

## 9m Results 2020

Opinion <sup>(1)</sup>: Below expectations

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

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**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)

## The current situation delays expansion plans

**THE CURRENT SITUATION (NUT PRICES AT LOWS)...** Despite the increase in demand caused by the change in consumption habits in European households during lockdown (Covid-19), prices remain under pressure from the large surplus of production in the US, Europe's main provider (USD 3.1Bn 2019, c. +10% y/y; 41% market share).

**...HAS FORCED THE COMPANY TO CHANGE ITS EXPANSION STRATEGY.** In Spain almond prices (farmer) are below the -30y US average (c. EUR 3.6/Kg). This situation has made the Group's agrarian strategy less attractive, delaying (+1y) the execution of the ongoing capital increase (c. EUR 20Mn; with c. EUR 3Mn guaranteed via the capitalisation of loans with associates).

**CAUSING US TO CHANGE OUR 2020e-2022e estimates (DICHOTOMOUSLY).**

Although the performance of demand in autumn will be crucial to determining the continuation of the trend (m/t), the 3Q20 performance (c. +8% in volume y/y) is already an indicator. We raise our estimate for revenue +6.1% on average after the good performance to 9M20 (+25.4% y/y), to EUR 21.6Mn 2021e (CAGR +2y: 15.8%), with core business growth in line with the sector (c.10%) and a contribution of c.40% from the new product lines.

**BUT SIGNIFICANTLY REDUCING EBITDA ('20-'21), THAT WILL EXCEED BREAK-EVEN +2Y (EUR 0.4Mn 2022e).** Whilst pressure on margins will continue in the mid-term (prices), the growing contribution of more profitable products (c. 13% of 2022e consolidated revenue; c. +10p.p. vs. -2y), together with the gradual recovery of prices (currently at lows), will make the business profitable (2022e).

**ALTHOUGH WITH HIGH DEBT (1x ND/EQUITY ON AVERAGE +2Y),** despite our numbers including the capital increase (EUR 3Mn 2021e) and the delay to investment in new plantations (>2022). Consequently, we reduce 2020-2022e CAPEX (EUR 1.8Mn in cumulative terms vs. EUR 10Mn previously for the pre-2023 acquisition and development of land and investment on installations with debt) whilst waiting to see how the ongoing capital increase is finally resolved.

**IN CONCLUSION, THE CAPTURE OF CAPITAL WILL CONTINUE TO BE THE GORDIAN KNOT IN ITS STRATEGY,** on which its mid-term development hinges, although it could divest (m/t) some of its forestry assets in Spain and Argentina in order to partially finance the Group's organic/non-organic growth exploiting the current weakness of local competitors.

### Market Data

Market Cap (Mn EUR and USD)	28.4	34.5
EV (Mn EUR and USD) <sup>(2)</sup>	36.3	44.1
Shares Outstanding (Mn)	27.0	
-12m (Max/Med/Min EUR)	1.06 / 1.05 / 0.87	
Daily Avg volume (-12m Mn EUR)	n.m.	
Rotation <sup>(3)</sup>	0.0	
Thomson Reuters / Bloomberg	ECWI.SCT / ECO SM	
Close fiscal year	31-Dec	

### Shareholders Structure (%) <sup>(8)</sup>

G3T SL	14.0
Brinca 2004 SL	10.8
Onchena	8.0
Acalios	7.3
Free Float	32.2

### Financials (Mn EUR)

	2019	2020e	2021e	2022e
Adj. n° shares (Mn)	26.6	26.6	29.4	29.4
Total Revenues	13.4	16.1	18.1	21.6
Rec. EBITDA <sup>(4)</sup>	-2.2	-1.7	-1.1	0.4
% growth	-24.4	20.5	37.3	133.4
% Rec. EBITDA/Rev.	n.a.	n.a.	n.a.	1.7
% Inc. EBITDA sector <sup>(5)</sup>	12.1	4.8	11.8	8.5
Net Profit	-2.2	-3.2	-1.7	0.0
EPS (EUR)	-0.08	-0.12	-0.06	0.00
% growth	-250.4	-45.5	52.7	97.8
Ord. EPS (EUR)	-0.08	-0.11	-0.06	0.00
% growth	-275.0	-41.9	47.3	97.8
Rec. Free Cash Flow <sup>(6)</sup>	-5.6	-2.8	-2.3	-1.1
Pay-out (%)	0.0	0.0	0.0	0.0
DPS (EUR)	0.00	0.00	0.00	0.00
Net financial debt	10.2	14.2	14.5	15.6
ND/Rec. EBITDA (x)	n.a.	n.a.	n.a.	43.2
ROE (%)	n.a.	n.a.	n.a.	n.a.
ROCE (%) <sup>(6)</sup>	n.a.	n.a.	n.a.	1.1

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

	2019	2020e	2021e	2022e
P/E	n.a.	n.a.	n.a.	n.a.
Ord. P/E	n.a.	n.a.	n.a.	n.a.
P/BV	1.6	2.0	1.8	1.8
Dividend Yield (%)	0.0	0.0	0.0	0.0
EV/Sales	2.70	2.25	2.00	1.68
EV/Rec. EBITDA	n.a.	n.a.	n.a.	n.a.
EV/EBIT	n.a.	n.a.	n.a.	n.a.
FCF Yield (%) <sup>(6)</sup>	n.a.	n.a.	n.a.	n.a.

