

12m Results 2022
Opinion ⁽¹⁾: In line

Impact ⁽¹⁾: We will maintain our estimates

David López Sánchez – david.lopez@lighthouse-ieaf.com

+34 915 904 226

Business description

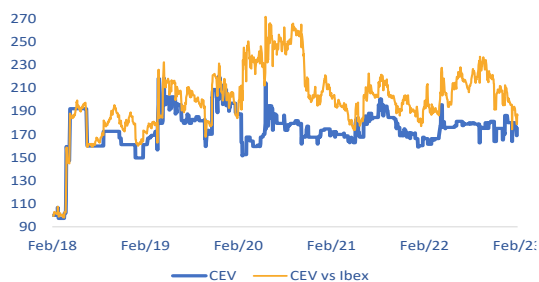
Compañía Española de Viviendas en Alquiler, Cevasa (CEV), Cevasa specialises in the development of buildings for long-term renting, mainly in the residential segment in Catalonia, principally in the city of Barcelona and its metropolitan area (where it is the main private property owner).

Market Data

Market Cap (Mn EUR and USD)	162.8	172.5
EV (Mn EUR and USD) ⁽²⁾	330.3	350.0
Shares Outstanding (Mn)	23.3	
-12m (Max/Med/Mín EUR)	7.82 / 7.02 / 6.45	
Daily Avg volume (-12m Mn EUR)	n.m.	
Rotation ⁽³⁾	0.5	
Factset / Bloomberg	CEV-ES / CEV SM	
Close fiscal year	31-Dec	

Shareholders Structure (%)

Vaqué-Boix family	61.7
Banco Santander	24.1
Manuel Valiente	6.9
Others	2.3
Free Float	4.9

Relative performance (Base 100)

Stock performance (%)

	-1m	-3m	-12m	-5Y
Absolute	-2.8	-3.4	5.3	75.2
vs Ibex 35	-5.8	-12.9	-3.7	86.4
vs Ibex Small Cap Index	-5.5	-16.0	0.1	42.9
vs Eurostoxx 50	-5.2	-10.5	-1.7	41.6
vs Sector benchmark ⁽⁴⁾	0.5	-7.0	47.9	135.6

(1) The opinion regarding the results is on reported EBITDA with respect to our estimate for the year (12m). The impact reflects whether, due to the results, we envisage a significant revision (>5% - 10%, depending on the sector) of our EBITDA estimate (for any of the estimated years).

(2) Please refer to Appendix 2.

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

(4) vs Stoxx Europe 600 Real Estate.

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

2022 results in line. Demonstrating, at least for now, resilience in NAV (+13% vs 21)

RENTAL REVENUE: EUR 18.2MN (+6.1% VS 2021)... Rental prices are at all-time highs due to a lack of supply in the principal cities. In 2022 CEV's rental revenue was EUR 18.2Mn (+6.1% vs 2021; fully in line with estimates). This growth is mainly explained by: i) the renegotiation of leases, ii) the coming on stream of the new Cornellà development (from September 2021; excluding the impact of this, LFL growth in residential rental revenue would have been 5.3%) and iii) a slight increase in the occupancy rate to 95.8% (vs 94.8% in 2021; full occupancy in housing: 99.3% vs 97.6% in 2021).

...MAINTAINING HIGH MARGINS (REC. EBITDA MARGIN 66%). The current inflationary scenario, plus the increase in the workforce (personnel costs +11.5%) due to the development of new businesses that do not yet contribute to the P/L, inevitably squeezes margins (-3p.p. in EBITDA margin). Despite this, CEV ended 2022 with Rec. EBITDA of EUR 13.4Mn (+1% vs 2021). The Rec. EBITDA margin was 65.6% (in line with the most efficient operators in the sector). EPRA Net Initial Yield of 3.3%.

FOR THE FIRST TIME THE DEVELOPMENT BUSINESS HAS DRIVEN REVENUE, with the execution of the title deeds on a development of 48 homes in Sabadell, with revenue of EUR 13.9Mn and a high margin (c. 30%) that contributed gross profit of EUR 4.3Mn to 2022 results. Also, in 2022, construction began on land on the balance sheet of a development for sale in L'Hospitalet (Barcelona) comprising 76 homes that we estimate will contribute a margin of c. EUR 4Mn in 2025e.

