

Borges Agricultural & Industrial Nuts, S.A. (BAIN) is a small international group based in Spain (Tarragona), specialising in the agricultural production, processing and B2B marketing of nuts. It has an international presence (58% of 2019 revenue) and is a European benchmark in the almond segment (share of c.7%). Its core shareholder is Borges International Group (89.1% of capital).

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Sells its US plantations, betting on "Km 0"

BAINS closes 31-May. Any reference to the results of a certain year refers to the period: 31-May to 31-May (the following year)

EXITS THE US TO FOCUS ON SUSTAINABLE AGRICULTURE ..., the core of its strategy. BAIN has recently announced the sale of its assets in California: 320 hectares (13.7% of the plantations it owns; c. 1,500MT walnuts/year, c. 50% of total production) for USD 19.9Mn (EUR 16.3Mn; EUR 10.9Mn will be received in 1Q21). This sum will be used to expand the almond plantations (2nd stage of the PALM project: +1,500Ha on the Iberian Peninsula; currently halted and not included in our numbers).

...AND PROXIMITY (KM 0), a growing trend in consumption; according to the consultancy AINIA Consumer, fresh produce represents c. 50% of the shopping basket, prioritising proximity and quality (a trustworthy source). BAIN has the zero waste certificate for walnuts and is working on the one for almonds.

AGAINST A BACKDROP OF LOW PRICES (ALMONDS)... c. 65% of BAIN's revenues (-3y). A combination of: 1) record-level US production (c. 80% of global production; 3.1Mn pounds in 2019, c. +20% y/y, and c. +3% y/y 2020e), 2) US surpluses being re-directed to Europe (continuation of the US-China import tariffs conflict) and 3) lower consumption (impact of Covid-19 on the HORECA channel) has put pressure on prices (charts 1 & 2), calling into question the profitability of agricultural production.

BUT WITH SIGNS OF A REBOUND DUE TO THE RECOVERY OF CONSUMPTION (POST-COVID), ACCELERATING THE IMPROVEMENT IN MARGINS. Returning profitability to the agricultural business (EUR -1.4Mn NP 9M20: June 2020 – February 2021). On the other hand, the increase in the demand for sustainable products and the favourable mix (larger contribution from sales of processed products, with higher margins) will accelerate the recovery of margins (Rec. EBITDA/Revenue 3.2% 2022e, +2p.p. vs. 2019).

THE DEAL WILL "SAVE" THE YEAR: with EUR 9Mn of capital gains in 4Q20, returning net profit to the black (EUR 3.1Mn NP 2020e).

WE UPGRADE OUR ESTIMATES: Bringing forward break-even (NP) +1y and recovering (+2y) 2017 profitability levels (before the import duty crisis). BAIN's equity story remains intact: a play on healthy food (a dynamic sector), that would benefit from a potential recovery of raw material prices and of consumption in the HORECA channel (from 2H21).

Market Data

Market Cap (Mn EUR and USD)	62.9	75.5
EV (Mn EUR and USD) ⁽¹⁾	92.6	111.0
Shares Outstanding (Mn)	23.1	
-12m (Max/Med/Min EUR)	3.00 / 2.80 / 2.54	
Daily Avg volume (-12m Mn EUR)	n.m.	
Rotation ⁽²⁾	0.8	
Refinitiv / 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	180.6	148.2	173.3	185.8
Rec. EBITDA ⁽³⁾	2.2	-1.3	3.0	6.0
% growth	3.8	-157.3	338.6	100.1
% Rec. EBITDA/Rev.	1.2	n.a.	1.7	3.2
% Inc. EBITDA sector ⁽⁴⁾	16.7	11.4	8.4	11.1
Net Profit	0.3	3.1	0.3	1.9
EPS (EUR)	0.01	0.14	0.02	0.08
% growth	-86.8	893.1	-88.9	449.3
Ord. EPS (EUR)	0.04	-0.14	0.03	0.10
% growth	-11.1	-482.9	123.2	209.8
Rec. Free Cash Flow ⁽⁵⁾	-6.9	-0.1	-4.7	-0.3
Pay-out (%)	0.0	0.0	0.0	0.0
DPS (EUR)	0.00	0.00	0.00	0.00
Net financial debt	44.2	36.5	30.7	31.5
ND/Rec. EBITDA (x)	20.2	n.a.	10.3	5.3
ROE (%)	0.5	5.2	0.6	3.0
ROCE (%) ⁽⁵⁾	0.4	n.a.	0.7	2.2

Ratios & Multiples (x)⁽⁶⁾

	2019	2020e	2021e	2022e
P/E	n.a.	20.0	n.a.	32.8
Ord. P/E	74.5	n.a.	84.1	27.1
P/BV	1.1	1.0	1.0	1.0
Dividend Yield (%)	0.0	0.0	0.0	0.0
EV/Sales	0.51	0.62	0.53	0.50
EV/Rec. EBITDA	42.3	n.a.	31.0	15.5
EV/EBIT	n.a.	n.a.	n.a.	31.9
FCF Yield (%) ⁽⁵⁾	n.a.	n.a.	n.a.	n.a.

