

6m Results 2023

 Opinion ⁽¹⁾: In line

 Impact ⁽¹⁾: We will maintain our estimates

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Nicolás Correa (NEA) is a Spanish industrial (Burgos), whose core business is the design and manufacture of chip removal machine tools, specialising in milling machines for the general mechanical engineering industry (aerospace, defense, renewable energy and nuclear sectors standing out). Currently, sales in Spain account for 8% (2022) of the total, with a c. 50% of sales made in the rest of Europe.

1H23 earnings: NEA makes the most of its revenue growth (EBITDA +41.6%)

Market Data

Market Cap (Mn EUR and USD)	76.4	82.9
EV (Mn EUR and USD) ⁽²⁾	72.9	79.1
Shares Outstanding (Mn)	12.3	
-12m (Max/Med/Mín EUR)	6.20 / 5.23 / 3.97	
Daily Avg volume (-12m Mn EUR)	0.03	
Rotation ⁽³⁾	10.1	
Factset / Bloomberg	NEA-ES / NEA SM	
Close fiscal year	31-Dec	

Shareholders Structure (%)

Nicolás-Correa Family	29.0
Jose Maria Galindez	5.4
Onchena	5.4
Board (Excl. Nicolas-Correa)	2.0
Free Float	58.2

Financials (Mn EUR)

	2022	2023e	2024e	2025e
Adj. nº shares (Mn)	12.3	12.3	12.3	12.3
Total Revenues	99.1	108.9	117.5	126.8
Rec. EBITDA	11.1	13.3	15.0	16.9
% growth	21.3	19.5	13.0	12.7
% Rec. EBITDA/Rev.	11.2	12.2	12.8	13.3
% Inc. EBITDA sector ⁽⁴⁾	12.6	15.6	16.3	15.7
Net Profit	9.0	8.9	9.9	11.1
EPS (EUR)	0.73	0.72	0.80	0.90
% growth	62.2	-1.7	11.1	12.3
Ord. EPS (EUR)	0.75	0.72	0.80	0.90
% growth	62.4	-3.5	11.1	12.3
Rec. Free Cash Flow ⁽⁵⁾	1.7	4.1	0.9	7.3
Pay-out (%)	31.0	31.0	31.0	31.0
DPS (EUR)	0.23	0.22	0.25	0.28
Net financial debt	-11.4	-12.7	-10.8	-15.1
ND/Rec. EBITDA (x)	-1.0	-1.0	-0.7	-0.9
ROE (%)	14.4	12.8	13.0	13.3
ROCE (%) ⁽⁵⁾	15.2	14.9	15.0	15.4

Ratios & Multiples (x)⁽⁶⁾

	2022	2023e	2024e	2025e
P/E	8.4	8.6	7.7	6.9
Ord. P/E	8.3	8.6	7.7	6.9
P/BV	1.2	1.1	1.0	0.9
Dividend Yield (%)	3.7	3.6	4.0	4.5
EV/Sales	0.74	0.67	0.62	0.57
EV/Rec. EBITDA	6.6	5.5	4.9	4.3
EV/EBIT	8.1	6.6	5.9	5.3
FCF Yield (%) ⁽⁵⁾	2.2	5.3	1.1	9.6

NEA SUSTAINED DOUBLE-DIGIT REVENUE GROWTH (EUR 50.3MN; +11.1% VS 1H22)...

The company delivered its highest ever revenue in 1H23. This performance was driven primarily by: i) a successful commercial strategy, ii) the gradual economic recovery (especially in certain markets, e.g. China, Germany and Turkey) and iii) supply chain normalisation. NEA delivered double-digit topline growth (>10%) for the fourth straight quarter.

...AND IMPROVED PROFITABILITY (EBITDA 1H23: +41.6% VS 1H22)...

NEA managed to expand its gross margin in 1H23 (+3.6p.p. vs 1H22) to 56.6% despite inflation (thanks to its good competitive position) while reining in costs, enabling it to turn growth in revenue into growth in recurring EBITDA to EUR 6.2Mn (vs EUR 4.3Mn in 1H22). It increased rec. EBITDA margin in 1H23 to 12.2% (+2.6p.p. vs 1H22, in line with the 2H22 level of 12.3%).

...WHILE MAINTAINING A NET CASH POSITION (EUR 6.3MN).

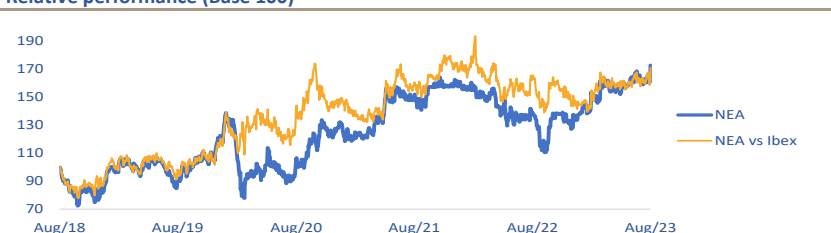
NEA's working capital requirement in 1H23, coupled with the payment of EUR 2.9Mn of dividends (EUR 0.23/share; pay-out c.30%) and CAPEX (EUR 3.2Mn vs EUR 0.7Mn in 1H22), reduced its net cash position to EUR 6.3Mn (vs EUR 11.4Mn at y/e 2022). Having a net cash position in current circumstances is interesting to say the least.

EXCELLENT MOMENTUM IN THE ORDER BOOK.

The order book, despite the ongoing uncertainty, appears to reflect NEA's "own business cycle". Order intake in 1H23 totalled EUR 65.5Mn (+62% vs 1H22). This put the order book at EUR 105.5Mn (+41% vs 1H22; fuelled by the c. EUR 21Mn contract win with Chinese company NGC GEARS). All this lends considerable visibility to our revenue estimates.

