

EQUITY - SPAIN

Sector: Machinery

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Closing price: EUR 15.50 (18 Apr 2022)

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 (30% of revenue) and is controlled by its core shareholders (c.75% of capital).

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Good 2021 results lead us to upgrade our estimates. 22e FCF yield: c. 10%

Market Data

Market Cap (Mn EUR and USD)	27.7	29.9
EV (Mn EUR and USD) ⁽¹⁾	38.6	41.7
Shares Outstanding (Mn)	1.8	
-12m (Max/Med/Mín EUR)	15.50 / 11.26 / 8.42	
Daily Avg volume (-12m Mn EUR)	n.m.	
Rotation ⁽²⁾	1.0	
Factset / Bloomberg	DESA-ES / 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)

	2021	2022e	2023e	2024e
Adj. nº shares (Mn)	1.8	1.8	1.8	1.8
Total Revenues	48.1	51.5	53.7	55.2
Rec. EBITDA	5.8	6.0	6.5	7.0
% growth	75.8	2.0	8.8	7.3
% Rec. EBITDA/Rev.	12.2	11.6	12.1	12.6
% Inc. EBITDA sector ⁽³⁾	19.2	16.9	16.8	14.6
Net Profit	3.8	3.6	4.1	4.5
EPS (EUR)	2.11	2.02	2.28	2.50
% growth	315.6	-4.4	13.2	9.7
Ord. EPS (EUR)	2.11	2.02	2.28	2.50
% growth	198.0	-4.4	13.2	9.7
Rec. Free Cash Flow ⁽⁴⁾	1.4	2.7	3.4	4.0
Pay-out (%)	39.8	41.6	36.7	33.5
DPS (EUR)	0.84	0.84	0.84	0.84
Net financial debt	10.8	9.6	7.7	5.2
ND/Rec. EBITDA (x)	1.9	1.6	1.2	0.7
ROE (%)	25.9	21.6	21.4	20.5
ROCE (%) ⁽⁴⁾	15.2	13.9	15.2	16.2

Ratios & Multiples (x)⁽⁵⁾

	2021	2022e	2023e	2024e
P/E	7.3	7.7	6.8	6.2
Ord. P/E	7.3	7.7	6.8	6.2
P/BV	1.8	1.6	1.4	1.2
Dividend Yield (%)	5.4	5.4	5.4	5.4
EV/Sales	0.80	0.75	0.72	0.70
EV/Rec. EBITDA	6.6	6.5	5.9	5.5
EV/EBIT	8.5	8.2	7.3	6.7
FCF Yield (%) ⁽⁴⁾	5.1	9.8	12.3	14.4

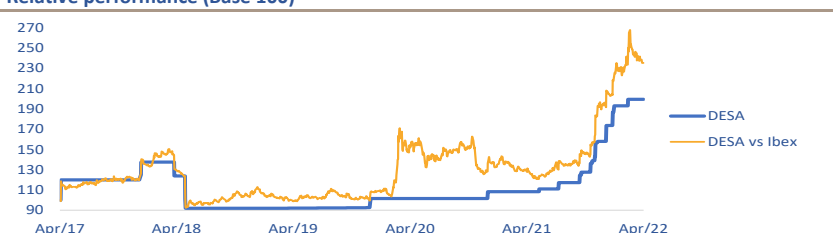
2021: VERY GOOD RESULTS... DESA ended 2021 with significant revenue growth (+21.3% vs 2020; +13.2% vs 2019) that, together with an almost perfect translation to the sale price of increases in the cost of raw materials (a success in the current situation) and high operating leverage, resulted in Rec. EBITDA “taking off” significantly (doubling 2019 both in absolute terms and in margin; 12.2% vs 5.6% in 2019). These are very strong results that reinforce DESA’s business diversification strategy (the “acyclical” agricultural division already accounts for c. 20% of revenue; equalling the construction division).

... THAT LEAD US TO UPGRADE OUR ESTIMATES: MID-SINGLE-DIGIT GROWTH, MAINTAINING MARGINS. Against the current backdrop of enormous uncertainty, our central scenario is for DESA to consolidate EBITDA levels similar to those seen in 2021. Specifically, in 2022e we estimate: (i) mid-single-digit growth in revenue (EUR 51.5Mn; +7% vs 2021; +16.9% vs previous estimate), (ii) maintaining EBITDA of EUR 6Mn (in line with 2021; +41.9% vs previous estimate) and (iii) a reduction of net debt (2022e ND: EUR 9.6Mn; 2022e ND/EBITDA: 1.6x). Maintaining a high ROCE (c. 15%; in line with 2021).

THE CAPACITY FOR CASH GENERATION WILL BECOME EVIDENT IN 2022E. We estimate that the consolidation of similar EBITDA to that seen in 2021, together with cash consumption due to CAPEX of EUR 1Mn (vs 0.7Mn in 2021) should enable DESA to generate 2022e Recurrent FCF of EUR 2.7Mn and maintain shareholder remuneration (22e DPS: EUR 0.84/share; payout c. 40%, yield 5.4%).

