

6m Results 2023

 Opinion ⁽¹⁾: In line

 Impact ⁽¹⁾: We will maintain our estimates

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

1H23: rental income growth of 6% with margin expansion. Visibility is good (and attractive)

Market Data

Market Cap (Mn EUR and USD)	150.0	160.6
EV (Mn EUR and USD) ⁽²⁾	295.2	316.0
Shares Outstanding (Mn)	23.3	
-12m (Max/Med/Mín EUR)	7.22 / 6.72 / 5.82	
Daily Avg volume (-12m Mn EUR)	n.m.	
Rotation ⁽³⁾	0.4	
Factset / Bloomberg	CEV-ES / CEV SM	
Close fiscal year	31-Dec	

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)

	2022	2023e	2024e	2025e
Adj. nº shares (Mn)	23.2	23.3	23.3	23.3
Total Revenues	20.4	21.1	21.9	22.8
Rec. EBITDA	13.2	13.8	14.5	15.2
% growth	-0.4	4.6	5.0	5.0
% Rec. EBITDA/Rev.	64.7	65.6	66.2	66.7
% Inc. EBITDA sector ⁽⁴⁾	12.2	9.3	5.6	5.5
Net Profit	28.7	8.7	9.2	12.7
EPS (EUR)	1.24	0.37	0.40	0.55
% growth	17.1	-69.9	6.2	38.0
Ord. EPS (EUR)	0.36	0.37	0.40	0.42
% growth	-11.0	4.1	6.2	5.7
Rec. Free Cash Flow ⁽⁵⁾	8.0	-2.0	-8.6	15.5
Pay-out (%)	16.1	53.5	50.4	36.5
DPS (EUR)	0.20	0.20	0.20	0.20
Net financial debt	49.6	61.5	83.6	77.8
ND/Rec. EBITDA (x)	3.8	4.4	5.8	5.1
ROE (%)	7.7	2.2	2.4	3.2
ROCE (%) ⁽⁵⁾	5.0	2.1	2.1	2.7

Ratios & Multiples (x)⁽⁶⁾

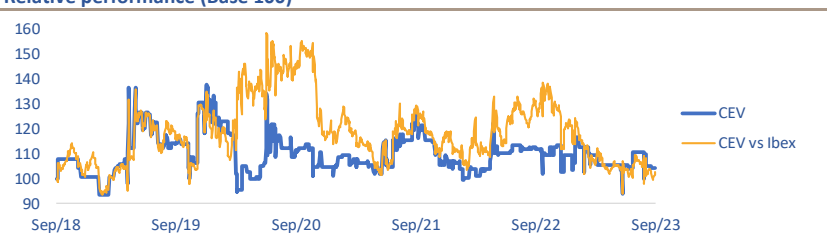
	2022	2023e	2024e	2025e
P/E	5.2	17.3	16.3	11.8
Ord. P/E	18.0	17.3	16.3	15.4
P/BV	0.4	0.4	0.4	0.4
Dividend Yield (%)	3.1	3.1	3.1	3.1
EV/Sales	14.44	14.02	13.46	12.92
EV/Rec. EBITDA	22.3	21.4	20.3	19.4
EV/EBIT	8.9	21.5	20.5	15.6
FCF Yield (%) ⁽⁵⁾	5.3	n.a.	n.a.	10.3

RENTAL INCOME: EUR 9.5 MN (+5.7% YOY). Rents remain at record levels, underpinned by an ongoing dearth of supply. By segment, rental income in the residential segment (c.80% of GAV) increased by +4.2%, while growth was higher (in line with 1Q) in both the commercial property (+8.9%) and office (+13.1%) portfolios. We are reiterating our 2023 estimates. Note that 1H growth in rental income (as was the case in 1Q) is trending above our estimate for the year (+5.7% vs. +3.0%).

MARGINS REMAIN VERY STRONG (AND RISING, UP C.2PP VS 1H22). Strong topline growth is absorbing costs, unlocking profit growth of +7.6% in 1H23 to EUR 7.1Mn. Despite (logical) cost pressures, the recurring EBITDA margin increased significantly to 67.4% (vs. 65.6% in 1H22). Confirmation of the healthy margin momentum already observed in 1Q23.

ESTIMATES UNCHANGED. BUT UPSIDE IS GROWING. The defensive profile of the company's rental assets continues to give CEV great visibility into revenue and margins for 2023e-2025e, prompting us to reiterate our estimates. The fact that revenue growth remains at c.5% implies scope for upgrading our forecasts in 2H23. Our numbers continue to assume low single-digit growth until 2025, implying revenue of EUR 23 Mn and recurring EBITDA of EUR 15 Mn that year. With margins of c.65% in 2023-2025 (c.2pp below the margin reported in 1H23, suggesting upside to our EBITDA forecasts also).

MARGIN EXPANSION COUPLED WITH STRONG VISIBILITY IN THE RENTAL BUSINESS ARE MAKING THE STOCK LOOK INCREASINGLY ATTRACTIVE (DESPITE THE LACK OF CATALYSTS IN THE SHORT TERM). CEV is cementing its profile as a low-risk real estate play. A compelling investment highlight given the sector's current adverse momentum. The company represents a unique investment opportunity. We see upside to our estimates, which is a rarity in the Spanish real estate sector. Having performed poorly in the past year (-7%; -21,5% vs. Ibex 35), the company is trading at a discount to NAV of over 60%, while offering a FCF yield 2025e of 10%. Still no growth catalysts in the short term however. Capacity to deliver c.100 houses/year to 2025 on the other hand. Not to mention its investment in HMB (which will develop and manage c.4,500 affordable rental houses over the next five years, the company's main catalyst in the long run).

