

9m Results 2019

Opinion ⁽¹⁾: In line.

Impact ⁽¹⁾: We will maintain our estimates.

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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.

Impacted by the turbulent auto sector backdrop

A DECLINE IN REVENUES (-3.8% VS 9M18) constrained by a sector backdrop that continues to be affected by the uncertainties pointed out since 2H18: USA-China protectionist threats, the European cycle's loss of traction (LGT's core market) and the new WLTP emissions protocol which is distorting the market. As a result, the main European vehicle manufacturers have issued various profit warnings in the last year.

MARGINS REMAIN UNDER PRESSURE: The worsening of margins seen in 1H19 (-0.9p.p. vs 1H18) continued in 9m19 (-0.7p.p. vs 9m18) due to the sector context and the high cost of electricity in Spain that could not be passed on to the company's main clients (especially foreign ones; 80% of sales): EBITDA 9m19 of EUR 13.2Mn (-7.9% vs 9m18), with an EBITDA margin of 15.4% (in line with our 2019 estimate: 15.3%). The impact on EBITDA is amplified in terms of PBT (-14.4% vs 9m18) that came out at EUR 8.7Mn and that should enable LGT to close 2019e with PBT of c.EUR 11Mn (-10% vs 2018; in line with estimates).

WE HAVEN'T LOST SIGHT OF SECTOR CYCLICALITY. EU vehicle sales have been slowing since 2015: +9.3% in 2015, +6.8% in 2016, +3.4% in 2017, +0.1% in 2018 and -1.6% in 9m19 (-7.4% in Spain). For 2019e, the ACEA (the European Automobile Manufacturers' Association) has downgraded its forecast for passenger vehicle sales in the EU, now suggesting a fall of 1% (-5% for Spain, according to ANFAC, the Spanish Vehicle Manufacturers' Association).

OUR 2019 ESTIMATES ARE UNCHANGED: Revenues of EUR 113Mn, with an EBITDA margin that will remain > 15%, resulting in EBITDA 2019e of c. EUR 17Mn (-5% vs 2018). Perhaps the most interesting aspect is the recovery of FCF (after the conclusion of the significant investments made in recent years; refer to appendix 2) despite the cyclical headwind, with a current FCF yield of c.7% (vs 6% for the sector).

IN CONCLUSION: a set of results that show an expected weakening of the main P&L items vs 9m18 and which is negatively impacted by the sector environment (revenues and EBITDA: -4% and -8%, respectively). LGT's strong balance sheet (ND/EBITDA 2019e: < 1x) will help the company to weather an adverse cyclical context such as the present one.

Market Data

Market Cap (Mn EUR and USD)	134.5	149.0
EV (Mn EUR and USD)	151.6	167.9
Shares Outstanding (Mn)	10.0	
-12m (Max/Med/Mín EUR)	16.95 / 14.16 / 11.00	
Daily Avg volume (-12m Mn)	0.07	
Rotation ⁽²⁾	13.05	
Thomson Reuters / Bloomberg	LGT.MC / LGT SM	
Close fiscal year	31-Dec	

Shareholders Structure (%)

Board of Directors	55.0
Mallorquina de Seguros	6.0
Free Float	39.0

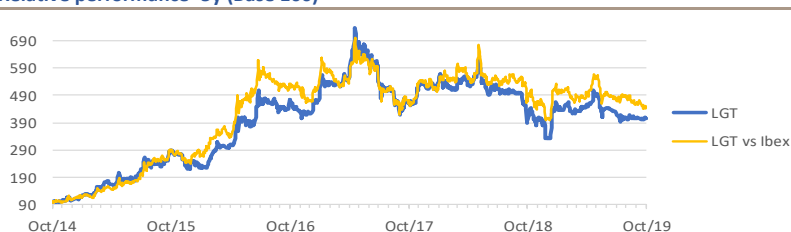
Financials (Mn EUR)

	2018	2019e	2020e	2021e
Adj. n° shares (Mn)	10.0	10.0	10.0	10.0
Total Revenues	115.6	113.3	113.8	116.1
Rec. EBITDA	18.2	17.3	17.7	18.4
% growth	8.9	-4.9	2.1	4.0
% Rec. EBITDA/Rev.	15.8	15.3	15.5	15.8
% Inc. EBITDA sector ⁽³⁾	4.7	-3.3	5.0	6.8
Net Profit	9.2	8.2	8.9	9.5
EPS (EUR)	0.92	0.82	0.89	0.95
% growth	3.0	-10.5	7.7	6.9
Ord. EPS (EUR)	0.92	0.82	0.89	0.95
% growth	3.0	-10.5	7.7	6.9
Rec. Free Cash Flow ⁽⁴⁾	0.7	9.7	9.7	10.0
Pay-out (%)	76.1	76.1	76.1	76.1
DPS (EUR)	0.70	0.63	0.67	0.72
Net financial debt	17.0	14.3	10.8	8.0
ND/Rec. EBITDA (x)	0.9	0.8	0.6	0.4
ROE (%)	21.2	18.3	18.9	19.2
ROCE (%) ⁽⁵⁾	16.5	14.0	14.8	15.9

Ratios & Multiples (x)

