

12m Results 2021

Opinion ⁽¹⁾: In line

Impact ⁽¹⁾: We will maintain our estimates

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Business description

Naturhouse Health (NTH) is a small family group with headquarters in Madrid (Spain), specialising (c. 30 years) in nutrition and the re-education of eating habits (dietetics). With an international presence (c. 80% of revenue; France, Italy and Poland being its core markets). It is managed and controlled by the founding family (77.1% of capital).

Market Data

Market Cap (Mn EUR and USD)	112.8	125.7
EV (Mn EUR and USD) ⁽²⁾	90.6	101.0
Shares Outstanding (Mn)	60.0	
-12m (Max/Med/Min EUR)	2.06 / 1.79 / 1.55	
Daily Avg volume (-12m Mn EUR)	0.06	
Rotation ⁽³⁾	12.4	
Factset / Bloomberg	NTH-ES / NTH SM	
Close fiscal year	31-Dec	

Shareholders Structure (%)

Mr. F. Revuelta & Family	76.7
Free Float	23.3

Relative performance (Base 100)



Stock performance (%)

	-1m	-3m	-12m	-5Y
Absolute	0.5	-1.3	1.9	-58.6
vs Ibex 35	7.1	1.9	4.3	-50.7
vs Ibex Small Cap Index	1.0	-4.0	7.0	-72.2
vs Eurostoxx 50	12.8	9.5	0.3	-62.8
vs Sector benchmark ⁽⁴⁾	2.6	-0.9	-13.3	-67.6

(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 2.

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

(4) vs Stoxx Europe 600 Food & Beverage.

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

2021: Slow recovery of revenue. EBITDA, in line. An idea waiting to be discovered

REVENUE STILL BELOW 2019 (EUR 57.9MN, +3.0% VS 2020) ... Despite the end of the Covid-19 restrictions, NTH closed 2021 with similar figures to those seen in 2020. There were very different rates of recovery by country: France, NTH's core market, reached EUR 20.2Mn (-2.4% vs 2020; 35% of revenue); Italy was the best performing country in the year with EUR 16.8Mn (+18.1% vs 2020; 29% of revenue); Spain (EUR 11.9Mn, +6.1% vs 2020; 21% of revenue) and the other countries were almost flat vs 2020.

... ALTHOUGH THE ONLINE CHANNEL CONTINUES TO GET STRONGER. NTH has committed to the online channel (since 2020). This is still a small business line accounting for 3.7% of total revenue in 2021 (+113% y/y). Growth in on-line sales remains a strategic long-term target for NTH.

STRONG RECOVERY OF THE REC. EBITDA/SALES MARGIN (35.4% 2021 VS 30.9% IN 2020) ... NTH's strategy of restructuring its own centres and closing the less profitable ones (1,686 centres in 2021 vs 2,188 in 2019; taking into account own centres and franchises) represented a turning point in 2021. Rec. EBITDA was EUR 20.5Mn in 2021 (vs EUR 17.4Mn in 2020; +18.1%). This result was partly justified by the fall in personnel expenses (-13.0% vs 2020), that allowed the company to maintain EBITDA fully in line with our estimates despite lower revenue.

...THAT CONSOLIDATED THE CAPACITY FOR CASH GENERATION. NTH's business model is underpinned by a cost-light structure that, in 2021, was reduced even further obtaining Rec. FCF of EUR 14.1Mn. The restriction on dividend payments in 2020, due to Covid-19 legislation (government furlough schemes) meant net cash (ex IFRS 16) in 2021 was EUR 25.1Mn. NTH proposes payment of a EUR 12Mn dividend (EUR 0.2/share) to be paid against 2021 earnings, that represents a pay-out of c. 90% (yield of 10.6%).

IN CONCLUSION, AND NOW WHAT?... Despite smaller than estimated revenue, profitability levels in 2021 have enabled significant growth. We maintain our estimates in the light of results (EBITDA) in line that should allow NTH to achieve sales of EUR 68 Mn and Rec. EBITDA of EUR 22Mn in 2022e. NTH is currently trading at c. 4.4x EV/EBITDA 2021, a FCF yield >12.5% and P/E of 8.4x.

