

6m Results 2024

 Opinion ⁽¹⁾: In line

 Impact ⁽¹⁾: We will maintain our estimates

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Seresco (SCO), is a highly diversified Spanish tech company: payroll and personnel administration, consulting and software development, IT infrastructures and systems, digital transformation, and land registry management and cartography. It also operates internationally (15% of revenue in 2023). Government agencies had a 50% weight in the 2023 revenue mix. SCO has been listed on BME Growth since December 2022.

1H24 Results: Strong Revenue Growth (+23%) and Margin Expansion (c.+4pp)

Market Data

Market Cap (Mn EUR and USD)	45.9	49.9
EV (Mn EUR and USD) ⁽²⁾	53.4	58.0
Shares Outstanding (Mn)	9.6	
-12m (Max/Med/Min EUR)	5.40 / 4.59 / 2.92	
Daily Avg volume (-12m Mn EUR)	n.m.	
Rotation ⁽³⁾	3.8	
Factset / Bloomberg	SCO-ES / SCO SM	
Close fiscal year	31-Dec	

Shareholders Structure (%) ⁽⁷⁾

Suarez García Family	61.4
Management	7.5
Tomás Reinares Fernández	5.9
Manuel Angel Busto Riego	5.7
Free Float	19.3

Financials (Mn EUR)

	2023	2024e	2025e	2026e
Adj. nº shares (Mn)	9.6	9.6	9.6	9.6
Total Revenues	42.2	55.7	61.5	68.2
Rec. EBITDA	3.5	7.0	8.1	9.2
% growth	2.0	100.8	16.3	13.6
% Rec. EBITDA/Rev.	8.2	12.5	13.2	13.5
% Inc. EBITDA sector ⁽⁴⁾	17.8	9.4	21.0	12.5
Net Profit	2.1	3.3	4.1	5.0
EPS (EUR)	0.21	0.35	0.43	0.52
% growth	9.9	61.6	24.5	21.7
Ord. EPS (EUR)	0.18	0.35	0.43	0.52
% growth	-3.9	90.3	24.5	21.7
Rec. Free Cash Flow ⁽⁵⁾	1.3	3.7	4.5	5.3
Pay-out (%)	28.3	20.0	20.0	20.0
DPS (EUR)	0.06	0.07	0.09	0.10
Net financial debt	7.6	6.7	2.9	-1.7
ND/Rec. EBITDA (x)	2.2	1.0	0.4	-0.2
ROE (%)	32.9	42.4	39.5	34.7
ROCE (%) ⁽⁵⁾	19.5	25.6	29.6	34.4

Ratios & Multiples (x) ⁽⁶⁾

	2023	2024e	2025e	2026e
P/E	22.3	13.8	11.1	9.1
Ord. P/E	26.3	13.8	11.1	9.1
P/BV	6.5	5.3	3.7	2.7
Dividend Yield (%)	1.3	1.4	1.8	2.2
EV/Sales	1.27	0.96	0.87	0.78
EV/Rec. EBITDA	15.4	7.7	6.6	5.8
EV/EBIT	16.2	9.9	8.4	7.3
FCF Yield (%) ⁽⁵⁾	2.9	8.2	9.8	11.5

SCO CLOSED 1H24 WITH REVENUE OF EUR 23.8MN (+22.7% VS 1H23; EUR 19.4MN).

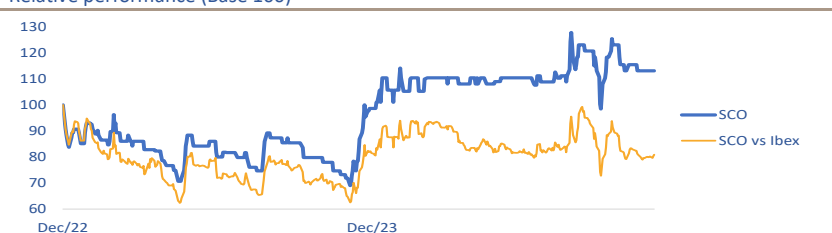
Growth driven by: (i) consolidation of M&A operations (especially the acquisition of CIES at the end of 2023), (ii) strong growth in cartography and cadastral services, and (iii) volume growth in existing clients (notably recurring payroll and HR services).

...AND MARGINS TAKE OFF. Recurring EBITDA reaches EUR 2.8Mn (vs EUR 1.6Mn 1H23). And the margin jumps to 11.8% (+3.8pp), leaving behind the 2023 decline (8.2%; due to M&A). Highlighting the company's great asset: its ability to leverage structure and improve margins in a high-growth context. The margin trend is self-explanatory: 7.4% (2021), 10.0% (2022), 11.8% (1H24). The improvement in EBITDA margin does not originate in the gross margin (in line with 2023) but in the operating leverage of the business (structure costs, c.+15%). A driver with runway in 2025e and 2026e as it integrates M&A and continues to optimize (a process that has not ended: it has inertia).

NET DEBT 1H24: EUR 6.7MN (VS EUR 7.6MN 2023). Which represents a DN/Recurring EBITDA 2024e multiple of c. 1x. A very low level of leverage in a technology company in a "take-off" phase and with positive cash generation. The capital structure is strong and with very low risk. This leaves the door open for more inorganic growth (without the need to raise capital and dilute shareholders).

CLEAR VALUE CREATION: WIDE ROCE VS WACC DIFFERENTIAL. ROCE of 25.6% (despite SCO's M&A strategy). This leaves a favorable differential vs WACC > 15pp. ROCE continues to improve: 19.5% 2023.

