

# Gigas Hosting

Sponsored Research

Spain | Software &amp; Computer Services

Investment Research



## Company Flash Note

### Neutral

from Buy

Share price: EUR 12.20

closing price as of 08/01/2021

Target price: EUR 11.95

from Target Price: EUR 10.43

Upside/Downside Potential -2.1%

Reuters/Bloomberg

GIGAH.MC/GIGA SM

Market capitalisation (EURm) 143

Current N° of shares (m) 12

Free float 55%

Daily avg. no. trad. sh. 12 mth (k) 25

Daily avg. trad. vol. 12 mth (k) 497.15

Price high/low 12 months 12.40 / 4.00

Abs Perfs 1/3/12 mths (%) 37.08/68.28/77.84

Key financials (EUR)	12/18	12/19	12/20e
Sales (m)	9	10	11
EBITDA (m)	2	3	2
EBITDA margin	18.6%	24.5%	20.5%
EBIT (m)	0	1	0
EBIT margin	1.0%	6.6%	2.5%
Net Profit (adj.)(m)	(0)	0	(0)
ROCE	0.9%	5.0%	2.1%
Net debt/(cash) (m)	2	4	3
Net Debt Equity	0.4	0.7	0.6
Net Debt/EBITDA	1.3	1.5	1.4
Int. cover(EBITDA/Fin.int)	4.6	6.1	7.6
EV/Sales	3.5	3.2	5.0
EV/EBITDA	18.7	13.2	24.2
EV/EBITDA (adj.)	18.7	13.2	24.2
EV/EBIT	nm	48.8	nm
P/E (adj.)	nm	nm	nm
P/BV	5.6	5.7	9.9
Op/FCF yield	-5.7%	-2.2%	0.2%
Dividend yield	0.0%	0.0%	0.0%
EPS (adj.)	(0.03)	0.05	(0.00)
BVPS	1.17	1.19	1.16
DPS	0.00	0.00	0.00

### Shareholders

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



Source: FactSet

— GIGAS HOSTING — MAB (Rebased)

### Analyst(s)

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## Reason: Company newsflow

11 January 2021

### Phase 1: Transformation towards telco B2B completed

On January 4th, Gigas announced the acquisition of a corporate client portfolio for EUR9m which completes the two operations announced within the Company's transformation process towards a convergent cloud-telco service company for the B2B segment in Spain and Portugal. Following the acquisition of Oni and the mentioned corporate client portfolio, that amounts to almost 3,000, reinforces Gigas' position and 6-folds its size.

- ✓ Gigas acquires over **3,000 corporate clients** with an annual billing of EUR9.2m and EBITDA of EUR1.6m (17.4% margin).
- ✓ The portfolio was acquired for **EUR9m** of which 80% would be paid in cash when the acquisition is closed (subject to the approval at the AGM called for 1 February) and the remaining 20% would be paid a year later.
- ✓ The **Company has sufficient cash** to carry out these operations following the two capital increases realised in recent weeks amounting to a total of EUR21m. Gigas announced that its net financial debt would reach EUR14m, i.e. 1.2x proforma EBITDA (in line with our estimated EUR6m pre-acquisition of the client portfolio)
- ✓ Following the two mentioned acquisitions the Group would reach the following 2020e **proforma figures: revenues EUR59m and EBITDA EUR12m** (prior to M&A expenses).
- ✓ **We have updated our estimates** following the latest acquisitions and including the new number of shares to be issued post-money and in kind to grant GAEA entrances as the main shareholder in payment of Oni. These shares are not yet trading but we have included these to our estimates.
- ✓ **Our estimates are in line with the Company's forecasts**, reaching 2023e revenues of EUR75m and EBITDA EUR17m. Net debt in 2021 is estimated to reach EUR11m, slightly below the EUR14m announced by the Company following the operations because we estimate cash generation this year.
- ✓ We reiterate our opinion on Gigas as included in our report dated 12 November following the acquisition of Oni. **The change in strategy makes sense and is attractive**, although not exempt of operating risks in addition to the digestion of multiplying its size by 6x.
- ✓ **We maintain our hypotheses of WACC at 8.5% and g=2.8% and reach a fair value of EUR11.9/share**, in line with current trading prices therefore we **downgrade our recommendation to Neutral**, awaiting the performance of the share price ones the new shares start trading and observe the delivery of its new strategy.



## DCF

We update our estimates by including the acquisition of the corporate client portfolio and maintaining the hypotheses used in our previous model. The terminal EV/EBITDA rises to 8.5x; the terminal value weight is 84%; and P/E 2025e is 10.7x.

