

EQUITY - SPAIN

Sector: Chemicals

 Closing price: EUR 0.80 (5 May 2023)
 Report date: 8 May 2023 (08:00h)

3m Results 2023 - Estimates downgrade

Independent Equity Research

3m Results 2023

 Opinion ⁽¹⁾: Below expectations

 Impact ⁽¹⁾: We lower our estimates

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Kompuestos (KOM), is a Spanish chemical company (Barcelona), that produces mineral based concentrates (fillers) and colour and additive concentrates (masterbatches) for the plastics transformation industry, including resins for the creation of bioplastics. With a nominal production capacity of 220,510 tonnes, it is controlled and run by the founding family (c.65% of capital).

Market Data

Market Cap (Mn EUR and USD)	9.7	10.7
EV (Mn EUR and USD) ⁽²⁾	22.2	24.5
Shares Outstanding (Mn)	12.2	
-12m (Max/Med/Min EUR)	1.90 / 1.28 / 0.80	
Daily Avg volume (-12m Mn EUR)	n.m.	
Rotation ⁽³⁾	23.0	
Factset / Bloomberg	KOM-ES / KOM SM	
Close fiscal year	31-Dec	

Shareholders Structure (%)

Ignacio Duch and family	63.8
Free Float	36.2

Financials (Mn EUR)

	2022	2023e	2024e	2025e
Adj. n ^o shares (Mn)	12.0	12.2	12.2	12.2
Total Revenues	51.6	55.3	59.5	63.2
Rec. EBITDA	1.9	3.4	3.8	4.6
% growth	-9.4	77.2	9.9	21.2
% Rec. EBITDA/Rev.	3.8	6.2	6.3	7.2
% Inc. EBITDA sector ⁽⁴⁾	14.3	-5.3	7.1	5.4
Net Profit	-1.3	0.2	0.7	1.5
EPS (EUR)	-0.11	0.01	0.06	0.12
% growth	-267.3	113.3	284.8	117.6
Ord. EPS (EUR)	-0.13	0.01	0.06	0.12
% growth	-332.4	111.6	284.8	117.6
Rec. Free Cash Flow ⁽⁵⁾	-0.1	1.1	1.1	1.4
Pay-out (%)	0.0	0.0	0.0	0.0
DPS (EUR)	0.00	0.00	0.00	0.00
Net financial debt	12.5	11.4	10.3	9.0
ND/Rec. EBITDA (x)	6.5	3.3	2.7	2.0
ROE (%)	n.a.	1.3	4.9	10.0
ROCE (%) ⁽⁵⁾	n.a.	4.8	6.7	9.7

Ratios & Multiples (x)⁽⁶⁾

	2022	2023e	2024e	2025e
P/E	n.a.	53.7	14.0	6.4
Ord. P/E	n.a.	53.7	14.0	6.4
P/BV	0.7	0.7	0.7	0.6
Dividend Yield (%)	0.0	0.0	0.0	0.0
EV/Sales	0.43	0.40	0.37	0.35
EV/Rec. EBITDA	11.5	6.5	5.9	4.9
EV/EBIT	n.a.	14.3	10.6	7.4
FCF Yield (%) ⁽⁵⁾	n.a.	11.5	10.8	14.1

(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 Chemicals.

(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.

Intuitively, pure 'value'

KOM released its 2022 earnings on Friday 28 April, followed by its preliminary 1Q23 results (with no balance sheet disclosures) on 5 May. We highlight:

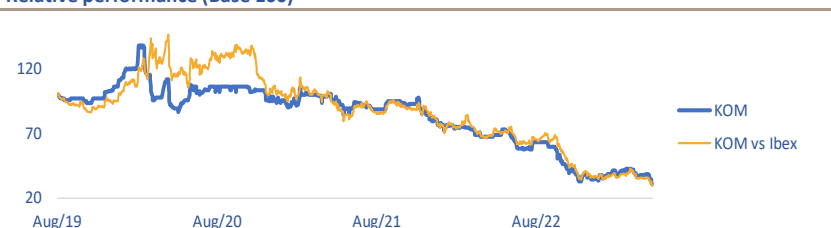
AFTER A DISAPPOINTING FY 2022 (WORSE THAN EXPECTED)... 2022 earnings:13% plunge in sales (EUR 51.5Mn; -10.8% vs our estimate) due to the policy of aggressive price increases (which hurt volumes). The gross margin improved (30.3% vs 28.2% in 2021), curbing the fall in recurring EBITDA to 9.4% (to EUR 1.9Mn vs EUR 2.1Mn in 2021). 2022 EBITDA margin: 3.8%.

...PRELIMINARY 1Q23 EARNINGS SHOW SIGNS OF RECOVERY. Revenue in 1Q23 amounted to EUR 13.7Mn and EBITDA to EUR 1.2Mn, leaving an EBITDA margin of 8.7%. While the EBITDA margin is not adjusted for capitalised costs (not disclosed), it still signals vast improvement from 2022 (5.4%) and is in line with 2018 levels (8.7%; all-time high). Moreover, revenue from biodegradable products and sustainable solutions totalled EUR 1.1Mn (vs EUR 3Mn in FY 2022; showing this segment's ability to grow).

