LIGHTHOUSE INSTITUTO ESPAÑOL DE ANALISTAS

# Natac

**EQUITY - SPAIN**
Sector: Food Products

Closing price: EUR 0.64 (1 Oct 2024)
Report date: 2 Oct 2024 (9:20h)

**6m Results 2024**
Independent Equity Research

**6m Results 2024**
Opinion [1]: In line
Impact [1]: We will maintain our estimates

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**Natac Natural Ingredients (NAT),** is the result of the merger between IFFE Futura and Natac Group. Combining Natac Group´ s expertise in research, development, production and commercialization of natural ingredients derived mainly from herbal extracts, with IFFE Futura´ s specialization in the development and refining of Omega 3. This allows NAT to offer a wider range of high quality natural products.

**Market Data**

| | | |
|---|---|---|
| Market Cap (Mn EUR and USD) | 278.3 | 308.2 |
| EV (Mn EUR and USD) [2] | 346.3 | 383.6 |
| Shares Outstanding (Mn) | 434.8 | |
| -12m (Max/Med/Mín EUR) | 0.84 / 0.69 / 0.60 | |
| Daily Avg volume (-12m Mn EUR) | 0.03 | |
| Rotation[3] | 2.7 | |
| Factset / Bloomberg | NAT-ES / NAT SM | |
| Close fiscal year | 31-Dec | |

**Shareholders Structure (%)**

| | |
|---|---|
| Antonio Angel Delgado Romero | 29.4 |
| Idoasis 2002 | 29.3 |
| Inveready | 11.8 |
| Onchena | 6.0 |
| Free Float | 23.5 |

| Financials (Mn EUR) | 2023 | 2024e | 2025e | 2026e |
|---|---|---|---|---|
| Adj. nº shares (Mn) | 80.6 | 430.2 | 434.8 | 434.8 |
| Total Revenues | 26.7 | 39.8 | 50.2 | 65.2 |
| Rec. EBITDA | 8.2 | 12.4 | 16.3 | 21.7 |
| *% growth* | *23.1* | *51.5* | *31.2* | *33.5* |
| *% Rec. EBITDA/Rev.* | *30.7* | *31.2* | *32.5* | *33.4* |
| *% Inc. EBITDA sector [4]* | *7.8* | *7.6* | *8.7* | *7.4* |
| Net Profit | 6.4 | 4.1 | 7.4 | 12.2 |
| EPS (EUR) | 0.08 | 0.01 | 0.02 | 0.03 |
| *% growth* | *214.0* | *-88.0* | *77.4* | *65.6* |
| Ord. EPS (EUR) | 0.00 | 0.01 | 0.01 | 0.03 |
| *% growth* | *-97.8* | *346.0* | *115.6* | *80.3* |
| Rec. Free Cash Flow[5] | 3.4 | -2.7 | -1.8 | 6.6 |
| *Pay-out (%)* | *0.0* | *0.0* | *0.0* | *0.0* |
| DPS (EUR) | 0.00 | 0.00 | 0.00 | 0.00 |
| Net financial debt | 59.3 | 61.9 | 60.8 | 51.2 |
| ND/Rec. EBITDA (x) | 7.2 | 5.0 | 3.7 | 2.4 |
| *ROE (%)* | *52.3* | *9.5* | *15.0* | *20.7* |
| *ROCE (%)[5]* | *3.7* | *6.4* | *8.6* | *12.2* |

| Ratios & Multiples (x)[6] | | | | |
|---|---|---|---|---|
| P/E | 8.0 | 66.8 | 37.7 | 22.8 |
| Ord. P/E | n.a. | 99.4 | 46.1 | 25.6 |
| P/BV | 6.7 | 6.1 | 5.3 | 4.3 |
| *Dividend Yield (%)* | *0.0* | *0.0* | *0.0* | *0.0* |
| EV/Sales | 12.98 | 8.69 | 6.90 | 5.31 |
| EV/Rec. EBITDA | 42.2 | 27.9 | 21.3 | 15.9 |
| EV/EBIT | n.a. | 37.1 | 26.4 | 18.2 |
| *FCF Yield (%)[5]* | *1.2* | *n.a.* | *n.a.* | *2.4* |

(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.

## Strong 1H24 Results (in line) showing exorbitant growth

**STRONG REVENUE GROWTH (+70.2% VS 1H23) …** for three reasons: i) FDA approval of the US pharmaceutical company's drug that has an extract manufactured (exclusively) by NAT as an ingredient, ii) international expansion in Europe (+157% vs 1H23) and iii) focus on products for the animal feed market and the organic market. This has led NAT to record 1H24 revenues of EUR 19.7Mn (vs EUR 11.6Mn in 1H23).

**… WITHOUT (YET) COMMERCIALIZING OMEGA-3.** Omega-3 production in As Somozas (La Coruña) began in September 2024. The impact of the Omega-3 business line will be limited in 2024e. This confirms NAT's ability to grow organically beyond the new product line that is Omega-3.

**ACCOMPANIED BY AN IMPROVEMENT IN MARGINS.** Despite the volatility in raw material prices (e.g., rhodiola), gross margin has remained stable at around 65% (in line with 1H23). This, together with the operating leverage of the business, has enabled a "takeoff" in recurring EBITDA to EUR 5.7Mn (vs EUR 1.7Mn in 1H23). Bringing the 1H24 net profit above breakeven (EUR 1.3Mn).

**AN INVESTMENT PERIOD THAT KEEPS DEBT LEVELS HIGH.** Investments in the As Somozas (La Coruña) and Hervás (Cáceres; Sustainex Project) plants, together with the increase in working capital (inherent to the business) have increased Net Debt 1H24 to 65.6Mn (+10.7% vs end of 2023). We estimate a DN/EBITDA 2024e ratio of 5.0x.

**WE MAINTAIN ESTIMATES.** NAT meets expectations and today our model points to 2024e revenues of EUR 39.8Mn and a recurring EBITDA of EUR 12.4Mn.

**A PRIORI, VERY POSITIVE MOMENTUM FOR NAT.** The strong growth in NAT's business is starting to materialize, which also has high barriers to entry and is gradually expanding its customer base (recurring). The equity story remains a compelling proposition for leveraging productive capacity to foster growth and enhance returns. The main handicap (high financial leverage) should be diluted as EBITDA increases (DN/EBITDA 2026e 2.4x). The speed of commercial development of Omega-3 will be key for the stock to capture the value of the new plant.

