

COMPANY VALUATION: GESTAMP (based on a report from UBS Global Research)

Gestamp is a tier-one automotive supplier and global leader in metal stamping. Headquartered in Spain, Gestamp has a global footprint with 97 plants. The Body-in-White and chassis components are capital intensive and benefit from a fairly high level of concentration. Gestamp claims the n° 1 global ranking in body/mechanisms and top 3 in chassis, in terms of market share.

*Gestamp has delivered about 10% annual organic sales growth since 2008; one of the fastest rates among peer suppliers. Gestamp should benefit from the following trends: outsourcing by car makers, platform globalization, lightweight opportunity and more stringent safety standards. Its technological edge comes from early investment in hot stamping, a process designed to make parts both lighter and stronger. **This market is estimated to deliver 11% annual growth until 2025 and Gestamp is a global leader in this field.** Furthermore, Gestamp has relatively limited revenues at risk to any change in the powertrain mix or faster shift electric vehicles.*

Value Gestamp by discounting free cash flows.

To do so, use the data extracted from the report of the UBS investment bank listed below.

In Appendix 1, the balance sheet of the company is shown.

P&L (€ M)	2016	2017	2018	2019	2020	2021
Revenues	7549	8145	8802	9501	10004	10497
Raw Materials	4385	4870	5264	5681	5983	6277
Personnel Expenses	1367	1409	1496	1615	1751	1837
Other operating expenses	956	937	995	1074	1100	1155
EBITDA	841	929	1047	1131	1170	1228
Depreciation, amortisation	379	417	452	489	516	534
EBIT	462	512	595	642	654	694
Net Interest Expenses	114	88	67	61	52	39
Profit Before Taxes	348	424	528	581	602	655
Taxes	89	110	137	151	157	170
Net Profit	259	314	391	430	445	485

Based on UBS Report

Capex (€ M)	730	765	616	665	650	630
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Other data	
g	2,50%
Rf	1,45%
Market premium	6,50%
Beta	1,5
Number of shares (M)	576
Last market price (€)	5,7

Also make a valuation of the company based on the multiples of P/E and Ebitda listed below.

UBS has split the peer group into three categories: (1) strong organic growth ; (2) closest listed industrial peers and (3) automotive peers by region

Multiples 2018		
Strong Organic Growth		
	P/E	EV/Ebitda
Hella	10,9	4,7
Lear	8,7	4,6
Valeo	13,1	6,8
Visteon	15,1	8,6
Average	12,0	6,2
Closest Listed Industrial Peer		
	P/E	EV/Ebitda
Magna	7	4,3
Autoliv	15,7	7,2
Average	11,4	5,8
Automotive Peers by Region		
	P/E	EV/Ebitda
European suppliers average	12,1	5,9
US suppliers average	10	6,4
Average	11,1	6,2

Based on UBS Report

Calculate the price per share according to the different methods, by discount of cash flow and multiples.

Would you recommend buying shares, taking into account that the current price is € 5.7?

Appendix 1

Balance Sheet (€ M)	2016	2017
Intangible Assets	393	474
Property, plant and equipment	3160	3427
Other non-current assets	369	369
Non Current Assets	3922	4270
Inventories	631	681
Trade Receivables	1377	1451
Other current assets	70	69
Cash and cash equivalents	430	325
Current Assets	2508	2526
Total Assets	6430	6796
Equity	1872	2119
Long Term Debt	1779	1779
Other long term liabilities	420	420
Equity & long Term liabilities	4071	4318
Short Term Debt	716	716
Trade Payables	1621	1741
Other payables	22	21
Current Liabilities	2359	2478
Total Equity and Liabilities	6430	6796

Based on UBS Report