Relative performance (Base 100)


Stock performance (%)	-1m	-3m	-12m	YTD	-3Y	-5Y
Absolute	-5.1	-1.5	-7.0	-2.9	-6.7	4.0
vs Ibex 35	-4.7	-0.9	-21.5	-14.2	-29.1	2.5
vs Ibex Small Cap Index	-4.1	-4.3	-13.4	-12.1	-21.9	-3.0
vs Eurostoxx 50	-2.5	0.2	-22.8	-12.7	-26.8	-18.8
vs Sector benchmark ⁽⁴⁾	-5.3	-2.3	9.5	1.6	29.4	63.5

(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.

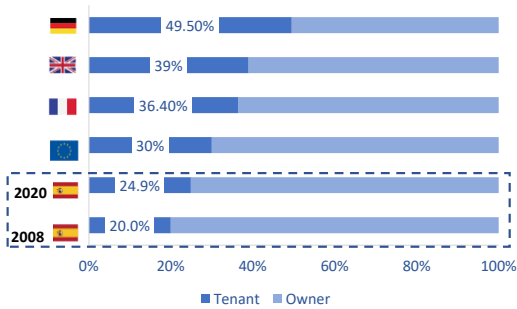
(*) Unless otherwise indicated, all the information contained in this report is based on: The Company, Factset and Lighthouse.

6m Results 2023
Table 1. 1H23 Results

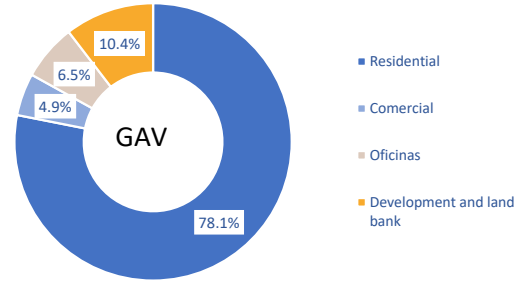
EUR Mn	6m23	6m22	6m23 Real	2023e	2023e vs
	Real		vs 6m22		2022
Total Revenues	10.5	10.0	4.7%	21.1	3.0%
Recurrent EBITDA	7.1	6.6	7.6%	13.8	4.6%
<i>Rec. EBITDA/Revenues</i>	<i>67.4%</i>	<i>65.6%</i>	<i>1.8 p.p.</i>	<i>65.6%</i>	<i>1.0 p.p.</i>
EBITDA	7.1	10.7	-33.9%	13.8	-21.4%
<i>EBITDA/Revenues</i>	<i>67.2%</i>	<i>106.4%</i>	<i>-39.3 p.p.</i>	<i>65.6%</i>	<i>-20.4 p.p.</i>
EBIT	7.5	26.7	-71.9%	13.7	-58.4%
PBT	6.7	31.9	-78.9%	11.4	-69.9%
NP	5.4	24.5	-78.0%	8.7	-69.9%
		12m22			
Net Debt	55.3	49.6	11.5%	61.5	23.9%

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



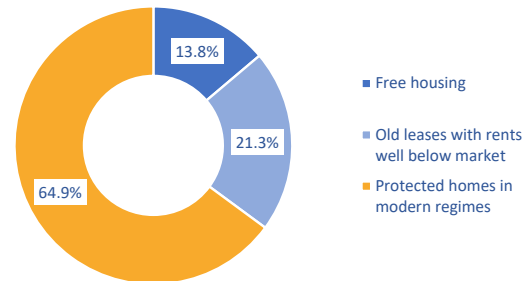
Cevasa (CEV) has a unique exposure to rented housing (78.1% of GAV)...



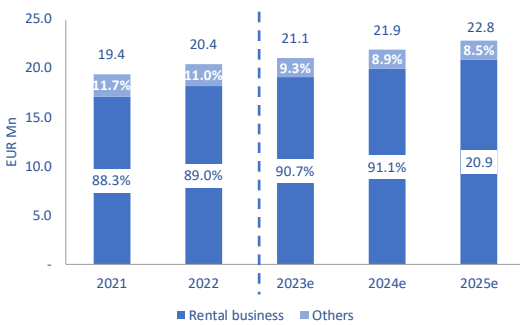
... with a portfolio concentrated in Catalonia (mainly Barcelona and its metropolitan area)



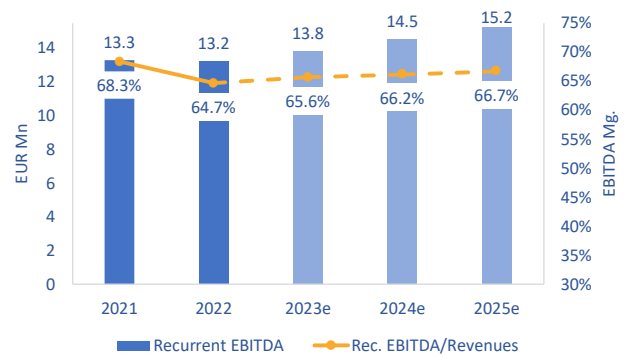
And the particularity of having invested a large percentage in state-sponsored housing



