

**EQUITY - SPAIN**

Sector: Auto Components

Closing price: EUR 7.84 (24 Jul 2024)

Report date: 25 Jul 2024 (13:20h)

**6m Results 2024 - Estimates downgrade**

Independent Equity Research

**6m Results 2024**

 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.

## 1H24 earnings: Major slump in activity

**DROP IN REVENUE (-8.4% VS 1H23)...** Sector headwinds caused revenue to fall on fewer-than-expected vehicle deliveries, implying lower production. All this, coupled with selling prices indexed to energy prices, left LGT with revenue in 1H24 of EUR 46.7Mn (vs EUR 51Mn in 1H23). By market, domestic sales were up 81.3% and represented 21% of total revenue in 1H24 (vs 11% in 1H23), while exports were down 21%, at EUR 36.6Mn (vs EUR 45.4Mn in 1H23).

**...BUT WIDER MARGINS HELPED EBITDA REMAIN LARGELY FLAT (+1.8% VS 1H23).** Sharp expansion in gross margin (+4.4pp vs 1H23) cushioned the fall in revenue (-8.4%). And with normalisation in prices (especially energy), recurring EBITDA in the period reached EUR 4.4Mn (vs EUR 4.3Mn in 1H23). The recurring EBITDA margin edged up to 9.4% (vs 8.5% in 1H23; still well below the pre-pandemic level of c. 15%). The company remained in the black (with little impact of higher interest rates on the bottom line).

**AUTOMOBILE PRODUCTION HAS YET TO RECOVER.** According to Spain's automobile manufacturers association, ANFAC, 1.3Mn vehicles were produced in 1H24 (+1.1% YoY). However, this was 13.4% below pre-pandemic levels. Exports in the period were 9% lower than in 1H23. Through June, some 500k vehicles were sold in Spain, well below pre-pandemic levels (750k).

**NET DEBT INCREASED TO EUR 14.2MN (VS EUR 9.6MN AT Y/E 2023).** Net debt grew in the period, pushed by a higher inventories-to-sales ratio of 26% (+8pp vs 1H23) and CAPEX (EUR 3.8Mn in 1H24 vs EUR 1.2Mn in 1H23). Our full-year forecasts show LGT with much higher debt (ND/rec. EBITDA 2024e of 1.3x) than its long-run average (c.1x) and the sector average (1.1x). Even so, we doubt this will have much of an impact on net profit in 2024e (or, therefore, on the dividend).

**LACKLUSTRE MOMENTUM FOR THE AUTOMOTIVE INDUSTRY. WE ARE CUTTING OUR ESTIMATES.** We are revising our estimates on the back of the weak 1H24 earnings. Market share concentration of car manufacturers means they have significant bargaining power, which puts pressure on parts suppliers. Our new baseline scenario for 2024e calls for revenue of EUR 92Mn (-11.6% vs our previous estimates) and recurring EBITDA of EUR 9.1Mn (-7.5%). LGT's sound balance sheet (ND/EBITDA 2024e: 1.3x) should help the company weather the current cyclical downturn. Our numbers leave the shares trading at an EV/EBITDA 24e multiple of 11.2x (above comps). Dividend yield 2024e: 3.4%.

**Market Data**

Market Cap (Mn EUR and USD)	78.4	85.1
EV (Mn EUR and USD) <sup>(2)</sup>	102.5	111.3
Shares Outstanding (Mn)	10.0	
-12m (Max/Med/Min EUR)	8.52 / 6.80 / 5.89	
Daily Avg volume (-12m Mn EUR)	0.02	
Rotation <sup>(3)</sup>	6.2	
Factset / Bloomberg	LGT-ES / LGT SM	
Close fiscal year	31-Dec	

**Shareholders Structure (%)**

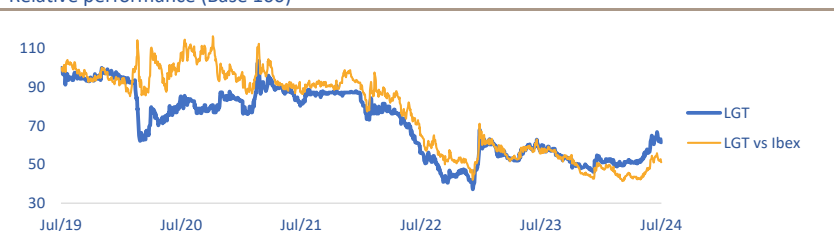
Board of Directors	55.0
Onchena	9.4
Mallorquina de Seguros	6.0
Free Float	29.6

**Financials (Mn EUR)**

	2023	2024e	2025e	2026e
Adj. nº shares (Mn)	10.0	10.0	10.0	10.0
Total Revenues	98.5	91.5	96.0	100.8
Rec. EBITDA	8.4	9.1	10.1	11.3
% growth	4.0	9.3	10.9	11.8
% Rec. EBITDA/Rev.	8.5	10.0	10.6	11.2
% Inc. EBITDA sector <sup>(4)</sup>	15.9	-2.7	7.6	7.4
Net Profit	3.2	3.2	3.7	4.6
EPS (EUR)	0.32	0.32	0.37	0.46
% growth	2.4	-1.5	16.0	24.2
Ord. EPS (EUR)	0.25	0.26	0.31	0.40
% growth	-1.4	4.3	19.6	28.7
Rec. Free Cash Flow <sup>(5)</sup>	6.5	-0.8	3.2	3.9
Pay-out (%)	83.7	83.0	83.0	83.0
DPS (EUR)	0.27	0.26	0.31	0.38
Net financial debt	9.6	12.3	11.0	8.9
ND/Rec. EBITDA (x)	1.1	1.3	1.1	0.8
ROE (%)	7.0	6.9	7.8	9.4
ROCE (%) <sup>(5)</sup>	6.1	6.4	7.2	8.7

