

EQUITY - SPAIN

Sector: Machinery

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6m Results 2021 - Estimates upgrade

Closing price: EUR 5.76 (31 Aug 2021)

6m Results 2021

Opinion ⁽¹⁾: In line.

Impact ⁽¹⁾: We raise our estimates.

David López Sánchez – david.lopez@lighthouse-ieaf.com

+34 915 904 226

Nicolás Correa (NEA) is a Spanish industrial (Burgos), whose core business is the design and manufacture of chip removal machine tools, specialising in milling machines for the general mechanical engineering industry (aerospace, renewables, automotive sectors, etc). Currently, sales in Spain account for 15% (2019) of the total, with a 53% of sales made in the rest of Europe. China accounted for 10,5% in 2019.

1H21 results: NEA "resumes" the race. The low multiples are still there (2022e EV/EBITDA c. 6x)

Market Data

Market Cap (Mn EUR and USD)	70.9	83.8
EV (Mn EUR and USD) ⁽²⁾	65.3	77.2
Shares Outstanding (Mn)	12.3	
-12m (Max/Med/Mín EUR)	6.00 / 5.04 / 4.00	
Daily Avg volume (-12m Mn EUR)	0.05	
Rotation ⁽³⁾	17.2	
Factset / Bloomberg	NEA-ES / NEA SM	
Close fiscal year	31-Dec	

NEA'S ORDER BOOK IS AT HIGHS (EUR 44.8Mn)... In 1H21 NEA captured orders (including intragroup ones) for EUR 55.1Mn (vs EUR 26.7Mn in 1H20). This meant the order book at June 30 was at highs of the last decade (EUR 44.8Mn vs 23.4Mn in 1H20). In addition, NEA has announced that some of these orders will be executed as early as 2022e (an important milestone vs previous years).

... AND THE COMPANY HAS RECOVERED PRE-COVID ACTIVITY LEVELS, with revenue in the first half of 2021 of EUR 37.9Mn (+15% vs 1H20; in line with the figure for revenue achieved in 1H19).

Shareholders Structure (%)

Nicolás-Correa Family	31.9
Onchena	5.4
Board (Excl. Nicolas-Correa)	2.0
Free Float	60.8

WITHOUT LOSING SIGHT OF THE FOCUS ON PROFITABILITY (EBITDA MARGIN 12%). Despite the generalised increase in the price of supplies and raw materials, the company's strict control of costs and focus on profitability (vs volumes) has allowed it to maintain similar margins to those seen in 2019 (1H21 EBITDA margin of c. 12%; maintaining the positive spread to the sector). This has resulted in EBITDA of EUR 4.6Mn (+9% vs 1H19).

Financials (Mn EUR)

	2020	2021e	2022e	2023e
Adj. nº shares (Mn)	12.3	12.3	12.3	12.3
Total Revenues	67.5	74.8	83.3	89.5
Rec. EBITDA ⁽⁴⁾	8.1	9.5	10.9	12.2
% growth	-13.0	16.4	14.9	12.2
% Rec. EBITDA/Rev.	12.0	12.6	13.0	13.6
% Inc. EBITDA sector ⁽⁵⁾	-11.1	29.0	16.1	10.7
Net Profit	5.8	6.5	7.5	8.4
EPS (EUR)	0.47	0.53	0.61	0.68
% growth	-28.7	13.2	14.9	12.1
Ord. EPS (EUR)	0.47	0.53	0.61	0.68
% growth	-26.6	13.2	14.9	12.1
Rec. Free Cash Flow ⁽⁶⁾	-0.9	4.1	3.9	7.0
Pay-out (%)	35.7	31.7	27.6	24.6
DPS (EUR)	0.17	0.17	0.17	0.17
Net financial debt	-1.8	-3.8	-5.7	-10.7
ND/Rec. EBITDA (x)	-0.2	-0.4	-0.5	-0.9
ROE (%)	10.5	11.1	11.8	12.1
ROCE (%) ⁽⁶⁾	11.0	11.9	12.8	13.7

WITH A VERY HEALTHY BALANCE SHEET (ENDORING THE COMPANY'S INVESTMENT CAPACITY AND POTENTIAL TO CONTINUE GENERATING VALUE).

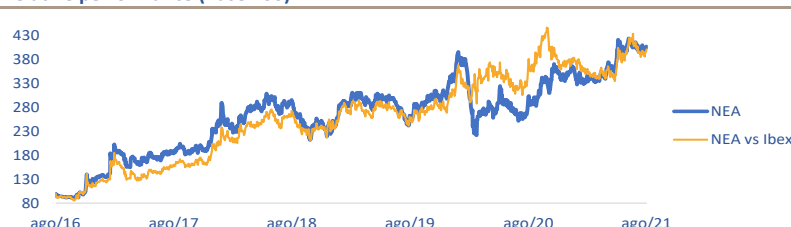
NEA's high cash generation capacity is a fact and 1H21 results have again confirmed this: NEA closed 1H21 with a net cash pile of EUR 5.3Mn (vs. EUR 0.9Mn at the 2020 close). This represents a very sound balance sheet position from which to carry out a step-up in production capacity (in July 2021 the extension of the reservation on a 20,000 m2 plot of land in Burgos was renewed, with a commitment to execute its acquisition before the end of the year).

