

6m Results 2020

 Opinion ⁽¹⁾: Above expectations.

 Impact ⁽¹⁾: We have raised our estimates.

David López Sánchez – david.lopez@lighthouse-ieaf.com

+34 915 904 226

Ercros (ECR) is an industrial group manufacturing chemical products that operates through 3 divisions: (i) basic chemicals, (ii) intermediate chemicals and (iii) pharmaceuticals. The core activity is the production of chlorine-caustic soda, ECR being the main producer in Spain (60% of total installed capacity) and among the top 10 at the European level.

An option to "multiply" the recovery of the cycle: Rec. FCF yield 2022e c. 14%

Market Data

Market Cap (Mn EUR and USD)	174.7	205.7
EV (Mn EUR and USD) ⁽²⁾	285.8	336.6
Shares Outstanding (Mn)	101.0	
-12m (Max/Med/Mín EUR)	2.85 / 2.17 / 1.47	
Daily Avg volume (-12m Mn EUR)	0.75	
Rotation ⁽³⁾	109.4	
Thomson Reuters / Bloomberg	ECR.MC / ECR SM	
Close fiscal year	31-Dec	

Shareholders Structure (%)

Joan Casas Galofre	5.4
Dimensional Fund Advisors, L.P.	5.0
Víctor Manuel Rodríguez Martín	3.1
Montserrat Garcia Pruns	3.1
Free Float	83.3

Financials (Mn EUR)

	2019	2020e	2021e	2022e
Adj. nº shares (Mn)	106.2	102.7	101.0	101.0
Total Revenues	677.9	568.1	619.2	672.6
Rec. EBITDA ⁽⁴⁾	58.0	47.1	50.7	61.7
% growth	-9.7	-18.8	7.6	21.5
% Rec. EBITDA/Rev.	8.6	8.3	8.2	9.2
% Inc. EBITDA sector ⁽⁵⁾	8.4	-9.8	11.9	8.3
Net Profit	31.0	10.3	14.6	23.8
EPS (EUR)	0.29	0.10	0.14	0.24
% growth	-28.9	-65.6	43.6	63.4
Ord. EPS (EUR)	0.19	0.12	0.14	0.24
% growth	-39.2	-40.5	24.4	63.4
Rec. Free Cash Flow ⁽⁶⁾	38.1	14.9	6.3	24.8
Pay-out (%)	16.9	0.0	16.9	16.9
DPS (EUR)	0.05	0.00	0.02	0.04
Net financial debt	96.8	104.0	99.8	84.3
ND/Rec. EBITDA (x)	1.7	2.2	2.0	1.4
ROE (%)	11.0	3.6	4.9	7.6
ROCE (%) ⁽⁶⁾	7.6	3.6	4.6	6.8

Ratios & Multiples (x) ⁽⁷⁾

	2019	2020e	2021e	2022e
P/E	5.9	17.2	12.0	7.3
Ord. P/E	8.9	14.9	12.0	7.3
P/BV	0.6	0.6	0.6	0.5
Dividend Yield (%)	2.9	0.0	1.4	2.3
EV/Sales	0.42	0.50	0.46	0.42
EV/Rec. EBITDA	4.9	6.1	5.6	4.6
EV/EBIT	9.2	15.9	12.3	8.4
FCF Yield (%) ⁽⁶⁾	21.8	8.5	3.6	14.2

(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 7.7Mn higher due to IFRS 16.

(5) Sector: Eurostoxx 600 Chemicals.

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

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

NO SURPRISES IN REVENUES (-18.8% VS 1H19), reflecting the significant slowdown in business in 2Q20, which mainly affected the volume of those products with greater cyclical exposure (PVC, glues and resins and TCCA for the construction sector, the furniture industry and swimming pools; with falls in volumes of c. 14%).

DESPITE THE DIFFICULT SITUATION MARGINS HELD UP... the impact of lower turnover was partly offset by the generalised fall in the price of the company's main supplies and procurements (-25% in electricity, methanol and ethylene prices), resulting in a Rec. EBITDA margin in line with 1H19 (c. 8.8%; 1.7p.p. higher than our previous estimate) taking 1H20 Rec. EBITDA to EUR 26.1Mn (-18.3% vs 1H19).

...AND A SOUND FINANCIAL STRUCTURE. Despite the decline in business (EBITDA -18.3%), shareholder remuneration (EUR 12.8Mn) and CAPEX (EUR 17Mn), ND was in line with 2019 (EUR 104Mn; ND/EBITDA 2020e 2.2x).

WE UPGRADE OUR NUMBERS FOR 2020: Although revenues were in line with estimates, 1H20 margins allow us to upgrade our EBITDA margin for the whole year to 8.3% of revenues (+1.2p.p. vs previous estimate), boosting Rec. EBITDA 2020e to c. EUR 47Mn (+12.9% vs previous estimate). What about 2022e? We maintain our central scenario for the recovery in 2022e of similar EBITDA levels to those of 2019 (c. EUR 62Mn; EBITDA margin 9.2%), which should allow ECR to generate Rec. FCF of c. EUR 25Mn.

WHAT IS THE SHARE PRICE TELLING US? Given the current uncertainty, it is logical to think of a recovery of 2019 levels in 2022e. However, ECR is already trading at a discount to peers in terms of multiples (EV/EBITDA 2020e 6.1x vs c. 8.7x for peers). Focusing on 2022e, when our estimates envisage a somewhat more optimistic scenario, the ratios are even more attractive (especially in terms of cash generation): (i) FCF Yield 2022e c. 14% and (ii) EV/EBITDA 2022e of 4.6x (vs c. 6.5x for its main peers): An option to play the recovery now?

Relative performance -5y (Base 100)

Stock performance (%)

	-1m	-3m	-12m	YTD	-3Y	-5Y
Absolute	-3.7	-32.8	-1.4	-32.4	-43.8	151.5
vs Ibxex 35	1.3	-32.4	28.6	-6.2	-14.2	308.8
vs Ibxex Small Cap Index	-3.6	-36.0	5.3	-23.6	-44.4	120.7
vs Eurostoxx 50	-1.9	-38.0	7.7	-20.3	-38.9	185.2
vs Sector benchmark ⁽⁵⁾	-8.1	-41.3	-9.1	-31.5	-51.4	129.8

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

Report issued by IEAF Servicios de Análisis, S.L.U. Lighthouse is a project of IEAF Servicios de Análisis, S.L.U. 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.

1H20 Results

We upgrade our estimates

In the light of these 1H20 results, we upgrade our numbers (Rec. EBITDA 2020e: +12.9% vs previous estimate)

The main figures for 1H20 are: Revenue EUR 296.9Mn (-18.8%), Recurrent EBITDA EUR 26.1Mn (-18.3%) and Net Profit EUR 4.4Mn (vs EUR 10.5Mn in 1H19). On the balance sheet side, the good news is that despite the decline in activity (EBITDA -18.3%), shareholder remuneration (EUR 12.8Mn) and CAPEX (EUR 17Mn), ND remains at levels of c. EUR 104Mn (in line with 2019).

