

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).

1H22: sales (+7.5%), although margin pressure prevents EBITDA growth (-4.2%)

Market Data

Market Cap (Mn EUR and USD)	26.5	25.8
EV (Mn EUR and USD) ⁽²⁾	36.7	35.8
Shares Outstanding (Mn)	1.8	
-12m (Max/Med/Mín EUR)	15.10 / 13.82 / 8.85	
Daily Avg volume (-12m Mn EUR)	n.m.	
Rotation ⁽³⁾	1.1	
Factset / Bloomberg	DESA-ES / DESA SM	
Close fiscal year	31-Dec	

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

Financials (Mn EUR)

	2021	2022e	2023e	2024e
Adj. nº shares (Mn)	1.8	1.8	1.8	1.8
Total Revenues	48.1	51.5	53.7	55.2
Rec. EBITDA	5.8	5.4	6.1	6.6
% growth	75.8	-8.2	14.4	6.8
% Rec. EBITDA/Rev.	12.2	10.4	11.4	11.9
% Inc. EBITDA sector ⁽⁴⁾	19.4	16.6	17.2	14.5
Net Profit	3.8	3.0	3.6	4.0
EPS (EUR)	2.11	1.65	2.03	2.23
% growth	315.5	-21.8	22.8	10.1
Ord. EPS (EUR)	2.11	1.65	2.03	2.23
% growth	198.0	-21.8	22.8	10.1
Rec. Free Cash Flow ⁽⁵⁾	1.4	0.9	2.9	3.5
Pay-out (%)	39.8	50.8	41.4	37.6
DPS (EUR)	0.84	0.84	0.84	0.84
Net financial debt	10.8	11.4	10.0	8.1
ND/Rec. EBITDA (x)	1.9	2.1	1.6	1.2
ROE (%)	25.9	18.0	19.9	19.5
ROCE (%) ⁽⁵⁾	15.2	11.9	13.6	14.4

Ratios & Multiples (x)⁽⁶⁾

	2021	2022e	2023e	2024e
P/E	7.0	9.0	7.3	6.6
Ord. P/E	7.0	9.0	7.3	6.6
P/BV	1.7	1.5	1.4	1.2
Dividend Yield (%)	5.7	5.7	5.7	5.7
EV/Sales	0.76	0.71	0.68	0.66
EV/Rec. EBITDA	6.3	6.8	6.0	5.6
EV/EBIT	8.1	9.0	7.5	6.9
FCF Yield (%) ⁽⁵⁾	5.3	3.4	11.0	13.1

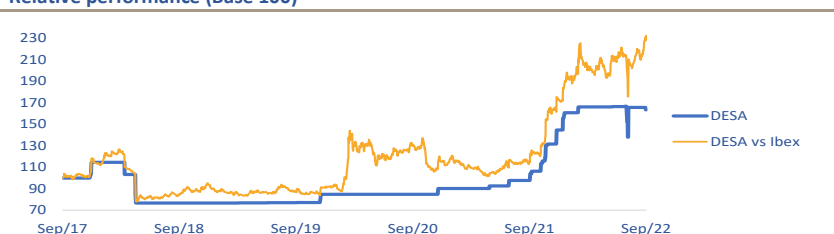
REVENUE GROWTH (+7.5%) IN LINE WITH EXPECTATIONS... DESA closed 1H22 with revenue of EUR 27.7Mn (+7.5% vs 1H21; a new record high for half-yearly turnover and that consolidates its capacity for high single-digit growth). Growth driven by the international business (c. +12% vs 1H21), both through the export of traditional products and the expansion of the business associated with agriculture.

... BUT MARGIN PRESSURE PREVENTED THIS GROWTH FROM BEING TRANSLATED TO EBITDA (EUR 3.3MN; -4.2% VS 1H21). In percentage terms, the gross margin narrowed by 2.5p.p. to 38.8% (vs 41.4% in 1H21 and an average of 40% over 2016-2021) due to the continual increase in raw material costs (that the company has not fully passed on to prices, prioritising maintaining the competitiveness of its tariffs). This prevented revenue growth from being translated to EBITDA, that declined -4.2% to EUR 3.3Mn (1H22 EBITDA margin: 11.8%; -1.4p.p. vs 1H21).

NET DEBT, EUR 12.9MN (+11.5% VS 2021). DESA ended 1H22 with net debt (including EUR 5.8Mn of working capital funding) of EUR 12.9Mn (+11.5% vs the 2021 close). This increase in debt was mainly the result of: (i) the increase in working capital (with an impact of c. EUR 3Mn) and (ii) the payment of two dividends of EUR 0.5Mn charged to voluntary reserves. A totally reasonable level of debt (22e ND/EBITDA of 2x) that could allow the company to grow via M&A.

A VERY SOUND INDUSTRIAL BUSINESS WITH PROVEN ABILITY TO CONTINUE TO GROW IN THIS CONTEXT. 1H22 results are fully in line with expectations in terms of revenue, but margin pressure leads us to reduce the 22e EBITDA margin to 10.4% (-1.2p.p. vs previous estimate). The central scenario is for further revenue growth (with the support of the business associated with agriculture; c. 20% of revenue, "acyclical"), with the capacity to absorb in a controlled way the impact of inflation on margins. Although in the current context perhaps the most interesting aspect is that the business model has proven to be very resilient in the last two years (with low levels of operating and financial risk): a circumstance that is especially interesting when interpreting the multiples in the current market context (as it reduces the risk of estimate downgrades).

