

6m Results 2022

 Opinion ⁽¹⁾: Below expectations
 Impact ⁽¹⁾: We lower our estimates

 Luis Esteban Arribas – luis.esteban@lighthouse-ieaf.com
 +34 915 904 226

Borges Agricultural & Industrial Nuts, S.A. (BAIN) is a small international group based in Spain (Tarragona), specialising in the agricultural production, processing and B2B marketing of nuts. It has an international presence (53% of 2021 revenue) and is a European benchmark in the almond segment (share of c.7%). Its core shareholder is Borges International Group (89.1% of capital).

1H22: weak prices imply ("necessarily") weakness in the P/L

Any reference to the results (6M 2021) refers to the period between June 1 and November 30 of the corresponding year.

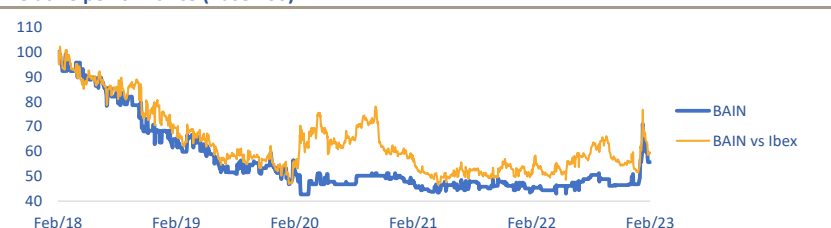
MODERATE GROWTH IN 1H22 REVENUE (EUR 74.3MN; +3.9% VS 1S21) DUE TO THE INCREASE IN THE VOLUME OF TONNES SOLD... BAIN closed 1H22 with higher revenue than in 1H21 (+3.9%); due to volume growth of +6.7%, excluding subproducts, and a 2.8% fall in prices. By product: i) sales of walnuts fell 36% (due to the normalisation of the price vs 1H21) and ii) sales of almonds improved +18% (price effect: +16% -12m; smaller volume of tonnes harvested in Spain due to frosts during the 2022 harvest).

... ALTHOUGH HIGHER COSTS PREVENTED THIS BEING TRANSLATED TO 1H22 EBITDA (EUR 1.9MN VS EUR 5MN 1H21). The narrowing of the gross margin to 22.9% (-4.4p.p. vs 1H21) is due to the fall in walnut prices (-30% -12m) that has especially affected the agricultural business (with a higher margin) and has squeezed EBITDA (EUR 1.9Mn vs EUR 5.7Mn in 1H21). Impacted, in turn, by the increase in other operating costs (+16.3%) due to the increase in costs caused by inflation, especially in supplies and transport.

HIGH DEBT (1H22 ND/EQUITY 0.8X). 1H22 net debt was EUR 46.6Mn (vs EUR 26.4Mn 2021) due to the working capital needs of BAIN's business in the first half of the year and the investment in CAPEX (EUR 4.8Mn in 1H22 vs EUR 2.3Mn 1H21) with the purchase of 52 hectares that have yet to be capitalised and the maintenance of those already under management (2,498 Ha).

THE CURRENT PRICE ENVIRONMENT LEADS US TO DOWNGRADE ESTIMATES. Given these worse than expected results, our central scenario now is for 2022e revenue of EUR 141.8Mn (c. -20% vs 2019; in line with 2021) and 2022e EBITDA of EUR -0.4Mn (vs EUR 4.0Mn in 2021). The normalisation of working capital should return 2022e ND to levels of EUR 35.1Mn.

1H22 RESULTS THAT DO NOT REFLECT BAIN'S LONG-TERM POTENTIAL. BAIN's equity story is based on: 1) c. 300 hectares waiting to enter production (vs 1,299 Ha already in production), 2) the recovery of prices (crucial; nut prices are at lows: -27% vs highs of 2015 for almond prices), 3) the ability to improve the margin strengthening efficiency via the vertical integration of the business and 4) assumable ND (although positive FCF generation will have to wait until beyond 2024e). BAIN is trading today at a EV/Sales of 0.9x.

Relative performance (Base 100)


Stock performance (%)	-1m	-3m	-12m	YTD	-3Y	-5Y
Absolute	4.5	19.9	26.4	19.0	7.2	-44.3
vs Ibx 35	1.8	9.3	12.6	6.4	10.5	-40.5
vs Ibx Small Cap Index	2.1	6.0	17.9	0.6	-14.7	-54.4
vs Eurostoxx 50	3.8	13.6	15.8	8.0	-6.4	-54.1
vs Sector benchmark ⁽⁴⁾	4.0	20.7	29.5	15.0	6.1	-54.4

Market Data

Market Cap (Mn EUR and USD)	75.4	79.5
EV (Mn EUR and USD) ⁽²⁾	128.9	135.9
Shares Outstanding (Mn)	23.1	
-12m (Max/Med/Min EUR)	4.16 / 2.81 / 2.52	
Daily Avg volume (-12m Mn EUR)	n.m.	
Rotation ⁽³⁾	0.5	
Factset / Bloomberg	BAIN-ES / BAIN SM	
Close fiscal year	31-May	

Shareholders Structure (%)

Borges International Group	89.1
Board Members	0.2
Free Float	10.6

Financials (Mn EUR)

	2021	2022e	2023e	2024e
Adj. n° shares (Mn)	23.1	23.1	23.1	23.1
Total Revenues	136.1	141.8	151.3	161.1
Rec. EBITDA	4.0	-0.4	1.8	3.6
% growth	354.1	-110.7	528.7	95.9
% Rec. EBITDA/Rev.	2.9	n.a.	1.2	2.2
% Inc. EBITDA sector ⁽⁴⁾	8.7	17.6	8.7	7.6
Net Profit	0.0	-3.9	-2.5	-1.0
EPS (EUR)	0.00	-0.17	-0.11	-0.04
% growth	-99.6	n.a.	36.1	59.7
Ord. EPS (EUR)	0.02	-0.19	-0.11	-0.04
% growth	109.6	n.a.	42.5	59.7
Rec. Free Cash Flow ⁽⁵⁾	6.2	-8.7	-4.7	-2.9
Pay-out (%)	0.0	0.0	0.0	0.0
DPS (EUR)	0.00	0.00	0.00	0.00
Net financial debt	26.4	35.1	39.8	42.7
ND/Rec. EBITDA (x)	6.6	n.a.	21.7	11.9
ROE (%)	0.0	n.a.	n.a.	n.a.
ROCE (%) ⁽⁵⁾	0.7	n.a.	n.a.	0.4

Ratios & Multiples (x)⁽⁶⁾

P/E	n.a.	n.a.	n.a.	n.a.
Ord. P/E	n.a.	n.a.	n.a.	n.a.
P/BV	1.2	1.3	1.4	1.4
Dividend Yield (%)	0.0	0.0	0.0	0.0
EV/Sales	0.95	0.91	0.85	0.80
EV/Rec. EBITDA	32.2	n.a.	n.a.	35.9
EV/EBIT	n.a.	n.a.	n.a.	n.a.
FCF Yield (%) ⁽⁵⁾	8.2	n.a.	n.a.	n.a.

(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.

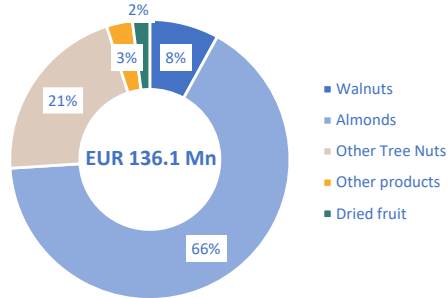
(*) Unless otherwise indicated, all the information contained in this report is based on: The Company, Factset and Lighthouse.

