Downloaded: 2019-11-21 09:01 User: Peña Ruiz Juan (GVC Gaesco Valores)

Lleida.net

Sponsored Research

Spain | Software & Computer Services

Investment Research

Full Company Report | **Reason: Initiation of coverage** | **20 November 2019**

Buy
from
Share price: EUR 1.13
closing price as of 19/11/2019
Target price: EUR 1.51

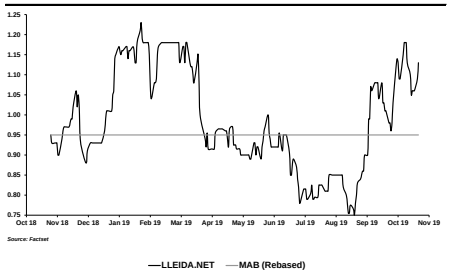
Upside/Downside Potential 33.4%

Reuters/Bloomberg	LLN.MC/LLN SM
Market capitalisation (EURm)	**18**
Current N° of shares (m)	16
Free float	**28%**
Daily avg. no. trad. sh. 12 mth	8
Daily avg. trad. vol. 12 mth (m)	6.22
Price high/low 12 months	1.23 / 0.75
Abs Perfs 1/3/12 mths (%)	11.88/39.51/16.49

Key financials (EUR)	12/18	12/19e	12/20e
Sales (m)	12	13	15
EBITDA (m)	2	2	3
EBITDA margin	*13.6%*	*16.6%*	*21.5%*
EBIT (m)	1	1	2
EBIT margin	*4.3%*	*8.6%*	*14.6%*
Net Profit (adj.)(m)	0	1	2
ROCE	5.9%	12.2%	21.0%
Net debt/(cash) (m)	2	2	2
Net Debt Equity	*0.8*	*0.6*	*0.5*
Net Debt/EBITDA	1.4	0.9	0.7
Int. cover(EBITDA/Fin.int)	14.4	31.5	55.0
EV/Sales	1.4	1.5	1.3
EV/EBITDA	10.2	9.3	6.1
EV/EBITDA (adj.)	10.2	9.3	6.1
EV/EBIT	32.5	18.0	9.1
P/E (adj.)	nm	23.2	11.3
P/BV	4.9	5.1	4.1
OpFCF yield	*2.7%*	*4.2%*	*4.1%*
Dividend yield	*0.0%*	*0.0%*	*0.0%*
EPS (adj.)	0.02	0.05	0.10
BVPS	0.19	0.22	0.27
DPS	0.00	0.00	0.00

Shareholders

Francisco Sapena Soler (Founder) 41%; SEPI Desarrollo Empresarial * 7%; Cántabro Catalana de Inversiones 7%;



Analyst(s)

Juan Peña
juan.pena@gvcgaesco.es
+34 91 436 78 16

A mature start-up

With over 20 years of experience, Lleida.net (LLN) is a Certifying Operator since 2008 and a reference in the field of certified communications and telecommunications. The Company aims to provide security, trust, efficiency and profitability to companies' electronic communications, public administrations and individuals. LLN was created in 1995 as an internet service provider to later become a telecommunications operator, positioning itself as a trusted third party and benefiting from regulated interconnection tariffs. The Company was listed to the MAB in 2015 at EUR1.18/share (-4% vs. yesterday's closing) with the target of capturing EUR5m to support its international expansion and technological development. In 2018, LLN was listed on Euronext Growth.

➢**Apparent commoditized products converted to state-of-the-arts.** For example e-mail and registered SMS; registered invoices; registered email contract; Click & Sign (adapted online registration circuits); Stamphoto (registering photographs); Stamp ID Lleida.net (confirm IDs and passports); Check All and Network (confirmation of telephone numbers); as well as bulk SMs mailing (A2P). According to P&S Research, there is a strong structural growth potential in the global market for electronic signatures, of approximately 6x to USD9.1bn in 5 years since 2017. In 2015, a transformational milestone took place in LLN. Having obtained the ISO 27001 Certification LLN complies with the highest standards in information security. LLN was the first Spanish company to obtain the eIDAS (Certificate of Qualified Electronic Signature which is the equivalent to the signature of a natural person in the EU).

➢**Highly fragmented customer and supplier base.** The Company has over 2,500 active customers that use various LLN products. Consequently, and in light of the high number, LLN is not heavily dependent on any. The Company currently only has one client that represents c. 5% of its billing and the top 10 around 30%.

➢**Highly scalable business model and strong international presence (54% net sales generated abroad).** The operator has offices in Lleida, Madrid, London, Miami, Bogota; and affiliates in Colombia; Dominican Republic, Honduras, India, Chile; Brazil; USA; Ireland and Guatemala. On the other hand, LLN is also present in other countries via country managers. We estimate CAGR 18-22e Sales of +15.3% and EBITDA +27.5%. EBITDA margin should expand greatly in coming years, reaching 26% in 2022e.

➢**Strong balance with the guarantee of shared interests with the founder.** F. J. Sapena (founder and heavily involved in the company's management) holds 40.6% capital. The mentioned together with the ND/EBITDA 2019 under 1x level, implies that LLN could realize M&As without having to increase capital in the short/medium term or issue bonds.

➢**Our valuation points to over 40% upside.** Our fair value of EUR1.51/share, arises from our DCF'18-22e valuation (WACC 12%; g 2.5%, terminal EV/EBITDA 5.7x and 74% weight). The sensitivity analysis is based on the variabilities in sales, terminal EBITDA mg and capex/sales.

Produced by:
GVC Gaesco Valores

Distributed by the Members of ESN (see last page of this report)

For important disclosure information, please refer to the disclaimer page of this report.

All ESN research is available on Bloomberg, "ESNR", Thomson-Reuters, S&P Capital IQ, FactSet

Downloaded: 2019-11-21 09:01 User: Peña Ruiz Juan (GVC Gaesco Valores)

CONTENIDOS

Investment Case in 8 charts 3

Investment Case 4

SWOT ANALYSIS. 6

Differential value proposition 9

Competitive Environment 15

Principle contracts, certifications & patents 17

Advanced 3Q19 results, improving quarter by quarter 19

Estimated 2019-22 results 20

High growth profile with expanding top-line CAGR 18/23e +8% 20

Strong rise in parallel with increasing activity 21

Benefitting in terms of profitability due to the high scalability of activity 21

Fairly stable working capital 21

Capex/sales in a bearish trend 22

FCF boosted by higher operating cash generation 22

Optimum debt levels 23

Hardly any tax burdens in 2019 24

¿Shareholders' remuneration? 24

Valuation 25

DCF18/22e: 25

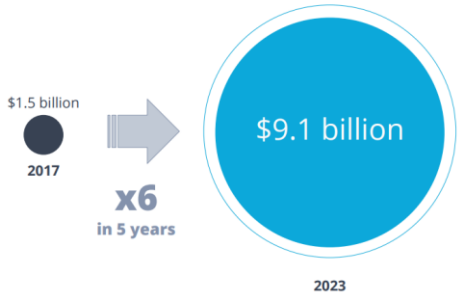
BoD. Offer a more than satisfactory delivery 26

