

6m Results 2023

 Opinion ⁽¹⁾: In line

 Impact ⁽¹⁾: We will maintain our estimates

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Naturhouse Health (NTH) is a small family group with headquarters in Madrid (Spain), specialising (c. 30 years) in nutrition and the re-education of eating habits (dietetics). With an international presence (c. 80% of revenue; France (36%), Italy (29%) and Poland (11%) being its core markets). It is managed and controlled by the founding family (77.4% of capital).

1H23 earnings. Despite record margins, renewed revenue growth remains the big question mark

Market Data

Market Cap (Mn EUR and USD)	102.3	108.3
EV (Mn EUR and USD) ⁽²⁾	84.5	89.4
Shares Outstanding (Mn)	60.0	
-12m (Max/Med/Min EUR)	1.97 / 1.66 / 1.44	
Daily Avg volume (-12m Mn EUR)	0.03	
Rotation ⁽³⁾	7.6	
Factset / Bloomberg	NTH-ES / NTH SM	
Close fiscal year	31-Dec	

Shareholders Structure (%)

Mr. F. Revuelta & Family	77.4
Free Float	22.6

Financials (Mn EUR)	2022	2023e	2024e	2025e
Adj. nº shares (Mn)	60.0	60.0	60.0	60.0
Total Revenues	52.6	45.5	43.6	43.3
Rec. EBITDA	15.7	14.6	13.6	13.6
% growth	-23.4	-7.4	-6.8	0.3
% Rec. EBITDA/Rev.	29.9	32.0	31.1	31.4
% Inc. EBITDA sector ⁽⁴⁾	19.8	11.4	8.6	7.5
Net Profit	9.6	8.7	8.3	8.6
EPS (EUR)	0.16	0.15	0.14	0.14
% growth	-27.9	-9.3	-5.0	3.2
Ord. EPS (EUR)	0.17	0.15	0.14	0.14
% growth	-27.2	-13.1	-5.0	3.2
Rec. Free Cash Flow ⁽⁵⁾	5.1	10.2	9.2	9.2
Pay-out (%)	100.0	85.0	85.0	85.0
DPS (EUR)	0.16	0.12	0.12	0.12
Net financial debt	-10.0	-9.1	-11.3	-13.3
ND/Rec. EBITDA (x)	-0.6	-0.6	-0.8	-1.0
ROE (%)	30.2	32.7	31.7	31.2
ROCE (%) ⁽⁵⁾	60.4	45.7	45.7	48.6

Ratios & Multiples (x) ⁽⁶⁾

P/E	10.6	11.7	12.3	12.0
Ord. P/E	10.2	11.7	12.3	12.0
P/BV	3.7	4.0	3.8	3.7
Dividend Yield (%)	9.4	7.3	6.9	7.1
EV/Sales	1.61	1.86	1.94	1.95
EV/Rec. EBITDA	5.4	5.8	6.2	6.2
EV/EBIT	6.6	6.9	7.3	7.1
FCF Yield (%) ⁽⁵⁾	5.0	9.9	9.0	9.0

REVENUE REMAINS UNDER PRESSURE (EUR 28.5MN; -6% VS. 1H22)... mainly due to the ongoing closure of establishments (-138 vs. 1H22; -65 vs. year-end 2022), as well as stagnation in the online channel (5% of 1H23 revenue). By market, France was flat in terms of sales (-1.9% vs. 1H22), with Spain (-13.5%) and Poland (-11.9%) suffering more in 1H23.

...BUT NTH'S MARGINS CAME AS A (PLEASANT) SURPRISE (EBITDA MARGIN: 40%; +7.3P.P. VS. 1H22; RECORD HIGH). For two reasons: i) the vertical integration of NTH's business model (it owns c.49% of its main supplier) allows it to defend its margins in the current environment (gross margin >70%); and ii) exhaustive cost control, so reducing staff costs (-11.2% vs. 1H22) and operating expenses (-27.8% vs. 1H22). Thanks to which, NTH reported 1H23 EBITDA of EUR 11.4Mn (+14.2% vs. 1H22, despite a topline contraction of 6% in 1H23; EBITDA margin 40% vs. 33% in 1H22).

CASH GENERATION BOOSTED NET CASH TO EUR 19.4MN AS OF 1H23 CLOSE (19% OF MKT. CAP). In addition to the company's long-standing high EBITDA-to-cash conversion ratio (c.65%), the company generated strong inflows from working capital in 1H23. Leaving the company with an enviable net cash position (EUR 19.4Mn; 19% of mkt. cap. vs. EUR 10Mn at year-end 2022), especially in times of rising rates.

WE ARE REITERATING OUR EBITDA ESTIMATES FOR 2023E. We are, however, trimming our revenue estimates (-6.8% vs. our last estimate). In our opinion, the margins observed in 1H23 will prove transient and profitability will normalise towards the end of 2023e. Our current baseline scenario for 2023e calls for revenue of EUR 45.5Mn and EBITDA of EUR 14.6Mn.

THE 1H23 RESULTS EVIDENCE THE NTH DICHOTOMY: WEAK BUSINESS MOMENTUM BUT SUPER ATTRACTIVE MARGINS. Due to: i) an uphill macro environment (high inflation and falling consumption); and ii) at the micro level, the continued closure of sales establishments, which will continue to erode revenue (key to the equity story). Today, the risk of having to downgrade our estimates remains, as we await a sign or catalyst suggesting a change of cycle. The FCF Yield 23e (9.9%) and dividend yield 23e (7.3%) are NTH's key investment highlights (payout: 85%-100%), in addition to low trading multiples: P/E 23e of 11.7x and EV/EBITDA 23e of 5.8x (vs. P/E 23e of 7.3x and EV/EBITDA 23e of 8.9x for its comps, with revenue expected to contract by 16.5% in 2023e). That is the NTH dichotomy: unbeatable margins despite weak business momentum.