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

	2023	2024e	2025e	2026e
P/E	24.3	24.7	21.3	17.1
Ord. P/E	31.5	30.2	25.3	19.6
P/BV	1.7	1.7	1.6	1.6
Dividend Yield (%)	3.4	3.4	3.9	4.8
EV/Sales	1.04	1.12	1.07	1.02
EV/Rec. EBITDA	12.3	11.2	10.1	9.1
EV/EBIT	21.0	21.0	18.1	15.1
FCF Yield (%) <sup>(5)</sup>	8.3	n.a.	4.1	5.0

**Relative performance (Base 100)**


Stock performance (%)	-1m	-3m	-12m	YTD	-3Y	-5Y
Absolute	-3.0	19.5	7.8	33.1	-24.4	-38.4
vs Ibox 35	-3.3	17.5	-8.3	20.0	-41.2	-48.8
vs Ibox Small Cap Index	-1.7	14.0	1.0	23.1	-25.3	-53.1
vs Eurostoxx 50	-1.2	22.6	-2.8	23.8	-36.1	-55.3
vs Sector benchmark <sup>(4)</sup>	0.0	36.4	11.5	34.8	-21.9	-49.6

(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 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.

**6m Results 2024**  
**Estimates downgrade**
**Table 1. 1H24 Results**

EUR Mn	6m24 Real	6m23	6m24 Real vs		2024e vs 2023
			6m23	2024e	
<b>Total Revenues</b>	<b>46.7</b>	<b>51.0</b>	<b>-8.4%</b>	<b>91.5</b>	<b>-7.1%</b>
<b>Gross margin</b>	<b>27.2</b>	<b>27.5</b>	<b>-0.9%</b>	<b>52.1</b>	<b>-1.4%</b>
<i>Gross Margin/Revenues</i>	<i>58.3%</i>	<i>53.9%</i>	<i>4.4 p.p.</i>	<i>57.0%</i>	<i>3.3 p.p.</i>
<b>Recurrent EBITDA<sup>1</sup></b>	<b>4.4</b>	<b>4.3</b>	<b>1.8%</b>	<b>9.9</b>	<b>18.2%</b>
<i>Rec. EBITDA/Revenues</i>	<i>9.4%</i>	<i>8.5%</i>	<i>0.9 p.p.</i>	<i>10.8%</i>	<i>2.3 p.p.</i>
<b>EBITDA<sup>(1)</sup></b>	<b>4.5</b>	<b>4.4</b>	<b>1.6%</b>	<b>10.7</b>	<b>14.2%</b>
<i>EBITDA/Revenues</i>	<i>9.6%</i>	<i>8.6%</i>	<i>0.9 p.p.</i>	<i>11.7%</i>	<i>2.2 p.p.</i>
<b>EBIT</b>	<b>2.2</b>	<b>2.2</b>	<b>-1.9%</b>	<b>5.7</b>	<b>17.9%</b>
<b>PBT</b>	<b>1.8</b>	<b>1.9</b>	<b>-7.3%</b>	<b>5.1</b>	<b>21.4%</b>
<b>NP</b>	<b>1.3</b>	<b>1.4</b>	<b>-7.4%</b>	<b>3.9</b>	<b>19.5%</b>
		<b>12m23</b>			
<b>Net Debt</b>	<b>14.2</b>	<b>9.6</b>	<b>48.6%</b>	<b>9.0</b>	<b>-34.5%</b>

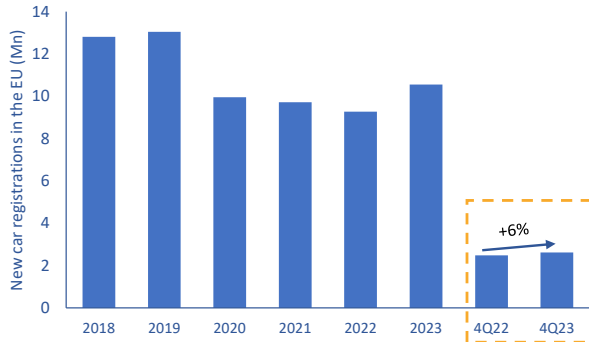
Note 1: Recurring EBITDA and EBITDA adjusted to strip out the impact of capitalised expenses.

**Table 2. Estimates downgrade**

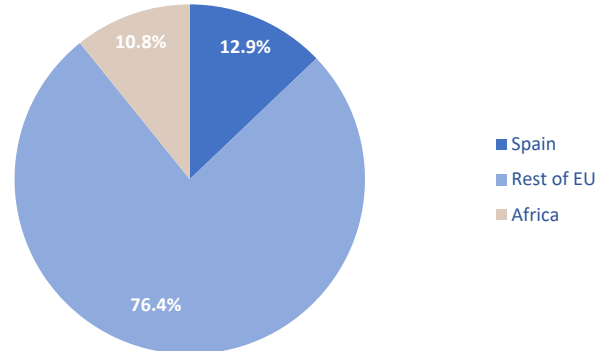
EUR Mn	2024e (New)	Review (%)	2025e (New)	Review (%)	2026e (New)	Review (%)
<b>Total Revenues</b>	<b>91.5</b>	<b>-11.6%</b>	<b>96.0</b>	<b>-13.3%</b>	<b>100.8</b>	<b>-14.9%</b>
<b>Recurrent EBITDA</b>	<b>9.1</b>	<b>-7.5%</b>	<b>10.1</b>	<b>-16.1%</b>	<b>11.3</b>	<b>-24.1%</b>
<i>Rec. EBITDA/Revenues</i>	<i>10.0%</i>	<i>0.4 p.p.</i>	<i>10.6%</i>	<i>-0.4 p.p.</i>	<i>11.2%</i>	<i>-1.4 p.p.</i>
<b>EBIT</b>	<b>4.9</b>	<b>-15.0%</b>	<b>5.7</b>	<b>-27.4%</b>	<b>6.8</b>	<b>-35.3%</b>
<b>Net Profit</b>	<b>3.2</b>	<b>-17.6%</b>	<b>3.7</b>	<b>-31.4%</b>	<b>4.6</b>	<b>-38.5%</b>
<b>Recurrent Free Cash Flow</b>	<b>-0.8</b>	<b>-133.2%</b>	<b>3.2</b>	<b>-20.0%</b>	<b>3.9</b>	<b>-32.8%</b>
<b>Net Debt</b>	<b>12.3</b>	<b>37.3%</b>	<b>11.0</b>	<b>51.4%</b>	<b>8.9</b>	<b>80.1%</b>
<i>ND / EBITDA</i>	<i>1.3 x</i>	<i>0.4 x</i>	<i>1.1 x</i>	<i>0.5 x</i>	<i>0.8 x</i>	<i>1.4 x</i>

