



ROBOT S.A. Company Valuation  
June 2019

question

# Agenda



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# Valuation of Robot S.A. – Executive Summary

- Based on the current financial situation of the company as well as the recent events, technological developments and future business development plans and having applied the most relevant valuation methods, the estimation of the intrinsic value of Robot S.A. stands at 15,463 million Euros, representing a value of € 5.42 per share. This valuation is made as of June 30, 2019.

	2019	2020	2021	2022	2028		
FREE CASH FLOW (FCF)	599	245	657	701	2.150	$D / (D + E)$	25%
PERPETUITY					25.486	$E / (D + E)$	75%
FCF + PERPETUITY	599	245	657	701	27.636	g	2,00%
DISCOUNT FACTORS	0,90	0,82	0,74	0,67	0,36	$WACC = K_d (1-t) * D / (D+E) + K_e * E / (D+E)$	10,6%
FCF + PERPETUITY x DISCOUNT FACTOR	541,4	200,5	485,8	468,6	10.085	ENTREPRISE VALUE	16.496
						EQUITY VALUE	15.463
						SHARE VALUE	5,42 €

- The valuation is sensitive to future growth rates (g) as well as the discount rates used:

	1,00%	1,50%	2,00%	2,50%	3,00%
9,5%	5,9 €	6,2 €	6,5 €	6,8 €	7,2 €
10,0%	5,5 €	5,7 €	6,0 €	6,2 €	6,5 €
10,6%	5,1 €	5,2 €	5,4 €	5,6 €	5,9 €
11,0%	4,8 €	4,9 €	5,1 €	5,3 €	5,5 €
11,5%	4,5 €	4,6 €	4,8 €	4,9 €	5,1 €
12,0%	4,2 €	4,3 €	4,5 €	4,6 €	4,8 €

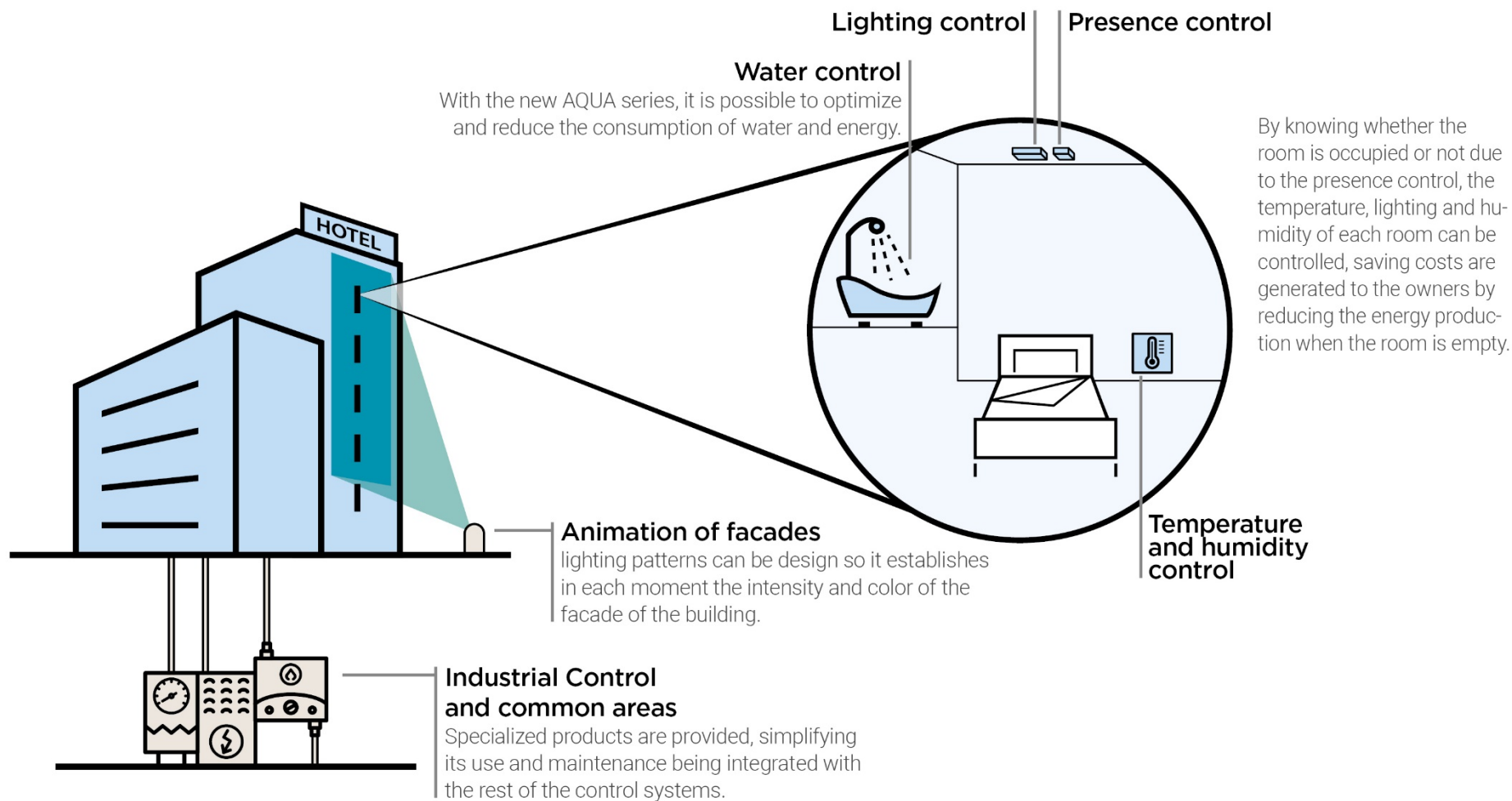
- We would like to point out that this valuation does not have to coincide with its value in a secondary market for different reasons that include, among others, the divergence with the company's profit expectations and the risk associated with them.

# ROBOT S.A. at a glance

- Founded in Palma de Mallorca, ROBOT is a technology company that designs, manufactures, installs and maintains systems for the automation and control of technical installations of buildings and energy savings. These systems are known as **Building Automation Systems** (BAS).
- With an important R & D component, the company focuses on all the elements of the value chain, with a clear focus on both the product and the service to its customers, representing, according to the company, a **competitive advantage** That makes it unique in the industry.
- Thanks to its systems, the company contributes to the **improvement of the environment** in the locations where its products are installed. The company estimates that they contribute to energy savings of 30%.
- In its 36 years of history, ROBOT has carried out more than 600 installations in any type of building (hotels, offices, shopping centers, universities, hospitals, etc.), with a clear specialization in the hotel industry. In this regard, the company has worked for the most important national and international hotel groups.
- In March 2019, ROBOT presented its **new Multilink technology** worldwide, which integrates the most important communication protocol standards in the market and is the cornerstone for its **internationalization** and future growth.
- Leveraged on its competitive advantages, ROBOT is in the process of expansion and internationalization after its **IPO** in the Alternative Stock Market (MAB) in February 2018.