Risks. Attractive binomial potential/doubts. 27

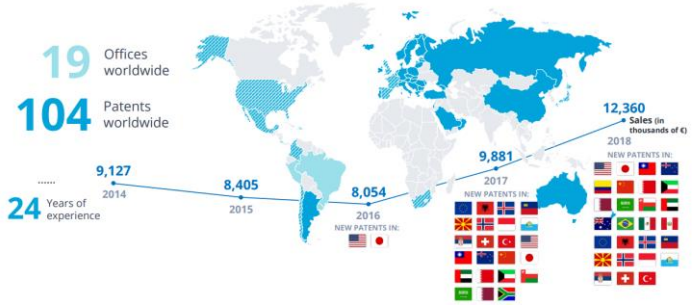
Downloaded: 2019-11-21 09:01 User: Peña Ruiz Juan (GVC Gaesco Valores)

Investment Case in 8 charts

WORLDWIDE E-SIGNATURE MARKET GROWTH. HIGH STRUCTURAL UPSIDE



LLEIDA.NET's GLOBAL PRESENCE



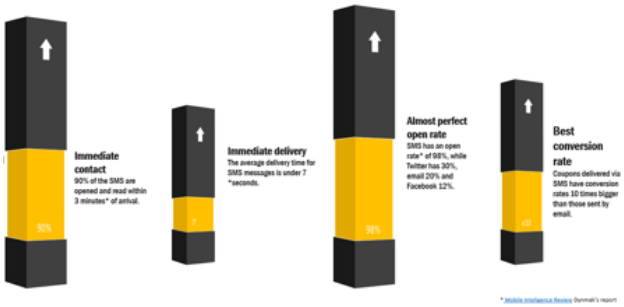
FROM COMMODITIZATION TO STATE-OF-THE-ART SOLUTIONS

Click & Sign is our cloud based eSignature platform.
We provide our API and also a customized version for big companies.

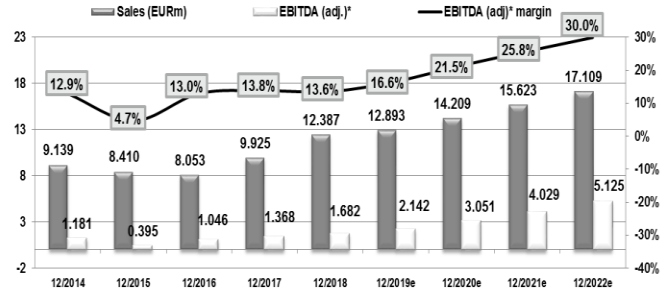
Under eKYC name, we offer a complete framework for Know Your Customer solutions, encompassing features from ID validation to video recorded onboarding.

Openum eIDAS is the cloud based solution for the electronic registered service service compliant to European eIDAS regulation.

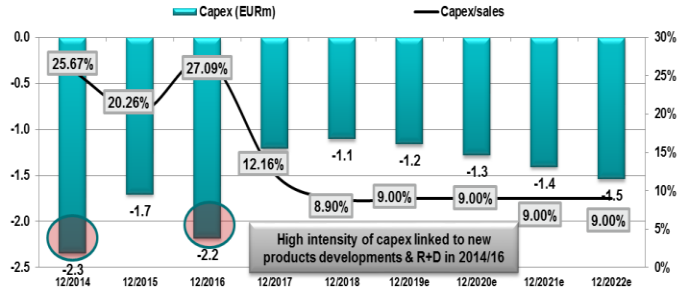
SMS MARKETING PROs



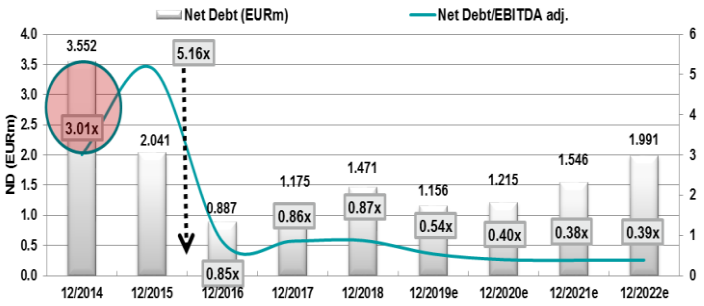
PROFITABILITY IN CRESCENDO DUE TO ITS HIGHLY SCALABLE BUSINESS MODEL



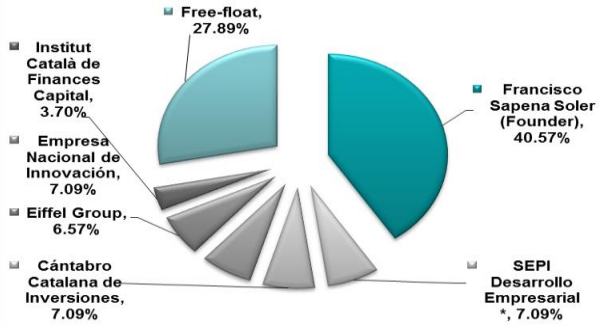
CAPEX EVOLUTION… LOWER INTENSITY IN ORGANIC TERMS



OPTIMAL LEVEL OF LEVERAGE, no need for capital increases or convertibles



RELEVANCE OF ITS FOUNDER IN ITS CAPITAL STRUCTURE



Source: Lleida.Net, P&S Research& GVC Gaesco Valores

Downloaded: 2019-11-21 09:01 User: Peña Ruiz Juan (GVC Gaesco Valores)

Investment Case

Below we have outlined the main pillars behind our investment case:

- **Structural capacity of electronic certifications: 6x potential market in 5 years.** The advantages over traditional mailing such as ordinary post are the higher productivity, efficiency in timing, security, improved client attention and quality of services.

  I. **Opex efficiencies.** Certified email implies reducing costs by 84% vs. traditional certified mail and 86% if compared with messengers.

  II. **Time savings in managing deliveries.** These communications imply using up to 5 minutes maximum vs. a day with traditional mailing and certifications. The response time in these types of communications are also substantially shorter.

  III. **Efficiencies in managing documents.**

  IV. **More agile vs proposals/responses.** Approximately 68% of contracts sent by email or registered SMS receive an answer.

PORTER'S FIVE FORCES ANALYSIS OF THE GLOBAL E-SIGNATURE MARKET



Source: OECD, The World Bank, AHS, HAC, HAI, EHA, AHIA, AHIJ, Expert Interviews and P&S Market Research Analysis

- **In-house technology the unique characteristic.** LLN's offer is known for the in-house technology developed and employed. At 2018, LNN had 105 patents granted (>51 countries, pending valuation by auditors and posterior inclusion to intangible assets and our valuation) that are not yet adequately valued as intangibles. Many of these are linked to the method of certifying communications.

  The Company expects to carry out an independent due diligence in this area with the intention of having its value acknowledged.

- **Certifying operator.** In 2005, Lleida.net was approved by the regulator to become the first telecommunications operator to later become a registry operator also. On the other hand, LLN is one of the 6 Spanish telco operators members of GSMA (Global System for Mobile Communications Association), which manages the standard of GSM mobile telephony world-wide. In fact, it is the first Spanish company with its own license in UK, US, France and Colombia, that is not obtained via the acquisition of an existing operator (process that takes between 4-5 years).

  Consequently, LLN benefits from its position as a trusted third party by maintaining the legal chain of custody of communications. Likewise, it benefits from its access to

Downloaded: 2019-11-21 09:01 User: Peña Ruiz Juan (GVC Gaesco Valores)

regulated termination and interconnection rates due its position as an operator in some countries.

