

9m Results 2024

 Opinion ⁽¹⁾: In line

 Impact ⁽¹⁾: We raise our estimates

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

9m24: portfolio increase while maintaining profitability. We raise estimates 2025e-2026e.

Market Data

Market Cap (Mn EUR and USD)	162.8	177.4
EV (Mn EUR and USD) ⁽²⁾	303.7	331.0
Shares Outstanding (Mn)	23.3	
-12m (Max/Med/Min EUR)	8.10 / 6.05 / 5.43	
Daily Avg volume (-12m Mn EUR)	n.m.	
Rotation ⁽³⁾	0.6	
Factset / Bloomberg	CEV-ES / CEV SM	
Close fiscal year	31-Dec	

Shareholders Structure (%)

Vaqué-Boix family	61.7
Banco Santander	24.1
Manuel Valiente	6.6
Others	2.3
Free Float	5.3

Financials (Mn EUR)

	2023	2024e	2025e	2026e
Adj. nº shares (Mn)	23.2	23.3	23.3	23.3
Total Revenues	21.4	22.3	25.0	26.8
Rec. EBITDA	14.8	15.3	17.6	19.2
% growth	11.6	3.5	15.2	8.9
% Rec. EBITDA/Rev.	69.1	68.5	70.5	71.6
% Inc. EBITDA sector ⁽⁴⁾	-1.1	16.6	6.3	5.9
Net Profit	10.9	19.4	13.9	14.6
EPS (EUR)	0.47	0.83	0.60	0.63
% growth	-62.0	77.1	-28.5	5.1
Ord. EPS (EUR)	0.45	0.43	0.53	0.59
% growth	26.7	-4.6	23.1	11.5
Rec. Free Cash Flow ⁽⁵⁾	6.3	9.0	8.8	11.3
Pay-out (%)	53.1	29.8	41.8	39.8
DPS (EUR)	0.25	0.25	0.25	0.25
Net financial debt	49.4	79.1	72.6	64.9
ND/Rec. EBITDA (x)	3.3	5.2	4.1	3.4
ROE (%)	2.8	4.9	3.4	3.5
ROCE (%) ⁽⁵⁾	2.5	4.1	2.9	3.0

Ratios & Multiples (x) ⁽⁶⁾

P/E	14.9	8.4	11.7	11.2
Ord. P/E	15.4	16.2	13.1	11.8
P/BV	0.4	0.4	0.4	0.4
Dividend Yield (%)	3.6	3.6	3.6	3.6
EV/Sales	14.21	13.61	12.16	11.34
EV/Rec. EBITDA	20.6	19.9	17.3	15.8
EV/EBIT	19.8	11.5	15.6	15.1
FCF Yield (%) ⁽⁵⁾	3.8	5.5	5.4	6.9

(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: Stoxx Europe 600 Real State.

(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.

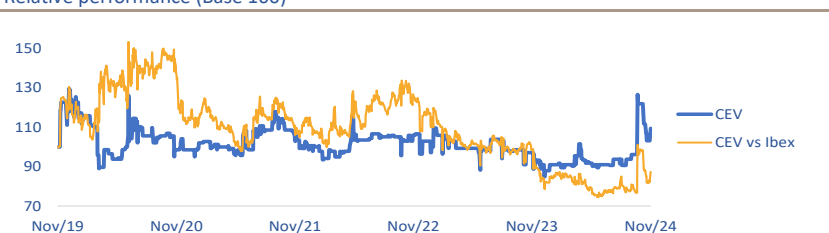
REVENUE GROWS TO EUR 16.9MN (+6.0% VS 9M23)... Revenue from rents increases by EUR 0.96Mn (+6.7% vs 9m23). By type: (i) the commercial portfolio experiences the greatest increase, +19.7% vs 9m23, due to the increase in leasable area after the premises acquired in 1Q24, (ii) the residential portfolio grows by +4.7% while (iii) the office portfolio grows by +7.2%. The occupancy of the consolidated portfolio stands at 95% (vs 96.4% in 2023).

...WHICH TRANSLATES INTO A REC. EBITDA +9.7% VS 9M13). The increase in rents translates into a REC. EBITDA margin of 70.5% (+1pp vs 9m23) which implies a REC. EBITDA of EUR 11.9Mn (+9.7% vs 2023). Although we maintain estimates as we expect some slowdown in 4Q which will lead to repeating the 2023 margin and leaving the growth of EBITDA 2024e at +3.5%.

ACQUISITION OF 150 HOMES IN BARCELONA. After the acquisition of two plots of land and a commercial area in 1Q24, CEV announces the acquisition of 100% of a building of 150 homes in Santa Coloma de Gramenet (Barcelona) for its rental for EUR 26.2Mn. We estimate that the new asset will generate annual rental income of EUR 1.5Mn.

WE MAINTAIN 2024E NUMBERS BUT RAISE 2025E-2026E ESTIMATES. Due to the increase in leasable area due to recent acquisitions, we raise 2025e and 2026e estimates (c.+12% in EBITDA). We project a company with revenues of EUR 25.0Mn and EUR 26.8Mn and REC. EBITDA of EUR 17.6Mn and EUR 19.2Mn, respectively. TACC 2026e-2024e of EBITDA +12.0% (improvement of the margin of c.3 pp)

THE FIRST DELIVERIES OF THE NEW DEVELOPMENT CYCLE ARE THE CATALYST IN THE SHORT TERM. CEV's portfolio continues to grow while maintaining high occupancy levels, good profitability and low risk. The new development cycle should start in 4Q24 with the first deeds of the L'Hospitalet promotion, something that seems to go unnoticed by the market: -12m performance vs. sector index -14.2%; -18.6% vs Ibex 35). CEV reaffirms itself as a unique and very conservative option for investing in Spanish real estate. Dividend Yield 2024e stable at c.4% and PER Ord. 2025e c.12x. The most notable thing is that the risk associated with CEV's business model is very low. Which makes its multiples more valuable.