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



### Stock performance (%)

	-1m	-3m	-12m	YTD	-3Y	-5Y
Absolute	0.0	0.0	-1.2	-1.2	8.7	0.6
vs Ibxex 35	0.6	-16.2	20.5	18.9	39.4	19.4
vs Ibxex Small Cap Index	-5.6	-17.5	-16.7	-14.3	-8.9	-42.9
vs Eurostoxx 50	-0.9	-9.5	6.7	5.8	10.4	-7.5
vs Sector benchmark <sup>(5)</sup>	0.6	4.1	6.3	5.6	-8.0	-20.0

(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% or 10%, depending on the sector) of our EBITDA estimate (for any of the estimated years).

(2) Please refer to Appendix 3.

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

(4) Financial projections include IFRS 16 adjustments. FY 19 EBITDA is c. EUR 0.0Mn higher due to IFRS 16.

(5) Sector: TR Europe Food Processing.

(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.

(8) Others: Jovellanos Cartera 6.3%, Relocation & Exec. Serv. SL 4.8%, Ladan 2002 SL 3.2%, Other Board Members 13.3%

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

## 9M 2020 Results Downgrade to estimates

### Increase in market share in detriment to margin

After the rebound in revenues of 1H (+31.9% y/y) caused by “purchases of supplies” following the announcement of a state of alarm due to Covid-19 (c. +40% y/y revenues 2Q20), 3Q results seem to indicate a return to normality. 9M20 results reflect:

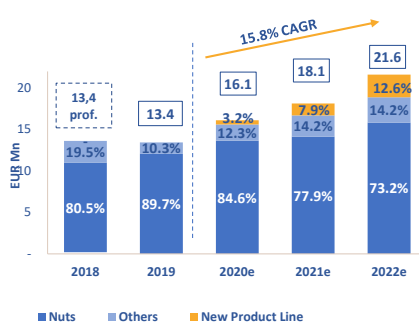
- **A slowdown in revenue growth (+25.4% y/y vs. 31.9% 1H)**, helped by higher volumes (+27.5% y/y), and the recovery of prices (-2.1% y/y vs. -7.1% 1H). A certain normalisation of volumes was seen in 3Q (+8.1% y/y, still high).
- **Margin pressure continuing (12.6% Gross Margin/Revenues -6.3p.p. y/y)**, although to a lesser extent vs. 1H20 (12.4%; +0.2p.p.), which was affected by the impossibility of obtaining supplies from source (2Q) due to Covid-19 restrictions.
- **Translating to Rec. EBITDA (EUR -1.9Mn)**, with the savings in operating costs (-15.6% y/y) being offset by higher personnel costs (stronger commercial effort).
- **Hitting EBIT badly (EUR -3.0Mn)**, after provisioning EUR 1Mn for impairments of biological assets (with a net impact of restatements of EUR -0.8Mn).
- **And increasing debt** (ND, EUR 15.3Mn, +57.9% y/y) and financial costs (EUR -0.3Mn, c. +3x y/y), due to the delay in the capitalisation of loans (EUR 3Mn).

Table 1. 9M 2020 Results (ECO)

(EUR Mn)	9M20	9M19	9M20 vs 9M19	3Q20	3Q20 vs 3Q19
Total Revenues	10.3	8.2	25.4%	3.2	13.3%
Gross Margin	1.3	1.6	-16.7%	0.4	-5.4%
Gross Mg. / Rev.	12.6%	18.9%	-6.3 p.p.	13.0%	-2.6 p.p.
Rec. EBITDA <sup>(1)</sup>	-1.9	-1.7	-9.3%	-0.6	22.8%
Rec. EBITDA / Rev.	n.a.	n.a.	n.a.	n.a.	n.a.
EBITDA	-3.0	-1.3	-126.3%	-0.7	-7.5%
EBITDA / Rev.	n.a.	n.a.	n.a.	n.a.	n.a.
EBIT	-3.0	-1.3	-131.3%	-0.8	-38.9%
EBT	-3.2	-1.4	-138.8%	-0.9	-216.2%
NP	-3.2	-1.4	-135.6%	-0.9	-211.2%
Ordinary NP	-2.0	-1.7	-16.3%	-0.8	-58.3%
Total Volume (MT)	1,973.0	1,547.5	27.5%	623.0	8.1%
Net Debt	15.3	9.7	57.9%		
ND/Equity	1.0 x	0.5 x	0.5 x		

(1) Excludes capitalizations and non recurrent expenses/income.

Chart 1. Revenues mix



### We downgrade our estimates, pointing to break-even (EBITDA) in 2022

The current context causes us to change our estimates due to: 1) the fall in nut prices, which remain at minimum levels, under pressure from the large surpluses of the US harvest -1y (c. +20% y/y in almonds), Europe’s main supplier; 2) the smaller margin (due to the impact of higher procurement costs in 2Q); and 3) the delay to the capital increase (start of 2021 vs. 4Q20e), forcing the delay (> +2y) of the organic expansion strategy initially envisaged by the Group (increase in the amount of the area under cultivation 2021-2023).