DESPITE THE RALLY, NEA'S MULTIPLES ARE STILL LOW.

NEA delivered a solid set of earnings (a touch under our revenue forecast but justified by the business' seasonality in recent years), which showcases its ability to sustain margins (>10%). We have a company that combines growth, profitability and objectively attractive multiples. We are keeping our estimates. Our baseline scenario today points to revenue of around EUR 109Mn and EBITDA of EUR 13.3Mn. After the share performance YTD (+35%), these numbers put NEA trading at 5.5x EV/EBITDA 23e (CAGR EBITDA 2023-2025e: +13% vs c. +12% for the sector).

Relative performance (Base 100)

Stock performance (%)

	-1m	-3m	-12m	YTD	-3Y	-5Y
Absolute	6.9	12.7	25.6	34.9	63.0	72.6
vs Ibxex 35	8.4	7.3	4.2	16.7	19.5	70.6
vs Ibxex Small Cap Index	8.6	6.1	18.0	21.3	33.5	65.3
vs Eurostoxx 50	11.2	10.7	2.8	19.1	24.2	36.3
vs Sector benchmark ⁽⁴⁾	15.6	15.6	-0.1	17.7	19.9	7.0

(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.

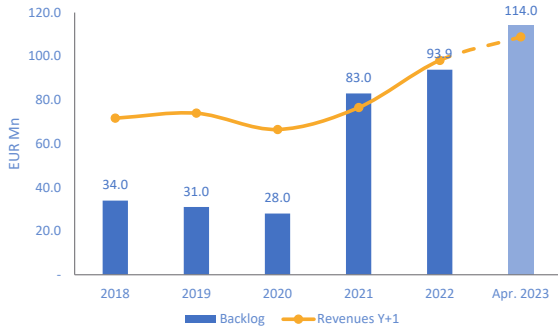
Table 1. 1H23 Results

EUR Mn	6m23		6m23 Real	2023e vs	
	Real	6m22	vs 6m22	2023e	2022
Total Revenues	50.6	45.5	11.1%	108.9	10.9%
Recurrent EBITDA	6.2	4.3	41.6%	13.3	21.6%
<i>Rec. EBITDA/Revenues</i>	<i>12.2%</i>	<i>9.5%</i>	<i>2.6 p.p.</i>	<i>12.2%</i>	<i>1.1 p.p.</i>
EBITDA	6.4	4.3	46.9%	13.3	21.6%
<i>EBITDA/Revenues</i>	<i>12.6%</i>	<i>9.5%</i>	<i>3.1 p.p.</i>	<i>12.2%</i>	<i>1.1 p.p.</i>
EBIT	5.4	3.4	57.6%	11.1	9.3%
NP	4.2	2.7	55.2%	8.9	-3.1%
New orders	65.5	40.3	62.5%		
Order book	105.5	74.8	41.0%		
				2022	
Net Cash ¹	-6.3	-10.7	41.4%		

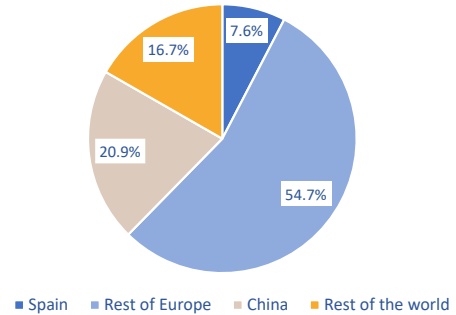
Note 1: Net Cash 1H23 and 2022 adjusted to strip out the impact of IFRS 16 (EUR 0.8Mn in 1H23 y EUR 0.7Mn at the 2022 close).

The company in 8 charts

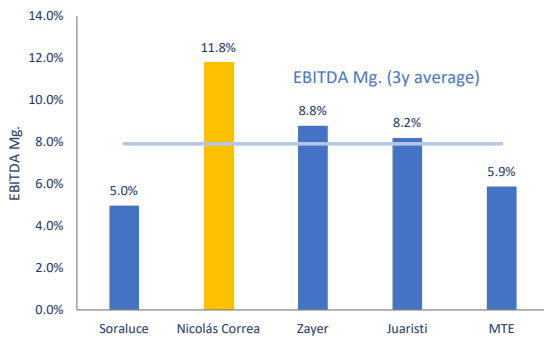
Excellent momentum, supported by a record high order book



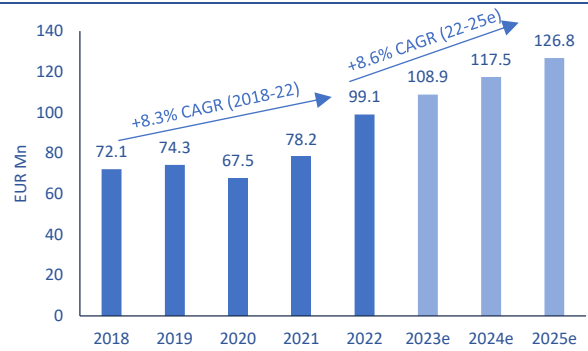
Revenue mix: geographical diversification and exposure to growth markets



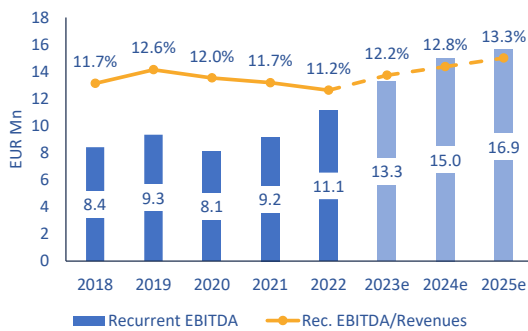
A company with systematically wider margins than its most direct peers