P/E	14.6	16.3	15.2	14.2
Ord. P/E	14.6	16.3	15.2	14.2
P/BV	3.0	2.9	2.8	2.7
Dividend Yield (%)	5.2	4.7	5.0	5.4
EV/Sales	1.31	1.34	1.33	1.31
EV/Rec. EBITDA	8.3	8.8	8.6	8.2
FCF Yield (%) ⁽³⁾	0.5	7.2	7.2	7.4

Relative performance -5y (Base 100)



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

- (1) The opinion about results is in respect of reported EBITDA and its relation to our estimate for the year (12m). The impact reflects whether, as a consequence of these results, we envisage a significant (>5%) upgrade or downgrade to our EBITDA estimates (for any of the estimated years).
- (2) Total volume traded in the share (Mn EUR) -12m vs Mkt Cap. Represents the % of the capitalisation traded -12m.
- (3) Expected EBITDA growth (consensus) for the share's benchmark sector (Eurostoxx 600 Automobiles & Parts).
- (4) Based on recurrent FCF. Please refer to Appendix 2.
- (5) Calculated with a theoretical tax rate. Please refer to Appendix 2.
- (6) vs Eurostoxx 600 Automobiles & Parts.

Stock performance (%)

	-1m	-3m	-12m	YTD	-3Y	-5Y
Absolute	-0.7	-4.9	1.6	22.3	-14.3	303.4
vs Ibex 35	-4.4	-6.4	-5.4	10.7	-17.0	342.3
vs Ibex Small Cap Index	-2.1	-4.6	-1.0	14.2	-37.2	183.4
vs Eurostoxx 50	-3.8	-8.0	-11.3	1.2	-27.0	237.3
vs Sector benchmark ⁽⁶⁾	-8.8	-8.0	-5.1	4.8	-17.4	246.7

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This report has been prepared on the basis of information available to the public. The report includes a financial analysis of the company covered. The report does not propose any personalised investment recommendation. Investors should consider the contents of this report as just another element in their investment decision-making process. The final two pages of this report contain very important legal information regarding its contents.

9m19 Results

EUR Mn	9m19	9m18	9m19 vs 9m18	2019e	2019e vs 2018	3Q19	3Q19 vs 3Q18
Total Revenues	85.4	88.8	-3.8%	113.3	-2.0%	25.0	0.6%
Rec. EBITDA	13.2	14.3	-7.9%	17.3	-4.9%	3.6	-6.6%
<i>Rec. EBITDA / Rev.</i>	<i>15.4%</i>	<i>16.1%</i>	<i>-0.7 p.p.</i>	<i>15.3%</i>	<i>-0.5 p.p.</i>	<i>14.5%</i>	<i>-0.1 p.p.</i>
EBITDA	13.2	14.3	-7.9%	17.3	-4.9%	3.6	-6.6%
<i>EBITDA / Rev.</i>	<i>15.4%</i>	<i>16.1%</i>	<i>-0.7 p.p.</i>	<i>15.3%</i>	<i>-0.5 p.p.</i>	<i>14.5%</i>	<i>-0.1 p.p.</i>
EBT	8.7	10.1	-14.4%	11.0	-10.2%	2.3	-11.2%
NP	n.a.	n.a.	n.a.	8.2	-10.5%	n.a.	n.a.
Ordinary NP	n.a.	n.a.	n.a.	8.2	-10.5%	n.a.	n.a.
Recurrent FCF	n.a.	n.a.	n.a.	9.7	n.a.	n.a.	n.a.
<i>Rec. FCF Yield</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>7.2%</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>
Net Debt	n.a.	n.a.	n.a.	14.3	-16.1%	n.a.	n.a.
ND / EBITDA	n.a.	n.a.	n.a.	0.8 x	-0.1 x	n.a.	n.a.

Valuation inputs

Inputs for the DCF Valuation Approach

	2019e	2020e	2021e	Terminal Value ⁽¹⁾		
Free Cash Flow "To the Firm"	9.9	9.9	10.2	212		
Market Cap	134.5	At the date of this report				
Net financial debt	16.1	Debt net of Cash (1H19)				
					Best Case	Worst Case
Cost of Debt	2.0%	Net debt cost			2.0%	2.5%
Effective tax rate (T)	20.0%	T (Normalised tax rate)			=	=
Net debt cost	1.6%	Kd = Cost of Net Debt * (1-T)			1.6%	2.0%
Risk free rate (rf)	0.3%	Rf (10y Spanish bond yield)			=	=
Equity risk premium	7.0%	R (own estimate)			6.5%	7.5%
Beta (B)	1.0	B (Thomson Reuters)			0.9	1.1
Cost of Equity	7.3%	Ke = Rf + (R * B)			6.1%	8.5%
Equity / (Equity + Net Debt)	89.3%	E (Market Cap as equity value)			=	=
Net Debt / (Equity + Net Debt)	10.7%	D			=	=
WACC	6.7%	WACC = Kd * D + Ke * E			5.6%	7.8%
G "Reasonable"	1.5%				2.0%	1.0%

(1) Terminal value calculated over Recurrent FCF "to the Firm" for the last year estimated. For further details, please refer to Appendix 2.

