LIGHTHOUSE
INSTITUTO ESPAÑOL DE ANALISTAS

Cevasa

EQUITY - SPAIN
Sector: Real Estate

Closing price: EUR 6.00 (4 Sep 2024)
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6m Results 2024
Independent Equity Research

6m Results 2024

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Compañía Española de Viviendas en Alquiler, Cevasa (CEV), specialises in the development of buildings for long-term renting, mainly in the residential segment (protected homes) in Catalonia, principally in the city of Barcelona and its metropolitan area (where it is the main private property owner).

Market Data

Market Cap (Mn EUR and USD)	139.5	154.7
EV (Mn EUR and USD) (2)	280.5	311.1
Shares Outstanding (Mn)	23.3	
-12m (Max/Med/Mín EUR)	6.50 / 5.93 / 5.43	
Daily Avg volume (-12m Mn EUR)	n.m.	
Rotation(3)	0.6	
Factset / Bloomberg	CEV-ES / CEV SM	
Close fiscal year	31-Decp	

Shareholders Structure (%)

Vaqué-Boix family	61.7
Banco Santander	24.1
Manuel Valiente	6.6
Others	2.3
Free Float	5.3

Financials (Mn EUR)	**2023**	**2024e**	**2025e**	**2026e**
Adj. nº shares (Mn)	23.2	23.3	23.3	23.3
Total Revenues	21.4	22.2	23.1	24.4
Rec. EBITDA	14.8	15.2	15.9	17.0
% growth	*11.6*	*3.0*	*4.5*	*6.8*
% Rec. EBITDA/Rev.	*69.1*	*68.4*	*68.6*	*69.4*
% Inc. EBITDA sector (4)	*-1.1*	*16.2*	*6.2*	*6.0*
Net Profit	10.9	19.7	13.2	13.5
EPS (EUR)	0.47	0.85	0.57	0.58
% growth	*-62.0*	*80.0*	*-33.2*	*2.4*
Ord. EPS (EUR)	0.45	0.45	0.50	0.55
% growth	*26.7*	*-1.5*	*12.7*	*8.9*
Rec. Free Cash Flow(5)	6.3	9.4	10.1	10.8
Pay-out (%)	*53.1*	*29.4*	*43.9*	*42.9*
DPS (EUR)	0.25	0.25	0.25	0.25
Net financial debt	49.4	41.9	34.2	26.8
ND/Rec. EBITDA (x)	3.3	2.8	2.2	1.6
ROE (%)	*2.8*	*5.0*	*3.2*	*3.3*
ROCE (%)(5)	*2.5*	*4.2*	*2.9*	*2.9*

Ratios & Multiples (x)(6)				
P/E	12.7	7.1	10.6	10.3
Ord. P/E	13.2	13.4	11.9	10.9
P/BV	0.4	0.3	0.3	0.3
Dividend Yield (%)	*4.2*	*4.1*	*4.1*	*4.1*
EV/Sales	13.12	12.61	12.12	11.48
EV/Rec. EBITDA	19.0	18.4	17.7	16.5
EV/EBIT	18.3	10.7	15.8	15.6
FCF Yield (%)(5)	*4.5*	*6.8*	*7.3*	*7.8*

(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: Stoxx Europe 600 Real State.
(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.

1H24 earnings: in line. Profitability continues to rise, while the risk profile remains low

GROWTH IN RENTAL INCOME TO EUR 10.1MN (+6.7% VS 1H23). Topline drivers featured: i) rent increases in line with benchmark indices and ii) higher rents in new leases. Revenue in the residential segment increased by 4.9% year-on-year, with occupancy virtually full, at 99.3%. Retail and office rental income increased by 27.7% and 10.1%, respectively, thanks to the increase in retail space and higher occupancy. At consolidated level, CEV reported revenue in 1H24 of EUR 11.1Mn (+5.9% vs 1H23).

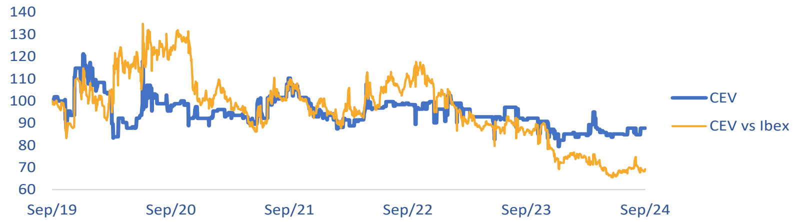
MARGINS STILL EXPANDING (+1.9 PP VS 1H23). CEV continues to command wider margins. Rent increases, coupled with control of overhead, enabled the recurring EBITDA margin to expand to 69.3% (+1.9 pp vs 1H23; above our 2024e estimate of 68.4%), driving recurring EBITDA up to EUR 7.7Mn (+8.8% vs 1H23).

ASSET APPRECIATION (EUR 9.3MN) BOOSTED THE BOTTOM LINE. Below the EBITDA line, the EUR 9.3Mn increase in the value of the portfolio caused EBIT to soar to EUR 16.9Mn (vs EUR 7.5Mn in 1H23). CEV reported net profit for the period of EUR 12.2Mn (vs EUR 5.4Mn in 1H23). Appreciation in the buildings' value pushed up GAV to EUR 575.8Mn (+5.6% vs 2023).

REVISED ESTIMATES. We are revising our 2024e estimates in the wake of the higher-than-expected earnings due to the appreciation of CEV's assets. For the full year, we still expect to see a company with revenue of around EUR 22.2Mn, recurring EBITDA of EUR 15.2Mn and an increase in net profit of EUR 19.7Mn (vs our previous estimate of EUR 12.4Mn).

THE RENTAL PORTFOLIO AND IMPROVED PROFITABILITY MAKE CEV A MORE COMPELLING STORY. THE SHORT-TERM CATALYST IS THE DEVELOPMENT BUSINESS. CEV's 1H24 earnings lend further credence to its low risk profile, underpinned by high occupancy and an ability to raise rents, while achieving margin growth. Short-term catalysts are the first deliveries of the L'Hospitalet and Montgat development and the HBM project. The poor share price performance over the past year (TTM -22.1% vs sector; -19.5% vs Ibex 35) has left CEV trading at a P/E ratio of 13.4x and a discount to NAV of c.60% (vs c.40% for developers and Spanish REITs).

