

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

Market Data

Market Cap (Mn EUR and USD)	121.7	147.7
EV (Mn EUR and USD) ⁽²⁾	121.4	147.3
Shares Outstanding (Mn)	57.7	
-12m (Max/Med/Min EUR)	2.11 / 1.23 / 0.61	
Daily Avg volume (-12m Mn EUR)	0.59	
Rotation ⁽³⁾	122.8	
Refinitiv / Bloomberg	BIOS.MC / BIO SM	
Close fiscal year	31-Dec	

Shareholders Structure (%)

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

Financials (Mn EUR)

	2019	2020e	2021e	2022e
Adj. nº shares (Mn)	57.7	57.7	57.7	57.7
Total Revenues	23.3	28.2	30.8	34.7
Rec. EBITDA ⁽⁴⁾	2.4	3.5	4.7	6.3
% growth	-57.8	46.4	35.5	33.1
% Rec. EBITDA/Rev.	10.3	12.4	15.4	18.2
% Inc. EBITDA sector ⁽⁵⁾	14.4	2.7	10.5	13.2
Net Profit	0.6	1.1	2.4	3.6
EPS (EUR)	0.01	0.02	0.04	0.06
% growth	-81.0	74.9	113.1	51.0
Ord. EPS (EUR)	0.01	0.02	0.04	0.06
% growth	-82.3	145.5	63.4	51.0
Rec. Free Cash Flow ⁽⁶⁾	-4.4	1.1	0.6	2.4
Pay-out (%)	0.0	0.0	0.0	0.0
DPS (EUR)	0.00	0.00	0.00	0.00
Net financial debt	4.2	2.5	1.4	-1.0
ND/Rec. EBITDA (x)	1.8	0.7	0.3	-0.2
ROE (%)	2.7	4.5	9.0	12.3
ROCE (%) ⁽⁶⁾	2.8	4.4	8.9	12.6

Ratios & Multiples (x)⁽⁷⁾

	n.a.	n.a.	51.8	34.3
P/E	n.a.	n.a.	51.8	34.3
Ord. P/E	n.a.	84.6	51.8	34.3
P/BV	5.1	4.9	4.5	4.0
Dividend Yield (%)	0.0	0.0	0.0	0.0
EV/Sales	5.21	4.30	3.94	3.50
EV/Rec. EBITDA	n.a.	34.7	25.6	19.3
EV/EBIT	n.a.	n.a.	40.2	27.3
FCF Yield (%) ⁽⁶⁾	n.a.	0.9	0.5	2.0

(1) The opinion regarding the results is on reported EBITDA with respect to our estimate for the year (12m). The impact reflects whether, due to the results, we envisage a significant revision (>5% - 10%, depending on the sector) of our EBITDA estimate (for any of the estimated years).

(2) Please refer to Appendix 3.

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

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

(5) Sector: Eurostoxx 600 Health Care.

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

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

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

Its triple positioning has proved its worth!

A CLEARLY ATTRACTIVE POSITIONING FOR THE INDUSTRY THAT HAS RESULTED IN A TAKEOVER BID. BIOS' triple positioning in growing markets (probiotics, omega 3 and medicinal herbs), that has enabled the company to weather the Covid crisis (EUR 3.5Mn in 2020e Rec. EBITDA, +46.4% y/y), has captured the attention of the giant Kerry Group. Its Spanish subsidiary has made an offer for 100% of BIOS (EUR 2.2/share; +45.7% vs. last Friday's close and c. +55% vs. the average share price -1 month).

A DEAL THAT HAS SYNERGIES BOTH FOR KERRY... The Irish group is a supplier (both of own and client brands) for the food, beverages and pharmaceutical products (excipients) industries, which are moving towards healthy foods/nutrition (new generation functional ingredients and nutraceuticals). By way of reference, in 2019 Cargill acquired a minority shareholding in Biogaia (a leading player in the probiotics segment).