Inputs for the Multiples Valuation Approach

Company	Ticker Reuters	Mkt. Cap	P/E 19e	EPS 19e-21e	EV/EBITDA 19e	EBITDA 19e-21e	EV/Sales 19e	Revenues 19e-21e	EBITDA/Sales 19e	FCF Yield 19e	FCF 19e-21e
CIE Automotive	CIEA.MC	2,917.1	10.1	11.8%	8.4	12.7%	1.5	12.5%	17.5%	3.4%	8.9%
Gestamp	GEST.MC	2,345.5	9.3	6.6%	5.5	8.6%	0.6	6.1%	11.6%	-3.5%	26.2%
Faurecia	EPED.PA	6,233.1	6.1	4.9%	4.3	9.3%	0.5	2.1%	11.0%	8.5%	16.0%
Voestalpine	VOES.VI	4,110.9	8.3	-8.8%	4.9	-0.5%	0.6	0.7%	12.5%	2.7%	-3.0%
Auto parts			8.5	3.6%	5.7	7.5%	0.8	5.4%	13.1%	2.7%	12.1%
Brembo SPA	BRBI.MI	3,191.4	10.7	-4.6%	7.0	0.9%	1.3	0.3%	18.8%	2.8%	5.3%
HalDEX AB	HLDX.ST	211.6	13.5	1.1%	6.0	5.1%	0.6	-3.1%	9.7%	3.0%	-6.4%
SHW AG	SW1.DE	121.6	18.1	43.5%	4.3	13.5%	0.4	3.6%	8.2%	-7.9%	n.a.
Lingotes Especiales	LGT.MC	134.5	16.3	7.3%	8.75	3.0%	1.34	1.2%	15.3%	7.2%	1.3%

Free Cash Flow sensitivity analysis (2020e)

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

Scenario	EBITDA/Sales 20e	EBITDA 20e	EV/EBITDA 20e
Max	16.5%	18.8	8.1x
Central	15.5%	17.7	8.6x
Min	14.5%	16.6	9.2x

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

Rec. FCF EUR Mn	CAPEX/Sales 20e				Scenario			FCF/Yield 20e		
EBITDA 20e	3.3%	4.3%	5.3%		Max	Central	Min	8.9%	8.1%	7.2%
18.8	12.0	10.8	9.7	➔	8.9%	8.1%	7.2%	8.9%	8.1%	7.2%
17.7	10.8	9.7	8.6		7.2%	6.4%	5.5%	8.1%	7.2%	6.4%
16.6	9.7	8.6	7.4		7.2%	6.4%	5.5%	7.2%	6.4%	5.5%

