

**12m Results 2024**

 Opinion <sup>(1)</sup>: In line

 Impact <sup>(1)</sup>: We will maintain our estimates

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**Business description**

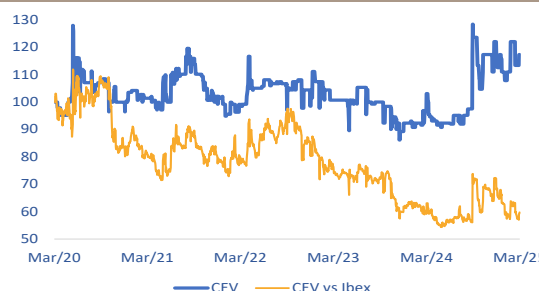
Compañía Española de Viviendas en Alquiler, Cevasa (CEV), specialises in the development of buildings for long-term renting, mainly in the residential segment (protected homes) in Catalonia, principally in the city of Barcelona and its metropolitan area (where it is the main private property owner).

**Market Data**

Market Cap (Mn EUR and USD)	172.1	186.2
EV (Mn EUR and USD) <sup>(2)</sup>	341.3	369.4
Shares Outstanding (Mn)	23.3	
-12m (Max/Med/Mín EUR)	8.10 / 6.62 / 5.72	
Daily Avg volume (-12m Mn EUR)	n.m.	
Rotation <sup>(3)</sup>	0.5	
Factset / Bloomberg	CEV-ES / CEV SM	
Close fiscal year	31-Dec	

**Shareholders Structure (%)**

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

**Relative performance (Base 100)**

**Stock performance (%)**

	-1m	-3m	-12m	-5Y
Absolute	-3.9	1.4	13.8	17.3
vs Ibex 35	-3.6	-12.2	-5.3	-40.3
vs Ibex Small Cap Index	-4.9	-10.0	-1.5	-37.3
vs Eurostoxx 50	-1.5	-6.9	8.5	-40.0
vs Sector benchmark <sup>(4)</sup>	0.7	2.4	18.1	30.6

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

(2) Please refer to Appendix 2.

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

(4) vs Stoxx Europe 600 Real State.

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

## 12m24: 8,4% rental growth, stable occupancy rate (96,7%) and first housing deliveries.

**RENTAL INCOME GROWS TO EUR 20.9 MN...** CEV closes 2024 with rental income of EUR 20.9 Mn (+8.4% vs. 2023), justified by: (i) an occupancy rate of 96.7% (vs. 96.4% in 2023) and (ii) the updating of old rents (23% of the rental housing portfolio are old rents classified as officially protected and with indefinite contracts). By segment, residential segment revenues grow by +7.3%, office revenues by +6.6%, and retail premises revenues by +29.7%. The portfolio's profitability (NRI/GAV) stands at 3.62% (vs. 3.59% in 2023). The value of the real estate portfolio (GAV) at the end of the year is EUR 593.9 Mn, +3.6% in comparable terms (+0.25% in 2023), with an increase in most assets.

**...WITH A SLIGHT MARGIN DROP (RECURRING EBITDA MARGIN 69.2%).** There is a change in trend compared to previous quarters, with a recurring EBITDA margin (excluding development) of 69.2%, which reflects a 0.9 p.p. drop compared to 2023 (70.1%), and a 1.3 p.p. drop compared to the 9m24 margin (70.5%). We understand that this behavior reflects the expenses associated with the purchase of a building, as well as the impact of its cost structure, which is less efficient than CEV's. We expect this trend to reverse in the coming quarters. 2024 recurring EBITDA was EUR 15.8 Mn, +6.7% and +3.1% above our estimate.

**FIRST DELIVERIES OF THE L'HOSPITALET DEVELOPMENT.** 2024 marked the beginning of a new development cycle for CEV. Construction of a 76-unit building in L'Hospitalet (Barcelona) was completed, and the first 53 homes of the development were deeded, contributing a profit of EUR 2.0 Mn to the income statement. For 2025e, we expect the delivery of the remaining 23 homes in L'Hospitalet. The first deliveries of the Montgat development will be in 2026. CEV maintains its goal of having around 100 to 200 homes annually in production and sale.

**NET PROFIT JUMP TO EUR 24.7 MN (+127% VS. 2023),** explained by the revaluation of GAV by EUR 15.4 Mn, and the result of the development activity of EUR 2.1 Mn. CEV records a net profit of EUR 24.7 Mn (+127% vs. 2023; +27.7% above our estimates). Given that a substantial part of the net profit comes from the GAV update, which does not represent a cash inflow, we expect CEV to maintain the goal of a 50% payout of ordinary profit, which could result in a stable DPS compared to FY2023 (EUR 0.22/share, paid on July 3, 2024, -12.0% vs. 2023), and represents a 3.0% dividend yield.

**CEV MAINTAINS CONSERVATIVE LEVERAGE (2024 LTV: 12.9% VS. 10.6% IN 2023).**

Net Debt increases by EUR 20 Mn to EUR 77.5 Mn, which implies a leverage (LTV) of 12.9% (well below the sector: c.35-40%) and confirms the company's conservative profile.

