

BUY

DEOLEO

SPAIN | CONSUMER STAPLES

Harvest season is here; Initiating with a Buy

Price (€)	0.18
Target Price (€)	0.25
Target Return	38.1%
Ticker	OLE SM
Shares Out (m)	500
Market Cap (€m)	89

Key Estimates	2024a	2025e	2026e
P/E (x)	nm	20.4	11.9
P/CF (x)	nm	6.2	5.2
EV/EBITDA (x)	12.6	8.2	6.4
P/BV (x)	0.5	0.4	0.4
Div yield (%)	0.0	0.0	0.0

Performance (%)	1D	1M	YTD
Price Perf	-0.8	-2.5	-5.6

Source: Company data, FactSet and JB Capital estimates

We initiate coverage of Deoleo with a Buy rating and a TP of €0.25/share. Deoleo is the world's leading olive oil producer, present in over 60 countries with an estimated global market share of c.9%. We expect Deoleo to continue benefiting from structural sector growth - driven by low global penetration of olive oil within total edible oils and stronger demand in emerging markets – as well as by market share gains in mature markets. In the short to medium term, Deoleo should also benefit from a c.50% decline in raw material prices, supported by improved harvest yields. Overall, we forecast EBITDA growth of 38% and 21% in FY25e and FY26e, respectively, alongside continued deleveraging. We estimate cumulative FCF of €46m over FY25–FY27e, equivalent to c.50% of the current market cap. Our TP implies a 38% upside potential, even after factoring in the potential negative impact from the ongoing tax litigation in Italy and a 20% liquidity discount.

Good earnings momentum after bottoming out: Following two weak harvests (FY23–24) due to adverse weather, raw material prices have normalized, paving the way for an EBITDA recovery. 1H25 results have shown that the input prices declined by c.50% (to the cycle average). This should push FY25e EBITDA up by 38% to €46m in FY25e, according to our estimates. For FY26e, assuming relatively stable input costs, we expect EBITDA to grow a further 21% to €56m. With limited visibility beyond that, we assume FY27e will represent the bottom of the next cycle (explaining higher multiples), FY28e the peak, and FY29e the mid-cycle, with normalized EBITDA of €47m, in line with the previous cycle average.

Deleveraging to continue: We expect Deoleo to generate c.€46m in FCF over FY25–27e (even assuming FY27e as the next trough), equivalent to c.50% of the current market cap. On our estimates, Deoleo should be virtually debt-free by 2029e. Although not included in our base case, we believe that sustained deleveraging and cash generation could meaningfully reduce the company's cost of debt (currently c.11%), further enhancing profitability and supporting our valuation (via a lower WACC).

Italian tax litigation remains an overhang: The ongoing Italian tax case concerns import duties and VAT claimed by customs authorities for 2010–2012. After years of appeals and shifting rulings, the court of second instance ruled against Deoleo in 2024. The company has appealed the fine, but also begun paying it (monthly installments), financed directly by its two main shareholders. While this has no direct impact on Deoleo's cash flows, we expect the company to repay the amount (including interest and possible PIK) over time. Our base case assumes a total cost of €50m, which is reflected in our valuation. Even under the worst-case scenario for the case resolution, the stock shows no downside at current levels, highlighting how undervalued it remains.

Key risks: Downside risks: i) prolonged or costlier-than-expected Italian tax case; ii) higher raw material prices due to weak harvests; iii) increased competition; iv) macro shocks (FX, tariffs, weaker growth); and v) potential overhang risk from a shareholder exit (e.g., CVC). Upside risks: i) faster or more favorable resolution of the tax case; ii) debt renegotiation reducing financing costs; iii) improved procurement efficiency boosting mid-cycle EBITDA; iv) stronger-than-expected volume growth from market share gains, penetration, or new markets; and v) potential liquidity improvement from a potential exit of one of its main shareholders (i.e CVC due to the nature of private equities).



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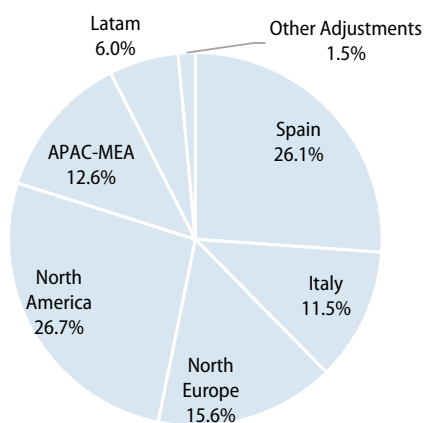
This is a research report destined only for JB Capital institutional clients. The production of the recommendation was completed on 13 October at 18:46 h CET and was first disseminated on 14 October 2025 at 07:19h CET. Please see the last page of this report for information about the potential conflicts of interest that could affect its objectivity.

Investment Summary

We initiate coverage of Deoleo with a Buy rating and a Target Price (TP) of €0.25/ shr.

Deoleo is the world's largest bottler and marketer of branded olive oil, holding approximately 9% global market share, according to Euromonitor. The company is Spanish, headquartered in Madrid, sells its products in more than 60 countries, reaching over 85 million consumers annually and covering all price segments — from mainstream to premium extra virgin olive oil. Some of its most iconic brands - Bertolli, Carapelli, and Carbonell – are among the top 10 in global market share. In addition to olive oil, Deoleo also operates in adjacent categories such as seed oils, vinegars, table olives, and cosmetics, though these represent only a small portion of total sales. Spain accounts for just 26% of total revenue, with the APAC–MEA region being currently the main contributor to EBITDA.

Revenue Breakdown by Region (FY24)



Source: Company data

Revenue Breakdown by Segment (FY24)

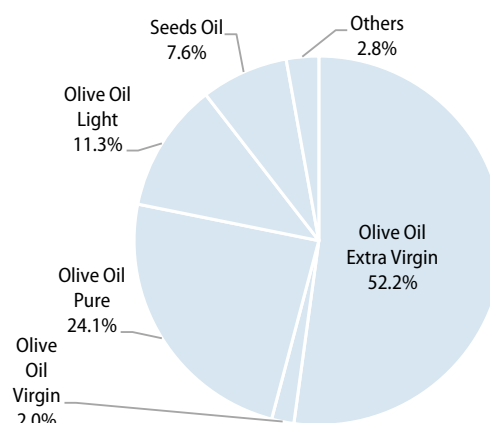
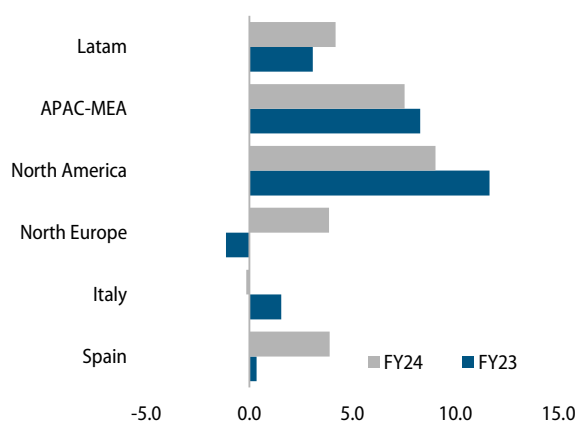
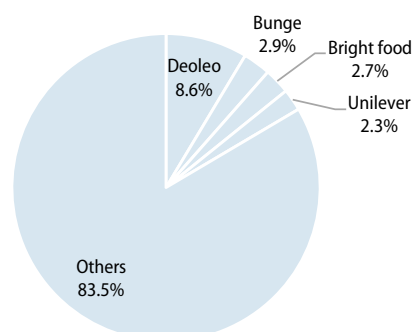


Figure: Recurrent EBITDA evolution per Region (FY23-24) - €m



Source: Company data Euromonitor

Global Market Share (2024)



Deoleo's business model is straightforward

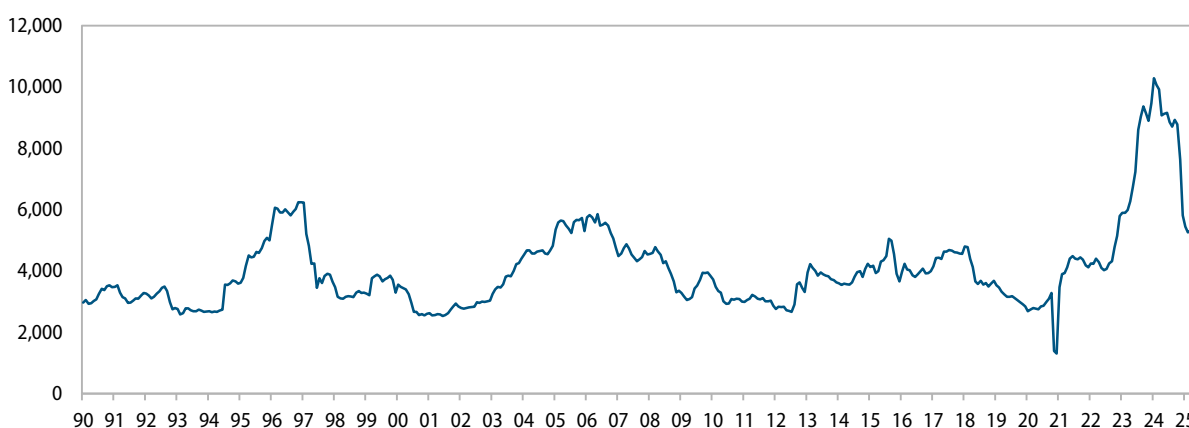
Deoleo is not vertically integrated, which means it does not cultivate olives or own plantations. The company sources bulk olive oil (extra virgin, virgin, lampante, etc.) from cooperatives, mills, and producers, ensuring consistent quality through validation and standardization processes. It then blends the purchased oils to create its well-known brands at its two main production facilities in Alcolea (Spain) and Tavarnelle (Italy). The oil is bottled under various global and regional brands and distributed through a worldwide network of retailers, distributors, and wholesalers.

Weather sensitivity remains, but the cycle is turning positive

Profitability is highly correlated with raw material prices, which depend heavily on weather conditions.

In olive oil production, spring and autumn are the most critical seasons. Ideally, spring temperatures should remain below 34°C (as excessive heat can damage blossoms), and autumn should not be too dry. If these conditions are not met, the olive yield — and therefore olive oil production — falls sharply, pushing raw material prices higher.

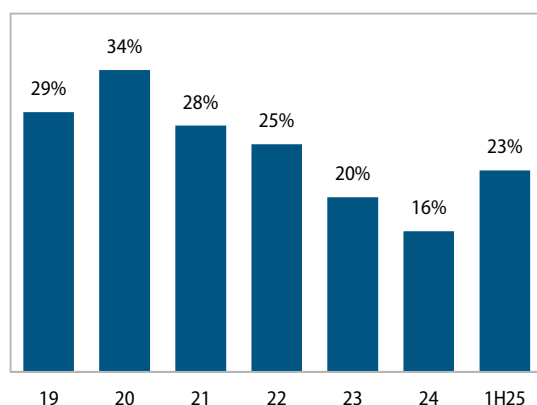
The Cost of Raw Materials - Global Olive Oil Prices (US per tonne)



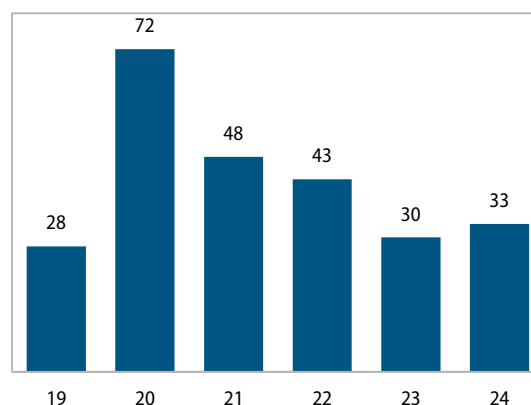
Source: IMF

In the 2022/23 and 2023/24 harvests, a combination of low rainfall and extreme heat severely affected yields. This led to a sharp increase in raw material costs for Deoleo (to abnormal levels as it can be seen from historical series) and a corresponding decline in gross margins, with EBITDA returning to the bottom-of-cycle levels (c.€30m) in FY23 and FY24.

Gross Margin FY19-1H25



EBITDA (€m) – FY19-FY24



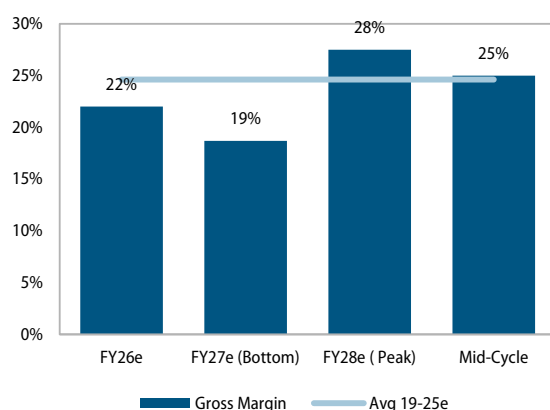
Source: Company data

However, FY25–26e already show signs of normalization in raw material prices, supporting a recovery in earnings. With 1H25 results already published, and considering both seasonality and the 50% drop in raw material prices (to the avg. of the cycle FY19–24) already seen, we forecast volumes to increase by 11% and EBITDA to rise by 38% in FY25e. This recovery still leaves volumes c.8% below the FY19–24 average. Looking ahead to FY26e, assuming raw material prices remain relatively in line with FY25e, we forecast volumes to rise by another 7.5%, with EBITDA to reaching €56m.

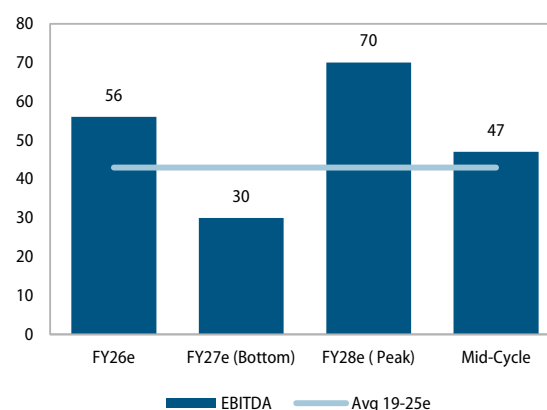
Anticipating a new business cycle

It is difficult to have visibility beyond FY26e, as Deoleo's performance largely depends on weather conditions and annual harvest outcomes. In our forecasts, acknowledging the cyclicity of the business, we aim to capture what we consider a "new full economic cycle" (with FY19–25e representing the previous cycle). After a recovery year in FY25e and continued positive momentum in FY26e, we estimate FY27e to represent the bottom of the "next" cycle, FY28e to mark the "peak" and beyond FY28e, we assume a mid-cycle EBITDA of €47m, broadly in line with the levels achieved in FY21, FY22, and FY25e. This reflects the following key assumptions: i) Volumes: 171m liters sold (vs. FY19–25e average of 171m); ii) Average selling price: €5.2/liter (vs. €4.7/liter for FY19–25e); iii) Gross margin: 25% (vs. FY19–25e average of 24.6%).

