

**12m Results 2022**
**Opinion** <sup>(1)</sup>: Below expectations

**Impact** <sup>(1)</sup>: We will have to lower our estimates

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

**Business description**

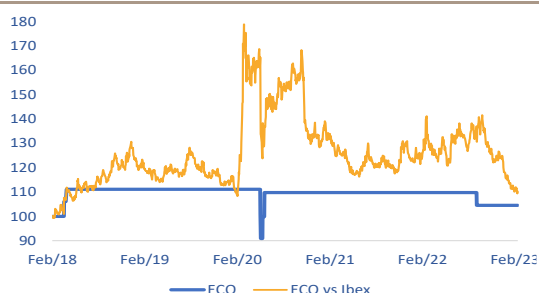
EcoLumber, S.A. (ECO) is a small national group based in Spain (Barcelona), specialised initially in the forestry business. The company has changed strategic direction, positioning itself in the food industry, as a vertically integrated Group, in the production, processing and sale of nuts. It is controlled by the Board of Directors (68% of capital)

**Market Data**

Market Cap (Mn EUR and USD)	32.4	34.6
EV (Mn EUR and USD) <sup>(2)</sup>	51.8	55.3
Shares Outstanding (Mn)	32.4	
-12m (Max/Med/Mín EUR)	1.05 / 1.03 / 1.00	
Daily Avg volume (-12m Mn EUR)	n.m.	
Rotation <sup>(3)</sup>	0.7	
Factset / Bloomberg	ECO-ES / ECO SM	
Close fiscal year	31-Dec	

**Shareholders Structure (%)**

G3T SL	20.9
Onchena	16.8
Brinca 2004 SL	10.4
Acalios	7.4
Free Float	26.7

**Relative performance (Base 100)**

**Stock performance (%)**

	-1m	-3m	-12m	-5Y
Absolute	0.0	0.0	-4.8	4.5
vs Ibex 35	-2.4	-9.8	-16.4	9.2
vs Ibex Small Cap Index	-2.0	-12.5	-10.0	-14.4
vs Eurostoxx 50	-1.1	-5.5	-14.9	-15.7
vs Sector benchmark <sup>(4)</sup>	0.3	3.3	1.8	-13.8

(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.

(5) Others: Jovellanos Cartera 4.4%, Relocation & Exec. Serv. SL 5.1%, Transtronic Spain Corp 2.5%, Other Board members 5.8%.

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

## 2022 results: Revenue +15.1%, but margin improvement remains a work in progress

**STRONG PERFORMANCE BY REVENUE (EUR 18.3MN; +15.1% VS 2021), ESPECIALLY IN 2H22...** ECO obtained approximately EUR 18.3Mn of revenue in 2022 (+15.1% vs 2021; EUR 10.7Mn in 2H22, +19.5%) with a mix of +7.4% in volume and +7.7% in prices. Thanks to a successful commercial strategy, the company increased its customer base while reducing its reliance on large retail outlets (60% of revenue came from Eroski, c. -10p.p. vs 2021), showcasing its ability to maintain double-digit growth (+10.8% CAGR 2019-2022) after the acquisition of Grupo Utega (2019).

**...ALTHOUGH MARGINS ARE STILL UNDER PRESSURE (EBITDA 2022 OF EUR -1.9MN VS EUR -2.1MN IN 2021).** The delay in the “take-off” of AirNuts sales, the bad almond harvest (agricultural business: -50% vs 2021) and dollar appreciation all caused the gross margin to contract, to 14.8% (-1.1p.p. vs 2021). Overall higher costs (and especially costs of supplies and transport) led by inflation prevented revenue growth from trickling down to EBITDA in 2022 (EUR -1.9Mn vs EUR -2Mn in 2021).