**Relative performance (Base 100)**


| Stock performance (%) | -1m | -3m | -12m | YTD | -3Y | -5Y |
|---|---|---|---|---|---|---|
| Absolute | 4.9 | -1.5 | -21.0 | -12.3 | -7.9 | -67.8 |
| vs Ibex 35 | 2.5 | -6.7 | -36.2 | -24.1 | -30.6 | -74.7 |
| vs Ibex Small Cap Index | 7.3 | 2.0 | -26.6 | -15.9 | -8.2 | -74.8 |
| vs Eurostoxx 50 | 5.0 | -2.0 | -33.4 | -20.0 | -25.0 | -77.2 |
| vs Sector benchmark[4] | 4.6 | -4.6 | -20.2 | -10.0 | 1.9 | -63.8 |

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

# Natac (NAT) is a BME Growth company

BME Growth is the segment of BME MTF Equity aimed at small and medium sized companies, directed and managed by the Spanish stock market and is subject to the CNMV supervision. BME MTF Equity is not a Regulated Market but instead falls within the classification of a Multilateral Trading Facility (MTF) as defined under the Markets in Financial Instruments Directive (MiFID). In July 2020, BME Growth obtained the status of SME Growth Market, a new category of EU regulations, which in Spain is called Mercado de Pymes en Expansión.

BME Growth is the Spanish equity market for companies of reduced capitalization which aim to grow, with a special set of regulations, designed specifically for them, and with costs and process tailored to their particular features. Operations in BME Growth (former MAB) started in July 2009. There are currently c.140 companies listed on it. Companies listed on the MAB can choose to present their financial statements under IFRS or the General Accounting Plan (PGC) and Royal Decree 1159/2010 (NOFCAC).

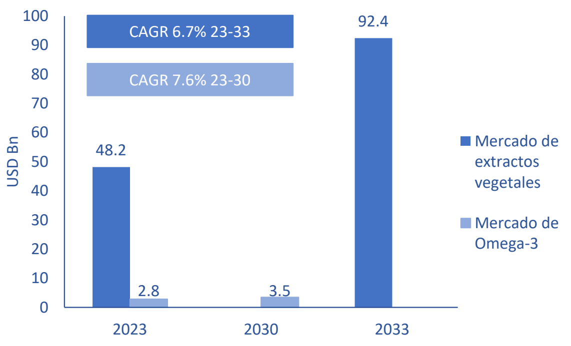
## Table 1. 1H24 Results

| EUR Mn | 6m24 Real | 6m23 | 6m24 Real vs 6m23 | 2024e | 2024e vs 2023 |
|---|---|---|---|---|---|
| **Total Revenues** | **19.7** | **11.6** | **70.2%** | **39.8** | **49.3%** |
| **Gross Margin** | **13.0** | **7.5** | **72.6%** | **28.7** | **40.6%** |
| *Gross Margin/Revenues* | 65.8% | 64.9% | *0.9 p.p.* | 72.0% | *72.0 p.p.* |
| **Recurrent EBITDA[1]** | **5.7** | **1.7** | **242.3%** | **12.4** | **51.5%** |
| *Rec. EBITDA/Revenues* | *28.7%* | *14.3%* | *14.4 p.p.* | *31.2%* | *0.5 p.p.* |
| **EBITDA** | **5.8** | **1.8** | **227.0%** | **14.2** | **99.5%** |
| *EBITDA/Revenues* | *29.5%* | *15.4%* | *14.2 p.p.* | *35.7%* | *9.0 p.p.* |
| **EBIT** | **3.7** | **-0.2** | **n.a.** | **9.3** | **213.2%** |
| **PBT** | **1.6** | **-2.7** | **159.8%** | **5.3** | **-37.4%** |
| **NP** | **1.3** | **-2.5** | **153.0%** | **4.1** | **-35.8%** |
| | | **12m23** | | | |
| Net Debt[2] | 65.6 | 59.3 | 10.7% | 61.9 | 4.5% |

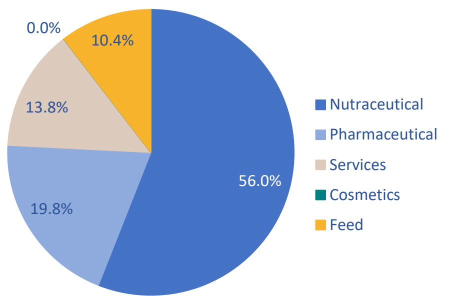
Note 1. Recurring EBITDA adjusted to exclude the impact of: i) "Allocation of non-financial fixed asset subsidies and others" and ii) "Non-recurring expenses".
Note 2. Net Debt excludes subsidies and finance leases.

## The company in 8 charts

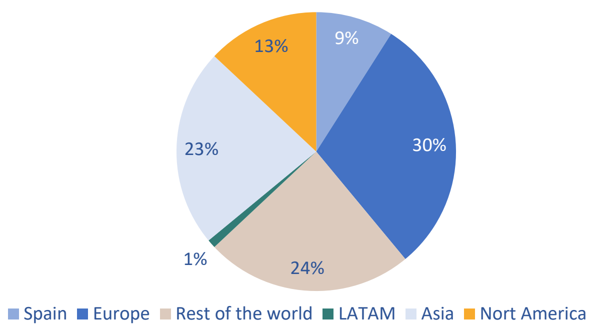
***The world plant extracts market is forecast to grow at a CAGR 2023-2032e of 6.7% and Omega-3 at 7.6%***