DOWNGRADE TO ESTIMATES (EBITDA 2023E: -20%). The poor 2022 results have led us to downgrade our 2023e-2025e estimates. We are slashing our 2023e revenue forecast by 10.5% to EUR 55.3Mn. Nevertheless, wider margins (already visible in 1Q23) leave room for recurring EBITDA to reach c. EUR 3.4Mn (recurring EBITDA margin of 6.2%; ex-capitalised costs).

THE EQUITY STORY IS STILL MARGIN IMPROVEMENT. The focus remains on the improvement in profitability and the increased weighting of biodegradable products in the mix (the mainstay of KOM's strategy). The improvement in margins is not surprising and preliminary 1Q23 figures show signs of recovery despite what 2021 and 2022 earnings would seem to indicate.

VALUE AND MOMENTUM. The market appears to be pricing in KOM's 2022 results in perpetuity (share price performance -12m c. -55%). The company's 2022 earnings performance was obviously not good. However, the trend seems to be reversing (judging by 1Q23 preliminary numbers). Put another way, KOM is gaining "momentum" while the share price is at lows. This explains why our 2023e estimates imply low multiples already this year (0.4x EV/sales, 6.5x EV/EBITDA and FCF yield > 10%: the value is intuitive/evident). In our view, the key lies in how this apparent recovery plays out in coming quarters and whether, if it continues, the market will be quick to price it in.

Relative performance (Base 100)


Stock performance (%)	-1m	-3m	-12m	YTD	-3Y	-5Y
Absolute	-17.5	-25.2	-55.1	-8.0	-65.5	n.a.
vs Ibex 35	-16.6	-24.6	-58.6	-17.3	-74.6	n.a.
vs Ibex Small Cap Index	-13.7	-17.5	-50.5	-14.1	-74.1	n.a.
vs Eurostoxx 50	-18.3	-26.7	-61.7	-19.6	-77.2	n.a.
vs Sector benchmark ⁽⁴⁾	-20.1	-26.2	-55.2	-15.8	-75.5	n.a.

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

Kompuestos (KOM) is a BME Growth company

BME Growth is the segment of BME MTF Equity aimed at small and medium sized companies, directed and managed by the Spanish stock market and is subject to the CNMV supervision. BME MTF Equity is not a Regulated Market but instead falls within the classification of a Multilateral Trading Facility (MTF) as defined under the Markets in Financial Instruments Directive (MiFID). In July 2020, BME Growth obtained the status of SME Growth Market, a new category of EU regulations, which in Spain is called Mercado de Pymes en Expansión.

BME Growth is the Spanish equity market for companies of reduced capitalization which aim to grow, with a special set of regulations, designed specifically for them, and with costs and process tailored to their particular features. Operations in BME Growth (former MAB) started in July 2009. There are currently c.140 companies listed on it. Companies listed on the MAB can choose to present their financial statements under IFRS or the General Accounting Plan (PGC) and Royal Decree 1159/2010 (NOFCAC).

3m Results 2023

Estimates downgrade

Table 1. 2022 Results

EUR Mn	2022	2021	2022 Real vs	2022 Real vs	
	Real	Real	2021 Real	2022e	2022e
Total Revenues	51.6	58.9	-12.5%	57.8	-10.8%
Mass production	38.7	46.7	-17.1%	43.9	-11.8%
Specialties	12.2	11.4	7.3%	13.3	-8.3%
Raw Materials	0.6	0.8	-26.1%	0.5	13.7%
Other income	0.0	0.0	3.1%	0.0	3.1%
Gross margin	15.6	16.6	-6.2%	18.2	-14.2%
<i>Gross margin/Revenues</i>	30.3%	28.2%	2.1 p.p.	31.5%	-1.2 p.p.
Recurrent EBITDA¹	1.9	2.1	-9.4%	4.2	-54.2%
<i>Rec. EBITDA/Revenues</i>	3.8%	3.6%	0.1 p.p.	7.3%	-3.6 p.p.
EBITDA¹	1.7	1.9	-11.4%	4.2	-59.9%
<i>EBITDA/Revenues</i>	3.3%	3.3%	0.0 p.p.	7.3%	-4.0 p.p.
EBIT	-0.4	0.6	-169.4%	2.0	-118.9%
PBT	-1.8	-0.6	-209.8%	1.0	-272.3%
NP	-1.3	-0.4	-266.9%	0.8	-263.0%
Net Debt	12.5	11.8	6.3%	13.4	-6.8%
ND / EBITDA	6.5 x	5.5 x	1.0 x	3.2 x	-0.4 x

Note 1: Rec. EBITDA and EBITDA adjusted to exclude the impact of capitalised expenses (EUR 0.9Mn and EUR 1.3Mn in 2022 y 2021, respectively).

