

## EQUITY - SPAIN

Sector: Machinery

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Upgrade to estimates

Closing price: EUR 9.00 (27 Jan 2021)

**Desarrollos Especiales de Sistemas de Anclajes (DESA)** is a small industrial group with its corporate headquarters in Barcelona (Spain), specialising (>60 years) in the manufacture and sale of fasteners, staples and tools used in the construction, industry and agriculture sectors. It has an international presence (35% of revenue) and is controlled by its core shareholders (c.75% of capital).

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## Market Data

Market Cap (Mn EUR and USD)	16.1	19.5
EV (Mn EUR and USD) <sup>(1)</sup>	29.7	35.9
Shares Outstanding (Mn)	1.8	
-12m (Max/Med/Min EUR)	10.00 / 9.63 / 9.00	
Daily Avg volume (-12m Mn EUR)	n.m.	
Rotation <sup>(2)</sup>	0.0	
Thomson Reuters / Bloomberg	DESA.MC / DESA.SM	
Close fiscal year	31-Dec	

## Shareholders Structure (%)

Maden S.A.	29.9
SARM S.A.	20.0
Gestión Ixua S.L.	16.3
Board Members	8.9
Free Float	24.9

## Financials (Mn EUR)

	2019	2020e	2021e	2022e
Adj. nº shares (Mn)	1.8	1.8	1.8	1.8
Total Revenues	42.5	39.6	41.4	43.6
Rec. EBITDA <sup>(3)</sup>	2.5	3.0	3.2	3.6
% growth	-2.9	18.8	7.8	13.8
% Rec. EBITDA/Rev.	5.8	7.5	7.7	8.3
% Inc. EBITDA sector <sup>(4)</sup>	3.6	-16.7	23.2	16.1
Net Profit	0.8	0.7	1.4	1.7
EPS (EUR)	0.46	0.41	0.79	0.98
% growth	-33.8	-9.8	93.1	23.2
Ord. EPS (EUR)	0.50	0.65	0.79	0.98
% growth	-27.7	30.0	22.5	23.2
Rec. Free Cash Flow <sup>(5)</sup>	-1.0	3.7	0.3	1.0
Pay-out (%)	95.6	0.0	50.0	50.0
DPS (EUR)	0.44	0.00	0.40	0.49
Net financial debt	15.6	12.4	12.1	10.4
ND/Rec. EBITDA (x)	6.3	4.2	3.8	2.9
ROE (%)	6.4	5.7	10.1	11.0
ROCE (%) <sup>(5)</sup>	3.4	3.1	5.5	6.5

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

	2019	2020e	2021e	2022e
P/E	19.8	21.9	11.4	9.2
Ord. P/E	18.1	13.9	11.4	9.2
P/BV	1.3	1.2	1.1	0.9
Dividend Yield (%)	4.8	0.0	4.4	5.4
EV/Sales	0.70	0.75	0.72	0.68
EV/Rec. EBITDA	11.9	10.0	9.3	8.2
EV/EBIT	24.2	29.2	15.2	12.5
FCF Yield (%) <sup>(5)</sup>	n.a.	22.8	1.9	6.2

(1) Please refer to Appendix 3.

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

(3) Financial projections include IFRS 16 adjustments. FY 19 EBITDA is c. EUR 0.3Mn higher due to IFRS 16..

(4) Sector: TR Europe Industrial Machinery and Equipment.

(5) Please see Annex 2 for the theoretical tax rate (ROCE) and recurrent FCF calculation.

(6) Multiples and ratios calculated over prices at the date of this report.

## Despite déjà vu with the macro scenario at the start of 2021, we see reasons for DESA to emerge stronger

**WE CHANGE 2020E-2021E REVENUE (C.+3% ON AVERAGE VS. PREVIOUS ESTIMATE)**, reducing the decline in revenue to 6.9% in 2020e (EUR 39.6Mn), after a better performance in 3Q20 (+0.9% y/y). Growth will accelerate in the mid term (+5.0% CAGR +2y, c. -3p.p. vs. the sector), depending on the speed of economic recovery (2H 2021), exceeding pre-Covid-19 levels in 2022e (EUR 43.6Mn 2022e).

**BRINGING FORWARD THE THRESHOLD OF EUR 3MN OF REC. EBITDA TO 2020** (+1.6x vs. our previous estimate) that will record highs vs. -5y thanks to the favourable revenue mix and cost savings. EBITDA will record a CAGR of +10.8% +2y, despite the pressure on margins (-0.6p.p. in gross margin +2y), beating sector growth in terms of EBITDA (+21.6% CAGR +2y, > +5p.p. vs. the sector)

**MAINTAINING THE TARGET OF AMPLY EXCEEDING EUR 2Mn EBIT (2022)**, a level last seen prior to the crisis of 2008, reaching EUR 2.4Mn in 2022e, (+10.8% vs. previous estimate), improving profitability (5.4% EBIT/revenue 2022e; c. +2x vs. -2y), and narrowing the gap to the sector (> 8% on average).

**AND GENERATING POSITIVE AND GROWING FCF (M/T)** that, after the temporary impact of disinvestment in working capital (fewer supplies) caused by the Covid-19 crisis in 2020e, will reach EUR 1Mn in 2022e (6.2% FCF Yield; in line with the sector).

**THAT WILL ALLOW THE COMPANY TO REDUCE DEBT AND RESUME DIVIDEND PAYMENTS (2021E)**. 2022E ND/EBITDA 2.9x, -3.7x vs. -3y, approaching reasonable levels. Pay-out of 50% in 2021e (no change).

**IN CONCLUSION, DESPITE SIGNIFICANT UNCERTAINTY (COVID), DESA HAS EMERGED AS A GROWTH IDEA IN THE INDUSTRIAL SECTOR**. DESA won't take long to recover (*a priori*) pre 2008 crisis EBIT levels, thanks to its business diversification strategy (positioning in the acyclical agricultural sector) with cost control being essential in this respect (m/t). Trading at 10x 2020e EV/EBITDA (reasonable for the sector), offering > 20% CAGR +2y in EBITDA.

## Relative performance -5y (Base 100)



## Stock performance (%)

	-1m	-3m	-12m	YTD	-3Y	-5Y
Absolute	0.0	0.0	-10.0	0.0	-25.6	-28.0
vs Ibex 35	3.3	-15.3	7.3	2.8	0.4	-19.9
vs Ibex Small Cap Index	2.5	-17.1	-19.5	4.4	-33.4	-62.1
vs Eurostoxx 50	0.2	-13.2	-6.4	0.5	-23.3	-38.0
vs Sector benchmark <sup>(4)</sup>	-5.2	-17.1	-25.6	-4.5	-37.2	-62.2

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

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**Upgrade to estimates**

**We upgrade estimates for 2020 (and 2021-2022). A growth idea in the industrial sector**

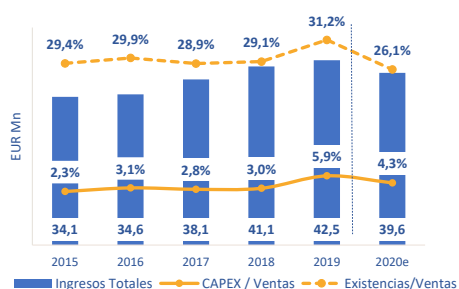
The better than expected business performance in the middle of the Covid-19 crisis has led us to change our estimates for 2020, a year that will be remembered for the unprecedented roll-out of economic measures at a European level to combat the effects of the pandemic (the ECB's EUR 1.850Bn sovereign bond purchase programme, the "Pandemic Emergency Purchase Programme", and the adoption of an expansive fiscal policy by the European Commission). However, the resurgence of the Covid-19 pandemic (4Q 2020), together with the inevitable hardening of measures to contain this (national/international) will again have a negative impact on economic activity in 1Q 2021, delaying recovery to 2H 2021.

