

6m Results 2021

Opinion ⁽¹⁾: Below expectations

Impact ⁽¹⁾: We lower our estimates

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Lingotes Especiales (LGT) is a small Spanish industrial company specialising in the design, development, casting and machining of steel components, mainly for use in the automotive industry, where it is a market leader in braking systems (85% sales) with a 12% market share in Europe.

A difficult 1H21. We downgrade 2021 estimates, but l/t strengths remain intact

Market Data

Market Cap (Mn EUR and USD)	114.5	135.9
EV (Mn EUR and USD) ⁽²⁾	131.8	156.4
Shares Outstanding (Mn)	10.0	
-12m (Max/Med/Min EUR)	14.70 / 11.87 / 10.90	
Daily Avg volume (-12m Mn EUR)	0.05	
Rotation ⁽³⁾	11.5	
Factset / Bloomberg	LGT-ES / LGT SM	
Close fiscal year	31-Dec	

THE SITUATION REMAINS DIFFICULT (REVENUE: EUR 41.5Mn; +5% VS 1H20)... and continues to be impacted by further waves of infections, regulatory uncertainty and an insufficient availability of semi-conductors (the last of these being the main reason preventing the recovery of production volumes). All this has resulted in LGT repeating a similar level of revenue to that seen in 1H20 (EUR 41.5Mn; +5% vs 1H20, still c. 30% below 1H19 levels).

AND MAINTAINS THE PRESSURE ON MARGINS (EBITDA: EUR 4.5Mn; -7% VS 1H20).

In addition to weaker demand (new waves of infections and uncertainty) and lower production (scarcity of semi-conductors), prices of LGT's raw materials and supplies have increased (e.g. electricity prices in Spain at record highs). This has reduced the EBITDA margin to c. 11% (-1.4p.p. vs 1H20).

A "PERFECT STORM" THAT HAS LED US TO DOWNGRADE OUR ESTIMATES...

Although the cyclical recovery should boost demand for vehicles in coming months, today the most reasonable scenario is to think of 2021e revenue of EUR 96Mn (+5% vs 2020) and EBITDA of EUR 12.3Mn (in line vs 2020; -7.5% vs previous estimate), while maintaining a very solid balance sheet structure (2021e ND/EBITDA: 1x).

... AND DELAY THE RECOVERY OF 2019 LEVELS TO 2023E. The prolongation of the Covid-19 crisis plus a lack of semi-conductors (the main challenge for the sector) has led us to delay the recovery of 2019 levels by one year until 2023e.

ALTHOUGH LOOKING TO THE LONG TERM, LGT'S STRENGTHS REMAIN INTACT.

Specifically, we highlight: (i) the strong investment plan developed in 2016-2020, with which LGT has improved its competitive position and enlarged its product portfolio, (ii) flexibility in costs and a focus on profitability (despite the context, LGT has maintained a 1H21 EBITDA margin of c.11%; c.13% for 2021e vs c. 15% in 2019) and (iii) a very solid balance sheet structure (2021e ND/EBITDA c.1x). All this will enable LGT to lever the sector recovery (our numbers put the recovery of 2019 levels in 2023e; a scenario that could be considered conservative). Today this would be trading at c. 7.5x 2023e EV/ EBITDA.

Shareholders Structure (%)

Board of Directors	55.0
Mallorquina de Seguros	6.0
Onchena	5.0
Free Float	34.0

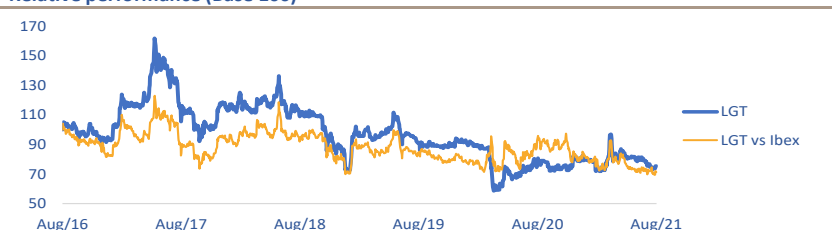
Financials (Mn EUR)

	2020	2021e	2022e	2023e
Adj. nº shares (Mn)	10.0	10.0	10.0	10.0
Total Revenues	91.2	95.7	107.6	115.1
Rec. EBITDA ⁽⁴⁾	11.8	12.3	15.6	17.3
% growth	-30.0	4.0	27.3	10.6
% Rec. EBITDA/Rev.	12.9	12.8	14.5	15.0
% Inc. EBITDA sector ⁽⁵⁾	-25.2	26.7	11.7	-1.8
Net Profit	6.0	5.3	7.8	9.1
EPS (EUR)	0.60	0.53	0.78	0.91
% growth	-31.2	-11.4	47.4	16.0
Ord. EPS (EUR)	0.56	0.53	0.78	0.91
% growth	-35.3	-5.8	47.4	16.0
Rec. Free Cash Flow ⁽⁶⁾	4.7	4.5	7.8	7.8
Pay-out (%)	0.0	80.0	80.0	80.0
DPS (EUR)	0.00	0.42	0.63	0.73
Net financial debt	9.2	11.7	8.1	6.6
ND/Rec. EBITDA (x)	0.8	1.0	0.5	0.4
ROE (%)	13.1	12.0	17.3	18.7
ROCE (%) ⁽⁶⁾	10.4	8.9	12.8	14.6