- **Highly fragmented customer and supplier base.** The Company has over 2,500 active customers that use various types of products, which means over 350k active uses. Consequently, and in light of the high number, LLN is not heavily dependent on any. The Company currently has only one client that represents c. 5% of its billing and the top 10 represent around 30%.
- **Historically proven track-record**. Since 2016, LLN has increased revenues between 23-25% per year. During the last two years, EBITDA also grew (+32% Y/Y) and debt reduced organically from ND/EBITDA 3.7x to just 1.4x in 2018.
- **High growth profile.** Our estimates include a strong expansion in Certified Communications (CAGR 17-22e +15%) and SMS Solutions (+7.8%). Although the SMS Wholesale sales market is strongly commoditized and is mature in some countries, LLN offsets this aspect by entering new regions with room to grow and launching the more sophisticated and complementary products with their basic services.
- **Investment almost entirely employed.** LLN had earmarked EUR6.6m between 2014-2018 in developing in-house technology and new, more sophisticated products. Consequently its capex/sales ratio should shrink: 8.9% 2018 vs. 9% in 2019e and in our estimated terminal value.
- **Optimum debt level (ND/EBITDA'19e 0.54x).** The Company could carry out an M&A move without having to increase capital in the short/medium term or issue bonds. We estimate a current average cost of debt of less than 2.5%, according to current market conditions.
- **Francisco Sapena, founder, strong commitment in managing the Company.** Following the recent sale of 3.77% capital to Eiffel Group, Mr. Sapena holds 40.57% of Lleida.net. Worth mentioning is the fact that his position has hardly diluted in recent years (just 5.45% since January 2016).
- **Recognition in the market:** in October 2019 the company was awarded the tender to be the exclusive official supplier of information on Spanish portability to operators worldwide during the next two years.
- **Ongoing growth in patents:** On 13 November 2019, the Company released a relevant fact regarding the European patent granted to Lleida.net with the number EP3188435 on the method for certifying an electronic mail comprising a trusted digital signature by a telecommunications operator. This 20 year patent is the second European patent received on certification and notification methods, as well as the digital witness in contracts and electronic notifications received by Lledia.net. During the utile life of this patent the Company will reach additional revenues in the SaaS segment of around EUR20m as it extends the application range in which the adoption of the European EIDS standard imposes the use of acknowledged electronic signatures in a general manner.

  We have included the impact from the mentioned patent in our final valuation.

Downloaded: 2019-11-21 09:01 User: Peña Ruiz Juan (GVC Gaesco Valores)

SWOT ANALYSIS.

Innovation to guarantee future sustainability with 100% in-house products

STRENGTHS	WEAKNESSES
▪ Leading SMS operator in Spain ▪ 9 out of 10 of the most relevant SMS wholesalers world-wide are clients ▪ 7 out of 10 of the largest Spanish call centres are clients ▪ High entrance barriers. European regulation on electronic signitures ▪ Presence in 4 data centres: Spain (2); Bogota (1) and France (1) ▪ Highly fragmented client base and geographic diversification ▪ Number of advantages in registered e-communications vs. Traditional. ▪ Licensed operator in Spain, UK, US, France and Colombia: sales to suppliers, interconnection and maintenance of the custody chain. ▪ Lower environmental impact with digital communications ▪ Member of GSMA (only 6 Spanish operators are members) ▪ Extensive track-record for a technological Company (founded in 1995) ▪ Patents world-wide ▪ Founder participates and IS greatly implicated in the management of the company ▪ Strong growth top-line ▪ Growing Brand reputation in the nitch sector ▪ Strong balance; debt under control ▪ FCF and Op. Net Income rising in ramp-up ▪ ISO 27001 for registered email by the British Standard Institution. eIDAS ▪ Expertise in processing of third party data ▪ Over 1,500 international operators' networks with two-way connection ▪ Highly scalable activity	▪ Commoditised market and strong price component ▪ Exchange rate risks due to foreign affiliates ▪ Limited critical mass vs. large technological companies ▪ Limited marketing channels ▪ Low liquidity and trading volume despite trading on both MAB and Euronext Growth. ▪ No dividends ▪ Strong rise in personnel costs.
OPPORTUNITIES	**THREATS**
▪ Atomisation of market with some weakness in peers world-wide ▪ Macro-trend in digitalised communications and connectivity with legal security ▪ Multiple growth possibilities ▪ Future valuation of patents ▪ In-house technology 100%. Possible licensing-out for use on behalf of third parties ▪ Growing need for legally certified communications ▪ Cross-selling products: contract solutions, managing documents and e-certifying. ▪ Standard TTP norm (Trusted Third Party) in Europe ▪ Rise in digital fraud world-wide thus legally valid communications are increasingly necessary ▪ Lack of defined standards in the market require flexible players and increases the possibilities of patents ▪ Increasing agreements with local country managers to boost global presence	▪ Failed R+D+i projects thus impairments must arise ▪ Lock-up of some shareholders ▪ Future capital increases ▪ Possible overhang effect on behalf of the main shareholder and founder ▪ Slower than desired consolidation in some countries ▪ Potential acquisitions: risks of synergies, integration, goodwill ▪ Changing legislations especially in some emerging countries in legal certifications

Source: Lleida. Net & GVC Gaesco Valores

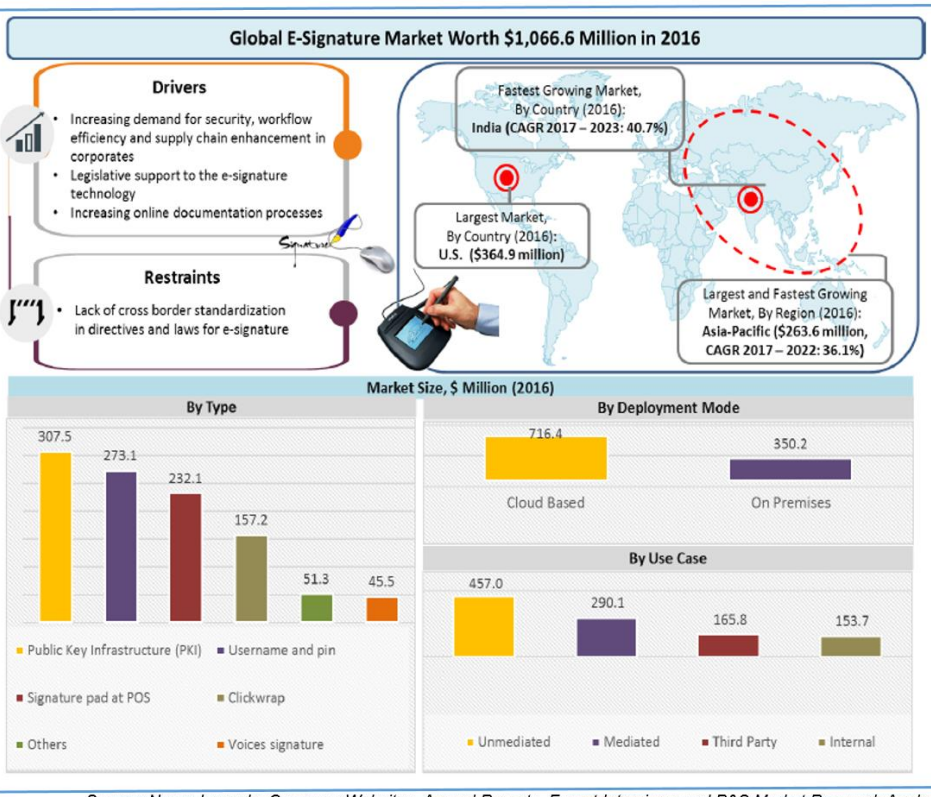
Downloaded: 2019-11-21 09:01 User: Peña Ruiz Juan (GVC Gaesco Valores)

Towards greater security in the chain of custody of communications

Below we describe the main sectors where the Company is present.

