

EQUITY - SPAIN

Sector: Machinery

Closing price: EUR 13.20 (5 May 2023)

Report date: 8 May 2023 (08:00h)

3m Results 2023 - Estimates downgrade

Independent Equity Research

3m Results 2023

 Opinion ⁽¹⁾: Below expectations

 Impact ⁽¹⁾: We lower our estimates

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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).

1Q23: worse than expected. Cuts to estimates (EBITDA 2023e: -11%).

Market Data

Market Cap (Mn EUR and USD)	23.6	26.0
EV (Mn EUR and USD) ⁽²⁾	33.7	37.1
Shares Outstanding (Mn)	1.8	
-12m (Max/Med/Min EUR)	14.62 / 14.11 / 12.10	
Daily Avg volume (-12m Mn EUR)	n.m.	
Rotation ⁽³⁾	0.2	
Factset / Bloomberg	DESA-ES / DESA SM	
Close fiscal year	31-Dec	

1Q23: DROP IN REVENUE (EUR 13MN; -6.5% VS 1Q22)... DESA reported revenue in 1Q23 of EUR 13Mn (-6.5% vs. 1Q22). The decrease was due to: i) lower selling prices and the slowdown in activity (after the strong post-Covid-19 rebound), ii) the (circumstantial) contraction of the agricultural business (c. 30% of revenue and one of the main long-term growth drivers) and iii) the French subsidiary's ongoing operational restructuring.

...WITH A SHARPER FALL IN EBITDA (EUR 1.3MN; -23.9%). Despite the improvement in gross margin (39.4%; +0.5p.p vs 1Q22), the lower top-line resulted in a sharper fall in EBITDA (-23.9% vs 1Q22). Nevertheless, DESA was able to defend its 10% EBITDA margin. Although this is lower than the year-earlier figure (-2.3p.p vs 1Q22; an exceptionally strong quarter for the company), it is still comfortably above the 2015-2020 average (c. 6%).

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

ALTHOUGH ACTIVITY TAPERED OFF, NET DEBT DECREASED TO EUR 12.2MN (-6% VS 2022). DESA ended 1Q23 with net debt of EUR 12.2Mn (-6% vs 2022), demonstrating the company's cash generation capacity (despite the contraction in the recurring EBITDA margin). Gearing remains at a reasonable level (2.5x ND/EBITDA 2023e).

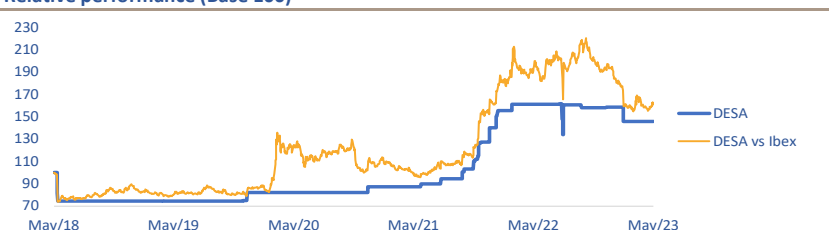
WE ARE CUTTING OUR ESTIMATES (EBITDA: -11% FROM OUR PREVIOUS ESTIMATE). The worse-than-expected 1Q performance (above all the lower revenue from the agriculture business) has prompted us to cut our estimates. Specifically, for 2023e we now expect revenue of c. EUR 48Mn (-4.6% vs 2022) and EBITDA of EUR 4.7Mn (-10% vs 2022 and -11% vs our previous estimate).

SHORT-TERM MOMENTUM IS WEAK, BUT MULTIPLES ARE STILL COMPELLING. Momentum in the short term is not good. So, the stock is likely to continue trading at compelling multiples (especially in terms of cash generation). Overall, our forecasts for the full year are bleak (with a similar decline in revenue to 2020). However, FCF yield should remain above 10%. The ROCE-WACC spread also points to increasing value creation (ROCE 25e 11% vs WACC 8.1%).