**The company in 8 charts**

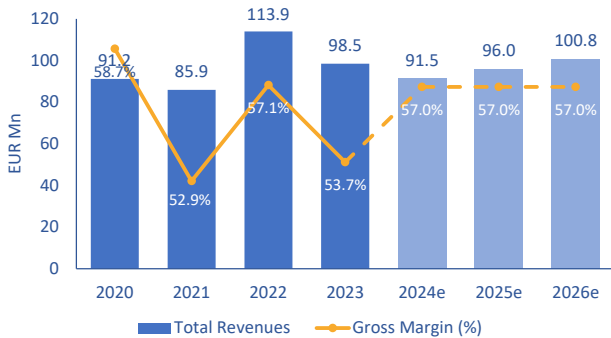
**Vehicle registrations in Europe had been on the rise in 2023 (but still lower than in 2019)**



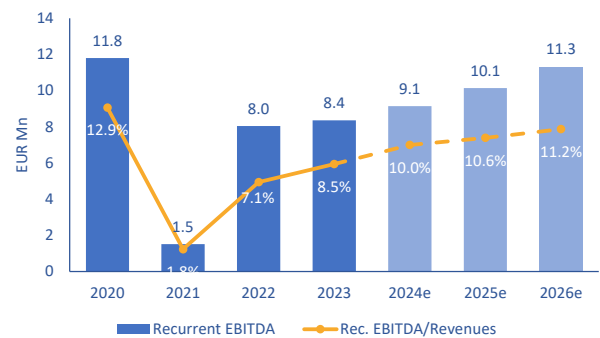
**Exports make up 87% of revenue, with Europe as the main revenue source**



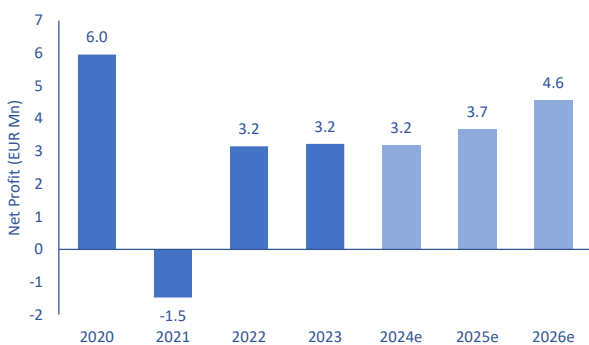
**Despite higher volumes, lower prices in will undermine revenue growth**



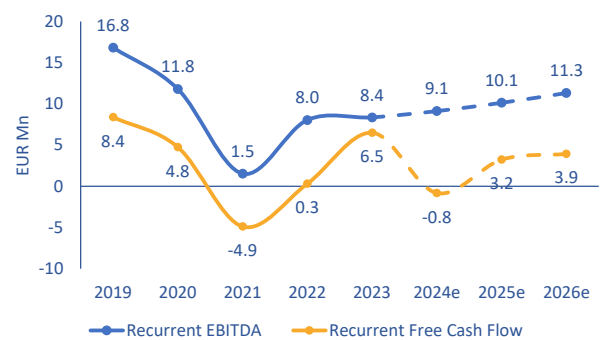
**There is still plenty of room for margins (still heavily penalised by high raw material costs) to recover**



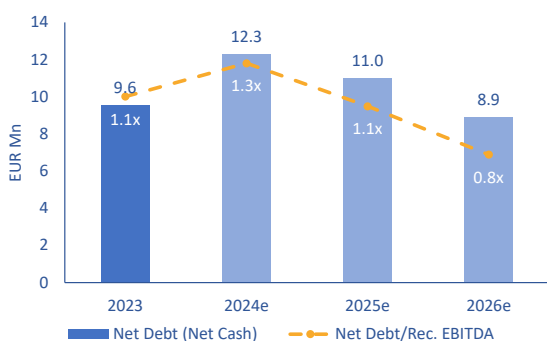
**With no significant impact on finance costs, LGT will convert c. 30% of EBITDA into net profit**



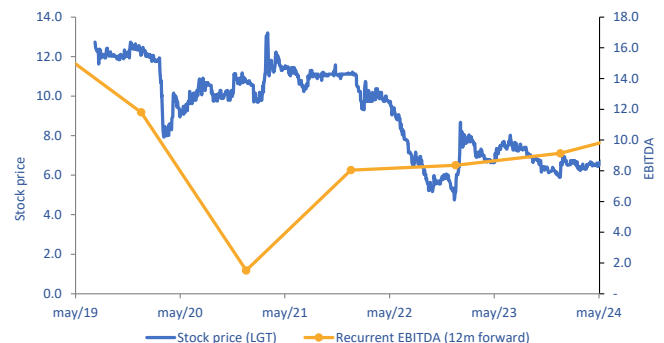
**A company with strong potential to generate FCF**