VERY POSITIVE 1H21 RESULTS (AND IN LINE WITH 2021e) ALTHOUGH THE GOOD ORDERBOOK FIGURE MEANS WE RAISE 2022e NUMBERS. NEA has not only already overcome the Covid-19 crisis, but also, in our view, has emerged stronger from it (the good orderbook figure at June is proof of this). Today, despite the good performance of the share price (+35% -12m), our 2022e estimates would be trading at a EV/EBITDA of c. 6x (vs c. 9x for the company's main listed peers).

Ratios & Multiples (x) ⁽⁷⁾

	2020	2021e	2022e	2023e
P/E	12.3	10.9	9.5	8.4
Ord. P/E	12.3	10.9	9.5	8.4
P/BV	1.3	1.2	1.1	1.0
Dividend Yield (%)	2.9	2.9	2.9	2.9
EV/Sales	0.97	0.87	0.78	0.73
EV/Rec. EBITDA	8.0	6.9	6.0	5.4
EV/EBIT	10.1	8.4	7.2	6.4
FCF Yield (%) ⁽⁶⁾	n.a.	5.7	5.5	9.9

Relative performance (Base 100)



Stock performance (%)	-1m	-3m	-12m	YTD	-3Y	-5Y
Absolute	1.1	5.9	34.9	17.6	38.8	307.1
vs Ibxex 35	-0.9	9.5	6.3	7.3	47.5	301.1
vs Ibxex Small Cap Index	0.6	10.0	4.0	12.2	25.2	127.0
vs Eurostoxx 50	-1.5	1.9	5.2	-0.5	12.2	193.3
vs Sector benchmark ⁽⁵⁾	-0.5	-5.2	-10.7	-10.2	-13.5	97.6

(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 0.2Mn higher due to IFRS 16.

(5) Sector: Europe Industrial Machinery.

(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 upgrade

Table 1. 6m Results 2021

EUR Mn	6m21 Real	6m20	6m21 Real vs 6m20	2021e	2021e vs 2020
Total Revenues	37.9	33.1	14.6%	74.8	10.8%
Recurrent EBITDA	4.6	4.2	9.5%	9.5	16.4%
<i>Rec. EBITDA/Revenues</i>	<i>12.1%</i>	<i>12.7%</i>	<i>-0.6 p.p.</i>	<i>12.6%</i>	<i>0.6 p.p.</i>
EBITDA	4.6	4.2	9.5%	9.5	16.4%
<i>EBITDA/Revenues</i>	<i>12.1%</i>	<i>12.7%</i>	<i>-0.6 p.p.</i>	<i>12.6%</i>	<i>0.6 p.p.</i>
EBIT	3.7	3.4	8.3%	7.8	19.8%
NP	2.7	2.6	5.7%	6.5	13.2%
Net Cash	5.3	0.9	488.9%	-3.8	
New orders	55.1	26.7	106.4%		
Order book	44.8	23.4	91.5%		

Table 2. Estimates upgrade

EUR Mn	2021e (New)	Review (%)	2022e (New)	Review (%)	2023e (New)	Review (%)
Total Revenues	74.8	0.0%	83.3	5.6%	89.5	8.6%
Recurrent EBITDA	9.5	-3.5%	10.9	3.2%	12.2	8.6%
<i>Recurrent EBITDA growth</i>	<i>16.4%</i>	<i>-4.2 p.p.</i>	<i>14.9%</i>	<i>7.4 p.p.</i>	<i>12.2%</i>	<i>5.5 p.p.</i>
<i>Rec. EBITDA/Revenues</i>	<i>12.6%</i>	<i>-0.5 p.p.</i>	<i>13.0%</i>	<i>-0.3 p.p.</i>	<i>13.6%</i>	<i>0.0 p.p.</i>
EBIT	7.8	-5.0%	9.1	1.6%	10.3	7.2%
Net Profit	6.5	-4.4%	7.5	1.4%	8.4	6.4%
Recurrent Free Cash Flow	4.1	-9.4%	3.9	-34.6%	7.0	1.5%
Deuda Neta	-3.8	9.9%	-5.7	30.4%	-10.7	18.3%
<i>ND / EBITDA</i>	<i>-0.4 x</i>	<i>0.0 x</i>	<i>-0.5 x</i>	<i>0.3 x</i>	<i>-0.9 x</i>	<i>0.3 x</i>

Valuation inputs

Inputs for the DCF Valuation Approach

	2021e	2022e	2023e	Terminal Value ⁽¹⁾			
Free Cash Flow "To the Firm"	4.3	4.1	7.3	75.6			
Market Cap	70.9	At the date of this report					
Net financial debt	-5.3	Debt net of Cash (6m Results 2021)					
					Best Case	Worst Case	
Cost of Debt	1.5%	Net debt cost			1.2%	1.7%	
Tax rate (T)	20.0%	T (Normalised tax rate)			=	=	
Net debt cost	1.2%	Kd = Cost of Net Debt * (1-T)			1.0%	1.4%	
Risk free rate (rf)	0.3%	Rf (10y Spanish bond yield)			=	=	
Equity risk premium	9.0%	R (own estimate)			8.5%	9.5%	
Beta (B)	1.2	B (own estimate)			1.1	1.3	
Cost of Equity	11.1%	Ke = Rf + (R * B)			9.7%	12.7%	
Equity / (Equity + Net Debt)	100.0%	E (Market Cap as equity value)			=	=	
Net Debt / (Equity + Net Debt)	0.0%	D			=	=	
WACC	11.1%	WACC = Kd * D + Ke * E			9.7%	12.7%	
G "Fair"	2.0%				2.0%	1.5%	

(1) The terminal value reflects the NAV of FCF beyond the period estimated with the WACC and G of the central scenario.