1H24 RESULTS POINT THE WAY FORWARD: PROGRESSIVE IMPROVEMENT IN MARGINS WITH DOUBLE-DIGIT REVENUE GROWTH. We maintain 2024e estimates, which aim to double Recurring EBITDA vs 2023. Only conditioned by the pace of deliveries of the cadastral survey project in Peru (c.EUR 14Mn in 2024-2025). The equity story is very clear and based on strong revenue traction in all its divisions (visible in 1H24 results). From here, the operating leverage of the business, optimizing the structure, and the "digestion" of M&A, improving its starting profitability, allow us to aspire to continue improving margins. We expect EBITDA Margin 2024e of 12.5%. With growth capacity: CAGR 2024e-2026e: Revenue, c.+10%. EBITDA, c.+15%. At first glance, SCO is a clear and intuitive investment option: value creation, momentum with strong organic growth. FCF Yield 24e c. 10%.

Relative performance (Base 100)


Stock performance (%)	-1m	-3m	-12m	YTD	-3Y	-5Y
Absolute	-2.0	-2.0	54.3	7.0	n.a.	n.a.
vs Ibex 35	-0.7	-6.3	18.8	-7.7	n.a.	n.a.
vs Ibex Small Cap Index	0.0	2.8	39.3	3.9	n.a.	n.a.
vs Eurostoxx 50	0.3	-2.9	27.3	-1.0	n.a.	n.a.
vs Sector benchmark ⁽⁴⁾	4.3	2.9	25.5	4.9	n.a.	n.a.

(1) The opinion regarding the results is on reported EBITDA with respect to our estimate for the year (12m). The impact reflects whether, due to the results, we envisage a significant revision (>5% - 10%, depending on the sector) of our EBITDA estimate (for any of the estimated years).

(2) Please refer to Appendix 3.

(3) Rotation is the % of the capitalisation traded - 12m.

(4) Sector: Stoxx Europe 600 Technology.

(5) Please see Appendix 2 for the theoretical tax rate (ROCE) and rec. FCF calculation.

(6) Multiples and ratios calculated over prices at the date of this report.

(7) Others: Treasury Stock 0.2%

(*) Unless otherwise indicated, all the information contained in this report is based on: The Company, Factset and Lighthouse.

Seresco (SCO) is a BME Growth company

BME Growth is the segment of BME MTF Equity aimed at small and medium sized companies, directed and managed by the Spanish stock market and is subject to the CNMV supervision. BME MTF Equity is not a Regulated Market but instead falls within the classification of a Multilateral Trading Facility (MTF) as defined under the Markets in Financial Instruments Directive (MiFID). In July 2020, BME Growth obtained the status of SME Growth Market, a new category of EU regulations, which in Spain is called Mercado de Pymes en Expansión.

BME Growth is the Spanish equity market for companies of reduced capitalization which aim to grow, with a special set of regulations, designed specifically for them, and with costs and process tailored to their particular features. Operations in BME Growth (former MAB) started in July 2009. There are currently c.140 companies listed on it. Companies listed on the MAB can choose to present their financial statements under IFRS or the General Accounting Plan (PGC) and Royal Decree 1159/2010 (NOFCAC).

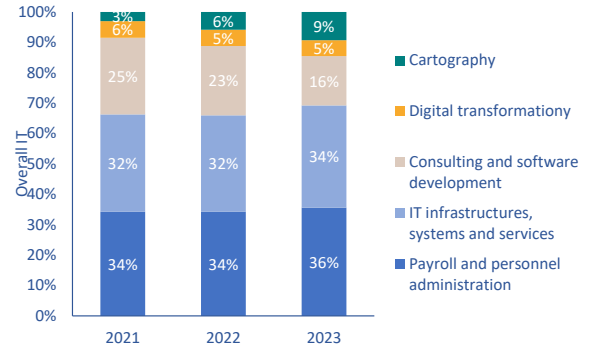
The company in 8 charts

Global IT market (6.8% 2024e), with uneven growth in 2024e led by software (12.7%) and IT services (8.7%)

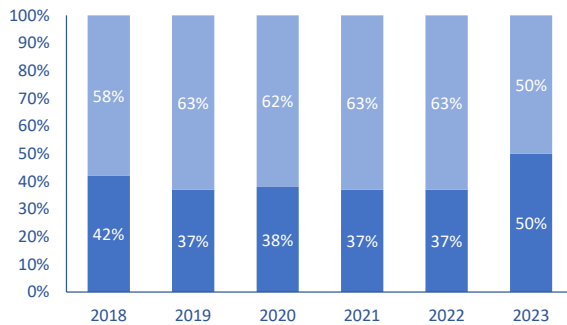
(USD Mn)	2023	2023 Growth %	2024e	2024e Growth %
Data Center Systems	243,063	7.1%	261,332	7.5%
Software	913,334	12.4%	1,029,421	12.7%
Devices	699,791	-8.7%	732,287	4.6%
IT Services	1,381,832	5.8%	1,501,365	8.7%
Communications Services	1,440,827	1.5%	1,473,314	2.3%
Overall IT	4,678,847		4,997,719	6.8%

Source: Gartner

SCO: diversified by both business (focus on proprietary software as a services) ...

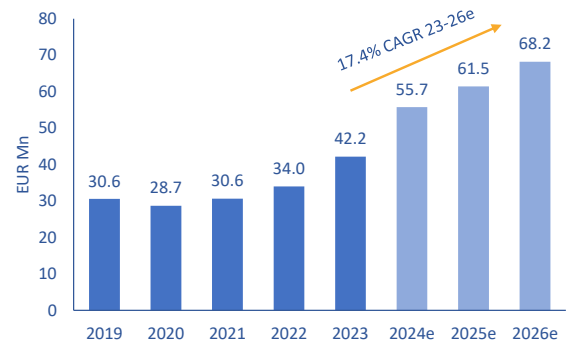


...and client type. In 2023, 50% of sales came from the private sector and the rest from government agencies

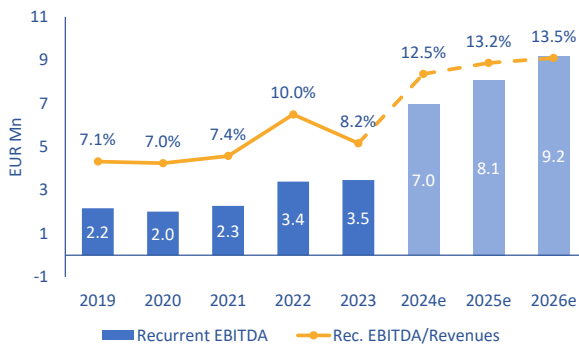


Note: some of its clients include Ence, Airbus, Jacobs, JLL, IDEPA, FEAGA...

