

**EQUITY - SPAIN**  
 Sector: Auto Components

 Closing price: EUR 6.72 (28 Feb 2024)  
 Report date: 29 Feb 2024 (10:00h)

**12m Results 2023 - Estimates downgrade**  
 Independent Equity Research

**12m Results 2023**

 Opinion <sup>(1)</sup>: Below expectations  
 Impact <sup>(1)</sup>: We lower our estimates

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

**FY23 earnings: slower-than-expected recovery**
**LOWER (ENERGY AND RAW MATERIALS) PRICES SHAPED THE TOPLINE IN 2023 (-13.6% VS 2022)...** LGT obtained roughly EUR 98.5Mn of revenue in 2023 (-13.6% vs 2022; -7.1% vs our estimates). The weak earnings performance was the result of: i) still-low automotive volumes in Europe (car sales 2023: c. 20% below 2019) and ii) lower raw material and energy prices. Revenue in 2023 was the result of "flat" volume (MT sold in 2023: +1.5%) and a drop in prices (c.-15%).

**...WHILE GROSS MARGIN DID NOT IMPROVE AS EXPECTED.** Sales of parts of lower added value, coupled with the fact that not 100% of its contracts are energy price-indexed contracts, held back gross margin in 2023 (53.7%; -3.5p.p. vs 2022). As a result, the company could not pass on in full the impact of the decrease in OPEX (-22% vs 2022) to recurring EBITDA 2023 (EUR 8.4Mn vs EUR 8.0Mn in 2022).

**LGT APPROVED PAYMENT OF EUR 2.7MN OF DIVIDENDS IN 2024...** The company delivered net profit of EUR 3.2Mn for 2023 (in line with 2022) and approved payment of EUR 2.7Mn of dividends (payout 2023: 83.7%; dividend yield 2024e: 6.4%).

**...AND (CONSIDERABLY) REDUCED DEBT.** Cash inflows thanks to deft working capital management (30% reduction in collection period) helped LGT end 2023 with net debt of EUR 13.7Mn (-26% vs 2022; ND/EBITDA 2023 of 1.6x). This is one of LGT's main attractions: FCF generation (recurring FCF yield 2023e: 9.7%).

**WE ARE REVISING DOWN OUR ESTIMATES IN THE WAKE OF THESE EARNINGS.** We are cutting our estimates. For 2024e, we are now estimating revenue of around EUR 103.5Mn (+5.1% vs 2023; -7% vs our previous estimate). We have slashed our recurring EBITDA estimate to EUR 9.9Mn (-30% vs our previous estimate), still facing major headwinds from the overall sector situation (slow recovery in demand).

**THE OUTLOOK FOR THE AUTOMOTIVE SECTOR INDICATES LGT'S RECOVERY WILL TAKE LONGER.** We see little reason to expect prospects to turn upbeat for the auto parts manufacturing industry in the short/medium term. The (slower-than-expected) pace of new car sales is keeping LGT's profitability from returning to pre-pandemic levels (EBITDA margin 26e of 13%). Momentum might be weak, but LGT only has one direction to go. Looking at 2026e, mid-single digit growth in revenue would translate into a CAGR 23-26e for recurring EBITDA of 21.3% and an FCF yield 26e of 9.6%. LGT is currently trading at an EV/EBITDA 24e of 8.4x and a P/E of 17.4x (vs sector averages of 5.5x and 9.2x, respectively).

**Market Data**

Market Cap (Mn EUR and USD)	67.2	72.8
EV (Mn EUR and USD) <sup>(2)</sup>	82.8	89.7
Shares Outstanding (Mn)	10.0	
-12m (Max/Med/Min EUR)	8.34 / 7.17 / 6.12	
Daily Avg volume (-12m Mn EUR)	0.02	
Rotation <sup>(3)</sup>	9.5	
Factset / Bloomberg	LGT-ES / LGT SM	
Close fiscal year	31-Dec	

**Shareholders Structure (%)**

Board of Directors	55.0
Onchena	9.4
Mallorquina de Seguros	6.0
Free Float	34.0

**Financials (Mn EUR)**

	2023	2024e	2025e	2026e
Adj. nº shares (Mn)	10.0	10.0	10.0	10.0
Total Revenues	98.5	103.5	110.7	118.5
Rec. EBITDA	8.4	9.9	12.1	14.9
% growth	4.0	18.2	22.3	23.5
% Rec. EBITDA/Rev.	8.5	9.5	10.9	12.6
% Inc. EBITDA sector <sup>(4)</sup>	4.8	2.7	7.8	7.0
Net Profit	3.2	3.9	5.4	7.5
EPS (EUR)	0.32	0.39	0.54	0.75
% growth	2.4	19.4	40.0	39.8
Ord. EPS (EUR)	0.25	0.33	0.48	0.70
% growth	-1.4	31.5	47.1	44.6
Rec. Free Cash Flow <sup>(5)</sup>	6.5	3.0	4.6	6.5
Pay-out (%)	83.7	80.4	80.0	80.0
DPS (EUR)	0.27	0.31	0.43	0.60
Net financial debt	13.7	11.8	8.8	5.1
ND/Rec. EBITDA (x)	1.6	1.2	0.7	0.3
ROE (%)	7.0	8.3	11.2	14.8
ROCE (%) <sup>(5)</sup>	5.9	7.2	10.0	13.7

**Ratios & Multiples (x) <sup>(6)</sup>**

	2023	2024e	2025e	2026e
P/E	20.8	17.4	12.5	8.9
Ord. P/E	27.0	20.5	14.0	9.7
P/BV	1.5	1.4	1.4	1.3
Dividend Yield (%)	4.0	4.6	6.4	9.0
EV/Sales	0.84	0.80	0.75	0.70
EV/Rec. EBITDA	9.9	8.4	6.9	5.6
EV/EBIT	17.0	14.3	10.5	7.8
FCF Yield (%) <sup>(5)</sup>	9.7	4.5	6.8	9.6

**Relative performance (Base 100)**

**Stock performance (%)**

	-1m	-3m	-12m	YTD	-3Y	-5Y
Absolute	-0.6	4.7	-16.1	9.8	-35.7	-49.8
vs Ibex 35	-1.9	4.0	-21.7	10.2	-47.5	-53.7
vs Ibex Small Cap Index	1.0	4.8	-8.5	11.2	-30.8	-56.5
vs Eurostoxx 50	-5.6	-6.8	-27.2	1.7	-52.1	-66.1
vs Sector benchmark <sup>(4)</sup>	-14.4	-11.6	-25.7	-2.3	-49.2	-64.3

(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 Automobiles & Parts.

(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.

