

**3m Results 2024**

 Opinion <sup>(1)</sup>: In line

 Impact <sup>(1)</sup>: We will maintain our estimates

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**Desarrollos Especiales de Sistemas de Anclaje (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).

**Market Data**

Market Cap (Mn EUR and USD)	22.0	23.7
EV (Mn EUR and USD) <sup>(2)</sup>	30.4	32.8
Shares Outstanding (Mn)	1.8	
-12m (Max/Med/Min EUR)	14.51 / 12.66 / 11.75	
Daily Avg volume (-12m Mn EUR)	n.m.	
Rotation <sup>(3)</sup>	0.7	
Factset / Bloomberg	DESA-ES / DESA SM	
Close fiscal year	31-Dec	

**Shareholders Structure (%)**

Maden	29.6
SARM	20.2
Gestión Ixua	16.0
Board Members	12.1
Free Float	22.1

Financials (Mn EUR)	2023	2024e	2025e	2026e
Adj. nº shares (Mn)	1.8	1.8	1.8	1.8
Total Revenues	47.7	50.1	52.4	54.8
Rec. EBITDA	4.8	5.3	5.7	6.2
% growth	-7.7	10.8	8.7	7.3
% Rec. EBITDA/Rev.	10.0	10.6	11.0	11.2
% Inc. EBITDA sector <sup>(4)</sup>	10.7	11.8	17.5	14.9
Net Profit	2.1	2.8	3.2	3.6
EPS (EUR)	1.20	1.59	1.82	2.00
% growth	-24.4	33.1	14.1	10.1
Ord. EPS (EUR)	1.31	1.59	1.82	2.00
% growth	-17.3	21.6	14.1	10.1
Rec. Free Cash Flow <sup>(5)</sup>	3.9	2.0	2.3	2.6
Pay-out (%)	70.5	52.7	46.2	42.0
DPS (EUR)	0.84	0.84	0.84	0.84
Net financial debt	10.7	10.2	9.4	8.3
ND/Rec. EBITDA (x)	2.2	1.9	1.6	1.3
ROE (%)	11.2	14.2	15.1	15.3
ROCE (%) <sup>(5)</sup>	8.3	10.8	11.6	12.2

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

P/E	10.3	7.7	6.8	6.2
Ord. P/E	9.4	7.7	6.8	6.2
P/BV	1.1	1.1	1.0	0.9
Dividend Yield (%)	6.9	6.8	6.8	6.8
EV/Sales	0.65	0.62	0.59	0.57
EV/Rec. EBITDA	6.5	5.9	5.4	5.0
EV/EBIT	9.2	7.4	6.7	6.2
FCF Yield (%) <sup>(5)</sup>	17.9	8.9	10.7	11.8

(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) Sector: Europe Industrial Machinery.

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

(6) 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.

## Wider-than-expected margins on the back of flat revenue in 1Q24

**DESA REPORTED FLAT REVENUE IN 1Q24...** DESA obtained EUR 12.9Mn of revenue in 1Q24 (vs EUR 13Mn in 1Q23). Activity slowed sharply during Easter week, leaving virtually no YoY growth in revenue. Our estimates for the full year 2024e call for middle single-digit topline growth (+5%) starting already in 1H24.

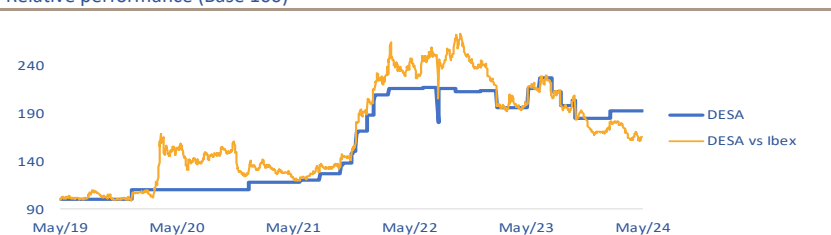
**...BUT GROSS MARGIN WAS IN LINE WITH 2021 HIGHS (43.1%; +4P.P. VS 1Q23).** The key takeaway from the set of earnings was gross margin (43.1% vs 39.1% in 1Q23) at record highs. The main catalyst behind margin expansion was the larger weight of tomsystem (i.e. higher margin) agricultural products (which were hurt in 2023 by the drought and international instability).

**RECURRING EBITDA 1T24: EUR 1.6MN (+30.9% VS 1Q23).** The cost containment policy, coupled with the operating leverage derived from higher output, enabled the improvement in gross margin to feed through to the EBITDA margin, which was considerably wider at 12.7% (+3.1p.p. vs 1Q23). This also bodes well for margin expansion in 2024e (to 10.6% on our estimates vs 10% in 2023).

**FURTHER REDUCTION IN NET DEBT.** On top of DESA's well-known ability to generate cash, the company completed the sale of its warehouse in France (after year-end 2023), giving rise to additional cash inflow of EUR 1.2Mn. As a result, net debt ended 1Q24 at EUR 9.3Mn (vs EUR 10.7Mn in 2023), leaving a ND/EBITDA multiple of c.2x.

**ESTIMATES UNCHANGED.** We are sticking to our estimates, but risks of revision are tilted to the upside. Our baseline scenario shows revenue of around EUR 50.1Mn and EBITDA of EUR 5.3Mn, with EBITDA margin gradually approaching 11%.

**AN INDUSTRIAL BUSINESS WITH A "CLEAR" PATH AHEAD AND TRADING AT EXTREMELY LOW MULTIPLES.** The set of 1Q24 earnings are a sign that DESA's momentum is gathering pace. Whereas 2023 was shaped by price volatility in commodity markets and international armed conflicts, this year we expect revenue to improve going forward. The challenge is to sustain the level of profitability seen in 1Q24 (and turn revenue growth into margin expansion). And cash generation is eye-catching (Rec. FCF yield 24e: 8.9%). DESA is currently trading at a P/E of 7.7x and an EV/EBITDA of 5.9x (in line with peers). Dividend yield 2024e: 6.8%. These multiples are objectively very low and should drive up the stock price, but the market has yet to realise this (-17.7% vs Ibex35 -12m).