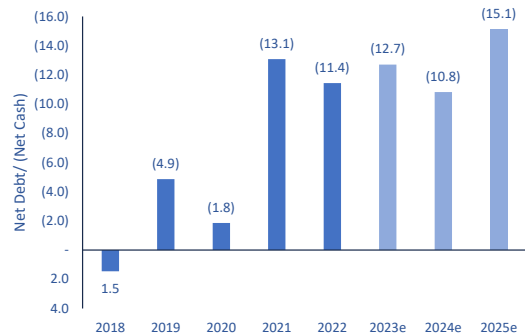
2023e-2025e: we expect similar sales growth to that observed in recent years



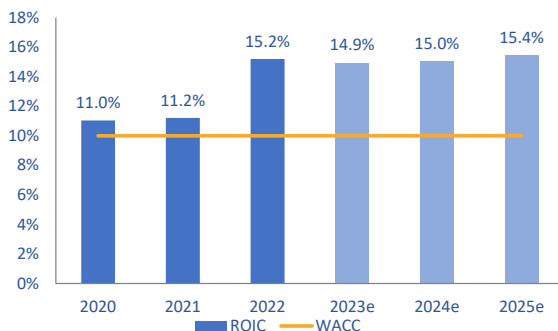
Operational gearing should enable EBITDA margin to recovery to c. 13% in 2025e (+2p.p. vs 2022)



NEA's net cash position (17% of market cap) underlines its capacity for investment and growth



At a company that is clearly - and increasingly - generating value: ROCE 2023e: c. 15% vs. 11% in 2020



Strong earnings momentum earnings coupled with relatively low multiples (EV/EBITDA 23e: 5.5x)



Valuation inputs

Inputs for the DCF Valuation Approach

	2023e	2024e	2025e	Terminal Value ⁽¹⁾		
Free Cash Flow "To the Firm"	4.5	1.3	7.8	102.5		
Market Cap	76.4	At the date of this report				
Net financial debt	-6.3	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)	3.5%	Rf (10y Spanish bond yield)			=	=
Equity risk premium	6.0%	R (own estimate)			5.5%	6.5%
Beta (B)	1.2	B (own estimate)			1.1	1.3
Cost of Equity	10.7%	Ke = Rf + (R * B)			9.5%	11.9%
Equity / (Equity + Net Debt)	100.0%	E (Market Cap as equity value)			=	=
Net Debt / (Equity + Net Debt)	0.0%	D			=	=
WACC	10.7%	WACC = Kd * D + Ke * E			9.5%	11.9%
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	Mkt. Cap	P/E 23e	EPS 23e-25e	EV/EBITDA 23e	EBITDA 23e-25e	EV/Sales 23e	Revenues 23e-25e	EBITDA/Sales 23e	FCF Yield 23e	FCF 23e-25e
Georg Fischer	GF-CH	4,893.4	16.4	10.0%	9.6	9.3%	1.2	5.6%	12.6%	4.7%	9.3%
Makino	6135-JP	1,067.0	12.8	13.9%	6.5	14.1%	0.7	6.2%	10.4%	5.6%	26.0%
Starrag	STGN-CH	185.8	7.4	6.1%	5.3	6.9%	0.5	5.8%	9.7%	28.9%	-34.5%
Tornos Holding	TOHN-CH	122.0	9.9	15.5%	6.4	7.4%	0.7	4.1%	10.1%	4.5%	55.4%
Datron AG	DAR-DE	43.4	9.8	8.6%	4.1	21.1%	0.5	8.0%	11.7%	n.a.	42.0%
Machine-tools			11.3	10.8%	6.4	11.8%	0.7	5.9%	10.9%	10.9%	19.6%
NEA	NEA-ES	76.4	8.6	11.7%	5.5	12.8%	0.7	7.9%	12.2%	5.3%	34.3%

Free Cash Flow sensitivity analysis (2024e)

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

Scenario	EBITDA/Sales 24e	EBITDA 24e	EV/EBITDA 24e
Max	14.1%	16.5	4.4x
Central	12.8%	15.0	4.9x
Min	11.5%	13.5	5.4x