**HIGH DEBT (ND 2022: EUR 17.1MN; ND/EQUITY: 1.7X).** The loss sustained is reflected in the increase in net debt to EUR 17.1Mn (ex-IFRS 16 of EUR 1Mn; vs EUR 14,2Mn in 2021), despite the decrease and then subsequent increase in share capital carried out in 2021, in which EUR 2.8Mn was converted into equity. ECO still has two ways it can deleverage: 1) sell forest land in Oropesa, which could bring in c. EUR 0.6Mn, and 2) keep loans with shareholders of EUR 5Mn (with the intention of carrying out a debt-to-equity swap for EUR 4.5Mn in the next capital increase).

**IN CONCLUSION, WE WILL HAVE TO DOWNGRADE OUR ESTIMATES.** High walnut and almond prices (now at lows and with no signs of recovery in the medium term) are still the company’s main growth driver. ECO has shown that it can increase revenue even against an adverse backdrop like at present. However, it still needs capital to accelerate its expansion strategy (industrial). A higher gross margin (>18%) underpinned by: i) strong sales of AirNuts and ii) the start-up of production of all hectares planted (145 Ha), coupled with similar revenue growth in 2023e and 2024e to 2022, could lead to break-even in EBITDA in 2024e. This becomes the company’s new equity story.

**Table 1. 1H22 Results**

EUR Mn	12m22 Real	12m21	12m22 Real vs 12m21	2H22
<b>Total Revenues</b>	<b>18.3</b>	<b>15.9</b>	<b>15.1%</b>	<b>10.7</b>
Industrial business	18.0	15.2	18.0%	18.0
Agricultural business	0.3	0.7	-50.6%	0.3
<b>Recurrent EBITDA</b>	<b>-1.9</b>	<b>-2.0</b>	<b>6.4%</b>	<b>-0.5</b>
Rec. EBITDA/Revenues	-10.3%	-12.7%	2.4 p.p.	-10.3%
<b>EBITDA</b>	<b>-1.9</b>	<b>-2.1</b>	<b>9.3%</b>	<b>-0.9</b>
EBITDA/Revenues	-10.2%	-12.9%	2.7 p.p.	-10.2%
<b>EBIT</b>	<b>-2.6</b>	<b>-2.1</b>	<b>-22.4%</b>	<b>-1.2</b>
<b>PBT</b>	<b>-3.2</b>	<b>-2.6</b>	<b>-22.0%</b>	<b>-1.6</b>
<b>NP</b>	<b>-3.0</b>	<b>-2.5</b>	<b>-19.4%</b>	<b>-0.9</b>
Net Debt <sup>1</sup>	17.1	14.2	20%	
ND / Equity	1.7 x	1.1 x	0.6 x	

Note 1: Net Debt adjusted to strip out the impact of IFRS 16 (EUR 1Mn and EUR 1.4Mn in 2022 and 2021).

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

	EUR Mn	Source
Market Cap	32.4	
+ Minority Interests	-	12m Results 2022
+ Provisions & Other L/T Liabilities	2.2	12m Results 2022
+ Net financial debt	16.7	12m Results 2022
- Financial Investments	0.1	12m Results 2022
+/- Others	0.6	12m Results 2022
<b>Enterprise Value (EV)</b>	<b>51.8</b>	
Other: non-core asset disposals (land in Spain worth EUR 0.6Mn).		

## LIGHTHOUSE

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

---

All Lighthouse research documents are available simultaneously on the Lighthouse website ([institodeanalistas.com/lighthouse](https://institodeanalistas.com/lighthouse)) and via third-party aggregators such as Bloomberg, Factset, Capital IQ and Refinitiv.

## IMPORTANT LEGAL INFORMATION REGARDING THIS REPORT

### LIGHTHOUSE

Lighthouse is a project of IEAF Servicios de Análisis S.L.U. Lighthouse is a research project funded by Bolsas y Mercados Españoles S.A. Lighthouse aims to improve the research coverage of the "orphan stocks" of the Spanish market: those which lack real and continuous research coverage. Lighthouse reports will not include valuation and target price. Lighthouse does not seek to provide investment advice to any natural or legal person. For this reason, Lighthouse will not provide a valuation, target price or investment recommendation for any of the securities analysed.