**Cash generation should bring gearing back to levels of 0.8x ND/EBITDA in 2026e**



**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"	(0.3)	3.8	4.5	71.0		
Market Cap	78.4	At the date of this report				
Net financial debt	14.2	Debt net of Cash (6m 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%	10.4%
Equity / (Equity + Net Debt)	84.6%	E (Market Cap as equity value)			=	=
Net Debt / (Equity + Net Debt)	15.4%	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	3,256.7	9.4	9.7%	6.4	5.6%	1.2	3.7%	18.5%	10.7%	13.1%
Gestamp	GEST-ES	1,525.8	5.0	21.0%	3.3	9.2%	0.4	4.7%	11.0%	19.5%	7.7%
Cummins	CMI-US	35,482.9	15.1	16.3%	8.9	9.8%	1.3	5.9%	15.0%	4.7%	22.6%
Voestalpine	VOE-AT	4,259.5	7.7	9.0%	3.5	3.7%	0.4	0.2%	10.4%	5.2%	-10.3%
Auto-Parts			9.3	14.0%	5.5	7.1%	0.8	3.6%	13.7%	10.1%	8.3%
Brembo SPA	BRE-IT	3,311.4	10.7	12.3%	5.6	9.2%	1.0	6.2%	17.3%	4.1%	53.0%
Brake Systems			10.7	12.3%	5.6	9.2%	1.0	6.2%	17.3%	4.1%	53.0%
LGT	LGT-ES	78.4	24.7	20.0%	11.2	10.5%	1.1	5.0%	10.8%	n.a.	n.a.

### 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	11.7%	11.2	9.2x
Central	10.6%	10.1	10.1x
Min	9.5%	9.1	11.3x

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

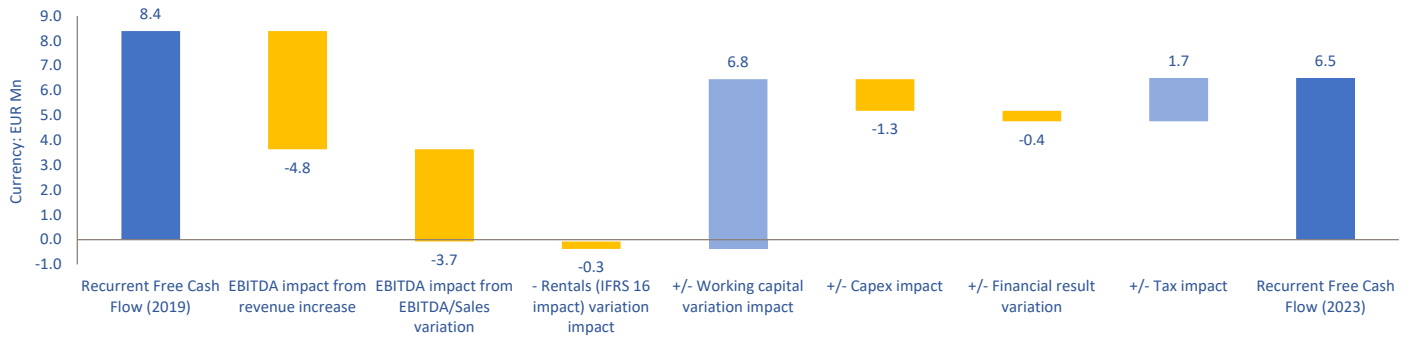
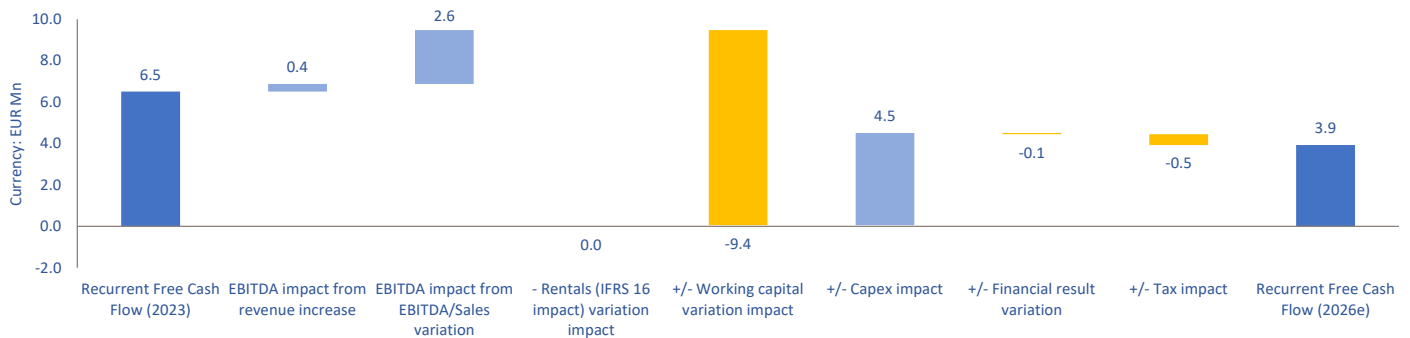
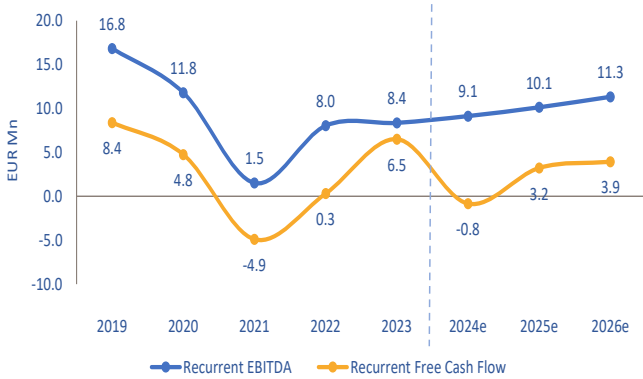
Rec. FCF EUR Mn	CAPEX/Sales 25e			Scenario	Rec. FCF/Yield 25e		
EBITDA 25e	3.9%	4.3%	4.7%		Max	6.0%	5.5%
11.2	4.7	4.3	3.9	Central	4.6%	4.1%	3.6%
10.1	3.6	3.2	2.9	Min	3.3%	2.8%	2.3%
9.1	2.6	2.2	1.8				