Relative performance (Base 100)



Stock performance (%)

	-1m	-3m	-12m	YTD	-3Y	-5Y
Absolute	4.6	2.3	-2.9	-5.6	-48.2	n.a.
vs Ibex 35	4.0	-3.8	-20.9	-17.1	-44.5	n.a.
vs Ibex Small Cap Index	-2.3	-0.7	-33.5	-17.0	-55.9	n.a.
vs Eurostoxx 50	1.2	-5.2	-24.1	-19.2	-56.3	n.a.
vs Sector benchmark ⁽⁴⁾	-1.1	-8.1	-10.3	-13.7	-63.3	n.a.

(1) Please refer to Appendix 3.

(2) Rotation is the % of the capitalisation traded - 12m.

(3) Financial projections include IFRS 16 adjustments. FY 19 EBITDA is c. EUR 0.4Mn higher due to IFRS 16..

(4) Sector: TR Europe Food Processing.

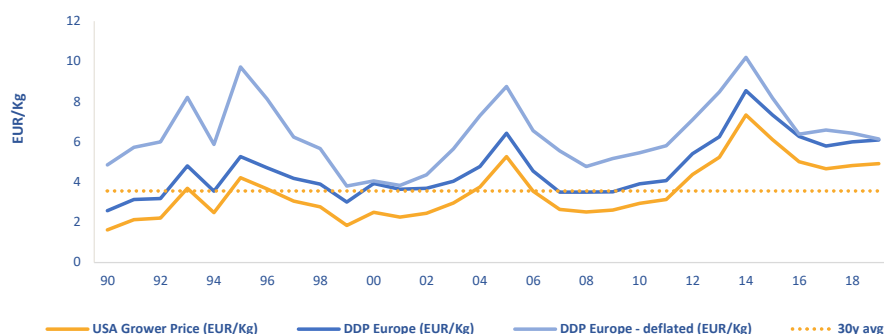
(5) Please see Appendix 2 for the theoretical tax rate (ROCE) and rec. FCF calculation.

(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, BME and Lighthouse

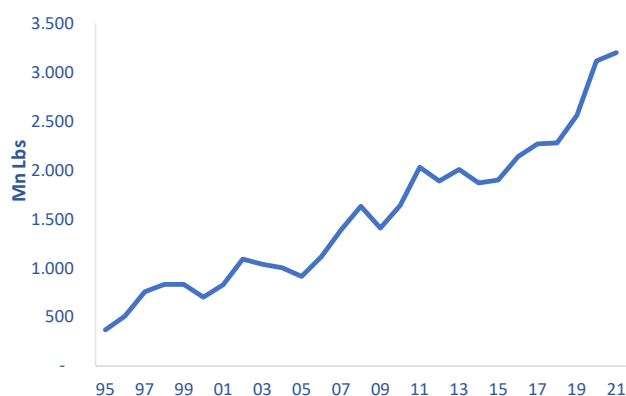
Estimates upgrade

Chart 1. Almond Price performance (USA)



Source: United States Department of Agriculture

Chart 2. Almond Production (USA)



Source: USDA National Agricultural Statistics Service Information

Table 1. Revision of estimates

EUR Mn	2020e (New)	Review (%)	2021e (New)	Review (%)	2022e (New)	Review (%)
Total Revenues	148.2	0.0%	173.3	0.0%	185.8	0.0%
Recurrent EBITDA	-1.3	40.8%	3.0	112.1%	6.0	86.8%
<i>Recurrent EBITDA growth</i>	<i>-157.3%</i>	<i>39.5 p.p.</i>	<i>212.5%</i>	<i>-369.4 p.p.</i>	<i>100.1%</i>	<i>-27.1 p.p.</i>
<i>Rec. EBITDA/Revenues</i>	<i>-0.8%</i>	<i>0.6 p.p.</i>	<i>1.7%</i>	<i>0.9 p.p.</i>	<i>3.2%</i>	<i>1.5 p.p.</i>
EBT	5.2	212.7%	0.5	134.4%	2.5	498.3%
Net Profit	3.1	187.6%	0.3	134.4%	1.9	289.0%
Rec. Free Cash Flow	-0.1	-103.0%	-4.7	20.9%	-0.3	90.8%
<i>DN / FFPP</i>	<i>0.6 x</i>	<i>-0.1 x</i>	<i>0.5 x</i>	<i>-0.4 x</i>	<i>0.5 x</i>	<i>-0.4 x</i>