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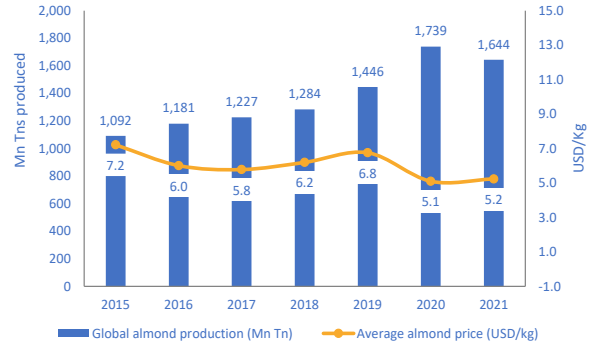
This report has been prepared on the basis of information available to the public. The report includes a financial analysis of the company covered. The report does not propose any personalised investment recommendation. Investors should consider the contents of this report as just another element in their investment decision-making process. The final two pages of this report contain very important legal information regarding its contents.

The company in 8 charts

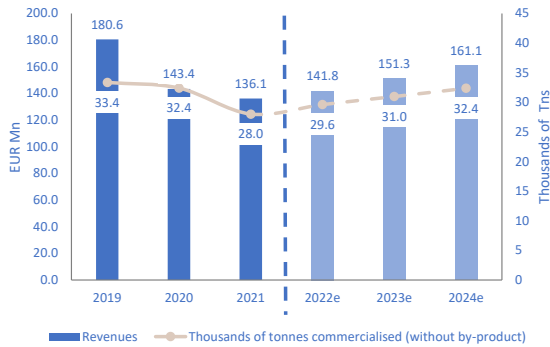
BAIN's business is focused mainly on the sale of nuts (essentially almonds: 66% of the total)



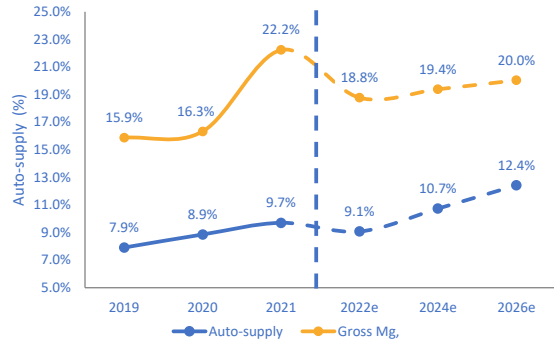
The strong increase in supply (2015-2021) has forced almond prices down (current price: -27% vs 2015)



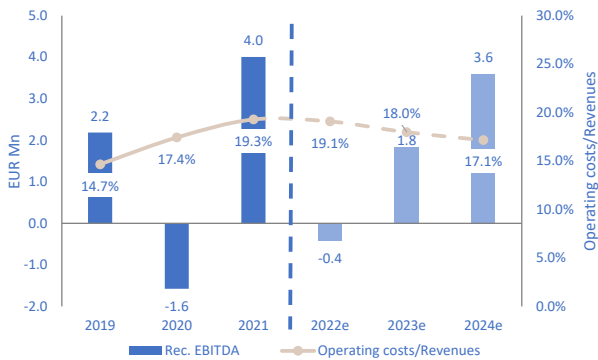
We expect the recovery of volumes (tonnes sold: CAGR +4.9% 21-24e) to make revenue growth possible (5.8% CAGR 21-24e)



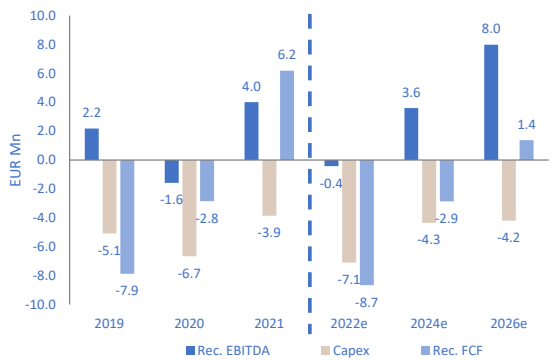
A higher level of self-supply (c.12.5% in 26e) will allow for an improvement in the business' gross margin (c. 20% in 26e)



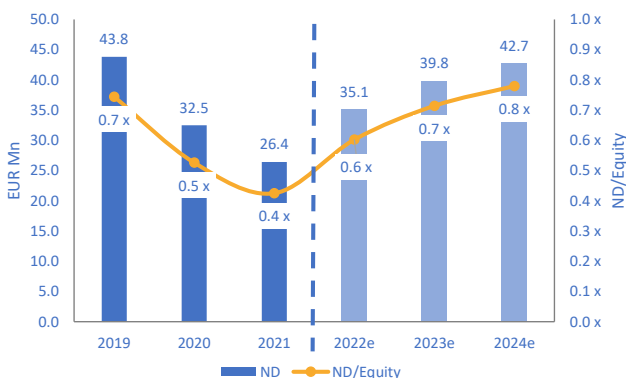
This, plus the high fixed cost component, will lead to the exceeding of breakeven in EBITDA already in 2023e



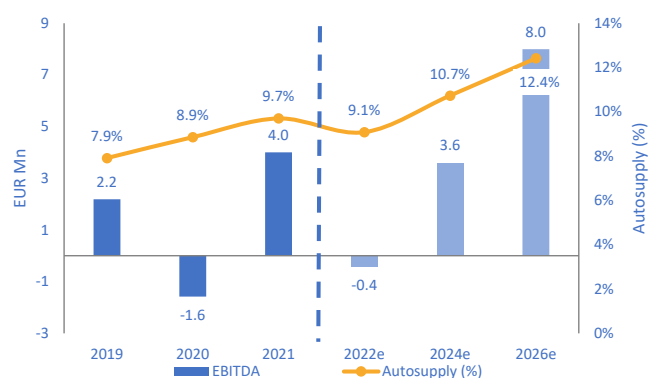
EBITDA growth will be the main catalyst of a return to positive FCF, although not before 2026e



Cash consumption in 2022e-2024e will raise 2024e ND to EUR 42.7Mn (c. 0.8x 2024e ND/Equity)



The increase in self-supply to 12.5% will cause EBITDA to climb to > EUR 8Mn, but not before 2026

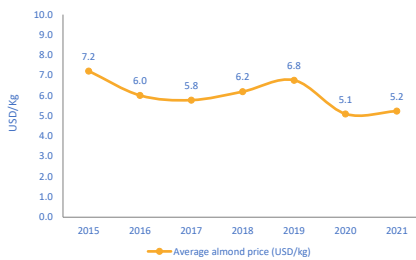


6m Results 2022

Estimates downgrade

1H22 results: Gradual recovery of revenue (+3.9%), but margins well below 2021

Chart 1. Almond prices 2015-2021



Source: International Nut Council (INC)

BAIN has released worse than expected results. 1H22 revenue was EUR 74.3Mn (vs EUR 71.5Mn in 1H21) due to volume growth of +6.7%, excluding subproducts, and a -2.8% fall in prices. By product: i) walnut sales fell -36% vs 1H21 (price -30% -12m, after the one-off rebound in prices in 1H21 due to the bad harvest in California, the main producer of walnuts at a global level with c. 80% of the total, that caused prices to shoot up >30% in 1H21;) and ii) revenues from almond sales improved 18%, mainly due to higher prices (+16%) because of a smaller harvest in Spain in 2022 due to the frost and droughts during the year (75Tn were harvested vs a production capacity of 150 Tn).

