

## 3m Results 2020

Opinion <sup>(1)</sup>: In line

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

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## 1Q20 results in line in a year which will progressively improve

### Market Data

Market Cap (Mn EUR and USD)	73.6	81.2
EV (Mn EUR and USD)	109.8	121.2
Shares Outstanding (Mn)	23.1	
-12m (Max/Med/Mín EUR)	4.66 / 3.60 / 2.98	
Daily Avg volume (-12m Mn)	n.m.	
Rotation <sup>(2)</sup>	0.83	
Thomson Reuters / Bloomberg	BAINS.MC / BAIN SM	
Close fiscal year	31-May	

### Shareholders Structure (%)

Borges International Group	89.1
Board Members	0.3
Free Float	10.6

### Financials (Mn EUR)

	2019	2020e	2021e	2022e
Adj. nº shares (Mn)	23.1	23.1	23.1	23.1
Total Revenues	177.8	189.0	198.8	208.9
Rec. EBITDA	2.1	6.4	10.1	12.4
% growth	-63.0	201.8	59.5	22.3
% Rec. EBITDA/Rev.	1.2	3.4	5.1	5.9
% Inc. EBITDA sector <sup>(3)</sup>	5.3	7.3	6.8	5.2
Net Profit	2.4	3.0	4.8	6.2
EPS (EUR)	0.10	0.13	0.21	0.27
% growth	-27.7	24.6	61.3	29.3
Ord. EPS (EUR)	0.04	0.13	0.21	0.27
% growth	-73.7	n.a.	59.6	28.6
Rec. Free Cash Flow	-4.5	-3.1	1.0	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	38.4	40.2	37.8	33.6
ND/Rec. EBITDA (x)	18.3	6.3	3.7	2.7
ROE (%)	4.1	4.9	7.5	8.9
ROCE (%) <sup>(5)</sup>	0.8	3.5	5.0	6.2

### Ratios & Multiples (x)

	2019	2020e	2021e	2022e
P/E	30.8	24.7	15.3	11.9
Ord. P/E	77.4	24.0	15.1	11.7
P/BV	1.2	1.2	1.1	1.0
Dividend Yield (%)	0.0	0.0	0.0	0.0
EV/Sales	0.62	0.58	0.55	0.53
EV/Rec. EBITDA	52.2	17.3	10.8	8.9
FCF Yield (%)	n.a.	n.a.	1.4	3.9

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

- (1) The opinion about results is in respect of reported EBITDA and its relation to our estimate for the year (12m). The impact reflects whether, as a consequence of these results, we envisage a significant (>5%) upgrade or downgrade to our EBITDA estimates (for any of the estimated years).
- (2) Total volume traded in the share (Mn EUR) -12m vs Mkt Cap. Represents the % of the capitalisation traded -12m.
- (3) Expected EBITDA growth (consensus) for the share's benchmark sector (Thomson Reuters Europe Food Processing).
- (4) vs Thomson Reuters Europe Food Processing.

**PICK-UP IN REVENUES +12.3% Y/Y** (+7.7% volumes and +3.9% prices, vs. +2.2% and -16.6% respectively in 1Q19). Growth has been underpinned by the rebound in sales of almonds (+22% y/y, +13% y/y volumes and c. +9% in prices) and other nuts (+6% y/y), making up for the still weak performance of walnuts (-30% y/y, with double-digit falls in price).

**FAVOURED IN THE SHORT TERM BY REDUCED EXPECTATIONS FOR U.S. PRODUCTION AND THE CURRENT IMPORT TARIFF UNCERTAINTY.** The pick-up in almond prices has been favoured by lower initial expectations for US output (-3% y/y), and, partly, by the impact that future increases in import tariffs on almonds from the US could have on anticipated demand. However, an eventual larger harvest than announced in July by NASS and a certain elasticity of demand in the face of sustained price increases, could slow the rise in prices.

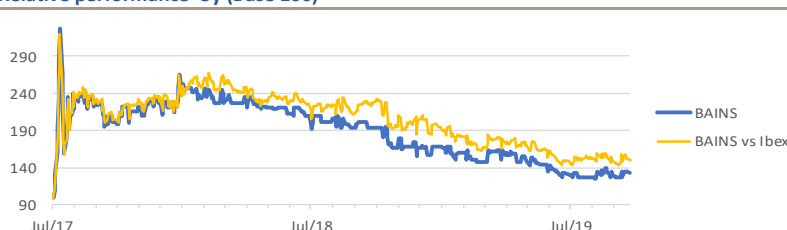
**WITH A WORSENING OF RECURRENT EBITDA (EUR -0.2Mn)**, due to higher costs associated with the increase in plantations under cultivation but not yet productive (+5.1% y/y).

