

3m Results 2024

 Alfredo Echevarría Otegui – alfredo.echevarria@institutodeanalistas.com
 +34 915 904 226

Business description

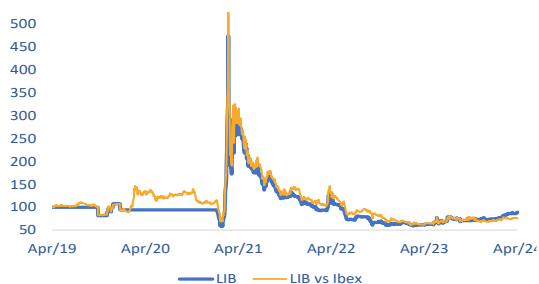
Libertas 7 (LIB), is a family group with headquarters in Valencia (Spain) structured around three areas: (i) property development and management, (ii) tourism management, with the leasing of 76 apartments and the management of a hotel, and (iii) financial investment, via the management of its own assets through investment in stocks and private equity. It is managed and controlled by the founding family (c. 70% of capital).

Market Data

Market Cap (Mn EUR and USD)	27.4	29.3
EV (Mn EUR and USD) ⁽²⁾	32.2	34.4
Shares Outstanding (Mn)	21.9	
-12m (Max/Med/Mín EUR)	1.25 / 1.03 / 0.85	
Daily Avg volume (-12m Mn EUR)	n.m.	
Rotation ⁽³⁾	2.8	
Factset / Bloomberg	LIB-ES / LIB SM	
Close fiscal year	31-Dec	

Shareholders Structure (%)

Noguera Family and others	80.0
Treasury stock	3.8
Free Float	16.2

Relative performance (Base 100)

Stock performance (%)

	-1m	-3m	-12m	-5Y
Absolute	4.2	21.4	47.1	-10.6
vs Ibex 35	2.6	8.1	22.5	-23.8
vs Ibex Small Cap Index	0.3	18.2	39.7	-25.9
vs Eurostoxx 50	5.4	12.4	27.7	-37.5
vs Sector benchmark ⁽⁴⁾	7.4	24.9	34.7	26.8

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

(2) Please refer to Appendix 2.

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

(4) vs Stoxx Europe 600 Real State.

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

A clear store of value. And increasingly noticed by the market (LIB -12M: +47.1%).

2024 WITHOUT THE DEVELOPMENT BUSINESS (AS EXPECTED). Following delivery of the Crisálida development in 2023 (34 units), 2024 is shaping up to be a year of transition devoid of income from development. Other business metrics continue to perform well, with the company's unsold stock at the end of 1Q24 at EUR 15.3Mn (EUR 13.8Mn in 2022). Our estimates are unchanged. We expect income from development to return in 2025, with the delivery of c.65 homes (vs no deliveries in 2024). This leaves room for both sales and revenue to double in 2025 vs 2023. This idea is still that LIB will embark on a new development cycle in 2025 that is not yet visible in its numbers.

TOURIST RENTALS: HIGH OCCUPANCY AND PRICES. This business line continues to benefit from sector tailwinds. Revenue in 1Q24 of EUR 0.5 Mn (+47%). This quarter is not particularly meaningful, but it is still a good indicator of robust KPIs, with improvements in both occupancy (+18p.p. vs 1Q23) and prices (+3.4%). This underpins our estimates of an improvement in RevPar of 60.5% and revenue in 2024e of c. EUR 4 Mn (vs EUR 3.2Mn in 2022). Occupancy should be above (pre-pandemic) 2019 levels: 50% vs 47%. The tourist rental business should be the key driver of revenue and EBITDA (c. EUR 1Mn 2024e), providing recurrence in an atypical year with no income from development).

LIB'S TOTAL PORTFOLIO IS WORTH EUR 62.8MN. The value of the portfolio increased by 3.9% year-on-year in 1Q24. Planned disposals of private equity investments (15% of the total portfolio) should generate extra profit in 2024e. The weight of listed assets in the portfolio reached 70% (vs 67% at year-end 2023).

RESULTS ARE NOT MEANINGFUL. The absence of income from the development business makes 2024e a year of transition. The development business is not expected to really take off until 2025. Consolidated revenue in 1Q24 was EUR 1.0Mn (-87% vs 1Q23), with EBITDA at break-even.

