

EQUITY - SPAIN

Sector: Personal Products

Closing price: EUR 1.58 (15 Mar 2024)

Report date: 18 Mar 2024 (10:55h)

12m Results 2023 - Estimates upgrade

Independent Equity Research

12m Results 2023

 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 (36%), Italy (29%) and Poland (11%) being its core markets). It is managed and controlled by the founding family (78.1% of capital).

2023: halt to the drop in revenue and record margins. We are revising up our estimates

LOWER PACE OF DECLINE IN REVENUE (-3.2% VS 2022)... Despite steady and gradual store closures (1,433; -123 vs. 2022), online sales (5% of revenues) and higher average sales per store (+5%; LFL: +3.8%) tempered the impact on 2023 revenue, which amounted to EUR 50.9Mn (vs. EUR 52.4Mn in 2022). This beat our estimates (EUR 45.5Mn). By markets, revenue was largely stable in Italy and France (c.-1.5%), but still struggled in Spain (-9.5%) and Poland (-7%).

...BUT RECORD MARGINS (RECURRING EBITDA MARGIN 2023: 36.5%). Margins were at all-time highs thanks to the sharp reduction in personnel expenses (-12%) and advertising spend (-24%). Deft management of operating expenses and a hefty gross margin (73.1%; +1.5p.p. vs 2022) enabled NTH to deliver recurring EBITDA of EUR 18.6Mn (+18%), lifting the recurring EBITDA margin for 2023 to 36.5% (+5.6p.p.).

DOUBLE-DIGIT BOTTOM LINE GROWTH (+17.3% VS 2022). Margin expansion feed through to similar growth in net profit, to EUR 11.3Mn (vs EUR 9.6Mn in 2022).

WORKING CAPITAL BOOSTED THE COMPANY'S "ALREADY" HIGH CASH GENERATIVE ABILITY. NET CASH 2023: EUR 22.5MN (24% OF MKT CAP). The overhead cost-light structure of the business model alongside cash inflows from extraordinary working capital resulted in an increase in recurring FCF in 2023 to EUR 18.4Mn. NTH ended 2023 with net cash of EUR 22.5Mn (24% of its mkt. cap). This allows it to remunerate shareholders (the mainstay of NTH's strategy). Payout ratio: 53% (vs. historical range of 85%-100%, expected to recover starting in 2024. With a projected dividend yield of c.9% (2024e – 2026e).

2023 EARNINGS PROMPT US TO RAISE OUR NUMBERS. The company's 2023 earnings beat our estimates, so we are revising up our estimates for 2024e and beyond. We are now estimating revenue in 2024e of EUR 50.0Mn (+14,6% vs. our previous est.), with 1,386 stores (vs our previous estimate of 1,415) offset by higher average sales per store. Even though we are likely to see normalisation in margins, we still expect EBITDA of EUR 16.3Mn (+20.4% vs our previous estimate).

IN SHORT: THE P&L IS STARTING TO REVERSE TREND, WITH FCF YIELD >9%. Despite an adverse backdrop (inflation, interest rate hikes) and the emergence of substitute products (Ozempicy, Wegovy), it seems that NTH has begun to bottom out. So, we think 2024e could be a year of transition before the company begins growing again from 2025e. NTH is trading at a P/E 24e of 9.2x (and FCF Yield 24e: 10%). We're looking at a real "value" story, protected by a c.9% dividend yield. Cash is king!

Market Data

Market Cap (Mn EUR and USD)	94.5	102.9
EV (Mn EUR and USD) ⁽²⁾	76.7	83.5
Shares Outstanding (Mn)	60.0	
-12m (Max/Med/Min EUR)	1.78 / 1.62 / 1.53	
Daily Avg volume (-12m Mn EUR)	0.03	
Rotation ⁽³⁾	8.3	
Factset / Bloomberg	NTH-ES / NTH SM	
Close fiscal year	31-Dec	

Shareholders Structure (%)

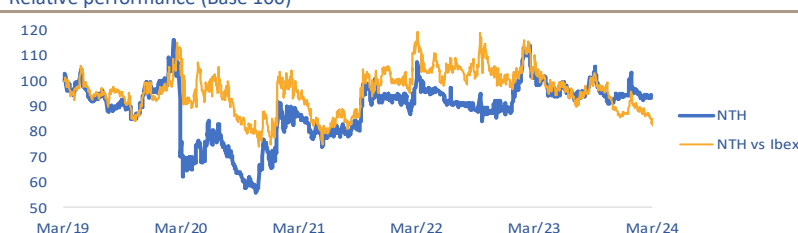
Mr. F. Revuelta & Family	78.1
Free Float	22.0

Financials (Mn EUR)

	2023	2024e	2025e	2026e
Adj. nº shares (Mn)	60.0	60.0	60.0	60.0
Total Revenues	50.9	50.0	51.0	52.4
Rec. EBITDA	18.6	16.3	16.5	16.6
% growth	18.0	-12.0	1.0	0.9
% Rec. EBITDA/Rev.	36.5	32.6	32.3	31.7
% Inc. EBITDA sector ⁽⁴⁾	8.5	8.6	7.9	6.5
Net Profit	11.3	10.3	10.5	10.5
EPS (EUR)	0.19	0.17	0.17	0.17
% growth	17.3	-9.2	1.9	0.2
Ord. EPS (EUR)	0.19	0.17	0.17	0.17
% growth	12.6	-9.3	1.9	0.2
Rec. Free Cash Flow ⁽⁵⁾	18.4	9.6	9.4	9.6
Pay-out (%)	53.1	80.0	80.0	80.0
DPS (EUR)	0.10	0.14	0.14	0.14
Net financial debt	-22.5	-23.0	-25.0	-26.1
ND/Rec. EBITDA (x)	-1.2	-1.4	-1.5	-1.6
ROE (%)	38.7	32.9	31.3	29.2
ROCE (%) ⁽⁵⁾	72.3	78.8	75.2	70.3

