Naturhouse Health

LIGHTHOUSE WINNER 2020 Special Mention — European Commission — European Small & Mid-Cap Awards

EQUITY - SPAIN
Sector: Personal Products

Report date: 22 Jun 2021
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3m Results 2021 - Estimates upgrade
Closing price: EUR 1.69 (21 Jun 2021)

3m Results 2021
Opinion [1]: Above expectations
Impact [1]: We raise our estimates

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Naturhouse Health (NTH) is a small family group with headquarters in Madrid (Spain), specialising (c.30 years) in nutrition and the re-education of eating habits (dietetics). With an international presence (c. 80% of revenue; France, Italy and Poland being its core markets). It is managed and controlled by the founding family (77.1% of capital).

Market Data

Market Cap (Mn EUR and USD)	101.4	120.8
EV (Mn EUR and USD) [2]	87.6	104.4
Shares Outstanding (Mn)	60.0	
-12m (Max/Med/Mín EUR)	1.93 / 1.57 / 1.17	
Daily Avg volume (-12m Mn EUR)	0.05	
Rotation [3]	13.6	
Refinitiv / Bloomberg	NTH.MC / NTH SM	
Close fiscal year	31-Dec	

Shareholders Structure (%)

Mr. F. Revuelta & Family	77.1
Free Float	22.9

Financials (Mn EUR)	2020	2021e	2022e	2023e
Adj. nº shares (Mn)	60.0	60.0	60.0	60.0
Total Revenues	56.2	64.2	67.8	72.9
Rec. EBITDA [4]	17.4	21.2	22.1	24.0
% growth	*-24.8*	*22.0*	*4.3*	*8.8*
% Rec. EBITDA/Rev.	*30.9*	*33.0*	*32.6*	*33.0*
% Inc. EBITDA sector [5]	*11.4*	*8.8*	*11.0*	*5.5*
Net Profit	9.4	12.9	13.6	14.9
EPS (EUR)	0.16	0.22	0.23	0.25
% growth	*-29.3*	*38.0*	*4.7*	*9.7*
Ord. EPS (EUR)	0.16	0.22	0.23	0.25
% growth	*-29.0*	*40.5*	*4.7*	*9.7*
Rec. Free Cash Flow [6]	8.8	12.4	13.2	14.3
Pay-out (%)	*0.0*	*27.8*	*85.0*	*85.0*
DPS (EUR)	0.00	0.06	0.19	0.21
Net financial debt	-17.0	-25.8	-27.0	-28.8
ND/Rec. EBITDA (x)	-1.0	-1.2	-1.2	-1.2
ROE (%)	*44.2*	*42.2*	*37.6*	*39.1*
ROCE (%) [6]	*91.9*	*131.7*	*136.1*	*147.6*

Ratios & Multiples (x) [7]	2020	2021e	2022e	2023e
P/E	10.8	7.8	7.5	6.8
Ord. P/E	10.8	7.7	7.3	6.7
P/BV	3.9	2.9	2.8	2.6
Dividend Yield (%)	*0.0*	*3.6*	*11.4*	*12.5*
EV/Sales	1.56	1.36	1.29	1.20
EV/Rec. EBITDA	5.0	4.1	4.0	3.6
EV/EBIT	6.2	4.7	4.5	4.1
FCF Yield (%) [6]	*8.7*	*12.2*	*13.0*	*14.1*

(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) Financial projections include IFRS 16 adjustments. FY 19 EBITDA is c. EUR 3.5Mn higher due to IFRS 16.
(5) Sector: TR Europe Food Processing.
(6) Please see Appendix 2 for the theoretical tax rate (ROCE) and rec. FCF calculation.
(7) Multiples and ratios calculated over prices at the date of this report.

Very good results (1Q21) accompanied by an extraordinary dividend

REVENUES IMPACTED BY COVID-19 (EUR 14.8Mn, -11.9% y/y), with uneven performances by the various markets. Italy saw revenue pick up (+4.2% y/y; EUR 4.4Mn, 29.6% of consolidated revenue) being the first market to be impacted by Covid-19 (1Q20), partly making up for the worse performance of the remaining markets: -12.4% y/y in Spain (EUR 2.9Mn, 19.8% of revenues) and c. 20% in the other countries, that even so reflects a deceleration of the decline vs. 4Q20.

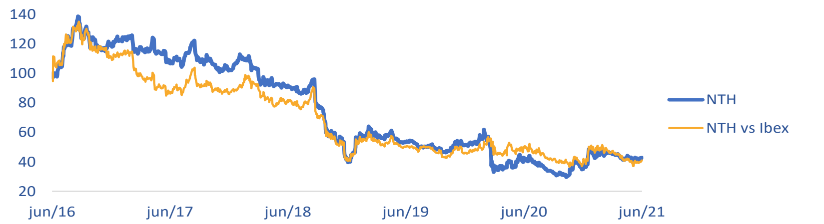
STRONG PERFORMANCE BY THE ONLINE CHANNEL, THE MAINSTAY OF COMPANY STRATEGY. Rolled out at the beginning of 2020 (in Europe), it contributed c. 3.5% of sales, exceeding our estimates for the year (c. 2.3% 2021e). Although its contribution could vary with the gradual recovery of normality, NTH seeks to offset lower sales from the closure of centres (-42 centres y/y as a whole between owned and franchised outlets vs. 2020) with online sales.