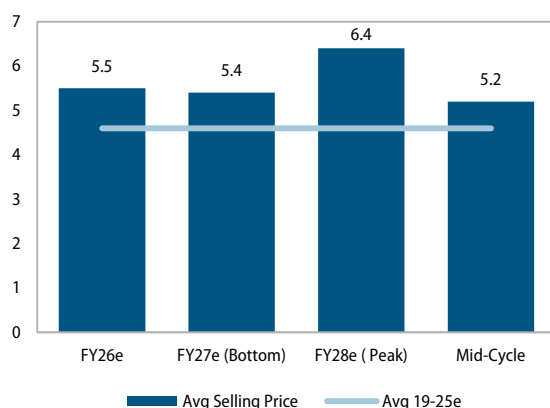
Gross Margin FY26e – Mid Cycle - €m



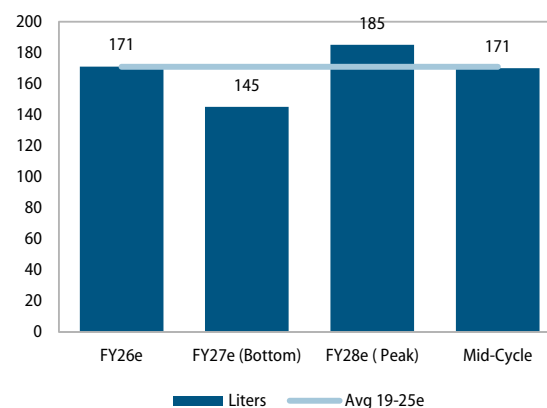
EBITDA FY26e- Mid Cycle - €m



Avg. Selling Price – FY26e- Mid Cycle - € / Liter



Liters sold – FY26e – Mid Cycle – millions



Source: JB Capital estimates

Sector fundamentals support our growth vision

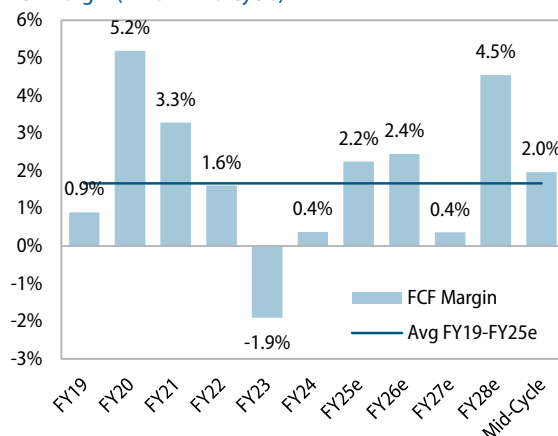
Structural growth opportunity. In addition to the normalization of raw material prices after an exceptionally high period, we note that olive oil penetration within total edible oils remains low, at just 3–4%. Given the well-documented health benefits of olive oil consumption — with higher intake linked to longer life expectancy — we expect penetration to increase over time. According to Nielsen, the olive oil market in Deoleo's key regions is expected to grow by c.4% annually in volume through 2028e, supporting our positive fundamental outlook for the company. Based on our estimates, Deoleo should outperform the market, with volumes growing by 6.5% annually, implying market share gains. We also note that, given Deoleo's current spare production capacity (c.50% utilization) and its broad distribution capabilities, the company is well positioned to capture this structural growth opportunity without significant investment needs.

Deoleo should continue deleveraging through the cycle...

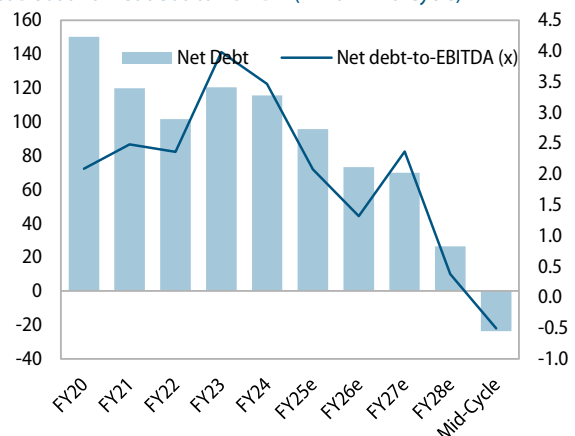
In 2019/20, Deoleo reached a debt restructuring agreement after years of heavy losses and high leverage left its equity negative. The process changed its shareholder base and reshaped its balance. As a result, it also restored its financial stability and prevented the company's dissolution under Spanish law.

Since then Deoleo generated positive free cash flow (FCF) in all years except FY23. Over this period, average annual FCF stood at €11m, equivalent to an average FCF margin of 1.6%.

FCF Margin (FY19 – Mid Cycle)



Net Debt and Net debt-to-EBITDA (FY20 – Mid Cycle)



Source: Company data and JB Capital estimates

We expect Deoleo to continue generating positive FCF given its low WC outflows and minimum required capex. Even in FY27e, which we assume to be the bottom of the cycle, we expect Deoleo to generate FCF. With no plans to resume dividends in the near term and a stronger awareness of past financial challenges, management is likely to remain focused on gradual deleveraging.

- Deoleo is projected to close FY25e with net debt of €96m — the lowest level since FY19, representing a €20m reduction vs. FY24.
- This implies a net debt-to-EBITDA ratio of 2.1x, a manageable level given current profitability.
- We believe the company could become virtually debt-free by FY29e.

.....and no refinancing needs until 2029

Already in 2025, Deoleo successfully executed the refinancing of its €160m syndicated debt. The transaction extended maturities by four years (replacing the 2020 facility that was due in mid-2025), thereby strengthening the company's liquidity amid ongoing uncertainty related to the Italian tax litigation (see below). In our view, this sends a reassuring message to shareholders. That said, we believe that over the coming years, as

the company delivers on earnings and gradually deleverages, it will seek to refinance its debt again in order to lower its interest costs.

The Italian Tax case still casts a shadow over Deoleo

The Italian tax case concerns import duties and VAT claimed by the Italian customs authorities against Deoleo's Italian subsidiary, Carapelli Firenze, for alleged irregularities between 2010 and 2012. After a decade of appeals, shifting rulings, and changes in the amounts to be paid, the court of second instance ruled against Deoleo in 2024, resulting in a current liability of €68m (€70m including interest and taxes). While the company has appealed the decision (with ruling still pending), enforcement of €23m of this amount has been suspended, and the remainder is being repaid in monthly instalments of €0.65m over the next six years (following an initial payment of approximately €2m).

The company's two main shareholders have stepped in to provide liquidity to cover the payment. To address this, Deoleo has secured shareholder support from CVC and Alchemy through a structured financing mechanism comprising two subordinated instruments — Notes A (6.5% annual commitment fee) and Notes B (20% PIK interest).

However, this support comes at a cost. Ultimately, it may lead to a rights issue to repay these shareholder loans, and we have reflected the potential impact of this scenario in our valuation.

Deoleo is attractive even considering our central scenario of potential payment of Italian fine

Our TP of €0.25/sh indicates significant upside potential. The TP is derived from a DCF-based valuation, which we consider the most appropriate method to capture Deoleo's cash-generative nature. Excluding any potential impact from the Italian tax case, we reach a fair value for the business of €179m (€0.36/sh). Assuming a potential impact of the fine of €50m, the fair value stands at €153m (€0.31/sh). After applying a 20% liquidity discount — consistent with our approach for companies of smaller size and limited trading liquidity — we derive an equity value of €123m, corresponding to a target price of €0.25/sh, which implies 38% upside from current levels. On our estimates, the stock is trading at 12× P/E and 6.0× EV/EBITDA for FY26e.

FY25–27e cash generation represents a significant portion of the current market cap. Despite assuming FY27e as a bottom-of-cycle year for Deoleo, we expect the company to generate c.€46m of cumulative FCF over FY25–27e, equivalent to c.51% of its current market capitalization.

There are no directly comparable listed peers, Cobram Estate (Australia) is the closest listed player. However, it is not directly comparable given its vertically integrated model. Relative to broader food processing peers, Deoleo appears to be trading at a discount.

Deoleo multiples

	2025e	2026e	2027e	2028e	Mid-Cycle
Multiples at current prices					
P/E	20.4	11.9	nm	7.2	10.8
EV/Sales	0.5	0.4	0.4	0.4	0.4
EV/EBITDA	8.2	6.4	12.0	4.4	5.5
EV/EBIT	10.5	7.8	17.6	5.1	6.3
P/BV	0.4	0.4	0.4	0.4	0.4
DCF valuation implicit multiples					
P/E	28.2	16.5	Nm	10.0	14.6
EV/Sales	0.5	0.5	0.5	0.5	0.5
EV/EBITDA	9.6	8.0	15.1	6.3	9.5
EV/EBIT	12.3	9.6	22.0	7.3	10.8
P/BV	0.6	0.6	0.6	0.5	0.5

Source: Bloomberg and JB Capital estimates; 2027e – assumed to be the bottom of cycle; 2028e – assumed to be the peak of the cycle

Main Downside Risks

- **Provision in Italy** - Deoleo faces ongoing legal proceedings in Italy relating to a process that has been ongoing for over a decade. Deoleo has voluntarily booked provisions for potential fines and has begun paying the amount determined by the court, subject to high interest charges. The longer the case remains unresolved, the greater the financial burden from interest costs and the potential dilution impact from the rights issue embedded in the loan agreement with CVC.
- **Raw Material Prices** – olive oil availability each year depends on factors such as harvest yields, climate conditions, droughts, and pests. This availability affects the balance between supply and demand for olive oil and, consequently, its price. Since Deoleo is not vertically integrated, it is exposed to volatility in both raw material prices and their availability. Historically, higher prices have had a negative impact on margins, volumes, and overall profitability.
- **Intense competition** – olive oil represents a small portion of all the oil that is consumed globally (c.3-4%). In addition, the olive oil market is quite fragmented (according to Euromonitor, Deoleo is the global market leader but it only has c9% market share). Deoleo faces competition from global players some of them vertically integrated but also faces competition from private label brands.
- **FX and regulatory & legal changes** – with more than 60% of sales outside Europe, Deoleo is exposed to currency fluctuations (especially USD/EUR) and changes in regulatory / legal risks (including tariffs).
- **Macro shocks** – in periods of high olive oil prices, consumers may trade down to cheaper oils (seed or blended) impacting Deoleo's profitability.
- **Climate change risks** - rising temperatures and persistent droughts threaten olive yields globally, leading to long-term supply instability and price volatility.
- **Exit Risk from CVC** - As a private equity investor, CVC (54% stake in the company) may not be a long-term shareholder (CVC became a shareholder of Deoleo in 2014). Its eventual exit or divestment could create some overhang risk.

Main Upside Risks

- **Faster resolution of the Italian case** - A swift conclusion to the Italian legal process would remove uncertainty over the final liability amount, reduce interest costs payments, and limit potential dilution from the related payment.
- **Debt renegotiation** - Deoleo currently bears high interest costs (c.11%) due to its financial challenges in recent years. Reducing leverage and refinancing at lower rates could enhance free cash flow generation and increase profitability.
- **Improved procurement efficiency** - Deoleo's raw material purchasing processes remain relatively traditional. Given its scale and market position, Deoleo could secure longer-term supplier agreements or implement hedging mechanisms to mitigate price volatility and improve mid-cycle EBITDA potential.
- **Innovation and product mix optimization** - Innovation can further enhance margins — both by expanding higher-margin non-olive oil categories (e.g., cosmetic oils in India) and by developing differentiated blends (e.g., sunflower–olive oil) that command higher price points.
- **Geographic expansion** - Deoleo still has significant white space. In the U.S., for example, it has a leading position but it lacks presence in the Northeast, while in Europe there is room to increase retail penetration in Northern markets. Present in "only" 60 countries, there are multiple avenues for international growth.
- **Potential exit of a major shareholder could enhance liquidity** – Given that CVC is a private equity investor, its nature suggests that CVC may exit Deoleo's shareholder structure at some point. While this may imply some overhang risk, as previously mentioned, the flip side is that the potential exit by CVC could improve the stock's liquidity and attract great investor interest. Ultimately, this could lead us to remove our liquidity discount, thereby increasing our TP.

Valuation

We initiate coverage of Deoleo with a Buy rating and a YE26 TP of €0.25, implying c.38 % upside. We value Deoleo using a discounted cash flow (DCF) approach, which we consider the most appropriate valuation method to reflect the company's cash generative profile. Our DCF model includes explicit free cash flow forecasts through 2029, followed by mid-cycle assumptions for the terminal year:

- i) an exit EBITDA of €47m, broadly in line with FY19-FY25e average;
- ii) Working Capital outflow of 0.3% of sales;
- iii) Capex aligned with D&A (although this not the case during the forecast period, assuming otherwise in perpetuity would imply asset erosion);
- iv) "EBITDA-capex" as a % of revenues of 4.5%;
- v) a 25% tax rate, consistent with the weighted average corporate tax rate across Deoleo's main geographies.

Overall, we expect Free Cash Flow to the Firm stakeholders to stabilize around 3% of revenues.

DCF – based assumptions

We apply a rolling WACC and cost of debt (CoD). Given the company's elevated risk profile derived from its track record and the cyclicity of the business, we assume an initial unlevered beta of 2.0x, implying an initial cost of equity (CoE) of 13.7%, above the 11% cost of debt currently in place following the recent refinancing. As the company executes on its earnings delivery, generates FCF, and deleverages over time, we gradually reduce both the CoE and CoD. In the terminal year — the most relevant for valuation purposes — we assume a CoD of 7% (a 300bps spread over the risk-free rate) and a CoE of 9.8%, corresponding to an unlevered beta of 1.2x.

Our assumed optimal leverage ratio is 10%, supported by: i) the declining net debt-to-assets ratio over the past three years, converging toward 10%; ii) management's target of a net debt-to-EBITDA ratio below 2x, which aligns with our assumed leverage; and iii) the company's experience in FY16–19, which led to a financial restructuring, its currently elevated interest costs, and the cyclical nature of the business — all of which make higher leverage assumptions imprudent.

We assume long-term growth rate of 2%.

DCF Assumptions						
	FY25e	FY26e	FY27e	FY28e	FY29e	Mid-Cycle
Risk-Free Rate	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
Market Premium	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%
Un-levered Beta	2.0	1.8	1.6	1.4	1.2	1.2
Levered Beta	2.1	1.9	1.7	1.5	1.3	1.3
Cost of Equity	13.7%	12.7%	11.7%	10.8%	9.8%	9.8%
Cost of Debt	11.0%	10.5%	10.0%	9.5%	8.0%	7.0%
Corporate Tax Rate	25%	25%	25%	25%	25%	25%
After-tax Cost of Debt	8.2%	7.9%	7.5%	7.1%	6.0%	5.3%
Leverage	10%	10%	10%	10%	10%	10%
WACC	13.1%	12.2%	11.3%	10.4%	9.4%	9.3%
Perpetuity Growth Rate						2.0%

Source: JB Capital estimates

Based on the above mentioned assumptions, we derive an enterprise value (EV) of €444m, from which we deduct i) 2025 expected Net Debt of €96m and ii) €50m NPV of the Italian tax litigation (explained below). We also add €2m of financial investments. We reach an Equity Value for 100% of the business of €300m. The 51% that corresponds to Deoleo SA shareholders is equivalent to €153m. We then apply a 20% standard liquidity discount, given Deoleo's reduced size and limited trading volume (€9.5k/day over the past 6 months). Overall, we reach a fair value (51%) of €143m.

Deoleo DCF valuation					
DCF Analysis	2026e	2027e	2028e	2029e	T. Value
FCFF	38	16	57	41	30
Discount factor	1.00	0.92	0.85	0.78	0.71
PV FCFF	38	15	47	31	21
EV (25e-31e)	152				
EV - Terminal value	293				
Total EV	444				
(-) Net debt 25e	96				
(-) Potential Cost of Italian Tax Litigation	50				
(+) Financial Investments	2				
Total Equity (100%)	300				
(-) Minorities (49%)	147				
Fair Value (51%)	153				
(-) Liquidity Discount (20%)	31				
Value after Liquidity Discount	123				
Number of Shares	500				
Target Price (€/Shr)	0.25				

Source: JB Capital estimates

Deoleo implicit valuation multiples at a target price of €0.23/share					
	2025e	2026e	2027e	2028e	Mid-Cycle
Multiples at current prices					
P/E	20.4	11.9	nm	7.2	10.8
EV/Sales	0.5	0.4	0.4	0.4	0.4
EV/EBITDA	8.2	6.4	12.0	4.4	5.5
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EV/EBIT	12.3	9.6	22.0	7.3	10.8
P/BV	0.6	0.6	0.6	0.5	0.5

Source: Bloomberg and JB Capital estimates – 2027e – assumed to be the bottom of cycle; 2028e – assumed to be the peak of the cycle

Sensitivity to WACC and terminal growth rates: We value Deoleo's business with a terminal discount rate (WACC) of 9.3% and a long-term growth rate of 2.0%. The following table shows the results of our sensitivity analysis to different valuation assumptions for the WACC and long-term growth "g", used to calculate our Terminal Value.