ALLOWING A SIGNIFICANT REDUCTION IN LEVERAGE (THAT REMAINS AT VERY CONSERVATIVE LEVELS). LTV 11%. High capacity for cash generation has resulted in a significant reduction of net debt, that ended 2022 at EUR 58.2Mn (-27%). This implies an LTV of 10.8% (vs 15% in 2021) compared to an average of c. 40% for the main REITs listed on the Spanish stock market.

WE MAINTAIN OUR ESTIMATES IN THE LIGHT OF RESULTS THAT ARE IN LINE: VISIBILITY IS VERY SIGNIFICANT UNTIL 2024E... Given the defensive profile of the company's rental assets (mainly in the residential segment in Catalonia, where it is the principal private property owner), visibility in revenue and margins is very significant for the period 2023e-2024e. This leads us to maintain our estimates that basically envisage the continuation of the performance seen -5y (low single-digit organic growth) with 2024e revenue of EUR 22Mn and Rec. EBITDA of EUR 15Mn (+4% and +6% CAGR 22-24e, respectively) while waiting for the investment made in new developments (with the ability to deliver 50-100 homes/year from 2025e) and its participation in HMB (with c. 4,500 rental homes) to bear fruit.

...TRADING AT A 63% DISCOUNT TO ITS ASSET VALUATION (NAV €18.8/SHARE AT DECEMBER 2022). All the above (exposure to housing, high percentage of investment in state-sponsored housing, geographically concentrated asset portfolio, very low gearing) are factors that make CEV a unique option for investing in the Spanish residential segment offering very significant visibility (in sales and margins) and so a low risk of estimate downgrades. There is also an additional ingredient: the resilience shown, at least for now, in terms of NAV (EPRA NTA per share: €18.8; +13% vs 2021), that has increased the discount to the NAV to 63%.

Appendix 1. Results table

EUR Mn	12m22		12m22 Real		12m22 Real	
	Real	12m21	vs 12m21	2022e	vs 2022e	
Total Ingresos	20,4	19,4	5,2%	20,4	0,1%	
EBITDA (Recurrente)	13,4	13,3	0,9%	13,1	2,4%	
EBITDA Rec. / Ingresos	65,6%	68,3%	-2,8 p.p.	64,1%	1,4 p.p.	
EBITDA ¹	17,6	13,3	32,4%	17,3	1,8%	
EBITDA / Ingresos	86,0%	68,4%	17,7 p.p.	84,6%	1,4 p.p.	
EBIT	33,1	32,0	3,2%	33,1	0,0%	
BAI	37,6	30,5	23,2%	37,5	0,4%	
BN	28,7	24,5	17,1%	28,1	2,4%	
BN ordinario	9,4	9,3	0,6%	8,0	17,8%	
Deuda Neta	58,2	80,4	-27,6%	63,0	-7,6%	
LTV	10,8%	15,2%	-4,4 p.p.	13,8%	-3,0 p.p.	

(1) EBITDA including gross profit of EUR 4.2Mn generated by the development business in 2022 (EUR 18.2Mn of revenue and EUR 9.7Mn of cost of sales).

Appendix 2. EV breakdown at the date of this report

	EUR Mn	Source
Market Cap	162.8	
+ Minority Interests	12.8	12m Results 2022
+ Provisions & Other L/T Liabilities	85.3	12m Results 2022
+ Net financial debt	59.0	12m Results 2022
- Financial Investments	(10.4)	12m Results 2022
+/- Others		
Enterprise Value (EV)	330.3	

Table 1. EPRA performance measures

A 31 de Diciembre	2022		2021	
	Miles Euros	Euros por acción	Miles Euros	Euros por acción
EPRA Net Reinstatement Value (EPRA NRV)	496.124	21,43	457.946	19,78
EPRA Net Tangible Asset (EPRA NTA)	436.282	18,84	385.346	16,64
EPRA Net Disposal Value (EPRA NDV)	413.303	17,85	378.206	16,33

A 31 de Diciembre	2022	2021
	Miles Euros	Miles Euros
EPRA Net Initial Yield	3,32%	3,27%
EPRA 'topped up' Net Initial Yield	3,32%	3,27%
EPRA Vacancy Rate	4,38%	4,59%
EPRA Cost Ratio (incl.direct vacancy costs)	35,68%	35,06%
EPRA Cost Ratio (excl. Direct vacancy costs)	35,15%	34,32%

LIGHTHOUSE

Calle Basílica, 17, 1ª Planta, Oficinas
28020 Madrid
T: +34 915 904 226
institutodeanalistas.com/lighthouse

