

1Q24: sharp growth in revenue and profitability. A lot of room for growth in 2024e.

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.

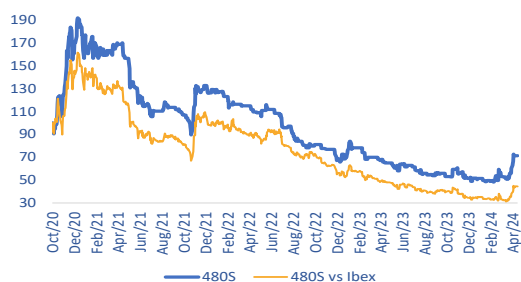
Market Data

Market Cap (Mn EUR and USD)	27.9	30.0
EV (Mn EUR and USD) ⁽²⁾	33.4	36.0
Shares Outstanding (Mn)	2.7	
-12m (Max/Med/Mín EUR)	10.40 / 8.07 / 6.90	
Daily Avg volume (-12m Mn EUR)	n.m.	
Rotation ⁽³⁾	5.9	
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	36.9	44.7	9.7	n.a.
vs Ibex 35	36.9	32.6	-8.1	n.a.
vs Ibex Small Cap Index	32.1	33.6	-0.7	n.a.
vs Eurostoxx 50	38.5	36.9	-4.0	n.a.
vs Sector benchmark ⁽⁴⁾	40.7	45.2	-11.6	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 2.

(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.

1Q24: REVENUE GROWTH REMAINS STRONG ... 480S generated EUR 6.5Mn of revenue in 1Q24, sharp growth (+23.8% vs 1Q23; EUR 5.3Mn), driven by: (i) ongoing strong organic growth, underpinned by a solid recurring revenue base; and (ii) international growth, led mainly by the Sofistic business line, which is gaining share in the revenue mix.

...WITH A GROWING SHARE OF RECURRING REVENUE. In 1Q24, recurring revenue (calculated as recurring revenue as of March 2024 x 12 months) amounted to EUR 15.8Mn (72% of revenue), up from EUR 15.1Mn in December 2023 (67% of revenue). Enhanced visibility implies reduced business risk (and therefore should fetch higher multiples).

ALTHOUGH THE GROSS MARGIN NARROWED... to 61.4% (-7.3pp vs 1Q23). This sharp contraction is attributable to the change in business mix, driven by growth in the sale of third-party licences (cybersecurity business line) relative to proprietary licences and services. For 2024e-2026e, we are estimating a gross margin of c.64%.

... THE RECURRING EBITDA MARGIN EXPANDED (CONSIDERABLY) (+3PP VS 1Q23). Recurring EBITDA amounted to EUR 0.4Mn (vs EUR 0.2Mn in 1Q23, 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).

IN SHORT, SHARP ORGANIC TOPLINE GROWTH AND A CLEARCUT IMPROVEMENT IN PROFITABILITY (WITH UPSIDE FOR 2024). We think the company's ability to eke out strong organic growth coupled with margin expansion (already visible in 2023 and so far in 2024) will provide a catalyst by highlighting the company's high recurring EBITDA and FCF growth potential from current levels by simply leveraging the structure already put in place. The market is paying attention. The company's share price has risen sharply in the last month (+36.9%; +40.7% vs sector). It has not, however, made up for its underperformance -12m. In short, 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 unlock further margin expansion. That is our baseline scenario: CAGR 2023-2026e of c.19% in revenue and recurring EBITDA of c.EUR 4Mn in 2026e. The 1Q24 results confirm that momentum is growing at 480S, a twofold growth story.

Table 1. 1Q24 Results

EUR Mn	3m24 Real	3m23	3m24 Real vs 3m23
Total Revenues¹	6.5	5.3	23.8%
Gross margin	4.0	3.6	10.6%
<i>Gross Margin (%)</i>	<i>61.4%</i>	<i>68.8%</i>	<i>-7.3 p.p.</i>
Personnel expenses	-3.0	-2.8	6.8%
Other operating expenses	-0.6	-0.7	-6.9%
Recurrent EBITDA²	0.4	0.2	n.a.
<i>Rec. EBITDA/Revenues</i>	<i>6.6%</i>	<i>3.6%</i>	<i>3.0 p.p.</i>
EBITDA²	0.4	0.2	n.a.
<i>EBITDA/Revenues</i>	<i>6.8%</i>	<i>3.6%</i>	<i>3.2 p.p.</i>
EBIT	0.3	0.1	343.4%

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.

Cuatroochenta (480S) is a BME Growth company

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Appendix 2. EV breakdown at the date of this report

	EUR Mn	Source
Market Cap	27.9	
+ 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)	33.4	

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Notes and Reports History

Date of report	Recommendation	Price (EUR)	Target price (EUR)	Period of validity	Reason for report	Analyst
07-May-2024	n.a.	10.20	n.a.	n.a.	3m Results 2024	Enrique Andrés Abad, CFA
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