## 12m Results 2023

### Estimates downgrade

**Table 1. 2023 Results**

EUR Mn	12m23	12m22	12m23 Real	2023e	2023 vs
	Real		vs 12m22		2023e
<b>Total Revenues</b>	<b>98.5</b>	<b>113.9</b>	<b>-13.6%</b>	<b>106.0</b>	<b>-7.1%</b>
<b>Gross margin</b>	<b>52.9</b>	<b>65.0</b>	<b>-18.7%</b>	<b>60.2</b>	<b>-12.1%</b>
<i>Gross Margin/Revenues</i>	53.7%	57.1%	-3.4 p.p.	56.8%	-3.1 p.p.
<b>Recurrent EBITDA<sup>1</sup></b>	<b>8.4</b>	<b>8.0</b>	<b>4.0%</b>	<b>11.1</b>	<b>-25.0%</b>
<i>Rec. EBITDA/Revenues</i>	8.5%	7.1%	1.4 p.p.	10.5%	-2.0 p.p.
<b>EBITDA<sup>(1)</sup></b>	<b>9.3</b>	<b>8.9</b>	<b>5.3%</b>	<b>11.1</b>	<b>-16.3%</b>
<i>EBITDA/Revenues</i>	9.5%	7.8%	1.7 p.p.	10.5%	-1.0 p.p.
<b>EBIT</b>	<b>4.9</b>	<b>4.5</b>	<b>8.5%</b>	<b>6.8</b>	<b>-28.2%</b>
<b>PBT</b>	<b>4.2</b>	<b>4.1</b>	<b>3.8%</b>	<b>6.0</b>	<b>-29.2%</b>
<b>NP</b>	<b>3.2</b>	<b>3.1</b>	<b>3.0%</b>	<b>4.5</b>	<b>-28.1%</b>
<b>Net Debt</b>	<b>13.7</b>	<b>18.7</b>	<b>-26.8%</b>	<b>18.2</b>	<b>-24.7%</b>

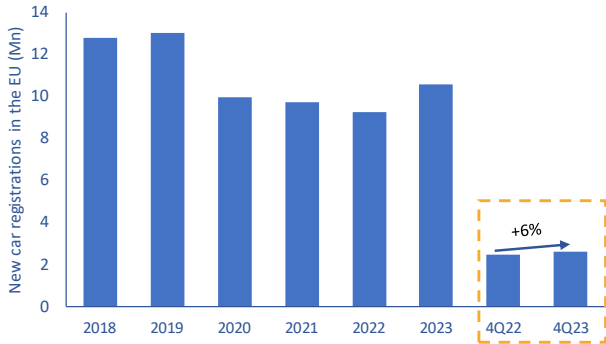
Note 1. Recurrent and adjusted EBITDA adjusted to strip out the impact of capitalised expenses (EUR 1.5Mn and EUR 1.2Mn in 2023 and 2022, respectively).

**Table 2. Estimates downgrade**

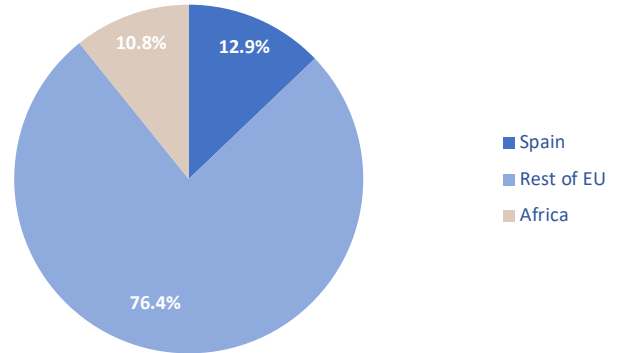
EUR Mn	2024e (New)	Review (%)	2025e (New)	Review (%)	2026e (New)
<b>Total Revenues</b>	<b>103.5</b>	<b>-7.0%</b>	<b>110.7</b>	<b>-5.2%</b>	<b>118.5</b>
<b>Recurrent EBITDA</b>	<b>9.9</b>	<b>-30.6%</b>	<b>12.1</b>	<b>-20.7%</b>	<b>14.9</b>
<i>Rec. EBITDA/Revenues</i>	9.5%	-3.2 p.p.	10.9%	-2.1 p.p.	12.6%
<b>EBIT</b>	<b>5.8</b>	<b>-41.1%</b>	<b>7.9</b>	<b>-26.5%</b>	<b>10.7</b>
<b>Net Profit</b>	<b>3.9</b>	<b>-43.2%</b>	<b>5.4</b>	<b>-28.5%</b>	<b>7.5</b>
<b>Recurrent Free Cash Flow</b>	<b>3.0</b>	<b>-47.5%</b>	<b>4.6</b>	<b>-30.1%</b>	<b>6.5</b>
<b>Net Debt</b>	<b>11.8</b>	<b>-28.2%</b>	<b>8.8</b>	<b>-36.8%</b>	<b>5.1</b>
<i>ND / EBITDA</i>	1.2 x	0.0 x	0.7 x	-0.2 x	0.3 x

The company in 8 charts

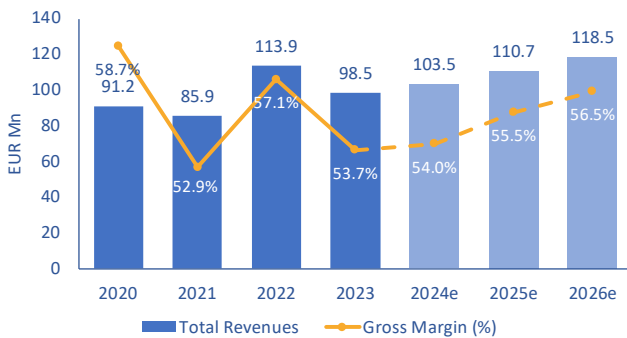
Vehicle registrations in Europe had been on the rise in 2023 (but still lower than in 2019)



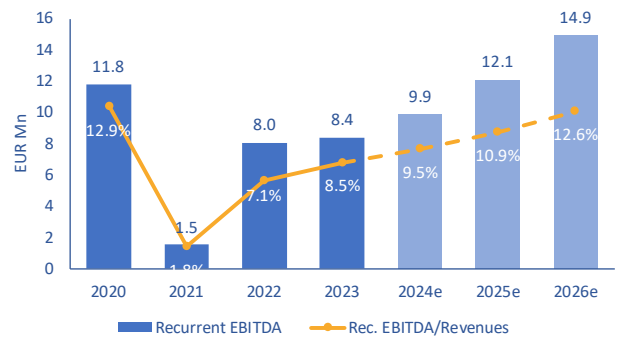
Exports make up 87% of revenue, with Europe as the main revenue source