**Relative performance (Base 100)**


Stock performance (%)	-1m	-3m	-12m	YTD	-3Y	-5Y
Absolute	0.0	0.2	-1.7	4.4	64.0	92.7
vs Ibex 35	0.0	-8.2	-17.7	-3.4	34.9	64.7
vs Ibex Small Cap Index	-3.5	-7.5	-11.0	-2.4	62.6	55.4
vs Eurostoxx 50	1.2	-5.2	-13.9	-4.8	32.3	34.6
vs Sector benchmark <sup>(4)</sup>	-1.2	-6.2	-13.9	2.1	45.0	-8.6

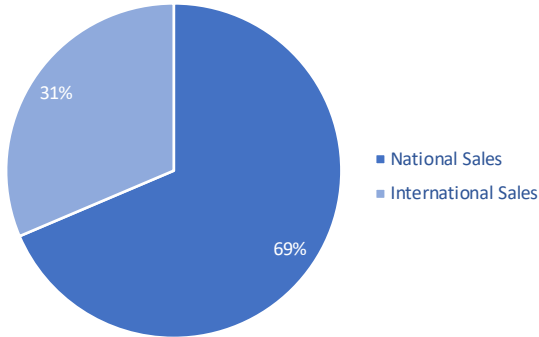
**3m Results 2024**
**Table 1. 1Q24 Results**

EUR Mn	3m24		3m24 Real vs		2024e vs
	Real	3m23	3m23	2024e	2023
<b>Total Revenues</b>	<b>12.9</b>	<b>13.0</b>	<b>-0.6%</b>	<b>50.1</b>	<b>4.8%</b>
<b>Gross margin</b>	<b>5.6</b>	<b>5.1</b>	<b>9.4%</b>	<b>19.8</b>	<b>5.3%</b>
<i>% Gross margin</i>	<i>43.1%</i>	<i>39.1%</i>	<i>4.0 p.p.</i>	<i>39.6%</i>	<i>0.2 p.p.</i>
<b>Recurrent EBITDA</b>	<b>1.6</b>	<b>1.2</b>	<b>30.9%</b>	<b>5.3</b>	<b>9.7%</b>
<i>Rec. EBITDA/Revenues</i>	<i>12.7%</i>	<i>9.6%</i>	<i>3.1 p.p.</i>	<i>10.6%</i>	<i>0.5 p.p.</i>
<b>EBITDA</b>	<b>1.7</b>	<b>1.3</b>	<b>30.2%</b>	<b>5.3</b>	<b>14.9%</b>
<i>EBITDA/Revenues</i>	<i>13.1%</i>	<i>10.0%</i>	<i>3.1 p.p.</i>	<i>10.6%</i>	<i>1.1 p.p.</i>
<b>EBIT</b>	<b>1.4</b>	<b>1.0</b>	<b>36.2%</b>	<b>4.2</b>	<b>19.7%</b>
<b>PBT</b>	<b>1.3</b>	<b>0.9</b>	<b>38.5%</b>	<b>3.8</b>	<b>23.2%</b>
<b>NP</b>	<b>1.0</b>	<b>0.7</b>	<b>35.8%</b>	<b>2.2</b>	<b>4.4%</b>
		<b>12m22</b>			
<b>Net Debt<sup>1</sup></b>	<b>9.3</b>	<b>10.7</b>	<b>-12.9%</b>	<b>10.2</b>	<b>-9.9%</b>

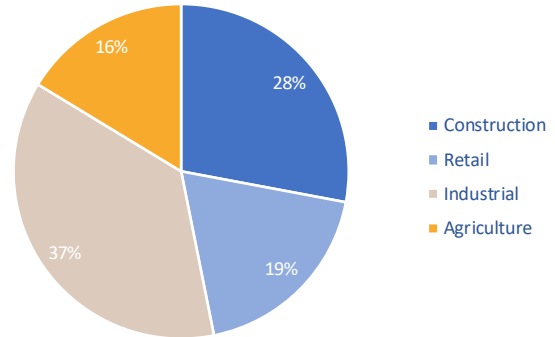
Note 1: Net debt excludes the impact of IFRS 16. Net debt includes discounted trade bills pending maturity.

The company in 8 charts

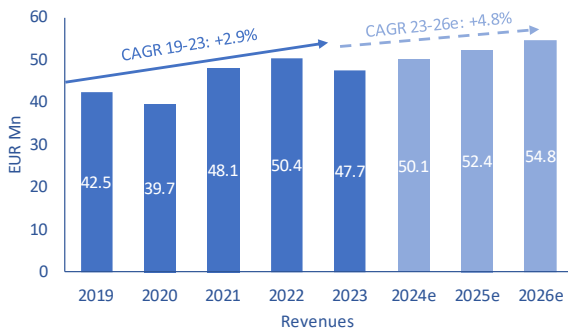
A diversified business: sales from outside Spain (basically Europe) already account for 31%



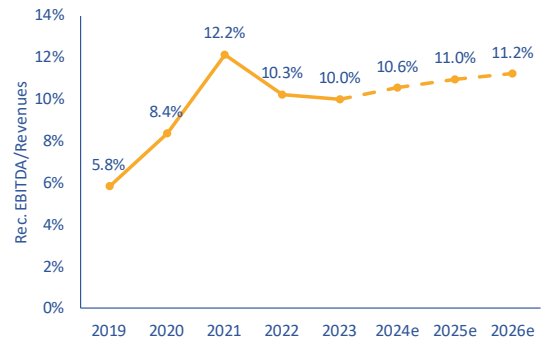
Positioned in the agricultural market (16% of revenue 2023), its main (midterm) growth driver



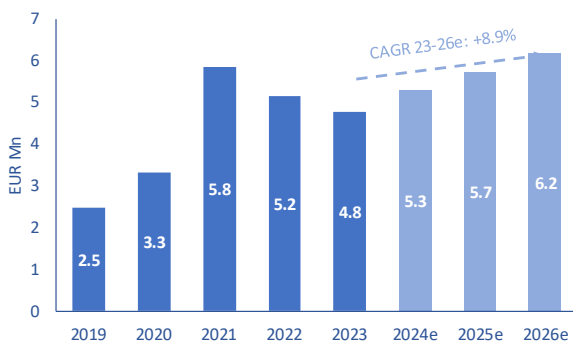
23-26e: Low-single-digit revenue growth (CAGR 23-26e: +4.8%), in line with that seen in the last 5 years



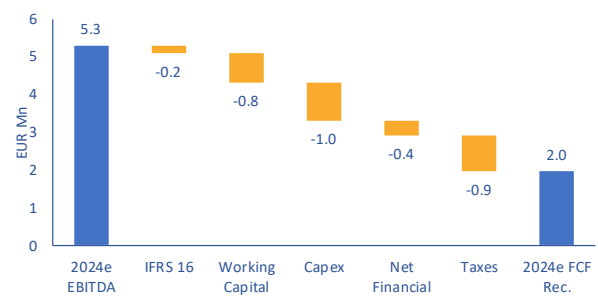
Maintaining an EBITDA margin of > 10% (with the ability to recover levels of c. 11%, still below 2021 highs)



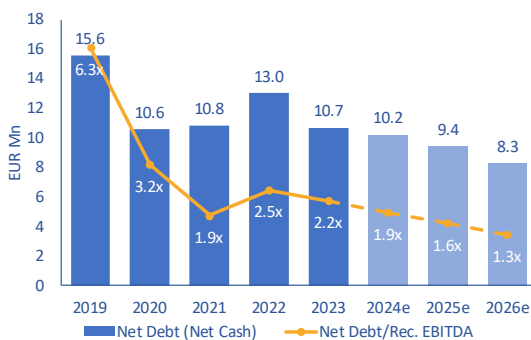
... And allowing the revenue improvement to be passed on to EBITDA (CAGR 23-26e: +8.9%)



