6.0	5.5	5.2
EV/EBIT	9.4	7.6	6.8	6.3
FCF Yield (%) ⁽⁵⁾	17.7	8.8	10.5	11.6

DROP (AS EXPECTED) IN REVENUE IN 2023 (EUR 47.7MN; -5.5% VS 2022)... The topline performance was what we saw throughout the year. Lower raw materials prices after the increases seen post-Covid-19 and the performance of the agricultural business led to a drop in revenue (illustrating the cyclicity of the business) to EUR 47.7Mn (-5.5% vs 2022). However, the level of decline was lower in 4Q (-1.9% vs -8.5% in 2Q). In 2023, 31% of sales came from outside Spain.

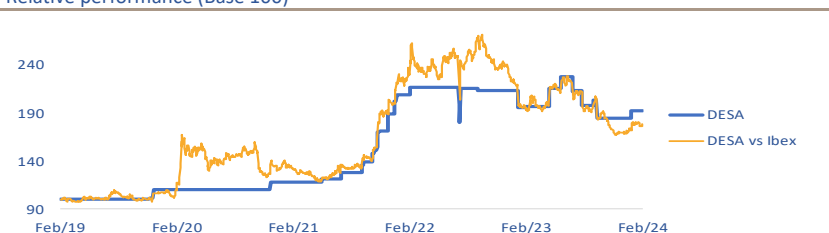
...BUT MARGINS UNSCATHED. The rebound in gross margin in (39.4%; +1.8p.p. vs 2022) back to 2021 levels (c.40%) enabled DESA to achieve a recurring EBITDA margin of 10% (in line with 2022). This resulted in recurring EBITDA of EUR 4.8Mn (-7.7%), in line with the revenue performance. And this is stripping out one-offs from the disposal of the French plant (EUR 0.2Mn).

A HIGH DIVIDEND YIELD (6.7%). DESA converted c.60% of recurring EBITDA into net profit (despite higher finance costs). It distributed EUR 1.5Mn in dividends in 2023 (payout: 70%), which at today's price gives a dividend yield 2023 of c.7%. We are estimating a dividend of EUR 1.5Mn for 2024e-2025e.

HEFTY CASH GENERATION, REDUCTION IN NET DEBT (-18% VS 2022). Recurring FCF amounted to EUR 3.3Mn, enabling DESA to reduce net debt in 2023 to EUR 10.7Mn (vs EUR 13Mn in 2022; ND/rec. EBITDA: 2.2x). The company enjoys a sound balance sheet, so it can undertake investments going forward and sustain the dividend.

WE EXPECT GROWTH TO PICK BACK UP IN 2024E. We are reiterating our estimates, with this set of earnings in line. Our numbers suggest a return to mid-single-digit growth (+5%) in 2024e, with revenue of EUR 50.1Mn and EBITDA of EUR 5.3Mn.

WE SEE DESA AS A LOW RISK INDUSTRIAL COMPANY OFFERING A HIGH FCF YIELD (8.8% 2024E). MOMENTUM SHOULD IMPROVE IN 2024. DESA has managed to defend its margins even during business cycle downturns. That suggests to us that in 2024e (a year that should improve as time goes by), with a brighter macroeconomic outlook, DESA can resume its growth and show further margin expansion. Moderate topline growth (CAGR 2023-2026e for revenue: 4.8%) could give rise to an FCF yield 2025e of 10.5%. DESA is currently trading at an EV/EBITDA 24e of 6x and a P/E of 7.9x (vs 6.3x and 11.8x, respectively, for its comps).

Relative performance (Base 100)


Stock performance (%)	-1m	-3m	-12m	YTD	-3Y	-5Y
Absolute	0.0	4.2	-1.7	4.2	63.6	92.6
vs Ibxex 35	-1.1	4.8	-7.7	5.2	34.6	78.6
vs Ibxex Small Cap Index	1.2	5.2	7.4	5.7	76.7	67.3
vs Eurostoxx 50	-4.9	-6.7	-14.6	-3.4	22.0	30.2
vs Sector benchmark ⁽⁴⁾	-6.4	-7.6	-20.5	1.8	31.3	-12.6

(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) Sector: Europe Industrial Machinery.

(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.

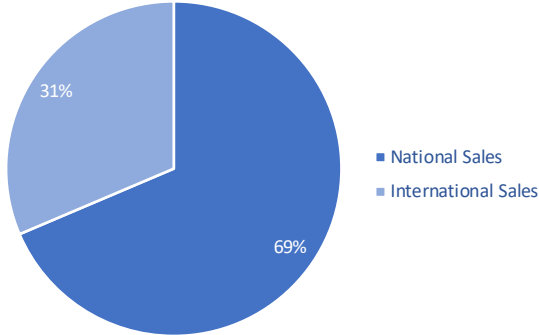
12m Results 2023
Table 1. 2023 Results

EUR Mn	12m23	12m23 Real vs		2023 vs		4Q23 vs	
	Real	12m22	12m22	2023e	2023e	4Q23	4Q22
Total Revenues	47.7	50.4	-5.4%	48.2	-1.1%	11.6	-1.9%
Gross margin	18.8	19.0	-1.4%	18.9	-0.6%	4.4	4.7%
% Gross margin	39.4%	37.8%	1.6 p.p.	39.2%	0.2 p.p.	38.4%	2.4 p.p.
Recurrent EBITDA	4.8	5.2	-8.7%	4.7	1.2%	1.3	-1.6%
Rec. EBITDA/Revenues	10.0%	10.4%	-0.4 p.p.	9.8%	0.2 p.p.	11.0%	0.0 p.p.
EBITDA	4.5	5.2	-14.0%	4.7	-4.8%	1.0	-22.9%
EBITDA/Revenues	9.4%	10.4%	-0.9 p.p.	9.8%	-0.4 p.p.	8.6%	-2.4 p.p.
EBIT	3.4	4.0	-16.0%	3.5	-4.1%	0.8	-16.9%
PBT	2.1	2.8	-24.4%	2.2	-3.4%	-0.1	-234.8%
		<u>12m22</u>					
Net Debt ¹	10.7	13.0	-18.0%	11.5	-7.5%		

