

12m Results 2024

 Opinion ⁽¹⁾: Below expectations

 Impact ⁽¹⁾: We will have to lower our estimates

Pablo Victoria Rivera, CESGA – pablo.victoria@institutodeanalistas.com

+34 915 631 972

Business description

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 with a 12% market share in Europe (>85% sales).

Market Data

Market Cap (Mn EUR and USD)	62,2	64,7
EV (Mn EUR and USD) ⁽²⁾	90,6	94,2
Shares Outstanding (Mn)	10,0	
-12m (Max/Med/Mín EUR)	8,52 / 6,91 / 6,18	
Daily Avg volume (-12m Mn EUR)	0,02	
Rotation ⁽³⁾	8,2	
Factset / Bloomberg	LGT-ES / LGT SM	
Close fiscal year	31-Dec	

Shareholders Structure (%)

Board of Directors	55,0
Onchena	9,4
Mallorquina de Seguros	6,2
Free Float	29,5

Relative performance (Base 100)

Stock performance (%)

	-1m	-3m	-12m	-5Y
Absolute	-2,8	-5,2	-3,8	-47,5
vs Ibex 35	-11,5	-17,5	-27,4	-65,7
vs Ibex Small Cap Index	-7,9	-17,1	-17,7	-62,5
vs Eurostoxx 50	-7,6	-17,4	-14,0	-68,0
vs Sector benchmark ⁽⁴⁾	-5,9	-15,7	14,8	-62,7

(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 Automobiles & Parts.

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

2024: revenues decline of c.-10%. Uncertainty continues in the automotive sector.

REVENUE DECLINE (-9.6% VS. 2023)... LGT closes 2024 with revenues of EUR 89.1 Mn (-9.6% vs. EUR 98.5 Mn in 2023), mainly due to the reduction in raw material prices (indexed sales prices). In terms of parts volume, the decline is -5%. By geography: Spain (17% of sales) grows by +24% and exports (80% of sales) decrease by -15%. Machined parts, with higher added value, account for 57% of sales (vs. 68% and 71% in 2022 and 2023, respectively).

...DUE TO VEHICLE PRODUCTION IN EUROPE: FAR FROM 2019 LEVELS. Automobile manufacturing in Europe 2024 has been 14.5 Mn, still -20% vs. pre-pandemic levels. In Spain, 2.5 Mn vehicles have been produced in 2024 (-3% vs. 2023) and exports have decreased by -4% vs. 2023.

GROSS MARGIN IMPROVES, BUT IT IS NOT SUFFICIENT. EBITDA FALLS BY -25% VS. 2023. The 2024 gross margin improves to 55.9% (+2.2 p.p. vs. 53.7% in 2023), which reduces the impact of the revenue decline (-5.9% in gross margin vs. -9.6% in revenue). Conversely, LGT's cost structure, with a high fixed component, amplifies the impact of the revenue decline and reduces Recurring EBITDA to EUR 6.3 Mn (-25% vs. 2023; which compares with the +1.8% seen in 1H24). Recurring EBITDA margin of 7.0% (9.4% in 1H24) vs. 8.5% in 2023 and far from the c.15% pre-Covid-19. Results clearly below expectations following the 6m24 results (2024e EBITDA EUR 9.9 Mn).

NET FINANCIAL DEBT INCREASES TO EUR 22.3 MN IN 2024 (+133% VS. EUR 9.6 MN IN 2023), mainly due to (i) the reduction in cash generation due to the decline in revenue and margins and (ii) an increase in working capital to c.6% of sales levels (vs. -1.5% in 2023 and vs. 2017-2019 average 4.2%) and (iii) continuity of investments (c.EUR 9 Mn) in machinery and technical installations and the construction and equipping of a new production plant. All of this brings the 2024 Net Debt/Recurring EBITDA ratio to 3.6x (vs. 1.1x in 2023) and 2024 Net Debt/Equity to 0.5x (vs. 0.2x in 2023). Debt levels that appear temporarily high relative to their historical average (Net Debt/EBITDA 1.0x) and comparables (Net Debt/EBITDA 1.4x).

IN SUMMARY: THE WEAK MOMENTUM OF THE AUTOMOTIVE SECTOR CONTINUES. WE WILL REVISE ESTIMATES DOWNWARDS. The modernization of existing plants and the construction of a new plant are proof of LGT's conviction in the business. The indexation of sales prices to the evolution of raw material (ferrous scrap) and energy prices allows protecting the gross margin, but still far from pre-pandemic levels (2017-2019 average gross margin of 58.3% vs. 55.9% 2024).