Relative performance (Base 100)

Stock performance (%)

	-1m	-3m	-12m	YTD	-3Y	-5Y
Absolute	-10.3	16.7	12.7	20.2	5.7	9.4
vs Ibex 35	-11.4	5.5	-11.3	2.9	-19.1	-12.7
vs Ibex Small Cap Index	-8.6	20.8	5.4	17.4	8.2	-10.1
vs Eurostoxx 50	-8.4	11.5	-3.0	12.0	-5.6	-17.3
vs Sector benchmark ⁽⁴⁾	-3.7	18.5	-0.7	22.9	58.5	54.7

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

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9m Results 2024

Estimates upgrade

Table 1. 9m24 Results

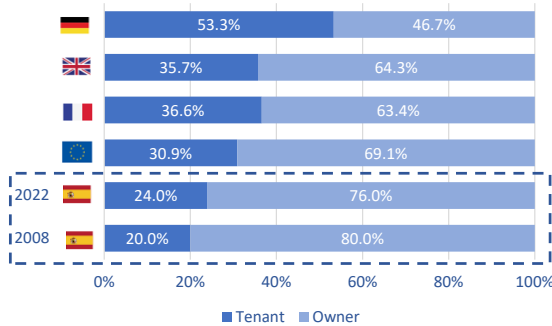
EUR Mn	9m24	9m23	9m24 vs		2024e vs	
			9m23	2024e	2023	2023
Total Revenues	16.9	16.0	6.0%	22.3	4.3%	
Recurrent EBITDA	11.9	11.1	7.5%	15.3	3.4%	
Rec. EBITDA/Revenues	70.5%	69.5%	1.0 p.p.	68.5%	-0.6 p.p.	
EBITDA	11.9	10.9	9.7%	17.0	13.4%	
EBITDA/Revenues	70.5%	68.1%	2.4 p.p.	76.2%	7.3 p.p.	
EBIT	21.0	11.3	86.3%	26.4	41.8%	
PBT	18.9	10.1	86.5%	24.4	43.8%	
NP	14.8	8.1	83.1%	19.4	43.8%	

Table 2. Estimates Review

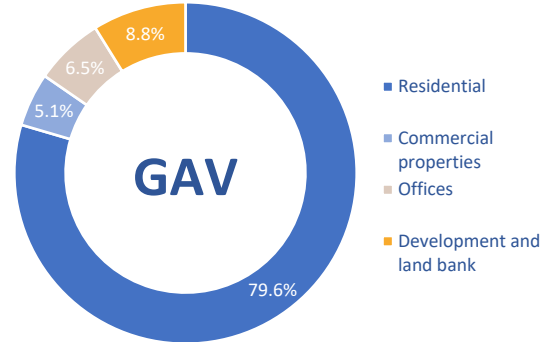
EUR Mn	2024e (New)	Review (%)	2025e (New)	Review (%)	2026e	Review (%)
Total Revenues	22.3	0.4%	25.0	7.9%	24.4	9.7%
Recurrent EBITDA	15.3	0.5%	17.6	10.8%	17.0	13.0%
Recurrent EBITDA growth	3.5%	1 p.p.	15.2%	11 p.p.	6.8%	2 p.p.
Rec. EBITDA/Revenues	68.5%	0 p.p.	70.5%	2 p.p.	69.4%	2 p.p.
EBIT	26.4	0.3%	19.4	9.7%	17.9	12.3%
Net Profit	19.4	-1.7%	13.9	5.1%	13.5	7.8%
Recurrent Free Cash Flow	9.0	-4.7%	8.9	-12.6%	10.8	4.0%
ND/EBITDA	5.2 x	2.4 x	4.1 x	2.0 x	1.6 x	1.8 x

The company in 8 charts

Demand for rented housing has continued to grow (since 2008) and Spain is still a long way from European average levels



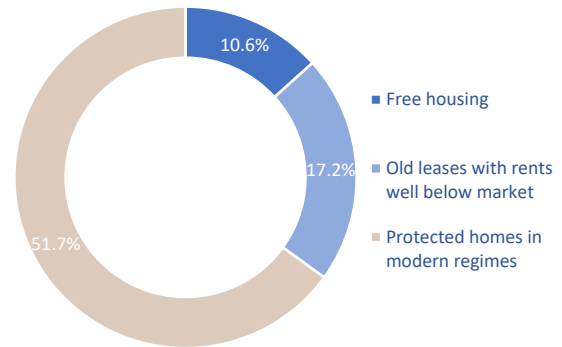
Cevasa (CEV) has a unique exposure to rented housing (c. 80% of GAV 2023)...



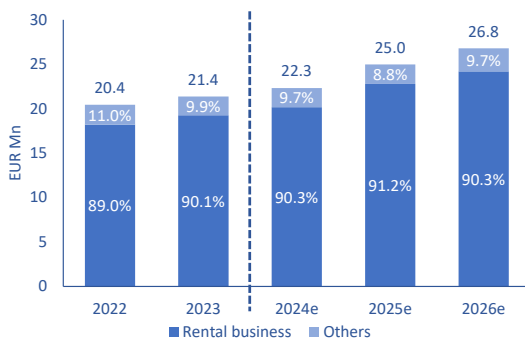
... with a portfolio concentrated in Catalonia (mainly Barcelona and its metropolitan area)