RECORDING MARGIN HIGHS (39.4% REC. EBITDA/REVENUE, +14.6p.p. y/y), thanks to the reduction of personnel costs as a result of the extension of the furlough scheme in Spain and lower costs due to the closure of unprofitable centres (-12% vs. 2020). As a result, Rec. EBITDA has risen to EUR 5.9Mn (+40% y/y), -5.6% vs. 1Q19, this improvement accelerating at the EBIT line (EUR 5.2Mn, +57.5% y/y due to the smaller impact of IFRS-16).

STRENGTHENING THE BALANCE SHEET (EUR 21.2Mn IN NET CASH 1Q21, c. 5x y/y) AND ANNOUNCING AN "EXTRAORDINARY" DIVIDEND: EUR 3.6Mn to be charged to freely disposable reserves (pre-2020; there are restrictions on dividend payments charged to earnings generated in those years in which the company has adopted the furlough scheme). The DPS (EUR 0.06/share) will be paid out on 3 September. Although NTH has margin to remunerate its shareholders (c. EUR 28 in reserves), it has announced a pay-out freeze until the health crisis has ended.

IN CONCLUSION, VERY GOOD RESULTS THAT HAVE NOT BEEN PRICED IN. We upgrade our estimates (c. +4% for EBIT on average; lower leasing and advertising costs), including the announced dividend (2021). Our numbers envisage an increase in operating costs (2H) associated with the potential opening of own centres (2H), the ending of the furlough scheme and an increase in advertising costs in line with the economic recovery. NTH is trading at 7.8x 2021e P/E, offering a FCF yield >12%, that should be attractive to investors.

Relative performance (Base 100)



Stock performance (%)	-1m	-3m	-12m	YTD	-3Y	-5Y
Absolute	1.5	-7.1	-0.3	9.0	-53.3	-57.1
vs Ibex 35	3.2	-12.9	-18.3	-2.7	-50.0	-58.9
vs Ibex Small Cap Index	-2.3	-8.8	-29.6	-1.4	-59.1	-79.0
vs Eurostoxx 50	-0.6	-13.4	-20.7	-5.8	-61.4	-69.0
vs Sector benchmark [5]	-1.7	-15.8	-4.8	0.1	-67.1	-69.3

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

3M 2021 Results

Table 1. 1Q 2021 Results

EUR Mn	3m21 Real	3m20	3m21 Real vs 3m20	2021e	2021e vs 2020
Total Revenues	**14.8**	**16.9**	**-11.9%**	**64.2**	**14.2%**
France	5.1	6.3	-19.4%		n.a.
Spain	2.9	3.3	-12.1%		n.a.
Italy	4.4	4.2	4.2%		n.a.
Poland	1.7	2.3	-24.4%		n.a.
ROW	0.4	0.5	-21.2%		n.a.
Other income	0.3	0.2	57.1%		
Recurrent EBITDA	**5.9**	**4.2**	**40.0%**	**21.2**	**22.0%**
Rec. EBITDA/Revenues	*39.4%*	*24.8%*	*14.6 p.p.*	*33.0%*	*2.1 p.p.*
EBITDA	**5.9**	**4.2**	**40.0%**	**21.2**	**21.6%**
EBITDA/Revenues	*39.4%*	*24.8%*	*14.6 p.p.*	*33.0%*	*2.0 p.p.*
EBIT	**5.2**	**3.3**	**57.5%**	**18.6**	**31.0%**
PBT	**5.2**	**3.4**	**51.4%**	**18.9**	**39.8%**
NP	**3.6**	**2.5**	**45.2%**	**12.9**	**38.0%**
Nr. Of Centers	1744	2109	-365	1788	0
Owned o/total (%)	*5.7%*	*10.9%*	*-5.1 p.p.*	*7.5%*	*1.2 p.p.*
Online Sales (%)	*3.5%*	*0.0%*	*3.5 p.p.*	*2.3%*	*0.5 p.p.*
Net Debt*	-21.2	-4.1	-414%	-25.8	-51%
ND / EBITDA	-3.6 x	-1.0 x	-2.6 x	-1.2 x	-0.2 x