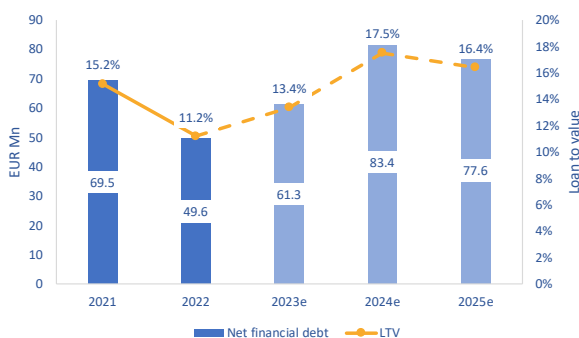
Until 2025e visibility is significant, for revenue (+3.8% CAGR 22-25e)...



... and margins (Rec EBITDA: +4.8% CAGR 22-25e)



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



Trading at a discount of c. 65% to its EPRA NRV

EUR Mn	2021	2022	21-22
GAV	530.2	536.2	1.1%
EPRA NRV	457.9	483.7	5.6%
EPRA NAV/NTA	385.3	423.9	10.0%
EPRA NAV/NDV	378.2	400.9	6.0%
Number of shares	23.2	23.2	0.0%
EPRA NAV/NRV per share	19.78	20.89	5.6%
EPRA NAV/NTA per share	16.64	18.31	10.0%
EPRA NAV/NDV per share	16.33	17.32	6.0%

Valuation inputs

Inputs for the DCF Valuation Approach

	2023e	2024e	2025e	Terminal Value ⁽¹⁾		
Free Cash Flow "To the Firm"	(5.4)	(15.6)	8.4	285.6		
Market Cap	150.0	At the date of this report				
Net financial debt	55.3	Debt net of Cash (6m 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)	3.6%	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	9.6%	Ke = Rf + (R * B)			9.1%	10.8%
Equity / (Equity + Net Debt)	73.0%	E (Market Cap as equity value)			=	=
Net Debt / (Equity + Net Debt)	27.0%	D			=	=
WACC	8.2%	WACC = Kd * D + Ke * E			7.8%	9.1%
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 23e	EPS 23e-25e	EV/EBITDA 23e	EBITDA 23e-25e	EV/Sales 23e	Revenues 23e-25e	EBITDA/Sales 23e	FCF Yield 23e	FCF 23e-25e
Merlin Properties	MRL-ES	3,800.4	14.0	6.8%	21.4	7.6%	16.4	6.7%	76.6%	4.0%	13.2%
Colonial	COL-ES	2,973.3	17.9	8.3%	30.2	7.7%	n.a.	6.4%	79.0%	10.3%	-13.1%
Lar España	LRE-ES	485.4	7.3	-6.8%	15.4	2.9%	11.6	2.1%	75.7%	12.0%	5.3%
Árma	ARM-ES	206.1	27.9	28.6%	n.a.	n.a.	n.a.	34.2%	5.1%	n.a.	n.a.
REITs		16.8	9.2%	22.3	6.0%	14.0	12.4%	59.1%	8.7%	1.8%	
CEV	CEV-ES	150.0	17.3	21.0%	21.4	17.2%	14.0	4.2%	65.6%	n.a.	85.4%

Free Cash Flow sensitivity analysis (2024e)

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

Scenario	EBITDA/Sales 24e	EBITDA 24e	EV/EBITDA 24e
Max	69.5%	15.2	19.4x
Central	66.2%	14.5	20.3x
Min	62.9%	13.8	21.4x