Table 1. Results 1H22

EUR Mn	6m22 Real	6m21	6m22 Real vs 6m21
Total Revenues	74.3	71.5	3.9%
Walnuts	5.9	9.3	-36.1%
Almonds	49.8	42.2	18.0%
Other nuts	13.4	14.3	-6.5%
Other products	5.2	5.7	-9.1%
Recurrent EBITDA¹	1.9	5.7	-66.7%
Rec. EBITDA/Revenues	2.6%	8.0%	-5.4 p.p.
EBITDA¹	2.0	5.9	-66.6%
EBITDA/Revenues	2.6%	8.2%	-5.6 p.p.
PBT	-0.7	4.3	-116.7%
NP	-0.3	3.4	-109.9%
Ha. managed	2,498	2,307	8.3%
Volume ²	16,045	15,041	6.7%
Tns. Produced	2,688	2,715	-1.0%
Net Debt ³	46.6	36.2	28.7%
ND / Equity ³	0.8 x	0.6 x	0.2 x

Note 1: Adjusted EBITDA and Rec. EBITDA exclude capitalisations (EUR 0.3Mn in 1H22 and EUR 0.6Mn in 1H21).

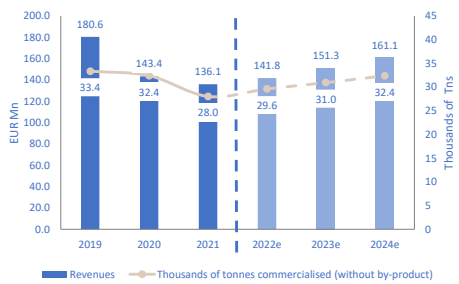
Note 2: Excluding subproducts.

Note 3: Net Debt adjusted to strip out: (i) the impact of IFRS 16 (EUR 7.6Mn and EUR 7.7Mn in 1H22 and 1H21, respectively) and (ii) property investments held for sale (EUR 2.7Mn in 1H22 and 1H21).

The reduction in the gross margin to 22.9% in 1H22 (-4p.p. vs 1H21) is a result of the normalisation of walnut prices (-30% -12m) that has especially affected the agricultural business (higher margin) and of a smaller number of tonnes produced because of an "off" year for pistachios (-1% vs 1H21, although partly offset by 209 new hectares of almonds entering production). All this, plus the increase in other operating costs (+16% vs 1H21) impacted by the increase in costs caused by inflation, especially in supplies and transport, has led to BAIN reporting a 1H22 EBITDA margin of 2.6% (-5.6 p.p. vs 1H21) and 1H22 EBITDA of EUR 2Mn (vs EUR 5.9Mn in 1H21 and EUR 3.3Mn in 2019).

In 1H22, financial expenses were EUR 0.9Mn (+198% vs 1H21) reflecting the FOREX impact (33% of total financial expenses) and the beginning of the interest rate hikes (c.70% of gross debt at the 2021 close was at variable rates) leaving NP close to break-even (EUR -0.3Mn) due to the use of tax credits (EUR 0.4Mn).

The rebound in 1H22 net debt (EUR 46.6Mn vs EUR 26.4Mn at the 2021 close) is explained by the working capital needs of BAIN's business in the first half of the year and the company's investment in CAPEX (EUR 4.8Mn in 1H22 vs EUR 2.3Mn in 1H21) with the purchase of 52 hectares. We estimate negative FCF generation for the whole of 2022e of c. EUR 9Mn.

Chart 2. Revenue vs tonnes sold (2019-2024e)

The evolution of nut prices causes us to downgrade our estimates

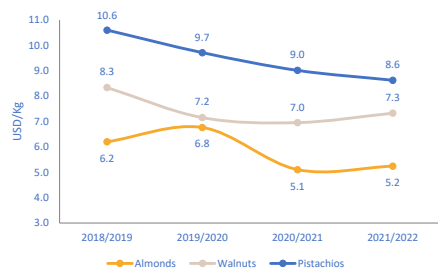
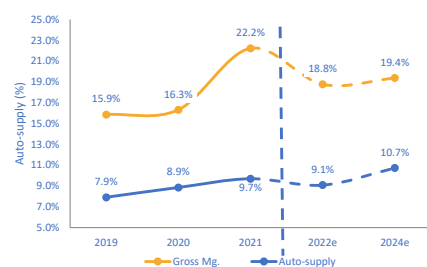
Although almond prices saw a small rebound in 2022 due to a worse harvest caused by the bad weather, globally nut production capacity continues to increase year by year, so prices have been falling since 2014. After worse than expected 1H22 results and with nut prices at all-time lows (-27% for almond prices since 2015, despite a partial recovery this year, 67% of BAIN's revenue mix and -30% in walnut prices since highs of 2014, 8% of the revenue mix) we adjust our 2022e-2024e estimates:

- **Today 2022e revenue points to levels of EUR 141.8Mn due to the current state of prices...** According to the International Nut Council (INC), in the last 3 years the prices of the main products sold by BAIN have fallen (-16% almonds, -12% walnuts and -19% pistachios; c.75% of revenue) that together with a 25% decrease in the volume of tonnes sold (due to the disinvestment of California in 2020, that meant the exit of 320Ha of walnut trees/1,500Tn of walnuts) has reduced BAIN's turnover by 30% (-3y).

Our estimates for the next three years envisage growth in volume of +4.9% CAGR 2021-2024e. The catalysts of this growth will be: i) the capture of new clients, especially in the international area (50% of sales in 1H22 vs 57% in 2019), ii) the development of new products allowing access to a larger number of consumers and iii) the commitment to proximity and Km 0 of its products, a growing trend in nut consumption.

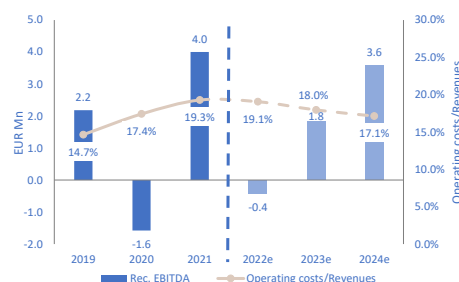
Given the current state of harvests and the global supply of nut production, we expect prices to remain stable (+1% CAGR 2021-2024e).

All this translates to 2024e revenue of EUR 161.1Mn (+5.8% CAGR 2021-2024e), still below 2019 levels (due to the disinvestment of California in 2020 and the price effect).

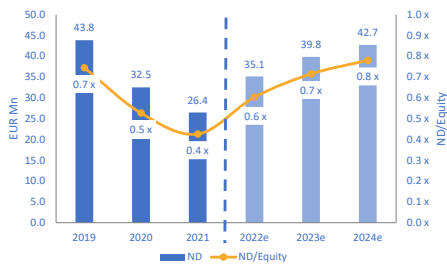
Chart 3. Almond, walnut and pistachio prices 2018-2021

Chart 4. Self-supply vs Gross margin (2019-2024e)


- **... that together with high operating costs, will maintain 2022e EBITDA below break-even (EUR -0.4Mn).** The partial transfer of the increase in prices, and the higher level of self-supply (9.1% estimated for 2022e vs 9.7% in 2021; due to the "off" year for pistachios, vs 8% in 2019) will prevent the return to gross margin levels of 16%-17% (historical) in 2022e (despite the normalisation of nut prices negatively affecting the margin of the agricultural business, the most profitable business line). We estimate a gradual improvement in the gross margin to 19.5% in 2024e, mainly due to: i) the entry in production of hectares already planted (1,299/1,617 hectares in production at 1H22), ii) the gradual transfer of the increase in prices and iii) the improvement in the efficiency of the industrial business via the development of products with a higher added value.

Despite the decline in turnover in 2016-2021 (-45%), personnel costs have remained stable (+2% in the same period). We estimate gradual growth in other operating costs until 2024e (+1.6% CAGR), mainly due to the inflationary context. All the above suggests operating costs are oversized for the current situation, forcing 2022e EBITDA below break-even (EUR -0.4Mn).

