

### 9m Results 2020

Opinion <sup>(1)</sup>: In line

Impact <sup>(1)</sup>: We will maintain our estimates

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**Biosearch (BIOS)** is a small Spanish biotech company based in Granada, specialising in the research, development and sale of functional ingredients (natural extracts, omega-3 and probiotics) for the nutrition and healthcare markets. It has an international presence (78% of revenues). A former subsidiary of the former EBRO-Puleva, its core shareholder remains the Lactalis group (30% of capital).

#### Market Data

Market Cap (Mn EUR and USD)	75.0	87.9
EV (Mn EUR and USD) <sup>(2)</sup>	74.7	87.6
Shares Outstanding (Mn)	57.7	
-12m (Max/Med/Mín EUR)	1.71 / 1.14 / 0.61	
Daily Avg volume (-12m Mn EUR)	0.45	
Rotation <sup>(3)</sup>	152.9	
Thomson Reuters / Bloomberg	BIOS.MC / BIO SM	
Close fiscal year	31-Dec	

#### Shareholders Structure (%)

Lactalis Group	29.5
Pescaderías Coruñesas, S.A.	10.0
Free Float	60.5

#### Financials (Mn EUR)

	2019	2020e	2021e	2022e
Adj. nº shares (Mn)	57.7	57.7	57.7	57.7
Total Revenues	23.3	28.2	30.8	34.7
Rec. EBITDA <sup>(4)</sup>	2.4	3.5	4.7	6.3
% growth	-57.8	46.4	35.5	33.1
% Rec. EBITDA/Rev.	10.3	12.4	15.4	18.2
% Inc. EBITDA sector <sup>(5)</sup>	15.5	5.6	10.9	12.0
Net Profit	0.6	1.1	2.4	3.6
EPS (EUR)	0.01	0.02	0.04	0.06
% growth	-81.0	74.9	113.1	51.0
Ord. EPS (EUR)	0.01	0.02	0.04	0.06
% growth	-82.3	145.5	63.4	51.0
Rec. Free Cash Flow <sup>(6)</sup>	-4.4	1.1	0.6	2.4
Pay-out (%)	0.0	0.0	0.0	0.0
DPS (EUR)	0.00	0.00	0.00	0.00
Net financial debt	4.2	2.5	1.4	-1.0
ND/Rec. EBITDA (x)	1.8	0.7	0.3	-0.2
ROE (%)	2.7	4.5	9.0	12.3
ROCE (%) <sup>(6)</sup>	2.8	4.4	8.9	12.6

#### Ratios & Multiples (x) <sup>(7)</sup>

	n.a.	68.0	31.9	21.1
P/E	n.a.	52.1	31.9	21.1
Ord. P/E	n.a.	3.0	2.8	2.4
P/BV	0.0	0.0	0.0	0.0
Dividend Yield (%)	3.21	2.64	2.43	2.15
EV/Sales	31.3	21.4	15.8	11.8
EV/Rec. EBITDA	n.a.	n.a.	24.7	16.8
EV/EBIT	n.a.	1.5	0.8	3.2
FCF Yield (%) <sup>(6)</sup>				

(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) 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 0.0Mn higher due to IFRS 16.

(5) Sector: Eurostoxx 600 Health Care.

(6) Please see Annex 2 for the theoretical tax rate (ROCE) and recurrent FCF calculation.

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

## Growth (9M) strengthens the equity story

**EXPECTED SLOWDOWN IN REVENUE GROWTH (EUR 19.5Mn, +15.2% y/y vs. +25.8% 6M20)**, due to the “hangover” from the bringing forward of purchases (2Q) caused by the Covid-19 pandemic. Growth was headed by the probiotics line (+37.2% y/y), underpinned by demand for infant and women’s health care products and by the recovery after destocking by Asian clients -1y. Good performance by extracts (+29.8% y/y), thanks to the penetration of Caronositol and increased consumption of natural health care products resulting from the pandemic. Conversely, there was a small decline in lipids (-2.4% y/y) with a recovery in sales being likely (4Q).

**WITH BETTER MARGINS (REC. EBITDA/REVENUES 14.8%, +5p.p. y/y) DUE TO THE FAVOURABLE MIX AND COST CONTROL.** The larger contribution to consolidated revenues from probiotics (bigger margin; 23.1% of revenues, +3.7p.p. y/y) offset the fall in lipids (38.9% of revenue, -7.0p.p. y/y). These results also show the efforts made to rein in costs, resulting in EUR 2.9Mn of Rec. EBITDA (+73.5% y/y).

**FEEDING THROUGH TO NP (EUR 1.1Mn, c. +4x y/y)** despite higher restructuring costs (EUR -0.5Mn, c. +2x y/y, vs. EUR -0.4Mn estimated for 2020), and enhanced by a lower than envisaged tax rate (11.0% 9M20, vs. 20% 2020e).

**AND A SOLID FINANCIAL POSITION (EUR 1.3Mn OF NET CASH vs. EUR 4.1Mn ND -1Y)**, thanks to the collection of milestone payments (EUR 1Mn) and a reduction in working capital investment (+EUR 1.3Mn at 9M, vs. our neutral impact scenario for 2020e) due to the policy of reducing inventories (-12.2% y/y).

### IN CONCLUSION, WE KEEP OUR ESTIMATES UNCHANGED DESPITE THE UNCERTAINTY GENERATED BY THE SECOND WAVE OF THE COVID-19 PANDEMIC.

The diversification of the business (triple revenue platform: probiotics, omega 3 and medicinal herbs; growing m/t CAGRs) and the marketing strategy have allowed the company to weather at 9M the impact of the Covid-19 crisis.

BIOS has maintained double-digit growth in its main P/L items (+15.2% in revenue, +73.5% in Rec. EBITDA) vs. stagnation in sales for some peers, strengthening the balance sheet (EUR 1.3Mn in net cash), while continuing with the pipeline (R+D) and the search for new marketing agreements. Consequently, and against the current backdrop of uncertainty caused by the second wave of the pandemic, the reading of these results is positive and strengthens the equity story, which, however, remains a challenge in the face of the current economic slowdown.