Relative performance (Base 100)



Stock performance (%)	-1m	-3m	-12m	YTD	-3Y	-5Y
Absolute	-1.3	-1.8	67.2	12.9	112.4	63.5
vs Ibex 35	8.0	10.1	103.4	34.8	167.2	132.5
vs Ibex Small Cap Index	9.8	17.9	107.5	39.0	104.2	39.6
vs Eurostoxx 50	7.4	5.2	108.1	48.1	129.7	79.2
vs Sector benchmark ⁽⁴⁾	86.0	83.0	178.7	108.4	69.5	54.2

(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.

6m Results 2022

Table 1. 1H 22 Results

EUR Mn	6m22		6m22 Real		2022e vs 2021	
	Real	6m21	vs 6m21	2022e	2021	
Total Revenues	27.8	25.9	7.5%	51.5	51.5	7.1%
Gross margin	10.8	10.7	0.9%	20.0	20.0	3.3%
% Gross margin	38.8%	41.4%	-2.5 p.p.	38.8%	38.8%	-1.4 p.p.
Recurrent EBITDA	3.3	3.4	-4.2%	5.4	5.4	-8.2%
Rec. EBITDA/Revenues	11.8%	13.3%	-1.4 p.p.	10.4%	10.4%	-1.7 p.p.
EBIT	2.7	2.7	-1.9%	4.1	4.1	-10.2%
PBT	2.4	2.6	-6.9%	3.7	3.7	-15.2%
Net Debt ¹	12.9	11.5	11.5%	11.4	11.4	0.1 x

Note: Net Debt adjusted to strip out the impact of IFRS 16 (EUR 0.5Mn and EUR 0.4Mn in 1H22 and 2021). Net debt includes working capital financing (EUR 5.8Mn in 1H22)

Table 2. Estimates review

EUR Mn	2022e		2023e		2024e	
	(New)	Review (%)	(New)	Review (%)	(New)	Review (%)
Total Revenues	51.5	0.0%	53.7	0.0%	55.2	0.0%
Recurrent EBITDA	5.4	-10.0%	6.1	-5.3%	6.6	-5.8%
Recurrent EBITDA growth	-8.2%	-10.2 p.p.	14.4%	5.6 p.p.	6.8%	0 p.p.
Rec. EBITDA/Revenues	10.4%	-1.2 p.p.	11.4%	-0.6 p.p.	11.9%	-1 p.p.
EBIT	4.1	-12.7%	4.9	-6.6%	5.3	-7.0%
Net Profit	3.0	-18.2%	3.6	-11.2%	4.0	-10.9%

Chart 1. Total Revenues (2017-2024e)

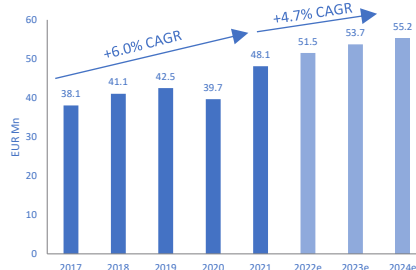


Chart 2. EBITDA and EBITDA Mg. (17-24e)

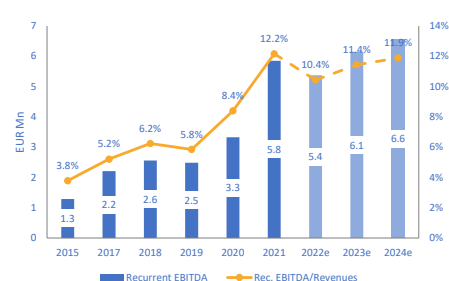
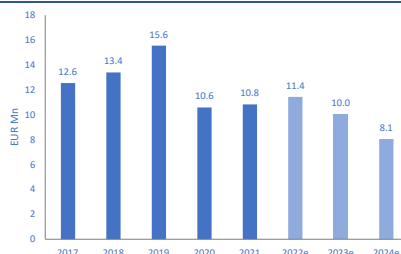


Chart 3. Net Debt (2017-2024e)