IEAF Servicios de Análisis S.L.U. is a Spanish company whose corporate purpose is:

1º) To provide information and financial analysis regarding securities issued by any class of legal person traded or not on official secondary markets, and especially (but not exclusively) those securities which are not the object of the recurrent provision of information and analysis by financial analysts who participate in the markets.

2º) To publicise and update the aforementioned financial reports and analysis, in addition to the monitoring and following of the securities on which the information and analysis is provided.

3º) To prepare studies and projects aimed at proposing and implementing measures to improve the information and financial analysis of securities traded on official secondary markets.

IEAF Servicios de Análisis S.L.U. is a company whose sole shareholder is the Instituto Español de Analistas Financieros, a professional, not for profit association.

### DISCLAIMER

The Instituto Español de Analistas Financieros hereby certifies that the analyst of IEAF Servicios de Análisis S.L.U. whose name figures as the author of this report, expresses views that reflect their personal and independent opinion of the company analysed without these implying, either directly or indirectly, a personalised recommendation of the company analysed for purposes of providing investment advice. This report is based on the preparation of detailed financial projections from information available to the public and following traditional fundamental research methodology (i.e. it is not a technical or quantitative analysis report). For the analysis methodology used in the preparation of this report, please contact the analyst directly; contact details are included on the front page of this report.

The report includes basic information regarding the main parameters to be used by an investor when making their own valuation (whether by discounted cash flows or multiples). These parameters are the personal opinion or estimate of the analyst. The person receiving this report should use their own judgement when using these parameters and should consider them as another element in their decision-making process in respect of investment. These parameters do not represent a personalised investment recommendation.

### Rules governing confidentiality and conflicts of interest

None of the following rules governing confidentiality and conflicts of interest (12) is applicable to this report:

1. This report is non-independent research as it has been commissioned by the company analysed (issuer).
2. In the last 12 months, the Instituto Español de Analistas Financieros or its subsidiary, IEAF Servicios de Análisis S.L.U., has had Investment Banking mandates or has managed or co-managed a public offering of the securities of the issuer, or has received compensation from said issuer for Investment Banking services, that exclude brokerage services for prepaid fees.
3. In the next 6 months, the Instituto Español de Analistas Financieros or its subsidiary, IEAF Servicios de Análisis S.L.U., expects to receive or intends to obtain compensation for Investment Banking services provided to this company that exclude brokerage services for prepaid fees.
4. The Investment Analyst or a member of the Research Department or a member of their household has a long position in the shares or derivatives of the corresponding issuer.
5. The Investment Analyst or a member of the Research Department or a member of their household has a short position in the shares or derivatives of the corresponding issuer.
6. At the date of publication, the Instituto Español de Analistas Financieros or its subsidiary, IEAF Servicios de Análisis S.L.U. held a long position of over 0.5% of the issuer's capital.
7. At the date of publication, the Instituto Español de Analistas Financieros or its subsidiary, IEAF Servicios de Análisis S.L.U. held a short position of over 0.5% of the issuer's capital.
8. At the end of the month immediately prior to the publication of this report, or of the previous month if the report is published in the ten days following the end of the month, the company analysed (the issuer) or any of its subsidiaries held 5% or more of any class of equity security of the Instituto Español de Analistas Financieros or its subsidiary, IEAF Servicios de Análisis S.L.U.
9. A senior director or officer of the Instituto Español de Analistas Financieros or its subsidiary, IEAF Servicios de Análisis S.L.U., or a member of their department is a director, officer, advisor or member of the Board of Directors of the issuer and/or one of its subsidiaries.
10. The Instituto Español de Analistas Financieros or its subsidiary, IEAF Servicios de Análisis S.L.U., acts as broker for the Issuer for the corresponding prepaid fees.
11. The contents of this report related to the financial analysis, financial projections, valuation, investment summary and opinion of the analyst have been reviewed by the issuer prior to its publication.
12. The issuer has made changes to the contents of this report prior to its distribution.