**An anomalous 2020, but better than initially expected, forcing us to upgrade our estimates**

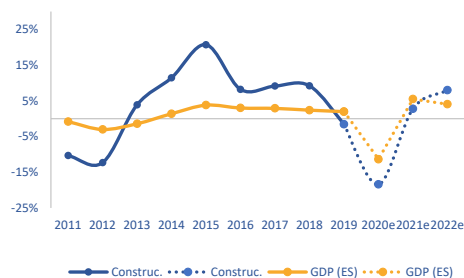
The fastening and anchoring systems sector, in line with other industries, has suffered to a greater or lesser extent a decrease in revenue due to the temporary halting of economy activity caused by Covid-19 (2Q 2020). However, the growing trend towards industry 4.0 and the IoT (internet of things) will continue to drive growth for this industry.

- **A smaller reduction in 2020e revenue (EUR 39.6Mn, -6.9% y/y; +5% vs. our initial estimate)**, underpinned by the good performance of the agricultural division (c. +17% y/y), endorsing the company's business diversification strategy. The gradual resumption of economic activity (after lockdown) has reactivated the retail business (c. 20% of 2019 revenue) which has recorded double-digit growth (c. +20% y/y 3Q20, vs. c. -25% at 6M20). On the other hand, the decline in the construction activity (21.9% of 2019 group revenue) moderated in the second half of the year (-21.7% y/y in cumulative terms for construction in Spain at October 2020, vs. -26.1% in cumulative terms at June).
- **With the gross margin improving (+0.8p.p. 2020e)** to 40.4% (above 2019 levels), thanks to: lower procurement costs (depreciation of the USD) and the favourable revenue mix (bigger contribution from the agricultural business, with a larger margin).
- **Boosting the Group's profitability (7.5% 2020e Rec. EBITDA/Revenue, +1.7p.p.)**, obtaining EUR 3.0Mn of Rec. EBITDA (+18.8% y/y), vs. our previous estimate of EUR 1.8Mn. Both the policy of cost cutting (-9.1% y/y in recurrent total operating costs) and the government's furlough scheme implemented during the pandemic have been crucial, strengthened by efficiencies associated with the restructuring carried out in 2019 (-7.5% y/y in personnel costs).
- **And significantly exceeding break even in EBIT, despite the Covid-19 crisis:** EUR 1.0Mn 2020e (vs. break even in our previous estimate), exceeding EUR 1.5Mn in recurrent terms (+11.4% y/y).
- **And "saving" the year (EUR 0.7Mn of NP 2020e)**, vs. EUR -0.1Mn in our previous estimate, completing five years in the black (growing, until 2018).
- **The excessive disinvestment in working capital...**, with a reduction of c. -20% y/y in inventories (EUR 10.3Mn 2020e, c. -15% vs. our previous estimate) has taken the inventories/sales ratio to 26.1%, c. -3.5p.p. vs. the -5y average. Inventories have been affected by the bottleneck in supplies caused by Covid-19 (imports from Asia).
- **...will allow for the reduction of Group ND (EUR 12.4Mn 2020e, -20.3% y/y)** vs. the previously estimated stability (EUR 15.1Mn), and a 2020e debt ratio of 4.2x ND/Rec. EBITDA (-2.1x y/y).

**Chart 1. Revenues vs. CAPEX/Sales and Stocks/Sales (DESA)**



**Chart 2. GDP vs. total investment in construction (Spain)**



Source: Statistics National Institute (INE), Bank of Spain, Ministry of Public Works and Transport and SEOPAN (Asociación de Empresas Constructoras y Concesionarias de Infraestructuras).

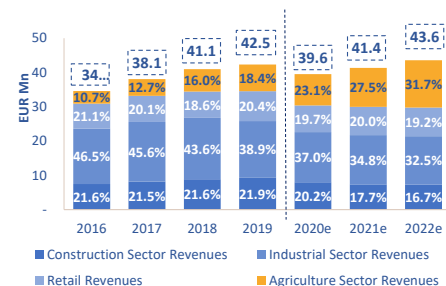
- ...and generate positive FCF again (EUR 3.7Mn 2020e), also strengthened by the reduction in CAPEX (EUR 1.7Mn, -32.4% y/y), after the investment effort made in the last five years.
- The suspension of the dividend is set to continue in 2020 due to the existing uncertainty, and the still high debt ratio (ND/Rec. EBITDA >4x).

**Despite a feeling of déjà vu regarding the macro situation at the beginning of 2021, we upgrade our estimates**

In December, the Bank of Spain cooled its growth forecast for 2021, suggesting +4.2% in its worst-case scenario (in line with the EC's autumn forecast for the Eurozone) vs. +6.8% in its central scenario. The most negative scenario would result in unemployment rising sharply to 20.5% (levels last seen -5y), increasing the risk of a structural decline in demand (vs. pre-crisis levels).

A context in which economic recovery is delayed until 2H 2021 but with the increase in raw material costs encouraging the industry as a whole to raise prices. This, together with the significantly better than expected performance by DESA in 2020 warrants a modest upgrade to our 2021e-2022e numbers:

**Chart 3. Revenues Mix**



- Raising (m/t) revenue estimates by an average of c. +2% vs. our previous estimate: to EUR 41.4Mn in 2021e (+4.6% y/y; -2.6% vs. 2019) that will depend on the speed of the economic recovery (2H 2021) and the efficacy of the economic support measures rolled out at the European level. DESA will manage to exceed +2y the level of revenue left behind pre-Covid-19 (EUR 43.6Mn in 2022e; CAGR +2y: +5.0%), with a healthier revenue mix. Growing contribution from the agricultural division ("acyclical"; 31.7% of 2022e revenue, +13.3p.p. vs. -3y) and less exposure to the construction sector (16.7% of 2022e revenue, -5.2p.p. vs. -3y).

- Pressure on margins set to continue (2022e) due to tougher competition, it being necessary to replenish inventories against a backdrop of rising raw material costs. We envisage a fall of -0.6p.p. in the gross margin +2y (39.8% 2022e).

- But leaving room to accelerate growth in Rec. EBITDA (EUR 3.6Mn 2022e; +10.8% CAGR +2y) thanks to the efficacy of the cost control policy (31.5% total operating costs/revenue 2022e, -2.2p.p. vs. -3y).

- And maintain the target of exceeding (2022e) the EUR 2Mn EBIT threshold last seen prior to the crisis that began in 2008 (EUR 2.4Mn 2022e).

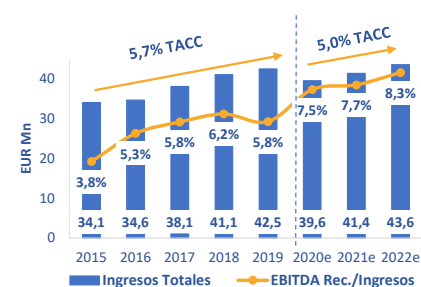
- Maintaining growing FCF generation (EUR 1.0Mn 2022e), thanks to the moderation of investment (EUR 0.6Mn/year +2y, c. 1.5% of sales), that will partially compensate for the reinvestment in working capital. We estimate c.+15% y/y in inventories 2021e, putting the inventories/revenue ratio at 28.5% in the year, in line with the historical average (29.5% 2022e).

- Resulting in a gradual normalisation of the debt ratio (2.9x ND/Rec. EBITDA 2022e; -1.3x vs. -2y), with EUR 10.4Mn of ND in 2022e (-16.2% vs. -2y).