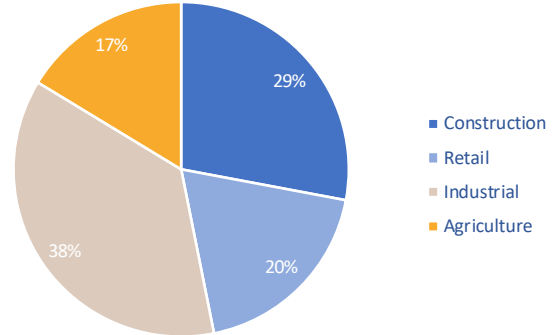
(1) Net Debt excludes the impact of IFRS 16 (EUR 0.4Mn and EUR 0.3Mn in 2023 and 2022). Net Debt includes discounted trade bills pending maturity (EUR 3.4Mn and EUR 4.4Mn in 2023 and 2022); excluding these amounts, ND was EUR 7.3Mn and EUR 8.6Mn in 2023 and 2022.

The company in 8 charts

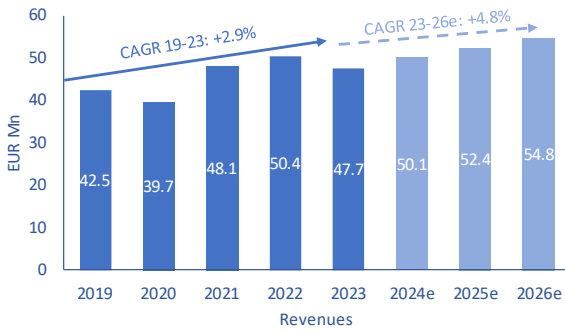
A diversified business: sales from outside Spain (basically Europe) already account for 31%



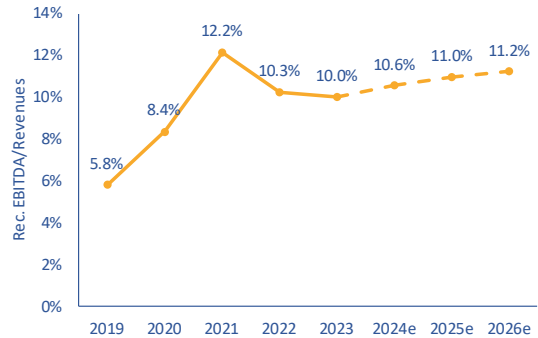
Positioned in the agricultural market (17% of revenue 2022), its main (midterm) growth driver



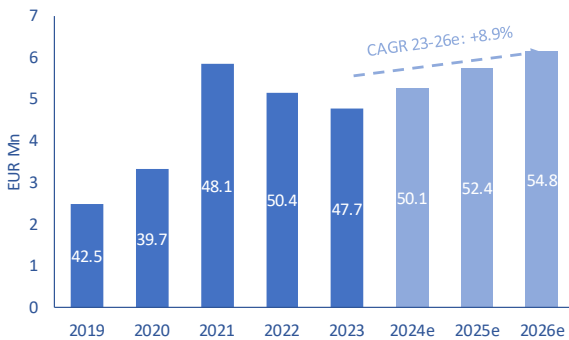
23-26e: Low-single-digit revenue growth (CAGR 23-26e: +4.8%), in line with that seen in the last 5 years



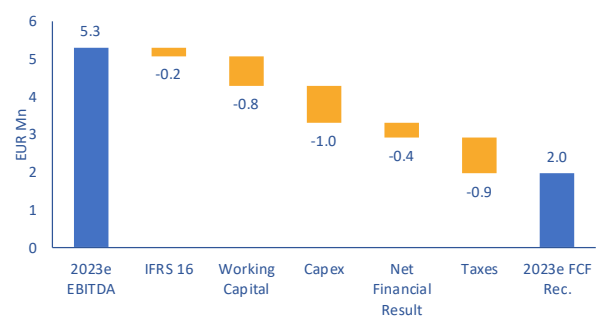
Maintaining an EBITDA margin of > 10% (with the ability to recover levels of c. 11%, still below 2021 highs)



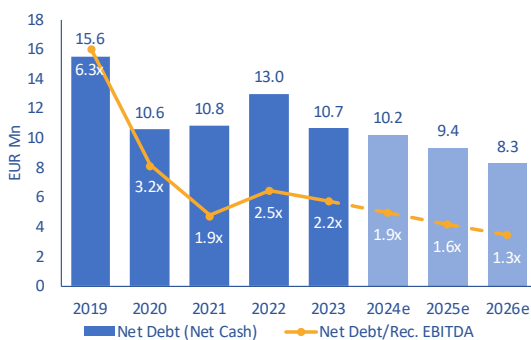
... And allowing the revenue improvement to be passed on to EBITDA (CAGR 23-26e: +8.9%)



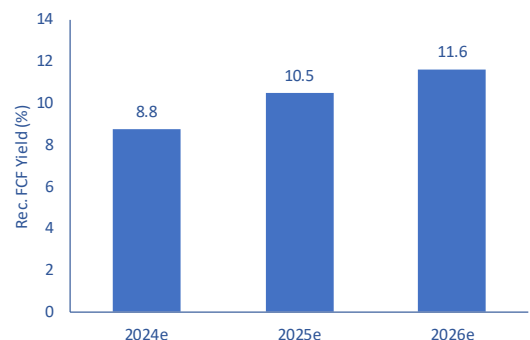
With the capacity to convert c. 50% of EBITDA in FCF



