

Gigas Hosting

Sponsored Research

Spain | Software & Computer Services

Investment Research



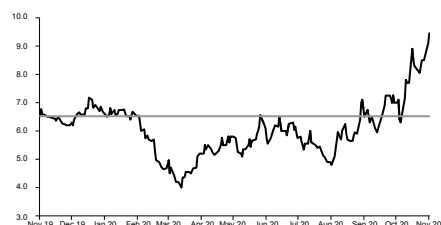
Company Update

Buy	
<i>Recommendation unchanged</i>	
Share price: EUR	9.45
<i>closing price as of 11/11/2020</i>	
Target price: EUR	10.43
<i>from Target Price: EUR</i>	
	9.86
Upside/Downside Potential	10.4%
<i>Reuters/Bloomberg</i>	
	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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Reason: Estimates revision

12 November 2020

Ambition to become the Iberian B2B operator

Gigas Hosting presented the first of the two acquisitions announced as part of the new corporate strategy to enter the convergent telecom/cloud market in B2B sector. This first company is Oni, the Portuguese operator that would contribute some EUR38m to annual revenues (4x Gigas' current sales) and together with the acquisition of Ignitar in northern Europe a few weeks ago, substantially modifies the Company's structure and future strategy.

- ✓ Gigas informed the market in October of its strategic decision to offer **convergent telecom/cloud services** based on the **growing demand** for these services on behalf of its clients and the growth opportunity presented by this change.
- ✓ This opportunity has risen via the acquisition of **Oni**, the Portuguese B2B operator, for EUR40m. The operator posted EUR38m results and EBITDA EUR7m. **The transaction has been closed at EV/EBITDA 6.1x.**
- ✓ This operation will be financed via cash (40%), to proceed from the two capital increases to be realised at a EUR6.25 price: one for EUR17m (ex-subscription preference rights) and EUR4m (including preference subscription rights) and the rest via a non-monetary capital increase with which Inveready (previous owner of Oni) will hold just over a third of Gigas post-money.
- ✓ In the absence of the second operation, **Gigas' financial situation is robust considering its ND/EBITDA of 0.5x.**
- ✓ The Company has disclosed some financial information: CAGR 2021-23 revenues 8.6% and EBITDA 13.7%.
- ✓ This decision is of **great potential** considering that the B2B market has historically been neglected by traditional telecommunication operators. The Company's aim to become a one-stop-shop for, mainly, medium sized companies and be a single telecommunication and cloud service provider. In addition, the potential cross-selling of cloud services to telco clients and vice versa is very high, and in our opinion could be great growth in this area.
- ✓ We have included the numbers disclosed by the Company to our valuation model and rolled-over our estimates to 2024-25 estimating similar growths to previous years, which we consider reasonable and conservative in light of the Company's growth potential.
- ✓ Consequently, we reach a **fair value of EUR10.4/share**, which sheds a 10% upside potential over current trading prices and over 65% above the price of the capital increase (EUR6.25), thus we believe that current shareholders should attend the process. Our valuation is based on WACC 8.5%, g=2.8% resulting in a terminal EV/EBITDA of 8.5x, above telco peers and below cloud peers.



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The road towards telco/cloud convergence

The virtualisation of servers and services provided in the pay-per-use model have meant a change in paradigm in providing IT services, resulting in the cloud computing market.

Cloud technology allows services such as SDN (Software Defined Networking), in which Gigas leans on for its new strategy period. This would allow for increasingly decentralised clients due to the effect of relocation, remote working and other new trends, to connect their company with the cloud as well as each branch with employees independently of their location. This will bring companies relevant improvements in costs, flexibility, efficiency and safety.

In parallel, VPN services (Virtual Private Networks), firewalls, etc are already offered by Gigas in competition with traditional telco operators.

Therefore, joining the growing demand of Gigas' clients for a wider range of services covering their cloud infrastructure needs with communication services with the technological opportunity permitted by the cloud, the Company decided to embark on a strategy of convergent services for its clients.

