

## EQUITY - SPAIN

Sector: Software

Report date: 1 Dec 2021

Distribution time: 12:20

Estimates downgrade

Closing price: EUR 19.35 (30 Nov 2021)

**Cuatroochenta (480S)**, is a technology company specialised in designing, developing and implementing cloud software (SaaS model) and cybersecurity, with proprietary products aimed at optimising specific processes in the business context. Revenues from outside Spain account for c. 25% of the total (mainly Latam). The company has been listed on BME Growth since November 2020. Management controls c. 75% of capital.

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## 9m21, a small paradox: we downgrade estimates (2021e), but the business is stronger (I/t)

## Market Data

Market Cap (Mn EUR and USD)	43.4	49.2
EV (Mn EUR and USD) <sup>(1)</sup>	52.1	59.0
Shares Outstanding (Mn)	2.2	
-12m (Max/Med/Mín EUR)	28.20 / 20.43 / 13.15	
Daily Avg volume (-12m Mn EUR)	0.02	
Rotation <sup>(2)</sup>	11.4	
Factset / Bloomberg	480S-ES / 480S SM	
Close fiscal year	31-Dec	

Shareholders Structure (%)<sup>(7)</sup>

Montesinos family	23.7
Sergio Aguado Gonzalez	21.8
Alfredo Cebrían Fuertes	20.8
Pavasal Group	6.0
Free Float	23.6

## Financials (Mn EUR)

	2020	2021e	2022e	2023e
Adj. nº shares (Mn)	2.2	2.2	2.2	2.2
Total Revenues	11.8	13.5	17.1	19.6
Rec. EBITDA <sup>(3)</sup>	1.5	1.3	2.3	2.9
% growth	31.2	-15.5	78.3	28.6
% Rec. EBITDA/Rev.	12.7	9.4	13.2	14.9
% Inc. EBITDA sector <sup>(4)</sup>	13.1	23.3	24.0	16.9
Net Profit	0.2	0.5	1.2	1.7
EPS (EUR)	0.11	0.24	0.55	0.76
% growth	861.1	118.8	129.5	39.3
Ord. EPS (EUR)	0.37	0.24	0.55	0.76
% growth	38.2	-35.6	129.5	39.3
Rec. Free Cash Flow <sup>(5)</sup>	1.7	0.7	1.1	1.6
Pay-out (%)	0.0	0.0	0.0	0.0
DPS (EUR)	0.00	0.00	0.00	0.00
Net financial debt	3.5	8.5	7.4	5.8
ND/Rec. EBITDA (x)	2.3	6.7	3.3	2.0
ROE (%)	6.8	9.2	17.8	20.5
ROCE (%) <sup>(5)</sup>	9.1	5.4	8.6	11.4

Ratios & Multiples (x)<sup>(6)</sup>

	2020	2021e	2022e	2023e
P/E	n.a.	81.4	35.5	25.5
Ord. P/E	52.4	81.4	35.5	25.5
P/BV	8.1	6.9	5.8	4.7
Dividend Yield (%)	0.0	0.0	0.0	0.0
EV/Sales	4.41	3.87	3.04	2.66
EV/Rec. EBITDA	34.7	41.0	23.0	17.9
EV/EBIT	n.a.	n.a.	28.9	21.8
FCF Yield (%) <sup>(5)</sup>	3.9	1.5	2.4	3.7

(1) Please refer to Appendix 3.

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

(3) Financial projections include IFRS 16 adjustments. FY 19 EBITDA is c. EUR 0.0Mn higher due to IFRS 16..

(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: Santiago Gimeno 4.1%

**REVENUE GROWTH CONTINUES (UNDERPINNED BY M&A)...** 480S generated EUR 9.8Mn of revenue in 9m21 (EUR 10.3Mn in proforma terms; vs EUR 4.7Mn in 9m20). A very significant step-up in size: (+108% y/y) boosted mainly by the M&A activity carried out in the last year: acquisition of Iris-Ekamat and Sofistic SAS (December 2020) and Fama Systems, a software company for the Facility Services sector (March 2021).

**...ALTHOUGH THE STEP-UP IN SIZE TEMPORARILY REDUCES THE EBITDA MARGIN.** In 9m21 480S generated Rec. EBITDA of EUR 0.8Mn (EUR 1Mn in proforma terms), mainly impacted by the large increase in the headcount (207 employees at 30 June) that drove personnel costs to EUR 5.2Mn (+160% vs 9m20). Putting the Recurrent EBITDA margin at c. 8% (c. 10% in proforma terms vs c. 15% in the previous year).

