

Company Flash Note

Reason: Company newsflow

29 October 2019

Buy

Recommendation unchanged

Share price: EUR 2.44

closing price as of 28/10/2019

Target price: EUR 3.68

Target Price unchanged

Upside/Downside Potential 50.8%

Reuters/Bloomberg

KOM.MC/KOM.SM

Market capitalisation (EURm) 30

Current N° of shares (m) 12

Free float 35%

Daily avg. no. trad. sh. 12 mth 14

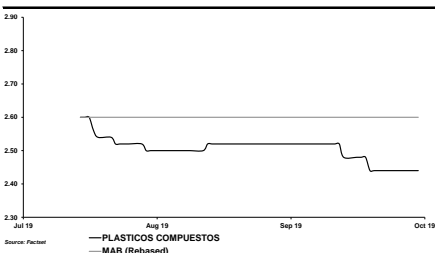
Daily avg. trad. vol. 12 mth (m) 0.00

Abs Perfs 1/3/12 mths (%) -3.17//

Key financials (EUR)	12/18	12/19e	12/20e
Sales (m)	41	47	59
EBITDA (m)	4	4	5
EBITDA margin	9.1%	9.0%	9.1%
EBIT (m)	1	2	3
EBIT margin	3.4%	3.9%	4.4%
Net Profit (adj.)(m)	0	1	1
ROCE	4.1%	4.5%	5.4%
Net debt/(cash) (m)	14	14	18
Net Debt Equity	1.2	0.8	1.0
Net Debt/EBITDA	3.7	3.2	3.3
Int. cover(EBITDA/Fin.int)	4.6	5.2	5.8
EV/Sales		0.9	0.8
EV/EBITDA		10.2	8.8
EV/EBITDA (adj.)		10.2	8.8
EV/EBIT		23.3	18.3
P/E (adj.)		38.3	23.6
P/BV		1.7	1.6
OpFCF yield		-15.8%	-13.9%
Dividend yield	0.0%	0.0%	0.0%
EPS (adj.)	0.04	0.06	0.10
BVPS	1.00	1.42	1.52
DPS	0.00	0.00	0.00

Shareholders

CCP Masterbatch S.L. 47%; Corporación Chimique International SPRL 18%;



Analyst(s)

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¡Ya están aquí los plásticos ecológicos!

Plásticos Compuestos es una compañía que fabrica compuestos para plásticos, con un elevado componente natural dentro de su gama de productos. Plásticos Compuestos salió al Mercado Alternativo Bursátil para financiar la ampliación de capacidad de sus líneas de productos bio, que comenzarán a fabricarse a corto plazo para atender una demanda que va a crecer durante muchos años. La compañía tiene varios bioplásticos certificados y un número mayor de compuestos en vías de ser certificados. Esperamos un crecimiento de las ventas del 21,75% anual compuesto en el período 2019-25. El sector se sigue consolidando y pensamos que este es otro catalizador para la compañía, ya que podría ser un objetivo.

