

3m Results 2023

 Opinion⁽¹⁾: In line

 Impact⁽¹⁾: We will maintain our estimates

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Ercros (ECR) is an industrial group manufacturing chemical products that operates through 3 divisions: (i) basic chemicals, (ii) intermediate chemicals and (iii) pharmaceuticals. The core activity is the production of chlorine-caustic soda, ECR being the main producer in Spain (60% of total installed capacity) and among the top 10 at the European level.

1Q23, in line with estimates: activity is losing steam. EBITDA 1Q23: -11%

Market Data

Market Cap (Mn EUR and USD)	405.2	444.9
EV (Mn EUR and USD) ⁽²⁾	445.2	488.8
Shares Outstanding (Mn)	96.6	
-12m (Max/Med/Min EUR)	4.80 / 3.50 / 2.68	
Daily Avg volume (-12m Mn EUR)	0.58	
Rotation ⁽³⁾	36.3	
Factset / Bloomberg	ECR-ES / ECR SM	
Close fiscal year	31-Dec	

Shareholders Structure (%)

Joan Casas Galofre	5.7
Víctor Manuel Rodríguez Martín	5.0
Dimensional Fund Advisors, L.P.	5.0
Montserrat Garcia Pruns	3.4
Free Float	80.9

Financials (Mn EUR)

	2022	2023e	2024e	2025e
Adj. nº shares (Mn)	94.2	93.8	91.4	91.4
Total Revenues	1,052.5	827.9	844.6	860.7
Rec. EBITDA	142.1	88.0	92.7	97.1
% growth	52.3	-38.1	5.4	4.8
% Rec. EBITDA/Rev.	13.5	10.6	11.0	11.3
% Inc. EBITDA sector ⁽⁴⁾	13.8	-5.1	7.0	5.4
Net Profit	63.0	40.7	44.8	48.0
EPS (EUR)	0.67	0.43	0.49	0.53
% growth	52.5	-35.1	12.9	7.2
Ord. EPS (EUR)	0.92	0.44	0.49	0.53
% growth	83.1	-51.8	10.2	7.2
Rec. Free Cash Flow ⁽⁵⁾	41.4	31.0	28.9	37.2
Pay-out (%)	21.8	22.0	24.0	24.0
DPS (EUR)	0.15	0.10	0.12	0.13
Net financial debt	62.8	62.3	53.9	39.4
ND/Rec. EBITDA (x)	0.4	0.7	0.6	0.4
ROE (%)	18.2	11.1	11.7	11.7
ROCE (%) ⁽⁵⁾	16.4	9.5	9.9	10.2

Ratios & Multiples (x)⁽⁶⁾

	2022	2023e	2024e	2025e
P/E	6.3	9.7	8.6	8.0
Ord. P/E	4.5	9.4	8.6	8.0
P/BV	1.1	1.1	1.0	1.0
Dividend Yield (%)	3.5	2.3	2.8	3.0
EV/Sales	0.42	0.54	0.53	0.52
EV/Rec. EBITDA	3.1	5.1	4.8	4.6
EV/EBIT	4.8	7.8	7.4	7.0
FCF Yield (%) ⁽⁵⁾	10.2	7.7	7.1	9.2

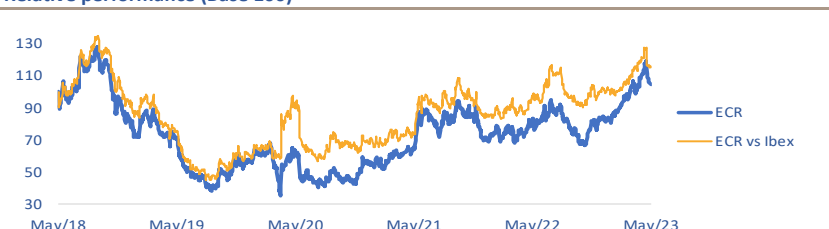
DROP IN REVENUE (-17% VS 1Q22) DUE TO LOWER VOLUMES. ECR obtained total revenue in 1Q23 of EUR 223.9Mn (-17.2% vs 1Q22). The fall in revenue was exclusively the result of the decrease in tonnes sold, extending the trend begun in 2H22 (tonnes sold: -17.7%). Prices were in line with levels seen in 1Q22.

LOWER ENERGY COSTS RESULTED IN AN IMPROVEMENT IN THE EBITDA MARGIN (REC. EBITDA: -11% VS 1Q22). The drop in revenue was partially offset by more favourable energy prices in 1Q23. This helped drive an improvement in ECR's recurring EBITDA margin to 13.5% (0.9p.p.; despite the disappointing performance of the intermediate chemicals business) and reduce the contraction by EBITDA (recurring EBITDA: EUR 30.3Mn; -11.3% vs 1Q22). Margins should correct to levels closer to 11% as the year progresses.

THE BALANCE SHEET STRUCTURE REMAINS ROBUST. ECR closed 1Q23 with net debt of EUR 67.5Mn (+7.5% vs 2022). The increase in debt was mainly the result of shareholder remuneration (EUR 9.8Mn in 1Q23). On our model, ECR should end 2023e with a similar level of debt to year-end 2022 (ND/EBITDA 0.6x), with a clearly robust balance sheet (key to weathering the slowdown).