Valuation inputs

Inputs for the DCF Valuation Approach

	2022e	2023e	2024e	Terminal Value ⁽¹⁾			
Free Cash Flow "To the Firm"	1.2	3.2	3.7	51.4			
Market Cap	26.5	At the date of this report					
Net financial debt	10.8	Debt net of Cash (6m Results 2022)					
					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	7.0%	R (own estimate)			6.5%	7.5%	
Beta (B)	1.1	B (own estimate)			1.0	1.2	
Cost of Equity	11.1%	Ke = Rf + (R * B)			9.9%	12.4%	
Equity / (Equity + Net Debt)	71.0%	E (Market Cap as equity value)			=	=	
Net Debt / (Equity + Net Debt)	29.0%	D			=	=	
WACC	8.9%	WACC = Kd * D + Ke * E			8.0%	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 22e	EPS 22e-24e	EV/EBITDA 22e	EBITDA 22e-24e	EV/Sales 22e	Revenues 22e-24e	EBITDA/Sales 22e	FCF Yield 22e	FCF 22e-24e
Norma Group SE	NOEJ-DE	441.3	7.0	24.1%	5.0	15.0%	0.7	5.8%	13.4%	8.1%	62.4%
Granges AB	GRNG-SE	725.9	8.1	16.7%	5.7	7.2%	0.5	6.1%	8.9%	n.a.	n.a.
Trifast Plc	TRI-GB	111.3	7.7	13.4%	5.7	11.2%	0.6	6.7%	10.0%	18.3%	n.a.
Broad Range players			7.6	18.1%	5.5	11.2%	0.6	6.2%	10.8%	13.2%	62.4%
Georg Fischer AG	GF-CH	3,978.9	14.6	11.6%	8.2	8.3%	1.0	3.7%	12.4%	4.7%	32.6%
Bossard Holding AG	BOSN-CH	1,366.0	12.5	7.5%	9.9	7.6%	1.4	4.0%	14.3%	3.2%	63.9%
Bufab AB	BUFAB-SE	679.1	12.1	6.2%	10.3	6.8%	1.3	4.4%	12.9%	4.3%	54.1%
SFS Group AG	SFSN-CH	3,374.0	12.0	5.7%	8.2	7.1%	1.4	8.2%	17.2%	n.a.	95.3%
Barnes Group Inc	B-US	1,488.1	14.7	n.a.	13.3	n.a.	1.5	n.a.	11.4%	6.4%	n.a.
High Tech Specialty players			13.2	7.8%	10.0	7.5%	1.3	5.1%	13.6%	4.7%	61.5%
DESA	DESA-ES	26.5	9.0	16.2%	6.8	10.5%	0.7	3.5%	10.4%	3.4%	97.0%

Free Cash Flow sensitivity analysis (2023e)

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

Scenario	EBITDA/Sales 23e	EBITDA 23e	EV/EBITDA 23e
Max	12.5%	6.7	5.4x
Central	11.4%	6.1	6.0x
Min	10.3%	5.6	6.6x

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

Rec. FCF EUR Mn	CAPEX/Sales 23e				Scenario	Rec. FCF/Yield 23e		
EBITDA 23e	1.8%	2.0%	2.2%					
6.7	3.6	3.5	3.4	➔	Max	13.6%	13.2%	12.8%
6.1	3.0	2.9	2.8		Central	11.4%	11.0%	10.6%
5.6	2.4	2.3	2.2		Min	9.2%	8.8%	8.4%