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

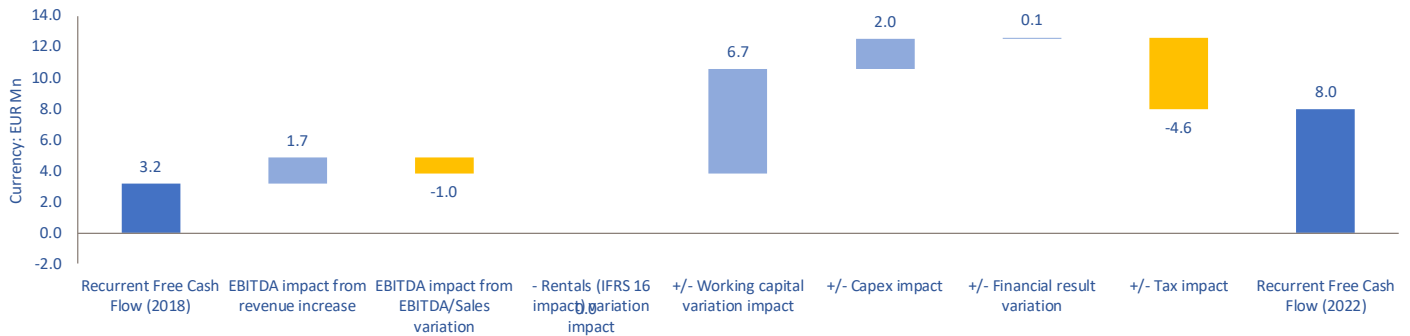
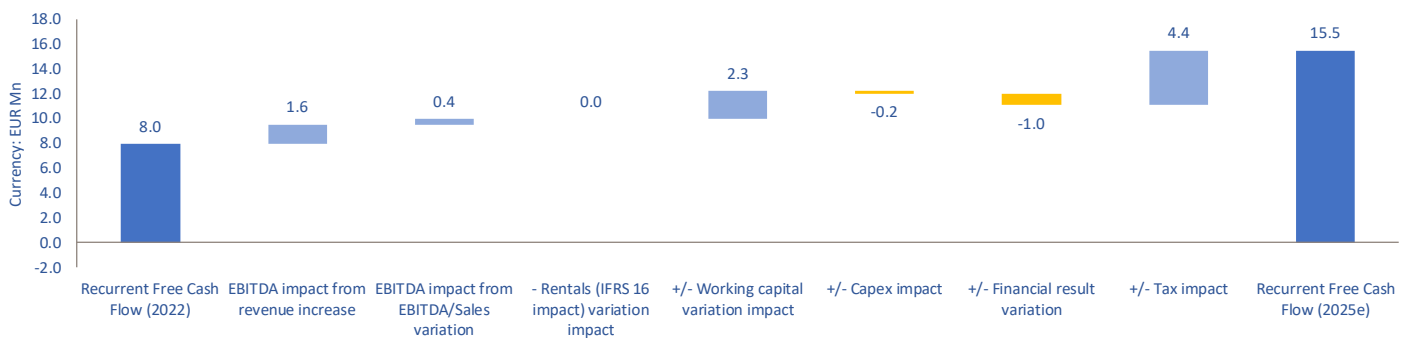
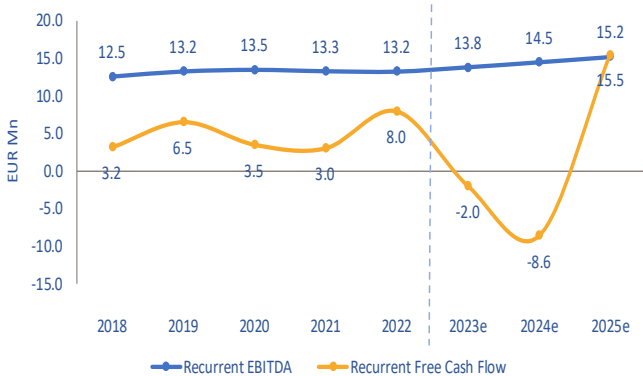
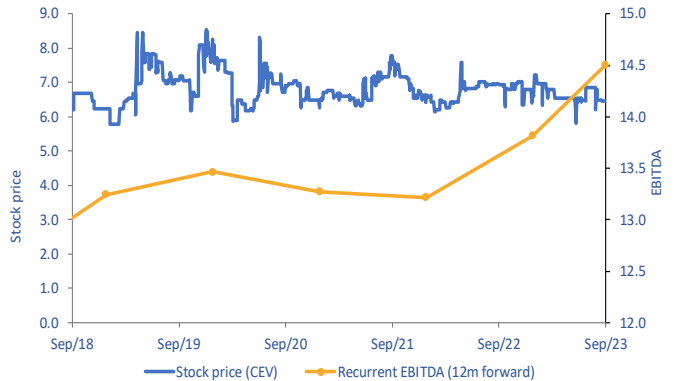
Rec. FCF EUR Mn	CAPEX/Sales 24e		
EBITDA 24e	5.4%	6.0%	6.6%
15.2	(7.8)	(7.9)	(8.0)
14.5	(8.5)	(8.6)	(8.8)
13.8	(9.2)	(9.4)	(9.5)