OUR ESTIMATES ARE UNCHANGED: THE IMPACT OF LOWER DEMAND WILL BE EVEN STRONGER AS OF 2Q. After an extraordinary 2022, with ECR achieving record earnings, 1Q gave proof of the expected adjustment in revenue (although the propitious pricing environment seen in 4Q continued). With the current backdrop continuing (which should accelerate the drop in demand and prices from 2Q) we are keeping our estimates (EBITDA 2023e: EUR 88Mn; -38% vs 2022).

CASH GENERATION CAPACITY SHOULD REMAIN HIGH: FCF YIELD 2023E: 8%. Comparisons between 2023e and 2022 are tough, mostly because of the lower number of tonnes sold and the normalisation in selling prices. This is not incompatible with the company continuing to trade at attractive ratios: after today's fall in the share price (c. 10% at the time of publication), our 2023e estimates leave ECR trading at 4.6x EV/EBITDA (vs 6x for its most direct peers). FCF yield 23e: 8%.

Relative performance (Base 100)


Stock performance (%)	-1m	-3m	-12m	YTD	-3Y	-5Y
Absolute	-3.7	12.9	27.8	29.5	69.8	4.3
vs Ibex 35	-2.1	14.8	18.7	17.3	29.4	15.9
vs Ibex Small Cap Index	0.1	23.6	39.6	20.2	25.9	1.7
vs Eurostoxx 50	-3.2	11.5	11.1	14.4	15.7	-13.7
vs Sector benchmark ⁽⁴⁾	-3.9	14.0	30.5	21.1	23.3	-19.9

(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 Chemicals.

(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.

3m Results 2023
Tabla 1. Resultados 1T23

EUR Mn	3m23	3m23 Real vs 3m22	2023e vs		
	Real		3m22	2023e	2022
Total Revenues	223.9	270.3	-17.2%	827.9	-21.3%
Chlorine derivatives	142.1	165.7	-14.3%		
Intermediate chemicals	53.7	73.7	-27.1%		
Pharmaceuticals	17.6	17.2	2.3%		
Other revenues	10.5	13.7	-23.1%		
Recurrent EBITDA	30.3	34.2	-11.3%	88.0	-38.1%
<i>Rec. EBITDA/Revenues</i>	<i>13.5%</i>	<i>12.7%</i>	<i>0.9 p.p.</i>	<i>10.6%</i>	<i>-2.9 p.p.</i>
EBITDA	27.9	32.5	-14.2%	88.0	-27.8%
<i>EBITDA/Revenues</i>	<i>12.4%</i>	<i>12.0%</i>	<i>0.4 p.p.</i>	<i>10.6%</i>	<i>-1.0 p.p.</i>
EBIT	20.0	25.1	-20.3%	56.8	-38.4%
PBT	17.3	23.5	-26.4%	52.1	-40.7%
NP	12.7	17.2	-25.9%	40.7	-35.4%
Tons sold (thousand)	242	295	-18.0%		
Net Debt	67.5	62.8	7.5%	62.3	-0.7%

Valuation inputs

Inputs for the DCF Valuation Approach

	2023e	2024e	2025e	Terminal Value ⁽¹⁾			
Free Cash Flow "To the Firm"	35.6	33.4	41.3	519.6			
Market Cap	405.2	At the date of this report					
Net financial debt	67.5	Debt net of Cash (3m Results 2023)					
					Best Case	Worst Case	
Cost of Debt	4.5%	Net debt cost			4.3%	4.8%	
Tax rate (T)	20.0%	T (Normalised tax rate)			=	=	
Net debt cost	3.6%	Kd = Cost of Net Debt * (1-T)			3.4%	3.8%	
Risk free rate (rf)	3.4%	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	1.2	
Cost of Equity	10.6%	Ke = Rf + (R * B)			9.4%	11.2%	
Equity / (Equity + Net Debt)	85.7%	E (Market Cap as equity value)			=	=	
Net Debt / (Equity + Net Debt)	14.3%	D			=	=	
WACC	9.6%	WACC = Kd * D + Ke * E			8.5%	10.1%	
G "Fair"	1.5%				2.0%	1.0%	

(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 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
BASF SE	BAS-DE	41,501.5	10.0	13.3%	6.7	11.8%	0.7	3.1%	10.9%	5.5%	3.7%
Solvay	SOLB-BE	11,254.7	8.5	4.9%	5.3	3.8%	1.1	3.7%	21.0%	7.1%	18.2%
Covestro AG	1COV-DE	7,353.2	40.8	n.a.	7.6	26.8%	0.6	4.3%	8.3%	3.1%	72.3%
Europe			19.7	9.1%	6.5	14.1%	0.8	3.7%	13.4%	5.2%	31.4%
DowDuPont	DOW-US	34,647.4	16.8	33.3%	8.0	15.7%	1.0	4.2%	13.0%	6.5%	19.4%
Olin Corp	OLN-US	6,399.6	9.4	30.3%	5.9	7.1%	1.3	6.3%	21.7%	13.9%	11.1%
Westlake	WLK-US	13,028.6	11.4	24.4%	6.2	8.2%	1.3	2.4%	21.0%	9.1%	17.7%
USA			12.6	29.4%	6.7	10.3%	1.2	4.3%	18.6%	9.8%	16.1%
ECR	ECR-ES	405.2	9.7	10.0%	5.1	5.1%	0.5	2.0%	10.6%	7.7%	11.3%