Inputs for the Multiples Valuation Approach

Company	Ticker	Mkt. Cap	P/E 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
Georg Fischer	FI.N-CH	5,689,3	28,1	19,2%	14,9	13,5%	1,8	6,3%	11,8%	2,9%	22,6%
Makino	6135-JP	765,7	17,2	55,9%	5,3	33,8%	0,5	10,9%	9,4%	0,4%	n.a.
Hermle	MBH3-DE	279,0	31,5	n.a.	18,3	n.a.	3,8	n.a.	21,0%	n.a.	n.a.
Starrag	STGN-CH	149,1	38,1	64,8%	12,3	34,4%	0,5	6,5%	4,5%	3,5%	27,0%
Tornos Holding	TOHN-CH	131,8	6,6	-21,4%	5,0	-14,7%	0,8	14,6%	15,8%	29,3%	-51,8%
Datron AG	DAR-DE	45,5	19,2	14,7%	8,5	12,2%	0,7	12,5%	8,8%	n.a.	55,4%
Machine-tools			23,4	26,6%	10,7	15,8%	1,4	10,1%	11,9%	9,0%	13,3%
NEA	NEA-ES	70,9	10,9	13,5%	6,9	13,5%	0,9	9,4%	12,6%	5,7%	31,8%

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	14.3%	11.9	5.5x
Central	13.0%	10.9	6.0x
Min	11.7%	9.8	6.7x

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		
EBITDA 22e	3.2%	3.6%	4.0%		Max	7.5%	7.0%	6.6%
11.9	5.3	5.0	4.7	➔	Central	6.0%	5.5%	5.0%
10.9	4.2	3.9	3.6		Min	4.5%	4.0%	3.5%
9.8	3.2	2.8	2.5					

