

EQUITY - SPAIN

Sector: Electrical Equipment

Closing price: EUR 1.08 (10 Feb 2025)

Report date: 11 Feb 2025 (14:10h)

12m 2024 Preliminary results

Independent Equity Research

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 Opinion ⁽¹⁾: Below expectations

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

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Business description

Endurance Motive (END), is a small Spanish company based in Valencia, created in 2018 and specialised in the development and sale of electricity storage systems using lithium-ion batteries for sustainable mobility. The sectors in which the company operates are: i) industrial, ii) marine and iii) urban mobility. The company's founders control 48% of total shares.

Market Data

Market Cap (Mn EUR and USD)	10.9	11.2
EV (Mn EUR and USD) ⁽²⁾	15.2	15.7
Shares Outstanding (Mn)	10.1	
-12m (Max/Med/Mín EUR)	1.62 / 1.26 / 1.06	
Daily Avg volume (-12m Mn EUR)	0.03	
Rotation ⁽³⁾	71.8	
Factset / Bloomberg	END-ES / END SM	
Close fiscal year	31-Dec	

Shareholders Structure (%)

Carlos Navarro	26.2
Andrés Muelas	21.7
Free Float	52.1

Relative performance (Base 100)

Stock performance (%)

	-1m	-3m	-12m	-5Y
Absolute	-4.9	-5.3	-23.8	n.a.
vs Ibex 35	-12.3	-13.9	-40.6	n.a.
vs Ibex Small Cap Index	-10.9	-15.3	-33.4	n.a.
vs Eurostoxx 50	-11.6	-15.1	-32.9	n.a.
vs Sector benchmark ⁽⁴⁾	-8.1	-6.0	-36.3	n.a.

(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 2.

(3) Rotation is the % of the capitalisation traded - 12m.

(4) vs Europe Electrical Products.

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

Preliminary results 12m24: sharp drop in revenues in a year of transition. The key is Storage's growth rate in 2025

12M24 REVENUES DECLINE BY -38.8%... END publishes a preview of its 12m24 results (unaudited) with consolidated revenue falling to EUR 6.3 Mn (vs EUR 10.2 Mn in 2023; below an estimate of EUR 9.7Mn). With a revenue mix explained by 97% of the Mobility division (and a still irrelevant contribution from the Storage or Stationary division). The decline in revenue is explained by the slowdown in domestic demand in the Mobility division (only partially offset by international sales, especially in the airport customer). The drop was almost entirely concentrated in 2s24 (EUR 2.7Mn vs EUR 6.2Mn 2S23).

...ALTHOUGH PROFITABILITY IS PROTECTED. Consolidated gross margin increases to 41.9% (vs 38.2% 2023). An improvement in profitability explained by the focus on larger and more profitable customers in the Mobility division, increasing the size of batteries manufactured. Excluding activations, a loss of EUR -1.3Mn in EBITDA 2024 (vs EUR -0.2Mn 2023). EBITDA penalized by the decline in Mobility revenues and by the investment in OPEX (EUR 1.2Mn) for the development of the Storage division (still without revenue), which implies that the Mobility division (standalone) would have been de facto break-even.

THE STRATEGIC SHIFT TO THE STORAGE (OR STATIONARY) BUSINESS CONTINUES, BUT WITHOUT VISIBILITY. END's bet on Storage is not new. And it takes advantage of an unstoppable industrial trend/need: solving the energy storage problem in both renewable energy (hybrid photovoltaic plants) and conventional industrial plants. The Mobility business persists and proves to have the capacity to "guarantee" a floor of EUR 6Mn in revenue and in better profitability conditions vs 2023 and previous years. The unknown is the speed of growth of Storage, the variable that 100% conditions END's ability to jump in revenues clearly above EUR 10Mn and exceed the break-even point. We will have to lower 2025 estimates (today EUR 18.8Mn), which are under review.

NET DEBT REMAINS AT C.EUR 4MN. The conversion of the participating loan (EUR 1.3Mn) leaves the net debt at the date of this report at c.EUR 4Mn. Maintaining the level of net debt seen in 1S24, despite the generation of a negative FCF in the stagnant 2S24 of c.EUR 1.0Mn. And that implies that the restriction (and the risk) of the business model (developing the Storage division) is not in the financing but in the demand. The restriction is commercial, not financial.

