

12m Results 2023

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Business description

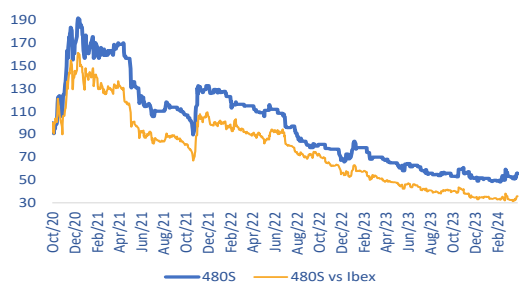
Cuatroochenta (480S), is a technology company specialised in designing, developing and implementing cloud software (SaaS model) and cybersecurity, with proprietary products aimed at optimising specific processes in the business context. Revenues from outside Spain account for c. 35% of the total (mainly Latam). The company has been listed on BME Growth since November 2020.

Market Data

Market Cap (Mn EUR and USD)	21.9	23.3
EV (Mn EUR and USD) ⁽²⁾	27.4	29.1
Shares Outstanding (Mn)	2.7	
-12m (Max/Med/Mín EUR)	9.75 / 8.07 / 6.90	
Daily Avg volume (-12m Mn EUR)	n.m.	
Rotation ⁽³⁾	7.0	
Factset / Bloomberg	480S-ES / 480S SM	
Close fiscal year	31-Dec	

Shareholders Structure (%)⁽⁵⁾

Montesinos family	19.4
Alfredo Cebrián Fuertes	16.8
Sergio Aguado Gonzalez	16.7
Pavasal Group	6.3
Free Float	36.0

Relative performance (Base 100)

Stock performance (%)

	-1m	-3m	-12m	-5Y
Absolute	-5.9	8.8	-17.9	n.a.
vs Ibex 35	-6.2	1.0	-27.6	n.a.
vs Ibex Small Cap Index	-9.7	6.3	-19.3	n.a.
vs Eurostoxx 50	-4.5	-2.5	-27.1	n.a.
vs Sector benchmark ⁽⁴⁾	-3.2	-2.5	-32.6	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 1.

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

(4) vs Stoxx Europe 600 Technology.

(5) Others: Gimeno 111 Estudio de comunicación 3.3%, Inveready 1.4%

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

2023 results: strong organic topline growth and sharp increase in profitability

THE FY23 RESULTS EVIDENCE SIGNIFICANT GROWTH (REVENUE: +20.5% VS 2022) ...

In 2023, 480S generated EUR 20.5Mn of revenue (vs EUR 18.7Mn in 2022), extending its strong organic growth, underpinned by a solid recurring revenue base and the company's international expansion strategy. The cybersecurity business was particularly strong, accounting for 37% of revenue (vs 26% in 2022), at EUR 8.3Mn.

...WITH A GROWING SHARE OF RECURRING REVENUE. In December 2023, recurring revenue (calculated as recurring revenue as of December 2023 x 12 months) amounted to EUR 15.1Mn (67% of revenue), up from EUR 11.9Mn in December 2022 (64% of revenue). Enhanced visibility implies reduced business risk (and therefore should fetch higher multiples).

PROFITABILITY ALSO INCREASED, A TREND WE EXPECT TO CONTINUE IN 2024E.

Recurring EBITDA amounted to EUR 0.9Mn (vs EUR 0.7Mn in 2022, excluding capitalised costs and grants). The jump in scale has already been accomplished: we expect 480S to be able to unlock economies of scale in 2024e to generate c.EUR 2Mn of recurring EBITDA (vs EUR 0.9Mn in 2023).

KEEPING FINANCIAL LEVERAGE IN CHECK. 480S ended 2023 with EUR 6.9Mn of net debt (excl. the impact of IFRS 16), implying a ND/equity multiple of 0.7x and a ND/EBITDA multiple of 7.5x. The forecast improvement in recurring EBITDA will boost cash generation, enabling gradual deleveraging. 2023 net profit amounted to EUR 0.2Mn (vs EUR -1.1Mn in 2022).