**THE ENTRY OF INVEREADY STRENGTHENS THE ABILITY TO CONTINUE GROWING.** In October, 480S signed a EUR 4Mn financing agreement with Inveready involving the issuance of convertible bonds (at a conversion price of EUR 18/share; expiring in 5 years from the date of subscription in the event of non-conversion) divided into: (i) a single immediately available EUR 2Mn first tranche and (ii) a second EUR 2Mn tranche (to be paid at the discretion of 480S). This strengthens 480S' capacity to continue to seek non-organic growth opportunities (a theoretical conversion of the first tranche into equity would reduce ND by EUR 2Mn, that would imply a 2022e ND/EBITDA of <3x vs the 7.2x estimated in 2021e).

**9M21 RESULTS LEAD US TO DOWNGRADE 2021E ESTIMATES ALTHOUGH STRATEGICALLY THE BUSINESS HAS BECOME STRONGER IN THE LONG TERM.** Now, the most sensible assumption is to think of a 2021e with revenue of EUR 13.5Mn (-11% vs previous estimate) and EBITDA of EUR 1.3Mn (vs our previous estimate of EUR 2Mn). But we should not lose sight of the fact that in proforma terms (consolidating 100% of the M&A executed YTD), 2021e estimates already point to revenue of EUR 14Mn and EBITDA of EUR 1.8-2Mn; that allows us to maintain our 2022e estimates: revenue and EBITDA of EUR 17.1Mn and EUR 2.3Mn (2022e EV/Sales of 3x and EV/EBITDA of 23x).

## Relative performance (Base 100)



## Stock performance (%)

	-1m	-3m	-12m	YTD	-3Y	-5Y
Absolute	26.1	11.2	-12.0	-31.4	n.a.	n.a.
vs Ibox 35	37.5	18.7	-14.5	-33.3	n.a.	n.a.
vs Ibox Small Cap Index	34.5	21.2	-14.3	-28.9	n.a.	n.a.
vs Eurostoxx 50	31.9	14.9	-24.4	-40.0	n.a.	n.a.
vs Sector benchmark <sup>(4)</sup>	29.5	14.0	-35.5	-47.2	n.a.	n.a.

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

## 9m21 Results and estimates review

**Tabla 1. 9m21 Results**

EUR Mn	9m21		9m21 Real	2021e vs	
	Real	9m20	vs 9m20	2021e	2020
<b>Total Revenues<sup>1</sup></b>	<b>9.8</b>	<b>4.7</b>	<b>108.3%</b>	<b>13.5</b>	<b>13.8%</b>
<b>Margen Bruto</b>	<b>7.3</b>	<b>3.4</b>	<b>110.8%</b>	<b>10.0</b>	<b>14.5%</b>
Gastos de personal	-5.4	-2.0	168.3%	-7.2	25.7%
Otros costes de explotación	-1.3	-0.7	94.0%	-1.6	1.9%
<b>Recurrent EBITDA<sup>2</sup></b>	<b>0.8</b>	<b>0.7</b>	<b>2.3%</b>	<b>1.3</b>	<b>-15.5%</b>
<i>Rec. EBITDA/Revenues</i>	<i>7.8%</i>	<i>15.8%</i>	<i>-8.0 p.p.</i>	<i>9.4%</i>	<i>-3.3 p.p.</i>
<b>EBITDA</b>	<b>0.8</b>	<b>0.7</b>	<b>2.3%</b>	<b>1.3</b>	<b>6.1%</b>
<i>EBITDA/Revenues</i>	<i>7.8%</i>	<i>15.8%</i>	<i>-802.4%</i>	<i>9.4%</i>	<i>-0.7 p.p.</i>

Note 1: Numbers for FAMA SYSTEMS, S.A. from March 15, 2021.

Note 2: 9m21 Recurrent EBITDA adjusted to strip out the impact of EUR 0.3Mn in capitalised expenses.