Ratios & Multiples (x)⁽⁷⁾

	2020	2021e	2022e	2023e
P/E	19.1	21.6	14.6	12.6
Ord. P/E	20.3	21.6	14.6	12.6
P/BV	2.5	2.6	2.4	2.3
Dividend Yield (%)	0.0	3.7	5.5	6.3
EV/Sales	1.45	1.38	1.22	1.14
EV/Rec. EBITDA	11.2	10.7	8.4	7.6
EV/EBIT	15.1	17.8	12.2	10.6
FCF Yield (%) ⁽⁶⁾	4.1	4.0	6.8	6.8

Relative performance (Base 100)



Stock performance (%)	-1m	-3m	-12m	YTD	-3Y	-5Y
Absolute	-3.8	-8.0	-1.7	-5.4	-32.1	-24.5
vs Ibex 35	-2.1	-7.4	-22.8	-12.8	-24.8	-28.6
vs Ibex Small Cap Index	0.3	-7.8	-30.5	-10.0	-40.2	-60.2
vs Eurostoxx 50	-4.5	-11.2	-24.2	-18.3	-42.8	-46.7
vs Sector benchmark ⁽⁵⁾	-2.3	-11.3	-42.1	-22.6	-42.1	-45.4

(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) Financial projections include IFRS 16 adjustments. FY 19 EBITDA is c. EUR 0.1Mn higher due to IFRS 16.

(5) Sector: Stoxx Europe 600 Automobiles & Parts.

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

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

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

6m Results 2021

Estimates downgrade

Table 1. Preliminary 1H21

LGT has released preliminary 1H21 results with a breakdown of the main P&L items (without including information on net debt).

EUR Mn	6m21 Real	6m20	6m21 Real vs 6m20	2021e	2021e vs 2020
Total Revenues	41.5	39.6	5.0%	95.7	5.0%
Recurrent EBITDA	4.5	4.8	-7.0%	12.3	4.0%
<i>Rec. EBITDA/Revenues</i>	<i>10.7%</i>	<i>12.1%</i>	<i>-1.4 p.p.</i>	<i>12.8%</i>	<i>-0.1 p.p.</i>
EBITDA	4.5	4.8	-7.0%	12.3	-2.9%
<i>EBITDA/Revenues</i>	<i>10.7%</i>	<i>12.1%</i>	<i>-1.4 p.p.</i>	<i>12.8%</i>	<i>-1.0 p.p.</i>
PBT	1.7	1.6	3.4%	7.1	-12.1%

Table 2. Estimates downgrade

EUR Mn	2021e (New)	Review (%)	2022e (New)	Review (%)	2023e (New)	Review (%)
Total Revenues	95.7	-5.6%	107.6	-5.7%	115.1	-2.1%
Recurrent EBITDA	12.3	-7.5%	15.6	-7.7%	18.0	0.0%
<i>Recurrent EBITDA growth</i>	<i>4.0%</i>	<i>-8 p.p.</i>	<i>27.3%</i>	<i>0 p.p.</i>	<i>10.6%</i>	<i>4.4 p.p.</i>
<i>Rec. EBITDA/Revenues</i>	<i>12.8%</i>	<i>0 p.p.</i>	<i>14.5%</i>	<i>0 p.p.</i>	<i>15.0%</i>	<i>-0.3 p.p.</i>
EBIT	7.4	-11.8%	10.8	-10.5%	12.4	-4.9%
Net Profit	5.3	-12.2%	7.8	-10.7%	9.1	-4.9%
Recurrent Free Cash Flow	4.5	4.7%	7.8	2.0%	7.8	-5.5%
Deuda Neta	11.7	-1.7%	8.1	-10.5%	6.6	-15.9%
<i>ND / EBITDA</i>	<i>1.0 x</i>	<i>0.1 x</i>	<i>0.5 x</i>	<i>0.0 x</i>	<i>0.4 x</i>	<i>-0.1 x</i>

Valuation inputs
Inputs for the DCF Valuation Approach

	2021e	2022e	2023e	Terminal Value ⁽¹⁾		
Free Cash Flow "To the Firm"	4.8	8.0	8.0	n.a.		
Market Cap	114.5	At the date of this report				
Net financial debt	9.2	Debt net of Cash (12m Results 2020)				
					Best Case	Worst Case
Cost of Debt	1.3%	Net debt cost			1.1%	1.6%
Tax rate (T)	20.0%	T (Normalised tax rate)			=	=
Net debt cost	1.1%	Kd = Cost of Net Debt * (1-T)			0.9%	1.3%
Risk free rate (rf)	0.2%	Rf (10y Spanish bond yield)			=	=
Equity risk premium	9.0%	R (own estimate)			8.5%	9.5%
Beta (B)	1.3	B (own estimate)			1.2	1.3
Cost of Equity	11.9%	Ke = Rf + (R * B)			10.4%	12.6%
Equity / (Equity + Net Debt)	92.6%	E (Market Cap as equity value)			=	=
Net Debt / (Equity + Net Debt)	7.4%	D			=	=
WACC	11.1%	WACC = Kd * D + Ke * E			9.7%	11.7%
G "Fair"	2.0%				2.0%	1.5%

(1) The terminal value calculated beyond the last FCF estimate does not reflect the company's growth potential (positive/negative) at the date of publication of this report.