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	11.5%	96.9	4.6x
Central	11.0%	92.7	4.8x
Min	10.5%	88.5	5.0x

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

Rec. FCF EUR Mn	CAPEX/Sales 24e			Scenario	Rec. FCF/Yield 24e		
EBITDA 24e	4.2%	4.7%	5.2%		Max	9.2%	8.2%
96.9	37.4	33.2	28.9	Central	8.2%	7.1%	6.1%
92.7	33.2	28.9	24.7	Min	7.1%	6.1%	5.1%
88.5	28.9	24.7	20.5				

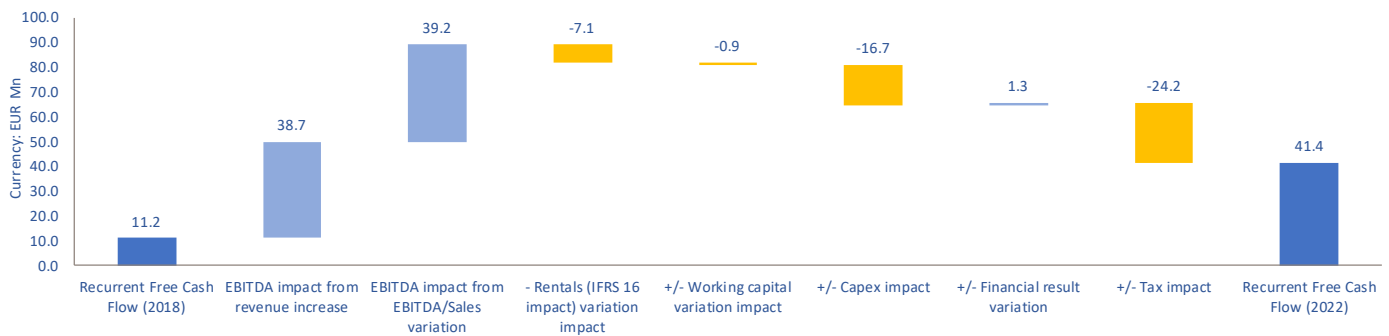
Appendix 1. Financial Projections

Balance Sheet (EUR Mn)	2018	2019	2020	2021	2022	2023e	2024e	2025e		
Intangible assets	4.2	19.7	16.1	17.7	31.3	32.1	32.8	33.6		
Fixed assets	281.7	296.9	311.3	324.5	341.5	361.4	375.2	383.2		
Other Non Current Assets	31.7	40.3	38.9	35.7	34.4	34.4	34.4	34.4		
Financial Investments	45.2	42.7	28.8	29.0	39.2	40.1	41.0	41.8		
Goodwill & Other Intangibles	-	-	-	-	-	-	-	-		
Current assets	218.9	184.5	148.6	248.9	239.9	194.0	197.0	200.7		
Total assets	581.6	584.1	543.6	655.8	686.2	661.9	680.4	693.7		
Equity	272.7	292.1	284.2	331.6	360.7	371.8	396.1	421.3		
Minority Interests	-	-	-	-	-	-	-	-		
Provisions & Other L/T Liabilities	76.5	62.2	55.8	67.6	86.6	86.6	86.6	86.6		
Other Non Current Liabilities	-	13.4	9.1	6.2	12.3	12.3	12.3	12.3		
Net financial debt	107.3	96.8	75.7	59.6	62.8	62.3	53.9	39.4		
Current Liabilities	125.2	119.6	118.8	190.8	163.8	128.8	131.4	133.9		
Equity & Total Liabilities	581.6	584.1	543.6	655.8	686.2	661.9	680.4	693.7		
CAGR										
P&L (EUR Mn)	2018	2019	2020	2021	2022	2023e	2024e	2025e	18-22	22-25e
Total Revenues	677.1	677.9	579.3	811.8	1,052.5	827.9	844.6	860.7	11.7%	-6.5%
<i>Total Revenues growth</i>	<i>-1.8%</i>	<i>0.1%</i>	<i>-14.6%</i>	<i>40.1%</i>	<i>29.6%</i>	<i>-21.3%</i>	<i>2.0%</i>	<i>1.9%</i>		
COGS	(435.1)	(439.3)	(348.3)	(525.5)	(692.6)	(537.6)	(544.8)	(555.1)		
Gross Margin	242.0	238.6	230.9	286.3	359.9	290.3	299.8	305.5	10.4%	-5.3%
<i>Gross Margin/Revenues</i>	<i>35.7%</i>	<i>35.2%</i>	<i>39.9%</i>	<i>35.3%</i>	<i>34.2%</i>	<i>35.1%</i>	<i>35.5%</i>	<i>35.5%</i>		
Personnel Expenses	(79.9)	(83.1)	(84.3)	(83.6)	(89.6)	(91.2)	(94.8)	(94.8)		
Other Operating Expenses	(97.9)	(97.5)	(98.4)	(109.4)	(128.2)	(111.1)	(112.4)	(113.6)		
Recurrent EBITDA	64.3	58.0	48.2	93.3	142.1	88.0	92.7	97.1	21.9%	-11.9%
<i>Recurrent EBITDA growth</i>	<i>-8.5%</i>	<i>-9.7%</i>	<i>-16.9%</i>	<i>93.4%</i>	<i>52.3%</i>	<i>-38.1%</i>	<i>5.4%</i>	<i>4.8%</i>		
<i>Rec. EBITDA/Revenues</i>	<i>9.5%</i>	<i>8.6%</i>	<i>8.3%</i>	<i>11.5%</i>	<i>13.5%</i>	<i>10.6%</i>	<i>11.0%</i>	<i>11.3%</i>		
Restructuring Expense & Other non-rec.	3.0	4.4	(0.9)	(0.4)	(20.2)	-	-	-		