Ratios & Multiples (x) ⁽⁶⁾

	2023	2024e	2025e	2026e
P/E	8.4	9.2	9.0	9.0
Ord. P/E	8.4	9.2	9.0	9.0
P/BV	3.1	3.0	2.7	2.6
Dividend Yield (%)	6.3	8.7	8.9	8.9
EV/Sales	1.51	1.53	1.50	1.46
EV/Rec. EBITDA	4.1	4.7	4.7	4.6
EV/EBIT	4.7	5.4	5.3	5.4
FCF Yield (%) ⁽⁵⁾	19.5	10.1	10.0	10.2

Relative performance (Base 100)


Stock performance (%)	-1m	-3m	-12m	YTD	-3Y	-5Y
Absolute	0.0	-1.4	-9.3	-0.5	9.2	-6.4
vs Ibex 35	-6.3	-6.1	-25.0	-5.2	-11.0	-17.5
vs Ibex Small Cap Index	-0.2	0.3	-5.1	1.7	25.6	-19.6
vs Eurostoxx 50	-4.9	-10.1	-26.6	-9.8	-16.1	-36.4
vs Sector benchmark ⁽⁴⁾	2.5	-0.8	-2.5	1.0	9.7	-6.5

(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) Sector: Stoxx Europe 600 Food & Beverage.

(5) Please see Appendix 2 for the theoretical tax rate (ROCE) and rec. FCF calculation.

(6) Multiples and ratios calculated over prices at the date of this report.

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

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12m Results 2023
Estimates upgrade
Table 1. 2023 Results

EUR Mn	12m23 Real	12m22	12m23 Real vs 12m22	2023e	2023 Real vs 2023e
Total Revenues	50.9	52.6	-3.2%	45.5	11.9%
France	18.8	19.1	-1.3%		
Spain	9.6	10.6	-9.5%		
Italy	15.0	15.2	-1.6%		
Poland	5.5	5.9	-7.0%		
ROW	1.5	1.6	-5.5%		
Other income	0.5	0.2	175.0%		
Gross Mg.	37.2	37.7	-1.3%	32.9	13.1%
<i>Gross Margin/Revenues</i>	<i>73.1%</i>	<i>71.6%</i>	<i>1.5 p.p.</i>	<i>72.3%</i>	<i>0.8 p.p.</i>
Recurrent EBITDA	17.9	15.7	13.6%	14.6	22.6%
<i>Rec. EBITDA/Revenues</i>	<i>35.1%</i>	<i>29.9%</i>	<i>5.2 p.p.</i>	<i>32.0%</i>	<i>3.1 p.p.</i>
EBITDA	18.5	15.2	22.3%	14.6	27.3%
<i>EBITDA/Revenues</i>	<i>36.4%</i>	<i>28.8%</i>	<i>7.6 p.p.</i>	<i>32.0%</i>	<i>4.4 p.p.</i>
EBIT	16.3	12.9	26.5%	12.2	33.0%
PBT	15.4	13.1	17.6%	12.0	28.7%
NP	11.3	9.6	17.3%	8.7	29.4%
Nr. Of Centers	1,433	1,556	-123	1,444	-11
<i>Online Sales (%)</i>	<i>5.0%</i>	<i>4.9%</i>	<i>0.1 p.p.</i>	<i>7.3%</i>	<i>-2.3 p.p.</i>
Net Cash ¹	-19.4	-17.3	-12%	-9.1	-112.7%
Net Cash / EBITDA	-1.1 x	-1.1 x	0.0 x	-0.6 x	-0.5 x

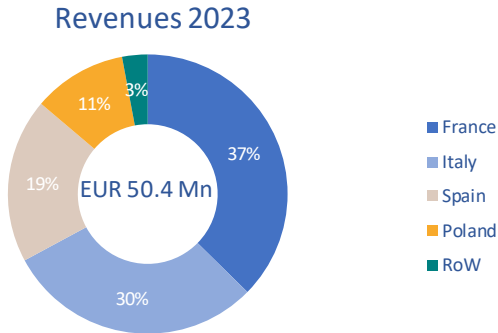
Note 1: Net Cash adjusted to strip out the impact of IFRS 16 (EUR 3.2Mn and EUR 3.3Mn in 2023 and 2022, respectively).

Table 2. Estimates upgrade

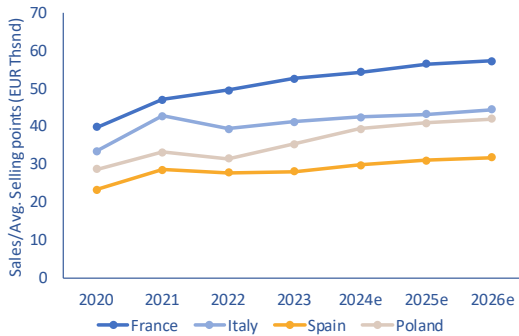
EUR Mn	2024e (New)	Review (%)	2025e (New)	Review (%)	2026e (New)
Total Revenues	50.0	14.6%	51.5	18.7%	52.9
Recurrent EBITDA	16.3	20.4%	16.8	23.6%	17.0
<i>Rec. EBITDA/Revenues</i>	<i>32.6%</i>	<i>2 p.p.</i>	<i>32.7%</i>	<i>1 p.p.</i>	<i>32.1%</i>
EBIT	14.1	21.4%	14.7	22.9%	14.7
Net Profit	10.3	23.8%	10.7	25.1%	10.7
Recurrent Free Cash Flow	9.6	3.9%	9.6	4.2%	9.9
<i>Net Cash / EBITDA</i>	<i>-1.4 x</i>	<i>-0.6 x</i>	<i>-1.5 x</i>	<i>-0.5 x</i>	<i>-1.5 x</i>

The company in 8 charts

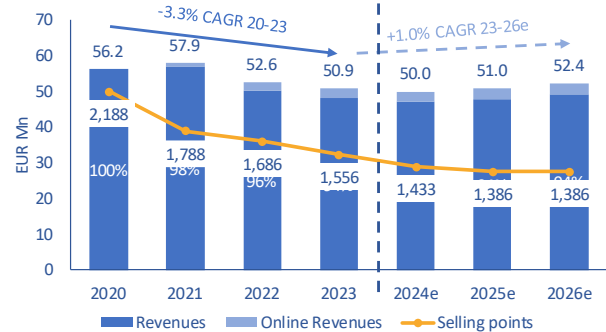
A geographically diversified business (especially in Europe)