Table 2. Review of estimates

(EUR Mn)	2020e (New)	2020e (Old)	Review (%)	2021e (New)	2021e (Old)	Review (%)	2022e (New)	2022e (Old)	Review (%)
Total Revenues	16.1	15.2	6.1%	18.1	17.5	3.6%	21.6	19.9	8.5%
Recurrent EBITDA	-1.7	-1.3	-37.1%	-1.1	-0.4	-184.6%	0.4	0.1	163.1%
Recurrent EBITDA growth	20.5%	42.0%	-21.5 p.p.	37.3%	69.8%	-32.5 p.p.	133.4%	136.2%	-2.7 p.p.
Rec. EBITDA/Revenues	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	1.7%	0.7%	1.0 p.p.
Net Profit	-3.2	-1.8	-76.0%	-1.7	-0.9	-85.0%	0.0	-0.7	94.6%
Recurrent Free Cash Flow	-2.8	-2.5	-11.7%	-2.3	-3.1	26.4%	-1.1	-7.3	85.1%
ND	14.2	10.1	41%	14.5	16.7	-13%	15.6	30.3	-48%

## Valuation inputs

### Inputs for the DCF Valuation Approach

	2020e	2021e	2022e	Terminal Value <sup>(1)</sup>			
Free Cash Flow "To the Firm"	(2.5)	(2.9)	(0.7)	n.m.			
Market Cap	28.4	At the date of this report					
Net financial debt	15.3	Debt net of Cash (9m Results 2020)					
					Best Case	Worst Case	
Cost of Debt	2.3%	Net debt cost			2.1%	2.6%	
Tax rate (T)	20.0%	T (Normalised tax rate)			=	=	
Net debt cost	1.9%	$K_d = \text{Cost of Net Debt} * (1-T)$			1.7%	2.1%	
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)	0.8	B (Thomson Reuters and Lighthouse)			0.7	0.9	
Cost of Equity	7.3%	$K_e = R_f + (R * B)$			6.0%	8.6%	
Equity / (Equity + Net Debt)	65.0%	E (Market Cap as equity value)			=	=	
Net Debt / (Equity + Net Debt)	35.0%	D			=	=	
WACC	5.4%	$WACC = K_d * D + K_e * E$			4.5%	6.3%	
G "Fair"	2.0%				2.0%	1.5%	

(1) The terminal value, calculated on the level of revenues and FCF of 2022, is not meaningful, as the business is in a phase of expansion (far from its maturity) and still affected by the consumption of cash (extraordinary) necessary to implement the current business plan.

(2) ECO has non-strategic assets (land in Argentina valued at USD 2.5Mn) and forestry assets (EUR 6.2Mn), as well as a negative tax base (EUR 10.8Mn 2019).

### 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
Greenyard NV	GREENY.BR	272.0	29.5	54.5%	7.4	5.7%	0.2	1.2%	2.8%	19.9%	11.4%
Sipef NV	SIFB.BR	454.7	40.4	n.a.	9.5	40.4%	2.3	23.9%	23.8%	0.8%	n.a.
Vilmorin & Cie SA	VILM.PA	1,117.7	16.8	21.7%	6.1	4.4%	1.5	3.9%	24.2%	7.5%	67.7%
<b>Pharming Industry</b>			28.9	38.1%	7.7	16.8%	1.3	9.7%	16.9%	9.4%	39.6%
ADM	ADM	22,294.9	14.3	6.4%	10.7	10.7%	0.5	3.3%	5.1%	6.1%	7.4%
Olam Intl.	OLAM.SI	3,028.3	9.2	3.3%	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
John B Sant Filippo	JBSS.O	707.8	16.1	-3.1%	9.6	n.a.	1.0	3.9%	11.0%	5.6%	n.a.
Select Harvests	SHV.AX	382.5	20.1	28.7%	21.3	51.4%	3.8	16.1%	17.8%	n.a.	n.a.
<b>Non European International players</b>			14.9	8.8%	13.8	31.1%	1.8	7.7%	11.3%	5.9%	7.4%
ECO	ECWI.SCT	28.4	n.a.	89.9%	n.a.	47.5%	2.3	15.8%	n.a.	n.a.	48.0%

