

## 6m Results 2022

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

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

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**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 (34%), Italy (31%) and Poland (11%) being its core markets). It is managed and controlled by the founding family (77.6% of capital).

## A weak 1H that leads us to change estimates although NTH maintains a 22e FCF Yield >10%

### Market Data

Market Cap (Mn EUR and USD)	100.8	99.6
EV (Mn EUR and USD) <sup>(2)</sup>	84.7	83.6
Shares Outstanding (Mn)	60.0	
-12m (Max/Med/Mín EUR)	2.03 / 1.77 / 1.59	
Daily Avg volume (-12m Mn EUR)	0.06	
Rotation <sup>(3)</sup>	14.3	
Factset / Bloomberg	NTH-ES / NTH SM	
Close fiscal year	31-Dec	

### Shareholders Structure (%)

Mr. F. Revuelta & Family	77.6
Free Float	22.4

### Financials (Mn EUR)

	2021	2022e	2023e	2024e
Adj. n <sup>o</sup> shares (Mn)	60.0	60.0	60.0	60.0
Total Revenues	57.9	56.7	59.7	63.8
Rec. EBITDA	20.5	17.5	18.8	20.4
% growth	18.1	-14.9	7.6	8.4
% Rec. EBITDA/Rev.	35.4	30.8	31.5	32.0
% Inc. EBITDA sector <sup>(4)</sup>	8.6	22.3	7.9	7.0
Net Profit	13.4	11.5	12.6	13.7
EPS (EUR)	0.22	0.19	0.21	0.23
% growth	42.5	-14.1	9.9	8.9
Ord. EPS (EUR)	0.23	0.19	0.21	0.23
% growth	46.5	-16.8	9.9	8.9
Rec. Free Cash Flow <sup>(5)</sup>	14.7	11.3	12.1	12.9
Pay-out (%)	89.8	85.0	85.0	85.0
DPS (EUR)	0.20	0.16	0.18	0.19
Net financial debt	-25.1	-14.1	-11.7	-12.9
ND/Rec. EBITDA (x)	-1.2	-0.8	-0.6	-0.6
ROE (%)	43.1	35.0	44.1	47.9
ROCE (%) <sup>(5)</sup>	130.4	82.5	78.9	86.6

### Ratios & Multiples (x) <sup>(6)</sup>

	2021	2022e	2023e	2024e
P/E	7.5	8.8	8.0	7.3
Ord. P/E	7.3	8.8	8.0	7.3
P/BV	2.8	3.4	3.6	3.4
Dividend Yield (%)	11.9	9.7	10.6	11.6
EV/Sales	1.46	1.49	1.42	1.33
EV/Rec. EBITDA	4.1	4.8	4.5	4.2
EV/EBIT	4.8	5.5	5.1	4.6
FCF Yield (%) <sup>(5)</sup>	14.6	11.3	12.0	12.8

### WEAK CONSUMPTION WEIGHS ON REVENUE (EUR 30.3MN; -5.5% VS 1H21) ...

Against a backdrop of uncertainty, NTH closed 1H22 with numbers below those for 1H21 (-5.5%; -15.5% vs 1H19). Declining consumption and high inflation have weighed on NTH's sales. Sales in Italy held up vs 1H21 but sales in Poland (-10.9%) and Spain (-8.5%) fell.

... AND TRANSLATES TO EBITDA (-21% VS 1H21). The 1H22 EBITDA margin was 33% (-6.5 p.p. vs 1H21) with 1H22 EBITDA declining to EUR 10Mn (vs EUR 12.7Mn in 1H21). Impacted mainly by: (i) the fall in revenue due to the closure of points of sale (-57 centres YTD), (ii) higher personnel costs (due to the reincorporation of 100% of the headcount in 1H22) and (iii) an increase in operating costs (inflation has especially affected energy and transport costs).

**NTH MAINTAINS A VERY HEALTHY BALANCE SHEET.** Despite the high pay-out (historically 85%-100%), NTH closed 1H22 with net cash of EUR 17.3Mn (17% of its Mkt Cap). A comfortable financial position that should make it easier to search for growth, enter new markets and maintain its high dividend policy (historical dividend yield >10%).

**WE DOWNGRADE OUR ESTIMATES.** Given these worse than expected results, our central scenario now is for 2022e revenue of EUR 56.7Mn (-16.5% vs initial estimate) and EBITDA of EUR 17.5Mn (vs EUR 22.1Mn previously; -21% vs previous estimate).

**ALTHOUGH LOW MULTIPLES REMAIN WITHIN REACH.** In the event of a return to revenue growth, NTH's business model would trigger the second (low 2022e multiples) and third (FCF yield structurally >10%) derivatives. NTH is currently trading at 4.8x 2022 EV/EBITDA (vs 7.3x for its main peers). Moderate sales growth (+5% y/y in 2023e and 2024e) can be considered NTH's equity story (even in the event of no improvement in margins). This makes the low multiples at which NTH is trading credible and especially attractive.

### Relative performance (Base 100)



### Stock performance (%)

	-1m	-3m	-12m	YTD	-3Y	-5Y
Absolute	-2.3	-2.6	6.0	-5.6	-1.9	-47.8
vs Ibex 35	3.5	1.9	17.9	4.5	14.4	-31.7
vs Ibex Small Cap Index	5.8	13.7	22.0	9.6	-9.6	-57.6
vs Eurostoxx 50	4.3	-2.5	24.4	16.2	0.4	-47.0
vs Sector benchmark <sup>(4)</sup>	6.7	-5.0	10.6	8.2	2.6	-55.6

(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 3.

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

(4) Sector: Stoxx Europe 600 Food & Beverage.

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

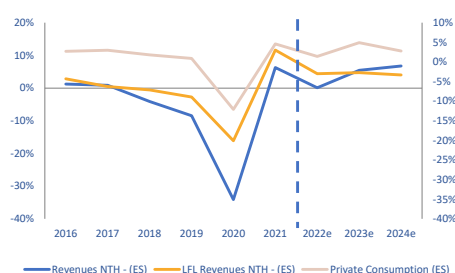
(6) Multiples and ratios calculated over prices at the date of this report.

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

**6m Results 2022**  
**Estimates downgrade**

**In the light of 1H22 results, we downgrade our estimates (2022e revenue: -16.5% vs previous estimate)**

**Chart 1. Private Consumption (Spain) vs Reported and LFL Revenues (NTH - Spain)**



Sources: Bank of Spain.

Note: Private consumption is indexed on the right-hand scale.

NTH has released worse than expected 1H22 results. The continuing closure of points of sale (-57 YTD; -333 since 2018) and the declining demand for non-basic products (due to high inflation and interest rate hikes reducing consumers' purchasing power) have resulted in 1H22 revenue for NTH of EUR 30.3Mn (vs EUR 32.1Mn in 1H21; -5.5% vs 1H21).