Table 2. Review of estimates

EUR Mn	2021e (New)	2021e (Old)	Review	2022e (New)	2022e (Old)	Review	2023e (New)	2023e (Old)	Review
Total Revenues	**64.2**	**64.3**	**0.0%**	**67.8**	**67.9**	**0.0%**	**72.9**	**72.9**	**0.0%**
Recurrent EBITDA	**21.2**	**20.3**	**4.6%**	**22.1**	**21.4**	**3.3%**	**24.0**	**23.3**	**3.1%**
Recurrent EBITDA growth	*22.0%*	*16.6%*	*5.4 p.p.*	*4.3%*	*5.6%*	*-1.4 p.p.*	*8.8%*	*9.0%*	*-0.2 p.p.*
Rec. EBITDA/Revenues	*33.0%*	*31.5%*	*1.5 p.p.*	*32.6%*	*31.5%*	*1.0 p.p.*	*33.0%*	*32.0%*	*1.0 p.p.*
EBIT	**18.6**	**17.6**	**5.4%**	**19.4**	**18.8**	**3.5%**	**21.3**	**20.7**	**3.1%**
Net Profit	**12.9**	**12.5**	**3.7%**	**13.6**	**13.3**	**2.0%**	**14.9**	**14.6**	**1.6%**
Rec. Free Cash Flow	**12.4**	**12.2**	**1.1%**	**13.2**	**13.2**	**-0.2%**	**14.3**	**14.3**	**-0.2%**
ND/Rec. EBITDA	**-1.2 x**	**-1.4 x**	**0.2 x**	**-1.2 x**	**-1.4 x**	**0.2 x**	**-1.2 x**	**-1.4 x**	**0.2 x**

Valuation inputs

Inputs for the DCF Valuation Approach

	2021e	2022e	2023e	Terminal Value [1]
Free Cash Flow "To the Firm"	**12.8**	**13.6**	**14.7**	**230.3**

	Central		Best Case	Worst Case
Market Cap	**101.4**	At the date of this report		
Net financial debt	**-17.0**	Debt net of Cash (12m Results 2020)		
Cost of Debt	0.2%	Net debt cost	-0.1%	0.4%
Tax rate (T)	20.0%	T (Normalised tax rate)	=	=
Net debt cost	**0.1%**	**Kd = Cost of Net Debt * (1-T)**	**-0.1%**	**0.3%**
Risk free rate (rf)	0.5%	Rf (10y Spanish bond yield)	=	=
Equity risk premium	9.0%	R (own estimate)	8.5%	9.5%
Beta (B)	1.0	B (own estimate)	0.9	1.1
Cost of Equity	**9.5%**	**Ke = Rf + (R * B)**	**8.1%**	**10.9%**
Equity / (Equity + Net Debt)	100.0%	E (Market Cap as equity value)	=	=
Net Debt / (Equity + Net Debt)	0.0%	D	=	=
WACC	**9.5%**	**WACC = Kd * D + Ke * E**	**8.1%**	**10.9%**
G "Fair"	**2.0%**		**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.

Free Cash Flow sensitivity analysis (2022e)

A) Rec. EBITDA and EV/EBITDA sensitivity to changes in EBITDA/Sales

Scenario	EBITDA/Sales 22e	EBITDA 22e	EV/EBITDA 22e
Max	35.9%	24.3	3.6x
Central	32.6%	22.1	4.0x
Min	29.3%	19.9	4.4x

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

Rec. FCF EUR Mn	CAPEX/Sales 22e		
EBITDA 22e	1.0%	1.5%	2.0%
24.3	15.7	15.4	15.1
22.1	13.5	13.2	12.8
19.9	11.3	10.9	10.6

Scenario	Rec. FCF/Yield 22e		
Max	15.5%	15.2%	14.9%
Central	13.3%	13.0%	12.6%
Min	11.1%	10.8%	10.4%

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Appendix 1. Financial Projections(1)

Balance Sheet (EUR Mn)	2016	2017	2018	2019	2020	2021e	2022e	2023e
Intangible assets	1.9	1.7	1.4	8.9	3.7	3.7	3.7	3.7
Fixed assets	4.9	5.0	3.8	2.0	1.2	1.4	1.7	2.0
Other Non Current Assets	3.6	3.5	3.6	3.4	3.5	3.5	3.5	3.5
Financial Investments	0.9	1.0	0.8	0.8	0.6	1.0	1.3	1.7
Goodwill & Other Intangilbles	-	-	-	-	-	-	-	-
Current assets	15.9	19.3	16.3	12.2	11.8	12.2	12.1	12.4
Total assets	**27.2**	**30.5**	**25.9**	**27.3**	**21.0**	**21.8**	**22.4**	**23.3**
Equity	27.1	24.5	18.8	16.5	26.0	35.3	36.8	39.3
Minority Interests	0.0	0.0	0.0	0.1	0.1	0.1	0.1	0.1
Provisions & Other L/T Liabilities	1.4	1.5	1.2	1.1	1.4	1.4	1.4	1.4
Other Non Current Liabilities	-	-	-	5.2	2.5	2.5	2.5	2.5
Net financial debt	(12.8)	(5.2)	(5.4)	(5.0)	(17.0)	(25.8)	(27.0)	(28.8)
Current Liabilities	11.4	9.7	11.2	9.5	8.1	8.4	8.6	8.9
Equity & Total Liabilities	**27.2**	**30.5**	**25.9**	**27.3**	**21.0**	**21.8**	**22.4**	**23.3**