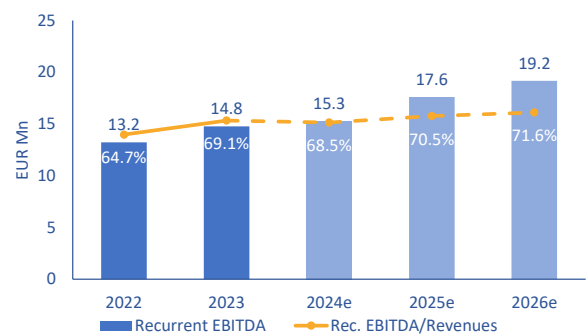
And the particularity of having invested a large percentage in state sponsored housing



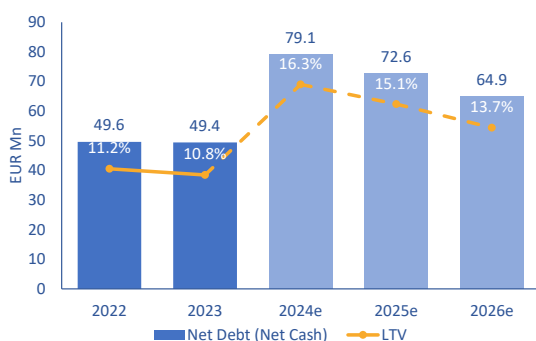
Until 2026e visibility is significant, for revenue (CAGR 23-26e: +7.8%)...



... and margins (Rec EBITDA: CAGR 23-26e: +9.1%)



Despite the rebound in investment, leverage will remain at very prudent levels (LTV < 20%)



Trading at a discount of c. 60% to its EPRA NRV

EUR Mn	2022	2023	22-23
GAV	536.2	546.3	1.9%
EPRA NAV/NRV	483.7	490.2	1.3%
EPRA NAV/NTA	423.9	427.2	0.8%
EPRA NAV/NDV	400.9	406.7	1.4%
Number of shares	23.2	23.2	0.0%
EPRA NAV/NRV per share	20.89	21.17	1.3%
EPRA NAV/NTA per share	18.31	18.45	0.8%
EPRA NAV/NDV per share	17.32	17.57	1.4%

Valuation inputs

Inputs for the DCF Valuation Approach

	2024e	2025e	2026e	Terminal Value ⁽¹⁾		
Free Cash Flow "To the Firm"	(34.2)	2.0	4.0	201.5		
Market Cap	162.8	At the date of this report				
Net financial debt	49.4	Debt net of Cash (12m Results 2023)				
					Best Case	Worst Case
Cost of Debt	5.5%	Net debt cost			5.3%	5.8%
Tax rate (T)	20.0%	T (Normalised tax rate)			=	=
Net debt cost	4.4%	Kd = Cost of Net Debt * (1-T)			4.2%	4.6%
Risk free rate (rf)	3.1%	Rf (10y Spanish bond yield)			=	=
Equity risk premium	6.0%	R (own estimate)			5.5%	6.5%
Beta (B)	1.0	B (own estimate)			1.0	1.1
Cost of Equity	9.1%	Ke = Rf + (R * B)			8.6%	10.2%
Equity / (Equity + Net Debt)	76.7%	E (Market Cap as equity value)			=	=
Net Debt / (Equity + Net Debt)	23.3%	D			=	=
WACC	8.0%	WACC = Kd * D + Ke * E			7.6%	8.9%
G "Fair"	2.0%				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 24e	EPS 24e-26e	EV/EBITDA 24e	EBITDA 24e-26e	EV/Sales 24e	Revenues 24e-26e	EBITDA/Sales 24e	FCF Yield 24e	FCF 24e-26e
Merlin Properties	MRL-ES	5,744.4	17.9	6.1%	26.0	10.7%	20.0	10.2%	76.9%	3.0%	-27.9%
Colonial	COL-ES	3,450.4	17.5	1.6%	29.4	4.9%	n.a.	4.2%	81.0%	3.7%	18.6%
Lar España	LRE-ES	688.0	12.1	3.6%	16.8	4.1%	12.0	3.7%	71.3%	7.3%	5.5%
Árma	ARM-ES	221.4	n.a.	n.a.	n.a.	65.8%	n.a.	27.0%	31.0%	n.a.	-30.3%
REITs			15.8	3.7%	24.1	21.4%	16.0	11.3%	65.1%	4.7%	-8.5%
CEV	CEV-ES	162.8	8.4	-13.4%	19.9	8.6%	13.6	9.6%	76.2%	5.5%	60.2%

Free Cash Flow sensitivity analysis (2025e)

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

Scenario	EBITDA/Sales 25e	EBITDA 25e	EV/EBITDA 25e
Max	74.0%	18.5	16.4x
Central	70.5%	17.6	17.3x
Min	67.0%	16.7	18.2x