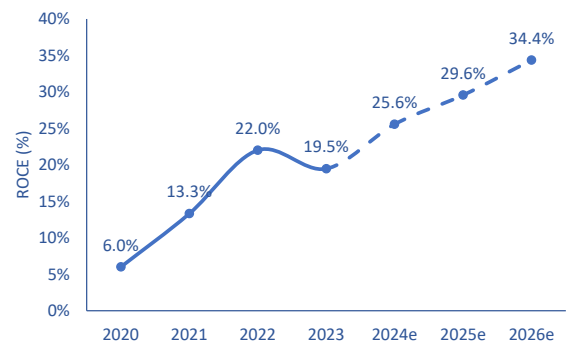
With capacity to deliver organic revenue growth (17.4% CAGR 23-26e)



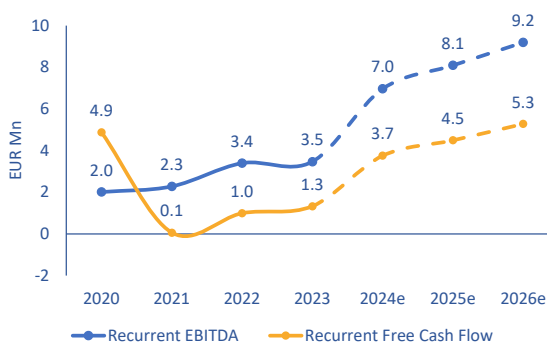
Which should underline a gradual improvement in operating leverage (already visible in 2022) in the 2024e-2026e period...



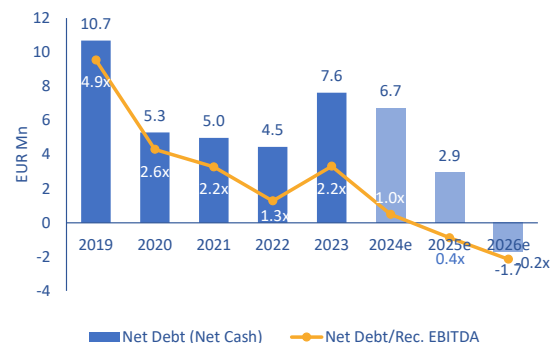
...boosting the return on capital employed (ROCE 19% in 2023)



And lifting recurring free cash flow generation to EUR 5.3Mn in 2026e (vs EUR 1.3Mn in 2023)...



... which would leave the company in a net cash position in 2026e (Deuda Neta EUR -02Mn)



Valuation inputs

Inputs for the DCF Valuation Approach

	2024e	2025e	2026e	Terminal Value ⁽¹⁾			
Free Cash Flow "To the Firm"	3.2	4.7	5.5	n.a.			
Market Cap	45.1	At the date of this report					
Net financial debt	7.6	Debt net of Cash (12m Results 2023)					
					Best Case	Worst Case	
Cost of Debt	6.6%	Net debt cost			6.4%	6.9%	
Tax rate (T)	20.0%	T (Normalised tax rate)			=	=	
Net debt cost	5.3%	Kd = Cost of Net Debt * (1-T)			5.1%	5.5%	
Risk free rate (rf)	3.3%	Rf (10y Spanish bond yield)			=	=	
Equity risk premium	6.0%	R (own estimate)			5.5%	6.5%	
Beta (B)	1.3	B (own estimate)			1.2	1.4	
Cost of Equity	11.1%	Ke = Rf + (R * B)			9.9%	12.4%	
Equity / (Equity + Net Debt)	85.6%	E (Market Cap as equity value)			=	=	
Net Debt / (Equity + Net Debt)	14.4%	D			=	=	
WACC	10.2%	WACC = Kd * D + Ke * E			9.2%	11.4%	
G "Fair"	2.5%				2.5%	2.0%	

(1) The terminal value calculated beyond the last FCF estimate does not reflect the company's growth potential (positive/negative) at the date of publication of this report.

Inputs for the Multiples Valuation Approach

Company	Ticker Factset	Mkt. Cap	P/E 24e	EPS 24e-26e	EV/EBITDA 24e	EBITDA 24e-26e	EV/Sales 24e	Revenues 24e-26e	EBITDA/Sales 24e	FCF Yield 24e	FCF 24e-26e
Sopra Steria	SOP-FR	3,470.5	10.2	9.8%	6.7	3.7%	0.9	4.3%	12.7%	9.9%	7.5%
Indra	IDR-ES	2,941.3	10.4	10.8%	5.7	8.8%	0.6	5.6%	11.0%	9.0%	8.2%
Izertis	IZER-ES	270.0	37.2	53.2%	14.1	26.3%	2.1	25.7%	15.2%	1.1%	82.6%
Cappemini	CAP-FR	28,445.8	14.0	6.2%	9.0	4.0%	1.4	3.6%	16.0%	6.8%	7.8%
SAP	SAP-DE	269,718.1	48.5	28.6%	30.4	27.8%	7.4	11.7%	24.4%	1.4%	58.3%
Comparables			24.1	21.7%	13.2	14.1%	2.5	10.2%	15.9%	5.6%	32.9%
SCO	SCO-ES	45.9	13.8	23.1%	7.7	14.9%	1.0	10.6%	12.5%	8.2%	36.4%