**Table 2. Estimates review**

EUR Mn	2021e (New)	2021e	Review (%)	2022e (New)	Review (%)	2023e (New)	Review (%)
<b>Total Revenues</b>	<b>13.5</b>	<b>15.1</b>	<b>-11.0%</b>	<b>17.1</b>	<b>-0.3%</b>	<b>19.6</b>	<b>-0.4%</b>
<b>Recurrent EBITDA</b>	<b>1.3</b>	<b>2.0</b>	<b>-36.3%</b>	<b>2.3</b>	<b>-2.5%</b>	<b>2.9</b>	<b>0.5%</b>
<i>Recurrent EBITDA growth</i>	<i>-15.5%</i>	<i>32.8%</i>	<i>-48 p.p.</i>	<i>78.3%</i>	<i>62 p.p.</i>	<i>28.6%</i>	<i>4 p.p.</i>
<i>Rec. EBITDA/Revenues</i>	<i>9.4%</i>	<i>13.2%</i>	<i>-3.8 p.p.</i>	<i>13.2%</i>	<i>-0.3 p.p.</i>	<i>14.9%</i>	<i>0.1 p.p.</i>
<b>EBIT</b>	<b>0.9</b>	<b>1.4</b>	<b>-39.3%</b>	<b>1.8</b>	<b>4.0%</b>	<b>0.0</b>	<b>n.a.</b>
<b>Net Profit</b>	<b>0.5</b>	<b>1.0</b>	<b>-46.5%</b>	<b>1.2</b>	<b>0.7%</b>	<b>1.7</b>	<b>2.2%</b>
<b>Recurrent Free Cash Flow</b>	<b>0.7</b>	<b>1.1</b>	<b>-41.8%</b>	<b>1.1</b>	<b>-17.3%</b>	<b>1.6</b>	<b>-8.0%</b>
<i>ND / EBITDA</i>	<i>6.7 x</i>	<i>2.8 x</i>	<i>3.8 x</i>	<i>3.3 x</i>	<i>1.4 x</i>	<i>2.0 x</i>	<i>1.1 x</i>