- Doubling NP vs. pre-crisis levels, thanks to a smaller financial impact. We estimate EUR 1.7Mn of NP 2022e (vs. EUR 0.8Mn 2019). Our estimates (stripping out extraordinary items) include an average tax rate of c. 24% +2y (in line with the one recorded in 2019).

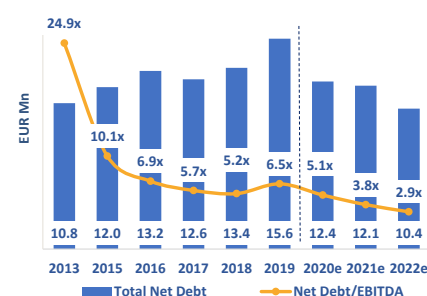
- And resumption of the dividend. After the interruption of shareholder remuneration in 2019, the recovery of the business is likely to allow dividend payments to be resumed. We estimate a pay-out of 50% from 2021e (in line with our previous estimate).

**Chart 4. Revenues vs. Rec. EBITDA/Revenues**

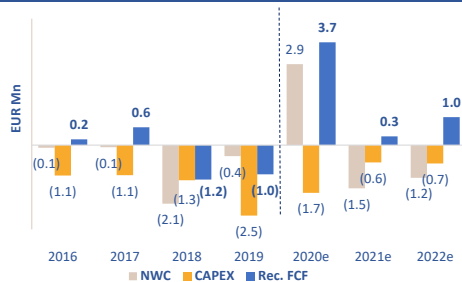


Note: EUR +0.3Mn IFRS-16 impact in 2019 Rec. EBITDA vs. 2018.

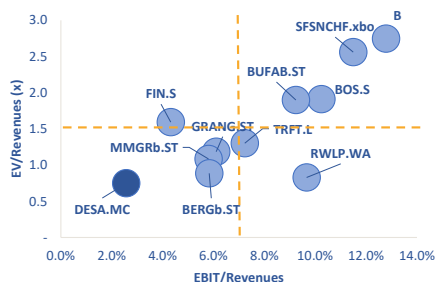
**Chart 5. ND/Rec. EBITDA vs Net Debt**



**Chart 6. Rec. FCF vs. CAPEX and NWC**



**Chart 7. EV/Sales and EBIT/Sales 2020e vs. main peers**



**Table 1. Review of estimates**

EUR Mn	2020e (New)	Review (%)	2020e (New)	Review (%)	2022e (New)	Review (%)
<b>Total Revenues</b>	<b>39.6</b>	<b>5.0%</b>	<b>41.4</b>	<b>1.9%</b>	<b>43.6</b>	<b>2.2%</b>
<b>Recurrent EBITDA</b>	<b>3.0</b>	<b>61.1%</b>	<b>3.2</b>	<b>11.7%</b>	<b>3.6</b>	<b>6.8%</b>
<i>Recurrent EBITDA growth</i>	<i>18.8%</i>	<i>45.1 p.p.</i>	<i>7.8%</i>	<i>-47.6 p.p.</i>	<i>13.8%</i>	<i>-5.2 p.p.</i>
<i>Rec. EBITDA/Revenues</i>	<i>7.5%</i>	<i>2.6 p.p.</i>	<i>7.7%</i>	<i>0.7 p.p.</i>	<i>8.3%</i>	<i>0.4 p.p.</i>
<b>EBIT</b>	<b>1.0</b>	<b>n.a.</b>	<b>1.9</b>	<b>20.7%</b>	<b>2.4</b>	<b>10.8%</b>
<b>Net Profit</b>	<b>0.7</b>	<b>611.5%</b>	<b>1.4</b>	<b>22.4%</b>	<b>1.7</b>	<b>11.9%</b>
<b>Rec. Free Cash Flow</b>	<b>3.7</b>	<b>245.2%</b>	<b>0.3</b>	<b>-71.9%</b>	<b>1.0</b>	<b>-21.6%</b>
<i>ND / Rec. EBITDA</i>	<i>4.2 x</i>	<i>-4.0 x</i>	<i>3.8 x</i>	<i>-1.3 x</i>	<i>2.9 x</i>	<i>-1.3 x</i>

**Conclusion: its good performance in 2020, strengthens DESA's position as a company able to grow more than its sector (EBITDA), with profitability in line with this (I/t)**

Although the scenario remains one of caution due to the virulence of the third wave of the Covid-19 pandemic and the risk of an imminent hardening of containment measures (aggravating the effects of the crisis), DESA has factors in its favour (growth of the fastenings market and business diversification) that will allow it to weather the crisis. The efficacy of the raft of economic measures implemented remains to be seen as regards their impact on the rate of recovery of the economy (2H 2021), but at DESA there are valid "micro" reasons in 2H 2020 to expect a much better performance than initially expected.

In this scenario, cost control and efficiency improvement policies will remain crucial to improving Group profitability (I/t), that should not have any problems (*a priori*) exceeding levels of EBIT last seen in 2007 (c. EUR 2Mn). The business diversification strategy implemented in recent years (commitment to the acyclical agricultural business) and the ability to pass on the increase in costs to clients (general in the industry), will underpin Group growth.

All this points to a stock that could clearly outperform the sector in the next two years and brings to the table a unique idea among industrial stocks: 2020 EV/EBITDA 10x with EBITDA growth (2020-2022) >20% (CAGR), more than 5p.p. above the sector and narrowing the profitability gap with this: 2022e EBITDA/revenues 8.3% (c. +2p.p. +2y), vs. > 10% for the sector.