Appendix 1. Financial Projections⁽¹⁾

Balance Sheet (EUR Mn)	2015	2016	2017	2018	2019	2020e	2021e	2022e	CAGR	
Intangible assets	0.2	0.3	0.2	0.1	7.2	6.5	6.5	6.5		
Fixed assets	56.5	65.0	71.9	74.4	76.9	73.8	76.0	77.3		
Other Non Current Assets	2.6	2.4	2.1	1.8	1.6	1.6	1.6	1.6		
Financial Investments	0.3	0.3	0.5	5.0	4.0	1.0	1.0	1.0		
Goodwill & Other Intangibles	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
Current assets	76.1	66.8	61.5	63.3	61.6	58.3	54.9	58.2		
Total assets	135.6	134.7	136.2	144.6	151.3	141.4	140.2	144.8		
Equity	49.1	52.6	56.4	59.0	58.9	62.0	62.4	64.3		
Minority Interests	3.0	2.2	2.2	2.3	2.3	2.3	2.3	2.3		
Provisions & Other L/T Liabilities	-	-	-	-	6.7	6.1	6.1	6.1		
Other Non Current Liabilities	3.3	3.1	2.9	3.2	2.8	2.8	2.8	2.8		
Net financial debt	36.6	40.0	35.0	38.4	44.2	36.5	30.7	31.5		
Current Liabilities	43.7	36.8	39.7	41.7	36.4	31.6	35.8	37.7		
Equity & Total Liabilities	135.6	134.7	136.2	144.6	151.3	141.4	140.2	144.8		
P&L (EUR Mn)	2015	2016	2017	2018	2019	2020e	2021e	2022e	15-19	19-22e
Total Revenues	66.2	197.2	195.7	177.8	180.6	148.2	173.3	185.8	28.5%	0.9%
<i>Total Revenues growth</i>	<i>n.a.</i>	<i>197.9%</i>	<i>-0.7%</i>	<i>-9.2%</i>	<i>1.5%</i>	<i>-17.9%</i>	<i>16.9%</i>	<i>7.2%</i>		
COGS	(57.8)	(163.7)	(163.2)	(149.2)	(151.9)	(123.9)	(144.6)	(153.6)		
Gross Margin	8.4	33.5	32.5	28.6	28.7	24.3	28.6	32.2	35.8%	4.0%
<i>Gross Margin/Revenues</i>	<i>12.7%</i>	<i>17.0%</i>	<i>16.6%</i>	<i>16.1%</i>	<i>15.9%</i>	<i>16.4%</i>	<i>16.5%</i>	<i>17.3%</i>		
Personnel Expenses	(3.8)	(11.9)	(12.6)	(12.8)	(12.9)	(12.9)	(13.0)	(13.1)		
Other Operating Expenses	(4.1)	(14.8)	(14.2)	(13.6)	(13.6)	(12.6)	(12.7)	(13.1)		
Recurrent EBITDA	0.5	6.8	5.7	2.1	2.2	(1.3)	3.0	6.0	41.5%	39.8%
<i>Recurrent EBITDA growth</i>	<i>-56.3%</i>	<i>n.a.</i>	<i>-16.0%</i>	<i>-63.0%</i>	<i>3.8%</i>	<i>-157.3%</i>	<i>338.6%</i>	<i>100.1%</i>		
<i>Rec. EBITDA/Revenues</i>	<i>0.8%</i>	<i>3.4%</i>	<i>2.9%</i>	<i>1.2%</i>	<i>1.2%</i>	<i>n.a.</i>	<i>1.7%</i>	<i>3.2%</i>		
Restructuring Expense & Other non-rec.	0.0	(0.5)	(0.3)	(0.2)	(0.5)	(0.5)	(0.5)	(0.5)		
EBITDA	0.5	6.3	5.4	1.9	1.6	(1.8)	2.5	5.5	31.5%	49.4%
Depreciation & Provisions	(0.7)	(3.0)	(3.1)	(3.3)	(3.0)	(3.2)	(3.2)	(3.3)		
Capitalized Expense	0.5	0.9	1.7	2.3	2.1	2.2	2.2	1.3		
Rentals (IFRS 16 impact)	-	-	-	-	(0.4)	(0.6)	(0.6)	(0.6)		
EBIT	0.4	4.2	4.0	0.9	0.4	(3.3)	0.9	2.9	-0.1%	93.1%
<i>EBIT growth</i>	<i>-66.2%</i>	<i>934.3%</i>	<i>-4.7%</i>	<i>-76.5%</i>	<i>-57.0%</i>	<i>-912.9%</i>	<i>127.8%</i>	<i>218.3%</i>		
<i>EBIT/Revenues</i>	<i>0.6%</i>	<i>2.1%</i>	<i>2.0%</i>	<i>0.5%</i>	<i>0.2%</i>	<i>n.a.</i>	<i>0.5%</i>	<i>1.6%</i>		
Impact of Goodwill & Others	-	-	-	-	-	-	-	-		
Net Financial Result	(0.2)	(0.0)	(0.0)	0.0	(0.0)	(0.5)	(0.5)	(0.4)		
Income by the Equity Method	-	-	-	-	-	-	-	-		
Ordinary Profit	0.2	4.2	4.0	1.0	0.4	(3.8)	0.5	2.5	16.1%	86.2%
<i>Ordinary Profit Growth</i>	<i>-84.1%</i>	<i>n.a.</i>	<i>-4.8%</i>	<i>-75.9%</i>	<i>-59.5%</i>	<i>n.a.</i>	<i>112.1%</i>	<i>449.3%</i>		
Extraordinary Results	-	-	-	2.0	-	9.0	-	-		
Profit Before Tax	0.2	4.2	4.0	3.0	0.4	5.2	0.5	2.5	16.1%	86.2%
Tax Expense	(0.1)	(0.7)	(0.4)	(0.7)	0.0	(2.1)	(0.1)	(0.6)		
<i>Effective Tax Rate</i>	<i>44.3%</i>	<i>16.7%</i>	<i>9.3%</i>	<i>21.8%</i>	<i>n.a.</i>	<i>40.2%</i>	<i>23.0%</i>	<i>23.0%</i>		
Minority Interests	(0.0)	(0.2)	(0.3)	0.0	(0.1)	-	-	-		
Discontinued Activities	-	-	-	-	-	-	-	-		
Net Profit	0.1	3.3	3.3	2.4	0.3	3.1	0.3	1.9	32.6%	82.5%
<i>Net Profit growth</i>	<i>-88.5%</i>	<i>n.a.</i>	<i>0.3%</i>	<i>-27.7%</i>	<i>-86.8%</i>	<i>893.9%</i>	<i>-88.9%</i>	<i>449.3%</i>		
Ordinary Net Profit	0.1	3.7	3.6	0.9	0.8	(3.2)	0.7	2.3	59.3%	40.1%
<i>Ordinary Net Profit growth</i>	<i>-85.3%</i>	<i>n.a.</i>	<i>-1.7%</i>	<i>-73.7%</i>	<i>-11.1%</i>	<i>-483.2%</i>	<i>123.2%</i>	<i>209.8%</i>		
Cash Flow (EUR Mn)	2015	2016	2017	2018	2019	2020e	2021e	2022e	15-19	19-22e
Recurrent EBITDA						(1.3)	3.0	6.0	41.5%	39.8%
Rentals (IFRS 16 impact)						(0.6)	(0.6)	(0.6)		
Working Capital Increase						9.5	(3.3)	(1.4)		
Recurrent Operating Cash Flow						7.7	-0.9	4.0	51.0%	61.0%
CAPEX						(5.2)	(3.2)	(3.3)		
Net Financial Result affecting the Cash Flow						(0.5)	(0.5)	(0.4)		
Tax Expense						(2.1)	(0.1)	(0.6)		
Recurrent Free Cash Flow						(0.1)	(4.7)	(0.3)	33.5%	66.5%
Restructuring Expense & Other non-rec.						(0.5)	(0.5)	(0.5)		
- Acquisitions / + Divestures of assets						8.3	10.9	-		
Extraordinary Inc./Exp. Affecting Cash Flow						-	-	-		
Free Cash Flow						7.7	5.7	(0.8)	35.3%	49.9%
Capital Increase						-	-	-		
Dividends						-	-	-		
Net Debt Variation						(7.7)	(5.7)	0.8		