Inputs for the Multiples Valuation Approach

Company	Ticker Factset	Mkt. Cap	P/E 21e	EPS 21e-23e	EV/EBITDA 21e	EBITDA 21e-23e	EV/Sales 21e	Revenues 21e-23e	EBITDA/Sales 21e	FCF Yield 21e	FCF 21e-23e
CIE Automotive	CIE-ES	3,076.5	11.1	13.5%	8.5	10.1%	1.5	7.5%	17.8%	8.3%	16.7%
Gestamp	GEST-ES	2,366.5	13.6	36.2%	5.0	11.5%	0.6	7.9%	12.2%	5.8%	49.0%
Faurecia	EO-FR	5,093.5	9.7	32.3%	3.7	12.7%	0.5	10.6%	14.2%	11.5%	25.5%
Voestalpine	VOE-AT	6,705.2	9.6	-15.2%	4.9	-9.0%	0.7	-2.5%	13.9%	6.8%	3.1%
Auto-Parts			11.0	16.7%	5.5	6.3%	0.8	5.9%	14.5%	8.1%	23.6%
Brembo SPA	BRE-IT	3,844.7	16.9	10.7%	8.4	7.3%	1.6	6.6%	19.4%	4.2%	28.5%
Halldex AB	HLDX-SE	247.8	11.2	20.5%	5.7	10.6%	0.8	5.7%	14.3%	11.7%	-1.5%
Brake Systems			14.1	15.6%	7.0	9.0%	1.2	6.1%	16.9%	8.0%	13.5%
LGT	LGT-ES	114.5	21.6	30.7%	10.7	18.7%	1.4	9.7%	12.8%	4.0%	31.4%

Free Cash Flow sensitivity analysis (2022e)
A) Rec. EBITDA and EV/EBITDA sensitivity to changes in EBITDA/Sales

Scenario	EBITDA/Sales 22e	EBITDA 22e	EV/EBITDA 22e
Max	16.0%	17.2	7.6x
Central	14.5%	15.6	8.4x
Min	13.0%	14.0	9.4x

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

Rec. FCF EUR Mn	CAPEX/Sales 22e			Scenario	Rec. FCF/Yield 22e		
	4.0%	4.5%	5.0%		Max	Central	Min
EBITDA 22e	4.0%	4.5%	5.0%	Max	8.7%	8.2%	7.7%
17.2	9.9	9.4	8.9	Central	7.3%	6.8%	6.3%
15.6	8.3	7.8	7.3	Min	5.9%	5.4%	4.9%
14.0	6.7	6.2	5.6				