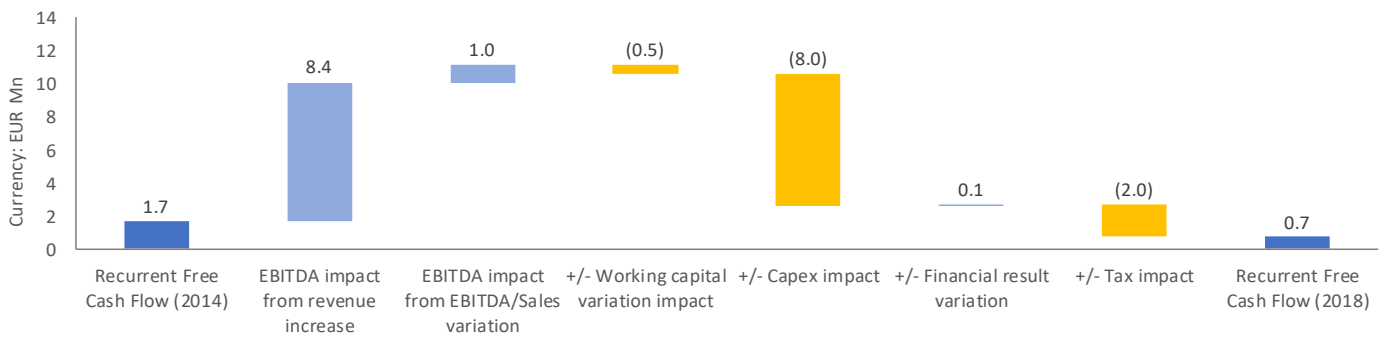
Appendix 1. Financial Projections

Balance Sheet (EUR Mn)	2014	2015	2016	2017	2018	2019e	2020e	2021e		
Intangible assets	1.0	0.3	0.2	0.4	0.5	0.5	0.5	0.5		
Fixed assets	30.6	31.6	45.6	49.5	55.3	54.4	53.6	53.0		
Other Non Current Assets	0.8	0.9	0.7	0.6	0.6	0.6	0.6	0.6		
Financial Investments	1.2	1.2	0.9	0.7	0.4	0.0	0.0	0.0		
Goodwill & Other Intangibles	-	-	-	-	-	-	-	-		
Current assets	17.8	18.4	20.6	28.8	29.5	29.0	29.1	29.6		
Total assets	51.3	52.4	68.0	80.1	86.3	84.5	83.8	83.7		
Equity	32.1	35.8	41.4	42.3	44.5	45.7	48.3	50.6		
Minority Interests	-	-	-	-	-	-	-	-		
Provisions & Other L/T Liabilities	2.6	2.3	2.0	1.9	1.7	1.7	1.7	1.7		
Net financial debt	5.7	(2.2)	3.1	10.7	17.0	14.3	10.8	8.0		
Current Liabilities	11.0	16.5	21.5	25.2	23.1	22.8	22.9	23.4		
Equity & Total Liabilities	51.3	52.4	68.0	80.1	86.3	84.5	83.8	83.7		
									CAGR	
P&L (EUR Mn)	2014	2015	2016	2017	2018	2019e	2020e	2021e	14-18	18-21e
Total Revenues	63.3	79.5	95.6	104.2	115.6	113.3	113.8	116.1	16.2%	0.2%
<i>Total Revenues growth</i>	7.3%	25.5%	20.3%	9.0%	10.9%	-2.0%	0.5%	2.0%		
COGS	(24.6)	(29.2)	(33.7)	(41.6)	(48.7)	(48.0)	(48.0)	(48.9)		
Gross Margin	38.7	50.3	62.0	62.6	66.9	65.2	65.8	67.2	14.7%	0.2%
<i>Gross Margin/Revenues</i>	61.1%	63.3%	64.8%	60.1%	57.9%	57.6%	57.8%	57.9%		
Personnel Expenses	(17.2)	(19.9)	(24.1)	(26.7)	(28.1)	(27.6)	(27.7)	(28.2)		
Other Operating Expenses	(12.8)	(17.2)	(18.9)	(19.2)	(20.5)	(20.4)	(20.4)	(20.6)		
Recurrent EBITDA	8.7	13.2	19.0	16.7	18.2	17.3	17.7	18.4	20.2%	0.3%
<i>Recurrent EBITDA growth</i>	22.0%	50.8%	44.6%	-12.1%	8.9%	-4.9%	2.1%	4.0%		
<i>Rec. EBITDA/Revenues</i>	13.8%	16.6%	19.9%	16.0%	15.8%	15.3%	15.5%	15.8%		
Restructuring Expenses	-	-	-	-	-	-	-	-		
Other non-recurrent Income / Costs	-	-	-	-	-	-	-	-		
EBITDA	8.7	13.2	19.0	16.7	18.2	17.3	17.7	18.4	20.2%	0.3%
<i>EBITDA growth</i>	22.0%	50.8%	44.6%	-12.1%	8.9%	-4.9%	2.1%	4.0%		
<i>EBITDA/Sales</i>	13.8%	16.6%	19.9%	16.0%	15.8%	15.3%	15.5%	15.8%		
Depreciation & Provisions	(3.6)	(4.0)	(3.8)	(5.0)	(5.5)	(5.7)	(5.6)	(5.6)		
Capitalized Expense	0.2	-	-	0.6	0.1	-	-	-		
EBIT	5.3	9.2	15.2	12.4	12.8	11.6	12.1	12.8	24.5%	0.0%
<i>EBIT growth</i>	51.0%	72.2%	65.8%	-18.8%	3.7%	-9.5%	4.0%	6.4%		
<i>EBIT/Revenues</i>	8.4%	11.5%	15.9%	11.9%	11.1%	10.2%	10.6%	11.0%		
Impact of Goodwill & Others	-	-	-	-	-	-	-	-		
Net Financial Result	(0.3)	(0.3)	(0.2)	(0.2)	(0.2)	(0.3)	(0.2)	(0.2)		
Income by the Equity Method	-	-	(0.8)	(0.2)	(0.4)	(0.4)	-	-		
Ordinary Profit	5.0	8.9	14.2	11.9	12.2	11.0	11.8	12.6	24.9%	1.1%
<i>Ordinary Profit Growth</i>	57.1%	77.7%	59.3%	-16.1%	2.6%	-10.2%	7.7%	6.9%		
Extraordinary Results	-	-	-	-	-	-	-	-		
Profit Before Tax	5.0	8.9	14.2	11.9	12.2	11.0	11.8	12.6	24.9%	1.1%
Tax Expense	(1.0)	(2.2)	(3.7)	(3.0)	(3.0)	(2.7)	(3.0)	(3.2)		
<i>Effective Tax Rate</i>	20.7%	24.5%	26.1%	25.1%	24.7%	25.0%	25.0%	25.0%		
Minority Interests	-	-	-	-	-	-	-	-		
Discontinued Activities	-	-	-	-	-	-	-	-		
Net Profit	4.0	6.7	10.5	8.9	9.2	8.2	8.9	9.5	23.3%	1.0%
<i>Net Profit growth</i>	58.1%	69.1%	56.0%	-14.9%	3.0%	-10.5%	7.7%	6.9%		
Ordinary Net Profit	4.0	6.7	10.6	8.9	9.2	8.2	8.9	9.5	23.3%	1.0%
<i>Ordinary Net Profit growth</i>	58.1%	69.1%	58.3%	-16.1%	3.0%	-10.5%	7.7%	6.9%		
									CAGR	
Cash Flow (EUR Mn)	2014	2015	2016	2017	2018	2019e	2020e	2021e	14-18	18-21e
Recurrent EBITDA						17.3	17.7	18.4	20.2%	0.3%
Working Capital Increase						0.3	0.0	(0.1)		
Recurrent Operating Cash Flow						17.6	17.7	18.3	24.3%	5.8%
CAPEX						(4.8)	(4.8)	(4.9)		
Net Financial Result affecting the Cash Flow						(0.3)	(0.2)	(0.2)		
Tax Expense						(2.7)	(3.0)	(3.2)		
Recurrent Free Cash Flow						9.7	9.7	10.0	-19.0%	n.a.
Restructuring Expense & Others						-	-	-		
- Acquisitions / + Divestures of assets						-	-	-		
Extraordinary Inc./Exp. Affecting Cash Flow						-	-	-		
Free Cash Flow						9.7	9.7	10.0	6.0%	n.a.
Capital Increase						-	-	-		
Dividends						(7.0)	(6.3)	(7.2)		
Net Debt Variation						(2.7)	(3.4)	(2.8)		