Table 2. Estimates Review

EUR Mn	2023e (New)	Review (%)	2024e (New)	Review (%)	2025e (New)
Total Revenues	55.3	-10.8%	59.5	-14.4%	63.2
Recurrent EBITDA	3.4	-22.1%	3.8	-32.2%	4.6
<i>Rec. EBITDA/Revenues</i>	6.2%	-0.9 p.p.	6.3%	-2 p.p.	7.2%
EBIT	1.6	-47.1%	2.1	-48.2%	3.0
Net Profit	0.2	-88.7%	0.7	-73.4%	1.5
<i>ND / EBITDA</i>	3.3 x	0.9 x	2.7 x	1.1 x	2.0 x

Valuation inputs

Inputs for the DCF Valuation Approach

	2023e	2024e	2025e	Terminal Value ⁽¹⁾		
Free Cash Flow "To the Firm"	2.2	2.0	2.3	40.2		
Market Cap	9.7	At the date of this report				
Net financial debt	12.5	Debt net of Cash (12m Results 2022)				
					Best Case	Worst Case
Cost of Debt	7.0%	Net debt cost			6.8%	7.3%
Tax rate (T)	20.0%	T (Normalised tax rate)			=	=
Net debt cost	5.6%	Kd = Cost of Net Debt * (1-T)			5.4%	5.8%
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)	1.2	B (own estimate)			1.1	1.3
Cost of Equity	10.6%	Ke = Rf + (R * B)			9.4%	11.8%
Equity / (Equity + Net Debt)	43.7%	E (Market Cap as equity value)			=	=
Net Debt / (Equity + Net Debt)	56.3%	D			=	=
WACC	7.8%	WACC = Kd * D + Ke * E			7.2%	8.4%
G "Fair"	2.0%				2.5%	2.0%

(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 21e	EPS 21e-23e	EV/EBITDA 21e	EBITDA 21e-23e	EV/Sales 21e	Revenues 21e-23e	EBITDA/Sales 21e	FCF Yield 21e	FCF 21e-23e
BASF	BAS-DE	42,502.3	10.4	13.3%	7.0	11.8%	0.8	3.1%	10.9%	5.4%	3.7%
LyondellBasell	LYB-US	27,306.9	9.6	12.3%	7.1	5.4%	0.9	-5.3%	13.0%	9.2%	4.8%
Clariant	CLN-CH	4,810.0	13.4	13.8%	6.8	9.3%	1.1	4.0%	16.5%	4.9%	29.1%
Specialty Chemicals			11.1	13.1%	7.0	8.8%	0.9	0.6%	13.5%	6.5%	12.5%
Avient Corporation	AVNT-US	3,184.8	15.7	23.4%	9.6	14.3%	1.5	5.2%	15.4%	3.6%	39.0%
Cabot Corporation	CBT-US	3,649.7	11.1	9.2%	7.1	7.8%	1.2	7.2%	16.4%	4.5%	27.6%
Close peers			13.4	16.3%	8.3	11.1%	1.3	6.2%	15.9%	4.1%	33.3%
KOM	KOM-ES	9.7	53.7	n.a.	6.5	15.4%	0.4	6.9%	6.2%	11.5%	10.9%

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	6.9%	4.1	5.4x
Central	6.3%	3.8	5.9x
Min	5.7%	3.4	6.5x