Sensitivity of our TP (€/shr) to changes in WACC and terminal growth rates					
		Changes to Terminal Growth Rate			
		-1pp	-0.5pp	0pp	+0.5pp
WACC Changes	+1pp	0.18	0.19	0.21	0.22
	+0.5pp	0.20	0.23	0.23	0.25
	0pp	0.22	0.23	0.25	0.28
	-0.5pp	0.24	0.26	0.28	0.31
	-1pp	0.26	0.28	0.31	0.34

Source: JB Capital estimates

Peer group – difficult to find a direct listed comparable companies

As most of Deoleo's peers are privately held, we have selected a set of listed companies that, while not fully comparable, provide a reasonable reference point for valuation multiples. Please see below a brief explanation of the rationale for including each company in our peer group, as well as the main limitations of comparability.

- **Bunge** - Multinational agribusiness and food company, heavily involved in trading and refining vegetable oils. It is exposed to olive oil segment, but it is too diversified and much bigger than Deoleo.
- **Wilmar International** – Global producer and distributor of edible oils. However, its strongest exposure is to palm and soybean oils, and it has limited exposure to olive oil. It is vertically integrated (in contrast with Deoleo).
- **AAK AB** - It is specialized in value-added oils and fats for the food industry. It is more B2B oriented than branded consumer.
- **Ebro Foods** – It is a Spanish food group and market leader in rice and pasta. It is included in this group because of its Spanish origin and consumer food profile. However it has no exposure to olive oil.
- **Cobram Estate Olives** – It is the most comparable company in terms of product and activity – it is a pure play in olive oil, focusing on on premium olive oil. However, it is less comparable due to its smaller scale and vertically integrated business model.

Deoleo's comparable multiples

	Country	Mkt Cap €m	P/E (x)		EV/Sales (x)		EV/EBITDA (x)		EV/EBIT (x)	
			2025e	2026e	2025e	2026e	2025e	2026e	2025e	2026e
Bunge	US	14,404	11.4	10.0	0.4	0.4	10.5	8.3	13.7	11.9
Wilmar International	Singapore	11,800	10.9	9.7	0.5	0.5	10.7	9.6	16.1	13.8
AAK AB	Sweden	5,852	17.8	16.0	1.5	1.4	11.3	10.0	13.9	12.6
Ebro Foods	Spain	2,742	13.2	12.7	1.0	1.0	7.8	7.4	9.7	9.4
Cobram Estate Oil	Australia	903	44.8	26.3	5.4	4.7	19.9	13.8	31.0	18.8
Average			19.6	14.9	1.8	1.6	12.0	9.8	16.9	13.3
Median			13.2	12.7	1.0	1.0	10.7	9.6	13.9	12.6
Deoleo (JB Capital estimates)	Spain	89	20.4	11.9	0.4	0.4	8.2	6.4	10.5	7.8

Source: Bloomberg and JB Capital estimates

Valuing the potential impact of the Italian Litigation Case

We summarize below the key steps of how the tax litigation case translates financially, as well as our view on its potential implications for the company's valuation:

- According to our understanding, the most recent court ruling requires Deoleo to pay up to €70m to the Italian tax authorities.** This amount includes interest and the VAT embedded in the fine.
- Deoleo has appealed this decision.** However, pending a new ruling, the company is required to begin paying the fine.
- Phased payment.** The payment schedule extends over six years (72 months).
- Approximately €2m (around €1m per month) were paid in April and May 2025.** Enforcement of €23m of the total liability has been suspended.
- From the remaining €45m, the company is making monthly instalments of €0.65m over 70 months.** These payments commenced in June 2025.

vi) **To fund these monthly payments, Deoleo obtained support from its two main shareholders** — one direct shareholder of Deoleo SA (CVC, with a 51% stake) and the other a shareholder of Deoleo Holding (Alchemy, 44% stake).

vii) **Deoleo issued notes fully subscribed by these two shareholders.** The proceeds are directly used to meet the monthly instalments.

viii) **There are two types of notes:**

- **Note A:** a “credit line availability” instrument, on which Deoleo pays a 6.5% annual interest rate, calculated on €70m minus the cumulative monthly payments.
- **Note B:** notes accruing 20% PIK interest, applied to the monthly instalments (€0.65m).

ix) **Both notes are PIK (payment-in-kind) instruments**, implying that repayment of the injected funds will be made in kind rather than in cash.

The valuation impact primarily depends on two variables:

- The final amount of the Italian tax liability** — the lower the settlement, the smaller the impact.
- The duration of the legal process** — the longer the resolution takes, the higher the cumulative interest costs on the issued notes.

Our base case scenario assumptions:

- The total amount to be paid to the Italian tax authorities is €35m**, assuming an agreement between both parties leading to a 50% reduction from the current liability.
- The resolution period is estimated at three years**, in line with the median duration of similar Italian tax appeals (though more complex cases may extend to 4–5 years).
- The total cost for Deoleo is estimated at €55m**, including interest expenses on the notes used to finance the €35m payment. The NPV of this cost is €50m.
- Deoleo S.A. shareholders are expected to bear 51% of this amount.**

We performed a sensitivity analysis on our valuation, considering different scenarios for the resolution of the case. As shown, even under the worst-case scenario, the stock presents no downside to the current share price.

Potential impact of the Italian Tax litigation

	Worst Case	More negative	Base Case Scenario	More Positive	Best Case
Total Cost for Deoleo including Interest Rates	132	90	55	29	16
NPV	119	81	50	26	14
TP Ceterius Paribus (€ /Share)	0.19	0.22	0.25	0.26	0.27
Upside	6%	23%	38%	46%	51%

Source: JB Capital estimates

Main assumptions

	Worst Case	More negative	Base Case Scenario	More Positive	Best Case
Case Resolution (Years)	6	3	3	2	1
% of €70m to be finally demanded	100%	100%	50%	25%	15%

Source: JB Capital estimates

Both notes are PIK instruments, implying that repayment will likely occur through a rights issue, benefiting the main shareholders. No conversion price has been established, to the best of our understanding.

Financial Estimates

The Production Cycle – What Happened in Recent Seasons?

Deoleo's financial performance primarily depends on the cost of raw materials, which in turn is driven by the olive harvest, itself largely determined by weather conditions.

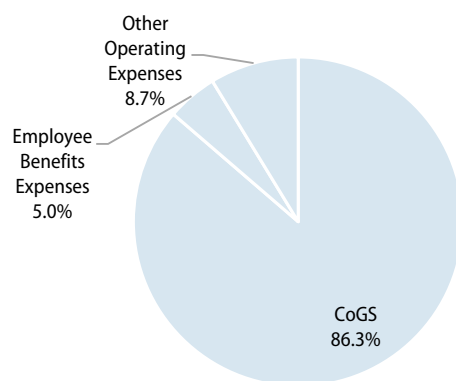
In olive oil production, spring and autumn are the two most critical seasons. The cycle begins in spring, when olive trees bloom. Successful pollination and fruit formation require stable weather — not too cold, hot, or rainy. The preceding winter must also provide sufficient rainfall, as a dry winter weakens the trees and limits flowering potential. During summer, the olives grow and gradually fill with oil, a process that depends on adequate water availability and limited heat stress. Finally, in autumn, the olives ripen and are harvested for oil production. Ideally, spring temperatures should remain below 34°C, as excessive heat can damage blossoms, and autumn should not be too dry. If these conditions are not met, the olive yield — and therefore the amount of oil produced — drops significantly, pushing raw material prices higher.

In the 2022/23 and 2023/24 harvests, a combination of low rainfall and episodes of extreme heat severely affected yields. This explains the sharp increase in raw material costs for Deoleo and the resulting decline in gross margins in FY23 and FY24. It is worth noting that two consecutive years of such adverse weather to produce olive oil are highly unusual in historical terms.

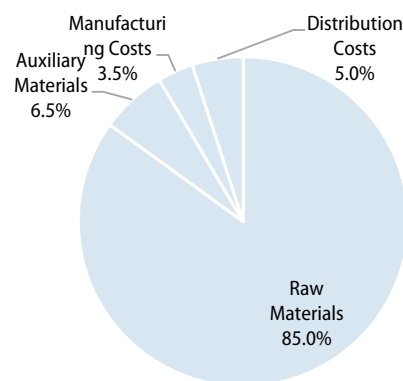
Strong correlation of Volumes Sold and GM with raw material prices

CoGS represent approximately 85% of Deoleo's cash costs. Around 85% of CoGS are related to raw material purchases. Therefore, raw material costs account for about 74% of Deoleo's total cash costs.

Cash Costs Breakdown (FY24)



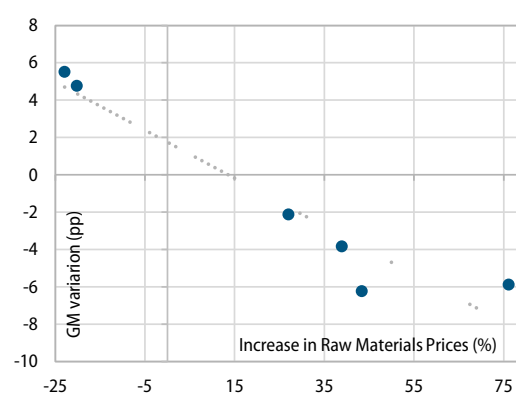
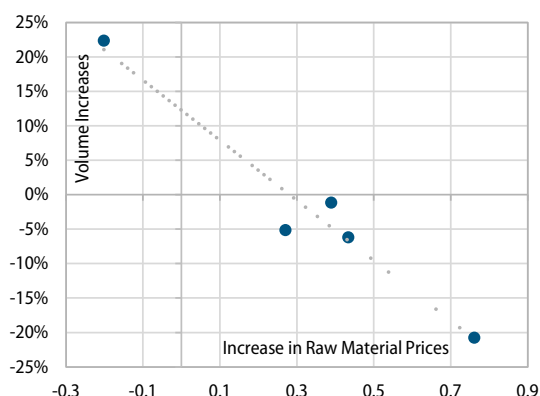
CoGS Breakdown (FY23-24)



Source: Company data and JB Capital estimates

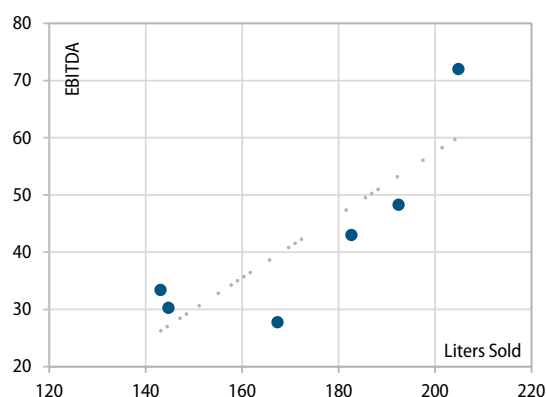
We conducted regression analyses to examine the correlation between raw material prices, volumes sold, gross margin (GM) evolution, and revenue growth. As expected, the correlation with the highest R^2 (95%) is the one that relates volumes sold to raw material prices – this means that the variation in raw material prices can explain 95% of the variation in volumes sold. The correlation between GM and the variation in raw materials prices is, without surprise, also significant (R^2 of 83%). The high R^2 derived from regressing EBITDA against volumes sold also shows the operating leverage of the business – if volumes fall / increase, EBITDA falls/increases disproportionately, with slight volume variation causing significant swings. Last but not least, the lower R^2 derived from the regression of revenue growth and raw material price increases suggests that despite company's attempts to passing through the rise in raw materials to final consumers, this is not fully achieved.

Volume Increases = $-0.4 * \text{Increase in raw material prices} + 0.12$ GM Variation = $-0.12 * \text{Increase in raw material prices} + 0.85$
($R^2=0.95$) ($R^2=0.83$)

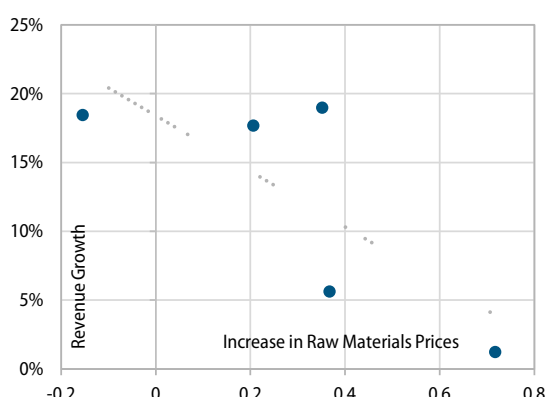


Source: Company data and JB Capital estimates

EBITDA = $0.55 * \text{Liters Sold} - 52.2$ ($R^2=0.72$)



Revenue Growth = $-0.2 * \text{Increase in Raw Materials Prices} + 0.18$
($R^2=0.58$)



Source: Company data and JB Capital estimates

What period can be considered a cycle?

Deoleo – Main P&L Drivers (FY19-FY25e)

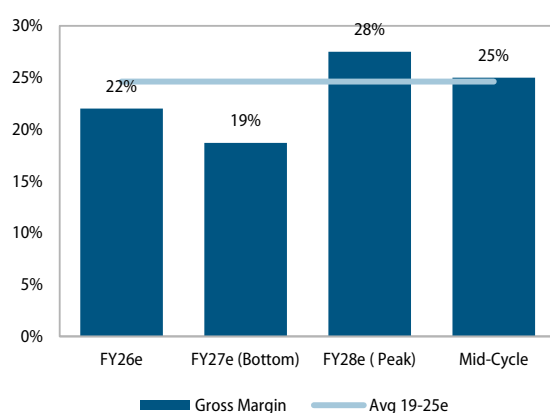
	FY19	FY20	FY21	FY22	FY23	FY24	FY25e	Average
Operating Revenues	578	691	720	831	843	1,007	882	793
Growth	-6.2%	19.6%	4.2%	15.5%	1.4%	19.5%	-12.4%	5.9%
Avg Price (€)	3.4	3.2	3.7	4.5	5.8	7.0	5.5	4.7
Growth	-9.9%	-3.3%	12.4%	24.0%	27.7%	20.4%	-25.5%	
Volumes (Liters million)	167	205	192	183	145	143	159	171
Growth	3.0%	22.4%	-6.1%	-5.1%	-20.7%	-1.1%	11.1%	
Gross Profit	163	225	193	210	163	156	189	
Gross Margin	29.0%	33.7%	27.5%	25.4%	19.5%	15.7%	21.5%	25%
EBITDA (Income from Operations + D&A)	28	72	48	43	30	33	46	43
Growth		159.6%	-32.9%	-11.0%	-29.6%	10.4%	38.2%	
Margin	4.8%	10.4%	6.7%	5.2%	3.6%	3.3%	5.2%	
Income from Operations	13	60	38	33	20	23	36	
Growth		352.9%	-36.0%	-13.6%	-38.7%	14.9%	56.3%	
Margin	2.3%	8.6%	5.3%	4.0%	2.4%	2.3%	4.1%	

Source: Company data and JB Capital estimates

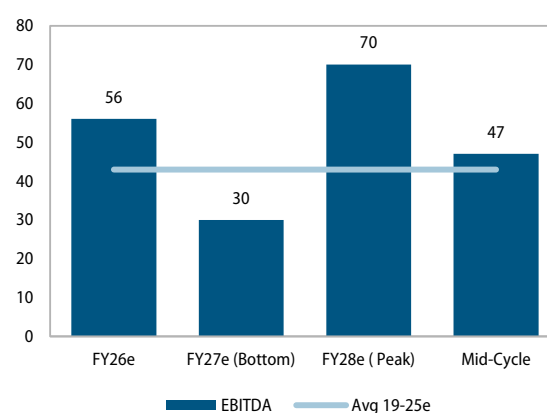
We have chosen to consider FY19–FY25 as a full cycle. We believe it would not make sense to look before FY19, as the company then operated under a different model — one that ultimately led to its financial difficulties in FY19 and the arrival of a new management team. The FY19–FY25 period provides a representative sample of both favorable and adverse years: i) FY20 was a very strong year (“the best of both worlds”), supported by pandemic-driven consumption (strong demand) and a solid harvest (low raw material prices on the back of vast supply of raw materials); ii) FY21–FY22 were “normal” years; iii) FY23–FY24 were marked by a sharp increase in raw material prices (low yields on harvest, led to a fall in supply of raw materials and to an increase in prices) and weaker performance; and iv) FY25 appears to mark the start of a recovery, with more normalized input costs.

