

Company Flash Note

Reason: Company results (post view)

29 September 2023

Buy

Recommendation unchanged

Share price: EUR 3.76

closing price as of 28/09/2023

Target price: EUR 9.00

Target Price unchanged

Upside/Downside Potential 139.2%

Reuters/Bloomberg AGIL.MC/AGIL.SM

Market capitalisation (EURm) 87

Current N° of shares (m) 23

Free float 50%

Daily avg. no. trad. sh. 12 mth (k) 8

Daily avg. trad. vol. 12 mth (k) 1.79

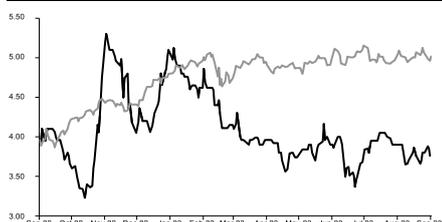
Price high/low 12 months 5.30 / 3.23

Abs Perfs 1/3/12 mths (%) -3.59/-3.59/-5.05

Key financials (EUR)	12/22	12/23e	12/24e
Sales (m)	102	109	118
EBITDA (m)	10	12	14
EBITDA margin	10.1%	10.8%	12.3%
EBIT (m)	(4)	(1)	1
EBIT margin	nm	nm	1.1%
Net Profit (adj.)(m)	(5)	(3)	(0)
ROCE	-4.4%	-1.9%	1.9%
Net debt/(cash) (m)	20	24	19
Net Debt Equity	0.4	0.7	0.6
Net Debt/EBITDA	2.0	2.0	1.3
Int. cover(EBITDA/Fin.int)	8.8	9.1	10.2
EV/Sales	1.2	1.0	0.9
EV/EBITDA	11.6	9.3	7.2
EV/EBITDA (adj.)	11.6	9.3	7.2
EV/EBIT	nm	nm	82.5
P/E (adj.)	nm	nm	nm
P/BV	2.5	2.6	2.8
OpFCF yield	3.4%	5.4%	7.7%
Dividend yield	0.0%	0.0%	0.0%
EPS (adj.)	(0.22)	(0.11)	(0.01)
BVPS	1.73	1.46	1.35
DPS	0.00	0.00	0.00

Shareholders

Knowkors Consulting & Investment 16%; Inveready 10%; Onchena, S.L. 7%;



Source: FactSet

AGILE CONTENT IGBM (Rebased)

Analyst(s)

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Half-year audited accounts: confirming good trends

This morning, the company presented its half-yearly financial statements, in which the results were slightly better than those announced in the July preview. Revenues reached EUR51m (+10% yoy), EBITDA was EUR5.7m (vs EUR5.4m in the earnings preview, with a margin of 11.2% + 0.8bp vs H122) and OpCF was EUR2.4m (+172% yoy vs EUR2.2m in the earnings preview). Net financial debt stands at EUR21.9m (2.0x DN/EBITDA).

- ✓ **Revenues** reached EUR51m, with organic growth of +10%, in line with annual targets. By business, Agile TV Platform grew by +6.8% and Agile TV Technologies by +16.8%. Recurring revenues stood at c.77% of the total.
- ✓ **Agile TV Platform's** growth was driven by **ARPU** growth, which helped to absorb the increase in costs. In August, the company signed agreements with the Italian groups Tessellis and Convergenze to manage its TV service in Italy through Agile TV Platform, extending its success in other providers and capitalizing on the broadband momentum in Italy, where it plans to increase fiber access to more than 7.5 million homes in the next 5 years. The objective of this alliance with these two companies is to offer TV service to the more than 800k broadband customers of the Tessellis and Convergenze group, as well as to new customers.
- ✓ Operating cost control and the generation of synergies allowed the company to deliver **EBITDA** growth of +19% during the half year, improving margin by 0.8bp vs H122, to 11.2%, above our full year estimate.
- ✓ In parallel, this EBITDA growth yields a higher EBITDA to cash conversion, so that **OpCF grows by +174%** to EUR2.4m vs EUR0.9m of H122. This implies a cash conversion of 43% of EBITDA, vs 19% in 2022. As for FCF, it is negative in H1 by EUR1.8m, impacted by the growth of the customer balance at the reporting cut-off date (June), as well as with a capex accrual that impacts more intensely in the first half of the year. For FY23, this metric will be positive, in line with our estimates.
- ✓ These good financial metrics impact debt, which stands at EUR21.9m (2.0x ND/EBITDA) including earn-outs and EUR14.9m excluding these impacts.
- ✓ In summary, the published results **confirm the good trends** observed by the company and give confidence in the achievement of the targets given to the market. In addition, the recent agreements in Italy provide the company with a very interesting growth potential that is not included in our current estimates and could represent a valuation upside. For the time being, we remain conservative and believe that the **current business offers significant upside potential**.