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

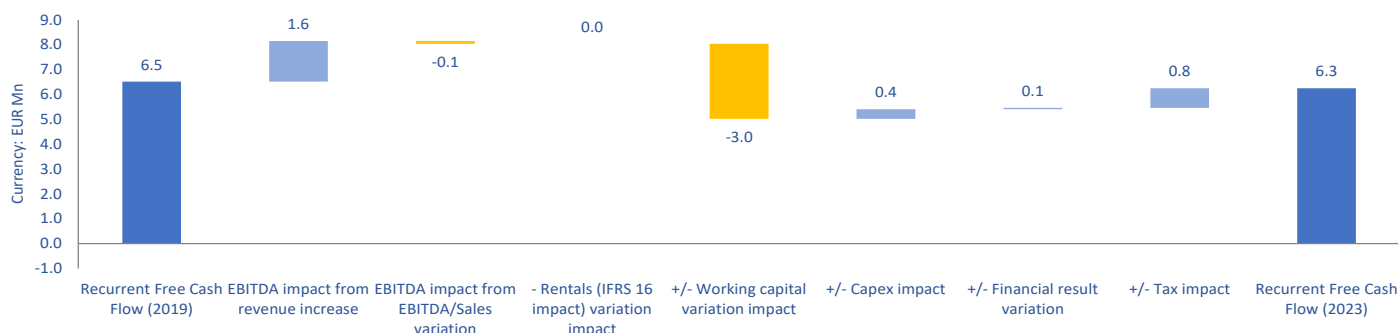
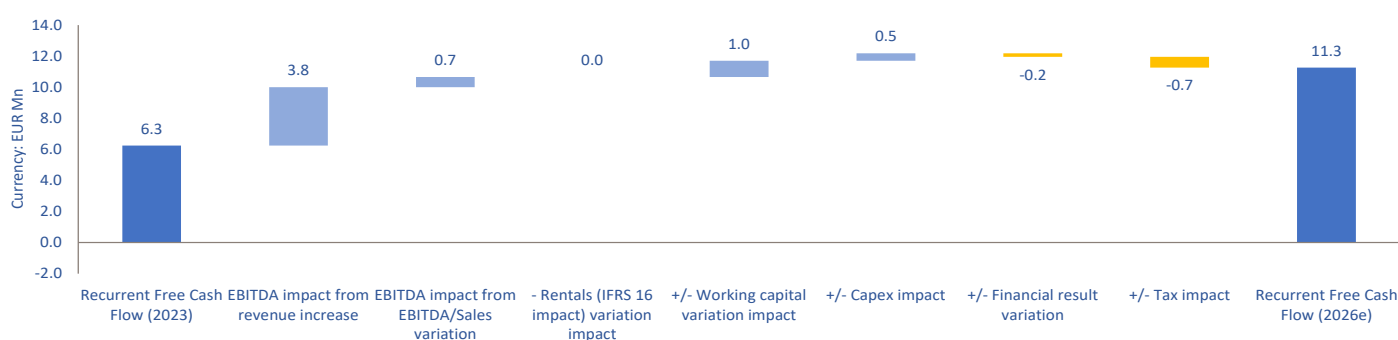
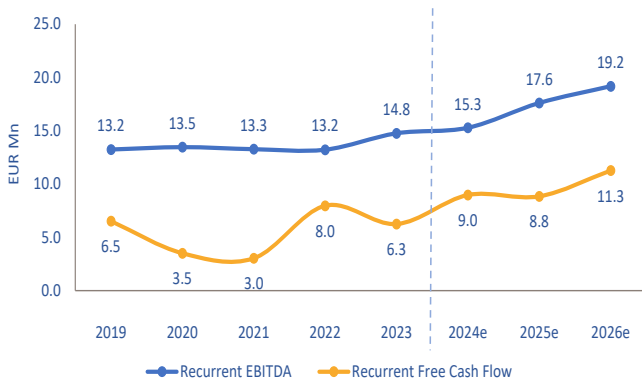
Rec. FCF EUR Mn	CAPEX/Sales 25e			Scenario	Rec. FCF/Yield 25e		
EBITDA 25e	4.5%	5.0%	5.5%		Max	6.1%	6.0%
18.5	9.8	9.7	9.6	Central	5.5%	5.4%	5.4%
17.6	9.0	8.8	8.7	Min	5.0%	4.9%	4.8%
16.7	8.1	8.0	7.9				