By country; France, NTH's principal international market (34% of revenue), saw revenue slip -6% vs 1H21 with the closure of 23 franchises since December; Italy (31% of revenue) managed to maintain revenue stable vs 1H22 without closing centres; and Spain (21% of 1H22 revenue) recorded EUR 6.3Mn in revenue (vs EUR 6.9Mn in 1H21; -8.5% vs 1H21). The other markets recorded decreases in turnover of >10% vs 1H21. The closure of points of sale has not been offset by the increase in online sales that accounted for 5% of revenue at the 1H22 close (vs 3.7% in 1H21).

**Table 1. 1H22 Results**

EUR Mn	6m22 Real	6m21	6m22 Real vs 6m21	2022e	2021
<b>Total Revenues</b>	<b>30.3</b>	<b>32.1</b>	<b>-5.5%</b>	<b>56.7</b>	<b>-2.2%</b>
France	10.4	11.1	-6.0%		
Spain	6.3	6.9	-8.5%		
Italy	9.4	9.4	-0.1%		
Poland	3.4	3.8	-10.9%		
ROW	0.9	1.0	-11.1%		
<b>Recurrent EBITDA</b>	<b>9.9</b>	<b>12.7</b>	<b>-21.7%</b>	<b>17.5</b>	<b>-14.9%</b>
<i>Rec. EBITDA/Revenues</i>	<i>32.8%</i>	<i>39.5%</i>	<i>-6.8 p.p.</i>	<i>30.8%</i>	<i>-4.6 p.p.</i>
<b>EBITDA</b>	<b>10.0</b>	<b>12.7</b>	<b>-21.2%</b>	<b>17.5</b>	<b>-12.4%</b>
<i>EBITDA/Revenues</i>	<i>33.0%</i>	<i>39.5%</i>	<i>-6.6 p.p.</i>	<i>30.8%</i>	<i>-3.6 p.p.</i>
<b>EBIT</b>	<b>8.9</b>	<b>11.4</b>	<b>-22.0%</b>	<b>15.4</b>	<b>-12.2%</b>
<b>PBT</b>	<b>9.0</b>	<b>11.6</b>	<b>-22.1%</b>	<b>16.4</b>	<b>-10.2%</b>
<b>NP</b>	<b>6.6</b>	<b>8.4</b>	<b>-21.2%</b>	<b>11.5</b>	<b>-14.1%</b>
Nr. Of Centers	1,629	1,725	-96	1,608	-78
<i>Online Sales (%)</i>	<i>4.9%</i>	<i>3.7%</i>	<i>1.2 p.p.</i>	<i>5.6%</i>	<i>1.7 p.p.</i>
Rec. FCF	6.2	8.8	-29%	11.3	-23%
Net Cash <sup>1</sup>	-17.3	-25.2	31%	-14.1	44.0%
Net Cash / EBITDA	-1.7 x	-2.0 x	0.2 x	-0.8 x	-0.2 x

Note 1: Net cash adjusted to strip out the impact of IFRS 16 (EUR 2.1Mn and EUR 3.2Mn in 1H22 and 1H21, respectively).

The 1H22 EBITDA Mg. was 33% (-6.5p.p. vs 1H21), mainly due to: (i) the fall in revenue (-5.5% vs 1H21), (ii) higher personnel costs (due to the reincorporation of 100% of the headcount in 1H22) and (iii) the increase in operating costs (due to the impact of inflation on transport costs, energy consumption and higher spending on advertising). NTH consolidated 1H22 EBITDA of EUR 10Mn (vs EUR 12.7Mn in 1H21).

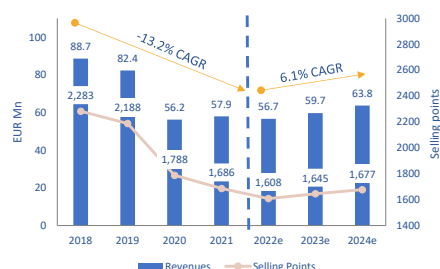
Net cash at the 1H22 close was EUR 17.3Mn (vs EUR 25.1Mn in 2021). NTH's robust balance sheet allows it to maintain its shareholder remuneration commitment. In 1H22 the company paid out EUR 12Mn in dividends against 2021 results (Pay-Out c. 90%; Yield 11.9%).

**Accordingly, we downgrade our estimates (2022e-2023e)**

The uncertainty and the risk of economic slowdown remain high (post Covid-19) resulting from high inflation, rate hikes (that reduce consumption) and the war between Russia and Ukraine. Given the weakness of these 1H22 results and the current situation, we downgrade our estimates for 2022e-2023e as follows:

- **Sharp fall in 2022e revenue (EUR 56.7Mn; -16.5% vs previous estimate)...** 1H22 results (revenue -5.5% vs 1H21), and the closure of points of sale during the period (-57 YTD), have led us to downgrade our revenue estimates for 2022e-2023e. The macro consensus is for further rate hikes due to inflation and an increased risk of economic recession, so we estimate the closure of c. 80 points of sale by the year end (vs an initial estimate for the opening of 50 stores in 2022e).

**Chart 2. Revenues vs Total Selling Points**

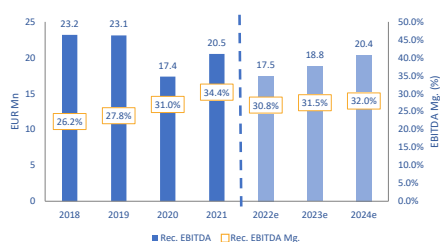


The online channel (c. 5% of 1H22 revenue vs 3.7% in 1H21) will partly compensate, although this is still a long way from equalling the weight it has in its main competitors (HBL allows its distributors to open online points of sale) so we expect a catch up effect in coming years until this represents >10% of revenue.

Recovery will depend on the ending of the closure of points of sale and the speed of the expansion of the international business (outside already mature markets like France and Italy) via new commercial agreements (through master franchises as in Latvia and Kazakhstan or the opening of subsidiaries in countries such as Ireland and Singapore) that in recent years have focused on Asia. Despite the current economic situation, we estimate mid-single-digit growth (c.5% y/y) from 2023e with store openings (34 centres y/y), resulting in revenue of c. EUR 64Mn in 2024e.

