



IDEAS TO SPARK IDEAS

In-depth analysis of 30 Small & Micro Caps
on the Spanish market

June 12th, 2023



LIGHTHOUSE
INSTITUTO ESPAÑOL
DE ANALISTAS



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...a road goes through Cornwall, Brittany and Galicia with
crosses and gold nuggets sprinkled about that leads to the
heaven of seafarers who perished at sea.”

(Last sentence in Boxwood (“Madera de boj”), by Camilo José Cela, 1999)

Front page picture: Vilán Lighthouse (Lighthouse at Cape Vilan)

This was the first lighthouse with electricity lighting in Spain on the Atlantic coast in an area known as Costa da Morte (coast of death) in Galicia, 5 kms from the town of Camariñas, La Coruña. A new lighthouse was built after the notorious shipwreck of the British cruiser, *Serpent*, on 10 November 1890 off Cape Vilan (172 passengers dead, 3 survivors) with the aim of making this dangerous stretch of the Costa da Morte safer. The British seafarers were buried at Punta da Boi, known as the English Cemetery.

The new lighthouse was opened in 1896.

INSTITUTO ESPAÑOL DE ANALISTAS

Instituto Español de Analistas was founded in 1965 to bring together research analysts and represent their interests. With over 1,400 member analysts and around 15 sponsors, this professional association strives to bolster the reputation of its member professionals and partner firms.

To carry out its mission it works along four lines of initiative: i) providing, facilitating and aggregating support services for analysts; ii) certifying the professional qualifications of those who have taken and passed training programmes of interest to the analyst community; iii) raising the profile of the role played by research analysts in society and defending their contribution to the general interest; and iv) participating in the public debate, contributing reflections and findings of interest and value in the economic and financial spheres.

With regional offices in Catalonia, Andalusia, the Basque region, Galicia, Valencia and the Canaries, Instituto Español de Analistas is made up of three entities that work to deliver its objectives: Fundación de Estudios Financieros (FEF), Escuela FEF (a financial training academy for sector professionals and students) and Lighthouse.

Instituto Español de Analistas plays an active role on the CNMV's Advisory Board and is a partner in BME's Pre Market Environment. It is accredited by the Bank of Spain and CNMV.

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Lighthouse was set up in June 2018 as the independent research service arm of Instituto Español de Analistas, covering the secondary equities market in Spain, with the support of BME (Bolsas y Mercados Españoles).

Lighthouse provides fundamental analysis and limits its coverage to stocks listed on the Spanish market (continuous market and BME Growth) that are not already covered by the sell side. In other words, by only analysing companies that are not covered by the sell side, Lighthouse focuses on very small cap and/or illiquid stocks. Almost all of the companies it covers are micro-cap stocks (market cap: EUR 50 Mn – EUR 300 Mn). Since setting out, Lighthouse has initiated coverage of 31 listed Spanish stocks. That coverage has reduced the incidence of orphan stocks in Spain by over 40%, bringing it to under 25%.

The fundamental analysis published by Lighthouse is available free of charge can be found on the Instituto Español de Analistas website:

<https://institutodeanalistas.com/lighthouse/>

In 2021, Lighthouse started up a second business line: ESG certification. Lighthouse's certification service is endorsed by Instituto Español de Analistas and has been designed specifically to meet the sustainability certification needs of the small and mid-cap population (listed and unlisted).

In 2020, Lighthouse received the European Small & Mid-Cap Awards granted by the European Commission, EuropeanIssuers and FESE (Federation of European Securities Exchanges). During that edition, the Awards assigned Lighthouse a 'Special Mention', which recognises companies/projects that have helped the visibility and had supported small and mid-cap issuers accessing capital markets. At its core, this is Lighthouse's raison d'être. Helping small and mid-cap stocks become more well known, more highly valued and, ultimately, more liquid.



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All Lighthouse research documents are available simultaneously on the Lighthouse website (institodeanalistas.com/lighthouse) and via third-party aggregators such as Bloomberg, Factset, Capital IQ and Refinitiv. Lighthouse research is also available on the Bolsas y Mercados (BME) website (<https://www.bolsasymercados.es/esp/Home>)



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A few clarifications

- 1) All of the prices used in the report (individual securities and indices) relate to the close of trading on 5 June 2023.
- 2) Unless otherwise indicated, all the data used in this report were sourced from either Factset, Lighthouse or the companies themselves.
- 3) EBITDA (actual and projected) for all of the companies covered by Lighthouse and included in this report does not include any items (whether positive or negative) without an impact on cash flow. For example, EBITDA does not include income from the capitalisation of costs.
- 4) All of the research published by Lighthouse can be found on the Instituto Español de Analistas' website:
<https://institutodeanalistas.com/lighthouse/>
- 5) At the date of publication of this report, Innovative Solutions Ecosystem (covered by Lighthouse) was suspended from trading. Therefore, the note on this company ([page 154](#)) does not include any financial projections or multiples. It was also excluded from the tables with comparative data at the end of the report.
- 6) The following companies within Lighthouse's universe of coverage are listed on BME Growth:
 - Agile
 - Alquiber
 - Cuatroochenta
 - Enerside
 - Endurance
 - Facephi
 - IFFE Futura
 - Kompuestos
 - LLYC
 - Mondo TV
 - Netex
 - Pangaea
 - Seresco
 - Substrate AI

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).



Purpose of this report: what the report is and what it is not

A) What it is: objectives of the report

- 1) **DEEPENING FAMILIARITY WITH THE STOCKS COVERED:** Providing information about a universe of companies (Spanish micro-cap stocks), which, on account of their size and liquidity, could fall below the radar.
- 2) **IN-DEPTH FINANCIAL AND STRATEGIC ANALYSIS:** Analysing each of these businesses in detail and providing updated and detailed financial projections (2022 - 2025e) for all of them, underpinned by traditional “fundamental” analysis: strategy, capacity to generate EBITDA and FCF, growth prospects and risks.
- 3) **MOMENTUM:** We emphasise what lies in store for each company in 2023 as a result of the catalysts and drivers identified for each business. The idea is that this factor (EBITDA 2023e) is key to understanding each company’s potential as an investment idea today.
- 4) **VALUATION AND DECISION-MAKING TOOLS:** This report provides information of use in valuing any business. Essentially: comprehensive financial projections, cost of capital estimates (specifically WACC; refer to the “Valuation inputs” in each company file), trading multiples, detailed information (consensus forecasts and multiples) for each company’s closest comparables and sensitivity analysis around their EBITDA and FCF generation capacity in more and less favourable scenarios. In other words, the report contains all of the information needed to value a company. And to take an investment decision (momentum, risks, growth prospects, sector metrics, positive/negative catalysts).
- 5) **SPANISH MICROCAP UNIVERSE.** Providing a big picture of the entire Spanish Microcap Universe (which includes companies traded on the continuous market and on BME Growth). Lighthouse currently covers 30+ companies within this universe (which is ultimately broader: c.75 companies; c.40% of the stocks listed on the Spanish market): They present specific sector exposure and performance attributes which we believe make them of great interest for any investor interested in investing in small and micro-caps in southern Europe.

B) What it isn’t: what this report does not and does not purport to do

- 1) **IT DOES NOT ACTUALLY VALUE THE COMPANIES COVERED. WE DO NOT SET A TARGET PRICE.** Lighthouse does not value stocks and does not estimate target prices. This report simply provides the tools to enable each investor to draw their own conclusions.
- 2) **IT IS NOT A RECOMMENDATION TO BUY OR SELL THE STOCKS ANALYSED.** This report does not make any investment recommendations. Neither explicitly nor implicitly.

In sum: this report aims to provide investors with all of the tools needed to decide for themselves which investment ideas of the many contained in this report are of greatest interest in light of their specific preferences/constraints.

That essentially sums up what Lighthouse is about: providing utility to companies, investors and the market in general. A wholly fundamental research service devoted to educating interested parties about the Spanish midcap segment, one in which the incidence of orphan stocks or lack of research coverage are higher. A segment in which there are many good investment ideas that deserve to be seen.



Map of Micro Caps on the Spanish market and the Lighthouse Research Universe

Communication Services	Consumption	Healthcare	Utilities
<p>Media</p> <ul style="list-style-type: none"> ✓ LLYC ✓ Mondo Tv Studios Squirrel Media Vocento <p>Telecom Services</p> <ul style="list-style-type: none"> ✓ Parlem Telecom 	<p>Consumer Discretionary</p> <p>Textiles, Apparel & Luxury Goods</p> <p>Nextil</p> <ul style="list-style-type: none"> Adolfo Domínguez <p>Consumer Staples</p> <p>Food Products</p> <p>Deoleo</p> <ul style="list-style-type: none"> Borges - BAIN Ecolumber ✓ IFFE Futura <p>Personal Products</p> <ul style="list-style-type: none"> Naturhouse Health 	<p>Healthcare Providers & Services</p> <p>Clinica Baviera</p> <p>Pharmaceuticals</p> <p>Laboratorio Reig Jofre</p> <p>Healthcare Equipment & Supplies</p> <p>Prim</p> <p>Biotechnology</p> <ul style="list-style-type: none"> Oryzon Genomics ✓ Pangaea Oncology 	<p>Electric Utilities</p> <ul style="list-style-type: none"> Audax Renovables ✓ Energy Solar Tech ✓ Holaluz <p>Independent Power Producers (IPP)</p> <p>Ecoener</p> <ul style="list-style-type: none"> ✓ Enerside ✓ Grupo Greening 2022
Industrials	Materials	Real Estate	Technology
<p>Construction</p> <p>OHLA</p> <p>Grupo Empresarial San José</p> <p>Urbas</p> <p>Electrical Equipment</p> <ul style="list-style-type: none"> ✓ Artech ✓ Endurance Motive ✓ Solar Profit ✓ Umbrella Solar Investment <p>Trading Companies & Distributors</p> <ul style="list-style-type: none"> GAM <p>Engineering</p> <p>Airtificial</p> <p>Duro Felguera</p> <ul style="list-style-type: none"> ✓ NBI Bearings Europe <p>Commercial Services & Supplies</p> <ul style="list-style-type: none"> ✓ Axon Partners Group ✓ Grino Ecologic <p>Auto Components</p> <ul style="list-style-type: none"> Lingotes Especiales <p>Machinery</p> <ul style="list-style-type: none"> Desa Nicolás Correa <p>Transportation - Road & Rail</p> <ul style="list-style-type: none"> ✓ Alquiiber <p>Other Industrials</p> <p>Azkoyen</p>	<p>Metals & Mining</p> <p>Berkeley Energia</p> <p>Tubacex</p> <p>Tubos Reunidos</p> <p>Chemicals</p> <ul style="list-style-type: none"> Ercros ✓ Kompuestos <p>Paper & Forest Products</p> <p>Iberpapel Gestion</p>	<p>SOCIMIS</p> <ul style="list-style-type: none"> ✓ Adriano Care ✓ All Iron Arima ✓ Atom Hoteles ✓ Hispanotels ✓ Home Capital ✓ Inversa Prime ✓ Olimpo ✓ Vitruvio <p>Management & Development</p> <ul style="list-style-type: none"> Cevasa Inmobiliaria del Sur Libertas 7 Montebalito Renta Corporación 	<p>Software</p> <ul style="list-style-type: none"> ✓ Agile Content ✓ Cuatroochenta ✓ Facephi ✓ Netex ✓ Seresco ✓ Sngular ✓ Substrate Artificial Intelligence <p>Communications Equipment</p> <ul style="list-style-type: none"> Amper <p>IT Services</p> <ul style="list-style-type: none"> ✓ Aeternal Mentis ✓ Altia ✓ Gigas Hosting ✓ Innovative Solutions Ecosystem ✓ Izertis ✓ Knowmad Mood ✓ Making Science

✓ **Companies covered by Lighthouse are shaded.**

✓ **Companies listed on BME Growth.**



Overview of Lighthouse's Spanish Microcap Universe

Lighthouse's Spanish Microcap Universe comprises all the companies populating the Spanish stock market's microcap segment.

The majority of Lighthouse's research coverage is concentrated in this segment. The following criteria were used to define this universe of companies:

- The Spanish Microcap Universe created by Lighthouse includes companies traded on the continuous market (including stocks traded using the outcry method) and on BME Growth.
- What is a micro-cap stock? The strict market filter is companies with a market capitalisation of between EUR 50Mn and EUR 300Mn, irrespective of the sector they hail from. Companies with higher market values classify as small caps (EUR 300Mn - EUR 1Bn) and those with higher market caps again as mid-cap stocks (EUR 1Bn - EUR 3Bn). Those with lower market caps are known as nanocaps.

However, to ensure that market volatility does not have a significant impact on our Spanish Microcap Universe, for the purposes of this report we contemplated all companies with a market cap of between EUR 40Mn and EUR 360Mn (essentially extending the range commonly used to define microcaps by +/-20%).

- The sector structure of the Microcap Universe is based on the Global Industry Classification Standard (GICS) classification of 11 sectors. Within each sector the various companies are organised by industry (likewise using GICS criteria).

Note that in the consumer goods sector there are two sectors: i) consumer staples; and ii) consumer discretionary.

- At the time of writing, there were 80 REITs (SOCIMIs for their acronym in Spanish) trading on BME Growth, of which we only include (within the real estate sector) those: i) with a market cap of EUR 40Mn - EUR 360Mn; and ii) those with a free float of over 50% (eight companies in total).
- The Spanish Midcap Universe is made up of, in addition to the companies meeting the market cap filter of EUR 40Mn - EUR 360Mn, all of the companies covered by Lighthouse. Some of their market caps fall outside the defined range. Some have higher market caps (Audax Renovables), while others have lower market values (Cuatrochenta, Desa, Ecolumber, Endurance, Innovative Solutions, Kompuestos, Mondo TV, Netex, Seresco and Substrate AI).

The aggregate market cap of the Spanish Microcap Universe is c. EUR 9Bn and it is made up of 75 companies (with a mix of c.60% continuous market / c.40% BME Growth).

In total, the continuous market and BME Growth (excluding REITs with a free float of under 50%) encompass 180 companies with an aggregate market cap of EUR c.665Bn. The Spanish Microcap Universe therefore represents c.40% of the stocks listed on the Spanish market. And c.1.3% of their total market cap. It is a universe of companies with an abundance of investment opportunities and constitutes a "must-see" for any investor specialised in small- and mid-caps with an interest in the southern European markets.



Sector-wise, it is interesting to compare the structure of the Spanish Midcap Universe with two basic benchmarks: i) the Spanish market as a whole; and ii) the Eurostoxx 600 (the closest European market equivalent). That comparison yields the following conclusions:

Sector structure of the Lighthouse Spanish Micro Cap Universe

Sector	Spanish Micro Cap Universe			% of total	
	Co. #	Market cap (mn EUR)	% of total	Continuous Market (Spain)	Stoxx Europe 600
Communication Services	6	670	7.3%	7.4%	2.6%
Consumer Discretionary	2	228	2.5%	17.4%	15.5%
Consumer Staples	5	391	4.3%	1.1%	12.6%
Energy	0	0	0.0%	3.4%	5.8%
Financials	0	0	0.0%	21.8%	15.5%
Healthcare	5	870	9.5%	3.1%	14.4%
Industrials	18	1,964	21.4%	17.8%	14.4%
Materials	6	1,105	12.0%	4.2%	7.0%
Real Estate	14	1,758	19.1%	1.7%	1.1%
Technology	14	1,285	14.0%	0.3%	6.9%
Utilities	5	921	10.0%	21.8%	4.3%
Totals	75	9,192			

- (1) This structure excludes Audax Renovables (Mkt Cap of EUR 540 Mn; covered by Lighthouse), which is clearly too big to be considered a micro cap and would distort the mix.
- Three sectors (industrial, technology and real estate) account for c.60% of the population and c.50% of the market cap of our sample. Note that there are no listed Spanish microcap companies in either the energy or financials sectors.
 - The Spanish Microcap Universe is significantly more cyclical than the Spanish or European stock markets as a whole, judging by a simple analysis which defines the information technology, materials, industrials and consumer staples sectors as cyclical (and the rest as non-cyclical).

Exposure of the Lighthouse Spanish Micro Cap Universe to cyclical sectors

Sector type	Spanish Micro Cap Universe	Continuous Market (Spain)	Stoxx Europe 600
	Cyclical	49.8%	39.7%
Non-cyclical	50.2%	60.3%	56.3%

- Lastly, the comparison between the Microcap Universe's sector mix and that of the Spanish stock market as a whole reveals that there are two sectors in which the microcap segment is significantly more interesting, throwing up an abundance of ideas that cannot be found in the rest of the market: technology and real estate.



The Lighthouse Spanish Micro Cap Universe (basic data) (I)

Company	Market Cap. (Mn EUR)	Sector	Industry	Market ⁽¹⁾	Stock Performance (%)				Volume -12m (Mn EUR)	Rotation ⁽²⁾ (%)
					-3M	-12M	YTD	-5Y		
Sngular	211.6	Communication Services	Media	G	2.1%	-1.3%	-0.5%	n.a.	7.08	3.3
Squirrel Media	199.4	Communication Services	Media	MC	-6.7%	-36.2%	-5.1%	-46.0%	4.57	2.3
LLYC	125.7	Communication Services	Media	G	-3.1%	-5.7%	8.0%	n.a.	2.18	1.7
Vocento	83.0	Communication Services	Media	MC	-0.7%	-17.7%	11.2%	-47.6%	8.94	10.8
Parlem Telecom	44.4	Communication Services	Telecom Services	G	-10.7%	-50.7%	-17.9%	n.a.	7.34	16.5
Mondo Tv Studios	6.0	Communication Services	Media	G	-15.8%	-25.5%	1.4%	100.8%	0.91	15.2
Nextil	176.4	Consumer Discretionary	Textiles, Apparel & Luxury Goods	MC	3.4%	26.4%	20.8%	-38.1%	15.28	8.7
Adolfo Domínguez	51.9	Consumer Discretionary	Textiles, Apparel & Luxury Goods	MC	-18.4%	44.0%	39.0%	-24.3%	4.31	8.3
Deoleo	142.5	Consumer Staples	Food Products	MC	13.5%	-18.8%	28.4%	69.9%	47.04	33.0
Naturhouse Health	107.1	Consumer Staples	Personal Products	MC	-6.8%	4.7%	13.3%	-33.6%	6.74	6.3
Borges - BAIN	68.5	Consumer Staples	Food Products	MC	-6.9%	9.6%	8.0%	-43.1%	0.51	0.7
IFFE Futura	40.8	Consumer Staples	Food Products	G	-10.0%	89.5%	74.2%	24.2%	6.59	16.2
Ecolumber	32.4	Consumer Staples	Food Products	MC	0.0%	-4.8%	0.0%	-5.9%	0.22	0.7
Clinica Baviera	298.4	Healthcare	Healthcare Providers & Services	MC	0.5%	-17.3%	8.6%	53.4%	15.85	5.3
Laboratorio Reig Jofre	199.2	Healthcare	Pharmaceuticals	MC	-6.1%	-14.9%	17.5%	-5.1%	9.18	4.6
Prim	187.4	Healthcare	Healthcare Equipment & Supplies	MC	0.8%	-19.9%	2.7%	-2.3%	7.60	4.1
Oryzon Genomics	120.6	Healthcare	Biotechnology	MC	-11.5%	-14.0%	-15.9%	-22.5%	100.13	83.0
Pangaea Oncology	64.0	Healthcare	Biotechnology	G	24.3%	23.9%	28.0%	3.6%	6.65	10.4
OHLA	283.6	Industrials	Construction	MC	-17.3%	-35.7%	7.0%	-82.8%	308.56	108.8
Grupo Empresarial San José	252.3	Industrials	Construction	MC	-13.9%	-9.3%	0.0%	7.8%	21.12	8.4
Arteche	229.5	Industrials	Electrical Equipment	G	4.7%	35.8%	3.9%	n.a.	7.54	3.3
Azkoyen	155.0	Industrials	Other Industrials	MC	-0.9%	13.1%	2.6%	0.2%	17.83	11.5
GAM	136.2	Industrials	Trading Companies & Distributors	MC	16.1%	12.9%	35.2%	-7.7%	5.22	3.8
Umbrella Solar Investment	134.7	Industrials	Electrical Equipment	G	1.6%	n.a.	0.0%	n.a.	2.07	1.5
Airtificial	111.0	Industrials	Engineering	MC	-24.4%	2.1%	55.5%	-50.2%	87.16	78.6
Axon Partners Group	100.8	Industrials	Commercial Services & Supplies	G	-1.0%	n.a.	-1.0%	n.a.	0.70	0.7
Urbas	82.8	Industrials	Construction	MC	-27.2%	-57.2%	-42.7%	-41.0%	87.15	105.3
Lingotes Especiales	80.8	Industrials	Auto Components	MC	-3.1%	-18.5%	49.6%	-53.7%	7.14	8.8
Nicolás Correa	70.2	Industrials	Machinery	MC	4.4%	11.1%	24.0%	67.6%	6.93	9.9
Duro Felguera	65.2	Industrials	Engineering	MC	-14.5%	-25.4%	4.5%	-67.5%	72.57	111.3
NBI Bearings Europe	61.7	Industrials	Engineering	G	0.0%	-10.7%	8.7%	94.3%	1.70	2.8
Solar Profit	58.1	Industrials	Electrical Equipment	G	-37.0%	-67.8%	-50.3%	n.a.	6.59	11.3
Grino Ecologic	51.4	Industrials	Commercial Services & Supplies	G	-1.2%	-20.0%	-1.2%	27.3%	0.14	0.3
Alquiber	47.4	Industrials	Transportation - Road & Rail	G	15.8%	38.5%	12.7%	n.a.	3.84	8.1
DESA	25.9	Industrials	Machinery	MC	9.8%	-0.4%	1.0%	115.7%	0.04	0.2
Endurance Motive	17.0	Industrials	Electrical Equipment	G	-7.5%	-48.0%	-11.5%	n.a.	6.01	35.4
Tubacex	340.5	Materials	Metals & Mining	MC	10.0%	6.1%	34.9%	-8.5%	94.38	27.7
Ercros	325.5	Materials	Chemicals	MC	-19.4%	-1.2%	4.0%	-13.0%	147.04	45.2
Iberpapel Gestion	179.9	Materials	Paper & Forest Products	MC	0.3%	5.1%	26.4%	-46.1%	23.74	13.2
Tubos Reunidos	129.3	Materials	Metals & Mining	MC	60.3%	108.2%	200.8%	108.7%	250.95	194.1
Berkeley Energia	119.8	Materials	Metals & Mining	MC	9.7%	18.7%	54.5%	n.a.	202.80	169.2
Kompuestos	10.0	Materials	Chemicals	G	-25.5%	-56.1%	-5.7%	n.a.	1.66	16.7
Atom Hoteles	348.7	Real Estate	SOCIMIS	GS	8.1%	11.3%	12.4%	n.a.	5.24	1.5
Arima	227.4	Real Estate	SOCIMIS	MC	-1.8%	-8.6%	6.7%	n.a.	44.59	19.6
Olimpo	206.5	Real Estate	SOCIMIS	GS	1.0%	3.2%	4.8%	42.1%	2.01	1.0
CEVASA	157.0	Real Estate	Mangement & Development	MC	-3.6%	-4.1%	-1.5%	-12.2%	0.68	0.4
All Iron	145.4	Real Estate	SOCIMIS	GS	0.0%	-0.9%	10.0%	n.a.	1.57	1.1
Inmobiliaria del Sur	130.7	Real Estate	Mangement & Development	MC	-6.7%	-10.8%	-0.2%	-34.1%	13.05	10.0
Adriano Care	122.4	Real Estate	SOCIMIS	GS	-1.9%	-3.8%	-3.8%	n.a.	0.63	0.5
Vitruvio	108.2	Real Estate	SOCIMIS	GS	17.6%	22.4%	16.5%	4.7%	7.57	7.0
Inversa Prime	97.9	Real Estate	SOCIMIS	GS	-1.6%	-5.3%	-1.6%	n.a.	10.59	10.8
Hispanotels	65.4	Real Estate	SOCIMIS	GS	1.2%	2.8%	2.0%	n.a.	0.11	0.2
Home Capital	44.4	Real Estate	SOCIMIS	GS	0.0%	-1.3%	0.0%	n.a.	0.96	2.2
Renta Corporación	42.6	Real Estate	Mangement & Development	MC	-13.7%	-29.2%	-3.0%	-61.9%	10.71	25.2
Montebalito	40.6	Real Estate	Mangement & Development	MC	-15.9%	-6.0%	-5.9%	-16.5%	6.86	16.9
Libertas 7	21.0	Real Estate	Mangement & Development	MC	8.8%	-29.4%	7.0%	-14.7%	0.51	2.4

(1) Market: MC = Continuous Market, G = BME Growth, GS = BME Growth REITs

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



The Lighthouse Spanish Micro Cap Universe (basic data) (II)

Company	Market Cap. (Mn EUR)	Sector	Industry	Market ⁽¹⁾	Stock Performance (%)				Volume -12m (Mn EUR)	Rotation ⁽²⁾ (%)
					-3M	-12M	YTD	-5Y		
Altia	227.0	Technology	Software	G	12.2%	29.4%	26.9%	140.6%	12.90	5.7
Izertis	194.3	Technology	Software	G	-3.0%	-4.7%	-5.6%	n.a.	14.13	7.3
Knowmad Mood	190.0	Technology	Software	G	6.7%	n.a.	-28.3%	n.a.	1.38	0.7
Aeternal Mentis	123.7	Technology	IT Services	G	0.5%	0.5%	-1.1%	n.a.	0.81	0.7
Amper	114.4	Technology	Communications Equipment	MC	-37.8%	-58.2%	-30.8%	-61.3%	60.99	53.3
Gigas Hosting	93.2	Technology	IT Services	G	-7.2%	-9.5%	-21.6%	35.9%	16.62	17.8
Agile Content	88.7	Technology	Software	G	-16.9%	-31.9%	-11.9%	168.4%	10.59	11.9
Making Science	84.5	Technology	Software	G	-21.5%	-46.0%	3.9%	n.a.	4.93	5.8
Facephi	43.8	Technology	Software	G	-9.3%	-20.1%	-2.8%	105.9%	16.05	36.7
Seresco	33.0	Technology	Software	G	-7.0%	n.a.	-14.0%	n.a.	0.82	2.5
Innovative Solutions Ecosystem	32.5	Technology	IT Services	MC	0.0%	-12.7%	0.0%	-22.2%	0.74	2.3
Netex	24.8	Technology	Software	G	-4.1%	-10.5%	-14.9%	80.6%	1.35	5.5
Cuatroochenta	24.0	Technology	Software	G	-17.0%	-44.5%	-6.4%	n.a.	2.12	8.8
Substrate Artificial Intelligence	10.5	Technology	Software	G	33.3%	-80.5%	6.3%	n.a.	44.25	419.9
Audax Renovables	538.0	Utilities	Electric Utilities	MC	-10.4%	-1.8%	63.0%	-44.4%	156.09	29.0
Ecoener	256.3	Utilities	Independent Power Producers (IPP)	MC	-10.0%	-22.9%	-1.5%	n.a.	27.44	10.7
Enerside	185.1	Utilities	Independent Power Producers (IPP)	G	-4.2%	-20.0%	20.7%	n.a.	22.43	12.1
Grupo Greening 2022	183.3	Utilities	Independent Power Producers (IPP)	G	n.a.	n.a.	n.a.	n.a.	9.28	5.1
Energy Solar Tech	175.6	Utilities	Electric Utilities	G	-5.7%	n.a.	26.2%	n.a.	33.36	19.0
Holaluz	120.4	Utilities	Electric Utilities	G	-2.5%	-51.5%	-16.7%	n.a.	13.50	11.2

(1) Market: MC = Continuous Market (Spain), G = BME Growth, GS = BME Growth REITs

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

(3) Performance for Innovative Solutions Ecosystem, which was suspended from trading on 25 November 2022, was calculated taking the latest price (EUR 0.56/share).

Performance by the Lighthouse Spanish Micro Cap Universe

Stock performance	-1m	-3m	-12m	YTD	-3Y	-5Y
Absolute ⁽¹⁾	0,2	-3,0	-8,2	8,9	41,2	7,5
vs Market						
vs Ibex 35	-1,4	-1,2	-13,8	-3,5	19,7	12,1
vs Euro STOXX 50	1,3	-3,0	-19,1	-3,7	11,3	-13,4
vs Small Cap Reference						
vs Ibex Small Cap Index	-0,1	8,3	5,8	1,5	14,7	7,9
vs MSCI Europe Micro Cap	1,8	3,0	5,0	9,7	19,8	0,1

(1) Average Return of the Lighthouse Spanish Micro Cap Universe. Return obtained on a similar investment in each company in the Lighthouse Spanish Micro Cap Universe.



Just for the sake of it: 6 potential (good) investment ideas from Lighthouse's research universe

Lighthouse aims to provide insight into the fundamentals of Spain's "orphan" stocks through its recurring research. Our work is nearly 100% focused on taking a deep-dive into the business models of the companies we cover and making financial projections so that investors can understand what each company does, how it makes money and what it can be expected to do over the next three years. Therefore, our work is predicated on performing in-depth analyses of each business' EBITDA and free cash flow generation potential. As is widely known, Lighthouse does not provide any valuations or target prices and does not issue any investment recommendations on the companies analysed.

However, our research naturally spawns factors/data that we find to be particularly interesting and that could be considered potential indicators of value of the stocks under coverage. Just for the sake of it, we provide these indicators for six companies we cover. They are inputs that investors could find especially interesting when first selecting which companies to analyse and track.

This is the best way to explain Lighthouse's *raison d'être* and value. Providing the market with information that has gone unnoticed until now. And doing so in a way that meets the requirements of (mostly institutional) investors. All our efforts are geared towards providing key information (e.g., financial strategic) for understanding companies and taking investment decisions. Below we offer three examples of stocks listed on the continuous market and three on BME Growth. All are from different sectors. And have different equity stories, from the classic "growth" companies to "value" plays.

As explained above, we are not making valuations or issuing any investment recommendations. These picks should be considered simply as examples of the stocks included in Lighthouse's research universe (30 companies) that show particularly positive, and reasonably sound and objective, indicators. We think they are worth looking at. But they are only a few examples. There are many more...

Sector: Industrials / Transportation - Road & Rail

Market Cap (Mn EUR y USD)	47.4	50.8
EV (Mn EUR y USD)	211.4	226.4
Free Float	27.6	
Factset / Bloomberg	ALQ-ES / ALQ SM	
Market	BME Growth	

A) Alquiber

- ✓ Healthy earnings momentum in 2023e (EBITDA: +17%) thanks to fleet growth in a sector (flexible renting) with structural growth.
- ✓ Ability to continue delivering double-digit growth (EBIT 2022-2025e: +17.5%) while maintaining high margins (EBIT margin c. 16%).
- ✓ Cheaper than the sector average, trading at an ordinary P/E 2023e of 4.6x (vs 7x by its main peer).

Sector: Technology / Software

Market Cap (Mn EUR y USD)	24.0	25.8
EV (Mn EUR y USD)	32.2	34.5
Free Float	40.5	
Factset / Bloomberg	480S-ES / 480S SM	
Market	BME Growth	

B) Cuatroochenta

- ✓ A scalable business with a sound recurring revenue base, which should enable it to maintain double-digit revenue growth (+19% CAGR 22-25e).
- ✓ In 2023e, we should see a considerable improvement in profitability. Recurring EBITDA 2023e: EUR 2.2Mn (vs. EUR 0.7Mn in 2022).
- ✓ Regaining momentum and trading near record lows: EV/EBITDA 25e: 6x (vs a sector trading comfortably above 10x EV/EBITDA).

Sector: Industrials / Trading Companies & Distributors

Market Cap (Mn EUR y USD)	136.2	145.9
EV (Mn EUR y USD)	331.2	354.8
Free Float	21.5	
Factset / Bloomberg	GAM-ES / GAM SM	
Market	Continuous Market	

C) GAM

- ✓ Further organic growth in line with 2022 underpins our revenue estimate for 2023e of EUR 275Mn (+21% vs 2022).
- ✓ This should enable GAM to double its net profit in 2023e (net profit 2023: EUR 13.5Mn vs EUR 7.7Mn in 2022).
- ✓ Low multiples across the board: ordinary P/E 2023e of 10x and 5x EV/EBITDA 2023e.



Sector: Communication Services / Media

Market Cap (Mn EUR y USD)	125.7	134.7
EV (Mn EUR y USD)	121.7	130.3
Free Float	10.7	
Factset / Blommborg	LLYC-ES / LLYC SM	
Market	BME Growth	

Sector: Real Estate / SOCIMIS

Market Cap (Mn EUR y USD)	21.0	22.5
EV (Mn EUR y USD)	25.6	27.4
Free Float	16.2	
Factset / Blommborg	LIB-ES / LIB SM	
Market	Continuous Market	

Sector: Industrials / Machinery

Market Cap (Mn EUR y USD)	70.2	75.2
EV (Mn EUR y USD)	59.0	63.2
Free Float	58.2	
Factset / Blommborg	NEA-ES / NEA SM	
Market	Continuous Market	

D) LLYC

- ✓ The company's organic growth (with high recurrence) and inorganic growth (also "recurring") provide a unique combination: growth (revenue 22-25e: +12.1% CAGR) and defensiveness.
- ✓ Sustaining high profitability (EBITDA margin 25e: 18.8%). High cash generation (c. 40% of EBITDA converted into FCF) and robust balance sheet structure (ND/EBITDA < 0.5x) leave scope for further M&A.
- ✓ Low multiples: EV/EBITDA 23e: 6.4x (vs c. 8x for the sector), maintaining a positive growth spread (EBITDA 23e-25e: +11% vs +5% for the sector).

E) Libertas 7

- ✓ Good momentum in 2023e in i) development (delivery of 33 homes vs 24 in 2022), ii) tourism (bookings at all-time highs) and iii) investment portfolio (EUR 56Mn at the end of 1Q23; +10% vs 2022).
- ✓ The development business is the main long-term growth driver: we expect LIB to regain its ability to deliver c. 65 homes/year in 2025e (EBITDA of EUR 3.5Mn/year).
- ✓ A potential (evident) reserve of value. The investment portfolio net of debt (EUR 27Mn) itself is well above the current market cap. No need to factor in the development business, let alone the portfolio of rental assets.

F) Nicolás Correa

- ✓ Excellent momentum (EBITDA 2023e: +20%), supported by a record high backlog. And capacity to continue growing (EBITDA 22-25e: +15% CAGR).
- ✓ An extremely robust balance sheet (EUR 11.4Mn of net cash), which opens up possibilities to invest in organic growth or M&A.
- ✓ Low multiples: EV/EBITDA 23e: 4.4x (vs 6x for the sector), maintaining a positive growth spread (revenue: +10% vs +5% for the sector) and higher profitability (EBITDA margin of 12% vs c. 7% for its most direct peers).



Company notes

Attached are updated company notes for Lighthouse's entire research universe as at the date of this report:

- The notes all have the same structure and essentially include:
 - Descriptive information (activity and business model, historical financial statements, shareholder structure, liquidity)
 - Complete financial projections (2022-2025e) and FCF analysis
 - Performance
 - Peer data
 - Valuation inputs
 - Corporate Governance KPIs
 - Analyst view on the company: 2023 momentum, equity story highlights, risks and valuation indicators
- All the notes have been updated to include closing share prices on June 5th, 2023.
- This report was distributed at 9:00h on June 12th, 2023
- For Innovative Solutions Ecosystem (suspended from trading at the date of this report), we include a simplified note, without financial projections and multiples.

Adolfo Domínguez (ADZ) is a small designer fashion textile group, based in Ourense (Spain), specialising (c. 40 years) in the design and sale (both retail and wholesale) of fashion items. With international presence (>35% o/revenues), it is managed by the founding family (31% of the capital), which prevails in the Board.

Any reference to the results of a certain year refers to the period between 28-Feb and 28-Feb (of the following year).

MOMENTUM: WHAT DO WE EXPECT FROM 2023E?

2022 saw ADZ revisit pre-Covid figures. After a long period (> 5 years) of restructuring and losses, in 2022, ADZ completed its turnaround and posted a net profit. Consolidated revenue amounted to EUR 115.3Mn (+20% vs. 2021; LFL +18.5%) with margins widening (EBITDA margin of 9.5% vs. 8.8% in 2019) to leave rec. EBITDA 2022 at EUR 10.9Mn (vs. EUR 4.5Mn in 2021; +6% vs. 2019).

Successful store restructuring/relocation has been key. Profitability per store has been the cornerstone of ADZ's strategic turnaround. Average sales per store increased by 24.5% vs. 2021 (+13% vs. 2019) with the company reporting similar revenue in 2022 as in 2019, with 51 fewer sales outlets.

ADZ starts 2023 with real profitable growth. ADZ is back as a product-focused retailer (niche, designer fashions and sustainability), underpinned by a full-price strategy (shorter sales periods), so increasing profitability. We are looking for 2023e revenue of EUR 121.9Mn (+5.7% vs. 2022) and EBITDA of EUR 13.9Mn (+26.9% vs. 2022; EBITDA margin: 11.4%). FCF isn't expected to turn positive until 2025e, which will put net debt 2023e at EUR 12.3Mn (ND/EBITDA: 0.9x).

EQUITY STORY HIGHLIGHTS: WHAT TO WATCH FOR?

Sustained revenue growth. The strategic focus on niche designer fashion, the ability to pass through higher costs to sales prices, coupled with store relocations and new openings (+5 openings YoY), should drive moderate topline growth at ADZ, with market share gains in its geographic markets.

Omnichannel. In 2020, online sales accounted for 20.7% of the total, falling back to 11.4% in 22 as things returned to normal in the wake of the pandemic. We estimate that the online channel will account for 13% of revenue in 25e (sector average: 20%).

Enhanced efficiency to defend margins. Four drivers: i) inventory management to reduce sales periods; ii) growth in average sales per store; iii) supply chain reorganisation (nearshoring strategy, relocating production to Portugal); and iv) lower overhead. The fact that its EBITDA margin is 10pp below that of its competitors points to significant (theoretical) scope for margin expansion.

Increased international exposure. The challenge for the coming years is to expand the retail network (penetrating less mature markets) without undermining efficiency (average sales/store ratio). That would enable it to aspire to sustained mid-single-digit revenue growth to 2025e (EUR 132.8Mn; CAGR 22-25e: +4.8%) and rec. EBITDA of EUR 17.7Mn (vs. EUR 10.9Mn in 2022; CAGR 22-25e: +17.3%).

RISKS: WHAT TO KEEP AN EYE ON?

Cyclical industry. The events of the last three years (Covid-19, conflict in Ukraine, inflation) have tested ADZ's resilience, hitting its earnings sharply (especially in 2020), increasing the risk of estimate downgrades. Private spending and disposable income are particularly sensitive to a potential economic slowdown.

Currency risk. Both in respect of revenues, where it is mainly exposed to the Mexican peso and the yen (19% and 4% of 2022 revenue, respectively), and costs (c. 80% of the products sold are acquired in USD). The company does not arrange hedges to mitigate the effects of this exposure on its P&L.

VALUATION METRICS: WHAT DO THE MULTIPLES TELL US?

The multiples remain theoretically attractive. The share price has rallied by +44% in the last 12 months. Nevertheless, ADZ is still trading at a sizeable discount to EV/EBITDA 23e: 6.4x vs. 7.5x for the sector (-15%), possibly because of the +2.7pp difference in EBITDA growth vs. the sector.

Market Data

Market Cap (Mn EUR and USD)	51.9	55.6
EV (Mn EUR and USD)	88.5	94.8
Shares Outstanding (Mn)	9.3	
-12m (Max/Med/Mín EUR)	6.86 / 4.71 / 3.79	
Daily Avg volume (-12m Mn EUR)	0.02	
Rotation ⁽¹⁾	8.3	
Factset / Bloomberg	ADZ-ES / ADZ SM	
Close fiscal year	28-Feb	

Shareholders Structure (%)⁽³⁾

Adolfo Domínguez	31.5
Puig, S.A.	14.8
Libertas 7	10.3
Indumenta Pueri	9.1
Free Float	22.6

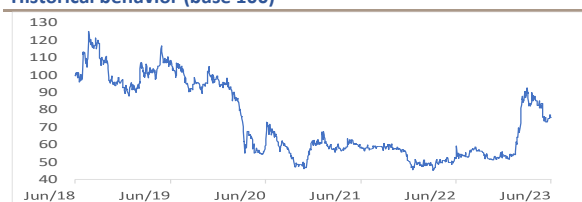
Financials (Mn EUR)

	2022	2023e	2024e	2025e
Adj. nº shares (Mn)	9.3	9.3	9.3	9.3
Total Revenues	115.3	121.9	127.2	132.8
Rec. EBITDA	10.9	13.9	16.5	17.7
% growth	142.9	26.9	19.0	7.0
% Rec. EBITDA/Rev.	9.5	11.4	13.0	13.3
% Inc. EBITDA sector ⁽²⁾	10.6	5.7	11.0	10.0
Net Profit	0.2	1.2	2.9	3.6
EPS (EUR)	0.02	0.13	0.32	0.39
% growth	101.7	635.4	151.5	24.1
Ord. EPS (EUR)	-0.12	0.13	0.32	0.39
% growth	80.6	200.9	151.5	24.1
Rec. Free Cash Flow	-8.3	-3.3	-0.5	0.4
Pay-out (%)	0.0	0.0	0.0	0.0
DPS (EUR)	0.00	0.00	0.00	0.00
Net financial debt	8.1	12.3	13.7	14.3
ND/Rec. EBITDA (x)	0.7	0.9	0.8	0.8
ROE (%)	1.0	6.6	14.8	15.7
ROCE (%)	17.3	10.5	15.5	15.8

Ratios & Multiples (x)

	n.a.	44.5	17.7	14.3
P/E	n.a.	44.5	17.7	14.3
Ord. P/E	3.0	2.8	2.4	2.1
P/BV	0.0	0.0	0.0	0.0
Dividend Yield (%)	0.77	0.73	0.70	0.67
EV/Sales	8.1	6.4	5.4	5.0
EV/Rec. EBITDA	29.9	28.5	16.0	13.6
EV/EBIT	n.a.	n.a.	n.a.	0.8
FCF Yield (%)				

Historical behavior (base 100)



(%)	-1m	-3m	-12m	-5Y
Absolute	0.0	-18.4	44.0	-24.3

(1) Rotation is the % of the capitalisation traded - 12m.

(2) Sector: Europe Apparel & Footwear.

(3) Others: La Previsión Mallorquina de Seguros 6.7%, Ibercapital Magnum, SICAV S.A 4.5%, Treasury shares 0.5%



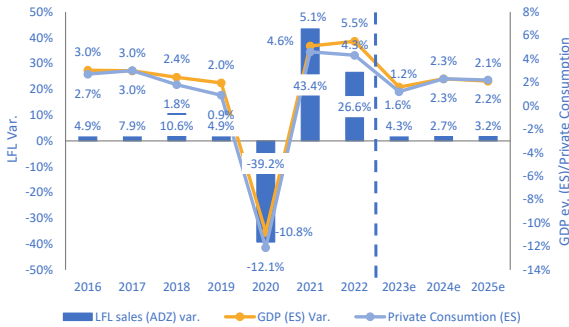
Financial Projections

Balance Sheet (EUR Mn)	2018	2019	2020	2021	2022	2023e	2024e	2025e		
Intangible assets	0.8	34.9	28.3	27.8	33.5	32.8	32.0	31.2		
Fixed assets	10.1	10.2	9.7	7.5	9.3	13.5	17.1	20.6		
Other Non Current Assets	8.1	0.7	1.2	2.4	2.7	2.7	2.7	2.7		
Financial Investments	5.7	5.9	4.7	5.7	5.6	5.6	5.6	5.6		
Goodwill & Other Intangibles	-	-	-	-	-	-	-	-		
Current assets	36.2	38.0	30.6	26.5	35.6	37.4	38.4	40.1		
Total assets	60.8	89.6	74.5	69.8	86.7	91.9	95.9	100.1		
Equity	52.2	44.2	24.0	15.5	17.2	18.4	21.3	25.0		
Minority Interests	0.8	0.9	1.0	-	-	-	-	-		
Provisions & Other L/T Liabilities	1.0	1.5	1.4	1.5	1.4	1.4	1.4	1.4		
Other Non Current Liabilities	-	34.2	28.2	29.0	32.7	32.7	32.7	32.7		
Net financial debt	(12.0)	(9.9)	(0.8)	1.7	8.1	12.3	13.7	14.3		
Current Liabilities	18.9	18.8	20.7	22.1	27.4	27.2	26.8	26.8		
Equity & Total Liabilities	60.8	89.6	74.5	69.8	86.7	91.9	95.9	100.1		
										CAGR
P&L (EUR Mn)	2018	2019	2020	2021	2022	2023e	2024e	2025e	18-22	22-25e
Total Revenues	113.4	116.2	66.8	93.2	115.3	121.9	127.2	132.8	0.4%	4.8%
Total Revenues growth	-3.0%	2.5%	-42.5%	39.5%	23.7%	5.7%	4.3%	4.4%		
COGS	(47.3)	(50.6)	(35.3)	(40.5)	(49.3)	(52.2)	(54.0)	(56.8)		
Gross Margin	66.1	65.6	31.5	52.7	66.0	69.8	73.2	76.0	0.0%	4.8%
Gross Margin/Revenues	58.3%	56.5%	47.2%	56.6%	57.3%	57.2%	57.5%	57.2%		
Personnel Expenses	(36.9)	(36.7)	(22.7)	(28.7)	(33.0)	(33.2)	(33.8)	(34.6)		
Other Operating Expenses	(28.4)	(18.7)	(18.8)	(19.5)	(22.1)	(22.6)	(22.9)	(23.7)		
Recurrent EBITDA	0.9	10.3	(10.0)	4.5	10.9	13.9	16.5	17.7	89.0%	17.3%
Recurrent EBITDA growth	139.0%	n.a.	-197.0%	145.2%	142.9%	26.9%	19.0%	7.0%		
Rec. EBITDA/Revenues	0.8%	8.8%	n.a.	4.8%	9.5%	11.4%	13.0%	13.3%		
Restructuring Expense & Other non-rec.	0.3	1.1	3.1	(4.1)	2.4	-	-	-		
EBITDA	1.2	11.3	(6.8)	0.4	13.4	13.9	16.5	17.7	83.8%	9.7%
Depreciation & Provisions	(1.8)	(1.5)	(2.1)	(1.2)	(1.3)	(1.5)	(1.6)	(1.7)		
Capitalized Expense	-	-	-	-	-	-	-	-		
Rentals (IFRS 16 impact)	-	(8.9)	(8.7)	(7.8)	(9.1)	(9.3)	(9.4)	(9.5)		
EBIT	(0.6)	1.0	(17.6)	(8.6)	3.0	3.1	5.5	6.5	62.3%	30.0%
EBIT growth	88.2%	259.0%	n.a.	50.9%	134.3%	5.0%	78.4%	17.5%		
EBIT/Revenues	n.a.	0.8%	n.a.	n.a.	2.6%	2.5%	4.4%	4.9%		
Impact of Goodwill & Others	-	-	-	-	-	-	-	-		
Net Financial Result	0.5	(0.9)	(1.7)	(1.4)	(1.7)	(1.6)	(1.9)	(2.0)		
Income by the Equity Method	-	-	-	-	-	-	-	-		
Ordinary Profit	(0.1)	0.0	(19.3)	(10.0)	1.3	1.5	3.7	4.6	84.6%	53.1%
Ordinary Profit Growth	98.0%	105.5%	n.a.	47.9%	112.6%	14.9%	151.5%	24.1%		
Extraordinary Results	1.3	-	-	-	-	-	-	-		
Profit Before Tax	1.2	0.0	(19.3)	(10.0)	1.3	1.5	3.7	4.6	2.4%	53.1%
Tax Expense	(1.5)	(8.2)	(0.0)	0.8	(1.1)	(0.3)	(0.7)	(0.9)		
Effective Tax Rate	n.a.	n.a.	n.a.	n.a.	87.5%	20.0%	20.0%	20.0%		
Minority Interests	(0.1)	(0.1)	(0.1)	-	-	-	-	-		
Discontinued Activities	-	-	-	-	-	-	-	-		
Net Profit	(0.5)	(8.3)	(19.3)	(9.3)	0.2	1.2	2.9	3.6	23.4%	n.a.
Net Profit growth	92.7%	n.a.	-132.5%	52.1%	101.7%	635.4%	151.5%	24.1%		
Ordinary Net Profit	(0.6)	(1.2)	(22.5)	(5.9)	(1.2)	1.2	2.9	3.6	-19.3%	72.7%
Ordinary Net Profit growth	91.6%	-106.4%	n.a.	73.7%	80.4%	200.9%	151.5%	24.1%		
										CAGR
Cash Flow (EUR Mn)	2018	2019	2020	2021	2022	2023e	2024e	2025e	18-22	22-25e
Recurrent EBITDA						13.9	16.5	17.7	89.0%	17.3%
Rentals (IFRS 16 impact)						(9.3)	(9.4)	(9.5)		
Working Capital Increase						(1.9)	(1.5)	(1.6)		
Recurrent Operating Cash Flow						2.6	5.6	6.6	-57.7%	74.3%
CAPEX						(4.9)	(4.5)	(4.3)		
Net Financial Result affecting the Cash Flow						(0.8)	(0.9)	(1.0)		
Tax Expense						(0.3)	(0.7)	(0.9)		
Recurrent Free Cash Flow						(3.3)	(0.5)	0.4	-55.2%	27.0%
Restructuring Expense & Other non-rec.						-	-	-		
- Acquisitions / + Divestures of assets						-	-	-		
Extraordinary Inc./Exp. Affecting Cash Flow						-	-	-		
Free Cash Flow						(3.3)	(0.5)	0.4	n.a.	27.4%
Capital Increase						-	-	-		
Dividends						-	-	-		
Net Debt Variation						3.3	0.5	(0.4)		

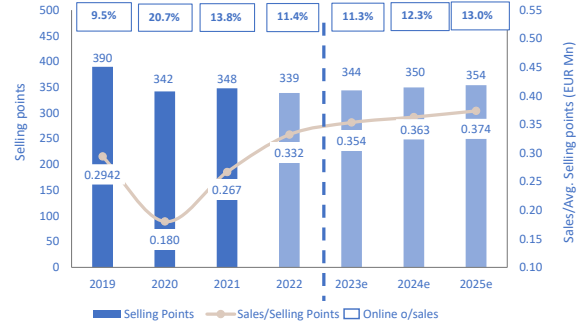


The company in 8 charts

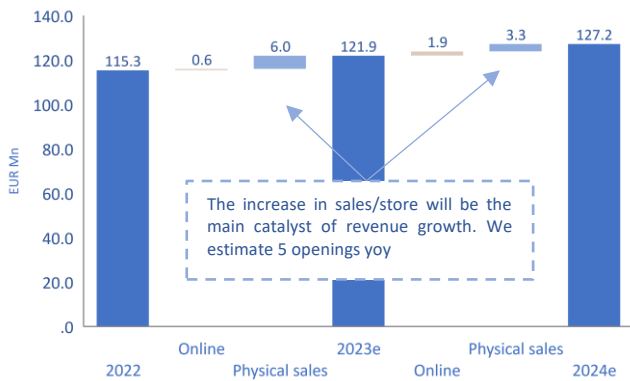
The sector in which ADZ operates is highly cyclical



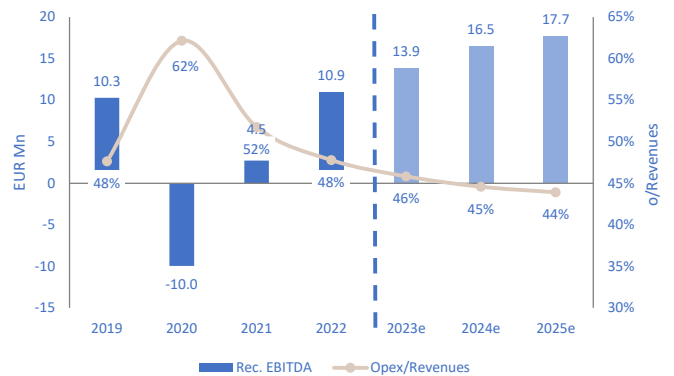
The re-sizing of the retail surface area has increased profitability perstore (driven by the online business: 11.4% of 22 revenue)...



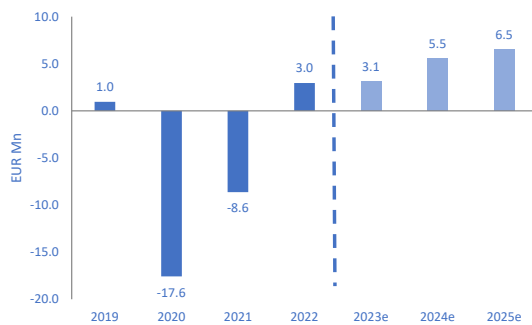
...the main driver on which we base our forecast for revenue growth in 2023e and 2024e (5 openings yoy)



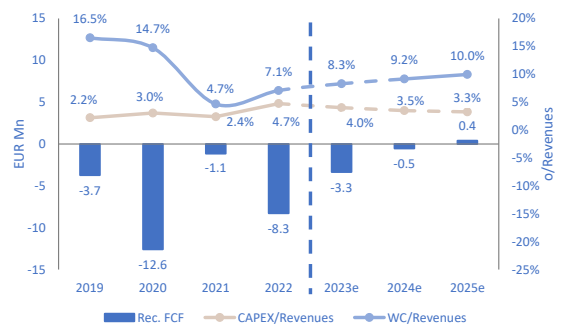
The focus on cost reduction will allow ADZ to lever on its structure



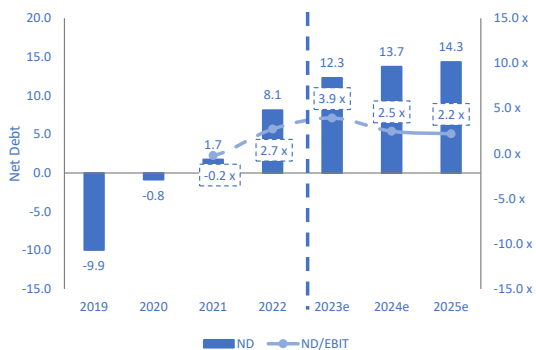
Revenue growth (+4.8% 22-25e CAGR) and cost control will drive 25e EBIT to EUR 6.5Mn (vs EUR 1Mn in 2019)



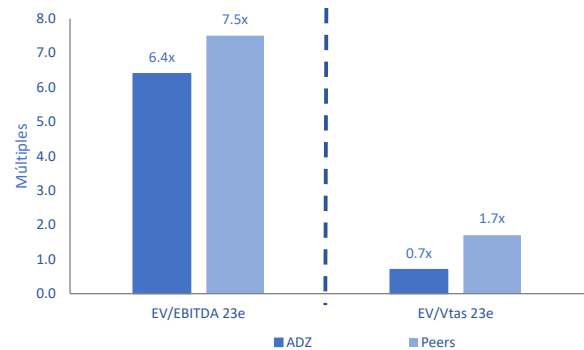
That will make it possible to achieve break-even in FCF 2024e, despite the intensification of CAPEX and working capital



Estimated cash consumption until 2024 will increase 2024e ND to EUR 13.6Mn (ND/EBIT 2024e 2.2x)



Trading at attractive multiples: EV/EBITDA 23e 6.4x and EV/Sales 22e 0.7x (vs EV/EBITDA 23e 7.5x y EV/Sales 23e 1.7x from sector)



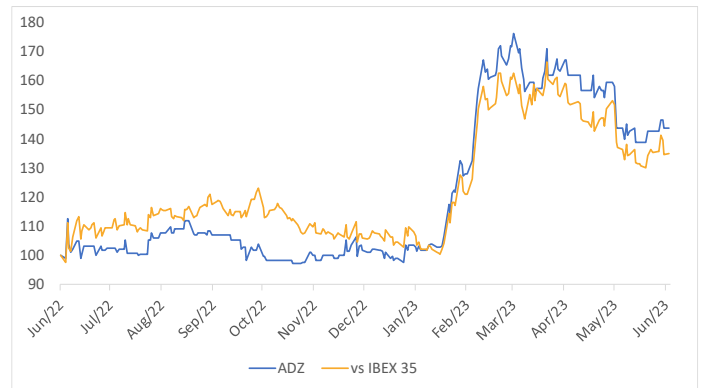


Evolution of the share price

Historical behavior vs Ibex 35 (base 100)



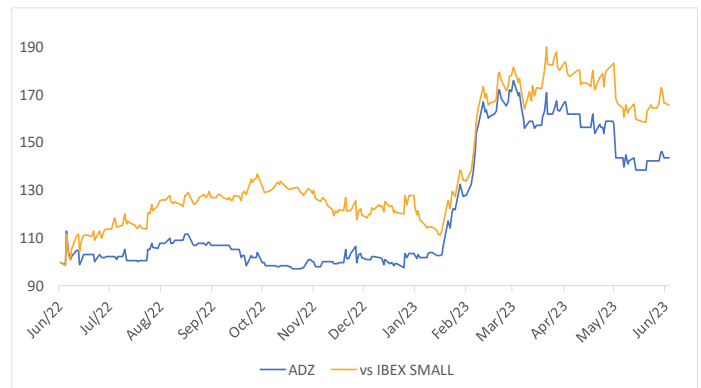
Behavior -1y vs Ibex 35 (base 100)



Historical behavior vs Ibex Small Cap (base 100)



Behavior -1y vs Ibex Small Cap (base 100)



Historical behavior vs Sector⁽¹⁾ (base 100)



Behavior -1y vs Sector⁽¹⁾ (base 100)



(1) Sector: Europe Apparel & Footwear

Stock performance (%)	-1m	-3m	-12m	YTD	-3Y	-5Y
Absolute	0.0	-18.4	44.0	39.0	19.7	-24.3
vs Market						
vs Ibex 35	-1.5	-16.8	35.2	23.1	1.4	-21.1
vs Euro STOXX 50	1.1	-18.3	26.9	22.8	-5.7	-39.1
vs Small Cap References						
vs Ibex Small Cap Index	-0.2	-8.8	65.9	29.5	-2.8	-24.0
vs Micro Cap Spain Universe ⁽¹⁾	-0.2	-15.9	56.8	27.6	-15.3	-29.6
vs MSCI Europe Micro Cap	1.6	-13.4	64.5	40.0	1.5	-29.5
vs Sector						
vs Europe Apparel & Footwear	8.6	-21.9	5.2	12.4	-25.4	-57.5

(1) [Constituents on page 10](#)



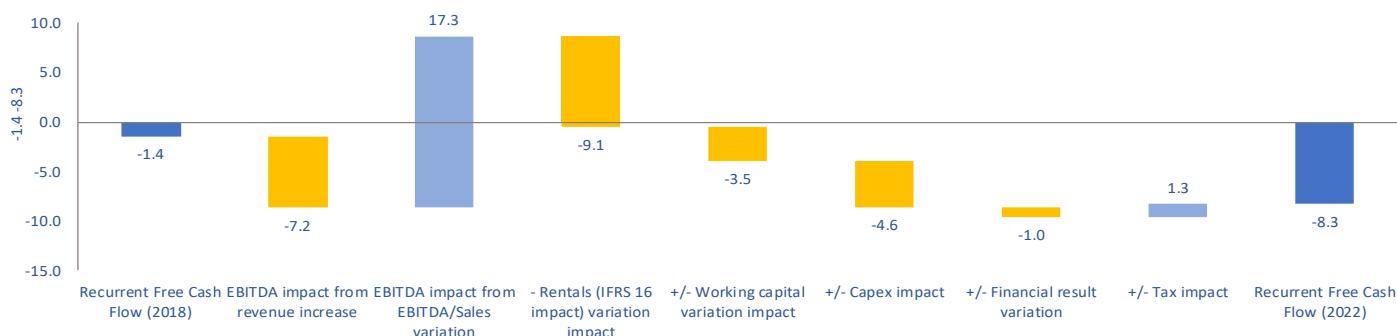
Free Cash Flow (I)

A) Cash Flow Analysis (EUR Mn)	2019	2020	2021	2022	2023e	2024e	2025e	CAGR	
								19-22	22-25e
Recurrent EBITDA	10.3	(10.0)	4.5	10.9	13.9	16.5	17.7	2.1%	17.3%
<i>Recurrent EBITDA growth</i>	<i>n.a.</i>	<i>-197.0%</i>	<i>145.2%</i>	<i>142.9%</i>	<i>26.9%</i>	<i>19.0%</i>	<i>7.0%</i>		
<i>Rec. EBITDA/Revenues</i>	<i>8.8%</i>	<i>n.a.</i>	<i>4.8%</i>	<i>9.5%</i>	<i>11.4%</i>	<i>13.0%</i>	<i>13.3%</i>		
- Rentals (IFRS 16 impact)	(8.9)	(8.7)	(7.8)	(9.1)	(9.3)	(9.4)	(9.5)		
+/- Working Capital increase	(1.9)	9.4	5.5	(3.8)	(1.9)	(1.5)	(1.6)		
= Recurrent Operating Cash Flow	(0.5)	(9.2)	2.3	(2.0)	2.6	5.6	6.6	-60.2%	74.3%
<i>Rec. Operating Cash Flow growth</i>	<i>-201.8%</i>	<i>n.a.</i>	<i>124.4%</i>	<i>-188.9%</i>	<i>232.0%</i>	<i>111.5%</i>	<i>17.9%</i>		
<i>Rec. Operating Cash Flow / Sales</i>	<i>n.a.</i>	<i>n.a.</i>	<i>2.4%</i>	<i>n.a.</i>	<i>2.2%</i>	<i>4.4%</i>	<i>5.0%</i>		
- CAPEX	(2.6)	(2.0)	(2.2)	(5.5)	(4.9)	(4.5)	(4.3)		
- Net Financial Result affecting Cash Flow	(0.1)	(1.3)	(0.7)	(0.5)	(0.8)	(0.9)	(1.0)		
- Taxes	(0.6)	(0.0)	(0.4)	(0.2)	(0.3)	(0.7)	(0.9)		
= Recurrent Free Cash Flow	(3.7)	(12.6)	(1.1)	(8.3)	(3.3)	(0.5)	0.4	-30.6%	27.0%
<i>Rec. Free Cash Flow growth</i>	<i>-160.5%</i>	<i>-239.5%</i>	<i>91.0%</i>	<i>-628.3%</i>	<i>59.5%</i>	<i>84.3%</i>	<i>174.9%</i>		
<i>Rec. Free Cash Flow / Revenues</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>0.3%</i>		
- Restructuring expenses & others	1.1	3.1	(4.1)	2.4	-	-	-		
- Acquisitions / + Divestments	-	-	-	-	-	-	-		
+/- Extraordinary Inc./Exp. affecting Cash Flow	-	-	-	-	-	-	-		
= Free Cash Flow	(2.6)	(9.4)	(5.3)	(5.8)	(3.3)	(0.5)	0.4	-30.3%	27.4%
<i>Free Cash Flow growth</i>	<i>n.a.</i>	<i>-258.3%</i>	<i>44.3%</i>	<i>-10.8%</i>	<i>42.6%</i>	<i>84.3%</i>	<i>174.9%</i>		
<i>Recurrent Free Cash Flow - Yield (s/Mkt Cap)</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>0.8%</i>		
<i>Free Cash Flow Yield (s/Mkt Cap)</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>0.8%</i>		
B) Analytical Review of Annual Recurrent Free Cash Flow Performance (Eur Mn)									
	2019	2020	2021	2022	2023e	2024e	2025e	CAGR	
Recurrent FCF(FY - 1)	(1.4)	(3.7)	(12.6)	(1.1)	(8.3)	(3.3)	(0.5)		
EBITDA impact from revenue increase	0.0	(4.4)	(3.9)	1.1	0.6	0.6	0.7		
EBITDA impact from EBITDA/Sales variation	9.4	(15.9)	18.4	5.4	2.3	2.0	0.4		
= Recurrent EBITDA variation	9.4	(20.2)	14.5	6.4	2.9	2.6	1.2		
- Rentals (IFRS 16 impact) variation impact	(8.9)	0.2	0.9	(1.4)	(0.2)	(0.1)	(0.1)		
+/- Working capital variation impact	(1.5)	11.3	(3.9)	(9.3)	1.9	0.4	(0.1)		
= Recurrent Operating Cash Flow variation	(1.0)	(8.8)	11.5	(4.3)	4.7	3.0	1.0		
+/- CAPEX impact	(1.7)	0.5	(0.2)	(3.2)	0.6	0.4	0.1		
+/- Financial result variation	(0.6)	(1.2)	0.6	0.2	(0.3)	(0.1)	(0.0)		
+/- Tax impact	1.0	0.5	(0.4)	0.2	(0.1)	(0.4)	(0.2)		
= Recurrent Free Cash Flow variation	(2.3)	(8.9)	11.5	(7.1)	4.9	2.8	0.9		
Recurrent Free Cash Flow	(3.7)	(12.6)	(1.1)	(8.3)	(3.3)	(0.5)	0.4		
C) "FCF to the Firm" (pre debt service) (EUR Mn)									
	2019	2020	2021	2022	2023e	2024e	2025e	CAGR	
EBIT	1.0	(17.6)	(8.6)	3.0	3.1	5.5	6.5	46.0%	30.0%
* Theoretical Tax rate	0.0%	0.0%	0.0%	0.0%	20.0%	20.0%	20.0%		
= Taxes (pre- Net Financial Result)	-	-	-	-	(0.6)	(1.1)	(1.3)		
Recurrent EBITDA	10.3	(10.0)	4.5	10.9	13.9	16.5	17.7	2.1%	17.3%
- Rentals (IFRS 16 impact)	(8.9)	(8.7)	(7.8)	(9.1)	(9.3)	(9.4)	(9.5)		
+/- Working Capital increase	(1.9)	9.4	5.5	(3.8)	(1.9)	(1.5)	(1.6)		
= Recurrent Operating Cash Flow	(0.5)	(9.2)	2.3	(2.0)	2.6	5.6	6.6	-60.2%	74.3%
- CAPEX	(2.6)	(2.0)	(2.2)	(5.5)	(4.9)	(4.5)	(4.3)		
- Taxes (pre- Financial Result)	-	-	-	-	(0.6)	(1.1)	(1.3)		
= Recurrent Free Cash Flow (To the Firm)	(3.0)	(11.3)	0.0	(7.5)	(2.9)	0.0	1.0	-34.9%	28.7%
<i>Rec. Free Cash Flow (To the Firm) growth</i>	<i>-742.0%</i>	<i>-270.2%</i>	<i>100.2%</i>	<i>n.a.</i>	<i>61.9%</i>	<i>101.3%</i>	<i>n.a.</i>		
<i>Rec. Free Cash Flow (To the Firm) / Revenues</i>	<i>n.a.</i>	<i>n.a.</i>	<i>0.0%</i>	<i>n.a.</i>	<i>n.a.</i>	<i>0.0%</i>	<i>0.7%</i>		
- Acquisitions / + Divestments	-	-	-	-	-	-	-		
+/- Extraordinary Inc./Exp. affecting Cash Flow	-	-	-	-	-	-	-		
= Free Cash Flow "To the Firm"	(3.0)	(11.3)	0.0	(7.5)	(2.9)	0.0	1.0	-34.9%	28.7%
<i>Free Cash Flow (To the Firm) growth</i>	<i>-235.9%</i>	<i>-270.2%</i>	<i>100.2%</i>	<i>n.a.</i>	<i>61.9%</i>	<i>101.3%</i>	<i>n.a.</i>		
<i>Rec. Free Cash Flow To the Firm Yield (o/EV)</i>	<i>n.a.</i>	<i>n.a.</i>	<i>0.0%</i>	<i>n.a.</i>	<i>n.a.</i>	<i>0.0%</i>	<i>1.1%</i>		
<i>Free Cash Flow "To the Firm" - Yield (o/EV)</i>	<i>n.a.</i>	<i>n.a.</i>	<i>0.0%</i>	<i>n.a.</i>	<i>n.a.</i>	<i>0.0%</i>	<i>1.1%</i>		

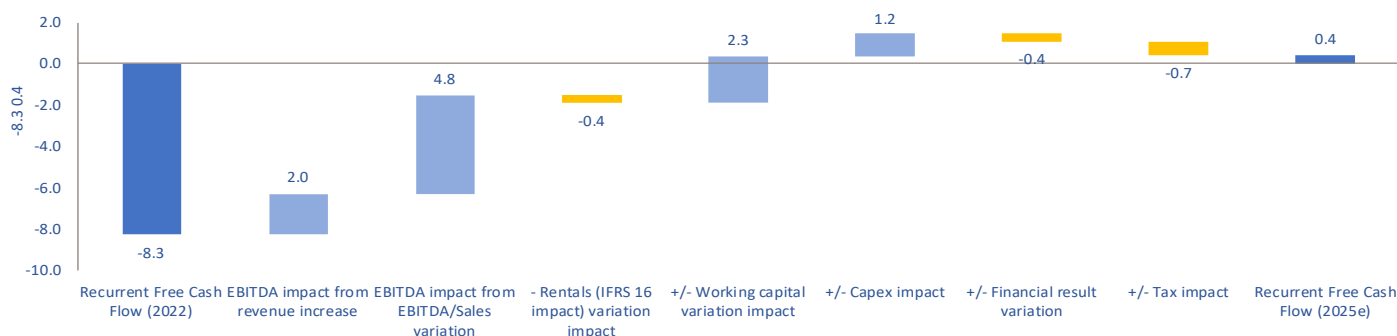


Free Cash Flow (II)

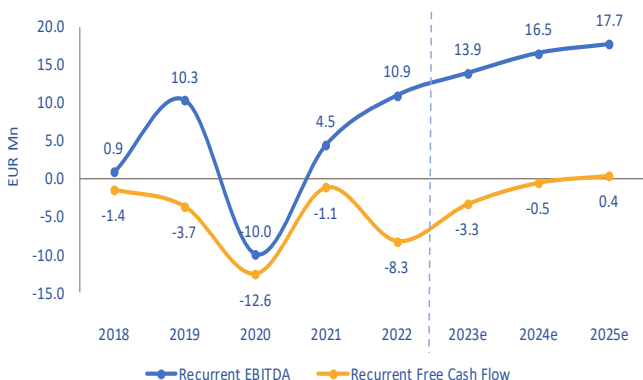
Recurrent Free Cash Flow accumulated variation analysis (2018 - 2022)



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



Recurrent EBITDA vs Recurrent Free Cash Flow



Stock performance vs EBITDA 12m forward





Valuation inputs

Inputs for the DCF Valuation Approach

	2023e	2024e	2025e	Terminal Value ⁽¹⁾		
Free Cash Flow "To the Firm"	(2.9)	0.0	1.0	n.a.		
Market Cap	51.9	At the date of this report				
Net financial debt	8.1	Debt net of Cash (12m Results 2022)				
					Best Case	Worst Case
Cost of Debt	5.0%	Net debt cost			4.8%	5.3%
Tax rate (T)	20.0%	T (Normalised tax rate)			=	=
Net debt cost	4.0%	Kd = Cost of Net Debt * (1-T)			3.8%	4.2%
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)	86.5%	E (Market Cap as equity value)			=	=
Net Debt / (Equity + Net Debt)	13.5%	D			=	=
WACC	9.2%	WACC = Kd * D + Ke * E			8.2%	10.2%
G "Fair"	2.0%				2.5%	1.5%

(1) The terminal value calculated beyond the last FCF estimate does not reflect the company's growth potential (positive/negative) at the date of publication of this report.

EV breakdown at the date of this report

	EUR Mn	Source
Market Cap	51.9	
+ Minority Interests	-	12m Results 2022
+ Provisions & Other L/T Liabilities ⁽¹⁾	34.0	12m Results 2022
+ Net financial debt	8.1	12m Results 2022
- Financial Investments	5.6	12m Results 2022
+/- Others		
Enterprise Value (EV)	88.5	

(1) Incluye el pasivo derivado de la aplicación de la NIIF 16 (arrendamientos) por importe de EUR 27,4Mn.

Business Value Creation Metrics⁽¹⁾

	2018	2019	2020	2021	2022
ROCE (evolution -5y)	n.a.	2.8%	n.a.	n.a.	17.3%
	2022	2025e			
ROCE - WACC	8.2%	6.7%			
FCF Yield - WACC	n.a.	-8.4%			

(1) FCF Yield to the Firm (see Free Cash Flow Analysis (I)). Detail of the WACC on this page.

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	14.3%	18.2	4.9x
Central	13.0%	16.5	5.4x
Min	11.7%	14.9	6.0x

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

Rec. FCF EUR Mn	CAPEX/Sales 24e		
	EBITDA 24e	3.1%	3.5%
18.2	1.6	1.1	0.6
16.5	(0.0)	(0.5)	(1.0)
14.9	(1.7)	(2.2)	(2.7)

Main Corporate Governance indicators

KPI	2020	2021	2022
% of independent directors	42.9%	57.1%	42.9%
% of proprietary directors	42.9%	28.6%	28.6%
% of executive directors	14.3%	14.3%	28.6%
% of other directors	0.0%	0.0%	0.0%
% of women on the board of directors	57.1%	57.1%	42.9%
% of women out of total workforce	76.2%	79.1%	78.8%
Board remuneration/staff cost	1.4%	3.2%	3.0%



Main peers 2023e

		Affordable Luxury players					Specialised Retail Holdings					
		Burberry Group PLC	Hugo Boss AG	Salvatore Ferragamo SpA	SMCP SA	Average	Kering	Tapestry	Capri Holdings Ltd	PVH Corp	Average	ADZ
Market data	EUR Mn	BRBY-GB	BOSS-DE	SFER-IT	SMCP-FR		KER-FR	TPR-US	CPRI-US	PVH-US		ADZ-ES
	Country	UK	Germany	Italy	France		France	USA	UK	USA		Spain
	Market cap	9,512.8	4,636.5	2,526.8	566.2		62,271.1	8,969.8	3,910.9	4,505.8		51.9
	Enterprise value (EV)	9,994.8	5,485.4	2,702.8	1,253.8		69,665.5	11,438.4	7,037.5	7,691.8		88.5
Basic financial information	Total Revenues	3,854.0	4,030.3	1,327.0	1,293.0		21,348.8	6,250.7	5,271.1	8,721.2		121.9
	Total Revenues growth	7.5%	10.4%	6.0%	7.2%	7.8%	4.9%	0.2%	0.5%	3.5%	2.3%	5.7%
	2y CAGR (2023e - 2025e)	6.5%	6.5%	7.6%	5.9%	6.6%	7.8%	4.4%	5.2%	4.0%	5.4%	4.4%
	EBITDA	1,172.4	777.5	263.4	292.9		7,466.3	1,286.7	1,018.1	1,124.1		13.9
	EBITDA growth	3.9%	12.4%	-8.3%	9.6%	4.4%	2.9%	-2.5%	11.2%	0.2%	2.9%	3.8%
	2y CAGR (2023e - 2025e)	5.3%	9.6%	18.5%	6.9%	10.1%	10.0%	6.0%	8.0%	5.1%	7.3%	12.8%
	EBITDA/Revenues	30.4%	19.3%	19.8%	22.7%	23.1%	35.0%	20.6%	19.3%	12.9%	21.9%	11.4%
	EBIT	773.9	395.9	78.8	124.6		5,858.6	1,109.9	844.5	854.3		3.1
	EBIT growth	5.5%	8.7%	-32.4%	12.1%	-1.5%	4.8%	-2.4%	12.8%	1.7%	4.2%	5.0%
	2y CAGR (2023e - 2025e)	10.0%	16.5%	44.9%	13.0%	21.1%	10.7%	6.3%	7.9%	6.3%	7.8%	44.7%
	EBIT/Revenues	20.1%	9.8%	5.9%	9.6%	11.4%	27.4%	17.8%	16.0%	9.8%	17.8%	2.5%
	Net Profit	545.4	250.1	40.1	63.8		3,928.3	872.1	702.6	579.6		1.2
	Net Profit growth	-3.9%	19.4%	-42.4%	24.4%	-0.6%	8.7%	9.1%	22.2%	209.8%	62.5%	635.4%
	2y CAGR (2023e - 2025e)	9.0%	18.9%	57.3%	15.8%	25.2%	11.1%	5.8%	8.5%	7.6%	8.2%	76.7%
	CAPEX/Sales %	7.0%	5.1%	8.1%	4.6%	6.2%	6.0%	4.7%	4.8%	3.8%	4.8%	4.0%
Free Cash Flow	588.0	365.7	77.9	74.4		4,555.6	749.3	597.2	444.8		(3.3)	
Net financial debt	(585.4)	246.8	243.7	500.6		861.3	1,244.2	1,023.9	1,442.1		12.3	
ND/EBITDA (x)	n.a.	0.3	0.9	1.7	1.0	0.1	1.0	1.0	1.3	0.8	0.9	
Pay-out	52.0%	36.3%	63.3%	0.0%	37.9%	46.8%	35.0%	0.0%	1.5%	20.8%	0.0%	
Multiples and Ratios	P/E (x)	17.6	18.5	63.1	8.6	26.9	15.8	10.7	5.8	7.7	10.0	44.5
	P/BV (x)	5.5	3.5	3.3	0.5	3.2	3.9	4.1	1.5	0.9	2.6	2.8
	EV/Revenues (x)	2.6	1.4	2.0	1.0	1.7	3.3	1.8	1.3	0.9	1.8	0.7
	EV/EBITDA (x)	8.5	7.1	10.3	4.3	7.5	9.3	8.9	6.9	6.8	8.0	6.4
	EV/EBIT (x)	12.9	13.9	34.3	10.1	17.8	11.9	10.3	8.3	9.0	9.9	28.5
	ROE	31.2	19.1	5.3	5.3	15.2	25.0	38.2	26.1	12.0	25.3	6.6
	FCF Yield (%)	6.2	7.9	3.1	13.1	7.6	7.3	8.4	15.3	9.9	10.2	n.a.
	DPS	0.73	1.32	0.15	0.00	0.55	14.94	1.15	0.00	0.13	4.06	0.00
	Dvd Yield	2.9%	2.0%	1.0%	0.0%	1.5%	3.0%	3.0%	0.0%	0.2%	1.5%	0.0%

- (1) Financial data, multiples and ratios based on market consensus (Factset). In the case of the company analyzed, own estimates (Lighthouse).
(2) All ratios and multiples on EBITDA refer to total EBITDA (not to recurrent EBITDA).

Historical performance

Historical performance (EUR Mn)	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023e	2024e	2025e	12-22	22-25e
Total Revenues	156.1	134.9	124.3	108.4	113.2	117.0	113.4	116.2	66.8	93.2	115.3	121.9	127.2	132.8	-3.0%	4.8%
Total Revenues growth	-6.5%	-13.6%	-7.9%	-12.8%	4.4%	3.3%	-3.0%	2.5%	-42.5%	39.5%	23.7%	5.7%	4.3%	4.4%		
EBITDA	1.6	(2.7)	(1.1)	(17.7)	(9.0)	(2.2)	1.2	11.3	(6.8)	0.4	13.4	13.9	16.5	17.7	23.9%	9.7%
EBITDA growth	-84.7%	-269.0%	58.6%	n.a.	49.0%	75.6%	153.3%	868.1%	-160.1%	105.5%	n.a.	3.8%	19.0%	7.0%		
EBITDA/Sales	1.0%	n.a.	n.a.	n.a.	n.a.	n.a.	1.0%	9.8%	n.a.	0.4%	11.6%	11.4%	13.0%	13.3%		
Net Profit	(9.3)	(10.3)	(11.0)	8.0	(22.7)	(6.9)	(0.5)	(8.3)	(19.3)	(9.3)	0.2	1.2	2.9	3.6	7.3%	n.a.
Net Profit growth	-106.1%	-10.7%	-7.5%	172.2%	-384.8%	69.8%	92.7%	n.a.	-132.5%	52.1%	101.7%	635.4%	151.5%	24.1%		
Adjusted number shares (Mn)	9.1	9.1	9.1	9.1	9.1	9.1	9.0	9.2	9.2	9.2	9.3	9.3	9.3	9.3		
EPS (EUR)	-1.01	-1.12	-1.21	0.87	-2.48	-0.75	-0.06	-0.90	-2.10	-1.01	0.02	0.13	0.32	0.39	7.3%	n.a.
EPS growth	n.a.	-10.7%	-7.5%	n.a.	n.a.	69.8%	92.6%	n.a.	n.a.	52.1%	n.a.	n.a.	n.a.	24.1%		
Ord. EPS (EUR)	-1.83	-1.15	-1.28	-2.14	-2.48	-0.80	-0.06	-0.13	-2.44	-0.64	-0.12	0.13	0.32	0.39	23.6%	72.7%
Ord. EPS growth	n.a.	37.4%	-11.9%	-66.7%	-16.3%	67.8%	92.1%	n.a.	n.a.	73.7%	80.6%	n.a.	n.a.	24.1%		
CAPEX	(6.2)	(1.6)	(2.0)	(2.4)	(2.0)	(0.9)	(0.8)	(2.6)	(2.0)	(2.2)	(5.5)	(4.9)	(4.5)	(4.3)		
CAPEX/Sales %	4.0%	1.2%	1.6%	2.2%	1.8%	0.8%	0.7%	2.2%	3.0%	2.4%	4.7%	4.0%	3.5%	3.3%		
Free Cash Flow	(11.3)	5.3	(3.6)	20.4	(12.7)	4.3	0.1	(2.6)	(9.4)	(5.3)	(5.8)	(3.3)	(0.5)	0.4	6.4%	27.4%
ND/EBITDA (x) ⁽²⁾	14.0x	n.a.	n.a.	n.a.	n.a.	n.a.	-10.2x	-0.9x	n.a.	4.6x	0.6x	0.9x	0.8x	0.8x		
P/E (x)	n.a.	n.a.	n.a.	4.0x	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	44.5x	17.7x	14.3x		
EV/Sales (x)	0.38x	0.46x	0.41x	0.08x	0.29x	0.27x	0.48x	0.35x	0.54x	0.34x	0.56x	0.73x	0.70x	0.67x		
EV/EBITDA (x) ⁽²⁾	37.8x	n.a.	n.a.	n.a.	n.a.	n.a.	46.0x	3.6x	n.a.	n.a.	4.8x	6.4x	5.4x	5.0x		
Absolute performance	-24.1%	44.8%	-12.4%	-30.4%	-4.9%	62.2%	29.7%	2.6%	-35.9%	-16.3%	6.1%	39.0%				
Relative performance vs Ibx 35	-20.4%	19.2%	-15.5%	-25.1%	-3.0%	51.0%	52.5%	-8.2%	-24.2%	-22.4%	12.3%	23.1%				

- (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.
(2) All ratios and multiples on EBITDA refer to total EBITDA (not to recurrent EBITDA).
(3)

Agile Content (AGIL), is a technology group with operations in the audio and video streaming industry offering video creation, processing, distribution and management related hardware and software for the provision of pay-TV services. AGIL has traded on BME Growth since 2015.

MOMENTUM: WHAT DO WE EXPECT FROM 2023E?

Credible topline growth of c.9%. The M&A activity of 2020-2021 has paved the way for future growth. We are looking for organic growth of 8.9% in 2023e to EUR 110.5Mn. Following sharp M&A-led growth in the last three years (revenue multiplied by 9x between 2019 and 2022, from EUR 11.0Mn to 101.5Mn).

Scope for ongoing margin expansion. The jump in scale has already been already accomplished. Its impact will continue to be felt in 2023e: we are estimating growth in the rec. EBITDA margin to 4.4% in 2023 (from 3.5% in 2022). 2023e Rec. EBITDA: EUR 4.9Mn vs EUR 3.5Mn in 2022.

Favourable earnings momentum this year, which is crucial to seeing the business's real operational gearing potential (hindered by M&A activity to date). More important, however, in our opinion, is the margin upside in the years to come.

EQUITY STORY HIGHLIGHTS: WHAT TO WATCH FOR?

Recurring revenue base. AGIL's business model (development of technology associated with pay TV services) spans from content generation to end consumption. It is active in its customers' entire value chain. Which generates predictable and relatively stable revenue. In 2022, recurring revenue amounted to EUR 75.5Mn, 74.4% of the total.

Proprietary product business. AGIL has developed its own software solutions (using the SaaS model). Its business is, therefore, scalable in theory.

Strong sector dynamics, driven by growth in streamed video content and online advertising (both of which are being fuelled by the digital transformation thrust).

2023e-2025e: the "jump in scale" in revenue has already happened; the margin potential is the only unknown. We expect the business to be fuelled exclusively by organic growth. That should allow the company to monetise the sharp revenue growth unlocked via M&A. And also to leverage its cost structure (and generate synergies) and tap the operational gearing opportunity (and steep challenge) to give profitability a definitive boost (the main piece of unfinished business and the crux of the equity story). We are forecasting a rec. EBITDA margin of 6.7% in 2025e (vs. 3.5% in 2022) (CAGR Rec. EBITDA 2022-2025e: 35%).

RISKS: WHAT TO KEEP AN EYE ON?

Lower than expected operational gearing. Margin expansion is the key driver of the forecast growth in EBITDA. A worse than forecast cost performance (lower than expected operational gearing) would have a significant impact on our estimates.

High leverage. AGIL is still highly indebted (ND/Rec. EBITDA 2023e: 3.5x vs. 5.7x in 2022) as a result of its intense M&A activity. The current interest rate climate will impact net profit and CF generation (higher borrowing costs eroding FCF).

Highly competitive market. Competition is very intense as consumers can switch provider easily and can only subscribe for so many services.

VALUATION METRICS: WHAT DO THE MULTIPLES TELL US?

2023e multiples in line with its comps: on our 2023e estimates, AGIL is trading at a EV/revenue multiple of 1.0x (vs. 1.1x for the sector, although AGIL presents higher revenue growth (CAGR 23e-25e: 5.4% for the sector vs. 8.4% at AGIL). That suggests potential valuation upside, albeit only if the business model demonstrates its expected margin expansion potential in 2023e.

Market Data

Market Cap (Mn EUR and USD)	88.7	95.1
EV (Mn EUR and USD)	112.1	120.1
Shares Outstanding (Mn)	23.1	
-12m (Max/Med/Mín EUR)	5.68 / 4.33 / 3.23	
Daily Avg volume (-12m Mn EUR)	0.04	
Rotation ⁽¹⁾	11.9	
Factset / Bloomberg	AGIL-ES / AGIL SM	
Close fiscal year	31-Dec	

Shareholders Structure (%)⁽³⁾

Hernan Scapasio Vinent	9.9
Inveready	9.8
Onchena	6.9
TV Azteca SAB de CV	6.9
Free Float	54.5

Financials (Mn EUR)

	2022	2023e	2024e	2025e
Adj. n ^o shares (Mn)	23.1	23.1	23.1	23.1
Total Revenues	101.5	110.5	119.8	129.9
Rec. EBITDA	3.5	4.9	6.4	8.6
% growth	192.3	38.4	31.3	34.3
% Rec. EBITDA/Rev.	3.5	4.4	5.4	6.7
% Inc. EBITDA sector ⁽²⁾	12.8	9.9	19.9	15.7
Net Profit	-6.4	-3.8	-3.2	-1.9
EPS (EUR)	-0.27	-0.17	-0.14	-0.08
% growth	-9.9	39.9	15.1	42.3
Ord. EPS (EUR)	-0.27	-0.17	-0.14	-0.08
% growth	-84.4	38.2	15.1	42.3
Rec. Free Cash Flow	4.1	3.2	3.0	5.2
Pay-out (%)	0.0	0.0	0.0	0.0
DPS (EUR)	0.00	0.00	0.00	0.00
Net financial debt	20.3	17.1	14.0	8.8
ND/Rec. EBITDA (x)	5.7	3.5	2.2	1.0
ROE (%)	n.a.	n.a.	n.a.	n.a.
ROCE (%)	n.a.	n.a.	n.a.	0.5

Ratios & Multiples (x)

P/E	n.a.	n.a.	n.a.	n.a.
Ord. P/E	n.a.	n.a.	n.a.	n.a.
P/BV	2.2	2.5	2.7	2.9
Dividend Yield (%)	0.0	0.0	0.0	0.0
EV/Sales	1.10	1.01	0.94	0.86
EV/Rec. EBITDA	31.6	22.9	17.4	13.0
EV/EBIT	n.a.	n.a.	n.a.	n.a.
FCF Yield (%)	4.6	3.6	3.4	5.9

Historical behavior (base 100)



(%)	-1m	-3m	-12m	-5Y
Absolute	-2.0	-16.9	-31.9	168.4

(1) Rotation is the % of the capitalisation traded - 12m.

(2) Sector: Stoxx Europe 600 Technology.

(3) Others: Mónica Rayo Moragón 6.3%, José Eulalio Poza Sanz 5.3%, Treasury stock 0.4%.



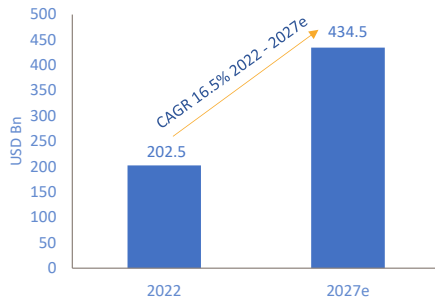
Financial Projections

Balance Sheet (EUR Mn)	2018	2019	2020	2021	2022	2023e	2024e	2025e		
Intangible assets	9.9	10.5	19.4	37.2	35.8	34.9	32.8	29.7		
Fixed assets	0.1	0.1	0.8	0.6	0.6	2.0	3.2	4.3		
Other Non Current Assets	0.4	0.0	0.0	0.6	0.6	0.6	0.6	0.6		
Financial Investments	1.7	1.4	6.3	1.0	3.5	3.5	3.5	3.5		
Goodwill & Other Intangibles	1.6	1.2	9.9	39.9	35.4	31.0	26.6	22.2		
Current assets	2.6	7.6	15.4	27.5	27.4	27.5	29.4	31.5		
Total assets	16.3	20.8	51.9	106.8	103.4	99.4	96.1	91.7		
Equity	6.7	13.4	27.7	44.4	40.0	36.2	32.9	31.1		
Minority Interests	-	-	-	2.1	6.4	7.2	7.8	8.2		
Provisions & Other L/T Liabilities	0.5	0.1	0.1	0.3	0.2	0.2	0.2	0.2		
Other Non Current Liabilities	-	-	-	-	-	-	-	-		
Net financial debt	6.3	0.6	6.2	28.7	20.3	17.1	14.0	8.8		
Current Liabilities	2.7	6.6	18.0	31.4	36.5	38.7	41.1	43.4		
Equity & Total Liabilities	16.3	20.8	51.9	106.8	103.4	99.4	96.1	91.7		
CAGR										
P&L (EUR Mn)	2018	2019	2020	2021	2022	2023e	2024e	2025e	18-22	22-25e
Total Revenues	8.8	11.0	20.4	55.2	101.5	110.5	119.8	129.9	84.2%	8.6%
<i>Total Revenues growth</i>	<i>12.1%</i>	<i>24.5%</i>	<i>86.0%</i>	<i>170.3%</i>	<i>83.9%</i>	<i>8.9%</i>	<i>8.4%</i>	<i>8.4%</i>		
COGS	(1.7)	(3.0)	(9.1)	(25.4)	(58.8)	(64.7)	(70.7)	(76.6)		
Gross Margin	7.1	8.0	11.3	29.9	42.8	45.9	49.1	53.3	56.5%	7.6%
<i>Gross Margin/Revenues</i>	<i>80.9%</i>	<i>72.5%</i>	<i>55.5%</i>	<i>54.1%</i>	<i>42.1%</i>	<i>41.5%</i>	<i>41.0%</i>	<i>41.0%</i>		
Personnel Expenses	(5.2)	(5.6)	(7.5)	(17.1)	(18.9)	(19.5)	(20.3)	(21.2)		
Other Operating Expenses	(3.3)	(2.4)	(4.3)	(11.6)	(20.3)	(21.5)	(22.4)	(23.4)		
Recurrent EBITDA	(1.3)	0.0	(0.6)	1.2	3.5	4.9	6.4	8.6	47.5%	34.7%
<i>Recurrent EBITDA growth</i>	<i>-67.4%</i>	<i>100.7%</i>	<i>n.a.</i>	<i>318.5%</i>	<i>192.3%</i>	<i>38.4%</i>	<i>31.3%</i>	<i>34.3%</i>		
<i>Rec. EBITDA/Revenues</i>	<i>n.a.</i>	<i>0.1%</i>	<i>n.a.</i>	<i>2.2%</i>	<i>3.5%</i>	<i>4.4%</i>	<i>5.4%</i>	<i>6.7%</i>		
Restructuring Expense & Other non-rec.	0.0	0.0	(1.2)	(2.4)	0.0	-	-	-		
EBITDA	(1.3)	0.0	(1.8)	(1.2)	3.6	4.9	6.4	8.6	48.3%	34.6%
Depreciation & Provisions	(1.8)	(2.4)	(3.2)	(8.7)	(13.9)	(13.5)	(15.4)	(17.5)		
Capitalized Expense	2.2	2.5	3.8	6.2	6.7	7.7	8.4	9.1		
Rentals (IFRS 16 impact)	-	-	-	-	-	-	-	-		
EBIT	(0.9)	0.1	(1.2)	(3.6)	(3.7)	(0.8)	(0.6)	0.2	-43.7%	27.3%
<i>EBIT growth</i>	<i>-15.7%</i>	<i>115.5%</i>	<i>-993.9%</i>	<i>-202.2%</i>	<i>-1.7%</i>	<i>77.5%</i>	<i>30.3%</i>	<i>141.5%</i>		
<i>EBIT/Revenues</i>	<i>n.a.</i>	<i>1.2%</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>0.2%</i>		
Impact of Goodwill & Others	-	-	-	-	-	-	-	-		
Net Financial Result	(0.6)	0.4	(1.4)	(2.1)	(1.2)	(2.2)	(2.0)	(1.7)		
Income by the Equity Method	-	-	-	-	-	-	-	-		
Ordinary Profit	(1.5)	0.5	(2.6)	(5.7)	(4.9)	(3.0)	(2.6)	(1.5)	-35.2%	32.6%
<i>Ordinary Profit Growth</i>	<i>n.a.</i>	<i>137.7%</i>	<i>-576.1%</i>	<i>-120.0%</i>	<i>15.3%</i>	<i>37.6%</i>	<i>15.1%</i>	<i>42.3%</i>		
Extraordinary Results	-	-	-	-	-	-	-	-		
Profit Before Tax	(1.5)	0.5	(2.6)	(5.7)	(4.9)	(3.0)	(2.6)	(1.5)	-35.2%	32.6%
Tax Expense	0.1	(0.4)	(0.2)	(0.0)	(0.2)	-	-	-		
<i>Effective Tax Rate</i>	<i>n.a.</i>	<i>77.5%</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>		
Minority Interests	-	-	-	-	(1.3)	(0.8)	(0.7)	(0.4)		
Discontinued Activities	-	-	-	-	-	-	-	-		
Net Profit	(1.3)	0.1	(2.8)	(5.8)	(6.4)	(3.8)	(3.2)	(1.9)	-48.0%	33.5%
<i>Net Profit growth</i>	<i>n.a.</i>	<i>109.3%</i>	<i>n.a.</i>	<i>-102.5%</i>	<i>-10.1%</i>	<i>39.9%</i>	<i>15.1%</i>	<i>42.3%</i>		
Ordinary Net Profit	(1.5)	0.4	(1.4)	(3.3)	(6.2)	(3.8)	(3.2)	(1.9)	-42.4%	32.8%
<i>Ordinary Net Profit growth</i>	<i>n.a.</i>	<i>124.7%</i>	<i>-480.3%</i>	<i>-136.8%</i>	<i>-84.8%</i>	<i>38.2%</i>	<i>15.1%</i>	<i>42.3%</i>		
CAGR										
Cash Flow (EUR Mn)	2018	2019	2020	2021	2022	2023e	2024e	2025e	18-22	22-25e
Recurrent EBITDA						4.9	6.4	8.6	47.5%	34.7%
Rentals (IFRS 16 impact)						-	-	-		
Working Capital Increase						2.2	0.4	0.2		
Recurrent Operating Cash Flow						7.1	6.8	8.9	75.5%	0.5%
CAPEX						(1.7)	(1.8)	(1.9)		
Net Financial Result affecting the Cash Flow						(2.2)	(2.0)	(1.7)		
Tax Expense						-	-	-		
Recurrent Free Cash Flow						3.2	3.0	5.2	33.1%	8.2%
Restructuring Expense & Other non-rec.						-	-	-		
- Acquisitions / + Divestures of assets						-	-	-		
Extraordinary Inc./Exp. Affecting Cash Flow						-	-	-		
Free Cash Flow						3.2	3.0	5.2	36.4%	4.3%
Capital Increase						-	-	-		
Dividends						-	-	-		
Net Debt Variation						(3.2)	(3.0)	(5.2)		

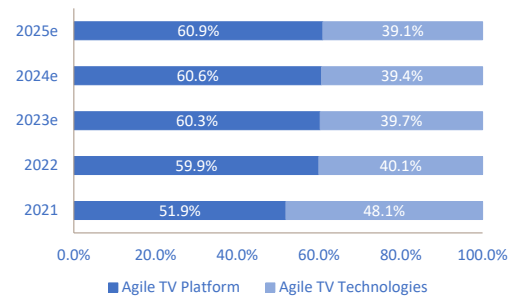


The company in 8 charts

The global over-the-top video market is forecast to grow at a CAGR of 16.5% in 2022e-2027e.

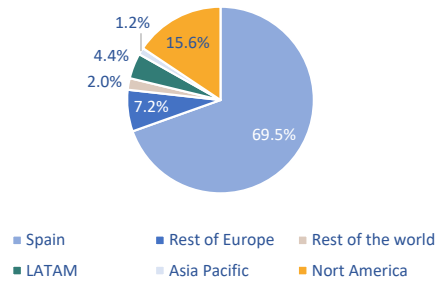


AGIL: a business positioned all along its users' value chain with high recurring revenue (through its two business lines) ...

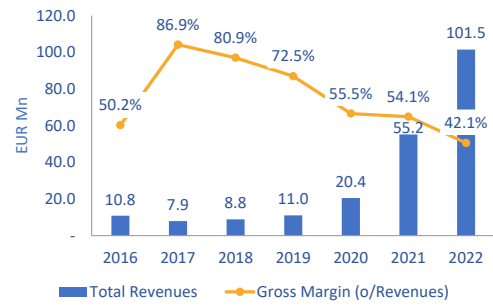


Note: In 2022, 74% of revenues are considered recurring.

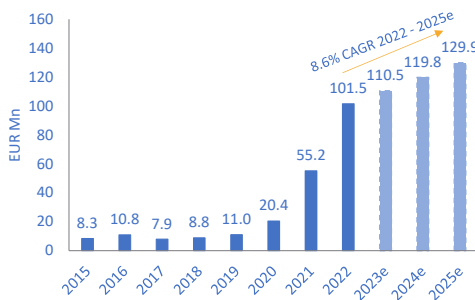
...with good geographic diversification. In 2022, sales outside Spain accounted for 30%.



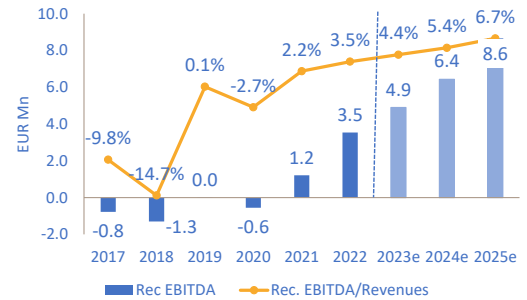
M&A activity was very intense in 2020-2021, delivering a very significant jump in scale ...



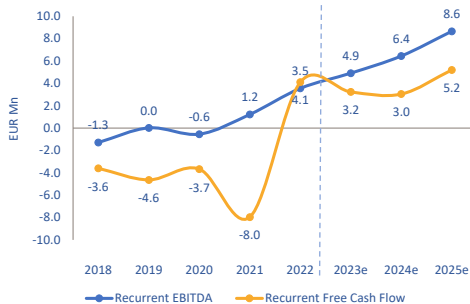
... laying the foundations for (credible) organic growth in the coming years (CAGR 2022-25e: 8.6%)



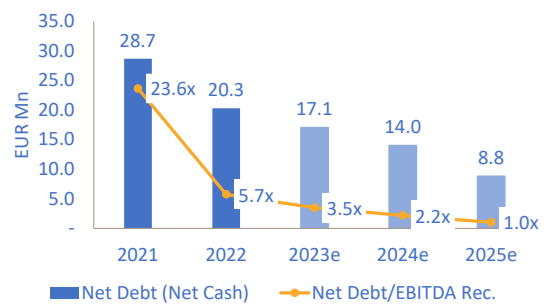
Theoretically paving the way for gradual operational gearing during the projection horizon ...



... lifting recurring free cash flow generation to EUR 5.2Mn in 2025e (vs EUR 3.2Mn in 2023e)



Which would leave AGIL prudently leveraged in 2025e (ND: EUR 8.8Mn; ND/rec. EBITDA: 1.0x)



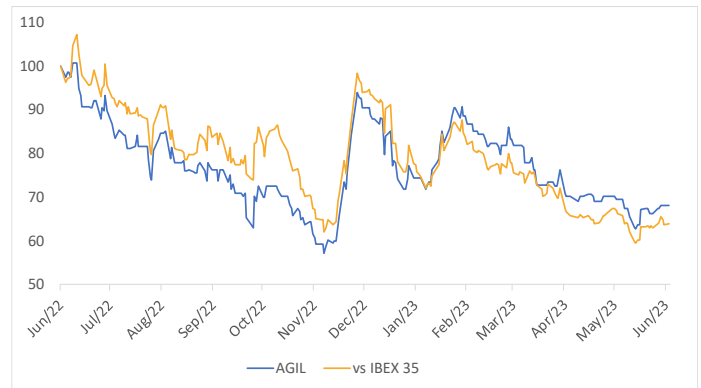


Evolution of the share price

Historical behavior vs Ibex 35 (base 100)



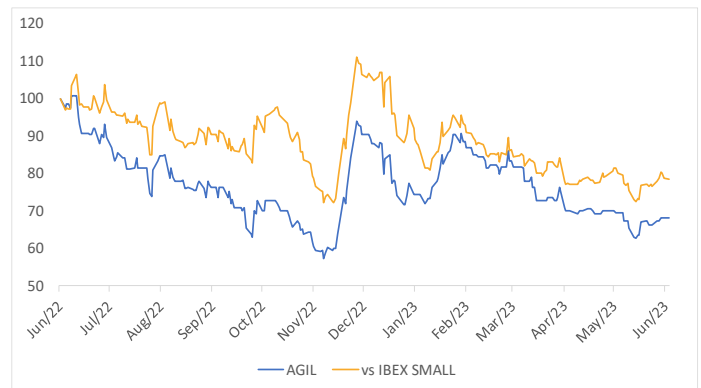
Behavior -1y vs Ibex 35 (base 100)



Historical behavior vs Ibex Small Cap (base 100)



Behavior -1y vs Ibex Small Cap (base 100)



Historical behavior vs Sector⁽¹⁾ (base 100)



Behavior -1y vs Sector⁽¹⁾ (base 100)



(1) Sector: Stoxx Europe 600 Technology

Stock performance (%)	-1m	-3m	-12m	YTD	-3Y	-5Y
Absolute	-2.0	-16.9	-31.9	-11.9	3.2	168.4
vs Market						
vs Ibex 35	-3.5	-15.3	-36.1	-22.0	-12.5	179.8
vs Euro STOXX 50	-1.0	-16.9	-40.0	-22.2	-18.6	116.1
vs Small Cap References						
vs Ibex Small Cap Index	-2.2	-7.2	-21.5	-17.9	-16.2	169.4
vs Micro Cap Spain Universe ⁽¹⁾	-2.2	-14.3	-25.9	-19.1	-26.9	149.6
vs MSCI Europe Micro Cap	-0.5	-11.8	-22.2	-11.3	-12.4	149.9
vs Sector						
vs Stoxx Europe 600 Technology	-8.6	-22.7	-43.2	-29.1	-20.3	80.4

(1) [Constituents on page 10](#)



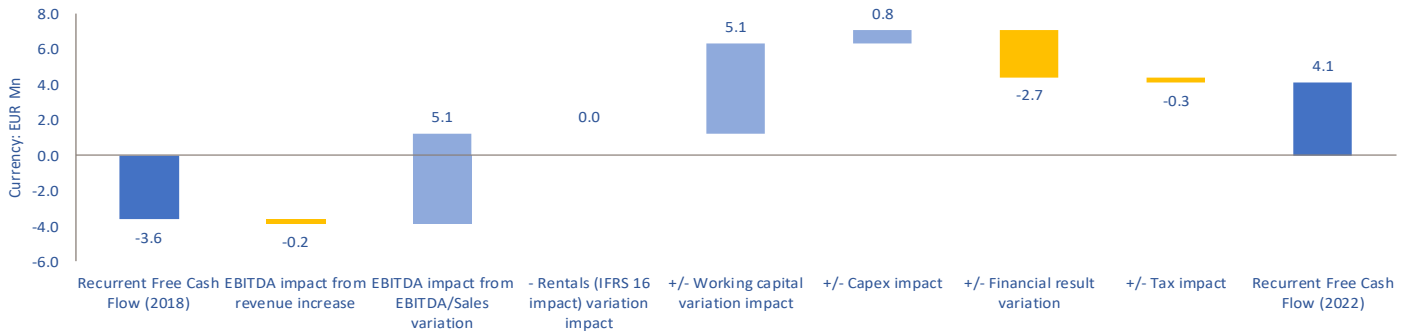
Free Cash Flow (I)

A) Cash Flow Analysis (EUR Mn)	2019	2020	2021	2022	2023e	2024e	2025e	CAGR	
								19-22	22-25e
Recurrent EBITDA	0.0	(0.6)	1.2	3.5	4.9	6.4	8.6	<i>n.a.</i>	34.7%
<i>Recurrent EBITDA growth</i>	<i>100.7%</i>	<i>n.a.</i>	<i>318.5%</i>	<i>192.3%</i>	<i>38.4%</i>	<i>31.3%</i>	<i>34.3%</i>		
<i>Rec. EBITDA/Revenues</i>	<i>0.1%</i>	<i>n.a.</i>	<i>2.2%</i>	<i>3.5%</i>	<i>4.4%</i>	<i>5.4%</i>	<i>6.7%</i>		
- Rentals (IFRS 16 impact)	-	-	-	-	-	-	-		
+/- Working Capital increase	(1.0)	3.5	1.3	5.2	2.2	0.4	0.2		
= Recurrent Operating Cash Flow	(1.0)	2.9	2.6	8.8	7.1	6.8	8.9	<i>n.a.</i>	0.5%
<i>Rec. Operating Cash Flow growth</i>	<i>14.0%</i>	<i>388.1%</i>	<i>-11.9%</i>	<i>242.9%</i>	<i>-19.0%</i>	<i>-3.7%</i>	<i>29.8%</i>		
<i>Rec. Operating Cash Flow / Sales</i>	<i>n.a.</i>	<i>14.2%</i>	<i>4.6%</i>	<i>8.6%</i>	<i>6.4%</i>	<i>5.7%</i>	<i>6.8%</i>		
- CAPEX	(2.7)	(5.1)	(8.7)	(1.5)	(1.7)	(1.8)	(1.9)		
- Net Financial Result affecting Cash Flow	(0.6)	(1.2)	(1.8)	(3.0)	(2.2)	(2.0)	(1.7)		
- Taxes	(0.4)	(0.2)	(0.0)	(0.2)	-	-	-		
= Recurrent Free Cash Flow	(4.6)	(3.7)	(8.0)	4.1	3.2	3.0	5.2	42.3%	8.2%
<i>Rec. Free Cash Flow growth</i>	<i>-28.6%</i>	<i>20.7%</i>	<i>-116.5%</i>	<i>151.5%</i>	<i>-21.4%</i>	<i>-5.9%</i>	<i>71.1%</i>		
<i>Rec. Free Cash Flow / Revenues</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>4.0%</i>	<i>2.9%</i>	<i>2.5%</i>	<i>4.0%</i>		
- Restructuring expenses & others	0.0	(1.2)	(1.0)	0.4	-	-	-		
- Acquisitions / + Divestments	0.3	(28.0)	(33.7)	0.0	-	-	-		
+/- Extraordinary Inc./Exp. affecting Cash Flow	-	-	-	-	-	-	-		
= Free Cash Flow	(4.3)	(32.9)	(42.7)	4.6	3.2	3.0	5.2	45.3%	4.3%
<i>Free Cash Flow growth</i>	<i>-36.9%</i>	<i>-666.5%</i>	<i>-29.9%</i>	<i>110.7%</i>	<i>-29.6%</i>	<i>-5.9%</i>	<i>71.1%</i>		
<i>Recurrent Free Cash Flow - Yield (s/Mkt Cap)</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>4.6%</i>	<i>3.6%</i>	<i>3.4%</i>	<i>5.9%</i>		
<i>Free Cash Flow Yield (s/Mkt Cap)</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>5.2%</i>	<i>3.6%</i>	<i>3.4%</i>	<i>5.9%</i>		
B) Analytical Review of Annual Recurrent Free Cash Flow Performance (Eur Mn)									
	2019	2020	2021	2022	2023e	2024e	2025e	CAGR	
Recurrent FCF(FY - 1)	(3.6)	(4.6)	(3.7)	(8.0)	4.1	3.2	3.0		
EBITDA impact from revenue increase	(0.3)	0.0	(0.9)	1.0	0.3	0.4	0.5		
EBITDA impact from EBITDA/Sales variation	1.6	(0.6)	2.7	1.3	1.0	1.1	1.7		
= Recurrent EBITDA variation	1.3	(0.6)	1.8	2.3	1.4	1.5	2.2		
- Rentals (IFRS 16 impact) variation impact	-	-	-	-	-	-	-		
+/- Working capital variation impact	(1.1)	4.5	(2.1)	3.9	(3.0)	(1.8)	(0.2)		
= Recurrent Operating Cash Flow variation	0.2	3.9	(0.3)	6.2	(1.7)	(0.3)	2.0		
+/- CAPEX impact	(0.4)	(2.5)	(3.6)	7.3	(0.2)	(0.1)	(0.2)		
+/- Financial result variation	(0.2)	(0.6)	(0.6)	(1.2)	0.8	0.2	0.3		
+/- Tax impact	(0.6)	0.2	0.2	(0.2)	0.2	-	-		
= Recurrent Free Cash Flow variation	(1.0)	1.0	(4.3)	12.1	(0.9)	(0.2)	2.2		
Recurrent Free Cash Flow	(4.6)	(3.7)	(8.0)	4.1	3.2	3.0	5.2		
C) "FCF to the Firm" (pre debt service) (EUR Mn)									
	2019	2020	2021	2022	2023e	2024e	2025e	CAGR	
EBIT	0.1	(1.2)	(3.6)	(3.7)	(0.8)	(0.6)	0.2	<i>n.a.</i>	27.3%
* <i>Theoretical Tax rate</i>	<i>30.0%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>		
= Taxes (pre- Net Financial Result)	(0.0)	-	-	-	-	-	-		
Recurrent EBITDA	0.0	(0.6)	1.2	3.5	4.9	6.4	8.6	<i>n.a.</i>	34.7%
- Rentals (IFRS 16 impact)	-	-	-	-	-	-	-		
+/- Working Capital increase	(1.0)	3.5	1.3	5.2	2.2	0.4	0.2		
= Recurrent Operating Cash Flow	(1.0)	2.9	2.6	8.8	7.1	6.8	8.9	<i>n.a.</i>	0.5%
- CAPEX	(2.7)	(5.1)	(8.7)	(1.5)	(1.7)	(1.8)	(1.9)		
- Taxes (pre- Financial Result)	(0.0)	-	-	-	-	-	-		
= Recurrent Free Cash Flow (To the Firm)	(3.7)	(2.2)	(6.2)	7.3	5.4	5.0	6.9	58.4%	-1.8%
<i>Rec. Free Cash Flow (To the Firm) growth</i>	<i>-9.2%</i>	<i>39.3%</i>	<i>-174.3%</i>	<i>218.5%</i>	<i>-25.6%</i>	<i>-7.3%</i>	<i>37.5%</i>		
<i>Rec. Free Cash Flow (To the Firm) / Revenues</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>7.2%</i>	<i>4.9%</i>	<i>4.2%</i>	<i>5.3%</i>		
- Acquisitions / + Divestments	0.3	(28.0)	(33.7)	0.0	-	-	-		
+/- Extraordinary Inc./Exp. affecting Cash Flow	-	-	-	-	-	-	-		
= Free Cash Flow "To the Firm"	(3.4)	(30.2)	(39.9)	7.3	5.4	5.0	6.9	61.1%	-1.9%
<i>Free Cash Flow (To the Firm) growth</i>	<i>-15.5%</i>	<i>-798.1%</i>	<i>-32.0%</i>	<i>118.4%</i>	<i>-25.9%</i>	<i>-7.3%</i>	<i>37.5%</i>		
<i>Rec. Free Cash Flow To the Firm Yield (o/EV)</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>6.5%</i>	<i>4.8%</i>	<i>4.5%</i>	<i>6.2%</i>		
<i>Free Cash Flow "To the Firm" - Yield (o/EV)</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>6.5%</i>	<i>4.8%</i>	<i>4.5%</i>	<i>6.2%</i>		

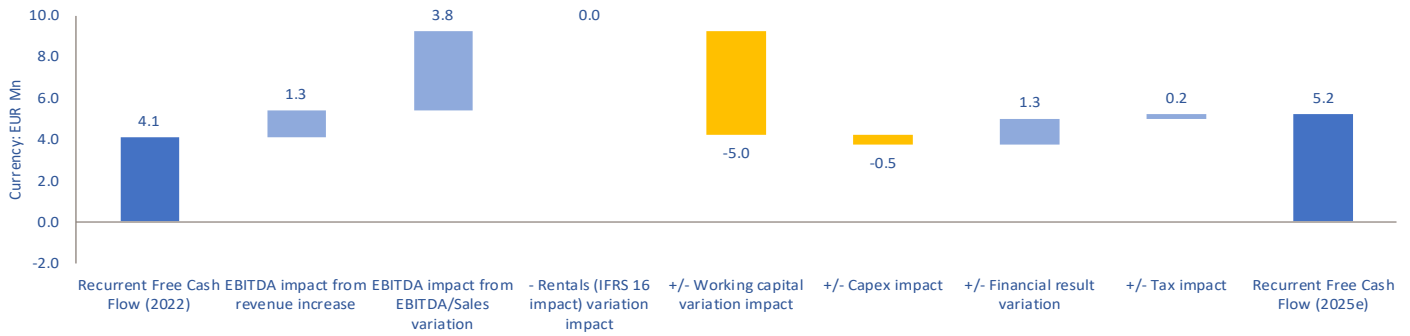


Free Cash Flow (II)

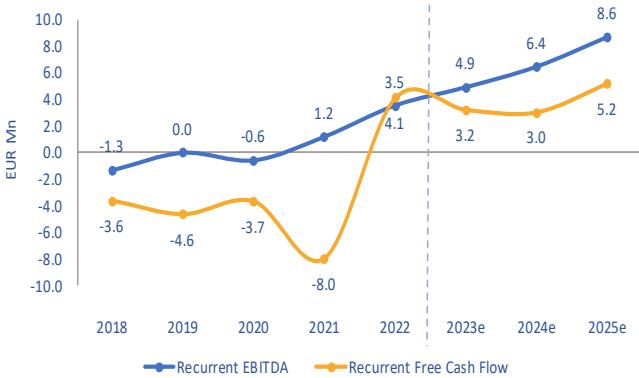
Recurrent Free Cash Flow accumulated variation analysis (2018 - 2022)



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



Recurrent EBITDA vs Recurrent Free Cash Flow



Stock performance vs EBITDA 12m forward





Valuation inputs

Inputs for the DCF Valuation Approach

	2023e	2024e	2025e	Terminal Value ⁽¹⁾		
Free Cash Flow "To the Firm"	5.4	5.0	6.9	86.9		
Market Cap	88.7	At the date of this report				
Net financial debt	20.3	Debt net of Cash (12m Results 2022)				
					Best Case	Worst Case
Cost of Debt	6.6%	Net debt cost			6.4%	6.9%
Tax rate (T)	20.0%	T (Normalised tax rate)			=	=
Net debt cost	5.3%	Kd = Cost of Net Debt * (1-T)			5.1%	5.5%
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)	1.3	B (own estimate)			1.2	1.4
Cost of Equity	11.2%	Ke = Rf + (R * B)			10.0%	12.5%
Equity / (Equity + Net Debt)	81.4%	E (Market Cap as equity value)			=	=
Net Debt / (Equity + Net Debt)	18.6%	D			=	=
WACC	10.1%	WACC = Kd * D + Ke * E			9.1%	11.2%
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.

EV breakdown at the date of this report

	EUR Mn	Source
Market Cap	88.7	
+ Minority Interests	6.4	12m Results 2022
+ Provisions & Other L/T Liabilities	0.2	12m Results 2022
+ Net financial debt	20.3	12m Results 2022
- Financial Investments	3.5	12m Results 2022
+/- Others		
Enterprise Value (EV)	112.1	

Business Value Creation Metrics ⁽¹⁾

	2018	2019	2020	2021	2022
ROCE (evolution -5y)	n.a.	0.8%	n.a.	n.a.	n.a.
	2022	2025e			
ROCE - WACC	n.a.	-9.6%			
FCF Yield - WACC	-5.4%	-4.2%			

(1) FCF Yield to the Firm (see Free Cash Flow Analysis (I)). Detail of the WACC on this page.

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	5.9%	7.0	15.9x
Central	5.4%	6.4	17.4x
Min	4.9%	5.8	19.2x

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	1.3%	1.5%	1.7%		Max	Central	Min
7.0	3.9	3.6	3.4	Max	4.4%	4.1%	3.8%
6.4	3.3	3.0	2.8	Central	3.7%	3.4%	3.2%
5.8	2.7	2.4	2.2	Min	3.0%	2.7%	2.5%

Main Corporate Governance indicators

KPI	2020	2021	2022
% of independent directors	n.a.	33.3%	30.0%
% of proprietary directors	n.a.	66.7%	70.0%
% of executive directors	n.a.	0.0%	0.0%
% of other directors	n.a.	0.0%	0.0%
% of women on the board of directors	n.a.	11.1%	20.0%
% of women out of total workforce	n.a.	22.0%	21.0%



Main peers 2023e

		TV Technologies			TV Platform			
EUR Mn		Brightcove	Kudelski	Average	Netgem	Kaltura	Average	AGIL
Market data	Ticker (Factset)	BCOV-US	KUD-CH		ALNTG-FR	KLTR-US		AGIL-ES
	Country	USA	Switzerland		France	USA		Spain
	Market cap	169.6	106.4		34.4	212.7		88.7
	Enterprise value (EV)	180.4	409.4		30.1	192.1		112.1
Basic financial information	Total Revenues	192.3	690.6		33.3	160.4		110.5
	Total Revenues growth	-2.4%	-0.6%	-1.5%	-8.2%	1.8%	-3.2%	8.9%
	2y CAGR (2023e - 2025e)	n.a.	4.6%	4.6%	6.5%	4.2%	5.4%	8.4%
	EBITDA	16.2	46.9		7.5	(6.0)		4.9
	EBITDA growth	405.0%	105.6%	255.3%	-13.3%	87.2%	36.9%	38.1%
	2y CAGR (2023e - 2025e)	n.a.	19.2%	19.2%	10.5%	78.4%	44.4%	32.8%
	EBITDA/Revenues	8.4%	6.8%	7.6%	22.5%	n.a.	22.5%	4.4%
	EBIT	3.7	16.4		1.1	(8.5)		(0.8)
	EBIT growth	153.8%	289.6%	221.7%	376.4%	82.9%	229.6%	77.5%
	2y CAGR (2023e - 2025e)	n.a.	43.4%	43.4%	n.a.	62.8%	62.8%	51.3%
	EBIT/Revenues	1.9%	2.4%	2.1%	3.3%	n.a.	3.3%	n.a.
	Net Profit	(13.7)	3.6		1.2	(41.2)		(3.8)
	Net Profit growth	-62.5%	117.7%	27.6%	964.8%	35.6%	500.2%	39.9%
	2y CAGR (2023e - 2025e)	n.a.	n.a.	n.a.	80.6%	16.7%	48.6%	30.0%
	CAPEX/Sales %	n.a.	2.7%	2.7%	11.4%	2.3%	6.8%	1.5%
Free Cash Flow	n.a.	9.1		3.4	(13.2)		3.2	
Net financial debt	n.a.	252.0		(6.6)	(22.9)		17.1	
ND/EBITDA (x)	n.a.	5.4	5.4	n.a.	n.a.	n.a.	3.5	
Pay-out	n.a.	0.0%	0.0%	101.3%	0.0%	50.6%	0.0%	
Multiples and Ratios	P/E (x)	n.a.	37.2	37.2	27.6	n.a.	27.6	n.a.
	P/BV (x)	n.a.	0.3	0.3	1.4	7.8	4.6	2.5
	EV/Revenues (x)	0.9	0.6	0.8	0.9	1.2	1.1	1.0
	EV/EBITDA (x)	11.1	8.7	9.9	4.0	n.a.	4.0	22.9
	EV/EBIT (x)	49.3	24.9	37.1	27.3	n.a.	27.3	n.a.
	ROE	n.a.	0.9	0.9	5.2	n.a.	5.2	n.a.
	FCF Yield (%)	n.a.	8.5	8.5	9.9	n.a.	9.9	3.6
	DPS	n.a.	0.00	0.00	0.04	0.00	0.02	0.00
	Dvd Yield	n.a.	0.0%	0.0%	3.6%	0.0%	1.8%	0.0%

- (1) Financial data, multiples and ratios based on market consensus (Factset). In the case of the company analyzed, own estimates (Lighthouse).
(2) All ratios and multiples on EBITDA refer to total EBITDA (not to recurrent EBITDA).

Historical performance

Historical performance (EUR Mn)	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023e	2024e	2025e	CAGR 12-22	CAGR 22-25e
Total Revenues					10.8	7.9	8.8	11.0	20.4	55.2	101.5	110.5	119.8	129.9	n.a.	8.6%
Total Revenues growth					30.2%	-27.4%	12.1%	24.5%	86.0%	170.3%	83.9%	8.9%	8.4%	8.4%		
EBITDA					(1.2)	(0.7)	(1.3)	0.0	(1.8)	(1.2)	3.6	4.9	6.4	8.6	n.a.	34.6%
EBITDA growth					-56.5%	39.9%	-69.5%	102.1%	n.a.	32.2%	398.6%	38.1%	31.3%	34.3%		
EBITDA/Sales					n.a.	n.a.	n.a.	0.2%	n.a.	n.a.	3.5%	4.4%	5.4%	6.7%		
Net Profit					(5.2)	0.0	(1.3)	0.1	(2.8)	(5.8)	(6.4)	(3.8)	(3.2)	(1.9)	n.a.	33.5%
Net Profit growth					-287.0%	101.0%	n.a.	109.3%	n.a.	-102.5%	-10.1%	39.9%	15.1%	42.3%		
Adjusted number shares (Mn)					9.7	12.2	13.5	18.0	20.9	23.1	23.1	23.1	23.1	23.1		
EPS (EUR)					-0.53	0.00	-0.10	0.01	-0.14	-0.25	-0.27	-0.17	-0.14	-0.08	n.a.	33.5%
EPS growth					n.a.	n.a.	n.a.	n.a.	n.a.	-83.5%	-9.9%	39.9%	15.1%	42.3%		
Ord. EPS (EUR)					-0.53	0.00	-0.11	0.02	-0.07	-0.14	-0.27	-0.17	-0.14	-0.08	n.a.	32.8%
Ord. EPS growth					n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	-84.4%	38.2%	15.1%	42.3%		
CAPEX					(2.1)	(1.9)	(2.2)	(2.7)	(5.1)	(8.7)	(1.5)	(1.7)	(1.8)	(1.9)		
CAPEX/Sales %					19.7%	24.3%	25.2%	24.2%	25.2%	15.8%	1.4%	1.5%	1.5%	1.5%		
Free Cash Flow					(3.9)	(2.7)	(3.1)	(4.3)	(32.9)	(42.7)	4.6	3.2	3.0	5.2	n.a.	4.3%
ND/EBITDA (x) ⁽²⁾					n.a.	n.a.	n.a.	21.9x	n.a.	n.a.	5.7x	3.5x	2.2x	1.0x		
P/E (x)					n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.		
EV/Sales (x)					2.11x	3.11x	2.48x	1.51x	3.29x	3.28x	1.70x	1.01x	0.94x	0.86x		
EV/EBITDA (x) ⁽²⁾					n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	48.7x	22.9x	17.4x	13.0x		
Absolute performance					-5.3%	-14.7%	3.4%	189.3%	95.8%	-11.8%	-38.6%	-11.9%				
Relative performance vs Ibex 35					-3.4%	-20.6%	21.7%	158.7%	131.6%	-18.3%	-35.0%	-22.0%				

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

Alquiler (ALQ), specialises in the renting of vehicles for commercial and industrial use under the flexible renting model in Spain (where it generates 100% of its activity). With a fleet of c. 16,000 vehicles at the 2022 close, ALQ has an important position in the sector (with 23 offices in Spain and a market share of c. 13%). The company is controlled by the Acebes family, that is fully involved in the management of the company

Market Data

Market Cap (Mn EUR and USD)	47.4	50.8
EV (Mn EUR and USD)	211.4	226.4
Shares Outstanding (Mn)	5.6	
-12m (Max/Med/Mín EUR)	8.60 / 7.42 / 5.80	
Daily Avg volume (-12m Mn EUR)	0.02	
Rotation ⁽¹⁾	8.1	
Factset / Bloomberg	ALQ-ES / ALQ SM	
Close fiscal year	31-Dec	

Shareholders Structure (%)

Miguel Ángel Acebes Acebes	39.0
Miguel Acebes Moreno	16.7
Marianela Acebes Moreno	16.7
Free Float	27.6

Financials (Mn EUR)

	2022	2023e	2024e	2025e
Adj. nº shares (Mn)	5.6	5.6	5.6	5.6
Total Revenues	100.4	118.1	131.7	152.9
Rec. EBITDA	56.9	66.5	76.3	87.0
% growth	39.7	17.0	14.7	13.9
% Rec. EBITDA/Rev.	56.7	56.3	57.9	56.9
% Inc. EBITDA sector ⁽²⁾	19.3	12.2	8.2	9.0
Net Profit	8.5	9.4	10.3	13.4
EPS (EUR)	1.52	1.67	1.83	2.39
% growth	79.4	10.0	9.7	30.7
Ord. EPS (EUR)	1.58	1.67	1.83	2.39
% growth	81.6	5.9	9.7	30.7
Rec. Free Cash Flow	-28.4	-23.2	-14.6	1.7
Pay-out (%)	20.0	0.0	0.0	0.0
DPS (EUR)	0.30	0.00	0.00	0.00
Net financial debt	155.5	181.5	196.1	194.4
ND/Rec. EBITDA (x)	2.7	2.7	2.6	2.2
ROE (%)	25.5	23.0	20.9	22.0
ROCE (%)	6.7	7.1	7.0	7.7

Ratios & Multiples (x)

	2022	2023e	2024e	2025e
P/E	5.6	5.1	4.6	3.5
Ord. P/E	5.4	5.1	4.6	3.5
P/BV	1.3	1.1	0.9	0.7
Dividend Yield (%)	3.6	0.0	0.0	0.0
EV/Sales	2.11	1.79	1.60	1.38
EV/Rec. EBITDA	3.7	3.2	2.8	2.4
EV/EBIT	13.4	11.0	9.8	8.3
FCF Yield (%)	n.a.	n.a.	n.a.	3.6

Historical behavior (base 100)


(%)	-1m	-3m	-12m	-5Y
Absolute	9.0	15.8	38.5	n.a.

(1) Rotation is the % of the capitalisation traded - 12m.

(2) Sector: Stoxx Europe 600 Industrial Goods & Services.

MOMENTUM: WHAT DO WE EXPECT FROM 2023E?

ALQ demonstrated earnings momentum in 2022, meeting expectations. Significant topline growth (+31.9% vs. 2021, in line), with even higher growth in recurring EBITDA, at EUR 56.9Mn (+39.1% vs. 2021). The rec. EBITDA margin widened notably to 56.7% (+3.2pp vs. 2021).

And now what? We expect that earnings momentum to continue in 2023e. The fleet growth momentum observed in 2022, expected to continue in 2023e (c.2,500+ vehicles/year), coupled with occupancy rates of close to 91% (in line with 2022 levels), put our 2023e revenue estimate at c.EUR 120Mn (+17.7% vs. 2022). Growth with low risk of forecast downgrades (thanks to the fleet momentum that materialised in 2022).

Scope for cementing the improvement in margins. The highlight of 2022 was the company's margin expansion, as the offices opened in the last 12 months reached cruising speed. Although we are not looking for additional expansion in 2023e, we do expect consolidation at last year's levels (EBITDA margin 2023e: 56%). That would translate into recurring EBITDA of EUR 66.5Mn in 2023e (+17% vs. 2022).

EQUITY STORY HIGHLIGHTS: WHAT TO WATCH FOR?

Solid competitive position underpinned by existing sales network. ALQ has the second largest sales network in Spain (23 offices vs. c.27 for Northgate). That reach not only protects its business, it also paves the way for market share growth without having to expand its sales structure meaningfully.

Structural sector growth provides additional upside (even in an adverse macro scenario). The vehicle rental business only accounts for 2.5% of Spain's stock of vehicles. This presents a real opportunity to benefit from convergence in Spain towards the penetration levels observed in the UK and France (rental vehicles/total stock of c.4%-4.5%).

Scope for keeping occupancy high thanks to ALQ's broad sales footprint (enabling more efficient fleet management).

2022-2025e: potential for double-digit growth. The three drivers itemised above (borne out by 2022 earnings) underpin our forecast for continued growth (CAGR 22-25e revenue: +15%), while defending an EBITDA margin of c.57% (in line with 2022). EBITDA 25e: EUR 87Mn (CAGR 22-25e: +15.2%).

RISKS: WHAT TO KEEP AN EYE ON?

The business remains demanding in terms of CAPEX. One of the mainstays of our revenue assumption is continued growth in the company's fleet. By our estimates, that will translate into negative FCF until 2024e. Which means that the topline growth will imply growth in debt until at least 2024e (net debt 2024e: c.EUR 200Mn).

High leverage. The only "but" about ALQ is its high leverage (ND/EBITDA 2023e: 2.7x). The current interest rate climate will put pressure on net profit and CF generation due to the inevitable impact on finance costs at a company that is not yet generating positive FCF.

VALUATION METRICS: WHAT DO THE MULTIPLES TELL US?

Multiples at "lows": ALQ continues to trade at a steep discount to its chief comp. In the last 12 months, ALQ's shares have gained 34.5%. Nevertheless, its current multiples (P/E 23e of 5.1x and EV/EBITDA 23e of 3.2x) continue to imply a sharp discount to its main peer (P/E 23e of c.7x and EV/EBITDA of c.4x). The size of that discount suggests to us that the scope for continued strong earnings momentum in 2023e may not be priced in.



Financial Projections

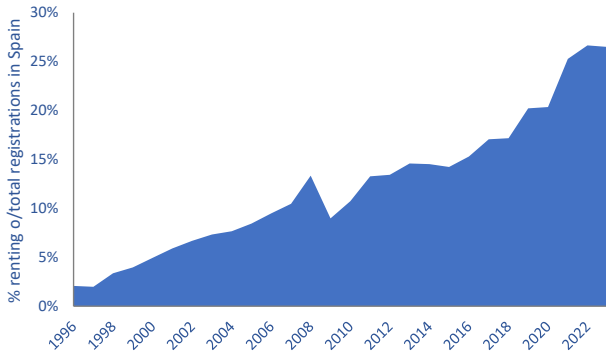
Balance Sheet (EUR Mn)	2018	2019	2020	2021	2022	2023e	2024e	2025e		
Intangible assets	0.0	0.1	0.3	0.4	0.4	0.4	0.4	0.4		
Fixed assets	73.5	93.0	107.2	142.4	187.8	218.3	241.6	250.9		
Other Non Current Assets	1.0	1.5	2.1	1.9	1.9	1.9	1.9	1.9		
Financial Investments	0.2	0.3	0.5	0.7	0.6	0.6	0.6	0.6		
Goodwill & Other Intangibles	-	-	-	-	-	-	-	-		
Current assets	11.6	14.5	14.0	17.6	17.6	20.6	22.9	26.4		
Total assets	86.3	109.4	124.1	163.0	208.4	241.9	267.4	280.2		
Equity	20.9	23.0	25.3	29.3	37.5	44.0	54.2	67.7		
Minority Interests	-	-	-	-	-	-	-	-		
Provisions & Other L/T Liabilities	3.5	4.9	6.3	7.4	9.1	9.1	9.1	9.1		
Other Non Current Liabilities	-	-	-	-	-	-	-	-		
Net financial debt	59.5	78.0	89.4	121.1	155.5	181.5	196.1	194.4		
Current Liabilities	2.4	3.5	3.1	5.3	6.4	7.3	7.9	9.0		
Equity & Total Liabilities	86.3	109.4	124.1	163.0	208.4	241.9	267.4	280.2		
									CAGR	
P&L (EUR Mn)	2018	2019	2020	2021	2022	2023e	2024e	2025e	18-22	22-25e
Total Revenues	41.4	50.9	58.9	76.1	100.4	118.1	131.7	152.9	24.8%	15.1%
<i>Total Revenues growth</i>	<i>30.1%</i>	<i>22.9%</i>	<i>15.8%</i>	<i>29.1%</i>	<i>31.9%</i>	<i>17.7%</i>	<i>11.6%</i>	<i>16.1%</i>		
COGS	(4.1)	(4.8)	(5.2)	(6.6)	(8.7)	(10.5)	(10.2)	(17.3)	25.3%	13.9%
Gross Margin	37.3	46.0	53.7	69.5	91.7	107.5	121.5	135.5		
<i>Gross Margin/Revenues</i>	<i>90.0%</i>	<i>90.5%</i>	<i>91.1%</i>	<i>91.4%</i>	<i>91.4%</i>	<i>91.1%</i>	<i>92.3%</i>	<i>88.7%</i>		
Personnel Expenses	(3.3)	(4.1)	(4.7)	(5.5)	(6.8)	(8.0)	(8.8)	(9.4)		
Other Operating Expenses	(11.8)	(14.5)	(17.0)	(23.3)	(28.0)	(33.1)	(36.4)	(39.2)		
Recurrent EBITDA	22.2	27.4	32.0	40.7	56.9	66.5	76.3	87.0	26.6%	15.2%
<i>Recurrent EBITDA growth</i>	<i>29.1%</i>	<i>23.8%</i>	<i>16.7%</i>	<i>27.2%</i>	<i>39.7%</i>	<i>17.0%</i>	<i>14.7%</i>	<i>13.9%</i>		
<i>Rec. EBITDA/Revenues</i>	<i>53.5%</i>	<i>53.9%</i>	<i>54.3%</i>	<i>53.5%</i>	<i>56.7%</i>	<i>56.3%</i>	<i>57.9%</i>	<i>56.9%</i>		
Restructuring Expense & Other non-rec.	(0.0)	(0.0)	0.0	(0.2)	(0.4)	-	-	-		
EBITDA	22.1	27.4	32.0	40.6	56.4	66.5	76.3	87.0	26.4%	15.5%
Depreciation & Provisions	(16.7)	(21.4)	(26.1)	(31.3)	(40.7)	(47.3)	(54.7)	(61.5)		
Capitalized Expense	-	-	-	-	-	-	-	-		
Rentals (IFRS 16 impact)	-	-	-	-	-	-	-	-		
EBIT	5.4	6.1	5.9	9.2	15.7	19.2	21.6	25.5	30.6%	17.5%
<i>EBIT growth</i>	<i>11.7%</i>	<i>12.2%</i>	<i>-3.0%</i>	<i>56.6%</i>	<i>70.5%</i>	<i>22.4%</i>	<i>12.5%</i>	<i>17.7%</i>		
<i>EBIT/Revenues</i>	<i>13.1%</i>	<i>11.9%</i>	<i>10.0%</i>	<i>12.1%</i>	<i>15.7%</i>	<i>16.3%</i>	<i>16.4%</i>	<i>16.7%</i>		
Impact of Goodwill & Others	-	-	-	-	-	-	-	-		
Net Financial Result	(2.1)	(2.4)	(2.6)	(3.1)	(4.5)	(7.5)	(8.8)	(8.7)		
Income by the Equity Method	-	-	-	-	-	-	-	-		
Ordinary Profit	3.3	3.7	3.3	6.1	11.2	11.7	12.8	16.8	35.5%	14.5%
<i>Ordinary Profit Growth</i>	<i>4.8%</i>	<i>10.6%</i>	<i>-11.2%</i>	<i>87.2%</i>	<i>83.3%</i>	<i>4.7%</i>	<i>9.7%</i>	<i>30.7%</i>		
Extraordinary Results	-	-	-	-	-	-	-	-		
Profit Before Tax	3.3	3.7	3.3	6.1	11.2	11.7	12.8	16.8	35.5%	14.5%
Tax Expense	(0.8)	(0.9)	(0.8)	(1.4)	(2.7)	(2.3)	(2.6)	(3.4)		
<i>Effective Tax Rate</i>	<i>25.1%</i>	<i>25.1%</i>	<i>25.0%</i>	<i>23.5%</i>	<i>23.9%</i>	<i>20.0%</i>	<i>20.0%</i>	<i>20.0%</i>		
Minority Interests	-	-	-	-	-	-	-	-		
Discontinued Activities	-	-	-	-	-	-	-	-		
Net Profit	2.5	2.7	2.4	4.7	8.5	9.4	10.3	13.4	36.1%	16.4%
<i>Net Profit growth</i>	<i>4.4%</i>	<i>10.6%</i>	<i>-11.0%</i>	<i>91.0%</i>	<i>82.3%</i>	<i>10.0%</i>	<i>9.7%</i>	<i>30.7%</i>		
Ordinary Net Profit	2.5	2.8	2.4	4.8	8.9	9.4	10.3	13.4	37.2%	14.9%
<i>Ordinary Net Profit growth</i>	<i>4.2%</i>	<i>10.2%</i>	<i>-11.5%</i>	<i>97.0%</i>	<i>84.5%</i>	<i>5.9%</i>	<i>9.7%</i>	<i>30.7%</i>		
									CAGR	
Cash Flow (EUR Mn)	2018	2019	2020	2021	2022	2023e	2024e	2025e	18-22	22-25e
Recurrent EBITDA						66.5	76.3	87.0	26.6%	15.2%
Rentals (IFRS 16 impact)						-	-	-		
Working Capital Increase						(2.1)	(1.6)	(2.5)		
Recurrent Operating Cash Flow						64.5	74.7	84.5	29.2%	13.4%
CAPEX						(89.3)	(89.3)	(89.3)		
Net Financial Result affecting the Cash Flow						(7.5)	(8.8)	(8.7)		
Tax Expense						(2.3)	(2.6)	(3.4)		
- Acquisitions / + Divestures of assets ⁽¹⁾						11.5	11.3	18.5		
Recurrent Free Cash Flow						(23.2)	(14.6)	1.7	-14.6%	27.2%
Restructuring Expense & Other non-rec.						-	-	-		
Extraordinary Inc./Exp. Affecting Cash Flow						-	-	-		
Free Cash Flow						(23.2)	(14.6)	1.7	-15.0%	27.2%
Capital Increase						(1.2)	-	-		
Dividends						(1.7)	-	-		
Net Debt Variation						26.0	14.6	(1.7)		

Note 1: Acquisitions / Disinvestments reflects the adjustment to FCF for the salvage value of the used vehicles sold.



The company in 8 charts

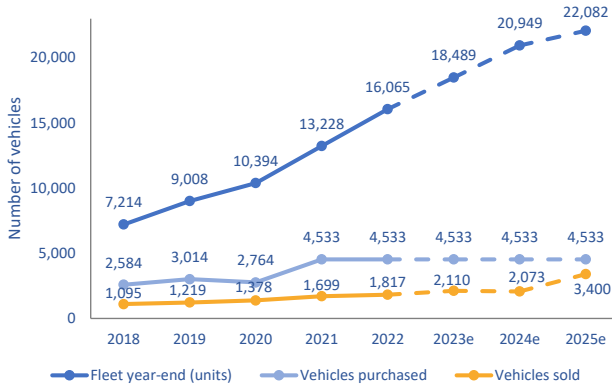
Vehicle renting: A growing sector in Spain...



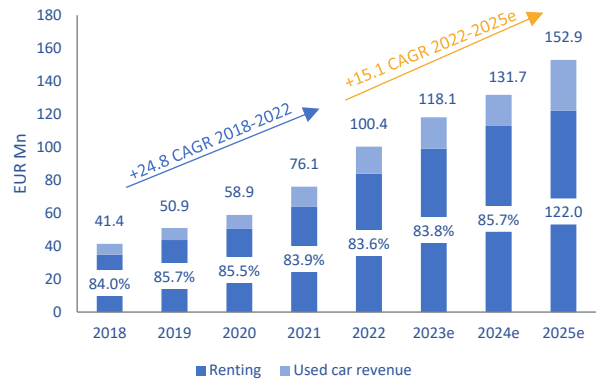
...in which ALQ has a significant presence (23 sales offices)



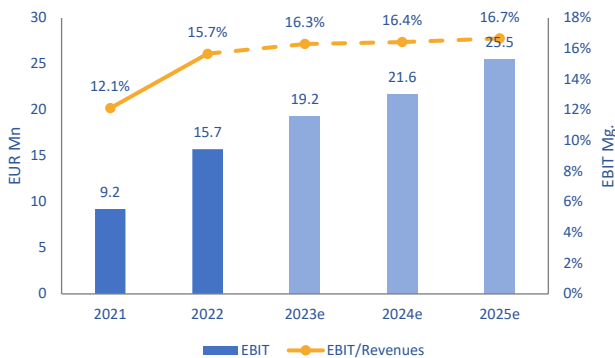
With a continuously growing fleet of vehicles (+11% 22-25e CAGR)



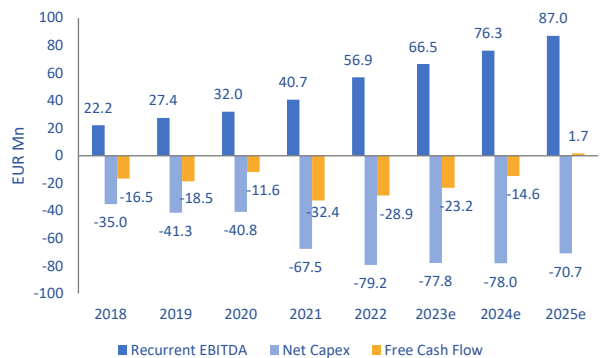
That will allow revenue growth to continue (+15% 22-25e CAGR)



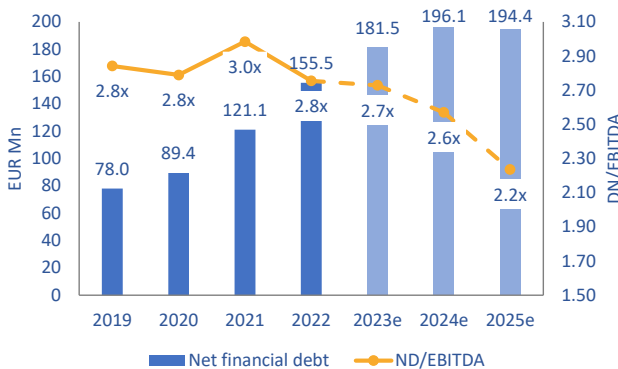
Maintaining an EBIT margin of c. 16%



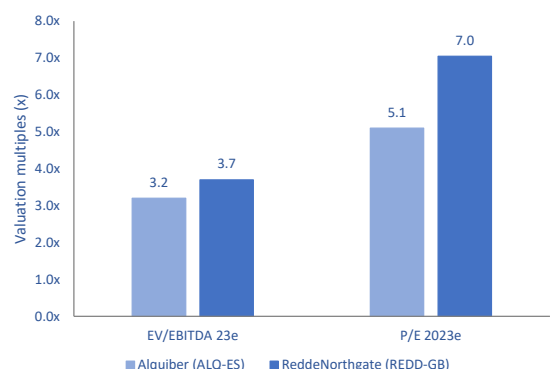
FCF: A business that is still demanding in terms of CAPEX



Despite the investment effort, with debt under control (ND/EBITDA <3x)



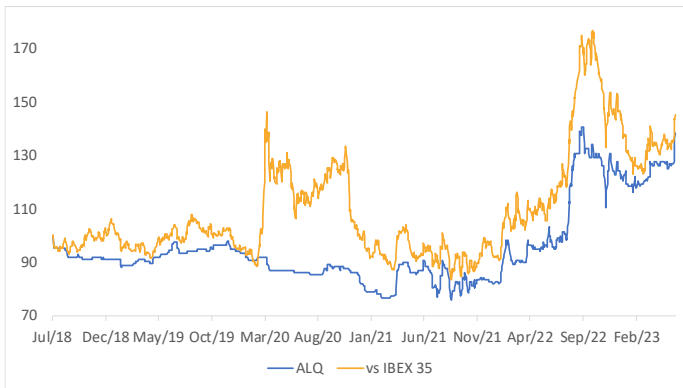
Trading at a 2023e P/E of c. 4.5x (vs c. 7x for its main peer)





Evolution of the share price

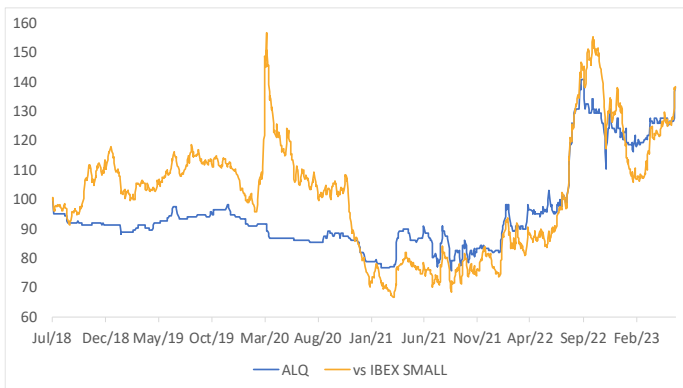
Historical behavior vs Ibex 35 (base 100)



Behavior -1y vs Ibex 35 (base 100)



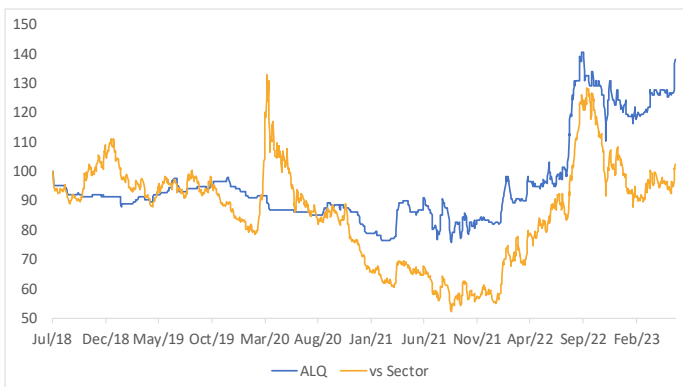
Historical behavior vs Ibex Small Cap (base 100)



Behavior -1y vs Ibex Small Cap (base 100)



Historical behavior vs Sector⁽¹⁾ (base 100)



Behavior -1y vs Sector⁽¹⁾ (base 100)



(1) Sector: Stoxx Europe 600 Industrial Goods & Services

Stock performance (%)	-1m	-3m	-12m	YTD	-3Y	-5Y
Absolute	9.0	15.8	38.5	12.7	60.8	n.a.
vs Market						
vs Ibex 35	7.4	17.9	30.1	-0.2	36.3	n.a.
vs Euro STOXX 50	10.2	15.8	22.1	-0.4	26.7	n.a.
vs Small Cap References						
vs Ibex Small Cap Index	8.8	29.3	59.7	5.0	30.5	n.a.
vs Micro Cap Spain Universe ⁽¹⁾	8.9	19.3	50.9	3.4	13.8	n.a.
vs MSCI Europe Micro Cap	10.8	22.9	58.3	13.5	36.4	n.a.
vs Sector						
vs Stoxx Europe 600 Industrial Goods & Services	7.3	14.3	23.5	-1.6	18.9	n.a.

(1) [Constituents on page 10](#)



Free Cash Flow⁽¹⁾ (I)

	2019	2020	2021	2022	2023e	2024e	2025e	CAGR	
								19-22	22-25e
A) Cash Flow Analysis (EUR Mn)									
Recurrent EBITDA	27.4	32.0	40.7	56.9	66.5	76.3	87.0	27.5%	15.2%
<i>Recurrent EBITDA growth</i>	23.8%	16.7%	27.2%	39.7%	17.0%	14.7%	13.9%		
<i>Rec. EBITDA/Revenues</i>	53.9%	54.3%	53.5%	56.7%	56.3%	57.9%	56.9%		
- Rentals (IFRS 16 impact)	-	-	-	-	-	-	-		
+/- Working Capital increase	(1.8)	0.1	(1.4)	1.1	(2.1)	(1.6)	(2.5)		
= Recurrent Operating Cash Flow	25.7	32.1	39.3	57.9	64.5	74.7	84.5	31.2%	13.4%
<i>Rec. Operating Cash Flow growth</i>	23.3%	25.1%	22.4%	47.5%	11.2%	15.9%	13.1%		
<i>Rec. Operating Cash Flow / Sales</i>	50.5%	54.5%	51.6%	57.7%	54.6%	56.7%	55.3%		
- CAPEX	(46.4)	(46.5)	(74.6)	(95.7)	(89.3)	(89.3)	(89.3)		
- Net Financial Result affecting Cash Flow	(2.4)	(2.6)	(3.1)	(4.5)	(7.5)	(8.8)	(8.7)		
- Taxes	(0.5)	(0.4)	(1.0)	(2.7)	(2.3)	(2.6)	(3.4)		
- Acquisitions / + Divestments ⁽²⁾	5.1	5.7	7.2	16.5	11.5	11.3	18.5		
= Recurrent Free Cash Flow	(18.5)	(11.6)	(32.3)	(28.4)	(23.2)	(14.6)	1.7	-15.3%	27.2%
<i>Rec. Free Cash Flow growth</i>	-12.4%	37.1%	-177.1%	11.9%	18.5%	37.0%	111.7%		
<i>Rec. Free Cash Flow / Revenues</i>	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	1.1%		
- Restructuring expenses & others	(0.0)	0.0	(0.2)	(0.4)	-	-	-		
+/- Extraordinary Inc./Exp. affecting Cash Flow	-	-	-	-	-	-	-		
= Free Cash Flow	(18.5)	(11.6)	(32.4)	(28.9)	(23.2)	(14.6)	1.7	-15.9%	27.2%
<i>Free Cash Flow growth</i>	-12.3%	37.2%	-178.8%	11.0%	19.7%	37.0%	111.7%		
<i>Recurrent Free Cash Flow - Yield (s/Mkt Cap)</i>	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	3.6%		
<i>Free Cash Flow Yield (s/Mkt Cap)</i>	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	3.6%		
B) Analytical Review of Annual Recurrent Free Cash Flow Performance (Eur Mn)									
Recurrent FCF(FY - 1)	(16.5)	(18.5)	(11.6)	(32.3)	(28.4)	(23.2)	(14.6)		
EBITDA impact from revenue increase	5.1	4.3	9.3	13.0	10.0	7.7	12.3		
EBITDA impact from EBITDA/Sales variation	0.2	0.2	(0.6)	3.2	(0.4)	2.1	(1.6)		
= Recurrent EBITDA variation	5.3	4.6	8.7	16.2	9.7	9.8	10.6		
- Rentals (IFRS 16 impact) variation impact	-	-	-	-	-	-	-		
+/- Working capital variation impact	(0.4)	1.8	(1.5)	2.5	(3.1)	0.5	(0.9)		
= Recurrent Operating Cash Flow variation	4.8	6.4	7.2	18.7	6.5	10.3	9.8		
+/- CAPEX impact	(6.2)	0.5	(26.7)	(11.7)	1.4	(0.2)	7.2		
+/- Financial result variation	(0.3)	(0.2)	(0.5)	(1.4)	(3.0)	(1.3)	0.1		
+/- Tax impact	(0.3)	0.2	(0.6)	(1.7)	0.3	(0.2)	(0.8)		
= Recurrent Free Cash Flow variation	(2.0)	6.9	(20.6)	3.8	5.3	8.6	16.3		
Recurrent Free Cash Flow	(18.5)	(11.6)	(32.3)	(28.4)	(23.2)	(14.6)	1.7		
C) "FCF to the Firm" (pre debt service) (EUR Mn)									
EBIT	6.1	5.9	9.2	15.7	19.2	21.6	25.5	37.3%	17.5%
* <i>Theoretical Tax rate</i>	25.1%	25.0%	23.5%	23.9%	20.0%	20.0%	20.0%		
= Taxes (pre- Net Financial Result)	(1.5)	(1.5)	(2.2)	(3.8)	(3.8)	(4.3)	(5.1)		
Recurrent EBITDA	27.4	32.0	40.7	56.9	66.5	76.3	87.0	27.5%	15.2%
- Rentals (IFRS 16 impact)	-	-	-	-	-	-	-		
+/- Working Capital increase	(1.8)	0.1	(1.4)	1.1	(2.1)	(1.6)	(2.5)		
= Recurrent Operating Cash Flow	25.7	32.1	39.3	57.9	64.5	74.7	84.5	31.2%	13.4%
- CAPEX	(46.4)	(46.5)	(74.6)	(95.7)	(89.3)	(89.3)	(89.3)		
- Taxes (pre- Financial Result)	(1.5)	(1.5)	(2.2)	(3.8)	(3.8)	(4.3)	(5.1)		
- Acquisitions / + Divestments ⁽²⁾	5.1	5.7	7.2	16.5	11.5	11.3	18.5		
= Recurrent Free Cash Flow (To the Firm)	(17.1)	(10.1)	(30.4)	(25.0)	(17.2)	(7.6)	8.7	-13.4%	32.9%
<i>Rec. Free Cash Flow (To the Firm) growth</i>	-10.0%	40.7%	-199.2%	17.7%	31.4%	55.8%	214.2%		
<i>Rec. Free Cash Flow (To the Firm) / Revenues</i>	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	5.7%		
+/- Extraordinary Inc./Exp. affecting Cash Flow	-	-	-	-	-	-	-		
= Free Cash Flow "To the Firm"	(17.1)	(10.1)	(30.4)	(25.0)	(17.2)	(7.6)	8.7	-13.4%	32.9%
<i>Free Cash Flow (To the Firm) growth</i>	-10.0%	40.7%	-199.2%	17.7%	31.4%	55.8%	214.2%		
<i>Rec. Free Cash Flow To the Firm Yield (o/EV)</i>	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	4.1%		
<i>Free Cash Flow "To the Firm" - Yield (o/EV)</i>	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	4.1%		

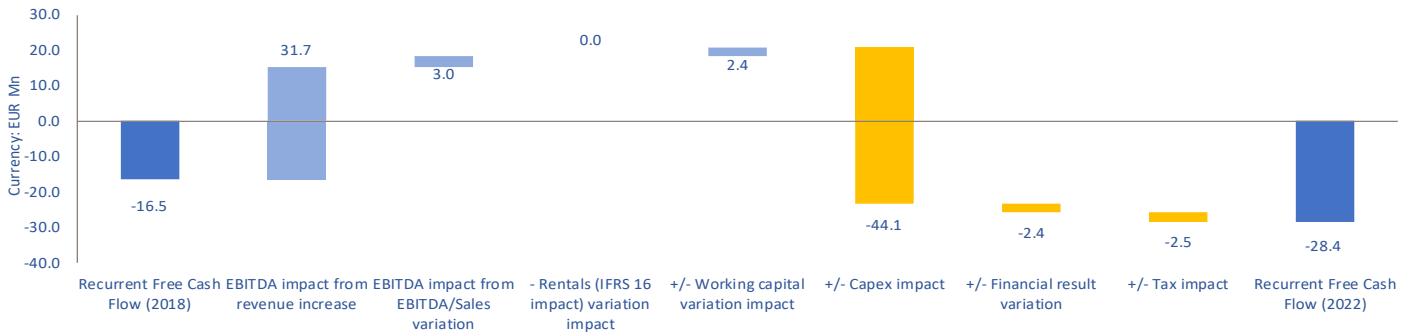
Note 1: ALQ reports its financial statements on the basis of the Spanish General Chart of Accounts, not being affected by the application of IFRS 16

Note 2: Acquisitions / Disinvestments reflects the adjustment to FCF for the salvage value of the used vehicles sold.

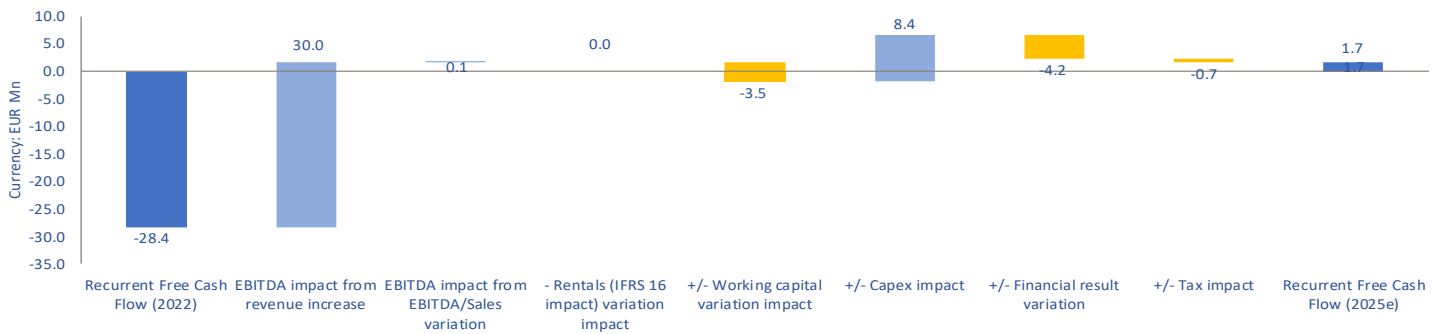


Free Cash Flow (II)

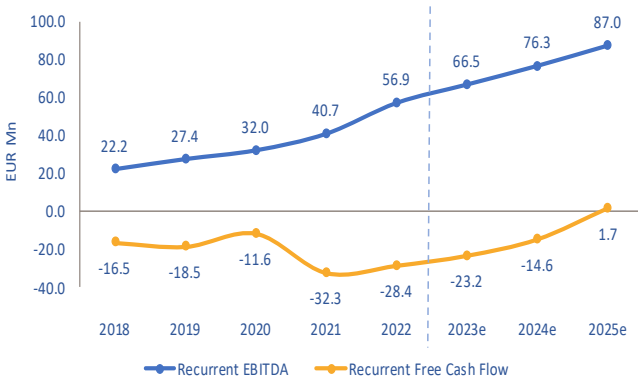
Recurrent Free Cash Flow accumulated variation analysis (2018 - 2022)



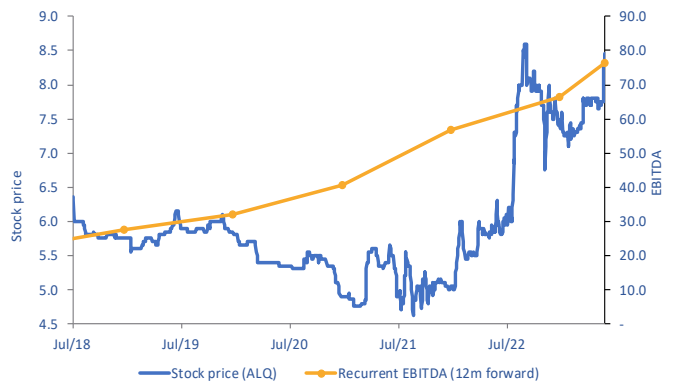
Recurrent Free Cash Flow accumulated variation analysis (2022 - 2025e)



Recurrent EBITDA vs Recurrent Free Cash Flow



Stock performance vs EBITDA 12m forward





Valuation inputs

Inputs for the DCF Valuation Approach

	2023e	2024e	2025e	Terminal Value ⁽¹⁾		
Free Cash Flow "To the Firm"	(17.2)	(7.6)	8.7	270.2		
Market Cap	47.4	At the date of this report				
Net financial debt	155.5	Debt net of Cash (12m Results 2022)				
					Best Case	Worst Case
Cost of Debt	5.3%	Net debt cost			4.8%	5.8%
Tax rate (T)	20.0%	T (Normalised tax rate)			=	=
Net debt cost	4.2%	Kd = Cost of Net Debt * (1-T)			3.8%	4.6%
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)	23.4%	E (Market Cap as equity value)			=	=
Net Debt / (Equity + Net Debt)	76.6%	D			=	=
WACC	5.7%	WACC = Kd * D + Ke * E			5.1%	6.3%
G "Fair"	2.0%				1.5%	1.5%

(1) The terminal value reflects the NAV of FCF beyond the period estimated with the WACC and G of the central scenario.

EV breakdown at the date of this report

	EUR Mn	Source
Market Cap	47.4	
+ Minority Interests	-	12m Results 2022
+ Provisions & Other L/T Liabilities	9.1	12m Results 2022
+ Net financial debt	155.5	12m Results 2022
- Financial Investments	0.6	12m Results 2022
+/- Others		
Enterprise Value (EV)	211.4	

Business Value Creation Metrics ⁽¹⁾

	2018	2019	2020	2021	2022
ROCE (evolution -5y)	5.5%	4.8%	3.9%	5.1%	6.7%
	2022	2025e			
ROCE - WACC	1.0%	2.0%			
FCF Yield - WACC	n.a.	-2.1%			

(1) FCF Yield to the Firm (see Free Cash Flow Analysis (I)). Detail of the WACC on this page.

