

9m Results 2024

 Opinion ⁽¹⁾: Above expectations

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

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9m23: pending the start of a new development cycle, the store of value remains intact.,

Business description

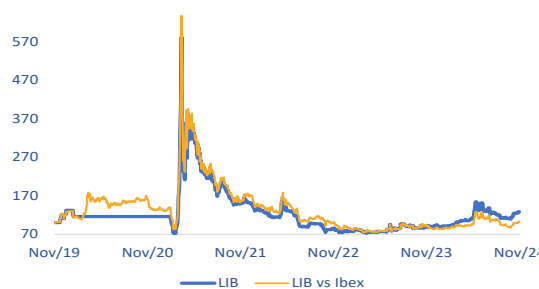
Libertas 7 (LIB), is a family group with headquarters in Valencia (Spain) structured around three areas: (i) property development and management, (ii) tourism management, with the leasing of apartments and the management of a hotel, and (iii) financial investment, via the management of its own assets through investment in stocks and private equity. It is managed and controlled by the founding family (c. 80% of capital).

Market Data

Market Cap (Mn EUR and USD)	31.8	34.6
EV (Mn EUR and USD) ⁽²⁾	41.5	45.2
Shares Outstanding (Mn)	21.9	
-12m (Max/Med/Mín EUR)	1.74 / 1.25 / 0.98	
Daily Avg volume (-12m Mn EUR)	n.m.	
Rotation ⁽³⁾	3.5	
Factset / Bloomberg	LIB-ES / LIB SM	
Close fiscal year	31-Dec	

Shareholders Structure (%)

Noguera Family and others	80.0
Treasury stock	3.6
Free Float	16.4

Relative performance (Base 100)

Stock performance (%)

	-1m	-3m	-12m	-5Y
Absolute	12.4	2.8	40.2	28.4
vs Ibex 35	11.0	-7.0	10.4	2.4
vs Ibex Small Cap Index	14.5	6.5	31.1	5.5
vs Eurostoxx 50	14.8	-1.7	20.7	-3.0
vs Sector benchmark ⁽⁴⁾	20.6	4.5	23.5	81.6

(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 1.

(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.

NO DEVELOPMENT BUSINESS IN 2024E. AS EXPECTED, THERE WILL BE NO HOME DELIVERIES IN 2024E.

In commercial terms, the accumulated pre-sales portfolio maintains its good performance and reaches EUR 24.2Mn, with 41 additional homes in 9m24 (EUR 10.4Mn), while the stock pending sale stands at EUR 38.7Mn (vs EUR 15.3Mn in 2023). We estimate the first deliveries of the new development cycle for 2025e with the registration of c.56 homes (EUR 14.5Mn).

A TOURISM BUSINESS WITH HIGH OCCUPANCY... The seasonality of the business drives LIB's tourism area, which records revenues of EUR 2.7Mn (+5.1% vs 9m23; 40.2% Sea You Hotel and 59.8% Port Saplaya). The improvement in average occupancy levels (67.7% vs 57.5% in 9m23; -10.1% available rooms due to renovations) translates into an increase in revenue per available room (RevPar) to EUR 89 (vs EUR 76 in 9m23). The increase in costs due to works in Port Saplaya reduces the EBITDA of the tourism area, which stands at EUR 0.9Mn (-6.9% vs 9m23).

...TOGETHER WITH AN INVESTMENT PORTFOLIO WHERE THE RESULT OF PRIVATE EQUITY INVESTMENTS BEGINS TO EMERGE.

The value of the investment portfolio reaches EUR 62.0Mn (+7.8% vs year-end 2023) with revenues of EUR 2.3Mn (+41.7% vs 9m23; EUR 2.06Mn dividends and EUR 0.27Mn capital gain, associated with the divestment of EUR 1.9Mn in the Private Equity portfolio that is already generating results).

2024E IS A TRANSITION YEAR. WE WILL RAISE EBITDA ESTIMATES. LIB closes 9m24 with consolidated revenues of EUR 5.3Mn (-53.7% vs 9m23), in line with estimates, in a year of transition due to the absence of development business. We maintain the estimate of EUR 7.1Mn of revenues 2023e. The tourism and investment business maintain good performance and provide a lot of recurrence, which allowed generating an EBITDA of EUR 1.9Mn (well above our estimate of EUR 1.1Mn for the full year), which will lead us to raise EBITDA estimates. Net debt reaches EUR 34.6Mn (+18.8% vs 2023; 36.2% DN/FFPP).