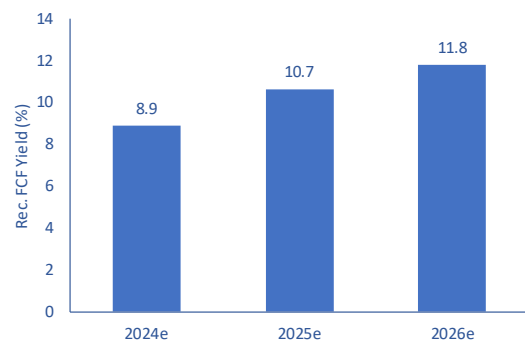
With the capacity to convert c. 50% of EBITDA in FCF



The improvement in debt metrics (ND/EBITDA c. 2x) backs the ability to invest (in non-organic growth too)



FCF Yield c. 10% over the entire estimated period



## Valuation inputs

### Inputs for the DCF Valuation Approach

	2024e	2025e	2026e	Terminal Value <sup>(1)</sup>		
Free Cash Flow "To the Firm"	2.3	2.6	2.8	47.0		
Market Cap	22.0	At the date of this report				
Net financial debt	9.3	Debt net of Cash (3m Results 2024)				
					Best Case	Worst Case
Cost of Debt	3.6%	Net debt cost			3.4%	3.9%
Tax rate (T)	20.0%	T (Normalised tax rate)			=	=
Net debt cost	2.9%	Kd = Cost of Net Debt * (1-T)			2.7%	3.1%
Risk free rate (rf)	3.2%	Rf (10y Spanish bond yield)			=	=
Equity risk premium	6.0%	R (own estimate)			5.5%	6.5%
Beta (B)	1.2	B (own estimate)			1.1	1.3
Cost of Equity	10.4%	Ke = Rf + (R * B)			9.3%	11.7%
Equity / (Equity + Net Debt)	69.0%	E (Market Cap as equity value)			=	=
Net Debt / (Equity + Net Debt)	31.0%	D			=	=
WACC	8.1%	WACC = Kd * D + Ke * E			7.2%	9.0%
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 24e	EPS 24e-26e	EV/EBITDA 24e	EBITDA 24e-26e	EV/Sales 24e	Revenues 24e-26e	EBITDA/Sales 24e	FCF Yield 24e	FCF 24e-26e
Norma Group SE	NOEJ-DE	446.1	12.4	22.7%	5.4	8.7%	0.7	3.6%	12.6%	9.2%	29.0%
Granges AB	GRNG-SE	957.0	10.8	18.1%	5.7	7.9%	0.6	6.0%	10.7%	9.0%	25.9%
Trifast Plc	TRI-GB	120.6	12.1	n.a.	6.5	n.a.	0.6	n.a.	9.7%	9.5%	n.a.
<b>Broad Range players</b>			<b>11.8</b>	<b>20.4%</b>	<b>5.9</b>	<b>8.3%</b>	<b>0.6</b>	<b>4.8%</b>	<b>11.0%</b>	<b>9.2%</b>	<b>27.4%</b>
Georg Fischer AG	GF-CH	5,637.8	17.8	14.3%	8.7	8.9%	1.1	4.0%	12.8%	2.9%	52.0%
Bossard Holding AG	BOSN-CH	1,683.3	19.0	11.4%	12.8	9.1%	1.7	3.3%	13.1%	4.9%	4.1%
Bufab AB	BUFAB-SE	1,348.5	22.4	14.4%	14.1	7.8%	2.1	4.8%	15.1%	5.7%	4.5%
SFS Group AG	SFSN-CH	4,506.9	15.0	6.5%	9.7	4.6%	1.6	2.4%	16.0%	3.3%	30.5%
Barnes Group Inc	B-US	1,636.9	20.6	21.8%	8.9	10.3%	1.8	5.7%	20.7%	4.5%	43.1%
<b>Highg Tech Specialty players</b>			<b>19.0</b>	<b>13.7%</b>	<b>10.8</b>	<b>8.1%</b>	<b>1.7</b>	<b>4.0%</b>	<b>15.5%</b>	<b>4.3%</b>	<b>26.9%</b>
DESA	DESA-ES	22.0	7.7	12.1%	5.9	8.0%	0.6	4.7%	10.6%	8.9%	15.1%

### Free Cash Flow sensitivity analysis (2025e)

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

Scenario	EBITDA/Sales 25e	EBITDA 25e	EV/EBITDA 25e
Max	12.1%	6.3	4.9x
Central	11.0%	5.7	5.4x
Min	9.9%	5.2	6.0x

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

Rec. FCF EUR Mn	CAPEX/Sales 25e			Scenario	Rec. FCF/Yield 25e		
EBITDA 25e	1.8%	2.0%	2.2%		Max	Central	Min
6.3	3.0	2.9	2.8	Max	13.8%	13.3%	12.8%
5.7	2.4	2.3	2.2	Central	11.1%	10.7%	10.2%
5.2	1.9	1.8	1.7	Min	8.5%	8.0%	7.6%