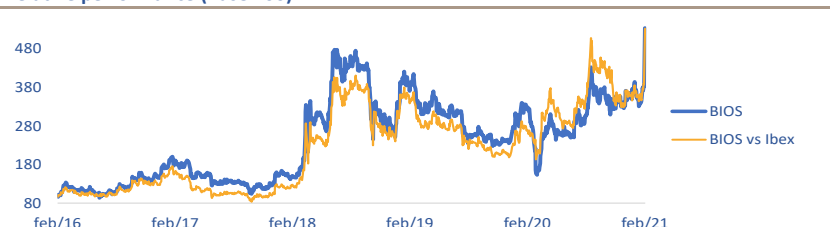
The Irish giant has been inorganically strengthening its product portfolio, having made (-3y) >10 acquisitions, in both the ingredients (Symrise, Ariake, Aatco...) and probiotics (Ganeden) areas. If successful, this would be Kerry's 4th acquisition in Spain -4y, after acquiring Pevesa (specialising in plant-based proteins) in November 2019.

...AND FOR BIOS. Allowing it to lever its business on the structure of the Irish multinational which is looking to position itself in emerging markets (such as Asia, where BIOS is also present).

THAT OFFERS ATTRACTIVE MULTIPLES. The Irish group will pay a total of EUR 126.9Mn for BIOS (an amount guaranteed by BNP) that would increase its multiples to 41.2x 2020e EV/EBITDA (1.8x vs. its peers' average, aligning with this +2y to 20.1x 2022e EV/EBITDA; EUR 6.3 Mn), in an increasingly competitive environment.

AND WHICH HAS THE APPROVAL OF LACTALIS (29.5% OF CAPITAL), an historical core shareholder of BIOS. The deal is dependent on obtaining 50% of capital, which is feasible given the company's large freefloat (60.5% of capital; with c. 17.5% of capital having been traded in the last session). The share price (last close) offers c. 4% upside to the offer price in the very short term (until the deal is completed).

Relative performance (Base 100)



Stock performance (%)	-1m	-3m	-12m	YTD	-3Y	-5Y
Absolute	44.5	64.3	62.1	50.9	252.8	434.2
vs Ibex 35	45.0	55.9	96.7	48.5	317.9	432.6
vs Ibex Small Cap Index	41.4	39.8	40.5	44.6	187.0	154.9
vs Eurostoxx 50	39.3	51.0	66.7	43.6	220.3	305.4
vs Sector benchmark ⁽⁵⁾	42.5	60.4	70.1	44.4	164.0	303.2

Valuation inputs

Inputs for the DCF Valuation Approach

	2020e	2021e	2022e	Terminal Value ⁽¹⁾		
Free Cash Flow "To the Firm"	2.2	1.2	2.4	23.5		
Market Cap	121.7	At the date of this report				
Net financial debt	-1.3	Debt net of Cash (9m Results 2020)				
					Best Case	Worst Case
Cost of Debt	2.0%	Net debt cost			1.8%	2.3%
Tax rate (T)	20.0%	T (Normalised tax rate)			=	=
Net debt cost	1.6%	Kd = Cost of Net Debt * (1-T)			1.4%	1.8%
Risk free rate (rf)	0.2%	Rf (10y Spanish bond yield)			=	=
Equity risk premium	9.0%	R (own estimate)			8.5%	9.5%
Beta (B)	1.4	B (Refinitiv and Lighthouse)			1.3	1.5
Cost of Equity	12.4%	Ke = Rf + (R * B)			10.9%	14.0%
Equity / (Equity + Net Debt)	100.0%	E (Market Cap as equity value)			=	=
Net Debt / (Equity + Net Debt)	0.0%	D			=	=
WACC	12.4%	WACC = Kd * D + Ke * E			10.9%	14.0%
G "Fair"	2.0%				2.5%	1.5%

(1) The terminal value reflects the NAV of FCF beyond the period estimated with the WACC and G of the central scenario.