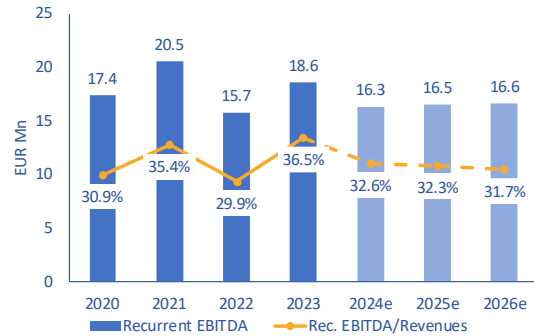
The expect sales per store to remain stable (+3.4% CAGR 23-26e) despite the restructuring of the retail network



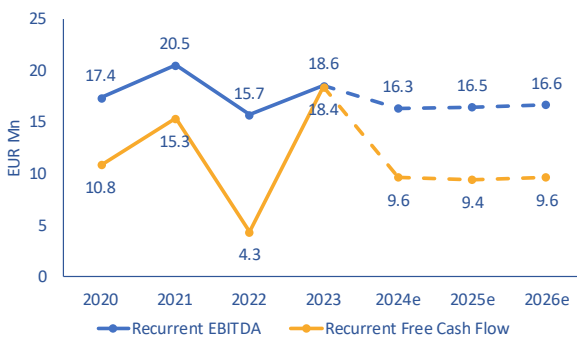
The halting of store closures is the key catalyst but will have to wait until 2025e



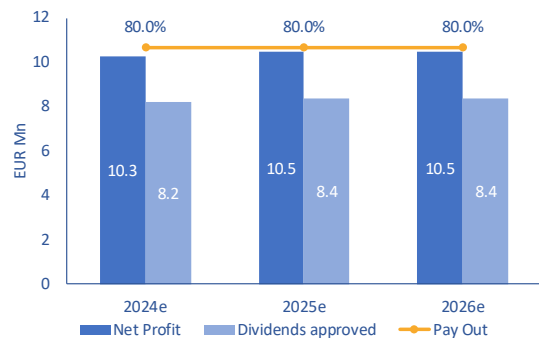
NTH's cost-light structure will allow it to maintain high margins (EBITDA margin > 30%)



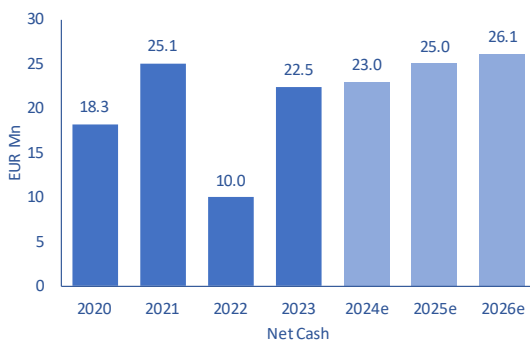
High capacity to convert EBITDA into cash (c. 60%). FCF Yield >9%...



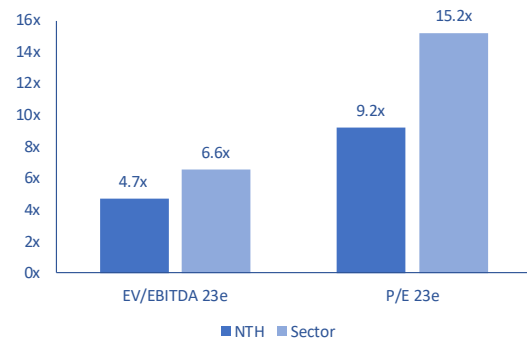
... that will allow a high pay-out (80%) and a 2024e Dividend Yield of 9% to be maintained



And a very robust balance sheet position (2024e Net Cash EUR 23Mn), especially interesting in a climate of rising rates



Trading at 2024e EV/EBITDA 2024e 4.7x vs 6.6x for its sector



Valuation inputs

Inputs for the DCF Valuation Approach

	2024e	2025e	2026e	Terminal Value ⁽¹⁾		
Free Cash Flow "To the Firm"	9.6	9.4	9.6	129.8		
Market Cap	94.5	At the date of this report				
Net financial debt	-19.4	Debt net of Cash (12m Results 2023)				
					Best Case	Worst Case
Cost of Debt	4.5%	Net debt cost			4.3%	4.8%
Tax rate (T)	20.0%	T (Normalised tax rate)			=	=
Net debt cost	3.6%	Kd = Cost of Net Debt * (1-T)			3.4%	3.8%
Risk free rate (rf)	3.2%	Rf (10y Spanish bond yield)			=	=
Equity risk premium	6.0%	R (own estimate)			5.5%	6.5%
Beta (B)	1.0	B (own estimate)			0.9	1.1
Cost of Equity	9.2%	Ke = Rf + (R * B)			8.2%	10.4%
Equity / (Equity + Net Debt)	100.0%	E (Market Cap as equity value)			=	=
Net Debt / (Equity + Net Debt)	0.0%	D			=	=
WACC	9.2%	WACC = Kd * D + Ke * E			8.2%	10.4%
G "Fair"	1.0%				1.0%	0.5%

(1) The terminal value reflects the NAV of FCF beyond the period estimated with the WACC and G of the central scenario.

