

3m Results 2023

 Opinion ⁽¹⁾: In line

 Impact ⁽¹⁾: We will maintain our estimates

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Inmobiliaria del Sur (ISUR), is a property company with headquarters in Seville and a presence in Andalusia and Madrid, whose business model combines a development activity (residential and tertiary) with a property management business, that has a portfolio of rental assets (mainly offices), both activities having a significant weighting in terms of GAV. The board directly and indirectly controls c. 64% of capital.

Market Data

Market Cap (Mn EUR and USD)	132.6	145.9
EV (Mn EUR and USD) ⁽²⁾	396.7	436.6
Shares Outstanding (Mn)	18.7	
-12m (Max/Med/Min EUR)	8.14 / 7.56 / 6.91	
Daily Avg volume (-12m Mn EUR)	0.05	
Rotation ⁽³⁾	9.7	
Factset / Bloomberg	ISUR-ES / ISUR SM	
Close fiscal year	31-Dec	

Shareholders Structure (%)

Board of Directors	64.4
Free Float	35.6

Financials (Mn EUR)

	2022	2023e	2024e	2025e
Adj. nº shares (Mn)	18.7	18.7	18.7	18.7
Total Revenues	117.8	146.5	198.7	265.0
Rec. EBITDA	20.9	27.3	34.8	50.2
% growth	-7.0	31.0	27.2	44.4
% Rec. EBITDA/Rev.	17.7	18.7	17.5	19.0
% Inc. EBITDA sector ⁽⁴⁾	11.4	5.7	6.3	5.1
Net Profit	15.0	9.7	14.9	26.4
EPS (EUR)	0.80	0.52	0.80	1.42
% growth	18.8	-35.2	53.4	77.3
Ord. EPS (EUR)	0.46	0.52	0.80	1.42
% growth	-12.2	13.9	53.4	77.3
Rec. Free Cash Flow ⁽⁵⁾	-41.2	-18.7	-1.7	8.5
Pay-out (%)	39.8	40.0	40.0	40.0
DPS (EUR)	0.32	0.21	0.32	0.57
Net financial debt	239.9	264.6	270.1	267.6
ND/Rec. EBITDA (x)	11.5	9.7	7.8	5.3
ROE (%)	11.3	7.0	10.2	16.3
ROCE (%) ⁽⁵⁾	4.0	4.4	5.5	7.9

Ratios & Multiples (x)⁽⁶⁾

	2022	2023e	2024e	2025e
P/E	8.8	13.6	8.9	5.0
Ord. P/E	15.5	13.6	8.9	5.0
P/BV	1.0	0.9	0.9	0.8
Dividend Yield (%)	4.5	2.9	4.5	8.0
EV/Sales	3.37	2.71	2.00	1.50
EV/Rec. EBITDA	19.0	14.5	11.4	7.9
EV/EBIT	21.1	17.1	13.0	8.6
FCF Yield (%) ⁽⁵⁾	n.a.	n.a.	n.a.	6.4

(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 Estate.

(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.

1Q23, in line. Earnings lagging healthy business momentum

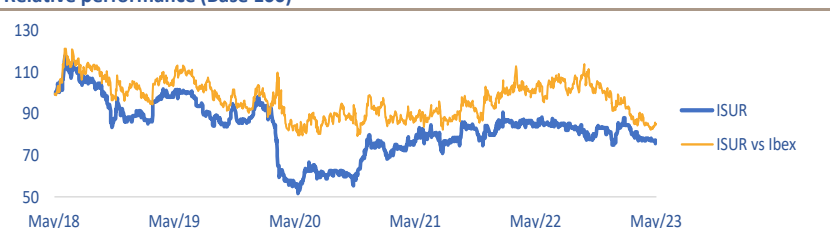
INGRESOS IMPACTADOS POR LA MENOR ENTREGA DE VIVIENDAS Y LA MENOR ACTIVIDAD DE CONSTRUCCIÓN (INGRESOS: -14,2% VS 1T22). ISUR cierra el 1T23 con unos ingresos de EUR 16,3Mn (-14,2% vs 1T22). Una caída de ingresos explicada esencialmente por 1) la menor entrega de viviendas (57 viviendas en 1T23 vs 60 en 1T22) y el menor precio de venta (-7,4% vs 1T22) y 2) la menor actividad del negocio constructor (-54,6%; que esperamos que revierta en los próximos trimestres). La actividad patrimonial mantiene su buen comportamiento con una tasa de ocupación de c. 90% (Ingresos patrimonial: +3,3% vs 1T22).

