

6m Results 2023

 Opinion ⁽¹⁾: In line

 Impact ⁽¹⁾: We will maintain our estimates

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Desarrollos Especiales de Sistemas de Anclaje (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 (25% of revenue) and is controlled by its core shareholders (c.75% of capital).

Market Data

Market Cap (Mn EUR and USD)	24.1	25.5
EV (Mn EUR and USD) ⁽²⁾	32.7	34.5
Shares Outstanding (Mn)	1.8	
-12m (Max/Med/Min EUR)	15.06 / 13.81 / 12.96	
Daily Avg volume (-12m Mn EUR)	n.m.	
Rotation ⁽³⁾	0.4	
Factset / Bloomberg	DESA-ES / DESA SM	
Close fiscal year	31-Dec	

Shareholders Structure (%)

Maden S.A.	29.6
SARM S.A.	20.0
Gestión Ixua S.L.	16.0
Board Members	12.1
Free Float	22.2

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 ⁽⁴⁾	12.4	14.4	15.3	18.0
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 ⁽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	6.7	10.9	9.1	7.8
Ord. P/E	6.7	10.9	9.1	7.8
P/BV	1.3	1.2	1.2	1.1
Dividend Yield (%)	8.3	6.2	6.2	6.2
EV/Sales	0.65	0.68	0.64	0.61
EV/Rec. EBITDA	6.3	6.9	6.2	5.7
EV/EBIT	8.0	9.3	8.1	7.2
FCF Yield (%) ⁽⁵⁾	n.a.	12.4	9.3	11.2

(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.

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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.

1H23 earnings: in line. Despite poor sector momentum, DESAs multiples remain low

THE CONTRACTION IN REVENUE ACCELERATED... in 2Q23 to 8.5% (vs. -6.5% in 1Q23). DESA ended the first half with revenue of EUR 25.8Mn (-7.4% vs. 1H22, which was the highest six-month figure ever), in line with our estimates. The slump in revenue is attributable to: i) lower sales prices and a slowdown in volumes; ii) the contraction (circumstantial) in the farming business; iii) ongoing business restructuring at the French subsidiary; and iv) shrinking exports (especially to Germany).

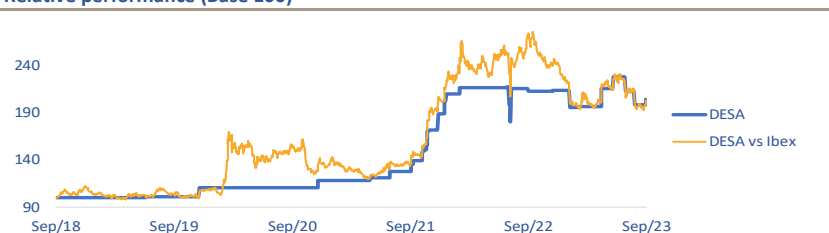
... AND MARGINS REMAIN UNDER PRESSURE (1H23 EBITDA MARGIN: 10.3%). The gross margin widened by 0.8pp year-on-year (+1.9pp in 2Q23 vs. 2Q22). However, DESA's heavy fixed cost structure drove EBITDA margin contraction to 10.3% (-1.6pp vs. 1H22).

WITH AN IMPACT ON EBITDA. The weak topline performance translated into a (double-digit) contraction in EBITDA to EUR 2.6Mn (-19.7% vs. 1H22), albeit in line with our estimates.

NET DEBT IS COMING DOWN (ND 1H23: EUR 11Mn; -15.3% VS. 2022). DESA ended June with net debt of EUR 11Mn (-15.3% vs. year-end 2022) despite the drop in EBITDA, thanks mainly to a significant cash injection via working capital. We expect leverage to remain at reasonable levels (ND/EBITDA 2023e: 2.5x).

NOTWITHSTANDING THE PREVAILING UNCERTAINTY, WE ARE LEAVING OUR ESTIMATES UNCHANGED. This set of earnings confirms the (anticipated) slump in activity in all of DESA's business sectors. We are reiterating our estimates. Our baseline scenario points to revenue of EUR 48.2Mn and EBITDA of EUR 4.7Mn in 2023e.

