

**12m Results 2024**

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

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

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

+34 915 631 972

**Business description**

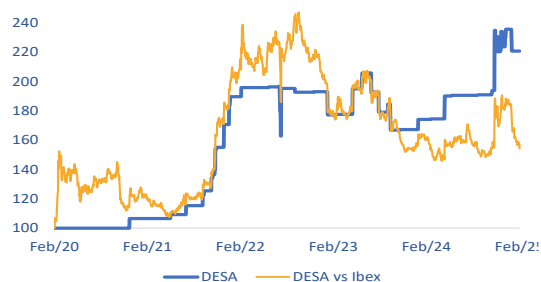
**Desarrollos Especiales de Sistemas de Anclaje (DESA)** is a small industrial group with its corporate headquarters in Barcelona (Spain), specialising (>60 years) in the manufacture and sale of fasteners, staples and tools used in the construction, industry and agriculture sectors. It has an international presence (30% of revenue) and is controlled by its core shareholders (c.75% of capital).

**Market Data**

Market Cap (Mn EUR and USD)	26.5	27.8
EV (Mn EUR and USD) <sup>(2)</sup>	32.9	34.6
Shares Outstanding (Mn)	1.8	
-12m (Max/Med/Mín EUR)	15.80 / 13.22 / 11.68	
Daily Avg volume (-12m Mn EUR)	n.m.	
Rotation <sup>(3)</sup>	1.3	
Factset / Bloomberg	DESA-ES / DESA SM	
Close fiscal year	31-Dec	

**Shareholders Structure (%)**

Maden	29.6
SARM	20.2
Gestión Ixua	16.0
Board Members	12.1
Free Float	22.1

**Relative performance (Base 100)**

**Stock performance (%)**

	-1m	-3m	-12m	-5Y
Absolute	-6.3	-3.0	26.8	120.9
vs Ibex 35	-15.8	-15.5	-3.6	54.4
vs Ibex Small Cap Index	-12.5	-17.1	7.0	60.2
vs Eurostoxx 50	-11.6	-16.5	11.5	43.0
vs Sector benchmark <sup>(4)</sup>	-8.3	-14.3	18.1	4.9

(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 2.

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

(4) vs Europe Industrial Machinery.

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

## 12M24 Results: in line. Margin improvement and debt reduction. Dividend yield c.8%.

**REVENUE REPEATING IN 2024 (+0.5% VS. 2023)...** DESA closes 12M24 with revenues of EUR 47.9 Mn (+0.5% vs. 12M23), in line with our estimate (EUR 48.4 Mn 2024e). A flat revenue evolution primarily explained by the contraction in domestic sales, offset by the strong performance of the international business.

**BUT CONSOLIDATING MARGIN IMPROVEMENT.** The 12M24 gross margin improves to 42.1% (+2.7 p.p. vs. 12M23) due to the higher weight of international business and the agricultural segment (which has a higher margin). This, along with efficiency gains from better utilization of production capacity, boosts rec. EBITDA to EUR 5.1 Mn (+6% vs. 2023; in line). The 12M24 EBITDA margin stands at 10.6% (+0.6 p.p. vs. 12M23), surpassing 2022 levels (rec. EBITDA margin 10.3%).

**DEBT CONTINUES TO DECLINE.** Net financial debt continues to decrease, standing at EUR 7.5 Mn at the end of 2024 (-30% vs EUR 10.7 Mn in 2023). This reduction is mainly due to (i) the business's cash generation capacity, (ii) lower working capital needs due to sales evolution, and (iii) the sale of the French subsidiary's warehouse (EUR 1.2 Mn in February 2024). ND/EBITDA 2024 is 1.5x (in line with estimates), reflecting DESA's strong balance sheet.

**AND DIVIDEND YIELD REACHES 7.6% IN 2024.** DESA approves the distribution of a supplementary dividend of EUR 0.5 Mn, payable in March 2025, from 2024 earnings, primarily driven by the cash surplus from the sale of the French subsidiary's warehouse and strong net income performance (EUR 2.4 Mn, +14.1% vs. 12M23). The announced dividend sets the 2024 dividend at EUR 1.12/share (2024 dividend yield of 7.6% vs. EUR 0.84/share and 5.7% in 2023).

**WE MAINTAIN REVENUE AND EBITDA ESTIMATES FOR 2025.** Following in-line results, we maintain our estimates. Our base case points to a revenue growth of around 5% in 2025, reaching EUR 50 Mn, and a slight improvement in the EBITDA margin to 11.3% (+0.7 p.p. vs. 12M23), bringing EBITDA to EUR 5.7 Mn in 2025e.

**THE EQUITY STORY REMAINS INTACT. INDUSTRIAL BUSINESS WITH LOW RISK AND HIGH FCF YIELD.** The 12M24 results leave DESA's equity story intact: an industrial business with (i) low operational risk, due to its sectorial and geographical diversification, and (ii) low financial risk, with reduced debt (ND/EBITDA 2024 1.5x). This is reflected in the company's dividend policy and its stability, with dividend yield 2024 at 7.6%.