Certified Communications

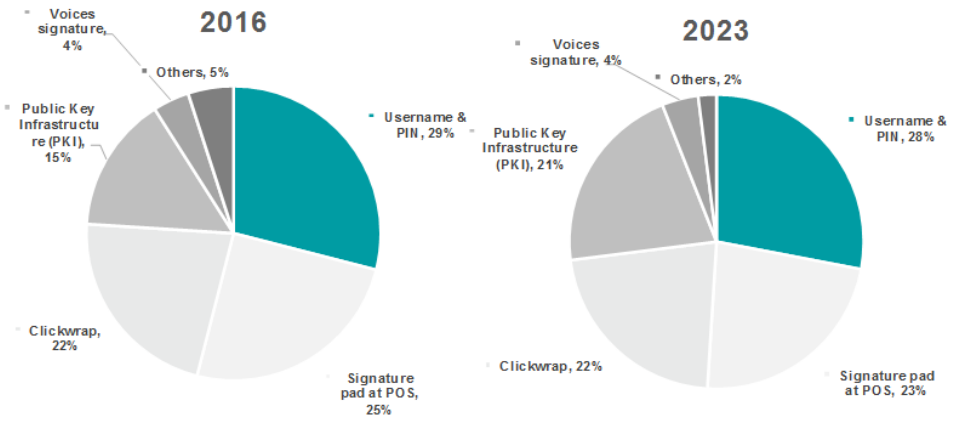
LLEIDA.NET. E-SIGNATURE MARKET SUMMARY



Source: News Journals, Company Websites, Annual Reports, Expert Interviews and P&S Market Research Analysis

Trusted Third Party service (TTP) via SaaS services. The TTP is the party not involved in the communications between two parties, which, by providing the necessary technical means, enables the two parties involved to obtain evidence of the existence of said communications. This evidence may subsequently be used before the relevant administrative or legal authorities as a document of proof.

GLOBAL E-SIGNATURE MARKET SPLIT, BY TYPE (2016 & 2023)



Source: Secondary Research, Expert Interviews, and P&S Market Research Analysis

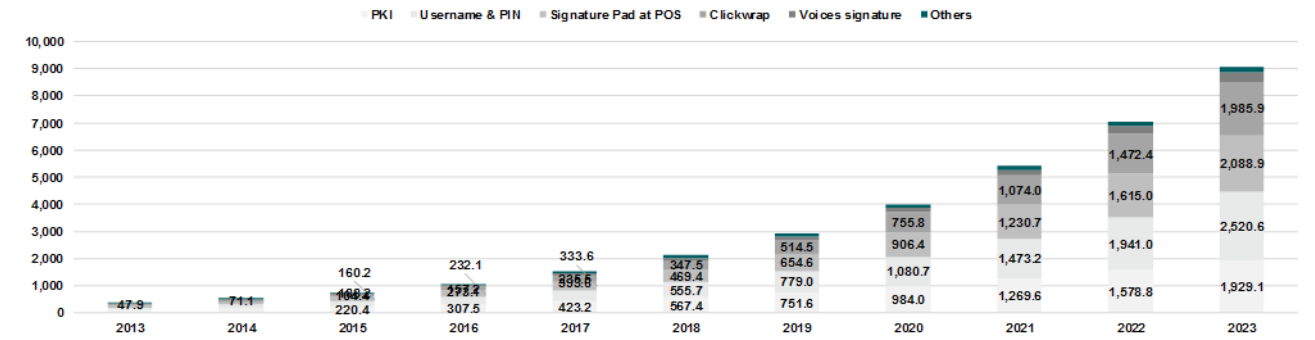
Downloaded: 2019-11-21 09:01 User: Peña Ruiz Juan (GVC Gaesco Valores)

LLEIDA.NET. GLOBAL E-SIGNATURE MARKET (USDm, 2013/2023e)

Type/Year	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	CARG2013/16	CARG2017/23
PKI	111.4	158.9	220.4	307.5	423.2	567.4	751.6	984.0	1,269.6	1,578.8	1,929.1	40.3%	28.8%
Username & PIN	87.8	129.8	188.2	273.1	393.6	555.7	779.0	1,080.7	1,473.2	1,941.0	2,520.6	46.0%	36.3%
Signature Pad at POS	76.1	111.5	160.2	232.1	333.6	469.4	654.6	906.4	1,230.7	1,615.0	2,088.9	45.0%	35.8%
Clickwrap	47.9	71.1	104.4	157.2	235.5	347.5	514.5	755.8	1,074.0	1,472.4	1,985.9	48.6%	42.7%
Voices signature	16.0	22.9	32.2	45.5	63.8	87.8	120.0	162.8	217.8	281.7	359.3	41.7%	33.4%
Others	21.2	29.2	39.3	51.3	66.9	84.2	99.7	116.5	142.3	166.3	189.2	34.3%	18.9%
TOTAL	360.4	523.4	744.7	1,066.7	1,516.6	2,112.0	2,919.4	4,006.2	5,407.6	7,055.2	9,073.0	43.6%	34.7%
% change		*45.2%*	*42.3%*	*43.2%*	*42.2%*	*39.3%*	*38.2%*	*37.2%*	*35.0%*	*30.5%*	*28.6%*		

Source: Journals, Company Websites, Annual Reports, Expert Interviews and P&S Market Research Analysis, Lleida.net & GVC Gaesco Valores

LLEIDA.NET. GLOBAL E-SIGNATURE MARKET (USDm, 2013/2023e)



Source: Journals, Company Websites, Annual Reports, Expert Interviews and P&S Market Research Analysis, Lleida.net & GVC Gaesco Valores

Acknowledging the TTP institution in Spain (also in other countries where LLN is present) as from the first draft of the law on Information Society Services and Electronic Commerce permitted the expansion of the sector to other EU countries. The new European norm sets a standard in the EU creating a category of "e-delivery service provider"; thus there is no need to study the norm in each state.

The market is known for presenting high maturity and growths. This is linked to the needs related to the use of digital communications tools from a more legally secure perspective while simultaneously promoting a better user experience.

LLN is investing strongly to boost said segment with the launching of new, more sophisticated products while simultaneously entering new countries (in general 3 new countries per year requiring a 2 year ramp-up period).

SMS Sales

This segment includes operators and large companies that purchase and sell large volumes of SMS. This area is much more mature than Certified Communications due to the strong technological exploitation of SMS. However, growth in this A2P market ranges between 6-8% (operators' internal estimates).