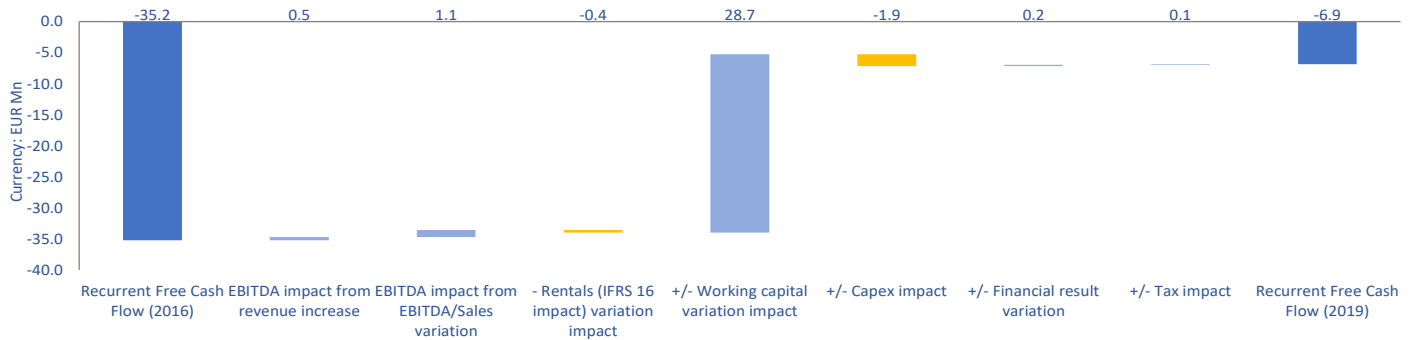
Note 1: Financial projections include IFRS 16 adjustments. FY 19 EBITDA is c. EUR 0.4Mn higher due to IFRS 16.

