



Company Update

Reason: Estimates revision

12 November 2020

Buy

Recommendation unchanged

Share price: EUR 9.45

closing price as of 11/11/2020

Target price: EUR 10.43

from Target Price: EUR 9.86

Upside/Downside Potential 10.4%

Reuters/Bloomberg

GIGAH.MC/GIGA SM

Market capitalisation (EURm) 111

Current N° of shares (m) 12

Free float 55%

Daily avg. no. trad. sh. 12 mth (k) 14

Daily avg. trad. vol. 12 mth (k) 1,105.65

Price high/low 12 months 9.45 / 4.00

Abs Perfs 1/3/12 mths (%) 35.00/96.88/44.94

Key financials (EUR)	12/19	12/20e	12/21e
Sales (m)	10	11	55
EBITDA (m)	3	2	11
EBITDA margin	24.5%	20.5%	20.7%
EBIT (m)	1	0	4
EBIT margin	6.6%	2.5%	6.7%
Net Profit (adj.)(m)	0	(0)	2
ROCE	5.0%	2.1%	7.9%
Net debt/(cash) (m)	4	3	6
Net Debt Equity	0.7	0.6	0.2
Net Debt/EBITDA	1.5	1.4	0.5
Int. cover(EBITDA/Fin.int)	6.1	7.6	22.7
EV/Sales	3.2	4.1	2.1
EV/EBITDA	13.2	20.2	10.4
EV/EBITDA (adj.)	13.2	20.2	10.4
EV/EBIT	48.8	nm	32.1
P/E (adj.)	nm	nm	47.1
P/BV	5.7	8.1	4.1
OpFCF yield	-2.2%	0.2%	2.8%
Dividend yield	0.0%	0.0%	0.0%
EPS (adj.)	0.05	(0.00)	0.20
BVPS	1.19	1.16	2.33
DPS	0.00	0.00	0.00

Shareholders

GAEA 34%; Consejeros 6%; Key Wolf, S.L 6%;



Source: FactSet

— GIGAS HOSTING — MAB (Rebased)

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Ambición de ser el operador B2B ibérico

Gigas Hosting ha presentado la primera de sus dos adquisiciones anunciadas en el marco de su nueva estrategia corporativa de adentrarse en el mercado convergente telecom/cloud en el sector B2B. Se trata de Oni, el operador portugués que aportará unos EUR38M de facturación anual (x4 de los actuales de Gigas) y que junto a la adquisición de Ignitar en el norte de Europa hace unas semanas, modifica sustancialmente la estructura de la compañía y su estrategia futura.

- ✓ La compañía informó al mercado en octubre de su decisión estratégica de ofrecer **servicios convergentes Telecom/cloud** ante la **creciente demanda** de estos servicios por parte de sus clientes y la oportunidad de crecimiento que este cambio presentaba.
- ✓ Esta oportunidad ha fructificado mediante la compra de **Oni**, el operador B2B portugués, que ha sido adquirido por unos EUR40M. El operador tiene unos ingresos de uno EUR38M, y unos EUR7M de EBITDA. **La transacción se ha cerrado a un múltiplo EV/EBITDA de 6.1x.**
- ✓ Esta operación va a ser financiada en un 40% vía caja, que saldrá de dos ampliaciones de capital que la empresa va a realizar, por importes de EUR17M (sin derecho de suscripción preferente) y de EUR4M (con derecho de suscripción preferente) y el resto vía una ampliación de capital no dineraria por la cual Inveready (anterior dueño de Oni) pasará a controlar algo más de un tercio de la Gigas post ampliaciones.
- ✓ A falta de concretarse la segunda operación anunciada al mercado, **la situación financiera de Gigas es sólida ya que su endeudamiento quedará en 0.5x DN/EBITDA.**
- ✓ La compañía ha dado cierta información financiera sobre proyecciones del período 2021-2023 en las cuales se presenta un CAGR de ingresos del 8.6% y del EBITDA del 13.7%.
- ✓ Consideramos esta decisión de la compañía como con un **gran potencial** ya que el mercado B2B ha sido tradicionalmente desatendido por los operadores tradicionales de telecomunicaciones. La idea de la compañía de convertirse en un **“one stop shop”** para empresas medianas principalmente y ser un proveedor único de servicios de telecomunicaciones y cloud. Adicionalmente el potencial de **“crossselling”** de servicios cloud a los clientes Telecom y viceversa es muy alto y pensamos que puede darse un gran crecimiento en este punto.
- ✓ Hemos incorporado los números ofrecidos por la compañía a nuestro modelo y hemos realizado una estimación de los años 2024 y 2025 proyectando crecimientos similares a los de años anteriores que consideramos razonables y conservadores dado el potencial de crecimiento de la compañía.
- ✓ De esta manera alcanzamos una valoración **de EUR10.4 por acción**, con un potencial sobre precios actuales del 10% y de más del 65% sobre el precio de las ampliaciones de capital (EUR6.25) por lo que consideramos que el accionista actual debería acudir a la misma. Nuestra valoración se realiza con una WACC del 8.5%, una g=2.8% y resulta en un EV/EBITDA terminal de 8.5x, más alto que los comparables Telecom y más bajo que los comparables cloud.

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El camino hacia la convergencia Telecom/cloud

La virtualización de servidores y la provisión de servicios en modelo de pago por uso han supuesto en los últimos años un cambio de paradigma en la provisión de servicios IT, dando como resultado el mercado de cloud computing.

La tecnología cloud permite servicios como las SDN (Software Defined Networking) o redes definidas por software, en los que Gigas se apoya para su nuevo horizonte estratégico. Esto permitirá a unos clientes cada vez más descentralizados por efecto de la deslocalización, el teletrabajo y otras nuevas tendencias, poder conectar su empresa con la nube, y adicionalmente cada una de sus sedes con sus empleados independientemente de dónde se ubiquen. Esto traerá a las empresas importantes mejoras en costes, flexibilidad, eficiencia y seguridad.