Alfredo Echevarría Otegui

Head of research

alfredo.echevarria@lighthouse-ieaf.com

David López Sánchez

Equity research

david.lopez@lighthouse-ieaf.com

Luis Esteban Arribas

Equity research

luis.esteban@lighthouse-ieaf.com

Enrique Andrés Abad

Equity research

enrique.andres@lighthouse-ieaf.com

Jesús López Gómez

ESG Analyst & Data analytics

jesus.lopez@lighthouse-ieaf.com

All Lighthouse research documents are available simultaneously on the Lighthouse website (institutodeanalistas.com/lighthouse) and via third-party aggregators such as Bloomberg, Factset, Capital IQ and Refinitiv.

IMPORTANT LEGAL INFORMATION REGARDING THIS REPORT

LIGHTHOUSE

Lighthouse is a project of IEAF Servicios de Análisis S.L.U. Lighthouse is a research project funded by Bolsas y Mercados Españoles S.A. Lighthouse aims to improve the research coverage of the "orphan stocks" of the Spanish market: those which lack real and continuous research coverage. Lighthouse reports will not include valuation and target price. Lighthouse does not seek to provide investment advice to any natural or legal person. For this reason, Lighthouse will not provide a valuation, target price or investment recommendation for any of the securities analysed.

IEAF Servicios de Análisis S.L.U. is a Spanish company whose corporate purpose is:

1º) To provide information and financial analysis regarding securities issued by any class of legal person traded or not on official secondary markets, and especially (but not exclusively) those securities which are not the object of the recurrent provision of information and analysis by financial analysts who participate in the markets.

2º) To publicise and update the aforementioned financial reports and analysis, in addition to the monitoring and following of the securities on which the information and analysis is provided.

3º) To prepare studies and projects aimed at proposing and implementing measures to improve the information and financial analysis of securities traded on official secondary markets.

IEAF Servicios de Análisis S.L.U. is a company whose sole shareholder is the Instituto Español de Analistas Financieros, a professional, not for profit association.

DISCLAIMER

The Instituto Español de Analistas Financieros hereby certifies that the analyst of IEAF Servicios de Análisis S.L.U. whose name figures as the author of this report, expresses views that reflect their personal and independent opinion of the company analysed without these implying, either directly or indirectly, a personalised recommendation of the company analysed for purposes of providing investment advice. This report is based on the preparation of detailed financial projections from information available to the public and following traditional fundamental research methodology (i.e. it is not a technical or quantitative analysis report). For the analysis methodology used in the preparation of this report, please contact the analyst directly; contact details are included on the front page of this report.

The report includes basic information regarding the main parameters to be used by an investor when making their own valuation (whether by discounted cash flows or multiples). These parameters are the personal opinion or estimate of the analyst. The person receiving this report should use their own judgement when using these parameters and should consider them as another element in their decision-making process in respect of investment. These parameters do not represent a personalised investment recommendation.

Rules governing confidentiality and conflicts of interest

None of the following rules governing confidentiality and conflicts of interest (12) is applicable to this report:

1. This report is non-independent research as it has been commissioned by the company analysed (issuer).
2. In the last 12 months, the Instituto Español de Analistas Financieros or its subsidiary, IEAF Servicios de Análisis S.L.U., has had Investment Banking mandates or has managed or co-managed a public offering of the securities of the issuer, or has received compensation from said issuer for Investment Banking services, that exclude brokerage services for prepaid fees.
3. In the next 6 months, the Instituto Español de Analistas Financieros or its subsidiary, IEAF Servicios de Análisis S.L.U., expects to receive or intends to obtain compensation for Investment Banking services provided to this company that exclude brokerage services for prepaid fees.
4. The Investment Analyst or a member of the Research Department or a member of their household has a long position in the shares or derivatives of the corresponding issuer.
5. The Investment Analyst or a member of the Research Department or a member of their household has a short position in the shares or derivatives of the corresponding issuer.
6. At the date of publication, the Instituto Español de Analistas Financieros or its subsidiary, IEAF Servicios de Análisis S.L.U. held a long position of over 0.5% of the issuer's capital.
7. At the date of publication, the Instituto Español de Analistas Financieros or its subsidiary, IEAF Servicios de Análisis S.L.U. held a short position of over 0.5% of the issuer's capital.
8. At the end of the month immediately prior to the publication of this report, or of the previous month if the report is published in the ten days following the end of the month, the company analysed (the issuer) or any of its subsidiaries held 5% or more of any class of equity security of the Instituto Español de Analistas Financieros or its subsidiary, IEAF Servicios de Análisis S.L.U.
9. A senior director or officer of the Instituto Español de Analistas Financieros or its subsidiary, IEAF Servicios de Análisis S.L.U., or a member of their department is a director, officer, advisor or member of the Board of Directors of the issuer and/or one of its subsidiaries.
10. The Instituto Español de Analistas Financieros or its subsidiary, IEAF Servicios de Análisis S.L.U., acts as broker for the Issuer for the corresponding prepaid fees.
11. The contents of this report related to the financial analysis, financial projections, valuation, investment summary and opinion of the analyst have been reviewed by the issuer prior to its publication.
12. The issuer has made changes to the contents of this report prior to its distribution.