Appendix 1. Financial Projections⁽¹⁾

Balance Sheet (EUR Mn)	2016	2017	2018	2019	2020	2021e	2022e	2023e		
Intangible assets	0.2	0.4	0.5	0.9	1.1	1.3	1.5	1.7		
Fixed assets	45.6	49.5	55.1	56.8	57.2	57.0	56.9	57.0		
Other Non Current Assets	0.7	0.6	0.6	0.5	0.4	0.4	0.4	0.4		
Financial Investments	0.9	0.7	0.6	0.6	0.2	0.2	0.2	0.2		
Goodwill & Other Intangibles	-	-	-	-	-	-	-	-		
Current assets	20.6	28.8	29.5	28.9	28.3	27.9	30.6	32.7		
Total assets	68.0	80.1	86.3	87.7	87.3	86.9	89.7	92.1		
Equity	41.4	42.3	44.5	46.2	45.1	43.5	47.0	49.8		
Minority Interests	-	-	-	-	-	-	-	-		
Provisions & Other L/T Liabilities	2.0	1.9	1.7	1.5	8.3	8.3	8.3	8.3		
Other Non Current Liabilities	-	-	-	0.2	0.1	0.1	0.1	0.1		
Net financial debt	3.1	10.7	17.0	15.2	9.2	11.7	8.1	6.6		
Current Liabilities	21.5	25.2	23.1	24.6	24.5	23.4	26.1	27.3		
Equity & Total Liabilities	68.0	80.1	86.3	87.7	87.3	86.9	89.7	92.1		
CAGR										
P&L (EUR Mn)	2016	2017	2018	2019	2020	2021e	2022e	2023e	16-20	20-23e
Total Revenues	95.6	104.2	115.6	114.9	91.2	95.7	107.6	115.1	-1.2%	8.1%
<i>Total Revenues growth</i>	20.3%	9.0%	10.9%	-0.6%	-20.7%	5.0%	12.5%	6.9%		
COGS	(33.7)	(41.6)	(48.7)	(49.6)	(37.7)	(39.7)	(45.2)	(48.9)		
Gross Margin	62.0	62.6	66.9	65.3	53.5	56.0	62.4	66.2	-3.6%	7.3%
<i>Gross Margin/Revenues</i>	64.8%	60.1%	57.9%	56.8%	58.7%	58.5%	58.0%	57.5%		
Personnel Expenses	(24.1)	(26.7)	(28.1)	(27.8)	(25.2)	(26.4)	(27.5)	(28.4)		
Other Operating Expenses	(18.9)	(19.2)	(20.5)	(20.6)	(16.5)	(17.4)	(19.3)	(20.5)		
Recurrent EBITDA	19.0	16.7	18.2	16.8	11.8	12.3	15.6	17.3	-11.3%	13.6%
<i>Recurrent EBITDA growth</i>	44.6%	-12.1%	8.9%	-7.5%	-30.0%	4.0%	27.3%	10.6%		
<i>Rec. EBITDA/Revenues</i>	19.9%	16.0%	15.8%	14.6%	12.9%	12.8%	14.5%	15.0%		
Restructuring Expense & Other non-rec.	-	-	-	-	0.8	-	-	-		
EBITDA	19.0	16.7	18.2	16.8	12.6	12.3	15.6	17.3	-9.7%	11.0%
Depreciation & Provisions	(3.8)	(5.0)	(5.5)	(5.5)	(4.5)	(5.0)	(5.0)	(5.0)		
Capitalized Expense	-	0.6	0.1	0.4	0.7	0.2	0.2	0.2		
Rentals (IFRS 16 impact)	-	-	-	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)		
EBIT	15.2	12.4	12.8	11.7	8.7	7.4	10.8	12.4	-13.0%	12.5%
<i>EBIT growth</i>	65.8%	-18.8%	3.7%	-8.7%	-25.5%	-14.9%	45.1%	15.2%		
<i>EBIT/Revenues</i>	15.9%	11.9%	11.1%	10.2%	9.6%	7.7%	10.0%	10.8%		
Impact of Goodwill & Others	-	-	-	-	-	-	-	-		
Net Financial Result	(0.2)	(0.2)	(0.2)	(0.3)	(0.3)	(0.3)	(0.3)	(0.3)		
Income by the Equity Method	(0.8)	(0.2)	(0.4)	-	-	-	-	-		
Ordinary Profit	14.2	11.9	12.2	11.4	8.4	7.1	10.4	12.1	-12.3%	12.9%
<i>Ordinary Profit Growth</i>	59.3%	-16.1%	2.6%	-6.6%	-26.3%	-15.9%	47.4%	16.0%		
Extraordinary Results	-	-	-	-	(0.4)	-	-	-		
Profit Before Tax	14.2	11.9	12.2	11.4	8.1	7.1	10.4	12.1	-13.2%	14.5%
Tax Expense	(3.7)	(3.0)	(3.0)	(2.7)	(2.1)	(1.8)	(2.6)	(3.0)		
<i>Effective Tax Rate</i>	26.1%	25.1%	24.7%	23.7%	25.6%	25.0%	25.0%	25.0%		
Minority Interests	-	-	-	-	-	-	-	-		
Discontinued Activities	-	-	-	-	-	-	-	-		
Net Profit	10.5	8.9	9.2	8.7	6.0	5.3	7.8	9.1	-13.1%	14.8%
<i>Net Profit growth</i>	56.0%	-14.9%	3.1%	-5.3%	-31.2%	-11.4%	47.4%	16.0%		
Ordinary Net Profit	10.5	8.9	9.2	8.7	5.6	5.3	7.8	9.1	-14.4%	17.2%
<i>Ordinary Net Profit growth</i>	56.0%	-14.9%	3.1%	-5.3%	-35.3%	-5.8%	47.4%	16.0%		
CAGR										
Cash Flow (EUR Mn)	2016	2017	2018	2019	2020	2021e	2022e	2023e	16-20	20-23e
Recurrent EBITDA						12.3	15.6	17.3	-11.3%	13.6%
Rentals (IFRS 16 impact)						(0.1)	(0.1)	(0.1)		
Working Capital Increase						(0.8)	0.0	(1.0)		
Recurrent Operating Cash Flow						11.4	15.6	16.2	-13.5%	9.7%
CAPEX						(4.8)	(4.8)	(5.1)		
Net Financial Result affecting the Cash Flow						(0.3)	(0.3)	(0.3)		
Tax Expense						(1.8)	(2.6)	(3.0)		
Recurrent Free Cash Flow						4.5	7.8	7.8	n.a.	18.1%
Restructuring Expense & Other non-rec.						-	-	-		
- Acquisitions / + Divestures of assets						-	-	-		
Extraordinary Inc./Exp. Affecting Cash Flow						-	-	-		
Free Cash Flow						4.5	7.8	7.8	n.a.	11.9%
Capital Increase						-	-	-		
Dividends						(7.0)	(4.2)	(6.3)		
Net Debt Variation						2.5	(3.5)	(1.6)		