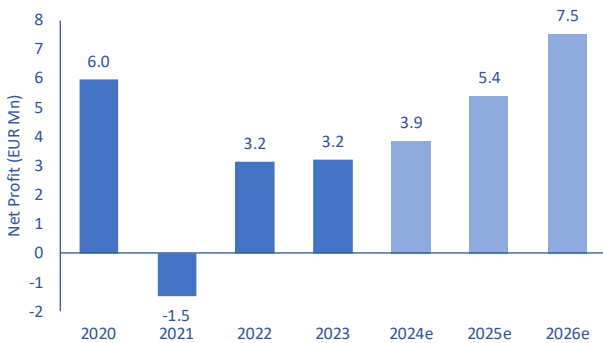
Despite higher volumes, lower prices in will undermine revenue growth



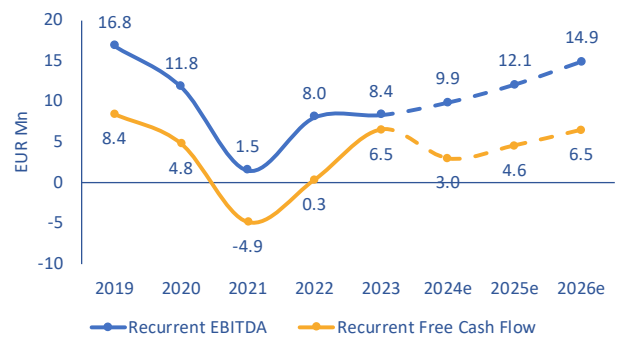
There is still plenty of room for margins (still heavily penalised by high raw material costs) to recover



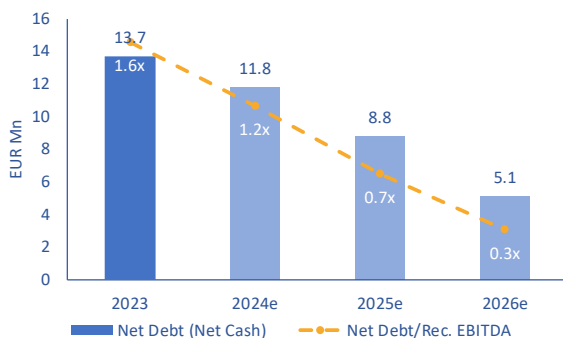
With no significant impact on finance costs, LGT will convert c. 30% of EBITDA into net profit



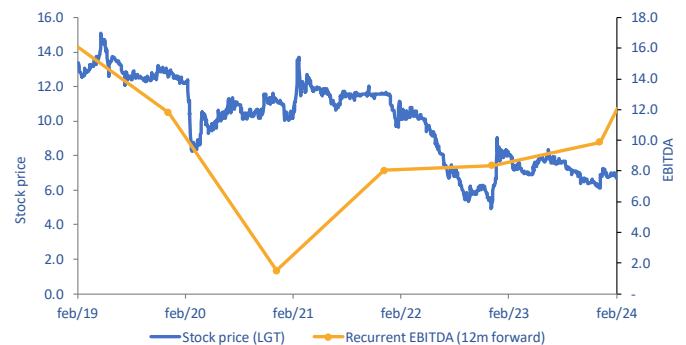
A company with strong potential to generate FCF



Cash generation should bring gearing back to levels of 1.2x ND/EBITDA in 2024e



Earnings in 2024e could provide a catalyst by making margin improvement appear more credible



**Valuation inputs**
**Inputs for the DCF Valuation Approach**

	2024e	2025e	2026e	Terminal Value <sup>(1)</sup>		
Free Cash Flow "To the Firm"	4.3	5.9	7.7	110.7		
Market Cap	67.2	At the date of this report				
Net financial debt	13.7	Debt net of Cash (12m Results 2023)				
					Best Case	Worst Case
Cost of Debt	4.5%	Net debt cost			4.3%	4.8%
Tax rate (T)	20.0%	T (Normalised tax rate)			=	=
Net debt cost	3.6%	Kd = Cost of Net Debt * (1-T)			3.4%	3.8%
Risk free rate (rf)	3.3%	Rf (10y Spanish bond yield)			=	=
Equity risk premium	6.0%	R (own estimate)			5.5%	6.5%
Beta (B)	1.1	B (own estimate)			1.0	1.1
Cost of Equity	9.9%	Ke = Rf + (R * B)			8.8%	10.5%
Equity / (Equity + Net Debt)	83.1%	E (Market Cap as equity value)			=	=
Net Debt / (Equity + Net Debt)	16.9%	D			=	=
WACC	8.9%	WACC = Kd * D + Ke * E			7.9%	9.4%
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
CIE Automotive	CIE-ES	3,045.9	8.3	n.a.	5.9	n.a.	1.1	n.a.	18.4%	13.2%	n.a.
Gestamp	GEST-ES	1,755.1	5.1	19.1%	3.2	8.0%	0.4	4.2%	11.4%	16.9%	33.3%
Cummins	CMI-US	35,398.4	14.7	13.1%	8.9	9.3%	1.3	5.3%	14.9%	4.0%	29.9%
Voestalpine	VOE-AT	4,516.6	8.6	n.a.	3.9	n.a.	0.4	n.a.	10.2%	5.8%	n.a.
Auto-Parts			9.2	16.1%	5.5	8.6%	0.8	4.8%	13.7%	10.0%	31.6%
Brembo SPA	BRE-IT	3,724.9	11.7	15.9%	6.0	11.5%	1.0	8.2%	17.3%	6.3%	31.3%
Brake Systems			11.7	15.9%	6.0	11.5%	1.0	8.2%	17.3%	6.3%	31.3%
LGT	LGT-ES	67.2	17.4	39.9%	8.4	21.4%	0.8	7.0%	10.3%	4.5%	32.5%