									CAGR	
P&L (EUR Mn)	**2016**	**2017**	**2018**	**2019**	**2020**	**2021e**	**2022e**	**2023e**	**16-20**	**20-23e**
Total Revenues	**98.3**	**95.4**	**88.7**	**82.4**	**56.2**	**64.2**	**67.8**	**72.9**	***-13.0%***	***9.0%***
Total Revenues growth	*1.8%*	*-2.9%*	*-7.1%*	*-7.1%*	*-31.7%*	*14.2%*	*5.6%*	*7.4%*		
COGS	(28.6)	(27.1)	(25.2)	(23.8)	(15.9)	(18.8)	(19.7)	(21.1)		
Gross Margin	**69.7**	**68.3**	**63.5**	**58.5**	**40.4**	**45.4**	**48.1**	**51.8**	***-12.8%***	***8.7%***
Gross Margin/Revenues	*70.9%*	*71.6%*	*71.6%*	*71.0%*	*71.8%*	*70.7%*	*70.9%*	*71.1%*		
Personnel Expenses	(19.3)	(20.4)	(20.7)	(19.3)	(12.4)	(13.2)	(13.7)	(14.1)		
Other Operating Expenses	(17.8)	(17.7)	(19.6)	(16.1)	(10.6)	(11.0)	(12.3)	(13.6)		
Recurrent EBITDA	**32.6**	**30.3**	**23.2**	**23.1**	**17.4**	**21.2**	**22.1**	**24.0**	***-14.6%***	***11.4%***
Recurrent EBITDA growth	*-3.5%*	*-7.2%*	*-23.4%*	*-0.3%*	*-24.8%*	*22.0%*	*4.3%*	*8.8%*		
Rec. EBITDA/Revenues	*33.2%*	*31.7%*	*26.2%*	*28.1%*	*30.9%*	*33.0%*	*32.6%*	*33.0%*		
Restructuring Expense & Other non-rec.	(0.2)	(0.9)	0.1	(0.2)	0.1	-	-	-		
EBITDA	**32.4**	**29.4**	**23.3**	**22.9**	**17.4**	**21.2**	**22.1**	**24.0**	***-14.3%***	***11.3%***
Depreciation & Provisions	(1.0)	(1.1)	(1.1)	(1.0)	(0.7)	(0.6)	(0.7)	(0.7)		
Capitalized Expense	-	-	-	-	-	-	-	-		
Rentals (IFRS 16 impact)	-	-	-	(3.3)	(2.5)	(2.0)	(2.0)	(2.0)		
EBIT	**31.4**	**28.3**	**22.1**	**18.6**	**14.2**	**18.6**	**19.4**	**21.3**	***-18.0%***	***14.6%***
EBIT growth	*-3.4%*	*-9.9%*	*-21.6%*	*-15.9%*	*-24.0%*	*31.0%*	*4.7%*	*9.7%*		
EBIT/Revenues	*31.9%*	*29.6%*	*25.0%*	*22.6%*	*25.2%*	*28.9%*	*28.6%*	*29.3%*		
Impact of Goodwill & Others	-	-	-	-	(0.9)	-	-	-		
Net Financial Result	(0.1)	(0.0)	(0.0)	(0.2)	(0.0)	(0.0)	(0.0)	0.0		
Income by the Equity Method	0.8	0.4	0.6	0.2	0.3	0.3	0.4	0.4		
Ordinary Profit	**32.1**	**28.7**	**22.7**	**18.7**	**13.5**	**18.9**	**19.8**	**21.7**	***-19.5%***	***17.1%***
Ordinary Profit Growth	*-3.1%*	*-10.7%*	*-20.7%*	*-17.7%*	*-27.7%*	*39.8%*	*4.7%*	*9.7%*		
Extraordinary Results	-	-	-	0.5	-	-	-	-		
Profit Before Tax	**32.1**	**28.7**	**22.7**	**19.2**	**13.5**	**18.9**	**19.8**	**21.7**	***-19.5%***	***17.1%***
Tax Expense	(9.6)	(8.8)	(7.4)	(6.0)	(4.1)	(6.0)	(6.2)	(6.9)		
Effective Tax Rate	*30.0%*	*30.7%*	*32.4%*	*31.4%*	*30.5%*	*31.5%*	*31.5%*	*31.5%*		
Minority Interests	0.0	0.0	0.0	0.1	(0.0)	-	-	-		
Discontinued Activities	-	-	-	-	-	-	-	-		
Net Profit	**22.5**	**19.9**	**15.4**	**13.3**	**9.4**	**12.9**	**13.6**	**14.9**	***-19.7%***	***16.6%***
Net Profit growth	*-1.6%*	*-11.8%*	*-22.6%*	*-13.8%*	*-29.3%*	*38.0%*	*4.7%*	*9.7%*		
Ordinary Net Profit	**22.7**	**20.7**	**15.9**	**13.3**	**9.4**	**13.2**	**13.9**	**15.2**	***-19.7%***	***17.3%***
Ordinary Net Profit growth	*-3.2%*	*-8.7%*	*-23.4%*	*-16.4%*	*-29.0%*	*40.5%*	*4.7%*	*9.7%*		