STILL TRADING AT LOW MULTIPLES. Although we envisage a normalisation of growth (21-24e revenue: +4.7% CAGR), the acyclical agricultural division is consolidating its position as a cornerstone of mid-term growth. This improves DESA’s position with respect to the likely macro slowdown that will inevitably impact its divisions with greater exposure to the cycle. Despite the good share price performance (+84.1% - 12m; +15% YTD), DESA is still trading the step-up in 2021 results at low multiples in relation to our 2022e estimates (P/E 7.7x vs c. 10x for its most direct peers). 22e FCF Yield: c. 10%.

Relative performance (Base 100)



Stock performance (%)

	-1m	-3m	-12m	YTD	-3Y	-5Y
Absolute	0.0	3.3	84.1	14.8	116.3	99.4
vs Ibex 35	-3.2	4.3	82.3	15.0	138.2	135.3
vs Ibex Small Cap Index	-3.6	1.0	87.2	10.5	69.0	33.0
vs Eurostoxx 50	1.4	14.3	92.9	28.2	96.6	76.7
vs Sector benchmark ⁽³⁾	9.9	23.1	105.5	50.6	31.6	11.7

(1) Please refer to Appendix 3.

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

(3) Sector: Europe Industrial Machinery.

(4) Please see Appendix 2 for the theoretical tax rate (ROCE) and rec. FCF calculation.

(5) 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.

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This report has been prepared on the basis of information available to the public. The report includes a financial analysis of the company covered. The report does not propose any personalised investment recommendation. Investors should consider the contents of this report as just another element in their investment decision-making process. The final two pages of this report contain very important legal information regarding its contents.

Estimates upgrade

Table 1. Review of estimates

EUR Mn	2022e (New)	2022e	Review (%)	2023e (New)	2023e	Review (%)	2024e (New)
Total Revenues	51.5	44.1	16.9%	53.7	47.0	14.3%	55.2
Recurrent EBITDA	6.0	4.2	41.9%	6.5	5.0	30.6%	7.0
<i>Recurrent EBITDA growth</i>	<i>2.0%</i>	<i>13.4%</i>	<i>-11.4 p.p.</i>	<i>8.8%</i>	<i>18.2%</i>	<i>-9.5 p.p.</i>	<i>7.3%</i>
<i>Rec. EBITDA/Revenues</i>	<i>11.6%</i>	<i>9.5%</i>	<i>2.0 p.p.</i>	<i>12.1%</i>	<i>10.6%</i>	<i>1.5 p.p.</i>	<i>12.6%</i>
EBIT	4.7	2.9	61.1%	5.3	3.7	43.9%	5.7
Net Profit	3.6	2.0	82.1%	4.1	2.5	60.5%	4.5
Recurrent Free Cash Flow	2.7	1.7	61.3%	3.4	2.0	69.0%	4.0
<i>ND / EBITDA</i>	<i>1.6 x</i>	<i>2.1 x</i>	<i>-0.5 x</i>	<i>1.2 x</i>	<i>1.2 x</i>	<i>0.0 x</i>	<i>0.7 x</i>