En paralelo, los servicios de VPN (Virtual Private Networks), firewalls, etc, ya venían siendo ofrecidos por Gigas en competencia con los operadores tradicionales Telecom.

De esta manera, uniendo la creciente demanda de los clientes de Gigas de una gama de servicios más amplia que cubriera sus necesidades de infraestructuras cloud con servicios de comunicaciones a la oportunidad tecnológica que la tecnología cloud permite, la compañía ha decidido embarcarse en una estrategia de servicios convergentes a sus clientes.

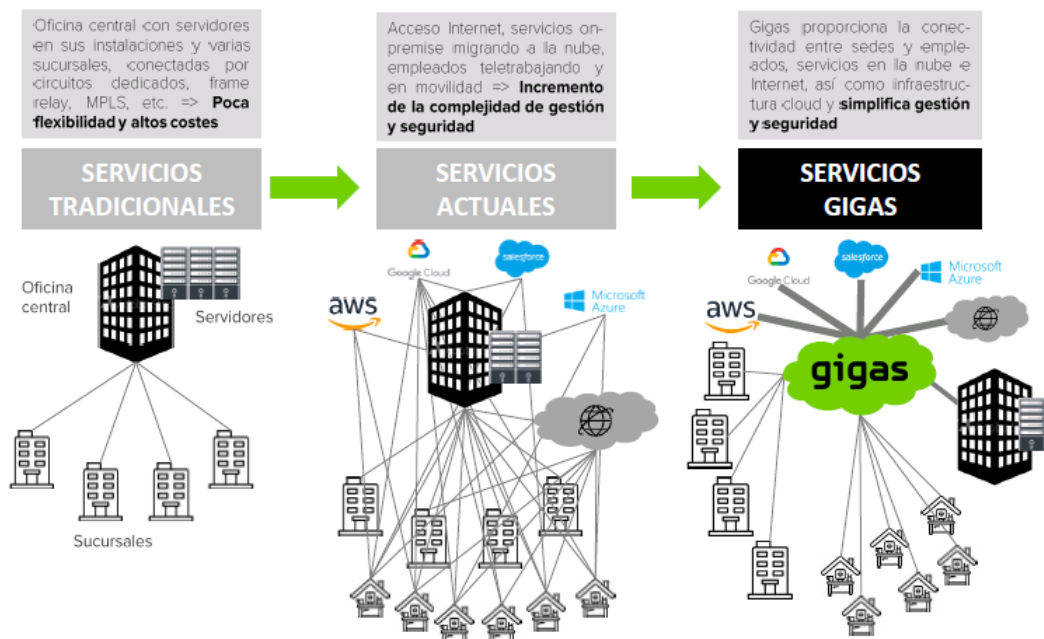
El objetivo de Gigas como observamos en el siguiente gráfico extraído de su presentación corporativa es convertirse en un proveedor integral de servicios para sus clientes.



Esto supone una ventaja diferencial para el cliente pues le permite reducir sus proveedores, aumentar su eficiencia y centralizar todas sus necesidades de conectividad en un proveedor integral.

Es importante reseñar que Gigas no pretende crear un sistema cerrado y exclusivo, sino que podrá ofrecer a sus clientes la conexión segura con nubes públicas de otros proveedores (AWS, Microsoft, Google...) además de la interconexión de sedes y la conexión segura de sus empleados en movilidad.

En el gráfico siguiente observamos la evolución del paradigma de comunicaciones empresariales que propone Gigas y como pretende crear un ecosistema abierto en el que Gigas es el paraguas bajo el cual se incluyen todos los servicios:



Asimismo, una de las obsesiones de Gigas desde sus inicios ha sido crear servicios accesibles para todos los públicos. De esta manera, se pretende simplificar al máximo la usabilidad de la herramienta y del panel del control del cliente, tal y como se realiza actualmente con los clientes de la compañía. Una de sus ventajas competitivas actualmente se centra en el trato cercano al cliente y en ofrecer una sencillez en los servicios que lo hacen accesible a cualquier tipo de cliente, con mayor o menor cualificación y es uno de los objetivos al convertirse en un proveedor de servicios Telecom, que el cliente B2B sienta que hay un operador que entiende sus necesidades particulares y que le va a atender tratándole de manera individualizada.

En el mercado español, en el que operará la compañía, los operadores tradicionales B2C no han mostrado especial interés por el mercado B2B y cuando lo han hecho, no han conseguido el éxito esperado. Por ejemplo Orange lanzó hace dos años la marca Orange X al mercado para tratar de ofrecer servicios digitales a Pymes mediante un enfoque innovador y alejado del tradicional telco y ha tenido que cerrar dicha marca tras las grandes pérdidas que estaba cosechando. Otras como BT o Colt están dedicadas a compañías más grandes, multinacionales y se alejan del cliente tipo de Gigas.

Nuevo negocio: Telecom B2B. Nuevo mercado: Portugal.

El mercado portugués de telecomunicaciones es un mercado más estable y “tranquilo” que el español. Asimismo está teniendo un gran desarrollo de las redes de fibra óptica por todo el país que están permitiendo mejorar las comunicaciones.

El mercado de banda ancha está dominado por tres grandes operadores: Altice, NOS y Vodafone, que abarcan más del 95% del mercado con una relativa estabilidad. El 4% restante es para Nowo, el operador residencial que pertenecía al mismo grupo que Oni. La cuota de Oni en el mercado es residual ya que cuenta con 1.100 clientes.

En el mercado móvil la situación es similar con tres operadores: Meo (del grupo Altice), NOS y Vodafone copando el mercado.

No obstante, esta calma competitiva puede verse afectada en los próximos meses con la llegada de MásMóvil (con la marca Nowo en B2C) y Gigas (con Oni en B2B) al mercado con un posicionamiento innovador y con la experiencia que da el mercado español.