Appendix 2. Free Cash Flow⁽¹⁾

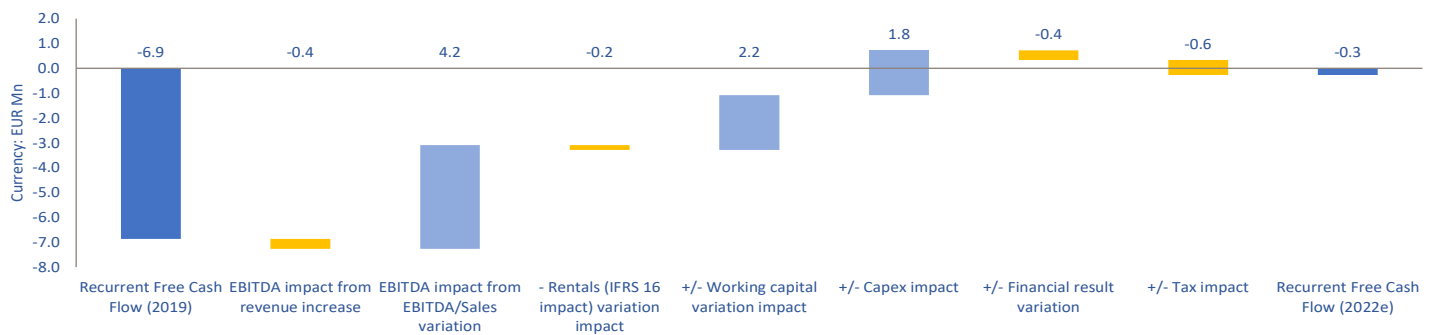
A) Cash Flow Analysis (EUR Mn)	2016	2017	2018	2019	2020e	2021e	2022e	CAGR	
								16-19	19-22e
Recurrent EBITDA	6.8	5.7	2.1	2.2	(1.3)	3.0	6.0	-31.4%	39.8%
<i>Recurrent EBITDA growth</i>	<i>n.a.</i>	<i>-16.0%</i>	<i>-63.0%</i>	<i>3.8%</i>	<i>-157.3%</i>	<i>338.6%</i>	<i>100.1%</i>		
<i>Rec. EBITDA/Revenues</i>	<i>3.4%</i>	<i>2.9%</i>	<i>1.2%</i>	<i>1.2%</i>	<i>n.a.</i>	<i>1.7%</i>	<i>3.2%</i>		
- Rentals (IFRS 16 impact)	-	-	-	(0.4)	(0.6)	(0.6)	(0.6)		
+/- Working Capital increase	2.5	8.1	0.2	(3.6)	9.5	(3.3)	(1.4)		
= Recurrent Operating Cash Flow	9.2	13.8	2.3	(1.8)	7.7	(0.9)	4.0	-30.0%	61.0%
<i>Rec. Operating Cash Flow growth</i>	<i>129.1%</i>	<i>49.4%</i>	<i>-83.2%</i>	<i>-178.8%</i>	<i>519.5%</i>	<i>-111.6%</i>	<i>548.0%</i>		
<i>Rec. Operating Cash Flow / Sales</i>	<i>4.7%</i>	<i>7.0%</i>	<i>1.3%</i>	<i>n.a.</i>	<i>5.2%</i>	<i>n.a.</i>	<i>2.1%</i>		
- CAPEX	(11.6)	(9.3)	(6.2)	(5.0)	(5.2)	(3.2)	(3.3)		
- Net Financial Result affecting Cash Flow	(0.0)	(0.0)	0.0	(0.0)	(0.5)	(0.5)	(0.4)		
- Taxes	(0.7)	(0.4)	(0.7)	0.0	(2.1)	(0.1)	(0.6)		
= Recurrent Free Cash Flow	(3.1)	4.1	(4.5)	(6.9)	(0.1)	(4.7)	(0.3)	-30.3%	66.5%
<i>Rec. Free Cash Flow growth</i>	<i>91.2%</i>	<i>231.3%</i>	<i>-209.7%</i>	<i>-53.4%</i>	<i>99.1%</i>	<i>n.a.</i>	<i>94.4%</i>		
<i>Rec. Free Cash Flow / Revenues</i>	<i>n.a.</i>	<i>2.1%</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>		
- Restructuring expenses & others	(0.6)	(0.6)	(0.2)	(0.6)	(0.5)	(0.5)	(0.5)		
- Acquisitions / + Divestments	0.0	(0.2)	0.7	1.3	8.3	10.9	-		
+/- Extraordinary Inc./Exp. affecting Cash Flow	-	-	-	-	-	-	-		
= Free Cash Flow	(3.7)	3.2	(3.9)	(6.2)	7.7	5.7	(0.8)	-18.4%	49.9%
<i>Free Cash Flow growth</i>	<i>89.4%</i>	<i>187.1%</i>	<i>-221.4%</i>	<i>-56.9%</i>	<i>225.6%</i>	<i>-25.8%</i>	<i>-113.5%</i>		
<i>Recurrent Free Cash Flow - Yield (s/Mkt Cap)</i>	<i>n.a.</i>	<i>6.5%</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>		
<i>Free Cash Flow Yield (s/Mkt Cap)</i>	<i>n.a.</i>	<i>5.1%</i>	<i>n.a.</i>	<i>n.a.</i>	<i>12.3%</i>	<i>9.1%</i>	<i>n.a.</i>		
B) Analytical Review of Annual Recurrent Free Cash Flow Performance (Eur Mn)									
Recurrent FCF(FY - 1)	(35.2)	(3.1)	4.1	(4.5)	(6.9)	(0.1)	(4.7)		
EBITDA impact from revenue increase	1.1	(0.0)	(0.5)	0.0	(0.4)	(0.2)	0.2		