## 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	1.6	2.0	3.4	4.6	5.6		
Fixed assets	56.8	57.2	57.1	56.4	60.9	62.2	60.3	58.6		
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	21.0	22.5	24.1		
<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>87.0</b>	<b>87.7</b>	<b>88.7</b>		
Equity	46.2	45.1	43.7	46.8	46.0	46.5	47.5	49.5		
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	5.5	5.5	5.5	5.5		
Net financial debt	15.2	9.2	19.9	18.7	9.6	12.3	11.0	8.9		
Current Liabilities	24.6	24.5	20.7	24.7	23.5	21.9	22.9	24.0		
<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>87.0</b>	<b>87.7</b>	<b>88.7</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>91.5</b>	<b>96.0</b>	<b>100.8</b>	<b>-3.8%</b>	<b>0.8%</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>-7.1%</i>	<i>5.0%</i>	<i>5.0%</i>		
COGS	(49.6)	(37.7)	(40.5)	(48.9)	(45.6)	(39.3)	(41.3)	(43.4)		
<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>52.1</b>	<b>54.7</b>	<b>57.5</b>	<b>-5.1%</b>	<b>2.8%</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>57.0%</i>	<i>57.0%</i>	<i>57.0%</i>		
Personnel Expenses	(27.8)	(25.2)	(22.7)	(23.3)	(24.5)	(24.5)	(25.4)	(26.3)		
Other Operating Expenses	(20.6)	(16.5)	(21.2)	(33.7)	(20.0)	(18.5)	(19.2)	(19.9)		
<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>9.1</b>	<b>10.1</b>	<b>11.3</b>	<b>-16.1%</b>	<b>10.7%</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>9.3%</i>	<i>10.9%</i>	<i>11.8%</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>10.0%</i>	<i>10.6%</i>	<i>11.2%</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>9.9</b>	<b>10.9</b>	<b>12.1</b>	<b>-13.7%</b>	<b>9.1%</b>
Depreciation & Provisions	(5.5)	(4.5)	(5.1)	(5.5)	(5.6)	(6.0)	(6.1)	(6.0)		
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>4.9</b>	<b>5.7</b>	<b>6.8</b>	<b>-19.6%</b>	<b>11.8%</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>0.3%</i>	<i>15.9%</i>	<i>20.1%</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>5.3%</i>	<i>5.9%</i>	<i>6.7%</i>		
Impact of Goodwill & Others	-	-	-	-	-	-	-	-		
Net Financial Result	(0.3)	(0.3)	(0.3)	(0.4)	(0.6)	(0.7)	(0.8)	(0.7)		
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>4.2</b>	<b>4.9</b>	<b>6.1</b>	<b>-22.0%</b>	<b>12.9%</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>0.0%</i>	<i>16.0%</i>	<i>24.2%</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>4.2</b>	<b>4.9</b>	<b>6.1</b>	<b>-22.0%</b>	<b>12.9%</b>
Tax Expense	(2.7)	(2.1)	0.5	(0.9)	(1.0)	(1.1)	(1.2)	(1.5)		
<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>3.2</b>	<b>3.7</b>	<b>4.6</b>	<b>-22.0%</b>	<b>12.4%</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>-1.5%</i>	<i>16.0%</i>	<i>24.2%</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>2.6</b>	<b>3.1</b>	<b>4.0</b>	<b>-26.9%</b>	<b>17.1%</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>4.3%</i>	<i>19.6%</i>	<i>28.7%</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>9.1</b>	<b>10.1</b>	<b>11.3</b>	<b>-16.1%</b>	<b>10.7%</b>
Rentals (IFRS 16 impact)						(0.4)	(0.4)	(0.4)		
Working Capital Increase						(0.6)	(0.4)	(0.5)		
<b>Recurrent Operating Cash Flow</b>						<b>8.2</b>	<b>9.3</b>	<b>10.5</b>	<b>-2.7%</b>	<b>-14.8%</b>
CAPEX						(7.3)	(4.1)	(4.3)		
Net Financial Result affecting the Cash Flow						(0.7)	(0.8)	(0.7)		
Tax Expense						(1.1)	(1.2)	(1.5)		
<b>Recurrent Free Cash Flow</b>						<b>(0.8)</b>	<b>3.2</b>	<b>3.9</b>	<b>-6.2%</b>	<b>-15.5%</b>
Restructuring Expense & Other non-rec.						0.8	0.8	0.8		
- Acquisitions / + Divestures of assets						-	-	-		
Extraordinary Inc./Exp. Affecting Cash Flow						-	-	-		
<b>Free Cash Flow</b>						<b>(0.1)</b>	<b>4.0</b>	<b>4.7</b>	<b>11.1%</b>	<b>-29.4%</b>
Capital Increase						-	-	-		
Dividends						(2.7)	(2.7)	(2.6)		
<b>Net Debt Variation</b>						<b>2.8</b>	<b>(1.3)</b>	<b>(2.1)</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>9.1</b>	<b>10.1</b>	<b>11.3</b>	<b>-10.9%</b>	<b>10.7%</b>
<i>Recurrent EBITDA growth</i>	-29.9%	-87.2%	430.5%	4.0%	9.3%	10.9%	11.8%		
<i>Rec. EBITDA/Revenues</i>	12.9%	1.8%	7.1%	8.5%	10.0%	10.6%	11.2%		
