



Investment Research

Reason: Company Newsflow

30 August 2013

Buy

Recommendation unchanged

Share price: EUR **0.18**

closing price as of 29/08/2013

Target price: EUR **0.24**

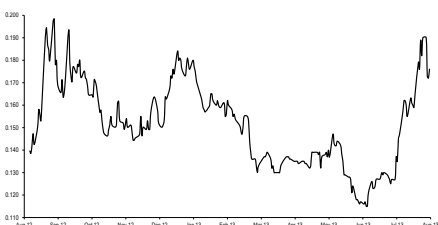
Target Price unchanged

Reuters/Bloomberg

EZEN.MC/EZE SM

Daily avg. no. trad. sh. 12 mth	17,393,750
Daily avg. trad. vol. 12 mth (m)	306.15
Price high 12 mth (EUR)	0.20
Price low 12 mth (EUR)	0.12
Abs. perf. 1 mth	38.6%
Abs. perf. 3 mth	28.5%
Abs. perf. 12 mth	23.5%
Market capitalisation (EURm)	90
Current N° of shares (m)	513
Free float	71%

Key financials (EUR)	12/12	12/13e	12/14e
Sales (m)	182	220	331
EBITDA (m)	11	14	23
EBITDA margin	5.8%	6.2%	7.0%
EBIT (m)	9	8	18
EBIT margin	4.9%	3.8%	5.3%
Net Profit (adj.)(m)	(19)	(5)	2
ROCE	14.9%	10.2%	14.7%
Net debt/(cash) (m)	27	27	28
Net Debt Equity	nm	2.1	1.9
Net Debt/EBITDA	2.5	2.0	1.2
Int. cover(EBITDA/Fin.int)	1.2	2.0	3.6
EV/Sales	0.5	0.5	0.3
EV/EBITDA	8.1	8.4	5.0
EV/EBITDA (adj.)	8.1	8.4	5.0
EV/EBIT	9.5	13.8	6.6
P/E (adj.)	nm	nm	nm
P/BV	nm	11.1	9.2
OpFCF yield	-45.3%	-23.6%	2.6%
Dividend yield			
EPS (adj.)	(0.05)	(0.01)	0.00
BVPS	(0.02)	0.02	0.02
DPS			



Shareholders: Management 10%; EBN 7%; Grupo Frías 5%; Junta Andalucía 4%; Rustraductus 3%;

For company description please see summary table footnote

Rdos 1S13: Internacional con crecimientos del +30%

Ezentis ha publicado resultados del 1S13. La actividad internacional (90% de las ventas del grupo) ha tenido un buen comportamiento, sin embargo la reestructuración de la actividad en España ha continuado afectando a las cifras. La cartera se ha incrementado un 70% desde 1S12 nivel record de los últimos años (1.3x las ventas). Reiteramos nuestra recomendación de Comprar.

EUR m	1S12	1S13	% inc.	% margen 1S12	% margen 1S13
Ventas	74.1	76.3	3.0%		
Internacional	61.0	68.1	11.8%		
Nacional	13.7	6.6	-51.8%		
Otros	-0.58	1.56			
EBITDA	3.2	2.9	-9.2%	4.3%	3.8%
Internacional	4.1	5.3	28.7%	6.7%	7.8%
Nacional	1.2	0.1	-93.9%	8.8%	1.1%
Otros	-2.12	-2.47			
Neto	2.5	-19.6			