**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	12.0%	13.3	6.2x
Central	10.9%	12.1	6.9x
Min	9.8%	10.9	7.6x

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

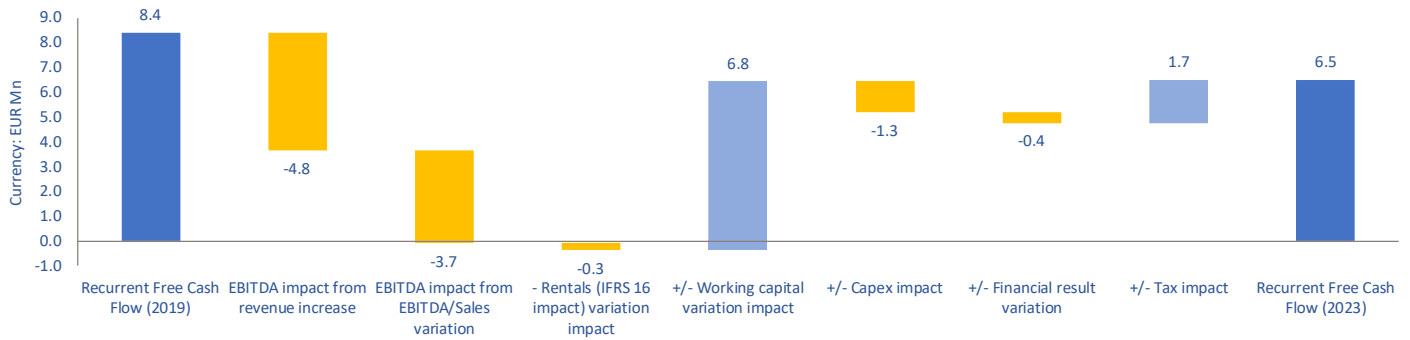
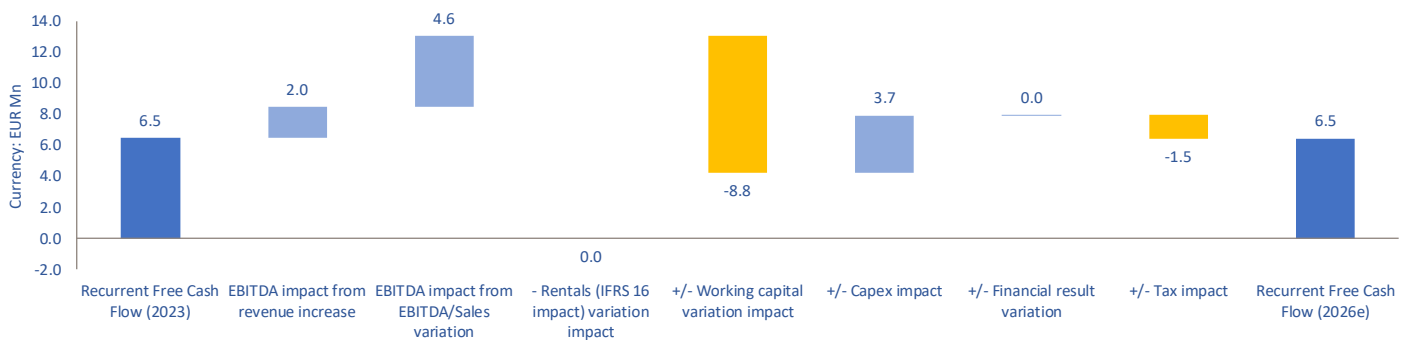
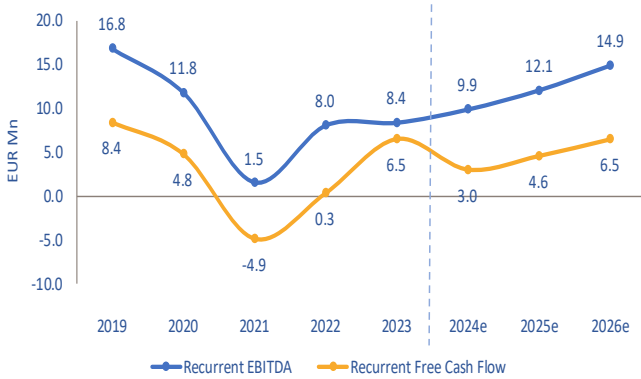
Rec. FCF EUR Mn	CAPEX/Sales 25e			Scenario	Rec. FCF/Yield 25e		
EBITDA 25e	3.9%	4.3%	4.7%		Max	9.3%	8.6%
13.3	6.2	5.8	5.3	Central	7.4%	6.8%	6.1%
12.1	5.0	4.6	4.1	Min	5.6%	5.0%	4.3%
10.9	3.8	3.3	2.9				