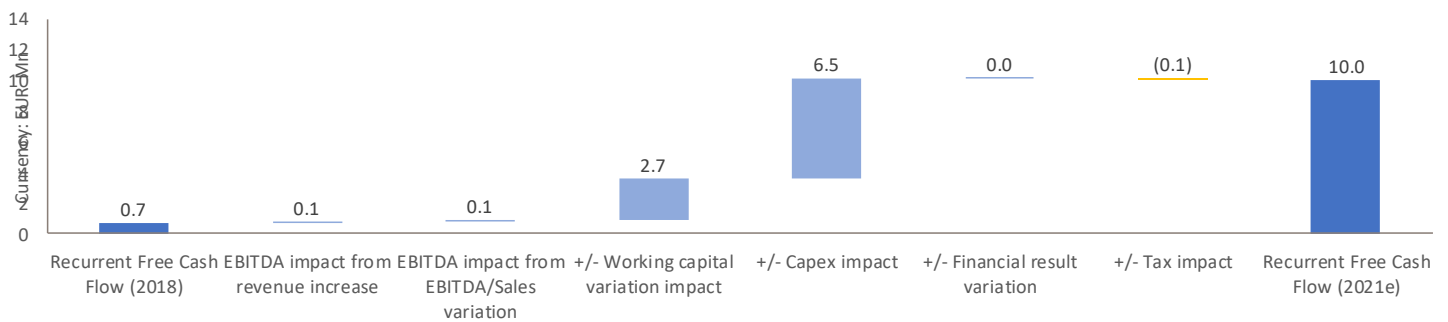
Appendix 2. Free Cash Flow

A) Cash Flow Analysis (EUR Mn)	2015	2016	2017	2018	2019e	2020e	2021e	CAGR	
								15-18	18-21e
Recurrent EBITDA	13.2	19.0	16.7	18.2	17.3	17.7	18.4	11.4%	0.3%
<i>Recurrent EBITDA growth</i>	50.8%	44.6%	-12.1%	8.9%	-4.9%	2.1%	4.0%		
<i>Rec. EBITDA/Revenues</i>	16.6%	19.9%	16.0%	15.8%	15.3%	15.5%	15.8%		
+/- Working Capital increase	4.8	2.9	(4.5)	(2.8)	0.3	0.0	(0.1)		
= Recurrent Operating Cash Flow	18.0	21.9	12.2	15.4	17.6	17.7	18.3	-5.0%	5.8%
<i>Rec. Operating Cash Flow growth</i>	178.1%	21.6%	-44.4%	26.8%	13.8%	0.8%	3.3%		
<i>Rec. Operating Cash Flow / Sales</i>	22.7%	22.9%	11.7%	13.4%	15.5%	15.6%	15.8%		
- CAPEX	(6.1)	(18.1)	(10.0)	(11.5)	(4.8)	(4.8)	(4.9)		
- Net Financial Result affecting Cash Flow	(0.3)	(0.2)	(0.2)	(0.2)	(0.3)	(0.2)	(0.2)		
- Taxes	(2.2)	(3.7)	(3.0)	(3.0)	(2.7)	(3.0)	(3.2)		
= Recurrent Free Cash Flow	9.4	(0.1)	(1.1)	0.7	9.7	9.7	10.0	-57.8%	n.a.
<i>Rec. Free Cash Flow growth</i>	472.1%	n.a.	791.1%	n.a.	n.a.	-0.6%	3.3%		
<i>Rec. Free Cash Flow / Revenues</i>	11.9%	n.a.	n.a.	0.6%	8.6%	8.5%	8.6%		
- Restructuring expenses & others	-	-	-	-	-	-	-		
- Acquisitions / + Divestments	0.9	(0.2)	0.4	0.2	-	-	-		
+/- Extraordinary Inc./Exp. affecting Cash Flow	-	-	-	-	-	-	-		
= Free Cash Flow	10.3	(0.3)	(0.7)	0.9	9.7	9.7	10.0	-55.1%	n.a.
<i>Free Cash Flow growth</i>	n.a.	n.a.	121.8%	n.a.	942.1%	-0.6%	3.3%		
<i>Recurrent Free Cash Flow - Yield (s/Mkt Cap)</i>	7.0%	n.a.	n.a.	0.5%	7.2%	7.2%	7.4%		
<i>Free Cash Flow Yield (s/Mkt Cap)</i>	7.7%	n.a.	n.a.	0.7%	7.2%	7.2%	7.4%		
B) Analytical Review of Annual Recurrent Free Cash Flow Performance (Eur Mn)									
	2015	2016	2017	2018	2019e	2020e	2021e		
Recurrent FCF(FY - 1)	1.7	9.4	(0.1)	(1.1)	0.7	9.7	9.7		
EBITDA impact from revenue increase	2.2	2.7	1.7	1.8	(0.4)	0.1	0.4		
EBITDA impact from EBITDA/Sales variation	2.2	3.2	(4.0)	(0.3)	(0.5)	0.3	0.3		
= Recurrent EBITDA variation	4.4	5.9	(2.3)	1.5	(0.9)	0.4	0.7		
