

BUY (unchanged)

# DEOLEO

SPAIN | CONSUMER STAPLES

The present is good; the future could be even better

|                  |        |
|------------------|--------|
| Price (€)        | 0.19   |
| Target Price (€) | 0.25   |
| Target Return    | 29.0%  |
| Ticker           | OLE SM |
| Shares Out (m)   | 500    |
| Market Cap (€m)  | 95     |

| Key Estimates   | 2024a | 2025e | 2026e |
|-----------------|-------|-------|-------|
| P/E (x)         | nm    | 21.8  | 12.8  |
| P/CF (x)        | nm    | 6.7   | 5.6   |
| EV/EBITDA (x)   | 12.6  | 8.4   | 6.5   |
| P/BV (x)        | 0.5   | 0.4   | 0.4   |
| Div yield (%)   | 0.0   | 0.0   | 0.0   |
| Performance (%) | 1D    | 1M    | YTD   |
| Price Perf      | 0.0   | 5.6   | 1.1   |

Source: Company data, FactSet and JB Capital estimates

Deoleo provided a strategic business update to investors yesterday. The main highlight, in our view, is the introduction of a new “through-the-cycle EBITDA” target of €74m to be reached by 2028e. This compares with the 2019–2024 average EBITDA of €42m. Deoleo aims to achieve this target through a combination of top-line expansion (€13m) and cost initiatives (€19m). This new target is well above our current through-the-cycle EBITDA estimate of €47m, implying meaningful upside to our forecasts and valuation should management deliver on its plan. In parallel, management presented a business update on 9M25 results, which indicates that the company is on track to meet our FY25e estimates for volume growth, EBITDA and net debt. Regarding 2026, management confirmed positive expectations for olive-oil production supported by favourable crop conditions, which should help maintain raw-material prices at reasonable levels. Overall, following this update provided by management, we reiterate our Buy rating. The stock is trading at 13x FY26e P/E, offering c.30% upside potential, even after factoring in the potential negative impact from the ongoing tax litigation in Italy and a 20% liquidity discount.

**New target in terms of through-the-cycle EBITDA and reiterated focus on low leverage:** Management’s new EBITDA target of €74m by 2028e, although framed for a specific year, should be viewed as a through-the-cycle benchmark. This represents an incremental €32m versus the 2019–2024 average EBITDA. The uplift is expected to come from €13m in top-line growth initiatives and €19m in cost improvements. Management also indicated its intention to maintain net debt-to-EBITDA through the cycle at 1–1.5x.

**Top-line growth initiatives are expected to contribute €13m.** Key drivers include increased penetration in North America, particularly in the Northeast and Southeast where Deoleo sees market-share headroom (€4m); expansion in India by scaling the cosmetics business (currently concentrated in North India) and widening distribution from 250k to 450k stores (€2m); and innovation, adding €3m via new products aligned with emerging olive-oil consumption trends (e.g., air-fryer formats, squeezable bottles) and adjacent categories including table olives, vinegars and cosmetics. The remaining €4m should come from further penetration in Northern Europe.

**Cost-reduction initiatives are expected to deliver €19m of EBITDA improvement.** Procurement initiatives should contribute €12m mainly via soft vertical integration and long-term partnerships with suppliers to mitigate raw-material volatility and secure product availability. The remaining €7m is expected from higher plant utilisation, improved supply-chain, logistics and warehouse efficiencies, and SKU rationalization.

**Management also provided a 9M25 business update, which indicates that Deoleo is on track to meet our FY25e key estimates:** volumes grew 15% YoY; unit gross margin increased 12% YoY; EBITDA rose 41% YoY to €35.4m; net debt fell to €87m (-24% vs YE24); and net debt-to-EBITDA stood at 1.9x. For FY25e, we forecast volume growth of 11%, EBITDA of €46m, net debt of €96m and net debt-to-EBITDA of 2.1x.

**Good crops to continue supporting earnings momentum.** Management expects olive-oil production in Spain to reach 1.4m tonnes in 2025/26, (60% growth vs. the 2023/24 lows), which should support more normalized raw-material pricing. Favourable harvests are also anticipated in other key producer markets. Additionally, water reservoir levels above historical averages provide further visibility and support for future production.



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## Company Overview

Deoleo is the world's largest bottler and marketer of branded olive oil, holding approximately 9% global market share (Euromonitor). Headquartered in Madrid, the Spanish company sells its products in more than 60 countries, reaching over 85 million consumers annually and covering all price segments, from mainstream to premium extra-virgin olive oil. Its flagship brands — Bertolli, Carapelli and Carbonell — rank among the top 10 globally. Beyond olive oil, Deoleo operates in adjacent categories such as seed oils, vinegars, table olives and cosmetics, though these account for only a small share of sales. Spain represents c.26% of revenues, while APAC–MEA is currently the main contributor to EBITDA.