EN TÉRMINOS RECURRENTE, EL NEGOCIO PATRIMONIAL PERMITE "AGUANTAR" EL EBITDA REC. (+2,1% VS 1T22). EBITDA Recurrente 1T23 de EUR 3,6Mn (+2,1% vs 1T22; ajustado para excluir el impacto extraordinario de EUR 1,2Mn por la venta de inversiones inmobiliarias). Lo que implica un margen EBITDA Recurrente de 22% (+3,5p.p. vs 1T22). Es decir, el buen comportamiento de la actividad patrimonial (que aporta resiliencia en este entorno) permite compensar la significativa (aunque coyuntural) caída del negocio promotor (EBITDA promoción: -15% vs 1T22).

EL APALANCAMIENTO SE SITÚA EN EL 43% DEL GAV (+2,5P.P. VS 2022). ISUR cierra el 1T23 con una Deuda Neta de EUR 261Mn (+10,3% vs 2022). LTV del 43% (vs 40,5% en 2022). Un incremento del apalancamiento explicado esencialmente como resultado de i) la continuidad en la compra de solares (a los que ha destinado EUR 13,5Mn en el 1T para 353 viviendas) y ii) el menor volumen de entregas del período.

EN DEFINITIVA, LOS RESULTADOS NO REFLEJAN (AÚN) EL BUEN DESEMPEÑO COMERCIAL... En el 1T23 se han prevenido 99 uds. (vs 120 en 1T22 y 96 en 4T22). Frente a 2022, la cartera de preventas acumuladas crece un +6,8% y alcanza las 722 unidades (EUR 177,4Mn en consolidación proporcional). Un nivel de preventas que supone una cobertura del 92% y 39% de las entregas previstas en 2023e y 2024.

... QUE DEBIERA SER VISIBLE EN LOS PRÓXIMOS TRIMESTRES: MANTENEMOS ESTIMACIONES. El volumen de preventas cuya entrega está prevista en 2023e asciende a EUR 86,1Mn. Lo que apunta a un repunte del negocio promotor durante los próximos trimestres. Mantenemos estimaciones (EBITDA 2023e: EUR 27Mn; +30% vs 2022). Aunque la evolución del negocio promotor durante el 2T (entregas y evolución del nivel de preventas) será clave para confirmarlo.

Relative performance (Base 100)

Stock performance (%)

	-1m	-3m	-12m	YTD	-3Y	-5Y
Absolute	-1.4	-9.0	-8.4	1.3	37.0	-22.8
vs Ibex 35	-0.2	-8.2	-15.5	-8.9	1.1	-14.7
vs Ibex Small Cap Index	3.2	0.5	0.8	-5.4	2.9	-24.6
vs Eurostoxx 50	-2.3	-10.7	-22.0	-11.5	-9.2	-36.9
vs Sector benchmark ⁽⁴⁾	-6.1	7.6	30.4	3.8	74.1	20.5

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

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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.

3m Results 2023
Table 1. 1Q23 Results (Proportional consolidation method)

EUR Mn	3m23 Real	3m22	3m23 Real vs 3m22	2023e	2023e vs 2022
Total Revenues	16.4	19.0	-13.7%	146.5	24.3%
Property development business	8.9	9.2	-3.3%	103.6	26.4%
Rental Revenue	4.5	4.3	4.7%	18.5	5.5%
Construction	2.1	4.7	-55.3%	20.3	34.3%
Administration and marketing	0.9	0.8	12.5%	4.1	29.0%
Recurrent EBITDA	3.6	3.5	2.9%	27.3	31.0%
<i>Rec. EBITDA/Revenues</i>	<i>22.0%</i>	<i>18.4%</i>	<i>3.5 p.p.</i>	<i>18.7%</i>	<i>1.0 p.p.</i>
EBITDA	3.6	4.8	-25.0%	27.3	31.0%
<i>EBITDA/Revenues</i>	<i>22.0%</i>	<i>25.3%</i>	<i>-3.3 p.p.</i>	<i>18.7%</i>	<i>1.0 p.p.</i>
EBIT	1.9	3.7	-48.6%	23.1	23.1%
PBT	0.2	2.5	-92.0%	13.0	-35.1%
NP	0.2	1.8	-88.9%	9.7	-35.2%
GAV	607.0	584.4	3.9%		
<i>Rental business GAV</i>	<i>366.9</i>	<i>366.2</i>	<i>0.2%</i>		
<i>GAV Property development busines</i>	<i>240.1</i>	<i>218.2</i>	<i>10.0%</i>		
NAV	345.8	347.4	-0.5%		
Net Debt	261.3	237	10.3%	264.6	
LTV	43.0%	40.6%	2.5 p.p.	43.6%	