### 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	64.632	70.131	75.283	81.426	87.450	89.899
<b>EBITDA</b>	<b>0.572</b>	<b>1.615</b>	<b>2.505</b>	<b>2.183</b>	<b>13.072</b>	<b>15.081</b>	<b>17.251</b>	<b>19.507</b>	<b>21.899</b>	<b>24.273</b>
<i>EBITDA M.</i>	<i>9.6%</i>	<i>18.6%</i>	<i>24.5%</i>	<i>20.5%</i>	<i>20.2%</i>	<i>21.5%</i>	<i>22.9%</i>	<i>24.0%</i>	<i>25.0%</i>	<i>27.0%</i>
DDA	-1.014	-1.524	-1.825	-1.914	-9.049	-9.327	-9.212	-9.166	-9.057	-9.310
<b>EBIT</b>	<b>-0.442</b>	<b>0.091</b>	<b>0.679</b>	<b>0.269</b>	<b>4.023</b>	<b>5.754</b>	<b>8.039</b>	<b>10.341</b>	<b>12.842</b>	<b>14.962</b>
<i>Effective tax rate</i>	<i>-22.9%</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>	<i>25.0%</i>	<i>25.0%</i>	<i>25.0%</i>
NOPLAT	-0.544	0.130	0.818	0.202	3.018	4.315	6.029	7.756	9.631	11.222
Depreciation&other provisions	1.014	1.524	1.825	1.914	9.049	9.327	9.212	9.166	9.057	9.310
<b>Gross Operating Cash Flow</b>	<b>0.470</b>	<b>1.654</b>	<b>2.643</b>	<b>2.116</b>	<b>12.066</b>	<b>13.643</b>	<b>15.241</b>	<b>16.922</b>	<b>18.688</b>	<b>20.532</b>
Capex	-1.204	-2.599	-2.315	-1.914	-7.110	-7.714	-8.281	-8.143	-8.745	-8.990
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
<b>Cash Flow to be discounted</b>	<b>-0.844</b>	<b>-1.308</b>	<b>-0.051</b>	<b>0.306</b>	<b>4.016</b>	<b>4.779</b>	<b>5.528</b>	<b>7.707</b>	<b>9.355</b>	<b>11.542</b>
<b>DCF VALUATION (EUR m)</b>										
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	3.700	4.057	4.324	5.555	6.212	
Cumulated DCF				0.306	4.006	8.063	12.388	17.942	24.155	
<b>WACC &amp; DCF ANALYSIS</b>										
Free Risk Rate (10y Govn. Bonds)	3.5%				Cumulated DCF	24.15			- Net Financial Debt (21e) **	10.8
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	11.54			+ Associates	0.0
Cost of Equity (Ke or COE)	10.0%				Terminal Value at Nominal Year	207.03			- 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	126.68				
Cost of Debt net (kd or COD)	4.1%								Equity Market Value (EUR m)	140.0
Target Gearing (D/E) or % Kd	25%				Financial assets	0.00			Number of shares (m)*	11.7
% Ke	75%				<b>Enterprise Value (EURm)</b>	<b>150.8</b>			<b>Fair Value per share (EUR)</b>	<b>11.9</b>
Normative Tax Rate	25%								Price (EUR)	12.2
<b>WACC</b>	<b>8.5%</b>								Potential upside (downside)	-2%

