

6m Results 2022

Opinion ⁽¹⁾: Below expectations

Impact ⁽¹⁾: We will have to lower our estimates

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Business description

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

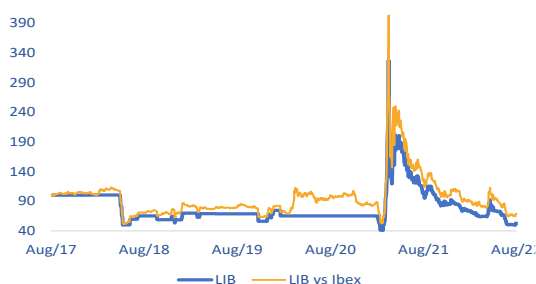
Market Data

Market Cap (Mn EUR and USD)	24.5	25.2
EV (Mn EUR and USD) ⁽²⁾	28.3	29.0
Shares Outstanding (Mn)	21.9	
-12m (Max/Med/Mín EUR)	2.45 / 1.65 / 1.05	
Daily Avg volume (-12m Mn EUR)	n.m.	
Rotation ⁽³⁾	4.7	
Factset / Bloomberg	LIB-ES / LIB SM	
Close fiscal year	31-Dec	

Shareholders Structure (%)

Noguera Family and others	80.0
Treasury stock	3.8
Free Float	16.2

Relative performance (Base 100)



Stock performance (%)

	-1m	-3m	-12m	-5Y
Absolute	5.7	-33.7	-49.7	-47.2
vs Ibex 35	6.8	-29.7	-46.1	-30.9
vs Ibex Small Cap Index	11.1	-25.9	-44.1	-58.8
vs Eurostoxx 50	-1.7	-32.0	-44.5	-50.5
vs Sector benchmark ⁽⁴⁾	-5.7	-24.3	-35.3	-40.1

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

(2) Please refer to Appendix 2.

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

(4) vs Stoxx Europe 600 Real State.

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

1H22, with sights set on the second half (that will reflect the start of the new development cycle)

The main figures for 1H22 are: Revenue of EUR 3.4Mn (vs EUR 11.9Mn in 1H21; as the title deeds have yet to be executed for the developments where work is being completed), with positive EBITDA of EUR 0.9Mn and net profit of EUR 0.4Mn (vs EUR 1.3Mn in 1H21). On the balance sheet, net debt fell to EUR 29.3Mn (-10.7% vs 2021 close) and net equity to EUR 88.3Mn (-3.6% vs 2021). By divisions, we would highlight:

THE PROPERTY DIVISION, WAITING FOR THE NEW DEVELOPMENT BUSINESS CYCLE (NOT YET VISIBLE IN THE P&L). In 1H22 LIB executed title deeds on properties completed in previous years in an amount of EUR 1.3Mn (that explains the contraction of the P&L in 1H22). By developments, the execution of the title deeds for Edificio Drassanes (24 properties; 100% sold) began in July 2022, and will be reflected in the P&L for 3Q22 (in line with estimates), although those for Crisálida (33 properties; 100% sold) are expected to be executed between 4Q22 and 1H23 (vs our prior estimate of 2022; that will lead us to cut 2022e revenue c. -15%).

LIB has two new developments: (i) Paseo Al Mar, in València is at the work contracting and licencing stage (30 properties; 40% of pre-sales) and (ii) Residencial Zaida, also in València, is at the project execution and licencing stage (23 properties; 17 pre-sales). As regards the acquisition of land, in 2Q the purchase was completed of a plot of land in València (18 properties) and another in El Puerto de Sagunto (18 properties), to be added to the 11,354 square metres in Denia and Peñíscola (that will consolidate the start of the new development cycle).

THE TOURISM AREA HAS ALREADY EASILY EXCEEDED THE RESULTS OBTAINED IN 2019. In 1H22 the tourism business generated revenue of EUR 0.9Mn, that not only significantly exceeded that obtained in the same period of 2021 (EUR 0.2Mn; greatly affected by Covid-19) but also that for 1H19 (+18.3%). Despite the current uncertainty, this should enable the tourism area to reach and even exceed the sales figure for 2019 (EUR 2.2Mn; maintaining a more flexible cost structure that should improve profitability, in line with expectations).

THE INVESTMENT AREA, CRITICAL FROM AN EQUITY VALUE VIEW POINT. LIB ended 1H22 with an investment portfolio of EUR 49.1Mn (-8.8% vs the 2021 close) the result of: (i) the cumulative return on the portfolio in global terms (-3.6%) and (ii) management focused on capital preservation (having generated liquidity with a value of EUR 2.8Mn). The equities portfolio (68% of the total) lost 7.4% in value (vs -16.5% for the Stoxx600).

IN CONCLUSION, WITH SIGHTS SET ON THE SECOND HALF OF THE YEAR (THAT WILL REFLECT THE START OF THE COMPANY'S NEW DEVELOPMENT CYCLE). Despite the current backdrop (shaped by inflation and rate hikes) and the slower than expected execution of the title deeds for Crisálida (that will lead us to defer some 2022e revenue to 2023e), LIB is consolidating its development business and continues to advance this with two new developments and the acquisition of two new plots of land (re-initiating regular land purchase activity). The company's ability to exploit this new development cycle and the speed at which it does this (the current macro situation aside) is now LIB's equity story.

Appendix 1. Results table

EUR Mn	6m22 Real		
	6m22 Real	6m21	vs 6m21
Total Revenues	3.4	11.9	-71.3%
Property	1.5	11.3	-86.5%
Tourism	0.9	0.2	323.9%
Investments	1.0	0.3	187.0%
Recurrent EBITDA	0.9	1.6	-42.2%
<i>Rec. EBITDA/Revenues</i>	<i>27.3%</i>	<i>13.5%</i>	<i>13.7 p.p.</i>
EBIT	0.8	1.9	-59.5%
NP	0.4	1.3	-67.3%
	3m22	2021	
Net Debt	29.3	32.8	-10.7%
Book value	88.3	91.5	-3.6%
Investment Portfolio	49.1	53.9	-8.8%

Appendix 2. EV breakdown at the date of this report

	EUR Mn	Source
Market Cap	24.5	
+ Minority Interests	-	6m Results 2022
+ Provisions & Other L/T Liabilities	-	6m Results 2022
+ Net financial debt	29.3	6m Results 2022
- Financial Investments	1.5	6m Results 2022
+/- Others ⁽¹⁾	(24.2)	6m Results 2022
Enterprise Value (EV)	28.3	

(1) Related to: (i) the book value (not actuarial) of deferred tax assets and liabilities (EUR 36.4Mn and EUR 13.4Mn, respectively) and (ii) the market value of treasury stock (EUR 1.1Mn)

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02-Aug-2022	n.a.	1.12	n.a.	n.a.	6m Results 2022	David López Sánchez
03-May-2022	n.a.	1.69	n.a.	n.a.	3m Results 2022	David López Sánchez
02-Mar-2022	n.a.	1.39	n.a.	n.a.	12m Results 2021	David López Sánchez
25-Oct-2021	n.a.	1.91	n.a.	n.a.	9m Results 2021	David López Sánchez
02-Aug-2021	n.a.	2.23	n.a.	n.a.	6m Results 2021	David López Sánchez
07-Jul-2021	n.a.	2.56	n.a.	n.a.	Initiation of Coverage	David López Sánchez