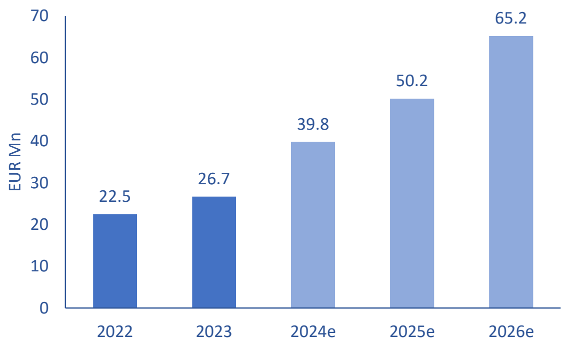

***NAT: a company with a highly diversified business mix…***



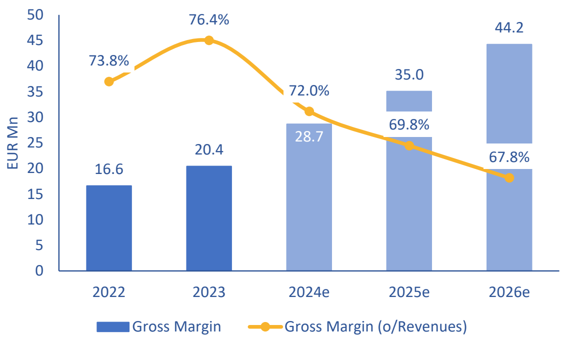

***…and geographic mix. In 2023, sales outside Spain accounted for 91%***



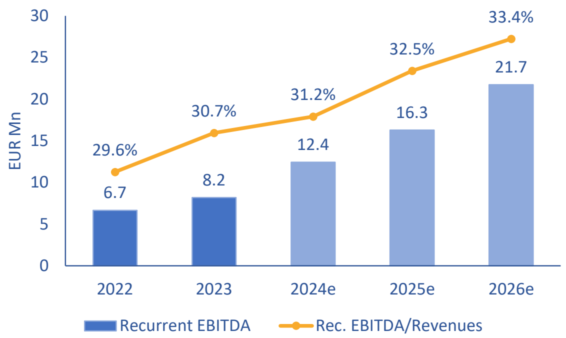

***Paving the way for organic growth over the next few years (along with higher capacity utilisation)***



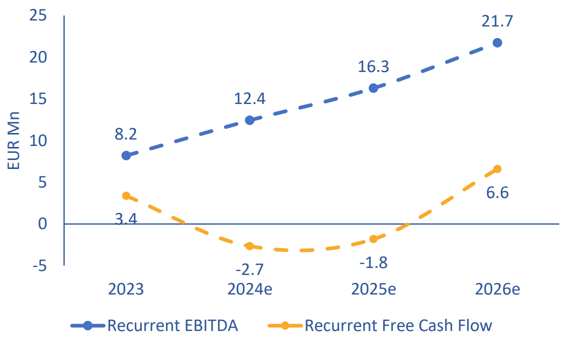

***As Omega-3's business (50% gross margin) gains weight in the mix, we will see a decline in gross margin to 67.8% by 2026e***



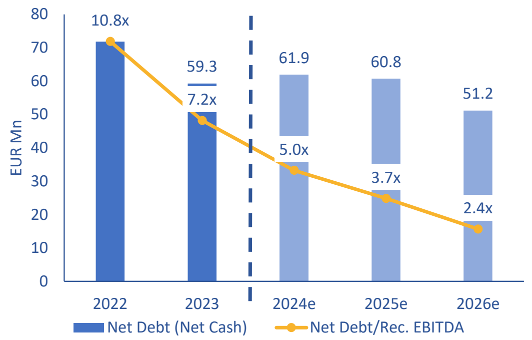

***However, thanks to high operating leverage, we estimate an improvement in Recurring EBITDA (EBITDA Mg. 26e: 33%)...***




***... lifting recurring free cash flow generation to EUR 6.6Mn in 2026e (vs EUR -2.7Mn in 2024e)***




***Which would leave NAT prudently leveraged in 2026e (ND: EUR 51.2Mn; ND/rec. EBITDA: 2.4x)***



## Valuation inputs

### *Inputs for the DCF Valuation Approach*

| | 2024e | 2025e | 2026e | Terminal Value [1] | | |
|---|---|---|---|---|---|---|
| **Free Cash Flow "To the Firm"** | **0.4** | **3.8** | **11.7** | **n.a.** | | |
| | | | | | | |
| **Market Cap** | **278.3** | At the date of this report | | | | |
| **Net financial debt** | **65.6** | Debt net of Cash (6m Results 2024) | | | | |
| | | | | | Best Case | Worst Case |
| Cost of Debt | 6.0% | Net debt cost | | | 5.8% | 6.3% |
| Tax rate (T) | 20.0% | T (Normalised tax rate) | | | = | = |
| **Net debt cost** | **4.8%** | **Kd = Cost of Net Debt * (1-T)** | | | **4.6%** | **5.0%** |
| Risk free rate (rf) | 2.8% | Rf (10y Spanish bond yield) | | | = | = |
| Equity risk premium | 6.0% | R (own estimate) | | | 5.5% | 6.5% |
| Beta (B) | 1.1 | B (own estimate) | | | 1.0 | 1.2 |
| **Cost of Equity** | **9.4%** | **Ke = Rf + (R * B)** | | | **8.3%** | **10.6%** |
| Equity / (Equity + Net Debt) | 80.9% | E (Market Cap as equity value) | | | = | = |
| Net Debt / (Equity + Net Debt) | 19.1% | D | | | = | = |
| **WACC** | **8.5%** | **WACC = Kd * D + Ke * E** | | | **7.6%** | **9.5%** |
| **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 Factset | Mkt. Cap | P/E 24e | EPS 24e-26e | EV/EBITDA 24e | EBITDA 24e-26e | EV/Sales 24e | Revenues 24e-26e | EBITDA/Sales 24e | FCF Yield 24e | FCF 24e-26e |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Inter. Flavors & Fragrance | IFF-US | 23,801.4 | 24.4 | 9.1% | 16.5 | 5.2% | 3.2 | 1.3% | 19.3% | 2.3% | 35.8% |
| Symrise | SY1-DE | 17,164.0 | 37.2 | 15.0% | 19.0 | 8.3% | 3.9 | 6.1% | 20.5% | 2.6% | 8.9% |
| Givaudan | GIVN-CH | 45,248.7 | 37.0 | 4.5% | 26.9 | 4.9% | 6.4 | 4.5% | 23.8% | 2.6% | 3.0% |
| **Herbal Extracts** | | | 32.9 | 9.6% | 20.8 | 6.2% | 4.5 | 4.0% | 21.2% | 2.5% | 15.9% |
| BASF | BAS-DE | 41,930.7 | 13.4 | 14.5% | 8.1 | 10.7% | 1.0 | 3.7% | 12.0% | 1.9% | n.a. |
| KERRY | KRZ-IE | 15,785.9 | 20.1 | 11.7% | 14.1 | 8.8% | 2.2 | 4.8% | 15.7% | 4.2% | 10.4% |
| Archer Daniels | ADM-US | 25,693.1 | 11.1 | 1.6% | 7.5 | 1.2% | 0.4 | 2.5% | 5.5% | 8.9% | -1.4% |
| **Omega-3** | | | 14.8 | 9.3% | 9.9 | 6.9% | 1.2 | 3.7% | 11.1% | 5.0% | 4.5% |
| NAT | NAT-ES | 278.3 | 66.8 | 71.4% | 27.9 | 28.7% | 8.7 | 27.9% | 35.7% | n.a. | n.a. |

### *Free Cash Flow sensitivity analysis (2025e)*

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

| Scenario | EBITDA/Sales 25e | EBITDA 25e | EV/EBITDA 25e |
|---|---|---|---|
| **Max** | **35.7%** | **17.9** | **19.4x** |
| **Central** | **32.5%** | **16.3** | **21.3x** |
| **Min** | **29.3%** | **14.7** | **23.6x** |

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

| Rec. FCF EUR Mn | CAPEX/Sales 25e | | |
|---|---|---|---|
| EBITDA 25e | 12.9% | 14.3% | 15.7% |
| **17.9** | **0.5** | **(0.2)** | **(0.9)** |
| **16.3** | **(1.1)** | **(1.8)** | **(2.5)** |
| **14.7** | **(2.7)** | **(3.4)** | **(4.1)** |