## Appendix 1. Financial Projections<sup>(1)</sup>

Balance Sheet (EUR Mn)	2015	2016	2017	2018	2019	2020e	2021e	2022e	CAGR	
Intangible assets	0.4	0.5	0.5	0.6	1.1	0.9	0.7	0.5		
Fixed assets	9.0	10.8	11.2	11.4	13.0	13.6	13.4	13.2		
Other Non Current Assets	2.6	2.5	2.3	2.0	1.7	1.7	1.7	1.7		
Financial Investments	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
Goodwill & Other Intangibles	-	-	-	-	-	-	-	-		
Current assets	18.5	19.2	20.5	22.2	22.7	19.1	20.9	22.5		
<b>Total assets</b>	<b>30.6</b>	<b>33.0</b>	<b>34.4</b>	<b>36.2</b>	<b>38.5</b>	<b>35.4</b>	<b>36.8</b>	<b>38.0</b>		
Equity	10.1	10.7	11.5	12.7	12.5	13.3	14.7	17.1		
Minority Interests	-	-	-	-	-	-	-	-		
Provisions & Other L/T Liabilities	0.6	0.6	0.7	0.7	0.6	0.6	0.6	0.6		
Other Non Current Liabilities	-	-	-	-	0.4	0.4	0.4	0.4		
Net financial debt	12.0	13.2	12.6	13.4	15.6	12.4	12.1	10.4		
Current Liabilities	7.9	8.5	9.7	9.3	9.4	8.7	9.0	9.4		
<b>Equity &amp; Total Liabilities</b>	<b>30.6</b>	<b>33.0</b>	<b>34.4</b>	<b>36.2</b>	<b>38.5</b>	<b>35.4</b>	<b>36.8</b>	<b>38.0</b>		
P&L (EUR Mn)	2015	2016	2017	2018	2019	2020e	2021e	2022e	15-19	19-22e
<b>Total Revenues</b>	<b>34.1</b>	<b>34.6</b>	<b>38.1</b>	<b>41.1</b>	<b>42.5</b>	<b>39.6</b>	<b>41.4</b>	<b>43.6</b>	<b>5.7%</b>	<b>0.9%</b>
<i>Total Revenues growth</i>	5.7%	1.7%	9.9%	7.8%	3.5%	-6.9%	4.6%	5.4%		
COGS	(20.8)	(20.6)	(23.2)	(24.5)	(25.7)	(23.6)	(25.0)	(26.2)		
<b>Gross Margin</b>	<b>13.2</b>	<b>14.0</b>	<b>14.9</b>	<b>16.6</b>	<b>16.8</b>	<b>16.0</b>	<b>16.4</b>	<b>17.4</b>	<b>6.2%</b>	<b>1.1%</b>
<i>Gross Margin/Revenues</i>	38.8%	40.5%	39.0%	40.3%	39.6%	40.4%	39.6%	39.8%		
Personnel Expenses	(6.9)	(7.2)	(7.4)	(7.7)	(7.8)	(7.2)	(7.3)	(7.4)		
Other Operating Expenses	(5.0)	(5.0)	(5.2)	(6.3)	(6.5)	(5.8)	(5.9)	(6.3)		
<b>Recurrent EBITDA</b>	<b>1.3</b>	<b>1.8</b>	<b>2.2</b>	<b>2.6</b>	<b>2.5</b>	<b>3.0</b>	<b>3.2</b>	<b>3.6</b>	<b>17.4%</b>	<b>13.4%</b>
<i>Recurrent EBITDA growth</i>	8.8%	39.3%	21.8%	15.3%	-2.9%	18.8%	7.8%	13.8%		
<i>Rec. EBITDA/Revenues</i>	3.8%	5.3%	5.8%	6.2%	5.8%	7.5%	7.7%	8.3%		
Restructuring Expense & Other non-rec.	(0.1)	0.1	-	-	(0.1)	(0.5)	-	-		
<b>EBITDA</b>	<b>1.2</b>	<b>1.9</b>	<b>2.2</b>	<b>2.6</b>	<b>2.4</b>	<b>2.5</b>	<b>3.2</b>	<b>3.6</b>	<b>19.2%</b>	<b>15.0%</b>
Depreciation & Provisions	(0.8)	(0.8)	(0.9)	(1.0)	(1.0)	(1.3)	(1.1)	(1.1)		
Capitalized Expense	-	-	-	0.1	0.0	0.0	0.0	0.0		
Rentals (IFRS 16 impact)	-	-	-	-	(0.2)	(0.2)	(0.2)	(0.2)		
<b>EBIT</b>	<b>0.4</b>	<b>1.1</b>	<b>1.3</b>	<b>1.7</b>	<b>1.2</b>	<b>1.0</b>	<b>1.9</b>	<b>2.4</b>	<b>34.5%</b>	<b>24.7%</b>
<i>EBIT growth</i>	-13.1%	191.9%	17.1%	31.5%	-27.1%	-16.9%	91.5%	21.7%		
<i>EBIT/Revenues</i>	1.1%	3.1%	3.3%	4.1%	2.9%	2.6%	4.7%	5.4%		
Impact of Goodwill & Others	-	-	-	-	-	-	-	-		
Net Financial Result	(0.5)	(0.3)	(0.2)	(0.2)	(0.2)	(0.1)	(0.1)	(0.1)		
Income by the Equity Method	-	-	-	-	-	-	-	-		
<b>Ordinary Profit</b>	<b>(0.1)</b>	<b>0.8</b>	<b>1.1</b>	<b>1.5</b>	<b>1.1</b>	<b>0.9</b>	<b>1.9</b>	<b>2.3</b>	<b>79.9%</b>	<b>29.1%</b>
<i>Ordinary Profit Growth</i>	8.3%	702.8%	40.8%	42.0%	-29.7%	-18.5%	114.1%	23.2%		
Extraordinary Results	-	-	-	-	-	-	-	-		
<b>Profit Before Tax</b>	<b>(0.1)</b>	<b>0.8</b>	<b>1.1</b>	<b>1.5</b>	<b>1.1</b>	<b>0.9</b>	<b>1.9</b>	<b>2.3</b>	<b>79.9%</b>	<b>29.1%</b>
Tax Expense	(0.0)	(0.1)	(0.2)	(0.3)	(0.3)	(0.1)	(0.4)	(0.5)		
<i>Effective Tax Rate</i>	n.a.	14.4%	21.7%	19.0%	23.8%	15.5%	23.8%	23.8%		
Minority Interests	-	-	-	-	-	-	-	-		
Discontinued Activities	-	-	-	-	-	-	-	-		
<b>Net Profit</b>	<b>(0.1)</b>	<b>0.6</b>	<b>0.8</b>	<b>1.2</b>	<b>0.8</b>	<b>0.7</b>	<b>1.4</b>	<b>1.7</b>	<b>68.9%</b>	<b>29.1%</b>
<i>Net Profit growth</i>	92.1%	590.0%	28.8%	46.8%	-33.8%	-9.6%	93.1%	23.2%		
<b>Ordinary Net Profit</b>	<b>0.0</b>	<b>0.6</b>	<b>0.8</b>	<b>1.2</b>	<b>0.9</b>	<b>1.2</b>	<b>1.4</b>	<b>1.7</b>	<b>n.a.</b>	<b>25.3%</b>
<i>Ordinary Net Profit growth</i>	101.0%	n.a.	47.4%	46.8%	-27.7%	30.4%	22.5%	23.2%		
Cash Flow (EUR Mn)	2015	2016	2017	2018	2019	2020e	2021e	2022e	15-19	19-22e
<b>Recurrent EBITDA</b>						<b>3.0</b>	<b>3.2</b>	<b>3.6</b>	<b>17.4%</b>	<b>13.4%</b>
Rentals (IFRS 16 impact)						(0.2)	(0.2)	(0.2)		
Working Capital Increase						2.9	(1.5)	(1.2)		
<b>Recurrent Operating Cash Flow</b>						<b>5.6</b>	<b>1.5</b>	<b>2.3</b>	<b>65.7%</b>	<b>6.5%</b>
CAPEX						(1.7)	(0.6)	(0.7)		
Net Financial Result affecting the Cash Flow						(0.1)	(0.1)	(0.1)		
Tax Expense						(0.1)	(0.4)	(0.5)		
<b>Recurrent Free Cash Flow</b>						<b>3.7</b>	<b>0.3</b>	<b>1.0</b>	<b>0.0%</b>	<b>43.5%</b>
Restructuring Expense & Other non-rec.						(0.5)	-	-		
- Acquisitions / + Divestures of assets						-	-	-		
Extraordinary Inc./Exp. Affecting Cash Flow						-	-	-		
<b>Free Cash Flow</b>						<b>3.2</b>	<b>0.3</b>	<b>1.0</b>	<b>0.6%</b>	<b>42.1%</b>
Capital Increase						-	-	-		
Dividends						-	-	0.7		
<b>Net Debt Variation</b>						<b>(3.2)</b>	<b>(0.3)</b>	<b>(1.7)</b>		

Note 1: Financial projections include IFRS 16 adjustments. FY 19 EBITDA is c. EUR 0.3Mn higher due to IFRS 16.