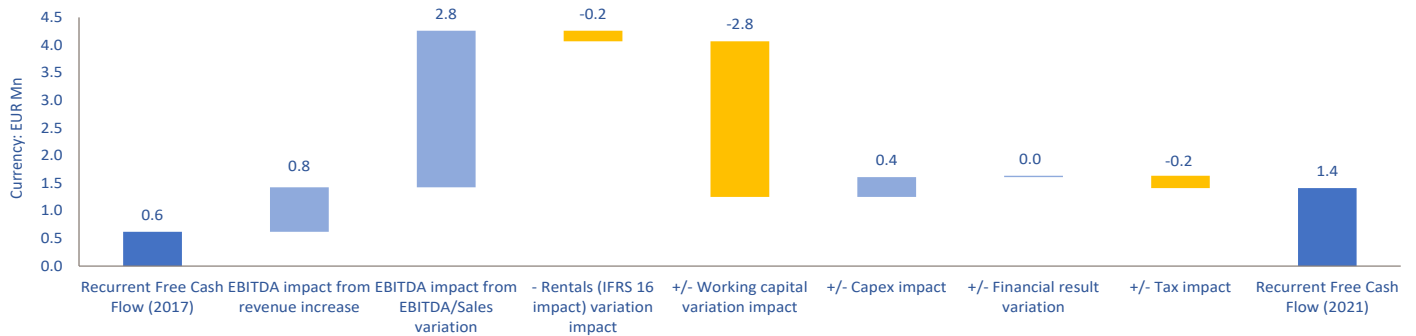
Appendix 1. Financial Projections

Balance Sheet (EUR Mn)	2017	2018	2019	2020	2021	2022e	2023e	2024e		
Intangible assets	0.5	0.6	1.1	0.5	0.6	0.6	0.6	0.6		
Fixed assets	11.2	11.4	13.0	13.9	12.3	12.3	12.3	12.4		
Other Non Current Assets	2.3	2.0	1.7	1.5	1.3	1.3	1.3	1.3		
Financial Investments	0.0	0.0	0.0	0.0	1.4	1.4	1.4	1.4		
Goodwill & Other Intangibles	-	-	-	-	-	-	-	-		
Current assets	20.5	22.2	22.7	19.5	26.3	28.1	29.3	30.1		
Total assets	34.4	36.2	38.5	35.4	41.8	43.6	44.9	45.7		
Equity	11.5	12.7	12.5	13.5	15.6	17.8	20.3	23.3		
Minority Interests	-	-	-	-	-	-	-	-		
Provisions & Other L/T Liabilities	0.7	0.7	0.6	1.4	1.4	1.4	1.4	1.4		
Other Non Current Liabilities	-	-	0.4	0.3	0.5	0.5	0.5	0.5		
Net financial debt	12.6	13.4	15.6	10.6	10.8	9.6	7.7	5.2		
Current Liabilities	9.7	9.3	9.4	9.6	13.5	14.4	15.0	15.4		
Equity & Total Liabilities	34.4	36.2	38.5	35.4	41.8	43.6	44.9	45.7		
										CAGR
P&L (EUR Mn)	2017	2018	2019	2020	2021	2022e	2023e	2024e	17-21	21-24e
Total Revenues	38.1	41.1	42.5	39.7	48.1	51.5	53.7	55.2	6.0%	4.7%
<i>Total Revenues growth</i>	9.9%	7.9%	3.5%	-6.7%	21.3%	7.1%	4.3%	2.8%		
COGS	(23.2)	(24.5)	(25.7)	(23.8)	(28.8)	(31.1)	(32.4)	(33.2)		
Gross Margin	14.8	16.6	16.8	15.9	19.3	20.4	21.3	22.0	6.8%	4.4%
<i>Gross Margin/Revenues</i>	39.0%	40.3%	39.6%	40.0%	40.2%	39.5%	39.7%	39.8%		
Personnel Expenses	(7.4)	(7.7)	(7.8)	(7.3)	(7.7)	(8.1)	(8.3)	(8.4)		
Other Operating Expenses	(5.2)	(6.3)	(6.5)	(5.3)	(5.8)	(6.3)	(6.6)	(6.6)		
Recurrent EBITDA	2.2	2.6	2.5	3.3	5.8	6.0	6.5	7.0	27.6%	6.0%
<i>Recurrent EBITDA growth</i>	22.4%	16.0%	-2.9%	33.9%	75.8%	2.0%	8.8%	7.3%		
<i>Rec. EBITDA/Revenues</i>	5.8%	6.2%	5.8%	8.4%	12.2%	11.6%	12.1%	12.6%		
Restructuring Expense & Other non-rec.	-	-	(0.1)	(0.5)	-	-	-	-		
EBITDA	2.2	2.6	2.4	2.8	5.8	6.0	6.5	7.0	27.6%	6.0%
Depreciation & Provisions	(0.9)	(1.0)	(1.0)	(1.2)	(1.1)	(1.1)	(1.0)	(1.0)		
Capitalized Expense	-	0.1	0.0	-	-	-	-	-		
Rentals (IFRS 16 impact)	-	-	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)		
EBIT	1.3	1.7	1.2	1.4	4.6	4.7	5.3	5.7	37.8%	8.0%
<i>EBIT growth</i>	17.9%	32.9%	-27.1%	15.6%	222.0%	3.0%	12.2%	8.9%		
<i>EBIT/Revenues</i>	3.3%	4.1%	2.9%	3.6%	9.5%	9.1%	9.8%	10.4%		
Impact of Goodwill & Others	-	-	-	-	-	-	-	-		
Net Financial Result	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.1)		
Income by the Equity Method	-	-	-	-	-	-	-	-		
Ordinary Profit	1.1	1.5	1.1	1.2	4.3	4.5	5.1	5.6	42.5%	8.8%
<i>Ordinary Profit Growth</i>	42.6%	43.7%	-29.7%	17.0%	248.7%	3.6%	13.2%	9.7%		
Extraordinary Results	-	-	-	-	-	-	-	-		
Profit Before Tax	1.1	1.5	1.1	1.2	4.3	4.5	5.1	5.6	42.5%	8.8%
Tax Expense	(0.2)	(0.3)	(0.3)	(0.3)	(0.6)	(0.9)	(1.0)	(1.1)		
<i>Effective Tax Rate</i>	21.9%	19.0%	23.8%	27.4%	13.4%	20.0%	20.0%	20.0%		
Minority Interests	-	-	-	-	-	-	-	-		
Discontinued Activities	-	-	-	-	-	-	-	-		
Net Profit	0.8	1.2	0.8	0.9	3.8	3.6	4.1	4.5	46.3%	6.0%
<i>Net Profit growth</i>	30.6%	49.1%	-33.8%	11.6%	315.6%	-4.2%	13.2%	9.7%		
Ordinary Net Profit	0.8	1.2	0.9	1.3	3.8	3.6	4.1	4.5	46.3%	6.0%
<i>Ordinary Net Profit growth</i>	50.0%	49.1%	-27.7%	42.4%	198.0%	-4.2%	13.2%	9.7%		
										CAGR
Cash Flow (EUR Mn)	2017	2018	2019	2020	2021	2022e	2023e	2024e	17-21	21-24e
Recurrent EBITDA						6.0	6.5	7.0	27.6%	6.0%
Rentals (IFRS 16 impact)						(0.2)	(0.2)	(0.2)		
Working Capital Increase						(1.0)	(0.6)	(0.4)		
Recurrent Operating Cash Flow						4.8	5.7	6.4	6.7%	32.0%
CAPEX						(1.0)	(1.1)	(1.1)		
Net Financial Result affecting the Cash Flow						(0.2)	(0.2)	(0.1)		
Tax Expense						(0.9)	(1.0)	(1.1)		
Recurrent Free Cash Flow						2.7	3.4	4.0	22.9%	41.5%
Restructuring Expense & Other non-rec.						-	-	-		
- Acquisitions / + Divestures of assets						-	-	-		
Extraordinary Inc./Exp. Affecting Cash Flow						-	-	-		
Free Cash Flow						2.7	3.4	4.0	22.9%	41.5%
Capital Increase						-	-	-		
Dividends						(1.5)	(1.5)	(1.5)		
Net Debt Variation						(1.2)	(1.9)	(2.5)		