Valuation inputs

Inputs for the DCF Valuation Approach

	2023e	2024e	2025e	Terminal Value ⁽¹⁾			
Free Cash Flow "To the Firm"	(11.1)	6.3	16.5	513.4			
Market Cap	132.6	At the date of this report					
Net financial debt	261.3	Debt net of Cash (3m Results 2023)					
					Best Case	Worst Case	
Cost of Debt	4.5%	Net debt cost			4.3%	4.8%	
Tax rate (T)	20.0%	T (Normalised tax rate)			=	=	
Net debt cost	3.6%	Kd = Cost of Net Debt * (1-T)			3.4%	3.8%	
Risk free rate (rf)	3.4%	Rf (10y Spanish bond yield)			=	=	
Equity risk premium	6.0%	R (own estimate)			5.5%	6.5%	
Beta (B)	1.1	B (own estimate)			1.0	1.2	
Cost of Equity	10.0%	Ke = Rf + (R * B)			8.9%	11.2%	
Equity / (Equity + Net Debt)	33.7%	E (Market Cap as equity value)			=	=	
Net Debt / (Equity + Net Debt)	66.3%	D			=	=	
WACC	5.7%	WACC = Kd * D + Ke * E			5.2%	6.3%	
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 23e	EPS 23e-25e	EV/EBITDA 23e	EBITDA 23e-25e	EV/Sales 23e	Revenues 23e-25e	EBITDA/Sales 23e	FCF Yield 23e	FCF 23e-25e
Metrovacesa	MVC-ES	1,164.9	31.8	0.5%	22.8	0.8%	2.2	3.9%	9.6%	12.6%	-4.8%
Aedas Homes	AEDAS-ES	651.5	5.4	-10.2%	5.8	-4.9%	1.0	-0.7%	17.7%	19.6%	-42.7%
Neinor Homes	HOME-ES	727.9	9.0	n.a.	6.0	1.4%	1.1	8.0%	18.1%	0.3%	n.a.
Real estate			15.4	-4.8%	11.6	-0.9%	1.4	3.7%	15.1%	10.8%	-23.8%
ISUR	ISUR-ES	132.6	13.6	64.9%	14.5	35.5%	2.7	34.5%	18.7%	n.a.	56.7%

Free Cash Flow sensitivity analysis (2024e)

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

Scenario	EBITDA/Sales 24e	EBITDA 24e	EV/EBITDA 24e
Max	19.3%	38.3	10.3x
Central	17.5%	34.8	11.4x
Min	15.7%	31.2	12.7x