Low visibility due to high dependency on climate, implies anticipating a full new cycle

Gross Margin FY26e – Mid Cycle - €m

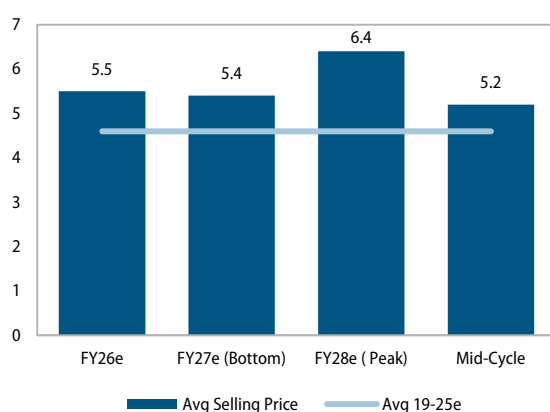


EBITDA FY26e- Mid Cycle - €m

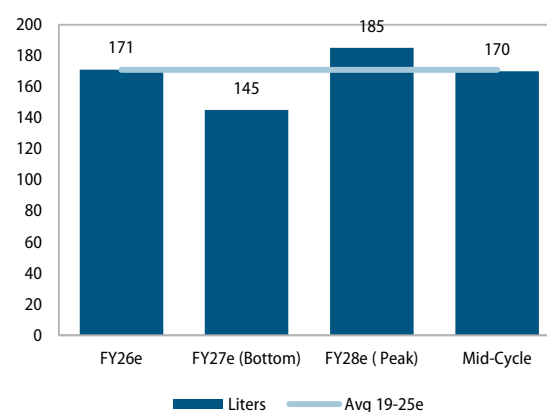


Source: JB Capital estimates

Avg. Selling Price – FY26e- Mid Cycle - € / Liter



Liters sold – FY26e – Mid Cycle - millions



Source: JB Capital estimates

It is difficult to have visibility beyond FY26e, as Deoleo's performance largely depends on weather conditions and annual harvest outcomes. In our forecasts, bearing in mind the cyclical nature of the business, we aim to capture what we consider a "new full economic cycle" for the company. Our main assumptions are as follows:

FY25e – Recovery Year - Raw material prices dropped by around 50% in 2024/25, following a return to more normal weather conditions. With 1H25 results already published and considering the usual seasonality, we have good visibility on what the company can achieve for the year. We expect solid revenue and EBITDA performance, supported by lower raw material costs, and good volume recovery, after four years in a row of volumes' decline.

FY26e – Continuation of Positive Momentum - Feedback from both management and external sources suggests that raw material prices are unlikely to return to 2022–2024 levels, as the harvest outlook remains favorable, similar to the previous campaign. Consequently, we expect further volume growth, and margin expansion, reflecting a more normalized cost environment.

FY27e – Bottom of the "next" cycle - We assume FY27 will be a weaker year due to a poor harvest and a significant rebound in raw material prices. As a result, we forecast: EBITDA of around €30m, in line with historical troughs (FY19, FY23, FY24). This represents our "bottom of the cycle" assumption.

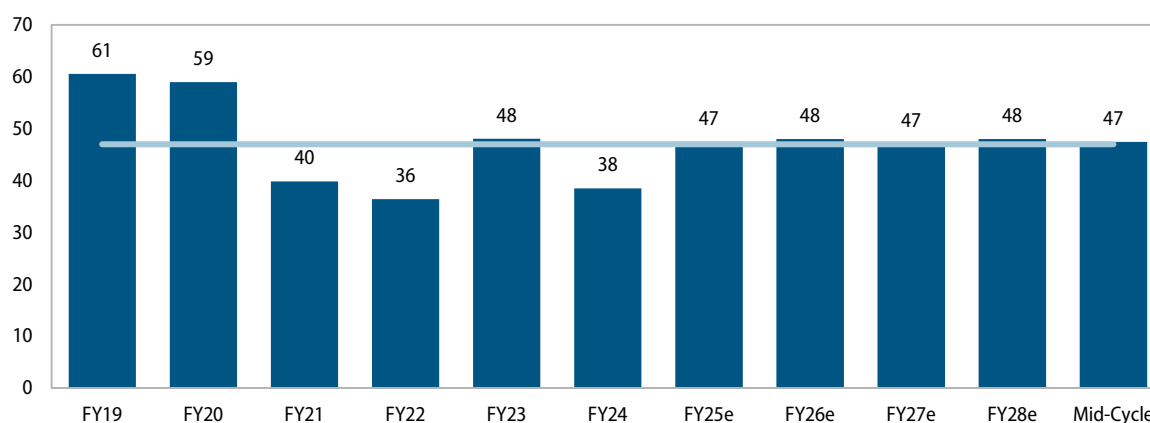
FY28e – Peak of the "next" cycle - We assume a strong recovery in FY28, driven by a favourable harvest and lower raw material costs. EBITDA is projected to reach €70m, matching FY20 levels. This — the peak of the current cycle.

Mid-Cycle Assumptions – After FY28e, we assume a mid-cycle EBITDA of €47m, broadly in line with the levels achieved in FY21, FY22, and FY25e. This reflects the following key assumptions: i) Volumes: 171m liters sold (vs. FY19–25e average of 171m); ii) Average selling price: €5.2/liter (vs. €4.7/liter for FY19–25e); iii) Gross margin: 25% (vs. FY19–25e average of 24.6%)

Deoleo is a positive working capital company

Although Deoleo's cash conversion cycle has fluctuated in recent years — depending on the stage of the business cycle — the company is structurally a positive working capital business. In the long term, we expect the core cash conversion cycle (we consider for this analysis as "average collection days + average inventory days – average payable days", excluding smaller working capital components) to stabilize around 47 days, broadly in line with the FY19–FY25e average. At steady state, the working capital outflows should represent approximately 0.3% of sales per year.

Deoleo – Cash Conversion Cycle (#days)



Source: Company data and JB Capital estimates

Capex Is Low – Current Capacity Can Support Expected Volume Growth

Deoleo has production capacity of approximately 312 million liters of olive oil across its facilities in Spain and Italy. However, capacity utilization remains below 50%. Given the volume growth we forecast for the coming years, we do not anticipate any need for capacity expansion during our projection period. Our capex assumption is therefore limited to maintenance capex, which remains low and consistent with recent years, at roughly 0.5% of sales (including both tangible and intangible investments).

In the terminal year, we assume capex to be aligned with D&A as otherwise, assets would tend to go to zero. While we believe Deoleo could pursue an M&A transaction in the future to achieve greater vertical integration, we do not expect this to occur in the near term and have therefore not incorporated it into our forecasts.

Free Cash Flow: Not Outstanding, but Sufficient for Gradual Deleveraging

Between FY19 and FY24, Deoleo generated positive free cash flow (FCF) in all years except FY23. In FY23, the strong increase in raw material prices, led to a double-digit fall in volumes sold, a drop in EBITDA and stock build-up. Over this period, average annual FCF stood at €11m, equivalent to an FCF margin of 1.6%. We expect Deoleo to continue generating positive FCF given its low WC outflows and minimum required capex. Even in FY27e, which we assume to be the bottom of the cycle, we expect Deoleo to generate FCF.

Deoleo – FCF Generation (FY19-Mid Cycle)

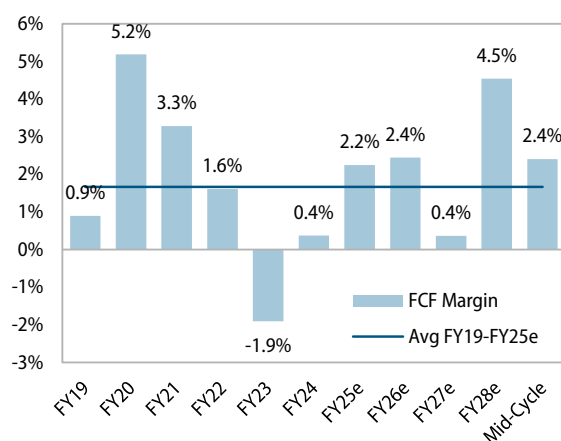
	FY19	FY20	FY21	FY22	FY23	FY24	FY25e	FY26e	FY27e	FY28e	Mid-Cycle
Cash Flow from Operations	12	40	28	17	-11	9	24	27	8	48	27
Cash Flow from Investing	-6	-5	-4	-4	-5	-5	-4	-5	-5	-5	-6
Free Cash Flow	5	36	24	13	-16	4	20	22	3	43	21

Source: Company data and JB Capital estimates

With no plans to resume dividends in the near term (due to the financial arrangements with its shareholders / lenders) and a stronger awareness of past financial challenges, management is likely to remain focused on gradual deleveraging.

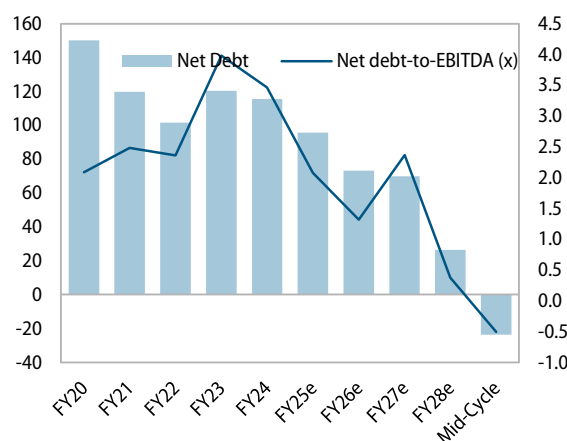
- Deoleo is projected to close FY25e with net debt of €96m — the lowest level since FY19, representing a €20m reduction vs. FY24.
- This implies a net debt-to-EBITDA ratio of 2.1x, a manageable level given current profitability.
- We believe the company could become virtually debt-free by FY29e.

FCF Margin (FY19 – Mid Cycle)



Source: Company data and JB Capital estimates

Net Debt and Net debt-to-EBITDA (FY20 – Mid Cycle)



Returns are relatively low, but improvement is possible

Although we expect returns to improve gradually, it may take time for Return on Equity (RoE) to exceed the Cost of Equity (CoE), and for post-tax Return on Invested Capital (RoIC) to surpass the Weighted Average Cost of Capital (WACC).

However, this could occur sooner than anticipated if the company successfully:

- i) Increases profitability — through new revenue sources (e.g., product innovation or geographic expansion) and/or enhanced cost efficiencies (particularly in procurement); and
- ii) Reduces its interest expenses via a reduction in cost of debt.

With regard to the latter, we note that the current cost of debt used in our model is 11% (for the first years of our DCF), based on the latest refinancing (€160m). We believe that, as the company generates cash, deleverages, and gains clarity on the Italian tax litigation, management could be in a position to renegotiate its cost of debt with lenders. This would lower significantly the company's WACC (not only through the reduction of cost of debt but also via a different optimal leverage target), thereby making the relationship between returns and cost of capital significantly more attractive.

Returns (FY19 – Mid Cycle)

	FY19	FY20	FY21	FY22	FY23	FY24	FY25e	FY26e	FY27e	FY28e	Mid-Cycle
RoCE	2.2%	10.2%	6.4%	5.4%	3.4%	4.1%	6.9%	8.8%	3.9%	11.8%	8.1%
RoCE	2.2%	10.2%	6.4%	5.4%	3.4%	4.1%	6.9%	8.8%	3.9%	11.8%	8.1%
EBIT / Revenues	2.3%	8.6%	5.3%	4.0%	2.4%	2.3%	4.1%	5.0%	2.1%	6.4%	4.5%
Revenues / Capital Employed	1.0 x	1.2 x	1.2 x	1.4 x	1.4 x	1.8 x	1.7 x	1.8 x	1.8 x	1.8 x	1.8 x
RoCE (after tax)	1.7%	7.7%	4.8%	4.0%	2.5%	3.1%	5.2%	6.6%	2.9%	8.9%	6.1%
WACC							13.1%	12.2%	11.3%	10.4%	9.3%
RoE	-34.3%	nm	13.2%	-9.5%	-7.3%	-12.6%	2.0%	3.4%	0.5%	5.4%	3.4%
RoE - Dupont Formula	-34.3%	nm	13.2%	-9.5%	-7.3%	-12.6%	2.0%	3.4%	0.5%	5.4%	3.4%
Net Margin	-1.8%	39.2%	4.3%	-2.9%	-2.1%	-2.8%	0.5%	0.8%	0.1%	1.3%	0.9%
Asset Turnover	1.0 x	1.2 x	1.2 x	1.4 x	1.4 x	1.9 x	1.7 x	1.8 x	1.8 x	1.9 x	1.8 x
Financial Leverage	18.9 x	4.8 x	2.6 x	2.4 x	2.4 x	2.4 x	2.5 x	2.4 x	2.4 x	2.2 x	2.0 x
CoE							13.7%	12.7%	11.7%	10.8%	9.8%

Source: Company data and JB Capital estimates

The Italian Fine Case

The origin of the case

The case is about import taxes and duties linked to how Deoleo's Italian subsidiary (Carapelli Firenze) used a special customs regime called the Inward Processing System (IPS) between 2010 and 2012. Under the IPS, companies can import raw materials without paying customs duties or VAT at the time, as long as those materials are later re-exported after processing (for example, refining olive oil and selling it abroad). Italian customs authorities later argued that Carapelli Firenze did not meet all the conditions of this regime — meaning that some of the imported olive oil or raw materials were sold inside Italy instead of being re-exported.

Because of that in 2014, the Milan 2 and Pavia customs offices cancelled the IPS authorisations retroactively and demanded that the Deoleo pay the customs duties, VAT, interest, and penalties that would have applied to those imports.

A decade-long case with shifting rulings and amounts

The total initial amount claimed was €72.4m. Deoleo paid €4.5m at that time and suspended the rest while appealing the decision.

Back and Forth – not a definitive “win” or “lose”. Between 2015 and 2017, several rulings favoured Deoleo and overturned the assessments, but these were later appealed. In 2018, Deoleo again received a favourable ruling, which was appealed in 2019. The €4.5m previously paid was reimbursed in 2022. In 2023, Italy's Supreme Court (Corte di Cassazione) sent the case back to the lower courts for clarification.

In 2024, the court of second instance issued an unfavourable ruling. The company disclosed to the market regulator on 21 November 2024 this decision. **Deoleo initially estimated a potential liability of €89m.**

On 27 February 2025, the company received a payment order for €64.7m and later obtained approval to defer payments. In February 2025, Carapelli Firenze filed a new appeal to Italy's Supreme Court and requested suspension of payment. In June 2025, the customs office allowed Deoleo to suspend €23m of the total and adjusted the instalment schedule.

Payment schedule to the Italian authorities

As of now, the outstanding liability totals €68.1m. This consists of €64.7m in principal, €5.6m in interest, and minus €2.2m already paid. Given the case's complexity, Deoleo voluntarily recorded a provision of €60.8m at year-end 2024 (net of deductible VAT).

Monthly payments of €0.65m. The liability payment has been structured into monthly instalments over a six-year period. The payments started in April 2025. The company paid €0.9m in May and €0.96m in May. In June 2025, the company received approval to suspend part of the liability (€23m related to components not classified as custom duties, mainly penalties, VAT and interests), which reduced the monthly instalments. These monthly instalments are now recalculated for 70 months (remaining of the original 72 months). Since June when part of the liability was suspended, the monthly payments have been reduced to €0.65m.

Shareholders support for the case

CVC committed up to €45.4m (51% of the initial €89m exposure) and Alchemy for the remaining €43.6m to back Deoleo. In March 2025, Deoleo's two main shareholders (Ole Investments, a CVC vehicle holding a 57% stake in Deoleo S.A.) and Alchemy (41% stake in Deoleo Holding) signed binding commitments to support Deoleo if Carapelli is ultimately required to pay the tax liability.