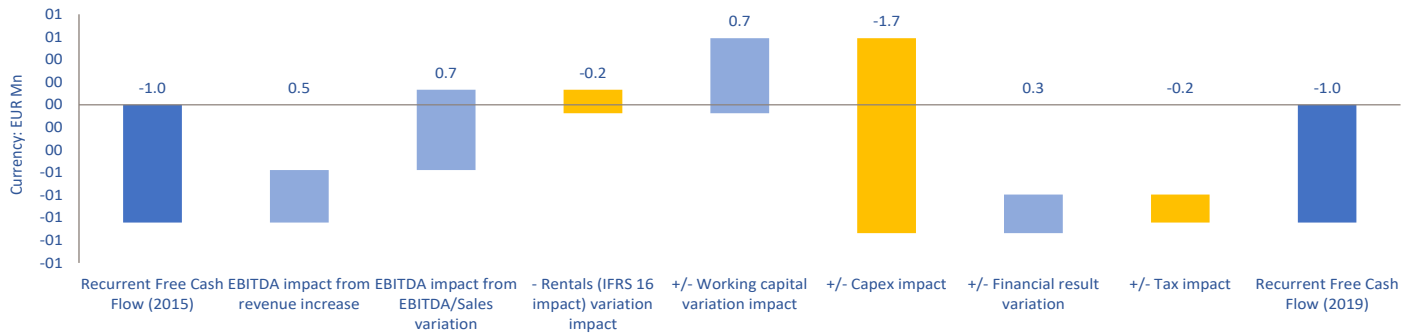


## Appendix 2. Free Cash Flow<sup>(1)</sup>

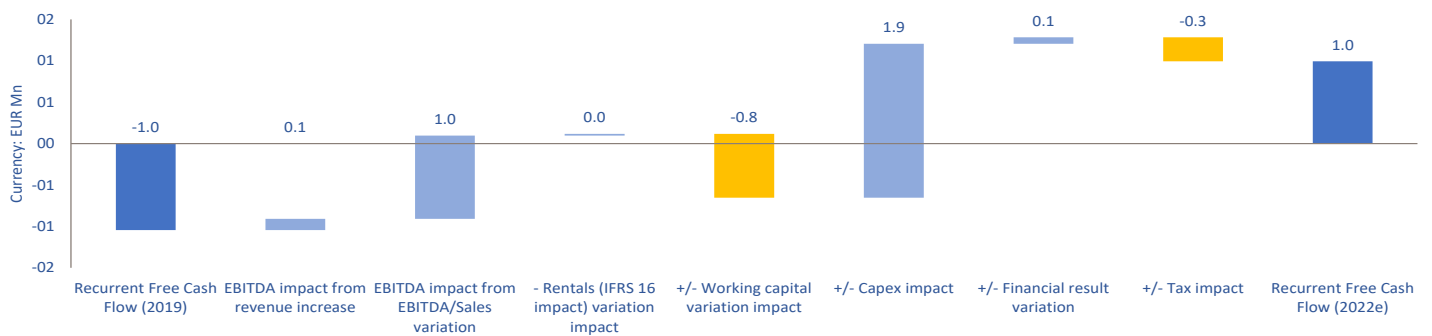
A) Cash Flow Analysis (EUR Mn)	2016	2017	2018	2019	2020e	2021e	2022e	CAGR	
								16-19	19-22e
<b>Recurrent EBITDA</b>	<b>1.8</b>	<b>2.2</b>	<b>2.6</b>	<b>2.5</b>	<b>3.0</b>	<b>3.2</b>	<b>3.6</b>	<b>10.9%</b>	<b>13.4%</b>
<i>Recurrent EBITDA growth</i>	39.3%	21.8%	15.3%	-2.9%	18.8%	7.8%	13.8%		
<i>Rec. EBITDA/Revenues</i>	5.3%	5.8%	6.2%	5.8%	7.5%	7.7%	8.3%		
- Rentals (IFRS 16 impact)	-	-	-	(0.2)	(0.2)	(0.2)	(0.2)		
+/- Working Capital increase	(0.1)	(0.1)	(2.1)	(0.4)	2.9	(1.5)	(1.2)		
<b>= Recurrent Operating Cash Flow</b>	<b>1.7</b>	<b>2.1</b>	<b>0.5</b>	<b>1.9</b>	<b>5.6</b>	<b>1.5</b>	<b>2.3</b>	<b>2.8%</b>	<b>6.5%</b>
<i>Rec. Operating Cash Flow growth</i>	593.5%	23.9%	-78.0%	298.6%	199.9%	-74.1%	55.6%		
<i>Rec. Operating Cash Flow / Sales</i>	5.0%	5.6%	1.1%	4.4%	14.3%	3.5%	5.2%		
- CAPEX	(1.1)	(1.1)	(1.3)	(2.5)	(1.7)	(0.6)	(0.7)		
- Net Financial Result affecting Cash Flow	(0.3)	(0.2)	(0.2)	(0.2)	(0.1)	(0.1)	(0.1)		
- Taxes	(0.1)	(0.2)	(0.3)	(0.3)	(0.1)	(0.4)	(0.5)		
<b>= Recurrent Free Cash Flow</b>	<b>0.2</b>	<b>0.6</b>	<b>(1.2)</b>	<b>(1.0)</b>	<b>3.7</b>	<b>0.3</b>	<b>1.0</b>	<b>-92.7%</b>	<b>43.5%</b>
<i>Rec. Free Cash Flow growth</i>	119.4%	212.3%	-294.5%	15.2%	451.2%	-91.5%	220.9%		
<i>Rec. Free Cash Flow / Revenues</i>	0.6%	1.7%	n.a.	n.a.	9.3%	0.7%	2.3%		
- Restructuring expenses & others	0.1	-	-	(0.1)	(0.5)	-	-		
- Acquisitions / + Divestments	(1.7)	-	-	-	-	-	-		
+/- Extraordinary Inc./Exp. affecting Cash Flow	-	-	-	-	-	-	-		
<b>= Free Cash Flow</b>	<b>(1.4)</b>	<b>0.6</b>	<b>(1.2)</b>	<b>(1.1)</b>	<b>3.2</b>	<b>0.3</b>	<b>1.0</b>	<b>6.6%</b>	<b>42.1%</b>
<i>Free Cash Flow growth</i>	-19.6%	145.1%	-294.5%	7.1%	377.0%	-90.2%	220.9%		
<i>Recurrent Free Cash Flow - Yield (s/Mkt Cap)</i>	1.3%	3.9%	n.a.	n.a.	22.8%	1.9%	6.2%		
<i>Free Cash Flow Yield (s/Mkt Cap)</i>	n.a.	3.9%	n.a.	n.a.	19.7%	1.9%	6.2%		
<b>B) Analytical Review of Annual Recurrent Free Cash Flow Performance (Eur Mn)</b>									
<b>Recurrent FCF(FY - 1)</b>	<b>(1.0)</b>	<b>0.2</b>	<b>0.6</b>	<b>(1.2)</b>	<b>(1.0)</b>	<b>3.7</b>	<b>0.3</b>		
EBITDA impact from revenue increase	0.0	0.2	0.2	0.1	(0.2)	0.1	0.2		
EBITDA impact from EBITDA/Sales variation	0.5	0.2	0.2	(0.2)	0.6	0.1	0.3		
<b>= Recurrent EBITDA variation</b>	<b>0.5</b>	<b>0.4</b>	<b>0.3</b>	<b>(0.1)</b>	<b>0.5</b>	<b>0.2</b>	<b>0.4</b>		
- Rentals (IFRS 16 impact) variation impact	-	-	-	(0.2)	0.0	-	-		
+/- Working capital variation impact	1.0	0.0	(2.0)	1.7	3.3	(4.4)	0.4		
<b>= Recurrent Operating Cash Flow variation</b>	<b>1.5</b>	<b>0.4</b>	<b>(1.7)</b>	<b>1.4</b>	<b>3.8</b>	<b>(4.2)</b>	<b>0.8</b>		
+/- CAPEX impact	(0.3)	0.0	(0.2)	(1.3)	0.8	1.1	(0.0)		
+/- Financial result variation	0.2	0.1	0.0	0.0	0.0	0.1	0.0		
+/- Tax impact	(0.1)	(0.1)	(0.1)	0.0	0.1	(0.3)	(0.1)		
<b>= Recurrent Free Cash Flow variation</b>	<b>1.2</b>	<b>0.4</b>	<b>(1.9)</b>	<b>0.2</b>	<b>4.7</b>	<b>(3.4)</b>	<b>0.7</b>		
<b>Recurrent Free Cash Flow</b>	<b>0.2</b>	<b>0.6</b>	<b>(1.2)</b>	<b>(1.0)</b>	<b>3.7</b>	<b>0.3</b>	<b>1.0</b>		
<b>C) "FCF to the Firm" (pre debt service) (EUR Mn)</b>									
<b>EBIT</b>	<b>1.1</b>	<b>1.3</b>	<b>1.7</b>	<b>1.2</b>	<b>1.0</b>	<b>1.9</b>	<b>2.4</b>	<b>3.9%</b>	<b>24.7%</b>
* <i>Theoretical Tax rate</i>	14.4%	21.7%	19.0%	23.8%	15.5%	23.8%	23.8%		
= Taxes (pre- Net Financial Result)	(0.2)	(0.3)	(0.3)	(0.3)	(0.2)	(0.5)	(0.6)		
<b>Recurrent EBITDA</b>	<b>1.8</b>	<b>2.2</b>	<b>2.6</b>	<b>2.5</b>	<b>3.0</b>	<b>3.2</b>	<b>3.6</b>	<b>10.9%</b>	<b>13.4%</b>
- Rentals (IFRS 16 impact)	-	-	-	(0.2)	(0.2)	(0.2)	(0.2)		
+/- Working Capital increase	(0.1)	(0.1)	(2.1)	(0.4)	2.9	(1.5)	(1.2)		
<b>= Recurrent Operating Cash Flow</b>	<b>1.7</b>	<b>2.1</b>	<b>0.5</b>	<b>1.9</b>	<b>5.6</b>	<b>1.5</b>	<b>2.3</b>	<b>2.8%</b>	<b>6.5%</b>
- CAPEX	(1.1)	(1.1)	(1.3)	(2.5)	(1.7)	(0.6)	(0.7)		
- Taxes (pre- Financial Result)	(0.2)	(0.3)	(0.3)	(0.3)	(0.2)	(0.5)	(0.6)		
<b>= Recurrent Free Cash Flow (To the Firm)</b>	<b>0.5</b>	<b>0.8</b>	<b>(1.1)</b>	<b>(0.9)</b>	<b>3.8</b>	<b>0.4</b>	<b>1.1</b>	<b>-57.4%</b>	<b>46.5%</b>
<i>Rec. Free Cash Flow (To the Firm) growth</i>	190.3%	63.5%	-238.1%	15.9%	510.3%	-90.1%	180.5%		
<i>Rec. Free Cash Flow (To the Firm) / Revenues</i>	1.4%	2.1%	n.a.	n.a.	9.6%	0.9%	2.4%		
- Acquisitions / + Divestments	(1.7)	-	-	-	-	-	-		
+/- Extraordinary Inc./Exp. affecting Cash Flow	-	-	-	-	-	-	-		
<b>= Free Cash Flow "To the Firm"</b>	<b>(1.2)</b>	<b>0.8</b>	<b>(1.1)</b>	<b>(0.9)</b>	<b>3.8</b>	<b>0.4</b>	<b>1.1</b>	<b>8.7%</b>	<b>46.5%</b>
<i>Free Cash Flow (To the Firm) growth</i>	-125.0%	165.6%	-238.1%	15.9%	510.3%	-90.1%	180.5%		
<i>Rec. Free Cash Flow To the Firm Yield (o/EV)</i>	1.6%	2.7%	n.a.	n.a.	12.8%	1.3%	3.6%		
<i>Free Cash Flow "To the Firm" - Yield (o/EV)</i>	n.a.	2.7%	n.a.	n.a.	12.8%	1.3%	3.6%		