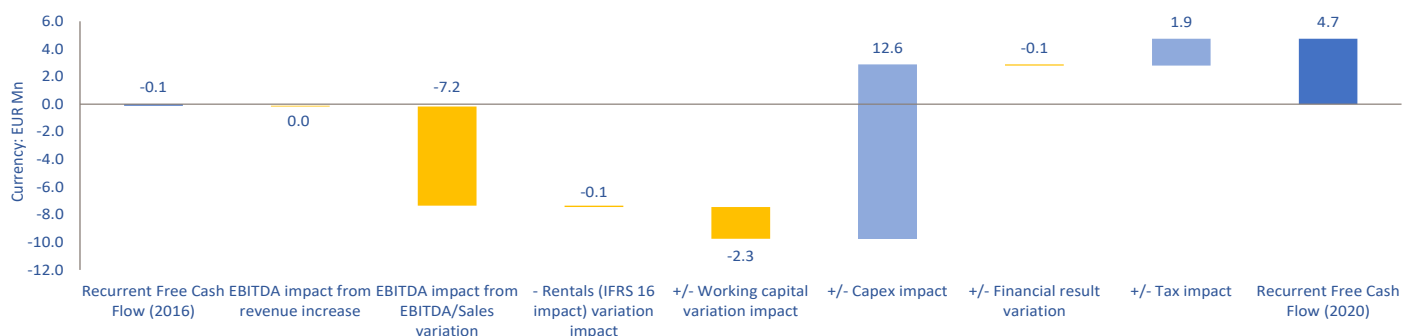
Note 1: Financial projections include IFRS 16 adjustments. FY 19 EBITDA is c. EUR 0.1Mn higher due to IFRS 16.

Appendix 2. Free Cash Flow⁽¹⁾

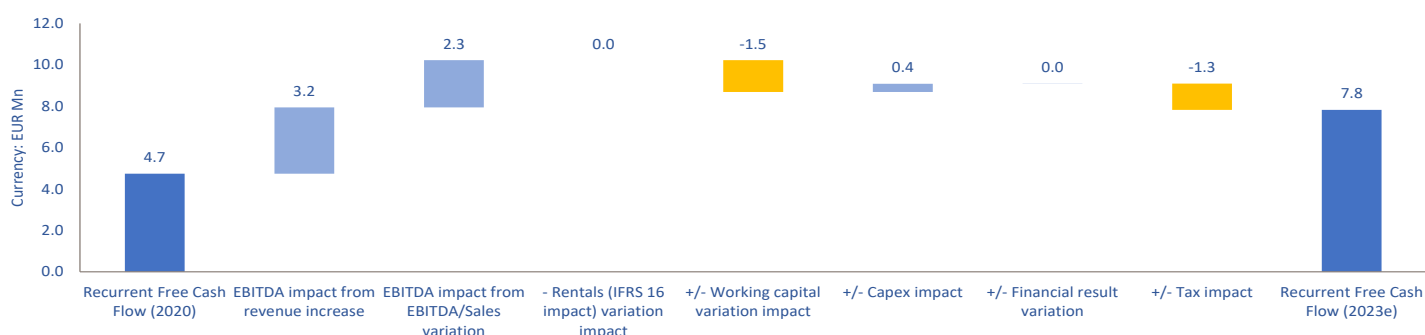
A) Cash Flow Analysis (EUR Mn)	2017	2018	2019	2020	2021e	2022e	2023e	CAGR	
								17-20	20-23e
Recurrent EBITDA	16.7	18.2	16.8	11.8	12.3	15.6	17.3	-11.0%	13.6%
<i>Recurrent EBITDA growth</i>	-12.1%	8.9%	-7.5%	-30.0%	4.0%	27.3%	10.6%		
<i>Rec. EBITDA/Revenues</i>	16.0%	15.8%	14.6%	12.9%	12.8%	14.5%	15.0%		
- Rentals (IFRS 16 impact)	-	-	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)		
+/- Working Capital increase	(4.5)	(2.8)	2.1	0.6	(0.8)	0.0	(1.0)		
= Recurrent Operating Cash Flow	12.2	15.4	18.9	12.3	11.4	15.6	16.2	0.2%	9.7%
<i>Rec. Operating Cash Flow growth</i>	-44.4%	26.8%	22.2%	-35.1%	-6.8%	36.2%	4.1%		
<i>Rec. Operating Cash Flow / Sales</i>	11.7%	13.4%	16.4%	13.4%	11.9%	14.5%	14.1%		
- CAPEX	(10.0)	(11.5)	(7.5)	(5.5)	(4.8)	(4.8)	(5.1)		
- Net Financial Result affecting Cash Flow	(0.2)	(0.2)	(0.2)	(0.3)	(0.3)	(0.3)	(0.3)		
- Taxes	(3.0)	(3.2)	(2.8)	(1.8)	(1.8)	(2.6)	(3.0)		
= Recurrent Free Cash Flow	(1.1)	0.6	8.4	4.7	4.5	7.8	7.8	86.7%	18.1%
<i>Rec. Free Cash Flow growth</i>	-790.6%	155.1%	n.a.	-43.5%	-4.4%	71.7%	0.5%		
<i>Rec. Free Cash Flow / Revenues</i>	n.a.	0.5%	7.3%	5.2%	4.7%	7.2%	6.8%		
- Restructuring expenses & others	-	-	-	0.8	-	-	-		
- Acquisitions / + Divestments	0.4	0.2	0.4	-	-	-	-		
+/- Extraordinary Inc./Exp. affecting Cash Flow	-	-	-	-	-	-	-		
= Free Cash Flow	(0.7)	0.8	8.8	5.6	4.5	7.8	7.8	n.a.	11.9%
<i>Free Cash Flow growth</i>	-121.5%	216.3%	994.4%	-36.4%	-18.8%	71.7%	0.5%		
<i>Recurrent Free Cash Flow - Yield (s/Mkt Cap)</i>	n.a.	0.5%	7.3%	4.1%	4.0%	6.8%	6.8%		
<i>Free Cash Flow Yield (s/Mkt Cap)</i>	n.a.	0.7%	7.7%	4.9%	4.0%	6.8%	6.8%		
B) Analytical Review of Annual Recurrent Free Cash Flow Performance (Eur Mn)									
Recurrent FCF(FY - 1)	(0.1)	(1.1)	0.6	8.4	4.7	4.5	7.8		
EBITDA impact from revenue increase	1.7	1.8	(0.1)	(3.5)	0.6	1.5	1.1		
EBITDA impact from EBITDA/Sales variation	(4.0)	(0.3)	(1.3)	(1.6)	(0.1)	1.8	0.6		
= Recurrent EBITDA variation	(2.3)	1.5	(1.4)	(5.0)	0.5	3.4	1.7		
- Rentals (IFRS 16 impact) variation impact	-	-	(0.1)	(0.0)	-	-	-		
+/- Working capital variation impact	(7.4)	1.8	4.9	(1.5)	(1.3)	0.8	(1.0)		
= Recurrent Operating Cash Flow variation	(9.7)	3.3	3.4	(6.6)	(0.8)	4.1	0.6		
+/- CAPEX impact	8.1	(1.5)	4.0	2.1	0.7	(0.1)	(0.2)		
+/- Financial result variation	(0.0)	0.0	(0.0)	(0.1)	(0.0)	0.0	0.0		
+/- Tax impact	0.7	(0.2)	0.5	1.0	(0.0)	(0.8)	(0.4)		
= Recurrent Free Cash Flow variation	(0.9)	1.6	7.8	(3.7)	(0.2)	3.3	0.0		
Recurrent Free Cash Flow	(1.1)	0.6	8.4	4.7	4.5	7.8	7.8		
C) "FCF to the Firm" (pre debt service) (EUR Mn)									
EBIT	12.4	12.8	11.7	8.7	7.4	10.8	12.4	-11.0%	12.5%
* <i>Theoretical Tax rate</i>	25.1%	24.7%	23.7%	25.6%	25.0%	25.0%	25.0%		
= Taxes (pre- Net Financial Result)	(3.1)	(3.2)	(2.8)	(2.2)	(1.9)	(2.7)	(3.1)		
Recurrent EBITDA	16.7	18.2	16.8	11.8	12.3	15.6	17.3	-11.0%	13.6%
- Rentals (IFRS 16 impact)	-	-	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)		
+/- Working Capital increase	(4.5)	(2.8)	2.1	0.6	(0.8)	0.0	(1.0)		
= Recurrent Operating Cash Flow	12.2	15.4	18.9	12.3	11.4	15.6	16.2	0.2%	9.7%
- CAPEX	(10.0)	(11.5)	(7.5)	(5.5)	(4.8)	(4.8)	(5.1)		
- Taxes (pre- Financial Result)	(3.1)	(3.2)	(2.8)	(2.2)	(1.9)	(2.7)	(3.1)		
= Recurrent Free Cash Flow (To the Firm)	(0.9)	0.8	8.6	4.6	4.8	8.0	8.0	90.9%	20.7%
<i>Rec. Free Cash Flow (To the Firm) growth</i>	-448.2%	187.8%	960.0%	-46.8%	4.5%	67.8%	0.2%		
<i>Rec. Free Cash Flow (To the Firm) / Revenues</i>	n.a.	0.7%	7.5%	5.0%	5.0%	7.5%	7.0%		
- Acquisitions / + Divestments	0.4	0.2	0.4	-	-	-	-		
+/- Extraordinary Inc./Exp. affecting Cash Flow	-	-	-	-	-	-	-		
= Free Cash Flow "To the Firm"	(0.6)	1.0	9.0	4.6	4.8	8.0	8.0	n.a.	20.7%
<i>Free Cash Flow (To the Firm) growth</i>	-55.3%	284.1%	768.6%	-49.0%	4.5%	67.8%	0.2%		
<i>Rec. Free Cash Flow To the Firm Yield (o/EV)</i>	n.a.	0.6%	6.5%	3.5%	3.6%	6.1%	6.1%		
<i>Free Cash Flow "To the Firm" - Yield (o/EV)</i>	n.a.	0.8%	6.8%	3.5%	3.6%	6.1%	6.1%		