DESPITE THE WEAK BUSINESS MOMENTUM, 2023E IS ALSO EVIDENCING THE COMPANY'S MARGIN RESILIENCE. Although momentum at DESA is not currently favourable, the ability to keep its EBITDA margin at around 10% this year (compared to c.6% 2015-2019) would deliver an eye-catching FCF Yield 2023e >10% (EBITDA-to-cash conversion ratio of >50%). DESA is trading at attractive multiples (P/E 23e of 10.9x and EV/EBITDA 23e of 6.9x) on our 2023e estimates. Looking to 2025e, a return to low single-digit revenue growth (CAGR 2022-2025e: +2%) would translate into (objectively) low multiples: P/E 2025e of 7.8x and EV/EBITDA 2025e of 5.7x.

Relative performance (Base 100)


Stock performance (%)	-1m	-3m	-12m	YTD	-3Y	-5Y
Absolute	3.1	-10.3	-4.2	-4.4	84.7	104.1
vs Ibxex 35	3.7	-9.8	-24.4	-16.6	33.1	103.3
vs Ibxex Small Cap Index	6.0	-6.4	-16.7	-10.9	54.5	92.8
vs Eurostoxx 50	6.3	-6.4	-23.2	-12.9	43.1	66.7
vs Sector benchmark ⁽⁴⁾	8.9	-0.5	-28.1	-10.6	43.2	34.0

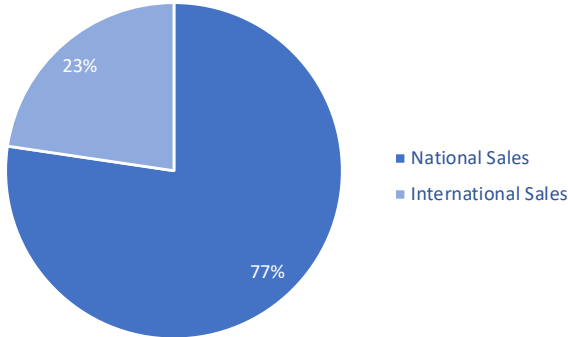
6m Results 2023
Table 1. 1H23 Results

EUR Mn	6m23 Real	6m22	6m23 Real vs 6m22	2023e 2023e	2023 vs 2022	2Q23	2Q23 vs 2Q22
Total Revenues	25.8	27.8	-7.3%	48.2	-4.5%	12.8	-8.5%
Gross margin	10.2	10.8	-5.5%	18.9	-0.8%	5.1	-4.0%
<i>% Gross margin</i>	<i>39.6%</i>	<i>38.8%</i>	<i>0.8 p.p.</i>	<i>39.2%</i>	<i>1.4 p.p.</i>	<i>40.1%</i>	<i>1.9 p.p.</i>
Recurrent EBITDA	2.6	3.2	-20.2%	4.7	-9.8%	1.3	-20.2%
<i>Rec. EBITDA/Revenues</i>	<i>9.9%</i>	<i>11.8%</i>	<i>-1.9 p.p.</i>	<i>9.8%</i>	<i>-0.6 p.p.</i>	<i>10.2%</i>	<i>-1.5 p.p.</i>
EBITDA	2.6	3.3	-19.7%	4.7	-9.8%	1.4	-17.4%
<i>EBITDA/Revenues</i>	<i>10.3%</i>	<i>11.8%</i>	<i>-1.6 p.p.</i>	<i>9.8%</i>	<i>-0.6 p.p.</i>	<i>10.6%</i>	<i>-1.1 p.p.</i>
EBIT	2.0	2.7	-24.2%	3.5	-13.8%	1.0	-22.8%
PBT	1.9	2.4	-21.5%	3.0	-38.0%	1.0	-11.2%
		12m22					
Net Debt ¹	11.0	13.0	-15.3%	12.0	-7.7%		

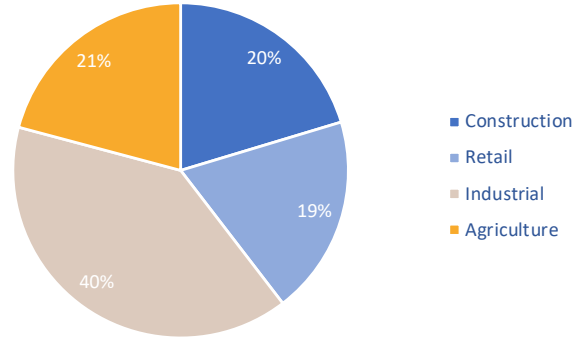
Note 1: Net debt excludes the impact of IFRS 16 (EUR 0.5Mn and EUR 0.3Mn in 1H23 and 2022). Net debt includes discounted trade bills pending maturity.