La parte positiva es que el mercado a capturar es muy amplio, adicionalmente, el regulador portugués (ANACOM) ha establecido unas condiciones en la próxima subasta de espectro

de 5G que son favorables para la entrada de un nuevo operador en el mercado ya que les exige unos niveles de cobertura mínima menores que a los tres operadores de referencia.

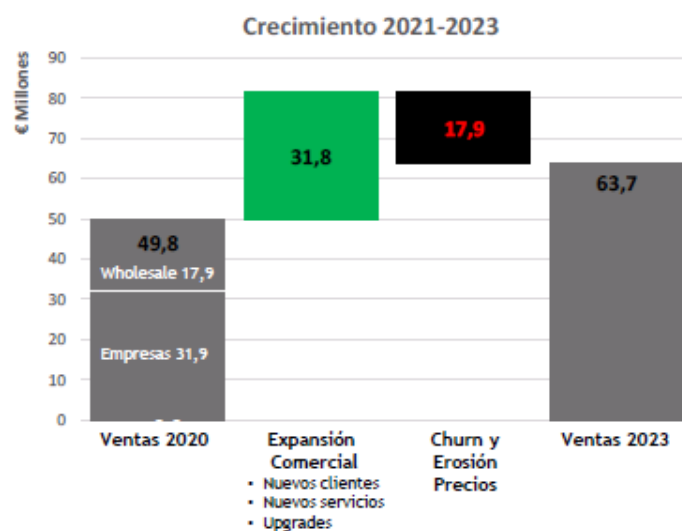
Por ello pensamos que el mercado es atractivo y la oportunidad grande ya que la situación actual de Oni en Portugal es marginal. Adicionalmente, cuenta con infraestructuras relevantes y acuerdos mayoristas a largo plazo para el acceso a las mismas en zonas donde no dispone de infraestructura propia con acuerdos a largo plazo.

En la parte de riesgos, la compañía se adentra en un mercado nuevo para ella, si bien que adquiere un operador con experiencia pero el cual no estaba consiguiendo tener un buen comportamiento en el mercado.

Sin embargo, el acompañamiento de un gran socio financiero como es Inveready, el equipo directivo que está reuniendo la compañía con experiencia en el sector Telecom (como por ejemplo la incorporación de José Eulalio Poza como accionista con el 5.5% de las acciones post ampliación) y la holgada situación financiera en la que queda la compañía tras la operación, hacen mitigar estos riesgos.

Proyecciones financieras

Como comentábamos anteriormente, la compañía ha dado un guidance financiero a tres años vista:



En él detallan un CAGR de ingresos 2021-2023 del 8.7% y se prevé alcanzar un EBITDA en 2023 de EUR15M (frente a los EUR10 proforma de 2020 reportados) representando un CAGR del 13.7% y que implica un margen EBITDA del 23.5% (frente al 20% proforma de 2020).

Las estimaciones de la compañía se basan en:

- Un crecimiento limitado del segmento Wholesale que posee Oni.
- Una fuerte erosión de precios en el segmento Corporate compensado por incremento de clientes.
- Un crecimiento significativo en el segmento midmarket tanto en nuevos clientes como upselling y cross-selling, con clientes menos sensibles al precio y mayores márgenes. En este segmento es donde más se aprovecharán las sinergias de ingresos al estar el grueso de clientes de Gigas. Además, es el segmento de clientes de Ignitar, la operación en Irlanda adquirida hace unos meses.
- Un crecimiento razonable en el segmento de pequeñas empresas.

DCF

En base a las proyecciones publicadas por la compañía hemos realizado unas estimaciones para los próximos ejercicios con una evolución razonable y conservadora en nuestra opinión.

Para nuestro DCF hemos utilizado una WACC del 8.5% y una $g=2.8\%$, resultando en una valoración de EUR10.4 por acción, con un potencial del 10% sobre precios actuales y un 66% sobre precio de la ampliación de capital (que es de EUR6.25). El peso del valor terminal en la valoración es del 83.6%, el EV/EBITDA terminal es de 8.5x y el PER25e es de 12.0x.