Note 1: Financial projections include IFRS 16 adjustments. FY 19 EBITDA is c. EUR 0.1Mn higher due to IFRS 16.

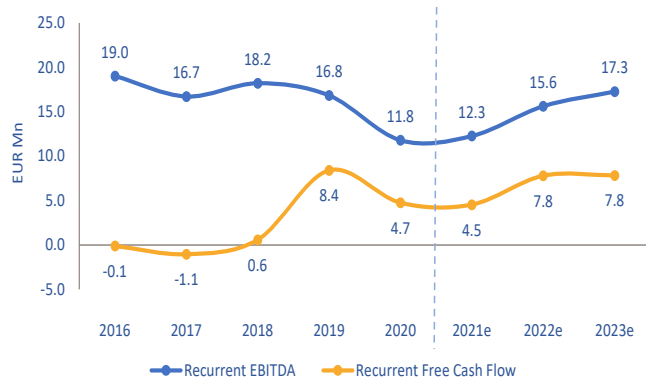
Recurrent Free Cash Flow accumulated variation analysis (2016 - 2020)



Recurrent Free Cash Flow accumulated variation analysis (2020 - 2023e)



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	114.5	
+ Minority Interests	-	12m Results 2020
+ Provisions & Other L/T Liabilities	1.3	12m Results 2020
+ Net financial debt	9.2	12m Results 2020
- Financial Investments	0.2	12m Results 2020
+/- Others ⁽¹⁾	7.0	12m Results 2020
Enterprise Value (EV)	131.8	

(1) Corresponding to EUR 7Mn of the 2020 dividend (charged to 2019 earnings). Paid March 2021 (not included in 2020 debt).