Appendix 1. Financial Projections

Balance Sheet (EUR Mn)	2019	2020	2021	2022	2023	2024e	2025e	2026e		
Intangible assets	1.0	1.0	1.1	1.1	1.0	1.0	1.0	1.0		
Fixed assets	456.2	461.7	479.8	496.5	499.0	544.2	543.8	543.9		
Other Non Current Assets	4.0	4.0	3.4	1.9	1.8	1.8	1.8	1.8		
Financial Investments	10.0	7.1	10.3	12.2	11.7	11.7	11.7	11.7		
Goodwill & Other Intangibles	-	-	-	-	-	-	-	-		
Current assets	23.0	26.3	34.3	27.7	33.3	32.5	35.9	38.3		
Total assets	494.1	500.0	528.8	539.3	546.9	591.3	594.4	596.7		
Equity	332.8	337.2	357.5	383.6	388.2	401.8	409.8	418.6		
Minority Interests	10.0	10.5	11.4	12.8	13.5	14.8	15.7	16.7		
Provisions & Other L/T Liabilities	83.1	83.7	85.3	89.8	89.8	89.8	89.8	89.8		
Other Non Current Liabilities	-	-	-	-	-	-	-	-		
Net financial debt	65.8	64.9	69.5	49.6	49.4	79.1	72.6	64.9		
Current Liabilities	2.5	3.7	5.0	3.5	6.1	5.8	6.4	6.7		
Equity & Total Liabilities	494.1	500.0	528.8	539.3	546.9	591.3	594.4	596.7		
CAGR										
P&L (EUR Mn)	2019	2020	2021	2022	2023	2024e	2025e	2026e	19-23	23-26e
Total Revenues	19.0	19.1	19.4	20.4	21.4	22.3	25.0	26.8	3.1%	7.8%
<i>Total Revenues growth</i>	<i>5.3%</i>	<i>0.6%</i>	<i>1.9%</i>	<i>5.2%</i>	<i>4.5%</i>	<i>4.5%</i>	<i>11.9%</i>	<i>7.3%</i>		
COGS	(0.9)	(0.8)	(1.2)	(1.7)	(1.0)	(1.3)	(1.5)	(1.5)		
Gross Margin	18.1	18.2	18.2	18.8	20.4	21.0	23.5	25.2	3.1%	7.4%
<i>Gross Margin/Revenues</i>	<i>95.3%</i>	<i>95.7%</i>	<i>93.8%</i>	<i>91.9%</i>	<i>95.4%</i>	<i>94.2%</i>	<i>94.2%</i>	<i>94.2%</i>		
Personnel Expenses	(3.2)	(3.1)	(3.4)	(3.8)	(3.9)	(4.0)	(4.1)	(4.2)		
Other Operating Expenses	(1.6)	(1.6)	(1.6)	(1.8)	(1.7)	(1.8)	(1.8)	(1.9)		
Recurrent EBITDA	13.2	13.5	13.3	13.2	14.8	15.3	17.6	19.2	2.8%	9.1%
<i>Recurrent EBITDA growth</i>	<i>5.7%</i>	<i>1.7%</i>	<i>-1.4%</i>	<i>-0.4%</i>	<i>11.6%</i>	<i>3.5%</i>	<i>15.2%</i>	<i>8.9%</i>		
<i>Rec. EBITDA/Revenues</i>	<i>69.9%</i>	<i>70.7%</i>	<i>68.3%</i>	<i>64.7%</i>	<i>69.1%</i>	<i>68.5%</i>	<i>70.5%</i>	<i>71.6%</i>		
Net development revenue and non-rec.	(0.1)	(1.0)	0.4	4.4	(0.0)	1.7	1.7	0.9		
EBITDA	13.1	12.5	13.7	17.6	14.7	17.0	19.3	20.1	2.9%	10.8%
Depreciation & Provisions	(0.2)	(0.1)	0.4	(0.1)	0.1	0.1	0.1	0.1		
Capitalized Expense	-	-	-	-	-	-	-	-		
Change in the value of the properties	16.8	0.2	17.9	15.5	0.5	9.3	-	-		
EBIT	29.8	12.6	32.0	33.1	15.3	26.4	19.4	20.1	-15.3%	9.5%
<i>EBIT growth</i>	<i>-51.2%</i>	<i>-57.7%</i>	<i>154.1%</i>	<i>3.3%</i>	<i>-53.6%</i>	<i>71.9%</i>	<i>-26.3%</i>	<i>3.7%</i>		
<i>EBIT/Revenues</i>	<i>n.a.</i>	<i>66.1%</i>	<i>n.a.</i>	<i>n.a.</i>	<i>71.8%</i>	<i>n.a.</i>	<i>77.8%</i>	<i>75.2%</i>		
Impact of Goodwill & Others	-	-	-	-	-	-	-	-		
Net Financial Result	(1.6)	(1.3)	(1.5)	(1.3)	(1.6)	(2.0)	(2.0)	(1.8)		
Income by the Equity Method	-	-	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)		
Ordinary Profit	28.2	11.3	30.5	31.7	13.7	24.4	17.4	18.3	-16.5%	10.1%
<i>Ordinary Profit Growth</i>	<i>-52.7%</i>	<i>-59.8%</i>	<i>169.9%</i>	<i>3.9%</i>	<i>-56.8%</i>	<i>77.8%</i>	<i>-28.5%</i>	<i>5.1%</i>		
Extraordinary Results	-	-	-	5.9	-	-	-	-		
Profit Before Tax	28.2	11.3	30.5	37.7	13.7	24.4	17.4	18.3	-16.5%	10.1%
Tax Expense	(5.4)	(1.5)	(5.2)	(7.9)	(2.1)	(3.7)	(2.6)	(2.7)		
<i>Effective Tax Rate</i>	<i>19.1%</i>	<i>13.2%</i>	<i>16.9%</i>	<i>21.0%</i>	<i>15.0%</i>	<i>15.0%</i>	<i>15.0%</i>	<i>15.0%</i>		
Minority Interests	(0.8)	(0.6)	(0.9)	(1.1)	(0.7)	(1.3)	(0.9)	(1.0)		
Discontinued Activities	-	-	-	-	-	-	-	-		
Net Profit	22.0	9.3	24.5	28.7	10.9	19.4	13.9	14.6	-16.1%	10.1%
<i>Net Profit growth</i>	<i>-51.2%</i>	<i>-57.9%</i>	<i>164.8%</i>	<i>17.2%</i>	<i>-62.0%</i>	<i>77.8%</i>	<i>-28.5%</i>	<i>5.1%</i>		
Ordinary Net Profit	8.5	10.0	9.3	8.3	10.5	10.1	12.4	13.8	5.4%	9.6%
<i>Ordinary Net Profit growth</i>	<i>24.4%</i>	<i>17.2%</i>	<i>-6.4%</i>	<i>-11.0%</i>	<i>26.5%</i>	<i>-4.2%</i>	<i>23.1%</i>	<i>11.5%</i>		
CAGR										
Cash Flow (EUR Mn)	2019	2020	2021	2022	2023	2024e	2025e	2026e	19-23	23-26e
Recurrent EBITDA						15.3	17.6	19.2	2.8%	9.1%
Rentals (IFRS 16 impact)						-	-	-		
Working Capital Increase						0.6	(2.9)	(2.0)		
Recurrent Operating Cash Flow						15.8	14.7	17.2	-3.0%	13.6%
CAPEX						(1.2)	(1.2)	(1.3)		
Net Financial Result affecting the Cash Flow						(2.0)	(2.0)	(1.8)		
Tax Expense						(3.7)	(2.6)	(2.7)		
Recurrent Free Cash Flow						9.0	8.8	11.3	-1.1%	21.7%
Net development revenue and non-rec.						12.0	12.0	11.1		
- Acquisitions / + Divestures of assets						(44.9)	(8.6)	(8.8)		
Extraordinary Inc./Exp. Affecting Cash Flow						-	-	-		
Free Cash Flow						(23.9)	12.2	13.5	-4.6%	29.6%
Capital Increase						-	-	-		
Dividends						(5.8)	(5.8)	(5.8)		
Net Debt Variation						29.7	(6.5)	(7.8)		

