

3m Results 2020

Opinion ⁽¹⁾: In line

Impact ⁽¹⁾: We will maintain our estimates

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1Q20 results in line in a year which will progressively improve

Market Data

Market Cap (Mn EUR and USD)	73.6	81.2
EV (Mn EUR and USD)	109.8	121.2
Shares Outstanding (Mn)	23.1	
-12m (Max/Med/Mín EUR)	4.66 / 3.60 / 2.98	
Daily Avg volume (-12m Mn)	n.m.	
Rotation ⁽²⁾	0.83	
Thomson Reuters / Bloomberg	BAINS.MC / BAIN SM	
Close fiscal year	31-May	

Shareholders Structure (%)

Borges International Group	89.1
Board Members	0.3
Free Float	10.6

Financials (Mn EUR)

	2019	2020e	2021e	2022e
Adj. nº shares (Mn)	23.1	23.1	23.1	23.1
Total Revenues	177.8	189.0	198.8	208.9
Rec. EBITDA	2.1	6.4	10.1	12.4
% growth	-63.0	201.8	59.5	22.3
% Rec. EBITDA/Rev.	1.2	3.4	5.1	5.9
% Inc. EBITDA sector ⁽³⁾	5.3	7.3	6.8	5.2
Net Profit	2.4	3.0	4.8	6.2
EPS (EUR)	0.10	0.13	0.21	0.27
% growth	-27.7	24.6	61.3	29.3
Ord. EPS (EUR)	0.04	0.13	0.21	0.27
% growth	-73.7	n.a.	59.6	28.6
Rec. Free Cash Flow	-4.5	-3.1	1.0	2.9
Pay-out (%)	0.0	0.0	0.0	0.0
DPS (EUR)	0.00	0.00	0.00	0.00
Net financial debt	38.4	40.2	37.8	33.6
ND/Rec. EBITDA (x)	18.3	6.3	3.7	2.7
ROE (%)	4.1	4.9	7.5	8.9
ROCE (%) ⁽⁵⁾	0.8	3.5	5.0	6.2

Ratios & Multiples (x)

	2019	2020e	2021e	2022e
P/E	30.8	24.7	15.3	11.9
Ord. P/E	77.4	24.0	15.1	11.7
P/BV	1.2	1.2	1.1	1.0
Dividend Yield (%)	0.0	0.0	0.0	0.0
EV/Sales	0.62	0.58	0.55	0.53
EV/Rec. EBITDA	52.2	17.3	10.8	8.9
FCF Yield (%)	n.a.	n.a.	1.4	3.9

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

- (1) The opinion about results is in respect of reported EBITDA and its relation to our estimate for the year (12m). The impact reflects whether, as a consequence of these results, we envisage a significant (>5%) upgrade or downgrade to our EBITDA estimates (for any of the estimated years).
- (2) Total volume traded in the share (Mn EUR) -12m vs Mkt Cap. Represents the % of the capitalisation traded -12m.
- (3) Expected EBITDA growth (consensus) for the share's benchmark sector (Thomson Reuters Europe Food Processing).
- (4) vs Thomson Reuters Europe Food Processing.

PICK-UP IN REVENUES +12.3% Y/Y (+7.7% volumes and +3.9% prices, vs. +2.2% and -16.6% respectively in 1Q19). Growth has been underpinned by the rebound in sales of almonds (+22% y/y, +13% y/y volumes and c. +9% in prices) and other nuts (+6% y/y), making up for the still weak performance of walnuts (-30% y/y, with double-digit falls in price).

FAVoured IN THE SHORT TERM BY REDUCED EXPECTATIONS FOR U.S. PRODUCTION AND THE CURRENT IMPORT TARIFF UNCERTAINTY. The pick-up in almond prices has been favoured by lower initial expectations for US output (-3% y/y), and, partly, by the impact that future increases in import tariffs on almonds from the US could have on anticipated demand. However, an eventual larger harvest than announced in July by NASS and a certain elasticity of demand in the face of sustained price increases, could slow the rise in prices.

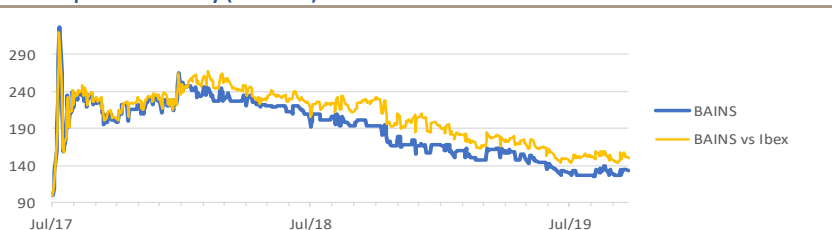
WITH A WORSENING OF RECURRENT EBITDA (EUR -0.2Mn), due to higher costs associated with the increase in plantations under cultivation but not yet productive (+5.1% y/y).