Relative performance (Base 100)



Stock performance (%)	**-1m**	**-3m**	**-12m**	**YTD**	**-3Y**	**-5Y**
Absolute	0.0	3.1	-4.1	3.1	-19.0	-12.3
vs Ibex 35	-4.8	3.7	-19.5	-7.2	-36.0	-30.7
vs Ibex Small Cap Index	0.8	8.7	-8.3	-2.0	-17.3	-34.0
vs Eurostoxx 50	-4.3	5.3	-15.4	-3.9	-29.8	-37.5
vs Sector benchmark(4)	-3.9	-0.2	-22.1	-0.4	14.5	8.1

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

Table 1. Results 1H24

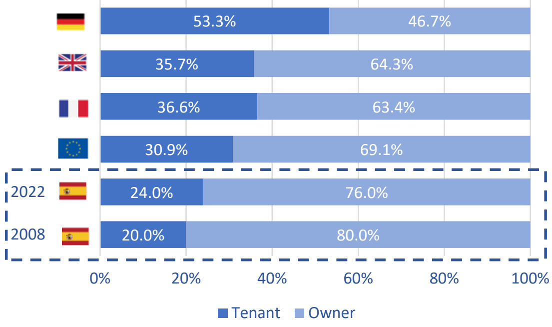
EUR Mn	6m24	6m23	6m24 vs 6m23	2024e	2024e vs 2023
Total Revenues	**11.1**	**10.5**	**5.9%**	**22.2**	**3.9%**
Recurrent EBITDA	**7.7**	**7.1**	**8.8%**	**15.2**	**2.9%**
Rec. EBITDA/Revenues	*69.3%*	*67.4%*	*1.9 p.p.*	*68.4%*	*-0.7 p.p.*
EBITDA	**7.7**	**7.1**	**9.3%**	**16.9**	**13.0%**
EBITDA/Revenues	*69.4%*	*67.2%*	*2.2 p.p.*	*76.2%*	*7.2 p.p.*
EBIT	**16.9**	**7.5**	**125.6%**	**26.3**	**41.6%**
PBT	**15.7**	**6.7**	**133.0%**	**24.8**	**44.7%**
NP	**12.2**	**5.4**	**126.3%**	**19.7**	**44.7%**

Table 2. Review of estimatites

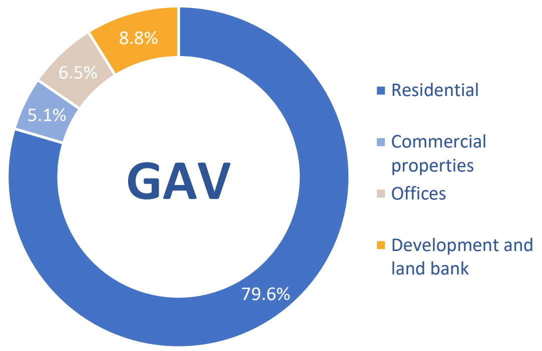
EUR Mn	2024e (New)	Review (%)	2025e (New)	Review (%)	2026e	Review (%)
Total Revenues	**22.2**	**0.0%**	**23.1**	**0.0%**	**24.4**	**0.0%**
Recurrent EBITDA	**15.2**	**0.0%**	**15.9**	**0.0%**	**17.0**	**0.0%**
Recurrent EBITDA growth	*3.0%*	*0 p.p.*	*4.5%*	*0 p.p.*	*6.8%*	*0 p.p.*
Rec. EBITDA/Revenues	*68.4%*	*0 p.p.*	*68.6%*	*0 p.p.*	*69.4%*	*0 p.p.*
EBIT	**26.3**	**54.3%**	**17.7**	**0.0%**	**17.9**	**0.0%**
Net Profit	**19.7**	**59.4%**	**13.2**	**-0.2%**	**13.5**	**-0.2%**
Recurrent Free Cash Flow	**9.4**	**-13.0%**	**10.1**	**-0.3%**	**10.9**	**-0.3%**
ND / EBITDA	2.8 x	0.1 x	2.2 x	0.1 x	1.5 x	0.1 x

The company in 8 charts

Demand for rented housing has continued to grow (since 2008) and Spain is still a long way from European average levels

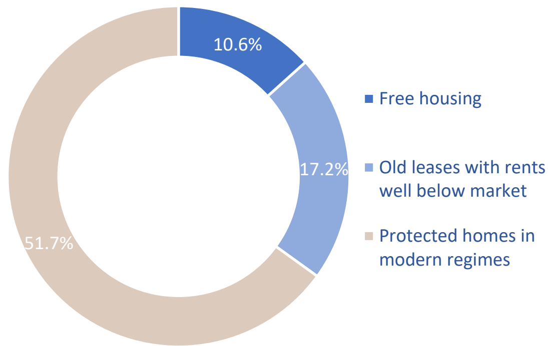


Cevasa (CEV) has a unique exposure to rented housing (c. 80% of GAV 2023)...

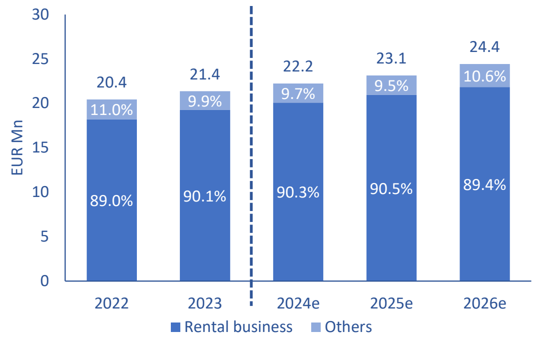


... with a portfolio concentrated in Catalonia (mainly Barcelona and its metropolitan area)