Chart 5. EBITDA vs operating costs (2019-2024e)


- **The weight of amortisations and financial expenses will prevent a return to positive NP until beyond 2024e.** Below the EBITDA line, amortisation expenses (c. 4% of net assets), plus smaller capitalisation of expenses (due to the number of hectares still to enter production) and the rise in interest rates, with a significant impact due to the higher variable component of debt (70%), will raise financial expenses, preventing NP break-even being exceeded until beyond 2024e.
- **High level of gearing (2022e ND/Equity 0.6x).** After Covid-19 the working capital/sales ratio fell to c. 8.5% (vs 12.9% in 2019) mainly due to the increase in the average payment period (56 days in 2021 vs 50 in 2019). We maintain our estimate for investment in CAPEX for 2023-2024e of EUR 4.5Mn due to the maintenance of the plantations under management (3% of revenue a year).

Chart 6. ND (2019-2024e)


We estimate the normalisation of working capital over the second half of the year that will take net debt to levels of EUR 35.1Mn for the end of the year (22e ND/Equity 0.6x). Our central scenario envisages an increase in 2024e ND to EUR 42.7Mn (2024e ND/Equity 0.8x). We do not estimate positive FCF before 2024e.

Table 2. Estimates downgrade (2022e-2024e)

EUR Mn	2022e (New)	2021	Var. 2022e-2021 (%)	2023e (New)	Var. 2023e-2022e (%)	2024e (New)	Var. 2024e-2023e (%)
Total Revenues	141.8	136.1	4.2%	151.3	6.7%	161.1	6.4%
Recurrent EBITDA	-0.4	4.0	-110.7%	1.8	528.7%	3.6	95.9%
<i>Rec. EBITDA/Revenues</i>	<i>n.a.</i>	<i>2.9%</i>	<i>n.a.</i>	<i>1.2%</i>	<i>n.a.</i>	<i>2.2%</i>	<i>1 p.p.</i>
EBIT	-3.2	0.9	-470.9%	-1.2	63.2%	0.0	100.0%
Net Profit	-3.9	0.0	n.a.	-2.5	36.1%	-1.0	59.7%
Recurrent Free Cash Flow	-8.7	6.2	-240.2%	-4.7	45.5%	-2.9	39.4%
<i>ND / Equity</i>	<i>0.6 x</i>	<i>0.4 x</i>	<i>0.2 x</i>	<i>0.7 x</i>	<i>0.1 x</i>	<i>0.8 x</i>	<i>0.1 x</i>

What can we expect from BAIN beyond 2024?

Given the characteristics of the sector in which BAIN operates (Food, consumer non-cyclical) we can look ahead and ask ourselves what we can expect in the longer term (high visibility offered by a stable business such as the sale of nuts). Maintaining our growth assumptions (CAGR 2021-2026e; +4.5% in volume and +1.2% in price) would lead us to 2026e revenue of EUR 181.6Mn (pre-Covid levels) in addition to an improvement in the gross margin (to c.20%) highly dependent on: i) achieving a higher level of self-supply (12.5% vs 9.1% in 2022e) due to the entry in production of all the hectares planted and ii) an improvement in the processing of products that generate a higher margin in the industrial business line.

BAIN's ability to lever on its structural costs (due to a high fixed component, already seen in the past), will allow it to register 2026e EBITDA of EUR 8Mn and positive FCF generation of EUR 1.5Mn (26e FCF Yield 1%).

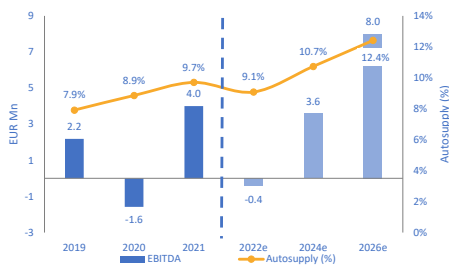
In conclusion, 1H22 results shaped by low nut prices. Hiding BAIN's long-term potential

In conclusion, in our view, 1H22 results do not reflect the true idea behind BAIN for 3 reasons: 1) c. 300 hectares have yet to enter production (1,299/1,617Ha already in production), 2) low nut prices (-27% for almond prices since highs of 2015, 67% of BAIN's revenue mix) and 3) there is room for improvement in process efficiency thanks to the vertical integration of the business.

BAIN's equity story is a long-term one. Today the investment has already been made (c. EUR 40Mn of CAPEX investment in 2015-2020) with project PALM (+1,000 hectares planted with almonds) that will improve process efficiency thanks to the almond processing plants and Project Pistachio (aimed at improving the pistachio production efficiency of group suppliers), so, in a market with normalised prices, all that remains is to "reap what has been sown".

The snapshot today is that of a company that is seeking to integrate its value chain to improve efficiency, with a continued commitment to natural products (with special emphasis on sustainability; production close to the client Km 0, environmental respect certificates).

BAIN, like companies whose business depends on a commodity, is subject to fluctuations in the prices of its products (external factor) that are currently at lows. A change in the cycle of nut prices could lead to an increase of >20% in our current estimates. BAIN trades today at an EV/Sales of 0.9x, still well below its main peer (SHV EV/Sales 4.4x). However, the current price context has a negative impact on the P/L (as seen in 1H22 results) that will continue in the short term, something that is compatible with BAIN's principal driver continuing to be the normalisation of nut prices and its mathematical impact on margins, EBITDA and ratios.

Chart 7. Revenue, EBITDA and Self-supply (2019-2026e)


Valuation inputs

Inputs for the DCF Valuation Approach

	2022e	2023e	2024e	Terminal Value ⁽¹⁾			
Free Cash Flow "To the Firm"	(8.0)	(3.4)	(1.4)	n.a.			
Market Cap	75.4	At the date of this report					
Net financial debt	46.6	Debt net of Cash (6m Results 2022)					
					Best Case	Worst Case	
Cost of Debt	5.0%	Net debt cost			4.8%	5.3%	
Tax rate (T)	20.0%	T (Normalised tax rate)			=	=	
Net debt cost	4.0%	Kd = Cost of Net Debt * (1-T)			3.8%	4.2%	
Risk free rate (rf)	3.5%	Rf (10y Spanish bond yield)			=	=	
Equity risk premium	6.0%	R (own estimate)			5.5%	6.5%	
Beta (B)	0.8	B (own estimate)			0.7	0.9	
Cost of Equity	8.3%	Ke = Rf + (R * B)			7.4%	9.4%	
Equity / (Equity + Net Debt)	61.8%	E (Market Cap as equity value)			=	=	
Net Debt / (Equity + Net Debt)	38.2%	D			=	=	
WACC	6.7%	WACC = Kd * D + Ke * E			6.0%	7.4%	
G "Fair"	2.0%				2.0%	1.5%	

(1) The terminal value calculated beyond the last FCF estimate does not reflect the company's growth potential (positive/negative) at the date of publication of this report.

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
Vilmorin & Cie SA	RIN-FR	1,094.3	10.7	13.2%	5.1	5.4%	1.2	3.5%	24.3%	4.1%	54.0%
Sipef NV	SIP-BE	641.1	10.7	7.1%	4.6	5.9%	1.6	0.7%	35.3%	5.7%	n.a.
Greenyard NV	GREEN-BE	329.7	14.0	33.8%	5.4	9.3%	0.2	3.9%	3.5%	11.3%	33.7%
European Industry			11.8	18.0%	5.0	6.9%	1.0	2.7%	21.1%	7.0%	43.8%
Select Harvests	SHV-AU	307.2	n.a.	n.a.	28.6	82.7%	4.4	14.6%	15.4%	0.1%	n.a.
Benchmark			n.a.	n.a.	28.6	82.7%	4.4	14.6%	15.4%	0.1%	n.a.
ADM	ADM-US	42,337.3	11.9	0.5%	9.3	-3.3%	0.5	-1.1%	5.7%	n.a.	n.a.
Global Players			11.9	0.5%	9.3	-3.3%	0.5	-1.1%	5.7%	n.a.	n.a.
BAIN	BAIN-ES	75.4	n.a.	49.3%	n.a.	n.a.	0.9	6.6%	n.a.	n.a.	42.6%

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	1.3%	2.0	n.a.
Central	1.2%	1.8	n.a.
Min	1.1%	1.7	n.a.