Free Cash Flow sensitivity analysis (2025e)

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

Scenario	EBITDA/Sales 25e	EBITDA 25e	EV/EBITDA 25e
Max	14.5%	8.9	6.0x
Central	13.2%	8.1	6.6x
Min	11.9%	7.3	7.3x

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

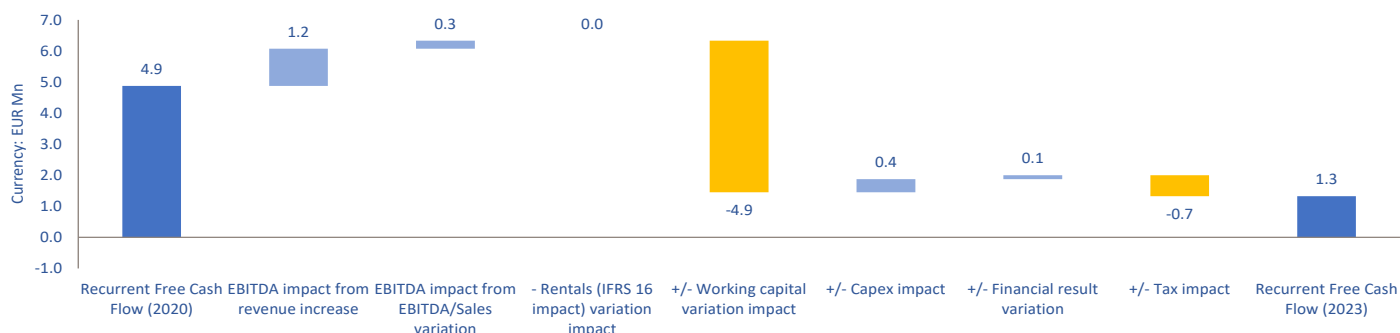
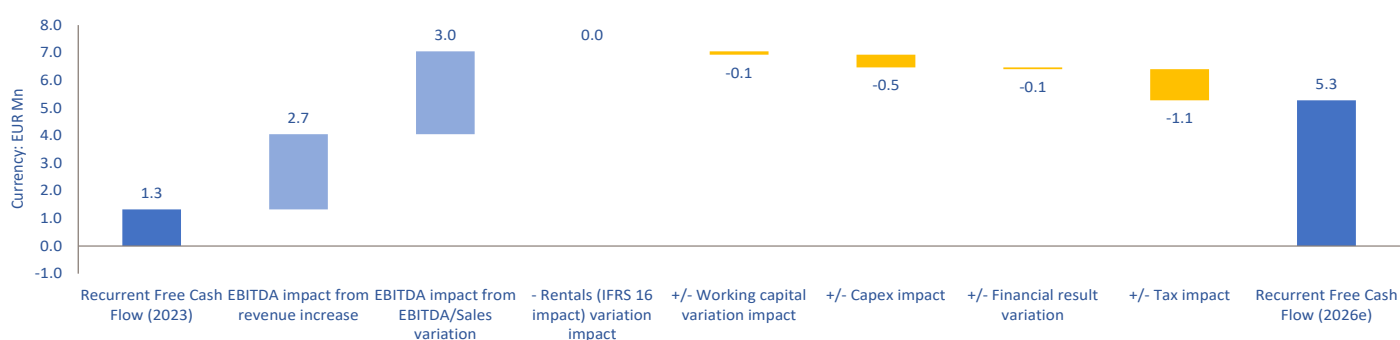
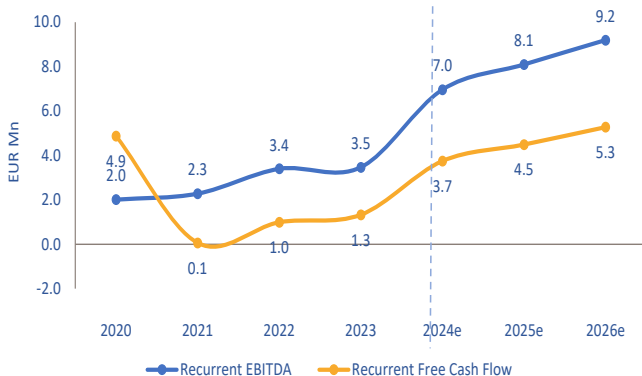
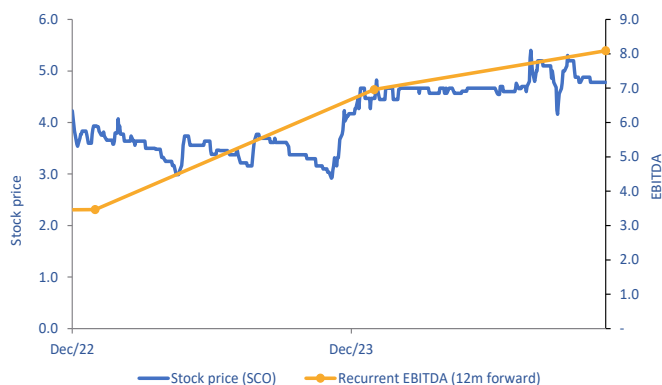
Rec. FCF EUR Mn	CAPEX/Sales 25e				Scenario	Rec. FCF/Yield 25e		
EBITDA 25e	0.9%	1.0%	1.1%					
8.9	5.4	5.3	5.2	➔	Max	11.7%	11.5%	11.4%
8.1	4.6	4.5	4.4		Central	9.9%	9.8%	9.6%
7.3	3.8	3.7	3.6		Min	8.2%	8.0%	7.9%