Appendix 1. Financial Projections

Balance Sheet (EUR Mn)	2018	2019	2020	2021	2022	2023e	2024e	2025e		
Intangible assets	1.0	1.0	1.0	1.1	1.1	1.1	1.1	1.1		
Fixed assets	437.0	456.2	461.7	479.8	496.5	497.6	498.9	500.2		
Other Non Current Assets	4.3	4.0	4.0	3.4	1.9	1.9	1.9	1.9		
Financial Investments	10.3	10.0	7.1	10.3	12.2	17.5	26.3	35.1		
Goodwill & Other Intangibles	-	-	-	-	-	-	-	-		
Current assets	22.7	23.0	26.3	34.3	27.7	37.5	54.6	47.3		
Total assets	475.2	494.1	500.0	528.8	539.3	555.6	582.7	585.5		
Equity	316.0	332.8	337.2	357.5	383.6	387.6	392.1	400.2		
Minority Interests	9.3	10.0	10.5	11.4	12.8	13.1	13.5	13.9		
Provisions & Other L/T Liabilities	79.1	83.1	83.7	85.3	89.8	89.8	89.8	89.8		
Other Non Current Liabilities	-	-	-	-	-	-	-	-		
Net financial debt	68.7	65.8	64.9	69.5	49.6	61.5	83.6	77.8		
Current Liabilities	2.2	2.5	3.7	5.0	3.5	3.6	3.7	3.7		
Equity & Total Liabilities	475.2	494.1	500.0	528.8	539.3	555.6	582.7	585.5		
CAGR										
P&L (EUR Mn)	2018	2019	2020	2021	2022	2023e	2024e	2025e	18-22	22-25e
Total Revenues	18.0	19.0	19.1	19.4	20.4	21.1	21.9	22.8	3.2%	3.8%
<i>Total Revenues growth</i>	6.9%	5.3%	0.6%	1.9%	5.2%	3.0%	4.1%	4.2%		
COGS	(0.7)	(0.9)	(0.8)	(1.2)	(1.7)	(1.6)	(1.6)	(1.7)		
Gross Margin	17.3	18.1	18.2	18.2	18.8	19.5	20.3	21.1	2.0%	4.0%
<i>Gross Margin/Revenues</i>	96.3%	95.3%	95.7%	93.8%	91.9%	92.6%	92.5%	92.5%		
Personnel Expenses	(3.2)	(3.2)	(3.1)	(3.4)	(3.8)	(3.8)	(3.9)	(4.0)		
Other Operating Expenses	(1.6)	(1.6)	(1.6)	(1.6)	(1.8)	(1.8)	(1.9)	(1.9)		
Recurrent EBITDA	12.5	13.2	13.5	13.3	13.2	13.8	14.5	15.2	1.3%	4.8%
<i>Recurrent EBITDA growth</i>	7.4%	5.7%	1.7%	-1.4%	-0.4%	4.6%	5.0%	5.0%		
<i>Rec. EBITDA/Revenues</i>	69.6%	69.9%	70.7%	68.3%	64.7%	65.6%	66.2%	66.7%		
Restructuring Expense & Other non-rec.	(0.1)	(0.1)	(1.0)	0.4	4.4	-	-	3.8		
EBITDA	12.4	13.1	12.5	13.7	17.6	13.8	14.5	19.0	9.1%	2.6%
Depreciation & Provisions	(0.4)	(0.2)	(0.1)	0.4	(0.1)	(0.1)	(0.1)	(0.1)		
Capitalized Expense	-	-	-	-	-	-	-	-		
Change in the value of the properties	49.0	16.8	0.2	17.9	15.5	-	-	-		
EBIT	61.0	29.8	12.6	32.0	33.1	13.7	14.4	18.9	-14.2%	-17.0%
<i>EBIT growth</i>	248.4%	-51.2%	-57.7%	154.1%	3.2%	-58.4%	5.0%	31.1%		
<i>EBIT/Revenues</i>	n.a.	n.a.	66.1%	n.a.	n.a.	65.3%	65.8%	82.8%		
Impact of Goodwill & Others	-	-	-	-	-	-	-	-		
Net Financial Result	(1.4)	(1.6)	(1.3)	(1.5)	(1.3)	(2.4)	(2.4)	(2.3)		
Income by the Equity Method	-	-	-	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)		
Ordinary Profit	59.6	28.2	11.3	30.5	31.7	11.4	12.1	16.6	-14.6%	-19.4%
<i>Ordinary Profit Growth</i>	265.5%	-52.7%	-59.8%	169.9%	3.9%	-64.2%	6.2%	38.0%		
Extraordinary Results	-	-	-	-	5.9	-	-	-		
Profit Before Tax	59.6	28.2	11.3	30.5	37.7	11.4	12.1	16.6	-10.8%	-23.8%
Tax Expense	(13.0)	(5.4)	(1.5)	(5.2)	(7.9)	(2.4)	(2.5)	(3.5)		
<i>Effective Tax Rate</i>	21.8%	19.1%	13.2%	16.9%	21.0%	21.0%	21.0%	21.0%		
Minority Interests	(1.6)	(0.8)	(0.6)	(0.9)	(1.1)	(0.3)	(0.3)	(0.5)		
Discontinued Activities	-	-	-	-	-	-	-	-		
Net Profit	45.0	22.0	9.3	24.5	28.7	8.7	9.2	12.7	-10.6%	-23.8%
<i>Net Profit growth</i>	209.4%	-51.2%	-57.9%	164.8%	17.1%	-69.9%	6.2%	38.0%		
Ordinary Net Profit	6.8	8.5	10.0	9.3	8.3	8.7	9.2	9.7	5.0%	5.4%
<i>Ordinary Net Profit growth</i>	-23.6%	24.4%	17.2%	-6.4%	-11.0%	4.4%	6.2%	5.7%		
CAGR										
Cash Flow (EUR Mn)	2018	2019	2020	2021	2022	2023e	2024e	2025e	18-22	22-25e
Recurrent EBITDA						13.8	14.5	15.2	1.3%	4.8%
Rentals (IFRS 16 impact)						-	-	-		
Working Capital Increase						(9.8)	(16.9)	7.4		
Recurrent Operating Cash Flow						4.1	-2.4	22.6	13.7%	7.2%
CAPEX						(1.3)	(1.3)	(1.4)		
Net Financial Result affecting the Cash Flow						(2.4)	(2.4)	(2.3)		
Tax Expense						(2.4)	(2.5)	(3.5)		
Recurrent Free Cash Flow						(2.0)	(8.6)	15.5	25.9%	24.8%
Restructuring Expense & Other non-rec.						-	-	3.8		
- Acquisitions / + Divestures of assets						(5.3)	(8.8)	(8.8)		
Extraordinary Inc./Exp. Affecting Cash Flow						-	-	-		
Free Cash Flow						(7.3)	(17.5)	10.4	58.2%	-22.8%
Capital Increase						-	-	-		
Dividends						(4.6)	(4.6)	(4.6)		
Net Debt Variation						11.9	22.1	(5.8)		