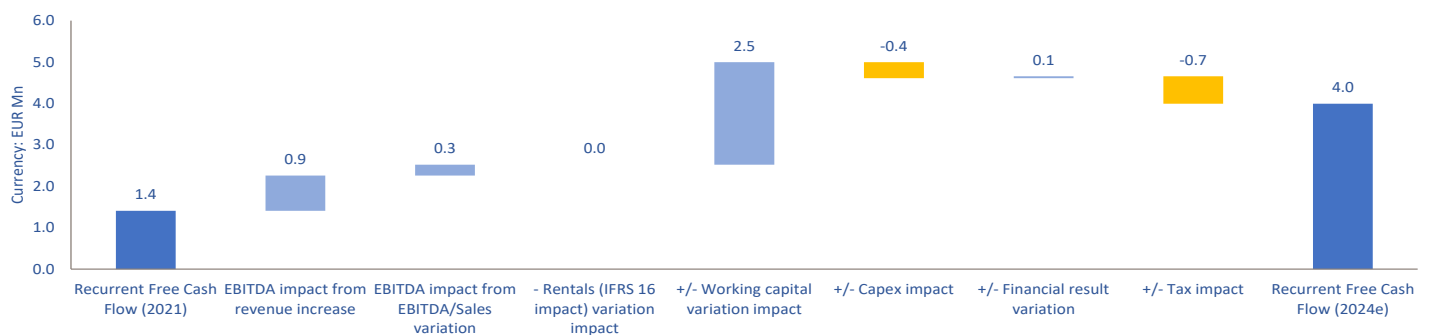
Appendix 2. Free Cash Flow

A) Cash Flow Analysis (EUR Mn)	2018	2019	2020	2021	2022e	2023e	2024e	CAGR	
								18-21	21-24e
Recurrent EBITDA	2.6	2.5	3.3	5.8	6.0	6.5	7.0	31.7%	6.0%
<i>Recurrent EBITDA growth</i>	16.0%	-2.9%	33.9%	75.8%	2.0%	8.8%	7.3%		
<i>Rec. EBITDA/Revenues</i>	6.2%	5.8%	8.4%	12.2%	11.6%	12.1%	12.6%		
- Rentals (IFRS 16 impact)	-	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)		
+/- Working Capital increase	(2.1)	(0.4)	3.4	(2.9)	(1.0)	(0.6)	(0.4)		
= Recurrent Operating Cash Flow	0.5	1.9	6.5	2.8	4.8	5.7	6.4	80.2%	32.0%
<i>Rec. Operating Cash Flow growth</i>	-77.8%	298.6%	245.8%	-57.5%	74.5%	17.7%	11.9%		
<i>Rec. Operating Cash Flow / Sales</i>	1.1%	4.4%	16.4%	5.7%	9.4%	10.6%	11.5%		
- CAPEX	(1.3)	(2.5)	(1.9)	(0.7)	(1.0)	(1.1)	(1.1)		
- Net Financial Result affecting Cash Flow	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.1)		
- Taxes	(0.3)	(0.3)	(0.3)	(0.5)	(0.9)	(1.0)	(1.1)		
= Recurrent Free Cash Flow	(1.2)	(1.0)	4.1	1.4	2.7	3.4	4.0	46.6%	41.5%
<i>Rec. Free Cash Flow growth</i>	-298.6%	15.2%	490.0%	-65.3%	92.2%	26.2%	16.8%		
<i>Rec. Free Cash Flow / Revenues</i>	n.a.	n.a.	10.3%	2.9%	5.3%	6.4%	7.2%		
- Restructuring expenses & others	-	(0.1)	(0.5)	-	-	-	-		
- Acquisitions / + Divestments	-	-	0.3	-	-	-	-		
+/- Extraordinary Inc./Exp. affecting Cash Flow	-	-	-	-	-	-	-		
= Free Cash Flow	(1.2)	(1.1)	3.9	1.4	2.7	3.4	4.0	46.6%	41.5%
<i>Free Cash Flow growth</i>	-298.6%	7.1%	437.6%	-63.4%	92.2%	26.2%	16.8%		
<i>Recurrent Free Cash Flow - Yield (s/Mkt Cap)</i>	n.a.	n.a.	14.7%	5.1%	9.8%	12.3%	14.4%		
<i>Free Cash Flow Yield (s/Mkt Cap)</i>	n.a.	n.a.	13.9%	5.1%	9.8%	12.3%	14.4%		
B) Analytical Review of Annual Recurrent Free Cash Flow Performance (Eur Mn)									
Recurrent FCF(FY - 1)	0.6	(1.2)	(1.0)	4.1	1.4	2.7	3.4		
EBITDA impact from revenue increase	0.2	0.1	(0.2)	0.7	0.4	0.3	0.2		
EBITDA impact from EBITDA/Sales variation	0.2	(0.2)	1.0	1.8	(0.3)	0.3	0.3		
= Recurrent EBITDA variation	0.4	(0.1)	0.8	2.5	0.1	0.5	0.5		
- Rentals (IFRS 16 impact) variation impact	-	(0.2)	0.0	-	-	-	-		
+/- Working capital variation impact	(2.0)	1.7	3.8	(6.3)	1.9	0.3	0.2		
= Recurrent Operating Cash Flow variation	(1.7)	1.4	4.6	(3.7)	2.1	0.9	0.7		
+/- CAPEX impact	(0.2)	(1.3)	0.6	1.2	(0.3)	(0.0)	(0.0)		