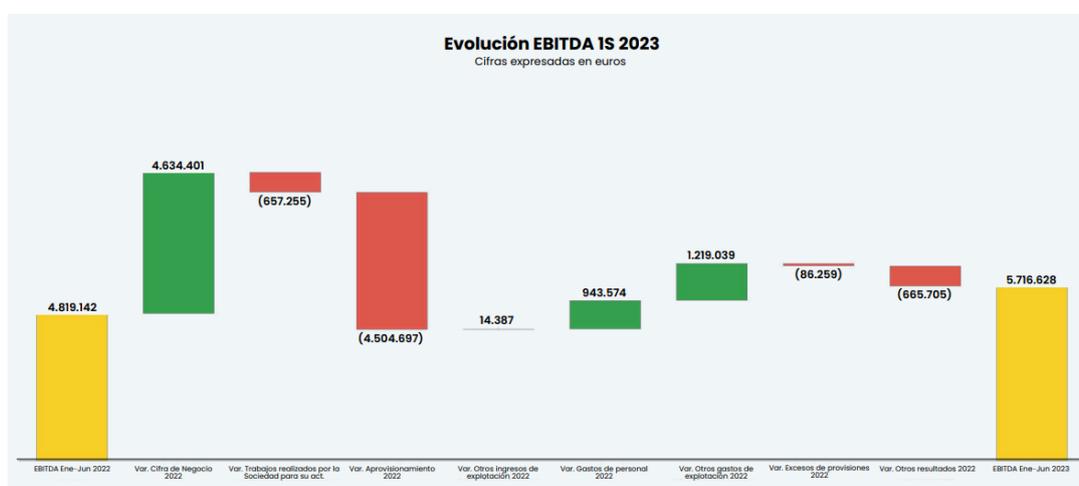
H1 23 audited results

AGILE CONTENT. POST-H1 23 AUDITED RESULTS.

EURm	H1'22	H1'23a	Δ% y/y
Net Revenues	46.4	51.0	10.0%
OpCF	0.9	2.4	172.0%
EBITDA	4.8	5.7	18.3%
% EBITDA M.	10.4%	11.2%	.8pp
Net Debt Position *	20.3	21.9	8.1%
ND/EBITDA adj. Annualized (vs FY22)	2.0x	2.0x	

Source: Agile Content & GVC Gaesco Valores

Half-year EBITDA evolution



The table above shows that the increase in revenues is practically equal to the growth in direct costs and that the improvement in EBITDA comes from synergies and cost efficiencies, both in personnel and operating costs.