GIGAS HOSTING. DCF VALUATION CONSIDERING ORGANIC GROWTH

CASH FLOW (EURm)	2017	2018	2019	2020e	2021e	2022e	2023e	2024e	2025e	VR
Sales	5.947	8.684	10.228	10.632	54.558	59.201	63.587	68.795	73.935	76.005
EBITDA	0.572	1.615	2.505	2.183	11.267	13.065	15.028	17.035	19.174	20.521
EBITDA M.	9.6%	18.6%	24.5%	20.5%	20.7%	22.1%	23.6%	24.8%	25.9%	27.0%
DDA	-1.014	-1.524	-1.825	-1.914	-7.638	-7.874	-7.781	-7.744	-7.657	-7.872
EBIT	-0.442	0.091	0.679	0.269	3.629	5.191	7.247	9.290	11.517	12.650
Effective tax rate	-22.9%	-43.0%	-20.4%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%
NOPLAT	-0.544	0.130	0.818	0.202	2.722	3.893	5.436	6.968	8.637	9.487
Depreciation&other provisions	1.014	1.524	1.825	1.914	7.638	7.874	7.781	7.744	7.657	7.872
Gross Operating Cash Flow	0.470	1.654	2.643	2.116	10.360	11.767	13.216	14.712	16.295	17.359
Capex	-1.204	-2.599	-2.315	-1.914	-6.001	-6.512	-6.995	-6.879	-7.394	-7.601
Capex/sales	20.2%	29.9%	22.6%	18.0%	11.0%	11.0%	11.0%	10.0%	10.0%	10.0%
Change in Net Working Capital	-0.110	-0.364	-0.379	0.105	-0.941	-1.150	-1.432	-1.072	-0.588	0.000
Cash Flow to be discounted	-0.844	-1.308	-0.051	0.306	3.418	4.105	4.790	6.760	8.313	9.758
DCF VALUATION (EUR m)										
WACC				8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%
Discount Rate factor				1.00	0.92	0.85	0.78	0.72	0.66	0.61
Discounted Cash Flow				0.306	3.149	3.485	3.747	4.872	5.520	
Cumulated DCF				0.306	3.456	6.941	10.687	15.560	21.080	
WACC & DCF ANALYSIS										
Free Risk Rate (10y Govn. Bonds)	3.5%	Cumulated DCF			21.08	- Net Financial Debt (21e) **			5.9	
Company Risk Factor or Beta	1.3	Perpetual Growth Rate (g)			2.8%	- Minorities (estimated value)			0.0	
Mkt Risk Premium	5.0%	Normalised Annual CF			9.76	+ Associates			0.0	
Cost of Equity (Ke or COE)	10.0%	Terminal Value at Nominal Year			175.03	- Pension underfunding			0.0	
Cost of Debt (gross)	5.5%	Disc. Rate of Terminal Value			0.61	- Off-balance sheet commitm.			0.0	
Debt Tax Rate	25.0%	Discounted Terminal Value			107.10					
Cost of Debt net (kd or COD)	4.1%	Financial assets			0.00	Equity Market Value (EUR m)			122.3	
Target Gearing (D/E) or % Kd	25%	Enterprise Value (EURm)			128.2	Fair Value per share (EUR)			10.4	
% Ke	75%					Number of shares (m)*			11.7	
Normative Tax Rate	25%					Price (EUR)			9.1	
WACC	8.5%					Potential upside (downside)			15%	

Source: GVC Gaesco Valores Estimates * Post capital increases

** Including convertible bonds at 50%

Análisis de sensibilidad

DCF VALUATION SENSITIVITY. WACC vs. g

W.A.C.C.	Perpetuity growth rate					
	1.8%	2.3%	2.8%	3.3%	3.8%	
8.0%	9.80	10.63	11.62	12.81	14.30	
8.3%	9.34	10.10	11.00	12.07	13.39	
8.5%	8.92	9.62	10.4	11.40	12.58	
8.8%	8.54	9.17	9.92	10.80	11.85	
9.0%	8.18	8.76	9.44	10.24	11.20	

Source: GVC Gaesco Valores Estimates

DCF VALUATION SENSITIVITY. WACC vs. Adj. EBITDA M.

WACC	Residual Adj. EBITDA M.					
	26.0%	26.5%	27.0%	27.5%	28.0%	
8.0%	11.01	11.31	11.62	11.92	12.22	
8.3%	10.43	10.71	11.00	11.28	11.56	
8.5%	9.90	10.17	10.4	10.70	10.97	
8.8%	9.41	9.67	9.92	10.17	10.42	
9.0%	8.97	9.21	9.44	9.68	9.92	

Source: GVC Gaesco Valores Estimates

Próximas operaciones

La compañía ha informado que está pendiente de cerrarse una segunda operación corporativa de menor tamaño que aportaría unos EUR10M adicionales de facturación y que supone la compra de una cartera de clientes empresariales en España. Esta adquisición se pagaría mediante deuda bancaria ya comprometida y según informa la compañía se cerrará a un múltiplo similar al de ONI.

El objetivo financiero de Gigas tras esta segunda operación es mantener un nivel de endeudamiento bajo (DN/EBITDA por debajo de 1.5x) para poder acometer durante 2021 las inversiones necesarias para el lanzamiento de sus productos convergentes sin añadir tensiones financieras.

Estimamos que esta compra puede añadir a la compañía entre EUR0.5 y EUR1 a la valoración presentada de la compañía dependiendo de la agresividad de las estimaciones, principalmente en cuanto al *cross-selling* de productos.