EBITDA	67.3	62.4	47.3	92.9	121.9	88.0	92.7	97.1	16.0%	-7.3%
Depreciation & Provisions	(24.2)	(25.1)	(27.4)	(25.2)	(23.4)	(25.1)	(26.2)	(27.0)		
Capitalized Expense	0.2	0.9	2.3	0.5	0.8	0.8	0.8	0.8		
Rentals (IFRS 16 impact)	-	(7.1)	(7.3)	(6.3)	(7.1)	(6.9)	(6.8)	(6.9)		
EBIT	43.2	31.2	14.9	61.8	92.2	56.8	60.5	64.0	20.8%	-11.5%
<i>EBIT growth</i>	<i>25.9%</i>	<i>-27.8%</i>	<i>-52.1%</i>	<i>314.0%</i>	<i>49.0%</i>	<i>-38.4%</i>	<i>6.5%</i>	<i>5.8%</i>		
<i>EBIT/Revenues</i>	<i>6.4%</i>	<i>4.6%</i>	<i>2.6%</i>	<i>7.6%</i>	<i>8.8%</i>	<i>6.9%</i>	<i>7.2%</i>	<i>7.4%</i>		
Impact of Goodwill & Others	-	-	-	-	-	-	-	-		
Net Financial Result	(6.3)	(6.5)	(8.5)	(3.1)	(5.1)	(5.5)	(5.3)	(4.8)		
Income by the Equity Method	1.1	0.4	0.5	0.6	0.9	0.9	0.9	0.9		
Ordinary Profit	38.0	25.1	7.0	59.3	88.0	52.1	56.0	60.0	23.3%	-12.0%
<i>Ordinary Profit Growth</i>	<i>32.5%</i>	<i>-34.0%</i>	<i>-72.2%</i>	<i>749.1%</i>	<i>48.3%</i>	<i>-40.7%</i>	<i>7.5%</i>	<i>7.2%</i>		
Extraordinary Results	-	(2.5)	-	-	-	-	-	-		
Profit Before Tax	38.0	22.6	7.0	59.3	88.0	52.1	56.0	60.0	23.3%	-12.0%
Tax Expense	6.9	8.4	(0.7)	(9.9)	(17.3)	(10.4)	(11.2)	(12.0)		
<i>Effective Tax Rate</i>	<i>n.a.</i>	<i>n.a.</i>	<i>10.4%</i>	<i>16.7%</i>	<i>19.7%</i>	<i>20.0%</i>	<i>20.0%</i>	<i>20.0%</i>		
Minority Interests	-	-	-	-	-	-	-	-		
Discontinued Activities	-	-	-	(6.1)	(7.7)	(1.0)	-	-		
Net Profit	44.9	31.0	6.3	43.3	63.0	40.7	44.8	48.0	8.8%	-8.6%
<i>Net Profit growth</i>	<i>0.9%</i>	<i>-30.8%</i>	<i>-79.8%</i>	<i>592.0%</i>	<i>45.5%</i>	<i>-35.4%</i>	<i>10.1%</i>	<i>7.2%</i>		
Ordinary Net Profit	35.0	20.7	7.1	49.7	86.9	41.7	44.8	48.0	25.5%	-17.9%
<i>Ordinary Net Profit growth</i>	<i>-30.6%</i>	<i>-40.9%</i>	<i>-65.8%</i>	<i>603.6%</i>	<i>74.7%</i>	<i>-52.0%</i>	<i>7.5%</i>	<i>7.2%</i>		
CAGR										
Cash Flow (EUR Mn)	2018	2019	2020	2021	2022	2023e	2024e	2025e	18-22	22-25e
Recurrent EBITDA						88.0	92.7	97.1	21.9%	-11.9%
Rentals (IFRS 16 impact)						(6.9)	(6.8)	(6.9)		
Working Capital Increase						10.9	(0.5)	(1.1)		
Recurrent Operating Cash Flow						92.0	85.5	89.1	25.5%	-8.7%
CAPEX						(45.0)	(40.0)	(35.0)		
Net Financial Result affecting the Cash Flow						(5.5)	(5.3)	(4.8)		
Tax Expense						(10.4)	(11.2)	(12.0)		
Recurrent Free Cash Flow						31.0	28.9	37.2	38.7%	-3.5%
Restructuring Expense & Other non-rec.						(1.0)	-	-		
- Acquisitions / + Divestures of assets						-	-	-		
Extraordinary Inc./Exp. Affecting Cash Flow						-	-	-		
Free Cash Flow						30.0	28.9	37.2	<i>n.a.</i>	24.2%
Capital Increase						(15.8)	(11.5)	(12.1)		
Dividends						(13.8)	(9.0)	(10.8)		
Net Debt Variation						(0.5)	(8.5)	(14.4)		

