

Company Profile

Corporate Events

Buy

Recommendation unchanged

Share price: EUR 7.10

closing price as of 27/09/2024

Target price: EUR 10.10

Target Price unchanged

Upside/Downside Potential 42.3%

Reuters/Bloomberg

GIGAH.MC/GIGA SM

Market capitalisation (EURm) 83

Current N° of shares (m) 12

Free float 55%

Daily avg. no. trad. sh. 12 mth (k) 4

Daily avg. trad. vol. 12 mth (k) 8.86

Price high/low 12 months 8.22 / 6.34

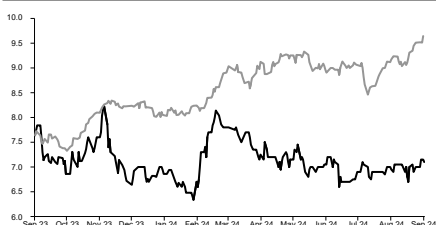
Abs Perfs 1/3/12 mths (%) 2.16/0.71/-7.07

Key financials (EUR)

	12/23	12/24e	12/25e
Sales (m)	68	70	73
EBITDA (m)	15	17	18
EBITDA margin	22.5%	24.1%	24.2%
EBIT (m)	(1)	1	1
EBIT margin	nm	0.9%	1.4%
Net Profit (adj.)(m)	(5)	(3)	(3)
ROCE	-0.5%	0.4%	0.8%
Net debt/(cash) (m)	56	51	47
Net Debt/Equity	1.5	1.5	1.4
Debt/EBITDA	3.7	3.0	2.7
Int. cover(EBITDA/Fin. int)	2.8	3.5	4.0
EV/Sales	2.0	1.9	1.8
EV/EBITDA	9.0	7.9	7.3
EV/EBITDA (adj.)	9.0	7.9	7.3
EV/EBIT	nm	nm	nm
P/E (adj.)	nm	nm	nm
P/BV	2.1	2.3	2.5
OpFCF yield	-2.3%	6.1%	8.6%
Dividend yield	0.0%	0.0%	0.0%
EPS (adj.)	(0.42)	(0.28)	(0.22)
BVPS	3.32	3.04	2.82
DPS	0.00	0.00	0.00

Shareholders

GAEA 34%; Consejeros 6%; Key Wolf, S.L 6%;



Source: FactSet

— Gigas Hosting — IGBM (Rebased)

Analyst(s)

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H124 results: Strong growth in revenues

The facts: The company presented its half-year results yesterday, highlighting strong revenue growth, mainly in cloud services.

GIGAS HOSTING. POST-H1'24 RESULTS.

EURm	H1'23	H1'24	Δ% y/y
Net income	33.3	37.4	12.2%
Cloud, IT & Cibersecurity	12.4	15.2	22.6%
Telecom	20.5	21.7	6.1%
Extraordinary income, subsidies, c	0.5	0.5	5.2%
Supplies	-13.2	-15.4	17.4%
Gross margin	20.2	22.0	8.9%
% gross margin	60.5%	58.7%	-1.8%
Personnel Expenses & others	-6.1	-7.3	19.2%
Personnel costs	-7.9	-8.9	12.5%
Work carried out on its assets	1.8	1.6	-10.7%
Other structure costs	-6.0	-6.1	1.6%
Commercial & Marketing	-1.7	-1.9	12.3%
Network & IT	-2.1	-2.3	9.0%
other general costs	-2.2	-1.9	-13.8%
EBITDA adj	8.1	8.6	6.4%
EBITDA adj M.	24.3%	23.0%	-1.3pp

Source: Gigas Hosting & GVC Gaesco Valores

Our analysis: Revenues in organic terms grew by +11%, with growth in all business lines. The company is focused on growing its cloud services, which deliver high growth and margins, with two clear strategic lines, hosting ERPs (Enterprise Resource Planning) in the cloud and growth in Public Cloud and managed services. The hosting of SAP services continues to grow strongly, especially in Latam. In addition, the company has dedicated efforts to replicate the success of its platform as a service for SAP with other ERPs available in the market, and this commitment is beginning to bear fruit, with approximately 500 ERP customers acquired in the first half of the year, which will translate into good growth in cloud revenues in the coming months. Regarding the second strategic line, the company is driving growth in Public Cloud services, through strategic collaboration agreements with Google and Microsoft, which are complemented with managed services. These new business lines are already starting to contribute to the growth of the cloud business, although this growth is associated with an investment in qualified personnel and commercial actions which, in the short term, will affect the Company's profitability at EBITDA level, but which lay a solid foundation for further growth in the future. Half year EBITDA margin was 23.0%, lower than H123's 24.3% and our FY24 guidance (25%), mainly due to higher personnel costs as a result of the aforementioned focus on growth in strategic areas and the reduction in gross margin in telecom services due to increased competitive intensity. Net debt increased vs. the end of FY23 by EUR8m and closed the half year at 2.6x ND/EBITDA according to the company's report (ex convertible bonds and IRUs).

Conclusion & Action: The company has upgraded its revenue guidance to EUR74-75m in revenues (vs. EUR70m previously), maintaining EBITDA at least EUR17.6m and will hold an earnings call on Thursday 3 at 11CET. Positive results reinforce our confidence in a new growth profile for the company, which continues to evaluate inorganic growth possibilities in the cloud segment.