#### Relative performance -5y (Base 100)



#### Stock performance (%)

	-1m	-3m	-12m	YTD	-3Y	-5Y
Absolute	-11.6	9.8	42.7	23.6	152.4	150.0
vs Ibex 35	-11.9	13.7	98.1	74.0	285.5	286.1
vs Ibex Small Cap Index	-9.2	7.9	50.7	32.9	142.4	92.1
vs Eurostoxx 50	-10.7	13.0	65.5	46.4	194.7	172.0
vs Sector benchmark <sup>(5)</sup>	-12.1	10.0	38.4	25.3	108.1	123.6

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

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This report has been prepared on the basis of information available to the public. The report includes a financial analysis of the company covered. The report does not propose any personalised investment recommendation. Investors should consider the contents of this report as just another element in their investment decision-making process. The final two pages of this report contain very important legal information regarding its contents.

**Results 9M2020**
**Results table**

	(EUR Mn)	9M20	9M19	9M20 vs 9M19	2020 (Est)	2020e vs 2019	3Q20	3Q20 vs 3Q19
<b>Total Revenues</b>		<b>19.5</b>	<b>16.9</b>	<b>15.2%</b>	<b>28.2</b>	<b>21.3%</b>	<b>5.2</b>	<b>-6.5%</b>
Lipids		7.6	7.7	-2.4%	11.4	12.2%	2.2	-17.9%
Probiotics		4.5	3.3	37.2%	5.4	12.7%	1.2	16.3%
Extracts		7.2	5.6	29.8%	10.8	44.5%	1.7	-1.6%
Services & others		0.2	0.3	-43.9%	0.7	-24.8%	0.1	-40.4%
<b>Rec. EBITDA <sup>(1)</sup></b>		<b>2.9</b>	<b>1.7</b>	<b>73.5%</b>	<b>3.5</b>	<b>46.4%</b>	<b>0.6</b>	<b>13.9%</b>
Rec. EBITDA / Rev.		14.8%	9.9%	5.0 p.p.	12.4%	2.1 p.p.	11.6%	2.1 p.p.
<b>EBITDA</b>		<b>2.4</b>	<b>1.5</b>	<b>65.1%</b>	<b>3.1</b>	<b>25.6%</b>	<b>0.5</b>	<b>4.0%</b>
EBITDA / Rev.		12.5%	8.7%	3.8 p.p.	11.8%	1.3 p.p.	9.0%	0.9 p.p.
<b>PBT</b>		<b>1.3</b>	<b>0.3</b>	<b>341.7%</b>	<b>1.4</b>	<b>62.5%</b>	<b>0.1</b>	<b>19.6%</b>
<b>NP</b>		<b>1.1</b>	<b>0.3</b>	<b>311.9%</b>	<b>1.1</b>	<b>74.9%</b>	<b>0.1</b>	<b>-32.3%</b>
<b>Ordinary NP</b>		<b>1.9</b>	<b>0.7</b>	<b>172.2%</b>	<b>1.4</b>	<b>145.5%</b>	<b>0.3</b>	<b>31.8%</b>
Net Debt		-1.3	4.1	-133%	2.5	-41%		
ND / Rec. EBITDA		-0.5 x	2.4 x	-2.9 x	0.7 x	-1.0 x		

(1) EBITDA and Rec. EBITDA adjusted. It excludes capitalized expense. Without IFRS-16 impact (BIOS reports according to national accounting standards).

## Valuation inputs

### Inputs for the DCF Valuation Approach

	2020e	2021e	2022e	Terminal Value <sup>(1)</sup>		
Free Cash Flow "To the Firm"	2.2	1.2	2.4	23.8		
Market Cap	75.0	At the date of this report				
Net financial debt	-1.3	Debt net of Cash (9m Results 2020)				
					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)	0.1%	Rf (10y Spanish bond yield)			=	=
Equity risk premium	9.0%	R (own estimate)			8.5%	9.5%
Beta (B)	1.4	B (Thomson Reuters and Lighthouse)			1.3	1.5
Cost of Equity	12.3%	Ke = Rf + (R * B)			10.8%	13.9%
Equity / (Equity + Net Debt)	100.0%	E (Market Cap as equity value)			=	=
Net Debt / (Equity + Net Debt)	0.0%	D			=	=
WACC	12.3%	WACC = Kd * D + Ke * E			10.8%	13.9%
G "Fair"	2.0%				2.5%	1.5%

(1) Terminal value calculated on the recurrent Free Cash Flow "to the Firm" of the last estimated year using the normalised tax rate (T) indicated in the upper table.

(2) The terminal value does not reflect the value related to the development of the company's pipeline at the issue date of this report. In addition BIOS has EUR3,0Mn (2019) in tax loss carryforwards.

### Inputs for the Multiples Valuation Approach

Company	Ticker Reuters	Mkt. Cap	P/E 20e	EPS 20e-22e	EV/EBITDA 20e	EBITDA 20e-22e	EV/Sales 20e	Revenues 20e-22e	EBITDA/Sales 20e	FCF Yield 20e	FCF 20e-22e
Probi AB	PROB.ST	472.4	46.7	13.4%	23.0	7.7%	6.7	6.6%	29.2%	1.7%	44.0%
Biogaia AB	BIOGb.ST	801.7	47.1	2.3%	31.0	8.3%	10.6	10.8%	34.3%	n.a.	n.a.
Christian Hansen	CHRH.CO	12,074.4	49.0	9.9%	31.4	9.8%	11.7	7.0%	37.3%	1.1%	32.9%
<b>Pobiotic Industry</b>			47.6	8.5%	28.5	8.6%	9.7	8.1%	33.6%	1.4%	38.4%
DSM	DSMN.AS	25,955.7	33.3	14.3%	17.4	9.3%	3.2	4.9%	18.2%	2.7%	12.0%
Croda Intl.	CRDAL	9,100.1	36.4	10.2%	22.3	8.0%	6.6	5.4%	29.5%	2.4%	12.3%
Ausstevoll Seafood	AUSS.OL	1,248.7	11.7	34.3%	8.1	23.6%	1.3	6.3%	16.4%	8.3%	37.1%
Amarin	AMRN.O	1,641.5	n.a.	n.a.	n.a.	n.a.	2.3	12.8%	n.a.	n.a.	67.2%
<b>Omega 3 Industry</b>			27.1	19.6%	15.9	13.6%	3.3	7.4%	21.4%	4.5%	32.2%
BIOS	BIOS.MC	75.0	68.0	79.4%	21.4	43.2%	2.6	10.8%	10.9%	1.5%	18.0%