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

Balance Sheet (EUR Mn)	2015	2016	2017	2018	2019	2020e	2021e	2022e	
Intangible assets	-	-	1.0	3.7	3.9	3.8	3.7	3.6	
Fixed assets	-	-	12.8	16.9	19.4	20.3	20.7	21.4	
Other Non Current Assets	-	-	0.0	0.1	0.1	0.1	0.1	0.1	
Financial Investments	-	-	-	0.1	0.1	0.1	0.1	0.1	
Goodwill & Other Intangibles	-	-	-	3.9	3.9	3.9	3.9	3.9	
Current assets	-	-	0.4	5.0	5.9	6.2	6.5	7.2	
<b>Total assets</b>	-	-	<b>14.3</b>	<b>29.7</b>	<b>33.3</b>	<b>34.4</b>	<b>35.1</b>	<b>36.3</b>	
Equity	-	-	12.4	20.0	17.8	14.5	15.8	15.8	
Minority Interests	-	-	-	-	-	-	-	-	
Provisions & Other L/T Liabilities	-	-	-	1.4	1.3	1.3	0.3	0.3	
Other Non Current Liabilities	-	-	0.9	0.9	0.8	0.8	0.8	0.8	
Net financial debt	-	-	0.6	4.7	10.2	14.2	14.5	15.6	
Current Liabilities	-	-	0.4	2.8	3.1	3.5	3.6	3.8	
<b>Equity &amp; Total Liabilities</b>	-	-	<b>14.3</b>	<b>29.7</b>	<b>33.3</b>	<b>34.4</b>	<b>35.1</b>	<b>36.3</b>	
									<b>CAGR</b>
P&L (EUR Mn)	2015	2016	2017	2018	2019	2020e	2021e	2022e	19-22e
<b>Total Revenues</b>	-	-	<b>0.2</b>	<b>0.2</b>	<b>13.4</b>	<b>16.1</b>	<b>18.1</b>	<b>21.6</b>	<b>17.2%</b>
<i>Total Revenues growth</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	27.4%	<i>n.a.</i>	19.9%	12.5%	19.2%	
COGS	-	-	(0.5)	(0.5)	(11.3)	(13.7)	(15.0)	(16.8)	
<b>Gross Margin</b>	-	-	<b>(0.3)</b>	<b>(0.3)</b>	<b>2.2</b>	<b>2.4</b>	<b>3.2</b>	<b>4.8</b>	<b>30.3%</b>
<i>Gross Margin/Revenues</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	16.2%	15.2%	17.4%	22.3%	
Personnel Expenses	-	-	(0.3)	(0.5)	(1.6)	(1.9)	(1.9)	(1.9)	
Other Operating Expenses	-	-	(1.2)	(1.0)	(2.7)	(2.3)	(2.4)	(2.6)	
<b>Recurrent EBITDA</b>	-	-	<b>(1.9)</b>	<b>(1.7)</b>	<b>(2.2)</b>	<b>(1.7)</b>	<b>(1.1)</b>	<b>0.4</b>	<b>29.4%</b>
<i>Recurrent EBITDA growth</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	6.7%	-24.4%	20.5%	37.3%	133.4%	
<i>Rec. EBITDA/Revenues</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	1.7%	
Restructuring Expense & Other non-rec.	-	-	(0.1)	(0.1)	(0.4)	(0.3)	-	-	
<b>EBITDA</b>	-	-	<b>(2.0)</b>	<b>(1.8)</b>	<b>(2.5)</b>	<b>(2.1)</b>	<b>(1.1)</b>	<b>0.4</b>	<b>28.9%</b>
Depreciation & Provisions	-	-	(0.1)	(0.2)	(0.5)	(0.7)	(0.7)	(0.7)	
Capitalized Expense	-	-	0.9	1.7	1.0	0.8	0.5	0.8	
Rentals (IFRS 16 impact)	-	-	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	
<b>EBIT</b>	-	-	<b>(1.3)</b>	<b>(0.3)</b>	<b>(2.2)</b>	<b>(2.1)</b>	<b>(1.3)</b>	<b>0.3</b>	<b>29.2%</b>
<i>EBIT growth</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	75.0%	-564.3%	3.9%	35.9%	125.7%	
<i>EBIT/Revenues</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	1.6%	
Impact of Goodwill & Others	-	-	-	-	-	(0.9)	-	-	
Net Financial Result	-	-	(0.1)	(0.1)	(0.2)	(0.3)	(0.4)	(0.4)	
Income by the Equity Method	-	-	-	-	-	-	-	-	
<b>Ordinary Profit</b>	-	-	<b>(1.4)</b>	<b>(0.5)</b>	<b>(2.4)</b>	<b>(3.2)</b>	<b>(1.7)</b>	<b>(0.0)</b>	<b>75.2%</b>
<i>Ordinary Profit Growth</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	67.4%	-415.7%	-34.7%	47.7%	97.8%	
Extraordinary Results	-	-	-	-	-	-	-	-	
<b>Profit Before Tax</b>	-	-	<b>(1.4)</b>	<b>(0.5)</b>	<b>(2.4)</b>	<b>(3.2)</b>	<b>(1.7)</b>	<b>(0.0)</b>	<b>75.2%</b>
Tax Expense	-	-	-	-	0.2	-	-	-	
<i>Effective Tax Rate</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	
Minority Interests	-	-	-	-	-	-	-	-	
Discontinued Activities	-	-	-	-	-	-	-	-	
<b>Net Profit</b>	-	-	<b>(1.4)</b>	<b>(0.5)</b>	<b>(2.2)</b>	<b>(3.2)</b>	<b>(1.7)</b>	<b>(0.0)</b>	<b>74.5%</b>
<i>Net Profit growth</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	67.4%	-377.5%	-45.5%	47.7%	97.8%	
<b>Ordinary Net Profit</b>	-	-	<b>(1.3)</b>	<b>(0.4)</b>	<b>(2.1)</b>	<b>(2.9)</b>	<b>(1.7)</b>	<b>(0.0)</b>	<b>73.8%</b>
<i>Ordinary Net Profit growth</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	69.3%	-411.0%	-41.9%	41.8%	97.8%	
									<b>CAGR</b>
Cash Flow (EUR Mn)	2015	2016	2017	2018	2019	2020e	2021e	2022e	19-22e
<b>Recurrent EBITDA</b>	-	-	-	-	-	<b>(1.7)</b>	<b>(1.1)</b>	<b>0.4</b>	<b>29.4%</b>
Rentals (IFRS 16 impact)	-	-	-	-	-	(0.1)	(0.1)	(0.1)	
Working Capital Increase	-	-	-	-	-	0.1	(0.2)	(0.4)	
<b>Recurrent Operating Cash Flow</b>	-	-	-	-	-	<b>-1.8</b>	<b>-1.4</b>	<b>-0.2</b>	<b>61.9%</b>
CAPEX	-	-	-	-	-	(0.8)	(0.5)	(0.5)	
Net Financial Result affecting the Cash Flow	-	-	-	-	-	(0.3)	(0.4)	(0.4)	
Tax Expense	-	-	-	-	-	-	-	-	
<b>Recurrent Free Cash Flow</b>	-	-	-	-	-	<b>(2.8)</b>	<b>(2.3)</b>	<b>(1.1)</b>	<b>42.0%</b>
Restructuring Expense & Other non-rec.	-	-	-	-	-	(1.2)	-	-	
- Acquisitions / + Divestures of assets	-	-	-	-	-	-	(1.0)	-	
Extraordinary Inc./Exp. Affecting Cash Flow	-	-	-	-	-	-	-	-	
<b>Free Cash Flow</b>	-	-	-	-	-	<b>(4.0)</b>	<b>(3.3)</b>	<b>(1.1)</b>	<b>42.9%</b>
Capital Increase	-	-	-	-	-	-	3.0	-	
Dividends	-	-	-	-	-	-	-	-	
<b>Net Debt Variation</b>	-	-	-	-	-	<b>4.0</b>	<b>0.3</b>	<b>1.1</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>