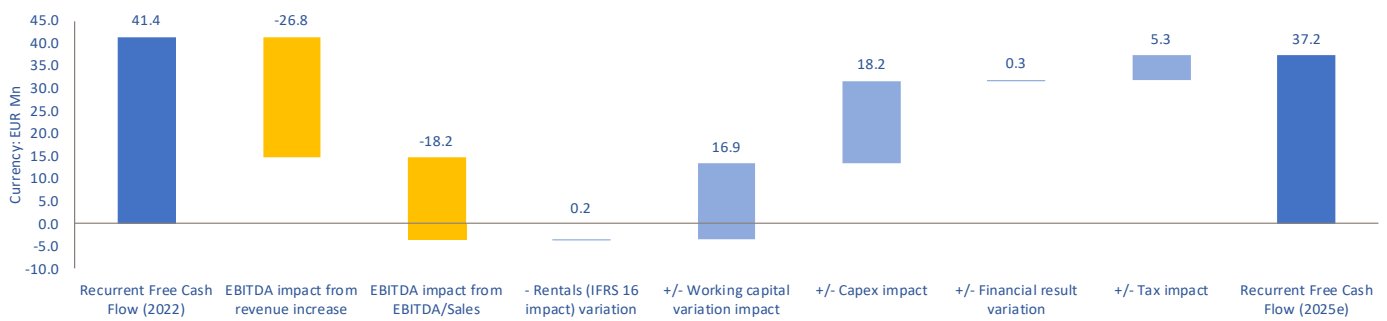
Appendix 2. Free Cash Flow

A) Cash Flow Analysis (EUR Mn)	2019	2020	2021	2022	2023e	2024e	2025e	CAGR	
								19-22	22-25e
Recurrent EBITDA	58.0	48.2	93.3	142.1	88.0	92.7	97.1	34.8%	-11.9%
<i>Recurrent EBITDA growth</i>	-9.7%	-16.9%	93.4%	52.3%	-38.1%	5.4%	4.8%		
<i>Rec. EBITDA/Revenues</i>	8.6%	8.3%	11.5%	13.5%	10.6%	11.0%	11.3%		
- Rentals (IFRS 16 impact)	(7.1)	(7.3)	(6.3)	(7.1)	(6.9)	(6.8)	(6.9)		
+/- Working Capital increase	28.8	35.0	(28.3)	(18.0)	10.9	(0.5)	(1.1)		
= Recurrent Operating Cash Flow	79.8	76.0	58.7	117.0	92.0	85.5	89.1	13.6%	-8.7%
<i>Rec. Operating Cash Flow growth</i>	69.1%	-4.8%	-22.7%	99.4%	-21.4%	-7.1%	4.2%		
<i>Rec. Operating Cash Flow / Sales</i>	11.8%	13.1%	7.2%	11.1%	11.1%	10.1%	10.3%		
- CAPEX	(54.9)	(35.8)	(39.6)	(53.2)	(45.0)	(40.0)	(35.0)		
- Net Financial Result affecting Cash Flow	(6.5)	(8.5)	(3.1)	(5.1)	(5.5)	(5.3)	(4.8)		
- Taxes	8.4	(0.7)	(9.9)	(17.3)	(10.4)	(11.2)	(12.0)		
= Recurrent Free Cash Flow	26.8	31.0	6.0	41.4	31.0	28.9	37.2	15.7%	-3.5%
<i>Rec. Free Cash Flow growth</i>	138.9%	15.8%	-80.5%	585.0%	-25.1%	-6.8%	28.7%		
<i>Rec. Free Cash Flow / Revenues</i>	3.9%	5.4%	0.7%	3.9%	3.8%	3.4%	4.3%		
- Restructuring expenses & others	-	-	-	-	(1.0)	-	-		
- Acquisitions / + Divestments	-	-	-	-	-	-	-		
+/- Extraordinary Inc./Exp. affecting Cash Flow	(5.0)	4.2	16.5	(22.0)	-	-	-		
= Free Cash Flow	21.7	35.2	22.6	19.4	30.0	28.9	37.2	-3.7%	24.2%
<i>Free Cash Flow growth</i>	n.a.	62.1%	-35.9%	-14.0%	54.7%	-3.7%	28.7%		
<i>Recurrent Free Cash Flow - Yield (s/Mkt Cap)</i>	6.6%	7.6%	1.5%	10.2%	7.7%	7.1%	9.2%		
<i>Free Cash Flow Yield (s/Mkt Cap)</i>	5.4%	8.7%	5.6%	4.8%	7.4%	7.1%	9.2%		
B) Analytical Review of Annual Recurrent Free Cash Flow Performance (Eur Mn)									
	2019	2020	2021	2022	2023e	2024e	2025e		
Recurrent FCF(FY - 1)	11.2	26.8	31.0	6.0	41.4	31.0	28.9		
EBITDA impact from revenue increase	0.1	(8.4)	19.4	27.7	(30.3)	1.8	1.8		
EBITDA impact from EBITDA/Sales variation	(6.3)	(1.4)	25.7	21.1	(23.8)	2.9	2.7		
= Recurrent EBITDA variation	(6.2)	(9.8)	45.1	48.8	(54.1)	4.7	4.4		