A "EVIDENT" VALUE RESERVE. THE MOMENTUM OF THE DEVELOPMENT BUSINESS WILL ACCELERATE STRONGLY IN 2025.

LIB's net investment portfolio of debt continues to account for c.86% of capitalization. The results of Private Equity investments are already starting to materialize and should continue in the coming quarters, while the tourism business continues to improve its occupancy and maintains good fundamentals, which strengthens the idea of a singular and very low-risk business model due to diversification and recurring income. Today, LIB is at the gates of the beginning of a new development cycle that should start in 2025e with the first deliveries and that will strongly accelerate the company's growth. After the share performance -12m (+40.2%), the value reserve is still maintained. And it is especially valuable given the low risk associated with it.

Table 1. 9m24 Results

EUR Mn	9m24	9m23	9m24 vs 9m23
Total Revenues	5.3	11.5	-53.7%
EBITDA	1.9	2.5	-25.5%
EBITDA/Revenues	35.0%	21.8%	13.3 p.p.
EBIT	2.1	2.5	-16.7%
NP	0.5	1.2	-60.4%
	9m24	2023	
Net Debt	34.6	29.1	18.8%
Net Debt/Equity	36.2%	30.5%	5.7 p.p.
Book value	95.5	95.5	0.0%
Investment Portfolio	62.0	57.5	7.8%

Appendix 1. EV breakdown at the date of this report

	EUR Mn	Source
Market Cap	31.8	
+ Minority Interests	-	9m Results 2024
+ Provisions & Other L/T Liabilities	0.1	9m Results 2024
+ Net financial debt	34.6	9m Results 2024
- Financial Investments	4.0	9m Results 2024
+/- Others ⁽¹⁾	(20.9)	9m Results 2024
Enterprise Value (EV)	41.5	

(1) Related to: (i) the book value (not actuarial) of deferred tax assets and liabilities (EUR 35.0Mn and EUR 15.5Mn, respectively) and (ii) the market value of treasury stock (c.EUR 1.5Mn)

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-Nov-2024	n.a.	1.45	n.a.	n.a.	9m Results 2024	José Miguel Cabrera van Grieken
26-Jul-2024	n.a.	1.44	n.a.	n.a.	6m Results 2024	José Miguel Cabrera van Grieken
07-Jun-2024	n.a.	1.70	n.a.	n.a.	Company visit	Enrique Andrés Abad, CFA
27-May-2024	n.a.	1.49	n.a.	n.a.	Small & Micro Caps (Spain)	Alfredo Echevarría Otegui
29-Apr-2024	n.a.	1.24	n.a.	n.a.	3m Results 2024	Alfredo Echevarría Otegui
04-Mar-2024	n.a.	1.14	n.a.	n.a.	12m Results 2023	Alfredo Echevarría Otegui
27-Oct-2023	n.a.	0.98	n.a.	n.a.	9m Results 2023	José Miguel Cabrera van Grieken
28-Jul-2023	n.a.	1.07	n.a.	n.a.	6m Results 2023	Alfredo Echevarría Otegui
12-Jun-2023	n.a.	0.93	n.a.	n.a.	Small & Micro Caps (Spain)	David López Sánchez
28-Apr-2023	n.a.	0.84	n.a.	n.a.	3m Results 2023	David López Sánchez
02-Mar-2023	n.a.	0.86	n.a.	n.a.	12m Results 2022	David López Sánchez
28-Oct-2022	n.a.	0.92	n.a.	n.a.	9m Results 2022	David López Sánchez
02-Aug-2022	n.a.	1.06	n.a.	n.a.	6m Results 2022	David López Sánchez
03-May-2022	n.a.	1.60	n.a.	n.a.	3m Results 2022	David López Sánchez
02-Mar-2022	n.a.	1.32	n.a.	n.a.	12m Results 2021	David López Sánchez
25-Oct-2021	n.a.	1.81	n.a.	n.a.	9m Results 2021	David López Sánchez
02-Aug-2021	n.a.	2.11	n.a.	n.a.	6m Results 2021	David López Sánchez
07-Jul-2021	n.a.	2.43	n.a.	n.a.	Initiation of Coverage	David López Sánchez