Appendix 1. Financial Projections

Balance Sheet (EUR Mn)	2019	2020	2021	2022	2023	2024e	2025e	2026e	CAGR	
Intangible assets	0.6	0.4	0.2	0.3	0.3	1.1	0.9	0.4		
Fixed assets	1.1	1.0	1.2	1.2	2.1	2.3	2.4	2.6		
Other Non Current Assets	0.9	0.9	0.6	0.6	0.3	0.3	0.3	0.3		
Financial Investments	0.7	0.5	0.6	0.4	0.3	0.3	0.3	0.3		
Goodwill & Other Intangibles	4.7	4.2	3.7	4.2	8.0	7.2	6.4	5.6		
Current assets	12.4	7.5	8.9	9.6	17.1	17.9	19.7	21.3		
Total assets	20.4	14.5	15.2	16.3	28.3	29.2	30.1	30.5		
Equity	3.5	3.7	3.9	5.4	7.0	8.6	12.3	16.7		
Minority Interests	-	-	-	-	0.5	0.5	0.5	0.5		
Provisions & Other L/T Liabilities	-	-	-	0.0	0.0	0.0	0.0	0.0		
Other Non Current Liabilities	-	-	-	-	-	-	-	-		
Net financial debt	10.7	5.3	5.0	4.5	7.6	6.7	2.9	(1.7)		
Current Liabilities	6.2	5.4	6.2	6.4	13.1	13.3	14.3	15.0		
Equity & Total Liabilities	20.4	14.5	15.2	16.3	28.3	29.2	30.1	30.5		
P&L (EUR Mn)	2019	2020	2021	2022	2023	2024e	2025e	2026e	19-23	23-26e
Total Revenues	30.6	28.7	30.6	34.0	42.2	55.7	61.5	68.2	8.4%	17.4%
Total Revenues growth	n.a.	-6.1%	6.7%	10.9%	24.0%	32.2%	10.3%	11.0%		
COGS	(3.6)	(3.5)	(4.2)	(4.7)	(7.3)	(9.4)	(10.3)	(11.5)		
Gross Margin	27.0	25.2	26.5	29.3	34.8	46.4	51.1	56.8	6.6%	17.7%
Gross Margin/Revenues	88.2%	87.8%	86.4%	86.2%	82.6%	83.2%	83.2%	83.2%		
Personnel Expenses	(22.1)	(21.4)	(22.1)	(23.9)	(27.4)	(34.9)	(38.0)	(42.0)		
Other Operating Expenses	(2.7)	(1.8)	(2.1)	(2.0)	(3.9)	(4.5)	(5.0)	(5.5)		
Recurrent EBITDA	2.2	2.0	2.3	3.4	3.5	7.0	8.1	9.2	12.4%	38.4%
Recurrent EBITDA growth	n.a.	-7.4%	13.4%	49.0%	2.0%	100.8%	16.3%	13.6%		
Rec. EBITDA/Revenues	7.1%	7.0%	7.4%	10.0%	8.2%	12.5%	13.2%	13.5%		
Restructuring Expense & Other non-rec.	0.1	0.1	0.1	0.1	0.4	-	-	-		
EBITDA	2.3	2.1	2.4	3.5	3.9	7.0	8.1	9.2	14.1%	33.1%
Depreciation & Provisions	(1.1)	(1.2)	(1.0)	(1.0)	(1.3)	(1.8)	(2.0)	(2.1)		
Capitalized Expense	-	-	0.3	0.2	0.7	0.3	0.3	0.3		
Rentals (IFRS 16 impact)	-	-	-	-	-	-	-	-		
EBIT	1.2	0.9	1.6	2.7	3.3	5.4	6.4	7.3	29.1%	30.5%
EBIT growth	n.a.	-21.0%	70.4%	67.6%	23.2%	63.9%	17.9%	14.9%		
EBIT/Revenues	3.9%	3.3%	5.2%	7.9%	7.8%	9.7%	10.4%	10.7%		
Impact of Goodwill & Others	-	-	-	-	-	-	-	-		
Net Financial Result	(0.5)	(0.4)	(0.6)	(0.1)	(0.3)	(0.8)	(0.6)	(0.3)		
Income by the Equity Method	-	-	-	-	-	-	-	-		
Ordinary Profit	0.7	0.5	1.0	2.6	3.0	4.6	5.8	7.0	43.3%	33.0%
Ordinary Profit Growth	n.a.	-22.5%	76.4%	165.5%	16.3%	55.4%	24.5%	21.7%		
Extraordinary Results	-	-	-	-	-	-	-	-		
Profit Before Tax	0.7	0.5	1.0	2.6	3.0	4.6	5.8	7.0	43.3%	33.0%
Tax Expense	0.2	(0.2)	(0.5)	(0.7)	(0.8)	(1.3)	(1.6)	(2.0)		
Effective Tax Rate	n.a.	29.5%	52.0%	26.9%	28.1%	28.1%	28.1%	28.1%		
Minority Interests	-	-	-	-	(0.1)	-	-	-		
Discontinued Activities	-	-	-	-	-	-	-	-		
Net Profit	0.9	0.4	0.5	1.9	2.1	3.3	4.1	5.0	22.3%	34.8%
Net Profit growth	n.a.	-58.1%	20.3%	304.0%	9.9%	61.6%	24.5%	21.7%		
Ordinary Net Profit	0.6	0.3	0.6	1.8	1.7	3.3	4.1	5.0	31.8%	42.3%
Ordinary Net Profit growth	n.a.	-48.1%	106.4%	193.9%	-3.9%	90.3%	24.5%	21.7%		
Cash Flow (EUR Mn)	2019	2020	2021	2022	2023	2024e	2025e	2026e	19-23	23-26e
Recurrent EBITDA	2.2	2.0	2.3	3.4	3.5	7.0	8.1	9.2	12.4%	38.4%
Rentals (IFRS 16 impact)	-	-	-	-	-	-	-	-		
Working Capital Increase	-	-	-	-	-	(0.6)	(0.7)	(0.9)		
Recurrent Operating Cash Flow	2.2	2.0	2.3	3.4	3.5	6.4	7.3	8.3	27.8%	46.0%
CAPEX	-	-	-	-	-	(0.6)	(0.6)	(0.7)		
Net Financial Result affecting the Cash Flow	-	-	-	-	-	(0.8)	(0.6)	(0.3)		
Tax Expense	-	-	-	-	-	(1.3)	(1.6)	(2.0)		
Recurrent Free Cash Flow	2.2	2.0	2.3	3.4	3.5	3.7	4.5	5.3	22.3%	58.4%
Restructuring Expense & Other non-rec.	-	-	-	-	-	0.3	0.2	0.2		
- Acquisitions / + Divestures of assets	-	-	-	-	-	(1.1)	(0.3)	-		
Extraordinary Inc./Exp. Affecting Cash Flow	-	-	-	-	-	-	-	-		
Free Cash Flow	2.2	2.0	2.3	3.4	3.5	2.9	4.4	5.5	31.4%	60.3%
Capital Increase	-	-	-	-	-	(1.7)	-	-		
Dividends	-	-	-	-	-	(0.3)	(0.7)	(0.8)		
Net Debt Variation	2.2	2.0	2.3	3.4	3.5	(0.9)	(3.8)	(4.7)		