Table 1: 1H20 Results

EUR Mn	6m20	6m19	6m20 vs 6m19	2020e vs 2019	2Q20 vs 2Q19
Total Revenues	296.9	365.6	-18.8%	568.1	-16.2%
Recurrent EBITDA	26.1	31.9	-18.3%	47.1	-18.8%
Rec. EBITDA/Revenues	8.8%	8.7%	0.1 p.p.	8.3%	-0.3 p.p.
EBITDA	24.2	29.7	-18.7%	47.1	-24.5%
EBITDA/Revenues	8.1%	8.1%	0.0 p.p.	8.3%	-0.9 p.p.
EBIT	9.5	16.7	-43.0%	18.0	-42.3%
NP	4.4	10.5	-58.3%	10.3	-66.8%
Ordinary NP	4.4	12.7	-65.6%	11.9	-63.3%
Rec. FCF	20.2	14.0	44%	14.9	-61.0%
Rec. FCF Yield	n.a.	n.a.	n.a.	8.5%	
Net Debt	104.4	135.4	-22.9%	104.0	7.5%
ND / EBITDA	n.a.	n.a.	n.a.	2.2 x	0.7 x

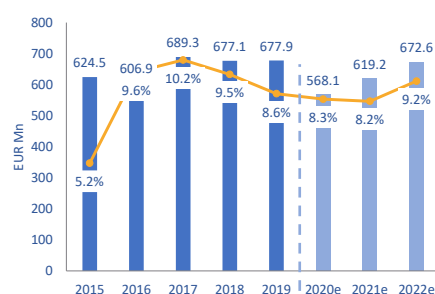
By businesses: (i) chlorine derivatives (c. 70% of sales) saw sales slump 21.2% due to lower caustic soda prices (vs 1H19) and the fall in PVC volumes in March and April (due to Covid-19), reducing EBITDA by 33% to EUR 12.5Mn (EBITDA margin 7.5%), (ii) intermediate chemicals (28% of sales), despite recording the biggest decline in sales (-22.6% vs 1H19), managed to improve margins (+1.4p.p) due to the fall in raw material prices (reducing the decline in EBITDA to 7.5%; EUR 6.9Mn), and (iii) pharmaceuticals (12% of sales), which showed a more favourable performance with strong growth in both revenues (+13.2%) and EBITDA (+18.5%; EBITDA margin c. 20%).

We upgrade our 2020e EBITDA estimates although we maintain our central scenario of the recovery of 2019 levels in 2022e...

1H20 results logically reflect a very difficult macro environment (Revenues: -18.8% vs 1H19; in line with expected), reflecting the significant slowdown in economic activity in 2Q20, which mainly affected the volume of products with greater cyclical exposure (PVC, glues and resins and TCCA for the construction sector, the furniture industry and swimming pool water).

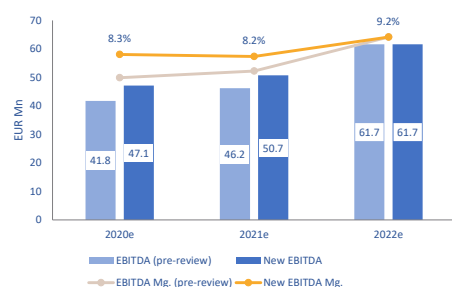
However, the impact of lower turnover was partly offset by the generalised fall in the prices of the main supplies and procurements (-25% in electricity, methanol and ethylene prices) enabling the company to maintain a Recurrent EBITDA margin of 8.8% (in line with 1H19; and c. 1.7p.p. higher than our previous estimate for the whole year). So, although revenues are fully in line, we can upgrade our EBITDA 2020e estimates:

Chart 1. Revenues and Rec. EBITDA Mg. (2015-2022e)



- **We maintain revenue estimates: EUR 568Mn (in line with our previous estimate).** In view of 1H20 revenues, we tweak the figure for the whole of the year to EUR 568Mn (-3% vs previous estimate). This means that for 2H20 we expect revenues of EUR 271Mn, in other words, 91% of the revenues generated in 1H20 (vs 85% of those generated in 2H19). Despite the increase in caustic soda prices in 2Q20 (which reflects the strong inelasticity of its demand in the face of a temporary reduction in supply), we expect a certain normalisation of these in 2H (as a result of the recovery of the production ratio of the Chlor-Alkali plants). We still expect caustic soda prices to regain 2019 levels in 2022e.

Chart 2. Estimates review impact on Rec. EBITDA and Rec. EBITDA Mg. (2020e-2022e)



- **With higher margins (Rec. EBITDA margin 8.3%; +1.2p.p. vs previous estimate)**, due mainly to the decrease in the cost of the company's main supplies and procurements, boosting the 2020e Rec. EBITDA margin 1.2p.p. to 8.3% (vs our previous estimate of 7.1%) and taking 2020e Rec. EBITDA to c. EUR 47Mn (+12.9% vs previous estimate).
- **Net profit (EUR 10.3Mn; +36.4% vs previous estimate)**. The above points fully impact 2020e net profit, which we expect to be around EUR 10Mn (-42% vs 2019 ordinary NP). Given the company's operating leverage, any variation in the business situation (caustic soda, ethylene, methanol and ECD) fully impacts NP.

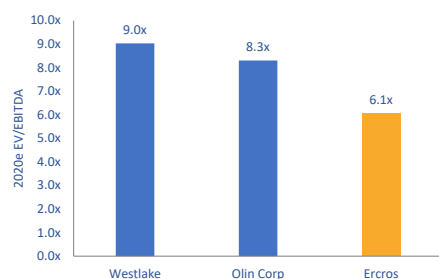
Table 2. Changes to estimates (2020e – 2022e)

EUR Mn	2020e (New)	Review (%)	2021e (New)	Review (%)	2022e (New)	Review (%)
Total Revenues	568.1	-3.0%	619.2	0.0%	672.6	0.1%
Recurrent EBITDA	47.1	12.9%	50.7	9.8%	61.7	0.0%
<i>Recurrent EBITDA growth</i>	<i>-18.8%</i>	<i>9.3 p.p.</i>	<i>7.6%</i>	<i>-3.1 p.p.</i>	<i>21.5%</i>	<i>-11.8 p.p.</i>
<i>Rec. EBITDA/Revenues</i>	<i>8.3%</i>	<i>1.2 p.p.</i>	<i>8.2%</i>	<i>0.7 p.p.</i>	<i>9.2%</i>	<i>0.0 p.p.</i>
EBIT	18.0	22.9%	23.2	22.2%	0.0	n.a.
Net Profit	10.3	36.4%	14.6	30.9%	23.8	-1.9%
Recurrent Free Cash Flow	14.9	15.6%	6.3	-14.6%	24.8	-0.6%
<i>ND / EBITDA</i>	<i>2.2 x</i>	<i>-0.3 x</i>	<i>2.0 x</i>	<i>-0.2 x</i>	<i>1.4 x</i>	<i>0.1 x</i>

... And offering the option of playing the recovery from the crisis now (provided there is no delay to the re-opening of economies)

Despite the current situation, ECR remains profitable from an operating point of view (2020e EBITDA margin: 8.3%) and its financial structure is still sound (2020e ND/EBITDA 2.2x). In our view, ECR's equity story hinges mainly on:

Chart 3. 2020e EV/EBITDA 2020e vs main industry players



- **The high exposure of the Chlor-Alkali business to the recovery of industrial activity**, which should boost the volume and prices of those of its products that are the most sensitive to the cycle (mainly PVC and caustic soda). In fact, in June the company had already almost fully recovered sales volumes prior to Covid-19 (although still under pressure from slightly lower prices).
- **The credible argument in favour of the recovery of caustic soda prices** (principal factor for the generation of EBITDA), given; (i) the lack of investment in new capacity in recent years (as current metrics do not encourage new investments in the sector), and (ii) the inelasticity of its demand. 2Q20 was a very clear example of the strong inelasticity of its demand, showing how with scarce supply (due to the temporary decline in the activity of the Chlor-Alkali production plants) its prices rose.