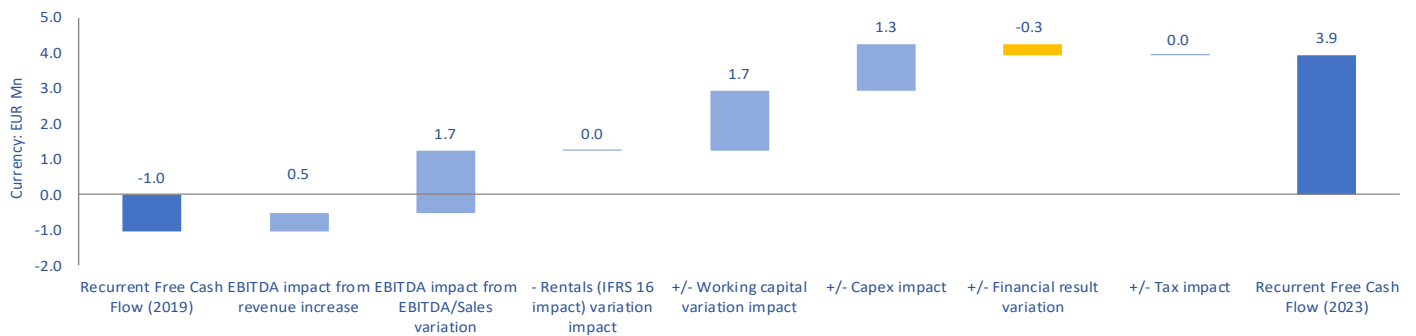
## Appendix 1. Financial Projections

<b>Balance Sheet (EUR Mn)</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024e</b>	<b>2025e</b>	<b>2026e</b>	<b>CAGR</b>	
Intangible assets	1.1	0.5	0.6	0.6	0.9	0.9	0.9	0.9		
Fixed assets	13.0	13.9	12.3	13.2	11.8	11.9	12.0	12.2		
Other Non Current Assets	1.7	1.5	1.3	0.8	1.5	1.5	1.5	1.5		
Financial Investments	0.0	0.0	1.4	2.5	2.5	2.5	2.5	2.5		
Goodwill & Other Intangibles	-	-	-	-	-	-	-	-		
Current assets	22.7	19.5	26.3	25.9	24.0	25.2	26.4	27.6		
<b>Total assets</b>	<b>38.5</b>	<b>35.4</b>	<b>41.8</b>	<b>43.1</b>	<b>40.7</b>	<b>42.0</b>	<b>43.3</b>	<b>44.8</b>		
Equity	12.5	13.5	15.6	18.8	19.3	20.6	22.4	24.5		
Minority Interests	-	-	-	-	-	-	-	-		
Provisions & Other L/T Liabilities	0.6	1.4	1.4	1.3	1.3	1.3	1.3	1.3		
Other Non Current Liabilities	0.4	0.3	0.5	0.3	0.4	0.4	0.4	0.4		
Net financial debt	15.6	10.6	10.8	13.0	10.7	10.2	9.4	8.3		
Current Liabilities	9.4	9.6	13.5	9.6	9.0	9.4	9.9	10.3		
<b>Equity &amp; Total Liabilities</b>	<b>38.5</b>	<b>35.4</b>	<b>41.8</b>	<b>43.1</b>	<b>40.7</b>	<b>42.0</b>	<b>43.3</b>	<b>44.8</b>		
<b>P&amp;L (EUR Mn)</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024e</b>	<b>2025e</b>	<b>2026e</b>	<b>CAGR</b>	
<b>Total Revenues</b>	<b>42.5</b>	<b>39.7</b>	<b>48.1</b>	<b>50.4</b>	<b>47.7</b>	<b>50.1</b>	<b>52.4</b>	<b>54.8</b>	<b>19-23</b>	<b>23-26e</b>
<i>Total Revenues growth</i>	3.5%	-6.7%	21.3%	4.8%	-5.5%	5.0%	4.7%	4.7%	2.9%	4.8%
COGS	(25.7)	(23.8)	(28.8)	(31.4)	(28.9)	(30.2)	(31.6)	(33.1)		
<b>Gross Margin</b>	<b>16.8</b>	<b>15.9</b>	<b>19.3</b>	<b>19.0</b>	<b>18.8</b>	<b>19.8</b>	<b>20.8</b>	<b>21.8</b>	<b>2.8%</b>	<b>5.1%</b>
<i>Gross Margin/Revenues</i>	39.6%	40.0%	40.2%	37.6%	39.4%	39.6%	39.7%	39.7%		
Personnel Expenses	(7.8)	(7.3)	(7.7)	(7.8)	(7.9)	(8.1)	(8.4)	(8.6)		
Other Operating Expenses	(6.5)	(5.3)	(5.8)	(6.0)	(6.1)	(6.4)	(6.7)	(7.0)		
<b>Recurrent EBITDA</b>	<b>2.5</b>	<b>3.3</b>	<b>5.8</b>	<b>5.2</b>	<b>4.8</b>	<b>5.3</b>	<b>5.7</b>	<b>6.2</b>	<b>17.7%</b>	<b>8.9%</b>
<i>Recurrent EBITDA growth</i>	-2.9%	33.9%	75.8%	-11.7%	-7.7%	10.8%	8.7%	7.3%		
<i>Rec. EBITDA/Revenues</i>	5.8%	8.4%	12.2%	10.3%	10.0%	10.6%	11.0%	11.2%		
Restructuring Expense & Other non-rec.	(0.1)	(0.5)	-	-	(0.3)	-	-	-		
<b>EBITDA</b>	<b>2.4</b>	<b>2.8</b>	<b>5.8</b>	<b>5.2</b>	<b>4.5</b>	<b>5.3</b>	<b>5.7</b>	<b>6.2</b>	<b>17.2%</b>	<b>11.1%</b>
Depreciation & Provisions	(1.0)	(1.2)	(1.2)	(1.0)	(0.9)	(0.9)	(0.9)	(0.9)		
Capitalized Expense	0.0	-	-	-	-	-	-	-		
Rentals (IFRS 16 impact)	(0.2)	(0.2)	(0.1)	(0.1)	(0.2)	(0.2)	(0.2)	(0.2)		
<b>EBIT</b>	<b>1.2</b>	<b>1.4</b>	<b>4.6</b>	<b>4.0</b>	<b>3.4</b>	<b>4.2</b>	<b>4.6</b>	<b>5.0</b>	<b>28.8%</b>	<b>14.5%</b>
<i>EBIT growth</i>	-27.1%	15.6%	222.0%	-12.0%	-16.0%	24.6%	10.8%	8.8%		
<i>EBIT/Revenues</i>	2.9%	3.6%	9.5%	7.9%	7.1%	8.4%	8.9%	9.2%		
Impact of Goodwill & Others	-	-	-	-	-	-	-	-		
Net Financial Result	(0.2)	(0.2)	(0.2)	(0.3)	(0.4)	(0.4)	(0.3)	(0.3)		
Income by the Equity Method	-	-	-	-	-	-	-	-		
<b>Ordinary Profit</b>	<b>1.1</b>	<b>1.2</b>	<b>4.3</b>	<b>3.7</b>	<b>2.9</b>	<b>3.8</b>	<b>4.3</b>	<b>4.8</b>	<b>28.6%</b>	<b>17.8%</b>
<i>Ordinary Profit Growth</i>	-29.7%	17.0%	248.7%	-15.1%	-21.0%	30.1%	14.1%	10.1%		
Extraordinary Results	-	-	-	-	-	-	-	-		
<b>Profit Before Tax</b>	<b>1.1</b>	<b>1.2</b>	<b>4.3</b>	<b>3.7</b>	<b>2.9</b>	<b>3.8</b>	<b>4.3</b>	<b>4.8</b>	<b>28.6%</b>	<b>17.8%</b>
Tax Expense	(0.3)	(0.3)	(0.6)	(0.9)	(0.8)	(0.9)	(1.1)	(1.2)		
<i>Effective Tax Rate</i>	23.8%	27.4%	13.4%	23.7%	27.0%	25.0%	25.0%	25.0%		
Minority Interests	-	-	-	-	-	-	-	-		
Discontinued Activities	-	-	-	-	-	-	-	-		
<b>Net Profit</b>	<b>0.8</b>	<b>0.9</b>	<b>3.8</b>	<b>2.8</b>	<b>2.1</b>	<b>2.8</b>	<b>3.2</b>	<b>3.6</b>	<b>27.2%</b>	<b>18.9%</b>
<i>Net Profit growth</i>	-33.8%	11.6%	315.6%	-25.2%	-24.4%	33.7%	14.1%	10.1%		
<b>Ordinary Net Profit</b>	<b>0.9</b>	<b>1.3</b>	<b>3.8</b>	<b>2.8</b>	<b>2.3</b>	<b>2.8</b>	<b>3.2</b>	<b>3.6</b>	<b>27.3%</b>	<b>15.3%</b>
<i>Ordinary Net Profit growth</i>	-27.7%	42.4%	198.0%	-25.2%	-17.3%	22.2%	14.1%	10.1%		
<b>Cash Flow (EUR Mn)</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024e</b>	<b>2025e</b>	<b>2026e</b>	<b>CAGR</b>	
<b>Recurrent EBITDA</b>						<b>5.3</b>	<b>5.7</b>	<b>6.2</b>	<b>17.7%</b>	<b>8.9%</b>
Rentals (IFRS 16 impact)						(0.2)	(0.2)	(0.2)		
Working Capital Increase						(0.8)	(0.8)	(0.8)		
<b>Recurrent Operating Cash Flow</b>						<b>4.3</b>	<b>4.8</b>	<b>5.2</b>	<b>32.9%</b>	<b>-4.2%</b>
CAPEX						(1.0)	(1.0)	(1.1)		
Net Financial Result affecting the Cash Flow						(0.4)	(0.3)	(0.3)		
Tax Expense						(0.9)	(1.1)	(1.2)		
<b>Recurrent Free Cash Flow</b>						<b>2.0</b>	<b>2.3</b>	<b>2.6</b>	<b>55.1%</b>	<b>-13.0%</b>
Restructuring Expense & Other non-rec.						-	-	-		
- Acquisitions / + Divestures of assets						-	-	-		
Extraordinary Inc./Exp. Affecting Cash Flow						-	-	-		
<b>Free Cash Flow</b>						<b>2.0</b>	<b>2.3</b>	<b>2.6</b>	<b>51.1%</b>	<b>-10.9%</b>
Capital Increase						-	-	-		
Dividends						(1.5)	(1.5)	(1.5)		
<b>Net Debt Variation</b>						<b>(0.5)</b>	<b>(0.8)</b>	<b>(1.1)</b>		