Source: GVC Gaesco Valores Estimates \* Post capital increases

\*\* Including convertible bonds at 50%



## Gigas Hosting: Summary tables

<b>PROFIT &amp; LOSS (EURm)</b>	<b>12/2018</b>	<b>12/2019</b>	<b>12/2020e</b>	<b>12/2021e</b>	<b>12/2022e</b>	<b>12/2023e</b>
<b>Sales</b>	<b>8.7</b>	<b>10.2</b>	<b>10.6</b>	<b>64.6</b>	<b>70.1</b>	<b>75.3</b>
Cost of Sales & Operating Costs	-7.1	-7.7	-8.4	-51.6	-55.1	-58.0
Non Recurrent Expenses/Income	0.0	0.0	0.0	0.0	0.0	0.0
<b>EBITDA</b>	<b>1.6</b>	<b>2.5</b>	<b>2.2</b>	<b>13.1</b>	<b>15.1</b>	<b>17.3</b>
<b>EBITDA (adj.)*</b>	<b>1.6</b>	<b>2.5</b>	<b>2.2</b>	<b>13.1</b>	<b>15.1</b>	<b>17.3</b>
Depreciation	-1.5	-1.8	-1.9	-9.0	-9.3	-9.2
<b>EBITA</b>	<b>0.1</b>	<b>0.7</b>	<b>0.3</b>	<b>4.0</b>	<b>5.8</b>	<b>8.0</b>
<b>EBITA (adj.)*</b>	<b>0.1</b>	<b>0.7</b>	<b>0.3</b>	<b>4.0</b>	<b>5.8</b>	<b>8.0</b>
Amortisations and Write Downs	0.0	0.0	0.0	0.0	0.0	0.0
<b>EBIT</b>	<b>0.1</b>	<b>0.7</b>	<b>0.3</b>	<b>4.0</b>	<b>5.8</b>	<b>8.0</b>
<b>EBIT (adj.)*</b>	<b>0.1</b>	<b>0.7</b>	<b>0.3</b>	<b>4.0</b>	<b>5.8</b>	<b>8.0</b>
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
<b>Earnings Before Tax (EBT)</b>	<b>-0.3</b>	<b>0.3</b>	<b>-0.0</b>	<b>3.5</b>	<b>5.1</b>	<b>7.5</b>
Tax	0.1	-0.1	0.0	-0.9	-1.3	-1.9
<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
<b>Net Profit (reported)</b>	<b>-0.1</b>	<b>0.2</b>	<b>-0.0</b>	<b>2.6</b>	<b>3.8</b>	<b>5.6</b>
<b>Net Profit (adj.)</b>	<b>-0.1</b>	<b>0.2</b>	<b>-0.0</b>	<b>2.6</b>	<b>3.8</b>	<b>5.6</b>
<b>CASH FLOW (EURm)</b>	<b>12/2018</b>	<b>12/2019</b>	<b>12/2020e</b>	<b>12/2021e</b>	<b>12/2022e</b>	<b>12/2023e</b>
Cash Flow from Operations before change in NWC	1.4	2.0	1.9	11.7	13.2	14.8
Change in Net Working Capital	-0.4	-0.4	0.1	-0.9	-1.1	-1.4
<b>Cash Flow from Operations</b>	<b>1.0</b>	<b>1.7</b>	<b>2.0</b>	<b>10.8</b>	<b>12.0</b>	<b>13.4</b>
Capex	-2.6	-2.3	-1.9	-7.1	-7.7	-8.3
Net Financial Investments	0.0	0.0	0.0	0.0	0.0	0.0
<b>Free Cash Flow</b>	<b>-1.6</b>	<b>-0.7</b>	<b>0.1</b>	<b>3.6</b>	<b>4.3</b>	<b>5.1</b>
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	-10.8	-1.6	-2.9
<b>Change in Net Debt</b>	<b>-3</b>	<b>-1</b>	<b>1</b>	<b>-7</b>	<b>3</b>	<b>2</b>
NOPLAT	0.1	0.5	0.2	3.0	4.3	6.0
<b>BALANCE SHEET &amp; OTHER ITEMS (EURm)</b>	<b>12/2018</b>	<b>12/2019</b>	<b>12/2020e</b>	<b>12/2021e</b>	<b>12/2022e</b>	<b>12/2023e</b>
Net Tangible Assets	3.0	3.1	3.0	2.5	2.1	2.2
Net Intangible Assets (incl. Goodwill)	4.0	5.9	5.4	35.1	36.0	38.3
Net Financial Assets & Other	2.4	2.5	2.5	2.5	2.5	2.5
<b>Total Fixed Assets</b>	<b>9.5</b>	<b>11.4</b>	<b>10.8</b>	<b>40.0</b>	<b>40.6</b>	<b>43.0</b>
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	-1.9	-1.9	-1.9
<b>Total Current Assets</b>	<b>4.0</b>	<b>4.4</b>	<b>4.4</b>	<b>5.7</b>	<b>6.9</b>	<b>8.4</b>
<b>Total Assets</b>	<b>13.5</b>	<b>15.9</b>	<b>15.2</b>	<b>45.7</b>	<b>47.5</b>	<b>51.4</b>
Shareholders Equity	5.1	5.1	5.0	27.6	31.3	36.8
Minority	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total Equity</b>	<b>5.1</b>	<b>5.1</b>	<b>5.0</b>	<b>27.6</b>	<b>31.3</b>	<b>36.8</b>
Long term interest bearing debt	2.0	4.1	3.7	11.2	9.4	7.9
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
<b>Total Long Term Liabilities</b>	<b>4.5</b>	<b>6.4</b>	<b>5.9</b>	<b>13.3</b>	<b>11.4</b>	<b>9.8</b>
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
<b>Total Current Liabilities</b>	<b>3.9</b>	<b>4.3</b>	<b>4.3</b>	<b>4.9</b>	<b>4.8</b>	<b>4.7</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>13.5</b>	<b>15.9</b>	<b>15.2</b>	<b>45.7</b>	<b>47.5</b>	<b>51.4</b>
<b>Net Capital Employed</b>	<b>9.7</b>	<b>11.1</b>	<b>10.4</b>	<b>40.5</b>	<b>42.1</b>	<b>46.0</b>
<b>Net Working Capital</b>	<b>0.8</b>	<b>1.2</b>	<b>1.1</b>	<b>2.0</b>	<b>3.2</b>	<b>4.6</b>
<b>GROWTH &amp; MARGINS</b>	<b>12/2018</b>	<b>12/2019</b>	<b>12/2020e</b>	<b>12/2021e</b>	<b>12/2022e</b>	<b>12/2023e</b>
<i>Sales growth</i>	<i>46.0%</i>	<i>17.8%</i>	<i>4.0%</i>	<i>507.9%</i>	<i>8.5%</i>	<i>7.3%</i>
<b>EBITDA (adj.)* growth</b>	<b>184.5%</b>	<b>55.1%</b>	<b>-12.8%</b>	<b>498.9%</b>	<b>15.4%</b>	<b>14.4%</b>
<i>EBITA (adj.)* growth</i>	<i>n.m.</i>	<i>648.5%</i>	<i>-60.4%</i>	<i>1395.9%</i>	<i>43.0%</i>	<i>39.7%</i>
<i>EBIT (adj.)* growth</i>	<i>n.m.</i>	<i>648.5%</i>	<i>-60.4%</i>	<i>1395.9%</i>	<i>43.0%</i>	<i>39.7%</i>