- 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	(0.6)	(0.4)	(0.5)		
<b>= Recurrent Operating Cash Flow</b>	<b>12.3</b>	<b>0.1</b>	<b>5.5</b>	<b>16.9</b>	<b>8.2</b>	<b>9.3</b>	<b>10.5</b>	<b>11.3%</b>	<b>-14.8%</b>
<i>Rec. Operating Cash Flow growth</i>	-35.0%	-99.0%	n.a.	209.0%	-51.6%	14.0%	12.3%		
<i>Rec. Operating Cash Flow / Sales</i>	13.5%	0.1%	4.8%	17.2%	9.0%	9.7%	10.4%		
- CAPEX	(5.5)	(5.2)	(3.8)	(8.8)	(7.3)	(4.1)	(4.3)		
- Net Financial Result affecting Cash Flow	(0.3)	(0.3)	(0.4)	(0.6)	(0.7)	(0.8)	(0.7)		
- Taxes	(1.8)	0.5	(0.9)	(1.0)	(1.1)	(1.2)	(1.5)		
<b>= Recurrent Free Cash Flow</b>	<b>4.8</b>	<b>(4.9)</b>	<b>0.3</b>	<b>6.5</b>	<b>(0.8)</b>	<b>3.2</b>	<b>3.9</b>	<b>11.0%</b>	<b>-15.5%</b>
<i>Rec. Free Cash Flow growth</i>	-43.4%	-202.8%	106.4%	n.a.	-112.8%	488.3%	21.5%		
<i>Rec. Free Cash Flow / Revenues</i>	5.2%	n.a.	0.3%	6.6%	n.a.	3.4%	3.9%		
- 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)	5.9	-	-	-		
<b>= Free Cash Flow</b>	<b>5.6</b>	<b>(4.0)</b>	<b>0.9</b>	<b>13.4</b>	<b>(0.1)</b>	<b>4.0</b>	<b>4.7</b>	<b>33.7%</b>	<b>-29.4%</b>
<i>Free Cash Flow growth</i>	-36.3%	-171.2%	122.8%	n.a.	-100.4%	n.a.	17.3%		
<i>Recurrent Free Cash Flow - Yield (s/Mkt Cap)</i>	6.1%	n.a.	0.4%	8.3%	n.a.	4.1%	5.0%		
<i>Free Cash Flow Yield (s/Mkt Cap)</i>	7.1%	n.a.	1.2%	17.1%	n.a.	5.1%	6.0%		
<b>B) Analytical Review of Annual Recurrent Free Cash Flow Performance (Eur Mn)</b>									
	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024e</b>	<b>2025e</b>	<b>2026e</b>		
<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>(0.8)</b>	<b>3.2</b>		
EBITDA impact from revenue increase	(3.5)	(0.7)	0.5	(1.1)	(0.6)	0.5	0.5		
EBITDA impact from EBITDA/Sales variation	(1.6)	(9.6)	6.0	1.4	1.4	0.5	0.7		
<b>= Recurrent EBITDA variation</b>	<b>(5.0)</b>	<b>(10.3)</b>	<b>6.5</b>	<b>0.3</b>	<b>0.8</b>	<b>1.0</b>	<b>1.2</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	(9.5)	0.2	(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>(8.7)</b>	<b>1.2</b>	<b>1.1</b>		
+/- CAPEX impact	2.1	0.2	1.4	(5.0)	1.5	3.2	(0.2)		
+/- 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)	(0.1)	(0.2)	(0.3)		
<b>= Recurrent Free Cash Flow variation</b>	<b>(3.6)</b>	<b>(9.6)</b>	<b>5.2</b>	<b>6.2</b>	<b>(7.3)</b>	<b>4.1</b>	<b>0.7</b>		
<b>Recurrent Free Cash Flow</b>	<b>4.8</b>	<b>(4.9)</b>	<b>0.3</b>	<b>6.5</b>	<b>(0.8)</b>	<b>3.2</b>	<b>3.9</b>		
<b>C) "FCF to the Firm" (pre debt service) (EUR Mn)</b>									
	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024e</b>	<b>2025e</b>	<b>2026e</b>	CAGR	
<b>EBIT</b>	<b>8.7</b>	<b>(2.2)</b>	<b>4.5</b>	<b>4.9</b>	<b>4.9</b>	<b>5.7</b>	<b>6.8</b>	<b>-17.5%</b>	<b>11.8%</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)	(1.2)	(1.4)	(1.7)		
<b>Recurrent EBITDA</b>	<b>11.8</b>	<b>1.5</b>	<b>8.0</b>	<b>8.4</b>	<b>9.1</b>	<b>10.1</b>	<b>11.3</b>	<b>-10.9%</b>	<b>10.7%</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	(0.6)	(0.4)	(0.5)		
<b>= Recurrent Operating Cash Flow</b>	<b>12.3</b>	<b>0.1</b>	<b>5.5</b>	<b>16.9</b>	<b>8.2</b>	<b>9.3</b>	<b>10.5</b>	<b>11.3%</b>	<b>-14.8%</b>
- CAPEX	(5.5)	(5.2)	(3.8)	(8.8)	(7.3)	(4.1)	(4.3)		
- Taxes (pre- Financial Result)	(2.2)	-	(1.0)	(1.2)	(1.2)	(1.4)	(1.7)		
<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>(0.3)</b>	<b>3.8</b>	<b>4.5</b>	<b>15.1%</b>	<b>-14.0%</b>
<i>Rec. Free Cash Flow (To the Firm) growth</i>	-46.7%	-211.6%	112.1%	n.a.	-104.9%	n.a.	17.3%		
<i>Rec. Free Cash Flow (To the Firm) / Revenues</i>	5.0%	n.a.	0.5%	7.1%	n.a.	4.0%	4.4%		
- Acquisitions / + Divestments	-	-	-	-	-	-	-		
+/- Extraordinary Inc./Exp. affecting Cash Flow	-	0.5	(0.2)	5.9	-	-	-		
<b>= Free Cash Flow "To the Firm"</b>	<b>4.6</b>	<b>(4.7)</b>	<b>0.4</b>	<b>12.9</b>	<b>(0.3)</b>	<b>3.8</b>	<b>4.5</b>	<b>41.1%</b>	<b>-29.8%</b>
<i>Free Cash Flow (To the Firm) growth</i>	-48.9%	-201.7%	108.5%	n.a.	-102.7%	n.a.	17.3%		
<i>Rec. Free Cash Flow To the Firm Yield (o/EV)</i>	4.5%	n.a.	0.6%	6.8%	n.a.	3.7%	4.3%		
<i>Free Cash Flow "To the Firm" - Yield (o/EV)</i>	4.5%	n.a.	0.4%	12.6%	n.a.	3.7%	4.3%		