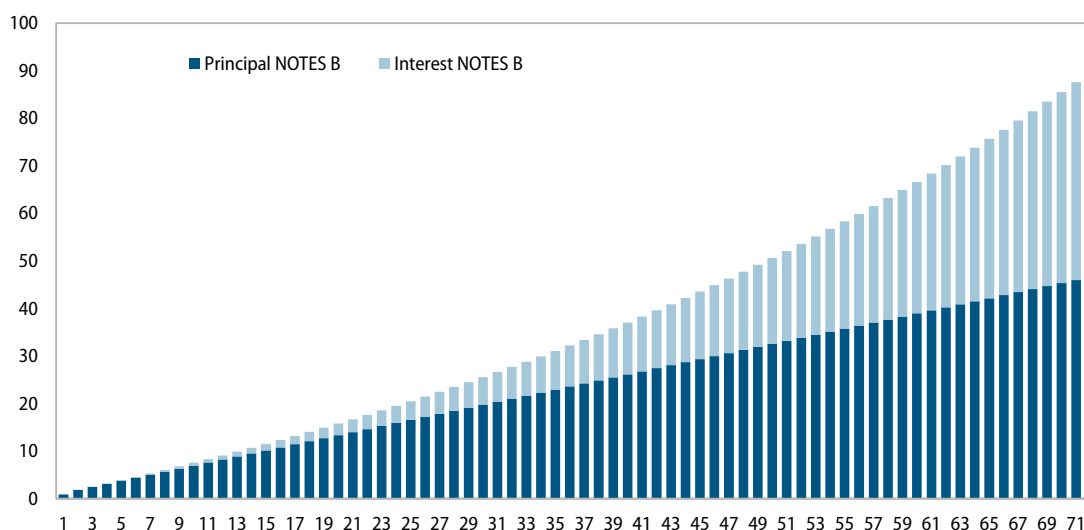
How shareholders are backing the case?

This support entails costs. Specifically, it's implemented through the issuance by Deoleo Holding of two subordinated instruments in favor of the shareholder providing the capital (primarily Olé Investments and Alchemy Funds):

1. **Notes A:** These remunerates shareholders for keeping funds available under the commitment line. They accrue a 6.5% annual PIK interest rate ("Commitment Fee"), compensating investors for the opportunity cost of reserving liquidity. The commitment fee begins accruing from March 2025 (when Deoleo closed its banking debt refinancing) and is PIK, through the annual issuance of additional Notes A on each anniversary date.
2. **Note B:** These are only issued if the Italian tax liability materializes and Deoleo is required to fund payment. These instruments accrue a 20% annual PIK coupon, ranking junior to bank debt but senior to equity. They are issued in favor of Deoleo S.A. and Alchemy Funds. The cash outflows from the liability are financed through notes B, issued when the liquidity is needed to meet the payment schedule at an annual cost of 20% and paid at final maturity.

Below, we illustrate the theoretical evolution of the liability related to Notes B, assuming the entire line is used to settle the outstanding tax liability.

Theoretical evolution of Notes B and accrued interest (€m)



Note: this does not include 6.5% annual disbursements for the available credit line.

Source: JB Capital estimates

Deoleo has issued bonds in 2025 as part of the program, with a total of €5m, to finance the first 10 monthly payments of the litigation. The interest on these bonds will start accruing on 1 August 2025, and the final maturity date is set for 18 March 2039. The bonds were primarily subscribed by Ole Investments, with a smaller portion purchased by minority investors.

There is no automatic conversion clause allowing Notes B to become equity in Deoleo. However, if the Italian tax claim crystallizes, Ole Investments (CVC) has indicated its intention to fund 51% share of the commitment. This could be executed through a capital increase at Deoleo S.A. to inject liquidity into the group, or through another form of financial instrument (e.g., bonds, which have been used so far).

Capital Structure / Shareholder Structure

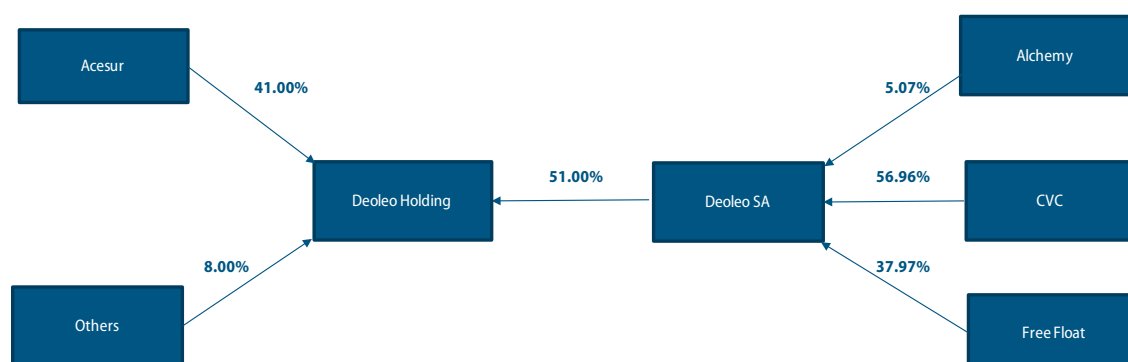
Back in 2019, Deoleo was facing very high debt and weak financial results, after several years of declining sales and profitability. The company needed to reduce its debt burden and strengthen its balance sheet to stay viable.

In 2020, Deoleo reached an agreement with its creditors and shareholders to restructure its financial position, which led to a reorganization of the group. In a nutshell:

- **Debt reduction and capital restructuring** –part of Deoleo’s financial debt was written off or converted into equity, helping to significantly reduce leverage and strengthen the company’s capital structure.
- **Creation of a new subsidiary, Deoleo Holding** –as part of the restructuring, Deoleo transferred its main assets / liabilities and operations into a new subsidiary called Deoleo Holding.
 - Deoleo SA remained the listed parent company on the Spanish stock exchange (BME).
 - Deoleo SA owns a majority stake (around 51%) in Deoleo Holding, maintaining control over the group’s operations.
 - The remaining 49% of Deoleo Holding. is held by creditors, mainly funds managed by Alchemy, which obtained this stake through the conversion of part of their debt.

Alchemy is the one that has the highest effective control. We note that CVC despite having a 57% stake in Deoleo SA, it “only” has 29.1% effective control of Deoleo’s assets and operations (57%*51%), with the main control effective shareholder being Alchemy which has a 41% stake.

Shareholder Structure



Source: Company data

Debt refinancing in 2025 provides a liquidity cushion through 2029. In March 2025, Deoleo successfully executed the refinancing of its €160m syndicated debt (the 2020 facility that was due in mid-2025). The transaction extended maturities by four years, enhancing the company’s liquidity amid ongoing uncertainty related to the Italian tax litigation. This refinancing was a key milestone, in our view. Importantly, the deal was conditional on shareholder support on the Italian tax case (explained in the section “The Italian Fine Case”). This was a prerequisite for lenders to approve the new facility.

2025 debt refinance details

Financing	Principal (€m)	Interest	Amortization
Super Senior Revolver	35.0	Euribor + 6.25%	Bullet repayment
First Tranche	60.0	Euribor + 6.75%	€3m semi-annual amortization; bullet repayment of remaining balance
Second Tranche	65.0	Euribor +10.75%	Bullet repayment

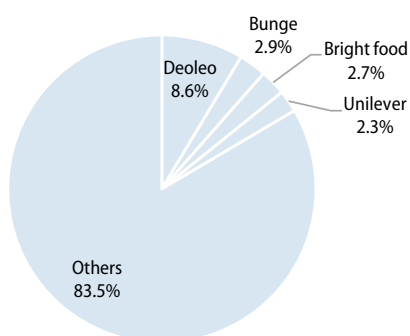
Note: All tranches carry a minimum Euribor floor of 2.5% and a 4 year maturity.

Source: Deoleo

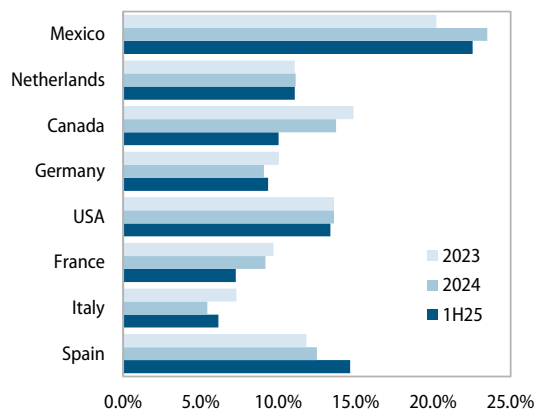
Company Description

Deoleo is the world's largest bottler and marketer of branded olive oil. Headquartered in Madrid and with roots dating back to the mid-20th century, Deoleo has expanded through mergers and acquisitions to become a multinational group that leads the premium bottled olive oil segment. Based on Euromonitor, Deoleo accounts for around 9% of the global olive oil market.

Deoleo Global Market Share (2024)



Deoleo Market Share evolution by main countries (2023-1H25)

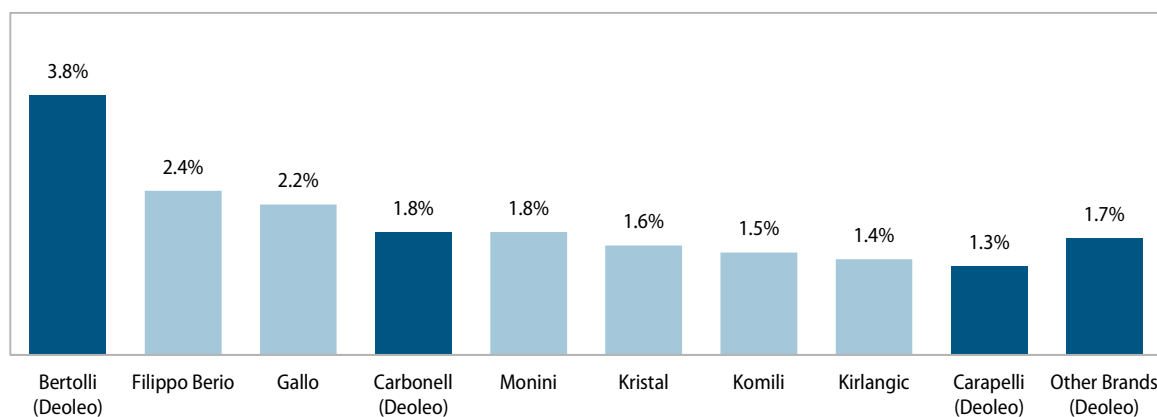


Source: Euromonitor, Company data and Nielsen

Its portfolio includes some of the most recognised names in the industry. Carbonell remains an iconic brand in Spain, while Bertolli and Carapelli are market leaders in Italy and have a strong presence in the U.S. and other international markets. Other brands, such as Hojiblanca, Koipe, Sasso and Friol have a more regional focus. Deoleo leverages this portfolio to cover multiple price segments—from mainstream products to premium extra virgin lines—capturing a broad consumer base.

As can be seen, Deoleo not only holds the leading global brand by market share but also has three brands ranked within the top ten.

Top 10 Brands – Global Market Share (by Value) - 2024

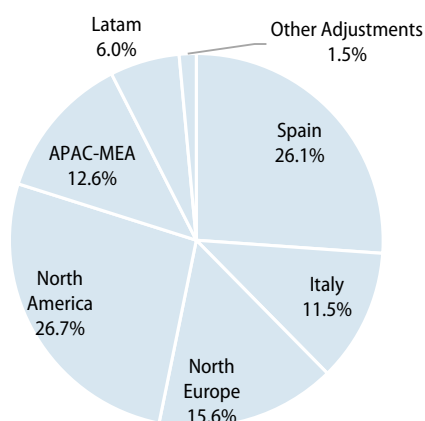


Source: Euromonitor

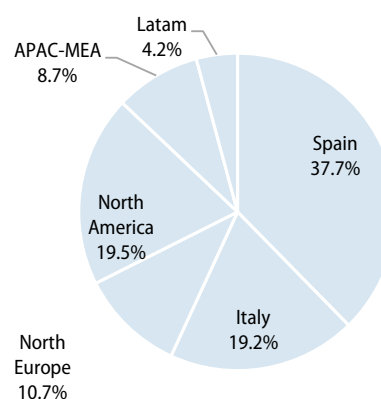
Other products allow for some diversification. In addition to olive oil, Deoleo operates in related categories such as seed oils, table olives, vinegars, and niche products—including sprays and cosmetic oils in India—often in collaboration with specialised co-packers. Despite offering some diversification, these segments account for only c.10% of total sales.

Deoleo operates in over 60 countries, reaching more than 85 million consumers annually. Although a Spanish company, the vast majority of its sales come from outside Spain and Europe. In terms of profitability, North America is the largest contributor to recurrent EBITDA (excluding intra-group adjustments and impairments/provisions), while APAC-MEA is the only region that has consistently generated profits over the past two years (including non-recurrent items).

Revenue Breakdown (FY24)

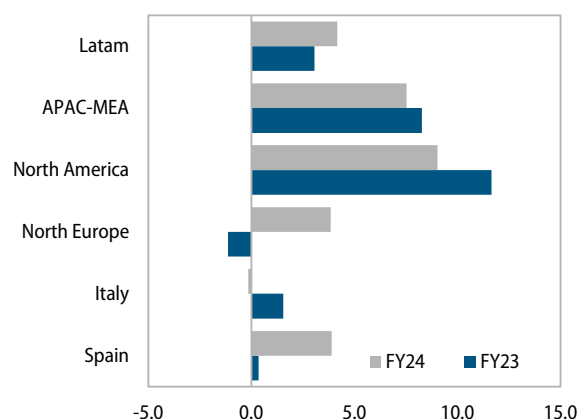


Volume Breakdown (FY24)



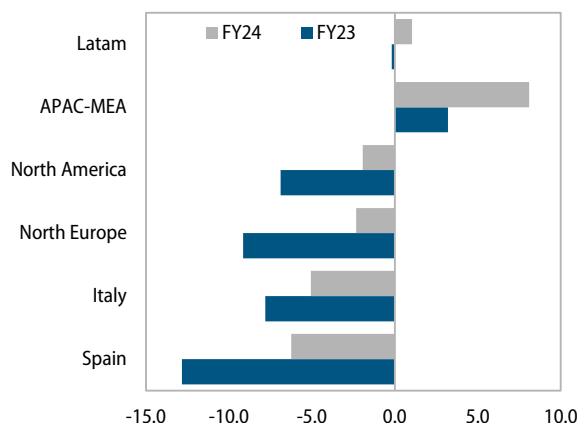
Source: Company data and JB Capital estimates

Recurrent EBITDA evolution (FY23-FY24) - €m



Source: Company data and JB Capital estimates

Net Profit evolution (FY22-FY24) - €m



Olive Oil as the Core Product: Overview of the Production Process

The purchase of raw materials. Olive oil is purchased in bulk directly from cooperatives, mills, and producers across Spain, Italy, and other Mediterranean regions through a centralised procurement process. This approach allows Deoleo to be relatively more protected against volatility in olive harvests, maintain consistency across its brand portfolio, and enforce strict quality controls.

Quality control. Upon arrival at the Alcolea (Spain) and Tavarnelle (Italy) factories, all incoming oils are sampled and tested in laboratories to verify compliance with sensory and chemical standards before being accepted. Oils that fail to meet Deoleo's specifications are rejected, ensuring that only compliant batches proceed to the blending and bottling stages.

The “real” production process. During blending, different olive oils are combined according to product category (extra virgin, virgin, pure, etc.) and the specific characteristics of each brand and sub-brand. Additional quality checks are conducted after blending and final filtration to ensure that all products meet both regulatory requirements and Deoleo's internal quality benchmarks.

The bottling. Bottling is carried out in multiple formats—including PET, glass, and specialised packaging—depending on brand positioning and target market.

Final stage. Finished products are palletised, stored in temperature-controlled warehouses, and distributed through Deoleo's global logistics network.

The Procurement and Supply Chain

We note that Deoleo is not vertically integrated, meaning it does not own or manage any olive oil plantations. Instead, it purchases bulk olive oil directly from cooperatives. Roughly 80% of Deoleo's raw material purchases are made in Spain, although a small percentage is also sourced from other Mediterranean countries such as Portugal, Italy, Greece or Tunisia. Because the seasons are reversed between Europe and Latin America, Deoleo can also purchase olive oil from Chile and Argentina (where intensive and super-intensive production of high-quality olive oil takes place) when there is a shortage in Europe at certain times of the year. According to the company, its top 10 suppliers account for approximately 50% of total raw material purchases, allowing for a good level of diversification.