The Investment Analysts who have prepared this Investment Analysis are employees of IEAF Servicios de Análisis S.L.U. These analysts have received (or will receive) compensation according to the general earnings of IEAF Servicios de Análisis S.L.U. To obtain a copy of the Code of Conduct of IEAF Servicios de Análisis S.L.U. (in respect of the Management of Conflicts of Interest in the research department), please use the e-mail address [secretaria@institutodeanalistas.com](mailto:secretaria@institutodeanalistas.com) or consult the contents of this Code at [www.ieaf.es](http://www.ieaf.es).

IEAF Servicios de Análisis S.L.U. is compensated by Bolsas y Mercados Españoles, S.A. for the preparation of this report. This report should be considered as just another element in the taking of investment decisions.

### A report issued by IEAF servicios de análisis S.L.U.

All rights reserved. The unauthorised use or distribution of this report is prohibited. This document has been prepared and distributed, according to the provisions of the MiFID II by IEAF Servicios de Análisis S.L.U. Its corporate activity is regulated by the CNMV (the Spanish Securities Exchange Commission). The information and opinions expressed in this document do not represent nor are they intended to represent an offer or a solicitation to buy or sell the securities (in other words, the securities mentioned in this report and related warrants, options, rights or interests). The information and opinions contained in this document are based upon information available to the public and have been obtained from sources believed to be reliable by IEAF Servicios de Análisis S.L.U., but no guarantee is given regarding their accuracy or completeness. All comments and estimates reflect solely the opinion of IEAF Servicios de Análisis S.L.U. and do not offer any implicit or explicit guarantee. All the opinions expressed are subject to change without prior warning. This document does not take into account the specific investment objectives, financial position, risk profile or other specific aspects of the person who receives this document, and accordingly they should exercise their own judgement in this respect. Neither the Instituto Español de Analistas Financieros nor its subsidiary, IEAF Servicios de Análisis S.L.U., assumes any responsibility for direct or indirect losses arising from the use of the published research, except in the event of negligent conduct by IEAF Servicios de Análisis S.L.U. The information contained in this report is approved for distribution to professional clients, eligible counterparties and professional advisers, but not for distribution to private individuals or retail clients. Its reproduction, distribution or publication for any purpose without the written authorisation of IEAF Servicios de Análisis S.L.U. is prohibited. The Instituto Español de Analistas Financieros and/or its subsidiary IEAF

Servicios de Análisis S.L.U., their employees and directors, may hold a position (long or short) in an investment knowing that this issuer will be the object of analysis and that this analysis will be distributed to institutional investors. Any further information regarding the contents of this report will be provided upon request. IEAF Servicios de Análisis S.L.U. intends to publish (at least) one quarterly report or note updating the information on the company analysed.

**United States.** IEAF Servicios de Análisis S.L.U. is not registered in the United States and, consequently, is not subject to the regulations of that country governing the preparation of research and the independence of analysts. This report is distributed solely to major US institutional investors, in reliance on the exemption from registration provided by Rule 15a-6 of the US Securities Exchange Act of 1934, as amended (the "Exchange Act"), and interpretations of this made by the US Securities Exchange Commission.

**Major US Institutional Investors.** This report will be distributed to "major US institutional investors", as defined by Rule 15a-6 of the US Securities Exchange Commission and of the US Securities Exchange Act of 1934.

#### Notes and Reports History

Date of report	Recommendation	Price (EUR)	Target price (EUR)	Period of validity	Reason for report	Analyst
02-Mar-2023	n.a.	1.00	n.a.	n.a.	12m Results 2022	Luis Esteban Arribas
03-Oct-2022	n.a.	1.00	n.a.	n.a.	6m Results 2022 - Estimates downgrade	Alfredo Echevarría Otegui
02-Mar-2022	n.a.	1.05	n.a.	n.a.	12m Results 2021	Alfredo Echevarría Otegui
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