+/- Financial result variation	0.0	0.0	(0.0)	(0.0)	0.0	0.0	0.0		
+/- Tax impact	(0.1)	0.0	(0.1)	(0.1)	(0.4)	(0.1)	(0.1)		
= Recurrent Free Cash Flow variation	(1.8)	0.2	5.1	(2.7)	1.3	0.7	0.6		
Recurrent Free Cash Flow	(1.2)	(1.0)	4.1	1.4	2.7	3.4	4.0		
C) "FCF to the Firm" (pre debt service) (EUR Mn)									
EBIT	1.7	1.2	1.4	4.6	4.7	5.3	5.7	39.5%	8.0%
* <i>Theoretical Tax rate</i>	19.0%	23.8%	27.4%	13.4%	20.0%	20.0%	20.0%		
= Taxes (pre- Net Financial Result)	(0.3)	(0.3)	(0.4)	(0.6)	(0.9)	(1.1)	(1.1)		
Recurrent EBITDA	2.6	2.5	3.3	5.8	6.0	6.5	7.0	31.7%	6.0%
- Rentals (IFRS 16 impact)	-	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)		
+/- Working Capital increase	(2.1)	(0.4)	3.4	(2.9)	(1.0)	(0.6)	(0.4)		
= Recurrent Operating Cash Flow	0.5	1.9	6.5	2.8	4.8	5.7	6.4	80.2%	32.0%
- CAPEX	(1.3)	(2.5)	(1.9)	(0.7)	(1.0)	(1.1)	(1.1)		
- Taxes (pre- Financial Result)	(0.3)	(0.3)	(0.4)	(0.6)	(0.9)	(1.1)	(1.1)		
= Recurrent Free Cash Flow (To the Firm)	(1.1)	(0.9)	4.2	1.4	2.9	3.5	4.1	49.0%	41.9%
<i>Rec. Free Cash Flow (To the Firm) growth</i>	-240.5%	15.9%	553.7%	-65.7%	98.8%	24.3%	15.6%		
<i>Rec. Free Cash Flow (To the Firm) / Revenues</i>	n.a.	n.a.	10.6%	3.0%	5.5%	6.6%	7.4%		
- Acquisitions / + Divestments	-	-	0.3	-	-	-	-		
+/- Extraordinary Inc./Exp. affecting Cash Flow	-	-	-	-	-	-	-		
= Free Cash Flow "To the Firm"	(1.1)	(0.9)	4.5	1.4	2.9	3.5	4.1	49.0%	41.9%
<i>Free Cash Flow (To the Firm) growth</i>	-240.5%	15.9%	584.0%	-67.9%	98.8%	24.3%	15.6%		
<i>Rec. Free Cash Flow To the Firm Yield (o/EV)</i>	n.a.	n.a.	10.8%	3.7%	7.4%	9.2%	10.6%		
<i>Free Cash Flow "To the Firm" - Yield (o/EV)</i>	n.a.	n.a.	11.6%	3.7%	7.4%	9.2%	10.6%		

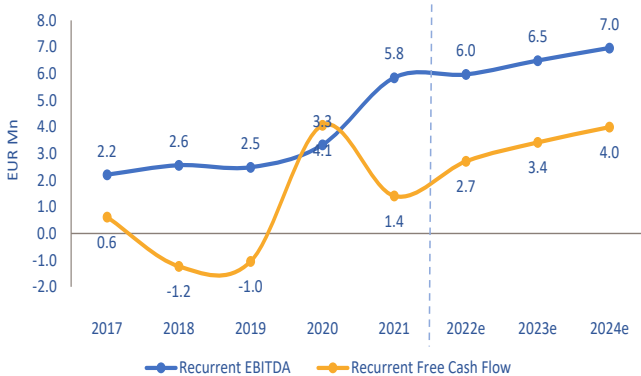
Recurrent Free Cash Flow accumulated variation analysis (2017 - 2021)



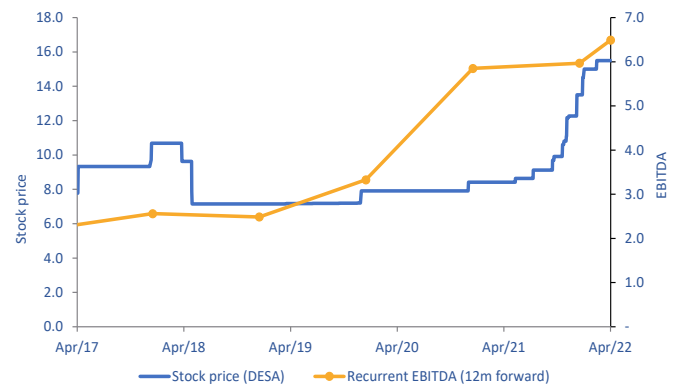
Recurrent Free Cash Flow accumulated variation analysis (2021 - 2024e)



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	27.7	
+ Minority Interests	-	12m Results 2021
+ Provisions & Other L/T Liabilities	1.4	12m Results 2021
+ Net financial debt	10.8 ¹	12m Results 2021
- Financial Investments	1.4	12m Results 2021
+/- Others		
Enterprise Value (EV)	38.6	

Note 1: Net financial debt includes financing of working capital (EUR 3.5Mn in 2021).