The improvement in debt metrics (ND/EBITDA c. 2x) backs the ability to invest (in non-organic growth too)



FCF Yield c. 10% over the entire estimated period



Valuation inputs

Inputs for the DCF Valuation Approach

	2024e	2025e	2026e	Terminal Value ⁽¹⁾			
Free Cash Flow "To the Firm"	2.3	2.6	2.8	47.5			
Market Cap	22.4	At the date of this report					
Net financial debt	10.7	Debt net of Cash (12m Results 2023)					
					Best Case	Worst Case	
Cost of Debt	3.6%	Net debt cost			3.4%	3.9%	
Tax rate (T)	20.0%	T (Normalised tax rate)			=	=	
Net debt cost	2.9%	Kd = Cost of Net Debt * (1-T)			2.7%	3.1%	
Risk free rate (rf)	3.3%	Rf (10y Spanish bond yield)			=	=	
Equity risk premium	6.0%	R (own estimate)			5.5%	6.5%	
Beta (B)	1.2	B (own estimate)			1.1	1.3	
Cost of Equity	10.5%	Ke = Rf + (R * B)			9.3%	11.7%	
Equity / (Equity + Net Debt)	67.7%	E (Market Cap as equity value)			=	=	
Net Debt / (Equity + Net Debt)	32.3%	D			=	=	
WACC	8.0%	WACC = Kd * D + Ke * E			7.2%	8.9%	
G "Fair"	1.5%				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
Norma Group SE	NOEJ-DE	446.1	12.4	22.7%	5.4	8.7%	0.7	3.6%	12.6%	9.2%	29.0%
Granges AB	GRNG-SE	957.0	10.8	18.1%	5.7	7.9%	0.6	6.0%	10.7%	9.0%	25.9%
Trifast Plc	TRI-GB	120.6	12.1	n.a.	6.5	n.a.	0.6	n.a.	9.7%	9.5%	n.a.
Broad Range players			11.8	20.4%	5.9	8.3%	0.6	4.8%	11.0%	9.2%	27.4%
Georg Fischer AG	GF-CH	5,637.8	17.8	14.3%	8.7	8.9%	1.1	4.0%	12.8%	2.9%	52.0%
Bossard Holding AG	BOSN-CH	1,683.3	19.0	11.4%	12.8	9.1%	1.7	3.3%	13.1%	4.9%	4.1%
Bufab AB	BUFAB-SE	1,348.5	22.4	14.4%	14.1	7.8%	2.1	4.8%	15.1%	5.7%	4.5%
SFS Group AG	SFSN-CH	4,506.9	15.0	6.5%	9.7	4.6%	1.6	2.4%	16.0%	3.3%	30.5%
Barnes Group Inc	B-US	1,636.9	20.6	21.8%	8.9	10.3%	1.8	5.7%	20.7%	4.5%	43.1%
Highg Tech Specialty players			19.0	13.7%	10.8	8.1%	1.7	4.0%	15.5%	4.3%	26.9%
DESA	DESA-ES	22.4	7.9	12.1%	6.0	8.0%	0.6	4.7%	10.6%	8.8%	15.1%

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	12.1%	6.3	5.0x
Central	11.0%	5.7	5.5x
Min	9.9%	5.2	6.1x

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

Rec. FCF EUR Mn	CAPEX/Sales 25e			Scenario	Rec. FCF/Yield 25e		
EBITDA 25e	1.8%	2.0%	2.2%		Max	Central	Min
6.3	3.0	2.9	2.8	Max	13.5%	13.1%	12.6%
5.7	2.4	2.3	2.2	Central	11.0%	10.5%	10.0%
5.2	1.9	1.8	1.7	Min	8.4%	7.9%	7.4%