## Valuation

We value Deoleo using a discounted cash flow (DCF) approach, which we view as the most appropriate methodology given its cash-generative profile. We estimate mid-cycle EBITDA of €47m, resulting in Free Cash Flow to Firm stabilizing at c.3% of revenues. Excluding the potential impact of the Italian tax case, we derive a fair value of €179m (€0.36/sh). Assuming a €50m fine, fair value is €153m (€0.31/sh). Applying a 20% liquidity discount — reflecting the company's smaller size and limited trading liquidity — results in an equity value of €123m, implying a target price of €0.25/sh.

| Deoleo DCF valuation                         |             |           |           |           |           |
|----------------------------------------------|-------------|-----------|-----------|-----------|-----------|
| DCF Analysis                                 | 2026e       | 2027e     | 2028e     | 2029e     | T. Value  |
| <b>FCFF</b>                                  | <b>38</b>   | <b>16</b> | <b>57</b> | <b>41</b> | <b>30</b> |
| Discount factor                              | 1           | 0.92      | 0.85      | 0.78      | 0.71      |
| <b>PV FCFF</b>                               | <b>38</b>   | <b>15</b> | <b>47</b> | <b>31</b> | <b>21</b> |
| EV (25e-31e)                                 | 152         |           |           |           |           |
| EV - Terminal value                          | 293         |           |           |           |           |
| <b>Total EV</b>                              | <b>444</b>  |           |           |           |           |
| (-) Net debt 25e                             | 96          |           |           |           |           |
| (-) Potential Cost of Italian Tax Litigation | 50          |           |           |           |           |
| (+) Financial Investments                    | 2           |           |           |           |           |
| <b>Total Equity (100%)</b>                   | <b>300</b>  |           |           |           |           |
| (-) Minorities (49%)                         | 147         |           |           |           |           |
| <b>Fair Value (51%)</b>                      | <b>153</b>  |           |           |           |           |
| (-) Liquidity Discount (20%)                 | 31          |           |           |           |           |
| <b>Value after Liquidity Discount</b>        | <b>123</b>  |           |           |           |           |
| Number of Shares                             | 500         |           |           |           |           |
| <b>Target Price (€/Shr)</b>                  | <b>0.25</b> |           |           |           |           |

Source: JB Capital estimates

## Recommendation

As the global market leader in olive oil, Deoleo is positioned to benefit from structural industry growth driven by low global penetration within total edible oils and rising demand in emerging markets, as well as continued market-share gains in mature regions. In the short to medium term, the company should also benefit from an expected c.50% decline in raw-material prices supported by improved harvest yields, enabling continued deleveraging through the cycle and potentially becoming nearly debt-free by 2029e. While the Italian litigation case — initiated in 2014 — remains unresolved, it is not affecting daily operations. Even under a worst-case outcome, the shares show no downside at current levels, highlighting the attractive valuation. We therefore reiterate our Buy recommendation.

## P&L

| €m                                   | 2021a | 2022a | 2023a | 2024a | 2025e | 2026e | 2027e |
|--------------------------------------|-------|-------|-------|-------|-------|-------|-------|
| Revenues                             | 703   | 827   | 838   | 997   | 879   | 916   | 935   |
| EBITDA                               | 48    | 43    | 30    | 33    | 46    | 56    | 30    |
| Depreciation                         | -10   | -10   | -10   | -10   | -10   | -10   | -9    |
| Provisions                           | 0     | 0     | -1    | -62   | 0     | 0     | 0     |
| Other                                | 9     | -7    | -26   | 5     | 0     | 0     | 0     |
| EBIT                                 | 47    | 25    | -7    | -34   | 36    | 46    | 20    |
| Net financial result                 | -11   | -10   | -23   | -20   | -20   | -18   | -16   |
| Associates                           | 0     | 0     | 0     | 0     | 0     | 0     | 0     |
| Non-recurrent results & others       | 0     | 0     | 0     | 0     | 0     | 0     | 0     |
| PBT                                  | 36    | 15    | -30   | -54   | 17    | 29    | 4     |
| Taxes                                | 26    | -9    | -4    | -1    | -4    | -7    | -1    |
| Results from discontinued operations | 0     | 0     | 0     | 0     | 0     | 0     | 0     |
| Minorities                           | -30   | -30   | 16    | 26    | -8    | -14   | -2    |
| Net Attributable profit              | 31    | -24   | -18   | -28   | 4     | 7     | 1     |

