



Company Update

Reason: Estimates revision

13 December 2022

Buy

Recommendation unchanged

Share price: EUR 7.94

closing price as of 12/12/2022

Target price: EUR 10.70

from Target Price: EUR 9.70

Upside/Downside Potential 34.7%

Reuters/Bloomberg

IZER.MC/IZER.SM

Market capitalisation (EURm) 196

Current N° of shares (m) 25

Free float 28%

Daily avg. no. trad. sh. 12 mth (k) 9

Daily avg. trad. vol. 12 mth (k) 32.73

Price high/low 12 months 8.40 / 7.22

Abs Perfs 1/3/12 mths (%) -1.73/-3.64/0.00

Key financials (EUR) 12/21 12/22e 12/23e

Sales (m) 65 91 125

EBITDA (m) 7 11 16

EBITDA margin 11.2% 12.5% 12.5%

EBIT (m) 2 4 7

EBIT margin 2.6% 4.3% 5.2%

Net Profit (adj.)(m) 0 2 3

ROCE 3.2% 5.5% 8.3%

Net debt/(cash) (m) 14 34 40

Net Debt Equity 0.4 1.0 1.2

Net Debt/EBITDA 2.0 2.9 2.6

Int. cover(EBITDA/Fin.int) 8.5 7.6 6.2

EV/Sales 3.0 2.5 1.8

EV/EBITDA 26.9 19.6 14.8

EV/EBITDA (adj.) 26.9 19.6 14.8

EV/EBIT nm 57.8 35.4

P/E (adj.) nm nm nm

P/BV 5.8 6.2 5.7

OpFCF yield 0.4% 3.6% 5.0%

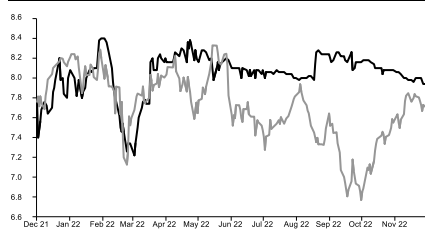
Dividend yield 0.0% 0.0% 0.0%

EPS (adj.) 0.02 0.06 0.11

BVPS 1.37 1.29 1.40

DPS 0.00 0.00 0.00

Shareholders

Laren Capital, S.L.U. 56%; Management Team 14%;
Santander AM 1.88%;

Source: FactSet

IZERTIS IBEX 35 (Rebased)

Analyst(s)

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Optimal combination of organic and inorganic growth

A year since we initiated coverage on Izertis, we revise our estimates following an intense 2022 in terms of corporate activity with 6 acquisitions. One of the pillars in valuing the Company is its capacity to execute inorganic growth at reasonable multiples, and at the moment, Izertis is realising this activity perfectly. For 2022 year-end we expect a strong improvement in margins thanks to the growth in higher added-value business lines.

- ✓ The results in 1H already marked the first, very positive sign of **improving margins** that we expect to be confirmed with 2022 results despite the macro impacts (namely wages and supplier costs).
- ✓ The **acquisitions** realised during the year (and in 2021) will contribute c.EUR18m revenues whereas organic growth will contribute c.ERU8m (c. +13%) during the year, **meeting** the two assumptions we made in our initial coverage report (EUR15-20m revenues from inorganic growth and >10% organic).
- ✓ The **market** continues within the **consolidation process** with several operations realised during the year. This trend will continue in coming years, boosted also by the increasing size of projects and lack of skilled labour, that force the companies to consolidate.
- ✓ At the **margins** level, the acquisitions made in 2022 will contribute wider EBITDA margins (the six acquisitions made in 2022 are integrated with c.20% of EBITDA margin) and the added value activities (Digital Transformation and Intelligent Infrastructures & Governance) continue increasing its weight over the total, increasing from 68% in 2021 to c.75% in 2022, according to our estimates. **We expect the normalised EBITDA margin to continue growing in coming years.**
- ✓ We estimate **order intake** and the projects portfolio not to suffer **an impact** during the second half of 2022 and the forecasts for 2023 include a similar growth to that seen in 2022, as clients are not showing signs of restrictions or cutbacks in the scope of projects to be contracted. Despite de economic uncertainty, clients must accelerate digital transformation in its structures to be more efficient.
- ✓ Based on the **intense M&A activity**, we estimate **net debt** to reach c.EUR33m at 2022 (ND/EBITDA 3.0x). We expect the ratio to decline in coming years due to the increasing EBITDA in comparison with net debt. We also expect a drop in net debt as from 2024 due to the Company's strong cash generation.
- ✓ Due to the above, we increase our **fair value** to **EUR10.7/share** (+10% vs. previous), despite the rise in WACC (from 8.5% to 9.0%) and drop the "g", opting for a more conservative focus. The fair value shows **+35% upside potential** over current prices, thus we reiterate our Buy recommendation.

ÍNDICE

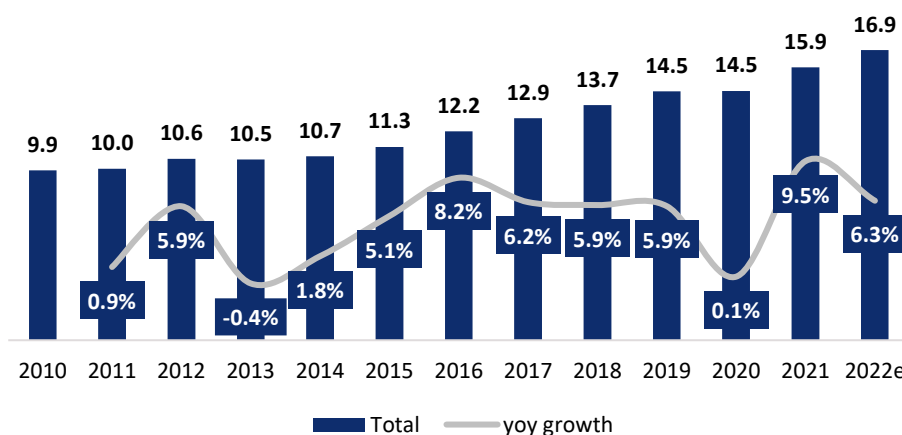
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Market analysis

As explained in the initial coverage report, the Company operates in the technology consultancy arena.

The Spanish Association of Consultancy Firms (AEC) publishes an annual report on the sector's situation. The latest report with 2021 data shows a 9.5% growth in activity, (affected positively by the weak 2020 data due to the Covid), maintaining a better performance than the national GDP (+5.1%), as seen in recent years. For 2022, the agency estimates a growth of 6.3%, recovering the path seen in recent years and demonstrating the sector's strength.