Our projections envisage the recovery of the levels of caustic soda prices seen in 2019 in 2022e, the result of a structural (not temporary) factor: a lack of investment in new capacity and growth in demand (totally tied to the recovery of industrial activity).

- **The strong investment effort made in 2017-2020 (doubling CAPEX/sales to 6%)**, on which ECR will be able to lever a possible cyclical recovery with higher installed capacity (a driver unaffected by the cycle). The large investments already made will allow the company to reduce annual investment levels by half (CAPEX/sales of c. 3% 2021e-2022e).

Our estimates envisage the recovery in 2022e of similar EBITDA levels to those of 2019 (c. EUR 62Mn; EBITDA margin 9.6%), which should enable ECR to generate Rec. FCF of c. EUR 25Mn (boosted by the reduction in CAPEX). It should be stressed that 2019 was a bad year, shaped by the unfavourable cyclical situation of the Chlor-Alkali sector (not a peak year) so any improvement in the macro situation would play in the company's favour.

However, ECR is already trading at a discount to peers in terms of multiples (EV/EBITDA 2020e 6.1x vs c. 8.7x for peers). Focusing on 2022e, when our estimates envisage a somewhat more optimistic scenario, the ratios are even more attractive (especially in terms of cash generation): (i) FCF Yield 2022e c. 14% and (ii) EV/EBITDA 2022e of 4.6x (vs c. 6.5x for its main peers).

Valuation inputs

Inputs for the DCF Valuation Approach

	2020e	2021e	2022e	Terminal Value ⁽¹⁾		
Free Cash Flow "To the Firm"	17.7	11.2	29.4	382.5		
Market Cap	174.7	At the date of this report				
Net financial debt	104.4	Debt net of Cash (6m Results 2020)				
					Best Case	Worst Case
Cost of Debt	3.5%	Net debt cost			3.3%	3.8%
Tax rate (T)	20.0%	T (Normalised tax rate)			=	=
Net debt cost	2.8%	Kd = Cost of Net Debt * (1-T)			2.6%	3.0%
Risk free rate (rf)	0.3%	Rf (10y Spanish bond yield)			=	=
Equity risk premium	9.0%	R (own estimate)			8.5%	9.5%
Beta (B)	1.3	B (Thomson Reuters and Lighthouse)			1.2	1.4
Cost of Equity	12.0%	Ke = Rf + (R * B)			10.5%	13.6%
Equity / (Equity + Net Debt)	62.6%	E (Market Cap as equity value)			=	=
Net Debt / (Equity + Net Debt)	37.4%	D			=	=
WACC	8.6%	WACC = Kd * D + Ke * E			7.6%	9.7%
G "Fair"	1.0%				1.5%	0.5%

(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) At June 30, (2020) the company maintains deferred tax assets (off balance-sheet) amounting to EUR 65.1Mn.

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
BASF SE	BASFn.DE	43,256.8	24.3	45.0%	9.6	15.8%	1.1	5.0%	11.8%	6.9%	-17.8%
Solvay	SOLB.BR	7,036.9	11.6	10.5%	5.5	5.8%	1.1	4.4%	19.7%	10.3%	-16.3%
Covestro AG	1COV.DE	6,013.4	n.a.	n.a.	8.6	33.5%	0.7	7.9%	8.4%	1.7%	76.0%
Akzo Nobel AS	AKZO.AS	15,480.9	24.0	17.7%	13.3	12.0%	2.1	5.2%	15.5%	4.7%	11.8%
Europe			20.0	24.4%	9.3	16.8%	1.3	5.6%	13.9%	5.9%	13.4%
DowDuPont	DWDP.K	33,332.0	18.0	16.9%	11.7	8.5%	2.8	4.6%	23.8%	5.9%	12.6%
Olin Corp	OLN	1,506.9	n.a.	55.0%	8.3	27.0%	0.9	6.4%	10.6%	5.6%	63.4%
Westlake	WLK	5,909.8	40.0	50.5%	9.0	11.6%	1.4	7.1%	15.8%	8.8%	-11.9%
USA			29.0	40.8%	9.7	15.7%	1.7	6.0%	16.7%	6.8%	21.4%
ECR	ECR.MC	174.7	17.2	53.2%	6.1	16.8%	0.5	8.8%	8.0%	8.5%	84.3%

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	9.0%	55.7	5.1x
Central	8.2%	50.7	5.6x
Min	7.4%	45.8	6.2x

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

Rec. FCF EUR Mn	CAPEX/Sales 21e				Rec. FCF/Yield 21e			
EBITDA 21e	3.7%	4.1%	4.5%		Scenario			
55.7	13.7	11.3	8.8	➔	Max	7.9%	6.4%	5.0%
50.7	8.8	6.3	3.8		Central	5.0%	3.6%	2.2%
45.8	3.8	1.4	(1.1)		Min	2.2%	0.8%	n.a.