Agile Content: Summary tables

PROFIT & LOSS (EURm)	12/2020	12/2021	12/2022	12/2023e	12/2024e	12/2025e
Sales	20.4	54.9	102	109	118	127
Cost of Sales & Operating Costs	-17.2	-49.9	-91.2	-97.3	-103.2	-108.6
Non Recurrent Expenses/Income	-1.2	-2.4	0.0	0.0	0.0	0.0
EBITDA	3.2	5.1	10.3	11.8	14.5	18.6
EBITDA (adj.)*	4.4	7.5	10.3	11.8	14.5	18.6
Depreciation	0.0	0.0	-0.8	0.0	0.0	0.0
EBITA	3.2	5.1	9.5	11.8	14.5	18.6
EBITA (adj)*	4.4	7.5	9.5	11.8	14.5	18.6
Amortisations and Write Downs	-3.2	-8.7	-13.2	-13.2	-13.2	-13.6
EBIT	0.0	-3.6	-3.7	-1.4	1.3	5.0
EBIT (adj.)*	1.2	-1.2	-3.7	-1.4	1.3	5.0
Net Financial Interest	-1.4	-2.1	-1.2	-1.3	-1.4	-1.6
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)	-1.4	-5.7	-4.9	-2.7	-0.2	3.4
Tax	-0.2	-0.0	-0.2	0.1	0.0	-0.9
<i>Tax rate</i>	<i>n.m.</i>	<i>n.m.</i>	<i>n.m.</i>	<i>5.0%</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)	-1.6	-5.8	-5.1	-2.6	-0.1	2.6
Net Profit (adj.)	-2.8	-5.8	-5.1	-2.6	-0.1	2.6
CASH FLOW (EURm)	12/2020	12/2021	12/2022	12/2023e	12/2024e	12/2025e
Cash Flow from Operations before change in NWC	0.4	2.9	8.9	10.6	13.1	16.2
Change in Net Working Capital	3.6	-0.9	4.9	1.6	1.3	1.1
Cash Flow from Operations	4.0	2.0	13.9	12.2	14.4	17.3
Capex	-3.8	-8.7	-10.4	-7.5	-7.8	-8.0
Net Financial Investments	0.0	0.0	0.0	0.0	0.0	0.0
Free Cash Flow	0.2	-6.7	3.4	4.7	6.7	9.2
Dividends	0.0	0.0	0.0	0.0	0.0	0.0
Other (incl. Capital Increase & share buy backs)	-11.3	-31.6	9.9	-16.4	-4.5	-0.1
Change in Net Financial Debt	-11.1	-38.3	13.3	-11.7	2.2	9.2
NOPLAT	0.9	-0.9	-2.8	-1.1	0.9	3.7
BALANCE SHEET & OTHER ITEMS (EURm)	12/2020	12/2021	12/2022	12/2023e	12/2024e	12/2025e
Net Tangible Assets	0.8	0.6	0.6	0.6	0.6	0.6
Net Intangible Assets (incl. Goodwill)	29.3	77.1	71.3	66.1	60.6	55.1
Net Financial Assets & Other	1.3	1.6	1.6	1.6	1.6	1.6
Total Fixed Assets	31.4	79.2	73.5	68.3	62.8	57.3
Inventories	0.8	1.7	1.1	1.1	1.1	1.1
Trade receivables	11.0	20.9	22.8	22.0	21.3	20.6
Other current assets	8.7	4.9	6.0	3.6	3.6	3.6
Cash (-)	-17.0	-14.3	-14.8	-7.7	-11.9	-20.9
Total Current Assets	37.5	41.9	44.7	34.4	37.9	46.3
Total Assets	68.9	121.1	118.2	102.7	100.7	103.5
Shareholders Equity	27.6	44.4	40.0	33.7	31.3	33.8
Minority	0.0	2.1	6.4	0.0	0.0	0.0
Total Equity	27.6	46.4	46.4	33.7	31.3	33.8
Long term interest bearing debt	8.1	25.2	26.7	26.4	26.1	25.8
Provisions	0.0	0.2	0.1	0.1	0.1	0.1
Other long term liabilities	0.3	0.3	0.3	0.3	0.3	0.3
Total Long Term Liabilities	8.4	25.7	27.1	26.8	26.5	26.2
Short term interest bearing debt	14.9	17.5	8.2	4.9	5.0	5.1
Trade payables	16.2	26.2	32.4	33.1	33.8	34.3
Other current liabilities	1.8	5.2	4.1	4.1	4.1	4.1
Total Current Liabilities	32.9	48.9	44.7	42.2	43.0	43.5
Total Liabilities and Shareholders' Equity	68.9	121.1	118.2	102.7	100.7	103.5
Net Capital Employed	34.0	75.4	66.9	57.7	50.9	44.2
Net Working Capital	-4.4	-3.6	-8.5	-10.1	-11.4	-12.5
GROWTH & MARGINS	12/2020	12/2021	12/2022	12/2023e	12/2024e	12/2025e
<i>Sales growth</i>	<i>85.8%</i>	<i>169.3%</i>	<i>84.8%</i>	<i>7.4%</i>	<i>7.9%</i>	<i>8.1%</i>
EBITDA (adj.)* growth	77.9%	68.3%	38.1%	14.3%	23.2%	28.3%
<i>EBITA (adj.)* growth</i>	<i>77.9%</i>	<i>68.3%</i>	<i>27.4%</i>	<i>23.8%</i>	<i>23.2%</i>	<i>28.3%</i>
<i>EBIT (adj)* growth</i>	<i>801.2%</i>	<i>n.m.</i>	<i>n.m.</i>	<i>n.m.</i>	<i>n.m.</i>	<i>294.7%</i>