Ingresos del sector de consultoría España
2010-2022e (kM€)



Going into more detail on Izertis' specific sector, it is important to understand the configuration of the technology consultancy market in Spain and Portugal (Izertis' main markets) to understand the Company's investment case.

The market continues to be highly fragmented with numerous small companies (turnover below EUR1m) with specialised niche services and advanced technology but lack the economic possibilities to grow and gain in size. On the other hand, there are just 15 large companies in Spain with turnover above EUR200m.

During this economic year, many corporate operations have been realised. The most outstanding was the acquisition of Ibermática by Ayesa, creating a giant with c.EUR600m turnover. Other companies such as Vass have realised three acquisitions in 2022; AtSistemas has carried out operations and announced its intention to be listed, etc. In short, the sector movements have been very intense during the year.

As mentioned a year ago, this fragmentation makes the sector consolidation essential and Izertis is a key player in the process.

In addition is the current lack of technology profiles in Spain and the high rotation of these types of employees. The release of million-dollar budgets for the digitalisation of many companies has led to an acceleration in the demand for profiles that has clashed with a supply that is unable to meet this high demand. In view of this, phenomena such as remote working have helped to attract talent in a delocalised manner, but there is still a need for a large mass of specialised labour.

Our estimates include EUR15m revenue proceeding from inorganic growth each year with an EBITDA margin of 10% and average purchasing multiple of EV/EBITDA 9x.

1H22 results

During 1H22 results, the Company presented strong revenues and EBITDA growth, and more importantly, a big improvement in margin to 12.9% setting the all-time high, well above our annual forecasts of 11.2% and the Company's 10% target included in the strategic plan. Due to the numerous acquisitions during the year, net debt reached EUR31m (ND/EBITDA 3.3x).

IZERTIS. POST-H1'22 RESULTS.

EURm	H1'21	H1'22	Δ% y/y
Total income	31.71	41.44	30.7%
Digital Transformation	13.47	18.14	34.7%
Technological Infrastructures & Services	7.76	10.96	41.2%
Business Operations	5.11	6.09	19.1%
Business Solutions	3.86	4.55	17.8%
Others	0.07	0.97	1216.2%
Other income (non operative)	1.44	0.74	-48.9%
Supplies	-8.61	-8.13	-5.6%
Gross margin	23.10	33.31	44.2%
<i>% gross margin</i>	<i>72.8%</i>	<i>80.4%</i>	<i>7.5pp</i>
Personnel costs	-18.41	-25.97	41.1%
Other general costs	-2.00	-2.37	18.4%
Other results	0.05	-0.05	-192.7%
Impairment & Results of sale of assets	0.00	0.00	n.a
EBITDA	2.75	4.93	79.2%
other non recurrent costs	0.31	0.21	-33.6%
Normalized EBITDA	3.06	5.14	67.9%
Normalized EBITDA mg (%)	10.1%	12.9%	2.8pp
EBIT	0.52	1.48	184.3%
Net income	0.07	0.48	548.6%

Source: Izertis & GVC Gaesco Valores

Net sales increased +31% with all business lines growing way above 10%. We estimate organic growth of +12%, above our previous estimated +10%. The higher added value business lines represent over 70% sales. We highlight the growth of the lower-added value business lines following the restructuring processes carried out in recent years. The gross margin also grows substantially to 80.4% (+7.5pp vs. 1H21) demonstrating the Company's capacity to grow in more profitable added-value activities.

Regarding the normalised EBITDA (excluding extraordinary), growth is high at both the reported (+68%) and organic levels (+34%, according to our estimates). The EBITDA margin reached 12.9% at 1H22, estimating 12% excluding acquisitions made in 2022, which has two very relevant consequences; on one hand, at the organic level the activity is generating a higher margin, and on the other hand, the acquisitions realised are strengthening growth by providing an incremental margin, which will be reflected in a higher margin in the future.

Net debt comes to EUR31m (ND/EBITDA 3.3x) due to the strong rate of acquisitions carried out. Short term debt maturities amount to EUR18m, and the Company has EUR27m in cash and equivalents, apart from an undrawn credit line.

2022-2027 estimates

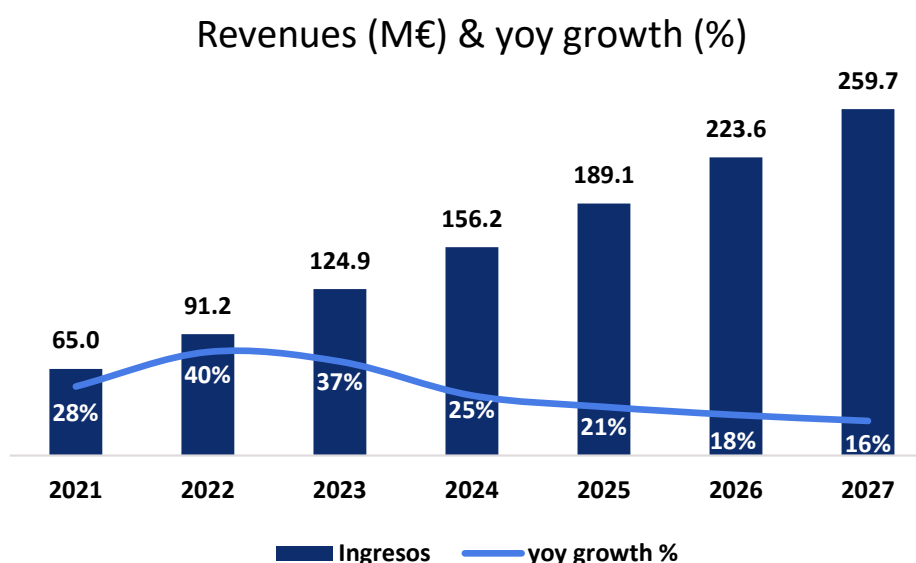
We expect the trend seen during the first half of the year to continue, estimating a normalised EBITDA margin of 12.5% for 2022, reaching EUR11.4m.

We assume that the operating targets set out in the 2023 Strategic Plan will be amply surpassed, with an estimated normalised EBITDA of EUR15.6m for 2023 vs. EUR12.5m forecasted. The revenues will be in line with the Company's target of EUR125m.

Our forecasts as from 2023, in terms of revenues, are based on 13-14% organic growth in the two higher added-value business lines and c.6% in the two lower added-value business lines, in line with the consultancy market's forecasts.