Appendix 1. Financial Projections⁽¹⁾

Balance Sheet (EUR Mn)	2016	2017	2018	2019	2020	2021e	2022e	2023e	CAGR	
Intangible assets	0.4	0.4	0.3	1.0	1.0	1.0	1.0	1.0		
Fixed assets	17.0	16.7	12.7	13.8	14.8	16.3	17.6	18.1		
Other Non Current Assets	9.8	9.6	10.8	11.6	11.6	11.6	11.6	11.6		
Financial Investments	2.9	2.5	6.0	2.0	2.1	2.2	2.2	2.3		
Goodwill & Other Intangibles	9.5	9.5	9.5	9.5	9.5	9.5	9.5	9.5		
Current assets	28.2	30.6	36.2	37.1	40.6	43.5	47.9	51.3		
Total assets	67.8	69.4	75.5	75.2	79.7	84.1	89.9	93.8		
Equity	37.2	39.4	47.1	53.0	56.3	60.8	66.2	72.5		
Minority Interests	0.7	0.7	0.8	0.8	0.7	0.9	1.0	1.2		
Provisions & Other L/T Liabilities	2.1	2.1	3.3	3.6	3.5	3.5	3.5	3.5		
Other Non Current Liabilities	-	-	-	0.8	0.8	0.8	0.8	0.8		
Net financial debt	12.1	8.1	1.5	(4.9)	(1.8)	(3.8)	(5.7)	(10.7)		
Current Liabilities	15.8	19.0	22.8	21.8	20.1	22.0	24.1	26.5		
Equity & Total Liabilities	67.8	69.4	75.5	75.2	79.7	84.1	89.9	93.8		
P&L (EUR Mn)	2016	2017	2018	2019	2020	2021e	2022e	2023e	16-20	20-23e
Total Revenues	60.5	59.2	72.1	74.3	67.5	74.8	83.3	89.5	2.8%	9.9%
<i>Total Revenues growth</i>	7.7%	-2.1%	21.7%	3.0%	-9.1%	10.8%	11.3%	7.4%		
COGS	(27.2)	(26.6)	(32.1)	(34.0)	(29.2)	(32.8)	(38.2)	(41.2)		
Gross Margin	33.3	32.6	40.0	40.2	38.3	42.0	45.2	48.3	3.6%	8.1%
<i>Gross Margin/Revenues</i>	55.0%	55.1%	55.5%	54.2%	56.7%	56.1%	54.2%	54.0%		
Personnel Expenses	(16.6)	(14.8)	(16.9)	(17.7)	(17.8)	(18.3)	(19.2)	(20.3)		
Other Operating Expenses	(11.1)	(11.4)	(14.7)	(13.2)	(12.3)	(14.2)	(15.1)	(15.9)		
Recurrent EBITDA	5.6	6.4	8.4	9.3	8.1	9.5	10.9	12.2	10.0%	14.5%
<i>Recurrent EBITDA growth</i>	49.3%	15.8%	31.0%	11.0%	-13.0%	16.4%	14.9%	12.2%		
<i>Rec. EBITDA/Revenues</i>	9.2%	10.9%	11.7%	12.6%	12.0%	12.6%	13.0%	13.6%		
Restructuring Expense & Other non-rec.	-	(2.1)	-	-	-	-	-	-		
EBITDA	5.6	4.3	8.4	9.3	8.1	9.5	10.9	12.2	10.0%	14.5%
Depreciation & Provisions	(2.2)	(1.4)	(1.3)	(1.3)	(1.5)	(1.5)	(1.6)	(1.7)		
Capitalized Expense	0.0	-	0.1	0.3	-	-	-	-		
Rentals (IFRS 16 impact)	-	-	-	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)		
EBIT	3.4	3.0	7.2	8.2	6.5	7.8	9.1	10.3	17.8%	16.6%
<i>EBIT growth</i>	48.4%	-11.9%	142.1%	13.4%	-20.5%	19.8%	16.3%	13.6%		
<i>EBIT/Revenues</i>	5.6%	5.0%	10.0%	11.0%	9.6%	10.4%	10.9%	11.5%		
Impact of Goodwill & Others	-	-	-	-	-	-	-	-		
Net Financial Result	(0.6)	(0.3)	(0.5)	(0.2)	(0.1)	(0.3)	(0.3)	(0.3)		
Income by the Equity Method	0.0	(0.3)	0.0	0.1	0.1	0.1	0.1	0.1		
Ordinary Profit	2.7	2.4	6.7	8.0	6.5	7.5	8.9	10.1	23.9%	16.0%
<i>Ordinary Profit Growth</i>	103.9%	-13.6%	184.0%	18.3%	-18.9%	16.5%	17.6%	13.9%		
Extraordinary Results	1.9	-	0.4	-	-	-	-	-		
Profit Before Tax	4.7	2.4	7.1	8.0	6.5	7.5	8.9	10.1	8.6%	16.0%
Tax Expense	0.1	(0.0)	0.9	0.2	(0.6)	(0.9)	(1.2)	(1.5)		
<i>Effective Tax Rate</i>	n.a.	0.2%	n.a.	n.a.	9.0%	11.7%	13.7%	15.1%		
Minority Interests	(0.6)	(0.1)	(0.2)	(0.2)	(0.1)	(0.1)	(0.1)	(0.2)		
Discontinued Activities	-	-	-	-	-	-	-	-		
Net Profit	4.1	2.2	7.8	8.1	5.8	6.5	7.5	8.4	8.8%	13.4%
<i>Net Profit growth</i>	203.0%	-45.6%	250.0%	2.8%	-28.4%	13.2%	14.9%	12.1%		
Ordinary Net Profit	2.1	4.3	6.6	7.8	5.8	6.5	7.5	8.4	28.4%	13.4%
<i>Ordinary Net Profit growth</i>	56.3%	104.4%	51.5%	19.1%	-26.3%	13.2%	14.9%	12.1%		
Cash Flow (EUR Mn)	2016	2017	2018	2019	2020	2021e	2022e	2023e	16-20	20-23e
Recurrent EBITDA						9.5	10.9	12.2	10.0%	14.5%
Rentals (IFRS 16 impact)						(0.2)	(0.2)	(0.2)		
Working Capital Increase						(1.1)	(2.3)	(1.0)		
Recurrent Operating Cash Flow						8.2	8.4	11.1	-10.2%	58.4%
CAPEX						(3.0)	(3.0)	(2.2)		
Net Financial Result affecting the Cash Flow						(0.3)	(0.3)	(0.3)		
Tax Expense						(0.9)	(1.2)	(1.5)		
Recurrent Free Cash Flow						4.1	3.9	7.0	-23.5%	n.a.
Restructuring Expense & Other non-rec.						-	-	-		
- Acquisitions / + Divestures of assets						-	-	-		
Extraordinary Inc./Exp. Affecting Cash Flow						-	-	-		
Free Cash Flow						4.1	3.9	7.0	-23.3%	n.a.
Capital Increase						-	-	-		
Dividends						(2.1)	(2.1)	(2.1)		
Net Debt Variation						(2.0)	(1.8)	(5.0)		

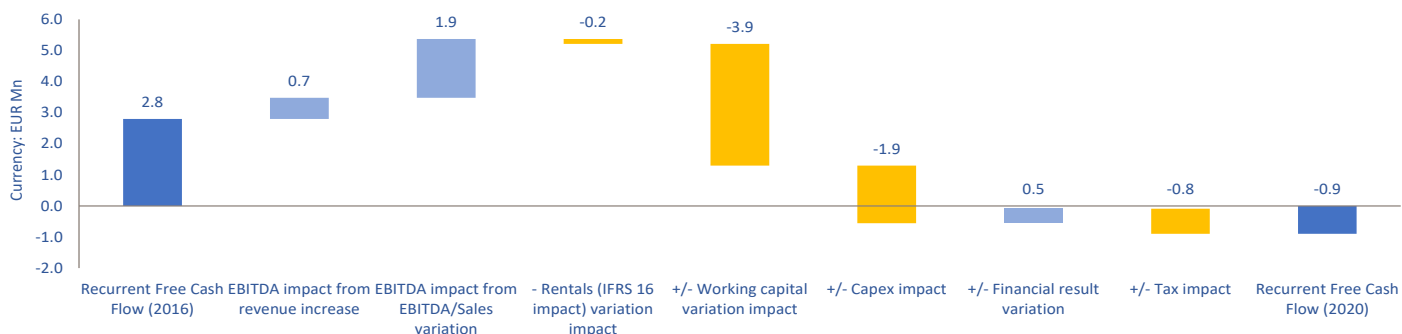
Note 1: Financial projections include IFRS 16 adjustments. FY 19 EBITDA is c. EUR 0.2Mn higher due to IFRS 16.