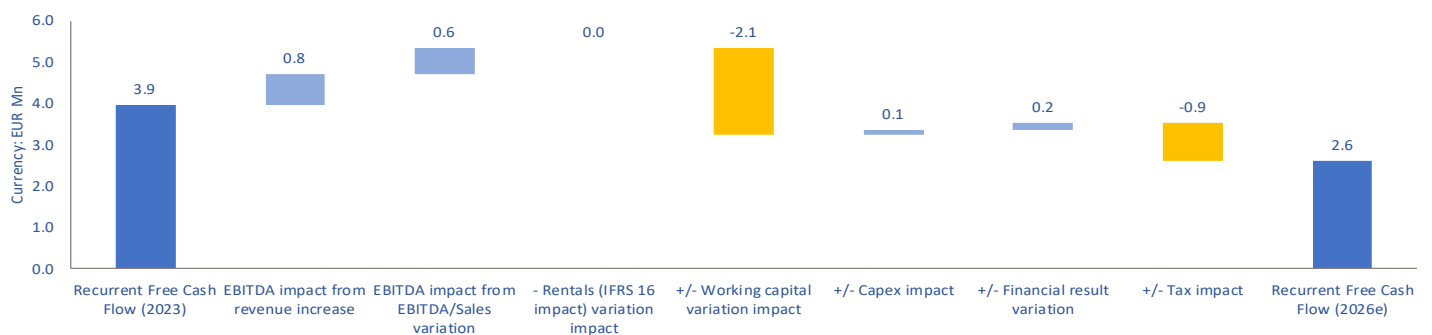
## Appendix 2. Free Cash Flow

A) Cash Flow Analysis (EUR Mn)	2020	2021	2022	2023	2024e	2025e	2026e	CAGR	
								20-23	23-26e
<b>Recurrent EBITDA</b>	<b>3.3</b>	<b>5.8</b>	<b>5.2</b>	<b>4.8</b>	<b>5.3</b>	<b>5.7</b>	<b>6.2</b>	<b>12.8%</b>	<b>8.9%</b>
<i>Recurrent EBITDA growth</i>	33.9%	75.8%	-11.7%	-7.7%	10.8%	8.7%	7.3%		
<i>Rec. EBITDA/Revenues</i>	8.4%	12.2%	10.3%	10.0%	10.6%	11.0%	11.2%		
- Rentals (IFRS 16 impact)	(0.2)	(0.1)	(0.1)	(0.2)	(0.2)	(0.2)	(0.2)		
+/- Working Capital increase	3.4	(2.9)	(3.5)	1.3	(0.8)	(0.8)	(0.8)		
<b>= Recurrent Operating Cash Flow</b>	<b>6.5</b>	<b>2.8</b>	<b>1.5</b>	<b>5.9</b>	<b>4.3</b>	<b>4.8</b>	<b>5.2</b>	<b>-3.4%</b>	<b>-4.2%</b>
<i>Rec. Operating Cash Flow growth</i>	245.8%	-56.8%	-46.5%	290.2%	-26.7%	11.2%	7.9%		
<i>Rec. Operating Cash Flow / Sales</i>	16.4%	5.8%	3.0%	12.3%	8.6%	9.1%	9.4%		
- CAPEX	(1.9)	(0.7)	(0.2)	(1.2)	(1.0)	(1.0)	(1.1)		
- Net Financial Result affecting Cash Flow	(0.2)	(0.2)	(0.3)	(0.5)	(0.4)	(0.3)	(0.3)		
- Taxes	(0.3)	(0.5)	(0.9)	(0.3)	(0.9)	(1.1)	(1.2)		
<b>= Recurrent Free Cash Flow</b>	<b>4.1</b>	<b>1.5</b>	<b>0.1</b>	<b>3.9</b>	<b>2.0</b>	<b>2.3</b>	<b>2.6</b>	<b>-1.0%</b>	<b>-13.0%</b>
<i>Rec. Free Cash Flow growth</i>	490.0%	-64.2%	-90.3%	n.a.	-50.4%	19.7%	10.7%		
<i>Rec. Free Cash Flow / Revenues</i>	10.3%	3.0%	0.3%	8.3%	3.9%	4.5%	4.7%		
- Restructuring expenses & others	(0.5)	-	-	(0.3)	-	-	-		
- Acquisitions / + Divestments	0.3	-	-	-	-	-	-		
+/- Extraordinary Inc./Exp. affecting Cash Flow	-	-	-	-	-	-	-		
<b>= Free Cash Flow</b>	<b>3.9</b>	<b>1.5</b>	<b>0.1</b>	<b>3.7</b>	<b>2.0</b>	<b>2.3</b>	<b>2.6</b>	<b>-1.6%</b>	<b>-10.9%</b>
<i>Free Cash Flow growth</i>	437.6%	-62.2%	-90.3%	n.a.	-46.7%	19.7%	10.7%		
<i>Recurrent Free Cash Flow - Yield (s/Mkt Cap)</i>	18.5%	6.6%	0.6%	17.9%	8.9%	10.7%	11.8%		
<i>Free Cash Flow Yield (s/Mkt Cap)</i>	17.5%	6.6%	0.6%	16.7%	8.9%	10.7%	11.8%		
<b>B) Analytical Review of Annual Recurrent Free Cash Flow Performance (Eur Mn)</b>									
	2020	2021	2022	2023	2024e	2025e	2026e	CAGR	
<b>Recurrent FCF(FY - 1)</b>	<b>(1.0)</b>	<b>4.1</b>	<b>1.5</b>	<b>0.1</b>	<b>3.9</b>	<b>2.0</b>	<b>2.3</b>		
EBITDA impact from revenue increase	(0.2)	0.7	0.3	(0.3)	0.2	0.2	0.3		
EBITDA impact from EBITDA/Sales variation	1.0	1.8	(1.0)	(0.1)	0.3	0.2	0.1		
<b>= Recurrent EBITDA variation</b>	<b>0.8</b>	<b>2.5</b>	<b>(0.7)</b>	<b>(0.4)</b>	<b>0.5</b>	<b>0.5</b>	<b>0.4</b>		