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

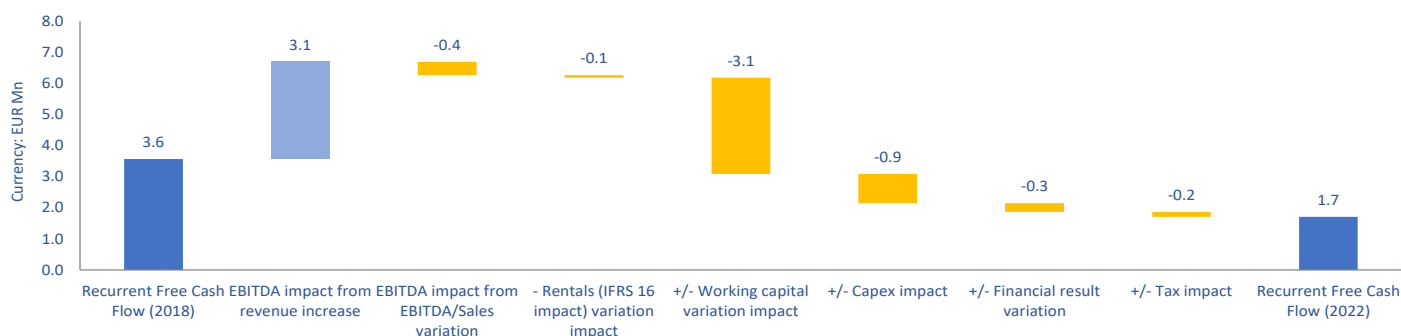
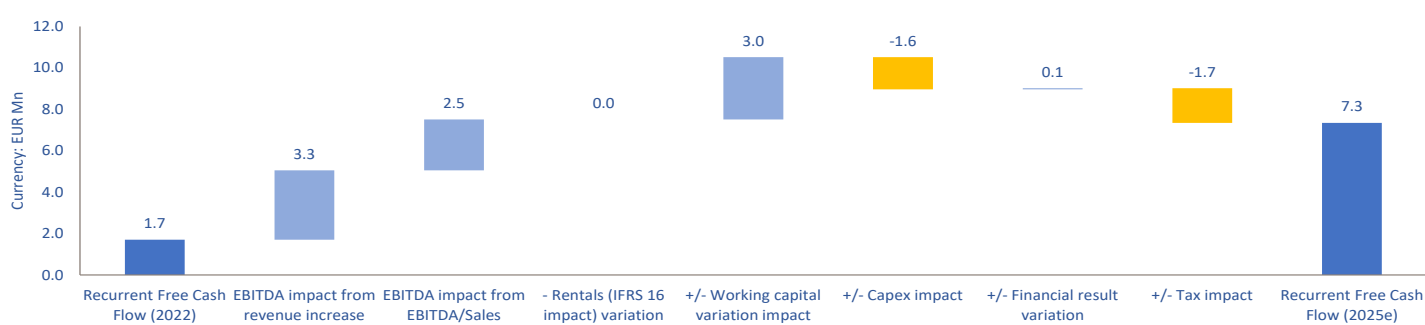
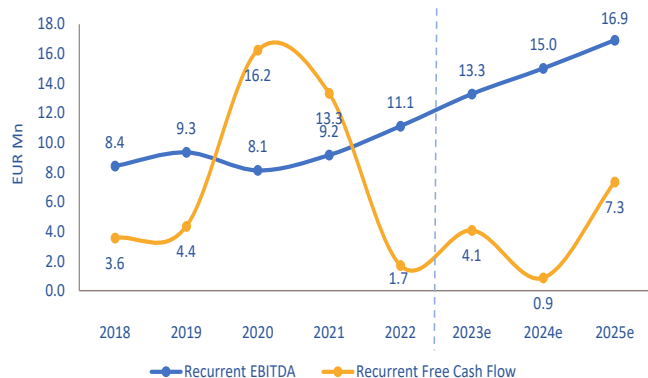
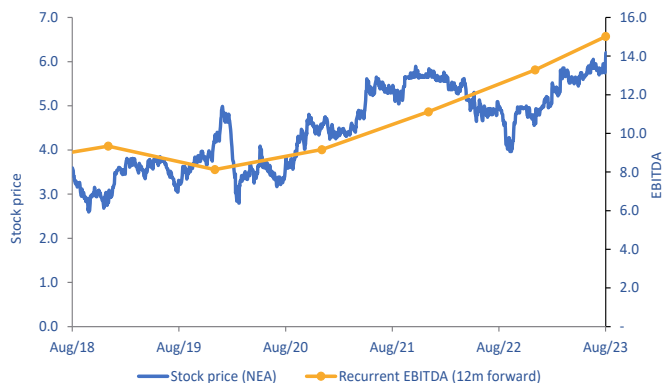
Rec. FCF EUR Mn	CAPEX/Sales 24e			➔	Rec. FCF/Yield 24e			
EBITDA 24e	7.2%	8.0%	8.8%		Scenario	Rec. FCF/Yield 24e		
16.5	3.3	2.4	1.5		Max	4.4%	3.1%	1.9%
15.0	1.8	0.9	(0.1)		Central	2.4%	1.1%	n.a.
13.5	0.3	(0.7)	(1.6)		Min	0.4%	n.a.	n.a.