...WHICH WE EXPECT TO TURN AROUND OVER THE YEAR, backed by good forecasts for the current harvest (+23.3% y/y 2020e), operating efficiencies and a more favourable price context. The contribution of the harvest (2Q20) will be reflected in a recovery of margins in coming quarters (we project recurrent EBITDA of EUR 6.4Mn 2020e vs EUR 2.1 Mn 2019).

REDUCTION OF DEBT (ND/Rec. EBITDA 7.3X). A decline in ND of -6.2% y/y (EUR 46.3Mn). Leverage will continue to decrease over the year (6.3x 2020e) despite higher CAPEX (+11% y/y).

WE MAINTAIN OUR NUMBERS FOR 2020, after a 1Q shaped by the operating effort associated with the increase in plantations, with a likely recovery in the lower part of the P/L over the year (+3x y/y in recurrent EBITDA and margin for the year as a whole), against what *a priori* should be a favourable backdrop for production and prices (but dependent on the impact of import tariffs).

Relative performance -5y (Base 100)



Stock performance (%)

	-1m	-3m	-12m	YTD	-3Y	-5Y
Absolute	0.0	0.0	-30.9	-19.7	n.a.	n.a.
vs Ibex 35	-2.3	-0.3	-34.1	-26.7	n.a.	n.a.
vs Ibex Small Cap Index	-1.2	0.9	-31.2	-25.9	n.a.	n.a.
vs Eurostoxx 50	-1.3	-2.7	-38.3	-33.0	n.a.	n.a.
vs Sector benchmark ⁽⁴⁾	0.0	-3.2	-46.6	-38.3	n.a.	n.a.

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1Q 2020 Results

Toda referencia a los resultados del periodo a 3M será al periodo comprendido entre el 1 de junio y el 31 de agosto.

	1Q20	1Q19	1Q20 vs 1Q19	2020e	2020e vs 2019
Total Revenues	43.3	38.6	12%	189.0	6.3%
Walnuts	2.2	3.1	-30%	17.8	-25.2%
Almonds	30.8	25.2	22%	117.4	-6.4%
Other nuts	7.8	7.4	6%	43.2	83.0%
Other products	2.6	2.9	-9%	10.7	113.8%
Rec. EBITDA ⁽¹⁾	-0.2	0.4	-1.4	6.4	201.8%
<i>Rec. EBITDA / Rev.</i>	<i>-0.4%</i>	<i>1.0%</i>	<i>-1.3 p.p.</i>	<i>3.4%</i>	<i>2.2 p.p.</i>
EBITDA ⁽¹⁾	-0.3	0.2	-2.1	6.2	229.7%
<i>EBITDA / Rev.</i>	<i>-0.6%</i>	<i>0.6%</i>	<i>-1.2 p.p.</i>	<i>3.3%</i>	<i>2.2 p.p.</i>
EBT	-0.4	-0.2	78.1%	3.9	28.7%
NP	-0.3	-0.2	100.6%	3.0	24.7%
Ordinary NP	-0.3	-0.2	100.6%	3.0	298.8%
Ha. managed ⁽³⁾	2,523.0	2,401.5	5.1%	2,518.0	4.9%
Volume ⁽²⁾	7,501	7,012	7.0%	35,726	1.5%
Tns. produced	-	-	n.a.	2,825	23.3%
Net Debt	46.3	49.3	-6.2%	40.2	4.6%
ND / Rec. EBITDA	7.3 x	23.4 x	-16.1 x	6.3 x	-11.9 x

⁽¹⁾ EBITDA and Rec. EBITDA adjusted. It excludes capitalized expense.

⁽²⁾ Excluding subproducts.

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Recommendation History

Date of report	Recommendation	Price (EUR)	Target price (EUR)	Period of validity	Reason for report	Analyst
16-Oct-2019	n.a.	3.18	n.a.	n.a.	3m Results 2020	Ana Isabel González García
01-Aug-2019	n.a.	3.16	n.a.	n.a.	12m Results 2019	Ana Isabel González García
25-Apr-2019	n.a.	3.72	n.a.	n.a.	9m Results 2019	Ana Isabel González García
11-Apr-2019	n.a.	3.84	n.a.	n.a.	Initial Coverage	Ana Isabel González García