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	60.8%	80.1	2.6x
Central	57.9%	76.3	2.8x
Min	55.0%	72.5	2.9x

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

Rec. FCF EUR Mn	CAPEX/Sales 24e		
EBITDA 24e	61.0%	67.8%	74.6%
80.1	(1.8)	(10.8)	(19.7)
76.3	(5.7)	(14.6)	(23.6)
72.5	(9.5)	(18.4)	(27.4)

Main Corporate Governance indicators

KPI	2020	2021	2022
% of independent directors	28.5%	28.6%	33.3%
% of proprietary directors	43.0%	42.9%	33.3%
% of executive directors	28.5%	28.6%	33.3%
% of other directors	0.0%	0.0%	0.0%
% of women on the board of directors	14.2%	14.3%	16.7%
% of women out of total workforce	35.7%	35.1%	33.5%
Board remuneration/staff cost	9.4%	9.6%	6.5%



Main peers 2023e

Renting

		Avis Budget	Hertz	Sixt	ALD Automotive Ltd.	Redde Northgate PLC	Average	ALQ
Market data	EUR Mn							
	Ticker (Factset)	CAR-US	HTZ-US	SIX2-DE	ALD-FR	REDD-GB		ALQ-ES
	Country	USA	USA	Germany	France	UK		Spain
	Market cap	6,526.6	4,741.2	4,378.3	8,741.5	1,014.4		47.4
Enterprise value (EV)	26,423.0	19,251.4	7,430.4	28,159.1	1,760.1		211.4	
Basic financial information	Total Revenues	11,368.2	8,723.0	3,411.7	11,173.4	1,854.4		118.1
	Total Revenues growth	1.5%	7.6%	11.3%	0.0%	7.7%	5.6%	17.7%
	2y CAGR (2023e - 2025e)	0.9%	4.3%	9.4%	6.0%	n.a.	5.1%	13.8%
	EBITDA	2,137.8	1,288.3	1,158.0	1,425.7	477.1		66.5
	EBITDA growth	-62.4%	-54.2%	85.2%	-74.0%	2.5%	-20.6%	17.9%
	2y CAGR (2023e - 2025e)	-2.6%	n.a.	10.3%	-1.0%	n.a.	2.2%	14.3%
	EBITDA/Revenues	18.8%	14.8%	33.9%	12.8%	25.7%	21.2%	56.3%
	EBIT	2,014.4	1,444.8	561.1	1,344.8	219.2		19.2
	EBIT growth	-34.3%	-25.4%	17.3%	-27.1%	-1.3%	-14.1%	22.4%
	2y CAGR (2023e - 2025e)	-9.6%	-7.4%	10.6%	4.0%	n.a.	-0.6%	15.0%
	EBIT/Revenues	17.7%	16.6%	16.4%	12.0%	11.8%	14.9%	16.3%
	Net Profit	1,232.7	755.0	346.3	1,283.1	146.0		9.4
	Net Profit growth	-52.2%	-60.7%	-10.2%	6.6%	-8.7%	-25.0%	10.0%
	2y CAGR (2023e - 2025e)	-22.1%	-26.0%	7.4%	-3.7%	n.a.	-11.1%	19.7%
CAPEX/Sales %	5.6%	1.9%	2.2%	0.7%	15.4%	5.1%	75.6%	
Free Cash Flow	1,503.4	1,793.4	58.0	(1,420.3)	15.6		(23.2)	
Net financial debt	3,817.8	9,995.7	2,455.3	32,468.7	768.5		181.5	
ND/EBITDA (x)	1.8	7.8	2.1	22.8	1.6	7.2	2.7	
Pay-out	0.0%	0.0%	49.9%	33.4%	44.5%	25.6%	0.0%	
Multiples and Ratios	P/E (x)	5.2	6.4	14.5	5.4	7.0	7.7	5.1
	P/BV (x)	n.a.	1.7	2.4	0.8	0.8	1.4	1.1
	EV/Revenues (x)	2.3	2.2	2.2	2.5	0.9	2.0	1.8
	EV/EBITDA (x)	12.4	14.9	6.4	19.8	3.7	11.4	3.2
	EV/EBIT (x)	13.1	13.3	13.2	20.9	8.0	13.7	11.0
	ROE	n.a.	25.9	16.7	15.6	11.7	17.5	23.0
	FCF Yield (%)	23.0	37.8	1.3	n.a.	1.5	15.9	n.a.
	DPS	0.00	0.00	3.68	0.95	0.27	0.98	0.00
Dvd Yield	0.0%	0.0%	3.4%	8.9%	6.1%	3.7%	0.0%	

- (1) Financial data, multiples and ratios based on market consensus (Factset). In the case of the company analyzed, own estimates (Lighthouse).
(2) All ratios and multiples on EBITDA refer to total EBITDA (not to recurrent EBITDA).

Historical performance

Historical performance (EUR Mn)	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023e	2024e	2025e	16-22	22-25e
Total Revenues				18.8	23.6	31.8	41.4	50.9	58.9	76.1	100.4	118.1	131.7	152.9	27.3%	15.1%
Total Revenues growth				38.3%	25.3%	34.9%	30.1%	22.9%	15.8%	29.1%	31.9%	17.7%	11.6%	16.1%		
EBITDA				10.4	13.2	17.1	22.1	27.4	32.0	40.6	56.4	66.5	76.3	87.0	27.4%	15.5%
EBITDA growth				39.8%	26.6%	29.8%	29.2%	23.9%	16.8%	26.6%	39.1%	17.9%	14.7%	13.9%		
EBITDA/Sales				55.4%	56.0%	53.9%	53.5%	53.9%	54.4%	53.3%	56.2%	56.3%	57.9%	56.9%		
Net Profit				1.5	2.3	2.4	2.5	2.7	2.4	4.7	8.5	9.4	10.3	13.4	24.3%	16.4%
Net Profit growth				91.6%	49.6%	3.0%	4.4%	10.6%	-11.0%	91.0%	82.3%	10.0%	9.7%	30.7%		
Adjusted number shares (Mn)				5.6	5.6	5.6	5.6	5.6	5.5	5.5	5.6	5.6	5.6	5.6		
EPS (EUR)				0.28	0.42	0.43	0.45	0.49	0.44	0.85	1.52	1.67	1.83	2.39	24.1%	16.4%
EPS growth				n.a.	49.6%	3.0%	4.5%	10.6%	-10.7%	91.3%	79.4%	10.0%	9.7%	30.7%		
Ord. EPS (EUR)				0.39	0.42	0.43	0.45	0.50	0.44	0.87	1.58	1.67	1.83	2.39	24.8%	14.9%
Ord. EPS growth				n.a.	6.7%	3.4%	4.3%	10.2%	-11.2%	97.4%	81.6%	5.9%	9.7%	30.7%		
CAPEX				(18.4)	(20.5)	(31.6)	(39.4)	(46.4)	(46.5)	(74.6)	(95.7)	(89.3)	(89.3)	(89.3)		
CAPEX/Sales %				97.5%	86.9%	99.2%	95.2%	91.2%	78.9%	98.1%	95.3%	75.6%	67.8%	58.4%		
Free Cash Flow				(10.2)	(11.0)	(13.9)	(16.5)	(18.5)	(11.6)	(32.4)	(28.9)	(23.2)	(14.6)	1.7	-17.4%	27.2%
ND/EBITDA (x) ⁽²⁾				2.7x	2.9x	3.0x	2.7x	2.8x	2.8x	3.0x	2.8x	2.7x	2.6x	2.2x		
P/E (x)				n.a.	n.a.	n.a.	12.5x	11.6x	10.9x	5.9x	4.9x	5.1x	4.6x	3.5x		
EV/Sales (x)				n.a.	n.a.	n.a.	2.30x	2.27x	2.08x	2.05x	2.05x	1.79x	1.60x	1.38x		
EV/EBITDA (x) ⁽²⁾				n.a.	n.a.	n.a.	4.3x	4.2x	3.8x	3.8x	3.7x	3.2x	2.8x	2.4x		
Absolute performance				n.a.	n.a.	n.a.	n.a.	3.1%	-16.2%	3.9%	50.0%	12.7%				
Relative performance vs Ibx 35				n.a.	n.a.	n.a.	n.a.	-7.8%	-0.9%	-3.8%	58.8%	-0.2%				

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

Amper (AMP) is a Spanish group that operates through three business lines: (i) energy and sustainability (offshore wind platform engineering, EPC for PV, and energy control; 77% o/revenue 2022), (ii) defense and security (16% o/revenue 2022) and (iii) telecom (roll-out of telecom networks and critical communications). Spain is its principal market (c. 80% o/revenue).

MOMENTUM: WHAT DO WE EXPECT FROM 2023E?

Year-end 2022 order book at record levels: EUR 414Mn (+46% vs. 2021), before the EUR 140Mn contract (to be executed between 2023 and 2025) recently won by its offshore wind business.

Market Data

Market Cap (Mn EUR and USD)	114.4	122.6
EV (Mn EUR and USD)	225.2	241.2
Shares Outstanding (Mn)	1,108.6	
-12m (Max/Med/Mín EUR)	0.25 / 0.17 / 0.09	
Daily Avg volume (-12m Mn EUR)	0.24	
Rotation ⁽¹⁾	53.3	
Factset / Bloomberg	AMP-ES / AMP SM	
Close fiscal year	31-Dec	

High single-digit revenue growth in 2023e (+9% vs. 2022) to c.EUR 368Mn. We expect the energy and sustainability division to be the growth engine (80% of 2023e revenue; c. +16% vs. 2022), offsetting the drop in revenue in defence and security (-9% vs. 2022) and telecommunications (-20%) in the wake of the strategic restructuring undertaken in 2023e.

In 2023e we expect margins to remain under significant pressure. The energy and sustainability business has a significant industrial component (offshore wind platform construction and engineering) whose EBITDA margin is much lower than in the other businesses (c.6% vs c.10% for the rest), which is why we think margins will remain depressed in 2023e. Specifically, we are looking for a margin of 2.4% (+1.1pp vs. 2022) on EBIT of EUR 8.7Mn.

Shareholders Structure (%)

Zelena	7.9
Martinavarro Dealbert	5.2
Free Float	87.0

EQUITY STORY HIGHLIGHTS: WHAT TO WATCH FOR?

Disposal of non-core businesses. In 2022, AMP sold its investment in Formecal (parts machining for the industrial sector) and in 2023, it has sold its 45% interest in Atlas Engineering for EUR 3.5Mn (gain: c.EUR 3.3Mn).

Scope for margin expansion. Although visibility remains very low at present, there is still margin upside. Essentially, thanks to: i) recovery in the energy and sustainability business (heavily penalised in 2022 by operating cost inflation the company couldn't pass through to sales prices), ii) cost structure rationalisation; and iii) operational gearing in the context of high revenue growth. Our forecast EBIT trajectory reflects this upside: 2.4%, 4.4% and 6.9% in 2023e, 2024e and 2025e.

2023e-2025e: time to talk about profitability. AMP boasts exposure to strategic sectors (defence, energy and sustainability, telecommunications), which, in our opinion, should continue to deliver growth (CAGR 22-25e in revenue: +12%). In our opinion, profitability is the metric to watch. Margin expansion that will be hard to execute but that (intuitively) could be very powerful by monetising the sharp revenue growth eked out in recent years (2022 revenue was twice that of 2019).

Financials (Mn EUR)	2022	2023e	2024e	2025e
Adj. nº shares (Mn)	1,108.6	1,108.6	1,108.6	1,108.6
Total Revenues	337.5	368.0	418.8	473.8
Rec. EBITDA	7.3	12.5	22.5	36.5
% growth	-26.6	71.4	80.4	62.2
% Rec. EBITDA/Rev.	2.2	3.4	5.4	7.7
% Inc. EBITDA sector ⁽²⁾	12.8	9.9	19.9	15.7
Net Profit	1.1	5.6	9.0	19.0
EPS (EUR)	0.00	0.01	0.01	0.02
% growth	-84.0	392.3	58.7	111.8
Ord. EPS (EUR)	0.00	0.00	0.01	0.02
% growth	-142.0	220.4	282.3	111.8
Rec. Free Cash Flow	3.6	-3.2	1.1	10.7
Pay-out (%)	0.0	0.0	0.0	0.0
DPS (EUR)	0.00	0.00	0.00	0.00
Net financial debt	69.2	69.1	68.1	57.4
ND/Rec. EBITDA (x)	9.5	5.5	3.0	1.6
ROE (%)	1.8	8.6	12.3	21.9
ROCE (%)	2.9	5.5	8.5	14.0

RISKS: WHAT TO KEEP AN EYE ON?

Leverage. Net debt at year-end 2022 stood at EUR 69.2Mn (c.60% of which commercial paper). In the current climate that level of indebtedness is the key impediment to investment.

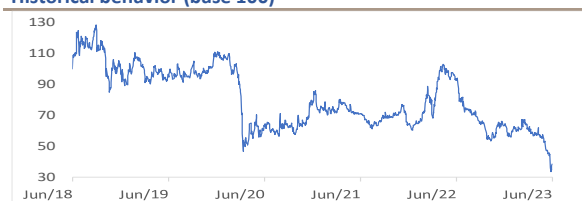
Dilution. As a result of the motion to be presented at the AGM (scheduled for 29 June 2023) for a cash rights issue of up to EUR 55Mn (c.50% of the current market cap; expressly allowing for incomplete subscription), at a nominal value of EUR 0.05/share (-50% vs. current share price). The terms (date, issue price) will be set once the resolution has been carried at the AGM. Since the issue was announced, the share price has corrected by c.20%.

VALUATION METRICS: WHAT DO THE MULTIPLES TELL US?

And now what? After the sharp share price correction of recent months (absolute perf.: -38% in 3 months), our 2024e estimates (which factor in revenue growth and margin expansion) imply EV/EBITDA and P/E multiples of 10x and 12.8x, respectively. AMP's 2023e earnings performance will be key to "revealing" the real scope for margin expansion. And confirming these multiples. The rights issue will erode share price momentum in the short term.

Ratios & Multiples (x)

P/E	99.8	20.3	12.8	6.0
Ord. P/E	n.a.	48.8	12.8	6.0
P/BV	1.8	1.7	1.5	1.2
Dividend Yield (%)	0.0	0.0	0.0	0.0
EV/Sales	0.67	0.61	0.54	0.48
EV/Rec. EBITDA	30.9	18.0	10.0	6.2
EV/EBIT	n.a.	26.0	12.1	6.9
FCF Yield (%)	3.2	n.a.	0.9	9.3

Historical behavior (base 100)


(%)	-1m	-3m	-12m	-5Y
Absolute	-26.8	-37.8	-58.2	-61.3

(1) Rotation is the % of the capitalisation traded - 12m.

(2) Sector: Stoxx Europe 600 Technology.



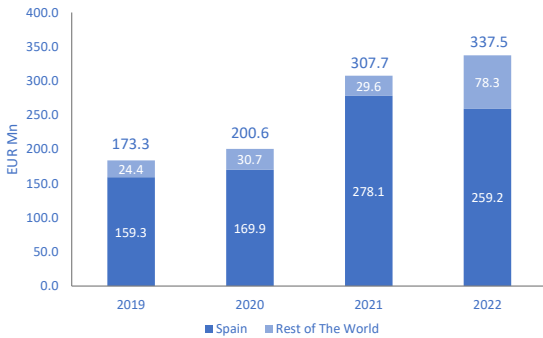
Financial Projections

Balance Sheet (EUR Mn)	2018	2019	2020	2021	2022	2023e	2024e	2025e	CAGR	
Intangible assets	9.1	44.8	61.8	70.7	72.9	73.5	74.3	75.2		
Fixed assets	6.3	9.9	15.6	19.5	20.7	23.2	26.2	29.8		
Other Non Current Assets	2.4	2.9	6.7	11.6	15.7	15.7	15.7	15.7		
Financial Investments	45.3	4.3	5.0	3.9	31.3	31.3	31.3	31.3		
Goodwill & Other Intangibles	13.3	25.0	26.8	27.0	27.9	27.9	27.9	27.9		
Current assets	50.2	87.3	92.4	146.7	159.9	173.6	196.3	220.9		
Total assets	126.6	174.2	208.3	279.5	328.5	345.2	371.8	400.9		
Equity	42.0	57.8	55.0	63.8	62.4	68.1	77.0	96.0		
Minority Interests	(0.9)	2.2	2.7	3.7	3.1	3.4	4.0	5.2		
Provisions & Other L/T Liabilities	14.1	31.0	29.6	28.5	51.8	51.8	51.8	51.8		
Other Non Current Liabilities	-	4.3	8.6	9.5	10.3	10.3	10.3	10.3		
Net financial debt	11.3	(5.5)	35.6	61.6	69.2	69.1	68.1	57.4		
Current Liabilities	60.0	84.3	76.7	112.3	131.6	142.5	160.5	180.1		
Equity & Total Liabilities	126.6	174.2	208.3	279.5	328.5	345.2	371.8	400.9		
P&L (EUR Mn)	2018	2019	2020	2021	2022	2023e	2024e	2025e	18-22	22-25e
Total Revenues	136.9	173.3	194.8	307.7	337.5	368.0	418.8	473.8	25.3%	12.0%
Total Revenues growth	94.9%	26.6%	12.4%	58.0%	9.7%	9.0%	13.8%	13.1%		
COGS	(58.3)	(69.5)	(82.8)	(133.1)	(145.7)	(158.0)	(180.1)	(204.1)		
Gross Margin	78.6	103.8	111.9	174.6	191.8	210.0	238.6	269.7	25.0%	12.0%
Gross Margin/Revenues	57.4%	59.9%	57.5%	56.7%	56.8%	57.1%	57.0%	56.9%		
Personnel Expenses	(59.7)	(72.9)	(94.3)	(137.6)	(147.1)	(157.5)	(172.3)	(185.7)		
Other Operating Expenses	(9.6)	(15.0)	(19.1)	(27.0)	(37.4)	(40.0)	(43.8)	(47.4)		
Recurrent EBITDA	9.3	15.9	(1.5)	9.9	7.3	12.5	22.5	36.5	-5.8%	71.2%
Recurrent EBITDA growth	112.5%	71.1%	-109.4%	768.4%	-26.6%	71.4%	80.4%	62.2%		
Rec. EBITDA/Revenues	6.8%	9.2%	n.a.	3.2%	2.2%	3.4%	5.4%	7.7%		
Restructuring Expense & Other non-rec.	-	-	1.6	1.7	2.1	-	-	-		
EBITDA	9.3	15.9	0.1	11.6	9.4	12.5	22.5	36.5	0.4%	57.1%
Depreciation & Provisions	(2.8)	(7.1)	(9.2)	(10.0)	(12.7)	(11.6)	(12.9)	(14.5)		
Capitalized Expense	6.4	12.4	9.2	12.4	9.2	9.2	10.5	11.8		
Rentals (IFRS 16 impact)	-	(1.0)	(1.4)	(1.5)	(1.4)	(1.4)	(1.4)	(1.4)		
EBIT	12.9	20.2	(1.2)	12.5	4.5	8.7	18.6	32.5	-23.2%	93.4%
EBIT growth	293.7%	56.9%	-106.2%	n.a.	-64.2%	93.0%	114.9%	74.3%		
EBIT/Revenues	9.4%	11.7%	n.a.	4.1%	1.3%	2.4%	4.4%	6.9%		
Impact of Goodwill & Others	-	-	3.7	-	-	-	-	-		
Net Financial Result	(0.2)	(1.0)	(1.1)	(5.5)	(5.3)	(6.0)	(5.9)	(5.6)		
Income by the Equity Method	0.3	0.4	(0.0)	(0.1)	-	-	-	-		
Ordinary Profit	13.0	19.6	1.3	7.0	(0.8)	2.7	12.7	26.9	-19.8%	n.a.
Ordinary Profit Growth	n.a.	50.7%	-93.2%	419.7%	-111.5%	438.2%	370.0%	111.8%		
Extraordinary Results	-	2.4	-	-	-	3.3	-	-		
Profit Before Tax	13.0	22.0	1.3	7.0	(0.8)	6.0	12.7	26.9	-19.8%	n.a.
Tax Expense	(1.0)	(1.5)	(0.1)	1.9	2.2	-	(3.2)	(6.7)		
Effective Tax Rate	7.9%	6.7%	5.7%	n.a.	n.a.	n.a.	25.0%	25.0%		
Minority Interests	(7.4)	(1.1)	0.8	(0.7)	1.0	(0.4)	(0.6)	(1.2)		
Discontinued Activities	36.1	-	(0.8)	(1.1)	(1.2)	-	-	-		
Net Profit	40.7	19.4	1.2	7.1	1.1	5.6	9.0	19.0	-59.0%	n.a.
Net Profit growth	n.a.	-52.2%	-93.6%	470.8%	-83.8%	392.3%	58.7%	111.8%		
Ordinary Net Profit	4.6	17.2	0.5	4.6	(1.9)	2.3	9.0	19.0	-24.8%	n.a.
Ordinary Net Profit growth	183.7%	275.8%	-97.0%	786.4%	-142.6%	220.4%	282.3%	111.8%		
Cash Flow (EUR Mn)	2018	2019	2020	2021	2022	2023e	2024e	2025e	18-22	22-25e
Recurrent EBITDA						12.5	22.5	36.5	-5.8%	71.2%
Rentals (IFRS 16 impact)						(1.4)	(1.4)	(1.4)		
Working Capital Increase						(2.8)	(4.6)	(5.0)		
Recurrent Operating Cash Flow						8.3	16.5	30.1	-1.8%	36.2%
CAPEX						(5.5)	(6.3)	(7.1)		
Net Financial Result affecting the Cash Flow						(6.0)	(5.9)	(5.6)		
Tax Expense						-	(3.2)	(6.7)		
Recurrent Free Cash Flow						(3.2)	1.1	10.7	-18.4%	43.1%
Restructuring Expense & Other non-rec.						-	-	-		
- Acquisitions / + Divestures of assets						-	-	-		
Extraordinary Inc./Exp. Affecting Cash Flow						3.3	-	-		
Free Cash Flow						0.1	1.1	10.7	-38.6%	50.5%
Capital Increase						-	-	-		
Dividends						-	-	-		
Net Debt Variation						(0.1)	(1.1)	(10.7)		

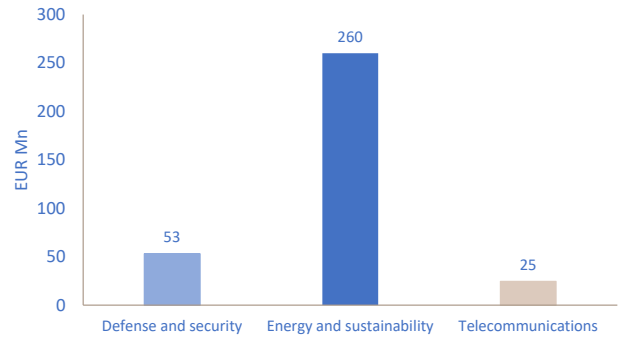


The company in 8 charts

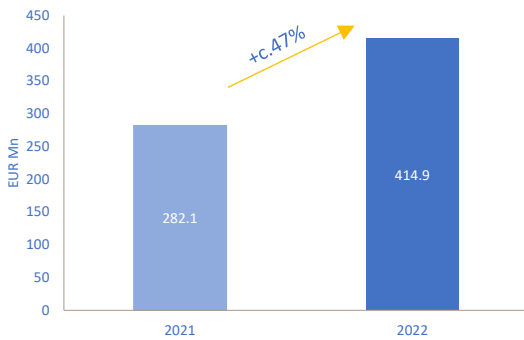
An essentially domestic business (c.80% of revenue in 2022), although international exposure is increasing...



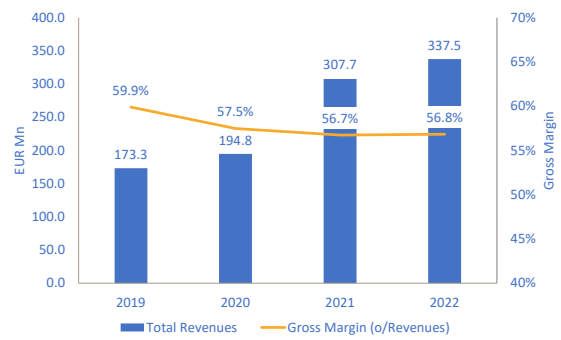
... Diversification across 3 businesses: the energy and sustainability division (dominant) with a significant industrial component



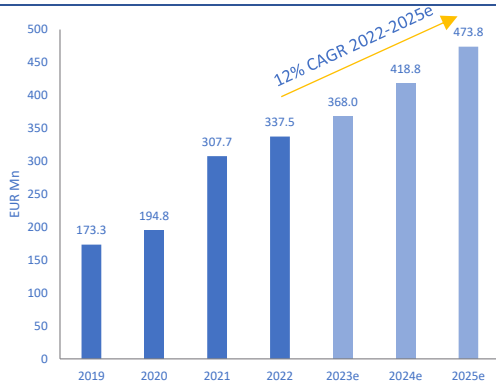
Year-end 2022 order book at record high (EUR 415Mn; +c.47% vs. 2021). Injecting visibility into revenue growth



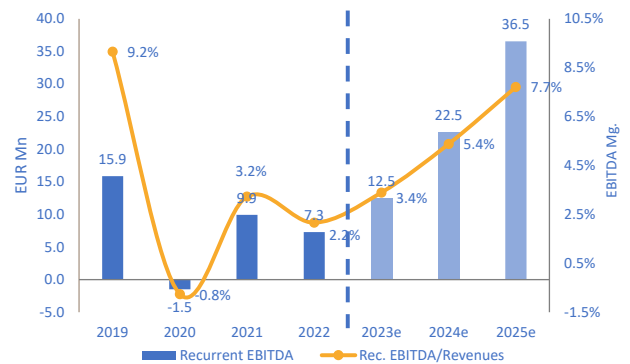
Intense M&A activity of late has significantly increased the company's scale..



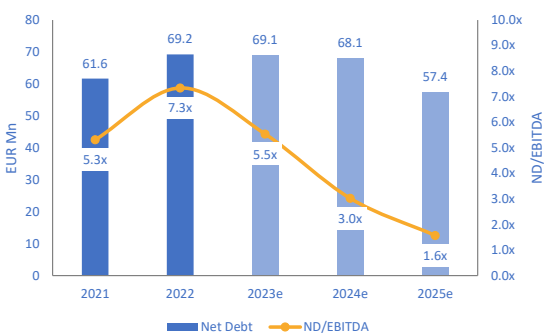
... laying the foundations for organic growth in the coming years (revenue CAGR 2022-25e: 11.4%)



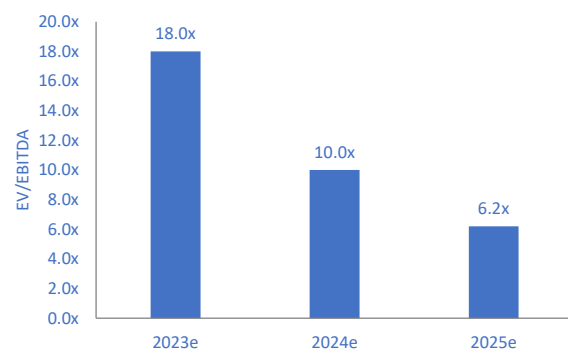
From current levels, the scope for expanding margins is high (and the main driver of EBITDA growth)



Indebtedness is the main impediment to investment (CAPEX, working capital, M&A, etc.)



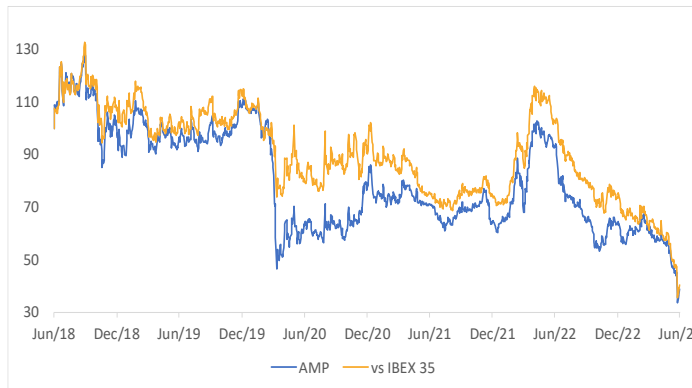
On our estimates, the stock is trading at an EV/ EBITDA 24e multiple of 10x



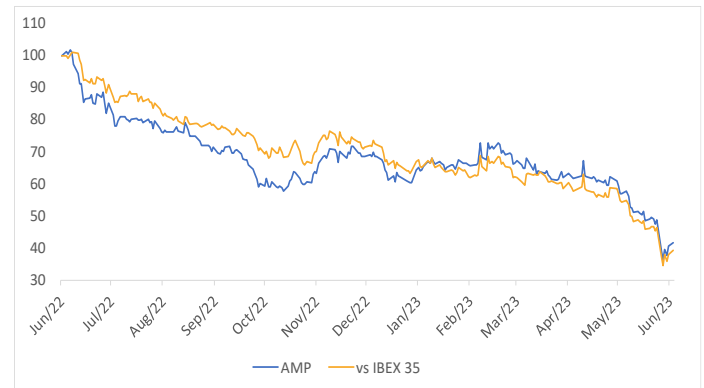


Evolution of the share price

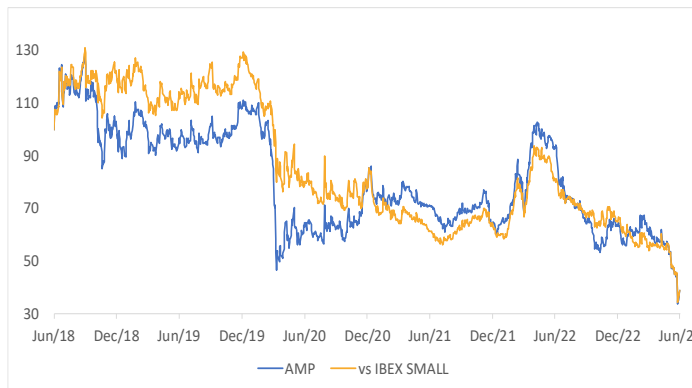
Historical behavior vs Ibex 35 (base 100)



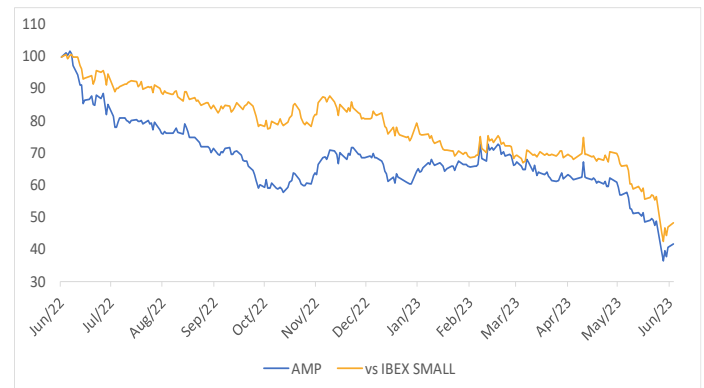
Behavior -1y vs Ibex 35 (base 100)



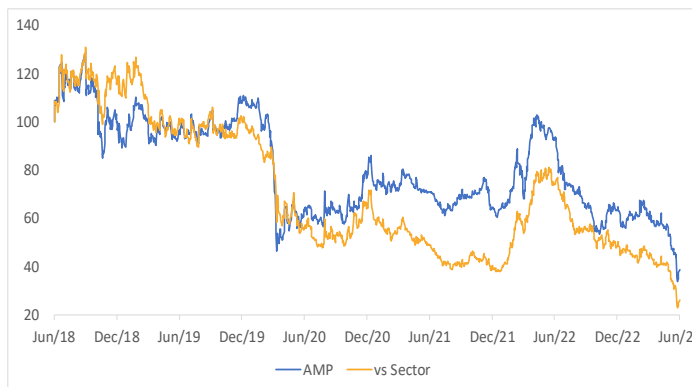
Historical behavior vs Ibex Small Cap (base 100)



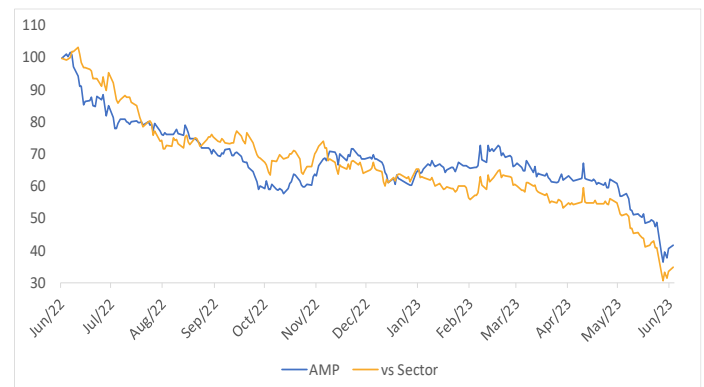
Behavior -1y vs Ibex Small Cap (base 100)



Historical behavior vs Sector⁽¹⁾ (base 100)



Behavior -1y vs Sector⁽¹⁾ (base 100)



(1) Sector: Stoxx Europe 600 Technology

Stock performance (%)	-1m	-3m	-12m	YTD	-3Y	-5Y
Absolute	-26.8	-37.8	-58.2	-30.8	-40.0	-61.3
vs Market						
vs Ibex 35	-27.9	-36.7	-60.8	-38.7	-49.1	-59.7
vs Euro STOXX 50	-26.0	-37.8	-63.2	-38.9	-52.7	-68.9
vs Small Cap References						
vs Ibex Small Cap Index	-27.0	-30.6	-51.8	-35.5	-51.3	-61.2
vs Micro Cap Spain Universe ⁽¹⁾	-26.9	-35.9	-54.5	-36.5	-57.5	-64.0
vs MSCI Europe Micro Cap	-25.6	-34.0	-52.2	-30.3	-49.1	-64.0
vs Sector						
vs Stoxx Europe 600 Technology	-31.7	-42.2	-65.2	-44.3	-53.7	-74.0

(1) [Constituents on page 10](#)



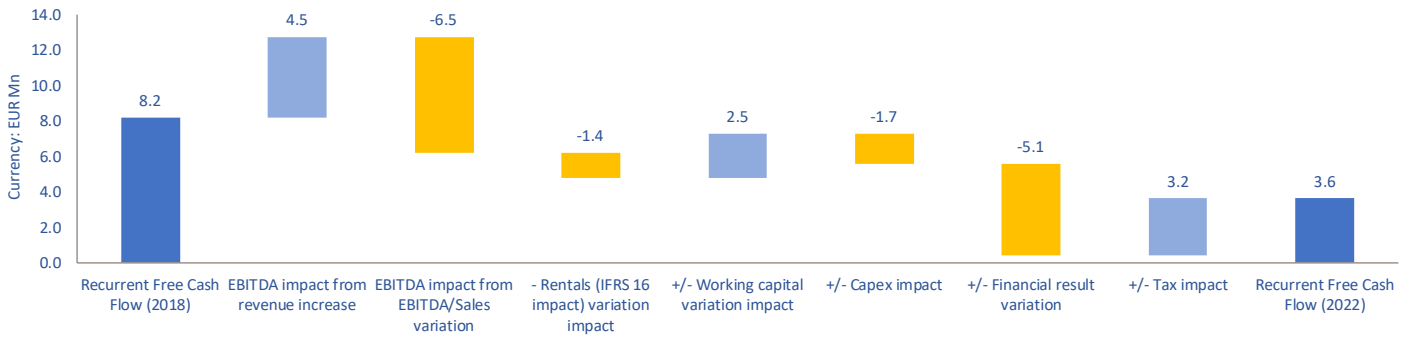
Free Cash Flow (I)

	2019	2020	2021	2022	2023e	2024e	2025e	CAGR	
								19-22	22-25e
A) Cash Flow Analysis (EUR Mn)									
Recurrent EBITDA	15.9	(1.5)	9.9	7.3	12.5	22.5	36.5	-22.8%	71.2%
<i>Recurrent EBITDA growth</i>	71.1%	-109.4%	768.4%	-26.6%	71.4%	80.4%	62.2%		
<i>Rec. EBITDA/Revenues</i>	9.2%	n.a.	3.2%	2.2%	3.4%	5.4%	7.7%		
- Rentals (IFRS 16 impact)	(1.0)	(1.4)	(1.5)	(1.4)	(1.4)	(1.4)	(1.4)		
+/- Working Capital increase	(12.8)	(12.7)	(18.8)	6.1	(2.8)	(4.6)	(5.0)		
= Recurrent Operating Cash Flow	2.1	(15.6)	(10.4)	11.9	8.3	16.5	30.1	78.8%	36.2%
<i>Rec. Operating Cash Flow growth</i>	-83.7%	-847.7%	33.5%	215.0%	-30.5%	99.0%	82.7%		
<i>Rec. Operating Cash Flow / Sales</i>	1.2%	n.a.	n.a.	3.5%	2.2%	3.9%	6.3%		
- CAPEX	(3.3)	(12.5)	(9.3)	(5.1)	(5.5)	(6.3)	(7.1)		
- Net Financial Result affecting Cash Flow	(1.0)	(1.1)	(5.5)	(5.3)	(6.0)	(5.9)	(5.6)		
- Taxes	(1.5)	(0.1)	1.9	2.2	-	(3.2)	(6.7)		
= Recurrent Free Cash Flow	(3.7)	(29.2)	(23.3)	3.6	(3.2)	1.1	10.7	44.0%	43.1%
<i>Rec. Free Cash Flow growth</i>	-145.0%	-692.7%	20.3%	115.6%	-188.3%	133.5%	890.4%		
<i>Rec. Free Cash Flow / Revenues</i>	n.a.	n.a.	n.a.	1.1%	n.a.	0.3%	2.3%		
- Restructuring expenses & others	-	1.6	1.7	2.1	-	-	-		
- Acquisitions / + Divestments	(30.6)	(10.3)	(1.1)	(1.7)	-	-	-		
+/- Extraordinary Inc./Exp. affecting Cash Flow	51.0	(3.2)	(3.4)	(11.7)	3.3	-	-		
= Free Cash Flow	16.8	(41.1)	(26.1)	(7.6)	0.1	1.1	10.7	-34.8%	50.5%
<i>Free Cash Flow growth</i>	274.2%	-344.6%	36.5%	70.9%	101.1%	n.a.	890.4%		
<i>Recurrent Free Cash Flow - Yield (s/Mkt Cap)</i>	n.a.	n.a.	n.a.	3.2%	n.a.	0.9%	9.3%		
<i>Free Cash Flow Yield (s/Mkt Cap)</i>	14.7%	n.a.	n.a.	n.a.	0.1%	0.9%	9.3%		
B) Analytical Review of Annual Recurrent Free Cash Flow Performance (Eur Mn)									
Recurrent FCF(FY - 1)	8.2	(3.7)	(29.2)	(23.3)	3.6	(3.2)	1.1		
EBITDA impact from revenue increase	2.5	2.0	(0.9)	1.0	0.7	1.7	3.0		
EBITDA impact from EBITDA/Sales variation	4.1	(19.3)	12.3	(3.6)	4.5	8.3	11.0		
= Recurrent EBITDA variation	6.6	(17.4)	11.4	(2.6)	5.2	10.0	14.0		
- Rentals (IFRS 16 impact) variation impact	(1.0)	(0.4)	(0.1)	0.1	-	-	-		
+/- Working capital variation impact	(16.3)	0.1	(6.1)	24.8	(8.8)	(1.8)	(0.4)		
= Recurrent Operating Cash Flow variation	(10.7)	(17.7)	5.2	22.3	(3.6)	8.2	13.6		
+/- CAPEX impact	0.1	(9.2)	3.2	4.2	(0.4)	(0.8)	(0.8)		
+/- Financial result variation	(0.8)	(0.1)	(4.4)	0.2	(0.7)	0.0	0.4		
+/- Tax impact	(0.4)	1.4	2.0	0.3	(2.2)	(3.2)	(3.6)		
= Recurrent Free Cash Flow variation	(11.9)	(25.5)	5.9	26.9	(6.9)	4.3	9.6		
Recurrent Free Cash Flow	(3.7)	(29.2)	(23.3)	3.6	(3.2)	1.1	10.7		
C) "FCF to the Firm" (pre debt service) (EUR Mn)									
EBIT	20.2	(1.2)	12.5	4.5	8.7	18.6	32.5	-39.4%	93.4%
* Theoretical Tax rate	6.7%	0.0%	0.0%	0.0%	0.0%	25.0%	25.0%		
= Taxes (pre- Net Financial Result)	(1.3)	-	-	-	-	(4.7)	(8.1)		
Recurrent EBITDA	15.9	(1.5)	9.9	7.3	12.5	22.5	36.5	-22.8%	71.2%
- Rentals (IFRS 16 impact)	(1.0)	(1.4)	(1.5)	(1.4)	(1.4)	(1.4)	(1.4)		
+/- Working Capital increase	(12.8)	(12.7)	(18.8)	6.1	(2.8)	(4.6)	(5.0)		
= Recurrent Operating Cash Flow	2.1	(15.6)	(10.4)	11.9	8.3	16.5	30.1	78.8%	36.2%
- CAPEX	(3.3)	(12.5)	(9.3)	(5.1)	(5.5)	(6.3)	(7.1)		
- Taxes (pre- Financial Result)	(1.3)	-	-	-	-	(4.7)	(8.1)		
= Recurrent Free Cash Flow (To the Firm)	(2.6)	(28.1)	(19.7)	6.8	2.8	5.5	14.9	66.5%	29.9%
<i>Rec. Free Cash Flow (To the Firm) growth</i>	-130.9%	-985.4%	29.8%	134.4%	-59.3%	100.7%	168.8%		
<i>Rec. Free Cash Flow (To the Firm) / Revenues</i>	n.a.	n.a.	n.a.	2.0%	0.7%	1.3%	3.1%		
- Acquisitions / + Divestments	(30.6)	(10.3)	(1.1)	(1.7)	-	-	-		
+/- Extraordinary Inc./Exp. affecting Cash Flow	51.0	(3.2)	(3.4)	(11.7)	3.3	-	-		
= Free Cash Flow "To the Firm"	17.9	(41.6)	(24.1)	(6.6)	6.1	5.5	14.9	-33.3%	62.0%
<i>Free Cash Flow (To the Firm) growth</i>	283.4%	-332.3%	41.9%	72.7%	191.8%	-8.7%	168.8%		
<i>Rec. Free Cash Flow To the Firm Yield (o/EV)</i>	n.a.	n.a.	n.a.	3.0%	1.2%	2.5%	6.6%		
<i>Free Cash Flow "To the Firm" - Yield (o/EV)</i>	7.9%	n.a.	n.a.	n.a.	2.7%	2.5%	6.6%		

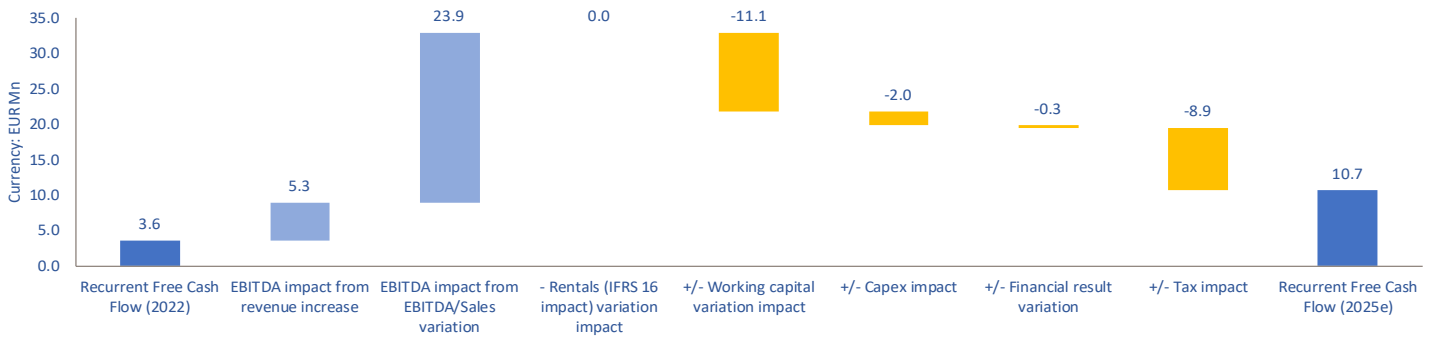


Free Cash Flow (II)

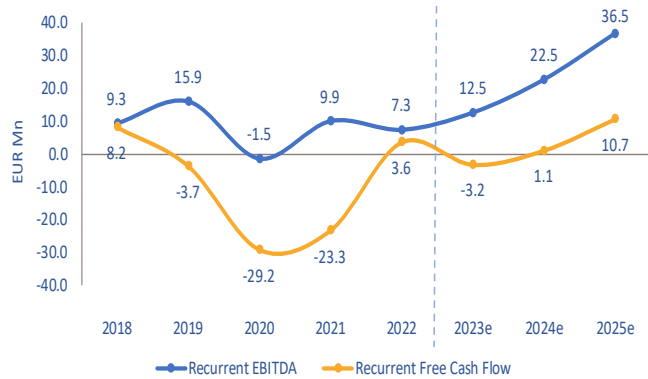
Recurrent Free Cash Flow accumulated variation analysis (2018 - 2022)



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



Recurrent EBITDA vs Recurrent Free Cash Flow



Stock performance vs EBITDA 12m forward





Valuation inputs

Inputs for the DCF Valuation Approach

	2023e	2024e	2025e	Terminal Value ⁽¹⁾			
Free Cash Flow "To the Firm"	6.1	5.5	14.9	267.9			
Market Cap	114.4	At the date of this report					
Net financial debt	69.2	Debt net of Cash (12m Results 2022)					
					Best Case	Worst Case	
Cost of Debt	5.6%	Net debt cost			5.4%	5.9%	
Tax rate (T)	20.0%	T (Normalised tax rate)			=	=	
Net debt cost	4.5%	Kd = Cost of Net Debt * (1-T)			4.3%	4.7%	
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)	62.3%	E (Market Cap as equity value)			=	=	
Net Debt / (Equity + Net Debt)	37.7%	D			=	=	
WACC	8.3%	WACC = Kd * D + Ke * E			7.5%	9.1%	
G "Fair"	2.0%				2.5%	1.0%	

(1) The terminal value reflects the NAV of FCF beyond the period estimated with the WACC and G of the central scenario.

EV breakdown at the date of this report

	EUR Mn	Source
Market Cap	114.4	
+ Minority Interests	3.1	12m Results 2022
+ Provisions & Other L/T Liabilities	40.0	12m Results 2022
+ Net financial debt	69.2	12m Results 2022
- Financial Investments	1.5	12m Results 2022
+/- Others		
Enterprise Value (EV)	225.2	

Business Value Creation Metrics ⁽¹⁾

	2018	2019	2020	2021	2022
ROCE (evolution -5y)	19.6%	62.9%	36.8%	n.a.	9.4%
	2022	2025e			
ROCE - WACC	1.6%	4.5%			
FCF Yield - WACC	n.a.	-3.5%			

(1) FCF Yield to the Firm (see Free Cash Flow Analysis (I)). Detail of the WACC on this page.

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	5.9%	24.6	9.1x
Central	5.4%	22.5	10.0x
Min	4.9%	20.4	11.0x

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	1.3%	1.5%	1.7%		Max	3.5%	2.8%
24.6	4.0	3.2	2.3	Central	1.7%	0.9%	0.2%
22.5	1.9	1.1	0.2	Min	n.a.	n.a.	n.a.
20.4	(0.2)	(1.0)	(1.9)				

Main Corporate Governance indicators

KPI	2020	2021	2022
% of independent directors	50.0%	50.0%	40.0%
% of proprietary directors	33.3%	37.5%	40.0%
% of executive directors	16.7%	12.5%	10.0%
% of other directors	0.0%	0.0%	10.0%
% of women on the board of directors	0.0%	37.5%	30.0%
% of women out of total workforce	9.7%	9.0%	10.3%
Board remuneration/staff cost	0.2%	0.4%	0.4%



Main peers 2023e

		Technology and communications					Industrial			
		Ezentis	Global Dominion	Allegrion	ADVA Optical	Average	Bravida	Caverion	Average	AMP
Market data	EUR Mn									
	Ticker (Factset)	EZE-ES	DOM-ES	ALLE-US	ADV-DE		BRAV-SE	CAV1V-FI		AMP-ES
	Country	Spain	Spain	Ireland	Germany		Sweden	Finland		Spain
	Market cap	41.4	612.6	8,905.9	1,008.0		1,880.8	1,136.5		114.4
Enterprise value (EV)		188.2	846.1	10,744.9	1,027.6		2,111.8	1,382.8		225.2
Basic financial information	Total Revenues	427.0	1,205.1	3,451.3	767.4		2,447.1	2,511.3		368.0
	Total Revenues growth	160.0%	-1.8%	13.0%	7.8%	44.7%	8.4%	6.8%	7.6%	9.0%
	2y CAGR (2023e - 2025e)	n.a.	5.2%	3.0%	8.8%	5.7%	1.5%	3.3%	2.4%	13.5%
	EBITDA	47.0	140.8	816.7	127.1		198.9	173.0		12.5
	EBITDA growth	269.2%	9.5%	21.8%	28.4%	82.2%	7.1%	20.9%	14.0%	32.4%
	2y CAGR (2023e - 2025e)	n.a.	6.1%	5.6%	6.1%	5.9%	2.5%	6.7%	4.6%	71.0%
	EBITDA/Revenues	11.0%	11.7%	23.7%	16.6%	15.7%	8.1%	6.9%	7.5%	3.4%
	EBIT	24.0	89.5	732.8	56.0		156.3	97.2		8.7
	EBIT growth	163.3%	11.7%	26.6%	88.2%	72.5%	7.4%	39.6%	23.5%	93.0%
	2y CAGR (2023e - 2025e)	n.a.	8.4%	5.7%	4.4%	6.2%	2.4%	14.2%	8.3%	93.6%
	EBIT/Revenues	5.6%	7.4%	21.2%	7.3%	10.4%	6.4%	3.9%	5.1%	2.4%
	Net Profit	9.0	50.0	544.1	43.3		117.6	67.1		5.6
	Net Profit growth	114.0%	19.2%	27.3%	138.5%	74.8%	8.1%	51.4%	29.8%	392.3%
	2y CAGR (2023e - 2025e)	n.a.	15.5%	6.8%	10.7%	11.0%	3.3%	16.3%	9.8%	83.4%
CAPEX/Sales %	n.a.	6.7%	2.3%	6.0%	5.0%	0.4%	0.9%	0.6%	1.5%	
Free Cash Flow	n.a.	20.1	491.3	88.1		135.5	87.1		0.1	
Net financial debt	124.0	160.4	1,504.7	(65.9)		68.7	189.4		69.1	
ND/EBITDA (x)	2.6	1.1	1.8	(0.5)	1.3	0.3	1.1	0.7	5.5	
Pay-out	0.0%	29.5%	26.5%	0.0%	14.0%	52.2%	52.2%	52.2%	0.0%	
Multiples and Ratios	P/E (x)	4.5	12.6	16.2	23.6	14.2	16.0	16.1	16.1	20.3
	P/BV (x)	n.a.	2.1	7.3	2.5	4.0	2.6	4.9	3.8	1.7
	EV/Revenues (x)	0.4	0.7	3.1	1.3	1.4	0.9	0.6	0.7	0.6
	EV/EBITDA (x)	4.0	6.0	13.2	8.1	7.8	10.6	8.0	9.3	18.0
	EV/EBIT (x)	7.8	9.5	14.7	18.4	12.6	13.5	14.2	13.9	26.0
	ROE	n.a.	16.9	45.0	10.6	24.2	16.0	30.7	23.4	8.6
	FCF Yield (%)	n.a.	3.3	5.5	8.7	5.8	7.2	7.7	7.4	n.a.
	DPS	0.00	0.10	1.64	0.00	0.43	0.30	0.26	0.28	0.00
	Dvd Yield	0.0%	2.2%	1.6%	0.0%	1.0%	3.3%	3.1%	3.2%	0.0%

- (1) Financial data, multiples and ratios based on market consensus (Factset). In the case of the company analyzed, own estimates (Lighthouse).
(2) All ratios and multiples on EBITDA refer to total EBITDA (not to recurrent EBITDA).

Historical performance

Historical performance (EUR Mn)													CAGR			
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023e	2024e	2025e	12-22	22-25e
Total Revenues	352.5	263.6	149.5	129.6	28.3	70.2	136.9	173.3	194.8	307.7	337.5	368.0	418.8	473.8	-0.4%	12.0%
Total Revenues growth	-11.3%	-25.2%	-43.3%	-13.3%	-78.2%	148.2%	94.9%	26.6%	12.4%	58.0%	9.7%	9.0%	13.8%	13.1%		
EBITDA	9.4	8.0	(5.5)	18.7	1.3	4.1	9.3	15.9	0.1	11.6	9.4	12.5	22.5	36.5	0.1%	57.1%
EBITDA growth	-59.6%	-14.5%	-169.3%	437.4%	-93.1%	216.0%	127.7%	71.1%	-99.1%	n.a.	-18.7%	32.4%	80.4%	62.2%		
EBITDA/Sales	2.7%	3.0%	n.a.	14.4%	4.6%	5.8%	6.8%	9.2%	0.1%	3.8%	2.8%	3.4%	5.4%	7.7%		
Net Profit	(24.6)	(75.0)	(75.1)	90.0	(2.7)	1.1	40.7	19.4	1.2	7.1	1.1	5.6	9.0	19.0	7.4%	n.a.
Net Profit growth	-194.8%	-205.2%	-0.1%	219.9%	-103.0%	141.4%	n.a.	-52.2%	-93.6%	470.8%	-83.8%	392.3%	58.7%	111.8%		
Adjusted number shares (Mn)	237.0	289.1	317.7	336.9	698.3	856.4	1,043.2	1,082.0	1,084.0	1,092.8	1,108.6	1,108.6	1,108.6	1,108.6		
EPS (EUR)	-0.10	-0.26	-0.24	0.27	0.00	0.00	0.04	0.02	0.00	0.01	0.00	0.01	0.01	0.02	7.2%	n.a.
EPS growth	n.a.	n.a.	8.9%	n.a.	n.a.	n.a.	n.a.	-54.0%	-93.6%	n.a.	-84.0%	n.a.	58.7%	n.a.		
Ord. EPS (EUR)	-0.10	-0.23	-0.23	-0.01	0.00	-0.01	0.00	0.02	0.00	0.00	0.00	0.00	0.01	0.02	33.5%	n.a.
Ord. EPS growth	n.a.	n.a.	1.3%	97.3%	30.2%	-53.5%	n.a.	n.a.	-97.0%	n.a.	n.a.	n.a.	n.a.	n.a.		
CAPEX	1.9	(9.9)	(2.6)	(0.4)	38.7	(3.7)	(3.4)	(3.3)	(12.5)	(9.3)	(5.1)	(5.5)	(6.3)	(7.1)		
CAPEX/Sales %	n.a.	3.8%	1.7%	0.3%	n.a.	5.2%	2.5%	1.9%	6.4%	3.0%	1.5%	1.5%	1.5%	1.5%		
Free Cash Flow	(35.1)	(3.1)	(30.1)	96.7	51.7	(11.8)	4.5	16.8	(41.1)	(26.1)	(7.6)	0.1	1.1	10.7	14.2%	50.5%
ND/EBITDA (x) ⁽²⁾	12.7x	15.3x	n.a.	3.0x	3.1x	3.9x	1.2x	-0.3x	n.a.	5.3x	7.3x	5.5x	3.0x	1.6x		
P/E (x)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	6.1x	15.7x	n.a.	26.4x	n.a.	20.3x	12.8x	6.0x		
EV/Sales (x)	0.61x	0.76x	1.26x	1.28x	6.14x	2.95x	1.73x	1.88x	1.38x	0.91x	0.76x	0.61x	0.54x	0.48x		
EV/EBITDA (x) ⁽²⁾	23.0x	25.0x	n.a.	8.8x	n.a.	n.a.	25.5x	20.6x	n.a.	24.1x	27.4x	18.0x	10.0x	6.2x		
Absolute performance	-3.6%	-33.7%	-67.0%	154.5%	76.8%	-13.1%	27.5%	18.0%	-32.2%	-10.6%	-12.7%	-30.8%				
Relative performance vs Ibx 35	1.1%	-45.4%	-68.1%	174.1%	80.5%	-19.1%	50.0%	5.5%	-19.8%	-17.1%	-7.6%	-38.7%				

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

Audax Renovables (ADX) is an independent energy group whose core business is the supply of electricity and gas, focused on the Industrial and SME segment (c. 54% y 39%, respectively of the TWh sold) with an international presence. It has 179MW of installed capacity (91MW of wind power and 88MW of solar), 26MW under construction and 1,174MW of PV at various stages of development.

Market Data

Market Cap (Mn EUR and USD)	538.0	576.3
EV (Mn EUR and USD)	950.0	1,017.6
Shares Outstanding (Mn)	440.3	
-12m (Max/Med/Mín EUR)	1.40 / 1.06 / 0.70	
Daily Avg volume (-12m Mn EUR)	0.61	
Rotation ⁽¹⁾	29.0	
Factset / Bloomberg	ADX-ES / ADX SM	
Close fiscal year	31-Dec	

Shareholders Structure (%)

José Elías Navarro	66.2
Indumenta Pueri	5.9
Free Float	27.9

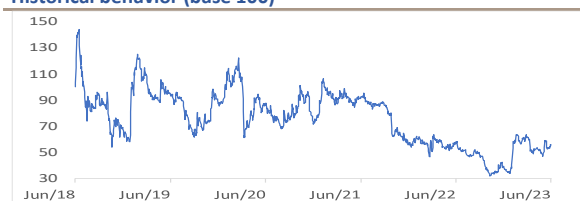
Financials (Mn EUR)

	2022	2023e	2024e	2025e
Adj. nº shares (Mn)	440.3	440.3	440.3	440.3
Total Revenues	2,633.0	2,418.7	2,415.7	2,466.4
Rec. EBITDA	51.7	81.6	101.6	106.0
% growth	9.9	58.0	24.4	4.3
% Rec. EBITDA/Rev.	2.0	3.4	4.2	4.3
% Inc. EBITDA sector ⁽²⁾	20.8	18.3	4.4	3.7
Net Profit	3.5	18.5	33.2	35.4
EPS (EUR)	0.01	0.04	0.08	0.08
% growth	305.8	423.3	79.2	6.7
Ord. EPS (EUR)	0.01	0.04	0.08	0.08
% growth	n.a.	552.5	79.2	6.7
Rec. Free Cash Flow	117.3	6.1	0.4	6.6
Pay-out (%)	0.0	0.0	0.0	0.0
DPS (EUR)	0.00	0.00	0.00	0.00
Net financial debt	345.6	339.5	339.1	332.4
ND/Rec. EBITDA (x)	6.7	4.2	3.3	3.1
ROE (%)	2.8	14.1	21.1	18.4
ROCE (%)	4.1	9.8	12.2	11.8

Ratios & Multiples (x)

	n.a.	29.1	16.2	15.2
P/E	n.a.	29.1	16.2	15.2
Ord. P/E	4.4	3.8	3.1	2.6
P/BV	0.0	0.0	0.0	0.0
Dividend Yield (%)	0.36	0.39	0.39	0.39
EV/Sales	18.4	11.6	9.4	9.0
EV/Rec. EBITDA	29.4	15.8	12.1	11.7
EV/EBIT	21.8	1.1	0.1	1.2
FCF Yield (%)				

Historical behavior (base 100)



	(%)	-1m	-3m	-12m	-5Y
Absolute		11.5	-10.4	-1.8	-44.4

(1) Rotation is the % of the capitalisation traded - 12m.

(2) Sector: Stoxx Europe 600 Utilities.

MOMENTUM: WHAT DO WE EXPECT FROM 2023E?

1Q23: ADX delivers further margin improvement, extending the recovery of gross margin seen in 4Q22 (as we had expected). Specifically, gross margin widened to 7.3% vs 4.9% in 1Q22 and 6.8% in 4Q22. Although revenue was lower, margin growth in the supply business fuelled a sharp increase in EBITDA in 1Q23 to EUR 23.1Mn (+47.2% vs 1Q22).

In 2023e, ADX is regaining momentum. While lower energy prices will inevitably put downward pressure on revenue (-8% in 2023e in our estimates), the continued improvement in margins seen in 1Q23 underpins our estimate of strong growth in EBITDA 2023e to a new all-time high (EUR 80Mn; +58% vs 2022) for the company after dealing with a challenging environment the last three years (the last time EBITDA set a new high was in 2019: EUR 68.3Mn).

EQUITY STORY HIGHLIGHTS: WHAT TO WATCH FOR?

Geographical diversification. ADX's growth strategy involves replicating the business model developed in Spain and Portugal (52% of the total client base) in the international business. The company now has operations in seven countries, all in Europe, with 376,000 electricity (77%) and gas (23%) supply points in Spain, Portugal, Italy, Germany, Poland, the Netherlands and Hungary.

Targeting industrial clients and SMEs. The energy portfolio mix is 54% industrial clients and 39% SMEs, with business clients generating a higher unit volume of energy per supply point, higher profitability and lower risk vis-à-vis domestic clients (whose weight in the portfolio mix has decreased by -4p.p. since 2020). Targeting more profitable clients will continue to be the main driver of margin growth over the long term.

Generation project pipeline. With 179MW in operation (245MW including ADX's 30% stake in the 66MW wind farm in Panama), of which 74% is in Spain (66% photovoltaic, 34% wind), 19% in Poland (100% wind) and 7% in France (100% wind), the project pipeline includes 26MW under construction, 373MW in the backlog (near RTB), 91MW with a favourable EIS, 225MW with grid connection and 455MW in the early stage. Total portfolio of 1,415 MW.

Still room for wider margins (EBITDA +25% CAGR 2022-25e). Earnings momentum should remain favourable in coming quarters as the key drivers of the margin recovery are still in play: i) focus on more profitable customers and ii) vertical integration (just 10.5% of electricity supplied covered with own generation or PPAs). For 2025e, we estimate an EBITDA margin of 4.3% vs 3.3% for 2023e.

RISKS: WHAT TO KEEP AN EYE ON?

Leverage. With EUR 367.2Mn of net debt at the end of 1Q23, our EBITDA 2023e estimate would leave a ND/EBITDA 23e ratio of c. 4.2x.

Forex risk. ADX is mainly exposed to foreign currency risk in US dollar, Polish zloty and Hungarian forint against the euro. In 1Q23, the subsidiary in Hungary, where ADX supplies the highest volume of electricity (c. 44% of the total), sustained exchange losses of EUR 5.9Mn (on the back of c. 5% appreciation by the HUF vs EUR).

VALUATION METRICS: WHAT DO THE MULTIPLES TELL US?

ADX gains momentum and the market is noticing. Margin recovery has become visible, with ADX shares soaring 60% in absolute terms and outperforming the market by more than 40% thanks to health profit momentum. So, what's next? Earnings should continue to be a positive catalyst. However, in the wake of the rally by the shares YTD (+60% in absolute terms), FCF yield 2023e is c. 1% lower.



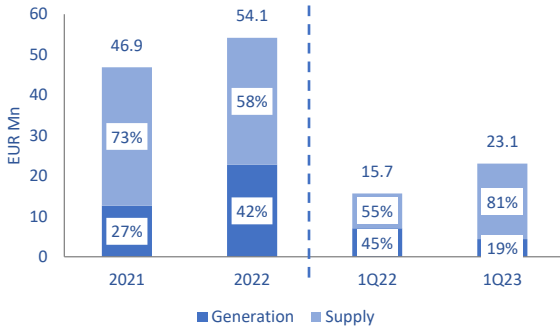
Financial Projections

Balance Sheet (EUR Mn)	2018	2019	2020	2021	2022	2023e	2024e	2025e		
Intangible assets	111.5	106.3	159.5	200.0	202.0	202.0	202.0	202.0		
Fixed assets	166.6	75.3	87.4	117.2	140.0	167.5	200.3	227.9		
Other Non Current Assets	12.5	14.3	14.8	24.9	27.6	27.6	27.6	27.6		
Financial Investments	99.0	76.3	25.6	105.7	107.2	111.4	115.6	119.8		
Goodwill & Other Intangibles	138.6	137.9	137.9	137.9	137.8	137.8	137.8	137.8		
Current assets	161.6	177.1	266.0	399.0	384.6	349.9	349.6	355.4		
Total assets	689.8	587.2	691.3	984.8	999.4	996.3	1,033.0	1,070.6		
Equity	106.3	122.2	135.2	132.4	122.4	140.9	174.1	209.5		
Minority Interests	33.3	33.5	7.8	12.0	13.3	17.5	21.7	25.9		
Provisions & Other L/T Liabilities	92.1	59.3	114.7	138.6	113.5	113.5	113.5	113.5		
Other Non Current Liabilities	-	9.6	8.9	16.5	20.7	20.7	20.7	20.7		
Net financial debt	291.8	169.2	202.9	426.9	345.6	339.5	339.1	332.4		
Current Liabilities	166.4	193.5	221.8	258.4	383.8	364.2	363.9	368.6		
Equity & Total Liabilities	689.8	587.2	691.3	984.8	999.4	996.3	1,033.0	1,070.6		
CAGR										
P&L (EUR Mn)	2018	2019	2020	2021	2022	2023e	2024e	2025e	19-22	22-25e
Total Revenues	986.9	1,043.8	969.3	1,683.9	2,633.0	2,418.7	2,415.7	2,466.4	36.1%	-2.2%
Total Revenues growth	n.a.	5.8%	-7.1%	73.7%	56.4%	-8.1%	-0.1%	2.1%		
COGS	(883.2)	(917.2)	(854.4)	(1,561.2)	(2,489.2)	(2,241.5)	(2,216.8)	(2,261.2)		
Gross Margin	103.7	126.6	114.9	122.7	143.8	177.2	198.9	205.2	4.3%	12.6%
Gross Margin/Revenues	10.5%	12.1%	11.9%	7.3%	5.5%	7.3%	8.2%	8.3%		
Personnel Expenses	(19.4)	(21.0)	(22.5)	(27.7)	(30.1)	(31.2)	(31.7)	(32.4)		
Other Operating Expenses	(39.5)	(37.3)	(42.3)	(47.9)	(62.1)	(64.4)	(65.6)	(66.9)		
Recurrent EBITDA	44.8	68.3	50.1	47.0	51.7	81.6	101.6	106.0	-8.9%	27.1%
Recurrent EBITDA growth	n.a.	52.4%	-26.7%	-6.2%	9.9%	58.0%	24.4%	4.3%		
Rec. EBITDA/Revenues	4.5%	6.5%	5.2%	2.8%	2.0%	3.4%	4.2%	4.3%		
Restructuring Expense & Other non-rec.	-	-	-	(0.2)	2.5	-	-	-		
EBITDA	44.8	68.3	50.1	46.9	54.1	81.6	101.6	106.0	-7.5%	25.1%
Depreciation & Provisions	(25.1)	(25.1)	(19.7)	(22.0)	(21.8)	(21.3)	(23.2)	(25.0)		
Capitalized Expense	-	-	-	-	-	-	-	-		
Rentals (IFRS 16 impact)	-	(1.1)	-	-	-	-	-	-		
EBIT	19.7	42.1	30.4	24.9	32.3	60.3	78.4	81.0	-8.4%	35.9%
EBIT growth	n.a.	113.1%	-27.7%	-18.2%	29.7%	86.7%	30.1%	3.3%		
EBIT/Revenues	2.0%	4.0%	3.1%	1.5%	1.2%	2.5%	3.2%	3.3%		
Impact of Goodwill & Others	-	-	-	-	-	-	-	-		
Net Financial Result	(17.1)	(13.9)	(12.7)	(26.5)	(22.7)	(36.1)	(35.9)	(35.7)		
Income by the Equity Method	(0.0)	(0.1)	(0.1)	(0.1)	3.0	4.2	4.2	4.2		
Ordinary Profit	2.6	28.1	17.7	(1.6)	12.6	28.4	46.7	49.5	-23.5%	57.9%
Ordinary Profit Growth	n.a.	979.7%	-37.0%	-109.2%	875.7%	125.9%	64.5%	5.9%		
Extraordinary Results	8.6	5.0	16.3	-	-	-	-	-		
Profit Before Tax	11.2	33.1	34.0	(1.6)	12.6	28.4	46.7	49.5	-27.5%	57.9%
Tax Expense	(1.8)	(1.7)	(3.9)	(1.7)	(4.8)	(5.7)	(9.3)	(9.9)		
Effective Tax Rate	15.9%	5.1%	11.4%	n.a.	38.2%	20.0%	20.0%	20.0%		
Minority Interests	(1.0)	(5.9)	(3.8)	1.6	(4.2)	(4.2)	(4.2)	(4.2)		
Discontinued Activities	-	-	-	-	-	-	-	-		
Net Profit	8.4	25.4	26.4	(1.7)	3.5	18.5	33.2	35.4	-48.2%	n.a.
Net Profit growth	n.a.	202.5%	3.7%	-106.5%	305.8%	423.3%	79.2%	6.7%		
Ordinary Net Profit	1.2	20.7	11.9	0.1	2.8	18.5	33.2	35.4	-48.5%	n.a.
Ordinary Net Profit growth	n.a.	n.a.	-42.6%	-98.9%	n.a.	552.5%	79.2%	6.7%		
CAGR										
Cash Flow (EUR Mn)	2018	2019	2020	2021	2022	2023e	2024e	2025e	19-22	22-25e
Recurrent EBITDA						81.6	101.6	106.0	-8.9%	27.1%
Rentals (IFRS 16 impact)						-	-	-		
Working Capital Increase						15.1	0.1	(1.2)		
Recurrent Operating Cash Flow						96.7	101.7	104.8	34.4%	-18.2%
CAPEX						(48.8)	(56.0)	(52.5)		
Net Financial Result affecting the Cash Flow						(36.1)	(35.9)	(35.7)		
Tax Expense						(5.7)	(9.3)	(9.9)		
Recurrent Free Cash Flow						6.1	0.4	6.6	58.8%	-61.6%
Restructuring Expense & Other non-rec.						-	-	-		
- Acquisitions / + Divestures of assets						-	-	-		
Extraordinary Inc./Exp. Affecting Cash Flow						-	-	-		
Free Cash Flow						6.1	0.4	6.6	-12.8%	-56.6%
Capital Increase						-	-	-		
Dividends						-	-	-		
Net Debt Variation						(6.1)	(0.4)	(6.6)		

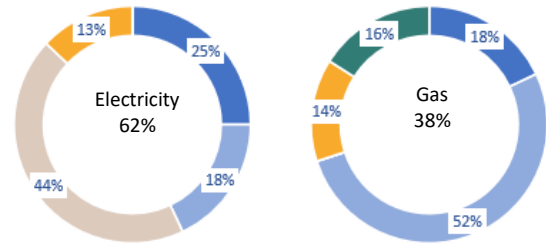


The company in 8 charts

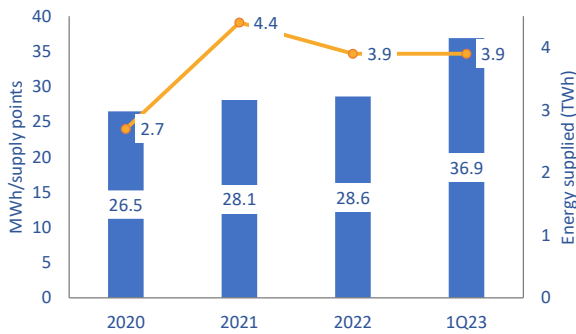
Two businesses: electricity supply and electricity generation (both with a high weight in the EBITDA mix)



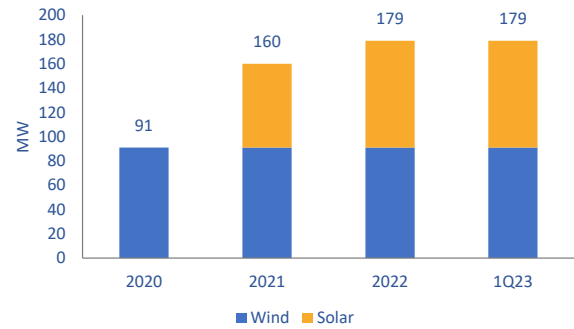
Electric and gas supply: a geographically diversified business



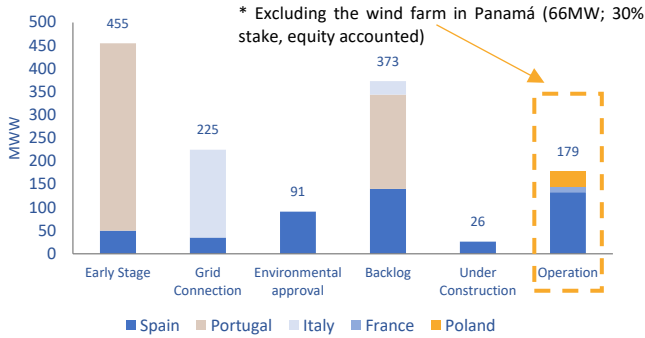
The focus on the SME segment has resulted in a higher unit volume of energy per supply point



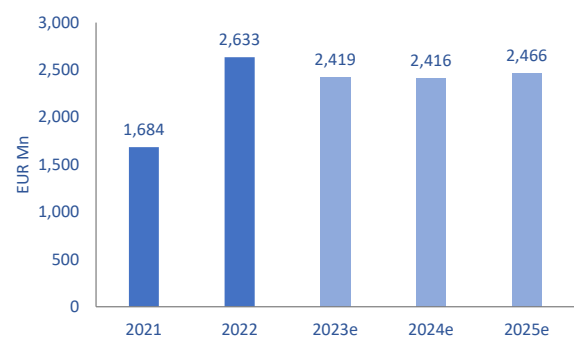
Generation: Installed capacity (MW) by technology



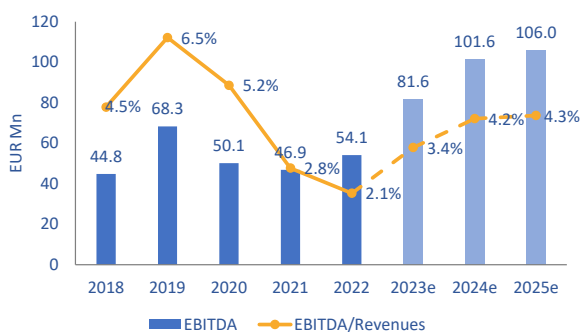
Generation project pipeline (1Q23)



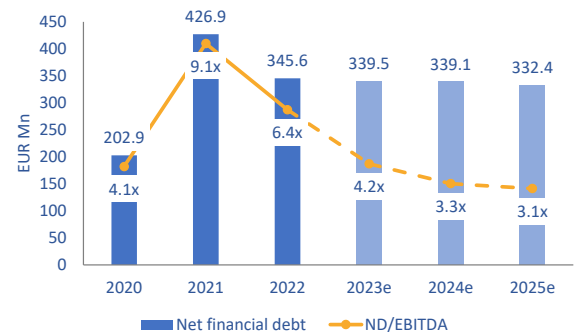
Lower energy prices will mean lower revenue in 2023e



Margin growth in the supply business will drive a recovery in the (still heavily penalised) EBITDA margin



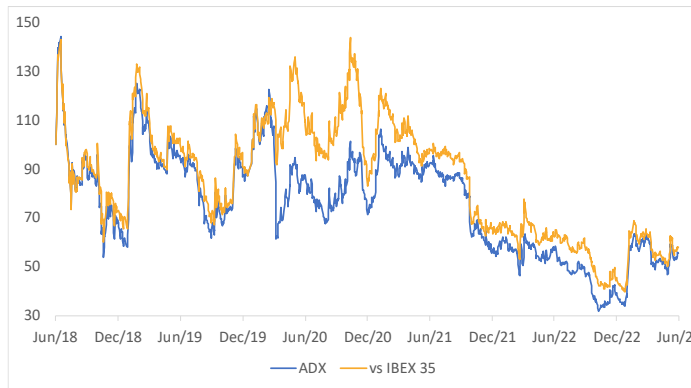
This should bring down leverage: ND/EBITDA 2023e of 4.2x





Evolution of the share price

Historical behavior vs Ibex 35 (base 100)



Behavior -1y vs Ibex 35 (base 100)



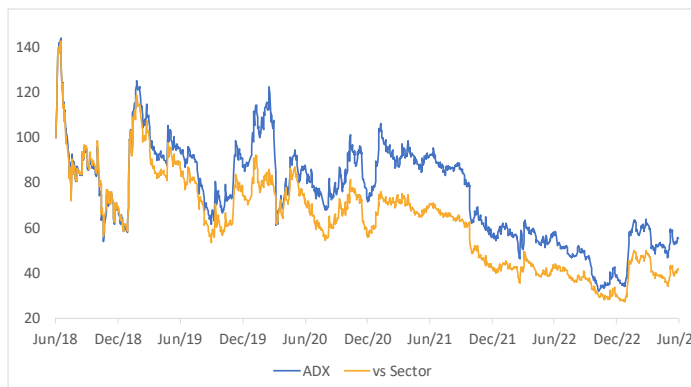
Historical behavior vs Ibex Small Cap (base 100)



Behavior -1y vs Ibex Small Cap (base 100)



Historical behavior vs Sector⁽¹⁾ (base 100)



Behavior -1y vs Sector⁽¹⁾ (base 100)



(1) Sector: Stoxx Europe 600 Utilities

Stock performance (%)	-1m	-3m	-12m	YTD	-3Y	-5Y
Absolute	11.5	-10.4	-1.8	63.0	-36.7	-44.4
vs Market						
vs Ibex 35	9.8	-8.7	-7.8	44.4	-46.4	-42.1
vs Euro STOXX 50	12.7	-10.4	-13.5	44.1	-50.1	-55.3
vs Small Cap References						
vs Ibex Small Cap Index	11.3	0.1	13.1	51.9	-48.6	-44.2
vs Micro Cap Spain Universe ⁽¹⁾	11.3	-7.6	6.9	49.7	-55.2	-48.3
vs MSCI Europe Micro Cap	13.3	-4.9	12.2	64.2	-46.3	-48.3
vs Sector						
vs Stoxx Europe 600 Utilities	15.4	-14.8	-1.7	52.2	-42.8	-58.3

(1) [Constituents on page 10](#)



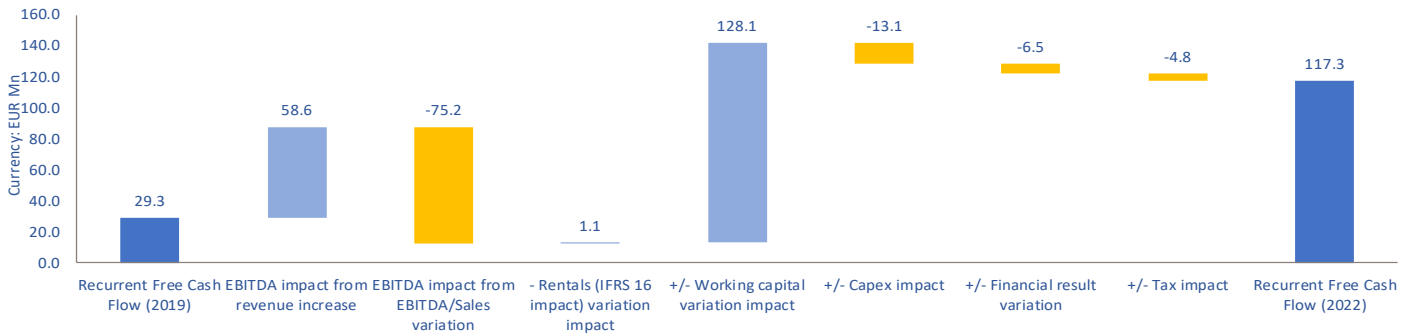
Free Cash Flow (I)

	2019	2020	2021	2022	2023e	2024e	2025e	CAGR	
								19-22	22-25e
A) Cash Flow Analysis (EUR Mn)									
Recurrent EBITDA	68.3	50.1	47.0	51.7	81.6	101.6	106.0	-8.9%	27.1%
<i>Recurrent EBITDA growth</i>	52.4%	-26.7%	-6.2%	9.9%	58.0%	24.4%	4.3%		
<i>Rec. EBITDA/Revenues</i>	6.5%	5.2%	2.8%	2.0%	3.4%	4.2%	4.3%		
- Rentals (IFRS 16 impact)	(1.1)	-	-	-	-	-	-		
+/- Working Capital increase	11.7	(60.7)	(96.3)	139.8	15.1	0.1	(1.2)		
= Recurrent Operating Cash Flow	78.9	(10.6)	(49.3)	191.5	96.7	101.7	104.8	34.4%	-18.2%
<i>Rec. Operating Cash Flow growth</i>	59.4%	-113.4%	-364.8%	488.2%	-49.5%	5.1%	3.0%		
<i>Rec. Operating Cash Flow / Sales</i>	7.6%	n.a.	n.a.	7.3%	4.0%	4.2%	4.2%		
- CAPEX	(33.5)	(17.0)	(39.1)	(46.6)	(48.8)	(56.0)	(52.5)		
- Net Financial Result affecting Cash Flow	(16.1)	(13.4)	(18.9)	(22.7)	(36.1)	(35.9)	(35.7)		
- Taxes	-	-	-	(4.8)	(5.7)	(9.3)	(9.9)		
= Recurrent Free Cash Flow	29.3	(41.0)	(107.3)	117.3	6.1	0.4	6.6	58.8%	-61.6%
<i>Rec. Free Cash Flow growth</i>	4.0%	-239.8%	-162.1%	209.3%	-94.8%	-93.3%	n.a.		
<i>Rec. Free Cash Flow / Revenues</i>	2.8%	n.a.	n.a.	4.5%	0.3%	0.0%	0.3%		
- Restructuring expenses & others	-	-	-	-	-	-	-		
- Acquisitions / + Divestments	46.5	(91.1)	(77.4)	1.5	-	-	-		
+/- Extraordinary Inc./Exp. affecting Cash Flow	46.8	118.2	(29.0)	(37.5)	-	-	-		
= Free Cash Flow	122.6	(13.8)	(213.7)	81.3	6.1	0.4	6.6	-12.8%	-56.6%
<i>Free Cash Flow growth</i>	321.1%	-111.3%	n.a.	138.1%	-92.5%	-93.3%	n.a.		
<i>Recurrent Free Cash Flow - Yield (s/Mkt Cap)</i>	5.4%	n.a.	n.a.	21.8%	1.1%	0.1%	1.2%		
<i>Free Cash Flow Yield (s/Mkt Cap)</i>	22.8%	n.a.	n.a.	15.1%	1.1%	0.1%	1.2%		
B) Analytical Review of Annual Recurrent Free Cash Flow Performance (Eur Mn)									
Recurrent FCF(FY - 1)	28.2	29.3	(41.0)	(107.3)	117.3	6.1	0.4		
EBITDA impact from revenue increase	2.6	(4.9)	36.9	26.5	(4.2)	(0.1)	2.1		
EBITDA impact from EBITDA/Sales variation	20.9	(13.3)	(40.0)	(21.8)	34.2	20.1	2.2		
= Recurrent EBITDA variation	23.5	(18.2)	(3.1)	4.7	30.0	20.0	4.4		
- Rentals (IFRS 16 impact) variation impact	(1.1)	1.1	-	-	-	-	-		
+/- Working capital variation impact	7.0	(72.4)	(35.6)	236.1	(124.7)	(15.0)	(1.3)		
= Recurrent Operating Cash Flow variation	29.4	(89.6)	(38.7)	240.8	(94.7)	4.9	3.1		
+/- CAPEX impact	(30.4)	16.6	(22.2)	(7.5)	(2.2)	(7.2)	3.5		
+/- Financial result variation	1.0	2.7	(5.5)	(3.8)	(13.4)	0.2	0.2		
+/- Tax impact	1.1	-	-	(4.8)	(0.9)	(3.7)	(0.6)		
= Recurrent Free Cash Flow variation	1.1	(70.3)	(66.4)	224.7	(111.2)	(5.7)	6.2		
Recurrent Free Cash Flow	29.3	(41.0)	(107.3)	117.3	6.1	0.4	6.6		
C) "FCF to the Firm" (pre debt service) (EUR Mn)									
EBIT	42.1	30.4	24.9	32.3	60.3	78.4	81.0	-8.4%	35.9%
* <i>Theoretical Tax rate</i>	5.1%	11.4%	0.0%	30.0%	20.0%	20.0%	20.0%		
= Taxes (pre- Net Financial Result)	(2.2)	(3.5)	-	(9.7)	(12.1)	(15.7)	(16.2)		
Recurrent EBITDA	68.3	50.1	47.0	51.7	81.6	101.6	106.0	-8.9%	27.1%
- Rentals (IFRS 16 impact)	(1.1)	-	-	-	-	-	-		
+/- Working Capital increase	11.7	(60.7)	(96.3)	139.8	15.1	0.1	(1.2)		
= Recurrent Operating Cash Flow	78.9	(10.6)	(49.3)	191.5	96.7	101.7	104.8	34.4%	-18.2%
- CAPEX	(33.5)	(17.0)	(39.1)	(46.6)	(48.8)	(56.0)	(52.5)		
- Taxes (pre- Financial Result)	(2.2)	(3.5)	-	(9.7)	(12.1)	(15.7)	(16.2)		
= Recurrent Free Cash Flow (To the Firm)	43.3	(31.0)	(88.5)	135.1	35.9	30.0	36.1	46.2%	-35.6%
<i>Rec. Free Cash Flow (To the Firm) growth</i>	0.0%	-171.7%	-185.1%	252.7%	-73.5%	-16.4%	20.2%		
<i>Rec. Free Cash Flow (To the Firm) / Revenues</i>	4.1%	n.a.	n.a.	5.1%	1.5%	1.2%	1.5%		
- Acquisitions / + Divestments	46.5	(91.1)	(77.4)	1.5	-	-	-		
+/- Extraordinary Inc./Exp. affecting Cash Flow	46.8	118.2	(29.0)	(37.5)	-	-	-		
= Free Cash Flow "To the Firm"	136.6	(3.9)	(194.9)	99.1	35.9	30.0	36.1	-10.1%	-28.6%
<i>Free Cash Flow (To the Firm) growth</i>	438.4%	-102.9%	n.a.	150.9%	-63.8%	-16.4%	20.2%		
<i>Rec. Free Cash Flow To the Firm Yield (o/EV)</i>	4.6%	n.a.	n.a.	14.2%	3.8%	3.2%	3.8%		
<i>Free Cash Flow "To the Firm" - Yield (o/EV)</i>	14.4%	n.a.	n.a.	10.4%	3.8%	3.2%	3.8%		

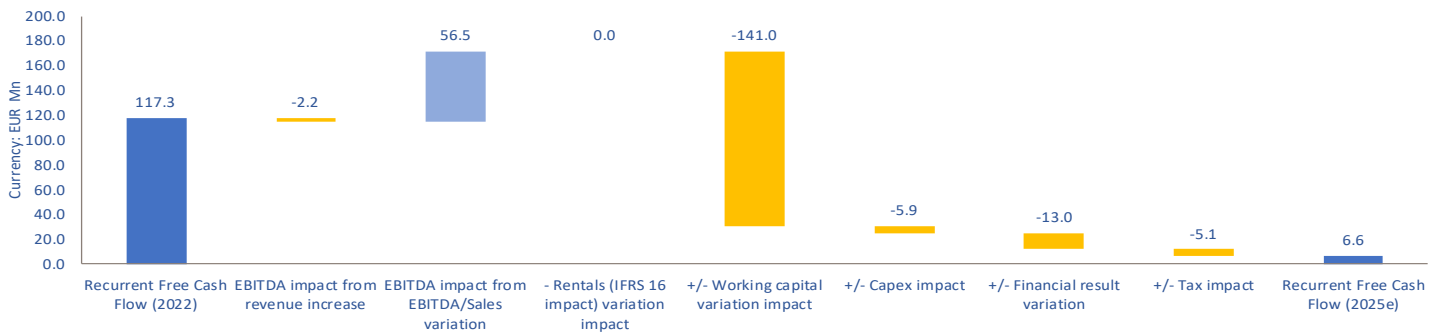


Free Cash Flow (II)

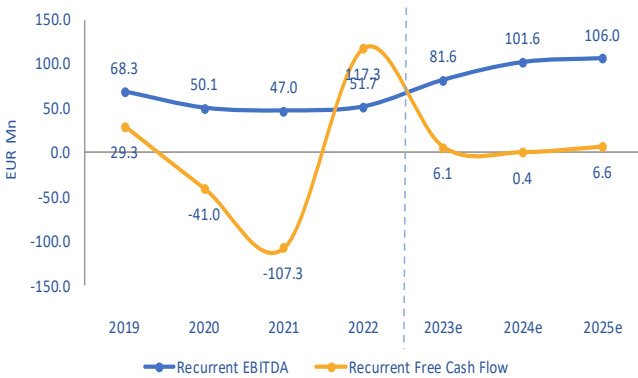
Recurrent Free Cash Flow accumulated variation analysis (2018 - 2022)



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



Recurrent EBITDA vs Recurrent Free Cash Flow



Stock performance vs EBITDA 12m forward





Valuation inputs

Inputs for the DCF Valuation Approach

	2023e	2024e	2025e	Terminal Value ⁽¹⁾		
Free Cash Flow "To the Firm"	35.9	30.0	36.1	n.a.		
Market Cap	538.0	At the date of this report				
Net financial debt	367.2	Debt net of Cash (3m 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%	Kd = Cost of Net Debt * (1-T)			4.2%	4.6%
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)	59.4%	E (Market Cap as equity value)			=	=
Net Debt / (Equity + Net Debt)	40.6%	D			=	=
WACC	7.7%	WACC = Kd * D + Ke * E			7.0%	8.5%
G "Fair"	1.5%				2.0%	1.5%

(1) The terminal value calculated beyond the last FCF estimate does not reflect the company's growth potential (positive/negative) at the date of publication of this report.

EV breakdown at the date of this report

	EUR Mn	Source
Market Cap	538.0	
+ Minority Interests	13.3	3m Results 2023
+ Provisions & Other L/T Liabilities	58.2	3m Results 2022
+ Net financial debt	367.2	3m Results 2023
- Financial Investments	26.8	3m Results 2022
+/- Others		
Enterprise Value (EV)	950.0	

Business Value Creation Metrics ⁽¹⁾

	2018	2019	2020	2021	2022
ROCE (evolution -5y)	n.a.	10.9%	7.3%	4.8%	4.1%
		2022	2025e		
ROCE - WACC	-3.6%	4.1%			
FCF Yield - WACC	14.1%	-6.5%			

(1) FCF Yield to the Firm (see Free Cash Flow Analysis (I)). Detail of the WACC on this page.

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	4.6%	111.3	8.5x
Central	4.2%	101.6	9.4x
Min	3.8%	91.9	10.3x

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	2.1%	2.3%	2.5%		Max	2.8%	1.9%
111.3	14.9	10.1	5.2	Central	1.0%	0.1%	n.a.
101.6	5.2	0.4	(4.4)	Min	n.a.	n.a.	n.a.
91.9	(4.4)	(9.2)	(14.1)				

Main Corporate Governance indicators

KPI	2020	2021	2022
% of independent directors	60.0%	33.3%	33.3%
% of proprietary directors	0.0%	33.3%	33.3%
% of executive directors	40.0%	33.3%	33.3%
% of other directors	0.0%	0.0%	0.0%
% of women on the board of directors	0.0%	33.3%	33.3%
% of women out of total workforce	59.0%	59.0%	61.0%
Board remuneration/staff cost	1.7%	2.0%	2.7%



Main peers 2023e

		Integrated Utilities				Renewable Energy					
EUR Mn		Iberdrola	Endesa	Naturgy	EDP	Average	Solaria	Grenergy	Scatec A	Average	ADX
Market data	Ticker (Factset)	IBE-ES	ELE-ES	NTGY-ES	EDP-PT		SLR-ES	GRE-ES	SCATC-NO		ADX-ES
	Country	Spain	Spain	Spain	Portugal		Spain	Spain	Norway		Spain
	Market cap	74,584.4	22,392.6	26,082.6	19,397.1		1,607.5	752.4	1,026.7		538.0
	Enterprise value (EV)	129,359.1	38,446.2	40,459.7	41,847.8		2,446.5	1,222.9	2,763.9		950.0
Basic financial information	Total Revenues	52,909.1	24,669.2	28,871.6	20,777.0		230.8	247.8	362.1		2,418.7
	Total Revenues growth	-1.9%	-24.2%	-15.0%	-0.5%	-10.4%	65.7%	124.1%	42.7%	77.5%	-8.1%
	2y CAGR (2023e - 2025e)	2.2%	-2.5%	-5.7%	2.1%	-1.0%	26.4%	28.7%	24.2%	26.4%	1.0%
	EBITDA	14,316.2	4,628.9	4,987.6	4,866.8		199.7	88.5	264.7		81.6
	EBITDA growth	12.3%	-36.5%	6.8%	31.8%	3.6%	45.3%	75.8%	73.4%	64.8%	50.8%
	2y CAGR (2023e - 2025e)	5.9%	5.8%	-1.4%	4.3%	3.7%	23.7%	45.8%	22.9%	30.8%	13.9%
	EBITDA/Revenues	27.1%	18.8%	17.3%	23.4%	21.6%	86.5%	35.7%	73.1%	65.1%	3.4%
	EBIT	8,890.0	2,685.2	3,308.6	3,109.8		162.3	62.2	163.7		60.3
	EBIT growth	10.6%	-52.2%	0.7%	85.3%	11.1%	44.4%	72.0%	111.5%	76.0%	86.7%
	2y CAGR (2023e - 2025e)	6.1%	6.9%	-4.2%	3.2%	3.0%	21.2%	44.1%	24.9%	30.1%	15.9%
	EBIT/Revenues	16.8%	10.9%	11.5%	15.0%	13.5%	70.3%	25.1%	45.2%	46.9%	2.5%
	Net Profit	4,597.4	1,576.7	1,767.3	1,130.9		108.1	27.6	14.3		18.5
	Net Profit growth	4.2%	-38.0%	5.7%	66.6%	9.6%	20.1%	168.4%	112.7%	100.4%	423.3%
	2y CAGR (2023e - 2025e)	6.0%	10.9%	-6.2%	7.7%	4.6%	14.3%	32.9%	n.a.	23.6%	38.2%
CAPEX/Sales %	27.3%	10.5%	8.7%	24.1%	17.7%	195.3%	150.3%	190.8%	178.8%	2.0%	
Free Cash Flow	(3,537.8)	817.8	445.4	(1,595.5)		(240.4)	(404.2)	(491.0)		6.1	
Net financial debt	51,880.4	12,315.4	13,318.8	15,591.5		1,043.6	697.9	2,154.3		339.5	
ND/EBITDA (x)	3.6	2.7	2.7	3.2	3.0	5.2	7.9	8.1	7.1	4.2	
Pay-out	72.5%	74.2%	67.8%	69.1%	70.9%	0.0%	0.0%	173.2%	57.7%	0.0%	
Multiples and Ratios	P/E (x)	16.2	14.1	14.4	16.9	15.4	14.5	23.5	71.9	36.7	29.1
	P/BV (x)	1.6	3.9	3.3	1.9	2.7	3.5	2.7	1.4	2.5	3.8
	EV/Revenues (x)	2.4	1.6	1.4	2.0	1.9	10.6	4.9	7.6	7.7	0.4
	EV/EBITDA (x)	9.0	8.3	8.1	8.6	8.5	12.3	13.8	10.4	12.2	11.6
	EV/EBIT (x)	14.6	14.3	12.2	13.5	13.6	15.1	19.7	16.9	17.2	15.8
	ROE	9.8	27.8	22.6	11.1	17.9	24.1	11.4	1.9	12.5	14.1
	FCF Yield (%)	n.a.	3.7	1.7	n.a.	2.7	n.a.	n.a.	n.a.	n.a.	1.1
	DPS	0.51	1.10	1.25	0.20	0.77	0.00	0.00	0.16	0.05	0.00
	Dvd Yield	4.5%	5.2%	4.6%	4.3%	4.6%	0.0%	0.0%	2.4%	0.8%	0.0%

- (1) Financial data, multiples and ratios based on market consensus (Factset). In the case of the company analyzed, own estimates (Lighthouse).
(2) All ratios and multiples on EBITDA refer to total EBITDA (not to recurrent EBITDA).

Historical performance

Historical performance (EUR Mn)													CAGR			
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023e	2024e	2025e	12-22	22-25e
Total Revenues	44.6	37.9	33.7	28.5	30.2	36.9	986.9	1,043.8	969.3	1,683.9	2,633.0	2,418.7	2,415.7	2,466.4	50.3%	-2.2%
Total Revenues growth	3.8%	-15.2%	-10.9%	-15.6%	5.9%	22.3%	n.a.	5.8%	-7.1%	73.7%	56.4%	-8.1%	-0.1%	2.1%		
EBITDA	31.7	25.7	21.9	12.8	18.3	24.8	44.8	68.3	50.1	46.9	54.1	81.6	101.6	106.0	5.5%	25.1%
EBITDA growth	7.5%	-19.0%	-15.0%	-41.6%	43.4%	35.7%	80.4%	52.4%	-26.7%	-6.5%	15.5%	50.8%	24.4%	4.3%		
EBITDA/Sales	71.1%	67.9%	64.8%	44.8%	60.7%	67.3%	4.5%	6.5%	5.2%	2.8%	2.1%	3.4%	4.2%	4.3%		
Net Profit	(69.0)	1.4	2.0	(11.4)	(31.6)	7.4	8.4	25.4	26.4	(1.7)	3.5	18.5	33.2	35.4	7.4%	n.a.
Net Profit growth	32.7%	102.0%	46.7%	-669.1%	-177.0%	123.3%	14.4%	202.5%	3.7%	-106.5%	305.8%	423.3%	79.2%	6.7%		
Adjusted number shares (Mn)	138.4	138.4	139.8	140.0	140.0	140.0	171.4	440.3	440.3	440.3	440.3	440.3	440.3	440.3		
EPS (EUR)	-0.50	0.01	0.01	-0.08	-0.23	0.05	0.05	0.06	0.06	0.00	0.01	0.04	0.08	0.08	7.3%	n.a.
EPS growth	32.7%	n.a.	45.2%	n.a.	n.a.	n.a.	-6.5%	17.8%	3.7%	n.a.	n.a.	n.a.	79.2%	6.7%		
Ord. EPS (EUR)	-0.50	0.01	0.01	-0.08	-0.23	0.05	0.01	0.05	0.03	0.00	0.01	0.04	0.08	0.08	7.2%	n.a.
Ord. EPS growth	32.7%	n.a.	45.2%	n.a.	n.a.	n.a.	-86.7%	n.a.	-42.6%	-98.9%	n.a.	n.a.	79.2%	6.7%		
CAPEX	(16.4)	(5.3)	(15.6)	(34.9)	(0.8)	(0.3)	(3.1)	(33.5)	(17.0)	(39.1)	(46.6)	(48.8)	(56.0)	(52.5)		
CAPEX/Sales %	36.7%	14.0%	46.3%	122.7%	2.8%	0.7%	0.3%	3.2%	1.7%	2.3%	1.8%	2.0%	2.3%	2.1%		
Free Cash Flow	8.2	5.8	(6.7)	(29.8)	8.1	7.3	(55.5)	122.6	(13.8)	(213.7)	81.3	6.1	0.4	6.6	25.8%	-56.6%
ND/EBITDA (x) ⁽²⁾	5.9x	6.2x	7.3x	10.0x	6.4x	4.4x	6.5x	2.5x	4.1x	9.1x	6.4x	4.2x	3.3x	3.1x		
P/E (x)	n.a.	39.1x	22.8x	n.a.	n.a.	8.3x	25.9x	36.7x	32.1x	n.a.	93.2x	29.1x	16.2x	15.2x		
EV/Sales (x)	5.31x	5.76x	5.93x	6.34x	6.22x	9.33x	0.87x	1.08x	1.11x	0.61x	0.29x	0.39x	0.39x	0.39x		
EV/EBITDA (x) ⁽²⁾	7.5x	8.5x	9.1x	14.1x	10.3x	13.9x	19.2x	16.5x	21.5x	21.9x	13.9x	11.6x	9.4x	9.0x		
Absolute performance	-52.1%	14.7%	-15.4%	12.1%	35.1%	-12.0%	192.0%	66.5%	-9.2%	-34.6%	-40.5%	63.0%				
Relative performance vs Ibx 35	-49.8%	-5.5%	-18.4%	20.8%	37.9%	-18.1%	243.5%	48.9%	7.4%	-39.4%	-37.0%	44.4%				

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

Borges Agricultural & Industrial Nuts, S.A. (BAIN) is a small international group based in Spain (Tarragona), specialising in the agricultural production, processing and B2B marketing of nuts. It has an international presence (53% of 2021 revenue) and is a European benchmark in the almond segment (share of c.7%). Its core shareholder is Borges International Group (89.1% of capital).

Any reference to the results of a certain year refers to the period: 31 May to 31 May (the following year).

MOMENTUM: WHAT DO WE EXPECT FROM 2023E?

1H22: Dried fruit and nut prices continued to fall. Modest revenue growth (+3.9% vs. 1H21) on the back of higher dried fruit and nut sales volumes (+6.7%). However, the drop in nut prices (-30%) in 1H22 put pressure on the gross margin (-4pp vs. 1H21), to leave EBITDA of EUR 1.9Mn (vs. EUR 5.7Mn in 1H21; EBITDA margin 1H22: 2.6% vs. 8% 1H21).

More self-supply and price trends will be key in 2022e. Dried fruit and nut prices are at record lows -7y (almonds -27%; c.65% of revenue); we are forecasting a correction of 1% in 2022e (vs. +8% in 2021). The level of self-supply (higher-margin farming business) is expected to reach 9.1% of total sales volumes (MT) in 2022e (vs. 9.7% in 2021, a good year for pistachios).

2022e set to be a year of consolidation. We are forecasting revenue of c.EUR 141Mn (+4.2% vs. 2021). There is considerable risk of estimate cuts however (due to fluctuations in prices shaped by harvests). The drop in prices will put profits back at record lows (gross margin c.16-18% vs. 22% in 2021) and leave negative EBITDA of EUR 0.4Mn (vs. EUR 4Mn in 2021). While debt remains high (ND 2022e: EUR 35.1Mn).

EQUITY STORY HIGHLIGHTS: WHAT TO WATCH FOR?

Newly acquired hectares (Ha) to come onstream. BAIN has invested heavily in Ha (CAPEX 2015-2020: EUR 40Mn) and now owns 1,627Ha (300Ha still to enter production). Increased vertical integration (c.12.5% of revenue in 2026e) will lift margins.

Trend in dried fruit and nut prices (+2% YoY 2023e-2024e). Prices fluctuate around the success, or otherwise, of Spanish and international harvests (especially in California: c. 80% of global output). Adverse weather conditions (drought, flooding) can increase prices due to supply scarcity, with positive effects for BAIN's P&L (as we saw in 2021).

BAIN's staff and other OPEX structure is essentially fixed, so that the growth in gross profit forecast for 2023e and 2024e should translate into rec. EBITDA growth.

The upside at BAIN is in the long term. Assuming a recovery in growth (CAGR 21-24e in revenue: +5.8%) and a gradual improvement in profitability, with EBITDA margins and EBITDA of 2.2% and EUR 3.6Mn in 24e, respectively (vs. EUR 4Mn in 21), driven by higher walnut and almond prices and increased vertical integration.

RISKS: WHAT TO KEEP AN EYE ON?

High sensitivity to fluctuations dried fruit and nut prices. The bulk of BAIN's revenue comes from the sale of almonds (66%) and walnuts (8%). Price trends are key to our estimates.

High leverage. BAIN ended 1H22 with EUR 46.6Mn of ND (we are forecasting ND 2022e of EUR 35.1Mn; ND/equity 22e 0.6x). The current environment of rising rates (c.70% of ND carries floating rates) will undermine net profit and delay attainment of positive FCF (not on the horizon in the next 3 years).

VALUATION METRICS: WHAT DO THE MULTIPLES TELL US?

BAIN looks on paper like it is trading at a discount to its main European peers. In the last 12 months, BAIN's shares have gained 11.1% (in line with its peers). BAIN's EV/revenue 2022e multiple, of 0.9x, implies a -10% discount to the company's main European peers (EV/revenue 23e: 1.1x). That is attributable to BAIN's lower profitability vs. the sector (EBITDA margin c.20%), with BAIN hovering at EBITDA breakeven.

Market Data

Market Cap (Mn EUR and USD)	68.5	73.4
EV (Mn EUR and USD)	122.0	130.6
Shares Outstanding (Mn)	23.1	
-12m (Max/Med/Mín EUR)	4.16 / 2.90 / 2.52	
Daily Avg volume (-12m Mn EUR)	n.m.	
Rotation ⁽¹⁾	0.7	
Factset / Bloomberg	BAIN-ES / BAIN SM	
Close fiscal year	31-May	

Shareholders Structure (%)

Borges International Group	89.1
Free Float	10.9

Financials (Mn EUR)

	2021	2022e	2023e	2024e
Adj. nº shares (Mn)	23.1	23.1	23.1	23.1
Total Revenues	136.1	141.8	151.3	161.1
Rec. EBITDA	4.0	-0.4	1.8	3.6
% growth	354.1	-110.7	528.7	95.9
% Rec. EBITDA/Rev.	2.9	n.a.	1.2	2.2
% Inc. EBITDA sector ⁽²⁾	8.2	19.3	14.1	8.5
Net Profit	0.0	-3.9	-2.5	-1.0
EPS (EUR)	0.00	-0.17	-0.11	-0.04
% growth	-99.6	n.a.	36.1	59.7
Ord. EPS (EUR)	0.02	-0.19	-0.11	-0.04
% growth	109.6	n.a.	42.5	59.7
Rec. Free Cash Flow	6.2	-8.7	-4.7	-2.9
Pay-out (%)	0.0	0.0	0.0	0.0
DPS (EUR)	0.00	0.00	0.00	0.00
Net financial debt	26.4	35.1	39.8	42.7
ND/Rec. EBITDA (x)	6.6	n.a.	21.7	11.9
ROE (%)	0.0	n.a.	n.a.	n.a.
ROCE (%)	0.7	n.a.	n.a.	0.4

Ratios & Multiples (x)

	2021	2022e	2023e	2024e
P/E	n.a.	n.a.	n.a.	n.a.
Ord. P/E	n.a.	n.a.	n.a.	n.a.
P/BV	1.1	1.2	1.2	1.3
Dividend Yield (%)	0.0	0.0	0.0	0.0
EV/Sales	0.90	0.86	0.81	0.76
EV/Rec. EBITDA	30.5	n.a.	n.a.	33.9
EV/EBIT	n.a.	n.a.	n.a.	n.a.
FCF Yield (%)	9.0	n.a.	n.a.	n.a.

Historical behavior (base 100)



(%)	-1m	-3m	-12m	-5Y
Absolute	8.0	-6.9	9.6	-43.1

(1) Rotation is the % of the capitalisation traded - 12m.

(2) Sector: Stoxx Europe 600 Food & Beverage.



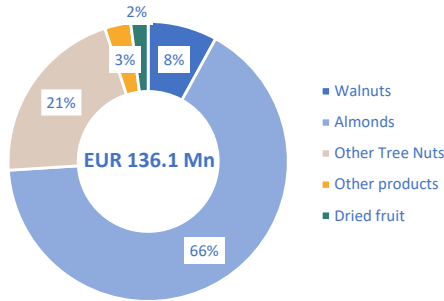
Financial Projections

Balance Sheet (EUR Mn)	2017	2018	2019	2020	2021	2022e	2023e	2024e		
Intangible assets	0.2	0.1	7.2	7.6	7.7	7.7	7.7	7.7		
Fixed assets	68.4	71.0	73.5	71.7	73.7	78.5	80.4	82.0		
Other Non Current Assets	2.1	1.8	1.6	1.6	1.0	1.0	1.0	1.0		
Financial Investments	3.9	8.4	7.4	3.7	3.7	3.7	3.7	3.7		
Goodwill & Other Intangibles	-	-	-	-	-	-	-	-		
Current assets	61.5	63.3	61.6	50.1	57.3	56.8	57.7	58.4		
Total assets	136.1	144.6	151.3	134.7	143.4	147.7	150.5	152.9		
Equity	56.4	59.0	58.9	61.8	62.2	58.3	55.8	54.8		
Minority Interests	2.2	2.3	2.3	-	-	-	-	-		
Provisions & Other L/T Liabilities	2.9	3.3	2.8	1.2	1.6	1.6	1.6	1.6		
Other Non Current Liabilities	-	-	7.1	7.6	7.6	7.6	7.6	7.6		
Net financial debt	34.9	38.4	43.8	32.5	26.4	35.1	39.8	42.7		
Current Liabilities	39.7	41.7	36.4	31.6	45.6	45.1	45.7	46.2		
Equity & Total Liabilities	136.1	144.6	151.3	134.7	143.4	147.7	150.5	152.9		
									CAGR	
P&L (EUR Mn)	2017	2018	2019	2020	2021	2022e	2023e	2024e	17-21	21-24e
Total Revenues	195.7	177.8	180.6	143.4	136.1	141.8	151.3	161.1	-8.7%	5.8%
Total Revenues growth	-0.7%	-9.2%	1.5%	-20.6%	-5.1%	4.2%	6.7%	6.4%		
COGS	(163.2)	(149.2)	(151.9)	(120.0)	(105.9)	(115.2)	(122.3)	(129.9)		
Gross Margin	32.5	28.6	28.7	23.4	30.3	26.6	29.0	31.2	-1.8%	1.0%
Gross Margin/Revenues	16.6%	16.1%	15.9%	16.3%	22.2%	18.8%	19.2%	19.4%		
Personnel Expenses	(12.6)	(12.8)	(12.9)	(12.2)	(12.1)	(12.1)	(12.2)	(12.3)		
Other Operating Expenses	(14.2)	(13.7)	(13.6)	(12.8)	(14.2)	(14.9)	(15.0)	(15.3)		
Recurrent EBITDA	5.7	2.1	2.2	(1.6)	4.0	(0.4)	1.8	3.6	-8.4%	-3.5%
Recurrent EBITDA growth	-16.0%	-63.3%	4.6%	-172.1%	354.1%	-110.7%	528.7%	95.9%		
Rec. EBITDA/Revenues	2.9%	1.2%	1.2%	n.a.	2.9%	n.a.	1.2%	2.2%		
Restructuring Expense & Other non-rec.	(0.3)	(0.2)	(0.5)	(0.3)	(0.6)	-	-	-		
EBITDA	5.4	1.9	1.7	(1.9)	3.4	(0.4)	1.8	3.6	-10.6%	1.4%
Depreciation & Provisions	(3.1)	(3.2)	(3.0)	(3.1)	(3.3)	(3.4)	(3.5)	(3.6)		
Capitalized Expense	1.7	2.3	2.1	1.8	1.1	1.0	0.9	0.8		
Rentals (IFRS 16 impact)	-	-	(0.3)	(0.4)	(0.4)	(0.4)	(0.4)	(0.4)		
EBIT	4.0	1.0	0.4	(3.5)	0.9	(3.2)	(1.2)	0.4	-31.7%	-21.8%
EBIT growth	-4.9%	-75.1%	-59.4%	-980.4%	124.4%	-470.9%	63.2%	134.9%		
EBIT/Revenues	2.0%	0.6%	0.2%	n.a.	0.6%	n.a.	n.a.	0.3%		
Impact of Goodwill & Others	-	-	-	-	-	-	-	-		
Net Financial Result	(0.0)	0.0	(0.0)	(0.2)	(0.7)	(1.1)	(1.3)	(1.4)		
Income by the Equity Method	-	-	-	-	-	-	-	-		
Ordinary Profit	4.0	1.0	0.4	(3.8)	0.1	(4.3)	(2.5)	(1.0)	-58.1%	n.a.
Ordinary Profit Growth	-5.3%	-74.5%	-61.7%	n.a.	103.2%	n.a.	42.5%	59.7%		
Extraordinary Results	-	2.0	-	11.7	-	-	-	-		
Profit Before Tax	4.0	3.0	0.4	7.9	0.1	(4.3)	(2.5)	(1.0)	-58.1%	n.a.
Tax Expense	(0.4)	(0.7)	0.0	(2.1)	(0.1)	0.4	-	-		
Effective Tax Rate	9.3%	21.8%	n.a.	27.3%	87.7%	n.a.	n.a.	n.a.		
Minority Interests	(0.3)	0.0	(0.1)	(1.5)	-	-	-	-		
Discontinued Activities	-	-	-	-	-	-	-	-		
Net Profit	3.3	2.4	0.3	4.2	0.0	(3.9)	(2.5)	(1.0)	-74.0%	n.a.
Net Profit growth	-0.3%	-27.7%	-86.8%	n.a.	-99.6%	n.a.	36.1%	59.7%		
Ordinary Net Profit	3.6	1.0	0.8	(5.0)	0.5	(4.3)	(2.5)	(1.0)	-39.6%	-60.2%
Ordinary Net Profit growth	-4.8%	-72.3%	-17.8%	-711.3%	109.6%	n.a.	42.5%	59.7%		
									CAGR	
Cash Flow (EUR Mn)	2017	2018	2019	2020	2021	2022e	2023e	2024e	17-21	21-24e
Recurrent EBITDA						(0.4)	1.8	3.6	-8.4%	-3.5%
Rentals (IFRS 16 impact)						(0.4)	(0.4)	(0.4)		
Working Capital Increase						(0.0)	(0.3)	(0.2)		
Recurrent Operating Cash Flow						-0.9	1.1	2.9	-7.0%	-34.5%
CAPEX						(7.1)	(4.5)	(4.3)		
Net Financial Result affecting the Cash Flow						(1.1)	(1.3)	(1.4)		
Tax Expense						0.4	-	-		
Recurrent Free Cash Flow						(8.7)	(4.7)	(2.9)	20.7%	-35.0%
Restructuring Expense & Other non-rec.						-	-	-		
- Acquisitions / + Divestures of assets						-	-	-		
Extraordinary Inc./Exp. Affecting Cash Flow						-	-	-		
Free Cash Flow						(8.7)	(4.7)	(2.9)	27.7%	-35.0%
Capital Increase						-	-	-		
Dividends						-	-	-		
Net Debt Variation						8.7	4.7	2.9		

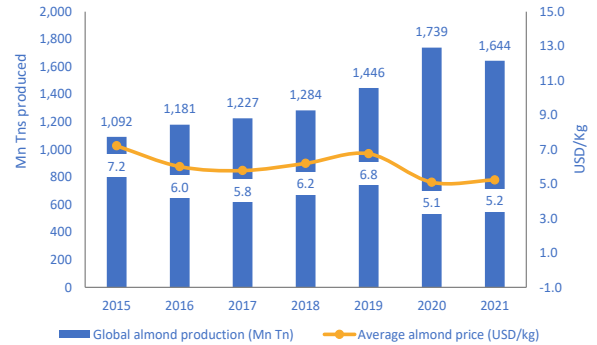


The company in 8 charts

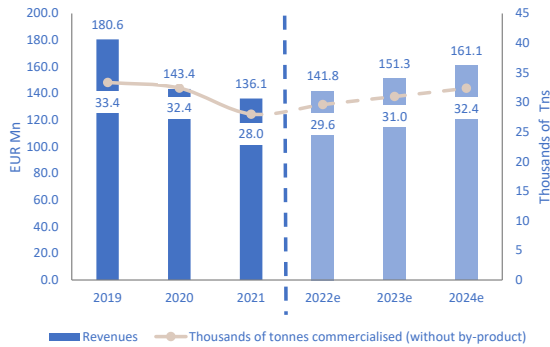
BAIN's business is focused mainly on the sale of nuts (essentially almonds: 66% of the total)



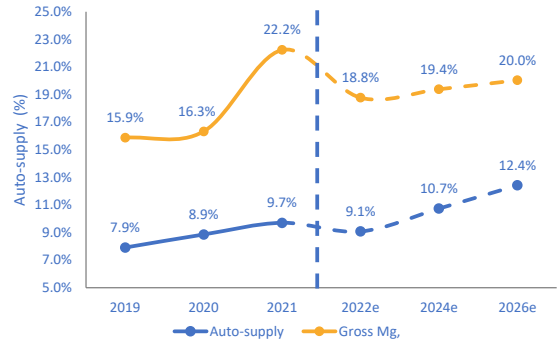
The strong increase in supply (2015-2021) has forced almond prices down (current price: -27% vs 2015)



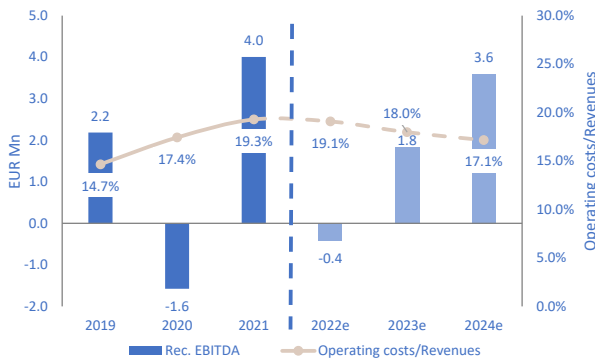
We expect the recovery of volumes (tonnes sold: CAGR +4.9% 21-24e) to make revenue growth possible (5.8% CAGR 21-24e)



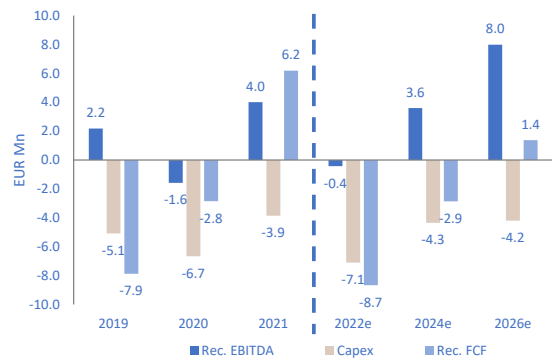
A higher level of self-supply (c.12.5% in 26e) will allow for an improvement in the business' gross margin (c. 20% in 24e)



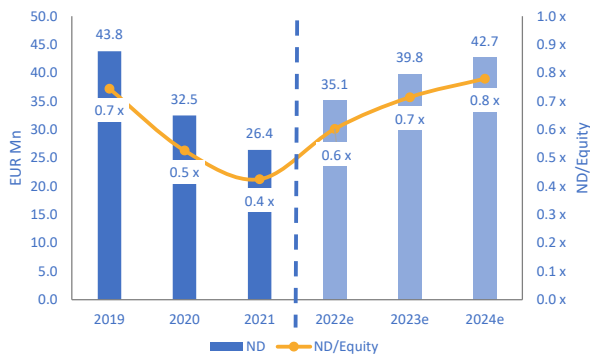
This, plus the high fixed cost component, will lead to the exceeding of breakeven in EBITDA already in 2023e



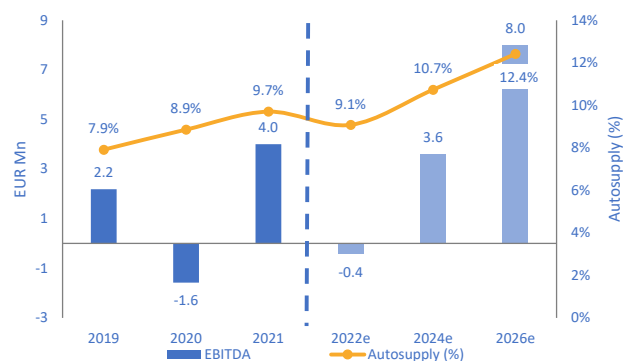
EBITDA growth will be the main catalyst of a return to positive FCF, although not before 2026e



Cash consumption in 2022e-2024e will raise 2024e ND to EUR 42.7Mn (c. 0.8x 2024e ND/Equity)



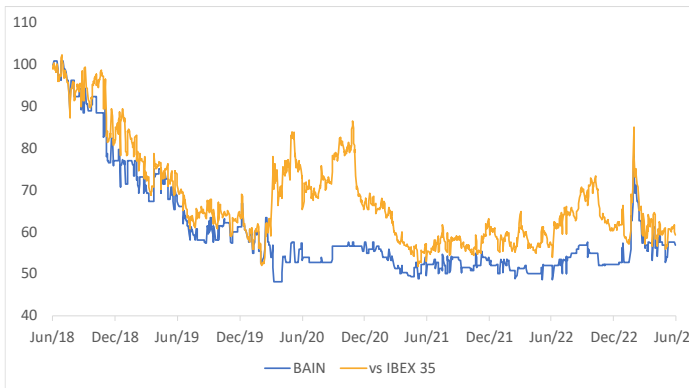
The increase in self-supply to 12.5% will cause EBITDA to climb to > EUR 8Mn, but not before 2026



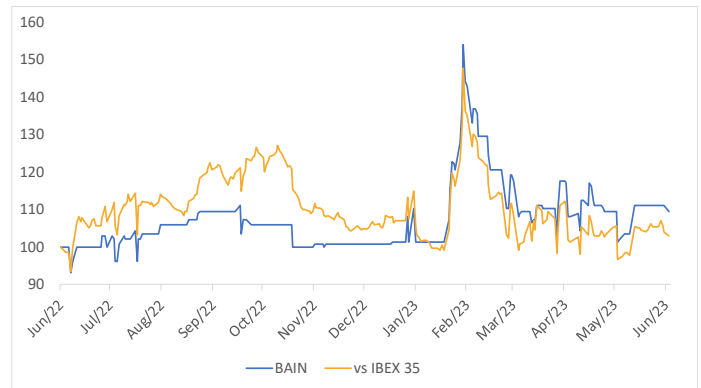


Evolution of the share price

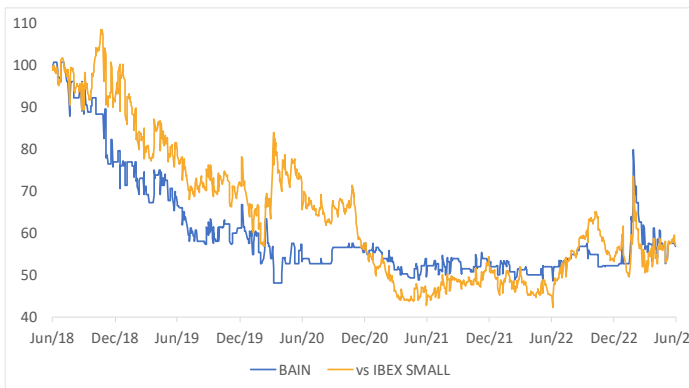
Historical behavior vs Ibex 35 (base 100)



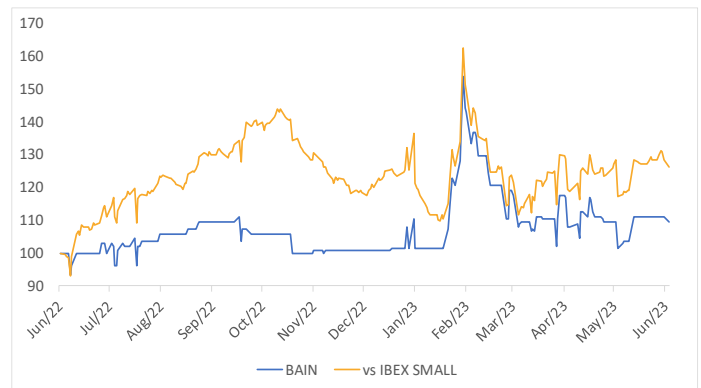
Behavior -1y vs Ibex 35 (base 100)



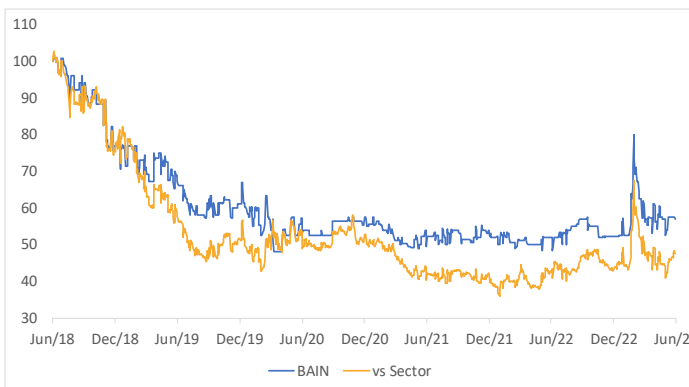
Historical behavior vs Ibex Small Cap (base 100)



Behavior -1y vs Ibex Small Cap (base 100)



Historical behavior vs Sector⁽¹⁾ (base 100)



Behavior -1y vs Sector⁽¹⁾ (base 100)



(1) Sector: Stoxx Europe 600 Food & Beverage

Stock performance (%)	-1m	-3m	-12m	YTD	-3Y	-5Y
Absolute	8.0	-6.9	9.6	8.0	7.2	-43.1
vs Market						
vs Ibex 35	6.4	-5.2	3.0	-4.3	-9.1	-40.6
vs Euro STOXX 50	9.2	-6.9	-3.4	-4.5	-15.5	-54.2
vs Small Cap References						
vs Ibex Small Cap Index	7.8	4.0	26.4	0.7	-12.9	-42.8
vs Micro Cap Spain Universe ⁽¹⁾	7.9	-4.0	19.4	-0.8	-24.1	-47.1
vs MSCI Europe Micro Cap	9.8	-1.2	25.3	8.8	-9.0	-47.0
vs Sector						
vs Stoxx Europe 600 Food & Beverage	16.0	-6.2	11.3	4.9	-3.0	-52.5

(1) [Constituents on page 10](#)



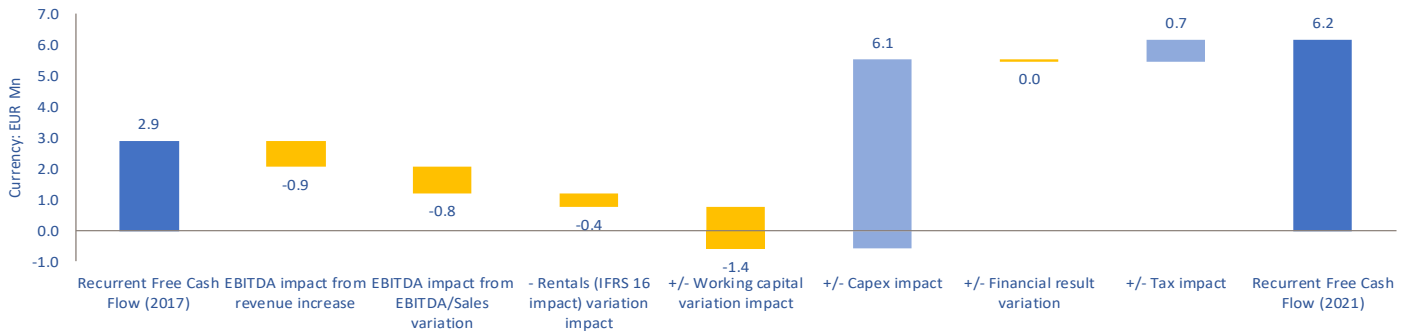
Free Cash Flow (I)

A) Cash Flow Analysis (EUR Mn)	2018	2019	2020	2021	2022e	2023e	2024e	CAGR	
								18-21	21-24e
Recurrent EBITDA	2.1	2.2	(1.6)	4.0	(0.4)	1.8	3.6	24.2%	-3.5%
<i>Recurrent EBITDA growth</i>	-63.3%	4.6%	-172.1%	354.1%	-110.7%	528.7%	95.9%		
<i>Rec. EBITDA/Revenues</i>	1.2%	1.2%	n.a.	2.9%	n.a.	1.2%	2.2%		
- Rentals (IFRS 16 impact)	-	(0.3)	(0.4)	(0.4)	(0.4)	(0.4)	(0.4)		
+/- Working Capital increase	0.2	(3.6)	6.8	6.8	(0.0)	(0.3)	(0.2)		
= Recurrent Operating Cash Flow	2.3	(1.8)	4.8	10.4	(0.9)	1.1	2.9	66.1%	-34.5%
<i>Rec. Operating Cash Flow growth</i>	-83.7%	-179.1%	369.8%	114.8%	-108.5%	228.4%	157.2%		
<i>Rec. Operating Cash Flow / Sales</i>	1.3%	n.a.	3.4%	7.6%	n.a.	0.7%	1.8%		
- CAPEX	(6.2)	(5.1)	(6.7)	(3.9)	(7.1)	(4.5)	(4.3)		
- Net Financial Result affecting Cash Flow	(0.7)	(0.7)	(0.7)	(0.8)	(1.1)	(1.3)	(1.4)		
- Taxes	(0.6)	(0.3)	(0.3)	0.5	0.4	-	-		
= Recurrent Free Cash Flow	(5.2)	(7.9)	(2.8)	6.2	(8.7)	(4.7)	(2.9)	47.2%	-35.0%
<i>Rec. Free Cash Flow growth</i>	-278.4%	-51.4%	63.9%	317.6%	-240.2%	45.5%	39.4%		
<i>Rec. Free Cash Flow / Revenues</i>	n.a.	n.a.	n.a.	4.5%	n.a.	n.a.	n.a.		
- Restructuring expenses & others	(0.2)	(0.6)	(1.8)	-	-	-	-		
- Acquisitions / + Divestments	0.7	1.3	16.5	-	-	-	-		
+/- Extraordinary Inc./Exp. affecting Cash Flow	-	-	-	-	-	-	-		
= Free Cash Flow	(4.7)	(7.1)	11.9	6.2	(8.7)	(4.7)	(2.9)	49.3%	-35.0%
<i>Free Cash Flow growth</i>	-300.2%	-53.4%	266.7%	-48.0%	-240.2%	45.5%	39.4%		
<i>Recurrent Free Cash Flow - Yield (s/Mkt Cap)</i>	n.a.	n.a.	n.a.	9.0%	n.a.	n.a.	n.a.		
<i>Free Cash Flow Yield (s/Mkt Cap)</i>	n.a.	n.a.	17.4%	9.0%	n.a.	n.a.	n.a.		
B) Analytical Review of Annual Recurrent Free Cash Flow Performance (Eur Mn)									
	2018	2019	2020	2021	2022e	2023e	2024e	CAGR	
Recurrent FCF(FY - 1)	2.9	(5.2)	(7.9)	(2.8)	6.2	(8.7)	(4.7)		
EBITDA impact from revenue increase	(0.5)	0.0	(0.4)	0.1	0.2	(0.0)	0.1		
EBITDA impact from EBITDA/Sales variation	(3.1)	0.1	(3.3)	5.5	(4.6)	2.3	1.6		
= Recurrent EBITDA variation	(3.6)	0.1	(3.8)	5.6	(4.4)	2.3	1.8		
- Rentals (IFRS 16 impact) variation impact	-	(0.3)	(0.0)	(0.1)	-	-	-		
+/- Working capital variation impact	(8.0)	(3.8)	10.4	0.0	(6.8)	(0.3)	0.0		
= Recurrent Operating Cash Flow variation	(11.6)	(4.0)	6.6	5.5	(11.2)	2.0	1.8		
+/- CAPEX impact	3.8	1.1	(1.6)	2.8	(3.2)	2.6	0.2		
+/- Financial result variation	0.1	0.0	0.0	(0.1)	(0.3)	(0.2)	(0.1)		
+/- Tax impact	(0.4)	0.3	-	0.8	(0.1)	(0.4)	-		
= Recurrent Free Cash Flow variation	(8.1)	(2.7)	5.0	9.0	(14.9)	3.9	1.9		
Recurrent Free Cash Flow	(5.2)	(7.9)	(2.8)	6.2	(8.7)	(4.7)	(2.9)		
C) "FCF to the Firm" (pre debt service) (EUR Mn)									
	2018	2019	2020	2021	2022e	2023e	2024e	CAGR	
EBIT	1.0	0.4	(3.5)	0.9	(3.2)	(1.2)	0.4	-4.4%	-21.8%
* <i>Theoretical Tax rate</i>	21.8%	0.0%	0.0%	30.0%	0.0%	0.0%	0.0%		
= Taxes (pre- Net Financial Result)	(0.2)	-	-	(0.3)	-	-	-		
Recurrent EBITDA	2.1	2.2	(1.6)	4.0	(0.4)	1.8	3.6	24.2%	-3.5%
- Rentals (IFRS 16 impact)	-	(0.3)	(0.4)	(0.4)	(0.4)	(0.4)	(0.4)		
+/- Working Capital increase	0.2	(3.6)	6.8	6.8	(0.0)	(0.3)	(0.2)		
= Recurrent Operating Cash Flow	2.3	(1.8)	4.8	10.4	(0.9)	1.1	2.9	66.1%	-34.5%
- CAPEX	(6.2)	(5.1)	(6.7)	(3.9)	(7.1)	(4.5)	(4.3)		
- Taxes (pre- Financial Result)	(0.2)	-	-	(0.3)	-	-	-		
= Recurrent Free Cash Flow (To the Firm)	(4.1)	(6.9)	(1.8)	6.2	(8.0)	(3.4)	(1.4)	52.0%	-30.7%
<i>Rec. Free Cash Flow (To the Firm) growth</i>	-217.4%	-66.6%	73.1%	437.6%	-227.9%	57.2%	57.7%		
<i>Rec. Free Cash Flow (To the Firm) / Revenues</i>	n.a.	n.a.	n.a.	4.6%	n.a.	n.a.	n.a.		
- Acquisitions / + Divestments	0.7	1.3	16.5	-	-	-	-		
+/- Extraordinary Inc./Exp. affecting Cash Flow	-	-	-	-	-	-	-		
= Free Cash Flow "To the Firm"	(3.4)	(5.5)	14.7	6.2	(8.0)	(3.4)	(1.4)	56.5%	-30.7%
<i>Free Cash Flow (To the Firm) growth</i>	-196.9%	-62.4%	366.3%	-57.6%	-227.9%	57.2%	57.7%		
<i>Rec. Free Cash Flow To the Firm Yield (o/EV)</i>	n.a.	n.a.	n.a.	5.1%	n.a.	n.a.	n.a.		
<i>Free Cash Flow "To the Firm" - Yield (o/EV)</i>	n.a.	n.a.	12.1%	5.1%	n.a.	n.a.	n.a.		

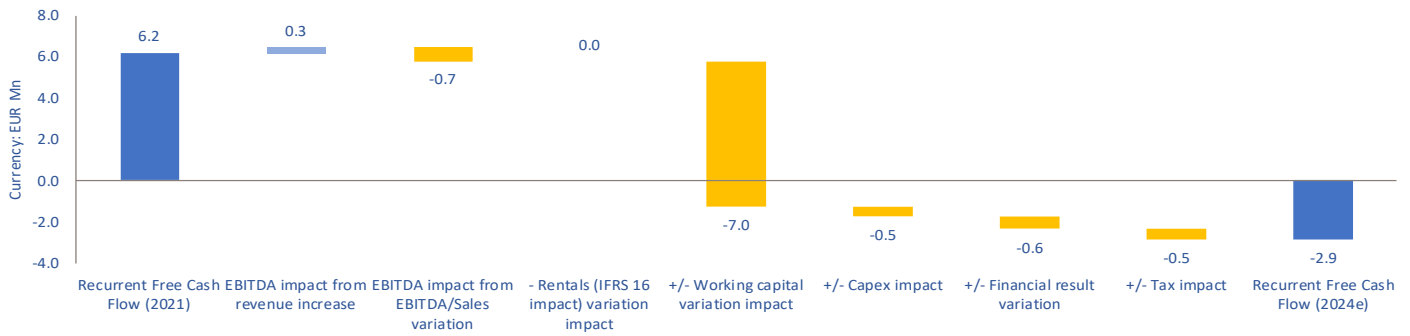


Free Cash Flow (II)

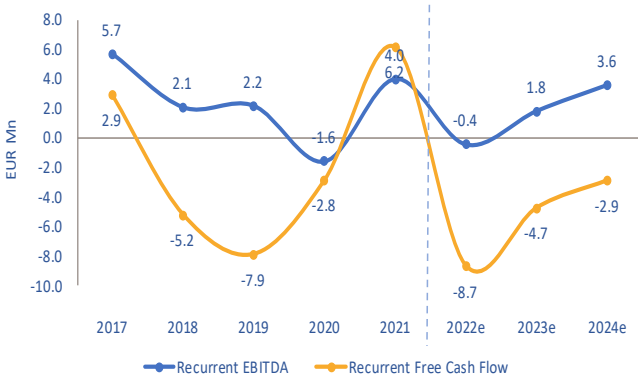
Recurrent Free Cash Flow accumulated variation analysis (2017 - 2021)



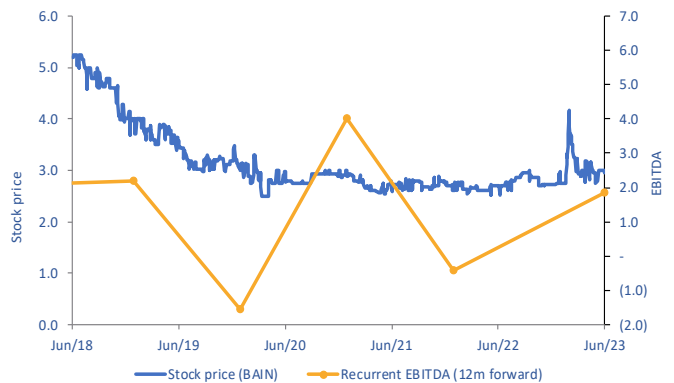
Recurrent Free Cash Flow accumulated variation analysis (2021 - 2024e)



Recurrent EBITDA vs Recurrent Free Cash Flow



Stock performance vs EBITDA 12m forward





Valuation inputs

Inputs for the DCF Valuation Approach

	2022e	2023e	2024e	Terminal Value ⁽¹⁾		
Free Cash Flow "To the Firm"	(8.0)	(3.4)	(1.4)	n.a.		
Market Cap	68.5	At the date of this report				
Net financial debt	46.6	Debt net of Cash (6m Results 2022)				
					Best Case	Worst Case
Cost of Debt	5.0%	Net debt cost			4.8%	5.3%
Tax rate (T)	20.0%	T (Normalised tax rate)			=	=
Net debt cost	4.0%	Kd = Cost of Net Debt * (1-T)			3.8%	4.2%
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)	0.8	B (own estimate)			0.7	0.9
Cost of Equity	8.2%	Ke = Rf + (R * B)			7.2%	9.2%
Equity / (Equity + Net Debt)	59.5%	E (Market Cap as equity value)			=	=
Net Debt / (Equity + Net Debt)	40.5%	D			=	=
WACC	6.5%	WACC = Kd * D + Ke * E			5.8%	7.2%
G "Fair"	2.0%				2.0%	1.5%

(1) The terminal value calculated beyond the last FCF estimate does not reflect the company's growth potential (positive/negative) at the date of publication of this report.

EV breakdown at the date of this report

	EUR Mn	Source
Market Cap	68.5	
+ Minority Interests	-	6m Results 2022
+ Provisions & Other L/T Liabilities	9.2	6m Results 2022
+ Net financial debt	46.6	6m Results 2022
- Financial Investments	(0.4)	6m Results 2022
+/- Others ⁽¹⁾	(2.7)	6m Results 2022
Enterprise Value (EV)	122.0	

(1) : Property investments available for sale

Business Value Creation Metrics ⁽¹⁾

	2017	2018	2019	2020	2021
ROCE (evolution -5y)	3.9%	0.8%	0.4%	n.a.	0.7%
	2021	2024e			
ROCE - WACC	-5.8%	-6.0%			
FCF Yield - WACC	2.5%	n.a.			

(1) FCF Yield to the Firm (see Free Cash Flow Analysis (I)). Detail of the WACC on this page.

Free Cash Flow sensitivity analysis (2023e)

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

Scenario	EBITDA/Sales 23e	EBITDA 23e	EV/EBITDA 23e
Max	1.3%	2.0	61.4x
Central	1.2%	1.8	66.4x
Min	1.1%	1.7	72.4x

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

Rec. FCF EUR Mn	CAPEX/Sales 23e		
	EBITDA 23e	2.7%	3.0%
2.0	(4.1)	(4.6)	(5.0)
1.8	(4.3)	(4.7)	(5.2)
1.7	(4.4)	(4.9)	(5.3)

Main Corporate Governance indicators

KPI	2020	2021	2022
% of independent directors	28.6%	50.0%	50.0%
% of proprietary directors	57.1%	25.0%	25.0%
% of executive directors	14.3%	25.0%	25.0%
% of other directors	0.0%	0.0%	0.0%
% of women on the board of directors	0.0%	0.0%	0.0%
% of women out of total workforce	47.8%	46.8%	46.4%
Board remuneration/staff cost	2.2%	1.8%	1.9%



Main peers 2022e

		European Industry			Benchmark		Global Players		
		Vilmorin & Cie	Sipof NV	Greenyard NV	Average	Select Harvests	Average		
EUR Mn		SA	Sipof NV	Greenyard NV	Average	Select Harvests	Average		
Market data	Ticker (Factset)	RIN-FR	SIP-BE	GREEN-BE		SHV-AU		ADM-US	BAIN-ES
	Country	France	Belgium	Belgium		Australia		USA	Spain
	Market cap	1,434.6	626.3	347.7		335.9		36,237.8	68.5
	Enterprise value (EV)	2,765.4	644.4	891.3		593.0		46,495.9	122.0
Basic financial information	Total Revenues	1,587.2	501.9	4,606.1		123.0		94,848.5	141.8
	Total Revenues growth	7.5%	42.6%	4.7%	18.2%	-12.8%	-12.8%	19.2%	4.2%
	2y CAGR (2022e - 2024e)	8.8%	-7.0%	4.5%	2.1%	7.3%	7.3%	-0.4%	6.6%
	EBITDA	353.5	213.7	157.0		11.9		4,392.5	(0.4)
	EBITDA growth	5.3%	45.5%	6.9%	19.2%	-65.9%	-65.9%	-10.5%	-112.4%
	2y CAGR (2022e - 2024e)	13.7%	-14.5%	10.3%	3.1%	98.5%	98.5%	10.0%	n.a.
	EBITDA/Revenues	22.3%	42.6%	3.4%	22.8%	9.7%	9.7%	4.6%	n.a.
	EBIT	98.5	168.1	55.9		4.3		3,431.8	(3.2)
	EBIT growth	2.6%	58.9%	20.0%	27.2%	-80.3%	-80.3%	-14.0%	-470.9%
	2y CAGR (2022e - 2024e)	29.4%	-30.1%	23.0%	7.4%	n.a.	n.a.	6.4%	45.9%
	EBIT/Revenues	6.2%	33.5%	1.2%	13.6%	3.5%	3.5%	3.6%	n.a.
	Net Profit	92.2	102.9	15.6		3.8		4,051.7	(3.9)
	Net Profit growth	-0.1%	29.7%	-2.9%	8.9%	-75.6%	-75.6%	60.2%	n.a.
	2y CAGR (2022e - 2024e)	10.2%	-18.8%	66.2%	19.2%	89.8%	89.8%	-9.3%	49.3%
	CAPEX/Sales %	15.8%	15.0%	1.4%	10.8%	20.1%	20.1%	1.3%	5.0%
Free Cash Flow	250.5	81.2	29.1		(5.6)		2,015.6	(8.7)	
Net financial debt	984.6	(1.7)	454.9		232.8		8,636.5	35.1	
ND/EBITDA (x)	2.8	n.a.	2.9	2.8	19.5	19.5	2.0	n.a.	
Pay-out	39.8%	20.2%	32.1%	30.7%	156.5%	156.5%	19.2%	0.0%	
Multiples and Ratios	P/E (x)	11.9	6.0	19.5	12.5	n.a.	n.a.	8.9	n.a.
	P/BV (x)	1.0	0.8	0.7	0.8	1.0	1.0	1.6	1.2
	EV/Revenues (x)	1.7	1.3	0.2	1.1	4.8	4.8	0.5	0.9
	EV/EBITDA (x)	7.8	3.0	5.7	5.5	49.7	49.7	10.6	n.a.
	EV/EBIT (x)	28.1	3.8	16.0	16.0	n.a.	n.a.	13.5	n.a.
	ROE	6.8	14.6	3.5	8.3	1.2	1.2	18.6	n.a.
	FCF Yield (%)	17.5	13.0	8.4	12.9	n.a.	n.a.	5.6	n.a.
	DPS	1.60	2.00	0.10	1.23	0.05	0.05	1.38	0.00
	Dvd Yield	2.6%	3.4%	1.5%	2.5%	1.8%	1.8%	2.1%	0.0%

- (1) Financial data, multiples and ratios based on market consensus (Factset). In the case of the company analyzed, own estimates (Lighthouse).
(2) All ratios and multiples on EBITDA refer to total EBITDA (not to recurrent EBITDA).

Historical performance

Historical performance (EUR Mn)	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022e	2023e	2024e	11-21	21-24e
Total Revenues						197.2	195.7	177.8	180.6	143.4	136.1	141.8	151.3	161.1	52.2%	5.8%
Total Revenues growth						197.9%	-0.7%	-9.2%	1.5%	-20.6%	-5.1%	4.2%	6.7%	6.4%		
EBITDA						6.2	5.4	1.9	1.7	(1.9)	3.4	(0.4)	1.8	3.6	21.3%	1.4%
EBITDA growth						607.4%	-13.7%	-65.2%	-11.2%	-212.8%	283.4%	-112.4%	528.7%	95.9%		
EBITDA/Sales						3.2%	2.8%	1.1%	0.9%	n.a.	2.5%	n.a.	1.2%	2.2%		
Net Profit						3.3	3.3	2.4	0.3	4.2	0.0	(3.9)	(2.5)	(1.0)	-28.3%	n.a.
Net Profit growth						n.a.	-0.3%	-27.7%	-86.8%	n.a.	-99.6%	n.a.	36.1%	59.7%		
Adjusted number shares (Mn)						23.1	23.1	23.1	23.1	23.1	23.1	23.1	23.1	23.1		
EPS (EUR)						0.14	0.14	0.10	0.01	0.18	0.00	-0.17	-0.11	-0.04	-37.8%	n.a.
EPS growth						n.a.	-0.2%	-27.7%	-86.8%	n.a.	-99.6%	n.a.	36.1%	59.7%		
Ord. EPS (EUR)						0.16	0.15	0.04	0.04	-0.22	0.02	-0.19	-0.11	-0.04	-12.0%	-60.2%
Ord. EPS growth						n.a.	-4.8%	-72.3%	-17.8%	n.a.	n.a.	n.a.	42.5%	59.7%		
CAPEX						(10.0)	(10.0)	(6.2)	(5.1)	(6.7)	(3.9)	(7.1)	(4.5)	(4.3)		
CAPEX/Sales %						5.1%	5.1%	3.5%	2.8%	4.6%	2.8%	5.0%	3.0%	2.7%		
Free Cash Flow						(3.1)	2.3	(4.7)	(7.1)	11.9	6.2	(8.7)	(4.7)	(2.9)	35.6%	-35.0%
ND/EBITDA (x) ⁽²⁾						6.4x	6.5x	20.5x	26.3x	n.a.	7.7x	n.a.	21.7x	11.9x		
P/E (x)						38.1x	27.7x	29.1x	n.a.	14.2x	n.a.	n.a.	n.a.	n.a.		
EV/Sales (x)						0.48x	0.80x	0.67x	0.64x	0.71x	0.69x	0.86x	0.81x	0.76x		
EV/EBITDA (x) ⁽²⁾						15.3x	29.1x	n.a.	n.a.	n.a.	27.4x	n.a.	n.a.	33.9x		
Absolute performance						28.9%	87.9%	-27.3%	-24.2%	-4.0%	-9.7%	5.4%				
Relative performance vs Ibex 35						31.5%	75.0%	-14.5%	-32.2%	13.5%	-16.4%	11.6%				

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

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).

Market Data

Market Cap (Mn EUR and USD)	157.0	168.1
EV (Mn EUR and USD)	297.0	318.2
Shares Outstanding (Mn)	23.3	
-12m (Max/Med/Mín EUR)	7.45 / 7.01 / 6.00	
Daily Avg volume (-12m Mn EUR)	n.m.	
Rotation ⁽¹⁾	0.4	
Factset / Bloomberg	CEV-ES / CEV SM	
Close fiscal year	31-Dec	

Shareholders Structure (%)

Vaqué-Boix family	69.3
Banco Santander	24.1
Manuel Valiente	6.6
Free Float	7.6

Financials (Mn EUR)

	2022	2023e	2024e	2025e
Adj. nº shares (Mn)	23.2	23.3	23.3	23.3
Total Revenues	20.4	21.1	21.9	22.8
Rec. EBITDA	13.2	13.8	14.5	15.2
% growth	-0.4	4.6	5.0	5.0
% Rec. EBITDA/Rev.	64.7	65.6	66.2	66.7
% Inc. EBITDA sector ⁽²⁾	11.5	5.0	5.3	5.5
Net Profit	28.7	8.7	9.2	12.7
EPS (EUR)	1.24	0.37	0.40	0.55
% growth	17.1	-69.9	6.2	38.0
Ord. EPS (EUR)	0.36	0.37	0.40	0.42
% growth	-11.0	4.1	6.2	5.7
Rec. Free Cash Flow	8.0	-2.0	-8.6	15.5
Pay-out (%)	16.1	53.5	50.4	36.5
DPS (EUR)	0.20	0.20	0.20	0.20
Net financial debt	49.6	61.5	83.6	77.8
ND/Rec. EBITDA (x)	3.8	4.4	5.8	5.1
ROE (%)	7.7	2.2	2.4	3.2
ROCE (%)	5.0	2.1	2.1	2.7

Ratios & Multiples (x)

	2022	2023e	2024e	2025e
P/E	5.4	18.1	17.1	12.4
Ord. P/E	18.9	18.1	17.1	16.2
P/BV	0.4	0.4	0.4	0.4
Dividend Yield (%)	3.0	3.0	3.0	3.0
EV/Sales	14.53	14.11	13.54	13.00
EV/Rec. EBITDA	22.5	21.5	20.5	19.5
EV/EBIT	9.0	21.6	20.6	15.7
FCF Yield (%)	5.1	n.a.	n.a.	9.9

Historical behavior (base 100)


(%)	-1m	-3m	-12m	-5Y
Absolute	0.0	-3.6	-4.1	-12.2

(1) Rotation is the % of the capitalisation traded - 12m.

(2) Sector: Stoxx Europe 600 Real State.

MOMENTUM: WHAT DO WE EXPECT FROM 2023E?

1Q23: no surprises. By segment, rents increased by 4.2% across the company's residential property (c.80% of GAV), by 13% on its commercial assets and by 6.8% on its offices. On aggregate, rental income came to EUR 4.7Mn (+5.1% vs. 1Q22, evidencing the ability to pass some inflation through to rents).

2023e: we are looking for low single-digit revenue and EBITDA growth. 2023e should not hold major surprises. Low single-digit growth in revenue (+3%; EUR 21.1Mn) and rec. EBITDA (+4.6% vs. 2022; EUR 14Mn). EBITDA margin 2023e: 65.6% (+0.9pp vs. 2022).

EQUITY STORY HIGHLIGHTS: WHAT TO WATCH FOR?

Unique exposure to residential rentals. It is Spain's only listed rental housing company and a benchmark in affordable housing. It stands apart from the larger listed Spanish property companies with more exposure to the office and shopping centre segments, which are more cyclical.

The **"Habitatge Metròpolis Barcelona" (HMB) project**, in which it has a 50% interest (with Neinor), will develop and operate 4,500+ affordable rental housing units in Barcelona and its metropolitan area in the next five years. That project is, in our opinion, the company's most important catalyst in the medium term.

Additional upside from updating grandfathered rents (significantly below market) to market prices (c.21% of GAV). This implies further growth/profitability upside (from 2025e).

Low leverage (the lowest in the sector) in all stages of the cycle. LTV of 15.2% vs. an average of c.40% for the REITs listed in Spain.

CEV boasts a highly defensive profile: visibility through to 2025e is very high. Our estimates assume continuity of the key trends of the past five years (organic growth in the low single digits) to attain revenue of EUR 22.8Mn and recurring EBITDA of EUR 15.2Mn in 2025e (CAGR 2022-2025e: +4.8%). Defending an EBITDA margin of c.65%.

RISKS: WHAT TO KEEP AN EYE ON?

Regulatory risk. The residential sector in Spain is tightly regulated. Among other measures, a new housing law, which could take effect in 2023, contemplates rent increase ceilings (2% in 2023 and 3% in 2024). Although the risk of having to cut our estimates is very low (we are forecasting revenue CAGR 22-25e of c.4%), regulatory uncertainty will continue to weigh on the sector.

Geographic concentration - 100% of CEV's asset portfolio is in Catalonia, mainly in Barcelona and its metropolitan area. That leaves the company particularly exposed to that region's specific regulations and economic dynamics.

The interest rate climate is weighing on the real estate sector. Logically, the trend in interest rates (which should translate into higher discount rates by eroding the spread between the return earned by renting housing and that offered by investing in fixed income) will impact the sector's performance.

VALUATION METRICS: WHAT DO THE MULTIPLES TELL US?

Despite a very high discount to NAV, momentum is not good. Despite the defensive nature of the company's business model, the sector context is not propitious and current uncertainties are likely to linger. Moreover, in the short term, CEV's own earnings momentum is not great (no growth catalysts). The discount to NAV (c.65%) vs c. 50% of the main Spanish REITs. Nevertheless, it is a truly defensive play.



Financial Projections

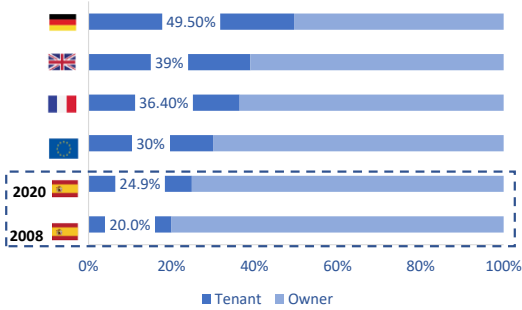
Balance Sheet (EUR Mn)	2018	2019	2020	2021	2022	2023e	2024e	2025e	CAGR	
Intangible assets	1.0	1.0	1.0	1.1	1.1	1.1	1.1	1.1		
Fixed assets	437.0	456.2	461.7	479.8	496.5	497.6	498.9	500.2		
Other Non Current Assets	4.3	4.0	4.0	3.4	1.9	1.9	1.9	1.9		
Financial Investments	10.3	10.0	7.1	10.3	12.2	17.5	26.3	35.1		
Goodwill & Other Intangibles	-	-	-	-	-	-	-	-		
Current assets	22.7	23.0	26.3	34.3	27.7	37.5	54.6	47.3		
Total assets	475.2	494.1	500.0	528.8	539.3	555.6	582.7	585.5		
Equity	316.0	332.8	337.2	357.5	383.6	387.6	392.1	400.2		
Minority Interests	9.3	10.0	10.5	11.4	12.8	13.1	13.5	13.9		
Provisions & Other L/T Liabilities	79.1	83.1	83.7	85.3	89.8	89.8	89.8	89.8		
Other Non Current Liabilities	-	-	-	-	-	-	-	-		
Net financial debt	68.7	65.8	64.9	69.5	49.6	61.5	83.6	77.8		
Current Liabilities	2.2	2.5	3.7	5.0	3.5	3.6	3.7	3.7		
Equity & Total Liabilities	475.2	494.1	500.0	528.8	539.3	555.6	582.7	585.5		
P&L (EUR Mn)	2018	2019	2020	2021	2022	2023e	2024e	2025e	18-22	22-25e
Total Revenues	18.0	19.0	19.1	19.4	20.4	21.1	21.9	22.8	3.2%	3.8%
Total Revenues growth	6.9%	5.3%	0.6%	1.9%	5.2%	3.0%	4.1%	4.2%		
COGS	(0.7)	(0.9)	(0.8)	(1.2)	(1.7)	(1.6)	(1.6)	(1.7)		
Gross Margin	17.3	18.1	18.2	18.2	18.8	19.5	20.3	21.1	2.0%	4.0%
Gross Margin/Revenues	96.3%	95.3%	95.7%	93.8%	91.9%	92.6%	92.5%	92.5%		
Personnel Expenses	(3.2)	(3.2)	(3.1)	(3.4)	(3.8)	(3.8)	(3.9)	(4.0)		
Other Operating Expenses	(1.6)	(1.6)	(1.6)	(1.6)	(1.8)	(1.8)	(1.9)	(1.9)		
Recurrent EBITDA	12.5	13.2	13.5	13.3	13.2	13.8	14.5	15.2	1.3%	4.8%
Recurrent EBITDA growth	7.4%	5.7%	1.7%	-1.4%	-0.4%	4.6%	5.0%	5.0%		
Rec. EBITDA/Revenues	69.6%	69.9%	70.7%	68.3%	64.7%	65.6%	66.2%	66.7%		
Net development revenue and non-rec.	(0.1)	(0.1)	(1.0)	0.4	4.4	-	-	3.8		
EBITDA	12.4	13.1	12.5	13.7	17.6	13.8	14.5	19.0	9.1%	2.6%
Depreciation & Provisions	(0.4)	(0.2)	(0.1)	0.4	(0.1)	(0.1)	(0.1)	(0.1)		
Capitalized Expense	-	-	-	-	-	-	-	-		
Change in the value of the properties	49.0	16.8	0.2	17.9	15.5	-	-	-		
EBIT	61.0	29.8	12.6	32.0	33.1	13.7	14.4	18.9	-14.2%	-17.0%
EBIT growth	248.4%	-51.2%	-57.7%	154.1%	3.2%	-58.4%	5.0%	31.1%		
EBIT/Revenues	n.a.	n.a.	66.1%	n.a.	n.a.	65.3%	65.8%	82.8%		
Impact of Goodwill & Others	-	-	-	-	-	-	-	-		
Net Financial Result	(1.4)	(1.6)	(1.3)	(1.5)	(1.3)	(2.4)	(2.4)	(2.3)		
Income by the Equity Method	-	-	-	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)		
Ordinary Profit	59.6	28.2	11.3	30.5	31.7	11.4	12.1	16.6	-14.6%	-19.4%
Ordinary Profit Growth	265.5%	-52.7%	-59.8%	169.9%	3.9%	-64.2%	6.2%	38.0%		
Extraordinary Results	-	-	-	-	5.9	-	-	-		
Profit Before Tax	59.6	28.2	11.3	30.5	37.7	11.4	12.1	16.6	-10.8%	-23.8%
Tax Expense	(13.0)	(5.4)	(1.5)	(5.2)	(7.9)	(2.4)	(2.5)	(3.5)		
Effective Tax Rate	21.8%	19.1%	13.2%	16.9%	21.0%	21.0%	21.0%	21.0%		
Minority Interests	(1.6)	(0.8)	(0.6)	(0.9)	(1.1)	(0.3)	(0.3)	(0.5)		
Discontinued Activities	-	-	-	-	-	-	-	-		
Net Profit	45.0	22.0	9.3	24.5	28.7	8.7	9.2	12.7	-10.6%	-23.8%
Net Profit growth	209.4%	-51.2%	-57.9%	164.8%	17.1%	-69.9%	6.2%	38.0%		
Ordinary Net Profit	6.8	8.5	10.0	9.3	8.3	8.7	9.2	9.7	5.0%	5.4%
Ordinary Net Profit growth	-23.6%	24.4%	17.2%	-6.4%	-11.0%	4.4%	6.2%	5.7%		
Cash Flow (EUR Mn)	2018	2019	2020	2021	2022	2023e	2024e	2025e	18-22	22-25e
Recurrent EBITDA						13.8	14.5	15.2	1.3%	4.8%
Rentals (IFRS 16 impact)	-	-	-	-	-	-	-	-		
Working Capital Increase	-	-	-	-	-	(9.8)	(16.9)	7.4		
Recurrent Operating Cash Flow						4.1	-2.4	22.6	13.7%	7.2%
CAPEX	-	-	-	-	-	(1.3)	(1.3)	(1.4)		
Net Financial Result affecting the Cash Flow	-	-	-	-	-	(2.4)	(2.4)	(2.3)		
Tax Expense	-	-	-	-	-	(2.4)	(2.5)	(3.5)		
Recurrent Free Cash Flow						(2.0)	(8.6)	15.5	25.9%	24.8%
Restructuring Expense & Other non-rec.	-	-	-	-	-	-	-	3.8		
- Acquisitions / + Divestures of assets	-	-	-	-	-	(5.3)	(8.8)	(8.8)		
Extraordinary Inc./Exp. Affecting Cash Flow	-	-	-	-	-	-	-	-		
Free Cash Flow						(7.3)	(17.5)	10.4	58.2%	-22.8%
Capital Increase	-	-	-	-	-	-	-	-		
Dividends	-	-	-	-	-	(4.6)	(4.6)	(4.6)		
Net Debt Variation						11.9	22.1	(5.8)		

Note: Ordinary net profit does not include changes in the value of the properties or extraordinary and non-recurrent items, applying an effective tax rate.

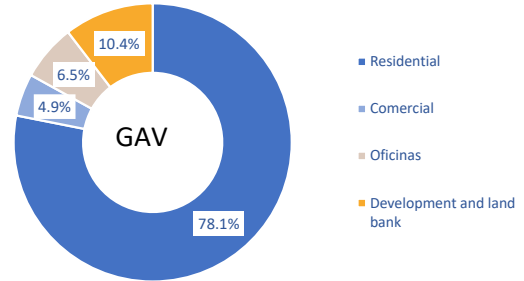


The company in 8 charts

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



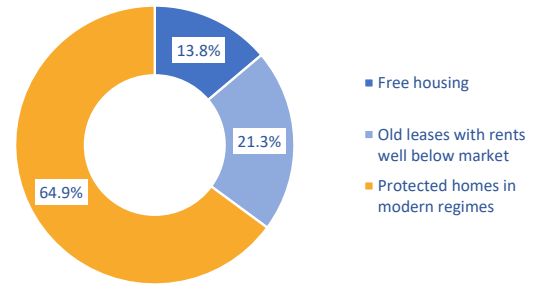
Cevasa (CEV) has a unique exposure to rented housing (78.1% of GAV)...



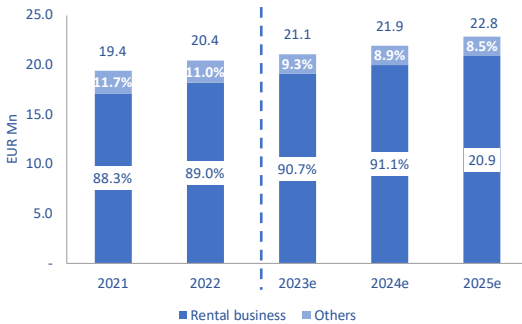
... with a portfolio concentrated in Catalonia (mainly Barcelona and its metropolitan area)



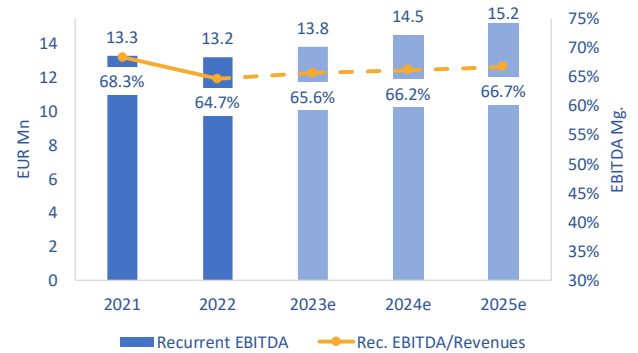
And the particularity of having invested a large percentage in state-sponsored housing



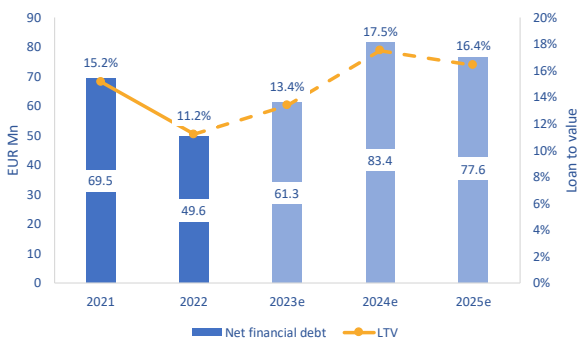
Until 2025e visibility is significant, for revenue (+3.8% CAGR 22-25e)...