- Rentals (IFRS 16 impact) variation impact	(7.1)	(0.2)	1.0	(0.8)	0.2	0.1	(0.1)		
+/- Working capital variation impact	45.9	6.2	(63.3)	10.3	28.9	(11.4)	(0.7)		
= Recurrent Operating Cash Flow variation	32.6	(3.8)	(17.3)	58.3	(25.0)	(6.5)	3.6		
+/- CAPEX impact	(18.4)	19.2	(3.8)	(13.6)	8.2	5.0	5.0		
+/- Financial result variation	(0.2)	(2.0)	5.3	(1.9)	(0.5)	0.2	0.5		
+/- Tax impact	1.5	(9.1)	(9.2)	(7.4)	6.9	(0.8)	(0.8)		
= Recurrent Free Cash Flow variation	15.6	4.2	(24.9)	35.4	(10.4)	(2.1)	8.3		
Recurrent Free Cash Flow	26.8	31.0	6.0	41.4	31.0	28.9	37.2		
C) "FCF to the Firm" (pre debt service) (EUR Mn)									
	2019	2020	2021	2022	2023e	2024e	2025e	CAGR	
EBIT	31.2	14.9	61.8	92.2	56.8	60.5	64.0	43.5%	-11.5%
* Theoretical Tax rate	0.0%	10.4%	16.7%	19.7%	20.0%	20.0%	20.0%		
= Taxes (pre- Net Financial Result)	-	(1.6)	(10.3)	(18.1)	(11.4)	(12.1)	(12.8)		
Recurrent EBITDA	58.0	48.2	93.3	142.1	88.0	92.7	97.1	34.8%	-11.9%
- Rentals (IFRS 16 impact)	(7.1)	(7.3)	(6.3)	(7.1)	(6.9)	(6.8)	(6.9)		
+/- Working Capital increase	28.8	35.0	(28.3)	(18.0)	10.9	(0.5)	(1.1)		
= Recurrent Operating Cash Flow	79.8	76.0	58.7	117.0	92.0	85.5	89.1	13.6%	-8.7%
- CAPEX	(54.9)	(35.8)	(39.6)	(53.2)	(45.0)	(40.0)	(35.0)		
- Taxes (pre- Financial Result)	-	(1.6)	(10.3)	(18.1)	(11.4)	(12.1)	(12.8)		
= Recurrent Free Cash Flow (To the Firm)	24.9	38.6	8.8	45.7	35.6	33.4	41.3	22.5%	-3.3%
<i>Rec. Free Cash Flow (To the Firm) growth</i>	132.8%	55.4%	-77.3%	421.5%	-22.0%	-6.4%	23.7%		
<i>Rec. Free Cash Flow (To the Firm) / Revenues</i>	3.7%	6.7%	1.1%	4.3%	4.3%	4.0%	4.8%		
- Acquisitions / + Divestments	-	-	-	-	-	-	-		
+/- Extraordinary Inc./Exp. affecting Cash Flow	(5.0)	4.2	16.5	(22.0)	-	-	-		
= Free Cash Flow "To the Firm"	19.8	42.9	25.3	23.7	35.6	33.4	41.3	6.1%	20.4%
<i>Free Cash Flow (To the Firm) growth</i>	72.2%	116.3%	-41.0%	-6.5%	50.6%	-6.4%	23.7%		
<i>Rec. Free Cash Flow To the Firm Yield (o/EV)</i>	5.6%	8.7%	2.0%	10.3%	8.0%	7.5%	9.3%		
<i>Free Cash Flow "To the Firm" - Yield (o/EV)</i>	4.5%	9.6%	5.7%	5.3%	8.0%	7.5%	9.3%		