Also included is additional revenues of EUR15m per year proceeding from inorganic growth with a 10% margin.

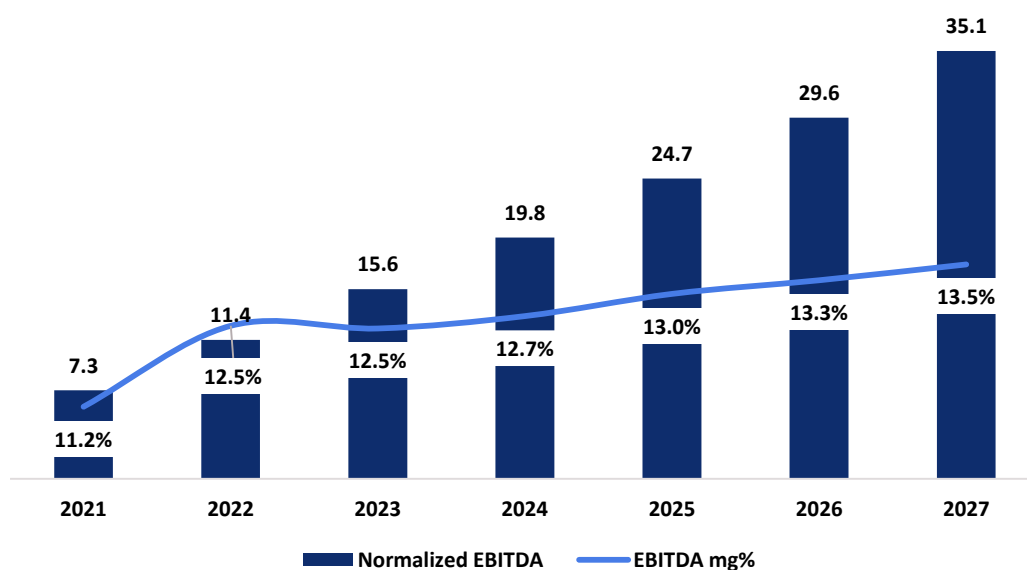
The revenues forecasts (including organic and inorganic growths) is as follows:



Regarding acquisitions, the Company maintains a mixed payment model of which part is cash, another in shares and another usually deferred over three years. The prevision is to change this model and reduce the payment in shares in the future, maintaining an upfront cash payment and a deferred payment over three years (generally 60/40).

At the EBITDA level, we estimate sustained growth in margins in coming years to 13.5% in 2027e. This rise in margins is two-pronged: on one hand an increase in the proportion of higher value-added revenues and, on the other hand, an increase in customer margins as the Company achieves larger and more complex projects. The two higher value-added business lines will increase revenues contribution from c.75% in 2022 to c.88% in 2027e.

Normalized EBITDA (M€) & EBITDA Normalized mg (%)



The intense purchasing activity carried out will result in a negative FCF during the next two years, until the estimated strong EBITDA generation in 2024 offsets M&A and financial expenses. We must bear in mind that c.50% of the debt is at a variable rate and the impact from interest rate hike will be reflected as from 2023 (+EUR14m financial expenses 2023 vs. 2022).

IZERTIS. CF BREAKDOWN (EURm)

	2022e	2023e	2024e	2025e	2026e	2027e
EBITDA	11.1	15.2	19.5	24.3	29.3	34.8
Organic Capex	-1.6	-1.7	-1.7	-1.9	-2.0	-2.1
M&A Capex (cash)	-17.6	-13.0	-11.3	-13.3	-14.8	-14.8
Finance + Taxes	-2.0	-3.4	-4.2	-5.1	-5.9	-6.7
WC	-0.5	-0.4	-0.2	-0.1	0.1	0.2
FCF	-10.6	-3.3	2.1	4.0	6.8	11.3
/ Sales	-12%	-3%	1%	2%	3%	4%

Source: Izertis & GVC Gaesco Valores Estimates

In recent months, the Company has carried out a number of financial initiatives such as the concession of a EUR8m loan on behalf of Crisae (entity that belongs to Banco Sabadell) and the traditional 3-month promissory notes for EUR10m and EUR8m.

Due to the above, the net debt stands as follows:

DEBT NET CALCULATION	2022e	2023e	2024e	2025e	2026e	2027e
Debt net at closing	33.5	39.9	38.8	38.1	32.9	26.4
EBITDA	11.1	15.2	19.5	24.3	29.3	34.8
DN/EBITDA	3.0x	2.6x	2.0x	1.6x	1.1x	0.8x

Source: Izertis & GVC Gaesco Valores Estimates

We expect gross debt to drop as from 2025e and below 1x in 2027e, thanks to the strong EBITDA growth and robust cash generation estimated as from 2026.

Valuation

Based on the above, we reach a value of EUR10.7 per share, showing c.35% upside potential over current trading prices. The terminal value is 76.8% (vs. 87.9% previous) and used 9.0% WACC and g=1.9%. The terminal EV/EBITDA is 8.9% and P/E'27e 20.8x.