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

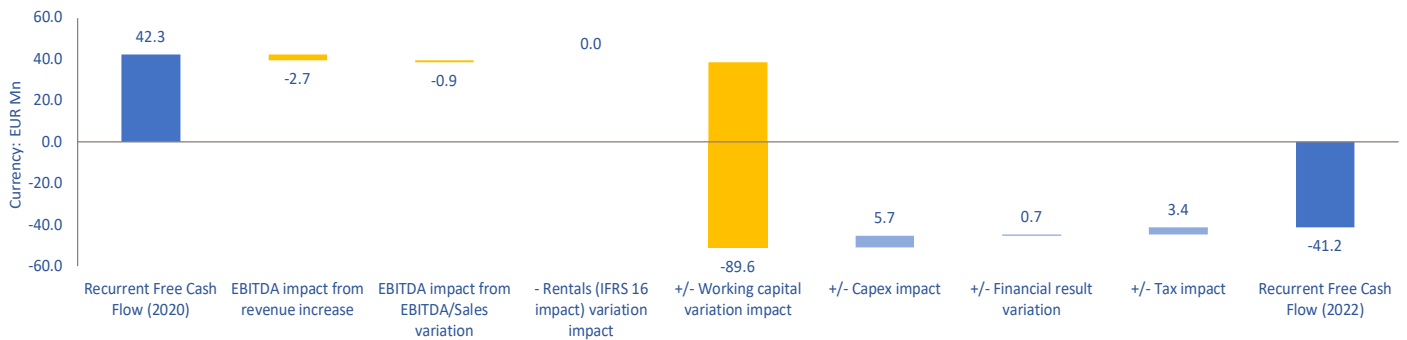
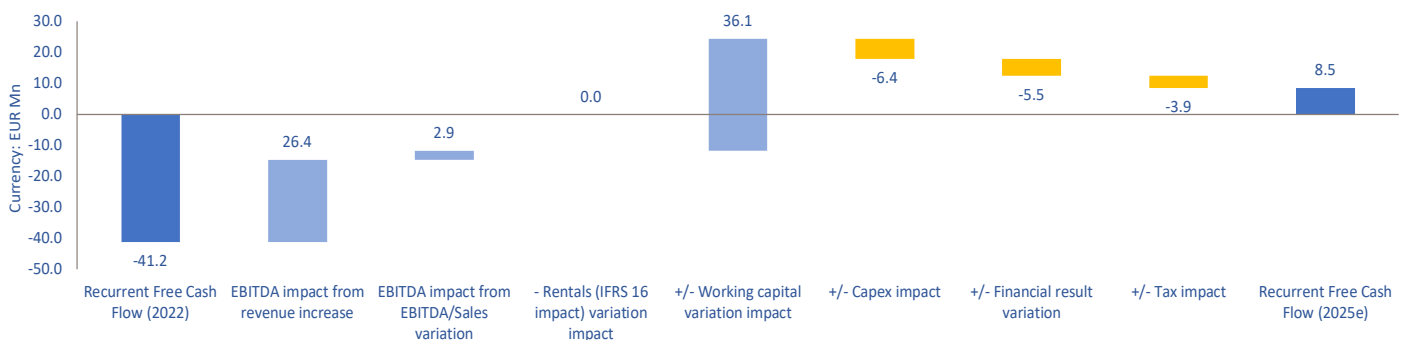
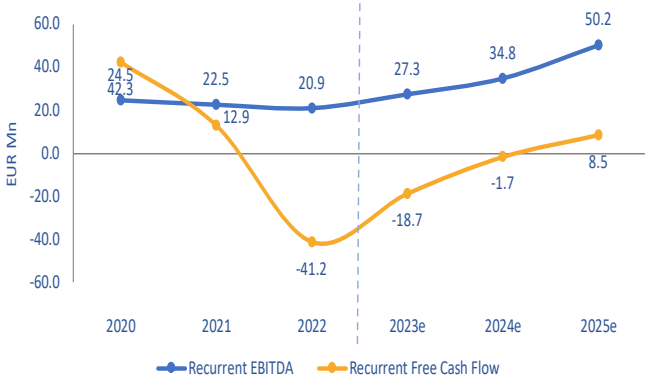
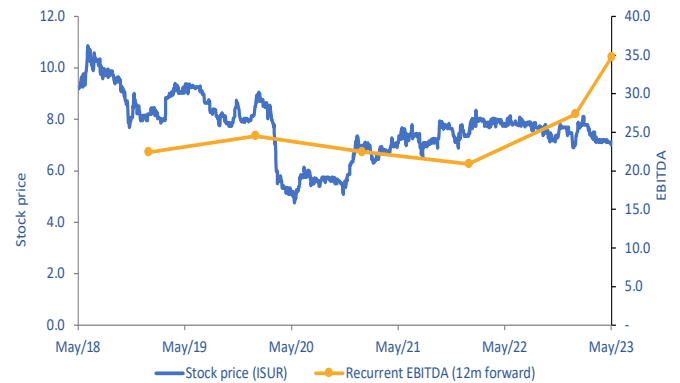
Rec. FCF EUR Mn	CAPEX/Sales 24e				Rec. FCF/Yield 24e		
EBITDA 24e	2.2%	2.5%	2.8%	Scenario			
38.3	2.5	1.9	1.3	Max	1.9%	1.4%	1.0%
34.8	(1.1)	(1.7)	(2.3)	Central	n.a.	n.a.	n.a.
31.2	(4.6)	(5.2)	(5.8)	Min	n.a.	n.a.	n.a.

Appendix 1. Financial Projections (Proportional Consolidation)