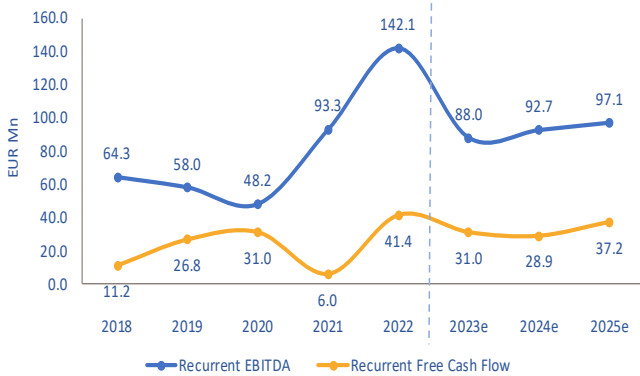
Recurrent Free Cash Flow accumulated variation analysis (2018 - 2022)



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	405.2	
+ Minority Interests	-	3m Results 2023
+ Provisions & Other L/T Liabilities	11.7	12m Results 2022
+ Net financial debt	67.5	3m Results 2023
- Financial Investments	39.2	12m Results 2022
+/- Others		
Enterprise Value (EV)	445.2	

Appendix 4. Historical performance ⁽¹⁾

Historical performance (EUR Mn)																CAGR	
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023e	2024e	2025e	12-22	22-25e	
Total Revenues	677.5	625.0	603.7	618.3	602.5	686.0	677.1	677.9	579.3	811.8	1,052.5	827.9	844.6	860.7	4.5%	-6.5%	
Total Revenues growth	-1.2%	-7.8%	-3.4%	2.4%	-2.5%	13.8%	-1.3%	0.1%	-14.6%	40.1%	29.6%	-21.3%	2.0%	1.9%			
EBITDA	8.4	24.5	16.9	32.9	61.5	61.0	67.3	62.4	47.3	92.9	121.9	88.0	92.7	97.1	30.6%	-7.3%	
EBITDA growth	-48.2%	190.5%	-31.1%	95.3%	87.0%	-0.9%	10.3%	-7.2%	-24.2%	96.3%	31.2%	-27.8%	5.4%	4.8%			
EBITDA/Sales	1.2%	3.9%	2.8%	5.3%	10.2%	8.9%	9.9%	9.2%	8.2%	11.4%	11.6%	10.6%	11.0%	11.3%			
Net Profit	(12.1)	(0.3)	(7.1)	7.2	45.2	44.6	44.9	31.0	6.3	43.3	63.0	40.7	44.8	48.0	21.8%	-8.6%	
Net Profit growth	n.a.	97.4%	n.a.	202.0%	523.8%	-1.3%	0.7%	-30.8%	-79.8%	592.0%	45.5%	-35.4%	10.1%	7.2%			
Adjusted number shares (Mn)	100.8	103.5	111.5	114.0	114.1	112.3	109.2	106.2	102.6	98.8	98.8	93.8	91.4	91.4			
EPS (EUR)	-0.12	0.00	-0.06	0.06	0.40	0.40	0.41	0.29	0.06	0.44	0.67	0.43	0.49	0.53	22.4%	-7.7%	
EPS growth	n.a.	97.4%	n.a.	n.a.	n.a.	0.3%	3.5%	-28.9%	-79.1%	n.a.	52.5%	-35.1%	12.9%	7.2%			
Ord. EPS (EUR)	-0.12	0.00	-0.06	0.06	0.40	0.40	0.32	0.19	0.07	0.50	0.92	0.44	0.49	0.53	25.5%	-17.1%	
Ord. EPS growth	n.a.	97.4%	n.a.	n.a.	n.a.	0.3%	-19.3%	-39.2%	-64.7%	n.a.	83.1%	-51.8%	10.2%	7.2%			
CAPEX	(16.1)	(4.4)	(6.2)	(9.2)	(18.7)	(42.8)	(36.5)	(54.9)	(35.8)	(39.6)	(53.2)	(45.0)	(40.0)	(35.0)			
CAPEX/Sales %	2.4%	0.7%	1.0%	1.5%	3.1%	6.2%	5.4%	8.1%	6.2%	4.9%	5.1%	5.4%	4.7%	4.1%			
Free Cash Flow	3.4	19.6	23.4	6.6	20.5	1.1	(1.4)	21.7	35.2	22.6	19.4	30.0	28.9	37.2	19.1%	24.2%	
ND/EBITDA (x) ⁽²⁾	17.3x	5.2x	6.1x	2.8x	1.3x	1.6x	1.6x	1.6x	1.6x	0.6x	0.5x	0.7x	0.6x	0.4x			
P/E (x)	n.a.	n.a.	n.a.	8.9x	4.3x	6.7x	7.1x	8.4x	34.6x	6.6x	4.8x	9.7x	8.6x	8.0x			
EV/Sales (x)	0.27x	0.28x	0.24x	0.26x	0.48x	0.60x	0.69x	0.57x	0.53x	0.45x	0.36x	0.54x	0.53x	0.52x			
EV/EBITDA (x) ⁽²⁾	22.1x	7.3x	8.7x	5.0x	4.7x	6.8x	6.9x	6.2x	6.5x	3.9x	3.1x	5.1x	4.8x	4.6x			
Absolute performance	-41.2%	18.7%	-17.3%	56.7%	198.7%	57.0%	9.9%	-15.8%	-14.0%	37.8%	11.3%	29.5%	9.9%	4.6%			
Relative performance vs Ibx 35	-38.3%	-2.2%	-20.2%	68.8%	204.8%	46.2%	29.2%	-24.7%	1.7%	27.7%	17.9%	17.3%					