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

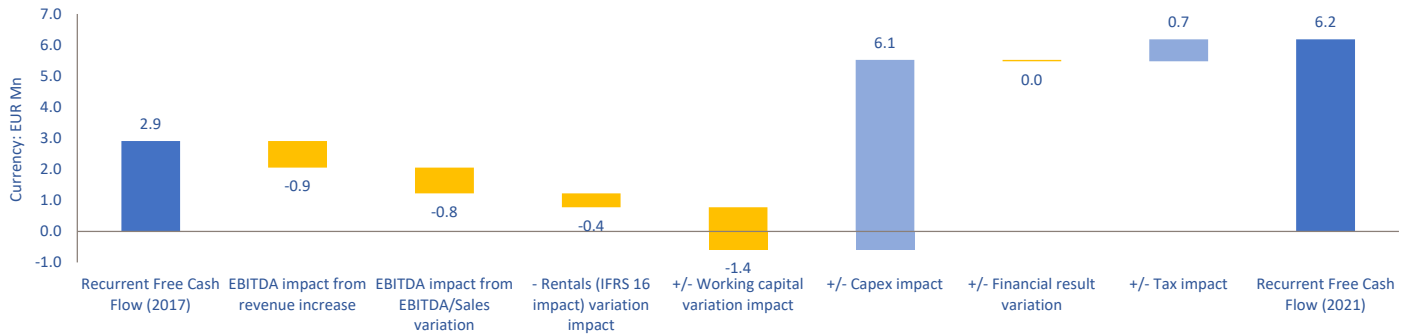
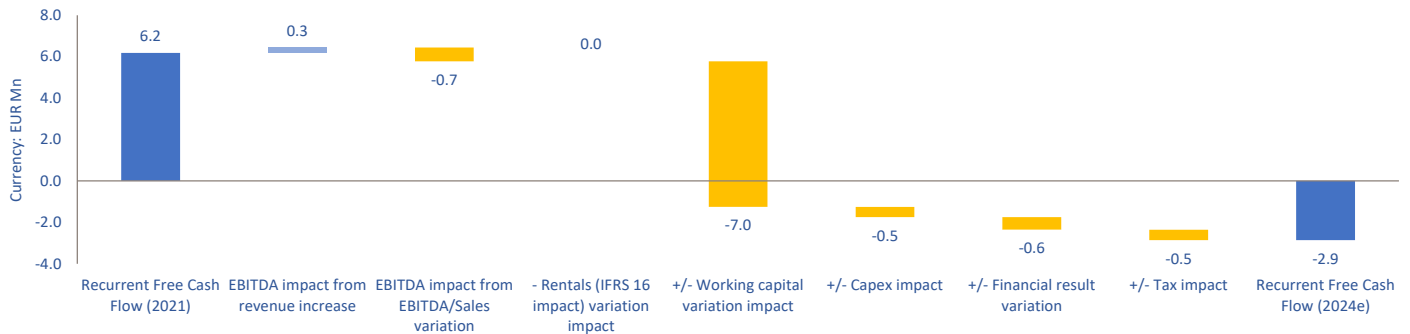
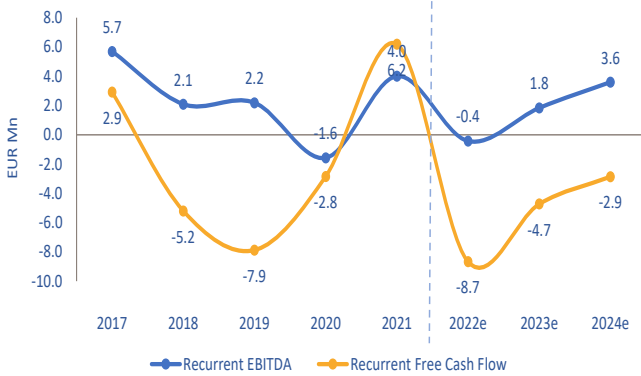
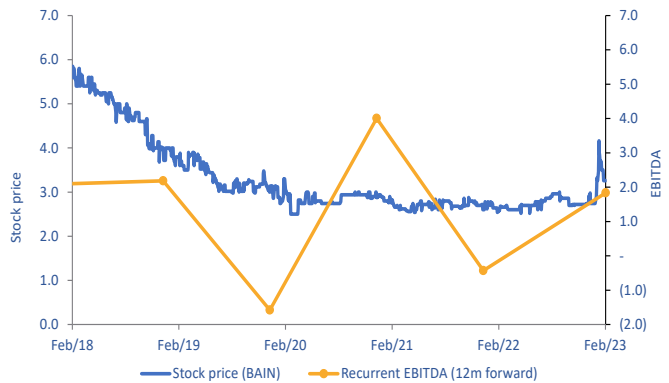
Rec. FCF EUR Mn	CAPEX/Sales 23e		
EBITDA 23e	2.7%	3.0%	3.3%
2.0	(4.1)	(4.6)	(5.0)
1.8	(4.3)	(4.7)	(5.2)
1.7	(4.4)	(4.9)	(5.3)