Appendix 2. Free Cash Flow

A) Cash Flow Analysis (EUR Mn)	2020	2021	2022	2023	2024e	2025e	2026e	CAGR	
								20-23	23-26e
Recurrent EBITDA	13.5	13.3	13.2	14.8	15.3	17.6	19.2	3.1%	9.1%
<i>Recurrent EBITDA growth</i>	1.7%	-1.4%	-0.4%	11.6%	3.5%	15.2%	8.9%		
<i>Rec. EBITDA/Revenues</i>	70.7%	68.3%	64.7%	69.1%	68.5%	70.5%	71.6%		
- Rentals (IFRS 16 impact)	-	-	-	-	-	-	-		
+/- Working Capital increase	(2.1)	(6.8)	5.1	(3.0)	0.6	(2.9)	(2.0)		
= Recurrent Operating Cash Flow	11.4	6.5	18.3	11.7	15.8	14.7	17.2	1.0%	13.6%
<i>Rec. Operating Cash Flow growth</i>	-14.1%	-42.8%	181.8%	-36.0%	34.9%	-7.1%	16.8%		
<i>Rec. Operating Cash Flow / Sales</i>	59.7%	33.5%	89.7%	55.0%	71.0%	58.9%	64.2%		
- CAPEX	(4.6)	(1.5)	(1.2)	(1.8)	(1.2)	(1.2)	(1.3)		
- Net Financial Result affecting Cash Flow	(1.4)	(1.4)	(1.3)	(1.6)	(2.0)	(2.0)	(1.8)		
- Taxes	(1.9)	(0.6)	(7.9)	(2.1)	(3.7)	(2.6)	(2.7)		
= Recurrent Free Cash Flow	3.5	3.0	8.0	6.3	9.0	8.8	11.3	21.2%	21.7%
<i>Rec. Free Cash Flow growth</i>	-46.1%	-13.6%	162.7%	-21.6%	43.6%	-1.4%	27.3%		
<i>Rec. Free Cash Flow / Revenues</i>	18.4%	15.6%	39.0%	29.2%	40.2%	35.4%	42.0%		
- Restructuring expenses & others	-	-	4.4	(0.0)	12.0	12.0	11.1		
- Acquisitions / + Divestments	1.8	(9.4)	4.0	-	(44.9)	(8.6)	(8.8)		
+/- Extraordinary Inc./Exp. affecting Cash Flow	0.1	6.3	6.3	-	-	-	-		
= Free Cash Flow	5.4	(0.0)	22.7	6.2	(23.9)	12.2	13.5	4.6%	29.6%
<i>Free Cash Flow growth</i>	-27.5%	-100.4%	n.a.	-72.5%	-483.5%	151.3%	10.5%		
<i>Recurrent Free Cash Flow - Yield (s/Mkt Cap)</i>	2.2%	1.9%	4.9%	3.8%	5.5%	5.4%	6.9%		
<i>Free Cash Flow Yield (s/Mkt Cap)</i>	3.3%	n.a.	13.9%	3.8%	n.a.	7.5%	8.3%		
B) Analytical Review of Annual Recurrent Free Cash Flow Performance (Eur Mn)									
	2020	2021	2022	2023	2024e	2025e	2026e	CAGR	
Recurrent FCF(FY - 1)	6.5	3.5	3.0	8.0	6.3	9.0	8.8		
EBITDA impact from revenue increase	0.1	0.3	0.7	0.6	0.7	1.8	1.3		
EBITDA impact from EBITDA/Sales variation	0.1	(0.5)	(0.7)	0.9	(0.1)	0.5	0.3		
= Recurrent EBITDA variation	0.2	(0.2)	(0.0)	1.5	0.5	2.3	1.6		
- Rentals (IFRS 16 impact) variation impact	-	-	-	-	-	-	-		
+/- Working capital variation impact	(2.1)	(4.7)	11.9	(8.1)	3.6	(3.4)	0.9		
= Recurrent Operating Cash Flow variation	(1.9)	(4.9)	11.8	(6.6)	4.1	(1.1)	2.5		
+/- CAPEX impact	(2.4)	3.1	0.3	(0.6)	0.6	(0.0)	(0.1)		
+/- Financial result variation	0.3	(0.1)	0.1	(0.3)	(0.4)	(0.0)	0.2		
+/- Tax impact	0.9	1.3	(7.3)	5.8	(1.6)	1.0	(0.1)		
= Recurrent Free Cash Flow variation	(3.0)	(0.5)	4.9	(1.7)	2.7	(0.1)	2.4		
Recurrent Free Cash Flow	3.5	3.0	8.0	6.3	9.0	8.8	11.3		
C) "FCF to the Firm" (pre debt service) (EUR Mn)									
	2020	2021	2022	2023	2024e	2025e	2026e	CAGR	
EBIT	12.6	32.0	33.1	15.3	26.4	19.4	20.1	6.8%	9.5%
* Theoretical Tax rate	13.2%	16.9%	21.0%	15.0%	15.0%	15.0%	15.0%		
= Taxes (pre- Net Financial Result)	(1.7)	(5.4)	(6.9)	(2.3)	(4.0)	(2.9)	(3.0)		
Recurrent EBITDA	13.5	13.3	13.2	14.8	15.3	17.6	19.2	3.1%	9.1%
- Rentals (IFRS 16 impact)	-	-	-	-	-	-	-		
+/- Working Capital increase	(2.1)	(6.8)	5.1	(3.0)	0.6	(2.9)	(2.0)		
= Recurrent Operating Cash Flow	11.4	6.5	18.3	11.7	15.8	14.7	17.2	1.0%	13.6%
- CAPEX	(4.6)	(1.5)	(1.2)	(1.8)	(1.2)	(1.2)	(1.3)		
- Taxes (pre- Financial Result)	(1.7)	(5.4)	(6.9)	(2.3)	(4.0)	(2.9)	(3.0)		
= Recurrent Free Cash Flow (To the Firm)	5.2	(0.4)	10.2	7.6	10.7	10.6	12.8	13.9%	19.0%
<i>Rec. Free Cash Flow (To the Firm) growth</i>	-3.7%	-107.2%	n.a.	-25.6%	39.8%	-0.9%	21.6%		
<i>Rec. Free Cash Flow (To the Firm) / Revenues</i>	27.0%	n.a.	50.1%	35.7%	47.7%	42.2%	47.9%		
- Acquisitions / + Divestments	1.8	(9.4)	4.0	-	(44.9)	(8.6)	(8.8)		
+/- Extraordinary Inc./Exp. affecting Cash Flow	0.1	6.3	6.3	-	-	-	-		
= Free Cash Flow "To the Firm"	7.1	(3.4)	20.6	7.6	(34.2)	2.0	4.0	2.5%	-19.3%
<i>Free Cash Flow (To the Firm) growth</i>	11.8%	-148.4%	700.0%	-63.0%	-548.9%	105.7%	105.1%		
<i>Rec. Free Cash Flow To the Firm Yield (o/EV)</i>	1.7%	n.a.	3.4%	2.5%	3.5%	3.5%	4.2%		
<i>Free Cash Flow "To the Firm" - Yield (o/EV)</i>	2.3%	n.a.	6.8%	2.5%	n.a.	0.6%	1.3%		