EBITDA impact from EBITDA/Sales variation	5.2	(1.0)	(3.1)	0.0	(3.0)	4.5	2.8		
= Recurrent EBITDA variation	6.2	(1.1)	(3.6)	0.1	(3.4)	4.2	3.0		
- Rentals (IFRS 16 impact) variation impact	-	-	-	(0.4)	(0.2)	-	-		
+/- Working capital variation impact	34.8	5.7	(7.9)	(3.9)	13.1	(12.8)	1.9		
= Recurrent Operating Cash Flow variation	41.0	4.6	(11.5)	(4.2)	9.5	(8.6)	4.9		
+/- CAPEX impact	(8.5)	2.3	3.1	1.1	(0.1)	2.0	(0.0)		
+/- Financial result variation	0.2	(0.0)	0.1	(0.0)	(0.5)	0.0	0.1		
+/- Tax impact	(0.6)	0.3	(0.3)	0.7	(2.1)	2.0	(0.5)		
= Recurrent Free Cash Flow variation	32.1	7.2	(8.6)	(2.4)	6.8	(4.6)	4.4		
Recurrent Free Cash Flow	(3.1)	4.1	(4.5)	(6.9)	(0.1)	(4.7)	(0.3)		
C) "FCF to the Firm" (pre debt service) (EUR Mn)									
EBIT	4.2	4.0	0.9	0.4	(3.3)	0.9	2.9	-54.2%	93.1%
* <i>Theoretical Tax rate</i>	<i>16.7%</i>	<i>9.3%</i>	<i>21.8%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>23.0%</i>	<i>23.0%</i>		
= Taxes (pre- Net Financial Result)	(0.7)	(0.4)	(0.2)	-	-	(0.2)	(0.7)		
Recurrent EBITDA	6.8	5.7	2.1	2.2	(1.3)	3.0	6.0	-31.4%	39.8%
- Rentals (IFRS 16 impact)	-	-	-	(0.4)	(0.6)	(0.6)	(0.6)		
+/- Working Capital increase	2.5	8.1	0.2	(3.6)	9.5	(3.3)	(1.4)		
= Recurrent Operating Cash Flow	9.2	13.8	2.3	(1.8)	7.7	(0.9)	4.0	-30.0%	61.0%
- CAPEX	(11.6)	(9.3)	(6.2)	(5.0)	(5.2)	(3.2)	(3.3)		
- Taxes (pre- Financial Result)	(0.7)	(0.4)	(0.2)	-	-	(0.2)	(0.7)		
= Recurrent Free Cash Flow (To the Firm)	(3.1)	4.1	(4.0)	(6.9)	2.5	(4.3)	0.1	-30.7%	26.2%
<i>Rec. Free Cash Flow (To the Firm) growth</i>	<i>91.2%</i>	<i>233.8%</i>	<i>-198.1%</i>	<i>-70.0%</i>	<i>136.6%</i>	<i>-270.7%</i>	<i>101.3%</i>		
<i>Rec. Free Cash Flow (To the Firm) / Revenues</i>	<i>n.a.</i>	<i>2.1%</i>	<i>n.a.</i>	<i>n.a.</i>	<i>1.7%</i>	<i>n.a.</i>	<i>0.0%</i>		
- Acquisitions / + Divestments	0.0	(0.2)	0.7	1.3	8.3	10.9	-		
+/- Extraordinary Inc./Exp. affecting Cash Flow	-	-	-	-	-	-	-		
= Free Cash Flow "To the Firm"	(3.1)	3.9	(3.3)	(5.5)	10.8	6.6	0.1	-21.9%	26.2%
<i>Free Cash Flow (To the Firm) growth</i>	<i>91.3%</i>	<i>227.6%</i>	<i>-185.2%</i>	<i>-66.4%</i>	<i>296.1%</i>	<i>-39.0%</i>	<i>-99.2%</i>		
<i>Rec. Free Cash Flow To the Firm Yield (o/EV)</i>	<i>n.a.</i>	<i>4.5%</i>	<i>n.a.</i>	<i>n.a.</i>	<i>2.7%</i>	<i>n.a.</i>	<i>0.1%</i>		
<i>Free Cash Flow "To the Firm" - Yield (o/EV)</i>	<i>n.a.</i>	<i>4.2%</i>	<i>n.a.</i>	<i>n.a.</i>	<i>11.7%</i>	<i>7.1%</i>	<i>0.1%</i>		