Deoleo's raw material sourcing is centralised at the group level, covering both olive and seed oils. This approach enhances purchasing power, enabling the company to negotiate better terms with suppliers and cooperatives, while ensuring consistent quality across brands and markets. Centralised procurement also supports Deoleo's traceability initiatives, improves risk management in volatile raw material markets, and strengthens its competitiveness in the global bottled olive oil segment, where margins are often under pressure from commodity price fluctuations.

Co-packers play a key role in this structure. They provide geographic diversification, act as contingency capacity during disruptions, and allow for faster response to market shifts. For instance, Deoleo relies mainly on exports from Spain for the U.S. market but maintains some local companies as a backup to mitigate trade or logistics risks. All co-packers operate under strict quality controls, effectively functioning as extensions of Deoleo's own facilities.

Olive oil – not a sophisticated commodity

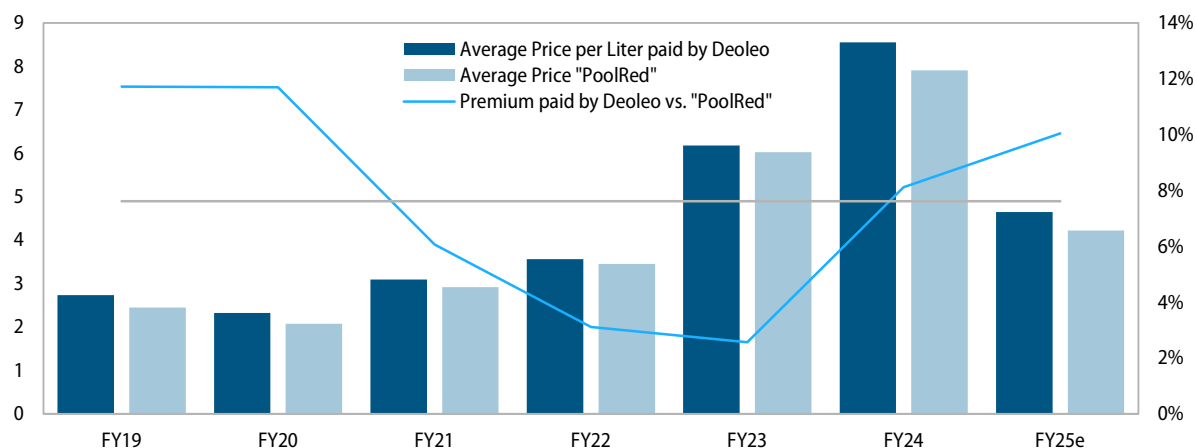
The olive oil market, particularly the raw material sourcing, remains very traditional. Unlike other commodity markets, there are no financial contracts (e.g. derivatives) to hedge against olive oil price fluctuations, nor are there proxy agricultural commodities that can serve as substitutes. In practice, Deoleo typically buys the raw materials it needs for the following two months of production, although it can informally reserve larger volumes thanks to long-standing and stable relationships with its suppliers. However, even when quantities are reserved, Deoleo remains exposed to price fluctuations at the time of purchase.

How is the price of raw materials determined?

The price of olive oil depends primarily on the harvest yield, which in turn is influenced by weather conditions. A rainy winter and mild spring usually result in higher crop yields, increasing the supply of olive oil and, in theory, reducing the price that buyers such as Deoleo pay for bulk olive oil. To assess whether the prices

paid are fair, Deoleo relies on the Spanish market index "Poolred", where around 40% of olive oil transactions are recorded and updated daily. This index serves as a key market reference for pricing. Typically, Deoleo pays a premium over the "Poolred" price, reflecting its focus on higher-quality olive oils and more premium sales mix compared with the contracts represented in the index. The premium generally ranges between 3% and 10–12%, depending on the overall supply–demand balance.

Extra Virgin Olive Oil (Raw Material) Prices (€/ Kg) and Premium paid by Deoleo



Source: Company data JB Capital estimates

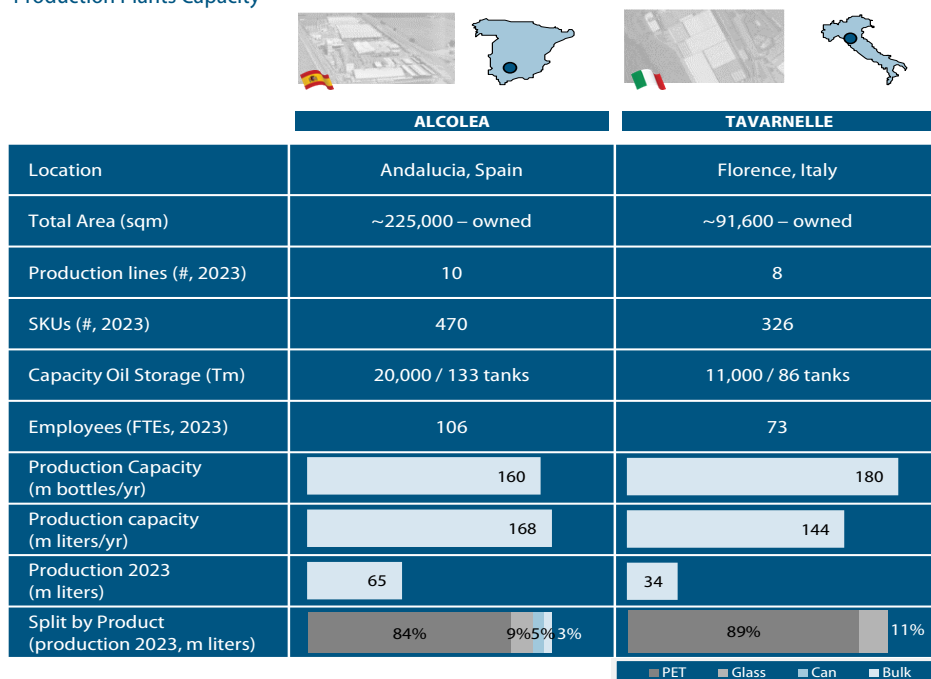
Industrial and Logistic footprint

Deoleo operates two main production plants, in Alcolea (Spain) and Tavarnelle (Italy), with a combined maximum capacity of approximately 312 million litres per year. Current production levels remain well below this capacity, suggesting that any increase in demand could be absorbed without significant additional capital expenditure.

Both facilities combine automated and manual bottling lines, particularly for PET and glass formats, and are supported by a network of around 23 co-packers worldwide. Four of these specialise in seed oils (three in Italy and one in Spain), while the remainder focus on complementary categories such as table olives, vinegars, and niche oils. **This hybrid model provides flexibility, enabling Deoleo to adjust production, enter new segments, and manage regional variations in demand without heavy investment in new infrastructure.**

The Alcolea and Tavarnelle sites also act as central warehouses for storage, consolidation, and distribution. Deoleo complements these hubs with a network of leased regional warehouses across key markets including the United States, Mexico, Canada, India, and Europe. These facilities are typically managed by third-party logistics providers who handle distribution once products leave the production line. This operational setup allows Deoleo to retain control of its core olive oil brands, while outsourcing lower-margin or regional products to maintain flexibility and cost efficiency.

Production Plants Capacity



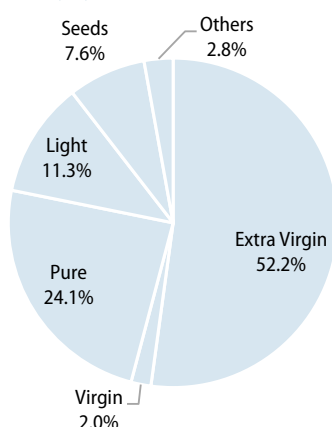
Source: Company data

Different types of Olive Oil – Price Evolution

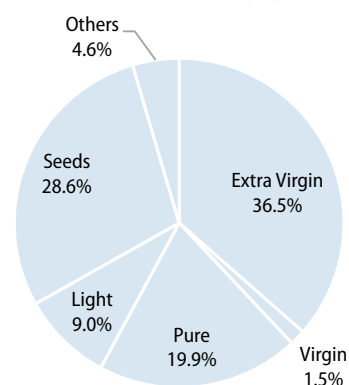
Olive oil is classified according to its level of purity, production process, and acidity. Here is a brief explanation of the different categories that Deoleo sells:

- **Extra Virgin Olive Oil** - the highest quality. It is obtained directly from olives through mechanical methods, without any chemical processing. It has an acidity level below 0.8% and a distinct fresh, fruity flavour.
- **Virgin Olive Oil** – it is also produced naturally, but from slightly lower quality olives or with minor imperfections. Its acidity can reach up to 2%, and the flavour is usually stronger and less refined than extra virgin.
- **Pure Olive Oil** - it is a blend of refined olive oil and a small portion of virgin olive oil (c.15%). Refining removes most flavour and acidity, resulting in a milder oil with an acidity below 1%.
- **Light Olive Oil** – it is also a blend of refined olive oil and a portion of virgin olive oil (c.40%). It is lighter taste and colour. It is also refined, with a neutral flavour and low acidity, typically below 1%.
- **Seed oils** - such as sunflower, corn, or canola oils are not olive oils. They are extracted from seeds using industrial processes and have a neutral taste but different nutritional properties.

Sales Breakdown by Type of Product (FY24)



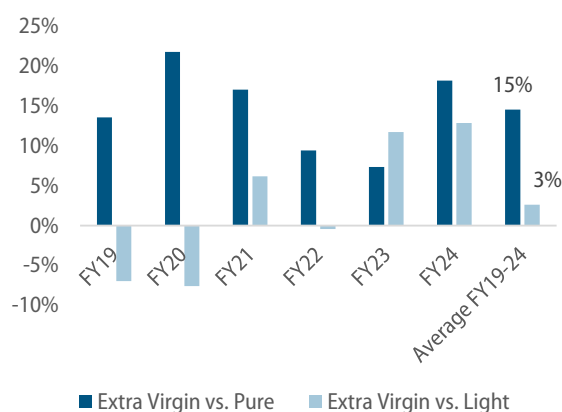
Volume Breakdown by Type of Product (FY24)



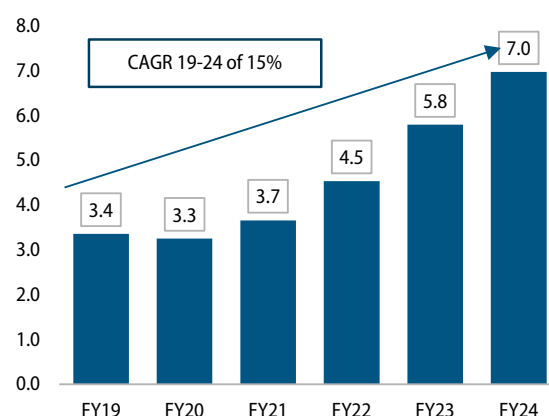
Source: Company data

Deoleo generates more than 50% of its sales from extra-virgin oil products, which reflects the company's focus on selling premium products. We note that this breakdown of sales by type of product has remained relatively stable over the most recent years, despite the volatility in prices of raw materials and changes in selling prices.

Premium – Avg. Selling Price of Extra Virgin vs. Pure and Light Olive Oil



Avg. Selling Price of Deoleo - € / Liter



Source: Company data and JB Capital estimates

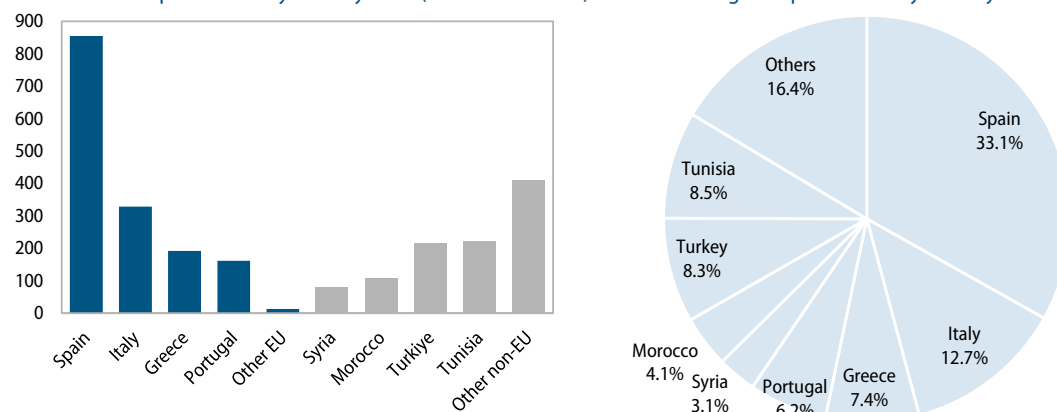
We note that over the year, the average selling price of Deoleo has increased at a CAGR of 15% from 219 to 2024. According to our calculation, the premium price per litre of extra-virgin olive oil compared to pure and light olive oil since FY19 has been on average 15% and 3%, respectively. The price gap has increased over the past couple of years, which we believe is attributed to the rise in raw material prices.

Industry overview

Since Deoleo is a Spanish company with a significant presence in international markets, we provide an industry overview firstly from a global perspective and then focus in detail on Europe and Spain.

Global olive oil output reached 2.6m tonnes in 2024, 14% below the average of the last five years. Over the past 5 years, the European Union produced nearly 60% of the global olive oil output. The countries with the largest shares in production are Spain (c. 36% average from 2019-24), followed by Italy (c. 10%), Greece (c. 9%) and Portugal (c. 5%). Outside the EU, the largest producers are Turkey (c. 9%), Tunisia (c. 8%), Morocco (c. 5%) and Syria (c. 4%).

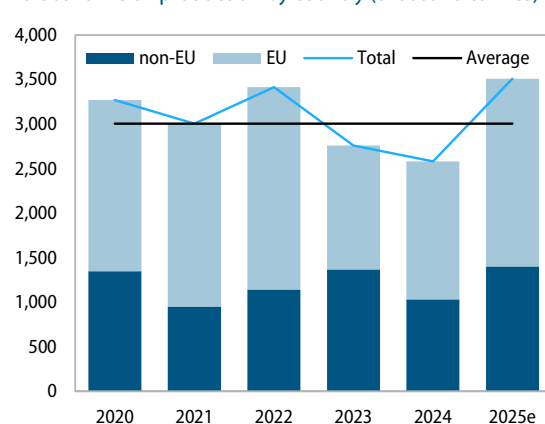
Global olive oil production by country 2024 (thousand tonnes) and % of total global production by country



Source: European Commission

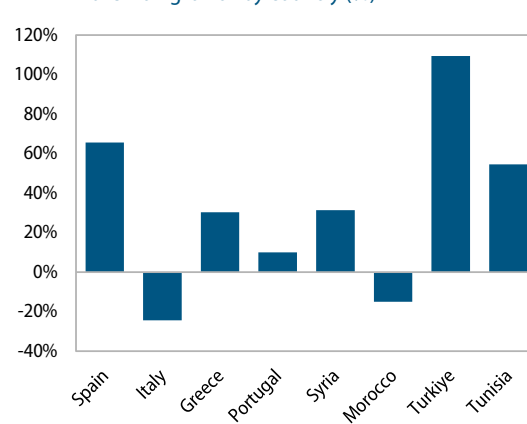
Global olive oil production is expected to reach 3.5m tonnes in 2025, according to the European Commission (EC). This indicates a 36% YoY increase. The growth is expected to be widespread across both EU and non-EU producers. Spain is expected to be the main driver of the rebound within the EU, with an anticipated rise in output of 66% YoY. This should elevate Spain's share to 40% of the total, up from 33% in 2024. Among non-EU countries, the EC forecasts that Turkey will contribute significantly, with output expected to be more than double in 2025. Overall, EU countries are expected to remain the dominant force in global production, holding an estimated market share of c. 60% in 2025.