## BALANCE SHEET

| €m                            | 2021a | 2022a | 2023a | 2024a | 2025e | 2026e | 2027e |
|-------------------------------|-------|-------|-------|-------|-------|-------|-------|
| Tangible assets               | 58    | 56    | 54    | 54    | 52    | 51    | 50    |
| Intangible assets             | 486   | 476   | 447   | 448   | 444   | 440   | 436   |
| Financial assets & Associates | 8     | 3     | 3     | 2     | 2     | 2     | 2     |
| Other L/T assets              | 66    | 60    | 54    | 60    | 60    | 60    | 60    |
| Inventories                   | 120   | 141   | 176   | 148   | 159   | 164   | 190   |
| Account Receivable            | 51    | 50    | 49    | 62    | 53    | 55    | 56    |
| Other S/T assets              | 26    | 30    | 19    | 13    | 12    | 12    | 13    |
| Cash & cash equivalents       | 86    | 66    | 31    | 53    | 64    | 79    | 76    |
| TOTAL ASSETS                  | 901   | 881   | 833   | 840   | 846   | 865   | 884   |
| Shareholders' equity          | 253   | 257   | 239   | 210   | 214   | 222   | 223   |
| Minority interests            | 244   | 248   | 232   | 206   | 214   | 228   | 230   |
| L/T Financial debt            | 163   | 159   | 144   | 85    | 85    | 85    | 85    |
| L/T Provisions                | 12    | 12    | 9     | 68    | 68    | 68    | 68    |
| Other L/T liabilities         | 69    | 67    | 63    | 65    | 65    | 65    | 65    |
| S/T Financial debt            | 43    | 8     | 7     | 84    | 75    | 68    | 61    |
| Accounts payable              | 101   | 117   | 127   | 111   | 110   | 114   | 137   |
| Other S/T liabilities         | 16    | 14    | 12    | 12    | 15    | 15    | 16    |
| TOTAL LIABILITIES             | 648   | 613   | 578   | 642   | 636   | 633   | 649   |

Source: Company data, FactSet and JB Capital estimates

## CASH FLOW STATEMENT

| €m                                                 | 2021a     | 2022a     | 2023a      | 2024a     | 2025e     | 2026e     | 2027e     |
|----------------------------------------------------|-----------|-----------|------------|-----------|-----------|-----------|-----------|
| EBITDA                                             | 48        | 43        | 30         | 33        | 46        | 56        | 30        |
| Net financial result                               | -12       | -8        | -16        | -21       | -20       | -18       | -16       |
| Dividends collected                                | 0         | 0         | 0          | 0         | 0         | 0         | 0         |
| Taxes                                              | -9        | -5        | 0          | -3        | -4        | -7        | -1        |
| Change in Working Capital                          | 1         | -12       | -23        | 2         | 2         | -4        | -4        |
| Other CF from operations                           | 0         | 0         | 0          | 0         | 0         | 0         | 0         |
| <b>Cash Flow from Operations</b>                   | <b>28</b> | <b>17</b> | <b>-11</b> | <b>9</b>  | <b>24</b> | <b>27</b> | <b>8</b>  |
| CAPEX                                              | -7        | -4        | -4         | -5        | -4        | -5        | -5        |
| Disposals                                          | 0         | 7         | 0          | 1         | 0         | 0         | 0         |
| Financial investments                              | 0         | 0         | 0          | 0         | 0         | 0         | 0         |
| Other CF from investments                          | 0         | 0         | 0          | 0         | 0         | 0         | 0         |
| <b>Cash Flow from Investments</b>                  | <b>-7</b> | <b>4</b>  | <b>-4</b>  | <b>-4</b> | <b>-4</b> | <b>-5</b> | <b>-5</b> |
| Dividends                                          | 0         | 0         | 0          | 0         | 0         | 0         | 0         |
| Change in capital stock                            | 0         | 0         | 0          | 0         | 0         | 0         | 0         |
| Treasury stock variation                           | 0         | 0         | 0          | 0         | 0         | 0         | 0         |
| Debt variation (net)                               | 0         | 0         | 0          | 0         | 0         | 0         | 0         |
| Other CF from financing                            | 13        | 24        | -3         | 41        | 0         | 0         | 0         |
| <b>Cash Flow from Financing</b>                    | <b>13</b> | <b>24</b> | <b>-3</b>  | <b>41</b> | <b>0</b>  | <b>0</b>  | <b>0</b>  |
| Exchange rate effect                               | 0         | 0         | 0          | 0         | 0         | 0         | 0         |
| <b>Net increase in cash &amp; cash equivalents</b> | <b>34</b> | <b>44</b> | <b>-19</b> | <b>45</b> | <b>20</b> | <b>22</b> | <b>3</b>  |
| <b>Net debt variation</b>                          | <b>21</b> | <b>21</b> | <b>-16</b> | <b>4</b>  | <b>20</b> | <b>22</b> | <b>3</b>  |