Appendix 4. Historical performance (1)(2)

Historical performance (EUR Mn)	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021e	2022e	2023e	CAGR	
															10-20	20-23e
Total Revenues	66.7	72.4	57.6	58.1	63.0	79.5	95.6	104.2	115.6	114.9	91.2	95.7	107.6	115.1	3.2%	8.1%
Total Revenues growth	46.3%	8.6%	-20.4%	0.8%	8.5%	26.1%	20.3%	9.0%	10.9%	-0.6%	-20.7%	5.0%	12.5%	6.9%		
EBITDA	11.7	10.4	5.0	6.4	8.7	13.2	19.0	16.7	18.2	16.8	12.6	12.3	15.6	17.3	0.8%	11.0%
EBITDA growth	129.5%	-11.6%	-51.3%	26.1%	36.7%	51.5%	44.6%	-12.1%	8.9%	-7.5%	-25.0%	-2.9%	27.3%	10.6%		
EBITDA/Sales	17.6%	14.3%	8.7%	10.9%	13.8%	16.6%	19.9%	16.0%	15.8%	14.6%	13.9%	12.8%	14.5%	15.0%		
Net Profit	4.4	3.6	0.3	2.5	4.0	6.7	10.5	8.9	9.2	8.7	6.0	5.3	7.8	9.1	3.1%	14.8%
Net Profit growth	561.3%	-17.9%	-92.9%	876.0%	58.1%	69.1%	56.0%	-14.9%	3.1%	-5.3%	-31.2%	-11.4%	47.4%	16.0%		
Adjusted number shares (Mn)	11.0	11.0	11.0	10.9	9.9	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0		
EPS (EUR)	0.40	0.33	0.02	0.23	0.40	0.67	1.05	0.89	0.92	0.87	0.60	0.53	0.78	0.91	4.1%	14.8%
EPS growth	n.a.	-17.9%	-92.9%	n.a.	74.2%	67.3%	56.0%	-14.9%	3.1%	-5.3%	-31.2%	-11.4%	47.4%	16.0%		
Ord. EPS (EUR)	0.40	0.33	0.02	0.23	0.40	0.67	1.05	0.89	0.92	0.87	0.56	0.53	0.78	0.91	3.4%	17.2%
Ord. EPS growth	n.a.	-17.9%	-92.9%	n.a.	74.2%	67.3%	56.0%	-14.9%	3.1%	-5.3%	-35.3%	-5.8%	47.4%	16.0%		
CAPEX	(5.9)	(2.8)	(2.7)	(1.7)	(3.2)	(6.1)	(18.1)	(10.0)	(11.5)	(7.5)	(5.5)	(4.8)	(4.8)	(5.1)		
CAPEX/Sales %	8.9%	3.9%	4.6%	3.0%	5.0%	7.7%	18.9%	9.6%	9.9%	6.5%	6.0%	5.0%	4.5%	4.4%		
Free Cash Flow	7.1	1.8	2.0	8.3	0.5	10.3	(0.3)	(0.7)	0.8	8.8	5.6	4.5	7.8	7.8	-2.3%	11.9%
ND/EBITDA (x) (3)	0.6x	0.7x	1.4x	0.0x	0.7x	-0.2x	0.2x	0.6x	0.9x	0.9x	0.7x	1.0x	0.5x	0.4x		
P/E (x)	7.3x	7.7x	93.8x	13.1x	9.4x	12.5x	13.5x	19.9x	12.0x	15.5x	20.2x	21.6x	14.6x	12.6x		
EV/Sales (x)	0.58x	0.47x	0.54x	0.57x	0.68x	1.03x	1.52x	1.79x	1.09x	1.30x	1.52x	1.38x	1.22x	1.14x		
EV/EBITDA (x) (3)	3.3x	3.3x	6.2x	5.2x	4.9x	6.2x	7.6x	11.2x	6.9x	8.9x	10.9x	10.7x	8.4x	7.6x		
Absolute performance	-2.6%	-13.2%	-13.1%	36.7%	24.8%	123.3%	69.0%	25.4%	-38.2%	23.2%	-10.7%	-5.4%				
Relative performance vs Ibxex 35	18.0%	-0.1%	-8.9%	12.6%	20.4%	140.5%	72.5%	16.7%	-27.3%	10.2%	5.6%	-12.8%				

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: Financial projections include IFRS 16 adjustments. FY 19 EBITDA is c. EUR 0.1Mn higher due to IFRS 16.