Whereas the use of SMS between individuals (P2P) reduced with the increasing penetration of social networks, the use of SMS between companies and individuals (A2P) continued to grow strongly year after year becoming an important marketing and communications tool between companies and customers.

Downloaded: 2019-11-21 09:01 User: Peña Ruiz Juan (GVC Gaesco Valores)

Differential value proposition

LLN operates in two very different sectors, establishing commercial relations with over 350 operators around the world, and performs over 3.5m operations per day. Below we outline each product.

High dependence was seen on the SMS business (75.7% sales 2018; -15.2pp since 2014) taking on the role of cash cow. LLN does not plan to abandon SMS, in fact, its role as an operator is an entrance barrier for many competitors and is a complementary tool to the contract and certification services offered. However, while some products are interrelated, each business line can also operate independently.

In terms of client capturing in the domestic market, competition is more developed than in other countries; however, the range of products and flexibility to adapt these to clients sets Lleida.net apart as a key player.

SaaS services (25.2% sales 3Q19)

This division includes certification, data validation and other revenues (according to LLN's previous results breakdown). This line was developed to convert electronic communications into effective, efficient, binding and environmentally friendly documents with maximum legal security. We estimate CAGR 17-22e +17% and weight to increase in the total bill (33% in 2022e; +8.2pp since 2018 reported) by capturing new clients. There are two main lines in this division:

- **Notification services**. Allows the required information to be sent to the recipient in a simple and much cheaper way than traditional means, and with a trusted third party such as Lleida.net as a digital witness.



Source: Lleida.net y GVC Gaesco Valores

- **Contract services.** Thanks to its in-house technological platform, contracts can be closed instantly – no waiting time, no deliveries via messenger - attaching all the necessary documents, and validation of telephone numbers, emails and personal IDs. In addition, companies can reach a much higher turnover rate, in a shorter period of time, at substantially lower costs while having a trusted third party as the digital witness.

  Main products offered in this area:

  - **Registered SMS:** Short text converted to a document, with evidentiary value before a court of law if necessary.
  - **Registered e-mail:** An e-mail converted to a document with evidentiary value before any administrative or legal authority if necessary. Permits attachments.

Downloaded: 2019-11-21 09:01 User: Peña Ruiz Juan (GVC Gaesco Valores)

- **SMS contract:** Permits closing binding contracts via mobile telephone easily and is legally valid. Can be combined with email.
- **E-mail contract:** certified. Close contracts via email that are legally binding.
- **Combination email + SMS:** Greater capacity than certified SMS contract with the possibility of sending attachments.
- **Certified reception:** registry of incoming emails. This mailbox stamps what you receive, including attachments, and sends a certificate of mailing to the sender. Service designed to automate customer service processes, improving response and internal management.
- **Certified bill:** Delivery of bills as attachments in a registered e-mail. Certifies the email sent, the content and delivery.
- **Click & Sign:** Build your own contracting process with the combination of certified electronic communications and data validation services.
- **eKYC docs:** Service that verifies IDs and Passports.
- **Openum.** Email opening notification. The recipient will receive an email with a link that must be visited in order to access the desired content.
- **Openum eiDAS.** Similar to Openum but follows the eiDAS protocol.

➢ **Data Validation Services:** Verifies customer's main data such as telephone numbers, email addresses and IDs.

Telephone numbers

- **Check all**: Checks the current status of telephone numbers and operators.
- **Check network:** Checks the operator of a telephone number.
- **Phone analytic**: Diagnostic tool for use in predictive statistics and analytics.
- **Phone alert:** Telephone number availability alert.

Email addresses

- **Email checker:** Checks if an email is operative.

Documents

- **Stamp ID Lleida.net:** Application developed by Lleida.net which verifies if an ID is valid or not.

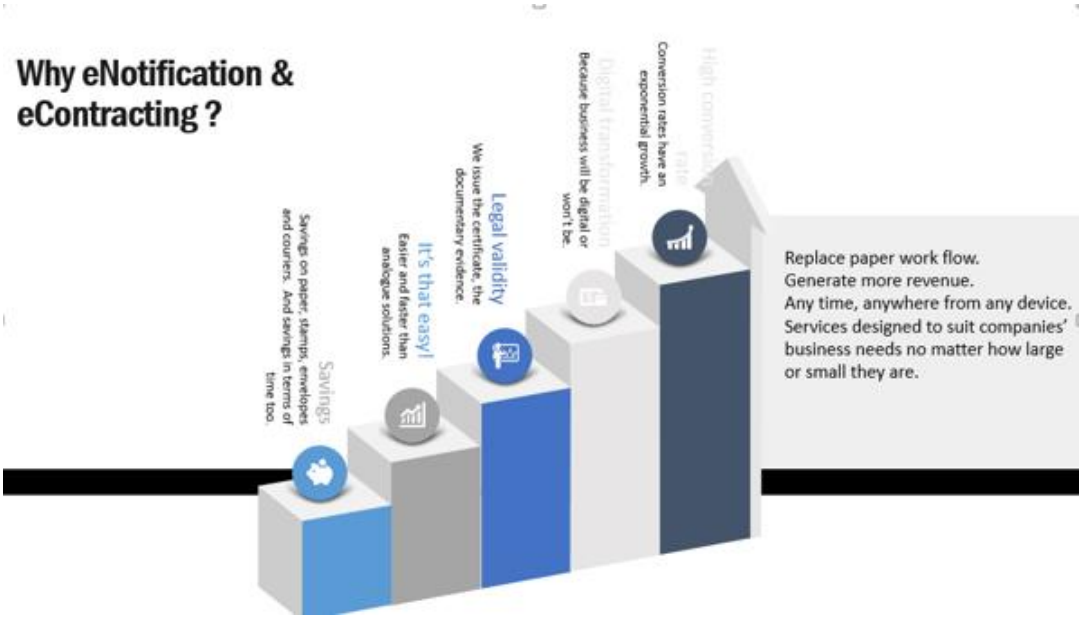


Source: Lleida.net y GVC Gaesco Valores

Downloaded: 2019-11-21 09:01 User: Peña Ruiz Juan (GVC Gaesco Valores)

SMS Solutions (74.8% sales 3Q19)

That is electronic communications designed to reach the customer quickly and efficiently. These are mainly focused on marketing and loyalty actions with the possibility of managing the customer's response. **The predominant service of this pipeline is the sale of wholesale SMS.**