- ✓ A pesar de la regulación cada vez más severa y la mayor concienciación del consumidor hacia los envases más naturales, la industria convencional del plástico seguirá creciendo. Grand View Research espera un crecimiento anual compuesto del 4% para el periodo 2017-2025.
- ✓ Plásticos Compuestos es uno de los mayores fabricantes de cargas minerales (fillers) de carbonato cálcico (Ca O3) de Europa, con una cuota del 10%, que crecerá de forma notable por la reducción de costes que supone y por los nuevos objetivos de la UE, que incrementará el uso de polímeros reciclados.
- ✓ La industria de los bioplásticos es muy nueva y su producción no llega al 1% de la producción global de plásticos, por lo que el crecimiento potencial es muy grande.
- ✓ La estrategia de Plásticos Compuestos consiste en aprovechar las economías de escala en la producción de fillers y empezar a fabricar sus biopolímeros, para los que ya tiene certificaciones.
- ✓ A medida que la compañía aumente la utilización de su capacidad productiva y comercialice sus nuevos productos ecológicos esperamos que mejore la evolución del margen EBITDA hasta niveles conservadores del 10% a medio plazo. Estimamos un crecimiento anual compuesto del 24% en 2019e-25e y que el EBITDA estimado de Plásticos Compuestos para 2019 (4,26 m EUR) se multiplique por 3,6x en 2025e (15,5 m EUR).
- ✓ Estimamos que la deuda neta de la compañía podría terminar el año actual en unos 13,7 m EUR, después de haber realizado una ampliación de capital de 5 m EUR (3,2x DN/EBITDA19).
- ✓ El sector también podría ser objeto de operaciones corporativas para ganar en dimensión o para operaciones de integración vertical, donde ya se han producido algunos movimientos. En 2018 PolyOne (market cap 1.850 m EUR) compró la firma catalana IQAP y, a una mayor escala, LyondellBasell finalizó la compra de A. Schulman, Inc. (11xLTM EBITDA ajustado, sin sinergias). Recientemente se ha conocido que PolyOne está en conversaciones para comprar la división de masterbatches de Clariant.

Resultados del 1S19

Plásticos Compuestos publicó los siguientes resultados del 1S19:

PLASTICOS COMPUESTOS: 1H19 results							
EUR m	1H18	% sles	1H19	% sles	% y/y	2Q18	2Q19
Sales	21.6	100.0%	24.4	100.0%	13.2%	11.3	12.5
EBITDA	2.1	9.9%	2.0	8.1%	-7.3%	1.2	0.8
EBITDA recurrente	2.1	9.9%	2.2	9.1%	3.8%	n.a.	n.a.
Depreciation	-1.1	-5%	-1.0	-4%	-12%	-0.7	-0.3
EBIT	1.0	4.6%	1.0	4.0%	-2.0%	0.6	0.6
Financial Results	-0.4	-2%	-0.5	-2%	44%	-0.1	-0.2
EBT	0.6	3%	0.4	2%	-30%	0.4	0.4
Taxes+minorities	-0.1	-1%	-0.1	0%	-61%	-0.1	-0.1
Net profit	0.5	2%	0.4	2%	-21.4%	0.3	0.3

Source: Company data.GVC Gaesco Valores estimates

Aunque las ventas evolucionan en línea con lo estimado, el EBITDA del 1S19 ha estado un poco por debajo de lo que tenemos previsto para el año.

Por un lado, el volumen de toneladas vendidas (31.159) crece un 28% con respecto al 1S18, principalmente por la mayor producción de fillers, después de las últimas ampliaciones de capacidad realizadas. En este sentido, Plásticos Compuestos está aumentando su base de clientes en todas las divisiones. El mercado local supone un 38,8% de las ventas en el 1S19 y crece un 9%. El resto de la UE supone el 53,5% de las ventas, creciendo un 26%, mientras que el resto de países, un 7,7% del total, baja un 26%, principalmente por África y Latam.

Aunque las toneladas vendidas suben un 28%, las ventas del 1S19 crecen menos, un 13,2% por la composición del mix de productos, en el que los fillers o cargas minerales ganan peso (con un menor precio de venta por tonelada). Además, la materia prima el polietileno ha bajado de precio un poco en el 1S19, lo que se transmite al precio de los masterbatches y fillers y se compensa por el menor coste de la materia prima. El descenso de los precios de la materia prima es una consecuencia de la ralentización económica y el precio de los polímeros, está acompañando al entorno macro. **En el sector de los plásticos se aprecia más cautela y los pedidos están algo más ajustados** porque los clientes no quieren que aumenten sus inventarios de cara al balance de final de año, si la ralentización aumenta.

El EBITDA recurrente, sin incluir los costes de extraordinarios de incorporación al MAB y refinanciación sindicada (238.097 EUR) **ha sido 2,22 m EUR, con un crecimiento del 4%**, inferior al 13,4% estimado por nosotros para el año. Los costes de personal crecen un 25% en el 1S19 pero se espera que, en términos anuales, su crecimiento sea más moderado. Dentro de las partidas de gastos de explotación destacamos el aumento de los costes por transporte, que crece en línea con los volúmenes, y los costes de arrendamiento por una actualización trianual.