Inputs for the Multiples Valuation Approach

Company	Ticker Factset	Mkt. Cap	P/E 24e	EPS 24e-26e	EV/EBITDA 24e	EBITDA 24e-26e	EV/Sales 24e	Revenues 24e-26e	EBITDA/Sales 24e	FCF Yield 24e	FCF 24e-26e
Herbalife Nut.	HLF-US	816.8	4.2	n.a.	5.5	n.a.	0.6	n.a.	11.0%	15.9%	n.a.
Medifast	MED-US	366.4	19.2	n.a.	6.1	n.a.	0.4	n.a.	6.3%	9.8%	n.a.
WW Intl.	WW-US	164.4	n.a.	n.a.	10.4	11.6%	1.8	11.3%	17.4%	10.0%	n.a.
Weight Management			11.7	n.a.	7.3	11.6%	0.9	11.3%	11.6%	11.9%	n.a.
Nu Skin	NUS-US	601.4	13.3	n.a.	5.8	n.a.	0.5	n.a.	9.5%	5.2%	n.a.
Glanbia	GL9-IE	4,718.0	14.1	8.8%	10.5	5.6%	1.2	0.0%	11.7%	7.1%	7.0%
Diet Supplements			13.7	8.8%	8.1	5.6%	0.9	0.0%	10.6%	6.2%	7.0%
NTH	NTH-ES	94.5	9.2	1.0%	4.7	1.0%	1.5	2.4%	32.6%	10.1%	0.1%

Free Cash Flow sensitivity analysis (2025e)

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

Scenario	EBITDA/Sales 25e	EBITDA 25e	EV/EBITDA 25e
Max	35.5%	18.1	4.2x
Central	32.3%	16.5	4.7x
Min	29.1%	14.9	5.2x

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

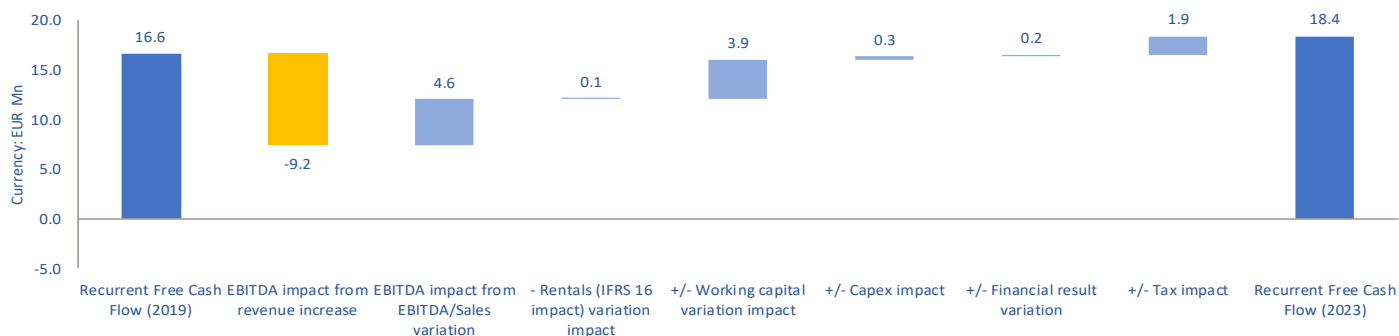
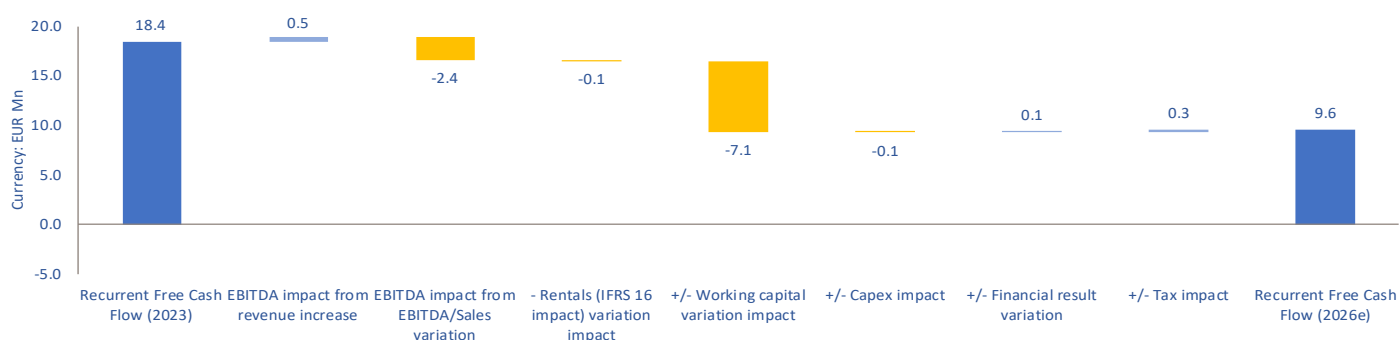
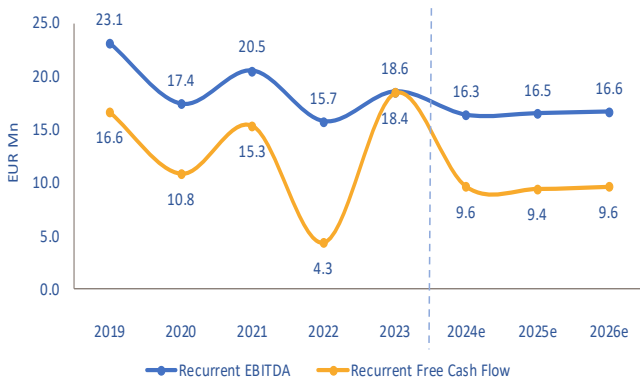
Rec. FCF EUR Mn	CAPEX/Sales 25e				Scenario	Rec. FCF/Yield 25e		
EBITDA 25e	1.1%	1.2%	1.3%		Max	11.7%	11.7%	11.6%
18.1	11.1	11.0	11.0	➔	Central	10.0%	10.0%	9.9%
16.5	9.5	9.4	9.4		Min	8.3%	8.2%	8.2%
14.9	7.8	7.8	7.7					