Appendix 2. Free Cash Flow⁽¹⁾

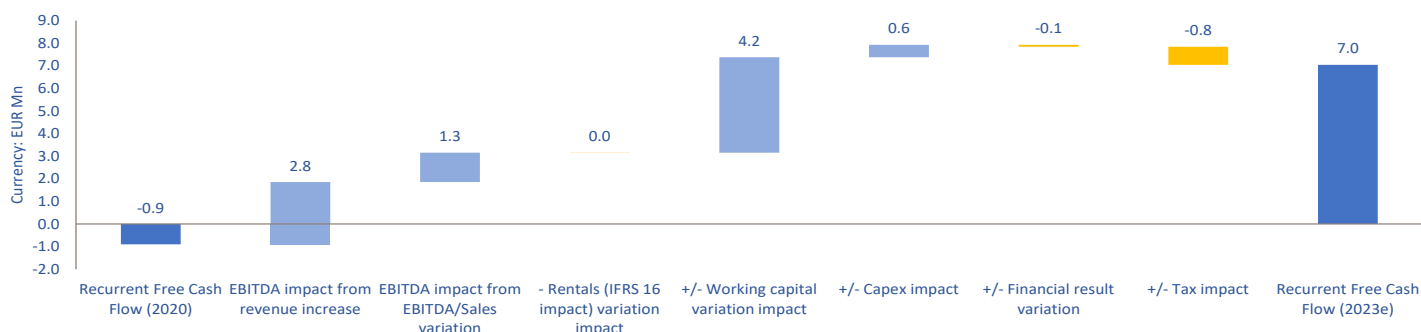
A) Cash Flow Analysis (EUR Mn)	2017	2018	2019	2020	2021e	2022e	2023e	CAGR	
								17-20	20-23e
Recurrent EBITDA	6.4	8.4	9.3	8.1	9.5	10.9	12.2	8.1%	14.5%
<i>Recurrent EBITDA growth</i>	15.8%	31.0%	11.0%	-13.0%	16.4%	14.9%	12.2%		
<i>Rec. EBITDA/Revenues</i>	10.9%	11.7%	12.6%	12.0%	12.6%	13.0%	13.6%		
- Rentals (IFRS 16 impact)	-	-	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)		
+/- Working Capital increase	0.8	(1.8)	(1.9)	(5.2)	(1.1)	(2.3)	(1.0)		
= Recurrent Operating Cash Flow	7.2	6.6	7.2	2.8	8.2	8.4	11.1	-27.1%	58.4%
<i>Rec. Operating Cash Flow growth</i>	67.8%	-7.5%	9.0%	-61.6%	196.1%	1.7%	32.0%		
<i>Rec. Operating Cash Flow / Sales</i>	12.1%	9.2%	9.8%	4.1%	11.0%	10.1%	12.4%		
- CAPEX	(1.0)	(1.9)	(1.8)	(2.8)	(3.0)	(3.0)	(2.2)		
- Net Financial Result affecting Cash Flow	(0.3)	(0.2)	(0.1)	(0.2)	(0.3)	(0.3)	(0.3)		
- Taxes	(0.0)	(1.0)	(1.0)	(0.7)	(0.9)	(1.2)	(1.5)		
= Recurrent Free Cash Flow	5.8	3.6	4.4	(0.9)	4.1	3.9	7.0	-29.2%	n.a.
<i>Rec. Free Cash Flow growth</i>	108.4%	-38.8%	22.1%	-120.7%	549.6%	-3.6%	80.3%		
<i>Rec. Free Cash Flow / Revenues</i>	9.8%	4.9%	5.9%	n.a.	5.4%	4.7%	7.9%		
- Restructuring expenses & others	0.0	0.0	-	-	-	-	-		
- Acquisitions / + Divestments	1.2	-	-	-	-	-	-		
+/- Extraordinary Inc./Exp. affecting Cash Flow	(2.1)	1.4	4.0	-	-	-	-		
= Free Cash Flow	5.0	5.0	8.4	(0.9)	4.1	3.9	7.0	-29.7%	n.a.
<i>Free Cash Flow growth</i>	71.4%	-0.9%	68.1%	-110.8%	549.6%	-3.6%	80.3%		
<i>Recurrent Free Cash Flow - Yield (s/Mkt Cap)</i>	8.2%	5.0%	6.1%	n.a.	5.7%	5.5%	9.9%		
<i>Free Cash Flow Yield (s/Mkt Cap)</i>	7.1%	7.0%	11.8%	n.a.	5.7%	5.5%	9.9%		
B) Analytical Review of Annual Recurrent Free Cash Flow Performance (Eur Mn)									
	2017	2018	2019	2020	2021e	2022e	2023e		
Recurrent FCF(FY - 1)	2.8	5.8	3.6	4.4	(0.9)	4.1	3.9		
EBITDA impact from revenue increase	(0.1)	1.4	0.3	(0.9)	0.9	1.1	0.8		
EBITDA impact from EBITDA/Sales variation	1.0	0.6	0.7	(0.4)	0.5	0.3	0.5		
= Recurrent EBITDA variation	0.9	2.0	0.9	(1.2)	1.3	1.4	1.3		
- Rentals (IFRS 16 impact) variation impact	-	-	(0.2)	(0.0)	(0.0)	(0.0)	-		
+/- Working capital variation impact	2.0	(2.5)	(0.2)	(3.2)	4.1	(1.3)	1.4		
= Recurrent Operating Cash Flow variation	2.9	(0.5)	0.6	(4.5)	5.5	0.1	2.7		
+/- CAPEX impact	(0.1)	(0.9)	0.2	(1.0)	(0.2)	(0.0)	0.8		
+/- Financial result variation	0.3	0.2	0.1	(0.1)	(0.1)	0.1	-		
+/- Tax impact	(0.1)	(1.0)	(0.1)	0.3	(0.2)	(0.3)	(0.3)		
= Recurrent Free Cash Flow variation	3.0	(2.3)	0.8	(5.3)	5.0	(0.1)	3.1		
Recurrent Free Cash Flow	5.8	3.6	4.4	(0.9)	4.1	3.9	7.0		
C) "FCF to the Firm" (pre debt service) (EUR Mn)									
	2017	2018	2019	2020	2021e	2022e	2023e	CAGR	
EBIT	3.0	7.2	8.2	6.5	7.8	9.1	10.3	29.7%	16.6%
* <i>Theoretical Tax rate</i>	0.2%	0.0%	0.0%	9.0%	11.7%	13.7%	15.1%		
= Taxes (pre- Net Financial Result)	(0.0)	-	-	(0.6)	(0.9)	(1.2)	(1.6)		
Recurrent EBITDA	6.4	8.4	9.3	8.1	9.5	10.9	12.2	8.1%	14.5%
- Rentals (IFRS 16 impact)	-	-	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)		
+/- Working Capital increase	0.8	(1.8)	(1.9)	(5.2)	(1.1)	(2.3)	(1.0)		
= Recurrent Operating Cash Flow	7.2	6.6	7.2	2.8	8.2	8.4	11.1	-27.1%	58.4%
- CAPEX	(1.0)	(1.9)	(1.8)	(2.8)	(3.0)	(3.0)	(2.2)		
- Taxes (pre- Financial Result)	(0.0)	-	-	(0.6)	(0.9)	(1.2)	(1.6)		
= Recurrent Free Cash Flow (To the Firm)	6.1	4.7	5.5	(0.6)	4.3	4.1	7.3	-28.0%	n.a.
<i>Rec. Free Cash Flow (To the Firm) growth</i>	83.5%	-23.4%	16.3%	-110.8%	832.6%	-4.5%	75.7%		
<i>Rec. Free Cash Flow (To the Firm) / Revenues</i>	10.4%	6.5%	7.4%	n.a.	5.8%	5.0%	8.1%		
- Acquisitions / + Divestments	1.2	-	-	-	-	-	-		
+/- Extraordinary Inc./Exp. affecting Cash Flow	(2.1)	1.4	4.0	-	-	-	-		
= Free Cash Flow "To the Firm"	5.3	6.1	9.5	(0.6)	4.3	4.1	7.3	-28.3%	n.a.
<i>Free Cash Flow (To the Firm) growth</i>	47.4%	14.9%	56.0%	-106.3%	832.6%	-4.5%	75.7%		
<i>Rec. Free Cash Flow To the Firm Yield (o/EV)</i>	9.4%	7.2%	8.4%	n.a.	6.6%	6.3%	11.1%		
<i>Free Cash Flow "To the Firm" - Yield (o/EV)</i>	8.1%	9.3%	14.5%	n.a.	6.6%	6.3%	11.1%		