Note 1: Financial projections include IFRS 16 adjustments. FY 19 EBITDA is c. EUR 0.4Mn higher due to IFRS 16.

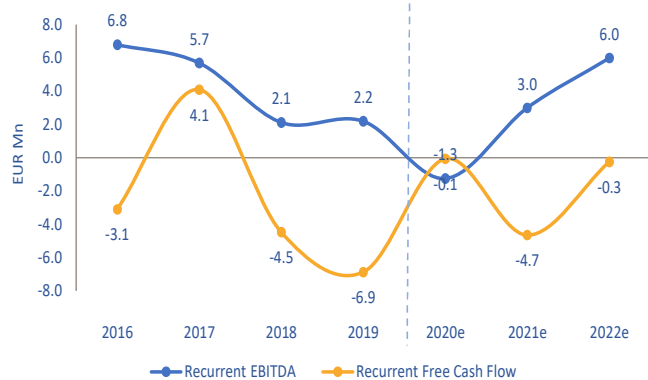
Recurrent Free Cash Flow accumulated variation analysis (2015 - 2019)



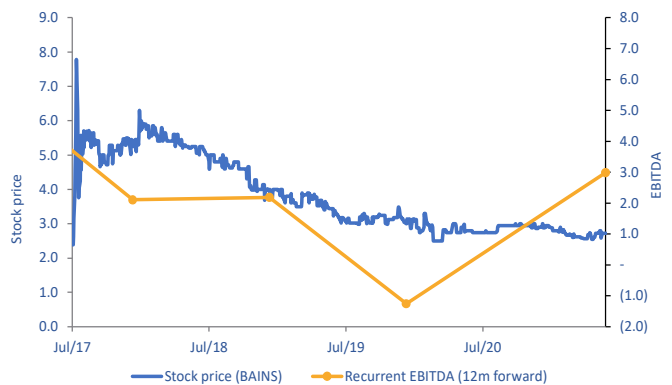
Recurrent Free Cash Flow accumulated variation analysis (2019 - 2022e)



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	62.9	
+ Minority Interests	2.1	9m Results 2020
+ Provisions & Other L/T Liabilities	2.7	9m Results 2020
+ Net financial debt	44.2	12m Results 2019
- Financial Investments	0.3	9m Results 2020
+/- Others ⁽¹⁾	(19.0)	Lighthouse 2020
Enterprise Value (EV)	92.6	

(1) Real State Assets held for sale & Sale of assets US

Appendix 4. Historical performance ⁽¹⁾⁽²⁾

Historical performance (EUR Mn)	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020e	2021e	2022e	CAGR	
															09-19	19-22e
Total Revenues	1.5	1.7	1.5	2.0	1.9	2.8	66.2	197.2	195.7	177.8	180.6	148.2	173.3	185.8	61.1%	0.9%
<i>Total Revenues growth</i>	9.6%	9.4%	-12.9%	39.4%	-5.3%	44.8%	n.a.	197.9%	-0.7%	-9.2%	1.5%	-17.9%	16.9%	7.2%		
EBITDA	0.3	0.5	0.3	0.5	0.5	1.2	0.5	6.3	5.4	1.9	1.6	(1.8)	2.5	5.5	17.8%	49.4%
<i>EBITDA growth</i>	36.6%	44.6%	-34.9%	67.1%	-9.6%	171.5%	-55.3%	n.a.	-15.3%	-64.6%	-13.6%	-208.2%	239.5%	121.1%		
<i>EBITDA/Sales</i>	20.7%	27.3%	20.4%	24.5%	23.4%	43.8%	0.8%	3.2%	2.7%	1.1%	0.9%	n.a.	1.4%	2.9%		
Net Profit	0.1	0.2	0.2	0.4	0.4	1.1	0.1	3.3	3.3	2.4	0.3	3.1	0.3	1.9	10.2%	82.5%
<i>Net Profit growth</i>	985.9%	83.5%	-24.8%	152.4%	-15.7%	216.1%	-90.8%	n.a.	0.3%	-27.7%	-86.8%	893.9%	-88.9%	449.3%		
Adjusted number shares (Mn)	5.6	5.6	5.6	5.6	5.6	5.6	10.2	23.1	23.1	23.1	23.1	23.1	23.1	23.1		
EPS (EUR)	0.02	0.04	0.03	0.07	0.06	0.20	0.01	0.14	0.14	0.10	0.01	0.14	0.02	0.08	-4.4%	82.4%
<i>EPS growth</i>	n.a.	83.5%	-24.8%	n.a.	-15.7%	n.a.	-94.9%	n.a.	0.4%	-27.7%	-86.8%	n.a.	-88.9%	n.a.		
Ord. EPS (EUR)	0.02	0.04	0.03	0.08	0.07	0.21	0.01	0.16	0.16	0.04	0.04	-0.14	0.03	0.10	6.4%	40.0%
<i>Ord. EPS growth</i>	n.a.	n.a.	-19.3%	n.a.	-14.2%	n.a.	-93.8%	n.a.	-1.6%	-73.7%	-11.1%	n.a.	n.a.	n.a.		
CAPEX	(0.1)	(0.1)	(0.1)	(0.3)	(0.7)	(0.3)	(3.2)	(11.6)	(9.3)	(6.2)	(5.0)	(5.2)	(3.2)	(3.3)		
<i>CAPEX/Sales %</i>	7.1%	5.5%	9.0%	14.2%	38.7%	9.5%	4.8%	5.9%	4.8%	3.5%	2.8%	3.5%	1.8%	1.8%		
Free Cash Flow	0.1	(0.4)	0.1	0.3	(0.3)	(0.5)	(35.2)	(3.7)	3.2	(3.9)	(6.2)	7.7	5.7	(0.8)	-	49.9%
															51.3%	
<i>ND/EBITDA (x) ⁽²⁾</i>	0.9x	1.4x	2.1x	0.1x	0.7x	0.6x	n.a.	6.3x	6.5x	20.3x	27.0x	n.a.	12.4x	5.8x		
<i>P/E (x)</i>	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	38.3x	27.7x	29.1x	n.a.	20.0x	n.a.	32.8x		
<i>EV/Sales (x)</i>	6.25x	5.93x	6.74x	4.57x	3.99x	4.92x	1.61x	0.48x	0.79x	0.65x	0.63x	0.62x	0.53x	0.50x		
<i>EV/EBITDA (x) ⁽²⁾</i>	30.2x	21.7x	33.0x	18.7x	17.1x	11.2x	n.a.	15.1x	28.8x	n.a.	n.a.	n.a.	37.5x	17.0x		
<i>Absolute performance</i>	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	-27.3%	-24.2%	-4.0%				
<i>Relative performance vs lbex 35</i>	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	-14.5%	-32.2%	13.5%				