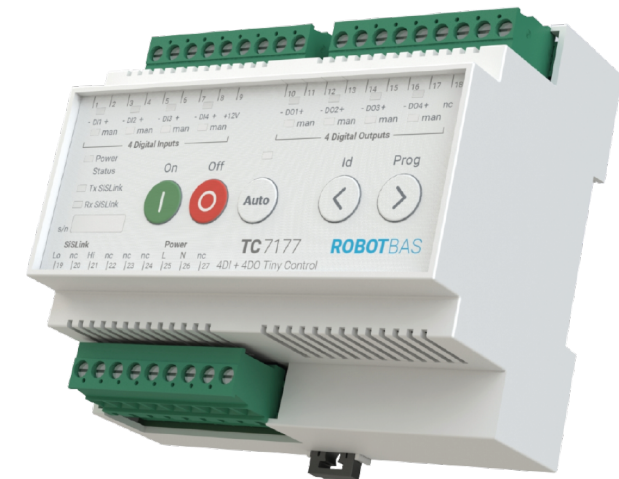
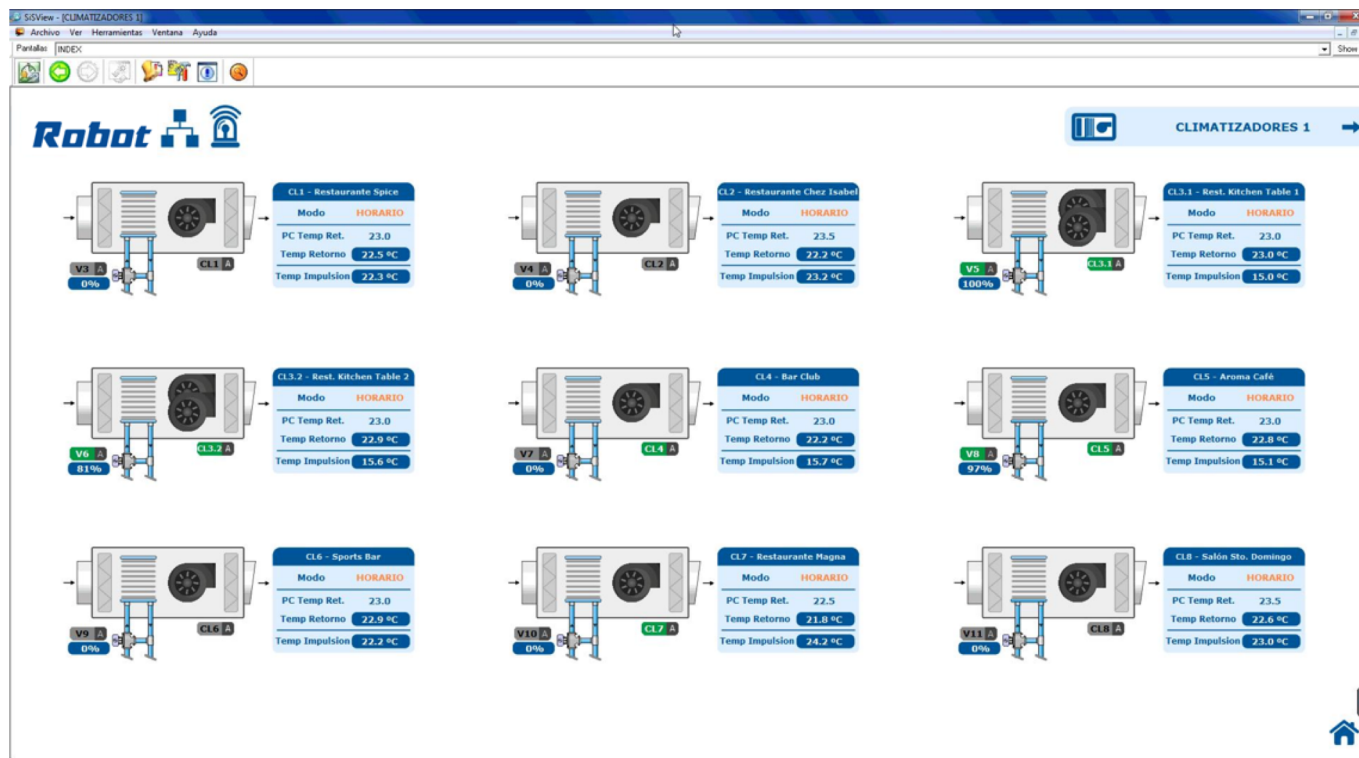


The automation systems of Robot, S.A. allow to control:



# Business Lines: 1/2 - Industrial Control

- Robot offers advanced systems for the regulation and **control** of building facilities. The control takes place in real time, with possibility of online graphic visualization and of historical trends.
- Robot systems allow to **reduce direct costs**, as well as prolong the life of the facilities and save maintenance personnel time.
- Installation Monitoring Example

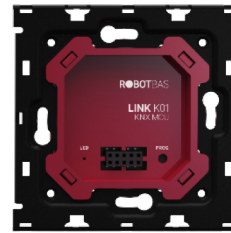


Industrial control module with 4 Digital Inputs for voltage-free contact + 4 Digital Outputs per relay

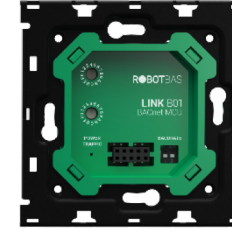
## Business Lines: 2/2 – Room Control

- Robot control systems provide advanced solutions for all **home automation** functions in the rooms including presence control, climate control, alert management, room status indication, color management and light intensity, automatic on and off functions, lighting scenes, etc.
- Robot systems aim to increase comfort and **reduce energy costs** in rooms

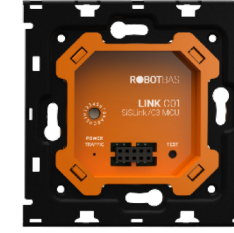
### Communication modules with Multilink technology



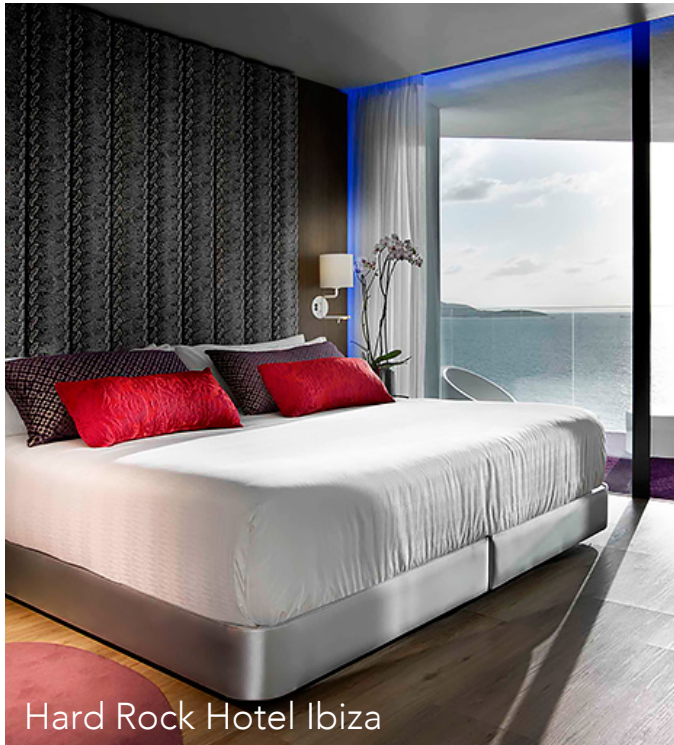
KNX: predominant in Europe and the Middle East