Note 1: Financial projections include IFRS 16 adjustments. FY 19 EBITDA is c. EUR 0.2Mn higher due to IFRS 16.

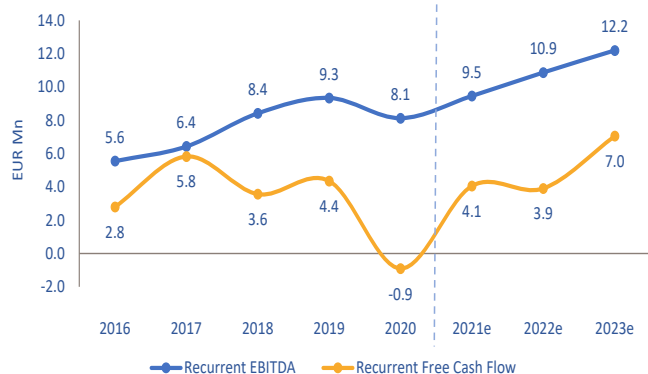
Recurrent Free Cash Flow accumulated variation analysis (2016 - 2020)



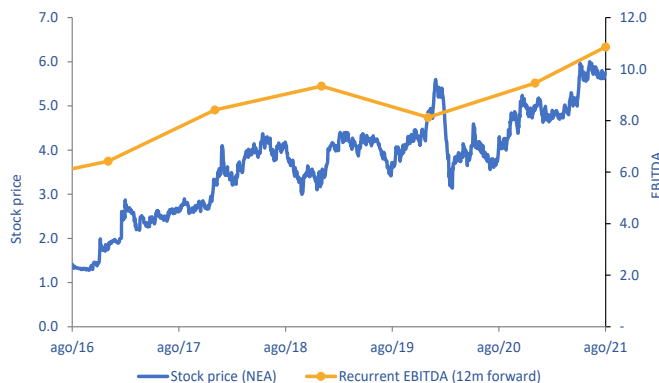
Recurrent Free Cash Flow accumulated variation analysis (2020 - 2023e)