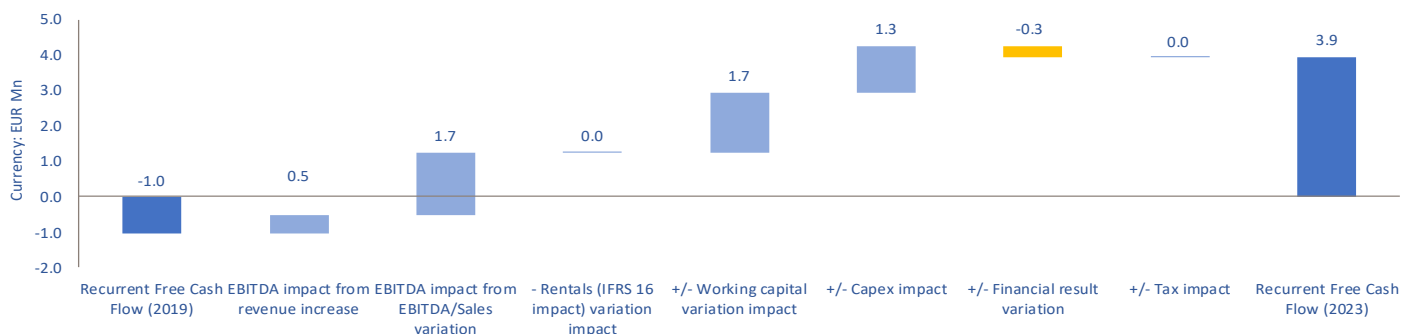
Appendix 1. Financial Projections

Balance Sheet (EUR Mn)	2019	2020	2021	2022	2023	2024e	2025e	2026e	CAGR	
Intangible assets	1.1	0.5	0.6	0.6	0.9	0.9	0.9	0.9		
Fixed assets	13.0	13.9	12.3	13.2	11.8	11.9	12.0	12.2		
Other Non Current Assets	1.7	1.5	1.3	0.8	1.5	1.5	1.5	1.5		
Financial Investments	0.0	0.0	1.4	2.5	2.5	2.5	2.5	2.5		
Goodwill & Other Intangibles	-	-	-	-	-	-	-	-		
Current assets	22.7	19.5	26.3	25.9	24.0	25.2	26.4	27.6		
Total assets	38.5	35.4	41.8	43.1	40.7	42.0	43.3	44.8		
Equity	12.5	13.5	15.6	18.8	19.3	20.6	22.4	24.5		
Minority Interests	-	-	-	-	-	-	-	-		
Provisions & Other L/T Liabilities	0.6	1.4	1.4	1.3	1.3	1.3	1.3	1.3		
Other Non Current Liabilities	0.4	0.3	0.5	0.3	0.4	0.4	0.4	0.4		
Net financial debt	15.6	10.6	10.8	13.0	10.7	10.2	9.4	8.3		
Current Liabilities	9.4	9.6	13.5	9.6	9.0	9.4	9.9	10.3		
Equity & Total Liabilities	38.5	35.4	41.8	43.1	40.7	42.0	43.3	44.8		
P&L (EUR Mn)	2019	2020	2021	2022	2023	2024e	2025e	2026e	19-23	23-26e
Total Revenues	42.5	39.7	48.1	50.4	47.7	50.1	52.4	54.8	2.9%	4.8%
<i>Total Revenues growth</i>	3.5%	-6.7%	21.3%	4.8%	-5.5%	5.0%	4.7%	4.7%		
COGS	(25.7)	(23.8)	(28.8)	(31.4)	(28.9)	(30.2)	(31.6)	(33.1)		
Gross Margin	16.8	15.9	19.3	19.0	18.8	19.8	20.8	21.8	2.8%	5.1%
<i>Gross Margin/Revenues</i>	39.6%	40.0%	40.2%	37.6%	39.4%	39.6%	39.7%	39.7%		
Personnel Expenses	(7.8)	(7.3)	(7.7)	(7.8)	(7.9)	(8.1)	(8.4)	(8.6)		
Other Operating Expenses	(6.5)	(5.3)	(5.8)	(6.0)	(6.1)	(6.4)	(6.7)	(7.0)		
Recurrent EBITDA	2.5	3.3	5.8	5.2	4.8	5.3	5.7	6.2	17.7%	8.9%
<i>Recurrent EBITDA growth</i>	-2.9%	33.9%	75.8%	-11.7%	-7.7%	10.8%	8.7%	7.3%		
<i>Rec. EBITDA/Revenues</i>	5.8%	8.4%	12.2%	10.3%	10.0%	10.6%	11.0%	11.2%		
Restructuring Expense & Other non-rec.	(0.1)	(0.5)	-	-	(0.3)	-	-	-		
EBITDA	2.4	2.8	5.8	5.2	4.5	5.3	5.7	6.2	17.2%	11.1%
Depreciation & Provisions	(1.0)	(1.2)	(1.2)	(1.0)	(0.9)	(0.9)	(0.9)	(0.9)		
Capitalized Expense	0.0	-	-	-	-	-	-	-		
Rentals (IFRS 16 impact)	(0.2)	(0.2)	(0.1)	(0.1)	(0.2)	(0.2)	(0.2)	(0.2)		
EBIT	1.2	1.4	4.6	4.0	3.4	4.2	4.6	5.0	28.8%	14.5%
<i>EBIT growth</i>	-27.1%	15.6%	222.0%	-12.0%	-16.0%	24.6%	10.8%	8.8%		
<i>EBIT/Revenues</i>	2.9%	3.6%	9.5%	7.9%	7.1%	8.4%	8.9%	9.2%		
Impact of Goodwill & Others	-	-	-	-	-	-	-	-		
Net Financial Result	(0.2)	(0.2)	(0.2)	(0.3)	(0.4)	(0.4)	(0.3)	(0.3)		
Income by the Equity Method	-	-	-	-	-	-	-	-		
Ordinary Profit	1.1	1.2	4.3	3.7	2.9	3.8	4.3	4.8	28.6%	17.8%
<i>Ordinary Profit Growth</i>	-29.7%	17.0%	248.7%	-15.1%	-21.0%	30.1%	14.1%	10.1%		
Extraordinary Results	-	-	-	-	-	-	-	-		
Profit Before Tax	1.1	1.2	4.3	3.7	2.9	3.8	4.3	4.8	28.6%	17.8%
Tax Expense	(0.3)	(0.3)	(0.6)	(0.9)	(0.8)	(0.9)	(1.1)	(1.2)		
<i>Effective Tax Rate</i>	23.8%	27.4%	13.4%	23.7%	27.0%	25.0%	25.0%	25.0%		
Minority Interests	-	-	-	-	-	-	-	-		
Discontinued Activities	-	-	-	-	-	-	-	-		
Net Profit	0.8	0.9	3.8	2.8	2.1	2.8	3.2	3.6	27.2%	18.9%
<i>Net Profit growth</i>	-33.8%	11.6%	315.6%	-25.2%	-24.4%	33.7%	14.1%	10.1%		
Ordinary Net Profit	0.9	1.3	3.8	2.8	2.3	2.8	3.2	3.6	27.3%	15.3%
<i>Ordinary Net Profit growth</i>	-27.7%	42.4%	198.0%	-25.2%	-17.3%	22.2%	14.1%	10.1%		
Cash Flow (EUR Mn)	2019	2020	2021	2022	2023	2024e	2025e	2026e	19-23	23-26e
Recurrent EBITDA						5.3	5.7	6.2	17.7%	8.9%
Rentals (IFRS 16 impact)						(0.2)	(0.2)	(0.2)		
Working Capital Increase						(0.8)	(0.8)	(0.8)		
Recurrent Operating Cash Flow						4.3	4.8	5.2	32.9%	-4.2%
CAPEX						(1.0)	(1.0)	(1.1)		
Net Financial Result affecting the Cash Flow						(0.4)	(0.3)	(0.3)		
Tax Expense						(0.9)	(1.1)	(1.2)		
Recurrent Free Cash Flow						2.0	2.3	2.6	55.1%	-13.0%
Restructuring Expense & Other non-rec.						-	-	-		
- Acquisitions / + Divestures of assets						-	-	-		
Extraordinary Inc./Exp. Affecting Cash Flow						-	-	-		
Free Cash Flow						2.0	2.3	2.6	51.1%	-10.9%
Capital Increase						-	-	-		
Dividends						(1.5)	(1.5)	(1.5)		
Net Debt Variation						(0.5)	(0.8)	(1.1)		