Appendix 2. Free Cash Flow

A) Cash Flow Analysis (EUR Mn)	2020	2021	2022	2023	2024e	2025e	2026e	CAGR	
								20-23	23-26e
Recurrent EBITDA	2.0	2.3	3.4	3.5	7.0	8.1	9.2	19.9%	38.4%
<i>Recurrent EBITDA growth</i>	-7.4%	13.4%	49.0%	2.0%	100.8%	16.3%	13.6%		
<i>Rec. EBITDA/Revenues</i>	7.0%	7.4%	10.0%	8.2%	12.5%	13.2%	13.5%		
- Rentals (IFRS 16 impact)	-	-	-	-	-	-	-		
+/- Working Capital increase	4.1	(0.5)	(0.6)	(0.8)	(0.6)	(0.7)	(0.9)		
= Recurrent Operating Cash Flow	6.1	1.7	2.8	2.6	6.4	7.3	8.3	-24.2%	46.0%
<i>Rec. Operating Cash Flow growth</i>	253.1%	-71.3%	59.5%	-4.8%	141.2%	15.0%	12.4%		
<i>Rec. Operating Cash Flow / Sales</i>	21.1%	5.7%	8.2%	6.3%	11.5%	11.9%	12.1%		
- CAPEX	(0.6)	(0.6)	(1.0)	(0.2)	(0.6)	(0.6)	(0.7)		
- Net Financial Result affecting Cash Flow	(0.4)	(0.6)	(0.1)	(0.3)	(0.8)	(0.6)	(0.3)		
- Taxes	(0.2)	(0.5)	(0.7)	(0.8)	(1.3)	(1.6)	(2.0)		
= Recurrent Free Cash Flow	4.9	0.1	1.0	1.3	3.7	4.5	5.3	-35.2%	58.4%
<i>Rec. Free Cash Flow growth</i>	187.1%	-98.8%	n.a.	34.1%	182.4%	19.8%	17.5%		
<i>Rec. Free Cash Flow / Revenues</i>	17.0%	0.2%	2.9%	3.1%	6.7%	7.3%	7.7%		
- Restructuring expenses & others	0.1	0.1	-	-	0.3	0.2	0.2		
- Acquisitions / + Divestments	(0.2)	0.4	0.1	(3.9)	(1.1)	(0.3)	-		
+/- Extraordinary Inc./Exp. affecting Cash Flow	0.5	0.2	(0.2)	-	-	-	-		
= Free Cash Flow	5.4	0.8	0.9	(2.6)	2.9	4.4	5.5	-35.4%	60.3%
<i>Free Cash Flow growth</i>	145.9%	-86.1%	16.9%	-395.2%	213.8%	50.8%	23.5%		
<i>Recurrent Free Cash Flow - Yield (s/Mkt Cap)</i>	10.8%	0.1%	2.2%	2.9%	8.3%	9.9%	11.7%		
<i>Free Cash Flow Yield (s/Mkt Cap)</i>	11.9%	1.7%	1.9%	n.a.	6.5%	9.8%	12.2%		
B) Analytical Review of Annual Recurrent Free Cash Flow Performance (Eur Mn)									
	2020	2021	2022	2023	2024e	2025e	2026e		
Recurrent FCF(FY - 1)	(5.6)	4.9	0.1	1.0	1.3	3.7	4.5		
EBITDA impact from revenue increase	(0.1)	0.1	0.2	0.8	1.1	0.7	0.9		
EBITDA impact from EBITDA/Sales variation	(0.0)	0.1	0.9	(0.7)	2.4	0.4	0.2		
= Recurrent EBITDA variation	(0.2)	0.3	1.1	0.1	3.5	1.1	1.1		
- Rentals (IFRS 16 impact) variation impact	-	-	-	-	-	-	-		
+/- Working capital variation impact	10.2	(4.6)	(0.1)	(0.2)	0.2	(0.2)	(0.2)		
= Recurrent Operating Cash Flow variation	10.0	(4.3)	1.0	(0.1)	3.7	1.0	0.9		
+/- CAPEX impact	0.7	0.1	(0.4)	0.8	(0.3)	(0.1)	(0.1)		
+/- Financial result variation	0.1	(0.2)	0.5	(0.1)	(0.5)	0.2	0.3		
+/- Tax impact	(0.4)	(0.3)	(0.2)	(0.1)	(0.5)	(0.3)	(0.4)		
= Recurrent Free Cash Flow variation	10.5	(4.8)	0.9	0.3	2.4	0.7	0.8		
Recurrent Free Cash Flow	4.9	0.1	1.0	1.3	3.7	4.5	5.3		
C) "FCF to the Firm" (pre debt service) (EUR Mn)									
	2020	2021	2022	2023	2024e	2025e	2026e	CAGR	
EBIT	0.9	1.6	2.7	3.3	5.4	6.4	7.3	52.1%	30.5%
* Theoretical Tax rate	29.5%	30.0%	26.9%	28.1%	28.1%	28.1%	28.1%		
= Taxes (pre- Net Financial Result)	(0.3)	(0.5)	(0.7)	(0.9)	(1.5)	(1.8)	(2.1)		
Recurrent EBITDA	2.0	2.3	3.4	3.5	7.0	8.1	9.2	19.9%	38.4%
- Rentals (IFRS 16 impact)	-	-	-	-	-	-	-		
+/- Working Capital increase	4.1	(0.5)	(0.6)	(0.8)	(0.6)	(0.7)	(0.9)		
= Recurrent Operating Cash Flow	6.1	1.7	2.8	2.6	6.4	7.3	8.3	-24.2%	46.0%
- CAPEX	(0.6)	(0.6)	(1.0)	(0.2)	(0.6)	(0.6)	(0.7)		
- Taxes (pre- Financial Result)	(0.3)	(0.5)	(0.7)	(0.9)	(1.5)	(1.8)	(2.1)		
= Recurrent Free Cash Flow (To the Firm)	5.2	0.7	1.1	1.5	4.3	4.9	5.5	-33.7%	54.2%
<i>Rec. Free Cash Flow (To the Firm) growth</i>	196.6%	-86.5%	55.2%	39.4%	186.9%	14.5%	11.6%		
<i>Rec. Free Cash Flow (To the Firm) / Revenues</i>	17.9%	2.3%	3.2%	3.6%	7.7%	8.0%	8.1%		
- Acquisitions / + Divestments	(0.2)	0.4	0.1	(3.9)	(1.1)	(0.3)	-		
+/- Extraordinary Inc./Exp. affecting Cash Flow	0.5	0.2	(0.2)	-	-	-	-		
= Free Cash Flow "To the Firm"	5.5	1.3	1.0	(2.4)	3.2	4.7	5.5	-34.6%	62.4%
<i>Free Cash Flow (To the Firm) growth</i>	147.8%	-76.4%	-26.1%	-350.1%	232.2%	46.6%	17.8%		
<i>Rec. Free Cash Flow To the Firm Yield (o/EV)</i>	9.8%	1.3%	2.0%	2.9%	8.2%	9.4%	10.5%		
<i>Free Cash Flow "To the Firm" - Yield (o/EV)</i>	10.5%	2.5%	1.8%	n.a.	6.1%	8.9%	10.5%		