### 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	16.9%	5.2	14.4x
Central	15.4%	4.7	15.8x
Min	13.9%	4.3	17.5x

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

Rec. FCF EUR Mn	CAPEX/Sales 21e				Scenario	Rec. FCF/Yield 21e		
EBITDA 21e	8.7%	9.7%	10.7%					
5.2	1.4	1.1	0.8	➔	Max	1.8%	1.4%	1.0%
4.7	0.9	0.6	0.3		Central	1.2%	0.8%	0.4%
4.3	0.5	0.1	(0.2)		Min	0.6%	0.2%	n.a.

## Appendix 1. Financial Projections<sup>(1)</sup>

Balance Sheet (EUR Mn)	2015	2016	2017	2018	2019	2020e	2021e	2022e	CAGR	
Intangible assets	1.2	0.8	0.8	1.0	1.3	1.1	0.9	0.6		
Fixed assets	10.2	8.9	8.7	8.1	8.9	9.5	11.0	11.4		
Other Non Current Assets	6.3	7.3	5.7	5.1	4.8	4.8	4.8	4.8		
Financial Investments	0.1	0.1	0.1	3.1	0.9	0.9	0.9	0.9		
Goodwill & Other Intangibles	7.5	1.3	-	-	-	-	-	-		
Current assets	12.9	13.5	15.4	13.9	17.0	17.4	18.1	19.4		
<b>Total assets</b>	<b>38.1</b>	<b>31.8</b>	<b>30.7</b>	<b>31.2</b>	<b>33.0</b>	<b>33.8</b>	<b>35.7</b>	<b>37.2</b>		
Equity	22.5	18.8	20.7	23.3	23.7	24.8	27.2	30.7		
Minority Interests	-	-	-	-	-	-	-	-		
Provisions & Other L/T Liabilities	1.0	1.2	0.6	0.1	0.0	0.0	0.0	0.0		
Other Non Current Liabilities	-	-	-	-	1.4	2.4	2.9	2.9		
Net financial debt	10.0	6.9	4.5	3.4	4.2	2.5	1.4	(1.0)		
Current Liabilities	4.6	4.8	4.9	4.3	3.6	4.0	4.2	4.5		
<b>Equity &amp; Total Liabilities</b>	<b>38.1</b>	<b>31.8</b>	<b>30.7</b>	<b>31.2</b>	<b>33.0</b>	<b>33.8</b>	<b>35.7</b>	<b>37.2</b>		
<b>P&amp;L (EUR Mn)</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020e</b>	<b>2021e</b>	<b>2022e</b>	<b>15-19</b>	<b>19-22e</b>
<b>Total Revenues</b>	<b>19.9</b>	<b>23.3</b>	<b>25.7</b>	<b>27.2</b>	<b>23.3</b>	<b>28.2</b>	<b>30.8</b>	<b>34.7</b>	<b>4.0%</b>	<b>14.2%</b>
<i>Total Revenues growth</i>	9.5%	17.4%	10.3%	5.6%	-14.3%	21.3%	9.0%	12.7%		
COGS	(6.4)	(7.1)	(8.4)	(7.7)	(8.1)	(11.5)	(11.7)	(12.5)		
<b>Gross Margin</b>	<b>13.5</b>	<b>16.3</b>	<b>17.3</b>	<b>19.4</b>	<b>15.2</b>	<b>16.8</b>	<b>19.1</b>	<b>22.2</b>	<b>3.0%</b>	<b>13.5%</b>
<i>Gross Margin/Revenues</i>	67.8%	69.7%	67.3%	71.5%	65.1%	59.4%	61.9%	63.9%		
Personnel Expenses	(5.4)	(6.2)	(6.7)	(7.6)	(6.7)	(6.5)	(7.1)	(7.9)		
Other Operating Expenses	(5.5)	(5.9)	(5.4)	(6.2)	(6.0)	(6.8)	(7.2)	(8.0)		
<b>Recurrent EBITDA</b>	<b>2.6</b>	<b>4.1</b>	<b>5.2</b>	<b>5.7</b>	<b>2.4</b>	<b>3.5</b>	<b>4.7</b>	<b>6.3</b>	<b>-2.4%</b>	<b>38.2%</b>
<i>Recurrent EBITDA growth</i>	-22.6%	57.5%	25.5%	9.0%	-57.8%	46.4%	35.5%	33.1%		
<i>Rec. EBITDA/Revenues</i>	13.2%	17.7%	20.2%	20.8%	10.3%	12.4%	15.4%	18.2%		
Restructuring Expense & Other non-rec.	-	-	-	-	0.1	(0.4)	-	-		
<b>EBITDA</b>	<b>2.6</b>	<b>4.1</b>	<b>5.2</b>	<b>5.7</b>	<b>2.4</b>	<b>3.1</b>	<b>4.7</b>	<b>6.3</b>	<b>-1.7%</b>	<b>37.1%</b>
Depreciation & Provisions	(2.3)	(3.0)	(1.9)	(1.6)	(1.5)	(1.6)	(1.7)	(1.9)		
Capitalized Expense	-	-	-	0.1	-	-	-	-		
Rentals (IFRS 16 impact)	-	-	-	-	-	-	-	-		
<b>EBIT</b>	<b>0.4</b>	<b>1.1</b>	<b>3.3</b>	<b>4.2</b>	<b>0.9</b>	<b>1.5</b>	<b>3.0</b>	<b>4.4</b>	<b>27.1%</b>	<b>67.5%</b>
<i>EBIT growth</i>	-64.8%	208.5%	192.7%	29.0%	-77.6%	56.1%	104.5%	47.3%		
<i>EBIT/Revenues</i>	1.8%	4.8%	12.7%	15.6%	4.1%	5.2%	9.8%	12.8%		
Impact of Goodwill & Others	(0.0)	(5.5)	(1.1)	(0.0)	-	-	-	-		
Net Financial Result	(0.5)	(0.3)	(0.2)	(0.1)	(0.1)	(0.1)	(0.1)	(0.0)		
Income by the Equity Method	-	-	-	-	-	-	-	-		
<b>Ordinary Profit</b>	<b>(0.2)</b>	<b>(4.7)</b>	<b>2.0</b>	<b>4.1</b>	<b>0.8</b>	<b>1.4</b>	<b>2.9</b>	<b>4.4</b>	<b>62.3%</b>	<b>73.5%</b>
<i>Ordinary Profit Growth</i>	-186.0%	n.a.	142.7%	103.3%	-79.2%	62.5%	113.1%	51.0%		
Extraordinary Results	0.0	0.0	0.2	-	-	-	-	-		
<b>Profit Before Tax</b>	<b>(0.2)</b>	<b>(4.7)</b>	<b>2.2</b>	<b>4.1</b>	<b>0.8</b>	<b>1.4</b>	<b>2.9</b>	<b>4.4</b>	<b>64.8%</b>	<b>73.5%</b>
Tax Expense	(0.2)	1.4	(0.2)	(0.8)	(0.2)	(0.3)	(0.6)	(0.9)		
<i>Effective Tax Rate</i>	n.a.	n.a.	7.8%	18.9%	25.7%	20.0%	20.0%	20.0%		
Minority Interests	-	-	-	-	-	-	-	-		
Discontinued Activities	-	-	-	-	-	-	-	-		
<b>Net Profit</b>	<b>(0.3)</b>	<b>(3.3)</b>	<b>2.0</b>	<b>3.3</b>	<b>0.6</b>	<b>1.1</b>	<b>2.4</b>	<b>3.6</b>	<b>41.4%</b>	<b>77.9%</b>
<i>Net Profit growth</i>	40.6%	-955.1%	160.3%	64.9%	-81.0%	74.9%	113.1%	51.0%		
<b>Ordinary Net Profit</b>	<b>(0.2)</b>	<b>(4.7)</b>	<b>1.9</b>	<b>3.3</b>	<b>0.6</b>	<b>1.4</b>	<b>2.4</b>	<b>3.6</b>	<b>52.5%</b>	<b>82.3%</b>
<i>Ordinary Net Profit growth</i>	-222.9%	n.a.	139.4%	78.8%	-82.3%	145.5%	63.4%	51.0%		
<b>Cash Flow (EUR Mn)</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020e</b>	<b>2021e</b>	<b>2022e</b>	<b>15-19</b>	<b>19-22e</b>
<b>Recurrent EBITDA</b>						<b>3.5</b>	<b>4.7</b>	<b>6.3</b>	<b>-2.4%</b>	<b>38.2%</b>
Rentals (IFRS 16 impact)						-	-	-		
Working Capital Increase						0.0	(0.5)	(1.0)		
<b>Recurrent Operating Cash Flow</b>						<b>3.5</b>	<b>4.3</b>	<b>5.3</b>	<b>-32.3%</b>	<b>76.9%</b>
CAPEX						(2.0)	(3.0)	(2.0)		
Net Financial Result affecting the Cash Flow						(0.1)	(0.1)	(0.0)		
Tax Expense						(0.3)	(0.6)	(0.9)		
<b>Recurrent Free Cash Flow</b>						<b>1.1</b>	<b>0.6</b>	<b>2.4</b>	<b>n.a.</b>	<b>36.5%</b>
Restructuring Expense & Other non-rec.						(0.4)	-	-		
- Acquisitions / + Divestures of assets						1.0	0.5	-		
Extraordinary Inc./Exp. Affecting Cash Flow						-	-	-		
<b>Free Cash Flow</b>						<b>1.7</b>	<b>1.1</b>	<b>2.4</b>	<b>-62.4%</b>	<b>69.0%</b>
Capital Increase						-	-	-		
Dividends						-	-	-		
<b>Net Debt Variation</b>						<b>(1.7)</b>	<b>(1.1)</b>	<b>(2.4)</b>		