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

Inputs for the Multiples Valuation Approach

Company	Ticker Reuters	Mkt. Cap	P/E 20e	EPS 20e-22e	EV/EBITDA 20e	EBITDA 20e-22e	EV/Sales 20e	Revenues 20e-22e	EBITDA/Sales 20e	FCF Yield 20e	FCF 20e-22e
Probi AB	PROB.ST	521.7	55.4	17.0%	25.9	9.1%	7.1	6.4%	27.4%	1.9%	23.2%
Biogaia AB	BIOGb.ST	862.0	44.3	5.5%	29.0	10.7%	9.7	9.8%	33.3%	2.4%	n.a.
Christian Hansen	CHRH.CO	10,076.9	43.5	3.5%	27.5	1.2%	12.1	9.7%	44.1%	2.4%	39.1%
Pobiotic Industry			47.8	8.7%	27.4	7.0%	9.6	8.6%	34.9%	2.2%	31.2%
DSM	DSMN.AS	26,486.6	34.6	13.6%	18.5	9.4%	3.4	4.8%	18.4%	2.8%	10.4%
Croda Intl.	CRDA.L	10,566.2	39.4	13.6%	25.2	14.6%	7.3	13.4%	29.0%	1.9%	19.3%
Ausstevol Seafood	AUSS.OL	1,777.2	19.0	51.2%	9.6	28.3%	1.5	8.4%	15.8%	6.5%	42.1%
Amarin	AMRN.O	2,509.2	n.a.	54.5%	n.a.	n.a.	4.1	3.9%	n.a.	n.a.	64.3%
Omega 3 Industry			31.0	33.2%	17.8	17.4%	4.1	7.6%	21.1%	3.7%	34.1%
BIOS	BIOS.MC	121.7	n.a.	79.4%	34.7	43.2%	4.3	10.8%	10.9%	0.9%	18.0%

Free Cash Flow sensitivity analysis (2021e)

A) Rec. EBITDA and EV/EBITDA sensitivity to changes in EBITDA/Sales

Scenario	EBITDA/Sales 21e	EBITDA 21e	EV/EBITDA 21e
Max	16.9%	5.2	23.4x
Central	15.4%	4.7	25.6x
Min	13.9%	4.3	28.4x

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

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

Appendix 1. Financial Projections⁽¹⁾

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

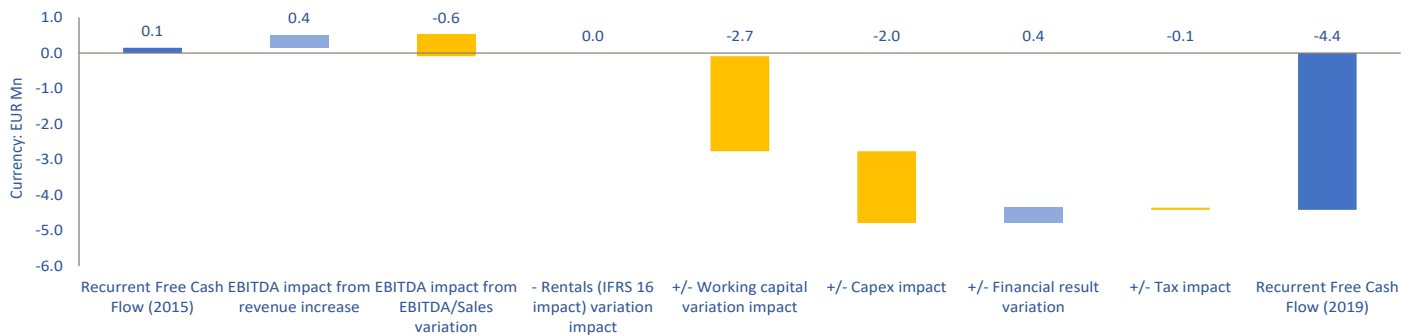
Note 1: Financial projections include IFRS 16 adjustments. FY 19 EBITDA is c. EUR 0.0Mn higher due to IFRS 16.

Appendix 2. Free Cash Flow⁽¹⁾

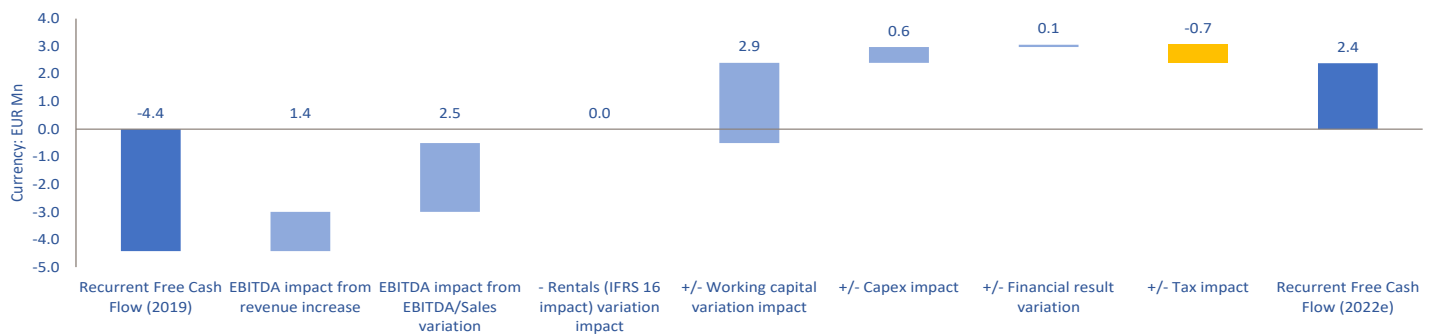
A) Cash Flow Analysis (EUR Mn)	2016	2017	2018	2019	2020e	2021e	2022e	CAGR	
								16-19	19-22e
Recurrent EBITDA	4.1	5.2	5.7	2.4	3.5	4.7	6.3	-16.7%	38.2%
<i>Recurrent EBITDA growth</i>	57.5%	25.5%	9.0%	-57.8%	46.4%	35.5%	33.1%		
<i>Rec. EBITDA/Revenues</i>	17.7%	20.2%	20.8%	10.3%	12.4%	15.4%	18.2%		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