Gigas Hosting: Summary tables

PROFIT & LOSS (EURm)	12/2018	12/2019	12/2020e	12/2021e	12/2022e	12/2023e
Sales	8.7	10.2	10.6	54.6	59.2	63.6
Cost of Sales & Operating Costs	-7.1	-7.7	-8.4	-43.3	-46.1	-48.6
Non Recurrent Expenses/Income	0.0	0.0	0.0	0.0	0.0	0.0
EBITDA	1.6	2.5	2.2	11.3	13.1	15.0
EBITDA (adj.)*	1.6	2.5	2.2	11.3	13.1	15.0
Depreciation	-1.5	-1.8	-1.9	-7.6	-7.9	-7.8
EBITA	0.1	0.7	0.3	3.6	5.2	7.2
EBITA (adj)*	0.1	0.7	0.3	3.6	5.2	7.2
Amortisations and Write Downs	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	0.1	0.7	0.3	3.6	5.2	7.2
EBIT (adj.)*	0.1	0.7	0.3	3.6	5.2	7.2
Net Financial Interest	-0.4	-0.4	-0.3	-0.5	-0.7	-0.6
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	0.0	0.0	0.0
Earnings Before Tax (EBT)	-0.3	0.3	-0.0	3.1	4.5	6.7
Tax	0.1	-0.1	0.0	-0.8	-1.1	-1.7
<i>Tax rate</i>	<i>43.0%</i>	<i>20.4%</i>	<i>25.0%</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)	-0.1	0.2	-0.0	2.3	3.4	5.0
Net Profit (adj.)	-0.1	0.2	-0.0	2.3	3.4	5.0
CASH FLOW (EURm)	12/2018	12/2019	12/2020e	12/2021e	12/2022e	12/2023e
Cash Flow from Operations before change in NWC	1.4	2.0	1.9	10.0	11.3	12.8
Change in Net Working Capital	-0.4	-0.4	0.1	-0.9	-1.1	-1.4
Cash Flow from Operations	1.0	1.7	2.0	9.0	10.1	11.4
Capex	-2.6	-2.3	-1.9	-6.0	-6.5	-7.0
Net Financial Investments	0.0	0.0	0.0	0.0	0.0	0.0
Free Cash Flow	-1.6	-0.7	0.1	3.0	3.6	4.4
Dividends	0.0	0.0	0.0	0.0	0.0	0.0
Other (incl. Capital Increase & share buy backs)	-1.2	-0.6	1.3	-5.3	-0.9	-2.2
Change in Net Debt	-3	-1	1	-2	3	2
NOPLAT	0.1	0.5	0.2	2.7	3.9	5.4
BALANCE SHEET & OTHER ITEMS (EURm)	12/2018	12/2019	12/2020e	12/2021e	12/2022e	12/2023e
Net Tangible Assets	3.0	3.1	3.0	1.7	0.6	-0.2
Net Intangible Assets (incl. Goodwill)	4.0	5.9	5.4	30.7	31.9	34.4
Net Financial Assets & Other	2.4	2.5	2.5	2.5	2.5	2.5
Total Fixed Assets	9.5	11.4	10.8	34.8	34.9	36.7
Inventories	0.0	0.0	0.0	0.0	0.0	0.0
Trade receivables	1.6	2.4	2.4	3.5	4.7	6.2
Other current assets	0.3	0.4	0.4	0.4	0.3	0.3
Cash (-)	-2.2	-1.6	-1.6	-7.0	-7.0	-7.0
Total Current Assets	4.0	4.4	4.4	10.8	12.0	13.5
Total Assets	13.5	15.9	15.2	45.6	46.9	50.2
Shareholders Equity	5.1	5.1	5.0	27.3	30.6	35.5
Minority	0.0	0.0	0.0	0.0	0.0	0.0
Total Equity	5.1	5.1	5.0	27.3	30.6	35.5
Long term interest bearing debt	2.0	4.1	3.7	11.4	9.5	8.0
Provisions	0.0	0.0	0.0	0.0	0.0	0.0
Other long term liabilities	2.5	2.3	2.2	2.1	2.0	1.9
Total Long Term Liabilities	4.5	6.4	5.9	13.5	11.5	9.9
Short term interest bearing debt	2.4	1.1	1.0	1.5	1.3	1.2
Trade payables	0.7	1.2	1.3	1.4	1.5	1.6
Other current liabilities	0.8	1.9	1.9	1.9	1.9	1.9
Total Current Liabilities	3.9	4.3	4.3	4.9	4.8	4.7
Total Liabilities and Shareholders' Equity	13.5	15.9	15.2	45.6	46.9	50.2
Net Capital Employed	9.7	11.1	10.4	35.3	36.5	39.7
Net Working Capital	0.8	1.2	1.1	2.0	3.2	4.6
GROWTH & MARGINS	12/2018	12/2019	12/2020e	12/2021e	12/2022e	12/2023e
<i>Sales growth</i>	<i>46.0%</i>	<i>17.8%</i>	<i>4.0%</i>	<i>413.1%</i>	<i>8.5%</i>	<i>7.4%</i>
EBITDA (adj.)* growth	184.5%	55.1%	-12.8%	416.2%	15.9%	15.0%
<i>EBITA (adj.)* growth</i>	<i>n.m.</i>	<i>648.5%</i>	<i>-60.4%</i>	<i>1249.4%</i>	<i>43.0%</i>	<i>39.6%</i>
<i>EBIT (adj.)* growth</i>	<i>n.m.</i>	<i>648.5%</i>	<i>-60.4%</i>	<i>1249.4%</i>	<i>43.0%</i>	<i>39.6%</i>