## Appendix 1. Financial Projections<sup>(1)</sup>

Balance Sheet (EUR Mn)	2016	2017	2018	2019	2020	2021e	2022e	2023e	CAGR	
Intangible assets				2.4	3.9	3.6	3.2	2.7		
Fixed assets				0.1	0.2	0.3	0.4	0.6		
Other Non Current Assets				0.3	0.5	7.5	7.5	7.5		
Financial Investments				0.0	1.0	0.0	0.0	0.0		
Goodwill & Other Intangibles				1.8	5.1	5.1	5.1	5.1		
Current assets				1.6	2.8	3.1	3.8	4.3		
<b>Total assets</b>				<b>6.2</b>	<b>13.6</b>	<b>19.6</b>	<b>20.0</b>	<b>20.2</b>		
Equity				1.9	5.4	6.2	7.5	9.2		
Minority Interests				0.0	0.1	0.1	0.1	0.1		
Provisions & Other L/T Liabilities				1.1	1.4	1.4	1.4	1.4		
Other Non Current Liabilities				-	-	-	-	-		
Net financial debt				1.9	3.5	8.5	7.4	5.8		
Current Liabilities				1.2	3.3	3.5	3.6	3.7		
<b>Equity &amp; Total Liabilities</b>				<b>6.2</b>	<b>13.6</b>	<b>19.6</b>	<b>20.0</b>	<b>20.2</b>		
P&L (EUR Mn)	2016	2017	2018	2019	2020	2021e	2022e	2023e	CAGR	
<b>Total Revenues</b>				<b>5.9</b>	<b>11.8</b>	<b>13.5</b>	<b>17.1</b>	<b>19.6</b>	<i>n.a.</i>	<b>18.4%</b>
<i>Total Revenues growth</i>				<i>n.a.</i>	<i>99.3%</i>	<i>13.8%</i>	<i>27.3%</i>	<i>14.4%</i>		
COGS				(1.4)	(3.1)	(3.5)	(4.5)	(5.2)		
<b>Gross Margin</b>				<b>4.5</b>	<b>8.7</b>	<b>10.0</b>	<b>12.6</b>	<b>14.4</b>	<i>n.a.</i>	<b>18.4%</b>
<i>Gross Margin/Revenues</i>				<i>76.2%</i>	<i>73.7%</i>	<i>74.1%</i>	<i>73.8%</i>	<i>73.7%</i>		
Personnel Expenses				(2.5)	(5.7)	(7.2)	(8.5)	(9.4)		
Other Operating Expenses				(0.8)	(1.5)	(1.6)	(1.9)	(2.1)		
<b>Recurrent EBITDA</b>				<b>1.1</b>	<b>1.5</b>	<b>1.3</b>	<b>2.3</b>	<b>2.9</b>	<i>n.a.</i>	<b>24.7%</b>
<i>Recurrent EBITDA growth</i>				<i>n.a.</i>	<i>31.2%</i>	<i>-15.5%</i>	<i>78.3%</i>	<i>28.6%</i>		
<i>Rec. EBITDA/Revenues</i>				<i>19.3%</i>	<i>12.7%</i>	<i>9.4%</i>	<i>13.2%</i>	<i>14.9%</i>		
Restructuring Expense & Other non-rec.				-	(0.3)	-	-	-		
<b>EBITDA</b>				<b>1.1</b>	<b>1.2</b>	<b>1.3</b>	<b>2.3</b>	<b>2.9</b>	<i>n.a.</i>	<b>34.5%</b>
Depreciation & Provisions				(0.4)	(0.7)	(0.7)	(0.7)	(0.8)		
Capitalized Expense				-	0.1	0.3	0.3	0.3		
Rentals (IFRS 16 impact)				-	-	-	-	-		
<b>EBIT</b>				<b>0.7</b>	<b>0.6</b>	<b>0.9</b>	<b>1.8</b>	<b>2.4</b>	<i>n.a.</i>	<b>54.7%</b>
<i>EBIT growth</i>				<i>n.a.</i>	<i>-10.3%</i>	<i>35.7%</i>	<i>105.4%</i>	<i>32.8%</i>		
<i>EBIT/Revenues</i>				<i>12.1%</i>	<i>5.5%</i>	<i>6.5%</i>	<i>10.5%</i>	<i>12.2%</i>		
Impact of Goodwill & Others				-	-	-	-	-		
Net Financial Result				(0.0)	(0.1)	(0.2)	(0.2)	(0.2)		
Income by the Equity Method				-	-	-	-	-		
<b>Ordinary Profit</b>				<b>0.7</b>	<b>0.5</b>	<b>0.7</b>	<b>1.6</b>	<b>2.2</b>	<i>n.a.</i>	<b>61.1%</b>
<i>Ordinary Profit Growth</i>				<i>n.a.</i>	<i>-22.7%</i>	<i>30.8%</i>	<i>129.5%</i>	<i>39.3%</i>		
Extraordinary Results				(0.5)	(0.3)	-	-	-		
<b>Profit Before Tax</b>				<b>0.1</b>	<b>0.2</b>	<b>0.7</b>	<b>1.6</b>	<b>2.2</b>	<i>n.a.</i>	<i>n.a.</i>
Tax Expense				(0.2)	0.0	(0.2)	(0.3)	(0.5)		
<i>Effective Tax Rate</i>				<i>n.a.</i>	<i>n.a.</i>	<i>22.0%</i>	<i>22.0%</i>	<i>22.0%</i>		
Minority Interests				-	-	-	-	-		
Discontinued Activities				-	-	-	-	-		
<b>Net Profit</b>				<b>(0.0)</b>	<b>0.2</b>	<b>0.5</b>	<b>1.2</b>	<b>1.7</b>	<i>n.a.</i>	<b>91.2%</b>
<i>Net Profit growth</i>				<i>n.a.</i>	<i>n.a.</i>	<i>118.8%</i>	<i>129.5%</i>	<i>39.3%</i>		
<b>Ordinary Net Profit</b>				<b>0.5</b>	<b>0.8</b>	<b>0.5</b>	<b>1.2</b>	<b>1.7</b>	<i>n.a.</i>	<b>27.2%</b>
<i>Ordinary Net Profit growth</i>				<i>n.a.</i>	<i>75.1%</i>	<i>-35.6%</i>	<i>129.5%</i>	<i>39.3%</i>		
Cash Flow (EUR Mn)	2016	2017	2018	2019	2020	2021e	2022e	2023e	CAGR	
<b>Recurrent EBITDA</b>						<b>1.3</b>	<b>2.3</b>	<b>2.9</b>	<i>n.a.</i>	<b>24.7%</b>
Rentals (IFRS 16 impact)						-	-	-		
Working Capital Increase						(0.1)	(0.4)	(0.4)		
<b>Recurrent Operating Cash Flow</b>						<b>1.2</b>	<b>1.8</b>	<b>2.5</b>	<i>n.a.</i>	<b>3.6%</b>
CAPEX						(0.1)	(0.2)	(0.2)		
Net Financial Result affecting the Cash Flow						(0.2)	(0.2)	(0.2)		
Tax Expense						(0.2)	(0.3)	(0.5)		
<b>Recurrent Free Cash Flow</b>						<b>0.7</b>	<b>1.1</b>	<b>1.6</b>	<i>n.a.</i>	<b>-1.5%</b>
Restructuring Expense & Other non-rec.						-	-	-		
- Acquisitions / + Divestures of assets						(6.0)	-	-		
Extraordinary Inc./Exp. Affecting Cash Flow						-	-	-		
<b>Free Cash Flow</b>						<b>(5.3)</b>	<b>1.1</b>	<b>1.6</b>	<i>n.a.</i>	<b>46.0%</b>
Capital Increase						0.4	-	-		
Dividends						-	-	-		
<b>Net Debt Variation</b>						<b>5.0</b>	<b>(1.1)</b>	<b>(1.6)</b>		