## Per share data/ Leverage/ Profitability/ Valuation

|                            | 2021a | 2022a | 2023a | 2024a | 2025e | 2026e | 2027e |
|----------------------------|-------|-------|-------|-------|-------|-------|-------|
| Last price (€)             | 0.3   | 0.2   | 0.2   | 0.2   | 0.2   | 0.2   | 0.2   |
| Number of shares (m)       | 500   | 500   | 500   | 500   | 500   | 500   | 500   |
| Market capitalization (€m) | 172   | 151   | 123   | 110   | 95    | 95    | 95    |
| Net Debt                   | 120   | 102   | 120   | 116   | 96    | 73    | 70    |
| EV (€)                     | 487   | 448   | 439   | 421   | 386   | 363   | 360   |
| EPS (€)                    | 0.06  | -0.05 | -0.04 | -0.18 | 0.01  | 0.01  | 0.00  |
| DPS (€)                    | 0.00  | 0.00  | 0.00  | 0.00  | 0.00  | 0.00  | 0.00  |
| DPS (€)                    | 0.00  | 0.00  | 0.00  | 0.00  | 0.00  | 0.00  | 0.00  |
| Dividend payout (%)        | 0.0   | 0.0   | 0.0   | 0.0   | 0.0   | 0.0   | 0.0   |
| ND/EBITDA (x)              | 2.5   | 2.4   | 4.0   | 3.5   | 2.1   | 1.3   | 2.4   |
| ND/(Equity + ND) (%)       | 32.1  | 28.4  | 33.5  | 35.5  | 30.9  | 24.8  | 23.9  |
| EBITDA margin (%)          | 6.9   | 5.2   | 3.6   | 3.3   | 5.2   | 6.1   | 3.2   |
| EBIT margin (%)            | 6.6   | 3.1   | -0.9  | -3.4  | 4.1   | 5.0   | 2.2   |
| ROE (%)                    | 12.2  | -9.4  | -7.5  | -13.5 | 2.0   | 3.4   | 0.5   |
| ROCE (pre-tax) (%)         | 6.3   | 3.4   | -1.1  | -5.3  | 5.6   | 6.9   | 3.0   |
| EV/EBITDA                  | 10.1  | 10.4  | 14.5  | 12.6  | 8.4   | 6.5   | 12.2  |
| EV/EBIT                    | 10.5  | 17.7  | nm    | nm    | 10.6  | 7.9   | 17.9  |
| FCFe yield (%)             | 11.9  | 13.6  | nm    | 3.9   | 20.8  | 23.7  | 3.5   |
| FCF/EV (%)                 | 6.5   | 6.8   | 1.7   | 5.8   | 10.2  | 11.0  | 5.4   |
| P/E                        | 5.7   | nm    | nm    | nm    | 21.8  | 12.8  | 89.8  |
| P/CF                       | 4.2   | nm    | nm    | nm    | 6.7   | 5.6   | 9.1   |
| P/B                        | 0.7   | 0.6   | 0.5   | 0.5   | 0.4   | 0.4   | 0.4   |
| Dividend yield (%)         | 0.0   | 0.0   | 0.0   | 0.0   | 0.0   | 0.0   | 0.0   |

Source: Company data, FactSet and JB Capital estimates

## PROFITABILITY

| FY End Dec (%)             | 2021a | 2022a | 2023a | 2024a | 2025e | 2026e | 2027e |
|----------------------------|-------|-------|-------|-------|-------|-------|-------|
| Gross Margin               | 27.5  | 25.4  | 19.5  | 15.7  | 21.5  | 22.0  | 18.7  |
| EBITDA Margin              | 6.9   | 5.2   | 3.6   | 3.3   | 5.2   | 6.1   | 3.2   |
| EBIT Margin                | 6.6   | 3.1   | -0.9  | -3.4  | 4.1   | 5.0   | 2.2   |
| EBT Margin                 | 5.1   | 1.9   | -3.6  | -5.4  | 1.9   | 3.1   | 0.4   |
| Net Margin                 | 4.4   | -2.9  | -2.1  | -2.8  | 0.5   | 0.8   | 0.1   |
| Return on Assets           | 3.4   | nm    | nm    | nm    | 0.5   | 0.9   | 0.1   |
| Return on Equity           | 12.2  | -9.4  | -7.5  | -13.5 | 2.0   | 3.4   | 0.5   |
| Return on Capital Employed | 6.3   | 3.4   | -1.1  | -5.3  | 5.6   | 6.9   | 3.0   |
| Return on Investment       | 3.1   | -5.6  | -7.1  | -7.5  | -2.4  | -1.6  | -2.3  |