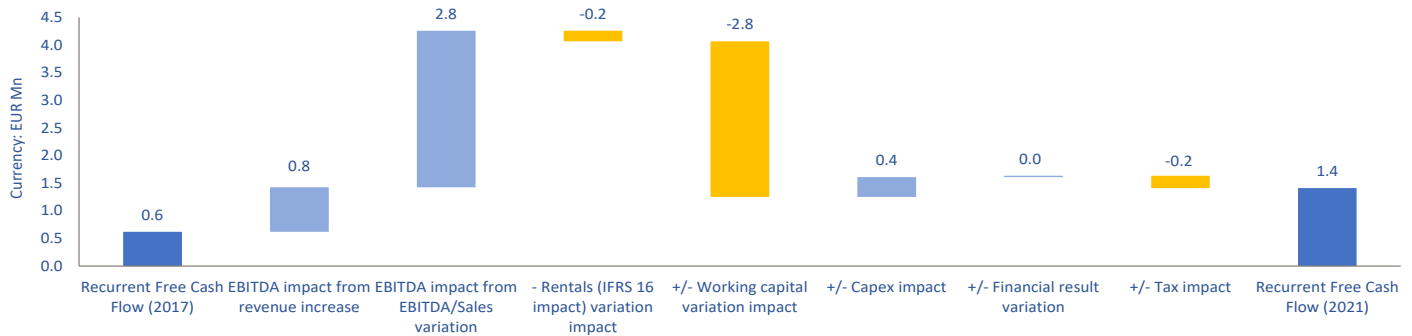
Appendix 1. Financial Projections

Balance Sheet (EUR Mn)	2017	2018	2019	2020	2021	2022e	2023e	2024e		
Intangible assets	0.5	0.6	1.1	0.5	0.6	0.6	0.6	0.6		
Fixed assets	11.2	11.4	13.0	13.9	12.3	12.3	12.3	12.4		
Other Non Current Assets	2.3	2.0	1.7	1.5	1.3	1.3	1.3	1.3		
Financial Investments	0.0	0.0	0.0	0.0	1.4	1.4	1.4	1.4		
Goodwill & Other Intangibles	-	-	-	-	-	-	-	-		
Current assets	20.5	22.2	22.7	19.5	26.3	27.4	28.6	29.4		
Total assets	34.4	36.2	38.5	35.4	41.8	42.9	44.1	45.0		
Equity	11.5	12.7	12.5	13.5	15.6	17.1	19.2	21.7		
Minority Interests	-	-	-	-	-	-	-	-		
Provisions & Other L/T Liabilities	0.7	0.7	0.6	1.4	1.4	1.4	1.4	1.4		
Other Non Current Liabilities	-	-	0.4	0.3	0.5	0.5	0.5	0.5		
Net financial debt	12.6	13.4	15.6	10.6	10.8	11.4	10.0	8.1		
Current Liabilities	9.7	9.3	9.4	9.6	13.5	12.5	13.0	13.3		
Equity & Total Liabilities	34.4	36.2	38.5	35.4	41.8	42.9	44.1	45.0		
										CAGR
P&L (EUR Mn)	2017	2018	2019	2020	2021	2022e	2023e	2024e	17-21	21-24e
Total Revenues	38.1	41.1	42.5	39.7	48.1	51.5	53.7	55.2	6.0%	4.7%
<i>Total Revenues growth</i>	9.9%	7.9%	3.5%	-6.7%	21.3%	7.1%	4.3%	2.8%		
COGS	(23.2)	(24.5)	(25.7)	(23.8)	(28.8)	(31.5)	(32.5)	(33.4)		
Gross Margin	14.8	16.6	16.8	15.9	19.3	20.0	21.2	21.8	6.8%	4.1%
<i>Gross Margin/Revenues</i>	39.0%	40.3%	39.6%	40.0%	40.2%	38.8%	39.5%	39.5%		
Personnel Expenses	(7.4)	(7.7)	(7.8)	(7.3)	(7.7)	(8.3)	(8.5)	(8.7)		
Other Operating Expenses	(5.2)	(6.3)	(6.5)	(5.3)	(5.8)	(6.3)	(6.6)	(6.6)		
Recurrent EBITDA	2.2	2.6	2.5	3.3	5.8	5.4	6.1	6.6	27.6%	3.9%
<i>Recurrent EBITDA growth</i>	22.4%	16.0%	-2.9%	33.9%	75.8%	-8.2%	14.4%	6.8%		
<i>Rec. EBITDA/Revenues</i>	5.8%	6.2%	5.8%	8.4%	12.2%	10.4%	11.4%	11.9%		
Restructuring Expense & Other non-rec.	-	-	(0.1)	(0.5)	-	-	-	-		
EBITDA	2.2	2.6	2.4	2.8	5.8	5.4	6.1	6.6	27.6%	3.9%
Depreciation & Provisions	(0.9)	(1.0)	(1.0)	(1.2)	(1.1)	(1.1)	(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)		
EBIT	1.3	1.7	1.2	1.4	4.6	4.1	4.9	5.3	37.8%	5.4%
<i>EBIT growth</i>	17.9%	32.9%	-27.1%	15.6%	222.0%	-10.2%	20.1%	8.4%		
<i>EBIT/Revenues</i>	3.3%	4.1%	2.9%	3.6%	9.5%	7.9%	9.1%	9.6%		
Impact of Goodwill & Others	-	-	-	-	-	-	-	-		
Net Financial Result	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.4)	(0.4)	(0.3)		
Income by the Equity Method	-	-	-	-	-	-	-	-		
Ordinary Profit	1.1	1.5	1.1	1.2	4.3	3.7	4.5	5.0	42.5%	4.6%
<i>Ordinary Profit Growth</i>	42.6%	43.7%	-29.7%	17.0%	248.7%	-15.2%	22.8%	10.1%		
Extraordinary Results	-	-	-	-	-	-	-	-		
Profit Before Tax	1.1	1.5	1.1	1.2	4.3	3.7	4.5	5.0	42.5%	4.6%
Tax Expense	(0.2)	(0.3)	(0.3)	(0.3)	(0.6)	(0.7)	(0.9)	(1.0)		
<i>Effective Tax Rate</i>	21.9%	19.0%	23.8%	27.4%	13.4%	20.0%	20.0%	20.0%		
Minority Interests	-	-	-	-	-	-	-	-		
Discontinued Activities	-	-	-	-	-	-	-	-		
Net Profit	0.8	1.2	0.8	0.9	3.8	3.0	3.6	4.0	46.3%	1.9%
<i>Net Profit growth</i>	30.6%	49.1%	-33.8%	11.6%	315.6%	-21.6%	22.8%	10.1%		
Ordinary Net Profit	0.8	1.2	0.9	1.3	3.8	3.0	3.6	4.0	46.3%	1.9%
<i>Ordinary Net Profit growth</i>	50.0%	49.1%	-27.7%	42.4%	198.0%	-21.6%	22.8%	10.1%		
										CAGR
Cash Flow (EUR Mn)	2017	2018	2019	2020	2021	2022e	2023e	2024e	17-21	21-24e
Recurrent EBITDA						5.4	6.1	6.6	27.6%	3.9%
Rentals (IFRS 16 impact)						(0.2)	(0.2)	(0.2)		
Working Capital Increase						(2.1)	(0.7)	(0.5)		
Recurrent Operating Cash Flow						3.1	5.3	5.9	6.7%	28.9%
CAPEX						(1.0)	(1.1)	(1.1)		
Net Financial Result affecting the Cash Flow						(0.4)	(0.4)	(0.3)		
Tax Expense						(0.7)	(0.9)	(1.0)		
Recurrent Free Cash Flow						0.9	2.9	3.5	22.9%	35.0%
Restructuring Expense & Other non-rec.						-	-	-		
- Acquisitions / + Divestures of assets						-	-	-		
Extraordinary Inc./Exp. Affecting Cash Flow						-	-	-		
Free Cash Flow						0.9	2.9	3.5	22.9%	35.0%
Capital Increase						-	-	-		
Dividends						(1.5)	(1.5)	(1.5)		
Net Debt Variation						0.6	(1.4)	(2.0)		