THE SPEED OF STORAGE GROWTH IS THE KEY TO THE EQUITY STORY. AND WILL DEFINE 2025 RESULTS. END has strategically repositioned itself to enter the Stationary (Storage) market, which has significant growth potential (28.7 GWh per year in 2025 to 78.1 GWh per year in 2028 to meet renewable energy storage needs). END's equity story is sectoral in terms of energy transition (mobility and storage). But the Storage sector is nascent (although it has real demand) and visibility is very low, which implies risk. The Mobility division provides a floor in revenues, but growth depends 100% on Storage. The EUR 6Mn of 2024 revenues should be multiplied by 3x to match the sector's multiples. Without visibility yet, 2025 is key to "see" if it is feasible. And at what speed it is achieved.

Endurance Motive (END) is a BME Growth company

BME Growth is the segment of BME MTF Equity aimed at small and medium sized companies, directed and managed by the Spanish stock market and is subject to the CNMV supervision. BME MTF Equity is not a Regulated Market but instead falls within the classification of a Multilateral Trading Facility (MTF) as defined under the Markets in Financial Instruments Directive (MiFID). In July 2020, BME Growth obtained the status of SME Growth Market, a new category of EU regulations, which in Spain is called Mercado de Pymes en Expansión.

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Appendix 1. Preliminary results

EUR Mn			12m24 ⁽¹⁾ vs		2s24 ⁽¹⁾ vs	
	12m24 ⁽¹⁾	12m23	12m23	2s24 ⁽¹⁾	2s23	2s23
Total Revenues	6.3	10.2	-38.8%	2.7	6.2	-55.7%
Cost of Goods Sold	-3.6	-6.3	42.5%	-1.6	-3.6	53.8%
Gross Margin	2.6	3.9	-32.9%	1.1	2.6	-58.3%
<i>Gross Margin/Revenues</i>	<i>41.9%</i>	<i>38.2%</i>	<i>3.7 p.p.</i>	<i>40.0%</i>	<i>42.5%</i>	<i>-2.5 p.p.</i>
Personnel Expenses	-2.4	-2.5	0.8%	-1.2	-1.3	8.4%
Other Operating Expenses	-1.5	-1.7	11.0%	-0.8	-0.9	9.9%
Recurrent EBITDA⁽²⁾	-1.3	-0.2	-450.9%	-0.9	0.4	-306.6%
<i>Rec. EBITDA/Revenues</i>	<i>-21.1%</i>	<i>-2.3%</i>	<i>-18.8 p.p.</i>	<i>-32.8%</i>	<i>7.0%</i>	<i>-39.9 p.p.</i>

(1) Company's Preliminary Results published for the 2024 fiscal year.

(2) Excludes government grants and capitalized expenses.

Appendix 2. EV breakdown at the date of this report

	EUR Mn	Source
Market Cap	10.9	
+ Minority Interests	-	6m Results 2024
+ Provisions & Other L/T Liabilities	0.7	6m Results 2024
+ Net financial debt ⁽¹⁾	4.0	Lighthouse
- Financial Investments	0.4	6m Results 2024
+/- Others		
Enterprise Value (EV)	15.2	

(1) Net financial debt estimated by Lighthouse as of the date of this report. The amount of the net financial debt takes into account the capital increase by offsetting of credits in the amount of EUR 1.3 Mn communicated to BME Growth in January 2025.

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
11-Feb-2025	n.a.	1.08	n.a.	n.a.	12m 2024 Preliminary results	Alfredo Echevarría Otegui
30-Oct-2024	n.a.	1.20	n.a.	n.a.	6m Results 2024 - Estimates downgrade	Luis Esteban Arribas, CESGA
27-May-2024	n.a.	1.59	n.a.	n.a.	Small & Micro Caps (Spain)	Alfredo Echevarría Otegui
09-Feb-2024	n.a.	1.33	n.a.	n.a.	12m 2023 Preliminary results	Luis Esteban Arribas, CESGA
08-Nov-2023	n.a.	1.93	n.a.	n.a.	9m Results 2023 - Estimates upgrade	Luis Esteban Arribas, CESGA
02-Aug-2023	n.a.	1.76	n.a.	n.a.	6m 2023 Preliminary results	Luis Esteban Arribas, CESGA
12-Jun-2023	n.a.	1.84	n.a.	n.a.	Small & Micro Caps (Spain)	David López Sánchez
27-Apr-2023	n.a.	2.35	n.a.	n.a.	12m Results 2022	Luis Esteban Arribas, CESGA
27-Oct-2022	n.a.	1.83	n.a.	n.a.	6m Results 2022 - Estimates downgrade	Luis Esteban Arribas, CESGA
26-Apr-2022	n.a.	2.84	n.a.	n.a.	Initiation of Coverage	Luis Esteban Arribas, CESGA