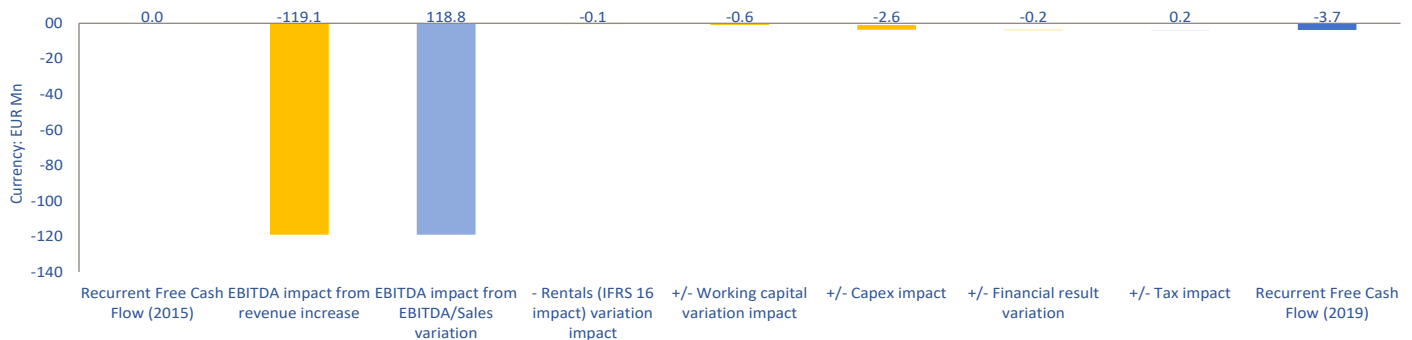
	2016	2017	2018	2019	2020e	2021e	2022e	CAGR 19-22e
<b>A) Cash Flow Analysis (EUR Mn)</b>								
<b>Recurrent EBITDA</b>			(1.7)	(2.2)	(1.7)	(1.1)	0.4	29.4%
<i>Recurrent EBITDA growth</i>			6.7%	-24.4%	20.5%	37.3%	133.4%	
<i>Rec. EBITDA/Revenues</i>			n.a.	n.a.	n.a.	n.a.	1.7%	
- Rentals (IFRS 16 impact)			(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	
+/- Working Capital increase			-	(0.6)	0.1	(0.2)	(0.4)	
<b>= Recurrent Operating Cash Flow</b>			(1.8)	(2.9)	(1.8)	(1.4)	(0.2)	61.9%
<i>Rec. Operating Cash Flow growth</i>			3.0%	-57.7%	38.9%	20.0%	88.7%	
<i>Rec. Operating Cash Flow / Sales</i>			n.a.	n.a.	n.a.	n.a.	n.a.	
- CAPEX			(0.8)	(2.6)	(0.8)	(0.5)	(0.5)	
- Net Financial Result affecting Cash Flow			(0.1)	(0.2)	(0.3)	(0.4)	(0.4)	
- Taxes			-	0.2	-	-	-	
<b>= Recurrent Free Cash Flow</b>			(2.8)	(5.6)	(2.8)	(2.3)	(1.1)	42.0%
<i>Rec. Free Cash Flow growth</i>			-47.0%	-101.3%	49.0%	18.5%	53.0%	
<i>Rec. Free Cash Flow / Revenues</i>			n.a.	n.a.	n.a.	n.a.	n.a.	
- Restructuring expenses & others			0.2	(0.4)	(1.2)	-	-	
- Acquisitions / + Divestments			(5.0)	0.1	-	(1.0)	-	
+/- Extraordinary Inc./Exp. affecting Cash Flow			-	-	-	-	-	
<b>= Free Cash Flow</b>			(7.5)	(5.8)	(4.0)	(3.3)	(1.1)	42.9%
<i>Free Cash Flow growth</i>			-301.9%	22.7%	31.2%	17.6%	67.2%	
<i>Recurrent Free Cash Flow - Yield (s/Mkt Cap)</i>			n.a.	n.a.	n.a.	n.a.	n.a.	
<i>Free Cash Flow Yield (s/Mkt Cap)</i>			n.a.	n.a.	n.a.	n.a.	n.a.	
<b>B) Analytical Review of Annual Recurrent Free Cash Flow Performance (Eur Mn)</b>	2016	2017	2018	2019	2020e	2021e	2022e	
<b>Recurrent FCF(FY - 1)</b>				(2.8)	(5.6)	(2.8)	(2.3)	
EBITDA impact from revenue increase				(118.6)	(0.4)	(0.2)	(0.2)	
EBITDA impact from EBITDA/Sales variation				118.2	0.9	0.9	1.7	
<b>= Recurrent EBITDA variation</b>				(0.4)	0.4	0.6	1.4	
- Rentals (IFRS 16 impact) variation impact				(0.0)	(0.0)	(0.0)	(0.0)	
+/- Working capital variation impact				(0.6)	0.7	(0.3)	(0.2)	
<b>= Recurrent Operating Cash Flow variation</b>				(1.0)	1.1	0.4	1.2	
+/- CAPEX impact				(1.8)	1.9	0.2	(0.0)	
+/- Financial result variation				(0.1)	(0.1)	(0.1)	(0.0)	
+/- Tax impact				0.2	(0.2)	-	-	
<b>= Recurrent Free Cash Flow variation</b>				(2.8)	2.7	0.5	1.2	
<b>Recurrent Free Cash Flow</b>				(5.6)	(2.8)	(2.3)	(1.1)	
<b>C) "FCF to the Firm" (pre debt service) (EUR Mn)</b>	2016	2017	2018	2019	2020e	2021e	2022e	CAGR 19-22e
<b>EBIT</b>			(0.3)	(2.2)	(2.1)	(1.3)	0.3	29.2%
* <i>Theoretical Tax rate</i>			0.0%	0.0%	0.0%	0.0%	0.0%	
= Taxes (pre- Net Financial Result)			-	-	-	-	-	
<b>Recurrent EBITDA</b>			(1.7)	(2.2)	(1.7)	(1.1)	0.4	29.4%
- Rentals (IFRS 16 impact)			(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	
+/- Working Capital increase			-	(0.6)	0.1	(0.2)	(0.4)	
<b>= Recurrent Operating Cash Flow</b>			(1.8)	(2.9)	(1.8)	(1.4)	(0.2)	61.9%
- CAPEX			(0.8)	(2.6)	(0.8)	(0.5)	(0.5)	
- Taxes (pre- Financial Result)			-	-	-	-	-	
<b>= Recurrent Free Cash Flow (To the Firm)</b>			(2.6)	(5.5)	(2.5)	(1.9)	(0.7)	49.6%
<i>Rec. Free Cash Flow (To the Firm) growth</i>			-39.5%	-109.8%	54.2%	22.9%	63.8%	
<i>Rec. Free Cash Flow (To the Firm) / Revenues</i>			n.a.	n.a.	n.a.	n.a.	n.a.	
- Acquisitions / + Divestments			(5.0)	0.1	-	(1.0)	-	
+/- Extraordinary Inc./Exp. affecting Cash Flow			-	-	-	-	-	
<b>= Free Cash Flow "To the Firm"</b>			(7.6)	(5.4)	(2.5)	(2.9)	(0.7)	49.3%
<i>Free Cash Flow (To the Firm) growth</i>			-306.1%	29.0%	53.5%	-16.9%	76.1%	
<i>Rec. Free Cash Flow To the Firm Yield (o/EV)</i>			n.a.	n.a.	n.a.	n.a.	n.a.	
<i>Free Cash Flow "To the Firm" - Yield (o/EV)</i>			n.a.	n.a.	n.a.	n.a.	n.a.	