Recurrent Free Cash Flow accumulated variation analysis (2019 - 2023)

Recurrent Free Cash Flow accumulated variation analysis (2023 - 2026e)

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	162.8	
+ Minority Interests	13.5	12m Results 2023
+ Provisions & Other L/T Liabilities	89.8	12m Results 2023
+ Net financial debt	49.4	12m Results 2023
- Financial Investments	11.7	12m Results 2023
+/- Others		
Enterprise Value (EV)	303.7	

Appendix 4. Historical performance ⁽¹⁾

Historical performance (EUR Mn)	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024e	2025e	2026e	CAGR	
															13-23	23-26e
Total Revenues	19.6	17.4	16.4	13.9	14.6	16.1	19.0	19.1	19.4	20.4	21.4	22.3	25.0	26.8	0.8%	7.8%
Total Revenues growth	8.1%	-11.5%	-5.5%	-15.5%	5.2%	10.2%	17.7%	0.6%	1.9%	5.2%	4.5%	4.5%	11.9%	7.3%		
EBITDA	8.0	7.3	8.5	8.6	7.9	10.0	13.1	12.5	13.7	17.6	14.7	17.0	19.3	20.1	6.3%	10.8%
EBITDA growth	17.7%	-9.0%	16.1%	2.0%	-8.1%	25.7%	31.6%	-5.0%	9.3%	28.8%	-16.2%	15.4%	13.6%	3.7%		
EBITDA/Sales	40.8%	42.0%	51.5%	62.2%	54.4%	62.0%	69.3%	65.5%	70.3%	86.0%	69.0%	76.2%	77.4%	74.9%		
Net Profit	3.0	22.6	5.6	13.0	14.5	45.0	22.0	9.3	24.5	28.7	10.9	19.4	13.9	14.6	13.7%	10.1%
Net Profit growth	21.3%	647.0%	-75.3%	134.2%	11.6%	209.4%	-51.2%	-57.9%	164.8%	17.2%	-62.0%	77.8%	-28.5%	5.1%		
Adjusted number shares (Mn)	23.2	23.2	23.2	23.2	23.2	23.2	23.2	23.2	23.2	23.2	23.2	23.2	23.3	23.3		
EPS (EUR)	0.13	0.97	0.24	0.56	0.63	1.94	0.95	0.40	1.06	1.24	0.47	0.83	0.60	0.63	13.7%	9.9%
EPS growth	n.a.	n.a.	-75.3%	n.a.	11.6%	n.a.	-51.1%	-57.9%	n.a.	17.2%	-62.0%	77.1%	-28.5%	5.1%		
Ord. EPS (EUR)	0.13	0.97	0.24	0.56	0.63	1.94	0.37	0.43	0.40	0.36	0.45	0.43	0.53	0.59	13.3%	9.4%
Ord. EPS growth	n.a.	n.a.	-75.3%	n.a.	11.6%	n.a.	-81.1%	17.2%	-6.5%	-11.0%	26.7%	-4.6%	23.1%	11.5%		
CAPEX	(1.8)	(0.6)	(1.4)	(4.4)	(26.6)	(3.1)	(2.2)	(4.6)	(1.5)	(1.2)	(1.8)	(1.2)	(1.2)	(1.3)		
CAPEX/Sales %	9.0%	3.2%	8.4%	31.8%	182.4%	19.4%	11.7%	24.0%	7.5%	5.7%	8.5%	5.5%	5.0%	5.0%		
Free Cash Flow	1.5	3.8	(1.6)	(4.5)	(21.8)	4.3	7.5	5.4	(0.0)	22.7	6.2	(23.9)	12.2	13.5	15.6%	29.6%
ND/EBITDA (x) ⁽²⁾	5.5x	7.0x	6.5x	4.9x	7.9x	6.8x	5.0x	5.2x	5.1x	2.8x	3.4x	4.6x	3.8x	3.2x		
P/E (x)	46.0x	5.0x	22.4x	13.8x	6.0x	3.1x	8.3x	15.8x	6.1x	5.2x	12.4x	8.4x	11.7x	11.2x		
EV/Sales (x)	11.05x	11.16x	12.78x	19.08x	11.82x	14.84x	18.67x	16.35x	16.20x	15.43x	13.08x	13.61x	12.16x	11.34x		
EV/EBITDA (x) ⁽²⁾	27.1x	26.6x	24.8x	30.7x	21.7x	23.9x	26.9x	25.0x	23.1x	17.9x	19.0x	17.8x	15.7x	15.1x		
Absolute performance	-3.2%	-18.8%	10.8%	44.5%	-51.7%	61.5%	29.6%	-19.7%	2.1%	0.1%	-9.7%	20.2%				
Relative performance vs Ibx 35	-20.3%	-21.7%	19.4%	47.5%	-55.1%	89.9%	15.9%	-5.1%	-5.4%	6.0%	-26.4%	2.9%				