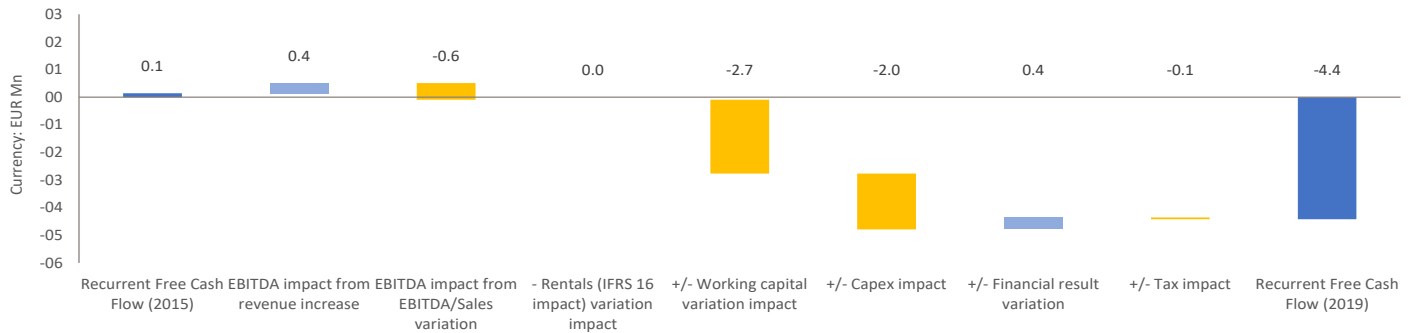
Note 1: Financial projections include IFRS 16 adjustments. FY 19 EBITDA is c. EUR 0.0Mn higher due to IFRS 16.