Global olive oil production by country (thousand tonnes)



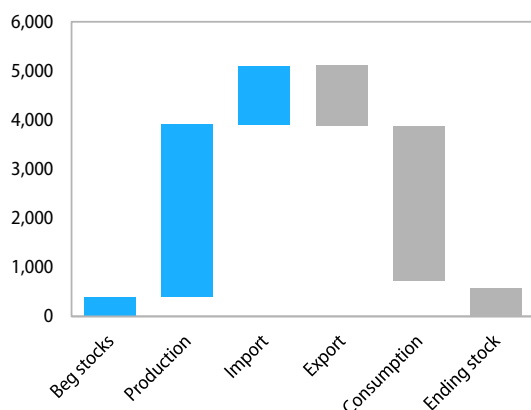
Source: Eurostat

2025 YoY growth by country (%)

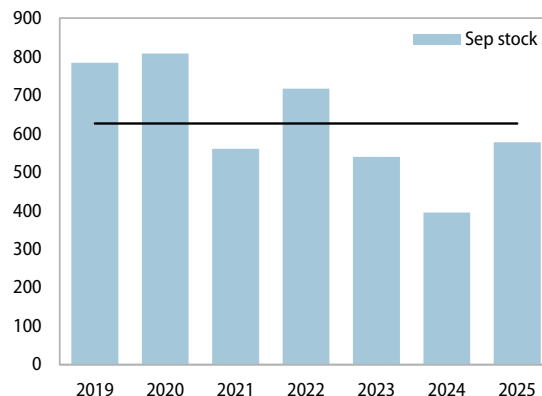


Global olive oil inventories rebounded in 2024/25 and are closer to historical averages. The global use of olive oil reached 4.4m tonnes in September 2025 (at end of its marketing year), while production and imports are expected to total 4.7m tonnes, improving the closing balance to nearly the six-year average. The global stock of olive oil stood at 578k tonnes as of September. The figure increased by 46% YoY, but remains 8% below the six-year average. Additionally, the USDA expects inventories to end September 2026 slightly below September 2025 level as global production is forecast to fall 10% YoY to 3,000 thousand tonnes.

Change in global inventories 2025 (k tonnes)



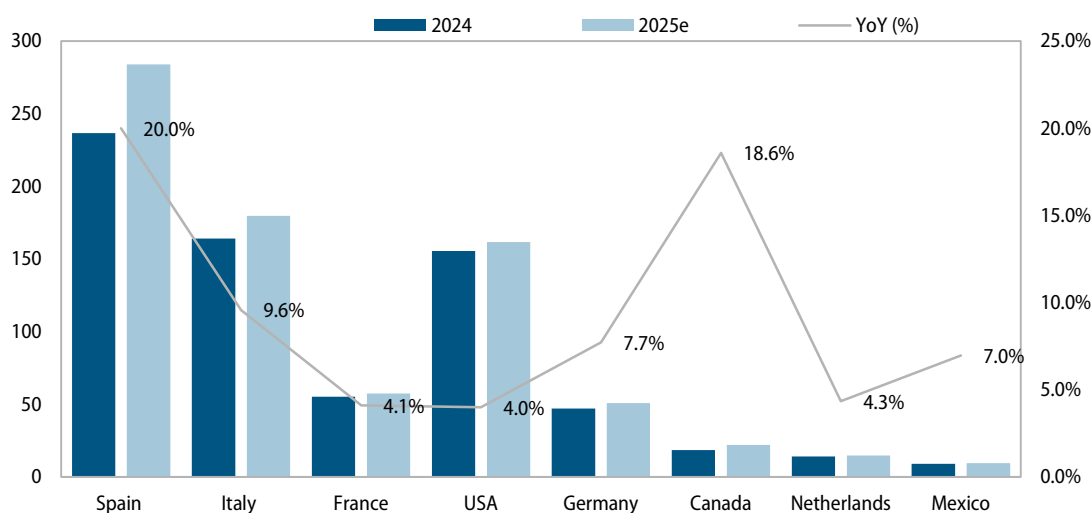
Ending global total inventories as of September (k tonnes)



Source: United States Department of Agriculture

Deoleo is benefiting from this strong rebound in 2025. With a few months remaining in the year, demand is forecast to expand across all regions where Deoleo operates. Spain, Deoleo's largest single-country market, is expected to grow by 20% YoY in 2025, reaching 284 million litres. Other key markets for Deoleo — notably Canada and Italy — are also set to record strong growth of 19% and 10% YoY, respectively.

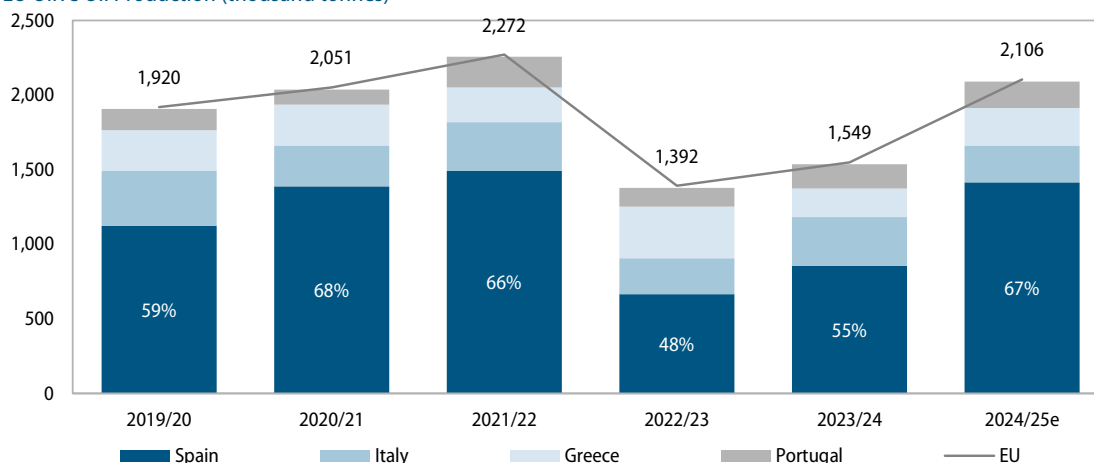
Volume (m liters) and YoY growth



Source: Company data and Nielsen

EU olive oil production is rebounding to more normal levels after two years of decline, with 2024/25 production reaching 2,106 thousand tonnes, which is 15% higher than the five-year average of 1,837 thousand tonnes. The main EU producers are four countries: Spain, Italy, Greece, and Portugal, as depicted in the chart below. Deoleo's primary production sites are in Spain, accounting for 67% of the total olive oil produced within the EU this year.

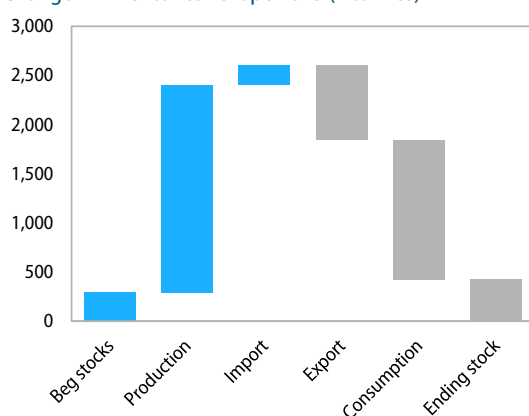
EU Olive Oil Production (thousand tonnes)



Source: Eurostat

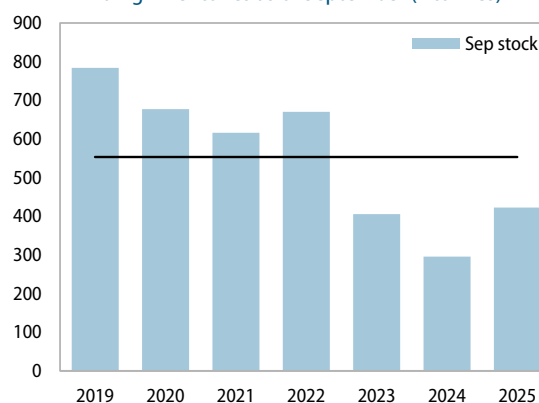
Despite the recovery in production, inventories remain below the historical average. The European Commission estimates that total use of olive oil in Europe reached 2.2m tonnes in September 2025, while production and imports are expected to reach 2.3m tonnes. This should improve the ending balance. The stock of olive oil in Europe stood at 423k tonnes (as of September). The figure increased by 42% YoY, but remains 24% below the average of the last six years. Additionally, considering that prices have corrected significantly since their peak in 2023, we see little downside risk, as the market appears to remain balanced.

Change in inventories Europe 2025 (k tonnes)



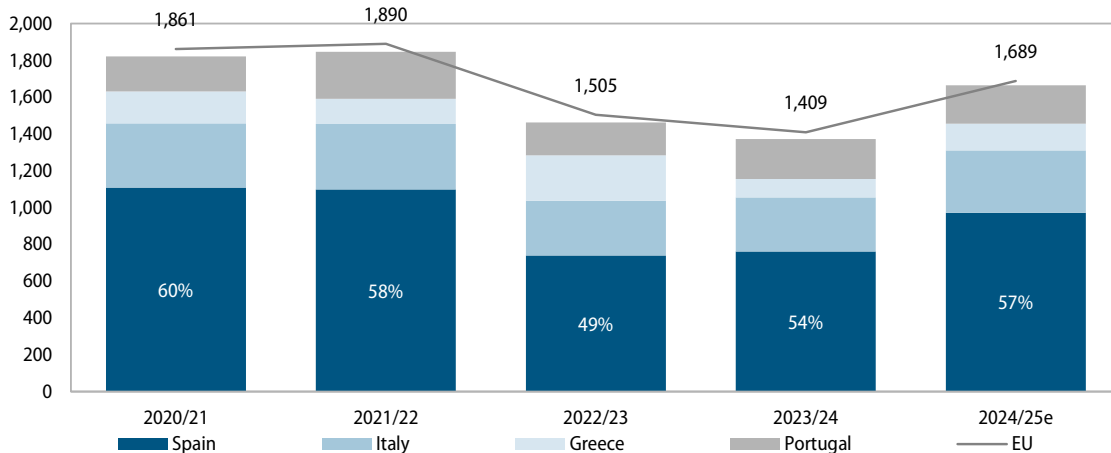
Source: European Commission

Ending inventories as of September (k tonnes)



Exports follow a similar trend to production, with 2024/25 exports reaching 1,689 thousand tonnes, 1% higher than the five-year average of 1,666 thousand tonnes. Spain continues to lead olive oil exports in the EU, accounting for about 57% of the total, followed by Italy, which exports 20% of the total volume in the EU.

EU Olive Oil Exports (thousand tonnes)

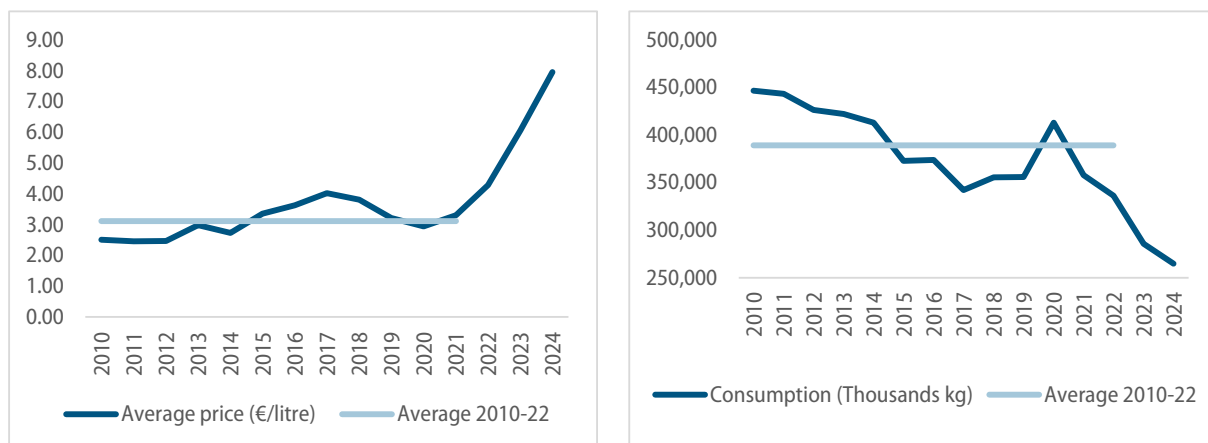


Source: Eurostat

Olive Oil Prices and Consumption in Spain: Historical Trends and Relationship Analysis

Given that Deoleo is a Spanish company and that Spain accounts for a significant share of global olive oil production and consumption, it is particularly relevant to analyse the historical evolution of prices and domestic consumption in the country.

Olive Oil Price (€ / litre) and Consumption (Thousands Kg) in Spain – 2010 - 2024



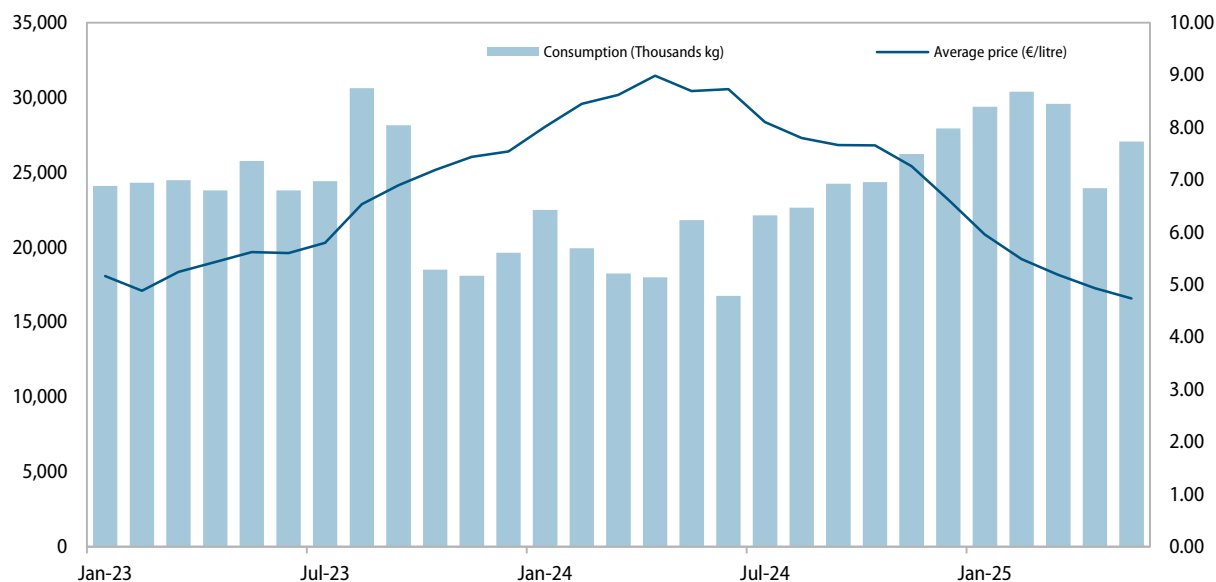
Source: Spanish Ministry of Agriculture

As shown in the graphs above, from 2010 to 2021, both the average price of olive oil and consumption levels remained relatively stable. Starting in 2022, however, prices began to rise sharply — with 2024 prices standing 140% higher than in 2021 — which had a substantial negative impact on consumption.

As discussed throughout this report, this sharp price increase is mainly explained by abnormal weather conditions — particularly the recurrence of adverse seasons — which severely affected harvest yields, disrupted supply, and consequently pushed prices to record highs.

After reaching a 15-year peak of €9/litre in April 2024, olive oil prices have since fallen by nearly 50%, driving a double-digit rebound in consumption.