Fuente: Bankia Bolsa

- ✓ **Internacional con crecimientos de EBITDA cercanos al +30% (90% de las ventas del grupo):** La parte internacional principalmente centrada en la última milla de telecomunicaciones, agua y electricidad ha tenido un crecimiento de ventas del +12% y de EBITDA del +29% mejorando el margen EBITDA más de 100 pb (en el 2T13 cerca de 200 pb). Todo esto a pesar del efecto negativo del tipo de cambio. Estimamos que la buena evolución orgánica continuará en los próximos trimestres. Además hay que tener en cuenta que las adquisiciones que está realizando darán un crecimiento adicional a la actividad.
- ✓ **Tecnología afectada por el mal momento del mercado nacional:** Esta actividad está centrada 100% en España, y la mala evolución del mercado de IT y la redimensión del área ha generado fuertes descensos. Pensamos que a partir del 3T13 se comenzarán a ver los efectos positivos de los ajustes realizados. Ezentis continúa buscando acuerdos globales para la distribución de productos a terceros y la posible colaboración con otras compañías en grandes concursos.
- ✓ **Diferentes apuntes por debajo de EBITDA:** 1) El principal movimiento que ha hecho Ezentis ha sido contabilizar la participación de Vertice (27.8%) como financiera a EUR 0.052/acc. por lo que a partir de ahora le afectarán los movimientos bursátiles de la compañía. Esto ha hecho que se contabilizara EUR 11.2 m negativos; 2) un ajuste de plantilla en la actividad de Tecnología que ha generado EUR -2.6 m, el cual ha finalizado; y 3) pérdidas de la actividad de Telecom España por valor de EUR 2.3 m, las cuales ya han terminado porque se ha desinvertido en este área.
- ✓ **Conclusión:** Los resultados han sido muy buenos en la principal actividad de la compañía, es decir, la última milla en telecomunicaciones, electricidad y agua a nivel internacional. La reestructuración de la actividad en España al igual que los ajustes que se han realizado en las participaciones que posee (Amper y Vertice 360°) han generado un efecto negativo. Estimamos que a partir del 3T13 los resultados irán mejorando porque comenzaremos a ver los efectos de las mejoras en la actividad de tecnología, no veremos más ajustes negativos por Telecom España, ya que se ha desinvertido en esta actividad, y la división internacional continuará generando buenas cifras. Reiteramos Comprar.

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Ezentis: Summary tables

PROFIT & LOSS (EURm)	12/2009	12/2010	12/2011	12/2012	12/2013e	12/2014e
Sales		282	188	182	220	331
Cost of Sales & Operating Costs		-291	-178	-171	-206	-308
Non Recurrent Expenses/Income		0.0	0.0	0.0	0.0	0.0
EBITDA		-9.2	9.7	10.6	13.7	23.3
EBITDA (adj.)*		-9.2	9.7	10.6	13.7	23.3
Depreciation		-2.3	-1.9	-3.0	-5.4	-5.7
EBITA		-11.5	7.8	7.6	8.3	17.6
EBITA (adj.)*		-11.5	7.8	7.6	8.3	17.6
Amortisations and Write Downs		0.0	-1.3	1.4	0.0	0.0
EBIT		-11.5	6.5	9.0	8.3	17.6
EBIT (adj.)*		-11.5	6.5	9.0	8.3	17.6
Net Financial Interest		-8.0	-13.8	-8.7	-6.9	-6.6
Other Financials		0.0	0.0	0.0	0.0	0.0
Associates		0.0	0.0	0.0	0.0	0.0
Other Non Recurrent Items		0.2	0.0	-16.5	-5.0	-5.0
Earnings Before Tax (EBT)		-19.3	-7.4	-16.2	-3.6	6.0
Tax		-116	-1.3	-1.2	0.0	-1.8
<i>Tax rate</i>		<i>n.m.</i>	<i>n.m.</i>	<i>n.m.</i>	<i>0.0%</i>	<i>30.0%</i>
Discontinued Operations		0.0	-31.0	-0.9	0.0	0.0
Minorities		-0.3	-0.7	-1.2	-1.5	-2.6
Net Profit (reported)		-135	-9.4	-18.6	-5.1	1.7
Net Profit (adj.)		-135	-40.4	-19.4	-5.1	1.7
CASH FLOW (EURm)	12/2009	12/2010	12/2011	12/2012	12/2013e	12/2014e
Cash Flow from Operations before change in NWC		-133	-5.5	-15.8	1.8	9.9
Change in Net Working Capital		15.1	4.5	-4.7	-6.7	-5.6
Cash Flow from Operations		-118	-1.0	-20.5	-4.9	4.3
Capex		-36.6	28.2	-4.4	-16.4	-2.0
Net Financial Investments		53.6	53.1	12.8	0.0	0.0
Free Cash Flow		-101	80.3	-12.0	-21.3	2.3
Dividends		0.0	0.0	0.0	0.0	0.0
Other (incl. Capital Increase & share buy backs)			-25.1	18.5	20.6	-2.6
Change in Net Debt			55.2	6.5	-0.7	-0.2
NOPLAT		-80.5	7.6	9.6	8.3	12.3
BALANCE SHEET & OTHER ITEMS (EURm)	12/2009	12/2010	12/2011	12/2012	12/2013e	12/2014e
Net Tangible Assets		40.3	10.2	11.6	22.6	18.9
Net Intangible Assets (incl. Goodwill)		95.0	30.6	32.4	32.4	32.4
Net Financial Assets & Other		50.0	30.2	34.0	34.0	34.0
Total Fixed Assets		185	71.0	77.9	88.9	85.3
Inventories		11.6	4.0	4.6	5.6	8.4
Trade receivables		146	57.7	39.6	47.9	68.1
Other current assets		69.8	37.1	19.0	19.4	20.4
Cash (-)		-29.4	-6.8	-7.0	-0.1	-0.1
Total Current Assets		256	106	70.3	73.0	97.0
Total Assets		442	177	148	162	182
Shareholders Equity		33.6	5.1	-9.0	8.1	9.8
Minority	1.6	1.9	2.5	3.7	5.1	5.1
Total Equity		35.6	7.6	-5.3	13.2	14.9
Long term interest bearing debt		69.0	16.0	17.0	17.0	17.0
Provisions		42.2	39.0	33.7	33.7	33.7
Other long term liabilities		6.7	4.0	23.4	21.9	21.9
Total Long Term Liabilities		118	59.0	74.1	72.6	72.6
Short term interest bearing debt		48.9	24.2	16.8	10.6	10.8
Trade payables		88.1	39.4	23.8	26.4	43.9
Other current liabilities		151	46.3	38.8	39.1	40.0
Total Current Liabilities		288	110	79.5	76.1	94.7
Total Liabilities and Shareholders' Equity		442	177	148	162	182
Net Capital Employed		173	83.9	78.6	96.3	98.2
Net Working Capital		69.0	22.2	20.5	27.1	32.6
GROWTH & MARGINS	12/2009	12/2010	12/2011	12/2012	12/2013e	12/2014e
<i>Sales growth</i>			-33.5%	-3.0%	21.0%	50.4%
EBITDA (adj.)* growth			<i>n.m.</i>	9.1%	30.2%	69.6%
<i>EBITA (adj.)* growth</i>			<i>n.m.</i>	-2.9%	10.3%	111.1%
<i>EBIT (adj.)* growth</i>			<i>n.m.</i>	39.2%	-7.2%	111.1%