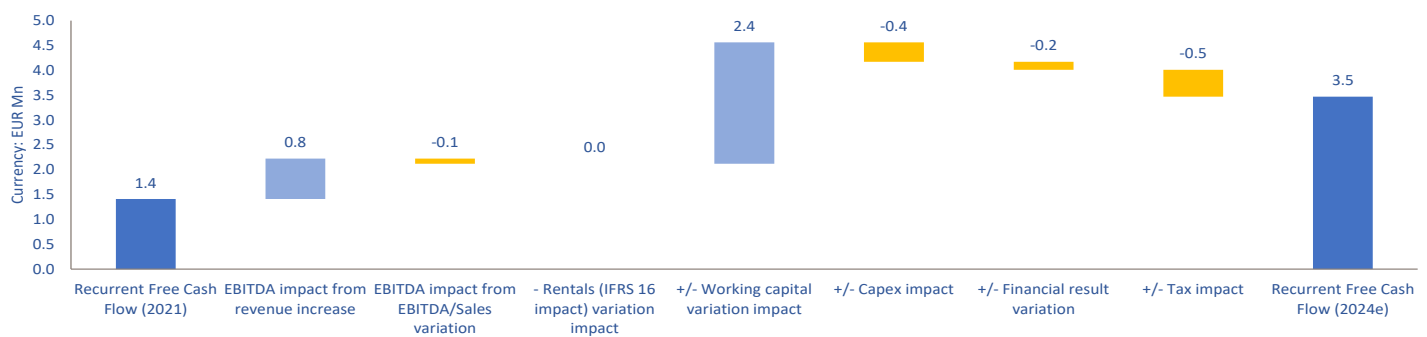
Appendix 2. Free Cash Flow

A) Cash Flow Analysis (EUR Mn)	2018	2019	2020	2021	2022e	2023e	2024e	CAGR	
								18-21	21-24e
Recurrent EBITDA	2.6	2.5	3.3	5.8	5.4	6.1	6.6	31.7%	3.9%
<i>Recurrent EBITDA growth</i>	16.0%	-2.9%	33.9%	75.8%	-8.2%	14.4%	6.8%		
<i>Rec. EBITDA/Revenues</i>	6.2%	5.8%	8.4%	12.2%	10.4%	11.4%	11.9%		
- Rentals (IFRS 16 impact)	-	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)		
+/- Working Capital increase	(2.1)	(0.4)	3.4	(2.9)	(2.1)	(0.7)	(0.5)		
= Recurrent Operating Cash Flow	0.5	1.9	6.5	2.8	3.1	5.3	5.9	80.2%	28.9%
<i>Rec. Operating Cash Flow growth</i>	-77.8%	298.6%	245.8%	-57.5%	10.8%	72.3%	12.1%		
<i>Rec. Operating Cash Flow / Sales</i>	1.1%	4.4%	16.4%	5.7%	5.9%	9.8%	10.7%		
- CAPEX	(1.3)	(2.5)	(1.9)	(0.7)	(1.0)	(1.1)	(1.1)		
- Net Financial Result affecting Cash Flow	(0.2)	(0.2)	(0.2)	(0.2)	(0.4)	(0.4)	(0.3)		
- Taxes	(0.3)	(0.3)	(0.3)	(0.5)	(0.7)	(0.9)	(1.0)		
= Recurrent Free Cash Flow	(1.2)	(1.0)	4.1	1.4	0.9	2.9	3.5	46.6%	35.0%
<i>Rec. Free Cash Flow growth</i>	-298.6%	15.2%	490.0%	-65.3%	-36.6%	225.7%	19.2%		
<i>Rec. Free Cash Flow / Revenues</i>	n.a.	n.a.	10.3%	2.9%	1.7%	5.4%	6.3%		
- Restructuring expenses & others	-	(0.1)	(0.5)	-	-	-	-		
- Acquisitions / + Divestments	-	-	0.3	-	-	-	-		
+/- Extraordinary Inc./Exp. affecting Cash Flow	-	-	-	-	-	-	-		
= Free Cash Flow	(1.2)	(1.1)	3.9	1.4	0.9	2.9	3.5	46.6%	35.0%
<i>Free Cash Flow growth</i>	-298.6%	7.1%	437.6%	-63.4%	-36.6%	225.7%	19.2%		
<i>Recurrent Free Cash Flow - Yield (s/Mkt Cap)</i>	n.a.	n.a.	15.4%	5.3%	3.4%	11.0%	13.1%		
<i>Free Cash Flow Yield (s/Mkt Cap)</i>	n.a.	n.a.	14.6%	5.3%	3.4%	11.0%	13.1%		
B) Analytical Review of Annual Recurrent Free Cash Flow Performance (Eur Mn)									
Recurrent FCF(FY - 1)	0.6	(1.2)	(1.0)	4.1	1.4	0.9	2.9		
EBITDA impact from revenue increase	0.2	0.1	(0.2)	0.7	0.4	0.2	0.2		
EBITDA impact from EBITDA/Sales variation	0.2	(0.2)	1.0	1.8	(0.9)	0.5	0.2		
= Recurrent EBITDA variation	0.4	(0.1)	0.8	2.5	(0.5)	0.8	0.4		
- Rentals (IFRS 16 impact) variation impact	-	(0.2)	0.0	-	-	-	-		
+/- Working capital variation impact	(2.0)	1.7	3.8	(6.3)	0.8	1.4	0.2		
= Recurrent Operating Cash Flow variation	(1.7)	1.4	4.6	(3.7)	0.3	2.2	0.6		
+/- CAPEX impact	(0.2)	(1.3)	0.6	1.2	(0.3)	(0.0)	(0.0)		
+/- Financial result variation	0.0	0.0	(0.0)	(0.0)	(0.2)	0.0	0.0		
+/- Tax impact	(0.1)	0.0	(0.1)	(0.1)	(0.3)	(0.2)	(0.1)		
= Recurrent Free Cash Flow variation	(1.8)	0.2	5.1	(2.7)	(0.5)	2.0	0.6		
Recurrent Free Cash Flow	(1.2)	(1.0)	4.1	1.4	0.9	2.9	3.5		
C) "FCF to the Firm" (pre debt service) (EUR Mn)									
EBIT	1.7	1.2	1.4	4.6	4.1	4.9	5.3	39.5%	5.4%
* <i>Theoretical Tax rate</i>	19.0%	23.8%	27.4%	13.4%	20.0%	20.0%	20.0%		
= Taxes (pre- Net Financial Result)	(0.3)	(0.3)	(0.4)	(0.6)	(0.8)	(1.0)	(1.1)		
Recurrent EBITDA	2.6	2.5	3.3	5.8	5.4	6.1	6.6	31.7%	3.9%
- Rentals (IFRS 16 impact)	-	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)		
+/- Working Capital increase	(2.1)	(0.4)	3.4	(2.9)	(2.1)	(0.7)	(0.5)		
= Recurrent Operating Cash Flow	0.5	1.9	6.5	2.8	3.1	5.3	5.9	80.2%	28.9%
- CAPEX	(1.3)	(2.5)	(1.9)	(0.7)	(1.0)	(1.1)	(1.1)		
- Taxes (pre- Financial Result)	(0.3)	(0.3)	(0.4)	(0.6)	(0.8)	(1.0)	(1.1)		
= Recurrent Free Cash Flow (To the Firm)	(1.1)	(0.9)	4.2	1.4	1.2	3.2	3.7	49.0%	37.7%
<i>Rec. Free Cash Flow (To the Firm) growth</i>	-240.5%	15.9%	553.7%	-65.7%	-15.4%	165.1%	16.3%		
<i>Rec. Free Cash Flow (To the Firm) / Revenues</i>	n.a.	n.a.	10.6%	3.0%	2.4%	6.0%	6.8%		
- Acquisitions / + Divestments	-	-	0.3	-	-	-	-		
+/- Extraordinary Inc./Exp. affecting Cash Flow	-	-	-	-	-	-	-		
= Free Cash Flow "To the Firm"	(1.1)	(0.9)	4.5	1.4	1.2	3.2	3.7	49.0%	37.7%
<i>Free Cash Flow (To the Firm) growth</i>	-240.5%	15.9%	584.0%	-67.9%	-15.4%	165.1%	16.3%		
<i>Rec. Free Cash Flow To the Firm Yield (o/EV)</i>	n.a.	n.a.	11.4%	3.9%	3.3%	8.8%	10.2%		
<i>Free Cash Flow "To the Firm" - Yield (o/EV)</i>	n.a.	n.a.	12.2%	3.9%	3.3%	8.8%	10.2%		