The company in 8 charts

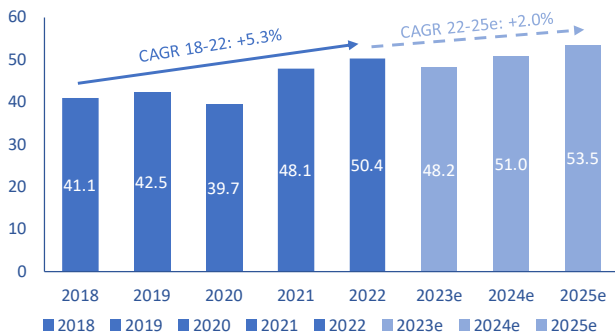
A diversified business: sales from outside Spain (basically Europe) already account for 23%



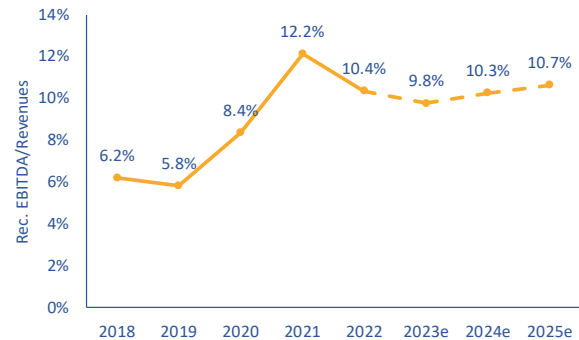
Positioned in the agricultural market (21% of revenue 2022), its main (midterm) growth driver



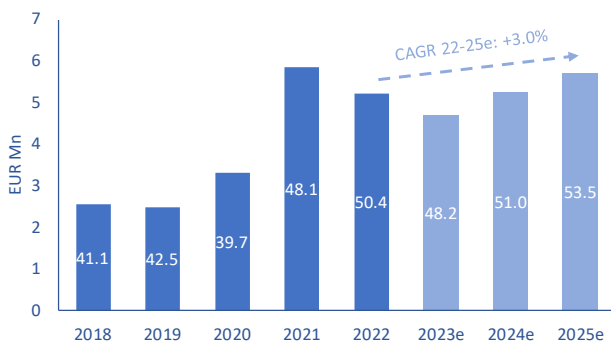
22-25e: Low-single-digit revenue growth (22-25e CAGR 2%), in line with that seen in the last 5 years



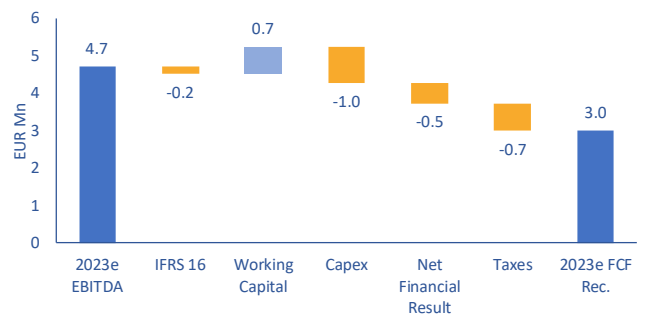
Maintaining an EBITDA margin of > 10% (with the ability to recover levels of c. 11%, still below 2021 highs)



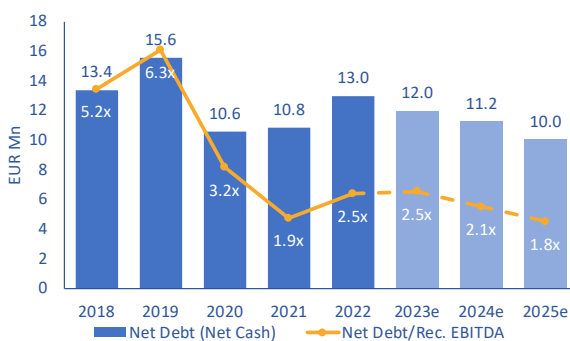
... And allowing the revenue improvement to be passed on to EBITDA (22-25e CAGR 3%)