Gigas Hosting: Summary tables

GROWTH & MARGINS	12/2018	12/2019	12/2020e	12/2021e	12/2022e	12/2023e
Net Profit growth	n.m.	n.m.	n.m.	n.m.	44.5%	47.7%
EPS adj. growth	n.m.	n.m.	n.m.	n.m.	44.5%	47.7%
DPS adj. growth						
EBITDA (adj)* margin	18.6%	24.5%	20.5%	20.7%	22.1%	23.6%
EBITA (adj)* margin	1.0%	6.6%	2.5%	6.7%	8.8%	11.4%
EBIT (adj)* margin	1.0%	6.6%	2.5%	6.7%	8.8%	11.4%
RATIOS	12/2018	12/2019	12/2020e	12/2021e	12/2022e	12/2023e
Net Debt/Equity	0.4	0.7	0.6	0.2	0.1	0.1
Net Debt/EBITDA	1.3	1.5	1.4	0.5	0.3	0.1
Interest cover (EBITDA/Fin.interest)	4.6	6.1	7.6	22.7	19.7	26.6
Capex/D&A	170.5%	126.8%	100.0%	78.6%	82.7%	89.9%
Capex/Sales	29.9%	22.6%	18.0%	11.0%	11.0%	11.0%
NWC/Sales	9.5%	11.8%	10.4%	3.7%	5.4%	7.3%
ROE (average)	-3.3%	4.2%	-0.3%	14.6%	11.7%	15.2%
ROCE (adj.)	0.9%	5.0%	2.1%	7.9%	10.9%	14.0%
WACC	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%
ROCE (adj.)/WACC	0.1	0.6	0.2	0.9	1.3	1.6
PER SHARE DATA (EUR)***	12/2018	12/2019	12/2020e	12/2021e	12/2022e	12/2023e
Average diluted number of shares	4.3	4.3	4.3	11.7	11.7	11.7
EPS (reported)	-0.03	0.05	0.00	0.20	0.29	0.43
EPS (adj.)	-0.03	0.05	0.00	0.20	0.29	0.43
BVPS	1.17	1.19	1.16	2.33	2.61	3.03
DPS	0.00	0.00	0.00	0.00	0.00	0.00
VALUATION	12/2018	12/2019	12/2020e	12/2021e	12/2022e	12/2023e
EV/Sales	3.5	3.2	4.1	2.1	1.9	1.8
EV/EBITDA	18.7	13.2	20.2	10.4	8.8	7.5
EV/EBITDA (adj.)*	18.7	13.2	20.2	10.4	8.8	7.5
EV/EBITA	333.3	48.8	163.6	32.1	22.1	15.6
EV/EBITA (adj.)*	333.3	48.8	163.6	32.1	22.1	15.6
EV/EBIT	n.m.	48.8	n.m.	32.1	22.1	15.6
EV/EBIT (adj.)*	n.m.	48.8	n.m.	32.1	22.1	15.6
P/E (adj.)	n.m.	n.m.	n.m.	47.1	32.6	22.1
P/BV	5.6	5.7	8.1	4.1	3.6	3.1
Total Yield Ratio	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
EV/CE	3.9	3.3	4.6	3.4	3.2	2.9
OpFCF yield	-5.7%	-2.2%	0.2%	2.8%	3.3%	3.9%
OpFCF/EV	-5.3%	-2.0%	0.2%	2.6%	3.1%	3.9%
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%	0.0%	0.0%
EV AND MKT CAP (EURm)	12/2018	12/2019	12/2020e	12/2021e	12/2022e	12/2023e
Price** (EUR)	6.50	6.82	9.45	9.45	9.45	9.45
Outstanding number of shares for main stock	4.3	4.3	4.3	11.7	11.7	11.7
Total Market Cap	28.1	29.5	40.8	110.7	110.7	110.7
Gross Financial Debt (+)	4.3	5.2	4.7	12.9	10.9	9.2
Cash & Marketable Securities (-)	-2.2	-1.6	-1.6	-7.0	-7.0	-7.0
Net Financial Debt	2.1	3.6	3.2	5.9	3.9	2.3
Lease Liabilities (+)						
Net Debt	2.1	3.6	3.2	5.9	3.9	2.3
Other EV components	0.0	0.0	0.0	0.0	0.0	0.0
Enterprise Value (EV adj.)	30.2	33.1	44.0	116.7	114.6	113.0

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

***EPS (adj.) diluted = Net Profit (adj.) / Avg DIL. Ord. (+ Ord. equivalent) Shs. EPS (reported) = Net Profit reported / Avg DIL. Ord. (+ Ord. equivalent) Shs.

Sector: Software & Computer Services/Computer Services

Company Description: Gigas Hosting was founded in 2011 and provides technology services and hosting, internet domains, application hosting, and consulting and connectivity. Its products and solutions include cloud datacenter, cloud virtual private server, contingency solution, system applications products certified platform, and cloud server for oracle. It also engages in marketing of computer hardware, development and creation of applications, and technology consulting services; and providing services and advices in technology, marketing, advertising, and graphic design. The company has presence in Spain, UK, Colombia, Chile and Perú.