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

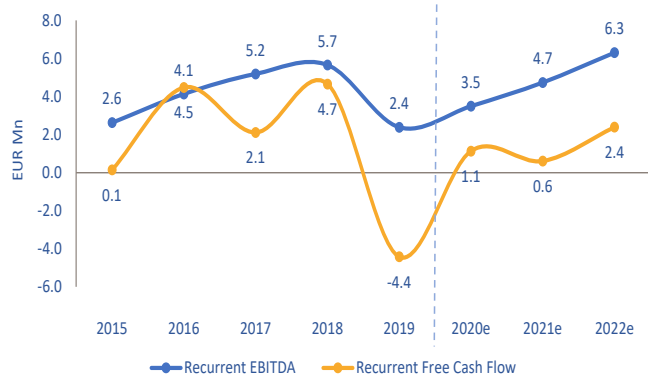
Recurrent Free Cash Flow accumulated variation analysis (2015 - 2019)



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



Recurrent EBITDA vs Recurrent Free Cash Flow



Stock performance vs EBITDA 12m forward



Appendix 3. EV breakdown at the date of this report

	EUR Mn	Source
Market Cap	121.7	
+ Minority Interests	-	9m Results 2020
+ Provisions & Other L/T Liabilities	2.0	9m Results 2020
+ Net financial debt	(1.3)	9m Results 2020
- Financial Investments	1.0	9m Results 2020
+/- Others		9m Results 2020
Enterprise Value (EV)	121.4	

Appendix 4. Historical performance (1)(2)