## Appendix 1. Financial Projections

Balance Sheet (EUR Mn)	2019	2020	2021	2022	2023	2024e	2025e	2026e	CAGR	
Intangible assets	0.9	1.1	1.6	1.5	2.0	3.4	4.6	5.6		
Fixed assets	56.8	57.2	57.1	56.5	60.9	58.9	57.1	55.7		
Other Non Current Assets	0.5	0.4	1.2	0.8	0.2	0.2	0.2	0.2		
Financial Investments	0.6	0.2	0.2	0.2	0.2	0.2	0.2	0.2		
Goodwill & Other Intangibles	-	-	-	-	-	-	-	-		
Current assets	28.9	28.3	25.7	32.2	22.0	23.1	24.7	26.4		
<b>Total assets</b>	<b>87.7</b>	<b>87.3</b>	<b>85.9</b>	<b>91.3</b>	<b>85.4</b>	<b>85.8</b>	<b>86.8</b>	<b>88.1</b>		
Equity	46.2	45.1	43.7	46.8	46.0	47.2	49.5	52.7		
Minority Interests	-	-	-	-	-	-	-	-		
Provisions & Other L/T Liabilities	1.5	8.3	1.4	0.9	0.8	0.8	0.8	0.8		
Other Non Current Liabilities	0.2	0.1	0.2	0.1	1.4	1.4	1.4	1.4		
Net financial debt	15.2	9.2	19.9	18.7	13.7	11.8	8.8	5.1		
Current Liabilities	24.6	24.5	20.7	24.7	23.5	24.7	26.3	28.1		
<b>Equity &amp; Total Liabilities</b>	<b>87.7</b>	<b>87.3</b>	<b>85.9</b>	<b>91.3</b>	<b>85.4</b>	<b>85.8</b>	<b>86.8</b>	<b>88.1</b>		
<b>P&amp;L (EUR Mn)</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024e</b>	<b>2025e</b>	<b>2026e</b>	<b>19-23</b>	<b>23-26e</b>
<b>Total Revenues</b>	<b>114.9</b>	<b>91.2</b>	<b>85.9</b>	<b>113.9</b>	<b>98.5</b>	<b>103.5</b>	<b>110.7</b>	<b>118.5</b>	<b>-3.8%</b>	<b>6.4%</b>
<i>Total Revenues growth</i>	<i>-0.6%</i>	<i>-20.7%</i>	<i>-5.8%</i>	<i>32.7%</i>	<i>-13.6%</i>	<i>5.1%</i>	<i>7.0%</i>	<i>7.0%</i>		
COGS	(49.6)	(37.7)	(40.5)	(48.9)	(45.6)	(47.6)	(49.3)	(51.5)		
<b>Gross Margin</b>	<b>65.3</b>	<b>53.5</b>	<b>45.4</b>	<b>65.0</b>	<b>52.9</b>	<b>55.9</b>	<b>61.4</b>	<b>66.9</b>	<b>-5.1%</b>	<b>8.2%</b>
<i>Gross Margin/Revenues</i>	<i>56.8%</i>	<i>58.7%</i>	<i>52.9%</i>	<i>57.1%</i>	<i>53.7%</i>	<i>54.0%</i>	<i>55.5%</i>	<i>56.5%</i>		
Personnel Expenses	(27.8)	(25.2)	(22.7)	(23.3)	(24.5)	(25.8)	(27.2)	(28.8)		
Other Operating Expenses	(20.6)	(16.5)	(21.2)	(33.7)	(20.0)	(20.2)	(22.1)	(23.2)		
<b>Recurrent EBITDA</b>	<b>16.8</b>	<b>11.8</b>	<b>1.5</b>	<b>8.0</b>	<b>8.4</b>	<b>9.9</b>	<b>12.1</b>	<b>14.9</b>	<b>-16.1%</b>	<b>21.3%</b>
<i>Recurrent EBITDA growth</i>	<i>-7.5%</i>	<i>-29.9%</i>	<i>-87.2%</i>	<i>430.5%</i>	<i>4.0%</i>	<i>18.2%</i>	<i>22.3%</i>	<i>23.5%</i>		
<i>Rec. EBITDA/Revenues</i>	<i>14.6%</i>	<i>12.9%</i>	<i>1.8%</i>	<i>7.1%</i>	<i>8.5%</i>	<i>9.5%</i>	<i>10.9%</i>	<i>12.6%</i>		
Restructuring Expense & Other non-rec.	-	0.8	0.5	0.8	1.0	0.8	0.8	0.8		
<b>EBITDA</b>	<b>16.8</b>	<b>12.6</b>	<b>2.0</b>	<b>8.9</b>	<b>9.3</b>	<b>10.7</b>	<b>12.9</b>	<b>15.7</b>	<b>-13.7%</b>	<b>18.9%</b>
Depreciation & Provisions	(5.5)	(4.5)	(5.1)	(5.5)	(5.6)	(5.8)	(5.8)	(5.7)		
Capitalized Expense	0.4	0.7	1.0	1.2	1.5	1.3	1.2	1.1		
Rentals (IFRS 16 impact)	(0.1)	(0.1)	(0.1)	(0.1)	(0.4)	(0.4)	(0.4)	(0.4)		
<b>EBIT</b>	<b>11.7</b>	<b>8.7</b>	<b>(2.2)</b>	<b>4.5</b>	<b>4.9</b>	<b>5.8</b>	<b>7.9</b>	<b>10.7</b>	<b>-19.6%</b>	<b>29.8%</b>
<i>EBIT growth</i>	<i>-8.7%</i>	<i>-25.8%</i>	<i>-124.9%</i>	<i>308.2%</i>	<i>8.5%</i>	<i>18.6%</i>	<i>36.7%</i>	<i>35.0%</i>		
<i>EBIT/Revenues</i>	<i>10.2%</i>	<i>9.5%</i>	<i>n.a.</i>	<i>3.9%</i>	<i>5.0%</i>	<i>5.6%</i>	<i>7.1%</i>	<i>9.0%</i>		
Impact of Goodwill & Others	-	-	-	-	-	-	-	-		
Net Financial Result	(0.3)	(0.3)	(0.3)	(0.4)	(0.6)	(0.6)	(0.7)	(0.6)		
Income by the Equity Method	-	-	-	-	-	-	-	-		
<b>Ordinary Profit</b>	<b>11.4</b>	<b>8.4</b>	<b>(2.5)</b>	<b>4.1</b>	<b>4.2</b>	<b>5.1</b>	<b>7.2</b>	<b>10.1</b>	<b>-22.0%</b>	<b>33.4%</b>
<i>Ordinary Profit Growth</i>	<i>-6.5%</i>	<i>-26.7%</i>	<i>-129.6%</i>	<i>265.2%</i>	<i>3.3%</i>	<i>21.3%</i>	<i>40.0%</i>	<i>39.8%</i>		
Extraordinary Results	-	(0.4)	0.5	-	-	-	-	-		
<b>Profit Before Tax</b>	<b>11.4</b>	<b>8.0</b>	<b>(2.0)</b>	<b>4.1</b>	<b>4.2</b>	<b>5.1</b>	<b>7.2</b>	<b>10.1</b>	<b>-22.0%</b>	<b>33.4%</b>
Tax Expense	(2.7)	(2.1)	0.5	(0.9)	(1.0)	(1.3)	(1.8)	(2.5)		
<i>Effective Tax Rate</i>	<i>23.6%</i>	<i>25.7%</i>	<i>n.a.</i>	<i>23.1%</i>	<i>23.8%</i>	<i>25.0%</i>	<i>25.0%</i>	<i>25.0%</i>		
Minority Interests	-	-	-	-	-	-	-	-		
Discontinued Activities	-	-	-	-	-	-	-	-		
<b>Net Profit</b>	<b>8.7</b>	<b>6.0</b>	<b>(1.5)</b>	<b>3.2</b>	<b>3.2</b>	<b>3.9</b>	<b>5.4</b>	<b>7.5</b>	<b>-22.0%</b>	<b>32.7%</b>
<i>Net Profit growth</i>	<i>-5.1%</i>	<i>-31.7%</i>	<i>-124.8%</i>	<i>313.3%</i>	<i>2.4%</i>	<i>19.4%</i>	<i>40.0%</i>	<i>39.8%</i>		
<b>Ordinary Net Profit</b>	<b>8.7</b>	<b>5.6</b>	<b>(2.9)</b>	<b>2.5</b>	<b>2.5</b>	<b>3.3</b>	<b>4.8</b>	<b>7.0</b>	<b>-26.9%</b>	<b>40.9%</b>
<i>Ordinary Net Profit growth</i>	<i>-5.1%</i>	<i>-35.8%</i>	<i>-152.3%</i>	<i>186.0%</i>	<i>-1.4%</i>	<i>31.5%</i>	<i>47.1%</i>	<i>44.6%</i>		
<b>Cash Flow (EUR Mn)</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024e</b>	<b>2025e</b>	<b>2026e</b>	<b>19-23</b>	<b>23-26e</b>
<b>Recurrent EBITDA</b>						<b>9.9</b>	<b>12.1</b>	<b>14.9</b>	<b>-16.1%</b>	<b>21.3%</b>
Rentals (IFRS 16 impact)						(0.4)	(0.4)	(0.4)		
Working Capital Increase						0.1	0.1	0.1		
<b>Recurrent Operating Cash Flow</b>						<b>9.6</b>	<b>11.8</b>	<b>14.7</b>	<b>-2.7%</b>	<b>-4.7%</b>
CAPEX						(4.7)	(4.8)	(5.1)		
Net Financial Result affecting the Cash Flow						(0.6)	(0.7)	(0.6)		
Tax Expense						(1.3)	(1.8)	(2.5)		
<b>Recurrent Free Cash Flow</b>						<b>3.0</b>	<b>4.6</b>	<b>6.5</b>	<b>-6.2%</b>	<b>-0.2%</b>
Restructuring Expense & Other non-rec.						0.8	0.8	0.8		
- Acquisitions / + Divestures of assets						-	-	-		
Extraordinary Inc./Exp. Affecting Cash Flow						0.8	0.8	0.8		
<b>Free Cash Flow</b>						<b>4.6</b>	<b>6.1</b>	<b>8.0</b>	<b>1.3%</b>	<b>-4.7%</b>
Capital Increase						-	-	-		
Dividends						(2.7)	(3.1)	(4.3)		
<b>Net Debt Variation</b>						<b>(1.9)</b>	<b>(3.0)</b>	<b>(3.7)</b>		