The Investment Analysts who have prepared this Investment Analysis are employees of IEAF Servicios de Análisis S.L.U. These analysts have received (or will receive) compensation according to the general earnings of IEAF Servicios de Análisis S.L.U. To obtain a copy of the Code of Conduct of IEAF Servicios de Análisis S.L.U. (in respect of the Management of Conflicts of Interest in the research department), please use the e-mail address secretaria@institutodeanalistas.com or consult the contents of this Code at www.ieaf.es.

IEAF Servicios de Análisis S.L.U. is compensated by Bolsas y Mercados Españoles, S.A. for the preparation of this report. This report should be considered as just another element in the taking of investment decisions.

A report issued by IEAF servicios de análisis S.L.U.

All rights reserved. The unauthorised use or distribution of this report is prohibited. This document has been prepared and distributed, according to the provisions of the MiFID II by IEAF Servicios de Análisis S.L.U. Its corporate activity is regulated by the CNMV (the Spanish Securities Exchange Commission). The information and opinions expressed in this document do not represent nor are they intended to represent an offer or a solicitation to buy or sell the securities (in other words, the securities mentioned in this report and related warrants, options, rights or interests). The information and opinions contained in this document are based upon information available to the public and have been obtained from sources believed to be reliable by IEAF Servicios de Análisis S.L.U., but no guarantee is given regarding their accuracy or completeness. All comments and estimates reflect solely the opinion of IEAF Servicios de Análisis S.L.U. and do not offer any implicit or explicit guarantee. All the opinions expressed are subject to change without prior warning. This document does not take into account the specific investment objectives, financial position, risk profile or other specific aspects of the person who receives this document, and accordingly they should exercise their own judgement in this respect. Neither the Instituto Español de Analistas Financieros nor its subsidiary, IEAF Servicios de Análisis S.L.U., assumes any responsibility for direct or indirect losses arising from the use of the published research, except in the event of negligent conduct by IEAF Servicios de Análisis S.L.U. The information contained in this report is approved for distribution to professional clients, eligible counterparties and professional advisers, but not for distribution to private individuals or retail clients. Its reproduction, distribution or publication for any purpose without the written authorisation of IEAF Servicios de Análisis S.L.U. is prohibited. The Instituto Español de Analistas Financieros and/or its subsidiary IEAF

Servicios de Análisis S.L.U., their employees and directors, may hold a position (long or short) in an investment knowing that this issuer will be the object of analysis and that this analysis will be distributed to institutional investors. Any further information regarding the contents of this report will be provided upon request. IEAF Servicios de Análisis S.L.U. intends to publish (at least) one quarterly report or note updating the information on the company analysed.

United States. IEAF Servicios de Análisis S.L.U. is not registered in the United States and, consequently, is not subject to the regulations of that country governing the preparation of research and the independence of analysts. This report is distributed solely to major US institutional investors, in reliance on the exemption from registration provided by Rule 15a-6 of the US Securities Exchange Act of 1934, as amended (the "Exchange Act"), and interpretations of this made by the US Securities Exchange Commission.

Major US Institutional Investors. This report will be distributed to "major US institutional investors", as defined by Rule 15a-6 of the US Securities Exchange Commission and of the US Securities Exchange Act of 1934.

Notes and Reports History

Date of report	Recommendation	Price (EUR)	Target price (EUR)	Period of validity	Reason for report	Analyst
24-Feb-2023	n.a.	7.00	n.a.	n.a.	12m Results 2022	David López Sánchez
14-Nov-2022	n.a.	7.25	n.a.	n.a.	Initiation of Coverage	David López Sánchez