IZERTIS. DCF VALUATION

CASH FLOW (EURm)	2019	2020	2021	2022e	2023e	2024e	2025e	2026e	2027e	2028e	2029e	2030e	VR			
Sales	46.3	50.7	65.0	91.2	124.9	156.2	189.1	223.6	259.7	295.0	331.7	370.0	377.1			
EBITDA	4.0	7.7	7.2	11.1	15.2	19.5	24.3	29.3	34.8	40.0	45.2	50.7	52.8			
<i>EBITDA M.</i>	8.6%	15.1%	11.0%	12.2%	12.2%	12.5%	12.9%	13.1%	13.4%	13.5%	13.6%	13.7%	14.0%			
DDA	-3.0	-3.9	-5.6	-7.5	-9.1	-10.5	-11.8	-13.4	-14.8	-16.2	-17.6	-19.1	-19.6			
EBIT	1.0	3.8	1.6	3.6	6.2	9.0	12.5	15.9	20.0	23.7	27.6	31.7	33.2			
<i>Effective tax rate</i>	-29.6%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%			
NOPLAT	1.2	2.8	1.2	2.7	4.6	6.8	9.4	11.9	15.0	17.8	20.7	23.8	24.9			
Depreciation&other provisions	3.0	3.9	5.6	7.5	9.1	10.5	11.8	13.4	14.8	16.2	17.6	19.1	19.6			
Gross Operating Cash Flow	4.3	6.7	6.8	10.2	13.7	17.2	21.2	25.3	29.8	34.0	38.3	42.8	44.5			
Capex	-2.5	-1.6	-3.7	-35.2	-14.7	-13.0	-15.2	-16.8	-16.9	-15.5	-15.2	-14.8	-14.0			
Capex/sales	5.3%	3.2%	5.7%	38.5%	11.8%	8.3%	8.0%	7.5%	6.5%	5.2%	4.6%	4.0%	3.7%			
Change in Net Working Capital	0.2	0.5	-3.4	-0.5	-0.4	-0.2	-0.1	0.1	0.2	0.3	0.4	0.5	0.4			
Cash Flow to be discounted	2.0	5.6	-0.3	-25.5	-1.4	4.0	6.0	8.6	13.1	18.8	23.5	28.5	31.0			
DCF VALUATION (EUR m)																
WACC					9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%			
Discount Rate factor					1.00	0.92	0.84	0.77	0.71	0.65	0.60	0.55	0.50			
Discounted Cash Flow					-1.4	3.7	5.0	6.7	9.3	12.3	14.0	15.6				
Cumulated DCF					-1.4	2.3	7.3	14.0	23.2	35.5	49.5	65.1				
WACC & DCF ANALYSIS																
Free Risk Rate (10y Govn. Bonds)	3.5%												Cumulated DCF	65.1	- Net Financial Debt (22) **	33.0
Company Risk Factor or Beta	1.3												Perpetual Growth Rate (g)	1.9%	- Minorities (estimated value)	0.3
Mkt Risk Premium	5.0%												Normalised Annual CF	31.0	+ Associates	0.0
Cost of Equity (Ke or COE)	9.9%												Terminal Value at Nominal Year	447.8	- Pension underfunding	0.0
Cost of Debt (gross)	8.0%												Disc. Rate of Terminal Value	0.5	- Off-balance sheet commitm.	0.0
Debt Tax Rate	25.0%												Discounted Terminal Value	225.5		
Cost of Debt net (kd or COD)	6.0%												Financial assets	6.3	Equity Market Value (EUR m)	263.7
Target Gearing (D/E) or % Kd	25%												Enterprise Value (EURm)	296.9	Number of shares (m)	24.6
% Ke	75%														Fair Value per share (EUR)	10.7
Normative Tax Rate	25%														Price (EUR)	7.9
WACC	9.0%														Potential upside (downside)	35%

Source: GVC Gaesco Valores Estimates

We have considered the recent share issues realised by the Company for M&A consideration payments and estimate closing the year with c.25m shares. For the payments in shares to be made in 2023 we consider these cash in M&A capex, included in the previous table.

The implied multiples in our valuation are:

	2021	2022e	2023e	2024e	2025e	2026e	2027e	2028e	2029e	2030e
EV/Sales	4.6x	3.3x	2.4x	1.9x	1.6x	1.3x	1.2x	1.0x	0.9x	0.8x
EV/EBITDA	41.8x	27.1x	19.7x	15.4x	12.3x	10.2x	8.6x	7.5x	6.7x	5.9x
P/E	683.6x	173.4x	97.1x	55.4x	36.1x	26.6x	20.2x	16.4x	13.6x	11.5x

Below is the sensitivity analysis assumptions:

DCF VALUATION SENSITIVITY. WACC vs. g

		Perpetuity growth rate				
		0.9%	1.4%	1.9%	2.4%	2.9%
W.A.C.C.	8.5%	10.3	11.0	11.8	12.8	13.9
	8.7%	9.8	10.5	11.2	12.1	13.1
	9.0%	9.4	10.0	10.7	11.5	12.4
	9.2%	9.0	9.6	10.2	10.9	11.8
	9.5%	8.6	9.1	9.7	10.4	11.2

Source: GVC Gaesco Valores Estimates

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

WACC	Residual Adj. EBITDA M.					
		13.0%	13.5%	14.0%	14.5%	15.0%
8.5%		10.9	11.4	11.8	12.3	12.8
8.7%		10.4	10.8	11.3	11.7	12.1
9.0%		9.9	10.3	10.7	11.1	11.5
9.2%		9.4	9.8	10.2	10.6	11.0
9.5%		9.0	9.3	9.7	10.1	10.5

Source: GVC Gaesco Valores Estimates

Peers

Although in Spain there are listed companies in the technology sector (Indra, Altia, Cuatrochenta, Making Science, etc) we do not consider these comparable to Izertis as the weight of their activities in high added-value services is lower.

At the international level, there are more comparative companies such as Nagarro in Germany, Reply in Italy, NNIT AS and NetCompany in Denmark, and in US Epam Systems, Globant and Endava.

Below we have included a comparative table with the main lines:

Company	Price change ytd	EV/EBITDA 22e	EV/EBITDA 23e	Market Cap/Sales 22e	Market Cap/Sales 23e
IZERTIS	-2.9%	20.0	14.6	2.1	1.5
Nagarro	-45.7%	11.7	9.8	1.5	1.3
Reply	-32.4%	13.0	11.2	2.2	2.0
NNIT AS	-43.8%	16.7	8.7	0.6	0.6
NetCompany	-61.1%	16.1	13.5	2.4	2.1
Epam Sitemes	-42.6%	22.6	18.4	4.2	3.5
Globant	-38.1%	21.3	16.7	4.5	3.6
Endava	-52.0%	21.9	16.5	6.2	4.8
Market average	-45%	17.6	13.5	3.1	2.5

In the table above we can observe how the strong drop in the market in 2022 has drastically reduced trading multiples in the sector (especially in European companies, whereas the American companies maintain an EV/EBITDA'22 above 20x). Izertis has maintained stable trading prices thanks to its good performance and the maintenance (or even improvement) of estimates, whereas its peers have seen future growth forecasts cut.

ESG Focus

Since our initial coverage report, the Company has intensified and improved its ESG reporting.

Specifically, it has included in its Statement of Non-Financial Information a section on the SDGs, detailing the targets to be met in the coming years.



Izertis' activity focuses on the following specific objectives that are more closely related to its business lines:

Goal 1: Eradication of poverty. Izertis contributes to the target of implementing nationally appropriate social protection systems and measures for all and, by 2030, achieving broad coverage of the poor and most vulnerable. In doing so, it aims to ensure that all men and women, particularly the poor and most vulnerable, have equal rights to economic resources, as well as access to basic services, ownership and control over land and other assets, inheritance, natural resources, new technologies and economic services, including microfinance.