BACnet: usual in North America and Canada

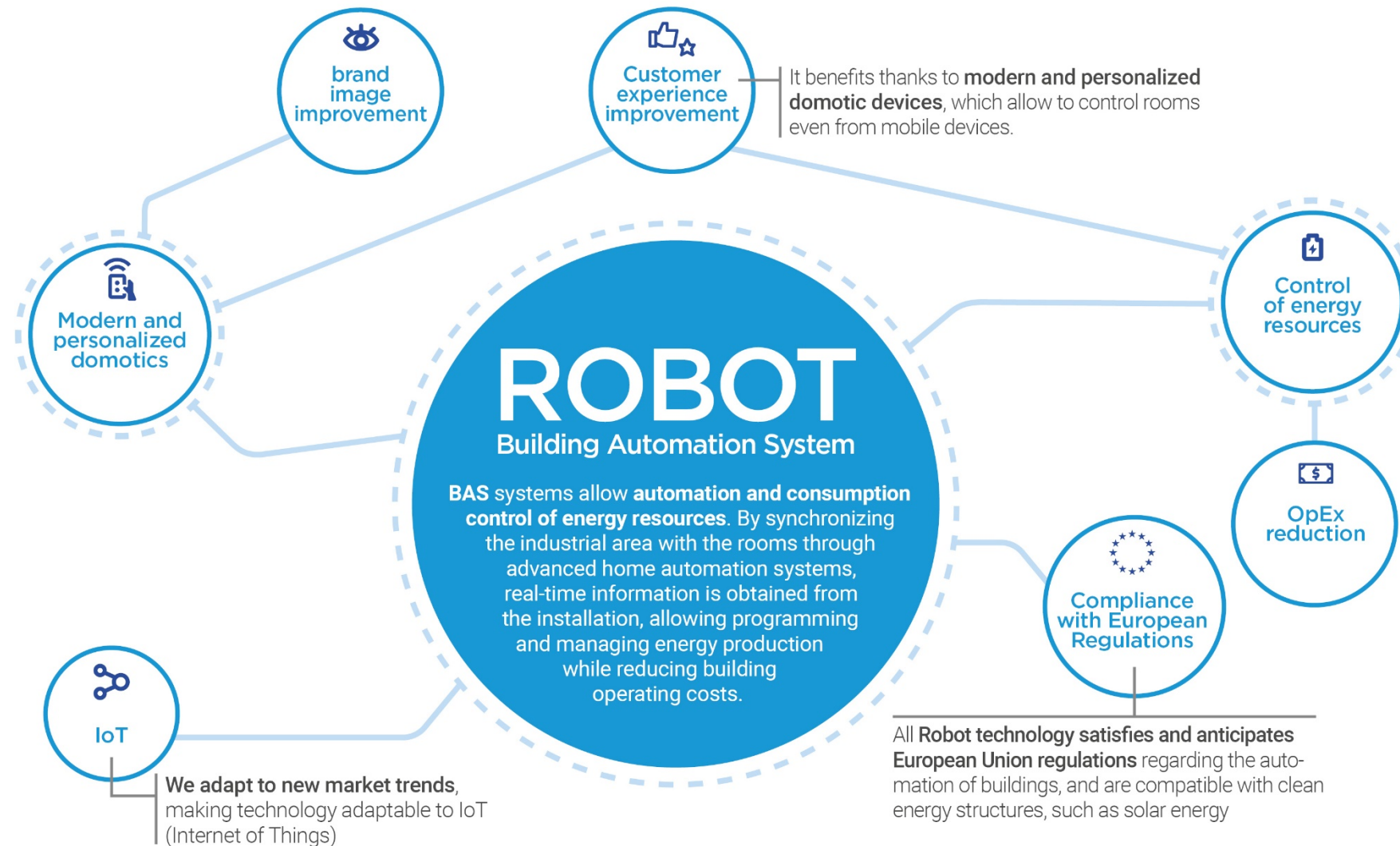


SiLink/C3: widely used in the Caribbean



# Bringing value to hotel companies through its systems

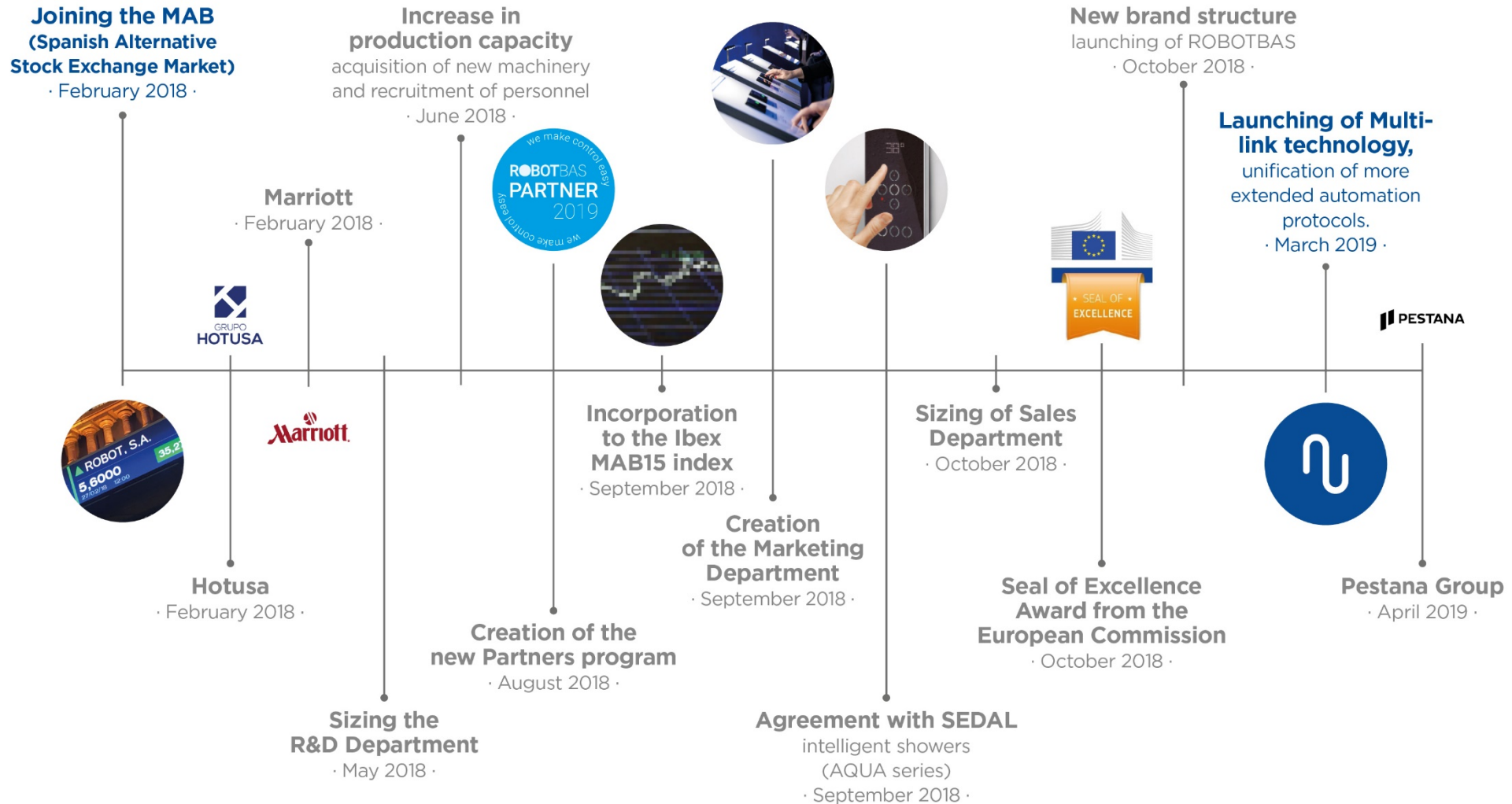
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The IPO, allowed the company to obtain the financing for the technological development that defines the strategy of ROBOT: Multilink

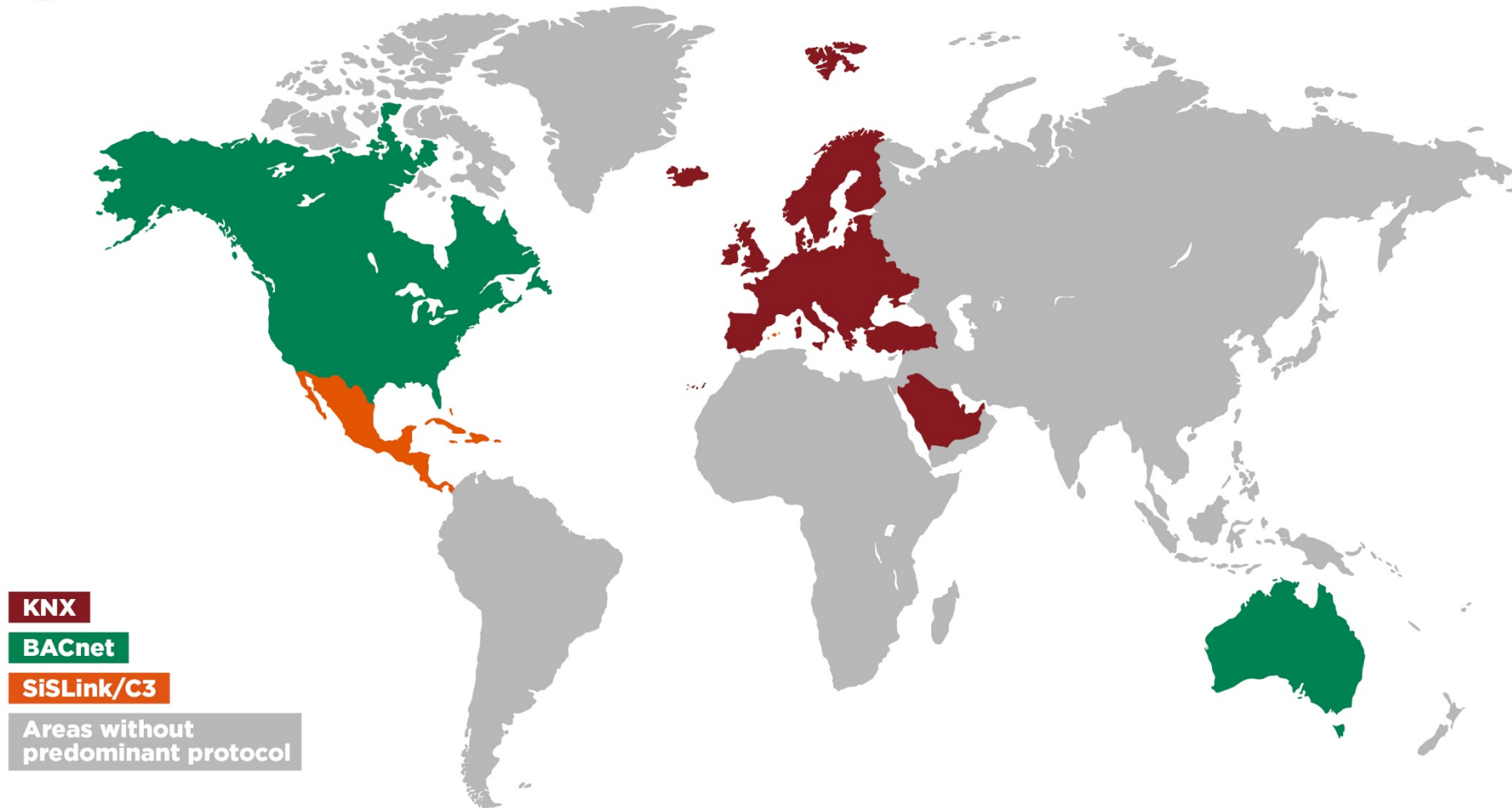
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The new Multilink technology allows to increase business opportunities **question**