Note 1: Financial projections include IFRS 16 adjustments. FY 19 EBITDA is c. EUR 0.3Mn higher due to IFRS 16.

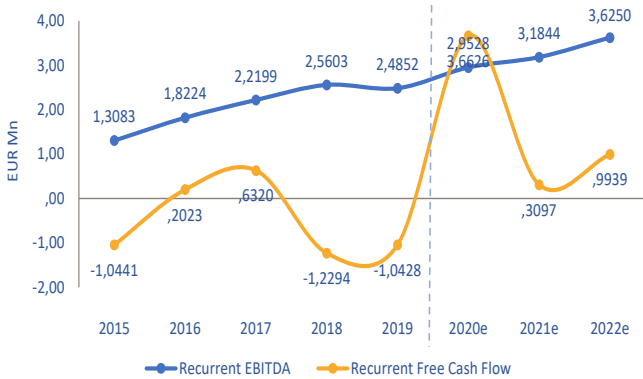
**Recurrent Free Cash Flow accumulated variation analysis (2015 - 2019)**



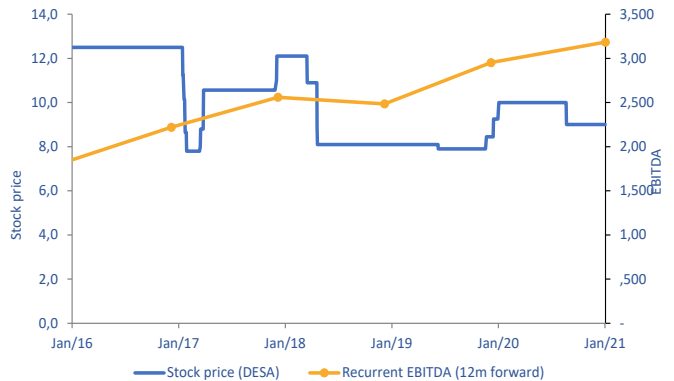
**Recurrent Free Cash Flow accumulated variation analysis (2019 - 2022e)**



**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	16.1	
+ Minority Interests	-	9m Results 2020
+ Provisions & Other L/T Liabilities	0.7	9m Results 2020
+ Net financial debt	12.9	9m Results 2020
- Financial Investments	0.1	9m Results 2020
+/- Others		9m Results 2020
<b>Enterprise Value (EV)</b>	<b>29.7</b>	