## Appendix 2. Free Cash Flow<sup>(1)</sup>

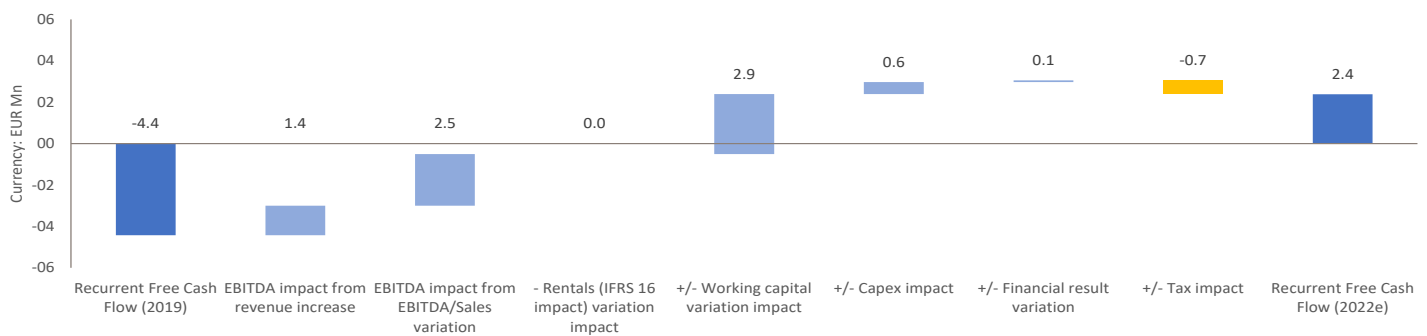
A) Cash Flow Analysis (EUR Mn)	2016	2017	2018	2019	2020e	2021e	2022e	CAGR	
								16-19	19-22e
<b>Recurrent EBITDA</b>	<b>4.1</b>	<b>5.2</b>	<b>5.7</b>	<b>2.4</b>	<b>3.5</b>	<b>4.7</b>	<b>6.3</b>	<b>-16.7%</b>	<b>38.2%</b>
<i>Recurrent EBITDA growth</i>	57.5%	25.5%	9.0%	-57.8%	46.4%	35.5%	33.1%		
<i>Rec. EBITDA/Revenues</i>	17.7%	20.2%	20.8%	10.3%	12.4%	15.4%	18.2%		
- Rentals (IFRS 16 impact)	-	-	-	-	-	-	-		
+/- Working Capital increase	(0.3)	(1.9)	0.9	(3.9)	0.0	(0.5)	(1.0)		
<b>= Recurrent Operating Cash Flow</b>	<b>3.8</b>	<b>3.3</b>	<b>6.6</b>	<b>(1.5)</b>	<b>3.5</b>	<b>4.3</b>	<b>5.3</b>	<b>-33.8%</b>	<b>76.9%</b>
<i>Rec. Operating Cash Flow growth</i>	171.9%	-13.8%	100.2%	-122.8%	333.1%	21.9%	24.3%		
<i>Rec. Operating Cash Flow / Sales</i>	16.4%	12.8%	24.3%	n.a.	12.4%	13.9%	15.3%		
- CAPEX	(0.4)	(0.9)	(1.1)	(2.6)	(2.0)	(3.0)	(2.0)		
- Net Financial Result affecting Cash Flow	(0.3)	(0.2)	(0.1)	(0.1)	(0.1)	(0.1)	(0.0)		
- Taxes	1.4	(0.2)	(0.8)	(0.2)	(0.3)	(0.6)	(0.9)		
<b>= Recurrent Free Cash Flow</b>	<b>4.5</b>	<b>2.1</b>	<b>4.7</b>	<b>(4.4)</b>	<b>1.1</b>	<b>0.6</b>	<b>2.4</b>	<b>-44.0%</b>	<b>36.5%</b>
<i>Rec. Free Cash Flow growth</i>	n.a.	-52.9%	121.1%	-194.9%	125.7%	-46.4%	292.6%		
<i>Rec. Free Cash Flow / Revenues</i>	19.2%	8.2%	17.1%	n.a.	4.0%	2.0%	6.9%		
- Restructuring expenses & others	-	-	(0.1)	(0.2)	(0.4)	-	-		
- Acquisitions / + Divestments	(1.7)	0.0	(2.7)	3.8	1.0	0.5	-		
+/- Extraordinary Inc./Exp. affecting Cash Flow	0.0	0.2	-	-	-	-	-		
<b>= Free Cash Flow</b>	<b>2.8</b>	<b>2.3</b>	<b>1.8</b>	<b>(0.8)</b>	<b>1.7</b>	<b>1.1</b>	<b>2.4</b>	<b>-32.1%</b>	<b>69.0%</b>
<i>Free Cash Flow growth</i>	n.a.	-15.7%	-23.0%	-147.3%	302.8%	-35.4%	115.5%		
<i>Recurrent Free Cash Flow - Yield (s/Mkt Cap)</i>	6.0%	2.8%	6.2%	n.a.	1.5%	0.8%	3.2%		
<i>Free Cash Flow Yield (s/Mkt Cap)</i>	3.7%	3.1%	2.4%	n.a.	2.3%	1.5%	3.2%		
<b>B) Analytical Review of Annual Recurrent Free Cash Flow Performance (Eur Mn)</b>									
<b>Recurrent FCF(FY - 1)</b>	<b>0.1</b>	<b>4.5</b>	<b>2.1</b>	<b>4.7</b>	<b>(4.4)</b>	<b>1.1</b>	<b>0.6</b>		
EBITDA impact from revenue increase	0.5	0.4	0.3	(0.8)	0.5	0.3	0.6		
EBITDA impact from EBITDA/Sales variation	1.1	0.6	0.2	(2.5)	0.6	0.9	1.0		
<b>= Recurrent EBITDA variation</b>	<b>1.5</b>	<b>1.1</b>	<b>0.5</b>	<b>(3.3)</b>	<b>1.1</b>	<b>1.2</b>	<b>1.6</b>		
- Rentals (IFRS 16 impact) variation impact	-	-	-	-	-	-	-		
+/- Working capital variation impact	0.9	(1.6)	2.8	(4.8)	3.9	(0.5)	(0.5)		
<b>= Recurrent Operating Cash Flow variation</b>	<b>2.4</b>	<b>(0.5)</b>	<b>3.3</b>	<b>(8.1)</b>	<b>5.0</b>	<b>0.8</b>	<b>1.0</b>		
+/- CAPEX impact	0.2	(0.4)	(0.2)	(1.5)	0.6	(1.0)	1.0		
+/- Financial result variation	0.2	0.1	0.0	0.0	-	0.0	0.1		
+/- Tax impact	1.5	(1.5)	(0.6)	0.6	(0.1)	(0.3)	(0.3)		
<b>= Recurrent Free Cash Flow variation</b>	<b>4.3</b>	<b>(2.4)</b>	<b>2.6</b>	<b>(9.1)</b>	<b>5.6</b>	<b>(0.5)</b>	<b>1.8</b>		
<b>Recurrent Free Cash Flow</b>	<b>4.5</b>	<b>2.1</b>	<b>4.7</b>	<b>(4.4)</b>	<b>1.1</b>	<b>0.6</b>	<b>2.4</b>		
<b>C) "FCF to the Firm" (pre debt service) (EUR Mn)</b>									
<b>EBIT</b>	<b>1.1</b>	<b>3.3</b>	<b>4.2</b>	<b>0.9</b>	<b>1.5</b>	<b>3.0</b>	<b>4.4</b>	<b>-5.5%</b>	<b>67.5%</b>
* <i>Theoretical Tax rate</i>	0.0%	7.8%	18.9%	25.7%	20.0%	20.0%	20.0%		
= Taxes (pre- Net Financial Result)	-	(0.3)	(0.8)	(0.2)	(0.3)	(0.6)	(0.9)		
<b>Recurrent EBITDA</b>	<b>4.1</b>	<b>5.2</b>	<b>5.7</b>	<b>2.4</b>	<b>3.5</b>	<b>4.7</b>	<b>6.3</b>	<b>-16.7%</b>	<b>38.2%</b>
- Rentals (IFRS 16 impact)	-	-	-	-	-	-	-		
+/- Working Capital increase	(0.3)	(1.9)	0.9	(3.9)	0.0	(0.5)	(1.0)		
<b>= Recurrent Operating Cash Flow</b>	<b>3.8</b>	<b>3.3</b>	<b>6.6</b>	<b>(1.5)</b>	<b>3.5</b>	<b>4.3</b>	<b>5.3</b>	<b>-33.8%</b>	<b>76.9%</b>
- CAPEX	(0.4)	(0.9)	(1.1)	(2.6)	(2.0)	(3.0)	(2.0)		
- Taxes (pre- Financial Result)	-	(0.3)	(0.8)	(0.2)	(0.3)	(0.6)	(0.9)		
<b>= Recurrent Free Cash Flow (To the Firm)</b>	<b>3.4</b>	<b>2.2</b>	<b>4.8</b>	<b>(4.3)</b>	<b>1.2</b>	<b>0.7</b>	<b>2.4</b>	<b>-48.5%</b>	<b>36.6%</b>
<i>Rec. Free Cash Flow (To the Firm) growth</i>	311.4%	-35.9%	117.8%	-191.4%	127.9%	-44.6%	256.6%		
<i>Rec. Free Cash Flow (To the Firm) / Revenues</i>	14.6%	8.5%	17.5%	n.a.	4.3%	2.2%	6.9%		
- Acquisitions / + Divestments	(1.7)	0.0	(2.7)	3.8	1.0	0.5	-		
+/- Extraordinary Inc./Exp. affecting Cash Flow	0.0	0.2	-	-	-	-	-		
<b>= Free Cash Flow "To the Firm"</b>	<b>1.7</b>	<b>2.4</b>	<b>2.0</b>	<b>(0.5)</b>	<b>2.2</b>	<b>1.2</b>	<b>2.4</b>	<b>-32.2%</b>	<b>87.0%</b>
<i>Free Cash Flow (To the Firm) growth</i>	98.1%	42.1%	-15.4%	-126.0%	519.2%	-47.0%	104.5%		
<i>Rec. Free Cash Flow To the Firm Yield (o/EV)</i>	4.6%	2.9%	6.4%	n.a.	1.6%	0.9%	3.2%		
<i>Free Cash Flow "To the Firm" - Yield (o/EV)</i>	2.3%	3.2%	2.7%	n.a.	3.0%	1.6%	3.2%		