Relative performance (Base 100)


Stock performance (%)	-1m	-3m	-12m	YTD	-3Y	-5Y
Absolute	1.3	3.1	7.2	13.3	71.9	-22.8
vs Ibxex 35	3.0	4.0	-17.0	-1.1	22.4	-23.1
vs Ibxex Small Cap Index	4.9	7.7	-6.7	5.8	43.5	-26.9
vs Eurostoxx 50	5.0	7.6	-15.8	3.0	32.3	-37.1
vs Sector benchmark ⁽⁴⁾	7.8	9.9	10.8	18.8	61.9	-29.1

(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.

6m Results 2023
Table 1. 1H23 Results

EUR Mn	6m23 Real	6m22	6m23 Real vs 6m22	2023e	2023e vs 2022
Total Revenues	28.5	30.3	-6.0%	45.5	-13.5%
France	10.2	10.4	-1.9%		
Spain	5.5	6.3	-13.5%		
Italy	9.1	9.4	-3.3%		
Poland	3.0	3.4	-11.9%		
ROW	0.8	0.9	-8.8%		
Other income	0.0	0.0	40.0%		
Gross Mg.	20.8	21.7	-4.0%	32.9	-12.7%
<i>Gross Margin/Revenues</i>	<i>72.9%</i>	<i>71.4%</i>	<i>1.5 p.p.</i>	<i>72.3%</i>	<i>0.6 p.p.</i>
Recurrent EBITDA	11.4	9.9	14.9%	14.6	-7.4%
<i>Rec. EBITDA/Revenues</i>	<i>40.1%</i>	<i>32.8%</i>	<i>7.3 p.p.</i>	<i>32.0%</i>	<i>2.1 p.p.</i>
EBITDA	11.4	10.0	14.2%	14.6	-3.9%
<i>EBITDA/Revenues</i>	<i>40.0%</i>	<i>33.0%</i>	<i>7.1 p.p.</i>	<i>32.0%</i>	<i>3.2 p.p.</i>
EBIT	10.3	8.9	15.9%	12.2	-4.9%
PBT	10.0	9.0	11.2%	12.0	-8.6%
NP	7.3	6.6	10.2%	8.7	-9.3%
Nr. Of Centers	1,491	1,629	-138	1,444	-112
<i>Online Sales (%)</i>	<i>5.0%</i>	<i>4.9%</i>	<i>0.1 p.p.</i>	<i>7.3%</i>	<i>2.3 p.p.</i>
Net Cash ¹	-19.4	-17.3	-12%	-9.1	8.8%
Net Cash / EBITDA				-0.6 x	0.0 x

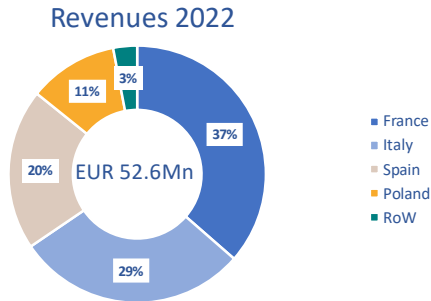
Note 1: Net Cash adjusted to strip out the impact of IFRS 16 (EUR 2.2Mn and EUR 2.1Mn in 1H23 and 1H22, respectively).

Table 2. Estimates downgrade

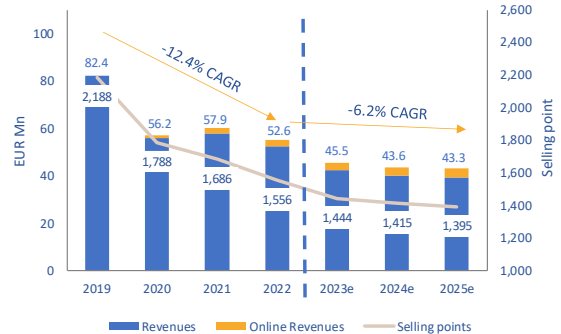
EUR Mn	2023e (New)	Review (%)	2024e (New)	Review (%)	2025e (New)	Review (%)
Total Revenues	45.5	-6.8%	43.6	-8.4%	43.3	-9.3%
Recurrent EBITDA	14.6	0.3%	13.6	-5.8%	13.6	-7.5%
<i>Rec. EBITDA/Revenues</i>	<i>32.0%</i>	<i>2 p.p.</i>	<i>31.1%</i>	<i>1 p.p.</i>	<i>31.4%</i>	<i>1 p.p.</i>
EBIT	12.2	1.0%	11.6	-5.0%	11.9	-6.2%
Net Profit	8.7	-3.0%	8.3	-8.8%	8.6	-9.7%
Recurrent Free Cash Flow	10.2	7.6%	9.2	0.3%	9.2	-1.9%
<i>Net Cash / EBITDA</i>	<i>-0.6 x</i>	<i>-0.1 x</i>	<i>-0.8 x</i>	<i>-0.2 x</i>	<i>-1.0 x</i>	<i>-0.2 x</i>

La compañía en 8 gráficos

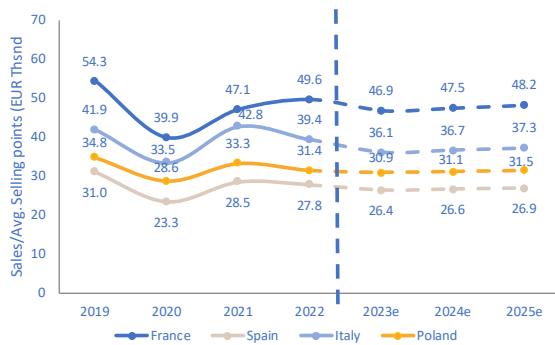
A geographically diversified business (especially in Europe)



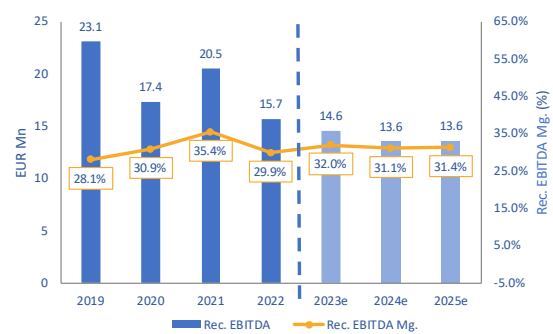
The halting of store closures is the key catalyst but will have to wait until 2025e



