

12m Results 2021

Opinion ⁽¹⁾: In line

Impact ⁽¹⁾: We will maintain our estimates

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Business description

EcoLumber, S.A. (ECO) is a small national group based in Spain (Barcelona), specialised initially in the forestry business. The company has changed strategic direction, positioning itself in the food industry, as a vertically integrated Group, in the production, processing and sale of nuts. It is controlled by the Board of Directors (50.3% of capital)

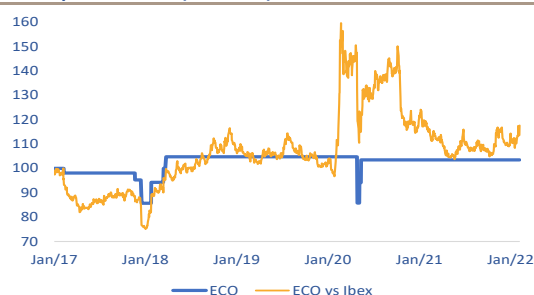
Market Data

Market Cap (Mn EUR and USD)	28.4	31.6
EV (Mn EUR and USD) ⁽²⁾	37.9	42.2
Shares Outstanding (Mn)	27.0	
-12m (Max/Med/Min EUR)	1.05 / 1.05 / 1.05	
Daily Avg volume (-12m Mn EUR)	n.a.	
Rotation ⁽³⁾	n.a.	
Factset / Bloomberg	ECO-ES / ECO SM	
Close fiscal year	31-Dec	

Shareholders Structure (%) ⁽⁵⁾

G3T SL	17.8
Onchena	12.8
Brinca 2004 SL	10.6
Acalios	7.3
Free Float	31.7

Relative performance (Base 100)



Stock performance (%)

	-1m	-3m	-12m	-5Y
Absolute	0.0	0.0	0.0	3.5
vs Ibex 35	6.6	3.2	2.3	23.2
vs Ibex Small Cap Index	0.5	-2.7	5.0	-30.4
vs Eurostoxx 50	12.2	11.0	-1.6	-6.8
vs Sector benchmark ⁽⁴⁾	2.1	0.4	-14.9	-19.0

(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 2.

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

(4) vs Stoxx Europe 600 Food & Beverage.

(5) Others: Jovellanos Cartera 5.3%, Relocation & Exec. Serv. SL 5.0%, Transtronic Spain Corp 3.0%, Other Board Members 6.6%

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

2021 results: in line. The key remains the recovery of prices from 2022.

REVENUE, WORSE THAN EXPECTED. Increase in sales of +4.0% (EUR 15.9 Mn; vs +19.4% estimated). Growth totally explained by the agricultural division: i) increase in hectares in production; and ii) good harvest in the nut plantations. The industrial division recorded flat revenue (-0.7%): sales to large retail outlets normalised (-7.6%; after the sharp increase seen in 2020, an effect of the pandemic), offset by the other channels (retail, ingredients). Eroski continues to reduce its weight of the mix (now below 70%). Air Nuts continues to do worse than expected.

...BUT THE GROSS MARGIN HAS IMPROVED AND COMPENSATES. As already seen in 1H21 results, the gross margin consolidated well above 2020 levels (16.0% vs 13.5%) and represents an additional operating growth factor explained mainly by: i) improvements in the mix due to higher sales in channels with larger margins (worse in large retail outlets) and ii) improved productivity in owned plantations. In the industrial division in 2021 the fall in sale prices (c. -8%) was offset by volume increases (c.+6%).

...LEAVING EBITDA IN LINE. Rec. EBITDA (EUR -1.2 Mn) and EBIT (EUR -2.0 Mn), fully in line with estimates and with a significant improvement vs 2020 although still below break even. The still small contribution of Air Nuts (c. 1% of the revenue mix) slowed the recovery of EBITDA.

WITHOUT SIGNIFICANTLY INCREASING NET DEBT. Gearing remains within expectations: EUR 15.6 Mn that includes EUR 2.5 Mn of loans with related parties that is expected to be capitalised in 2022. Strategically the company is still an investor: i) the Air Nuts project, ii) increase in the number of plantations. It is seeking to monetise the current structure via a larger volume of revenues. That will continue to require funding (equity or debt).

2022: THE EQUITY STORY HINGES ON THE RECOVERY OF PRICES. Air Nuts is strategic and will require marketing and distribution, but we do not expect it to be visible in results until 2023. So in 2022 growth hinges on the expected recovery of sale prices ("at least" >+15%) and increases in volume (c.+5%), taking turnover above EUR18 Mn, although with EBITDA still below break even due to the impact on costs of Air Nuts. From current levels the upside for nut prices is very significant, which de facto will become ECO's equity story until the potential "take off" of Air Nuts. 2022 EV/Sales, c.2.0x.

Table 1. Results 12m2021

EUR Mn	2021	2020	2021 vs 2020
Total Revenue	15.9	15.3	4.0%
Gross Margin	2.5	2.1	23.3%
Gross Mg. / Revenue	16.0%	13.5%	2.5 p.p.
Rec. EBITDA ⁽¹⁾	(1.2)	(3.2)	61.3%
Rec. EBITDA/ Ing.	-7.9%	-21.1%	13.3 p.p.
EBITDA	(1.2)	(3.2)	62.5%
EBITDA / Revenue	-7.6%	-21.0%	13.4 p.p.
EBIT	(2.0)	(3.1)	34.6%
EBT	(2.5)	(3.8)	33.9%
NP	(2.4)	(3.5)	30.9%
Ordinary NP	(2.5)	(5.0)	49.3%
Net Debt	15.6	14.5	7.8%
DN/Equity	1.2x	1.1x	0.0x

(1) Recurrent EBITDA adjusted. It excludes capitalized expense and extraordinary expenses.

Appendix 1. EV breakdown at the date of this report

	EUR Mn	Source
Market Cap	28.4	
+ Minority Interests	-	12m Results 2021
+ Provisions & Other L/T Liabilities	0.8	12m Results 2021
+ Net financial debt	15.6	12m Results 2021
- Financial Investments	0.1	12m Results 2021
+/- Others ⁽¹⁾	(6.9)	Lighthouse 2021
Enterprise Value (EV)	37.9	

(1) Non-strategic assets held for sales (Land in Spain valued at EUR 0,6Mn) and other forestry assets in Spain (EUR 6,3Mn)

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Date of report	Recommendation	Price (EUR)	Target price (EUR)	Period of validity	Reason for report	Analyst
02-Mar-2022	n.a.	1.05	n.a.	n.a.	12m Results 2021	Alfredo Echevarría Otegui
01-Oct-2021	n.a.	1.05	n.a.	n.a.	6m Results 2021	Alfredo Echevarría Otegui
02-Jul-2021	n.a.	1.05	n.a.	n.a.	Estimates upgrade	Ana Isabel González García, CIIA
17-May-2021	n.a.	1.05	n.a.	n.a.	3m Results 2021	Ana Isabel González García, CIIA
04-Mar-2021	n.a.	1.05	n.a.	n.a.	12m Results 2020 - Estimates downgrade	Ana Isabel González García, CIIA
23-Dec-2020	n.a.	1.05	n.a.	n.a.	9m Results 2020 - Estimates downgrade	Ana Isabel González García, CIIA
03-Nov-2020	n.a.	1.05	n.a.	n.a.	6m Results 2020	Ana Isabel González García, CIIA
10-Jun-2020	n.a.	1.05	n.a.	n.a.	Initiation of Coverage	Ana Isabel González García, CIIA