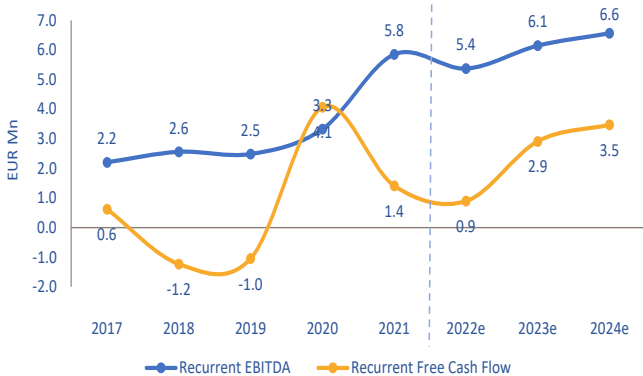
Recurrent Free Cash Flow accumulated variation analysis (2017 - 2021)



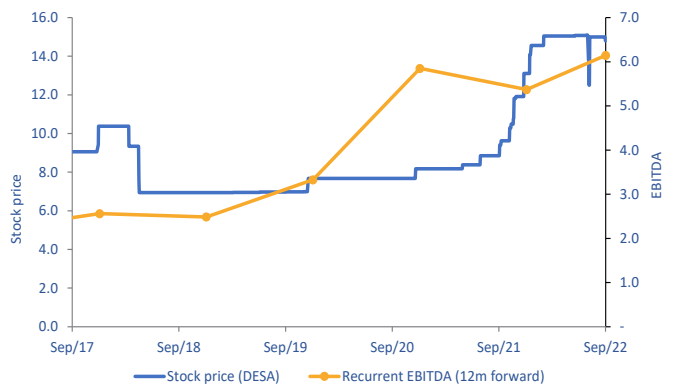
Recurrent Free Cash Flow accumulated variation analysis (2021 - 2024e)



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	26.5	
+ Minority Interests	-	6m Results 2022
+ Provisions & Other L/T Liabilities	0.7	6m Results 2022
+ Net financial debt	10.8	6m Results 2022
- Financial Investments	1.3	6m Results 2022
+/- Others		
Enterprise Value (EV)	36.7	

Appendix 4. Historical performance (1)