2018-2021: MARGIN VS REVENUE The -3y snapshot is revealing. Excellent management of the structure to overcome the difficulty in growing revenue (competition, Covid-19). The c.+20% in EBITDA in 2021 suggests an inflexion point and the opportunity to lever the current efficient structure on a larger volume of revenue. The "wheel to follow" is the Italian market. If we extrapolate the recovery seen in this market (2021, c.+20%) to the rest, we would be talking about sales of c. EUR 70 Mn, to which in theory we would have to apply margins (2021) of c.35%, and that "mathematically" implies very significant upside. This is NTH's equity story (beyond the already excellent 2021 FCF yield).

EUR Mn	2018	2021	TACC -3y
Total Revenues	88.7	57.9	-13.2%
Recurrent EBITDA	23.2	20.5	-4.0%
Rec. EBITDA/Revenues	26.2%	35.4%	10.6%

Appendix 1. Results table

EUR Mn	12m21		12m21 Real		12m2021 Real	
	Real	12m20	vs 12m20	2021e	vs 2021e	
Total Revenues	57.9	56.2	3.0%	64.2	-9.8%	
France	20.2	20.7	-2.4%			
Spain	11.9	11.2	6.3%			
Italy	16.8	14.2	18.1%			
Poland	6.9	7.2	-3.3%			
RoW	1.8	1.8	-1.8%			
Other income	0.3	1.2	-70.3%			
Recurrent EBITDA	20.5	17.4	18.1%	21.2	-3.1%	
<i>Rec. EBITDA/Revenues</i>	<i>35.4%</i>	<i>30.9%</i>	<i>4.5 p.p.</i>	<i>33.0%</i>	<i>2.4 p.p.</i>	
EBITDA	20.3	17.4	16.2%	21.2	-4.4%	
<i>EBITDA/Revenues</i>	<i>35.0%</i>	<i>31.0%</i>	<i>4.0 p.p.</i>	<i>33.0%</i>	<i>2.0 p.p.</i>	
EBIT	17.8	14.2	25.6%	18.6	-4.1%	
PBT	18.2	13.5	35.0%	18.9	-3.5%	
NP	13.4	9.4	42.5%	12.9	3.3%	
Ordinary NP	13.6	9.4	44.1%	13.2	2.6%	
Nr. Of Centers	1,686	1,788	-102	1,788	-5.7%	
<i>Online Sales (%)</i>	<i>3.9%</i>	<i>1.8%</i>	<i>2.1 p.p.</i>	<i>2.3%</i>	<i>1.6 p.p.</i>	
Rec. FCF	14.1	8.8	59.5%	12.4	14.1%	
<i>Rec. FCF Yield</i>	<i>12.5%</i>	<i>7.8%</i>	<i>4.7 p.p.</i>	<i>11.0%</i>	<i>1.5 p.p.</i>	
Net Cash ¹	-25.1	-17.0	-47.3%	-25.8	2.7%	
Net Cash / EBITDA	-1.2 x	-1.0 x	-0.2 x	-1.2 x	0.0 x	

(1) Net Cash adjusted in order to exclude the IFRS 16 impact (EUR 2.2Mn and EUR 3.6Mn en 2021 and 2020, respectively).

Appendix 2. EV breakdown at the date of this report

	EUR Mn	Source
Market Cap	112.8	
+ Minority Interests	0.1	12m Results 2021
+ Provisions & Other L/T Liabilities	1.5	12m Results 2021
+ Net financial debt	(25.1)	12m Results 2021
- Financial Investments	(1.4)	12m Results 2021
+/- Others		
Enterprise Value (EV)	90.6	

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Date of report	Recommendation	Price (EUR)	Target price (EUR)	Period of validity	Reason for report	Analyst
02-Mar-2022	n.a.	1.88	n.a.	n.a.	12m Results 2021	Luis Esteban Arribas
21-Sep-2021	n.a.	1.71	n.a.	n.a.	6m Results 2021	Alfredo Echevarría Otegui
22-Jun-2021	n.a.	1.69	n.a.	n.a.	3m Results 2021 - Estimates upgrade	Ana Isabel González García, CIIA
23-Apr-2021	n.a.	1.63	n.a.	n.a.	Initiation of Coverage	Ana Isabel González García, CIIA