Note 1: Financial projections include IFRS 16 adjustments. FY 19 EBITDA is c. EUR 0.0Mn higher due to IFRS 16.

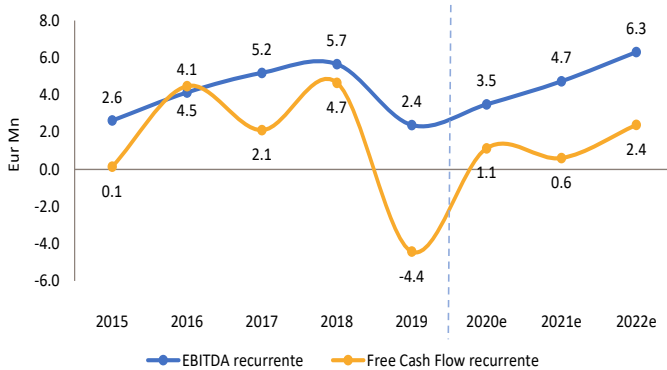
**Recurrent Free Cash Flow accumulated variation analysis (2015 - 2019)**



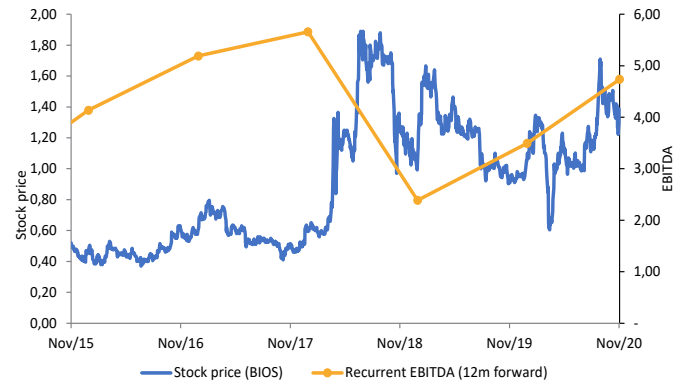
**Recurrent Free Cash Flow accumulated variation analysis (2019 - 2022e)**



**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	75.0	
+ Minority Interests	-	9m Results 2020
+ Provisions & Other L/T Liabilities	2.0	9m Results 2020
+ Net financial debt	(1.3)	9m Results 2020
- Financial Investments	1.0	9m Results 2020
+/- Others	-	9m Results 2020
<b>Enterprise Value (EV)</b>	<b>74.7</b>	

Nota: Otros incluye las bases imponibles negativas.