Historical performance (EUR Mn)	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022e	2023e	2024e	11-21	21-24e	CAGR
Total Revenues	36.9	31.9	31.9	32.2	34.0	34.6	38.1	41.1	42.5	39.7	48.1	51.5	53.7	55.2	2.7%	4.7%	
Total Revenues growth	55.4%	-13.4%	-0.1%	1.0%	5.7%	1.7%	9.9%	7.9%	3.5%	-6.7%	21.3%	7.1%	4.3%	2.8%			
EBITDA	1.7	(0.2)	0.4	1.2	1.2	1.9	2.2	2.6	2.4	2.8	5.8	5.4	6.1	6.6	13.2%	3.9%	
EBITDA growth	331.8%	-113.1%	295.2%	172.4%	-1.7%	63.7%	16.2%	16.0%	-6.8%	18.8%	106.3%	-8.2%	14.4%	6.8%			
EBITDA/Sales	4.6%	n.a.	1.4%	3.7%	3.4%	5.5%	5.8%	6.2%	5.6%	7.1%	12.2%	10.4%	11.4%	11.9%			
Net Profit	0.0	(1.0)	(0.6)	(1.7)	(0.2)	0.6	0.8	1.2	0.8	0.9	3.8	3.0	3.6	4.0	59.8%	1.9%	
Net Profit growth	-91.8%	n.a.	41.4%	-197.2%	91.0%	510.0%	30.6%	49.1%	-33.8%	11.6%	315.6%	-21.6%	22.8%	10.1%			
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)	0.02	-0.55	-0.32	-0.95	-0.09	0.35	0.46	0.69	0.46	0.51	2.11	1.65	2.03	2.23	59.8%	1.9%	
EPS growth	-93.3%	n.a.	41.4%	n.a.	91.0%	n.a.	30.8%	49.2%	-33.8%	11.5%	n.a.	-21.8%	22.8%	10.1%			
Ord. EPS (EUR)	0.02	-0.28	-0.16	-0.95	-0.01	0.31	0.46	0.69	0.50	0.71	2.11	1.65	2.03	2.23	59.8%	1.9%	
Ord. EPS growth	n.a.	n.a.	42.4%	n.a.	98.8%	n.a.	50.2%	49.2%	-27.7%	42.3%	n.a.	-21.8%	22.8%	10.1%			
CAPEX	-	(0.1)	(0.4)	(0.5)	(0.8)	(1.1)	(1.1)	(1.3)	(2.5)	(1.9)	(0.7)	(1.0)	(1.1)	(1.1)			
CAPEX/Sales %	0.0%	0.4%	1.2%	1.6%	2.3%	3.1%	2.8%	3.0%	5.9%	4.9%	1.5%	2.0%	2.0%	2.0%			
Free Cash Flow	0.9	2.9	0.6	(0.0)	(1.2)	(1.4)	0.6	(1.2)	(1.1)	3.9	1.4	0.9	2.9	3.5	4.4%	35.0%	
ND/EBITDA (x)⁽²⁾	7.6x	n.a.	24.9x	9.2x	10.3x	6.9x	5.7x	5.2x	6.5x	3.7x	1.9x	2.1x	1.6x	1.2x			
P/E (x)	n.a.	n.a.	n.a.	n.a.	n.a.	30.4x	22.5x	10.1x	16.9x	16.1x	6.2x	9.0x	7.3x	6.6x			
EV/Sales (x)	0.98x	1.08x	1.06x	1.05x	1.03x	1.04x	0.92x	0.69x	0.74x	0.71x	0.73x	0.71x	0.68x	0.66x			
EV/EBITDA (x)⁽²⁾	21.4x	n.a.	n.a.	28.6x	30.1x	19.0x	15.8x	11.1x	13.1x	9.9x	6.0x	6.8x	6.0x	5.6x			
Absolute performance	2.0%	0.0%	0.0%	0.0%	0.0%	0.0%	-3.2%	-33.1%	10.5%	6.5%	60.3%	12.9%					
Relative performance vs Ibx 35	17.4%	4.9%	-17.6%	-3.5%	7.7%	2.1%	-9.9%	-21.3%	-1.2%	26.0%	48.6%	34.8%					