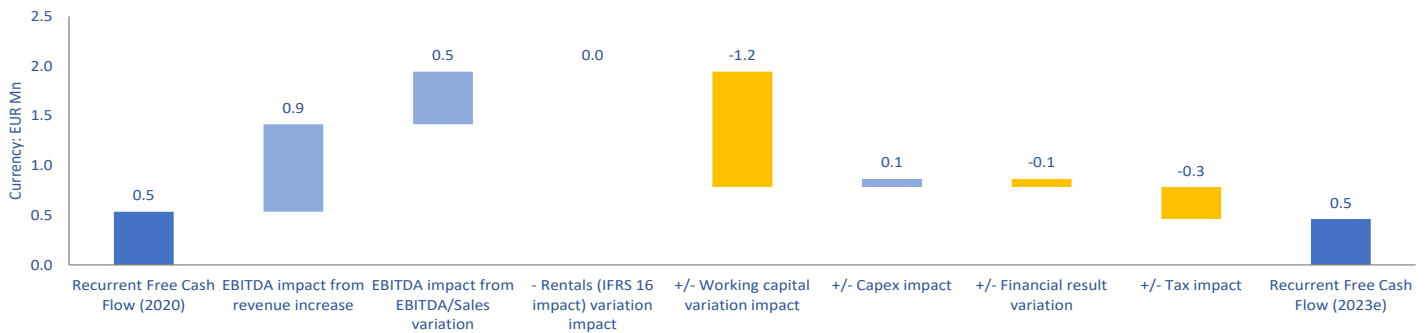
Note 1: Proforma figures for 2019 and 2020 to include the contributions of the companies acquired in 2019 and 2020 as if they had been acquired on Jan 1.