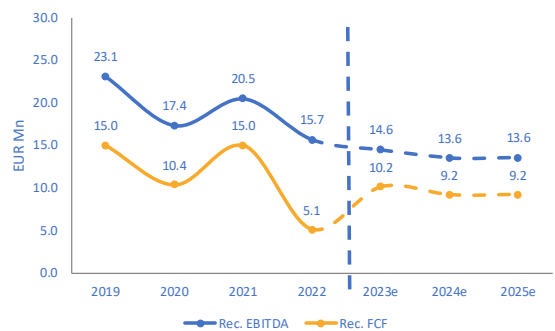
The expect sales per store to remain stable (-1% CAGR 2022-2025e) despite the restructuring of the retail network



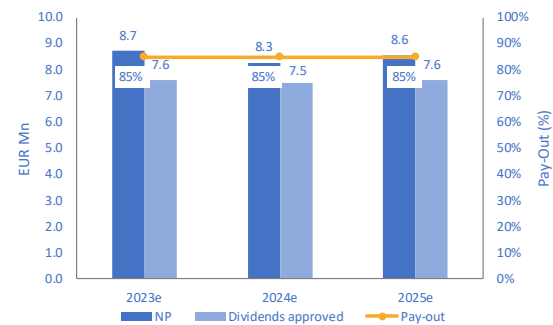
NTH's cost-light structure will allow it to maintain high margins (EBITDA margin > 30%)



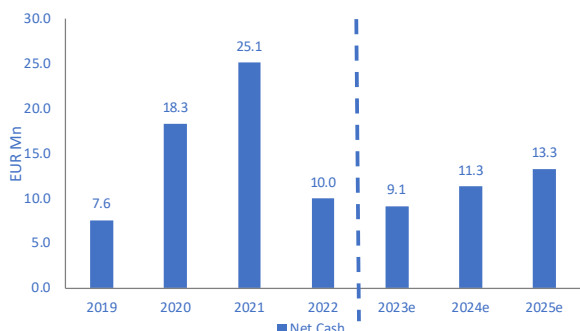
High capacity to convert EBITDA into cash (c. 60%). FCF Yield >9%...



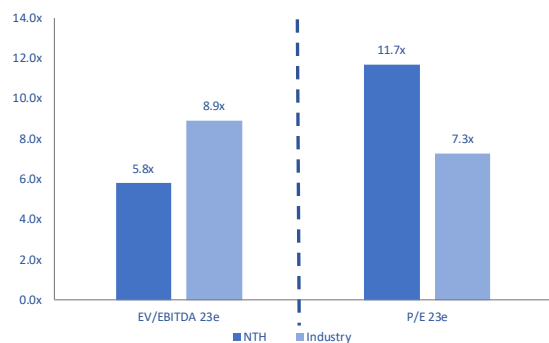
... that will allow a high pay-out (85%) and a 2023e Dividend Yield of 7% to be maintained



And a very robust balance sheet position (2023e Net Cash EUR 9Mn), especially interesting in a climate of rising rates



Trading at 2023e EV/EBITDA 2023e 5.8x vs 8.5x for its sector



Valuation inputs

Inputs for the DCF Valuation Approach

	2023e	2024e	2025e	Terminal Value ⁽¹⁾		
Free Cash Flow "To the Firm"	10.2	9.2	9.2	107.0		
Market Cap	102.3	At the date of this report				
Net financial debt	-19.4	Debt net of Cash (6m Results 2023)				
					Best Case	Worst Case
Cost of Debt	4.5%	Net debt cost			4.3%	4.8%
Tax rate (T)	25.0%	T (Normalised tax rate)			=	=
Net debt cost	3.4%	$K_d = \text{Cost of Net Debt} * (1-T)$			3.2%	3.6%
Risk free rate (rf)	3.9%	Rf (10y Spanish bond yield)			=	=
Equity risk premium	6.0%	R (own estimate)			5.5%	6.5%
Beta (B)	1.0	B (own estimate)			0.9	1.1
Cost of Equity	9.9%	$K_e = R_f + (R * B)$			8.9%	11.1%
Equity / (Equity + Net Debt)	100.0%	E (Market Cap as equity value)			=	=
Net Debt / (Equity + Net Debt)	0.0%	D			=	=
WACC	9.9%	$WACC = K_d * D + K_e * E$			8.9%	11.1%
G "Fair"	1.0%				1.0%	0.5%

(1) The terminal value reflects the NAV of FCF beyond the period estimated with the WACC and G of the central scenario.

Inputs for the Multiples Valuation Approach

Company	Ticker	Mkt. Cap	P/E 23e	EPS 23e-25e	EV/EBITDA 23e	EBITDA 23e-25e	EV/Sales 23e	Revenues 23e-25e	EBITDA/Sales 23e	FCF Yield 23e	FCF 23e-25e
Herbalife Nut.	HLF-US	1,308.1	5.7	21.8%	6.4	12.0%	0.7	4.8%	11.6%	14.3%	n.a.
Medifast	MED-US	769.8	8.9	n.a.	4.9	n.a.	0.6	n.a.	13.1%	15.1%	n.a.
WW Intl.	WW-US	825.6	n.a.	n.a.	15.6	39.6%	2.5	12.0%	16.1%	n.a.	n.a.
Weight Management			7.3	21.8%	8.9	25.8%	1.3	8.4%	13.6%	14.7%	n.a.
Nu Skin	NUS-US	1,000.8	8.9	9.7%	5.7	4.7%	0.7	3.3%	12.0%	7.1%	n.a.
Glanbia	GL9-IE	4,127.0	13.1	7.6%	10.1	4.5%	0.9	-0.3%	8.6%	7.0%	6.9%
Diet Supplements			11.0	8.6%	7.9	4.6%	0.8	1.5%	10.3%	7.0%	6.9%
NTH	NTH-ES	102.3	11.7	-1.0%	5.8	-3.3%	1.9	-2.4%	32.0%	9.9%	-4.7%