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

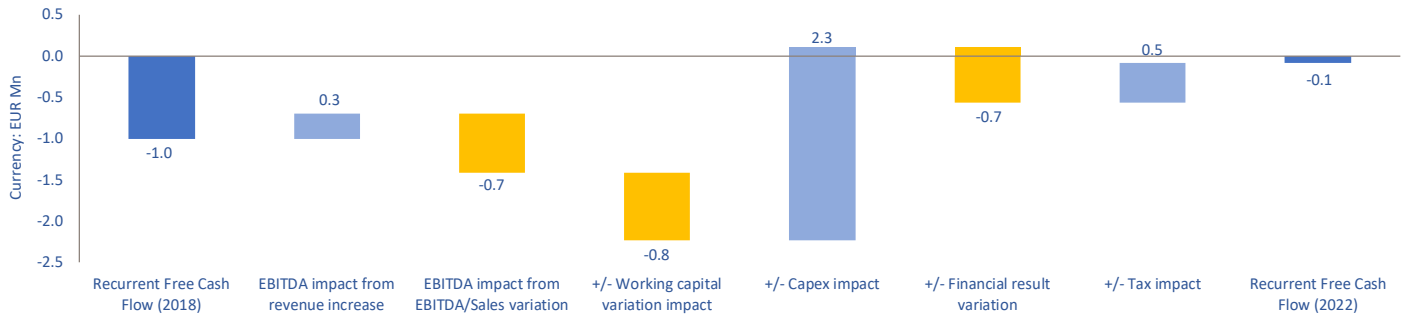
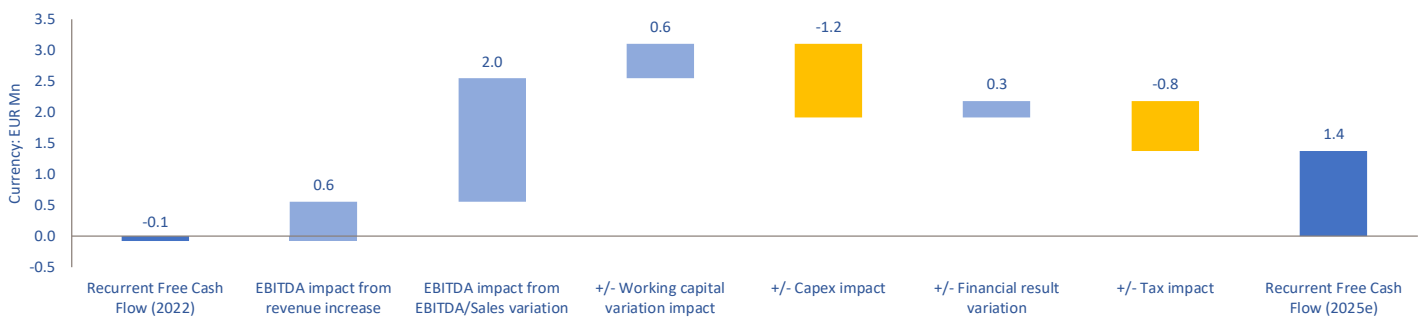
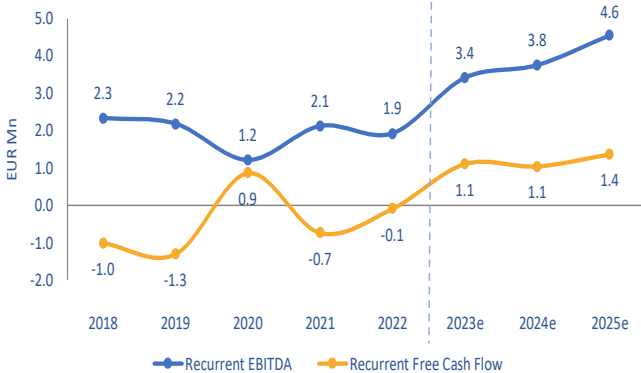
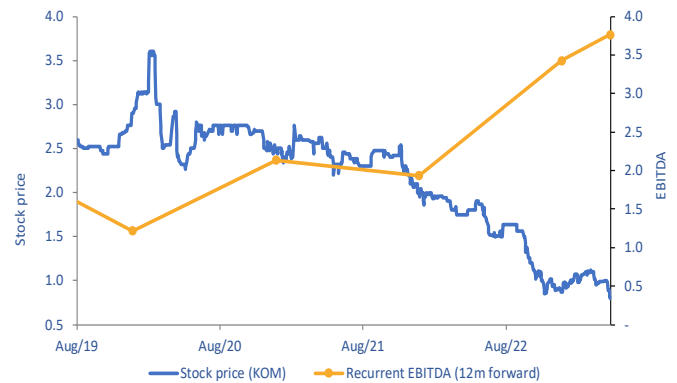
Rec. FCF EUR Mn	CAPEX/Sales 24e			Scenario	Rec. FCF/Yield 24e		
EBITDA 24e	1.8%	2.0%	2.2%		Max	Central	Min
4.1	1.5	1.4	1.3	Max	15.7%	14.5%	13.3%
3.8	1.2	1.1	0.9	Central	12.1%	10.8%	9.6%
3.4	0.8	0.7	0.6	Min	8.4%	7.2%	5.9%