Appendix 1. Financial Projections

Balance Sheet (EUR Mn)	2018	2019	2020	2021	2022	2023e	2024e	2025e	CAGR	
Intangible assets	0.3	1.0	1.0	1.1	1.5	1.5	1.5	1.5		
Fixed assets	12.7	13.8	14.8	15.3	18.9	21.3	28.1	29.6		
Other Non Current Assets	10.8	11.6	11.6	11.0	11.4	11.4	11.4	11.4		
Financial Investments	6.0	2.0	2.1	2.5	3.0	3.6	4.2	4.8		
Goodwill & Other Intangibles	9.5	9.5	9.5	9.5	9.5	9.5	9.5	9.5		
Current assets	36.2	37.1	40.6	51.1	56.3	61.8	66.6	71.8		
Total assets	75.5	75.2	79.7	90.5	100.6	109.1	121.3	128.6		
Equity	47.1	53.0	56.3	59.6	66.2	72.3	79.4	87.5		
Minority Interests	0.8	0.8	0.7	0.4	1.0	1.1	1.3	1.4		
Provisions & Other L/T Liabilities	3.3	3.6	3.5	3.6	4.6	4.6	4.6	4.6		
Other Non Current Liabilities	-	0.8	0.8	0.8	0.7	0.7	0.7	0.7		
Net financial debt	1.5	(4.9)	(1.8)	(13.1)	(11.4)	(12.7)	(10.8)	(15.1)		
Current Liabilities	22.8	21.8	20.1	39.3	39.6	43.1	46.2	49.6		
Equity & Total Liabilities	75.5	75.2	79.7	90.5	100.6	109.1	121.3	128.6		
P&L (EUR Mn)	2018	2019	2020	2021	2022	2023e	2024e	2025e	18-22	22-25e
Total Revenues	72.1	74.3	67.5	78.2	99.1	108.9	117.5	126.8	8.3%	8.6%
<i>Total Revenues growth</i>	21.7%	3.0%	-9.1%	15.8%	26.7%	9.9%	7.9%	7.9%		
COGS	(32.1)	(34.0)	(29.2)	(34.2)	(45.9)	(50.4)	(54.4)	(58.7)		
Gross Margin	40.0	40.2	38.3	44.0	53.2	58.5	63.1	68.1	7.4%	8.6%
<i>Gross Margin/Revenues</i>	55.5%	54.2%	56.7%	56.3%	53.7%	53.7%	53.7%	53.7%		
Personnel Expenses	(16.9)	(17.7)	(17.8)	(18.8)	(21.9)	(23.5)	(25.0)	(26.6)		
Other Operating Expenses	(14.7)	(13.2)	(12.3)	(16.0)	(20.2)	(21.7)	(23.1)	(24.6)		
Recurrent EBITDA	8.4	9.3	8.1	9.2	11.1	13.3	15.0	16.9	7.2%	15.0%
<i>Recurrent EBITDA growth</i>	31.0%	11.0%	-13.0%	12.7%	21.3%	19.5%	13.0%	12.7%		
<i>Rec. EBITDA/Revenues</i>	11.7%	12.6%	12.0%	11.7%	11.2%	12.2%	12.8%	13.3%		
Restructuring Expense & Other non-rec.	-	-	-	(0.1)	(0.2)	-	-	-		
EBITDA	8.4	9.3	8.1	9.0	10.9	13.3	15.0	16.9	6.7%	15.7%
Depreciation & Provisions	(1.3)	(1.3)	(1.5)	(1.6)	(1.8)	(2.1)	(2.6)	(3.0)		
Capitalized Expense	0.1	0.3	-	-	-	-	-	-		
Rentals (IFRS 16 impact)	-	(0.2)	(0.2)	(0.2)	(0.1)	(0.1)	(0.1)	(0.1)		
EBIT	7.2	8.2	6.5	7.3	9.0	11.1	12.4	13.9	5.7%	15.5%
<i>EBIT growth</i>	142.1%	13.4%	-20.5%	12.0%	23.7%	23.4%	11.4%	12.0%		
<i>EBIT/Revenues</i>	10.0%	11.0%	9.6%	9.3%	9.1%	10.2%	10.5%	10.9%		
Impact of Goodwill & Others	-	-	-	-	1.2	-	-	-		
Net Financial Result	(0.5)	(0.2)	(0.1)	(0.6)	(0.4)	(0.4)	(0.4)	(0.4)		
Income by the Equity Method	0.0	0.1	0.1	0.4	0.6	0.6	0.6	0.6		
Ordinary Profit	6.7	8.0	6.5	7.0	10.3	11.3	12.5	14.1	11.2%	10.9%
<i>Ordinary Profit Growth</i>	184.0%	18.3%	-18.9%	8.9%	46.5%	9.3%	11.1%	12.3%		
Extraordinary Results	0.4	-	-	-	-	-	-	-		
Profit Before Tax	7.1	8.0	6.5	7.0	10.3	11.3	12.5	14.1	9.7%	10.9%
Tax Expense	0.9	0.2	(0.6)	(1.4)	(1.1)	(2.3)	(2.5)	(2.8)		
<i>Effective Tax Rate</i>	n.a.	n.a.	9.0%	19.4%	11.1%	20.0%	20.0%	20.0%		
Minority Interests	(0.2)	(0.2)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.2)		
Discontinued Activities	-	-	-	-	-	-	-	-		
Net Profit	7.8	8.1	5.8	5.6	9.0	8.9	9.9	11.1	3.7%	7.1%
<i>Net Profit growth</i>	250.0%	2.8%	-28.4%	-3.3%	62.2%	-1.7%	11.1%	12.3%		
Ordinary Net Profit	6.6	7.8	5.8	5.7	9.2	8.9	9.9	11.1	8.8%	6.4%
<i>Ordinary Net Profit growth</i>	51.5%	19.1%	-26.3%	-1.7%	62.4%	-3.5%	11.1%	12.3%		
Cash Flow (EUR Mn)	2018	2019	2020	2021	2022	2023e	2024e	2025e	18-22	22-25e
Recurrent EBITDA						13.3	15.0	16.9	7.2%	15.0%
Rentals (IFRS 16 impact)						(0.1)	(0.1)	(0.1)		
Working Capital Increase						(1.9)	(1.7)	(1.9)		
Recurrent Operating Cash Flow						11.3	13.2	15.0	-1.8%	34.4%
CAPEX						(4.5)	(9.4)	(4.4)		
Net Financial Result affecting the Cash Flow						(0.4)	(0.4)	(0.4)		
Tax Expense						(2.3)	(2.5)	(2.8)		
Recurrent Free Cash Flow						4.1	0.9	7.3	-16.8%	62.7%
Restructuring Expense & Other non-rec.						-	-	-		
- Acquisitions / + Divestures of assets						-	-	-		
Extraordinary Inc./Exp. Affecting Cash Flow						-	-	-		
Free Cash Flow						4.1	0.9	7.3	-29.2%	80.7%
Capital Increase						-	-	-		
Dividends						(2.8)	(2.8)	(3.1)		
Net Debt Variation						(1.3)	1.9	(4.3)		