Ezentis: Summary tables

GROWTH & MARGINS	12/2009	12/2010	12/2011	12/2012	12/2013e	12/2014e
Net Profit growth			n.m.	n.m.	n.m.	n.m.
EPS adj. growth			n.m.	n.m.	n.m.	n.m.
DPS adj. growth						
EBITDA (adj)* margin		n.m.	5.2%	5.8%	6.2%	7.0%
EBITA (adj)* margin		-4.1%	4.1%	4.2%	3.8%	5.3%
EBIT (adj)* margin		n.m.	3.4%	4.9%	3.8%	5.3%
RATIOS	12/2009	12/2010	12/2011	12/2012	12/2013e	12/2014e
Net Debt/Equity		2.5	4.4	n.m.	2.1	1.9
Net Debt/EBITDA		-9.6	3.4	2.5	2.0	1.2
Interest cover (EBITDA/Fin.interest)		n.m.	0.7	1.2	2.0	3.6
Capex/D&A		1608.9%	-876.5%	279.9%	303.7%	35.1%
Capex/Sales		13.0%	-15.0%	2.4%	7.4%	0.6%
NWC/Sales		24.5%	11.8%	11.2%	12.3%	9.8%
ROE (average)			-208.4%	1002.5%	1208.3%	18.5%
ROCE (adj.)		-39.4%	12.1%	14.9%	10.2%	14.7%
WACC	10.6%	10.6%	10.6%	10.6%	10.6%	10.6%
ROCE (adj.)/WACC		-3.7	1.1	1.4	1.0	1.4
PER SHARE DATA (EUR)***	12/2009	12/2010	12/2011	12/2012	12/2013e	12/2014e
Average diluted number of shares		317.4	336.9	365.9	513.4	513.4
EPS (reported)		-0.43	-0.03	-0.05	-0.01	0.00
EPS (adj.)		-0.43	-0.12	-0.05	-0.01	0.00
BVPS		0.11	0.02	-0.02	0.02	0.02
DPS						
VALUATION	12/2009	12/2010	12/2011	12/2012	12/2013e	12/2014e
EV/Sales		0.8	0.6	0.5	0.5	0.3
EV/EBITDA		n.m.	12.4	8.1	8.4	5.0
EV/EBITDA (adj.)*		n.m.	12.4	8.1	8.4	5.0
EV/EBITA		-20.0	15.4	11.3	13.8	6.6
EV/EBITA (adj.)*		-20.0	15.4	11.3	13.8	6.6
EV/EBIT		n.m.	18.6	9.5	13.8	6.6
EV/EBIT (adj.)*		n.m.	18.6	9.5	13.8	6.6
P/E (adj.)		n.m.	n.m.	n.m.	n.m.	n.m.
P/BV		4.1	16.5	n.m.	11.1	9.2
Total Yield Ratio		0.0%	0.0%	0.0%	0.0%	0.0%
EV/CE		1.1	1.9	1.3	1.4	1.4
OpFCF yield		-111%	32.3%	-45.3%	-23.6%	2.6%
OpFCF/EV		-67.1%	22.6%	-29.1%	-18.5%	2.0%
Payout ratio						
Dividend yield (gross)						
EV AND MKT CAP (EURm)	12/2009	12/2010	12/2011	12/2012	12/2013e	12/2014e
Price** (EUR)	0.70	0.44	0.25	0.15	0.18	0.18
Outstanding number of shares for main stock	0.0	317.4	336.9	365.9	513.4	513.4
Total Market Cap	0	139	84	55	90	90
Net Debt		88	33	27	27	28
<i>o/w Cash & Marketable Securities (-)</i>		-29	-7	-7	0	0
<i>o/w Gross Debt (+)</i>		118	40	34	28	28
Other EV components		2	3	4	-3	-3
Enterprise Value (EV adj.)		230	120	85	115	115