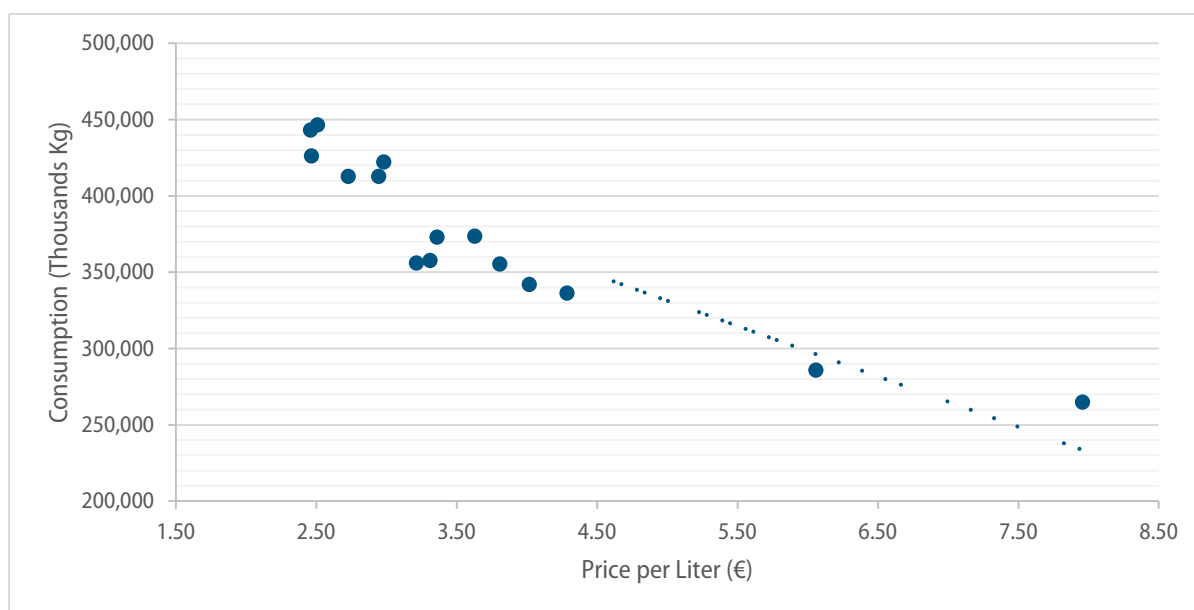
Olive Oil Price (€ / litre) and Consumption (Thousands Kg) in Spain – Monthly



Source: Spanish Ministry of Agriculture

To quantify the relationship between prices and consumption in Spain (we believe it can be extended to other countries as we show in the financial statements segment of the report), we ran a regression analysis using data from 2010 to 2024. As expected, the results show a strong negative correlation, with an R^2 of 83%, confirming that price movements have a significant explanatory power over changes in Spanish olive oil consumption.

Olive Oil Consumption (Thousands Kg) = $-33,044 \times \text{Price per Liter (€)} + 496,519$ ($R^2 = 0.83$)



Source: Spanish Ministry of Agriculture and JB Capital estimates

Outlook is positive

Global prices confirm the trend seen in Spain — raw material prices are reverting to more normal levels.

According to the IMF, the global price of olive oil fell by 45% YoY in June 2025, to US\$5,075 per tonne. We believe it is unlikely that prices will return to the levels seen in 2023–2024 in the near term, supporting our view that there is positive earnings momentum for companies like Deoleo.

Global olive oil prices by country (US\$ per tonne)

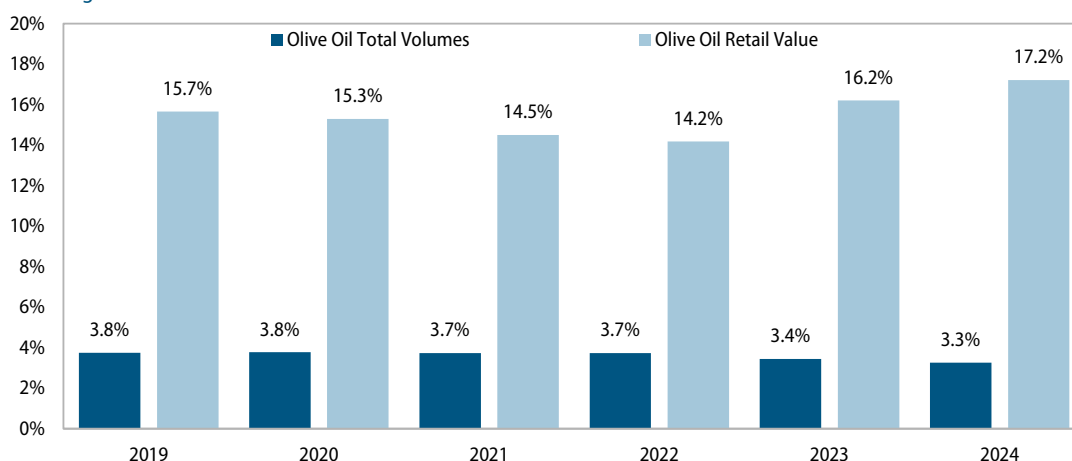


Source: IMF

Olive oil remains a small portion of all edible oils, and therefore the room to increase penetration is immense.

The olive oil segment continues to represent a small share of the overall edible oils market, with a market share by total volume remaining steady at around 3–4% over the past six years, amounting to 2,400 million litres. However, in retail value terms, olive oil has grown to represent 17.2% of the entire edible oil sector, up from a low of 14.2% in 2022. We attribute this to the significant price increases experienced in recent years, which impacted volumes but not total value. We believe that with more moderate prices, olive oil penetration could increase in the coming years.

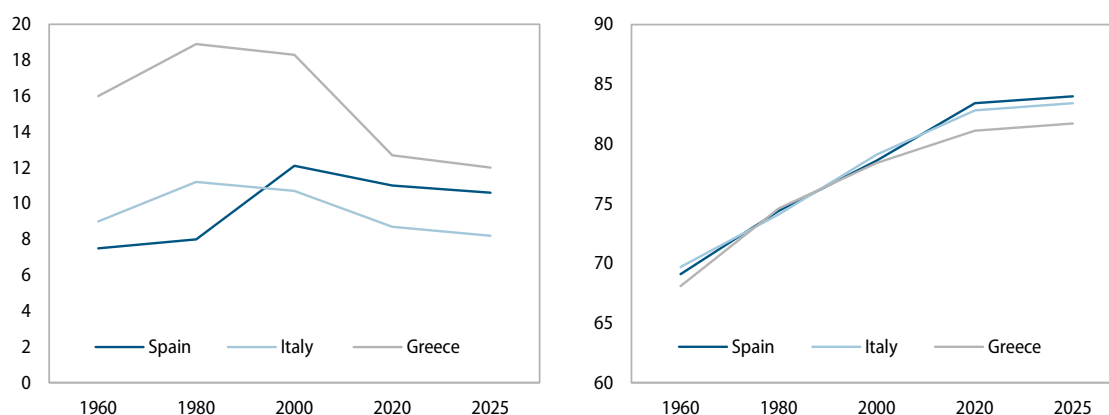
Olive oil's global market share within the edible oils



Source: Euromonitor

Increased olive oil consumption is associated with longer life expectancy. Mediterranean countries with the highest olive oil intake (7–15 kg per capita annually) also have some of the world's highest life expectancies, surpassing 82 years by 2025. Steady rises in olive oil consumption, particularly since the 1980s, have been accompanied by consistent improvements in life expectancy, supporting the idea that the Mediterranean diet, rich in olive oil, contributes to greater longevity. While other factors such as improved healthcare and living standards also play a role, studies indicate a significant independent effect of olive oil due to its healthy fats and antioxidants.

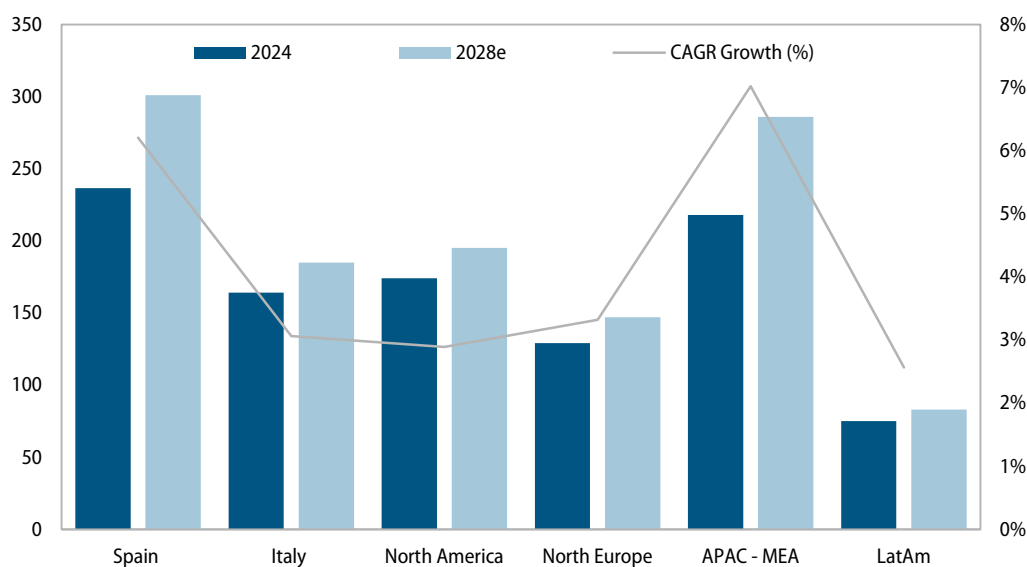
Trends in olive oil consumption (kg/capita) and life expectancy (years) in Mediterranean countries (1960-2025)



Source: International Olive Oil Council and Eurostat

Overall, the global olive oil market is expected to continue growing. Overall, the olive oil market in the regions where Deoleo is present is expected to post a growth CAGR of 4.3% from 2024 to 2028 in terms of volumes consumed, mainly driven by the Spain and APAC-MEA regions.

Olive oil consumption expectations



Source: Company data and Nielsen

P&L

€m	2021a	2022a	2023a	2024a	2025e	2026e	2027e
Revenues	703	827	838	997	879	916	935
EBITDA	48	43	30	33	46	56	30
Depreciation	-10	-10	-10	-10	-10	-10	-9
Provisions	0	0	-1	-62	0	0	0
Other	9	-7	-26	5	0	0	0
EBIT	47	25	-7	-34	36	46	20
Net financial result	-11	-10	-23	-20	-20	-18	-16
Associates	0	0	0	0	0	0	0
Non-recurrent results & others	0	0	0	0	0	0	0
PBT	36	15	-30	-54	17	29	4
Taxes	26	-9	-4	-1	-4	-7	-1
Results from discontinued operations	0	0	0	0	0	0	0
Minorities	-30	-30	16	26	-8	-14	-2
Net Attributable profit	31	-24	-18	-28	4	7	1

BALANCE SHEET

€m	2021a	2022a	2023a	2024a	2025e	2026e	2027e
Tangible assets	58	56	54	54	52	51	50
Intangible assets	486	476	447	448	444	440	436
Financial assets & Associates	8	3	3	2	2	2	2
Other L/T assets	66	60	54	60	60	60	60
Inventories	120	141	176	148	159	164	190
Account Receivable	51	50	49	62	53	55	56
Other S/T assets	26	30	19	13	12	12	13
Cash & cash equivalents	86	66	31	53	64	79	76
TOTAL ASSETS	901	881	833	840	846	865	884
Shareholders' equity	253	257	239	210	214	222	223
Minority interests	244	248	232	206	214	228	230
L/T Financial debt	163	159	144	85	85	85	85
L/T Provisions	12	12	9	68	68	68	68
Other L/T liabilities	69	67	63	65	65	65	65
S/T Financial debt	43	8	7	84	75	68	61
Accounts payable	101	117	127	111	110	114	137
Other S/T liabilities	16	14	12	12	15	15	16
TOTAL LIABILITIES	648	613	578	642	636	633	649

Source: Company data, FactSet and JB Capital estimates

CASH FLOW STATEMENT

€m	2021a	2022a	2023a	2024a	2025e	2026e	2027e
EBITDA	48	43	30	33	46	56	30
Net financial result	-12	-8	-16	-21	-20	-18	-16
Dividends collected	0	0	0	0	0	0	0
Taxes	-9	-5	0	-3	-4	-7	-1
Change in Working Capital	1	-12	-23	2	2	-4	-4
Other CF from operations	0	0	0	0	0	0	0
Cash Flow from Operations	28	17	-11	9	24	27	8
CAPEX	-7	-4	-4	-5	-4	-5	-5
Disposals	0	7	0	1	0	0	0
Financial investments	0	0	0	0	0	0	0
Other CF from investments	0	0	0	0	0	0	0
Cash Flow from Investments	-7	4	-4	-4	-4	-5	-5
Dividends	0	0	0	0	0	0	0
Change in capital stock	0	0	0	0	0	0	0
Treasury stock variation	0	0	0	0	0	0	0
Debt variation (net)	0	0	0	0	0	0	0
Other CF from financing	13	24	-3	41	0	0	0
Cash Flow from Financing	13	24	-3	41	0	0	0
Exchange rate effect	0	0	0	0	0	0	0
Net increase in cash & cash equivalents	34	44	-19	45	20	22	3
Net debt variation	21	21	-16	4	20	22	3

Per share data/ Leverage/ Profitability/ Valuation

	2021a	2022a	2023a	2024a	2025e	2026e	2027e
Last price (€)	0.3	0.2	0.2	0.2	0.2	0.2	0.2
Number of shares (m)	500	500	500	500	500	500	500
Market capitalization (€m)	172	151	123	110	89	89	89
Net Debt	120	102	120	116	96	73	70
EV (€)	487	448	439	421	380	357	354
EPS (€)	0.06	-0.05	-0.04	-0.18	0.01	0.01	0.00
DPS (€)	0.00	0.00	0.00	0.00	0.00	0.00	0.00
DPS (€)	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Dividend payout (%)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
ND/EBITDA (x)	2.5	2.4	4.0	3.5	2.1	1.3	2.4
ND/(Equity + ND) (%)	32.1	28.4	33.5	35.5	30.9	24.8	23.9
EBITDA margin (%)	6.9	5.2	3.6	3.3	5.2	6.1	3.2
EBIT margin (%)	6.6	3.1	-0.9	-3.4	4.1	5.0	2.2
ROE (%)	12.2	-9.4	-7.5	-13.5	2.0	3.4	0.5
ROCE (pre-tax) (%)	6.3	3.4	-1.1	-5.3	5.6	6.9	3.0
EV/EBITDA	10.1	10.4	14.5	12.6	8.2	6.4	12.0
EV/EBIT	10.5	17.7	nm	nm	10.5	7.8	17.6
FCFe yield (%)	11.9	13.6	nm	3.9	22.3	25.3	3.8
FCF/EV (%)	6.5	6.8	1.7	5.8	10.4	11.2	5.5
P/E	5.7	nm	nm	nm	20.4	11.9	83.9
P/CF	4.2	nm	nm	nm	6.2	5.2	8.5
P/B	0.7	0.6	0.5	0.5	0.4	0.4	0.4
Dividend yield (%)	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Source: Company data, FactSet and JB Capital estimates

PROFITABILITY

FY End Dec (%)	2021a	2022a	2023a	2024a	2025e	2026e	2027e
Gross Margin	27.5	25.4	19.5	15.7	21.5	22.0	18.7
EBITDA Margin	6.9	5.2	3.6	3.3	5.2	6.1	3.2
EBIT Margin	6.6	3.1	-0.9	-3.4	4.1	5.0	2.2
EBT Margin	5.1	1.9	-3.6	-5.4	1.9	3.1	0.4
Net Margin	4.4	-2.9	-2.1	-2.8	0.5	0.8	0.1
Return on Assets	3.4	nm	nm	nm	0.5	0.9	0.1
Return on Equity	12.2	-9.4	-7.5	-13.5	2.0	3.4	0.5
Return on Capital Employed	6.3	3.4	-1.1	-5.3	5.6	6.9	3.0
Return on Investment	3.1	-5.6	-7.1	-7.5	-2.4	-1.6	-2.3

VALUATION

FY End Dec (x)	2021a	2022a	2023a	2024a	2025e	2026e	2027e
P/E	5.7	nm	nm	nm	20.4	11.9	83.9
P/E (diluted)	5.7	nm	nm	nm	20.4	11.9	83.9
P/BVPS	0.7	0.6	0.5	0.5	0.4	0.4	0.4
P/Tangible BVPS	na	na	na	na	na	na	na
P/CFPS	4.2	nm	nm	nm	6.2	5.2	8.5
P/FCFPS	nm	nm	nm	nm	nm	nm	nm
Div yield (%)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Div payout (%)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EV	487	448	439	421	380	357	354
EV/Sales	0.7	0.5	0.5	0.4	0.4	0.4	0.4
EV/EBIT	10.5	17.7	nm	nm	10.5	7.8	17.6
EV/EBITDA	10.1	10.4	14.5	12.6	8.2	6.4	12.0
Net Debt/EBITDA	2.5	2.4	4.0	3.5	2.1	1.3	2.4
FCFe yield (%)	11.9	13.6	nm	3.9	22.3	25.3	3.8
FCF / EV (%)	6.5	6.8	1.7	5.8	10.4	11.2	5.5
Net Debt /(Equity + Net Debt)	32.1	28.4	33.5	35.5	30.9	24.8	23.9

Source: Company data, FactSet and JB Capital estimates

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