Appendix 1. Financial Projections

Balance Sheet (EUR Mn)	2018	2019	2020	2021	2022	2023e	2024e	2025e	CAGR	
Intangible assets	2.7	3.6	3.6	4.1	3.7	3.1	2.8	2.5		
Fixed assets	18.1	21.1	21.2	21.1	19.7	19.2	19.1	19.4		
Other Non Current Assets	0.2	0.3	0.7	0.9	1.3	1.3	1.3	1.3		
Financial Investments	0.1	0.1	0.1	0.2	0.3	0.3	0.3	0.3		
Goodwill & Other Intangibles	-	-	-	-	-	-	-	-		
Current assets	12.6	11.6	9.9	11.2	10.0	10.8	11.6	12.3		
Total assets	33.7	36.8	35.7	37.3	35.1	34.7	35.1	35.8		
Equity	12.2	16.9	15.2	14.8	13.6	13.7	14.4	16.0		
Minority Interests	-	-	-	-	-	-	-	-		
Provisions & Other L/T Liabilities	0.1	0.2	0.3	0.3	0.4	0.4	0.4	0.4		
Other Non Current Liabilities	-	-	-	-	-	-	-	-		
Net financial debt	14.0	11.5	10.9	11.8	12.5	11.4	10.3	9.0		
Current Liabilities	7.4	8.2	9.2	10.4	8.6	9.2	9.9	10.6		
Equity & Total Liabilities	33.7	36.8	35.7	37.3	35.1	34.7	35.1	35.8		
P&L (EUR Mn)	2018	2019	2020	2021	2022	2023e	2024e	2025e	18-22	22-25e
Total Revenues	41.4	46.3	43.2	58.9	51.6	55.3	59.5	63.2	5.6%	7.0%
<i>Total Revenues growth</i>	<i>12.9%</i>	<i>12.0%</i>	<i>-6.8%</i>	<i>36.5%</i>	<i>-12.5%</i>	<i>7.3%</i>	<i>7.5%</i>	<i>6.3%</i>		
COGS	(29.4)	(32.3)	(30.2)	(42.3)	(35.9)	(37.7)	(41.0)	(43.5)		
Gross Margin	11.9	14.1	12.9	16.6	15.6	17.6	18.5	19.7	6.9%	8.1%
<i>Gross Margin/Revenues</i>	<i>28.8%</i>	<i>30.4%</i>	<i>30.0%</i>	<i>28.2%</i>	<i>30.3%</i>	<i>31.9%</i>	<i>31.1%</i>	<i>31.2%</i>		
Personnel Expenses	(3.4)	(3.7)	(3.5)	(3.8)	(3.9)	(4.0)	(4.1)	(4.2)		
Other Operating Expenses	(6.2)	(8.2)	(8.2)	(10.7)	(9.8)	(10.2)	(10.6)	(11.0)		
Recurrent EBITDA	2.3	2.2	1.2	2.1	1.9	3.4	3.8	4.6	-4.7%	33.1%
<i>Recurrent EBITDA growth</i>	<i>223.6%</i>	<i>-6.4%</i>	<i>-44.5%</i>	<i>75.2%</i>	<i>-9.4%</i>	<i>77.2%</i>	<i>9.9%</i>	<i>21.2%</i>		
<i>Rec. EBITDA/Revenues</i>	<i>5.7%</i>	<i>4.7%</i>	<i>2.8%</i>	<i>3.6%</i>	<i>3.8%</i>	<i>6.2%</i>	<i>6.3%</i>	<i>7.2%</i>		
Restructuring Expense & Other non-rec.	0.2	(0.5)	(0.3)	(0.2)	(0.2)	-	-	-		
EBITDA	2.5	1.7	0.9	1.9	1.7	3.4	3.8	4.6	-9.3%	39.1%
Depreciation & Provisions	(2.3)	(1.8)	(3.0)	(2.7)	(2.9)	(2.7)	(2.5)	(2.3)		
Capitalized Expense	1.2	1.6	1.2	1.3	0.9	0.8	0.8	0.8		
Rentals (IFRS 16 impact)	-	-	-	-	-	-	-	-		
EBIT	1.4	1.4	(0.8)	0.6	(0.4)	1.6	2.1	3.0	-22.8%	n.a.
<i>EBIT growth</i>	<i>112.6%</i>	<i>1.4%</i>	<i>-157.2%</i>	<i>167.4%</i>	<i>-169.4%</i>	<i>502.0%</i>	<i>35.3%</i>	<i>43.6%</i>		