Appendix 2. Free Cash Flow

A) Cash Flow Analysis (EUR Mn)	2019	2020	2021	2022	2023e	2024e	2025e	CAGR	
								19-22	22-25e
Recurrent EBITDA	9.3	8.1	9.2	11.1	13.3	15.0	16.9	6.0%	15.0%
<i>Recurrent EBITDA growth</i>	11.0%	-13.0%	12.7%	21.3%	19.5%	13.0%	12.7%		
<i>Rec. EBITDA/Revenues</i>	12.6%	12.0%	11.7%	11.2%	12.2%	12.8%	13.3%		
- Rentals (IFRS 16 impact)	(0.2)	(0.2)	(0.2)	(0.1)	(0.1)	(0.1)	(0.1)		
+/- Working Capital increase	(1.9)	(5.2)	8.7	(4.9)	(1.9)	(1.7)	(1.9)		
= Recurrent Operating Cash Flow	7.2	2.8	17.6	6.2	11.3	13.2	15.0	-5.2%	34.4%
<i>Rec. Operating Cash Flow growth</i>	9.0%	-61.6%	533.5%	-65.0%	82.4%	17.4%	13.4%		
<i>Rec. Operating Cash Flow / Sales</i>	9.8%	4.1%	22.6%	6.2%	10.3%	11.3%	11.8%		
- CAPEX	(1.8)	(2.8)	(2.3)	(2.9)	(4.5)	(9.4)	(4.4)		
- Net Financial Result affecting Cash Flow	(0.1)	8.1	(0.6)	(0.4)	(0.4)	(0.4)	(0.4)		
- Taxes	(1.0)	8.1	(1.4)	(1.1)	(2.3)	(2.5)	(2.8)		
= Recurrent Free Cash Flow	4.4	16.2	13.3	1.7	4.1	0.9	7.3	-26.8%	62.7%
<i>Rec. Free Cash Flow growth</i>	22.1%	273.3%	-18.0%	-87.2%	138.8%	-78.6%	741.5%		
<i>Rec. Free Cash Flow / Revenues</i>	5.9%	24.1%	17.0%	1.7%	3.7%	0.7%	5.8%		
- Restructuring expenses & others	-	-	-	-	-	-	-		
- Acquisitions / + Divestments	-	-	-	(1.8)	-	-	-		
+/- Extraordinary Inc./Exp. affecting Cash Flow	4.0	-	(0.1)	1.3	-	-	-		
= Free Cash Flow	8.4	16.2	13.2	1.2	4.1	0.9	7.3	-47.0%	80.7%
<i>Free Cash Flow growth</i>	68.1%	94.5%	-18.7%	-90.6%	227.2%	-78.6%	741.5%		
<i>Recurrent Free Cash Flow - Yield (s/Mkt Cap)</i>	5.7%	21.3%	17.5%	2.2%	5.3%	1.1%	9.6%		
<i>Free Cash Flow Yield (s/Mkt Cap)</i>	10.9%	21.3%	17.3%	1.6%	5.3%	1.1%	9.6%		
B) Analytical Review of Annual Recurrent Free Cash Flow Performance (Eur Mn)									
	2019	2020	2021	2022	2023e	2024e	2025e	CAGR	
Recurrent FCF(FY - 1)	3.6	4.4	16.2	13.3	1.7	4.1	0.9		
EBITDA impact from revenue increase	0.3	(0.9)	1.3	2.4	1.1	1.1	1.2		
EBITDA impact from EBITDA/Sales variation	0.7	(0.4)	(0.2)	(0.5)	1.1	0.7	0.7		
= Recurrent EBITDA variation	0.9	(1.2)	1.0	2.0	2.2	1.7	1.9		
- Rentals (IFRS 16 impact) variation impact	(0.2)	(0.0)	(0.0)	0.1	-	-	-		
+/- Working capital variation impact	(0.2)	(3.2)	13.8	(13.5)	2.9	0.2	(0.1)		
= Recurrent Operating Cash Flow variation	0.6	(4.5)	14.9	(11.5)	5.1	2.0	1.8		
+/- CAPEX impact	0.2	(1.0)	0.5	(0.5)	(1.6)	(4.9)	5.0		
+/- Financial result variation	0.1	8.2	(8.7)	0.2	0.0	(0.0)	0.1		
+/- Tax impact	(0.1)	9.2	(9.5)	0.2	(1.1)	(0.3)	(0.3)		
= Recurrent Free Cash Flow variation	0.8	11.9	(2.9)	(11.6)	2.4	(3.2)	6.5		
Recurrent Free Cash Flow	4.4	16.2	13.3	1.7	4.1	0.9	7.3		
C) "FCF to the Firm" (pre debt service) (EUR Mn)									
	2019	2020	2021	2022	2023e	2024e	2025e	CAGR	
EBIT	8.2	6.5	7.3	9.0	11.1	12.4	13.9	3.3%	15.5%
* Theoretical Tax rate	0.0%	9.0%	19.4%	11.1%	20.0%	20.0%	20.0%		
= Taxes (pre- Net Financial Result)	-	(0.6)	(1.4)	(1.0)	(2.2)	(2.5)	(2.8)		
Recurrent EBITDA	9.3	8.1	9.2	11.1	13.3	15.0	16.9	6.0%	15.0%
- Rentals (IFRS 16 impact)	(0.2)	(0.2)	(0.2)	(0.1)	(0.1)	(0.1)	(0.1)		
+/- Working Capital increase	(1.9)	(5.2)	8.7	(4.9)	(1.9)	(1.7)	(1.9)		
= Recurrent Operating Cash Flow	7.2	2.8	17.6	6.2	11.3	13.2	15.0	-5.2%	34.4%
- CAPEX	(1.8)	(2.8)	(2.3)	(2.9)	(4.5)	(9.4)	(4.4)		
- Taxes (pre- Financial Result)	-	(0.6)	(1.4)	(1.0)	(2.2)	(2.5)	(2.8)		
= Recurrent Free Cash Flow (To the Firm)	5.5	(0.6)	13.9	2.3	4.5	1.3	7.8	-25.2%	50.2%
<i>Rec. Free Cash Flow (To the Firm) growth</i>	16.3%	-110.8%	n.a.	-83.5%	97.7%	-70.3%	477.9%		
<i>Rec. Free Cash Flow (To the Firm) / Revenues</i>	7.4%	n.a.	17.8%	2.3%	4.2%	1.1%	6.1%		
- Acquisitions / + Divestments	-	-	-	(1.8)	-	-	-		
+/- Extraordinary Inc./Exp. affecting Cash Flow	4.0	-	(0.1)	1.3	-	-	-		
= Free Cash Flow "To the Firm"	9.5	(0.6)	13.8	1.8	4.5	1.3	7.8	-42.2%	61.9%
<i>Free Cash Flow (To the Firm) growth</i>	56.0%	-106.3%	n.a.	-86.7%	147.4%	-70.3%	477.9%		
<i>Rec. Free Cash Flow To the Firm Yield (o/EV)</i>	7.5%	n.a.	19.1%	3.1%	6.2%	1.8%	10.7%		
<i>Free Cash Flow "To the Firm" - Yield (o/EV)</i>	13.0%	n.a.	18.9%	2.5%	6.2%	1.8%	10.7%		