**GOOD MOMENT FOR THE PATRIMONIAL SECTOR AND NEW DEVELOPMENT CYCLE.**

CEV continues to show its ability to increase rents while maintaining high occupancy levels (96.7%). The start of the new development cycle, along with the updating of old rents from 2025, are the short/medium-term catalysts. CEV is positioned in the Spanish Real Estate market as a conservative option with low risk. The stock's -12m performance of +13.8% (+18.1% vs. sector) leads CEV to trade at a 59.7% discount to NAV.

## Appendix 1. Results table

EUR Mn			12m24 vs	12m24 vs	
	12m24	12m23	12m23	2024e	2024e
<b>Total Revenues</b>	<b>37.6</b>	<b>21.4</b>	<b>76.0%</b>	<b>22.3</b>	<b>68.5%</b>
<b>Recurrent EBITDA</b>	<b>15.8</b>	<b>14.8</b>	<b>6.7%</b>	<b>15.3</b>	<b>3.1%</b>
<i>Rec. EBITDA/Revenues</i>	<i>69.2%</i>	<i>70.1%</i>	<i>-0.9 p.p.</i>	<i>68.5%</i>	<i>0.8 p.p.</i>
<b>EBITDA</b>	<b>18.1</b>	<b>14.7</b>	<b>22.5%</b>	<b>17.0</b>	<b>6.1%</b>
<i>EBITDA/Revenues</i>	<i>48.0%</i>	<i>69.0%</i>	<i>-21.0 p.p.</i>	<i>76.2%</i>	<i>-28.2 p.p.</i>
<b>EBIT</b>	<b>34.2</b>	<b>15.3</b>	<b>123.0%</b>	<b>26.4</b>	<b>29.7%</b>
<b>PBT</b>	<b>31.3</b>	<b>13.7</b>	<b>128.7%</b>	<b>24.4</b>	<b>28.6%</b>
<b>NP</b>	<b>24.8</b>	<b>10.9</b>	<b>127.1%</b>	<b>19.4</b>	<b>27.7%</b>
<b>Net debt</b>	<b>77.5</b>	<b>49.4</b>	<b>56.9%</b>	<b>79.1</b>	<b>-2.0%</b>

## Appendix 2. EV breakdown at the date of this report

	EUR Mn	Source
Market Cap	172.1	
+ Minority Interests	14.6	12m Results 2024
+ Provisions & Other L/T Liabilities	87.5	12m Results 2024
+ Net financial debt	77.5	12m Results 2024
- Financial Investments	10.4	12m Results 2024
+/- Others		
<b>Enterprise Value (EV)</b>	<b>341.3</b>	

## Appendix 3. Main peers (2024e)

		REITs		
EUR Mn		Merlin Properties	Colonial	Average
<b>Market data</b>	Ticker (Factset)	MRL-ES	COL-ES	
	Country	Spain	Spain	
	Market cap	5,631.6	3,444.1	
	Enterprise value (EV)	8,995.5	8,868.8	
<b>Basic financial information</b>	Total Revenues	503.0	510.6	
	Total Revenues growth	7.1%	27.8%	17.4%
	2y CAGR (2024e - 2026e)	9.1%	-8.6%	0.3%
	EBITDA	374.6	331.8	
	EBITDA growth	7.6%	4.9%	6.3%
	2y CAGR (2024e - 2026e)	9.8%	2.7%	6.2%
	EBITDA/Revenues	74.5%	65.0%	69.7%
	EBIT	370.2	324.5	
	EBIT growth	7.0%	5.5%	6.3%
	2y CAGR (2024e - 2026e)	14.4%	7.1%	10.8%
	EBIT/Revenues	73.6%	63.5%	68.6%
	Net Profit	283.8	307.4	
	Net Profit growth	439.8%	130.2%	285.0%
	2y CAGR (2024e - 2026e)	8.3%	-11.7%	-1.7%
	CAPEX/Sales %	3.9%	1.4%	2.6%
	Free Cash Flow	298.0	243.5	
Net financial debt	3,377.1	4,427.7		
ND/EBITDA (x)	9.0	13.3	11.2	
Pay-out	79.1%	50.7%	64.9%	
<b>Multiples and Ratios</b>	P/E (x)	17.9	10.3	14.1
	P/BV (x)	0.7	0.6	0.7
	EV/Revenues (x)	17.9	17.4	17.6
	EV/EBITDA (x)	24.0	26.7	25.4
	EV/EBIT (x)	24.3	27.3	25.8
	ROE	4.0	5.8	4.9
	FCF Yield (%)	5.3	7.1	6.2
	DPS	0.44	0.27	0.36
	Dvd Yield	4.4%	4.9%	4.7%

Note 1: Financial data, multiples and ratios based on market consensus (Factset).

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

## LIGHTHOUSE

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31-Mar-2025	n.a.	7.40	n.a.	n.a.	12m Results 2024	Alfredo Echevarría Otegui
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