## Appendix 2. Free Cash Flow<sup>(1)</sup>

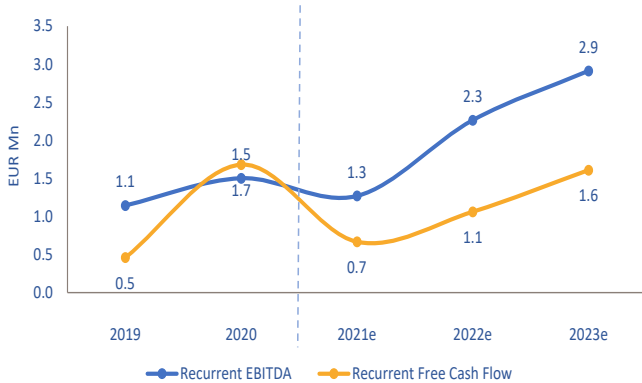
A) Cash Flow Analysis (EUR Mn)	2017	2018	2019	2020	2021e	2022e	2023e	CAGR	
								17-20	20-23e
<b>Recurrent EBITDA</b>				1.5	1.3	2.3	2.9	n.a.	24.7%
<i>Recurrent EBITDA growth</i>				31.2%	-15.5%	78.3%	28.6%		
<i>Rec. EBITDA/Revenues</i>				12.7%	9.4%	13.2%	14.9%		
- Rentals (IFRS 16 impact)				-	-	-	-		
+/- Working Capital increase				0.8	(0.1)	(0.4)	(0.4)		
<b>= Recurrent Operating Cash Flow</b>				2.3	1.2	1.8	2.5	n.a.	3.6%
<i>Rec. Operating Cash Flow growth</i>				181.7%	-48.7%	57.7%	37.3%		
<i>Rec. Operating Cash Flow / Sales</i>				19.1%	8.6%	10.7%	12.8%		
- CAPEX				(0.3)	(0.1)	(0.2)	(0.2)		
- Net Financial Result affecting Cash Flow				(0.1)	(0.2)	(0.2)	(0.2)		
- Taxes				(0.2)	(0.2)	(0.3)	(0.5)		
<b>= Recurrent Free Cash Flow</b>				1.7	0.7	1.1	1.6	n.a.	-1.5%
<i>Rec. Free Cash Flow growth</i>				265.2%	-60.3%	59.0%	51.4%		
<i>Rec. Free Cash Flow / Revenues</i>				14.2%	5.0%	6.2%	8.2%		
- Restructuring expenses & others				(0.3)	-	-	-		
- Acquisitions / + Divestments				(2.8)	(6.0)	-	-		
+/- Extraordinary Inc./Exp. affecting Cash Flow				-	-	-	-		
<b>= Free Cash Flow</b>				(1.4)	(5.3)	1.1	1.6	n.a.	46.0%
<i>Free Cash Flow growth</i>				45.0%	-269.6%	119.9%	51.4%		
<i>Recurrent Free Cash Flow - Yield (s/Mkt Cap)</i>				3.9%	1.5%	2.4%	3.7%		
<i>Free Cash Flow Yield (s/Mkt Cap)</i>				n.a.	n.a.	2.4%	3.7%		
<b>B) Analytical Review of Annual Recurrent Free Cash Flow Performance (Eur Mn)</b>									
	2017	2018	2019	2020	2021e	2022e	2023e	CAGR	
<b>Recurrent FCF(FY - 1)</b>				0.5	1.7	0.7	1.1		
EBITDA impact from revenue increase				1.1	0.2	0.3	0.3		
EBITDA impact from EBITDA/Sales variation				(0.8)	(0.4)	0.6	0.3		
<b>= Recurrent EBITDA variation</b>				0.4	(0.2)	1.0	0.6		
- Rentals (IFRS 16 impact) variation impact				-	-	-	-		
+/- Working capital variation impact				1.1	(0.9)	(0.3)	0.0		
<b>= Recurrent Operating Cash Flow variation</b>				1.5	(1.1)	0.7	0.7		
+/- CAPEX impact				(0.2)	0.1	(0.0)	(0.0)		
+/- Financial result variation				(0.1)	(0.1)	(0.0)	0.0		
+/- Tax impact				0.1	0.0	(0.2)	(0.1)		
<b>= Recurrent Free Cash Flow variation</b>				1.2	(1.0)	0.4	0.5		
<b>Recurrent Free Cash Flow</b>				1.7	0.7	1.1	1.6		
<b>C) "FCF to the Firm" (pre debt service) (EUR Mn)</b>									
	2017	2018	2019	2020	2021e	2022e	2023e	CAGR	
<b>EBIT</b>				0.6	0.9	1.8	2.4	n.a.	54.7%
* <i>Theoretical Tax rate</i>				0.0%	22.0%	22.0%	22.0%		
= Taxes (pre- Net Financial Result)				-	(0.2)	(0.4)	(0.5)		
<b>Recurrent EBITDA</b>				1.5	1.3	2.3	2.9	n.a.	24.7%
- Rentals (IFRS 16 impact)				-	-	-	-		
+/- Working Capital increase				0.8	(0.1)	(0.4)	(0.4)		
<b>= Recurrent Operating Cash Flow</b>				2.3	1.2	1.8	2.5	n.a.	3.6%
- CAPEX				(0.3)	(0.1)	(0.2)	(0.2)		
- Taxes (pre- Financial Result)				-	(0.2)	(0.4)	(0.5)		
<b>= Recurrent Free Cash Flow (To the Firm)</b>				2.0	0.8	1.2	1.8	n.a.	-3.4%
<i>Rec. Free Cash Flow (To the Firm) growth</i>				293.9%	-58.3%	51.9%	42.3%		
<i>Rec. Free Cash Flow (To the Firm) / Revenues</i>				16.6%	6.1%	7.3%	9.0%		
- Acquisitions / + Divestments				(2.8)	(6.0)	-	-		
+/- Extraordinary Inc./Exp. affecting Cash Flow				-	-	-	-		
<b>= Free Cash Flow "To the Firm"</b>				(0.9)	(5.2)	1.2	1.8	n.a.	59.7%
<i>Free Cash Flow (To the Firm) growth</i>				66.9%	-506.3%	124.0%	42.3%		
<i>Rec. Free Cash Flow To the Firm Yield (o/EV)</i>				3.8%	1.6%	2.4%	3.4%		
<i>Free Cash Flow "To the Firm" - Yield (o/EV)</i>				n.a.	n.a.	2.4%	3.4%		

Note 1: Proforma figures for 2019 and 2020 to include the contributions of the companies acquired in 2019 and 2020 as if they had been acquired on Jan 1

**Recurrent Free Cash Flow accumulated variation analysis (2020 - 2023e)**



**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	43.4	
+ Minority Interests	0.0	6m Results 2021
+ Provisions & Other L/T Liabilities	1.8	6m Results 2021
+ Net financial debt	7.2	6m Results 2021
- Financial Investments	0.3	6m Results 2021
+/- Others		
<b>Enterprise Value (EV)</b>	<b>52.1</b>	