Financials (Mn EUR)	2022	2023e	2024e	2025e
Adj. n° 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 ⁽⁴⁾	12.7	17.2	13.9	13.9
Net Profit	3.6	2.2	2.6	3.1
EPS (EUR)	2.01	1.24	1.48	1.73
% growth	-4.9	-38.2	19.4	16.8
Ord. EPS (EUR)	2.01	1.24	1.48	1.73
% growth	-4.9	-38.2	19.4	16.8
Rec. Free Cash Flow ⁽⁵⁾	-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 (%) ⁽⁵⁾	10.3	8.1	9.5	10.5

Ratios & Multiples (x)⁽⁶⁾

P/E	6.6	10.6	8.9	7.6
Ord. P/E	6.6	10.6	8.9	7.6
P/BV	1.2	1.2	1.2	1.1
Dividend Yield (%)	8.5	6.4	6.4	6.4
EV/Sales	0.67	0.70	0.66	0.63
EV/Rec. EBITDA	6.5	7.2	6.4	5.9
EV/EBIT	8.3	9.6	8.3	7.4
FCF Yield (%) ⁽⁵⁾	n.a.	12.7	9.5	11.5

Relative performance (Base 100)


Stock performance (%)	-1m	-3m	-12m	YTD	-3Y	-5Y
Absolute	0.0	0.2	-9.4	-8.0	77.7	45.9
vs Ibex 35	1.2	1.1	-16.4	-17.3	31.1	61.2
vs Ibex Small Cap Index	4.6	10.6	-0.2	-14.1	33.4	42.6
vs Eurostoxx 50	-1.0	-1.7	-22.8	-19.6	17.8	19.4
vs Sector benchmark ⁽⁴⁾	-6.9	-4.3	-25.6	-24.0	-6.0	-13.8

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

(2) Please refer to Appendix 3.

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

(4) Sector: Europe Industrial Machinery.

(5) Please see Appendix 2 for the theoretical tax rate (ROCE) and rec. FCF calculation.

(6) Multiples and ratios calculated over prices at the date of this report.

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

3m Results 2023

Estimates downgrade

Table 1. 1Q23 Results

EUR Mn	3m23	3m22	3m23 Real	2023e	2023 vs
	Real		vs 3m22		2023e
Total Revenues	13.0	13.9	-6.6%	48.2	-4.5%
Gross margin	5.1	5.5	-6.9%	18.9	-0.8%
% Gross margin	39.1%	39.3%	-0.1 p.p.	39.2%	1.4 p.p.
Recurrent EBITDA	1.2	1.7	-24.6%	4.7	-9.8%
Rec. EBITDA/Revenues	9.6%	11.9%	-2.3 p.p.	9.8%	-0.6 p.p.
EBITDA	1.3	1.7	-23.9%	4.7	-9.8%
EBITDA/Revenues	10.0%	12.2%	-2.3 p.p.	9.8%	-0.6 p.p.
EBIT	1.0	1.4	-27.7%	3.5	-13.8%
PBT	0.9	1.4	-31.9%	3.0	-38.0%

Net Debt¹ 12.6 13.4 -5.8% 12.0 -7.7%

Note 1: Net debt excludes the impact of IFRS 16 (EUR 0.3Mn in 1Q23 and 2022). Net debt includes discounted trade bills pending maturity.

Tabla 1. Resultados 1T23

EUR Mn	2023e (New)	Review (%)	2024e (New)	Review (%)	2025e (New)	Review (%)
Total Revenues	48.2	-5.2%	51.0	-5.4%	53.5	-5.7%
Recurrent EBITDA	4.7	-11.2%	5.2	-15.8%	5.7	-16.3%
Recurrent EBITDA growth	-9.8%	-11.4 p.p.	11.1%	-6.1 p.p.	9.0%	-0.7 p.p.
Rec. EBITDA/Revenues	9.8%	-0.7 p.p.	10.3%	-1.3 p.p.	10.7%	-1.4 p.p.
EBIT	3.5	-14.5%	4.0	-19.5%	4.6	-19.6%
Net Profit	2.2	-14.1%	2.6	-19.9%	3.1	-19.2%
Recurrent Free Cash Flow	3.0	22.1%	2.2	-19.7%	2.7	-18.5%
ND / EBITDA	2.5 x	0.2 x	2.1 x	0.3 x	1.8 x	0.4 x

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	49.9			
Market Cap	23.6	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)	65.2%	E (Market Cap as equity value)			=	=	
Net Debt / (Equity + Net Debt)	34.8%	D			=	=	
WACC	8.1%	WACC = Kd * D + Ke * E			7.3%	9.0%	
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.