## Appendix 4. Historical performance <sup>(1)(2)</sup>

Historical performance (EUR Mn)	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020e	2021e	2022e	CAGR	
															09-19	19-22e
<b>Total Revenues</b>	<b>20.0</b>	<b>20.5</b>	<b>17.5</b>	<b>17.3</b>	<b>18.6</b>	<b>17.4</b>	<b>19.9</b>	<b>23.3</b>	<b>25.7</b>	<b>27.2</b>	<b>23.3</b>	<b>28.2</b>	<b>30.8</b>	<b>34.7</b>	<b>1.5%</b>	<b>14.2%</b>
<i>Total Revenues growth</i>	-7.2%	2.7%	-14.9%	-1.1%	7.7%	-6.3%	14.1%	17.4%	10.3%	5.6%	-14.3%	21.3%	9.0%	12.7%		
<b>EBITDA</b>	<b>2.7</b>	<b>4.8</b>	<b>2.2</b>	<b>2.5</b>	<b>3.5</b>	<b>3.1</b>	<b>2.6</b>	<b>4.1</b>	<b>5.2</b>	<b>5.7</b>	<b>2.4</b>	<b>3.1</b>	<b>4.7</b>	<b>6.3</b>	<b>-0.8%</b>	<b>37.1%</b>
<i>EBITDA growth</i>	-10.0%	79.1%	-52.9%	13.5%	39.7%	-12.3%	-15.5%	57.5%	25.5%	9.0%	-56.7%	25.6%	54.0%	33.1%		
<i>EBITDA/Sales</i>	13.3%	23.1%	12.8%	14.7%	19.1%	17.8%	13.2%	17.7%	20.2%	20.8%	10.5%	10.9%	15.4%	18.2%		
<b>Net Profit</b>	<b>(9.4)</b>	<b>0.6</b>	<b>(4.1)</b>	<b>(0.9)</b>	<b>(0.1)</b>	<b>(0.6)</b>	<b>(0.3)</b>	<b>(3.3)</b>	<b>2.0</b>	<b>3.3</b>	<b>0.6</b>	<b>1.1</b>	<b>2.4</b>	<b>3.6</b>	<b>7.5%</b>	<b>77.9%</b>
<i>Net Profit growth</i>	n.a.	106.7%	-743.6%	77.5%	92.1%	-716.4%	47.0%	-955.1%	160.3%	64.9%	-81.0%	74.9%	113.1%	51.0%		
Adjusted number shares (Mn)	57.7	57.7	57.7	57.7	57.7	57.7	57.7	57.7	57.7	57.7	57.7	57.7	57.7	57.7		
EPS (EUR)	-0.16	0.01	-0.07	-0.02	0.00	-0.01	-0.01	-0.06	0.03	0.06	0.01	0.02	0.04	0.06	7.5%	77.9%
<i>EPS growth</i>	n.a.	n.a.	n.a.	77.5%	92.1%	n.a.	47.0%	n.a.	n.a.	64.9%	-81.0%	74.9%	n.a.	51.0%		
Ord. EPS (EUR)	-0.16	0.01	-0.07	-0.02	0.00	-0.01	0.00	-0.08	0.03	0.06	0.01	0.02	0.04	0.06	7.5%	82.3%
<i>Ord. EPS growth</i>	n.a.	n.a.	n.a.	77.5%	92.1%	n.a.	71.1%	n.a.	n.a.	78.8%	-82.3%	n.a.	63.4%	51.0%		
CAPEX	(2.1)	(2.7)	(0.7)	(1.1)	(0.9)	(0.4)	(0.6)	(0.4)	(1.1)	(2.6)	(2.0)	(2.0)	(3.0)	(2.0)		
<i>CAPEX/Sales %</i>	10.5%	13.1%	4.1%	6.2%	5.0%	2.4%	2.9%	1.8%	3.4%	3.9%	11.2%	7.1%	9.7%	5.8%		
<b>Free Cash Flow</b>	<b>8.2</b>	<b>1.4</b>	<b>(2.4)</b>	<b>(0.6)</b>	<b>2.1</b>	<b>1.5</b>	<b>0.2</b>	<b>2.8</b>	<b>2.3</b>	<b>1.8</b>	<b>(0.8)</b>	<b>1.7</b>	<b>1.1</b>	<b>2.4</b>	<b>-7.7%</b>	<b>69.0%</b>
<i>ND/EBITDA (x) <sup>(3)</sup></i>	-0.1x	2.8x	6.5x	6.0x	3.5x	3.3x	3.8x	1.7x	0.9x	0.6x	1.7x	0.8x	0.3x	-0.2x		
<i>P/E (x)</i>	n.a.	56.2x	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	17.1x	17.3x	96.2x	68.0x	31.9x	21.1x		
<i>EV/Sales (x)</i>	2.69x	2.38x	2.17x	2.13x	2.81x	1.87x	1.79x	1.77x	1.47x	2.09x	2.61x	2.64x	2.43x	2.15x		
<i>EV/EBITDA (x) <sup>(3)</sup></i>	20.3x	10.3x	16.9x	14.5x	14.7x	10.5x	13.5x	10.0x	7.3x	10.0x	24.8x	24.3x	15.8x	11.8x		
<i>Absolute performance</i>	5.6%	-34.0%	-34.7%	-7.4%	84.0%	-44.2%	26.6%	26.6%	0.0%	66.7%	6.0%	23.6%	22.1%	11.8x		
<i>Relative performance vs Ibx 35</i>	-18.7%	-20.1%	-24.8%	-2.9%	51.5%	-46.2%	31.5%	29.2%	-6.9%	96.1%	-5.2%	74.0%				

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 Thomson Reuters.

Note 2: Financial projections include IFRS 16 adjustments. FY 19 EBITDA is c. EUR 0.0Mn higher due to IFRS 16.