# Appendix 1. Financial Projections

| Balance Sheet (EUR Mn) | 2019 | 2020 | 2021 | 2022 | 2023 | 2024e | 2025e | 2026e |
|---|---|---|---|---|---|---|---|---|
| Intangible assets | | 4.7 | 3.2 | 9.9 | 9.9 | 10.0 | 10.0 | 10.1 |
| Fixed assets | | 14.9 | 15.0 | 15.8 | 26.0 | 25.4 | 24.7 | 19.2 |
| Other Non Current Assets | | 0.9 | 0.7 | 0.7 | 0.7 | 0.7 | 0.7 | 0.7 |
| Financial Investments | | 0.3 | 2.5 | 8.0 | 12.3 | 12.3 | 12.3 | 12.3 |
| Goodwill & Other Intangilbles | | - | - | 4.0 | 48.7 | 48.7 | 48.7 | 48.7 |
| Current assets | | 15.0 | 21.3 | 31.8 | 28.9 | 36.8 | 43.7 | 52.7 |
| **Total assets** | | **35.9** | **42.8** | **70.2** | **126.5** | **133.9** | **140.1** | **143.8** |
| | | | | | | | | |
| Equity | | 5.2 | 8.5 | (16.9) | 41.4 | 45.6 | 52.9 | 65.2 |
| Minority Interests | | 0.2 | 0.3 | 0.7 | 2.5 | 2.4 | 2.2 | 2.1 |
| Provisions & Other L/T Liabilities | | 5.3 | 5.8 | 7.1 | 16.5 | 14.7 | 12.9 | 11.1 |
| Other Non Current Liabilities | | - | - | 0.4 | 0.3 | 0.3 | 0.3 | 0.3 |
| Net financial debt | | 19.2 | 24.0 | 71.8 | 59.3 | 61.9 | 60.8 | 51.2 |
| Current Liabilities | | 6.0 | 4.2 | 7.1 | 6.4 | 9.0 | 11.0 | 13.9 |
| **Equity & Total Liabilities** | | **35.9** | **42.8** | **70.2** | **126.5** | **133.9** | **140.1** | **143.8** |

| | | | | | | | | | CAGR | |
|---|---|---|---|---|---|---|---|---|---|---|
| **P&L (EUR Mn)** | **2019** | **2020** | **2021** | **2022** | **2023** | **2024e** | **2025e** | **2026e** | **19-23** | **23-26e** |
| **Total Revenues** | | **17.7** | **20.4** | **22.5** | **26.7** | **39.8** | **50.2** | **65.2** | ***n.a.*** | ***34.7%*** |
| *Total Revenues growth* | | *n.a.* | *15.5%* | *10.2%* | *18.7%* | *49.3%* | *26.0%* | *29.9%* | | |
| COGS | | (5.1) | (5.1) | (5.9) | (6.3) | (11.2) | (15.1) | (21.0) | | |
| **Gross Margin** | | **12.6** | **15.3** | **16.6** | **20.4** | **28.7** | **35.0** | **44.2** | ***n.a.*** | ***29.4%*** |
| *Gross Margin/Revenues* | | *71.1%* | *75.1%* | *73.8%* | *76.4%* | *72.0%* | *69.8%* | *67.8%* | | |
| Personnel Expenses | | (3.1) | (4.2) | (5.6) | (7.0) | (8.2) | (8.8) | (9.8) | | |
| Other Operating Expenses | | (3.7) | (4.7) | (4.3) | (5.2) | (8.0) | (9.9) | (12.7) | | |
| **Recurrent EBITDA** | | **5.8** | **6.4** | **6.7** | **8.2** | **12.4** | **16.3** | **21.7** | ***n.a.*** | ***38.4%*** |
| *Recurrent EBITDA growth* | | *n.a.* | *10.7%* | *3.4%* | *23.1%* | *51.5%* | *31.2%* | *33.5%* | | |
| *Rec. EBITDA/Revenues* | | *32.9%* | *31.6%* | *29.6%* | *30.7%* | *31.2%* | *32.5%* | *33.4%* | | |
| Restructuring Expense & Other non-rec. | | 1.4 | 0.9 | (1.5) | (1.1) | 1.8 | 1.8 | 1.8 | | |
| **EBITDA** | | **7.3** | **7.4** | **5.2** | **7.1** | **14.2** | **18.1** | **23.5** | ***n.a.*** | ***48.9%*** |
| Depreciation & Provisions | | (1.8) | (2.5) | (3.2) | (4.1) | (4.8) | (4.9) | (4.5) | | |
| Capitalized Expense | | - | - | - | 0.1 | 0.1 | 0.1 | 0.1 | | |
| Rentals (IFRS 16 impact) | | - | - | (0.1) | (0.2) | (0.2) | (0.2) | (0.2) | | |
| **EBIT** | | **5.5** | **4.8** | **1.9** | **3.0** | **9.3** | **13.1** | **19.0** | ***n.a.*** | ***85.4%*** |
| *EBIT growth* | | *n.a.* | *-11.9%* | *-60.6%* | *56.4%* | *213.2%* | *40.4%* | *44.8%* | | |
| *EBIT/Revenues* | | *31.1%* | *23.7%* | *8.5%* | *11.2%* | *23.4%* | *26.1%* | *29.1%* | | |
| Impact of Goodwill & Others | | - | - | - | - | - | - | - | | |
| Net Financial Result | | (0.6) | (0.0) | 0.4 | (4.1) | (4.0) | (3.5) | (2.9) | | |
| Income by the Equity Method | | - | - | - | - | - | - | - | | |
| **Ordinary Profit** | | **4.8** | **4.8** | **2.3** | **(1.1)** | **5.3** | **9.6** | **16.1** | ***n.a.*** | ***n.a.*** |
| *Ordinary Profit Growth* | | *n.a.* | *-0.9%* | *-53.0%* | *-148.9%* | *579.1%* | *82.3%* | *67.0%* | | |
| Extraordinary Results | | - | - | (0.0) | 9.6 | - | - | - | | |
| **Profit Before Tax** | | **4.8** | **4.8** | **2.3** | **8.5** | **5.3** | **9.6** | **16.1** | ***n.a.*** | ***24.0%*** |
| Tax Expense | | (1.4) | (1.3) | (1.2) | (2.2) | (1.3) | (2.4) | (4.0) | | |
| *Effective Tax Rate* | | *28.2%* | *26.8%* | *53.4%* | *25.9%* | *25.0%* | *25.0%* | *25.0%* | | |
| Minority Interests | | (0.2) | (0.1) | (0.1) | 0.2 | 0.2 | 0.2 | 0.2 | | |
| Discontinued Activities | | - | - | - | - | - | - | - | | |
| **Net Profit** | | **3.3** | **3.4** | **1.0** | **6.4** | **4.1** | **7.4** | **12.2** | ***n.a.*** | ***24.0%*** |
| *Net Profit growth* | | *n.a.* | *3.2%* | *-72.0%* | *569.8%* | *-35.8%* | *79.3%* | *65.6%* | | |
| **Ordinary Net Profit** | | **2.3** | **2.7** | **2.5** | **0.1** | **2.8** | **6.0** | **10.9** | ***n.a.*** | ***n.a.*** |
| *Ordinary Net Profit growth* | | *n.a.* | *19.7%* | *-7.3%* | *-95.4%* | *n.a.* | *117.9%* | *80.3%* | | |