Appendix 1. Financial Projections⁽¹⁾

Balance Sheet (EUR Mn)	2015	2016	2017	2018	2019	2020e	2021e	2022e		
Intangible assets	6.5	5.9	4.1	4.2	19.7	20.6	21.5	22.4		
Fixed assets	235.3	249.2	269.4	281.7	297.0	300.9	304.6	298.7		
Other Non Current Assets	2.5	7.0	25.9	31.7	40.3	40.3	40.3	40.3		
Financial Investments	40.4	38.7	44.9	45.2	42.7	43.1	43.5	43.9		
Goodwill & Other Intangibles	-	-	-	-	-	-	-	-		
Current assets	205.3	184.6	218.3	218.9	184.5	157.2	169.5	182.5		
Total assets	490.1	485.4	562.6	581.6	584.1	562.1	579.4	587.8		
Equity	175.9	219.8	247.5	272.7	292.1	288.5	303.0	319.5		
Minority Interests	-	-	-	-	-	-	-	-		
Provisions & Other L/T Liabilities	66.2	71.0	84.1	76.5	62.2	56.0	53.9	51.9		
Other Non Current Liabilities	-	-	-	-	13.4	13.4	13.4	13.4		
Net financial debt	119.5	73.4	89.3	107.3	96.8	104.0	99.8	84.3		
Current Liabilities	128.5	121.2	141.7	125.2	119.6	100.2	109.2	118.7		
Equity & Total Liabilities	490.1	485.4	562.6	581.6	584.1	562.1	579.4	587.8		
										CAGR
P&L (EUR Mn)	2015	2016	2017	2018	2019	2020e	2021e	2022e	15-19	19-22e
Total Revenues	624.5	606.9	689.3	677.1	677.9	568.1	619.2	672.6	2.1%	-0.3%
<i>Total Revenues growth</i>	2.8%	-2.8%	13.6%	-1.8%	0.1%	-16.2%	9.0%	8.6%		
COGS	(438.5)	(393.8)	(467.9)	(466.9)	(474.4)	(376.2)	(419.9)	(460.1)		
Gross Margin	186.0	213.1	221.3	210.3	203.5	192.0	199.3	212.5	2.3%	1.5%
<i>Gross Margin/Revenues</i>	29.8%	35.1%	32.1%	31.1%	30.0%	33.8%	32.2%	31.6%		
Personnel Expenses	(79.9)	(81.8)	(83.4)	(79.9)	(83.1)	(84.8)	(86.8)	(87.1)		
Other Operating Expenses	(73.7)	(72.8)	(67.7)	(66.1)	(62.4)	(60.0)	(61.8)	(63.8)		
Recurrent EBITDA	32.5	58.4	70.3	64.3	58.0	47.1	50.7	61.7	15.6%	2.0%
<i>Recurrent EBITDA growth</i>	125.5%	79.6%	20.3%	-8.5%	-9.7%	-18.8%	7.6%	21.5%		
<i>Rec. EBITDA/Revenues</i>	5.2%	9.6%	10.2%	9.5%	8.6%	8.3%	8.2%	9.2%		
Restructuring Expense & Other non-rec.	-	-	(21.7)	3.0	4.4	(1.9)	-	-		
EBITDA	32.5	58.4	48.5	67.3	62.4	45.2	50.7	61.7	17.7%	-0.4%
Depreciation & Provisions	(19.9)	(7.4)	(14.2)	(24.2)	(25.1)	(21.1)	(21.4)	(21.4)		
Capitalized Expense	0.1	0.0	-	0.2	0.9	0.9	0.9	0.9		
Rentals (IFRS 16 impact)	-	-	-	-	(7.1)	(7.1)	(7.1)	(7.1)		
EBIT	12.7	51.0	34.3	43.2	31.2	18.0	23.2	34.1	25.1%	3.1%
<i>EBIT growth</i>	354.5%	300.4%	-32.8%	25.9%	-27.8%	-42.3%	29.1%	47.1%		
<i>EBIT/Revenues</i>	2.0%	8.4%	5.0%	6.4%	4.6%	3.2%	3.7%	5.1%		
Impact of Goodwill & Others	-	-	-	-	-	-	-	-		
Net Financial Result	(6.2)	(6.3)	(6.4)	(6.3)	(6.5)	(5.8)	(5.9)	(5.5)		
Income by the Equity Method	0.2	0.6	0.7	1.1	0.4	0.4	0.4	0.4		
Ordinary Profit	6.7	45.3	28.7	38.0	25.1	12.6	17.8	29.0	38.9%	5.0%
<i>Ordinary Profit Growth</i>	154.0%	571.4%	-36.7%	32.5%	-34.0%	-49.9%	41.2%	63.4%		
Extraordinary Results	-	-	(0.1)	-	(2.5)	-	-	-		
Profit Before Tax	6.7	45.3	28.6	38.0	22.6	12.6	17.8	29.0	35.3%	8.7%
Tax Expense	0.5	(0.2)	15.9	6.9	8.4	(2.3)	(3.2)	(5.2)		
<i>Effective Tax Rate</i>	n.a.	0.3%	n.a.	n.a.	n.a.	18.0%	18.0%	18.0%		
Minority Interests	-	-	-	-	-	-	-	-		
Discontinued Activities	-	-	-	-	-	-	-	-		
Net Profit	7.2	45.2	44.5	44.9	31.0	10.3	14.6	23.8	43.9%	-8.5%
<i>Net Profit growth</i>	215.1%	523.8%	-1.5%	0.9%	-30.8%	-66.8%	41.2%	63.4%		
Ordinary Net Profit	6.7	45.2	50.4	35.0	20.7	11.9	14.6	23.8	32.3%	4.8%
<i>Ordinary Net Profit growth</i>	154.0%	569.1%	11.6%	-30.6%	-40.9%	-42.4%	22.3%	63.4%		
										CAGR
Cash Flow (EUR Mn)	2015	2016	2017	2018	2019	2020e	2021e	2022e	15-19	19-22e
Recurrent EBITDA						47.1	50.7	61.7	15.6%	2.0%
Rentals (IFRS 16 impact)						(7.1)	(7.1)	(7.1)		
Working Capital Increase						7.8	(3.2)	(3.6)		
Recurrent Operating Cash Flow						47.9	40.4	51.0	36.7%	-13.9%
CAPEX						(25.0)	(25.1)	(15.5)		
Net Financial Result affecting the Cash Flow						(5.8)	(5.9)	(5.5)		
Tax Expense						(2.3)	(3.2)	(5.2)		
Recurrent Free Cash Flow						14.9	6.3	24.8	47.9%	-13.3%
Restructuring Expense & Other non-rec.						(6.2)	(2.1)	(2.1)		
- Acquisitions / + Divestures of assets						-	-	-		
Extraordinary Inc./Exp. Affecting Cash Flow						(1.9)	-	-		
Free Cash Flow						6.7	4.2	22.7	14.5%	3.6%
Capital Increase						(8.7)	-	(4.8)		
Dividends						(5.2)	-	(2.5)		
Net Debt Variation						7.3	(4.2)	(15.4)		

Note 1: Financial projections include IFRS 16 adjustments. FY 19 EBITDA is c. EUR 7.7Mn higher due to IFRS 16.