									CAGR	
Cash Flow (EUR Mn)	**2016**	**2017**	**2018**	**2019**	**2020**	**2021e**	**2022e**	**2023e**	**16-20**	**20-23e**
Recurrent EBITDA						**21.2**	**22.1**	**24.0**	***-14.6%***	***11.4%***
Rentals (IFRS 16 impact)						(2.0)	(2.0)	(2.0)		
Working Capital Increase						(0.1)	0.3	0.1		
Recurrent Operating Cash Flow						**19.1**	**20.4**	**22.1**	***-13.8%***	***16.8%***
CAPEX						(0.8)	(1.0)	(1.0)		
Net Financial Result affecting the Cash Flow						(0.0)	(0.0)	0.0		
Tax Expense						(6.0)	(6.2)	(6.9)		
Recurrent Free Cash Flow						**12.4**	**13.2**	**14.3**	***-11.3%***	***17.3%***
Restructuring Expense & Other non-rec.						-	-	-		
- Acquisitions / + Divestures of assets						-	-	-		
Extraordinary Inc./Exp. Affecting Cash Flow						-	-	-		
Free Cash Flow						**12.4**	**13.2**	**14.3**	***-4.7%***	***6.3%***
Capital Increase						-	-	-		
Dividends						(3.6)	(12.0)	(12.4)		
Net Debt Variation						**(8.8)**	**(1.2)**	**(1.9)**		

Note 1: Financial projections include IFRS 16 adjustments. FY 19 EBITDA is c. EUR 3.5Mn higher due to IFRS 16.

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Appendix 2. Free Cash Flow(1)

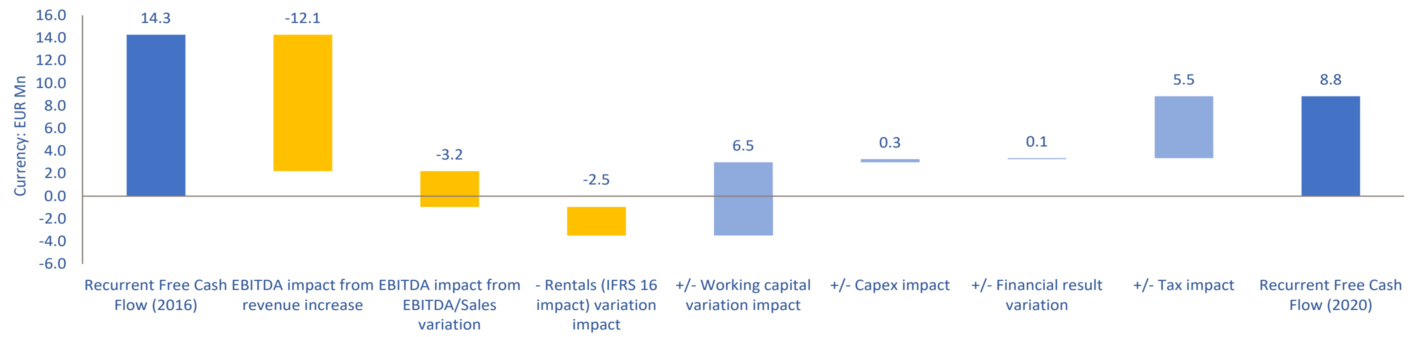
A) Cash Flow Analysis (EUR Mn)	2017	2018	2019	2020	2021e	2022e	2023e	CAGR 17-20	CAGR 20-23e
Recurrent EBITDA	**30.3**	**23.2**	**23.1**	**17.4**	**21.2**	**22.1**	**24.0**	*-16.9%*	*11.4%*
Recurrent EBITDA growth	*-7.2%*	*-23.4%*	*-0.3%*	*-24.8%*	*22.0%*	*4.3%*	*8.8%*		
Rec. EBITDA/Revenues	*31.7%*	*26.2%*	*28.1%*	*30.9%*	*33.0%*	*32.6%*	*33.0%*		
- Rentals (IFRS 16 impact)	-	-	(3.3)	(2.5)	(2.0)	(2.0)	(2.0)		
+/- Working Capital increase	(5.1)	4.5	2.4	(1.0)	(0.1)	0.3	0.1		
= Recurrent Operating Cash Flow	**25.2**	**27.7**	**22.2**	**13.9**	**19.1**	**20.4**	**22.1**	*-18.1%*	*16.8%*
Rec. Operating Cash Flow growth	*0.2%*	*9.9%*	*-19.9%*	*-37.6%*	*37.7%*	*6.9%*	*8.3%*		
Rec. Operating Cash Flow / Sales	*26.4%*	*31.3%*	*27.0%*	*24.7%*	*29.7%*	*30.1%*	*30.3%*		
- CAPEX	(1.3)	(0.7)	(0.9)	(0.9)	(0.8)	(1.0)	(1.0)		
- Net Financial Result affecting Cash Flow	(0.0)	(0.0)	(0.2)	(0.0)	(0.0)	(0.0)	0.0		
- Taxes	(8.8)	(7.4)	(6.0)	(4.1)	(6.0)	(6.2)	(6.9)		
= Recurrent Free Cash Flow	**15.0**	**19.6**	**15.1**	**8.8**	**12.4**	**13.2**	**14.3**	*-16.2%*	*17.3%*
Rec. Free Cash Flow growth	*5.2%*	*30.4%*	*-22.9%*	*-41.4%*	*39.7%*	*6.5%*	*8.4%*		
Rec. Free Cash Flow / Revenues	*15.8%*	*22.1%*	*18.3%*	*15.7%*	*19.2%*	*19.4%*	*19.6%*		
- Restructuring expenses & others	(0.8)	(0.2)	0.0	1.0	-	-	-		
- Acquisitions / + Divestments	0.3	1.3	(0.9)	2.0	-	-	-		
+/- Extraordinary Inc./Exp. affecting Cash Flow	-	-	0.5	-	-	-	-		
= Free Cash Flow	**14.6**	**20.8**	**14.7**	**11.9**	**12.4**	**13.2**	**14.3**	*-6.5%*	*6.3%*
Free Cash Flow growth	*1.1%*	*42.6%*	*-29.0%*	*-19.4%*	*4.0%*	*6.5%*	*8.4%*		
Recurrent Free Cash Flow - Yield (s/Mkt Cap)	*14.8%*	*19.3%*	*14.9%*	*8.7%*	*12.2%*	*13.0%*	*14.1%*		
Free Cash Flow Yield (s/Mkt Cap)	*14.4%*	*20.5%*	*14.5%*	*11.7%*	*12.2%*	*13.0%*	*14.1%*		