Appendix 1. Financial Projections

Balance Sheet (EUR Mn)	2017	2018	2019	2020	2021	2022e	2023e	2024e	CAGR	
Intangible assets	0.2	0.1	7.2	7.6	7.7	7.7	7.7	7.7		
Fixed assets	68.4	71.0	73.5	71.7	73.7	78.5	80.4	82.0		
Other Non Current Assets	2.1	1.8	1.6	1.6	1.0	1.0	1.0	1.0		
Financial Investments	3.9	8.4	7.4	3.7	3.7	3.7	3.7	3.7		
Goodwill & Other Intangibles	-	-	-	-	-	-	-	-		
Current assets	61.5	63.3	61.6	50.1	57.3	56.8	57.7	58.4		
Total assets	136.1	144.6	151.3	134.7	143.4	147.7	150.5	152.9		
Equity	56.4	59.0	58.9	61.8	62.2	58.3	55.8	54.8		
Minority Interests	2.2	2.3	2.3	-	-	-	-	-		
Provisions & Other L/T Liabilities	2.9	3.3	2.8	1.2	1.6	1.6	1.6	1.6		
Other Non Current Liabilities	-	-	7.1	7.6	7.6	7.6	7.6	7.6		
Net financial debt	34.9	38.4	43.8	32.5	26.4	35.1	39.8	42.7		
Current Liabilities	39.7	41.7	36.4	31.6	45.6	45.1	45.7	46.2		
Equity & Total Liabilities	136.1	144.6	151.3	134.7	143.4	147.7	150.5	152.9		
P&L (EUR Mn)	2017	2018	2019	2020	2021	2022e	2023e	2024e	17-21	21-24e
Total Revenues	195.7	177.8	180.6	143.4	136.1	141.8	151.3	161.1	-8.7%	5.8%
<i>Total Revenues growth</i>	<i>-0.7%</i>	<i>-9.2%</i>	<i>1.5%</i>	<i>-20.6%</i>	<i>-5.1%</i>	<i>4.2%</i>	<i>6.7%</i>	<i>6.4%</i>		
COGS	(163.2)	(149.2)	(151.9)	(120.0)	(105.9)	(115.2)	(122.3)	(129.9)		
Gross Margin	32.5	28.6	28.7	23.4	30.3	26.6	29.0	31.2	-1.8%	1.0%
<i>Gross Margin/Revenues</i>	<i>16.6%</i>	<i>16.1%</i>	<i>15.9%</i>	<i>16.3%</i>	<i>22.2%</i>	<i>18.8%</i>	<i>19.2%</i>	<i>19.4%</i>		
Personnel Expenses	(12.6)	(12.8)	(12.9)	(12.2)	(12.1)	(12.1)	(12.2)	(12.3)		
Other Operating Expenses	(14.2)	(13.7)	(13.6)	(12.8)	(14.2)	(14.9)	(15.0)	(15.3)		
Recurrent EBITDA	5.7	2.1	2.2	(1.6)	4.0	(0.4)	1.8	3.6	-8.4%	-3.5%
<i>Recurrent EBITDA growth</i>	<i>-16.0%</i>	<i>-63.3%</i>	<i>4.6%</i>	<i>-172.1%</i>	<i>354.1%</i>	<i>-110.7%</i>	<i>528.7%</i>	<i>95.9%</i>		
<i>Rec. EBITDA/Revenues</i>	<i>2.9%</i>	<i>1.2%</i>	<i>1.2%</i>	<i>n.a.</i>	<i>2.9%</i>	<i>n.a.</i>	<i>1.2%</i>	<i>2.2%</i>		
Restructuring Expense & Other non-rec.	(0.3)	(0.2)	(0.5)	(0.3)	(0.6)	-	-	-		
EBITDA	5.4	1.9	1.7	(1.9)	3.4	(0.4)	1.8	3.6	-10.6%	1.4%
Depreciation & Provisions	(3.1)	(3.2)	(3.0)	(3.1)	(3.3)	(3.4)	(3.5)	(3.6)		
Capitalized Expense	1.7	2.3	2.1	1.8	1.1	1.0	0.9	0.8		
Rentals (IFRS 16 impact)	-	-	(0.3)	(0.4)	(0.4)	(0.4)	(0.4)	(0.4)		
EBIT	4.0	1.0	0.4	(3.5)	0.9	(3.2)	(1.2)	0.4	-31.7%	-21.8%
<i>EBIT growth</i>	<i>-4.9%</i>	<i>-75.1%</i>	<i>-59.4%</i>	<i>-980.4%</i>	<i>124.4%</i>	<i>-470.9%</i>	<i>63.2%</i>	<i>134.9%</i>		
<i>EBIT/Revenues</i>	<i>2.0%</i>	<i>0.6%</i>	<i>0.2%</i>	<i>n.a.</i>	<i>0.6%</i>	<i>n.a.</i>	<i>n.a.</i>	<i>0.3%</i>		
Impact of Goodwill & Others	-	-	-	-	-	-	-	-		
Net Financial Result	(0.0)	0.0	(0.0)	(0.2)	(0.7)	(1.1)	(1.3)	(1.4)		
Income by the Equity Method	-	-	-	-	-	-	-	-		
Ordinary Profit	4.0	1.0	0.4	(3.8)	0.1	(4.3)	(2.5)	(1.0)	-58.1%	n.a.
<i>Ordinary Profit Growth</i>	<i>-5.3%</i>	<i>-74.5%</i>	<i>-61.7%</i>	<i>n.a.</i>	<i>103.2%</i>	<i>n.a.</i>	<i>42.5%</i>	<i>59.7%</i>		
Extraordinary Results	-	2.0	-	11.7	-	-	-	-		
Profit Before Tax	4.0	3.0	0.4	7.9	0.1	(4.3)	(2.5)	(1.0)	-58.1%	n.a.
Tax Expense	(0.4)	(0.7)	0.0	(2.1)	(0.1)	0.4	-	-		
<i>Effective Tax Rate</i>	<i>9.3%</i>	<i>21.8%</i>	<i>n.a.</i>	<i>27.3%</i>	<i>87.7%</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>		
Minority Interests	(0.3)	0.0	(0.1)	(1.5)	-	-	-	-		
Discontinued Activities	-	-	-	-	-	-	-	-		
Net Profit	3.3	2.4	0.3	4.2	0.0	(3.9)	(2.5)	(1.0)	-74.0%	n.a.
<i>Net Profit growth</i>	<i>-0.3%</i>	<i>-27.7%</i>	<i>-86.8%</i>	<i>n.a.</i>	<i>-99.6%</i>	<i>n.a.</i>	<i>36.1%</i>	<i>59.7%</i>		
Ordinary Net Profit	3.6	1.0	0.8	(5.0)	0.5	(4.3)	(2.5)	(1.0)	-39.6%	-60.2%
<i>Ordinary Net Profit growth</i>	<i>-4.8%</i>	<i>-72.3%</i>	<i>-17.8%</i>	<i>-711.3%</i>	<i>109.6%</i>	<i>n.a.</i>	<i>42.5%</i>	<i>59.7%</i>		
Cash Flow (EUR Mn)	2017	2018	2019	2020	2021	2022e	2023e	2024e	17-21	21-24e
Recurrent EBITDA						(0.4)	1.8	3.6	-8.4%	-3.5%
Rentals (IFRS 16 impact)						(0.4)	(0.4)	(0.4)		
Working Capital Increase						(0.0)	(0.3)	(0.2)		
Recurrent Operating Cash Flow						-0.9	1.1	2.9	-7.0%	-34.5%
CAPEX						(7.1)	(4.5)	(4.3)		
Net Financial Result affecting the Cash Flow						(1.1)	(1.3)	(1.4)		
Tax Expense						0.4	-	-		
Recurrent Free Cash Flow						(8.7)	(4.7)	(2.9)	20.7%	-35.0%
Restructuring Expense & Other non-rec.						-	-	-		
- Acquisitions / + Divestures of assets						-	-	-		
Extraordinary Inc./Exp. Affecting Cash Flow						-	-	-		
Free Cash Flow						(8.7)	(4.7)	(2.9)	27.7%	-35.0%
Capital Increase						-	-	-		
Dividends						-	-	-		
Net Debt Variation						8.7	4.7	2.9		