Free Cash Flow sensitivity analysis (2024e)

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

Scenario	EBITDA/Sales 24e	EBITDA 24e	EV/EBITDA 24e
Max	34.2%	14.9	5.7x
Central	31.1%	13.6	6.2x
Min	28.0%	12.2	6.9x

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

Rec. FCF EUR Mn	CAPEX/Sales 24e				Rec. FCF/Yield 24e		
EBITDA 24e	1.0%	1.1%	1.2%	Scenario	Rec. FCF/Yield 24e		
14.9	10.6	10.6	10.5	Max	10.4%	10.3%	10.3%
13.6	9.3	9.2	9.2	Central	9.1%	9.0%	9.0%
12.2	7.9	7.9	7.8	Min	7.7%	7.7%	7.7%

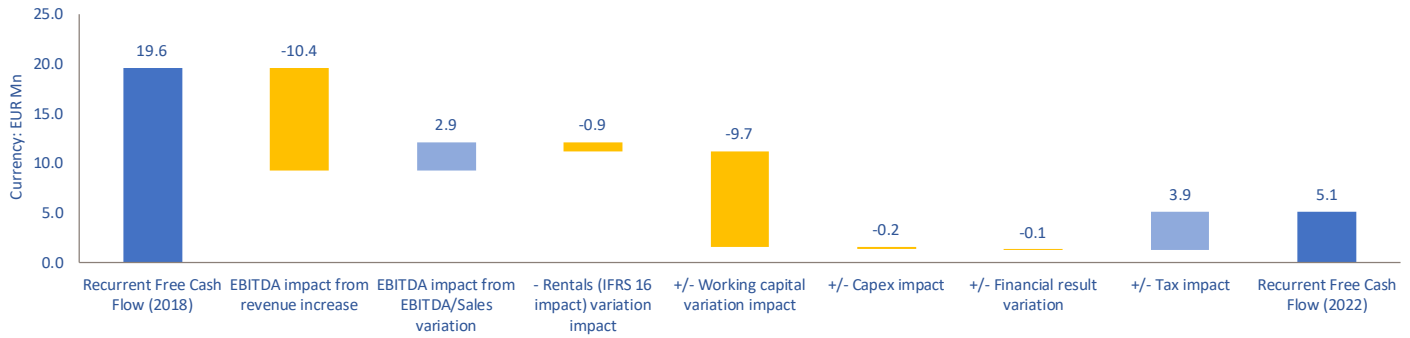
Appendix 1. Financial Projections

Balance Sheet (EUR Mn)	2018	2019	2020	2021	2022	2023e	2024e	2025e	CAGR	
Intangible assets	1.4	8.9	3.7	2.5	3.4	2.7	2.1	1.6		
Fixed assets	3.8	2.0	1.2	0.9	1.2	0.9	0.8	0.8		
Other Non Current Assets	3.6	3.4	3.5	7.0	10.7	10.7	10.7	10.7		
Financial Investments	0.8	0.8	0.6	1.3	0.5	0.3	0.1	(0.2)		
Goodwill & Other Intangibles	-	-	-	-	-	-	-	-		
Current assets	16.3	12.2	11.8	10.0	15.0	14.0	13.7	13.6		
Total assets	25.9	27.3	21.0	21.8	30.7	28.6	27.4	26.6		
Equity	18.8	16.5	26.0	36.0	27.8	25.5	26.7	28.0		
Minority Interests	0.0	0.1	0.1	0.1	0.1	0.1	0.1	0.1		
Provisions & Other L/T Liabilities	1.2	1.1	1.4	1.5	2.7	2.7	2.7	2.7		
Other Non Current Liabilities	-	7.7	3.7	2.2	3.3	3.3	3.3	3.3		
Net financial debt	(5.4)	(7.6)	(18.3)	(25.1)	(10.0)	(9.1)	(11.3)	(13.3)		
Current Liabilities	11.2	9.5	8.1	7.1	6.9	6.2	6.0	5.9		
Equity & Total Liabilities	25.9	27.3	21.0	21.8	30.7	28.6	27.4	26.6		
P&L (EUR Mn)	2018	2019	2020	2021	2022	2023e	2024e	2025e	18-22	22-25e
Total Revenues	88.7	82.4	56.2	57.9	52.6	45.5	43.6	43.3	-12.2%	-6.2%
<i>Total Revenues growth</i>	-7.1%	-7.1%	-31.7%	3.0%	-9.3%	-13.5%	-4.1%	-0.7%		
COGS	(25.2)	(23.8)	(15.9)	(16.3)	(14.9)	(12.6)	(12.4)	(12.2)		
Gross Margin	63.5	58.5	40.4	41.6	37.7	32.9	31.3	31.2	-12.2%	-6.1%
<i>Gross Margin/Revenues</i>	71.6%	71.0%	71.8%	71.8%	71.6%	72.3%	71.7%	71.9%		
Personnel Expenses	(20.7)	(19.3)	(12.4)	(10.8)	(10.6)	(9.2)	(8.9)	(8.9)		
Other Operating Expenses	(19.6)	(16.1)	(10.6)	(10.3)	(11.3)	(9.1)	(8.8)	(8.7)		
Recurrent EBITDA	23.2	23.1	17.4	20.5	15.7	14.6	13.6	13.6	-9.3%	-4.7%
<i>Recurrent EBITDA growth</i>	-23.4%	-0.3%	-24.8%	18.1%	-23.4%	-7.4%	-6.8%	0.3%		
<i>Rec. EBITDA/Revenues</i>	26.2%	28.1%	30.9%	35.4%	29.9%	32.0%	31.1%	31.4%		