Appendix 1. Financial Projections

Balance Sheet (EUR Mn)	2019	2020	2021	2022	2023	2024e	2025e	2026e	CAGR	
Intangible assets	8.9	3.7	2.5	3.4	3.1	2.8	2.5	2.2		
Fixed assets	2.0	1.2	0.9	1.2	1.0	1.3	1.6	2.0		
Other Non Current Assets	3.4	3.5	7.0	10.7	10.0	10.0	10.0	10.0		
Financial Investments	0.8	0.6	1.3	0.5	0.4	0.4	0.4	0.4		
Goodwill & Other Intangibles	-	-	-	-	-	-	-	-		
Current assets	12.2	11.8	10.0	15.0	10.0	9.7	10.6	11.3		
Total assets	27.3	21.0	21.8	30.7	24.5	24.2	25.1	25.8		
Equity	16.5	26.0	36.0	27.8	30.6	31.8	34.9	36.8		
Minority Interests	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1		
Provisions & Other L/T Liabilities	1.1	1.4	1.5	2.7	4.9	4.9	4.9	4.9		
Other Non Current Liabilities	7.7	3.7	2.2	3.3	3.2	3.2	3.2	3.2		
Net financial debt	(7.6)	(18.3)	(25.1)	(10.0)	(22.5)	(23.0)	(25.0)	(26.1)		
Current Liabilities	9.5	8.1	7.1	6.9	8.2	7.3	7.1	6.9		
Equity & Total Liabilities	27.3	21.0	21.8	30.7	24.5	24.2	25.1	25.8		
P&L (EUR Mn)	2019	2020	2021	2022	2023	2024e	2025e	2026e	19-23	23-26e
Total Revenues	82.4	56.2	57.9	52.6	50.9	50.0	51.0	52.4	-11.3%	1.0%
<i>Total Revenues growth</i>	-7.1%	-31.7%	3.0%	-9.3%	-3.2%	-1.7%	1.9%	2.9%		
COGS	(23.8)	(15.9)	(16.3)	(14.9)	(13.7)	(13.9)	(14.2)	(14.6)		
Gross Margin	58.5	40.4	41.6	37.7	37.2	36.1	36.8	37.8	-10.7%	0.6%
<i>Gross Margin/Revenues</i>	71.0%	71.8%	71.8%	71.6%	73.1%	72.1%	72.2%	72.1%		
Personnel Expenses	(19.3)	(12.4)	(10.8)	(10.6)	(9.3)	(9.3)	(9.7)	(10.0)		
Other Operating Expenses	(16.1)	(10.6)	(10.3)	(11.3)	(9.3)	(10.5)	(10.7)	(11.2)		
Recurrent EBITDA	23.1	17.4	20.5	15.7	18.6	16.3	16.5	16.6	-5.4%	-3.6%
<i>Recurrent EBITDA growth</i>	-0.3%	-24.8%	18.1%	-23.4%	18.0%	-12.0%	1.0%	0.9%		
<i>Rec. EBITDA/Revenues</i>	28.1%	30.9%	35.4%	29.9%	36.5%	32.6%	32.3%	31.7%		
Restructuring Expense & Other non-rec.	(0.2)	0.1	(0.6)	(0.6)	(0.0)	-	-	-		
EBITDA	22.9	17.4	19.9	15.2	18.5	16.3	16.5	16.6	-5.2%	-3.5%
Depreciation & Provisions	(2.6)	(2.0)	(1.6)	(0.6)	(0.6)	(0.6)	(0.6)	(0.6)		
Capitalized Expense	-	-	-	-	-	-	-	-		
Rentals (IFRS 16 impact)	(1.7)	(1.2)	(0.9)	(1.7)	(1.6)	(1.6)	(1.5)	(1.7)		
EBIT	18.6	14.2	17.5	12.9	16.3	14.1	14.3	14.3	-3.3%	-4.1%
<i>EBIT growth</i>	-15.9%	-24.0%	23.4%	-26.5%	26.5%	-13.4%	1.7%	0.0%		
<i>EBIT/Revenues</i>	22.6%	25.2%	30.2%	24.4%	32.0%	28.2%	28.1%	27.3%		
Impact of Goodwill & Others	-	(0.9)	(0.1)	-	-	-	-	-		
Net Financial Result	(0.2)	(0.0)	0.3	(0.1)	(0.7)	(0.0)	(0.0)	0.0		
Income by the Equity Method	0.2	0.3	0.6	0.3	(0.2)	-	-	-		
Ordinary Profit	18.7	13.5	18.2	13.1	15.4	14.1	14.3	14.4	-4.7%	-2.3%
<i>Ordinary Profit Growth</i>	-17.7%	-27.7%	35.0%	-28.2%	17.6%	-8.8%	1.9%	0.2%		
Extraordinary Results	0.5	-	-	-	-	-	-	-		
Profit Before Tax	19.2	13.5	18.2	13.1	15.4	14.1	14.3	14.4	-5.4%	-2.3%
Tax Expense	(6.0)	(4.1)	(4.9)	(3.5)	(4.2)	(3.8)	(3.9)	(3.9)		
<i>Effective Tax Rate</i>	31.4%	30.5%	26.7%	26.6%	27.0%	27.0%	27.0%	27.0%		
Minority Interests	0.1	(0.0)	(0.0)	0.0	0.0	-	-	-		
Discontinued Activities	-	-	-	-	-	-	-	-		
Net Profit	13.3	9.4	13.4	9.6	11.3	10.3	10.5	10.5	-3.9%	-2.5%
<i>Net Profit growth</i>	-13.8%	-29.3%	42.5%	-27.9%	17.3%	-9.2%	1.9%	0.2%		
Ordinary Net Profit	13.3	9.4	13.8	10.0	11.3	10.3	10.5	10.5	-3.9%	-2.5%
<i>Ordinary Net Profit growth</i>	-16.4%	-29.0%	46.5%	-27.2%	12.6%	-9.3%	1.9%	0.2%		
Cash Flow (EUR Mn)	2019	2020	2021	2022	2023	2024e	2025e	2026e	19-23	23-26e
Recurrent EBITDA						16.3	16.5	16.6	-5.4%	-3.6%
Rentals (IFRS 16 impact)						(1.6)	(1.5)	(1.7)		
Working Capital Increase						(0.7)	(1.0)	(0.8)		
Recurrent Operating Cash Flow						14.0	13.9	14.1	-0.6%	-15.3%
CAPEX						(0.6)	(0.6)	(0.6)		
Net Financial Result affecting the Cash Flow						(0.0)	(0.0)	0.0		
Tax Expense						(3.8)	(3.9)	(3.9)		
Recurrent Free Cash Flow						9.6	9.4	9.6	2.6%	-19.6%
Restructuring Expense & Other non-rec.						-	-	-		
- Acquisitions / + Divestures of assets						-	-	-		
Extraordinary Inc./Exp. Affecting Cash Flow						-	-	-		
Free Cash Flow						9.6	9.4	9.6	-0.5%	-19.6%
Capital Increase						-	-	-		
Dividends						(9.1)	(7.4)	(8.5)		
Net Debt Variation						(0.5)	(2.0)	(1.1)		