Historical performance (EUR Mn)	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020e	2021e	2022e	CAGR	
															sep-21	19-22e
Total Revenues	20.0	20.5	17.5	17.3	18.6	17.4	19.9	23.3	25.7	27.2	23.3	28.2	30.8	34.7	1.5%	14.2%
Total Revenues growth	-7.2%	2.7%	-14.9%	-1.1%	7.7%	-6.3%	14.1%	17.4%	10.3%	5.6%	-14.3%	21.3%	9.0%	12.7%		
EBITDA	2.7	4.8	2.2	2.5	3.5	3.1	2.6	4.1	5.2	5.7	2.4	3.1	4.7	6.3	-0.8%	37.1%
EBITDA growth	-10.0%	79.1%	-52.9%	13.5%	39.7%	-12.3%	-15.5%	57.5%	25.5%	9.0%	-56.7%	25.6%	54.0%	33.1%		
EBITDA/Sales	13.3%	23.1%	12.8%	14.7%	19.1%	17.8%	13.2%	17.7%	20.2%	20.8%	10.5%	10.9%	15.4%	18.2%		
Net Profit	(9.4)	0.6	(4.1)	(0.9)	(0.1)	(0.6)	(0.3)	(3.3)	2.0	3.3	0.6	1.1	2.4	3.6	7.5%	77.9%
Net Profit growth	n.a.	106.7%	-743.6%	77.5%	92.1%	-716.4%	47.0%	-955.1%	160.3%	64.9%	-81.0%	74.9%	113.1%	51.0%		
Adjusted number shares (Mn)	57.7	57.7	57.7	57.7	57.7	57.7	57.7	57.7	57.7	57.7	57.7	57.7	57.7	57.7		
EPS (EUR)	-0.16	0.01	-0.07	-0.02	0.00	-0.01	-0.01	-0.06	0.03	0.06	0.01	0.02	0.04	0.06	7.5%	77.9%
EPS growth	n.a.	n.a.	n.a.	77.5%	92.1%	n.a.	47.0%	n.a.	n.a.	64.9%	-81.0%	74.9%	n.a.	51.0%		
Ord. EPS (EUR)	-0.16	0.01	-0.07	-0.02	0.00	-0.01	0.00	-0.08	0.03	0.06	0.01	0.02	0.04	0.06	7.5%	82.3%
Ord. EPS growth	n.a.	n.a.	n.a.	77.5%	92.1%	n.a.	71.1%	n.a.	n.a.	78.8%	-82.3%	n.a.	63.4%	51.0%		
CAPEX	(2.1)	(2.7)	(0.7)	(1.1)	(0.9)	(0.4)	(0.6)	(0.4)	(0.9)	(1.1)	(2.6)	(2.0)	(3.0)	(2.0)		
CAPEX/Sales %	10.5%	13.1%	4.1%	6.2%	5.0%	2.4%	2.9%	1.8%	3.4%	3.9%	11.2%	7.1%	9.7%	5.8%		
Free Cash Flow	8.2	1.4	(2.4)	(0.6)	2.1	1.5	0.2	2.8	2.3	1.8	(0.8)	1.7	1.1	2.4	-7.7%	69.0%
ND/EBITDA (x) ⁽³⁾	-0.1x	2.8x	5.8x	5.3x	3.3x	3.1x	3.8x	1.7x	0.9x	0.6x	1.7x	0.8x	0.3x	-0.2x		
P/E (x)	n.a.	36.7x	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	28.5x	18.3x	n.a.	n.a.	51.8x	34.3x		
EV/Sales (x)	2.69x	2.38x	2.08x	2.03x	2.77x	1.83x	1.79x	1.71x	1.47x	2.09x	2.61x	4.30x	3.94x	3.50x		
EV/EBITDA (x) ⁽³⁾	20.3x	10.3x	16.2x	13.8x	14.5x	10.2x	13.5x	9.6x	7.3x	10.0x	24.8x	39.5x	25.6x	19.3x		
Absolute performance	n.a.	-34.0%	-34.7%	-7.4%	84.0%	-44.2%	22.1%	26.6%	0.0%	66.7%	6.0%	32.9%				
Relative performance vs Ibx 35	n.a.	-20.1%	-24.8%	-2.9%	51.5%	-46.2%	31.5%	29.2%	-6.9%	96.1%	-5.2%	57.2%				

Note 1: The multiples are historical, calculated based on the price and EV at the end of each year, except (if applicable) in the current year, when multiples would be given at current prices. The absolute and relative behavior corresponds to each exercise (1/1 to 31/12). The source, both historical multiples and the evolution of the price, is Refinitiv.