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	70.9	
+ Minority Interests	0.4	6m Results 2021
+ Provisions & Other L/T Liabilities	1.7	6m Results 2021
+ Net financial debt	(5.3)	6m Results 2021
- Financial Investments	2.3	6m Results 2021
+/- Others		
Enterprise Value (EV)	65.3	

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	CAGR 20-23e
Total Revenues	34.0	63.9	31.7	54.7	55.6	56.2	60.5	59.2	72.1	74.3	67.5	74.8	83.3	89.5	7.1%	9.9%
Total Revenues growth	-41.3%	87.9%	-50.4%	72.7%	1.6%	1.1%	7.7%	-2.1%	21.7%	3.0%	-9.1%	10.8%	11.3%	7.4%		
EBITDA	(5.4)	4.1	(3.8)	2.4	3.9	3.7	5.6	4.3	8.4	9.3	8.1	9.5	10.9	12.2	13.4%	14.5%
EBITDA growth	-106.0%	176.4%	-192.5%	164.2%	61.7%	-5.7%	49.3%	-22.1%	94.5%	11.0%	-13.0%	16.4%	14.9%	12.2%		
EBITDA/Sales	n.a.	6.4%	n.a.	4.5%	7.1%	6.6%	9.2%	7.3%	11.7%	12.6%	12.0%	12.6%	13.0%	13.6%		
Net Profit	(8.6)	0.7	(7.1)	(0.3)	1.3	1.4	4.1	2.2	7.8	8.1	5.8	6.5	7.5	8.4	10.3%	13.4%
Net Profit growth	-68.1%	108.0%	n.a.	95.7%	537.0%	1.7%	203.0%	-45.6%	250.0%	2.8%	-28.4%	13.2%	14.9%	12.1%		
Adjusted number shares (Mn)	12.4	12.3	12.2	12.2	12.2	12.2	12.2	12.2	12.2	12.3	12.3	12.3	12.3	12.3		
EPS (EUR)	-0.69	0.06	-0.58	-0.02	0.11	0.11	0.34	0.18	0.64	0.66	0.47	0.53	0.61	0.68	10.3%	13.4%
EPS growth	-68.9%	n.a.	n.a.	95.7%	n.a.	1.7%	n.a.	-45.6%	n.a.	2.6%	-28.7%	13.2%	14.9%	12.1%		
Ord. EPS (EUR)	-0.69	0.04	-0.58	-0.01	0.11	0.11	0.17	0.35	0.54	0.64	0.47	0.53	0.61	0.68	10.3%	13.4%
Ord. EPS growth	-71.7%	n.a.	n.a.	98.8%	n.a.	0.2%	56.3%	n.a.	51.5%	18.8%	-26.6%	13.2%	14.9%	12.1%		
CAPEX	(0.7)	(1.9)	(0.4)	(1.7)	(0.9)	(1.5)	(0.9)	(1.0)	(1.9)	(1.8)	(2.8)	(3.0)	(3.0)	(2.2)		
CAPEX/Sales %	1.9%	3.0%	1.2%	3.2%	1.6%	2.6%	1.5%	1.7%	2.7%	2.4%	4.1%	4.0%	3.6%	2.5%		
Free Cash Flow	(0.3)	(4.5)	(1.6)	0.3	3.2	2.4	2.9	5.0	5.0	8.4	(0.9)	4.1	3.9	7.0	-11.1%	n.a.
ND/EBITDA (x) ⁽³⁾	n.a.	3.6x	n.a.	5.3x	2.4x	3.9x	2.2x	1.9x	0.2x	-0.5x	-0.2x	-0.4x	-0.5x	-0.9x		
P/E (x)	n.a.	18.5x	n.a.	n.a.	10.0x	11.5x	5.2x	17.5x	5.1x	7.1x	10.5x	10.9x	9.5x	8.4x		
EV/Sales (x)	0.92x	0.49x	0.91x	0.58x	0.47x	0.47x	0.51x	0.76x	0.54x	0.73x	0.90x	0.87x	0.78x	0.73x		
EV/EBITDA (x) ⁽³⁾	n.a.	7.6x	n.a.	13.1x	6.6x	7.1x	5.6x	10.4x	4.6x	5.8x	7.5x	6.9x	6.0x	5.4x		
Absolute performance	-35.7%	-30.1%	-32.4%	85.0%	-15.8%	17.0%	36.9%	83.1%	1.7%	44.3%	4.5%	17.6%	6.0x	5.4x		
Relative performance vs Ibxex 35	-22.1%	-19.5%	-29.1%	52.4%	-18.8%	26.0%	39.7%	70.5%	19.6%	29.1%	23.6%	7.3%				

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 0.2Mn 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