Appendix 2. Free Cash Flow

A) Cash Flow Analysis (EUR Mn)	2020	2021	2022	2023	2024e	2025e	2026e	CAGR	
								20-23	23-26e
Recurrent EBITDA	17.4	20.5	15.7	18.6	16.3	16.5	16.6	2.2%	-3.6%
<i>Recurrent EBITDA growth</i>	-24.8%	18.1%	-23.4%	18.0%	-12.0%	1.0%	0.9%		
<i>Rec. EBITDA/Revenues</i>	30.9%	35.4%	29.9%	36.5%	32.6%	32.3%	31.7%		
- Rentals (IFRS 16 impact)	(1.2)	(0.9)	(1.7)	(1.6)	(1.6)	(1.5)	(1.7)		
+/- Working Capital increase	(1.0)	0.7	(5.1)	6.3	(0.7)	(1.0)	(0.8)		
= Recurrent Operating Cash Flow	15.2	20.4	8.9	23.2	14.0	13.9	14.1	15.3%	-15.3%
<i>Rec. Operating Cash Flow growth</i>	-36.3%	34.3%	-56.4%	161.4%	-39.6%	-0.9%	1.4%		
<i>Rec. Operating Cash Flow / Sales</i>	27.0%	35.2%	16.9%	45.7%	28.1%	27.3%	26.9%		
- CAPEX	(0.2)	(0.1)	(1.0)	(0.6)	(0.6)	(0.6)	(0.6)		
- Net Financial Result affecting Cash Flow	(0.0)	(0.1)	(0.1)	(0.0)	(0.0)	(0.0)	0.0		
- Taxes	(4.1)	(4.9)	(3.5)	(4.2)	(3.8)	(3.9)	(3.9)		
= Recurrent Free Cash Flow	10.8	15.3	4.3	18.4	9.6	9.4	9.6	19.4%	-19.6%
<i>Rec. Free Cash Flow growth</i>	-34.8%	41.6%	-71.7%	324.7%	-48.0%	-1.9%	2.1%		
<i>Rec. Free Cash Flow / Revenues</i>	19.3%	26.5%	8.3%	36.3%	19.2%	18.4%	18.3%		
- Restructuring expenses & others	-	(0.7)	1.0	-	-	-	-		
- Acquisitions / + Divestments	0.2	(3.5)	(4.4)	-	-	-	-		
+/- Extraordinary Inc./Exp. affecting Cash Flow	-	-	-	-	-	-	-		
= Free Cash Flow	11.0	11.1	0.9	18.4	9.6	9.4	9.6	18.7%	-19.6%
<i>Free Cash Flow growth</i>	-41.6%	1.0%	-91.7%	n.a.	-48.0%	-1.9%	2.1%		
<i>Recurrent Free Cash Flow - Yield (s/Mkt Cap)</i>	11.5%	16.2%	4.6%	19.5%	10.1%	10.0%	10.2%		
<i>Free Cash Flow Yield (s/Mkt Cap)</i>	11.7%	11.8%	1.0%	19.5%	10.1%	10.0%	10.2%		
B) Analytical Review of Annual Recurrent Free Cash Flow Performance (Eur Mn)									
	2020	2021	2022	2023	2024e	2025e	2026e		
Recurrent FCF(FY - 1)	16.6	10.8	15.3	4.3	18.4	9.6	9.4		
EBITDA impact from revenue increase	(7.3)	0.5	(1.9)	(0.5)	(0.3)	0.3	0.5		
EBITDA impact from EBITDA/Sales variation	1.6	2.6	(2.9)	3.3	(1.9)	(0.2)	(0.3)		
= Recurrent EBITDA variation	(5.7)	3.2	(4.8)	2.8	(2.2)	0.2	0.2		
- Rentals (IFRS 16 impact) variation impact	0.4	0.3	(0.8)	0.1	-	0.1	(0.2)		
+/- Working capital variation impact	(3.3)	1.7	(5.9)	11.4	(7.0)	(0.4)	0.2		
= Recurrent Operating Cash Flow variation	(8.6)	5.2	(11.5)	14.3	(9.2)	(0.1)	0.2		
+/- CAPEX impact	0.7	0.2	(0.9)	0.4	(0.0)	(0.0)	(0.0)		
+/- Financial result variation	0.3	(0.1)	0.0	0.0	0.0	0.0	0.0		
+/- Tax impact	1.9	(0.8)	1.4	(0.7)	0.4	(0.1)	(0.0)		
= Recurrent Free Cash Flow variation	(5.8)	4.5	(11.0)	14.1	(8.9)	(0.2)	0.2		
Recurrent Free Cash Flow	10.8	15.3	4.3	18.4	9.6	9.4	9.6		
C) "FCF to the Firm" (pre debt service) (EUR Mn)									
	2020	2021	2022	2023	2024e	2025e	2026e	CAGR	
EBIT	14.2	17.5	12.9	16.3	14.1	14.3	14.3	4.7%	-4.1%
* Theoretical Tax rate	30.0%	26.7%	26.6%	27.0%	27.0%	27.0%	27.0%		
= Taxes (pre- Net Financial Result)	(4.3)	(4.7)	(3.4)	(4.4)	(3.8)	(3.9)	(3.9)		
Recurrent EBITDA	17.4	20.5	15.7	18.6	16.3	16.5	16.6	2.2%	-3.6%
- Rentals (IFRS 16 impact)	(1.2)	(0.9)	(1.7)	(1.6)	(1.6)	(1.5)	(1.7)		
+/- Working Capital increase	(1.0)	0.7	(5.1)	6.3	(0.7)	(1.0)	(0.8)		
= Recurrent Operating Cash Flow	15.2	20.4	8.9	23.2	14.0	13.9	14.1	15.3%	-15.3%
- CAPEX	(0.2)	(0.1)	(1.0)	(0.6)	(0.6)	(0.6)	(0.6)		
- Taxes (pre- Financial Result)	(4.3)	(4.7)	(3.4)	(4.4)	(3.8)	(3.9)	(3.9)		
= Recurrent Free Cash Flow (To the Firm)	10.7	15.6	4.5	18.3	9.6	9.4	9.6	19.4%	-19.3%
<i>Rec. Free Cash Flow (To the Firm) growth</i>	-38.1%	46.0%	-71.2%	305.4%	-47.4%	-2.1%	1.9%		
<i>Rec. Free Cash Flow (To the Firm) / Revenues</i>	19.1%	27.0%	8.6%	35.9%	19.2%	18.5%	18.3%		
- Acquisitions / + Divestments	0.2	(3.5)	(4.4)	-	-	-	-		
+/- Extraordinary Inc./Exp. affecting Cash Flow	-	-	-	-	-	-	-		
= Free Cash Flow "To the Firm"	10.9	12.1	0.1	18.3	9.6	9.4	9.6	18.8%	-19.3%
<i>Free Cash Flow (To the Firm) growth</i>	-44.2%	11.3%	-99.0%	n.a.	-47.4%	-2.1%	1.9%		
<i>Rec. Free Cash Flow To the Firm Yield (o/EV)</i>	14.0%	20.4%	5.9%	23.8%	12.5%	12.3%	12.5%		
<i>Free Cash Flow "To the Firm" - Yield (o/EV)</i>	14.2%	15.8%	0.2%	23.8%	12.5%	12.3%	12.5%		