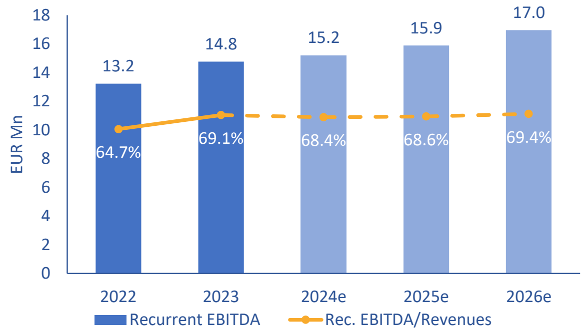
And the particularity of having invested a large percentage in state sponsored housing



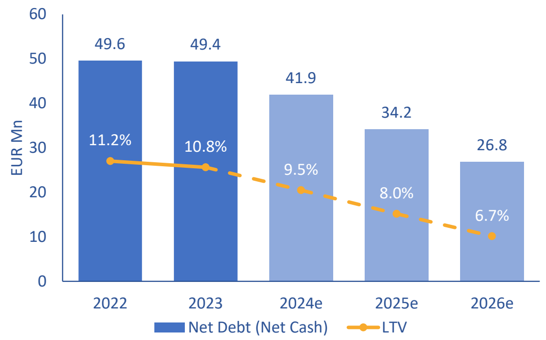
Until 2026e visibility is significant, for revenue (CAGR 23-26e: +4.6%)...



... and margins (Rec EBITDA: CAGR 23-26e: +4.7%)



Despite the rebound in investment, leverage will remain at very prudent levels (LTV < 20%)



Trading at a discount of c. 60% to its EPRA NRV

EUR Mn	2022	2023	22-23
GAV	536.2	546.3	1.9%
EPRA NAV/NRV	483.7	490.2	1.3%
EPRA NAV/NTA	423.9	427.2	0.8%
EPRA NAV/NDV	400.9	406.7	1.4%
Number of shares	23.2	23.2	0.0%
EPRA NAV/NRV per share	*20.89*	*21.17*	1.3%
EPRA NAV/NTA per share	*18.31*	*18.45*	0.8%
EPRA NAV/NDV per share	*17.32*	*17.57*	1.4%

Valuation inputs

Inputs for the DCF Valuation Approach

	2024e	2025e	2026e	Terminal Value [1]		
Free Cash Flow "To the Firm"	**2.6**	**2.5**	**2.8**	**188.2**		
Market Cap	**139.5**	At the date of this report				
Net financial debt	**49.4**	Debt net of Cash (12m Results 2023)				
					Best Case	Worst Case
Cost of Debt	5.5%	Net debt cost			5.3%	5.8%
Tax rate (T)	20.0%	T (Normalised tax rate)			=	=
Net debt cost	**4.4%**	**Kd = Cost of Net Debt * (1-T)**			**4.2%**	**4.6%**
Risk free rate (rf)	3.0%	Rf (10y Spanish bond yield)			=	=
Equity risk premium	6.0%	R (own estimate)			5.5%	6.5%
Beta (B)	1.0	B (own estimate)			1.0	1.1
Cost of Equity	**9.0%**	**Ke = Rf + (R * B)**			**8.5%**	**10.2%**
Equity / (Equity + Net Debt)	73.8%	E (Market Cap as equity value)			=	=
Net Debt / (Equity + Net Debt)	26.2%	D			=	=
WACC	**7.8%**	**WACC = Kd * D + Ke * E**			**7.4%**	**8.7%**
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 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
Merlin Properties	MRL-ES	6,336.3	20.1	5.3%	27.6	10.4%	n.a.	9.4%	75.5%	2.5%	-23.9%
Colonial	COL-ES	3,663.7	19.2	2.3%	29.8	5.2%	n.a.	4.5%	81.4%	3.6%	14.6%
Lar España	LRE-ES	676.2	11.6	2.7%	16.6	4.0%	11.8	3.5%	71.3%	8.2%	-18.8%
Árima	ARM-ES	239.9	n.a.	n.a.	n.a.	59.2%	n.a.	26.2%	26.8%	n.a.	-30.3%
REITs			**17.0**	**3.4%**	**24.6**	**19.7%**	**11.8**	**10.9%**	**63.8%**	**4.8%**	**-14.6%**
CEV	**CEV-ES**	**139.5**	**7.1**	**-17.3%**	**18.4**	**2.6%**	**12.6**	**4.8%**	**76.2%**	**6.8%**	**-0.8%**

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	**72.0%**	**16.7**	**16.8x**
Central	**68.6%**	**15.9**	**17.7x**
Min	**65.2%**	**15.1**	**18.6x**

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

Rec. FCF EUR Mn	CAPEX/Sales 25e		
EBITDA 25e	**4.5%**	**5.0%**	**5.5%**
16.7	**11.0**	**10.9**	**10.8**
15.9	**10.2**	**10.1**	**10.0**
15.1	**9.5**	**9.3**	**9.2**

Scenario	Rec. FCF/Yield 25e		
Max	**7.9%**	**7.8%**	**7.7%**
Central	**7.3%**	**7.3%**	**7.2%**
Min	**6.8%**	**6.7%**	**6.6%**

Appendix 1. Financial Projections

Balance Sheet (EUR Mn)	2019	2020	2021	2022	2023	2024e	2025e	2026e
Intangible assets	1.0	1.0	1.1	1.1	1.0	1.0	1.0	1.0
Fixed assets	456.2	461.7	479.8	496.5	499.0	499.3	490.3	481.4
Other Non Current Assets	4.0	4.0	3.4	1.9	1.8	1.8	1.8	1.8
Financial Investments	10.0	7.1	10.3	12.2	11.7	19.8	28.4	37.2
Goodwill & Other Intangilbles	-	-	-	-	-	-	-	-
Current assets	23.0	26.3	34.3	27.7	33.3	32.4	33.6	35.2
Total assets	**494.1**	**500.0**	**528.8**	**539.3**	**546.9**	**554.4**	**555.1**	**556.7**
Equity	332.8	337.2	357.5	383.6	388.2	402.1	409.5	417.2
Minority Interests	10.0	10.5	11.4	12.8	13.5	14.8	15.7	16.6
Provisions & Other L/T Liabilities	83.1	83.7	85.3	89.8	89.8	89.8	89.8	89.8
Other Non Current Liabilities	-	-	-	-	-	-	-	-
Net financial debt	65.8	64.9	69.5	49.6	49.4	41.9	34.2	26.8
Current Liabilities	2.5	3.7	5.0	3.5	6.1	5.8	6.0	6.3
Equity & Total Liabilities	**494.1**	**500.0**	**528.8**	**539.3**	**546.9**	**554.4**	**555.1**	**556.7**