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 0.4Mn higher due to IFRS 16.

Note 3: All ratios and multiples on EBITDA refer to total EBITDA (not to recurrent EBITDA).

Appendix 5. Valuation inputs

Inputs for the DCF Valuation Approach

	2020e	2021e	2022e	Terminal Value ⁽¹⁾		
Free Cash Flow "To the Firm"	10.8	6.6	0.1	n.a.		
Market Cap	62.9	At the date of this report				
Net financial debt	44.2	Debt net of Cash (12m Results 2019)				
					Best Case	Worst Case
Cost of Debt	2.0%	Net debt cost			1.8%	2.3%
Tax rate (T)	20.0%	T (Normalised tax rate)			=	=
Net debt cost	1.6%	Kd = Cost of Net Debt * (1-T)			1.4%	1.8%
Risk free rate (rf)	0.4%	Rf (10y Spanish bond yield)			=	=
Equity risk premium	9.0%	R (own estimate)			8.5%	9.5%
Beta (B)	0.8	B (own estimate)			0.7	0.9
Cost of Equity	7.6%	Ke = Rf + (R * B)			6.4%	9.0%
Equity / (Equity + Net Debt)	58.7%	E (Market Cap as equity value)			=	=
Net Debt / (Equity + Net Debt)	41.3%	D			=	=
WACC	5.1%	WACC = Kd * D + Ke * E			4.3%	6.0%
G "Fair"	2.0%				2.5%	1.5%

(1) The terminal value calculated beyond the last FCF estimate does not reflect the company's growth potential (positive/negative) at the date of publication of this report.

Free Cash Flow sensitivity analysis (2021e)

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

Scenario	EBITDA/Sales 21e	EBITDA 21e	EV/EBITDA 21e
Max	1.9%	3.3	27.8x
Central	1.7%	3.0	31.0x
Min	1.5%	2.6	35.0x

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

FCF Rec. EUR Mn	CAPEX/Sales 21e		
EBITDA 21e	1.6%	1.8%	2.0%
3.3	(4.0)	(4.3)	(4.7)
3.0	(4.3)	(4.7)	(5.0)
2.6	(4.7)	(5.0)	(5.3)

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Date of report	Recommendation	Price (EUR)	Target price (EUR)	Period of validity	Reason for report	Analyst
17-Jun-2021	n.a.	2.72	n.a.	n.a.	Estimates upgrade	Ana Isabel González García, CIIA
12-Apr-2021	n.a.	2.62	n.a.	n.a.	9m Results 2020	Ana Isabel González García, CIIA
02-Mar-2021	n.a.	2.70	n.a.	n.a.	6m Results 2020 - Estimates downgrade	Ana Isabel González García, CIIA
04-Jan-2021	n.a.	2.88	n.a.	n.a.	3m Results 2020	Ana Isabel González García, CIIA
03-Aug-2020	n.a.	2.80	n.a.	n.a.	12m Results 2019	Ana Isabel González García, CIIA
04-Jun-2020	n.a.	2.98	n.a.	n.a.	Estimates downgrade	Ana Isabel González García, CIIA
31-Mar-2020	n.a.	2.50	n.a.	n.a.	9m Results 2020	Ana Isabel González García, CIIA
02-Mar-2020	n.a.	2.96	n.a.	n.a.	6m Results 2020	Ana Isabel González García, CIIA
16-Oct-2019	n.a.	3.18	n.a.	n.a.	3m Results 2020	Ana Isabel González García, CIIA
01-Aug-2019	n.a.	3.16	n.a.	n.a.	12m Results 2019	Ana Isabel González García, CIIA
25-Apr-2019	n.a.	3.72	n.a.	n.a.	9m Results 2019	Ana Isabel González García, CIIA
11-Apr-2019	n.a.	3.84	n.a.	n.a.	Initiation of Coverage	Ana Isabel González García, CIIA