The recent stock performance (-3.9% YTD; -16.4% vs. IBEX 35) leaves DESA trading at a 2024 EV/EBITDA of 6.5x (in line with 6.6x of peers) and a P/E of 11.0x (c.-20% vs. peers). Our 2025 estimates, which include around 5% revenue growth, are currently trading at a 2025e EV/EBITDA of 5.8x and a 2025e P/E of 7.9x. The low-risk profile of DESA enhances its 2025e P/E, associated with a business that, at these prices, offers a sustainable 2025e FCF yield of around 10%. A valuable combination (low multiples – high returns) in itself, even in a context of low revenue growth as we expect for 2025e.

## Appendix 1. Results table

EUR Mn	12m24		12m24 Real		2024 vs	
	Real	12m23	vs 12m23	2024e	2024e	
Total Revenues	47.9	47.7	0.5%	48.4	-1.0%	
Gross margin	20.1	18.8	7.3%	20.2	-0.1%	
% Gross margin	42.1%	39.4%	2.7 p.p.	41.7%	0.4 p.p.	
Recurrent EBITDA	5.1	4.8	6.1%	5.3	-4.7%	
Rec. EBITDA/Revenues	10.6%	10.0%	0.6 p.p.	11.0%	-0.4 p.p.	
EBITDA	4.8	4.5	6.6%	5.3	-9.8%	
EBITDA/Revenues	10.0%	9.4%	0.6 p.p.	11.0%	-1.0 p.p.	
EBIT	3.7	3.4	10.9%	4.3	-12.4%	
PBT	3.4	2.9	15.3%	3.9	-13.9%	
NP	2.4	2.1	14.1%	2.9	-17.0%	

	12m24		12m24 Real		2024 vs	
	Real	12m23	vs 12m23	2024e	2024e	
Net Debt <sup>1</sup>	7.5	10.7	-29.5%	8.0	7.0%	
ND/EBITDA rec.	1.5 x	2.2 x		1.5 x		

(1) Net Debt excludes the impact of IFRS 16.

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

	EUR Mn	Source
Market Cap	26.5	
+ Minority Interests	-	12m Results 2024
+ Provisions & Other L/T Liabilities	1.5	12m Results 2024
+ Net financial debt	7.5	12m Results 2024
- Financial Investments	2.5	12m Results 2024
+/- Others		12m Results 2024
<b>Enterprise Value (EV)</b>	<b>32.9</b>	

## Appendix 3. Principales comparables

		Broad Range players				High Tech Specialty players				
EUR Mn		Norma Group	Granges AB	Trifast Plc	Average	Georg Fischer	Bossard	Bufab AB	SFS Group AG	Average
		SE				AG	Holding AG			
Market data	Ticker (Factset)	NOEJ-DE	GRNG-SE	TRI-GB		GF-CH	BOSN-CH	BUFAB-SE	SFSN-CH	
	Country	Germany	Sweden	UK		Switzerland	Switzerland	Sweden	Switzerland	
	Market cap	501.5	1,308.9	126.7		6,306.6	1,797.7	1,580.5	4,872.0	
	Enterprise value (EV)	829.9	1,777.0	166.4		8,540.8	1,994.6	1,872.7	5,376.0	
Basic financial information	Total Revenues	1,160.2	2,106.4	283.5		4,331.2	1,048.6	720.0	3,246.7	
	Total Revenues growth	-5.1%	5.2%	0.4%	0.1%	1.0%	-7.9%	-7.4%	-0.8%	-3.8%
	2y CAGR (2024e - 2026e)	3.9%	15.2%	4.1%	7.7%	3.0%	8.1%	6.7%	3.7%	5.4%
	EBITDA	148.2	217.8	27.1		610.7	132.3	99.3	520.0	
	EBITDA growth	-2.1%	3.4%	20.9%	7.4%	25.2%	-10.0%	-14.8%	6.2%	1.6%
	2y CAGR (2024e - 2026e)	8.2%	14.0%	15.0%	12.4%	6.4%	14.1%	15.5%	6.8%	10.7%
	EBITDA/Revenues	12.8%	10.3%	9.6%	10.9%	14.1%	12.6%	13.8%	16.0%	14.1%
	EBIT	70.3	140.8	17.6		459.3	105.4	74.2	379.7	
	EBIT growth	-4.3%	1.7%	64.3%	20.6%	28.4%	-12.5%	-19.0%	7.2%	1.0%
	2y CAGR (2024e - 2026e)	16.6%	17.4%	22.9%	19.0%	7.1%	15.3%	20.0%	8.6%	12.7%
	EBIT/Revenues	6.1%	6.7%	6.2%	6.3%	10.6%	10.1%	10.3%	11.7%	10.7%
	Net Profit	32.1	90.8	9.5		347.5	73.9	49.4	287.7	
	Net Profit growth	15.2%	0.3%	276.4%	97.3%	38.8%	-6.5%	-4.0%	1.6%	7.5%
	2y CAGR (2024e - 2026e)	29.0%	23.6%	33.9%	28.8%	1.0%	16.5%	22.0%	8.7%	12.1%
CAPEX/Sales %	4.6%	5.6%	2.2%	4.1%	1.9%	2.8%	1.0%	5.1%	2.7%	
Free Cash Flow	62.2	(97.9)	14.6		562.3	104.9	92.9	218.7		
Net financial debt	302.5	414.6	(0.1)		1,255.5	223.4	301.9	343.2		
ND/EBITDA (x)	2.0	1.9	n.a.	2.0	2.1	1.7	3.0	0.7	1.9	
Pay-out	41.4%	n.a.	36.8%	39.1%	35.4%	42.9%	n.a.	38.2%	38.9%	
Multiples and Ratios	P/E (x)	14.3	14.4	13.8	14.2	20.6	21.4	31.8	18.2	23.0
	P/BV (x)	0.7	1.4	0.8	1.0	n.a.	3.7	n.a.	3.2	3.4
	EV/Revenues (x)	0.7	0.8	0.6	0.7	2.0	1.9	2.6	1.7	2.0
	EV/EBITDA (x)	5.6	8.2	6.1	6.6	14.0	15.1	18.9	10.3	14.6
	EV/EBIT (x)	11.8	12.6	9.4	11.3	18.6	18.9	25.2	14.2	19.2
	ROE	4.7	10.6	6.1	7.1	n.a.	17.1	15.1	17.6	16.6
	FCF Yield (%)	12.4	n.a.	11.5	12.0	8.9	5.8	5.9	4.5	6.3
	DPS	0.42	0.27	0.03	0.24	1.50	4.12	n.a.	2.83	2.82
Dvd Yield	2.6%	2.2%	2.8%	2.5%	2.0%	1.8%	n.a.	2.3%	2.0%	