Appendix 2. Free Cash Flow

A) Cash Flow Analysis (EUR Mn)	2019	2020	2021	2022	2023e	2024e	2025e	CAGR	
								19-22	22-25e
Recurrent EBITDA	13.2	13.5	13.3	13.2	13.8	14.5	15.2	-0.1%	4.8%
<i>Recurrent EBITDA growth</i>	5.7%	1.7%	-1.4%	-0.4%	4.6%	5.0%	5.0%		
<i>Rec. EBITDA/Revenues</i>	69.9%	70.7%	68.3%	64.7%	65.6%	66.2%	66.7%		
- Rentals (IFRS 16 impact)	-	-	-	-	-	-	-		
+/- Working Capital increase	(0.0)	(2.1)	(6.8)	5.1	(9.8)	(16.9)	7.4		
= Recurrent Operating Cash Flow	13.2	11.4	6.5	18.3	4.1	(2.4)	22.6	11.5%	7.2%
<i>Rec. Operating Cash Flow growth</i>	20.8%	-14.1%	-42.8%	181.7%	-77.9%	-160.0%	n.a.		
<i>Rec. Operating Cash Flow / Sales</i>	69.9%	59.7%	33.5%	89.7%	19.3%	n.a.	99.0%		
- CAPEX	(2.2)	(4.6)	(1.5)	(1.2)	(1.3)	(1.3)	(1.4)		
- Net Financial Result affecting Cash Flow	(1.7)	(1.4)	(1.4)	(1.3)	(2.4)	(2.4)	(2.3)		
- Taxes	(2.8)	(1.9)	(0.6)	(7.9)	(2.4)	(2.5)	(3.5)		
= Recurrent Free Cash Flow	6.5	3.5	3.0	8.0	(2.0)	(8.6)	15.5	6.9%	24.8%
<i>Rec. Free Cash Flow growth</i>	105.6%	-46.1%	-13.6%	162.4%	-124.5%	-341.9%	279.3%		
<i>Rec. Free Cash Flow / Revenues</i>	34.4%	18.4%	15.6%	38.9%	n.a.	n.a.	67.8%		
- Restructuring expenses & others	-	-	-	4.4	-	-	3.8		
- Acquisitions / + Divestments	0.4	1.8	(9.4)	4.0	(5.3)	(8.8)	(8.8)		
+/- Extraordinary Inc./Exp. affecting Cash Flow	0.6	0.1	6.3	6.3	-	-	-		
= Free Cash Flow	7.5	5.4	(0.0)	22.6	(7.3)	(17.5)	10.4	44.5%	-22.8%
<i>Free Cash Flow growth</i>	107.8%	-27.5%	-100.4%	n.a.	-132.0%	-140.9%	159.7%		
<i>Recurrent Free Cash Flow - Yield (s/Mkt Cap)</i>	4.3%	2.3%	2.0%	5.3%	n.a.	n.a.	10.3%		
<i>Free Cash Flow Yield (s/Mkt Cap)</i>	5.0%	3.6%	n.a.	15.1%	n.a.	n.a.	6.9%		
B) Analytical Review of Annual Recurrent Free Cash Flow Performance (Eur Mn)									
	2019	2020	2021	2022	2023e	2024e	2025e	CAGR	
Recurrent FCF(FY - 1)	3.2	6.5	3.5	3.0	8.0	(2.0)	(8.6)		
EBITDA impact from revenue increase	0.7	0.1	0.3	0.7	0.4	0.6	0.6		
EBITDA impact from EBITDA/Sales variation	0.1	0.1	(0.5)	(0.8)	0.2	0.1	0.1		
= Recurrent EBITDA variation	0.7	0.2	(0.2)	(0.1)	0.6	0.7	0.7		
- Rentals (IFRS 16 impact) variation impact	-	-	-	-	-	-	-		
+/- Working capital variation impact	1.6	(2.1)	(4.7)	11.9	(14.9)	(7.2)	24.3		
= Recurrent Operating Cash Flow variation	2.3	(1.9)	(4.9)	11.8	(14.3)	(6.5)	25.0		
+/- CAPEX impact	0.9	(2.4)	3.1	0.3	(0.1)	(0.1)	(0.1)		
+/- Financial result variation	(0.3)	0.3	(0.1)	0.1	(1.1)	0.0	0.1		
+/- Tax impact	0.4	0.9	1.3	(7.3)	5.5	(0.1)	(1.0)		
= Recurrent Free Cash Flow variation	3.3	(3.0)	(0.5)	4.9	(9.9)	(6.7)	24.1		
Recurrent Free Cash Flow	6.5	3.5	3.0	8.0	(2.0)	(8.6)	15.5		
C) "FCF to the Firm" (pre debt service) (EUR Mn)									
	2019	2020	2021	2022	2023e	2024e	2025e	CAGR	
EBIT	29.8	12.6	32.0	33.1	13.7	14.4	18.9	3.6%	-17.0%
* Theoretical Tax rate	19.1%	13.2%	16.9%	21.0%	21.0%	21.0%	21.0%		
= Taxes (pre- Net Financial Result)	(5.7)	(1.7)	(5.4)	(6.9)	(2.9)	(3.0)	(4.0)		
Recurrent EBITDA	13.2	13.5	13.3	13.2	13.8	14.5	15.2	-0.1%	4.8%
- Rentals (IFRS 16 impact)	-	-	-	-	-	-	-		
+/- Working Capital increase	(0.0)	(2.1)	(6.8)	5.1	(9.8)	(16.9)	7.4		
= Recurrent Operating Cash Flow	13.2	11.4	6.5	18.3	4.1	(2.4)	22.6	11.5%	7.2%
- CAPEX	(2.2)	(4.6)	(1.5)	(1.2)	(1.3)	(1.3)	(1.4)		
- Taxes (pre- Financial Result)	(5.7)	(1.7)	(5.4)	(6.9)	(2.9)	(3.0)	(4.0)		
= Recurrent Free Cash Flow (To the Firm)	5.3	5.2	(0.4)	10.2	(0.1)	(6.8)	17.3	24.2%	19.1%
<i>Rec. Free Cash Flow (To the Firm) growth</i>	197.4%	-3.7%	-107.2%	n.a.	-100.8%	n.a.	354.7%		
<i>Rec. Free Cash Flow (To the Firm) / Revenues</i>	28.2%	27.0%	n.a.	50.1%	n.a.	n.a.	75.6%		
- Acquisitions / + Divestments	0.4	1.8	(9.4)	4.0	(5.3)	(8.8)	(8.8)		
+/- Extraordinary Inc./Exp. affecting Cash Flow	0.6	0.1	6.3	6.3	-	-	-		
= Free Cash Flow "To the Firm"	6.3	7.1	(3.4)	20.6	(5.4)	(15.6)	8.4	48.0%	-25.7%
<i>Free Cash Flow (To the Firm) growth</i>	225.6%	11.8%	-148.4%	699.8%	-126.2%	-190.0%	154.1%		
<i>Rec. Free Cash Flow To the Firm Yield (o/EV)</i>	1.8%	1.7%	n.a.	3.5%	n.a.	n.a.	5.8%		
<i>Free Cash Flow "To the Firm" - Yield (o/EV)</i>	2.1%	2.4%	n.a.	7.0%	n.a.	n.a.	2.9%		