Appendix 4. Historical performance (1)

Historical performance (EUR Mn)	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022e	2023e	2024e	CAGR	
															11-21	21-24e
Total Revenues	36.9	31.9	31.9	32.2	34.0	34.6	38.1	41.1	42.5	39.7	48.1	51.5	53.7	55.2	2.7%	4.7%
Total Revenues growth	55.4%	-13.4%	-0.1%	1.0%	5.7%	1.7%	9.9%	7.9%	3.5%	-6.7%	21.3%	7.1%	4.3%	2.8%		
EBITDA	1.7	(0.2)	0.4	1.2	1.2	1.9	2.2	2.6	2.4	2.8	5.8	6.0	6.5	7.0	13.2%	6.0%
EBITDA growth	331.8%	-113.1%	295.2%	172.4%	-1.7%	63.7%	16.2%	16.0%	-6.8%	18.8%	106.3%	2.0%	8.8%	7.3%		
EBITDA/Sales	4.6%	n.a.	1.4%	3.7%	3.4%	5.5%	5.8%	6.2%	5.6%	7.1%	12.2%	11.6%	12.1%	12.6%		
Net Profit	0.0	(1.0)	(0.6)	(1.7)	(0.2)	0.6	0.8	1.2	0.8	0.9	3.8	3.6	4.1	4.5	59.8%	6.0%
Net Profit growth	-91.8%	n.a.	41.4%	-197.2%	91.0%	510.0%	30.6%	49.1%	-33.8%	11.6%	315.6%	-4.2%	13.2%	9.7%		
Adjusted number shares (Mn)	1.8	1.8	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)	0.02	-0.55	-0.32	-0.95	-0.09	0.35	0.46	0.69	0.46	0.51	2.11	2.02	2.28	2.50	59.8%	5.9%
EPS growth	-93.3%	n.a.	41.4%	n.a.	91.0%	n.a.	30.8%	49.2%	-33.8%	11.5%	n.a.	-4.4%	13.2%	9.7%		
Ord. EPS (EUR)	0.02	-0.28	-0.16	-0.95	-0.01	0.31	0.46	0.69	0.50	0.71	2.11	2.02	2.28	2.50	59.8%	5.9%
Ord. EPS growth	n.a.	n.a.	42.4%	n.a.	98.8%	n.a.	50.2%	49.2%	-27.7%	42.3%	n.a.	-4.4%	13.2%	9.7%		
CAPEX	-	(0.1)	(0.4)	(0.5)	(0.8)	(1.1)	(1.1)	(1.3)	(2.5)	(1.9)	(0.7)	(1.0)	(1.1)	(1.1)		
CAPEX/Sales %	0.0%	0.4%	1.2%	1.6%	2.3%	3.1%	2.8%	3.0%	5.9%	4.9%	1.5%	2.0%	2.0%	2.0%		
Free Cash Flow	0.9	2.9	0.6	(0.0)	(1.2)	(1.4)	0.6	(1.2)	(1.1)	3.9	1.4	2.7	3.4	4.0	4.4%	41.5%
ND/EBITDA (x) ⁽²⁾	7.6x	n.a.	24.9x	9.2x	10.3x	6.9x	5.7x	5.2x	6.5x	3.7x	1.9x	1.6x	1.2x	0.7x		
P/E (x)	n.a.	n.a.	n.a.	n.a.	n.a.	31.3x	23.2x	10.4x	17.4x	16.6x	6.4x	7.7x	6.8x	6.2x		
EV/Sales (x)	0.97x	1.08x	1.06x	1.05x	1.03x	1.04x	0.93x	0.87x	0.72x	0.68x	0.56x	0.75x	0.72x	0.70x		
EV/EBITDA (x) ⁽²⁾	21.1x	n.a.	n.a.	28.6x	30.1x	19.0x	16.1x	13.9x	12.8x	9.6x	4.6x	6.5x	5.9x	5.5x		
Absolute performance	2.0%	0.0%	0.0%	0.0%	0.0%	0.0%	-3.2%	-33.1%	10.5%	6.5%	60.3%	14.8%				
Relative performance vs Ibx 35	17.4%	4.9%	-17.6%	-3.5%	7.7%	2.1%	-9.9%	-21.3%	-1.2%	26.0%	48.6%	15.0%				