Recurrent Free Cash Flow accumulated variation analysis (2019 - 2023)

Recurrent Free Cash Flow accumulated variation analysis (2023 - 2026e)

Recurrent EBITDA vs Recurrent Free Cash Flow

Stock performance vs EBITDA 12m forward

Appendix 3. EV breakdown at the date of this report

	EUR Mn	Source
Market Cap	45.9	
+ Minority Interests	0.5	12m Results 2023
+ Provisions & Other L/T Liabilities	0.0	12m Results 2023
+ Net financial debt	7.6	12m Results 2023
- Financial Investments	0.7	12m Results 2023
+/- Others		
Enterprise Value (EV)	53.4	

Appendix 4. Historical performance ⁽¹⁾

Historical performance (EUR Mn)	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024e	2025e	2026e	CAGR	
															13-23	23-26e
Total Revenues							30.6	28.7	30.6	34.0	42.2	55.7	61.5	68.2	n.a.	17.4%
Total Revenues growth							n.a.	-6.1%	6.7%	10.9%	24.0%	32.2%	10.3%	11.0%		
EBITDA							2.3	2.1	2.4	3.5	3.9	7.0	8.1	9.2	n.a.	33.1%
EBITDA growth							n.a.	-7.2%	10.7%	47.0%	12.3%	78.6%	16.3%	13.6%		
EBITDA/Sales							7.5%	7.4%	7.7%	10.2%	9.2%	12.5%	13.2%	13.5%		
Net Profit							0.9	0.4	0.5	1.9	2.1	3.3	4.1	5.0	n.a.	34.8%
Net Profit growth							n.a.	-58.1%	20.3%	304.0%	9.9%	61.6%	24.5%	21.7%		
Adjusted number shares (Mn)							-	-	-	9.6	9.6	9.6	9.6	9.6		
EPS (EUR)							n.a.	n.a.	n.a.	0.19	0.21	0.35	0.43	0.52	n.a.	34.8%
EPS growth							n.a.	n.a.	n.a.	n.a.	9.9%	61.6%	24.5%	21.7%		
Ord. EPS (EUR)							n.a.	n.a.	n.a.	0.19	0.18	0.35	0.43	0.52	n.a.	42.3%
Ord. EPS growth							n.a.	n.a.	n.a.	n.a.	-3.9%	90.3%	24.5%	21.7%		
CAPEX							(1.4)	(0.6)	(0.6)	(1.0)	(0.2)	(0.6)	(0.6)	(0.7)		
CAPEX/Sales %							4.5%	2.2%	1.9%	2.9%	0.5%	1.0%	1.0%	1.0%		
Free Cash Flow							(11.7)	5.4	0.8	0.9	(2.6)	2.9	4.4	5.5	n.a.	60.3%
ND/EBITDA (x) ⁽²⁾							4.6x	2.5x	2.1x	1.3x	2.0x	1.0x	0.4x	-0.2x		
P/E (x)							n.a.	n.a.	n.a.	20.4x	21.0x	13.8x	11.1x	9.1x		
EV/Sales (x)							n.a.	n.a.	n.a.	n.a.	0.91x	0.94x	0.86x	0.77x		
EV/EBITDA (x) ⁽²⁾							n.a.	n.a.	n.a.	n.a.	9.9x	7.6x	6.5x	5.7x		
Absolute performance							n.a.	n.a.	n.a.	n.a.	13.6%	7.0%				
Relative performance vs Ibex 35							n.a.	n.a.	n.a.	n.a.	-7.5%	-7.7%				