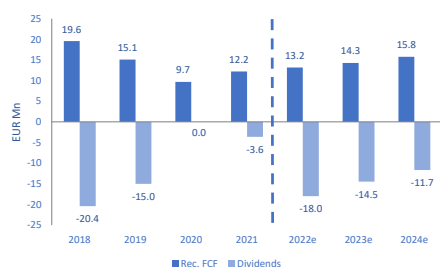
- **...taking 2022e EBITDA to pandemic levels (EUR 17.5Mn, EBITDA margin 30.8%; -13.8% vs previous estimate).** In 2022e, our estimate for EBITDA is for a fall of c.-15% vs 2021. This is a result, essentially, of the decline in revenue that is not being offset by the increase in online sales. In the past, NTH has been able to manage its structural costs (with the closure of less profitable points of sale while maintaining a gross margin >70% without raising prices due to the vertical integration of its value chain), neutralising the difficulty in growing revenue (competition, Covid-19, inflation) and a 2022e EBITDA margin penalised by rising prices (-4.5 p.p. vs 2021) for which we estimate an improvement to levels of 32% in 2024e (vs c. 14.9% for main sector peers).

**Chart 3. Rec. EBITDA vs Rec. EBITDA Mg.**



- **But maintaining abundant FCF generation, with a commitment to revert this to shareholders.** NTH's ability to generate cash remains intact thanks to: i) low working capital requirements (WC/sales <7% -4y) and ii) low investment requirements (Capex/sales c.1.5%). The fall in 2022e EBITDA will take rec. FCF to EUR 11.3Mn (-13.9% vs initial estimate). We estimate an approved dividend for 2022e of EUR 9.8Mn (EUR 0.16/share; Pay-Out 85%). At the date of this report, NTH has already approved payment of a dividend of EUR 6Mn against 2022e results (EUR 3Mn) and voluntary reserves (EUR 3Mn).

**Chart 4. Rec. FCF vs Dividends**



Note: 2022e dividends correspond to EUR 12Mn charged to 2021 and EUR 6Mn to 2022e; 2023e dividends correspond to EUR 3.8Mn charged to 2022e and EUR 10Mn to 2023e.

- **All of this underpinned by a very strong balance sheet.** We estimate net cash of EUR 14.1Mn at the 2022e close, making credible both the estimated dividend policy for 2023e-2024e (Pay-Out 85%) and the capacity of the inorganic growth strategy that is especially interesting in the current context.

**Table 2. Changes to estimates (2022e-2024e)**

EUR Mn	2022e (New)	2022e	Review (%)	2023e (New)	2023e	Review (%)	2024e (New)
<b>Total Revenues</b>	56.7	67.8	-16.5%	59.7	72.9	-18.0%	63.8
<b>Recurrent EBITDA</b>	17.5	22.1	-21.0%	18.8	24.0	-21.8%	20.4
<i>Rec. EBITDA/Revenues</i>	30.8%	32.6%	-2 p.p.	31.5%	33.0%	-2 p.p.	32.0%
<b>EBIT</b>	15.4	19.4	-21.0%	16.7	21.3	-21.7%	18.3
<b>Net Profit</b>	11.5	13.6	-15.3%	12.6	14.9	-15.2%	13.7
<b>Recurrent Free Cash Flo</b>	11.3	13.2	-13.9%	12.1	14.3	-15.5%	12.9
<i>Net Cash / EBITDA</i>	-0.8x	-1.2x	0.4x	-0.6x	-1.2x	0.6x	-0.6x

**In conclusion: NTH's equity story is a return to sales growth**

Just like the other sector companies, NTH is facing a situation made more difficult by the current macro situation, that will reduce demand for non-basic products.

Despite the historic fall in revenue (-34.6% vs 2018), we believe NTH can change the trend of recent years, despite the unfavourable context. For three reasons: (i) the ending of the closure of stores in mature markets (previous closures guarantee the high profitability of the points of sale still open), (ii) the success of international expansion in Asia (the possibility of penetrating

a market with low competition) and (iii) the potential of online sales, that still have room to grow (catch up with competitors). All this should allow NTH to aspire to mid-single-digit revenue growth (5%) from 2023e and obtain sales of c. EUR 64Mn in 2024e and 2024e EBITDA of c.20Mn.

Despite the very significant decline in revenues in recent years (-13.2% CAGR -3y), EBITDA has demonstrated great resilience (-4% CAGR -3y). This suggests an opportunity to lever the current efficient structure on a larger volume of revenue. Consequently, in the event of a return to revenue growth, NTH's business model would allow the effect to be translated to EBITDA, making its 2022e multiple of 4.8x EV/EBITDA and profitability (FCF Yield structurally >10%) especially attractive.

So, today NTH's equity story is reduced to a return to sales growth. This would be enough (even if there were no margin improvement) to put the spotlight on the company's low trading multiples in addition to the relative protection afforded by a dividend yield of c. 10%.

**Table 3. Revenues vs EBITDA (2018-2021)**

EUR Mn	2018	2021	CAGR -3y
<b>Total Revenues</b>	<b>88.7</b>	<b>57.9</b>	<b>-13.2%</b>
<b>Rec. EBITDA</b>	<b>23.2</b>	<b>20.5</b>	<b>-4.0%</b>
<i>Rec. EBITDA Mg.</i>	26.2%	35.4%	

## Valuation inputs

### Inputs for the DCF Valuation Approach

	2022e	2023e	2024e	Terminal Value <sup>(1)</sup>		
Free Cash Flow "To the Firm"	7.0	11.9	12.7	173.2		
Market Cap	100.8	At the date of this report				
Net financial debt	-17.3	Debt net of Cash (6m Results 2022)				
					Best Case	Worst Case
Cost of Debt	2.5%	Net debt cost			2.3%	2.8%
Tax rate (T)	20.0%	T (Normalised tax rate)			=	=
Net debt cost	2.0%	Kd = Cost of Net Debt * (1-T)			1.8%	2.2%
Risk free rate (rf)	3.0%	Rf (10y Spanish bond yield)			=	=
Equity risk premium	7.0%	R (own estimate)			6.5%	7.5%
Beta (B)	1.0	B (own estimate)			0.9	1.1
Cost of Equity	10.0%	Ke = Rf + (R * B)			8.9%	11.3%
Equity / (Equity + Net Debt)	100.0%	E (Market Cap as equity value)			=	=
Net Debt / (Equity + Net Debt)	0.0%	D			=	=
WACC	10.0%	WACC = Kd * D + Ke * E			8.9%	11.3%
G "Fair"	1.5%				2.0%	1.5%