... and margins (Rec EBITDA: +4.8% CAGR 22-25e)



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



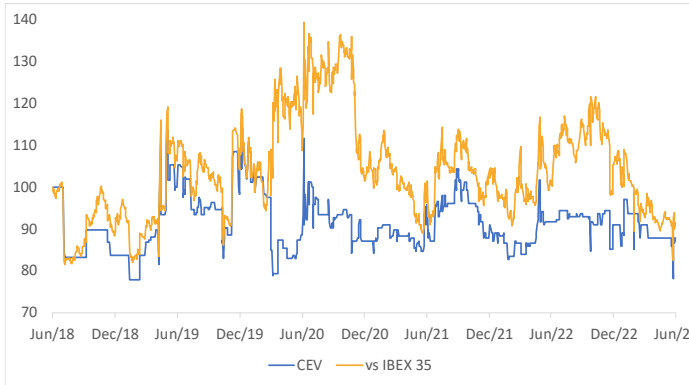
Trading at a discount of c. 65% to its EPRA NRV

EUR Mn	2021	2022	21-22
GAV	530.2	536.2	1.1%
EPRA NRV	457.9	483.7	5.6%
EPRA NAV/NTA	385.3	423.9	10.0%
EPRA NAV/NDV	378.2	400.9	6.0%
Number of shares	23.2	23.2	0.0%
EPRA NAV/NRV per share	19.78	20.89	5.6%
EPRA NAV/NTA per share	16.64	18.31	10.0%
EPRA NAV/NDV per share	16.33	17.32	6.0%

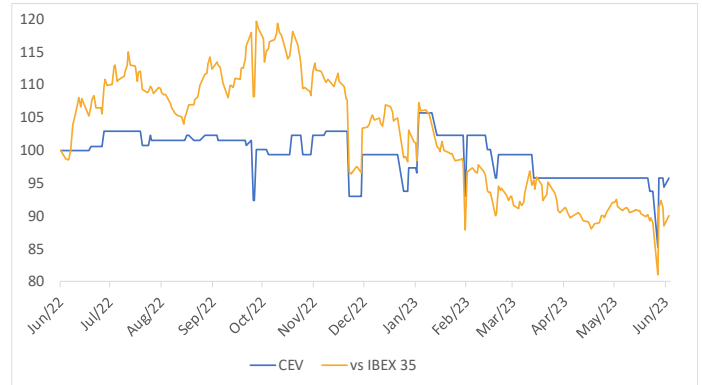


Evolution of the share price

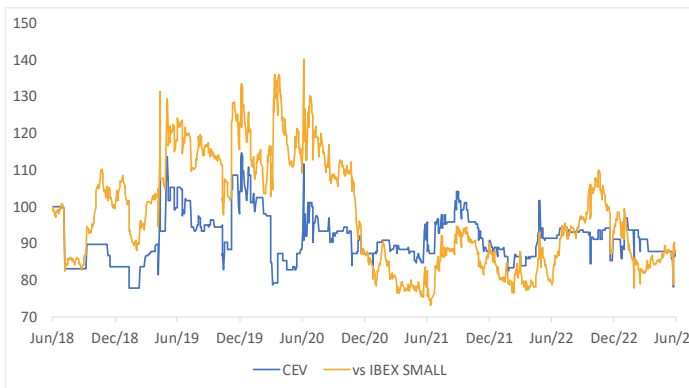
Historical behavior vs Ibex 35 (base 100)



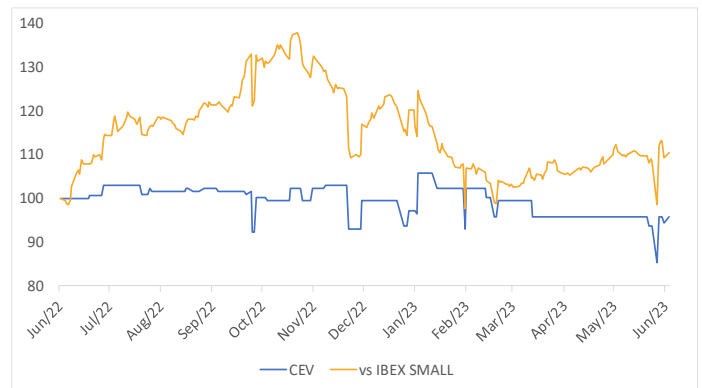
Behavior -1y vs Ibex 35 (base 100)



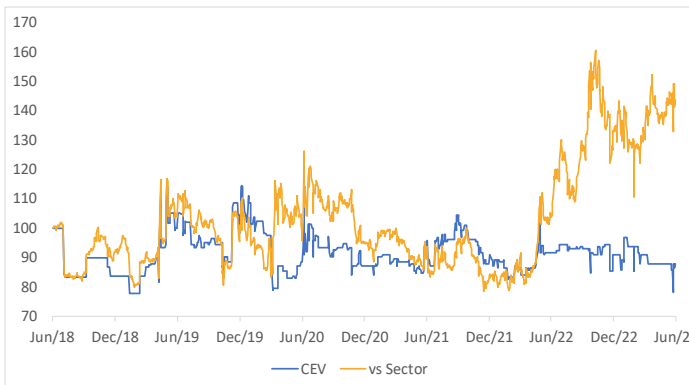
Historical behavior vs Ibex Small Cap (base 100)



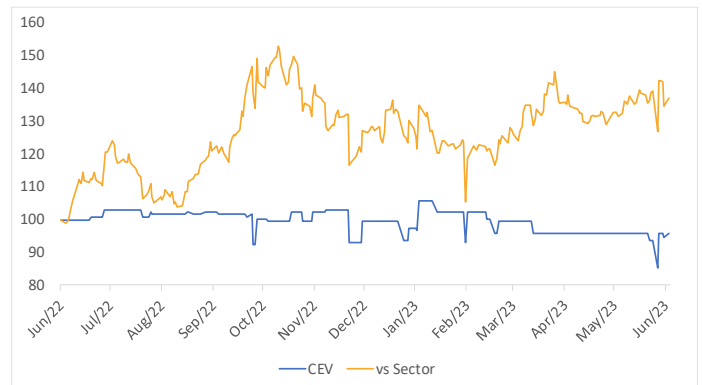
Behavior -1y vs Ibex Small Cap (base 100)



Historical behavior vs Sector⁽¹⁾ (base 100)



Behavior -1y vs Sector⁽¹⁾ (base 100)



(1) Sector: Stoxx Europe 600 Real State

Stock performance (%)	-1m	-3m	-12m	YTD	-3Y	-5Y
Absolute	0.0	-3.6	-4.1	-1.5	-0.7	-12.2
vs Market						
vs Ibex 35	-1.5	-1.8	-9.9	-12.7	-15.9	-8.4
vs Euro STOXX 50	1.1	-3.5	-15.5	-12.9	-21.7	-29.3
vs Small Cap References						
vs Ibex Small Cap Index	-0.2	7.7	10.5	-8.2	-19.4	-11.8
vs Micro Cap Spain Universe ⁽¹⁾	-0.2	-0.6	4.4	-9.5	-29.7	-18.3
vs MSCI Europe Micro Cap	1.6	2.3	9.6	-0.8	-15.8	-18.2
vs Sector						
vs Stoxx Europe 600 Real State	4.2	8.7	37.1	5.3	49.9	43.9

(1) [Constituents on page 10](#)



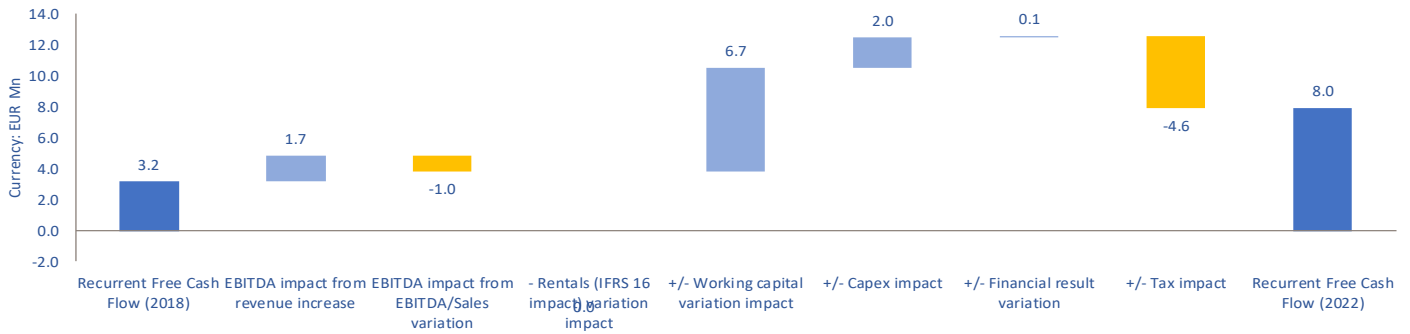
Free Cash Flow (I)

A) Cash Flow Analysis (EUR Mn)	2019	2020	2021	2022	2023e	2024e	2025e	CAGR	
								19-22	22-25e
Recurrent EBITDA	13.2	13.5	13.3	13.2	13.8	14.5	15.2	-0.1%	4.8%
<i>Recurrent EBITDA growth</i>	5.7%	1.7%	-1.4%	-0.4%	4.6%	5.0%	5.0%		
<i>Rec. EBITDA/Revenues</i>	69.9%	70.7%	68.3%	64.7%	65.6%	66.2%	66.7%		
- Rentals (IFRS 16 impact)	-	-	-	-	-	-	-		
+/- Working Capital increase	(0.0)	(2.1)	(6.8)	5.1	(9.8)	(16.9)	7.4		
= Recurrent Operating Cash Flow	13.2	11.4	6.5	18.3	4.1	(2.4)	22.6	11.5%	7.2%
<i>Rec. Operating Cash Flow growth</i>	20.8%	-14.1%	-42.8%	181.7%	-77.9%	-160.0%	n.a.		
<i>Rec. Operating Cash Flow / Sales</i>	69.9%	59.7%	33.5%	89.7%	19.3%	n.a.	99.0%		
- CAPEX	(2.2)	(4.6)	(1.5)	(1.2)	(1.3)	(1.3)	(1.4)		
- Net Financial Result affecting Cash Flow	(1.7)	(1.4)	(1.4)	(1.3)	(2.4)	(2.4)	(2.3)		
- Taxes	(2.8)	(1.9)	(0.6)	(7.9)	(2.4)	(2.5)	(3.5)		
= Recurrent Free Cash Flow	6.5	3.5	3.0	8.0	(2.0)	(8.6)	15.5	6.9%	24.8%
<i>Rec. Free Cash Flow growth</i>	105.6%	-46.1%	-13.6%	162.4%	-124.5%	-341.9%	279.3%		
<i>Rec. Free Cash Flow / Revenues</i>	34.4%	18.4%	15.6%	38.9%	n.a.	n.a.	67.8%		
- Restructuring expenses & others	-	-	-	4.4	-	-	3.8		
- Acquisitions / + Divestments	0.4	1.8	(9.4)	4.0	(5.3)	(8.8)	(8.8)		
+/- Extraordinary Inc./Exp. affecting Cash Flow	0.6	0.1	6.3	6.3	-	-	-		
= Free Cash Flow	7.5	5.4	(0.0)	22.6	(7.3)	(17.5)	10.4	44.5%	-22.8%
<i>Free Cash Flow growth</i>	107.8%	-27.5%	-100.4%	n.a.	-132.0%	-140.9%	159.7%		
<i>Recurrent Free Cash Flow - Yield (s/Mkt Cap)</i>	4.2%	2.2%	1.9%	5.1%	n.a.	n.a.	9.9%		
<i>Free Cash Flow Yield (s/Mkt Cap)</i>	4.8%	3.5%	n.a.	14.4%	n.a.	n.a.	6.6%		
B) Analytical Review of Annual Recurrent Free Cash Flow Performance (Eur Mn)									
	2019	2020	2021	2022	2023e	2024e	2025e	CAGR	
Recurrent FCF(FY - 1)	3.2	6.5	3.5	3.0	8.0	(2.0)	(8.6)		
EBITDA impact from revenue increase	0.7	0.1	0.3	0.7	0.4	0.6	0.6		
EBITDA impact from EBITDA/Sales variation	0.1	0.1	(0.5)	(0.8)	0.2	0.1	0.1		
= Recurrent EBITDA variation	0.7	0.2	(0.2)	(0.1)	0.6	0.7	0.7		
- Rentals (IFRS 16 impact) variation impact	-	-	-	-	-	-	-		
+/- Working capital variation impact	1.6	(2.1)	(4.7)	11.9	(14.9)	(7.2)	24.3		
= Recurrent Operating Cash Flow variation	2.3	(1.9)	(4.9)	11.8	(14.3)	(6.5)	25.0		
+/- CAPEX impact	0.9	(2.4)	3.1	0.3	(0.1)	(0.1)	(0.1)		
+/- Financial result variation	(0.3)	0.3	(0.1)	0.1	(1.1)	0.0	0.1		
+/- Tax impact	0.4	0.9	1.3	(7.3)	5.5	(0.1)	(1.0)		
= Recurrent Free Cash Flow variation	3.3	(3.0)	(0.5)	4.9	(9.9)	(6.7)	24.1		
Recurrent Free Cash Flow	6.5	3.5	3.0	8.0	(2.0)	(8.6)	15.5		
C) "FCF to the Firm" (pre debt service) (EUR Mn)									
	2019	2020	2021	2022	2023e	2024e	2025e	CAGR	
EBIT	29.8	12.6	32.0	33.1	13.7	14.4	18.9	3.6%	-17.0%
* <i>Theoretical Tax rate</i>	19.1%	13.2%	16.9%	21.0%	21.0%	21.0%	21.0%		
= Taxes (pre- Net Financial Result)	(5.7)	(1.7)	(5.4)	(6.9)	(2.9)	(3.0)	(4.0)		
Recurrent EBITDA	13.2	13.5	13.3	13.2	13.8	14.5	15.2	-0.1%	4.8%
- Rentals (IFRS 16 impact)	-	-	-	-	-	-	-		
+/- Working Capital increase	(0.0)	(2.1)	(6.8)	5.1	(9.8)	(16.9)	7.4		
= Recurrent Operating Cash Flow	13.2	11.4	6.5	18.3	4.1	(2.4)	22.6	11.5%	7.2%
- CAPEX	(2.2)	(4.6)	(1.5)	(1.2)	(1.3)	(1.3)	(1.4)		
- Taxes (pre- Financial Result)	(5.7)	(1.7)	(5.4)	(6.9)	(2.9)	(3.0)	(4.0)		
= Recurrent Free Cash Flow (To the Firm)	5.3	5.2	(0.4)	10.2	(0.1)	(6.8)	17.3	24.2%	19.1%
<i>Rec. Free Cash Flow (To the Firm) growth</i>	197.4%	-3.7%	-107.2%	n.a.	-100.8%	n.a.	354.7%		
<i>Rec. Free Cash Flow (To the Firm) / Revenues</i>	28.2%	27.0%	n.a.	50.1%	n.a.	n.a.	75.6%		
- Acquisitions / + Divestments	0.4	1.8	(9.4)	4.0	(5.3)	(8.8)	(8.8)		
+/- Extraordinary Inc./Exp. affecting Cash Flow	0.6	0.1	6.3	6.3	-	-	-		
= Free Cash Flow "To the Firm"	6.3	7.1	(3.4)	20.6	(5.4)	(15.6)	8.4	48.0%	-25.7%
<i>Free Cash Flow (To the Firm) growth</i>	225.6%	11.8%	-148.4%	699.8%	-126.2%	-190.0%	154.1%		
<i>Rec. Free Cash Flow To the Firm Yield (o/EV)</i>	1.8%	1.7%	n.a.	3.4%	n.a.	n.a.	5.8%		
<i>Free Cash Flow "To the Firm" - Yield (o/EV)</i>	2.1%	2.4%	n.a.	6.9%	n.a.	n.a.	2.8%		

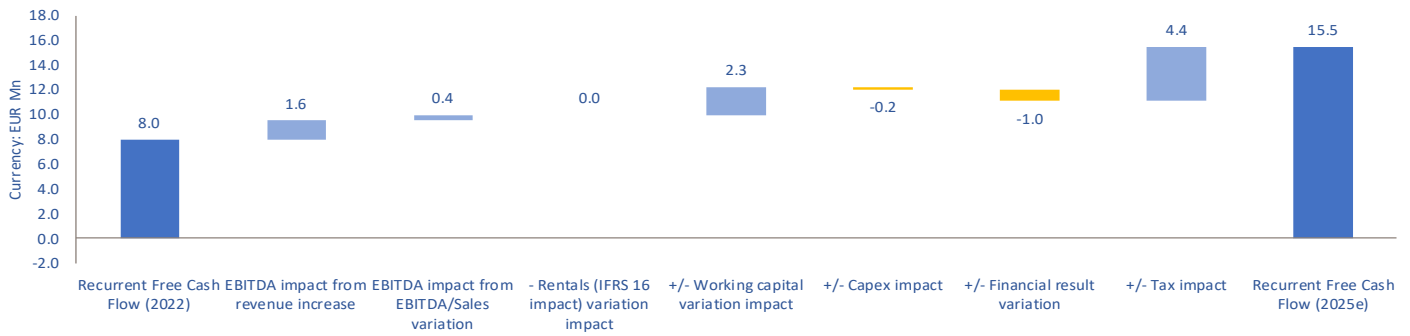


Free Cash Flow (II)

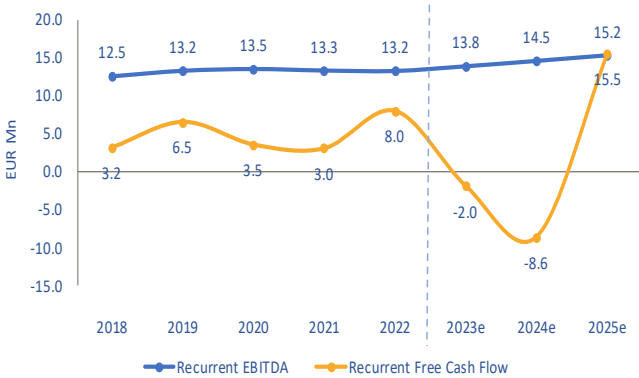
Recurrent Free Cash Flow accumulated variation analysis (2018 - 2022)



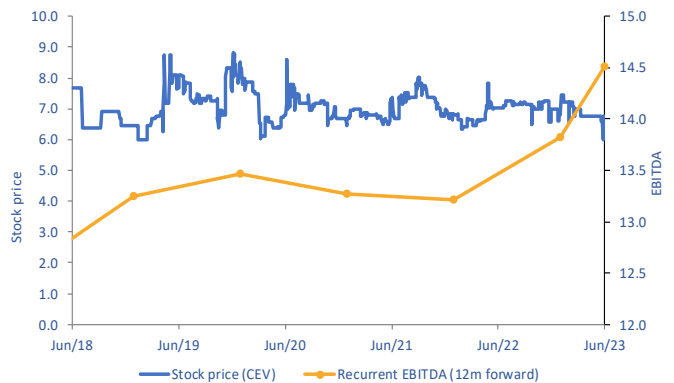
Recurrent Free Cash Flow accumulated variation analysis (2022 - 2025e)



Recurrent EBITDA vs Recurrent Free Cash Flow



Stock performance vs EBITDA 12m forward





Valuation inputs

Inputs for the DCF Valuation Approach

	2023e	2024e	2025e	Terminal Value ⁽¹⁾		
Free Cash Flow "To the Firm"	(5.4)	(15.6)	8.4	288.5		
Market Cap	157.0	At the date of this report				
Net financial debt	49.6	Debt net of Cash (12m Results 2022)				
					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%	Kd = Cost of Net Debt * (1-T)			4.2%	4.6%
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)	1.0	B (own estimate)			1.0	1.1
Cost of Equity	9.4%	Ke = Rf + (R * B)			8.9%	10.5%
Equity / (Equity + Net Debt)	76.0%	E (Market Cap as equity value)			=	=
Net Debt / (Equity + Net Debt)	24.0%	D			=	=
WACC	8.2%	WACC = Kd * D + Ke * E			7.7%	9.1%
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.

EV breakdown at the date of this report

	EUR Mn	Source
Market Cap	157.0	
+ Minority Interests	12.8	12m Results 2022
+ Provisions & Other L/T Liabilities	89.8	12m Results 2022
+ Net financial debt	49.6	12m Results 2022
- Financial Investments	12.2	12m Results 2022
+/- Others		
Enterprise Value (EV)	297.0	

Business Value Creation Metrics ⁽¹⁾

	2018	2019	2020	2021	2022
ROCE (evolution -5y)	11.0%	5.1%	2.3%	5.3%	5.0%
	2022	2025e			
ROCE - WACC	-3.1%	-5.4%			
FCF Yield - WACC	-3.1%	1.7%			

(1) FCF Yield to the Firm (see Free Cash Flow Analysis (I)). Detail of the WACC on this page.

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	69.5%	15.2	19.5x
Central	66.2%	14.5	20.5x
Min	62.9%	13.8	21.5x

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

Rec. FCF EUR Mn	CAPEX/Sales 24e		
EBITDA 24e	5.4%	6.0%	6.6%
15.2	(7.8)	(7.9)	(8.0)
14.5	(8.5)	(8.6)	(8.8)
13.8	(9.2)	(9.4)	(9.5)

Main Corporate Governance indicators

KPI	2020	2021	2022
% of independent directors	25.0%	25.0%	25.0%
% of proprietary directors	50.0%	50.0%	50.0%
% of executive directors	12.5%	12.5%	12.5%
% of other directors	12.5%	12.5%	12.5%
% of women on the board of directors	25.0%	25.0%	25.0%
% of women out of total workforce	43.8%	46.4%	50.0%
Board remuneration/staff cost	11.9%	15.4%	14.6%



Main peers 2023e

		REITs					
EUR Mn		Merlin Properties	Colonial	Lar España	Árma	Average	CEV
Market data	Ticker (Factset)	MRL-ES	COL-ES	LRE-ES	ARM-ES		CEV-ES
	Country	Spain	Spain	Spain	Spain		Spain
	Market cap	3,840.4	3,067.7	437.7	227.4		157.0
	Enterprise value (EV)	7,820.1	9,477.6	1,008.8	248.4		297.0
Basic financial information	Total Revenues	478.8	377.8	89.3	15.0		21.1
	Total Revenues growth	8.5%	1.9%	6.8%	36.4%	13.4%	3.0%
	2y CAGR (2023e - 2025e)	5.8%	6.6%	4.1%	n.a.	5.5%	4.2%
	EBITDA	360.1	296.6	65.4	7.0		13.8
	EBITDA growth	-2.5%	6.9%	n.a.	250.0%	84.8%	-21.4%
	2y CAGR (2023e - 2025e)	6.9%	8.0%	5.4%	n.a.	6.8%	17.2%
	EBITDA/Revenues	75.2%	78.5%	73.2%	46.7%	68.4%	65.6%
	EBIT	352.3	290.0	41.5	21.0		13.7
	EBIT growth	-4.1%	8.0%	-25.6%	-8.7%	-7.6%	-58.4%
	2y CAGR (2023e - 2025e)	11.2%	10.5%	34.4%	n.a.	18.7%	17.3%
	EBIT/Revenues	73.6%	76.8%	46.5%	n.a.	65.6%	65.3%
	Net Profit	282.1	164.6	30.2	19.0		8.7
	Net Profit growth	582.1%	n.a.	-58.5%	-9.5%	171.3%	-69.9%
	2y CAGR (2023e - 2025e)	8.7%	13.2%	37.5%	n.a.	19.8%	21.0%
	CAPEX/Sales %	54.2%	3.7%	16.8%	100.0%	43.7%	6.0%
Free Cash Flow	134.1	283.7	47.8	n.a.		(7.3)	
Net financial debt	4,056.9	5,016.7	570.8	77.0		61.5	
ND/EBITDA (x)	11.3	16.9	8.7	11.0	12.0	4.4	
Pay-out	72.7%	82.6%	185.2%	10.9%	87.8%	53.5%	
Multiples and Ratios	P/E (x)	14.1	18.5	8.8	12.3	13.4	18.1
	P/BV (x)	0.6	0.6	n.a.	n.a.	0.6	0.4
	EV/Revenues (x)	16.3	n.a.	11.3	16.6	14.7	14.1
	EV/EBITDA (x)	21.7	32.0	15.4	35.5	26.1	21.5
	EV/EBIT (x)	22.2	32.7	24.3	11.8	22.8	21.6
	ROE	4.4	3.3	n.a.	n.a.	3.8	2.2
	FCF Yield (%)	3.5	9.2	10.9	n.a.	7.9	n.a.
	DPS	0.44	0.26	0.67	0.08	0.36	0.20
	Dvd Yield	5.4%	4.5%	12.8%	0.9%	5.9%	3.0%

- (1) Financial data, multiples and ratios based on market consensus (Factset). In the case of the company analyzed, own estimates (Lighthouse).
(2) All ratios and multiples on EBITDA refer to total EBITDA (not to recurrent EBITDA).

Historical performance

Historical performance (EUR Mn)	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023e	2024e	2025e	12-22	22-25e
Total Revenues	18.2	19.6	17.4	16.4	13.9	14.6	18.0	19.0	19.1	19.4	20.4	21.1	21.9	22.8	1.2%	3.8%
Total Revenues growth	-2.3%	8.1%	-11.5%	-5.5%	-15.5%	5.2%	23.2%	5.3%	0.6%	1.9%	5.2%	3.0%	4.1%	4.2%		
EBITDA	6.8	8.0	7.3	8.5	8.6	7.9	12.4	13.1	12.5	13.7	17.6	13.8	14.5	19.0	9.9%	2.6%
EBITDA growth	-17.0%	17.7%	-9.0%	16.1%	2.0%	-8.1%	56.0%	6.0%	-5.0%	9.3%	28.8%	-21.4%	5.0%	30.9%		
EBITDA/Sales	37.5%	40.8%	42.0%	51.5%	62.2%	54.4%	68.9%	69.3%	65.5%	70.3%	86.0%	65.6%	66.2%	83.1%		
Net Profit	2.5	3.0	22.6	5.6	13.0	14.5	45.0	22.0	9.3	24.5	28.7	8.7	9.2	12.7	27.7%	-23.8%
Net Profit growth	-47.5%	21.3%	647.0%	-75.3%	134.2%	11.6%	209.4%	-51.2%	-57.9%	164.8%	17.1%	-69.9%	6.2%	38.0%		
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	1.94	0.95	0.40	1.06	1.24	0.37	0.40	0.55	27.7%	-23.9%
EPS growth	n.a.	21.5%	n.a.	-75.3%	n.a.	11.6%	n.a.	-51.1%	-57.9%	n.a.	17.1%	-69.9%	6.2%	38.0%		
Ord. EPS (EUR)	0.11	0.13	0.97	0.24	0.56	0.63	0.29	0.37	0.43	0.40	0.36	0.37	0.40	0.42	12.8%	5.3%
Ord. EPS growth	n.a.	21.5%	n.a.	-75.3%	n.a.	11.6%	-53.0%	24.4%	17.2%	-6.5%	-11.0%	4.1%	6.2%	5.7%		
CAPEX	(6.1)	(1.8)	(0.6)	(1.4)	(4.4)	(26.6)	(3.1)	(2.2)	(4.6)	(1.5)	(1.2)	(1.3)	(1.3)	(1.4)		
CAPEX/Sales %	33.5%	9.0%	3.2%	8.4%	31.8%	182.4%	17.4%	11.7%	24.0%	7.5%	5.7%	6.0%	6.0%	6.0%		
Free Cash Flow	(2.7)	1.5	3.8	(1.6)	(4.5)	(21.8)	3.6	7.5	5.4	(0.0)	22.6	(7.3)	(17.5)	10.4	26.3%	-22.8%
ND/EBITDA (x) ⁽²⁾	8.0x	5.5x	7.0x	6.5x	4.9x	7.9x	5.5x	5.0x	5.2x	5.1x	2.8x	4.4x	5.8x	4.1x		
P/E (x)	61.3x	48.9x	5.3x	23.8x	14.7x	6.4x	3.3x	8.8x	16.8x	6.5x	5.5x	18.1x	17.1x	12.4x		
EV/Sales (x)	12.93x	11.05x	11.16x	12.78x	19.08x	11.82x	17.19x	18.78x	16.52x	16.41x	14.64x	14.11x	13.54x	13.00x		
EV/EBITDA (x) ⁽²⁾	34.5x	27.1x	26.6x	24.8x	30.7x	21.7x	25.0x	27.1x	25.2x	23.4x	17.0x	21.5x	20.5x	15.6x		
Absolute performance	-2.5%	-3.2%	-18.8%	10.8%	44.5%	-51.7%	61.5%	29.6%	-19.7%	2.1%	0.1%	-1.5%				
Relative performance vs Ibex 35	2.2%	-20.3%	-21.7%	19.4%	47.5%	-55.1%	89.9%	15.9%	-5.1%	-5.4%	6.0%	-12.7%				

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

Cuatroochenta (480S), is a technology company specialised in designing, developing and implementing cloud software (SaaS model) and cybersecurity, with proprietary products aimed at optimising specific processes in the business context. Revenues from outside Spain account for c. 25% of the total (mainly Latam). The company has been listed on BME Growth since November 2020. Management controls c. 60% of capital.

Market Data

Market Cap (Mn EUR and USD)	24.0	25.8
EV (Mn EUR and USD)	32.2	34.5
Shares Outstanding (Mn)	2.7	
-12m (Max/Med/Mín EUR)	16.60 / 11.57 / 8.65	
Daily Avg volume (-12m Mn EUR)	n.m.	
Rotation ⁽¹⁾	8.8	
Factset / Bloomberg	480S-ES / 480S SM	
Close fiscal year	31-Dec	

Shareholders Structure (%)

Montesinos family	19.5
Sergio Aguado Gonzalez	18.0
Alfredo Cebrián Fuertes	16.6
Pavasal Group	5.3
Free Float	40.5

Financials (Mn EUR)

	2022	2023e	2024e	2025e
Adj. nº shares (Mn)	2.7	2.7	2.7	2.7
Total Revenues	18.7	23.3	27.2	31.4
Rec. EBITDA	0.7	2.2	3.8	5.9
% growth	-23.0	206.2	73.1	54.4
% Rec. EBITDA/Rev.	3.8	9.4	14.0	18.7
% Inc. EBITDA sector ⁽²⁾	12.8	9.9	19.9	15.7
Net Profit	-1.1	0.7	2.0	3.7
EPS (EUR)	-0.40	0.27	0.73	1.35
% growth	-247.7	167.4	170.0	83.8
Ord. EPS (EUR)	-0.17	0.27	0.73	1.35
% growth	-827.8	256.4	170.0	83.8
Rec. Free Cash Flow	-2.4	-0.5	0.9	2.5
Pay-out (%)	0.0	0.0	0.0	0.0
DPS (EUR)	0.00	0.00	0.00	0.00
Net financial debt	6.4	6.9	6.0	3.5
ND/Rec. EBITDA (x)	8.9	3.2	1.6	0.6
ROE (%)	n.a.	7.0	16.7	24.9
ROCE (%)	n.a.	4.8	10.9	18.2

Ratios & Multiples (x)

	n.a.	32.4	12.0	6.5
P/E	n.a.	32.4	12.0	6.5
Ord. P/E	2.4	2.2	1.9	1.4
P/BV	0.0	0.0	0.0	0.0
Dividend Yield (%)	1.73	1.38	1.18	1.03
EV/Sales	44.9	14.7	8.5	5.5
EV/Rec. EBITDA	n.a.	28.3	11.9	6.8
EV/EBIT	n.a.	n.a.	3.6	10.6
FCF Yield (%)				

Historical behavior (base 100)


(%)	-1m	-3m	-12m	-5Y
Absolute	-5.4	-17.0	-44.5	n.a.

(1) Rotation is the % of the capitalisation traded - 12m.

(2) Sector: Stoxx Europe 600 Technology.

MOMENTUM: WHAT DO WE EXPECT FROM 2023E?

Proven ability to deliver double-digit growth across all businesses. EUR 18.7Mn of revenue in 2022 (+34.5% vs. 2021), with ongoing strong organic growth (+26% vs. 2021; 76% of the increase). We think that organic growth will continue in 2023e (revenue 23e: EUR 23.3Mn, +25%).

Upside in profitability should be tangible in 2023e. The jump in scale is already accomplished. Which should start showing in the company's numbers: we are estimating a steady improvement in the rec. EBITDA margin to 9.4% in 2023 (from under 5% in 2022). Rec. EBITDA 2023e: EUR 2.2Mn vs. EUR 0.7Mn in 2022.

Particularly strong earnings momentum in 2023e thanks to higher business profitability (under pressure until now due to growth in the business structure). The best news: the margin expansion hasn't really yet begun.

EQUITY STORY HIGHLIGHTS: WHAT TO WATCH FOR?

Recurring revenue base. 480S' solutions and products are focused on optimising very specific processes within the business environment (asset management, work planning, cybersecurity, etc.). Once a client has adapted their internal processes to 480S' products, the costs of switching to a new supplier are high. That translates into high recurring income. As of December 2022, annual recurring revenue stood at EUR 11.9Mn (62% of *pro forma* revenue).

On a scalable business. 480S has proprietary software solutions (under the SaaS model) that are fully developed. It will therefore not require significant additional investments to continue to grow.

Underpinned by the momentum provided by a sector in the midst of growth, driven by digital transformation processes that are a priority for many organisations at present (and where SaaS and cybersecurity will play a crucial role).

2023e-2025e: a dual growth story. In 2025e we expect to see a company with recurring EBITDA of c. EUR 6Mn (breakeven in 2022) as a result of: i) ongoing double-digit topline growth (CAGR 22-25e: 19%); and ii) operational gearing, which should start to materialise in 2023e (paving the way for a potential EBITDA margin of c.20% in 2025e).

RISKS: WHAT TO KEEP AN EYE ON?

Lower than expected operational gearing. Margin expansion is the key driver of the forecast growth in EBITDA. A worse than forecast cost performance (lower than expected operational gearing) would have a significant impact on our estimates.

Exposure to emerging markets (Latam). Although 480S is not exposed to emerging market forex risk (transactions are mainly denominated in euros or dollars), growth in Latam (Panama and Colombia accounted for c.22% of 2022 revenue) implies dependence on regional macro and growth dynamics.

VALUATION METRICS: WHAT DO THE MULTIPLES TELL US?

A tech story worth going against the tide: 480S is regaining momentum (unlike its peers), with its share price close to record lows following the correction sustained in the last 12 months: -44.5%. The margin recovery anticipated in 2023e could be the catalyst by evidencing the scope for EBITDA growth. Our numbers are predicated on normalisation of EBITDA (adapting to the upside implicit in the current structure) within two years. This would imply an EV/rec. EBITDA 25e multiple of 5.5x and a P/E 25e multiple of < 10x.



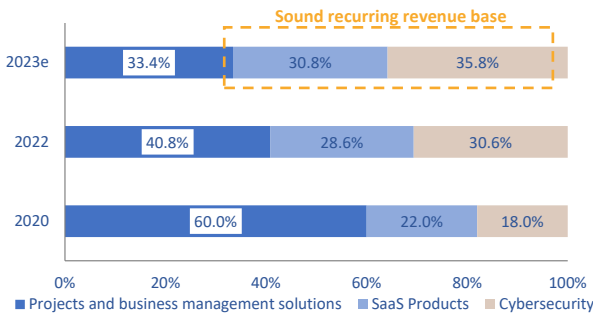
Financial Projections

Balance Sheet (EUR Mn)	2018	2019	2020	2021	2022	2023e	2024e	2025e	CAGR	
Intangible assets		2.4	3.9	8.1	8.8	8.2	7.6	7.0		
Fixed assets		0.1	0.2	0.4	0.5	1.3	2.1	2.9		
Other Non Current Assets		0.3	0.5	0.5	1.9	1.9	1.9	1.9		
Financial Investments		0.0	1.0	0.1	0.2	0.4	0.6	0.8		
Goodwill & Other Intangibles		1.8	5.1	7.2	8.3	8.3	8.3	8.3		
Current assets		1.6	2.8	4.3	8.0	9.3	10.3	11.4		
Total assets		6.2	13.6	20.6	27.8	29.4	30.9	32.3		
Equity		1.9	5.4	4.6	10.2	11.0	13.0	16.6		
Minority Interests		0.0	0.1	0.0	0.0	0.0	0.0	0.0		
Provisions & Other L/T Liabilities		1.1	1.4	1.7	1.9	1.9	1.9	1.9		
Other Non Current Liabilities		-	-	1.0	1.0	1.0	1.0	1.0		
Net financial debt		1.9	3.5	7.5	6.4	6.9	6.0	3.5		
Current Liabilities		1.2	3.3	5.8	8.2	8.5	8.9	9.2		
Equity & Total Liabilities		6.2	13.6	20.6	27.8	29.4	30.9	32.3		
P&L (EUR Mn)	2018	2019	2020	2021	2022	2023e	2024e	2025e	18-22	22-25e
Total Revenues		5.9	11.8	13.9	18.7	23.3	27.2	31.4	<i>n.a.</i>	19.0%
Total Revenues growth		<i>n.a.</i>	99.3%	17.3%	34.5%	25.0%	16.7%	15.4%		
COGS		(1.4)	(3.1)	(3.8)	(5.4)	(6.5)	(7.3)	(8.1)		
Gross Margin		4.5	8.7	10.1	13.3	16.8	19.9	23.3	<i>n.a.</i>	20.5%
Gross Margin/Revenues		76.2%	73.7%	72.6%	71.3%	72.1%	73.1%	74.1%		
Personnel Expenses		(2.5)	(5.7)	(7.4)	(9.9)	(11.5)	(12.6)	(13.6)		
Other Operating Expenses		(0.8)	(1.5)	(1.7)	(2.6)	(3.1)	(3.5)	(3.8)		
Recurrent EBITDA		1.1	1.5	0.9	0.7	2.2	3.8	5.9	<i>n.a.</i>	<i>n.a.</i>
Recurrent EBITDA growth		<i>n.a.</i>	31.2%	-38.1%	-23.0%	206.2%	73.1%	54.4%		
Rec. EBITDA/Revenues		19.3%	12.7%	6.7%	3.8%	9.4%	14.0%	18.7%		
Restructuring Expense & Other non-rec.		-	(0.3)	(0.1)	(0.2)	-	-	-		
EBITDA		1.1	1.2	0.8	0.5	2.2	3.8	5.9	<i>n.a.</i>	<i>n.a.</i>
Depreciation & Provisions		(0.4)	(0.7)	(1.1)	(1.5)	(1.5)	(1.6)	(1.6)		
Capitalized Expense		-	0.1	0.6	0.8	0.8	0.8	0.8		
Rentals (IFRS 16 impact)		-	-	(0.3)	(0.3)	(0.3)	(0.3)	(0.3)		
EBIT		0.7	0.6	0.1	(0.4)	1.1	2.7	4.7	<i>n.a.</i>	<i>n.a.</i>
EBIT growth		<i>n.a.</i>	-10.3%	-91.3%	-894.2%	354.3%	137.7%	75.0%		
EBIT/Revenues		12.1%	5.5%	0.4%	<i>n.a.</i>	4.9%	9.9%	15.1%		
Impact of Goodwill & Others		-	-	-	-	-	-	-		
Net Financial Result		(0.0)	(0.1)	(0.1)	(0.4)	(0.4)	(0.4)	(0.3)		
Income by the Equity Method		-	-	(0.0)	0.2	0.2	0.2	0.2		
Ordinary Profit		0.7	0.5	(0.1)	(0.7)	0.9	2.5	4.6	<i>n.a.</i>	<i>n.a.</i>
Ordinary Profit Growth		<i>n.a.</i>	-22.7%	-124.9%	-415.9%	238.1%	170.0%	83.8%		
Extraordinary Results		(0.5)	(0.3)	-	-	-	-	-		
Profit Before Tax		0.1	0.2	(0.1)	(0.7)	0.9	2.5	4.6	<i>n.a.</i>	<i>n.a.</i>
Tax Expense		(0.2)	0.0	(0.1)	0.0	(0.2)	(0.5)	(0.9)		
Effective Tax Rate		<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	20.0%	20.0%	20.0%		
Minority Interests		-	-	0.0	0.0	-	-	-		
Discontinued Activities		-	-	-	(0.5)	-	-	-		
Net Profit		(0.0)	0.2	(0.2)	(1.1)	0.7	2.0	3.7	<i>n.a.</i>	74.8%
Net Profit growth		<i>n.a.</i>	<i>n.a.</i>	-184.1%	-436.9%	167.4%	170.0%	83.8%		
Ordinary Net Profit		0.5	0.8	(0.0)	(0.5)	0.7	2.0	3.7	<i>n.a.</i>	<i>n.a.</i>
Ordinary Net Profit growth		<i>n.a.</i>	75.1%	-104.0%	<i>n.a.</i>	256.4%	170.0%	83.8%		
Cash Flow (EUR Mn)	2018	2019	2020	2021	2022	2023e	2024e	2025e	18-22	22-25e
Recurrent EBITDA						2.2	3.8	5.9	<i>n.a.</i>	<i>n.a.</i>
Rentals (IFRS 16 impact)						(0.3)	(0.3)	(0.3)		
Working Capital Increase						(0.9)	(0.7)	(0.8)		
Recurrent Operating Cash Flow						1.0	2.7	4.8	<i>n.a.</i>	90.3%
CAPEX						(0.9)	(1.0)	(1.0)		
Net Financial Result affecting the Cash Flow						(0.4)	(0.4)	(0.3)		
Tax Expense						(0.2)	(0.5)	(0.9)		
Recurrent Free Cash Flow						(0.5)	0.9	2.5	<i>n.a.</i>	44.8%
Restructuring Expense & Other non-rec.						-	-	-		
- Acquisitions / + Divestures of assets						-	-	-		
Extraordinary Inc./Exp. Affecting Cash Flow						-	-	-		
Free Cash Flow						(0.5)	0.9	2.5	<i>n.a.</i>	34.5%
Capital Increase						-	-	-		
Dividends						-	-	-		
Net Debt Variation						0.5	(0.9)	(2.5)		



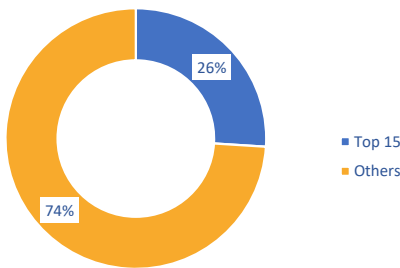
The company in 8 charts

Diversified by both business (focus on SaaS and cybersecurity)...

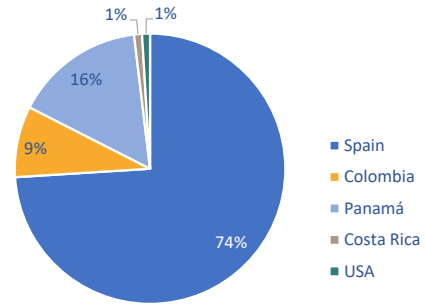


Note: 46% of the income generated by "business management solutions" (23% of total income 2022) are recurring..

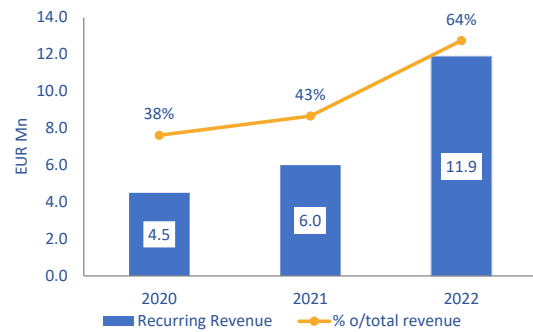
And with low customer concentration; the 15 largest customers account for just 26% of revenue



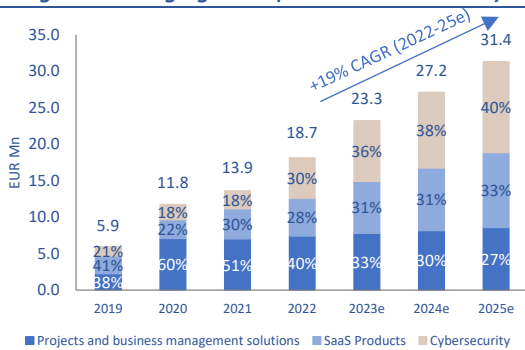
... and geographically (26% of total sales outside Sapin at the date of this report)



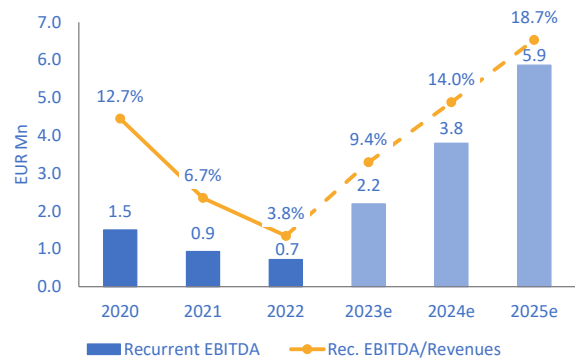
480S boasts a scalable business model and a sound recurring revenue base



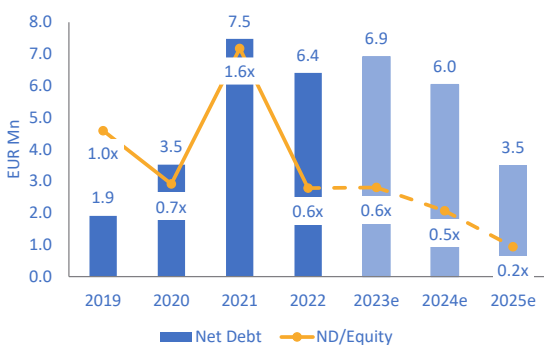
The focus on SaaS and cybersecurity should enable 480S to deliver high double-digit growth (+19% CAGR 2022-25e)



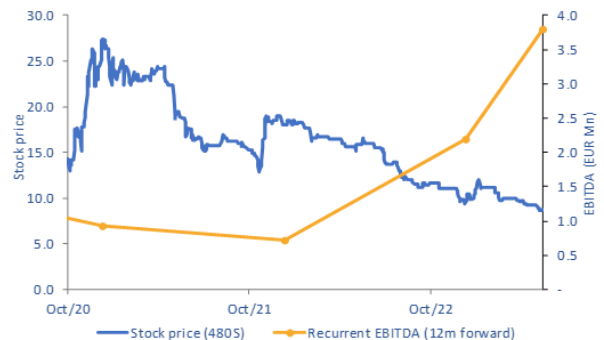
And aspire "mathematically" to wider margins (simply as a result of the company's operating leverage)



The strong growth forecast for EBITDA leaves scope to deleverage



In conclusión: 480S regains momentum with the share price near all-time lows





Evolution of the share price

Historical behavior vs Ibex 35 (base 100)



Behavior -1y vs Ibex 35 (base 100)



Historical behavior vs Ibex Small Cap (base 100)



Behavior -1y vs Ibex Small Cap (base 100)



Historical behavior vs Sector⁽¹⁾ (base 100)



Behavior -1y vs Sector⁽¹⁾ (base 100)



(1) Sector: Stoxx Europe 600 Technology

Stock performance (%)	-1m	-3m	-12m	YTD	-3Y	-5Y
Absolute	-5.4	-17.0	-44.5	-6.4	n.a.	n.a.
vs Market						
vs Ibex 35	-6.8	-15.4	-47.9	-17.1	n.a.	n.a.
vs Euro STOXX 50	-4.3	-17.0	-51.1	-17.3	n.a.	n.a.
vs Small Cap References						
vs Ibex Small Cap Index	-5.6	-7.3	-36.1	-12.8	n.a.	n.a.
vs Micro Cap Spain Universe ⁽¹⁾	-5.5	-14.4	-39.6	-14.1	n.a.	n.a.
vs MSCI Europe Micro Cap	-3.9	-11.9	-36.6	-5.7	n.a.	n.a.
vs Sector						
vs Stoxx Europe 600 Technology	-11.7	-22.8	-53.8	-24.7	n.a.	n.a.

(1) [Constituents on page 10](#)



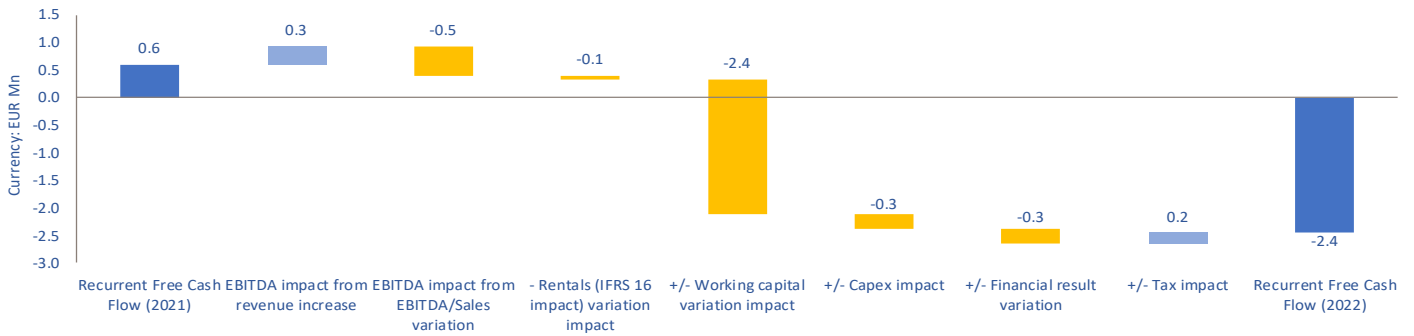
Free Cash Flow (I)

	2019	2020	2021	2022	2023e	2024e	2025e	CAGR	
								19-22	22-25e
A) Cash Flow Analysis (EUR Mn)									
Recurrent EBITDA	1.1	1.5	0.9	0.7	2.2	3.8	5.9	-14.5%	n.a.
<i>Recurrent EBITDA growth</i>	n.a.	31.2%	-38.1%	-23.0%	206.2%	73.1%	54.4%		
<i>Rec. EBITDA/Revenues</i>	19.3%	12.7%	6.7%	3.8%	9.4%	14.0%	18.7%		
- Rentals (IFRS 16 impact)	-	-	(0.3)	(0.3)	(0.3)	(0.3)	(0.3)		
+/- Working Capital increase	(0.3)	0.8	1.1	(1.4)	(0.9)	(0.7)	(0.8)		
= Recurrent Operating Cash Flow	0.8	2.3	1.7	(1.0)	1.0	2.7	4.8	-47.5%	90.3%
<i>Rec. Operating Cash Flow growth</i>	n.a.	181.7%	-22.9%	-155.8%	203.1%	174.3%	73.1%		
<i>Rec. Operating Cash Flow / Sales</i>	13.5%	19.1%	12.6%	n.a.	4.3%	10.1%	15.1%		
- CAPEX	(0.1)	(0.3)	(0.8)	(1.1)	(0.9)	(1.0)	(1.0)		
- Net Financial Result affecting Cash Flow	(0.0)	(0.1)	(0.1)	(0.4)	(0.4)	(0.4)	(0.3)		
- Taxes	(0.2)	(0.2)	(0.2)	0.0	(0.2)	(0.5)	(0.9)		
= Recurrent Free Cash Flow	0.5	1.7	0.6	(2.4)	(0.5)	0.9	2.5	-94.1%	44.8%
<i>Rec. Free Cash Flow growth</i>	n.a.	265.2%	-64.1%	-505.2%	79.0%	270.9%	189.3%		
<i>Rec. Free Cash Flow / Revenues</i>	7.8%	14.2%	4.4%	n.a.	n.a.	3.2%	8.1%		
- Restructuring expenses & others	-	(0.3)	(0.1)	(0.2)	-	-	-		
- Acquisitions / + Divestments	(3.1)	(2.8)	(3.8)	(3.2)	-	-	-		
+/- Extraordinary Inc./Exp. affecting Cash Flow	-	-	-	-	-	-	-		
= Free Cash Flow	(2.6)	(1.4)	(3.3)	(5.8)	(0.5)	0.9	2.5	-30.6%	34.5%
<i>Free Cash Flow growth</i>	n.a.	45.0%	-129.8%	-76.0%	91.2%	270.9%	189.3%		
<i>Recurrent Free Cash Flow - Yield (s/Mkt Cap)</i>	1.9%	7.0%	2.5%	n.a.	n.a.	3.6%	10.6%		
<i>Free Cash Flow Yield (s/Mkt Cap)</i>	n.a.	n.a.	n.a.	n.a.	n.a.	3.6%	10.6%		
B) Analytical Review of Annual Recurrent Free Cash Flow Performance (Eur Mn)									
Recurrent FCF(FY - 1)	-	0.5	1.7	0.6	(2.4)	(0.5)	0.9		
EBITDA impact from revenue increase	n.a.	1.1	0.3	0.3	0.2	0.4	0.6		
EBITDA impact from EBITDA/Sales variation	n.a.	(0.8)	(0.8)	(0.5)	1.3	1.2	1.5		
= Recurrent EBITDA variation	n.a.	0.4	(0.6)	(0.2)	1.5	1.6	2.1		
- Rentals (IFRS 16 impact) variation impact	-	-	(0.3)	(0.1)	-	-	-		
+/- Working capital variation impact	(0.3)	1.1	0.3	(2.4)	0.5	0.1	(0.1)		
= Recurrent Operating Cash Flow variation	(0.3)	1.5	(0.5)	(2.7)	2.0	1.7	2.0		
+/- CAPEX impact	(0.1)	(0.2)	(0.5)	(0.3)	0.2	(0.0)	0.0		
+/- Financial result variation	(0.0)	(0.1)	(0.0)	(0.3)	0.0	0.0	0.1		
+/- Tax impact	(0.2)	0.1	(0.0)	0.2	(0.2)	(0.3)	(0.4)		
= Recurrent Free Cash Flow variation	(0.7)	1.2	(1.1)	(3.0)	1.9	1.4	1.7		
Recurrent Free Cash Flow	(0.7)	1.7	0.6	(2.4)	(0.5)	0.9	2.5		
C) "FCF to the Firm" (pre debt service) (EUR Mn)									
EBIT	0.7	0.6	0.1	(0.4)	1.1	2.7	4.7	-37.9%	n.a.
* <i>Theoretical Tax rate</i>	30.0%	0.0%	0.0%	0.0%	20.0%	20.0%	20.0%		
= Taxes (pre- Net Financial Result)	(0.2)	-	-	-	(0.2)	(0.5)	(0.9)		
Recurrent EBITDA	1.1	1.5	0.9	0.7	2.2	3.8	5.9	-14.5%	n.a.
- Rentals (IFRS 16 impact)	-	-	(0.3)	(0.3)	(0.3)	(0.3)	(0.3)		
+/- Working Capital increase	(0.3)	0.8	1.1	(1.4)	(0.9)	(0.7)	(0.8)		
= Recurrent Operating Cash Flow	0.8	2.3	1.7	(1.0)	1.0	2.7	4.8	-47.5%	90.3%
- CAPEX	(0.1)	(0.3)	(0.8)	(1.1)	(0.9)	(1.0)	(1.0)		
- Taxes (pre- Financial Result)	(0.2)	-	-	-	(0.2)	(0.5)	(0.9)		
= Recurrent Free Cash Flow (To the Firm)	0.5	2.0	0.9	(2.1)	(0.2)	1.2	2.8	-83.1%	50.0%
<i>Rec. Free Cash Flow (To the Firm) growth</i>	n.a.	293.9%	-52.8%	-322.7%	92.3%	870.6%	131.2%		
<i>Rec. Free Cash Flow (To the Firm) / Revenues</i>	8.4%	16.6%	6.7%	n.a.	n.a.	4.5%	9.0%		
- Acquisitions / + Divestments	(3.1)	(2.8)	(3.8)	(3.2)	-	-	-		
+/- Extraordinary Inc./Exp. affecting Cash Flow	-	-	-	-	-	-	-		
= Free Cash Flow "To the Firm"	(2.6)	(0.9)	(2.9)	(5.3)	(0.2)	1.2	2.8	-26.8%	36.4%
<i>Free Cash Flow (To the Firm) growth</i>	n.a.	66.9%	-240.4%	-80.8%	97.0%	870.6%	131.2%		
<i>Rec. Free Cash Flow To the Firm Yield (o/EV)</i>	1.5%	6.1%	2.9%	n.a.	n.a.	3.8%	8.8%		
<i>Free Cash Flow "To the Firm" - Yield (o/EV)</i>	n.a.	n.a.	n.a.	n.a.	n.a.	3.8%	8.8%		

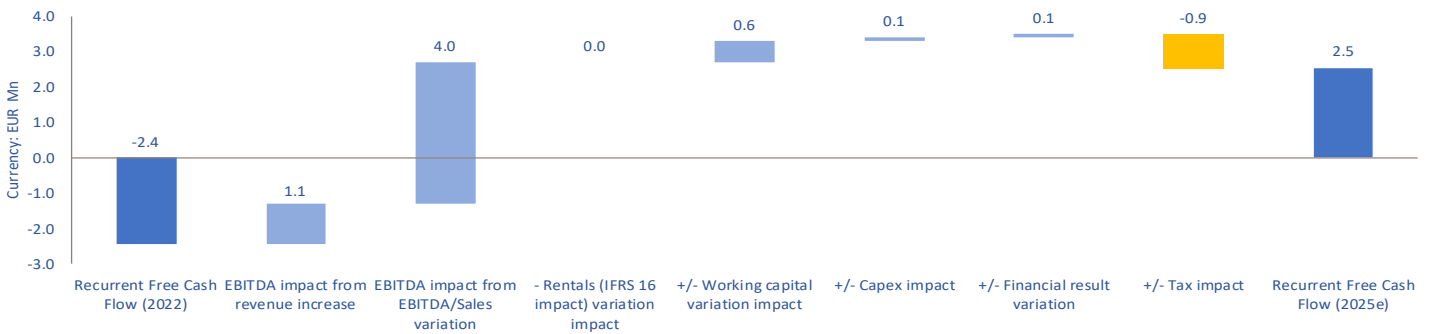


Free Cash Flow (II)

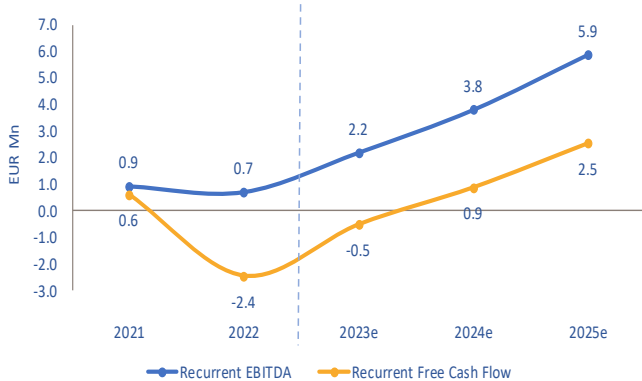
Recurrent Free Cash Flow accumulated variation analysis (2018 - 2022)



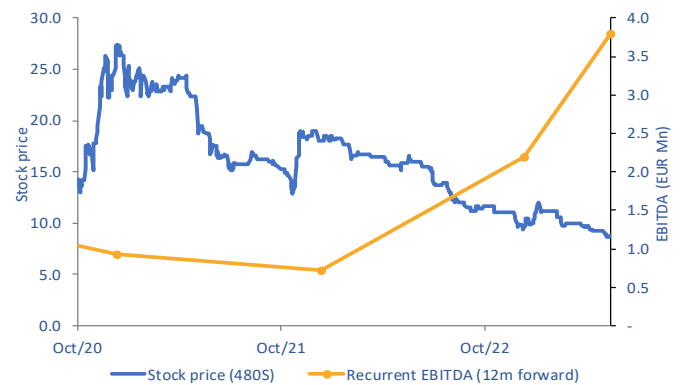
Recurrent Free Cash Flow accumulated variation analysis (2022 - 2025e)



Recurrent EBITDA vs Recurrent Free Cash Flow



Stock performance vs EBITDA 12m forward





Valuation inputs

Inputs for the DCF Valuation Approach

	2023e	2024e	2025e	Terminal Value ⁽¹⁾			
Free Cash Flow "To the Firm"	(0.2)	1.2	2.8	43.5			
Market Cap	24.0	At the date of this report					
Net financial debt	6.4	Debt net of Cash (12m Results 2022)					
					Best Case	Worst Case	
Cost of Debt	5.0%	Net debt cost			4.8%	5.3%	
Tax rate (T)	20.0%	T (Normalised tax rate)			=	=	
Net debt cost	4.0%	Kd = Cost of Net Debt * (1-T)			3.8%	4.2%	
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)	79.0%	E (Market Cap as equity value)			=	=	
Net Debt / (Equity + Net Debt)	21.0%	D			=	=	
WACC	9.2%	WACC = Kd * D + Ke * E			8.2%	10.2%	
G "Fair"	2.5%				3.0%	2.0%	

(1) The terminal value reflects the NAV of FCF beyond the period estimated with the WACC and G of the central scenario.

EV breakdown at the date of this report

	EUR Mn	Source
Market Cap	24.0	
+ Minority Interests	0.0	12m Results 2022
+ Provisions & Other L/T Liabilities	1.9	12m Results 2022
+ Net financial debt	6.4	12m Results 2022
- Financial Investments	0.2	12m Results 2022
+/- Others		
Enterprise Value (EV)	32.2	

Business Value Creation Metrics ⁽¹⁾

	2018	2019	2020	2021	2022
ROCE (evolution -5y)	n.a.	n.a.	9.1%	0.5%	n.a.
	2022	2025e			
ROCE - WACC	n.a.	9.0%			
FCF Yield - WACC	n.a.	1.4%			

(1) FCF Yield to the Firm (see Free Cash Flow Analysis (I)). Detail of the WACC on this page.

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	15.4%	4.2	7.7x
Central	14.0%	3.8	8.5x
Min	12.6%	3.4	9.4x

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	3.2%	3.6%	4.0%		Max	Central	Min
4.2	1.4	1.3	1.1	Max	5.7%	5.2%	4.8%
3.8	1.0	0.9	0.8	Central	4.1%	3.6%	3.2%
3.4	0.6	0.5	0.4	Min	2.5%	2.1%	1.6%

Main Corporate Governance indicators

KPI	2020	2021	2022
% of independent directors	25.0%	25.0%	25.0%
% of proprietary directors	50.0%	50.0%	50.0%
% of executive directors	12.5%	12.5%	12.5%
% of other directors	12.5%	12.5%	12.5%
% of women on the board of directors	43.8%	46.4%	50.0%
% of women out of total workforce	43.8%	46.4%	50.0%
Board remuneration/staff cost	5.0%	3.7%	3.6%



Main peers 2023e

		Software				Cybersecurity					
EUR Mn		Qualtrics International	Descartes Systems	Appfolio	American Software	Average	CrowdStrike	SecureWorks	Absolute Software	Average	480S
Market data	Ticker (Factset)	XM-US	DSG-CA	APPF-US	AMSWA-US		CRWD-US	SCWX-US	ABST-CA		480S-ES
	Country	USA	Canada	USA	USA		USA	USA	Canada		Spain
	Market cap	10,235.3	6,131.5	5,566.2	410.3		34,105.7	654.7	550.1		24.0
	Enterprise value (EV)	9,741.2	5,984.7	5,024.0	313.3		32,137.5	537.0	755.1		32.2
Basic financial information	Total Revenues	1,560.5	526.8	540.4	123.2		2,824.6	364.9	216.6		23.3
	Total Revenues growth	14.6%	19.2%	22.7%	6.0%	15.6%	35.0%	-15.7%	24.8%	14.7%	25.0%
	2y CAGR (2023e - 2025e)	15.2%	n.a.	n.a.	n.a.	15.2%	26.5%	5.5%	14.6%	15.5%	16.1%
	EBITDA	244.1	227.7	34.3	18.5		593.0	(32.7)	52.0		2.2
	EBITDA growth	131.2%	23.6%	201.8%	9.5%	91.6%	854.4%	59.8%	85.8%	333.3%	320.9%
	2y CAGR (2023e - 2025e)	18.4%	n.a.	n.a.	n.a.	18.4%	40.6%	n.a.	17.5%	29.0%	63.5%
	EBITDA/Revenues	15.6%	43.2%	6.3%	15.0%	20.1%	21.0%	n.a.	24.0%	22.5%	9.4%
	EBIT	161.7	150.5	(57.1)	14.7		480.2	(27.7)	(0.1)		1.1
	EBIT growth	116.7%	20.7%	15.4%	20.0%	43.2%	374.4%	77.6%	98.3%	183.4%	354.3%
	2y CAGR (2023e - 2025e)	45.0%	n.a.	n.a.	n.a.	45.0%	40.3%	92.2%	n.a.	66.2%	n.a.
	EBIT/Revenues	10.4%	28.6%	n.a.	11.9%	17.0%	17.0%	n.a.	n.a.	17.0%	4.9%
	Net Profit	(777.1)	112.1	10.0	10.6		541.5	(25.8)	(21.6)		0.7
	Net Profit growth	21.6%	20.6%	115.8%	14.1%	43.0%	416.5%	75.8%	-0.4%	164.0%	167.4%
	2y CAGR (2023e - 2025e)	70.7%	n.a.	n.a.	n.a.	70.7%	32.2%	92.4%	44.4%	56.3%	n.a.
	CAPEX/Sales %	3.9%	1.1%	1.4%	1.9%	2.1%	8.2%	2.0%	1.9%	4.0%	4.0%
	Free Cash Flow	113.5	192.5	17.7	n.a.		854.5	(56.9)	32.3		(0.5)
Net financial debt	(701.6)	(289.5)	n.a.	(110.2)		(2,625.0)	(95.8)	191.8		6.9	
ND/EBITDA (x)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	3.7	3.7	3.2	
Pay-out	0.0%	n.a.	n.a.	n.a.	0.0%	0.0%	0.0%	n.a.	0.0%	0.0%	
Multiples and Ratios	P/E (x)	83.3	55.3	n.a.	27.0	55.2	64.6	n.a.	n.a.	64.6	32.4
	P/BV (x)	5.7	n.a.	19.7	n.a.	12.7	17.9	1.4	n.a.	9.6	2.2
	EV/Revenues (x)	6.2	11.4	9.3	2.5	7.4	11.4	1.5	3.5	5.4	1.4
	EV/EBITDA (x)	39.9	26.3	n.a.	16.9	27.7	n.a.	n.a.	14.5	14.5	14.7
	EV/EBIT (x)	n.a.	39.8	n.a.	21.3	30.5	n.a.	n.a.	n.a.	n.a.	28.3
	ROE	6.8	n.a.	n.a.	n.a.	6.8	27.7	n.a.	n.a.	27.7	7.0
	FCF Yield (%)	1.1	3.1	0.3	n.a.	1.5	2.5	n.a.	5.9	4.2	n.a.
	DPS	0.00	n.a.	n.a.	n.a.	0.00	0.00	0.00	n.a.	0.00	0.00
	Dvd Yield	0.0%	n.a.	n.a.	n.a.	0.0%	0.0%	0.0%	n.a.	0.0%	0.0%

- (1) Financial data, multiples and ratios based on market consensus (Factset). In the case of the company analyzed, own estimates (Lighthouse).
(2) All ratios and multiples on EBITDA refer to total EBITDA (not to recurrent EBITDA).

Desarrollos Especiales de Sistemas de Anclajes (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).

Market Data

Market Cap (Mn EUR and USD)	25.9	27.8
EV (Mn EUR and USD)	36.1	38.6
Shares Outstanding (Mn)	1.8	
-12m (Max/Med/Mín EUR)	14.62 / 14.08 / 12.10	
Daily Avg volume (-12m Mn EUR)	n.m.	
Rotation ⁽¹⁾	0.2	
Factset / Bloomberg	DESA-ES / DESA SM	
Close fiscal year	31-Dec	

Shareholders Structure (%)

Maden S.A.	29.9
SARM S.A.	20.0
Gestión Ixua S.L.	16.3
Board Members	8.9
Free Float	24.9

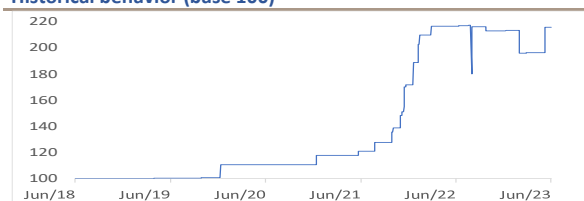
Financials (Mn EUR)

	2022	2023e	2024e	2025e
Adj. nº shares (Mn)	1.8	1.8	1.8	1.8
Total Revenues	50.4	48.2	51.0	53.5
Rec. EBITDA	5.2	4.7	5.2	5.7
% growth	-10.7	-9.8	11.1	9.0
% Rec. EBITDA/Rev.	10.4	9.8	10.3	10.7
% Inc. EBITDA sector ⁽²⁾	12.7	17.4	14.3	14.3
Net Profit	3.6	2.2	2.6	3.1
EPS (EUR)	2.00	1.24	1.48	1.73
% growth	-5.1	-38.1	19.4	16.8
Ord. EPS (EUR)	2.00	1.24	1.48	1.73
% growth	-5.1	-38.1	19.4	16.8
Rec. Free Cash Flow	-0.6	3.0	2.2	2.7
Pay-out (%)	55.8	67.6	56.6	48.5
DPS (EUR)	1.12	0.84	0.84	0.84
Net financial debt	13.0	12.0	11.2	10.0
ND/Rec. EBITDA (x)	2.5	2.5	2.1	1.8
ROE (%)	20.6	11.5	13.3	14.5
ROCE (%)	10.3	8.1	9.5	10.5

Ratios & Multiples (x)

	2022	2023e	2024e	2025e
P/E	7.2	11.7	9.8	8.4
Ord. P/E	7.2	11.7	9.8	8.4
P/BV	1.4	1.3	1.3	1.2
Dividend Yield (%)	7.7	5.8	5.8	5.8
EV/Sales	0.72	0.75	0.71	0.67
EV/Rec. EBITDA	6.9	7.6	6.9	6.3
EV/EBIT	8.9	10.3	8.9	7.9
FCF Yield (%)	n.a.	11.6	8.6	10.4

Historical behavior (base 100)



(%)	-1m	-3m	-12m	-5Y
Absolute	9.8	9.8	-0.4	115.7

(1) Rotation is the % of the capitalisation traded - 12m.

(2) Sector: Europe Industrial Machinery.

MOMENTUM: WHAT DO WE EXPECT FROM 2023E?

No “help” from momentum... 1Q23 earnings saw revenue drop 6.5%, causing EBITDA to plunge -23.9%. Numbers were impacted by i) lower selling prices and a drop-off in business activity (after the strong post-Covid-19 rebound), ii) the (circumstantial) contraction of the agricultural business (the main long-term growth driver) and iii) the French subsidiary's ongoing operational restructuring.

...but DESA “defended” margins. Despite the poor 1Q23 results, DESA was able to defend its 10% EBITDA margin (still comfortably above the 2015-2020 average; c. 6%). At first glance, this would appear to indicate that DESA has been able to sustain the margin improvement seen over the last past two years.

In 2023e, we could see EBITDA drop by c. 10%. Earnings in 2023e look set to be undermined mostly by the circumstantial contraction of the agricultural business (already seen in 1Q). As a result, we estimate revenue of EUR 48Mn (-4.6% vs 2022) but expect the company to keep the EBITDA margin at levels of 10% (EBITDA of EUR 4.8Mn; -10% vs 2022).

EQUITY STORY HIGHLIGHTS: WHAT TO WATCH FOR?

Business diversification strategy. DESA has managed to reduce the risk of its business model through smaller exposure to construction (currently c. 20% of the mix) after expanding its portfolio of industrial and retail clients, maintaining a significant commitment to growth in the agricultural business (as a way of achieving differentiation and reducing the company's cyclicality).

Positioning in the agricultural sector, where DESA is a leader in tying systems for greenhouses (with its own, internally developed product). Despite this circumstantial contraction in 2023e (caused by the drought), we still expect this to be the business' key long-term driver.

Medium single-digit growth, with a still-healthy EBITDA margin at 10.5%. Looking ahead to 2025e, we estimate medium single-digit growth in sales to EUR 53.5Mn (+5.4% CAGR 2023e-2025e), keeping EBITDA broadly steady at c. 10.5%. EBITDA 23e-25e: +10% CAGR.

RISKS: WHAT TO KEEP AN EYE ON?

Interest rate hikes will put pressure on the bottom line due to higher finance costs given the highly geared balance sheet (2.5x ND/recurring EBITDA 23e). However, our model already factors in a 1.2p.p. increase in cost of debt to 3.4% (with a jump in finance costs of c. 25% to EUR 0.5Mn). Any additional increase in cost of debt will put pressure on net profit.

High dependence on Asian suppliers. DESA has lowered its exposure to Asia, but it is still high, with c. 40% of products sold coming from this continent.

Currency risk. In 2022, 34% of purchases were made in USD. DESA is not party to any currency hedges. A ±1% change in the USD would have an impact of approximately ± EUR 0.1Mn on earnings (c. 5% of 2023e net profit).

VALUATION METRICS: WHAT DO THE MULTIPLES TELL US?

No help from momentum in the short term... Risk to estimates at present in any case is to the downside (e.g., margins, finance costs). EV/EBITDA 23e 7.6x (in line with the sector average).



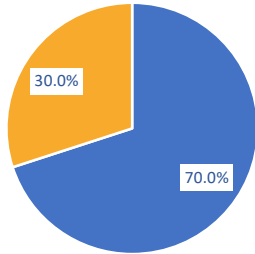
Financial Projections

Balance Sheet (EUR Mn)	2018	2019	2020	2021	2022	2023e	2024e	2025e		
Intangible assets	0.6	1.1	0.5	0.6	0.6	0.6	0.6	0.6		
Fixed assets	11.4	13.0	13.9	12.3	13.7	13.6	13.1	12.7		
Other Non Current Assets	2.0	1.7	1.5	1.3	2.4	2.4	2.4	2.4		
Financial Investments	0.0	0.0	0.0	1.4	1.0	1.0	1.0	1.0		
Goodwill & Other Intangibles	-	-	-	-	-	-	-	-		
Current assets	22.2	22.7	19.5	26.3	26.1	24.9	26.4	27.7		
Total assets	36.2	38.5	35.4	41.8	43.7	42.5	43.5	44.3		
Equity	12.7	12.5	13.5	15.6	19.1	19.4	20.5	22.1		
Minority Interests	-	-	-	-	-	-	-	-		
Provisions & Other L/T Liabilities	0.7	0.6	1.4	1.4	1.5	1.5	1.5	1.5		
Other Non Current Liabilities	-	0.4	0.3	0.5	0.3	0.3	0.3	0.3		
Net financial debt	13.4	15.6	10.6	10.8	13.0	12.0	11.2	10.0		
Current Liabilities	9.3	9.4	9.6	13.5	9.8	9.3	9.9	10.4		
Equity & Total Liabilities	36.2	38.5	35.4	41.8	43.7	42.5	43.5	44.3		
									CAGR	
P&L (EUR Mn)	2018	2019	2020	2021	2022	2023e	2024e	2025e	18-22	22-25e
Total Revenues	41.1	42.5	39.7	48.1	50.4	48.2	51.0	53.5	5.3%	2.0%
Total Revenues growth	7.9%	3.5%	-6.7%	21.3%	4.8%	-4.5%	5.8%	5.0%		
COGS	(24.5)	(25.7)	(23.8)	(28.8)	(31.4)	(29.3)	(31.0)	(32.6)		
Gross Margin	16.6	16.8	15.9	19.3	19.0	18.9	20.0	21.0	3.6%	3.2%
Gross Margin/Revenues	40.3%	39.6%	40.0%	40.2%	37.8%	39.2%	39.2%	39.1%		
Personnel Expenses	(7.7)	(7.8)	(7.3)	(7.7)	(7.8)	(8.2)	(8.4)	(8.6)		
Other Operating Expenses	(6.3)	(6.5)	(5.3)	(5.8)	(6.0)	(6.0)	(6.4)	(6.7)		
Recurrent EBITDA	2.6	2.5	3.3	5.8	5.2	4.7	5.2	5.7	19.5%	3.0%
Recurrent EBITDA growth	16.0%	-2.9%	33.9%	75.8%	-10.7%	-9.8%	11.1%	9.0%		
Rec. EBITDA/Revenues	6.2%	5.8%	8.4%	12.2%	10.4%	9.8%	10.3%	10.7%		
Restructuring Expense & Other non-rec.	-	(0.1)	(0.5)	-	-	-	-	-		
EBITDA	2.6	2.4	2.8	5.8	5.2	4.7	5.2	5.7	19.5%	3.0%
Depreciation & Provisions	(1.0)	(1.0)	(1.2)	(1.1)	(1.0)	(1.0)	(1.0)	(1.0)		
Capitalized Expense	0.1	0.0	-	-	-	-	-	-		
Rentals (IFRS 16 impact)	-	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)		
EBIT	1.7	1.2	1.4	4.6	4.1	3.5	4.0	4.6	24.7%	3.9%
EBIT growth	32.9%	-27.1%	15.6%	222.0%	-10.8%	-13.8%	15.5%	12.5%		
EBIT/Revenues	4.1%	2.9%	3.6%	9.5%	8.1%	7.3%	7.9%	8.5%		
Impact of Goodwill & Others	-	-	-	-	1.1	-	-	-		
Net Financial Result	(0.2)	(0.2)	(0.2)	(0.2)	(0.4)	(0.5)	(0.5)	(0.4)		
Income by the Equity Method	-	-	-	-	-	-	-	-		
Ordinary Profit	1.5	1.1	1.2	4.3	4.8	3.0	3.5	4.1	33.2%	-4.7%
Ordinary Profit Growth	43.7%	-29.7%	17.0%	248.7%	9.8%	-38.0%	19.4%	16.8%		
Extraordinary Results	-	-	-	-	-	-	-	-		
Profit Before Tax	1.5	1.1	1.2	4.3	4.8	3.0	3.5	4.1	33.2%	-4.7%
Tax Expense	(0.3)	(0.3)	(0.3)	(0.6)	(1.2)	(0.7)	(0.9)	(1.0)		
Effective Tax Rate	19.0%	23.8%	27.4%	13.4%	25.0%	25.0%	25.0%	25.0%		
Minority Interests	-	-	-	-	-	-	-	-		
Discontinued Activities	-	-	-	-	-	-	-	-		
Net Profit	1.2	0.8	0.9	3.8	3.6	2.2	2.6	3.1	30.7%	-4.8%
Net Profit growth	49.1%	-33.8%	11.6%	315.6%	-4.8%	-38.1%	19.4%	16.8%		
Ordinary Net Profit	1.2	0.9	1.3	3.8	3.6	2.2	2.6	3.1	30.7%	-4.8%
Ordinary Net Profit growth	49.1%	-27.7%	42.4%	198.0%	-4.8%	-38.1%	19.4%	16.8%		
									CAGR	
Cash Flow (EUR Mn)	2018	2019	2020	2021	2022	2023e	2024e	2025e	18-22	22-25e
Recurrent EBITDA						4.7	5.2	5.7	19.5%	3.0%
Rentals (IFRS 16 impact)						(0.2)	(0.2)	(0.2)		
Working Capital Increase						0.7	(0.9)	(0.8)		
Recurrent Operating Cash Flow						5.2	4.1	4.7	33.6%	46.2%
CAPEX						(1.0)	(0.5)	(0.5)		
Net Financial Result affecting the Cash Flow						(0.5)	(0.5)	(0.4)		
Tax Expense						(0.7)	(0.9)	(1.0)		
Recurrent Free Cash Flow						3.0	2.2	2.7	14.7%	83.3%
Restructuring Expense & Other non-rec.						-	-	-		
- Acquisitions / + Divestures of assets						-	-	-		
Extraordinary Inc./Exp. Affecting Cash Flow						-	-	-		
Free Cash Flow						3.0	2.2	2.7	14.7%	83.3%
Capital Increase						-	-	-		
Dividends						(2.0)	(1.5)	(1.5)		
Net Debt Variation						(1.0)	(0.7)	(1.2)		



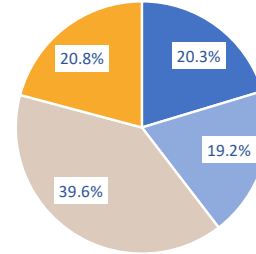
The company in 8 charts

A diversified business: sales from outside Spain (basically Europe) already account for 30%



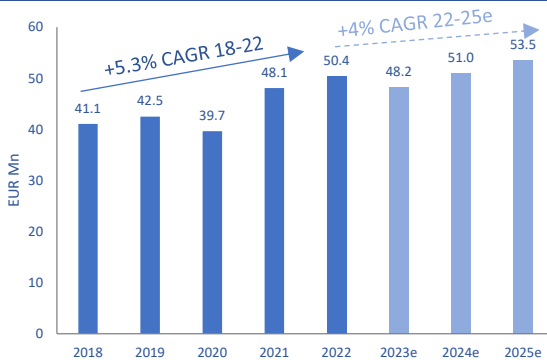
■ National Sales ■ International Sales

Positioned in the agricultural market (21% of revenue), its main (mid-term) growth driver

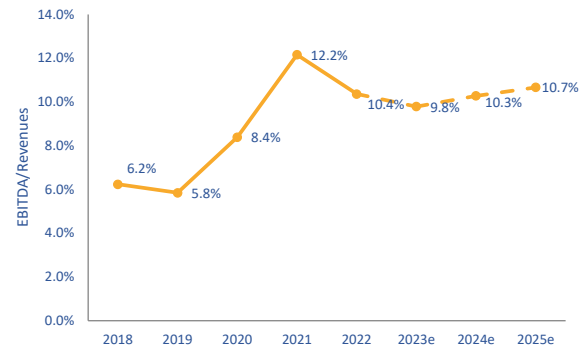


■ Construction ■ Retail ■ Industrial ■ Agriculture

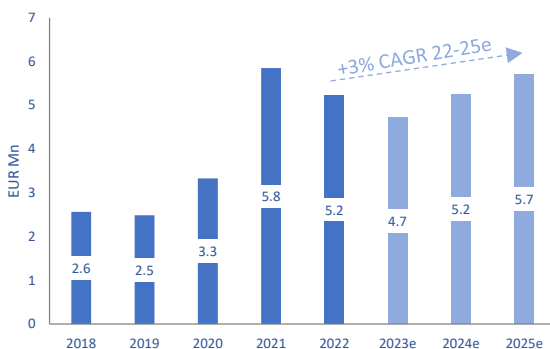
2022-2025e: Low-single-digit revenue growth (+4% CAGR 2022-2025e), in line with that seen in the last 5 years



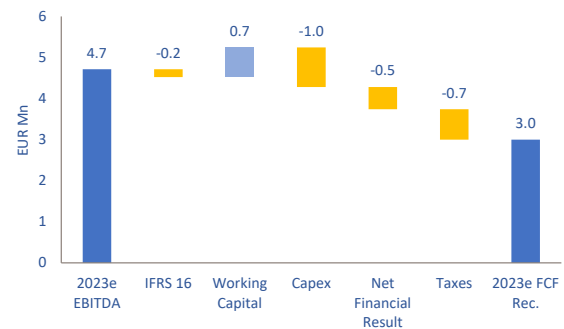
Maintaining an EBITDA margin of > 10% (with the ability to recover levels of c. 11%, still below 2021 highs)



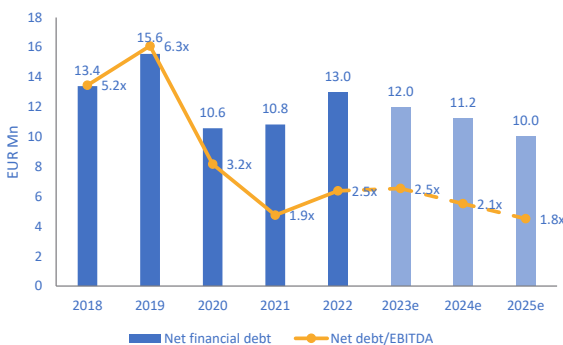
EBITDA 2022-2025e: +3% CAGR



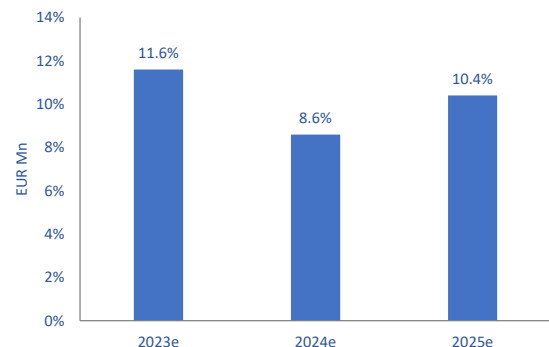
With the capacity to convert c. 50% of EBITDA in FCF



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



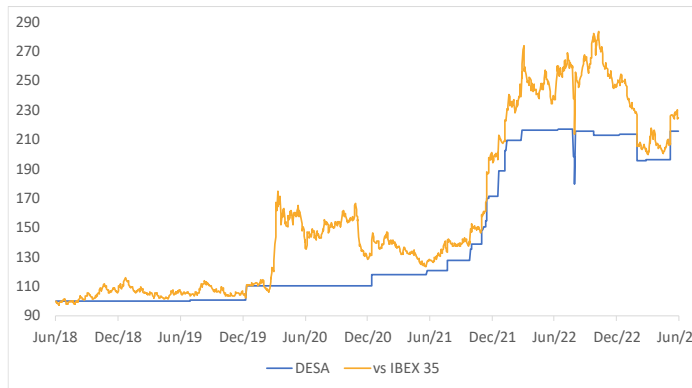
FCF Yield c. 10% over the entire estimated period



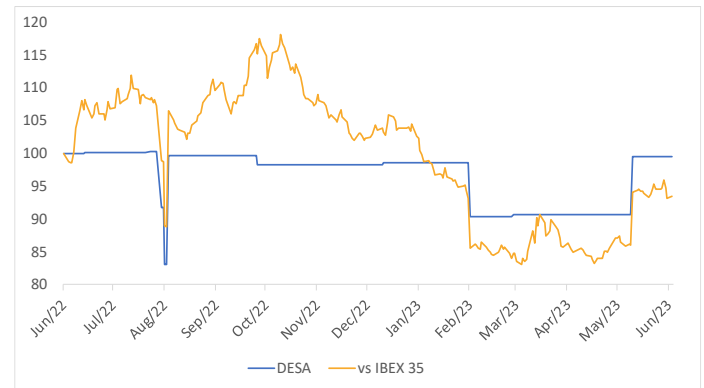


Evolution of the share price

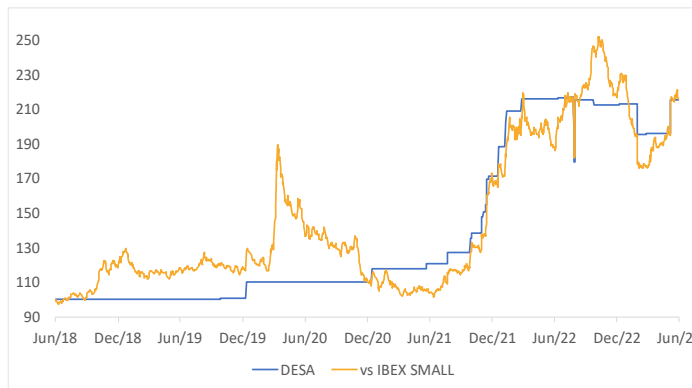
Historical behavior vs Ibex 35 (base 100)



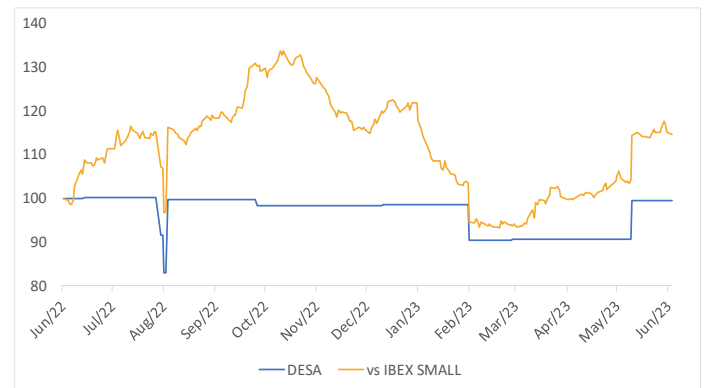
Behavior -1y vs Ibex 35 (base 100)



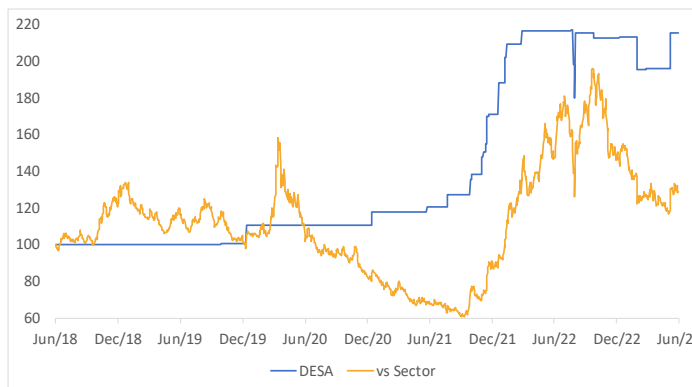
Historical behavior vs Ibex Small Cap (base 100)



Behavior -1y vs Ibex Small Cap (base 100)



Historical behavior vs Sector⁽¹⁾ (base 100)



Behavior -1y vs Sector⁽¹⁾ (base 100)



(1) Sector: Europe Industrial Machinery

Stock performance (%)	-1m	-3m	-12m	YTD	-3Y	-5Y
Absolute	9.8	9.8	-0.4	1.0	95.2	115.7
vs Market						
vs Ibex 35	8.2	11.9	-6.5	-10.5	65.5	125.0
vs Euro STOXX 50	11.1	9.9	-12.2	-10.7	53.9	73.7
vs Small Cap References						
vs Ibex Small Cap Index	9.6	22.7	14.8	-5.9	58.5	116.6
vs Micro Cap Spain Universe ⁽¹⁾	9.7	13.2	8.4	-7.2	38.2	100.7
vs MSCI Europe Micro Cap	11.6	16.6	13.8	1.8	65.6	100.9
vs Sector						
vs Europe Industrial Machinery	10.4	2.8	-12.7	-16.1	26.8	29.2

(1) [Constituents on page 10](#)



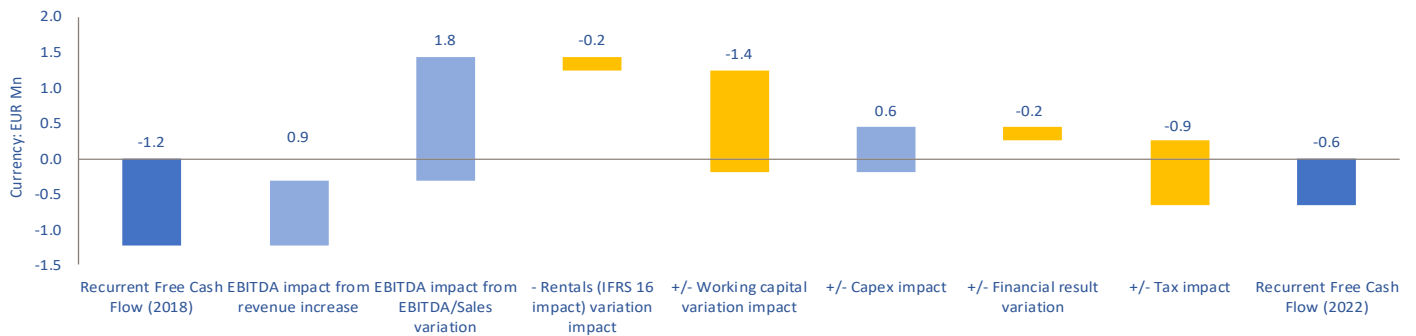
Free Cash Flow (I)

A) Cash Flow Analysis (EUR Mn)	2019	2020	2021	2022	2023e	2024e	2025e	CAGR	
								19-22	22-25e
Recurrent EBITDA	2.5	3.3	5.8	5.2	4.7	5.2	5.7	28.1%	3.0%
<i>Recurrent EBITDA growth</i>	-2.9%	33.9%	75.8%	-10.7%	-9.8%	11.1%	9.0%		
<i>Rec. EBITDA/Revenues</i>	5.8%	8.4%	12.2%	10.4%	9.8%	10.3%	10.7%		
- Rentals (IFRS 16 impact)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)		
+/- Working Capital increase	(0.4)	3.4	(2.9)	(3.5)	0.7	(0.9)	(0.8)		
= Recurrent Operating Cash Flow	1.9	6.5	2.8	1.5	5.2	4.1	4.7	-7.2%	46.2%
<i>Rec. Operating Cash Flow growth</i>	298.6%	245.8%	-57.5%	-45.6%	248.7%	-21.0%	13.3%		
<i>Rec. Operating Cash Flow / Sales</i>	4.4%	16.4%	5.7%	3.0%	10.9%	8.1%	8.8%		
- CAPEX	(2.5)	(1.9)	(0.7)	(0.6)	(1.0)	(0.5)	(0.5)		
- Net Financial Result affecting Cash Flow	(0.2)	(0.2)	(0.2)	(0.4)	(0.5)	(0.5)	(0.4)		
- Taxes	(0.3)	(0.3)	(0.5)	(1.2)	(0.7)	(0.9)	(1.0)		
= Recurrent Free Cash Flow	(1.0)	4.1	1.4	(0.6)	3.0	2.2	2.7	14.6%	83.3%
<i>Rec. Free Cash Flow growth</i>	15.2%	490.0%	-65.3%	-146.1%	561.5%	-25.3%	20.8%		
<i>Rec. Free Cash Flow / Revenues</i>	n.a.	10.3%	2.9%	n.a.	6.2%	4.4%	5.1%		
- Restructuring expenses & others	(0.1)	(0.5)	-	-	-	-	-		
- Acquisitions / + Divestments	-	0.3	-	-	-	-	-		
+/- Extraordinary Inc./Exp. affecting Cash Flow	-	-	-	-	-	-	-		
= Free Cash Flow	(1.1)	3.9	1.4	(0.6)	3.0	2.2	2.7	17.1%	83.3%
<i>Free Cash Flow growth</i>	7.1%	437.6%	-63.4%	-146.1%	561.5%	-25.3%	20.8%		
<i>Recurrent Free Cash Flow - Yield (s/Mkt Cap)</i>	n.a.	15.7%	5.4%	n.a.	11.6%	8.6%	10.4%		
<i>Free Cash Flow Yield (s/Mkt Cap)</i>	n.a.	14.9%	5.4%	n.a.	11.6%	8.6%	10.4%		
B) Analytical Review of Annual Recurrent Free Cash Flow Performance (Eur Mn)									
	2019	2020	2021	2022	2023e	2024e	2025e	CAGR	
Recurrent FCF(FY - 1)	(1.2)	(1.0)	4.1	1.4	(0.6)	3.0	2.2		
EBITDA impact from revenue increase	0.1	(0.2)	0.7	0.3	(0.2)	0.3	0.3		
EBITDA impact from EBITDA/Sales variation	(0.2)	1.0	1.8	(0.9)	(0.3)	0.2	0.2		
= Recurrent EBITDA variation	(0.1)	0.8	2.5	(0.6)	(0.5)	0.5	0.5		
- Rentals (IFRS 16 impact) variation impact	(0.2)	0.0	-	-	-	-	-		
+/- Working capital variation impact	1.7	3.8	(6.3)	(0.6)	4.3	(1.6)	0.1		
= Recurrent Operating Cash Flow variation	1.4	4.6	(3.7)	(1.3)	3.7	(1.1)	0.6		
+/- CAPEX impact	(1.3)	0.6	1.2	0.1	(0.4)	0.5	(0.0)		
+/- Financial result variation	0.0	(0.0)	(0.0)	(0.2)	(0.2)	0.0	0.1		
+/- Tax impact	0.0	(0.1)	(0.1)	(0.7)	0.5	(0.1)	(0.1)		
= Recurrent Free Cash Flow variation	0.2	5.1	(2.7)	(2.1)	3.6	(0.8)	0.5		
Recurrent Free Cash Flow	(1.0)	4.1	1.4	(0.6)	3.0	2.2	2.7		
C) "FCF to the Firm" (pre debt service) (EUR Mn)									
	2019	2020	2021	2022	2023e	2024e	2025e	CAGR	
EBIT	1.2	1.4	4.6	4.1	3.5	4.0	4.6	49.2%	3.9%
* <i>Theoretical Tax rate</i>	23.8%	27.4%	13.4%	25.0%	25.0%	25.0%	25.0%		
= Taxes (pre- Net Financial Result)	(0.3)	(0.4)	(0.6)	(1.0)	(0.9)	(1.0)	(1.1)		
Recurrent EBITDA	2.5	3.3	5.8	5.2	4.7	5.2	5.7	28.1%	3.0%
- Rentals (IFRS 16 impact)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)		
+/- Working Capital increase	(0.4)	3.4	(2.9)	(3.5)	0.7	(0.9)	(0.8)		
= Recurrent Operating Cash Flow	1.9	6.5	2.8	1.5	5.2	4.1	4.7	-7.2%	46.2%
- CAPEX	(2.5)	(1.9)	(0.7)	(0.6)	(1.0)	(0.5)	(0.5)		
- Taxes (pre- Financial Result)	(0.3)	(0.4)	(0.6)	(1.0)	(0.9)	(1.0)	(1.1)		
= Recurrent Free Cash Flow (To the Firm)	(0.9)	4.2	1.4	(0.1)	3.4	2.6	3.0	49.6%	n.a.
<i>Rec. Free Cash Flow (To the Firm) growth</i>	15.9%	553.7%	-65.7%	-108.2%	n.a.	-23.0%	15.2%		
<i>Rec. Free Cash Flow (To the Firm) / Revenues</i>	n.a.	10.6%	3.0%	n.a.	7.1%	5.1%	5.6%		
- Acquisitions / + Divestments	-	0.3	-	-	-	-	-		
+/- Extraordinary Inc./Exp. affecting Cash Flow	-	-	-	-	-	-	-		
= Free Cash Flow "To the Firm"	(0.9)	4.5	1.4	(0.1)	3.4	2.6	3.0	49.6%	n.a.
<i>Free Cash Flow (To the Firm) growth</i>	15.9%	584.0%	-67.9%	-108.2%	n.a.	-23.0%	15.2%		
<i>Rec. Free Cash Flow To the Firm Yield (o/EV)</i>	n.a.	11.6%	4.0%	n.a.	9.4%	7.3%	8.4%		
<i>Free Cash Flow "To the Firm" - Yield (o/EV)</i>	n.a.	12.4%	4.0%	n.a.	9.4%	7.3%	8.4%		

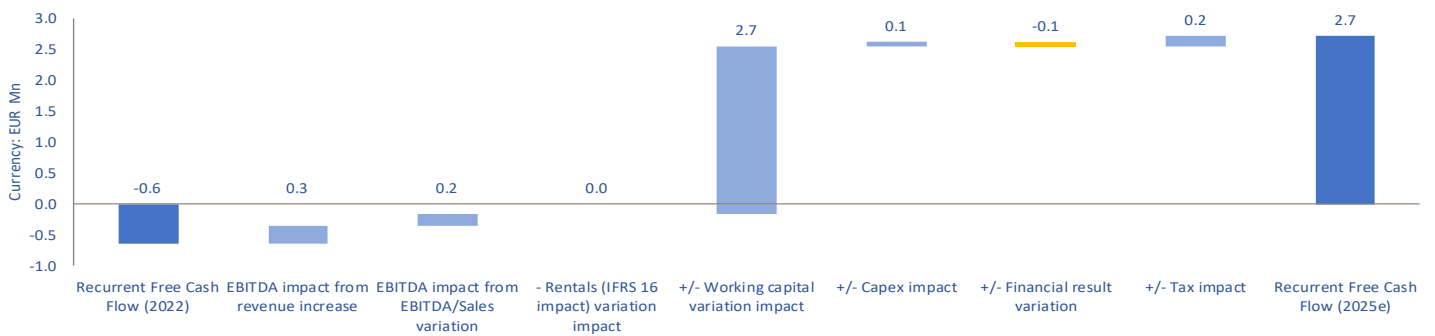


Free Cash Flow (II)

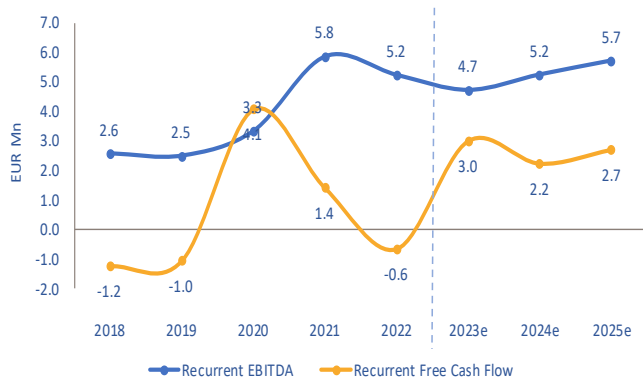
Recurrent Free Cash Flow accumulated variation analysis (2018 - 2022)



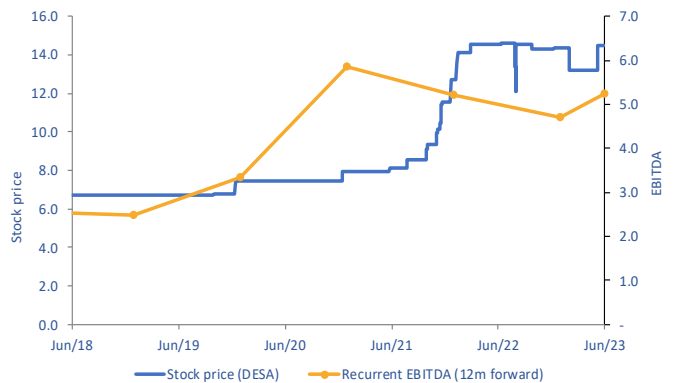
Recurrent Free Cash Flow accumulated variation analysis (2022 - 2025e)



Recurrent EBITDA vs Recurrent Free Cash Flow



Stock performance vs EBITDA 12m forward





Valuation inputs

Inputs for the DCF Valuation Approach

	2023e	2024e	2025e	Terminal Value ⁽¹⁾		
Free Cash Flow "To the Firm"	3.4	2.6	3.0	48.9		
Market Cap	25.9	At the date of this report				
Net financial debt	12.6	Debt net of Cash (3m Results 2023)				
					Best Case	Worst Case
Cost of Debt	4.4%	Net debt cost			4.1%	4.6%
Tax rate (T)	20.0%	T (Normalised tax rate)			=	=
Net debt cost	3.5%	Kd = Cost of Net Debt * (1-T)			3.3%	3.7%
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)	67.3%	E (Market Cap as equity value)			=	=
Net Debt / (Equity + Net Debt)	32.7%	D			=	=
WACC	8.3%	WACC = Kd * D + Ke * E			7.4%	9.2%
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.

EV breakdown at the date of this report

	EUR Mn	Source
Market Cap	25.9	
+ Minority Interests	-	3m Results 2023
+ Provisions & Other L/T Liabilities	0.1	3m Results 2023
+ Net financial debt	12.6	3m Results 2023
- Financial Investments	2.5	3m Results 2023
+/- Others		
Enterprise Value (EV)	36.1	

Business Value Creation Metrics ⁽¹⁾

	2018	2019	2020	2021	2022
ROCE (evolution -5y)	5.3%	3.4%	3.8%	15.2%	10.3%
	2022	2025e			
ROCE - WACC	2.0%	2.3%			
FCF Yield - WACC	n.a.	2.2%			

(1) FCF Yield to the Firm (see Free Cash Flow Analysis (I)). Detail of the WACC on this page.

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	11.3%	5.7	6.3x
Central	10.3%	5.2	6.9x
Min	9.3%	4.7	7.6x

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	0.9%	1.0%	1.1%		Max	Central	Min
5.7	2.8	2.7	2.7	10.8%	10.6%	10.4%	
5.2	2.3	2.2	2.2	8.8%	8.6%	8.4%	
4.7	1.8	1.7	1.7	6.9%	6.7%	6.5%	

Main Corporate Governance indicators

KPI	2020	2021	2022
% of independent directors	16.7%	23.1%	25.0%
% of proprietary directors	66.7%	61.5%	66.7%
% of executive directors	8.3%	7.7%	8.3%
% of other directors	8.3%	7.7%	0.0%
% of women on the board of directors	8.3%	7.7%	16.7%
% of women out of total workforce	23.8%	25.6%	24.1%
Board remuneration/staff cost	2.8%	3.1%	3.3%



Main peers 2023e

		Broad Range players				High Tech Specialty players						
		Norma Group	Granges AB	Trifast Plc	Average	Georg Fischer AG	Bossard Holding AG	Bufab AB	SFS Group AG	Barnes Group Inc	Average	DESA
EUR Mn		SE	SE	GB		CH	CH	SE	CH	US		
Market data	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	546.1	909.0	113.8		5,204.1	1,775.8	1,181.1	4,896.4	1,937.2		25.9
	Enterprise value (EV)	953.1	1,266.0	177.7		5,095.9	2,043.1	1,469.2	5,406.3	2,389.6		36.1
Basic financial information	Total Revenues	1,301.4	2,004.9	318.0		4,175.3	1,219.8	759.1	3,278.9	1,265.9		48.2
	Total Revenues growth	4.7%	-3.7%	6.1%	2.4%	1.4%	2.6%	4.9%	16.2%	7.4%	6.5%	-4.5%
	2y CAGR (2023e - 2025e)	3.3%	9.1%	n.a.	6.2%	4.1%	4.4%	3.5%	3.4%	4.8%	4.0%	5.4%
	EBITDA	172.7	180.4	26.8		534.9	171.2	106.4	535.6	240.7		4.7
	EBITDA growth	17.8%	3.4%	13.6%	11.6%	6.9%	0.6%	0.0%	22.2%	5.2%	7.0%	-9.8%
	2y CAGR (2023e - 2025e)	11.3%	11.9%	n.a.	11.6%	6.8%	8.8%	4.2%	6.0%	10.0%	7.1%	10.1%
	EBITDA/Revenues	13.3%	9.0%	8.4%	10.2%	12.8%	14.0%	14.0%	16.3%	19.0%	15.2%	9.8%
	EBIT	87.1	115.4	21.8		410.9	144.1	89.5	397.8	157.8		3.5
	EBIT growth	32.2%	3.5%	27.9%	21.2%	7.5%	-1.1%	4.4%	25.5%	20.3%	11.3%	-13.8%
	2y CAGR (2023e - 2025e)	24.2%	16.5%	n.a.	20.3%	8.2%	9.0%	4.5%	7.0%	12.7%	8.3%	14.0%
	EBIT/Revenues	6.7%	5.8%	6.9%	6.4%	9.8%	11.8%	11.8%	12.1%	12.5%	11.6%	7.3%
	Net Profit	59.4	70.7	15.2		306.5	105.1	57.9	307.5	89.8		2.2
	Net Profit growth	52.0%	17.7%	35.1%	34.9%	7.8%	-0.9%	10.8%	11.9%	613.4%	128.6%	-38.1%
	2y CAGR (2023e - 2025e)	21.5%	26.9%	n.a.	24.2%	8.9%	10.6%	9.7%	7.1%	22.9%	11.8%	18.1%
	CAPEX/Sales %	4.1%	5.4%	0.9%	3.5%	4.5%	3.2%	0.6%	5.8%	3.6%	3.6%	2.0%
Free Cash Flow	58.5	80.0	10.4		241.0	77.4	74.0	182.6	92.9		3.0	
Net financial debt	292.5	302.9	43.8		(277.8)	290.4	247.1	386.9	403.0		12.0	
ND/EBITDA (x)	1.7	1.7	1.6	1.7	n.a.	1.7	2.3	0.7	1.7	1.6	2.5	
Pay-out	38.5%	40.6%	33.7%	37.6%	38.5%	41.2%	27.1%	36.6%	33.9%	35.5%	67.6%	
Multiples and Ratios	P/E (x)	8.8	12.8	7.8	9.8	16.8	16.1	19.3	15.9	18.4	17.3	11.7
	P/BV (x)	0.7	1.2	n.a.	1.0	2.7	3.8	3.9	2.9	1.5	3.0	1.3
	EV/Revenues (x)	0.7	0.6	0.6	0.6	1.2	1.7	1.9	1.6	1.9	1.7	0.7
	EV/EBITDA (x)	5.5	7.0	6.6	6.4	9.5	11.9	13.8	10.1	9.9	11.1	7.6
	EV/EBIT (x)	10.9	11.0	8.1	10.0	12.4	14.2	16.4	13.6	15.1	14.3	10.3
	ROE	8.3	9.4	n.a.	8.9	16.4	23.8	20.2	18.5	7.9	17.4	11.5
	FCF Yield (%)	10.7	8.8	9.1	9.5	4.6	4.4	6.3	3.7	4.8	4.8	11.6
	DPS	0.72	0.27	0.04	0.34	1.44	5.63	0.42	2.94	0.60	2.20	0.84
	Dvd Yield	4.2%	3.2%	4.5%	3.9%	2.3%	2.5%	1.3%	2.3%	1.6%	2.0%	5.8%

- (1) Financial data, multiples and ratios based on market consensus (Factset). In the case of the company analyzed, own estimates (Lighthouse).
(2) All ratios and multiples on EBITDA refer to total EBITDA (not to recurrent EBITDA).

Historical performance

Historical performance (EUR Mn)	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023e	2024e	2025e	12-22	22-25e
Total Revenues	31.9	31.9	32.2	34.0	34.6	38.1	41.1	42.5	39.7	48.1	50.4	48.2	51.0	53.5	4.7%	2.0%
Total Revenues growth	-13.4%	-0.1%	1.0%	5.7%	1.7%	9.9%	7.9%	3.5%	-6.7%	21.3%	4.8%	-4.5%	5.8%	5.0%		
EBITDA	(0.2)	0.4	1.2	1.2	1.9	2.2	2.6	2.4	2.8	5.8	5.2	4.7	5.2	5.7	38.3%	3.0%
EBITDA growth	-113.1%	295.2%	172.4%	-1.7%	63.7%	16.2%	16.0%	-6.8%	18.8%	106.3%	-10.7%	-9.8%	11.1%	9.0%		
EBITDA/Sales	n.a.	1.4%	3.7%	3.4%	5.5%	5.8%	6.2%	5.6%	7.1%	12.2%	10.4%	9.8%	10.3%	10.7%		
Net Profit	(1.0)	(0.6)	(1.7)	(0.2)	0.6	0.8	1.2	0.8	0.9	3.8	3.6	2.2	2.6	3.1	18.9%	-4.8%
Net Profit growth	n.a.	41.4%	-197.2%	91.0%	510.0%	30.6%	49.1%	-33.8%	11.6%	315.6%	-4.8%	-38.1%	19.4%	16.8%		
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)	-0.55	-0.32	-0.95	-0.09	0.35	0.46	0.69	0.46	0.51	2.11	2.00	1.24	1.48	1.73	18.9%	-4.8%
EPS growth	n.a.	41.4%	n.a.	91.0%	n.a.	30.8%	49.2%	-33.8%	11.5%	n.a.	-5.1%	-38.1%	19.4%	16.8%		
Ord. EPS (EUR)	-0.28	-0.16	-0.95	-0.01	0.31	0.46	0.69	0.50	0.71	2.11	2.00	1.24	1.48	1.73	24.8%	-4.8%
Ord. EPS growth	n.a.	42.4%	n.a.	98.8%	n.a.	50.2%	49.2%	-27.7%	42.3%	n.a.	-5.1%	-38.1%	19.4%	16.8%		
CAPEX	(0.1)	(0.4)	(0.5)	(0.8)	(1.1)	(1.1)	(1.3)	(2.5)	(1.9)	(0.7)	(0.6)	(1.0)	(0.5)	(0.5)		
CAPEX/Sales %	0.4%	1.2%	1.6%	2.3%	3.1%	2.8%	3.0%	5.9%	4.9%	1.5%	1.2%	2.0%	1.0%	1.0%		
Free Cash Flow	2.9	0.6	(0.0)	(1.2)	(1.4)	0.6	(1.2)	(1.1)	3.9	1.4	(0.6)	3.0	2.2	2.7	-8.3%	83.3%
ND/EBITDA (x) ⁽²⁾	n.a.	24.9x	9.2x	10.3x	6.9x	5.7x	5.2x	6.5x	3.7x	1.9x	2.5x	2.5x	2.1x	1.8x		
P/E (x)	n.a.	n.a.	n.a.	n.a.	29.4x	21.8x	9.8x	16.3x	15.6x	6.0x	7.2x	11.7x	9.8x	8.4x		
EV/Sales (x)	1.08x	1.06x	1.05x	1.03x	1.04x	0.92x	0.69x	0.74x	0.71x	0.73x	0.79x	0.75x	0.71x	0.67x		
EV/EBITDA (x) ⁽²⁾	n.a.	n.a.	28.6x	30.1x	19.0x	15.8x	11.1x	13.1x	9.9x	6.0x	7.6x	7.6x	6.9x	6.3x		
Absolute performance	0.0%	0.0%	0.0%	0.0%	0.0%	-3.2%	-33.1%	10.5%	6.5%	60.3%	13.2%	1.0%				
Relative performance vs Ibx 35	4.9%	-17.6%	-3.5%	7.7%	2.1%	-9.9%	-21.3%	-1.2%	26.0%	48.6%	19.8%	-10.5%				

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

EcoLumber, S.A. (ECO) is a small national group based in Spain (Barcelona), specialised initially in the forestry business. The company has changed strategic direction, positioning itself in the food industry, as a vertically integrated Group, in the production, processing and sale of nuts. It is controlled by the Board of Directors (62% of capital)

MOMENTUM: WHAT DO WE EXPECT FROM 2023E?

Two takeaways from 2022 earnings: strong topline growth, narrower margins. Since acquiring Utega in 2019, ECO has sustained strong revenue growth (+10.8% CAGR 2019-2022), obtaining EUR 18.3Mn in 2022 (+15.1% vs 2021). However, it has been affected by inflation and fluctuations in foreign exchange rates (US dollar appreciation; gross margin 2022; -3p.p. vs 2021), which has resulted in narrower margins. EBITDA 2022 EUR -2.2Mn (vs. EUR -2.0Mn in 2021).

2023e should mark a turning point for ECO (driven by the successful penetration of AirNuts). AirNuts (higher added value product) should enable ECO to reverse the trend seen until now. Its higher weighting in the revenue mix could drive revenue in 2023e of EUR 21.7Mn (+18.7%) and an improvement in gross margin to 19% (+6p.p.) thanks to the more profitable mix and normalisation of exchange rates. EBITDA 2023e of c. EUR -0.7Mn.

EQUITY STORY HIGHLIGHTS: WHAT TO WATCH FOR?

Strategic turnaround. ECO changed its business model by acquiring Utega (from a wood business to the sale of nuts) and has developed AirNuts (a more lucrative, healthy nut-based product with a mix of different flavours of flour and rice) as a long-term growth driver and the thrust of its equity story now.

Margin expansion. We expect to see significant margin expansion (as of 2023e) for four reasons: i) ability to pass through higher costs to sales prices, ii) normalisation of exchange-rate effects, iii) increasing weight of AirNuts sales in the revenue mix, to 7% of revenue in 2023e (vs 1.5% in 2022) and iv) the ability to leverage its existing cost structure (high fixed component).

The next two years will speak volumes about ECO's ability to raise finance and its commitment to AirNuts. Therefore, we estimate revenue 2025e of around EUR 27.7Mn (+14.8% CAGR 2022-2025e; though much will depend on AirNuts' commercial success). A more profitable revenue mix, coupled with cost control, leave room for ECO to deliver EBITDA 2025e of EUR 1.3Mn (EBTIDA margin 2025e 4.8%). However, it is unlikely to see positive rec. FCF until after 2025e, so its (already high) debt looks set to increase to EUR 21Mn (vs EUR 17.1Mn in 2022).

RISKS: WHAT TO KEEP AN EYE ON?

Dependence on Eroski's business. Eroski represented c. 60% of ECO's consolidated revenue in 2022 (vs 70% in 2021). Because of the scant customer diversification, ECO business performance shows a direct correlation to Eroski's business performance (resulting in higher risk of downgrades to estimates).

High leverage. Debt is a risk to ECO's business. The company ended 2022 with ND of EUR 17.1Mn, affecting both the bottom line and cash generation. ECO can mitigate this risk in two ways: i) raising additional capital or ii) disposing of assets (ECO has EUR 0.6Mn of assets held for sale and c. EUR 7Mn of biological assets).

Currency risk. Most of cost of sales (>60%) is in US dollars (exposing the business model's profitability to risk), so margins are dependent on exchange-rate trends.

VALUATION METRICS: WHAT DO THE MULTIPLES TELL US?

High multiples. The share price -12m (-4.8%) has outperformed the benchmark (-10%). However, ECO is trading at a large premium in terms of EV/sales vs the sector (+55%), with strong growth in revenue (c.+8p.p.), but not enough to surpass break-even until 24e. As a result, it will generate negative FCF until after 2025e, so debt will continue to rise. Everything rests on AirNuts' success and how fast it can up its share and grow.

Market Data

Market Cap (Mn EUR and USD)	32.4	34.7
EV (Mn EUR and USD)	50.8	54.4
Shares Outstanding (Mn)	32.4	
-12m (Max/Med/Mín EUR)	1.05 / 1.01 / 1.00	
Daily Avg volume (-12m Mn EUR)	n.m.	
Rotation ⁽¹⁾	0.7	
Factset / Bloomberg	ECO-ES / ECO SM	
Close fiscal year	31-Dec	

Shareholders Structure (%)⁽³⁾

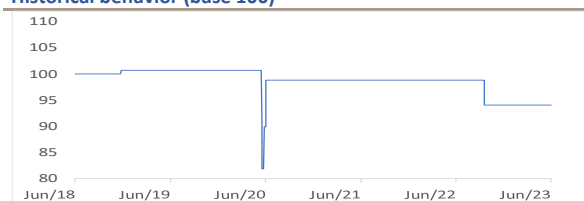
G3T SL	17.8
Onchena	12.8
Brinca 2004 SL	10.6
Acalios	7.3
Free Float	32.9

Financials (Mn EUR)	2022	2023e	2024e	2025e
Adj. nº shares (Mn)	32.4	32.4	32.4	32.4
Total Revenues	18.3	21.7	24.8	27.7
Rec. EBITDA	-2.2	-0.7	0.4	1.3
% growth	-10.0	68.3	162.7	200.7
% Rec. EBITDA/Rev.	n.a.	n.a.	1.8	4.8
% Inc. EBITDA sector ⁽²⁾	19.3	14.1	8.5	7.1
Net Profit	-3.0	-1.7	-0.8	0.0
EPS (EUR)	-0.09	-0.05	-0.02	0.00
% growth	-8.8	44.4	55.1	103.2
Ord. EPS (EUR)	-0.10	-0.05	-0.03	0.00
% growth	-13.6	44.9	53.0	102.9
Rec. Free Cash Flow	-2.9	-2.4	-1.2	-0.3
Pay-out (%)	0.0	0.0	0.0	0.0
DPS (EUR)	0.00	0.00	0.00	0.00
Net financial debt	17.1	19.5	20.7	21.0
ND/Rec. EBITDA (x)	n.a.	n.a.	46.7	15.8
ROE (%)	n.a.	n.a.	n.a.	0.3
ROCE (%)	n.a.	n.a.	n.a.	2.3

Ratios & Multiples (x)

P/E	n.a.	n.a.	n.a.	n.a.
Ord. P/E	n.a.	n.a.	n.a.	n.a.
P/BV	3.2	3.9	4.2	4.2
Dividend Yield (%)	0.0	0.0	0.0	0.0
EV/Sales	2.77	2.34	2.05	1.83
EV/Rec. EBITDA	n.a.	n.a.	n.a.	38.2
EV/EBIT	n.a.	n.a.	n.a.	n.a.
FCF Yield (%)	n.a.	n.a.	n.a.	n.a.

Historical behavior (base 100)



(%)	-1m	-3m	-12m	-5Y
Absolute	0.0	0.0	-4.8	-5.9

(1) Rotation is the % of the capitalisation traded - 12m.

(2) Sector: Stoxx Europe 600 Food & Beverage.

(3) Others: Otros miembros del Consejo 5.4%, Relocation & Exec. Serv. SL 5.0%, Jovellanos Cartera 5.3%, Transtronic Spain Corp 3.0%



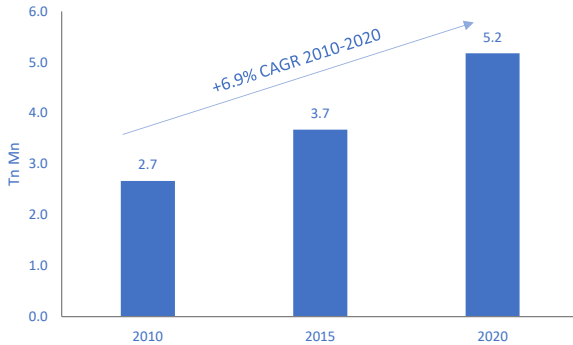
Financial Projections

Balance Sheet (EUR Mn)	2018	2019	2020	2021	2022	2023e	2024e	2025e	CAGR	
Intangible assets	3.7	4.1	4.1	3.9	3.5	4.1	4.5	4.9		
Fixed assets	16.9	19.1	16.3	16.3	16.3	15.9	15.5	15.1		
Other Non Current Assets	0.0	0.1	0.4	0.4	0.6	0.6	0.6	0.6		
Financial Investments	0.1	0.1	1.8	0.6	0.6	0.6	0.6	0.6		
Goodwill & Other Intangibles	3.9	3.9	3.9	3.9	3.9	3.9	3.9	3.9		
Current assets	5.0	5.9	5.0	6.7	7.4	8.3	9.0	9.5		
Total assets	29.7	33.3	31.4	32.0	32.3	33.3	34.1	34.7		
Equity	19.9	17.6	12.6	13.0	10.1	8.4	7.7	7.7		
Minority Interests	-	-	-	-	-	-	-	-		
Provisions & Other L/T Liabilities	1.1	1.2	1.2	1.1	1.0	1.0	1.0	1.0		
Other Non Current Liabilities	-	1.2	1.5	1.4	1.2	1.2	1.2	1.2		
Net financial debt	5.9	10.2	14.3	14.2	17.1	19.5	20.7	21.0		
Current Liabilities	2.8	3.1	1.9	2.3	3.0	3.3	3.6	3.9		
Equity & Total Liabilities	29.7	33.3	31.4	32.0	32.3	33.3	34.1	34.7		
P&L (EUR Mn)	2018	2019	2020	2021	2022	2023e	2024e	2025e	18-22	22-25e
Total Revenues	0.2	13.4	15.3	15.9	18.3	21.7	24.8	27.7	<i>n.a.</i>	14.8%
Total Revenues growth	27.4%	<i>n.a.</i>	13.8%	4.0%	15.1%	18.7%	14.3%	11.6%		
COGS	(0.5)	(11.3)	(13.1)	(13.4)	(15.9)	(17.6)	(19.4)	(21.3)		
Gross Margin	(0.3)	2.2	2.2	2.5	2.4	4.1	5.4	6.4	74.8%	39.2%
Gross Margin/Revenues	<i>n.a.</i>	16.2%	14.6%	16.0%	13.0%	18.9%	21.8%	23.2%		
Personnel Expenses	(0.5)	(1.5)	(2.0)	(2.0)	(2.0)	(2.1)	(2.2)	(2.2)		
Other Operating Expenses	(1.0)	(2.9)	(2.6)	(2.5)	(2.6)	(2.7)	(2.8)	(2.9)		
Recurrent EBITDA	(1.8)	(2.2)	(2.3)	(2.0)	(2.2)	(0.7)	0.4	1.3	-5.4%	37.5%
Recurrent EBITDA growth	9.5%	-20.3%	-7.4%	13.1%	-10.0%	68.3%	162.7%	200.7%		
Rec. EBITDA/Revenues	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	1.8%	4.8%		
Restructuring Expense & Other non-rec.	(0.0)	(0.3)	(0.3)	(0.0)	0.0	-	-	-		
EBITDA	(1.8)	(2.5)	(2.6)	(2.1)	(2.2)	(0.7)	0.4	1.3	-5.0%	37.6%
Depreciation & Provisions	(0.2)	(0.5)	(0.6)	(0.9)	(0.9)	(0.9)	(0.9)	(0.9)		
Capitalized Expense	1.7	1.0	0.2	1.0	0.7	0.6	0.4	0.4		
Rentals (IFRS 16 impact)	-	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)		
EBIT	(0.3)	(2.2)	(3.1)	(2.1)	(2.6)	(1.2)	(0.2)	0.7	-68.0%	31.6%
EBIT growth	75.0%	-564.3%	-43.1%	31.6%	-22.4%	55.2%	86.0%	543.4%		
EBIT/Revenues	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	2.6%		
Impact of Goodwill & Others	-	-	-	-	-	-	-	-		
Net Financial Result	(0.1)	(0.2)	(0.7)	(0.5)	(0.6)	(0.6)	(0.7)	(0.7)		
Income by the Equity Method	-	-	-	-	-	-	-	-		
Ordinary Profit	(0.5)	(2.4)	(3.8)	(2.6)	(3.2)	(1.8)	(0.8)	0.0	-61.7%	26.2%
Ordinary Profit Growth	67.4%	-415.7%	-58.7%	31.5%	-22.0%	44.4%	53.0%	103.2%		
Extraordinary Results	-	-	(1.5)	-	-	-	-	-		
Profit Before Tax	(0.5)	(2.4)	(5.3)	(2.6)	(3.2)	(1.8)	(0.8)	0.0	-61.7%	26.2%
Tax Expense	-	0.2	0.3	0.1	0.2	0.1	0.1	(0.0)		
Effective Tax Rate	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	10.0%		
Minority Interests	-	-	-	-	-	-	-	-		
Discontinued Activities	-	-	-	-	-	-	-	-		
Net Profit	(0.5)	(2.2)	(5.0)	(2.5)	(3.0)	(1.7)	(0.8)	0.0	-59.3%	26.2%
Net Profit growth	67.4%	-377.5%	-122.6%	49.3%	-19.4%	44.4%	55.1%	103.2%		
Ordinary Net Profit	(0.5)	(2.1)	(3.6)	(2.6)	(3.2)	(1.8)	(0.8)	0.0	-62.6%	26.2%
Ordinary Net Profit growth	67.7%	-349.1%	-72.5%	27.6%	-24.7%	44.9%	53.0%	102.9%		
Cash Flow (EUR Mn)	2018	2019	2020	2021	2022	2023e	2024e	2025e	18-22	22-25e
Recurrent EBITDA						(0.7)	0.4	1.3	-5.4%	37.5%
Rentals (IFRS 16 impact)						(0.1)	(0.1)	(0.1)		
Working Capital Increase						(0.6)	(0.4)	(0.3)		
Recurrent Operating Cash Flow						-1.4	-0.1	0.9	12.5%	33.7%
CAPEX						(0.5)	(0.5)	(0.5)		
Net Financial Result affecting the Cash Flow						(0.6)	(0.7)	(0.7)		
Tax Expense						0.1	0.1	(0.0)		
Recurrent Free Cash Flow						(2.4)	(1.2)	(0.3)	12.2%	51.9%
Restructuring Expense & Other non-rec.						-	-	-		
- Acquisitions / + Divestures of assets						-	-	-		
Extraordinary Inc./Exp. Affecting Cash Flow						-	-	-		
Free Cash Flow						(2.4)	(1.2)	(0.3)	30.6%	48.0%
Capital Increase						-	-	-		
Dividends						-	-	-		
Net Debt Variation						2.4	1.2	0.3		

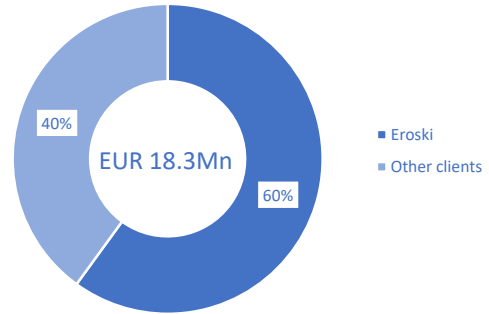


The company in 8 charts

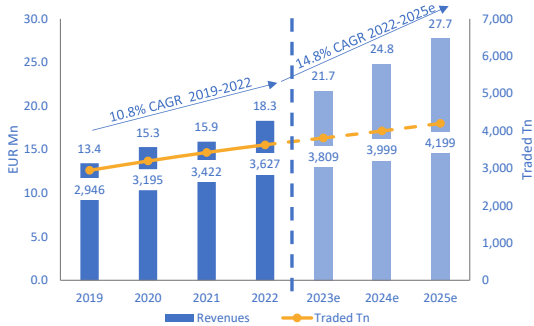
Increasing consumption of nuts (-10y) is one of ECO's key growth drivers (+6.9% CAGR 2010-2020)



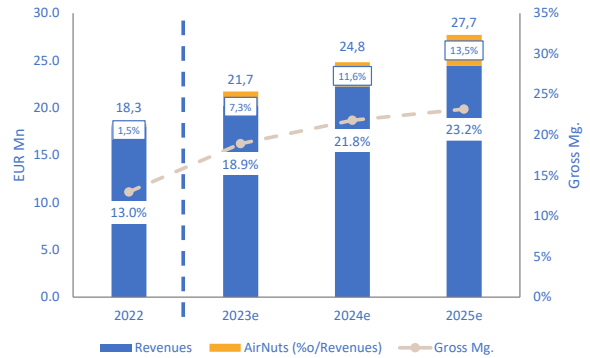
New client wins lowered Eroski's weight in the revenue mix to 60% in 2022 (vs 70% in 2021)



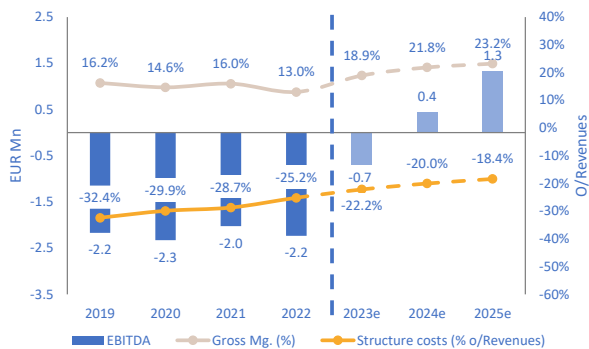
Despite the challenging backdrop, ECO has managed to keep growth in the double digits (+10.8% CAGR, -3y) since acquiring Utega in 2019



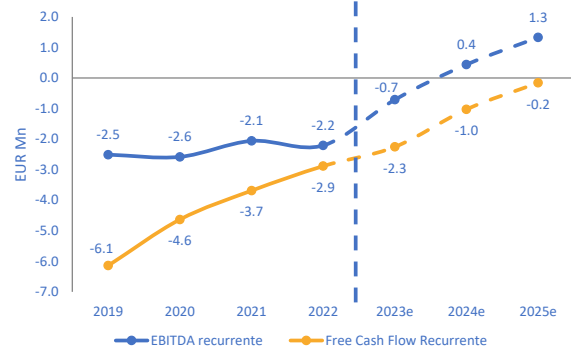
AirNuts' higher weight in the mix (13.5% in 2025e vs 1.5% in 2022) should lift gross margin to 23.2% in 25e (+10.2p.p. vs 2022)



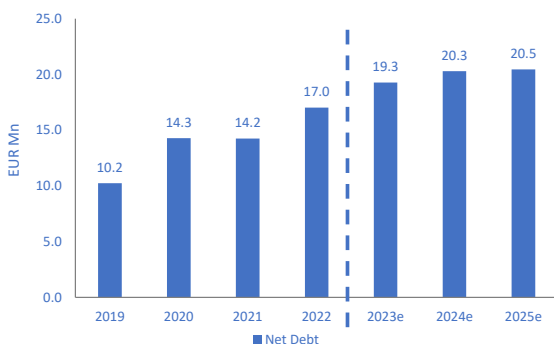
This, coupled with a grip on overhead, should lead to positive EBITDA in 2024e



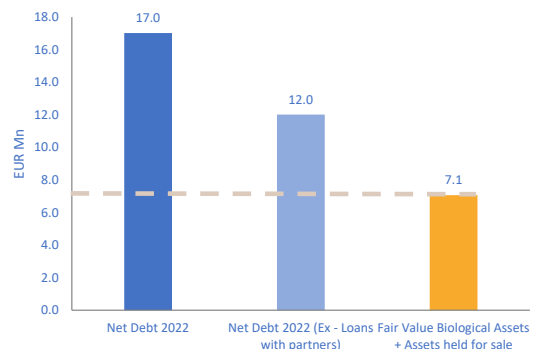
FCF still impacted (2023e-2025e) by CAPEX and high finance costs



Which should push up ND to EUR 21Mn in 2025e (3x ND 25/Equity)...



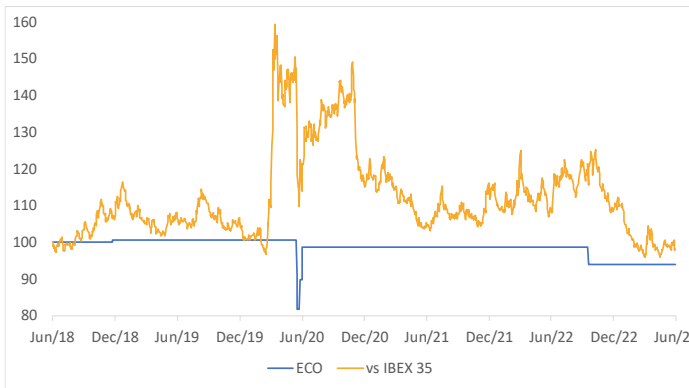
...although partially mitigated by the FV of biological assets (c. EUR 6.5Mn) and loans and borrowings with partners (c. EUR 5Mn)





Evolution of the share price

Historical behavior vs Ibex 35 (base 100)



Behavior -1y vs Ibex 35 (base 100)



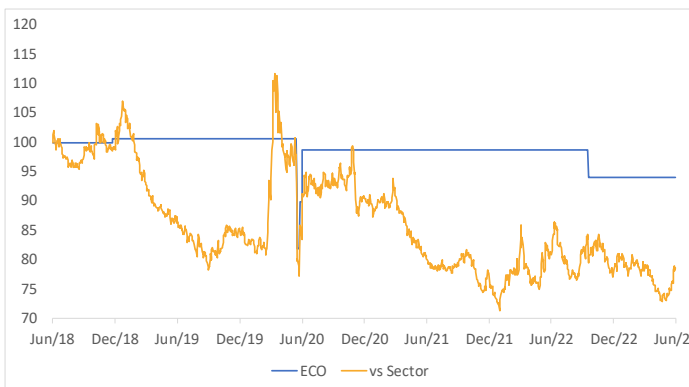
Historical behavior vs Ibex Small Cap (base 100)



Behavior -1y vs Ibex Small Cap (base 100)



Historical behavior vs Sector⁽¹⁾ (base 100)



Behavior -1y vs Sector⁽¹⁾ (base 100)



(1) Sector: Stoxx Europe 600 Food & Beverage

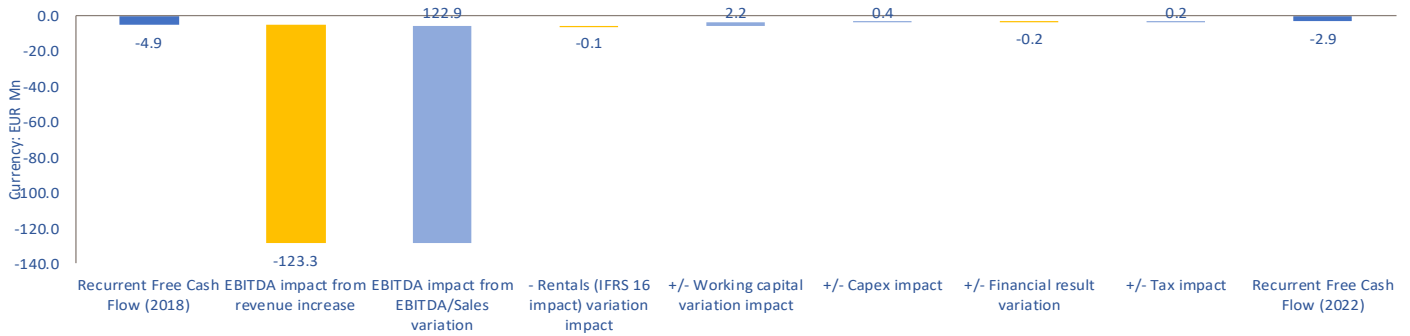
Stock performance (%)	-1m	-3m	-12m	YTD	-3Y	-5Y
Absolute	0.0	0.0	-4.8	0.0	-4.8	-5.9
vs Market						
vs Ibex 35	-1.5	1.9	-10.5	-11.4	-19.3	-1.9
vs Euro STOXX 50	1.1	0.0	-16.1	-11.6	-24.9	-24.3
vs Small Cap References						
vs Ibex Small Cap Index	-0.2	11.7	9.8	-6.8	-22.7	-5.5
vs Micro Cap Spain Universe ⁽¹⁾	-0.2	3.1	3.7	-8.2	-32.6	-12.5
vs MSCI Europe Micro Cap	1.6	6.1	8.9	0.7	-19.2	-12.4
vs Sector						
vs Stoxx Europe 600 Food & Beverage	7.4	0.7	-3.3	-2.9	-13.9	-21.4

(1) [Constituents on page 10](#)

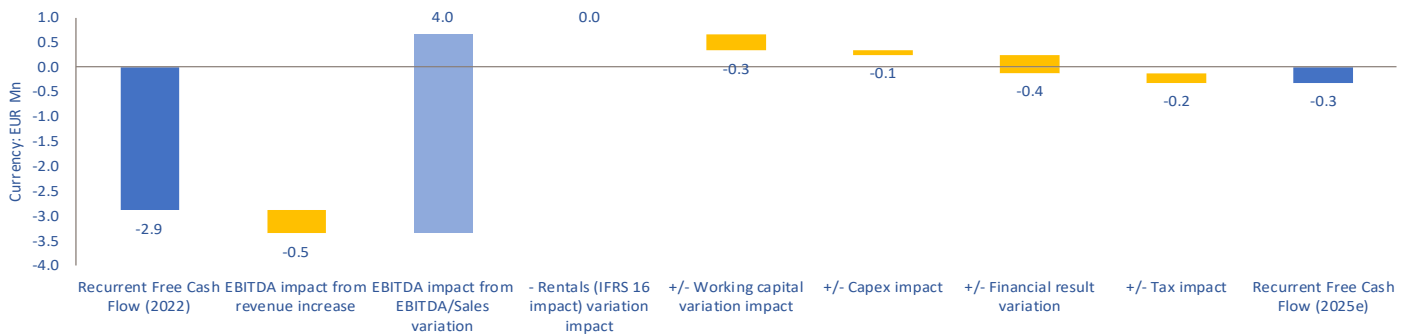


Free Cash Flow (II)

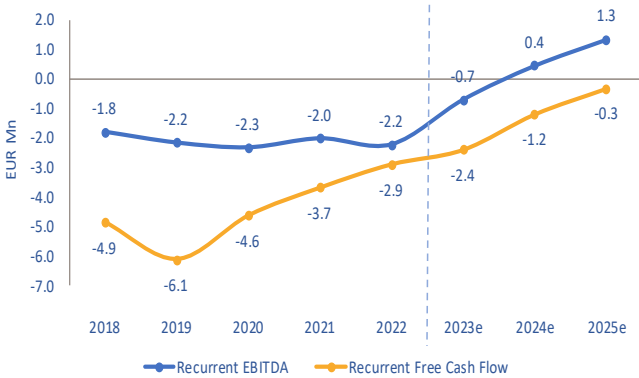
Recurrent Free Cash Flow accumulated variation analysis (2018 - 2022)



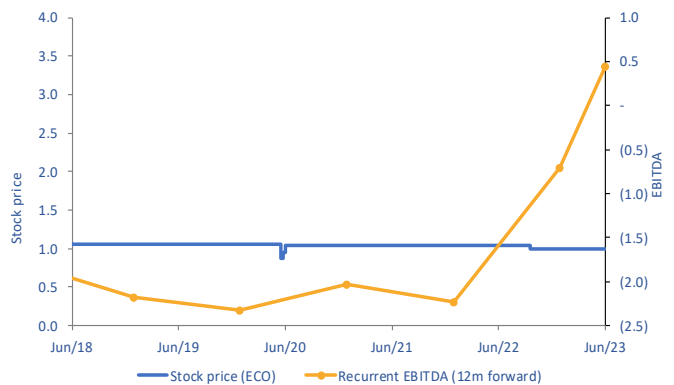
Recurrent Free Cash Flow accumulated variation analysis (2022 - 2025e)



Recurrent EBITDA vs Recurrent Free Cash Flow



Stock performance vs EBITDA 12m forward





Valuation inputs

Inputs for the DCF Valuation Approach

	2023e	2024e	2025e	Terminal Value ⁽¹⁾			
Free Cash Flow "To the Firm"	(1.9)	(0.6)	0.3	n.a.			
Market Cap	32.4	At the date of this report					
Net financial debt	17.1	Debt net of Cash (12m Results 2022)					
					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)	0.8	B (own estimate)			0.7	0.9	
Cost of Equity	8.2%	Ke = Rf + (R * B)			7.2%	9.2%	
Equity / (Equity + Net Debt)	65.5%	E (Market Cap as equity value)			=	=	
Net Debt / (Equity + Net Debt)	34.5%	D			=	=	
WACC	6.6%	WACC = Kd * D + Ke * E			5.9%	7.3%	
G "Fair"	2.0%				2.0%	1.5%	

(1) The terminal value calculated beyond the last FCF estimate does not reflect the company's growth potential (positive/negative) at the date of publication of this report.

EV breakdown at the date of this report

	EUR Mn	Source
Market Cap	32.4	
+ Minority Interests	-	12m Results 2022
+ Provisions & Other L/T Liabilities	0.8	12m Results 2022
+ Net financial debt	17.1	12m Results 2022
- Financial Investments	0.1	12m Results 2022
+/- Others ⁽¹⁾	0.6	12m Results 2022
Enterprise Value (EV)	50.8	

(1) Non-strategic assets held for sales (Land in Spain valued at EUR 0,6Mn)

Business Value Creation Metrics ⁽¹⁾

	2018	2019	2020	2021	2022
ROCE (evolution -5y)	n.a.	n.a.	n.a.	n.a.	n.a.
	2022	2025e			
ROCE - WACC	n.a.	-4,3%			
FCF Yield - WACC	n.a.	n.a.			

(1) FCF Yield to the Firm (see Free Cash Flow Analysis (I)). Detail of the WACC on this page.

Main Corporate Governance indicators

KPI	2020	2021	2022
% of independent directors	23.1%	30.8%	27.3%
% of proprietary directors	61.5%	61.5%	63.6%
% of executive directors	7.7%	7.7%	9.1%
% of other directors	7.7%	0.0%	0.0%
% of women on the board of directors	15.4%	15.4%	18.2%
% of women out of total workforce	35.6%	30.8%	32.6%
Board remuneration/staff cost	15.0%	15.1%	10.7%



Main peers 2023e

		European Industry				Others			
EUR Mn		Select Harvest Limited	Vilmorin & Cie	SIPEF	TIPIAK SA	Average	Archer-Daniels-Midland Company	Average	ECO
Market data	Ticker (Factset)	SHV-AU	RIN-FR	SIP-BE	TIPI-FR		ADM-US		ECO-ES
	Country	Australia	France	Belgium	France		USA		Spain
	Market cap	335.9	1,434.6	626.3	55.8		36,237.8		32.4
	Enterprise value (EV)	593.0	2,765.4	644.4	117.5		46,495.9		50.8
Basic financial information	Total Revenues	75.7	1,820.8	428.9	246.9		93,400.2		21.7
	Total Revenues growth	-38.5%	14.7%	-14.5%	3.1%	-8.8%	-1.5%	-1.5%	18.7%
	2y CAGR (2023e - 2025e)	40.1%	3.3%	0.0%	3.3%	11.7%	-0.3%	-0.3%	12.9%
	EBITDA	(39.9)	429.8	159.0	19.3		5,573.1		(0.7)
	EBITDA growth	-434.5%	21.6%	-25.6%	-4.8%	-110.8%	26.9%	26.9%	67.9%
	2y CAGR (2023e - 2025e)	85.7%	5.5%	-6.1%	6.4%	22.9%	-3.0%	-3.0%	97.1%
	EBITDA/Revenues	n.a.	23.6%	37.1%	7.8%	22.8%	6.0%	6.0%	n.a.
	EBIT	(56.3)	149.0	90.5	7.5		4,065.1		(1.2)
	EBIT growth	n.a.	51.3%	-46.2%	-10.9%	-1.9%	18.5%	18.5%	55.2%
	2y CAGR (2023e - 2025e)	62.9%	8.5%	-4.4%	26.8%	23.4%	-2.4%	-2.4%	61.9%
	EBIT/Revenues	n.a.	8.2%	21.1%	3.0%	10.8%	4.4%	4.4%	n.a.
	Net Profit	(42.9)	98.2	70.0	4.2		3,531.5		(1.7)
	Net Profit growth	n.a.	6.5%	-32.0%	2.4%	-7.7%	-12.8%	-12.8%	44.4%
	2y CAGR (2023e - 2025e)	57.8%	11.3%	-10.4%	16.0%	18.7%	-5.1%	-5.1%	41.9%
CAPEX/Sales %	21.5%	16.1%	18.7%	5.3%	15.4%	1.3%	1.3%	2.4%	
Free Cash Flow	(20.4)	12.6	31.5	1.1		1,863.4		(2.4)	
Net financial debt	157.8	973.4	5.0	65.4		4,396.0		19.5	
ND/EBITDA (x)	n.a.	2.3	0.0	3.4	1.9	0.8	0.8	n.a.	
Pay-out	-0.3%	41.8%	29.0%	42.3%	28.2%	26.6%	26.6%	0.0%	
Multiples and Ratios	P/E (x)	n.a.	14.6	9.0	13.1	12.2	10.3	10.3	n.a.
	P/BV (x)	1.3	1.0	0.8	0.9	1.0	1.6	1.6	3.9
	EV/Revenues (x)	7.8	1.5	1.5	0.5	2.8	0.5	0.5	2.3
	EV/EBITDA (x)	n.a.	6.4	4.1	6.1	5.5	8.3	8.3	n.a.
	EV/EBIT (x)	n.a.	18.6	7.1	15.7	13.8	11.4	11.4	n.a.
	ROE	n.a.	6.6	8.9	6.7	7.4	15.5	15.5	n.a.
	FCF Yield (%)	n.a.	0.9	5.0	2.0	2.6	5.1	5.1	n.a.
	DPS	0.00	1.79	1.95	2.00	1.44	1.67	1.67	0.00
	Dvd Yield	0.0%	2.9%	3.3%	3.3%	2.4%	2.5%	2.5%	0.0%

- (1) Financial data, multiples and ratios based on market consensus (Factset). In the case of the company analyzed, own estimates (Lighthouse).
(2) All ratios and multiples on EBITDA refer to total EBITDA (not to recurrent EBITDA).

Historical performance

Historical performance (EUR Mn)	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023e	2024e	2025e	CAGR 12-22	22-25e
Total Revenues								13.4	15.3	15.9	18.3	21.7	24.8	27.7	n.a.	14.8%
Total Revenues growth								n.a.	13.8%	4.0%	15.1%	18.7%	14.3%	11.6%		
EBITDA								(2.5)	(2.6)	(2.1)	(2.2)	(0.7)	0.4	1.3	n.a.	37.6%
EBITDA growth								-38.6%	-2.9%	20.3%	-6.9%	67.9%	162.7%	200.7%		
EBITDA/Sales								n.a.	n.a.	n.a.	n.a.	n.a.	1.8%	4.8%		
Net Profit								(2.2)	(5.0)	(2.5)	(3.0)	(1.7)	(0.8)	0.0	n.a.	26.2%
Net Profit growth								-377.5%	-122.6%	49.3%	-19.4%	44.4%	55.1%	103.2%		
Adjusted number shares (Mn)								27.0	27.0	29.5	32.4	32.4	32.4	32.4		
EPS (EUR)								-0.08	-0.18	-0.09	-0.09	-0.05	-0.02	0.00	n.a.	26.2%
EPS growth								n.a.	n.a.	53.6%	-8.8%	44.4%	55.1%	n.a.		
Ord. EPS (EUR)								-0.08	-0.13	-0.09	-0.10	-0.05	-0.03	0.00	n.a.	26.2%
Ord. EPS growth								n.a.	-72.5%	33.8%	-13.6%	44.9%	53.0%	n.a.		
CAPEX								(3.2)	(1.9)	0.1	(0.4)	(0.5)	(0.5)	(0.5)		
CAPEX/Sales %								23.6%	12.5%	n.a.	2.4%	2.4%	2.1%	1.9%		
Free Cash Flow								(6.1)	(5.2)	(2.6)	(2.3)	(2.4)	(1.2)	(0.3)	n.a.	48.0%
ND/EBITDA (x) ⁽²⁾								n.a.	n.a.	n.a.	n.a.	n.a.	46.7x	15.8x		
P/E (x)								n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.		
EV/Sales (x)								2.99x	2.75x	2.71x	2.72x	2.34x	2.05x	1.83x		
EV/EBITDA (x) ⁽²⁾								n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	38.2x		
Absolute performance								0.0%	-1.9%	0.0%	-4.8%	0.0%	0.0%	0.0%		
Relative performance vs Ibex 35								-10.6%	16.1%	-7.3%	0.8%	-11.4%				

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

Endurance Motive (END), is a small Spanish company based in Valencia, created in 2018 and specialised in the development and sale of electricity storage systems using lithium-ion batteries for sustainable mobility. The sectors in which the company operates are: i) industrial, ii) marine and iii) urban mobility. The company's founders control c. 62% of total shares.

Market Data

Market Cap (Mn EUR and USD)	17.0	18.2
EV (Mn EUR and USD)	20.6	22.1
Shares Outstanding (Mn)	9.2	
-12m (Max/Med/Mín EUR)	3.80 / 2.36 / 1.62	
Daily Avg volume (-12m Mn EUR)	0.02	
Rotation ⁽¹⁾	35.4	
Factset / Bloomberg	END-ES / END SM	
Close fiscal year	31-Dec	

Shareholders Structure (%)

Carlos Navarro	33.6
Andrés Muelas	28.6
Free Float	37.8

Financials (Mn EUR)	2022	2023e	2024e	2025e
Adj. nº shares (Mn)	8.8	9.2	9.2	9.2
Total Revenues	6.1	8.8	11.9	14.4
Rec. EBITDA	-2.4	-1.3	-0.4	0.7
% growth	-42.1	44.2	68.4	268.4
% Rec. EBITDA/Rev.	n.a.	n.a.	n.a.	5.0
% Inc. EBITDA sector ⁽²⁾	-2.3	22.5	26.4	17.0
Net Profit	-1.9	-1.2	-0.4	0.6
EPS (EUR)	-0.22	-0.13	-0.04	0.06
% growth	6.9	38.4	67.9	247.1
Ord. EPS (EUR)	-0.26	-0.13	-0.04	0.06
% growth	-12.7	47.6	67.9	247.1
Rec. Free Cash Flow	-3.8	-2.3	-1.5	-0.2
Pay-out (%)	0.0	0.0	0.0	0.0
DPS (EUR)	0.00	0.00	0.00	0.00
Net financial debt	3.8	5.3	6.7	6.9
ND/Rec. EBITDA (x)	n.a.	n.a.	n.a.	9.6
ROE (%)	n.a.	n.a.	134.9	n.a.
ROCE (%)	n.a.	n.a.	n.a.	14.4

Ratios & Multiples (x)

P/E	n.a.	n.a.	n.a.	29.3
Ord. P/E	n.a.	n.a.	n.a.	29.3
P/BV	15.0	n.a.	n.a.	n.a.
Dividend Yield (%)	0.0	0.0	0.0	0.0
EV/Sales	3.40	2.33	1.73	1.43
EV/Rec. EBITDA	n.a.	n.a.	n.a.	28.7
EV/EBIT	n.a.	n.a.	n.a.	22.0
FCF Yield (%)	n.a.	n.a.	n.a.	n.a.

Historical behavior (base 100)



(%)	-1m	-3m	-12m	-5Y
Absolute	-14.7	-7.5	-48.0	n.a.

(1) Rotation is the % of the capitalisation traded - 12m.
 (2) Sector: Europe Electrical Products.

MOMENTUM: WHAT DO WE EXPECT FROM 2023E?

The supply crisis undermined 2022 earnings. It caused delays in deliveries of lithium-ion batteries and resulted in lower-than-estimated growth in revenue (EUR 6.1Mn; +29.3% vs our estimate of +81.2%). The increase in the price of raw materials, such as steel (+30%) and lithium cells (+7.1%) squeezed margins in 2022.

The backlog is the main business driver for 2023e. The order backlog at the end of April 2023e stood at EUR 7.1Mn (80% of 2023e sales; of which 27.4% are outside Spain), lending visibility to our 2023e estimates.

The challenge for 2023e is to improve margins. We expect activity to rebound in 2023e due to: i) the size of the order backlog and ii) the start of the company's (geographical and sector) diversification, alongside gradual improvement in profitability on the back of steadier raw material prices and the company's ability to leverage its operating structure. For 2023e, we estimate revenue of around EUR 8.8Mn (+45.9% vs 2022) and EBITDA of EUR -1.3Mn (vs EUR -2.4Mn in 2022).

EQUITY STORY HIGHLIGHTS: WHAT TO WATCH FOR?

Strong sector tailwinds (transition towards sustainable mobility). The market share of electric vehicles in Spain is set to grow by c.10p.p. in 2023e to 22% of the total (vs 13% in 2022) and 55% in 2030e.

High growth rates (contingent on the success of the production chain). We expect END to achieve high double-digit growth (+30.3% CAGR 2022-2025e), mostly thanks to: i) international expansion (13% of revenue in 2022e and c.40% in 2025e) and ii) sector diversification (order intake of batteries for electric motorcycles to be delivered in 2023e and penetration of the maritime sector in 2024e).

While continuing to focus on margins (above break-even in 2025e?). END's margin performance will be shaped by: i) the ability to pass on higher raw material prices to customers, ii) better supplier terms and conditions and iii) increased efficiency due to process optimisation (economies of scale).

2023e-2024e will be crucial for gauging the viability of the business model. Our estimates point to cash consumption of a further EUR 3.1Mn to 2025e to reach break-even, with 2025e revenue of EUR 14.4Mn (vs EUR 6.1Mn in 22), EBITDA of EUR 0.7Mn and ND of EUR 6.9Mn (EUR 3.2Mn of convertible bonds).

RISKS: WHAT TO KEEP AN EYE ON?

Raw material and energy cost inflation. An increase in raw materials like 2022 would keep margins from recovering as expect in the next few years until it has passed on to selling prices (increase the risk of downgrades to estimates) and delay break-even at EBITDA level to beyond 2025e (current estimate).

High debt and potential dilution. END ended 2022 with ND of EUR 3.8Mn. In 2023e, the company entered into a financing agreement with Alpha Blue Ocean entailing the issuance of EUR 3.2Mn of convertible bonds. The current financing requirements imply maximum dilution of 12.1% for shareholders, assuming execution of 100% of the financing agreement with Alpha Blue Ocean.

VALUATION METRICS: WHAT DO THE MULTIPLES TELL US?

Demanding multiples. Although the share price has fallen by 34.9% -12m, END is trading at a demanding EV/sales 2023e ratio of 2.3x (vs 1.4x for the sector), implying two key takeaways: i) the company is growing (organically) at a higher rate (+27.5% CAGR 2023e-2025e) than its main peers (Varta +9% and Enersys +5.6%) but ii) with higher risk given its business model and the stage of the company's development; i.e., still with low margins, with the main obstacle being its ability to raise capital ("necessarily" through equity and with a dilutive effect).



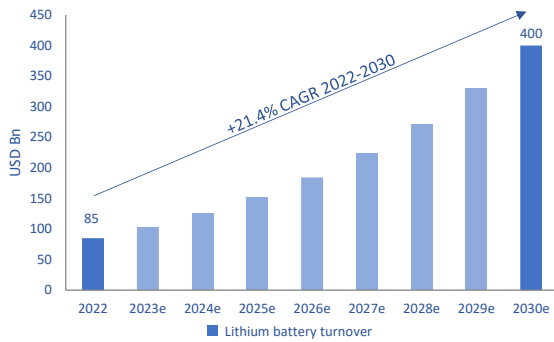
Financial Projections

Balance Sheet (EUR Mn)	2018	2019	2020	2021	2022	2023e	2024e	2025e	CAGR	
Intangible assets	0.1	0.2	0.6	1.2	1.6	0.8	0.8	0.8		
Fixed assets	0.0	0.0	0.1	0.1	0.1	0.6	1.0	1.4		
Other Non Current Assets	0.0	0.1	0.3	0.3	0.3	0.3	0.3	0.3		
Financial Investments	0.0	0.1	0.1	0.2	0.1	0.1	0.1	0.1		
Goodwill & Other Intangibles	-	-	-	-	-	-	-	-		
Current assets	0.2	0.4	1.5	3.1	4.5	5.8	7.0	7.8		
Total assets	0.3	0.9	2.7	4.9	6.7	7.6	9.3	10.5		
Equity	0.5	0.9	0.9	0.9	1.1	(0.1)	(0.5)	0.1		
Minority Interests	-	-	-	-	-	-	-	-		
Provisions & Other L/T Liabilities	-	-	-	-	-	-	-	-		
Other Non Current Liabilities	-	-	-	-	-	-	-	-		
Net financial debt	(0.2)	(0.0)	1.1	2.4	3.8	5.3	6.7	6.9		
Current Liabilities	0.0	0.1	0.8	1.6	1.8	2.5	3.1	3.5		
Equity & Total Liabilities	0.3	0.9	2.7	4.9	6.7	7.6	9.3	10.5		
P&L (EUR Mn)	2018	2019	2020	2021	2022	2023e	2024e	2025e	20-22	22-25e
Total Revenues	0.0	0.3	2.3	4.7	6.1	8.8	11.9	14.4	63.7%	33.3%
Total Revenues growth	n.a.	n.a.	613.8%	107.3%	29.3%	45.9%	34.4%	20.9%		
COGS	(0.0)	(0.3)	(1.8)	(3.5)	(4.8)	(6.3)	(7.9)	(9.0)		
Gross Margin	(0.0)	0.0	0.5	1.2	1.3	2.6	3.9	5.4	59.5%	61.8%
Gross Margin/Revenues	n.a.	7.6%	22.1%	25.5%	21.0%	29.2%	33.2%	37.6%		
Personnel Expenses	(0.0)	(0.2)	(0.8)	(1.7)	(2.2)	(2.3)	(2.4)	(2.5)		
Other Operating Expenses	-	(0.4)	(0.7)	(1.2)	(1.5)	(1.6)	(2.0)	(2.2)		
Recurrent EBITDA	(0.0)	(0.6)	(1.0)	(1.7)	(2.4)	(1.3)	(0.4)	0.7	-52.2%	31.9%
Recurrent EBITDA growth	n.a.	n.a.	-85.9%	-62.9%	-42.1%	44.2%	68.4%	268.4%		
Rec. EBITDA/Revenues	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	5.0%		
Restructuring Expense & Other non-rec.	(0.0)	0.0	(0.1)	(0.0)	0.3	-	-	-		
EBITDA	(0.1)	(0.6)	(1.2)	(1.7)	(2.1)	(1.3)	(0.4)	0.7	-34.0%	32.9%
Depreciation & Provisions	(0.0)	(0.0)	(0.1)	(0.1)	(0.3)	(0.3)	(0.3)	(0.4)		
Capitalized Expense	0.1	0.1	0.5	0.6	0.6	0.7	0.7	0.6		
Rentals (IFRS 16 impact)	-	-	-	-	-	-	-	-		
EBIT	0.0	(0.5)	(0.7)	(1.3)	(1.7)	(1.0)	(0.1)	0.9	-54.1%	36.4%
EBIT growth	n.a.	n.a.	-51.3%	-73.4%	-37.0%	43.4%	92.3%	n.a.		
EBIT/Revenues	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	6.5%		
Impact of Goodwill & Others	-	-	-	-	-	-	-	-		
Net Financial Result	(0.0)	(0.0)	(0.0)	(0.1)	(0.2)	(0.2)	(0.3)	(0.4)		
Income by the Equity Method	-	-	-	-	-	-	-	-		
Ordinary Profit	0.0	(0.5)	(0.8)	(1.3)	(1.9)	(1.2)	(0.4)	0.6	-58.4%	32.0%
Ordinary Profit Growth	n.a.	n.a.	-54.8%	-73.5%	-44.7%	35.9%	67.9%	247.1%		
Extraordinary Results	-	-	-	-	-	-	-	-		
Profit Before Tax	0.0	(0.5)	(0.8)	(1.3)	(1.9)	(1.2)	(0.4)	0.6	-58.4%	32.0%
Tax Expense	0.0	0.1	0.2	-	-	-	-	-		
Effective Tax Rate	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.		
Minority Interests	-	-	-	-	-	-	-	-		
Discontinued Activities	-	-	-	-	-	-	-	-		
Net Profit	0.0	(0.4)	(0.6)	(1.3)	(1.9)	(1.2)	(0.4)	0.6	-82.7%	32.0%
Net Profit growth	n.a.	n.a.	-54.8%	-130.6%	-44.7%	35.9%	67.9%	247.1%		
Ordinary Net Profit	0.0	(0.5)	(0.6)	(1.3)	(2.3)	(1.2)	(0.4)	0.6	-86.3%	31.2%
Ordinary Net Profit growth	n.a.	n.a.	-30.4%	-98.1%	-75.2%	45.5%	67.9%	247.1%		
Cash Flow (EUR Mn)	2018	2019	2020	2021	2022	2023e	2024e	2025e	20-22	22-25e
Recurrent EBITDA						(1.3)	(0.4)	0.7	-52.2%	31.9%
Rentals (IFRS 16 impact)						-	-	-		
Working Capital Increase						(0.6)	(0.6)	(0.4)		
Recurrent Operating Cash Flow						-2.0	-1.0	0.3	-61.0%	28.0%
CAPEX						(0.1)	(0.1)	(0.1)		
Net Financial Result affecting the Cash Flow						(0.2)	(0.3)	(0.4)		
Tax Expense						-	-	-		
Recurrent Free Cash Flow						(2.3)	(1.5)	(0.2)	-59.8%	65.9%
Restructuring Expense & Other non-rec.						-	-	-		
- Acquisitions / + Divestures of assets						-	-	-		
Extraordinary Inc./Exp. Affecting Cash Flow						0.8	-	-		
Free Cash Flow						(1.5)	(1.5)	(0.2)	-47.0%	64.8%
Capital Increase						-	-	-		
Dividends						-	-	-		
Net Debt Variation						1.5	1.5	0.2		



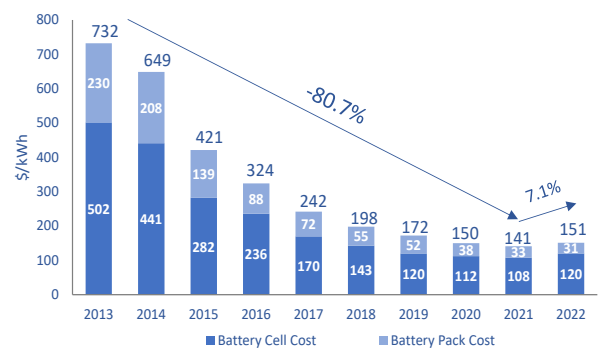
The company in 8 charts

Lithium batteries: In full growth stage...



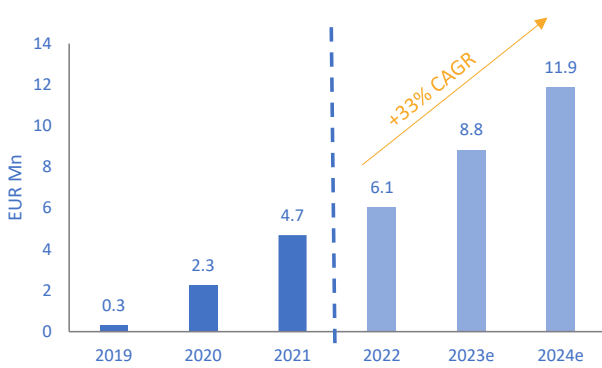
Sources: BNEF (BloombergNEF)

... and increasingly affordable (driving demand)

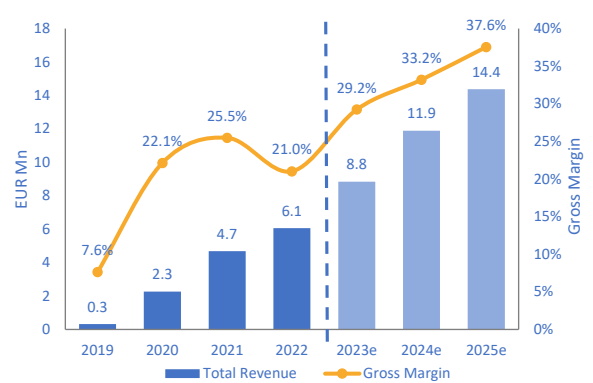


Source: BNEF (BloombergNEF)

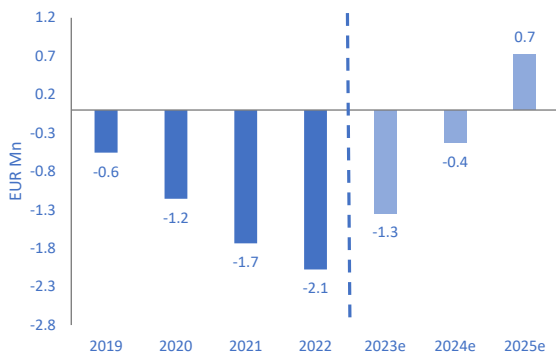
END: Well positioned to accelerate growth...