Recurrent Free Cash Flow accumulated variation analysis (2019 - 2023)

Recurrent Free Cash Flow accumulated variation analysis (2023 - 2026e)

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	94.5	
+ Minority Interests	0.0	12m Results 2023
+ Provisions & Other L/T Liabilities	2.1	12m Results 2023
+ Net financial debt	(19.4)	12m Results 2023
- Financial Investments	0.5	12m Results 2023
+/- Others		
Enterprise Value (EV)	76.7	

Appendix 4. Historical performance ⁽¹⁾

Historical performance (EUR Mn)	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024e	2025e	2026e	CAGR	
															17-23	23-26e
Total Revenues	-	96.4	96.6	98.3	95.4	88.7	82.4	56.2	57.9	52.6	50.9	50.0	51.0	52.4	-10.0%	1.0%
Total Revenues growth	n.a.	n.a.	0.2%	1.8%	-2.9%	-7.1%	-7.1%	-31.7%	3.0%	-9.3%	-3.2%	-1.7%	1.9%	2.9%		
EBITDA	-	33.7	33.6	32.4	29.4	23.3	22.9	17.4	19.9	15.2	18.5	16.3	16.5	16.6	-7.4%	-3.5%
EBITDA growth	n.a.	n.a.	-0.2%	-3.7%	-9.3%	-20.8%	-1.4%	-24.0%	14.4%	-24.0%	22.3%	-11.9%	1.0%	0.9%		
EBITDA/Sales	n.a.	34.9%	34.8%	32.9%	30.8%	26.2%	27.8%	31.0%	34.4%	28.8%	36.4%	32.6%	32.3%	31.7%		
Net Profit	-	22.6	22.9	22.5	19.9	15.4	13.3	9.4	13.4	9.6	11.3	10.3	10.5	10.5	-9.0%	-2.5%
Net Profit growth	n.a.	n.a.	1.3%	-1.6%	-11.8%	-22.6%	-13.8%	-29.3%	42.5%	-27.9%	17.3%	-9.2%	1.9%	0.2%		
Adjusted number shares (Mn)	0.0	0.0	60.0	59.9	60.0	60.0	60.0	60.0	60.0	60.0	60.0	60.0	60.0	60.0		
EPS (EUR)	0.00	22,560.	0.38	0.38	0.33	0.26	0.22	0.16	0.22	0.16	0.19	0.17	0.17	0.17	-9.0%	-2.5%
EPS growth	n.a.	n.a.	-100.0%	-1.5%	-11.8%	-22.6%	-13.8%	-29.3%	42.5%	-27.9%	17.3%	-9.2%	1.9%	0.2%		
Ord. EPS (EUR)	0.00	22,577.	0.38	0.38	0.34	0.26	0.22	0.16	0.23	0.17	0.19	0.17	0.17	0.17	-9.4%	-2.5%
Ord. EPS growth	n.a.	n.a.	-100.0%	-1.2%	-9.7%	-25.2%	-13.4%	-29.0%	46.5%	-27.2%	12.6%	-9.3%	1.9%	0.2%		
CAPEX	-	(3.1)	(0.9)	(1.2)	(1.3)	(0.7)	(0.9)	(0.2)	(0.1)	(1.0)	(0.6)	(0.6)	(0.6)	(0.6)		
CAPEX/Sales %	n.a.	3.2%	0.9%	1.2%	1.4%	0.8%	1.1%	0.4%	0.1%	1.8%	1.1%	1.2%	1.2%	1.2%		
Free Cash Flow	-	38.9	30.9	14.4	14.8	20.8	18.9	11.0	11.1	0.9	18.4	9.6	9.4	9.6	3.8%	-19.6%
ND/EBITDA (x) ⁽²⁾	n.a.	0.0x	-0.4x	-0.4x	-0.2x	-0.2x	-0.3x	-1.0x	-1.3x	-0.7x	-1.2x	-1.4x	-1.5x	-1.6x		
P/E (x)	n.a.	n.a.	6.1x	8.0x	8.2x	4.5x	7.2x	7.9x	7.1x	9.2x	8.4x	9.2x	9.0x	9.0x		
EV/Sales (x)	n.a.	n.a.	n.a.	2.23x	2.94x	2.68x	1.06x	1.82x	1.18x	2.05x	1.51x	1.53x	1.50x	1.46x		
EV/EBITDA (x) ⁽²⁾	n.a.	n.a.	n.a.	6.8x	9.6x	10.2x	3.8x	5.9x	3.4x	7.1x	4.1x	4.7x	4.7x	4.6x		
Absolute performance	n.a.	n.a.	n.a.	29.2%	-9.3%	-57.6%	39.2%	-22.3%	27.7%	-7.3%	7.7%	-0.5%				
Relative performance vs Ibex 35	n.a.	n.a.	n.a.	31.8%	-15.5%	-50.1%	24.5%	-8.2%	18.3%	-1.8%	-12.3%	-5.2%				

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). The source, both historical multiples and the evolution of the price, is Factset.