## VALUATION

| FY End Dec (x)                | 2021a | 2022a | 2023a | 2024a | 2025e | 2026e | 2027e |
|-------------------------------|-------|-------|-------|-------|-------|-------|-------|
| P/E                           | 5.7   | nm    | nm    | nm    | 21.8  | 12.8  | 89.8  |
| P/E (diluted)                 | 5.7   | nm    | nm    | nm    | 21.8  | 12.8  | 89.8  |
| P/BVPS                        | 0.7   | 0.6   | 0.5   | 0.5   | 0.4   | 0.4   | 0.4   |
| P/Tangible BVPS               | na    | na    | na    | na    | na    | na    | na    |
| P/CFPS                        | 4.2   | nm    | nm    | nm    | 6.7   | 5.6   | 9.1   |
| P/FCFPS                       | nm    | nm    | nm    | nm    | nm    | nm    | nm    |
| Div yield (%)                 | 0.0   | 0.0   | 0.0   | 0.0   | 0.0   | 0.0   | 0.0   |
| Div payout (%)                | 0.0   | 0.0   | 0.0   | 0.0   | 0.0   | 0.0   | 0.0   |
| EV                            | 487   | 448   | 439   | 421   | 386   | 363   | 360   |
| EV/Sales                      | 0.7   | 0.5   | 0.5   | 0.4   | 0.4   | 0.4   | 0.4   |
| EV/EBIT                       | 10.5  | 17.7  | nm    | nm    | 10.6  | 7.9   | 17.9  |
| EV/EBITDA                     | 10.1  | 10.4  | 14.5  | 12.6  | 8.4   | 6.5   | 12.2  |
| Net Debt/EBITDA               | 2.5   | 2.4   | 4.0   | 3.5   | 2.1   | 1.3   | 2.4   |
| FCFe yield (%)                | 11.9  | 13.6  | nm    | 3.9   | 20.8  | 23.7  | 3.5   |
| FCF / EV (%)                  | 6.5   | 6.8   | 1.7   | 5.8   | 10.2  | 11.0  | 5.4   |
| Net Debt /(Equity + Net Debt) | 32.1  | 28.4  | 33.5  | 35.5  | 30.9  | 24.8  | 23.9  |

Source: Company data, FactSet and JB Capital estimates

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Moreover, JB Capital entered, in November 2024 into an Underwriting Agreement with Cox Abg Group, S.A. to act as joint bookrunner in its Initial Public Offering ("IPO"), which prospectus was filed registered with the CNMV on 5 November 2024. Besides, JB Capital signed a Financial Services Agreement with Oryzon Genomics, S.A. in October 2024. Furthermore, JB Capital has entered into an Underwriting Agreement with Amper, S.A. to act as global coordinator and joint bookrunner in the rights issue of Amper, S.A., as disclosed in the relevant event (*otra información relevante*) published by the Company in November 2023. In addition, JB Capital has entered into a placement agreement with Amper, S.A. to act as global coordinator and bookrunner in the bond issuance of Amper, S.A. which was disclosed in the relevant event (*otra información relevante*) published by Amper, S.A. in July 2024. Also, JB Capital informs that it has placed commercial paper for CIE Automotive S.A. under its ECP Programme. In addition, JB Capital informs that it has entered into Placement Agreements with Promotora de Informaciones S.A. (PRISA), respectively, in January 2023 and in January 2024, for participating as Joint Global Coordinator and Bookrunner in the subordinated mandatory convertible bonds issuances of Promotora de Informaciones S.A. (PRISA). The securities notes (Nota de Valores) for the offering was registered with the CNMV in January 2023. And in March 2023 JB Capital has signed an agreement as a market consultant with Novabase, SGPS, SA in its partial and voluntary tender offer announced on February 2023. Furthermore, JB Capital informs that, during the last 12 months, it has entered into a corporate access service with REN – Redes Energéticas Nacionais, SGPS, S.A., Construcciones y Auxiliar de Ferrocarriles, S.A. 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