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

## Appendix 5. Main Competitors 2020e

		Probiotics Industry				Omega-3						
		EUR Mn	Probi AB	Biogaia AB	Christian Hansen	Average	DSM	Croda Intl.	Amarin	Ausstevol Seafood	Average	BIOS
Market data	Ticker (Reuters)		PROB.ST	BIOGb.ST	CHRH.CO		DSMN.AS	CRDA.L	AMRN.O	AUSS.OL		BIOS.MC
	Country		Sweden	Sweden	Denmark		Netherlands	UK	Ireland	Norway		Spain
	Market cap		472.4	801.7	12,074.4		25,955.7	9,100.1	1,641.5	1,248.7		75.0
	Enterprise value (EV)		459.3	777.3	13,411.4		28,110.1	9,698.0	1,197.3	2,828.1		74.7
Basic financial information	Total Revenues		68.6	73.1	1,144.6		8,846.4	1,476.3	529.6	2,114.2		28.2
	Total Revenues growth		15.0%	-0.1%	18.0%	11.0%	-1.8%	-9.4%	38.2%	-10.8%	4.0%	21.3%
	2y CAGR (2020e - 2022e)		6.6%	10.8%	7.0%	8.1%	4.9%	5.4%	12.8%	6.3%	7.4%	10.8%
	EBITDA		20.0	25.1	426.7		1,612.4	435.4	(11.0)	347.7		3.1
	EBITDA growth		7.9%	4.5%	-0.3%	4.0%	-2.3%	-9.5%	47.3%	-20.1%	3.9%	25.6%
	2y CAGR (2020e - 2022e)		7.7%	8.3%	9.8%	8.6%	9.3%	8.0%	n.a.	23.6%	13.6%	43.2%
	EBITDA/Revenues		29.2%	34.3%	37.3%	33.6%	18.2%	29.5%	n.a.	16.4%	21.4%	10.9%
	EBIT		12.9	24.1	333.4		991.2	352.7	(5.8)	207.6		1.5
	EBIT growth		10.0%	4.4%	0.9%	5.1%	-8.1%	-12.4%	73.3%	-29.3%	5.9%	56.1%
	2y CAGR (2020e - 2022e)		6.3%	8.1%	10.5%	8.3%	13.5%	9.3%	n.a.	36.6%	19.8%	73.6%
	EBIT/Revenues		18.7%	33.0%	29.1%	26.9%	11.2%	23.9%	n.a.	9.8%	15.0%	5.2%
	Net Profit		9.9	18.5	245.1		754.6	251.2	(3.0)	106.9		1.1
	Net Profit growth		20.4%	3.7%	5.8%	10.0%	5.8%	-5.1%	-85.3%	-52.2%	-34.2%	74.9%
	2y CAGR (2020e - 2022e)		13.8%	8.3%	9.6%	10.6%	13.7%	9.7%	n.a.	33.4%	18.9%	79.4%
CAPEX/Sales %		4.2%	2.6%	15.7%	7.5%	6.8%	8.1%	0.2%	7.3%	5.6%	7.1%	
Free Cash Flow		7.8	n.a.	133.9		703.5	217.6	(225.6)	106.7		1.7	
Net financial debt		(30.7)	(139.6)	902.1		2,642.1	668.0	(126.9)	482.6		2.5	
ND/EBITDA (x)		(1.5)	(5.6)	2.1	(1.7)	1.6	1.5	n.a.	1.4	1.5	0.7	
Pay-out		13.4%	47.8%	76.3%	45.8%	57.3%	52.9%	0.0%	71.4%	45.4%	0.0%	
Multiples and Ratios	P/E (x)		46.7	47.1	49.0	47.6	33.3	36.4	n.a.	11.7	27.1	68.0
	P/BV (x)		3.8	5.8	9.9	6.5	3.1	8.2	2.9	0.9	3.8	3.0
	EV/Revenues (x)		6.7	10.6	11.7	9.7	3.2	6.6	2.3	1.3	3.3	2.6
	EV/EBITDA (x)		23.0	31.0	31.4	28.5	17.4	22.3	n.a.	8.1	15.9	21.4
	EV/EBIT (x)		35.7	32.2	40.2	36.1	28.4	27.5	n.a.	13.6	23.2	n.a.
	ROE		8.5	17.0	24.6	16.7	9.6	24.2	1.9	7.1	10.7	4.5
	FCF Yield (%)		1.7	n.a.	1.1	1.4	2.7	2.4	n.a.	8.3	4.5	1.5
	DPS		0.12	0.51	1.42	0.68	2.46	1.03	0.00	0.38	0.97	0.00
Dvd Yield		0.3%	1.1%	1.5%	1.0%	1.7%	1.5%	0.0%	6.1%	2.3%	0.0%	

Note 1: Financial data, multiples and ratios based on market consensus (Thomson Reuters). 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).

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Date of report	Recommendation	Price (EUR)	Target price (EUR)	Period of validity	Reason for report	Analyst
05-Nov-2020	n.a.	1.30	n.a.	n.a.	9m Results 2020	Ana Isabel González García, CIIA
28-Jul-2020	n.a.	1.22	n.a.	n.a.	6m Results 2020	Ana Isabel González García, CIIA
30-Apr-2020	n.a.	1.15	n.a.	n.a.	Review of estimates	Ana Isabel González García, CIIA
02-Mar-2020	n.a.	1.10	n.a.	n.a.	12m Results 2019	Ana Isabel González García, CIIA
29-Oct-2019	n.a.	0.95	n.a.	n.a.	9m Results 2019	Ana Isabel González García, CIIA
30-Jul-2019	n.a.	1.02	n.a.	n.a.	6m Results 2019	Ana Isabel González García, CIIA
14-May-2019	n.a.	1.24	n.a.	n.a.	3m Results 2019	Ana Isabel González García, CIIA
28-Feb-2019	n.a.	1.62	n.a.	n.a.	12m Results 2018	Ana Isabel González García, CIIA
31-Jan-2019	n.a.	1.56	n.a.	n.a.	Initial Coverage	Ana Isabel González García, CIIA