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

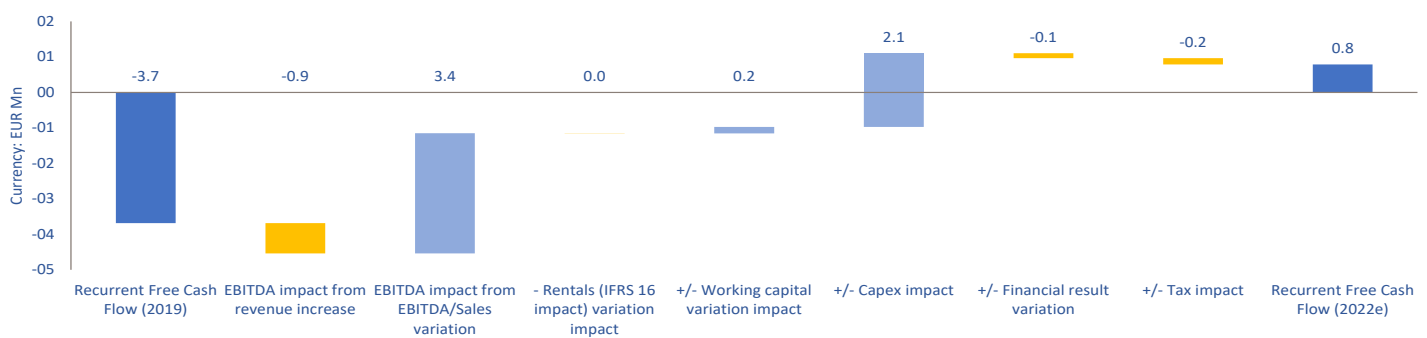
Note 2: The company closed its fiscal year on 30 September until 2016, changing the closing date to 31 December from 2017 (inclusive), so the years prior to 2017 are not comparable. In addition, the company changed its scope of consolidation in 2018 (acquisition of Utega Group in December 2018). P/L 2019 consolidates 100% of Utega.