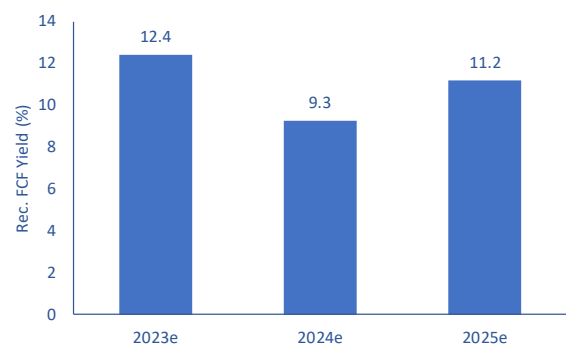
With the capacity to convert c. 50% of EBITDA in FCF



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



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	41.2		
Market Cap	24.1	At the date of this report				
Net financial debt	11.0	Debt net of Cash (6m Results 2023)				
					Best Case	Worst Case
Cost of Debt	5.1%	Net debt cost			4.8%	5.3%
Tax rate (T)	25.0%	T (Normalised tax rate)			=	=
Net debt cost	3.8%	Kd = Cost of Net Debt * (1-T)			3.6%	4.0%
Risk free rate (rf)	4.1%	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	11.3%	Ke = Rf + (R * B)			10.1%	12.5%
Equity / (Equity + Net Debt)	68.7%	E (Market Cap as equity value)			=	=
Net Debt / (Equity + Net Debt)	31.3%	D			=	=
WACC	8.9%	WACC = Kd * D + Ke * E			8.1%	9.9%
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	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	546.1	11.0	21.6%	5.9	10.1%	0.7	4.4%	12.7%	9.4%	21.5%
Granges AB	GRNG-SE	921.8	12.7	25.0%	6.8	11.2%	0.7	9.8%	9.6%	9.0%	10.0%
Trifast Plc	TRI-GB	128.1	12.1	36.4%	7.7	21.1%	0.6	5.4%	8.2%	14.2%	-1.2%
Broad Range players			11.9	27.7%	6.8	14.1%	0.7	6.5%	10.2%	10.9%	10.1%
Georg Fischer AG	GF-CH	4,367.1	15.4	10.3%	8.9	9.3%	1.1	5.4%	12.5%	6.0%	6.4%
Bossard Holding AG	BOSN-CH	1,632.8	16.9	12.1%	11.8	9.0%	1.6	4.3%	13.8%	5.8%	5.0%
Bufab AB	BUFAB-SE	900.1	15.8	7.5%	11.2	2.7%	1.6	3.5%	14.4%	8.7%	-8.5%
SFS Group AG	SFSN-CH	3,997.9	14.1	8.2%	8.7	5.9%	1.4	3.0%	16.0%	3.6%	35.0%
Barnes Group Inc	B-US	1,651.1	16.4	17.3%	8.7	18.7%	1.6	8.5%	18.1%	5.1%	40.4%
Highg Tech Specialty players			15.7	11.1%	9.8	9.1%	1.5	4.9%	15.0%	5.8%	15.7%
DESA	DESA-ES	24.1	10.9	18.1%	6.9	10.1%	0.7	5.4%	9.8%	12.4%	-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	5.7x
Central	10.3%	5.2	6.2x
Min	9.3%	4.7	6.9x

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	0.9%	1.0%	1.1%	Scenario			
5.7	2.8	2.7	2.7	Max	11.6%	11.4%	11.2%
5.2	2.3	2.2	2.2	Central	9.5%	9.3%	9.1%
4.7	1.8	1.7	1.7	Min	7.4%	7.2%	7.0%