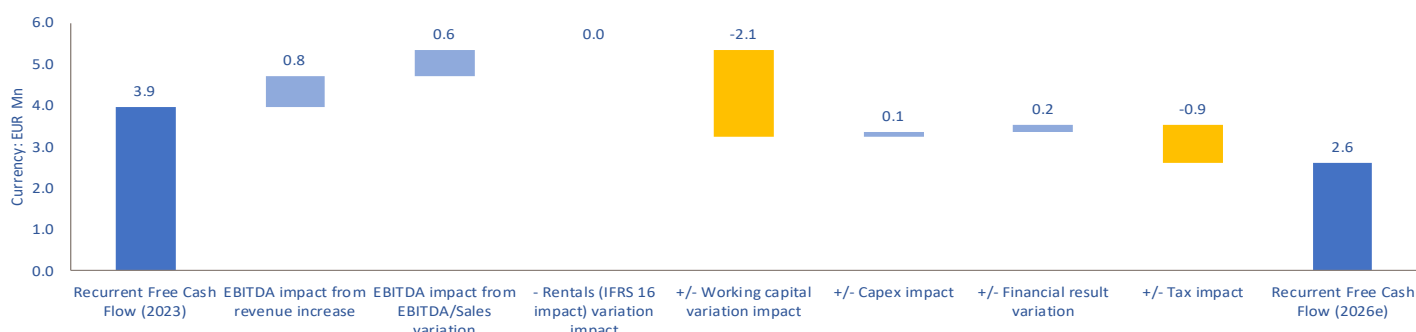
Appendix 2. Free Cash Flow

A) Cash Flow Analysis (EUR Mn)	2020	2021	2022	2023	2024e	2025e	2026e	CAGR	
								20-23	23-26e
Recurrent EBITDA	3.3	5.8	5.2	4.8	5.3	5.7	6.2	12.8%	8.9%
<i>Recurrent EBITDA growth</i>	33.9%	75.8%	-11.7%	-7.7%	10.8%	8.7%	7.3%		
<i>Rec. EBITDA/Revenues</i>	8.4%	12.2%	10.3%	10.0%	10.6%	11.0%	11.2%		
- Rentals (IFRS 16 impact)	(0.2)	(0.1)	(0.1)	(0.2)	(0.2)	(0.2)	(0.2)		
+/- Working Capital increase	3.4	(2.9)	(3.5)	1.3	(0.8)	(0.8)	(0.8)		
= Recurrent Operating Cash Flow	6.5	2.8	1.5	5.9	4.3	4.8	5.2	-3.4%	-4.2%
<i>Rec. Operating Cash Flow growth</i>	245.8%	-56.8%	-46.5%	290.2%	-26.7%	11.2%	7.9%		
<i>Rec. Operating Cash Flow / Sales</i>	16.4%	5.8%	3.0%	12.3%	8.6%	9.1%	9.4%		
- CAPEX	(1.9)	(0.7)	(0.2)	(1.2)	(1.0)	(1.0)	(1.1)		
- Net Financial Result affecting Cash Flow	(0.2)	(0.2)	(0.3)	(0.5)	(0.4)	(0.3)	(0.3)		
- Taxes	(0.3)	(0.5)	(0.9)	(0.3)	(0.9)	(1.1)	(1.2)		
= Recurrent Free Cash Flow	4.1	1.5	0.1	3.9	2.0	2.3	2.6	-1.0%	-13.0%
<i>Rec. Free Cash Flow growth</i>	490.0%	-64.2%	-90.3%	n.a.	-50.4%	19.7%	10.7%		
<i>Rec. Free Cash Flow / Revenues</i>	10.3%	3.0%	0.3%	8.3%	3.9%	4.5%	4.7%		
- Restructuring expenses & others	(0.5)	-	-	(0.3)	-	-	-		
- Acquisitions / + Divestments	0.3	-	-	-	-	-	-		
+/- Extraordinary Inc./Exp. affecting Cash Flow	-	-	-	-	-	-	-		
= Free Cash Flow	3.9	1.5	0.1	3.7	2.0	2.3	2.6	-1.6%	-10.9%
<i>Free Cash Flow growth</i>	437.6%	-62.2%	-90.3%	n.a.	-46.7%	19.7%	10.7%		
<i>Recurrent Free Cash Flow - Yield (s/Mkt Cap)</i>	18.2%	6.5%	0.6%	17.7%	8.8%	10.5%	11.6%		
<i>Free Cash Flow Yield (s/Mkt Cap)</i>	17.2%	6.5%	0.6%	16.4%	8.8%	10.5%	11.6%		
B) Analytical Review of Annual Recurrent Free Cash Flow Performance (Eur Mn)									
	2020	2021	2022	2023	2024e	2025e	2026e	CAGR	
Recurrent FCF(FY - 1)	(1.0)	4.1	1.5	0.1	3.9	2.0	2.3		
EBITDA impact from revenue increase	(0.2)	0.7	0.3	(0.3)	0.2	0.2	0.3		
EBITDA impact from EBITDA/Sales variation	1.0	1.8	(1.0)	(0.1)	0.3	0.2	0.1		
= Recurrent EBITDA variation	0.8	2.5	(0.7)	(0.4)	0.5	0.5	0.4		
- Rentals (IFRS 16 impact) variation impact	0.0	0.0	0.0	(0.1)	-	-	-		
+/- Working capital variation impact	3.8	(6.3)	(0.6)	4.8	(2.1)	0.0	(0.0)		
= Recurrent Operating Cash Flow variation	4.6	(3.7)	(1.3)	4.4	(1.6)	0.5	0.4		