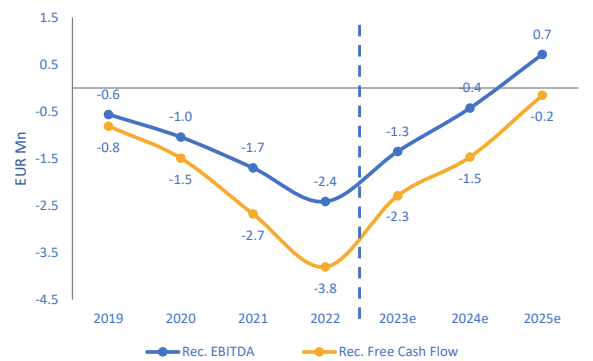
... and ability to improve the gross margin (still below 30%)



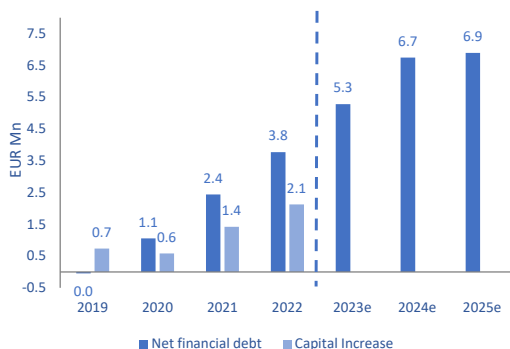
Although break-even in EBITDA will not be possible until, at least, 2025e



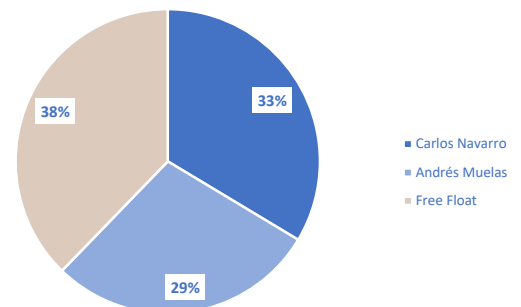
That will result in high cash consumption



This will increase the DN to EUR 6.9Mn in 2025e...



C. 62% of capital is held by the founders





Evolution of the share price

Historical behavior vs Ibex 35 (base 100)



Behavior -1y vs Ibex 35 (base 100)



Historical behavior vs Ibex Small Cap (base 100)



Behavior -1y vs Ibex Small Cap (base 100)



Historical behavior vs Sector⁽¹⁾ (base 100)



Behavior -1y vs Sector⁽¹⁾ (base 100)



(1) Sector: Europe Electrical Products

Stock performance (%)	-1m	-3m	-12m	YTD	-3Y	-5Y
Absolute	-14.7	-7.5	-48.0	-11.5	n.a.	n.a.
vs Market						
vs Ibex 35	-16.0	-5.8	-51.2	-21.6	n.a.	n.a.
vs Euro STOXX 50	-13.8	-7.5	-54.2	-21.8	n.a.	n.a.
vs Small Cap References						
vs Ibex Small Cap Index	-14.9	3.3	-40.1	-17.5	n.a.	n.a.
vs Micro Cap Spain Universe ⁽¹⁾	-14.9	-4.6	-43.4	-18.7	n.a.	n.a.
vs MSCI Europe Micro Cap	-13.4	-1.8	-40.6	-10.8	n.a.	n.a.
vs Sector						
vs Europe Electrical Products	-15.7	-12.9	-55.5	-24.7	n.a.	n.a.

(1) [Constituents on page 10](#)



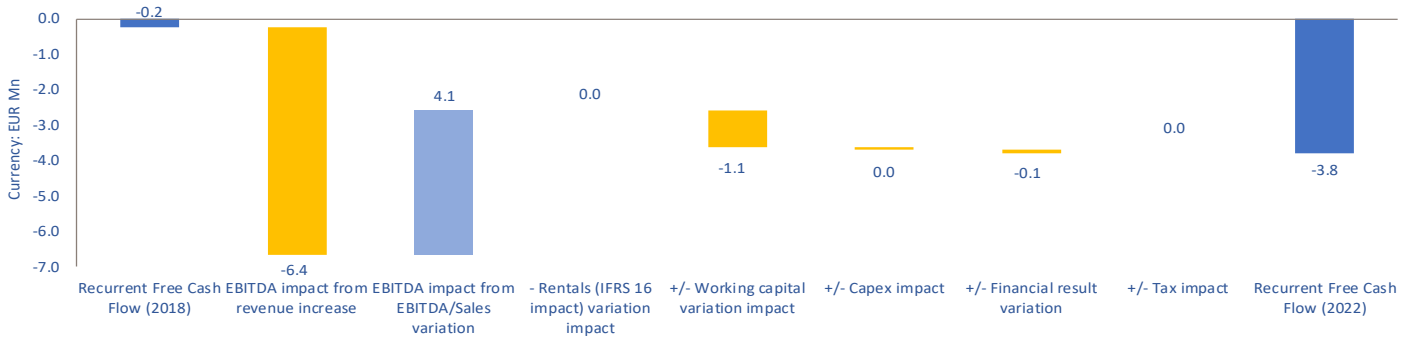
Free Cash Flow (I)

A) Cash Flow Analysis (EUR Mn)	2019	2020	2021	2022	2023e	2024e	2025e	CAGR	
								19-22	22-25e
Recurrent EBITDA	(0.6)	(1.0)	(1.7)	(2.4)	(1.3)	(0.4)	0.7	-62.7%	31.9%
<i>Recurrent EBITDA growth</i>	n.a.	-85.9%	-62.9%	-42.1%	44.2%	68.4%	268.4%		
<i>Rec. EBITDA/Revenues</i>	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	5.0%		
- Rentals (IFRS 16 impact)	-	-	-	-	-	-	-		
+/- Working Capital increase	(0.2)	(0.4)	(0.8)	(1.2)	(0.6)	(0.6)	(0.4)		
= Recurrent Operating Cash Flow	(0.8)	(1.4)	(2.5)	(3.6)	(2.0)	(1.0)	0.3	-68.0%	28.0%
<i>Rec. Operating Cash Flow growth</i>	-273.2%	-83.0%	-79.2%	-44.7%	45.9%	47.4%	133.8%		
<i>Rec. Operating Cash Flow / Sales</i>	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	2.4%		
- CAPEX	(0.0)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)		
- Net Financial Result affecting Cash Flow	(0.0)	(0.0)	(0.0)	(0.1)	(0.2)	(0.3)	(0.4)		
- Taxes	-	-	-	-	-	-	-		
= Recurrent Free Cash Flow	(0.8)	(1.5)	(2.7)	(3.8)	(2.3)	(1.5)	(0.2)	-67.5%	65.9%
<i>Rec. Free Cash Flow growth</i>	-262.6%	-83.9%	-79.8%	-42.0%	39.8%	36.0%	89.7%		
<i>Rec. Free Cash Flow / Revenues</i>	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.		
- Restructuring expenses & others	0.0	(0.1)	(0.0)	0.3	-	-	-		
- Acquisitions / + Divestments	-	-	-	-	-	-	-		
+/- Extraordinary Inc./Exp. affecting Cash Flow	-	-	-	-	0.8	-	-		
= Free Cash Flow	(0.8)	(1.6)	(2.7)	(3.5)	(1.5)	(1.5)	(0.2)	-62.7%	64.8%
<i>Free Cash Flow growth</i>	-256.3%	-99.1%	-69.4%	-27.6%	56.4%	2.9%	89.7%		
<i>Recurrent Free Cash Flow - Yield (s/Mkt Cap)</i>	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.		
<i>Free Cash Flow Yield (s/Mkt Cap)</i>	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.		
B) Analytical Review of Annual Recurrent Free Cash Flow Performance (Eur Mn)									
	2019	2020	2021	2022	2023e	2024e	2025e	CAGR	
Recurrent FCF(FY - 1)	(0.2)	(0.8)	(1.5)	(2.7)	(3.8)	(2.3)	(1.5)		
EBITDA impact from revenue increase	(1.4)	(3.4)	(1.1)	(0.5)	(1.1)	(0.5)	(0.1)		
EBITDA impact from EBITDA/Sales variation	0.9	3.0	0.5	(0.2)	2.2	1.4	1.2		
= Recurrent EBITDA variation	(0.5)	(0.5)	(0.7)	(0.7)	1.1	0.9	1.1		
- Rentals (IFRS 16 impact) variation impact	-	-	-	-	-	-	-		
+/- Working capital variation impact	(0.0)	(0.2)	(0.5)	(0.4)	0.6	0.0	0.2		
= Recurrent Operating Cash Flow variation	(0.6)	(0.6)	(1.1)	(1.1)	1.7	0.9	1.4		
+/- CAPEX impact	(0.0)	(0.0)	(0.1)	0.1	(0.0)	(0.0)	(0.0)		
+/- Financial result variation	(0.0)	(0.0)	(0.0)	(0.1)	(0.1)	(0.1)	(0.0)		
+/- Tax impact	-	-	-	-	-	-	-		
= Recurrent Free Cash Flow variation	(0.6)	(0.7)	(1.2)	(1.1)	1.5	0.8	1.3		
Recurrent Free Cash Flow	(0.8)	(1.5)	(2.7)	(3.8)	(2.3)	(1.5)	(0.2)		
C) "FCF to the Firm" (pre debt service) (EUR Mn)									
	2019	2020	2021	2022	2023e	2024e	2025e	CAGR	
EBIT	(0.5)	(0.7)	(1.3)	(1.7)	(1.0)	(0.1)	0.9	-53.2%	36.4%
* Theoretical Tax rate	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		
= Taxes (pre- Net Financial Result)	-	-	-	-	-	-	-		
Recurrent EBITDA	(0.6)	(1.0)	(1.7)	(2.4)	(1.3)	(0.4)	0.7	-62.7%	31.9%
- Rentals (IFRS 16 impact)	-	-	-	-	-	-	-		
+/- Working Capital increase	(0.2)	(0.4)	(0.8)	(1.2)	(0.6)	(0.6)	(0.4)		
= Recurrent Operating Cash Flow	(0.8)	(1.4)	(2.5)	(3.6)	(2.0)	(1.0)	0.3	-68.0%	28.0%
- CAPEX	(0.0)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)		
- Taxes (pre- Financial Result)	-	-	-	-	-	-	-		
= Recurrent Free Cash Flow (To the Firm)	(0.8)	(1.5)	(2.6)	(3.7)	(2.0)	(1.1)	0.2	-66.3%	27.2%
<i>Rec. Free Cash Flow (To the Firm) growth</i>	-267.9%	-82.2%	-80.5%	-39.9%	44.4%	43.9%	118.0%		
<i>Rec. Free Cash Flow (To the Firm) / Revenues</i>	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	1.4%		
- Acquisitions / + Divestments	-	-	-	-	-	-	-		
+/- Extraordinary Inc./Exp. affecting Cash Flow	-	-	-	-	0.8	-	-		
= Free Cash Flow "To the Firm"	(0.8)	(1.5)	(2.6)	(3.7)	(1.3)	(1.1)	0.2	-66.3%	27.2%
<i>Free Cash Flow (To the Firm) growth</i>	-267.9%	-82.2%	-80.5%	-39.9%	65.6%	9.4%	118.0%		
<i>Rec. Free Cash Flow To the Firm Yield (o/EV)</i>	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	1.0%		
<i>Free Cash Flow "To the Firm" - Yield (o/EV)</i>	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	1.0%		

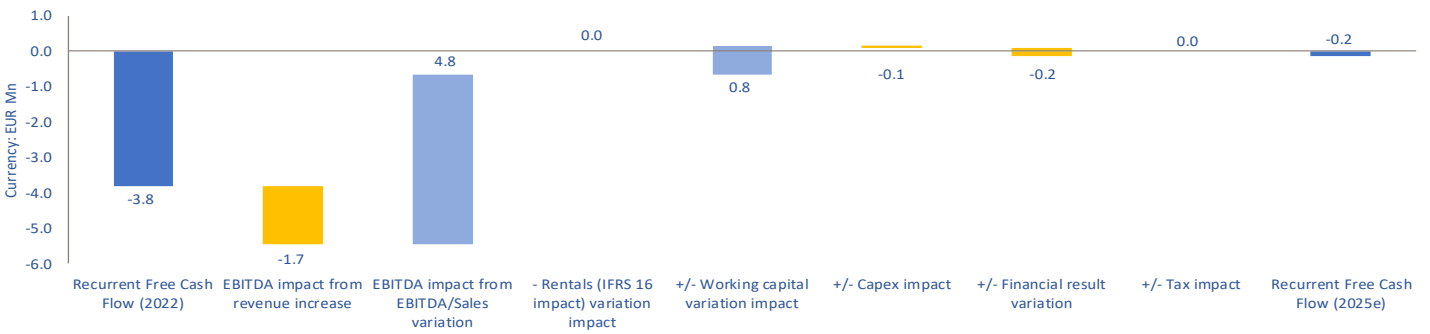


Free Cash Flow (II)

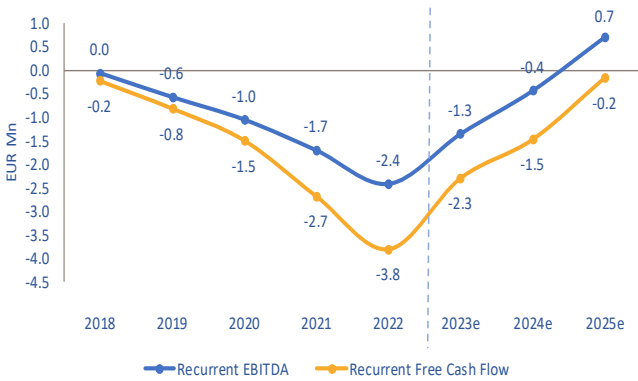
Recurrent Free Cash Flow accumulated variation analysis (2018 - 2022)



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



Recurrent EBITDA vs Recurrent Free Cash Flow



Stock performance vs EBITDA 12m forward





Valuation inputs

Inputs for the DCF Valuation Approach

	2023e	2024e	2025e	Terminal Value ⁽¹⁾			
Free Cash Flow "To the Firm"	(1.3)	(1.1)	0.2	n.a.			
Market Cap	17.0	At the date of this report					
Net financial debt	3.8	Debt net of Cash (12m Results 2022)					
					Best Case	Worst Case	
Cost of Debt	5.0%	Net debt cost			4.8%	5.3%	
Tax rate (T)	20.0%	T (Normalised tax rate)			=	=	
Net debt cost	4.0%	Kd = Cost of Net Debt * (1-T)			3.8%	4.2%	
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)	81.8%	E (Market Cap as equity value)			=	=	
Net Debt / (Equity + Net Debt)	18.2%	D			=	=	
WACC	9.4%	WACC = Kd * D + Ke * E			8.4%	10.4%	
G "Fair"	2.0%				2.5%	2.0%	

(1) The terminal value calculated beyond the last FCF estimate does not reflect the company's growth potential (positive/negative) at the date of publication of this report.

EV breakdown at the date of this report

	EUR Mn	Source
Market Cap	17.0	
+ Minority Interests	-	12m Results 2022
+ Provisions & Other L/T Liabilities	-	12m Results 2022
+ Net financial debt	3.8	12m Results 2022
- Financial Investments	0.1	12m Results 2022
+/- Others		
Enterprise Value (EV)	20.6	

Business Value Creation Metrics ⁽¹⁾

	2018	2019	2020	2021	2022
ROCE (evolution -5y)	n.a.	n.a.	n.a.	n.a.	n.a.
	2022	2025e			
ROCE - WACC	n.a.	5.0%			
FCF Yield - WACC	n.a.	n.a.			

(1) FCF Yield to the Firm (see Free Cash Flow Analysis (I)). Detail of the WACC on this page.

Main Corporate Governance indicators

KPI	2020	2021	2022
% of independent directors	50.0%	50.0%	50.0%
% of proprietary directors	50.0%	50.0%	50.0%
% of executive directors	0.0%	0.0%	0.0%
% of other directors	0.0%	0.0%	0.0%
% of women on the board of directors	0.0%	33.3%	33.3%
% of women out of total workforce	25.6%	31.6%	32.8%
Board remuneration/staff cost	0.0%	0.3%	1.3%



Main peers 2023e

Lithium batteries

	EUR Mn	Varta AG	Enersys	Fluence	Ilika	Flux Power Holdings, Inc.	Average	END
Market data	Ticker (Factset)	VAR1-DE	ENS-US	FLNC-US	IKA-GB	FLUX-US		END-ES
	Country	Germany	USA	USA	UK	USA		Spain
	Market cap	640.7	3,888.7	4,030.9	78.9	54.1		17.0
	Enterprise value (EV)	1,162.0	4,652.1	2,504.4	58.3	66.2		20.6
Basic financial information	Total Revenues	839.0	3,706.4	1,741.7	2.2	62.5		8.8
	Total Revenues growth	4.0%	7.1%	55.6%	185.0%	58.1%	62.9%	45.9%
	2y CAGR (2023e - 2025e)	9.4%	n.a.	36.2%	n.a.	38.7%	22.8%	27.5%
	EBITDA	69.3	476.8	(88.6)	(8.3)	(3.6)		(1.3)
	EBITDA growth	161.1%	31.5%	n.a.	n.a.	73.5%	96.3%	35.1%
	2y CAGR (2023e - 2025e)	49.0%	n.a.	n.a.	44.7%	n.a.	46.8%	59.1%
	EBITDA/Revenues	8.3%	12.9%	n.a.	n.a.	n.a.	10.6%	n.a.
	EBIT	(37.9)	376.8	(132.0)	(9.6)	(5.0)		(1.0)
	EBIT growth	53.8%	35.8%	n.a.	n.a.	65.4%	44.8%	43.4%
	2y CAGR (2023e - 2025e)	84.1%	n.a.	79.2%	42.8%	n.a.	68.7%	71.8%
	EBIT/Revenues	n.a.	10.2%	n.a.	n.a.	n.a.	10.2%	n.a.
	Net Profit	(58.3)	263.3	(124.1)	(8.2)	(6.1)		(1.2)
	Net Profit growth	70.9%	60.4%	n.a.	n.a.	57.8%	65.7%	35.9%
	2y CAGR (2023e - 2025e)	54.7%	n.a.	82.4%	47.0%	95.2%	61.3%	57.2%
	CAPEX/Sales %	11.8%	3.1%	0.3%	n.a.	n.a.	5.1%	1.0%
Free Cash Flow	(10.6)	165.0	(72.5)	(7.3)	n.a.		(1.5)	
Net financial debt	513.9	n.a.	(361.8)	(7.8)	n.a.		5.3	
ND/EBITDA (x)	7.4	n.a.	n.a.	n.a.	n.a.	7.4	n.a.	
Pay-out	0.0%	10.1%	0.0%	0.0%	n.a.	2.5%	0.0%	
Multiples and Ratios	P/E (x)	n.a.	13.3	n.a.	n.a.	n.a.	13.3	n.a.
	P/BV (x)	2.7	2.3	11.1	4.0	n.a.	5.0	n.a.
	EV/Revenues (x)	1.4	1.3	1.4	n.a.	1.1	1.4	2.3
	EV/EBITDA (x)	16.8	9.8	n.a.	n.a.	n.a.	13.3	n.a.
	EV/EBIT (x)	n.a.	12.3	n.a.	n.a.	n.a.	12.3	n.a.
	ROE	n.a.	17.0	n.a.	n.a.	n.a.	17.0	n.a.
	FCF Yield (%)	n.a.	4.2	n.a.	n.a.	n.a.	4.2	n.a.
	DPS	0.00	0.65	0.00	0.00	n.a.	0.16	0.00
Dvd Yield	0.0%	0.7%	0.0%	0.0%	n.a.	0.2%	0.0%	

- (1) Financial data, multiples and ratios based on market consensus (Factset). In the case of the company analyzed, own estimates (Lighthouse).
(2) All ratios and multiples on EBITDA refer to total EBITDA (not to recurrent EBITDA).

Enerside (ENRS), is a fully integrated renewables platform (in transition towards a build-to-own model) specialised in solar photovoltaic energy. It currently has a pipeline of +5.5GW of solar photovoltaic projects at various stages of development distributed in Latam (Brazil, Chile and Uruguay; 80% of the pipeline) and Europe (Spain and Italy; 20%).

Market Data

Market Cap (Mn EUR and USD)	185.1	198.3
EV (Mn EUR and USD)	200.3	214.6
Shares Outstanding (Mn)	37.3	
-12m (Max/Med/Mín EUR)	6.80 / 5.47 / 4.03	
Daily Avg volume (-12m Mn EUR)	0.09	
Rotation ⁽¹⁾	12.1	
Factset / Bloomberg	ENRS-ES / ENRS SM	
Close fiscal year	31-Dec	

Shareholders Structure (%)⁽³⁾

Joatham Grange	19.2
Antoni Gasch	19.2
Tomás Casanovas	10.0
Alejandro Alorda	9.3
Free Float	28.3

Financials (Mn EUR)

	2022	2023e	2024e	2025e
Adj. nº shares (Mn)	37.3	37.3	37.3	37.3
Total Revenues	31.9	35.2	50.5	73.1
Rec. EBITDA	-14.0	-11.6	-1.0	15.5
% growth	n.a.	17.0	91.6	n.a.
% Rec. EBITDA/Rev.	n.a.	n.a.	n.a.	21.2
% Inc. EBITDA sector ⁽²⁾	20.8	18.3	4.4	3.7
Net Profit	-13.8	-4.0	11.5	17.1
EPS (EUR)	-0.37	-0.11	0.31	0.46
% growth	n.a.	71.2	389.8	48.9
Ord. EPS (EUR)	-0.34	-0.40	-0.29	-0.10
% growth	n.a.	-17.1	28.8	65.9
Rec. Free Cash Flow	-58.8	-36.5	-133.0	-113.9
Pay-out (%)	0.0	0.0	0.0	0.0
DPS (EUR)	0.00	0.00	0.00	0.00
Net financial debt	16.3	42.8	150.8	239.7
ND/Rec. EBITDA (x)	n.a.	n.a.	n.a.	15.5
ROE (%)	n.a.	n.a.	25.0	28.4
ROCE (%)	n.a.	n.a.	14.1	12.5

Ratios & Multiples (x)

	2022	2023e	2024e	2025e
P/E	n.a.	n.a.	16.1	10.8
Ord. P/E	n.a.	n.a.	n.a.	n.a.
P/BV	4.2	4.6	3.6	2.7
Dividend Yield (%)	0.0	0.0	0.0	0.0
EV/Sales	6.27	5.69	3.97	2.74
EV/Rec. EBITDA	n.a.	n.a.	n.a.	12.9
EV/EBIT	n.a.	n.a.	10.1	6.3
FCF Yield (%)	n.a.	n.a.	n.a.	n.a.

Historical behavior (base 100)


(%)	-1m	-3m	-12m	-5Y
Absolute	-5.0	-4.2	-20.0	n.a.

(1) Rotation is the % of the capitalisation traded - 12m.

(2) Sector: Stoxx Europe 600 Utilities.

(3) Others: Alternative Green Energy 8.3%, Javier García - Mateo 5.7%

MOMENTUM: WHAT DO WE EXPECT FROM 2023E?

After a poor (and largely unrepresentative) 2022... Despite strong growth in sales (EUR 32Mn in 2022), margins disappointed (due to the poor performance by the EPC business). EBIT 2022: EUR -14.1 Mn. These numbers are not particularly relevant since the value generated by execution of the project pipeline has yet to feed through to the P&L: net asset value (NAV) increased to EUR 237Mn (+40%).

...and 2023e also won't be the "wheel to follow". Overhead in 2022 (personnel and other operating expenses unrelated to project development and EPC) amounted to EUR 12Mn. This, coupled with break-even by EPC and an IPP business that has yet to achieve critical mass in operation, points to negative recurring EBITDA (c. EUR -10Mn). Below the recurring EBITDA line, turnover of assets in the RTB phase should enable EBITDA 23e to reach EUR -1.5Mn (including EUR 20Mn of sales; with an impact on EBITDA of c. EUR 10Mn, margin c. 50%).

EQUITY STORY HIGHLIGHTS: WHAT TO WATCH FOR?

Growth story in a sector (renewables) that is also growing. ENRS still has no proprietary assets in operation, but it has a pipeline of +5.5 GW of PV plants at various stages of development in Latam (Brazil, Chile; 80% of the pipeline) and Europe (Spain and Italy; 20%). The project pipeline includes 74MW under construction/firm, 2,652MW with strong visibility (RTB expected between 2023 and 2024), 1,739MW in the advanced stage and 1,077MW in the early stage.

In the midst of its transformation to IPP, ENRS' business will go from one that until now has been dominated by the development of projects and the provision of EPC services for third parties, to a business model based on the development and construction of photovoltaic plants to maintain under ownership and so to operate as an independent power producer (IPP). Therefore, the development of the pipeline (e.g., environmental and government permits, signing of new energy supply agreements) is "crucial".

The next two years are critical (all eyes should be on 2025e)... Everything will depend on the success of pipeline execution. Our model assumes construction and commissioning of c. 450MW by 2025e (of 74MW is already under construction/firm). Average installed capacity in 2025e of approx. 350MW (recurring EBITDA 2025e c. EUR 15Mn vs EUR -10Mn in 2023e).

...in a sector with a natural trend toward concentration. Remember, ENRS could well be a target in potential M&A by traditional operators wishing to speed up their decarbonisation plans (traditional utilities or oil & gas companies).

RISKS: WHAT TO KEEP AN EYE ON?

Indebtedness. Net debt at year-end 2022 stood at EUR 16.3Mn (mostly long-term: 85% falls due after 2027). As ENRS is in the midst of a heavy investment process, we cannot rule out seeing additional financing requirements involving equity. 25e ND/EBITDA c. 6x.

Rising interest rate environment, which could affect valuations of the project pipeline (and selling prices of assets developed).

VALUATION METRICS: WHAT DO THE MULTIPLES TELL US?

The EV/MW ratio is still a "calling card". Short-term earnings visibility remains dim. However, the price spread (EV/MW) vs direct peers is still over 50%. This spread could be the result of: i) low value of flows generated in Brazil (where the bulk of the pipeline is concentrated) and ii) overvaluation of geographical risk (which we expect to change over the coming years). This spread should narrow as the pipeline is developed (and visibility improves).



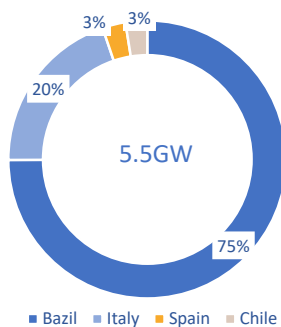
Financial Projections

Balance Sheet (EUR Mn)	2018	2019	2020	2021	2022	2023e	2024e	2025e	CAGR	
Intangible assets			0.0	0.1	0.2	0.2	0.2	0.2		
Fixed assets			0.1	0.6	21.3	43.2	169.7	270.2		
Other Non Current Assets			0.3	1.1	3.6	3.6	3.6	3.6		
Financial Investments			2.1	2.2	3.5	3.5	3.5	3.5		
Goodwill & Other Intangibles			-	-	-	-	-	-		
Current assets			5.7	12.5	47.8	49.2	46.7	48.7		
Total assets			8.1	16.5	76.4	99.7	223.7	326.1		
Equity			4.1	8.2	44.2	40.2	51.7	68.8		
Minority Interests			(0.0)	0.0	(0.0)	(0.0)	(0.0)	(0.0)		
Provisions & Other L/T Liabilities			0.0	0.2	1.2	1.2	1.2	1.2		
Other Non Current Liabilities			-	-	-	-	-	-		
Net financial debt			3.5	2.1	16.3	42.8	150.8	239.7		
Current Liabilities			0.5	6.0	14.7	15.5	20.1	16.4		
Equity & Total Liabilities			8.1	16.5	76.4	99.7	223.7	326.1		
P&L (EUR Mn)	2018	2019	2020	2021	2022	2023e	2024e	2025e	20-22	22-25e
Total Revenues			3.5	8.4	31.9	35.2	50.5	73.1	<i>n.a.</i>	31.8%
<i>Total Revenues growth</i>			<i>n.a.</i>	<i>141.4%</i>	<i>281.0%</i>	<i>10.2%</i>	<i>43.5%</i>	<i>44.8%</i>		
OPEX			(3.5)	(7.9)	(45.9)	(46.8)	(51.5)	(57.6)		
Recurrent EBITDA			(0.1)	0.5	(14.0)	(11.6)	(1.0)	15.5	<i>n.a.</i>	45.9%
<i>Recurrent EBITDA growth</i>			<i>n.a.</i>	<i>942.4%</i>	<i>n.a.</i>	<i>17.0%</i>	<i>91.6%</i>	<i>n.a.</i>		
<i>Rec. EBITDA/Revenues</i>			<i>n.a.</i>	<i>6.0%</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>21.2%</i>		
Restructuring Expense & Other non-rec.			0.0	(0.3)	(2.3)	10.0	25.0	25.0		
EBITDA			(0.1)	0.2	(16.3)	(1.6)	24.0	40.5	<i>n.a.</i>	64.9%
Depreciation & Provisions			(0.0)	(0.1)	(2.8)	(1.3)	(4.3)	(8.8)		
Capitalized Expense			-	-	4.9	-	-	-		
Rentals (IFRS 16 impact)			-	-	-	-	-	-		
EBIT			(0.1)	0.2	(14.1)	(2.9)	19.8	31.7	<i>n.a.</i>	61.9%
<i>EBIT growth</i>			<i>n.a.</i>	<i>290.9%</i>	<i>n.a.</i>	<i>79.5%</i>	<i>780.1%</i>	<i>60.5%</i>		
<i>EBIT/Revenues</i>			<i>n.a.</i>	<i>2.2%</i>	<i>n.a.</i>	<i>n.a.</i>	<i>39.1%</i>	<i>43.3%</i>		
Impact of Goodwill & Others			-	-	-	-	-	-		
Net Financial Result			(0.2)	(0.3)	(0.9)	(2.0)	(5.4)	(10.3)		
Income by the Equity Method			-	-	-	-	-	-		
Ordinary Profit			(0.3)	(0.1)	(15.1)	(5.0)	14.3	21.4	<i>n.a.</i>	50.6%
<i>Ordinary Profit Growth</i>			<i>n.a.</i>	<i>65.5%</i>	<i>n.a.</i>	<i>67.2%</i>	<i>389.8%</i>	<i>48.9%</i>		
Extraordinary Results			-	-	-	-	-	-		
Profit Before Tax			(0.3)	(0.1)	(15.1)	(5.0)	14.3	21.4	<i>n.a.</i>	50.6%
Tax Expense			0.2	(0.2)	1.4	1.0	(2.9)	(4.3)		
<i>Effective Tax Rate</i>			<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>20.0%</i>	<i>20.0%</i>		
Minority Interests			(0.0)	(0.0)	(0.0)	-	-	-		
Discontinued Activities			-	-	-	-	-	-		
Net Profit			(0.2)	(0.3)	(13.8)	(4.0)	11.5	17.1	<i>n.a.</i>	48.0%
<i>Net Profit growth</i>			<i>n.a.</i>	<i>-68.4%</i>	<i>n.a.</i>	<i>71.2%</i>	<i>389.8%</i>	<i>48.9%</i>		
Ordinary Net Profit			(0.3)	0.2	(12.8)	(15.0)	(10.7)	(3.6)	<i>n.a.</i>	34.2%
<i>Ordinary Net Profit growth</i>			<i>n.a.</i>	<i>147.0%</i>	<i>n.a.</i>	<i>-17.1%</i>	<i>28.8%</i>	<i>65.9%</i>		
Cash Flow (EUR Mn)	2018	2019	2020	2021	2022	2023e	2024e	2025e	20-22	22-25e
Recurrent EBITDA						(11.6)	(1.0)	15.5	<i>n.a.</i>	45.9%
Rentals (IFRS 16 impact)						-	-	-		
Working Capital Increase						(0.6)	7.0	(5.5)		
Recurrent Operating Cash Flow						-12.2	6.1	10.0	<i>n.a.</i>	30.9%
CAPEX						(23.2)	(130.8)	(109.3)		
Net Financial Result affecting the Cash Flow						(2.0)	(5.4)	(10.3)		
Tax Expense						1.0	(2.9)	(4.3)		
Recurrent Free Cash Flow						(36.5)	(133.0)	(113.9)	<i>n.a.</i>	-24.7%
Restructuring Expense & Other non-rec.						-	-	-		
- Acquisitions / + Divestures of assets						-	-	-		
Extraordinary Inc./Exp. Affecting Cash Flow						10.0	25.0	25.0		
Free Cash Flow						(26.5)	(108.0)	(88.9)	<i>n.a.</i>	-24.7%
Capital Increase						-	-	-		
Dividends						-	-	-		
Net Debt Variation						26.5	108.0	88.9		

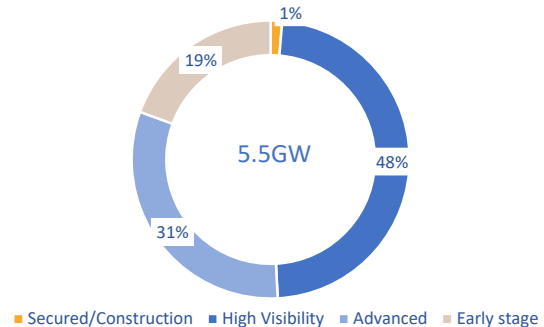


The company in 8 charts

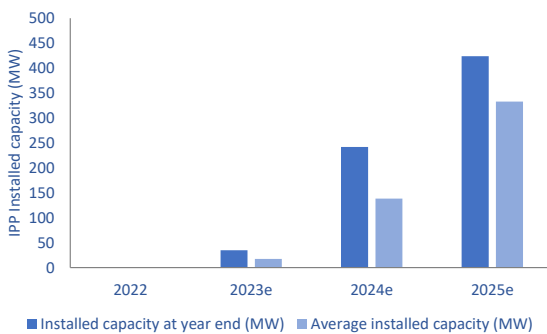
A company immersed in a transformation to IPP and geographically diversified pipeline of +5.5GW



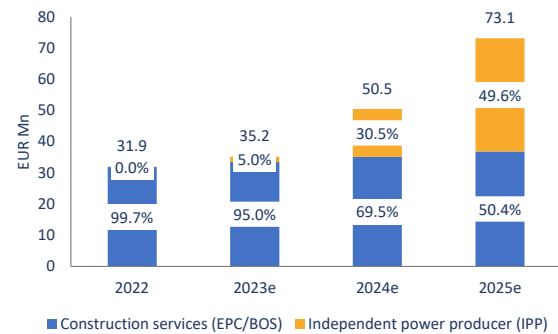
61MW of IPP projects under construction at year-end 2022. And RTB expected for c. 80% of the pipeline in 2025-2026



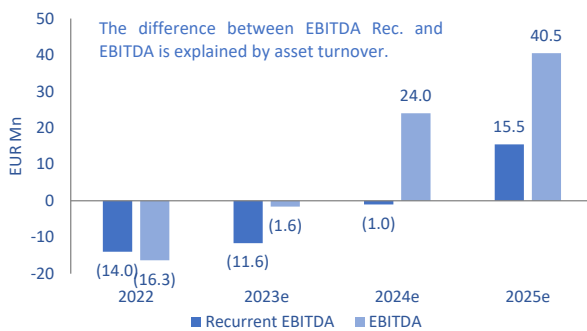
Our model assumes construction and commissioning of c. 450MW to 2025e



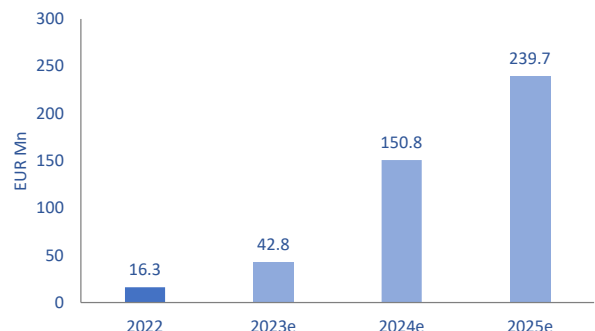
In 2025e, the generation business (IPP) looks set to represent c. 50% of revenue



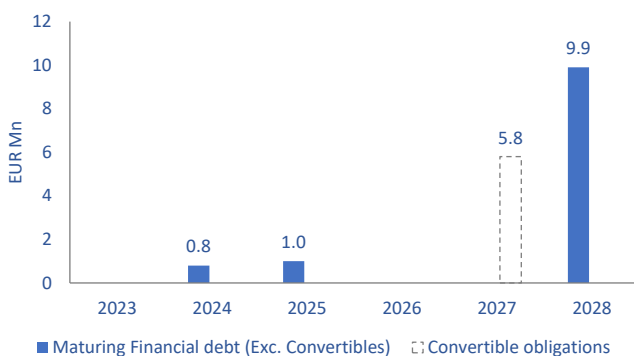
This should enable ENRS to generate recurring EBITDA of c. EUR 15Mn in 2025e



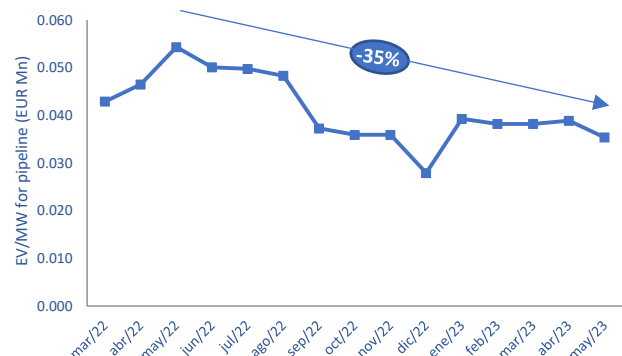
High CAPEX for development and construction of the pipeline will affect net debt (ND/EBITDA 25e c. 6x)



Although over 85% of debt at year-end 2022 matures as of 2027



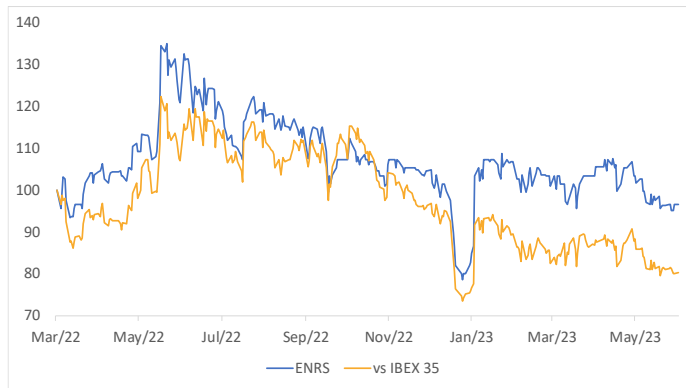
The EV/MW of ENRS' pipeline is near lows and well below the main peers



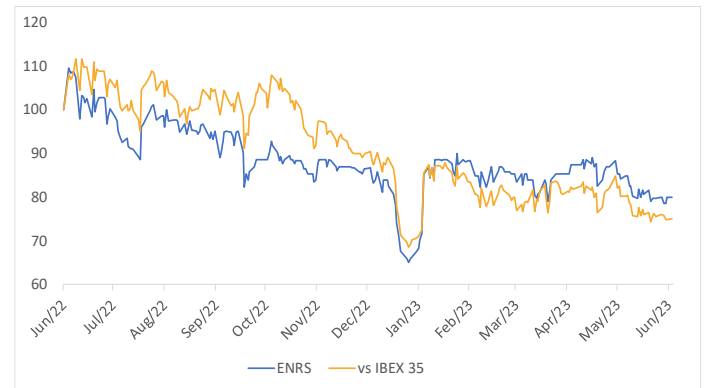


Evolution of the share price

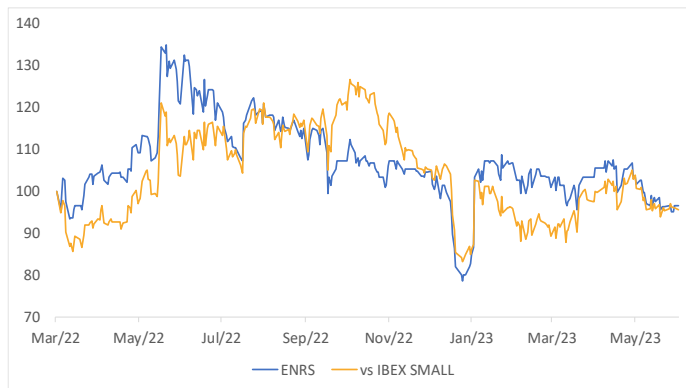
Historical behavior vs Ibex 35 (base 100)



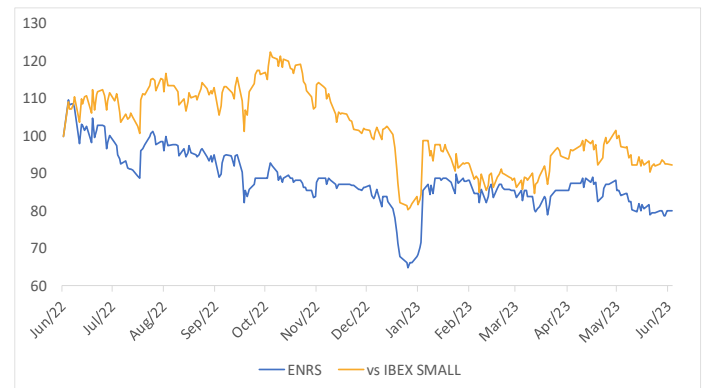
Behavior -1y vs Ibex 35 (base 100)



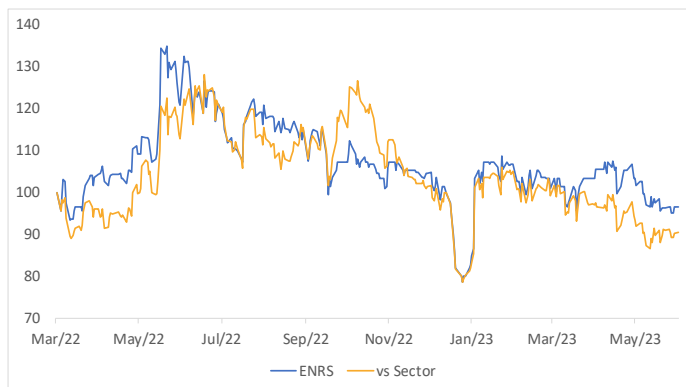
Historical behavior vs Ibex Small Cap (base 100)



Behavior -1y vs Ibex Small Cap (base 100)



Historical behavior vs Sector⁽¹⁾ (base 100)



Behavior -1y vs Sector⁽¹⁾ (base 100)



(1) Sector: Stoxx Europe 600 Utilities

Stock performance (%)	-1m	-3m	-12m	YTD	-3Y	-5Y
Absolute	-5.0	-4.2	-20.0	20.7	n.a.	n.a.
vs Market						
vs Ibex 35	-6.4	-2.4	-24.9	6.9	n.a.	n.a.
vs Euro STOXX 50	-3.9	-4.2	-29.5	6.6	n.a.	n.a.
vs Small Cap References						
vs Ibex Small Cap Index	-5.2	6.9	-7.8	12.5	n.a.	n.a.
vs Micro Cap Spain Universe ⁽¹⁾	-5.1	-1.3	-12.9	10.8	n.a.	n.a.
vs MSCI Europe Micro Cap	-3.4	1.6	-8.6	21.5	n.a.	n.a.
vs Sector						
vs Stoxx Europe 600 Utilities	-1.6	-8.9	-19.9	12.6	n.a.	n.a.

(1) [Constituents on page 10](#)



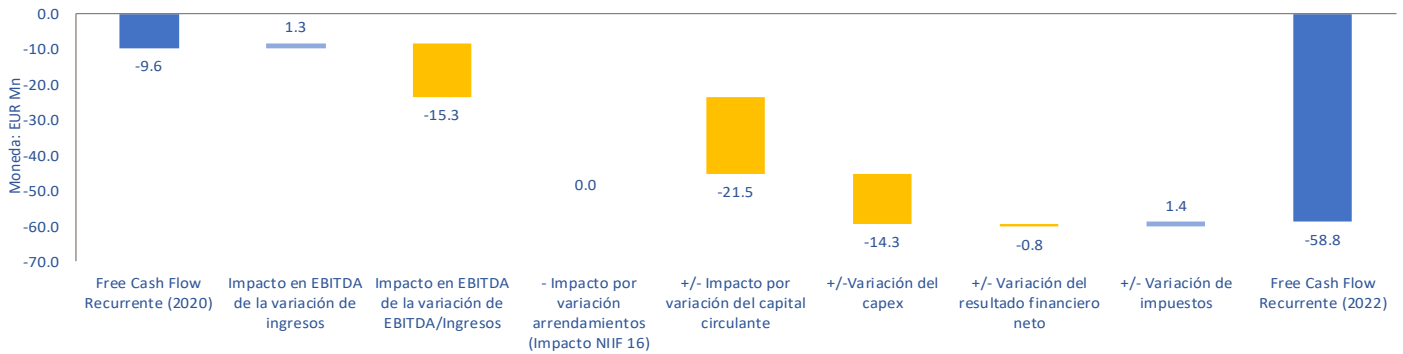
Free Cash Flow (I)

A) Cash Flow Analysis (EUR Mn)	2019	2020	2021	2022	2023e	2024e	2025e	CAGR	
								20-22	22-25e
Recurrent EBITDA		(0.1)	0.5	(14.0)	(11.6)	(1.0)	15.5	<i>n.a.</i>	45.9%
<i>Recurrent EBITDA growth</i>		<i>n.a.</i>	<i>942.4%</i>	<i>n.a.</i>	<i>17.0%</i>	<i>91.6%</i>	<i>n.a.</i>		
<i>Rec. EBITDA/Revenues</i>		<i>n.a.</i>	<i>6.0%</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>21.2%</i>		
- Rentals (IFRS 16 impact)		-	-	-	-	-	-		
+/- Working Capital increase		(5.2)	(1.4)	(26.6)	(0.6)	7.0	(5.5)		
= Recurrent Operating Cash Flow		(5.2)	(0.9)	(40.6)	(12.2)	6.1	10.0	<i>n.a.</i>	30.9%
<i>Rec. Operating Cash Flow growth</i>		<i>n.a.</i>	<i>83.3%</i>	<i>n.a.</i>	<i>70.0%</i>	<i>149.8%</i>	<i>64.3%</i>		
<i>Rec. Operating Cash Flow / Sales</i>		<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>12.0%</i>	<i>13.6%</i>		
- CAPEX		(4.3)	(1.1)	(18.6)	(23.2)	(130.8)	(109.3)		
- Net Financial Result affecting Cash Flow		(0.1)	(0.3)	(0.9)	(2.0)	(5.4)	(10.3)		
- Taxes		(0.0)	(0.3)	1.4	1.0	(2.9)	(4.3)		
= Recurrent Free Cash Flow		(9.6)	(2.5)	(58.8)	(36.5)	(133.0)	(113.9)	<i>n.a.</i>	-24.7%
<i>Rec. Free Cash Flow growth</i>		<i>n.a.</i>	<i>73.7%</i>	<i>n.a.</i>	<i>38.0%</i>	<i>-264.8%</i>	<i>14.3%</i>		
<i>Rec. Free Cash Flow / Revenues</i>		<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>		
- Restructuring expenses & others		-	-	-	-	-	-		
- Acquisitions / + Divestments		0.0	1.2	(1.3)	-	-	-		
+/- Extraordinary Inc./Exp. affecting Cash Flow		-	-	14.2	10.0	25.0	25.0		
= Free Cash Flow		(9.6)	(1.3)	(45.8)	(26.5)	(108.0)	(88.9)	<i>n.a.</i>	-24.7%
<i>Free Cash Flow growth</i>		<i>n.a.</i>	<i>86.6%</i>	<i>n.a.</i>	<i>42.3%</i>	<i>-308.3%</i>	<i>17.6%</i>		
<i>Recurrent Free Cash Flow - Yield (s/Mkt Cap)</i>		<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>		
<i>Free Cash Flow Yield (s/Mkt Cap)</i>		<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>		
B) Analytical Review of Annual Recurrent Free Cash Flow Performance (Eur Mn)									
	2019	2020	2021	2022	2023e	2024e	2025e	CAGR	
Recurrent FCF(FY - 1)		-	(9.6)	(2.5)	(58.8)	(36.5)	(133.0)		
EBITDA impact from revenue increase			(0.1)	1.4	(1.4)	(5.0)	(0.4)		
EBITDA impact from EBITDA/Sales variation			0.7	(15.9)	3.8	15.7	16.9		
= Recurrent EBITDA variation			0.6	(14.5)	2.4	10.6	16.5		
- Rentals (IFRS 16 impact) variation impact			-	-	-	-	-		
+/- Working capital variation impact			3.8	(25.2)	26.0	7.6	(12.6)		
= Recurrent Operating Cash Flow variation			4.3	(39.7)	28.4	18.2	3.9		
+/- CAPEX impact			3.2	(17.5)	(4.6)	(107.6)	21.5		
+/- Financial result variation			(0.1)	(0.7)	(1.1)	(3.4)	(4.9)		
+/- Tax impact			(0.3)	1.6	(0.4)	(3.9)	(1.4)		
= Recurrent Free Cash Flow variation			7.1	(56.2)	22.3	(96.5)	19.1		
Recurrent Free Cash Flow			(2.5)	(58.8)	(36.5)	(133.0)	(113.9)		
C) "FCF to the Firm" (pre debt service) (EUR Mn)									
	2019	2020	2021	2022	2023e	2024e	2025e	CAGR	
EBIT		(0.1)	0.2	(14.1)	(2.9)	19.8	31.7	<i>n.a.</i>	61.9%
* <i>Theoretical Tax rate</i>		<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>		
= Taxes (pre- Net Financial Result)		-	-	-	-	-	-		
Recurrent EBITDA		(0.1)	0.5	(14.0)	(11.6)	(1.0)	15.5	<i>n.a.</i>	45.9%
- Rentals (IFRS 16 impact)		-	-	-	-	-	-		
+/- Working Capital increase		(5.2)	(1.4)	(26.6)	(0.6)	7.0	(5.5)		
= Recurrent Operating Cash Flow		(5.2)	(0.9)	(40.6)	(12.2)	6.1	10.0	<i>n.a.</i>	30.9%
- CAPEX		(4.3)	(1.1)	(18.6)	(23.2)	(130.8)	(109.3)		
- Taxes (pre- Financial Result)		-	-	-	-	-	-		
= Recurrent Free Cash Flow (To the Firm)		(9.5)	(2.0)	(59.2)	(35.4)	(124.7)	(99.3)	<i>n.a.</i>	-18.8%
<i>Rec. Free Cash Flow (To the Firm) growth</i>		<i>n.a.</i>	<i>79.3%</i>	<i>n.a.</i>	<i>40.2%</i>	<i>-252.3%</i>	<i>20.4%</i>		
<i>Rec. Free Cash Flow (To the Firm) / Revenues</i>		<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>		
- Acquisitions / + Divestments		0.0	1.2	(1.3)	-	-	-		
+/- Extraordinary Inc./Exp. affecting Cash Flow		-	-	14.2	10.0	25.0	25.0		
= Free Cash Flow "To the Firm"		(9.5)	(0.7)	(46.2)	(25.4)	(99.7)	(74.3)	<i>n.a.</i>	-17.1%
<i>Free Cash Flow (To the Firm) growth</i>		<i>n.a.</i>	<i>92.4%</i>	<i>n.a.</i>	<i>45.1%</i>	<i>-292.6%</i>	<i>25.5%</i>		
<i>Rec. Free Cash Flow To the Firm Yield (o/EV)</i>		<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>		
<i>Free Cash Flow "To the Firm" - Yield (o/EV)</i>		<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>		

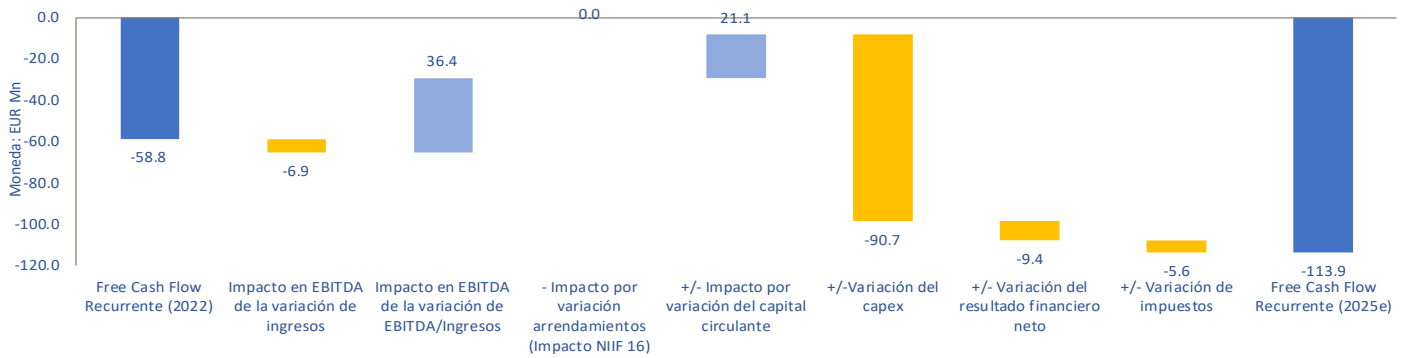


Free Cash Flow (II)

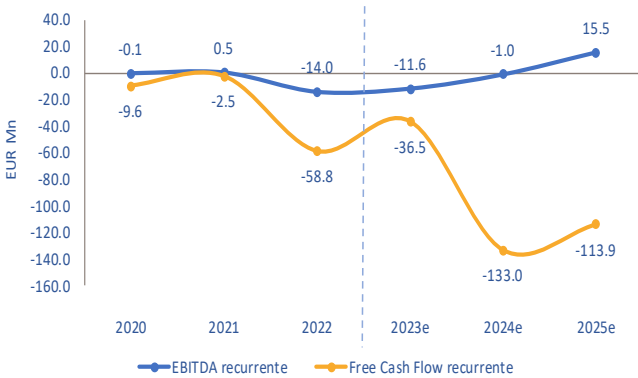
Recurrent Free Cash Flow accumulated variation analysis (2018 - 2022)



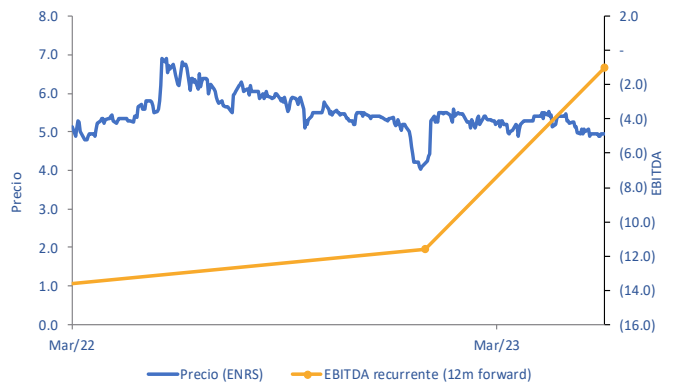
Recurrent Free Cash Flow accumulated variation analysis (2022 - 2025e)



Recurrent EBITDA vs Recurrent Free Cash Flow



Stock performance vs EBITDA 12m forward





Valuation inputs

Inputs for the DCF Valuation Approach

	2023e	2024e	2025e	Terminal Value ⁽¹⁾		
Free Cash Flow "To the Firm"	(25.4)	(99.7)	(74.3)	n.a.		
Market Cap	185.1	At the date of this report				
Net financial debt	16.3	Debt net of Cash (Rdos. 12m 2022)				
					Best Case	Worst Case
Cost of Debt	6.0%	Net debt cost			5.8%	6.3%
Tax rate (T)	20.0%	T (Normalised tax rate)			=	=
Net debt cost	4.8%	Kd = Cost of Net Debt * (1-T)			4.6%	5.0%
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)	0.9	B (own estimate)			0.8	1.0
Cost of Equity	8.8%	Ke = Rf + (R * B)			7.8%	9.9%
Equity / (Equity + Net Debt)	91.9%	E (Market Cap as equity value)			=	=
Net Debt / (Equity + Net Debt)	8.1%	D			=	=
WACC	8.4%	WACC = Kd * D + Ke * E			7.5%	9.5%
G "Fair"	2.5%				2.0%	2.0%

(1) The terminal value calculated beyond the last FCF estimate does not reflect the company's growth potential (positive/negative) at the date of publication of this report.

EV breakdown at the date of this report

	EUR Mn	Source
Market Cap	185.1	
+ Minority Interests	(0.0)	Rdos. 12m 2022
+ Provisions & Other L/T Liabilities	0.3	Rdos. 12m 2022
+ Net financial debt	16.3	Rdos. 12m 2022
- Financial Investments	1.4	Rdos. 12m 2022
+/- Others		
Enterprise Value (EV)	200.3	

Business Value Creation Metrics ⁽¹⁾

	2018	2019	2020	2021	2022
ROCE (evolution -5y)	n.a.	n.a.	n.a.	2.6%	n.a.
	2022	2025e			
ROCE - WACC	n.a.	4.1%			
FCF Yield - WACC	n.a.	n.a.			

(1) FCF Yield to the Firm (see Free Cash Flow Analysis (I)). Detail of the WACC on this page.

Main Corporate Governance indicators

KPI	2020	2021	2022
% of independent directors	12.5%	28.6%	25.0%
% of proprietary directors	87.5%	71.4%	75.0%
% of executive directors	0.0%	0.0%	0.0%
% of other directors	0.0%	0.0%	0.0%
% of women on the board of directors	12.5%	12.5%	25.0%
% of women out of total workforce	32.0%	32.0%	17.0%
Board remuneration/staff cost	11.9%	8.2%	2.8%



Main peers 2023e

		Renovables españolas				Renovables internacionales con presencia emergentes					
EUR Mn		Solaria	Grenergy	Ecoener	Average	Neoen	Voltaia	Scatec	Greenvolt	Average	ENRS
Datos Mercado	Ticker (Factset)	SLR-ES	GRE-ES	ENER-ES		NEOEN-FR	VL TSA-FR	SCATC-NO	GVOLT-PT		ENRS-ES
	País	Spain	Spain	Spain		France	France	Norway	Portugal		Spain
	Market cap	1,607.5	752.4	256.3		4,360.7	1,951.4	1,026.7	887.2		185.1
	Enterprise value (EV)	2,446.5	1,222.9	429.2		7,262.9	2,951.1	2,763.9	1,382.3		200.3
Información financiera básica	Total Ingresos	230.8	247.8	106.3		592.8	556.6	362.1	356.4		35.2
	Cto.Total Ingresos	65.7%	124.1%	45.9%	78.6%	17.8%	18.7%	42.7%	39.6%	29.7%	10.2%
	2y TACC (2023e - 2025e)	26.4%	28.3%	32.8%	29.2%	18.3%	15.2%	24.2%	53.5%	27.8%	44.2%
	EBITDA	199.7	88.5	72.6		486.6	273.4	264.7	142.1		(1.6)
	Cto. EBITDA	45.3%	75.8%	70.4%	63.8%	18.8%	101.0%	73.4%	82.0%	68.8%	90.2%
	2y TACC (2023e - 2025e)	23.7%	45.6%	32.5%	34.0%	15.3%	17.7%	22.9%	57.3%	28.3%	n.a.
	EBITDA/Ingresos	86.5%	35.7%	68.3%	63.5%	82.1%	49.1%	73.1%	39.9%	61.0%	n.a.
	EBIT	162.3	62.2	50.0		300.9	169.9	163.7	97.5		(2.9)
	Cto. EBIT	44.4%	72.0%	62.1%	59.5%	16.3%	167.4%	111.5%	178.6%	118.5%	79.5%
	2y TACC (2023e - 2025e)	21.2%	43.8%	37.6%	34.2%	12.4%	20.7%	24.9%	71.3%	32.3%	n.a.
	EBIT/Ingresos	70.3%	25.1%	47.0%	47.5%	50.8%	30.5%	45.2%	27.3%	38.5%	n.a.
	Beneficio Neto	108.1	27.6	29.7		93.6	64.3	14.3	42.1		(4.0)
	Cto. Beneficio Neto	20.1%	168.4%	75.9%	88.1%	107.1%	996.0%	112.7%	153.2%	342.2%	71.2%
	2y TACC (2023e - 2025e)	14.3%	32.2%	30.6%	25.7%	10.4%	6.7%	n.a.	91.4%	36.2%	n.a.
	CAPEX/Ventas	195.3%	150.3%	176.7%	174.1%	217.4%	131.7%	190.8%	112.7%	163.2%	66.0%
Free Cash Flow	(240.4)	(404.2)	(92.8)		(893.4)	(539.5)	(491.0)	(267.7)		(26.5)	
Deuda financiera Neta	1,043.6	697.9	337.0		3,111.5	1,201.7	2,154.3	588.2		42.8	
DN/EBITDA (x)	5.2	7.9	4.6	5.9	6.4	4.4	8.1	4.1	5.8	n.a.	
Pay-out	0.0%	0.0%	0.0%	0.0%	19.7%	2.0%	173.2%	0.0%	48.7%	0.0%	
Múltiplos y Ratios	P/E (x)	14.6	23.6	7.4	15.2	46.3	32.2	72.5	20.8	42.9	n.a.
	P/BV (x)	3.5	2.7	1.7	2.6	1.8	1.6	1.4	1.8	1.6	4.6
	EV/Ingresos (x)	10.6	4.9	4.0	6.5	12.3	5.3	7.6	3.9	7.3	5.7
	EV/EBITDA (x)	12.3	13.8	5.9	10.7	14.9	10.8	10.4	9.7	11.5	n.a.
	EV/EBIT (x)	15.1	19.7	8.6	14.4	24.1	17.4	16.9	14.2	18.1	n.a.
	ROE	24.1	11.4	22.8	19.4	3.8	5.0	1.9	8.8	4.9	n.a.
	FCF Yield (%)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
	DPA	0.00	0.00	0.00	0.00	0.15	0.01	0.16	0.00	0.08	0.00
	Dvd Yield	0.0%	0.0%	0.0%	0.0%	0.5%	0.1%	2.4%	0.0%	0.8%	0.0%

- (1) Financial data, multiples and ratios based on market consensus (Factset). In the case of the company analyzed, own estimates (Lighthouse).
(2) All ratios and multiples on EBITDA refer to total EBITDA (not to recurrent EBITDA).

Ercros (ECR) is an industrial group manufacturing chemical products that operates through 3 divisions: (i) basic chemicals, (ii) intermediate chemicals and (iii) pharmaceuticals. The core activity is the production of chlorine-caustic soda, ECR being the main producer in Spain (60% of total installed capacity) and among the top 10 at the European level.

Market Data

Market Cap (Mn EUR and USD)	325.5	348.7
EV (Mn EUR and USD)	365.5	391.5
Shares Outstanding (Mn)	96.6	
-12m (Max/Med/Mín EUR)	4.80 / 3.52 / 2.68	
Daily Avg volume (-12m Mn EUR)	0.58	
Rotation ⁽¹⁾	45.2	
Factset / Bloomberg	ECR-ES / ECR SM	
Close fiscal year	31-Dec	

Shareholders Structure (%)

Joan Casas Galofre	5.7
Víctor Manuel Rodríguez Martín	5.0
Dimensional Fund Advisors, L.P.	5.0
Montserrat Garcia Pruns	3.4
Free Float	80.9

Financials (Mn EUR)

	2022	2023e	2024e	2025e
Adj. n ^o shares (Mn)	94.2	93.8	91.4	91.4
Total Revenues	1,052.5	827.9	844.6	860.7
Rec. EBITDA	142.1	88.0	92.7	97.1
% growth	52.3	-38.1	5.4	4.8
% Rec. EBITDA/Rev.	13.5	10.6	11.0	11.3
% Inc. EBITDA sector ⁽²⁾	14.7	-6.5	7.5	5.8
Net Profit	63.0	40.7	44.8	48.0
EPS (EUR)	0.67	0.43	0.49	0.53
% growth	52.5	-35.1	12.9	7.2
Ord. EPS (EUR)	0.92	0.44	0.49	0.53
% growth	83.1	-51.8	10.2	7.2
Rec. Free Cash Flow	41.4	31.0	28.9	37.2
Pay-out (%)	21.8	22.0	24.0	24.0
DPS (EUR)	0.15	0.10	0.12	0.13
Net financial debt	62.8	62.3	53.9	39.4
ND/Rec. EBITDA (x)	0.4	0.7	0.6	0.4
ROE (%)	18.2	11.1	11.7	11.7
ROCE (%)	16.4	9.5	9.9	10.2

Ratios & Multiples (x)

	2022	2023e	2024e	2025e
P/E	5.0	7.8	6.9	6.4
Ord. P/E	3.7	7.6	6.9	6.4
P/BV	0.9	0.9	0.8	0.8
Dividend Yield (%)	4.3	2.8	3.5	3.7
EV/Sales	0.35	0.44	0.43	0.42
EV/Rec. EBITDA	2.6	4.2	3.9	3.8
EV/EBIT	4.0	6.4	6.0	5.7
FCF Yield (%)	12.7	9.5	8.9	11.4

Historical behavior (base 100)



	(%)	-1m	-3m	-12m	-5Y
Absolute		-6.8	-19.4	-1.2	-13.0

(1) Rotation is the % of the capitalisation traded - 12m.

(2) Sector: Stoxx Europe 600 Chemicals.

MOMENTUM: WHAT DO WE EXPECT FROM 2023E?

2022 featured record earnings... Excellent business performance (record high profitability, EBITDA margin 2022 13.5%; +2p.p.) driven by the resilience of the chlorine derivatives division thanks to: 1) the sharp jump in prices (led by caustic soda, with supply shortages causing prices to soar to all-time highs in 4Q), 2) the “normalisation” of energy costs and 3) operational gearing (enabling the company to “squeeze the most” out of higher prices).

... but 1Q23 showed a considerable downturn (EBITDA 1Q23: -11%). Revenue plummeted 17% in the year’s first quarter (vs 1Q22) owing to the fewer tonnes sold. However, the ease in energy costs softened the fall in EBITDA to 11%. Recurring margin in 1Q23 was 13.5%, still “supported” by the wide margin commanded by the chlorine derivatives business. Margins should correct to levels closer to 10.5% as the year progresses.

Comparisons between 2023e and 2022 are tough. 2022’s “exceptional” driver is also the reason we are not expecting a similar trajectory for the company in 2023e. Softer demand for caustic soda should bring prices down and, in turn, result in narrower margins. And short term, the less cyclical businesses (intermediate chemicals and pharmacy) do not appear strong enough to offset the worsening by chlorine derivatives. This leads us to maintain our EBITDA 2023e estimate: EUR 88Mn (-38% vs 2022).

EQUITY STORY HIGHLIGHTS: WHAT TO WATCH FOR?

Diversified business. ECR has high exposure to the industrial cycle, especially its chlorine derivatives business (led by PVC and caustic soda production). However, the current investment plan is geared towards promoting the intermediate chemicals and pharmacy business and the water purification segment (which would lower its strong reliance on the chlorine-caustic soda cycle).

Strong balance sheet. On our estimates, ECR should end 2023e with a similar level of debt to year-end 2022 (ND/EBITDA 0.6x), with a clearly robust balance sheet (key to weathering the slowdown).

Cash flow generation capacity should remain high. ECR has shown a strong ability to convert EBITDA into cash in recent years. Therefore, while we do not expect growth to be particularly significant (EBITDA 23e-25e: +5.1% CAGR), we do think cash flow generation will remain high (c. EUR 30-40Mn/year; approx. 35% of recurring EBITDA).

RISKS: WHAT TO KEEP AN EYE ON?

Business margins highly sensitive to fluctuations in prices of certain raw materials. Revenue shows high sensitivity to changes in PVC and caustic soda prices, while costs are sensitive to electricity, EDC, ethylene and methanol prices.

Currency risk due to (unhedged) US dollar exposure. USD appreciation had a positive impact on EBITDA 2022 of EUR 8.8Mn. Depreciation by the dollar would undermine the competitive positioning of the products sold by the company.

VALUATION METRICS: WHAT DO THE MULTIPLES TELL US?

Trading at relatively low multiples (although there is still risk of downgrades to estimates). The stage of the cycle is crucial for ECR (and the short-term outlook is not promising). This could explain why it is trading at relatively low multiples: post-1Q23 earnings release the share price has by corrected c. -30%. This has left ECR trading at relatively low multiples: EV/EBITDA 23e 4.2x (vs EV/EBITDA of c. 6x for its main peers). However, the sector backdrop does not bode well for the denominator.



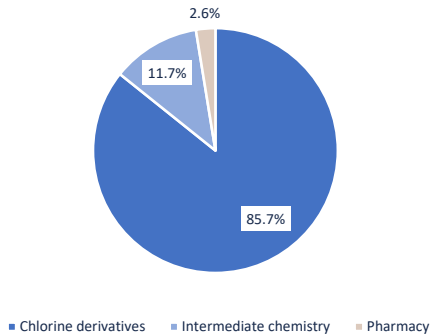
Financial Projections

Balance Sheet (EUR Mn)	2018	2019	2020	2021	2022	2023e	2024e	2025e		
Intangible assets	4.2	19.7	16.1	17.7	31.3	32.1	32.8	33.6		
Fixed assets	281.7	296.9	311.3	324.5	341.5	361.4	375.2	383.2		
Other Non Current Assets	31.7	40.3	38.9	35.7	34.4	34.4	34.4	34.4		
Financial Investments	45.2	42.7	28.8	29.0	39.2	40.1	41.0	41.8		
Goodwill & Other Intangibles	-	-	-	-	-	-	-	-		
Current assets	218.9	184.5	148.6	248.9	239.9	194.0	197.0	200.7		
Total assets	581.6	584.1	543.6	655.8	686.2	661.9	680.4	693.7		
Equity	272.7	292.1	284.2	331.6	360.7	371.8	396.1	421.3		
Minority Interests	-	-	-	-	-	-	-	-		
Provisions & Other L/T Liabilities	76.5	62.2	55.8	67.6	86.6	86.6	86.6	86.6		
Other Non Current Liabilities	-	13.4	9.1	6.2	12.3	12.3	12.3	12.3		
Net financial debt	107.3	96.8	75.7	59.6	62.8	62.3	53.9	39.4		
Current Liabilities	125.2	119.6	118.8	190.8	163.8	128.8	131.4	133.9		
Equity & Total Liabilities	581.6	584.1	543.6	655.8	686.2	661.9	680.4	693.7		
									CAGR	
P&L (EUR Mn)	2018	2019	2020	2021	2022	2023e	2024e	2025e	18-22	22-25e
Total Revenues	677.1	677.9	579.3	811.8	1,052.5	827.9	844.6	860.7	11.7%	-6.5%
<i>Total Revenues growth</i>	<i>-1.8%</i>	<i>0.1%</i>	<i>-14.6%</i>	<i>40.1%</i>	<i>29.6%</i>	<i>-21.3%</i>	<i>2.0%</i>	<i>1.9%</i>		
COGS	(435.1)	(439.3)	(348.3)	(525.5)	(692.6)	(537.6)	(544.8)	(555.1)		
Gross Margin	242.0	238.6	230.9	286.3	359.9	290.3	299.8	305.5	10.4%	-5.3%
<i>Gross Margin/Revenues</i>	<i>35.7%</i>	<i>35.2%</i>	<i>39.9%</i>	<i>35.3%</i>	<i>34.2%</i>	<i>35.1%</i>	<i>35.5%</i>	<i>35.5%</i>		
Personnel Expenses	(79.9)	(83.1)	(84.3)	(83.6)	(89.6)	(91.2)	(94.8)	(94.8)		
Other Operating Expenses	(97.9)	(97.5)	(98.4)	(109.4)	(128.2)	(111.1)	(112.4)	(113.6)		
Recurrent EBITDA	64.3	58.0	48.2	93.3	142.1	88.0	92.7	97.1	21.9%	-11.9%
<i>Recurrent EBITDA growth</i>	<i>-8.5%</i>	<i>-9.7%</i>	<i>-16.9%</i>	<i>93.4%</i>	<i>52.3%</i>	<i>-38.1%</i>	<i>5.4%</i>	<i>4.8%</i>		
<i>Rec. EBITDA/Revenues</i>	<i>9.5%</i>	<i>8.6%</i>	<i>8.3%</i>	<i>11.5%</i>	<i>13.5%</i>	<i>10.6%</i>	<i>11.0%</i>	<i>11.3%</i>		
Restructuring Expense & Other non-rec.	3.0	4.4	(0.9)	(0.4)	(20.2)	-	-	-		
EBITDA	67.3	62.4	47.3	92.9	121.9	88.0	92.7	97.1	16.0%	-7.3%
Depreciation & Provisions	(24.2)	(25.1)	(27.4)	(25.2)	(23.4)	(25.1)	(26.2)	(27.0)		
Capitalized Expense	0.2	0.9	2.3	0.5	0.8	0.8	0.8	0.8		
Rentals (IFRS 16 impact)	-	(7.1)	(7.3)	(6.3)	(7.1)	(6.9)	(6.8)	(6.9)		
EBIT	43.2	31.2	14.9	61.8	92.2	56.8	60.5	64.0	20.8%	-11.5%
<i>EBIT growth</i>	<i>25.9%</i>	<i>-27.8%</i>	<i>-52.1%</i>	<i>314.0%</i>	<i>49.0%</i>	<i>-38.4%</i>	<i>6.5%</i>	<i>5.8%</i>		
<i>EBIT/Revenues</i>	<i>6.4%</i>	<i>4.6%</i>	<i>2.6%</i>	<i>7.6%</i>	<i>8.8%</i>	<i>6.9%</i>	<i>7.2%</i>	<i>7.4%</i>		
Impact of Goodwill & Others	-	-	-	-	-	-	-	-		
Net Financial Result	(6.3)	(6.5)	(8.5)	(3.1)	(5.1)	(5.5)	(5.3)	(4.8)		
Income by the Equity Method	1.1	0.4	0.5	0.6	0.9	0.9	0.9	0.9		
Ordinary Profit	38.0	25.1	7.0	59.3	88.0	52.1	56.0	60.0	23.3%	-12.0%
<i>Ordinary Profit Growth</i>	<i>32.5%</i>	<i>-34.0%</i>	<i>-72.2%</i>	<i>749.1%</i>	<i>48.3%</i>	<i>-40.7%</i>	<i>7.5%</i>	<i>7.2%</i>		
Extraordinary Results	-	(2.5)	-	-	-	-	-	-		
Profit Before Tax	38.0	22.6	7.0	59.3	88.0	52.1	56.0	60.0	23.3%	-12.0%
Tax Expense	6.9	8.4	(0.7)	(9.9)	(17.3)	(10.4)	(11.2)	(12.0)		
<i>Effective Tax Rate</i>	<i>n.a.</i>	<i>n.a.</i>	<i>10.4%</i>	<i>16.7%</i>	<i>19.7%</i>	<i>20.0%</i>	<i>20.0%</i>	<i>20.0%</i>		
Minority Interests	-	-	-	-	-	-	-	-		
Discontinued Activities	-	-	-	(6.1)	(7.7)	(1.0)	-	-		
Net Profit	44.9	31.0	6.3	43.3	63.0	40.7	44.8	48.0	8.8%	-8.6%
<i>Net Profit growth</i>	<i>0.9%</i>	<i>-30.8%</i>	<i>-79.8%</i>	<i>592.0%</i>	<i>45.5%</i>	<i>-35.4%</i>	<i>10.1%</i>	<i>7.2%</i>		
Ordinary Net Profit	35.0	20.7	7.1	49.7	86.9	41.7	44.8	48.0	25.5%	-17.9%
<i>Ordinary Net Profit growth</i>	<i>-30.6%</i>	<i>-40.9%</i>	<i>-65.8%</i>	<i>603.6%</i>	<i>74.7%</i>	<i>-52.0%</i>	<i>7.5%</i>	<i>7.2%</i>		
									CAGR	
Cash Flow (EUR Mn)	2018	2019	2020	2021	2022	2023e	2024e	2025e	18-22	22-25e
Recurrent EBITDA						88.0	92.7	97.1	21.9%	-11.9%
Rentals (IFRS 16 impact)						(6.9)	(6.8)	(6.9)		
Working Capital Increase						10.9	(0.5)	(1.1)		
Recurrent Operating Cash Flow						92.0	85.5	89.1	25.5%	-8.7%
CAPEX						(45.0)	(40.0)	(35.0)		
Net Financial Result affecting the Cash Flow						(5.5)	(5.3)	(4.8)		
Tax Expense						(10.4)	(11.2)	(12.0)		
Recurrent Free Cash Flow						31.0	28.9	37.2	38.7%	-3.5%
Restructuring Expense & Other non-rec.						(1.0)	-	-		
- Acquisitions / + Divestures of assets						-	-	-		
Extraordinary Inc./Exp. Affecting Cash Flow						-	-	-		
Free Cash Flow						30.0	28.9	37.2	n.a.	24.2%
Capital Increase						(15.8)	(11.5)	(12.1)		
Dividends						(13.8)	(9.0)	(10.8)		
Net Debt Variation						(0.5)	(8.5)	(14.4)		



The company in 8 charts

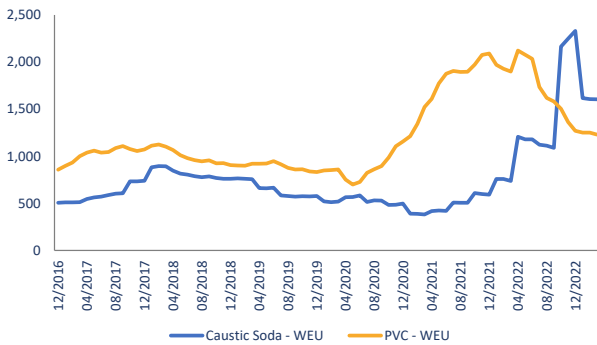
High exposure to the industrial cycle, especially through its chlorine derivatives business (% of EBITDA 2022)



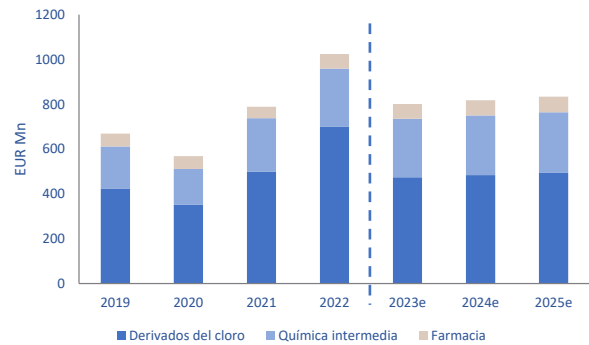
Leading position in its core markets

	Spain	Europe	World
Chlorine derivatives			
ATCC	1ª	2ª	esencialmente a Ciberseguridad
Sodium chlorate	1ª	4ª	-
Sodium hypochlorite	1ª	11ª	-
Caustic potash	1ª	7ª	-
PVC	1ª	9ª	-
Caustic soda	1ª	9ª	-
Intermediate chemistry			
Adhesives and resins	2ª	7ª	-
formaldehyde	1ª	5ª	-
Paraformaldehyde	1ª	1ª	1ª
Polyols	1ª	2ª	3ª
Molding powders	1ª	2ª	3ª
Pharmacy			
Fusidic Acid	-	2ª	2ª
Fosfomycins	1ª	2ª	3ª
Erythromycins	1ª	1ª	-

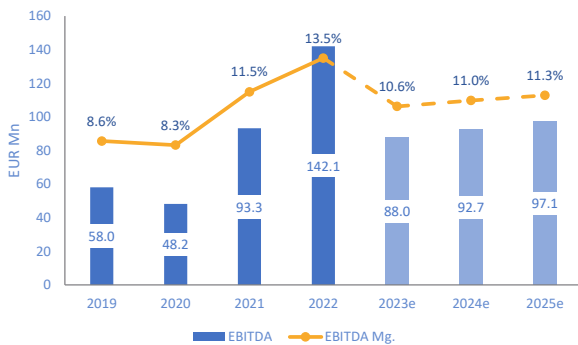
PVC and caustic soda prices in 1Q23 already corrected from 2022 highs



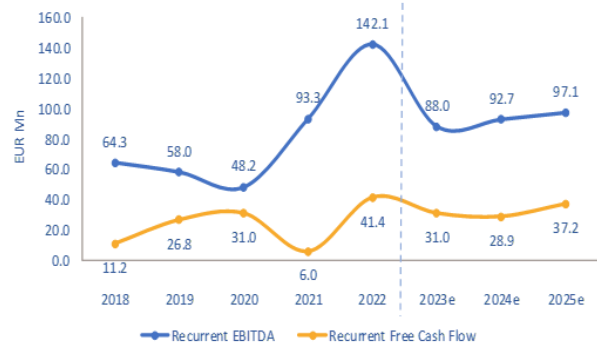
After 2022's record earnings, activity should ease in 2023e (revenue 2023e: -21%)



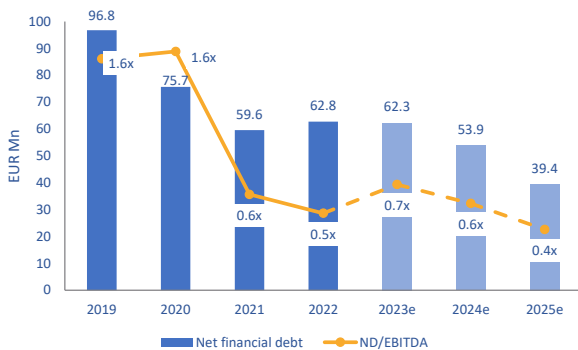
Lower energy costs should enable ERC to keep its EBITDA margin > 10%



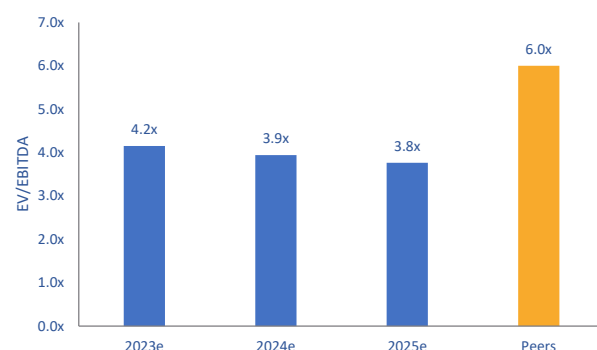
And despite high CAPEX, the ability to generate FCF should remain high



A very robust balance sheet (ND/EBITDA 2023e: 0.7x)



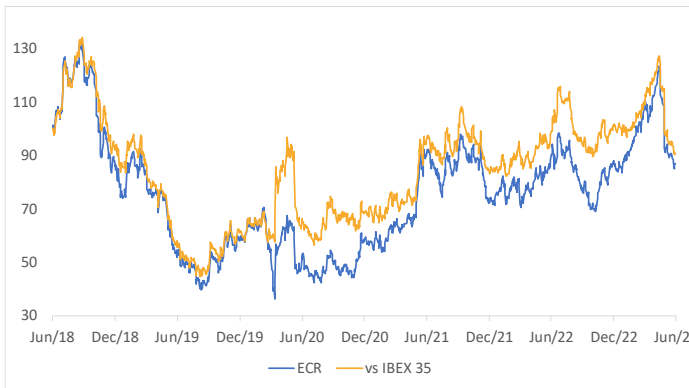
Trading at relatively low multiples (EV/EBITDA 23e: 4.2x)





Evolution of the share price

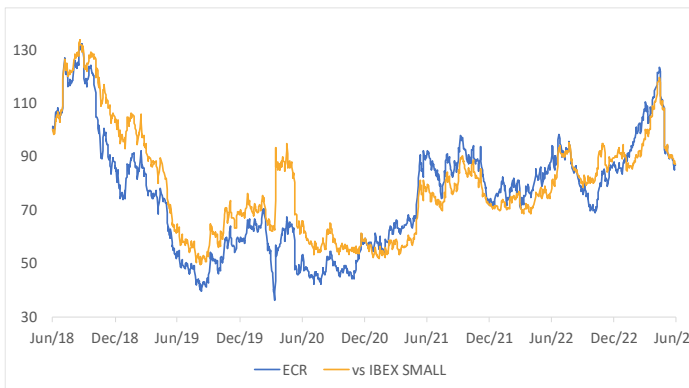
Historical behavior vs Ibex 35 (base 100)



Behavior -1y vs Ibex 35 (base 100)



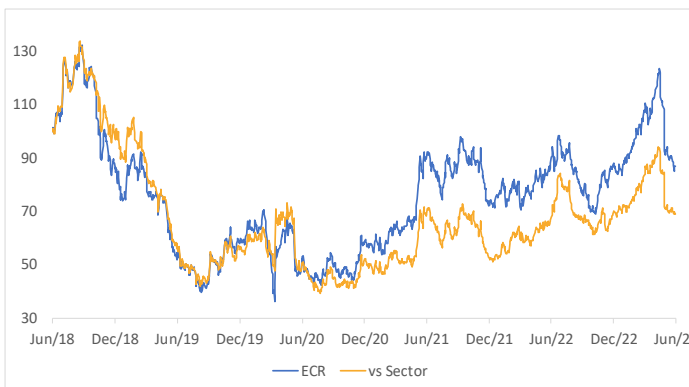
Historical behavior vs Ibex Small Cap (base 100)



Behavior -1y vs Ibex Small Cap (base 100)



Historical behavior vs Sector⁽¹⁾ (base 100)



Behavior -1y vs Sector⁽¹⁾ (base 100)



(1) Sector: Stoxx Europe 600 Chemicals

Stock performance (%)	-1m	-3m	-12m	YTD	-3Y	-5Y
Absolute	-6.8	-19.4	-1.2	4.0	64.5	-13.0
vs Market						
vs Ibex 35	-8.2	-17.9	-7.2	-7.9	39.4	-9.3
vs Euro STOXX 50	-5.8	-19.3	-12.9	-8.1	29.7	-30.0
vs Small Cap References						
vs Ibex Small Cap Index	-7.0	-10.0	13.9	-3.1	33.6	-12.6
vs Micro Cap Spain Universe ⁽¹⁾	-6.9	-16.9	7.6	-4.5	16.5	-19.1
vs MSCI Europe Micro Cap	-5.3	-14.4	13.0	4.8	39.5	-19.0
vs Sector						
vs Stoxx Europe 600 Chemicals	-3.0	-17.2	3.8	-0.9	37.4	-30.8

(1) [Constituents on page 10](#)



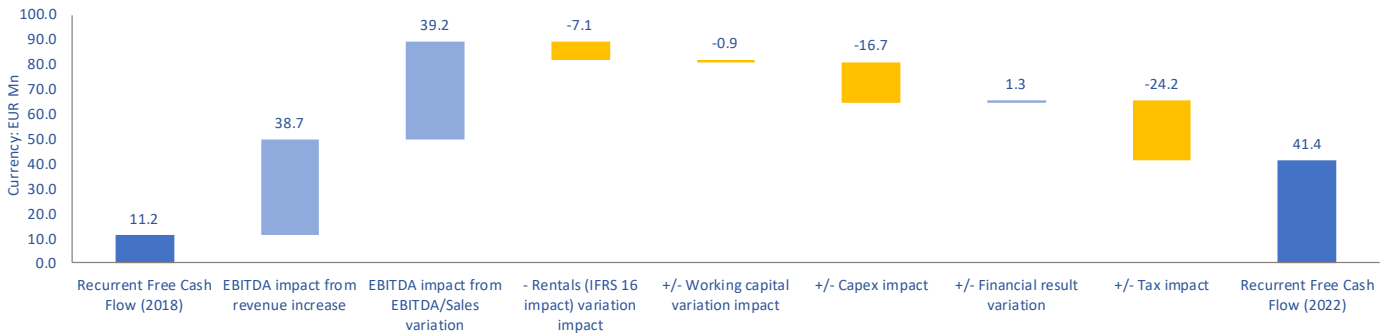
Free Cash Flow (I)

	2019	2020	2021	2022	2023e	2024e	2025e	CAGR	
								19-22	22-25e
A) Cash Flow Analysis (EUR Mn)									
Recurrent EBITDA	58.0	48.2	93.3	142.1	88.0	92.7	97.1	34.8%	-11.9%
<i>Recurrent EBITDA growth</i>	-9.7%	-16.9%	93.4%	52.3%	-38.1%	5.4%	4.8%		
<i>Rec. EBITDA/Revenues</i>	8.6%	8.3%	11.5%	13.5%	10.6%	11.0%	11.3%		
- Rentals (IFRS 16 impact)	(7.1)	(7.3)	(6.3)	(7.1)	(6.9)	(6.8)	(6.9)		
+/- Working Capital increase	28.8	35.0	(28.3)	(18.0)	10.9	(0.5)	(1.1)		
= Recurrent Operating Cash Flow	79.8	76.0	58.7	117.0	92.0	85.5	89.1	13.6%	-8.7%
<i>Rec. Operating Cash Flow growth</i>	69.1%	-4.8%	-22.7%	99.4%	-21.4%	-7.1%	4.2%		
<i>Rec. Operating Cash Flow / Sales</i>	11.8%	13.1%	7.2%	11.1%	11.1%	10.1%	10.3%		
- CAPEX	(54.9)	(35.8)	(39.6)	(53.2)	(45.0)	(40.0)	(35.0)		
- Net Financial Result affecting Cash Flow	(6.5)	(8.5)	(3.1)	(5.1)	(5.5)	(5.3)	(4.8)		
- Taxes	8.4	(0.7)	(9.9)	(17.3)	(10.4)	(11.2)	(12.0)		
= Recurrent Free Cash Flow	26.8	31.0	6.0	41.4	31.0	28.9	37.2	15.7%	-3.5%
<i>Rec. Free Cash Flow growth</i>	138.9%	15.8%	-80.5%	585.0%	-25.1%	-6.8%	28.7%		
<i>Rec. Free Cash Flow / Revenues</i>	3.9%	5.4%	0.7%	3.9%	3.8%	3.4%	4.3%		
- Restructuring expenses & others	-	-	-	-	(1.0)	-	-		
- Acquisitions / + Divestments	-	-	-	-	-	-	-		
+/- Extraordinary Inc./Exp. affecting Cash Flow	(5.0)	4.2	16.5	(22.0)	-	-	-		
= Free Cash Flow	21.7	35.2	22.6	19.4	30.0	28.9	37.2	-3.7%	24.2%
<i>Free Cash Flow growth</i>	n.a.	62.1%	-35.9%	-14.0%	54.7%	-3.7%	28.7%		
<i>Recurrent Free Cash Flow - Yield (s/Mkt Cap)</i>	8.2%	9.5%	1.9%	12.7%	9.5%	8.9%	11.4%		
<i>Free Cash Flow Yield (s/Mkt Cap)</i>	6.7%	10.8%	6.9%	6.0%	9.2%	8.9%	11.4%		
B) Analytical Review of Annual Recurrent Free Cash Flow Performance (Eur Mn)									
Recurrent FCF(FY - 1)	11.2	26.8	31.0	6.0	41.4	31.0	28.9		
EBITDA impact from revenue increase	0.1	(8.4)	19.4	27.7	(30.3)	1.8	1.8		
EBITDA impact from EBITDA/Sales variation	(6.3)	(1.4)	25.7	21.1	(23.8)	2.9	2.7		
= Recurrent EBITDA variation	(6.2)	(9.8)	45.1	48.8	(54.1)	4.7	4.4		
- Rentals (IFRS 16 impact) variation impact	(7.1)	(0.2)	1.0	(0.8)	0.2	0.1	(0.1)		
+/- Working capital variation impact	45.9	6.2	(63.3)	10.3	28.9	(11.4)	(0.7)		
= Recurrent Operating Cash Flow variation	32.6	(3.8)	(17.3)	58.3	(25.0)	(6.5)	3.6		
+/- CAPEX impact	(18.4)	19.2	(3.8)	(13.6)	8.2	5.0	5.0		
+/- Financial result variation	(0.2)	(2.0)	5.3	(1.9)	(0.5)	0.2	0.5		
+/- Tax impact	1.5	(9.1)	(9.2)	(7.4)	6.9	(0.8)	(0.8)		
= Recurrent Free Cash Flow variation	15.6	4.2	(24.9)	35.4	(10.4)	(2.1)	8.3		
Recurrent Free Cash Flow	26.8	31.0	6.0	41.4	31.0	28.9	37.2		
C) "FCF to the Firm" (pre debt service) (EUR Mn)									
EBIT	31.2	14.9	61.8	92.2	56.8	60.5	64.0	43.5%	-11.5%
* <i>Theoretical Tax rate</i>	0.0%	10.4%	16.7%	19.7%	20.0%	20.0%	20.0%		
= Taxes (pre- Net Financial Result)	-	(1.6)	(10.3)	(18.1)	(11.4)	(12.1)	(12.8)		
Recurrent EBITDA	58.0	48.2	93.3	142.1	88.0	92.7	97.1	34.8%	-11.9%
- Rentals (IFRS 16 impact)	(7.1)	(7.3)	(6.3)	(7.1)	(6.9)	(6.8)	(6.9)		
+/- Working Capital increase	28.8	35.0	(28.3)	(18.0)	10.9	(0.5)	(1.1)		
= Recurrent Operating Cash Flow	79.8	76.0	58.7	117.0	92.0	85.5	89.1	13.6%	-8.7%
- CAPEX	(54.9)	(35.8)	(39.6)	(53.2)	(45.0)	(40.0)	(35.0)		
- Taxes (pre- Financial Result)	-	(1.6)	(10.3)	(18.1)	(11.4)	(12.1)	(12.8)		
= Recurrent Free Cash Flow (To the Firm)	24.9	38.6	8.8	45.7	35.6	33.4	41.3	22.5%	-3.3%
<i>Rec. Free Cash Flow (To the Firm) growth</i>	132.8%	55.4%	-77.3%	421.5%	-22.0%	-6.4%	23.7%		
<i>Rec. Free Cash Flow (To the Firm) / Revenues</i>	3.7%	6.7%	1.1%	4.3%	4.3%	4.0%	4.8%		
- Acquisitions / + Divestments	-	-	-	-	-	-	-		
+/- Extraordinary Inc./Exp. affecting Cash Flow	(5.0)	4.2	16.5	(22.0)	-	-	-		
= Free Cash Flow "To the Firm"	19.8	42.9	25.3	23.7	35.6	33.4	41.3	6.1%	20.4%
<i>Free Cash Flow (To the Firm) growth</i>	72.2%	116.3%	-41.0%	-6.5%	50.6%	-6.4%	23.7%		
<i>Rec. Free Cash Flow To the Firm Yield (o/EV)</i>	6.8%	10.6%	2.4%	12.5%	9.8%	9.1%	11.3%		
<i>Free Cash Flow "To the Firm" - Yield (o/EV)</i>	5.4%	11.7%	6.9%	6.5%	9.8%	9.1%	11.3%		

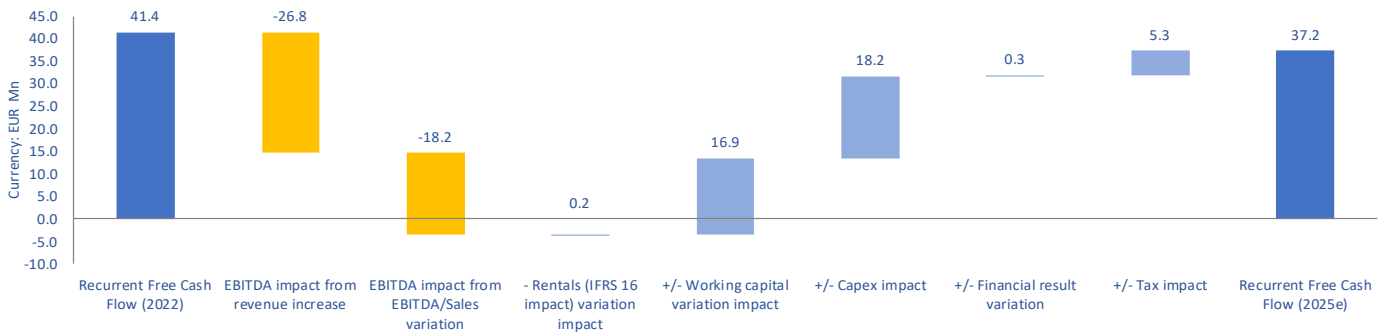


Free Cash Flow (II)

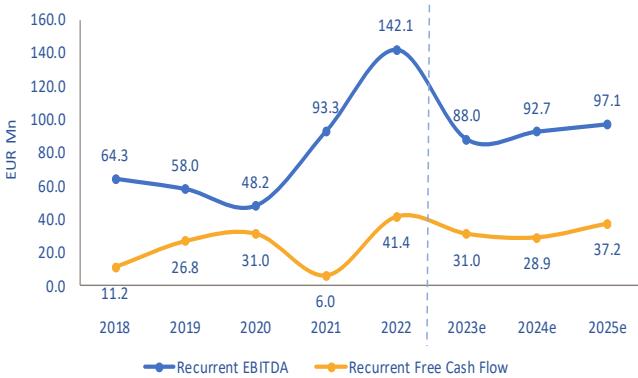
Recurrent Free Cash Flow accumulated variation analysis (2018 - 2022)



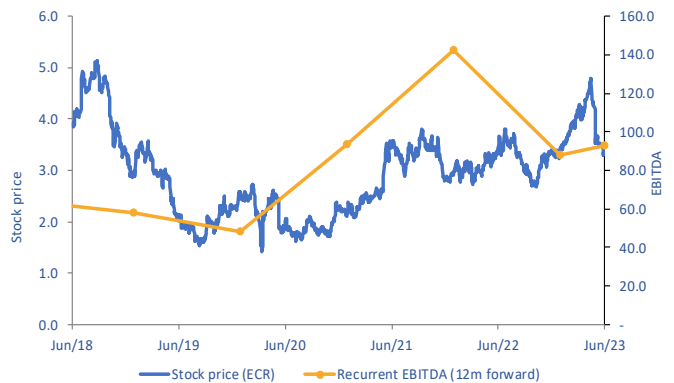
Recurrent Free Cash Flow accumulated variation analysis (2022 - 2025e)



Recurrent EBITDA vs Recurrent Free Cash Flow



Stock performance vs EBITDA 12m forward





Valuation inputs

Inputs for the DCF Valuation Approach

	2023e	2024e	2025e	Terminal Value ⁽¹⁾			
Free Cash Flow "To the Firm"	35.6	33.4	41.3	532.6			
Market Cap	325.5	At the date of this report					
Net financial debt	67.5	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)	1.2	B (own estimate)			1.1	1.2	
Cost of Equity	10.6%	Ke = Rf + (R * B)			9.4%	11.2%	
Equity / (Equity + Net Debt)	82.8%	E (Market Cap as equity value)			=	=	
Net Debt / (Equity + Net Debt)	17.2%	D			=	=	
WACC	9.4%	WACC = Kd * D + Ke * E			8.4%	9.9%	
G "Fair"	1.5%				2.0%	1.0%	

(1) The terminal value reflects the NAV of FCF beyond the period estimated with the WACC and G of the central scenario.

EV breakdown at the date of this report

	EUR Mn	Source
Market Cap	325.5	
+ Minority Interests	-	3m Results 2023
+ Provisions & Other L/T Liabilities	11.7	12m Results 2022
+ Net financial debt	67.5	3m Results 2023
- Financial Investments	39.2	12m Results 2022
+/- Others		
Enterprise Value (EV)	365.5	

Business Value Creation Metrics ⁽¹⁾

	2018	2019	2020	2021	2022
ROCE (evolution -5y)	11.0%	7.6%	3.4%	12.6%	16.4%
	2022	2025e			
ROCE - WACC	7.1%	0.9%			
FCF Yield - WACC	3.4%	2.1%			

(1) FCF Yield to the Firm (see Free Cash Flow Analysis (I)). Detail of the WACC on this page.

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	11.5%	96.9	3.8x
Central	11.0%	92.7	3.9x
Min	10.5%	88.5	4.1x

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	4.2%	4.7%	5.2%	Scenario			
96.9	37.4	33.2	28.9	Max	11.5%	10.2%	8.9%
92.7	33.2	28.9	24.7	Central	10.2%	8.9%	7.6%
88.5	28.9	24.7	20.5	Min	8.9%	7.6%	6.3%

Main Corporate Governance indicators

KPI	2020	2021	2022
% of independent directors	33.3%	33.3%	33.3%
% of proprietary directors	16.7%	16.7%	16.7%
% of executive directors	16.7%	16.7%	16.7%
% of other directors	33.3%	33.3%	33.3%
% of women on the board of directors	33.3%	33.3%	33.3%
% of women out of total workforce	17.0%	17.2%	17.7%
Board remuneration/staff cost	0.9%	0.9%	1.1%



Main peers 2023e

		Europe				USA					
EUR Mn		BASF SE	Solvay	Covestro AG	Average	DowDuPont	Olin Corp	Westlake	Average	ECR	
Market data	Ticker (Factset)	BAS-DE	SOLB-BE	1COV-DE		DOW-US	OLN-US	WLK-US		ECR-ES	
	Country	Germany	Belgium	Germany		USA	USA	USA		Spain	
	Market cap	42,741.4	10,910.6	7,426.6		34,007.1	6,087.5	13,287.8		325.5	
	Enterprise value (EV)	61,928.4	14,223.4	10,225.6		46,199.6	8,883.5	16,706.6		365.5	
Basic financial information	Total Revenues	81,740.8	13,331.9	16,408.1		45,450.7	7,249.7	12,919.6		827.9	
	Total Revenues growth	-6.4%	-17.0%	-8.7%	-10.7%	-14.4%	-17.2%	-12.4%	-14.7%	-21.3%	
	2y CAGR (2023e - 2025e)	3.0%	2.4%	4.4%	3.3%	4.1%	5.6%	2.4%	4.0%	2.0%	
	EBITDA	9,009.5	2,946.2	1,391.6		5,909.8	1,585.7	2,893.9		88.0	
	EBITDA growth	-15.4%	-4.0%	23.5%	1.4%	-21.7%	-28.7%	-25.1%	-25.2%	-27.8%	
	2y CAGR (2023e - 2025e)	11.4%	2.2%	24.3%	12.6%	14.8%	7.4%	5.6%	9.3%	5.1%	
	EBITDA/Revenues	11.0%	22.1%	8.5%	13.9%	13.0%	21.9%	22.4%	19.1%	10.6%	
	EBIT	5,166.5	2,041.5	509.6		3,425.3	1,043.7	1,865.3		56.8	
	EBIT growth	-23.6%	-3.7%	113.2%	28.6%	-31.2%	-36.6%	-35.2%	-34.3%	-38.4%	
	2y CAGR (2023e - 2025e)	16.0%	2.4%	54.8%	24.4%	22.6%	12.3%	9.3%	14.7%	6.1%	
	EBIT/Revenues	6.3%	15.3%	3.1%	8.2%	7.5%	14.4%	14.4%	12.1%	6.9%	
	Net Profit	3,726.4	1,252.7	217.2		1,953.6	677.2	1,300.8		40.7	
	Net Profit growth	694.3%	-34.2%	179.8%	280.0%	-54.1%	-45.3%	-37.7%	-45.7%	-35.4%	
	2y CAGR (2023e - 2025e)	16.2%	6.4%	92.6%	38.4%	33.0%	13.3%	9.9%	18.7%	8.6%	
	CAPEX/Sales %	7.4%	8.9%	5.0%	7.1%	4.7%	3.0%	7.6%	5.1%	5.4%	
Free Cash Flow	2,443.4	915.7	253.4		2,360.8	913.5	1,097.4		30.0		
Net financial debt	17,493.6	2,061.3	2,521.5		10,709.5	2,238.5	1,939.6		62.3		
ND/EBITDA (x)	1.9	0.7	1.8	1.5	1.8	1.4	0.7	1.3	0.7		
Pay-out	81.9%	34.9%	33.5%	50.1%	98.6%	16.5%	12.1%	42.4%	22.0%		
Multiples and Ratios	P/E (x)	10.0	7.6	38.1	18.6	16.4	8.8	10.2	11.8	7.8	
	P/BV (x)	1.0	0.9	1.0	1.0	1.8	2.7	1.3	2.0	0.9	
	EV/Revenues (x)	0.8	1.1	0.6	0.8	1.0	1.2	1.3	1.2	0.4	
	EV/EBITDA (x)	6.9	4.8	7.3	6.3	7.8	5.6	5.8	6.4	4.2	
	EV/EBIT (x)	12.0	7.0	20.1	13.0	13.5	8.5	9.0	10.3	6.4	
	ROE	10.2	12.5	2.6	8.5	11.2	31.3	12.5	18.3	11.1	
	FCF Yield (%)	5.7	8.4	3.4	5.8	6.9	15.0	8.3	10.1	9.5	
	DPS	3.39	4.22	0.38	2.66	2.67	0.77	1.23	1.56	0.10	
	Dvd Yield	7.3%	4.1%	1.0%	4.1%	5.6%	1.6%	1.2%	2.8%	2.8%	

- (1) Financial data, multiples and ratios based on market consensus (Factset). In the case of the company analyzed, own estimates (Lighthouse).
(2) All ratios and multiples on EBITDA refer to total EBITDA (not to recurrent EBITDA).

Historical performance

Historical performance (EUR Mn)	CAGR															
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023e	2024e	2025e	12-22	22-25e
Total Revenues	677.5	625.0	603.7	618.3	602.5	686.0	677.1	677.9	579.3	811.8	1,052.5	827.9	844.6	860.7	4.5%	-6.5%
Total Revenues growth	-1.2%	-7.8%	-3.4%	2.4%	-2.5%	13.8%	-1.3%	0.1%	-14.6%	40.1%	29.6%	-21.3%	2.0%	1.9%		
EBITDA	8.4	24.5	16.9	32.9	61.5	61.0	67.3	62.4	47.3	92.9	121.9	88.0	92.7	97.1	30.6%	-7.3%
EBITDA growth	-48.2%	190.5%	-31.1%	95.3%	87.0%	-0.9%	10.3%	-7.2%	-24.2%	96.3%	31.2%	-27.8%	5.4%	4.8%		
EBITDA/Sales	1.2%	3.9%	2.8%	5.3%	10.2%	8.9%	9.9%	9.2%	8.2%	11.4%	11.6%	10.6%	11.0%	11.3%		
Net Profit	(12.1)	(0.3)	(7.1)	7.2	45.2	44.6	44.9	31.0	6.3	43.3	63.0	40.7	44.8	48.0	21.8%	-8.6%
Net Profit growth	n.a.	97.4%	n.a.	202.0%	523.8%	-1.3%	0.7%	-30.8%	-79.8%	592.0%	45.5%	-35.4%	10.1%	7.2%		
Adjusted number shares (Mn)	100.8	103.5	111.5	114.0	114.1	112.3	109.2	106.2	102.6	98.8	94.2	93.8	91.4	91.4		
EPS (EUR)	-0.12	0.00	-0.06	0.06	0.40	0.40	0.41	0.29	0.06	0.44	0.67	0.43	0.49	0.53	22.4%	-7.7%
EPS growth	n.a.	97.4%	n.a.	n.a.	n.a.	0.3%	3.5%	-28.9%	-79.1%	n.a.	52.5%	-35.1%	12.9%	7.2%		
Ord. EPS (EUR)	-0.12	0.00	-0.06	0.06	0.40	0.40	0.32	0.19	0.07	0.50	0.92	0.44	0.49	0.53	25.5%	-17.1%
Ord. EPS growth	n.a.	97.4%	n.a.	n.a.	n.a.	0.3%	-19.3%	-39.2%	-64.7%	n.a.	83.1%	-51.8%	10.2%	7.2%		
CAPEX	(16.1)	(4.4)	(6.2)	(9.2)	(18.7)	(42.8)	(36.5)	(54.9)	(35.8)	(39.6)	(53.2)	(45.0)	(40.0)	(35.0)		
CAPEX/Sales %	2.4%	0.7%	1.0%	1.5%	3.1%	6.2%	5.4%	8.1%	6.2%	4.9%	5.1%	5.4%	4.7%	4.1%		
Free Cash Flow	3.4	19.6	23.4	6.6	20.5	1.1	(1.4)	21.7	35.2	22.6	19.4	30.0	28.9	37.2	19.1%	24.2%
ND/EBITDA (x) ⁽²⁾	17.3x	5.2x	6.1x	2.8x	1.3x	1.6x	1.6x	1.6x	1.6x	0.6x	0.5x	0.7x	0.6x	0.4x		
P/E (x)	n.a.	n.a.	n.a.	8.9x	4.3x	6.7x	7.1x	8.4x	34.6x	6.6x	4.8x	7.8x	6.9x	6.4x		
EV/Sales (x)	0.27x	0.28x	0.24x	0.26x	0.48x	0.60x	0.69x	0.57x	0.53x	0.45x	0.36x	0.44x	0.43x	0.42x		
EV/EBITDA (x) ⁽²⁾	22.1x	7.3x	8.7x	5.0x	4.7x	6.8x	6.9x	6.2x	6.5x	3.9x	3.1x	4.2x	3.9x	3.8x		
Absolute performance	-41.2%	18.7%	-17.3%	56.7%	198.7%	57.0%	9.9%	-15.8%	-14.0%	37.8%	11.3%	4.0%				
Relative performance vs Ibx 35	-38.3%	-2.2%	-20.2%	68.8%	204.8%	46.2%	29.2%	-24.7%	1.7%	27.7%	17.9%	-7.9%				

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

FacePhi (FACE) is a Spanish tech company based in Alicante and with offices in South Korea, Uruguay and the UK. It specialises in the development and marketing of software for identity authentication via digital onboarding solutions and biometric authentication. It is present in Latam (today its main market; c. 85% of 2021 revenue) and has a strong position in the financial sector

Market Data

Market Cap (Mn EUR and USD)	43.8	46.9
EV (Mn EUR and USD)	52.8	56.6
Shares Outstanding (Mn)	18.0	
-12m (Max/Med/Mín EUR)	3.49 / 2.57 / 2.00	
Daily Avg volume (-12m Mn EUR)	0.06	
Rotation ⁽¹⁾	36.7	
Factset / Bloomberg	FACE-ES / FACE SM	
Close fiscal year	31-Dec	

Shareholders Structure (%)⁽³⁾

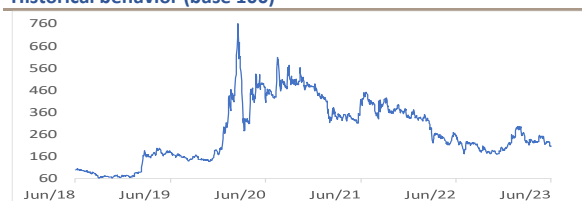
Nice&Green	11.1
Salvador Martí Varó	7.4
Javier Mira Miró	6.0
Juan Alfonso Ortiz	5.6
Free Float	64.6

Financials (Mn EUR)

	2022	2023e	2024e	2025e
Adj. nº shares (Mn)	16.2	18.0	18.0	18.0
Total Revenues	22.4	27.1	32.5	39.0
Rec. EBITDA	0.5	2.0	3.7	6.0
% growth	221.7	309.2	85.1	61.6
% Rec. EBITDA/Rev.	2.2	7.4	11.4	15.3
% Inc. EBITDA sector ⁽²⁾	12.8	9.9	19.9	15.7
Net Profit	1.1	1.6	2.8	4.8
EPS (EUR)	0.07	0.09	0.16	0.27
% growth	289.6	25.2	69.9	72.2
Ord. EPS (EUR)	0.11	0.09	0.16	0.27
% growth	415.0	-20.6	69.9	72.2
Rec. Free Cash Flow	-8.8	-2.0	-1.6	-0.3
Pay-out (%)	0.0	0.0	0.0	0.0
DPS (EUR)	0.00	0.00	0.00	0.00
Net financial debt	9.0	9.6	11.2	11.5
ND/Rec. EBITDA (x)	18.5	4.8	3.0	1.9
ROE (%)	9.3	9.8	14.2	20.5
ROCE (%)	9.3	7.9	10.8	15.2

Ratios & Multiples (x)

	2022	2023e	2024e	2025e
P/E	35.5	26.5	15.6	9.1
Ord. P/E	22.5	26.5	15.6	9.1
P/BV	2.9	2.4	2.1	1.7
Dividend Yield (%)	0.0	0.0	0.0	0.0
EV/Sales	2.36	1.95	1.63	1.36
EV/Rec. EBITDA	n.a.	26.4	14.3	8.8
EV/EBIT	30.2	20.4	13.0	7.9
FCF Yield (%)	n.a.	n.a.	n.a.	n.a.

Historical behavior (base 100)


	(%)	-1m	-3m	-12m	-5Y
Absolute		-18.5	-9.3	-20.1	105.9

(1) Rotation is the % of the capitalisation traded - 12m.

(2) Sector: Stoxx Europe 600 Technology.

(3) Others: José Cristóbal Callado Solana 5.3%

MOMENTUM: WHAT DO WE EXPECT FROM 2023E?

2023e: The growth story goes on. We expect strong topline growth in 2023e, to EUR 27.1Mn (+20.9% vs 2022), extending FACE's growth story (revenue 2018-2022: +49.5% CAGR). Drivers include: i) application of the company's solutions beyond just the financial sector and ii) the focus on international expansion (e.g., FACE signed its first contract in the US in May, with Fintech Orokii).

And margin improvement should be tangible. Now (2023e) it must showcase its ability to turn this growth in revenue into profit based on the operating structure in place (e.g., headcount ended 2022 at 205 employees compared to 26 at year-end 2019). Our estimates call for recurring EBITDA 2023e of EUR 2.0Mn, leaving a recurring EBITDA margin of 7.5% (compared to break-even EBITDA in recent years).

EQUITY STORY HIGHLIGHTS: WHAT TO WATCH FOR?

Penetration of new markets and application of solutions beyond the financial sector. FACE obtained 85% of its revenue in 2022 in Latam, where it enjoys a strong foothold in the financial sector. Penetration of new markets (e.g., US, Europe) and application of its solutions beyond the financial sector (e.g., Fintech, insurance, healthcare, shared mobility) are poised to be its main revenue drivers.

SaaS model (Plug & Play). In 2021, FACE went from developing customised solutions to a "plug and play" model with the Facephi Identity Platform, which now accounts for c. 55% of revenue. This new model boosts the scalability and recurrence of its revenue.

2023e-2025e: margin improvement is the key. In our view, we should see wider margins in 2023e, with still more to come thereafter. Specifically, the EBITDA margin should improve considerably, reaching 15% in 2025e (vs 7% in 2023e and break-even in 2022). Forecast margin improvement is strictly the result of the company's high operational gearing. EBITDA 2025e: EUR 6Mn (vs EUR 2Mn in 2023e and break-even in 2022).

High working capital consumption should keep recurring FCF under pressure. Despite strong revenue growth and wider margins, recurring FCF generation is likely to remain under pressure due to the company's high working capital requirement. Therefore, we don't expect to see positive recurring FCF before 2025e.

RISKS: WHAT TO KEEP AN EYE ON?

Working capital management. FACE's business has high working capital requirements (working capital/sales ratio of c. 60% in 2022), with a large portion of receivables falling due over one year (EUR 5.2Mn at year-end 2022; c. 30% of the total).

Net debt and dilution risk. FACE ended 2022 with net debt of EUR 9Mn. We expect this level to increase to c. EUR 11.5Mn in 2025e. Therefore, we could well see the company continuing to meet its financing needs with solutions that have an equity component (in May 2023, FACE tapped a new financing facility through convertible bonds with Nice&Green for EUR 20Mn).

VALUATION METRICS: WHAT DO THE MULTIPLES TELL US?

Awaiting margin improvement. Factoring in ambitious financial projections (with a sharp improvement in EBITDA), our 2023e numbers put FACE trading at an EV/sales of 1.9x (vs c. 2.6x for its main listed peers). The potential take-off by EBITDA from 2025e should feed through to an EV/EBITDA 25e of c.9x (which is why, in our view, margin improvement will be the key).



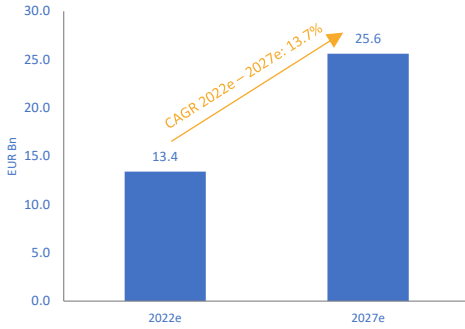
Financial Projections

Balance Sheet (EUR Mn)	2018	2019	2020	2021	2022	2023e	2024e	2025e	CAGR	
Intangible assets	1.2	1.6	4.1	5.1	7.6	8.2	8.6	9.2		
Fixed assets	0.0	0.0	0.2	0.4	1.8	2.6	3.6	4.4		
Other Non Current Assets	0.4	0.1	0.5	1.1	1.6	1.6	1.6	1.6		
Financial Investments	0.5	0.7	0.2	0.2	0.2	0.2	0.2	0.2		
Goodwill & Other Intangibles	-	-	-	-	-	-	-	-		
Current assets	3.8	8.3	4.6	9.8	18.8	22.1	26.4	31.6		
Total assets	6.0	10.7	9.5	16.6	29.9	34.7	40.3	47.0		
Equity	2.6	4.4	7.0	8.7	15.2	18.4	21.2	26.0		
Minority Interests	-	-	-	-	-	-	-	-		
Provisions & Other L/T Liabilities	0.1	0.1	0.1	0.1	0.2	0.2	0.2	0.2		
Other Non Current Liabilities	-	-	-	-	0.1	0.1	0.1	0.1		
Net financial debt	1.9	2.7	0.5	4.7	9.0	9.6	11.2	11.5		
Current Liabilities	1.4	3.6	1.8	3.1	5.4	6.5	7.7	9.2		
Equity & Total Liabilities	6.0	10.7	9.5	16.6	29.9	34.7	40.3	47.0		
P&L (EUR Mn)	2018	2019	2020	2021	2022	2023e	2024e	2025e	18-22	22-25e
Total Revenues	4.5	8.2	7.3	13.2	22.4	27.1	32.5	39.0	49.5%	20.2%
Total Revenues growth	66.0%	82.7%	-11.3%	81.4%	69.9%	20.9%	19.9%	19.9%		
COGS	(0.1)	(1.1)	(1.4)	(1.9)	(3.2)	(3.9)	(4.9)	(5.8)		
Gross Margin	4.4	7.1	5.9	11.3	19.2	23.2	27.6	33.1	44.8%	19.9%
Gross Margin/Revenues	97.3%	86.6%	80.7%	85.8%	85.8%	85.5%	85.0%	85.0%		
Personnel Expenses	(1.7)	(1.9)	(3.2)	(6.2)	(11.0)	(12.5)	(14.1)	(16.0)		
Other Operating Expenses	(2.5)	(2.8)	(3.0)	(5.6)	(7.7)	(8.7)	(9.8)	(11.2)		
Recurrent EBITDA	0.2	2.4	(0.4)	(0.4)	0.5	2.0	3.7	6.0	30.6%	n.a.
Recurrent EBITDA growth	159.4%	n.a.	-114.7%	-13.2%	221.7%	309.2%	85.1%	61.6%		
Rec. EBITDA/Revenues	3.7%	29.3%	n.a.	n.a.	2.2%	7.4%	11.4%	15.3%		
Restructuring Expense & Other non-rec.	0.6	(0.6)	(0.4)	(1.2)	(0.7)	-	-	-		
EBITDA	0.7	1.8	(0.7)	(1.6)	(0.2)	2.0	3.7	6.0	-23.4%	n.a.
Depreciation & Provisions	(0.3)	(0.5)	(0.7)	(1.2)	(1.8)	(2.5)	(2.9)	(3.2)		
Capitalized Expense	0.5	0.6	1.1	2.2	3.8	3.1	3.2	3.9		
Rentals (IFRS 16 impact)	-	-	-	-	-	-	-	-		
EBIT	0.9	1.9	(0.4)	(0.6)	1.7	2.6	4.1	6.7	17.9%	56.2%
EBIT growth	59.8%	112.4%	-119.0%	-65.0%	390.1%	48.0%	57.7%	63.2%		
EBIT/Revenues	20.2%	23.4%	n.a.	n.a.	7.8%	9.5%	12.5%	17.1%		
Impact of Goodwill & Others	-	-	-	-	-	-	-	-		
Net Financial Result	(0.1)	(0.2)	(1.6)	(0.3)	(0.7)	(0.5)	(0.6)	(0.6)		
Income by the Equity Method	-	-	-	-	-	-	-	-		
Ordinary Profit	0.8	1.7	(2.0)	(0.9)	1.0	2.1	3.5	6.0	5.0%	80.5%
Ordinary Profit Growth	78.3%	102.7%	-217.0%	57.4%	220.2%	101.0%	69.9%	72.2%		
Extraordinary Results	0.0	0.0	-	-	-	-	-	-		
Profit Before Tax	0.9	1.7	(2.0)	(0.9)	1.0	2.1	3.5	6.0	4.7%	80.5%
Tax Expense	0.3	(0.4)	0.1	0.3	0.1	(0.4)	(0.7)	(1.2)		
Effective Tax Rate	n.a.	25.0%	n.a.	n.a.	n.a.	20.0%	20.0%	20.0%		
Minority Interests	-	-	-	-	-	-	-	-		
Discontinued Activities	-	-	-	-	-	-	-	-		
Net Profit	1.2	1.3	(1.9)	(0.6)	1.1	1.6	2.8	4.8	-1.3%	63.4%
Net Profit growth	219.9%	10.4%	-243.9%	70.1%	299.8%	49.1%	69.9%	72.2%		
Ordinary Net Profit	0.3	1.7	(1.6)	0.3	1.7	1.6	2.8	4.8	58.1%	40.4%
Ordinary Net Profit growth	192.2%	526.1%	-192.6%	119.9%	442.4%	-5.5%	69.9%	72.2%		
Cash Flow (EUR Mn)	2018	2019	2020	2021	2022	2023e	2024e	2025e	18-22	22-25e
Recurrent EBITDA						2.0	3.7	6.0	30.6%	n.a.
Rentals (IFRS 16 impact)						-	-	-		
Working Capital Increase						(2.3)	(3.1)	(3.7)		
Recurrent Operating Cash Flow						-0.3	0.6	2.3	n.a.	33.3%
CAPEX						(0.8)	(1.0)	(0.8)		
Net Financial Result affecting the Cash Flow						(0.5)	(0.6)	(0.6)		
Tax Expense						(0.4)	(0.7)	(1.2)		
Recurrent Free Cash Flow						(2.0)	(1.6)	(0.3)	n.a.	66.5%
Restructuring Expense & Other non-rec.						-	-	-		
- Acquisitions / + Divestures of assets						-	-	-		
Extraordinary Inc./Exp. Affecting Cash Flow						-	-	-		
Free Cash Flow						(2.0)	(1.6)	(0.3)	n.a.	67.7%
Capital Increase						1.5	-	-		
Dividends						-	-	-		
Net Debt Variation						0.5	1.6	0.3		



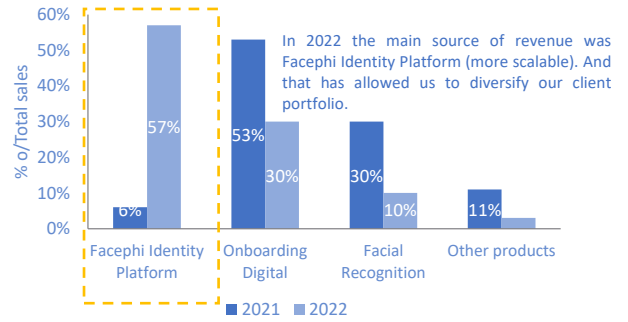
The company in 8 charts

Digital identity: a market with strong growth potential worldwide (13.7% CAGR 2022e- 2027e)



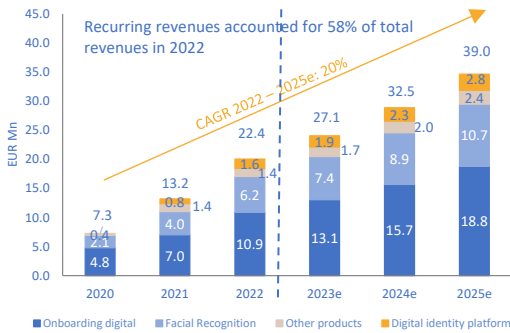
Source: Marketsandmarkets

FACE: shift from on-premise offering to SaaS and Plug & Play model to reduce development time



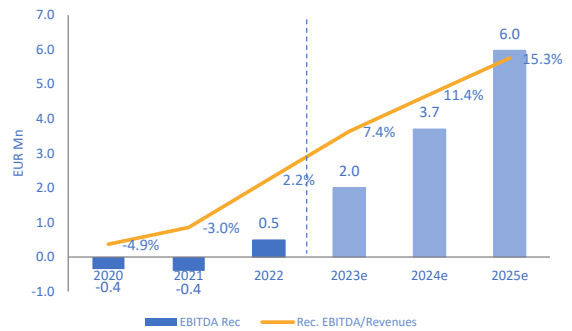
In 2022 the main source of revenue was Facephi Identity Platform (more scalable). And that has allowed us to diversify our client portfolio.

With capacity to deliver high double-digit revenue growth (20% CAGR 2022-2025e)...

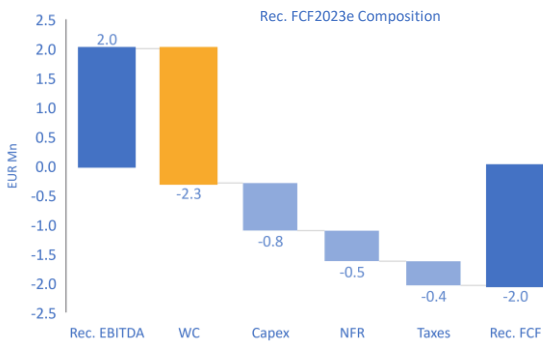


Recurring revenues accounted for 58% of total revenues in 2022

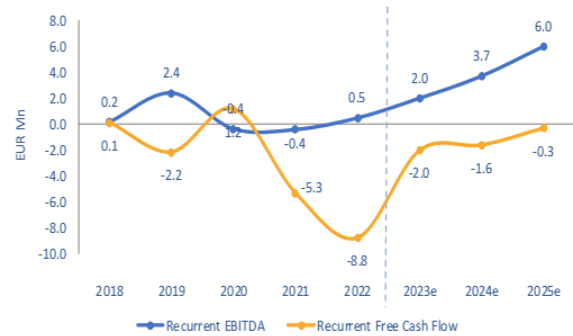
Operational gearing leaves scope for significant improvement in recurring EBITDA margin (c. 7.5% in 2023e)



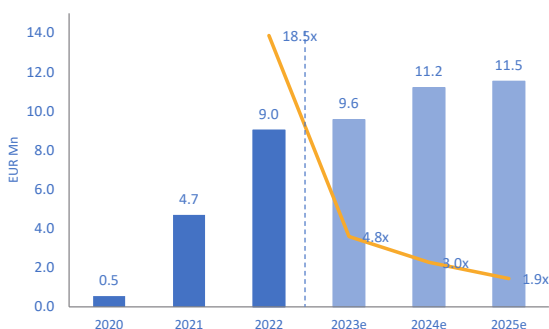
Working capital management could continue to considerably impact FCF...



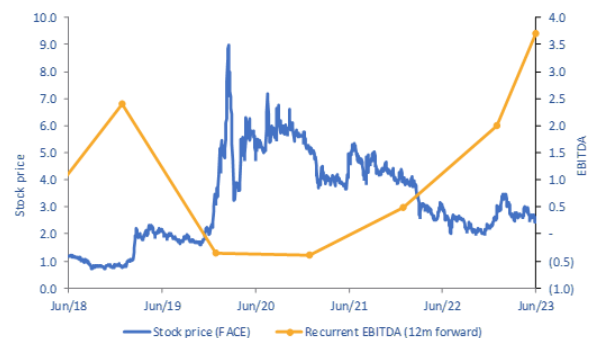
... preventing positive recurring cash flow generation until at least 2025e



We estimate that net debt will reach EUR 11.5Mn in 2025e, leaving a ND/recurring EBITDA multiple of 1.9x.



2023e could be a crucial year for demonstrating the business' ability to become more profitable



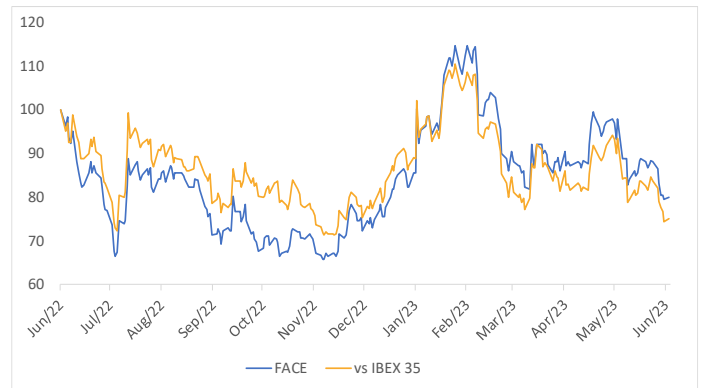


Evolution of the share price

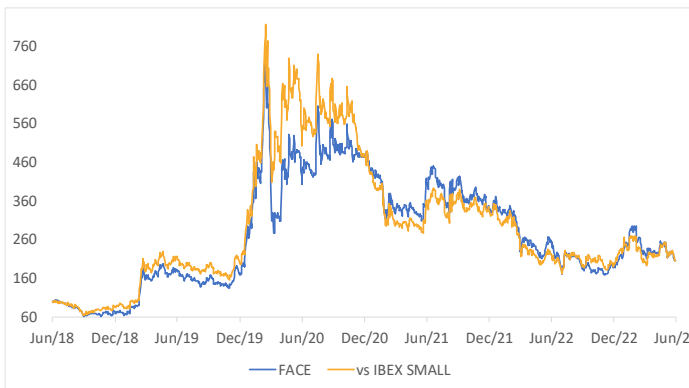
Historical behavior vs Ibex 35 (base 100)



Behavior -1y vs Ibex 35 (base 100)



Historical behavior vs Ibex Small Cap (base 100)



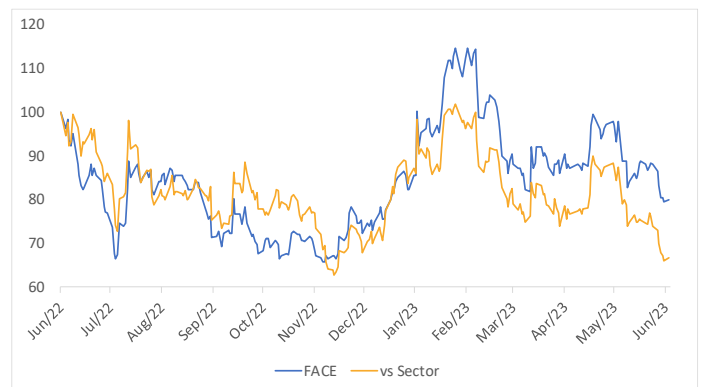
Behavior -1y vs Ibex Small Cap (base 100)



Historical behavior vs Sector⁽¹⁾ (base 100)



Behavior -1y vs Sector⁽¹⁾ (base 100)



(1) Sector: Stoxx Europe 600 Technology

Stock performance (%)	-1m	-3m	-12m	YTD	-3Y	-5Y
Absolute	-18.5	-9.3	-20.1	-2.8	-52.5	105.9
vs Market						
vs Ibex 35	-19.7	-7.6	-24.9	-13.9	-59.8	114.7
vs Euro STOXX 50	-17.6	-9.3	-29.6	-14.1	-62.6	65.8
vs Small Cap References						
vs Ibex Small Cap Index	-18.6	1.3	-7.9	-9.4	-61.5	106.8
vs Micro Cap Spain Universe ⁽¹⁾	-18.6	-6.5	-12.9	-10.8	-66.4	91.6
vs MSCI Europe Micro Cap	-17.1	-3.8	-8.6	-2.1	-59.7	91.8
vs Sector						
vs Stoxx Europe 600 Technology	-23.9	-15.6	-33.4	-21.8	-63.3	38.4

(1) [Constituents on page 10](#)



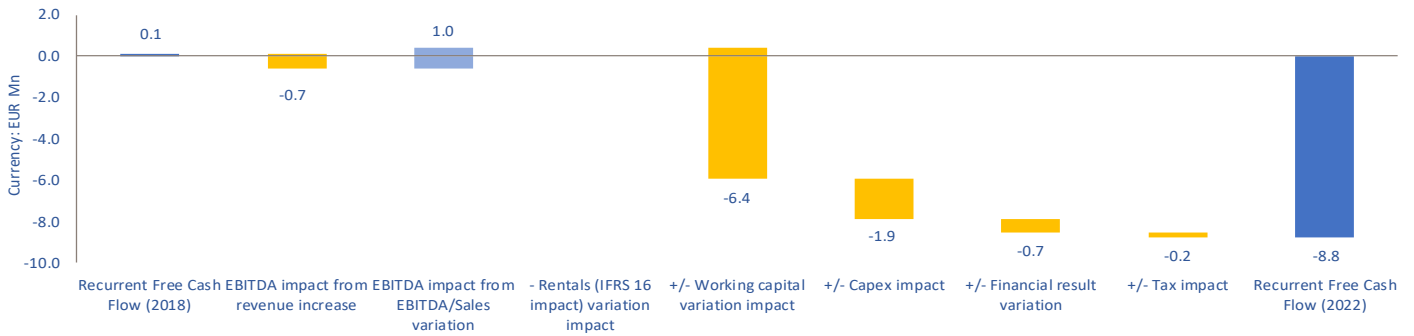
Free Cash Flow (I)

A) Cash Flow Analysis (EUR Mn)	2019	2020	2021	2022	2023e	2024e	2025e	CAGR	
								19-22	22-25e
Recurrent EBITDA	2.4	(0.4)	(0.4)	0.5	2.0	3.7	6.0	-41.2%	n.a.
<i>Recurrent EBITDA growth</i>	<i>n.a.</i>	<i>-114.7%</i>	<i>-13.2%</i>	<i>221.7%</i>	<i>309.2%</i>	<i>85.1%</i>	<i>61.6%</i>		
<i>Rec. EBITDA/Revenues</i>	<i>29.3%</i>	<i>n.a.</i>	<i>n.a.</i>	<i>2.2%</i>	<i>7.4%</i>	<i>11.4%</i>	<i>15.3%</i>		
- Rentals (IFRS 16 impact)	-	-	-	-	-	-	-		
+/- Working Capital increase	(2.4)	2.0	(3.9)	(6.7)	(2.3)	(3.1)	(3.7)		
= Recurrent Operating Cash Flow	0.0	1.6	(4.3)	(6.2)	(0.3)	0.6	2.3	n.a.	33.3%
<i>Rec. Operating Cash Flow growth</i>	<i>129.5%</i>	<i>n.a.</i>	<i>-361.4%</i>	<i>-43.8%</i>	<i>95.3%</i>	<i>311.2%</i>	<i>271.1%</i>		
<i>Rec. Operating Cash Flow / Sales</i>	<i>0.5%</i>	<i>22.6%</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>1.9%</i>	<i>5.8%</i>		
- CAPEX	(1.9)	(0.3)	(0.3)	(1.9)	(0.8)	(1.0)	(0.8)		
- Net Financial Result affecting Cash Flow	(0.2)	0.0	(0.4)	(0.7)	(0.5)	(0.6)	(0.6)		
- Taxes	(0.1)	(0.2)	(0.3)	0.1	(0.4)	(0.7)	(1.2)		
= Recurrent Free Cash Flow	(2.2)	1.2	(5.3)	(8.8)	(2.0)	(1.6)	(0.3)	-59.4%	66.5%
<i>Rec. Free Cash Flow growth</i>	<i>n.a.</i>	<i>153.7%</i>	<i>-558.0%</i>	<i>-64.6%</i>	<i>76.7%</i>	<i>19.8%</i>	<i>79.9%</i>		
<i>Rec. Free Cash Flow / Revenues</i>	<i>n.a.</i>	<i>16.0%</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>		
- Restructuring expenses & others	(0.6)	(0.4)	(1.1)	(0.7)	-	-	-		
- Acquisitions / + Divestments	(0.2)	(2.1)	-	-	-	-	-		
+/- Extraordinary Inc./Exp. affecting Cash Flow	-	(0.4)	-	(0.3)	-	-	-		
= Free Cash Flow	(3.0)	(1.7)	(6.4)	(9.7)	(2.0)	(1.6)	(0.3)	-48.8%	67.7%
<i>Free Cash Flow growth</i>	<i>-528.4%</i>	<i>41.1%</i>	<i>-269.3%</i>	<i>-51.6%</i>	<i>79.0%</i>	<i>19.8%</i>	<i>79.9%</i>		
<i>Recurrent Free Cash Flow - Yield (s/Mkt Cap)</i>	<i>n.a.</i>	<i>2.7%</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>		
<i>Free Cash Flow Yield (s/Mkt Cap)</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>		
B) Analytical Review of Annual Recurrent Free Cash Flow Performance (Eur Mn)									
	2019	2020	2021	2022	2023e	2024e	2025e	CAGR	
Recurrent FCF(FY - 1)	0.1	(2.2)	1.2	(5.3)	(8.8)	(2.0)	(1.6)		
EBITDA impact from revenue increase	0.1	(0.3)	(0.3)	(0.3)	0.1	0.4	0.7		
EBITDA impact from EBITDA/Sales variation	2.1	(2.5)	0.2	1.2	1.4	1.3	1.5		
= Recurrent EBITDA variation	2.2	(2.8)	(0.0)	0.9	1.5	1.7	2.3		
- Rentals (IFRS 16 impact) variation impact	-	-	-	-	-	-	-		
+/- Working capital variation impact	(2.1)	4.4	(5.9)	(2.8)	4.4	(0.8)	(0.6)		
= Recurrent Operating Cash Flow variation	0.2	1.6	(5.9)	(1.9)	5.9	0.9	1.7		
+/- CAPEX impact	(1.9)	1.6	0.0	(1.6)	1.1	(0.2)	0.2		
+/- Financial result variation	(0.2)	0.3	(0.4)	(0.3)	0.2	(0.0)	(0.0)		
+/- Tax impact	(0.4)	(0.1)	(0.1)	0.4	(0.5)	(0.3)	(0.5)		
= Recurrent Free Cash Flow variation	(2.3)	3.3	(6.5)	(3.4)	6.7	0.4	1.3		
Recurrent Free Cash Flow	(2.2)	1.2	(5.3)	(8.8)	(2.0)	(1.6)	(0.3)		
C) "FCF to the Firm" (pre debt service) (EUR Mn)									
	2019	2020	2021	2022	2023e	2024e	2025e	CAGR	
EBIT	1.9	(0.4)	(0.6)	1.7	2.6	4.1	6.7	-3.2%	56.2%
* Theoretical Tax rate	25.0%	0.0%	0.0%	0.0%	20.0%	20.0%	20.0%		
= Taxes (pre- Net Financial Result)	(0.5)	-	-	-	(0.5)	(0.8)	(1.3)		
Recurrent EBITDA	2.4	(0.4)	(0.4)	0.5	2.0	3.7	6.0	-41.2%	n.a.
- Rentals (IFRS 16 impact)	-	-	-	-	-	-	-		
+/- Working Capital increase	(2.4)	2.0	(3.9)	(6.7)	(2.3)	(3.1)	(3.7)		
= Recurrent Operating Cash Flow	0.0	1.6	(4.3)	(6.2)	(0.3)	0.6	2.3	n.a.	33.3%
- CAPEX	(1.9)	(0.3)	(0.3)	(1.9)	(0.8)	(1.0)	(0.8)		
- Taxes (pre- Financial Result)	(0.5)	-	-	-	(0.5)	(0.8)	(1.3)		
= Recurrent Free Cash Flow (To the Firm)	(2.4)	1.3	(4.6)	(8.1)	(1.6)	(1.2)	0.2	-50.8%	26.4%
<i>Rec. Free Cash Flow (To the Firm) growth</i>	<i>n.a.</i>	<i>155.8%</i>	<i>-449.2%</i>	<i>-76.2%</i>	<i>80.0%</i>	<i>27.3%</i>	<i>113.9%</i>		
<i>Rec. Free Cash Flow (To the Firm) / Revenues</i>	<i>n.a.</i>	<i>18.1%</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>0.4%</i>		
- Acquisitions / + Divestments	(0.2)	(2.1)	-	-	-	-	-		
+/- Extraordinary Inc./Exp. affecting Cash Flow	-	(0.4)	-	(0.3)	-	-	-		
= Free Cash Flow "To the Firm"	(2.5)	(1.2)	(4.6)	(8.4)	(1.6)	(1.2)	0.2	-48.9%	26.4%
<i>Free Cash Flow (To the Firm) growth</i>	<i>n.a.</i>	<i>52.8%</i>	<i>-285.2%</i>	<i>-81.7%</i>	<i>80.6%</i>	<i>27.3%</i>	<i>113.9%</i>		
<i>Rec. Free Cash Flow To the Firm Yield (o/EV)</i>	<i>n.a.</i>	<i>2.5%</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>0.3%</i>		
<i>Free Cash Flow "To the Firm" - Yield (o/EV)</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>0.3%</i>		

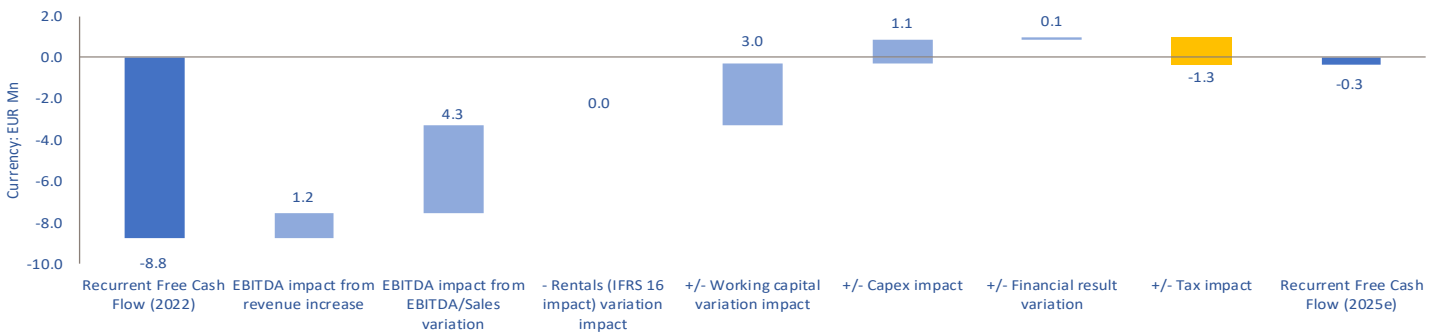


Free Cash Flow (II)

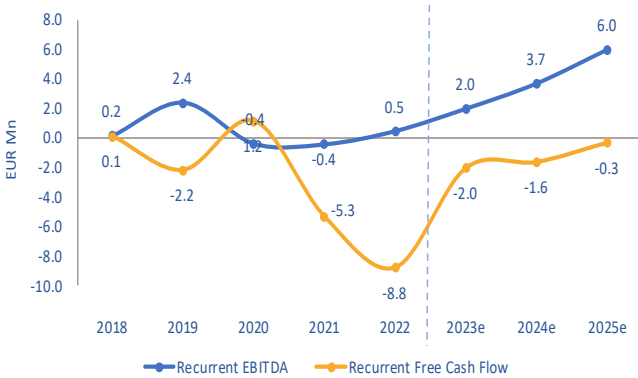
Recurrent Free Cash Flow accumulated variation analysis (2018 - 2022)



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



Recurrent EBITDA vs Recurrent Free Cash Flow



Stock performance vs EBITDA 12m forward





Valuation inputs

Inputs for the DCF Valuation Approach

	2023e	2024e	2025e	Terminal Value ⁽¹⁾			
Free Cash Flow "To the Firm"	(1.6)	(1.2)	0.2	n.a.			
Market Cap	43.8	At the date of this report					
Net financial debt	9.0	Debt net of Cash (12m Results 2022)					
					Best Case	Worst Case	
Cost of Debt	5.0%	Net debt cost			4.8%	5.3%	
Tax rate (T)	20.0%	T (Normalised tax rate)			=	=	
Net debt cost	4.0%	Kd = Cost of Net Debt * (1-T)			3.8%	4.2%	
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)	82.9%	E (Market Cap as equity value)			=	=	
Net Debt / (Equity + Net Debt)	17.1%	D			=	=	
WACC	9.4%	WACC = Kd * D + Ke * E			8.5%	10.5%	
G "Fair"	2.5%				2.5%	1.5%	

(1) The terminal value calculated beyond the last FCF estimate does not reflect the company's growth potential (positive/negative) at the date of publication of this report.

EV breakdown at the date of this report

	EUR Mn	Source
Market Cap	43.8	
+ Minority Interests	-	12m Results 2022
+ Provisions & Other L/T Liabilities	0.2	12m Results 2022
+ Net financial debt	9.0	12m Results 2022
- Financial Investments	0.2	12m Results 2022
+/- Others		
Enterprise Value (EV)	52.8	

Business Value Creation Metrics ⁽¹⁾

	2018	2019	2020	2021	2022
ROCE (evolution -5y)	24.7%	27.3%	n.a.	n.a.	9.3%
	2022	2025e			
ROCE - WACC	-0.1%	5.8%			
FCF Yield - WACC	n.a.	n.a.			

(1) FCF Yield to the Firm (see Free Cash Flow Analysis (I)). Detail of the WACC on this page.

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	12.5%	4.1	13.0x
Central	11.4%	3.7	14.3x
Min	10.3%	3.3	15.8x

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

Rec. FCF EUR Mn	CAPEX/Sales 24e		
EBITDA 24e	2.7%	3.0%	3.3%
4.1	(1.2)	(1.3)	(1.4)
3.7	(1.5)	(1.6)	(1.7)
3.3	(1.9)	(2.0)	(2.1)

Main Corporate Governance indicators

KPI	2020	2021	2022
% of independent directors	60.0%	60.0%	60.0%
% of proprietary directors	0.0%	20.0%	20.0%
% of executive directors	40.0%	20.0%	20.0%
% of other directors	8.3%	7.7%	0.0%
% of women on the board of directors	0.0%	0.0%	0.0%
% of women out of total workforce	35.1%	25.0%	32.8%
Board remuneration/staff cost	9.4%	4.1%	2.7%



Main peers 2023e

		Biometrics (Niche Players)					Companies with exposure to biometrics					FACE	
EUR Mn		Egis Technology	Elan Microelectronics Corp.	Mitek Systems, Inc.	OneSpan	Secunet	Average	Diebold Nixdorf Technology	NEC	NICE	Synaptics	Average	FACE
Market data	Ticker (Factset)	6462-TW	2458-TW	MITK-US	OSPN-US	YSN-DE		DBD-US	6701-JP	NICE-IL	SYNA-US		FACE-ES
	Country	Taiwan	Taiwan	USA	USA	Germany		USA	Japan	Israel	USA		Spain
	Market cap	193.6	970.6	420.9	582.2	1,281.8		1.2	12,492.4	12,463.8	2,922.7		43.8
	Enterprise value (EV)	305.7	850.1	479.8	489.4	1,273.7		2,245.5	15,389.6	11,690.8	3,014.6		52.8
Basic financial information	Total Revenues	132.4	347.8	177.6	221.3	375.3		3,606.4	22,648.7	2,161.2	1,261.3		27.1
	Total Revenues growth	32.3%	-12.3%	14.8%	8.2%	8.1%	10.2%	11.6%	2.3%	18.1%	-22.3%	2.4%	20.9%
	2y CAGR (2023e - 2025e)	n.a.	9.4%	n.a.	n.a.	14.0%	11.7%	n.a.	3.6%	12.9%	5.1%	7.2%	19.9%
	EBITDA	(7.7)	64.8	55.4	4.1	68.1		367.8	2,514.2	738.5	371.2		2.0
	EBITDA growth	64.4%	-31.5%	35.7%	200.3%	9.9%	55.8%	170.6%	8.1%	72.1%	-23.8%	56.7%	963.7%
	2y CAGR (2023e - 2025e)	n.a.	25.0%	n.a.	n.a.	16.3%	20.6%	n.a.	7.2%	10.1%	14.4%	10.6%	72.9%
	EBITDA/Revenues	n.a.	18.6%	31.2%	1.8%	18.2%	17.5%	10.2%	11.1%	34.2%	29.4%	21.2%	7.4%
	EBIT	(13.3)	52.8	37.3	(5.1)	50.4		403.3	1,311.0	633.6	388.8		2.6
	EBIT growth	54.6%	-37.6%	90.7%	60.5%	6.9%	35.0%	n.a.	19.2%	125.4%	11.3%	51.9%	48.0%
	2y CAGR (2023e - 2025e)	n.a.	30.1%	n.a.	n.a.	19.9%	25.0%	n.a.	13.1%	14.5%	3.6%	10.4%	60.4%
	EBIT/Revenues	n.a.	15.2%	21.0%	n.a.	13.4%	16.5%	11.2%	5.8%	29.3%	30.8%	19.3%	9.5%
	Net Profit	(10.1)	49.6	49.9	(7.2)	34.1		(42.9)	798.0	515.3	302.6		1.6
	Net Profit growth	61.1%	-24.1%	36.3%	46.7%	8.8%	25.7%	92.1%	4.3%	131.0%	25.9%	63.3%	49.1%
	2y CAGR (2023e - 2025e)	n.a.	23.2%	n.a.	n.a.	20.0%	21.6%	n.a.	13.3%	13.5%	3.5%	10.1%	71.1%
CAPEX/Sales %	0.5%	1.3%	n.a.	4.0%	3.6%	2.3%	n.a.	2.7%	1.8%	2.7%	2.4%	-3.0%	
Free Cash Flow	17.6	55.2	n.a.	10.0	48.8		n.a.	1,028.1	483.8	325.7		(2.0)	
Net financial debt	(19.8)	(107.8)	n.a.	n.a.	(45.7)		2,122.4	332.6	(1,027.3)	(77.5)		9.6	
ND/EBITDA (x)	n.a.	(1.7)	n.a.	n.a.	(0.7)	(1.2)	5.8	0.1	(1.4)	(0.2)	1.1	4.8	
Pay-out	-83.6%	68.5%	n.a.	n.a.	56.2%	13.7%	n.a.	27.8%	0.1%	n.a.	14.0%	0.0%	
Multiples and Ratios	P/E (x)	n.a.	18.5	8.5	n.a.	37.0	21.3	n.a.	15.6	25.7	9.8	17.0	26.5
	P/BV (x)	1.7	3.1	n.a.	n.a.	9.2	4.7	n.a.	1.1	4.2	2.4	2.6	2.4
	EV/Revenues (x)	2.3	2.4	2.7	2.2	3.4	2.6	0.6	0.7	5.4	2.4	2.3	1.9
	EV/EBITDA (x)	n.a.	13.1	8.7	n.a.	18.7	13.5	6.1	6.1	15.8	8.1	9.0	26.4
	EV/EBIT (x)	n.a.	16.1	12.8	n.a.	25.3	18.1	5.6	11.7	18.5	7.8	10.9	20.4
	ROE	n.a.	17.0	n.a.	n.a.	24.8	20.9	n.a.	7.0	16.2	24.5	15.9	9.8
	FCF Yield (%)	9.1	5.7	n.a.	1.7	3.8	5.1	n.a.	8.2	3.9	11.1	7.8	n.a.
	DPS	0.12	0.12	n.a.	n.a.	2.96	1.07	n.a.	0.82	0.01	n.a.	0.42	0.00
Dvd Yield	4.7%	3.7%	n.a.	n.a.	1.5%	3.3%	n.a.	1.8%	0.0%	n.a.	0.9%	0.0%	

- (1) Financial data, multiples and ratios based on market consensus (Factset). In the case of the company analyzed, own estimates (Lighthouse).
(2) All ratios and multiples on EBITDA refer to total EBITDA (not to recurrent EBITDA).

Historical performance

Historical performance (EUR Mn)	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023e	2024e	2025e	CAGR 12-22	22-25e
Total Revenues							4.5	8.2	7.3	13.2	22.4	27.1	32.5	39.0	n.a.	20.2%
Total Revenues growth							n.a.	82.7%	-11.3%	81.4%	69.9%	20.9%	19.9%	19.9%	n.a.	n.a.
EBITDA							0.7	1.8	(0.7)	(1.6)	(0.2)	2.0	3.7	6.0	n.a.	n.a.
EBITDA growth							n.a.	143.8%	-141.3%	-113.5%	85.3%	963.7%	85.1%	61.6%	n.a.	n.a.
EBITDA/Sales							16.3%	21.8%	n.a.	n.a.	n.a.	7.4%	11.4%	15.3%	n.a.	n.a.
Net Profit							1.2	1.3	(1.9)	(0.6)	1.1	1.6	2.8	4.8	n.a.	63.4%
Net Profit growth							n.a.	10.4%	-243.9%	70.1%	299.8%	49.1%	69.9%	72.2%	n.a.	n.a.
Adjusted number shares (Mn)							13.1	13.4	14.4	15.0	16.2	18.0	18.0	18.0	n.a.	n.a.
EPS (EUR)							0.09	0.10	-0.13	-0.04	0.07	0.09	0.16	0.27	n.a.	57.6%
EPS growth							n.a.	10.6%	n.a.	72.1%	n.a.	25.2%	69.9%	72.2%	n.a.	n.a.
Ord. EPS (EUR)							0.02	0.13	-0.11	0.02	0.11	0.09	0.16	0.27	n.a.	35.3%
Ord. EPS growth							n.a.	n.a.	n.a.	n.a.	n.a.	-20.6%	69.9%	72.2%	n.a.	n.a.
CAPEX							-	(1.9)	(0.3)	(0.3)	(1.9)	(0.8)	(1.0)	(0.8)	n.a.	n.a.
CAPEX/Sales %							0.0%	23.5%	4.5%	2.3%	8.6%	3.0%	3.0%	2.0%	n.a.	n.a.
Free Cash Flow							0.7	(3.0)	(1.7)	(6.4)	(9.7)	(2.0)	(1.6)	(0.3)	n.a.	67.7%
ND/EBITDA (x) ⁽²⁾							2.6x	1.5x	n.a.	n.a.	n.a.	4.8x	3.0x	1.9x	n.a.	n.a.
P/E (x)							8.4x	32.6x	n.a.	n.a.	36.5x	26.5x	15.6x	9.1x	n.a.	n.a.
EV/Sales (x)							2.55x	5.30x	10.13x	4.85	2.29x	1.95x	1.63x	1.36x	n.a.	n.a.
EV/EBITDA (x) ⁽²⁾							15.7x	24.4x	n.a.	n.a.	n.a.	26.4x	14.3x	8.8x	n.a.	n.a.
Absolute performance							-31.2%	316.0%	62.8%	-22.6%	-36.4%	-2.8%				
Relative performance vs Ibx35							-19.1%	272.0%	92.6%	-28.3%	-32.6%	-13.9%				

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

GAM is a company specialising in services associated with machinery hire (it has a fleet of 16,000 pieces of equipment) with a revenue mix diversified by sector and a certain balance between generalist and specialist operator. With 75 branches in 10 countries, it is leader in the Iberian Peninsula (56 branches), where it obtains the bulk of its revenues (>75%), and Latam is the main destination for the company's exports (c.16%).

Market Data

Market Cap (Mn EUR and USD)	136.2	145.9
EV (Mn EUR and USD)	331.2	354.8
Shares Outstanding (Mn)	94.6	
-12m (Max/Med/Mín EUR)	1.51 / 1.24 / 1.03	
Daily Avg volume (-12m Mn EUR)	0.02	
Rotation ⁽¹⁾	3.8	
Factset / Bloomberg	GAM-ES / GAM SM	
Close fiscal year	31-Dec	

Shareholders Structure (%)

Francisco Riberas & Family	58.2
Indumenta Pueri	10.0
Pedro Luis Fernández	5.8
Banco Santander	4.4
Free Float	21.5

Financials (Mn EUR)

	2022	2023e	2024e	2025e
Adj. nº shares (Mn)	94.6	94.6	94.6	94.6
Total Revenues	225.8	274.2	302.2	326.8
Rec. EBITDA	50.2	65.2	75.4	82.9
% growth	37.8	29.8	15.7	10.0
% Rec. EBITDA/Rev.	22.2	23.8	24.9	25.4
% Inc. EBITDA sector ⁽²⁾	19.3	12.2	8.2	9.0
Net Profit	7.7	13.5	18.9	26.0
EPS (EUR)	0.08	0.14	0.20	0.27
% growth	193.3	75.0	40.3	37.3
Ord. EPS (EUR)	0.07	0.14	0.20	0.27
% growth	118.2	95.7	40.3	37.3
Rec. Free Cash Flow	-35.0	-1.3	6.9	10.8
Pay-out (%)	0.0	0.0	0.0	0.0
DPS (EUR)	0.00	0.00	0.00	0.00
Net financial debt	179.5	210.9	204.0	193.2
ND/Rec. EBITDA (x)	3.6	3.2	2.7	2.3
ROE (%)	8.7	13.5	16.3	18.7
ROCE (%)	6.0	7.3	8.4	9.8

Ratios & Multiples (x)

	2022	2023e	2024e	2025e
P/E	17.7	10.1	7.2	5.2
Ord. P/E	19.8	10.1	7.2	5.2
P/BV	1.5	1.3	1.1	0.9
Dividend Yield (%)	0.0	0.0	0.0	0.0
EV/Sales	1.47	1.21	1.10	1.01
EV/Rec. EBITDA	6.6	5.1	4.4	4.0
EV/EBIT	19.5	10.9	8.8	7.2
FCF Yield (%)	n.a.	n.a.	5.1	7.9

Historical behavior (base 100)


(%)	-1m	-3m	-12m	-5Y
Absolute	0.7	16.1	12.9	-7.7

(1) Rotation is the % of the capitalisation traded - 12m.

(2) Sector: Stoxx Europe 600 Industrial Goods & Services.

MOMENTUM: WHAT DO WE EXPECT FROM 2023E?

1Q23 came in totally in line with expectations, providing further proof of the company's ability to deliver organic growth (c. +20%). Growth was driven by all businesses: i) long-term rentals (+36% vs. 1Q22); ii) short-term rentals (+16%); and iii) the asset-light businesses (distribution, trading and maintenance; +15%). Better still, the topline growth was accompanied by further margin expansion: GAM reported a 1Q23 EBITDA margin of 25.4%, +1.4pp vs. 1Q22.

The Carretillas Mayor acquisition, which closed at the end of March, was not yet tangible in 1Q23. This acquisition could contribute, on a *pro forma* basis, revenue of EUR 23Mn and EBITDA of EUR 7Mn in 2023e (c. 10% and 15% of 2022 revenue and EBITDA, respectively).

We still expect GAM to double its net profit in 2023e. We are looking for revenue of c. EUR 275Mn (+21% vs. 2022) and EBITDA of c. EUR 65.2Mn (+30% vs. 2022) in 2023e. Strong growth underpinning our expectation that the company will double its net profit in 2023e (EUR 13.5Mn vs. EUR 7.7Mn).

EQUITY STORY HIGHLIGHTS: WHAT TO WATCH FOR?

Customers are expected to outsource more rentals. GAM is the leader in the Iberian peninsula, where it obtains the bulk of its revenue (c.75%), and Latam (main destination of the company's exports). In both markets, rental utilisation ratios (vs. purchasing) are expected to converge towards the penetration rates observed in Continental Europe and the US (c.20pp higher).

The business model shift implemented in recent years, marked by: i) entry into the long-term rental market; and ii) entry into asset-light, non-rental businesses (distribution, maintenance). The change in mix increases recurring business and reduces what used to be pronounced cyclicity: recurring and asset-light businesses currently account for c.60% of revenue (vs. c.30% in 2018).

High sector diversification | low exposure to cyclical businesses: the construction sector, the core business in 2008, currently accounts for under 10%.

Recurring (long-term) and asset-light businesses set to remain the growth engines. For all these reasons, we see GAM as a growth story (CAGR revenue 22-25e: +13%), with scope for further profit growth (CAGR EBITDA 22-25e: +18%), while cyclicity has been mitigated (reducing the risk of having to cut our forecasts).

RISKS: WHAT TO KEEP AN EYE ON?

High indebtedness. With net debt/EBITDA of c.3x (vs. sector average of c.1.5x), we expect finance costs to rise to EUR 13Mn (c. 20% of EBITDA 2023e) on the back of more debt and higher debt service costs (+1pp vs. 2022). If rates continue to rise, the company's finance costs could go even higher (hurting our FCF estimate).

Economic cooling. Although GAM has made its business significantly less cyclical in recent years, an economic slowdown would inevitably affect the short-term rental business (c.40% of revenue).

VALUATION METRICS: WHAT DO THE MULTIPLES TELL US?

Low multiples across the board (with visibility in 2023e). Despite a healthy share price performance (+35.2% YTD), our 2023e forecasts imply a P/E 2023e multiple of 10.1x and an EV/EBITDA multiple of 5.1x. On 2025e forecasts, those multiples are 5.2x (P/E 2025e) and 4x (EV/EBITDA 2025e). Those multiples do not reflect GAM's strong growth prospects or the fact that it has reduced its cyclicity/risk so substantially.