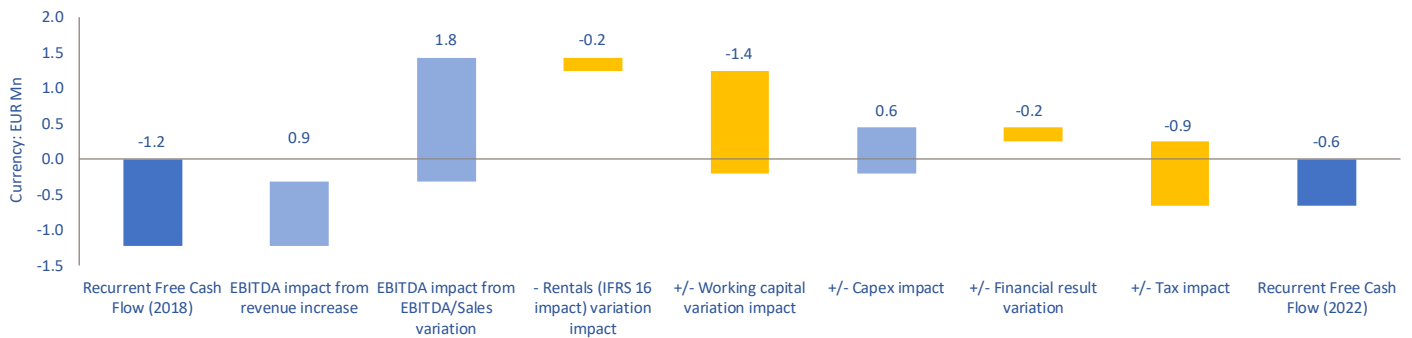
Appendix 1. Financial Projections

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%
<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%		
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)		

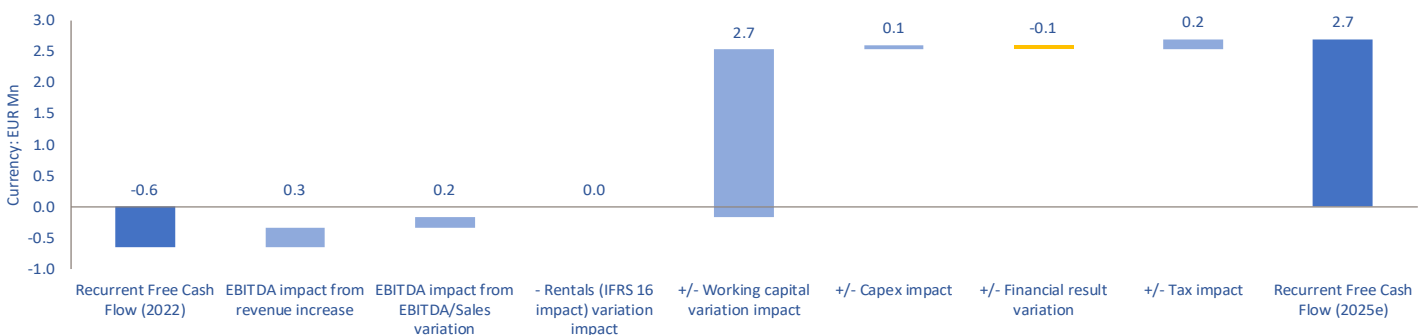
Appendix 2. Free Cash Flow

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.	16.8%	5.8%	n.a.	12.4%	9.3%	11.2%		
<i>Free Cash Flow Yield (s/Mkt Cap)</i>	n.a.	16.0%	5.8%	n.a.	12.4%	9.3%	11.2%		
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.	12.8%	4.4%	n.a.	10.4%	8.0%	9.2%		
<i>Free Cash Flow "To the Firm" - Yield (o/EV)</i>	n.a.	13.7%	4.4%	n.a.	10.4%	8.0%	9.2%		

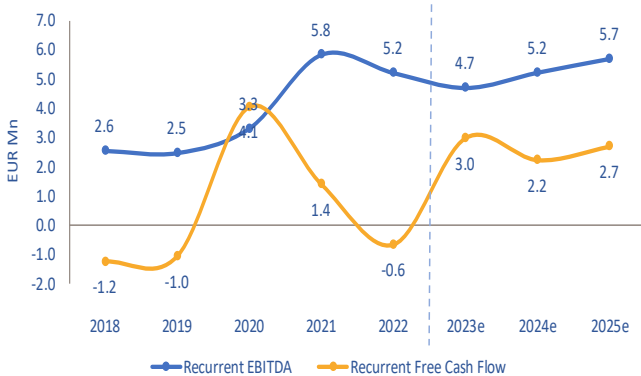
Recurrent Free Cash Flow accumulated variation analysis (2018 - 2022)