**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	78.4	
+ Minority Interests	-	6m Results 2023
+ Provisions & Other L/T Liabilities	10.2	6m Results 2023
+ Net financial debt	14.2	6m Results 2023
- Financial Investments	0.2	6m Results 2023
+/- Others		
<b>Enterprise Value (EV)</b>	<b>102.5</b>	



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

Historical performance (EUR Mn)																CAGR	
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024e	2025e	2026e	13-23	23-26e	
Total Revenues	62.1	77.8	63.3	79.5	95.6	104.2	114.9	91.2	85.9	113.9	98.5	91.5	96.0	100.8	4.7%	0.8%	
Total Revenues growth	n.a.	25.4%	-18.6%	25.5%	20.3%	9.0%	10.3%	-20.7%	-5.8%	32.7%	-13.6%	-7.1%	5.0%	5.0%			
EBITDA	7.7	11.5	8.7	13.2	19.0	16.7	16.8	12.6	2.0	8.9	9.3	9.9	10.9	12.1	1.9%	9.1%	
EBITDA growth	n.a.	49.4%	-24.2%	50.8%	44.6%	-12.1%	0.7%	-24.9%	-84.4%	350.1%	5.3%	6.2%	10.1%	10.9%			
EBITDA/Sales	12.4%	14.8%	13.8%	16.6%	19.9%	16.0%	14.6%	13.9%	2.3%	7.8%	9.5%	10.8%	11.4%	12.0%			
Net Profit	4.0	6.7	4.0	6.7	10.5	8.9	8.7	6.0	(1.5)	3.2	3.2	3.2	3.7	4.6	-2.1%	12.4%	
Net Profit growth	n.a.	69.1%	-40.9%	69.1%	56.0%	-14.9%	-2.2%	-31.7%	-124.8%	313.3%	2.4%	-1.5%	16.0%	24.2%			
Adjusted number shares (Mn)	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	10.0			
EPS (EUR)	0.40	0.67	0.40	0.67	1.05	0.89	0.87	0.60	-0.15	0.32	0.32	0.32	0.37	0.46	-2.2%	12.4%	
EPS growth	n.a.	67.3%	-40.9%	69.1%	56.0%	-14.9%	-2.2%	-31.7%	n.a.	n.a.	2.4%	-1.5%	16.0%	24.2%			
Ord. EPS (EUR)	0.40	0.67	0.40	0.67	1.05	0.89	0.87	0.56	-0.29	0.25	0.25	0.26	0.31	0.40	-4.7%	17.1%	
Ord. EPS growth	n.a.	67.3%	-40.9%	69.1%	56.0%	-14.9%	-2.2%	-35.8%	n.a.	n.a.	-1.4%	4.3%	19.6%	28.7%			
CAPEX	(3.5)	(6.1)	(3.5)	(6.1)	(18.1)	(10.0)	(7.5)	(5.5)	(5.2)	(3.8)	(8.8)	(7.3)	(4.1)	(4.3)			
CAPEX/Sales %	5.6%	7.9%	5.5%	7.7%	18.9%	9.6%	6.5%	6.0%	6.1%	3.4%	8.9%	8.0%	4.3%	4.3%			
Free Cash Flow	0.8	10.3	0.7	10.3	(0.3)	(0.7)	8.8	5.6	(4.0)	0.9	13.4	(0.1)	4.0	4.7	32.3%	-29.4%	
ND/EBITDA (x) <sup>(2)</sup>	0.7x	-0.2x	0.7x	-0.2x	0.2x	0.6x	0.9x	0.7x	10.1x	2.1x	1.0x	1.2x	1.0x	0.7x			
P/E (x)	5.5x	4.2x	16.6x	17.1x	14.1x	10.6x	13.8x	18.1x	n.a.	15.9x	18.2x	24.7x	21.3x	17.1x			
EV/Sales (x)	0.56x	0.50x	1.44x	1.77x	1.91x	1.17x	1.34x	1.50x	1.60x	0.66x	0.82x	1.12x	1.07x	1.02x			
EV/EBITDA (x) <sup>(2)</sup>	4.5x	3.4x	10.4x	10.7x	9.6x	7.3x	9.1x	10.8x	n.a.	8.5x	8.6x	10.3x	9.4x	8.5x			
Absolute performance	41.1%	27.5%	133.6%	74.3%	29.0%	-36.4%	27.8%	-10.7%	3.2%	-55.0%	17.7%	33.1%					
Relative performance vs Ibx 35	16.2%	23.0%	151.6%	77.9%	20.1%	-25.2%	14.3%	5.6%	-4.4%	-52.3%	-4.1%	20.0%					