In this context, Izertis has in recent years donated disused, damaged, and obsolete computer equipment and components to the Mar de Niebla Foundation in Gijón for the students who obtain the Certificate of Professionalism in "Auxiliary operations for the assembly and maintenance of systems". The aim of this donation is that the students can learn how to repair them and then donate them to families or organisations that need them most.

Goal 2: Action against Hunger. Annual collaboration with Food Banks.

Goal 3: Health and well-being. In addition to various occupational safety policies, the Company won the tender organised by the Government of Cape Verde and the World Bank for the creation of personal digital identifiers (DID) to collect all the health information of national and foreign patients in the country. The project has been implemented thanks to blockchain technology, allowing each person to be the bearer of their data in a "unique and immutable" way.

Goal 4: Quality education. The Company is committed to providing access to an increasing number of young people and adults with the necessary skills, particularly technical and professional skills, to access employment, decent work and entrepreneurship, ensuring equal access for men and women. In this regard, 377 professionals were added to the workforce in 2021, 31% of whom were women. In addition, a Blockchain chair led by Izertis has been created at the Pompeu Fabra University.

Goal 5: Gender equality. This target focuses on ensuring the full and effective participation of women and equal opportunities for leadership at all decision-making levels in political, economic and public life. Thus, by the end of 2021, 32.3% of the total workforce, 33.3% of the Management Committee and 25% of the Board of Directors were women.

Goal 7: Affordable and sustainable energy. 90% of contracted energy comes from renewable sources.

Goal 9: Industry, innovation and infrastructure. Increase of >40% of the innovation budget compared to 2020.

Goal 10: Reduce inequalities. Equality Plan implemented for mandatory use.

Goal 12: Responsible consumption. Increased efforts to recycle materials.

Goal 13: Climate action. Climate awareness and recycling projects in Africa.

Goal 17: Partnerships. In 2021, the Company joined the Global Alliance for the development of the blockchain ecosystem in Latin America and the Caribbean: LACChain with the aim of collaborating in the dissemination and development of blockchain project materials.

We highlight this ESG evolution of the Company, which will continue to evolve in the following years.

Conclusion

A year since we have initiated coverage, we can confirm that the Company is executing its plan to perfection, the integration of companies continues at a high pace and the Group's organic growth is above 10%.

The Company is becoming better known and can bid for larger projects, thus allows organic growth and to be more attractive in M&A operations, where the seller is aware of Izertis' growth potential.

Margins are growing despite the tough market context and the Company is executing integrations in record time.

The market is very active and intense corporate moves seen in 2022 is expected to continue in 2023 onwards, therefore our estimates continue to count on inorganic growth accompanying organic growth.

In our opinion, the Company's growth potential remains intact, and this is the first year that coverage has reduced its execution risk despite the market conditions.

Izertis: Summary tables

PROFIT & LOSS (EURm)	12/2019	12/2020	12/2021	12/2022e	12/2023e	12/2024e
Sales	46.3	50.7	65.0	91.2	125	156
Cost of Sales & Operating Costs	-41.7	-45.5	-57.8	-79.8	-109.4	-136.4
Non Recurrent Expenses/Income	0.0	0.0	0.0	0.0	0.0	0.0
EBITDA	4.6	5.3	7.3	11.4	15.6	19.8
EBITDA (adj.)*	4.6	5.3	7.3	11.4	15.6	19.8
Depreciation	-3.0	-3.9	-5.6	-7.5	-9.1	-10.5
EBITA	1.6	1.4	1.7	3.9	6.5	9.3
EBITA (adj)*	1.6	1.4	1.7	3.9	6.5	9.3
Amortisations and Write Downs	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	1.6	1.4	1.7	3.9	6.5	9.3
EBIT (adj.)*	1.6	1.4	1.7	3.9	6.5	9.3
Net Financial Interest	-0.4	-1.4	-0.9	-1.5	-2.5	-2.6
Other Financials	0.0	0.0	0.0	0.0	0.0	0.0
Associates	-0.1	-0.4	0.0	0.0	0.0	0.0
Other Non Recurrent Items	-0.6	2.4	-0.1	-0.3	-0.3	-0.3
Earnings Before Tax (EBT)	0.5	1.9	0.7	2.1	3.7	6.4
Tax	-0.2	-0.5	-0.3	-0.5	-0.9	-1.6
<i>Tax rate</i>	<i>46.3%</i>	<i>27.9%</i>	<i>45.8%</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)	0.3	1.4	0.4	1.5	2.8	4.8
Net Profit (adj.)	0.3	1.4	0.4	1.5	2.8	4.8
CASH FLOW (EURm)	12/2019	12/2020	12/2021	12/2022e	12/2023e	12/2024e
Cash Flow from Operations before change in NWC	3.4	5.7	6.0	9.1	11.8	15.3
Change in Net Working Capital	0.2	0.5	-3.4	-0.5	-0.4	-0.2
Cash Flow from Operations	3.5	6.2	2.6	8.5	11.4	15.1
Capex	-2.5	-1.6	-1.9	-1.6	-1.7	-1.7
Net Financial Investments	0.0	0.0	-1.8	-33.6	-13.0	-11.3
Free Cash Flow	1.1	4.5	-1.1	-26.6	-3.3	2.1
Dividends	0.0	0.0	0.0	0.0	0.0	0.0
Other (incl. Capital Increase & share buy backs)	-2.4	0.1	-3.6	7.5	-3.1	-1.0
Change in Net Financial Debt	-1.4	4.7	-4.7	-19.1	-6.4	1.1
NOPLAT	1.6	1.4	1.7	3.9	6.5	9.3
BALANCE SHEET & OTHER ITEMS (EURm)	12/2019	12/2020	12/2021	12/2022e	12/2023e	12/2024e
Net Tangible Assets	1.9	1.8	1.6	1.7	1.7	1.8
Net Intangible Assets (incl. Goodwill)	20.2	26.7	39.6	58.4	65.8	72.9
Right-of-Use Assets (Lease Assets)	0.0	0.0	0.0	0.0	0.0	0.0
Net Financial Assets & Other	3.1	5.5	5.6	5.2	4.9	4.8
Total Fixed Assets	25.2	33.9	46.9	65.4	72.5	79.4
Inventories	0.0	0.4	0.8	0.9	0.9	1.0
Trade receivables	12.9	12.3	14.6	15.8	16.9	17.9
Other current assets	2.1	0.7	1.1	1.2	1.3	1.3
Cash (-)	-4.2	-15.0	-37.7	-30.2	-30.8	-31.4
Total Current Assets	19.2	28.5	54.3	48.1	49.9	51.7
Total Assets	44.4	62.4	101.2	113.4	122.4	131.1
Shareholders Equity	15.6	23.6	32.0	31.7	34.4	39.2
Minority	0.2	0.2	0.3	0.3	0.3	0.3
Total Equity	15.7	23.8	32.2	32.0	34.7	39.5
Long term interest bearing debt	9.1	16.8	35.3	46.4	52.9	52.8
Provisions	0.0	0.0	0.0	0.0	0.0	0.0
Lease Liabilities	0.0	0.0	0.0	0.0	0.0	0.0
Other long term liabilities	1.7	3.8	5.0	4.8	4.5	4.1
Total Long Term Liabilities	10.8	20.6	40.3	51.2	57.4	56.9
Short term interest bearing debt	9.4	7.9	16.8	17.3	17.8	17.4
Trade payables	5.4	5.7	5.1	5.7	6.5	7.4
Other current liabilities	3.1	4.3	6.8	7.3	6.0	10.0
Total Current Liabilities	17.9	17.9	28.6	30.3	30.3	34.7
Total Liabilities and Shareholders' Equity	44.4	62.4	101.2	113.4	122.4	131.1
Net Capital Employed	31.8	37.4	51.6	70.3	79.1	82.3
Net Working Capital	7.5	7.0	10.4	11.0	11.4	11.5
GROWTH & MARGINS	12/2019	12/2020	12/2021	12/2022e	12/2023e	12/2024e
<i>Sales growth</i>	<i>26.1%</i>	<i>9.5%</i>	<i>28.2%</i>	<i>40.3%</i>	<i>36.9%</i>	<i>25.1%</i>
EBITDA (adj.)* growth	40.8%	14.2%	38.0%	56.9%	36.4%	27.1%
<i>EBITA (adj.)* growth</i>	<i>26.7%</i>	<i>-13.2%</i>	<i>20.3%</i>	<i>131.7%</i>	<i>68.1%</i>	<i>43.1%</i>
<i>EBIT (adj.)* growth</i>	<i>26.7%</i>	<i>-13.2%</i>	<i>20.3%</i>	<i>131.7%</i>	<i>68.1%</i>	<i>43.1%</i>