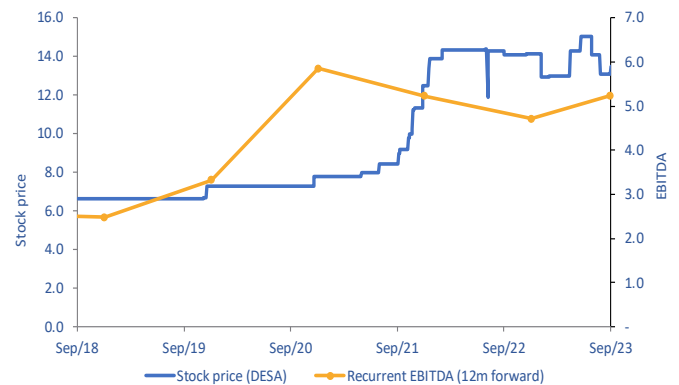
Recurrent Free Cash Flow accumulated variation analysis (2022 - 2025e)



Recurrent EBITDA vs Recurrent Free Cash Flow



Stock performance vs EBITDA 12m forward



Appendix 3. EV breakdown at the date of this report

	EUR Mn	Source
Market Cap	24.1	
+ Minority Interests	-	6m Results 2023
+ Provisions & Other L/T Liabilities	0.1	6m Results 2023
+ Net financial debt	11.0	6m Results 2023
- Financial Investments	2.5	6m Results 2023
+/- Others		
Enterprise Value (EV)	32.7	

Appendix 4. Historical performance ⁽¹⁾

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	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.	29.0x	21.4x	9.6x	16.1x	15.3x	5.9x	7.0x	10.9x	9.1x	7.8x		
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	0.68x	0.64x	0.61x		
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	6.9x	6.2x	5.7x		
Absolute performance	0.0%	0.0%	0.0%	0.0%	0.0%	-3.2%	-33.1%	10.5%	6.5%	60.3%	13.2%	-4.4%				
Relative performance vs Ibxes 35	4.9%	-17.6%	-3.5%	7.7%	2.1%	-9.9%	-21.3%	-1.2%	26.0%	48.6%	19.8%	-16.6%				

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 Factset.

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

Appendix 5. Main peers 2023e

		Broad Range players				High Tech Specialty players						
		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	EUR Mn	NOEJ-DE	GRNG-SE	TRI-GB		GF-CH	BOSN-CH	BUFAB-SE	SFSN-CH	B-US		DESA-ES
	Country	Germany	Sweden	United Kingdom		Switzerland	Switzerland	Sweden	Switzerland	USA		Spain
	Market cap	546.1	921.8	128.1		4,367.1	1,632.8	900.1	3,997.9	1,651.1		24.1
	Enterprise value (EV)	965.0	1,280.3	188.5		4,526.4	1,911.1	1,233.1	4,541.0	2,122.2		32.7
Basic financial information	Total Revenues	1,289.0	1,961.6	298.6		4,091.7	1,171.7	764.9	3,272.2	1,349.3		48.2
	Total Revenues growth	3.7%	-6.4%	5.8%	1.0%	-0.9%	-1.7%	4.9%	15.7%	12.9%	6.2%	-4.5%
	2y CAGR (2023e - 2025e)	4.4%	9.8%	5.4%	6.5%	5.4%	4.3%	3.5%	3.0%	8.5%	4.9%	5.4%
	EBITDA	164.2	188.8	24.4		511.1	161.9	110.2	523.9	244.7		4.7
	EBITDA growth	12.0%	7.4%	11.1%	10.2%	1.8%	-5.1%	2.8%	19.2%	5.4%	4.8%	-9.8%
	2y CAGR (2023e - 2025e)	10.1%	11.2%	21.1%	14.1%	9.3%	9.0%	2.7%	5.9%	18.7%	9.1%	10.1%
	EBITDA/Revenues	12.7%	9.6%	8.2%	10.2%	12.5%	13.8%	14.4%	16.0%	18.1%	15.0%	9.8%
	EBIT	81.6	119.4	17.3		387.8	133.9	93.0	391.6	161.8		3.5
	EBIT growth	23.9%	6.2%	50.2%	26.8%	1.2%	-8.4%	7.6%	23.2%	21.6%	9.1%	-13.8%
	2y CAGR (2023e - 2025e)	18.3%	15.6%	29.4%	21.1%	10.5%	9.8%	3.0%	6.3%	21.7%	10.3%	14.0%
	EBIT/Revenues	6.3%	6.1%	5.8%	6.1%	9.5%	11.4%	12.2%	12.0%	12.0%	11.4%	7.3%
	Net Profit	49.4	74.3	10.6		285.0	94.7	60.3	289.8	80.0		2.2
Net Profit growth	26.5%	22.8%	419.6%	156.3%	0.0%	-10.9%	14.5%	5.2%	527.1%	107.2%	-38.1%	
2y CAGR (2023e - 2025e)	23.2%	24.7%	35.2%	27.7%	11.1%	12.2%	7.1%	8.1%	31.6%	14.0%	18.1%	
CAPEX/Sales %	4.3%	5.8%	1.8%	4.0%	4.5%	3.0%	0.8%	5.8%	3.3%	3.5%	2.0%	
Free Cash Flow	51.4	83.0	18.2		262.0	94.3	78.6	145.4	84.1		3.0	
Net financial debt	302.0	302.8	44.6		(257.3)	281.9	292.9	429.4	425.7		12.0	
ND/EBITDA (x)	1.8	1.6	1.8	1.8	n.a.	1.7	2.7	0.8	1.7	1.7	2.5	
Pay-out	37.9%	39.6%	37.1%	38.2%	40.1%	43.0%	26.2%	38.5%	38.6%	37.3%	67.6%	
Multiples and Ratios	P/E (x)	11.0	12.7	12.1	11.9	15.4	16.9	15.8	14.1	16.4	15.7	10.9
	P/BV (x)	0.8	1.2	0.8	0.9	2.7	3.7	3.0	2.6	1.2	2.6	1.2
	EV/Revenues (x)	0.7	0.7	0.6	0.7	1.1	1.6	1.6	1.4	1.6	1.5	0.7
	EV/EBITDA (x)	5.9	6.8	7.7	6.8	8.9	11.8	11.2	8.7	8.7	9.8	6.9
	EV/EBIT (x)	11.8	10.7	10.9	11.2	11.7	14.3	13.3	11.6	13.1	12.8	9.3
	ROE	7.0	9.7	6.5	7.7	17.4	21.8	18.9	18.7	7.6	16.9	11.5
	FCF Yield (%)	9.4	9.0	14.2	10.9	6.0	5.8	8.7	3.6	5.1	5.8	12.4
	DPS	0.59	0.28	0.03	0.30	1.39	5.30	0.42	2.91	0.61	2.13	0.84
	Dvd Yield	3.4%	3.2%	3.1%	3.2%	2.6%	2.6%	1.8%	2.8%	1.9%	2.3%	6.2%