En el 1S19 **la salida de caja por inversiones ha sido de 2,15 m EUR**, en buena parte por los pagos pendientes para la nueva máquina de fillers (estimado para 2019= 1,56 m EUR), y algunas inversiones en las líneas pequeñas de bioplásticos, antes de la principal inversión en la nueva máquina de bioplásticos. La ampliación de capacidad en fillers, con la nueva máquina, sigue su curso, después de haber realizado las pruebas iniciales en el mes de septiembre. Se espera que comience la producción en noviembre.

La deuda neta del 1S19 se ha situado en 16,6 m EUR (la ampliación de capital de 5 m EUR se hizo después del 1S19) y esperamos que a finales de año se acerque a nuestra estimación de 13,7 m EUR, lo que supone un multiplicador de 3,2x DN/EBITDA19.

La reciente feria K de Düsseldorf, dedicada al plástico, ha puesto de relieve el enorme interés que existe por todo lo relacionado con el reciclaje y los bioplásticos, mercado para el que Plásticos Compuestos se está preparando, **contando (al cierre del 1S19) con 16 certificaciones de TUV Austria para productos BIO.**

Plásticos Compuestos : Summary tables

PROFIT & LOSS (EURm)	12/2016	12/2017	12/2018	12/2019e	12/2020e	12/2021e
Sales	28.5	36.6	41.4	47.4	59.3	73.6
Cost of Sales & Operating Costs	-27.8	-35.9	-39.0	-43.6	-54.5	-67.4
Non Recurrent Expenses/Income	0.0	0.0	0.0	0.0	0.0	0.0
EBITDA	1.3	2.4	3.8	4.3	5.4	6.8
EBITDA (adj.)*	1.3	2.4	3.8	4.3	5.4	6.8
Depreciation	-0.9	-1.7	-2.3	-2.4	-2.8	-3.2
EBITA	0.4	0.7	1.4	1.9	2.6	3.7
EBITA (adj)*	0.4	0.7	1.4	1.9	2.6	3.7
Amortisations and Write Downs	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	0.4	0.7	1.4	1.9	2.6	3.7
EBIT (adj.)*	0.4	0.7	1.4	1.9	2.6	3.7
Net Financial Interest	-0.5	-0.5	-0.8	-0.8	-0.9	-1.0
Other Financials	0.0	0.0	0.0	0.0	0.0	0.0
Associates	0.0	0.0	0.0	0.0	0.0	0.0
Other Non Recurrent Items	0.0	0.0	0.0	-0.9	0.0	0.0
Earnings Before Tax (EBT)	0.0	0.1	0.6	0.1	1.7	2.7
Tax	0.0	0.0	-0.1	0.0	-0.4	-0.7
<i>Tax rate</i>	<i>23.8%</i>	<i>28.4%</i>	<i>19.5%</i>	<i>25.0%</i>	<i>25.0%</i>	<i>25.0%</i>
Discontinued Operations	0.0	0.0	0.0	0.0	0.0	0.0
Minorities	0.0	0.0	0.0	0.0	0.0	0.0
Net Profit (reported)	0.0	0.1	0.5	0.1	1.3	2.0
Net Profit (adj.)	0.0	0.1	0.5	0.8	1.3	2.0