## Appendix 4. Historical performance <sup>(1)(2)</sup>

Historical performance (EUR Mn)	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020e	2021e	2022e	CAGR	
															09-19	19-22e
Total Revenues	10.9	23.7	36.9	31.9	31.9	32.2	34.1	34.6	38.1	41.1	42.5	39.6	41.4	43.6	14.6%	0.9%
Total Revenues growth	-24.3%	117.3%	55.4%	-13.4%	-0.1%	1.1%	5.7%	1.7%	9.9%	7.8%	3.5%	-6.9%	4.6%	5.4%		
EBITDA	(0.0)	(0.7)	1.7	(0.2)	0.4	1.2	1.2	1.9	2.2	2.6	2.4	2.5	3.2	3.6	57.2%	15.0%
EBITDA growth	-101.4%	n.a.	331.8%	-113.1%	295.2%	177.4%	-1.8%	62.4%	15.7%	15.3%	-6.8%	2.8%	29.8%	13.8%		
EBITDA/Sales	n.a.	n.a.	4.6%	n.a.	1.4%	3.7%	3.5%	5.5%	5.8%	6.2%	5.6%	6.2%	7.7%	8.3%		
Net Profit	(0.7)	0.4	0.0	(1.0)	(0.6)	(1.7)	(0.1)	0.6	0.8	1.2	0.8	0.7	1.4	1.7	12.0%	29.1%
Net Profit growth	-205.7%	157.2%	-91.8%	n.a.	41.4%	-193.4%	92.1%	590.0%	28.8%	46.8%	-33.8%	-9.6%	93.1%	23.2%		
Adjusted number shares (Mn)	1.1	1.5	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8		
EPS (EUR)	-0.67	0.29	0.02	-0.55	-0.32	-0.94	-0.07	0.36	0.47	0.69	0.46	0.41	0.79	0.98	10.4%	29.0%
EPS growth	n.a.	n.a.	-93.3%	n.a.	41.4%	n.a.	92.1%	n.a.	29.1%	46.9%	-33.8%	-9.8%	93.1%	23.2%		
Ord. EPS (EUR)	-0.34	0.18	0.04	-0.47	-0.23	-0.08	0.00	0.32	0.47	0.69	0.50	0.65	0.79	0.98	13.2%	25.2%
Ord. EPS growth	-93.1%	n.a.	-75.8%	n.a.	51.9%	66.3%	n.a.	n.a.	47.7%	46.9%	-27.7%	30.0%	22.5%	23.2%		
CAPEX	(0.4)	(0.3)	(0.7)	(0.1)	(0.4)	(0.5)	(0.8)	(1.1)	(1.1)	(1.3)	(2.5)	(1.7)	(0.6)	(0.7)		
CAPEX/Sales %	3.4%	1.3%	2.0%	0.4%	1.2%	1.6%	2.3%	3.1%	2.8%	3.0%	5.9%	4.3%	1.5%	1.5%		
Free Cash Flow	1.4	0.8	(0.7)	2.9	0.6	(0.0)	(1.2)	(1.4)	0.6	(1.2)	(1.1)	3.2	0.3	1.0	-	42.1%
ND/EBITDA (x) <sup>(2)</sup>	n.a.	n.a.	7.6x	n.a.	24.9x	9.1x	10.1x	6.9x	5.7x	5.2x	6.5x	5.1x	3.8x	2.9x	10.9%	
P/E (x)	n.a.	43.0x	n.a.	n.a.	n.a.	n.a.	n.a.	33.3x	17.3x	12.3x	19.8x	21.9x	11.4x	9.2x		
EV/Sales (x)	1.66x	1.49x	0.98x	1.08x	1.06x	1.05x	1.03x	1.04x	0.91x	0.69x	0.74x	0.75x	0.72x	0.68x		
EV/EBITDA (x) <sup>(2)</sup>	n.a.	n.a.	21.4x	n.a.	n.a.	28.1x	29.6x	18.8x	15.7x	11.1x	13.1x	12.1x	9.3x	8.2x		
Absolute performance	n.a.	22.5%	2.0%	0.0%	0.0%	0.0%	0.0%	0.0%	-3.2%	-33.1%	4.3%	6.5%				
Relative performance vs Ibx 35	n.a.	48.4%	17.4%	4.9%	-17.6%	-3.5%	7.7%	2.1%	-9.9%	-21.3%	-6.7%	26.0%				

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 Refinitiv.

Note 2: Financial projections include IFRS 16 adjustments. FY 19 EBITDA is c. EUR 0.3Mn higher due to IFRS 16.

Note 3: All ratios and multiples on EBITDA refer to total EBITDA (not to recurrent EBITDA).

## Appendix 5. Main Competitors 2020e

Market data	Broad Range players							Average	High Tech Specialty players					Average	DESA
	NORMA GROUP SE	RAWLPLUG SA	GRANGES AB	MOMENTUM GROUP AB	TRIFAST PLC	BERGMAN & BEVING AB	GEORG FISCHER AG		BOSSARD HOLDING AG	BUFAB AB	SFS GROUP AG	BARNES GROUP INC			
EUR Mn	NOEJ.DE	RWLP.WA	GRANG.ST	MMGRb.ST	TRFT.L	BERGb.ST		FIN.S	BOS.S	BUFAB.ST	SFSNCHF.xbc	B		DESA.MC	
Country	Germany	Poland	Sweden	Sweden	U.K.	Sweden		Switzerland	Switzerland	Sweden	Switzerland	U.S.A.		Spain	
Market cap	1,305.1	71.0	1,050.6	710.3	219.0	264.6		4,206.0	1,257.5	719.1	3,936.9	2,009.6		16.1	
Enterprise value (EV)	1,661.3	141.5	1,286.5	969.9	252.4	362.8		4,614.2	1,434.8	886.6	3,953.5	2,538.3		29.7	
Total Revenues	950.0	170.7	1,085.3	894.4	193.8	408.7		2,895.0	750.4	466.6	1,543.8	923.5		39.6	
Total Revenues growth	-13.6%	-4.6%	-8.4%	47.4%	-14.4%	1.8%	1.4%	-16.3%	-7.8%	8.5%	-6.8%	-25.0%		-9.5%	-6.9%
2y CAGR (2020e - 2022e)	3.5%	5.2%	26.2%	n.a.	8.4%	n.a.	10.8%	9.1%	7.5%	5.6%	5.9%	6.8%		7.0%	5.0%
EBITDA	n.a.	24.2	116.6	107.9	17.8	41.2		246.8	95.0	60.7	268.6	184.1		2.5	
EBITDA growth	n.a.	26.6%	-11.2%	92.4%	-16.1%	16.5%	21.6%	-18.8%	-10.0%	2.3%	-12.9%	-33.5%		-14.6%	2.8%
2y CAGR (2020e - 2022e)	n.a.	-0.9%	29.5%	n.a.	15.3%	n.a.	14.6%	30.8%	12.0%	8.2%	10.3%	12.9%		14.8%	21.6%
EBITDA/Revenues	n.a.	14.2%	10.7%	12.1%	9.2%	10.1%	11.2%	8.5%	12.7%	13.0%	17.4%	19.9%		14.3%	6.2%
EBIT	n.a.	16.5	66.2	51.9	14.0	23.8		125.0	76.9	43.1	177.4	118.0		1.0	
EBIT growth	n.a.	39.0%	-22.6%	73.3%	4.8%	24.2%	23.7%	-28.4%	-13.6%	18.5%	-19.2%	-39.6%		-16.5%	-16.9%
2y CAGR (2020e - 2022e)	n.a.	-2.7%	40.7%	n.a.	21.2%	n.a.	19.7%	53.3%	13.1%	12.0%	14.2%	15.3%		21.6%	52.7%
EBIT/Revenues	n.a.	9.7%	6.1%	5.8%	7.2%	5.8%	6.9%	4.3%	10.2%	9.2%	11.5%	12.8%		9.6%	2.6%
Net Profit	n.a.	9.9	41.4	38.0	9.7	15.9		86.9	57.7	28.4	139.7	64.8		0.7	
Net Profit growth	n.a.	22.8%	-30.2%	77.0%	n.a.	38.8%	27.1%	-45.6%	-18.3%	13.4%	-27.2%	-50.4%		-25.6%	-9.6%
2y CAGR (2020e - 2022e)	n.a.	-6.9%	50.8%	n.a.	24.1%	n.a.	22.7%	59.5%	13.0%	13.5%	14.7%	26.4%		25.4%	54.2%
CAPEX/Sales %	n.a.	4.3%	7.2%	n.a.	1.7%	n.a.	4.4%	4.9%	4.5%	1.4%	6.7%	3.7%		4.2%	-4.3%
Free Cash Flow	n.a.	17.9	(42.1)	n.a.	13.2	n.a.		204.4	45.3	n.a.	114.1	143.0		3.2	
Net financial debt	n.a.	55.9	311.4	244.1	(7.9)	165.0		225.1	144.6	171.4	(86.4)	487.4		12.4	
ND/EBITDA (x)	n.a.	2.3	2.7	2.3	(0.4)	4.0		0.9	1.5	2.8	(0.3)	2.6		1.5	4.2
Pay-out	n.a.	0.0%	33.3%	25.3%	27.7%	45.9%	26.5%	33.4%	45.8%	29.3%	39.7%	43.9%		38.4%	0.0%
P/E (x)	22.3	n.a.	22.6	15.9	21.9	14.6	19.5	48.5	24.7	24.7	28.1	29.9		31.2	21.9
P/BV (x)	2.2	n.a.	1.5	2.3	n.a.	1.6	1.9	3.3	4.6	3.5	3.2	1.9		3.3	1.2
EV/Revenues (x)	1.7	0.8	1.2	1.1	1.3	0.9	1.2	1.6	1.9	1.9	2.6	2.7		2.1	0.7
EV/EBITDA (x)	n.a.	5.8	11.0	9.0	14.2	8.8	9.8	18.7	15.1	14.6	14.7	13.8		15.4	10.0
EV/EBIT (x)	n.a.	8.6	19.4	18.7	18.0	15.2	16.0	36.9	18.7	20.6	22.3	21.5		24.0	29.2
ROE	n.a.	10.1	8.0	n.a.	5.9	n.a.	8.0	6.6	19.8	15.1	12.3	6.4		12.0	5.7
FCF Yield (%)	n.a.	25.2	n.a.	n.a.	6.0	n.a.	15.6	4.9	3.6	n.a.	2.9	7.1		4.6	22.8
DPS	n.a.	0.00	0.16	0.35	0.02	0.27	0.16	7.09	2.88	0.22	1.48	0.56		2.45	0.00
Dvd Yield	n.a.	0.0%	1.6%	2.4%	0.0%	2.7%	1.4%	0.7%	1.5%	1.2%	1.4%	1.4%		1.2%	0.0%