+/- CAPEX impact	0.6	1.2	0.5	(1.0)	0.2	(0.0)	(0.0)		
+/- Financial result variation	(0.0)	(0.0)	(0.1)	(0.2)	0.1	0.1	0.0		
+/- Tax impact	(0.1)	(0.1)	(0.4)	0.6	(0.7)	(0.1)	(0.1)		
= Recurrent Free Cash Flow variation	5.1	(2.6)	(1.3)	3.8	(2.0)	0.4	0.3		
Recurrent Free Cash Flow	4.1	1.5	0.1	3.9	2.0	2.3	2.6		
C) "FCF to the Firm" (pre debt service) (EUR Mn)									
	2020	2021	2022	2023	2024e	2025e	2026e	CAGR	
EBIT	1.4	4.6	4.0	3.4	4.2	4.6	5.0	33.5%	14.5%
* Theoretical Tax rate	27.4%	13.4%	23.7%	27.0%	25.0%	25.0%	25.0%		
= Taxes (pre- Net Financial Result)	(0.4)	(0.6)	(0.9)	(0.9)	(1.0)	(1.2)	(1.3)		
Recurrent EBITDA	3.3	5.8	5.2	4.8	5.3	5.7	6.2	12.8%	8.9%
- Rentals (IFRS 16 impact)	(0.2)	(0.1)	(0.1)	(0.2)	(0.2)	(0.2)	(0.2)		
+/- Working Capital increase	3.4	(2.9)	(3.5)	1.3	(0.8)	(0.8)	(0.8)		
= Recurrent Operating Cash Flow	6.5	2.8	1.5	5.9	4.3	4.8	5.2	-3.4%	-4.2%
- CAPEX	(1.9)	(0.7)	(0.2)	(1.2)	(1.0)	(1.0)	(1.1)		
- Taxes (pre- Financial Result)	(0.4)	(0.6)	(0.9)	(0.9)	(1.0)	(1.2)	(1.3)		
= Recurrent Free Cash Flow (To the Firm)	4.2	1.5	0.4	3.8	2.3	2.6	2.8	-3.6%	-9.3%
<i>Rec. Free Cash Flow (To the Firm) growth</i>	553.7%	-64.6%	-74.3%	885.2%	-40.0%	14.3%	8.9%		
<i>Rec. Free Cash Flow (To the Firm) / Revenues</i>	10.6%	3.1%	0.8%	7.9%	4.5%	4.9%	5.1%		
- Acquisitions / + Divestments	0.3	-	-	-	-	-	-		
+/- Extraordinary Inc./Exp. affecting Cash Flow	-	-	-	-	-	-	-		
= Free Cash Flow "To the Firm"	4.5	1.5	0.4	3.8	2.3	2.6	2.8	-5.6%	-9.3%
<i>Free Cash Flow (To the Firm) growth</i>	584.0%	-66.8%	-74.3%	885.2%	-40.0%	14.3%	8.9%		
<i>Rec. Free Cash Flow To the Firm Yield (o/EV)</i>	13.2%	4.7%	1.2%	11.8%	7.1%	8.1%	8.8%		
<i>Free Cash Flow "To the Firm" - Yield (o/EV)</i>	14.1%	4.7%	1.2%	11.8%	7.1%	8.1%	8.8%		

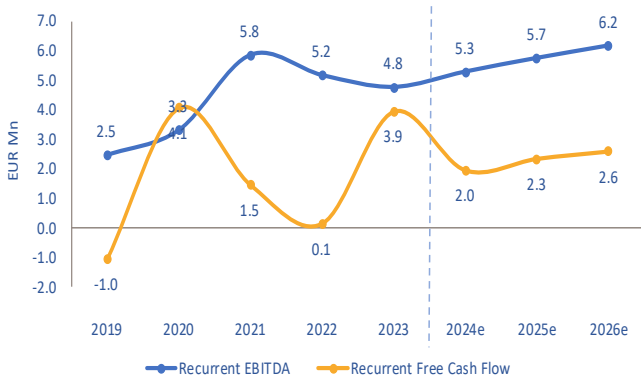
Recurrent Free Cash Flow accumulated variation analysis (2019 - 2023)



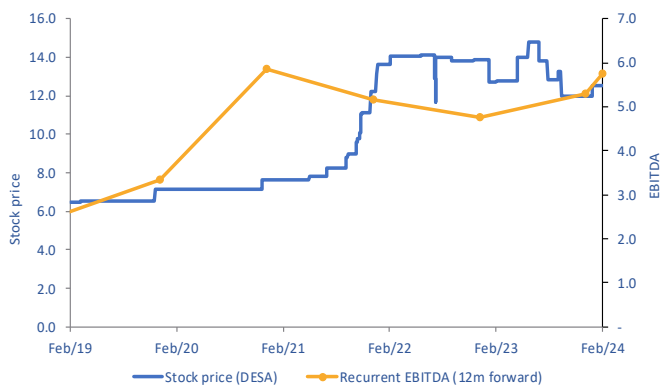
Recurrent Free Cash Flow accumulated variation analysis (2023 - 2026e)



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	22.4	
+ Minority Interests	-	12m Results 2023
+ Provisions & Other L/T Liabilities	0.1	12m Results 2023
+ Net financial debt	10.7	12m Results 2023
- Financial Investments	2.5	12m Results 2023
+/- Others ⁽¹⁾	1.2	12m Results 2023
Enterprise Value (EV)	31.8	