The stock's performance, heavily penalized since the start of the pandemic, accumulates (-12m) a -27% vs. Ibex 35, reflecting the poor momentum of the sector (which LGT clearly beats: +15%). The unknown is whether the reduction in automobile manufacturing and sales in Europe vs. 2019 is cyclical or structural (2024 LGT revenues, c.-20% vs. 2022 highs). The year 2025 points to a market stagnation, conditioned by tariff policies, the advance of electrification, consumer confidence and the evolution of emissions regulations. We will have to lower 2025 estimates. The momentum continues to be weak."

Appendix 1. Results table

EUR Mn	12m24		12m24 Real		2024 vs
	Real	12m23	vs 12m23	2024e	2024e
Total Revenues	89.1	98.5	-9.6%	103.5	-13.9%
Gross margin	49.8	52.9	-5.9%	55.9	-10.9%
<i>Gross Margin/Revenues</i>	<i>55.9%</i>	<i>53.7%</i>	<i>2.2 p.p.</i>	<i>54.0%</i>	<i>1.9 p.p.</i>
Recurrent EBITDA¹	6.3	8.4	-25.1%	9.9	-36.6%
<i>Rec. EBITDA/Revenues</i>	<i>7.0%</i>	<i>8.5%</i>	<i>-1.5 p.p.</i>	<i>9.5%</i>	<i>-2.5 p.p.</i>
EBITDA⁽¹⁾	8.2	9.3	-12.5%	10.7	-23.4%
<i>EBITDA/Revenues</i>	<i>9.2%</i>	<i>9.5%</i>	<i>-0.3 p.p.</i>	<i>10.3%</i>	<i>-1.1 p.p.</i>
EBIT	3.2	4.9	-34.7%	5.7	-44.6%
PBT	2.3	4.2	-46.4%	5.1	-55.9%
NP	1.9	3.2	-42.1%	3.9	-51.6%

	12m24		12m24 Real		2024 vs
	Real	12m23	vs 12m23	2024e	2024e
Net debt	22.3	9.6	133.2%	9.0	-59.8%
ND / EBITDA	3.6 x	1.1 x		0.9 x	
ND / Equity	0.5 x	0.2 x			

(1) Recurring EBITDA and EBITDA adjusted to eliminate the impact of capitalized expenses.

Appendix 2. EV breakdown at the date of this report

	EUR Mn	Source
Market Cap	62,2	
+ Minority Interests	-	12m Results 2024
+ Provisions & Other L/T Liabilities	6,3	12m Results 2024
+ Net financial debt	22,3	12m Results 2024
- Financial Investments	0,2	12m Results 2024
+/- Others		
Enterprise Value (EV)	90,6	

Appendix 3. Main peers

		Auto-Parts				Brake Systems	
		CIE				Average	Brembo SPA
EUR Mn		Automotive	Gestamp	Cummins	Voestalpine		
Market data	Ticker (Factset)	CIE-ES	GEST-ES	CMI-US	VOE-AT		BRE-IT
	Country	Spain	Spain	USA	USA		Netherlands
	Market cap	2,711.9	1,525.8	48,671.0	3,948.9		3,123.9
	Enterprise value (EV)	4,291.1	4,626.6	54,796.9	6,021.9		3,763.8
Basic financial information	Total Revenues	3,960.6	12,288.5	32,790.4	15,909.7		3,841.3
	Total Revenues growth	0.0%	0.1%	0.2%	-4.6%	-1.1%	-0.2%
	2y CAGR (2024e - 2026e)	3.4%	4.6%	5.0%	2.2%	3.8%	5.8%
	EBITDA	727.9	1,359.2	4,455.8	1,363.4		652.5
	EBITDA growth	2.1%	0.2%	8.0%	-1.8%	2.1%	8.2%
	2y CAGR (2024e - 2026e)	5.6%	9.3%	18.4%	13.0%	11.6%	8.4%
	EBITDA/Revenues	18.4%	11.1%	13.6%	8.6%	12.9%	17.0%
	EBIT	544.3	632.7	3,431.7	607.5		391.1
	EBIT growth	2.6%	-5.0%	9.3%	-3.5%	0.9%	10.3%
	2y CAGR (2024e - 2026e)	5.9%	13.4%	20.1%	25.4%	16.2%	10.9%
	EBIT/Revenues	13.7%	5.1%	10.5%	3.8%	8.3%	10.2%
	Net Profit	324.9	251.8	3,794.2	256.5		263.2
	Net Profit growth	4.4%	-10.3%	436.9%	134.7%	141.4%	-13.7%
	2y CAGR (2024e - 2026e)	9.9%	19.6%	-3.9%	46.0%	17.9%	14.0%
	CAPEX/Sales %	6.3%	7.2%	3.5%	7.5%	6.1%	9.5%
Free Cash Flow	297.9	257.3	268.3	68.0		54.0	
Net financial debt	1,162.9	2,164.5	5,128.8	1,908.8		300.0	
ND/EBITDA (x)	1.6	1.6	1.2	1.4	1.4	0.5	
Pay-out	26.9%	29.0%	22.8%	38.8%	29.4%	34.6%	
Multiples and Ratios	P/E (x)	8.3	5.9	13.0	13.3	10.1	11.2
	P/BV (x)	1.8	0.6	4.9	0.5	2.0	1.3
	EV/Revenues (x)	1.1	0.4	1.7	0.4	0.9	1.0
	EV/EBITDA (x)	5.9	3.4	12.3	4.4	6.5	5.8
	EV/EBIT (x)	7.9	7.3	16.0	9.9	10.3	9.6
	ROE	23.4	10.3	41.3	3.9	19.7	12.0
	FCF Yield (%)	11.0	16.9	0.6	1.7	7.5	1.7
	DPS	0.73	0.13	6.25	0.58	1.92	0.28
	Dvd Yield	3.2%	4.8%	1.8%	2.6%	3.1%	2.9%