<i>EBIT/Revenues</i>	<i>3.4%</i>	<i>3.1%</i>	<i>n.a.</i>	<i>0.9%</i>	<i>n.a.</i>	<i>2.8%</i>	<i>3.5%</i>	<i>4.8%</i>		
Impact of Goodwill & Others	-	-	-	-	-	-	-	-		
Net Financial Result	(0.8)	(1.1)	(1.2)	(1.1)	(1.4)	(1.3)	(1.2)	(1.1)		
Income by the Equity Method	-	-	-	-	-	-	-	-		
Ordinary Profit	0.6	0.3	(2.0)	(0.6)	(1.8)	0.2	0.9	1.9	-49.3%	45.2%
<i>Ordinary Profit Growth</i>	<i>350.5%</i>	<i>-45.0%</i>	<i>-711.5%</i>	<i>71.6%</i>	<i>-209.8%</i>	<i>112.7%</i>	<i>284.8%</i>	<i>117.6%</i>		
Extraordinary Results	-	-	-	-	-	-	-	-		
Profit Before Tax	0.6	0.3	(2.0)	(0.6)	(1.8)	0.2	0.9	1.9	-49.3%	45.2%
Tax Expense	(0.1)	(0.1)	0.4	0.2	0.4	(0.0)	(0.2)	(0.4)		
<i>Effective Tax Rate</i>	<i>19.1%</i>	<i>21.6%</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>20.0%</i>	<i>20.0%</i>	<i>20.0%</i>		
Minority Interests	-	-	-	-	-	-	-	-		
Discontinued Activities	-	-	-	-	-	-	-	-		
Net Profit	0.5	0.3	(1.6)	(0.4)	(1.3)	0.2	0.7	1.5	-47.8%	46.2%
<i>Net Profit growth</i>	<i>410.8%</i>	<i>-46.7%</i>	<i>-710.8%</i>	<i>76.8%</i>	<i>-266.9%</i>	<i>113.4%</i>	<i>284.8%</i>	<i>117.6%</i>		
Ordinary Net Profit	0.4	0.7	(1.7)	(0.4)	(1.5)	0.2	0.7	1.5	-59.0%	43.9%
<i>Ordinary Net Profit growth</i>	<i>317.6%</i>	<i>94.2%</i>	<i>-350.6%</i>	<i>79.1%</i>	<i>-332.0%</i>	<i>111.7%</i>	<i>284.8%</i>	<i>117.6%</i>		
Cash Flow (EUR Mn)	2018	2019	2020	2021	2022	2023e	2024e	2025e	18-22	22-25e
Recurrent EBITDA	2.3	2.2	1.2	2.1	1.9	3.4	3.8	4.6	-4.7%	33.1%
Rentals (IFRS 16 impact)	-	-	-	-	-	-	-	-		
Working Capital Increase	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)		
Recurrent Operating Cash Flow	3.3	3.7	4.5	3.3	3.7	3.3	3.7	4.5	-15.6%	51.9%
CAPEX	(0.8)	(1.2)	(1.6)	(0.8)	(1.2)	(0.8)	(1.2)	(1.6)		
Net Financial Result affecting the Cash Flow	(1.3)	(1.2)	(1.1)	(1.3)	(1.3)	(1.3)	(1.2)	(1.1)		
Tax Expense	(0.0)	(0.2)	(0.4)	(0.0)	(0.0)	(0.0)	(0.2)	(0.4)		
Recurrent Free Cash Flow	1.1	1.1	1.4	1.1	1.1	1.1	1.1	1.4	46.1%	n.a.
Restructuring Expense & Other non-rec.	-	-	-	-	-	-	-	-		
- Acquisitions / + Divestures of assets	-	-	-	-	-	-	-	-		
Extraordinary Inc./Exp. Affecting Cash Flow	-	-	-	-	-	-	-	-		
Free Cash Flow	1.1	1.1	1.4	1.1	1.1	1.1	1.1	1.4	8.6%	53.7%
Capital Increase	-	-	-	-	-	-	-	-		
Dividends	-	-	-	-	-	-	-	-		
Net Debt Variation	(1.1)	(1.1)	(1.4)	(1.1)	(1.1)	(1.1)	(1.1)	(1.4)		