Note 1: Financial data, multiples and ratios based on market consensus (Refinitiv). 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).



## Appendix 6. Valuation inputs

### Inputs for the DCF Valuation Approach

	2020e	2021e	2022e	Terminal Value <sup>(1)</sup>		
Free Cash Flow "To the Firm"	3.8	0.4	1.1	28.5		
Market Cap	16.1	At the date of this report				
Net financial debt	12.9	Debt net of Cash (9m Results 2020)				
					Best Case	Worst Case
Cost of Debt	1.6%	Net debt cost			1.3%	1.8%
Tax rate (T)	20.0%	T (Normalised tax rate)			=	=
Net debt cost	1.3%	Kd = Cost of Net Debt * (1-T)			1.1%	1.5%
Risk free rate (rf)	0.1%	Rf (10y Spanish bond yield)			=	=
Equity risk premium	9.0%	R (own estimate)			8.5%	9.5%
Beta (B)	1.1	B (Refinitiv and Lighthouse)			1.0	1.2
Cost of Equity	10.0%	Ke = Rf + (R * B)			8.6%	11.5%
Equity / (Equity + Net Debt)	55.5%	E (Market Cap as equity value)			=	=
Net Debt / (Equity + Net Debt)	44.5%	D			=	=
WACC	6.1%	WACC = Kd * D + Ke * E			5.2%	7.0%
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 Reuters	Mkt. Cap	P/E 20e	EPS 20e-22e	EV/EBITDA 20e	EBITDA 20e-22e	EV/Sales 20e	Revenues 20e-22e	EBITDA/Sales 20e	FCF Yield 20e	FCF 20e-22e
RAWLPLUG SA	RWLP.WA	71.0	n.a.	n.a.	5.8	-0.9%	0.8	5.2%	14.2%	25.2%	-29.0%
NORMA GROUP SE	NOEJ.DE	1,305.1	22.3	n.a.	n.a.	n.a.	1.7	3.5%	n.a.	n.a.	n.a.
GRANGES AB	GRANG.ST	1,050.6	22.6	42.9%	11.0	29.5%	1.2	26.2%	10.7%	n.a.	91.4%
MOMENTUM GROUP AB	MMGRB.ST	710.3	15.9	n.a.	9.0	n.a.	1.1	n.a.	12.1%	n.a.	n.a.
CHRISTIAN BERNER TECH TRADE AB	CBTTB.ST	47.6	18.7	21.4%	9.7	10.3%	0.9	5.5%	8.9%	n.a.	n.a.
TRIFAST PLC	TRFT.L	219.0	21.9	21.7%	14.2	15.3%	1.3	8.4%	9.2%	6.0%	-9.3%
ILLINOIS TOOL WORKS INC	ITW	51,064.6	30.6	14.9%	21.0	12.0%	5.4	7.8%	26.0%	3.7%	5.5%
<b>Broad Range players</b>			22.0	25.2%	11.8	13.2%	1.8	9.4%	13.5%	11.7%	14.7%
BARNES GROUP INC	B	2,009.6	29.9	22.2%	13.8	12.9%	2.7	6.8%	19.9%	7.1%	-9.8%
BUFAB AB	BUFAB.ST	719.1	24.7	13.6%	14.6	8.2%	1.9	5.6%	13.0%	n.a.	n.a.
SFS GROUP AG	SFSNCHF.xbo	3,936.9	28.1	14.7%	14.7	10.3%	2.6	5.9%	17.4%	2.9%	17.3%
GEORG FISCHER AG	FIN.S	4,206.0	48.5	61.7%	18.7	30.8%	1.6	9.1%	8.5%	4.9%	2.7%
BERGMAN & BEVING AB	BERGb.ST	264.6	14.6	n.a.	8.8	n.a.	0.9	n.a.	10.1%	n.a.	n.a.
BOSSARD HOLDING AG	BOS.S	1,257.5	24.7	12.7%	15.1	12.0%	1.9	7.5%	12.7%	3.6%	9.4%
<b>High Tech Specialty players</b>			28.4	25.0%	14.3	14.8%	1.9	7.0%	13.6%	4.6%	4.9%
DESA	DESA.MC	16.1	21.9	54.2%	10.0	21.6%	0.7	5.0%	6.2%	22.8%	-43.9%

### Free Cash Flow sensitivity analysis (2021e)

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

Scenario	EBITDA/Sales 21e	EBITDA 21e	EV/EBITDA 21e
Max	8.5%	3.5	8.4x
Central	7.7%	3.2	9.3x
Min	6.9%	2.9	10.4x

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

FCF Rec. EUR Mn	CAPEX/Sales 21e			Scenario	Rec. FCF/Yield 21e		
	1.3%	1.5%	1.7%		Max	Central	Min
EBITDA 21e	3.5	3.2	2.9	Max	4.5%	4.0%	3.5%
	0.7	0.4	0.1	Central	2.4%	1.9%	1.4%
	0.6	0.3	(0.0)	Min	0.4%	n.a.	n.a.
	0.6	0.2	(0.1)				

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Date of report	Recommendation	Price (EUR)	Target price (EUR)	Period of validity	Reason for report	Analyst
28-Jan-2021	n.a.	9.00	n.a.	n.a.	Review of estimates	Ana Isabel González García, CIAA
30-Oct-2020	n.a.	9.00	n.a.	n.a.	9m Results 2020	Ana Isabel González García, CIAA
29-Sep-2020	n.a.	9.00	n.a.	n.a.	6m Results 2020	Ana Isabel González García, CIAA
02-Jul-2020	n.a.	10.00	n.a.	n.a.	Review of estimates	Ana Isabel González García, CIAA
02-Mar-2020	n.a.	10.00	n.a.	n.a.	12m Results 2019	Ana Isabel González García, CIAA
23-Dec-2019	n.a.	8.45	n.a.	n.a.	Initiation of Coverage	Ana Isabel González García, CIAA