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 2022e

	Broad Range players				High Tech Specialty players					Average	DESA	
	Norma Group	Granges AB	Trifast Plc	Average	Georg Fischer AG	Bossard Holding AG	BuFab AB	SFS Group AG	Barnes Group Inc			
Market data	EUR Mn	SE	Sweden	UK		Switzerland	Switzerland	Sweden	Switzerland	USA		Spain
Ticker (Factset)	NOEJ-DE	GRNG-SE	TRI-GB		FI.N-CH	BOSN-CH	BUFAB-SE	SFSN-CH	B-US		DESA-ES	
Country	Germany	Sweden	UK		Switzerland	Switzerland	Sweden	Switzerland	USA		Spain	
Market cap	751.3	892.8	182.0		4,387.4	1,610.2	1,298.7	4,554.6	1,674.9		27.7	
Enterprise value (EV)	1,086.0	1,213.3	202.7		4,455.2	1,767.7	1,472.0	4,291.1	2,161.7		38.6	
Basic financial information	Total Revenues	1,160.0	2,292.5	278.1		3,819.6	1,051.6	721.2	2,190.8	1,247.8		51.5
	Total Revenues growth	6.2%	30.9%	7.3%	14.8%	4.3%	7.4%	26.4%	17.3%	7.1%		7.1%
	2y CAGR (2022e - 2024e)	6.2%	7.0%	4.3%	5.8%	4.0%	5.1%	5.9%	11.9%	8.0%	7.0%	3.5%
	EBITDA	190.5	186.8	28.2		471.2	150.8	102.4	427.0	245.0		6.0
	EBITDA growth	17.0%	20.2%	23.3%	20.2%	20.6%	5.0%	19.9%	11.2%	3.0%	11.9%	2.0%
	2y CAGR (2022e - 2024e)	10.8%	14.4%	5.7%	10.3%	7.7%	9.9%	6.0%	9.0%	12.8%	9.1%	8.0%
	EBITDA/Revenues	16.4%	8.1%	10.1%	11.6%	12.3%	14.3%	14.2%	19.5%	19.6%	16.0%	11.6%
	EBIT	118.9	119.6	22.7		335.8	125.4	85.4	310.1	167.2		4.7
	EBIT growth	36.1%	27.8%	28.7%	30.9%	27.3%	3.1%	27.9%	10.6%	18.6%	17.5%	3.0%
	2y CAGR (2022e - 2024e)	17.7%	20.4%	10.7%	16.3%	9.9%	10.1%	6.8%	8.6%	14.4%	9.9%	10.6%
	EBIT/Revenues	10.2%	5.2%	8.2%	7.9%	8.8%	11.9%	11.8%	14.2%	13.4%	12.0%	9.1%
	Net Profit	81.7	86.7	16.7		254.7	96.1	58.3	245.9	106.7		3.6
	Net Profit growth	46.1%	50.1%	30.0%	42.1%	20.9%	1.3%	27.7%	2.5%	15.3%	13.5%	-4.2%
	2y CAGR (2022e - 2024e)	18.4%	22.5%	14.3%	18.4%	9.2%	9.7%	9.2%	8.0%	17.5%	10.7%	11.4%
	CAPEX/Sales %	5.2%	4.4%	1.5%	3.7%	4.6%	3.5%	0.8%	7.0%	4.4%	4.0%	2.0%
Free Cash Flow	72.7	(43.5)	21.4		189.6	77.9	56.6	188.0	119.6		2.7	
Net financial debt	278.1	420.7	5.2		(45.7)	195.2	239.1	(20.9)	369.9		9.6	
ND/EBITDA (x)	1.5	2.3	0.2	1.3	n.a.	1.3	2.3	n.a.	1.5	1.7	1.6	
Pay-out	37.0%	39.6%	23.3%	33.3%	37.4%	42.0%	29.6%	39.6%	27.5%	35.2%	41.6%	
Multiples and Ratios	P/E (x)	8.7	10.4	11.4	10.2	17.1	16.0	20.4	18.6	15.8	17.6	7.7
	P/BV (x)	1.1	1.2	1.0	1.1	2.7	3.9	4.7	2.8	1.2	3.1	1.6
	EV/Revenues (x)	0.9	0.5	0.7	0.7	1.2	1.7	2.0	2.0	1.7	1.7	0.7
	EV/EBITDA (x)	5.7	6.5	7.2	6.5	9.5	11.7	14.4	10.0	8.8	10.9	6.5
	EV/EBIT (x)	9.1	10.1	8.9	9.4	13.3	14.1	17.2	13.8	12.9	14.3	8.2
	ROE	12.5	11.7	8.9	11.0	15.5	24.2	23.0	15.2	7.5	17.1	21.6
	FCF Yield (%)	9.7	n.a.	11.8	10.7	4.3	4.8	4.4	4.1	7.1	5.0	9.8
	DPS	0.95	0.32	0.03	0.43	23.29	5.24	0.46	2.60	0.58	6.43	0.84
Dvd Yield	4.0%	3.8%	2.2%	3.3%	2.2%	2.6%	1.4%	2.1%	1.7%	2.0%	5.4%	

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).