B) Analytical Review of Annual Recurrent Free Cash Flow Performance (Eur Mn)	2017	2018	2019	2020	2021e	2022e	2023e
Recurrent FCF(FY - 1)	**14.3**	**15.0**	**19.6**	**15.1**	**8.8**	**12.4**	**13.2**
EBITDA impact from revenue increase	(0.9)	(2.2)	(1.6)	(7.3)	2.5	1.2	1.6
EBITDA impact from EBITDA/Sales variation	(1.4)	(4.9)	1.6	1.6	1.3	(0.3)	0.3
= Recurrent EBITDA variation	**(2.3)**	**(7.1)**	**(0.1)**	**(5.7)**	**3.8**	**0.9**	**1.9**
- Rentals (IFRS 16 impact) variation impact	-	-	(3.3)	0.7	0.5	-	-
+/- Working capital variation impact	2.4	9.6	(2.2)	(3.3)	0.9	0.4	(0.2)
= Recurrent Operating Cash Flow variation	**0.1**	**2.5**	**(5.5)**	**(8.3)**	**5.2**	**1.3**	**1.7**
+/- CAPEX impact	(0.2)	0.6	(0.2)	0.0	0.1	(0.2)	-
+/- Financial result variation	0.1	0.0	(0.2)	0.2	0.0	-	0.0
+/- Tax impact	0.8	1.4	1.3	1.9	(1.8)	(0.3)	(0.6)
= Recurrent Free Cash Flow variation	**0.7**	**4.6**	**(4.5)**	**(6.3)**	**3.5**	**0.8**	**1.1**
Recurrent Free Cash Flow	**15.0**	**19.6**	**15.1**	**8.8**	**12.4**	**13.2**	**14.3**