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

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

Appendix 5. Main peers 2020e

		Probiotics Industry				Omega-3					
EUR Mn		Probi AB	Biogaia AB	Christian Hansen	Average	DSM	Croda Intl.	Amarin	Ausstevool Seafood	Average	BIOS
Market data		PROB.ST	BIOGb.ST	CHR.H.CO		DSMN.AS	CRDA.L	AMRN.O	AUSS.OL		BIOS.MC
Ticker (Reuters)		Sweden	Sweden	Denmark		Netherlands	Kingdom	Republi	Norway		Spain
Country		521.7	862.0	10,076.9		26,486.6	10,566.2	2,509.2	1,777.2		121.7
Market cap		506.9	719.3	1,582.8		28,616.6	11,282.7	2,057.8	3,453.8		121.4
Enterprise value (EV)		71.6	74.5	130.5		8,422.1	1,544.6	504.4	2,262.8		28.2
Total Revenues		14.5%	-2.8%	3.5%	5.1%	-6.5%	-2.2%	42.2%	-1.3%	8.1%	21.3%
Total Revenues growth		6.4%	9.8%	9.7%	8.6%	4.8%	13.4%	3.9%	8.4%	7.6%	10.8%
2y CAGR (2020e - 2022e)		19.6	24.8	57.6		1,548.0	448.4	(16.2)	358.4		3.1
EBITDA		1.0%	-1.3%	12.8%	4.2%	-6.2%	-3.9%	15.9%	-14.8%	-2.2%	25.6%
EBITDA growth		9.1%	10.7%	1.2%	7.0%	9.4%	14.6%	n.a.	28.3%	17.4%	43.2%
2y CAGR (2020e - 2022e)		27.4%	33.3%	44.1%	34.9%	18.4%	29.0%	n.a.	15.8%	21.1%	10.9%
EBITDA/Revenues		12.3	22.8	44.4		940.6	361.1	(24.7)	205.0		1.5
EBIT		0.9%	-5.9%	4.9%	0.0%	-12.7%	-7.5%	-23.1%	-27.9%	-17.8%	56.1%
EBIT growth		11.9%	13.3%	0.5%	8.6%	14.0%	16.4%	76.3%	45.4%	38.0%	73.6%
2y CAGR (2020e - 2022e)		17.2%	30.5%	34.1%	27.3%	11.2%	23.4%	n.a.	9.1%	14.5%	5.2%
EBIT/Revenues		9.2	17.9	31.2		723.9	259.6	(20.9)	97.8		1.1
Net Profit		7.9%	-4.0%	1.0%	1.7%	1.5%	1.2%	-11.9%	-54.7%	-16.0%	74.9%
Net Profit growth		17.1%	11.9%	3.8%	10.9%	13.9%	16.2%	73.1%	47.0%	37.6%	79.4%
2y CAGR (2020e - 2022e)		6.0%	2.2%	12.2%	6.8%	6.8%	7.7%	0.1%	6.9%	5.4%	-7.1%
CAPEX/Sales %		11.0	11.9	11.6		732.9	205.0	(130.8)	115.2		1.7
Free Cash Flow		(17.1)	(146.5)	178.3		2,641.4	866.5	(120.4)	521.9		2.5
Net financial debt		(0.9)	(5.9)	3.1	(1.2)	1.7	1.9	n.a.	1.5	1.7	0.7
ND/EBITDA (x)		13.5%	33.9%	0.0%	15.8%	59.3%	52.8%	0.0%	72.8%	46.2%	0.0%
Pay-out		55.4	44.3	43.5	47.8	34.6	39.4	n.a.	19.0	31.0	n.a.
P/E (x)		4.6	5.2	10.8	6.9	3.2	6.1	4.8	1.2	3.8	4.9
P/BV (x)		7.1	9.7	12.1	9.6	3.4	7.3	4.1	1.5	4.1	4.3
EV/Revenues (x)		25.9	29.0	27.5	27.4	18.5	25.2	n.a.	9.6	17.8	34.7
EV/EBITDA (x)		41.1	31.6	35.6	36.1	30.4	31.2	n.a.	16.8	26.2	n.a.
EV/EBIT (x)		8.2	15.9	27.4	17.2	9.3	19.6	n.a.	6.6	11.8	4.5
ROE		1.9	2.4	2.4	2.2	2.8	1.9	n.a.	6.5	3.7	0.9
FCF Yield (%)		0.11	0.34	0.00		2.44	1.06	0.00	0.35		
DPS		0.2%	0.8%	0.0%	0.3%	1.7%	0.0%	0.0%	4.0%	1.4%	0.0%
Dvd Yield											

Note 1: Financial data, multiples and ratios based on market consensus (Refinitiv). 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
16-Feb-2021	n.a.	2.11	n.a.	n.a.	Important news	Ana Isabel González García, CIIA
05-Nov-2020	n.a.	1.30	n.a.	n.a.	9m Results 2020	Ana Isabel González García, CIIA
28-Jul-2020	n.a.	1.22	n.a.	n.a.	6m Results 2020	Ana Isabel González García, CIIA
30-Apr-2020	n.a.	1.15	n.a.	n.a.	Estimates downgrade	Ana Isabel González García, CIIA
02-Mar-2020	n.a.	1.10	n.a.	n.a.	12m Results 2019	Ana Isabel González García, CIIA
29-Oct-2019	n.a.	0.95	n.a.	n.a.	9m Results 2019 - Estimates downgrade	Ana Isabel González García, CIIA
30-Jul-2019	n.a.	1.02	n.a.	n.a.	6m Results 2019 - Estimates downgrade	Ana Isabel González García, CIIA
14-May-2019	n.a.	1.24	n.a.	n.a.	3m Results 2019	Ana Isabel González García, CIIA
28-Feb-2019	n.a.	1.62	n.a.	n.a.	12m Results 2018	Ana Isabel González García, CIIA
31-Jan-2019	n.a.	1.56	n.a.	n.a.	Initiation of Coverage	Ana Isabel González García, CIIA