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).

## LIGHTHOUSE

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

### Head of research

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**Alfredo Echevarría Otegui**

alfredo.echevarria@institutodeanalistas.com

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### Analysts who contributed to this report:

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**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

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#### Notes and Reports History

Date of report	Recommendation	Price (EUR)	Target price (EUR)	Period of validity	Reason for report	Analyst
27-Feb-2025	n.a.	14.80	n.a.	n.a.	12m Results 2024	Pablo Victoria Rivera, CESGA
06-Nov-2024	n.a.	12.80	n.a.	n.a.	9m Results 2024	Luis Esteban Arribas, CESGA
19-Sep-2024	n.a.	12.80	n.a.	n.a.	6m Results 2024	Luis Esteban Arribas, CESGA
27-May-2024	n.a.	12.75	n.a.	n.a.	Small & Micro Caps (Spain)	Alfredo Echevarría Otegui
07-May-2024	n.a.	11.70	n.a.	n.a.	3m Results 2024	Luis Esteban Arribas, CESGA
01-Mar-2024	n.a.	11.68	n.a.	n.a.	12m Results 2023	Luis Esteban Arribas, CESGA
13-Nov-2023	n.a.	11.18	n.a.	n.a.	9m Results 2023	Luis Esteban Arribas, CESGA
29-Sep-2023	n.a.	12.38	n.a.	n.a.	6m Results 2023	Luis Esteban Arribas, CESGA
12-Jun-2023	n.a.	13.08	n.a.	n.a.	Small & Micro Caps (Spain)	David López Sánchez
08-May-2023	n.a.	11.91	n.a.	n.a.	3m Results 2023 - Estimates downgrade	David López Sánchez
24-Mar-2023	n.a.	11.91	n.a.	n.a.	Estimates downgrade	David López Sánchez
28-Feb-2023	n.a.	11.88	n.a.	n.a.	12m Results 2022	David López Sánchez
30-Sep-2022	n.a.	12.92	n.a.	n.a.	6m Results 2022	David López Sánchez
19-Apr-2022	n.a.	13.14	n.a.	n.a.	Estimates upgrade	David López Sánchez
02-Mar-2022	n.a.	13.14	n.a.	n.a.	12m Results 2021	David López Sánchez
01-Oct-2021	n.a.	7.73	n.a.	n.a.	6m Results 2021	David López Sánchez
01-Mar-2021	n.a.	7.14	n.a.	n.a.	12m Results 2020 - Estimates upgrade	Ana Isabel González García, CIIA
28-Jan-2021	n.a.	7.14	n.a.	n.a.	Estimates upgrade	Ana Isabel González García, CIIA
30-Oct-2020	n.a.	6.70	n.a.	n.a.	9m Results 2020	Ana Isabel González García, CIIA
29-Sep-2020	n.a.	6.70	n.a.	n.a.	6m Results 2020	Ana Isabel González García, CIIA
02-Jul-2020	n.a.	6.70	n.a.	n.a.	Estimates downgrade	Ana Isabel González García, CIIA
02-Mar-2020	n.a.	6.70	n.a.	n.a.	12m Results 2019	Ana Isabel González García, CIIA
23-Dec-2019	n.a.	6.70	n.a.	n.a.	Initiation of Coverage	Ana Isabel González García, CIIA