(1) Non-core asset disposals

Appendix 4. Historical performance (1)

Historical performance (EUR Mn)	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024e	2025e	2026e	CAGR	
															13-23	23-26e
Total Revenues	31.9	32.2	34.0	34.6	38.1	41.1	42.5	39.7	48.1	50.4	47.7	50.1	52.4	54.8	4.1%	4.8%
Total Revenues growth	-0.1%	1.0%	5.7%	1.7%	9.9%	7.9%	3.5%	-6.7%	21.3%	4.8%	-5.5%	5.0%	4.7%	4.7%		
EBITDA	0.4	1.2	1.2	1.9	2.2	2.6	2.4	2.8	5.8	5.2	4.5	5.3	5.7	6.2	26.4%	11.1%
EBITDA growth	295.2%	172.4%	-1.7%	63.7%	16.2%	16.0%	-6.8%	18.8%	106.3%	-11.7%	-13.0%	17.6%	8.7%	7.3%		
EBITDA/Sales	1.4%	3.7%	3.4%	5.5%	5.8%	6.2%	5.6%	7.1%	12.2%	10.3%	9.4%	10.6%	11.0%	11.2%		
Net Profit	(0.6)	(1.7)	(0.2)	0.6	0.8	1.2	0.8	0.9	3.8	2.8	2.1	2.8	3.2	3.6	19.1%	18.9%
Net Profit growth	41.4%	-197.2%	91.0%	510.0%	30.6%	49.1%	-33.8%	11.6%	315.6%	-25.2%	-24.4%	33.7%	14.1%	10.1%		
Adjusted number shares (Mn)	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8		
EPS (EUR)	-0.32	-0.95	-0.09	0.35	0.46	0.69	0.46	0.51	2.11	1.58	1.20	1.59	1.82	2.00	19.1%	18.7%
EPS growth	41.5%	n.a.	91.0%	n.a.	30.6%	49.4%	-33.8%	11.6%	n.a.	-25.2%	-24.3%	33.1%	14.1%	10.1%		
Ord. EPS (EUR)	-0.16	-0.95	-0.01	0.31	0.46	0.69	0.50	0.71	2.11	1.58	1.31	1.59	1.82	2.00	26.0%	15.2%
Ord. EPS growth	42.5%	n.a.	98.8%	n.a.	50.0%	49.4%	-27.6%	42.4%	n.a.	-25.2%	-17.1%	21.6%	14.1%	10.1%		
CAPEX	(0.4)	(0.5)	(0.8)	(1.1)	(1.1)	(1.3)	(2.5)	(1.9)	(0.7)	(0.2)	(1.2)	(1.0)	(1.0)	(1.1)		
CAPEX/Sales %	1.2%	1.6%	2.3%	3.1%	2.8%	3.0%	5.9%	4.9%	1.5%	0.3%	2.5%	2.0%	2.0%	2.0%		
Free Cash Flow	0.6	(0.0)	(1.2)	(1.4)	0.6	(1.2)	(1.1)	3.9	1.5	0.1	3.7	2.0	2.3	2.6	20.1%	-10.9%
ND/EBITDA (x) ⁽²⁾	24.9x	9.2x	10.3x	6.9x	5.7x	5.2x	6.5x	3.7x	1.9x	2.5x	2.4x	1.9x	1.6x	1.3x		
P/E (x)	n.a.	n.a.	n.a.	28.4x	21.1x	9.4x	15.8x	15.0x	5.8x	8.8x	10.0x	7.9x	6.9x	6.3x		
EV/Sales (x)	1.06x	1.05x	1.03x	1.04x	0.93x	0.87x	0.72x	0.68x	0.56x	0.71x	0.75x	0.63x	0.61x	0.58x		
EV/EBITDA (x) ⁽²⁾	n.a.	28.6x	30.1x	19.0x	16.1x	13.9x	12.8x	9.6x	4.6x	7.0x	7.9x	6.0x	5.5x	5.2x		
Absolute performance	0.0%	0.0%	0.0%	0.0%	-3.2%	-33.1%	10.5%	6.5%	60.3%	13.2%	-13.4%	4.2%				
Relative performance vs Ibx 35	-17.6%	-3.5%	7.7%	2.1%	-9.9%	-21.3%	-1.2%	26.0%	48.6%	19.8%	-29.5%	5.2%				