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

Appendix 5. Main peers 2021e

Market data	Auto-Parts					Brake Systems			LGT
	EUR Mn	CIE				Average	Brembo SPA	Haldex AB	
		Automotive	Gestamp	Faurecia	Voestalpine				
Ticker (Factset)	CIE-ES	GEST-ES	EO-FR	VOE-AT		BRE-IT	HLDX-SE		LGT-ES
Country	Spain	Spain	France	Austria		Italy	Sweden		Spain
Market cap	3,076.5	2,366.5	5,093.5	6,705.2		3,844.7	247.8		114.5
Enterprise value (EV)	5,026.5	5,244.6	8,757.1	9,536.2		4,370.9	345.2		131.8
Total Revenues	3,339.6	8,573.1	16,610.1	14,003.2		2,681.1	427.1		95.7
Total Revenues growth	15.9%	15.0%	13.4%	24.3%	17.1%	21.4%	8.6%	15.0%	5.0%
2y CAGR (2021e - 2023e)	7.5%	7.9%	10.6%	-2.5%	5.9%	6.6%	5.7%	6.1%	9.7%
EBITDA	592.9	1,048.0	2,363.4	1,945.1		521.4	61.1		12.3
EBITDA growth	32.6%	57.8%	102.1%	95.6%	72.0%	47.0%	63.3%	55.1%	-2.9%
2y CAGR (2021e - 2023e)	10.1%	11.5%	12.7%	-9.0%	6.3%	7.3%	10.6%	9.0%	18.7%
EBITDA/Revenues	17.8%	12.2%	14.2%	13.9%	14.5%	19.4%	14.3%	16.9%	12.8%
EBIT	425.5	449.4	1,112.3	1,081.3		313.5	36.9		7.4
EBIT growth	42.0%	589.3%	237.3%	494.4%	340.7%	108.1%	139.5%	123.8%	-14.9%
2y CAGR (2021e - 2023e)	11.2%	21.2%	21.4%	-17.5%	9.1%	10.9%	14.9%	12.9%	29.3%
EBIT/Revenues	12.7%	5.2%	6.7%	7.7%	8.1%	11.7%	8.6%	10.2%	7.7%
Net Profit	277.6	177.9	521.8	696.5		230.6	24.3		5.3
Net Profit growth	50.1%	217.7%	237.7%	n.a.	168.5%	68.5%	181.6%	125.1%	-11.4%
2y CAGR (2021e - 2023e)	13.3%	35.4%	33.7%	-16.2%	16.6%	10.9%	14.5%	12.7%	30.7%
CAPEX/Sales %	5.9%	6.9%	6.2%	5.3%	6.1%	8.7%	5.3%	7.0%	-5.0%
Free Cash Flow	254.6	136.6	587.6	455.0		160.9	29.1		4.5
Net financial debt	1,415.9	2,270.0	2,637.6	2,762.4		370.0	110.7		11.7
ND/EBITDA (x)	2.4	2.2	1.1	1.4	1.8	0.7	1.8	1.3	1.0
Pay-out	30.0%	23.3%	30.3%	24.2%	26.9%	33.6%	33.3%	33.4%	80.0%
P/E (x)	11.1	13.6	9.7	9.6	11.0	16.9	11.2	14.1	21.6
P/BV (x)	3.6	1.4	1.4	1.1	1.9	2.5	1.8	2.1	2.6
EV/Revenues (x)	1.5	0.6	0.5	0.7	0.8	1.6	0.8	1.2	1.4
EV/EBITDA (x)	8.5	5.0	3.7	4.9	5.5	8.4	5.7	7.0	10.7
EV/EBIT (x)	11.8	11.7	7.9	8.8	10.0	13.9	9.4	11.6	17.8
ROE	32.3	10.4	14.6	11.7	17.2	14.5	15.8	15.2	12.0
FCF Yield (%)	8.3	5.8	11.5	6.8	8.1	4.2	11.7	8.0	4.0
DPS	0.66	0.07	1.15	0.94	0.71	0.24	0.17	0.21	0.42
Dvd Yield	2.6%	1.8%	3.0%	2.5%	2.5%	2.0%	3.4%	2.7%	3.7%

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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Notes and Reports History

Date of report	Recommendation	Price (EUR)	Target price (EUR)	Period of validity	Reason for report	Analyst
03-Aug-2021	n.a.	11.45	n.a.	n.a.	6m Results 2021 - Estimates downgrade	David López Sánchez
01-Mar-2021	n.a.	11.30	n.a.	n.a.	12m Results 2020	David López Sánchez
30-Oct-2020	n.a.	11.35	n.a.	n.a.	9m Results 2020	David López Sánchez
28-Jul-2020	n.a.	11.90	n.a.	n.a.	Estimates downgrade	David López Sánchez
28-Feb-2020	n.a.	13.30	n.a.	n.a.	12m Results 2019	David López Sánchez
28-Oct-2019	n.a.	13.45	n.a.	n.a.	9m Results 2019	David López Sánchez
22-Jul-2019	n.a.	14.35	n.a.	n.a.	6m Results 2019 - Estimates downgrade	David López Sánchez
13-May-2019	n.a.	15.45	n.a.	n.a.	3m Results 2019	David López Sánchez
01-Mar-2019	n.a.	15.00	n.a.	n.a.	12m Results 2018	David López Sánchez
22-Nov-2018	n.a.	12.68	n.a.	n.a.	Initiation of Coverage	David López Sánchez