Balance Sheet (EUR Mn)	2018	2019	2020	2021	2022	2023e	2024e	2025e	CAGR	
Intangible assets	-	-	-	-	-	-	-	-		
Fixed assets	139.1	146.7	216.0	216.9	216.2	215.7	216.4	218.8		
Other Non Current Assets	-	-	-	-	-	-	-	-		
Financial Investments	2.1	1.8	1.2	0.5	0.3	0.3	0.3	0.3		
Goodwill & Other Intangibles	-	-	-	-	-	-	-	-		
Current assets	226.4	263.5	196.9	185.2	250.1	289.3	323.6	362.8		
Total assets	367.7	412.1	414.1	402.6	466.6	505.2	540.4	581.9		
Equity	103.8	107.2	122.3	128.3	137.3	141.0	152.1	172.6		
Minority Interests	-	-	3.2	3.2	3.1	3.1	3.1	3.1		
Provisions & Other L/T Liabilities	-	-	-	-	-	-	-	-		
Other Non Current Liabilities	-	-	-	-	-	-	-	-		
Net financial debt	184.8	196.4	208.9	198.0	239.9	264.6	270.1	267.6		
Current Liabilities	79.0	108.4	79.7	73.1	86.3	96.5	115.1	138.6		
Equity & Total Liabilities	367.7	412.1	414.1	402.6	466.6	505.2	540.4	581.9		
P&L (EUR Mn)	2018	2019	2020	2021	2022	2023e	2024e	2025e	19-22	22-25e
Total Revenues	113.9	122.8	132.7	125.2	117.8	146.5	198.7	265.0	-1.4%	31.0%
<i>Total Revenues growth</i>	<i>n.a.</i>	<i>7.8%</i>	<i>8.1%</i>	<i>-5.7%</i>	<i>-5.9%</i>	<i>24.3%</i>	<i>35.6%</i>	<i>33.4%</i>		
COGS	(51.5)	(47.2)	(73.2)	(63.8)	(64.3)	(80.5)	(101.4)	(143.2)		
Gross Margin	62.4	75.6	59.6	61.3	53.5	66.0	97.2	121.8	-10.9%	31.6%
<i>Gross Margin/Revenues</i>	<i>54.8%</i>	<i>61.6%</i>	<i>44.9%</i>	<i>49.0%</i>	<i>45.4%</i>	<i>45.0%</i>	<i>48.9%</i>	<i>46.0%</i>		
Personnel Expenses	(9.0)	(9.7)	(9.0)	(9.1)	(11.1)	(11.2)	(11.2)	(11.2)		
Other Operating Expenses	(36.0)	(43.5)	(26.0)	(29.8)	(21.5)	(27.5)	(51.3)	(60.4)		
Recurrent EBITDA	17.4	22.4	24.5	22.5	20.9	27.3	34.8	50.2	-2.3%	34.0%
<i>Recurrent EBITDA growth</i>	<i>n.a.</i>	<i>28.6%</i>	<i>9.5%</i>	<i>-8.5%</i>	<i>-7.0%</i>	<i>31.0%</i>	<i>27.2%</i>	<i>44.4%</i>		
<i>Rec. EBITDA/Revenues</i>	<i>15.3%</i>	<i>18.2%</i>	<i>18.5%</i>	<i>17.9%</i>	<i>17.7%</i>	<i>18.7%</i>	<i>17.5%</i>	<i>19.0%</i>		
Restructuring Expense & Other non-rec.	-	-	(5.1)	-	-	-	-	-		
EBITDA	17.4	22.4	19.4	22.5	20.9	27.3	34.8	50.2	-2.3%	34.0%
Depreciation & Provisions	(3.6)	(2.5)	(6.3)	(4.3)	(4.2)	(4.2)	(4.2)	(4.2)		
Capitalized Expense	-	-	-	-	-	-	-	-		
Income from the sale of property investments	6.1	4.1	0.3	3.8	2.2	-	-	-		
EBIT	19.9	24.0	13.3	21.9	18.8	23.1	30.6	46.0	-7.8%	34.7%