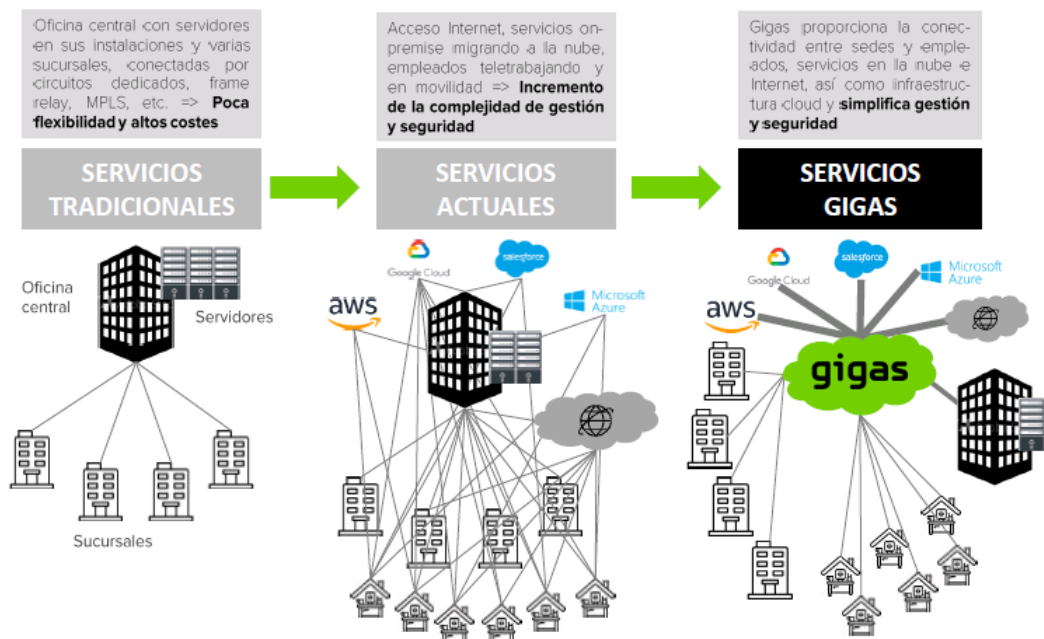
As we can see in the following graph (source: Gigas) the Company's target is become an integral service provider for its clients.



This implies a differential advantage for clients as these would be able to reduce the number of providers, increase efficiency and focus all connectivity requirements in an integral provider.

We must point out that Gigas does not intend to create a closed and exclusive system, but will be able to offer clients a secure connection to other providers' public clouds (AWS, Microsoft, Google, etc) in addition to the interconnection of branches and secure connection of employees on the move.

The following graph shows Gigas proposed corporate communications model and how it intends to create an open ecosystem in which Gigas is the umbrella under which all services are included.



In addition, one of Gigas' obsessions since its inception is to create services accessible to all. In this manner, the aim is to simply as much as possible the usability of tools and clients' control panel, as is currently realised with clients. One of Gigas' competitive advantages is the close relationship with clients and simplicity offered in services which make these accessible for any type of client – more or less qualified. One of the aims behind becoming a telco service provider is for B2B clients to feel there is an operator that understands their specific needs and that will attend them in an individualised manner.

In the Spanish market, where the Company will operate, traditional B2C operators have not shown special interest for the B2B market, and when they have, have not achieved the expected success. For example, two years ago Orange launched the brand Orange X to the market to offer digital services to SMEs via an innovative approach at a distant from the traditional telco, but had to close said brand following the strong losses obtained. Others such as BT and Colt focus on larger, multi-national companies and not Gigas' type of client.

New business: Telecom B2B. New market: Portugal.

The Portuguese telecommunications market is more stable and "calmer" than the Spanish market. The market is also undergoing a profound development of optic fibre networks throughout the country thus improving communications.

The broad band market is dominated by three large operators: Altice, NOS and Vodafone, covering 95% of the market with relative stability. The remaining 4% is held by Nowo, the residential operator that belonged to the same group as Oni. Oni's market share is very small considering it has 1,100 clients.

The situation is similar in the mobile market, with three operators: Meo (Altice Group), NOS and Vodafone taking over the market.

However, this competitive calm could be affected in coming months with the arrival of Masmovil (under the Nowo brand in B2C) and Gigas (with Oni in B2B) to the market with an innovative positioning and experience obtained with the Spanish market.

The positive aspect is that the market to be captured is wide, in addition the Portuguese regulator (ANACOM) has established limits on the upcoming 5G spectrum auction that are favourable to new comers in the market as it demands minimum coverage below the three reference operators.

Therefore, we consider the market attractive and opportunity relevant considering that Oni's situation in Portugal is marginal. In addition, Oni has relevant infrastructure and long term wholesale agreements to access the areas where it lacks infrastructure.

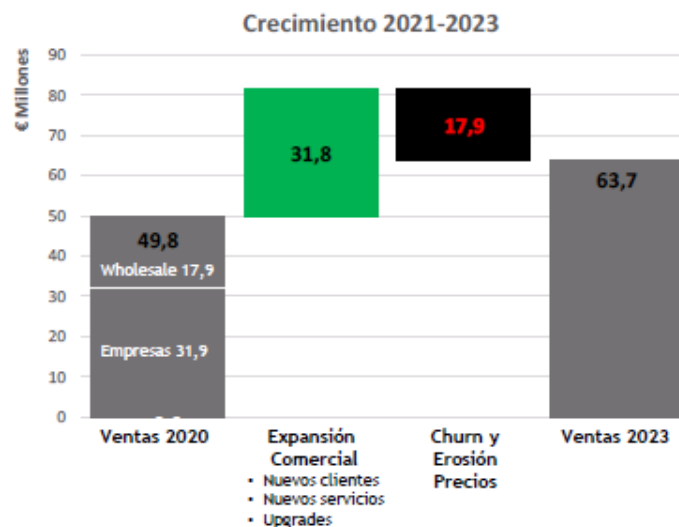


Regarding risks, the Company is entering a new market, albeit via the acquisition of an experienced operator but which has not achieved a good performance in Portugal.