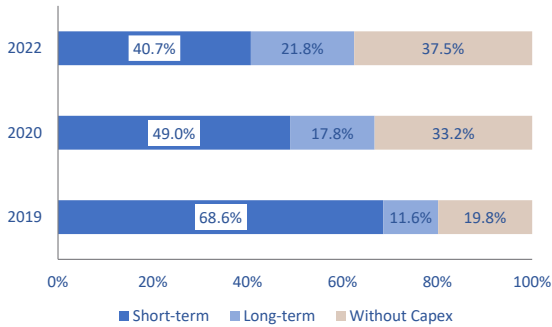
Financial Projections

Balance Sheet (EUR Mn)	2018	2019	2020	2021	2022	2023e	2024e	2025e		
Intangible assets	1.2	22.1	21.2	22.3	24.4	24.4	24.4	24.4		
Fixed assets	132.8	138.5	151.7	201.3	237.3	279.6	289.6	301.5		
Other Non Current Assets	3.8	3.6	6.8	6.9	6.9	6.9	6.9	6.9		
Financial Investments	-	0.9	3.6	3.8	5.7	5.7	5.7	5.7		
Goodwill & Other Intangibles	16.5	16.4	19.8	20.5	25.4	25.4	25.4	25.4		
Current assets	47.6	47.4	49.9	70.6	92.4	105.6	113.9	122.8		
Total assets	202.0	228.9	253.0	325.3	392.0	447.6	465.8	486.6		
Equity	(17.6)	51.1	81.9	84.5	93.5	107.0	125.9	151.9		
Minority Interests	0.2	0.2	0.3	0.4	4.0	4.0	4.0	4.0		
Provisions & Other L/T Liabilities	0.3	8.2	13.7	30.7	39.2	39.2	39.2	39.2		
Other Non Current Liabilities	-	20.2	18.5	17.3	19.9	19.9	19.9	19.9		
Net financial debt	187.1	121.9	108.6	147.5	179.5	210.9	204.0	193.2		
Current Liabilities	31.9	27.4	30.0	44.9	55.8	66.6	72.8	78.3		
Equity & Total Liabilities	202.0	228.9	253.0	325.3	392.0	447.6	465.8	486.6		
CAGR										
P&L (EUR Mn)	2018	2019	2020	2021	2022	2023e	2024e	2025e	18-22	22-25e
Total Revenues	132.2	143.1	134.1	169.1	225.8	274.2	302.2	326.8	14.3%	13.1%
Total Revenues growth	12.8%	8.2%	-6.3%	26.1%	33.5%	21.4%	10.2%	8.1%		
COGS	(34.2)	(40.2)	(42.2)	(60.1)	(80.6)	(97.6)	(106.2)	(114.9)		
Gross Margin	98.1	102.9	91.9	109.0	145.2	176.6	196.0	211.9	10.3%	13.4%
Gross Margin/Revenues	74.2%	71.9%	68.5%	64.4%	64.3%	64.4%	64.9%	64.8%		
Personnel Expenses	(36.7)	(39.5)	(35.8)	(43.1)	(52.7)	(63.7)	(68.9)	(73.7)		
Other Operating Expenses	(34.4)	(29.5)	(25.2)	(29.5)	(42.3)	(47.7)	(51.7)	(55.3)		
Recurrent EBITDA	27.0	33.9	30.9	36.4	50.2	65.2	75.4	82.9	16.8%	18.2%
Recurrent EBITDA growth	8.9%	25.7%	-9.0%	18.0%	37.8%	29.8%	15.7%	10.0%		
Rec. EBITDA/Revenues	20.4%	23.7%	23.0%	21.5%	22.2%	23.8%	24.9%	25.4%		
Restructuring Expense & Other non-rec.	(2.6)	(1.1)	(1.0)	(0.7)	-	-	-	-		
EBITDA	24.3	32.8	29.8	35.7	50.2	65.2	75.4	82.9	19.8%	18.2%
Depreciation & Provisions	(23.2)	(21.7)	(20.6)	(20.0)	(26.9)	(31.7)	(34.9)	(34.5)		
Capitalized Expense	7.5	7.7	6.3	7.2	8.0	11.2	11.6	12.1		
Rentals (IFRS 16 impact)	-	(7.9)	(8.1)	(12.1)	(14.3)	(14.3)	(14.3)	(14.3)		
EBIT	8.7	10.9	7.5	10.8	17.0	30.3	37.8	46.1	18.3%	39.5%
EBIT growth	51.4%	25.9%	-30.8%	43.6%	56.8%	78.6%	24.5%	22.2%		
EBIT/Revenues	6.5%	7.6%	5.6%	6.4%	7.5%	11.1%	12.5%	14.1%		
Impact of Goodwill & Others	-	-	-	-	-	-	-	-		
Net Financial Result	(10.2)	(13.0)	(7.0)	(7.5)	(9.6)	(13.4)	(14.1)	(13.6)		
Income by the Equity Method	-	0.7	0.3	0.2	(0.3)	-	-	-		
Ordinary Profit	(1.6)	(1.4)	0.8	3.5	7.1	16.9	23.7	32.5	59.6%	66.0%
Ordinary Profit Growth	77.1%	12.7%	161.2%	316.4%	101.8%	137.7%	40.3%	37.3%		
Extraordinary Results	-	44.9	-	-	-	-	-	-		
Profit Before Tax	(1.6)	43.5	0.8	3.5	7.1	16.9	23.7	32.5	59.6%	66.0%
Tax Expense	(2.4)	(3.5)	0.3	(0.8)	0.8	(3.4)	(4.7)	(6.5)		
Effective Tax Rate	n.a.	8.0%	n.a.	23.4%	n.a.	20.0%	20.0%	20.0%		
Minority Interests	(0.1)	(0.0)	(0.0)	(0.1)	(0.2)	-	-	-		
Discontinued Activities	-	-	-	-	-	-	-	-		
Net Profit	(4.0)	40.0	1.1	2.6	7.7	13.5	18.9	26.0	40.6%	50.0%
Net Profit growth	47.9%	n.a.	-97.1%	130.4%	193.1%	75.1%	40.3%	37.3%		
Ordinary Net Profit	0.9	(0.3)	1.9	3.2	6.9	13.5	18.9	26.0	64.9%	55.7%
Ordinary Net Profit growth	117.3%	-128.6%	795.1%	70.3%	118.1%	95.8%	40.3%	37.3%		
CAGR										
Cash Flow (EUR Mn)	2018	2019	2020	2021	2022	2023e	2024e	2025e	18-22	22-25e
Recurrent EBITDA						65.2	75.4	82.9	16.8%	18.2%
Rentals (IFRS 16 impact)						(14.3)	(14.3)	(14.3)		
Working Capital Increase						(2.4)	(2.1)	(3.4)		
Recurrent Operating Cash Flow						48.4	59.0	65.2	-5.7%	37.7%
CAPEX						(32.9)	(33.2)	(34.3)		
Net Financial Result affecting the Cash Flow						(13.4)	(14.1)	(13.6)		
Tax Expense						(3.4)	(4.7)	(6.5)		
Recurrent Free Cash Flow						(1.3)	6.9	10.8	n.a.	32.1%
Restructuring Expense & Other non-rec.						-	-	-		
- Acquisitions / + Divestures of assets						(30.0)	-	-		
Extraordinary Inc./Exp. Affecting Cash Flow						-	-	-		
Free Cash Flow						(31.3)	6.9	10.8	-72.0%	36.6%
Capital Increase						-	-	-		
Dividends						-	-	-		
Net Debt Variation						31.3	(6.9)	(10.8)		

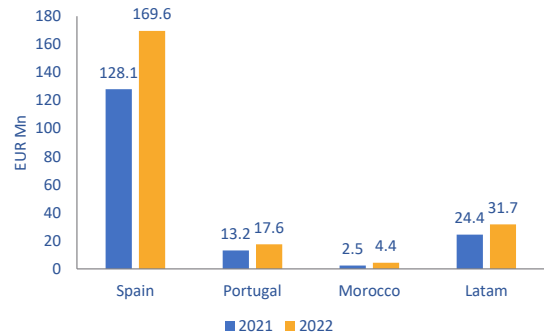


The company in 8 charts

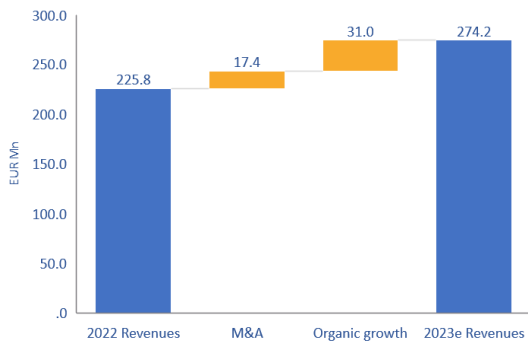
GAM has successfully executed its strategic repositioning: recurrent and no-CAPEX business now accounts for 59% of sales



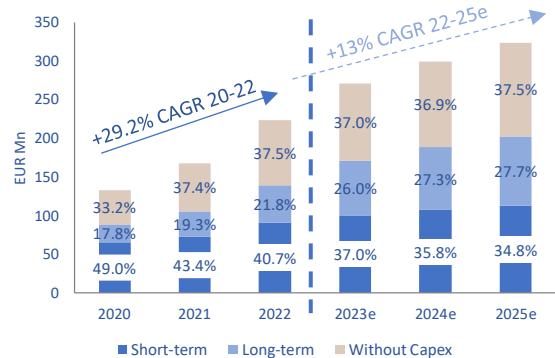
And is applying its model of diversification to the international business (where it is growing in all its geographies)



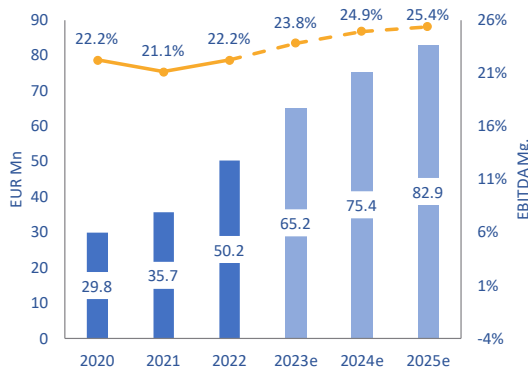
In 2023e we estimate revenue growth of +24% vs 2022 (driven by the M&A already executed)



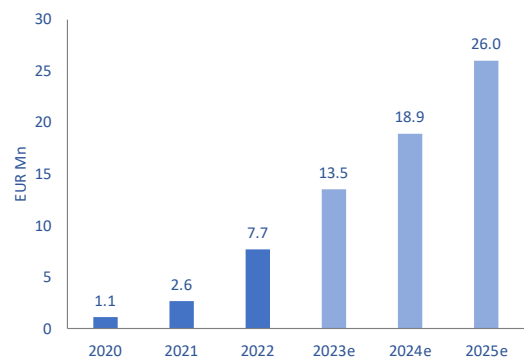
Recurrent (long term) and no-CAPEX business will continue to drive growth in the mid term (+13.2% CAGR 2022-2025e)



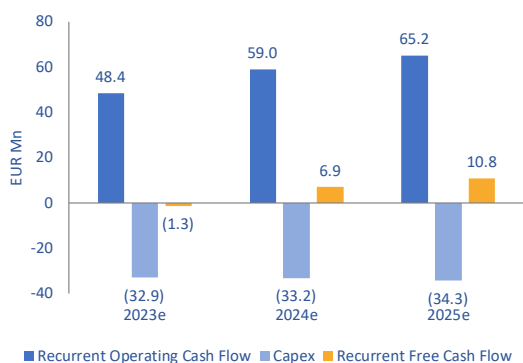
2022-2025e EBITDA: +18.3% CAGR, with an improvement in margins



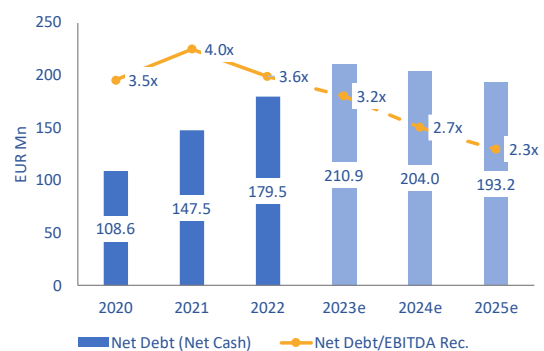
Net Profit about to take off



A business that is very intensive in Capex, that will continue to shape FCF generation



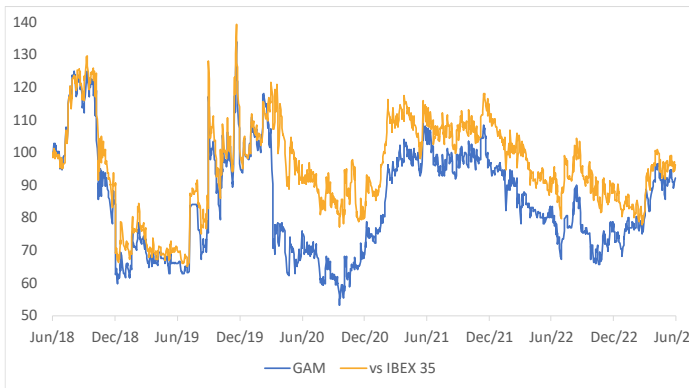
And, despite the M&A executed, we do not estimate gearing levels above 3.5x ND/EBITDA



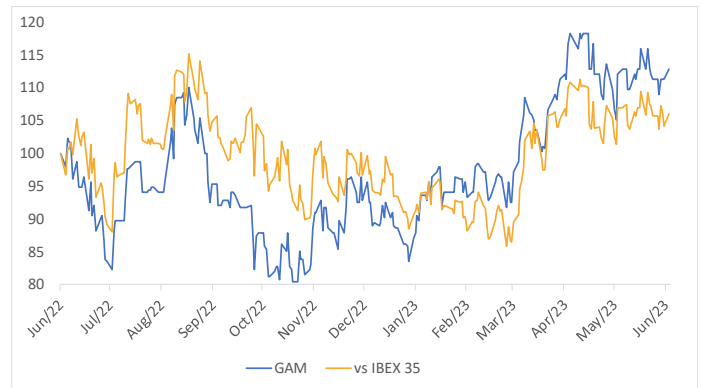


Evolution of the share price

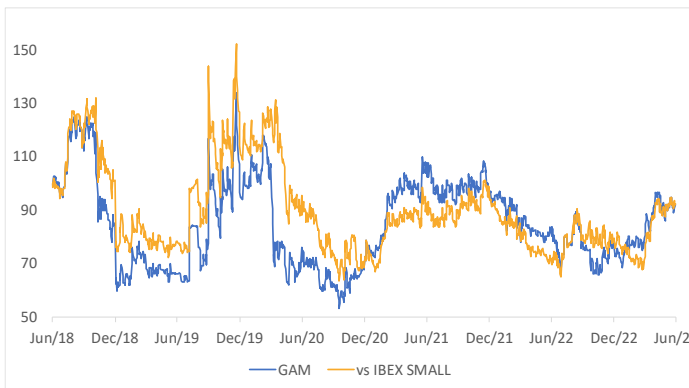
Historical behavior vs Ibex 35 (base 100)



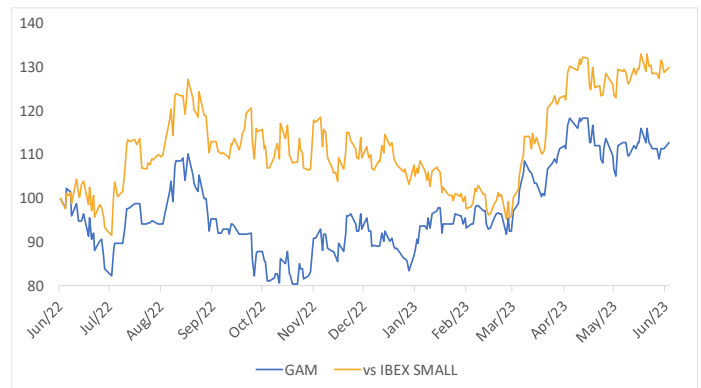
Behavior -1y vs Ibex 35 (base 100)



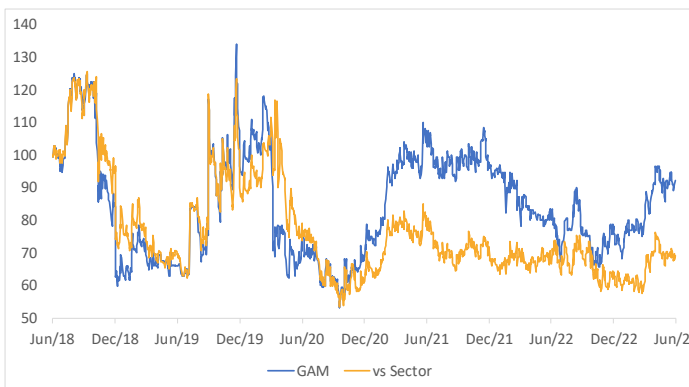
Historical behavior vs Ibex Small Cap (base 100)



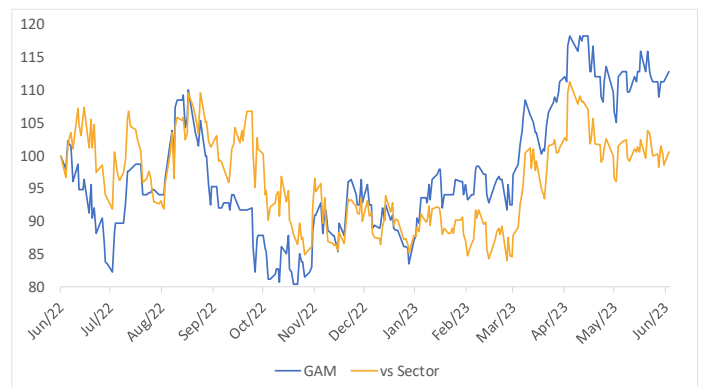
Behavior -1y vs Ibex Small Cap (base 100)



Historical behavior vs Sector⁽¹⁾ (base 100)



Behavior -1y vs Sector⁽¹⁾ (base 100)



(1) Sector: Stoxx Europe 600 Industrial Goods & Services

Stock performance (%)	-1m	-3m	-12m	YTD	-3Y	-5Y
Absolute	0.7	16.1	12.9	35.2	23.6	-7.7
vs Market						
vs Ibex 35	-0.8	18.3	6.1	19.8	4.8	-3.8
vs Euro STOXX 50	1.8	16.2	-0.5	19.5	-2.6	-25.7
vs Small Cap References						
vs Ibex Small Cap Index	0.5	29.7	30.2	26.0	0.4	-7.3
vs Micro Cap Spain Universe ⁽¹⁾	0.5	19.7	23.0	24.1	-12.5	-14.2
vs MSCI Europe Micro Cap	2.3	23.2	29.1	36.2	4.9	-14.1
vs Sector						
vs Stoxx Europe 600 Industrial Goods & Services	-0.9	14.6	0.7	18.1	-8.6	-30.8

(1) [Constituents on page 10](#)



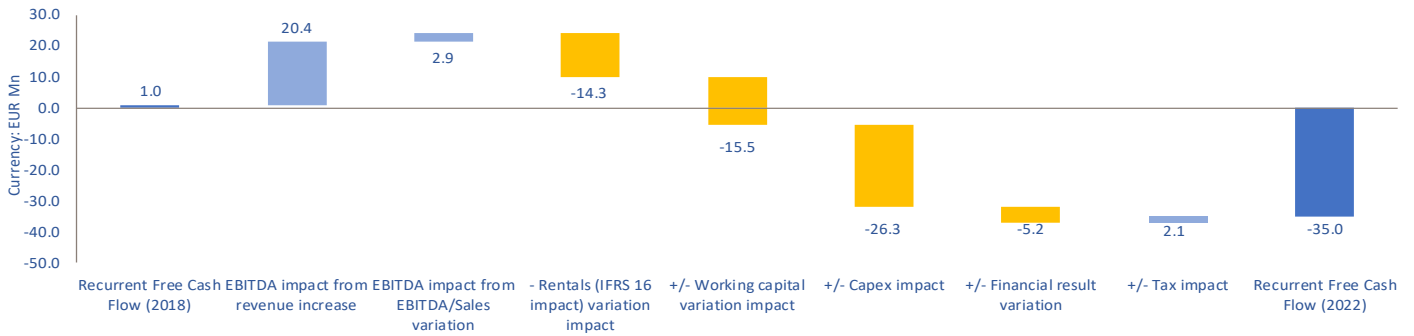
Free Cash Flow (I)

A) Cash Flow Analysis (EUR Mn)	2019	2020	2021	2022	2023e	2024e	2025e	CAGR	
								19-22	22-25e
Recurrent EBITDA	33.9	30.9	36.4	50.2	65.2	75.4	82.9	14.0%	18.2%
<i>Recurrent EBITDA growth</i>	25.7%	-9.0%	18.0%	37.8%	29.8%	15.7%	10.0%		
<i>Rec. EBITDA/Revenues</i>	23.7%	23.0%	21.5%	22.2%	23.8%	24.9%	25.4%		
- Rentals (IFRS 16 impact)	(5.1)	(4.7)	(6.0)	(14.3)	(14.3)	(14.3)	(14.3)		
+/- Working Capital increase	(4.4)	0.2	(5.8)	(10.9)	(2.4)	(2.1)	(3.4)		
= Recurrent Operating Cash Flow	24.4	26.3	24.6	25.0	48.4	59.0	65.2	0.7%	37.7%
<i>Rec. Operating Cash Flow growth</i>	-22.5%	7.8%	-6.5%	1.3%	93.9%	21.9%	10.6%		
<i>Rec. Operating Cash Flow / Sales</i>	17.1%	19.6%	14.6%	11.1%	17.6%	19.5%	20.0%		
- CAPEX	(21.8)	(22.4)	(31.1)	(51.2)	(32.9)	(33.2)	(34.3)		
- Net Financial Result affecting Cash Flow	(5.5)	(6.7)	(4.5)	(9.6)	(13.4)	(14.1)	(13.6)		
- Taxes	(1.5)	(0.7)	(0.9)	0.8	(3.4)	(4.7)	(6.5)		
= Recurrent Free Cash Flow	(4.3)	(3.4)	(11.9)	(35.0)	(1.3)	6.9	10.8	<i>n.a.</i>	32.1%
<i>Rec. Free Cash Flow growth</i>	-519.7%	20.3%	-247.8%	-194.1%	96.2%	620.0%	55.8%		
<i>Rec. Free Cash Flow / Revenues</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	2.3%	3.3%		
- Restructuring expenses & others	(1.1)	(1.0)	(0.7)	7.7	-	-	-		
- Acquisitions / + Divestments	4.2	(5.6)	(8.7)	7.7	(30.0)	-	-		
+/- Extraordinary Inc./Exp. affecting Cash Flow	52.0	-	-	-	-	-	-		
= Free Cash Flow	50.8	(10.1)	(21.3)	(19.6)	(31.3)	6.9	10.8	-33.6%	36.6%
<i>Free Cash Flow growth</i>	<i>n.a.</i>	-119.9%	-110.9%	7.9%	-59.7%	122.1%	55.8%		
<i>Recurrent Free Cash Flow - Yield (s/Mkt Cap)</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	5.1%	7.9%		
<i>Free Cash Flow Yield (s/Mkt Cap)</i>	37.3%	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	5.1%	7.9%		
B) Analytical Review of Annual Recurrent Free Cash Flow Performance (Eur Mn)									
	2019	2020	2021	2022	2023e	2024e	2025e	CAGR	
Recurrent FCF(FY - 1)	1.0	(4.3)	(3.4)	(11.9)	(35.0)	(1.3)	6.9		
EBITDA impact from revenue increase	2.2	(2.1)	8.1	12.2	10.8	6.6	6.1		
EBITDA impact from EBITDA/Sales variation	4.7	(0.9)	(2.5)	1.5	4.2	3.6	1.4		
= Recurrent EBITDA variation	6.9	(3.0)	5.6	13.8	15.0	10.2	7.5		
- Rentals (IFRS 16 impact) variation impact	(5.1)	0.3	(1.3)	(8.3)	-	-	-		
+/- Working capital variation impact	(8.9)	4.6	(6.0)	(5.1)	8.5	0.4	(1.3)		
= Recurrent Operating Cash Flow variation	(7.1)	1.9	(1.7)	0.3	23.4	10.6	6.2		
+/- CAPEX impact	3.1	(0.7)	(8.7)	(20.1)	18.3	(0.3)	(1.1)		
+/- Financial result variation	(1.1)	(1.2)	2.1	(5.1)	(3.8)	(0.6)	0.5		
+/- Tax impact	(0.2)	0.8	(0.2)	1.7	(4.2)	(1.4)	(1.8)		
= Recurrent Free Cash Flow variation	(5.3)	0.9	(8.5)	(23.1)	33.7	8.2	3.9		
Recurrent Free Cash Flow	(4.3)	(3.4)	(11.9)	(35.0)	(1.3)	6.9	10.8		
C) "FCF to the Firm" (pre debt service) (EUR Mn)									
	2019	2020	2021	2022	2023e	2024e	2025e	CAGR	
EBIT	10.9	7.5	10.8	17.0	30.3	37.8	46.1	15.9%	39.5%
* <i>Theoretical Tax rate</i>	0.0%	0.0%	23.4%	0.0%	20.0%	20.0%	20.0%		
= Taxes (pre- Net Financial Result)	-	-	(2.5)	-	(6.1)	(7.6)	(9.2)		
Recurrent EBITDA	33.9	30.9	36.4	50.2	65.2	75.4	82.9	14.0%	18.2%
- Rentals (IFRS 16 impact)	(5.1)	(4.7)	(6.0)	(14.3)	(14.3)	(14.3)	(14.3)		
+/- Working Capital increase	(4.4)	0.2	(5.8)	(10.9)	(2.4)	(2.1)	(3.4)		
= Recurrent Operating Cash Flow	24.4	26.3	24.6	25.0	48.4	59.0	65.2	0.7%	37.7%
- CAPEX	(21.8)	(22.4)	(31.1)	(51.2)	(32.9)	(33.2)	(34.3)		
- Taxes (pre- Financial Result)	-	-	(2.5)	-	(6.1)	(7.6)	(9.2)		
= Recurrent Free Cash Flow (To the Firm)	2.7	3.9	(9.0)	(26.2)	9.4	18.2	21.7	<i>n.a.</i>	41.4%
<i>Rec. Free Cash Flow (To the Firm) growth</i>	-60.2%	47.4%	-329.8%	-191.8%	136.0%	92.9%	19.1%		
<i>Rec. Free Cash Flow (To the Firm) / Revenues</i>	1.9%	2.9%	<i>n.a.</i>	<i>n.a.</i>	3.4%	6.0%	6.6%		
- Acquisitions / + Divestments	4.2	(5.6)	(8.7)	7.7	(30.0)	-	-		
+/- Extraordinary Inc./Exp. affecting Cash Flow	52.0	-	-	-	-	-	-		
= Free Cash Flow "To the Firm"	58.9	(1.7)	(17.7)	(18.5)	(20.6)	18.2	21.7	-32.3%	46.9%
<i>Free Cash Flow (To the Firm) growth</i>	428.2%	-102.9%	-918.6%	-4.7%	-11.0%	188.4%	19.1%		
<i>Rec. Free Cash Flow To the Firm Yield (o/EV)</i>	0.8%	1.2%	<i>n.a.</i>	<i>n.a.</i>	2.8%	5.5%	6.5%		
<i>Free Cash Flow "To the Firm" - Yield (o/EV)</i>	17.8%	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	5.5%	6.5%		

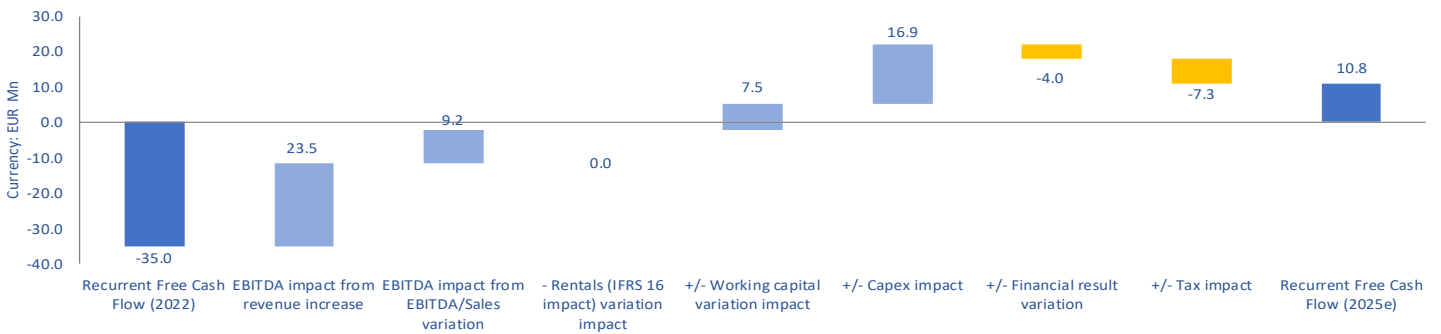


Free Cash Flow (II)

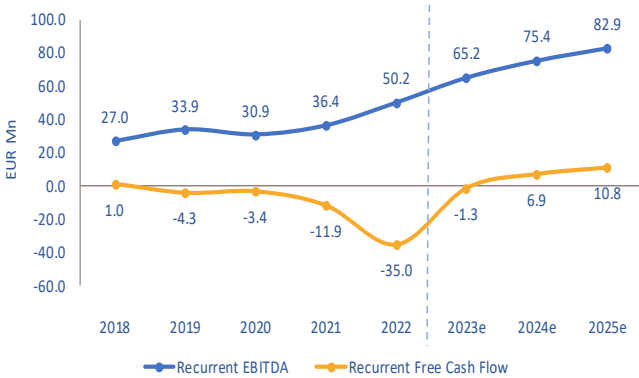
Recurrent Free Cash Flow accumulated variation analysis (2018 - 2022)



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



Recurrent EBITDA vs Recurrent Free Cash Flow



Stock performance vs EBITDA 12m forward





Valuation inputs

Inputs for the DCF Valuation Approach

	2023e	2024e	2025e	Terminal Value ⁽¹⁾			
Free Cash Flow "To the Firm"	(20.6)	18.2	21.7	436.5			
Market Cap	136.2	At the date of this report					
Net financial debt	179.0	Debt net of Cash (12m Results 2022)					
					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%	Kd = Cost of Net Debt * (1-T)			4.2%	4.6%	
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)	43.2%	E (Market Cap as equity value)			=	=	
Net Debt / (Equity + Net Debt)	56.8%	D			=	=	
WACC	7.1%	WACC = Kd * D + Ke * E			6.5%	7.7%	
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.

EV breakdown at the date of this report

	EUR Mn	Source
Market Cap	136.2	
+ Minority Interests	4.0	12m Results 2022
+ Provisions & Other L/T Liabilities	17.7	12m Results 2022
+ Net financial debt	179.0	12m Results 2022
- Financial Investments	5.7	12m Results 2022
+/- Others		
Enterprise Value (EV)	331.2	

Business Value Creation Metrics ⁽¹⁾

	2018	2019	2020	2021	2022
ROCE (evolution -5y)	5.1%	6.2%	4.0%	3.6%	6.0%
	2022	2025e			
ROCE - WACC	-1.1%	2.8%			
FCF Yield - WACC	n.a.	0.8%			

(1) FCF Yield to the Firm (see Free Cash Flow Analysis (I)). Detail of the WACC on this page.

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	27.4%	82.9	4.0x
Central	24.9%	75.4	4.4x
Min	22.4%	67.8	4.9x

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	9.9%	11.0%	12.1%		Max	13.1%	10.6%
82.9	17.8	14.5	11.1	Central	7.5%	5.1%	2.6%
75.4	10.2	6.9	3.6	Min	2.0%	n.a.	n.a.
67.8	2.7	(0.6)	(4.0)				

Main Corporate Governance indicators

KPI	2020	2021	2022
% of independent directors	50.0%	50.0%	50.0%
% of proprietary directors	50.0%	50.0%	50.0%
% of executive directors	0.0%	0.0%	0.0%
% of other directors	0.0%	0.0%	0.0%
% of women on the board of directors	33.3%	33.3%	33.3%
% of women out of total workforce	17.9%	17.6%	19.6%
Board remuneration/staff cost	2.2%	3.0%	2.5%



Main peers 2023e

		Europe					USA				
EUR Mn		Ashtead Group	VP	Speedy Hire	HSS Hire Group	Average	United Rentals	Herc Rentals	H&E Equipment S.	Average	GAM
Market data	Ticker (Factset)	AHT-GB	VP-GB	SDY-GB	HSS-GB		URI-US	HRI-US	HEES-US		GAM-ES
	Country	UK	UK	UK	UK		USA	USA	USA		Spain
	Market cap	26,022.3	296.6	174.2	115.6		22,947.6	2,908.6	1,318.5		136.2
	Enterprise value (EV)	34,261.7	530.5	370.4	222.5		34,529.6	6,562.6	2,589.8		331.2
Basic financial information	Total Revenues	10,085.5	440.0	532.4	406.6		13,144.5	3,114.3	1,318.2		274.2
	Total Revenues growth	12.4%	3.8%	4.4%	5.5%	6.5%	20.9%	21.8%	13.5%	18.7%	21.4%
	2y CAGR (2023e - 2025e)	9.7%	1.6%	4.1%	3.5%	4.7%	5.2%	9.6%	5.6%	6.8%	9.2%
	EBITDA	4,643.5	128.0	125.1	85.6		6,287.7	1,398.9	595.3		65.2
	EBITDA growth	13.0%	3.9%	4.9%	9.0%	7.7%	23.6%	25.9%	20.5%	23.4%	29.8%
	2y CAGR (2023e - 2025e)	12.3%	5.1%	n.a.	3.4%	6.9%	4.3%	9.1%	4.2%	5.9%	12.8%
	EBITDA/Revenues	46.0%	29.1%	23.5%	21.1%	29.9%	47.8%	44.9%	45.2%	46.0%	23.8%
	EBIT	2,741.7	59.6	53.5	38.5		3,646.2	685.2	243.4		30.3
	EBIT growth	13.1%	7.3%	8.0%	23.0%	12.9%	20.8%	31.3%	22.0%	24.7%	78.6%
	2y CAGR (2023e - 2025e)	10.5%	2.5%	27.4%	5.0%	11.3%	6.3%	10.9%	11.4%	9.5%	23.3%
	EBIT/Revenues	27.2%	13.5%	10.1%	9.5%	15.1%	27.7%	22.0%	18.5%	22.7%	11.1%
	Net Profit	1,754.3	38.1	27.1	19.7		2,329.9	376.0	142.3		13.5
	Net Profit growth	12.1%	5.7%	n.a.	-17.0%	0.3%	18.6%	22.1%	14.0%	18.2%	75.1%
	2y CAGR (2023e - 2025e)	12.1%	1.7%	14.1%	6.3%	8.5%	6.9%	11.6%	14.2%	10.9%	38.8%
	CAPEX/Sales %	26.2%	14.0%	6.4%	8.5%	13.8%	22.1%	40.5%	19.3%	27.3%	12.0%
Free Cash Flow	838.2	23.9	17.3	5.0		1,906.5	(149.8)	(57.0)		(31.3)	
Net financial debt	7,797.5	183.4	171.5	42.1		9,935.2	3,356.5	1,237.1		210.9	
ND/EBITDA (x)	1.7	1.4	1.4	0.5	1.2	1.6	2.4	2.1	2.0	3.2	
Pay-out	24.9%	47.7%	57.2%	24.9%	38.7%	10.7%	13.9%	25.9%	16.9%	0.0%	
Multiples and Ratios	P/E (x)	14.6	7.8	6.3	6.1	8.7	9.2	8.0	9.4	8.8	10.1
	P/BV (x)	4.3	1.4	0.7	n.a.	2.2	2.8	n.a.	2.9	2.8	1.3
	EV/Revenues (x)	3.4	1.2	0.7	0.5	1.5	2.6	2.1	2.0	2.2	1.2
	EV/EBITDA (x)	7.4	4.1	3.0	2.6	4.3	5.5	4.7	4.4	4.8	5.1
	EV/EBIT (x)	12.5	8.9	6.9	5.8	8.5	9.5	9.6	10.6	9.9	10.9
	ROE	29.8	18.4	11.4	n.a.	19.9	30.8	n.a.	30.5	30.6	13.5
	FCF Yield (%)	3.2	8.1	9.9	4.3	6.4	8.3	n.a.	n.a.	8.3	n.a.
	DPS	0.98	0.46	0.03	0.01	0.37	3.52	1.77	1.03	2.10	0.00
	Dvd Yield	1.7%	6.2%	7.9%	4.2%	5.0%	1.1%	1.7%	2.8%	1.9%	0.0%

- (1) Financial data, multiples and ratios based on market consensus (Factset). In the case of the company analyzed, own estimates (Lighthouse).
(2) All ratios and multiples on EBITDA refer to total EBITDA (not to recurrent EBITDA).

Historical performance

Historical performance (EUR Mn)	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023e	2024e	2025e	CAGR 12-22	CAGR 22-25e
Total Revenues	139.6	120.8	103.9	105.1	105.2	116.4	132.2	143.1	134.1	169.1	225.8	274.2	302.2	326.8	4.9%	13.1%
Total Revenues growth	-30.5%	-13.5%	-14.0%	1.2%	0.0%	10.7%	13.6%	8.2%	-6.3%	26.1%	33.5%	21.4%	10.2%	8.1%		
EBITDA	10.9	5.0	4.8	6.1	14.1	22.4	24.3	32.8	29.8	35.7	50.2	65.2	75.4	82.9	16.5%	18.2%
EBITDA growth	-44.4%	-54.6%	-4.1%	27.6%	133.2%	58.7%	8.5%	34.5%	-8.9%	19.8%	40.4%	29.8%	15.7%	10.0%		
EBITDA/Sales	7.8%	4.1%	4.6%	5.8%	13.4%	19.3%	18.4%	22.9%	22.2%	21.1%	22.2%	23.8%	24.9%	25.4%		
Net Profit	(61.3)	(17.1)	(28.3)	(5.8)	(11.1)	(7.7)	(4.0)	40.0	1.1	2.6	7.7	13.5	18.9	26.0	7.8%	50.0%
Net Profit growth	52.1%	72.2%	-65.7%	79.4%	-91.5%	30.5%	47.9%	n.a.	-97.1%	130.4%	193.1%	75.1%	40.3%	37.3%		
Adjusted number shares (Mn)	5.9	5.9	6.5	24.4	43.4	43.5	43.5	36.0	66.2	94.6	94.6	94.6	94.6	94.6		
EPS (EUR)	-10.45	-2.91	-4.38	-0.24	-0.26	-0.18	-0.09	1.11	0.02	0.03	0.08	0.14	0.20	0.27	7.2%	49.9%
EPS growth	52.1%	72.2%	-50.5%	94.6%	-7.9%	30.7%	47.9%	n.a.	-98.4%	61.2%	n.a.	75.0%	40.3%	37.3%		
Ord. EPS (EUR)	-10.45	-2.91	-4.38	-0.24	-0.26	-0.18	0.02	-0.01	0.03	0.03	0.07	0.14	0.20	0.27	7.2%	55.6%
Ord. EPS growth	52.1%	72.2%	-50.5%	94.6%	-7.9%	30.7%	n.a.	n.a.	n.a.	19.1%	n.a.	95.7%	40.3%	37.3%		
CAPEX	(0.7)	(0.3)	(0.3)	(23.7)	(31.3)	(22.9)	(24.8)	(21.8)	(22.4)	(31.1)	(51.2)	(32.9)	(33.2)	(34.3)		
CAPEX/Sales %	0.5%	0.2%	0.2%	22.6%	29.8%	19.7%	18.8%	15.2%	16.7%	18.4%	22.7%	12.0%	11.0%	10.5%		
Free Cash Flow	42.0	38.4	16.5	(2.6)	(14.2)	11.4	2.9	50.8	(10.1)	(21.3)	(19.6)	(31.3)	6.9	10.8	-9.4%	36.6%
ND/EBITDA (x) ⁽²⁾	32.5x	n.a.	n.a.	27.1x	12.3x	7.8x	7.7x	3.7x	3.6x	4.1x	3.6x	3.2x	2.7x	2.3x		
P/E (x)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	66.1x	53.8x	13.1x	10.1x	7.2x	5.2x		
EV/Sales (x)	2.67x	2.65x	2.64x	2.32x	2.54x	1.98x	1.74x	1.59x	1.69x	1.87x	1.41x	1.21x	1.10x	1.01x		
EV/EBITDA (x) ⁽²⁾	34.2x	n.a.	n.a.	40.2x	18.9x	10.3x	9.5x	6.9x	7.6x	8.8x	6.3x	5.1x	4.4x	4.0x		
Absolute performance	5.3%	80.0%	-70.8%	14.3%	16.7%	-41.1%	-22.4%	56.3%	-25.5%	31.1%	-28.8%	35.2%				
Relative performance vs Ibx 35	10.4%	48.2%	-71.9%	23.1%	19.1%	-45.1%	-8.8%	39.8%	-11.9%	21.5%	-24.6%	19.8%				

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

IFFE Futura (IFF) is building a large plant for the production of Omega-3. Once on stream, the plant will be able to produce 10,000 Tn of Omega-3 (the largest in Spain), that, once on stream, will represent a large step-up in size for the company. The production of Omega-3 will become, de facto, IFFES

Market Data

Market Cap (Mn EUR and USD)	40.8	43.7
EV (Mn EUR and USD)	49.3	52.8
Shares Outstanding (Mn)	37.8	
-12m (Max/Med/Min EUR)	1.20 / 0.78 / 0.49	
Daily Avg volume (-12m Mn EUR)	0.03	
Rotation ⁽¹⁾	16.2	
Factset / Bloomberg	IFF-ES / IFF SM	
Close fiscal year	31-Dec	

Shareholders Structure (%)

David Carro	16.7
Inveready	7.4
José Poza	5.0
Free Float	70.8

Financials (Mn EUR)

	2022	2023e	2024e	2025e
Adj. nº shares (Mn)	37.8	37.8	37.8	37.8
Total Revenues	0.8	0.9	7.7	18.0
Rec. EBITDA	-1.2	-1.4	0.4	4.2
% growth	n.a.	-12.5	126.3	n.a.
% Rec. EBITDA/Rev.	n.a.	n.a.	4.8	23.4
% Inc. EBITDA sector ⁽²⁾	19.3	14.1	8.5	7.1
Net Profit	-3.1	-2.9	-1.4	1.6
EPS (EUR)	-0.08	-0.08	-0.04	0.04
% growth	n.a.	5.4	52.2	214.9
Ord. EPS (EUR)	-0.04	-0.08	-0.04	0.04
% growth	-329.9	-104.2	52.2	214.9
Rec. Free Cash Flow	-2.6	-12.5	-2.9	0.6
Pay-out (%)	0.0	0.0	0.0	0.0
DPS (EUR)	0.00	0.00	0.00	0.00
Net financial debt	4.9	17.4	20.3	19.7
ND/Rec. EBITDA (x)	n.a.	n.a.	n.a.	4.7
ROE (%)	n.a.	n.a.	n.a.	4.1
ROCE (%)	n.a.	n.a.	n.a.	4.9

Ratios & Multiples (x)

	2022	2023e	2024e	2025e
P/E	n.a.	n.a.	n.a.	25.6
Ord. P/E	n.a.	n.a.	n.a.	25.6
P/BV	1.0	1.0	1.1	1.0
Dividend Yield (%)	0.0	0.0	0.0	0.0
EV/Sales	n.a.	n.a.	6.41	2.73
EV/Rec. EBITDA	n.a.	n.a.	n.a.	11.7
EV/EBIT	n.a.	n.a.	n.a.	13.8
FCF Yield (%)	n.a.	n.a.	n.a.	1.4

Historical behavior (base 100)


	(%)	-1m	-3m	-12m	-5Y
Absolute		-1.8	-10.0	89.5	24.2

(1) Rotation is the % of the capitalisation traded - 12m.

(2) Sector: Stoxx Europe 600 Food & Beverage.

MOMENTUM: WHAT DO WE EXPECT FROM 2023E?

In 2022, IFFE answered the big question regarding financing of its Omega-3 plant, raising a total of EUR 18Mn from: i) Inveready (EUR 7.1Mn in convertible bonds and EUR 2Mn in convertible loans, both with a conversion price of EUR 0.33/share), ii) capital increase (EUR 4.1Mn), iii) loan from Sabadell (EUR 4Mn) and iv) XesGalicia, the Xunta de Galicia's venture capital company (EUR 1.3Mn).

2023e could be seen as one of transition. The final stage in construction of the Omega-3 plant will continue in 2023, so the plant is unlikely to enter into operation until 1Q24. So 2023e can be seen as a transition year (with total revenues amounting to c. EUR 1Mn and negative EBITDA).

EQUITY STORY HIGHLIGHTS: WHAT TO WATCH FOR?

IFFE Biotech, the dominant business (visible as of 2024e). IFFE Biotech is a major project (with >80% of construction completed) that, once it comes on stream, will enable IFFE to produce as much as c. 10,000Tn of Omega-3, making it the largest production plant of its kind in Spain. Moreover, Natac (a company with experience in natural ingredients) is a shareholder (with a 20% stake in IFFE Biotech).

Operations in a growth sector (+8% CAGR) set to continue attracting investment. The Omega-3 market is underpinned by macro trends (health through diet). The main drivers are: i) the ageing population, ii) the increase in cardiovascular disease caused by a sedentary lifestyle and iii) regulation that encourages consumption of "healthy" foods.

A considerable step-up in size should be visible in 2025e. In 2025e, despite still relatively moderate plant capacity utilisation levels (c. 15% vs a theoretical maximum capacity of c.85%), we estimate revenue of c. EUR 18Mn and EBITDA of EUR 4.2Mn (EBITDA margin of 23.4%). This should leave IFFE in position to surpass break-even in FCF (c. EUR 1.3Mn).

A project that "encompasses" an excellent opportunity: to reach higher plant utilisation levels (...but not until 2026e). IFFE should be looked at from a long-term perspective. In 2026e, we estimate utilisation rates of c.30% (vs a theoretical maximum rate of > c. 85%) would allow for production of c. 3,000Tn on Omega-3 (average selling price: EUR 14/Kg) and enable IFFE to obtain revenue of around EUR 39Mn and EBITDA of EUR 11.8Mn (EBITDA margin of c. 30%). This amounts to an excellent long-term business opportunity.

RISKS: WHAT TO KEEP AN EYE ON?

Execution of the project and start-up of the Omega-3 plant: Despite the plant's advanced stage, the start of operations could be delayed due to: i) the rate of execution of the remaining construction work, ii) budget overruns that could push back commissioning and iii) the development of a product that meets the (legal) standards of quality required to begin sales.

Dilution for shareholders. IFFE has entered into convertible financial instruments, with a conversion price of EUR 0.33/share (maturity in 2027). With conversion of both instruments, Inveready would become IFFE's main shareholder, with c. 46% of its shares (implying c.42% of additional dilution for shareholders).

VALUATION METRICS: WHAT DO THE MULTIPLES TELL US?

After the strong share price performance, now what? The financing agreements disclosed in 2022 marked a genuine watershed moment for the company. And the market has taken note: since then, the share price has risen by 90%. And now what? 2023e and 2024e multiples are irrelevant (start-up of activity in 2024e; still in ramp-up stage). Looking ahead to 2025e: EV/EBITDA 11.7x (13% of total utilisation), before falling to c. 4x in 2026e: a compelling multiple, but still exposed to considerable uncertainty.



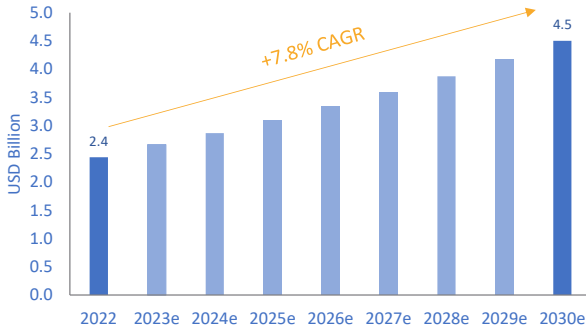
Financial Projections

Balance Sheet (EUR Mn)	2018	2019	2020	2021	2022	2023e	2024e	2025e		
Intangible assets	1.2	5.4	5.3	3.3	6.3	6.3	6.3	6.3		
Fixed assets	1.8	1.8	1.5	1.5	3.8	12.9	13.1	13.1		
Other Non Current Assets	0.2	0.3	0.5	1.1	1.8	1.8	1.8	1.8		
Financial Investments	3.5	3.4	3.9	3.8	5.8	5.8	5.8	5.8		
Goodwill & Other Intangibles	-	32.5	32.5	33.5	31.4	31.4	31.4	31.4		
Current assets	1.0	2.0	2.2	1.5	1.8	1.9	2.6	4.3		
Total assets	7.8	45.4	46.0	44.5	50.8	60.0	61.0	62.7		
Equity	6.2	36.0	41.1	37.7	42.2	39.2	37.9	39.5		
Minority Interests	-	1.4	0.5	0.3	1.4	1.4	1.4	1.4		
Provisions & Other L/T Liabilities	0.0	3.8	0.0	2.5	0.4	0.4	0.4	0.4		
Other Non Current Liabilities	-	-	-	-	-	-	-	-		
Net financial debt	0.6	3.1	3.2	3.3	4.9	17.4	20.3	19.7		
Current Liabilities	0.9	1.1	1.1	0.8	2.0	1.5	1.0	1.7		
Equity & Total Liabilities	7.8	45.4	46.0	44.5	50.8	60.0	61.0	62.7		
									CAGR	
P&L (EUR Mn)	2018	2019	2020	2021	2022	2023e	2024e	2025e	18-22	22-25e
Total Revenues	0.9	1.4	1.0	1.1	0.8	0.9	7.7	18.0	-3.0%	n.a.
Total Revenues growth	-8.1%	52.7%	-27.7%	5.6%	-24.2%	10.0%	755.7%	134.6%		
COGS	(0.2)	(0.2)	(0.3)	(0.3)	(0.2)	(0.3)	(3.7)	(8.9)		
Gross Margin	0.8	1.2	0.7	0.8	0.6	0.6	4.0	9.1	-6.7%	n.a.
Gross Margin/Revenues	82.8%	88.3%	70.9%	75.4%	71.0%	66.5%	52.4%	50.7%		
Personnel Expenses	(0.5)	(0.5)	(0.5)	(0.5)	(0.6)	(1.4)	(2.0)	(2.0)		
Other Operating Expenses	(0.2)	(0.5)	(0.4)	(0.4)	(1.2)	(0.6)	(1.7)	(2.9)		
Recurrent EBITDA	0.0	0.3	(0.3)	(0.1)	(1.2)	(1.4)	0.4	4.2	n.a.	75.4%
Recurrent EBITDA growth	-64.1%	410.3%	-202.3%	77.7%	n.a.	-12.5%	126.3%	n.a.		
Rec. EBITDA/Revenues	5.3%	17.8%	n.a.	n.a.	n.a.	n.a.	4.8%	23.4%		
Restructuring Expense & Other non-rec.	(0.2)	(0.2)	-	-	0.1	-	-	-		
EBITDA	(0.1)	0.1	(0.3)	(0.1)	(1.1)	(1.4)	0.4	4.2	-70.5%	80.3%
Depreciation & Provisions	(0.0)	(0.0)	0.9	(0.0)	(0.0)	(0.6)	(0.6)	(0.6)		
Capitalized Expense	-	-	-	-	0.3	0.3	0.3	-		
Rentals (IFRS 16 impact)	-	-	-	-	-	-	-	-		
EBIT	(0.2)	0.0	0.6	(0.1)	(0.9)	(1.7)	(0.0)	3.6	-54.6%	82.6%
EBIT growth	-130.9%	118.7%	n.a.	-115.7%	-810.7%	-96.1%	99.5%	n.a.		
EBIT/Revenues	n.a.	2.0%	59.7%	n.a.	n.a.	n.a.	n.a.	19.8%		
Impact of Goodwill & Others	-	0.3	-	-	-	-	-	-		
Net Financial Result	(0.1)	(0.1)	(0.1)	(0.1)	(0.4)	(1.2)	(1.4)	(1.4)		
Income by the Equity Method	-	-	-	-	-	-	-	-		
Ordinary Profit	(0.2)	0.2	0.5	(0.2)	(1.3)	(2.9)	(1.4)	2.1	-55.4%	53.8%
Ordinary Profit Growth	-146.9%	210.7%	119.5%	-137.1%	-545.5%	-123.5%	52.2%	253.1%		
Extraordinary Results	0.0	0.1	(0.1)	0.3	(3.2)	-	-	-		
Profit Before Tax	(0.2)	0.4	0.4	0.1	(4.5)	(2.9)	(1.4)	2.1	n.a.	35.2%
Tax Expense	0.0	(0.0)	0.1	(0.0)	1.4	-	-	(0.5)		
Effective Tax Rate	n.a.	2.6%	n.a.	29.1%	n.a.	n.a.	n.a.	25.0%		
Minority Interests	-	(0.0)	-	-	0.0	-	-	-		
Discontinued Activities	-	-	-	-	-	-	-	-		
Net Profit	(0.1)	0.3	0.6	0.1	(3.1)	(2.9)	(1.4)	1.6	n.a.	36.1%
Net Profit growth	-30.8%	324.8%	81.6%	-86.8%	n.a.	5.4%	52.2%	214.9%		
Ordinary Net Profit	(0.0)	0.4	0.5	(0.2)	(1.4)	(2.9)	(1.4)	1.6	n.a.	46.1%
Ordinary Net Profit growth	-151.5%	965.5%	38.8%	-137.1%	-606.5%	-104.2%	52.2%	214.9%		
									CAGR	
Cash Flow (EUR Mn)	2018	2019	2020	2021	2022	2023e	2024e	2025e	18-22	22-25e
Recurrent EBITDA						(1.4)	0.4	4.2	n.a.	75.4%
Rentals (IFRS 16 impact)						-	-	-		
Working Capital Increase						(0.6)	(1.2)	(1.0)		
Recurrent Operating Cash Flow						-2.0	-0.9	3.2	-27.7%	n.a.
CAPEX						(9.3)	(0.6)	(0.6)		
Net Financial Result affecting the Cash Flow						(1.2)	(1.4)	(1.4)		
Tax Expense						-	-	(0.5)		
Recurrent Free Cash Flow						(12.5)	(2.9)	0.6	-66.5%	30.4%
Restructuring Expense & Other non-rec.						-	-	-		
- Acquisitions / + Divestures of assets						-	-	-		
Extraordinary Inc./Exp. Affecting Cash Flow						-	-	-		
Free Cash Flow						(12.5)	(2.9)	0.6	-81.2%	30.7%
Capital Increase						-	-	-		
Dividends						-	-	-		
Net Debt Variation						12.5	2.9	(0.6)		

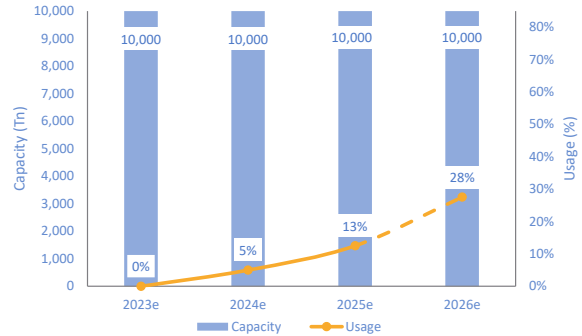


The company in 8 charts

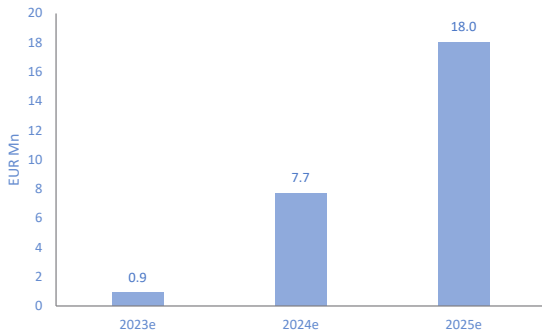
Demand for Omega-3 provides a strong industry driver (+7.8% CAGR 2022-2030e)



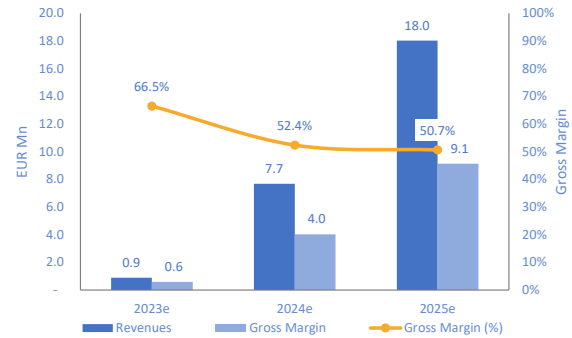
IFFE's Omega-3 plant will have the capacity to produce c. 10,000Tn...



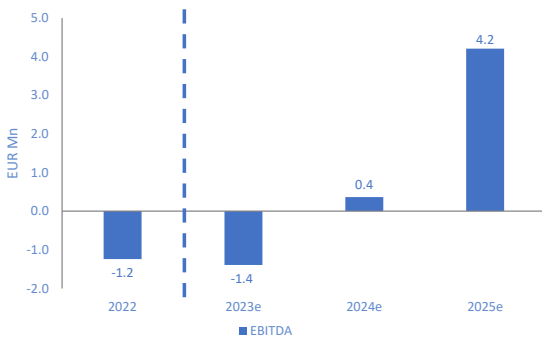
The plant's start-up will ensure a real step-up in scale for IFFE's business (revenue in 2025e of EUR 23.5Mn)



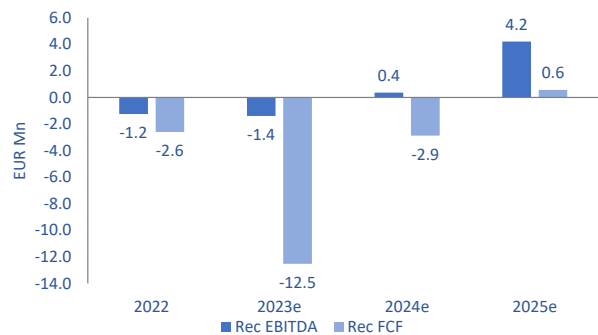
We estimate a gross margin of c. 50% for the IFFE Biotech business



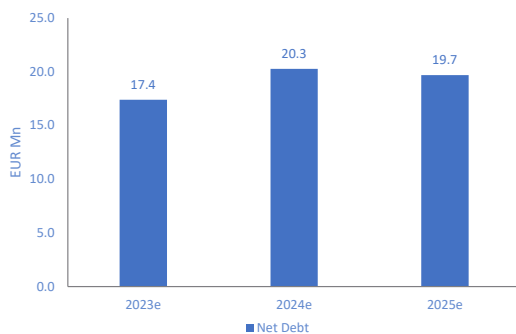
And high operational gearing, which leaves room for sharp improvement in recurring EBITDA



Although positive FCF will have to wait until 2025e



CAPEX required to conclude the Omega-3 plant construction will increase the Net Debt 2023e to c. EUR 17.4Mn



The opportunity: achieve higher utilisation rates (2026e)

	2026e	
Scenarios (main hypothesis)	Central	Positive
% Utilization (s/Capacity processed)	29.3%	35.1%
Selling price (EUR/Kg)	13.6	13.6
Purchase price (EUR/Kg)	6.3	6.3
Recurrent Cash Flow		
Revenues	39.0	46.6
Rec. EBITDA	11.8	14.5
Rec. EBITDA / Revenues	30.2%	31.2%
Rec. Free Cash Flow	4.0	4.9
Rec. FCF Var. vs central scenario	0.0%	22.5%
EV/EBITDA	4.0x	3.3x

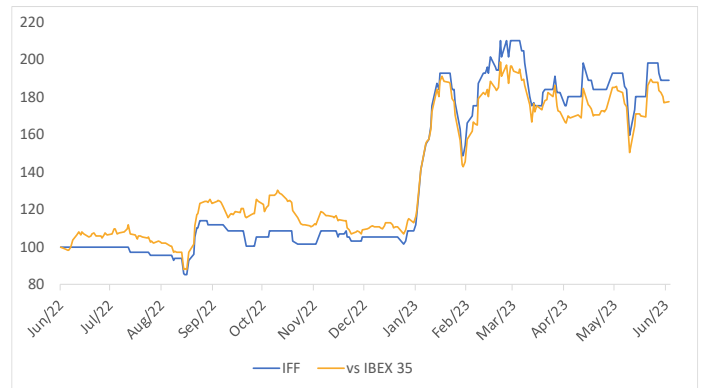


Evolution of the share price

Historical behavior vs Ibex 35 (base 100)



Behavior -1y vs Ibex 35 (base 100)



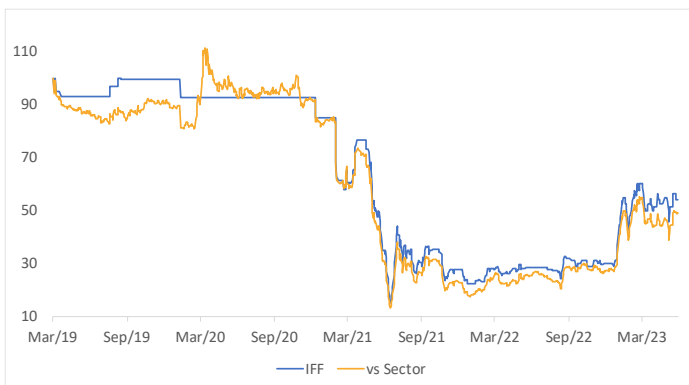
Historical behavior vs Ibex Small Cap (base 100)



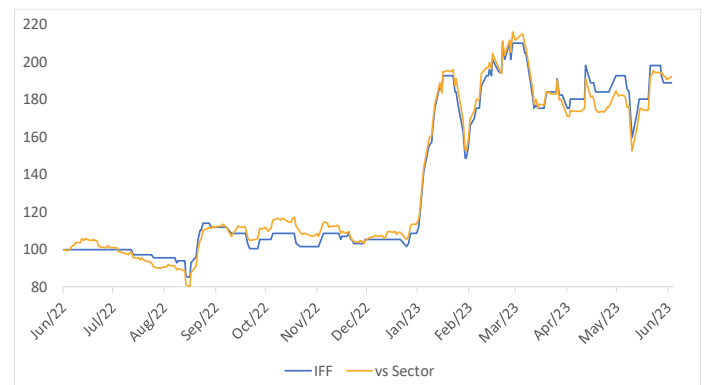
Behavior -1y vs Ibex Small Cap (base 100)



Historical behavior vs Sector⁽¹⁾ (base 100)



Behavior -1y vs Sector⁽¹⁾ (base 100)



(1) Sector: Stoxx Europe 600 Food & Beverage

Stock performance (%)	-1m	-3m	-12m	YTD	-3Y	-5Y
Absolute	-1.8	-10.0	89.5	74.2	-41.6	24.2
vs Market						
vs Ibex 35	-3.3	-8.3	78.0	54.3	-50.5	29.5
vs Euro STOXX 50	-0.7	-10.0	67.0	53.9	-54.0	0.0
vs Small Cap References						
vs Ibex Small Cap Index	-2.0	0.5	118.4	62.3	-52.6	24.7
vs Micro Cap Spain Universe ⁽¹⁾	-2.0	-7.2	106.3	59.9	-58.7	15.5
vs MSCI Europe Micro Cap	-0.2	-4.5	116.6	75.4	-50.5	15.6
vs Sector						
vs Stoxx Europe 600 Food & Beverage	5.4	-9.3	92.4	69.1	-47.2	n.a.

(1) [Constituents on page 10](#)



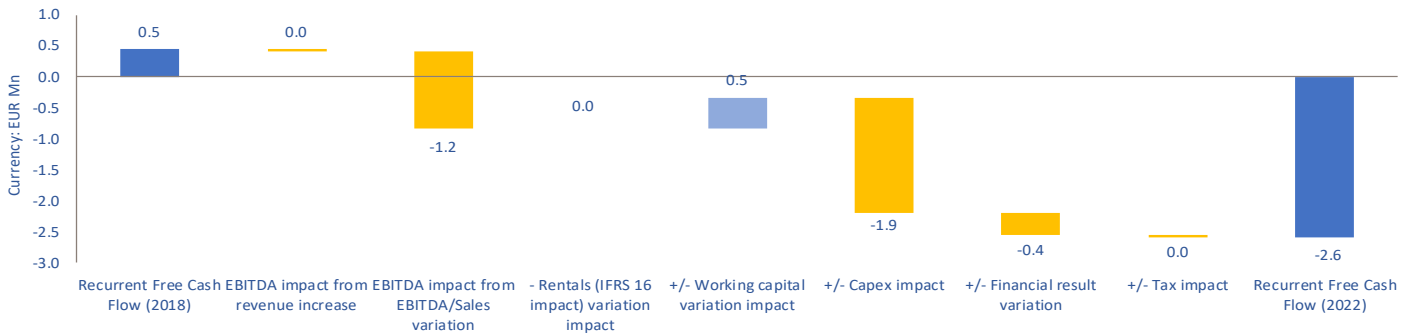
Free Cash Flow (I)

A) Cash Flow Analysis (EUR Mn)	2019	2020	2021	2022	2023e	2024e	2025e	CAGR	
								19-22	22-25e
Recurrent EBITDA	0.3	(0.3)	(0.1)	(1.2)	(1.4)	0.4	4.2	-90.8%	75.4%
<i>Recurrent EBITDA growth</i>	410.3%	-202.3%	77.7%	n.a.	-12.5%	126.3%	n.a.		
<i>Rec. EBITDA/Revenues</i>	17.8%	n.a.	n.a.	n.a.	n.a.	4.8%	23.4%		
- Rentals (IFRS 16 impact)	-	-	-	-	-	-	-		
+/- Working Capital increase	(0.8)	(0.1)	0.4	0.9	(0.6)	(1.2)	(1.0)		
= Recurrent Operating Cash Flow	(0.6)	(0.4)	0.3	(0.3)	(2.0)	(0.9)	3.2	19.0%	n.a.
<i>Rec. Operating Cash Flow growth</i>	-223.7%	38.8%	181.0%	-207.2%	-530.9%	57.2%	474.1%		
<i>Rec. Operating Cash Flow / Sales</i>	n.a.	n.a.	27.3%	n.a.	n.a.	n.a.	17.7%		
- CAPEX	(0.0)	(0.4)	0.0	(1.9)	(9.3)	(0.6)	(0.6)		
- Net Financial Result affecting Cash Flow	(0.1)	(0.1)	(0.1)	(0.4)	(1.2)	(1.4)	(1.4)		
- Taxes	(0.0)	0.1	(0.0)	-	-	-	(0.5)		
= Recurrent Free Cash Flow	(0.7)	(0.7)	0.2	(2.6)	(12.5)	(2.9)	0.6	-55.5%	30.4%
<i>Rec. Free Cash Flow growth</i>	-251.3%	-4.1%	124.2%	n.a.	-382.4%	77.0%	119.8%		
<i>Rec. Free Cash Flow / Revenues</i>	n.a.	n.a.	16.2%	n.a.	n.a.	n.a.	3.1%		
- Restructuring expenses & others	(0.2)	-	-	0.1	-	-	-		
- Acquisitions / + Divestments	0.7	-	-	-	-	-	-		
+/- Extraordinary Inc./Exp. affecting Cash Flow	(1.3)	-	-	-	-	-	-		
= Free Cash Flow	(1.5)	(0.7)	0.2	(2.4)	(12.5)	(2.9)	0.6	-17.0%	30.7%
<i>Free Cash Flow growth</i>	-649.0%	53.0%	124.2%	n.a.	-411.8%	77.0%	119.8%		
<i>Recurrent Free Cash Flow - Yield (s/Mkt Cap)</i>	n.a.	n.a.	0.4%	n.a.	n.a.	n.a.	1.4%		
<i>Free Cash Flow Yield (s/Mkt Cap)</i>	n.a.	n.a.	0.4%	n.a.	n.a.	n.a.	1.4%		
B) Analytical Review of Annual Recurrent Free Cash Flow Performance (Eur Mn)									
	2019	2020	2021	2022	2023e	2024e	2025e	CAGR	
Recurrent FCF(FY - 1)	0.5	(0.7)	(0.7)	0.2	(2.6)	(12.5)	(2.9)		
EBITDA impact from revenue increase	0.0	(0.1)	(0.0)	0.0	(0.1)	(10.5)	0.5		
EBITDA impact from EBITDA/Sales variation	0.2	(0.4)	0.2	(1.2)	(0.0)	12.3	3.4		
= Recurrent EBITDA variation	0.2	(0.5)	0.2	(1.2)	(0.2)	1.8	3.8		
- Rentals (IFRS 16 impact) variation impact	-	-	-	-	-	-	-		
+/- Working capital variation impact	(1.3)	0.7	0.5	0.6	(1.5)	(0.6)	0.2		
= Recurrent Operating Cash Flow variation	(1.1)	0.2	0.7	(0.6)	(1.7)	1.1	4.0		
+/- CAPEX impact	0.0	(0.4)	0.5	(1.9)	(7.5)	8.7	(0.0)		
+/- Financial result variation	(0.0)	0.0	(0.0)	(0.3)	(0.8)	(0.2)	(0.1)		
+/- Tax impact	(0.1)	0.2	(0.2)	0.0	-	-	(0.5)		
= Recurrent Free Cash Flow variation	(1.1)	(0.0)	0.9	(2.8)	(9.9)	9.6	3.4		
Recurrent Free Cash Flow	(0.7)	(0.7)	0.2	(2.6)	(12.5)	(2.9)	0.6		
C) "FCF to the Firm" (pre debt service) (EUR Mn)									
	2019	2020	2021	2022	2023e	2024e	2025e	CAGR	
EBIT	0.0	0.6	(0.1)	(0.9)	(1.7)	(0.0)	3.6	n.a.	82.6%
* Theoretical Tax rate	2.6%	0.0%	0.0%	0.0%	0.0%	0.0%	25.0%		
= Taxes (pre- Net Financial Result)	(0.0)	-	-	-	-	-	(0.9)		
Recurrent EBITDA	0.3	(0.3)	(0.1)	(1.2)	(1.4)	0.4	4.2	-90.8%	75.4%
- Rentals (IFRS 16 impact)	-	-	-	-	-	-	-		
+/- Working Capital increase	(0.8)	(0.1)	0.4	0.9	(0.6)	(1.2)	(1.0)		
= Recurrent Operating Cash Flow	(0.6)	(0.4)	0.3	(0.3)	(2.0)	(0.9)	3.2	19.0%	n.a.
- CAPEX	(0.0)	(0.4)	0.0	(1.9)	(9.3)	(0.6)	(0.6)		
- Taxes (pre- Financial Result)	(0.0)	-	-	-	-	-	(0.9)		
= Recurrent Free Cash Flow (To the Firm)	(0.6)	(0.8)	0.3	(2.2)	(11.3)	(1.5)	1.6	-53.9%	40.3%
<i>Rec. Free Cash Flow (To the Firm) growth</i>	-224.3%	-34.8%	139.0%	-794.3%	-422.3%	86.8%	210.3%		
<i>Rec. Free Cash Flow (To the Firm) / Revenues</i>	n.a.	n.a.	29.0%	n.a.	n.a.	n.a.	9.1%		
- Acquisitions / + Divestments	0.7	-	-	-	-	-	-		
+/- Extraordinary Inc./Exp. affecting Cash Flow	(1.3)	-	-	-	-	-	-		
= Free Cash Flow "To the Firm"	(1.3)	(0.8)	0.3	(2.2)	(11.3)	(1.5)	1.6	-20.0%	40.3%
<i>Free Cash Flow (To the Firm) growth</i>	-362.2%	36.1%	139.0%	-794.3%	-422.3%	86.8%	210.3%		
<i>Rec. Free Cash Flow To the Firm Yield (o/EV)</i>	n.a.	n.a.	0.6%	n.a.	n.a.	n.a.	3.3%		
<i>Free Cash Flow "To the Firm" - Yield (o/EV)</i>	n.a.	n.a.	0.6%	n.a.	n.a.	n.a.	3.3%		

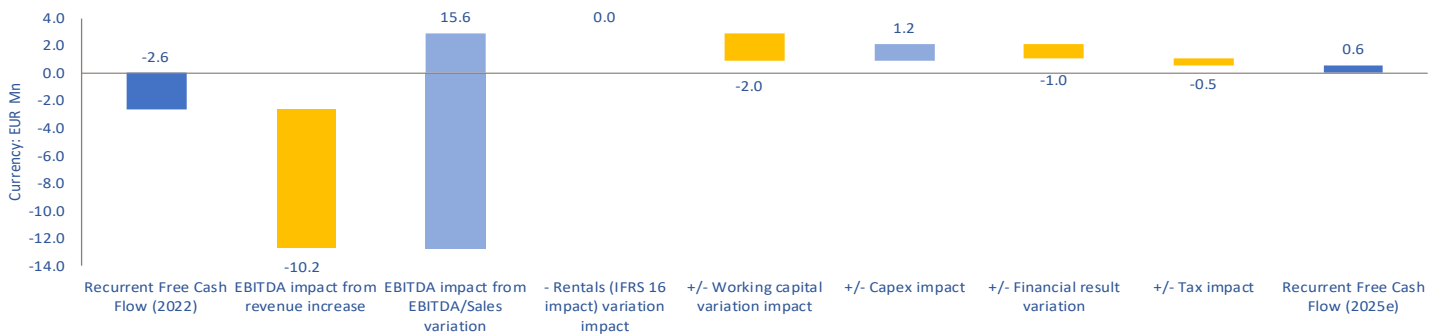


Free Cash Flow (II)

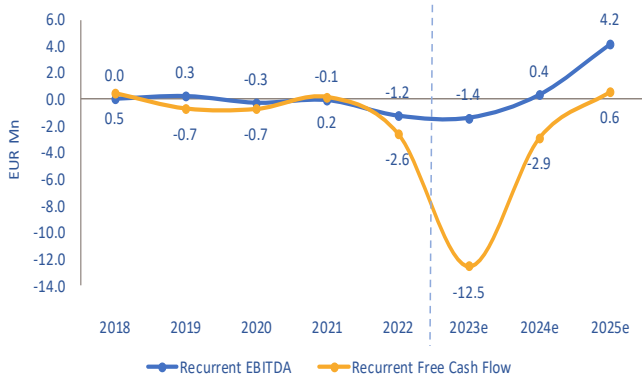
Recurrent Free Cash Flow accumulated variation analysis (2018 - 2022)



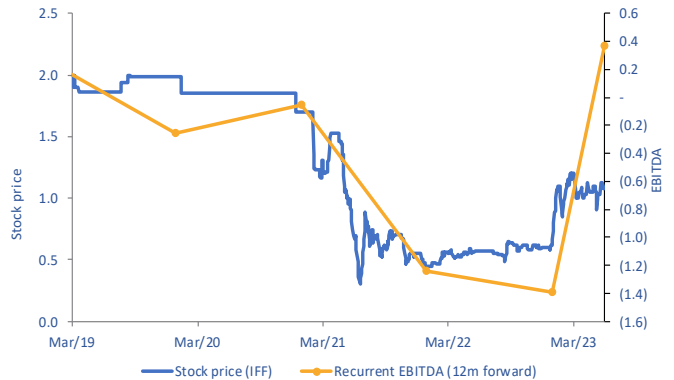
Recurrent Free Cash Flow accumulated variation analysis (2022 - 2025e)



Recurrent EBITDA vs Recurrent Free Cash Flow



Stock performance vs EBITDA 12m forward





Valuation inputs

Inputs for the DCF Valuation Approach

	2023e	2024e	2025e	Terminal Value ⁽¹⁾		
Free Cash Flow "To the Firm"	(11.3)	(1.5)	1.6	n.a.		
Market Cap	40.8	At the date of this report				
Net financial debt	4.9	Debt net of Cash (12m Results 2022)				
					Best Case	Worst Case
Cost of Debt	3.0%	Net debt cost			2.8%	3.3%
Tax rate (T)	20.0%	T (Normalised tax rate)			=	=
Net debt cost	2.4%	Kd = Cost of Net Debt * (1-T)			2.2%	2.6%
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)	89.3%	E (Market Cap as equity value)			=	=
Net Debt / (Equity + Net Debt)	10.7%	D			=	=
WACC	9.2%	WACC = Kd * D + Ke * E			8.1%	10.2%
G "Fair"	1.5%				2.0%	1.0%

(1) The terminal value calculated beyond the last FCF estimate does not reflect the company's growth potential (positive/negative) at the date of publication of this report.

EV breakdown at the date of this report

	EUR Mn	Source
Market Cap	40.8	
+ Minority Interests	0.0	12m Results 2022
+ Provisions & Other L/T Liabilities	0.0	12m Results 2022
+ Net financial debt	4.9	12m Results 2022
- Financial Investments	5.8	12m Results 2022
+/- Others ⁽¹⁾	9.3	Lighthouse
Enterprise Value (EV)	49.3	

(1) Additional CAPEX agreed for the completion of the omega-3 plant.

Business Value Creation Metrics ⁽¹⁾

	2018	2019	2020	2021	2022
ROCE (evolution -5y)	n.a.	0.1%	1.5%	n.a.	n.a.
	2022	2025e			
ROCE - WACC	n.a.	-4.3%			
FCF Yield - WACC	n.a.	-7.6%			

(1) FCF Yield to the Firm (see Free Cash Flow Analysis (I)). Detail of the WACC on this page.

Main Corporate Governance indicators

KPI	2020	2021	2022
% of independent directors	0.0%	40.0%	28.6%
% of proprietary directors	25.0%	20.0%	42.9%
% of executive directors	75.0%	40.0%	28.6%
% of other directors	0.0%	0.0%	0.0%
% of women on the board of directors	0.0%	20.0%	14.3%
% of women out of total workforce	46.7%	43.8%	52.9%
Board + senior management remuneration/staff cost	6.2%	6.9%	8.9%



Main peers 2023e

		Grandes operadores globales integrados						
EUR Mn		Austevoll Seafood	Amarín	Croda International	DSM - Firmenich	BASF	Average	IFF
Market data	Ticker (Factset)	AUSS-NO	AMRN-US	CRDA-GB	DSFIR-NL	BAS-DE		IFF-ES
	Country	Norway	Ireland	UK	Switzerland	Germany		Spain
	Market cap	1,467.2	471.5	10,049.2	27,449.7	42,741.4		40.8
	Enterprise value (EV)	3,218.0	205.2	10,409.1	19,745.1	61,928.4		49.3
Basic financial information	Total Revenues	2,946.6	298.9	2,224.5	11,398.0	81,740.8		0.9
	Total Revenues growth	11.9%	-13.2%	-8.1%	-0.4%	-6.4%	-3.2%	10.0%
	2y CAGR (2023e - 2025e)	6.1%	13.1%	6.1%	10.0%	3.0%	7.7%	n.a.
	EBITDA	571.2	(62.6)	654.4	1,834.4	9,009.5		(1.4)
	EBITDA growth	16.5%	24.8%	-5.6%	144.3%	-15.4%	32.9%	-27.9%
	2y CAGR (2023e - 2025e)	6.3%	58.9%	8.6%	18.0%	11.4%	20.7%	n.a.
	EBITDA/Revenues	19.4%	n.a.	29.4%	16.1%	11.0%	19.0%	n.a.
	EBIT	427.3	(61.2)	542.2	902.2	5,166.5		(1.7)
	EBIT growth	24.2%	29.0%	-2.0%	20.1%	-23.6%	9.5%	-96.1%
	2y CAGR (2023e - 2025e)	9.9%	79.7%	9.3%	27.6%	16.0%	28.5%	n.a.
	EBIT/Revenues	14.5%	n.a.	24.4%	7.9%	6.3%	13.3%	n.a.
	Net Profit	193.3	(58.6)	390.9	507.7	3,726.4		(2.9)
	Net Profit growth	-8.2%	40.6%	-48.0%	-41.8%	694.3%	127.4%	5.4%
	2y CAGR (2023e - 2025e)	11.0%	64.5%	9.9%	40.7%	16.2%	28.5%	59.6%
	CAPEX/Sales %	5.7%	0.1%	9.9%	6.8%	7.4%	6.0%	1039.4%
Free Cash Flow	231.7	(10.2)	310.8	881.7	2,443.4		(12.5)	
Net financial debt	810.6	(214.3)	219.0	1,195.5	17,493.6		17.4	
ND/EBITDA (x)	1.4	n.a.	0.3	0.7	1.9	1.1	n.a.	
Pay-out	46.8%	n.a.	46.2%	76.2%	81.9%	62.8%	0.0%	
Multiples and Ratios	P/E (x)	8.5	n.a.	25.4	32.0	10.1	19.0	n.a.
	P/BV (x)	1.0	0.9	3.4	1.3	1.0	1.5	1.0
	EV/Revenues (x)	1.1	0.7	4.7	1.7	0.8	1.8	n.a.
	EV/EBITDA (x)	5.6	n.a.	15.9	10.8	6.9	9.8	n.a.
	EV/EBIT (x)	7.5	n.a.	19.2	21.9	12.0	15.1	n.a.
	ROE	11.7	n.a.	13.3	4.1	10.2	9.8	n.a.
	FCF Yield (%)	15.8	n.a.	3.1	3.2	5.7	7.0	n.a.
	DPS	0.45	n.a.	1.29	2.23	3.39	1.84	0.00
Dvd Yield	6.2%	n.a.	1.8%	2.2%	7.3%	4.4%	0.0%	

- (1) Financial data, multiples and ratios based on market consensus (Factset). In the case of the company analyzed, own estimates (Lighthouse).
(2) All ratios and multiples on EBITDA refer to total EBITDA (not to recurrent EBITDA).

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)	130.7	140.0
EV (Mn EUR and USD)	394.8	422.9
Shares Outstanding (Mn)	18.7	
-12m (Max/Med/Mín EUR)	8.10 / 7.49 / 6.91	
Daily Avg volume (-12m Mn EUR)	0.05	
Rotation ⁽¹⁾	10.0	
Factset / Bloomberg	ISUR-ES / ISUR SM	
Close fiscal year	31-Dec	

Shareholders Structure (%)

Board of Directors	64.4
Free Float	35.6

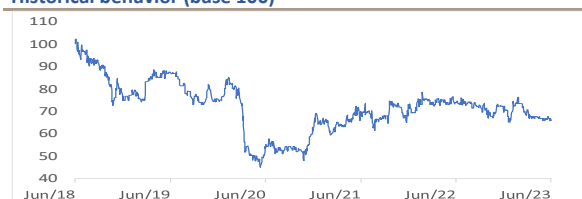
Financials (Mn EUR)

	2022	2023e	2024e	2025e
Adj. n° 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 ⁽²⁾	11.5	5.0	5.3	5.5
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	-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 (%)	4.0	4.4	5.5	7.9

Ratios & Multiples (x)

	2022	2023e	2024e	2025e
P/E	8.7	13.4	8.8	4.9
Ord. P/E	15.3	13.4	8.8	4.9
P/BV	1.0	0.9	0.9	0.8
Dividend Yield (%)	4.6	3.0	4.6	8.1
EV/Sales	3.35	2.69	1.99	1.49
EV/Rec. EBITDA	18.9	14.4	11.4	7.9
EV/EBIT	21.0	17.1	12.9	8.6
FCF Yield (%)	n.a.	n.a.	n.a.	6.5

Historical behavior (base 100)



(%)	-1m	-3m	-12m	-5Y
Absolute	-1.4	-6.7	-10.8	-34.1

(1) Rotation is the % of the capitalisation traded - 12m.

(2) Sector: Stoxx Europe 600 Real State.

MOMENTUM: WHAT DO WE EXPECT FROM 2023E?

The 1Q23 results (revenue: +14.2%) do not yet reflect the company's healthy business momentum... ISUR pre-sold 99 units in 1Q23 (vs. 120 in 1Q22 and 96 in 4Q22). Compared to year-end 2022, the cumulative pre-sales portfolio increased by 6.8% to 722 units (EUR 177.4Mn proportionate consolidation). The portfolio implies coverage of 92% and 39% of delivery guidance for 2023e and 2024e, respectively.

... which should become tangible in the coming quarters. The pre-sales slated for delivery in 2023e amount to EUR 86.1Mn, foreshadowing a rebound in the development business in the coming quarters. Our estimates assume the delivery of 400 units in 2023e (vs. 57 in 1Q). 2023e EBITDA: EUR 27Mn (+30% vs. 2022). The trend in deliveries and pre-sales in 2Q will be key to confirming our thesis.

EQUITY STORY HIGHLIGHTS: WHAT TO WATCH FOR?

A unique business model thanks to the combination of housing development and property management (injecting visibility). ISUR is a small property company whose business model combines development (residential and tertiary) with property management, underpinned by a portfolio of rental assets (office buildings, hotels, commercial premises and parking spaces), both commanding significant shares of GAV (40% development | 60% property management).

The existing land bank ensures significant growth in volumes in the development business. The land bank has development capacity of c.4,000 homes, of which 1,520 are already on the market (47.4% sold) and 1,200 are under construction (16 different developments).

A significant portion of the development business is conducted via joint ventures, so providing: i) the ability to take on large-scale projects; ii) higher returns on investment (via the provision of construction, management and marketing services); and iii) better risk diversification.

Tertiary development. With five tertiary property developments in the pipeline (c.120,000m²), this area should prove a major catalyst for the business (visible from 2025e). The company broke ground on the Ágora project (9,500m² of offices in Malaga) in 1Q23.

2022-24e: accelerating business volumes. Assuming a conservative scenario, we are estimating deliveries of at least 450 homes in 2024e (vs. 380 in 2022 and 400 in 2023e). By 2024e, we should be looking at a company with revenue of EUR 200Mn and EBITDA of c.EUR 35Mn (CAGR 2022-2024e: +29%).

RISKS: WHAT TO KEEP AN EYE ON?

Leverage (LTV: 43%). Leverage is in line with the average for the Spanish REITs (c.40%).

Slowdown in demand for housing. Buying land and building houses is, after all, the industrial (easy?) part of the development business. The difficulty lies with selling the homes developed. The current rate environment is pushing the cost of mortgages considerably higher, potentially dragging on demand for housing. It will be important to keep a close eye on pre-sales in the coming quarters.

VALUATION METRICS: WHAT DO THE MULTIPLES TELL US?

Discount to NAV of 61.6%. A high discount that is nevertheless in line with the traded real estate players. However, the acceleration locked in by the current land bank should allow it to grow faster than its peers (a factor that has apparently not gone unnoticed by the market and which may explain ISUR's relative outperformance in the past year (+27.5% vs. comps).



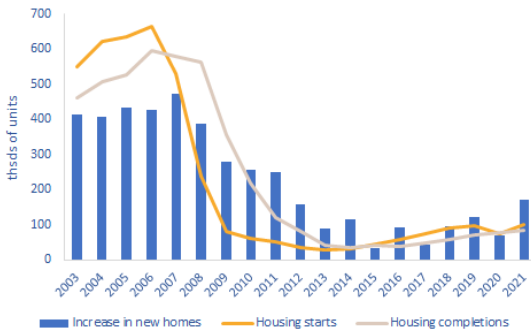
Financial Projections (Proportional Consolidation)

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%
Total Revenues growth	n.a.	7.8%	8.1%	-5.7%	-5.9%	24.3%	35.6%	33.4%		
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%
Gross Margin/Revenues	54.8%	61.6%	44.9%	49.0%	45.4%	45.0%	48.9%	46.0%		
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%
Recurrent EBITDA growth	n.a.	28.6%	9.5%	-8.5%	-7.0%	31.0%	27.2%	44.4%		
Rec. EBITDA/Revenues	15.3%	18.2%	18.5%	17.9%	17.7%	18.7%	17.5%	19.0%		
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%
EBIT growth	n.a.	20.6%	-44.4%	64.2%	-14.2%	23.1%	32.1%	50.4%		
EBIT/Revenues	17.5%	19.5%	10.1%	17.5%	16.0%	15.8%	15.4%	17.4%		
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%
Ordinary Profit Growth	n.a.	31.1%	-57.2%	120.1%	-17.1%	-4.5%	53.4%	77.3%		
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)		
Effective Tax Rate	24.1%	31.9%	28.2%	26.0%	24.4%	25.0%	25.0%	25.0%		
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%
Net Profit growth	n.a.	-12.2%	138.4%	-43.0%	24.9%	-35.2%	53.4%	77.3%		
Ordinary Net Profit	10.1	9.3	8.8	9.2	8.5	9.7	14.9	26.4	-2.8%	45.8%
Ordinary Net Profit growth	n.a.	-7.8%	-5.3%	5.0%	-7.6%	13.9%	53.4%	77.3%		
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)		

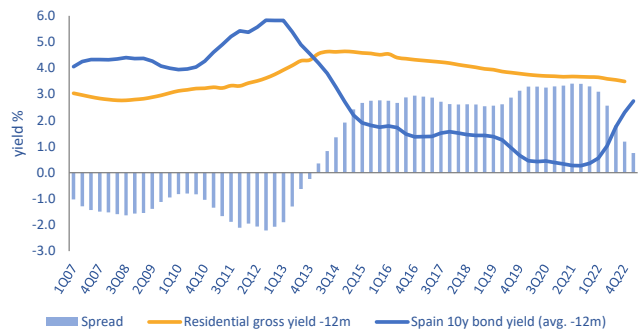


The company in 8 charts

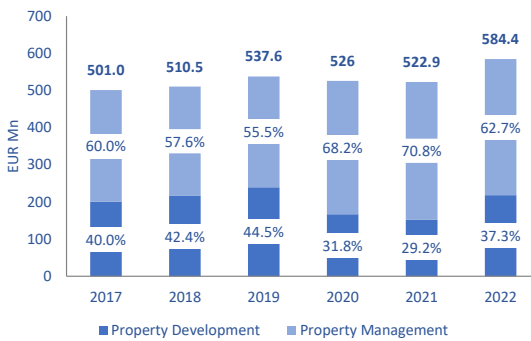
Supply-demand imbalance: a long-term growth driver for the Spanish residential sector



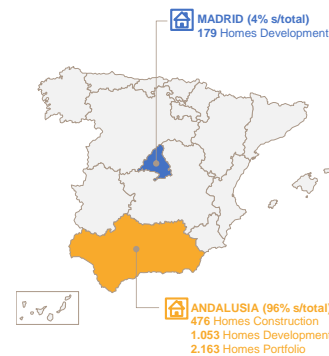
Although the macro and interest rates will weigh heavy in the short term for the property sector



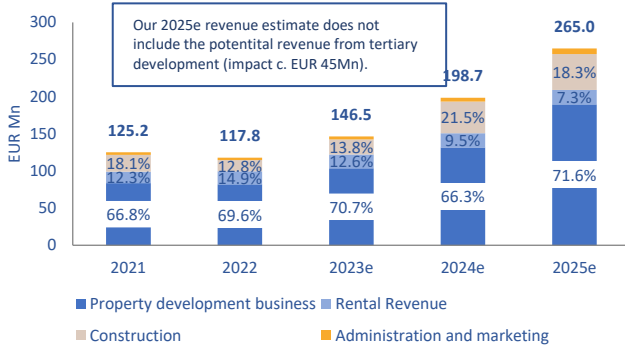
ISUR: A unique property company, combining development and management businesses (both with significant weighting in GAV)



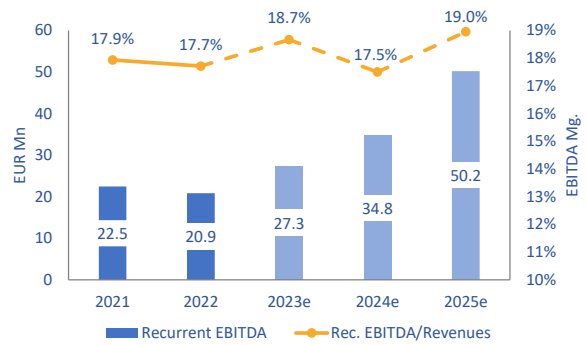
With a land bank for building 4,000 homes (40% being marketed), maintaining unique exposure in Andalusia



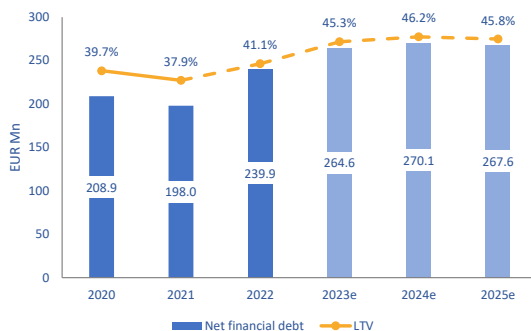
2024e should see a company with revenue of EUR 200Mn...



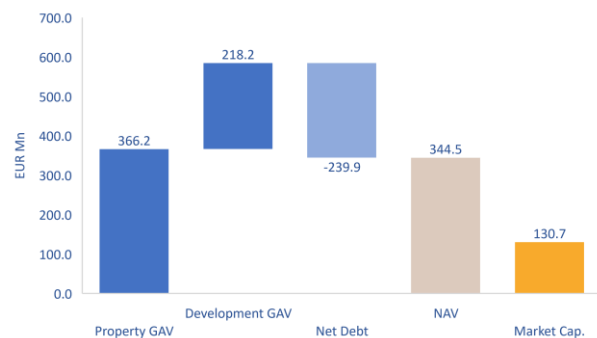
... and EBITDA of c. EUR 35Mn (+29% CAGR 2022-2024e)



despite the rebound in investment, leverage will remain reasonable (LTV c. 45%)



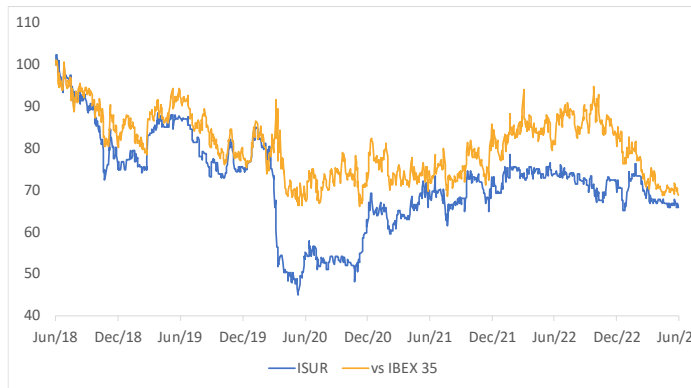
Trading at a discount of 60% vs the NAV at September 2022e



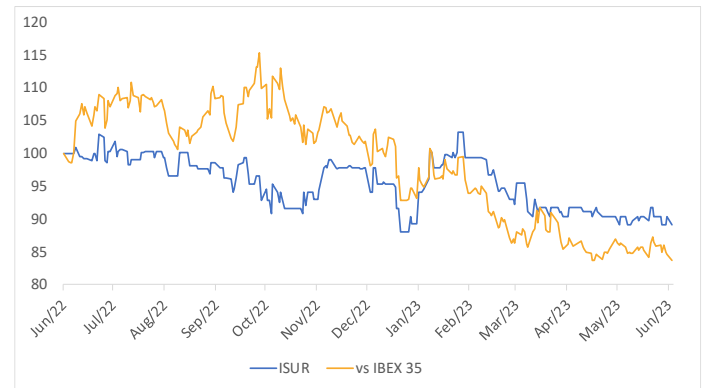


Evolution of the share price

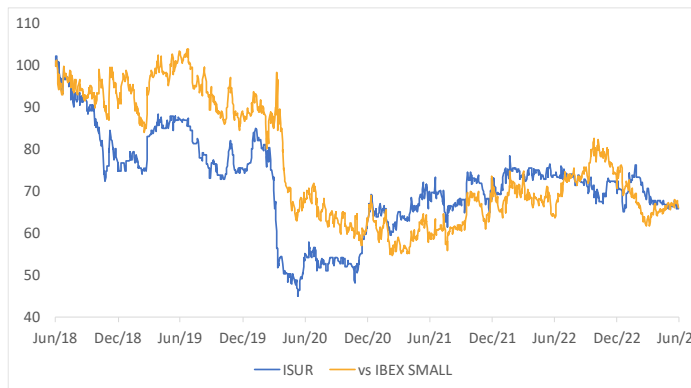
Historical behavior vs Ibex 35 (base 100)



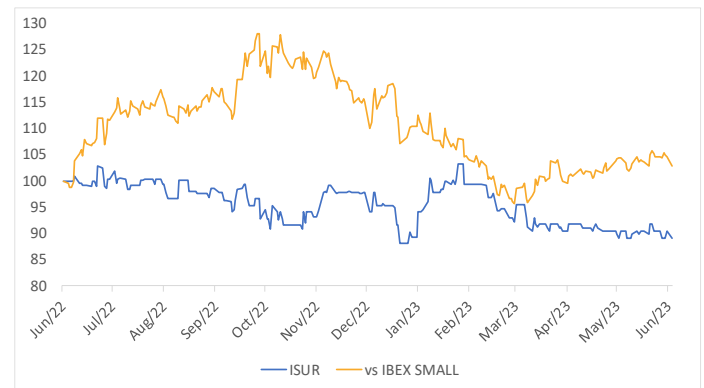
Behavior -1y vs Ibex 35 (base 100)



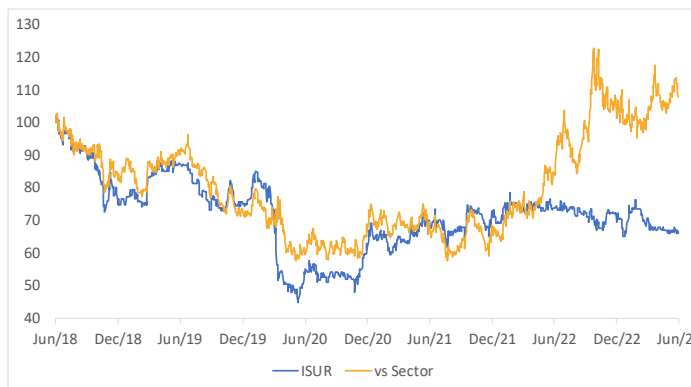
Historical behavior vs Ibex Small Cap (base 100)



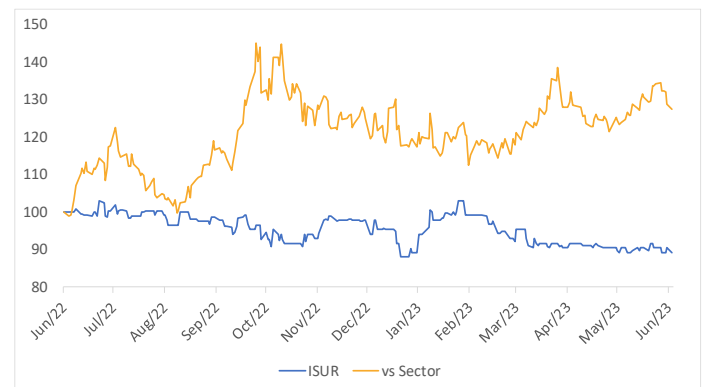
Behavior -1y vs Ibex Small Cap (base 100)



Historical behavior vs Sector⁽¹⁾ (base 100)



Behavior -1y vs Sector⁽¹⁾ (base 100)



(1) Sector: Stoxx Europe 600 Real State

Stock performance (%)	-1m	-3m	-12m	YTD	-3Y	-5Y
Absolute						
Absolute vs Market	-1.4	-6.7	-10.8	-0.2	19.6	-34.1
vs Ibex 35	-2.9	-4.9	-16.2	-11.6	1.3	-31.3
vs Euro STOXX 50	-0.3	-6.6	-21.4	-11.8	-5.8	-47.0
vs Small Cap References						
vs Ibex Small Cap Index	-1.6	4.2	2.8	-7.0	-2.9	-33.8
vs Micro Cap Spain Universe ⁽¹⁾	-1.6	-3.8	-2.9	-8.3	-15.3	-38.7
vs MSCI Europe Micro Cap	0.2	-0.9	2.0	0.6	1.4	-38.6
vs Sector						
vs Stoxx Europe 600 Real State	2.7	5.2	27.5	6.6	80.5	7.9

(1) [Constituents on page 10](#)



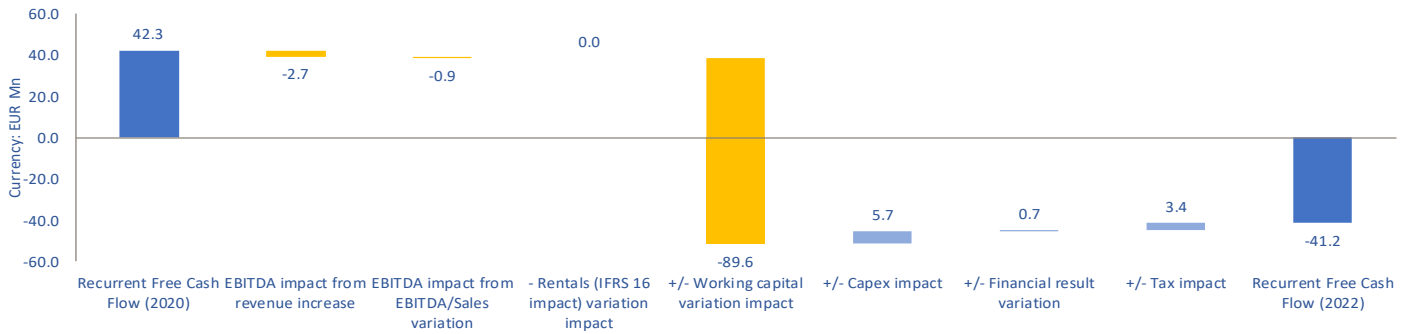
Free Cash Flow (I)

	2019	2020	2021	2022	2023e	2024e	2025e	CAGR	
								20-22	22-25e
A) Cash Flow Analysis (EUR Mn)									
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%	32.4%	9.9%	n.a.	n.a.	n.a.	6.5%		
<i>Free Cash Flow Yield (s/Mkt Cap)</i>	n.a.	n.a.	10.9%	n.a.	n.a.	n.a.	6.5%		
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%
* <i>Theoretical Tax rate</i>	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%	13.4%	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%	4.7%	n.a.	n.a.	1.6%	4.2%		

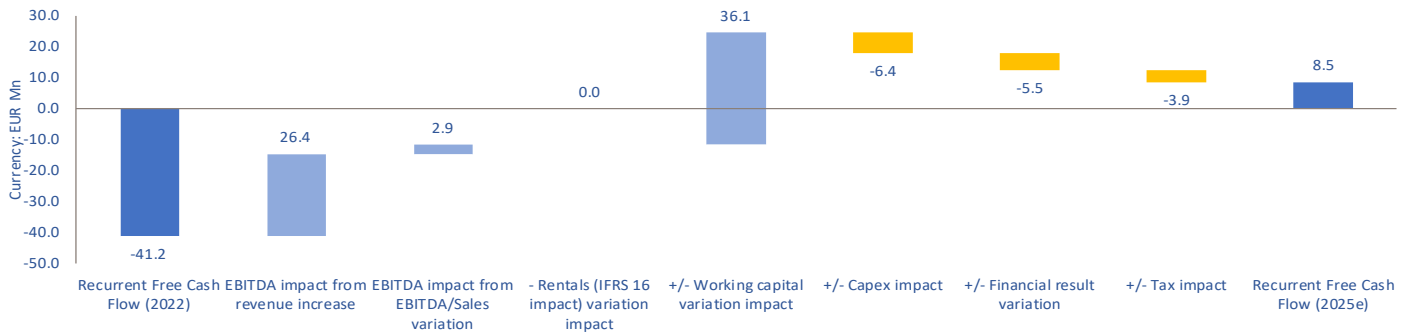


Free Cash Flow (II)

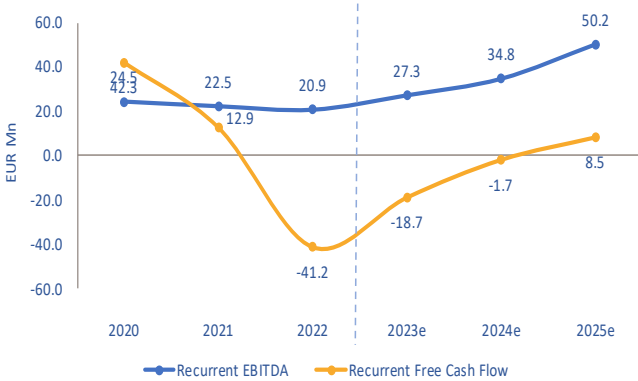
Recurrent Free Cash Flow accumulated variation analysis (2018 - 2022)



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



Recurrent EBITDA vs Recurrent Free Cash Flow



Stock performance vs EBITDA 12m forward





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	516.6		
Market Cap	130.7	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)	33.3%	E (Market Cap as equity value)			=	=
Net Debt / (Equity + Net Debt)	66.7%	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.

EV breakdown at the date of this report

	EUR Mn	Source
Market Cap	130.7	
+ 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)	394.8	

Business Value Creation Metrics ⁽¹⁾

	2018	2019	2020	2021	2022
ROCE (evolution -5y)	n.a.	5.7%	3.0%	4.9%	4.0%
	2022	2025e			
ROCE - WACC	-1.7%	2.2%			
FCF Yield - WACC	n.a.	0.8%			

(1) FCF Yield to the Firm (see Free Cash Flow Analysis (I)). Detail of the WACC on this page.

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			Scenario	Rec. FCF/Yield 24e		
EBITDA 24e	2.2%	2.5%	2.8%		Max	Central	Min
38.3	2.5	1.9	1.3	Max	1.9%	1.5%	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.

Main Corporate Governance indicators

KPI	2020	2021	2022
% of independent directors	20.0%	20.0%	20.0%
% of proprietary directors	80.0%	80.0%	80.0%
% of executive directors	0.0%	0.0%	0.0%
% of other directors	0.0%	0.0%	0.0%
% of women on the board of directors	13.3%	13.3%	13.3%
% of women out of total workforce	34.9%	32.7%	32.6%
Board remuneration/staff cost	8.6%	10.8%	8.2%



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	1,060.2	688.1	707.1		130.7
	Enterprise value (EV)	1,250.6	890.9	710.1		394.8
Basic financial information	Total Revenues	607.8	1,017.0	692.5		146.5
	Total Revenues growth	17.1%	10.6%	3.3%	10.3%	24.3%
	2y CAGR (2023e - 2025e)	4.8%	-3.7%	5.9%	2.4%	34.5%
	EBITDA	56.7	180.5	119.1		27.3
	EBITDA growth	n.a.	17.9%	-6.1%	5.9%	31.0%
	2y CAGR (2023e - 2025e)	3.8%	-6.7%	2.0%	-0.3%	35.5%
	EBITDA/Revenues	9.3%	17.7%	17.2%	14.8%	18.7%
	EBIT	38.6	178.2	114.3		23.1
	EBIT growth	588.7%	20.1%	-9.7%	199.7%	23.1%
	2y CAGR (2023e - 2025e)	24.7%	-6.8%	-7.9%	3.3%	41.0%
	EBIT/Revenues	6.4%	17.5%	16.5%	13.5%	15.8%
	Net Profit	34.5	118.8	74.7		9.7
	Net Profit growth	246.7%	13.1%	-18.6%	80.4%	-35.2%
	2y CAGR (2023e - 2025e)	3.6%	-8.3%	-4.6%	-3.1%	64.9%
	CAPEX/Sales %	5.4%	0.3%	9.5%	5.1%	2.5%
	Free Cash Flow	152.0	114.1	18.6		(18.7)
Net financial debt	242.7	322.1	398.6		264.6	
ND/EBITDA (x)	4.3	1.8	3.3	3.1	9.7	
Pay-out	348.8%	73.1%	164.9%	195.6%	40.0%	
Multiples and Ratios	P/E (x)	31.3	5.5	8.9	15.2	13.4
	P/BV (x)	0.6	0.7	0.8	0.7	0.9
	EV/Revenues (x)	2.1	0.9	1.0	1.3	2.7
	EV/EBITDA (x)	22.1	4.9	6.0	11.0	14.4
	EV/EBIT (x)	32.4	5.0	6.2	14.5	17.1
	ROE	2.0	12.3	8.8	7.7	7.0
	FCF Yield (%)	14.3	16.6	2.6	11.2	n.a.
	DPS	0.79	2.00	1.61	1.47	0.21
	Dvd Yield	11.4%	13.6%	18.2%	14.4%	3.0%

(1) Financial data, multiples and ratios based on market consensus (Factset). In the case of the company analyzed, own estimates (Lighthouse).

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

Historical performance

Historical performance (EUR Mn)	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023e	2024e	2025e	CAGR 19-22	22-25e
Total Revenues								122.8	132.7	125.2	117.8	146.5	198.7	265.0	-1.4%	31.0%
Total Revenues growth								7.8%	8.1%	-5.7%	-5.9%	24.3%	35.6%	33.4%		
EBITDA								22.4	19.4	22.5	20.9	27.3	34.8	50.2	-2.3%	34.0%
EBITDA growth								28.6%	-13.3%	15.6%	-7.0%	31.0%	27.2%	44.4%		
EBITDA/Sales								18.2%	14.6%	17.9%	17.7%	18.7%	17.5%	19.0%		
Net Profit								8.8	21.1	12.0	15.0	9.7	14.9	26.4	19.3%	20.8%
Net Profit growth								-12.2%	138.4%	-43.0%	24.9%	-35.2%	53.4%	77.3%		
Adjusted number shares (Mn)								18.5	18.5	17.8	18.7	18.7	18.7	18.7		
EPS (EUR)								0.48	1.14	0.68	0.80	0.52	0.80	1.42	19.0%	20.8%
EPS growth								n.a.	n.a.	-40.8%	18.8%	-35.2%	53.4%	77.3%		
Ord. EPS (EUR)								0.50	0.48	0.52	0.46	0.52	0.80	1.42	-3.0%	45.8%
Ord. EPS growth								n.a.	-5.0%	9.2%	-12.2%	13.9%	53.4%	77.3%		
CAPEX								(1.9)	(5.9)	(4.9)	(0.2)	(3.7)	(5.0)	(6.6)		
CAPEX/Sales %								1.5%	4.5%	3.9%	0.2%	2.5%	2.5%	2.5%		
Free Cash Flow								(7.0)	(7.0)	14.3	(36.3)	(18.7)	(1.7)	8.5	-72.7%	30.7%
ND/EBITDA (x) ⁽²⁾								8.8x	10.8x	8.8x	11.5x	9.7x	7.8x	5.3x		
P/E (x)								17.9x	5.9x	10.9x	8.7x	13.4x	8.8x	4.9x		
EV/Sales (x)								3.04x	2.63x	2.75x	3.19x	2.69x	1.99x	1.49x		
EV/EBITDA (x) ⁽²⁾								16.6x	18.0x	15.3x	18.0x	14.4x	11.4x	7.9x		
Absolute performance								4.0%	-20.3%	8.3%	-4.7%	-0.2%				
Relative performance vs Ibx 35								-7.0%	-5.7%	0.3%	0.9%	-11.6%				

(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.

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

Innovative Solutions Ecosystem (ISE), formerly Service Point Solutions, is a company whose strategy is one of growth via M&A in the data security, technology, cryptography and online voting sectors. After the sale of its traditional business in 2021, SPS specialises in the online voting sector, where it is a leading player with an international presence through its subsidiary ScytI (acquired in 2020).

Market Data

Market Cap (Mn EUR and USD)	32.5	34.9
EV (Mn EUR and USD)	44.9	48.1
Shares Outstanding (Mn)	57.7	
-12m (Max/Med/Mín EUR)	0.65 / 0.57 / 0.51	
Daily Avg volume (-12m Mn EUR)	n.m.	
Rotation ⁽¹⁾	2.3	
Factset / Bloomberg	ISE-ES / ISE SM	
Close fiscal year	30-Jun	

Shareholders Structure (%)

Paragon Group	76.2
Free Float	23.8

EV breakdown at the date of this report

	EUR Mn	Source
Market Cap	32.5	
+ Minority Interests	-	6m Results 2023
+ Provisions & Other L/T Liabilities	0.3	6m Results 2023
+ Net financial debt	11.6	6m Results 2023
- Financial Investments	(0.5)	6m Results 2023
+/- Others	-	
Enterprise Value (EV)	44.9	

Main Corporate Governance indicators

KPI	2020	2021	2022
% of independent directors	40.0%	40.0%	40.0%
% of proprietary directors	20.0%	20.0%	20.0%
% of executive directors	0.0%	0.0%	0.0%
% of other directors	40.0%	40.0%	40.0%
% of women on the board of directors	20.0%	20.0%	20.0%
% of women out of total workforce	43.1%	45.7%	41.3%
Board remuneration/staff cost	1.4%	0.5%	0.4%

Historical behavior (base 100)



(1) Rotation is the % of the capitalisation traded - 12m.

(2) Sector: Stoxx Europe 600 Technology.

ISE closes its financial statements on 30-Jun, so any reference to the results of a certain year refers to the period between: 30-Jun (previous year) and 30-Jun (year)

Trading in ISE's shares has been suspended since 25 November 2022 for failing to present its audited financial statements for the year ended 30 June 2022 (2022), which are still being audited. ISE has hired an additional independent firm to help the auditors arrive at a fair value estimation for its main assets. As a result, all references to the 2022 results refer to non-audited figures. All the data used in this report relate to the last closing price available: EUR 0.56/share (25 November 2022).

Below we provide the company's key information, clearly constrained by the absence of audited financial statements or a recent trading price (which is why we do not provide valuation inputs).

MOMENTUM: WHAT DO WE EXPECT FROM 2023E?

A growth story. The 1H23 results, published on 1 April 2023, revealed very significant revenue growth (EUR 5.2Mn; +101% vs. 1H22) due mainly to the tender won from the Dutch electoral board (impact of EUR 1.8Mn in 1H23; 70% of the growth). Growth was likewise strong compared with the previous six-month period (+28% vs. 2H22, confirming that ISE's revenue growth continues to gain traction).

Albeit insufficient to reach breakeven at the EBITDA level. With an average headcount in 1H23 of 102 (93 in 1H22), staff expenses are the company's biggest cost item (EUR 2.2Mn; +4% vs. 1H22). This resulted in an EBITDA loss of EUR 1.9Mn in 1H23. And a net loss of EUR 2.9Mn.

EQUITY STORY HIGHLIGHTS: WHAT TO WATCH FOR?

ScytI has a leading position in the electronic voting market. ISE's P&L currently depends entirely on ScytI, a benchmark player in electronic voting and election modernisation (acquired in October 2020). Despite the fact that its business continues to be affected by the bankruptcy in which it found itself at the time, in the last 10 years it has managed (public and private) elections electronically in the Netherlands, US, Mexico, France, Norway and Switzerland, among other places.

ISE's major challenge is to make the acquisition of ScytI profitable. ISE's operating structure is sized for a much bigger revenue base. By our estimates, ISE's overhead stands at c.EUR 6.5Mn. Which means that if we assume a gross margin of 40% (in line with the 2022 level), to reach EBITDA breakeven the company would have to generate revenue of c.EUR 15Mn, compared to the EUR 6Mn reported in 2022 and EUR 5.2Mn in 1H23 (30 June 22-31 Dec. 22).

RISKS: WHAT TO KEEP AN EYE ON?

Speed of the recovery in ScytI's business. Everything hinges on the success of the integration of the ScytI business. However, the fact that it was in bankruptcy proceedings up until its acquisition has impeded access to new contracts. If this situation were to last it would weigh on the recovery of the business in the coming years.

High indebtedness. Net debt stood at EUR 11.6Mn at the 1H23 close (including convertible bonds due 2026 at a conversion price of EUR 0.08/share). Its debt is all working capital financing obtained from its core shareholder (Paragon Group) with no specific repayment date. That shareholder's financial support will continue to be crucial for the business.

Negative equity. The company's losses drove equity to a negative EUR 11.1Mn at the 1H23 close (unaudited). Based on the information available, the absence of a complete audit (in turn the reason trading has been suspended) could be related with the valuation of its assets (with a potential impact on equity).

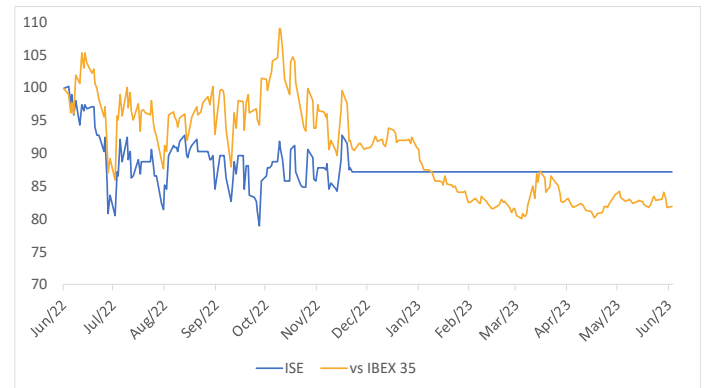


Evolution of the share price

Historical behavior vs Ibex 35 (base 100)



Behavior -1y vs Ibex 35 (base 100)



Historical behavior vs Ibex Small Cap (base 100)



Behavior -1y vs Ibex Small Cap (base 100)



Historical behavior vs Sector⁽¹⁾ (base 100)



Behavior -1y vs Sector⁽¹⁾ (base 100)



(1) Sector: Stoxx Europe 600 Technology

Stock performance (%)	-1m	-3m	-12m	YTD	-3Y	-5Y
Absolute	0.0	0.0	-12.7	0.0	41.0	-22.2
vs Market						
vs Ibex 35	-1.5	1.9	-18.0	-11.4	19.5	-18.9
vs Euro STOXX 50	1.1	0.0	-23.1	-11.6	11.1	-37.4
vs Small Cap References						
vs Ibex Small Cap Index	-0.2	11.7	0.6	-6.8	14.5	-21.9
vs Micro Cap Spain Universe ⁽¹⁾	-0.2	3.1	-4.9	-8.2	-0.2	-27.6
vs MSCI Europe Micro Cap	1.6	6.1	-0.2	0.7	19.6	-27.6
vs Sector						
vs Stoxx Europe 600 Technology	-6.7	-7.0	-27.2	-19.5	8.9	-47.7

(1) [Constituents on page 10](#)

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)	10.0	10.7
EV (Mn EUR and USD)	22.5	24.1
Shares Outstanding (Mn)	12.2	
-12m (Max/Med/Mín EUR)	1.87 / 1.19 / 0.75	
Daily Avg volume (-12m Mn EUR)	n.m.	
Rotation ⁽¹⁾	16.7	
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. nº shares (Mn)	12.2	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 ⁽²⁾	14.7	-6.5	7.5	5.8
Net Profit	-1.3	0.2	0.7	1.5
EPS (EUR)	-0.11	0.01	0.06	0.12
% growth	-262.8	113.4	284.8	117.6
Ord. EPS (EUR)	-0.13	0.01	0.06	0.12
% growth	-327.1	111.7	284.8	117.6
Rec. Free Cash Flow	-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 (%)	n.a.	4.8	6.7	9.7

Ratios & Multiples (x)

	2022	2023e	2024e	2025e
P/E	n.a.	55.0	14.3	6.6
Ord. P/E	n.a.	55.0	14.3	6.6
P/BV	0.7	0.7	0.7	0.6
Dividend Yield (%)	0.0	0.0	0.0	0.0
EV/Sales	0.44	0.41	0.38	0.36
EV/Rec. EBITDA	11.6	6.6	6.0	4.9
EV/EBIT	n.a.	14.4	10.7	7.4
FCF Yield (%)	n.a.	11.2	10.6	13.8

Historical behavior (base 100)



(%)	-1m	-3m	-12m	-5Y
Absolute	2.5	-25.5	-56.1	n.a.

(1) Rotation is the % of the capitalisation traded - 12m.

(2) Sector: Stoxx Europe 600 Chemicals.

MOMENTUM: WHAT DO WE EXPECT FROM 2023E?

2022 numbers were disappointing. In 2022, KOM adopted a policy of aggressive price increases, which hurt volume sales. This resulted in decreases of 13% in sales (EUR 51.5Mn) and 9.4% in recurring EBITDA (EUR 1.9Mn).

However, preliminary 1Q23 earnings showed signs of recovery. The key takeaway from the preliminary 1Q23 results was the improvement in the EBITDA margin to 8.7%. While this margin is not adjusted for capitalised costs, like-for-like it signals vast improvement from 2022 (margin of 5.4%) and is in line with 2018 levels (8.7%; all-time high).

2023e should mark a watershed moment for KOM. Preliminary 1Q23 sales (EUR 13.7Mn; in a business where seasonality is not particularly high) leave the company on track to deliver 2023e revenue of EUR 55.3Mn (+7.3% vs 2022). This increase, coupled with the margin improvement seen in 1Q, leave room for recurring EBITDA to reach EUR 3.4Mn (+77.2% vs 2022), which would mark a genuine watershed moment for the company.

EQUITY STORY HIGHLIGHTS: WHAT TO WATCH FOR?

Chance to improve margins. The reason: i) focus on products of high added value (the specialties business' weight in the revenue mix was 24%; +5p.p. vs 2021), ii) high operational gearing and iii) scalability of the capacity increases already made. This should enable margins to catch up to the rest of the sector (our estimate: recurring EBITDA margin 2025e of 7.2% vs 6.2% for 2023e and 3.8% in 2022; and a sector average of c. 10%).

Positioning in the bioplastics market. KOM has a range of bio products already certified. Although this is still a fledgling market, it should enable growth to accelerate quickly as regulations for traditional plastic products become stricter. In 1Q23 alone, KOM's bio solutions produced EUR 1.1Mn of revenue (vs EUR 3Mn in all of 2022; showcasing this segment's ability to grow).

Margin improvement should unlock cash flow generation capacity. Although we are only estimating single-digit revenue growth in the 2022-2025e period (+7% CAGR 22-25e), wider margins should leave scope for double-digit growth in recurring EBITDA (+39% CAGR 22-25e). And since the company does not require any material additional investments over the medium term, our estimate for 2025e shows recurring FCF of EUR 1.4Mn (for a company with a market cap of c. EUR 10Mn).

RISKS: WHAT TO KEEP AN EYE ON?

Tougher competition. KOM operates in a highly competitive market (fuelled by rising demand for solutions that reduce the carbon footprint of plastic products). This could exert additional pressure on margins.

High indebtedness (ND/EBITDA 23e: 3.3x). Production capacity enlargements in the 2015-2020 period (CAPEX c. EUR 17Mn) and R&D to develop new products required a major investment effort. This has squeezed margins in recent years and resulted in high level of net debt (EUR 12.5Mn in 2022).

VALUATION METRICS: WHAT DO THE MULTIPLES TELL US?

Intuitively, "pure" value. KOM's visibility is dim, by the market appears to be pricing in the company's 2022 earnings in perpetuity (share price performance -12m c. -55% and -3y c. -65%). While the 2022 earnings performance was obviously not good, the company seems to be taking care of the problem (judging by 1Q23). Therefore, our estimates are "already" factoring in low multiples in 2023e: 0.4x EV/sales, 6.6x EV/EBITDA and FCF yield > 10%.



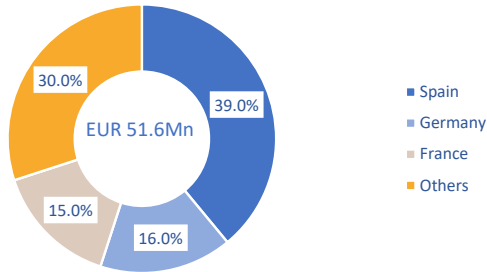
Financial Projections

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%
Total Revenues growth	12.9%	12.0%	-6.8%	36.5%	-12.5%	7.3%	7.5%	6.3%		
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%
Gross Margin/Revenues	28.8%	30.4%	30.0%	28.2%	30.3%	31.9%	31.1%	31.2%		
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%
Recurrent EBITDA growth	223.6%	-6.4%	-44.5%	75.2%	-9.4%	77.2%	9.9%	21.2%		
Rec. EBITDA/Revenues	5.7%	4.7%	2.8%	3.6%	3.8%	6.2%	6.3%	7.2%		
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.
EBIT growth	112.6%	1.4%	-157.2%	167.4%	-169.4%	502.0%	35.3%	43.6%		
EBIT/Revenues	3.4%	3.1%	n.a.	0.9%	n.a.	2.8%	3.5%	4.8%		
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%
Ordinary Profit Growth	350.5%	-45.0%	-711.5%	71.6%	-209.8%	112.7%	284.8%	117.6%		
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)		
Effective Tax Rate	19.1%	21.6%	n.a.	n.a.	n.a.	20.0%	20.0%	20.0%		
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%
Net Profit growth	410.8%	-46.7%	-710.8%	76.8%	-266.9%	113.4%	284.8%	117.6%		
Ordinary Net Profit	0.4	0.7	(1.7)	(0.4)	(1.5)	0.2	0.7	1.5	-59.0%	43.9%
Ordinary Net Profit growth	317.6%	94.2%	-350.6%	79.1%	-332.0%	111.7%	284.8%	117.6%		
Cash Flow (EUR Mn)	2018	2019	2020	2021	2022	2023e	2024e	2025e	18-22	22-25e
Recurrent EBITDA						3.4	3.8	4.6	-4.7%	33.1%
Rentals (IFRS 16 impact)						-	-	-		
Working Capital Increase						(0.1)	(0.1)	(0.1)		
Recurrent Operating Cash Flow						3.3	3.7	4.5	-15.6%	51.9%
CAPEX						(0.8)	(1.2)	(1.6)		
Net Financial Result affecting the Cash Flow						(1.3)	(1.2)	(1.1)		
Tax Expense						(0.0)	(0.2)	(0.4)		
Recurrent Free Cash Flow						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	8.6%	53.7%
Capital Increase						-	-	-		
Dividends						-	-	-		
Net Debt Variation						(1.1)	(1.1)	(1.4)		

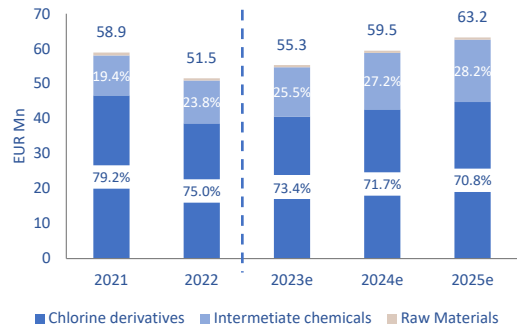


The company in 8 charts

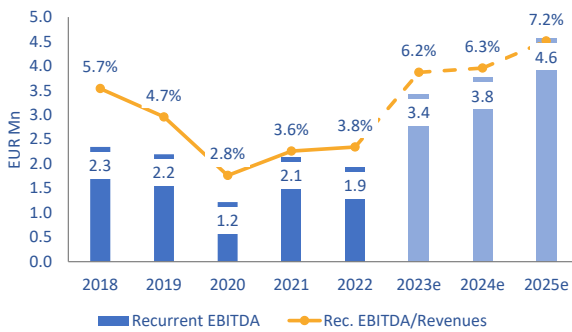
KOM obtained 61% of its revenue outside Spain in 2022



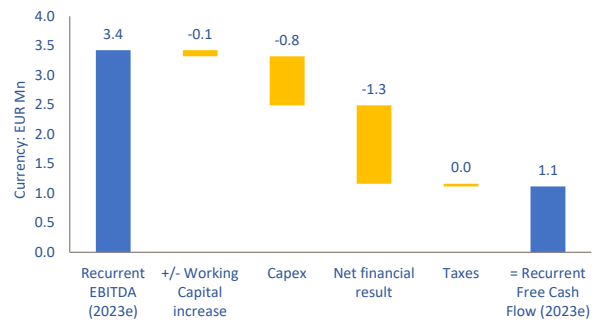
We expect the (higher margin) specialities business to continue increasing its weight in the mix to 28% in 25e



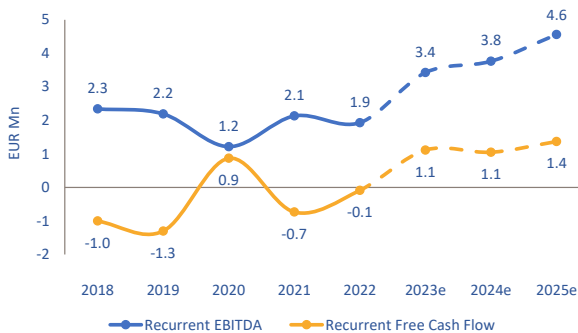
Chance to improve margins: i) focus on more profitable products and ii) scalability of the capital increases already made



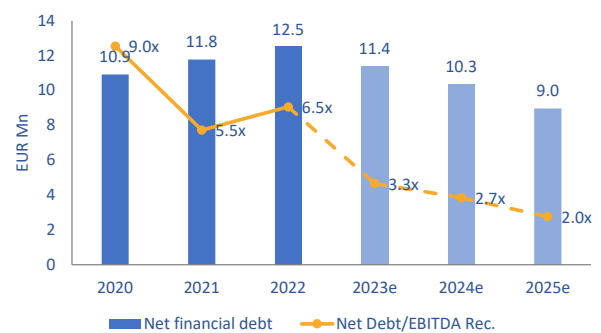
Margin growth and CAPEX containment (CAPES/sales 1.5%) should allow for positive FCF generation in 2023e



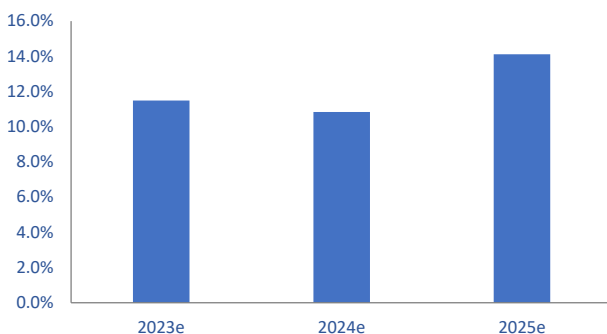
And unlock the business' free cash flow generation capacity



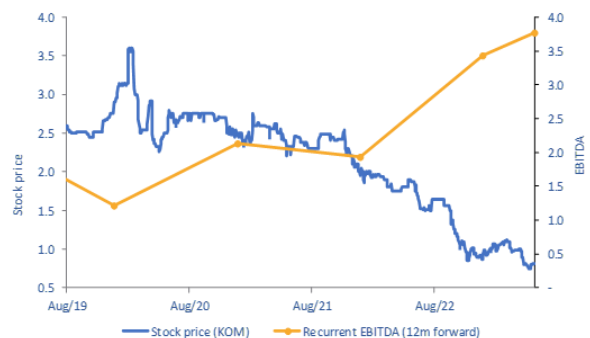
This should enable the company to deleverage (we estimate an ND/EBITDA 2023e of c. 3x)



FCF yield above 10% throughout the forecast period



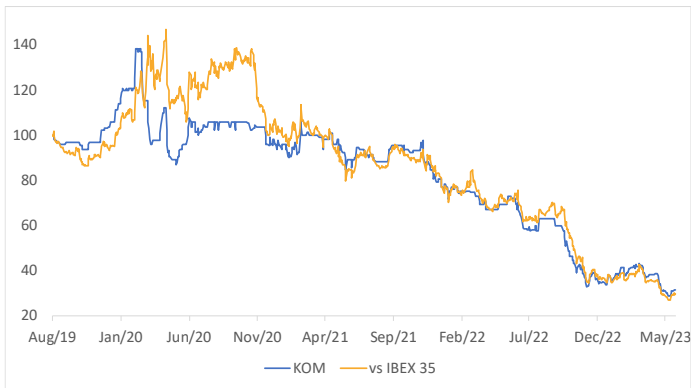
KOM looks in paper poised to gain momentum in 2023e, while the share price is at lows



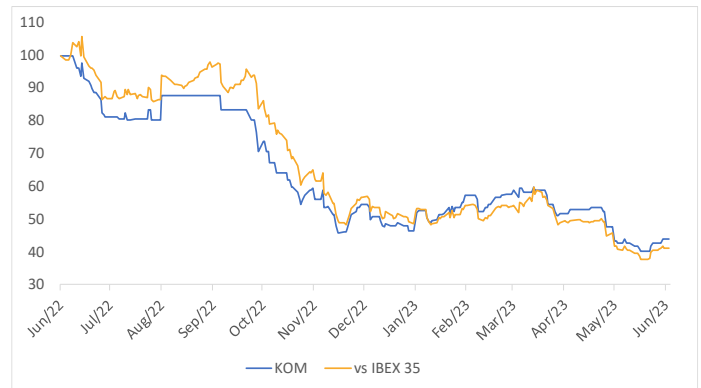


Evolution of the share price

Historical behavior vs Ibex 35 (base 100)



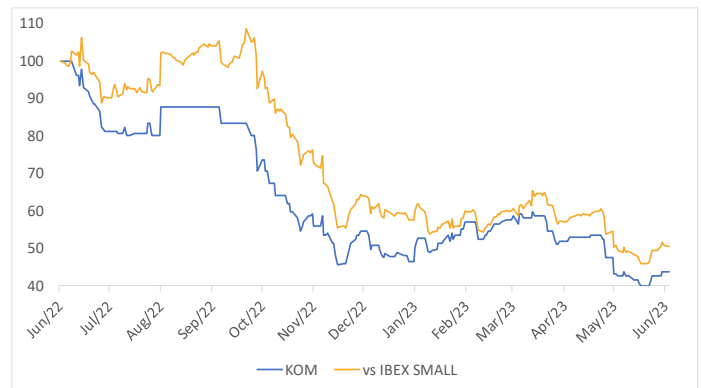
Behavior -1y vs Ibex 35 (base 100)



Historical behavior vs Ibex Small Cap (base 100)



Behavior -1y vs Ibex Small Cap (base 100)



Historical behavior vs Sector⁽¹⁾ (base 100)



Behavior -1y vs Sector⁽¹⁾ (base 100)



(1) Sector: Stoxx Europe 600 Chemicals

Stock performance (%)	-1m	-3m	-12m	YTD	-3Y	-5Y
Absolute	2.5	-25.5	-56.1	-5.7	-67.2	n.a.
vs Market						
vs Ibex 35	0.9	-24.0	-58.8	-16.5	-72.2	n.a.
vs Euro STOXX 50	3.6	-25.4	-61.4	-16.7	-74.1	n.a.
vs Small Cap References						
vs Ibex Small Cap Index	2.3	-16.7	-49.5	-12.2	-73.4	n.a.
vs Micro Cap Spain Universe ⁽¹⁾	2.3	-23.2	-52.2	-13.5	-76.8	n.a.
vs MSCI Europe Micro Cap	4.2	-20.9	-49.9	-5.1	-72.2	n.a.
vs Sector						
vs Stoxx Europe 600 Chemicals	6.7	-23.4	-53.9	-10.2	-72.6	n.a.

(1) [Constituents on page 10](#)



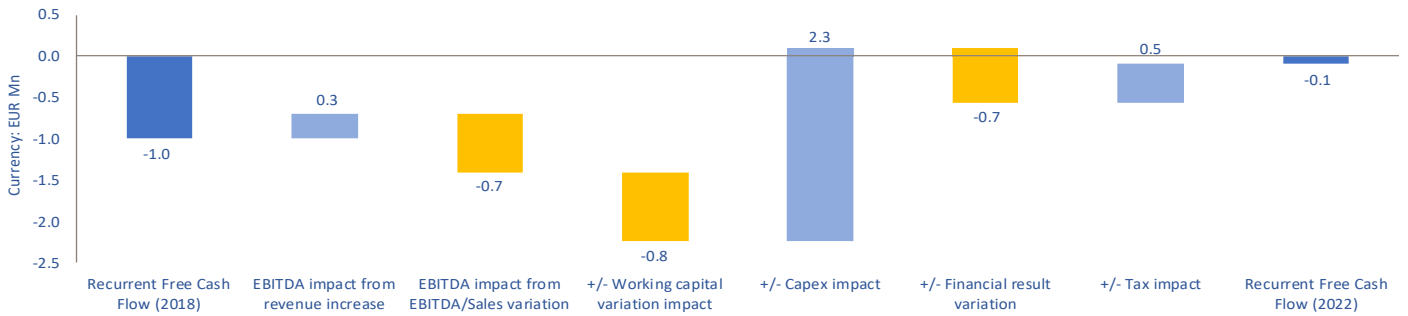
Free Cash Flow (I)

	2019	2020	2021	2022	2023e	2024e	2025e	CAGR	
								19-22	22-25e
A) Cash Flow Analysis (EUR Mn)									
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.	8.8%	n.a.	n.a.	11.2%	10.6%	13.8%		
<i>Free Cash Flow Yield (s/Mkt Cap)</i>	n.a.	6.5%	n.a.	n.a.	11.2%	10.6%	13.8%		
B) Analytical Review of Annual Recurrent Free Cash Flow Performance (Eur Mn)									
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)									
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.	9.0%	1.9%	3.9%	9.7%	9.1%	10.1%		
<i>Free Cash Flow "To the Firm" - Yield (o/EV)</i>	n.a.	8.0%	1.9%	1.6%	9.7%	9.1%	10.1%		

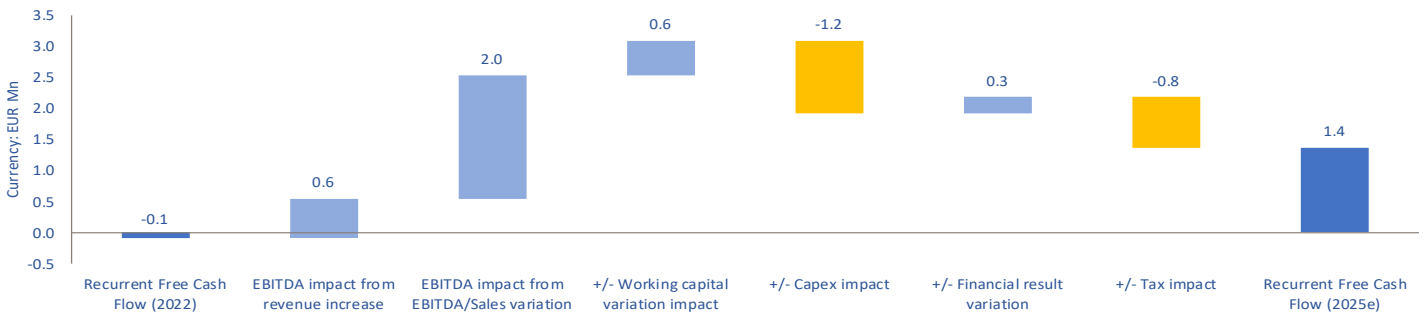


Free Cash Flow (II)

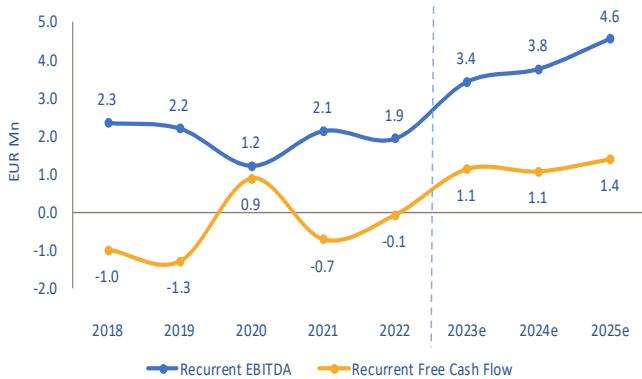
Recurrent Free Cash Flow accumulated variation analysis (2018 - 2022)



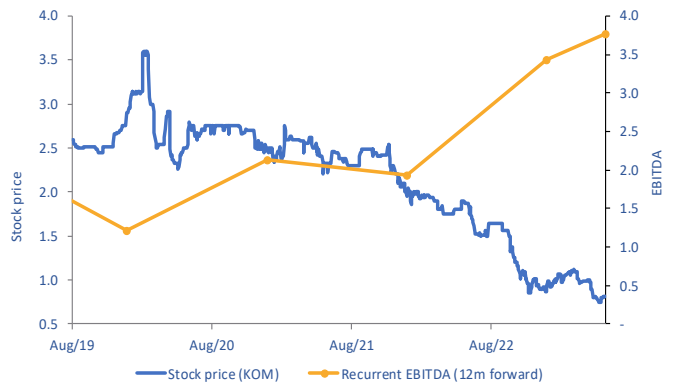
Recurrent Free Cash Flow accumulated variation analysis (2022 - 2025e)



Recurrent EBITDA vs Recurrent Free Cash Flow



Stock performance vs EBITDA 12m forward





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	40.0			
Market Cap	10.0	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)	44.3%	E (Market Cap as equity value)			=	=	
Net Debt / (Equity + Net Debt)	55.7%	D			=	=	
WACC	7.8%	WACC = Kd * D + Ke * E			7.2%	8.5%	
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.

EV breakdown at the date of this report

	EUR Mn	Source
Market Cap	10.0	
+ 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)	22.5	

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

Business Value Creation Metrics⁽¹⁾

	2018	2019	2020	2021	2022
ROCE (evolution -5y)	4.5%	4.2%	n.a.	2.1%	n.a.
	2022	2025e			
ROCE - WACC	n.a.	1.9%			
FCF Yield - WACC	n.a.	6.0%			

(1) FCF Yield to the Firm (see Free Cash Flow Analysis (I)). Detail of the WACC on this page.

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	5.5x
Central	6.3%	3.8	6.0x
Min	5.7%	3.4	6.6x

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	15.3%	14.1%	13.0%
3.8	1.2	1.1	0.9	Central	11.8%	10.6%	9.4%
3.4	0.8	0.7	0.6	Min	8.2%	7.0%	5.8%

Main Corporate Governance indicators

KPI	2020	2021	2022
% of independent directors	22.2%	25.0%	25.0%
% of proprietary directors	44.4%	50.0%	50.0%
% of executive directors	11.1%	12.5%	12.5%
% of other directors	11.1%	12.5%	12.5%
% of women on the board of directors	25.0%	25.0%	25.0%
% of women out of total workforce	19.2%	20.0%	20.2%
Board remuneration/staff cost	3.1%	3.0%	3.8%



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	41,616.9	27,245.1	4,409.5		3,304.8	3,862.6		10.0
	Enterprise value (EV)	61,928.4	37,707.7	5,347.9		4,813.5	5,065.1		22.5
Basic financial information	Total Revenues	81,740.8	40,850.7	5,178.6		3,237.4	4,156.8		55.3
	Total Revenues growth	-6.4%	-13.1%	-3.3%	-7.6%	2.1%	3.0%	2.6%	7.3%
	2y CAGR (2021e - 2023e)	3.0%	-5.8%	4.1%	0.4%	5.3%	6.6%	5.9%	6.9%
	EBITDA	9,009.5	5,443.0	849.7		499.3	696.8		3.4
	EBITDA growth	-15.4%	-8.9%	-7.9%	-10.8%	13.6%	4.0%	8.8%	102.0%
	2y CAGR (2021e - 2023e)	11.4%	5.4%	9.5%	8.8%	14.3%	8.0%	11.1%	15.4%
	EBITDA/Revenues	11.0%	13.3%	16.4%	13.6%	15.4%	16.8%	16.1%	6.2%
	EBIT	5,166.5	3,974.1	564.7		312.1	560.3		1.6
	EBIT growth	-23.6%	-17.1%	-11.6%	-17.4%	15.4%	4.9%	10.2%	502.0%
	2y CAGR (2021e - 2023e)	16.0%	8.6%	12.2%	12.3%	25.0%	8.7%	16.8%	39.4%
	EBIT/Revenues	6.3%	9.7%	10.9%	9.0%	9.6%	13.5%	11.6%	2.8%
	Net Profit	3,726.4	2,943.3	335.1		157.7	339.9		0.2
	Net Profit growth	694.3%	-18.8%	344.6%	340.0%	104.1%	76.7%	90.4%	113.4%
	2y CAGR (2021e - 2023e)	16.2%	9.2%	16.7%	14.1%	37.7%	7.9%	22.8%	n.a.
CAPEX/Sales %	7.4%	3.8%	5.4%	5.5%	4.6%	5.4%	5.0%	1.5%	
Free Cash Flow	2,443.4	2,870.8	254.1		99.4	178.9		1.1	
Net financial debt	17,493.6	8,238.0	608.2		1,222.1	720.3		11.4	
ND/EBITDA (x)	1.9	1.5	0.7	1.4	2.4	1.0	1.7	3.3	
Pay-out	81.9%	49.2%	46.5%	59.2%	39.4%	23.9%	31.6%	0.0%	
Multiples and Ratios	P/E (x)	10.1	9.1	12.5	10.6	16.3	11.6	14.0	55.0
	P/BV (x)	1.0	2.1	1.8	1.6	1.5	3.5	2.5	0.7
	EV/Revenues (x)	0.8	0.9	1.0	0.9	1.5	1.2	1.4	0.4
	EV/EBITDA (x)	6.9	6.9	6.3	6.7	9.6	7.3	8.5	6.6
	EV/EBIT (x)	12.0	9.5	9.5	10.3	15.4	9.0	12.2	14.4
	ROE	10.2	23.0	14.0	15.7	9.4	30.1	19.7	1.3
	FCF Yield (%)	5.9	10.5	5.8	7.4	3.0	4.6	3.8	11.2
	DPS	3.39	4.43	0.47	2.76	0.68	1.44	1.06	0.00
	Dvd Yield	7.3%	5.3%	3.5%	5.4%	1.9%	2.1%	2.0%	0.0%

- (1) Financial data, multiples and ratios based on market consensus (Factset). In the case of the company analyzed, own estimates (Lighthouse).
(2) All ratios and multiples on EBITDA refer to total EBITDA (not to recurrent EBITDA).

Historical performance

Historical performance (EUR Mn)	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023e	2024e	2025e	CAGR #####	22-25e
Total Revenues						36.6	41.4	46.3	43.2	58.9	51.6	55.3	59.5	63.2	n.a.	7.0%
Total Revenues growth						n.a.	12.9%	12.0%	-6.8%	36.5%	-12.5%	7.3%	7.5%	6.3%		
EBITDA						1.0	2.5	1.7	0.9	1.9	1.7	3.4	3.8	4.6	n.a.	39.1%
EBITDA growth						n.a.	146.1%	-34.2%	-45.1%	111.1%	-11.4%	102.0%	9.9%	21.2%		
EBITDA/Sales						2.8%	6.1%	3.6%	2.1%	3.3%	3.3%	6.2%	6.3%	7.2%		
Net Profit						0.1	0.5	0.3	(1.6)	(0.4)	(1.3)	0.2	0.7	1.5	n.a.	46.2%
Net Profit growth						n.a.	410.8%	-46.7%	-710.8%	76.8%	-266.9%	113.4%	284.8%	117.6%		
Adjusted number shares (Mn)						12.0	12.0	12.0	12.0	12.0	12.2	12.2	12.2	12.2		
EPS (EUR)						0.01	0.04	0.02	-0.13	-0.03	-0.11	0.01	0.06	0.12	n.a.	46.2%
EPS growth						n.a.	n.a.	-46.7%	n.a.	76.8%	n.a.	n.a.	n.a.	n.a.		
Ord. EPS (EUR)						-0.01	0.03	0.06	-0.14	-0.03	-0.13	0.01	0.06	0.12	n.a.	43.9%
Ord. EPS growth						n.a.	n.a.	94.2%	n.a.	79.1%	n.a.	n.a.	n.a.	n.a.		
CAPEX						(2.0)	(2.7)	(4.2)	(1.9)	(1.7)	(0.4)	(0.8)	(1.2)	(1.6)		
CAPEX/Sales %						5.4%	6.6%	9.2%	4.4%	2.8%	0.8%	1.5%	2.0%	2.5%		
Free Cash Flow						(2.3)	(1.2)	(2.1)	0.7	(0.7)	(0.8)	1.1	1.1	1.4	n.a.	53.7%
ND/EBITDA (x) ⁽²⁾						14.4x	5.6x	6.9x	12.0x	6.1x	7.4x	3.3x	2.7x	2.0x		
P/E (x)						n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	55.0x	14.3x	6.6x		
EV/Sales (x)						0.40x	0.34x	1.01x	0.96x	0.61x	0.45x	0.41x	0.38x	0.36x		
EV/EBITDA (x) ⁽²⁾						14.5x	5.6x	28.3x	45.5x	18.9x	13.6x	6.6x	6.0x	4.9x		
Absolute performance						n.a.	n.a.	n.a.	-14.5%	-19.4%	-56.5%	-5.7%				
Relative performance vs Ibx 35						n.a.	n.a.	n.a.	1.1%	-25.3%	-53.9%	-16.5%				

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

Libertas 7 (LIB), is a family group with headquarters in Valencia (Spain) structured around three areas: (i) property development and management, (ii) tourism management, with the leasing of 76 apartments and the management of a hotel, and (iii) financial investment, via the management of its own assets through investment in stocks and private equity. It is managed and controlled by the founding family (c. 70% of capital).

Market Data

Market Cap (Mn EUR and USD)	21.0	22.5
EV (Mn EUR and USD)	25.6	27.4
Shares Outstanding (Mn)	21.9	
-12m (Max/Med/Mín EUR)	1.38 / 0.97 / 0.84	
Daily Avg volume (-12m Mn EUR)	n.m.	
Rotation ⁽¹⁾	2.4	
Factset / Bloomberg	LIB-ES / LIB SM	
Close fiscal year	31-Dec	

Shareholders Structure (%)

Noguera Family and others	80.0
Treasury stock	3.8
Free Float	16.2

Financials (Mn EUR)

	2022	2023e	2024e	2025e
Adj. nº shares (Mn)	21.1	21.9	21.9	21.9
Total Revenues	11.5	11.6	11.3	22.2
Rec. EBITDA	1.8	2.1	2.2	4.3
% growth	217.0	10.9	6.7	97.0
% Rec. EBITDA/Rev.	16.1	17.7	19.4	19.5
% Inc. EBITDA sector ⁽²⁾	11.5	5.0	5.3	5.5
Net Profit	1.5	0.9	1.0	2.7
EPS (EUR)	0.07	0.04	0.05	0.13
% growth	22.4	-40.5	12.0	164.3
Ord. EPS (EUR)	0.07	0.04	0.05	0.13
% growth	284.5	-40.3	12.0	164.3
Rec. Free Cash Flow	-0.9	0.5	1.2	1.5
Pay-out (%)	51.2	82.7	73.9	28.0
DPS (EUR)	0.04	0.04	0.04	0.04
Net financial debt	31.5	31.7	31.3	30.5
ND/Rec. EBITDA (x)	17.1	15.5	14.3	7.1
ROE (%)	1.6	1.0	1.1	2.9
ROCE (%)	1.6	1.7	1.8	3.7

Ratios & Multiples (x)

P/E	13.5	22.7	20.3	7.7
Ord. P/E	13.5	22.7	20.3	7.7
P/BV	0.2	0.2	0.2	0.2
Dividend Yield (%)	3.8	3.6	3.6	3.6
EV/Sales	2.22	2.21	2.27	1.15
EV/Rec. EBITDA	13.8	12.5	11.7	5.9
EV/EBIT	13.2	14.2	13.2	6.3
FCF Yield (%)	n.a.	2.6	5.7	7.4

Historical behavior (base 100)



(%)	-1m	-3m	-12m	-5Y
Absolute	8.1	8.8	-29.4	-14.7

(1) Rotation is the % of the capitalisation traded - 12m.

(2) Sector: Stoxx Europe 600 Real State.

MOMENTUM: WHAT DO WE EXPECT FROM 2023E?

1Q23 was in line... LIB booked EUR 6.6Mn of development revenue upon delivery of the Crisálida Building (31 out of 33 units; the only development slated for delivery in 2023), while the tourism area remains a source of good news (bookings at record highs).

... in a year (2023e) that should be seen one of transition. We are forecasting rec. EBITDA of EUR 2.1Mn, of which EUR 1.4Mn was already generated in 1Q23 (which includes nearly all of the EBITDA we are expecting from the development business), with the remaining EUR 0.8Mn expected to come from the tourism business (+19% vs. 2022).

EQUITY STORY HIGHLIGHTS: WHAT TO WATCH FOR?

Development business, the key growth engine in the long term. With a stock of housing on the market valued at EUR 17.8Mn (without including the land bank) divided between five developments (126 units, of which c.30% have been sold), our estimates point to a recovery in the recurring development business, ramping up to delivery of c.65 units/year from 2025e. A local business - Valencia -, where LIB has deep experience.

Coupled with a tourism business that generates stability. 76 apartments (located in Port Saplaya, Valencia) that are rented out and management of a hotel in Valencia (42 rooms) with the capacity to generate c.EUR 1Mn of EBITDA per annum.

All of which underpinned by a well-diversified (and highly liquid) investment portfolio. Assets under management stand at EUR 56.4Mn (+10.5% vs. 2022), invested in equities (67% of the portfolio) and private equity. A highly liquid investment portfolio that mitigates LIB's dependence on the property cycle.

Solid capital structure. Net debt at 31 March 2023 of EUR 29.5Mn (ND/Assets: 26%) at a company with an investment portfolio worth EUR 56Mn (a figure not included in net debt), as well as rental properties (appraised at EUR 37Mn). A very comfortable financial position that will allow the company to continue to grow in development.

All eyes should now be on 2025e, when we estimate revenue will top EUR 20Mn (after the high of EUR 17Mn reached in 2021) with the delivery of 65 homes. Accordingly, the development business could generate EBITDA of c.EUR 5Mn in 2025e (this business was almost invisible until its take-off in 2021). 2025e EBITDA: EUR 4.3Mn vs EUR 2.1Mn in 2023e.

RISKS: WHAT TO KEEP AN EYE ON?

Delays in the developments under construction or in the pace of starting up new developments (necessary to feed the business beyond 2025e).

Utilisation of tax assets: LIB has net deferred tax assets of EUR 22.2Mn. Given their scale, any risk to the company's ability to utilise them is material (and would have an impact on both the P&L and equity).

VALUATION METRICS: WHAT DO THE MULTIPLES TELL US?

Is the company's asset value priced in? To put it simply, if we subtract the company's total net debt (EUR 29.5Mn) from the value of the investment portfolio (EUR 56.4Mn, highly liquid), we obtain a value of EUR 26.9Mn, which is 36% above its current market cap. On top of that the company has: 1) a development business with a stock of 126 housing units valued at EUR 17.8Mn; and 2) rental properties (including 76 tourist apartments) appraised at EUR 37Mn, which generated EUR 2Mn of rental income in 2022. The share price performance (-29.4% -12m) suggests that, currently, LIB's store of value is not being priced in. That scale of the value not priced in suggests that LIB's share price performance should not be affected by - currently adverse - sector cyclicity. LIB is a rarity in the Spanish real estate scene. Indeed, its momentum is strong. And risks are low.