## Appendix 2. Free Cash Flow

A) Cash Flow Analysis (EUR Mn)	2020	2021	2022	2023	2024e	2025e	2026e	CAGR	
								20-23	23-26e
<b>Recurrent EBITDA</b>	<b>11.8</b>	<b>1.5</b>	<b>8.0</b>	<b>8.4</b>	<b>9.9</b>	<b>12.1</b>	<b>14.9</b>	<b>-10.9%</b>	<b>21.3%</b>
<i>Recurrent EBITDA growth</i>	-29.9%	-87.2%	430.5%	4.0%	18.2%	22.3%	23.5%		
<i>Rec. EBITDA/Revenues</i>	12.9%	1.8%	7.1%	8.5%	9.5%	10.9%	12.6%		
- Rentals (IFRS 16 impact)	(0.1)	(0.1)	(0.1)	(0.4)	(0.4)	(0.4)	(0.4)		
+/- Working Capital increase	0.6	(1.3)	(2.5)	8.9	0.1	0.1	0.1		
<b>= Recurrent Operating Cash Flow</b>	<b>12.3</b>	<b>0.1</b>	<b>5.5</b>	<b>16.9</b>	<b>9.6</b>	<b>11.8</b>	<b>14.7</b>	<b>11.3%</b>	<b>-4.7%</b>
<i>Rec. Operating Cash Flow growth</i>	-35.0%	-99.0%	n.a.	209.0%	-43.3%	23.3%	24.1%		
<i>Rec. Operating Cash Flow / Sales</i>	13.5%	0.1%	4.8%	17.2%	9.3%	10.7%	12.4%		
- CAPEX	(5.5)	(5.2)	(3.8)	(8.8)	(4.7)	(4.8)	(5.1)		
- Net Financial Result affecting Cash Flow	(0.3)	(0.3)	(0.4)	(0.6)	(0.6)	(0.7)	(0.6)		
- Taxes	(1.8)	0.5	(0.9)	(1.0)	(1.3)	(1.8)	(2.5)		
<b>= Recurrent Free Cash Flow</b>	<b>4.8</b>	<b>(4.9)</b>	<b>0.3</b>	<b>6.5</b>	<b>3.0</b>	<b>4.6</b>	<b>6.5</b>	<b>11.0%</b>	<b>-0.2%</b>
<i>Rec. Free Cash Flow growth</i>	-43.4%	-202.8%	106.4%	n.a.	-53.7%	51.4%	41.6%		
<i>Rec. Free Cash Flow / Revenues</i>	5.2%	n.a.	0.3%	6.6%	2.9%	4.1%	5.5%		
- Restructuring expenses & others	0.8	0.5	0.8	1.0	0.8	0.8	0.8		
- Acquisitions / + Divestments	-	-	-	-	-	-	-		
+/- Extraordinary Inc./Exp. affecting Cash Flow	-	0.5	(0.2)	1.8	0.8	0.8	0.8		
<b>= Free Cash Flow</b>	<b>5.6</b>	<b>(4.0)</b>	<b>0.9</b>	<b>9.2</b>	<b>4.6</b>	<b>6.1</b>	<b>8.0</b>	<b>18.2%</b>	<b>-4.7%</b>
<i>Free Cash Flow growth</i>	-36.3%	-171.2%	122.8%	915.3%	-50.6%	33.9%	31.1%		
<i>Recurrent Free Cash Flow - Yield (s/Mkt Cap)</i>	7.1%	n.a.	0.5%	9.7%	4.5%	6.8%	9.6%		
<i>Free Cash Flow Yield (s/Mkt Cap)</i>	8.3%	n.a.	1.4%	13.8%	6.8%	9.1%	11.9%		
<b>B) Analytical Review of Annual Recurrent Free Cash Flow Performance (Eur Mn)</b>									
	2020	2021	2022	2023	2024e	2025e	2026e		
<b>Recurrent FCF(FY - 1)</b>	<b>8.4</b>	<b>4.8</b>	<b>(4.9)</b>	<b>0.3</b>	<b>6.5</b>	<b>3.0</b>	<b>4.6</b>		
EBITDA impact from revenue increase	(3.5)	(0.7)	0.5	(1.1)	0.4	0.7	0.8		
EBITDA impact from EBITDA/Sales variation	(1.6)	(9.6)	6.0	1.4	1.1	1.5	2.0		
<b>= Recurrent EBITDA variation</b>	<b>(5.0)</b>	<b>(10.3)</b>	<b>6.5</b>	<b>0.3</b>	<b>1.5</b>	<b>2.2</b>	<b>2.8</b>		
- Rentals (IFRS 16 impact) variation impact	(0.0)	(0.0)	-	(0.3)	-	-	-		
+/- Working capital variation impact	(1.5)	(1.9)	(1.2)	11.4	(8.9)	0.0	0.0		
<b>= Recurrent Operating Cash Flow variation</b>	<b>(6.6)</b>	<b>(12.2)</b>	<b>5.4</b>	<b>11.5</b>	<b>(7.3)</b>	<b>2.2</b>	<b>2.8</b>		
+/- CAPEX impact	2.1	0.2	1.4	(5.0)	4.1	(0.1)	(0.3)		
+/- Financial result variation	(0.1)	(0.0)	(0.1)	(0.2)	(0.0)	(0.1)	0.1		
+/- Tax impact	1.0	2.3	(1.5)	(0.1)	(0.3)	(0.5)	(0.7)		
<b>= Recurrent Free Cash Flow variation</b>	<b>(3.6)</b>	<b>(9.6)</b>	<b>5.2</b>	<b>6.2</b>	<b>(3.5)</b>	<b>1.5</b>	<b>1.9</b>		
<b>Recurrent Free Cash Flow</b>	<b>4.8</b>	<b>(4.9)</b>	<b>0.3</b>	<b>6.5</b>	<b>3.0</b>	<b>4.6</b>	<b>6.5</b>		
<b>C) "FCF to the Firm" (pre debt service) (EUR Mn)</b>									
	2020	2021	2022	2023	2024e	2025e	2026e	CAGR	
								20-23	23-26e
<b>EBIT</b>	<b>8.7</b>	<b>(2.2)</b>	<b>4.5</b>	<b>4.9</b>	<b>5.8</b>	<b>7.9</b>	<b>10.7</b>	<b>-17.5%</b>	<b>29.8%</b>
* Theoretical Tax rate	25.7%	0.0%	23.1%	23.8%	25.0%	25.0%	25.0%		
= Taxes (pre- Net Financial Result)	(2.2)	-	(1.0)	(1.2)	(1.4)	(2.0)	(2.7)		
<b>Recurrent EBITDA</b>	<b>11.8</b>	<b>1.5</b>	<b>8.0</b>	<b>8.4</b>	<b>9.9</b>	<b>12.1</b>	<b>14.9</b>	<b>-10.9%</b>	<b>21.3%</b>
- Rentals (IFRS 16 impact)	(0.1)	(0.1)	(0.1)	(0.4)	(0.4)	(0.4)	(0.4)		
+/- Working Capital increase	0.6	(1.3)	(2.5)	8.9	0.1	0.1	0.1		
<b>= Recurrent Operating Cash Flow</b>	<b>12.3</b>	<b>0.1</b>	<b>5.5</b>	<b>16.9</b>	<b>9.6</b>	<b>11.8</b>	<b>14.7</b>	<b>11.3%</b>	<b>-4.7%</b>
- CAPEX	(5.5)	(5.2)	(3.8)	(8.8)	(4.7)	(4.8)	(5.1)		
- Taxes (pre- Financial Result)	(2.2)	-	(1.0)	(1.2)	(1.4)	(2.0)	(2.7)		
<b>= Recurrent Free Cash Flow (To the Firm)</b>	<b>4.6</b>	<b>(5.1)</b>	<b>0.6</b>	<b>7.0</b>	<b>3.5</b>	<b>5.1</b>	<b>6.9</b>	<b>15.1%</b>	<b>-0.4%</b>
<i>Rec. Free Cash Flow (To the Firm) growth</i>	-46.7%	-211.6%	112.1%	n.a.	-50.0%	45.7%	35.8%		
<i>Rec. Free Cash Flow (To the Firm) / Revenues</i>	5.0%	n.a.	0.5%	7.1%	3.4%	4.6%	5.8%		
- Acquisitions / + Divestments	-	-	-	-	-	-	-		
+/- Extraordinary Inc./Exp. affecting Cash Flow	-	0.5	(0.2)	1.8	0.8	0.8	0.8		
<b>= Free Cash Flow "To the Firm"</b>	<b>4.6</b>	<b>(4.7)</b>	<b>0.4</b>	<b>8.8</b>	<b>4.3</b>	<b>5.9</b>	<b>7.7</b>	<b>24.1%</b>	<b>-4.2%</b>
<i>Free Cash Flow (To the Firm) growth</i>	-48.9%	-201.7%	108.5%	n.a.	-51.2%	37.4%	31.0%		
<i>Rec. Free Cash Flow To the Firm Yield (o/EV)</i>	5.5%	n.a.	0.7%	8.4%	4.2%	6.2%	8.4%		
<i>Free Cash Flow "To the Firm" - Yield (o/EV)</i>	5.5%	n.a.	0.5%	10.6%	5.2%	7.1%	9.3%		