Note 1: The multiples are historical, calculated based on the price and EV at the end of each year, except (if applicable) in the current year, when multiples would be given at current prices. The absolute and relative behavior corresponds to each exercise (1/1 to 31/12). The source, both historical multiples and the evolution of the price, is Factset.

Note 2: All ratios and multiples on EBITDA refer to total EBITDA (not to recurrent EBITDA).

Appendix 5. Main peers 2024e

	EUR Mn	Sopra Steria	Indra	Izertis	Capgemini	SAP	SCO
Market data	Ticker (Factset)	SOP-FR	IDR-ES	IZER-ES	CAP-FR	SAP-DE	SCO-ES
	Country	France	Spain	Spain	France	Germany	Spain
	Market cap	3,470.5	2,941.3	270.0	28,445.8	269,718.1	45.9
	Enterprise value (EV)	4,973.4	3,023.9	313.9	31,912.3	251,522.6	53.4
Basic financial information	Total Revenues	5,810.6	4,788.8	146.4	22,109.6	33,911.6	55.7
	Total Revenues growth	0.1%	10.3%	24.9%	-1.8%	8.7%	32.2%
	2y CAGR (2024e - 2026e)	4.3%	5.6%	25.7%	3.6%	11.7%	10.6%
	EBITDA	738.0	527.5	22.2	3,547.9	8,274.2	7.0
	EBITDA growth	8.9%	24.9%	45.9%	7.9%	4.0%	78.6%
	2y CAGR (2024e - 2026e)	3.7%	8.8%	26.3%	4.0%	27.8%	14.9%
	EBITDA/Revenues	12.7%	11.0%	15.2%	16.0%	24.4%	12.5%
	EBIT	572.9	429.3	13.9	2,928.2	7,927.4	5.4
	EBIT growth	24.2%	32.8%	99.8%	13.2%	20.4%	63.9%
	2y CAGR (2024e - 2026e)	4.5%	9.6%	40.5%	4.9%	23.3%	16.4%
	EBIT/Revenues	9.9%	9.0%	9.5%	13.2%	23.4%	9.7%
	Net Profit	303.1	278.2	5.9	2,028.3	5,262.5	3.3
	Net Profit growth	65.0%	35.2%	17.3%	22.0%	44.9%	61.6%
	2y CAGR (2024e - 2026e)	12.4%	11.2%	56.6%	6.0%	26.0%	23.1%
	CAPEX/Sales %	1.6%	1.3%	6.8%	1.4%	2.4%	1.0%
	Free Cash Flow	342.2	265.1	3.0	1,925.9	3,907.7	2.9
Net financial debt	552.5	27.3	51.7	1,304.9	1,320.6	6.7	
ND/EBITDA (x)	0.7	0.1	2.3	0.4	0.2	1.0	
Pay-out	34.8%	18.9%	0.0%	29.9%	47.8%	20.0%	
Multiples and Ratios	P/E (x)	10.2	10.4	37.2	14.0	48.5	13.8
	P/BV (x)	1.7	2.2	3.3	2.4	6.0	5.3
	EV/Revenues (x)	0.9	0.6	2.1	1.4	7.4	1.0
	EV/EBITDA (x)	6.7	5.7	14.1	9.0	30.4	7.7
	EV/EBIT (x)	8.7	7.0	22.5	10.9	31.7	9.9
	ROE	17.1	21.1	8.9	16.9	12.3	42.4
	FCF Yield (%)	9.9	9.0	1.1	6.8	1.4	8.2
	DPS	5.21	0.30	0.00	3.53	2.16	0.07
	Dvd Yield	3.1%	1.8%	0.0%	2.1%	1.0%	1.4%

Note 1: Financial data, multiples and ratios based on market consensus (Factset). In the case of the company analyzed, own estimates (Lighthouse).

Note 2: All ratios and multiples on EBITDA refer to total EBITDA (not to recurrent EBITDA).

LIGHTHOUSE

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Date of report	Recommendation	Price (EUR)	Target price (EUR)	Period of validity	Reason for report	Analyst
31-Oct-2024	n.a.	4.78	n.a.	n.a.	6m Results 2024	Alfredo Echevarría Otegui
27-May-2024	n.a.	4.67	n.a.	n.a.	Small & Micro Caps (Spain)	Alfredo Echevarría Otegui
26-Apr-2024	n.a.	4.61	n.a.	n.a.	12m Results 2023	Enrique Andrés Abad, CFA
29-Dec-2023	n.a.	4.47	n.a.	n.a.	Estimates downgrade	Enrique Andrés Abad, CFA
27-Oct-2023	n.a.	3.10	n.a.	n.a.	6m Results 2023	Enrique Andrés Abad, CFA
12-Jun-2023	n.a.	3.46	n.a.	n.a.	Small & Micro Caps (Spain)	David López Sánchez
04-May-2023	n.a.	3.74	n.a.	n.a.	Initiation of Coverage	Enrique Andrés Abad, CFA