However, being accompanied by an important financial partner such as Inveready, the management team being gathered by the company with experience in the telco sector (for example a new Director as José Eulalio Poza with 5.5% stake post-money) and the company's healthy financial situation post-operation, will offset these risks.

Financial forecasts

As mentioned, the Company released a three year financial guidance:



The guidance points to CAGR 2021-23 revenues of 8.7% and EBITDA of EUR15m in 2023 (vs. reported EUR10m 2020 proforma), representing CAGR 13.7% and implies an EBITDA margin of 23.5% (vs. 20% 2020 proforma)

Gigas estimates are based on:

- Limited growth in Oni's wholesale segment.
- Strong price erosion in the corporate segment offset by the rise in clients.
- Substantial growth in the mid-market both in new clients, upselling and cross-selling, with clients less sensitive to prices and wider margins. This is the segment in which revenues synergies would be most taken advantage of as the majority of Gigas' clients are in this arena. In addition, it is also Ignitar's client segment – operation realised in Ireland a few months ago.
- Reasonable growth in SME segment.



DCF

Based on the Company's forecasts, we have revised our estimates for coming years, to include a reasonable performance and, in our opinion, conservative.

For our DCF valuation we have used a WACC of 8.5% and g=2.8%, resulting in EUR10.4 per share, which sheds a 10% upside potential over current trading prices and over 65% above the price of the capital increases (EUR6.25). The terminal value represents 83.6%, EV/EBITDA 8.5x and P/E25e 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%							Equity Market Value (EUR m)	122.3	
Target Gearing (D/E) or % Kd	25%			Financial assets	0.00			Number of shares (m)*	11.7	
% Ke	75%			Enterprise Value (EURm)	128.2			Fair Value per share (EUR)	10.4	
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%

Sensitivity analysis

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



Upcoming operations

The Company mentioned that it was pending the closure of a second corporate operation, smaller in size, which would contribute another EUR10m to sales and implies acquiring a corporate client portfolio in Spain. This acquisition would be paid via bank debt already committed and according to the Company would be closed at a similar multiple as Oni.

Giga's financial target following the second the operation is to maintain debt levels low (ND/EBITDA below 1.5x) so as to make the necessary investments in 2021 to launch its convergent products without adding financial pressure.

In our opinion, **this acquisition could add between EUR0.5 and EUR1 to our valuation**, depending on the aggressiveness of Gigas estimates, especially regarding cross-selling of products.



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
Voltalia	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	Finecobank	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	Jdcaux	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	Cappemini	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(*)	Neuronos	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	Osmosis	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				

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as at 23 October 2020



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(**) excluding: strategists, macroeconomists, heads of research not covering specific stocks, credit analysts, technical analysts



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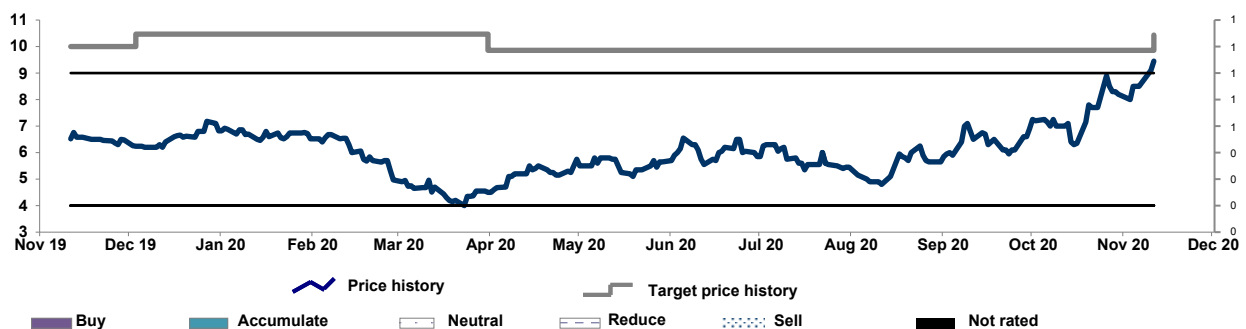
Recommendation history for GIGAS HOSTING

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)**.

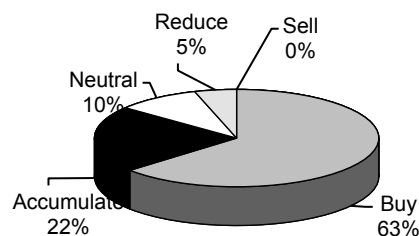
Furthermore, in specific cases and for a limited period of time, the analysts are allowed to rate the stocks as **Rating Suspended (RS)** or **Not Rated (NR)**, as explained below.

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.
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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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