Appendix 2. Free Cash Flow

A) Cash Flow Analysis (EUR Mn)	2018	2019	2020	2021	2022e	2023e	2024e	CAGR	
								18-21	21-24e
Recurrent EBITDA	2.1	2.2	(1.6)	4.0	(0.4)	1.8	3.6	24.2%	-3.5%
<i>Recurrent EBITDA growth</i>	-63.3%	4.6%	-172.1%	354.1%	-110.7%	528.7%	95.9%		
<i>Rec. EBITDA/Revenues</i>	1.2%	1.2%	n.a.	2.9%	n.a.	1.2%	2.2%		
- Rentals (IFRS 16 impact)	-	(0.3)	(0.4)	(0.4)	(0.4)	(0.4)	(0.4)		
+/- Working Capital increase	0.2	(3.6)	6.8	6.8	(0.0)	(0.3)	(0.2)		
= Recurrent Operating Cash Flow	2.3	(1.8)	4.8	10.4	(0.9)	1.1	2.9	66.1%	-34.5%
<i>Rec. Operating Cash Flow growth</i>	-83.7%	-179.1%	369.8%	114.8%	-108.5%	228.4%	157.2%		
<i>Rec. Operating Cash Flow / Sales</i>	1.3%	n.a.	3.4%	7.6%	n.a.	0.7%	1.8%		
- CAPEX	(6.2)	(5.1)	(6.7)	(3.9)	(7.1)	(4.5)	(4.3)		
- Net Financial Result affecting Cash Flow	(0.7)	(0.7)	(0.7)	(0.8)	(1.1)	(1.3)	(1.4)		
- Taxes	(0.6)	(0.3)	(0.3)	0.5	0.4	-	-		
= Recurrent Free Cash Flow	(5.2)	(7.9)	(2.8)	6.2	(8.7)	(4.7)	(2.9)	47.2%	-35.0%
<i>Rec. Free Cash Flow growth</i>	-278.4%	-51.4%	63.9%	317.6%	-240.2%	45.5%	39.4%		
<i>Rec. Free Cash Flow / Revenues</i>	n.a.	n.a.	n.a.	4.5%	n.a.	n.a.	n.a.		
- Restructuring expenses & others	(0.2)	(0.6)	(1.8)	-	-	-	-		
- Acquisitions / + Divestments	0.7	1.3	16.5	-	-	-	-		
+/- Extraordinary Inc./Exp. affecting Cash Flow	-	-	-	-	-	-	-		
= Free Cash Flow	(4.7)	(7.1)	11.9	6.2	(8.7)	(4.7)	(2.9)	49.3%	-35.0%
<i>Free Cash Flow growth</i>	-300.2%	-53.4%	266.7%	-48.0%	-240.2%	45.5%	39.4%		
<i>Recurrent Free Cash Flow - Yield (s/Mkt Cap)</i>	n.a.	n.a.	n.a.	8.2%	n.a.	n.a.	n.a.		
<i>Free Cash Flow Yield (s/Mkt Cap)</i>	n.a.	n.a.	15.8%	8.2%	n.a.	n.a.	n.a.		
B) Analytical Review of Annual Recurrent Free Cash Flow Performance (Eur Mn)									
	2018	2019	2020	2021	2022e	2023e	2024e	CAGR	
Recurrent FCF(FY - 1)	2.9	(5.2)	(7.9)	(2.8)	6.2	(8.7)	(4.7)		
EBITDA impact from revenue increase	(0.5)	0.0	(0.4)	0.1	0.2	(0.0)	0.1		
EBITDA impact from EBITDA/Sales variation	(3.1)	0.1	(3.3)	5.5	(4.6)	2.3	1.6		
= Recurrent EBITDA variation	(3.6)	0.1	(3.8)	5.6	(4.4)	2.3	1.8		
- Rentals (IFRS 16 impact) variation impact	-	(0.3)	(0.0)	(0.1)	-	-	-		
+/- Working capital variation impact	(8.0)	(3.8)	10.4	0.0	(6.8)	(0.3)	0.0		
= Recurrent Operating Cash Flow variation	(11.6)	(4.0)	6.6	5.5	(11.2)	2.0	1.8		
+/- CAPEX impact	3.8	1.1	(1.6)	2.8	(3.2)	2.6	0.2		
+/- Financial result variation	0.1	0.0	0.0	(0.1)	(0.3)	(0.2)	(0.1)		
+/- Tax impact	(0.4)	0.3	-	0.8	(0.1)	(0.4)	-		
= Recurrent Free Cash Flow variation	(8.1)	(2.7)	5.0	9.0	(14.9)	3.9	1.9		
Recurrent Free Cash Flow	(5.2)	(7.9)	(2.8)	6.2	(8.7)	(4.7)	(2.9)		
C) "FCF to the Firm" (pre debt service) (EUR Mn)									
	2018	2019	2020	2021	2022e	2023e	2024e	CAGR	
EBIT	1.0	0.4	(3.5)	0.9	(3.2)	(1.2)	0.4	-4.4%	-21.8%
* Theoretical Tax rate	21.8%	0.0%	0.0%	30.0%	0.0%	0.0%	0.0%		
= Taxes (pre- Net Financial Result)	(0.2)	-	-	(0.3)	-	-	-		
Recurrent EBITDA	2.1	2.2	(1.6)	4.0	(0.4)	1.8	3.6	24.2%	-3.5%
- Rentals (IFRS 16 impact)	-	(0.3)	(0.4)	(0.4)	(0.4)	(0.4)	(0.4)		
+/- Working Capital increase	0.2	(3.6)	6.8	6.8	(0.0)	(0.3)	(0.2)		
= Recurrent Operating Cash Flow	2.3	(1.8)	4.8	10.4	(0.9)	1.1	2.9	66.1%	-34.5%
- CAPEX	(6.2)	(5.1)	(6.7)	(3.9)	(7.1)	(4.5)	(4.3)		
- Taxes (pre- Financial Result)	(0.2)	-	-	(0.3)	-	-	-		
= Recurrent Free Cash Flow (To the Firm)	(4.1)	(6.9)	(1.8)	6.2	(8.0)	(3.4)	(1.4)	52.0%	-30.7%
<i>Rec. Free Cash Flow (To the Firm) growth</i>	-217.4%	-66.6%	73.1%	437.6%	-227.9%	57.2%	57.7%		
<i>Rec. Free Cash Flow (To the Firm) / Revenues</i>	n.a.	n.a.	n.a.	4.6%	n.a.	n.a.	n.a.		
- Acquisitions / + Divestments	0.7	1.3	16.5	-	-	-	-		
+/- Extraordinary Inc./Exp. affecting Cash Flow	-	-	-	-	-	-	-		
= Free Cash Flow "To the Firm"	(3.4)	(5.5)	14.7	6.2	(8.0)	(3.4)	(1.4)	56.5%	-30.7%
<i>Free Cash Flow (To the Firm) growth</i>	-196.9%	-62.4%	366.3%	-57.6%	-227.9%	57.2%	57.7%		
<i>Rec. Free Cash Flow To the Firm Yield (o/EV)</i>	n.a.	n.a.	n.a.	4.8%	n.a.	n.a.	n.a.		
<i>Free Cash Flow "To the Firm" - Yield (o/EV)</i>	n.a.	n.a.	11.4%	4.8%	n.a.	n.a.	n.a.		

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	75.4	
+ Minority Interests	-	6m Results 2022
+ Provisions & Other L/T Liabilities	9.2	6m Results 2022
+ Net financial debt	46.6	6m Results 2022
- Financial Investments	(0.4)	6m Results 2022
+/- Others	(2.7)	6m Results 2022
Enterprise Value (EV)	128.9	

Others: Property investments available for sale.

Note 1: Provisions and other long-term liabilities including liabilities arising from IFRS 16 (EUR 7.6Mn).

Appendix 4. Historical performance ⁽¹⁾

Historical performance (EUR Mn)	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022e	2023e	2024e	CAGR	
															11-21	21-24e
Total Revenues						197.2	195.7	177.8	180.6	143.4	136.1	141.8	151.3	161.1	52.2%	5.8%
Total Revenues growth						-0.7%	-9.2%	1.5%	-20.6%	-5.1%	4.2%	6.7%	6.4%			
EBITDA						6.2	5.4	1.9	1.7	(1.9)	3.4	(0.4)	1.8	3.6	21.3%	1.4%
EBITDA growth						-13.7%	-65.2%	-11.2%	-212.8%	283.4%	-112.4%	528.7%	95.9%			
EBITDA/Sales						3.2%	2.8%	1.1%	0.9%	n.a.	2.5%	n.a.	1.2%	2.2%		
Net Profit						3.3	3.3	2.4	0.3	4.2	0.0	(3.9)	(2.5)	(1.0)	n.a.	n.a.
Net Profit growth						n.a.	-0.3%	-27.7%	-86.8%	n.a.	-99.6%	n.a.	36.1%	59.7%		
Adjusted number shares (Mn)						23.1	23.1	23.1	23.1	23.1	23.1	23.1	23.1	23.1		
EPS (EUR)						0.14	0.14	0.10	0.01	0.18	0.00	-0.17	-0.11	-0.04	-37.8%	n.a.
EPS growth						n.a.	-0.2%	-27.7%	-86.8%	n.a.	-99.6%	n.a.	36.1%	59.7%		
Ord. EPS (EUR)						0.16	0.15	0.04	0.04	-0.22	0.02	-0.19	-0.11	-0.04	-12.0%	-60.2%
Ord. EPS growth						n.a.	-4.8%	-72.3%	-17.8%	n.a.	n.a.	n.a.	42.5%	59.7%		
CAPEX						(10.0)	(10.0)	(6.2)	(5.1)	(6.7)	(3.9)	(7.1)	(4.5)	(4.3)		
CAPEX/Sales %						5.1%	5.1%	3.5%	2.8%	4.6%	2.8%	5.0%	3.0%	2.7%		
Free Cash Flow						(3.1)	2.3	(4.7)	(7.1)	11.9	6.2	(8.7)	(4.7)	(2.9)	35.6%	-35.0%
ND/EBITDA (x) ⁽²⁾						6.4x	6.5x	20.5x	26.3x	n.a.	7.7x	n.a.	21.7x	11.9x		
P/E (x)						38.1x	27.7x	29.1x	n.a.	14.2x	n.a.	n.a.	n.a.	n.a.		
EV/Sales (x)						0.55x	0.46x	0.88x	0.73x	0.73x	0.71x	0.91x	0.85x	0.80x		
EV/EBITDA (x) ⁽²⁾						17.5x	16.7x	n.a.	n.a.	n.a.	28.1x	n.a.	n.a.	35.9x		
Absolute performance						28.9%	87.9%	-27.3%	-24.2%	-4.0%	-9.7%	-19.2%				
Relative performance vs Ibex 35						31.5%	75.0%	-14.5%	-32.2%	13.5%	-16.4%	-27.8%				