## Gigas Hosting: Summary tables

<b>GROWTH &amp; MARGINS</b>	<b>12/2018</b>	<b>12/2019</b>	<b>12/2020e</b>	<b>12/2021e</b>	<b>12/2022e</b>	<b>12/2023e</b>
Net Profit growth	n.m.	n.m.	n.m.	n.m.	44.3%	46.8%
EPS adj. growth	n.m.	n.m.	n.m.	n.m.	44.3%	46.8%
DPS adj. growth						
EBITDA (adj)* margin	18.6%	24.5%	20.5%	20.2%	21.5%	22.9%
EBITA (adj)* margin	1.0%	6.6%	2.5%	6.2%	8.2%	10.7%
EBIT (adj)* margin	1.0%	6.6%	2.5%	6.2%	8.2%	10.7%
<b>RATIOS</b>	<b>12/2018</b>	<b>12/2019</b>	<b>12/2020e</b>	<b>12/2021e</b>	<b>12/2022e</b>	<b>12/2023e</b>
Net Debt/Equity	0.4	0.7	0.6	0.4	0.3	0.2
Net Debt/EBITDA	1.3	1.5	1.4	0.8	0.6	0.4
Interest cover (EBITDA/Fin.interest)	4.6	6.1	7.6	26.6	23.0	31.0
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%	3.2%	4.6%	6.1%
ROE (average)	-3.3%	4.2%	-0.3%	16.3%	13.0%	16.5%
ROCE (adj.)	0.9%	5.0%	2.1%	7.6%	10.5%	13.4%
WACC	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%
ROCE (adj.)/WACC	0.1	0.6	0.2	0.9	1.2	1.6
<b>PER SHARE DATA (EUR)***</b>	<b>12/2018</b>	<b>12/2019</b>	<b>12/2020e</b>	<b>12/2021e</b>	<b>12/2022e</b>	<b>12/2023e</b>
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	0.23	0.33	0.48
EPS (adj.)	-0.03	0.05	0.00	0.23	0.33	0.48
BVPS	1.17	1.19	1.16	2.35	2.67	3.14
DPS	0.00	0.00	0.00	0.00	0.00	0.00
<b>VALUATION</b>	<b>12/2018</b>	<b>12/2019</b>	<b>12/2020e</b>	<b>12/2021e</b>	<b>12/2022e</b>	<b>12/2023e</b>
EV/Sales	3.5	3.2	5.0	2.4	2.2	2.0
EV/EBITDA	18.7	13.2	24.2	11.8	10.1	8.7
<b>EV/EBITDA (adj.)*</b>	<b>18.7</b>	<b>13.2</b>	<b>24.2</b>	<b>11.8</b>	<b>10.1</b>	<b>8.7</b>
EV/EBITA	333.3	48.8	196.6	38.2	26.4	18.7
<b>EV/EBITA (adj.)*</b>	<b>333.3</b>	<b>48.8</b>	<b>196.6</b>	<b>38.2</b>	<b>26.4</b>	<b>18.7</b>
EV/EBIT	n.m.	48.8	n.m.	38.2	26.4	18.7
<b>EV/EBIT (adj.)*</b>	<b>n.m.</b>	<b>48.8</b>	<b>n.m.</b>	<b>38.2</b>	<b>26.4</b>	<b>18.7</b>
<b>P/E (adj.)</b>	<b>n.m.</b>	<b>n.m.</b>	<b>n.m.</b>	<b>n.m.</b>	<b>37.4</b>	<b>25.5</b>
P/BV	5.6	5.7	9.9	5.2	4.6	3.9
Total Yield Ratio	0.0%	0.0%	0.0%	0.0%	0.0%	
EV/CE	3.9	3.3	5.6	3.9	3.7	3.3
OpFCF yield	-5.7%	-2.2%	0.2%	2.6%	3.0%	3.6%
OpFCF/EV	-5.3%	-2.0%	0.2%	2.4%	2.8%	3.4%
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%
<b>EV AND MKT CAP (EURm)</b>	<b>12/2018</b>	<b>12/2019</b>	<b>12/2020e</b>	<b>12/2021e</b>	<b>12/2022e</b>	<b>12/2023e</b>
Price** (EUR)	6.50	6.82	11.50	12.20	12.20	12.20
Outstanding number of shares for main stock	4.3	4.3	4.3	11.7	11.7	11.7
<b>Total Market Cap</b>	<b>28.1</b>	<b>29.5</b>	<b>49.7</b>	<b>143.0</b>	<b>143.0</b>	<b>143.0</b>
Gross Financial Debt (+)	4.3	5.2	4.7	12.7	10.7	9.1
Cash & Marketable Securities (-)	-2.2	-1.6	-1.6	-1.9	-1.9	-1.9
<b>Net Financial Debt</b>	<b>2.1</b>	<b>3.6</b>	<b>3.2</b>	<b>10.8</b>	<b>8.8</b>	<b>7.2</b>
Lease Liabilities (+)						
<b>Net Debt</b>	<b>2.1</b>	<b>3.6</b>	<b>3.2</b>	<b>10.8</b>	<b>8.8</b>	<b>7.2</b>
<b>Other EV components</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Enterprise Value (EV adj.)</b>	<b>30.2</b>	<b>33.1</b>	<b>52.9</b>	<b>153.8</b>	<b>151.8</b>	<b>150.2</b>