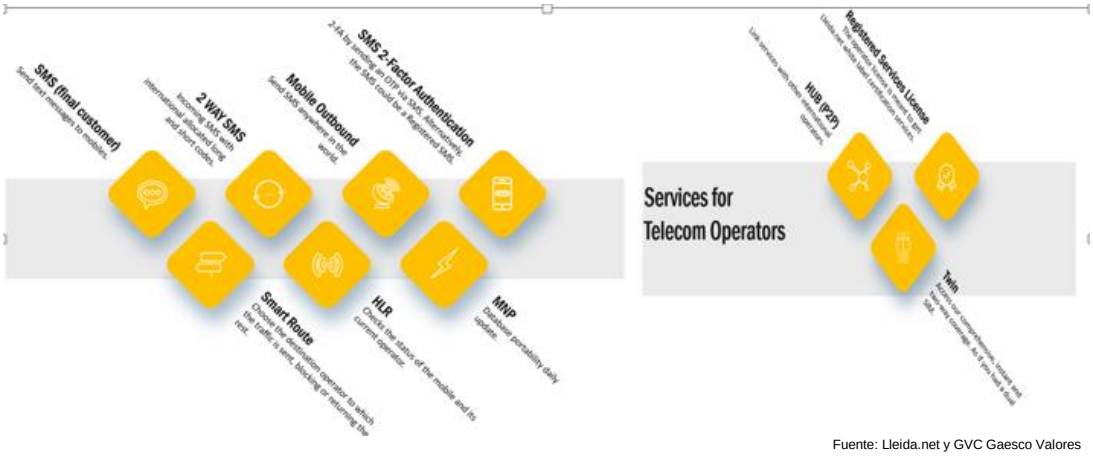


Fuente: Lleida.net y GVC Gaesco Valores

So that a user receiving a SMS or MMS can respond, a registry/number is required i.e. a number from the original source. This numeration can be subleased to another operator or requested from the regulator so that independent interconnection agreements can be established with the rest of the operators. Lleida.net has its own, independent numeration in the areas where it holds an operator license (Spain, France, UK, United States and Colombia).

The key aspect in this segment is that because LLN holds an operator license it operates using the regulated termination tariffs. This implies relevant savings vs. other competitors in the sector.

The concept of "own numeration" refers to the numbering provided directly by the regulator for assignment to acompany's customers and is interoperable, allowing the company's own routings - both national and international - without dependence on third parties.



Fuente: Lleida.net y GVC Gaesco Valores

Downloaded: 2019-11-21 09:01 User: Peña Ruiz Juan (GVC Gaesco Valores)

The mentioned types of products are further divided into two main lines:

- **Commercial SMS Solutions.** Intended for end-customers (25% sales 1Q19).
- **Wholesale SMS Solutions (ICX, interconnection)**. Focused on large telco players, where Lledia.net offers its interconnections to reach certain areas with relevant volumes (47.4% total sale 1Q19)

  Wholesale…

  - **Mobile outbound:** SMS sent nationally and internationally
  - **Mobile inbound:** As an operator Lleida.net has its own numeration to provide this service internationally.
  - **MNP:** Daily update of portability data bases optimising SMS' sent and calls, while always choosing the best route.
  - **HLR:** queries let you know whether or not a number is active in the network, i.e. whether a number is real or non-existent. If the number is real, the result obtained is the network in which the mobile is registered.

  And for operators…

  - **Detection of grey routes**: Locates incoming SMS traffic not covered by any interconnection agreements. Lleida.net can periodically monitor the existence of grey routes, warn clients while allowing traffic received to be only billable based on the existing agreement with the sender.
  - **Hub:** As a member of the Special Mobile Association Group, Lleida.net provides services with other national or international operators (mobile or virtual).
  - **License for certified services:** The license for operators is to "white label" Lleida.net's certified services. For an operator to be licensed, one of the necessary requirements is to interconnect directly with an operator and thus obtain the certification channel.
  - **TWIN:** Service for mobile operators (MNOs and MVNOs) to obtain global SMS coverage, two way and instant in TWIN countries. Lleida.net assigns a unique number to a SMS received from abroad, transforming it to a SMS with a local number. This assignment implies that all deliveries from Spain to that number would be charged at a local cost, because Lleida.net connects both numbers, which is a clearly competitive advantage for operators using this service. It acts as a dual SIM but without a card.

Marketing strategy and international development

LLN's priority is to maintain and reinforce relationships with current customers and accompanying these nationally and internationally.

The company wants its products to be user friendly, not requiring the installation of any software/hardware. Simply by using a web platform or putting Lleida.net's certification mailbox in copy (CC) is enough while also using the usual email tools. This permits easy international scalability.

There are environments that require centralized management of LLN services. These are large companies with very high volumes of communications or complex processes that require integration within their own systems. For these cases, another of LLN's competitive values is **flexibility for the development of tailor-made adaptations**. This flexibility, in the Company's DNA, is made possible by the fact that **all the services are developed in-house**, which gives the teams all the necessary knowledge to adapt the service to the specific requirements, without dependence on third parties.

Downloaded: 2019-11-21 09:01 User: Peña Ruiz Juan (GVC Gaesco Valores)

The first competitive advantage to highlight is LLN's status as a telecommunications operator (Spain, UK, Colombia and USA). This was obtained in 2005 and allowed LLN to become the first SMS operator in Spain, beginning its international expansion as a hub. Subsequently, the Company detected an opportunity in the field of message certification; thus obtained the necessary expertise to **process third party data and the possibility of offering evidence with legal validity (as a trusted third party) to its customers due to its status as an operator.**

As an operator, LLN acts in the SMS solutions market in wholesale sales and offering interconnection to other operators. On the other hand due to the licenses in various countries, LLN has the individual numeration of each country and can close agreements with local operators. Therefore LLN can therefore ensure that the chain of custody or traceability of SMS messages, certifying the sending and receipt without requiring third party intervention.

On the subject of online, the commercial strategy involves the sale of certified electronic message services via the web, with a focus on approaching SMEs, self-employed and even individuals.

On the **international** front, the Company intends to consolidate its position in countries where it is present by leaning on existing partners. This support is provided in person, with regular visits and on-site accompaniment or remotely. This strategy is in force in Brazil, Colombia, Peru, the Dominican Republic, Arab Emirates, South Africa and India. The best example of the positive results arising from this strategy is the contact signed in Colombia with 4-72, a national postal operator, that currently offers Lleida.net's certification solutions to customers.

LLEIDA.NET. GLOBAL PRESENCE AS ONE OF THE LEADERS OF THE SECTOR



Fuente: Lleida.net y GVC Gaesco Valores

LLN used **indirect sales channels** (via strategic partners) especially abroad, evolving exceptionally well in South Africa, Botswana and Swaziland. On the other hand, LLN is closing agreements in Dubai to commercialise its products in 8 Arabian countries and strongly boosting the Dominican Republic.

LLN is currently the parent company in 8 entities with headquarters abroad, and has 3 minority stakes:

Downloaded: 2019-11-21 09:01 User: Peña Ruiz Juan (GVC Gaesco Valores)

LLEIDA.NET. MAIN SUBSIDIARIES

Denomination	Country	% Stake	Consolidation method
Lleidanetworks Serveis Telemátics	UK	100%	Global integration
Lleidanet USA	USA	100%	Global integration
Lleidanet Honduras	Honduras	70%	Global integration
Lleidanet Dominicana	ominican Republi	99.98%	Global integration
Lleida SAS	Colombia	100%	Global integration
Lleida Chile	Chile	100%	Global integration
Lleidanet do Brasil	Brazil	99.99%	Global integration
Lleidanet Guatemala	Guatemala	80%	Global integration
Portabilidades Españolas	Spain	100%	Global integration
Lleidanet Costa Rica	Costa Rica	100%	Global integration
Lleidanet Perú	Peru	100%	Global integration
Lleidanet India	India	25%	Equity consolidation

Source: Lleida.net & GVC Gaesco Valores

Initially it may seem that LLN's expansion is chaotic; however, it is based on a concrete strategy. There are 4 international growth axes:

I. **LatAm**, focused on Colombia, Peru and Mexico.

II. **Africa**, mainly South Africa.

III. **Arab Emirates,** substantial activity in Dubai.

IV. **Europe** focus on France.

Choosing the countries to take positions or reinforce these depends on the existing norm, the potential market and know-how of LLN's solutions.