Note 3: 2021e acquisitions and divestments include EUR -1Mn corresponding to the contingent disbursement linked to the acquisition of Grupo Utega.

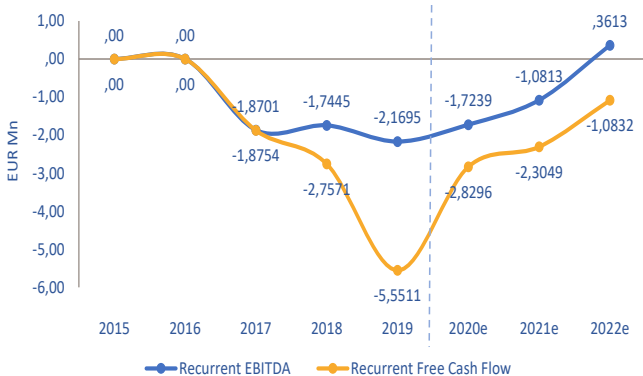
**Recurrent Free Cash Flow accumulated variation analysis (2015 - 2019)**



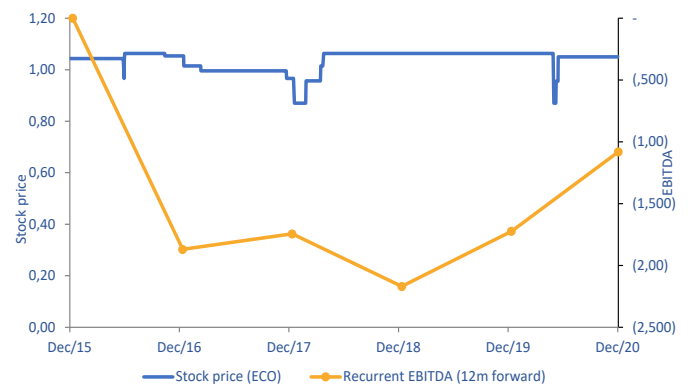
**Recurrent Free Cash Flow accumulated variation analysis (2019 - 2022e)**



**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	28.4	
+ Minority Interests	-	9m Results 2020
+ Provisions & Other L/T Liabilities	1.3	9m Results 2020
+ Net financial debt	15.3	9m Results 2020
- Financial Investments	0.3	9m Results 2020
+/- Others <sup>(1)</sup>	(8.3)	Lighthouse 2020
<b>Enterprise Value (EV)</b>	<b>36.3</b>	

(1) Non-strategic assets (Land in Argentina valued at USD 2.5Mn) and forestry assets in Spain (EUR 6.2Mn)

## 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 19-22e
<b>Total Revenues</b>									0.2	0.2	13.4	16.1	18.1	21.6	17.2%
<i>Total Revenues growth</i>									n.a.	27.4%	n.a.	19.9%	12.5%	19.2%	
<b>EBITDA</b>									(2.0)	(1.8)	(2.5)	(2.1)	(1.1)	0.4	28.9%
<i>EBITDA growth</i>									n.a.	9.3%	-39.5%	18.6%	47.4%	133.4%	
<i>EBITDA/Sales</i>									n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	1.7%
<b>Net Profit</b>									(1.4)	(0.5)	(2.2)	(3.2)	(1.7)	(0.0)	74.5%
<i>Net Profit growth</i>									n.a.	67.4%	-377.5%	-45.5%	47.7%	97.8%	
Adjusted number shares (Mn)									18.5	19.5	26.6	26.6	29.4	29.4	
EPS (EUR)									-0.08	-0.02	-0.08	-0.12	-0.06	0.00	75.4%
<i>EPS growth</i>									n.a.	69.2%	n.a.	-45.5%	52.7%	97.8%	
Ord. EPS (EUR)									-0.07	-0.02	-0.08	-0.11	-0.06	0.00	74.7%
<i>Ord. EPS growth</i>									n.a.	70.9%	n.a.	-41.9%	47.3%	97.8%	
CAPEX									-	(0.8)	(2.6)	(0.8)	(0.5)	(0.5)	
<i>CAPEX/Sales %</i>									0.0%	409.6%	19.5%	4.7%	3.0%	2.5%	
<b>Free Cash Flow</b>									(1.9)	(7.5)	(5.8)	(4.0)	(3.3)	(1.1)	42.9%
<i>ND/EBITDA (x) <sup>(3)</sup></i>									n.a.	n.a.	n.a.	n.a.	n.a.	43.2x	
<i>P/E (x)</i>									n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	
<i>EV/Sales (x)</i>									n.a.	n.a.	2.29x	2.25x	2.00x	1.68x	
<i>EV/EBITDA (x) <sup>(3)</sup></i>									n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	
<i>Absolute performance</i>									0.9%	-8.3%	10.0%	-1.2%			
<i>Relative performance vs Ibex 35</i>									-6.0%	7.9%	-1.6%	18.9%			

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).