- Rentals (IFRS 16 impact) variation impact	0.0	0.0	0.0	(0.1)	-	-	-		
+/- Working capital variation impact	3.8	(6.3)	(0.6)	4.8	(2.1)	0.0	(0.0)		
<b>= Recurrent Operating Cash Flow variation</b>	<b>4.6</b>	<b>(3.7)</b>	<b>(1.3)</b>	<b>4.4</b>	<b>(1.6)</b>	<b>0.5</b>	<b>0.4</b>		
+/- CAPEX impact	0.6	1.2	0.5	(1.0)	0.2	(0.0)	(0.0)		
+/- Financial result variation	(0.0)	(0.0)	(0.1)	(0.2)	0.1	0.1	0.0		
+/- Tax impact	(0.1)	(0.1)	(0.4)	0.6	(0.7)	(0.1)	(0.1)		
<b>= Recurrent Free Cash Flow variation</b>	<b>5.1</b>	<b>(2.6)</b>	<b>(1.3)</b>	<b>3.8</b>	<b>(2.0)</b>	<b>0.4</b>	<b>0.3</b>		
<b>Recurrent Free Cash Flow</b>	<b>4.1</b>	<b>1.5</b>	<b>0.1</b>	<b>3.9</b>	<b>2.0</b>	<b>2.3</b>	<b>2.6</b>		
<b>C) "FCF to the Firm" (pre debt service) (EUR Mn)</b>									
	2020	2021	2022	2023	2024e	2025e	2026e	CAGR	
<b>EBIT</b>	<b>1.4</b>	<b>4.6</b>	<b>4.0</b>	<b>3.4</b>	<b>4.2</b>	<b>4.6</b>	<b>5.0</b>	<b>33.5%</b>	<b>14.5%</b>
* Theoretical Tax rate	27.4%	13.4%	23.7%	27.0%	25.0%	25.0%	25.0%		
= Taxes (pre- Net Financial Result)	(0.4)	(0.6)	(0.9)	(0.9)	(1.0)	(1.2)	(1.3)		
<b>Recurrent EBITDA</b>	<b>3.3</b>	<b>5.8</b>	<b>5.2</b>	<b>4.8</b>	<b>5.3</b>	<b>5.7</b>	<b>6.2</b>	<b>12.8%</b>	<b>8.9%</b>
- Rentals (IFRS 16 impact)	(0.2)	(0.1)	(0.1)	(0.2)	(0.2)	(0.2)	(0.2)		
+/- Working Capital increase	3.4	(2.9)	(3.5)	1.3	(0.8)	(0.8)	(0.8)		
<b>= Recurrent Operating Cash Flow</b>	<b>6.5</b>	<b>2.8</b>	<b>1.5</b>	<b>5.9</b>	<b>4.3</b>	<b>4.8</b>	<b>5.2</b>	<b>-3.4%</b>	<b>-4.2%</b>
- CAPEX	(1.9)	(0.7)	(0.2)	(1.2)	(1.0)	(1.0)	(1.1)		
- Taxes (pre- Financial Result)	(0.4)	(0.6)	(0.9)	(0.9)	(1.0)	(1.2)	(1.3)		
<b>= Recurrent Free Cash Flow (To the Firm)</b>	<b>4.2</b>	<b>1.5</b>	<b>0.4</b>	<b>3.8</b>	<b>2.3</b>	<b>2.6</b>	<b>2.8</b>	<b>-3.6%</b>	<b>-9.3%</b>
<i>Rec. Free Cash Flow (To the Firm) growth</i>	553.7%	-64.6%	-74.3%	885.2%	-40.0%	14.3%	8.9%		
<i>Rec. Free Cash Flow (To the Firm) / Revenues</i>	10.6%	3.1%	0.8%	7.9%	4.5%	4.9%	5.1%		
- Acquisitions / + Divestments	0.3	-	-	-	-	-	-		
+/- Extraordinary Inc./Exp. affecting Cash Flow	-	-	-	-	-	-	-		
<b>= Free Cash Flow "To the Firm"</b>	<b>4.5</b>	<b>1.5</b>	<b>0.4</b>	<b>3.8</b>	<b>2.3</b>	<b>2.6</b>	<b>2.8</b>	<b>-5.6%</b>	<b>-9.3%</b>
<i>Free Cash Flow (To the Firm) growth</i>	584.0%	-66.8%	-74.3%	885.2%	-40.0%	14.3%	8.9%		
<i>Rec. Free Cash Flow To the Firm Yield (o/EV)</i>	13.5%	4.8%	1.2%	12.1%	7.3%	8.3%	9.0%		
<i>Free Cash Flow "To the Firm" - Yield (o/EV)</i>	14.4%	4.8%	1.2%	12.1%	7.3%	8.3%	9.0%		