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

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

LIGHTHOUSE

Calle Núñez de Balboa, 108 1ª Planta
28006 Madrid
T: +34 91 563 19 72
institutodeanalistas.com/lighthouse

Head of research

Alfredo Echevarría Otegui

alfredo.echevarria@institutodeanalistas.com

Analysts who contributed to this report:

Pablo Victoria Rivera, CESGA

Equity research

pablo.victoria@institutodeanalistas.com

Daniel Gandoy López

Equity research

lighthouse@institutodeanalistas.com

Jesús López Gómez, CESGA

ESG Analyst & Data analytics

jesus.lopez@institutodeanalistas.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 <https://institutodeanalistas.com>.

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
03-Mar-2025	n.a.	6.22	n.a.	n.a.	12m Results 2024	Pablo Victoria Rivera, CESGA
25-Jul-2024	n.a.	7.84	n.a.	n.a.	6m Results 2024 - Estimates downgrade	Luis Esteban Arribas, CESGA
27-May-2024	n.a.	6.74	n.a.	n.a.	Small & Micro Caps (Spain)	Alfredo Echevarría Otegui
29-Feb-2024	n.a.	6.47	n.a.	n.a.	12m Results 2023 - Estimates downgrade	Luis Esteban Arribas, CESGA
03-Aug-2023	n.a.	7.24	n.a.	n.a.	6m Results 2023	Luis Esteban Arribas, CESGA
12-Jun-2023	n.a.	7.50	n.a.	n.a.	Small & Micro Caps (Spain)	David López Sánchez
01-Mar-2023	n.a.	7.71	n.a.	n.a.	12m Results 2022	David López Sánchez
31-Oct-2022	n.a.	5.63	n.a.	n.a.	9m Results 2022	David López Sánchez
03-Aug-2022	n.a.	6.61	n.a.	n.a.	6m Results 2022 - Estimates upgrade	David López Sánchez
01-Apr-2022	n.a.	10.37	n.a.	n.a.	Estimates downgrade	David López Sánchez
02-Mar-2022	n.a.	9.87	n.a.	n.a.	12m Results 2021	David López Sánchez
03-Aug-2021	n.a.	10.61	n.a.	n.a.	6m Results 2021 - Estimates downgrade	David López Sánchez
01-Mar-2021	n.a.	10.06	n.a.	n.a.	12m Results 2020	David López Sánchez
30-Oct-2020	n.a.	10.11	n.a.	n.a.	9m Results 2020	David López Sánchez
28-Jul-2020	n.a.	10.60	n.a.	n.a.	Estimates downgrade	David López Sánchez
28-Feb-2020	n.a.	11.84	n.a.	n.a.	12m Results 2019	David López Sánchez
28-Oct-2019	n.a.	11.98	n.a.	n.a.	9m Results 2019	David López Sánchez
22-Jul-2019	n.a.	12.78	n.a.	n.a.	6m Results 2019 - Estimates downgrade	David López Sánchez
13-May-2019	n.a.	13.26	n.a.	n.a.	3m Results 2019	David López Sánchez
01-Mar-2019	n.a.	12.87	n.a.	n.a.	12m Results 2018	David López Sánchez
22-Nov-2018	n.a.	12.87	n.a.	n.a.	Initiation of Coverage	David López Sánchez