Financial Projections

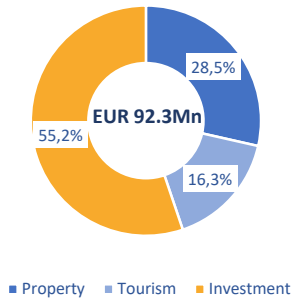
Balance Sheet (EUR Mn)	2018	2019	2020	2021	2022	2023e	2024e	2025e		
Intangible assets	0.1	2.0	2.2	2.0	1.7	1.7	1.7	1.7		
Fixed assets	36.3	38.6	38.0	38.4	37.5	37.7	37.9	38.3		
Other Non Current Assets	35.4	35.3	36.8	36.1	35.9	35.9	35.9	35.9		
Financial Investments	52.5	53.6	43.3	52.0	51.8	51.8	51.7	51.7		
Goodwill & Other Intangibles	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6		
Current assets	15.4	16.7	22.0	15.6	14.8	16.3	15.8	20.5		
Total assets	140.2	146.7	143.0	144.7	142.2	143.9	143.6	148.6		
Equity	91.9	96.1	87.9	91.5	92.3	92.5	92.8	94.7		
Minority Interests	-	-	-	-	-	-	-	-		
Provisions & Other L/T Liabilities	11.7	13.4	13.4	13.9	13.9	13.9	13.9	13.9		
Other Non Current Liabilities	-	2.1	2.2	2.1	1.7	1.7	1.7	1.7		
Net financial debt	34.5	31.3	34.1	32.6	31.5	31.7	31.3	30.5		
Current Liabilities	2.1	3.8	5.4	4.6	2.8	4.1	4.0	7.8		
Equity & Total Liabilities	140.2	146.7	143.0	144.7	142.2	143.9	143.6	148.6		
									CAGR	
P&L (EUR Mn)	2018	2019	2020	2021	2022	2023e	2024e	2025e	18-22	22-25e
Total Revenues	5.0	5.6	3.9	16.8	11.5	11.6	11.3	22.2	23.3%	24.4%
<i>Total Revenues growth</i>	<i>-37.1%</i>	<i>11.4%</i>	<i>-29.4%</i>	<i>329.3%</i>	<i>-31.6%</i>	<i>0.6%</i>	<i>-2.8%</i>	<i>96.9%</i>		
COGS	(1.1)	(1.4)	(1.4)	(12.1)	(5.5)	(5.3)	(4.8)	(12.8)		
Gross Margin	3.9	4.2	2.5	4.7	6.0	6.3	6.4	9.4	11.5%	16.2%
<i>Gross Margin/Revenues</i>	<i>77.4%</i>	<i>75.4%</i>	<i>64.7%</i>	<i>28.0%</i>	<i>51.8%</i>	<i>54.2%</i>	<i>57.1%</i>	<i>42.2%</i>		
Personnel Expenses	(1.7)	(2.2)	(1.7)	(2.0)	(2.2)	(2.3)	(2.3)	(2.5)		
Other Operating Expenses	(2.3)	(2.4)	(1.5)	(2.1)	(1.9)	(1.9)	(1.9)	(2.5)		
Recurrent EBITDA	(0.2)	(0.4)	(0.7)	0.6	1.8	2.1	2.2	4.3	90.3%	32.6%
<i>Recurrent EBITDA growth</i>	<i>-104.1%</i>	<i>-128.5%</i>	<i>-83.0%</i>	<i>183.8%</i>	<i>217.0%</i>	<i>10.9%</i>	<i>6.7%</i>	<i>97.0%</i>		
<i>Rec. EBITDA/Revenues</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>3.5%</i>	<i>16.1%</i>	<i>17.7%</i>	<i>19.4%</i>	<i>19.5%</i>		
Restructuring Expense & Other non-rec.	0.2	0.0	(0.4)	1.1	0.0	-	-	-		
EBITDA	(0.0)	(0.4)	(1.1)	1.7	1.9	2.1	2.2	4.3	n.a.	32.1%
Depreciation & Provisions	(0.0)	0.1	(0.0)	0.3	0.3	(0.0)	(0.0)	(0.0)		
Capitalized Expense	-	-	-	-	-	-	-	-		
Rentals (IFRS 16 impact)	-	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)		
EBIT	(0.0)	(0.5)	(1.3)	1.7	1.9	1.8	1.9	4.1	n.a.	28.0%
<i>EBIT growth</i>	<i>-100.4%</i>	<i>n.a.</i>	<i>-163.9%</i>	<i>233.2%</i>	<i>14.8%</i>	<i>-7.0%</i>	<i>7.6%</i>	<i>109.5%</i>		
<i>EBIT/Revenues</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>10.0%</i>	<i>16.8%</i>	<i>15.6%</i>	<i>17.2%</i>	<i>18.3%</i>		
Impact of Goodwill & Others	3.3	2.5	(0.1)	0.8	0.9	-	-	-		
Net Financial Result	(0.6)	(0.6)	(0.9)	(0.5)	(0.6)	(0.6)	(0.6)	(0.6)		
Income by the Equity Method	(1.7)	0.1	(1.7)	(0.4)	(0.1)	(0.1)	(0.1)	(0.1)		
Ordinary Profit	1.0	1.5	(3.9)	1.6	2.2	1.2	1.3	3.4	21.2%	16.7%
<i>Ordinary Profit Growth</i>	<i>-31.3%</i>	<i>48.7%</i>	<i>-360.3%</i>	<i>140.4%</i>	<i>37.9%</i>	<i>-46.3%</i>	<i>12.0%</i>	<i>164.3%</i>		
Extraordinary Results	-	-	-	-	-	-	-	-		
Profit Before Tax	1.0	1.5	(3.9)	1.6	2.2	1.2	1.3	3.4	21.2%	16.7%
Tax Expense	(0.9)	(0.4)	0.3	(0.4)	(0.7)	(0.2)	(0.3)	(0.7)		
<i>Effective Tax Rate</i>	<i>86.2%</i>	<i>28.8%</i>	<i>n.a.</i>	<i>22.4%</i>	<i>30.6%</i>	<i>20.0%</i>	<i>20.0%</i>	<i>20.0%</i>		
Minority Interests	-	-	-	-	-	-	-	-		
Discontinued Activities	-	-	-	-	-	-	-	-		
Net Profit	0.1	1.1	(3.6)	1.2	1.5	0.9	1.0	2.7	81.7%	22.4%
<i>Net Profit growth</i>	<i>-72.5%</i>	<i>669.2%</i>	<i>-440.8%</i>	<i>133.7%</i>	<i>23.4%</i>	<i>-38.1%</i>	<i>12.0%</i>	<i>164.3%</i>		
Ordinary Net Profit	0.6	1.1	(3.5)	0.4	1.5	0.9	1.0	2.7	26.3%	22.5%
<i>Ordinary Net Profit growth</i>	<i>-61.3%</i>	<i>79.4%</i>	<i>-431.8%</i>	<i>111.0%</i>	<i>287.7%</i>	<i>-38.0%</i>	<i>12.0%</i>	<i>164.3%</i>		
									CAGR	
Cash Flow (EUR Mn)	2018	2019	2020	2021	2022	2023e	2024e	2025e	18-22	22-25e
Recurrent EBITDA						2.1	2.2	4.3	90.3%	32.6%
Rentals (IFRS 16 impact)						(0.2)	(0.2)	(0.2)		
Working Capital Increase						(0.2)	0.3	(0.8)		
Recurrent Operating Cash Flow						1.6	2.3	3.3	28.1%	73.3%
CAPEX						(0.2)	(0.2)	(0.4)		
Net Financial Result affecting the Cash Flow						(0.6)	(0.6)	(0.6)		
Tax Expense						(0.2)	(0.3)	(0.7)		
Recurrent Free Cash Flow						0.5	1.2	1.5	24.7%	56.1%
Restructuring Expense & Other non-rec.						-	-	-		
- Acquisitions / + Divestures of assets						-	-	-		
Extraordinary Inc./Exp. Affecting Cash Flow						-	-	-		
Free Cash Flow						0.5	1.2	1.5	10.7%	3.1%
Capital Increase						-	-	-		
Dividends						(0.8)	(0.8)	(0.8)		
Net Debt Variation						0.2	(0.4)	(0.8)		



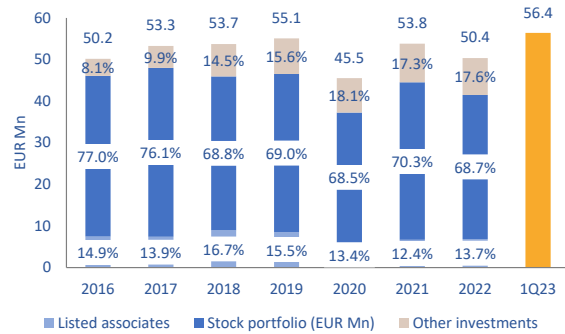
The company in 8 charts

A group with three core businesses: property development, tourism management and financial investment

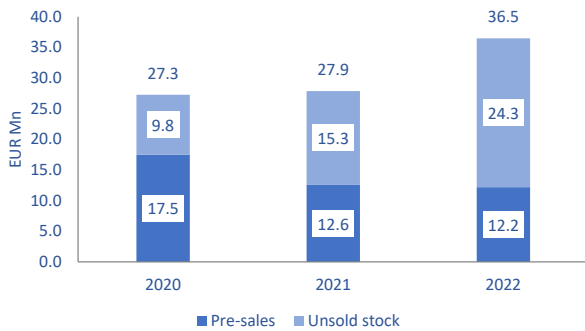
Asset mix as % of equity



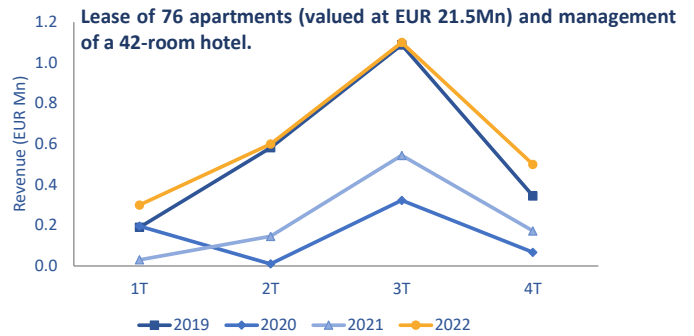
Investment area: provides greater diversification of assets (which reduces group risk), liquidity and profitability



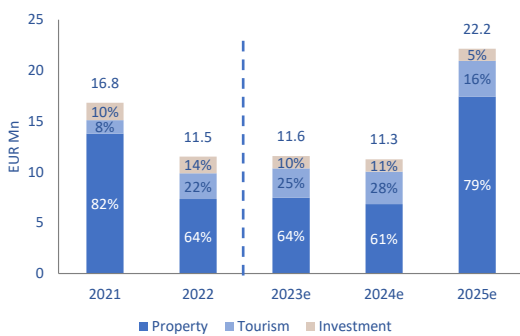
Agreements and bookings (EUR 12.2Mn) and unsold stock (EUR 24.3Mn) lend visibility to the development business



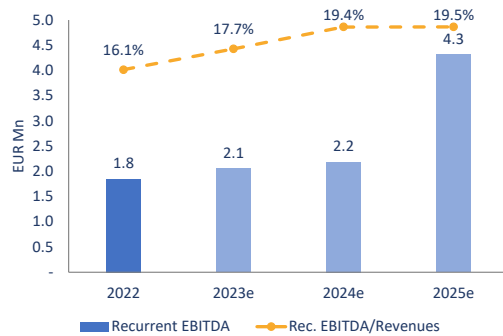
The tourism business is also much bigger than in 2019 (and still has more room to grow)



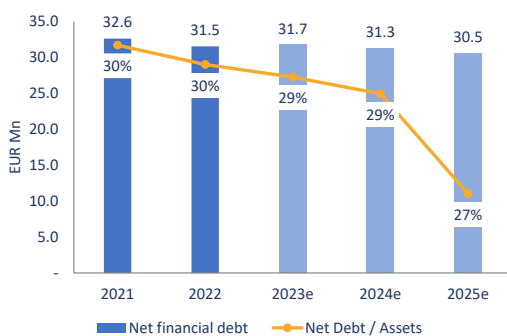
2023e-2025e: the development business will be the main driver of revenue growth



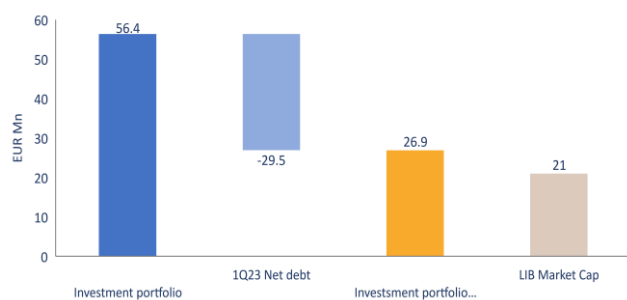
This will be visible in the generation of recurring EBITDA



All while maintaining a comfortable financial position (ND/Assets < 30%)



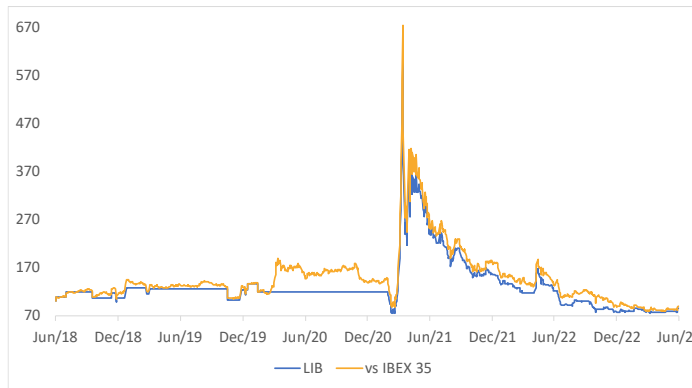
A potential (and "objectively" evident) reserve of value that has still gone unnoticed by the market





Evolution of the share price

Historical behavior vs Ibex 35 (base 100)



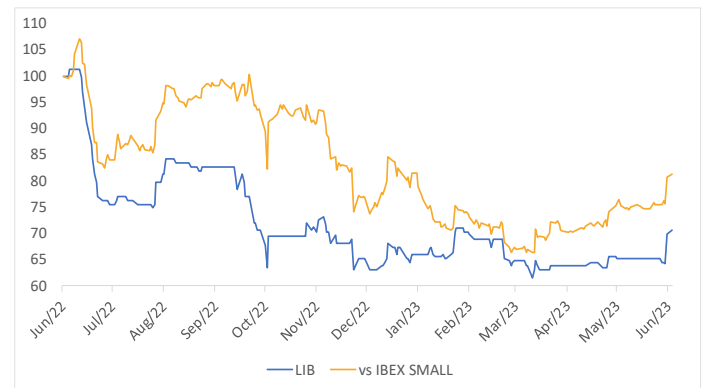
Behavior -1y vs Ibex 35 (base 100)



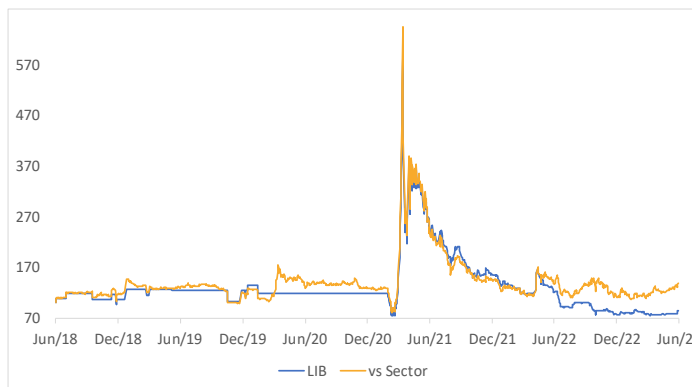
Historical behavior vs Ibex Small Cap (base 100)



Behavior -1y vs Ibex Small Cap (base 100)



Historical behavior vs Sector⁽¹⁾ (base 100)



Behavior -1y vs Sector⁽¹⁾ (base 100)



(1) Sector: Stoxx Europe 600 Real State

Stock performance (%)	-1m	-3m	-12m	YTD	-3Y	-5Y
Absolute	8.1	8.8	-29.4	7.0	-28.3	-14.7
vs Market						
vs Ibex 35	6.5	10.8	-33.7	-5.2	-39.2	-11.1
vs Euro STOXX 50	9.3	8.8	-37.8	-5.5	-43.5	-31.4
vs Small Cap References						
vs Ibex Small Cap Index	7.9	21.5	-18.7	-0.3	-41.8	-14.4
vs Micro Cap Spain Universe ⁽¹⁾	8.0	12.1	-23.1	-1.8	-49.2	-20.7
vs MSCI Europe Micro Cap	9.9	15.4	-19.3	7.7	-39.2	-20.6
vs Sector						
vs Stoxx Europe 600 Real State	12.7	22.5	0.9	14.3	8.3	39.7

(1) [Constituents on page 10](#)



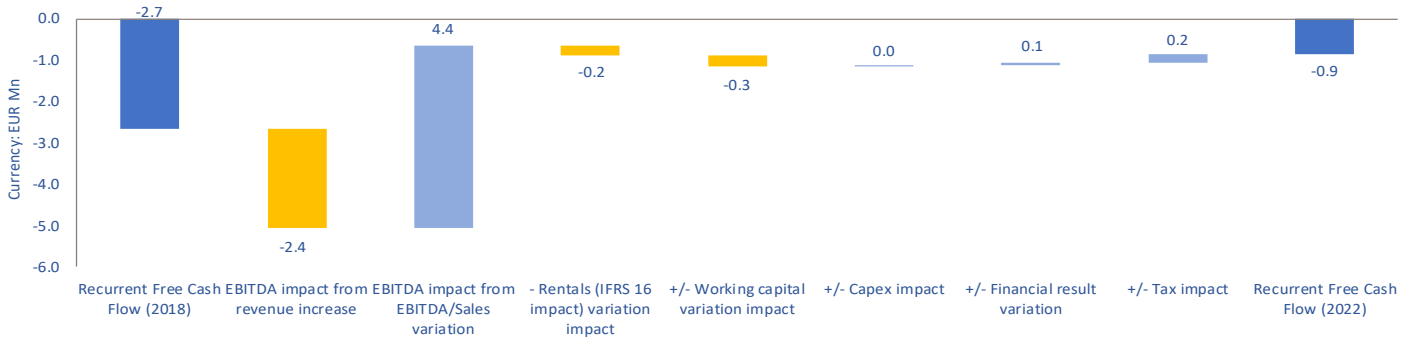
Free Cash Flow (I)

	2019	2020	2021	2022	2023e	2024e	2025e	CAGR	
								19-22	22-25e
A) Cash Flow Analysis (EUR Mn)									
Recurrent EBITDA	(0.4)	(0.7)	0.6	1.8	2.1	2.2	4.3	90.0%	32.6%
<i>Recurrent EBITDA growth</i>	-128.5%	-83.0%	183.8%	217.0%	10.9%	6.7%	97.0%		
<i>Rec. EBITDA/Revenues</i>	n.a.	n.a.	3.5%	16.1%	17.7%	19.4%	19.5%		
- Rentals (IFRS 16 impact)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)		
+/- Working Capital increase	0.5	(3.7)	5.6	(1.0)	(0.2)	0.3	(0.8)		
= Recurrent Operating Cash Flow	(0.1)	(4.6)	6.0	0.6	1.6	2.3	3.3	n.a.	73.3%
<i>Rec. Operating Cash Flow growth</i>	88.5%	n.a.	229.6%	-89.6%	154.5%	43.2%	42.7%		
<i>Rec. Operating Cash Flow / Sales</i>	n.a.	n.a.	35.6%	5.4%	13.7%	20.2%	14.7%		
- CAPEX	(0.1)	(0.3)	(0.1)	(0.2)	(0.2)	(0.2)	(0.4)		
- Net Financial Result affecting Cash Flow	(0.7)	(0.7)	(0.7)	(0.6)	(0.6)	(0.6)	(0.6)		
- Taxes	(0.4)	0.3	(0.4)	(0.7)	(0.2)	(0.3)	(0.7)		
= Recurrent Free Cash Flow	(1.3)	(5.4)	4.9	(0.9)	0.5	1.2	1.5	12.2%	56.1%
<i>Rec. Free Cash Flow growth</i>	52.5%	-324.7%	190.7%	-117.5%	163.0%	123.6%	28.0%		
<i>Rec. Free Cash Flow / Revenues</i>	n.a.	n.a.	29.0%	n.a.	4.7%	10.7%	7.0%		
- Restructuring expenses & others	0.0	(0.4)	1.1	0.0	-	-	-		
- Acquisitions / + Divestments	3.6	1.1	(0.6)	2.2	-	-	-		
+/- Extraordinary Inc./Exp. affecting Cash Flow	-	-	-	-	-	-	-		
= Free Cash Flow	2.4	(4.7)	5.4	1.4	0.5	1.2	1.5	-15.7%	3.1%
<i>Free Cash Flow growth</i>	150.8%	-297.8%	215.4%	-73.7%	-61.7%	123.6%	28.0%		
<i>Recurrent Free Cash Flow - Yield (s/Mkt Cap)</i>	n.a.	n.a.	23.2%	n.a.	2.6%	5.7%	7.4%		
<i>Free Cash Flow Yield (s/Mkt Cap)</i>	11.2%	n.a.	25.6%	6.7%	2.6%	5.7%	7.4%		
B) Analytical Review of Annual Recurrent Free Cash Flow Performance (Eur Mn)									
Recurrent FCF(FY - 1)	(2.7)	(1.3)	(5.4)	4.9	(0.9)	0.5	1.2		
EBITDA impact from revenue increase	(0.0)	0.1	(2.3)	(0.2)	0.0	(0.1)	2.1		
EBITDA impact from EBITDA/Sales variation	(0.2)	(0.4)	3.6	1.4	0.2	0.2	0.0		
= Recurrent EBITDA variation	(0.2)	(0.3)	1.3	1.3	0.2	0.1	2.1		
- Rentals (IFRS 16 impact) variation impact	(0.2)	-	(0.0)	-	-	-	-		
+/- Working capital variation impact	1.2	(4.2)	9.4	(6.6)	0.8	0.6	(1.1)		
= Recurrent Operating Cash Flow variation	0.8	(4.5)	10.6	(5.4)	1.0	0.7	1.0		
+/- CAPEX impact	0.2	(0.3)	0.3	(0.2)	(0.0)	0.0	(0.2)		
+/- Financial result variation	(0.0)	(0.0)	(0.0)	0.1	0.0	0.0	0.0		
+/- Tax impact	0.4	0.7	(0.6)	(0.3)	0.4	(0.0)	(0.4)		
= Recurrent Free Cash Flow variation	1.4	(4.1)	10.3	(5.7)	1.4	0.7	0.3		
Recurrent Free Cash Flow	(1.3)	(5.4)	4.9	(0.9)	0.5	1.2	1.5		
C) "FCF to the Firm" (pre debt service) (EUR Mn)									
EBIT	(0.5)	(1.3)	1.7	1.9	1.8	1.9	4.1	82.1%	28.0%
* Theoretical Tax rate	0.0%	0.0%	22.4%	30.0%	20.0%	20.0%	20.0%		
= Taxes (pre- Net Financial Result)	-	-	(0.4)	(0.6)	(0.4)	(0.4)	(0.8)		
Recurrent EBITDA	(0.4)	(0.7)	0.6	1.8	2.1	2.2	4.3	90.0%	32.6%
- Rentals (IFRS 16 impact)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)		
+/- Working Capital increase	0.5	(3.7)	5.6	(1.0)	(0.2)	0.3	(0.8)		
= Recurrent Operating Cash Flow	(0.1)	(4.6)	6.0	0.6	1.6	2.3	3.3	n.a.	73.3%
- CAPEX	(0.1)	(0.3)	(0.1)	(0.2)	(0.2)	(0.2)	(0.4)		
- Taxes (pre- Financial Result)	-	-	(0.4)	(0.6)	(0.4)	(0.4)	(0.8)		
= Recurrent Free Cash Flow (To the Firm)	(0.2)	(5.0)	5.6	(0.2)	1.0	1.7	2.0	0.6%	n.a.
<i>Rec. Free Cash Flow (To the Firm) growth</i>	84.8%	n.a.	211.8%	-103.1%	683.8%	66.7%	19.9%		
<i>Rec. Free Cash Flow (To the Firm) / Revenues</i>	n.a.	n.a.	33.0%	n.a.	8.6%	14.8%	9.0%		
- Acquisitions / + Divestments	3.6	1.1	(0.6)	2.2	-	-	-		
+/- Extraordinary Inc./Exp. affecting Cash Flow	-	-	-	-	-	-	-		
= Free Cash Flow "To the Firm"	3.4	(3.9)	5.0	2.1	1.0	1.7	2.0	-15.6%	-1.3%
<i>Free Cash Flow (To the Firm) growth</i>	49.5%	-212.3%	228.6%	-58.3%	-51.9%	66.7%	19.9%		
<i>Rec. Free Cash Flow To the Firm Yield (o/EV)</i>	n.a.	n.a.	21.7%	n.a.	3.9%	6.5%	7.8%		
<i>Free Cash Flow "To the Firm" - Yield (o/EV)</i>	13.5%	n.a.	19.5%	8.1%	3.9%	6.5%	7.8%		

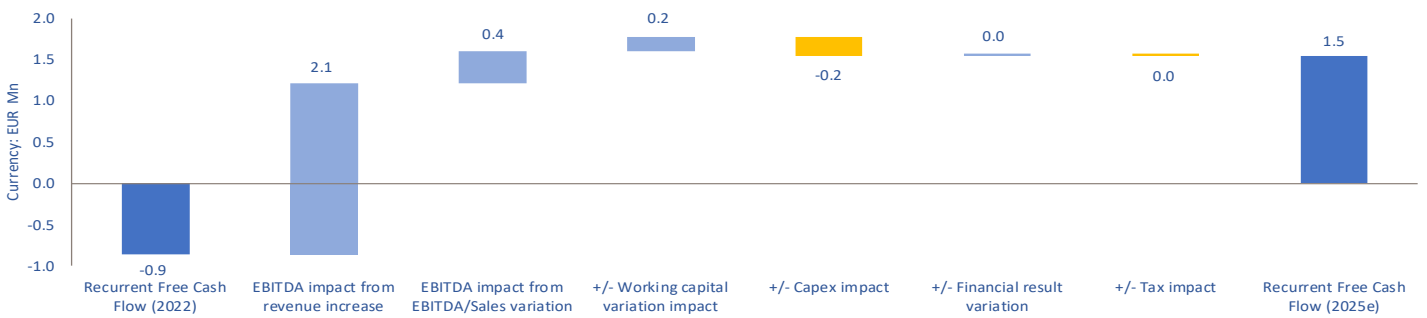


Free Cash Flow (II)

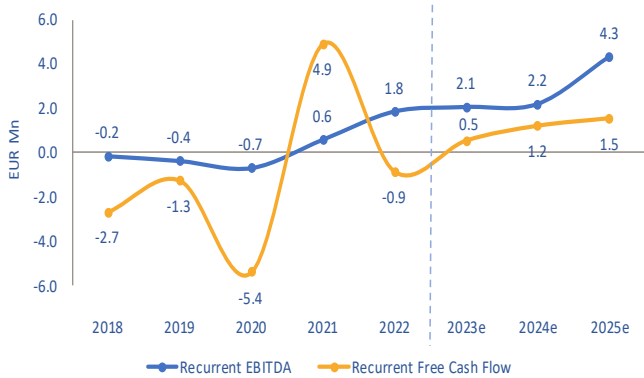
Recurrent Free Cash Flow accumulated variation analysis (2018 - 2022)



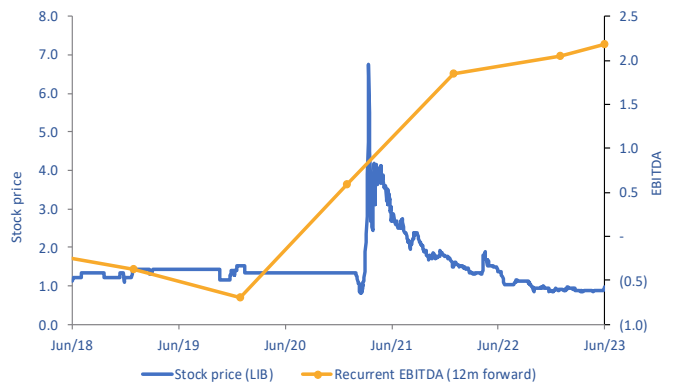
Recurrent Free Cash Flow accumulated variation analysis (2022 - 2025e)



Recurrent EBITDA vs Recurrent Free Cash Flow



Stock performance vs EBITDA 12m forward





Valuation inputs

Inputs for the DCF Valuation Approach

	2023e	2024e	2025e	Terminal Value ⁽¹⁾			
Free Cash Flow "To the Firm"	1.0	1.7	2.0	64.7			
Market Cap	21.0	At the date of this report					
Net financial debt	29.5	Debt net of Cash (3m Results 2023)					
					Best Case	Worst Case	
Cost of Debt	1.6%	Net debt cost			1.4%	1.9%	
Tax rate (T)	20.0%	T (Normalised tax rate)			=	=	
Net debt cost	1.3%	Kd = Cost of Net Debt * (1-T)			1.1%	1.5%	
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)	41.6%	E (Market Cap as equity value)			=	=	
Net Debt / (Equity + Net Debt)	58.4%	D			=	=	
WACC	5.1%	WACC = Kd * D + Ke * E			4.6%	5.8%	
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.

EV breakdown at the date of this report

	EUR Mn	Source
Market Cap	21.0	
+ Minority Interests	-	3m Results 2023
+ Provisions & Other L/T Liabilities	-	3m Results 2023
+ Net financial debt	29.5	3m Results 2023
- Financial Investments	1.4	3m Results 2023
+/- Others ⁽¹⁾	(23.6)	3m Results 2023
Enterprise Value (EV)	25.6	

(1) Related to: (i) the book value (not actuarial) of deferred tax assets and liabilities (EUR 35.0Mn and EUR 14.4Mn, respectively) and (ii) the market value of treasury stock (EUR 0.8Mn)

Business Value Creation Metrics ⁽¹⁾

	2018	2019	2020	2021	2022
ROCE (evolution -5y)	n.a.	n.a.	n.a.	1.5%	1.6%
	2022	2025e			
ROCE - WACC	-3.6%	-1.4%			
FCF Yield - WACC	n.a.	2.2%			

(1) FCF Yield to the Firm (see Free Cash Flow Analysis (I)). Detail of the WACC on this page.

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	21.3%	2.4	10.6x
Central	19.4%	2.2	11.7x
Min	17.5%	2.0	13.0x

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%					
2.4	1.4	1.4	1.4	➔	Max	6.9%	6.8%	6.7%
2.2	1.2	1.2	1.2		Central	5.9%	5.7%	5.6%
2.0	1.0	1.0	1.0		Min	4.8%	4.7%	4.6%

Main Corporate Governance indicators

KPI	2020	2021	2022
% of independent directors	37.5%	37.5%	37.5%
% of proprietary directors	37.5%	37.5%	37.5%
% of executive directors	12.5%	12.5%	12.5%
% of other directors	12.5%	12.5%	12.5%
% of women on the board of directors	37.5%	50.0%	50.0%
% of women out of total workforce	42.9%	42.1%	46.7%
Board remuneration/staff cost	14.9%	16.0%	12.8%



Main peers 2023e

		Real estate				Tourism					
EUR Mn		Metrovacesa	Aedas Homes	Neinor Homes	Insur	Average	Playa Hotels & Resorts	PPHE Hotel Group	Pierre et Vacances	Average	LIB
Market data	Ticker (Factset)	MVC-ES	AEDAS-ES	HOME-ES	ISUR-ES		PLYA-US	PPH-GB	VAC-FR		LIB-ES
	Country	Spain	Spain	Spain	Spain		Netherlands	Netherlands	France		Spain
	Market cap	1,060.2	688.1	707.1	130.7		1,331.9	534.9	778.0		21.0
	Enterprise value (EV)	1,250.6	890.9	710.1	377.0		2,065.9	1,858.5	3,569.2		25.6
Basic financial information	Total Revenues	607.8	1,017.0	692.5	136.3		933.1	430.1	1,856.4		11.6
	Total Revenues growth	17.1%	10.6%	3.3%	5.0%	9.0%	16.7%	12.5%	15.1%	14.8%	0.6%
	2y CAGR (2023e - 2025e)	4.8%	-3.7%	5.9%	39.0%	11.5%	1.6%	8.2%	5.2%	5.0%	38.3%
	EBITDA	56.7	180.5	119.1	26.2		258.6	126.9	184.7		2.1
	EBITDA growth	n.a.	17.9%	-6.1%	18.6%	10.1%	37.9%	19.1%	-64.7%	-2.6%	9.5%
	2y CAGR (2023e - 2025e)	3.8%	-6.7%	2.0%	35.0%	8.5%	5.5%	13.4%	11.8%	10.2%	45.0%
	EBITDA/Revenues	9.3%	17.7%	17.2%	19.2%	15.9%	27.7%	29.5%	9.9%	22.4%	17.7%
	EBIT	38.6	178.2	114.3	22.0		181.4	78.3	68.5		1.8
	EBIT growth	588.7%	20.1%	-9.7%	25.9%	156.3%	58.5%	30.2%	-75.3%	4.5%	-7.0%
	2y CAGR (2023e - 2025e)	24.7%	-6.8%	-7.9%	43.2%	13.3%	9.2%	18.2%	25.1%	17.5%	50.2%
	EBIT/Revenues	6.4%	17.5%	16.5%	16.1%	14.1%	19.4%	18.2%	3.7%	13.8%	15.6%
	Net Profit	34.5	118.8	74.7	9.6		79.5	21.8	20.0		0.9
	Net Profit growth	246.7%	13.1%	-18.6%	-36.0%	51.3%	50.2%	85.3%	-93.1%	14.1%	-38.1%
	2y CAGR (2023e - 2025e)	3.6%	-8.3%	-4.6%	55.4%	11.5%	19.4%	36.7%	69.2%	41.8%	72.0%
	CAPEX/Sales %	5.4%	0.3%	9.5%	31.2%	11.6%	8.5%	17.6%	5.8%	10.6%	2.0%
Free Cash Flow	152.0	114.1	18.6	(0.8)		28.9	(0.3)	(11.0)		0.5	
Net financial debt	242.7	322.1	398.6	191.9		758.6	802.3	(32.5)		31.7	
ND/EBITDA (x)	4.3	1.8	3.3	7.3	4.2	2.9	6.3	n.a.	4.6	15.5	
Pay-out	348.8%	73.1%	164.9%	n.a.	195.6%	0.0%	38.1%	6.2%	14.8%	82.7%	
Multiples and Ratios	P/E (x)	31.4	5.6	8.9	13.3	14.8	17.4	36.8	40.9	31.7	22.7
	P/BV (x)	0.6	0.7	0.8	0.9	0.8	2.3	1.4	n.a.	1.9	0.2
	EV/Revenues (x)	2.1	0.9	1.0	2.8	1.7	2.2	4.3	1.9	2.8	2.2
	EV/EBITDA (x)	22.1	4.9	6.0	14.4	11.8	8.0	14.6	19.3	14.0	12.5
	EV/EBIT (x)	32.4	5.0	6.2	17.2	15.2	11.4	23.7	n.a.	17.6	14.2
	ROE	2.0	12.3	8.8	6.8	7.5	13.3	3.8	n.a.	8.5	1.0
	FCF Yield (%)	14.3	16.6	2.6	n.a.	11.2	2.2	n.a.	n.a.	2.2	2.6
	DPS	0.79	2.00	1.61	0.23	1.16	0.00	0.20	0.04	0.08	0.04
Dvd Yield	11.4%	13.6%	18.2%	3.3%	11.6%	0.0%	1.5%	2.5%	1.4%	3.6%	

- (1) Financial data, multiples and ratios based on market consensus (Factset). In the case of the company analyzed, own estimates (Lighthouse).
(2) All ratios and multiples on EBITDA refer to total EBITDA (not to recurrent EBITDA).

Historical performance

Historical performance (EUR Mn)	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023e	2024e	2025e	12-22	22-25e
Total Revenues	48.6	10.1	9.0	5.7	5.2	8.2	5.0	5.6	3.9	16.8	11.5	11.6	11.3	22.2	-13.4%	24.4%
Total Revenues growth	195.1%	-79.2%	-11.1%	-36.2%	-9.8%	58.7%	-39.2%	11.4%	-29.4%	329.3%	-31.6%	0.6%	-2.8%	96.9%		
EBITDA	(31.6)	(8.2)	1.4	0.5	0.3	3.4	(0.0)	(0.4)	(1.1)	1.7	1.9	2.1	2.2	4.3	7.5%	32.1%
EBITDA growth	n.a.	73.9%	116.9%	-62.2%	-39.7%	981.4%	-100.2%	n.a.	-182.9%	255.0%	13.4%	9.5%	6.7%	97.0%		
EBITDA/Sales	n.a.	n.a.	15.5%	9.2%	6.1%	41.8%	n.a.	n.a.	n.a.	9.8%	16.3%	17.7%	19.4%	19.5%		
Net Profit	(29.5)	(48.6)	0.7	1.2	0.9	1.2	0.1	1.1	(3.6)	1.2	1.5	0.9	1.0	2.7	7.4%	22.4%
Net Profit growth	56.6%	-64.7%	101.4%	72.8%	-20.7%	26.0%	-88.2%	669.2%	-440.8%	133.7%	23.4%	-38.1%	12.0%	164.3%		
Adjusted number shares (Mn)	20.9	20.9	20.9	20.9	20.9	20.9	20.9	20.9	20.9	20.9	21.1	21.9	21.9	21.9		
EPS (EUR)	-1.41	-2.33	0.03	0.06	0.04	0.06	0.01	0.05	-0.17	0.06	0.07	0.04	0.05	0.13	7.4%	20.8%
EPS growth	56.5%	-64.7%	n.a.	72.9%	-20.7%	25.9%	-88.2%	n.a.	n.a.	n.a.	22.4%	-40.5%	12.0%	n.a.		
Ord. EPS (EUR)	-1.41	-2.33	0.03	0.06	0.04	0.04	0.03	0.05	-0.17	0.02	0.07	0.04	0.05	0.13	7.4%	20.9%
Ord. EPS growth	56.5%	-64.7%	n.a.	72.9%	-20.7%	-13.3%	-26.7%	79.3%	n.a.	n.a.	n.a.	-40.3%	12.0%	n.a.		
CAPEX	0.1	0.0	0.0	0.1	0.1	(0.1)	(0.2)	(0.1)	(0.3)	(0.1)	(0.2)	(0.2)	(0.2)	(0.4)		
CAPEX/Sales %	n.a.	n.a.	n.a.	n.a.	n.a.	1.8%	4.8%	1.3%	8.7%	0.4%	1.9%	2.0%	2.0%	2.0%		
Free Cash Flow	59.1	10.3	17.8	4.9	3.7	5.0	0.9	2.4	(4.7)	5.4	1.4	0.5	1.2	1.5	-31.2%	3.1%
ND/EBITDA (x) ⁽²⁾	n.a.	n.a.	n.a.	n.a.	n.a.	11.9x	n.a.	n.a.	n.a.	19.7x	16.8x	15.5x	14.3x	7.1x		
P/E (x)	n.a.	n.a.	68.2x	36.9x	46.5x	36.9x	n.a.	30.3x	n.a.	25.9x	12.6x	22.7x	20.3x	7.7x		
EV/Sales (x)	1.84x	2.19x	5.08x	7.12x	7.46x	7.85x	8.86x	8.02x	10.56x	2.64x	2.56x	2.21x	2.27x	1.15x		
EV/EBITDA (x) ⁽²⁾	n.a.	n.a.	32.8x	n.a.	n.a.	18.8x	n.a.	n.a.	n.a.	27.0x	15.7x	12.5x	11.7x	5.9x		
Absolute performance	-46.3%	-64.9%	135.0%	-6.4%	0.0%	-0.1%	-30.1%	6.4%	-12.5%	12.4%	-40.4%	7.0%				
Relative performance vs Ibx 35	-43.7%	-71.1%	126.7%	0.8%	2.1%	-7.0%	-17.8%	-4.8%	3.5%	4.1%	-36.8%	-5.2%				

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

Lingotes Especiales (LGT) is a small Spanish industrial company specialising in the design, development, casting and machining of steel components, mainly for use in the automotive industry, where it is a market leader in braking systems (85% sales) with a 12% market share in Europe.

MOMENTUM: WHAT DO WE EXPECT FROM 2023E?

We expect a dip in revenue in 2023e (due to the price effect)... Unlike in 2022, when revenue growth was driven exclusively by passing along the sharp jump in raw material prices (iron scrap) and higher energy costs onto selling prices, we expect to see 2020e to feature the opposite effect (due to lower prices). 2023e revenue: EUR 106Mn (-7% vs 2022).

...but improved profitability. LGT's end prices are trending up, but not as fast as raw material prices. This explains the erosion in margins seen over the past few years. However, we think the worst is over and that lower raw material and energy prices will feed through to wider margins. EBITDA margin 23e of 11% (vs. 7% in 2022). 23e EBITDA: EUR 11Mn (+39% vs 2022; huge increase in comparison to still-low levels last year, but relatively worse than in the 2015-2020 period).

The rebound in earnings in 2023e leaves room to pay down debt. We estimate positive FCF in 2023e (c. EUR 4.5Mn; c. 40% of EBITDA). This should enable the company to reduce net debt (-20% vs 2022) and bring gearing back to reasonable levels (ND/EBITDA 2023e 1.6x).

EQUITY STORY HIGHLIGHTS: WHAT TO WATCH FOR?

Competitive position and revenue mix. Despite its small size, LGT boasts a leadership position in disc brakes (c. 60% of sales), with a nearly 10% share of the European market. As for the sales mix, the (higher margin) machined components area now makes up 68% (vs 60% in 2019).

There is still plenty of room for margins to recover. Although our estimates do not call for any topline growth, normalisation of raw material and energy costs should drive a recovery in EBITDA margin to 13% in 2025e (vs 7% in 2022), although this is still lower than the average for the 2015-2020 period (16%). This would suggest that margin expansion has only just begin. 2025e EBITDA: EUR 15.2Mn (+20% CAGR 22-25e).

And no need for major investments. After spending heavily to upgrade its machining and casting lines (2016-2018), LGT is not facing any major investment requirements in the medium term. This should enable it to "take advantage" of the rebound in cash generation (FCF 2025e: EUR 6.5Mn) and start paying dividends again. A proposal was submitted to shareholders at the General Meeting to pay a dividend out of reserves of EUR 0.4/share (yield: 5.4%; payable 14 July 2023).

RISKS: WHAT TO KEEP AN EYE ON?

Customer concentration. Around 75% of LGT's revenues come from four clients. The loss of any of its main clients or a loss of market share of these due to changes in market trends or regulations would negatively impact our estimates.

Passing along raw material and energy costs. Changes in prices are not made immediately, but rather on a quarterly basis. This squeezes margins during periods of continuous increases in the prices of the company's main raw material (steel) and energy.

VALUATION METRICS: WHAT DO THE MULTIPLES TELL US?

LGT shares have taken a beating. LGT's poor earnings momentum has led to a sharp fall in the share price (> -50% YTD in both absolute and relative terms). Earnings in 2023e could provide a major catalyst by lending credence to the equity story, which is based (simply and exclusively) on margin normalisation (particularly interesting for a company with high FCF generation). FCF yield 2025e: c. 8%.

Market Data

Market Cap (Mn EUR and USD)	80.8	86.5
EV (Mn EUR and USD)	100.0	107.1
Shares Outstanding (Mn)	10.0	
-12m (Max/Med/Mín EUR)	9.78 / 7.33 / 5.12	
Daily Avg volume (-12m Mn EUR)	0.03	
Rotation ⁽¹⁾	8.8	
Factset / Bloomberg	LGT-ES / LGT SM	
Close fiscal year	31-Dec	

Shareholders Structure (%)

Board of Directors	55.0
Mallorquina de Seguros	6.0
Onchena	5.0
Free Float	34.0

Financials (Mn EUR)

	2022	2023e	2024e	2025e
Adj. nº shares (Mn)	10.0	10.0	10.0	10.0
Total Revenues	113.9	106.0	111.3	116.8
Rec. EBITDA	8.0	11.1	14.2	15.2
% growth	430.5	38.6	27.6	7.1
% Rec. EBITDA/Rev.	7.1	10.5	12.8	13.0
% Inc. EBITDA sector ⁽²⁾	22.7	10.5	7.4	0.6
Net Profit	3.1	4.5	6.8	7.5
EPS (EUR)	0.31	0.45	0.68	0.75
% growth	312.0	43.3	51.2	11.2
Ord. EPS (EUR)	0.25	0.45	0.68	0.75
% growth	185.4	79.2	51.2	11.2
Rec. Free Cash Flow	0.6	4.5	5.7	6.5
Pay-out (%)	127.7	89.1	58.9	53.0
DPS (EUR)	0.40	0.40	0.40	0.40
Net financial debt	18.7	18.2	16.5	14.0
ND/Rec. EBITDA (x)	2.3	1.6	1.2	0.9
ROE (%)	6.9	9.5	13.9	14.6
ROCE (%)	5.3	7.7	11.0	11.9

Ratios & Multiples (x)

	2022	2023e	2024e	2025e
P/E	25.8	18.0	11.9	10.7
Ord. P/E	32.3	18.0	11.9	10.7
P/BV	1.7	1.7	1.6	1.5
Dividend Yield (%)	5.0	5.0	5.0	5.0
EV/Sales	0.88	0.94	0.90	0.86
EV/Rec. EBITDA	12.4	9.0	7.0	6.6
EV/EBIT	22.3	14.7	10.2	9.3
FCF Yield (%)	0.7	5.6	7.1	8.1

Historical behavior (base 100)



(%)	-1m	-3m	-12m	-5Y
Absolute	12.5	-3.1	-18.5	-53.7

(1) Rotation is the % of the capitalisation traded - 12m.

(2) Sector: Stoxx Europe 600 Automobiles & Parts.



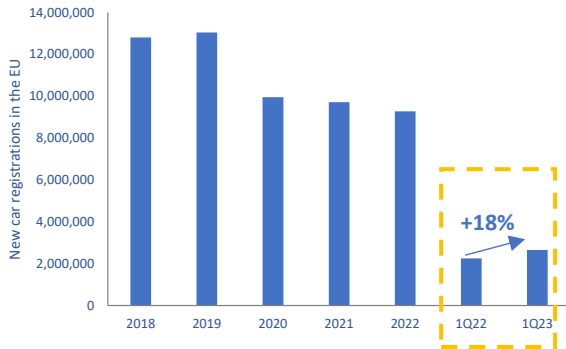
Financial Projections

Balance Sheet (EUR Mn)	2018	2019	2020	2021	2022	2023e	2024e	2025e		
Intangible assets	0.5	0.9	1.1	1.6	1.5	2.7	3.9	5.1		
Fixed assets	55.1	56.8	57.2	57.1	56.5	55.8	55.3	54.8		
Other Non Current Assets	0.6	0.5	0.4	1.2	0.8	0.8	0.8	0.8		
Financial Investments	0.6	0.6	0.2	0.2	0.2	0.2	0.2	0.2		
Goodwill & Other Intangibles	-	-	-	-	-	-	-	-		
Current assets	29.5	28.9	28.3	25.7	32.2	30.0	31.5	33.0		
Total assets	86.3	87.7	87.3	85.9	91.3	89.6	91.8	94.0		
Equity	44.5	46.2	45.1	43.7	46.8	47.3	50.1	53.6		
Minority Interests	-	-	-	-	-	-	-	-		
Provisions & Other L/T Liabilities	1.7	1.5	8.3	1.4	0.9	0.9	0.9	0.9		
Other Non Current Liabilities	-	0.2	0.1	0.2	0.1	0.1	0.1	0.1		
Net financial debt	17.0	15.2	9.2	19.9	18.7	18.2	16.5	14.0		
Current Liabilities	23.1	24.6	24.5	20.7	24.7	23.1	24.2	25.4		
Equity & Total Liabilities	86.3	87.7	87.3	85.9	91.3	89.6	91.8	94.0		
CAGR										
P&L (EUR Mn)	2018	2019	2020	2021	2022	2023e	2024e	2025e	18-22	22-25e
Total Revenues	115.6	114.9	91.2	85.9	113.9	106.0	111.3	116.8	-0.4%	0.8%
Total Revenues growth	10.9%	-0.6%	-20.7%	-5.8%	32.7%	-7.0%	5.0%	5.0%		
COGS	(48.7)	(49.6)	(37.7)	(40.5)	(48.9)	(45.8)	(47.3)	(49.7)		
Gross Margin	66.9	65.3	53.5	45.4	65.0	60.2	64.0	67.2	-0.7%	1.1%
Gross Margin/Revenues	57.9%	56.8%	58.7%	52.9%	57.1%	56.8%	57.5%	57.5%		
Personnel Expenses	(28.1)	(27.8)	(25.2)	(22.7)	(23.3)	(23.6)	(24.8)	(26.0)		
Other Operating Expenses	(20.5)	(20.6)	(16.5)	(21.2)	(33.7)	(25.4)	(25.0)	(25.9)		
Recurrent EBITDA	18.2	16.8	11.8	1.5	8.0	11.1	14.2	15.2	-18.5%	23.7%
Recurrent EBITDA growth	8.9%	-7.5%	-29.9%	-87.2%	430.5%	38.6%	27.6%	7.1%		
Rec. EBITDA/Revenues	15.8%	14.6%	12.9%	1.8%	7.1%	10.5%	12.8%	13.0%		
Restructuring Expense & Other non-rec.	-	-	0.8	0.5	0.8	-	-	-		
EBITDA	18.2	16.8	12.6	2.0	8.9	11.1	14.2	15.2	-16.5%	19.8%
Depreciation & Provisions	(5.5)	(5.5)	(4.5)	(5.1)	(5.5)	(5.4)	(5.5)	(5.6)		
Capitalized Expense	0.1	0.4	0.7	1.0	1.2	1.2	1.2	1.2		
Rentals (IFRS 16 impact)	-	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)		
EBIT	12.8	11.7	8.7	(2.2)	4.5	6.8	9.8	10.8	-23.0%	33.8%
EBIT growth	3.7%	-8.7%	-25.8%	-124.9%	308.2%	51.1%	44.5%	9.6%		
EBIT/Revenues	11.1%	10.2%	9.5%	n.a.	3.9%	6.4%	8.8%	9.2%		
Impact of Goodwill & Others	-	-	-	-	-	-	-	-		
Net Financial Result	(0.2)	(0.3)	(0.3)	(0.3)	(0.4)	(0.8)	(0.8)	(0.7)		
Income by the Equity Method	(0.4)	-	-	-	-	-	-	-		
Ordinary Profit	12.2	11.4	8.4	(2.5)	4.1	6.0	9.0	10.1	-24.0%	35.1%
Ordinary Profit Growth	2.6%	-6.6%	-26.6%	-129.6%	264.4%	46.7%	51.2%	11.2%		
Extraordinary Results	-	-	(0.4)	0.5	-	-	-	-		
Profit Before Tax	12.2	11.4	8.0	(2.0)	4.1	6.0	9.0	10.1	-24.0%	35.1%
Tax Expense	(3.0)	(2.7)	(2.1)	0.5	(0.9)	(1.5)	(2.3)	(2.5)		
Effective Tax Rate	24.7%	23.7%	25.7%	n.a.	23.2%	25.0%	25.0%	25.0%		
Minority Interests	-	-	-	-	-	-	-	-		
Discontinued Activities	-	-	-	-	-	-	-	-		
Net Profit	9.2	8.7	6.0	(1.5)	3.1	4.5	6.8	7.5	-23.6%	34.1%
Net Profit growth	3.1%	-5.3%	-31.6%	-124.8%	312.0%	43.3%	51.2%	11.2%		
Ordinary Net Profit	9.2	8.7	5.6	(2.9)	2.5	4.5	6.8	7.5	-27.8%	44.4%
Ordinary Net Profit growth	3.1%	-5.3%	-35.7%	-152.3%	185.4%	79.2%	51.2%	11.2%		
CAGR										
Cash Flow (EUR Mn)	2018	2019	2020	2021	2022	2023e	2024e	2025e	18-22	22-25e
Recurrent EBITDA						11.1	14.2	15.2	-18.5%	23.7%
Rentals (IFRS 16 impact)						(0.1)	(0.1)	(0.1)		
Working Capital Increase						0.5	(0.4)	(0.4)		
Recurrent Operating Cash Flow						11.6	13.8	14.8	-22.8%	39.1%
CAPEX						(4.8)	(5.0)	(5.0)		
Net Financial Result affecting the Cash Flow						(0.8)	(0.8)	(0.7)		
Tax Expense						(1.5)	(2.3)	(2.5)		
Recurrent Free Cash Flow						4.5	5.7	6.5	-0.9%	n.a.
Restructuring Expense & Other non-rec.						-	-	-		
- Acquisitions / + Divestures of assets						-	-	-		
Extraordinary Inc./Exp. Affecting Cash Flow						-	-	-		
Free Cash Flow						4.5	5.7	6.5	9.6%	78.0%
Capital Increase						-	-	-		
Dividends						(4.0)	(4.0)	(4.0)		
Net Debt Variation						(0.5)	(1.7)	(2.5)		

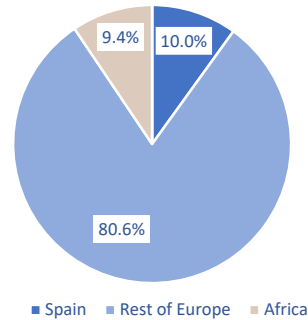


The company in 8 charts

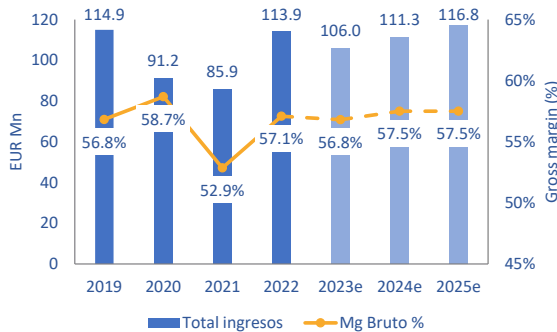
Vehicle registrations in Europe are on the rise in 2023 (but still lower than in 2019)



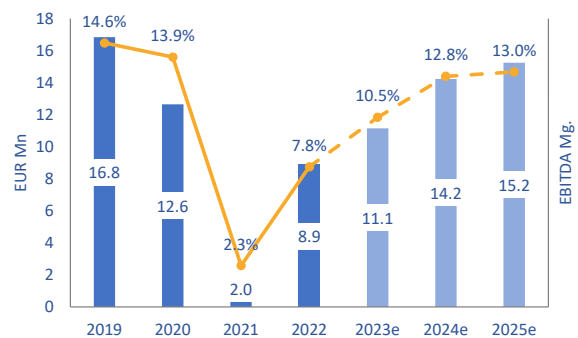
Exports make up 90% of revenue, with Europe as the main revenue source



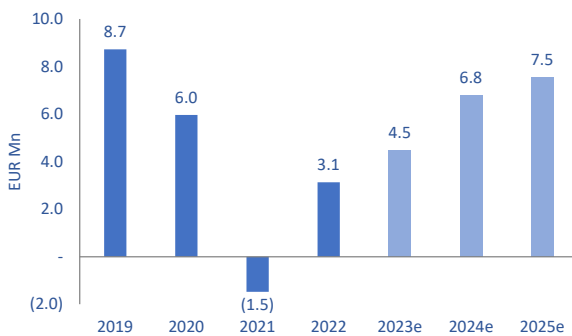
Despite higher volumes, lower prices in 2023e will undermine revenue growth



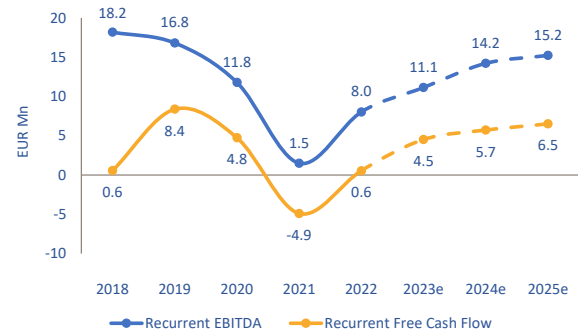
There is still plenty of room for margins (still heavily penalised by high raw material costs) to recover



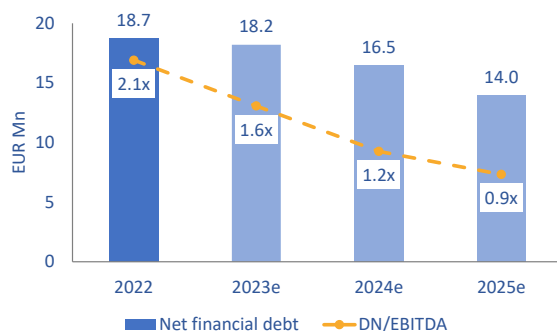
With no significant impact on finance costs, LGT will convert c. 50% of EBITDA into net profit



A company with strong potential to generate FCF (with recovery likely to be visible already in 2023e)



Cash generation should bring gearing back to levels of c. 1.5x ND/EBITDA in 2023e



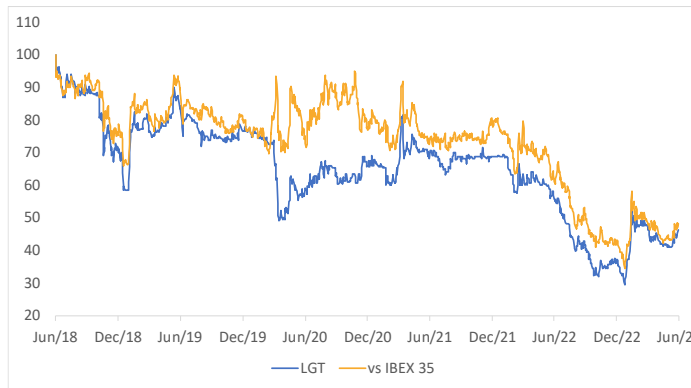
Earnings in 2023e could provide a catalyst by making margin improvement appear more credible



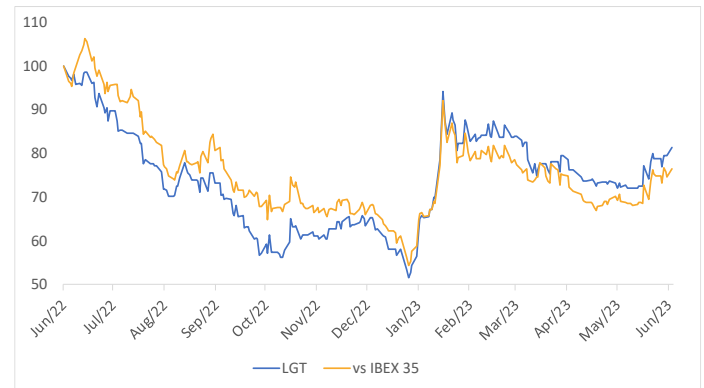


Evolution of the share price

Historical behavior vs Ibex 35 (base 100)



Behavior -1y vs Ibex 35 (base 100)



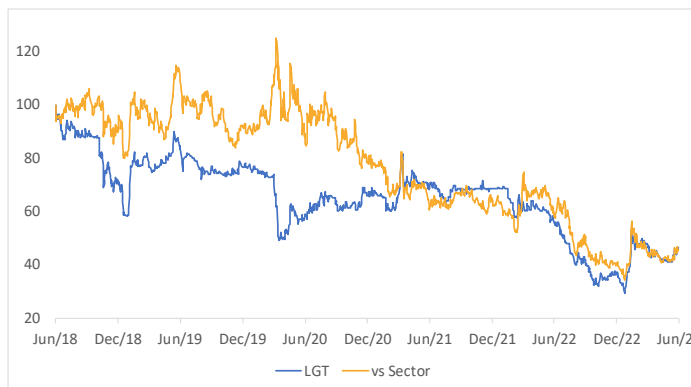
Historical behavior vs Ibex Small Cap (base 100)



Behavior -1y vs Ibex Small Cap (base 100)



Historical behavior vs Sector⁽¹⁾ (base 100)



Behavior -1y vs Sector⁽¹⁾ (base 100)



(1) Sector: Stoxx Europe 600 Automobiles & Parts

Stock performance (%)	-1m	-3m	-12m	YTD	-3Y	-5Y
Absolute	12.5	-3.1	-18.5	49.6	-21.8	-53.7
vs Market						
vs Ibex 35	10.8	-1.3	-23.5	32.6	-33.7	-51.7
vs Euro STOXX 50	13.8	-3.1	-28.2	32.2	-38.4	-62.7
vs Small Cap References						
vs Ibex Small Cap Index	12.3	8.2	-6.1	39.4	-36.5	-53.5
vs Micro Cap Spain Universe ⁽¹⁾	12.4	-0.1	-11.3	37.4	-44.6	-56.9
vs MSCI Europe Micro Cap	14.3	2.8	-6.9	50.7	-33.7	-56.9
vs Sector						
vs Stoxx Europe 600 Automobiles & Parts	10.2	2.6	-23.9	27.7	-46.4	-54.2

(1) [Constituents on page 10](#)



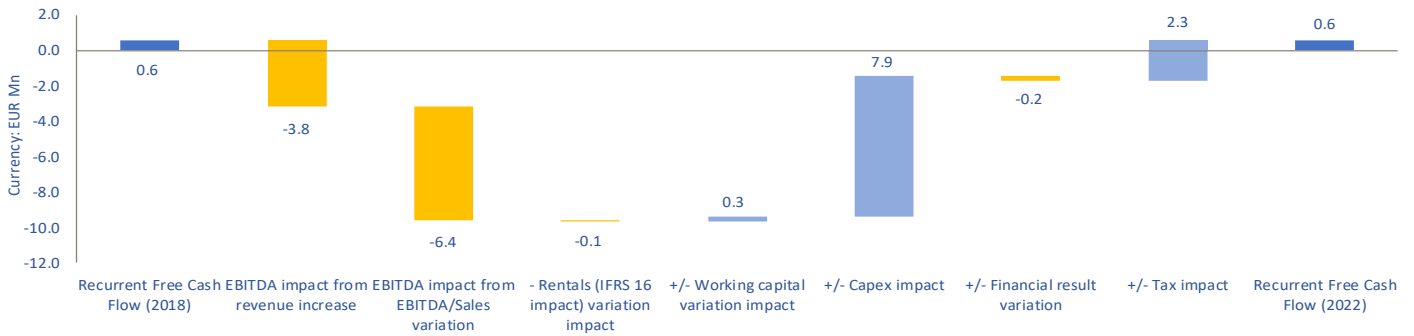
Free Cash Flow (I)

	2019	2020	2021	2022	2023e	2024e	2025e	CAGR	
								19-22	22-25e
A) Cash Flow Analysis (EUR Mn)									
Recurrent EBITDA	16.8	11.8	1.5	8.0	11.1	14.2	15.2	-21.8%	23.7%
<i>Recurrent EBITDA growth</i>	-7.5%	-29.9%	-87.2%	430.5%	38.6%	27.6%	7.1%		
<i>Rec. EBITDA/Revenues</i>	14.6%	12.9%	1.8%	7.1%	10.5%	12.8%	13.0%		
- Rentals (IFRS 16 impact)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)		
+/- Working Capital increase	2.1	0.6	(1.3)	(2.5)	0.5	(0.4)	(0.4)		
= Recurrent Operating Cash Flow	18.9	12.3	0.1	5.5	11.6	13.8	14.8	-33.8%	39.1%
<i>Rec. Operating Cash Flow growth</i>	22.2%	-35.0%	-99.0%	n.a.	111.4%	18.8%	7.2%		
<i>Rec. Operating Cash Flow / Sales</i>	16.4%	13.5%	0.1%	4.8%	10.9%	12.4%	12.6%		
- CAPEX	(7.5)	(5.5)	(5.2)	(3.6)	(4.8)	(5.0)	(5.0)		
- Net Financial Result affecting Cash Flow	(0.2)	(0.3)	(0.3)	(0.4)	(0.8)	(0.8)	(0.7)		
- Taxes	(2.8)	(1.8)	0.5	(0.9)	(1.5)	(2.3)	(2.5)		
= Recurrent Free Cash Flow	8.4	4.8	(4.9)	0.6	4.5	5.7	6.5	-59.5%	n.a.
<i>Rec. Free Cash Flow growth</i>	n.a.	-43.4%	-202.9%	111.4%	708.3%	26.8%	13.8%		
<i>Rec. Free Cash Flow / Revenues</i>	7.3%	5.2%	n.a.	0.5%	4.3%	5.2%	5.6%		
- Restructuring expenses & others	-	0.8	0.5	0.8	-	-	-		
- Acquisitions / + Divestments	0.4	-	-	-	-	-	-		
+/- Extraordinary Inc./Exp. affecting Cash Flow	-	-	0.5	(0.2)	-	-	-		
= Free Cash Flow	8.8	5.6	(4.0)	1.2	4.5	5.7	6.5	-49.1%	78.0%
<i>Free Cash Flow growth</i>	994.4%	-36.3%	-171.2%	129.0%	290.9%	26.8%	13.8%		
<i>Recurrent Free Cash Flow - Yield (s/Mkt Cap)</i>	10.4%	5.9%	n.a.	0.7%	5.6%	7.1%	8.1%		
<i>Free Cash Flow Yield (s/Mkt Cap)</i>	10.9%	6.9%	n.a.	1.4%	5.6%	7.1%	8.1%		
B) Analytical Review of Annual Recurrent Free Cash Flow Performance (Eur Mn)									
Recurrent FCF (FY - 1)	0.6	8.4	4.8	(4.9)	0.6	4.5	5.7		
EBITDA impact from revenue increase	(0.1)	(3.5)	(0.7)	0.5	(0.6)	0.6	0.7		
EBITDA impact from EBITDA/Sales variation	(1.3)	(1.6)	(9.6)	6.0	3.7	2.5	0.3		
= Recurrent EBITDA variation	(1.4)	(5.0)	(10.3)	6.5	3.1	3.1	1.0		
- Rentals (IFRS 16 impact) variation impact	(0.1)	(0.0)	(0.0)	-	-	-	-		
+/- Working capital variation impact	4.9	(1.5)	(1.9)	(1.2)	3.0	(0.9)	(0.0)		
= Recurrent Operating Cash Flow variation	3.4	(6.6)	(12.2)	5.4	6.1	2.2	1.0		
+/- CAPEX impact	4.0	2.1	0.2	1.7	(1.2)	(0.2)	(0.0)		
+/- Financial result variation	(0.0)	(0.1)	(0.0)	(0.1)	(0.4)	0.0	0.1		
+/- Tax impact	0.5	1.0	2.3	(1.5)	(0.5)	(0.8)	(0.3)		
= Recurrent Free Cash Flow variation	7.8	(3.6)	(9.6)	5.5	4.0	1.2	0.8		
Recurrent Free Cash Flow	8.4	4.8	(4.9)	0.6	4.5	5.7	6.5		
C) "FCF to the Firm" (pre debt service) (EUR Mn)									
EBIT	11.7	8.7	(2.2)	4.5	6.8	9.8	10.8	-27.3%	33.8%
* Theoretical Tax rate	23.7%	25.7%	0.0%	23.2%	25.0%	25.0%	25.0%		
= Taxes (pre- Net Financial Result)	(2.8)	(2.2)	-	(1.0)	(1.7)	(2.5)	(2.7)		
Recurrent EBITDA	16.8	11.8	1.5	8.0	11.1	14.2	15.2	-21.8%	23.7%
- Rentals (IFRS 16 impact)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)		
+/- Working Capital increase	2.1	0.6	(1.3)	(2.5)	0.5	(0.4)	(0.4)		
= Recurrent Operating Cash Flow	18.9	12.3	0.1	5.5	11.6	13.8	14.8	-33.8%	39.1%
- CAPEX	(7.5)	(5.5)	(5.2)	(3.6)	(4.8)	(5.0)	(5.0)		
- Taxes (pre- Financial Result)	(2.8)	(2.2)	-	(1.0)	(1.7)	(2.5)	(2.7)		
= Recurrent Free Cash Flow (To the Firm)	8.6	4.6	(5.1)	0.9	5.1	6.3	7.0	-53.3%	n.a.
<i>Rec. Free Cash Flow (To the Firm) growth</i>	960.0%	-46.6%	-211.6%	117.2%	483.9%	23.1%	11.7%		
<i>Rec. Free Cash Flow (To the Firm) / Revenues</i>	7.5%	5.0%	n.a.	0.8%	4.8%	5.7%	6.0%		
- Acquisitions / + Divestments	0.4	-	-	-	-	-	-		
+/- Extraordinary Inc./Exp. affecting Cash Flow	-	-	0.5	(0.2)	-	-	-		
= Free Cash Flow "To the Firm"	9.0	4.6	(4.7)	0.7	5.1	6.3	7.0	-58.2%	n.a.
<i>Free Cash Flow (To the Firm) growth</i>	768.6%	-48.9%	-201.7%	114.1%	679.9%	23.1%	11.7%		
<i>Rec. Free Cash Flow To the Firm Yield (o/EV)</i>	8.6%	4.6%	n.a.	0.9%	5.1%	6.3%	7.0%		
<i>Free Cash Flow "To the Firm" - Yield (o/EV)</i>	9.0%	4.6%	n.a.	0.7%	5.1%	6.3%	7.0%		

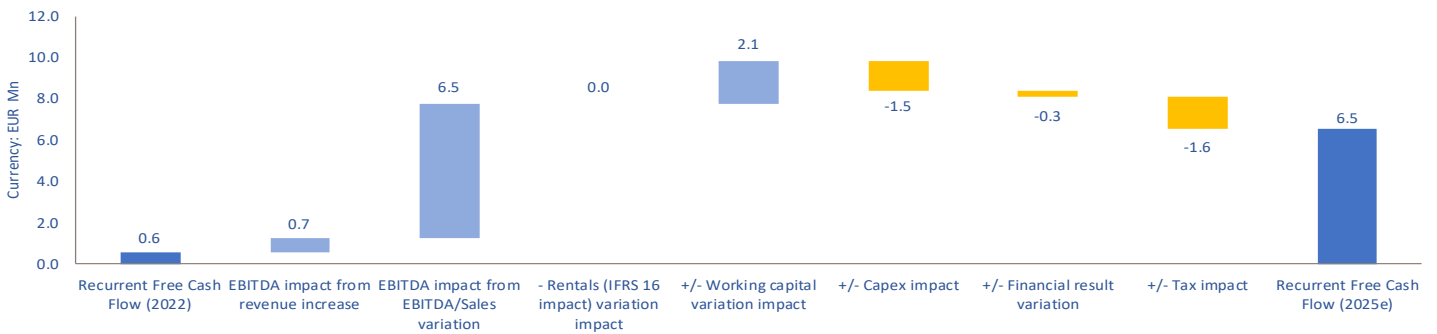


Free Cash Flow (II)

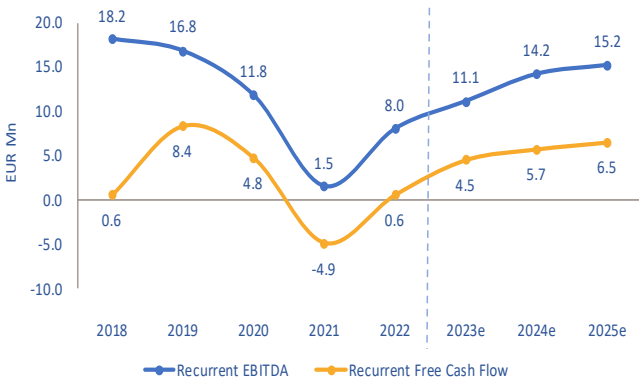
Recurrent Free Cash Flow accumulated variation analysis (2018 - 2022)



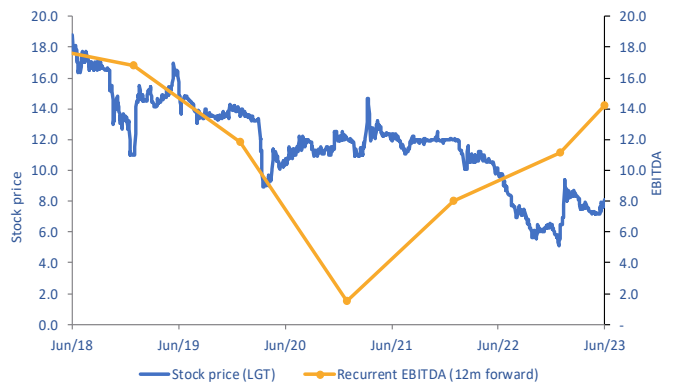
Recurrent Free Cash Flow accumulated variation analysis (2022 - 2025e)



Recurrent EBITDA vs Recurrent Free Cash Flow



Stock performance vs EBITDA 12m forward





Valuation inputs

Inputs for the DCF Valuation Approach

	2023e	2024e	2025e	Terminal Value ⁽¹⁾		
Free Cash Flow "To the Firm"	5.1	6.3	7.0	114.4		
Market Cap	80.8	At the date of this report				
Net financial debt	18.7	Debt net of Cash (12m Results 2022)				
					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	1.1
Cost of Equity	10.0%	Ke = Rf + (R * B)			8.9%	10.5%
Equity / (Equity + Net Debt)	81.2%	E (Market Cap as equity value)			=	=
Net Debt / (Equity + Net Debt)	18.8%	D			=	=
WACC	8.8%	WACC = Kd * D + Ke * E			7.8%	9.2%
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.

EV breakdown at the date of this report

	EUR Mn	Source
Market Cap	80.8	
+ Minority Interests	-	12m Results 2022
+ Provisions & Other L/T Liabilities	0.7	12m Results 2022
+ Net financial debt	18.7	12m Results 2022
- Financial Investments	0.2	12m Results 2022
+/- Others		
Enterprise Value (EV)	100.0	

Business Value Creation Metrics ⁽¹⁾

	2018	2019	2020	2021	2022
ROCE (evolution -5y)	16.5%	14.3%	10.3%	n.a.	5.3%
	2022	2025e			
ROCE - WACC	-3.5%	3.1%			
FCF Yield - WACC	-8.1%	-0.7%			

(1) FCF Yield to the Firm (see Free Cash Flow Analysis (I)). Detail of the WACC on this page.

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	14.1%	15.7	6.4x
Central	12.8%	14.2	7.0x
Min	11.5%	12.8	7.8x

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	4.0%	4.5%	5.0%		Max	Central	Min
15.7	7.7	7.2	6.6	Max	9.6%	8.9%	8.2%
14.2	6.3	5.7	5.2	Central	7.8%	7.1%	6.4%
12.8	4.8	4.3	3.7	Min	6.0%	5.3%	4.6%

Main Corporate Governance indicators

KPI	2020	2021	2022
% of independent directors	25.0%	22.2%	25.0%
% of proprietary directors	12.5%	11.1%	12.5%
% of executive directors	37.5%	33.3%	37.5%
% of other directors	25.0%	33.3%	25.0%
% of women on the board of directors	25.0%	44.4%	37.5%
% of women out of total workforce	4.9%	5.0%	4.7%
Board remuneration/staff cost	1.8%	3.3%	3.3%



Main peers 2023e

		Auto-Parts				Brake Systems			
		CIE							
EUR Mn		Automotive	Gestamp	Faurecia	Voestalpine	Average	Brembo SPA	Average	LGT
Market data	Ticker (Factset)	CIE-ES	GEST-ES	EO-FR	VOE-AT		BRE-IT		LGT-ES
	Country	Spain	Spain	France	Austria		Italy		Spain
	Market cap	3,342.9	2,482.6	4,112.5	5,480.6		4,657.7		80.8
	Enterprise value (EV)	5,024.1	5,390.5	13,832.4	8,324.8		5,224.2		100.0
Basic financial information	Total Revenues	4,120.0	12,021.2	26,720.4	16,453.3		3,988.7		106.0
	Total Revenues growth	7.3%	12.1%	5.0%	-8.4%	4.0%	9.9%	9.9%	-7.0%
	2y CAGR (2023e - 2025e)	4.0%	6.3%	6.5%	2.1%	4.7%	6.3%	6.3%	5.0%
	EBITDA	704.6	1,387.9	3,170.8	1,792.8		690.2		11.1
	EBITDA growth	11.3%	16.3%	36.0%	-26.4%	9.3%	20.5%	20.5%	25.8%
	2y CAGR (2023e - 2025e)	6.8%	9.8%	11.9%	6.2%	8.7%	8.5%	8.5%	16.9%
	EBITDA/Revenues	17.1%	11.5%	11.9%	10.9%	12.9%	17.3%	17.3%	10.5%
	EBIT	508.0	673.5	1,407.0	1,004.6		436.1		6.8
	EBIT growth	11.4%	28.7%	55.7%	-35.2%	15.1%	31.1%	31.1%	51.1%
	2y CAGR (2023e - 2025e)	7.6%	15.2%	22.1%	9.4%	13.6%	11.3%	11.3%	25.9%
	EBIT/Revenues	12.3%	5.6%	5.3%	6.1%	7.3%	10.9%	10.9%	6.4%
	Net Profit	317.6	321.1	441.6	624.7		325.9		4.5
	Net Profit growth	8.3%	23.5%	215.7%	-37.2%	52.6%	11.2%	11.2%	43.3%
	2y CAGR (2023e - 2025e)	10.2%	22.3%	48.7%	3.7%	21.2%	11.5%	11.5%	29.7%
Multiples and Ratios	CAPEX/Sales %	5.2%	7.3%	6.5%	6.7%	6.4%	8.7%	8.7%	4.5%
	Free Cash Flow	346.1	202.7	648.4	482.9		237.1		4.5
	Net financial debt	1,106.1	2,012.1	6,952.6	1,871.4		382.7		18.2
	ND/EBITDA (x)	1.6	1.4	2.2	1.0	1.6	0.6	0.6	1.6
	Pay-out	32.6%	28.7%	17.9%	33.6%	28.2%	30.2%	30.2%	89.1%
	P/E (x)	10.9	7.8	9.0	8.5	9.1	14.4	14.4	18.0
	P/BV (x)	2.5	1.1	0.8	0.7	1.3	2.2	2.2	1.7
	EV/Revenues (x)	1.2	0.4	0.5	0.5	0.7	1.3	1.3	0.9
EV/EBITDA (x)	7.1	3.9	4.4	4.6	5.0	7.6	7.6	9.0	
EV/EBIT (x)	9.9	8.0	9.8	8.3	9.0	12.0	12.0	14.7	
ROE	22.7	13.5	9.1	8.0	13.3	15.3	15.3	9.5	
FCF Yield (%)	10.4	8.2	15.8	8.8	10.8	5.1	5.1	5.6	
DPS	0.86	0.16	0.46	1.18	0.66	0.30	0.30	0.40	
Dvd Yield	3.1%	3.7%	2.1%	3.8%	3.2%	2.1%	2.1%	5.0%	

- (1) Financial data, multiples and ratios based on market consensus (Factset). In the case of the company analyzed, own estimates (Lighthouse).
(2) All ratios and multiples on EBITDA refer to total EBITDA (not to recurrent EBITDA).

Historical performance

Historical performance (EUR Mn)	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023e	2024e	2025e	12-22	22-25e
Total Revenues	57.8	62.1	63.3	79.5	95.6	104.2	115.6	114.9	91.2	85.9	113.9	106.0	111.3	116.8	7.0%	0.8%
Total Revenues growth	n.a.	7.4%	2.0%	25.5%	20.3%	9.0%	10.9%	-0.6%	-20.7%	-5.8%	32.7%	-7.0%	5.0%	5.0%		
EBITDA	6.0	7.7	8.7	13.2	19.0	16.7	18.2	16.8	12.6	2.0	8.9	11.1	14.2	15.2	3.9%	19.8%
EBITDA growth	n.a.	27.6%	13.2%	50.8%	44.6%	-12.1%	8.9%	-7.5%	-24.9%	-84.4%	350.1%	25.8%	27.6%	7.1%		
EBITDA/Sales	10.5%	12.4%	13.8%	16.6%	19.9%	16.0%	15.8%	14.6%	13.9%	2.3%	7.8%	10.5%	12.8%	13.0%		
Net Profit	2.5	4.0	4.0	6.7	10.5	8.9	9.2	8.7	6.0	(1.5)	3.1	4.5	6.8	7.5	2.2%	34.1%
Net Profit growth	n.a.	58.1%	0.0%	69.1%	56.0%	-14.9%	3.1%	-5.3%	-31.6%	-124.8%	312.0%	43.3%	51.2%	11.2%		
Adjusted number shares (Mn)	10.9	9.9	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0		
EPS (EUR)	0.23	0.40	0.40	0.67	1.05	0.89	0.92	0.87	0.60	-0.15	0.31	0.45	0.68	0.75	3.1%	34.1%
EPS growth	n.a.	74.2%	-1.1%	69.1%	56.0%	-14.9%	3.1%	-5.3%	-31.6%	n.a.	n.a.	43.3%	51.2%	11.2%		
Ord. EPS (EUR)	0.23	0.40	0.40	0.67	1.05	0.89	0.92	0.87	0.56	-0.29	0.25	0.45	0.68	0.75	0.8%	44.4%
Ord. EPS growth	n.a.	74.2%	-1.1%	69.1%	56.0%	-14.9%	3.1%	-5.3%	-35.7%	n.a.	n.a.	79.2%	51.2%	11.2%		
CAPEX	(2.0)	(3.5)	(3.5)	(6.1)	(18.1)	(10.0)	(11.5)	(7.5)	(5.5)	(5.2)	(3.6)	(4.8)	(5.0)	(5.0)		
CAPEX/Sales %	3.4%	5.6%	5.5%	7.7%	18.9%	9.6%	9.9%	6.5%	6.0%	6.1%	3.1%	4.5%	4.5%	4.3%		
Free Cash Flow	8.5	0.8	0.7	10.3	(0.3)	(0.7)	0.8	8.8	5.6	(4.0)	1.2	4.5	5.7	6.5	-18.1%	78.0%
ND/EBITDA (x) ⁽²⁾	0.0x	0.7x	0.7x	-0.2x	0.2x	0.6x	0.9x	0.9x	0.7x	10.1x	2.1x	1.6x	1.2x	0.9x		
P/E (x)	7.3x	5.9x	7.7x	10.6x	11.8x	17.9x	11.1x	14.9x	19.5x	n.a.	17.2x	18.0x	11.9x	10.7x		
EV/Sales (x)	0.42x	0.56x	0.76x	1.04x	1.53x	1.82x	1.11x	1.32x	1.52x	1.64x	0.64x	0.94x	0.90x	0.86x		
EV/EBITDA (x) ⁽²⁾	4.0x	4.5x	5.5x	6.3x	7.7x	11.4x	7.0x	9.0x	10.9x	n.a.	8.3x	9.0x	7.0x	6.6x		
Absolute performance	-6.6%	41.1%	27.5%	133.6%	74.3%	29.0%	-36.4%	27.8%	-10.7%	3.2%	-55.0%	49.6%				
Relative performance vs Ibx 35	-2.0%	16.2%	23.0%	151.6%	77.9%	20.1%	-25.2%	14.3%	5.6%	-4.4%	-52.3%	32.6%				

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

LLYC is a communication consultancy company operating in the field of corporate communication, digital marketing and public affairs combining traditional corporate communication services with technological and creative capabilities. It has a leadership position in both Spain and Portugal (53% of 2020 revenue) and in Latam (c. 47% of revenue).

MOMENTUM: WHAT DO WE EXPECT FROM 2023E?

LLYC's 2022 earnings confirm its ability to deliver growth. Full integration of the targets acquired in 2021 and a strong performance across its main markets (Europe and Latam) shaped revenue of EUR 89.5Mn in 2022 (+39.1% vs. 2021) and recurring EBITDA of EUR 15.2Mn (+17% vs. 2021), in line with our estimates. The inflationary environment eroded margins in 2022 (EBITDA margin 2022: -1.2pp vs. 2021).

The BAM acquisition accelerates growth in the US. We estimate a *pro forma* contribution to revenue of EUR 8.5Mn and to EBITDA of EUR 2Mn in 2023e (c. 10% and 14% of 2022 revenue and EBITDA, respectively). LLYC's healthy capital structure (ND/EBITDA 23e < 0.5x) and strong FCF generation capacity (rec. FCF 23e: EUR 6.3Mn) will allow it to extend its M&A-led growth strategy.

We are looking for double-digit revenue and EBITDA growth in 2023e. The combination of M&A-led growth (partial consolidation of BAM explains c.40% of the growth forecast in 2023e) and organic growth (in the US and in strategic digital services such as Deep Digital) is behind our 2023e estimates for revenue of c.EUR 104Mn (+16.7% vs. 2022) and EBITDA of c. EUR 19Mn (+26% vs. 2022).

EQUITY STORY HIGHLIGHTS: WHAT TO WATCH FOR?

Defensive (a-cyclical) business model. For 4 reasons: i) strong competitive positioning (leader in Spain); ii) deep portfolio of services conducive to cross-selling (across markets and business lines); iii) focus on the digital business (the sector's main growth catalyst); iv) end-to-end services along the entire cycle (IPOs, bond issues, restructurings, crises and risk events); and v) recurring revenue representing c.50% of annual revenue.

High EBITDA-to-cash conversion ratios (FCF yield 2025e c. 8%; FCF c.40% of EBITDA 2025e). The business model requires very little working capital and is very asset-light (capex/revenue of c.4%). As a result, we are forecasting a FCF yield 25e of c.8%. This explains (together with the share price) the high level of FCF yield (2023e c. 5%).

International expansion. LLYC is focused on reinforcing its presence in more stable (and therefore lower risk) markets such as the US (largest communication consultancy market) and Europe. The company's strong M&A track record is one of the keys of its international expansion.

2022-2025e: Scope for profitable growth with low risk of estimate changes. LLYC offers a unique combination of growth and defensiveness. We expect the company to deliver double-digit revenue growth through 2025e (CAGR 2022- 2025e: +12%) with scope for further margin expansion (EBITDA margin 25e: 19%, +1.8pp vs. 2021). In other words, the ability to grow (almost) no matter what happens on the macro front.

RISKS: WHAT TO KEEP AN EYE ON?

M&A. M&A activity has long been one of LLYC's growth drivers (acquisitions in the last 5 years have contributed total revenue of EUR 26Mn, 29% of 2022 revenue) and is expect to remain so, implying both valuation and integration risks.

Exposure to Latam. LLYC's presence in Latam (43% of 2022 revenue) is in itself a risk factor on account of its overexposure to an emerging market region. Nevertheless, that exposure has been pared back considerably (c.60% in 2016).

VALUATION METRICS: WHAT DO THE MULTIPLES TELL US?

Proven and growing ability to create value. The divide between the company's ROCE and WACC 2023e (27.4% vs. 9.4%) shows a business clearly creating value. It is trading at a 2023e EV/EBITDA multiple of 6.4x. LLYC is trading a significant discount to its peers on EV/EBITDA (-20%), despite presenting average higher EBITDA growth potential (+4p.p to 2025e).

Market Data

Market Cap (Mn EUR and USD)	125.7	134.7
EV (Mn EUR and USD)	121.7	130.3
Shares Outstanding (Mn)	11.6	
-12m (Max/Med/Min EUR)	11.80 / 10.49 / 9.20	
Daily Avg volume (-12m Mn EUR)	n.m.	
Rotation ⁽¹⁾	1.7	
Factset / Bloomberg	LLYC-ES / LLYC SM	
Close fiscal year	31-Dec	

Shareholders Structure (%)⁽³⁾

LLYC Partners	54.3
Jose Antonio Llorente	15.6
Otros socios LLYC	9.0
Indumenta Pueri	7.5
Free Float	10.7

Financials (Mn EUR)

	2022	2023e	2024e	2025e
Adj. nº shares (Mn)	11.6	11.6	11.6	11.6
Total Revenues	89.5	104.4	115.9	126.2
Rec. EBITDA	15.2	19.1	21.5	23.7
% growth	19.6	26.0	12.6	10.0
% Rec. EBITDA/Rev.	17.0	18.3	18.6	18.8
% Inc. EBITDA sector ⁽²⁾	13.9	6.6	8.1	6.8
Net Profit	7.0	9.7	10.9	12.3
EPS (EUR)	0.60	0.83	0.93	1.05
% growth	18.6	39.5	12.0	12.8
Ord. EPS (EUR)	0.65	0.83	0.93	1.05
% growth	6.4	29.2	12.0	12.8
Rec. Free Cash Flow	4.6	6.3	8.8	9.7
Pay-out (%)	23.0	23.0	23.0	23.0
DPS (EUR)	0.14	0.19	0.21	0.24
Net financial debt	-1.5	4.0	-2.3	-9.1
ND/Rec. EBITDA (x)	-0.1	0.2	-0.1	-0.4
ROE (%)	22.3	25.6	23.7	22.4
ROCE (%)	27.0	27.4	25.5	26.7

Ratios & Multiples (x)

P/E	18.1	13.0	11.6	10.3
Ord. P/E	16.7	13.0	11.6	10.3
P/BV	3.7	3.0	2.5	2.1
Dividend Yield (%)	1.3	1.8	2.0	2.2
EV/Sales	1.36	1.17	1.05	0.96
EV/Rec. EBITDA	8.0	6.4	5.7	5.1
EV/EBIT	10.4	7.6	6.8	6.1
FCF Yield (%)	3.7	5.0	7.0	7.7

Historical behavior (base 100)



(%)	-1m	-3m	-12m	-5Y
Absolute	-3.6	-3.1	-5.7	n.a.

(1) Rotation is the % of the capitalisation traded - 12m.

(2) Sector: Stoxx Europe 600 Media.

(3) Others: Treasury stock 2.9%, Alejandro Romero 5.2%, Luisa García 2.1%, Adolfo Corujo 1.8%



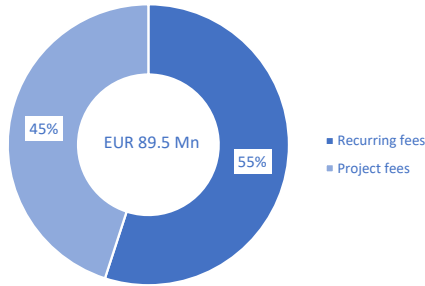
Financial Projections

Balance Sheet (EUR Mn)	2018	2019	2020	2021	2022	2023e	2024e	2025e		
Intangible assets	1.8	10.5	10.2	12.7	13.1	14.0	15.0	16.0		
Fixed assets	3.3	1.4	2.4	2.3	2.2	12.8	13.6	14.2		
Other Non Current Assets	1.8	2.0	2.0	2.7	2.5	2.5	2.5	2.5		
Financial Investments	-	-	-	-	-	-	-	-		
Goodwill & Other Intangibles	3.3	2.9	3.4	15.3	18.1	18.1	18.1	18.1		
Current assets	14.4	16.4	13.3	22.1	22.9	25.9	28.3	29.1		
Total assets	24.6	33.2	31.2	55.1	58.9	73.4	77.5	80.0		
Equity	16.8	22.0	20.9	28.2	34.2	41.7	50.0	59.5		
Minority Interests	3.7	3.5	3.4	1.2	1.1	2.0	2.9	3.9		
Provisions & Other L/T Liabilities	0.6	0.0	0.1	0.0	0.0	0.0	0.0	0.0		
Other Non Current Liabilities	-	5.3	6.2	8.1	7.4	7.4	7.4	7.4		
Net financial debt	(4.6)	(7.3)	(8.1)	(1.1)	(1.5)	4.0	(2.3)	(9.1)		
Current Liabilities	8.1	9.6	8.7	18.8	17.7	18.4	19.4	18.3		
Equity & Total Liabilities	24.6	33.2	31.2	55.1	58.9	73.4	77.5	80.0		
									CAGR	
P&L (EUR Mn)	2018	2019	2020	2021	2022	2023e	2024e	2025e	18-22	22-25e
Total Revenues	41.5	48.2	44.7	64.1	89.5	104.4	115.9	126.2	21.2%	12.1%
Total Revenues growth	7.2%	16.0%	-7.2%	43.5%	39.5%	16.7%	11.0%	8.9%		
COGS	(5.1)	(7.2)	(6.6)	(10.9)	(16.8)	(18.5)	(20.0)	(21.8)	18.8%	12.8%
Gross Margin	36.5	40.9	38.1	53.3	72.7	85.9	95.8	104.4		
Gross Margin/Revenues	87.8%	85.0%	85.3%	83.1%	81.3%	82.3%	82.7%	82.7%		
Personnel Expenses	(22.2)	(24.6)	(24.3)	(31.6)	(45.9)	(53.7)	(60.2)	(65.7)		
Other Operating Expenses	(6.0)	(6.2)	(5.4)	(9.0)	(11.7)	(13.0)	(14.1)	(15.0)		
Recurrent EBITDA	8.2	10.1	8.4	12.7	15.2	19.1	21.5	23.7	16.5%	16.0%
Recurrent EBITDA growth	0.9%	22.6%	-16.4%	50.2%	19.6%	26.0%	12.6%	10.0%		
Rec. EBITDA/Revenues	19.9%	21.0%	18.9%	19.8%	17.0%	18.3%	18.6%	18.8%		
Restructuring Expense & Other non-rec.	(0.5)	(0.0)	(0.3)	(1.5)	(0.8)	-	-	-		
EBITDA	7.8	10.1	8.1	11.2	14.4	19.1	21.5	23.7	16.7%	18.0%
Depreciation & Provisions	(1.7)	(0.8)	(1.0)	(1.2)	(1.4)	(1.9)	(2.5)	(2.6)		
Capitalized Expense	-	-	-	-	0.8	0.9	1.0	1.1		
Rentals (IFRS 16 impact)	(1.4)	(1.5)	(1.3)	(1.5)	(2.1)	(2.1)	(2.1)	(2.1)		
EBIT	4.7	7.8	5.8	8.5	11.7	16.0	17.9	20.0	25.7%	19.6%
EBIT growth	-9.2%	66.5%	-25.3%	45.9%	37.6%	36.7%	12.1%	11.7%		
EBIT/Revenues	11.3%	16.2%	13.0%	13.2%	13.0%	15.3%	15.4%	15.8%		
Impact of Goodwill & Others	-	-	-	-	-	-	-	-		
Net Financial Result	(0.5)	(0.5)	(0.7)	(0.6)	(1.4)	(0.9)	(1.0)	(1.0)		
Income by the Equity Method	-	-	-	-	-	-	-	-		
Ordinary Profit	4.2	7.3	5.1	7.9	10.3	15.1	16.9	19.0	25.0%	22.7%
Ordinary Profit Growth	-3.7%	73.1%	-29.6%	54.4%	29.9%	46.1%	12.0%	12.8%		
Extraordinary Results	-	-	-	-	-	-	-	-		
Profit Before Tax	4.2	7.3	5.1	7.9	10.3	15.1	16.9	19.0	25.0%	22.7%
Tax Expense	(1.6)	(2.2)	(2.2)	(2.4)	(2.9)	(4.5)	(5.1)	(5.7)		
Effective Tax Rate	37.3%	29.9%	42.5%	30.4%	28.3%	30.0%	30.0%	30.0%		
Minority Interests	(0.9)	(0.9)	(0.7)	(0.2)	(0.4)	(0.8)	(0.9)	(1.1)		
Discontinued Activities	-	-	-	-	-	-	-	-		
Net Profit	1.8	4.3	2.3	5.3	7.0	9.7	10.9	12.3	40.6%	20.8%
Net Profit growth	20.0%	138.7%	-46.6%	134.6%	30.6%	39.5%	12.0%	12.8%		
Ordinary Net Profit	2.4	4.3	3.1	6.4	7.5	9.7	10.9	12.3	32.7%	17.7%
Ordinary Net Profit growth	-9.1%	76.8%	-26.9%	105.1%	17.1%	29.2%	12.0%	12.8%		
									CAGR	
Cash Flow (EUR Mn)	2018	2019	2020	2021	2022	2023e	2024e	2025e	18-22	22-25e
Recurrent EBITDA						19.1	21.5	23.7	16.5%	16.0%
Rentals (IFRS 16 impact)						(2.1)	(2.1)	(2.1)		
Working Capital Increase						(2.4)	(1.3)	(2.0)		
Recurrent Operating Cash Flow						14.6	18.1	19.5	30.2%	20.5%
CAPEX						(2.9)	(3.2)	(3.2)		
Net Financial Result affecting the Cash Flow						(0.9)	(1.0)	(1.0)		
Tax Expense						(4.5)	(5.1)	(5.7)		
Recurrent Free Cash Flow						6.3	8.8	9.7	77.6%	28.0%
Restructuring Expense & Other non-rec.						-	-	-		
- Acquisitions / + Divestures of assets						(9.6)	-	-		
Extraordinary Inc./Exp. Affecting Cash Flow						-	-	-		
Free Cash Flow						(3.3)	8.8	9.7	75.4%	36.0%
Capital Increase						-	-	-		
Dividends						(2.2)	(2.5)	(2.8)		
Net Debt Variation						5.6	(6.3)	(6.9)		

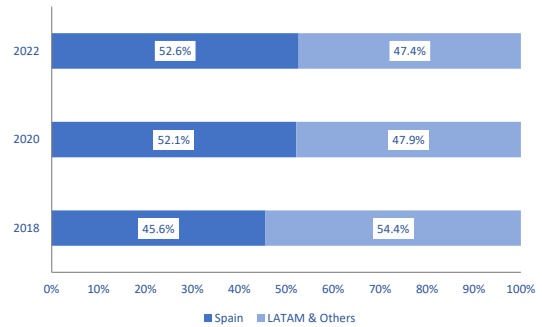


The company in 8 charts

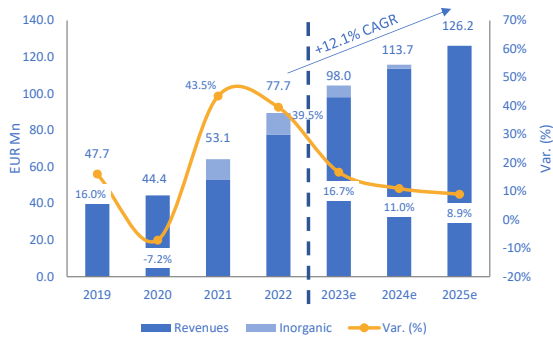
LLYC's business enjoys a (broad) base of recurring revenue (c.55% of total revenue in 2022)...



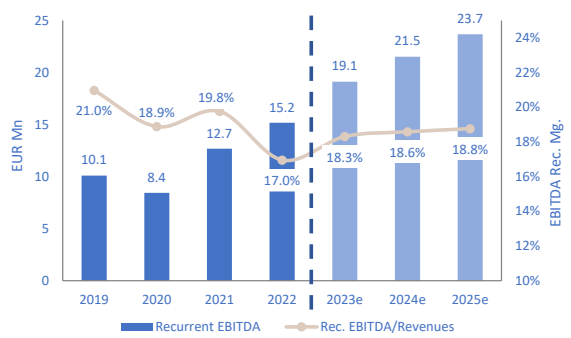
... and a global footprint (with significant exposure to emerging markets)



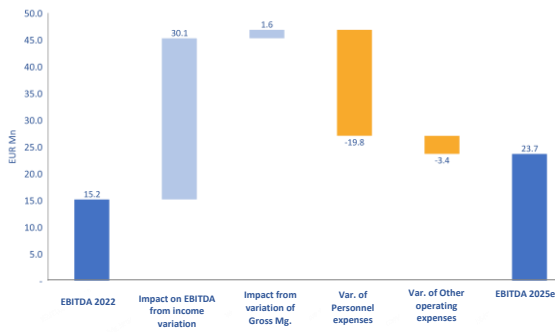
A diversified and recurring service offering that leaves scope for continued growth (revenue: +12.1% CAGR 2022-2025e)



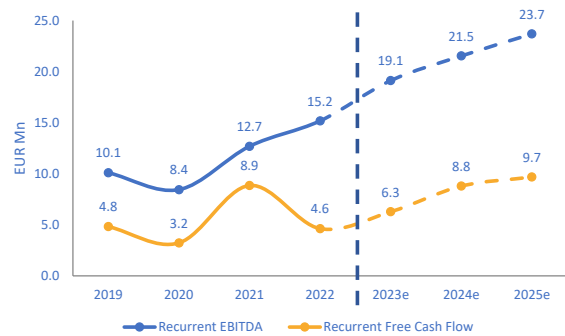
Without losing sight of the "focus" on profitability (EBITDA margin of 18%)



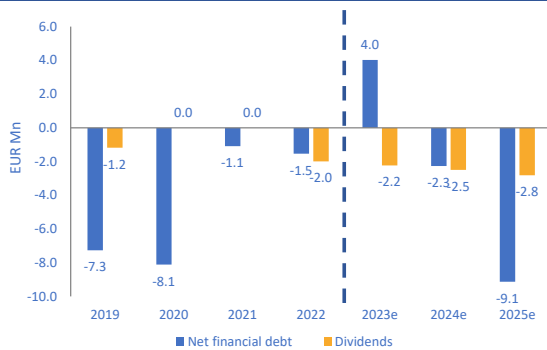
... And allowing the revenue improvement to be passed on to EBITDA (TACC 2022-2025e 18%)



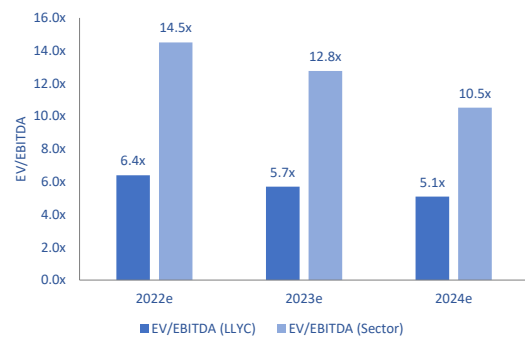
High cash generation capacity (FCF yield 2023e: c. 7%)



And a very robust balance sheet position (net cash) could facilitate the search for inorganic growth



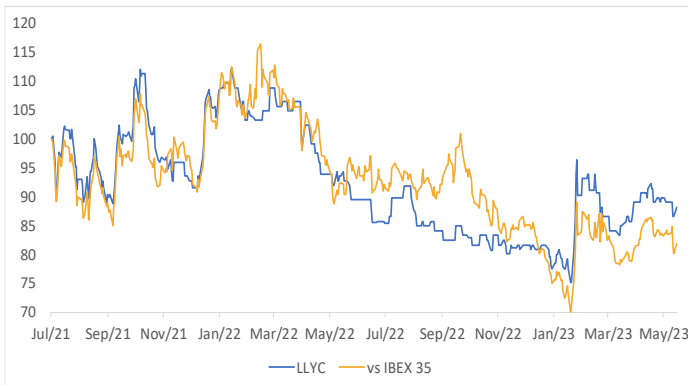
With low multiples within reach (EV/EBITDA 2023e 6.4x vs. 14.5x of its sector)





Evolution of the share price

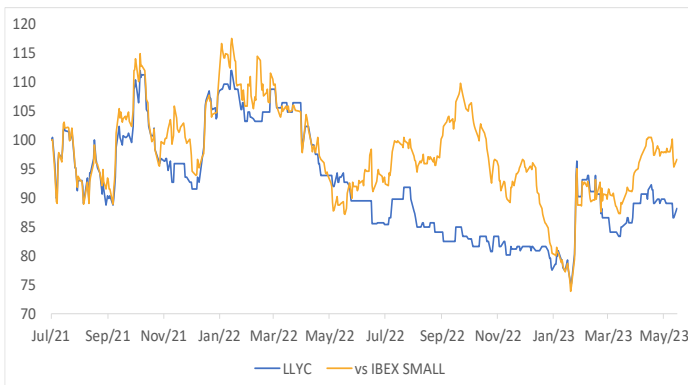
Historical behavior vs Ibex 35 (base 100)



Behavior -1y vs Ibex 35 (base 100)



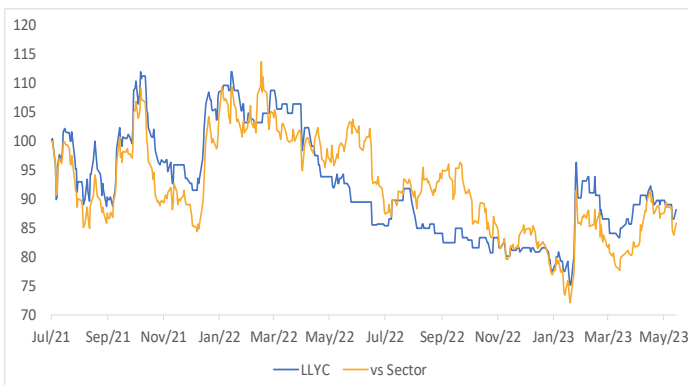
Historical behavior vs Ibex Small Cap (base 100)



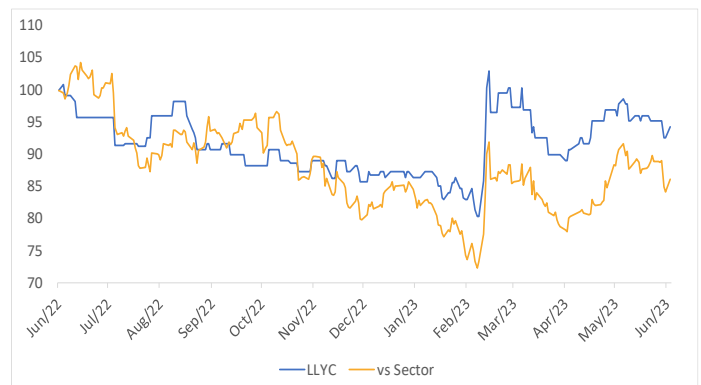
Behavior -1y vs Ibex Small Cap (base 100)



Historical behavior vs Sector⁽¹⁾ (base 100)



Behavior -1y vs Sector⁽¹⁾ (base 100)



(1) Sector: Stoxx Europe 600 Media

Stock performance (%)	-1m	-3m	-12m	YTD	-3Y	-5Y
Absolute	-3.6	-3.1	-5.7	8.0	n.a.	n.a.
vs Market						
vs Ibex 35	-5.0	-1.3	-11.4	-4.3	n.a.	n.a.
vs Euro STOXX 50	-2.5	-3.1	-16.9	-4.6	n.a.	n.a.
vs Small Cap References						
vs Ibex Small Cap Index	-3.8	8.2	8.7	0.6	n.a.	n.a.
vs Micro Cap Spain Universe ⁽¹⁾	-3.7	-0.2	2.7	-0.9	n.a.	n.a.
vs MSCI Europe Micro Cap	-2.0	2.8	7.8	8.8	n.a.	n.a.
vs Sector						
vs Stoxx Europe 600 Media	-5.1	0.5	-13.9	0.5	n.a.	n.a.

(1) [Constituents on page 10](#)



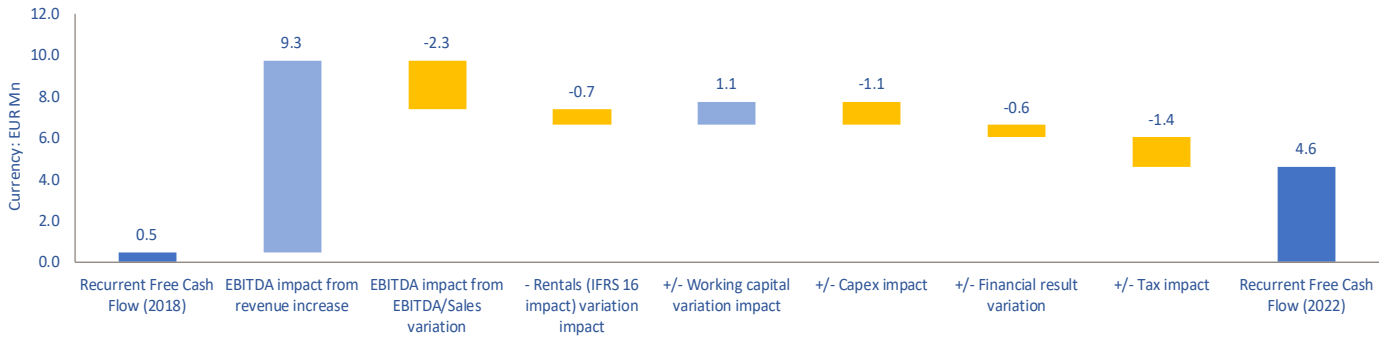
Free Cash Flow (I)

	2019	2020	2021	2022	2023e	2024e	2025e	CAGR	
								19-22	22-25e
A) Cash Flow Analysis (EUR Mn)									
Recurrent EBITDA	10.1	8.4	12.7	15.2	19.1	21.5	23.7	14.5%	16.0%
<i>Recurrent EBITDA growth</i>	22.6%	-16.4%	50.2%	19.6%	26.0%	12.6%	10.0%		
<i>Rec. EBITDA/Revenues</i>	21.0%	18.9%	19.8%	17.0%	18.3%	18.6%	18.8%		
- Rentals (IFRS 16 impact)	(1.5)	(1.3)	(1.5)	(2.1)	(2.1)	(2.1)	(2.1)		
+/- Working Capital increase	(0.6)	2.2	1.3	(1.9)	(2.4)	(1.3)	(2.0)		
= Recurrent Operating Cash Flow	8.0	9.3	12.4	11.2	14.6	18.1	19.5	11.7%	20.5%
<i>Rec. Operating Cash Flow growth</i>	106.6%	15.7%	34.1%	-10.2%	30.9%	23.9%	7.9%		
<i>Rec. Operating Cash Flow / Sales</i>	16.6%	20.8%	19.4%	12.5%	14.0%	15.6%	15.5%		
- CAPEX	(0.5)	(3.2)	(1.5)	(2.5)	(2.9)	(3.2)	(3.2)		
- Net Financial Result affecting Cash Flow	(0.5)	(0.7)	(0.6)	(1.0)	(0.9)	(1.0)	(1.0)		
- Taxes	(2.2)	(2.2)	(1.6)	(3.0)	(4.5)	(5.1)	(5.7)		
= Recurrent Free Cash Flow	4.8	3.2	8.9	4.6	6.3	8.8	9.7	-1.5%	28.0%
<i>Rec. Free Cash Flow growth</i>	938.8%	-33.2%	174.4%	-47.8%	35.9%	39.9%	10.2%		
<i>Rec. Free Cash Flow / Revenues</i>	10.0%	7.2%	13.8%	5.2%	6.0%	7.6%	7.7%		
- Restructuring expenses & others	(0.0)	(0.3)	(1.5)	(0.8)	-	-	-		
- Acquisitions / + Divestments	-	(2.2)	(16.4)	-	(9.6)	-	-		
+/- Extraordinary Inc./Exp. affecting Cash Flow	-	-	-	-	-	-	-		
= Free Cash Flow	4.8	0.7	(9.0)	3.9	(3.3)	8.8	9.7	-7.0%	36.0%
<i>Free Cash Flow growth</i>	n.a.	-84.5%	n.a.	142.7%	-186.2%	364.6%	10.2%		
<i>Recurrent Free Cash Flow - Yield (s/Mkt Cap)</i>	3.8%	2.6%	7.0%	3.7%	5.0%	7.0%	7.7%		
<i>Free Cash Flow Yield (s/Mkt Cap)</i>	3.8%	0.6%	n.a.	3.1%	n.a.	7.0%	7.7%		
B) Analytical Review of Annual Recurrent Free Cash Flow Performance (Eur Mn)									
Recurrent FCF(FY - 1)	0.5	4.8	3.2	8.9	4.6	6.3	8.8		
EBITDA impact from revenue increase	1.3	(0.7)	3.7	5.0	2.5	2.1	1.9		
EBITDA impact from EBITDA/Sales variation	0.5	(0.9)	0.6	(2.5)	1.4	0.3	0.2		
= Recurrent EBITDA variation	1.9	(1.7)	4.2	2.5	3.9	2.4	2.2		
- Rentals (IFRS 16 impact) variation impact	(0.1)	0.2	(0.2)	(0.6)	-	-	-		
+/- Working capital variation impact	2.4	2.7	(0.9)	(3.2)	(0.5)	1.1	(0.7)		
= Recurrent Operating Cash Flow variation	4.1	1.3	3.2	(1.3)	3.5	3.5	1.4		
+/- CAPEX impact	0.9	(2.7)	1.7	(1.0)	(0.4)	(0.3)	0.1		
+/- Financial result variation	(0.0)	(0.2)	0.1	(0.5)	0.1	(0.1)	0.1		
+/- Tax impact	(0.6)	(0.0)	0.6	(1.5)	(1.5)	(0.5)	(0.6)		
= Recurrent Free Cash Flow variation	4.4	(1.6)	5.6	(4.2)	1.7	2.5	0.9		
Recurrent Free Cash Flow	4.8	3.2	8.9	4.6	6.3	8.8	9.7		
C) "FCF to the Firm" (pre debt service) (EUR Mn)									
EBIT	7.8	5.8	8.5	11.7	16.0	17.9	20.0	14.5%	19.6%
* <i>Theoretical Tax rate</i>	29.9%	30.0%	30.0%	28.3%	30.0%	30.0%	30.0%		
= Taxes (pre- Net Financial Result)	(2.3)	(1.7)	(2.5)	(3.3)	(4.8)	(5.4)	(6.0)		
Recurrent EBITDA	10.1	8.4	12.7	15.2	19.1	21.5	23.7	14.5%	16.0%
- Rentals (IFRS 16 impact)	(1.5)	(1.3)	(1.5)	(2.1)	(2.1)	(2.1)	(2.1)		
+/- Working Capital increase	(0.6)	2.2	1.3	(1.9)	(2.4)	(1.3)	(2.0)		
= Recurrent Operating Cash Flow	8.0	9.3	12.4	11.2	14.6	18.1	19.5	11.7%	20.5%
- CAPEX	(0.5)	(3.2)	(1.5)	(2.5)	(2.9)	(3.2)	(3.2)		
- Taxes (pre- Financial Result)	(2.3)	(1.7)	(2.5)	(3.3)	(4.8)	(5.4)	(6.0)		
= Recurrent Free Cash Flow (To the Firm)	5.2	4.3	8.4	5.4	6.9	9.5	10.4	1.2%	24.6%
<i>Rec. Free Cash Flow (To the Firm) growth</i>	372.3%	-15.9%	93.7%	-36.4%	29.1%	37.5%	9.0%		
<i>Rec. Free Cash Flow (To the Firm) / Revenues</i>	10.7%	9.7%	13.1%	6.0%	6.6%	8.2%	8.2%		
- Acquisitions / + Divestments	-	(2.2)	(16.4)	-	(9.6)	-	-		
+/- Extraordinary Inc./Exp. affecting Cash Flow	-	-	-	-	-	-	-		
= Free Cash Flow "To the Firm"	5.2	2.2	(8.0)	5.4	(2.7)	9.5	10.4	1.2%	24.6%
<i>Free Cash Flow (To the Firm) growth</i>	243.2%	-58.1%	-467.7%	167.3%	-150.2%	453.4%	9.0%		
<i>Rec. Free Cash Flow To the Firm Yield (o/EV)</i>	4.2%	3.6%	6.9%	4.4%	5.7%	7.8%	8.5%		
<i>Free Cash Flow "To the Firm" - Yield (o/EV)</i>	4.2%	1.8%	n.a.	4.4%	n.a.	7.8%	8.5%		

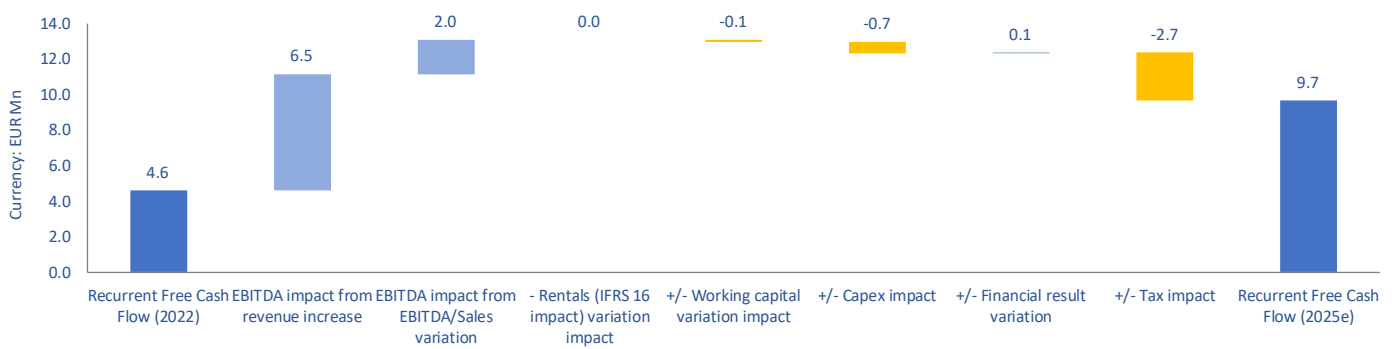


Free Cash Flow (II)

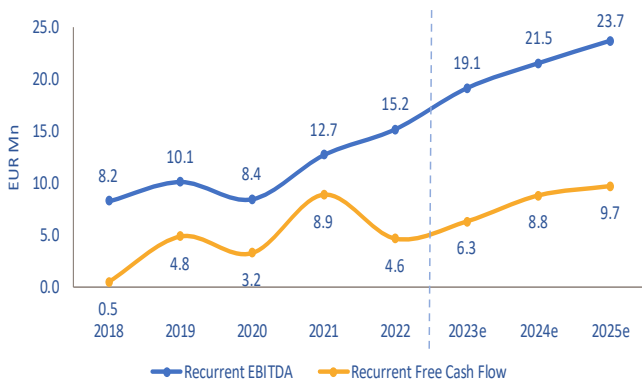
Recurrent Free Cash Flow accumulated variation analysis (2018 - 2022)



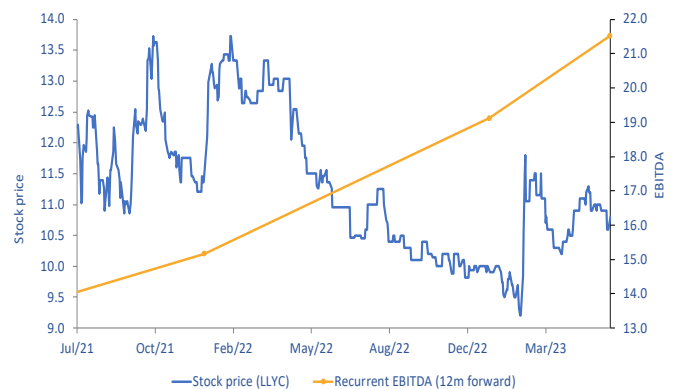
Recurrent Free Cash Flow accumulated variation analysis (2022 - 2025e)



Recurrent EBITDA vs Recurrent Free Cash Flow



Stock performance vs EBITDA 12m forward





Valuation inputs

Inputs for the DCF Valuation Approach

	2023e	2024e	2025e	Terminal Value ⁽¹⁾		
Free Cash Flow "To the Firm"	(2.7)	9.5	10.4	143.6		
Market Cap	125.7	At the date of this report				
Net financial debt	-1.5	Debt net of Cash (12m Results 2022)				
					Best Case	Worst Case
Cost of Debt	4.0%	Net debt cost			3.8%	4.3%
Tax rate (T)	30.0%	T (Normalised tax rate)			=	=
Net debt cost	2.8%	Kd = Cost of Net Debt * (1-T)			2.6%	3.0%
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)	1.0	B (own estimate)			0.9	1.1
Cost of Equity	9.4%	Ke = Rf + (R * B)			8.3%	10.5%
Equity / (Equity + Net Debt)	100.0%	E (Market Cap as equity value)			=	=
Net Debt / (Equity + Net Debt)	0.0%	D			=	=
WACC	9.4%	WACC = Kd * D + Ke * E			8.3%	10.5%
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.

EV breakdown at the date of this report

	EUR Mn	Source
Market Cap	125.7	
+ Minority Interests	1.1	12m Results 2022
+ Provisions & Other L/T Liabilities	0.0	12m Results 2022
+ Net financial debt	(1.5)	12m Results 2022
- Financial Investments	-	12m Results 2022
+/- Others ⁽¹⁾	(3.6)	12m Results 2022
Enterprise Value (EV)	121.7	

(1) Related to the market value of treasury stock.

Business Value Creation Metrics ⁽¹⁾

	2018	2019	2020	2021	2022
ROCE (evolution -5y)	21.7%	31.4%	23.5%	26.6%	27.0%
	2022	2025e			
ROCE - WACC	17.6%	17.3%			
FCF Yield - WACC	-5.7%	-1.7%			

(1) FCF Yield to the Firm (see Free Cash Flow Analysis (I)). Detail of the WACC on this page.

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	19.5%	22.6	5.4x
Central	18.6%	21.5	5.7x
Min	17.7%	20.5	5.9x

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	2.5%	2.8%	3.1%		Max	Central	Min
22.6	10.2	9.8	9.5	Max	8.1%	7.8%	7.5%
21.5	9.1	8.8	8.4	Central	7.3%	7.0%	6.7%
20.5	8.1	7.7	7.4	Min	6.4%	6.2%	5.9%

Main Corporate Governance indicators

KPI	2020	2021	2022
% of independent directors	50.0%	33.3%	33.3%
% of proprietary directors	50.0%	55.6%	55.6%
% of executive directors	0.0%	11.1%	11.1%
% of other directors	0.0%	0.0%	0.0%
% of women on the board of directors	25.0%	55.6%	55.6%
% of women out of total workforce	67.5%	62.4%	62.6%
Board remuneration/staff cost	3.8%	4.0%	3.8%



Main peers 2023e

		Media					Communication Agencies				
EUR Mn		WPP-GB	Publicis	Omnicom	Interpublic	Average	FTI Consulting	Next Fifteen	Hopscotch Group	Average	LLYC
Market data	Ticker (Factset)	WPP-GB	PUB-FR	OMC-US	IPG-US		FCN-US	NFC-GB	ALHOP-FR		LLYC-ES
	Country	UK	France	USA	USA		USA	UK	France		Spain
	Market cap	10,871.1	17,781.5	16,959.2	13,680.4		5,929.0	901.3	50.5		125.7
	Enterprise value (EV)	16,847.8	19,141.3	20,736.4	16,385.3		6,284.4	920.0	49.4		121.7
Basic financial information	Total Revenues	14,220.9	13,016.7	13,772.6	9,113.8		3,136.7	726.8	261.3		104.4
	Total Revenues growth	-14.9%	-8.3%	3.2%	-10.7%	-7.7%	10.9%	-12.9%	5.9%	1.3%	16.7%
	2y CAGR (2023e - 2025e)	3.3%	3.4%	3.5%	6.0%	4.0%	6.2%	6.2%	3.0%	5.1%	9.9%
	EBITDA	2,556.4	2,876.9	2,285.8	1,698.4		373.0	166.1	14.9		19.1
	EBITDA growth	1.4%	-0.2%	1.3%	3.5%	1.5%	11.7%	6.7%	11.1%	9.8%	32.8%
	2y CAGR (2023e - 2025e)	4.3%	3.5%	4.7%	4.7%	4.3%	n.a.	7.7%	6.5%	7.1%	11.3%
	EBITDA/Revenues	18.0%	22.1%	16.6%	18.6%	18.8%	11.9%	22.9%	5.7%	13.5%	18.3%
	EBIT	2,145.5	2,213.6	2,099.3	1,445.6		323.8	149.4	9.9		16.0
	EBIT growth	9.9%	7.4%	2.4%	4.4%	6.0%	11.1%	32.7%	4.3%	16.0%	36.7%
	2y CAGR (2023e - 2025e)	5.4%	4.9%	4.8%	4.9%	5.0%	13.2%	7.6%	9.2%	10.0%	11.9%
	EBIT/Revenues	15.1%	17.0%	15.2%	15.9%	15.8%	10.3%	20.6%	3.8%	11.6%	15.3%
	Net Profit	1,295.2	1,467.7	1,398.3	1,035.9		235.0	62.8	5.5		9.7
	Net Profit growth	63.8%	20.1%	13.8%	18.3%	29.0%	6.9%	n.a.	0.2%	3.5%	39.5%
	2y CAGR (2023e - 2025e)	6.7%	5.4%	4.8%	4.7%	5.4%	13.6%	13.2%	10.4%	12.4%	12.4%
	CAPEX/Sales %	2.5%	1.9%	0.7%	2.0%	1.8%	n.a.	1.2%	0.3%	0.7%	2.8%
Free Cash Flow	1,106.5	1,753.8	1,633.8	1,131.7		n.a.	107.7	11.6		(3.3)	
Net financial debt	3,586.5	(503.2)	757.1	0.6		n.a.	48.1	(18.5)		4.0	
ND/EBITDA (x)	1.4	n.a.	0.3	0.0	0.6	n.a.	0.3	n.a.	0.3	0.2	
Pay-out	39.9%	52.5%	41.0%	43.8%	44.3%	n.a.	29.9%	23.9%	26.9%	23.0%	
Multiples and Ratios	P/E (x)	8.6	11.0	12.5	13.1	11.3	26.0	8.9	8.9	14.6	13.0
	P/BV (x)	2.2	1.8	5.1	3.7	3.2	n.a.	n.a.	2.1	2.1	3.0
	EV/Revenues (x)	1.2	1.5	1.5	1.8	1.5	2.0	1.3	0.2	1.2	1.2
	EV/EBITDA (x)	6.6	6.7	9.1	9.6	8.0	16.8	5.5	3.3	8.6	6.4
	EV/EBIT (x)	7.9	8.6	9.9	11.3	9.4	19.4	6.2	5.0	10.2	7.6
	ROE	25.4	15.9	41.0	28.6	27.7	n.a.	17,826.0	23.2	8,924.6	25.6
	FCF Yield (%)	10.2	9.9	9.6	8.3	9.5	n.a.	12.0	23.0	17.5	5.0
	DPS	0.47	3.07	2.79	1.16	1.87	n.a.	0.19	0.50	0.35	0.19
	Dvd Yield	4.7%	4.4%	3.3%	3.3%	3.9%	n.a.	2.1%	2.7%	2.4%	1.8%

- (1) Financial data, multiples and ratios based on market consensus (Factset). In the case of the company analyzed, own estimates (Lighthouse).
(2) All ratios and multiples on EBITDA refer to total EBITDA (not to recurrent EBITDA).

Mondo TV Studios (MONI), is a Spanish company based in Tenerife (the Canary Islands, Spain) that provides animation, co-production and content distribution services (TV and OTT platforms over the internet) focused on children and young people and with activity in Spain, Portugal, Latam and Spanish-speaking areas of the US. MONI forms part of the Mondo TV Group (that controls c. 75% of capital).

Market Data

Market Cap (Mn EUR and USD)	6.0	6.4
EV (Mn EUR and USD)	9.2	9.8
Shares Outstanding (Mn)	20.0	
-12m (Max/Med/Mín EUR)	0.41 / 0.30 / 0.21	
Daily Avg volume (-12m Mn EUR)	n.m.	
Rotation ⁽¹⁾	15.2	
Factset / Bloomberg	MONI-ES / MONI SM	
Close fiscal year	31-Dec	

Shareholders Structure (%)

Mondo TV S.p.A	74.2
Corradi Family	9.4
Free Float	16.4

Financials (Mn EUR)	2022	2023e	2024e	2025e
Adj. n ^o shares (Mn)	20.0	20.0	20.0	20.0
Total Revenues	4.9	5.2	6.3	6.9
Rec. EBITDA	-0.3	-0.2	0.2	0.3
% growth	-216.8	23.3	174.5	58.3
% Rec. EBITDA/Rev.	n.a.	n.a.	2.9	4.1
% Inc. EBITDA sector ⁽²⁾	13.9	6.6	8.1	6.8
Net Profit	-0.1	0.3	0.8	1.0
EPS (EUR)	0.00	0.01	0.04	0.05
% growth	-258.0	477.7	202.2	25.7
Ord. EPS (EUR)	0.01	0.01	0.04	0.05
% growth	-7.8	128.9	202.2	25.7
Rec. Free Cash Flow	-1.0	-0.3	0.2	0.4
Pay-out (%)	0.0	0.0	0.0	0.0
DPS (EUR)	0.00	0.00	0.00	0.00
Net financial debt	5.2	5.4	5.2	4.9
ND/Rec. EBITDA (x)	n.a.	n.a.	29.0	17.0
ROE (%)	n.a.	23.9	48.8	39.5
ROCE (%)	2.9	8.0	15.6	17.1

Ratios & Multiples (x)

P/E	n.a.	23.4	7.7	6.2
Ord. P/E	53.5	23.4	7.7	6.2
P/BV	6.3	5.0	3.0	2.0
Dividend Yield (%)	0.0	0.0	0.0	0.0
EV/Sales	1.88	1.77	1.46	1.32
EV/Rec. EBITDA	n.a.	n.a.	n.a.	32.1
EV/EBIT	45.9	20.1	9.4	7.9
FCF Yield (%)	n.a.	n.a.	3.3	6.4

Historical behavior (base 100)


(%)	-1m	-3m	-12m	-5Y
Absolute	7.2	-15.8	-25.5	100.8

(1) Rotation is the % of the capitalisation traded - 12m.

(2) Sector: Stoxx Europe 600 Media.

MOMENTUM: WHAT DO WE EXPECT FROM 2023E?

2023e: a year of transition, during which the content delivery business' weighting in the revenue mix will remain high (54% of the total; similar to 2022), while waiting for growth in 3D animation services (the business' key growth driver, but visible as of 2024e). For 2023e, we estimate single-digit growth in revenue to EUR 5.2Mn (+6% vs 2022).

Recurring EBITDA should remain at break-even. Gross margin in line in 2022 (EUR 3Mn; 58% of revenue), enough to cover the fixed cost structure (also EUR 3Mn; c. 75% related to personnel expenses) and for break-even rec. EBITDA (in line with 2022). Income from tax incentives should offset finance costs and keep net profit in 2023e at break-even (EUR 0.3Mn).

EQUITY STORY HIGHLIGHTS: WHAT TO WATCH FOR?

Tax incentives are crucial for cash generation. As a producer with registered address for tax purposes in the Canary Islands, MONI avails itself of an excellent tax incentive framework: (i) a special tax area (the ZEC), with a reduced tax rate (4% vs 25% for the rest of Spain) and (ii) a tax rebate for animation services (of 45-50% of eligible expenses incurred in the Canary Islands). MONI generated a tax rebate of EUR 0.8Mn in 2021 and 2022, which it should begin to monetise in 2023e (with an impact on cash flow).

MONI's real equity story lies in its ability to grow beyond the revenue provided by the parent (Mondo TV Spa). This growth should be underpinned mainly by the capacity increase implemented in 2021 (including 3D animation services) and continuity in the recurring content delivery business, which can generate at least EUR 2.5Mn/year.

Exceeding break-even in recurring EBITDA seems unlikely until 2025e. Although visibility is dim, our estimates for 2024e and 2025e show higher growth in revenue (driven by increased provision of 3D animation services), reaching EUR 6.9Mn in 2025e (+12.4% CAGR 2022-2025e). This level of revenue should enable recurring EBITDA to surpass break-even (EUR 0.3Mn).

RISKS: WHAT TO KEEP AN EYE ON?

Related party transactions. To date, MONI has generated a significant volume of its revenue from Mondo TV Group companies (c. 30% of the total in 2022 and c. 70% in 2021). Therefore, like any company with a large related party transaction volume, MONI's performance is heavily reliant on its parent.

Debt. The low operating margins of MONI's business have precluded the company from obtaining positive cash flow in recent years. This has caused net debt to rise, to EUR 5.4Mn at year-end 2022. Of gross debt at the end of last year, 35% was due to Mondo TV Spa Group.

VALUATION METRICS: WHAT DO THE MULTIPLES TELL US?

Takeover of Squirrel Media (SQRL), a company listed on Spain's continuous market, has said it intends to acquire up to 100% of MONI for EUR 0.31/share through: i) a share exchange (which values SQRL shares at EUR 3.2/share; +40% vs the market price) or ii) payment of EUR 0.31/share in cash to shareholders not wishing to tender their shares in the exchange. The offering price values MONI at EUR 6.2Mn (c. 2x EV/sales 2023e). SQRL's bid is contingent on MONI's delisting from BME Growth. MONI shareholders have already agreed to the company's delisting from BME Growth (the acceptance period ends on 23 June at 2023 at 11:59p.m.). The controlling shareholders have said that they will accept the bid (payment in shares). MONI's free float stands at c. 15%.



Financial Projections

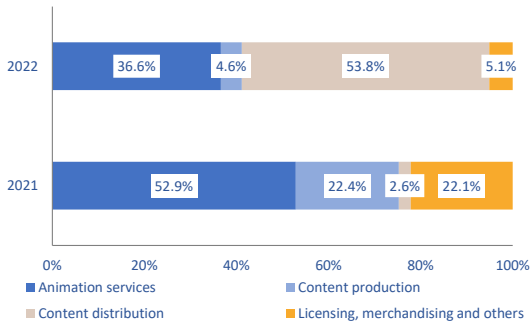
Balance Sheet (EUR Mn)	2018	2019	2020	2021	2022	2023e	2024e	2025e	CAGR	
Intangible assets	3.0	2.1	2.0	1.3	1.4	1.5	1.7	1.9		
Fixed assets	0.1	0.1	0.2	0.4	0.3	0.3	0.3	0.3		
Other Non Current Assets	0.1	0.1	0.8	1.6	2.0	2.3	2.4	2.6		
Financial Investments	0.0	0.0	0.0	1.1	0.8	0.8	0.8	0.8		
Goodwill & Other Intangibles	-	-	-	-	-	-	-	-		
Current assets	1.6	2.2	2.8	2.0	3.7	3.9	4.6	5.0		
Total assets	4.8	4.4	5.9	6.3	8.1	8.7	9.7	10.6		
Equity	(3.9)	1.1	1.0	1.1	0.9	1.2	2.0	2.9		
Minority Interests	-	-	-	-	-	-	-	-		
Provisions & Other L/T Liabilities	1.0	0.5	1.1	0.2	0.1	0.1	0.1	0.1		
Other Non Current Liabilities	-	-	-	-	-	-	-	-		
Net financial debt	7.1	2.1	2.9	4.2	5.2	5.4	5.2	4.9		
Current Liabilities	0.6	0.7	1.0	0.9	1.9	2.0	2.4	2.7		
Equity & Total Liabilities	4.8	4.4	5.9	6.3	8.1	8.7	9.7	10.6		
P&L (EUR Mn)	2018	2019	2020	2021	2022	2023e	2024e	2025e	18-22	22-25e
Total Revenues	1.4	2.5	2.6	3.8	4.9	5.2	6.3	6.9	36.5%	12.4%
Total Revenues growth	-61.6%	77.7%	5.4%	45.9%	27.0%	5.9%	21.2%	10.7%		
COGS	(0.0)	(0.0)	(0.1)	(0.3)	(2.1)	(2.2)	(2.4)	(2.6)		
Gross Margin	1.4	2.5	2.5	3.5	2.8	3.0	3.8	4.3	19.8%	15.7%
Gross Margin/Revenues	96.6%	99.4%	96.5%	91.3%	57.3%	58.1%	61.0%	62.4%		
Personnel Expenses	(1.0)	(0.9)	(1.6)	(2.4)	(2.0)	(2.0)	(2.3)	(2.6)		
Other Operating Expenses	(0.7)	(0.9)	(0.6)	(0.8)	(1.2)	(1.2)	(1.4)	(1.5)		
Recurrent EBITDA	(0.3)	0.7	0.3	0.3	(0.3)	(0.2)	0.2	0.3	1.3%	42.7%
Recurrent EBITDA growth	-117.8%	310.2%	-55.9%	-12.5%	-216.8%	23.3%	174.5%	58.3%		
Rec. EBITDA/Revenues	n.a.	28.1%	11.7%	7.0%	n.a.	n.a.	2.9%	4.1%		
Restructuring Expense & Other non-rec.	(0.1)	0.5	0.0	(0.1)	(0.1)	-	-	-		
EBITDA	(0.4)	1.2	0.3	0.2	(0.4)	(0.2)	0.2	0.3	-0.5%	38.4%
Depreciation & Provisions	(1.3)	(1.1)	(0.8)	(1.1)	(0.4)	(0.4)	(0.4)	(0.5)		
Capitalized Expense	0.2	0.1	0.2	0.3	0.2	0.3	0.3	0.3		
Rentals (IFRS 16 impact)	-	-	0.5	0.8	0.8	0.8	0.9	1.0		
EBIT	(1.6)	0.2	0.2	0.1	0.2	0.5	1.0	1.2	20.8%	79.8%
EBIT growth	-330.5%	113.2%	-15.3%	-24.5%	51.1%	127.9%	113.7%	19.3%		
EBIT/Revenues	n.a.	8.3%	6.7%	3.4%	4.1%	8.8%	15.5%	16.7%		
Impact of Goodwill & Others	-	-	-	-	-	-	-	-		
Net Financial Result	(0.2)	(0.2)	(0.1)	(0.1)	(0.2)	(0.2)	(0.2)	(0.2)		
Income by the Equity Method	-	-	-	-	-	-	-	-		
Ordinary Profit	(1.8)	0.0	0.1	0.0	0.0	0.3	0.8	1.0	19.2%	n.a.
Ordinary Profit Growth	-441.9%	101.7%	118.8%	-37.9%	-17.6%	637.8%	202.2%	25.7%		
Extraordinary Results	(3.8)	0.0	-	-	-	-	-	-		
Profit Before Tax	(5.6)	0.0	0.1	0.0	0.0	0.3	0.8	1.0	19.0%	n.a.
Tax Expense	0.0	0.0	(0.0)	0.0	(0.1)	-	-	-		
Effective Tax Rate	n.a.	n.a.	25.9%	n.a.	n.a.	n.a.	n.a.	n.a.		
Minority Interests	-	-	-	-	-	-	-	-		
Discontinued Activities	-	-	-	-	-	-	-	-		
Net Profit	(5.5)	0.1	0.1	0.0	(0.1)	0.3	0.8	1.0	66.8%	n.a.
Net Profit growth	n.a.	101.1%	-17.8%	-16.2%	-260.9%	477.7%	202.2%	25.7%		
Ordinary Net Profit	(1.7)	(0.5)	0.0	0.1	0.1	0.3	0.8	1.0	19.9%	n.a.
Ordinary Net Profit growth	-472.3%	72.6%	109.3%	174.0%	-6.1%	128.9%	202.2%	25.7%		
Cash Flow (EUR Mn)	2018	2019	2020	2021	2022	2023e	2024e	2025e	18-22	22-25e
Recurrent EBITDA						(0.2)	0.2	0.3	1.3%	42.7%
Tax incentives ⁽¹⁾						0.5	0.8	0.8		
Working Capital Increase						(0.1)	(0.3)	(0.2)		
Recurrent Operating Cash Flow						0.2	0.7	0.9	-25.0%	55.5%
CAPEX						(0.3)	(0.3)	(0.3)		
Net Financial Result affecting the Cash Flow						(0.2)	(0.2)	(0.2)		
Tax Expense						-	-	-		
Recurrent Free Cash Flow						(0.3)	0.2	0.4	-2.9%	33.8%
Restructuring Expense & Other non-rec.						-	-	-		
- Acquisitions / + Divestures of assets						-	-	-		
Extraordinary Inc./Exp. Affecting Cash Flow						-	-	-		
Free Cash Flow						(0.3)	0.2	0.4	-13.5%	33.0%
Capital Increase						-	-	-		
Dividends						-	-	-		
Net Debt Variation						0.3	(0.2)	(0.4)		

Note 1: EBIT adjusted to include the impact of tax incentives with impact in free cash flow.

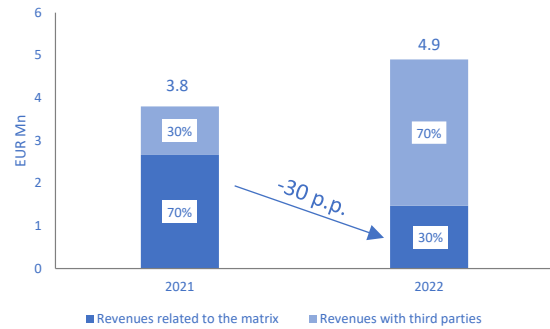


The company in 8 charts

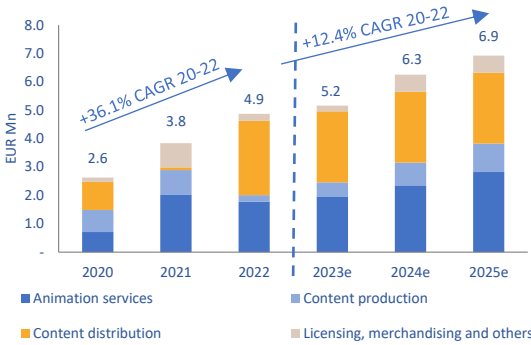
The distribution agreement entered into with the RAI and executed in 2022 has changed MONI's revenue mix...



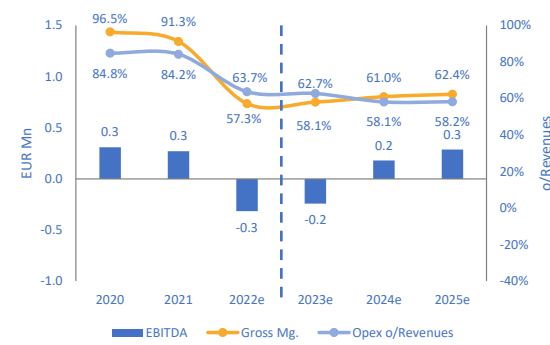
...and reduced revenue from the parent to 30% in 2022 (vs 70% in 2021)



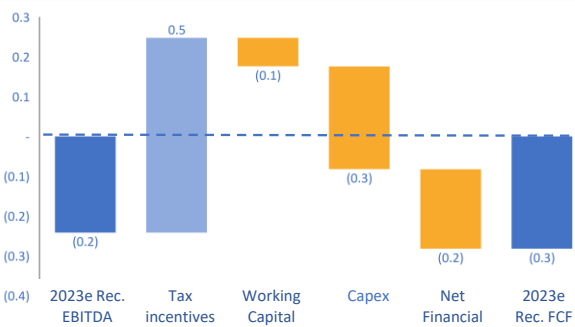
Animation services and the distribution agreement should be the main growth drivers (revenue: +12.4% CAGR 2022-2025e)



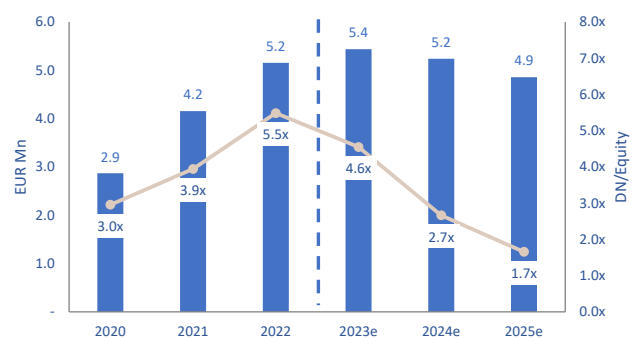
Distribution margins are thinner, so EBITDA is unlikely to exceed breakeven until 2024e



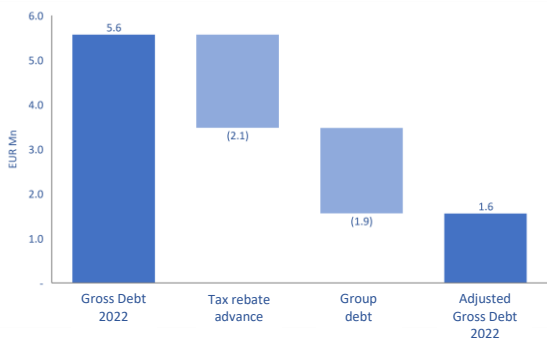
Tax incentives (of the audiovisual sector in the Canary Island) are crucial for understanding the business and recurring FCF...



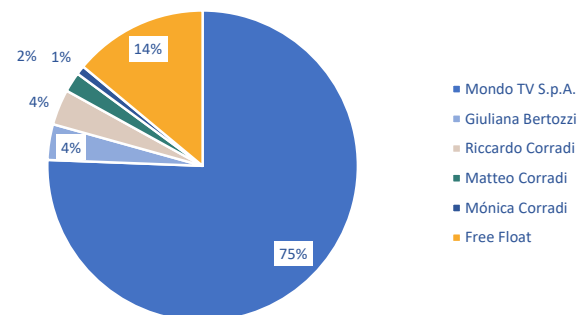
Tax incentives (of the audiovisual sector in the Canary Island) are crucial for understanding the business and recurring FCF



Credit risk is mitigated by 2 factors: a) advance payment of tax rebate 8% o/gr. debt 22) and loans w/group companies (34.4% o/gr. debt 22)



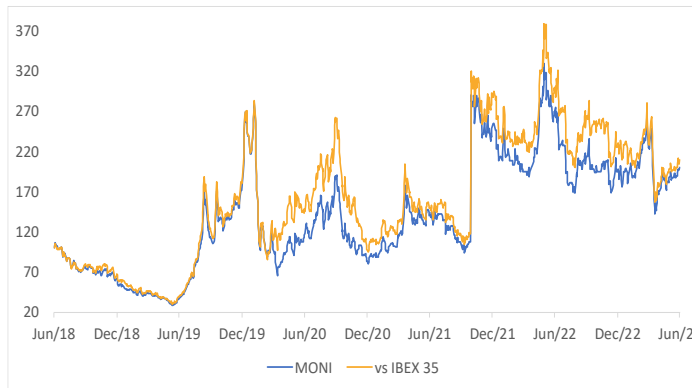
A shareholder structure controlled by Corradi-family run parent (Mondo TV S.p.A)



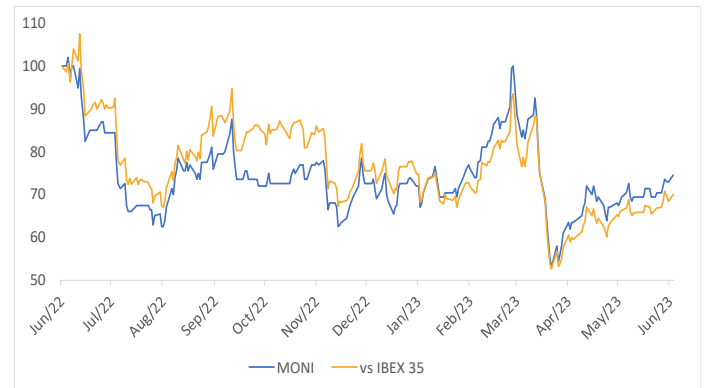


Evolution of the share price

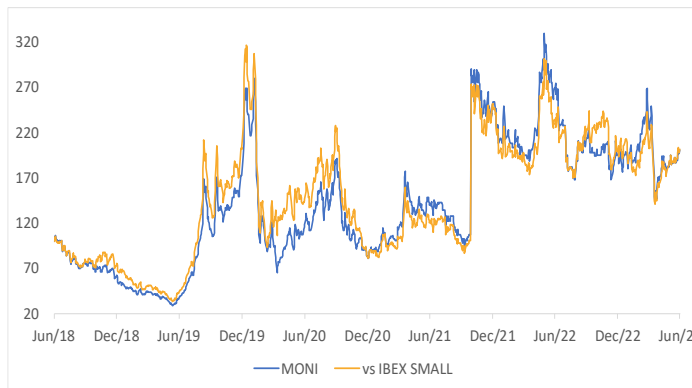
Historical behavior vs Ibex 35 (base 100)



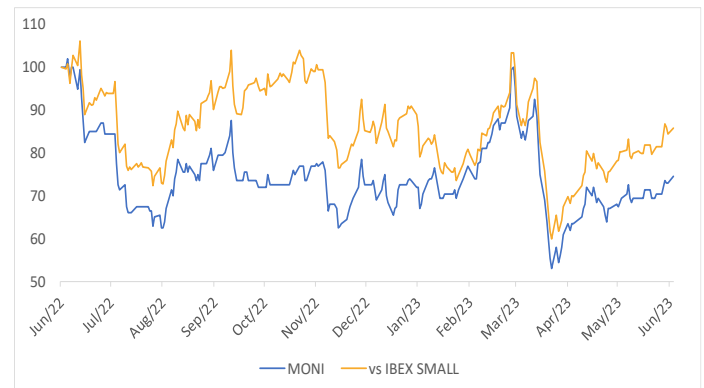
Behavior -1y vs Ibex 35 (base 100)



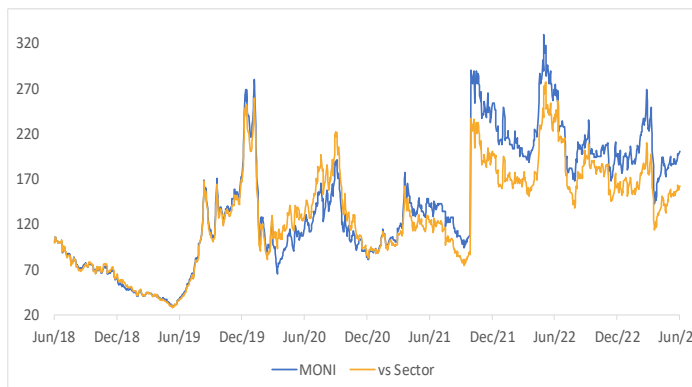
Historical behavior vs Ibex Small Cap (base 100)



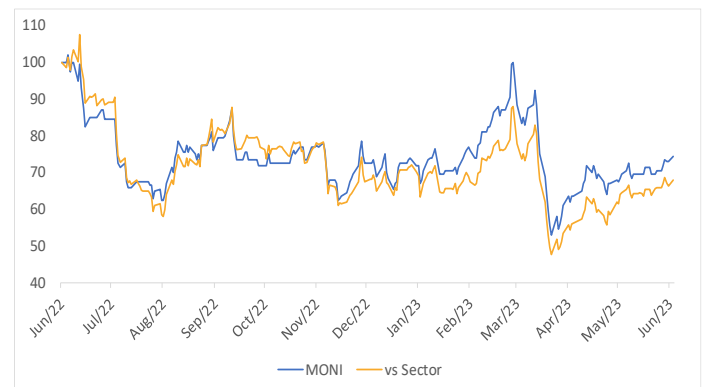
Behavior -1y vs Ibex Small Cap (base 100)



Historical behavior vs Sector⁽¹⁾ (base 100)



Behavior -1y vs Sector⁽¹⁾ (base 100)



(1) Sector: Stoxx Europe 600 Media

Stock performance (%)	-1m	-3m	-12m	YTD	-3Y	-5Y
Absolute	7.2	-15.8	-25.5	1.4	69.3	100.8
vs Market						
vs Ibex 35	5.6	-14.2	-30.0	-10.2	43.5	109.4
vs Euro STOXX 50	8.4	-15.8	-34.3	-10.4	33.5	61.7
vs Small Cap References						
vs Ibex Small Cap Index	7.0	-6.0	-14.1	-5.5	37.5	101.6
vs Micro Cap Spain Universe ⁽¹⁾	7.0	-13.2	-18.9	-6.9	19.9	86.8
vs MSCI Europe Micro Cap	8.9	-10.7	-14.8	2.1	43.6	87.0
vs Sector						
vs Stoxx Europe 600 Media	5.5	-12.7	-32.0	-5.7	23.9	62.2

(1) [Constituents on page 10](#)



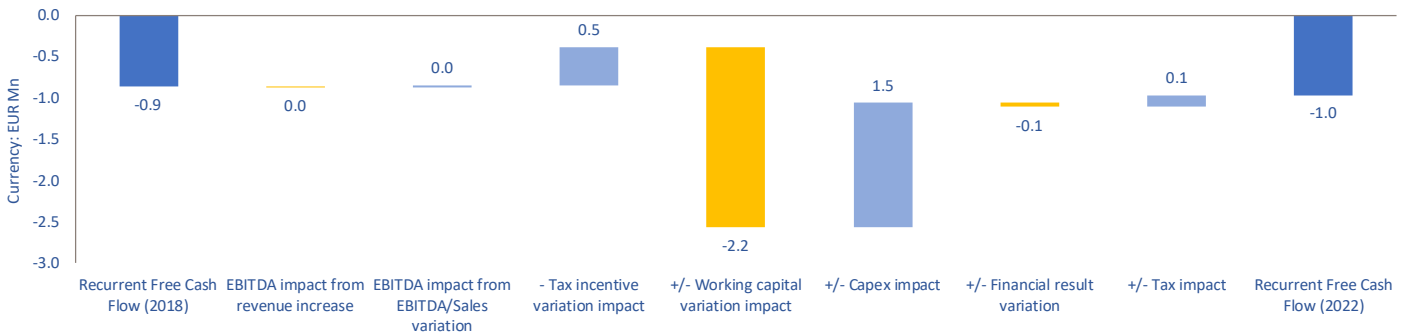
Free Cash Flow (I)

	2019	2020	2021	2022	2023e	2024e	2025e	CAGR	
								19-22	22-25e
A) Cash Flow Analysis (EUR Mn)									
Recurrent EBITDA	0.7	0.3	0.3	(0.3)	(0.2)	0.2	0.3	-34.8%	42.7%
<i>Recurrent EBITDA growth</i>	310.2%	-55.9%	-12.5%	-216.8%	23.3%	174.5%	58.3%		
<i>Rec. EBITDA/Revenues</i>	28.1%	11.7%	7.0%	n.a.	n.a.	2.9%	4.1%		
- Rentals (IFRS 16 impact)	-	-	0.0	0.5	0.5	0.8	0.8		
+/- Working Capital increase	(0.4)	(0.4)	0.8	(0.7)	(0.1)	(0.3)	(0.2)		
= Recurrent Operating Cash Flow	0.3	(0.1)	1.0	(0.5)	0.2	0.7	0.9	-58.6%	55.5%
<i>Rec. Operating Cash Flow growth</i>	-77.7%	-139.3%	n.a.	-151.1%	133.6%	305.9%	29.2%		
<i>Rec. Operating Cash Flow / Sales</i>	10.5%	n.a.	26.7%	n.a.	3.4%	11.4%	13.3%		
- CAPEX	(0.2)	(0.5)	(0.3)	(0.2)	(0.3)	(0.3)	(0.3)		
- Net Financial Result affecting Cash Flow	(0.2)	(0.1)	(0.1)	(0.2)	(0.2)	(0.2)	(0.2)		
- Taxes	-	-	0.0	(0.1)	-	-	-		
= Recurrent Free Cash Flow	(0.1)	(0.6)	0.6	(1.0)	(0.3)	0.2	0.4	n.a.	33.8%
<i>Rec. Free Cash Flow growth</i>	90.4%	-650.4%	203.3%	-250.4%	70.7%	170.0%	93.2%		
<i>Rec. Free Cash Flow / Revenues</i>	n.a.	n.a.	16.7%	n.a.	n.a.	3.2%	5.5%		
- Restructuring expenses & others	-	-	-	(0.1)	-	-	-		
- Acquisitions / + Divestments	-	0.1	(1.9)	0.1	-	-	-		
+/- Extraordinary Inc./Exp. affecting Cash Flow	0.5	0.0	(0.1)	(0.1)	-	-	-		
= Free Cash Flow	0.4	(0.5)	(1.3)	(1.1)	(0.3)	0.2	0.4	-66.5%	33.0%
<i>Free Cash Flow growth</i>	163.5%	-232.8%	-142.0%	18.6%	73.7%	170.0%	93.2%		
<i>Recurrent Free Cash Flow - Yield (s/Mkt Cap)</i>	n.a.	n.a.	10.8%	n.a.	n.a.	3.3%	6.4%		
<i>Free Cash Flow Yield (s/Mkt Cap)</i>	6.9%	n.a.	n.a.	n.a.	n.a.	3.3%	6.4%		
B) Analytical Review of Annual Recurrent Free Cash Flow Performance (Eur Mn)									
Recurrent FCF(FY - 1)	(0.9)	(0.1)	(0.6)	0.6	(1.0)	(0.3)	0.2		
EBITDA impact from revenue increase	(0.3)	0.0	0.1	0.1	(0.0)	(0.1)	0.0		
EBITDA impact from EBITDA/Sales variation	1.3	(0.4)	(0.2)	(0.7)	0.1	0.5	0.1		
= Recurrent EBITDA variation	1.0	(0.4)	(0.0)	(0.6)	0.1	0.4	0.1		
- Rentals (IFRS 16 impact) variation impact	-	-	0.0	0.5	0.0	0.3	(0.0)		
+/- Working capital variation impact	(2.0)	0.0	1.2	(1.4)	0.6	(0.2)	0.1		
= Recurrent Operating Cash Flow variation	(0.9)	(0.4)	1.1	(1.5)	0.7	0.5	0.2		
+/- CAPEX impact	1.5	(0.3)	0.2	0.1	(0.1)	(0.1)	(0.0)		
+/- Financial result variation	(0.1)	0.1	(0.0)	(0.1)	(0.0)	(0.0)	0.0		
+/- Tax impact	0.2	-	0.0	(0.1)	0.1	-	-		
= Recurrent Free Cash Flow variation	0.8	(0.5)	1.3	(1.6)	0.7	0.5	0.2		
Recurrent Free Cash Flow	(0.1)	(0.6)	0.6	(1.0)	(0.3)	0.2	0.4		
C) "FCF to the Firm" (pre debt service) (EUR Mn)									
EBIT	0.2	0.2	0.1	0.2	0.5	1.0	1.2	-1.1%	79.8%
* Theoretical Tax rate	0.0%	25.9%	0.0%	30.0%	0.0%	0.0%	0.0%		
= Taxes (pre- Net Financial Result)	-	(0.0)	-	(0.1)	-	-	-		
Recurrent EBITDA	0.7	0.3	0.3	(0.3)	(0.2)	0.2	0.3	-34.8%	42.7%
- Rentals (IFRS 16 impact)	-	-	0.0	0.5	0.5	0.8	0.8		
+/- Working Capital increase	(0.4)	(0.4)	0.8	(0.7)	(0.1)	(0.3)	(0.2)		
= Recurrent Operating Cash Flow	0.3	(0.1)	1.0	(0.5)	0.2	0.7	0.9	-58.6%	55.5%
- CAPEX	(0.2)	(0.5)	(0.3)	(0.2)	(0.3)	(0.3)	(0.3)		
- Taxes (pre- Financial Result)	-	(0.0)	-	(0.1)	-	-	-		
= Recurrent Free Cash Flow (To the Firm)	0.1	(0.6)	0.7	(0.8)	(0.1)	0.4	0.6	n.a.	40.2%
<i>Rec. Free Cash Flow (To the Firm) growth</i>	121.1%	-677.1%	219.0%	-204.7%	89.1%	582.9%	43.6%		
<i>Rec. Free Cash Flow (To the Firm) / Revenues</i>	4.2%	n.a.	18.9%	n.a.	n.a.	6.4%	8.3%		
- Acquisitions / + Divestments	-	0.1	(1.9)	0.1	-	-	-		
+/- Extraordinary Inc./Exp. affecting Cash Flow	0.5	0.0	(0.1)	(0.1)	-	-	-		
= Free Cash Flow "To the Firm"	0.6	(0.5)	(1.2)	(0.7)	(0.1)	0.4	0.6	-48.0%	40.5%
<i>Free Cash Flow (To the Firm) growth</i>	309.1%	-188.9%	-132.4%	40.0%	88.9%	582.9%	43.6%		
<i>Rec. Free Cash Flow To the Firm Yield (o/EV)</i>	1.2%	n.a.	7.9%	n.a.	n.a.	4.4%	6.3%		
<i>Free Cash Flow "To the Firm" - Yield (o/EV)</i>	6.5%	n.a.	n.a.	n.a.	n.a.	4.4%	6.3%		

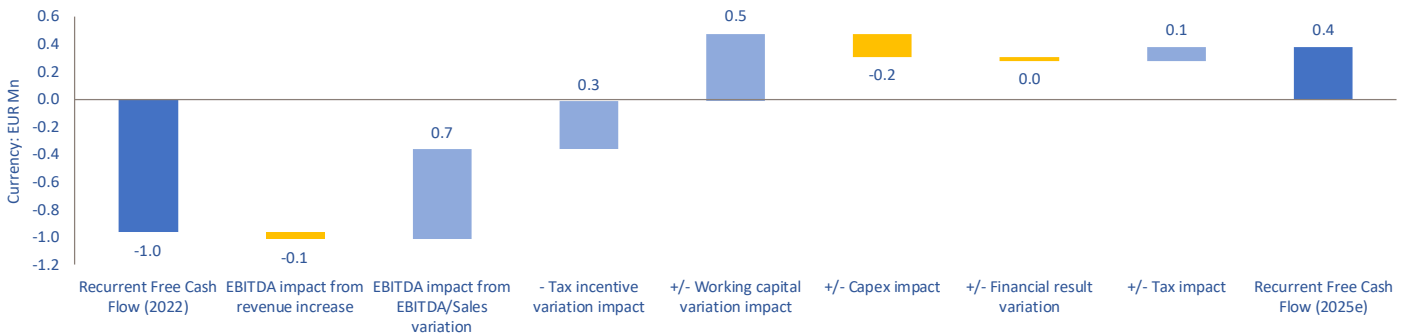


Free Cash Flow (II)

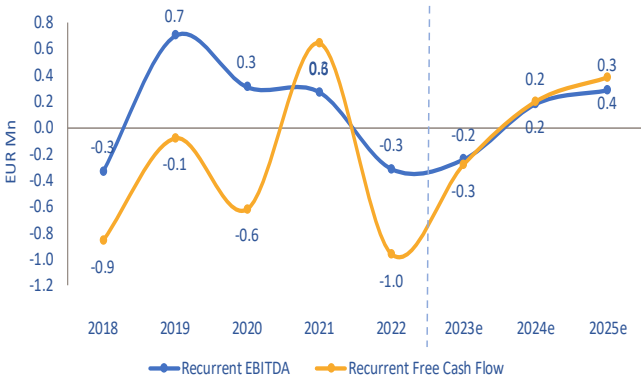
Recurrent Free Cash Flow accumulated variation analysis (2018 - 2022)



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



Recurrent EBITDA vs Recurrent Free Cash Flow



Stock performance vs EBITDA 12m forward





Valuation inputs

Inputs for the DCF Valuation Approach

	2023e	2024e	2025e	Terminal Value ⁽¹⁾			
Free Cash Flow "To the Firm"	(0.1)	0.4	0.6	n.a.			
Market Cap	6.0	At the date of this report					
Net financial debt	3.2	Debt net of Cash (Lighthouse 2023)					
					Best Case	Worst Case	
Cost of Debt	5.0%	Net debt cost			4.8%	5.3%	
Tax rate (T)	20.0%	T (Normalised tax rate)			=	=	
Net debt cost	4.0%	Kd = Cost of Net Debt * (1-T)			3.8%	4.2%	
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)	65.1%	E (Market Cap as equity value)			=	=	
Net Debt / (Equity + Net Debt)	34.9%	D			=	=	
WACC	8.3%	WACC = Kd * D + Ke * E			7.5%	9.2%	
G "Fair"	2.0%				2.0%	1.5%	

(1) The terminal value calculated beyond the last FCF estimate does not reflect the company's growth potential (positive/negative) at the date of publication of this report.

EV breakdown at the date of this report

	EUR Mn	Source
Market Cap	6.0	
+ Minority Interests	-	12m Results 2022
+ Provisions & Other L/T Liabilities	-	12m Results 2022
+ Net financial debt	3.2	Lighthouse 2023
- Financial Investments	-	12m Results 2022
+/- Others		
Enterprise Value (EV)	9.2	

Business Value Creation Metrics ⁽¹⁾

	2018	2019	2020	2021	2022
ROCE (evolution -5y)	n.a.	5.3%	3.0%	2.9%	2.9%
	2022	2025e			
ROCE - WACC	-5.4%	8.8%			
FCF Yield - WACC	n.a.	-1.9%			

(1) FCF Yield to the Firm (see Free Cash Flow Analysis (I)). Detail of the WACC on this page.

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	3.2%	0.2	46.0x
Central	2.9%	0.2	50.7x
Min	2.6%	0.2	56.6x

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	4.5%	5.0%	5.5%		Max	Central	Min
0.2	0.2	0.2	0.2	Max	4.2%	3.6%	3.1%
0.2	0.2	0.2	0.2	Central	3.8%	3.3%	2.8%
0.2	0.2	0.2	0.1	Min	3.5%	3.0%	2.5%

Main Corporate Governance indicators

KPI	2020	2021	2022
% of independent directors	40.0%	33.3%	33.3%
% of proprietary directors	40.0%	33.3%	33.3%
% of executive directors	20.0%	16.6%	16.6%
% of other directors	0.0%	0.0%	0.0%
% of women on the board of directors	40.0%	33.3%	33.3%
% of women out of total workforce	37.8%	48.4%	31.8%
Board remuneration/staff cost	2.5%	15.5%	11.0%



Main peers 2023e

Audiovisual production and animation

	EUR Mn	Toei Animation	Lions Gate	Wildbrain	Xilam Animation	Mondo TV S.p.A.	Your Family Entertainment	Average	MONI
Market data	Ticker (Factset)	4816-JP	LGF.A-US	WILD-CA	XIL-FR	MTV-IT	RTV-DE		MONI-ES
	Country	Japan	USA	Canada	France	Italy	Germany		Spain
	Market cap	3,807.2	2,008.5	208.8	109.5	22.9	43.5		6.0
	Enterprise value (EV)	3,258.7	6,098.3	832.4	136.6	33.4	44.5		9.2
Basic financial information	Total Revenues	455.0	4,014.0	352.4	52.8	15.0	5.8		5.2
	Total Revenues growth	-22.2%	11.5%	12.1%	47.8%	-55.3%	15.0%	12.3%	5.9%
	2y CAGR (2023e - 2025e)	8.2%	3.2%	6.0%	12.3%	5.2%	n.a.	7.4%	15.8%
	EBITDA	133.0	401.1	75.6	36.2	7.0	3.8		(0.2)
	EBITDA growth	-32.0%	-76.9%	22.9%	49.3%	-70.6%	13.4%	-9.2%	45.0%
	2y CAGR (2023e - 2025e)	5.4%	6.1%	-0.9%	13.6%	16.8%	n.a.	6.0%	78.3%
	EBITDA/Revenues	29.2%	10.0%	21.5%	68.5%	46.7%	66.1%	32.3%	n.a.
	EBIT	134.6	121.2	51.8	11.1	2.0	1.8		0.5
	EBIT growth	-29.8%	625.1%	36.8%	198.5%	102.8%	15.8%	207.7%	127.9%
	2y CAGR (2023e - 2025e)	15.4%	41.1%	24.7%	15.2%	40.5%	n.a.	24.1%	59.7%
	EBIT/Revenues	29.6%	3.0%	14.7%	21.0%	13.3%	30.6%	17.1%	8.8%
	Net Profit	96.3	(80.3)	3.9	8.3	1.1	1.4		0.3
	Net Profit growth	-31.1%	95.7%	179.7%	463.1%	101.5%	18.5%	176.9%	477.7%
	2y CAGR (2023e - 2025e)	15.4%	65.4%	n.a.	15.8%	48.0%	n.a.	32.2%	94.9%
CAPEX/Sales %	0.8%	1.0%	2.1%	47.9%	10.0%	0.0%	13.0%	5.0%	
Free Cash Flow	116.0	56.1	2.7	8.5	(3.4)	1.4		(0.3)	
Net financial debt	(570.8)	1,981.7	392.6	9.7	12.0	n.a.		5.4	
ND/EBITDA (x)	n.a.	4.9	5.2	0.3	1.7	n.a.	3.5	n.a.	
Pay-out	29.7%	0.0%	0.0%	0.0%	n.a.	0.0%	7.4%	0.0%	
Multiples and Ratios	P/E (x)	39.2	28.7	n.a.	13.4	n.a.	31.6	27.1	23.4
	P/BV (x)	4.6	2.8	4.4	1.4	n.a.	1.9	3.3	5.0
	EV/Revenues (x)	7.2	1.5	2.4	2.6	2.2	7.7	3.4	1.8
	EV/EBITDA (x)	24.5	15.2	11.0	3.8	4.8	11.7	13.6	n.a.
	EV/EBIT (x)	24.2	n.a.	16.1	12.3	16.7	25.3	17.5	20.1
	ROE	11.8	9.7	7.6	10.8	n.a.	6.0	10.0	23.9
	FCF Yield (%)	3.0	2.8	1.3	7.7	n.a.	3.3	3.7	n.a.
	DPS	0.70	0.00	0.00	0.00	n.a.	0.00	0.17	0.00
	Dvd Yield	0.8%	0.0%	0.0%	0.0%	n.a.	0.0%	0.2%	0.0%

- (1) Financial data, multiples and ratios based on market consensus (Factset). In the case of the company analyzed, own estimates (Lighthouse).
(2) All ratios and multiples on EBITDA refer to total EBITDA (not to recurrent EBITDA).

Historical performance

Historical performance (EUR Mn)	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023e	2024e	2025e	CAGR 12-22	CAGR 22-25e
Total Revenues						3.7	1.4	2.5	2.6	3.8	4.9	5.2	6.3	6.9	n.a.	12.4%
Total Revenues growth						n.a.	-61.6%	77.7%	5.4%	45.9%	27.0%	5.9%	21.2%	10.7%		
EBITDA						1.9	(0.4)	1.2	0.3	0.2	(0.4)	(0.2)	0.2	0.3	n.a.	38.4%
EBITDA growth						n.a.	-123.2%	377.0%	-73.4%	-39.1%	-327.4%	45.0%	174.5%	58.3%		
EBITDA/Sales						50.8%	n.a.	47.9%	12.1%	5.0%	n.a.	n.a.	2.9%	4.1%		
Net Profit						0.4	(5.5)	0.1	0.1	0.0	(0.1)	0.3	0.8	1.0	n.a.	n.a.
Net Profit growth						n.a.	n.a.	101.1%	-17.8%	-16.2%	-260.9%	477.7%	202.2%	25.7%		
Adjusted number shares (Mn)						31.4	33.6	59.4	58.3	19.6	20.0	20.0	20.0	20.0		
EPS (EUR)						0.01	-0.17	0.00	0.00	0.00	0.00	0.01	0.04	0.05	n.a.	n.a.
EPS growth						n.a.	n.a.	n.a.	-16.3%	n.a.	n.a.	n.a.	n.a.	25.7%		
Ord. EPS (EUR)						0.01	-0.05	-0.01	0.00	0.01	0.01	0.01	0.04	0.05	n.a.	n.a.
Ord. EPS growth						n.a.	n.a.	84.5%	n.a.	n.a.	-7.8%	n.a.	n.a.	25.7%		
CAPEX						(4.1)	(1.7)	(0.2)	(0.5)	(0.3)	(0.2)	(0.3)	(0.3)	(0.3)		
CAPEX/Sales %						113.0%	119.7%	6.3%	17.5%	7.8%	3.6%	5.0%	5.0%	5.0%		
Free Cash Flow						(4.6)	(0.6)	0.4	(0.5)	(1.3)	(1.1)	(0.3)	0.2	0.4	n.a.	33.0%
ND/EBITDA (x) ⁽²⁾						3.4x	n.a.	1.8x	9.0x	21.5x	n.a.	n.a.	29.0x	17.0x		
P/E (x)						15.8x	n.a.	n.a.	n.a.	n.a.	n.a.	23.4x	7.7x	6.2x		
EV/Sales (x)						3.97x	7.37x	8.68x	4.53x	2.52x	2.06x	1.77x	1.46x	1.32x		
EV/EBITDA (x) ⁽²⁾						7.8x	n.a.	18.1x	37.5x	50.0x	n.a.	n.a.	n.a.	32.1x		
Absolute performance						-44.4%	-67.2%	347.5%	-58.1%	135.6%	-7.5%	1.4%	n.a.	n.a.		
Relative performance vs Ibx 35						-48.2%	-61.5%	300.2%	-50.4%	118.3%	-2.1%	-10.2%	n.a.	n.a.		

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

Naturhouse Health (NTH) is a small family group with headquarters in Madrid (Spain), specialising (c. 30 years) in nutrition and the re-education of eating habits (dietetics). With an international presence (c. 80% of revenue; France (36%), Italy (29%) and Poland (11%) being its core markets). It is managed and controlled by the founding family (77.8% of capital).

Market Data

Market Cap (Mn EUR and USD)	107.1	114.7
EV (Mn EUR and USD)	99.4	106.5
Shares Outstanding (Mn)	60.0	
-12m (Max/Med/Mín EUR)	2.06 / 1.70 / 1.51	
Daily Avg volume (-12m Mn EUR)	0.03	
Rotation ⁽¹⁾	6.3	
Factset / Bloomberg	NTH-ES / NTH SM	
Close fiscal year	31-Dec	

Shareholders Structure (%)

Mr. F. Revuelta & Family	77.8
Free Float	22.3

Financials (Mn EUR)

	2022	2023e	2024e	2025e
Adj. nº shares (Mn)	60.0	60.0	60.0	60.0
Total Revenues	52.6	48.8	47.6	47.8
Rec. EBITDA	15.7	14.5	14.4	14.7
% growth	-23.4	-7.7	-0.8	2.2
% Rec. EBITDA/Rev.	29.9	29.7	30.2	30.8
% Inc. EBITDA sector ⁽²⁾	19.3	14.1	8.5	7.1
Net Profit	9.6	9.0	9.1	9.5
EPS (EUR)	0.16	0.15	0.15	0.16
% growth	-27.9	-6.5	1.0	4.2
Ord. EPS (EUR)	0.17	0.15	0.15	0.16
% growth	-27.2	-10.4	1.0	4.2
Rec. Free Cash Flow	5.1	9.4	9.2	9.4
Pay-out (%)	100.0	85.0	85.0	85.0
DPS (EUR)	0.16	0.13	0.13	0.13
Net financial debt	-10.0	-8.2	-9.6	-11.0
ND/Rec. EBITDA (x)	-0.6	-0.6	-0.7	-0.7
ROE (%)	30.2	33.7	34.7	34.3
ROCE (%)	60.4	44.7	46.5	49.3

Ratios & Multiples (x)

	2022	2023e	2024e	2025e
P/E	11.1	11.9	11.8	11.3
Ord. P/E	10.7	11.9	11.8	11.3
P/BV	3.9	4.2	4.0	3.8
Dividend Yield (%)	9.0	7.1	7.2	7.5
EV/Sales	1.89	2.04	2.09	2.08
EV/Rec. EBITDA	6.3	6.9	6.9	6.8
EV/EBIT	7.7	8.2	8.1	7.8
FCF Yield (%)	4.8	8.8	8.6	8.8

Historical behavior (base 100)



	(%)	-1m	-3m	-12m	-5Y
Absolute		4.7	-6.8	4.7	-33.6

(1) Rotation is the % of the capitalisation traded - 12m.

(2) Sector: Stoxx Europe 600 Food & Beverage.

MOMENTUM: WHAT DO WE EXPECT FROM 2023E?

2022 revenue dipped below that of 2021. Having rebounded in 2021 (thanks to post-pandemic reopening), the 2022 results once again evidenced the adverse business momentum: revenue decreased to EUR 52.6Mn in 2022 (-9.3% vs. 2021), mainly shaped by the closure of points of sales (-130 vs. 2021).

We expect closures and revenue contraction to continue in 2023e. NTH's business model is articulated essentially around the revenue generated by the franchisees (c.90%) comprising its retail network. We are forecasting revenue of EUR 48.8Mn in 2023e (-100 points of sale vs. 2022). The online channel should continue to grow to account for 7% of total sales (vs. 5% in 2022).

However, profitability (and FCF generation) is a sure thing. We are forecasting a gross margin of >70%, which should translate into an EBITDA margin of c.30%, thanks to its cost-light structure. Cash generation (rec. FCF 23e: EUR 9.4Mn) should facilitate continuation of the attractive dividend policy (historical payout of 85-100%; accum. EUR 120Mn -8y) and a super-healthy capital structure (net cash 23e: EUR 8.2Mn).

EQUITY STORY HIGHLIGHTS: WHAT TO WATCH FOR?

Slowdown in point-of-sale restructuring. Since 2017, the company has closed 804 points of sale (400 in 2020; annual average of 161; average of 101 excluding 2020). We are forecasting a gradual slowdown in the pace of closures with the network bottoming out at 1,400 pos in 2025e (vs. 1,556 in 2022 and 2,360 in 2017).

Highly efficient structure (ability to defend margins). NTH's vertical integration (it holds c.49% of its main supplier) enables it to defend margins despite not raising prices (gross margin: >70%). In addition, it operates a cost-light structure by articulating its model around franchises (OPEX c.40% of revenue), so that the majority of revenue trickles down to EBITDA.

The ability to generate cash is NTH's great asset (FCF 2025e: EUR 9.5Mn). Two drivers: i) low working capital requirement (WC/sales <7% -4y) and ii) low investment requirement (CAPEX/sales c.1.5%). NTH converts c.65% of its EBITDA into cash. However, continued earnings weakness could undermine the ability to keep up such a high dividend.

Waiting for a catalyst to put NTH back on the growth track. The recovery will depend on ending the closure of points of sale and the trend in online sales, which we think could reach 10% of revenue in 25e (vs. 5% in 2022). We are forecasting revenue of EUR 47.6Mn in 2025e (CAGR 22-25e: -3.1%) and EBITDA of EUR 14.7Mn (vs. EUR 15.2Mn in 2022) but rec. FCF of EUR 9.4Mn; +30% vs. 2020).

RISKS: WHAT TO KEEP AN EYE ON?