Appendix 2. Free Cash Flow

A) Cash Flow Analysis (EUR Mn)	2019	2020	2021	2022	2023e	2024e	2025e	CAGR	
								19-22	22-25e
Recurrent EBITDA	2.2	1.2	2.1	1.9	3.4	3.8	4.6	-4.1%	33.1%
<i>Recurrent EBITDA growth</i>	-6.4%	-44.5%	75.2%	-9.4%	77.2%	9.9%	21.2%		
<i>Rec. EBITDA/Revenues</i>	4.7%	2.8%	3.6%	3.8%	6.2%	6.3%	7.2%		
- Rentals (IFRS 16 impact)	-	-	-	-	-	-	-		
+/- Working Capital increase	1.8	2.7	(0.1)	(0.7)	(0.1)	(0.1)	(0.1)		
= Recurrent Operating Cash Flow	4.0	3.9	2.1	1.3	3.3	3.7	4.5	-31.8%	51.9%
<i>Rec. Operating Cash Flow growth</i>	59.8%	-2.1%	-47.1%	-38.7%	161.0%	9.9%	22.1%		
<i>Rec. Operating Cash Flow / Sales</i>	8.6%	9.1%	3.5%	2.5%	6.0%	6.1%	7.1%		
- CAPEX	(4.2)	(1.9)	(1.7)	(0.4)	(0.8)	(1.2)	(1.6)		
- Net Financial Result affecting Cash Flow	(1.1)	(1.2)	(1.2)	(1.4)	(1.3)	(1.2)	(1.1)		
- Taxes	0.1	0.1	-	0.4	(0.0)	(0.2)	(0.4)		
= Recurrent Free Cash Flow	(1.3)	0.9	(0.7)	(0.1)	1.1	1.1	1.4	59.8%	n.a.
<i>Rec. Free Cash Flow growth</i>	-29.7%	167.4%	-183.7%	88.5%	n.a.	-5.7%	30.3%		
<i>Rec. Free Cash Flow / Revenues</i>	n.a.	2.0%	n.a.	n.a.	2.0%	1.8%	2.2%		
- Restructuring expenses & others	-	-	-	(0.2)	-	-	-		
- Acquisitions / + Divestments	(0.3)	(0.0)	-	-	-	-	-		
+/- Extraordinary Inc./Exp. affecting Cash Flow	(0.5)	(0.2)	-	(0.5)	-	-	-		
= Free Cash Flow	(2.1)	0.7	(0.7)	(0.8)	1.1	1.1	1.4	26.6%	53.7%
<i>Free Cash Flow growth</i>	-76.5%	130.6%	-212.4%	-15.1%	232.5%	-5.7%	30.3%		
<i>Recurrent Free Cash Flow - Yield (s/Mkt Cap)</i>	n.a.	9.0%	n.a.	n.a.	11.5%	10.8%	14.1%		
<i>Free Cash Flow Yield (s/Mkt Cap)</i>	n.a.	6.7%	n.a.	n.a.	11.5%	10.8%	14.1%		
B) Analytical Review of Annual Recurrent Free Cash Flow Performance (Eur Mn)									
	2019	2020	2021	2022	2023e	2024e	2025e		
Recurrent FCF(FY - 1)	(1.0)	(1.3)	0.9	(0.7)	(0.1)	1.1	1.1		
EBITDA impact from revenue increase	0.3	(0.1)	0.4	(0.3)	0.1	0.3	0.2		
EBITDA impact from EBITDA/Sales variation	(0.4)	(0.8)	0.5	0.1	1.4	0.1	0.6		
= Recurrent EBITDA variation	(0.2)	(1.0)	0.9	(0.2)	1.5	0.3	0.8		
- Rentals (IFRS 16 impact) variation impact	-	-	-	-	-	-	-		
+/- Working capital variation impact	1.7	0.9	(2.8)	(0.6)	0.6	(0.0)	0.0		
= Recurrent Operating Cash Flow variation	1.5	(0.1)	(1.8)	(0.8)	2.0	0.3	0.8		
+/- CAPEX impact	(1.5)	2.3	0.3	1.3	(0.4)	(0.4)	(0.4)		
+/- Financial result variation	(0.4)	(0.1)	0.0	(0.2)	0.1	0.1	0.1		
+/- Tax impact	0.1	(0.0)	(0.1)	0.4	(0.5)	(0.1)	(0.2)		
= Recurrent Free Cash Flow variation	(0.3)	2.2	(1.6)	0.6	1.2	(0.1)	0.3		
Recurrent Free Cash Flow	(1.3)	0.9	(0.7)	(0.1)	1.1	1.1	1.4		
C) "FCF to the Firm" (pre debt service) (EUR Mn)									
	2019	2020	2021	2022	2023e	2024e	2025e	CAGR	
EBIT	1.4	(0.8)	0.6	(0.4)	1.6	2.1	3.0	-31.4%	n.a.
* Theoretical Tax rate	21.6%	0.0%	0.0%	0.0%	20.0%	20.0%	20.0%		
= Taxes (pre- Net Financial Result)	(0.3)	-	-	-	(0.3)	(0.4)	(0.6)		
Recurrent EBITDA	2.2	1.2	2.1	1.9	3.4	3.8	4.6	-4.1%	33.1%
- Rentals (IFRS 16 impact)	-	-	-	-	-	-	-		
+/- Working Capital increase	1.8	2.7	(0.1)	(0.7)	(0.1)	(0.1)	(0.1)		
= Recurrent Operating Cash Flow	4.0	3.9	2.1	1.3	3.3	3.7	4.5	-31.8%	51.9%
- CAPEX	(4.2)	(1.9)	(1.7)	(0.4)	(0.8)	(1.2)	(1.6)		
- Taxes (pre- Financial Result)	(0.3)	-	-	-	(0.3)	(0.4)	(0.6)		
= Recurrent Free Cash Flow (To the Firm)	(0.6)	2.0	0.4	0.9	2.2	2.0	2.3	53.2%	37.3%
<i>Rec. Free Cash Flow (To the Firm) growth</i>	-10.2%	466.7%	-79.1%	107.8%	148.3%	-6.4%	11.4%		
<i>Rec. Free Cash Flow (To the Firm) / Revenues</i>	n.a.	4.7%	0.7%	1.7%	3.9%	3.4%	3.6%		
- Acquisitions / + Divestments	(0.3)	(0.0)	-	-	-	-	-		
+/- Extraordinary Inc./Exp. affecting Cash Flow	(0.5)	(0.2)	-	(0.5)	-	-	-		
= Free Cash Flow "To the Firm"	(1.4)	1.8	0.4	0.4	2.2	2.0	2.3	31.2%	85.3%
<i>Free Cash Flow (To the Firm) growth</i>	-96.1%	229.9%	-76.5%	-15.5%	510.4%	-6.4%	11.4%		
<i>Rec. Free Cash Flow To the Firm Yield (o/EV)</i>	n.a.	9.1%	1.9%	3.9%	9.8%	9.2%	10.2%		
<i>Free Cash Flow "To the Firm" - Yield (o/EV)</i>	n.a.	8.1%	1.9%	1.6%	9.8%	9.2%	10.2%		

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	9.7	
+ Minority Interests	-	12m Results 2022
+ Provisions & Other L/T Liabilities	0.4	12m Results 2022
+ Net financial debt	12.5	12m Results 2022
- Financial Investments	0.3	12m Results 2022
+/- Others ⁽¹⁾	(0.1)	Lighthouse
Enterprise Value (EV)	22.2	

(1) Related to the market value of Treasury Stock.