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

### Inputs for the Multiples Valuation Approach

Company	Ticker	Mkt. Cap	P/E 22e	EPS 22e-24e	EV/EBITDA 22e	EBITDA 22e-24e	EV/Sales 22e	Revenues 22e-24e	EBITDA/Sales 22e	FCF Yield 22e	FCF 22e-24e
Herbalife Nut.	HLF-US	2,431.6	6.3	20.4%	6.9	8.7%	0.9	2.9%	13.2%	12.6%	n.a.
Medifast	MED-US	1,280.9	9.6	n.a.	6.6	n.a.	0.8	n.a.	12.1%	8.6%	n.a.
WW Intl.	WW-US	337.7	5.7	13.9%	8.3	3.8%	1.6	1.9%	19.3%	11.6%	n.a.
<b>Weight Management</b>			<b>7.2</b>	<b>17.1%</b>	<b>7.3</b>	<b>6.2%</b>	<b>1.1</b>	<b>2.4%</b>	<b>14.9%</b>	<b>10.9%</b>	<b>n.a.</b>
Nu Skin	NUS-US	1,885.5	11.9	9.4%	6.8	10.0%	0.8	4.5%	12.4%	7.1%	n.a.
Glanbia	GL9-IE	3,238.7	12.1	9.5%	10.3	7.1%	0.7	4.7%	7.3%	5.9%	28.1%
<b>Diet Supplements</b>			<b>12.0</b>	<b>9.4%</b>	<b>8.5</b>	<b>8.6%</b>	<b>0.8</b>	<b>4.6%</b>	<b>9.8%</b>	<b>6.5%</b>	<b>28.1%</b>
NTH	NTH-ES	100.8	8.8	9.4%	4.8	8.0%	1.5	6.1%	30.8%	11.3%	36.4%

### Free Cash Flow sensitivity analysis (2023e)

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

Scenario	EBITDA/Sales 23e	EBITDA 23e	EV/EBITDA 23e
Max	34.6%	20.6	4.1x
Central	31.5%	18.8	4.5x
Min	28.4%	16.9	5.0x

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

Rec. FCF EUR Mn	CAPEX/Sales 23e				Scenario	Rec. FCF/Yield 23e		
EBITDA 23e	1.3%	1.4%	1.5%		Max	13.9%	13.8%	13.7%
20.6	14.0	13.9	13.9	➔	Central	12.0%	12.0%	11.9%
18.8	12.1	12.1	12.0		Min	10.2%	10.1%	10.1%
16.9	10.3	10.2	10.2					

## Appendix 1. Financial Projections

Balance Sheet (EUR Mn)	2017	2018	2019	2020	2021	2022e	2023e	2024e	CAGR	
Intangible assets	1.7	1.4	8.9	3.7	2.5	2.0	1.6	1.2		
Fixed assets	5.0	3.8	2.0	1.2	0.9	1.2	1.6	2.2		
Other Non Current Assets	3.5	3.6	3.4	3.5	7.0	11.4	11.4	11.4		
Financial Investments	1.0	0.8	0.8	0.6	1.3	2.1	2.8	3.5		
Goodwill & Other Intangibles	-	-	-	-	-	-	-	-		
Current assets	19.3	16.3	12.2	11.8	10.0	9.5	9.4	9.6		
<b>Total assets</b>	<b>30.5</b>	<b>25.9</b>	<b>27.3</b>	<b>21.0</b>	<b>21.8</b>	<b>26.2</b>	<b>26.9</b>	<b>27.8</b>		
Equity	24.5	18.8	16.5	26.0	36.0	29.5	27.6	29.7		
Minority Interests	0.0	0.0	0.1	0.1	0.1	0.1	0.1	0.1		
Provisions & Other L/T Liabilities	1.5	1.2	1.1	1.4	1.5	1.5	1.5	1.5		
Other Non Current Liabilities	-	-	7.7	3.7	2.2	2.2	2.2	2.2		
Net financial debt	(5.2)	(5.4)	(7.6)	(18.3)	(25.1)	(14.1)	(11.7)	(12.9)		
Current Liabilities	9.7	11.2	9.5	8.1	7.1	7.0	7.1	7.3		
<b>Equity &amp; Total Liabilities</b>	<b>30.5</b>	<b>25.9</b>	<b>27.3</b>	<b>21.0</b>	<b>21.8</b>	<b>26.2</b>	<b>26.9</b>	<b>27.8</b>		
<b>P&amp;L (EUR Mn)</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022e</b>	<b>2023e</b>	<b>2024e</b>	<b>17-21</b>	<b>21-24e</b>
<b>Total Revenues</b>	<b>95.4</b>	<b>88.7</b>	<b>82.4</b>	<b>56.2</b>	<b>57.9</b>	<b>56.7</b>	<b>59.7</b>	<b>63.8</b>	<b>-11.7%</b>	<b>3.2%</b>
<i>Total Revenues growth</i>	-2.9%	-7.1%	-7.1%	-31.7%	3.0%	-2.2%	5.4%	6.8%		
COGS	(27.1)	(25.2)	(23.8)	(15.9)	(16.3)	(16.3)	(17.1)	(18.0)		
<b>Gross Margin</b>	<b>68.3</b>	<b>63.5</b>	<b>58.5</b>	<b>40.4</b>	<b>41.6</b>	<b>40.4</b>	<b>42.7</b>	<b>45.7</b>	<b>-11.7%</b>	<b>3.2%</b>
<i>Gross Margin/Revenues</i>	71.6%	71.6%	71.0%	71.8%	71.8%	71.2%	71.4%	71.7%		
Personnel Expenses	(20.4)	(20.7)	(19.3)	(12.4)	(10.8)	(11.3)	(11.6)	(12.3)		
Other Operating Expenses	(17.7)	(19.6)	(16.1)	(10.6)	(10.3)	(11.6)	(12.3)	(13.1)		
<b>Recurrent EBITDA</b>	<b>30.3</b>	<b>23.2</b>	<b>23.1</b>	<b>17.4</b>	<b>20.5</b>	<b>17.5</b>	<b>18.8</b>	<b>20.4</b>	<b>-9.3%</b>	<b>-0.3%</b>
<i>Recurrent EBITDA growth</i>	-7.2%	-23.4%	-0.3%	-24.8%	18.1%	-14.9%	7.6%	8.4%		
<i>Rec. EBITDA/Revenues</i>	31.7%	26.2%	28.1%	30.9%	35.4%	30.8%	31.5%	32.0%		
Restructuring Expense & Other non-rec.	(0.9)	0.1	(0.2)	0.1	(0.6)	-	-	-		
<b>EBITDA</b>	<b>29.4</b>	<b>23.3</b>	<b>22.9</b>	<b>17.4</b>	<b>19.9</b>	<b>17.5</b>	<b>18.8</b>	<b>20.4</b>	<b>-9.2%</b>	<b>0.7%</b>
Depreciation & Provisions	(1.1)	(1.1)	(1.0)	(1.6)	(1.2)	(0.9)	(0.9)	(0.9)		
Capitalized Expense	-	-	-	-	-	-	-	-		
Rentals (IFRS 16 impact)	-	-	(3.3)	(1.7)	(1.2)	(1.2)	(1.2)	(1.2)		
<b>EBIT</b>	<b>28.3</b>	<b>22.1</b>	<b>18.6</b>	<b>14.2</b>	<b>17.5</b>	<b>15.4</b>	<b>16.7</b>	<b>18.3</b>	<b>-11.3%</b>	<b>1.5%</b>
<i>EBIT growth</i>	-9.9%	-21.6%	-15.9%	-24.0%	23.4%	-12.2%	8.8%	9.4%		
<i>EBIT/Revenues</i>	29.6%	25.0%	22.6%	25.2%	30.2%	27.1%	28.0%	28.7%		
Impact of Goodwill & Others	-	-	-	(0.9)	(0.1)	-	-	-		
Net Financial Result	(0.0)	(0.0)	(0.2)	(0.0)	0.3	0.3	0.6	0.6		
Income by the Equity Method	0.4	0.6	0.2	0.3	0.6	0.7	0.7	0.7		
<b>Ordinary Profit</b>	<b>28.7</b>	<b>22.7</b>	<b>18.7</b>	<b>13.5</b>	<b>18.2</b>	<b>16.4</b>	<b>18.0</b>	<b>19.6</b>	<b>-10.7%</b>	<b>2.4%</b>
<i>Ordinary Profit Growth</i>	-10.7%	-20.7%	-17.7%	-27.7%	35.0%	-10.2%	9.9%	8.9%		
Extraordinary Results	-	-	0.5	-	-	-	-	-		
<b>Profit Before Tax</b>	<b>28.7</b>	<b>22.7</b>	<b>19.2</b>	<b>13.5</b>	<b>18.2</b>	<b>16.4</b>	<b>18.0</b>	<b>19.6</b>	<b>-10.7%</b>	<b>2.4%</b>
Tax Expense	(8.8)	(7.4)	(6.0)	(4.1)	(4.9)	(4.9)	(5.4)	(5.9)		
<i>Effective Tax Rate</i>	30.7%	32.4%	31.4%	30.5%	26.7%	30.0%	30.0%	30.0%		
Minority Interests	0.0	0.0	0.1	(0.0)	(0.0)	-	-	-		
Discontinued Activities	-	-	-	-	-	-	-	-		
<b>Net Profit</b>	<b>19.9</b>	<b>15.4</b>	<b>13.3</b>	<b>9.4</b>	<b>13.4</b>	<b>11.5</b>	<b>12.6</b>	<b>13.7</b>	<b>-9.4%</b>	<b>0.9%</b>
<i>Net Profit growth</i>	-11.8%	-22.6%	-13.8%	-29.3%	42.5%	-14.1%	9.9%	8.9%		
<b>Ordinary Net Profit</b>	<b>20.7</b>	<b>15.9</b>	<b>13.3</b>	<b>9.4</b>	<b>13.8</b>	<b>11.5</b>	<b>12.6</b>	<b>13.7</b>	<b>-9.7%</b>	<b>-0.2%</b>
<i>Ordinary Net Profit growth</i>	-8.7%	-23.4%	-16.4%	-29.0%	46.5%	-16.8%	9.9%	8.9%		
<b>Cash Flow (EUR Mn)</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022e</b>	<b>2023e</b>	<b>2024e</b>	<b>17-21</b>	<b>21-24e</b>
<b>Recurrent EBITDA</b>						<b>17.5</b>	<b>18.8</b>	<b>20.4</b>	<b>-9.3%</b>	<b>-0.3%</b>
Rentals (IFRS 16 impact)						(1.2)	(1.2)	(1.2)		
Working Capital Increase						0.5	0.2	0.0		
<b>Recurrent Operating Cash Flow</b>						<b>16.7</b>	<b>17.7</b>	<b>19.2</b>	<b>-5.6%</b>	<b>-1.5%</b>
CAPEX						(0.7)	(0.8)	(1.0)		
Net Financial Result affecting the Cash Flow						0.3	0.6	0.6		
Tax Expense						(4.9)	(5.4)	(5.9)		
<b>Recurrent Free Cash Flow</b>						<b>11.3</b>	<b>12.1</b>	<b>12.9</b>	<b>-0.5%</b>	<b>-4.2%</b>
Restructuring Expense & Other non-rec.						-	-	-		
- Acquisitions / + Divestures of assets						(4.4)	-	-		
Extraordinary Inc./Exp. Affecting Cash Flow						-	-	-		
<b>Free Cash Flow</b>						<b>7.0</b>	<b>12.1</b>	<b>12.9</b>	<b>-7.7%</b>	<b>6.9%</b>
Capital Increase						-	-	-		
Dividends						(18.0)	(14.5)	(11.7)		
<b>Net Debt Variation</b>						<b>11.0</b>	<b>2.4</b>	<b>(1.3)</b>		