Inputs for the Multiples Valuation Approach

Company	Ticker Factset	Mkt. Cap	P/E 23e	EPS 23e-25e	EV/EBITDA 23e	EBITDA 23e-25e	EV/Sales 23e	Revenues 23e-25e	EBITDA/Sales 23e	FCF Yield 23e	FCF 23e-25e
Norma Group SE	NOEJ-DE	689.5	10.2	23.6%	6.1	11.3%	0.8	1.5%	13.3%	8.3%	22.2%
Granges AB	GRNG-SE	960.4	13.0	26.9%	7.1	11.9%	0.6	9.1%	9.0%	8.7%	15.5%
Trifast Plc	TRI-GB	110.8	13.7	37.3%	8.5	21.3%	0.6	5.5%	7.3%	n.a.	74.7%
Broad Range players			12.3	29.3%	7.2	14.9%	0.7	5.4%	9.9%	8.5%	37.5%
Georg Fischer AG	GF-CH	5,467.9	17.9	9.1%	10.1	6.6%	1.3	4.2%	12.9%	4.3%	14.7%
Bossard Holding AG	BOSN-CH	1,811.7	16.7	10.2%	12.3	8.8%	1.7	4.4%	14.0%	4.2%	19.2%
Bufab AB	BUFAB-SE	1,192.2	18.7	8.7%	13.5	4.2%	1.9	3.5%	14.0%	6.5%	2.6%
SFS Group AG	SFSN-CH	4,790.8	15.9	7.3%	10.0	5.9%	1.6	3.4%	16.4%	3.8%	24.4%
Barnes Group Inc	B-US	1,906.4	18.6	13.5%	10.0	8.5%	1.9	5.3%	19.0%	4.7%	30.1%
High Tech Specialty players			17.6	9.7%	11.2	6.8%	1.7	4.2%	15.3%	4.7%	18.2%
DESA	DESA-ES	23.6	10.6	18.1%	7.2	10.1%	0.7	5.4%	9.8%	12.7%	-5.0%

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	5.9x
Central	10.3%	5.2	6.4x
Min	9.3%	4.7	7.1x