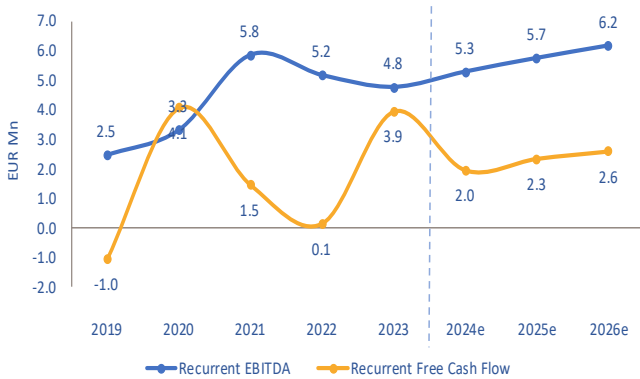
**Recurrent Free Cash Flow accumulated variation analysis (2019 - 2023)**



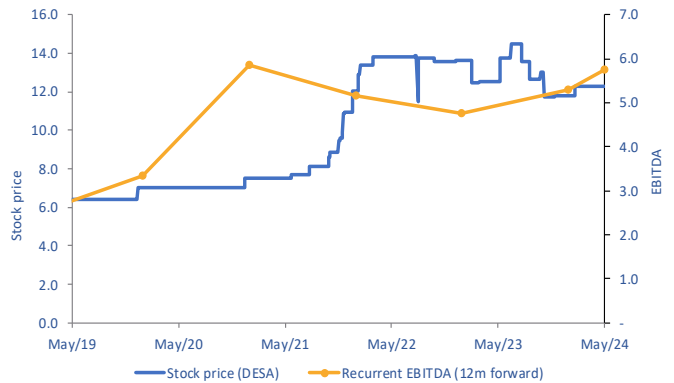
**Recurrent Free Cash Flow accumulated variation analysis (2023 - 2026e)**



**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	22.0	
+ Minority Interests	-	3m Results 2024
+ Provisions & Other L/T Liabilities	1.7	3m Results 2024
+ Net financial debt	9.3	3m Results 2024
- Financial Investments	2.5	3m Results 2024
+/- Others <sup>(1)</sup>	-	3m Results 2024
<b>Enterprise Value (EV)</b>	<b>30.4</b>	

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

Historical performance (EUR Mn)	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024e	2025e	2026e	CAGR	
															13-23	23-26e
Total Revenues	31.9	32.2	34.0	34.6	38.1	41.1	42.5	39.7	48.1	50.4	47.7	50.1	52.4	54.8	4.1%	4.8%
Total Revenues growth	-0.1%	1.0%	5.7%	1.7%	9.9%	7.9%	3.5%	-6.7%	21.3%	4.8%	-5.5%	5.0%	4.7%	4.7%		
EBITDA	0.4	1.2	1.2	1.9	2.2	2.6	2.4	2.8	5.8	5.2	4.5	5.3	5.7	6.2	26.4%	11.1%
EBITDA growth	295.2%	172.4%	-1.7%	63.7%	16.2%	16.0%	-6.8%	18.8%	106.3%	-11.7%	-13.0%	17.6%	8.7%	7.3%		
EBITDA/Sales	1.4%	3.7%	3.4%	5.5%	5.8%	6.2%	5.6%	7.1%	12.2%	10.3%	9.4%	10.6%	11.0%	11.2%		
Net Profit	(0.6)	(1.7)	(0.2)	0.6	0.8	1.2	0.8	0.9	3.8	2.8	2.1	2.8	3.2	3.6	19.1%	18.9%
Net Profit growth	41.4%	-197.2%	91.0%	510.0%	30.6%	49.1%	-33.8%	11.6%	315.6%	-25.2%	-24.4%	33.7%	14.1%	10.1%		
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)	-0.32	-0.95	-0.09	0.35	0.46	0.69	0.46	0.51	2.11	1.58	1.20	1.59	1.82	2.00	19.1%	18.7%
EPS growth	41.4%	n.a.	91.0%	n.a.	30.8%	49.2%	-33.8%	11.5%	n.a.	-25.0%	-24.4%	33.1%	14.1%	10.1%		
Ord. EPS (EUR)	-0.16	-0.95	-0.01	0.31	0.46	0.69	0.50	0.71	2.11	1.58	1.31	1.59	1.82	2.00	26.0%	15.2%
Ord. EPS growth	42.4%	n.a.	98.8%	n.a.	50.2%	49.2%	-27.7%	42.3%	n.a.	-25.0%	-17.3%	21.6%	14.1%	10.1%		
CAPEX	(0.4)	(0.5)	(0.8)	(1.1)	(1.1)	(1.3)	(2.5)	(1.9)	(0.7)	(0.2)	(1.2)	(1.0)	(1.0)	(1.1)		
CAPEX/Sales %	1.2%	1.6%	2.3%	3.1%	2.8%	3.0%	5.9%	4.9%	1.5%	0.3%	2.5%	2.0%	2.0%	2.0%		
Free Cash Flow	0.6	(0.0)	(1.2)	(1.4)	0.6	(1.2)	(1.1)	3.9	1.5	0.1	3.7	2.0	2.3	2.6	20.1%	-10.9%
ND/EBITDA (x) <sup>(2)</sup>	24.9x	9.2x	10.3x	6.9x	5.7x	5.2x	6.5x	3.7x	1.9x	2.5x	2.4x	1.9x	1.6x	1.3x		
P/E (x)	n.a.	n.a.	n.a.	27.9x	20.7x	9.3x	15.5x	14.8x	5.7x	8.6x	9.9x	7.7x	6.8x	6.2x		
EV/Sales (x)	1.06x	1.05x	1.03x	1.04x	0.92x	0.69x	0.74x	0.71x	0.73x	0.75x	0.65x	0.62x	0.59x	0.57x		
EV/EBITDA (x) <sup>(2)</sup>	n.a.	28.6x	30.1x	19.0x	15.8x	11.1x	13.1x	9.9x	6.0x	7.3x	6.9x	5.9x	5.4x	5.0x		
Absolute performance	0.0%	0.0%	0.0%	0.0%	-3.2%	-33.1%	10.5%	6.5%	60.3%	13.2%	-13.4%	4.4%				
Relative performance vs Ibx 35	-17.6%	-3.5%	7.7%	2.1%	-9.9%	-21.3%	-1.2%	26.0%	48.6%	19.8%	-29.5%	-3.4%				