<i>EBIT growth</i>	<i>n.a.</i>	<i>20.6%</i>	<i>-44.4%</i>	<i>64.2%</i>	<i>-14.2%</i>	<i>23.1%</i>	<i>32.1%</i>	<i>50.4%</i>		
<i>EBIT/Revenues</i>	<i>17.5%</i>	<i>19.5%</i>	<i>10.1%</i>	<i>17.5%</i>	<i>16.0%</i>	<i>15.8%</i>	<i>15.4%</i>	<i>17.4%</i>		
Impact of Goodwill & Others	-	-	-	-	-	-	-	-		
Net Financial Result	(6.6)	(6.6)	(5.9)	(5.6)	(5.2)	(10.2)	(10.7)	(10.7)		
Income by the Equity Method	-	-	-	-	-	-	-	-		
Ordinary Profit	13.3	17.4	7.4	16.4	13.6	13.0	19.9	35.3	-7.9%	37.5%
<i>Ordinary Profit Growth</i>	<i>n.a.</i>	<i>31.1%</i>	<i>-57.2%</i>	<i>120.1%</i>	<i>-17.1%</i>	<i>-4.5%</i>	<i>53.4%</i>	<i>77.3%</i>		
Extraordinary Results	-	(4.4)	21.9	-	6.4	-	-	-		
Profit Before Tax	13.3	13.0	29.4	16.4	20.0	13.0	19.9	35.3	15.5%	20.8%
Tax Expense	(3.2)	(4.1)	(8.3)	(4.3)	(4.9)	(3.2)	(5.0)	(8.8)		
<i>Effective Tax Rate</i>	<i>24.1%</i>	<i>31.9%</i>	<i>28.2%</i>	<i>26.0%</i>	<i>24.4%</i>	<i>25.0%</i>	<i>25.0%</i>	<i>25.0%</i>		
Minority Interests	-	-	(0.0)	(0.1)	(0.1)	-	-	-		
Discontinued Activities	-	-	-	-	-	-	-	-		
Net Profit	10.1	8.8	21.1	12.0	15.0	9.7	14.9	26.4	19.3%	20.8%
<i>Net Profit growth</i>	<i>n.a.</i>	<i>-12.2%</i>	<i>138.4%</i>	<i>-43.0%</i>	<i>24.9%</i>	<i>-35.2%</i>	<i>53.4%</i>	<i>77.3%</i>		
Ordinary Net Profit	10.1	9.3	8.8	9.2	8.5	9.7	14.9	26.4	-2.8%	45.8%
<i>Ordinary Net Profit growth</i>	<i>n.a.</i>	<i>-7.8%</i>	<i>-5.3%</i>	<i>5.0%</i>	<i>-7.6%</i>	<i>13.9%</i>	<i>53.4%</i>	<i>77.3%</i>		
Cash Flow (EUR Mn)	2018	2019	2020	2021	2022	2023e	2024e	2025e	19-22	22-25e
Recurrent EBITDA						27.3	34.8	50.2	-2.3%	34.0%
Rentals (IFRS 16 impact)	-	-	-	-	-	-	-	-		
Working Capital Increase	-	-	-	-	-	(29.0)	(15.8)	(15.6)		
Recurrent Operating Cash Flow						-1.6	19.0	34.7	-60.0%	46.2%
CAPEX	-	-	-	-	-	(3.7)	(5.0)	(6.6)		
Net Financial Result affecting the Cash Flow	-	-	-	-	-	(10.2)	(10.7)	(10.7)		
Tax Expense	-	-	-	-	-	(3.2)	(5.0)	(8.8)		
Recurrent Free Cash Flow						(18.7)	(1.7)	8.5	n.a.	30.2%
Restructuring Expense & Other non-rec.	-	-	-	-	-	-	-	-		
- Acquisitions / + Divestures of assets	-	-	-	-	-	-	-	-		
Extraordinary Inc./Exp. Affecting Cash Flow	-	-	-	-	-	-	-	-		
Free Cash Flow						(18.7)	(1.7)	8.5	-72.7%	30.7%
Capital Increase	-	-	-	-	-	-	-	-		
Dividends	-	-	-	-	-	(6.0)	(3.9)	(6.0)		
Net Debt Variation						24.7	5.6	(2.5)		