## Appendix 4. Main peers 2021e

		Software				Cybersecurity					
EUR Mn		Qualtrics International	Descartes Systems	Appfolio	American Software	Average	CrowdStrike	SecureWorks	Absolute Software	Average	480S
Market data	Ticker (Factset)	XM-US	DSG-CA	APPF-US	AMSWA-US		CRWD-US	SCWX-US	ABST-CA		480S-ES
	Country	USA	Canada	USA	USA		USA	USA	Canada		Spain
	Market cap	16,347.0	6,019.7	3,950.1	674.3		44,031.9	1,346.7	394.7		43.4
	Enterprise value (EV)	15,694.8	5,919.1	3,620.3	577.5		43,141.3	1,189.2	591.8		52.1
Basic financial information	Total Revenues	939.5	366.7	316.5	108.1		1,246.4	478.2	107.3		13.5
	Total Revenues growth	38.5%	13.4%	14.9%	9.2%	19.0%	60.4%	-4.1%	10.3%	22.2%	13.8%
	2y CAGR (2021e - 2023e)	24.9%	14.9%	18.5%	7.5%	16.4%	35.6%	4.8%	38.8%	26.4%	20.7%
	EBITDA	56.3	158.0	32.5	13.4		174.6	0.8	19.8		1.3
	EBITDA growth	135.3%	29.7%	-20.5%	59.7%	51.1%	581.2%	-89.8%	-18.2%	157.8%	6.1%
	2y CAGR (2021e - 2023e)	52.0%	15.9%	41.7%	28.4%	34.5%	50.4%	n.a.	46.8%	48.6%	51.4%
	EBITDA/Revenues	6.0%	43.1%	10.3%	12.4%	17.9%	14.0%	0.2%	18.5%	10.9%	9.4%
	EBIT	27.3	92.7	(3.2)	8.4		131.1	(6.5)	5.0		0.9
	EBIT growth	112.1%	43.4%	-136.7%	147.2%	41.5%	266.2%	77.7%	-55.8%	96.0%	35.7%
	2y CAGR (2021e - 2023e)	58.4%	n.a.	n.a.	23.7%	41.0%	60.9%	66.3%	n.a.	63.6%	65.2%
	EBIT/Revenues	2.9%	25.3%	n.a.	7.7%	12.0%	10.5%	n.a.	4.7%	7.6%	6.5%
	Net Profit	(879.2)	73.3	8.2	8.7		98.5	(6.5)	3.3		0.5
	Net Profit growth	-263.2%	51.8%	-94.2%	21.4%	-71.0%	219.7%	66.6%	-66.5%	73.3%	118.8%
	2y CAGR (2021e - 2023e)	12.7%	29.8%	88.8%	24.0%	38.8%	74.3%	62.1%	-47.0%	29.8%	78.8%
	CAPEX/Sales %	4.3%	1.4%	9.2%	0.8%	3.9%	8.1%	1.3%	2.3%	3.9%	1.1%
Free Cash Flow	(65.7)	135.9	18.6	11.9		316.2	(0.5)	39.1		(5.3)	
Net financial debt	(23.4)	(150.5)	(4.6)	(97.6)		(1,077.7)	(186.9)	(110.3)		8.5	
ND/EBITDA (x)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	6.7	
Pay-out	0.0%	n.a.	n.a.	n.a.	0.0%	0.0%	0.0%	315.0%	105.0%	0.0%	
Multiples and Ratios	P/E (x)	n.a.	83.0	n.a.	60.2	71.6	n.a.	n.a.	n.a.	n.a.	81.4
	P/BV (x)	n.a.	n.a.	14.1	n.a.	14.1	n.a.	2.3	17.3	9.8	6.9
	EV/Revenues (x)	16.7	16.1	11.4	5.3	12.4	n.a.	2.5	5.5	4.0	3.9
	EV/EBITDA (x)	n.a.	37.5	n.a.	43.2	40.3	n.a.	n.a.	29.8	29.8	41.0
	EV/EBIT (x)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
	ROE	n.a.	n.a.	0.4	n.a.	0.4	11.2	n.a.	n.a.	11.2	9.2
	FCF Yield (%)	n.a.	2.3	0.5	1.8	1.5	0.7	n.a.	9.9	5.3	1.5
	DPS	0.00	n.a.	n.a.	n.a.	0.00	0.00	0.00	0.22	0.07	0.00
Dvd Yield	0.0%	n.a.	n.a.	n.a.	0.0%	0.0%	0.0%	2.8%	0.9%	0.0%	

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).