Strong competition: Barriers to entry are low. The dietary and food supplements market is highly competitive which makes it hard to gain market share and puts pressure on margins.

Inability to boost sales per store. Despite the restructuring underway since 2019, sales per store have fallen by 12%, evidencing the volatile nature of demand, shaped by shifts in eating habits and trends.

VALUATION METRICS: WHAT DO THE MULTIPLES TELL US?

Low multiples coupled with low business risk. NTH is trading at EV/EBITDA 2023e and P/E 23e multiples of 6.9x and 11.3x, respectively (vs. 6.6x and 10.3x, respectively, at Medifast). Those multiples should be read in the context of NTH: zero financial risk (net cash) and low business risk. The only challenge facing NTH today is finding its way back to revenue growth. That would immediately render its (objective) valuation metrics more attractive: low multiples and a FCF Yield 2023e of >8%.



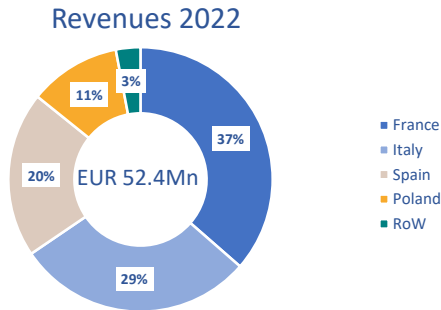
Financial Projections

Balance Sheet (EUR Mn)	2018	2019	2020	2021	2022	2023e	2024e	2025e		
Intangible assets	1.4	8.9	3.7	2.5	3.4	2.6	2.0	1.3		
Fixed assets	3.8	2.0	1.2	0.9	1.2	1.4	1.8	2.2		
Other Non Current Assets	3.6	3.4	3.5	7.0	10.7	10.7	10.7	10.7		
Financial Investments	0.8	0.8	0.6	1.3	0.5	0.8	1.1	1.4		
Goodwill & Other Intangibles	-	-	-	-	-	-	-	-		
Current assets	16.3	12.2	11.8	10.0	15.0	14.3	14.1	14.0		
Total assets	25.9	27.3	21.0	21.8	30.7	29.9	29.6	29.6		
Equity	18.8	16.5	26.0	36.0	27.8	25.5	26.9	28.3		
Minority Interests	0.0	0.1	0.1	0.1	0.1	0.1	0.1	0.1		
Provisions & Other L/T Liabilities	1.2	1.1	1.4	1.5	2.7	2.7	2.7	2.7		
Other Non Current Liabilities	-	7.7	3.7	2.2	3.3	3.3	3.3	3.3		
Net financial debt	(5.4)	(7.6)	(18.3)	(25.1)	(10.0)	(8.2)	(9.6)	(11.0)		
Current Liabilities	11.2	9.5	8.1	7.1	6.9	6.5	6.3	6.2		
Equity & Total Liabilities	25.9	27.3	21.0	21.8	30.7	29.9	29.6	29.6		
CAGR										
P&L (EUR Mn)	2018	2019	2020	2021	2022	2023e	2024e	2025e	18-22	22-25e
Total Revenues	88.7	82.4	56.2	57.9	52.6	48.8	47.6	47.8	-12.2%	-3.1%
Total Revenues growth	-7.1%	-7.1%	-31.7%	3.0%	-9.3%	-7.2%	-2.4%	0.4%		
COGS	(25.2)	(23.8)	(15.9)	(16.3)	(14.9)	(13.6)	(13.2)	(13.1)		
Gross Margin	63.5	58.5	40.4	41.6	37.7	35.2	34.5	34.7	-12.2%	-2.7%
Gross Margin/Revenues	71.6%	71.0%	71.8%	71.8%	71.6%	72.1%	72.4%	72.6%		
Personnel Expenses	(20.7)	(19.3)	(12.4)	(10.8)	(10.6)	(10.1)	(9.7)	(9.7)		
Other Operating Expenses	(19.6)	(16.1)	(10.6)	(10.3)	(11.3)	(10.6)	(10.3)	(10.3)		
Recurrent EBITDA	23.2	23.1	17.4	20.5	15.7	14.5	14.4	14.7	-9.3%	-2.2%
Recurrent EBITDA growth	-23.4%	-0.3%	-24.8%	18.1%	-23.4%	-7.7%	-0.8%	2.2%		
Rec. EBITDA/Revenues	26.2%	28.1%	30.9%	35.4%	29.9%	29.7%	30.2%	30.8%		
Restructuring Expense & Other non-rec.	0.1	(0.2)	0.1	(0.6)	(0.6)	-	-	-		
EBITDA	23.3	22.9	17.4	19.9	15.2	14.5	14.4	14.7	-10.2%	-1.0%
Depreciation & Provisions	(1.1)	(1.0)	(1.6)	(1.2)	(1.4)	(1.5)	(1.4)	(1.3)		
Capitalized Expense	-	-	-	-	-	-	-	-		
Rentals (IFRS 16 impact)	-	(3.3)	(1.7)	(1.2)	(0.9)	(0.9)	(0.8)	(0.7)		
EBIT	22.1	18.6	14.2	17.5	12.9	12.1	12.2	12.7	-12.7%	-0.3%
EBIT growth	-21.6%	-15.9%	-24.0%	23.4%	-26.5%	-5.9%	1.0%	4.1%		
EBIT/Revenues	25.0%	22.6%	25.2%	30.2%	24.4%	24.8%	25.7%	26.6%		
Impact of Goodwill & Others	-	-	(0.9)	(0.1)	-	-	-	-		
Net Financial Result	(0.0)	(0.2)	(0.0)	0.3	(0.1)	(0.1)	(0.1)	(0.0)		
Income by the Equity Method	0.6	0.2	0.3	0.6	0.3	0.3	0.3	0.3		
Ordinary Profit	22.7	18.7	13.5	18.2	13.1	12.3	12.5	13.0	-12.9%	-0.3%
Ordinary Profit Growth	-20.7%	-17.7%	-27.7%	35.0%	-28.2%	-5.8%	1.0%	4.2%		
Extraordinary Results	-	0.5	-	-	-	-	-	-		
Profit Before Tax	22.7	19.2	13.5	18.2	13.1	12.3	12.5	13.0	-12.9%	-0.3%
Tax Expense	(7.4)	(6.0)	(4.1)	(4.9)	(3.5)	(3.3)	(3.4)	(3.5)		
Effective Tax Rate	32.4%	31.4%	30.5%	26.7%	26.6%	27.1%	27.1%	27.1%		
Minority Interests	0.0	0.1	(0.0)	(0.0)	0.0	-	-	-		
Discontinued Activities	-	-	-	-	-	-	-	-		
Net Profit	15.4	13.3	9.4	13.4	9.6	9.0	9.1	9.5	-11.0%	-0.5%
Net Profit growth	-22.6%	-13.8%	-29.3%	42.5%	-27.9%	-6.5%	1.0%	4.2%		
Ordinary Net Profit	15.9	13.3	9.4	13.8	10.0	9.0	9.1	9.5	-10.8%	-1.9%
Ordinary Net Profit growth	-23.4%	-16.4%	-29.0%	46.5%	-27.2%	-10.4%	1.0%	4.2%		
CAGR										
Cash Flow (EUR Mn)	2018	2019	2020	2021	2022	2023e	2024e	2025e	18-22	22-25e
Recurrent EBITDA						14.5	14.4	14.7	-9.3%	-2.2%
Rentals (IFRS 16 impact)						(0.9)	(0.8)	(0.7)		
Working Capital Increase						0.2	0.1	0.0		
Recurrent Operating Cash Flow						13.8	13.7	14.0	-23.1%	13.0%
CAPEX						(1.0)	(1.0)	(1.0)		
Net Financial Result affecting the Cash Flow						(0.1)	(0.1)	(0.0)		
Tax Expense						(3.3)	(3.4)	(3.5)		
Recurrent Free Cash Flow						9.4	9.2	9.4	-28.4%	22.3%
Restructuring Expense & Other non-rec.						-	-	-		
- Acquisitions / + Divestures of assets						-	-	-		
Extraordinary Inc./Exp. Affecting Cash Flow						-	-	-		
Free Cash Flow						9.4	9.2	9.4	-46.3%	75.8%
Capital Increase						-	-	-		
Dividends						(11.3)	(7.7)	(8.1)		
Net Debt Variation						1.8	(1.5)	(1.4)		

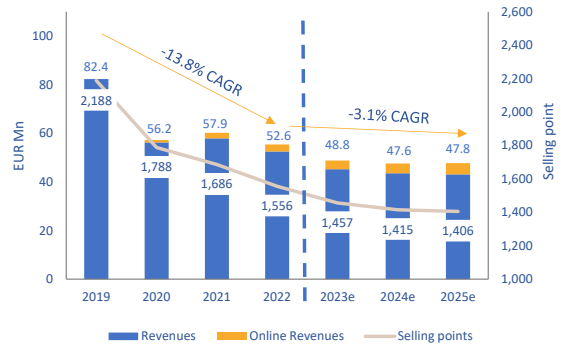


The company in 8 charts

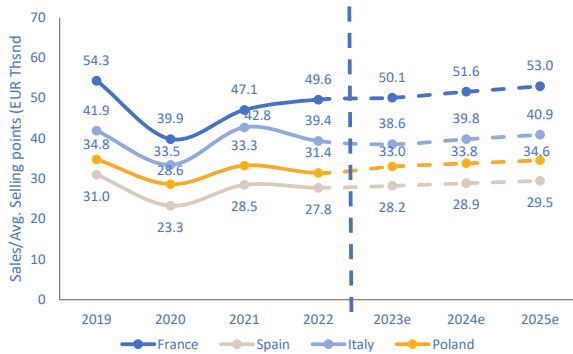
A geographically diversified business (especially in Europe)



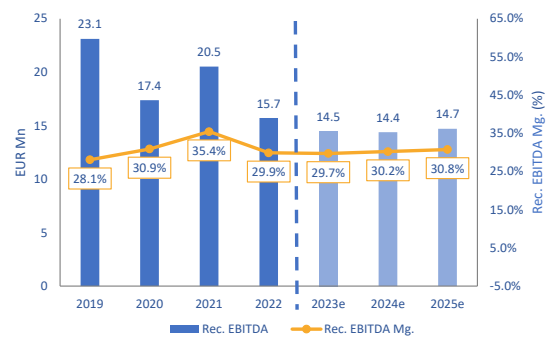
The halting of store closures is the key catalyst but will have to wait until 2025e



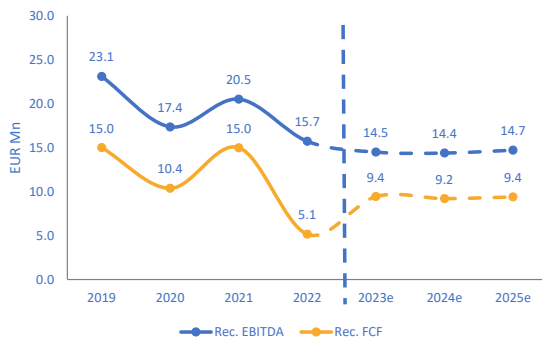
we expect sales per store to remain stable (+1.5% CAGR 2022-2025e) despite the restructuring of the retail network



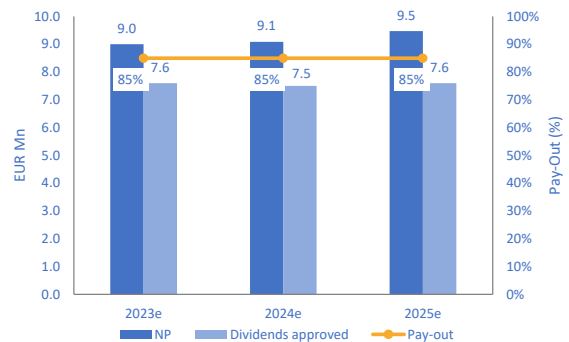
NTH's cost-light structure will allow it to maintain high margins (EBITDA margin c.30%). 23e-25e EBITDA EUR 14.5Mn



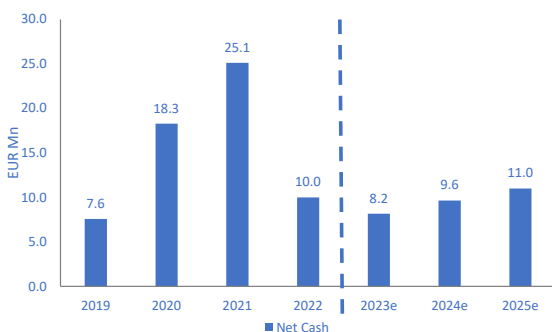
High capacity to convert EBITDA into cash (c. 60%). FCF Yield >8%



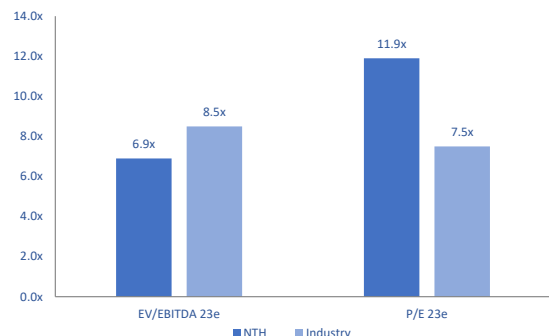
... that will allow a high pay-out (85%) and a 2023e Dividend Yield of 7% to be maintained



And a very robust balance sheet position (2023e Net Cash EUR 8Mn), especially interesting in a climate of rising rates



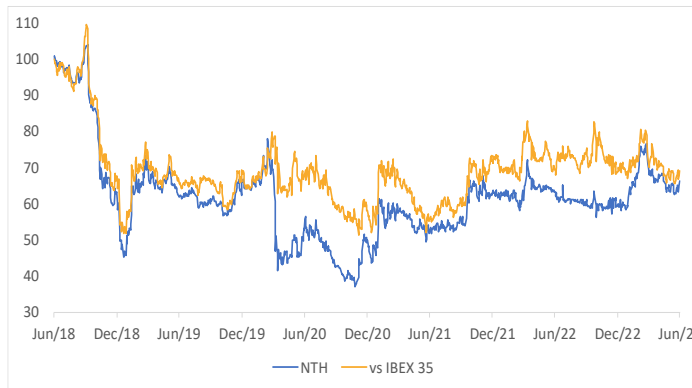
Trading at 2023e EV/EBITDA 2023e 6.9x vs 8.5x for its sector



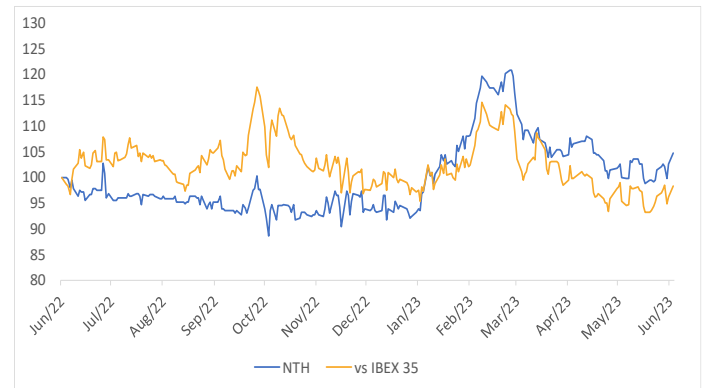


Evolution of the share price

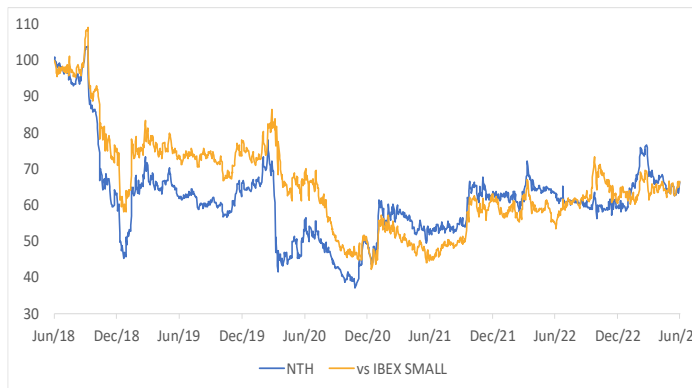
Historical behavior vs Ibex 35 (base 100)



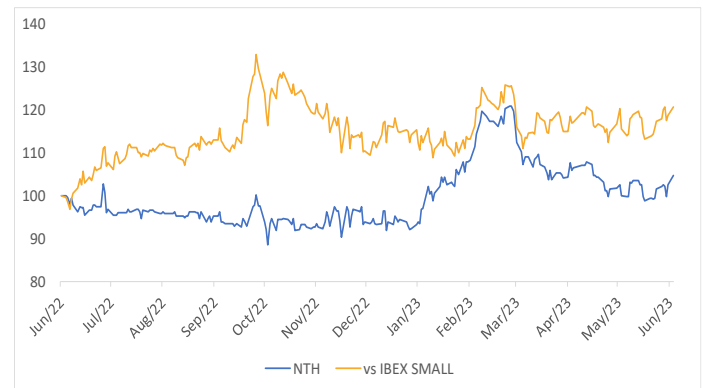
Behavior -1y vs Ibex 35 (base 100)



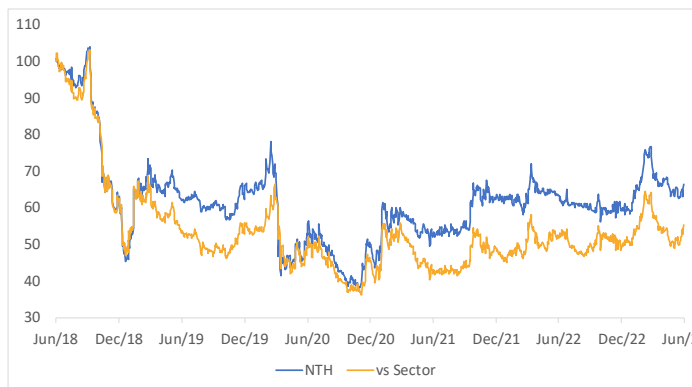
Historical behavior vs Ibex Small Cap (base 100)



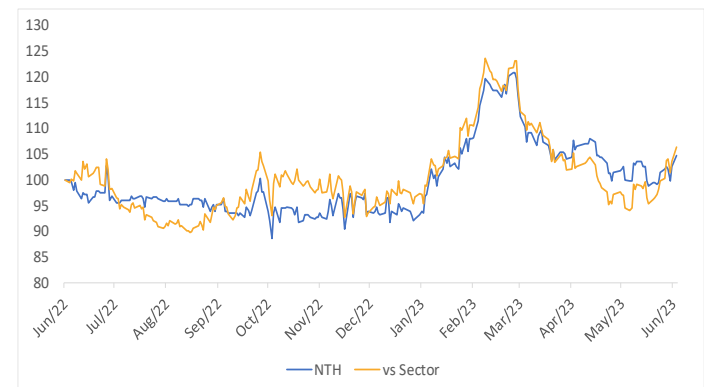
Behavior -1y vs Ibex Small Cap (base 100)



Historical behavior vs Sector⁽¹⁾ (base 100)



Behavior -1y vs Sector⁽¹⁾ (base 100)



(1) Sector: Stoxx Europe 600 Food & Beverage

Stock performance (%)	-1m	-3m	-12m	YTD	-3Y	-5Y
Absolute	4.7	-6.8	4.7	13.3	19.2	-33.6
vs Market						
vs Ibex 35	3.1	-5.0	-1.6	0.4	1.0	-30.7
vs Euro STOXX 50	5.8	-6.8	-7.7	0.1	-6.0	-46.5
vs Small Cap References						
vs Ibex Small Cap Index	4.5	4.1	20.7	5.6	-3.2	-33.3
vs Micro Cap Spain Universe ⁽¹⁾	4.5	-3.9	14.1	4.0	-15.6	-38.2
vs MSCI Europe Micro Cap	6.4	-1.1	19.7	14.1	1.1	-38.1
vs Sector						
vs Stoxx Europe 600 Food & Beverage	12.4	-6.1	6.3	10.0	7.8	-44.5

(1) [Constituents on page 10](#)



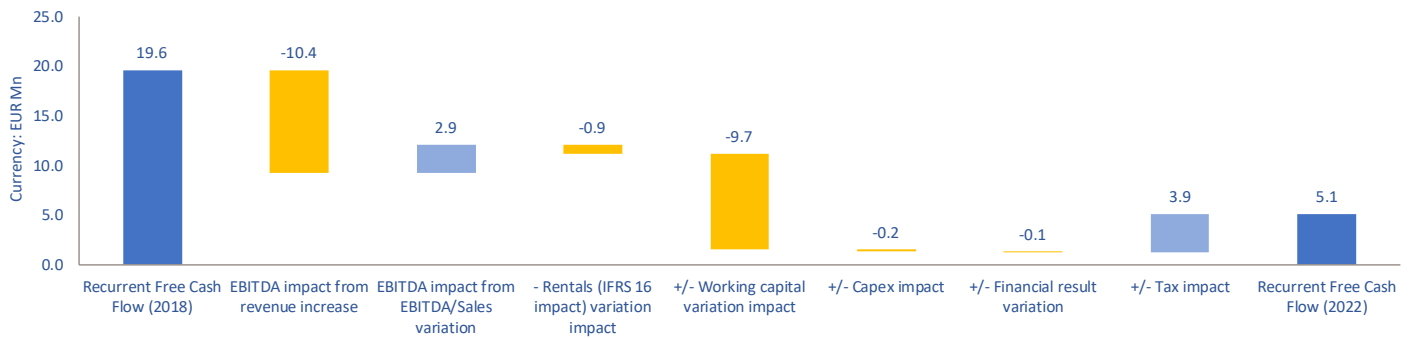
Free Cash Flow (I)

	2019	2020	2021	2022	2023e	2024e	2025e	CAGR	
								19-22	22-25e
A) Cash Flow Analysis (EUR Mn)									
Recurrent EBITDA	23.1	17.4	20.5	15.7	14.5	14.4	14.7	-12.1%	-2.2%
<i>Recurrent EBITDA growth</i>	-0.3%	-24.8%	18.1%	-23.4%	-7.7%	-0.8%	2.2%		
<i>Rec. EBITDA/Revenues</i>	28.1%	30.9%	35.4%	29.9%	29.7%	30.2%	30.8%		
- Rentals (IFRS 16 impact)	(3.3)	(1.7)	(1.2)	(0.9)	(0.9)	(0.8)	(0.7)		
+/- Working Capital increase	2.4	(1.0)	0.7	(5.1)	0.2	0.1	0.0		
= Recurrent Operating Cash Flow	22.2	14.7	20.0	9.7	13.8	13.7	14.0	-24.1%	13.0%
<i>Rec. Operating Cash Flow growth</i>	-19.9%	-33.7%	36.1%	-51.6%	42.9%	-1.3%	2.4%		
<i>Rec. Operating Cash Flow / Sales</i>	27.0%	26.2%	34.6%	18.4%	28.4%	28.7%	29.3%		
- CAPEX	(0.9)	(0.2)	(0.1)	(1.0)	(1.0)	(1.0)	(1.0)		
- Net Financial Result affecting Cash Flow	(0.3)	(0.0)	(0.1)	(0.1)	(0.1)	(0.1)	(0.0)		
- Taxes	(6.0)	(4.1)	(4.9)	(3.5)	(3.3)	(3.4)	(3.5)		
= Recurrent Free Cash Flow	15.0	10.4	15.0	5.1	9.4	9.2	9.4	-30.0%	22.3%
<i>Rec. Free Cash Flow growth</i>	-23.3%	-30.9%	44.5%	-65.7%	83.5%	-2.6%	2.2%		
<i>Rec. Free Cash Flow / Revenues</i>	18.2%	18.5%	25.9%	9.8%	19.4%	19.3%	19.7%		
- Restructuring expenses & others	-	-	(0.7)	1.0	-	-	-		
- Acquisitions / + Divestments	1.7	0.2	(3.5)	(4.4)	-	-	-		
+/- Extraordinary Inc./Exp. affecting Cash Flow	0.5	-	-	-	-	-	-		
= Free Cash Flow	17.2	10.6	10.8	1.7	9.4	9.2	9.4	-53.5%	75.8%
<i>Free Cash Flow growth</i>	-16.9%	-38.7%	2.1%	-83.9%	445.4%	-2.6%	2.2%		
<i>Recurrent Free Cash Flow - Yield (s/Mkt Cap)</i>	14.0%	9.7%	14.0%	4.8%	8.8%	8.6%	8.8%		
<i>Free Cash Flow Yield (s/Mkt Cap)</i>	16.1%	9.9%	10.1%	1.6%	8.8%	8.6%	8.8%		
B) Analytical Review of Annual Recurrent Free Cash Flow Performance (Eur Mn)									
Recurrent FCF(FY - 1)	19.6	15.0	10.4	15.0	5.1	9.4	9.2		
EBITDA impact from revenue increase	(1.6)	(7.3)	0.5	(1.9)	(1.1)	(0.4)	0.1		
EBITDA impact from EBITDA/Sales variation	1.6	1.6	2.6	(2.9)	(0.1)	0.2	0.3		
= Recurrent EBITDA variation	(0.1)	(5.7)	3.2	(4.8)	(1.2)	(0.1)	0.3		
- Rentals (IFRS 16 impact) variation impact	(3.3)	1.6	0.4	0.3	-	0.1	0.1		
+/- Working capital variation impact	(2.2)	(3.3)	1.7	(5.9)	5.4	(0.2)	(0.1)		
= Recurrent Operating Cash Flow variation	(5.5)	(7.5)	5.3	(10.3)	4.2	(0.2)	0.3		
+/- CAPEX impact	(0.2)	0.7	0.2	(0.9)	(0.0)	(0.0)	(0.0)		
+/- Financial result variation	(0.2)	0.3	(0.1)	0.0	0.0	(0.0)	0.0		
+/- Tax impact	1.3	1.9	(0.8)	1.4	0.1	(0.0)	(0.1)		
= Recurrent Free Cash Flow variation	(4.6)	(4.6)	4.6	(9.9)	4.3	(0.2)	0.2		
Recurrent Free Cash Flow	15.0	10.4	15.0	5.1	9.4	9.2	9.4		
C) "FCF to the Firm" (pre debt service) (EUR Mn)									
EBIT	18.6	14.2	17.5	12.9	12.1	12.2	12.7	-11.6%	-0.3%
* <i>Theoretical Tax rate</i>	30.0%	30.0%	26.7%	26.6%	27.1%	27.1%	27.1%		
= Taxes (pre- Net Financial Result)	(5.6)	(4.3)	(4.7)	(3.4)	(3.3)	(3.3)	(3.5)		
Recurrent EBITDA	23.1	17.4	20.5	15.7	14.5	14.4	14.7	-12.1%	-2.2%
- Rentals (IFRS 16 impact)	(3.3)	(1.7)	(1.2)	(0.9)	(0.9)	(0.8)	(0.7)		
+/- Working Capital increase	2.4	(1.0)	0.7	(5.1)	0.2	0.1	0.0		
= Recurrent Operating Cash Flow	22.2	14.7	20.0	9.7	13.8	13.7	14.0	-24.1%	13.0%
- CAPEX	(0.9)	(0.2)	(0.1)	(1.0)	(1.0)	(1.0)	(1.0)		
- Taxes (pre- Financial Result)	(5.6)	(4.3)	(4.7)	(3.4)	(3.3)	(3.3)	(3.5)		
= Recurrent Free Cash Flow (To the Firm)	15.7	10.3	15.3	5.3	9.6	9.3	9.5	-30.4%	21.5%
<i>Rec. Free Cash Flow (To the Firm) growth</i>	-22.7%	-34.7%	49.1%	-65.3%	80.4%	-2.5%	2.0%		
<i>Rec. Free Cash Flow (To the Firm) / Revenues</i>	19.1%	18.3%	26.4%	10.1%	19.6%	19.6%	19.9%		
- Acquisitions / + Divestments	1.7	0.2	(3.5)	(4.4)	-	-	-		
+/- Extraordinary Inc./Exp. affecting Cash Flow	0.5	-	-	-	-	-	-		
= Free Cash Flow "To the Firm"	17.9	10.5	11.8	0.9	9.6	9.3	9.5	-62.8%	n.a.
<i>Free Cash Flow (To the Firm) growth</i>	-17.2%	-41.8%	12.8%	-92.2%	940.2%	-2.5%	2.0%		
<i>Rec. Free Cash Flow To the Firm Yield (o/EV)</i>	15.8%	10.3%	15.4%	5.3%	9.6%	9.4%	9.6%		
<i>Free Cash Flow "To the Firm" - Yield (o/EV)</i>	18.1%	10.5%	11.9%	0.9%	9.6%	9.4%	9.6%		

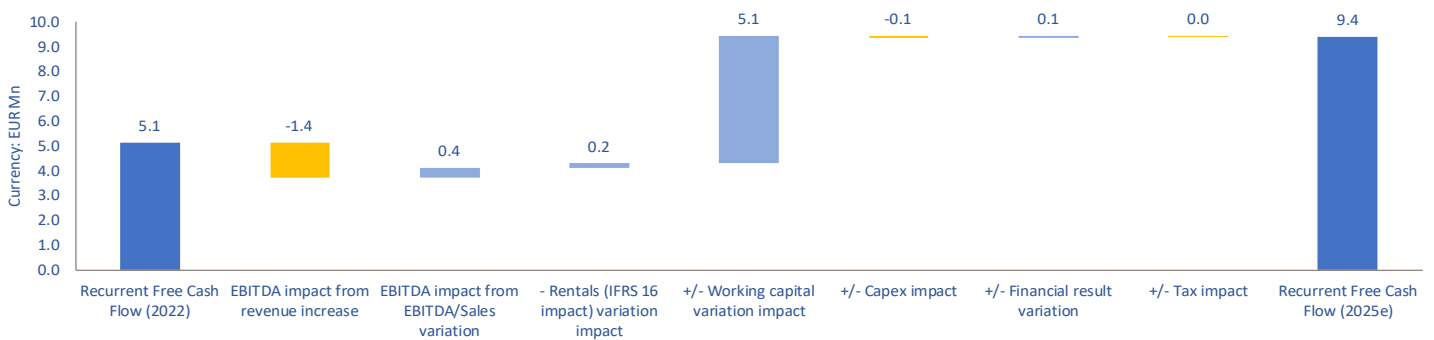


Free Cash Flow (II)

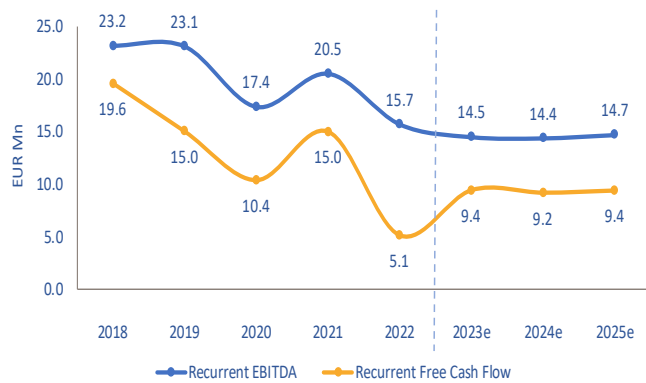
Recurrent Free Cash Flow accumulated variation analysis (2018 - 2022)



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



Recurrent EBITDA vs Recurrent Free Cash Flow



Stock performance vs EBITDA 12m forward





Valuation inputs

Inputs for the DCF Valuation Approach

	2023e	2024e	2025e	Terminal Value ⁽¹⁾		
Free Cash Flow "To the Firm"	9.6	9.3	9.5	125.9		
Market Cap	107.1	At the date of this report				
Net financial debt	-10.0	Debt net of Cash (12m Results 2022)				
					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)	1.0	B (own estimate)			0.9	1.1
Cost of Equity	9.4%	Ke = Rf + (R * B)			8.3%	10.5%
Equity / (Equity + Net Debt)	100.0%	E (Market Cap as equity value)			=	=
Net Debt / (Equity + Net Debt)	0.0%	D			=	=
WACC	9.4%	WACC = Kd * D + Ke * E			8.3%	10.5%
G "Fair"	1.0%				1.0%	0.5%

(1) The terminal value reflects the NAV of FCF beyond the period estimated with the WACC and G of the central scenario.

EV breakdown at the date of this report

	EUR Mn	Source
Market Cap	107.1	
+ Minority Interests	0.1	12m Results 2022
+ Provisions & Other L/T Liabilities	2.7	12m Results 2022
+ Net financial debt	(10.0)	12m Results 2022
- Financial Investments	0.5	12m Results 2022
+/- Others		
Enterprise Value (EV)	99.4	

Business Value Creation Metrics ⁽¹⁾

	2018	2019	2020	2021	2022
ROCE (evolution -5y)	91.9%	112.6%	111.4%	130.4%	60.4%
	2022	2025e			
ROCE - WACC	51.0%	39.9%			
FCF Yield - WACC	-4.6%	-0.6%			

(1) FCF Yield to the Firm (see Free Cash Flow Analysis (I)). Detail of the WACC on this page.

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	33.2%	15.8	6.3x
Central	30.2%	14.4	6.9x
Min	27.2%	13.0	7.7x

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	1.9%	2.1%	2.3%	Scenario			
15.8	10.7	10.6	10.5	Max	10.0%	9.9%	9.8%
14.4	9.3	9.2	9.1	Central	8.7%	8.6%	8.5%
13.0	7.9	7.8	7.7	Min	7.3%	7.3%	7.2%

Main Corporate Governance indicators

KPI	2020	2021	2022
% of independent directors	42.9%	42.9%	42.9%
% of proprietary directors	14.3%	14.3%	57.1%
% of executive directors	42.9%	42.9%	0.0%
% of other directors	0.0%	0.0%	0.0%
% of women on the board of directors	14.3%	14.3%	14.3%
% of women out of total workforce	82.7%	81.4%	81.7%
Board remuneration/staff cost	11.7%	14.2%	12.4%



Main peers 2023e

		Weight Management				Diet Supplements			
EUR Mn		Herbalife Nut.	Medifast	WW Intl.	Average	Nu Skin	Glanbia	Average	NTH
Market data	Ticker (Factset)	HLF-US	MED-US	WW-US		NUS-US	GL9-IE		NTH-ES
	Country	Cayman Isl.	USA	USA		USA	USA		Spain
	Market cap	1,091.6	812.3	517.7		1,572.0	3,644.7		107.1
	Enterprise value (EV)	3,328.3	719.5	1,789.0		1,807.4	4,284.6		99.4
Basic financial information	Total Revenues	4,578.9	1,080.8	864.9		1,948.9	5,403.1		48.8
	Total Revenues growth	-5.8%	-27.6%	-11.0%	-14.8%	-6.2%	-4.2%	-5.2%	-7.2%
	2y CAGR (2023e - 2025e)	5.1%	n.a.	15.2%	10.2%	2.9%	3.2%	3.0%	-1.1%
	EBITDA	538.2	128.7	129.0		235.7	439.6		14.5
	EBITDA growth	-11.5%	-40.8%	-19.3%	-23.9%	-8.7%	5.9%	-1.4%	-4.2%
	2y CAGR (2023e - 2025e)	15.3%	n.a.	41.8%	28.5%	4.8%	4.7%	4.7%	0.7%
	EBITDA/Revenues	11.8%	11.9%	14.9%	12.9%	12.1%	8.1%	10.1%	29.7%
	EBIT	422.5	108.6	77.2		165.2	314.2		12.1
	EBIT growth	-15.6%	-46.2%	-35.1%	-32.3%	11.1%	15.2%	13.1%	-5.9%
	2y CAGR (2023e - 2025e)	20.1%	n.a.	65.9%	43.0%	7.6%	6.8%	7.2%	2.5%
	EBIT/Revenues	9.2%	10.0%	8.9%	9.4%	8.5%	5.8%	7.1%	24.8%
	Net Profit	223.9	80.9	(84.2)		117.3	261.2		9.0
	Net Profit growth	-25.3%	-39.6%	64.1%	-0.3%	19.9%	30.3%	25.1%	-6.5%
	2y CAGR (2023e - 2025e)	25.3%	n.a.	78.9%	52.1%	7.5%	4.7%	6.1%	2.6%
CAPEX/Sales %	2.9%	1.4%	2.0%	2.1%	3.9%	1.4%	2.6%	2.0%	
Free Cash Flow	230.6	98.9	(32.2)		90.6	289.5		9.4	
Net financial debt	n.a.	(105.9)	1,269.8		169.1	324.2		(8.2)	
ND/EBITDA (x)	n.a.	(0.8)	9.8	4.5	0.7	0.7	0.7	(0.6)	
Pay-out	0.0%	n.a.	0.0%	0.0%	62.1%	36.1%	49.1%	85.0%	
Multiples and Ratios	P/E (x)	4.8	10.3	n.a.	7.5	13.9	12.3	13.1	11.9
	P/BV (x)	n.a.	n.a.	n.a.	n.a.	n.a.	1.9	1.9	4.2
	EV/Revenues (x)	0.7	0.7	2.1	1.2	0.9	0.8	0.9	2.0
	EV/EBITDA (x)	6.2	5.6	13.9	8.5	7.7	9.7	8.7	6.9
	EV/EBIT (x)	7.9	6.6	23.2	12.6	10.9	13.6	12.3	8.2
	ROE	n.a.	n.a.	n.a.	n.a.	n.a.	15.4	15.4	33.7
	FCF Yield (%)	21.1	12.2	n.a.	16.6	5.8	7.9	6.9	8.8
	DPS	0.00	n.a.	0.00	0.00	1.46	0.34	0.90	0.13
Dvd Yield	0.0%	n.a.	0.0%	0.0%	4.6%	2.5%	3.6%	7.1%	

- (1) Financial data, multiples and ratios based on market consensus (Factset). In the case of the company analyzed, own estimates (Lighthouse).
(2) All ratios and multiples on EBITDA refer to total EBITDA (not to recurrent EBITDA).

Historical performance

Historical performance (EUR Mn)	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023e	2024e	2025e	CAGR 16-22	CAGR 22-25e
Total Revenues	96.4	96.6	98.3	95.4	88.7	82.4	82.4	56.2	57.9	52.6	48.8	47.6	47.8	-9.9%	-3.1%	
Total Revenues growth	56.7%	0.2%	1.8%	-2.9%	-7.1%	-7.1%	-31.7%	3.0%	-9.3%	-7.2%	-2.4%	0.4%				
EBITDA	33.7	33.6	32.4	29.4	23.3	22.9	17.4	19.9	15.2	14.5	14.4	14.7	-11.9%	-1.0%		
EBITDA growth	143.8%	-0.2%	-3.7%	-9.3%	-20.8%	-1.4%	-24.0%	14.4%	-24.0%	-4.2%	-0.8%	2.2%				
EBITDA/Sales	34.9%	34.8%	32.9%	30.8%	26.2%	27.8%	31.0%	34.4%	28.8%	29.7%	30.2%	30.8%				
Net Profit	22.6	22.9	22.5	19.9	15.4	13.3	9.4	13.4	9.6	9.0	9.1	9.5	-13.2%	-0.5%		
Net Profit growth	164.0%	1.3%	-1.6%	-11.8%	-22.6%	-13.8%	-29.3%	42.5%	-27.9%	-6.5%	1.0%	4.2%				
Adjusted number shares (Mn)	60.0	59.9	60.0	60.0	60.0	60.0	60.0	60.0	60.0	60.0	60.0	60.0				
EPS (EUR)	0.38	0.38	0.38	0.33	0.26	0.22	0.16	0.22	0.16	0.15	0.15	0.16	-13.2%	-0.5%		
EPS growth	-100.0%	1.4%	-1.6%	-11.8%	-22.6%	-13.8%	-29.3%	42.5%	-27.9%	-6.5%	1.0%	4.2%				
Ord. EPS (EUR)	0.38	0.38	0.38	0.34	0.26	0.22	0.16	0.23	0.17	0.15	0.15	0.16	-12.7%	-1.9%		
Ord. EPS growth	-100.0%	1.9%	-1.4%	-9.6%	-22.6%	-16.4%	-29.0%	46.5%	-27.2%	-10.4%	1.0%	4.2%				
CAPEX	(3.1)	(0.9)	(1.2)	(1.3)	(0.7)	(0.9)	(0.2)	(0.1)	(1.0)	(1.0)	(1.0)	(1.0)				
CAPEX/Sales %	3.2%	0.9%	1.2%	1.4%	0.8%	1.1%	0.4%	0.1%	1.8%	2.0%	2.1%	2.1%				
Free Cash Flow	38.9	30.9	14.4	14.8	20.8	17.2	10.6	10.8	1.7	9.4	9.2	9.4	-29.7%	75.8%		
ND/EBITDA (x) ⁽²⁾	0.0x	-0.4x	-0.4x	-0.2x	-0.2x	-0.3x	-1.0x	-1.3x	-0.7x	-0.6x	-0.7x	-0.7x				
P/E (x)	n.a.	6.5x	8.5x	8.8x	4.8x	7.8x	8.5x	7.6x	9.8x	11.9x	11.8x	11.3x				
EV/Sales (x)	n.a.	2.25x	2.78x	2.49x	1.01x	1.37x	1.34x	1.56x	1.65x	2.04x	2.09x	2.08x				
EV/EBITDA (x) ⁽²⁾	n.a.	6.5x	8.4x	8.1x	3.9x	4.9x	4.3x	4.5x	5.7x	6.9x	6.9x	6.8x				
Absolute performance	n.a.	n.a.	29.2%	-9.3%	-57.6%	39.2%	-22.3%	27.7%	-7.3%	13.3%						
Relative performance vs Ibx 35	n.a.	n.a.	31.8%	-15.5%	-50.1%	24.5%	-8.2%	18.3%	-1.8%	0.4%						

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

Netex (NTX), is a Spanish technology company (A Coruña) dedicated to the development and commercialisation of software for the education sector. Its two main lines of business are the sale/renewal of licences (32% of revenues 2022e) and the development of projects with customised content (68% of revenues 2022e). Revenues outside Spain represent c. 65%. The founders control c. 51% of the capital.

Market Data

Market Cap (Mn EUR and USD)	24.8	26.6
EV (Mn EUR and USD)	44.2	47.3
Shares Outstanding (Mn)	8.9	
-12m (Max/Med/Mín EUR)	3.52 / 2.94 / 2.36	
Daily Avg volume (-12m Mn EUR)	n.m.	
Rotation ⁽¹⁾	5.5	
Factset / Bloomberg	NTX-ES / NTX SM	
Close fiscal year	30-Sep	

Shareholders Structure (%)

José Carlos López Ezquerro	25.4
José Ramón Mosteiro López	25.2
Angel Fandos (Odre 2005)	12.1
3-Gutinvest, S.L.	5.0
Free Float	32.3

Financials (Mn EUR)

	2022	2023e	2024e	2025e
Adj. nº shares (Mn)	8.9	8.9	8.9	8.9
Total Revenues	20.9	26.6	31.4	36.7
Rec. EBITDA	1.9	4.4	6.5	8.5
% growth	100.3	129.3	47.7	29.8
% Rec. EBITDA/Rev.	9.3	16.7	20.8	23.1
% Inc. EBITDA sector ⁽²⁾	12.8	9.9	19.9	15.7
Net Profit	-1.3	0.7	2.8	4.8
EPS (EUR)	-0.15	0.07	0.31	0.54
% growth	-306.3	149.7	320.5	72.8
Ord. EPS (EUR)	-0.08	0.07	0.31	0.54
% growth	n.a.	195.3	320.5	72.8
Rec. Free Cash Flow	2.2	1.2	3.0	4.4
Pay-out (%)	0.0	0.0	0.0	0.0
DPS (EUR)	0.00	0.00	0.00	0.00
Net financial debt	18.9	17.8	14.8	10.3
ND/Rec. EBITDA (x)	9.8	4.0	2.3	1.2
ROE (%)	n.a.	46.2	88.2	69.2
ROCE (%)	n.a.	8.4	18.7	27.8

Ratios & Multiples (x)

		2022	2023e	2024e	2025e
P/E	n.a.	37.9	9.0	5.2	
Ord. P/E	n.a.	37.9	9.0	5.2	
P/BV	n.a.	14.2	5.5	2.7	
Dividend Yield (%)	0.0	0.0	0.0	0.0	
EV/Sales	2.12	1.66	1.41	1.20	
EV/Rec. EBITDA	22.9	10.0	6.8	5.2	
EV/EBIT	n.a.	19.5	9.0	6.0	
FCF Yield (%)	8.8	4.7	12.1	17.9	

Historical behavior (base 100)


(%)	-1m	-3m	-12m	-5Y
Absolute	1.4	-4.1	-10.5	80.6

(1) Rotation is the % of the capitalisation traded - 12m.

(2) Sector: Stoxx Europe 600 Technology.

MOMENTUM: WHAT DO WE EXPECT FROM 2023E?

Step-up in scale in 2022. NTX reported revenue in 2022 of EUR 20.9Mn (+70% vs 2021) thanks to the acquisition of Virtual College (which contributed EUR 5Mn; EUR 6.6Mn pro forma). Operational gearing boosted recurring EBITDA to EUR 1.9Mn (vs EUR 1Mn EUR in 2021). Recurring EBITDA margin was 9.3% (+1.4p.p. vs 2021).

The full (and technological) integration of Virtual College (VC) will shape 2023e. VC's integration increased the weighting of the licence business (a higher margin service) in the revenue mix to c. 31% in 2022 (+6.5p.p. vs 2021). However, the gross margin narrowed by 3.3p.p. (vs 2021) as the technological integration (of processes) has yet to be completed. This should boost gross margin to >72.5% in 2023e.

EBITDA should double thanks to M&A synergies and operational gearing. For 2023e, our scenario considers: i) the full integration of M&A (c.30% of growth in 2023e) and ii) a higher weighting of licences, which will improve margins. Our estimates for 2023e include sales of EUR 26.6Mn (+27.4% vs 2022), EBITDA of EUR 4.4Mn (vs EUR 1.9Mn in 2022) and lofty ND of EUR 17.8Mn (for a company poised to generate recurring positive FCF).

EQUITY STORY HIGHLIGHTS: WHAT TO WATCH FOR?

Boost from "proven" e-learning. online training or e-learning (spurred on by Covid-19) has become a key tool for companies' employee development. NTX benefits from strong sector dynamics beyond macro level (i.e., not affected by economic trends or the inflation/interest rate scenario).

Strong organic and recurring growth (+23.9% CAGR 2018-2022; excluding M&A). Double-digit organic growth -4y, driven primarily by: i) opening of new markets (US) and ii) new customer adds thanks to the broader range of available catalogues. The weighting of licences (recurring and higher margin) in the revenue mix should continue to rise, to c.35% in 2025e (vs c.31% in 2022).

Real capacity for margin improvement. For three reasons: i) higher gross margin due to more profitable projects, ii) operational gearing for the fixed component (90% of overhead and iii) convergence with its sector (NTX's margins are narrower than its peers: c.+5p.p. spread).

A company with (the impossible?) ability to grow while continuing to improve margins. We expect NTX to sustain high revenue growth to 2025e (revenue 22-25e: +20.7% CAGR), which should feed through to margins (EBITDA 22-25e: +63.8% CAGR), and generate positive FCF, since the business model is not particularly CAPEX or working capital intensive.

RISKS: WHAT TO KEEP AN EYE ON?

Commercial risk. The e-learning industry is highly fragmented, which poses a risk of customer churn (and downgrades to estimates). Without significant organic growth, the sector take-off will be (logically) irrelevant for NTX.

High debt and rising interest rates. NTX ended 2022 with ND of EUR 18.9Mn (of which EUR 6.9Mn are convertible bonds with Inveready; maximum dilution of c.15%). If rates continue to rise, the company's finance costs would go even higher (hurting our FCF estimate).

VALUATION METRICS: WHAT DO THE MULTIPLES TELL US?

2023e multiples in line, with a higher EBITDA growth potential of c.+10p.p. to 2025e. The share price performance -12m (-22.2%) leaves NTX trading at an EV/EBITDA 23e multiple of 10x (vs 16.9x for the sector). However, NTX shows stronger growth in revenue (c.+7p.p.) and EBITDA (c.+10p.p.) than its peers to 2025e (EV/EBITDA 25e 5.2x). Attractive FCF yield 25e: 17.9%.



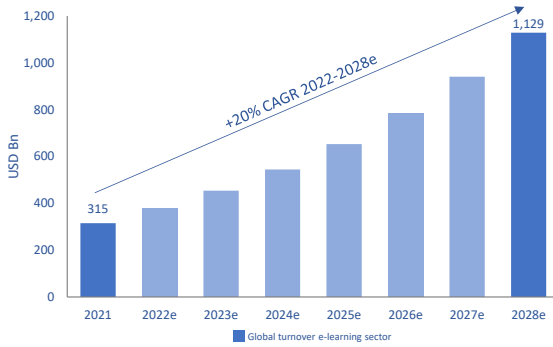
Financial Projections

Balance Sheet (EUR Mn)	2018	2019	2020	2021	2022	2023e	2024e	2025e		
Intangible assets	5.5	6.2	6.5	6.1	9.4	7.2	5.6	4.5		
Fixed assets	0.4	0.4	0.4	0.3	0.5	0.7	1.0	1.3		
Other Non Current Assets	0.2	0.2	0.2	0.5	1.3	1.3	1.3	1.3		
Financial Investments	0.3	0.2	0.2	0.2	0.2	0.2	0.2	0.2		
Goodwill & Other Intangibles	-	-	-	-	5.9	5.9	5.9	5.9		
Current assets	4.0	4.4	3.7	7.1	8.6	10.6	12.1	13.8		
Total assets	10.4	11.4	11.1	14.3	25.9	26.0	26.2	26.9		
Equity	2.2	2.2	1.3	2.3	1.1	1.7	4.5	9.3		
Minority Interests	-	-	-	-	-	-	-	-		
Provisions & Other L/T Liabilities	0.1	0.1	0.2	0.1	0.7	0.7	0.7	0.7		
Other Non Current Liabilities	-	-	-	-	-	-	-	-		
Net financial debt	5.3	5.8	6.8	9.0	18.9	17.8	14.8	10.3		
Current Liabilities	2.8	3.2	2.8	2.9	5.2	5.8	6.2	6.7		
Equity & Total Liabilities	10.4	11.4	11.1	14.3	25.9	26.0	26.2	26.9		
CAGR										
P&L (EUR Mn)	2018	2019	2020	2021	2022	2023e	2024e	2025e	18-22	22-25e
Total Revenues	6.7	8.7	9.8	12.3	20.9	26.6	31.4	36.7	32.8%	20.7%
Total Revenues growth	31.6%	29.8%	12.4%	25.4%	70.0%	27.4%	18.4%	16.7%		
COGS	(1.5)	(1.8)	(2.5)	(3.2)	(6.1)	(7.4)	(8.5)	(9.7)	29.9%	22.4%
Gross Margin	5.2	6.9	7.3	9.1	14.7	19.2	23.0	27.0		
Gross Margin/Revenues	77.2%	79.5%	74.2%	74.0%	70.7%	72.1%	73.1%	73.7%		
Personnel Expenses	(5.5)	(6.0)	(6.4)	(6.7)	(10.2)	(11.9)	(13.2)	(15.0)		
Other Operating Expenses	(1.5)	(1.3)	(1.3)	(1.4)	(2.6)	(2.9)	(3.2)	(3.5)		
Recurrent EBITDA	(1.8)	(0.4)	(0.5)	1.0	1.9	4.4	6.5	8.5	32.1%	63.8%
Recurrent EBITDA growth	0.8%	77.0%	-10.8%	304.8%	100.3%	129.3%	47.7%	29.8%		
Rec. EBITDA/Revenues	n.a.	n.a.	n.a.	7.9%	9.3%	16.7%	20.8%	23.1%		
Restructuring Expense & Other non-rec.	(0.0)	(0.0)	0.2	0.2	(0.9)	-	-	-		
EBITDA	(1.9)	(0.4)	(0.2)	1.2	1.1	4.4	6.5	8.5	26.6%	99.4%
Depreciation & Provisions	(1.7)	(1.8)	(2.0)	(2.2)	(3.6)	(3.9)	(3.2)	(2.7)		
Capitalized Expense	2.1	2.4	2.5	1.7	2.2	1.7	1.6	1.6		
Rentals (IFRS 16 impact)	-	-	-	-	-	-	-	-		
EBIT	(1.4)	0.2	0.3	0.6	(0.3)	2.3	4.9	7.4	31.9%	n.a.
EBIT growth	26.1%	111.2%	60.2%	143.8%	-149.0%	838.0%	117.7%	49.3%		
EBIT/Revenues	n.a.	1.8%	2.6%	5.1%	n.a.	8.5%	15.7%	20.1%		
Impact of Goodwill & Others	-	-	-	-	-	-	-	-		
Net Financial Result	(0.2)	(0.2)	(0.2)	(0.4)	(1.2)	(1.4)	(1.3)	(1.0)		
Income by the Equity Method	-	-	-	-	-	-	-	-		
Ordinary Profit	(1.6)	(0.0)	0.0	0.2	(1.5)	0.9	3.7	6.4	1.2%	82.7%
Ordinary Profit Growth	25.1%	97.3%	128.7%	n.a.	-926.3%	156.4%	320.5%	72.8%		
Extraordinary Results	-	-	-	-	-	-	-	-		
Profit Before Tax	(1.6)	(0.0)	0.0	0.2	(1.5)	0.9	3.7	6.4	1.2%	82.7%
Tax Expense	(0.0)	0.1	0.1	0.5	0.2	(0.2)	(0.9)	(1.6)		
Effective Tax Rate	n.a.	n.a.	n.a.	n.a.	n.a.	25.0%	25.0%	25.0%		
Minority Interests	-	-	-	-	(0.0)	-	-	-		
Discontinued Activities	-	-	-	-	-	-	-	-		
Net Profit	(1.6)	0.1	0.1	0.6	(1.3)	0.7	2.8	4.8	5.2%	77.7%
Net Profit growth	25.1%	104.6%	86.4%	358.7%	-306.3%	149.7%	320.5%	72.8%		
Ordinary Net Profit	(1.6)	(0.0)	(0.2)	(0.0)	(0.7)	0.7	2.8	4.8	18.8%	n.a.
Ordinary Net Profit growth	23.4%	98.7%	-980.1%	90.7%	n.a.	195.3%	320.5%	72.8%		
CAGR										
Cash Flow (EUR Mn)	2018	2019	2020	2021	2022	2023e	2024e	2025e	18-22	22-25e
Recurrent EBITDA						4.4	6.5	8.5	32.1%	63.8%
Rentals (IFRS 16 impact)						-	-	-		
Working Capital Increase						(1.5)	(1.1)	(1.2)		
Recurrent Operating Cash Flow						3.0	5.4	7.3	34.1%	36.5%
CAPEX						(0.2)	(0.2)	(0.3)		
Net Financial Result affecting the Cash Flow						(1.4)	(1.3)	(1.0)		
Tax Expense						(0.2)	(0.9)	(1.6)		
Recurrent Free Cash Flow						1.2	3.0	4.4	29.4%	26.5%
Restructuring Expense & Other non-rec.						-	-	-		
- Acquisitions / + Divestures of assets						-	-	-		
Extraordinary Inc./Exp. Affecting Cash Flow						-	-	-		
Free Cash Flow						1.2	3.0	4.4	-27.3%	37.8%
Capital Increase						-	-	-		
Dividends						-	-	-		
Net Debt Variation						(1.2)	(3.0)	(4.4)		

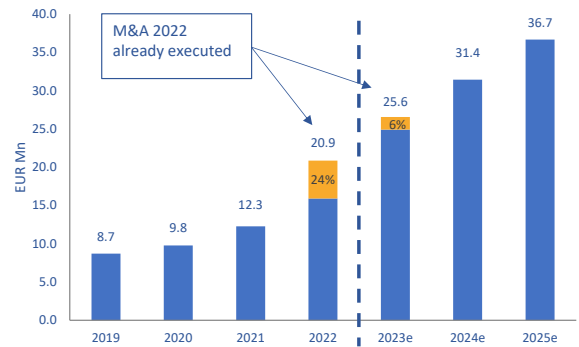


The company in 8 charts

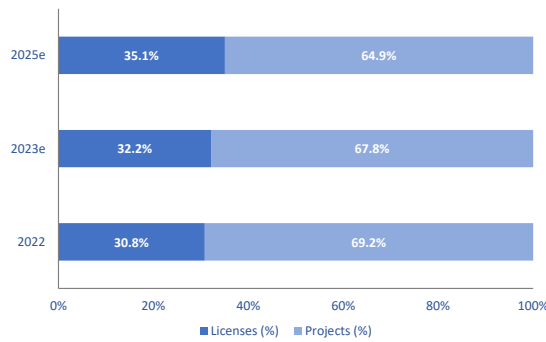
NTX is going to benefit from a very strong sector driver (e-learning)...



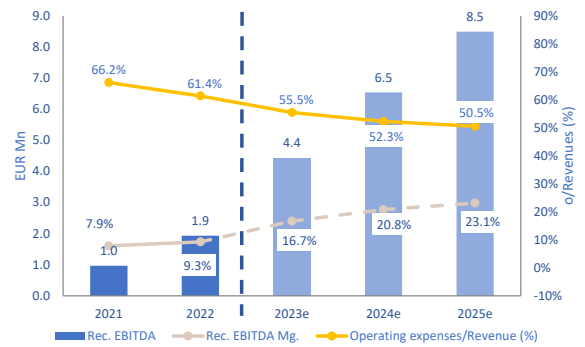
...that will accelerate revenue growth (with M&A as a tailwind)



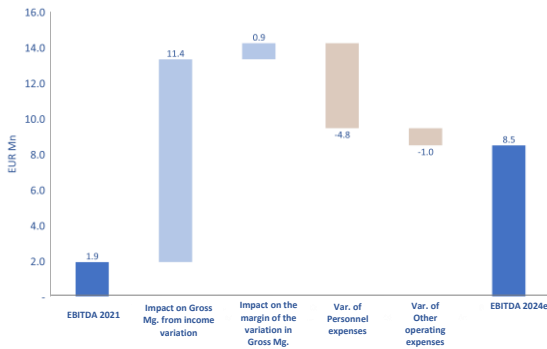
We estimate a progressive increase in the licences business (the most profitable)...



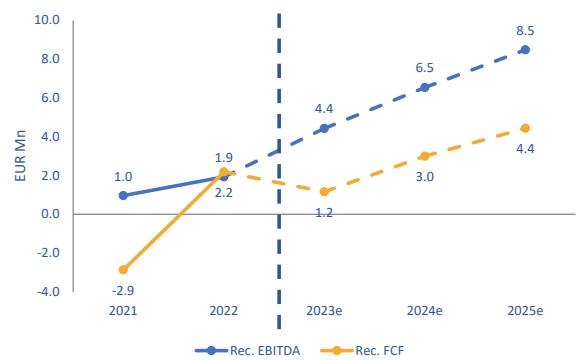
...And high potential for leveraging on its cost structure



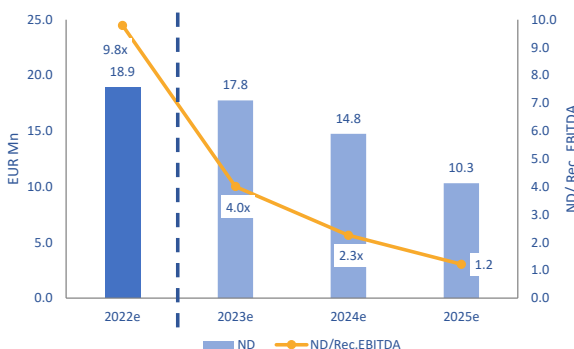
That will enable EBITDA to take off (EUR 8.5Mn in 2025e)



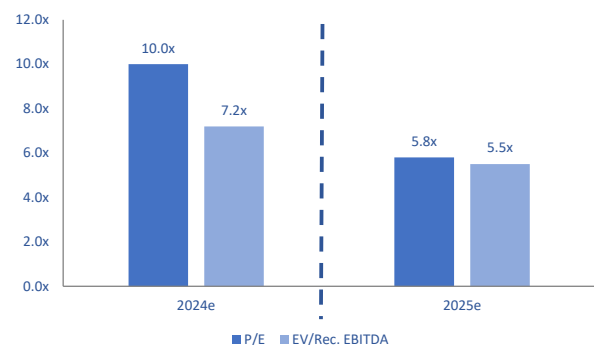
With capacity for cash generation (from 2023e)...



... that will cut debt in half, taking ND/EBITDA to 1.2x



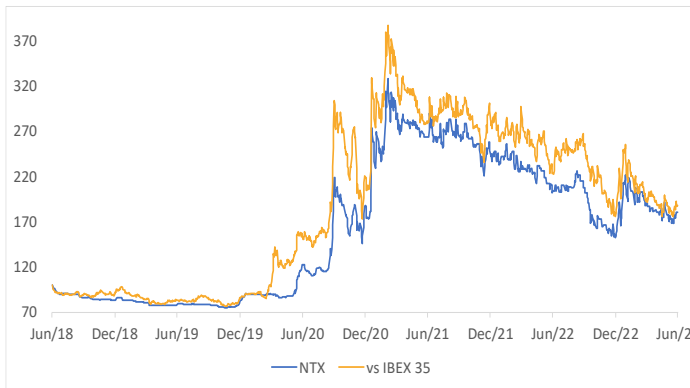
The multiples, an attraction: 25e P/E 5.8x and 25e EV/EBITDA 5.2x



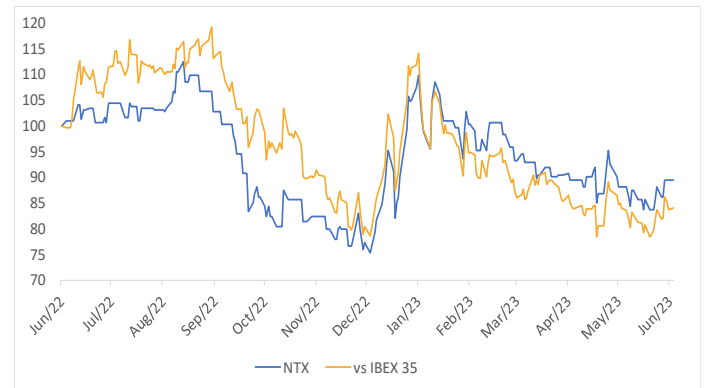


Evolution of the share price

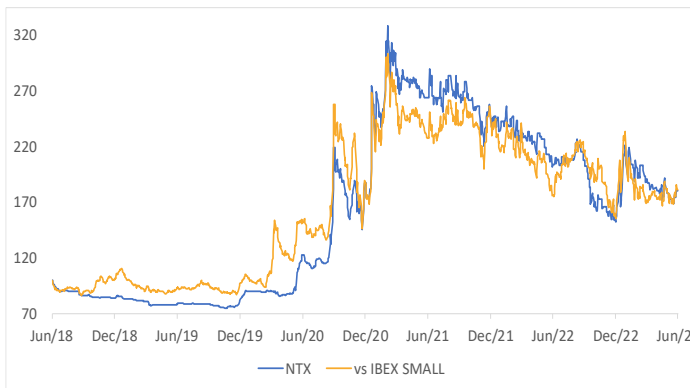
Historical behavior vs Ibex 35 (base 100)



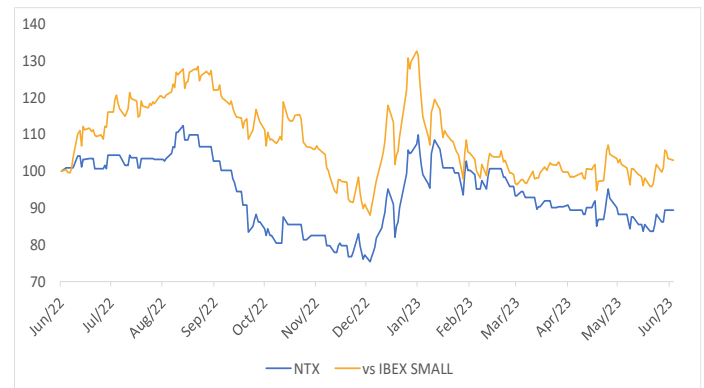
Behavior -1y vs Ibex 35 (base 100)



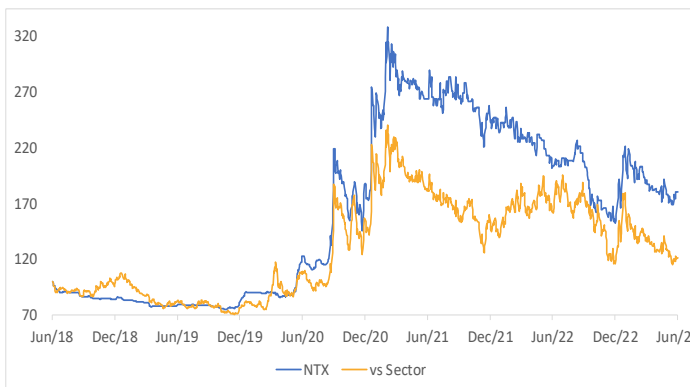
Historical behavior vs Ibex Small Cap (base 100)



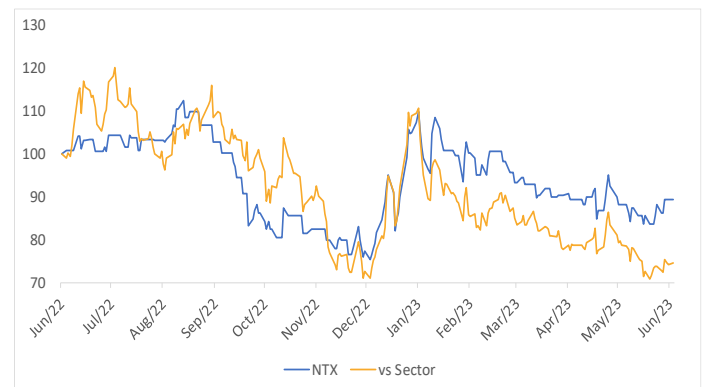
Behavior -1y vs Ibex Small Cap (base 100)



Historical behavior vs Sector⁽¹⁾ (base 100)



Behavior -1y vs Sector⁽¹⁾ (base 100)



(1) Sector: Stoxx Europe 600 Technology

Stock performance (%)	-1m	-3m	-12m	YTD	-3Y	-5Y
Absolute	1.4	-4.1	-10.5	-14.9	47.4	80.6
vs Market						
vs Ibex 35	-0.1	-2.3	-16.0	-24.6	24.9	88.4
vs Euro STOXX 50	2.6	-4.1	-21.2	-24.8	16.2	45.5
vs Small Cap References						
vs Ibex Small Cap Index	1.2	7.1	3.1	-20.7	19.7	81.4
vs Micro Cap Spain Universe ⁽¹⁾	1.3	-1.2	-2.6	-21.9	4.3	68.0
vs MSCI Europe Micro Cap	3.1	1.8	2.2	-14.3	25.0	68.2
vs Sector						
vs Stoxx Europe 600 Technology	-5.3	-10.8	-25.4	-31.5	13.8	21.4

(1) [Constituents on page 10](#)



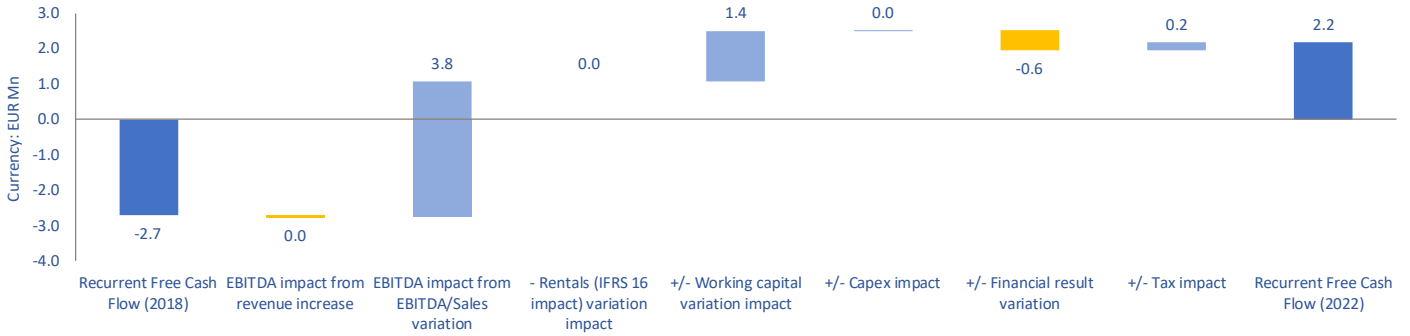
Free Cash Flow (I)

A) Cash Flow Analysis (EUR Mn)	2019	2020	2021	2022	2023e	2024e	2025e	CAGR	
								19-22	22-25e
Recurrent EBITDA	(0.4)	(0.5)	1.0	1.9	4.4	6.5	8.5	87.1%	63.8%
<i>Recurrent EBITDA growth</i>	77.0%	-10.8%	304.8%	100.3%	129.3%	47.7%	29.8%		
<i>Rec. EBITDA/Revenues</i>	n.a.	n.a.	7.9%	9.3%	16.7%	20.8%	23.1%		
- Rentals (IFRS 16 impact)	-	-	-	-	-	-	-		
+/- Working Capital increase	0.1	0.2	(3.4)	0.9	(1.5)	(1.1)	(1.2)		
= Recurrent Operating Cash Flow	(0.3)	(0.2)	(2.4)	2.9	3.0	5.4	7.3	n.a.	36.5%
<i>Rec. Operating Cash Flow growth</i>	86.1%	26.5%	-902.4%	220.3%	3.3%	82.0%	35.2%		
<i>Rec. Operating Cash Flow / Sales</i>	n.a.	n.a.	n.a.	13.8%	11.2%	17.2%	19.9%		
- CAPEX	(0.1)	(0.0)	(0.0)	(0.2)	(0.2)	(0.2)	(0.3)		
- Net Financial Result affecting Cash Flow	(0.2)	(0.2)	(0.4)	(0.8)	(1.4)	(1.3)	(1.0)		
- Taxes	-	-	-	0.2	(0.2)	(0.9)	(1.6)		
= Recurrent Free Cash Flow	(0.6)	(0.5)	(2.9)	2.2	1.2	3.0	4.4	78.5%	26.5%
<i>Rec. Free Cash Flow growth</i>	78.1%	22.8%	-526.6%	176.3%	-46.9%	157.8%	47.9%		
<i>Rec. Free Cash Flow / Revenues</i>	n.a.	n.a.	n.a.	10.5%	4.4%	9.5%	12.1%		
- Restructuring expenses & others	(0.0)	0.2	0.2	(0.9)	-	-	-		
- Acquisitions / + Divestments	-	-	-	(8.5)	-	-	-		
+/- Extraordinary Inc./Exp. affecting Cash Flow	-	-	-	-	-	-	-		
= Free Cash Flow	(0.6)	(0.2)	(2.7)	(7.2)	1.2	3.0	4.4	n.a.	37.8%
<i>Free Cash Flow growth</i>	77.5%	63.4%	n.a.	-171.0%	116.1%	157.8%	47.9%		
<i>Recurrent Free Cash Flow - Yield (s/Mkt Cap)</i>	n.a.	n.a.	n.a.	8.8%	4.7%	12.1%	17.9%		
<i>Free Cash Flow Yield (s/Mkt Cap)</i>	n.a.	n.a.	n.a.	n.a.	4.7%	12.1%	17.9%		
B) Analytical Review of Annual Recurrent Free Cash Flow Performance (Eur Mn)									
	2019	2020	2021	2022	2023e	2024e	2025e	CAGR	
Recurrent FCF(FY - 1)	(2.7)	(0.6)	(0.5)	(2.9)	2.2	1.2	3.0		
EBITDA impact from revenue increase	(0.5)	(0.1)	(0.1)	0.7	0.5	0.8	1.1		
EBITDA impact from EBITDA/Sales variation	2.0	0.0	1.6	0.3	2.0	1.3	0.9		
= Recurrent EBITDA variation	1.4	(0.0)	1.4	1.0	2.5	2.1	1.9		
- Rentals (IFRS 16 impact) variation impact	-	-	-	-	-	-	-		
+/- Working capital variation impact	0.6	0.1	(3.6)	4.3	(2.4)	0.3	(0.0)		
= Recurrent Operating Cash Flow variation	2.0	0.1	(2.2)	5.3	0.1	2.4	1.9		
+/- CAPEX impact	0.1	0.0	0.0	(0.1)	(0.0)	(0.0)	(0.0)		
+/- Financial result variation	(0.0)	0.0	(0.3)	(0.3)	(0.6)	0.1	0.2		
+/- Tax impact	0.0	-	-	0.2	(0.4)	(0.7)	(0.7)		
= Recurrent Free Cash Flow variation	2.1	0.1	(2.4)	5.1	(1.0)	1.8	1.4		
Recurrent Free Cash Flow	(0.6)	(0.5)	(2.9)	2.2	1.2	3.0	4.4		
C) "FCF to the Firm" (pre debt service) (EUR Mn)									
	2019	2020	2021	2022	2023e	2024e	2025e	CAGR	
EBIT	0.2	0.3	0.6	(0.3)	2.3	4.9	7.4	-57.6%	n.a.
* Theoretical Tax rate	0.0%	0.0%	0.0%	0.0%	25.0%	25.0%	25.0%		
= Taxes (pre- Net Financial Result)	-	-	-	-	(0.6)	(1.2)	(1.8)		
Recurrent EBITDA	(0.4)	(0.5)	1.0	1.9	4.4	6.5	8.5	87.1%	63.8%
- Rentals (IFRS 16 impact)	-	-	-	-	-	-	-		
+/- Working Capital increase	0.1	0.2	(3.4)	0.9	(1.5)	(1.1)	(1.2)		
= Recurrent Operating Cash Flow	(0.3)	(0.2)	(2.4)	2.9	3.0	5.4	7.3	n.a.	36.5%
- CAPEX	(0.1)	(0.0)	(0.0)	(0.2)	(0.2)	(0.2)	(0.3)		
- Taxes (pre- Financial Result)	-	-	-	-	(0.6)	(1.2)	(1.8)		
= Recurrent Free Cash Flow (To the Firm)	(0.4)	(0.3)	(2.4)	2.7	2.2	3.9	5.2	n.a.	24.1%
<i>Rec. Free Cash Flow (To the Firm) growth</i>	84.5%	27.0%	-757.0%	211.9%	-18.9%	78.6%	31.9%		
<i>Rec. Free Cash Flow (To the Firm) / Revenues</i>	n.a.	n.a.	n.a.	13.0%	8.3%	12.5%	14.2%		
- Acquisitions / + Divestments	-	-	-	(8.5)	-	-	-		
+/- Extraordinary Inc./Exp. affecting Cash Flow	-	-	-	-	-	-	-		
= Free Cash Flow "To the Firm"	(0.4)	(0.3)	(2.4)	(5.8)	2.2	3.9	5.2	n.a.	42.5%
<i>Free Cash Flow (To the Firm) growth</i>	84.5%	27.0%	-757.0%	-139.5%	137.9%	78.6%	31.9%		
<i>Rec. Free Cash Flow To the Firm Yield (o/EV)</i>	n.a.	n.a.	n.a.	6.2%	5.0%	8.9%	11.8%		
<i>Free Cash Flow "To the Firm" - Yield (o/EV)</i>	n.a.	n.a.	n.a.	n.a.	5.0%	8.9%	11.8%		

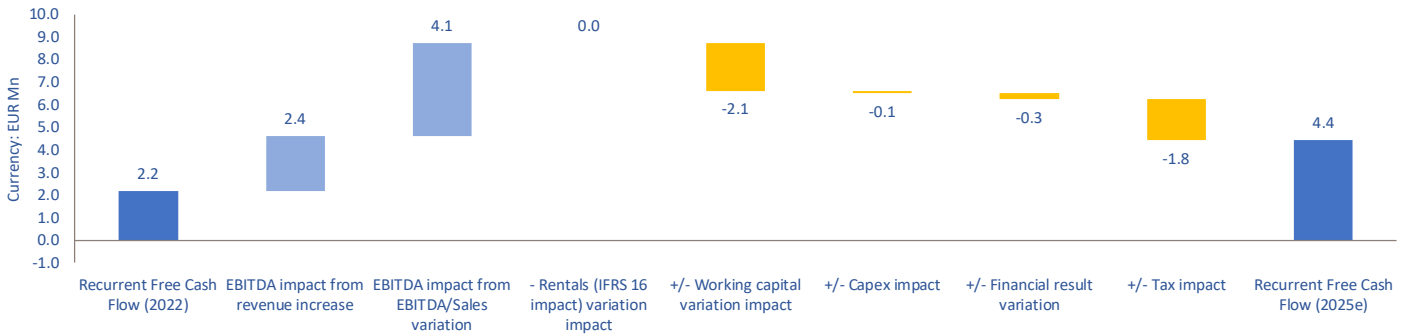


Free Cash Flow (II)

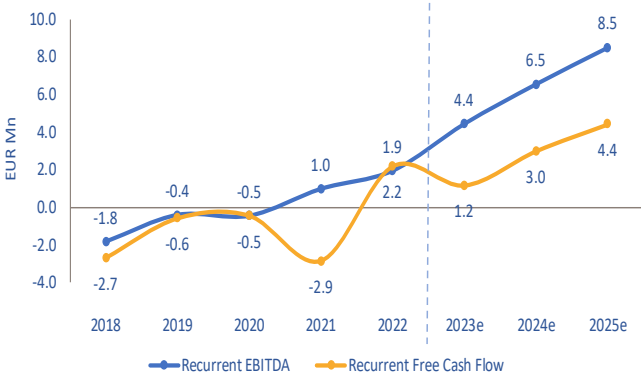
Recurrent Free Cash Flow accumulated variation analysis (2018 - 2022)



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



Recurrent EBITDA vs Recurrent Free Cash Flow



Stock performance vs EBITDA 12m forward





Valuation inputs

Inputs for the DCF Valuation Approach

	2023e	2024e	2025e	Terminal Value ⁽¹⁾		
Free Cash Flow "To the Firm"	2.2	3.9	5.2	90.9		
Market Cap	24.8	At the date of this report				
Net financial debt	18.9	Debt net of Cash (12m Results 2022)				
					Best Case	Worst Case
Cost of Debt	6.5%	Net debt cost			6.3%	6.8%
Tax rate (T)	20.0%	T (Normalised tax rate)			=	=
Net debt cost	5.2%	Kd = Cost of Net Debt * (1-T)			5.0%	5.4%
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)	56.8%	E (Market Cap as equity value)			=	=
Net Debt / (Equity + Net Debt)	43.2%	D			=	=
WACC	8.2%	WACC = Kd * D + Ke * E			7.5%	9.0%
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.

EV breakdown at the date of this report

	EUR Mn	Source
Market Cap	24.8	
+ Minority Interests	-	12m Results 2022
+ Provisions & Other L/T Liabilities	0.7	12m Results 2022
+ Net financial debt	18.9	12m Results 2022
- Financial Investments	0.2	12m Results 2022
+/- Others		
Enterprise Value (EV)	44.2	

Business Value Creation Metrics ⁽¹⁾

	2018	2019	2020	2021	2022
ROCE (evolution -5y)	n.a.	2.1%	3.2%	6.5%	n.a.
	2022	2025e			
ROCE - WACC	n.a.	19.6%			
FCF Yield - WACC	0.6%	9.6%			

(1) FCF Yield to the Firm (see Free Cash Flow Analysis (I)). Detail of the WACC on this page.

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	22.9%	7.2	6.1x
Central	20.8%	6.5	6.8x
Min	18.7%	5.9	7.5x

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	0.6%	0.7%	0.8%		Max	Central	Min
7.2	3.7	3.7	3.6	Max	14.9%	14.7%	14.6%
6.5	3.0	3.0	3.0	Central	12.2%	12.1%	11.9%
5.9	2.4	2.3	2.3	Min	9.5%	9.4%	9.3%

Main Corporate Governance indicators

KPI	2020	2021	2022
% of independent directors	40.0%	50.0%	50.0%
% of proprietary directors	60.0%	50.0%	50.0%
% of executive directors	0.0%	0.0%	0.0%
% of other directors	0.0%	0.0%	0.0%
% of women on the board of directors	0.0%	0.0%	0.0%
% of women out of total workforce	35.7%	37.1%	46.2%
Board remuneration/staff cost	3.1%	4.6%	3.1%



Main peers 2023e

E-learning

	EUR Mn	Instructure Holdings, Learning Technologies					Average	NTX
		Inc.	Group	Docebo	Skillsoft	D2L, Inc		
Market data	Ticker (Factset)	INST-US	LTG-GB	DCBO-CA	SKIL-US	DTOL-CA		NTX-ES
	Country	USA	UK	Canada	USA	Canada		Spain
	Market cap	3,256.3	935.7	1,068.7	244.3	253.9		24.8
	Enterprise value (EV)	3,635.9	1,088.3	869.4	679.8	163.8		44.2
Basic financial information	Total Revenues	489.9	700.2	166.3	521.2	169.0		26.6
	Total Revenues growth	10.4%	1.3%	28.7%	0.6%	10.4%	10.3%	27.4%
	2y CAGR (2023e - 2025e)	10.1%	3.9%	23.3%	3.3%	n.a.	10.2%	17.5%
	EBITDA	190.1	147.4	12.8	96.1	4.8		4.4
	EBITDA growth	47.9%	-15.8%	408.1%	73.9%	145.4%	131.9%	313.7%
	2y CAGR (2023e - 2025e)	23.0%	6.6%	77.7%	17.6%	n.a.	31.2%	38.5%
	EBITDA/Revenues	38.8%	21.0%	7.7%	18.4%	2.9%	17.8%	16.7%
	EBIT	184.2	128.9	5.5	(55.2)	(8.0)		2.3
	EBIT growth	n.a.	9.8%	188.4%	50.7%	44.7%	73.4%	838.0%
	2y CAGR (2023e - 2025e)	13.4%	6.6%	n.a.	n.a.	n.a.	10.0%	80.3%
	EBIT/Revenues	37.6%	18.4%	3.3%	n.a.	n.a.	19.8%	8.5%
	Net Profit	(33.6)	84.6	6.4	(130.1)	(7.3)		0.7
	Net Profit growth	-5.1%	140.2%	0.7%	82.4%	56.5%	54.9%	149.7%
	2y CAGR (2023e - 2025e)	n.a.	10.7%	n.a.	40.3%	n.a.	25.5%	n.a.
	CAPEX/Sales %	1.1%	2.2%	0.6%	1.5%	1.5%	1.4%	0.7%
	Free Cash Flow	150.2	62.0	10.7	27.7	4.1		1.2
Net financial debt	145.5	96.8	(214.7)	n.a.	(108.3)		17.8	
ND/EBITDA (x)	0.8	0.7	n.a.	n.a.	n.a.	0.7	4.0	
Pay-out	0.0%	17.9%	n.a.	0.0%	n.a.	6.0%	0.0%	
Multiples and Ratios	P/E (x)	31.8	11.7	n.a.	n.a.	n.a.	21.8	37.9
	P/BV (x)	2.8	n.a.	5.6	n.a.	n.a.	4.2	14.2
	EV/Revenues (x)	7.4	1.6	5.2	1.3	1.0	3.3	1.7
	EV/EBITDA (x)	19.1	7.4	n.a.	7.1	34.0	16.9	10.0
	EV/EBIT (x)	19.7	8.4	n.a.	n.a.	n.a.	14.1	19.5
	ROE	8.9	n.a.	5.4	n.a.	n.a.	7.2	46.2
	FCF Yield (%)	4.6	6.6	1.0	11.3	1.6	5.0	4.7
	DPS	0.00	0.02	n.a.	0.00	n.a.	0.01	0.00
	Dvd Yield	0.0%	1.6%	n.a.	0.0%	n.a.	0.5%	0.0%

- (1) Financial data, multiples and ratios based on market consensus (Factset). In the case of the company analyzed, own estimates (Lighthouse).
(2) All ratios and multiples on EBITDA refer to total EBITDA (not to recurrent EBITDA).

Historical performance

Historical performance (EUR Mn)	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023e	2024e	2025e	CAGR 12-22	CAGR 22-25e
Total Revenues						5.1	6.7	8.7	9.8	12.3	20.9	26.6	31.4	36.7	n.a.	20.7%
Total Revenues growth						-6.2%	31.6%	29.8%	12.4%	25.4%	70.0%	27.4%	18.4%	16.7%		
EBITDA						(1.9)	(1.9)	(0.4)	(0.2)	1.2	1.1	4.4	6.5	8.5	n.a.	99.4%
EBITDA growth						n.a.	-1.3%	76.2%	46.8%	591.0%	-8.7%	313.7%	47.7%	29.8%		
EBITDA/Sales						n.a.	n.a.	n.a.	n.a.	9.6%	5.1%	16.7%	20.8%	23.1%		
Net Profit						(2.2)	(1.6)	0.1	0.1	0.6	(1.3)	0.7	2.8	4.8	n.a.	77.7%
Net Profit growth						n.a.	25.1%	104.6%	86.4%	358.7%	-306.3%	149.7%	320.5%	72.8%		
Adjusted number shares (Mn)						-	-	8.9	8.9	8.9	8.9	8.9	8.9	8.9		
EPS (EUR)						n.a.	n.a.	0.01	0.02	0.07	-0.15	0.07	0.31	0.54	n.a.	77.7%
EPS growth						n.a.	n.a.	n.a.	86.4%	n.a.	n.a.	n.a.	n.a.	72.8%		
Ord. EPS (EUR)						n.a.	n.a.	0.00	-0.02	0.00	-0.08	0.07	0.31	0.54	n.a.	n.a.
Ord. EPS growth						n.a.	n.a.	n.a.	n.a.	90.7%	n.a.	n.a.	n.a.	72.8%		
CAPEX						(0.1)	(0.2)	(0.1)	(0.0)	(0.0)	(0.2)	(0.2)	(0.2)	(0.3)		
CAPEX/Sales %						1.1%	2.5%	0.7%	0.5%	0.3%	0.7%	0.7%	0.7%	0.7%		
Free Cash Flow						(1.0)	(2.7)	(0.6)	(0.2)	(2.7)	(7.2)	1.2	3.0	4.4	n.a.	37.8%
ND/EBITDA (x) ⁽²⁾						n.a.	n.a.	n.a.	n.a.	7.7x	17.7x	4.0x	2.3x	1.2x		
P/E (x)						n.a.	n.a.	n.a.	n.a.	50.2x	n.a.	37.9x	9.0x	5.2x		
EV/Sales (x)						3.91x	2.48x	2.07x	4.02x	3.73x	2.29x	1.66x	1.41x	1.20x		
EV/EBITDA (x) ⁽²⁾						n.a.	n.a.	n.a.	n.a.	39.0x	44.6x	10.0x	6.8x	5.2x		
Absolute performance						n.a.	-34.8%	7.8%	164.7%	-1.6%	-9.1%	-14.9%				
Relative performance vs Ibx 35						n.a.	-23.4%	-3.6%	213.1%	-8.9%	-3.8%	-24.6%				

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

Nicolás Correa (NEA) is a Spanish industrial (Burgos), whose core business is the design and manufacture of chip removal machine tools, specialising in milling machines for the general mechanical engineering industry (aerospace, defense, renewable energy and nuclear sectors standing out). Currently, sales in Spain account for 8% (2022) of the total, with a c. 50% of sales made in the rest of Europe.

Market Data

Market Cap (Mn EUR and USD)	70.2	75.2
EV (Mn EUR and USD)	59.0	63.2
Shares Outstanding (Mn)	12.3	
-12m (Max/Med/Mín EUR)	5.86 / 5.00 / 3.97	
Daily Avg volume (-12m Mn EUR)	0.03	
Rotation ⁽¹⁾	9.9	
Factset / Bloomberg	NEA-ES / NEA SM	
Close fiscal year	31-Dec	

Shareholders Structure (%)

Nicolás-Correa Family	29.0
Jose Maria Galíndez	5.4
Onchena	5.4
Board (Excl. Nicolas-Correa)	2.0
Free Float	58.2

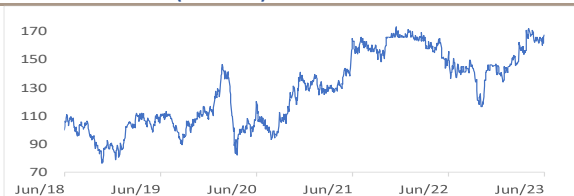
Financials (Mn EUR)

	2022	2023e	2024e	2025e
Adj. nº shares (Mn)	12.3	12.3	12.3	12.3
Total Revenues	99.1	108.9	117.5	126.8
Rec. EBITDA	11.1	13.3	15.0	16.9
% growth	21.3	19.5	13.0	12.7
% Rec. EBITDA/Rev.	11.2	12.2	12.8	13.3
% Inc. EBITDA sector ⁽²⁾	12.7	17.4	14.3	14.3
Net Profit	9.0	8.9	9.9	11.1
EPS (EUR)	0.73	0.72	0.80	0.90
% growth	62.2	-1.7	11.1	12.3
Ord. EPS (EUR)	0.75	0.72	0.80	0.90
% growth	62.4	-3.5	11.1	12.3
Rec. Free Cash Flow	1.7	4.1	0.9	7.3
Pay-out (%)	31.0	31.0	31.0	31.0
DPS (EUR)	0.23	0.22	0.25	0.28
Net financial debt	-11.4	-12.7	-10.8	-15.1
ND/Rec. EBITDA (x)	-1.0	-1.0	-0.7	-0.9
ROE (%)	14.4	12.8	13.0	13.3
ROCE (%)	15.2	14.9	15.0	15.4

Ratios & Multiples (x)

	2022	2023e	2024e	2025e
P/E	7.8	7.9	7.1	6.3
Ord. P/E	7.6	7.9	7.1	6.3
P/BV	1.1	1.0	0.9	0.8
Dividend Yield (%)	4.0	3.9	4.4	4.9
EV/Sales	0.60	0.54	0.50	0.47
EV/Rec. EBITDA	5.3	4.4	3.9	3.5
EV/EBIT	6.6	5.3	4.8	4.3
FCF Yield (%)	2.4	5.8	1.2	10.5

Historical behavior (base 100)



	(%)	-1m	-3m	-12m	-5Y
Absolute		2.7	4.4	11.1	67.6

(1) Rotation is the % of the capitalisation traded - 12m.

(2) Sector: Europe Industrial Machinery.

MOMENTUM: WHAT DO WE EXPECT FROM 2023E?

Excellent order book. Still at record levels. The order book stood at EUR 114Mn at April 2023 (+21% vs. 2022, already a record). Better still is the order intake (January-April 2023), at EUR 47Mn (foreshadowing ongoing strong sales momentum).

NEA looks set to continue to set records in 2023e (EBITDA 23e: +19.5%, with low risk of estimate downgrades). In 2023e, excellent momentum in the order book should drive fresh double-digit growth in revenue (+10% vs. 2022). Given the company's extremely high operational gearing, we think that topline growth should drive margins back to almost 12% (+1pp vs. 2022). 2023e EBITDA: EUR 13.3Mn (+19.5% vs. 2022).

EQUITY STORY HIGHLIGHTS: WHAT TO WATCH FOR?

Niche industrial player. NEA is a benchmark in the manufacture of large milling machines. We think its business strengths - leadership, competitive advantages, efficiency edge, market share upside - will allow it to continue to grow faster than the market, irrespective of the macro climate to an extent.

Geographical diversification and exposure to growth sectors. 92% of NEA's sales are exports. China stands out (c.30% of revenue). China's macro situation is better than that of Europe or the US and it is the biggest importer of equipment, making it a key market for NEA. Elsewhere, it boasts exposure to growth sectors such as renewables, defence and nuclear power.

Very robust capital structure (net cash position). NEA's high cash generation capacity is a fact. Indeed, it has a net cash position (of EUR 11.4Mn at year-end 2022, 16% of its market cap). That net cash position underlines NEA's scope for investing and continuing to grow. Its ability to generate value is clearcut (ROCE 23e: 15%). It also guarantees dividend continuity (dividend yield 2023e: c.4%).

Scope for ongoing growth without neglecting margins (profitability above sector average). Earnings momentum is especially positive. And longer term the company's growth prospects are solid. Revenue growth in line with that observed in recent years (CAGR 22-25e: 8.6%) should lead to a company with the ability to generate EUR 17Mn of EBITDA in 2025e (CAGR 22-25e: 16%) and FCF of EUR 7Mn (FCF yield 25e: c.10%).

RISKS: WHAT TO KEEP AN EYE ON?

Growth in CAPEX. Our numbers factor in significant growth in CAPEX, particularly in 2024e, which is when the bulk of the planned investment in the new machining factory in Burgos will be concentrated. The new machining facility will be built beside the parent's current facility on a 21,000m² site acquired in October 2022 (EUR 1.5Mn). Logically, a higher than forecast CAPEX requirement would eat into our cash flow projections.

VALUATION METRICS: WHAT DO THE MULTIPLES TELL US?

Eye-catching combo: strong earnings momentum coupled with relatively low trading multiples. NEA's small size and the visibility implicit in its excellent order book (what we have coined "its own cycle") point to ongoing earnings momentum. The share price has certainly performed well: +24% YTD, +11.1% -12m, +41.3% -3y. However, the company is still trading at objectively attractive multiples (EV/EBITDA 23e: 4.4x vs c.6x for the sector) given the outlook for growth and profitability: rec. EBITDA CAGR 22-25e: +16% (vs. c.9% for the sector).



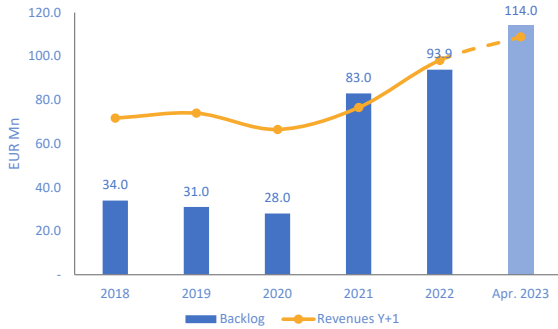
Financial Projections

Balance Sheet (EUR Mn)	2018	2019	2020	2021	2022	2023e	2024e	2025e	CAGR	
Intangible assets	0.3	1.0	1.0	1.1	1.5	1.5	1.5	1.5		
Fixed assets	12.7	13.8	14.8	15.3	18.9	21.3	28.1	29.6		
Other Non Current Assets	10.8	11.6	11.6	11.0	11.4	11.4	11.4	11.4		
Financial Investments	6.0	2.0	2.1	2.5	3.0	3.6	4.2	4.8		
Goodwill & Other Intangibles	9.5	9.5	9.5	9.5	9.5	9.5	9.5	9.5		
Current assets	36.2	37.1	40.6	51.1	56.3	61.8	66.6	71.8		
Total assets	75.5	75.2	79.7	90.5	100.6	109.1	121.3	128.6		
Equity	47.1	53.0	56.3	59.6	66.2	72.3	79.4	87.5		
Minority Interests	0.8	0.8	0.7	0.4	1.0	1.1	1.3	1.4		
Provisions & Other L/T Liabilities	3.3	3.6	3.5	3.6	4.6	4.6	4.6	4.6		
Other Non Current Liabilities	-	0.8	0.8	0.8	0.7	0.7	0.7	0.7		
Net financial debt	1.5	(4.9)	(1.8)	(13.1)	(11.4)	(12.7)	(10.8)	(15.1)		
Current Liabilities	22.8	21.8	20.1	39.3	39.6	43.1	46.2	49.6		
Equity & Total Liabilities	75.5	75.2	79.7	90.5	100.6	109.1	121.3	128.6		
P&L (EUR Mn)	2018	2019	2020	2021	2022	2023e	2024e	2025e	18-22	22-25e
Total Revenues	72.1	74.3	67.5	78.2	99.1	108.9	117.5	126.8	8.3%	8.6%
Total Revenues growth	21.7%	3.0%	-9.1%	15.8%	26.7%	9.9%	7.9%	7.9%		
COGS	(32.1)	(34.0)	(29.2)	(34.2)	(45.9)	(50.4)	(54.4)	(58.7)		
Gross Margin	40.0	40.2	38.3	44.0	53.2	58.5	63.1	68.1	7.4%	8.6%
Gross Margin/Revenues	55.5%	54.2%	56.7%	56.3%	53.7%	53.7%	53.7%	53.7%		
Personnel Expenses	(16.9)	(17.7)	(17.8)	(18.8)	(21.9)	(23.5)	(25.0)	(26.6)		
Other Operating Expenses	(14.7)	(13.2)	(12.3)	(16.0)	(20.2)	(21.7)	(23.1)	(24.6)		
Recurrent EBITDA	8.4	9.3	8.1	9.2	11.1	13.3	15.0	16.9	7.2%	15.0%
Recurrent EBITDA growth	31.0%	11.0%	-13.0%	12.7%	21.3%	19.5%	13.0%	12.7%		
Rec. EBITDA/Revenues	11.7%	12.6%	12.0%	11.7%	11.2%	12.2%	12.8%	13.3%		
Restructuring Expense & Other non-rec.	-	-	-	(0.1)	(0.2)	-	-	-		
EBITDA	8.4	9.3	8.1	9.0	10.9	13.3	15.0	16.9	6.7%	15.7%
Depreciation & Provisions	(1.3)	(1.3)	(1.5)	(1.6)	(1.8)	(2.1)	(2.6)	(3.0)		
Capitalized Expense	0.1	0.3	-	-	-	-	-	-		
Rentals (IFRS 16 impact)	-	(0.2)	(0.2)	(0.2)	(0.1)	(0.1)	(0.1)	(0.1)		
EBIT	7.2	8.2	6.5	7.3	9.0	11.1	12.4	13.9	5.7%	15.5%
EBIT growth	142.1%	13.4%	-20.5%	12.0%	23.7%	23.4%	11.4%	12.0%		
EBIT/Revenues	10.0%	11.0%	9.6%	9.3%	9.1%	10.2%	10.5%	10.9%		
Impact of Goodwill & Others	-	-	-	-	1.2	-	-	-		
Net Financial Result	(0.5)	(0.2)	(0.1)	(0.6)	(0.4)	(0.4)	(0.4)	(0.4)		
Income by the Equity Method	0.0	0.1	0.1	0.4	0.6	0.6	0.6	0.6		
Ordinary Profit	6.7	8.0	6.5	7.0	10.3	11.3	12.5	14.1	11.2%	10.9%
Ordinary Profit Growth	184.0%	18.3%	-18.9%	8.9%	46.5%	9.3%	11.1%	12.3%		
Extraordinary Results	0.4	-	-	-	-	-	-	-		
Profit Before Tax	7.1	8.0	6.5	7.0	10.3	11.3	12.5	14.1	9.7%	10.9%
Tax Expense	0.9	0.2	(0.6)	(1.4)	(1.1)	(2.3)	(2.5)	(2.8)		
Effective Tax Rate	n.a.	n.a.	9.0%	19.4%	11.1%	20.0%	20.0%	20.0%		
Minority Interests	(0.2)	(0.2)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.2)		
Discontinued Activities	-	-	-	-	-	-	-	-		
Net Profit	7.8	8.1	5.8	5.6	9.0	8.9	9.9	11.1	3.7%	7.1%
Net Profit growth	250.0%	2.8%	-28.4%	-3.3%	62.2%	-1.7%	11.1%	12.3%		
Ordinary Net Profit	6.6	7.8	5.8	5.7	9.2	8.9	9.9	11.1	8.8%	6.4%
Ordinary Net Profit growth	51.5%	19.1%	-26.3%	-1.7%	62.4%	-3.5%	11.1%	12.3%		
Cash Flow (EUR Mn)	2018	2019	2020	2021	2022	2023e	2024e	2025e	18-22	22-25e
Recurrent EBITDA						13.3	15.0	16.9	7.2%	15.0%
Rentals (IFRS 16 impact)						(0.1)	(0.1)	(0.1)		
Working Capital Increase						(1.9)	(1.7)	(1.9)		
Recurrent Operating Cash Flow						11.3	13.2	15.0	-1.8%	34.4%
CAPEX						(4.5)	(9.4)	(4.4)		
Net Financial Result affecting the Cash Flow						(0.4)	(0.4)	(0.4)		
Tax Expense						(2.3)	(2.5)	(2.8)		
Recurrent Free Cash Flow						4.1	0.9	7.3	-16.8%	62.7%
Restructuring Expense & Other non-rec.						-	-	-		
- Acquisitions / + Divestures of assets						-	-	-		
Extraordinary Inc./Exp. Affecting Cash Flow						-	-	-		
Free Cash Flow						4.1	0.9	7.3	-29.2%	80.7%
Capital Increase						-	-	-		
Dividends						(2.8)	(2.8)	(3.1)		
Net Debt Variation						(1.3)	1.9	(4.3)		

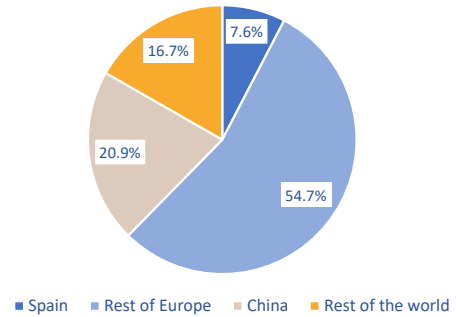


The company in 8 charts

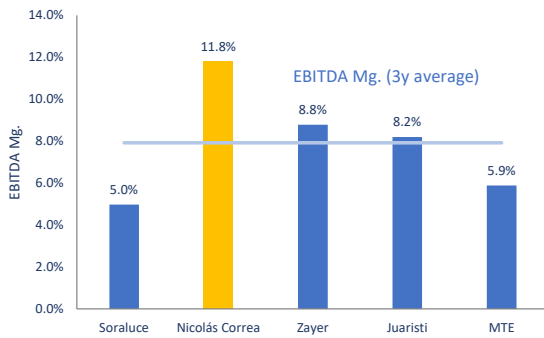
Excellent momentum, supported by a record high order book



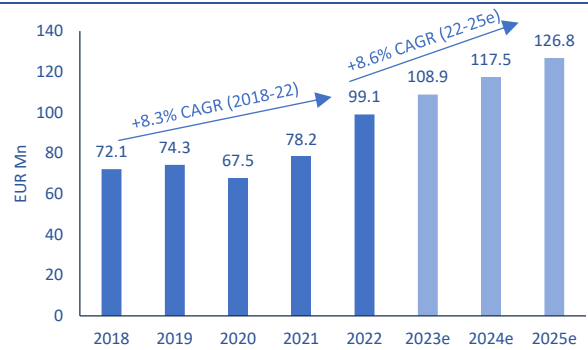
Revenue mix: geographical diversification and exposure to growth markets



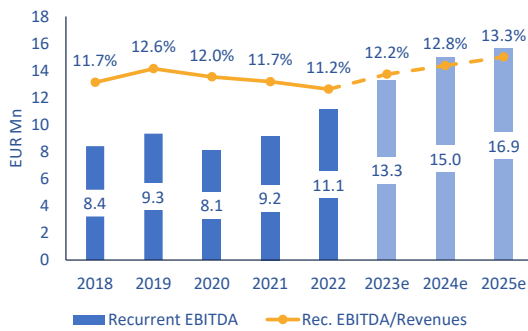
A company with systematically wider margins than its most direct peers



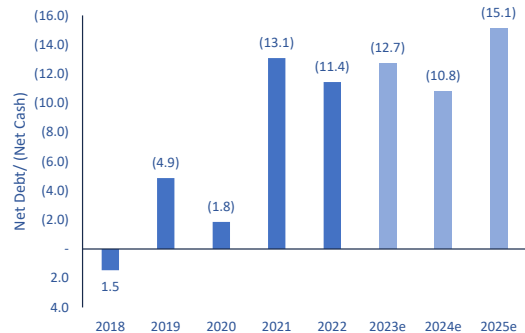
2023e-2025e: we expect similar sales growth to that observed in recent years



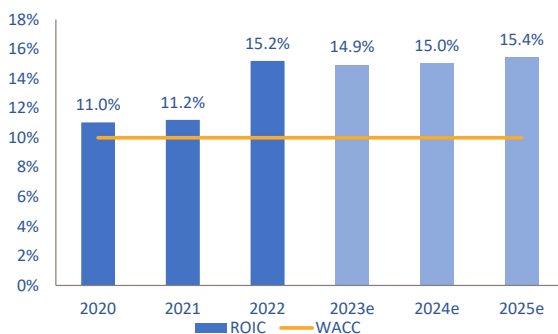
Operational gearing should enable EBITDA margin to recovery to c. 13% in 2025e (+2p.p. vs 2022)



NEA's net cash position (17% of market cap) underlines its capacity for investment and growth



At a company that is clearly - and increasingly - generating value: ROCE 2023e: c. 15% vs. 11% in 2020



Strong earnings momentum earnings coupled with relatively low multiples (EV/EBITDA 23e: 4.4x)



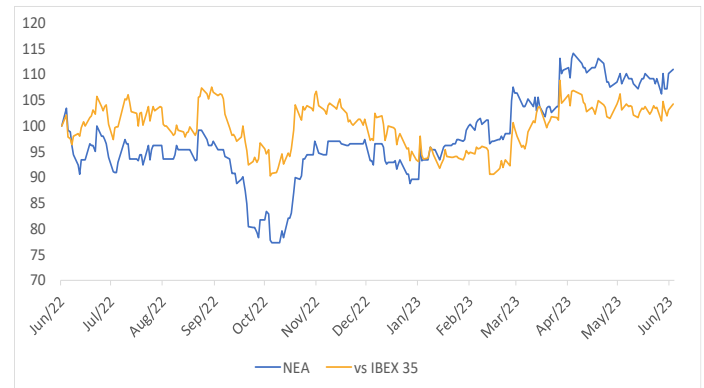


Evolution of the share price

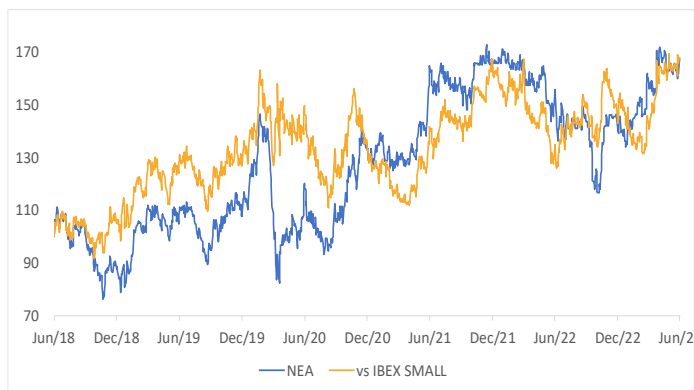
Historical behavior vs Ibex 35 (base 100)



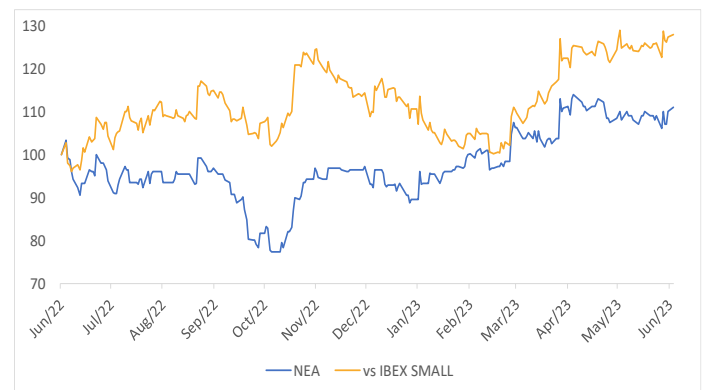
Behavior -1y vs Ibex 35 (base 100)



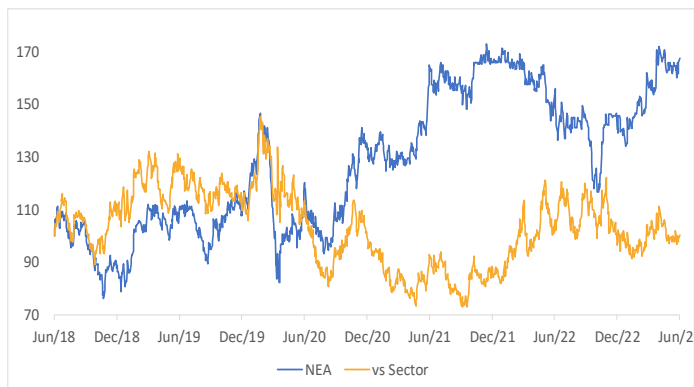
Historical behavior vs Ibex Small Cap (base 100)



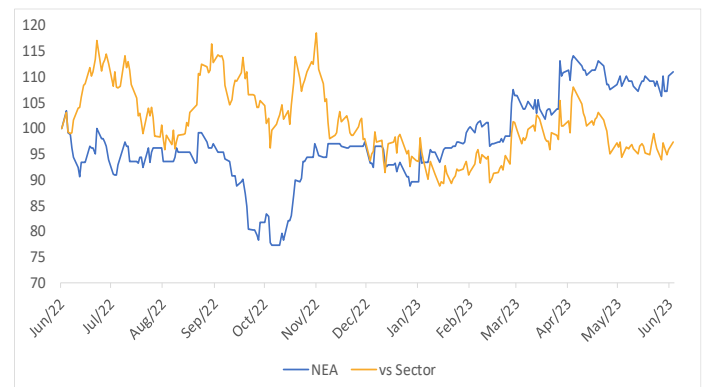
Behavior -1y vs Ibex Small Cap (base 100)



Historical behavior vs Sector⁽¹⁾ (base 100)



Behavior -1y vs Sector⁽¹⁾ (base 100)



(1) Sector: Europe Industrial Machinery

Stock performance (%)	-1m	-3m	-12m	YTD	-3Y	-5Y
Absolute	2.7	4.4	11.1	24.0	41.3	67.6
vs Market						
vs Ibex 35	1.1	6.4	4.4	9.8	19.7	74.7
vs Euro STOXX 50	3.8	4.5	-2.1	9.6	11.4	34.9
vs Small Cap References						
vs Ibex Small Cap Index	2.5	16.6	28.1	15.5	14.7	68.2
vs Micro Cap Spain Universe ⁽¹⁾	2.5	7.6	21.0	13.8	0.0	55.9
vs MSCI Europe Micro Cap	4.4	10.8	27.0	24.9	19.8	56.0
vs Sector						
vs Europe Industrial Machinery	3.2	-2.3	-2.6	3.0	-8.3	0.4

(1) [Constituents on page 10](#)



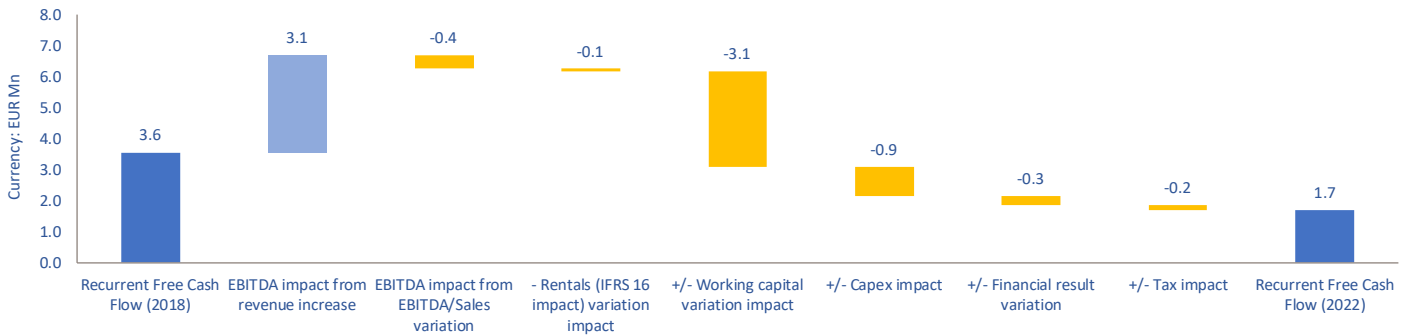
Free Cash Flow (I)

	2019	2020	2021	2022	2023e	2024e	2025e	CAGR	
								19-22	22-25e
A) Cash Flow Analysis (EUR Mn)									
Recurrent EBITDA	9.3	8.1	9.2	11.1	13.3	15.0	16.9	6.0%	15.0%
<i>Recurrent EBITDA growth</i>	11.0%	-13.0%	12.7%	21.3%	19.5%	13.0%	12.7%		
<i>Rec. EBITDA/Revenues</i>	12.6%	12.0%	11.7%	11.2%	12.2%	12.8%	13.3%		
- Rentals (IFRS 16 impact)	(0.2)	(0.2)	(0.2)	(0.1)	(0.1)	(0.1)	(0.1)		
+/- Working Capital increase	(1.9)	(5.2)	8.7	(4.9)	(1.9)	(1.7)	(1.9)		
= Recurrent Operating Cash Flow	7.2	2.8	17.6	6.2	11.3	13.2	15.0	-5.2%	34.4%
<i>Rec. Operating Cash Flow growth</i>	9.0%	-61.6%	533.5%	-65.0%	82.4%	17.4%	13.4%		
<i>Rec. Operating Cash Flow / Sales</i>	9.8%	4.1%	22.6%	6.2%	10.3%	11.3%	11.8%		
- CAPEX	(1.8)	(2.8)	(2.3)	(2.9)	(4.5)	(9.4)	(4.4)		
- Net Financial Result affecting Cash Flow	(0.1)	(0.2)	(0.6)	(0.4)	(0.4)	(0.4)	(0.4)		
- Taxes	(1.0)	(0.7)	(1.4)	(1.1)	(2.3)	(2.5)	(2.8)		
= Recurrent Free Cash Flow	4.4	(0.9)	13.3	1.7	4.1	0.9	7.3	-26.8%	62.7%
<i>Rec. Free Cash Flow growth</i>	22.1%	-120.7%	n.a.	-87.2%	138.8%	-78.6%	741.5%		
<i>Rec. Free Cash Flow / Revenues</i>	5.9%	n.a.	17.0%	1.7%	3.7%	0.7%	5.8%		
- Restructuring expenses & others	-	-	-	-	-	-	-		
- Acquisitions / + Divestments	-	-	-	(1.8)	-	-	-		
+/- Extraordinary Inc./Exp. affecting Cash Flow	4.0	-	(0.1)	1.3	-	-	-		
= Free Cash Flow	8.4	(0.9)	13.2	1.2	4.1	0.9	7.3	-47.0%	80.7%
<i>Free Cash Flow growth</i>	68.1%	-110.8%	n.a.	-90.6%	227.2%	-78.6%	741.5%		
<i>Recurrent Free Cash Flow - Yield (s/Mkt Cap)</i>	6.2%	n.a.	19.0%	2.4%	5.8%	1.2%	10.5%		
<i>Free Cash Flow Yield (s/Mkt Cap)</i>	11.9%	n.a.	18.8%	1.8%	5.8%	1.2%	10.5%		
B) Analytical Review of Annual Recurrent Free Cash Flow Performance (Eur Mn)									
Recurrent FCF(FY - 1)	3.6	4.4	(0.9)	13.3	1.7	4.1	0.9		
EBITDA impact from revenue increase	0.3	(0.9)	1.3	2.4	1.1	1.1	1.2		
EBITDA impact from EBITDA/Sales variation	0.7	(0.4)	(0.2)	(0.5)	1.1	0.7	0.7		
= Recurrent EBITDA variation	0.9	(1.2)	1.0	2.0	2.2	1.7	1.9		
- Rentals (IFRS 16 impact) variation impact	(0.2)	(0.0)	(0.0)	0.1	-	-	-		
+/- Working capital variation impact	(0.2)	(3.2)	13.8	(13.5)	2.9	0.2	(0.1)		
= Recurrent Operating Cash Flow variation	0.6	(4.5)	14.9	(11.5)	5.1	2.0	1.8		
+/- CAPEX impact	0.2	(1.0)	0.5	(0.5)	(1.6)	(4.9)	5.0		
+/- Financial result variation	0.1	(0.1)	(0.4)	0.2	0.0	(0.0)	0.1		
+/- Tax impact	(0.1)	0.3	(0.6)	0.2	(1.1)	(0.3)	(0.3)		
= Recurrent Free Cash Flow variation	0.8	(5.3)	14.2	(11.6)	2.4	(3.2)	6.5		
Recurrent Free Cash Flow	4.4	(0.9)	13.3	1.7	4.1	0.9	7.3		
C) "FCF to the Firm" (pre debt service) (EUR Mn)									
EBIT	8.2	6.5	7.3	9.0	11.1	12.4	13.9	3.3%	15.5%
* Theoretical Tax rate	0.0%	9.0%	19.4%	11.1%	20.0%	20.0%	20.0%		
= Taxes (pre- Net Financial Result)	-	(0.6)	(1.4)	(1.0)	(2.2)	(2.5)	(2.8)		
Recurrent EBITDA	9.3	8.1	9.2	11.1	13.3	15.0	16.9	6.0%	15.0%
- Rentals (IFRS 16 impact)	(0.2)	(0.2)	(0.2)	(0.1)	(0.1)	(0.1)	(0.1)		
+/- Working Capital increase	(1.9)	(5.2)	8.7	(4.9)	(1.9)	(1.7)	(1.9)		
= Recurrent Operating Cash Flow	7.2	2.8	17.6	6.2	11.3	13.2	15.0	-5.2%	34.4%
- CAPEX	(1.8)	(2.8)	(2.3)	(2.9)	(4.5)	(9.4)	(4.4)		
- Taxes (pre- Financial Result)	-	(0.6)	(1.4)	(1.0)	(2.2)	(2.5)	(2.8)		
= Recurrent Free Cash Flow (To the Firm)	5.5	(0.6)	13.9	2.3	4.5	1.3	7.8	-25.2%	50.2%
<i>Rec. Free Cash Flow (To the Firm) growth</i>	16.3%	-110.8%	n.a.	-83.5%	97.7%	-70.3%	477.9%		
<i>Rec. Free Cash Flow (To the Firm) / Revenues</i>	7.4%	n.a.	17.8%	2.3%	4.2%	1.1%	6.1%		
- Acquisitions / + Divestments	-	-	-	(1.8)	-	-	-		
+/- Extraordinary Inc./Exp. affecting Cash Flow	4.0	-	(0.1)	1.3	-	-	-		
= Free Cash Flow "To the Firm"	9.5	(0.6)	13.8	1.8	4.5	1.3	7.8	-42.2%	61.9%
<i>Free Cash Flow (To the Firm) growth</i>	56.0%	-106.3%	n.a.	-86.7%	147.4%	-70.3%	477.9%		
<i>Rec. Free Cash Flow To the Firm Yield (o/EV)</i>	9.3%	n.a.	23.6%	3.9%	7.7%	2.3%	13.2%		
<i>Free Cash Flow "To the Firm" - Yield (o/EV)</i>	16.1%	n.a.	23.4%	3.1%	7.7%	2.3%	13.2%		

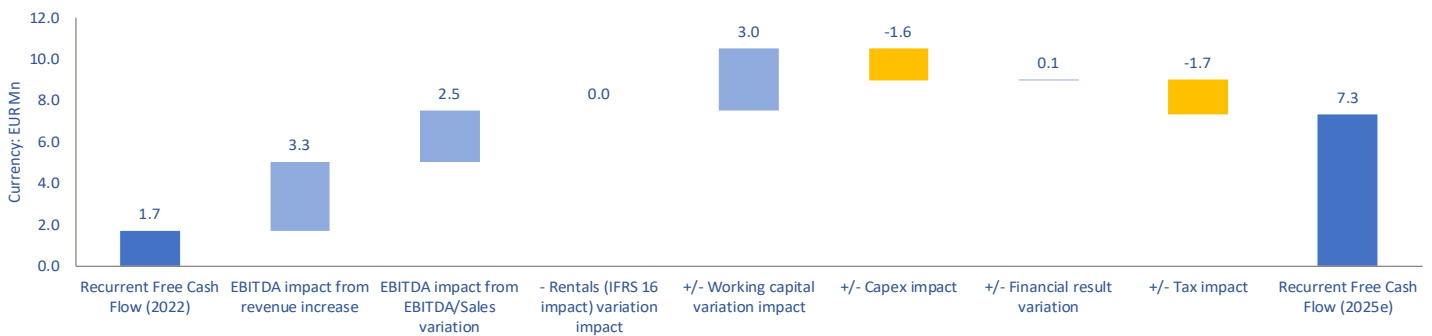


Free Cash Flow (II)

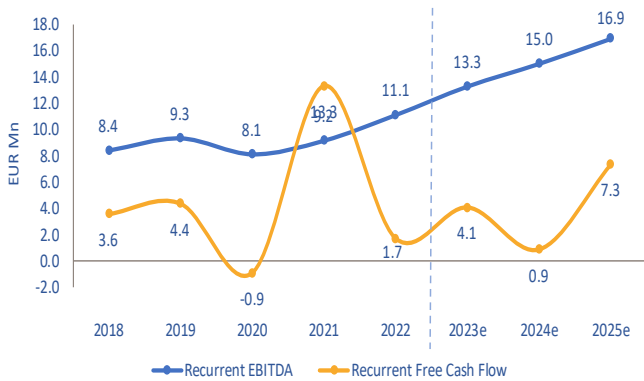
Recurrent Free Cash Flow accumulated variation analysis (2018 - 2022)



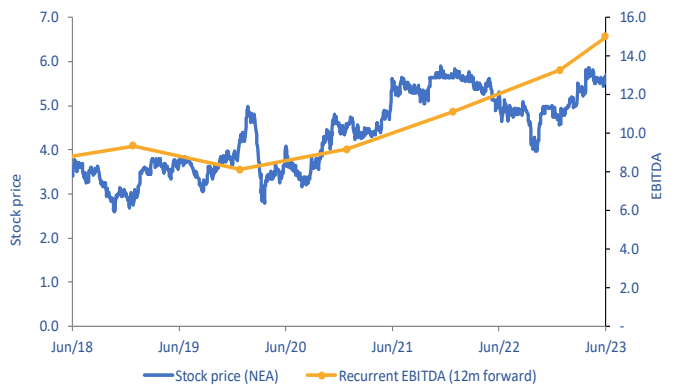
Recurrent Free Cash Flow accumulated variation analysis (2022 - 2025e)



Recurrent EBITDA vs Recurrent Free Cash Flow



Stock performance vs EBITDA 12m forward





Valuation inputs

Inputs for the DCF Valuation Approach

	2023e	2024e	2025e	Terminal Value ⁽¹⁾		
Free Cash Flow "To the Firm"	4.5	1.3	7.8	103.9		
Market Cap	70.2	At the date of this report				
Net financial debt	-11.4	Debt net of Cash (12m Results 2022)				
					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)	1.2	B (own estimate)			1.1	1.3
Cost of Equity	10.6%	Ke = Rf + (R * B)			9.4%	11.8%
Equity / (Equity + Net Debt)	100.0%	E (Market Cap as equity value)			=	=
Net Debt / (Equity + Net Debt)	0.0%	D			=	=
WACC	10.6%	WACC = Kd * D + Ke * E			9.4%	11.8%
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.

EV breakdown at the date of this report

	EUR Mn	Source
Market Cap	70.2	
+ Minority Interests	1.0	12m Results 2022
+ Provisions & Other L/T Liabilities	2.9	12m Results 2022
+ Net financial debt	(11.4)	12m Results 2022
- Financial Investments	3.7	12m Results 2022
+/- Others		
Enterprise Value (EV)	59.0	

Business Value Creation Metrics ⁽¹⁾

	2018	2019	2020	2021	2022
ROCE (evolution -5y)	15.2%	16.8%	11.0%	11.2%	15.2%
	2022	2025e			
ROCE - WACC	4.6%	4.9%			
FCF Yield - WACC	-8.1%	-0.1%			

(1) FCF Yield to the Firm (see Free Cash Flow Analysis (I)). Detail of the WACC on this page.

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	14.1%	16.5	3.6x
Central	12.8%	15.0	3.9x
Min	11.5%	13.5	4.4x

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	7.2%	8.0%	8.8%		Max	Central	Min
16.5	3.3	2.4	1.5	Max	4.8%	3.4%	2.1%
15.0	1.8	0.9	(0.1)	Central	2.6%	1.2%	n.a.
13.5	0.3	(0.7)	(1.6)	Min	0.4%	n.a.	n.a.

Main Corporate Governance indicators

KPI	2020	2021	2022
% of independent directors	28.6%	28.6%	28.6%
% of proprietary directors	28.6%	28.6%	28.6%
% of executive directors	14.3%	14.3%	14.3%
% of other directors	28.6%	28.6%	28.6%
% of women on the board of directors	42.9%	42.9%	42.9%
% of women out of total workforce	11.7%	11.4%	11.9%
Board remuneration/staff cost	4.9%	4.4%	5.9%



Main peers 2023e

		Machine-tools					Average	NEA
EUR Mn		Georg Fischer	Makino	Starrag	Tornos Holding	Datron AG		
Market data	Ticker (Factset)	GF-CH	6135-JP	STGN-CH	TOHN-CH	DAR-DE		NEA-ES
	Country	Switzerland	Japan	Switzerland	Switzerland	Germany		Spain
	Market cap	5,203.6	870.0	190.4	119.6	45.7		70.2
	Enterprise value (EV)	5,095.9	758.8	169.6	101.7	31.2		59.0
Basic financial information	Total Revenues	4,175.3	1,428.8	350.2	180.3	64.5		108.9
	Total Revenues growth	1.4%	-6.3%	7.1%	-3.5%	7.7%	1.3%	9.9%
	2y CAGR (2023e - 2025e)	4.1%	4.8%	5.7%	5.6%	8.0%	5.6%	7.9%
	EBITDA	534.9	153.5	32.1	15.5	7.5		13.3
	EBITDA growth	6.9%	-9.6%	1.0%	-27.4%	n.a.	-7.3%	21.6%
	2y CAGR (2023e - 2025e)	6.8%	11.7%	5.9%	8.9%	21.1%	10.9%	12.8%
	EBITDA/Revenues	12.8%	10.7%	9.2%	8.6%	11.7%	10.6%	12.2%
	EBIT	410.9	93.3	23.7	11.3	6.1		11.1
	EBIT growth	7.5%	-20.2%	-0.7%	-35.2%	0.0%	-9.7%	23.4%
	2y CAGR (2023e - 2025e)	8.2%	17.6%	7.3%	10.8%	17.0%	12.2%	11.7%
	EBIT/Revenues	9.8%	6.5%	6.8%	6.3%	9.5%	7.8%	10.2%
	Net Profit	306.5	78.4	18.5	10.8	4.4		8.9
	Net Profit growth	7.8%	-27.0%	62.0%	-27.3%	n.a.	3.9%	-1.7%
	2y CAGR (2023e - 2025e)	8.9%	15.7%	8.0%	11.3%	8.5%	10.5%	11.7%
	CAPEX/Sales %	4.5%	6.3%	1.5%	6.0%	n.a.	4.6%	4.1%
Free Cash Flow	241.0	108.3	39.0	6.6	(8.8)		4.1	
Net financial debt	(277.8)	(296.6)	(51.1)	(12.3)	n.a.		(12.7)	
ND/EBITDA (x)	(0.5)	(1.9)	(1.6)	(0.8)	n.a.		(1.0)	
Pay-out	38.5%	28.2%	37.3%	44.8%	n.a.	37.2%	31.0%	
Multiples and Ratios	P/E (x)	17.0	10.8	10.1	11.7	10.5	12.0	7.9
	P/BV (x)	2.8	0.6	1.0	1.2	n.a.	1.4	1.0
	EV/Revenues (x)	1.2	0.5	0.5	0.6	0.5	0.7	0.5
	EV/EBITDA (x)	9.5	4.9	5.3	6.6	4.1	6.1	4.4
	EV/EBIT (x)	12.4	8.1	7.2	9.0	5.1	8.4	5.3
	ROE	16.4	5.9	9.8	10.0	n.a.	10.5	12.8
	FCF Yield (%)	4.6	12.4	20.5	5.5	n.a.	10.8	5.8
	DPS	1.44	0.92	2.06	0.25	0.20	0.97	0.22
	Dvd Yield	2.3%	2.6%	3.6%	4.0%	1.7%	2.9%	3.9%

- (1) Financial data, multiples and ratios based on market consensus (Factset). In the case of the company analyzed, own estimates (Lighthouse).
(2) All ratios and multiples on EBITDA refer to total EBITDA (not to recurrent EBITDA).

Historical performance

Historical performance (EUR Mn)	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023e	2024e	2025e	12-22	22-25e
Total Revenues	31.7	54.7	55.6	55.9	59.6	59.2	72.1	74.3	67.5	78.2	99.1	108.9	117.5	126.8	12.1%	8.6%
Total Revenues growth	-50.4%	72.7%	1.6%	0.5%	6.7%	-0.6%	21.7%	3.0%	-9.1%	15.8%	26.7%	9.9%	7.9%	7.9%		
EBITDA	(6.3)	1.4	3.0	3.7	14.1	4.3	8.4	9.3	8.1	9.0	10.9	13.3	15.0	16.9	14.1%	15.7%
EBITDA growth	-375.1%	122.2%	110.6%	23.4%	286.7%	-69.4%	94.5%	11.0%	-13.0%	11.3%	20.8%	21.6%	13.0%	12.7%		
EBITDA/Sales	n.a.	2.6%	5.3%	6.5%	23.7%	7.3%	11.7%	12.6%	12.0%	11.6%	11.0%	12.2%	12.8%	13.3%		
Net Profit	(7.1)	(0.1)	1.4	1.4	4.1	2.2	7.8	8.1	5.8	5.6	9.0	8.9	9.9	11.1	12.6%	7.1%
Net Profit growth	n.a.	98.8%	n.a.	0.2%	203.0%	-45.6%	250.0%	2.8%	-28.4%	-3.3%	62.2%	-1.7%	11.1%	12.3%		
Adjusted number shares (Mn)	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3		
EPS (EUR)	-0.58	-0.01	0.11	0.11	0.33	0.18	0.64	0.65	0.47	0.45	0.73	0.72	0.80	0.90	12.6%	7.1%
EPS growth	n.a.	98.8%	n.a.	0.2%	n.a.	-45.6%	n.a.	2.8%	-28.4%	-3.3%	62.2%	-1.7%	11.1%	12.3%		
Ord. EPS (EUR)	-0.58	-0.01	0.11	0.11	0.33	0.36	0.53	0.63	0.47	0.46	0.75	0.72	0.80	0.90	12.7%	6.4%
Ord. EPS growth	n.a.	98.8%	n.a.	0.2%	n.a.	8.7%	47.0%	19.1%	-26.3%	-1.7%	62.4%	-3.5%	11.1%	12.3%		
CAPEX	(0.4)	(1.7)	(0.9)	(1.5)	(0.9)	(1.0)	(1.9)	(1.8)	(2.8)	(2.3)	(2.9)	(4.5)	(9.4)	(4.4)		
CAPEX/Sales %	1.3%	3.2%	1.7%	2.7%	1.6%	1.7%	2.7%	2.4%	4.1%	3.0%	2.9%	4.1%	8.0%	3.5%		
Free Cash Flow	(1.6)	0.3	3.2	1.9	2.8	5.0	5.0	8.4	(0.9)	13.2	1.2	4.1	0.9	7.3	10.8%	80.7%
ND/EBITDA (x) ⁽²⁾	n.a.	14.7x	6.1x	2.3x	0.9x	1.9x	0.2x	-0.5x	-0.2x	-1.4x	-1.0x	-1.0x	-0.7x	-0.9x		
P/E (x)	n.a.	n.a.	8.6x	10.0x	4.5x	15.2x	4.4x	6.4x	9.6x	12.5x	6.3x	7.9x	7.1x	6.3x		
EV/Sales (x)	1.10x	0.73x	0.63x	0.49x	0.57x	0.81x	0.54x	0.67x	0.81x	0.74x	0.50x	0.54x	0.50x	0.47x		
EV/EBITDA (x) ⁽²⁾	n.a.	28.2x	11.7x	7.5x	2.4x	11.1x	4.7x	5.3x	6.8x	6.4x	4.5x	4.4x	3.9x	3.5x		
Absolute performance	-32.4%	85.0%	-15.8%	17.0%	36.9%	83.1%	1.7%	48.5%	7.6%	25.7%	-18.6%	24.0%				
Relative performance vs Ibx 35	-29.1%	52.4%	-18.8%	26.0%	39.7%	70.5%	19.6%	32.8%	27.2%	16.5%	-13.8%	9.8%				

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

Pangaea Oncology (PANG) is a small Spanish biotech company (Zaragoza), specialising in differentiated cancer diagnosis and treatment and corporate services (molecular diagnostics and biomarker discovery for the pharmaceutical industry). It is run by a prestigious medical team that includes its founders (c.13% of capital). The Villagrà family (Villagrà) and GPI (Mayoral) are reference shareholders.

Market Data

Market Cap (Mn EUR and USD)	64.0	68.6
EV (Mn EUR and USD)	63.7	68.2
Shares Outstanding (Mn)	30.5	
-12m (Max/Med/Min EUR)	2.10 / 1.63 / 1.31	
Daily Avg volume (-12m Mn EUR)	0.03	
Rotation ⁽¹⁾	10.4	
Factset / Bloomberg	PANG-ES / PANG SM	
Close fiscal year	31-Dec	

Shareholders Structure (%)⁽³⁾

GPI (Domínguez Family, Mayoral)	13.8
Vidaro Inv. (Villagrà Blanco Fam.)	8.2
Mirling Europe	6.6
Hersol XXI (Solans Family)	4.4
Free Float	12.4

Financials (Mn EUR)

	2022	2023e	2024e	2025e
Adj. nº shares (Mn)	27.1	30.5	30.5	30.5
Total Revenues	4.4	10.4	15.1	16.3
Rec. EBITDA	-3.3	-1.4	0.6	1.2
% growth	-110.5	56.8	141.0	100.4
% Rec. EBITDA/Rev.	n.a.	n.a.	3.9	7.2
% Inc. EBITDA sector ⁽²⁾	-5.7	15.1	16.9	20.7
Net Profit	-2.7	-0.8	0.8	1.3
EPS (EUR)	-0.10	-0.03	0.03	0.04
% growth	-256.1	74.0	200.1	68.4
Ord. EPS (EUR)	-0.09	-0.03	0.02	0.03
% growth	-106.2	67.2	155.8	94.9
Rec. Free Cash Flow	-3.4	-3.2	-0.7	-0.3
Pay-out (%)	0.0	0.0	0.0	0.0
DPS (EUR)	0.00	0.00	0.00	0.00
Net financial debt	-4.8	0.5	1.0	1.0
ND/Rec. EBITDA (x)	n.a.	n.a.	1.7	0.9
ROE (%)	n.a.	n.a.	3.4	5.5
ROCE (%)	n.a.	n.a.	4.0	5.6

Ratios & Multiples (x)

	n.a.	n.a.	80.6	47.8
P/E	n.a.	n.a.	n.a.	63.1
Ord. P/E	2.8	2.8	2.7	2.5
P/BV	0.0	0.0	0.0	0.0
Dividend Yield (%)	14.58	6.11	4.21	3.90
EV/Sales	n.a.	n.a.	n.a.	n.a.
EV/Rec. EBITDA	n.a.	n.a.	n.a.	44.6
EV/EBIT	n.a.	n.a.	n.a.	n.a.
FCF Yield (%)				

Historical behavior (base 100)


	-1m	-3m	-12m	-5Y
Absolute	16.7	24.3	23.9	3.6

(1) Rotation is the % of the capitalisation traded - 12m.
 (2) Sector: Europe Biotechnology.
 (3) Others: Founders 13.2%, Irigen 6.6%, Eléctrica del Oeste 6.3%, Areyhold S.L.U. 6.2%

MOMENTUM: WHAT DO WE EXPECT FROM 2023E?

2022 earnings do not show the “real” PANG. Revenue in 2022 totalled EUR 4.4Mn (-5.1% vs 2021), undermined by contracts with pharmaceutical companies (negative impact in 2022, positive in 2023e). The change in the mix caused considerable margin erosion (gross margin 2022 41.3%; -25.3pp vs 2021) and the partial integration of QTI (EUR 0.8Mn; EUR 1.1Mn pro forma) was not enough to offset the impact, affecting the rest of the P&L down to EBITDA 22 of EUR -3.6Mn.

M&A in 2023e has made PANG leader in oncology in Catalonia. PANG made a strategic acquisition (IOB in May 2023e), which we estimate will contribute (pro forma) revenue of EUR 7.3Mn (50% in 2023e) and grow the patient business (key to the business model). With it, the company has changed radically. It is bigger and has better medium- and long-term growth opportunities.

PANG is gaining momentum in 2023e. The strategic shift, boosted by organic growth (66.4% of total growth), will drive revenue in 2023e to EUR 10.4Mn (vs EUR 4.4Mn in 2021), thereby improving margins (for the rebound in corporate services), but not enough to surpass break-even (EBITDA EUR -1.4Mn). The company has a sound balance sheet (ND 2023e EUR 0.5Mn) even post-acquisition.

EQUITY STORY HIGHLIGHTS: WHAT TO WATCH FOR?

Circular model across business lines. The integration of the molecular biology laboratory team with the clinical care medical term brings therapeutic improvements for patients. The circular relationship in PANG's business (and which will leverage IOB's patient base) feeds back to the generation of R&D ideas (capitalised R&D costs -5y: EUR 11.3Mn) in oncology for the pharmaceutical industry.

Renowned team of doctors. PANG's medical/scientific team is one of its main assets. The acquisition of IOB in 2023e will add four new internationally distinguished doctors (with minimum contract periods of 5 years), meaning high visibility and recognition in cancer treatments.

Improvement in business KPIs (visits, new patients) should provide scope to leverage synergies (and boost margins). This is due to 3 reasons: i) improved conditions of contracts already signed with QuironSalud, ii) cross-selling of higher added value services (e.g., clinical trials, surgeries, new treatments) and iii) major contracts with the pharmaceutical industry.

Chance to deliver 3x growth in revenue to 2025e (+55.2% CAGR 2022-2025e). The key to the acquisition lies in the ability to raise profitability (not only grow) in coming years. Our scenario for 25e points to revenue of EUR 16.3Mn (+55.2% CAGR 22-25e) and EBITDA well in the black (EUR 1.2Mn; EBITDA margin 25e c.7%). No balance sheet stress is expected despite cash consumption (ND 25e EUR 1Mn)

RISKS: WHAT TO KEEP AN EYE ON?

Significant presence of on-balance sheet R&D intangible assets: The risk inherent to the R&D activity exposes PANG to potential impairments and higher depreciation and amortisation, affecting its P&L and equity.

Volatile margins. Margin performance is dictated heavily by contracts with large pharmaceutical companies. The risk that the shift towards the clinical care business will not deliver the desired levels of profitability would have an adverse impact on PANG over the medium and long-term.

VALUATION METRICS: WHAT DO THE MULTIPLES TELL US?

A genuine overhaul of the company in terms of size and growth. The share price has rallied by +24% YTD. The market has apparently priced in the company's change in size (+16.7% -1m), however the shift in strategy will not be fully visible until 2024e. Factoring in a full year of consolidation of IOB, PANG would be trading at an EV/sales 2024e of 4.2x.



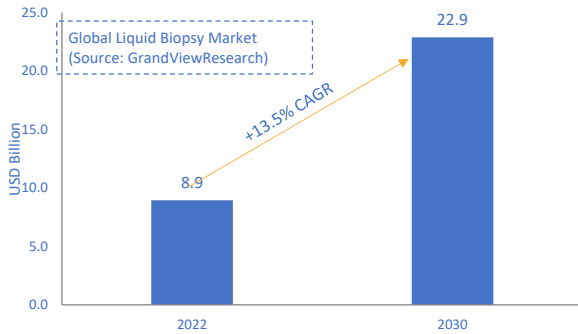
Financial Projections

Balance Sheet (EUR Mn)	2018	2019	2020	2021	2022	2023e	2024e	2025e	CAGR	
Intangible assets	10.3	7.1	7.0	8.2	9.6	13.3	13.7	13.9		
Fixed assets	0.8	0.6	0.6	0.4	0.4	0.4	0.4	0.4		
Other Non Current Assets	3.8	4.0	3.9	4.3	4.2	4.2	4.0	3.8		
Financial Investments	0.0	0.0	0.0	0.3	0.3	0.2	0.3	0.4		
Goodwill & Other Intangibles	0.0	0.0	0.0	0.0	0.6	0.6	0.6	0.6		
Current assets	3.6	3.6	4.3	4.6	4.8	9.0	12.5	14.3		
Total assets	18.5	15.4	15.8	17.9	19.9	27.7	31.4	33.2		
Equity	8.5	8.3	8.3	14.1	22.9	23.1	23.9	25.2		
Minority Interests	-	-	-	-	0.2	0.2	0.2	0.2		
Provisions & Other L/T Liabilities	0.4	0.3	0.2	0.3	0.3	0.3	0.3	0.3		
Other Non Current Liabilities	-	-	-	-	-	-	-	-		
Net financial debt	8.0	5.5	5.7	2.4	(4.8)	0.5	1.0	1.0		
Current Liabilities	1.6	1.3	1.5	1.1	1.3	3.6	6.1	6.5		
Equity & Total Liabilities	18.5	15.4	15.8	17.9	19.9	27.7	31.4	33.2		
P&L (EUR Mn)	2018	2019	2020	2021	2022	2023e	2024e	2025e	18-22	22-25e
Total Revenues	3.1	3.3	4.1	4.6	4.4	10.4	15.1	16.3	9.3%	55.2%
Total Revenues growth	16.7%	8.4%	23.6%	12.3%	-5.1%	138.7%	45.2%	7.8%		
COGS	(1.4)	(1.1)	(1.6)	(1.5)	(2.6)	(4.4)	(5.1)	(5.3)		
Gross Margin	1.7	2.2	2.5	3.1	1.8	6.0	10.1	11.0	2.0%	82.5%
Gross Margin/Revenues	54.5%	66.9%	61.9%	66.6%	41.3%	57.9%	66.4%	67.2%		
Personnel Expenses	(2.7)	(2.7)	(2.8)	(3.2)	(3.6)	(5.4)	(7.2)	(7.3)		
Other Operating Expenses	(1.3)	(1.3)	(1.2)	(1.5)	(1.5)	(2.0)	(2.3)	(2.4)		
Recurrent EBITDA	(2.3)	(1.7)	(1.5)	(1.6)	(3.3)	(1.4)	0.6	1.2	-9.3%	33.0%
Recurrent EBITDA growth	47.7%	25.3%	11.7%	-2.8%	-110.5%	56.8%	141.0%	100.4%		
Rec. EBITDA/Revenues	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	3.9%	7.2%		
Restructuring Expense & Other non-rec.	0.3	0.3	0.2	(0.1)	(0.3)	0.2	0.2	0.2		
EBITDA	(2.1)	(1.4)	(1.3)	(1.6)	(3.6)	(1.2)	0.8	1.4	-14.9%	33.5%
Depreciation & Provisions	(2.4)	(3.1)	(2.4)	(1.0)	(1.2)	(1.7)	(2.0)	(2.0)		
Capitalized Expense	2.6	2.2	2.1	2.1	2.3	2.3	2.1	2.0		
Rentals (IFRS 16 impact)	-	-	-	-	-	-	-	-		
EBIT	(1.8)	(2.3)	(1.6)	(0.5)	(2.6)	(0.6)	1.0	1.4	-9.0%	36.8%
EBIT growth	30.3%	-26.7%	29.3%	67.1%	-380.1%	75.3%	255.4%	45.2%		
EBIT/Revenues	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	6.5%	8.8%		
Impact of Goodwill & Others	0.0	(2.5)	-	-	-	-	-	-		
Net Financial Result	(0.3)	(0.2)	(0.2)	(0.4)	(0.1)	(0.0)	(0.3)	(0.3)		
Income by the Equity Method	-	-	(0.0)	(0.2)	(0.2)	(0.1)	0.1	0.1		
Ordinary Profit	(2.1)	(5.0)	(1.9)	(1.1)	(2.8)	(0.7)	0.7	1.2	-7.5%	34.4%
Ordinary Profit Growth	32.4%	-134.2%	62.6%	41.1%	-158.5%	74.6%	200.1%	68.4%		
Extraordinary Results	-	-	-	-	-	-	-	-		
Profit Before Tax	(2.1)	(5.0)	(1.9)	(1.1)	(2.8)	(0.7)	0.7	1.2	-7.5%	34.4%
Tax Expense	0.9	0.1	0.1	0.5	0.1	(0.1)	0.1	0.1		
Effective Tax Rate	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.		
Minority Interests	-	-	-	-	0.0	-	-	-		
Discontinued Activities	-	-	-	-	-	-	-	-		
Net Profit	(1.3)	(4.8)	(1.8)	(0.6)	(2.7)	(0.8)	0.8	1.3	-21.3%	35.6%
Net Profit growth	23.9%	-286.4%	63.8%	63.4%	-322.5%	70.7%	200.1%	68.4%		
Ordinary Net Profit	(2.4)	(5.3)	(2.1)	(1.0)	(2.5)	(0.9)	0.5	1.0	-1.5%	33.9%
Ordinary Net Profit growth	22.9%	-123.7%	60.3%	51.1%	-144.6%	63.1%	155.8%	94.9%		
Cash Flow (EUR Mn)	2018	2019	2020	2021	2022	2023e	2024e	2025e	18-22	22-25e
Recurrent EBITDA						(1.4)	0.6	1.2	-9.3%	33.0%
Rentals (IFRS 16 impact)						-	-	-		
Working Capital Increase						(1.8)	(1.1)	(1.3)		
Recurrent Operating Cash Flow						-3.3	-0.5	-0.1	-1.5%	67.7%
CAPEX						(0.1)	(0.2)	(0.2)		
Net Financial Result affecting the Cash Flow						(0.0)	(0.3)	(0.3)		
Tax Expense						0.2	0.3	0.3		
Recurrent Free Cash Flow						(3.2)	(0.7)	(0.3)	-2.5%	57.9%
Restructuring Expense & Other non-rec.						0.2	0.2	0.2		
- Acquisitions / + Divestures of assets						(3.0)	-	-		
Extraordinary Inc./Exp. Affecting Cash Flow						-	-	-		
Free Cash Flow						(6.0)	(0.5)	(0.1)	-8.9%	75.7%
Capital Increase						1.0	-	-		
Dividends						-	-	-		
Net Debt Variation						5.0	0.5	0.1		

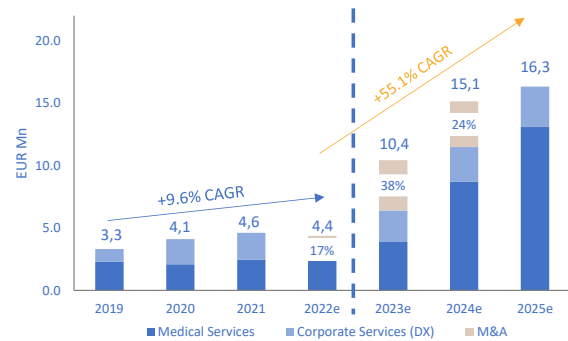


The company in 8 charts

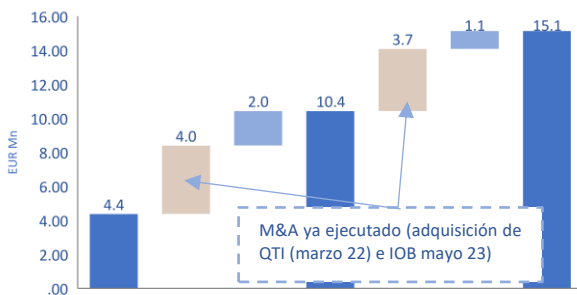
PANG is committed to a technology (liquid biopsy) with rational expectations for high growth



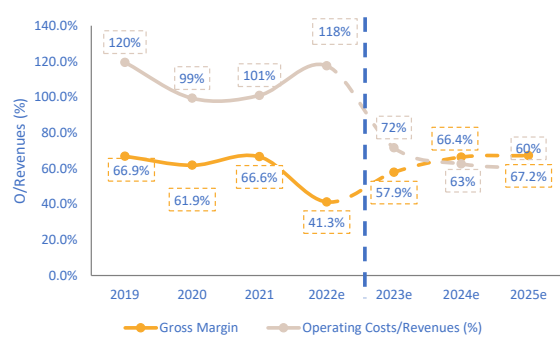
... and is faced with a genuine step up in scale (+55% CAGR 2022-2025e)



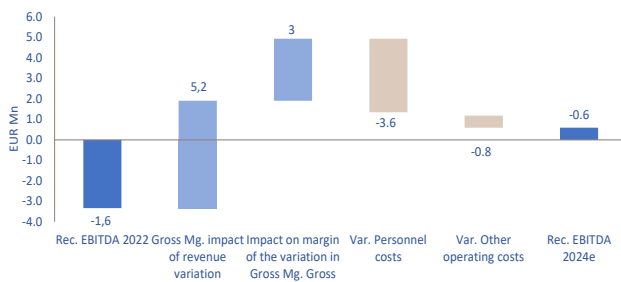
The M&A already executed in 2023e explains c.66% of total growth for the year (c.77% in 2024e)



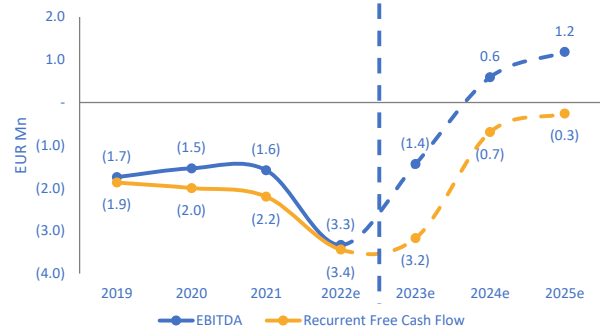
The improvement of margins is the business' main catalyst (gross margin c.70% from 2024e)



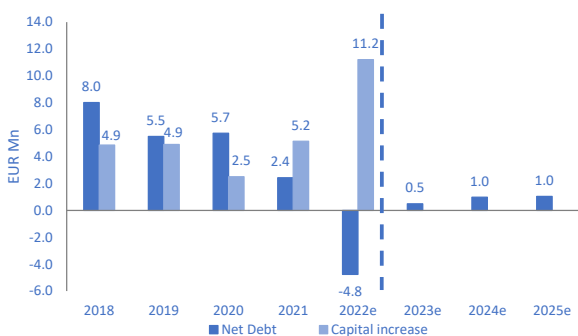
The combination of growth and improved margins points to break-even in EBITDA in 2024e...



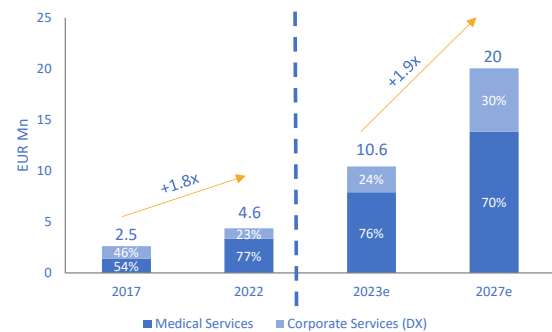
... and will make it possible to reduce cash consumption (break-even) as early as 2025e



With a strong balance sheet structure (net cash) that will allow it to finance inorganic growth without capital increase



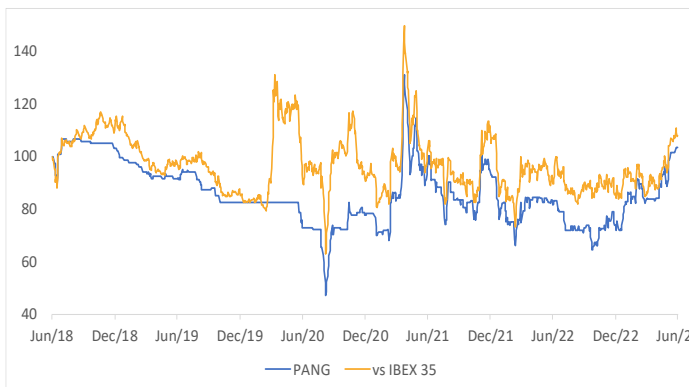
The high volume of activity will increase the speed of expansion of molecular diagnostics (liquid biopsy) in the long term



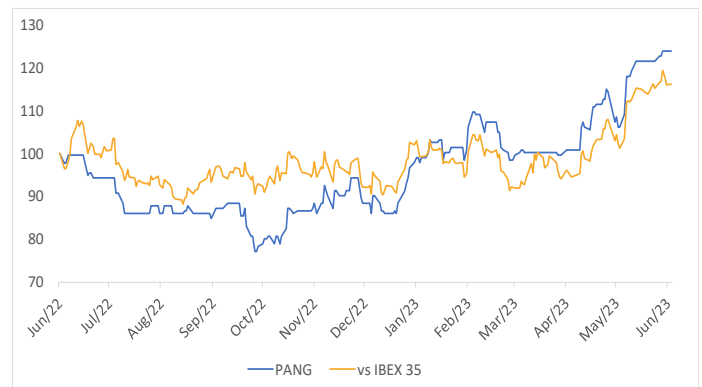


Evolution of the share price

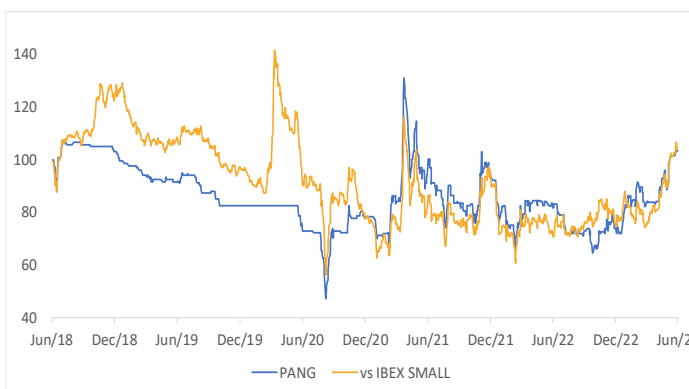
Historical behavior vs Ibex 35 (base 100)



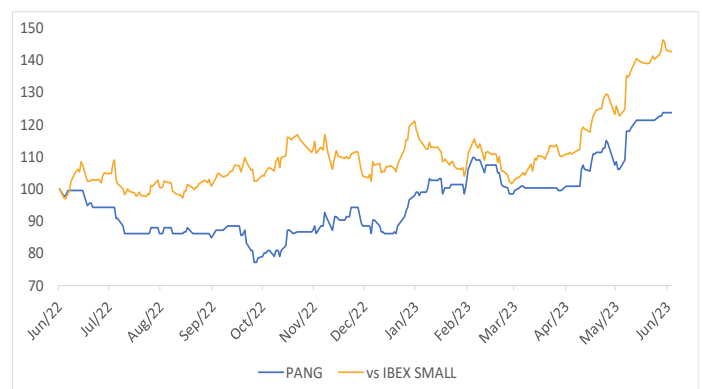
Behavior -1y vs Ibex 35 (base 100)



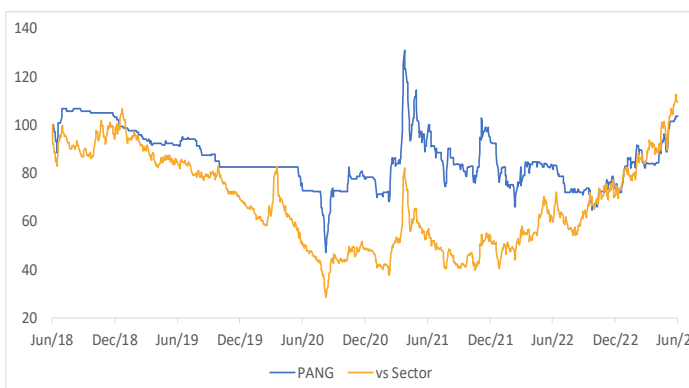
Historical behavior vs Ibex Small Cap (base 100)



Behavior -1y vs Ibex Small Cap (base 100)



Historical behavior vs Sector⁽¹⁾ (base 100)



Behavior -1y vs Sector⁽¹⁾ (base 100)



(1) Sector: Europe Biotechnology

Stock performance (%)	-1m	-3m	-12m	YTD	-3Y	-5Y
Absolute	16.7	24.3	23.9	28.0	42.1	3.6
vs Market						
vs Ibex 35	14.9	26.6	16.4	13.4	20.4	8.0
vs Euro STOXX 50	16.4	38.8	42.8	19.3	15.3	4.0
vs Small Cap References						
vs Ibex Small Cap Index	17.9	24.3	9.2	13.1	12.0	-16.6
vs Micro Cap Spain Universe ⁽¹⁾	16.5	28.1	34.9	17.6	0.6	-3.7
vs MSCI Europe Micro Cap	18.5	31.9	41.6	29.0	20.5	-3.6
vs Sector						
vs Europe Biotechnology	22.4	28.8	77.9	35.1	119.2	9.5

(1) [Constituents on page 10](#)



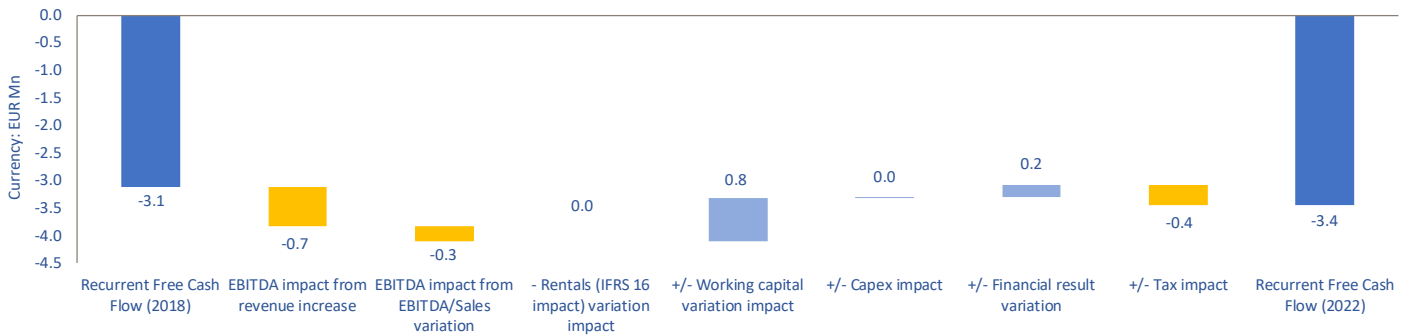
Free Cash Flow (I)

	2019	2020	2021	2022	2023e	2024e	2025e	CAGR	
								19-22	22-25e
A) Cash Flow Analysis (EUR Mn)									
Recurrent EBITDA	(1.7)	(1.5)	(1.6)	(3.3)	(1.4)	0.6	1.2	-24.1%	33.0%
<i>Recurrent EBITDA growth</i>	25.3%	11.7%	-2.8%	-110.5%	56.8%	141.0%	100.4%		
<i>Rec. EBITDA/Revenues</i>	n.a.	n.a.	n.a.	n.a.	n.a.	3.9%	7.2%		
- Rentals (IFRS 16 impact)	-	-	-	-	-	-	-		
+/- Working Capital increase	(0.4)	(0.5)	(0.7)	(0.0)	(1.8)	(1.1)	(1.3)		
= Recurrent Operating Cash Flow	(2.1)	(2.0)	(2.3)	(3.4)	(3.3)	(0.5)	(0.1)	-17.2%	67.7%
<i>Rec. Operating Cash Flow growth</i>	33.9%	3.2%	-11.0%	-49.7%	2.7%	84.9%	77.2%		
<i>Rec. Operating Cash Flow / Sales</i>	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.		
- CAPEX	(0.0)	(0.1)	(0.3)	(0.0)	(0.1)	(0.2)	(0.2)		
- Net Financial Result affecting Cash Flow	(0.2)	(0.2)	(0.4)	(0.1)	(0.0)	(0.3)	(0.3)		
- Taxes	0.4	0.3	0.7	0.1	0.2	0.3	0.3		
= Recurrent Free Cash Flow	(1.9)	(2.0)	(2.2)	(3.4)	(3.2)	(0.7)	(0.3)	-22.5%	57.9%
<i>Rec. Free Cash Flow growth</i>	40.0%	-6.9%	-10.0%	-56.4%	7.9%	78.2%	62.7%		
<i>Rec. Free Cash Flow / Revenues</i>	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.		
- Restructuring expenses & others	0.2	(0.0)	0.1	(0.3)	0.2	0.2	0.2		
- Acquisitions / + Divestments	-	(0.3)	(0.2)	(0.1)	(3.0)	-	-		
+/- Extraordinary Inc./Exp. affecting Cash Flow	-	-	-	-	-	-	-		
= Free Cash Flow	(1.7)	(2.3)	(2.4)	(3.9)	(6.0)	(0.5)	(0.1)	-32.4%	75.7%
<i>Free Cash Flow growth</i>	39.4%	-41.1%	-0.8%	-63.3%	-54.5%	91.8%	88.7%		
<i>Recurrent Free Cash Flow - Yield (s/Mkt Cap)</i>	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.		
<i>Free Cash Flow Yield (s/Mkt Cap)</i>	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.		
B) Analytical Review of Annual Recurrent Free Cash Flow Performance (Eur Mn)									
Recurrent FCF(FY - 1)	(3.1)	(1.9)	(2.0)	(2.2)	(3.4)	(3.2)	(0.7)		
EBITDA impact from revenue increase	(0.2)	(0.4)	(0.2)	0.1	(4.6)	(0.6)	0.0		
EBITDA impact from EBITDA/Sales variation	0.8	0.6	0.1	(1.8)	6.5	2.7	0.5		
= Recurrent EBITDA variation	0.6	0.2	(0.0)	(1.7)	1.9	2.0	0.6		
- Rentals (IFRS 16 impact) variation impact	-	-	-	-	-	-	-		
+/- Working capital variation impact	0.5	(0.1)	(0.2)	0.6	(1.8)	0.8	(0.2)		
= Recurrent Operating Cash Flow variation	1.1	0.1	(0.2)	(1.1)	0.1	2.8	0.4		
+/- CAPEX impact	0.0	(0.1)	(0.3)	0.3	(0.1)	(0.0)	(0.0)		
+/- Financial result variation	0.2	(0.0)	(0.2)	0.2	0.1	(0.3)	-		
+/- Tax impact	(0.0)	(0.1)	0.4	(0.7)	0.2	0.0	0.1		
= Recurrent Free Cash Flow variation	1.2	(0.1)	(0.2)	(1.2)	0.3	2.5	0.4		
Recurrent Free Cash Flow	(1.9)	(2.0)	(2.2)	(3.4)	(3.2)	(0.7)	(0.3)		
C) "FCF to the Firm" (pre debt service) (EUR Mn)									
EBIT	(2.3)	(1.6)	(0.5)	(2.6)	(0.6)	1.0	1.4	-3.7%	36.8%
* Theoretical Tax rate	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		
= Taxes (pre- Net Financial Result)	-	-	-	-	-	-	-		
Recurrent EBITDA	(1.7)	(1.5)	(1.6)	(3.3)	(1.4)	0.6	1.2	-24.1%	33.0%
- Rentals (IFRS 16 impact)	-	-	-	-	-	-	-		
+/- Working Capital increase	(0.4)	(0.5)	(0.7)	(0.0)	(1.8)	(1.1)	(1.3)		
= Recurrent Operating Cash Flow	(2.1)	(2.0)	(2.3)	(3.4)	(3.3)	(0.5)	(0.1)	-17.2%	67.7%
- CAPEX	(0.0)	(0.1)	(0.3)	(0.0)	(0.1)	(0.2)	(0.2)		
- Taxes (pre- Financial Result)	-	-	-	-	-	-	-		
= Recurrent Free Cash Flow (To the Firm)	(2.1)	(2.1)	(2.6)	(3.4)	(3.4)	(0.6)	(0.3)	-17.4%	56.6%
<i>Rec. Free Cash Flow (To the Firm) growth</i>	34.5%	-0.2%	-22.5%	-31.8%	0.2%	80.9%	57.3%		
<i>Rec. Free Cash Flow (To the Firm) / Revenues</i>	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.		
- Acquisitions / + Divestments	-	(0.3)	(0.2)	(0.1)	(3.0)	-	-		
+/- Extraordinary Inc./Exp. affecting Cash Flow	-	-	-	-	-	-	-		
= Free Cash Flow "To the Firm"	(2.1)	(2.4)	(2.8)	(3.5)	(6.4)	(0.6)	(0.3)	-18.8%	57.1%
<i>Free Cash Flow (To the Firm) growth</i>	34.5%	-15.8%	-16.1%	-24.6%	-81.9%	89.9%	57.3%		
<i>Rec. Free Cash Flow To the Firm Yield (o/EV)</i>	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.		
<i>Free Cash Flow "To the Firm" - Yield (o/EV)</i>	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.		