		Machine-tools						Average	NEA
EUR Mn		Georg Fischer	Makino	Hermle	Starrag	Holding	Datron AG		
Market data	Ticker (Factset)	FI.N-CH	6135-JP	MBH3-DE	STGN-CH	TOHN-CH	DAR-DE		NEA-ES
	Country	Switzerland	Japan	Germany	Switzerland	Switzerland	Germany		Spain
	Market cap	5.689,3	765,7	279,0	149,1	131,8	45,5		70,9
	Enterprise value (EV)	5.909,4	622,8	1.281,9	152,0	117,6	36,0		65,3
Basic financial information	Total Revenues	3.369,4	1.254,8	333,0	277,4	148,0	48,5		74,8
	Total Revenues growth	14,4%	39,4%	12,1%	1,0%	54,8%	15,1%	22,8%	10,8%
	2y CAGR (2021e - 2023e)	6,3%	10,9%	n.a.	6,5%	14,6%	12,5%	10,1%	9,4%
	EBITDA	396,2	118,2	70,0	12,4	23,4	4,3		9,5
	EBITDA growth	61,7%	369,4%	12,1%	-6,3%	192,6%	n.a.	125,9%	16,4%
	2y CAGR (2021e - 2023e)	13,5%	33,8%	n.a.	34,4%	-14,7%	12,2%	15,8%	13,5%
	EBITDA/Revenues	11,8%	9,4%	21,0%	4,5%	15,8%	8,8%	11,9%	12,6%
	EBIT	270,0	57,1	60,0	4,6	19,4	3,4		7,8
	EBIT growth	113,1%	304,9%	15,4%	-13,4%	166,8%	57,6%	107,4%	19,8%
	2y CAGR (2021e - 2023e)	18,3%	57,1%	n.a.	78,9%	-18,4%	15,2%	30,2%	15,0%
	EBIT/Revenues	8,0%	4,5%	18,0%	1,7%	13,1%	7,0%	8,7%	10,4%
	Net Profit	201,1	45,2	44,0	3,9	20,3	2,4		6,5
	Net Profit growth	87,5%	316,9%	9,8%	762,5%	173,7%	n.a.	270,1%	13,2%
	2y CAGR (2021e - 2023e)	19,3%	55,8%	n.a.	65,5%	-21,7%	15,0%	26,8%	13,5%
CAPEX/Sales %	5,1%	7,2%	n.a.	1,7%	1,1%	n.a.	3,8%	4,0%	
Free Cash Flow	162,5	3,3	n.a.	5,3	38,6	(1,9)		4,1	
Net financial debt	40,9	(113,3)	n.a.	(14,4)	(36,8)	n.a.		(3,8)	
ND/EBITDA (x)	0,1	(1,0)	n.a.	(1,2)	(1,6)	n.a.		(0,4)	
Pay-out	42,0%	14,6%	68,8%	0,0%	8,9%	n.a.	26,9%	31,7%	
Multiples and Ratios	P/E (x)	28,1	17,2	31,5	38,1	6,6	19,2	23,4	10,9
	P/BV (x)	4,1	0,6	n.a.	0,9	1,3	n.a.	1,7	1,2
	EV/Revenues (x)	1,8	0,5	3,8	0,5	0,8	0,7	1,4	0,9
	EV/EBITDA (x)	14,9	5,3	18,3	12,3	5,0	8,5	10,7	6,9
	EV/EBIT (x)	21,9	10,9	21,4	32,9	6,1	10,7	17,3	8,4
	ROE	14,5	3,6	n.a.	2,4	19,0	n.a.	9,9	11,1
	FCF Yield (%)	2,9	0,4	n.a.	3,5	29,3	n.a.	9,0	5,7
	DPS	20,65	0,27	6,05	0,00	0,09	0,10	4,53	0,17
Dvd Yield	1,5%	0,9%	2,2%	0,0%	1,4%	0,9%	1,1%	2,9%	

Note 1: Financial data, multiples and ratios based on market consensus (Factset). In the case of the company analyzed, own estimates (Lighthouse).

Note 2: All ratios and multiples on EBITDA refer to total EBITDA (not to recurrent EBITDA).

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Date of report	Recommendation	Price (EUR)	Target price (EUR)	Period of validity	Reason for report	Analyst
01-Sep-2021	n.a.	5.76	n.a.	n.a.	6m Results 2021 - Estimates upgrade	David López Sánchez
01-Mar-2021	n.a.	4.74	n.a.	n.a.	12m Results 2020	David López Sánchez
16-Nov-2020	n.a.	5.06	n.a.	n.a.	9m Results 2020	David López Sánchez
01-Sep-2020	n.a.	4.27	n.a.	n.a.	6m Results 2020 - Estimates upgrade	David López Sánchez
18-May-2020	n.a.	3.85	n.a.	n.a.	3m Results 2020	David López Sánchez
23-Apr-2020	n.a.	3.76	n.a.	n.a.	Estimates downgrade	David López Sánchez
02-Mar-2020	n.a.	4.57	n.a.	n.a.	12m Results 2019	David López Sánchez
18-Nov-2019	n.a.	4.45	n.a.	n.a.	9m Results 2019	David López Sánchez
02-Sep-2019	n.a.	3.72	n.a.	n.a.	6m Results 2019	David López Sánchez
16-May-2019	n.a.	4.17	n.a.	n.a.	3m Results 2019	David López Sánchez
11-Apr-2019	n.a.	4.18	n.a.	n.a.	Estimates upgrade	David López Sánchez
01-Mar-2019	n.a.	3.99	n.a.	n.a.	12m Results 2018	David López Sánchez
17-Jan-2019	n.a.	3.59	n.a.	n.a.	Initiation of Coverage	David López Sánchez