## Appendix 5. Valuation inputs

### Inputs for the DCF Valuation Approach

	2021e	2022e	2023e	Terminal Value <sup>(1)</sup>		
Free Cash Flow "To the Firm"	(5.2)	1.2	1.8	n.a.		
Market Cap	43.4	At the date of this report				
Net financial debt	7.2	Debt net of Cash (6m Results 2021)				
					Best Case	Worst Case
Cost of Debt	3.0%	Net debt cost			2.8%	3.3%
Tax rate (T)	20.0%	T (Normalised tax rate)			=	=
Net debt cost	2.4%	$K_d = \text{Cost of Net Debt} * (1-T)$			2.2%	2.6%
Risk free rate (rf)	0.4%	Rf (10y Spanish bond yield)			=	=
Equity risk premium	9.0%	R (own estimate)			8.5%	9.5%
Beta (B)	1.2	B (own estimate)			1.1	1.3
Cost of Equity	11.2%	$K_e = R_f + (R * B)$			9.8%	12.8%
Equity / (Equity + Net Debt)	85.7%	E (Market Cap as equity value)			=	=
Net Debt / (Equity + Net Debt)	14.3%	D			=	=
WACC	10.0%	$WACC = K_d * D + K_e * E$			8.7%	11.3%
G "Fair"	2.5%				3.0%	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 21e	EPS 21e-23e	EV/EBITDA 21e	EBITDA 21e-23e	EV/Sales 21e	Revenues 21e-23e	EBITDA/Sales 21e	FCF Yield 21e	FCF 21e-23e
Qualtrics International	XM-US	16,347.0	n.a.	27.6%	n.a.	52.0%	16.7	24.9%	6.0%	n.a.	72.2%
Descartes Systems	DSG-CA	6,019.7	83.0	15.5%	37.5	15.9%	16.1	14.9%	43.1%	2.3%	23.2%
Appfolio	APPF-US	3,950.1	n.a.	n.a.	n.a.	41.7%	11.4	18.5%	10.3%	0.5%	17.4%
American Software	AMSWA-US	674.3	60.2	21.6%	43.2	28.4%	5.3	7.5%	12.4%	1.8%	n.a.
<b>Software</b>			<b>71.6</b>	<b>21.5%</b>	<b>40.3</b>	<b>34.5%</b>	<b>12.4</b>	<b>16.4%</b>	<b>17.9%</b>	<b>1.5%</b>	<b>37.6%</b>
CrowdStrike	CRWD-US	44,031.9	n.a.	68.9%	n.a.	50.4%	n.a.	35.6%	14.0%	0.7%	42.3%
SecureWorks	SCWX-US	1,346.7	n.a.	61.0%	n.a.	n.a.	2.5	4.8%	0.2%	n.a.	n.a.
Absolute Software	ABST-CA	394.7	n.a.	-47.9%	29.8	46.8%	5.5	38.8%	18.5%	9.9%	1.1%
<b>Cybersecurity</b>			<b>n.a.</b>	<b>27.4%</b>	<b>29.8</b>	<b>48.6%</b>	<b>4.0</b>	<b>26.4%</b>	<b>10.9%</b>	<b>5.3%</b>	<b>21.7%</b>
<b>480S</b>	<b>480S-ES</b>	<b>43.4</b>	<b>81.4</b>	<b>78.8%</b>	<b>41.0</b>	<b>51.4%</b>	<b>3.9</b>	<b>20.7%</b>	<b>9.4%</b>	<b>1.5%</b>	<b>51.7%</b>

### Free Cash Flow sensitivity analysis (2022e)

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

Scenario	EBITDA/Sales 22e	EBITDA 22e	EV/EBITDA 22e
Max	14.5%	2.5	20.9x
Central	13.2%	2.3	23.0x
Min	11.9%	2.0	25.5x

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

FCF Rec. EUR Mn	CAPEX/Sales 22e			Scenario	Rec. FCF/Yield 22e		
	1.0%	1.1%	1.2%		Max	Central	Min
EBITDA 22e							
2.5	1.3	1.3	1.3	Max	3.0%	3.0%	2.9%
2.3	1.1	1.1	1.0	Central	2.5%	2.4%	2.4%
2.0	0.9	0.8	0.8	Min	2.0%	1.9%	1.9%



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01-Dec-2021	n.a.	19.35	n.a.	n.a.	Estimates downgrade	David López Sánchez
07-Oct-2021	n.a.	16.40	n.a.	n.a.	6m Results 2021	David López Sánchez
22-Apr-2021	n.a.	24.80	n.a.	n.a.	Initiation of Coverage	David López Sánchez