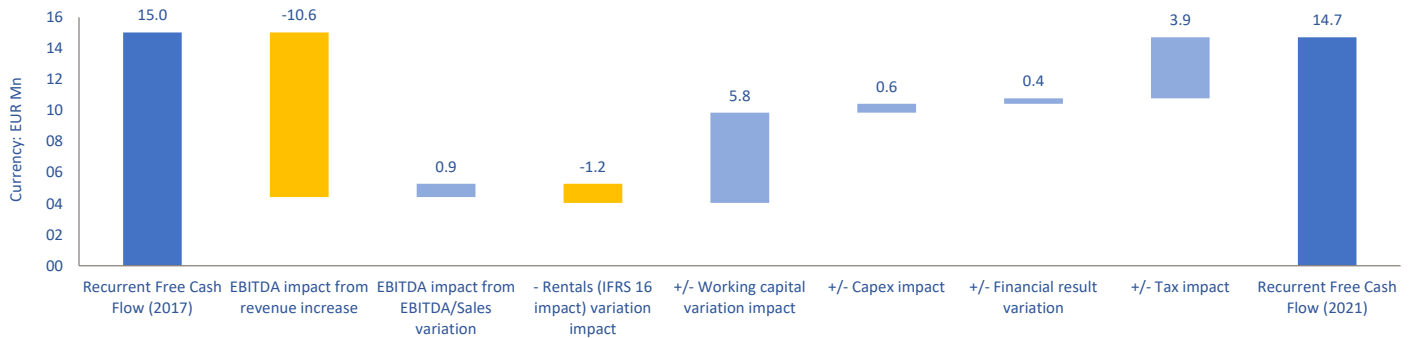
Note 1: Financial projections include IFRS 16 adjustments. FY 19 EBITDA is c. EUR 3.5Mn higher due to IFRS 16.