+/- Working capital variation impact	7.1	(2.0)	(7.4)	1.8	3.0	(0.2)	(0.1)		
= Recurrent Operating Cash Flow variation	11.5	3.9	(9.7)	3.3	2.1	0.1	0.6		
+/- CAPEX impact	(2.6)	(12.0)	8.1	(1.5)	6.7	(0.0)	(0.1)		
+/- Financial result variation	0.0	0.0	(0.0)	(0.0)	(0.0)	0.0	0.0		
+/- Tax impact	(1.1)	(1.5)	0.7	(0.0)	0.3	(0.2)	(0.2)		
= Recurrent Free Cash Flow variation	7.8	(9.6)	(0.9)	1.8	9.0	(0.1)	0.3		
Recurrent Free Cash Flow	9.4	(0.1)	(1.1)	0.7	9.7	9.7	10.0		
C) "FCF to the Firm" (pre debt service) (EUR Mn)									
	2015	2016	2017	2018	2019e	2020e	2021e	CAGR	
EBIT	9.2	15.2	12.4	12.8	11.6	12.1	12.8	11.8%	0.0%
* <i>Theoretical tax rate</i>	24.5%	25.0%	25.0%	24.7%	25.0%	25.0%	25.0%		
= Taxes (pre- Net Financial Result)	(2.3)	(3.8)	(3.1)	(3.2)	(2.9)	(3.0)	(3.2)		
Recurrent EBITDA	13.2	19.0	16.7	18.2	17.3	17.7	18.4	11.4%	0.3%
+/- Working Capital increase	4.8	2.9	(4.5)	(2.8)	0.3	0.0	(0.1)		
= Recurrent Operating Cash Flow	18.0	21.9	12.2	15.4	17.6	17.7	18.3	-5.0%	5.8%
- CAPEX	(6.1)	(18.1)	(10.0)	(11.5)	(4.8)	(4.8)	(4.9)		
- Taxes (pre- Financial Result)	(2.3)	(3.8)	(3.1)	(3.2)	(2.9)	(3.0)	(3.2)		
= Recurrent Free Cash Flow (To the Firm)	9.6	0.0	(0.9)	0.8	9.9	9.9	10.2	-56.3%	n.a.
<i>Rec. Free Cash Flow (To the Firm) growth</i>	407.9%	-100.0%	n.a.	n.a.	n.a.	0.0%	2.9%		
<i>Rec. Free Cash Flow (To the Firm) / Revenues</i>	12.1%	0.0%	n.a.	0.7%	8.7%	8.7%	8.7%		
- Acquisitions / + Divestments	0.9	(0.2)	0.4	0.2	-	-	-		
+/- Extraordinary Inc./Exp. affecting Cash Flow	-	-	-	-	-	-	-		
= Free Cash Flow "To the Firm"	10.5	(0.2)	(0.6)	1.0	9.9	9.9	10.2	-53.9%	n.a.
<i>Free Cash Flow (To the Firm) growth</i>	967.0%	n.a.	187.7%	n.a.	857.1%	0.0%	2.9%		
<i>Rec. Free Cash Flow To the Firm Yield (o/EV)</i>	6.4%	0.0%	n.a.	0.5%	6.5%	6.5%	6.7%		
<i>Free Cash Flow "To the Firm" - Yield (o/EV)</i>	7.0%	n.a.	n.a.	0.7%	6.5%	6.5%	6.7%		

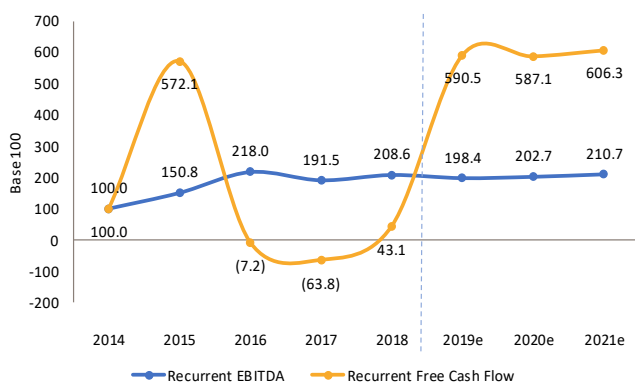
Recurrent Free Cash Flow accumulated variation analysis (2014 - 2018)