Restructuring Expense & Other non-rec.	0.1	(0.2)	0.1	(0.6)	(0.6)	-	-	-		
EBITDA	23.3	22.9	17.4	19.9	15.2	14.6	13.6	13.6	-10.2%	-3.5%
Depreciation & Provisions	(1.1)	(1.0)	(1.6)	(1.2)	(1.4)	(1.4)	(1.1)	(0.9)		
Capitalized Expense	-	-	-	-	-	-	-	-		
Rentals (IFRS 16 impact)	-	(3.3)	(1.7)	(1.2)	(0.9)	(0.9)	(0.8)	(0.7)		
EBIT	22.1	18.6	14.2	17.5	12.9	12.2	11.6	11.9	-12.7%	-2.4%
<i>EBIT growth</i>	-21.6%	-15.9%	-24.0%	23.4%	-26.5%	-4.9%	-5.0%	2.8%		
<i>EBIT/Revenues</i>	25.0%	22.6%	25.2%	30.2%	24.4%	26.9%	26.6%	27.5%		
Impact of Goodwill & Others	-	-	(0.9)	(0.1)	-	-	-	-		
Net Financial Result	(0.0)	(0.2)	(0.0)	0.3	(0.1)	(0.1)	(0.0)	0.0		
Income by the Equity Method	0.6	0.2	0.3	0.6	0.3	(0.2)	(0.2)	(0.2)		
Ordinary Profit	22.7	18.7	13.5	18.2	13.1	12.0	11.4	11.7	-12.9%	-3.6%
<i>Ordinary Profit Growth</i>	-20.7%	-17.7%	-27.7%	35.0%	-28.2%	-8.6%	-5.0%	3.2%		
Extraordinary Results	-	0.5	-	-	-	-	-	-		
Profit Before Tax	22.7	19.2	13.5	18.2	13.1	12.0	11.4	11.7	-12.9%	-3.6%
Tax Expense	(7.4)	(6.0)	(4.1)	(4.9)	(3.5)	(3.2)	(3.1)	(3.2)		
<i>Effective Tax Rate</i>	32.4%	31.4%	30.5%	26.7%	26.6%	27.1%	27.1%	27.1%		
Minority Interests	0.0	0.1	(0.0)	(0.0)	0.0	-	-	-		
Discontinued Activities	-	-	-	-	-	-	-	-		
Net Profit	15.4	13.3	9.4	13.4	9.6	8.7	8.3	8.6	-11.0%	-3.9%
<i>Net Profit growth</i>	-22.6%	-13.8%	-29.3%	42.5%	-27.9%	-9.3%	-5.0%	3.2%		
Ordinary Net Profit	15.9	13.3	9.4	13.8	10.0	8.7	8.3	8.6	-10.8%	-5.2%
<i>Ordinary Net Profit growth</i>	-23.4%	-16.4%	-29.0%	46.5%	-27.2%	-13.1%	-5.0%	3.2%		
Cash Flow (EUR Mn)	2018	2019	2020	2021	2022	2023e	2024e	2025e	18-22	22-25e
Recurrent EBITDA						14.6	13.6	13.6	-9.3%	-4.7%
Rentals (IFRS 16 impact)						(0.9)	(0.8)	(0.7)		
Working Capital Increase						0.3	0.1	0.0		
Recurrent Operating Cash Flow						13.9	12.8	12.9	-23.1%	10.0%
CAPEX						(0.5)	(0.5)	(0.5)		
Net Financial Result affecting the Cash Flow						(0.1)	(0.0)	0.0		
Tax Expense						(3.2)	(3.1)	(3.2)		
Recurrent Free Cash Flow						10.2	9.2	9.2	-28.4%	21.5%
Restructuring Expense & Other non-rec.						-	-	-		
- Acquisitions / + Divestures of assets						-	-	-		
Extraordinary Inc./Exp. Affecting Cash Flow						-	-	-		
Free Cash Flow						10.2	9.2	9.2	-46.3%	74.7%
Capital Increase						-	-	-		
Dividends						(11.0)	(7.0)	(7.3)		
Net Debt Variation						0.9	(2.2)	(2.0)		