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

Appendix 5. Main peers 2023e

Market data	EUR Mn	Europe				USA				ECR
		BASF SE	Solvay	Covestro AG	Average	DowDuPont	Olin Corp	Westlake	Average	
Ticker (Factset)		BAS-DE	SOLB-BE	1COV-DE		DOW-US	OLN-US	WLK-US		ECR-ES
Country		Germany	Belgium	Germany		USA	USA	USA		Spain
Market cap		41,501.5	11,254.7	7,353.2		34,647.4	6,399.6	13,028.6		405.2
Enterprise value (EV)		60,688.5	14,862.6	10,153.4		46,542.9	9,127.4	16,497.1		445.2
Basic financial information	Total Revenues	82,436.9	13,440.8	16,249.0		44,930.5	7,117.8	12,728.8		827.9
	Total Revenues growth	-5.6%	-16.4%	-9.6%	-10.5%	-13.3%	-16.7%	-11.5%	-13.8%	-21.3%
	2y CAGR (2023e - 2025e)	3.1%	3.7%	4.3%	3.7%	4.2%	6.3%	2.4%	4.3%	2.0%
	EBITDA	9,005.0	2,822.2	1,341.5		5,827.1	1,545.5	2,669.5		88.0
	EBITDA growth	-15.4%	-8.0%	19.0%	-1.5%	-20.9%	-28.8%	-29.2%	-26.3%	-27.8%
	2y CAGR (2023e - 2025e)	11.8%	3.8%	26.8%	14.1%	15.7%	7.1%	8.2%	10.3%	5.1%
	EBITDA/Revenues	10.9%	21.0%	8.3%	13.4%	13.0%	21.7%	21.0%	18.6%	10.6%
	EBIT	5,137.4	1,922.3	473.9		3,381.5	1,014.9	1,689.7		56.8
	EBIT growth	-24.0%	-9.4%	98.3%	21.6%	-30.4%	-36.8%	-39.8%	-35.7%	-38.4%
	2y CAGR (2023e - 2025e)	16.5%	5.2%	61.4%	27.7%	23.8%	11.8%	15.7%	17.1%	6.1%
	EBIT/Revenues	6.2%	14.3%	2.9%	7.8%	7.5%	14.3%	13.3%	11.7%	6.9%
	Net Profit	3,671.4	1,195.5	205.4		2,049.6	658.4	1,110.8		40.7
	Net Profit growth	685.6%	-37.2%	175.5%	274.6%	-50.6%	-45.5%	-45.4%	-47.2%	-35.4%
	2y CAGR (2023e - 2025e)	16.7%	8.0%	99.1%	41.3%	30.8%	13.1%	20.3%	21.4%	8.6%
CAPEX/Sales %	7.4%	8.7%	5.0%	7.0%	4.6%	3.0%	7.2%	4.9%	5.4%	
Free Cash Flow	2,277.0	798.0	230.3		2,239.2	891.2	1,184.8		30.0	
Net financial debt	17,567.3	2,286.4	2,513.3		10,464.1	2,164.9	1,826.3		62.3	
ND/EBITDA (x)	2.0	0.8	1.9	1.5	1.8	1.4	0.7	1.3	0.7	
Pay-out	83.3%	36.9%	35.0%	51.7%	90.4%	16.5%	14.8%	40.6%	22.0%	
Multiples and Ratios	P/E (x)	10.0	8.5	40.8	19.7	16.8	9.4	11.4	12.6	9.7
	P/BV (x)	1.0	1.0	1.0	1.0	1.9	3.0	1.3	2.1	1.1
	EV/Revenues (x)	0.7	1.1	0.6	0.8	1.0	1.3	1.3	1.2	0.5
	EV/EBITDA (x)	6.7	5.3	7.6	6.5	8.0	5.9	6.2	6.7	5.1
	EV/EBIT (x)	11.8	7.7	21.4	13.7	13.8	9.0	9.8	10.8	7.8
	ROE	10.2	11.9	2.5	8.2	11.4	31.4	11.5	18.1	11.1
	FCF Yield (%)	5.5	7.1	3.1	5.2	6.5	13.9	9.1	9.8	7.7
	DPS	3.39	4.25	0.38	2.67	2.57	0.75	1.29	1.54	0.10
Dvd Yield	7.5%	4.0%	1.0%	4.2%	5.2%	1.5%	1.3%	2.7%	2.3%	

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
03-May-2023	n.a.	4.20	n.a.	n.a.	3m Results 2023	David López Sánchez
11-Apr-2023	n.a.	4.48	n.a.	n.a.	Review of estimates	David López Sánchez
22-Feb-2023	n.a.	3.96	n.a.	n.a.	12m Results 2022	David López Sánchez
09-Nov-2022	n.a.	3.31	n.a.	n.a.	9m Results 2022	David López Sánchez
03-Aug-2022	n.a.	3.46	n.a.	n.a.	6m Results 2022	David López Sánchez
15-Jun-2022	n.a.	3.30	n.a.	n.a.	Estimates upgrade	David López Sánchez
04-May-2022	n.a.	3.31	n.a.	n.a.	3m Results 2022	David López Sánchez
25-Feb-2022	n.a.	2.96	n.a.	n.a.	12m Results 2021	David López Sánchez
10-Nov-2021	n.a.	3.45	n.a.	n.a.	9m Results 2021	David López Sánchez
29-Jul-2021	n.a.	3.29	n.a.	n.a.	6m Results 2021 - Estimates upgrade	David López Sánchez
12-May-2021	n.a.	3.10	n.a.	n.a.	3m Results 2021 - Estimates upgrade	David López Sánchez
26-Feb-2021	n.a.	2.36	n.a.	n.a.	12m Results 2020	David López Sánchez
16-Nov-2020	n.a.	1.97	n.a.	n.a.	9m Results 2020	David López Sánchez
03-Aug-2020	n.a.	1.70	n.a.	n.a.	6m Results 2020 - Estimates upgrade	David López Sánchez
15-May-2020	n.a.	1.87	n.a.	n.a.	3m Results 2020	David López Sánchez
30-Apr-2020	n.a.	2.55	n.a.	n.a.	Estimates downgrade	David López Sánchez
02-Mar-2020	n.a.	2.19	n.a.	n.a.	12m Results 2019	David López Sánchez
06-Nov-2019	n.a.	2.32	n.a.	n.a.	9m Results 2019 - Estimates upgrade	David López Sánchez
29-Jul-2019	n.a.	1.84	n.a.	n.a.	6m Results 2019	David López Sánchez
03-Jun-2019	n.a.	2.08	n.a.	n.a.	Initiation of Coverage	David López Sánchez