Note 4: For modelling purposes, we contemplate a theoretical capital increase of EUR 2.95Mn in 2021, through the issue of 2.8Mn shares (considering that the capital increase was carried out at the market price on the date of this report).

## Appendix 5. Main Competitors 2020e

	EUR Mn	European Industry				Other international peers			
		Greenyard NV	Sipef NV	Vilmorin & Cie SA	Average	Select Harvests	Vilmorin & Cie SA	ADM	ECO
<b>Market data</b>	Ticker (Reuters)	GREENY.BR	SIFB.BR	VILM.PA		SHV.AX	VILM.PA	ADM	ECWI.SCT
	Country	Belgium	Belgium	France		Australia	France	USA	Spain
	Market cap	272.0	454.7	1,117.7		382.5	1,117.7	22,294.9	28.4
	Enterprise value (EV)	926.1	654.5	2,131.0		581.8	2,131.0	28,288.6	36.3
<b>Basic financial information</b>	Total Revenues	4,407.3	290.5	1,435.2		153.5	1,435.2	52,100.3	16.1
	Total Revenues growth	8.5%	17.0%	3.2%	9.6%	-16.8%	3.2%	-2.0%	19.9%
	2y CAGR (2020e - 2022e)	1.2%	23.9%	3.9%	9.7%	16.1%	3.9%	3.3%	15.8%
	EBITDA	124.7	69.0	347.1		27.4	347.1	2,635.4	(2.1)
	EBITDA growth	28.5%	52.0%	15.8%	32.1%	-51.2%	15.8%	20.6%	18.6%
	2y CAGR (2020e - 2022e)	5.7%	40.4%	4.4%	16.8%	51.4%	4.4%	10.7%	47.5%
	EBITDA/Revenues	2.8%	23.8%	24.2%	16.9%	17.8%	24.2%	5.1%	n.a.
	EBIT	49.0	27.0	109.0		24.5	109.0	2,334.1	(2.1)
	EBIT growth	n.a.	566.5%	21.4%	293.9%	-65.2%	21.4%	40.2%	3.9%
	2y CAGR (2020e - 2022e)	14.4%	83.6%	11.9%	36.6%	77.8%	11.9%	7.6%	47.1%
	EBIT/Revenues	1.1%	9.3%	7.6%	6.0%	15.9%	7.6%	4.5%	n.a.
	Net Profit	9.0	13.5	67.5		25.0	67.5	1,897.6	(3.2)
	Net Profit growth	n.a.	n.a.	-13.4%	-13.4%	-52.8%	-13.4%	33.8%	-45.5%
	2y CAGR (2020e - 2022e)	58.7%	n.a.	21.1%	39.9%	43.3%	21.1%	6.0%	89.3%
CAPEX/Sales %	1.3%	19.8%	17.3%	12.8%	14.6%	17.3%	1.3%	-4.7%	
Free Cash Flow	54.1	4.5	25.6		(8.1)	25.6	1,369.5	(4.0)	
Net financial debt	554.7	163.0	1,013.3		199.3	1,013.3	4,559.7	14.2	
ND/EBITDA (x)	4.4	2.4	2.9	3.2	7.3	2.9	1.7	n.a.	
Pay-out	0.0%	53.7%	33.9%	29.2%	31.0%	33.9%	35.2%	0.0%	
<b>Multiples and Ratios</b>	P/E (x)	29.5	40.4	16.8	28.9	20.1	16.8	14.3	n.a.
	P/BV (x)	0.6	0.8	0.9	0.8	1.2	0.9	1.4	2.0
	EV/Revenues (x)	0.2	2.3	1.5	1.3	3.8	1.5	0.5	2.3
	EV/EBITDA (x)	7.4	9.5	6.1	7.7	21.3	6.1	10.7	n.a.
	EV/EBIT (x)	18.9	24.2	19.6	20.9	23.8	19.6	12.1	n.a.
	ROE	4.5	2.1	5.4	4.0	6.1	5.4	9.1	n.a.
	FCF Yield (%)	19.9	0.8	7.5	9.4	n.a.	7.5	6.1	n.a.
	DPS	0.00	0.70	1.00	0.57	0.08	1.00	1.19	0.00
	Dvd Yield	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	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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#### Notes and Reports History

Date of report	Recommendation	Price (EUR)	Target price (EUR)	Period of validity	Reason for report	Analyst
23-Dec-2020	n.a.	1.05	n.a.	n.a.	9m Results 2020 and Review of estimates	Ana Isabel González García, CIA
03-Nov-2020	n.a.	1.05	n.a.	n.a.	6m Results 2020	Ana Isabel González García, CIA
10-Jun-2020	n.a.	1.05	n.a.	n.a.	Initiation of Coverage	Ana Isabel González García, CIA