CASH FLOW (EURm)	12/2016	12/2017	12/2018	12/2019e	12/2020e	12/2021e
Cash Flow from Operations before change in NWC	0.5	0.4	1.6	2.5	4.0	5.2
Change in Net Working Capital	-0.7	0.2	0.2	-1.9	-1.6	-1.9
Cash Flow from Operations	-0.2	0.6	1.7	0.6	2.4	3.2
Capex	-4.9	-1.9	-2.7	-5.2	-6.5	-2.4
Net Financial Investments	0.0	0.0	0.0	0.0	0.0	0.0
Free Cash Flow	-5.2	-1.3	-1.0	-4.7	-4.1	0.9
Dividends	0.0	0.0	0.0	0.0	0.0	0.0
Other (incl. Capital Increase & share buy backs)	2.4	-1.4	1.7	5.0	0.0	0.0
Change in Net Debt	-2.7	-2.7	0.7	0.3	-4.1	0.9
NOPLAT	0	1	1	1	2	3
BALANCE SHEET & OTHER ITEMS (EURm)	12/2016	12/2017	12/2018	12/2019e	12/2020e	12/2021e
Net Tangible Assets	13.2	17.2	18.1	20.9	24.7	23.9
Net Intangible Assets (incl. Goodwill)	0.3	1.9	2.7	2.7	2.7	2.7
Net Financial Assets & Other	3.6	0.5	0.3	0.3	0.3	0.3
Total Fixed Assets	17.1	19.6	21.1	23.9	27.7	26.9
Inventories	8.0	5.4	6.7	8.2	10.2	12.7
Trade receivables	4.5	5.5	5.8	7.0	8.8	10.9
Other current assets	0.1	0.2	0.2	0.2	0.2	0.2
Cash (-)	-0.6	-0.3	-2.2	-2.2	-2.2	-2.2
Total Current Assets	13.2	11.4	14.9	17.6	21.4	26.0
Total Assets	30.2	31.0	35.9	41.5	49.1	52.9
Shareholders Equity	10.6	10.1	12.2	17.3	18.5	20.5
Minority	0.0	0.0	0.0	0.0	0.0	0.0
Total Equity	10.6	10.1	12.2	17.3	18.5	20.5
Long term interest bearing debt	6.4	6.2	7.7	7.5	9.5	9.1
Provisions	0.0	0.0	0.0	0.0	0.0	0.0
Other long term liabilities	0.1	0.2	0.1	0.1	0.1	0.1
Total Long Term Liabilities	6.5	6.4	7.8	7.7	9.6	9.2
Short term interest bearing debt	6.2	8.8	8.5	8.4	10.6	10.1
Trade payables	7.0	5.6	7.4	8.2	10.4	13.0
Other current liabilities	0.0	0.0	0.0	0.0	0.0	0.0
Total Current Liabilities	13.2	14.5	15.9	16.6	20.9	23.1
Total Liabilities and Shareholders' Equity	30.2	31.0	35.9	41.5	49.1	52.9
Net Capital Employed	22.6	25.0	26.3	31.1	36.5	37.6
Net Working Capital	5.6	5.4	5.2	7.2	8.8	10.7
GROWTH & MARGINS	12/2016	12/2017	12/2018	12/2019e	12/2020e	12/2021e
<i>Sales growth</i>	<i>13.9%</i>	<i>28.1%</i>	<i>13.1%</i>	<i>14.5%</i>	<i>25.1%</i>	<i>24.1%</i>
EBITDA (adj.)* growth	35.4%	84.2%	55.8%	13.4%	26.3%	27.3%
<i>EBITA (adj.)* growth</i>	<i>n.m.</i>	<i>50.4%</i>	<i>112.1%</i>	<i>30.3%</i>	<i>39.9%</i>	<i>41.6%</i>
<i>EBIT (adj.)* growth</i>	<i>n.m.</i>	<i>50.4%</i>	<i>112.1%</i>	<i>30.3%</i>	<i>39.9%</i>	<i>41.6%</i>