Agile Content: Summary tables

GROWTH & MARGINS	12/2020	12/2021	12/2022	12/2023e	12/2024e	12/2025e
Net Profit growth	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
EPS adj. growth	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
DPS adj. growth						
EBITDA (adj)* margin	21.7%	13.6%	10.1%	10.8%	12.3%	14.6%
EBITA (adj)* margin	21.7%	13.6%	9.4%	10.8%	12.3%	14.6%
EBIT (adj)* margin	5.9%	n.m.	n.m.	n.m.	1.1%	3.9%
RATIOS	12/2020	12/2021	12/2022	12/2023e	12/2024e	12/2025e
Net Debt/Equity	0.2	0.6	0.4	0.7	0.6	0.3
Net Debt/EBITDA	1.9	5.6	2.0	2.0	1.3	0.5
Interest cover (EBITDA/Fin.interest)	2.3	2.4	8.8	9.1	10.2	11.9
Capex/D&A	117.1%	100.4%	74.5%	56.8%	58.7%	59.0%
Capex/Sales	18.5%	15.9%	10.3%	6.9%	6.6%	6.3%
NWC/Sales	-21.8%	-6.5%	-8.4%	-9.2%	-9.7%	-9.8%
ROE (average)	-13.9%	-16.0%	-12.0%	-7.0%	-0.4%	7.9%
ROCE (adj.)	3.5%	-1.2%	-4.4%	-1.9%	1.9%	8.7%
WACC	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%
ROCE (adj.)/WACC	0.4	-0.1	-0.5	-0.2	0.2	1.0
PER SHARE DATA (EUR)***	12/2020	12/2021	12/2022	12/2023e	12/2024e	12/2025e
Average diluted number of shares	18.8	21.0	23.1	23.1	23.1	23.1
EPS (reported)	-0.09	-0.27	-0.22	-0.11	-0.01	0.11
EPS (adj.)	-0.15	-0.27	-0.22	-0.11	-0.01	0.11
BVPS	1.47	2.11	1.73	1.46	1.35	1.46
DPS	0.00	0.00	0.00	0.00	0.00	0.00
VALUATION	12/2020	12/2021	12/2022	12/2023e	12/2024e	12/2025e
EV/Sales	7.6	3.2	1.2	1.0	0.9	0.7
EV/EBITDA	48.3	34.9	11.6	9.3	7.2	5.1
EV/EBITDA (adj.)*	35.2	23.7	11.6	9.3	7.2	5.1
EV/EBITA	48.3	34.9	12.6	9.3	7.2	5.1
EV/EBITA (adj.)*	35.2	23.7	12.6	9.3	7.2	5.1
EV/EBIT	n.m.	n.m.	n.m.	n.m.	82.5	19.1
EV/EBIT (adj.)*	n.m.	n.m.	n.m.	n.m.	82.5	19.1
P/E (adj.)	n.m.	n.m.	n.m.	n.m.	n.m.	33.7
P/BV	5.5	3.4	2.5	2.6	2.8	2.6
Total Yield Ratio	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
EV/CE	6.1	2.4	1.9	1.9	2.1	2.2
OpFCF yield	0.2%	-4.5%	3.4%	5.4%	7.7%	10.6%
OpFCF/EV	0.2%	-3.8%	2.9%	4.3%	6.4%	9.7%
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)	12/2020	12/2021	12/2022	12/2023e	12/2024e	12/2025e
Price** (EUR)	8.05	7.10	4.36	3.76	3.76	3.76
Outstanding number of shares for main stock	18.8	21.0	23.1	23.1	23.1	23.1
Total Market Cap	151.1	149.4	100.8	86.9	86.9	86.9
Gross Financial Debt (+)	23.0	42.8	34.9	31.3	31.1	30.9
Cash & Marketable Securities (-)	-17.0	-14.3	-14.8	-7.7	-11.9	-20.9
Net Financial Debt	6.0	28.5	20.1	23.6	19.2	10.0
Lease Liabilities (+)						
Net Debt	6.0	28.5	20.1	23.6	19.2	10.0
Other EV components	-1.3	-1.6	-1.6	-1.6	-1.6	-1.6
Enterprise Value (EV adj.)	155.8	176.3	119.3	108.9	104.5	95.3

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/Software

Company Description: Agile Content is a technological Company that offers cloud-based solutions to media companies, telecom enterprises and corporations. Agile's solutions, focused towards the transformations of business to digital, cover the complete lifecycle of multimedia contents, facilitating content creation and distribution to any destination from mobile, social media and websites.