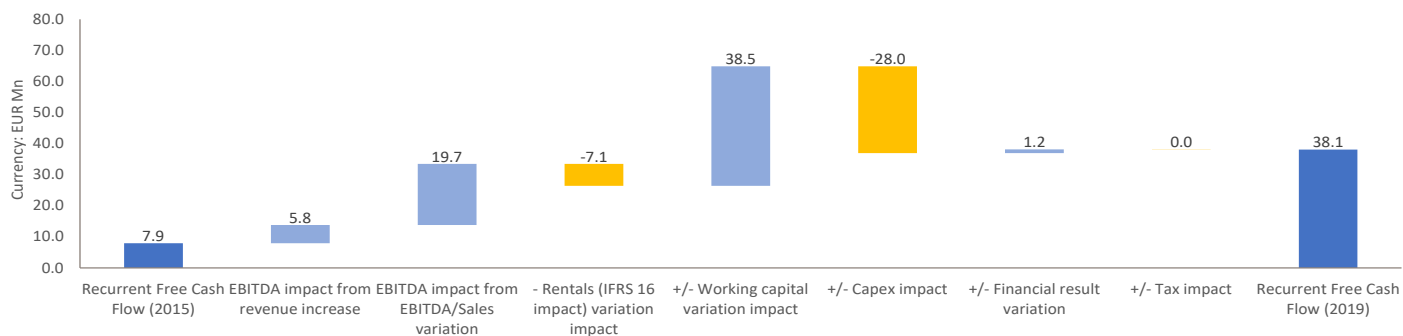
Appendix 2. Free Cash Flow⁽¹⁾

A) Cash Flow Analysis (EUR Mn)	2016	2017	2018	2019	2020e	2021e	2022e	CAGR	
								16-19	19-22e
Recurrent EBITDA	58.4	70.3	64.3	58.0	47.1	50.7	61.7	-0.2%	2.0%
<i>Recurrent EBITDA growth</i>	79.6%	20.3%	-8.5%	-9.7%	-18.8%	7.6%	21.5%		
<i>Rec. EBITDA/Revenues</i>	9.6%	10.2%	9.5%	8.6%	8.3%	8.2%	9.2%		
- Rentals (IFRS 16 impact)	-	-	-	(7.1)	(7.1)	(7.1)	(7.1)		
+/- Working Capital increase	13.5	(13.2)	(17.1)	28.8	7.8	(3.2)	(3.6)		
= Recurrent Operating Cash Flow	71.8	57.1	47.2	79.8	47.9	40.4	51.0	3.6%	-13.9%
<i>Rec. Operating Cash Flow growth</i>	214.5%	-20.5%	-17.4%	69.1%	-39.9%	-15.6%	26.1%		
<i>Rec. Operating Cash Flow / Sales</i>	11.8%	8.3%	7.0%	11.8%	8.4%	6.5%	7.6%		
- CAPEX	(18.7)	(42.8)	(42.1)	(37.1)	(25.0)	(25.1)	(15.5)		
- Net Financial Result affecting Cash Flow	(6.3)	(6.4)	(6.3)	(5.1)	(5.8)	(5.9)	(5.5)		
- Taxes	(0.2)	15.9	6.9	0.4	(2.3)	(3.2)	(5.2)		
= Recurrent Free Cash Flow	46.7	23.8	5.6	38.1	14.9	6.3	24.8	-6.6%	-13.3%
<i>Rec. Free Cash Flow growth</i>	487.4%	-49.1%	-76.4%	579.7%	-61.0%	-57.5%	292.9%		
<i>Rec. Free Cash Flow / Revenues</i>	7.7%	3.4%	0.8%	5.6%	2.6%	1.0%	3.7%		
- Restructuring expenses & others	-	(21.7)	-	(23.4)	(6.2)	(2.1)	(2.1)		
- Acquisitions / + Divestments	0.6	-	-	5.7	-	-	-		
+/- Extraordinary Inc./Exp. affecting Cash Flow	-	(0.1)	-	-	(1.9)	-	-		
= Free Cash Flow	47.3	1.9	5.6	20.4	6.7	4.2	22.7	-24.4%	3.6%
<i>Free Cash Flow growth</i>	297.4%	-95.9%	187.4%	264.9%	-67.3%	-36.5%	435.1%		
<i>Recurrent Free Cash Flow - Yield (s/Mkt Cap)</i>	26.7%	13.6%	3.2%	21.8%	8.5%	3.6%	14.2%		
<i>Free Cash Flow Yield (s/Mkt Cap)</i>	27.1%	1.1%	3.2%	11.7%	3.8%	2.4%	13.0%		
B) Analytical Review of Annual Recurrent Free Cash Flow Performance (Eur Mn)									
Recurrent FCF(FY - 1)	7.9	46.7	23.8	5.6	38.1	14.9	6.3		
EBITDA impact from revenue increase	(0.9)	7.9	(1.2)	0.1	(9.4)	4.2	4.4		
EBITDA impact from EBITDA/Sales variation	26.8	3.9	(4.7)	(6.3)	(1.5)	(0.6)	6.6		
= Recurrent EBITDA variation	25.9	11.9	(6.0)	(6.2)	(10.9)	3.6	10.9		
- Rentals (IFRS 16 impact) variation impact	-	-	-	(7.1)	-	-	-		
+/- Working capital variation impact	23.1	(26.6)	(3.9)	45.9	(21.0)	(11.1)	(0.4)		
= Recurrent Operating Cash Flow variation	49.0	(14.7)	(9.9)	32.6	(31.9)	(7.5)	10.6		
+/- CAPEX impact	(9.6)	(24.1)	0.7	5.0	12.1	(0.1)	9.6		
+/- Financial result variation	(0.0)	(0.1)	0.0	1.3	(0.7)	(0.1)	0.3		
+/- Tax impact	(0.6)	16.1	(9.0)	(6.4)	(2.7)	(0.9)	(2.0)		
= Recurrent Free Cash Flow variation	38.7	(22.9)	(18.2)	32.5	(23.2)	(8.5)	18.5		
Recurrent Free Cash Flow	46.7	23.8	5.6	38.1	14.9	6.3	24.8		
C) "FCF to the Firm" (pre debt service) (EUR Mn)									
EBIT	51.0	34.3	43.2	31.2	18.0	23.2	34.1	-15.2%	3.1%
* <i>Theoretical Tax rate</i>	0.3%	0.0%	0.0%	0.0%	18.0%	18.0%	18.0%		
= Taxes (pre- Net Financial Result)	(0.2)	-	-	-	(3.2)	(4.2)	(6.1)		
Recurrent EBITDA	58.4	70.3	64.3	58.0	47.1	50.7	61.7	-0.2%	2.0%
- Rentals (IFRS 16 impact)	-	-	-	(7.1)	(7.1)	(7.1)	(7.1)		
+/- Working Capital increase	13.5	(13.2)	(17.1)	28.8	7.8	(3.2)	(3.6)		
= Recurrent Operating Cash Flow	71.8	57.1	47.2	79.8	47.9	40.4	51.0	3.6%	-13.9%
- CAPEX	(18.7)	(42.8)	(42.1)	(37.1)	(25.0)	(25.1)	(15.5)		
- Taxes (pre- Financial Result)	(0.2)	-	-	-	(3.2)	(4.2)	(6.1)		
= Recurrent Free Cash Flow (To the Firm)	53.0	14.3	5.1	42.7	19.7	11.2	29.4	-6.9%	-11.7%
<i>Rec. Free Cash Flow (To the Firm) growth</i>	286.8%	-73.1%	-64.4%	742.2%	-53.9%	-43.2%	162.8%		
<i>Rec. Free Cash Flow (To the Firm) / Revenues</i>	8.7%	2.1%	0.7%	6.3%	3.5%	1.8%	4.4%		
- Acquisitions / + Divestments	0.6	-	-	5.7	-	-	-		
+/- Extraordinary Inc./Exp. affecting Cash Flow	-	(0.1)	-	-	(1.9)	-	-		
= Free Cash Flow "To the Firm"	53.6	14.2	5.1	48.4	17.7	11.2	29.4	-3.3%	-15.3%
<i>Free Cash Flow (To the Firm) growth</i>	203.6%	-73.5%	-64.2%	855.5%	-63.4%	-36.9%	162.8%		
<i>Rec. Free Cash Flow To the Firm Yield (o/EV)</i>	18.5%	5.0%	1.8%	14.9%	6.9%	3.9%	10.3%		
<i>Free Cash Flow "To the Firm" - Yield (o/EV)</i>	18.7%	5.0%	1.8%	16.9%	6.2%	3.9%	10.3%		