Note 2: All ratios and multiples on EBITDA refer to total EBITDA (not to recurrent EBITDA).

Appendix 5. Main peers 2024e

		Weight Management				Diet Supplements			
EUR Mn		Herbalife Nut.	Medifast	WW Intl.	Average	Nu Skin	Glanbia	Average	NTH
Market data	Ticker (Factset)	HLF-US	MED-US	WW-US		NUS-US	GL9-IE		NTH-ES
	Country	Cayman Isl.	USA	USA		USA	USA		Spain
	Market cap	816.8	366.4	164.4		601.4	4,718.0		94.5
	Enterprise value (EV)	2,818.1	248.8	1,432.0		913.2	5,012.9		76.7
Basic financial information	Total Revenues	4,674.5	637.7	792.2		1,665.5	4,087.5		50.0
	Total Revenues growth	0.5%	-35.2%	-3.0%	-12.6%	-7.9%	-18.5%	-13.2%	-1.7%
	2y CAGR (2024e - 2026e)	n.a.	n.a.	11.3%	11.3%	n.a.	0.0%	0.0%	2.4%
	EBITDA	512.8	40.5	137.7		158.4	477.1		16.3
	EBITDA growth	28.8%	-69.4%	13.4%	-9.1%	25.3%	4.8%	15.0%	-11.9%
	2y CAGR (2024e - 2026e)	n.a.	n.a.	11.6%	11.6%	n.a.	5.6%	5.6%	1.0%
	EBITDA/Revenues	11.0%	6.3%	17.4%	11.6%	9.5%	11.7%	10.6%	32.6%
	EBIT	396.4	21.2	97.8		87.4	357.8		14.1
	EBIT growth	34.8%	-81.8%	33.6%	-4.4%	39.9%	12.7%	26.3%	-13.4%
	2y CAGR (2024e - 2026e)	n.a.	n.a.	22.2%	22.2%	n.a.	6.9%	6.9%	0.8%
	EBIT/Revenues	8.5%	3.3%	12.3%	8.0%	5.3%	8.8%	7.0%	28.2%
	Net Profit	189.8	19.1	(0.9)		47.6	292.4		10.3
	Net Profit growth	45.3%	-79.0%	99.1%	21.8%	503.2%	-9.1%	247.1%	-9.2%
	2y CAGR (2024e - 2026e)	n.a.	n.a.	n.a.	n.a.	n.a.	6.7%	6.7%	1.0%
CAPEX/Sales %	3.1%	1.6%	0.9%	1.8%	3.0%	1.8%	2.4%	1.2%	
Free Cash Flow	130.1	36.0	16.4		31.3	334.8		9.6	
Net financial debt	n.a.	(167.5)	1,236.1		195.5	106.9		(23.0)	
ND/EBITDA (x)	n.a.	(4.1)	9.0	2.4	1.2	0.2	0.7	(1.4)	
Pay-out	0.0%	n.a.	0.0%	0.0%	23.0%	34.1%	28.5%	80.0%	
Multiples and Ratios	P/E (x)	4.2	19.2	n.a.	11.7	13.3	14.1	13.7	9.2
	P/BV (x)	n.a.	n.a.	n.a.	n.a.	n.a.	2.2	2.2	3.0
	EV/Revenues (x)	0.6	0.4	1.8	0.9	0.5	1.2	0.9	1.5
	EV/EBITDA (x)	5.5	6.1	10.4	7.3	5.8	10.5	8.1	4.7
	EV/EBIT (x)	7.1	11.8	14.6	11.2	10.4	14.0	12.2	5.4
	ROE	n.a.	n.a.	n.a.	n.a.	n.a.	15.8	15.8	32.9
	FCF Yield (%)	15.9	9.8	10.0	11.9	5.2	7.1	6.2	10.1
	DPS	0.00	n.a.	0.00	0.00	0.22	0.37	0.30	0.14
Dvd Yield	0.0%	n.a.	0.0%	0.0%	1.8%	2.1%	2.0%	8.7%	

Note 1: Financial data, multiples and ratios based on market consensus (Factset). In the case of the company analyzed, own estimates (Lighthouse).

Note 2: All ratios and multiples on EBITDA refer to total EBITDA (not to recurrent EBITDA).

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
18-Mar-2024	n.a.	1.58	n.a.	n.a.	12m Results 2023 - Estimates upgrade	Luis Esteban Arribas, CESGA
02-Oct-2023	n.a.	1.67	n.a.	n.a.	6m Results 2023	Luis Esteban Arribas, CESGA
12-Jun-2023	n.a.	1.67	n.a.	n.a.	Small & Micro Caps (Spain)	David López Sánchez
17-Mar-2023	n.a.	1.75	n.a.	n.a.	Estimates downgrade	Luis Esteban Arribas, CESGA
02-Mar-2023	n.a.	1.90	n.a.	n.a.	12m Results 2022	Luis Esteban Arribas, CESGA
22-Sep-2022	n.a.	1.50	n.a.	n.a.	6m Results 2022 - Estimates downgrade	Luis Esteban Arribas, CESGA
02-Mar-2022	n.a.	1.55	n.a.	n.a.	12m Results 2021	Luis Esteban Arribas, CESGA
21-Sep-2021	n.a.	1.41	n.a.	n.a.	6m Results 2021	Alfredo Echevarría Otegui
22-Jun-2021	n.a.	1.35	n.a.	n.a.	3m Results 2021 - Estimates upgrade	Ana Isabel González García, CIIA
23-Apr-2021	n.a.	1.31	n.a.	n.a.	Initiation of Coverage	Ana Isabel González García, CIIA

