

## 6m Results 2021

**Opinion** <sup>(1)</sup>: In line

**Impact** <sup>(1)</sup>: We will maintain our estimates

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## Business description

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

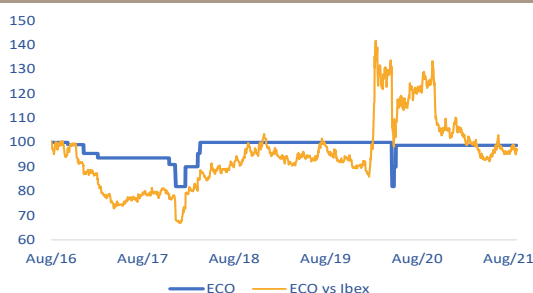
## Market Data

Market Cap (Mn EUR and USD)	28.4	32.8
EV (Mn EUR and USD) <sup>(2)</sup>	39.5	45.7
Shares Outstanding (Mn)	27.0	
-12m (Max/Med/Mín EUR)	1.05 / 1.05 / 1.05	
Daily Avg volume (-12m Mn EUR)	n.a.	
Rotation <sup>(3)</sup>	n.a.	
Factset / Bloomberg	ECO-ES / ECO SM	
Close fiscal year	31-Dec	

## Shareholders Structure (%) <sup>(5)</sup>

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

## Relative performance (Base 100)



## Stock performance (%)

	-1m	-3m	-12m	-5Y
Absolute	0.0	0.0	0.0	-1.2
vs Ibex 35	0.8	0.3	-23.6	-1.4
vs Ibex Small Cap Index	3.2	6.8	-21.3	-43.6
vs Eurostoxx 50	3.7	0.4	-21.1	-26.7
vs Sector benchmark <sup>(4)</sup>	2.5	2.2	-14.4	-18.7

(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 1.

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

(4) vs Stoxx Europe 600 Food & Beverage.

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

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

## EBITDA, in line. Waiting for revenue to take off from 2022e

**FLAT REVENUE.** 1H20 showed strong growth (panic buying by consumers because of COVID-19, very good performance by sales to large retail outlets). 1H21 saw a repetition of sales (-1%), as the normalisation of the large retail outlets channel (-23%) was offset by other segments (retail, ingredients).

**ANNUAL SALES (2021E) WILL BE LOWER THAN EXPECTED...** After 1H we now know that a level of c. EUR 18Mn is not feasible in 2021. Assuming a (logical) good performance by the industrial division's turnover in 4Q (gradual recovery of prices, Christmas campaign, bulk sales), 2021 revenue would be c. EUR 16Mn. This scenario does not include a significant contribution from the sales of Air Nuts, that continued lower than expected in 1H21.

**...BUT THE GROSS MARGIN WILL BE HIGHER AND WILL COMPENSATE,** in line with the performance seen in 1H21, with margins of 15.7% (vs 11.4% in 1H20). This significant improvement is explained both by the gradual recovery of nut prices and by the improvement in the mix (one of the reasons for growth in the period was the capture of new clients).

**EBITDA, IN LINE.** Significant improvement in Recurrent EBITDA (c.+20%). The central scenario is to maintain (and even increase) in 2H the gross margin levels of 1H, that should allow ECO to achieve EBITDA in 2021e in line with estimates (EUR -1.0Mn). This would mean achieving de facto break-even in 2H21 in isolation. In terms of EBIT (EUR -1.3Mn 1H21) we also maintain our estimates (EUR -1.9Mn 2021e).

**THE RECOVERY OF PRICES IS CRITICAL.** Beyond 2021, if we focus on the central and recurrent business of the company (the industrial division), the big lever of growth in 12-24 months' time hinges on the continued increase in nut prices, directly explained by the recovery of consumption, a direct consequence of the expected macro recovery post COVID-19. 1H prices have remained very close to 2020 lows but already point to a recovery (2H vs 1H, c.+5%). Price potential if there is a return to levels of 2017-2018 is c.+25%. Today ECO's option for comfortably exceeding levels of EUR 20Mn involves leveraging on a cyclical (and reasonable) recovery of prices, taking EV/sales < 2.0x.

Tabla 1. 1H21

EUR Mn	6m21 Real	6m20	6m21 Real vs 6m20
<b>Total Revenues</b>	<b>7.0</b>	<b>7.0</b>	<b>-1.0%</b>
<b>Recurrent EBITDA</b>	<b>-1.2</b>	<b>-1.5</b>	<b>18.7%</b>
<i>Rec. EBITDA/Revenues</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>
<b>EBITDA</b>	<b>-0.9</b>	<b>-2.3</b>	<b>60.0%</b>
<i>EBITDA/Revenues</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>
<b>EBIT</b>	<b>-1.3</b>	<b>-2.1</b>	<b>37.1%</b>
<b>Ordinary NP</b>	<b>-1.5</b>	<b>-1.2</b>	<b>-24.4%</b>
<b>Net Debt<sup>1</sup></b>	<b>16.8</b>	<b>14.4</b>	<b>17%</b>
<b>ND / Equity</b>	<b>1.2 x</b>	<b>0.9 x</b>	<b>0.3 x</b>

Note 1. ND includes loans with shareholders: EUR 2.7Mn already capitalised (as of the date of this report) and EUR 2.5Mn pending to be capitalised..

## Appendix 1. EV breakdown at the date of this report

	EUR Mn	Source
Market Cap	28.4	
+ Minority Interests	-	6m Results 2021
+ Provisions & Other L/T Liabilities	0.9	6m Results 2021
+ Net financial debt	16.8	6m Results 2021
- Financial Investments	0.1	6m Results 2021
+/- Others <sup>(1)</sup>	(6.5)	Lighthouse 2021
<b>Enterprise Value (EV)</b>	<b>39.5</b>	

(1) Non-strategic assets held for sales (Land in Spain valued at EUR 0,6Mn) and other forestry assets in Spain (EUR 5,9Mn)

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