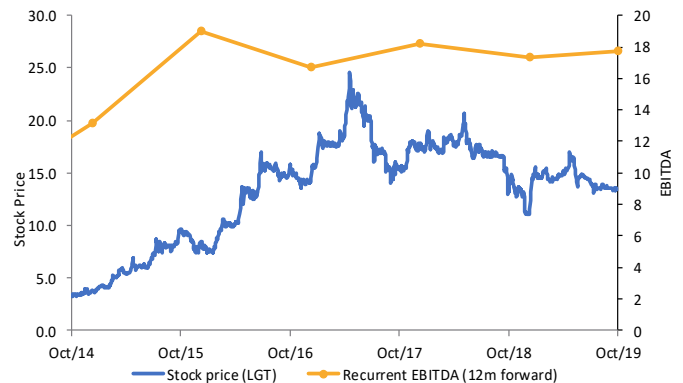
Recurrent Free Cash Flow accumulated variation analysis (2018 - 2021e)



Recurrent EBITDA vs Recurrent Free Cash Flow



Stock performance vs EBITDA 12m forward



Appendix 3. Enterprise Value breakdown

	EUR Mn	Source
Mkt. Cap	134.5	28/09/2019
+ Minority Interests	-	6m19
+ Provisions & Other L/T Liabilities	1.6	6m19
+ Net financial debt	16.1	6m19
- Financial Investments	0.6	6m19
+/- Others	-	6m19
Enterprise Value (EV)	151.6	

Appendix 4. Historical performance ⁽¹⁾

Historical performance (EUR Mn)														CAGR		
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019e	2020e	2021e	08 - 18	18-21e
Total Revenues	76.1	45.6	66.7	72.4	57.6	58.1	63.3	79.5	95.6	104.2	115.6	113.3	113.8	116.1	4.3%	0.2%
Total Revenues growth	3.1%	-40.1%	46.3%	8.6%	-20.4%	0.8%	8.9%	25.5%	20.3%	9.0%	10.9%	-2.0%	0.5%	2.0%		
EBITDA	10.1	5.1	11.7	10.4	5.0	6.4	8.7	13.2	19.0	16.7	18.2	17.3	17.7	18.4	6.0%	0.3%
EBITDA growth	-0.3%	-49.6%	129.5%	-11.6%	-51.3%	26.1%	37.3%	50.8%	44.6%	-12.1%	8.9%	-4.9%	2.1%	4.0%		
EBITDA/Sales	13.3%	11.2%	17.6%	14.3%	8.7%	10.9%	13.8%	16.6%	19.9%	16.0%	15.8%	15.3%	15.5%	15.8%		
Net Profit	3.1	0.7	4.4	3.6	0.3	2.5	4.0	6.7	10.5	8.9	9.2	8.2	8.9	9.5	11.6%	1.0%
Net Profit growth	-8.3%	-78.3%	561.3%	-17.9%	-92.9%	876.0%	58.1%	69.1%	56.0%	-14.9%	3.0%	-10.5%	7.7%	6.9%		
Adjusted number shares (Mn)	10.7	10.7	11.0	11.0	11.0	10.9	9.9	10.0	10.0	10.0	10.0	10.0	10.0	10.0		
EPS (EUR)	0.29	0.06	0.40	0.33	0.02	0.23	0.40	0.67	1.05	0.89	0.92	0.82	0.89	0.95		
EPS growth	-5.8%	-78.3%	n.a.	-17.9%	-92.9%	n.a.	74.3%	67.3%	56.0%	-14.9%	3.0%	-10.5%	7.7%	6.9%		
Ord. EPS (EUR)	0.29	0.06	0.40	0.33	0.02	0.23	0.40	0.67	1.06	0.89	0.92	0.82	0.89	0.95		
Ord. EPS growth	-5.8%	-78.3%	n.a.	-17.9%	-92.9%	n.a.	74.3%	67.3%	58.3%	-16.1%	3.0%	-10.5%	7.7%	6.9%		
CAPEX	(5.9)	(4.0)	(5.9)	(2.8)	(2.7)	(1.7)	(3.5)	(6.1)	(18.1)	(10.0)	(11.5)	(4.8)	(4.8)	(4.9)		
CAPEX/Sales %	7.8%	8.8%	8.9%	3.9%	4.6%	3.0%	5.5%	7.7%	18.9%	9.6%	9.9%	4.3%	4.3%	4.3%		
Free Cash Flow	(2.0)	2.7	7.1	1.8	2.0	8.3	0.7	10.3	(0.3)	(0.7)	0.9	9.7	9.7	10.0	n.a.	n.a.
ND/EBITDA (x) ⁽²⁾	1.7x	2.7x	0.6x	0.7x	1.4x	0.0x	0.7x	-0.2x	0.2x	0.6x	0.9x	0.8x	0.6x	0.4x		
P/E (x)	10.8x	48.1x	7.3x	7.7x	93.8x	13.1x	9.4x	12.5x	13.5x	19.9x	12.0x	16.3x	15.2x	14.2x		
EV/Sales (x)	0.6x	1.0x	0.6x	0.5x	0.5x	0.6x	0.7x	1.0x	1.5x	1.8x	1.1x	1.3x	1.3x	1.3x		
EV/EBITDA (x) ⁽²⁾	4.9x	9.1x	3.3x	3.3x	6.2x	5.2x	4.9x	6.2x	7.6x	11.2x	6.9x	8.8x	8.6x	8.2x		
Absolute performance	-12.7%	-3.7%	-2.6%	-13.2%	-13.1%	36.7%	24.8%	123.3%	69.0%	25.4%	-38.2%	22.3%				
Relative performance vs Ibx 35	44.2%	-25.8%	18.0%	-0.1%	-8.9%	12.6%	20.4%	140.5%	72.5%	16.7%	-27.3%	10.7%				

Note 1: The multiples are historical, calculated based on the price and EV at the end of each year, except (if applicable) in the current year, when multiples would be given at current prices. The absolute and relative behavior corresponds to each exercise (1/1 to 31/12). The source, both historical multiples and the evolution of the price, is Thomson Reuters.