Most widespread communication protocols in each zone



KNX

BACnet

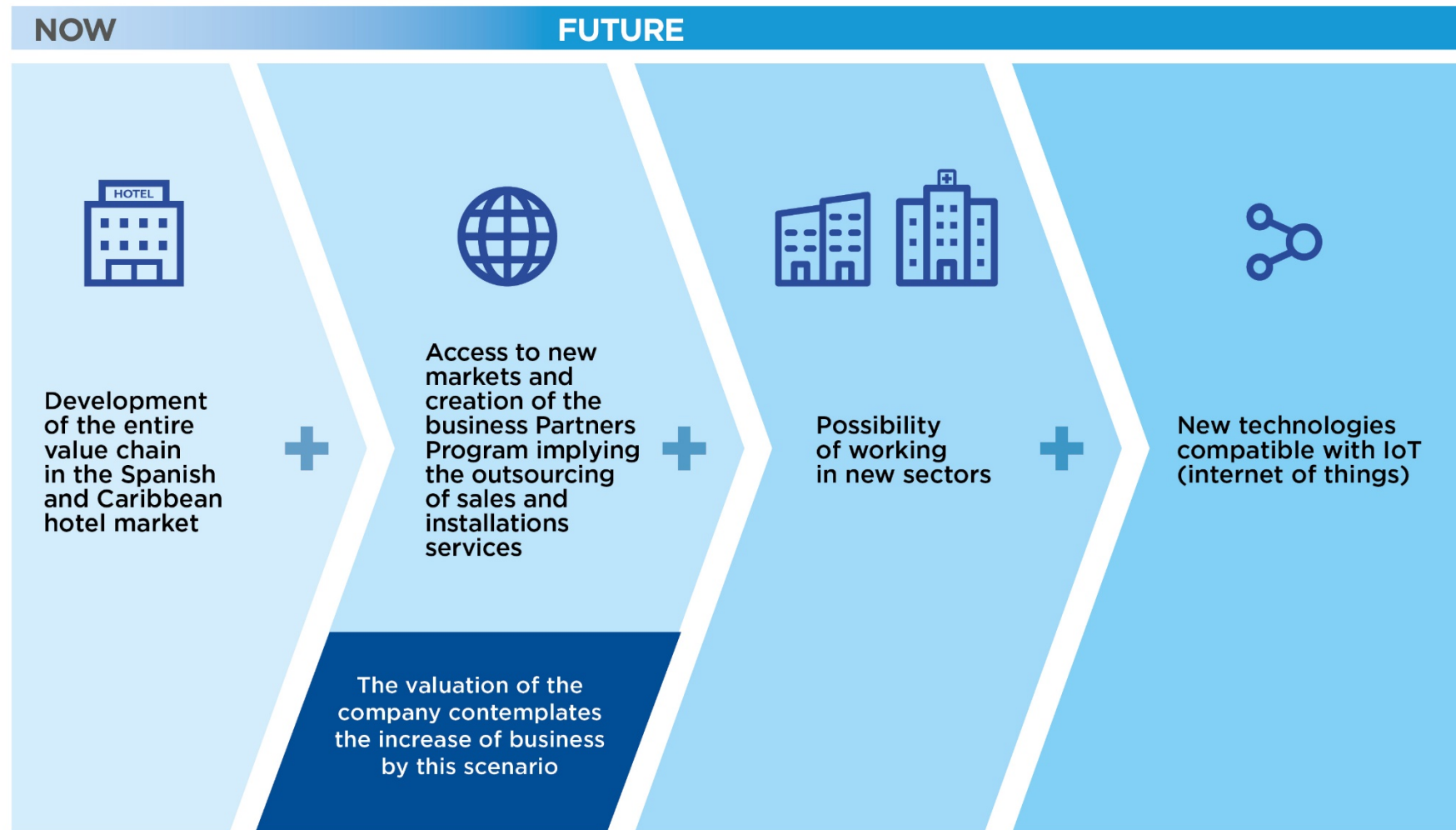
SiSLink/C3

Areas without  
predominant protocol

Multilink allows to increase revenue, outsourcing part of the value chain without losing control of it **question**



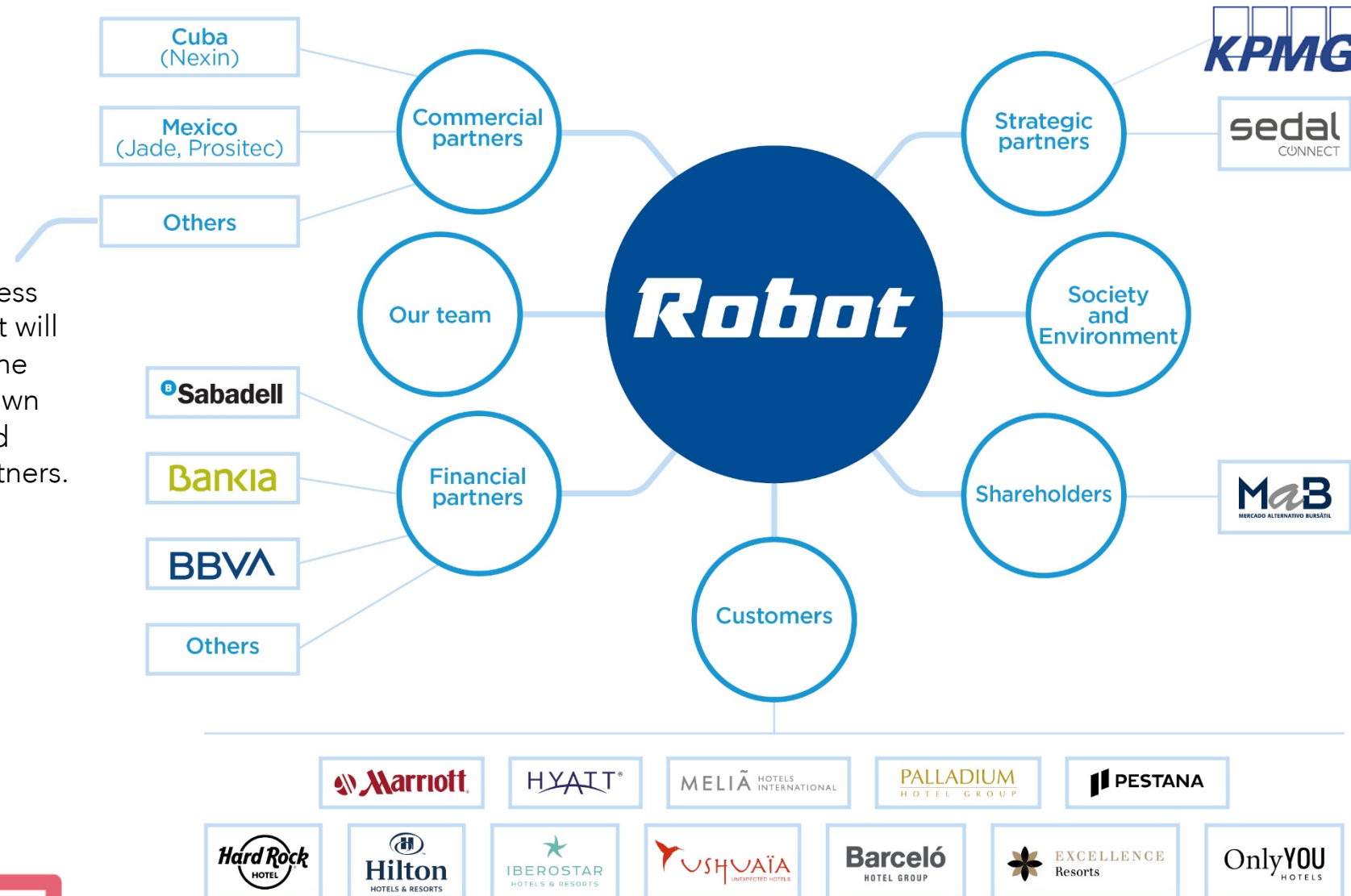
# Growth phases





The valuation includes the development of own delegations and business partners worldwide based on strategic stakeholders

Future business development will depend on the opening of own branches and business partners.