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

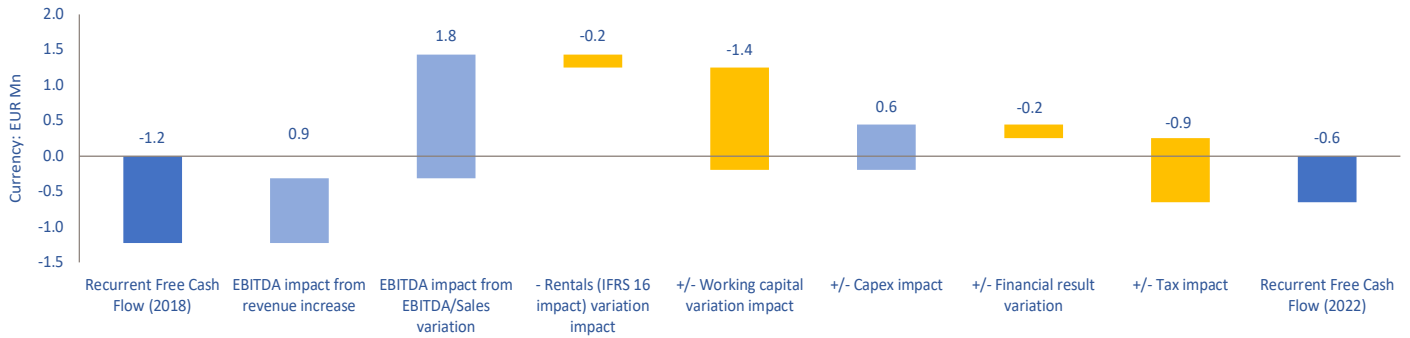
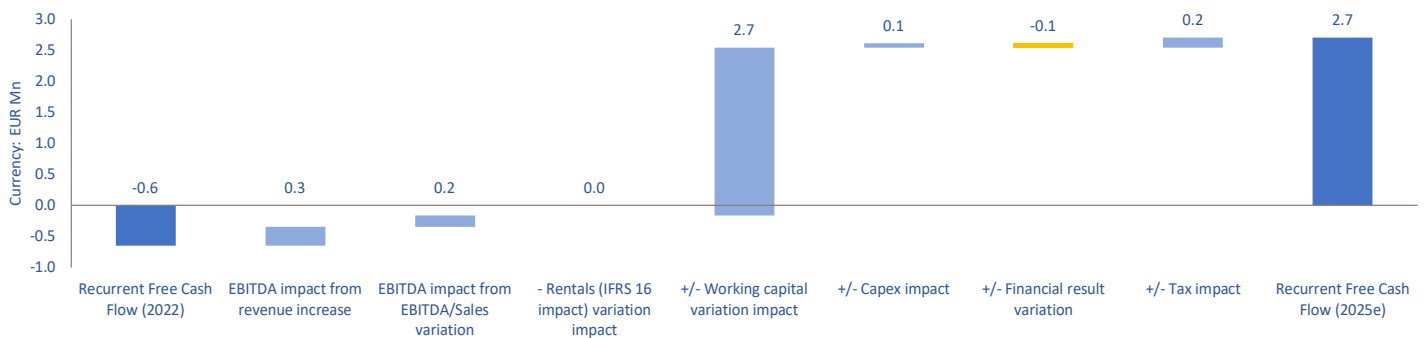
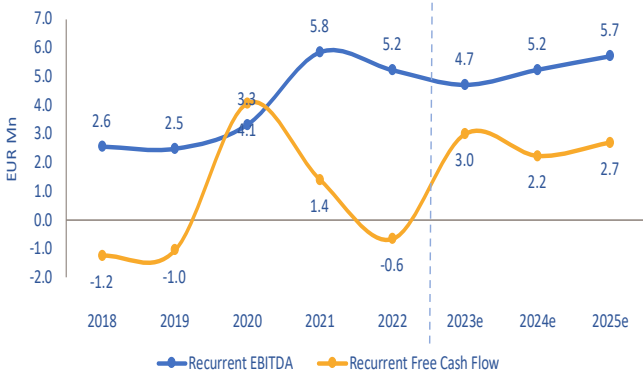
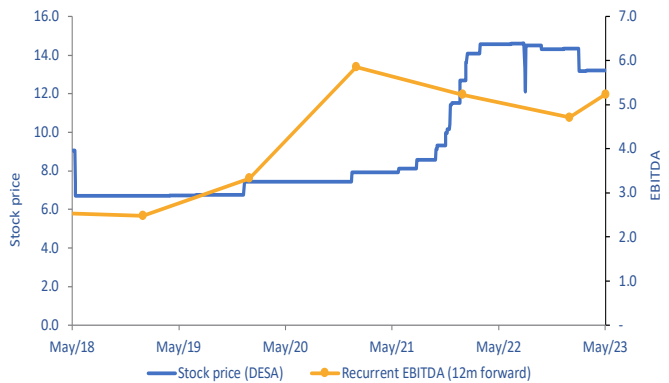
Rec. FCF EUR Mn	CAPEX/Sales 24e				Scenario	Rec. FCF/Yield 24e		
EBITDA 24e	0.9%	1.0%	1.1%		Max	11.9%	11.6%	11.4%
5.7	2.8	2.7	2.7	➔	Central	9.7%	9.5%	9.3%
5.2	2.3	2.2	2.2		Min	7.5%	7.3%	7.1%
4.7	1.8	1.7	1.7					