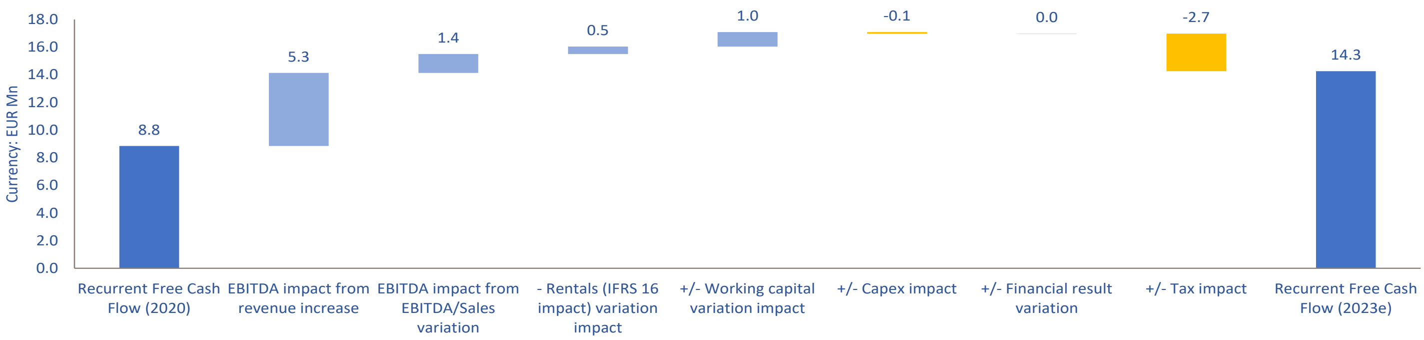
C) "FCF to the Firm" (pre debt service) (EUR Mn)	2017	2018	2019	2020	2021e	2022e	2023e	CAGR 17-20	CAGR 20-23e
EBIT	**28.3**	**22.1**	**18.6**	**14.2**	**18.6**	**19.4**	**21.3**	*-20.6%*	*14.6%*
** Theoretical Tax rate*	*30.0%*	*30.0%*	*30.0%*	*30.0%*	*30.0%*	*30.0%*	*30.0%*		
= Taxes (pre- Net Financial Result)	(8.5)	(6.6)	(5.6)	(4.3)	(5.6)	(5.8)	(6.4)		
Recurrent EBITDA	**30.3**	**23.2**	**23.1**	**17.4**	**21.2**	**22.1**	**24.0**	*-16.9%*	*11.4%*
- Rentals (IFRS 16 impact)	-	-	(3.3)	(2.5)	(2.0)	(2.0)	(2.0)		
+/- Working Capital increase	(5.1)	4.5	2.4	(1.0)	(0.1)	0.3	0.1		
= Recurrent Operating Cash Flow	**25.2**	**27.7**	**22.2**	**13.9**	**19.1**	**20.4**	**22.1**	*-18.1%*	*16.8%*
- CAPEX	(1.3)	(0.7)	(0.9)	(0.9)	(0.8)	(1.0)	(1.0)		
- Taxes (pre- Financial Result)	(8.5)	(6.6)	(5.6)	(4.3)	(5.6)	(5.8)	(6.4)		
= Recurrent Free Cash Flow (To the Firm)	**15.4**	**20.3**	**15.7**	**8.7**	**12.8**	**13.6**	**14.7**	*-17.2%*	*19.0%*
Rec. Free Cash Flow (To the Firm) growth	*5.5%*	*32.1%*	*-22.7%*	*-44.5%*	*46.1%*	*6.4%*	*8.4%*		
Rec. Free Cash Flow (To the Firm) / Revenues	16.1%	22.9%	19.1%	15.5%	19.9%	20.0%	20.2%		
- Acquisitions / + Divestments	0.3	1.3	(0.9)	2.0	-	-	-		
+/- Extraordinary Inc./Exp. affecting Cash Flow	-	-	0.5	-	-	-	-		
= Free Cash Flow "To the Firm"	**15.7**	**21.7**	**15.4**	**10.7**	**12.8**	**13.6**	**14.7**	*-11.9%*	*11.1%*
Free Cash Flow (To the Firm) growth	*5.1%*	*37.8%*	*-29.2%*	*-30.1%*	*18.8%*	*6.4%*	*8.4%*		
Rec. Free Cash Flow To the Firm Yield (o/EV)	*17.6%*	*23.2%*	*17.9%*	*10.0%*	*14.6%*	*15.5%*	*16.8%*		
Free Cash Flow "To the Firm" - Yield (o/EV)	*17.9%*	*24.7%*	*17.5%*	*12.3%*	*14.6%*	*15.5%*	*16.8%*		

Note 1: Financial projections include IFRS 16 adjustments. FY 19 EBITDA is c. EUR 3.5Mn higher due to IFRS 16.

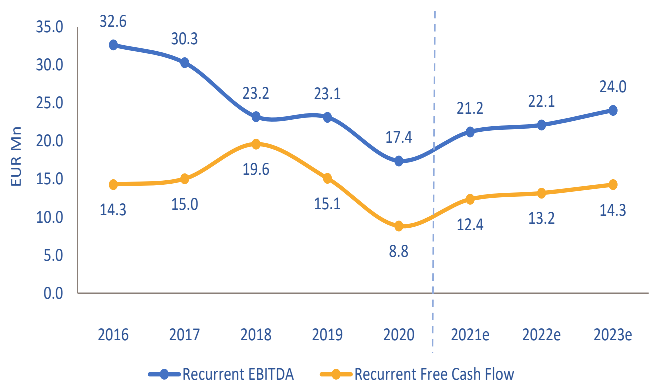
Recurrent Free Cash Flow accumulated variation analysis (2016 - 2020)



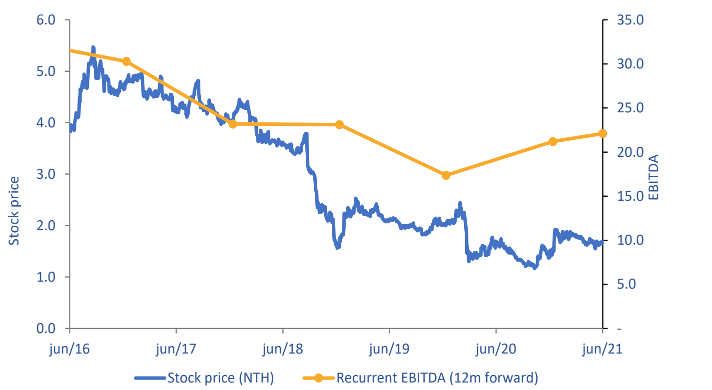
Recurrent Free Cash Flow accumulated variation analysis (2020 - 2023e)



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	101.4	
+ Minority Interests	0.1	12m Results 2020
+ Provisions & Other L/T Liabilities	1.5	3m Results 2021
+ Net financial debt	(21.2)	3m Results 2021
- Financial Investments	0.8	3m Results 2021
+/- Others		
Enterprise Value (EV)	**81.0**	