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 2022e

		Broad Range players				High Tech Specialty players							
		Norma Group			Average	Georg Fischer		Bossard Holding AG		Barnes Group Inc		Average	DESA
		SE	Granges AB	Trifast Plc		AG	AG	Bufab AB	SFS Group AG	Inc			
Market data	EUR Mn	NOEJ-DE	GRNG-SE	TRI-GB		GF-CH	BOSN-CH	BUFAB-SE	SFSN-CH	B-US			DESA-ES
	Ticker (Factset)	Germany	Sweden	UK		Switzerland	Switzerland	Sweden	Switzerland	USA			Spain
	Country	441.3	725.9	111.3		3,978.9	1,366.0	679.1	3,374.0	1,488.1			26.5
	Market cap	815.3	1,151.7	151.9		4,088.5	1,625.4	1,000.9	4,001.5	2,010.0			36.7
	Enterprise value (EV)	1,207.2	2,260.1	265.2		4,039.4	1,151.0	758.7	2,840.5	1,327.8			51.5
Basic financial information	Total Revenues	10.6%	37.2%	7.4%	18.4%	4.0%	10.8%	41.4%	43.4%	3.1%	20.5%	7.1%	
	Total Revenues growth	5.8%	6.1%	6.7%	6.2%	3.7%	4.0%	4.4%	8.2%	n.a.	5.1%	3.5%	
	2y CAGR (2022e - 2024e)	161.6	200.6	26.6		500.7	164.5	97.6	488.5	151.4		5.4	
	EBITDA	-0.8%	37.3%	21.9%	19.4%	20.8%	8.0%	21.5%	19.9%	-42.4%	5.6%	-8.2%	
	EBITDA growth	15.0%	7.2%	11.2%	11.2%	8.3%	7.6%	6.8%	7.1%	n.a.	7.5%	10.5%	
	2y CAGR (2022e - 2024e)	13.4%	8.9%	10.0%	10.8%	12.4%	14.3%	12.9%	17.2%	11.4%	13.6%	10.4%	
	EBITDA/Revenues	85.3	129.3	20.1		362.1	137.2	77.2	360.2	154.0		4.1	
	EBIT	-2.3%	47.0%	47.3%	30.6%	29.4%	6.4%	22.9%	21.2%	-1.2%	15.8%	-10.2%	
	EBIT growth	24.9%	12.6%	n.a.	18.7%	10.7%	7.7%	7.7%	6.6%	n.a.	8.2%	14.1%	
	2y CAGR (2022e - 2024e)	7.1%	5.7%	7.6%	6.8%	9.0%	11.9%	10.2%	12.7%	11.6%	11.1%	7.9%	
	EBIT/Revenues	60.7	93.6	14.6		270.5	105.0	55.3	271.4	17.9		3.0	
	Net Profit	8.5%	72.3%	44.0%	41.6%	21.1%	4.4%	29.0%	6.6%	-82.5%	-4.3%	-21.6%	
	Net Profit growth	25.0%	13.8%	n.a.	19.4%	11.5%	7.5%	9.8%	7.0%	n.a.	8.9%	16.2%	
	2y CAGR (2022e - 2024e)	5.0%	4.3%	2.0%	3.8%	4.7%	3.6%	0.8%	8.5%	3.3%	4.2%	2.0%	
CAPEX/Sales %	35.9	(30.7)	20.4		188.6	43.6	29.3	(145.1)	94.6		0.9		
Free Cash Flow	313.0	372.1	18.3		(47.0)	242.7	280.6	375.5	450.3		11.4		
Net financial debt	1.9	1.9	0.7	1.5	n.a.	1.5	2.9	0.8	3.0	2.0	2.1		
ND/EBITDA (x)	38.6%	35.1%	25.4%	33.0%	37.9%	40.7%	27.0%	35.8%	195.1%	67.3%	50.8%		
Pay-out	P/E (x)	7.0	8.1	7.7	7.6	14.6	12.5	12.1	12.0	14.7	13.2	9.0	
Multiples and Ratios	P/BV (x)	0.6	1.0	0.7	0.8	2.3	3.1	2.5	1.9	1.1	2.2	1.5	
	EV/Revenues (x)	0.7	0.5	0.6	0.6	1.0	1.4	1.3	1.4	1.5	1.3	0.7	
	EV/EBITDA (x)	5.0	5.7	5.7	5.5	8.2	9.9	10.3	8.2	13.3	10.0	6.8	
	EV/EBIT (x)	9.6	8.9	7.6	8.7	11.3	11.8	13.0	11.1	13.1	12.1	9.0	
	ROE	9.1	12.6	8.9	10.2	15.6	24.6	21.0	16.2	7.4	17.0	18.0	
	FCF Yield (%)	8.1	n.a.	18.3	13.2	4.7	3.2	4.3	n.a.	6.4	4.7	3.4	
	DPS	0.73	0.31	0.03	0.36	1.25	5.55	0.40	2.59	0.69	2.10	0.84	
	Dvd Yield	5.3%	4.5%	3.3%	4.4%	2.6%	3.3%	2.2%	3.0%	2.3%	2.7%	5.7%	

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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Date of report	Recommendation	Price (EUR)	Target price (EUR)	Period of validity	Reason for report	Analyst
30-Sep-2022	n.a.	14.80	n.a.	n.a.	6m Results 2022	David López Sánchez
19-Apr-2022	n.a.	15.05	n.a.	n.a.	Estimates upgrade	David López Sánchez
02-Mar-2022	n.a.	15.05	n.a.	n.a.	12m Results 2021	David López Sánchez
01-Oct-2021	n.a.	8.85	n.a.	n.a.	6m Results 2021	David López Sánchez
01-Mar-2021	n.a.	8.17	n.a.	n.a.	12m Results 2020 - Estimates upgrade	Ana Isabel González García, CIIA
28-Jan-2021	n.a.	8.17	n.a.	n.a.	Estimates upgrade	Ana Isabel González García, CIIA
30-Oct-2020	n.a.	7.67	n.a.	n.a.	9m Results 2020	Ana Isabel González García, CIIA
29-Sep-2020	n.a.	7.67	n.a.	n.a.	6m Results 2020	Ana Isabel González García, CIIA
02-Jul-2020	n.a.	7.67	n.a.	n.a.	Estimates downgrade	Ana Isabel González García, CIIA
02-Mar-2020	n.a.	7.67	n.a.	n.a.	12m Results 2019	Ana Isabel González García, CIIA
23-Dec-2019	n.a.	7.67	n.a.	n.a.	Initiation of Coverage	Ana Isabel González García, CIIA