Recurrent Free Cash Flow accumulated variation analysis (2018 - 2022)

Recurrent Free Cash Flow accumulated variation analysis (2022 - 2025e)

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	150.0	
+ Minority Interests	13.1	6m Results 2023
+ Provisions & Other L/T Liabilities	89.0	6m Results 2023
+ Net financial debt	55.3	6m Results 2023
- Financial Investments	12.2	6m Results 2023
+/- Others		
Enterprise Value (EV)	295.2	

Appendix 4. Historical performance ⁽¹⁾

Historical performance (EUR Mn)	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023e	2024e	2025e	CAGR	
															12-22	22-25e
Total Revenues	18.2	19.6	17.4	16.4	13.9	14.6	18.0	19.0	19.1	19.4	20.4	21.1	21.9	22.8	1.2%	3.8%
Total Revenues growth	-2.3%	8.1%	-11.5%	-5.5%	-15.5%	5.2%	23.2%	5.3%	0.6%	1.9%	5.2%	3.0%	4.1%	4.2%		
EBITDA	6.8	8.0	7.3	8.5	8.6	7.9	12.4	13.1	12.5	13.7	17.6	13.8	14.5	19.0	9.9%	2.6%
EBITDA growth	-17.0%	17.7%	-9.0%	16.1%	2.0%	-8.1%	56.0%	6.0%	-5.0%	9.3%	28.8%	-21.4%	5.0%	30.9%		
EBITDA/Sales	37.5%	40.8%	42.0%	51.5%	62.2%	54.4%	68.9%	69.3%	65.5%	70.3%	86.0%	65.6%	66.2%	83.1%		
Net Profit	2.5	3.0	22.6	5.6	13.0	14.5	45.0	22.0	9.3	24.5	28.7	8.7	9.2	12.7	27.7%	-23.8%
Net Profit growth	-47.5%	21.3%	647.0%	-75.3%	134.2%	11.6%	209.4%	-51.2%	-57.9%	164.8%	17.1%	-69.9%	6.2%	38.0%		
Adjusted number shares (Mn)	23.3	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		
EPS (EUR)	0.11	0.13	0.97	0.24	0.56	0.63	1.94	0.95	0.40	1.06	1.24	0.37	0.40	0.55	27.7%	-23.9%
EPS growth	n.a.	21.5%	n.a.	-75.3%	n.a.	11.6%	n.a.	-51.1%	-57.9%	n.a.	17.1%	-69.9%	6.2%	38.0%		
Ord. EPS (EUR)	0.11	0.13	0.97	0.24	0.56	0.63	0.29	0.37	0.43	0.40	0.36	0.37	0.40	0.42	12.8%	5.3%
Ord. EPS growth	n.a.	21.5%	n.a.	-75.3%	n.a.	11.6%	-53.0%	24.4%	17.2%	-6.5%	-11.0%	4.1%	6.2%	5.7%		
CAPEX	(6.1)	(1.8)	(0.6)	(1.4)	(4.4)	(26.6)	(3.1)	(2.2)	(4.6)	(1.5)	(1.2)	(1.3)	(1.3)	(1.4)		
CAPEX/Sales %	33.5%	9.0%	3.2%	8.4%	31.8%	182.4%	17.4%	11.7%	24.0%	7.5%	5.7%	6.0%	6.0%	6.0%		
Free Cash Flow	(2.7)	1.5	3.8	(1.6)	(4.5)	(21.8)	3.6	7.5	5.4	(0.0)	22.6	(7.3)	(17.5)	10.4	26.3%	-22.8%
ND/EBITDA (x) ⁽²⁾	8.0x	5.5x	7.0x	6.5x	4.9x	7.9x	5.5x	5.0x	5.2x	5.1x	2.8x	4.4x	5.8x	4.1x		
P/E (x)	59.5x	47.4x	5.1x	23.1x	14.2x	6.2x	3.2x	8.5x	16.2x	6.3x	5.4x	17.3x	16.3x	11.8x		
EV/Sales (x)	12.93x	11.05x	11.16x	12.78x	19.08x	11.82x	17.19x	18.78x	16.52x	16.41x	14.64x	14.02x	13.46x	12.92x		
EV/EBITDA (x) ⁽²⁾	34.5x	27.1x	26.6x	24.8x	30.7x	21.7x	25.0x	27.1x	25.2x	23.4x	17.0x	21.4x	20.3x	15.5x		
Absolute performance	-2.5%	-3.2%	-18.8%	10.8%	44.5%	-51.7%	61.5%	29.6%	-19.7%	2.1%	0.1%	-2.9%				
Relative performance vs Ibx 35	2.2%	-20.3%	-21.7%	19.4%	47.5%	-55.1%	89.9%	15.9%	-5.1%	-5.4%	6.0%	-14.2%				