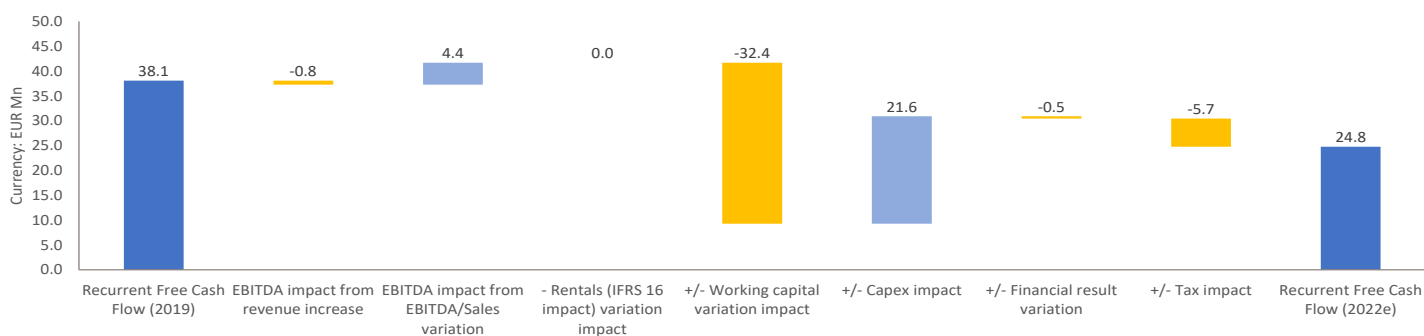
Note 1: Financial projections include IFRS 16 adjustments. FY 19 EBITDA is c. EUR 7.7Mn higher due to IFRS 16.

Note 2: 2019 working capital decrease (EUR 28.8Mn) was due to a decrease in: (i) inventories (EUR 15.4Mn; mainly explained by inventory management and the fall in prices of the main raw materials used by the company) and (ii) receivables (EUR 12.1Mn).

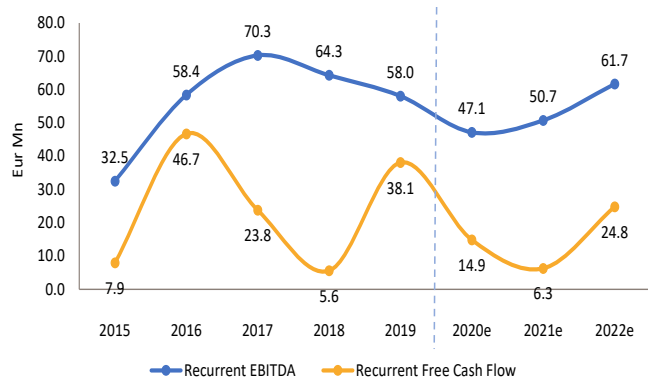
Recurrent Free Cash Flow accumulated variation analysis (2015 - 2019)



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	174.7	
+ Minority Interests	-	6m Results 2020
+ Provisions & Other L/T Liabilities	54.3	6m Results 2020
+ Net financial debt	104.4	6m Results 2020
- Financial Investments	47.6	6m Results 2020
+/- Others		
Enterprise Value (EV)	285.8	

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	606.3	609.3	686.0	639.5	625.0	603.7	624.5	606.9	689.3	677.1	677.9	568.1	619.2	672.6	1.1%	-0.3%
Total Revenues growth	-29.1%	0.5%	12.6%	-6.8%	-2.3%	-3.4%	3.5%	-2.8%	13.6%	-1.8%	0.1%	-16.2%	9.0%	8.6%		
EBITDA	(13.7)	10.9	26.9	21.1	29.0	19.1	32.5	58.4	48.5	67.3	62.4	45.2	50.7	61.7	20.7%	-0.4%
EBITDA growth	-132.5%	179.3%	148.0%	-21.5%	37.0%	-34.1%	70.5%	79.6%	-16.9%	38.6%	-7.2%	-27.6%	12.3%	21.5%		
EBITDA/Sales	n.a.	1.8%	3.9%	3.3%	4.6%	3.2%	5.2%	9.6%	7.0%	9.9%	9.2%	8.0%	8.2%	9.2%		
Net Profit	(51.0)	(14.0)	(0.9)	(11.7)	(0.3)	(7.1)	7.2	45.2	44.5	44.9	31.0	10.3	14.6	23.8	10.1%	-8.5%
Net Profit growth	74.9%	72.6%	93.6%	n.a.	97.3%	n.a.	202.0%	523.8%	-1.5%	0.9%	-30.8%	-66.8%	41.2%	63.4%		
Adjusted number shares (Mn)	100.6	100.6	100.6	100.8	103.5	111.5	114.0	114.1	112.3	109.2	106.2	102.7	101.0	101.0		
EPS (EUR)	-0.51	-0.14	-0.01	-0.12	0.00	-0.06	0.06	0.40	0.40	0.41	0.29	0.10	0.14	0.24	9.9%	-6.9%
EPS growth	74.9%	72.6%	93.6%	n.a.	97.3%	n.a.	n.a.	n.a.	0.1%	3.7%	-28.9%	-65.6%	43.6%	63.4%		
Ord. EPS (EUR)	-0.50	-0.14	-0.01	-0.11	0.00	-0.06	0.06	0.40	0.45	0.32	0.19	0.12	0.14	0.24	9.1%	6.5%
Ord. EPS growth	75.1%	72.0%	94.3%	n.a.	97.1%	n.a.	n.a.	n.a.	13.4%	-28.6%	-39.2%	-40.5%	24.4%	63.4%		
CAPEX	(36.6)	(8.1)	(8.1)	(15.8)	(4.2)	(4.6)	(9.2)	(18.7)	(42.8)	(42.1)	(37.1)	(25.0)	(25.1)	(15.5)		
CAPEX/Sales %	6.0%	1.3%	1.2%	2.5%	0.7%	0.8%	1.5%	3.1%	6.2%	6.2%	5.5%	4.4%	4.1%	2.3%		
Free Cash Flow	2.6	(18.7)	3.6	3.1	19.5	21.9	11.9	47.3	1.9	5.6	20.4	6.7	4.2	22.7	22.8%	3.6%
ND/EBITDA (x) ⁽³⁾	n.a.	8.7x	3.0x	6.9x	5.3x	6.8x	3.7x	1.3x	1.8x	1.6x	1.6x	2.3x	2.0x	1.4x		
P/E (x)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	9.7x	4.6x	7.2x	7.6x	8.8x	17.2x	12.0x	7.3x		
EV/Sales (x)	0.40x	0.27x	0.22x	0.29x	0.33x	0.29x	0.30x	0.51x	0.61x	0.70x	0.58x	0.50x	0.46x	0.42x		
EV/EBITDA (x) ⁽³⁾	n.a.	15.4x	5.6x	8.8x	7.1x	9.1x	5.8x	5.3x	8.7x	7.0x	6.2x	6.3x	5.6x	4.6x		
Absolute performance	-13.1%	-48.6%	-4.8%	-41.2%	18.8%	-17.3%	56.7%	198.7%	55.4%	8.9%	-17.8%	-32.4%	4.7%	4.6%		
Relative performance vs Ibxex 35	-33.1%	-37.8%	9.6%	-38.3%	-2.2%	-20.2%	68.8%	204.8%	44.7%	28.1%	-26.5%	-6.2%				

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 Thomson Reuters.