									CAGR	
P&L (EUR Mn)	**2019**	**2020**	**2021**	**2022**	**2023**	**2024e**	**2025e**	**2026e**	**19-23**	**23-26e**
Total Revenues	**19.0**	**19.1**	**19.4**	**20.4**	**21.4**	**22.2**	**23.1**	**24.4**	***3.1%***	***4.6%***
Total Revenues growth	*5.3%*	*0.6%*	*1.9%*	*5.2%*	*4.5%*	*4.1%*	*4.1%*	*5.6%*		
COGS	(0.9)	(0.8)	(1.2)	(1.7)	(1.0)	(1.3)	(1.3)	(1.4)		
Gross Margin	**18.1**	**18.2**	**18.2**	**18.8**	**20.4**	**21.0**	**21.8**	**23.0**	***3.1%***	***4.1%***
Gross Margin/Revenues	*95.3%*	*95.7%*	*93.8%*	*91.9%*	*95.4%*	*94.2%*	*94.2%*	*94.3%*		
Personnel Expenses	(3.2)	(3.1)	(3.4)	(3.8)	(3.9)	(4.0)	(4.1)	(4.2)		
Other Operating Expenses	(1.6)	(1.6)	(1.6)	(1.8)	(1.7)	(1.8)	(1.8)	(1.9)		
Recurrent EBITDA	**13.2**	**13.5**	**13.3**	**13.2**	**14.8**	**15.2**	**15.9**	**17.0**	***2.8%***	***4.7%***
Recurrent EBITDA growth	*5.7%*	*1.7%*	*-1.4%*	*-0.4%*	*11.6%*	*3.0%*	*4.5%*	*6.8%*		
Rec. EBITDA/Revenues	*69.9%*	*70.7%*	*68.3%*	*64.7%*	*69.1%*	*68.4%*	*68.6%*	*69.4%*		
Net development revenue and non-rec.	(0.1)	(1.0)	0.4	4.4	(0.0)	1.7	1.7	0.9		
EBITDA	**13.1**	**12.5**	**13.7**	**17.6**	**14.7**	**16.9**	**17.6**	**17.8**	***2.9%***	***6.6%***
Depreciation & Provisions	(0.2)	(0.1)	0.4	(0.1)	0.1	0.1	0.1	0.1		
Capitalized Expense	-	-	-	-	-	-	-	-		
Change in the value of the properties	16.8	0.2	17.9	15.5	0.5	9.3	-	-		
EBIT	**29.8**	**12.6**	**32.0**	**33.1**	**15.3**	**26.3**	**17.7**	**17.9**	***-15.3%***	***5.4%***
EBIT growth	*-51.2%*	*-57.7%*	*154.1%*	*3.3%*	*-53.6%*	*71.3%*	*-32.6%*	*1.3%*		
EBIT/Revenues	*n.a.*	*66.1%*	*n.a.*	*n.a.*	*71.8%*	*n.a.*	*76.5%*	*73.4%*		
Impact of Goodwill & Others	-	-	-	-	-	-	-	-		
Net Financial Result	(1.6)	(1.3)	(1.5)	(1.3)	(1.6)	(1.5)	(1.1)	(1.0)		
Income by the Equity Method	-	-	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)		
Ordinary Profit	**28.2**	**11.3**	**30.5**	**31.7**	**13.7**	**24.8**	**16.6**	**17.0**	***-16.5%***	***7.4%***
Ordinary Profit Growth	*-52.7%*	*-59.8%*	*169.9%*	*3.9%*	*-56.8%*	*80.8%*	*-33.2%*	*2.4%*		
Extraordinary Results	-	-	-	5.9	-	-	-	-		
Profit Before Tax	**28.2**	**11.3**	**30.5**	**37.7**	**13.7**	**24.8**	**16.6**	**17.0**	***-16.5%***	***7.4%***
Tax Expense	(5.4)	(1.5)	(5.2)	(7.9)	(2.1)	(3.7)	(2.5)	(2.5)		
Effective Tax Rate	*19.1%*	*13.2%*	*16.9%*	*21.0%*	*15.0%*	*15.0%*	*15.0%*	*15.0%*		
Minority Interests	(0.8)	(0.6)	(0.9)	(1.1)	(0.7)	(1.3)	(0.9)	(0.9)		
Discontinued Activities	-	-	-	-	-	-	-	-		
Net Profit	**22.0**	**9.3**	**24.5**	**28.7**	**10.9**	**19.7**	**13.2**	**13.5**	***-16.1%***	***7.4%***
Net Profit growth	*-51.2%*	*-57.9%*	*164.8%*	*17.2%*	*-62.0%*	*80.8%*	*-33.2%*	*2.4%*		
Ordinary Net Profit	**8.5**	**10.0**	**9.3**	**8.3**	**10.5**	**10.4**	**11.7**	**12.7**	***5.4%***	***6.7%***
Ordinary Net Profit growth	*24.4%*	*17.2%*	*-6.4%*	*-11.0%*	*26.5%*	*-1.1%*	*12.7%*	*8.9%*		

									CAGR	
Cash Flow (EUR Mn)	**2019**	**2020**	**2021**	**2022**	**2023**	**2024e**	**2025e**	**2026e**	**19-23**	**23-26e**
Recurrent EBITDA						**15.2**	**15.9**	**17.0**	***2.8%***	***4.7%***
Rentals (IFRS 16 impact)						-	-	-		
Working Capital Increase						0.7	(1.0)	(1.4)		
Recurrent Operating Cash Flow						**15.9**	**14.9**	**15.6**	***-3.0%***	***9.8%***
CAPEX						(1.2)	(1.2)	(1.2)		
Net Financial Result affecting the Cash Flow						(1.5)	(1.1)	(1.0)		
Tax Expense						(3.7)	(2.5)	(2.5)		
Recurrent Free Cash Flow						**9.4**	**10.1**	**10.8**	***-1.1%***	***20.1%***
Net development revenue and non-rec.						12.0	12.0	11.1		
- Acquisitions / + Divestures of assets						(8.1)	(8.6)	(8.8)		
Extraordinary Inc./Exp. Affecting Cash Flow						-	-	-		
Free Cash Flow						**13.3**	**13.5**	**13.1**	***-4.6%***	***28.2%***
Capital Increase						-	-	-		
Dividends						(5.8)	(5.8)	(5.8)		
Net Debt Variation						**(7.5)**	**(7.7)**	**(7.3)**		