Appendix 6. Valuation inputs

Inputs for the DCF Valuation Approach

	2022e	2023e	2024e	Terminal Value ⁽¹⁾		
Free Cash Flow "To the Firm"	2.9	3.5	4.1	61.0		
Market Cap	27.7	At the date of this report				
Net financial debt	10.8	Debt net of Cash (12m Results 2021)				
					Best Case	Worst Case
Cost of Debt	3.3%	Net debt cost			3.0%	3.5%
Tax rate (T)	20.0%	T (Normalised tax rate)			=	=
Net debt cost	2.6%	$Kd = \text{Cost of Net Debt} * (1-T)$			2.4%	2.8%
Risk free rate (rf)	1.8%	Rf (10y Spanish bond yield)			=	=
Equity risk premium	8.0%	R (own estimate)			7.5%	8.5%
Beta (B)	1.1	B (own estimate)			1.0	1.2
Cost of Equity	10.6%	$Ke = Rf + (R * B)$			9.3%	12.0%
Equity / (Equity + Net Debt)	71.9%	E (Market Cap as equity value)			=	=
Net Debt / (Equity + Net Debt)	28.1%	D			=	=
WACC	8.3%	$WACC = Kd * D + Ke * E$			7.3%	9.4%
G "Fair"	1.5%				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 22e	EPS 22e-24e	EV/EBITDA 22e	EBITDA 22e-24e	EV/Sales 22e	Revenues 22e-24e	EBITDA/Sales 22e	FCF Yield 22e	FCF 22e-24e
Norma Group SE	NOEJ-DE	751.3	8.7	17.3%	5.7	10.8%	0.9	6.2%	16.4%	9.7%	23.0%
Joh Friedrich Behrens AG	JFB-DE	0.1	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Granges AB	GRNG-SE	892.8	10.4	22.5%	6.5	14.4%	0.5	7.0%	8.1%	n.a.	n.a.
Christian Berner Tech Tra	CBTT.B-SE	44.8	10.1	10.7%	6.9	7.5%	0.8	3.4%	11.5%	13.9%	8.3%
Trifast Plc	TRI-GB	182.0	11.4	14.2%	7.2	5.7%	0.7	4.3%	10.1%	11.8%	n.a.
Illinois Tool Works Inc	ITW-US	56,820.2	21.7	8.5%	15.7	6.1%	4.3	4.4%	27.4%	4.6%	6.4%
Broad Range players			12.5	14.7%	8.4	8.9%	1.5	5.1%	14.7%	10.0%	12.6%
Barnes Group Inc	B-US	1,674.9	15.8	19.7%	8.8	12.8%	1.7	8.0%	19.6%	7.1%	n.a.
Bufab AB	BUFAB-SE	1,298.7	20.4	7.6%	14.4	6.0%	2.0	5.9%	14.2%	4.4%	16.7%
SFS Group AG	SFSN-CH	4,554.6	18.6	7.1%	10.0	9.0%	2.0	11.9%	19.5%	4.1%	22.8%
Georg Fischer AG	FI.N-CH	4,387.4	17.1	10.3%	9.5	7.7%	1.2	4.0%	12.3%	4.3%	25.5%
Bergman & Beving AB	BERG.B-SE	354.8	13.6	n.a.	8.1	n.a.	1.0	n.a.	12.0%	10.9%	n.a.
Bossard Holding AG	BOSN-CH	1,610.2	16.0	9.6%	11.7	9.9%	1.7	5.1%	14.3%	4.8%	17.6%
High Tech Specialty players			16.9	10.9%	10.4	9.1%	1.6	7.0%	15.3%	5.9%	20.7%
DESA	DESA-ES	27.7	7.7	11.4%	6.5	8.0%	0.7	3.5%	11.6%	9.8%	21.4%

Free Cash Flow sensitivity analysis (2023e)

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

Scenario	EBITDA/Sales 23e	EBITDA 23e	EV/EBITDA 23e
Max	13.3%	7.1	5.4x
Central	12.1%	6.5	5.9x
Min	10.9%	5.8	6.6x

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

FCF Rec. EUR Mn	CAPEX/Sales 23e			Scenario	Rec. FCF/Yield 23e		
	EBITDA 23e	1.8%	2.0%		2.2%	Max	Central
7.1	4.2	4.1	4.0	Max	15.1%	14.7%	14.3%
6.5	3.5	3.4	3.3	Central	12.7%	12.3%	12.0%
5.8	2.9	2.8	2.7	Min	10.4%	10.0%	9.6%

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Notes and Reports History

Date of report	Recommendation	Price (EUR)	Target price (EUR)	Period of validity	Reason for report	Analyst
19-Apr-2022	n.a.	15.50	n.a.	n.a.	Estimates upgrade	David López Sánchez
02-Mar-2022	n.a.	15.50	n.a.	n.a.	12m Results 2021	David López Sánchez
01-Oct-2021	n.a.	9.12	n.a.	n.a.	6m Results 2021	David López Sánchez
01-Mar-2021	n.a.	8.42	n.a.	n.a.	12m Results 2020 - Estimates upgrade	Ana Isabel González García, CIIA
28-Jan-2021	n.a.	8.42	n.a.	n.a.	Estimates upgrade	Ana Isabel González García, CIIA
30-Oct-2020	n.a.	7.91	n.a.	n.a.	9m Results 2020	Ana Isabel González García, CIIA
29-Sep-2020	n.a.	7.91	n.a.	n.a.	6m Results 2020	Ana Isabel González García, CIIA
02-Jul-2020	n.a.	7.91	n.a.	n.a.	Estimates downgrade	Ana Isabel González García, CIIA
02-Mar-2020	n.a.	7.91	n.a.	n.a.	12m Results 2019	Ana Isabel González García, CIIA
23-Dec-2019	n.a.	7.91	n.a.	n.a.	Initiation of Coverage	Ana Isabel González García, CIIA