Downloaded: 2019-11-21 09:01 User: Peña Ruiz Juan (GVC Gaesco Valores)

Wide variety of clients

The Company has over 2,500 active customers that use various LLN products. Consequently, and in light of the high number, LLN is not heavily dependent on any.

The Company only has one client that represents over 5% sales (1H19).

Types of clients per product:

I. **Certified Communications Services:** large companies
   - Insurance and Banks. Due to the complexity of the type of contracts they use and the risk arising from incorrect proof of the contract obtained.
   - Utilities under the consumer protection regulation obliges companies to have proof of contract processes with clients.
   - Contact centres incorporating the technology to offer it to their clients.
   - Other sectors: recoveries, institutional postal services, universities, large electric companies, retail chains, call centres, airlines and marketing companies.

II. **SMS Solutions Services.** The target client is mainly telco operators and aggregators in international terms.

III. **Data Validation Services.** Focused on large companies with large databases and mass mailings or calls. Need for optimized processes.

Regarding **suppliers (over 150 in total),** LLN has no strategic dependence on any. The Company, as a telco supplier, has over 1,500 international networks with the possibility of two-way connection. The weight of the 10 main suppliers has been gradually reduced: 62% (1H19), -5pp since 2016.

Competitive Environment

It is **important to note that electronic signature certification entities do not directly compete with LLN** itself as it is not an "electronic signature entity" in the strict sense. Finally, and as will be seen later in the peer group valuation, few of the companies that are in any way comparable are listed.

Certified Services

This segment does not present a 100% comparable competitor with LLN, because as mentioned, it is not an electronic signature validation company.

- **Entities focused on validating electronic signatures.** Companies that verify that the signature belongs to who they say it does, the contents and date it was generated: Camerfirma, FNMT, Firma Profesional, Izempe.

  These firms generate certificates regarding the signature, and certify the veracity of the entity that signs the communication, the day and time it was sent, but do not generate certificates of the transaction, or whether it was received at destination, or when it was received, or who received that communication – if received. As electronic signature entities we include Camerfirma, FNMT (Fábrica Nacional de Moneda y Timbre), Firma professional, IZEMPE (certification and services company, it is a limited public company constituted in 2002 and it is a project promoted by the Basque Government and the Provincial Councils), etc. Lleida.net is not, *per se*, an "electronic signature validating entity".

- **Transaction certifying entities**. These verify the content, when it was sent/received and by what means it was sent. Logalty, Rpost, Correos.

  Using the electronic signatures of the former, these certify the communication processes that have taken place, that is, whether a SMS has been generated by someone, the

Downloaded: 2019-11-21 09:01 User: Peña Ruiz Juan (GVC Gaesco Valores)

contents, whether it has been delivered and when, as is the case with an e-mail: the complete content, who sent it, at what time, whether it could be delivered and when it could be delivered. The same guideline can be applied to the transactional process of a contract: what was asked, when it arrived, what was the answer and when it was answered. Any entity can become a trusted third party in that process, but it needs recognition either from both parties or from the body that judges the dispute.

As mentioned above, telecommunication operators are trusted third parties for use since their certificates are admitted in court as reinforced evidence. Within the arena of certifying entities, although in this case it is not an operator, we can identify the Spanish company Logalty (belonging to the Informa Group) which is mainly dedicated to certifying contracting transactions. Also the US company Rpost, whose business purpose is certified email. Finally, it should be mentioned that postal operators could include Correos with its burofax services.

Competition in LLN's domestic market is highly fragmented and formed by small certification companies such as Evicertia, ComfirmSign, Signaturit, Certimail, ColorIuris, Burofax.eu, Noticeman EADTrust. However, LLN's positioning in the market is strong, being considered the maximum solvency player with robust track record and R+D+i developed entirely in-house. Although as mentioned, the market is very automised, concentration moves in the medium term could arise.

On the **international front,** the number of competitors is low and are mainly confined to US, in the scope of registered emails and/or signing contracts remotely via mobiles. These products are more niche compared to LLN.

The main entrance barriers are the need to generate confidence in the end-customer when adopting the role of trusted third party; considering that these clients deposit their most valuable assets, that is its client data base, contracts and notifications among others. To overcome this barrier, time, experience and projects are needed. **Just acquiring a license as a telecommunications operator can take up to 4 years according to the country. On the other hand, the interconnection contracts signed and LLN's international positioning it would take new comers a few years to replicate.**

Another entrance barrier would be to obtain the European eIDAS certificate.

SMS Solutions

There are five types of clearly defined operators and with limited interrelation: classic operators, virtual mobile operators, aggregators, hubs, buyers and large senders of SMS and the public in general. Competition in this business line includes incumbent telco operators such as Telefonica or Vodafone; virtual mobile operators (VMOs) such as Euskaltel; hubs such as Syniverse or Tata; aggregators Mblox and Tyntec and SMS commercialisers such as Google or WhatsApp.

I. **Incumbent operators.** In recent years the market for short number SMS' reduced to **25% of the levels seen in 2010.** This was caused by the entrance of messaging systems such as WhatsApp and its free offer in convergent packages. However, an attractive growth was already maintained in the interconnection market – allowing third parties to send messages to users while charging the so called "termination price".

II. **VMOs.** Market share in VMOs grew strongly in Spain thanks to the strong competition in wholesale prices, favourable regulation and the opening of incumbent's infrastructures. Therefore, although SMS' was always a secondary product in the offers, the opportunities increase due to the higher number of operators and connection needs.

III. **Hubs (eg. Syniverse, Tata, BICS).** Companies granting international connection capacity to incumbents and virtual operators, making international roaming scenarios easier. LLN acts as a hub with operators – mainly in LatAm.

Downloaded: 2019-11-21 09:01 User: Peña Ruiz Juan (GVC Gaesco Valores)

IV. **Aggregators (eg. Mblox, CLX, Tyntec).** Borne as the result of the high growth in short numbers and aggregate traffic of a high number of buyers to negotiate better prices with operators. These have a relevant international component and highly independent in terms of prices.

V. Buyers and large SMS senders (eg. Google, WhatsApp; insurance/bank firms). These are generally companies with over 10k clients that use SMS as a means of communication

Data verification

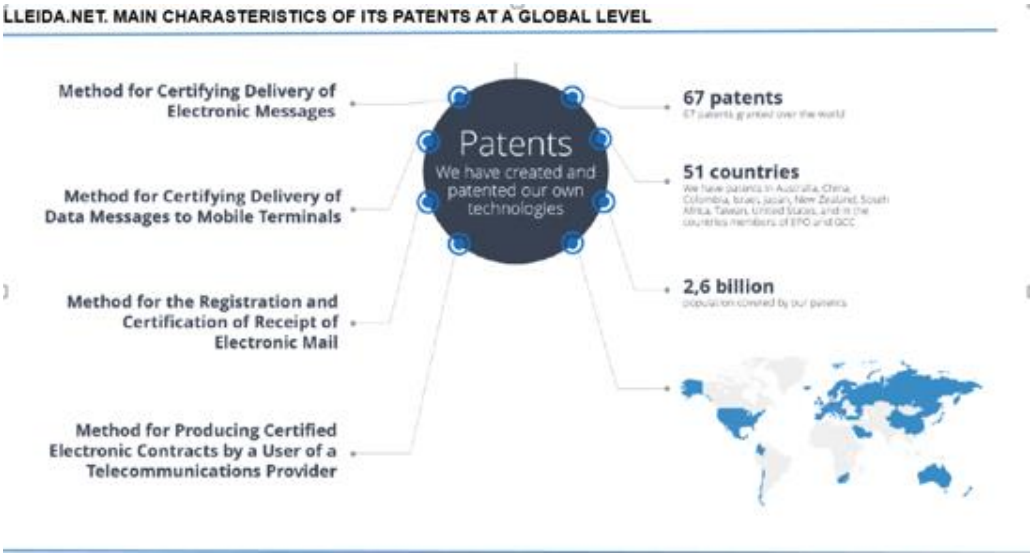
Covers the scope of services to verify if a telephone number or email is operative as well as the validity of the ID or passport and the automated reading of data.