Appendix 2. Free Cash Flow

A) Cash Flow Analysis (EUR Mn)	2020	2021	2022	2023	2024e	2025e	2026e	CAGR 20-23	CAGR 23-26e
Recurrent EBITDA	**13.5**	**13.3**	**13.2**	**14.8**	**15.2**	**15.9**	**17.0**	***3.1%***	***4.7%***
Recurrent EBITDA growth	*1.7%*	*-1.4%*	*-0.4%*	*11.6%*	*3.0%*	*4.5%*	*6.8%*		
Rec. EBITDA/Revenues	*70.7%*	*68.3%*	*64.7%*	*69.1%*	*68.4%*	*68.6%*	*69.4%*		
- Rentals (IFRS 16 impact)	-	-	-	-	-	-	-		
+/- Working Capital increase	(2.1)	(6.8)	5.1	(3.0)	0.7	(1.0)	(1.4)		
= Recurrent Operating Cash Flow	**11.4**	**6.5**	**18.3**	**11.7**	**15.9**	**14.9**	**15.6**	***1.0%***	***9.8%***
Rec. Operating Cash Flow growth	*-14.1%*	*-42.8%*	*181.8%*	*-36.0%*	*35.0%*	*-6.0%*	*4.4%*		
Rec. Operating Cash Flow / Sales	*59.7%*	*33.5%*	*89.7%*	*55.0%*	*71.3%*	*64.4%*	*63.7%*		
- CAPEX	(4.6)	(1.5)	(1.2)	(1.8)	(1.2)	(1.2)	(1.2)		
- Net Financial Result affecting Cash Flow	(1.4)	(1.4)	(1.3)	(1.6)	(1.5)	(1.1)	(1.0)		
- Taxes	(1.9)	(0.6)	(7.9)	(2.1)	(3.7)	(2.5)	(2.5)		
= Recurrent Free Cash Flow	**3.5**	**3.0**	**8.0**	**6.3**	**9.4**	**10.1**	**10.8**	***21.2%***	***20.1%***
Rec. Free Cash Flow growth	*-46.1%*	*-13.6%*	*162.7%*	*-21.6%*	*50.7%*	*7.5%*	*6.9%*		
Rec. Free Cash Flow / Revenues	*18.4%*	*15.6%*	*39.0%*	*29.2%*	*42.4%*	*43.8%*	*44.3%*		
- Restructuring expenses & others	-	-	4.4	(0.0)	12.0	12.0	11.1		
- Acquisitions / + Divestments	1.8	(9.4)	4.0	-	(8.1)	(8.6)	(8.8)		
+/- Extraordinary Inc./Exp. affecting Cash Flow	0.1	6.3	6.3	-	-	-	-		
= Free Cash Flow	**5.4**	**(0.0)**	**22.7**	**6.2**	**13.3**	**13.5**	**13.1**	***4.6%***	***28.2%***
Free Cash Flow growth	*-27.5%*	*-100.4%*	*n.a.*	*-72.5%*	*113.9%*	*1.6%*	*-3.1%*		
Recurrent Free Cash Flow - Yield (s/Mkt Cap)	*2.5%*	*2.2%*	*5.7%*	*4.5%*	*6.8%*	*7.3%*	*7.8%*		
Free Cash Flow Yield (s/Mkt Cap)	*3.9%*	*n.a.*	*16.2%*	*4.5%*	*9.5%*	*9.7%*	*9.4%*		

B) Analytical Review of Annual Recurrent Free Cash Flow Performance (Eur Mn)	2020	2021	2022	2023	2024e	2025e	2026e
Recurrent FCF(FY - 1)	**6.5**	**3.5**	**3.0**	**8.0**	**6.3**	**9.4**	**10.1**
EBITDA impact from revenue increase	0.1	0.3	0.7	0.6	0.6	0.6	0.9
EBITDA impact from EBITDA/Sales variation	0.1	(0.5)	(0.7)	0.9	(0.2)	0.1	0.2
= Recurrent EBITDA variation	**0.2**	**(0.2)**	**(0.0)**	**1.5**	**0.4**	**0.7**	**1.1**
- Rentals (IFRS 16 impact) variation impact	-	-	-	-	-	-	-
+/- Working capital variation impact	(2.1)	(4.7)	11.9	(8.1)	3.7	(1.6)	(0.4)
= Recurrent Operating Cash Flow variation	**(1.9)**	**(4.9)**	**11.8**	**(6.6)**	**4.1**	**(0.9)**	**0.7**
+/- CAPEX impact	(2.4)	3.1	0.3	(0.6)	0.6	0.1	(0.1)
+/- Financial result variation	0.3	(0.1)	0.1	(0.3)	0.1	0.4	0.2
+/- Tax impact	0.9	1.3	(7.3)	5.8	(1.7)	1.2	(0.1)
= Recurrent Free Cash Flow variation	**(3.0)**	**(0.5)**	**4.9**	**(1.7)**	**3.2**	**0.7**	**0.7**
Recurrent Free Cash Flow	**3.5**	**3.0**	**8.0**	**6.3**	**9.4**	**10.1**	**10.8**