## Appendix 2. Free Cash Flow

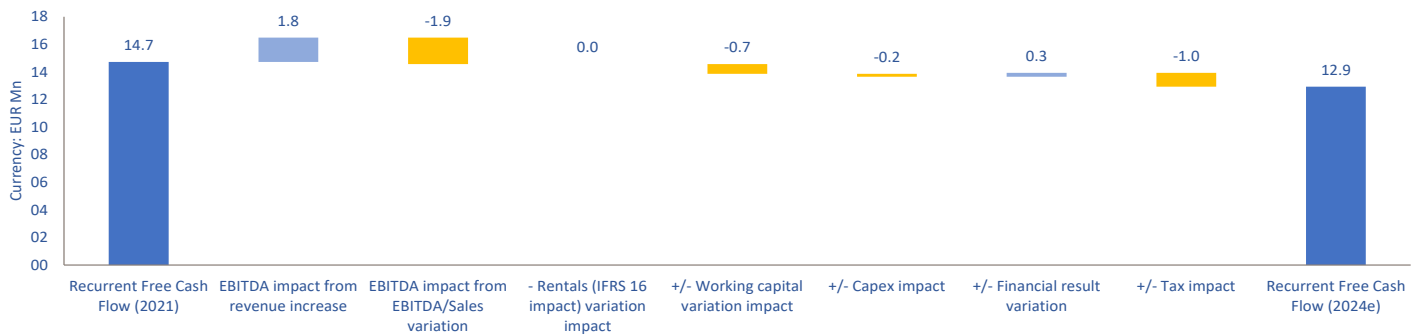
A) Cash Flow Analysis (EUR Mn)	2018	2019	2020	2021	2022e	2023e	2024e	CAGR	
								18-21	21-24e
<b>Recurrent EBITDA</b>	<b>23.2</b>	<b>23.1</b>	<b>17.4</b>	<b>20.5</b>	<b>17.5</b>	<b>18.8</b>	<b>20.4</b>	<b>-4.0%</b>	<b>-0.3%</b>
<i>Recurrent EBITDA growth</i>	-23.4%	-0.3%	-24.8%	18.1%	-14.9%	7.6%	8.4%		
<i>Rec. EBITDA/Revenues</i>	26.2%	28.1%	30.9%	35.4%	30.8%	31.5%	32.0%		
- Rentals (IFRS 16 impact)	-	(3.3)	(1.7)	(1.2)	(1.2)	(1.2)	(1.2)		
+/- Working Capital increase	4.5	2.4	(1.0)	0.7	0.5	0.2	0.0		
<b>= Recurrent Operating Cash Flow</b>	<b>27.7</b>	<b>22.2</b>	<b>14.7</b>	<b>20.0</b>	<b>16.7</b>	<b>17.7</b>	<b>19.2</b>	<b>-10.2%</b>	<b>-1.5%</b>
<i>Rec. Operating Cash Flow growth</i>	9.9%	-19.9%	-33.7%	36.1%	-16.7%	6.2%	8.1%		
<i>Rec. Operating Cash Flow / Sales</i>	31.3%	27.0%	26.2%	34.6%	29.5%	29.7%	30.1%		
- CAPEX	(0.7)	(0.9)	(0.9)	(0.8)	(0.7)	(0.8)	(1.0)		
- Net Financial Result affecting Cash Flow	(0.0)	(0.2)	(0.0)	0.3	0.3	0.6	0.6		
- Taxes	(7.4)	(6.0)	(4.1)	(4.9)	(4.9)	(5.4)	(5.9)		
<b>= Recurrent Free Cash Flow</b>	<b>19.6</b>	<b>15.1</b>	<b>9.7</b>	<b>14.7</b>	<b>11.3</b>	<b>12.1</b>	<b>12.9</b>	<b>-9.1%</b>	<b>-4.2%</b>
<i>Rec. Free Cash Flow growth</i>	30.4%	-22.9%	-35.7%	51.6%	-23.0%	6.4%	7.2%		
<i>Rec. Free Cash Flow / Revenues</i>	22.1%	18.3%	17.3%	25.4%	20.0%	20.2%	20.3%		
- Restructuring expenses & others	(0.2)	0.0	0.2	(0.6)	-	-	-		
- Acquisitions / + Divestments	1.3	(0.9)	2.0	(3.5)	(4.4)	-	-		
+/- Extraordinary Inc./Exp. affecting Cash Flow	-	0.5	-	-	-	-	-		
<b>= Free Cash Flow</b>	<b>20.8</b>	<b>14.7</b>	<b>11.9</b>	<b>10.6</b>	<b>7.0</b>	<b>12.1</b>	<b>12.9</b>	<b>-20.1%</b>	<b>6.9%</b>
<i>Free Cash Flow growth</i>	42.6%	-29.0%	-19.4%	-11.0%	-34.3%	73.5%	7.2%		
<i>Recurrent Free Cash Flow - Yield (s/Mkt Cap)</i>	19.4%	15.0%	9.6%	14.6%	11.3%	12.0%	12.8%		
<i>Free Cash Flow Yield (s/Mkt Cap)</i>	20.6%	14.6%	11.8%	10.5%	6.9%	12.0%	12.8%		
<b>B) Analytical Review of Annual Recurrent Free Cash Flow Performance (Eur Mn)</b>									
	2018	2019	2020	2021	2022e	2023e	2024e		
<b>Recurrent FCF(FY - 1)</b>	<b>15.0</b>	<b>19.6</b>	<b>15.1</b>	<b>9.7</b>	<b>14.7</b>	<b>11.3</b>	<b>12.1</b>		
EBITDA impact from revenue increase	(2.2)	(1.6)	(7.3)	0.5	(0.5)	0.9	1.3		
EBITDA impact from EBITDA/Sales variation	(4.9)	1.6	1.6	2.6	(2.6)	0.4	0.3		
<b>= Recurrent EBITDA variation</b>	<b>(7.1)</b>	<b>(0.1)</b>	<b>(5.7)</b>	<b>3.2</b>	<b>(3.1)</b>	<b>1.3</b>	<b>1.6</b>		
- Rentals (IFRS 16 impact) variation impact	-	(3.3)	1.6	0.4	-	-	-		
+/- Working capital variation impact	9.6	(2.2)	(3.3)	1.7	(0.3)	(0.3)	(0.1)		
<b>= Recurrent Operating Cash Flow variation</b>	<b>2.5</b>	<b>(5.5)</b>	<b>(7.5)</b>	<b>5.3</b>	<b>(3.3)</b>	<b>1.0</b>	<b>1.4</b>		
+/- CAPEX impact	0.6	(0.2)	0.0	0.1	0.0	(0.1)	(0.1)		
+/- Financial result variation	0.0	(0.2)	0.2	0.3	(0.0)	0.3	0.0		
+/- Tax impact	1.4	1.3	1.9	(0.8)	(0.0)	(0.5)	(0.5)		
<b>= Recurrent Free Cash Flow variation</b>	<b>4.6</b>	<b>(4.5)</b>	<b>(5.4)</b>	<b>5.0</b>	<b>(3.4)</b>	<b>0.7</b>	<b>0.9</b>		
<b>Recurrent Free Cash Flow</b>	<b>19.6</b>	<b>15.1</b>	<b>9.7</b>	<b>14.7</b>	<b>11.3</b>	<b>12.1</b>	<b>12.9</b>		
<b>C) "FCF to the Firm" (pre debt service) (EUR Mn)</b>									
	2018	2019	2020	2021	2022e	2023e	2024e	CAGR	
<b>EBIT</b>	<b>22.1</b>	<b>18.6</b>	<b>14.2</b>	<b>17.5</b>	<b>15.4</b>	<b>16.7</b>	<b>18.3</b>	<b>-7.6%</b>	<b>1.5%</b>
* <i>Theoretical Tax rate</i>	30.0%	30.0%	30.0%	26.7%	30.0%	30.0%	30.0%		
= Taxes (pre- Net Financial Result)	(6.6)	(5.6)	(4.3)	(4.7)	(4.6)	(5.0)	(5.5)		
<b>Recurrent EBITDA</b>	<b>23.2</b>	<b>23.1</b>	<b>17.4</b>	<b>20.5</b>	<b>17.5</b>	<b>18.8</b>	<b>20.4</b>	<b>-4.0%</b>	<b>-0.3%</b>
- Rentals (IFRS 16 impact)	-	(3.3)	(1.7)	(1.2)	(1.2)	(1.2)	(1.2)		
+/- Working Capital increase	4.5	2.4	(1.0)	0.7	0.5	0.2	0.0		
<b>= Recurrent Operating Cash Flow</b>	<b>27.7</b>	<b>22.2</b>	<b>14.7</b>	<b>20.0</b>	<b>16.7</b>	<b>17.7</b>	<b>19.2</b>	<b>-10.2%</b>	<b>-1.5%</b>
- CAPEX	(0.7)	(0.9)	(0.9)	(0.8)	(0.7)	(0.8)	(1.0)		
- Taxes (pre- Financial Result)	(6.6)	(5.6)	(4.3)	(4.7)	(4.6)	(5.0)	(5.5)		
<b>= Recurrent Free Cash Flow (To the Firm)</b>	<b>20.3</b>	<b>15.7</b>	<b>9.6</b>	<b>14.6</b>	<b>11.3</b>	<b>11.9</b>	<b>12.7</b>	<b>-10.5%</b>	<b>-4.5%</b>
<i>Rec. Free Cash Flow (To the Firm) growth</i>	32.1%	-22.7%	-39.0%	52.3%	-22.3%	4.7%	7.2%		
<i>Rec. Free Cash Flow (To the Firm) / Revenues</i>	22.9%	19.1%	17.1%	25.2%	20.0%	19.9%	20.0%		
- Acquisitions / + Divestments	1.3	(0.9)	2.0	(3.5)	(4.4)	-	-		
+/- Extraordinary Inc./Exp. affecting Cash Flow	-	0.5	-	-	-	-	-		
<b>= Free Cash Flow "To the Firm"</b>	<b>21.7</b>	<b>15.4</b>	<b>11.6</b>	<b>11.1</b>	<b>7.0</b>	<b>11.9</b>	<b>12.7</b>	<b>-20.0%</b>	<b>4.7%</b>
<i>Free Cash Flow (To the Firm) growth</i>	37.8%	-29.2%	-24.4%	-4.4%	-37.3%	70.7%	7.2%		
<i>Rec. Free Cash Flow To the Firm Yield (o/EV)</i>	24.0%	18.6%	11.3%	17.3%	13.4%	14.0%	15.0%		
<i>Free Cash Flow "To the Firm" - Yield (o/EV)</i>	25.6%	18.1%	13.7%	13.1%	8.2%	14.0%	15.0%		