Izertis: Summary tables

GROWTH & MARGINS	12/2019	12/2020	12/2021	12/2022e	12/2023e	12/2024e
Net Profit growth	-55.3%	447.6%	-71.6%	294.3%	78.5%	75.4%
EPS adj. growth	-55.3%	440.4%	-73.8%	274.5%	78.5%	75.4%
DPS adj. growth						
EBITDA (adj)* margin	10.0%	10.4%	11.2%	12.5%	12.5%	12.7%
EBITA (adj)* margin	3.5%	2.7%	2.6%	4.3%	5.2%	6.0%
EBIT (adj)* margin	3.5%	2.7%	2.6%	4.3%	5.2%	6.0%
RATIOS	12/2019	12/2020	12/2021	12/2022e	12/2023e	12/2024e
Net Debt/Equity	0.9	0.4	0.4	1.0	1.2	1.0
Net Debt/EBITDA	3.1	1.8	2.0	2.9	2.6	2.0
Interest cover (EBITDA/Fin.interest)	11.8	3.7	8.5	7.6	6.2	7.7
Capex/D&A	81.6%	42.3%	34.5%	20.6%	18.8%	16.2%
Capex/Sales	5.3%	3.2%	3.0%	1.7%	1.4%	1.1%
NWC/Sales	16.3%	13.9%	16.0%	12.0%	9.1%	7.4%
ROE (average)	2.1%	7.0%	1.4%	4.8%	8.3%	13.1%
ROCE (adj.)	5.4%	3.9%	3.2%	5.5%	8.3%	10.8%
WACC	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%
ROCE (adj.)/WACC	0.6	0.4	0.4	0.6	0.9	1.2
PER SHARE DATA (EUR)***	12/2019	12/2020	12/2021	12/2022e	12/2023e	12/2024e
Average diluted number of shares	21.3	21.6	23.4	24.6	24.6	24.6
EPS (reported)	0.01	0.06	0.02	0.06	0.11	0.20
EPS (adj.)	0.01	0.06	0.02	0.06	0.11	0.20
BVPS	0.73	1.09	1.37	1.29	1.40	1.59
DPS	0.00	0.00	0.00	0.00	0.00	0.00
VALUATION	12/2019	12/2020	12/2021	12/2022e	12/2023e	12/2024e
EV/Sales	2.0	3.3	3.0	2.5	1.8	1.5
EV/EBITDA	20.5	31.7	26.9	19.6	14.8	11.6
EV/EBITDA (adj.)*	20.5	31.7	26.9	19.6	14.8	11.6
EV/EBITA	59.1	120.0	116.9	57.8	35.4	24.6
EV/EBITA (adj.)*	59.1	120.0	116.9	57.8	35.4	24.6
EV/EBIT	59.1	n.m.	n.m.	57.8	35.4	24.6
EV/EBIT (adj.)*	59.1	n.m.	n.m.	57.8	35.4	24.6
P/E (adj.)	n.m.	n.m.	n.m.	n.m.	n.m.	40.6
P/BV	5.4	6.9	5.8	6.2	5.7	5.0
Total Yield Ratio	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
EV/CE	3.2	4.7	3.8	3.2	2.9	2.7
OpFCF yield	1.3%	2.8%	0.4%	3.6%	5.0%	6.9%
OpFCF/EV	1.1%	2.7%	0.3%	3.1%	4.2%	5.8%
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)	12/2019	12/2020	12/2021	12/2022e	12/2023e	12/2024e
Price** (EUR)	3.92	7.54	7.98	7.94	7.94	7.94
Outstanding number of shares for main stock	21.3	21.6	23.4	24.6	24.6	24.6
Total Market Cap	83.5	162.8	186.8	195.7	195.7	195.7
Gross Financial Debt (+)	18.5	24.7	52.1	63.7	70.7	70.2
Cash & Marketable Securities (-)	-4.2	-15.0	-37.7	-30.2	-30.8	-31.4
Net Financial Debt	14.4	9.7	14.4	33.5	39.9	38.8
Lease Liabilities (+)	0.0	0.0	0.0	0.0	0.0	0.0
Net Debt	14.4	9.7	14.4	33.5	39.9	38.8
Other EV components	-3.1	-5.5	-5.6	-5.2	-4.9	-4.8
Enterprise Value (EV adj.)	94.7	167.0	195.6	224.0	230.7	229.7

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: Technology/Computer Services

Company Description: Izertis is a technological consulting company that helps customers through its digital transformation with a broad portfolio of services. The company has founded in 1996 by its Presidente and CEO and its growth has been constant since then. Now the company is in a growth momentum both organically and inorganically to consolidate the market.