Appendix 4. Main peers 2023e

		Specialty Chemicals				Close peers			
EUR Mn		BASF	LyondellBasell	Clariant	Average	Avient Corporation	Cabot Corporation	Average	KOM
Market data	Ticker (Factset)	BAS-DE	LYB-US	CLN-CH		AVNT-US	CBT-US		KOM-ES
	Country	Germany	UK	Switzerland		USA	USA		Spain
	Market cap	42,502.3	27,306.9	4,810.0		3,184.8	3,649.7		9.7
	Enterprise value (EV)	62,837.7	37,489.0	5,736.5		4,653.1	4,894.4		22.2
Basic financial information	Total Revenues	82,436.9	40,433.2	5,143.7		3,157.0	4,211.7		55.3
	Total Revenues growth	-5.6%	-11.7%	-2.8%	-6.7%	2.3%	7.3%	4.8%	7.3%
	2y CAGR (2021e - 2023e)	3.1%	-5.3%	4.0%	0.6%	5.2%	7.2%	6.2%	6.9%
	EBITDA	9,005.0	5,248.5	849.6		486.0	691.2		3.4
	EBITDA growth	-15.4%	-9.8%	-6.8%	-10.7%	13.6%	6.0%	9.8%	102.0%
	2y CAGR (2021e - 2023e)	11.8%	5.4%	9.3%	8.8%	14.3%	7.8%	11.1%	15.4%
	EBITDA/Revenues	10.9%	13.0%	16.5%	13.5%	15.4%	16.4%	15.9%	6.2%
	EBIT	5,137.4	3,883.6	570.5		304.5	559.8		1.6
	EBIT growth	-24.0%	-16.8%	-9.6%	-16.8%	15.7%	7.7%	11.7%	502.0%
	2y CAGR (2021e - 2023e)	16.5%	7.7%	12.0%	12.1%	24.8%	8.4%	16.6%	39.4%
	EBIT/Revenues	6.2%	9.6%	11.1%	9.0%	9.6%	13.3%	11.5%	2.8%
	Net Profit	3,671.4	2,844.3	333.6		153.4	341.8		0.2
	Net Profit growth	685.6%	-19.4%	346.4%	337.5%	103.9%	82.6%	93.3%	113.4%
	2y CAGR (2021e - 2023e)	16.7%	8.9%	16.4%	14.0%	37.8%	8.1%	22.9%	n.a.
	CAPEX/Sales %	7.4%	4.1%	5.6%	5.7%	4.6%	5.7%	5.1%	1.5%
	Free Cash Flow	2,277.0	2,502.3	238.0		115.9	163.2		1.1
Net financial debt	17,567.3	8,322.6	599.8		1,189.4	713.4		11.4	
ND/EBITDA (x)	2.0	1.6	0.7	1.4	2.4	1.0	1.7	3.3	
Pay-out	83.3%	49.4%	46.8%	59.8%	39.4%	22.8%	31.1%	0.0%	
Multiples and Ratios	P/E (x)	10.4	9.6	13.4	11.1	15.7	11.1	13.4	53.7
	P/BV (x)	1.1	2.2	1.8	1.7	1.5	3.3	2.4	0.7
	EV/Revenues (x)	0.8	0.9	1.1	0.9	1.5	1.2	1.3	0.4
	EV/EBITDA (x)	7.0	7.1	6.8	7.0	9.6	7.1	8.3	6.5
	EV/EBIT (x)	12.2	9.7	10.1	10.6	15.3	8.7	12.0	14.3
	ROE	10.2	22.5	13.8	15.5	9.4	29.6	19.5	1.3
	FCF Yield (%)	5.4	9.2	4.9	6.5	3.6	4.5	4.1	11.5
	DPS	3.39	4.30	0.47	2.72	0.66	1.38	1.02	0.00
	Dvd Yield	7.1%	5.1%	3.2%	5.2%	1.9%	2.1%	2.0%	0.0%

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).

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.	0.80	n.a.	n.a.	3m Results 2023 - Estimates downgrade	David López Sánchez
31-Oct-2022	n.a.	1.07	n.a.	n.a.	6m Results 2022 - Estimates downgrade	David López Sánchez
15-Feb-2022	n.a.	1.94	n.a.	n.a.	12m 2021 Preliminary results	David López Sánchez
29-Oct-2021	n.a.	2.42	n.a.	n.a.	6m Results 2021	David López Sánchez
28-Jul-2021	n.a.	2.38	n.a.	n.a.	Initiation of Coverage	David López Sánchez