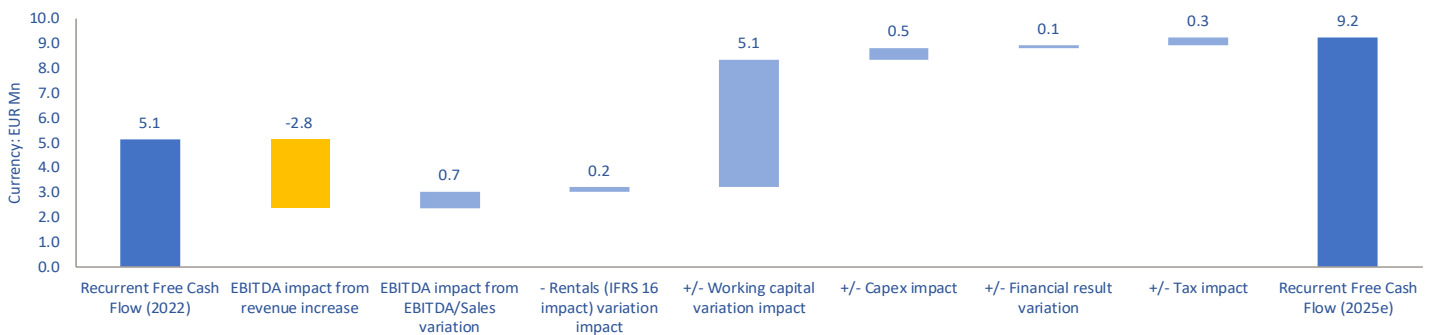
Appendix 2. Free Cash Flow

A) Cash Flow Analysis (EUR Mn)	2019	2020	2021	2022	2023e	2024e	2025e	CAGR	
								19-22	22-25e
Recurrent EBITDA	23.1	17.4	20.5	15.7	14.6	13.6	13.6	-12.1%	-4.7%
<i>Recurrent EBITDA growth</i>	-0.3%	-24.8%	18.1%	-23.4%	-7.4%	-6.8%	0.3%		
<i>Rec. EBITDA/Revenues</i>	28.1%	30.9%	35.4%	29.9%	32.0%	31.1%	31.4%		
- Rentals (IFRS 16 impact)	(3.3)	(1.7)	(1.2)	(0.9)	(0.9)	(0.8)	(0.7)		
+/- Working Capital increase	2.4	(1.0)	0.7	(5.1)	0.3	0.1	0.0		
= Recurrent Operating Cash Flow	22.2	14.7	20.0	9.7	13.9	12.8	12.9	-24.1%	10.0%
<i>Rec. Operating Cash Flow growth</i>	-19.9%	-33.7%	36.1%	-51.6%	43.7%	-7.8%	0.5%		
<i>Rec. Operating Cash Flow / Sales</i>	27.0%	26.2%	34.6%	18.4%	30.6%	29.4%	29.7%		
- CAPEX	(0.9)	(0.2)	(0.1)	(1.0)	(0.5)	(0.5)	(0.5)		
- Net Financial Result affecting Cash Flow	(0.3)	(0.0)	(0.1)	(0.1)	(0.1)	(0.0)	0.0		
- Taxes	(6.0)	(4.1)	(4.9)	(3.5)	(3.2)	(3.1)	(3.2)		
= Recurrent Free Cash Flow	15.0	10.4	15.0	5.1	10.2	9.2	9.2	-30.0%	21.5%
<i>Rec. Free Cash Flow growth</i>	-23.3%	-30.9%	44.5%	-65.7%	97.5%	-9.2%	0.0%		
<i>Rec. Free Cash Flow / Revenues</i>	18.2%	18.5%	25.9%	9.8%	22.4%	21.1%	21.3%		
- Restructuring expenses & others	-	-	(0.7)	1.0	-	-	-		
- Acquisitions / + Divestments	1.7	0.2	(3.5)	(4.4)	-	-	-		
+/- Extraordinary Inc./Exp. affecting Cash Flow	0.5	-	-	-	-	-	-		
= Free Cash Flow	17.2	10.6	10.8	1.7	10.2	9.2	9.2	-53.5%	74.7%
<i>Free Cash Flow growth</i>	-16.9%	-38.7%	2.1%	-83.9%	487.0%	-9.2%	0.0%		
<i>Recurrent Free Cash Flow - Yield (s/Mkt Cap)</i>	14.7%	10.2%	14.7%	5.0%	9.9%	9.0%	9.0%		
<i>Free Cash Flow Yield (s/Mkt Cap)</i>	16.9%	10.3%	10.5%	1.7%	9.9%	9.0%	9.0%		
B) Analytical Review of Annual Recurrent Free Cash Flow Performance (Eur Mn)									
	2019	2020	2021	2022	2023e	2024e	2025e		
Recurrent FCF(FY - 1)	19.6	15.0	10.4	15.0	5.1	10.2	9.2		
EBITDA impact from revenue increase	(1.6)	(7.3)	0.5	(1.9)	(2.1)	(0.6)	(0.1)		
EBITDA impact from EBITDA/Sales variation	1.6	1.6	2.6	(2.9)	1.0	(0.4)	0.1		
= Recurrent EBITDA variation	(0.1)	(5.7)	3.2	(4.8)	(1.2)	(1.0)	0.0		
- Rentals (IFRS 16 impact) variation impact	(3.3)	1.6	0.4	0.3	-	0.1	0.1		
+/- Working capital variation impact	(2.2)	(3.3)	1.7	(5.9)	5.4	(0.2)	(0.1)		
= Recurrent Operating Cash Flow variation	(5.5)	(7.5)	5.3	(10.3)	4.2	(1.1)	0.1		
+/- CAPEX impact	(0.2)	0.7	0.2	(0.9)	0.5	(0.0)	0.0		
+/- Financial result variation	(0.2)	0.3	(0.1)	0.0	0.0	0.0	0.0		
+/- Tax impact	1.3	1.9	(0.8)	1.4	0.2	0.2	(0.1)		
= Recurrent Free Cash Flow variation	(4.6)	(4.6)	4.6	(9.9)	5.0	(0.9)	0.0		
Recurrent Free Cash Flow	15.0	10.4	15.0	5.1	10.2	9.2	9.2		
C) "FCF to the Firm" (pre debt service) (EUR Mn)									
	2019	2020	2021	2022	2023e	2024e	2025e	CAGR	
EBIT	18.6	14.2	17.5	12.9	12.2	11.6	11.9	-11.6%	-2.4%
* Theoretical Tax rate	30.0%	30.0%	26.7%	26.6%	27.1%	27.1%	27.1%		
= Taxes (pre- Net Financial Result)	(5.6)	(4.3)	(4.7)	(3.4)	(3.3)	(3.1)	(3.2)		
Recurrent EBITDA	23.1	17.4	20.5	15.7	14.6	13.6	13.6	-12.1%	-4.7%
- Rentals (IFRS 16 impact)	(3.3)	(1.7)	(1.2)	(0.9)	(0.9)	(0.8)	(0.7)		
+/- Working Capital increase	2.4	(1.0)	0.7	(5.1)	0.3	0.1	0.0		
= Recurrent Operating Cash Flow	22.2	14.7	20.0	9.7	13.9	12.8	12.9	-24.1%	10.0%
- CAPEX	(0.9)	(0.2)	(0.1)	(1.0)	(0.5)	(0.5)	(0.5)		
- Taxes (pre- Financial Result)	(5.6)	(4.3)	(4.7)	(3.4)	(3.3)	(3.1)	(3.2)		
= Recurrent Free Cash Flow (To the Firm)	15.7	10.3	15.3	5.3	10.2	9.2	9.2	-30.4%	20.0%
<i>Rec. Free Cash Flow (To the Firm) growth</i>	-22.7%	-34.7%	49.1%	-65.3%	91.2%	-9.3%	-0.3%		
<i>Rec. Free Cash Flow (To the Firm) / Revenues</i>	19.1%	18.3%	26.4%	10.1%	22.3%	21.1%	21.2%		
- Acquisitions / + Divestments	1.7	0.2	(3.5)	(4.4)	-	-	-		
+/- Extraordinary Inc./Exp. affecting Cash Flow	0.5	-	-	-	-	-	-		
= Free Cash Flow "To the Firm"	17.9	10.5	11.8	0.9	10.2	9.2	9.2	-62.8%	n.a.
<i>Free Cash Flow (To the Firm) growth</i>	-17.2%	-41.8%	12.8%	-92.2%	n.a.	-9.3%	-0.3%		
<i>Rec. Free Cash Flow To the Firm Yield (o/EV)</i>	18.6%	12.2%	18.1%	6.3%	12.0%	10.9%	10.9%		
<i>Free Cash Flow "To the Firm" - Yield (o/EV)</i>	21.2%	12.4%	14.0%	1.1%	12.0%	10.9%	10.9%		