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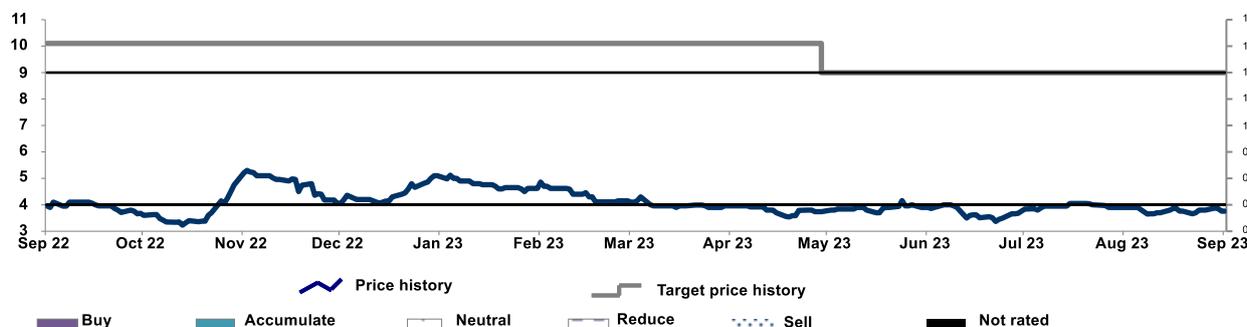
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- has a liquidity contract as outlined by the CNMV's Circular 1/2017 with: Melia Hotels International; Española de Viviendas en Alquiler S.A. (CEVASA); ENCE Energia y Celulosa; Cementos Molins; Desarrollo Especiales de Sistemas de Anclaje, S.A. (DESA).
- has signed a Corporate Brokerage agreement that includes a contractually agreed provision of research services that in return, GVC Gaesco Valores receives a compensation. These reports (sponsored) may/could have been previously shown to the companies: Atrys Health; Audax Renovables; Gigas Hosting; Vytrus Biotech; Nicolás Correa; Prim; Ktesios, Cementos Molins.

Recommendation history for AGILE CONTENT

Date	Recommendation	Target price	Price at change date
26-May-23	Buy	9.00	3.74
04-Apr-22	Buy	10.10	5.90
15-Mar-22	Buy	10.10	6.40
23-Sep-21	Buy	10.11	7.40
14-May-21	Buy	8.70	7.62
20-Nov-20	Buy	8.52	5.97
30-Oct-20	Rating Suspended		6.02

Source: Factset & ESN, price data adjusted for stock splits.

This chart shows GVC Gaesco Valores continuing coverage of this stock; the current analyst may or may not have covered it over the entire period. Current analyst: Juan Peña (since 24/10/2019)



ESN Recommendation System

The ESN Recommendation System is **Absolute**. It means that each stock is rated based on **total return**, measured by the upside/downside potential (including dividends and capital reimbursement) over a **12-month time horizon**. The final responsible of the recommendation of a listed company is the analyst who covers that company. The recommendation and the target price set by an analyst on one stock are correlated but not totally, because an analyst may include in its recommendation also qualitative elements as market volatility, earning momentum, short term news flow, possible M&A scenarios and other subjective elements.



The ESN spectrum of recommendations (or ratings) for each stock comprises 5 categories: **Buy (B), Accumulate (A), Neutral (N), Reduce (R) and Sell (S)**.

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

Meaning of each recommendation or rating:

- **Buy:** the stock is expected to generate total return of **over 15%** during the next 12 months
- **Accumulate:** the stock is expected to generate total return of **5% to 15%** during the next 12 months
- **Neutral:** the stock is expected to generate total return of **-5% to +5%** during the next 12 months
- **Reduce:** the stock is expected to generate total return of **-5% to -15%** during the next 12 months
- **Sell:** the stock is expected to generate total return **under -15%** during the next 12 months
- **Rating Suspended:** the rating is suspended due to: a) a capital operation (take-over bid, SPO, etc.) where a Member of ESN is or could be involved with the issuer or a related party of the issuer; b) a change of analyst covering the stock; c) the rating of a stock is under review by the Analyst.
- **Not Rated:** there is no rating for a stock when there is a termination of coverage of the stocks or a company being floated (IPO) by a Member of ESN or a related party of the Member.

Note: a certain flexibility on the limits of total return bands is permitted especially during higher phases of volatility on the markets

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

Recommendation	Number of stocks covered	%
Buy	62	78%
Accumulate	7	9%
Neutral	9	11%
Reduce	1	1%
Sell	0	0%

For full ESN Recommendation and Target price history (in the last 12 months), please see ESN Website [Link](#)

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