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.



Information regarding Market Abuse and Conflicts of Interests and recommendation history available in our web page: [www.valores.gvcgaesco.es](http://www.valores.gvcgaesco.es) and our offices

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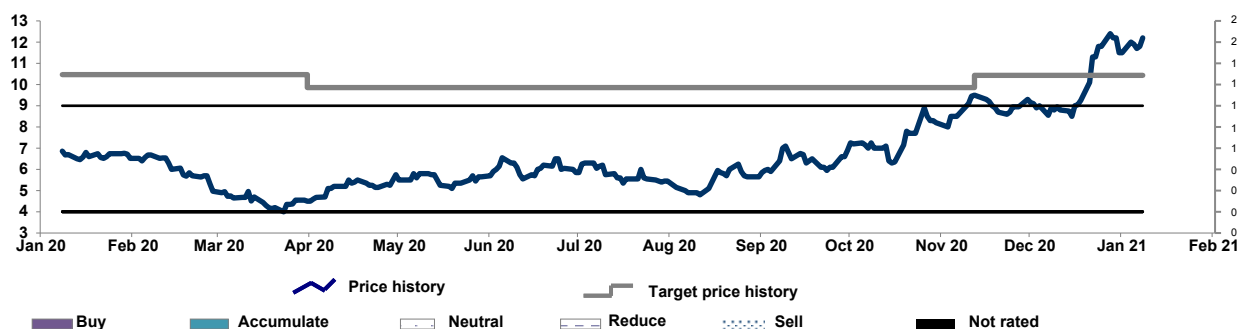
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#### Recommendation history for GIGAS HOSTING

Date	Recommendation	Target price	Price at change date
12-Nov-20	Buy	10.43	9.50
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 24/10/2019)





## 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)**.

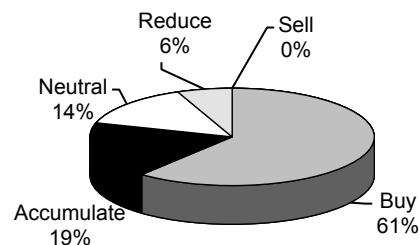
Furthermore, in specific cases and for a limited period of time, the analysts are allowed to rate the stocks as **Rating Suspended (RS)** or **Not Rated (NR)**, as explained below.

### 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](#)

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