C) "FCF to the Firm" (pre debt service) (EUR Mn)	2020	2021	2022	2023	2024e	2025e	2026e	CAGR 20-23	CAGR 23-26e
EBIT	**12.6**	**32.0**	**33.1**	**15.3**	**26.3**	**17.7**	**17.9**	***6.8%***	***5.4%***
** Theoretical Tax rate*	*13.2%*	*16.9%*	*21.0%*	*15.0%*	*15.0%*	*15.0%*	*15.0%*		
= Taxes (pre- Net Financial Result)	(1.7)	(5.4)	(6.9)	(2.3)	(3.9)	(2.7)	(2.7)		
Recurrent EBITDA	**13.5**	**13.3**	**13.2**	**14.8**	**15.2**	**15.9**	**17.0**	***3.1%***	***4.7%***
- Rentals (IFRS 16 impact)	-	-	-	-	-	-	-		
+/- Working Capital increase	(2.1)	(6.8)	5.1	(3.0)	0.7	(1.0)	(1.4)		
= Recurrent Operating Cash Flow	**11.4**	**6.5**	**18.3**	**11.7**	**15.9**	**14.9**	**15.6**	***1.0%***	***9.8%***
- CAPEX	(4.6)	(1.5)	(1.2)	(1.8)	(1.2)	(1.2)	(1.2)		
- Taxes (pre- Financial Result)	(1.7)	(5.4)	(6.9)	(2.3)	(3.9)	(2.7)	(2.7)		
= Recurrent Free Cash Flow (To the Firm)	**5.2**	**(0.4)**	**10.2**	**7.6**	**10.7**	**11.1**	**11.6**	***13.9%***	***15.2%***
Rec. Free Cash Flow (To the Firm) growth	*-3.7%*	*-107.2%*	*n.a.*	*-25.6%*	*40.2%*	*3.8%*	*5.0%*		
Rec. Free Cash Flow (To the Firm) / Revenues	27.0%	n.a.	50.1%	35.7%	48.0%	47.9%	47.6%		
- Acquisitions / + Divestments	1.8	(9.4)	4.0	-	(8.1)	(8.6)	(8.8)		
+/- Extraordinary Inc./Exp. affecting Cash Flow	0.1	6.3	6.3	-	-	-	-		
= Free Cash Flow "To the Firm"	**7.1**	**(3.4)**	**20.6**	**7.6**	**2.6**	**2.5**	**2.8**	***2.5%***	***-28.2%***
Free Cash Flow (To the Firm) growth	*11.8%*	*-148.4%*	*700.0%*	*-63.0%*	*-66.1%*	*-3.6%*	*13.1%*		
Rec. Free Cash Flow To the Firm Yield (o/EV)	*1.8%*	*n.a.*	*3.7%*	*2.7%*	*3.8%*	*4.0%*	*4.2%*		
Free Cash Flow "To the Firm" - Yield (o/EV)	*2.5%*	*n.a.*	*7.3%*	*2.7%*	*0.9%*	*0.9%*	*1.0%*		

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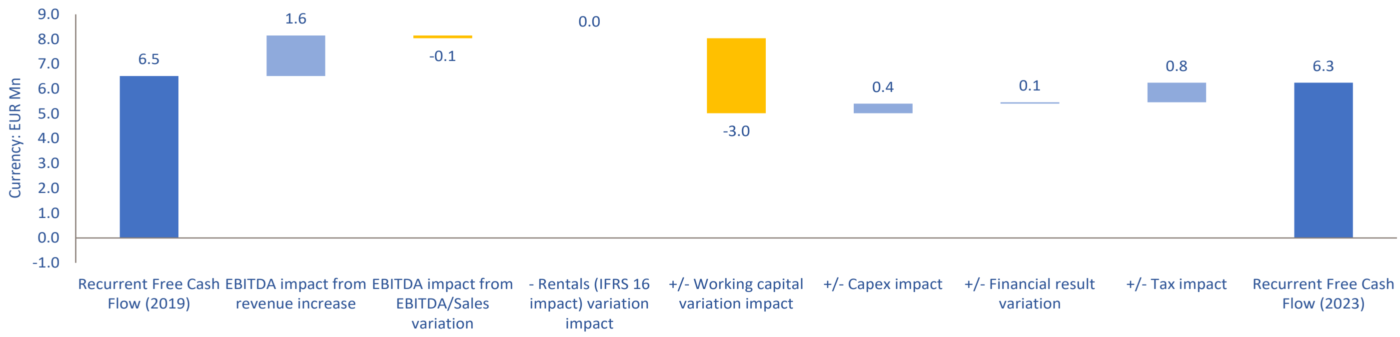
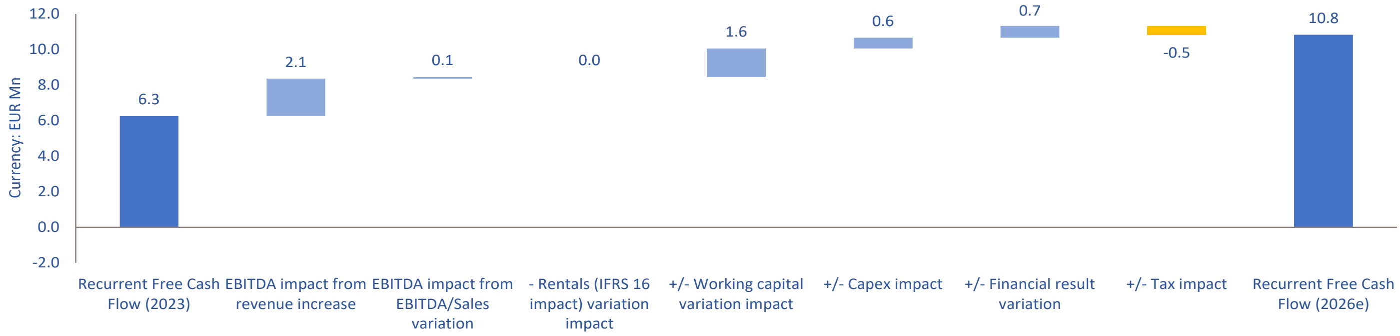
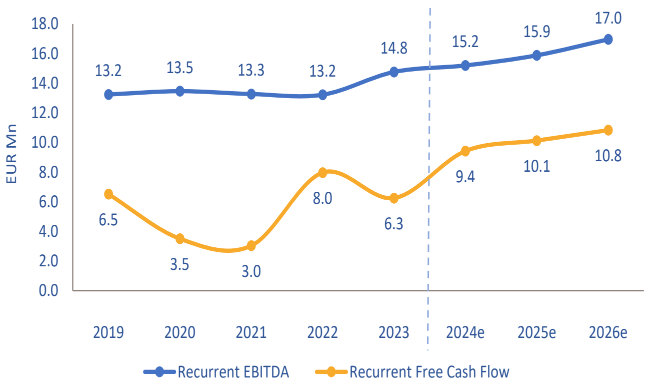
Recurrent Free Cash Flow accumulated variation analysis (2019 - 2023)