Appendix 2. Free Cash Flow (Proportional Consolidation)

A) Cash Flow Analysis (EUR Mn)	2019	2020	2021	2022	2023e	2024e	2025e	CAGR	
								20-22	22-25e
Recurrent EBITDA	22.4	24.5	22.5	20.9	27.3	34.8	50.2	-7.8%	34.0%
<i>Recurrent EBITDA growth</i>	28.6%	9.5%	-8.5%	-7.0%	31.0%	27.2%	44.4%		
<i>Rec. EBITDA/Revenues</i>	18.2%	18.5%	17.9%	17.7%	18.7%	17.5%	19.0%		
- Rentals (IFRS 16 impact)	-	-	-	-	-	-	-		
+/- Working Capital increase	(7.7)	37.9	5.1	(51.7)	(29.0)	(15.8)	(15.6)		
= Recurrent Operating Cash Flow	14.7	62.4	27.6	(30.8)	(1.6)	19.0	34.7	-57.9%	46.2%
<i>Rec. Operating Cash Flow growth</i>	111.3%	324.1%	-55.9%	-211.9%	94.8%	n.a.	82.9%		
<i>Rec. Operating Cash Flow / Sales</i>	12.0%	47.0%	22.0%	n.a.	n.a.	9.5%	13.1%		
- CAPEX	(1.9)	(5.9)	(4.9)	(0.2)	(3.7)	(5.0)	(6.6)		
- Net Financial Result affecting Cash Flow	(6.6)	(5.9)	(5.6)	(5.2)	(10.2)	(10.7)	(10.7)		
- Taxes	(4.1)	(8.3)	(4.3)	(4.9)	(3.2)	(5.0)	(8.8)		
= Recurrent Free Cash Flow	2.1	42.3	12.9	(41.2)	(18.7)	(1.7)	8.5	-72.4%	30.2%
<i>Rec. Free Cash Flow growth</i>	101.6%	n.a.	-69.6%	-419.7%	54.6%	91.1%	609.5%		
<i>Rec. Free Cash Flow / Revenues</i>	1.7%	31.9%	10.3%	n.a.	n.a.	n.a.	3.2%		
- Restructuring expenses & others	-	-	-	-	-	-	-		
- Acquisitions / + Divestments	(3.9)	(51.9)	4.0	5.4	-	-	-		
+/- Extraordinary Inc./Exp. affecting Cash Flow	(5.2)	2.6	(2.6)	(0.5)	-	-	-		
= Free Cash Flow	(7.0)	(7.0)	14.3	(36.3)	(18.7)	(1.7)	8.5	n.a.	30.7%
<i>Free Cash Flow growth</i>	94.6%	0.2%	303.3%	-353.9%	48.5%	91.1%	609.5%		
<i>Recurrent Free Cash Flow - Yield (s/Mkt Cap)</i>	1.6%	31.9%	9.7%	n.a.	n.a.	n.a.	6.4%		
<i>Free Cash Flow Yield (s/Mkt Cap)</i>	n.a.	n.a.	10.8%	n.a.	n.a.	n.a.	6.4%		
B) Analytical Review of Annual Recurrent Free Cash Flow Performance (Eur Mn)									
Recurrent FCF(FY - 1)	(130.0)	2.1	42.3	12.9	(41.2)	(18.7)	(1.7)		
EBITDA impact from revenue increase	1.4	1.8	(1.4)	(1.3)	5.1	9.7	11.6		
EBITDA impact from EBITDA/Sales variation	3.6	0.3	(0.7)	(0.3)	1.4	(2.3)	3.8		
= Recurrent EBITDA variation	5.0	2.1	(2.1)	(1.6)	6.5	7.4	15.5		
- Rentals (IFRS 16 impact) variation impact	-	-	-	-	-	-	-		
+/- Working capital variation impact	139.7	45.6	(32.8)	(56.8)	22.7	13.1	0.3		
= Recurrent Operating Cash Flow variation	144.7	47.7	(34.9)	(58.4)	29.2	20.6	15.7		
+/- CAPEX impact	(1.9)	(4.1)	1.1	4.7	(3.5)	(1.3)	(1.7)		
+/- Financial result variation	(6.6)	0.7	0.4	0.3	(5.0)	(0.5)	(0.0)		
+/- Tax impact	(4.1)	(4.1)	4.0	(0.6)	1.6	(1.7)	(3.8)		
= Recurrent Free Cash Flow variation	132.1	40.2	(29.4)	(54.0)	22.5	17.0	10.2		
Recurrent Free Cash Flow	2.1	42.3	12.9	(41.2)	(18.7)	(1.7)	8.5		
C) "FCF to the Firm" (pre debt service) (EUR Mn)									
EBIT	24.0	13.3	21.9	18.8	23.1	30.6	46.0	18.7%	34.7%
* Theoretical Tax rate	30.0%	28.2%	26.0%	24.4%	25.0%	25.0%	25.0%		
= Taxes (pre- Net Financial Result)	(7.2)	(3.8)	(5.7)	(4.6)	(5.8)	(7.6)	(11.5)		
Recurrent EBITDA	22.4	24.5	22.5	20.9	27.3	34.8	50.2	-7.8%	34.0%
- Rentals (IFRS 16 impact)	-	-	-	-	-	-	-		
+/- Working Capital increase	(7.7)	37.9	5.1	(51.7)	(29.0)	(15.8)	(15.6)		
= Recurrent Operating Cash Flow	14.7	62.4	27.6	(30.8)	(1.6)	19.0	34.7	-57.9%	46.2%
- CAPEX	(1.9)	(5.9)	(4.9)	(0.2)	(3.7)	(5.0)	(6.6)		
- Taxes (pre- Financial Result)	(7.2)	(3.8)	(5.7)	(4.6)	(5.8)	(7.6)	(11.5)		
= Recurrent Free Cash Flow (To the Firm)	5.7	52.7	17.0	(35.6)	(11.1)	6.3	16.5	-63.6%	35.1%
<i>Rec. Free Cash Flow (To the Firm) growth</i>	104.2%	830.7%	-67.8%	-309.9%	69.0%	157.4%	160.7%		
<i>Rec. Free Cash Flow (To the Firm) / Revenues</i>	4.6%	39.7%	13.6%	n.a.	n.a.	3.2%	6.2%		
- Acquisitions / + Divestments	(3.9)	(51.9)	4.0	5.4	-	-	-		
+/- Extraordinary Inc./Exp. affecting Cash Flow	(5.2)	2.6	(2.6)	(0.5)	-	-	-		
= Free Cash Flow "To the Firm"	(3.5)	3.4	18.4	(30.8)	(11.1)	6.3	16.5	n.a.	36.4%
<i>Free Cash Flow (To the Firm) growth</i>	97.4%	196.7%	441.6%	-267.3%	64.1%	157.4%	160.7%		
<i>Rec. Free Cash Flow To the Firm Yield (o/EV)</i>	1.4%	13.3%	4.3%	n.a.	n.a.	1.6%	4.2%		
<i>Free Cash Flow "To the Firm" - Yield (o/EV)</i>	n.a.	0.9%	4.6%	n.a.	n.a.	1.6%	4.2%		