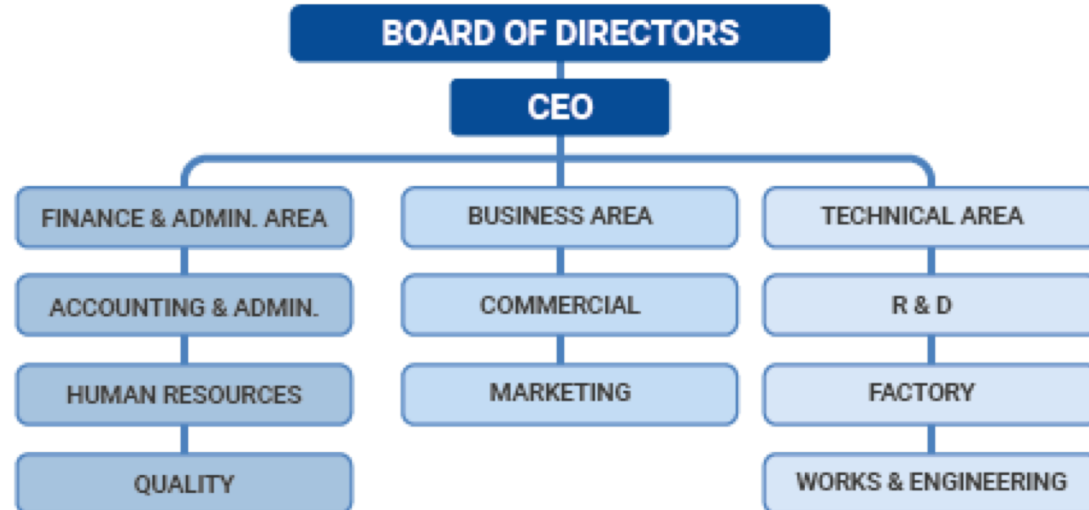
# Corporate statement in terms of ESG \*

question



(\*) Environment, Society, Governance

# Robot: organizational structure and main shareholders



## CEOs

Bernat Bonnin Pons-Estel  
Jaume Simonet Pou

## Shareholders as of June, 30 2019

Bernat Bonnin Pons-Estel	40,82%
Jaume Simonet Pou	14,87%
Lorenzo Ramón Vaquer	4,05%
José Alberto Antich	15,47%
Free Float	24,79%

In this context, a valuation of Robot S.A. is requested.

As it has been shown, due to the launch of the new Multilink technology, the technological restriction and commercial boundaries for the company disappears, enabling it to access projects for any location.

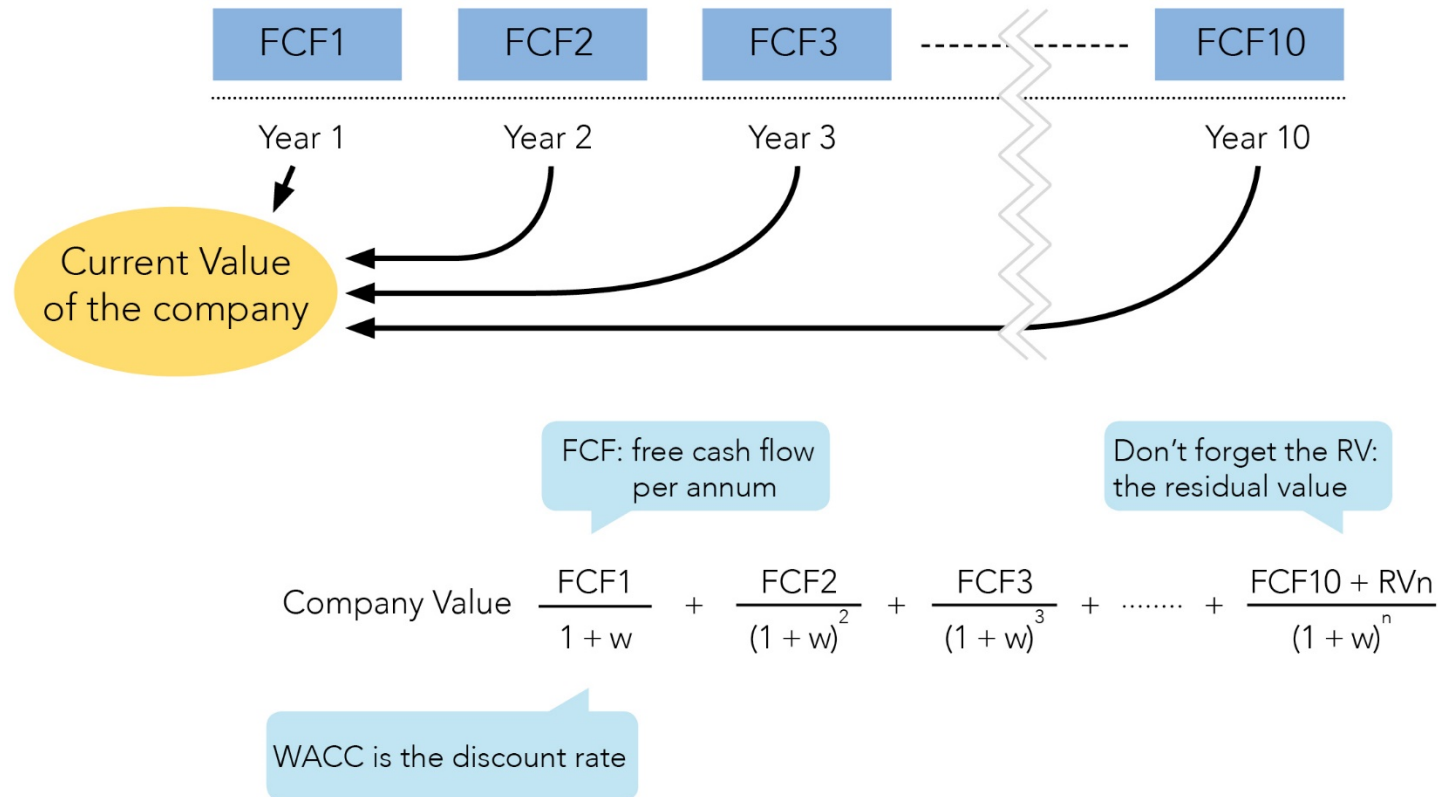
In this context, the company's challenge is the execution of the opening of its own commercial delegations as well as the signing of commercial agreements at a global level that allows it to develop its marketing and sales capacity and increase its revenue volume.

From there, the company requests an assessment of it that reflects the ability to generate additional net cash flows

# Methodology used for the valuation

- The methodology used for the valuation of the company is the discount of future **free cash flows** (FCF).
- The cash flow projections have been made based on the company's latest financial statements, other information provided by the company as well as that derived from conversations with the company's management.
- Free cash flows reflect both the operational evolution of the business as well as the fiscal evolution, the working capital and investment policy.
- Additional valuation techniques and methods have been considered to check the results
- The last closed financial statements of ROBOT S.A. are those relative to December 31, 2018.
- This report, on the other hand, is no guarantee of achieving financial forecasts nor the value of the company's shares.
- The information related to market prospects and future growth, have been verified with public information of the industry and its environment to verify their reasonableness.

## Discount of free cash flows (FCF) - methodology



### Steps for a projection

1. Projection of Free Cash Flows <sup>(1)</sup>
2. Choice of a target capital structure (Debt / Debt + Equity)
3. Calculation of a discount - WACC <sup>(2)</sup>
4. Bringing to present value the future flows to obtain the current value of the company

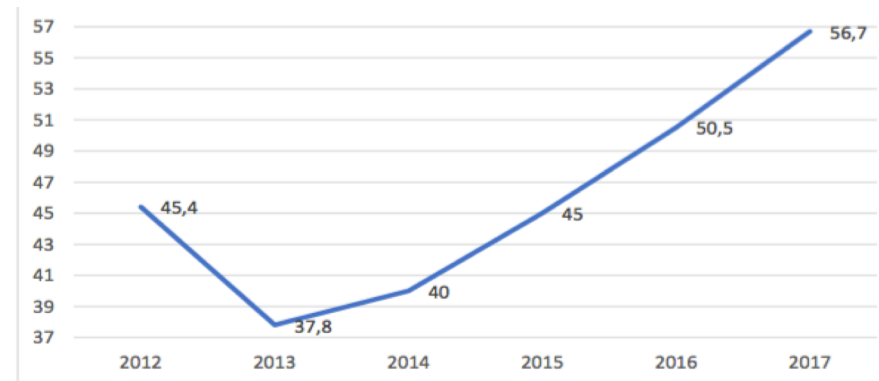
(1) Cash flows from Operation after taxes +/- Working Capital Fund - Investments

(2) Weighted Average Cost of Capital

## Environment: favorable perspectives

- According to the Spanish home automation association (CEDOM), the market for control and automation systems for homes and buildings registers significant growth and the **outlook is favorable**.
- At the level of European legislation, the progress to change the energy model stands out. In December 2016, the European Commission published a package of legislative measures called "Clean Energy Package" in order to maintain the competitiveness of the European Union in the **transition to clean energy**, which is changing the world energy markets.