**...WHICH WE EXPECT TO TURN AROUND OVER THE YEAR**, backed by good forecasts for the current harvest (+23.3% y/y 2020e), operating efficiencies and a more favourable price context. The contribution of the harvest (2Q20) will be reflected in a recovery of margins in coming quarters (we project recurrent EBITDA of EUR 6.4Mn 2020e vs EUR 2.1 Mn 2019).

**REDUCTION OF DEBT (ND/Rec. EBITDA 7.3X).** A decline in ND of -6.2% y/y (EUR 46.3Mn). Leverage will continue to decrease over the year (6.3x 2020e) despite higher CAPEX (+11% y/y).

**WE MAINTAIN OUR NUMBERS FOR 2020**, after a 1Q shaped by the operating effort associated with the increase in plantations, with a likely recovery in the lower part of the P/L over the year (+3x y/y in recurrent EBITDA and margin for the year as a whole), against what *a priori* should be a favourable backdrop for production and prices (but dependent on the impact of import tariffs).

### Relative performance -5y (Base 100)



### Stock performance (%)

	-1m	-3m	-12m	YTD	-3Y	-5Y
Absolute	0.0	0.0	-30.9	-19.7	n.a.	n.a.
vs Ibex 35	-2.3	-0.3	-34.1	-26.7	n.a.	n.a.
vs Ibex Small Cap Index	-1.2	0.9	-31.2	-25.9	n.a.	n.a.
vs Eurostoxx 50	-1.3	-2.7	-38.3	-33.0	n.a.	n.a.
vs Sector benchmark <sup>(4)</sup>	0.0	-3.2	-46.6	-38.3	n.a.	n.a.

**1Q 2020 Results**

Toda referencia a los resultados del periodo a 3M será al periodo comprendido entre el 1 de junio y el 31 de agosto.

	1Q20	1Q19	1Q20 vs 1Q19	2020e	2020e vs 2019
<b>Total Revenues</b>	<b>43.3</b>	<b>38.6</b>	<b>12%</b>	<b>189.0</b>	<b>6.3%</b>
Walnuts	2.2	3.1	-30%	17.8	-25.2%
Almonds	30.8	25.2	22%	117.4	-6.4%
Other nuts	7.8	7.4	6%	43.2	83.0%
Other products	2.6	2.9	-9%	10.7	113.8%
<b>Rec. EBITDA <sup>(1)</sup></b>	<b>-0.2</b>	<b>0.4</b>	<b>-1.4</b>	<b>6.4</b>	<b>201.8%</b>
<i>Rec. EBITDA / Rev.</i>	<i>-0.4%</i>	<i>1.0%</i>	<i>-1.3 p.p.</i>	<i>3.4%</i>	<i>2.2 p.p.</i>
<b>EBITDA <sup>(1)</sup></b>	<b>-0.3</b>	<b>0.2</b>	<b>-2.1</b>	<b>6.2</b>	<b>229.7%</b>
<i>EBITDA / Rev.</i>	<i>-0.6%</i>	<i>0.6%</i>	<i>-1.2 p.p.</i>	<i>3.3%</i>	<i>2.2 p.p.</i>
<b>EBT</b>	<b>-0.4</b>	<b>-0.2</b>	<b>78.1%</b>	<b>3.9</b>	<b>28.7%</b>
<b>NP</b>	<b>-0.3</b>	<b>-0.2</b>	<b>100.6%</b>	<b>3.0</b>	<b>24.7%</b>
<b>Ordinary NP</b>	<b>-0.3</b>	<b>-0.2</b>	<b>100.6%</b>	<b>3.0</b>	<b>298.8%</b>
Ha. managed <sup>(3)</sup>	2,523.0	2,401.5	5.1%	2,518.0	4.9%
Volume <sup>(2)</sup>	7,501	7,012	7.0%	35,726	1.5%
Tns. produced	-	-	n.a.	<b>2,825</b>	23.3%
Net Debt	46.3	49.3	-6.2%	40.2	4.6%
ND / Rec. EBITDA	7.3 x	23.4 x	-16.1 x	6.3 x	-11.9 x

<sup>(1)</sup> EBITDA and Rec. EBITDA adjusted. It excludes capitalized expense.

<sup>(2)</sup> Excluding subproducts.

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#### Recommendation History

Date of report	Recommendation	Price (EUR)	Target price (EUR)	Period of validity	Reason for report	Analyst
16-Oct-2019	n.a.	3.18	n.a.	n.a.	3m Results 2020	Ana Isabel González García
01-Aug-2019	n.a.	3.16	n.a.	n.a.	12m Results 2019	Ana Isabel González García
25-Apr-2019	n.a.	3.72	n.a.	n.a.	9m Results 2019	Ana Isabel González García
11-Apr-2019	n.a.	3.84	n.a.	n.a.	Initial Coverage	Ana Isabel González García