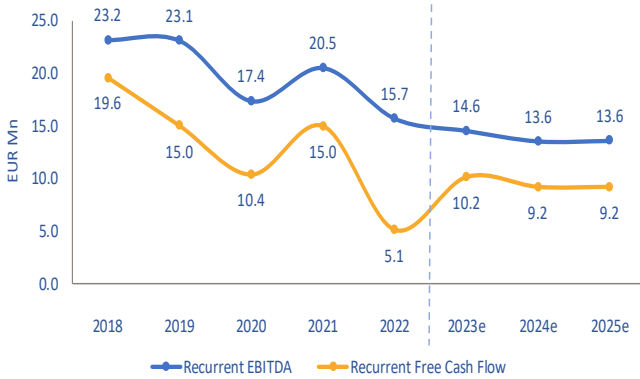
Recurrent Free Cash Flow accumulated variation analysis (2018 - 2022)



Recurrent Free Cash Flow accumulated variation analysis (2022 - 2025e)



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	102.3	
+ Minority Interests	0.0	6m Results 2023
+ Provisions & Other L/T Liabilities	2.1	6m Results 2023
+ Net financial debt	(19.4)	6m Results 2023
- Financial Investments	0.5	6m Results 2023
+/- Others		
Enterprise Value (EV)	84.5	

Appendix 4. Historical performance ⁽¹⁾

Historical performance (EUR Mn)	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023e	2024e	2025e	CAGR	
															16-22	22-25e
Total Revenues	-	61.5	96.4	96.6	98.3	95.4	88.7	82.4	56.2	57.9	52.6	45.5	43.6	43.3	-9.9%	-6.2%
Total Revenues growth	n.a.	n.a.	56.7%	0.2%	1.8%	-2.9%	-7.1%	-7.1%	-31.7%	3.0%	-9.3%	-13.5%	-4.1%	-0.7%		
EBITDA	-	13.8	33.7	33.6	32.4	29.4	23.3	22.9	17.4	19.9	15.2	14.6	13.6	13.6	-11.9%	-3.5%
EBITDA growth	n.a.	n.a.	143.8%	-0.2%	-3.7%	-9.3%	-20.8%	-1.4%	-24.0%	14.4%	-24.0%	-3.9%	-6.8%	0.3%		
EBITDA/Sales	n.a.	22.5%	34.9%	34.8%	32.9%	30.8%	26.2%	27.8%	31.0%	34.4%	28.8%	32.0%	31.1%	31.4%		
Net Profit	-	8.5	22.6	22.9	22.5	19.9	15.4	13.3	9.4	13.4	9.6	8.7	8.3	8.6	-13.2%	-3.9%
Net Profit growth	n.a.	n.a.	164.0%	1.3%	-1.6%	-11.8%	-22.6%	-13.8%	-29.3%	42.5%	-27.9%	-9.3%	-5.0%	3.2%		
Adjusted number shares (Mn)	0.0	0.0	60.0	59.9	60.0	60.0	60.0	60.0	60.0	60.0	60.0	60.0	60.0	60.0		
EPS (EUR)	0.00	8,544.0	0.38	0.38	0.38	0.33	0.26	0.22	0.16	0.22	0.16	0.15	0.14	0.14	-13.2%	-3.9%
EPS growth	n.a.	n.a.	-100.0%	1.4%	-1.6%	-11.8%	-22.6%	-13.8%	-29.3%	42.5%	-27.9%	-9.3%	-5.0%	3.2%		
Ord. EPS (EUR)	0.00	8,544.0	0.38	0.38	0.38	0.34	0.26	0.22	0.16	0.23	0.17	0.15	0.14	0.14	-12.7%	-5.2%
Ord. EPS growth	n.a.	n.a.	-100.0%	1.9%	-1.4%	-9.6%	-22.6%	-16.4%	-29.0%	46.5%	-27.2%	-13.1%	-5.0%	3.2%		
CAPEX	-	(0.4)	(3.1)	(0.9)	(1.2)	(1.3)	(0.7)	(0.9)	(0.2)	(0.1)	(1.0)	(0.5)	(0.5)	(0.5)		
CAPEX/Sales %	n.a.	0.7%	3.2%	0.9%	1.2%	1.4%	0.8%	1.1%	0.4%	0.1%	1.8%	1.0%	1.1%	1.1%		
Free Cash Flow	-	16.6	38.9	30.9	14.4	14.8	20.8	17.2	10.6	10.8	1.7	10.2	9.2	9.2	-29.7%	74.7%
ND/EBITDA (x) ⁽²⁾	n.a.	1.2x	0.0x	-0.4x	-0.4x	-0.2x	-0.2x	-0.3x	-1.0x	-1.3x	-0.7x	-0.6x	-0.8x	-1.0x		
P/E (x)	n.a.	n.a.	n.a.	6.2x	8.2x	8.4x	4.6x	7.4x	8.1x	7.3x	9.4x	11.7x	12.3x	12.0x		
EV/Sales (x)	n.a.	n.a.	n.a.	2.25x	2.78x	2.49x	1.01x	1.37x	1.34x	1.56x	1.65x	1.86x	1.94x	1.95x		
EV/EBITDA (x) ⁽²⁾	n.a.	n.a.	n.a.	6.5x	8.4x	8.1x	3.9x	4.9x	4.3x	4.5x	5.7x	5.8x	6.2x	6.2x		
Absolute performance	n.a.	n.a.	n.a.	n.a.	29.2%	-9.3%	-57.6%	39.2%	-22.3%	27.7%	-7.3%	13.3%				
Relative performance vs Ibex 35	n.a.	n.a.	n.a.	n.a.	31.8%	-15.5%	-50.1%	24.5%	-8.2%	18.3%	-1.8%	-1.1%				