In Spain, growing trend of control and automation systems



Revenue of the control and automation system manufacturers. 2012-2017 years.  
Source: CEDOM

## Other companies in the sector see potential

- Alarm.com expects an average annual growth of **21%** for the 2018-2022 period in the Global Intelligent Security Market.
- Universal Electronics gathers a growth of two categories of Smart Home Automation (Security and Climate Control): **20%** annual average for the next 5 years up to 3,000 million dollars. Additional categories such as smart lighting, blinds and Smart Hubs represent an additional 5.6 billion (source: ABI Research, Smart Home Systems, 2018).
- Control4, leader of control and automation solutions for connected home, notes the low level of market penetration and the great business opportunity of this type of solutions (Control4 has a market share of **1.6%** in the United States). The overall opportunity is significantly higher.





# Assumptions: Future Evolution Revenue

- The ROBOT Expansion plan incorporates substantial growth in its sales for the 2019-2023 period. The reason is the business development plan that incorporates the opening of own branches and agreements with local partners in different parts of the world.
- The projections, incorporate the opening of own delegations in Punta Cana, Cancun, the Canary Islands and London. At the date of preparation of this report, the company has an office of Punta Cana and in the process of opening that of Cancun. By business critical mass, it is understood that the Canary Islands is strategic for the company. The importance of London is explained, not only by the business that the United Kingdom can represent, but by London as a hub of engineering and construction projects for the Middle East, Australia and the rest of Europe, among others.
- Apart from the above, ROBOT S.A. plans 12 distribution agreements with local partners in Europe, the United States, Latin America and Southeast Asia.
- As a general rule, in the opening of own delegations and signing of agreements, there is a one-year gap between the opening, with its corresponding cost, and the beginning of income generation.

Data in thousand Euro	2018	2019	2020	2021	2022	2023	CAGR
Underlying Revenue	2.954	2.959	3.375	3.480	3.600	4.000	6%
Expansion Revenue	708	1.400	2.000	2.310	3.650	4.740	46%
Revenue - TOTAL	3662	4359	5375	5790	7250	8740	19%

# Business development - own delegations: rationale

The company understands that marketing, installation and maintenance of Robot control systems must be done locally, with constant visits to customers and prospects. For the selection of the markets that are initially intended to be addressed in the short and medium term, the following criteria have been taken into account:

1. Number of Potential Customers.
2. Level of Investment in the short and medium term.
3. Use of the Spanish or English language.
4. Tariff Barriers Level.
5. Political and Financial Stability.
6. Country Bridge for other Markets.

Once these criteria have been analyzed, the company has determined which are the main markets in which they intend to carry out its internationalization via own presence:

**Dominican Republic** and **Mexico**, are in full development, thanks to the need of the large hotel chains to renovate the resorts built ten or more years ago and, on the other hand, the constant creation of new projects that respond to the current existing demand. The strength of this market has determined the creation of a Robot delegation in Punta Cana (Dominican Republic) and the incorporation of a Commercial Delegate in Cancun (Mexico), all of which will be operational during the second half of 2019.

The **Canary Islands** region and its important hotel fleet, represents an important market that justifies the presence of a commercial delegate who can directly manage the marketing of Robot systems in the area. The incorporation of a commercial delegate is planned for early 2020.

Europe, and thanks to the new Multilink technology, becomes one of the big markets to explode. The constant opening or remodeling of hotels and other types of buildings (offices, hospitals, industries, etc.), and the current relationship with large hotel chains, allows the company to access a large potential territory. As the first European destination, **London** is considered an ideal place to start marketing, since a large number of construction or renovation projects for all types of buildings are carried out every year from the own existing engineering in the City, both for the internal market and for other foreign markets such as the areas of the Middle East or Southeast Asia.

# Business development - business partners: rationale

The company also has the will to develop in other large potential markets, through Partners, such as:

- Other countries in Europe considered important markets are **Italy, Portugal, Germany, France, Greece, Holland**, etc.
- **Middle East**, where countries such as Qatar or the United Arab Emirates (Dubai), are part of an emerging market where oil is the main investment engine.
- **Uruguay, Chile, Peru**, are countries that, from their political stability and internal growth, are potential markets and at the same time entry platforms to other countries in the area.
- **USA** (Miami, San Diego): there are factors that make this country a potential market such as the size of the domestic market, the little implementation to date of energy saving and control systems, and the increasing need for these due to the higher costs energy. The US is also an entry point for other countries.
- **Vietnam, Myanmar and Thailand**. In these countries there are ambitious investment programs in tourism infrastructure, as in the case of Vietnam where it is intended to invest in projects with a total value of 8,700 million euros, to be developed over the next ten years. As explained by the National Tourism Authority of Vietnam, the State would contribute 20% of the funds while the rest would come from private, local and foreign investments. In any case, investments in Vietnam will be aimed at promoting coastal tourism, congresses, ecotourism and health tourism. In total, there are 625 projects underway.

# Challenges and opening pace of business partners

The company does not have the required human and financial resources to work autonomously in the different selected markets. Therefore, with the exception of the Dominican Republic, Mexico or the UK, where a Robot delegation will be opened soon, the company considers that the best option is to reach agreements with Local Commercial Partners that meet the following requirements:

- Experience and knowledge in the **hotel** sector.
- Capacity to import products and therefore to carry out the corresponding **customs procedures**.
- Importance of the **marketing** department and its capacity of reaching all the possible clients of their market.
- Capacity of the **technical team** to provide maintenance services appropriate to Robot's quality requirements.

The most important barriers to entry are at the level of tariffs that can be found in countries such as Brazil or the approvals that products need to access certain markets, such as UL certification for the United States market. Currently, Robot products have the CE certificate, so obtaining UL certification would be primarily an administrative and financial issue.

The company understands that these barriers are manageable through appropriate marketing and marketing strategies in each of the new markets

## Expected Opening Pace

Schedule	2019	2020	2021	2022	2023
<b>Own Delegations</b>					
Punta Cana	1 year	2 year	3 year	4 year	5 year
Cancun	1 year	2 year	3 year	4 year	5 year
Canary Islands		1 year	2 year	3 year	4 year
London		1 year	2 year	3 year	4 year
<b>Partners</b>					
Italy		1 year	2 year	3 year	4 year
Portugal		1 year	2 year	3 year	4 year
Qatar			1 year	2 year	3 year
Germany			1 year	2 year	3 year
Miami			1 year	2 year	3 year
Lima				1 year	2 year
Greece / France				1 year	2 year
Montevideo				1 year	2 year
Indonesia					1 year
San Diego					1 year
Benelux					1 year
Vietnam / Thailand / C.Verde					

# Assumptions of Expansion Expenses

In order to support growth, ROBOT S.A. needs to incorporate additional talent to the corporate layer in the commercial, administration, construction and programming technical field. Additionally, in their own delegations, personnel are also included, mainly in the commercial field. In the own delegations as well as in the agreements with commercial partners, additional expenses are included mainly in the commercial field.

The additional expense would be expressed as shown below:

<i>Data in thousand Euros</i>	2018	2019	2020	2021	2022	2023
Strengthening of the Commercial dept.		0	-42	-80	-125	-127
Strengthening of the Administration dept.		0	-32	-32	-33	-34
Strengthening of Works & Engineering dept		-38	-114	-196	-238	-242
International Expansion - Delegations		-75	-445	-454	-463	-472
International Expansion- Partners		0	-80	-170	-245	-320
<b>TOTAL</b>		<b>-113</b>	<b>-713</b>	<b>-932</b>	<b>-1.103</b>	<b>-1.195</b>

The number of people in ROBOT and its own delegations would evolve as follows::

	2018	2019	2020	2021	2022	2023	CAGR
Full Time Equivalent (FTE) - INDUSTRIAL	20	23	25	27	28	28	7%
Full Time Equivalent (FTE) - STRUCTURE	14	18	25	26	27	27	14%
<b>Full Time Equivalent (FTE) - TOTAL</b>	<b>34</b>	<b>41</b>	<b>50</b>	<b>53</b>	<b>55</b>	<b>55</b>	<b>10%</b>

## Other Operating expenses: higher cost of good sold in partners

- Maintenance of the **cost of the product on sales** in the underlying business (33.0%) and increase in areas of expansion (39.0%) due to product discounts of around 15% as a commercial action to encourage market penetration.
- In relation to **other operating expenses** (travel, transportation on sales, advice, advertising and promotion, etc.), an annual growth of 2.0%.
- **Unitary personnel expenses** will also have an increase of 2.0% for the forecasted period.