Source: Company, Bankia Bolsa 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

Sector: Materials, Construction & Infrastructure/Construction

Company Description: Ezentis is organized into two business areas: IT solutions for Information and Communications, and telecommunications solutions. Additionally having a stake in Vértice 360^o, audiovisual services company

ESN Recommendation System

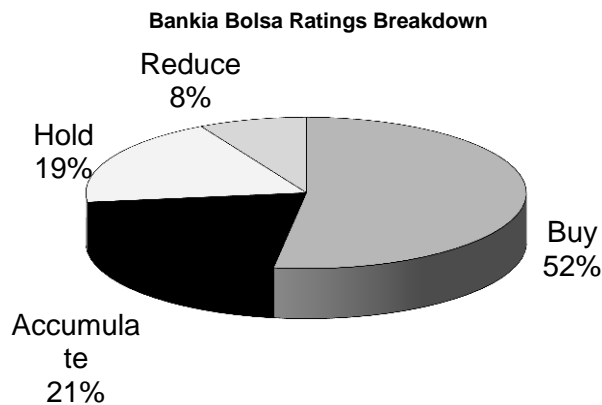
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- **Buy:** the stock is expected to generate total return of **over 20%** during the next 12 months time horizon
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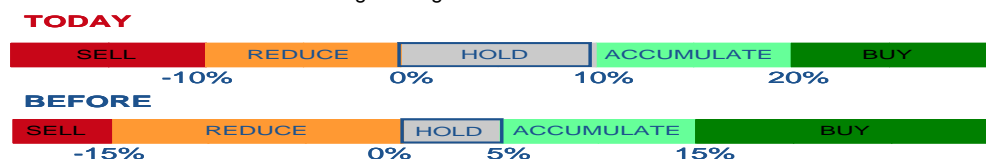


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Since 4 August 2008, the ESN Rec. System has been amended as follow.

- Time horizon changed to 12 months (it was 6 months)
- Recommendations Total Return Range changed as below:



Recommendation history for EZENTIS

Date	Recommendation	Target price	Price at change date
01-Aug-13	Buy	0.24	0.15
27-May-13	Buy	0.25	0.14

Source: Factset & ESN, price data adjusted for stock splits.
 This chart shows Bankia Bolsa continuing coverage of this stock; the current analyst may or may not have covered it over the entire period. Current analyst: Sergio Ruiz Martin (since 17/05/2013)



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- has, during the last year, performed a significant amount of business with ACS.
- through its parent company, Group Bankia, holds relevant financial interests with FCC.
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