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 2023e

		REITs					
		Merlin	Colonial	Lar España	Árma	Average	CEV
EUR Mn		Properties					
Market data	Ticker (Factset)	MRL-ES	COL-ES	LRE-ES	ARM-ES		CEV-ES
	Country	Spain	Spain	Spain	Spain		Spain
	Market cap	3,800.4	2,973.3	485.4	206.1		150.0
	Enterprise value (EV)	7,737.5	9,039.7	1,050.0	281.9		295.2
Basic financial information	Total Revenues	471.3	378.6	90.2	8.8		21.1
	Total Revenues growth	6.8%	2.1%	7.9%	9.0%	6.4%	3.0%
	2y CAGR (2023e - 2025e)	6.7%	6.4%	2.1%	34.2%	12.4%	4.2%
	EBITDA	361.2	299.2	68.3	0.5		13.8
	EBITDA growth	-2.2%	7.9%	n.a.	142.3%	49.3%	-21.4%
	2y CAGR (2023e - 2025e)	7.6%	7.7%	2.9%	n.a.	6.0%	17.2%
	EBITDA/Revenues	76.6%	79.0%	75.7%	5.1%	59.1%	65.6%
	EBIT	361.9	291.3	67.8	(6.0)		13.7
	EBIT growth	-1.5%	8.5%	21.5%	-426.3%	-99.4%	-58.4%
	2y CAGR (2023e - 2025e)	10.0%	14.3%	8.1%	n.a.	10.8%	17.3%
	EBIT/Revenues	76.8%	76.9%	75.2%	n.a.	76.3%	65.3%
	Net Profit	274.0	168.1	73.7	(8.4)		8.7
	Net Profit growth	562.4%	n.a.	1.0%	-180.2%	127.8%	-69.9%
	2y CAGR (2023e - 2025e)	8.0%	14.0%	-8.5%	n.a.	4.5%	21.0%
CAPEX/Sales %	55.3%	13.9%	23.8%	227.3%	80.1%	6.0%	
Free Cash Flow	151.4	305.1	58.1	n.a.		(7.3)	
Net financial debt	4,062.2	4,960.6	531.6	72.0		61.5	
ND/EBITDA (x)	11.2	16.6	7.8	n.a.	11.9	4.4	
Pay-out	75.7%	80.9%	81.3%	0.0%	59.5%	53.5%	
Multiples and Ratios	P/E (x)	14.0	17.9	7.3	27.9	16.8	17.3
	P/BV (x)	0.6	0.5	n.a.	n.a.	0.6	0.4
	EV/Revenues (x)	16.4	23.9	11.6	n.a.	17.3	14.0
	EV/EBITDA (x)	21.4	30.2	15.4	n.a.	22.3	21.4
	EV/EBIT (x)	21.4	31.0	15.5	n.a.	22.6	21.5
	ROE	4.3	3.1	n.a.	n.a.	3.7	2.2
	FCF Yield (%)	4.0	10.3	12.0	n.a.	8.7	n.a.
	DPS	0.44	0.26	0.72	0.00	0.35	0.20
Dvd Yield	5.5%	4.6%	12.4%	0.0%	5.6%	3.1%	

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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Date of report	Recommendation	Price (EUR)	Target price (EUR)	Period of validity	Reason for report	Analyst
08-Sep-2023	n.a.	6.45	n.a.	n.a.	6m Results 2023	Alfredo Echevarría Otegui
12-Jun-2023	n.a.	6.55	n.a.	n.a.	Small & Micro Caps (Spain)	David López Sánchez
05-May-2023	n.a.	6.55	n.a.	n.a.	3m Results 2023	David López Sánchez
04-Apr-2023	n.a.	6.55	n.a.	n.a.	Company visit	David López Sánchez
24-Feb-2023	n.a.	6.79	n.a.	n.a.	12m Results 2022	David López Sánchez
14-Nov-2022	n.a.	7.03	n.a.	n.a.	Initiation of Coverage	David López Sánchez