Appendix 4. Historical performance (1)(2)

Historical performance (EUR Mn)	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021e	2022e	2023e	CAGR 14-20	CAGR 20-23e
Total Revenues					**96.4**	**96.6**	**98.3**	**95.4**	**88.7**	**82.4**	**56.2**	**64.2**	**67.8**	**72.9**	***-8.6%***	***9.0%***
Total Revenues growth					*56.7%*	*0.2%*	*1.8%*	*-2.9%*	*-7.1%*	*-7.1%*	*-31.7%*	*14.2%*	*5.6%*	*7.4%*		
EBITDA					**33.7**	**33.6**	**32.4**	**29.4**	**23.3**	**22.9**	**17.4**	**21.2**	**22.1**	**24.0**	***-10.4%***	***11.3%***
EBITDA growth					*143.8%*	*-0.2%*	*-3.7%*	*-9.3%*	*-20.8%*	*-1.4%*	*-24.0%*	*21.6%*	*4.3%*	*8.8%*		
EBITDA/Sales					*34.9%*	*34.8%*	*32.9%*	*30.8%*	*26.2%*	*27.8%*	*31.0%*	*33.0%*	*32.6%*	*33.0%*		
Net Profit					**22.6**	**22.9**	**22.5**	**19.9**	**15.4**	**13.3**	**9.4**	**12.9**	**13.6**	**14.9**	***-13.6%***	***16.6%***
Net Profit growth					*164.0%*	*1.3%*	*-1.6%*	*-11.8%*	*-22.6%*	*-13.8%*	*-29.3%*	*38.0%*	*4.7%*	*9.7%*		
Adjusted number shares (Mn)					60.0	60.0	60.0	60.0	60.0	60.0	60.0	60.0	60.0	60.0		
EPS (EUR)					0.38	0.38	0.38	0.33	0.26	0.22	0.16	0.22	0.23	0.25	*-13.6%*	*16.6%*
EPS growth					*-100.0%*	*1.3%*	*-1.6%*	*-11.8%*	*-22.6%*	*-13.8%*	*-29.3%*	*38.0%*	*4.7%*	*9.7%*		
Ord. EPS (EUR)					0.38	0.38	0.38	0.35	0.26	0.22	0.16	0.22	0.23	0.25	*-13.6%*	*17.3%*
Ord. EPS growth					*-100.0%*	*1.8%*	*-1.3%*	*-8.7%*	*-23.4%*	*-16.4%*	*-29.0%*	*40.5%*	*4.7%*	*9.7%*		
CAPEX					(3.1)	(0.9)	(1.2)	(1.3)	(0.7)	(0.9)	(0.9)	(0.8)	(1.0)	(1.0)		
CAPEX/Sales %)					*3.2%*	*0.9%*	*1.2%*	*1.4%*	*0.8%*	*1.1%*	*1.6%*	*1.2%*	*1.5%*	*1.4%*		
Free Cash Flow					**38.9**	**30.9**	**14.4**	**14.6**	**20.8**	**14.7**	**11.9**	**12.4**	**13.2**	**14.3**	**-17.9%**	**6.3%**
ND/EBITDA (x) (3)					*0.0x*	*-0.4x*	*-0.4x*	*-0.2x*	*-0.2x*	*-0.2x*	*-1.0x*	*-1.2x*	-1.2x	-1.2x		
P/E (x)					*n.a.*	*10.1x*	*12.7x*	*12.2x*	*6.2x*	*9.0x*	*9.9x*	*7.8x*	7.5x	6.8x		
EV/Sales (x)					*0.01x*	*2.25x*	*2.76x*	*2.41x*	*1.02x*	*1.39x*	*1.57x*	*1.36x*	1.29x	1.20x		
EV/EBITDA (x) (3)					*0.0x*	*6.5x*	*8.4x*	*7.8x*	*3.9x*	*5.0x*	*5.1x*	*4.1x*	4.0x	3.6x		
Absolute performance					*n.a.*	*n.a.*	*23.4%*	*-15.0%*	*-60.9%*	*26.5%*	*-22.3%*	*9.0%*				
Relative performance vs Ibex 35					*n.a.*	*n.a.*	*26.0%*	*-20.8%*	*-54.1%*	*13.1%*	*-8.2%*	*-2.7%*				

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).
Note 2: Financial projections include IFRS 16 adjustments. FY 19 EBITDA is c. EUR 3.5Mn higher due to IFRS 16.
Note 3: All ratios and multiples on EBITDA refer to total EBITDA (not to recurrent EBITDA).

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Date of report	Recommendation	Price (EUR)	Target price (EUR)	Period of validity	Reason for report	Analyst
22-Jun-2021	n.a.	1.69	n.a.	n.a.	3m Results 2021 - Estimates upgrade	Ana Isabel González García, CIIA
23-Apr-2021	n.a.	1.63	n.a.	n.a.	Initiation of Coverage	Ana Isabel González García, CIIA

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