Note 2: Financial projections include IFRS 16 adjustments. FY 19 EBITDA is c. EUR 7.7Mn 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

		Europe					USA				ECR	
		EUR Mn	BASF SE	Solvay	Covestro AG	Akzo Nobel AS	Average	DowDuPont	Olin Corp	Westlake	Average	ECR
Market data	Ticker (Reuters)	BASFn.DE	SOLB.BR	1COV.DE	AKZO.AS			DWDP.K	OLN	WLK		ECR.MC
	Country	Germany	Belgium	Germany	Netherlands		USA	USA	USA		Spain	
	Market cap	43,256.8	7,036.9	6,013.4	15,480.9		33,332.0	1,506.9	5,909.8		174.7	
	Enterprise value (EV)	64,545.8	10,178.9	7,346.4	17,371.9		47,227.9	4,307.2	8,831.5		285.8	
Basic financial information	Total Revenues	56,609.0	9,338.2	10,259.0	8,371.8		17,012.9	4,913.5	6,202.6		568.1	
	Total Revenues growth	-4.6%	-16.8%	-17.3%	-9.7%	-12.1%	-11.3%	-9.9%	-14.3%		-11.8%	-16.2%
	2y CAGR (2020e - 2022e)	5.0%	4.4%	7.9%	5.2%	5.6%	4.6%	6.4%	7.1%		6.0%	8.8%
	EBITDA	6,697.0	1,843.6	859.1	1,301.5		4,042.0	518.7	977.9		45.2	
	EBITDA growth	-25.5%	-17.4%	-46.6%	-8.5%	-24.5%	-6.2%	-31.7%	-22.0%		-20.0%	-27.6%
	2y CAGR (2020e - 2022e)	15.8%	5.8%	33.5%	12.0%	16.8%	8.5%	27.0%	11.6%		15.7%	16.8%
	EBITDA/Revenues	11.8%	19.7%	8.4%	15.5%	13.9%	23.8%	10.6%	15.8%		16.7%	8.0%
	EBIT	2,894.9	1,082.1	97.7	951.5		3,055.9	(0.8)	330.3		18.0	
	EBIT growth	-40.2%	-9.8%	-88.9%	-10.4%	-37.3%	23.9%	-100.4%	-46.6%		-41.0%	-42.3%
	2y CAGR (2020e - 2022e)	33.0%	6.6%	n.a.	15.7%	18.4%	8.7%	n.a.	27.9%		18.3%	37.8%
	EBIT/Revenues	5.1%	11.6%	1.0%	11.4%	7.3%	18.0%	n.a.	5.3%		11.6%	3.2%
	Net Profit	1,800.8	564.3	(12.4)	640.6		1,862.7	(166.5)	158.5		10.3	
	Net Profit growth	-29.3%	n.a.	n.a.	15.4%	-6.9%	n.a.	n.a.	-61.5%		-61.5%	-66.8%
	2y CAGR (2020e - 2022e)	41.1%	16.3%	n.a.	17.3%	24.9%	14.3%	51.8%	44.7%		36.9%	51.9%
CAPEX/Sales %	-5.2%	-6.6%	-6.9%	-2.6%	-5.3%	-5.1%	-4.8%	-8.1%		-6.0%	-4.4%	
Free Cash Flow	2,980.5	722.2	103.6	726.9		1,940.3	89.0	525.6		6.7		
Net financial debt	14,803.5	3,210.4	1,443.3	1,184.7		12,708.2	2,729.1	1,902.6		104.0		
ND/EBITDA (x)	2.2	1.7	1.7	0.9	1.6	3.1	5.3	1.9		3.5	2.2	
Pay-out	152.0%	65.1%	-1667.6%	61.1%	-347.3%	41.3%	-71.7%	75.8%		15.1%	0.0%	
Multiples and Ratios	P/E (x)	24.3	11.6	n.a.	24.0	20.0	18.0	n.a.	40.0		29.0	17.2
	P/BV (x)	1.1	0.8	1.0	2.5	1.4	1.0	0.9	1.1		1.0	0.6
	EV/Revenues (x)	1.1	1.1	0.7	2.1	1.3	2.8	0.9	1.4		1.7	0.5
	EV/EBITDA (x)	9.6	5.5	8.6	13.3	9.3	11.7	8.3	9.0		9.7	6.1
	EV/EBIT (x)	22.3	9.4	n.a.	18.3	16.7	15.5	n.a.	26.7		21.1	15.9
	ROE	4.0	3.5	n.a.	10.0	5.8	2.5	n.a.	2.8		2.7	3.6
	FCF Yield (%)	6.9	10.3	1.7	4.7	5.9	5.9	5.6	8.8		6.8	8.5
	DPS	2.98	3.56	1.13	1.84	2.38	1.03	0.74	0.94		0.90	0.00
Dvd Yield	6.4%	5.4%	3.4%	2.3%	4.4%	2.3%	7.7%	2.0%		4.0%	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).

IMPORTANT LEGAL INFORMATION REGARDING THIS REPORT

LIGHTHOUSE

Lighthouse is a project of IEAF Servicios de Análisis S.L.U. Lighthouse is a research project funded by Bolsas y Mercados Españoles S.A. Lighthouse aims to improve the research coverage of the "orphan stocks" of the Spanish market: those which lack real and continuous research coverage. Lighthouse reports will not include valuation and target price. Lighthouse does not seek to provide investment advice to any natural or legal person. For this reason, Lighthouse will not provide a valuation, target price or investment recommendation for any of the securities analysed.

IEAF Servicios de Análisis S.L.U. is a Spanish company whose corporate purpose is:

1º) To provide information and financial analysis regarding securities issued by any class of legal person traded on official secondary markets, and specifically those securities which are not the object of the recurrent provision of information and analysis by financial analysts who participate in the markets.

2º) To publicise and update the aforementioned financial reports and analysis, in addition to the monitoring and following of the securities on which the information and analysis is provided.

3º) To prepare studies and projects aimed at proposing and implementing measures to improve the information and financial analysis of securities traded on official secondary markets.

IEAF Servicios de Análisis S.L.U. is a company whose sole shareholder is the Instituto Español de Analistas Financieros (IEAF), a professional, not for profit association.