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).

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Notes and Reports History

Date of report	Recommendation	Price (EUR)	Target price (EUR)	Period of validity	Reason for report	Analyst
29-Sep-2023	n.a.	13.50	n.a.	n.a.	6m Results 2023	Luis Esteban Arribas
12-Jun-2023	n.a.	14.27	n.a.	n.a.	Small & Micro Caps (Spain)	David López Sánchez
08-May-2023	n.a.	12.99	n.a.	n.a.	3m Results 2023 - Estimates downgrade	David López Sánchez
24-Mar-2023	n.a.	12.99	n.a.	n.a.	Estimates downgrade	David López Sánchez
28-Feb-2023	n.a.	12.96	n.a.	n.a.	12m Results 2022	David López Sánchez
30-Sep-2022	n.a.	14.10	n.a.	n.a.	6m Results 2022	David López Sánchez
19-Apr-2022	n.a.	14.33	n.a.	n.a.	Estimates upgrade	David López Sánchez
02-Mar-2022	n.a.	14.33	n.a.	n.a.	12m Results 2021	David López Sánchez
01-Oct-2021	n.a.	8.43	n.a.	n.a.	6m Results 2021	David López Sánchez
01-Mar-2021	n.a.	7.78	n.a.	n.a.	12m Results 2020 - Estimates upgrade	Ana Isabel González García, CIIA
28-Jan-2021	n.a.	7.78	n.a.	n.a.	Estimates upgrade	Ana Isabel González García, CIIA
30-Oct-2020	n.a.	7.31	n.a.	n.a.	9m Results 2020	Ana Isabel González García, CIIA
29-Sep-2020	n.a.	7.31	n.a.	n.a.	6m Results 2020	Ana Isabel González García, CIIA
02-Jul-2020	n.a.	7.31	n.a.	n.a.	Estimates downgrade	Ana Isabel González García, CIIA
02-Mar-2020	n.a.	7.31	n.a.	n.a.	12m Results 2019	Ana Isabel González García, CIIA
23-Dec-2019	n.a.	7.31	n.a.	n.a.	Initiation of Coverage	Ana Isabel González García, CIIA