Note 1: Financial projections include IFRS 16 adjustments. FY 19 EBITDA is c. EUR 3.5Mn higher due to IFRS 16.

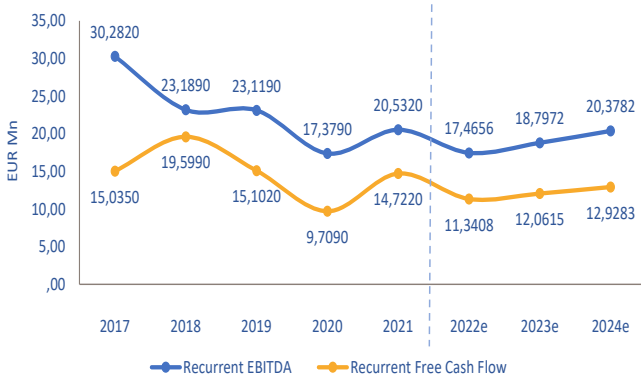
**Recurrent Free Cash Flow accumulated variation analysis (2017 - 2021)**



**Recurrent Free Cash Flow accumulated variation analysis (2021 - 2024e)**



**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	100.8	
+ Minority Interests	0.1	6m Results 2022
+ Provisions & Other L/T Liabilities	2.3	6m Results 2022
- Net financial debt	(17.3)	6m Results 2022
- Financial Investments	1.2	6m Results 2022
+/- Others		
<b>Enterprise Value (EV)</b>	<b>84.7</b>	