VALUE (STRICTLY SPEAKING). We are writing off 1Q24 earnings as not being meaningful and instead are looking at valuation. We point to five factors: (i) no operational risk, recurring revenue from tourist rentals and property management that guarantee break-even despite still nothing from development, (ii) no financial risk, as debt net is under control (EUR 28Mn), representing 45% of the investment portfolio, (iii) the unsold stock of residential units leaves room for the sale of over 65 units in 2025e (c.2x 2023), (iv) price to book value of 0.3x and (v) the value of the portfolio (EUR 62,8Mn) net of debt (EUR 28.1Mn) easily exceeds the company's market cap (EUR 34.7Mn vs EUR 27Mn). And the market is beginning to take notice: LIB -12M: +47.1%. Yet it still shows a good margin of safety. A textbook value stock.

Table 1. 1T24 Results

EUR Mn	3m24 Real	3m23	3m24 Real vs 3m23
Total Revenues	1.0	7.6	-86.5%
EBITDA	0.0	1.4	-97.4%
<i>EBITDA/Revenues</i>	<i>3.5%</i>	<i>18.0%</i>	<i>-14.5 p.p.</i>
EBIT	0.1	1.4	-92.7%
NP	-0.2	0.8	-129.9%
	3m24 Real	2023	
Net Debt	28.1	29.1	-3.5%
Book value	97.1	95.5	1.6%
Investment Portfolio	62.8	60.5	3.8%

Note: Net debt excludes the impact of IFRS 16.

Appendix 2. EV breakdown at the date of this report

	EUR Mn	Source
Market Cap	27.4	
+ Minority Interests	-	3m Results 2024
+ Provisions & Other L/T Liabilities	0.1	3m Results 2024
+ Net financial debt	28.1	3m Results 2024
- Financial Investments	1.4	3m Results 2024
+/- Others ⁽¹⁾	(21.9)	3m Results 2024
Enterprise Value (EV)	32.2	

(1) Related to: (i) the book value (not actuarial) of deferred tax assets and liabilities (EUR 36.0Mn and EUR 15.1Mn, respectively) and (ii) the market value of treasury stock (c.EUR 1.0Mn)

LIGHTHOUSE

Calle Núñez de Balboa, 108 1ª Planta
28006 Madrid
T: +34 915 904 226
institutodeanalistas.com/lighthouse

Alfredo Echevarría Otegui

Head of research

alfredo.echevarria@institutodeanalistas.com

Luis Esteban Arribas, CESGA

Equity research

luis.esteban@institutodeanalistas.com

Enrique Andrés Abad, CFA

Equity research

enrique.andres@institutodeanalistas.com

José Miguel Cabrera van Grieken

Equity research

jose.cabrera@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
29-Apr-2024	n.a.	1.25	n.a.	n.a.	3m Results 2024	Alfredo Echevarría Otegui
04-Mar-2024	n.a.	1.15	n.a.	n.a.	12m Results 2023	Alfredo Echevarría Otegui
27-Oct-2023	n.a.	0.98	n.a.	n.a.	9m Results 2023	José Miguel Cabrera van Grieken
28-Jul-2023	n.a.	1.08	n.a.	n.a.	6m Results 2023	Alfredo Echevarría Otegui
12-Jun-2023	n.a.	0.94	n.a.	n.a.	Small & Micro Caps (Spain)	David López Sánchez
28-Apr-2023	n.a.	0.85	n.a.	n.a.	3m Results 2023	David López Sánchez
02-Mar-2023	n.a.	0.86	n.a.	n.a.	12m Results 2022	David López Sánchez
28-Oct-2022	n.a.	0.93	n.a.	n.a.	9m Results 2022	David López Sánchez
02-Aug-2022	n.a.	1.07	n.a.	n.a.	6m Results 2022	David López Sánchez
03-May-2022	n.a.	1.61	n.a.	n.a.	3m Results 2022	David López Sánchez
02-Mar-2022	n.a.	1.33	n.a.	n.a.	12m Results 2021	David López Sánchez
25-Oct-2021	n.a.	1.83	n.a.	n.a.	9m Results 2021	David López Sánchez
02-Aug-2021	n.a.	2.13	n.a.	n.a.	6m Results 2021	David López Sánchez
07-Jul-2021	n.a.	2.45	n.a.	n.a.	Initiation of Coverage	David López Sánchez