| | | | | | | | | | CAGR | |
|---|---|---|---|---|---|---|---|---|---|---|
| **Cash Flow (EUR Mn)** | **2019** | **2020** | **2021** | **2022** | **2023** | **2024e** | **2025e** | **2026e** | **19-23** | **23-26e** |
| **Recurrent EBITDA** | | | | | | **12.4** | **16.3** | **21.7** | ***n.a.*** | ***38.4%*** |
| Rentals (IFRS 16 impact) | | | | | | (0.2) | (0.2) | (0.2) | | |
| Working Capital Increase | | | | | | (5.4) | (4.9) | (6.1) | | |
| **Recurrent Operating Cash Flow** | | | | | | **6.9** | **11.3** | **15.5** | ***n.a.*** | ***14.8%*** |
| CAPEX | | | | | | (4.2) | (7.2) | (2.0) | | |
| Net Financial Result affecting the Cash Flow | | | | | | (4.0) | (3.5) | (2.9) | | |
| Tax Expense | | | | | | (1.3) | (2.4) | (4.0) | | |
| **Recurrent Free Cash Flow** | | | | | | **(2.7)** | **(1.8)** | **6.6** | ***n.a.*** | ***24.9%*** |
| Restructuring Expense & Other non-rec. | | | | | | - | - | - | | |
| - Acquisitions / + Divestures of assets | | | | | | - | - | - | | |
| Extraordinary Inc./Exp. Affecting Cash Flow | | | | | | - | 3.0 | 3.0 | | |
| **Free Cash Flow** | | | | | | **(2.7)** | **1.2** | **9.6** | ***n.a.*** | ***n.a.*** |
| Capital Increase | | | | | | - | - | - | | |
| Dividends | | | | | | - | - | - | | |
| **Net Debt Variation** | | | | | | **2.7** | **(1.2)** | **(9.6)** | | |

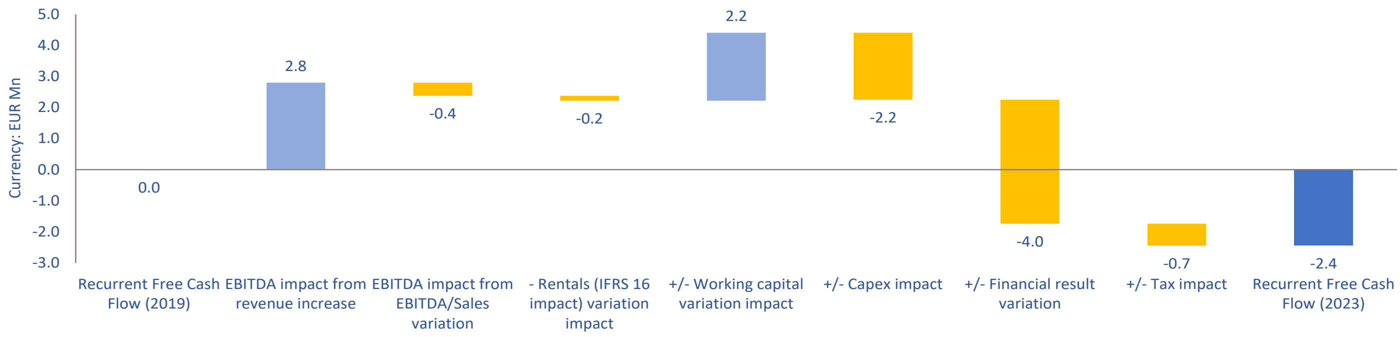
# Appendix 2. Free Cash Flow

| A) Cash Flow Analysis (EUR Mn) | 2020 | 2021 | 2022 | 2023 | 2024e | 2025e | 2026e | CAGR 20-23 | CAGR 23-26e |
|---|---|---|---|---|---|---|---|---|---|
| **Recurrent EBITDA** | **5.8** | **6.4** | **6.7** | **8.2** | **12.4** | **16.3** | **21.7** | *12.1%* | *38.4%* |
| *Recurrent EBITDA growth* | *n.a.* | *10.7%* | *3.4%* | *23.1%* | *51.5%* | *31.2%* | *33.5%* | | |
| *Rec. EBITDA/Revenues* | *32.9%* | *31.6%* | *29.6%* | *30.7%* | *31.2%* | *32.5%* | *33.4%* | | |
| - Rentals (IFRS 16 impact) | - | - | (0.1) | (0.2) | (0.2) | (0.2) | (0.2) | | |
| +/- Working Capital increase | (9.0) | (8.1) | (7.6) | 2.2 | (5.4) | (4.9) | (6.1) | | |
| **= Recurrent Operating Cash Flow** | **(3.2)** | **(1.7)** | **(1.0)** | **10.2** | **6.9** | **11.3** | **15.5** | *73.5%* | *14.8%* |
| *Rec. Operating Cash Flow growth* | *n.a.* | *47.0%* | *41.7%* | *n.a.* | *-32.5%* | *63.1%* | *37.5%* | | |
| *Rec. Operating Cash Flow / Sales* | *n.a.* | *n.a.* | *n.a.* | *38.3%* | *17.3%* | *22.4%* | *23.7%* | | |
| - CAPEX | (12.3) | (3.2) | (5.9) | (2.2) | (4.2) | (7.2) | (2.0) | | |
| - Net Financial Result affecting Cash Flow | (0.5) | (0.3) | (2.3) | (4.0) | (4.0) | (3.5) | (2.9) | | |
| - Taxes | (0.4) | (0.5) | (1.0) | (0.7) | (1.3) | (2.4) | (4.0) | | |
| **= Recurrent Free Cash Flow** | **(16.3)** | **(5.7)** | **(10.1)** | **3.4** | **(2.7)** | **(1.8)** | **6.6** | *30.2%* | *24.9%* |
| *Rec. Free Cash Flow growth* | *n.a.* | *65.0%* | *-76.8%* | *133.4%* | *-179.0%* | *31.8%* | *462.2%* | | |
| *Rec. Free Cash Flow / Revenues* | *n.a.* | *n.a.* | *n.a.* | *12.6%* | *n.a.* | *n.a.* | *10.1%* | | |
| - Restructuring expenses & others | - | - | (1.5) | (2.9) | - | - | - | | |
| - Acquisitions / + Divestments | - | - | (10.5) | - | - | - | - | | |
| +/- Extraordinary Inc./Exp. affecting Cash Flow | 1.1 | 0.7 | - | - | - | 3.0 | 3.0 | | |
| **= Free Cash Flow** | **(15.2)** | **(5.0)** | **(22.1)** | **0.5** | **(2.7)** | **1.2** | **9.6** | *26.6%* | *n.a.* |
| *Free Cash Flow growth* | *n.a.* | *66.9%* | *-337.6%* | *102.1%* | *-665.7%* | *144.5%* | *707.3%* | | |
| | | | | | | | | | |
| *Recurrent Free Cash Flow - Yield (s/Mkt Cap)* | *n.a.* | *n.a.* | *n.a.* | *1.2%* | *n.a.* | *n.a.* | *2.4%* | | |
| *Free Cash Flow Yield (s/Mkt Cap)* | *n.a.* | *n.a.* | *n.a.* | *0.2%* | *n.a.* | *0.4%* | *3.4%* | | |