DISCLAIMER

The Instituto Español de Analistas Financieros (IEAF) hereby certifies that the analyst of IEAF Servicios de Análisis S.L.U. whose name figures as the author of this report, expresses views that reflect their personal and independent opinion of the company analysed without these implying, either directly or indirectly, a personalised recommendation of the company analysed for purposes of providing investment advice. This report is based on the preparation of detailed financial projections from information available to the public and following traditional fundamental research methodology (i.e. it is not a technical or quantitative analysis report). For the analysis methodology used in the preparation of this report, please contact the analyst directly; contact details are included on the front page of this report.

The report includes basic information regarding the main parameters to be used by an investor when making their own valuation (whether by discounted cash flows or multiples). These parameters are the personal opinion or estimate of the analyst. The person receiving this report should use their own judgement when using these parameters and should consider them as another element in their decision-making process in respect of investment. These parameters do not represent a personalised investment recommendation.

Rules governing confidentiality and conflicts of interest

None of the following rules governing confidentiality and conflicts of interest (12) is applicable to this report:

1. This report is non-independent research as it has been commissioned by the company analysed (issuer).
2. In the last 12 months, the Instituto Español de Analistas Financieros or its subsidiary, IEAF Servicios de Análisis S.L.U., has had Investment Banking mandates or has managed or co-managed a public offering of the securities of the issuer, or has received compensation from said issuer for Investment Banking services, that exclude brokerage services for prepaid fees.
3. In the next 6 months, the Instituto Español de Analistas Financieros or its subsidiary, IEAF Servicios de Análisis S.L.U., expects to receive or intends to obtain compensation for Investment Banking services provided to this company that exclude brokerage services for prepaid fees.
4. The Investment Analyst or a member of the Research Department or a member of their household has a long position in the shares or derivatives of the corresponding issuer.
5. The Investment Analyst or a member of the Research Department or a member of their household has a short position in the shares or derivatives of the corresponding issuer.
6. At the date of publication, the Instituto Español de Analistas Financieros or its subsidiary, IEAF Servicios de Análisis S.L.U. held a long position of over 0.5% of the issuer's capital.
7. At the date of publication, the Instituto Español de Analistas Financieros or its subsidiary, IEAF Servicios de Análisis S.L.U. held a short position of over 0.5% of the issuer's capital.
8. At the end of the month immediately prior to the publication of this report, or of the previous month if the report is published in the ten days following the end of the month, the company analysed (the issuer) or any of its subsidiaries held 5% or more of any class of equity security of the Instituto Español de Analistas Financieros or its subsidiary, IEAF Servicios de Análisis S.L.U.
9. A senior director or officer of the Instituto Español de Analistas Financieros or its subsidiary, IEAF Servicios de Análisis S.L.U., or a member of their department is a director, officer, advisor or member of the Board of Directors of the issuer and/or one of its subsidiaries.
10. The Instituto Español de Analistas Financieros or its subsidiary, IEAF Servicios de Análisis S.L.U., acts as broker for the Issuer for the corresponding prepaid fees.
11. The contents of this report have been reviewed by the issuer prior to its publication.
12. The issuer has made changes to the contents of this report prior to its distribution.

The Investment Analysts who have prepared this Investment Analysis are employees of IEAF Servicios de Análisis S.L.U. These analysts have received (or will receive) compensation according to the general earnings of IEAF Servicios de Análisis S.L.U. To obtain a copy of the Code of Conduct of IEAF Servicios de Análisis S.L.U. (in respect of the Management of Conflicts of Interest in the research department), please use the e-mail address secretaria@ieaf.es or consult the contents of this Code at www.ieaf.es.

IEAF Servicios de Análisis S.L.U. is compensated by Bolsas y Mercados Españoles, S.A. for the preparation of this report. This report should be considered as just another element in the taking of investment decisions.

A report issued by IEAF servicios de análisis S.L.U.

All rights reserved. The unauthorised use or distribution of this report is prohibited. This document has been prepared and distributed, according to the provisions of the MiFID II by IEAF Servicios de Análisis S.L.U. Its corporate activity is regulated by the CNMV (the Spanish Securities Exchange Commission). The information and opinions expressed in this document do not represent nor are they intended to represent an offer or a solicitation to buy or sell the securities (in other words, the securities mentioned in this report and related warrants, options, rights or interests). The information and opinions contained in this document are based upon information available to the public and have been obtained from sources believed to be reliable by IEAF Servicios de Análisis S.L.U., but no guarantee is given regarding their accuracy or completeness. All comments and estimates reflect solely the opinion of IEAF Servicios de Análisis S.L.U. and do not offer any implicit or explicit guarantee. All the opinions expressed are subject to change without prior warning. This document does not take into account the specific investment objectives, financial position, risk profile or other specific aspects of the person who receives this document, and accordingly they should exercise their own judgement in this respect. Neither the Instituto Español de Analistas Financieros nor its subsidiary, IEAF Servicios de Análisis S.L.U., assumes any responsibility for direct or indirect losses arising from the use of the published research, except in the event of negligent conduct by IEAF Servicios de Análisis S.L.U. The information contained in this report is approved for distribution to professional clients, eligible counterparties and professional advisers, but not for distribution to private individuals or retail clients. Its reproduction, distribution or publication for any purpose without the written authorisation of IEAF Servicios de Análisis S.L.U. is prohibited. The Instituto Español de Analistas Financieros (IEAF) and/or its subsidiary

IEAF Servicios de Análisis S.L.U., their employees and directors, may hold a position (long or short) in an investment knowing that this issuer will be the object of analysis and that this analysis will be distributed to institutional investors. Any further information regarding the contents of this report will be provided upon request. IEAF Servicios de Análisis S.L.U. intends to publish (at least) one quarterly report or note updating the information on the company analysed.

United States. IEAF Servicios de Análisis S.L.U. is not registered in the United States and, consequently, is not subject to the regulations of that country governing the preparation of research and the independence of analysts. This report is distributed solely to major US institutional investors, in reliance on the exemption from registration provided by Rule 15a-6 of the US Securities Exchange Act of 1934, as amended (the "Exchange Act"), and interpretations of this made by the US Securities Exchange Commission.

Major US Institutional Investors. This report will be distributed to "major US institutional investors", as defined by Rule 15a-6 of the US Securities Exchange Commission and of the US Securities Exchange Act of 1934.

Notes and Reports History

Date of report	Recommendation	Price (EUR)	Target price (EUR)	Period of validity	Reason for report	Analyst
03-Aug-2020	n.a.	1.73	n.a.	n.a.	6m Results 2020	David López Sánchez
15-May-2020	n.a.	1.95	n.a.	n.a.	3m Results 2020	David López Sánchez
30-Apr-2020	n.a.	2.66	n.a.	n.a.	Review of estimates	David López Sánchez
02-Mar-2020	n.a.	2.28	n.a.	n.a.	12m Results 2019	David López Sánchez
06-Nov-2019	n.a.	2.42	n.a.	n.a.	9m Results 2019	David López Sánchez
29-Jul-2019	n.a.	1.92	n.a.	n.a.	6m Results 2019	David López Sánchez
03-Jun-2019	n.a.	2.22	n.a.	n.a.	Initial Coverage	David López Sánchez