European Coverage of the Members of ESN

Aerospace & Defense	Mem(*)	Electronic & Electrical Eq.	Mem(*)	General Industrials	Mem(*)	Insurance	Mem(*)
Avio	BAK	Rexel	CIC	Adl Bionatur Solutions	GVC	Axa	CIC
Leonardo	BAK	Fin. Serv. Holdings	Mem(*)	Cembre	BAK	Catalana Occidente	GVC
Alternative Energy	Mem(*)	Cir	BAK	Sergeferrari Group	CIC	Cattolica Assicurazioni	BAK
Encavis Ag	CIC	Corp. Financiera Alba	GVC	General Retailers	Mem(*)	Generali	BAK
Plc	BAK	Digital Magics	BAK	Emova Group	IAC	Mapfre	GVC
Siemens Gamesa Re	GVC	Eurazeo	CIC	Fnac Darty	CIC	Net Insurance	BAK
Voltaia	CIC	Ffp	CIC	Inditex	GVC	Unipolsai	BAK
Automobiles & Parts	Mem(*)	Gbl	CIC	Maisons Du Monde	CIC	Materials, Construction	Mem(*)
Brembo	BAK	Rallye	CIC	Ovs	BAK	Acs	GVC
Faurecia	CIC	Tip Tamburi Investment Partners	BAK	Unieuro	BAK	Aena	GVC
Ferrari	BAK	Wendel	CIC	Healthcare	Mem(*)	Astm	BAK
Fiat Chrysler Automobiles	BAK	Fin. Serv. Industrials	Mem(*)	Abionyx Pharma	CIC	Atlantia	BAK
Gestamp	GVC	Abitare In	BAK	Amplifon	BAK	Buzzi Unicem	BAK
Indelb	BAK	Dovalue	BAK	Atrys Health	GVC	Capelli	CIC
Landi Renzo	BAK	Nexi	BAK	Crossject	CIC	Cementir	BAK
Piaggio	BAK	Tinexta	BAK	Diasorin	BAK	Clerhp Estructuras	GVC
Plastic Omnium	CIC	Financial Services Banks	Mem(*)	El.En.	BAK	Eiffage	CIC
Sogefi	BAK	Amundi	CIC	Fermentalg	CIC	Ezentis	GVC
Valeo	CIC	Anima	BAK	Fine Foods	BAK	Fcc	GVC
Banks	Mem(*)	Azimut	BAK	Genfit	CIC	Ferrovial	GVC
Banca Mps	BAK	Banca Farmafactoring	BAK	Guerbet	CIC	Groupe Adp	CIC
Banco Sabadell	GVC	Banca Generali	BAK	Korian	CIC	Groupe Poujoulat	CIC
Banco Santander	GVC	Banca Ifis	BAK	Oncodesign	CIC	Groupe Sfpj S.A.	CIC
Bankia	GVC	Banca Mediolanum	BAK	Orpea	CIC	Herige	CIC
Bankinter	GVC	Banca Sistema	BAK	Recordati	BAK	Hexaom	CIC
Bbva	GVC	Fincobank	BAK	Shedir Pharma	BAK	Imerys	CIC
Bnp Paribas	CIC	Poste Italiane	BAK	Theraclion	CIC	Kaufman & Broad	IAC
Bper	BAK	Food & Beverage	Mem(*)	Household Goods	Mem(*)	Lafargeholcim	CIC
Caixabank	GVC	Advini	CIC	Abeo	CIC	Maire Tecnimont	BAK
Credem	BAK	Bonduelle	CIC	De Longhi	BAK	Mota Engil	CBI
Credit Agricole Sa	CIC	Campari	BAK	Fila	BAK	Obrascon Huarte Lain	GVC
Creval	BAK	Danone	CIC	Groupe Seb	CIC	Sacyr	GVC
Intesa Sanpaolo	BAK	Ebro Foods	GVC	Industrial Engineering	Mem(*)	Saint Gobain	CIC
Liberbank	GVC	Enervit	BAK	Biesse	BAK	Salcef	BAK
Mediobanca	BAK	Fleury Michon	CIC	Caf	GVC	Sonae Industria	CBI
Natixis	CIC	Italian Wine Brands	BAK	Carraro	BAK	Tarkett	CIC
Rothschild & Co	CIC	Lanson-Bcc	CIC	Cnh Industrial	BAK	Thermador Groupe	CIC
Societe Generale	CIC	Laurent Perrier	CIC	Danieli	BAK	Vicat	CIC
Unicredit	BAK	Ldc	CIC	Datalogic	BAK	Vinci	CIC
Basic Resources	Mem(*)	Orsero	BAK	Exel Industries	CIC	Webuild	BAK
Acerinox	GVC	Pernod Ricard	CIC	Fincantieri	BAK	Media	Mem(*)
Altri	CBI	Remy Cointreau	CIC	Haulotte Group	CIC	Arnoldo Mondadori Editore	BAK
Arcelormittal	GVC	Tipiak	CIC	Ima	BAK	Atresmedia	GVC
Corticeira Amorim	CBI	Vidrala	GVC	Interpump	BAK	Cairo Communication	BAK
Ence	GVC	Vilmorin	CIC	Manitou	CIC	Digital Bros	BAK
Semapa	CBI	Viscofan	GVC	Prima Industrie	BAK	GI Events	CIC
The Navigator Company	CBI	Vranken Pommery Monopole	CIC	Prysmian	BAK	Il Sole 24 Ore	BAK
Tubacex	GVC	Food & Drug Retailers	Mem(*)	Saes	BAK	Ipsos	CIC
Verallia	CIC	Carrefour	CIC	Talgo	GVC	Jcdecaux	CIC
Chemicals	Mem(*)	Casino Guichard-Perrachon	CIC	Zardoya Otis	GVC	Lagardere	CIC
Air Liquide	CIC	Jeronimo Martins	CBI	Industrial Transportation	Mem(*)	M6-Metropole Television	CIC
Arkema	CIC	Marr	BAK	Bollore	CIC	Mediaset	BAK
Plasticos Compuestos	GVC	Sonae	CBI	Clasquin	IAC	Mediaset Espana	GVC
				Ctt	CBI	Nrj Group	CIC
						Publicis	CIC

Rcs Mediagroup	BAK	Atos	CIC	Travel & Leisure	Mem(*)
Teleperformance	CIC	Away Software	CIC	Accor	CIC
Tf1	CIC	Capgemini	CIC	Autogrill	BAK
Ubisoft	CIC	Cast	CIC	Beneteau	CIC
Vivendi	CIC	Catenon	GVC	Codere	GVC
Vogo	CIC	Econocom	CIC	Compagnie Des Alpes	CIC
Oil & Gas Producers	Mem(*)	Ekinops	CIC	Edreams Odigeo	GVC
Ecoslops	CIC	Esi Group	CIC	Elior	CIC
Eni	BAK	Exprivia	BAK	Europcar	CIC
Galp Energia	CBI	Gigas Hosting	GVC	Fdj	CIC
Gas Plus	BAK	Gpi	BAK	Groupe Partouche	IAC
Maurel Et Prom	CIC	Groupe Open	CIC	I Grandi Viaggi	BAK
Repsol	GVC	Indra Sistemas	GVC	Ibersol	CBI
Total	CIC	Lleida.Net	GVC	Int. Airlines Group	GVC
Oil Services	Mem(*)	Neurones	CIC	Melia Hotels International	GVC
Bourbon	CIC	Reply	BAK	Nh Hotel Group	GVC
Cgg	CIC	Sii	CIC	Pierre Et Vacances	CIC
Gtt	CIC	Sopra Steria Group	CIC	Sodexo	CIC
Rubis	CIC	Visiativ	CIC	Sonae Capital	CBI
Saipem	BAK	Worldline	CIC	Trigano	CIC
Technipfmc Plc	CIC	Support Services	Mem(*)	Utilities	Mem(*)
Tecnicas Reunidas	GVC	Applus	GVC	A2A	BAK
Tenaris	BAK	Bureau Veritas	CIC	Acciona	GVC
Vallourec	CIC	Cellnex Telecom	GVC	Acea	BAK
Personal Goods	Mem(*)	Edenred	CIC	Albioma	CIC
Basicnet	BAK	Enav	BAK	Audax	GVC
Brunello Cucinelli	BAK	Fiera Milano	BAK	Derichebourg	CIC
Cellularline	BAK	Inwit	BAK	Edp	CBI
Cie Fin. Richemont	CIC	Openjobmetis	BAK	Edp Renováveis	CBI
Geox	BAK	Prosegur	GVC	Enagas	GVC
Hermes Intl.	CIC	Prosegur Cash	GVC	Endesa	GVC
Interparfums	CIC	Rai Way	BAK	Enel	BAK
Kering	CIC	Technology Hardware & Eq.	Mem(*)	Erg	BAK
L'Oreal	CIC	Adeunis	CIC	Falck Renewables	BAK
Lvmh	CIC	Evolis	CIC	Greenalia	GVC
Moncler	BAK	Hf Company	CIC	Hera	BAK
Monnalisa	BAK	Ingenico	CIC	Holaluz	GVC
Safilo	BAK	Memscap	IAC	Iberdrola	GVC
Salvatore Ferragamo	BAK	Osmozis	CIC	Iren	BAK
Smcp	CIC	Stmicroelectronics	BAK	Italgas	BAK
Swatch Group	CIC	Tier 1 Technology	GVC	Naturgy	GVC
Technogym	BAK	Telecommunications	Mem(*)	Red Electrica Corporacion	GVC
Tod'S	BAK	Altice Europe	CIC	Ren	CBI
Real Estate	Mem(*)	Bouygues	CIC	Snam	BAK
Igd	BAK	Euskaltel	GVC	Solaria	GVC
Lar España	GVC	Iliad	CIC	Terna	BAK
Merlin Properties	GVC	Masmovil	GVC		
Quabit Inmobiliaria	GVC	Nos	CBI		
Realia	GVC	Orange	CIC		
Software & Computer Ser.	Mem(*)	Retelit	BAK		
Agile Content	GVC	Telecom Italia	BAK		
Akka Technologies	CIC	Telefonica	GVC		
Alten	CIC	Tiscali	BAK		
Altran	CIC	Vodafone	BAK		
Amadeus	GVC				
Assystem	CIC				