Appendix 1. Financial Projections

Balance Sheet (EUR Mn)	2018	2019	2020	2021	2022	2023e	2024e	2025e	CAGR	
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		
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%
<i>Total Revenues growth</i>	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%
<i>Gross Margin/Revenues</i>	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%
<i>Recurrent EBITDA growth</i>	16.0%	-2.9%	33.9%	75.8%	-10.7%	-9.8%	11.1%	9.0%		
<i>Rec. EBITDA/Revenues</i>	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%
<i>EBIT growth</i>	32.9%	-27.1%	15.6%	222.0%	-10.8%	-13.8%	15.5%	12.5%		
<i>EBIT/Revenues</i>	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%
<i>Ordinary Profit Growth</i>	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)		
<i>Effective Tax Rate</i>	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%
<i>Net Profit growth</i>	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%
<i>Ordinary Net Profit growth</i>	49.1%	-27.7%	42.4%	198.0%	-4.8%	-38.1%	19.4%	16.8%		
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)		

Appendix 2. Free Cash Flow

A) Cash Flow Analysis (EUR Mn)	2019	2020	2021	2022	2023e	2024e	2025e	CAGR	
								19-22	22-25e
Recurrent EBITDA	2.5	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.	17.2%	6.0%	n.a.	12.7%	9.5%	11.5%		
<i>Free Cash Flow Yield (s/Mkt Cap)</i>	n.a.	16.3%	6.0%	n.a.	12.7%	9.5%	11.5%		
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%
* Theoretical Tax rate	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.	12.4%	4.3%	n.a.	10.1%	7.8%	9.0%		
<i>Free Cash Flow "To the Firm" - Yield (o/EV)</i>	n.a.	13.2%	4.3%	n.a.	10.1%	7.8%	9.0%		

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

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

Recurrent EBITDA vs Recurrent Free Cash Flow

Stock performance vs EBITDA 12m forward

Appendix 3. EV breakdown at the date of this report

	EUR Mn	Source
Market Cap	23.6	
+ 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)	33.7	

Appendix 4. Main peers 2023e

		Broad Range players				High Tech Specialty players						
EUR Mn		Norma Group SE	Granges AB	Trifast Plc	Average	Georg Fischer AG	Bossard Holding AG	Bufab AB	SFS Group AG	Barnes Group Inc	Average	DESA
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	689.5	960.4	110.8		5,467.9	1,811.7	1,192.2	4,790.8	1,906.4		23.6
	Enterprise value (EV)	1,060.4	1,331.9	174.0		5,361.0	2,073.7	1,492.3	5,294.6	2,346.7		33.7
Basic financial information	Total Revenues	1,311.5	2,086.0	280.4		4,137.7	1,205.4	789.8	3,227.5	1,232.0		48.2
	Total Revenues growth	5.5%	-3.7%	11.9%	4.6%	1.7%	2.6%	4.9%	15.8%	7.4%	6.5%	-4.5%
	2y CAGR (2023e - 2025e)	1.5%	9.1%	5.5%	5.4%	4.2%	4.4%	3.5%	3.4%	5.3%	4.2%	5.4%
	EBITDA	174.6	187.7	20.4		531.7	169.2	110.7	528.2	234.3		4.7
	EBITDA growth	19.1%	3.4%	-7.7%	4.9%	7.5%	0.6%	0.0%	-22.0%	5.2%	7.1%	-9.8%
	2y CAGR (2023e - 2025e)	11.3%	11.9%	21.3%	14.9%	6.6%	8.8%	4.2%	5.9%	8.5%	6.8%	10.1%
	EBITDA/Revenues	13.3%	9.0%	7.3%	9.9%	12.9%	14.0%	14.0%	16.4%	19.0%	15.3%	9.8%
	EBIT	96.9	120.1	14.0		408.4	142.4	93.2	391.8	153.5		3.5
	EBIT growth	47.0%	3.5%	1.6%	17.4%	8.2%	-1.1%	4.4%	25.2%	20.3%	11.4%	-13.8%
	2y CAGR (2023e - 2025e)	20.4%	16.5%	30.9%	22.6%	8.3%	9.0%	4.5%	7.0%	10.2%	7.8%	14.0%
	EBIT/Revenues	7.4%	5.8%	5.0%	6.1%	9.9%	11.8%	11.8%	12.1%	12.5%	11.6%	7.3%
	Net Profit	63.2	73.6	9.1		304.5	103.8	60.2	302.2	87.4		2.2
	Net Profit growth	61.9%	17.7%	-11.2%	22.8%	8.4%	-0.9%	10.8%	11.3%	613.4%	128.6%	-38.1%
	2y CAGR (2023e - 2025e)	25.3%	26.9%	39.0%	30.4%	8.9%	10.6%	9.7%	7.3%	21.2%	11.5%	18.1%
	CAPEX/Sales %	4.4%	5.4%	2.0%	3.9%	4.6%	3.2%	0.6%	5.9%	3.6%	3.6%	2.0%
Free Cash Flow	57.6	83.3	(12.7)		232.5	76.5	77.0	180.4	90.4		3.0	
Net financial debt	292.4	315.2	48.1		(262.0)	286.9	257.1	371.6	392.2		12.0	
ND/EBITDA (x)	1.7	1.7	2.4	1.9	n.a.	1.7	2.3	0.7	1.7	1.6	2.5	
Pay-out	37.5%	40.6%	39.0%	39.1%	38.6%	41.2%	27.1%	36.8%	33.9%	35.6%	67.6%	
Multiples and Ratios	P/E (x)	10.2	13.0	13.7	12.3	17.9	16.7	18.7	15.9	18.6	17.6	10.6
	P/BV (x)	0.9	1.2	0.7	1.0	2.9	4.0	3.8	2.9	1.5	3.0	1.2
	EV/Revenues (x)	0.8	0.6	0.6	0.7	1.3	1.7	1.9	1.6	1.9	1.7	0.7
	EV/EBITDA (x)	6.1	7.1	8.5	7.2	10.1	12.3	13.5	10.0	10.0	11.2	7.2
	EV/EBIT (x)	10.9	11.1	12.4	11.5	13.1	14.6	16.0	13.5	15.3	14.5	9.6
	ROE	9.1	9.4	5.3	7.9	16.4	23.8	20.2	18.4	7.9	17.3	11.5
	FCF Yield (%)	8.3	8.7	n.a.	8.5	4.3	4.2	6.5	3.8	4.7	4.7	12.7
	DPS	0.74	0.28	0.03	0.35	1.44	5.56	0.44	2.90	0.58	2.18	0.84
	Dvd Yield	3.4%	3.1%	3.2%	3.3%	2.2%	2.5%	1.4%	2.4%	1.5%	2.0%	6.4%