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 2024e

		Broad Range players				High Tech Specialty players						
		Norma Group SE	Granges AB	Trifast Plc	Average	Georg Fischer AG	Bossard Holding AG	Bufab AB	SFS Group AG	Barnes Group Inc	Average	DESA
Market data	EUR Mn											
Ticker (Factset)		NOEJ-DE	GRNG-SE	TRI-GB		GF-CH	BOSN-CH	BUFAB-SE	SFSN-CH	B-US		DESA-ES
Country		Germany	Sweden	UK		Switzerland	Switzerland	Sweden	Switzerland	USA		Spain
Market cap		446.1	957.0	120.6		5,637.8	1,683.3	1,348.5	4,506.9	1,636.9		22.0
Enterprise value (EV)		839.7	1,224.6	175.3		5,797.6	1,881.0	1,641.9	5,058.7	2,790.2		30.4
Basic financial information	Total Revenues	1,228.6	2,012.8	280.0		5,218.1	1,118.3	773.1	3,257.4	1,510.9		50.1
	Total Revenues growth	0.5%	0.1%	4.1%	1.6%	24.7%	-0.3%	-0.3%	0.4%	12.6%	7.4%	5.0%
	2y CAGR (2024e - 2026e)	3.6%	6.0%	n.a.	4.8%	4.0%	3.3%	4.8%	2.4%	5.7%	4.0%	4.7%
	EBITDA	154.5	216.0	27.1		666.0	146.6	116.6	522.7	312.0		5.3
	EBITDA growth	n.a.	1.3%	22.4%	11.9%	30.8%	1.2%	0.4%	n.a.	47.7%	20.0%	17.6%
	2y CAGR (2024e - 2026e)	8.7%	7.9%	n.a.	8.3%	8.9%	9.1%	7.8%	4.6%	10.3%	8.1%	8.0%
	EBITDA/Revenues	12.6%	10.7%	9.7%	11.0%	12.8%	13.1%	15.1%	16.0%	20.7%	15.5%	10.6%
	EBIT	73.9	136.6	18.3		501.5	119.4	91.9	389.0	192.0		4.2
	EBIT growth	n.a.	-0.3%	37.7%	18.7%	31.7%	0.6%	0.7%	n.a.	102.1%	33.8%	24.6%
	2y CAGR (2024e - 2026e)	16.2%	11.6%	n.a.	13.9%	10.3%	9.9%	8.4%	4.7%	12.0%	9.1%	9.8%
	EBIT/Revenues	6.0%	6.8%	6.5%	6.4%	9.6%	10.7%	11.9%	11.9%	12.7%	11.4%	8.4%
	Net Profit	38.9	91.2	10.0		312.9	84.5	57.2	282.7	59.4		2.8
	Net Profit growth	n.a.	1.1%	66.8%	34.0%	16.7%	8.6%	11.6%	n.a.	301.6%	84.6%	33.7%
2y CAGR (2024e - 2026e)	24.2%	18.1%	n.a.	21.1%	14.8%	10.6%	15.2%	6.5%	42.5%	17.9%	12.1%	
CAPEX/Sales %	4.3%	5.2%	1.9%	3.8%	5.0%	3.0%	0.9%	5.9%	4.0%	3.8%	2.0%	
Free Cash Flow	41.1	86.5	11.4		165.7	83.2	76.6	150.1	74.4		2.0	
Net financial debt	314.0	242.7	33.6		1,317.5	214.8	233.7	445.1	1,005.9		10.2	
ND/EBITDA (x)	2.0	1.1	1.2	1.5	2.0	1.5	2.0	0.9	3.2	1.9	1.9	
Pay-out	n.a.	n.a.	35.7%	35.7%	39.8%	42.7%	32.2%	n.a.	51.7%	41.6%	52.7%	
Multiples and Ratios	P/E (x)	12.4	10.8	12.1	11.8	17.8	19.0	22.4	15.0	20.6	19.0	7.7
	P/BV (x)	0.7	1.2	0.7	0.9	3.2	3.5	3.9	2.7	1.3	2.9	1.1
	EV/Revenues (x)	0.7	0.6	0.6	0.6	1.1	1.7	2.1	1.6	1.8	1.7	0.6
	EV/EBITDA (x)	5.4	5.7	6.5	5.9	8.7	12.8	14.1	9.7	8.9	10.8	5.8
	EV/EBIT (x)	11.4	9.0	9.6	10.0	11.6	15.8	17.9	13.0	14.5	14.5	7.3
	ROE	5.7	10.7	6.0	7.5	18.1	18.3	17.3	17.8	6.2	15.5	14.2
	FCF Yield (%)	9.2	9.0	9.5	9.2	2.9	4.9	5.7	3.3	4.5	4.3	8.9
	DPS	0.48	0.29	0.03	0.27	1.52	4.69	0.49	2.91	0.60	2.04	0.84
	Dvd Yield	3.4%	3.3%	3.0%	3.2%	2.2%	2.2%	1.4%	2.5%	1.9%	2.0%	6.8%

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).



## LIGHTHOUSE

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#### Notes and Reports History

Date of report	Recommendation	Price (EUR)	Target price (EUR)	Period of validity	Reason for report	Analyst
07-May-2024	n.a.	12.30	n.a.	n.a.	3m Results 2024	Luis Esteban Arribas, CESGA
01-Mar-2024	n.a.	12.27	n.a.	n.a.	12m Results 2023	Luis Esteban Arribas, CESGA
13-Nov-2023	n.a.	11.75	n.a.	n.a.	9m Results 2023	Luis Esteban Arribas, CESGA
29-Sep-2023	n.a.	13.01	n.a.	n.a.	6m Results 2023	Luis Esteban Arribas, CESGA
12-Jun-2023	n.a.	13.75	n.a.	n.a.	Small & Micro Caps (Spain)	David López Sánchez
08-May-2023	n.a.	12.52	n.a.	n.a.	3m Results 2023 - Estimates downgrade	David López Sánchez
24-Mar-2023	n.a.	12.52	n.a.	n.a.	Estimates downgrade	David López Sánchez
28-Feb-2023	n.a.	12.49	n.a.	n.a.	12m Results 2022	David López Sánchez
30-Sep-2022	n.a.	13.58	n.a.	n.a.	6m Results 2022	David López Sánchez
19-Apr-2022	n.a.	13.81	n.a.	n.a.	Estimates upgrade	David López Sánchez
02-Mar-2022	n.a.	13.81	n.a.	n.a.	12m Results 2021	David López Sánchez
01-Oct-2021	n.a.	8.12	n.a.	n.a.	6m Results 2021	David López Sánchez
01-Mar-2021	n.a.	7.50	n.a.	n.a.	12m Results 2020 - Estimates upgrade	Ana Isabel González García, CIIA
28-Jan-2021	n.a.	7.50	n.a.	n.a.	Estimates upgrade	Ana Isabel González García, CIIA
30-Oct-2020	n.a.	7.04	n.a.	n.a.	9m Results 2020	Ana Isabel González García, CIIA
29-Sep-2020	n.a.	7.04	n.a.	n.a.	6m Results 2020	Ana Isabel González García, CIIA
02-Jul-2020	n.a.	7.04	n.a.	n.a.	Estimates downgrade	Ana Isabel González García, CIIA
02-Mar-2020	n.a.	7.04	n.a.	n.a.	12m Results 2019	Ana Isabel González García, CIIA
23-Dec-2019	n.a.	7.04	n.a.	n.a.	Initiation of Coverage	Ana Isabel González García, CIIA