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

Market data	Broad Range players				High Tech Specialty players					Average	DESA	
	Norma Group			Average	Georg Fischer		Bossard		Barnes Group			
	EUR Mn	SE	Granges AB		Trifast Plc	AG	Holding AG	Bufab AB	SFS Group AG			Inc
Ticker (Factset)	NOEJ-DE	GRNG-SE	TRI-GB		GF-CH	BOSN-CH	BUFAB-SE	SFSN-CH	B-US		DESA-ES	
Country	Germany	Sweden	UK		Switzerland	Switzerland	Sweden	Switzerland	USA		Spain	
Market cap	446.1	957.0	120.6		5,637.8	1,683.3	1,348.5	4,506.9	1,636.9		22.4	
Enterprise value (EV)	839.7	1,224.6	175.3		5,797.6	1,881.0	1,641.9	5,058.7	2,790.2		31.8	
Total Revenues	1,228.6	2,012.8	280.0		5,218.1	1,118.3	773.1	3,257.4	1,510.9		50.1	
Total Revenues growth	0.5%	0.1%	4.1%	1.6%	24.7%	-0.3%	-0.3%	0.4%	12.6%	7.4%	5.0%	
2y CAGR (2024e - 2026e)	3.6%	6.0%	n.a.	4.8%	4.0%	3.3%	4.8%	2.4%	5.7%	4.0%	4.7%	
EBITDA	154.5	216.0	27.1		666.0	146.6	116.6	522.7	312.0		5.3	
EBITDA growth	n.a.	1.3%	22.4%	11.9%	30.8%	1.2%	0.4%	n.a.	47.7%	20.0%	17.6%	
2y CAGR (2024e - 2026e)	8.7%	7.9%	n.a.	8.3%	8.9%	9.1%	7.8%	4.6%	10.3%	8.1%	8.0%	
EBITDA/Revenues	12.6%	10.7%	9.7%	11.0%	12.8%	13.1%	15.1%	16.0%	20.7%	15.5%	10.6%	
EBIT	73.9	136.6	18.3		501.5	119.4	91.9	389.0	192.0		4.2	
EBIT growth	n.a.	-0.3%	37.7%	18.7%	31.7%	0.6%	0.7%	n.a.	102.1%	33.8%	24.6%	
2y CAGR (2024e - 2026e)	16.2%	11.6%	n.a.	13.9%	10.3%	9.9%	8.4%	4.7%	12.0%	9.1%	9.8%	
EBIT/Revenues	6.0%	6.8%	6.5%	6.4%	9.6%	10.7%	11.9%	11.9%	12.7%	11.4%	8.4%	
Net Profit	38.9	91.2	10.0		312.9	84.5	57.2	282.7	59.4		2.8	
Net Profit growth	n.a.	1.1%	66.8%	34.0%	16.7%	8.6%	11.6%	n.a.	301.6%	84.6%	33.7%	
2y CAGR (2024e - 2026e)	24.2%	18.1%	n.a.	21.1%	14.8%	10.6%	15.2%	6.5%	42.5%	17.9%	12.1%	
CAPEX/Sales %	4.3%	5.2%	1.9%	3.8%	5.0%	3.0%	0.9%	5.9%	4.0%	3.8%	2.0%	
Free Cash Flow	41.1	86.5	11.4		165.7	83.2	76.6	150.1	74.4		2.0	
Net financial debt	314.0	242.7	33.6		1,317.5	214.8	233.7	445.1	1,005.9		10.2	
ND/EBITDA (x)	2.0	1.1	1.2	1.5	2.0	1.5	2.0	0.9	3.2	1.9	1.9	
Pay-out	n.a.	n.a.	35.7%	35.7%	39.8%	42.7%	32.2%	n.a.	51.7%	41.6%	52.7%	
P/E (x)	12.4	10.8	12.1	11.8	17.8	19.0	22.4	15.0	20.6	19.0	7.9	
P/BV (x)	0.7	1.2	0.7	0.9	3.2	3.5	3.9	2.7	1.3	2.9	1.1	
EV/Revenues (x)	0.7	0.6	0.6	0.6	1.1	1.7	2.1	1.6	1.8	1.7	0.6	
EV/EBITDA (x)	5.4	5.7	6.5	5.9	8.7	12.8	14.1	9.7	8.9	10.8	6.0	
EV/EBIT (x)	11.4	9.0	9.6	10.0	11.6	15.8	17.9	13.0	14.5	14.5	7.6	
ROE	5.7	10.7	6.0	7.5	18.1	18.3	17.3	17.8	6.2	15.5	14.2	
FCF Yield (%)	9.2	9.0	9.5	9.2	2.9	4.9	5.7	3.3	4.5	4.3	8.8	
DPS	0.48	0.29	0.03	0.27	1.52	4.69	0.49	2.91	0.60	2.04	0.84	
Dvd Yield	3.4%	3.3%	3.0%	3.2%	2.2%	2.2%	1.4%	2.5%	1.9%	2.0%	6.7%	

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
01-Mar-2024	n.a.	12.50	n.a.	n.a.	12m Results 2023	Luis Esteban Arribas, CESGA
13-Nov-2023	n.a.	11.97	n.a.	n.a.	9m Results 2023	Luis Esteban Arribas, CESGA
29-Sep-2023	n.a.	13.25	n.a.	n.a.	6m Results 2023	Luis Esteban Arribas, CESGA
12-Jun-2023	n.a.	14.00	n.a.	n.a.	Small & Micro Caps (Spain)	David López Sánchez
08-May-2023	n.a.	12.75	n.a.	n.a.	3m Results 2023 - Estimates downgrade	David López Sánchez
24-Mar-2023	n.a.	12.75	n.a.	n.a.	Estimates downgrade	David López Sánchez
28-Feb-2023	n.a.	12.72	n.a.	n.a.	12m Results 2022	David López Sánchez
30-Sep-2022	n.a.	13.83	n.a.	n.a.	6m Results 2022	David López Sánchez
19-Apr-2022	n.a.	14.06	n.a.	n.a.	Estimates upgrade	David López Sánchez
02-Mar-2022	n.a.	14.06	n.a.	n.a.	12m Results 2021	David López Sánchez
01-Oct-2021	n.a.	8.27	n.a.	n.a.	6m Results 2021	David López Sánchez
01-Mar-2021	n.a.	7.64	n.a.	n.a.	12m Results 2020 - Estimates upgrade	Ana Isabel González García, CIIA
28-Jan-2021	n.a.	7.64	n.a.	n.a.	Estimates upgrade	Ana Isabel González García, CIIA
30-Oct-2020	n.a.	7.17	n.a.	n.a.	9m Results 2020	Ana Isabel González García, CIIA
29-Sep-2020	n.a.	7.17	n.a.	n.a.	6m Results 2020	Ana Isabel González García, CIIA
02-Jul-2020	n.a.	7.17	n.a.	n.a.	Estimates downgrade	Ana Isabel González García, CIIA
02-Mar-2020	n.a.	7.17	n.a.	n.a.	12m Results 2019	Ana Isabel González García, CIIA
23-Dec-2019	n.a.	7.17	n.a.	n.a.	Initiation of Coverage	Ana Isabel González García, CIIA