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

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

LIGHTHOUSE

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Notes and Reports History

Date of report	Recommendation	Price (EUR)	Target price (EUR)	Period of validity	Reason for report	Analyst
08-May-2023	n.a.	13.20	n.a.	n.a.	3m Results 2023 - Estimates downgrade	David López Sánchez
24-Mar-2023	n.a.	13.20	n.a.	n.a.	Estimates downgrade	David López Sánchez
28-Feb-2023	n.a.	13.17	n.a.	n.a.	12m Results 2022	David López Sánchez
30-Sep-2022	n.a.	14.32	n.a.	n.a.	6m Results 2022	David López Sánchez
19-Apr-2022	n.a.	14.56	n.a.	n.a.	Estimates upgrade	David López Sánchez
02-Mar-2022	n.a.	14.56	n.a.	n.a.	12m Results 2021	David López Sánchez
01-Oct-2021	n.a.	8.57	n.a.	n.a.	6m Results 2021	David López Sánchez
01-Mar-2021	n.a.	7.91	n.a.	n.a.	12m Results 2020 - Estimates upgrade	Ana Isabel González García, CIAA
28-Jan-2021	n.a.	7.91	n.a.	n.a.	Estimates upgrade	Ana Isabel González García, CIAA
30-Oct-2020	n.a.	7.43	n.a.	n.a.	9m Results 2020	Ana Isabel González García, CIAA
29-Sep-2020	n.a.	7.43	n.a.	n.a.	6m Results 2020	Ana Isabel González García, CIAA
02-Jul-2020	n.a.	7.43	n.a.	n.a.	Estimates downgrade	Ana Isabel González García, CIAA
02-Mar-2020	n.a.	7.43	n.a.	n.a.	12m Results 2019	Ana Isabel González García, CIAA
23-Dec-2019	n.a.	7.43	n.a.	n.a.	Initiation of Coverage	Ana Isabel González García, CIAA