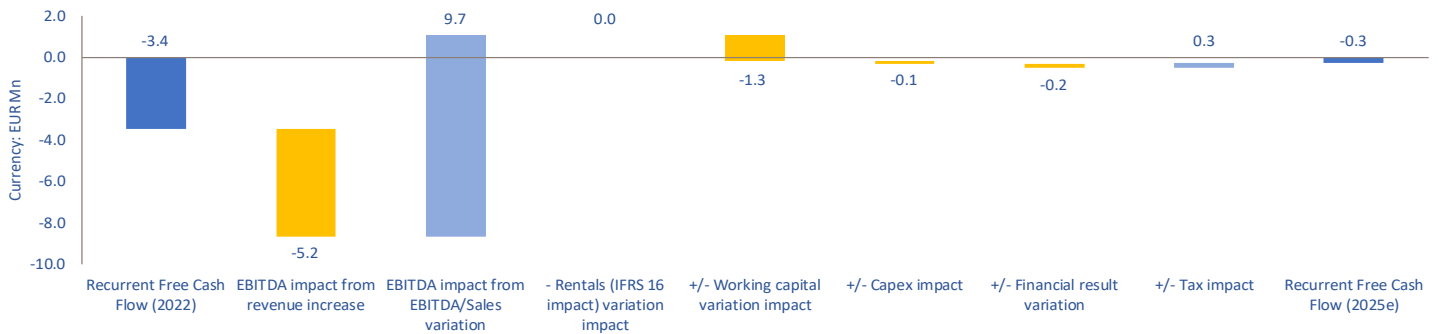


Free Cash Flow (II)

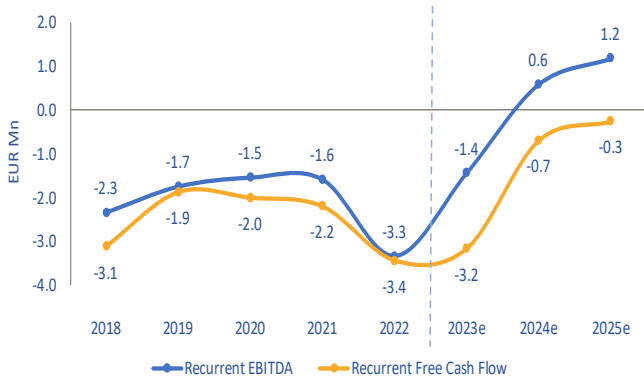
Recurrent Free Cash Flow accumulated variation analysis (2018 - 2022)



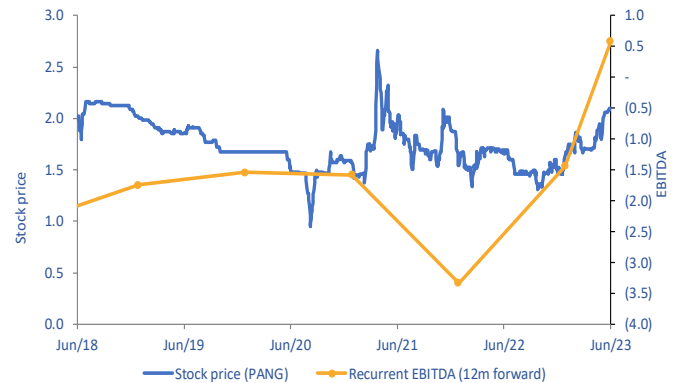
Recurrent Free Cash Flow accumulated variation analysis (2022 - 2025e)



Recurrent EBITDA vs Recurrent Free Cash Flow



Stock performance vs EBITDA 12m forward





Valuation inputs

Inputs for the DCF Valuation Approach

	2023e	2024e	2025e	Terminal Value ⁽¹⁾		
Free Cash Flow "To the Firm"	(6.4)	(0.6)	(0.3)	n.a.		
Market Cap	64.0	At the date of this report				
Net financial debt	-4.8	Debt net of Cash (12m Results 2022)				
					Best Case	Worst Case
Cost of Debt	5.0%	Net debt cost			4.8%	5.3%
Tax rate (T)	20.0%	T (Normalised tax rate)			=	=
Net debt cost	4.0%	Kd = Cost of Net Debt * (1-T)			3.8%	4.2%
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)	1.3	B (own estimate)			1.2	1.4
Cost of Equity	11.2%	Ke = Rf + (R * B)			10.0%	12.5%
Equity / (Equity + Net Debt)	100.0%	E (Market Cap as equity value)			=	=
Net Debt / (Equity + Net Debt)	0.0%	D			=	=
WACC	11.2%	WACC = Kd * D + Ke * E			10.0%	12.5%
G "Fair"	2.0%				2.0%	1.5%

(1) The terminal value calculated beyond the last FCF estimate does not reflect the company's growth potential (positive/negative) at the date of publication of this report.

EV breakdown at the date of this report

	EUR Mn	Source
Market Cap	64.0	
+ Minority Interests	0.2	12m Results 2022
+ Provisions & Other L/T Liabilities	0.3	12m Results 2022
+ Net financial debt	(4.8)	12m Results 2022
- Financial Investments	0.3	12m Results 2022
+/- Others ⁽¹⁾	4.2	12m Results 2022
Enterprise Value (EV)	63.7	

(1) Tax loss carry forward

Business Value Creation Metrics ⁽¹⁾

	2018	2019	2020	2021	2022
ROCE (evolution -5y)	n.a.	n.a.	n.a.	n.a.	n.a.
	2022	2025e			
ROCE - WACC	n.a.	-5.6%			
FCF Yield - WACC	n.a.	n.a.			

(1) FCF Yield to the Firm (see Free Cash Flow Analysis (I)). Detail of the WACC on this page.

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	4.3%	0.6	98.1x
Central	3.9%	0.6	108.2x
Min	3.5%	0.5	120.6x

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

Rec. FCF EUR Mn	CAPEX/Sales 24e		
EBITDA 24e	0.9%	1.0%	1.1%
0.6	(0.6)	(0.6)	(0.6)
0.6	(0.7)	(0.7)	(0.7)
0.5	(0.7)	(0.8)	(0.8)

Main Corporate Governance indicators

KPI	2020	2021	2022
% of independent directors	28.6%	30.0%	27.3%
% of proprietary directors	42.9%	50.0%	54.5%
% of executive directors	28.6%	20.0%	18.2%
% of other directors	0.0%	10.0%	9.1%
% of women on the board of directors	0.0%	10.0%	9.1%
% of women out of total workforce	67.9%	69.8%	72.7%
Board remuneration/staff cost	7.1%	7.8%	7.2%



Main peers 2023e

	Molecular Diagnostic Laboratories							Advanced Medical Equipment					Global Leader			
	EUR Mn	MDxHealth SA	Biocartis	Atrys Health	Guardant Health Inc	Exact Sciences Corp	Neogenomics Inc	Average	Thermo Fisher	Qiagen	Danaher	Agilent	Becton Dickinson	Average	Roche	PANG
Market data	Ticker (Factset)	MDXH-BE	BCART-BE	ATRY-ES	GH-US	EXAS-US	NEO-US		TMO-US	QGEN-US	DHR-US	A-US	BDX-US		ROG-CH	PANG-ES
	Country	Belgium	Belgium	Spain	USA	USA	USA		USA	Netherlands	USA	USA	USA		Switzerland	Spain
	Market cap	102.5	52.8	367.1	3,485.4	14,306.1	1,975.9		186,740.7	9,760.0	160,592.8	32,635.7	68,757.3		245,244.3	64.0
	Enterprise value (EV)	94.5	149.0	573.4	3,886.4	16,057.7	2,155.6		216,559.0	10,326.9	174,810.3	34,090.2	83,836.3		261,342.9	63.7
Basic financial information	Total Revenues	61.9	65.8	235.1	505.4	2,248.9	525.1		42,262.8	1,919.9	27,543.2	6,510.4	18,000.9		62,981.4	10.4
	Total Revenues growth	75.5%	14.4%	25.7%	20.4%	15.6%	10.3%	27.0%	0.8%	-4.0%	-6.3%	1.8%	2.2%	-1.1%	-3.4%	138.7%
	2y CAGR (2023e - 2025e)	12.3%	23.8%	8.1%	24.1%	13.6%	9.1%	15.1%	7.9%	7.2%	7.4%	6.2%	5.9%	6.9%	5.2%	25.1%
	EBITDA	(21.2)	(23.8)	52.1	(363.6)	91.1	(18.4)		11,071.3	655.5	8,886.7	1,953.4	5,016.9		24,250.7	(1.2)
	EBITDA growth	33.4%	36.6%	129.2%	21.9%	124.7%	72.5%	69.7%	-0.4%	-10.5%	-12.8%	10.2%	16.5%	0.6%	7.0%	66.2%
	2y CAGR (2023e - 2025e)	55.9%	53.8%	14.0%	21.2%	n.a.	n.a.	36.3%	10.4%	9.9%	10.1%	8.1%	9.6%	9.6%	7.5%	76.8%
	EBITDA/Revenues	n.a.	n.a.	22.2%	n.a.	4.1%	n.a.	13.1%	26.2%	34.1%	32.3%	30.0%	27.9%	30.1%	38.5%	n.a.
	EBIT	(27.3)	(29.7)	24.5	(457.0)	(361.4)	(116.4)		10,033.2	517.8	8,129.9	1,823.1	4,275.9		20,887.3	(0.6)
	EBIT growth	25.4%	37.5%	421.5%	8.5%	37.6%	17.3%	91.3%	26.1%	-3.8%	0.1%	23.4%	82.3%	25.6%	11.6%	75.3%
	2y CAGR (2023e - 2025e)	42.4%	46.6%	26.3%	15.5%	53.8%	20.4%	34.2%	10.8%	10.8%	9.4%	8.1%	9.0%	9.6%	8.4%	n.a.
	EBIT/Revenues	n.a.	n.a.	10.4%	n.a.	n.a.	n.a.	10.4%	23.7%	27.0%	29.5%	28.0%	23.8%	26.4%	33.2%	n.a.
	Net Profit	(33.0)	(44.9)	10.1	(433.5)	(335.3)	(99.0)		8,583.5	455.0	6,537.8	1,554.7	3,274.7		14,712.6	(0.8)
	Net Profit growth	21.4%	31.3%	143.6%	29.1%	42.4%	26.5%	49.0%	32.3%	15.2%	-2.9%	32.8%	114.5%	38.4%	15.0%	70.7%
	2y CAGR (2023e - 2025e)	37.1%	50.4%	60.3%	16.5%	55.9%	27.5%	41.3%	11.1%	9.6%	10.3%	8.5%	11.5%	10.2%	10.3%	92.0%
	CAPEX/Sales %	4.7%	4.4%	6.6%	9.4%	5.1%	5.7%	6.0%	4.5%	8.1%	3.9%	6.7%	5.2%	5.6%	6.5%	-1.0%
Free Cash Flow	(25.2)	(36.9)	26.8	(349.2)	(106.8)	(4.4)		6,606.0	488.5	6,905.5	1,081.4	3,228.7		17,127.9	(6.0)	
Net financial debt	79.4	133.1	157.4	558.5	1,653.3	375.9		21,743.5	344.8	7,517.4	988.1	13,324.9		10,247.6	0.5	
ND/EBITDA (x)	n.a.	n.a.	3.0	n.a.	18.1	n.a.	10.6	2.0	0.5	0.8	0.5	2.7	1.3	0.4	n.a.	
Pay-out	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	5.7%	0.0%	10.1%	16.2%	33.3%	13.0%	54.2%	0.0%	
Multiples and Ratios	P/E (x)	n.a.	n.a.	41.2	n.a.	n.a.	n.a.	41.2	21.8	21.7	24.9	20.9	20.5	22.0	15.1	n.a.
	P/BV (x)	6.3	n.a.	1.1	n.a.	5.2	2.3	3.7	4.2	2.7	3.1	5.5	2.9	3.7	6.6	2.8
	EV/Revenues (x)	1.5	2.3	2.4	7.7	7.1	4.1	4.2	5.1	5.4	6.3	5.2	4.7	5.3	4.1	6.1
	EV/EBITDA (x)	n.a.	n.a.	11.0	n.a.	n.a.	n.a.	11.0	19.6	15.8	19.7	17.5	16.7	17.8	10.8	n.a.
	EV/EBIT (x)	n.a.	n.a.	23.4	n.a.	n.a.	n.a.	23.4	21.6	19.9	21.5	18.7	19.6	20.3	12.5	n.a.
	ROE	n.a.	n.a.	2.7	n.a.	n.a.	n.a.	2.7	19.4	12.6	12.6	26.1	14.1	16.9	43.6	n.a.
	FCF Yield (%)	n.a.	n.a.	7.3	n.a.	n.a.	n.a.	7.3	3.5	5.0	4.3	3.3	4.7	4.2	7.0	n.a.
	DPS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.25	0.00	0.91	0.84	3.82	1.36	9.97	0.00
	Dvd Yield	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.3%	0.0%	0.4%	0.8%	1.6%	0.6%	3.3%	0.0%

- (1) Financial data, multiples and ratios based on market consensus (Factset). In the case of the company analyzed, own estimates (Lighthouse).
(2) All ratios and multiples on EBITDA refer to total EBITDA (not to recurrent EBITDA).

Historical performance

Historical performance (EUR Mn)	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023e	2024e	2025e	14-22	22-25e
Total Revenues	2.6	3.1	1.7	1.9	2.5	2.6	3.1	3.3	4.1	4.6	4.4	10.4	15.1	16.3	12.4%	55.2%
Total Revenues growth	n.a.	17.7%	-44.4%	13.5%	29.1%	4.1%	16.7%	8.4%	23.6%	12.3%	-5.1%	138.7%	45.2%	7.8%		
EBITDA	(1.2)	(0.5)	(1.6)	(2.0)	(3.3)	(4.5)	(2.1)	(1.4)	(1.3)	(1.6)	(3.6)	(1.2)	0.8	1.4	#####	33.5%
EBITDA growth	n.a.	61.2%	-237.0%	-22.1%	-69.4%	-37.0%	54.0%	32.7%	8.1%	-27.6%	-120.3%	66.2%	164.5%	74.8%		
EBITDA/Sales	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	5.2%	8.5%		
Net Profit	(0.4)	0.1	(0.2)	(0.5)	(0.6)	(1.6)	(1.3)	(4.8)	(1.8)	(0.6)	(2.7)	(0.8)	0.8	1.3	#####	35.6%
Net Profit growth	n.a.	124.9%	-289.1%	-147.7%	-22.2%	-177.0%	23.9%	-286.4%	63.8%	63.4%	-322.5%	70.7%	200.1%	68.4%		
Adjusted number shares (Mn)	0.2	0.2	0.2	0.2	11.9	11.9	14.5	17.1	18.9	22.8	27.1	30.5	30.5	30.5		
EPS (EUR)	-2.55	0.63	-1.06	-2.65	-0.05	-0.14	-0.09	-0.28	-0.09	-0.03	-0.10	-0.03	0.03	0.04	25.5%	34.6%
EPS growth	n.a.	n.a.	n.a.	n.a.	98.1%	n.a.	37.6%	n.a.	67.2%	69.7%	n.a.	74.0%	n.a.	68.4%		
Ord. EPS (EUR)	-2.59	0.57	-1.13	-2.93	-0.05	-0.14	-0.16	-0.31	-0.11	-0.05	-0.09	-0.03	0.02	0.03	26.8%	33.1%
Ord. EPS growth	n.a.	n.a.	n.a.	n.a.	98.3%	n.a.	-21.0%	-89.8%	64.0%	59.5%	n.a.	67.2%	n.a.	94.9%		
CAPEX	-	(0.1)	(0.1)	(0.2)	(0.5)	(0.2)	(0.0)	(0.0)	(0.1)	(0.3)	(0.0)	(0.1)	(0.2)	(0.2)		
CAPEX/Sales % ¹	0.0%	3.5%	3.5%	12.0%	21.8%	5.9%	0.9%	0.0%	1.7%	7.0%	0.5%	1.0%	1.0%	1.0%		
Free Cash Flow	(0.7)	(0.7)	(1.9)	(2.8)	(2.8)	(5.8)	(2.7)	(1.7)	(2.3)	(2.4)	(3.9)	(6.0)	(0.5)	(0.1)	-9.4%	75.7%
ND/EBITDA (x) ⁽²⁾	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	1.2x	0.8x		
P/E (x)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	80.6x	47.8x		
EV/Sales (x)	1.14x	1.19x	3.26x	4.30x	14.57x	13.67x	12.24x	10.38x	8.04x	8.21x	10.38x	6.11x	4.21x	3.90x		
EV/EBITDA (x) ⁽²⁾	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	46.1x		
Absolute performance	n.a.	n.a.	n.a.	n.a.	n.a.	-22.0%	-3.8%	-16.3%	-5.9%	-1.9%	6.0%	28.0%				
Relative performance vs Ibx 35	n.a.	n.a.	n.a.	n.a.	n.a.	-27.4%	13.2%	-25.2%	11.3%	-9.1%	12.2%	13.4%				

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

Seresco (SCO), is a highly diversified Spanish tech company: payroll and personnel administration, consulting and software development, IT infrastructures and systems, digital transformation, and land registry management and cartography. It also operates internationally (7% of revenue in 2022). Government agencies had a 37% weight in the 2022 revenue mix. SCO has been listed on BME Growth since December 2022.

Market Data

Market Cap (Mn EUR and USD)	33.0	35.4
EV (Mn EUR and USD)	37.1	39.7
Shares Outstanding (Mn)	9.6	
-12m (Max/Med/Mín EUR)	4.30 / 3.65 / 3.04	
Daily Avg volume (-12m Mn EUR)	n.m.	
Rotation ⁽¹⁾	2.5	
Factset / Bloomberg	SCO-ES / SCO SM	
Close fiscal year	31-Dec	

Shareholders Structure (%)⁽³⁾

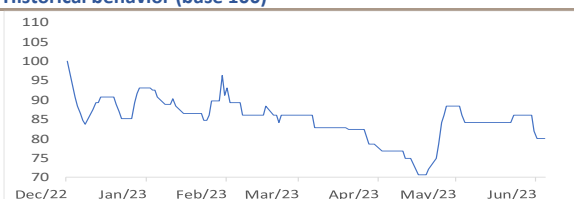
Suarez García Family	62.0
Treasury stock	7.9
Tomás Reinares Fernández	5.9
Manuel Angel Busto Riego	5.4
Free Float	12.6

Financials (Mn EUR)

	2022	2023e	2024e	2025e
Adj. nº shares (Mn)	9.6	9.6	9.6	9.6
Total Revenues	34.0	45.0	51.0	56.0
Rec. EBITDA	3.4	5.1	6.8	7.9
% growth	49.0	50.5	32.9	16.3
% Rec. EBITDA/Rev.	10.0	11.4	13.3	14.1
% Inc. EBITDA sector ⁽²⁾	12.8	9.9	19.9	15.7
Net Profit	1.9	3.0	4.3	5.2
EPS (EUR)	0.19	0.32	0.44	0.54
% growth	-90.4	62.2	41.0	20.8
Ord. EPS (EUR)	0.19	0.32	0.44	0.54
% growth	-93.0	66.8	41.0	20.8
Rec. Free Cash Flow	1.4	1.0	3.2	3.9
Pay-out (%)	28.3	20.0	20.0	20.0
DPS (EUR)	0.06	0.06	0.09	0.11
Net financial debt	4.5	5.4	3.1	0.2
ND/Rec. EBITDA (x)	1.3	1.1	0.5	0.0
ROE (%)	39.8	45.5	44.6	38.7
ROCE (%)	22.0	30.7	34.6	37.0

Ratios & Multiples (x)

	2022	2023e	2024e	2025e
P/E	17.7	10.9	7.7	6.4
Ord. P/E	18.2	10.9	7.7	6.4
P/BV	6.1	4.2	2.9	2.1
Dividend Yield (%)	1.6	1.8	2.6	3.1
EV/Sales	1.09	0.82	0.73	0.66
EV/Rec. EBITDA	10.9	7.3	5.5	4.7
EV/EBIT	13.9	8.6	6.4	5.5
FCF Yield (%)	4.4	3.1	9.8	11.9

Historical behavior (base 100)


(%)	-1m	-3m	-12m	-5Y
Absolute	-5.0	-7.0	n.a.	n.a.

(1) Rotation is the % of the capitalisation traded - 12m.

(2) Sector: Stoxx Europe 600 Technology.

(3) Others: Management 6.2%

MOMENTUM: WHAT DO WE EXPECT FROM 2023E?

Step-up in scale in revenue (visible as of 2023). The 2022 performance (+11% vs 2021) sets the standard for SCO's real potential sales growth. For 2023e, we estimate growth in revenue to EUR c.45Mn (+32.4% vs 2022; +24.5% organic). This includes the acquisition of ELO-SI in February 2023.

With a steady improvement in recurring EBITDA. For 2023e, we are estimating a recurring EBITDA margin of 11.4% (vs. 10.0% in 2022). This is the result of the company's ability to leverage its (appropriately sized) operating structure. Recurring EBITDA 2023e: EUR 5.1Mn vs EUR 3.4Mn 2022. This should drive ROCE up to 31% (as the business is inherently capital-light).

2023e: the time is now. 2023e will be a key year to gauge whether, as we expect, the performance delivered in 2022 will continue. And whether the company has already entered (since 2022) a stage of high revenue growth.

EQUITY STORY HIGHLIGHTS: WHAT TO WATCH FOR?

Highly diversified and (partially) scalable. A highly diversified product/service portfolio, which means the business model is inherently exposed to less risk. This bodes well for organic revenue growth. Certain business lines (e.g., payroll and personnel administration) are scalable and have high switching costs for clients.

Strong customer loyalty. SCO's more than 50 years of operation in the sector under its belt have enabled it to build up a broad client base. 40% of the payroll and personnel administration business clients have been with SCO for more than 15 years (implying low business risk).

2023e-2025e: the key is organic growth of revenue and the multiplier effect on margins. Our forecast of strong growth in margins and recurring EBITDA (increase in recurring EBITDA margin from 10% in 2022 to 14.1% in 2025) is merely the 'mathematical' result of our revenue estimates. And although this grow is striking and extremely positive, the focus should be elsewhere. All eyes should be on topline revenue performance (EUR 56.0Mn 2025e; +18.1% CAGR 2022–2025e). The standard of what we expect going forward (2023e-2025e) is what we saw in 2022. So, the time to keep an eye on SCO's numbers is now.

Poised to continue generating positive FCF. The gradual improvement in recurring EBITDA (historically comfortably above break-even) should boost recurring FCF generation to EUR 3.9Mn in 2025e (recurring FCF yield 11.9%). And it should enable SCO to systematically reduce net debt (low to begin with and even lower over the long term), leaving it practically with a net cash position in 2025e.

RISKS: WHAT TO KEEP AN EYE ON?

High business concentration: sales in Spain represented 93% of the total in 2022 (vs 94% in 2021). An economic slowdown in Spain could have a negative impact on the business.

High client concentration. The five largest clients accounted for nearly 42% of consolidated revenue in 2022 (vs 43% in 2021). The loss of any of these clients would have a material impact on sales.

VALUATION METRICS: WHAT DO THE MULTIPLES TELL US?

Proven value creation (and, more importantly, increasing). In 2023e, we estimate an ROCE of 31% (22% in 2022) vs a WACC of 10.5%. The ROCE-WACC spread shows strong value creation ability, which lends further credence to SCO's (low risk) business model. Our 2023e numbers have SCO trading at an EV/recurring EBITDA of 7.3x (vs c. 11x for its peers).



Financial Projections

Balance Sheet (EUR Mn)	2018	2019	2020	2021	2022	2023e	2024e	2025e	CAGR	
Intangible assets	0.3	0.6	0.4	0.2	0.3	1.6	1.4	1.2		
Fixed assets	1.2	1.1	1.0	1.2	1.2	1.8	2.2	2.5		
Other Non Current Assets	0.6	0.9	0.9	0.6	0.6	0.6	0.6	0.6		
Financial Investments	0.2	0.7	0.5	0.6	0.4	0.4	0.4	0.4		
Goodwill & Other Intangibles	-	4.7	4.2	3.7	4.2	3.8	3.3	2.9		
Current assets	11.7	12.4	7.5	8.9	9.6	12.6	14.2	16.0		
Total assets	14.0	20.4	14.5	15.2	16.3	20.7	22.1	23.7		
Equity	3.3	3.5	3.7	3.9	5.4	7.9	11.3	15.4		
Minority Interests	-	-	-	-	-	-	-	-		
Provisions & Other L/T Liabilities	-	-	-	-	0.0	0.0	0.0	0.0		
Other Non Current Liabilities	-	-	-	-	-	-	-	-		
Net financial debt	4.3	10.7	5.3	5.0	4.5	5.4	3.1	0.2		
Current Liabilities	6.4	6.2	5.4	6.2	6.4	7.4	7.7	8.1		
Equity & Total Liabilities	14.0	20.4	14.5	15.2	16.3	20.7	22.1	23.7		
P&L (EUR Mn)	2018	2019	2020	2021	2022	2023e	2024e	2025e	18-22	22-25e
Total Revenues	30.8	30.6	28.7	30.6	34.0	45.0	51.0	56.0	2.5%	18.1%
Total Revenues growth	n.a.	-0.6%	-6.1%	6.7%	10.9%	32.4%	13.4%	9.7%		
COGS	(5.1)	(3.6)	(3.5)	(4.2)	(4.7)	(7.0)	(7.9)	(8.7)		
Gross Margin	25.7	27.0	25.2	26.5	29.3	38.0	43.1	47.3	3.4%	17.3%
Gross Margin/Revenues	83.4%	88.2%	87.8%	86.4%	86.2%	84.5%	84.5%	84.5%		
Personnel Expenses	(21.3)	(22.1)	(21.4)	(22.1)	(23.9)	(30.4)	(33.6)	(36.4)		
Other Operating Expenses	(2.3)	(2.7)	(1.8)	(2.1)	(2.0)	(2.5)	(2.7)	(3.0)		
Recurrent EBITDA	2.1	2.2	2.0	2.3	3.4	5.1	6.8	7.9	13.3%	32.5%
Recurrent EBITDA growth	n.a.	5.2%	-7.4%	13.4%	49.0%	50.5%	32.9%	16.3%		
Rec. EBITDA/Revenues	6.7%	7.1%	7.0%	7.4%	10.0%	11.4%	13.3%	14.1%		
Restructuring Expense & Other non-rec.	0.1	0.1	0.1	0.1	0.1	-	-	-		
EBITDA	2.2	2.3	2.1	2.4	3.5	5.1	6.8	7.9	12.7%	31.6%
Depreciation & Provisions	(0.5)	(1.1)	(1.2)	(1.0)	(1.0)	(1.1)	(1.3)	(1.5)		
Capitalized Expense	-	-	-	0.3	0.2	0.3	0.3	0.3		
Rentals (IFRS 16 impact)	-	-	-	-	-	-	-	-		
EBIT	1.7	1.2	0.9	1.6	2.7	4.3	5.8	6.7	12.0%	36.0%
EBIT growth	n.a.	-30.3%	-21.0%	70.4%	67.6%	60.7%	35.0%	16.0%		
EBIT/Revenues	5.5%	3.9%	3.3%	5.2%	7.9%	9.6%	11.4%	12.0%		
Impact of Goodwill & Others	-	-	-	-	-	-	-	-		
Net Financial Result	(0.1)	(0.5)	(0.4)	(0.6)	(0.1)	(0.5)	(0.5)	(0.3)		
Income by the Equity Method	-	-	-	-	-	-	-	-		
Ordinary Profit	1.6	0.7	0.5	1.0	2.6	3.8	5.3	6.5	12.8%	36.2%
Ordinary Profit Growth	n.a.	-55.3%	-22.5%	76.4%	165.5%	48.2%	41.0%	20.8%		
Extraordinary Results	-	-	-	-	-	-	-	-		
Profit Before Tax	1.6	0.7	0.5	1.0	2.6	3.8	5.3	6.5	12.8%	36.2%
Tax Expense	(0.3)	0.2	(0.2)	(0.5)	(0.7)	(0.8)	(1.1)	(1.3)		
Effective Tax Rate	18.3%	n.a.	29.5%	52.0%	26.9%	20.0%	20.0%	20.0%		
Minority Interests	-	-	-	-	-	-	-	-		
Discontinued Activities	-	-	-	-	-	-	-	-		
Net Profit	1.3	0.9	0.4	0.5	1.9	3.0	4.3	5.2	9.7%	40.3%
Net Profit growth	n.a.	-28.8%	-58.1%	20.3%	304.0%	62.2%	41.0%	20.8%		
Ordinary Net Profit	1.2	0.6	0.3	0.6	1.8	3.0	4.3	5.2	10.5%	41.7%
Ordinary Net Profit growth	n.a.	-52.5%	-48.1%	106.4%	193.9%	66.8%	41.0%	20.8%		
Cash Flow (EUR Mn)	2018	2019	2020	2021	2022	2023e	2024e	2025e	18-22	22-25e
Recurrent EBITDA						5.1	6.8	7.9	13.3%	32.5%
Rentals (IFRS 16 impact)						-	-	-		
Working Capital Increase						(2.0)	(1.2)	(1.6)		
Recurrent Operating Cash Flow						3.1	5.6	6.3	30.0%	31.6%
CAPEX						(0.9)	(0.8)	(0.8)		
Net Financial Result affecting the Cash Flow						(0.5)	(0.5)	(0.3)		
Tax Expense						(0.8)	(1.1)	(1.3)		
Recurrent Free Cash Flow						1.0	3.2	3.9	23.5%	39.5%
Restructuring Expense & Other non-rec.						-	-	-		
- Acquisitions / + Divestures of assets						(1.4)	-	-		
Extraordinary Inc./Exp. Affecting Cash Flow						-	-	-		
Free Cash Flow						(0.4)	3.2	3.9	22.8%	47.0%
Capital Increase						-	-	-		
Dividends						(0.6)	(0.9)	(1.0)		
Net Debt Variation						1.0	(2.4)	(2.9)		



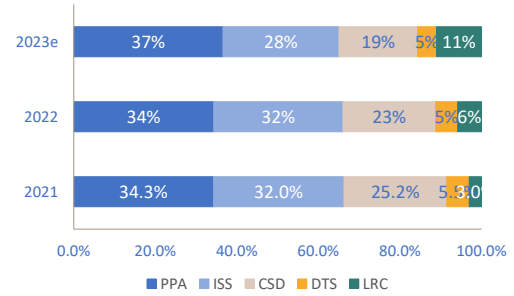
The company in 8 charts

Global IT market (2.4% 2023e), with uneven growth in 2023e led by software (9.3%) and IT services (5.5%)

(USD Mn)	2022	2022 Growth. %	2023e	2023e Growth. %
Data Center Systems	212,376	12.0%	213,853	0.7%
Software	783,462	7.1%	856,029	9.3%
Devices	722,181	-10.6%	685,633	-5.1%
IT Services	1,244,746	3.0%	1,312,588	5.5%
Communications Services	1,422,506	-2.4%	1,423,367	0.1%
Overall IT	4,385,270		4,491,471	

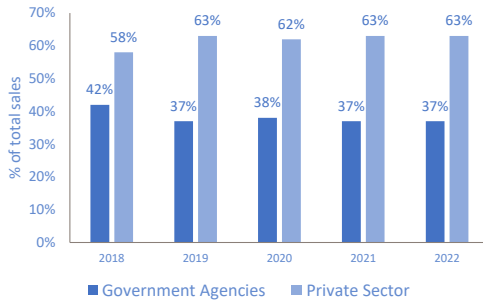
Source: Gartner

SCO: diversified by both business (focus on proprietary software as a services) ...



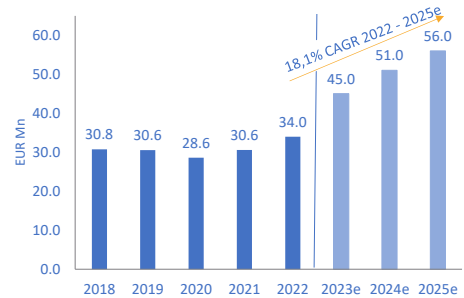
Note: (i) PPA: Payroll and personnel administration, (ii) ISS: IT infrastructures, systems and services, (iii) CSD: Consulting and software development, (iv) DTS: Digital transformation (v) LRC: Cartography

...and client type. In 2022, 63% of sales came from the private sector and the rest from government agencies.

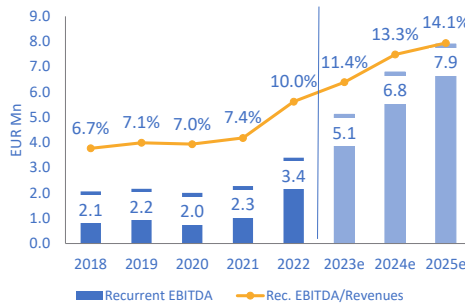


Note: some of its clients include Ence, Airbus, Jacobs, JLL, IDEPA, FEAGA...

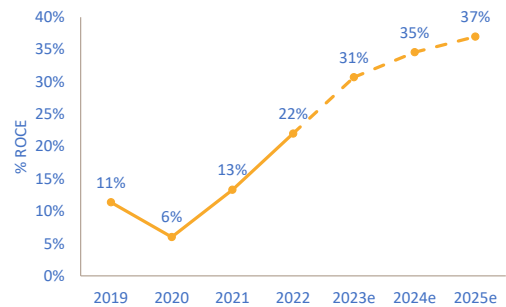
With capacity to deliver organic revenue growth (18.1% CAGR 2022–2025e)



Which should underline a gradual improvement in operating leverage (already visible in 2022) in the 2023e–2025e period...

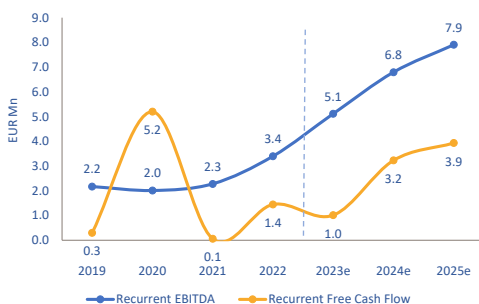


...boosting the return on capital employed (ROCE 22% in 2022)

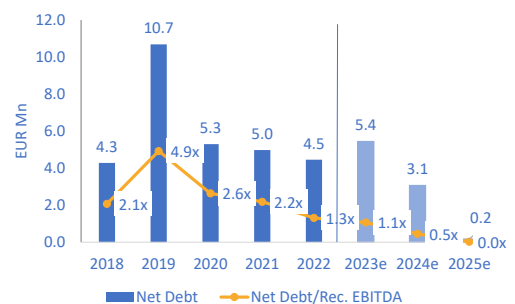


Note: We have excluded financial assets from capital employed.

And lifting recurring cash flow generation to EUR 3.9Mn in 2025e (vs EUR 1.4Mn in 2022) ...



... And lifting recurring cash flow generation to EUR 3.9Mn in 2025e)



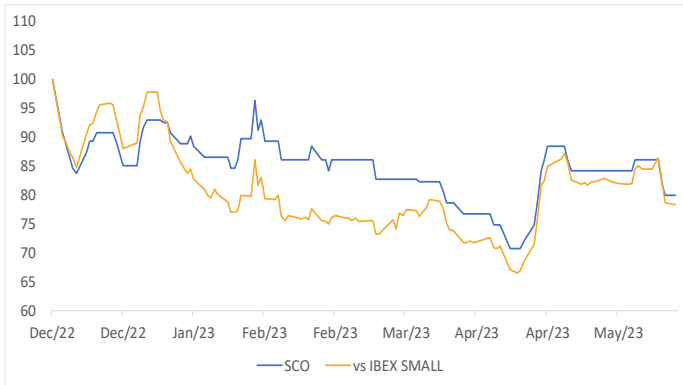


Evolution of the share price

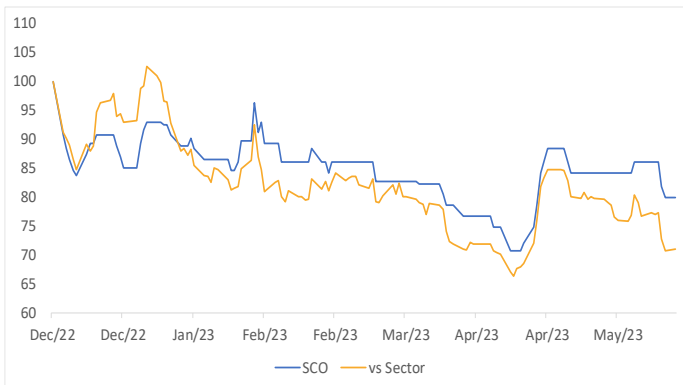
Historical behavior vs Ibex 35 (base 100)



Historical behavior vs Ibex Small Cap (base 100)



Historical behavior vs Sector⁽¹⁾ (base 100)



(1) Sector: Stoxx Europe 600 Technology

Stock performance (%)	-1m	-3m	-12m	YTD	-3Y	-5Y
Absolute	-5.0	-7.0	n.a.	-14.0	n.a.	n.a.
vs Market						
vs Ibex 35	-6.4	-5.3	n.a.	-23.8	n.a.	n.a.
vs Euro STOXX 50	-3.9	-7.0	n.a.	-24.0	n.a.	n.a.
vs Small Cap References						
vs Ibex Small Cap Index	-5.2	3.8	n.a.	-19.9	n.a.	n.a.
vs Micro Cap Spain Universe ⁽¹⁾	-5.1	-4.2	n.a.	-21.0	n.a.	n.a.
vs MSCI Europe Micro Cap	-3.4	-1.3	n.a.	-13.4	n.a.	n.a.
vs Sector						
vs Stoxx Europe 600 Technology	-11.3	-13.5	n.a.	-30.8	n.a.	n.a.

(1) [Constituents on page 10](#)



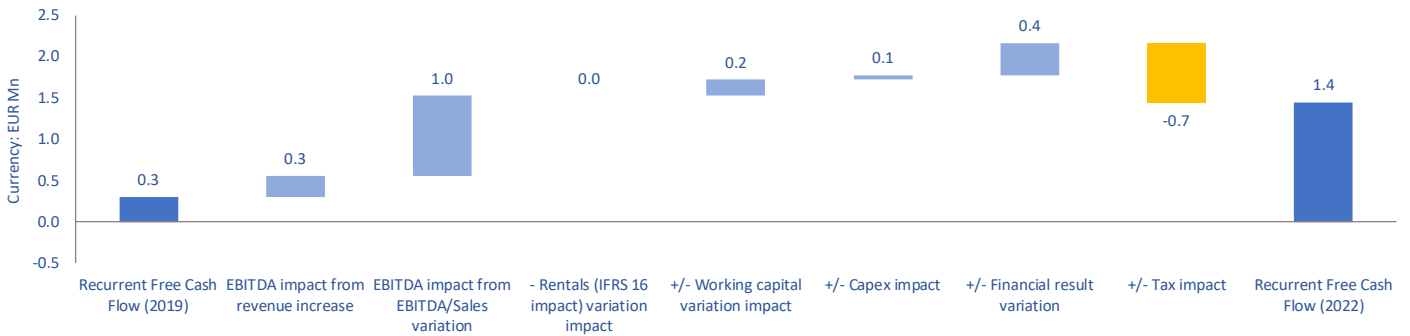
Free Cash Flow (I)

	2019	2020	2021	2022	2023e	2024e	2025e	CAGR	
								19-22	22-25e
A) Cash Flow Analysis (EUR Mn)									
Recurrent EBITDA	2.2	2.0	2.3	3.4	5.1	6.8	7.9	16.1%	32.5%
<i>Recurrent EBITDA growth</i>	5.2%	-7.4%	13.4%	49.0%	50.5%	32.9%	16.3%		
<i>Rec. EBITDA/Revenues</i>	7.1%	7.0%	7.4%	10.0%	11.4%	13.3%	14.1%		
- Rentals (IFRS 16 impact)	-	-	-	-	-	-	-		
+/- Working Capital increase	(0.8)	4.1	(0.5)	(0.6)	(2.0)	(1.2)	(1.6)		
= Recurrent Operating Cash Flow	1.4	6.1	1.7	2.8	3.1	5.6	6.3	26.9%	31.6%
<i>Rec. Operating Cash Flow growth</i>	141.7%	345.5%	-71.3%	59.5%	12.8%	77.7%	13.7%		
<i>Rec. Operating Cash Flow / Sales</i>	4.5%	21.1%	5.7%	8.2%	7.0%	10.9%	11.3%		
- CAPEX	(0.8)	(0.3)	(0.6)	(0.7)	(0.9)	(0.8)	(0.8)		
- Net Financial Result affecting Cash Flow	(0.5)	(0.4)	(0.6)	(0.1)	(0.5)	(0.5)	(0.3)		
- Taxes	0.2	(0.2)	(0.5)	(0.5)	(0.8)	(1.1)	(1.3)		
= Recurrent Free Cash Flow	0.3	5.2	0.1	1.4	1.0	3.2	3.9	69.2%	39.5%
<i>Rec. Free Cash Flow growth</i>	106.8%	n.a.	-98.9%	n.a.	-30.1%	218.6%	21.8%		
<i>Rec. Free Cash Flow / Revenues</i>	1.0%	18.1%	0.2%	4.3%	2.3%	6.3%	7.0%		
- Restructuring expenses & others	-	-	-	-	-	-	-		
- Acquisitions / + Divestments	(0.0)	(0.2)	0.4	0.1	(1.4)	-	-		
+/- Extraordinary Inc./Exp. affecting Cash Flow	-	-	-	(0.3)	-	-	-		
= Free Cash Flow	0.3	5.0	0.5	1.2	(0.4)	3.2	3.9	63.2%	47.0%
<i>Free Cash Flow growth</i>	106.3%	n.a.	-90.9%	170.7%	-131.2%	935.9%	21.8%		
<i>Recurrent Free Cash Flow - Yield (s/Mkt Cap)</i>	0.9%	15.7%	0.2%	4.4%	3.1%	9.8%	11.9%		
<i>Free Cash Flow Yield (s/Mkt Cap)</i>	0.9%	15.3%	1.4%	3.7%	n.a.	9.8%	11.9%		
B) Analytical Review of Annual Recurrent Free Cash Flow Performance (Eur Mn)									
Recurrent FCF(FY - 1)	(4.4)	0.3	5.2	0.1	1.4	1.0	3.2		
EBITDA impact from revenue increase	(0.0)	(0.1)	0.1	0.2	1.1	0.7	0.7		
EBITDA impact from EBITDA/Sales variation	0.1	(0.0)	0.1	0.9	0.6	1.0	0.4		
= Recurrent EBITDA variation	0.1	(0.2)	0.3	1.1	1.7	1.7	1.1		
- Rentals (IFRS 16 impact) variation impact	-	-	-	-	-	-	-		
+/- Working capital variation impact	4.5	4.9	(4.6)	(0.1)	(1.4)	0.8	(0.3)		
= Recurrent Operating Cash Flow variation	4.6	4.7	(4.3)	1.0	0.4	2.4	0.8		
+/- CAPEX impact	(0.3)	0.5	(0.3)	(0.1)	(0.1)	0.0	(0.0)		
+/- Financial result variation	(0.1)	0.1	(0.2)	0.5	(0.4)	0.0	0.2		
+/- Tax impact	0.5	(0.4)	(0.3)	0.0	(0.3)	(0.3)	(0.2)		
= Recurrent Free Cash Flow variation	4.7	4.9	(5.1)	1.4	(0.4)	2.2	0.7		
Recurrent Free Cash Flow	0.3	5.2	0.1	1.4	1.0	3.2	3.9		
C) "FCF to the Firm" (pre debt service) (EUR Mn)									
EBIT	1.2	0.9	1.6	2.7	4.3	5.8	6.7	31.2%	36.0%
* <i>Theoretical Tax rate</i>	0.0%	29.5%	30.0%	26.9%	20.0%	20.0%	20.0%		
= Taxes (pre- Net Financial Result)	-	(0.3)	(0.5)	(0.7)	(0.9)	(1.2)	(1.3)		
Recurrent EBITDA	2.2	2.0	2.3	3.4	5.1	6.8	7.9	16.1%	32.5%
- Rentals (IFRS 16 impact)	-	-	-	-	-	-	-		
+/- Working Capital increase	(0.8)	4.1	(0.5)	(0.6)	(2.0)	(1.2)	(1.6)		
= Recurrent Operating Cash Flow	1.4	6.1	1.7	2.8	3.1	5.6	6.3	26.9%	31.6%
- CAPEX	(0.8)	(0.3)	(0.6)	(0.7)	(0.9)	(0.8)	(0.8)		
- Taxes (pre- Financial Result)	-	(0.3)	(0.5)	(0.7)	(0.9)	(1.2)	(1.3)		
= Recurrent Free Cash Flow (To the Firm)	0.6	5.5	0.7	1.3	1.4	3.6	4.2	31.5%	45.6%
<i>Rec. Free Cash Flow (To the Firm) growth</i>	114.6%	824.6%	-87.3%	93.9%	5.8%	152.9%	15.4%		
<i>Rec. Free Cash Flow (To the Firm) / Revenues</i>	1.9%	19.1%	2.3%	4.0%	3.2%	7.1%	7.4%		
- Acquisitions / + Divestments	(0.0)	(0.2)	0.4	0.1	(1.4)	-	-		
+/- Extraordinary Inc./Exp. affecting Cash Flow	-	-	-	(0.3)	-	-	-		
= Free Cash Flow "To the Firm"	0.6	5.3	1.1	1.1	0.0	3.6	4.2	25.2%	54.2%
<i>Free Cash Flow (To the Firm) growth</i>	114.0%	821.1%	-79.5%	3.7%	-97.9%	n.a.	15.4%		
<i>Rec. Free Cash Flow To the Firm Yield (o/EV)</i>	1.6%	14.8%	1.9%	3.6%	3.8%	9.7%	11.2%		
<i>Free Cash Flow "To the Firm" - Yield (o/EV)</i>	1.6%	14.4%	2.9%	3.1%	0.1%	9.7%	11.2%		

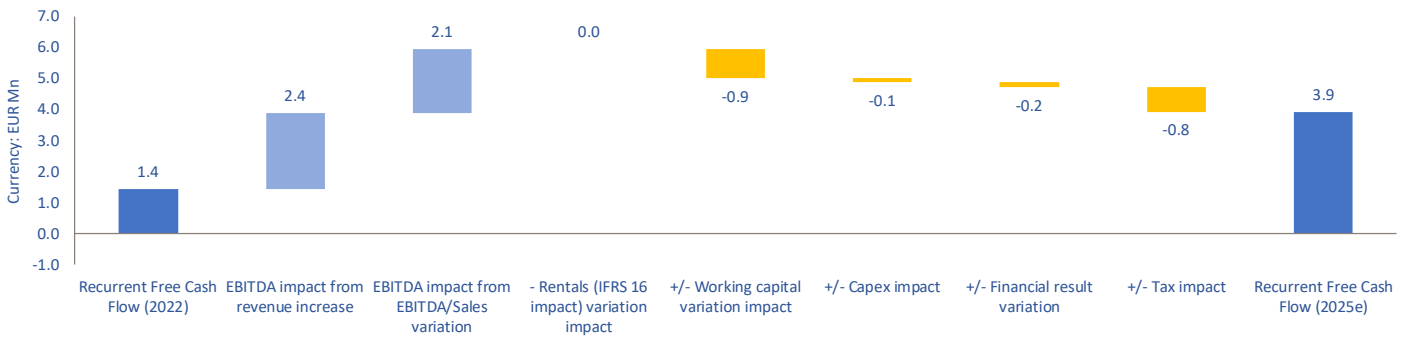


Free Cash Flow (II)

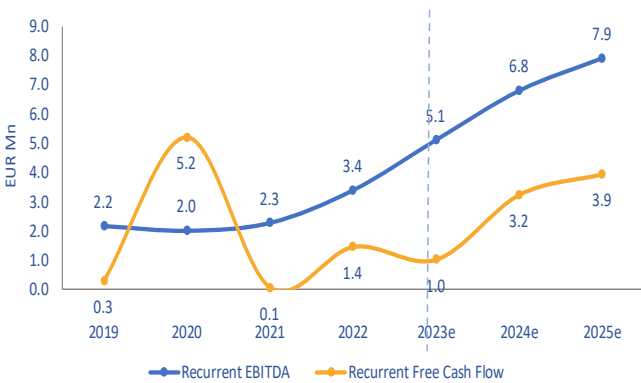
Recurrent Free Cash Flow accumulated variation analysis (2018 - 2022)



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



Recurrent EBITDA vs Recurrent Free Cash Flow





Valuation inputs

Inputs for the DCF Valuation Approach

	2023e	2024e	2025e	Terminal Value ⁽¹⁾		
Free Cash Flow "To the Firm"	0.0	3.6	4.2	53.5		
Market Cap	33.0	At the date of this report				
Net financial debt	4.5	Debt net of Cash (12m Results 2022)				
					Best Case	Worst Case
Cost of Debt	6.6%	Net debt cost			6.4%	6.9%
Tax rate (T)	20.0%	T (Normalised tax rate)			=	=
Net debt cost	5.3%	Kd = Cost of Net Debt * (1-T)			5.1%	5.5%
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)	1.3	B (own estimate)			1.2	1.4
Cost of Equity	11.2%	Ke = Rf + (R * B)			10.0%	12.5%
Equity / (Equity + Net Debt)	88.1%	E (Market Cap as equity value)			=	=
Net Debt / (Equity + Net Debt)	11.9%	D			=	=
WACC	10.5%	WACC = Kd * D + Ke * E			9.4%	11.6%
G "Fair"	2.5%				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.

EV breakdown at the date of this report

	EUR Mn	Source
Market Cap	33.0	
+ Minority Interests	-	12m Results 2022
+ Provisions & Other L/T Liabilities	0.0	12m Results 2022
+ Net financial debt	4.5	12m Results 2022
- Financial Investments	0.4	12m Results 2022
+/- Others		
Enterprise Value (EV)	37.1	

Business Value Creation Metrics ⁽¹⁾

	2018	2019	2020	2021	2022
ROCE (evolution -5y)	n.a.	11.4%	6.0%	13.3%	22.0%
	2022	2025e			
ROCE - WACC	11.6%	26.5%			
FCF Yield - WACC	-6.1%	1.4%			

(1) FCF Yield to the Firm (see Free Cash Flow Analysis (I)). Detail of the WACC on this page.

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	14.6%	7.5	5.0x
Central	13.3%	6.8	5.5x
Min	12.0%	6.1	6.0x

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	1.4%	1.6%	1.8%		Max	Central	Min
7.5	4.0	3.9	3.8	Max	12.1%	11.8%	11.5%
6.8	3.3	3.2	3.1	Central	10.1%	9.8%	9.5%
6.1	2.7	2.6	2.5	Min	8.1%	7.8%	7.5%

Main Corporate Governance indicators

KPI	2020	2021	2022
% of independent board members	n.a.	n.a.	33.3%
% of proprietary board members	n.a.	n.a.	33.3%
% of executive board members	n.a.	n.a.	16.7%
% of other directors	n.a.	n.a.	16.7%
% of women on the board of directors	n.a.	n.a.	0.0%
% of women out of total workforce	n.a.	n.a.	42.2%
Board remuneration/staff costs (%)	n.a.	n.a.	5.0%



Main peers 2023e

	EUR Mn	Sopra Steria	ADP	Indra	Izertis	Cappgemini	Altia	SAP	AECOM	SCO
Market data	Ticker (Factset)	SOP-FR	ADP-US	IDR-ES	IZER-ES	CAP-FR	ALC-ES	SAP-DE	ACM-US	SCO-ES
	Country	France	United States	Spain	Spain	France	Spain	Germany	United States	Spain
	Market cap	3,649.3	83,399.8	2,045.7	194.3	28,927.5	227.0	151,204.3	10,631.7	33.0
	Enterprise value (EV)	4,172.9	84,856.7	2,085.2	216.0	32,018.5	220.2	150,556.8	12,526.0	37.1
Basic financial information	Total Revenues	5,595.3	16,733.5	4,008.6	156.8	22,942.0	222.0	31,279.1	6,190.8	45.0
	Total Revenues growth	9.7%	8.6%	4.1%	22.9%	4.3%	4.8%	1.3%	-49.6%	32.4%
	2y CAGR (2023e - 2025e)	5.0%	6.5%	4.3%	18.2%	6.9%	n.a.	9.2%	n.a.	11.5%
	EBITDA	677.8	4,626.5	426.4	21.0	3,637.8	23.0	9,145.4	899.7	5.1
	EBITDA growth	22.9%	14.8%	10.3%	27.2%	5.4%	10.6%	23.4%	11.2%	47.5%
	2y CAGR (2023e - 2025e)	8.3%	9.3%	6.8%	17.6%	9.0%	n.a.	14.3%	6.0%	24.3%
	EBITDA/Revenues	12.1%	27.6%	10.6%	13.4%	15.9%	10.4%	29.2%	14.5%	11.4%
	EBIT	510.3	4,166.2	324.3	12.3	2,974.3	19.4	8,710.2	775.3	4.3
	EBIT growth	35.2%	17.3%	13.1%	37.0%	8.9%	12.8%	57.9%	18.5%	60.7%
	2y CAGR (2023e - 2025e)	6.8%	9.1%	8.3%	n.a.	9.6%	n.a.	14.4%	8.3%	25.1%
	EBIT/Revenues	9.1%	24.9%	8.1%	7.8%	13.0%	8.7%	27.8%	12.5%	9.6%
	Net Profit	301.7	3,170.6	203.8	7.1	1,937.5	14.1	6,214.3	476.8	3.0
	Net Profit growth	21.7%	15.2%	18.6%	64.8%	25.2%	14.6%	172.1%	31.3%	62.2%
	2y CAGR (2023e - 2025e)	12.7%	9.1%	10.0%	40.4%	11.0%	n.a.	15.4%	8.7%	30.5%
	CAPEX/Sales %	1.5%	1.7%	1.5%	10.2%	1.5%	n.a.	3.3%	1.6%	1.9%
	Free Cash Flow	301.6	4,239.3	208.3	0.4	2,008.2	13.1	4,988.2	549.0	(0.4)
Net financial debt	382.2	659.1	(78.4)	41.6	1,688.4	10.5	(1,462.1)	1,259.1	5.4	
ND/EBITDA (x)	0.6	0.1	n.a.	2.0	0.5	0.5	n.a.	1.4	1.1	
Pay-out	31.7%	55.2%	25.7%	0.0%	30.1%	24.4%	38.0%	10.7%	20.0%	
Multiples and Ratios	P/E (x)	10.6	26.5	10.1	27.7	14.8	16.1	23.6	22.5	10.9
	P/BV (x)	1.7	n.a.	1.8	3.7	2.6	n.a.	3.3	4.5	4.2
	EV/Revenues (x)	0.7	5.1	0.5	1.4	1.4	1.0	4.8	2.0	0.8
	EV/EBITDA (x)	6.2	18.3	4.9	10.3	8.8	9.6	16.5	13.9	7.3
	EV/EBIT (x)	8.2	20.4	6.4	17.6	10.8	11.4	17.3	16.2	8.6
	ROE	16.4	109.6	17.8	13.4	17.7	n.a.	14.1	20.0	45.5
	FCF Yield (%)	8.3	5.1	10.2	0.2	6.9	5.8	3.3	5.2	3.1
	DPS	4.71	4.18	0.30	0.00	3.43	0.05	2.02	0.36	0.06
	Dvd Yield	2.7%	2.1%	2.6%	0.0%	2.1%	1.5%	1.6%	0.5%	1.8%

- (1) Financial data, multiples and ratios based on market consensus (Factset). In the case of the company analyzed, own estimates (Lighthouse).
(2) All ratios and multiples on EBITDA refer to total EBITDA (not to recurrent EBITDA).

Squirrel Media (SQRL), is a Spanish group present throughout the value chain of the entertainment and media sector through its businesses of: (i) Advertising (50.5% of revenue), (ii) Content (production and distribution of audiovisual content; 5.9%), (iii) TMT services (11.8%) and (iv) Media (31.2%).

MOMENTUM: WHAT DO WE EXPECT FROM 2023E?

2023e: sharp revenue growth due essentially to the ramp-up of the content business (c.65% of estimated revenue growth); we expect the number of new releases to triple in 2023 (c.30 vs. 11 in 2022). 23e revenue: EUR 109.5Mn (+38% vs. 2022).

Market Data

Market Cap (Mn EUR and USD)	199.4	213.6
EV (Mn EUR and USD)	234.4	251.1
Shares Outstanding (Mn)	89.0	
-12m (Max/Med/Mín EUR)	3.56 / 2.70 / 2.22	
Daily Avg volume (-12m Mn EUR)	0.02	
Rotation ⁽¹⁾	2.3	
Factset / Bloomberg	SQRL-ES / SQRL SM	
Close fiscal year	31-Dec	

The shift in mix set to drive margin expansion. The content business, which is higher margin (gross margin: c.40% vs. 30% or lower in other activities), is expected to increase its share of the revenue mix to 25% (vs. 9% in 2022). That should drive margin expansion (EBITDA margin 2023e: 18.9% vs. 17.4% in 2022). 23e EBITDA: EUR 20.5Mn (+50.4% vs. 2022).

Shareholders Structure (%)

Squirrel Capital	92.6
Free Float	7.4

M&A deals already completed will provide a further growth lever, not yet reflected in our numbers. Specifically, the acquisitions of: i) 51% of BF Distribution (March 2023; pro forma revenue of EUR 4.5Mn), and ii) 51% of the Ganga Group (theoretical 2022 revenue of EUR 27Mn), as the acquisition prices have not been disclosed. Moreover, SQRL has agreed to acquire Mondo TV Studios (listed on BME Growth; 2022 revenue: EUR 5Mn) in a deal that has yet to close (at least 75% will be paid for in shares and will not be dilutive). The three transactions represent pro forma revenue of c.EUR 36.5Mn in total (33% of our 2023e revenue forecast).

Financials (Mn EUR)	2022	2023e	2024e	2025e
Adj. n ^o shares (Mn)	89.0	89.0	89.0	89.0
Total Revenues	79.1	109.5	143.0	167.1
Rec. EBITDA	13.8	20.5	31.0	41.4
% growth	85.3	48.6	51.3	33.7
% Rec. EBITDA/Rev.	17.4	18.7	21.7	24.8
% Inc. EBITDA sector ⁽²⁾	13.9	6.6	8.1	6.8
Net Profit	3.5	7.9	12.5	17.7
EPS (EUR)	0.04	0.09	0.14	0.20
% growth	-38.6	123.5	57.7	42.1
Ord. EPS (EUR)	0.03	0.09	0.14	0.20
% growth	-39.5	160.5	57.7	42.1
Rec. Free Cash Flow	-13.1	-4.1	4.0	12.5
Pay-out (%)	0.0	0.0	0.0	0.0
DPS (EUR)	0.00	0.00	0.00	0.00
Net financial debt	23.4	27.5	23.5	11.0
ND/Rec. EBITDA (x)	1.7	1.3	0.8	0.3
ROE (%)	9.7	16.8	21.8	24.5
ROCE (%)	10.4	11.8	17.4	21.8

EQUITY STORY HIGHLIGHTS: WHAT TO WATCH FOR?

Content, a business that has been 'nearly invisible' until now is expected to account for c.40% of the revenue mix by 2025e (vs. 9% in 2022). A business in which the significant effort made to invest in catalogue expansion has yet to become visible: cumulative investment of c.EUR 45Mn in the last three years (at year-end 2022, it had 44 new releases committed to in Spain, Italy, Portugal, Andorra and Latam vs. 11 only in Spain in 2022).

Recovery in the advertising business (30% of 2025e revenue), a business we think hit bottom in 2022 (revenue: EUR 36Mn; -35% vs. 2021) where we are expecting a recovery as early as 2023e (thanks to the recovery in the tourism sector and entertainment/performance business (key for SQRL).

All P&L headings set to register double-digit growth (CAGR EBITDA 22-25e: +40%). Although visibility is currently low and extremely dependent on the performance of the content business. In 2025e we should be looking at a company with c.EUR 170Mn of revenue (CAGR +30% without factoring in M&A deals of 2023) with the prospect of an EBITDA margin of c.25% (+6pp vs. 23e, driven by the higher weight of content in the mix).

Ratios & Multiples (x)

P/E	56.4	25.2	16.0	11.3
Ord. P/E	65.7	25.2	16.0	11.3
P/BV	4.6	3.9	3.1	2.5
Dividend Yield (%)	0.0	0.0	0.0	0.0
EV/Sales	2.96	2.14	1.64	1.40
EV/Rec. EBITDA	17.0	11.4	7.6	5.7
EV/EBIT	29.5	18.7	11.0	7.9
FCF Yield (%)	n.a.	n.a.	2.0	6.3

RISKS: WHAT TO KEEP AN EYE ON?

Slower than forecast take-off in content line. This is a clear risk as c.70% of our estimated revenue growth in 2022-2025e depends on the performance of the content business (where visibility currently remains low).

M&A: impact on rec. EBITDA and gearing Our numbers do not yet factor in the recently announced M&A deals as the acquisition prices have not been disclosed. Once we do so, they will have a significant impact on the P/L (c.30% of 2023 revenue with no clues about the potential impact on margins and EBITDA) but they will also, inevitably, increase net debt.

VALUATION METRICS: WHAT DO THE MULTIPLES TELL US?

Multiples already pricing in significant growth. Our estimates are a stretch (CAGR EBITDA 22-25e: +40%, excl. M&A in 2023) and imply an EV/EBITDA 24e multiple of 7.6x (in line with the major media and advertising players). That is why 2023e is seen as "key" to confirming SQRL's growth and profitability story, the only justification for the current multiples.

Historical behavior (base 100)



(%)	-1m	-3m	-12m	-5Y
Absolute	-4.3	-6.7	-36.2	-46.0

(1) Rotation is the % of the capitalisation traded - 12m.

(2) Sector: Stoxx Europe 600 Media.



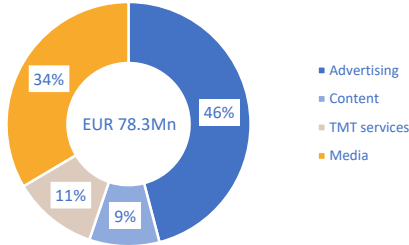
Financial Projections

Balance Sheet (EUR Mn)	2018	2019	2020	2021	2022	2023e	2024e	2025e	CAGR	
Intangible assets	10.3	15.6	19.1	31.3	70.7	70.7	70.7	70.7		
Fixed assets	0.4	1.6	2.0	2.2	2.3	15.2	26.5	36.1		
Other Non Current Assets	0.0	0.0	0.0	0.8	4.8	4.8	4.8	4.8		
Financial Investments	-	0.6	10.5	12.9	12.0	12.0	12.0	12.0		
Goodwill & Other Intangibles	0.5	2.2	3.0	2.3	5.0	5.0	5.0	5.0		
Current assets	3.3	12.7	13.7	11.4	18.6	24.7	31.5	36.3		
Total assets	14.5	32.7	48.3	61.0	113.4	132.4	150.5	165.0		
Equity	8.2	20.2	26.9	29.9	43.0	50.9	63.4	81.1		
Minority Interests	(0.6)	(0.3)	0.4	0.5	5.0	7.1	10.4	15.2		
Provisions & Other L/T Liabilities	0.0	0.0	4.2	5.5	18.6	18.6	18.6	18.6		
Other Non Current Liabilities	-	-	-	0.7	1.2	1.2	1.2	1.2		
Net financial debt	3.8	1.1	1.4	7.2	23.4	27.5	23.5	11.0		
Current Liabilities	3.0	11.7	15.4	17.1	22.1	27.0	33.3	37.8		
Equity & Total Liabilities	14.5	32.7	48.3	61.0	113.4	132.4	150.5	165.0		
P&L (EUR Mn)	2018	2019	2020	2021	2022	2023e	2024e	2025e	18-22	22-25e
Total Revenues	6.4	10.8	32.6	70.0	79.1	109.5	143.0	167.1	87.3%	28.3%
Total Revenues growth	66.2%	67.3%	203.0%	114.7%	13.0%	38.3%	30.6%	16.9%		
COGS	(1.9)	(5.2)	(21.9)	(53.4)	(56.2)	(77.7)	(98.9)	(111.1)		
Gross Margin	4.6	5.6	10.7	16.6	22.9	31.8	44.1	56.0	49.7%	34.6%
Gross Margin/Revenues	71.0%	51.8%	32.9%	23.7%	29.0%	29.0%	30.9%	33.5%		
Personnel Expenses	(1.9)	(2.2)	(3.9)	(5.3)	(6.0)	(6.6)	(7.4)	(8.0)		
Other Operating Expenses	(0.2)	(2.0)	(4.2)	(3.8)	(3.2)	(4.7)	(5.7)	(6.6)		
Recurrent EBITDA	2.5	1.4	2.7	7.4	13.8	20.5	31.0	41.4	54.0%	44.3%
Recurrent EBITDA growth	292.9%	-44.8%	98.0%	177.6%	85.3%	48.6%	51.3%	33.7%		
Rec. EBITDA/Revenues	38.1%	12.6%	8.2%	10.6%	17.4%	18.7%	21.7%	24.8%		
Restructuring Expense & Other non-rec.	-	-	-	0.5	0.7	-	-	-		
EBITDA	2.5	1.4	2.7	8.0	14.5	20.5	31.0	41.4	55.9%	41.9%
Depreciation & Provisions	(0.4)	(2.5)	(1.1)	(2.5)	(6.5)	(7.9)	(9.6)	(11.7)		
Capitalized Expense	-	-	-	-	-	-	-	-		
Rentals (IFRS 16 impact)	-	(0.0)	-	-	-	-	-	-		
EBIT	2.1	(1.1)	1.6	5.5	8.0	12.5	21.4	29.7	40.1%	55.1%
EBIT growth	-5.9%	-154.3%	240.8%	248.3%	44.5%	57.6%	70.5%	38.9%		
EBIT/Revenues	32.1%	n.a.	4.8%	7.9%	10.1%	11.4%	14.9%	17.8%		
Impact of Goodwill & Others	-	-	-	-	-	-	-	-		
Net Financial Result	(0.0)	(0.1)	(0.1)	(0.1)	(1.4)	-	(1.6)	(1.6)		
Income by the Equity Method	-	-	-	-	-	-	-	-		
Ordinary Profit	2.0	(1.2)	1.5	5.4	6.5	12.5	19.8	28.1	33.8%	62.5%
Ordinary Profit Growth	9.2%	-157.7%	224.5%	266.4%	21.7%	91.4%	57.7%	42.1%		
Extraordinary Results	-	-	-	-	-	-	-	-		
Profit Before Tax	2.0	(1.2)	1.5	5.4	6.5	12.5	19.8	28.1	33.8%	62.5%
Tax Expense	(0.2)	(0.3)	(0.1)	0.2	(1.9)	(2.5)	(4.0)	(5.6)		
Effective Tax Rate	8.2%	n.a.	7.7%	n.a.	29.0%	20.0%	20.0%	20.0%		
Minority Interests	(0.1)	0.0	0.0	(0.0)	(1.1)	(2.1)	(3.3)	(4.7)		
Discontinued Activities	-	-	-	-	-	-	-	-		
Net Profit	1.8	(1.5)	1.4	5.6	3.5	7.9	12.5	17.7	18.4%	71.1%
Net Profit growth	-93.5%	-182.6%	193.8%	298.0%	-36.3%	123.5%	57.7%	42.1%		
Ordinary Net Profit	1.8	(1.2)	1.4	4.8	3.0	7.9	12.5	17.7	13.9%	80.0%
Ordinary Net Profit growth	-0.9%	-165.4%	218.5%	246.4%	-37.3%	160.5%	57.7%	42.1%		
Cash Flow (EUR Mn)	2018	2019	2020	2021	2022	2023e	2024e	2025e	18-22	22-25e
Recurrent EBITDA						20.5	31.0	41.4	54.0%	44.3%
Rentals (IFRS 16 impact)						-	-	-		
Working Capital Increase						(1.2)	(0.5)	(0.4)		
Recurrent Operating Cash Flow						19.2	30.5	41.0	<i>n.a.</i>	52.5%
CAPEX						(20.8)	(20.9)	(21.3)		
Net Financial Result affecting the Cash Flow						-	(1.6)	(1.6)		
Tax Expense						(2.5)	(4.0)	(5.6)		
Recurrent Free Cash Flow						(4.1)	4.0	12.5	-71.8%	43.5%
Restructuring Expense & Other non-rec.						-	-	-		
- Acquisitions / + Divestures of assets						-	-	-		
Extraordinary Inc./Exp. Affecting Cash Flow						-	-	-		
Free Cash Flow						(4.1)	4.0	12.5	<i>n.a.</i>	35.6%
Capital Increase						-	-	-		
Dividends						-	-	-		
Net Debt Variation						4.1	(4.0)	(12.5)		

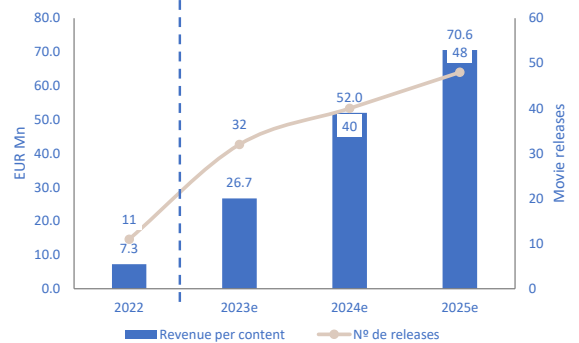


The company in 8 charts

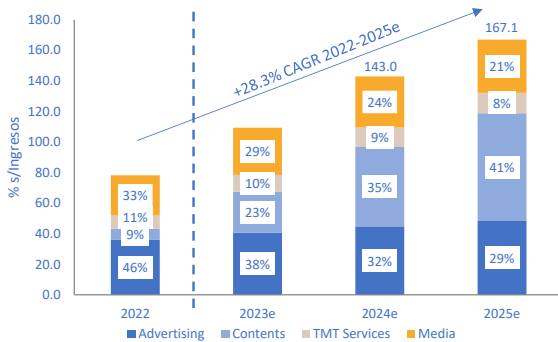
A business diversified across four major areas of the media business (% o/Revenue 2022)



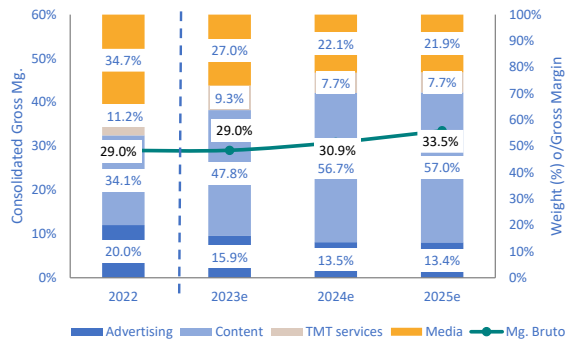
We expect a strong take-off of the content business (explained by the higher number of new releases)



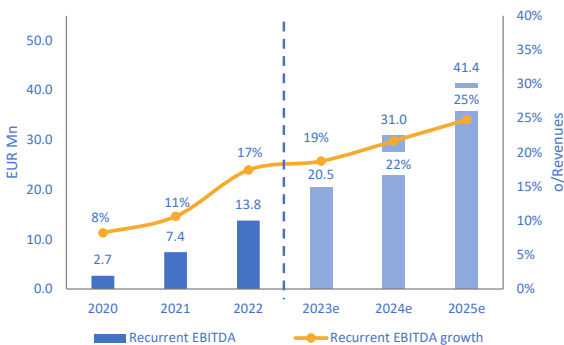
...and enabling the company to expect revenue in 2025e of around EUR 167.1Mn (CAGR 2022-2025e: +28.3%)



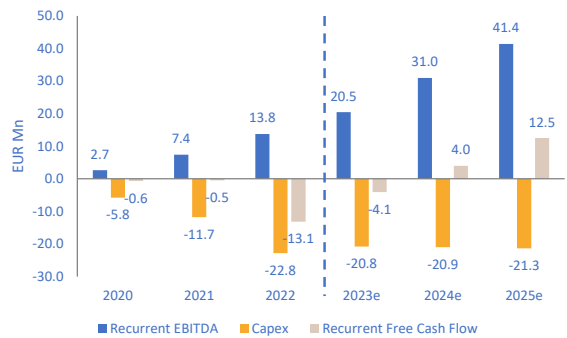
With a gross margin of 33.5% in 2025e (vs 29% in 2022) driven by growth in the more profitable business lines



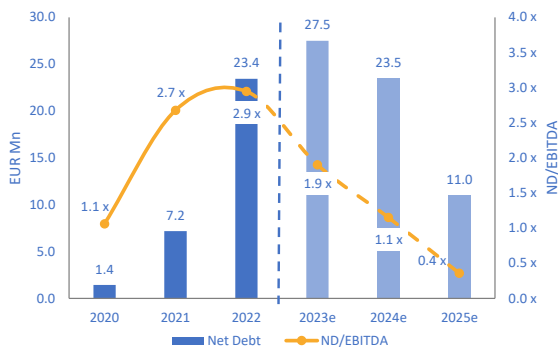
The larger weight of content in the revenue mix should drive EBITDA to EUR 41.4Mn (vs EUR 13.8Mn in 2022)...



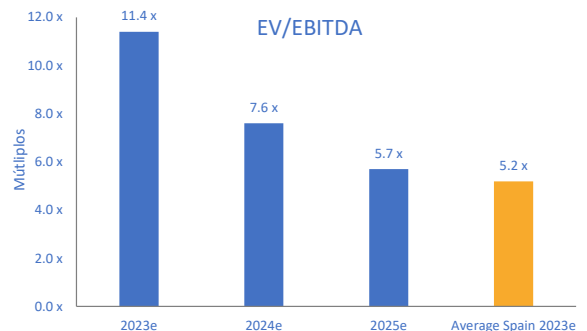
...leaving room for positive FCF (Rec. FCF 2025e: EUR 17Mn) despite high CAPEX (required to renew content),



Cash generation should keep debt under control (ND/EBITDA 2023e: 2x)



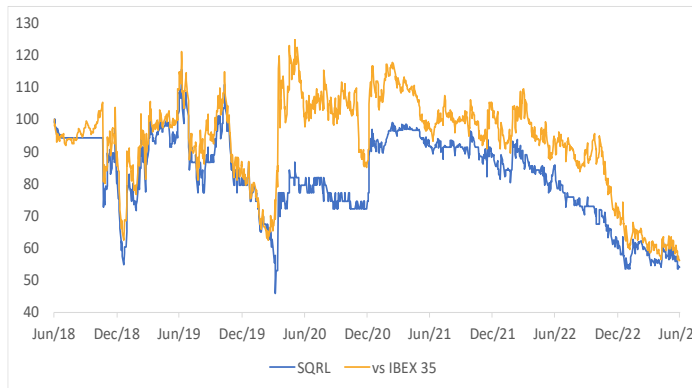
EV/EBITDA 2023e c. 11x vs c. 5x from its Spanish peers



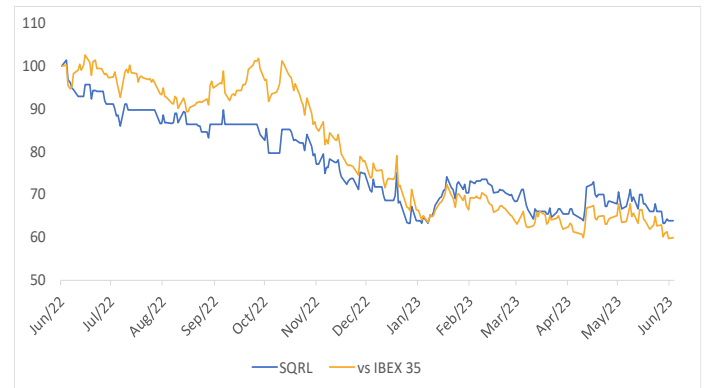


Evolution of the share price

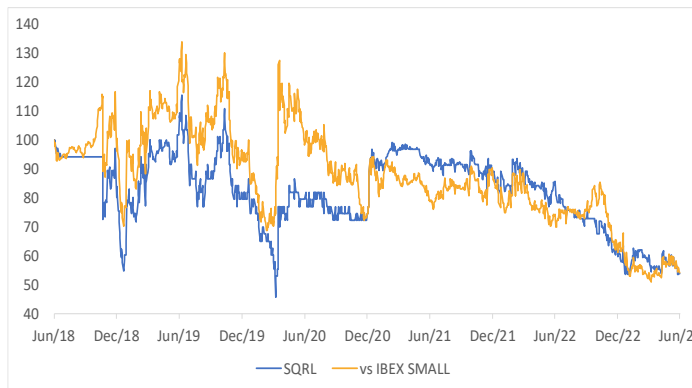
Historical behavior vs Ibex 35 (base 100)



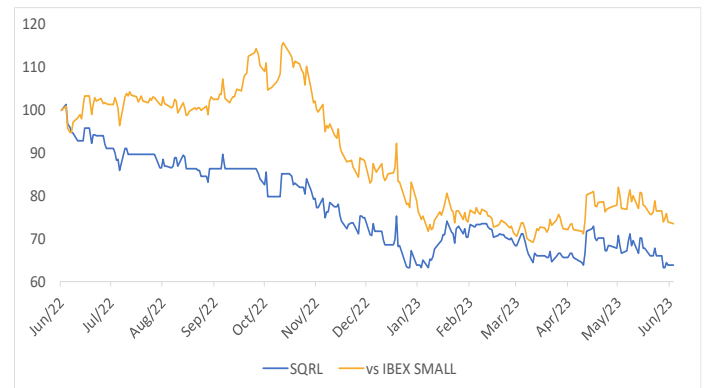
Behavior -1y vs Ibex 35 (base 100)



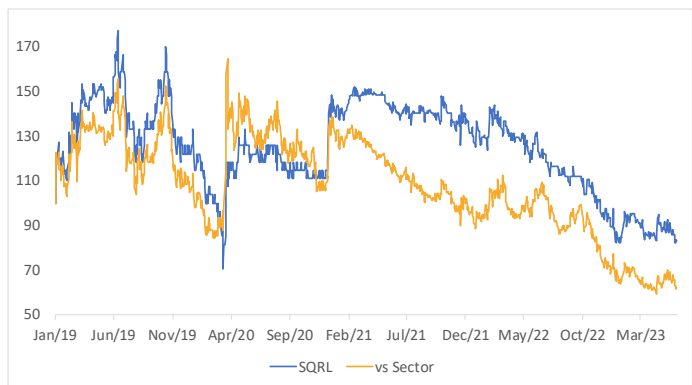
Historical behavior vs Ibex Small Cap (base 100)



Behavior -1y vs Ibex Small Cap (base 100)



Historical behavior vs Sector⁽¹⁾ (base 100)



Behavior -1y vs Sector⁽¹⁾ (base 100)



(1) Sector: Stoxx Europe 600 Media

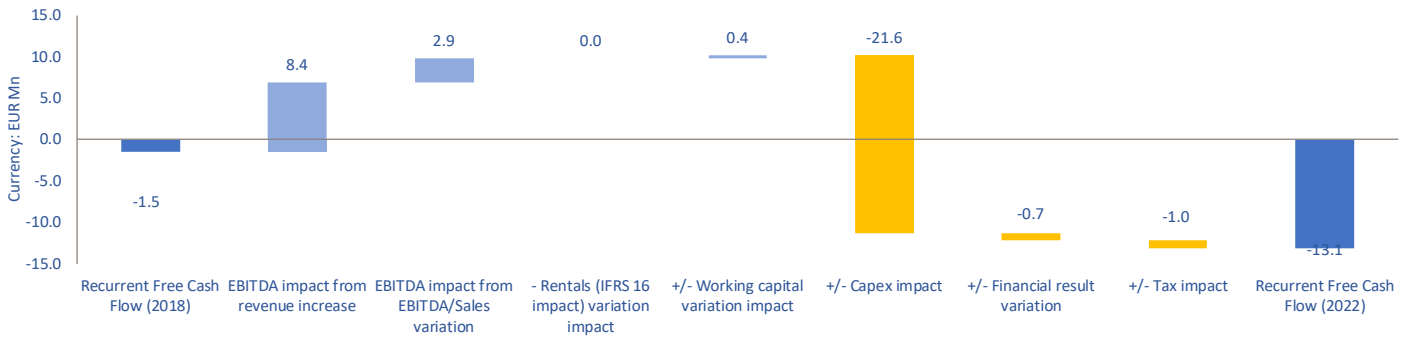
Stock performance (%)	-1m	-3m	-12m	YTD	-3Y	-5Y
Absolute	-4.3	-6.7	-36.2	-5.1	-32.1	-46.0
vs Market						
vs Ibex 35	-5.7	-4.9	-40.1	-15.9	-42.5	-43.7
vs Euro STOXX 50	-3.2	-6.6	-43.8	-16.1	-46.5	-56.5
vs Small Cap References						
vs Ibex Small Cap Index	-4.5	4.2	-26.4	-11.6	-44.9	-45.8
vs Micro Cap Spain Universe ⁽¹⁾	-4.4	-3.8	-30.5	-12.9	-51.9	-49.8
vs MSCI Europe Micro Cap	-2.7	-0.9	-27.1	-4.4	-42.4	-49.7
vs Sector						
vs Stoxx Europe 600 Media	-5.8	-3.2	-41.7	-11.7	-50.3	n.a.

(1) [Constituents on page 10](#)

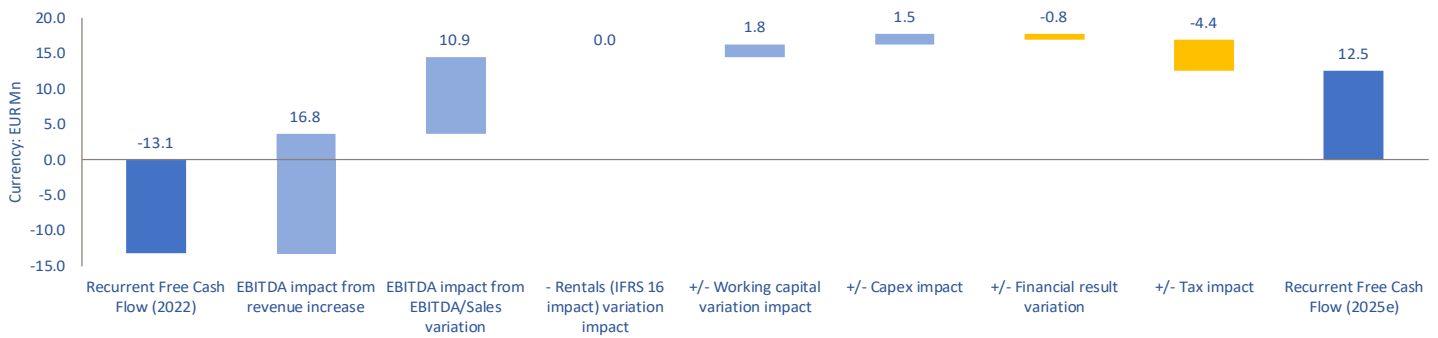


Free Cash Flow (II)

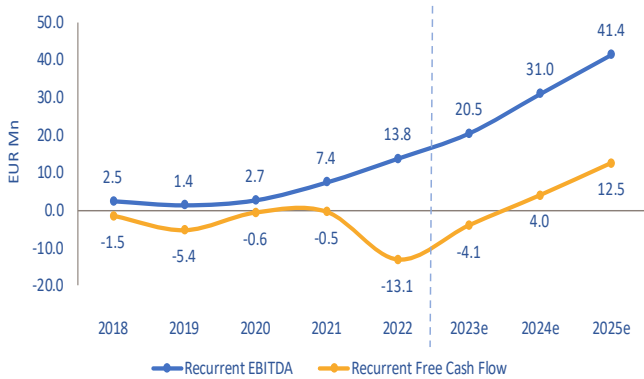
Recurrent Free Cash Flow accumulated variation analysis (2018 - 2022)



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



Recurrent EBITDA vs Recurrent Free Cash Flow



Stock performance vs EBITDA 12m forward





Valuation inputs

Inputs for the DCF Valuation Approach

	2023e	2024e	2025e	Terminal Value ⁽¹⁾		
Free Cash Flow "To the Firm"	(4.1)	5.3	13.8	n.a.		
Market Cap	199.4	At the date of this report				
Net financial debt	23.4	Debt net of Cash (12m Results 2022)				
					Best Case	Worst Case
Cost of Debt	5.0%	Net debt cost			4.8%	5.3%
Tax rate (T)	20.0%	T (Normalised tax rate)			=	=
Net debt cost	4.0%	Kd = Cost of Net Debt * (1-T)			3.8%	4.2%
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)	89.5%	E (Market Cap as equity value)			=	=
Net Debt / (Equity + Net Debt)	10.5%	D			=	=
WACC	9.3%	WACC = Kd * D + Ke * E			8.3%	10.4%
G "Fair"	2.0%				2.5%	2.0%

(1) The terminal value calculated beyond the last FCF estimate does not reflect the company's growth potential (positive/negative) at the date of publication of this report.

EV breakdown at the date of this report

	EUR Mn	Source
Market Cap	199.4	
+ Minority Interests	5.0	12m Results 2022
+ Provisions & Other L/T Liabilities	18.6	12m Results 2022
+ Net financial debt	23.4	12m Results 2022
- Financial Investments	12.0	12m Results 2022
+/- Others		
Enterprise Value (EV)	234.4	

Business Value Creation Metrics ⁽¹⁾

	2018	2019	2020	2021	2022
ROCE (evolution -5y)	21.4%	n.a.	6.8%	20.9%	10.4%
	2022	2025e			
ROCE - WACC	1.1%	12.5%			
FCF Yield - WACC	n.a.	-3.1%			

(2) FCF Yield to the Firm (see Free Cash Flow Analysis (I)). Detail of the WACC on this page.

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	23.9%	34.1	6.9x
Central	21.7%	31.0	7.6x
Min	19.5%	27.8	8.4x

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	13.2%	14.7%		16.2%	Max	Central
34.1	9.3	7.1	5.0	Max	4.6%	3.6%	2.5%
31.0	6.1	4.0	1.8	Central	3.1%	2.0%	0.9%
27.8	3.0	0.8	(1.3)	Min	1.5%	0.4%	n.a.

Main Corporate Governance indicators

KPI	2020	2021	2022
% of independent directors	57.1%	57.1%	66.7%
% of proprietary directors	42.9%	42.9%	33.3%
% of executive directors	0.0%	0.0%	0.0%
% of other directors	0.0%	0.0%	0.0%
% of women on the board of directors	28.6%	28.6%	33.3%
% of women out of total workforce	54.3%	56.8%	46.0%
Board remuneration/staff cost	6.0%	14.4%	11.7%



Main peers 2023e

		Advertising global players				Media sector in Spain						
EUR Mn		Omnicom	WPP	Publicis	Interpublic	Average	Mediaset	Atresmedia	Prisa	Vocento	Average	SQRL
Market data	Ticker (Factset)	OMC-US	WPP-GB	PUB-FR	IPG-US		TL5-ES	A3M-ES	PRS-ES	VOC-ES		SQRL-ES
	Country	USA	UK	France	USA		Spain	Spain	Spain	Spain		Spain
	Market cap	16,959.2	10,812.4	17,677.1	13,680.4		#N/D	807.5	391.5	80.0		199.4
	Enterprise value (EV)	20,736.4	16,847.8	19,141.3	16,385.3		#N/D	956.8	1,086.3	175.7		234.4
Basic financial information	Total Revenues	13,772.6	14,220.9	13,016.7	9,113.8		#N/D	941.1	912.0	357.8		109.5
	Total Revenues growth	3.2%	-14.9%	-8.3%	-10.7%	-7.7%	-1.3%	8.5%	9.8%	4.8%	5.5%	38.3%
	2y CAGR (2023e - 2025e)	3.5%	3.3%	3.4%	6.0%	4.0%	1.0%	0.2%	4.5%	0.9%	1.6%	23.6%
	EBITDA	2,285.8	2,556.4	2,876.9	1,698.4		#N/D	162.3	159.1	33.0		20.5
	EBITDA growth	1.3%	1.4%	-0.2%	3.5%	1.5%	-40.6%	81.8%	34.6%	9.5%	21.3%	41.4%
	2y CAGR (2023e - 2025e)	4.7%	4.3%	3.5%	4.7%	4.3%	-0.6%	-0.9%	12.4%	13.5%	6.1%	42.2%
	EBITDA/Revenues	16.6%	18.0%	22.1%	18.6%	18.8%	n.a.	17.2%	17.4%	9.2%	14.6%	18.7%
	EBIT	2,099.3	2,145.5	2,213.6	1,445.6		#N/D	143.8	87.8	13.0		12.5
	EBIT growth	2.4%	9.9%	7.4%	4.4%	6.0%	-1.8%	101.1%	86.2%	72.3%	64.4%	57.6%
	2y CAGR (2023e - 2025e)	4.8%	5.4%	4.9%	4.9%	5.0%	-0.6%	-0.9%	20.9%	37.3%	14.2%	53.9%
	EBIT/Revenues	15.2%	15.1%	17.0%	15.9%	15.8%	n.a.	15.3%	9.6%	3.6%	9.5%	11.4%
	Net Profit	1,398.3	1,295.2	1,467.7	1,035.9		#N/D	107.3	(2.6)	4.8		7.9
	Net Profit growth	13.8%	63.8%	20.1%	18.3%	29.0%	-11.9%	-5.0%	79.7%	27.5%	22.6%	123.5%
	2y CAGR (2023e - 2025e)	4.8%	6.7%	5.4%	4.7%	5.4%	-2.0%	-0.7%	n.a.	65.5%	20.9%	49.7%
	CAPEX/Sales %	0.7%	2.5%	1.9%	2.0%	1.8%	8.5%	3.4%	6.4%	3.3%	5.4%	19.0%
	Free Cash Flow	1,633.8	1,106.5	1,753.8	1,131.7		#N/D	102.1	6.7	8.0		(4.1)
Net financial debt	757.1	3,586.5	(503.2)	0.6		#N/D	20.7	814.7	20.5		27.5	
ND/EBITDA (x)	0.3	1.4	(0.2)	0.0	0.4	n.a.	0.1	5.1	0.6	2.0	1.3	
Pay-out	41.0%	39.9%	52.5%	43.8%	44.3%	n.a.	82.2%	0.0%	50.8%	44.3%	0.0%	
Multiples and Ratios	P/E (x)	12.5	8.6	11.0	13.2	11.3	5.7	7.6	n.a.	17.7	10.3	25.2
	P/BV (x)	5.1	2.2	1.8	3.8	3.2	0.7	1.2	n.a.	0.4	0.8	3.9
	EV/Revenues (x)	1.5	1.2	1.5	1.8	1.5	n.a.	1.0	1.2	0.5	0.9	2.1
	EV/EBITDA (x)	9.1	6.6	6.7	9.6	8.0	n.a.	5.9	6.8	5.3	6.0	11.4
	EV/EBIT (x)	9.9	7.9	8.6	11.3	9.4	n.a.	6.7	12.4	13.5	10.8	18.7
	ROE	41.0	25.4	15.9	28.6	27.7	12.9	15.8	n.a.	2.2	10.3	16.8
	FCF Yield (%)	9.6	10.2	9.9	8.3	9.5	n.a.	12.6	1.7	10.0	8.1	n.a.
	DPS	2.79	0.47	3.07	1.16	1.87	#N/D	0.39	0.00	0.02	n.a.	0.00
	Dvd Yield	3.3%	4.7%	4.4%	3.3%	3.9%	n.a.	10.9%	0.0%	3.0%	4.6%	0.0%

(1) Financial data, multiples and ratios based on market consensus (Factset). In the case of the company analyzed, own estimates (Lighthouse).

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

Historical performance

Historical performance (EUR Mn)	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023e	2024e	2025e	CAGR 12-22	22-25e
Total Revenues				3.0	4.0	3.9	6.4	10.8	32.6	70.0	79.1	109.5	143.0	167.1	n.a.	28.3%
Total Revenues growth				-50.2%	33.3%	-3.5%	66.2%	67.3%	203.0%	114.7%	13.0%	38.3%	30.6%	16.9%		
EBITDA				(1.8)	(0.3)	0.6	2.5	1.4	2.7	8.0	14.5	20.5	31.0	41.4	n.a.	41.9%
EBITDA growth				n.a.	82.8%	307.3%	292.9%	-44.8%	98.0%	197.2%	81.9%	41.4%	51.3%	33.7%		
EBITDA/Sales				n.a.	n.a.	16.1%	38.1%	12.6%	8.2%	11.4%	18.3%	18.7%	21.7%	24.8%		
Net Profit				(4.1)	(1.2)	27.9	1.8	(1.5)	1.4	5.6	3.5	7.9	12.5	17.7	n.a.	71.1%
Net Profit growth				65.3%	70.6%	n.a.	-93.5%	-182.6%	193.8%	298.0%	-36.3%	123.5%	57.7%	42.1%		
Adjusted number shares (Mn)				7.9	7.9	7.8	15.1	19.1	41.0	85.9	89.0	89.0	89.0	89.0		
EPS (EUR)				-0.53	-0.15	3.57	0.12	-0.08	0.03	0.06	0.04	0.09	0.14	0.20	n.a.	71.1%
EPS growth				65.3%	70.6%	n.a.	-96.6%	n.a.	n.a.	90.1%	-38.6%	n.a.	57.7%	42.1%		
Ord. EPS (EUR)				-0.53	-0.15	0.23	0.12	-0.06	0.03	0.06	0.03	0.09	0.14	0.20	n.a.	80.0%
Ord. EPS growth				65.3%	70.6%	n.a.	-48.6%	n.a.	n.a.	65.5%	-39.5%	n.a.	57.7%	42.1%		
CAPEX				(0.4)	(0.7)	(1.7)	(1.1)	(5.9)	(5.8)	(11.7)	(22.8)	(20.8)	(20.9)	(21.3)		
CAPEX/Sales %				13.5%	16.4%	43.1%	17.7%	54.8%	17.7%	16.8%	28.8%	19.0%	14.7%	12.8%		
Free Cash Flow				4.4	(1.6)	(9.2)	(1.5)	(5.4)	(0.6)	(2.8)	(25.3)	(4.1)	4.0	12.5	n.a.	35.6%
ND/EBITDA (x) ⁽²⁾				n.a.	n.a.	8.4x	1.6x	0.8x	0.5x	0.9x	1.6x	1.3x	0.8x	0.3x		
P/E (x)				n.a.	n.a.	n.a.	20.9x	n.a.	n.a.	57.2x	59.4x	25.2x	16.0x	11.3x		
EV/Sales (x)				11.57x	9.11x	5.29x	6.46x	5.52x	10.06x	4.55x	3.10x	2.14x	1.64x	1.40x		
EV/EBITDA (x) ⁽²⁾				n.a.	n.a.	32.8x	16.9x	43.9x	n.a.	40.0x	16.9x	11.4x	7.6x	5.7x		
Absolute performance				0.0%	0.0%	0.0%	32.5%	23.7%	24.8%	-4.4%	-36.2%	-5.1%				
Relative performance vs Ibx35				7.7%	2.1%	-6.9%	55.8%	10.6%	47.7%	-11.4%	-32.5%	-15.9%				

(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.

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

Substrate AI (SAI), is a small Spanish AI tech company based on reinforcement learning, with headquarters in Valencia. SAI develops and sells its own products and solutions under a SaaS model. Listed on BME Growth since May 2022.

MOMENTUM: WHAT DO WE EXPECT FROM 2023E?

Scope for double-digit growth (confirmed in 2022). SAI's 2022 results confirmed its ability to deliver very strong growth (+98% vs. 2021). In 2023e, we are looking for ongoing topline organic growth to EUR 5.0Mn (+56.4% vs. 2022).

With Rec. EBITDA well below break-even. We think the company will continue to invest in adapting its structure for higher revenue (as it did in 2H 2022, when opex was 1.9x that of 1H 2022). With a clearcut effect on margins: Rec. EBITDA 2023e: -3.3Mn vs. -3.4Mn in 2022.

And no current ability to generate cash. With margins below break-even we expect the company to generate negative cash flow in 2023e (EUR -4.5Mn), with net debt at EUR 3.4Mn.

EQUITY STORY HIGHLIGHTS: WHAT TO WATCH FOR?

Extremely strong sector dynamics. SAI operates in the artificial intelligence sector (reinforcement learning). Organisations have been adopting AI at an accelerating pace since the pandemic. And the sector has emerged as a crucial factor in the digital transformation thrust. In Europe, spending on AI systems is expected to grow at a CAGR of 33% in 2022-2026e to USD 80Bn.

With a scalable business. SAI has proprietary software solutions (under the SaaS model). Some solutions have already been developed and others are expected to be launched in the short/medium term. So once they have been developed, the company will not require significant additional CAPEX.

2023e-2025e: we are not forecasting positive Rec. EBITDA or cash generation. Investment and growth hinge on a sector for which strong and rapid development is expected. But SAI is also a "bet", as revenue from AI solutions is still in the minority (20% of 2022e revenue). 2023e-25e will be crucial years for gauging SAI ability to monetise its AI solutions business structure, achieve growth and deliver profitability. Tapping the opportunity there for the taking in the sector.

RISKS: WHAT TO KEEP AN EYE ON?

Potential high dilution. Given SAI's small size and start-up nature, it is financing its growth via equity (convertible bonds) under an agreement with Alpha Blue Ocean. Since February 2023, SAI has announced the conversion of bonds with a cash value of EUR 2.0Mn (issuing 7.7Mn new type A shares, which is 23% of the total).

Competition and commercial risk. The AI industry is highly fragmented, which for SAI could represent a commercial risk of loss of customers and/or the advent of new competitors with more attractive technology, possibly eroding its potential.

And no sign of cash generation. Positive Rec. EBITDA and FCF generation will depend largely on SAI's ability to leverage its structure to capture growth in AI solutions. Any setbacks would increase the need for additional (potentially dilutive) equity or debt financing.

VALUATION METRICS: WHAT DO THE MULTIPLES TELL US?

The relationship between multiples and growth is not there yet. YTD the share price has gained 6.3% and on our 2023e estimates the company is trading at an EV/revenue multiple of 2.5x (vs. c. 3x for its European comps), although with negative EBITDA during the period (vs EBITDA Mg. of c. 18% for its European peers).

Market Data

Market Cap (Mn EUR and USD)	10.5	11.3
EV (Mn EUR and USD)	12.7	13.6
Shares Outstanding (Mn)	34.7	
-12m (Max/Med/Mín EUR)	1.95 / 0.63 / 0.17	
Daily Avg volume (-12m Mn EUR)	0.17	
Rotation ⁽¹⁾	419.9	
Factset / Bloomberg	SAI-ES / SAI SM	
Close fiscal year	31-Dec	

Shareholders Structure (%)

D. Lorenzo Serratoso Gallardo	13.4
D. José Iván García Braulio	12.4
D. Francisco Javier Muñoz Sanfeliu	7.6
D. Fernando Villar del Prado	7.6
Free Float	51.6

Financials (Mn EUR)

	2022	2023e	2024e	2025e
Adj. nº shares (Mn)	22.0	31.3	34.7	34.7
Total Revenues	3.2	5.0	6.6	8.6
Rec. EBITDA	-3.4	-3.3	-2.8	-2.0
% growth	-204.2	2.9	13.4	29.9
% Rec. EBITDA/Rev.	n.a.	n.a.	n.a.	n.a.
% Inc. EBITDA sector ⁽²⁾	12.8	9.9	19.9	15.7
Net Profit	-16.0	-3.7	-3.9	-3.8
EPS (EUR)	-0.73	-0.12	-0.11	-0.11
% growth	-222.2	83.5	4.9	3.7
Ord. EPS (EUR)	-0.75	-0.12	-0.11	-0.11
% growth	-213.6	84.0	4.9	3.7
Rec. Free Cash Flow	-4.1	-4.5	-3.8	-3.3
Pay-out (%)	0.0	0.0	0.0	0.0
DPS (EUR)	0.00	0.00	0.00	0.00
Net financial debt	1.9	3.4	7.2	10.5
ND/Rec. EBITDA (x)	n.a.	n.a.	n.a.	n.a.
ROE (%)	n.a.	n.a.	n.a.	n.a.
ROCE (%)	n.a.	n.a.	n.a.	n.a.

Ratios & Multiples (x)

P/E	n.a.	n.a.	n.a.	n.a.
Ord. P/E	n.a.	n.a.	n.a.	n.a.
P/BV	0.6	0.6	0.8	1.2
Dividend Yield (%)	0.0	0.0	0.0	0.0
EV/Sales	3.93	2.52	1.93	1.48
EV/Rec. EBITDA	n.a.	n.a.	n.a.	n.a.
EV/EBIT	n.a.	n.a.	n.a.	n.a.
FCF Yield (%)	n.a.	n.a.	n.a.	n.a.

Historical behavior (base 100)



	(%)	-1m	-3m	-12m	-5Y
Absolute		-16.7	33.3	-80.5	n.a.

(1) Rotation is the % of the capitalisation traded - 12m.

(2) Sector: Stoxx Europe 600 Technology.



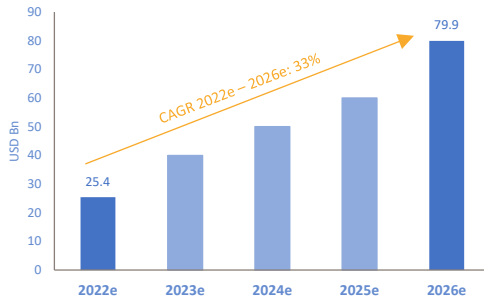
Financial Projections

Balance Sheet (EUR Mn)	2018	2019	2020	2021	2022	2023e	2024e	2025e		
Intangible assets				1.3	2.4	3.8	4.7	5.2		
Fixed assets				0.1	0.1	0.2	0.3	0.3		
Other Non Current Assets				0.3	0.9	0.9	0.9	0.9		
Financial Investments				1.4	0.3	0.3	0.3	0.3		
Goodwill & Other Intangibles				28.2	15.5	13.9	12.4	10.8		
Current assets				0.6	1.6	2.5	3.0	3.7		
Total assets				31.9	20.7	21.6	21.5	21.2		
Equity				26.7	17.5	16.7	12.8	9.0		
Minority Interests				(0.0)	0.1	0.1	0.1	0.1		
Provisions & Other L/T Liabilities				-	0.4	0.4	0.4	0.4		
Other Non Current Liabilities				-	-	-	-	-		
Net financial debt				5.0	1.9	3.4	7.2	10.5		
Current Liabilities				0.3	0.8	0.9	1.0	1.2		
Equity & Total Liabilities				31.9	20.7	21.6	21.5	21.2		
									CAGR	
P&L (EUR Mn)	2018	2019	2020	2021	2022	2023e	2024e	2025e	18-22	22-25e
Total Revenues				1.6	3.2	5.0	6.6	8.6	<i>n.a.</i>	38.5%
<i>Total Revenues growth</i>				<i>n.a.</i>	<i>98.0%</i>	<i>56.4%</i>	<i>30.6%</i>	<i>30.0%</i>		
COGS				(0.0)	(0.5)	(0.7)	(1.0)	(1.2)		
Gross Margin				1.6	2.7	4.3	5.6	7.3	<i>n.a.</i>	38.8%
<i>Gross Margin/Revenues</i>				<i>99.9%</i>	<i>84.9%</i>	<i>85.5%</i>	<i>85.5%</i>	<i>85.5%</i>		
Personnel Expenses				(1.4)	(3.2)	(4.2)	(4.7)	(5.2)		
Other Operating Expenses				(1.4)	(2.9)	(3.4)	(3.7)	(4.1)		
Recurrent EBITDA				(1.1)	(3.4)	(3.3)	(2.8)	(2.0)	<i>n.a.</i>	16.2%
<i>Recurrent EBITDA growth</i>				<i>n.a.</i>	<i>-204.2%</i>	<i>2.9%</i>	<i>13.4%</i>	<i>29.9%</i>		
<i>Rec. EBITDA/Revenues</i>				<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>		
Restructuring Expense & Other non-rec.				0.0	(0.1)	-	-	-		
EBITDA				(1.1)	(3.5)	(3.3)	(2.8)	(2.0)	<i>n.a.</i>	17.3%
Depreciation & Provisions				(1.3)	(2.6)	(2.4)	(2.9)	(3.4)		
Capitalized Expense				0.4	1.5	2.3	2.3	2.3		
Rentals (IFRS 16 impact)				-	-	-	-	-		
EBIT				(2.0)	(4.6)	(3.5)	(3.5)	(3.1)	<i>n.a.</i>	12.4%
<i>EBIT growth</i>				<i>n.a.</i>	<i>-131.9%</i>	<i>25.2%</i>	<i>-0.8%</i>	<i>10.9%</i>		
<i>EBIT/Revenues</i>				<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>		
Impact of Goodwill & Others				-	(11.6)	-	-	-		
Net Financial Result				0.1	(0.2)	(0.3)	(0.5)	(0.7)		
Income by the Equity Method				-	-	-	-	-		
Ordinary Profit				(1.9)	(16.5)	(3.7)	(3.9)	(3.8)	<i>n.a.</i>	38.7%
<i>Ordinary Profit Growth</i>				<i>n.a.</i>	<i>-773.5%</i>	<i>77.4%</i>	<i>-5.4%</i>	<i>3.7%</i>		
Extraordinary Results				-	-	-	-	-		
Profit Before Tax				(1.9)	(16.5)	(3.7)	(3.9)	(3.8)	<i>n.a.</i>	38.7%
Tax Expense				0.1	0.6	-	-	-		
<i>Effective Tax Rate</i>				<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>		
Minority Interests				0.0	(0.0)	-	-	-		
Discontinued Activities				-	-	-	-	-		
Net Profit				(1.8)	(16.0)	(3.7)	(3.9)	(3.8)	<i>n.a.</i>	38.0%
<i>Net Profit growth</i>				<i>n.a.</i>	<i>-797.3%</i>	<i>76.6%</i>	<i>-5.4%</i>	<i>3.7%</i>		
Ordinary Net Profit				(1.9)	(16.4)	(3.7)	(3.9)	(3.8)	<i>n.a.</i>	38.6%
<i>Ordinary Net Profit growth</i>				<i>n.a.</i>	<i>-773.6%</i>	<i>77.2%</i>	<i>-5.4%</i>	<i>3.7%</i>		
									CAGR	
Cash Flow (EUR Mn)	2018	2019	2020	2021	2022	2023e	2024e	2025e	18-22	22-25e
Recurrent EBITDA						(3.3)	(2.8)	(2.0)	<i>n.a.</i>	16.2%
Rentals (IFRS 16 impact)						-	-	-		
Working Capital Increase						(0.8)	(0.4)	(0.5)		
Recurrent Operating Cash Flow						-4.1	-3.2	-2.5	<i>n.a.</i>	12.6%
CAPEX						(0.2)	(0.1)	(0.1)		
Net Financial Result affecting the Cash Flow						(0.3)	(0.5)	(0.7)		
Tax Expense						-	-	-		
Recurrent Free Cash Flow						(4.5)	(3.8)	(3.3)	<i>n.a.</i>	6.7%
Restructuring Expense & Other non-rec.						-	-	-		
- Acquisitions / + Divestures of assets						-	-	-		
Extraordinary Inc./Exp. Affecting Cash Flow						-	-	-		
Free Cash Flow						(4.5)	(3.8)	(3.3)	<i>n.a.</i>	6.7%
Capital Increase						3.0	-	-		
Dividends						-	-	-		
Net Debt Variation						1.5	3.8	3.3		



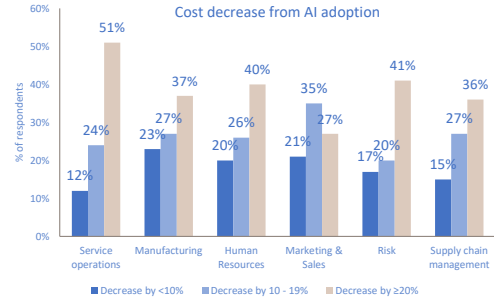
The company in 8 charts

Artificial Intelligence: an attractive market enjoying high growth (33% CAGR 2022e-2026e in Europe) ...



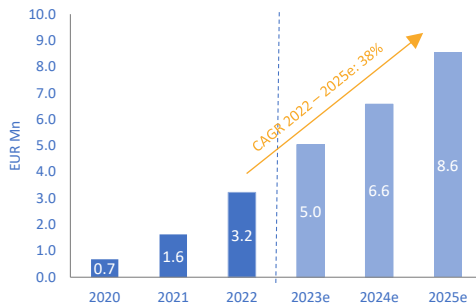
Source: IDC (International Data Corporation)

... increasingly having a greater impact on the companies' income statement at the EBIT level

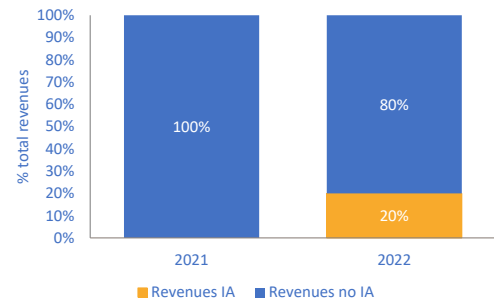


Source: McKinsey Technology Trends 2022

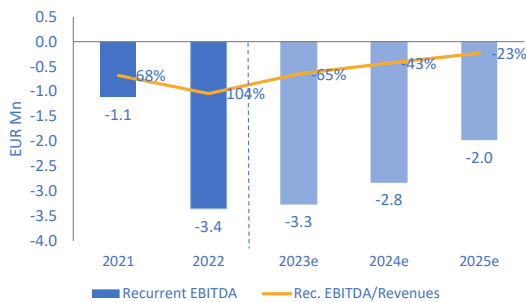
Substrate (SAI): With the potential for high double-digit revenue growth (38.0% CAGR 2022 - 2025e) ...



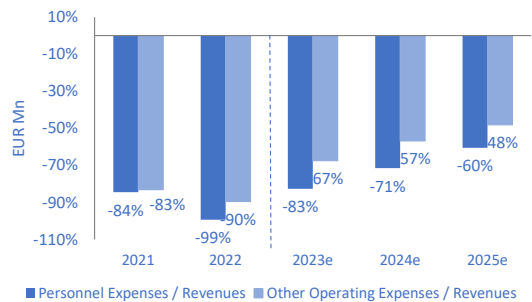
... and with sales in 2022 derived from artificial intelligence of around c.20%.



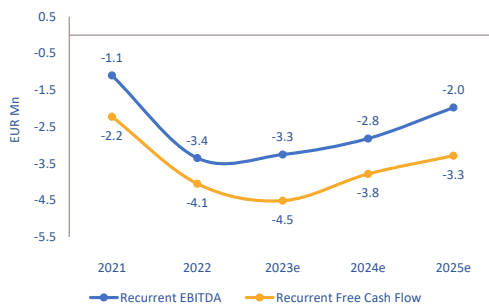
Although without reaching breakeven in Recurrent EBITDA until after 2025e



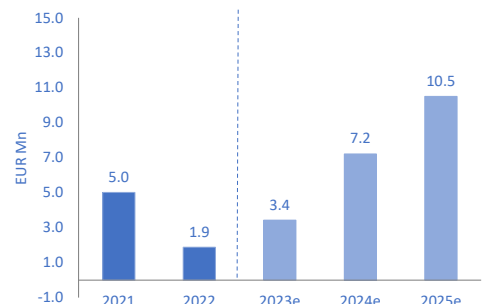
... due to oversized operating expenses for much higher revenue levels



And without the ability to generate positive recurrent FCF for the next years (2023e - 2025e) ...



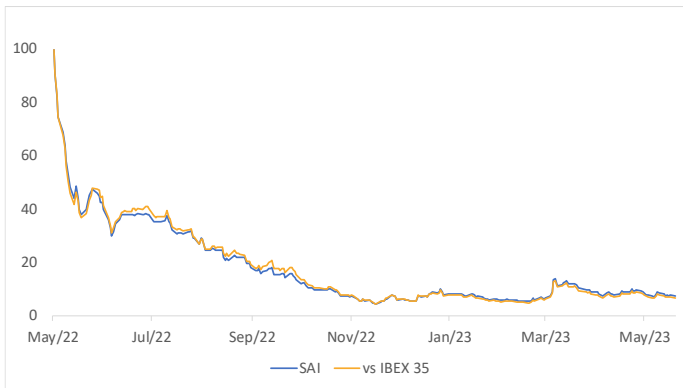
that will lead to a "theoretical" increase in net debt (EUR 10.5Mn 2025e). Although "secured" with convertible bonds



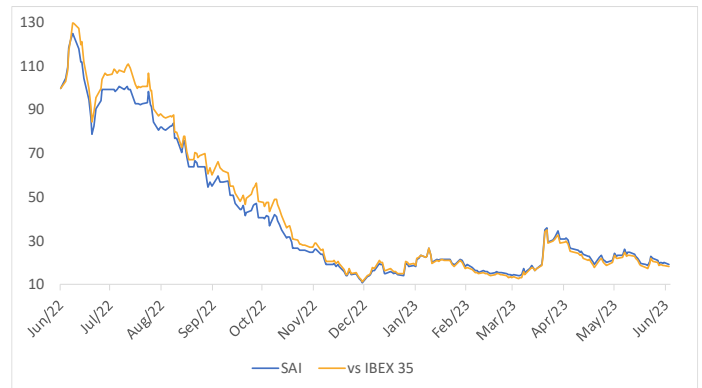


Evolution of the share price

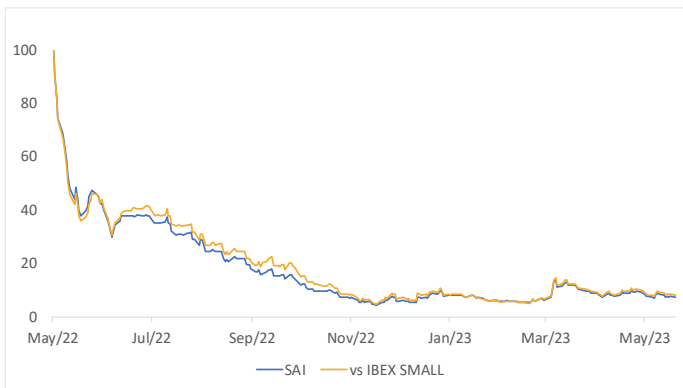
Historical behavior vs Ibex 35 (base 100)



Behavior -1y vs Ibex 35 (base 100)



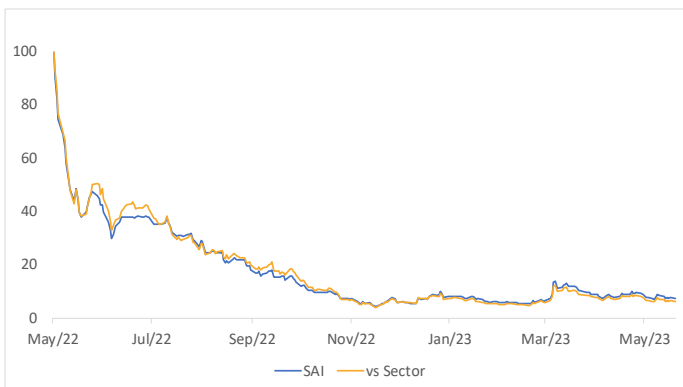
Historical behavior vs Ibex Small Cap (base 100)



Behavior -1y vs Ibex Small Cap (base 100)



Historical behavior vs Sector⁽¹⁾ (base 100)



Behavior -1y vs Sector⁽¹⁾ (base 100)



(1) Sector: Stoxx Europe 600 Technology

Stock performance (%)	-1m	-3m	-12m	YTD	-3Y	-5Y
Absolute	-16.7	33.3	-80.5	6.3	n.a.	n.a.
vs Market						
vs Ibex 35	-18.0	35.8	-81.7	-5.8	n.a.	n.a.
vs Euro STOXX 50	-15.8	33.4	-82.8	-6.1	n.a.	n.a.
vs Small Cap References						
vs Ibex Small Cap Index	-16.9	48.9	-77.5	-1.0	n.a.	n.a.
vs Micro Cap Spain Universe ⁽¹⁾	-16.8	37.4	-78.8	-2.4	n.a.	n.a.
vs MSCI Europe Micro Cap	-15.4	41.5	-77.7	7.1	n.a.	n.a.
vs Sector						
vs Stoxx Europe 600 Technology	-22.3	24.0	-83.8	-14.5	n.a.	n.a.

(1) [Constituents on page 10](#)



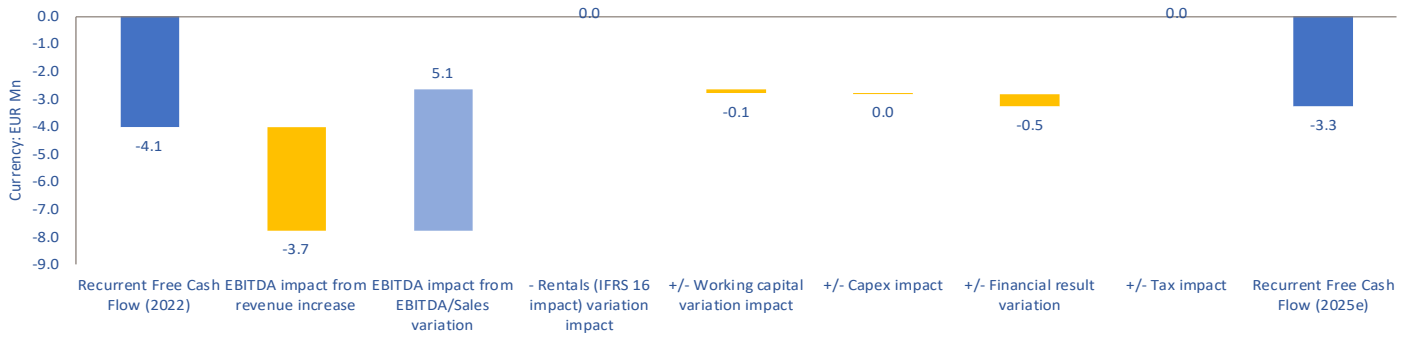
Free Cash Flow (I)

A) Cash Flow Analysis (EUR Mn)	2019	2020	2021	2022	2023e	2024e	2025e	CAGR	
								19-22	22-25e
Recurrent EBITDA				(3.4)	(3.3)	(2.8)	(2.0)	n.a.	16.2%
<i>Recurrent EBITDA growth</i>				-204.2%	2.9%	13.4%	29.9%		
<i>Rec. EBITDA/Revenues</i>				n.a.	n.a.	n.a.	n.a.		
- Rentals (IFRS 16 impact)				-	-	-	-		
+/- Working Capital increase				(0.4)	(0.8)	(0.4)	(0.5)		
= Recurrent Operating Cash Flow				(3.7)	(4.1)	(3.2)	(2.5)	n.a.	12.6%
<i>Rec. Operating Cash Flow growth</i>				-153.6%	-9.1%	20.9%	22.6%		
<i>Rec. Operating Cash Flow / Sales</i>				n.a.	n.a.	n.a.	n.a.		
- CAPEX				(0.1)	(0.2)	(0.1)	(0.1)		
- Net Financial Result affecting Cash Flow				(0.2)	(0.3)	(0.5)	(0.7)		
- Taxes				-	-	-	-		
= Recurrent Free Cash Flow				(4.1)	(4.5)	(3.8)	(3.3)	n.a.	6.7%
<i>Rec. Free Cash Flow growth</i>				-82.1%	-11.4%	16.1%	13.1%		
<i>Rec. Free Cash Flow / Revenues</i>				n.a.	n.a.	n.a.	n.a.		
- Restructuring expenses & others				-	-	-	-		
- Acquisitions / + Divestments				-	-	-	-		
+/- Extraordinary Inc./Exp. affecting Cash Flow				-	-	-	-		
= Free Cash Flow				(4.1)	(4.5)	(3.8)	(3.3)	n.a.	6.7%
<i>Free Cash Flow growth</i>				-71.2%	-11.4%	16.1%	13.1%		
<i>Recurrent Free Cash Flow - Yield (s/Mkt Cap)</i>				n.a.	n.a.	n.a.	n.a.		
<i>Free Cash Flow Yield (s/Mkt Cap)</i>				n.a.	n.a.	n.a.	n.a.		
B) Analytical Review of Annual Recurrent Free Cash Flow Performance (Eur Mn)									
	2019	2020	2021	2022	2023e	2024e	2025e	CAGR	
Recurrent FCF(FY - 1)				(2.2)	(4.1)	(4.5)	(3.8)		
EBITDA impact from revenue increase				(1.1)	(1.9)	(1.0)	(0.8)		
EBITDA impact from EBITDA/Sales variation				(1.2)	2.0	1.4	1.7		
= Recurrent EBITDA variation				(2.3)	0.1	0.4	0.8		
- Rentals (IFRS 16 impact) variation impact				-	-	-	-		
+/- Working capital variation impact				(0.0)	(0.4)	0.4	(0.1)		
= Recurrent Operating Cash Flow variation				(2.3)	(0.3)	0.9	0.7		
+/- CAPEX impact				0.7	(0.1)	0.1	-		
+/- Financial result variation				(0.2)	(0.0)	(0.2)	(0.2)		
+/- Tax impact				-	-	-	-		
= Recurrent Free Cash Flow variation				(1.8)	(0.5)	0.7	0.5		
Recurrent Free Cash Flow				(4.1)	(4.5)	(3.8)	(3.3)		
C) "FCF to the Firm" (pre debt service) (EUR Mn)									
	2019	2020	2021	2022	2023e	2024e	2025e	CAGR	
EBIT				(4.6)	(3.5)	(3.5)	(3.1)	n.a.	12.4%
* <i>Theoretical Tax rate</i>				0.0%	0.0%	0.0%	0.0%		
= Taxes (pre- Net Financial Result)				-	-	-	-		
Recurrent EBITDA				(3.4)	(3.3)	(2.8)	(2.0)	n.a.	16.2%
- Rentals (IFRS 16 impact)				-	-	-	-		
+/- Working Capital increase				(0.4)	(0.8)	(0.4)	(0.5)		
= Recurrent Operating Cash Flow				(3.7)	(4.1)	(3.2)	(2.5)	n.a.	12.6%
- CAPEX				(0.1)	(0.2)	(0.1)	(0.1)		
- Taxes (pre- Financial Result)				-	-	-	-		
= Recurrent Free Cash Flow (To the Firm)				(3.8)	(4.2)	(3.3)	(2.6)	n.a.	12.1%
<i>Rec. Free Cash Flow (To the Firm) growth</i>				-72.6%	-10.8%	21.4%	21.9%		
<i>Rec. Free Cash Flow (To the Firm) / Revenues</i>				n.a.	n.a.	n.a.	n.a.		
- Acquisitions / + Divestments				-	-	-	-		
+/- Extraordinary Inc./Exp. affecting Cash Flow				-	-	-	-		
= Free Cash Flow "To the Firm"				(3.8)	(4.2)	(3.3)	(2.6)	n.a.	12.1%
<i>Free Cash Flow (To the Firm) growth</i>				-62.2%	-10.8%	21.4%	21.9%		
<i>Rec. Free Cash Flow To the Firm Yield (o/EV)</i>				n.a.	n.a.	n.a.	n.a.		
<i>Free Cash Flow "To the Firm" - Yield (o/EV)</i>				n.a.	n.a.	n.a.	n.a.		

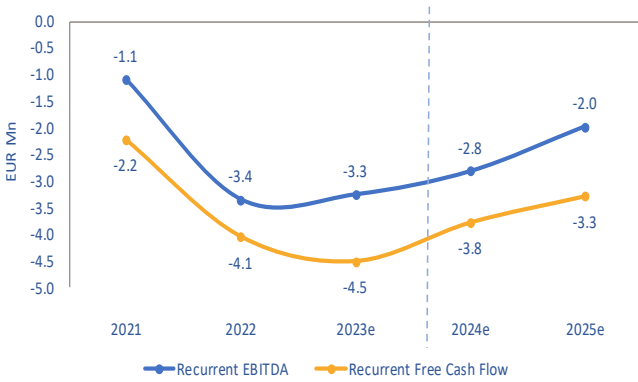


Free Cash Flow (II)

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



Recurrent EBITDA vs Recurrent Free Cash Flow





Valuation inputs

Inputs for the DCF Valuation Approach

	2023e	2024e	2025e	Terminal Value ⁽¹⁾		
Free Cash Flow "To the Firm"	(4.2)	(3.3)	(2.6)	n.a.		
Market Cap	10.5	At the date of this report				
Net financial debt	1.9	Debt net of Cash ()				
					Best Case	Worst Case
Cost of Debt	6.6%	Net debt cost			6.4%	6.9%
Tax rate (T)	20.0%	T (Normalised tax rate)			=	=
Net debt cost	5.3%	Kd = Cost of Net Debt * (1-T)			5.1%	5.5%
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)	1.5	B (own estimate)			1.4	1.6
Cost of Equity	12.4%	Ke = Rf + (R * B)			11.1%	13.8%
Equity / (Equity + Net Debt)	84.8%	E (Market Cap as equity value)			=	=
Net Debt / (Equity + Net Debt)	15.2%	D			=	=
WACC	11.3%	WACC = Kd * D + Ke * E			10.2%	12.5%
G "Fair"					2.0%	1.5%

(1) The terminal value calculated beyond the last FCF estimate does not reflect the company's growth potential (positive/negative) at the date of publication of this report.

EV breakdown at the date of this report

	EUR Mn	Source
Market Cap	10.5	
+ Minority Interests	0.1	12m22 Results
+ Provisions & Other L/T Liabilities	0.4	12m22 Results
+ Net financial debt	1.9	12m22 Results
- Financial Investments	0.3	12m22 Results
+/- Others		
Enterprise Value (EV)	12.7	

Business Value Creation Metrics ⁽¹⁾

	2018	2019	2020	2021	2022
ROCE (evolution -5y)	n.a.	n.a.	n.a.	n.a.	n.a.
	2022	2025e			
ROCE - WACC	n.a.	n.a.			
FCF Yield - WACC	n.a.	n.a.			

(1) FCF Yield to the Firm (see Free Cash Flow Analysis (I)). Detail of the WACC on this page.

Main Corporate Governance indicators

KPI	2020	2021	2022
% of independent board members	n.a.	n.a.	60%
% of proprietary board members	n.a.	n.a.	0%
% of executive board members	n.a.	n.a.	40%
% of women on the board of directors	n.a.	n.a.	0%
% of women out of total workforce	n.a.	n.a.	70%
Board remuneration/staff costs (%)	n.a.	n.a.	36%



Main peers 2023e

		Europe					United States				
EUR Mn		Sidetrade SA	Median Technologies	Linedata Services	Lectra	Artificial Solutions	Average	C3.ai	Palantir Technologies	Average	SAI
Market data	Ticker (Factset)	ALBFR-FR	ALMDT-FR	LIN-FR	LSS-FR	ASAI-SE		AI-US	PLTR-US		SAI-ES
	Country	France	France	France	France	Sweden		USA	USA		Spain
	Market cap	206.9	88.1	248.0	1,060.0	11.3		4,008.5	30,635.8		10.5
	Enterprise value (EV)	186.3	84.7	352.2	1,091.3	24.7		3,386.6	28,224.7		12.7
Basic financial information	Total Revenues	42.8	28.7	174.2	502.9	5.6		288.6	2,064.0		5.0
	Total Revenues growth	16.5%	21.1%	0.9%	-3.7%	42.3%	15.4%	15.6%	15.8%	15.7%	56.4%
	2y CAGR (2023e - 2025e)	15.4%	41.3%	n.a.	8.4%	59.6%	31.2%	28.2%	18.3%	23.3%	30.3%
	EBITDA	4.6	(18.2)	49.2	84.5	(5.9)		(49.5)	499.9		(3.3)
	EBITDA growth	184.2%	19.1%	-3.7%	-7.4%	n.a.	48.1%	80.9%	643.3%	362.1%	6.8%
	2y CAGR (2023e - 2025e)	-1.4%	17.2%	n.a.	18.0%	48.0%	20.4%	n.a.	28.2%	28.2%	22.1%
	EBITDA/Revenues	10.8%	n.a.	28.2%	16.8%	n.a.	18.6%	n.a.	24.2%	24.2%	n.a.
	EBIT	4.4	(19.0)	32.4	59.1	(7.2)		(59.7)	491.5		(3.5)
	EBIT growth	440.4%	18.5%	-7.7%	-3.8%	n.a.	111.8%	78.0%	425.9%	252.0%	25.2%
	2y CAGR (2023e - 2025e)	25.7%	14.6%	n.a.	25.4%	78.3%	36.0%	56.9%	26.7%	41.8%	5.2%
	EBIT/Revenues	10.2%	n.a.	18.6%	11.8%	n.a.	13.5%	n.a.	23.8%	23.8%	n.a.
	Net Profit	4.0	(20.6)	21.9	33.3	(5.7)		(223.2)	435.6		(3.7)
	Net Profit growth	17.5%	-1.7%	-17.4%	-25.0%	n.a.	-6.7%	11.2%	224.6%	117.9%	76.6%
	2y CAGR (2023e - 2025e)	22.0%	12.2%	n.a.	41.3%	46.2%	30.4%	62.3%	28.2%	45.2%	-0.8%
	CAPEX/Sales %	2.4%	3.1%	8.0%	1.7%	0.0%	3.0%	8.5%	1.5%	5.0%	3.0%
	Free Cash Flow	4.5	(18.6)	24.6	60.0	(4.6)		(77.9)	396.2		(4.5)
Net financial debt	(13.4)	18.0	75.4	(10.1)	19.9		(633.4)	(2,495.0)		3.4	
ND/EBITDA (x)	n.a.	n.a.	1.5	n.a.	n.a.	1.5	n.a.	n.a.	n.a.	n.a.	
Pay-out	0.0%	0.0%	42.3%	56.5%	n.a.	24.7%	0.0%	0.0%	0.0%	0.0%	
Multiples and Ratios	P/E (x)	51.2	n.a.	12.3	24.8	n.a.	29.4	n.a.	73.0	73.0	n.a.
	P/BV (x)	6.6	n.a.	1.8	2.3	n.a.	3.6	5.1	10.9	8.0	0.6
	EV/Revenues (x)	4.4	3.0	2.0	2.2	4.4	3.2	11.7	13.7	12.7	2.5
	EV/EBITDA (x)	40.2	n.a.	7.2	12.9	n.a.	20.1	n.a.	n.a.	n.a.	n.a.
	EV/EBIT (x)	42.7	n.a.	10.9	18.5	n.a.	24.0	n.a.	n.a.	n.a.	n.a.
	ROE	12.9	n.a.	14.8	9.3	n.a.	12.3	n.a.	14.9	14.9	n.a.
	FCF Yield (%)	2.2	n.a.	9.9	5.7	n.a.	5.9	n.a.	1.3	1.3	n.a.
	DPS	0.00	0.00	1.50	0.50	0.00	0.40	0.00	0.00	0.00	0.00
Dvd Yield	0.0%	0.0%	3.0%	1.8%	0.0%	1.0%	0.0%	0.0%	0.0%	0.0%	

- (1) Financial data, multiples and ratios based on market consensus (Factset). In the case of the company analyzed, own estimates (Lighthouse).
(2) All ratios and multiples on EBITDA refer to total EBITDA (not to recurrent EBITDA).

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Summary tables for the Lighthouse Research Universe
(Performance, EBITDA and FCF generation, ratios, multiples)



Market capitalization, free float, liquidity and share price performance

Company	Ticker	Sector	Market Cap. (Mn EUR)	Free Float	Free Cap. (Mn EUR)	Volume 12m (Mn EUR)"	Rotation ⁽¹⁾ (%)	Prices -12m (EUR)			Last price vs average -12m
								Min.	Med.	Max.	
Adolfo Domínguez	ADZ-ES	Textiles, Apparel & Luxury Goods	51.9	22.6	11.8	4.31	8.3	3.79	4.71	6.86	18.8%
Agile Content	AGIL-ES	Software	88.7	54.5	48.4	10.59	11.9	3.23	4.33	5.68	-11.4%
Alquiler	ALQ-ES	Transportation - Road & Rail	47.4	27.6	13.1	3.84	8.1	5.80	7.42	8.60	13.9%
Amper	AMP-ES	Communications Equipment	114.4	87.0	99.5	60.99	53.3	0.09	0.17	0.25	-38.3%
Audax Renovables	ADX-ES	Electric Utilities	538.0	27.9	150.0	156.09	29.0	0.70	1.06	1.40	15.1%
Borges - BAIN	BAIN-ES	Food Products	68.5	10.7	7.3	0.51	0.7	2.52	2.90	4.16	1.9%
Cevasa	CEV-ES	Management & Development	157.0	5.0	7.8	0.68	0.4	6.00	7.01	7.45	-3.7%
Cuatroochenta	480S-ES	Software	24.0	40.5	9.7	2.12	8.8	8.65	11.57	16.60	-23.9%
Desa	DESA-ES	Machinery	25.9	24.9	6.5	0.04	0.2	12.10	14.08	14.62	3.0%
Ecolumber	ECO-ES	Food Products	32.4	32.9	10.7	0.22	0.7	1.00	1.01	1.05	-1.5%
Endurance Motive	END-ES	Electrical Equipment	17.0	37.8	6.4	6.01	35.4	1.62	2.36	3.80	-21.7%
Enerside	ENRS-ES	Independent Power Producers (IPP)	185.1	28.3	52.4	22.43	12.1	4.03	5.47	6.80	-9.3%
Ercros	ECR-ES	Chemicals	325.5	80.9	263.3	147.04	45.2	2.68	3.52	4.80	-4.3%
Facephi	FACE-ES	Software	43.8	64.6	28.3	16.05	36.7	2.00	2.57	3.49	-5.3%
GAM	GAM-ES	Trading Companies & Distributors	136.2	21.5	29.3	5.22	3.8	1.03	1.24	1.51	16.1%
IFFE Futura	IFF-ES	Food Products	40.8	70.8	28.9	6.59	16.2	0.49	0.78	1.20	38.3%
Inmobiliaria del Sur	ISUR-ES	Management & Development	130.7	35.6	46.5	13.05	10.0	6.91	7.49	8.10	-6.6%
Innovative Solutions Ecosystem	ISE-ES	IT Services	32.5	23.8	7.7	0.74	2.3	0.51	0.57	0.65	-0.9%
Kompuestos	KOM-ES	Chemicals	10.0	36.2	3.6	1.66	16.7	0.75	1.19	1.87	-31.0%
Libertas 7	LIB-ES	Management & Development	21.0	16.2	3.4	0.51	2.4	0.84	0.97	1.38	-1.2%
Lingotes Especiales	LGT-ES	Auto Components	80.8	34.0	27.4	7.14	8.8	5.12	7.33	9.78	10.2%
LLYC	LLYC-ES	Media	125.7	10.7	13.5	2.18	1.7	9.20	10.49	11.80	3.0%
Mondo Tv Studios	MONI-ES	Media	6.0	16.4	1.0	0.91	15.2	0.21	0.30	0.41	0.4%
Naturhouse Health	NTH-ES	Personal Products	107.1	22.3	23.8	6.74	6.3	1.51	1.70	2.06	4.9%
Netex	NTX-ES	Software	24.8	32.3	8.0	1.35	5.5	2.36	2.94	3.52	-4.7%
Nicolás Correa	NEA-ES	Machinery	70.2	58.2	40.9	6.93	9.9	3.97	5.00	5.86	13.9%
Pangaea Oncology	PANG-ES	Biotechnology	64.0	12.4	7.9	6.65	10.4	1.31	1.63	2.10	28.8%
Seresco	SCO-ES	Software	33.0	12.6	4.2	0.82	2.5	3.04	3.65	4.30	-5.7%
Squirrel Media	SQRL-ES	Media	199.4	7.4	14.8	4.57	2.3	2.22	2.70	3.56	-17.1%
Substrate Artificial Intelligence	SAI-ES	Software	10.5	51.6	5.4	44.25	419.9	0.17	0.63	1.95	-52.1%

(1) Rotation is the % of the capitalisation traded - 12m.

(2) Performance for Innovative Solutions Ecosystem, which was suspended from trading on 25 November 2022, was calculated taking the latest price (EUR 0.56/share).

The five largest underperformers over the last 12 months relative to their average price are shaded.



Absolute and relative performance (vs IBEX 35)

Company	Absolute Performance (%)					Performance vs IBEX 35 (%)				
	-1M	-3M	-12M	-3Y	YTD	-1M	-3M	-12M	-3Y	YTD
Adolfo Domínguez	0.0	-18.4	44.0	19.7	39.0	-1.5	-16.8	35.2	1.4	23.1
Agile Content	-2.0	-16.9	-31.9	3.2	-11.9	-3.5	-15.3	-36.1	-12.5	-22.0
Alquiler	9.0	15.8	38.5	60.8	12.7	7.4	17.9	30.1	36.3	-0.2
Amper	-26.8	-37.8	-58.2	-40.0	-30.8	-27.9	-36.7	-60.8	-49.1	-38.7
Audax Renovables	11.5	-10.4	-1.8	-36.7	63.0	9.8	-8.7	-7.8	-46.4	44.4
Borges - BAIN	8.0	-6.9	9.6	7.2	8.0	6.4	-5.2	3.0	-9.1	-4.3
Cevasa	0.0	-3.6	-4.1	-0.7	-1.5	-1.5	-1.8	-9.9	-15.9	-12.7
Cuatroochenta	-5.4	-17.0	-44.5	n.a.	-6.4	-6.8	-15.4	-47.9	n.a.	-17.1
Desa	9.8	9.8	-0.4	95.2	1.0	8.2	11.9	-6.5	65.5	-10.5
Ecolumber	0.0	0.0	-4.8	-4.8	0.0	-1.5	1.9	-10.5	-19.3	-11.4
Endurance Motive	-14.7	-7.5	-48.0	n.a.	-11.5	-16.0	-5.8	-51.2	n.a.	-21.6
Enerside	-5.0	-4.2	-20.0	n.a.	20.7	-6.4	-2.4	-24.9	n.a.	6.9
Ercros	-6.8	-19.4	-1.2	64.5	4.0	-8.2	-17.9	-7.2	39.4	-7.9
Facephi	-18.5	-9.3	-20.1	-52.5	-2.8	-19.7	-7.6	-24.9	-59.8	-13.9
GAM	0.7	16.1	12.9	23.6	35.2	-0.8	18.3	6.1	4.8	19.8
IFFE Futura	-1.8	-10.0	89.5	-41.6	74.2	-3.3	-8.3	78.0	-50.5	54.3
Inmobiliaria del Sur	-1.4	-6.7	-10.8	19.6	-0.2	-2.9	-4.9	-16.2	1.3	-11.6
Innovative Solutions Ecosystem	0.0	0.0	-12.7	41.0	0.0	-1.5	1.9	-18.0	19.5	-11.4
Kompuestos	2.5	-25.5	-56.1	-67.2	-5.7	0.9	-24.0	-58.8	-72.2	-16.5
Libertas 7	8.1	8.8	-29.4	-28.3	7.0	6.5	10.8	-33.7	-39.2	-5.2
Lingotes Especiales	12.5	-3.1	-18.5	-21.8	49.6	10.8	-1.3	-23.5	-33.7	32.6
LLYC	-3.6	-3.1	-5.7	n.a.	8.0	-5.0	-1.3	-11.4	n.a.	-4.3
Mondo Tv Studios	7.2	-15.8	-25.5	69.3	1.4	5.6	-14.2	-30.0	43.5	-10.2
Naturhouse Health	4.7	-6.8	4.7	19.2	13.3	3.1	-5.0	-1.6	1.0	0.4
Netex	1.4	-4.1	-10.5	47.4	-14.9	-0.1	-2.3	-16.0	24.9	-24.6
Nicolás Correa	2.7	4.4	11.1	41.3	24.0	1.1	6.4	4.4	19.7	9.8
Pangaea Oncology	16.7	24.3	23.9	42.1	28.0	14.9	26.6	16.4	20.4	13.4
Seresco	-5.0	-7.0	n.a.	n.a.	-14.0	-6.4	-5.3	n.a.	n.a.	-23.8
Squirrel Media	-4.3	-6.7	-36.2	-32.1	-5.1	-5.7	-4.9	-40.1	-42.5	-15.9
Substrate Artificial Intelligence	-16.7	33.3	-80.5	n.a.	6.3	-18.0	35.8	-81.7	n.a.	-5.8

Performance for Innovative Solutions Ecosystem, which was suspended from trading on 25 November 2022, was calculated taking the latest price (EUR 0.56/share).

➤ **The five worst absolute performers over the last 12 months are shaded.**



Net Profit, EPS y PER

Company	Ord. Net Profit / Revenues 2022	Ord. Net Profit / EBITDA 2022	Ord. P/E 2022	Ord. EPS 23e/22	Ord. EPS CAGR 25e/22	Ord. P/E 2023e	Ord. EPS 24e/23e
Adolfo Domínguez	n.a.	n.a.	n.a.	n.a.	72.7%	44.5	n.a.
Agile Content	n.a.	n.a.	n.a.	38.2%	32.8%	n.a.	15.1%
Alquiber	8.8%	15.7%	5.4	5.9%	14.9%	5.1	9.7%
Amper	n.a.	n.a.	n.a.	n.a.	n.a.	48.8	n.a.
Audax Renovables	0.1%	5.2%	n.a.	n.a.	n.a.	29.1	79.2%
Borges - BAIN	n.a.	n.a.	n.a.	42.5%	0.0%	n.a.	59.7%
Cevasa	40.5%	47.2%	18.9	4.1%	5.3%	18.1	6.2%
Cuatroochenta	n.a.	n.a.	n.a.	n.a.	n.a.	32.4	n.a.
Desa	7.1%	68.6%	7.2	-38.1%	-4.8%	11.7	19.4%
Ecolumber	n.a.	n.a.	n.a.	44.9%	26.2%	n.a.	53.0%
Endurance Motive	n.a.	n.a.	n.a.	47.6%	31.0%	n.a.	67.9%
Enerside	n.a.	78.1%	n.a.	-17.1%	34.2%	n.a.	28.8%
Ercros	8.3%	71.3%	3.7	-51.8%	-17.1%	7.6	10.2%
Facephi	7.8%	n.a.	21.1	-20.6%	32.4%	26.5	69.9%
GAM	3.1%	13.7%	19.8	95.7%	55.6%	10.1	40.3%
IFFE Futura	n.a.	n.a.	n.a.	n.a.	46.1%	n.a.	52.2%
Inmobiliaria del Sur	7.2%	40.9%	15.3	13.9%	45.8%	13.4	53.4%
Kompuestos	n.a.	n.a.	n.a.	n.a.	43.9%	55.0	n.a.
Libertas 7	13.0%	79.8%	13.5	-40.3%	20.9%	22.7	12.0%
Lingotes Especiales	2.2%	28.3%	32.3	79.2%	44.4%	18.0	51.2%
LLYC	8.4%	52.1%	16.7	29.2%	17.7%	13.0	12.0%
Mondo Tv Studios	2.3%	n.a.	53.5	n.a.	n.a.	23.4	n.a.
Naturhouse Health	19.1%	66.3%	10.7	-10.4%	-1.9%	11.9	1.0%
Netex	n.a.	n.a.	n.a.	n.a.	n.a.	37.9	n.a.
Nicolás Correa	9.3%	84.2%	7.6	-3.5%	6.4%	7.9	11.1%
Pangaea Oncology	n.a.	69.8%	n.a.	67.2%	33.1%	n.a.	n.a.
Seresco	5.3%	52.4%	18.2	66.8%	41.7%	10.9	41.0%
Squirrel Media	3.8%	21.0%	65.7	n.a.	80.0%	25.2	57.7%
Substrate Artificial Intelligence	n.a.	n.a.	n.a.	84.0%	47.2%	n.a.	4.9%

➤ The five companies with the lowest 2023 P/E ratios (with positive EPS growth in 24e/23e) are shaded.



EBITDA y EV/EBITDA

EBITDA growth analytics

Company	Revenue				Rec. EBITDA 23e/22	CAGR 25e/22 Rec. EBITDA	EV/Rec. EBITDA 23e	EBITDA Rec. 24e/23e
	EV/Rec. EBITDA 2022	growth 23e/22	23e vs 22 Var. EBITDA Mg.	23e vs 22 (p.p.) Var. EBITDA Mg.				
Adolfo Domínguez	8.1	5.7%	20.0%	1.9	26.9%	17.3%	6.4	19.0%
Agile Content	31.6	8.9%	27.1%	0.9	38.4%	34.7%	22.9	31.3%
Alquiber	3.7	17.7%	-0.6%	-0.3	17.0%	15.2%	3.2	14.7%
Amper	30.9	9.0%	57.2%	1.2	71.4%	71.2%	18.0	80.4%
Audax Renovables	18.4	-8.1%	72.0%	1.4	58.0%	27.1%	11.6	24.4%
Borges - BAIN	n.a.	6.7%	n.a.	n.a.	528.7%	0.0%	n.a.	95.9%
Cevasa	22.5	3.0%	1.5%	1.0	4.6%	4.8%	21.5	5.0%
Cuatroochenta	44.9	25.0%	144.9%	5.6	206.2%	n.a.	14.7	73.1%
Desa	6.9	-4.5%	-5.6%	-0.6	-9.8%	3.0%	7.6	11.1%
Ecolumber	n.a.	18.7%	n.a.	n.a.	68.3%	37.5%	n.a.	162.7%
Endurance Motive	n.a.	45.9%	n.a.	n.a.	44.2%	31.9%	n.a.	68.4%
Enerside	n.a.	10.2%	n.a.	n.a.	17.0%	45.9%	n.a.	91.6%
Ercros	2.6	-21.3%	-21.3%	-2.9	-38.1%	-11.9%	4.2	5.4%
Facephi	n.a.	20.9%	238.6%	5.2	309.2%	n.a.	26.4	85.1%
GAM	6.6	21.4%	6.9%	1.5	29.8%	18.2%	5.1	15.7%
IFFE Futura	n.a.	10.0%	n.a.	n.a.	-12.5%	75.4%	n.a.	126.3%
Inmobiliaria del Sur	18.9	24.3%	5.4%	1.0	31.0%	34.0%	14.4	27.2%
Kompuestos	11.6	7.3%	65.1%	2.4	77.2%	33.1%	6.6	9.9%
Libertas 7	13.8	0.6%	10.3%	1.7	10.9%	32.6%	12.5	6.7%
Lingotes Especiales	12.4	-7.0%	49.1%	3.5	38.6%	23.7%	9.0	27.6%
LLYC	8.0	16.7%	8.0%	1.4	26.0%	16.0%	6.4	12.6%
Mondo Tv Studios	n.a.	5.9%	n.a.	n.a.	23.3%	42.7%	n.a.	174.5%
Naturhouse Health	6.3	-7.2%	-0.6%	-0.2	-7.7%	-2.2%	6.9	-0.8%
Netex	22.9	27.4%	79.9%	7.4	129.3%	63.8%	10.0	47.7%
Nicolás Correa	5.3	9.9%	8.7%	1.0	19.5%	15.0%	4.4	13.0%
Pangaea Oncology	n.a.	138.7%	n.a.	n.a.	56.8%	33.0%	n.a.	141.0%
Seresco	10.9	32.4%	13.7%	1.4	50.5%	32.5%	7.3	32.9%
Squirrel Media	17.0	38.3%	7.5%	1.3	48.6%	44.3%	11.4	51.3%

➤ The five companies with the lowest 2023e rec. EV/EBITDA ratios (with positive EBITDA growth in 24e/23e) are shaded.



Estimated EBIT y EV/EBIT

Company	EV/EBIT	EBIT	EBIT	EV/EBIT	EBIT
	2022	23e/22	CAGR 25e/22	23e	24e/23e
Adolfo Domínguez	29.9	5.0%	30.0%	28.5	78.4%
Agile Content	n.a.	77.5%	27.3%	n.a.	30.3%
Alquiler	13.4	22.4%	17.5%	11.0	12.5%
Ampér	n.a.	93.0%	93.4%	26.0	114.9%
Audax Renovables	29.4	86.7%	35.9%	15.8	30.1%
Borges - BAIN	n.a.	63.2%	n.a.	n.a.	134.9%
Cevasa	9.0	-58.4%	-17.0%	21.6	5.0%
Cuatroochenta	n.a.	354.3%	n.a.	28.3	137.7%
Desa	8.9	-13.8%	3.9%	10.3	15.5%
Ecolumber	n.a.	55.2%	31.6%	n.a.	86.0%
Endurance Motive	n.a.	43.4%	36.4%	n.a.	92.3%
Enerside	n.a.	79.5%	61.9%	n.a.	780.1%
Ercros	4.0	-38.4%	-11.5%	6.4	6.5%
Facephi	30.2	48.0%	56.2%	20.4	57.7%
GAM	19.5	78.6%	39.5%	10.9	24.5%
IFFE Futura	n.a.	-96.1%	82.6%	n.a.	99.5%
Inmobiliaria del Sur	21.0	23.1%	34.7%	17.1	32.1%
Kompuestos	n.a.	502.0%	n.a.	14.4	35.3%
Libertas 7	13.2	-7.0%	28.0%	14.2	7.6%
Lingotes Especiales	22.3	51.1%	33.8%	14.7	44.5%
LLYC	10.4	36.7%	19.6%	7.6	12.1%
Mondo Tv Studios	45.9	127.9%	79.8%	20.1	113.7%
Naturhouse Health	7.7	-5.9%	-0.3%	8.2	1.0%
Netex	n.a.	838.0%	n.a.	19.5	117.7%
Nicolás Correa	6.6	23.4%	15.5%	5.3	11.4%
Pangaea Oncology	n.a.	75.3%	36.8%	n.a.	255.4%
Seresco	13.9	60.7%	36.0%	8.6	35.0%
Squirrel Media	29.5	57.6%	55.1%	18.7	70.5%
Substrate Artificial Intelligence	n.a.	25.2%	12.4%	n.a.	-0.8%

➤ The five companies with the lowest 2023e EV/EBIT ratios (with positive EBIT growth in 24e/23e) are shaded.



Revenues, EBITDA and FCF to Equity growth

Company	Revenue Growth				EBITDA growth rec.				CAGR 25e/22
	23e/22	24e/23e	25e/24e	CAGR 25e/22	23e/22	24e/23e	25e/24e	CAGR 25e/22	FCF Equity
Adolfo Domínguez	5.7%	4.3%	4.4%	4.8%	26.9%	19.0%	7.0%	17.3%	27.4%
Agile Content	8.9%	8.4%	8.4%	8.6%	38.4%	31.3%	34.3%	34.7%	4.3%
Alquiber	17.7%	11.6%	16.1%	15.1%	17.0%	14.7%	13.9%	15.2%	27.2%
Ampér	9.0%	13.8%	13.1%	12.0%	71.4%	80.4%	62.2%	71.2%	50.5%
Audax Renovables	-8.1%	-0.1%	2.1%	-2.2%	58.0%	24.4%	4.3%	27.1%	-56.6%
Borges - BAIN	6.7%	6.4%	n.a.	n.a.	528.7%	95.9%	n.a.	n.a.	n.a.
Cevasa	3.0%	4.1%	4.2%	3.8%	4.6%	5.0%	5.0%	4.8%	-22.8%
Cuatroochenta	25.0%	16.7%	15.4%	19.0%	206.2%	73.1%	54.4%	n.a.	34.5%
Desa	-4.5%	5.8%	5.0%	2.0%	-9.8%	11.1%	9.0%	3.0%	83.3%
Ecolumber	18.7%	14.3%	11.6%	14.8%	68.3%	162.7%	200.7%	37.5%	48.0%
Endurance Motive	45.9%	34.4%	20.9%	33.3%	44.2%	68.4%	268.4%	31.9%	64.8%
Enerside	10.2%	43.5%	44.8%	31.8%	17.0%	91.6%	n.a.	45.9%	-24.7%
Ercros	-21.3%	2.0%	1.9%	-6.5%	-38.1%	5.4%	4.8%	-11.9%	24.2%
Facephi	20.9%	19.9%	19.9%	20.2%	309.2%	85.1%	61.6%	n.a.	67.7%
GAM	21.4%	10.2%	8.1%	13.1%	29.8%	15.7%	10.0%	18.2%	36.6%
IFFE Futura	10.0%	755.7%	134.6%	n.a.	-12.5%	126.3%	n.a.	75.4%	30.7%
Inmobiliaria del Sur	24.3%	35.6%	33.4%	31.0%	31.0%	27.2%	44.4%	34.0%	30.7%
Kompuestos	7.3%	7.5%	6.3%	7.0%	77.2%	9.9%	21.2%	33.1%	53.7%
Libertás 7	0.6%	-2.8%	96.9%	24.4%	10.9%	6.7%	97.0%	32.6%	3.1%
Lingotes Especiales	-7.0%	5.0%	5.0%	0.8%	38.6%	27.6%	7.1%	23.7%	78.0%
LLYC	16.7%	11.0%	8.9%	12.1%	26.0%	12.6%	10.0%	16.0%	36.0%
Mondo Tv Studios	5.9%	21.2%	10.7%	12.4%	23.3%	174.5%	58.3%	42.7%	33.0%
Naturhouse Health	-7.2%	-2.4%	0.4%	-3.1%	-7.7%	-0.8%	2.2%	-2.2%	75.8%
Netex	27.4%	18.4%	16.7%	20.7%	129.3%	47.7%	29.8%	63.8%	37.8%
Nicolás Correa	9.9%	7.9%	7.9%	8.6%	19.5%	13.0%	12.7%	15.0%	80.7%
Pangaea Oncology	138.7%	45.2%	7.8%	55.2%	56.8%	141.0%	100.4%	33.0%	75.7%
Seresco	32.4%	13.4%	9.7%	18.1%	50.5%	32.9%	16.3%	32.5%	47.0%
Squirrel Media	38.3%	30.6%	16.9%	28.3%	48.6%	51.3%	33.7%	44.3%	35.6%
Substrate Artificial Intelligence	56.4%	30.6%	30.0%	38.5%	2.9%	13.4%	29.9%	15.0%	6.7%



P/BV, FCF yield, ROCE and value creation

Company	P/BV				Rec. FCF to Equity yield (%)				ROCE (%)				Spread
	2022	2023e	2024e	2025e	2022	2023e	2024e	2025e	2022	2023e	2024e	2025e	ROCE 23e vs WACC ⁽¹⁾
Adolfo Domínguez	3.0	2.8	2.4	2.1	n.a.	n.a.	n.a.	0.8	17.3	10.5	15.5	15.8	1.3%
Agile Content	2.2	2.5	2.7	2.9	4.6	3.6	3.4	5.9	n.a.	n.a.	n.a.	0.5	n.a.
Alquiber	1.3	1.1	0.9	0.7	n.a.	n.a.	n.a.	3.6	6.7	7.1	7.0	7.7	1.4%
Ampér	1.8	1.7	1.5	1.2	3.2	n.a.	0.9	9.3	2.9	5.5	8.5	14.0	-2.8%
Audax Renovables	4.4	3.8	3.1	2.6	21.8	1.1	0.1	1.2	4.1	9.8	12.2	11.8	2.1%
Borges - BAIN	1.2	1.2	1.3	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0.4	n.a.	n.a.
Cevasa	0.4	0.4	0.4	0.4	5.1	n.a.	n.a.	9.9	5.0	2.1	2.1	2.7	-6.1%
Cuatroochenta	2.4	2.2	1.9	1.4	n.a.	n.a.	3.6	10.6	n.a.	4.8	10.9	18.2	-4.4%
Desa	1.4	1.3	1.3	1.2	n.a.	11.6	8.6	10.4	10.3	8.1	9.5	10.5	-0.1%
Ecolumber	3.2	3.9	4.2	4.2	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	2.3	n.a.
Endurance Motive	15.0	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	14.4	n.a.
Enerside	4.2	4.6	3.6	2.7	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	14.1	12.5	n.a.
Ercros	0.9	0.9	0.8	0.8	12.7	9.5	8.9	11.4	16.4	9.5	9.9	10.2	0.2%
Facephi	2.9	2.4	2.1	1.7	n.a.	n.a.	n.a.	n.a.	9.3	7.9	10.8	15.2	-1.5%
GAM	1.5	1.3	1.1	0.9	n.a.	n.a.	5.1	7.9	6.0	7.3	8.4	9.8	0.2%
IFFE Futura	1.0	1.0	1.1	1.0	n.a.	n.a.	n.a.	1.4	n.a.	n.a.	n.a.	4.9	n.a.
Inmobiliaria del Sur	1.0	0.9	0.9	0.8	n.a.	n.a.	n.a.	6.5	4.0	4.4	5.5	7.9	-1.3%
Kompuestos	0.7	0.7	0.7	0.6	n.a.	11.2	10.6	13.8	n.a.	4.8	6.7	9.7	-3.0%
Libertas 7	0.2	0.2	0.2	0.2	n.a.	2.6	5.7	7.4	1.6	1.7	1.8	3.7	-3.5%
Lingotes Especiales	1.7	1.7	1.6	1.5	0.7	5.6	7.1	8.1	5.3	7.7	11.0	11.9	-1.1%
LLYC	3.7	3.0	2.5	2.1	3.7	5.0	7.0	7.7	27.0	27.4	25.5	26.7	18.1%
Mondo Tv Studios	6.3	5.0	3.0	2.0	n.a.	n.a.	3.3	6.4	2.9	8.0	15.6	17.1	-0.2%
Naturhouse Health	3.9	4.2	4.0	3.8	4.8	8.8	8.6	8.8	60.4	44.7	46.5	49.3	35.3%
Netex	n.a.	14.2	5.5	2.7	8.8	4.7	12.1	17.9	n.a.	8.4	18.7	27.8	0.2%
Nicolás Correa	1.1	1.0	0.9	0.8	2.4	5.8	1.2	10.5	15.2	14.9	15.0	15.4	4.4%
Pangaea Oncology	2.8	2.8	2.7	2.5	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	4.0	5.6	n.a.
Seresco	6.1	4.2	2.9	2.1	4.4	3.1	9.8	11.9	22.0	30.7	34.6	37.0	20.2%
Squirrel Media	4.6	3.9	3.1	2.5	n.a.	n.a.	2.0	6.3	10.4	11.8	17.4	21.8	2.4%
Substrate Artificial Intelligence	0.6	0.6	0.8	1.2	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.

(1) Refer to the "Valuation inputs" section in each company note for details on the calculation of WACC.

➤ The five companies with the highest rec. FCF to Equity yield 2023e are shaded.



Leverage and financial risk

Company	Net Debt 2023e	Net Debt / Equity 2023e	ND/Rec. EBITDA 2023e	ND/EV 2023e	Dividend yield 2023	Payout 2023e	2022/2019		No. of years with dividend - 5y
							CAGR 22/19 Revenue growth	Accumulated Dividend (EUR Mn)	
Adolfo Domínguez	12.3	66.8%	0.9	13.9%	0.0%	0.0%	-0.3%	0.0	0
Agile Content	17.1	47.1%	3.5	15.2%	0.0%	0.0%	109.9%	0.0	0
Alquiler	181.5	412.8%	2.7	85.9%	0.0%	0.0%	25.4%	2.4	2
Amper	69.1	101.6%	5.5	30.7%	0.0%	0.0%	24.9%	0.0	0
Audax Renovables	339.5	240.8%	4.2	35.7%	0.0%	0.0%	36.1%	15.0	2
Borges - BAIN	39.8	71.4%	21.7	32.7%	0.0%	0.0%	-7.7%	0.0	0
Cevasa	61.5	15.9%	4.4	20.7%	3.0%	53.5%	2.6%	18.5	5
Cuatroochenta	6.9	63.1%	3.2	21.5%	0.0%	0.0%	46.5%	0.0	0
Desa	12.0	61.9%	2.5	33.2%	5.8%	67.6%	5.9%	4.5	3
Ecolumber	19.5	231.5%	n.a.	38.3%	0.0%	0.0%	10.8%	0.0	0
Endurance Motive	5.3	n.a.	n.a.	25.6%	0.0%	0.0%	167.4%	0.0	0
Enerside	42.8	106.4%	n.a.	21.4%	0.0%	0.0%	n.a.	0.0	0
Ercros	62.3	16.8%	0.7	17.1%	3.5%	22.0%	15.8%	27.2	4
Facephi	9.6	52.1%	4.8	18.1%	0.0%	0.0%	39.8%	0.0	0
GAM	210.9	197.1%	3.2	63.7%	0.0%	0.0%	16.4%	0.0	0
IFFE Futura	17.4	44.3%	n.a.	35.3%	0.0%	0.0%	-16.7%	0.0	0
Inmobiliaria del Sur	264.6	187.6%	9.7	67.0%	4.6%	40.0%	-1.4%	20.4	5
Kompuestos	11.4	82.9%	3.3	50.7%	0.0%	0.0%	3.6%	0.0	0
Libertas 7	31.7	34.3%	15.5	124.1%	3.6%	82.7%	27.5%	1.8	3
Lingotes Especiales	18.2	38.5%	1.6	18.2%	5.0%	89.1%	-0.3%	11.0	3
LLYC	4.0	9.6%	0.2	3.3%	2.0%	23.0%	22.9%	2.8	4
Mondo Tv Studios	5.4	455.2%	n.a.	59.4%	0.0%	0.0%	25.0%	0.0	0
Naturhouse Health	-8.2	n.a.	-0.6	n.a.	7.2%	85.0%	-13.9%	39.4	5
Netex	17.8	1015.8%	4.0	40.2%	0.0%	0.0%	33.8%	0.0	0
Nicolás Correa	-12.7	n.a.	-1.0	n.a.	4.4%	31.0%	10.1%	9.7	5
Pangaea Oncology	0.5	2.1%	n.a.	0.8%	0.0%	0.0%	9.6%	0.0	0
Seresco	5.4	69.2%	1.1	14.7%	2.6%	20.0%	3.6%	0.8	2
Squirrel Media	27.5	54.0%	1.3	11.7%	0.0%	0.0%	94.4%	0.0	0
Substrate Artificial Intelligence	3.4	20.5%	n.a.	27.1%	0.0%	0.0%	n.a.	0.0	0



Upcoming earnings releases

Company	Close fiscal year	Upcoming earnings releases	Date of publication ⁽¹⁾
Adolfo Domínguez	28-Feb	1Q23	12 July 2023
Agile Content	31-Dec	1H23	02 October 2023
Alquiber	31-Dec	1H23	16 October 2023
Amper	31-Dec	1H23	31 July 2023
Audax Renovables	31-Dec	1H23	02 October 2023
Borges - BAIN	31-May	12M22	31 July 2023
Cevasa	31-Dec	1H23	31 July 2023
Cuatroochenta	31-Dec	1H23	11 September 2023
Desa	31-Dec	1H23	02 October 2023
Ecolumber	31-Dec	1H23	02 October 2023
Endurance Motive	31-Dec	1H23	23 October 2023
Enerside	31-Dec	Advance 1H23	04 September 2023
Ercros	31-Dec	1H23	31 July 2023
Facephi	31-Dec	Advance 1H23	31 July 2023
GAM	31-Dec	1H23	31 July 2023
IFFE Futura	31-Dec	1H23	23 October 2023
Inmobiliaria del Sur	31-Dec	1H23	31 July 2023
Innovative Solutions Ecosystem	30-Jun	12M23	04 September 2023
Kompuestos	31-Dec	1H23	30 October 2023
Libertas 7	31-Dec	1H23	31 July 2023
Lingotes Especiales	31-Dec	1H23	31 July 2023
LLYC	31-Dec	Advance 1H23	17 July 2023
Mondo Tv Studios	31-Dec	1H23	18 September 2023
Naturhouse Health	31-Dec	1H23	18 September 2023
Netex	30-Sep	1H23	31 July 2023
Nicolás Correa	31-Dec	1H23	28 August 2023
Pangaea Oncology	31-Dec	1H23	30 October 2023
Seresco	31-Dec	1H23	18 September 2023
Squirrel Media	31-Dec	1H23	31 July 2023
Substrate Artificial Intelligence	31-Dec	1H23	09 October 2023

(1) Reference is given as Monday of the week in which the company is expected to release its next results. Lighthouse's estimate.



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LIGHTHOUSE

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