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 2024e

		REITs					
		Merlin					CEV
EUR Mn		Properties	Colonial	Lar España	Árima	Average	
Market data	Ticker (Factset)	MRL-ES	COL-ES	LRE-ES	ARM-ES		CEV-ES
	Country	Spain	Spain	Spain	Spain		Spain
	Market cap	5,744.4	3,450.4	688.0	221.4		162.8
	Enterprise value (EV)	9,901.0	9,277.0	1,131.0	281.9		303.7
Basic financial information	Total Revenues	495.9	388.9	94.2	12.7		22.3
	Total Revenues growth	5.6%	-2.7%	-18.3%	26.1%	2.7%	4.5%
	2y CAGR (2024e - 2026e)	10.2%	4.2%	3.7%	27.0%	11.3%	9.6%
	EBITDA	381.5	315.2	67.2	3.9		17.0
	EBITDA growth	9.6%	-0.3%	n.a.	239.5%	82.9%	15.4%
	2y CAGR (2024e - 2026e)	10.7%	4.9%	4.1%	65.8%	21.4%	8.6%
	EBITDA/Revenues	76.9%	81.0%	71.3%	31.0%	65.1%	76.2%
	EBIT	371.7	326.5	66.5	2.9		26.4
	EBIT growth	7.4%	6.2%	-22.9%	201.4%	48.0%	71.9%
	2y CAGR (2024e - 2026e)	14.8%	8.1%	7.6%	n.a.	10.1%	-12.6%
	EBIT/Revenues	75.0%	83.9%	70.6%	23.2%	63.2%	n.a.
	Net Profit	291.8	182.6	50.0	(1.8)		19.4
	Net Profit growth	449.5%	117.9%	35.8%	94.4%	174.4%	77.8%
	2y CAGR (2024e - 2026e)	9.5%	4.8%	11.5%	n.a.	8.6%	-13.4%
CAPEX/Sales %	48.7%	-1.5%	10.6%	173.1%	57.7%	5.5%	
Free Cash Flow	171.6	128.9	50.5	(4.3)		(23.9)	
Net financial debt	3,526.0	4,327.6	484.6	91.8		79.1	
ND/EBITDA (x)	9.2	13.7	7.2	23.3	13.4	5.2	
Pay-out	67.8%	77.2%	112.7%	-30.6%	56.8%	29.8%	
Multiples and Ratios	P/E (x)	17.9	17.5	12.1	n.a.	15.8	8.4
	P/BV (x)	0.8	0.6	0.8	n.a.	0.7	0.4
	EV/Revenues (x)	20.0	23.9	12.0	n.a.	18.6	13.6
	EV/EBITDA (x)	26.0	29.4	16.8	n.a.	24.1	19.9
	EV/EBIT (x)	26.6	28.4	17.0	n.a.	24.0	11.5
	ROE	4.2	3.5	6.5	n.a.	4.7	4.9
	FCF Yield (%)	3.0	3.7	7.3	n.a.	4.7	5.5
	DPS	0.42	0.27	0.67	0.02	0.35	0.25
Dvd Yield	4.1%	4.8%	8.2%	0.3%	4.4%	3.6%	

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
05-Nov-2024	n.a.	7.00	n.a.	n.a.	9m Results 2024 - Estimates upgrade	José Miguel Cabrera van Grieken
05-Sep-2024	n.a.	6.00	n.a.	n.a.	6m Results 2024	José Miguel Cabrera van Grieken
27-May-2024	n.a.	5.72	n.a.	n.a.	Small & Micro Caps (Spain)	Alfredo Echevarría Otegui
09-May-2024	n.a.	5.77	n.a.	n.a.	3m Results 2024	José Miguel Cabrera van Grieken
03-Apr-2024	n.a.	6.31	n.a.	n.a.	12m Results 2023	José Miguel Cabrera van Grieken
25-Mar-2024	n.a.	6.11	n.a.	n.a.	12m Results 2023	José Miguel Cabrera van Grieken
06-Nov-2023	n.a.	6.21	n.a.	n.a.	9m Results 2023	José Miguel Cabrera van Grieken
08-Sep-2023	n.a.	6.26	n.a.	n.a.	6m Results 2023	Alfredo Echevarría Otegui
12-Jun-2023	n.a.	6.35	n.a.	n.a.	Small & Micro Caps (Spain)	David López Sánchez
05-May-2023	n.a.	6.35	n.a.	n.a.	3m Results 2023	David López Sánchez
04-Apr-2023	n.a.	6.35	n.a.	n.a.	Company visit	David López Sánchez
24-Feb-2023	n.a.	6.59	n.a.	n.a.	12m Results 2022	David López Sánchez
14-Nov-2022	n.a.	6.82	n.a.	n.a.	Initiation of Coverage	David López Sánchez