Recurrent Free Cash Flow accumulated variation analysis (2018 - 2022)

Recurrent Free Cash Flow accumulated variation analysis (2022 - 2025e)

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	76.4	
+ Minority Interests	1.0	6m Results 2023
+ Provisions & Other L/T Liabilities	4.7	6m Results 2023
+ Net financial debt	(6.3)	6m Results 2023
- Financial Investments	2.8	6m Results 2023
+/- Others		
Enterprise Value (EV)	72.9	

Appendix 4. Historical performance ⁽¹⁾

Historical performance (EUR Mn)	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023e	2024e	2025e	CAGR	
															12-22	22-25e
Total Revenues	31.7	54.7	55.6	55.9	59.6	59.2	72.1	74.3	67.5	78.2	99.1	108.9	117.5	126.8	12.1%	8.6%
Total Revenues growth	-50.4%	72.7%	1.6%	0.5%	6.7%	-0.6%	21.7%	3.0%	-9.1%	15.8%	26.7%	9.9%	7.9%	7.9%		
EBITDA	(6.3)	1.4	3.0	3.7	14.1	4.3	8.4	9.3	8.1	9.0	10.9	13.3	15.0	16.9	14.1%	15.7%
EBITDA growth	-375.1%	122.2%	110.6%	23.4%	286.7%	-69.4%	94.5%	11.0%	-13.0%	11.3%	20.8%	21.6%	13.0%	12.7%		
EBITDA/Sales	n.a.	2.6%	5.3%	6.5%	23.7%	7.3%	11.7%	12.6%	12.0%	11.6%	11.0%	12.2%	12.8%	13.3%		
Net Profit	(7.1)	(0.1)	1.4	1.4	4.1	2.2	7.8	8.1	5.8	5.6	9.0	8.9	9.9	11.1	12.6%	7.1%
Net Profit growth	n.a.	98.8%	n.a.	0.2%	203.0%	-45.6%	250.0%	2.8%	-28.4%	-3.3%	62.2%	-1.7%	11.1%	12.3%		
Adjusted number shares (Mn)	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3		
EPS (EUR)	-0.58	-0.01	0.11	0.11	0.33	0.18	0.64	0.65	0.47	0.45	0.73	0.72	0.80	0.90	12.6%	7.1%
EPS growth	n.a.	98.8%	n.a.	0.2%	n.a.	-45.6%	n.a.	2.8%	-28.4%	-3.3%	62.2%	-1.7%	11.1%	12.3%		
Ord. EPS (EUR)	-0.58	-0.01	0.11	0.11	0.33	0.36	0.53	0.63	0.47	0.46	0.75	0.72	0.80	0.90	12.7%	6.4%
Ord. EPS growth	n.a.	98.8%	n.a.	0.2%	n.a.	8.7%	47.0%	19.1%	-26.3%	-1.7%	62.4%	-3.5%	11.1%	12.3%		
CAPEX	(0.4)	(1.7)	(0.9)	(1.5)	(0.9)	(1.0)	(1.9)	(1.8)	(2.8)	(2.3)	(2.9)	(4.5)	(9.4)	(4.4)		
CAPEX/Sales %	1.3%	3.2%	1.7%	2.7%	1.6%	1.7%	2.7%	2.4%	4.1%	3.0%	2.9%	4.1%	8.0%	3.5%		
Free Cash Flow	(1.6)	0.3	3.2	1.9	2.8	5.0	5.0	8.4	16.2	13.2	1.2	4.1	0.9	7.3	10.8%	80.7%
ND/EBITDA (x) ⁽²⁾	n.a.	14.7x	6.1x	2.3x	0.9x	1.9x	0.2x	-0.5x	-0.2x	-1.4x	-1.0x	-1.0x	-0.7x	-0.9x		
P/E (x)	n.a.	n.a.	8.6x	10.0x	4.5x	15.2x	4.4x	6.4x	9.6x	12.5x	6.3x	8.6x	7.7x	6.9x		
EV/Sales (x)	1.10x	0.73x	0.63x	0.49x	0.57x	0.81x	0.54x	0.67x	0.81x	0.74x	0.50x	0.67x	0.62x	0.57x		
EV/EBITDA (x) ⁽²⁾	n.a.	28.2x	11.7x	7.5x	2.4x	11.1x	4.7x	5.3x	6.8x	6.4x	4.5x	5.5x	4.9x	4.3x		
Absolute performance	-32.4%	85.0%	-15.8%	17.0%	36.9%	83.1%	1.7%	48.5%	7.6%	25.7%	-18.6%	34.9%				
Relative performance vs Ibx 35	-29.1%	52.4%	-18.8%	26.0%	39.7%	70.5%	19.6%	32.8%	27.2%	16.5%	-13.8%	16.7%				