## Appendix 4. Historical performance <sup>(1)</sup>

Historical performance (EUR Mn)	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022e	2023e	2024e	CAGR	
															15-21	21-24e
Total Revenues	96.4	96.6	98.3	95.4	88.7	82.4	56.2	57.9	56.7	59.7	63.8	-8.2%	3.2%			
Total Revenues growth	n.a.	0.2%	1.8%	-2.9%	-7.1%	-7.1%	-31.7%	3.0%	-2.2%	5.4%	6.8%					
EBITDA	33.7	33.6	32.4	29.4	23.3	22.9	17.4	19.9	17.5	18.8	20.4	-8.3%	0.7%			
EBITDA growth	n.a.	-0.2%	-3.7%	-9.3%	-20.8%	-1.4%	-24.0%	14.4%	-12.4%	7.6%	8.4%					
EBITDA/Sales	34.9%	34.8%	32.9%	30.8%	26.2%	27.8%	31.0%	34.4%	30.8%	31.5%	32.0%					
Net Profit	22.6	22.9	22.5	19.9	15.4	13.3	9.4	13.4	11.5	12.6	13.7	-8.6%	0.9%			
Net Profit growth	n.a.	1.3%	-1.6%	-11.8%	-22.6%	-13.8%	-29.3%	42.5%	-14.1%	9.9%	8.9%					
Adjusted number shares (Mn)	60.0	60.0	60.0	60.0	60.0	60.0	60.0	60.0	60.0	60.0	60.0					
EPS (EUR)	0.38	0.38	0.38	0.33	0.26	0.22	0.16	0.22	0.19	0.21	0.23	-8.6%	0.9%			
EPS growth	-100.0%	1.3%	-1.6%	-11.8%	-22.6%	-13.8%	-29.3%	42.5%	-14.1%	9.9%	8.9%					
Ord. EPS (EUR)	0.38	0.38	0.38	0.35	0.26	0.22	0.16	0.23	0.19	0.21	0.23	-8.2%	-0.2%			
Ord. EPS growth	-100.0%	1.8%	-1.3%	-8.7%	-23.4%	-16.4%	-29.0%	46.5%	-16.8%	9.9%	8.9%					
CAPEX	(3.1)	(0.9)	(1.2)	(1.3)	(0.7)	(0.9)	(0.8)	(0.7)	(0.7)	(0.8)	(1.0)					
CAPEX/Sales %	3.2%	0.9%	1.2%	1.4%	0.8%	1.1%	1.6%	1.3%	1.3%	1.4%	1.5%					
Free Cash Flow	38.9	30.9	14.4	14.6	20.8	14.7	11.9	10.6	7.0	12.1	12.9	#####	6.9%			
ND/EBITDA (x) <sup>(2)</sup>	0.0x	-0.4x	-0.4x	-0.2x	-0.2x	-0.3x	-1.0x	-1.3x	-0.8x	-0.6x	-0.6x					
P/E (x)	n.a.	6.8x	8.9x	9.2x	5.0x	8.1x	8.9x	8.0x	8.8x	8.0x	7.3x					
EV/Sales (x)	n.a.	2.25x	2.78x	2.49x	1.01x	1.37x	1.34x	1.56x	1.49x	1.42x	1.33x					
EV/EBITDA (x) <sup>(2)</sup>	n.a.	6.5x	8.4x	8.1x	3.9x	4.9x	4.3x	4.5x	4.8x	4.5x	4.2x					
Absolute performance	n.a.	n.a.	29.2%	-9.3%	-57.6%	39.2%	-22.3%	27.7%	-5.6%							
Relative performance vs Ibx 35	n.a.	n.a.	31.8%	-15.5%	-50.1%	24.5%	-8.2%	18.3%	4.5%							

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 Factset.

Note 2: All ratios and multiples on EBITDA refer to total EBITDA (not to recurrent EBITDA).

## Appendix 5. Main peers 2022e

		Weight Management				Diet Supplements			
EUR Mn		Herbalife Nut.	Medifast	WW Intl.	Average	Nu Skin	Glanbia	Average	NTH
Market data	Ticker (Factset)	HLF-US	MED-US	WW-US		NUS-US	GL9-IE		NTH-ES
	Country	Cayman Isl.	USA	USA		USA	Ireland		Spain
	Market cap	2,431.6	1,280.9	337.7		1,885.5	3,238.7		100.8
	Enterprise value (EV)	4,924.2	1,276.0	1,717.8		2,022.7	4,025.3		84.7
Basic financial information	Total Revenues	5,412.8	1,589.8	1,074.9		2,401.3	5,405.6		56.7
	Total Revenues growth	-7.9%	2.9%	-12.4%	-5.8%	-12.0%	28.8%	8.4%	-2.2%
	2y CAGR (2022e - 2024e)	2.9%	n.a.	1.9%	2.4%	4.5%	4.7%	4.6%	6.1%
	EBITDA	712.3	192.3	207.9		296.8	392.1		17.5
	EBITDA growth	-16.1%	-16.7%	-23.0%	-18.6%	-28.6%	16.1%	-6.3%	-12.4%
	2y CAGR (2022e - 2024e)	8.7%	n.a.	3.8%	6.2%	10.0%	7.1%	8.6%	8.0%
	EBITDA/Revenues	13.2%	12.1%	19.3%	14.9%	12.4%	7.3%	9.8%	30.8%
	EBIT	587.5	182.9	147.1		230.8	256.8		15.4
	EBIT growth	-20.6%	-16.4%	-33.5%	-23.5%	-20.2%	21.8%	0.8%	-12.2%
	2y CAGR (2022e - 2024e)	9.0%	n.a.	10.7%	9.8%	9.6%	12.4%	11.0%	9.1%
	EBIT/Revenues	10.9%	11.5%	13.7%	12.0%	9.6%	4.8%	7.2%	27.1%
	Net Profit	340.1	132.3	40.0		128.6	248.9		11.5
	Net Profit growth	-24.9%	-20.3%	-40.9%	-28.7%	-13.8%	77.0%	31.6%	-14.1%
	2y CAGR (2022e - 2024e)	14.4%	n.a.	37.1%	25.8%	24.4%	3.9%	14.1%	9.4%
CAPEX/Sales %	3.5%	1.0%	1.3%	2.0%	1.5%	1.4%	1.5%	1.3%	
Free Cash Flow	306.8	109.5	39.1		133.7	191.1		7.0	
Net financial debt	n.a.	(24.4)	1,287.7		3.1	503.2		(14.1)	
ND/EBITDA (x)	n.a.	(0.1)	6.2	3.0	0.0	1.3	0.6	(0.8)	
Pay-out	0.0%	n.a.	0.0%	0.0%	60.5%	37.4%	48.9%	85.0%	
Multiples and Ratios	P/E (x)	6.3	9.6	5.7	7.2	11.9	12.1	12.0	8.8
	P/BV (x)	n.a.	3.5	n.a.	3.5	n.a.	1.8	1.8	3.4
	EV/Revenues (x)	0.9	0.8	1.6	1.1	0.8	0.7	0.8	1.5
	EV/EBITDA (x)	6.9	6.6	8.3	7.3	6.8	10.3	8.5	4.8
	EV/EBIT (x)	8.4	7.0	11.7	9.0	8.8	15.7	12.2	5.5
	ROE	n.a.	36.8	n.a.	36.8	n.a.	15.1	15.1	35.0
	FCF Yield (%)	12.6	8.6	11.6	10.9	7.1	5.9	6.5	11.3
	DPS	0.00	n.a.	0.00	0.00	1.55	0.32	0.93	0.16
Dvd Yield	0.0%	n.a.	0.0%	0.0%	4.1%	2.7%	3.4%	9.7%	

Note 1: Financial data, multiples and ratios based on market consensus (Factset). 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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Date of report	Recommendation	Price (EUR)	Target price (EUR)	Period of validity	Reason for report	Analyst
22-Sep-2022	n.a.	1.68	n.a.	n.a.	6m Results 2022 - Estimates downgrade	Luis Esteban Arribas
02-Mar-2022	n.a.	1.74	n.a.	n.a.	12m Results 2021	Luis Esteban Arribas
21-Sep-2021	n.a.	1.58	n.a.	n.a.	6m Results 2021	Alfredo Echevarría Otegui
22-Jun-2021	n.a.	1.52	n.a.	n.a.	3m Results 2021 - Estimates upgrade	Ana Isabel González García, CIIA
23-Apr-2021	n.a.	1.47	n.a.	n.a.	Initiation of Coverage	Ana Isabel González García, CIIA