IN SHORT, SHARP ORGANIC TOPLINE GROWTH, A CLEARCUT IMPROVEMENT IN PROFITABILITY AND WIDE SCOPE FOR GROWTH IN 2024E.

The share price performance of the last 12 months (-17.9%, underperforming the IBEX 35 by -27.6%) has left 480S close to record lows. We think the company's ability to eke out strong organic growth coupled with margin expansion (already visible in 2023e) should provide a catalyst by highlighting the company's high recurring EBITDA and FCF growth potential. The years to come (2024e-2026e) will be key to seeing whether the company can, as we expect, keep up the current revenue growth and margin expansion momentum. We expect it to come through.

Table 1. 2023 Results

EUR Mn	12m23 Real	12m22	12m23 Real vs 12m22
Total Revenues¹	22.5	18.7	20.5%
Gross margin	15.1	13.3	13.3%
Gross Margin (%)	67.0%	71.3%	-4.2 p.p.
Personnel expenses	-11.1	-9.9	12.1%
Other operating expenses	-3.0	-2.6	14.2%
Recurring EBITDA²	0.9	0.7	27.7%
Rec. EBITDA/Revenues	4.1%	3.8%	0.2 p.p.
EBITDA²	1.4	0.5	n.a.
EBITDA/Revenues	6.4%	2.8%	3.6 p.p.
EBIT	0.4	-0.4	197.8%
Net Debt³	6.9	6.6	4.1%

Note 1: Revenues by business line plus other revenues excluding operating and capital grants.

Note 2: EBITDA and Rec. EBITDA adjusted to exclude the impact of capitalised expenses (EUR 0.8Mn in 2022 and EUR 0.6Mn in 2023).

Note 3: Net debt excludes the impact of IFRS 16.

Cuatroochenta (480S) is a BME Growth company

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Appendix 1. EV breakdown at the date of this report

	EUR Mn	Source
Market Cap	21.9	
+ Minority Interests	0.0	12m Results 2023
+ Provisions & Other L/T Liabilities	1.6	12m Results 2023
+ Net financial debt	6.9	12m Results 2023
- Financial Investments	3.0	12m Results 2023
+/- Others		
Enterprise Value (EV)	27.4	

LIGHTHOUSE

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Notes and Reports History

Date of report	Recommendation	Price (EUR)	Target price (EUR)	Period of validity	Reason for report	Analyst
18-Apr-2024	n.a.	8.00	n.a.	n.a.	12m Results 2023	Enrique Andrés Abad, CFA
07-Nov-2023	n.a.	7.55	n.a.	n.a.	9m Results 2023	Enrique Andrés Abad, CFA
26-Sep-2023	n.a.	7.85	n.a.	n.a.	6m Results 2023	Enrique Andrés Abad, CFA
15-Jun-2023	n.a.	9.15	n.a.	n.a.	3m Results 2023	David López Sánchez
12-Jun-2023	n.a.	8.30	n.a.	n.a.	Small & Micro Caps (Spain)	David López Sánchez
25-Apr-2023	n.a.	9.75	n.a.	n.a.	12m Results 2022	David López Sánchez
23-Dec-2022	n.a.	9.80	n.a.	n.a.	9m Results 2022	David López Sánchez
06-Oct-2022	n.a.	11.20	n.a.	n.a.	6m Results 2022 - Estimates downgrade	David López Sánchez
09-Jun-2022	n.a.	16.60	n.a.	n.a.	3m Results 2022	David López Sánchez
18-Mar-2022	n.a.	16.64	n.a.	n.a.	12m 2021 Preliminary results	David López Sánchez
01-Dec-2021	n.a.	18.83	n.a.	n.a.	9m Results 2021 - Estimates downgrade	David López Sánchez
07-Oct-2021	n.a.	15.96	n.a.	n.a.	6m Results 2021	David López Sánchez
22-Apr-2021	n.a.	24.14	n.a.	n.a.	Initiation of Coverage	David López Sánchez