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 2023e

	EUR Mn	Weight Management				Diet Supplements			NTH
		Herbalife Nut.	Medifast	WW Intl.	Average	Nu Skin	Glanbia	Average	
Market data	Ticker (Factset)	HLF-US	MED-US	WW-US		NUS-US	GL9-IE		NTH-ES
	Country	Cayman Isl.	USA	USA		USA	USA		Spain
	Market cap	1,308.1	769.8	825.6		1,000.8	4,127.0		102.3
	Enterprise value (EV)	3,481.7	653.0	2,149.6		1,312.4	4,639.3		84.5
Basic financial information	Total Revenues	4,720.3	1,022.7	853.5		1,935.1	5,347.1		45.5
	Total Revenues growth	-4.0%	-32.3%	-13.2%	-16.5%	-7.9%	-5.2%	-6.6%	-13.5%
	2y CAGR (2023e - 2025e)	4.8%	n.a.	12.0%	8.4%	3.3%	-0.3%	1.5%	-2.4%
	EBITDA	548.0	134.2	137.7		231.3	460.3		14.6
	EBITDA growth	-10.9%	-39.0%	-14.8%	-21.6%	-11.4%	10.9%	-0.3%	-3.9%
	2y CAGR (2023e - 2025e)	12.0%	n.a.	39.6%	25.8%	4.7%	4.5%	4.6%	-3.3%
	EBITDA/Revenues	11.6%	13.1%	16.1%	13.6%	12.0%	8.6%	10.3%	32.0%
	EBIT	429.4	113.9	81.8		162.0	341.6		12.2
	EBIT growth	-15.2%	-44.2%	-32.0%	-30.4%	7.7%	25.3%	16.5%	-4.9%
	2y CAGR (2023e - 2025e)	15.6%	n.a.	63.6%	39.6%	7.1%	7.3%	7.2%	-1.2%
	EBIT/Revenues	9.1%	11.1%	9.6%	9.9%	8.4%	6.4%	7.4%	26.9%
	Net Profit	211.4	87.1	(63.0)		112.0	303.0		8.7
	Net Profit growth	-30.3%	-35.8%	73.5%	2.4%	13.2%	51.2%	32.2%	-9.3%
	2y CAGR (2023e - 2025e)	26.0%	n.a.	91.4%	58.7%	8.1%	1.8%	5.0%	-1.0%
CAPEX/Sales %	3.6%	1.4%	1.9%	2.3%	3.7%	1.4%	2.5%	1.0%	
Free Cash Flow	187.1	115.9	(42.8)		70.6	288.4		10.2	
Net financial debt	n.a.	(126.8)	1,307.1		220.4	280.0		(9.1)	
ND/EBITDA (x)	n.a.	(0.9)	9.5	4.3	1.0	0.6	0.8	(0.6)	
Pay-out	0.0%	n.a.	0.0%	0.0%	65.8%	31.3%	48.6%	85.0%	
Multiples and Ratios	P/E (x)	5.7	8.9	n.a.	7.3	8.9	13.1	11.0	11.7
	P/BV (x)	n.a.	n.a.	n.a.	n.a.	n.a.	2.0	2.0	4.0
	EV/Revenues (x)	0.7	0.6	2.5	1.3	0.7	0.9	0.8	1.9
	EV/EBITDA (x)	6.4	4.9	15.6	8.9	5.7	10.1	7.9	5.8
	EV/EBIT (x)	8.1	5.7	26.3	13.4	8.1	13.6	10.8	6.9
	ROE	n.a.	n.a.	n.a.	n.a.	n.a.	15.6	15.6	32.7
	FCF Yield (%)	14.3	15.1	n.a.	14.7	7.1	7.0	7.0	9.9
	DPS	0.00	n.a.	0.00	0.00	1.47	0.34	0.91	0.12
	Dvd Yield	0.0%	n.a.	0.0%	0.0%	7.4%	2.2%	4.8%	7.3%

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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Notes and Reports History

Date of report	Recommendation	Price (EUR)	Target price (EUR)	Period of validity	Reason for report	Analyst
02-Oct-2023	n.a.	1.70	n.a.	n.a.	6m Results 2023	Luis Esteban Arribas
12-Jun-2023	n.a.	1.71	n.a.	n.a.	Small & Micro Caps (Spain)	David López Sánchez
17-Mar-2023	n.a.	1.79	n.a.	n.a.	Estimates downgrade	Luis Esteban Arribas
02-Mar-2023	n.a.	1.95	n.a.	n.a.	12m Results 2022	Luis Esteban Arribas
22-Sep-2022	n.a.	1.53	n.a.	n.a.	6m Results 2022 - Estimates downgrade	Luis Esteban Arribas
02-Mar-2022	n.a.	1.58	n.a.	n.a.	12m Results 2021	Luis Esteban Arribas
21-Sep-2021	n.a.	1.44	n.a.	n.a.	6m Results 2021	Alfredo Echevarría Otegui
22-Jun-2021	n.a.	1.39	n.a.	n.a.	3m Results 2021 - Estimates upgrade	Ana Isabel González García, CIIA
23-Apr-2021	n.a.	1.34	n.a.	n.a.	Initiation of Coverage	Ana Isabel González García, CIIA