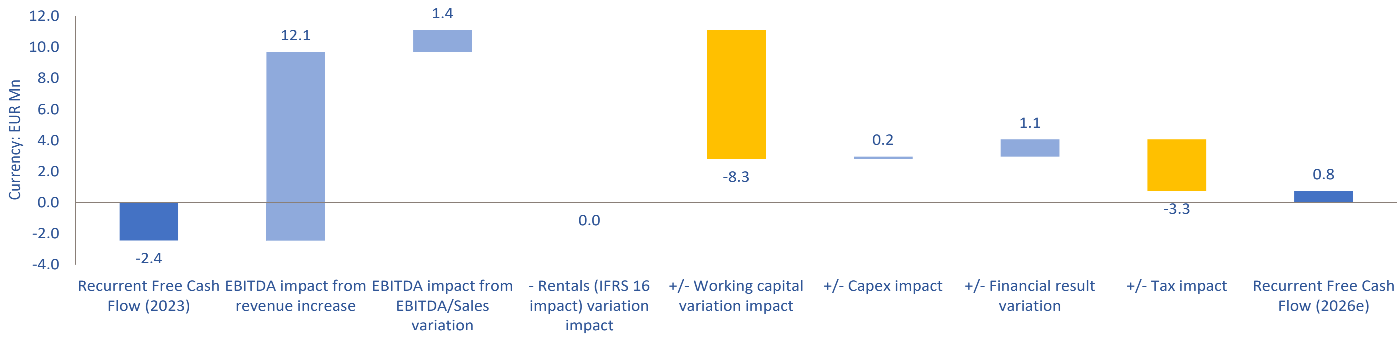
| B) Analytical Review of Annual Recurrent Free Cash Flow Performance (Eur Mn) | 2020 | 2021 | 2022 | 2023 | 2024e | 2025e | 2026e |
|---|---|---|---|---|---|---|---|
| **Recurrent FCF(FY - 1)** | **-** | **(16.3)** | **(5.7)** | **(10.1)** | **3.4** | **(2.7)** | **(1.8)** |
| EBITDA impact from revenue increase | n.a. | 0.9 | 0.7 | 1.2 | 4.0 | 3.2 | 4.9 |
| EBITDA impact from EBITDA/Sales variation | n.a. | (0.3) | (0.4) | 0.3 | 0.2 | 0.6 | 0.6 |
| **= Recurrent EBITDA variation** | **n.a.** | **0.6** | **0.2** | **1.5** | **4.2** | **3.9** | **5.5** |
| - Rentals (IFRS 16 impact) variation impact | - | - | (0.1) | (0.1) | - | - | - |
| +/- Working capital variation impact | (9.0) | 0.9 | 0.6 | 9.7 | (7.5) | 0.5 | (1.2) |
| **= Recurrent Operating Cash Flow variation** | **(9.0)** | **1.5** | **0.7** | **11.2** | **(3.3)** | **4.4** | **4.2** |
| +/- CAPEX impact | (12.3) | 9.1 | (2.7) | 3.7 | (2.0) | (3.0) | 5.2 |
| +/- Financial result variation | (0.5) | 0.1 | (1.9) | (1.7) | (0.1) | 0.6 | 0.6 |
| +/- Tax impact | (0.4) | (0.1) | (0.5) | 0.2 | (0.6) | (1.1) | (1.6) |
| **= Recurrent Free Cash Flow variation** | **(22.1)** | **10.6** | **(4.4)** | **13.5** | **(6.0)** | **0.8** | **8.4** |
| | | | | | | | |
| **Recurrent Free Cash Flow** | **(22.1)** | **(5.7)** | **(10.1)** | **3.4** | **(2.7)** | **(1.8)** | **6.6** |

| C) "FCF to the Firm" (pre debt service) (EUR Mn) | 2020 | 2021 | 2022 | 2023 | 2024e | 2025e | 2026e | CAGR 20-23 | CAGR 23-26e |
|---|---|---|---|---|---|---|---|---|---|
| **EBIT** | **5.5** | **4.8** | **1.9** | **3.0** | **9.3** | **13.1** | **19.0** | *-18.4%* | *85.4%* |
| ** Theoretical Tax rate* | *28.2%* | *26.8%* | *30.0%* | *0.0%* | *25.0%* | *25.0%* | *25.0%* | | |
| = Taxes (pre- Net Financial Result) | (1.5) | (1.3) | (0.6) | - | (2.3) | (3.3) | (4.7) | | |
| | | | | | | | | | |
| **Recurrent EBITDA** | **5.8** | **6.4** | **6.7** | **8.2** | **12.4** | **16.3** | **21.7** | *12.1%* | *38.4%* |
| - Rentals (IFRS 16 impact) | - | - | (0.1) | (0.2) | (0.2) | (0.2) | (0.2) | | |
| +/- Working Capital increase | (9.0) | (8.1) | (7.6) | 2.2 | (5.4) | (4.9) | (6.1) | | |
| **= Recurrent Operating Cash Flow** | **(3.2)** | **(1.7)** | **(1.0)** | **10.2** | **6.9** | **11.3** | **15.5** | *73.5%* | *14.8%* |
| - CAPEX | (12.3) | (3.2) | (5.9) | (2.2) | (4.2) | (7.2) | (2.0) | | |
| - Taxes (pre- Financial Result) | (1.5) | (1.3) | (0.6) | - | (2.3) | (3.3) | (4.7) | | |
| **= Recurrent Free Cash Flow (To the Firm)** | **(17.0)** | **(6.2)** | **(7.5)** | **8.1** | **0.4** | **0.8** | **8.7** | *35.3%* | *2.7%* |
| *Rec. Free Cash Flow (To the Firm) growth* | *n.a.* | *63.6%* | *-20.4%* | *208.3%* | *-95.4%* | *110.8%* | *n.a.* | | |
| Rec. Free Cash Flow (To the Firm) / Revenues | n.a. | n.a. | n.a. | 30.2% | 0.9% | 1.6% | 13.4% | | |
| - Acquisitions / + Divestments | - | - | (10.5) | - | - | - | - | | |
| +/- Extraordinary Inc./Exp. affecting Cash Flow | 1.1 | 0.7 | - | - | - | 3.0 | 3.0 | | |
| **= Free Cash Flow "To the Firm"** | **(15.9)** | **(5.5)** | **(18.0)** | **8.1** | **0.4** | **3.8** | **11.7** | *35.8%* | *13.3%* |
| *Free Cash Flow (To the Firm) growth* | *n.a.* | *65.3%* | *-224.8%* | *144.9%* | *-95.4%* | *918.5%* | *210.1%* | | |
| | | | | | | | | | |
| *Rec. Free Cash Flow To the Firm Yield (o/EV)* | *n.a.* | *n.a.* | *n.a.* | *2.3%* | *0.1%* | *0.2%* | *2.5%* | | |
| *Free Cash Flow "To the Firm" - Yield (o/EV)* | *n.a.* | *n.a.* | *n.a.* | *2.3%* | *0.1%* | *1.1%* | *3.4%* | | |