**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	67.2	
+ Minority Interests	-	12m Results 2023
+ Provisions & Other L/T Liabilities	2.2	12m Results 2023
+ Net financial debt	13.7	12m Results 2023
- Financial Investments	0.2	12m Results 2023
+/- Others		
<b>Enterprise Value (EV)</b>	<b>82.8</b>	

## Appendix 4. Historical performance <sup>(1)</sup>

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	57.8	62.1	63.3	79.5	95.6	104.2	114.9	91.2	85.9	113.9	98.5	103.5	110.7	118.5	5.5%	6.4%
Total Revenues growth	n.a.	7.4%	2.0%	25.5%	20.3%	9.0%	10.3%	-20.7%	-5.8%	32.7%	-13.6%	5.1%	7.0%	7.0%		
EBITDA	6.0	7.7	8.7	13.2	19.0	16.7	16.8	12.6	2.0	8.9	9.3	10.7	12.9	15.7	4.4%	18.9%
EBITDA growth	n.a.	27.6%	13.2%	50.8%	44.6%	-12.1%	0.7%	-24.9%	-84.4%	350.1%	5.3%	14.2%	20.6%	22.1%		
EBITDA/Sales	10.5%	12.4%	13.8%	16.6%	19.9%	16.0%	14.6%	13.9%	2.3%	7.8%	9.5%	10.3%	11.6%	13.2%		
Net Profit	2.5	4.0	4.0	6.7	10.5	8.9	8.7	6.0	(1.5)	3.2	3.2	3.9	5.4	7.5	2.5%	32.7%
Net Profit growth	n.a.	58.1%	0.0%	69.1%	56.0%	-14.9%	-2.2%	-31.7%	-124.8%	313.3%	2.4%	19.4%	40.0%	39.8%		
Adjusted number shares (Mn)	10.9	9.9	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0		
EPS (EUR)	0.23	0.40	0.40	0.67	1.05	0.89	0.87	0.60	-0.15	0.32	0.32	0.39	0.54	0.75	3.4%	32.7%
EPS growth	n.a.	74.2%	-1.1%	69.1%	56.0%	-14.9%	-2.2%	-31.7%	n.a.	n.a.	2.4%	19.4%	40.0%	39.8%		
Ord. EPS (EUR)	0.23	0.40	0.40	0.67	1.05	0.89	0.87	0.56	-0.29	0.25	0.25	0.33	0.48	0.70	0.8%	40.9%
Ord. EPS growth	n.a.	74.2%	-1.1%	69.1%	56.0%	-14.9%	-2.2%	-35.8%	n.a.	n.a.	-1.4%	31.5%	47.1%	44.6%		
CAPEX	(2.0)	(3.5)	(3.5)	(6.1)	(18.1)	(10.0)	(7.5)	(5.5)	(5.2)	(3.8)	(8.8)	(4.7)	(4.8)	(5.1)		
CAPEX/Sales %	3.4%	5.6%	5.5%	7.7%	18.9%	9.6%	6.5%	6.0%	6.1%	3.4%	8.9%	4.5%	4.3%	4.3%		
Free Cash Flow	8.5	0.8	0.7	10.3	(0.3)	(0.7)	8.8	5.6	(4.0)	0.9	9.2	4.6	6.1	8.0	0.8%	-4.7%
ND/EBITDA (x) <sup>(2)</sup>	0.0x	0.7x	0.7x	-0.2x	0.2x	0.6x	0.9x	0.7x	10.1x	2.1x	1.5x	1.1x	0.7x	0.3x		
P/E (x)	10.0x	7.3x	17.2x	17.8x	14.7x	11.0x	14.4x	18.8x	n.a.	16.5x	19.0x	17.4x	12.5x	8.9x		
EV/Sales (x)	0.42x	0.56x	0.76x	1.04x	1.53x	1.82x	1.12x	1.66x	1.61x	1.24x	0.75x	0.80x	0.75x	0.70x		
EV/EBITDA (x) <sup>(2)</sup>	4.0x	4.5x	5.5x	6.3x	7.7x	11.4x	7.6x	12.0x	n.a.	15.9x	7.9x	7.8x	6.4x	5.3x		
Absolute performance	41.1%	27.5%	133.6%	74.3%	29.0%	-36.4%	27.8%	-10.7%	3.2%	-55.0%	17.7%	9.8%				
Relative performance vs Ibxex 35	16.2%	23.0%	151.6%	77.9%	20.1%	-25.2%	14.3%	5.6%	-4.4%	-52.3%	-4.1%	10.2%				