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				Average	Brembo SPA	LGT
EUR Mn		Automotive	Gestamp	Cummins	Voestalpine			
Market data	Ticker (Factset)	CIE-ES	GEST-ES	CMI-US	VOE-AT		BRE-IT	LGT-ES
	Country	Spain	Spain	USA	Austria		Netherlands	Spain
	Market cap	3,256.7	1,525.8	35,482.9	4,259.5		3,311.4	78.4
	Enterprise value (EV)	4,825.2	4,498.3	40,346.5	6,069.4		3,844.3	102.5
Basic financial information	Total Revenues	4,117.5	12,399.1	30,209.0	16,644.1		3,969.0	91.5
	Total Revenues growth	4.0%	1.0%	-3.7%	-0.2%	0.3%	3.1%	-7.1%
	2y CAGR (2024e - 2026e)	3.7%	4.7%	5.9%	0.2%	3.6%	6.2%	5.0%
	EBITDA	759.9	1,362.2	4,521.4	1,731.9		685.4	9.9
	EBITDA growth	6.5%	0.4%	14.4%	24.7%	11.5%	13.6%	6.2%
	2y CAGR (2024e - 2026e)	5.6%	9.2%	9.8%	3.7%	7.1%	9.2%	10.5%
	EBITDA/Revenues	18.5%	11.0%	15.0%	10.4%	13.7%	17.3%	10.8%
	EBIT	565.2	651.5	3,524.8	956.7		423.9	4.9
	EBIT growth	6.6%	-2.2%	17.1%	52.0%	18.4%	19.6%	0.3%
	2y CAGR (2024e - 2026e)	6.4%	13.7%	11.0%	6.2%	9.3%	11.8%	18.0%
	EBIT/Revenues	13.7%	5.3%	11.7%	5.7%	9.1%	10.7%	5.3%
	Net Profit	343.9	298.0	3,074.0	524.6		305.6	3.2
	Net Profit growth	10.5%	6.2%	354.0%	380.0%	187.7%	0.2%	-1.5%
2y CAGR (2024e - 2026e)	9.8%	22.4%	1.9%	9.2%	10.8%	12.6%	20.0%	
CAPEX/Sales %	5.4%	7.2%	3.8%	7.5%	6.0%	8.9%	8.0%	
Free Cash Flow	349.0	298.3	1,680.2	221.9		135.2	(0.1)	
Net financial debt	978.7	1,998.9	3,834.5	1,677.8		426.4	12.3	
ND/EBITDA (x)	1.3	1.5	0.8	1.0	1.1	0.6	1.3	
Pay-out	32.5%	29.7%	29.0%	31.8%	30.8%	32.1%	83.0%	
Multiples and Ratios	P/E (x)	9.4	5.0	15.1	7.7	9.3	10.7	24.7
	P/BV (x)	2.1	0.7	3.8	0.5	1.8	1.5	1.7
	EV/Revenues (x)	1.2	0.4	1.3	0.4	0.8	1.0	1.1
	EV/EBITDA (x)	6.4	3.3	8.9	3.5	5.5	5.6	11.2
	EV/EBIT (x)	8.5	6.9	11.4	6.3	8.3	9.1	21.0
	ROE	22.3	13.2	25.4	6.9	17.0	13.5	6.9
	FCF Yield (%)	10.7	19.5	4.7	5.2	10.1	4.1	n.a.
	DPS	0.93	0.15	6.29	0.97	2.09	0.30	0.26
Dvd Yield	3.4%	5.8%	2.4%	4.1%	3.9%	3.0%	3.4%	

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
25-Jul-2024	n.a.	7.84	n.a.	n.a.	6m Results 2024 - Estimates downgrade	Luis Esteban Arribas, CESGA
27-May-2024	n.a.	6.74	n.a.	n.a.	Small & Micro Caps (Spain)	Alfredo Echevarría Otegui
29-Feb-2024	n.a.	6.47	n.a.	n.a.	12m Results 2023 - Estimates downgrade	Luis Esteban Arribas, CESGA
03-Aug-2023	n.a.	7.24	n.a.	n.a.	6m Results 2023	Luis Esteban Arribas, CESGA
12-Jun-2023	n.a.	7.50	n.a.	n.a.	Small & Micro Caps (Spain)	David López Sánchez
01-Mar-2023	n.a.	7.71	n.a.	n.a.	12m Results 2022	David López Sánchez
31-Oct-2022	n.a.	5.63	n.a.	n.a.	9m Results 2022	David López Sánchez
03-Aug-2022	n.a.	6.61	n.a.	n.a.	6m Results 2022 - Estimates upgrade	David López Sánchez
01-Apr-2022	n.a.	10.37	n.a.	n.a.	Estimates downgrade	David López Sánchez
02-Mar-2022	n.a.	9.87	n.a.	n.a.	12m Results 2021	David López Sánchez
03-Aug-2021	n.a.	10.61	n.a.	n.a.	6m Results 2021 - Estimates downgrade	David López Sánchez
01-Mar-2021	n.a.	10.06	n.a.	n.a.	12m Results 2020	David López Sánchez
30-Oct-2020	n.a.	10.11	n.a.	n.a.	9m Results 2020	David López Sánchez
28-Jul-2020	n.a.	10.60	n.a.	n.a.	Estimates downgrade	David López Sánchez
28-Feb-2020	n.a.	11.84	n.a.	n.a.	12m Results 2019	David López Sánchez
28-Oct-2019	n.a.	11.98	n.a.	n.a.	9m Results 2019	David López Sánchez
22-Jul-2019	n.a.	12.78	n.a.	n.a.	6m Results 2019 - Estimates downgrade	David López Sánchez
13-May-2019	n.a.	13.26	n.a.	n.a.	3m Results 2019	David López Sánchez
01-Mar-2019	n.a.	12.87	n.a.	n.a.	12m Results 2018	David López Sánchez
22-Nov-2018	n.a.	12.87	n.a.	n.a.	Initiation of Coverage	David López Sánchez