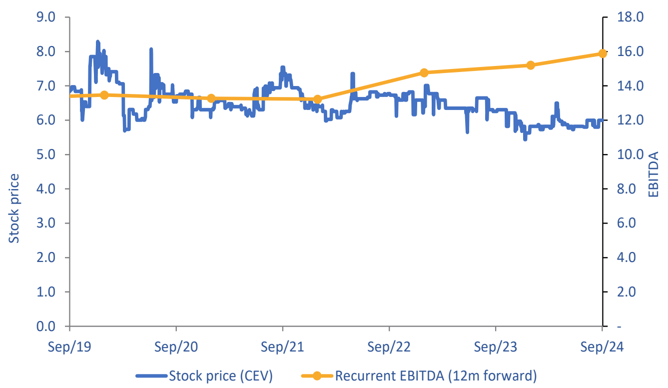
Recurrent Free Cash Flow accumulated variation analysis (2023 - 2026e)



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	139.5	
+ Minority Interests	13.5	12m Results 2023
+ Provisions & Other L/T Liabilities	89.8	12m Results 2023
+ Net financial debt	49.4	12m Results 2023
- Financial Investments	11.7	12m Results 2023
+/- Others		
Enterprise Value (EV)	**280.5**	

Appendix 4. Historical performance (1)

Historical performance (EUR Mn)	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024e	2025e	2026e	CAGR 13-23	CAGR 23-26e
Total Revenues	**19.6**	**17.4**	**16.4**	**13.9**	**14.6**	**16.1**	**19.0**	**19.1**	**19.4**	**20.4**	**21.4**	**22.2**	**23.1**	**24.4**	***0.8%***	***4.6%***
Total Revenues growth	*8.1%*	*-11.5%*	*-5.5%*	*-15.5%*	*5.2%*	*10.2%*	*17.7%*	*0.6%*	*1.9%*	*5.2%*	*4.5%*	*4.1%*	*4.1%*	*5.6%*		
EBITDA	**8.0**	**7.3**	**8.5**	**8.6**	**7.9**	**10.0**	**13.1**	**12.5**	**13.7**	**17.6**	**14.7**	**16.9**	**17.6**	**17.8**	***6.3%***	***6.6%***
EBITDA growth	*17.7%*	*-9.0%*	*16.1%*	*2.0%*	*-8.1%*	*25.7%*	*31.6%*	*-5.0%*	*9.3%*	*28.8%*	*-16.2%*	*14.9%*	*4.0%*	*1.3%*		
EBITDA/Sales	*40.8%*	*42.0%*	*51.5%*	*62.2%*	*54.4%*	*62.0%*	*69.3%*	*65.5%*	*70.3%*	*86.0%*	*69.0%*	*76.2%*	*76.1%*	*73.0%*		
Net Profit	**3.0**	**22.6**	**5.6**	**13.0**	**14.5**	**45.0**	**22.0**	**9.3**	**24.5**	**28.7**	**10.9**	**19.7**	**13.2**	**13.5**	***13.7%***	***7.4%***
Net Profit growth	*21.3%*	*647.0%*	*-75.3%*	*134.2%*	*11.6%*	*209.4%*	*-51.2%*	*-57.9%*	*164.8%*	*17.2%*	*-62.0%*	*80.8%*	*-33.2%*	*2.4%*		
Adjusted number shares (Mn)	23.2	23.2	23.2	23.2	23.2	23.2	23.2	23.2	23.2	23.2	23.2	23.3	23.3	23.3		
EPS (EUR)	0.13	0.97	0.24	0.56	0.63	1.94	0.95	0.40	1.06	1.24	0.47	0.85	0.57	0.58	*13.7%*	*7.2%*
EPS growth	*n.a.*	*n.a.*	*-75.3%*	*n.a.*	*11.6%*	*n.a.*	*-51.1%*	*-57.9%*	*n.a.*	*17.2%*	*-62.0%*	*80.0%*	*-33.2%*	*2.4%*		
Ord. EPS (EUR)	0.13	0.97	0.24	0.56	0.63	1.94	0.37	0.43	0.40	0.36	0.45	0.45	0.50	0.55	*13.3%*	*6.5%*
Ord. EPS growth	*n.a.*	*n.a.*	*-75.3%*	*n.a.*	*11.6%*	*n.a.*	*-81.1%*	*17.2%*	*-6.5%*	*-11.0%*	*26.7%*	*-1.5%*	*12.7%*	*8.9%*		
CAPEX	(1.8)	(0.6)	(1.4)	(4.4)	(26.6)	(3.1)	(2.2)	(4.6)	(1.5)	(1.2)	(1.8)	(1.2)	(1.2)	(1.2)		
CAPEX/Sales %)	*9.0%*	*3.2%*	*8.4%*	*31.8%*	*182.4%*	*19.4%*	*11.7%*	*24.0%*	*7.5%*	*5.7%*	*8.5%*	*5.5%*	*5.0%*	*5.0%*		
Free Cash Flow	**1.5**	**3.8**	**(1.6)**	**(4.5)**	**(21.8)**	**4.3**	**7.5**	**5.4**	**(0.0)**	**22.7**	**6.2**	**13.3**	**13.5**	**13.1**	**15.6%**	**28.2%**
ND/EBITDA (x) (2)	*5.5x*	*7.0x*	*6.5x*	*4.9x*	*7.9x*	*6.8x*	*5.0x*	*5.2x*	*5.1x*	*2.8x*	*3.4x*	*2.5x*	1.9x	1.5x		
P/E (x)	*46.0x*	*5.0x*	*22.4x*	*13.8x*	*6.0x*	*3.1x*	*8.3x*	*15.8x*	*6.1x*	*5.2x*	*12.4x*	*7.1x*	10.6x	10.3x		
EV/Sales (x)	*11.05x*	*11.16x*	*12.78x*	*19.08x*	*11.82x*	*14.84x*	*18.67x*	*16.35x*	*16.20x*	*15.43x*	*13.08x*	*12.61x*	12.12x	11.48x		
EV/EBITDA (x) (2)	*27.1x*	*26.6x*	*24.8x*	*30.7x*	*21.7x*	*23.9x*	*26.9x*	*25.0x*	*23.1x*	*17.9x*	*19.0x*	*16.6x*	15.9x	15.7x		
Absolute performance	*-3.2%*	*-18.8%*	*10.8%*	*44.5%*	*-51.7%*	*61.5%*	*29.6%*	*-19.7%*	*2.1%*	*0.1%*	*-9.7%*	*3.1%*				
Relative performance vs Ibex 35	*-20.3%*	*-21.7%*	*19.4%*	*47.5%*	*-55.1%*	*89.9%*	*15.9%*	*-5.1%*	*-5.4%*	*6.0%*	*-26.4%*	*-7.2%*				