# Depreciation & amortization, investments, dividends and taxation

- **Depreciation and amortization** expenses are progressively increasing in terms of percentage of fixed assets, as a result of the investments made in Multilink technology that will also generate progressively increasing income. The mentioned technology is amortized over a period of 10 years.
- **ROBOT investments** are projected sustainably at a rate of 6% on the level of income (5% related to investment in intangible assets).
- The company's dividend policy, i.e. 20% to 30% of net profit after taxes, is maintained over time.
- In **fiscal** terms, the general corporate tax rate of 25% is maintained in the projections. Additionally, the deduction for research and development and technological innovation activities is applied. The effective tax rate evolves as follows until the 2023 period:

	2018	2019	2020	2021	2022	2023
Earnings Before Taxes (EBT)	319	704	732	682	1.429	2.261
Effective Tax Rate	-15%	6,4%	11,3%	10,3%	18,0%	20,6%
Taxes	48	-45	-83	-70	-257	-465

# Working capital and financials

- Regarding the **working capital** evolution, customer ratios on sales, stock on total supplies as well as the suppliers on purchases ratio is maintained on the projections. In response to the significant revenue growth in the period, there is a significant investment in the working capital in the period 2020-2024 to stabilize from there.
- In relation to **financial debt** assumptions, we have incorporated the existing debt repayment plan as of December 31, 2018 in relation to bank loans as well as loans from the Center for Industrial Technological Development (CDTI) and the Spanish Ministry of Economy, Industry and Competitiveness.
- The average **financial expense** before taxes for the reference period stands between 2.0% and 3.0%

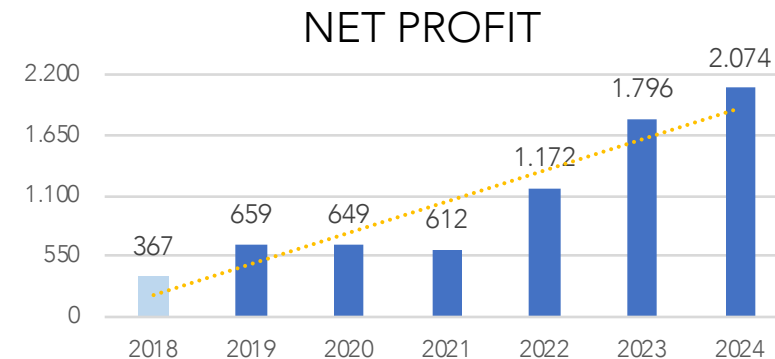
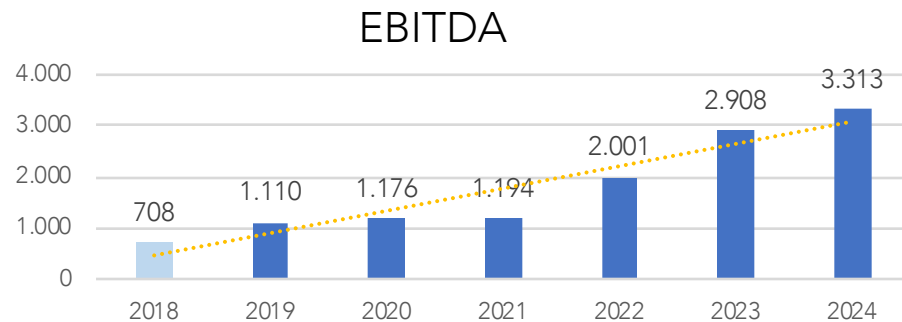
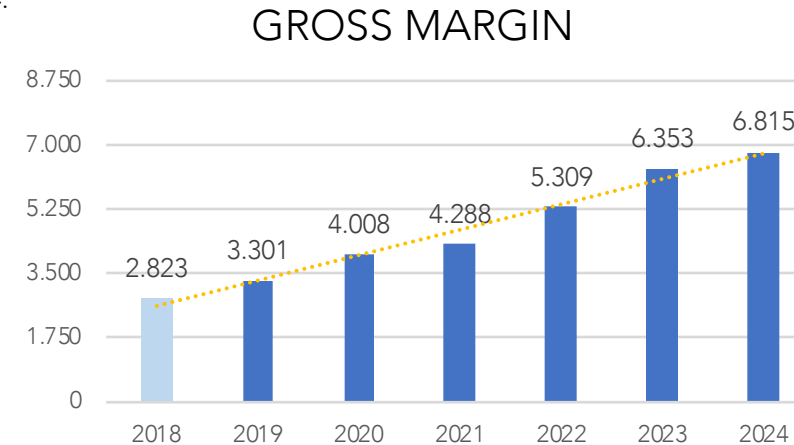
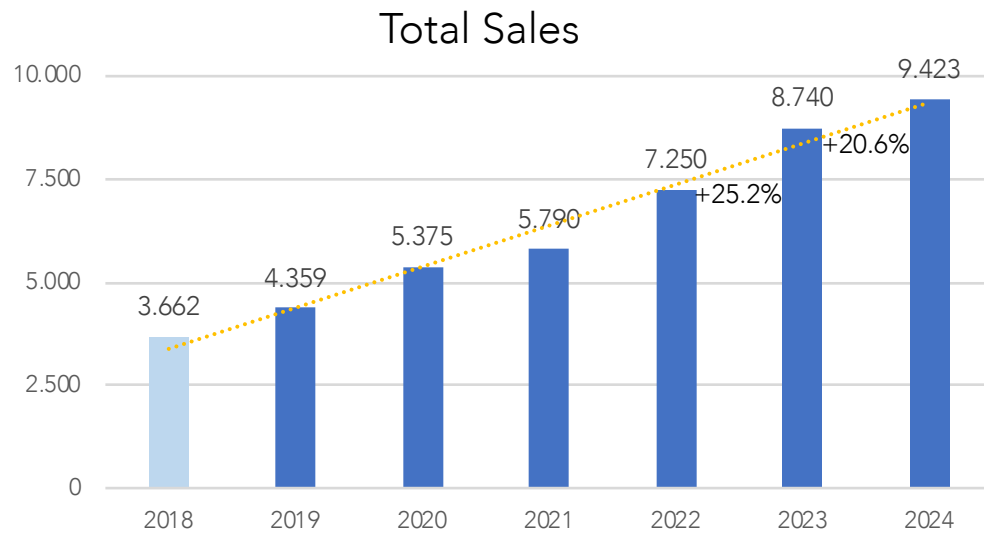


# Economic Projections: Income Statement

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FINANCIAL STATEMENTS – P6L	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Product Sales	2.991	3.513	4.513	4.911	6.354	7.827	8.492	8.556	8.621	8.688	8.756
Income for services	652	815	831	848	865	882	900	918	936	955	974
assistance works	18	31	31	31	31	31	32	32	33	34	34
<b>Total Sales</b>	<b>3.662</b>	<b>4.359</b>	<b>5.375</b>	<b>5.790</b>	<b>7.250</b>	<b>8.740</b>	<b>9.423</b>	<b>9.506</b>	<b>9.591</b>	<b>9.677</b>	<b>9.765</b>
Variation of Stock-in-Trade	-7	0	0	0	0	0	0	0	0	0	0
Works Carried Out by the Company for its Assets	271	244	269	289	362	437	471	475	480	484	488
<b>TOTAL REVENUES</b>	<b>3.926</b>	<b>4.603</b>	<b>5.644</b>	<b>6.079</b>	<b>7.612</b>	<b>9.177</b>	<b>9.894</b>	<b>9.981</b>	<b>10.070</b>	<b>10.161</b>	<b>10.253</b>
Increment (%)	-7%	17%	23%	8%	25%	21%	8%	1%	1%	1%	1%
<b>GROSS MARGIN</b>	<b>2.823</b>	<b>3.301</b>	<b>4.008</b>	<b>4.288</b>	<b>5.309</b>	<b>6.353</b>	<b>6.815</b>	<b>6.878</b>	<b>6.942</b>	<b>7.007</b>	<b>7.073</b>
<b>INDUSTRIAL MARGIN</b>	<b>1.934</b>	<b>2.382</b>	<b>2.995</b>	<b>3.175</b>	<b>4.137</b>	<b>5.157</b>	<b>5.595</b>	<b>5.633</b>	<b>5.673</b>	<b>5.713</b>	<b>5.754</b>
Increment (%)	-16%	23%	26%	6%	30%	25%	8%	1%	1%	1%	1%
Margin (%)	49%	52%	53%	52%	54%	56%	57%	56%	56%	56%	56%
<b>EBITDA</b>	<b>708</b>	<b>1.110</b>	<b>1.176</b>	<b>1.194</b>	<b>2.001</b>	<b>2.908</b>	<b>3.313</b>	<b>3.312</b>	<b>3.312</b>	<b>3.312</b>	<b>3.312</b>
Increment (%)	-48%	57%	6%	2%	68%	45%	14%	0%	0%	0%	0%
Margin (%)	18,0%	24,1%	21%	20%	26%	32%	33%	33%	33%	33%	32%
<b>EBIT</b>	<b>380</b>	<b>775</b>	<b>781</b>	<b>725</b>	<b>1.465</b>	<b>2.291</b>	<b>2.665</b>	<b>2.658</b>	<b>2.607</b>	<b>2.585</b>	<b>2.535</b>
<b>Total Financial Results</b>	<b>-60</b>	<b>-71</b>	<b>-49</b>	<b>-43</b>	<b>-36</b>	<b>-30</b>	<b>-23</b>	<b>-17</b>	<b>-12</b>	<b>-7</b>	<b>0</b>
<b>ORDINARY ACTIVITIES</b>	<b>319</b>	<b>704</b>	<b>732</b>	<b>682</b>	<b>1.429</b>	<b>2.261</b>	<b>2.641</b>	<b>2.641</b>	<b>2.595</b>	<b>2.577</b>	<b>2.535</b>
Earnings Before Taxes (EBT)	319	704	732	682	1.429	2.261	2.641	2.641	2.595	2.577	2.535
<b>NET PROFIT</b>	<b>367</b>	<b>659</b>	<b>649</b>	<b>612</b>	<b>1.172</b>	<b>1.796</b>	<b>2.074</b>	<b>2.076</b>	<b>2.043</b>	<b>2.032</b>	<b>2.002</b>