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

		Auto-Parts				Brake Systems		
		CIE						
EUR Mn		Automotive	Gestamp	Cummins	Voestalpine	Average	Brembo SPA	LGT
Market data	Ticker (Factset)	CIE-ES	GEST-ES	CMI-US	VOE-AT		BRE-IT	LGT-ES
	Country	Spain	Spain	USA	Austria		Italy	Spain
	Market cap	3,045.9	1,755.1	35,398.4	4,516.6		3,724.9	67.2
	Enterprise value (EV)	4,671.3	4,595.9	40,494.2	6,660.3		4,233.2	82.8
Basic financial information	Total Revenues	4,290.8	12,479.3	30,525.3	16,711.5		4,044.6	103.5
	Total Revenues growth	4.0%	1.7%	-2.9%	-0.2%	0.6%	4.3%	5.1%
	2y CAGR (2024e - 2026e)	n.a.	4.2%	5.3%	n.a.	4.8%	8.2%	7.0%
	EBITDA	787.5	1,426.4	4,559.3	1,697.4		701.0	10.7
	EBITDA growth	5.3%	n.a.	15.1%	-0.7%	6.6%	5.9%	14.2%
	2y CAGR (2024e - 2026e)	n.a.	8.0%	9.3%	n.a.	8.6%	11.5%	21.4%
	EBITDA/Revenues	18.4%	11.4%	14.9%	10.2%	13.7%	17.3%	10.3%
	EBIT	585.0	704.2	3,458.5	897.8		434.7	5.8
	EBIT growth	5.5%	n.a.	14.7%	-3.3%	5.6%	5.8%	18.6%
	2y CAGR (2024e - 2026e)	n.a.	12.0%	10.0%	n.a.	11.0%	16.7%	35.8%
	EBIT/Revenues	13.6%	5.6%	11.3%	5.4%	9.0%	10.7%	5.6%
	Net Profit	370.4	343.4	2,396.5	513.4		322.9	3.9
	Net Profit growth	7.8%	22.2%	253.3%	5.6%	72.2%	6.1%	19.4%
	2y CAGR (2024e - 2026e)	n.a.	19.0%	13.2%	n.a.	16.1%	16.9%	39.9%
CAPEX/Sales %	5.3%	7.4%	3.7%	7.3%	5.9%	8.4%	4.5%	
Free Cash Flow	402.6	296.1	1,427.6	263.8		235.0	4.6	
Net financial debt	675.8	1,721.6	4,240.7	1,761.7		276.3	11.8	
ND/EBITDA (x)	0.9	1.2	0.9	1.0	1.0	0.4	1.2	
Pay-out	33.2%	n.a.	37.4%	35.2%	35.3%	31.0%	80.4%	
Multiples and Ratios	P/E (x)	8.3	5.1	14.7	8.6	9.2	11.7	17.4
	P/BV (x)	1.7	0.7	3.7	0.5	1.6	1.6	1.4
	EV/Revenues (x)	1.1	0.4	1.3	0.4	0.8	1.0	0.8
	EV/EBITDA (x)	5.9	3.2	8.9	3.9	5.5	6.0	8.4
	EV/EBIT (x)	8.0	6.5	11.7	7.4	8.4	9.7	14.3
	ROE	20.0	13.5	25.2	6.3	16.3	13.8	8.3
	FCF Yield (%)	13.2	16.9	4.0	5.8	10.0	6.3	4.5
	DPS	1.02	0.18	6.32	1.02	2.14	0.31	0.31
Dvd Yield	4.0%	5.8%	2.5%	4.0%	4.1%	2.7%	4.6%	

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).



## LIGHTHOUSE

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#### Notes and Reports History

Date of report	Recommendation	Price (EUR)	Target price (EUR)	Period of validity	Reason for report	Analyst
29-Feb-2024	n.a.	6.72	n.a.	n.a.	12m Results 2023 - Estimates downgrade	Luis Esteban Arribas, CESGA
03-Aug-2023	n.a.	7.52	n.a.	n.a.	6m Results 2023	Luis Esteban Arribas, CESGA
12-Jun-2023	n.a.	7.80	n.a.	n.a.	Small & Micro Caps (Spain)	David López Sánchez
01-Mar-2023	n.a.	8.01	n.a.	n.a.	12m Results 2022	David López Sánchez
31-Oct-2022	n.a.	5.85	n.a.	n.a.	9m Results 2022	David López Sánchez
03-Aug-2022	n.a.	6.87	n.a.	n.a.	6m Results 2022 - Estimates upgrade	David López Sánchez
01-Apr-2022	n.a.	10.78	n.a.	n.a.	Estimates downgrade	David López Sánchez
02-Mar-2022	n.a.	10.25	n.a.	n.a.	12m Results 2021	David López Sánchez
03-Aug-2021	n.a.	11.02	n.a.	n.a.	6m Results 2021 - Estimates downgrade	David López Sánchez
01-Mar-2021	n.a.	10.46	n.a.	n.a.	12m Results 2020	David López Sánchez
30-Oct-2020	n.a.	10.50	n.a.	n.a.	9m Results 2020	David López Sánchez
28-Jul-2020	n.a.	11.01	n.a.	n.a.	Estimates downgrade	David López Sánchez
28-Feb-2020	n.a.	12.31	n.a.	n.a.	12m Results 2019	David López Sánchez
28-Oct-2019	n.a.	12.45	n.a.	n.a.	9m Results 2019	David López Sánchez
22-Jul-2019	n.a.	13.28	n.a.	n.a.	6m Results 2019 - Estimates downgrade	David López Sánchez
13-May-2019	n.a.	13.78	n.a.	n.a.	3m Results 2019	David López Sánchez
01-Mar-2019	n.a.	13.38	n.a.	n.a.	12m Results 2018	David López Sánchez
22-Nov-2018	n.a.	11.31	n.a.	n.a.	Initiation of Coverage	David López Sánchez