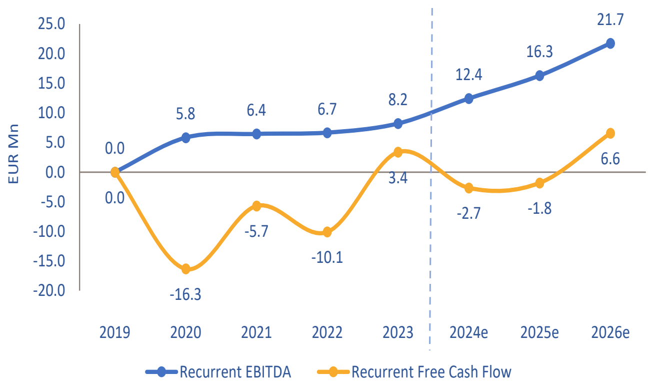
***Recurrent Free Cash Flow accumulated variation analysis (2019 - 2023)***




***Recurrent Free Cash Flow accumulated variation analysis (2023 - 2026e)***




***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 | 278.3 | |
| + Minority Interests | - | 6m Results 2024 |
| + Provisions & Other L/T Liabilities | 16.0 | 6m Results 2024 |
| + Net financial debt | 65.6 | 6m Results 2024 |
| - Financial Investments | 13.6 | 6m Results 2024 |
| +/- Others | | |
| **Enterprise Value (EV)** | **346.3** | |

# Appendix 4. Historical performance (1)

| Historical performance (EUR Mn) | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024e | 2025e | 2026e | CAGR 13-23 | CAGR 23-26e |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Total Revenues** | | | | | | | | **17.7** | **20.4** | **22.5** | **26.7** | **39.8** | **50.2** | **65.2** | *n.a.* | *34.7%* |
| *Total Revenues growth* | | | | | | | | *n.a.* | *15.5%* | *10.2%* | *18.7%* | *49.3%* | *26.0%* | *29.9%* | | |
| **EBITDA** | | | | | | | | **7.3** | **7.4** | **5.2** | **7.1** | **14.2** | **18.1** | **23.5** | *n.a.* | *48.9%* |
| *EBITDA growth* | | | | | | | | *n.a.* | *1.7%* | *-29.9%* | *38.0%* | *99.5%* | *27.2%* | *30.1%* | | |
| *EBITDA/Sales* | | | | | | | | *41.0%* | *36.1%* | *23.0%* | *26.7%* | *35.7%* | *36.0%* | *36.1%* | | |
| **Net Profit** | | | | | | | | **3.3** | **3.4** | **1.0** | **6.4** | **4.1** | **7.4** | **12.2** | *n.a.* | *24.0%* |
| *Net Profit growth* | | | | | | | | *n.a.* | *3.2%* | *-72.0%* | *569.8%* | *-35.8%* | *79.3%* | *65.6%* | | |
| Adjusted number shares (Mn) | | | | | | | | - | - | 37.8 | 80.6 | 430.2 | 434.8 | 434.8 | | |
| EPS (EUR) | | | | | | | | n.a. | n.a. | 0.03 | 0.08 | 0.01 | 0.02 | 0.03 | *n.a.* | *-29.3%* |
| *EPS growth* | | | | | | | | *n.a.* | *n.a.* | *n.a.* | *n.a.* | *-88.0%* | *77.4%* | *65.6%* | | |
| Ord. EPS (EUR) | | | | | | | | n.a. | n.a. | 0.07 | 0.00 | 0.01 | 0.01 | 0.03 | *n.a.* | *n.a.* |
| *Ord. EPS growth* | | | | | | | | *n.a.* | *n.a.* | *n.a.* | *-97.8%* | *n.a.* | *n.a.* | *80.3%* | | |
| CAPEX | | | | | | | | (12.3) | (3.2) | (5.9) | (2.2) | (4.2) | (7.2) | (2.0) | | |
| *CAPEX/Sales %)* | | | | | | | | *69.6%* | *15.7%* | *26.2%* | *8.1%* | *10.5%* | *14.3%* | *3.1%* | | |
| **Free Cash Flow** | | | | | | | | **(15.2)** | **(5.0)** | **(22.1)** | **0.5** | **(2.7)** | **1.2** | **9.6** | n.a. | n.a. |
| *ND/EBITDA (x) (2)* | | | | | | | | *2.6x* | *3.3x* | *13.9x* | *8.3x* | *4.4x* | 3.4x | 2.2x | | |
| *P/E (x)* | | | | | | | | *n.a.* | *n.a.* | *24.5x* | *9.2x* | *66.8x* | 37.7x | 22.8x | | |
| *EV/Sales (x)* | | | | | | | | *2.35x* | *1.92x* | *0.46x* | *0.88x* | *8.69x* | 6.90x | 5.31x | | |
| *EV/EBITDA (x) (2)* | | | | | | | | *5.7x* | *5.3x* | *2.0x* | *3.3x* | *24.4x* | 19.1x | 14.7x | | |
| *Absolute performance* | | | | | | | | *-14.6%* | *-73.8%* | *39.0%* | *17.7%* | *-12.3%* | | | | |
| *Relative performance vs Ibex 35* | | | | | | | | *1.0%* | *-75.7%* | *47.2%* | *-4.1%* | *-24.1%* | | | | |