Plásticos Compuestos : Summary tables

GROWTH & MARGINS	12/2016	12/2017	12/2018	12/2019e	12/2020e	12/2021e
Net Profit growth	n.m.	n.m.	394.6%	62.5%	62.2%	59.4%
EPS adj. growth	n.m.	n.m.	394.6%	62.5%	62.2%	59.4%
DPS adj. growth						
EBITDA (adj)* margin	4.6%	6.6%	9.1%	9.0%	9.1%	9.3%
EBITA (adj)* margin	1.6%	1.8%	3.4%	3.9%	4.4%	5.0%
EBIT (adj)* margin	1.6%	1.8%	3.4%	3.9%	4.4%	5.0%
RATIOS	12/2016	12/2017	12/2018	12/2019e	12/2020e	12/2021e
Net Debt/Equity	1.1	1.5	1.2	0.8	1.0	0.8
Net Debt/EBITDA	9.1	6.1	3.7	3.2	3.3	2.5
Interest cover (EBITDA/Fin.interest)	2.8	4.4	4.6	5.2	5.8	6.8
Capex/D&A	574.6%	107.5%	116.6%	218.3%	235.4%	75.3%
Capex/Sales	17.3%	5.1%	6.6%	11.1%	11.0%	3.2%
NWC/Sales	19.5%	14.7%	12.6%	15.1%	14.8%	14.6%
ROE (average)	-0.3%	0.9%	4.3%	5.3%	7.0%	10.3%
ROCE (adj.)	1.7%	2.0%	4.1%	4.5%	5.4%	7.4%
WACC	11.3%	11.3%	11.3%	11.3%	11.3%	11.3%
ROCE (adj.)/WACC	0.2	0.2	0.4	0.4	0.5	0.7
PER SHARE DATA (EUR)***	12/2016	12/2017	12/2018	12/2019e	12/2020e	12/2021e
Average diluted number of shares	12.2	12.2	12.2	12.2	12.2	12.2
EPS (reported)	0.00	0.01	0.04	0.01	0.10	0.16
EPS (adj.)	0.00	0.01	0.04	0.06	0.10	0.16
BVPS	0.87	0.83	1.00	1.42	1.52	1.69
DPS	0.00	0.00	0.00	0.00	0.00	0.00
VALUATION	12/2016	12/2017	12/2018	12/2019e	12/2020e	12/2021e
EV/Sales				0.9	0.8	0.6
EV/EBITDA				10.2	8.8	6.8
EV/EBITDA (adj.)*				10.2	8.8	6.8
EV/EBITA				23.3	18.3	12.7
EV/EBITA (adj.)*				23.3	18.3	12.7
EV/EBIT				23.3	18.3	12.7
EV/EBIT (adj.)*				23.3	18.3	12.7
P/E (adj.)				38.3	23.6	14.8
P/BV				1.7	1.6	1.4
Total Yield Ratio			0.0%	0.0%	0.0%	
EV/CE				1.4	1.3	1.3
OpFCF yield				-15.8%	-13.9%	2.9%
OpFCF/EV				-10.8%	-8.7%	1.8%
Payout ratio	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Dividend yield (gross)			0.0%	0.0%	0.0%	0.0%
EV AND MKT CAP (EURm)	12/2016	12/2017	12/2018	12/2019e	12/2020e	12/2021e
Price** (EUR)				2.44	2.44	2.44
Outstanding number of shares for main stock	12.2	12.2	12.2	12.2	12.2	12.2
Total Market Cap				30	30	30
Net Debt	12	15	14	14	18	17
<i>o/w Cash & Marketable Securities (-)</i>	<i>-1</i>	<i>0</i>	<i>-2</i>	<i>-2</i>	<i>-2</i>	<i>-2</i>
<i>o/w Gross Debt (+)</i>	<i>13</i>	<i>15</i>	<i>16</i>	<i>16</i>	<i>20</i>	<i>19</i>
Other EV components	0	0	0	0	0	0
Enterprise Value (EV adj.)				43	47	47

Source: Company, GVC Gaesco Valores estimates.

Notes

* Where EBITDA (adj.) or EBITA (adj.) = EBITDA (or EBITA) +/- Non Recurrent Expenses/Income and where EBIT (adj.) = EBIT +/- Non Recurrent Expenses/Income - PPA amortisation

**Price (in local currency): Fiscal year end price for Historical Years and Current Price for current and forecasted years

Sector: Chemicals/Commodity Chemicals

Company Description: Plásticos Compuestos is an international group dedicated to the design, development and manufacture of metal automotive components. Plásticos Compuestos specializes in developing innovatively designed products to achieve increasingly safer and lighter vehicles. The company was founded in 1997 with the goal of being a global supplier with a focus on technology.