European Coverage of the Members of ESN

Automobiles & Parts	Mem(*)	L'Oreal	CIC	Finecobank	BAK	Antin Infrastructure	CIC
Brembo	BAK	Lvmh	CIC	Generalfinance	BAK	Applus	GVC
Cie Automotive	GVC	Maisons Du Monde	CIC	Illimity Bank	BAK	Arteche	GVC
Faurecia	CIC	Monnalisa	BAK	Mediobanca	BAK	Avio	BAK
Ferrari	BAK	Ovs	BAK	Poste Italiane	BAK	Biesse	BAK
Gestamp	GVC	Piaggio	BAK	Rothschild & Co	CIC	Bollore	CIC
Indelb	BAK	Richemont	CIC	Food & Beverage	Mem(*)	Bureau Veritas	CIC
Landi Renzo	BAK	Smcp	CIC	Ab Inbev	CIC	Caf	GVC
Michelin	CIC	Swatch Group	CIC	Advini	CIC	Catenon	GVC
Pirelli & C.	BAK	Technogym	BAK	Bonduelle	CIC	Cellnex Telecom	GVC
Plastic Omnium	CIC	Trigano	CIC	Campari	BAK	Cembre	BAK
Renault	CIC	Ubisoft	CIC	Carlsberg As-B	CIC	Chargeurs	CIC
Sogefi	BAK	Energy	Mem(*)	Danone	CIC	Clasquin	IAC
Stellantis	BAK	Cgg	CIC	Diageo	CIC	Cnh Industrial	BAK
Valeo	CIC	Ecoslops	CIC	Ebro Foods	GVC	Corticeira Amorim	CBI
Banks	Mem(*)	Eni	BAK	Enervit	BAK	Ctt	CBI
Banca Mps	BAK	Galp Energia	CBI	Fleury Michon	CIC	Danieli	BAK
Banco Sabadell	GVC	Gas Plus	BAK	Heineken	CIC	Datalogic	BAK
Banco Santander	GVC	Gtt	CIC	Italian Wine Brands	BAK	Enav	BAK
Bankinter	GVC	Maurel Et Prom	CIC	Lanson-Bcc	CIC	Enogia	CIC
Bbva	GVC	Neoen	CIC	Laurent Perrier	CIC	Exel Industries	CIC
Bnp Paribas	CIC	Plc	BAK	Ldc	CIC	Fiera Milano	BAK
Bper	BAK	Repsol	GVC	Lindt & Sprüngli	CIC	Fincantieri	BAK
Caixabank	GVC	Rubis	CIC	Nestle	CIC	Getlink	CIC
Credem	BAK	Saipem	BAK	Orsero	BAK	Global Dominion	GVC
Credit Agricole Sa	CIC	Technip Energies	CIC	Pernod Ricard	CIC	Haulotte Group	CIC
Intesa Sanpaolo	BAK	Technipfmc Plc	CIC	Remy Cointreau	CIC	Interpump	BAK
Societe Generale	CIC	Tecnicas Reunidas	GVC	Tipiak	CIC	Inwit	BAK
Unicaja Banco	GVC	Tenaris	BAK	Vilmorin	CIC	Legrand	CIC
Unicredit	BAK	Totalenergies	CIC	Viscofan	GVC	Leonardo	BAK
Basic Resources	Mem(*)	Vallourec	CIC	Vranken	CIC	Logista	GVC
Acerinox	GVC	Fin. Serv. Holdings	Mem(*)	Healthcare	Mem(*)	Manitou	CIC
Altri	CBI	Cir	BAK	Abionyx Pharma	CIC	Nbi Bearings Europe	GVC
Arcelormittal	GVC	Corp. Financiera Alba	GVC	Amplifon	BAK	Nexans	CIC
Ence	GVC	Digital Magics	BAK	Atrys Health	GVC	Nicolas Correa	GVC
Neodecortech	BAK	Eurazeo	CIC	Biomerieux	CIC	Openjobmetis	BAK
Semapa	CBI	Gbl	CIC	Crossject	CIC	Osai	BAK
The Navigator Company	CBI	Peugeot Invest	CIC	Diasorin	BAK	Prima Industrie	BAK
Tubacex	GVC	Rallye	CIC	El.En.	BAK	Prosegur	GVC
Chemicals	Mem(*)	Tip Tamburi Investment Partners	BAK	Fermentalg	CIC	Prosegur Cash	GVC
Air Liquide	CIC	Wendel	CIC	Fine Foods	BAK	Prysmian	BAK
Arkema	CIC	Fin. Serv. Industrials	Mem(*)	Genfit	CIC	Rai Way	BAK
Plasticos Compuestos	GVC	Dovalue	BAK	Gpi	BAK	Rexel	CIC
Consumer Products & Services	Mem(*)	Nexi	BAK	Guerbet	CIC	Saes	BAK
Abeo	CIC	Tinexta	BAK	Ipsen	CIC	Salcef	BAK
Beneteau	CIC	Financial Services Banks	Mem(*)	Korian	CIC	Schneider Electric Se	CIC
Capelli	CIC	Amundi	CIC	Oncodesign	CIC	Somfy	CIC
De Longhi	BAK	Anima	BAK	Orpea	CIC	Talgo	GVC
Fila	BAK	Azimut	BAK	Prim Sa	GVC	Teleperformance	CIC
Givaudan	CIC	Banca Generali	BAK	Recordati	BAK	Verallia	CIC
Groupe Seb	CIC	Banca Ifis	BAK	Theraclion	CIC	Vidrala	GVC
Hermes Intl.	CIC	Banca Mediolanum	BAK	Vetoquinol	CIC	Zignago Vetro	BAK
Hexaom	CIC	Banca Sistema	BAK	Virbac	CIC	Insurance	Mem(*)
Interparfums	CIC	Bff Bank	BAK	Vytrus Biotech	GVC	Axa	CIC
Kaufman & Broad	IAC	Dea Capital	BAK	Industrial Goods & Services	Mem(*)	Catalana Occidente	GVC
Kering	CIC	Dws	CIC	Alstom	CIC	Generali	BAK