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 2024e

| | | Herbal Extracts | | | | Omega-3 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | **EUR Mn** | **Inter. Flavors & Fragrances** | **Symrise** | **Givaudan** | **Average** | **BASF** | **KERRY** | **Archer Daniels** | **Average** | **NAT** |
| Market data | **Ticker (Factset)** | IFF-US | SY1-DE | GIVN-CH | | BAS-DE | KRZ-IE | ADM-US | | NAT-ES |
| | **Country** | United States | Germany | Switzerland | | Germany | Ireland | United States | | Spain |
| | **Market cap** | 23,801.4 | 17,164.0 | 45,248.7 | | 41,930.7 | 15,785.9 | 25,693.1 | | 278.3 |
| | **Enterprise value (EV)** | 32,334.7 | 19,463.0 | 50,192.2 | | 64,693.2 | 17,557.1 | 32,841.6 | | 346.3 |
| Basic financial information | **Total Revenues** | 10,184.0 | 4,999.4 | 7,830.5 | | 66,460.3 | 7,939.9 | 79,368.1 | | 39.8 |
| | **Total Revenues growth** | *-1.7%* | *5.2%* | *6.0%* | *3.2%* | *-3.5%* | *-1.0%* | *-6.4%* | *-3.7%* | *49.3%* |
| | **2y CAGR (2024e - 2026e)** | *1.3%* | *6.1%* | *4.5%* | *4.0%* | *3.7%* | *4.8%* | *2.5%* | *3.7%* | *27.9%* |
| | **EBITDA** | 1,961.7 | 1,025.1 | 1,864.6 | | 7,985.7 | 1,244.5 | 4,349.9 | | 14.2 |
| | **EBITDA growth** | *10.1%* | *28.8%* | *18.6%* | *19.2%* | *8.8%* | *7.7%* | *22.2%* | *12.9%* | *99.5%* |
| | **2y CAGR (2024e - 2026e)** | *5.2%* | *8.3%* | *4.9%* | *6.2%* | *10.7%* | *8.8%* | *1.2%* | *6.9%* | *28.7%* |
| | **EBITDA/Revenues** | *19.3%* | *20.5%* | *23.8%* | *21.2%* | *12.0%* | *15.7%* | *5.5%* | *11.1%* | *35.7%* |
| | **EBIT** | 955.9 | 720.3 | 1,499.5 | | 4,026.6 | 955.7 | 2,587.1 | | 9.3 |
| | **EBIT growth** | *27.4%* | *42.1%* | *25.8%* | *31.8%* | *17.7%* | *11.8%* | *-0.6%* | *9.7%* | *213.2%* |
| | **2y CAGR (2024e - 2026e)** | *11.4%* | *11.7%* | *5.9%* | *9.7%* | *18.2%* | *10.7%* | *6.7%* | *11.9%* | *42.6%* |
| | **EBIT/Revenues** | *9.4%* | *14.4%* | *19.1%* | *14.3%* | *6.1%* | *12.0%* | *3.3%* | *7.1%* | *23.4%* |
| | **Net Profit** | 986.5 | 483.5 | 1,175.2 | | 2,571.2 | 712.3 | 2,423.3 | | 4.1 |
| | **Net Profit growth** | *142.6%* | *42.0%* | *23.2%* | *69.3%* | *n.a.* | *-2.2%* | *-22.9%* | *-12.6%* | *-35.8%* |
| | **2y CAGR (2024e - 2026e)** | *9.5%* | *13.1%* | *5.6%* | *9.4%* | *20.9%* | *13.1%* | *-2.3%* | *10.5%* | *72.3%* |
| | **CAPEX/Sales %** | *4.9%* | *5.3%* | *4.2%* | *4.8%* | *9.3%* | *4.0%* | *1.5%* | *4.9%* | *10.5%* |
| | **Free Cash Flow** | 556.9 | 450.3 | 1,185.2 | | 792.1 | 663.4 | 2,297.4 | | (2.7) |
| | **Net financial debt** | 7,944.7 | 1,835.1 | 4,319.9 | | 18,028.0 | 1,738.2 | 6,718.0 | | 61.9 |
| | **ND/EBITDA (x)** | 4.0 | 1.8 | 2.3 | 2.7 | 2.3 | 1.4 | 1.5 | 1.7 | 5.0 |
| | **Pay-out** | *38.9%* | *35.4%* | *61.7%* | *45.3%* | *101.4%* | *31.5%* | *40.1%* | *57.7%* | *0.0%* |
| Multiples and Ratios | **P/E (x)** | 24.4 | 37.2 | 37.0 | 32.9 | 13.4 | 20.1 | 11.1 | 14.8 | 66.8 |
| | **P/BV (x)** | 1.8 | 4.3 | 9.5 | 5.2 | 1.2 | 2.4 | 1.3 | 1.7 | 6.1 |
| | **EV/Revenues (x)** | 3.2 | 3.9 | 6.4 | 4.5 | 1.0 | 2.2 | 0.4 | 1.2 | 8.7 |
| | **EV/EBITDA (x)** | 16.5 | 19.0 | 26.9 | 20.8 | 8.1 | 14.1 | 7.5 | 9.9 | 27.9 |
| | **EV/EBIT (x)** | 33.8 | 27.0 | 33.5 | 31.4 | 16.1 | 18.4 | 12.7 | 15.7 | 37.1 |
| | **ROE** | *7.4* | *11.7* | *25.8* | *15.0* | *8.9* | *12.2* | *12.0* | *11.0* | *9.5* |
| | **FCF Yield (%)** | *2.3* | *2.6* | *2.6* | *2.5* | *1.9* | *4.2* | *8.9* | *5.0* | *n.a.* |
| | **DPS** | *1.51* | *1.22* | *78.60* | *27.11* | *2.92* | *1.27* | *1.80* | *1.99* | *0.00* |
| | **Dvd Yield** | *1.6%* | *1.0%* | *1.6%* | *1.4%* | *6.2%* | *1.4%* | *3.3%* | *3.6%* | *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).

LIGHTHOUSE

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## Notes and Reports **History**

| Date of **report** | Recommendation | Price (EUR) | Target price (EUR) | Period of **validity** | Reason for **report** | Analyst |
|---|---|---|---|---|---|---|
| 02-Oct-2024 | n.a. | 0.64 | n.a. | n.a. | 6m Results 2024 | Luis Esteban Arribas, CESGA |
| 10-Jul-2024 | n.a. | 0.63 | n.a. | n.a. | Update report | Luis Esteban Arribas, CESGA |
| 27-May-2024 | n.a. | 0.66 | n.a. | n.a. | Small & Micro Caps (Spain) | Alfredo Echevarría Otegui |
| 12-Jul-2023 | n.a. | 1.08 | n.a. | n.a. | Important news | Luis Esteban Arribas, CESGA |
| 12-Jun-2023 | n.a. | 1.08 | n.a. | n.a. | Small & Micro Caps (Spain) | David López Sánchez |
| 26-Oct-2022 | n.a. | 0.58 | n.a. | n.a. | 6m Results 2022 | David López Sánchez |
| 20-Jun-2022 | n.a. | 0.57 | n.a. | n.a. | Important news | David López Sánchez |
| 25-Oct-2021 | n.a. | 0.68 | n.a. | n.a. | 6m Results 2021 | David López Sánchez |
| 18-May-2021 | n.a. | 1.00 | n.a. | n.a. | Important news | David López Sánchez |
| 23-Feb-2021 | n.a. | 1.23 | n.a. | n.a. | Important news | David López Sánchez |
| 28-Oct-2020 | n.a. | 1.85 | n.a. | n.a. | 6m Results 2020 | David López Sánchez |
| 09-Jul-2020 | n.a. | 1.85 | n.a. | n.a. | Initiation of Coverage | David López Sánchez |

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