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

	EUR Mn	REITs: Merlin Properties	REITs: Colonial	REITs: Lar España	REITs: Árima	Average	CEV
Market data	Ticker (Factset)	MRL-ES	COL-ES	LRE-ES	ARM-ES		CEV-ES
	Country	Spain	Spain	Spain	Spain		Spain
	Market cap	6,336.3	3,663.7	676.2	239.9		139.5
	Enterprise value (EV)	10,491.5	9,487.7	1,119.3	288.4		280.5
Basic financial information	Total Revenues	503.8	391.4	94.7	13.3		22.2
	Total Revenues growth	*7.3%*	*-2.1%*	*-17.9%*	*31.5%*	*4.7%*	*4.1%*
	2y CAGR (2024e - 2026e)	*9.4%*	*4.5%*	*3.5%*	*26.2%*	*10.9%*	*4.8%*
	EBITDA	380.5	318.6	67.5	3.6		16.9
	EBITDA growth	*9.3%*	*0.7%*	*n.a.*	*225.6%*	*78.6%*	*14.9%*
	2y CAGR (2024e - 2026e)	*10.4%*	*5.2%*	*4.0%*	*59.2%*	*19.7%*	*2.6%*
	EBITDA/Revenues	*75.5%*	*81.4%*	*71.3%*	*26.8%*	*63.8%*	*76.2%*
	EBIT	370.7	317.7	67.1	0.6		26.3
	EBIT growth	*7.2%*	*3.3%*	*-22.2%*	*119.0%*	*26.8%*	*71.3%*
	2y CAGR (2024e - 2026e)	*22.1%*	*17.9%*	*6.7%*	*n.a.*	*15.6%*	*-17.4%*
	EBIT/Revenues	*73.6%*	*81.2%*	*70.9%*	*4.2%*	*57.4%*	*n.a.*
	Net Profit	291.0	180.5	53.4	(5.0)		19.7
	Net Profit growth	*448.6%*	*117.7%*	*45.1%*	*84.7%*	*174.0%*	*80.8%*
	2y CAGR (2024e - 2026e)	*9.0%*	*4.9%*	*7.7%*	*n.a.*	*7.2%*	*-17.3%*
	CAPEX/Sales %	*48.3%*	*-1.4%*	*9.5%*	*166.0%*	*55.6%*	*5.5%*
	Free Cash Flow	160.7	132.8	55.3	(4.3)		13.3
	Net financial debt	3,628.9	4,424.3	463.1	95.8		41.9
	ND/EBITDA (x)	9.5	13.9	6.9	27.0	14.3	2.8
	Pay-out	*68.5%*	*80.0%*	*107.7%*	*-5.2%*	*62.7%*	*29.4%*
Multiples and Ratios	P/E (x)	20.1	19.2	11.6	n.a.	17.0	7.1
	P/BV (x)	0.9	0.7	0.8	n.a.	0.8	0.3
	EV/Revenues (x)	n.a.	24.2	11.8	n.a.	18.0	12.6
	EV/EBITDA (x)	27.6	29.8	16.6	n.a.	24.6	18.4
	EV/EBIT (x)	28.3	29.9	16.7	n.a.	25.0	10.7
	ROE	*4.3*	*3.4*	*6.6*	*n.a.*	*4.8*	*5.0*
	FCF Yield (%)	*2.5*	*3.6*	*8.2*	*n.a.*	*4.8*	*6.8*
	DPS	*0.43*	*0.27*	*0.69*	*0.01*	*0.35*	*0.25*
	Dvd Yield	*3.8%*	*4.7%*	*8.5%*	*0.1%*	*4.3%*	*4.1%*

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
05-Sep-2024	n.a.	6.00	n.a.	n.a.	6m Results 2024	José Miguel Cabrera van Grieken
27-May-2024	n.a.	5.72	n.a.	n.a.	Small & Micro Caps (Spain)	Alfredo Echevarría Otegui
09-May-2024	n.a.	5.77	n.a.	n.a.	3m Results 2024	José Miguel Cabrera van Grieken
03-Apr-2024	n.a.	6.31	n.a.	n.a.	12m Results 2023	José Miguel Cabrera van Grieken
25-Mar-2024	n.a.	6.11	n.a.	n.a.	12m Results 2023	José Miguel Cabrera van Grieken
06-Nov-2023	n.a.	6.21	n.a.	n.a.	9m Results 2023	José Miguel Cabrera van Grieken
08-Sep-2023	n.a.	6.26	n.a.	n.a.	6m Results 2023	Alfredo Echevarría Otegui
12-Jun-2023	n.a.	6.35	n.a.	n.a.	Small & Micro Caps (Spain)	David López Sánchez
05-May-2023	n.a.	6.35	n.a.	n.a.	3m Results 2023	David López Sánchez
04-Apr-2023	n.a.	6.35	n.a.	n.a.	Company visit	David López Sánchez
24-Feb-2023	n.a.	6.59	n.a.	n.a.	12m Results 2022	David López Sánchez
14-Nov-2022	n.a.	6.82	n.a.	n.a.	Initiation of Coverage	David López Sánchez

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