Linea Directa Aseguradora	GVC	Tf1	CIC	Ekinops	CIC	Terna	BAK
Mapfre	GVC	Universal Music Group	CIC	Nos	CBI	Veolia	CIC
Net Insurance	BAK	Vivendi	CIC	Orange	CIC	Voltalia	CIC
Unipolsai	BAK	Vocento	GVC	Parlem Telecom	GVC		
Materials, Construction	Mem(*)	Personal Care, Drug & Grocery S	Mem(*)	Telecom Italia	BAK		
Abp Nocivelli	BAK	Carrefour	CIC	Telefonica	GVC		
Acs	GVC	Casino	CIC	Tiscali	BAK		
Aena	GVC	Jeronimo Martins	CBI	Unidata	BAK		
Atlantia	BAK	Marr	BAK	Vodafone	BAK		
Buzzi Unicem	BAK	Sonae	CBI	Travel & Leisure	Mem(*)		
Cementir	BAK	Unilever	CIC	Accor	CIC		
Cementos Molins	GVC	Winfarm	CIC	Autogrill	BAK		
Crh	CIC	Real Estate	Mem(*)	Compagnie Des Alpes	CIC		
Eiffage	CIC	Igd	BAK	Edreams Odigeo	GVC		
Fcc	GVC	Inmobiliaria Colonial	GVC	Elior	CIC		
Ferrovial	GVC	Inversa Prime	GVC	Fdj	CIC		
Groupe Adp	CIC	Lar España	GVC	Groupe Partouche	IAC		
Groupe Poujoulat	CIC	Merlin Properties	GVC	Hunyvers	CIC		
Groupe Sfpí S.A.	CIC	Realia	GVC	I Grandi Viaggi	BAK		
Heidelberg Cement	CIC	Retail	Mem(*)	Ibersol	CBI		
Herige	CIC	Aramis Group	CIC	Int. Airlines Group	GVC		
Holcim	CIC	Burberry	CIC	Melia Hotels International	GVC		
Imerys	CIC	Fnac Darty	CIC	Nh Hotel Group	GVC		
Maire Tecnimont	BAK	Inditex	GVC	Pierre Et Vacances	CIC		
Mota Engil	CBI	Unieuro	BAK	Sodexo	CIC		
Obrascon Huarte Lain	GVC	Technology	Mem(*)	Utilities	Mem(*)		
Sacyr	GVC	Agile Content	GVC	A2A	BAK		
Saint-Gobain	CIC	Akka Technologies	CIC	Acciona	GVC		
Sergeferrari Group	CIC	Almawave	BAK	Acea	BAK		
Sika	CIC	Alten	CIC	Albioma	CIC		
Spie	CIC	Amadeus	GVC	Alerion Clean Power	BAK		
Tarkett	CIC	Atos	CIC	Audax	GVC		
Thermador Groupe	CIC	Axway Software	CIC	Derichebourg	CIC		
Vicat	CIC	Capgemini	CIC	Edf	CIC		
Vinci	CIC	Cast	CIC	Edp	CBI		
Webuild	BAK	Dassault Systemes	CIC	Enagas	GVC		
Media	Mem(*)	Digital Value	BAK	Encavis Ag	CIC		
Arnoldo Mondadori Editore	BAK	Esi Group	CIC	Endesa	GVC		
Atresmedia	GVC	Exprivia	BAK	Enel	BAK		
Believe	CIC	Gigas Hosting	GVC	Engie	CIC		
Cairo Communication	BAK	Indra Sistemas	GVC	E-Pango	CIC		
Digital Bros	BAK	Izertis	GVC	Erg	BAK		
Fill Up Media	CIC	Lleida.Net	GVC	Greenvolt	CBI		
GI Events	CIC	Memscap	IAC	Hera	BAK		
Il Sole 24 Ore	BAK	Neurones	CIC	Holaluz	GVC		
Ipsos	CIC	Ovhcloud	CIC	Iberdrola	GVC		
Jcdecoux	CIC	Reply	BAK	Iren	BAK		
Lagardere	CIC	Sii	CIC	Italgas	BAK		
M6	CIC	Sopra Steria Group	CIC	Naturgy	GVC		
Mediaset Espana	GVC	Spindox	BAK	Opdenenergy	GVC		
Mfe-Mediaforeurope	BAK	Stmicroelectronics	BAK	Redeia	GVC		
Miogroup	GVC	Tier1 Technology	GVC	Ren	CBI		
Nrj Group	CIC	Visiativ	CIC	Seche Environnement	CIC		
Prisa	GVC	Vogo	CIC	Snam	BAK		
Publicis	CIC	Telecommunications	Mem(*)	Solaria	GVC		
Rcs Mediagroup	BAK	Bouygues	CIC	Solarprofit	GVC		

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

as at 16 November 2022

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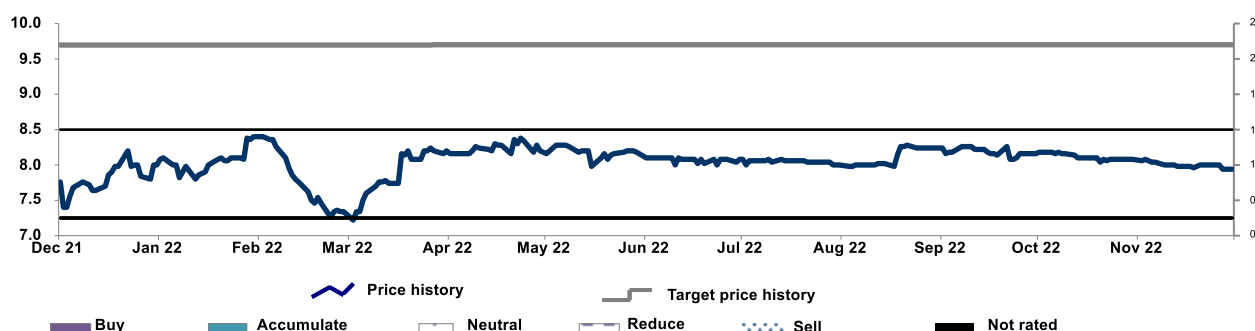
Recommendation history for IZERTIS

Date	Recommendation	Target price	Price at change date
07-Apr-22	Buy	9.70	8.24
29-Nov-21	Buy	9.70	7.20

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)



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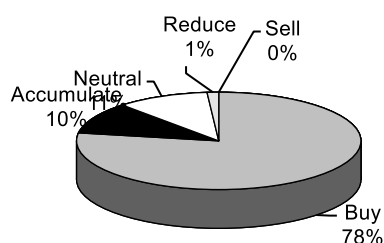
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GVC Gaesco Valores, S.V., S.A. Ratings Breakdown



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