Recurrent Free Cash Flow accumulated variation analysis (2018 - 2022)

Recurrent Free Cash Flow accumulated variation analysis (2022 - 2025e)

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	132.6	
+ Minority Interests	3.1	3m Results 2023
+ Provisions & Other L/T Liabilities	-	3m Results 2023
+ Net financial debt	261.3	3m Results 2023
- Financial Investments	0.3	3m Results 2023
+/- Others		
Enterprise Value (EV)	396.7	

Appendix 4. Main peers 2023e

		Real estate				
EUR Mn		Metrovacesa	Aedas Homes	Neinor Homes	Average	ISUR
Market data	Ticker (Factset)	MVC-ES	AEDAS-ES	HOME-ES		ISUR-ES
	Country	Spain	Spain	Spain		Spain
	Market cap	1,164.9	651.5	727.9		132.6
	Enterprise value (EV)	1,355.1	1,048.4	729.4		396.7
Basic financial information	Total Revenues	619.2	1,020.8	665.9		146.5
	Total Revenues growth	19.3%	12.6%	0.1%	10.6%	24.3%
	2y CAGR (2023e - 2025e)	3.9%	-0.7%	8.0%	3.7%	34.5%
	EBITDA	59.4	180.5	120.6		27.3
	EBITDA growth	<i>n.a.</i>	13.5%	-9.2%	2.1%	31.0%
	2y CAGR (2023e - 2025e)	0.8%	-4.9%	1.4%	-0.9%	35.5%
	EBITDA/Revenues	9.6%	17.7%	18.1%	15.1%	18.7%
	EBIT	60.0	177.2	118.7		23.1
	EBIT growth	30.9%	13.6%	-8.6%	12.0%	23.1%
	2y CAGR (2023e - 2025e)	-1.0%	-5.0%	-9.6%	-5.2%	41.0%
	EBIT/Revenues	9.7%	17.4%	17.8%	15.0%	15.8%
	Net Profit	35.1	117.2	78.3		9.7
	Net Profit growth	249.3%	14.7%	-15.9%	82.7%	-35.2%
	2y CAGR (2023e - 2025e)	2.8%	-6.4%	-6.8%	-3.5%	64.9%
	CAPEX/Sales %	5.5%	0.4%	11.1%	5.7%	2.5%
Free Cash Flow	147.0	127.8	1.8		(18.7)	
Net financial debt	276.5	314.7	449.8		264.6	
ND/EBITDA (x)	4.7	1.7	3.7	3.4	9.7	
Pay-out	<i>n.a.</i>	78.7%	128.0%	103.3%	40.0%	
Multiples and Ratios	P/E (x)	31.8	5.4	9.0	15.4	13.6
	P/BV (x)	0.6	0.6	0.7	0.7	0.9
	EV/Revenues (x)	2.2	1.0	1.1	1.4	2.7
	EV/EBITDA (x)	22.8	5.8	6.0	11.6	14.5
	EV/EBIT (x)	22.6	5.9	6.1	11.6	17.1
	ROE	2.0	11.5	8.0	7.2	7.0
	FCF Yield (%)	12.6	19.6	0.3	10.8	<i>n.a.</i>
	DPS	0.85	2.04	1.31	1.40	0.21
	Dvd Yield	11.1%	14.6%	14.4%	13.4%	2.9%

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).

LIGHTHOUSE

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Date of report	Recommendation	Price (EUR)	Target price (EUR)	Period of validity	Reason for report	Analyst
08-May-2023	n.a.	7.10	n.a.	n.a.	3m Results 2023	David López Sánchez
19-Apr-2023	n.a.	7.10	n.a.	n.a.	Estimates upgrade	David López Sánchez
01-Mar-2023	n.a.	7.30	n.a.	n.a.	12m Results 2022	David López Sánchez
22-Dec-2022	n.a.	7.19	n.a.	n.a.	Initiation of Coverage	David López Sánchez