Information regarding Market Abuse and Conflicts of Interests and recommendation history available in our web page: www.valores.gvcgaesco.es and our offices

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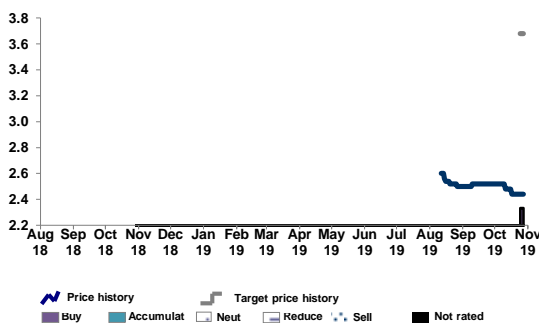
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- has participated and/or participates as lead or co-lead manager in corporate operations with the following companies: Clever Global SA; Dogi International Fabrics SA; Inypsa; Lleidanetworks Serveis Telematics SA, MasMovil Ibercom; Globasol (Solaria); ADL Bionatur Solutions ; Plásticos Compuestos SA ;
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- has signed a Corporate Brokerage agreement that includes a contractually agreed provision of research services and in return, GVC Gaesco Valores receives a compensation. These reports have been or could have been previously shown to the companies: Agile Content, Atrys Health ; Gigas Hosting ; Catenon ; Greenalia ; Quabit Inmobiliaria.

Recommendation history for PLÁSTICOS COMPUESTOS

Date	Recommendation	Target price	Price at change date
25-Oct-19	Buy	3.68	2.44

Source: Factset & ESN, price data adjusted for stock splits.

This chart shows GVC Gaesco Valores continuing coverage of this stock; the current analyst may or may not have covered it over the entire period. Current analyst: Iñigo Recio Pascual (since 24/10/2019)



ESN Recommendation System

The ESN Recommendation System is **Absolute**. It means that each stock is rated on the basis of a **total return**, measured by the upside potential (including dividends and capital reimbursement) over a **12 month time horizon**.



The ESN spectrum of recommendations (or ratings) for each stock comprises 5 categories: **Buy (B), Accumulate (A), Neutral (N), Reduce (R) and Sell (S)**.

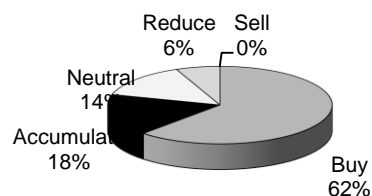
Furthermore, in specific cases and for a limited period of time, the analysts are allowed to rate the stocks as **Rating Suspended (RS)** or **Not Rated (NR)**, as explained below.

Meaning of each recommendation or rating:

- **Buy:** the stock is expected to generate total return of **over 15%** during the next 12 months time horizon
- **Accumulate:** the stock is expected to generate total return of **5% to 15%** during the next 12 months time horizon
- **Neutral:** the stock is expected to generate total return of **-5% to +5%** during the next 12 months time horizon
- **Reduce:** the stock is expected to generate total return of **-5% to -15%** during the next 12 months time horizon
- **Sell:** the stock is expected to generate total return **under -15%** during the next 12 months time horizon
- **Rating Suspended:** the rating is suspended due to a change of analyst covering the stock or a capital operation (take-over bid, SPO, ...) where the issuer of the document (a partner of ESN) or a related party of the issuer is or could be involved
- **Not Rated:** there is no rating for a company being floated (IPO) by the issuer of the document (a partner of ESN) or a related party of the issuer

Certain flexibility on the limits of total return bands is permitted especially during higher phases of volatility on the markets

GVC Gaesco Valores, S.V., S.A. Ratings Breakdown



For full ESN Recommendation and Target price history (in the last 12 months) please see ESN Website [Link](#)

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