LEGEND: BAK: Banca Akros; CIC: CIC Market Solutions; CBI: Caixa-Banco de Investimento; GVC: GVC Gaesco Valores, SV, SA

as at 23 October 2020

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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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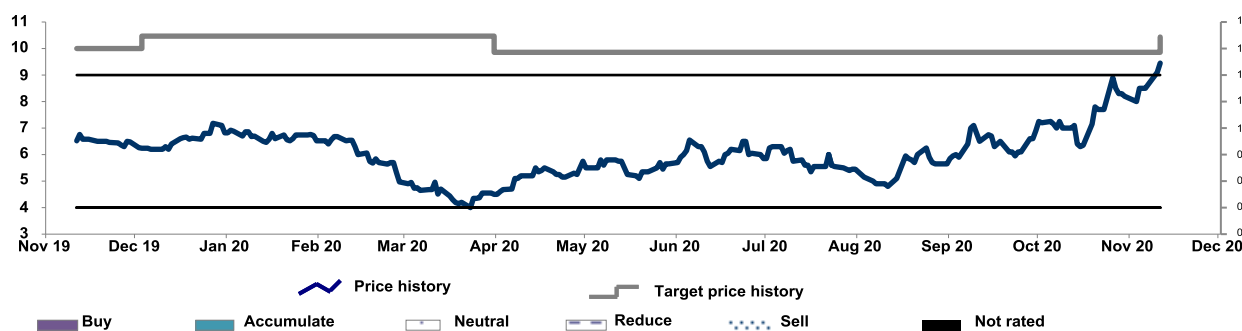
Recommendation history for GIGAS HOSTING

Date	Recommendation	Target price	Price at change date
11-Nov-20	Buy	10.43	9.45
31-Mar-20	Buy	9.86	4.50
03-Dec-19	Buy	10.47	6.24
28-May-19	Buy	10.00	6.74
15-Apr-19	Buy	9.10	6.80
05-Feb-19	Buy	8.30	6.60
22-Jan-19	Accumulate	8.30	7.10

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: Juan Peña (since 01/12/2018)



ESN Recommendation System

The ESN Recommendation System is **Absolute**. It means that each stock is rated based on **total return**, measured by the upside/downside potential (including dividends and capital reimbursement) over a **12-month time horizon**. The final responsible of the recommendation of a listed company is the analyst who covers that company. The recommendation and the target price set by an analyst on one stock are correlated but not totally, because an analyst may include in its recommendation also qualitative elements as market volatility, earning momentum, short term news flow, possible M&A scenarios and other subjective elements.



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

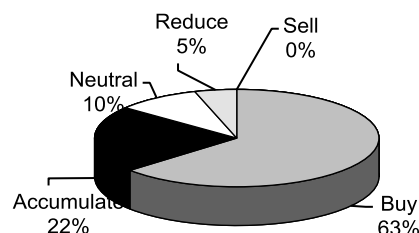
Furthermore, in specific cases and for a limited period of time, the analysts are allowed to rate the stocks as **Rating Suspended (RS)** or **Not Rated (NR)**, as explained below.

Meaning of each recommendation or rating:

- **Buy:** the stock is expected to generate total return of **over 15%** during the next 12-month
- **Accumulate:** the stock is expected to generate total return of **5% to 15%** during the next 12-month
- **Neutral:** the stock is expected to generate total return of **-5% to +5%** during the next 12-month
- **Reduce:** the stock is expected to generate total return of **-5% to -15%** during the next 12-month
- **Sell:** the stock is expected to generate total return **under -15%** during the next 12-month
- **Rating Suspended:** the rating is suspended due to: a) a capital operation (take-over bid, SPO, etc.) where a Member of ESN is or could be involved with the issuer or a related party of the issuer; b) a change of analyst covering the stock; c) the rating of a stock is under review by the Analyst.
- **Not Rated:** there is no rating for a stock when there is a termination of coverage of the stocks or a company being floated (IPO) by a Member of ESN or a related party of the Member.

Note: a 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](#)

Date and time of production: **12th of November 2020 9:30 CET**

First date and time of dissemination: **12th of November 2020 10:00 CET**

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