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 2023e

		Machine-tools					Average	NEA
EUR Mn		Georg Fischer	Makino	Starrag	Tornos Holding	Datron AG		
Market data	Ticker (Factset)	GF-CH	6135-JP	STGN-CH	TOHN-CH	DAR-DE		NEA-ES
	Country	Switzerland	Japan	Switzerland	Switzerland	Germany		Spain
	Market cap	4,893.4	1,067.0	185.8	122.0	43.4		76.4
	Enterprise value (EV)	5,053.9	934.1	199.4	122.3	30.6		72.9
Basic financial information	Total Revenues	4,165.8	1,391.5	391.2	187.8	64.5		108.9
	Total Revenues growth	-0.1%	-3.6%	18.1%	-0.8%	7.7%	4.3%	9.9%
	2y CAGR (2023e - 2025e)	5.6%	6.2%	5.8%	4.1%	8.0%	5.9%	7.9%
	EBITDA	525.1	144.2	37.9	19.0	7.5		13.3
	EBITDA growth	3.6%	-10.3%	17.5%	-11.9%	5.5%	0.9%	21.6%
	2y CAGR (2023e - 2025e)	9.3%	14.1%	6.9%	7.4%	21.1%	11.8%	12.8%
	EBITDA/Revenues	12.6%	10.4%	9.7%	10.1%	11.7%	10.9%	12.2%
	EBIT	399.6	94.5	30.3	15.6	6.1		11.1
	EBIT growth	3.3%	-14.7%	25.2%	-11.7%	3.9%	1.2%	23.4%
	2y CAGR (2023e - 2025e)	10.4%	16.8%	8.3%	8.0%	17.0%	12.1%	11.7%
	EBIT/Revenues	9.6%	6.8%	7.7%	8.3%	9.5%	8.4%	10.2%
	Net Profit	295.8	82.2	25.0	12.5	4.4		8.9
	Net Profit growth	2.7%	-19.2%	115.9%	-16.9%	2.7%	17.1%	-1.7%
	2y CAGR (2023e - 2025e)	10.7%	13.9%	6.1%	15.5%	8.5%	10.9%	11.7%
CAPEX/Sales %	4.4%	9.9%	1.6%	5.8%	n.a.	5.4%	4.1%	
Free Cash Flow	232.1	59.5	53.7	5.5	(8.8)		4.1	
Net financial debt	(266.3)	(132.3)	(66.0)	(11.3)	n.a.		(12.7)	
ND/EBITDA (x)	(0.5)	(0.9)	(1.7)	(0.6)	n.a.		(1.0)	
Pay-out	39.7%	27.6%	42.0%	41.1%	17.8%	33.6%	31.0%	
Multiples and Ratios	P/E (x)	16.4	12.8	7.4	9.9	9.8	11.3	8.6
	P/BV (x)	2.9	0.8	1.0	1.1	n.a.	1.4	1.1
	EV/Revenues (x)	1.2	0.7	0.5	0.7	0.5	0.7	0.7
	EV/EBITDA (x)	9.6	6.5	5.3	6.4	4.1	6.4	5.5
	EV/EBIT (x)	12.6	9.9	6.6	7.8	5.0	8.4	6.6
	ROE	17.8	6.2	12.9	11.1	n.a.	12.0	12.8
	FCF Yield (%)	4.7	5.6	28.9	4.5	n.a.	10.9	5.3
	DPS	1.43	0.95	3.13	0.26	0.20	1.19	0.22
Dvd Yield	2.4%	2.2%	5.7%	4.2%	1.8%	3.3%	3.6%	

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).

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Date of report	Recommendation	Price (EUR)	Target price (EUR)	Period of validity	Reason for report	Analyst
01-Sep-2023	n.a.	6.20	n.a.	n.a.	6m Results 2023	Luis Esteban Arribas
12-Jun-2023	n.a.	5.75	n.a.	n.a.	Small & Micro Caps (Spain)	David López Sánchez
30-Mar-2023	n.a.	5.81	n.a.	n.a.	Important news	David López Sánchez
28-Feb-2023	n.a.	5.05	n.a.	n.a.	12m Results 2022	David López Sánchez
01-Sep-2022	n.a.	4.94	n.a.	n.a.	6m Results 2022 - Estimates downgrade	David López Sánchez
01-Mar-2022	n.a.	5.65	n.a.	n.a.	12m Results 2021	David López Sánchez
16-Nov-2021	n.a.	5.65	n.a.	n.a.	9m Results 2021	David López Sánchez
01-Sep-2021	n.a.	5.42	n.a.	n.a.	6m Results 2021 - Estimates upgrade	David López Sánchez
01-Mar-2021	n.a.	4.35	n.a.	n.a.	12m Results 2020	David López Sánchez
16-Nov-2020	n.a.	4.64	n.a.	n.a.	9m Results 2020	David López Sánchez
01-Sep-2020	n.a.	3.80	n.a.	n.a.	6m Results 2020 - Estimates upgrade	David López Sánchez
18-May-2020	n.a.	3.43	n.a.	n.a.	3m Results 2020	David López Sánchez
23-Apr-2020	n.a.	3.35	n.a.	n.a.	Estimates downgrade	David López Sánchez
02-Mar-2020	n.a.	4.07	n.a.	n.a.	12m Results 2019	David López Sánchez
18-Nov-2019	n.a.	3.96	n.a.	n.a.	9m Results 2019	David López Sánchez
02-Sep-2019	n.a.	3.31	n.a.	n.a.	6m Results 2019	David López Sánchez
16-May-2019	n.a.	3.61	n.a.	n.a.	3m Results 2019	David López Sánchez
11-Apr-2019	n.a.	3.62	n.a.	n.a.	Estimates upgrade	David López Sánchez
01-Mar-2019	n.a.	3.45	n.a.	n.a.	12m Results 2018	David López Sánchez
17-Jan-2019	n.a.	3.11	n.a.	n.a.	Initiation of Coverage	David López Sánchez