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

	EUR Mn	European Industry			Benchmark		Global Players		
		Vilmorin & Cie SA	Sipef NV	Greenyard NV	Average	Select Harvests	Average	ADM	BAIN
Market data	Ticker (Factset)	RIN-FR	SIP-BE	GREEN-BE		SHV-AU		ADM-US	BAIN-ES
	Country	France	Belgium	Belgium		Australia		United States	Spain
	Market cap	1,094.3	641.1	329.7		307.2		42,337.3	75.4
	Enterprise value (EV)	2,127.3	670.1	873.9		547.4		51,428.0	128.9
Basic financial information	Total Revenues	1,728.0	409.8	4,621.1		124.3		96,846.8	141.8
	Total Revenues growth	8.9%	-18.3%	5.0%	-1.5%	-2.1%	-2.1%	0.5%	4.2%
	2y CAGR (2022e - 2024e)	3.5%	0.7%	3.9%	2.7%	14.6%	14.6%	-1.1%	6.6%
	EBITDA	420.2	144.8	163.1		19.2		5,559.7	(0.4)
	EBITDA growth	18.9%	-32.0%	11.1%	-0.7%	55.6%	55.6%	24.6%	-112.4%
	2y CAGR (2022e - 2024e)	5.4%	5.9%	9.3%	6.9%	82.7%	82.7%	-3.3%	n.a.
	EBITDA/Revenues	24.3%	35.3%	3.5%	21.1%	15.4%	15.4%	5.7%	n.a.
	EBIT	146.0	94.4	60.6		(1.4)		4,127.4	(3.2)
	EBIT growth	48.2%	-43.6%	30.1%	11.6%	-132.3%	-132.3%	18.4%	-470.9%
	2y CAGR (2022e - 2024e)	8.6%	9.1%	19.4%	12.4%	n.a.	n.a.	-3.0%	45.9%
	EBIT/Revenues	8.4%	23.0%	1.3%	10.9%	n.a.	n.a.	4.3%	n.a.
	Net Profit	105.3	60.8	22.3		(4.6)		3,545.0	(3.9)
	Net Profit growth	14.2%	-40.9%	39.1%	4.1%	-216.7%	-216.7%	-13.9%	n.a.
	2y CAGR (2022e - 2024e)	13.1%	6.7%	41.8%	20.5%	n.a.	n.a.	-5.9%	49.3%
CAPEX/Sales %	15.4%	19.0%	1.5%	11.9%	15.8%	15.8%	1.2%	5.0%	
Free Cash Flow	44.5	36.6	37.2		0.3		2,620.7	(8.7)	
Net financial debt	927.4	13.5	467.1		128.2		5,376.7	35.1	
ND/EBITDA (x)	2.2	0.1	2.9	1.7	6.7	6.7	1.0	n.a.	
Pay-out	41.4%	39.9%	35.4%	38.9%	-55.0%	-55.0%	26.2%	0.0%	
Multiples and Ratios	P/E (x)	10.7	10.7	14.0	11.8	n.a.	n.a.	11.9	n.a.
	P/BV (x)	0.7	0.8	0.7	0.7	1.0	1.0	1.8	1.3
	EV/Revenues (x)	1.2	1.6	0.2	1.0	4.4	4.4	0.5	0.9
	EV/EBITDA (x)	5.1	4.6	5.4	5.0	28.6	28.6	9.3	n.a.
	EV/EBIT (x)	14.6	7.1	14.4	12.0	n.a.	n.a.	12.5	n.a.
	ROE	7.0	7.4	4.7	6.4	n.a.	n.a.	15.2	n.a.
	FCF Yield (%)	4.1	5.7	11.3	7.0	0.1	0.1	6.2	n.a.
	DPS	1.90	2.33	0.16	1.46	0.02	0.02	1.65	0.00
	Dvd Yield	4.0%	3.9%	2.5%	3.4%	0.8%	0.8%	2.1%	0.0%

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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Calle Basílica, 17, 1ª Planta, Oficinas
28020 Madrid
T: +34 915 904 226
institodeanalistas.com/lighthouse

Alfredo Echevarría Otegui

Head of research

alfredo.echevarria@lighthouse-ieaf.com

David López Sánchez

Equity research

david.lopez@lighthouse-ieaf.com

Luis Esteban Arribas

Equity research

luis.esteban@lighthouse-ieaf.com

Enrique Andrés Abad

Equity research

enrique.andres@lighthouse-ieaf.com

Jesús López Gómez

ESG Analyst & Data analytics

jesus.lopez@lighthouse-ieaf.com

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Date of report	Recommendation	Price (EUR)	Target price (EUR)	Period of validity	Reason for report	Analyst
27-Feb-2023	n.a.	3.26	n.a.	n.a.	6m Results 2022 - Estimates downgrade	Luis Esteban Arribas
01-Aug-2022	n.a.	2.80	n.a.	n.a.	12m Results 2021	Alfredo Echevarría Otegui
01-Mar-2022	n.a.	2.68	n.a.	n.a.	6m Results 2021	Alfredo Echevarría Otegui
02-Aug-2021	n.a.	2.60	n.a.	n.a.	12m Results 2020	Ana Isabel González García, CIIA
17-Jun-2021	n.a.	2.72	n.a.	n.a.	Estimates upgrade	Ana Isabel González García, CIIA
12-Apr-2021	n.a.	2.62	n.a.	n.a.	9m Results 2020	Ana Isabel González García, CIIA
02-Mar-2021	n.a.	2.70	n.a.	n.a.	6m Results 2020 - Estimates downgrade	Ana Isabel González García, CIIA
04-Jan-2021	n.a.	2.88	n.a.	n.a.	3m Results 2020	Ana Isabel González García, CIIA
03-Aug-2020	n.a.	2.80	n.a.	n.a.	12m Results 2019	Ana Isabel González García, CIIA
04-Jun-2020	n.a.	2.98	n.a.	n.a.	Estimates downgrade	Ana Isabel González García, CIIA
31-Mar-2020	n.a.	2.50	n.a.	n.a.	9m Results 2020	Ana Isabel González García, CIIA
02-Mar-2020	n.a.	2.96	n.a.	n.a.	6m Results 2020	Ana Isabel González García, CIIA
16-Oct-2019	n.a.	3.18	n.a.	n.a.	3m Results 2020	Ana Isabel González García, CIIA
01-Aug-2019	n.a.	3.16	n.a.	n.a.	12m Results 2019	Ana Isabel González García, CIIA
25-Apr-2019	n.a.	3.72	n.a.	n.a.	9m Results 2019	Ana Isabel González García, CIIA
11-Apr-2019	n.a.	3.84	n.a.	n.a.	Initiation of Coverage	Ana Isabel González García, CIIA