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

Appendix 5. Main Competitors 2019e

		Auto-Parts					Brake Systems			
		CIE				Average	Brembo SPA	Haldex AB	SHW AG	Lingotes Esp.
EUR Mn		Automotive	Gestamp	Faurecia	Voestalpine					
Market data	Ticker (Reuters)	CIEA.MC	GEST.MC	EPED.PA	VOES.VI		BRBI.MI	HLDX.ST	SW1.DE	LGT.MC
	Country	Spain	Spain	France	Austria		Italy	Sweden	Germany	Spain
	Market cap	2,917.1	2,345.5	6,233.1	4,110.9		3,191.4	211.6	121.6	134.5
	Enterprise value (EV)	4,912.3	5,803.1	8,979.2	8,185.8		3,648.6	298.6	173.8	151.6
Basic financial information	Total Revenues	3,365.5	9,176.3	18,907.8	13,508.8		2,774.1	518.3	486.3	113.3
	Total Revenues growth	11.1%	7.4%	7.9%	-0.4%	6.5%	5.1%	2.8%	15.5%	-2.0%
	2y CAGR (2019e - 2021e)	12.5%	6.1%	2.1%	0.7%	5.4%	0.3%	-3.1%	3.6%	1.2%
	EBITDA	587.4	1,063.1	2,084.3	1,683.7		522.8	50.1	40.0	17.3
	EBITDA growth	9.0%	10.9%	-2.8%	37.1%	13.5%	8.9%	14.0%	6.3%	-4.9%
	2y CAGR (2019e - 2021e)	12.7%	8.6%	9.3%	-0.5%	7.5%	0.9%	5.1%	13.5%	3.0%
	EBITDA/Revenues	17.5%	11.6%	11.0%	12.5%	13.1%	18.8%	9.7%	8.2%	15.3%
	Net Profit	273.3	307.5	770.2	553.3		276.1	21.6	12.3	8.2
	Net Profit growth	19.7%	7.7%	1.1%	20.6%	12.3%	14.3%	43.2%	293.5%	-10.5%
	2y CAGR (2019e - 2021e)	12.8%	6.5%	2.4%	-8.1%	3.4%	-5.0%	0.0%	8.9%	7.3%
	Capex	360	856.6	1,267.4	916.6		219.5	31.9	37.0	4.8
	CAPEX/Sales %	10.7%	9.3%	6.7%	6.8%	8.4%	7.9%	6.2%	7.6%	4.3%
	Free Cash Flow	248.7	120.2	501.7	461.4		177.1	17.3	(0.2)	9.7
Net financial debt	1,532.1	2,637.8	2,250.5	4,009.0		209.9	68.7	66.4	14.3	
ND/EBITDA (x)	2.6	2.5	1.1	2.4	2.1	0.4	1.4	1.7	0.8	
Outstanding Shares	128.9	575.5	137.7	176.7		325.2	44.2	6.4	10.0	
Pay-out	32.4%	27.2%	23.0%	30.3%	28.2%	25.3%	26.2%	3.7%	76.1%	
Multiples and Ratios	P/E (x)	10.1	9.3	6.1	8.3	8.5	10.7	13.5	18.1	16.3
	P/BV (x)	3.3	1.2	1.6	0.7	1.7	2.3	1.3	0.9	2.9
	EV/Revenues (x)	1.5	0.6	0.5	0.6	0.8	1.3	0.6	0.4	1.3
	EV/EBITDA (x)	8.4	5.5	4.3	4.9	5.7	7.0	6.0	4.3	8.8
	ROE	33.7	14.2	17.1	4.3	17.3	17.3	12.4	6.7	18.3
	FCF Yield (%)	3.4	(3.5)	8.5	2.7	2.7	2.8	3.0	(7.9)	7.2
	DPS	0.7	0.1	1.3	0.9	0.8	0.2	0.1	0.1	0.6
	Price Close	22.6	4.1	45.1	23.0	n.a.	9.5	4.8	18.9	13.5
	Dvd Yield	3.0%	3.6%	2.9%	4.1%	3.4%	2.2%	2.7%	0.4%	4.7%

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

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

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Recommendation History

Date of report	Recommendation	Price (EUR)	Target price (EUR)	Period of validity	Reason for report	Analyst
28-Oct-2019	n.a.	13.45	n.a.	n.a.	9m Results 2019	David López Sánchez
22-Jul-2019	n.a.	14.35	n.a.	n.a.	6m Results 2019	David López Sánchez
13-May-2019	n.a.	15.45	n.a.	n.a.	3m Results 2019	David López Sánchez
01-Mar-2019	n.a.	15.00	n.a.	n.a.	12m Results 2018	David López Sánchez
22-Nov-2018	n.a.	12.68	n.a.	n.a.	Initial Coverage	David López Sánchez