# Profit & Loss account: significant increase from 2022 onwards



There is a significant increase in the income statement indicators from 2022 onwards, thanks to the increase, of the own delegations and, subsequently, the agreements with commercial partners

# Free Cash Flow evolution

question

FINANCIAL STATEMENTS- CASH FLOW	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
<b>NET PROFIT</b>	<b>367</b>	<b>659</b>	<b>649</b>	<b>612</b>	<b>1.172</b>	<b>1.796</b>	<b>2.074</b>	<b>2.076</b>	<b>2.043</b>	<b>2.032</b>	<b>2.002</b>
+ Financial Expenses	61	43	49	43	36	30	23	17	12	7	0
- Financial Expenses x t	-15	-11	-12	-11	-9	-8	-6	-4	-3	-2	0
<b>NOPAT</b>	<b>413</b>	<b>692</b>	<b>686</b>	<b>644</b>	<b>1.199</b>	<b>1.819</b>	<b>2.092</b>	<b>2.089</b>	<b>2.052</b>	<b>2.038</b>	<b>2.002</b>
+ D&A	328	335	395	469	535	617	648	654	705	728	777
<b>FFO ( FUNDS FROM OPERATIONS )</b>	<b>741</b>	<b>1.027</b>	<b>1.081</b>	<b>1.113</b>	<b>1.734</b>	<b>2.435</b>	<b>2.740</b>	<b>2.743</b>	<b>2.758</b>	<b>2.765</b>	<b>2.779</b>
- WC increase	0	-140	-513	-142	-598	-505	-357	-41	-41	-42	-43
+ WC decrease	216	0	0	0	0	0	0	0	0	0	0
<b>CFO ( CASH FLOW FROM OPERATIONS )</b>	<b>956</b>	<b>887</b>	<b>568</b>	<b>971</b>	<b>1.136</b>	<b>1.930</b>	<b>2.383</b>	<b>2.702</b>	<b>2.716</b>	<b>2.723</b>	<b>2.736</b>
- Intangible Assets increase	-313	-244	-269	-289	-362	-437	-471	-475	-480	-484	-488
- Tangible Assets increase	-236	-44	-54	-58	-72	-87	-94	-95	-96	-97	-98
- Financial Assets increase	0	0	0	0	0	0	0	0	0	0	0
+Fixed Assets decrease	0	0	0	0	0	0	0	0	0	0	0
+Intangible Assets decrease	0	0	0	0	0	0	0	0	0	0	0
+ Financial Assets decrease	3	0	0	34	0	0	0	0	0	0	0
<b>FREE CASH FLOW (FCF)</b>	<b>410</b>	<b>599</b>	<b>245</b>	<b>657</b>	<b>701</b>	<b>1.406</b>	<b>1.818</b>	<b>2.132</b>	<b>2.141</b>	<b>2.142</b>	<b>2.150</b>

## Valuation Method and discount rate

- The discount rate to apply in the valuation of the company is the weighted average cost of capital, (WACC), which evaluates the weighted average of the cost of external resources (debt) and the cost of internal resources (equity) after taxes.
- Cost of **external resources**: is the rate at which the company can receive money borrowed by others.
- Cost of **equity**: is the rate at which the company can receive money borrowed by its shareholders. The most commonly used method for calculating this cost is known as Capital Assets Pricing Model (CAPM), based on the fact that the Cost of Equity ( $K_e$ ) is a consequence of the sum of a risk-free rate (RFR) and a Market Risk Premium (MRP)

$$K_e = \text{RFR} + \beta * (\text{MRP})$$

- Beta ( $\beta$ ) is the risk factor (variability of the expected return) and is obtained as a result of the calculation of the historical volatility of the company's share price in relation to the benchmark of the market in which it is listed.

# Discount Rate (WACC)

WACC COMPONENTS		NOTES
Risk Free Rate (RFR)	-0,38%	German bond 10 years ( as of July 5th 2019 )
Spanish Bonds - 10 Years	0,40%	As of July 5th 2019
Debt Beta $\beta_d$	0	Not considered
Unleveraged Beta, $\beta_u$ (Asset Beta)	1,06	Average beta of listed companies in the sector
Leveraged Beta, $\beta_L$ (Equity Beta)	1,41	Adjusted beta to capital structure ( D / D + E )
Equity Risk Premium (ERP)	8,18%	Spanish equity market premium ( 2019 )
Country Premium	0,78%	Difference between German and Spanish government bond yields
$K_e = RFR + \beta_L * ERP$	12,97%	Cost of equity
Tax rate (t)	25,0%	General corporate tax rate at which financial expenses are deducted
Cost of Debt $K_d$	4,75%	Current company's cost of financing
	3,56%	
D / ( D + E )	25%	Debt Weighting in the Target Capital Structure
E / ( D + E )	75%	Equity Weighting in the Target Capital Structure
Weighted cost of Debt	0,89%	Weighted cost of Debt
Weighted cost of Equity	9,71%	Weighted cost of Equity
$WACC = K_d (1-t) * D / (D+E) + K_e * E / (D+E)$	10,61%	$WACC = K_d (1-t) * D / (D+E) + K_e * E / (D+E)$

# Valuation shares of Robot, S.A.

question

Free Cash flow Forecast	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
FREE CASH FLOW (FCF)	599	245	657	701	1.406	1.818	2.132	2.141	2.142	2.150
PERPETUITY										25.486
FCF + PERPETUITY	599	245	657	701	1.406	1.818	2.132	2.141	2.142	27.636
DISCOUNT FACTORS	0,90	0,82	0,74	0,67	0,60	0,55	0,49	0,45	0,40	0,36
FCF + PERPETUITYx DISCOUNT FACTORS	541,4	200,5	485,8	468,6	849,1	992,7	1.052,8	955,7	864,6	10.085

Valuation	
$K_d * (1 - t)$	3,56%
$K_e = RFR + \beta L * ERP$	13,0%
$D / (D + E)$	25%
$E / (D + E)$	75%
$g$	2,00%
$WACC = K_d (1-t) * D / (D+E) + K_e * E / (D+E)$	10,6%
ENTREPRISE VALUE	16.496
DEBT	1.034
EQUITY VALUE	15.463
SHARE VALUE	5,42 €

- The valuation has been carried out with a capital structure that reflects the financial policy of ROBOT, S.A.
- The cost of equity is 13.0% compared to the cost of debt after taxes of 3.56%
- The weighted average cost of capital is 10.6% resulting in a company value of 16.5 million euros and a share value of 5.42 euros per share

# Sensitivity of valuation to the discount rate (WACC) and the of long-term growth rate (g)

WACC/g	1,00%	1,50%	2,00%	2,50%	3,00%
7,0%	9,2 €	9,8 €	10,6 €	11,5 €	12,6 €
7,5%	8,4 €	8,9 €	9,5 €	10,2 €	11,0 €
8,0%	7,6 €	8,0 €	8,5 €	9,1 €	9,8 €
8,5%	7,0 €	7,3 €	7,7 €	8,2 €	8,7 €
9,0%	6,4 €	6,7 €	7,0 €	7,4 €	7,9 €
9,5%	5,9 €	6,2 €	6,5 €	6,8 €	7,2 €
10,0%	5,5 €	5,7 €	6,0 €	6,2 €	6,5 €
10,6%	5,1 €	5,2 €	5,4 €	5,6 €	5,9 €
11,0%	4,8 €	4,9 €	5,1 €	5,3 €	5,5 €
11,5%	4,5 €	4,6 €	4,8 €	4,9 €	5,1 €
12,0%	4,2 €	4,3 €	4,5 €	4,6 €	4,8 €
12,5%	3,9 €	4,1 €	4,2 €	4,3 €	4,4 €
13,0%	3,7 €	3,8 €	3,9 €	4,0 €	4,1 €