To date, the majority of the market did not pay attention to the verification of data presented by clients, as these were directly given by clients and then stored, but generally not treated. Due to the ever-increasing use of online media and the application of anti-laundering norms, it is necessary to check data in real time to avoid frauds, both online and offline.

Lleida.net has the capacity to verify data thanks to its interconnection agreements, experience as an internet service provider (ISP) and its certification service, certifying that it is the user who verifies the data with the consequent authorization. **There are few companies specialized in this area world-wide,** such as the American Emailage and Jumio and the Spanish Icar. These companies individually cover a single business line not the three covered by LLN.

Principle contracts, certifications & patents

According to LLN, the current patents cover a population of 2,900m world-wide. Although the patents are generally drawn up entirely by the founder (Francisco Sapena Soler) proprietorship corresponds to the parent company Lleidanetworks Serveis Telemàtics. The patents mainly refer to the Company's certification services.



Source: Lleida.net y GVC Gaesco Valores

Worth pointing out and on the subject of certifications, LLN has obtained two important certificates: ISO 27001 and eIDAS (Electronic IDentification And trust Services).

ISO 27001 is an international standard that provides requirements related to Information Security Management Systems in order to enable an organization to assess risk and implement appropriate controls to preserve the confidentiality, integrity and availability of information.

Downloaded: 2019-11-21 09:01 User: Peña Ruiz Juan (GVC Gaesco Valores)

ISO 27001 covers all aspects of data processing and exchange (regardless of the medium), including security of the physical perimeter and people. ISO 27001 helps ensure business continuity in almost all circumstances, such as fire, flood, piracy, data loss, breach of confidentiality and even terrorism.

The eIDAS, took the company about two and a half years to obtain, thus was the first Spanish company to achieve this milestone. The eIDAS is a European regulation that establishes a common legal framework for trustworthy services and means of electronic identification in the European Union established in Jul-2016.

The aim of the eIDAS is to facilitate all types of electronic transactions between citizens, companies and public administrations anywhere in the State of the Union.

Downloaded: 2019-11-21 09:01 User: Peña Ruiz Juan (GVC Gaesco Valores)

Advanced 3Q19 results, improving quarter by quarter

The Company advanced 3Q19 results on October 14th which was negatively received by the market. **Shares dropped 11% between October 14 and 23. There were another macro effects (as the sentence against the politicians in Cataluña).** However, in our opinion, **the company is making a noteworthy effort to increase transparency, recurrence and visibility in the market.** We base our opinion on the fact that companies listed to the MAB are not obliged to report results 4 times a year, but half-yearly. Lleida.net not only reports every quarter but the information given is in-depth compared to other companies in the same market.

LLEIDA.NET. POST-3Q19 RESULTS.

EURm	3Q'18	3Q'19	Δ% y/y	9M'18	9M'19	Δ% y/y
SaaS Services	*0.72*	*0.85*	*18.1%*	*2.35*	*2.63*	*12.1%*
SMS Solutions	*0.52*	*0.59*	*14.3%*	*1.94*	*1.90*	*-2.3%*
ICX Wholesale	*1.82*	*1.94*	*6.5%*	*5.05*	*4.91*	*-2.8%*
Net Revenues	**3.06**	**3.38**	**10.6%**	**9.34**	**9.44**	**1.1%**
Cost of sales	-1.63	-1.68	2.6%	-4.91	-4.48	-8.9%
Personnel expenses	-0.85	-0.95	12.4%	-2.06	-2.42	17.7%
External services	-0.38	-0.35	-10.2%	-1.59	-1.80	13.5%
Other income	-0.01	0.00	n.a.	0.00	0.01	n.a.
Activations	0.22	0.22	-2.2%	0.55	0.73	32.2%
Adj. EBITDA	**0.41**	**0.63**	**51.9%**	**1.34**	**1.47**	**10.2%**
% Adj. EBITDA M.	***13.5%***	***18.6%***	*5.1pp*	***14.3%***	***15.6%***	*1.3pp*
D & A & Others	-0.29	-0.29	-2.1%	-0.86	-0.85	-1.2%
Adj. EBIT	**0.12**	**0.34**	**179.7%**	**0.47**	**0.62**	**31.0%**
% EBIT Margin	*4.0%*	*10.2%*	*6.2pp*	*5.1%*	*6.6%*	*1.5pp*
Financial + Assoc.+ Others	-0.05	0.11	-318.4%	-0.11	0.06	-155.9%
Adj. EBT	**0.07**	**0.45**	**509.5%**	**0.36**	**0.68**	**88.2%**
% EBT Margin	*2.4%*	*13.3%*	*10.9pp*	*3.9%*	*7.2%*	*3.3pp*
Taxes	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Adj. Net Profit	**n.a.**	**n.a.**	**n.a.**	**n.a.**	**n.a.**	**n.a.**
% Adj. Net Profit Margin	*n.a.*	*n.a.*	*n.a.*	*n.a.*	*n.a.*	*n.a.*
Adj EPS	**n.a.**	**n.a.**	**n.a.**	**n.a.**	**n.a.**	**n.a.**
Net Debt *	**1.72**	**1.24**	**-28.1%**	**1.72**	**1.24**	**-28.0%**
ND/Adj. EBITDA annualized	**1.04**	**0.49**		**0.96**	**0.63**	

Source: Lleida.Net & GVC Gaesco Valores Estimates.

** Comparing with net debt 2018*

Following a strongly penalised 1Q19 in Y/Y terms due to the high ICX sales in 1Q18, the Company presents a progressive improvement throughout the year. The number of circuits that the Company is putting in place continues to grow and should be reflected in coming quarters. In addition, new contracts have been obtained such as the mentioned portabilities that will bring extra revenues in 2020.

Sales in the **SaaS service division** grew +18.1% Y/Y in 3Q. With the increased speed the Company is closer to its 20% run-rate target.

Observing **Soluciones ICX Wholesale (wholesale interconnection)** pipeline, revenues grew 6.5% in 3Q19, following some months of falls and is expected to be stable Y/Y at 2019. We recall that these revenues a highly volatile and short term.

Consequently, the **gross margin rose +3.8pp Y/Y to 50.5%** due to the relatively heavier weight of the top-line originated in SaaS (higher structural margins). The Company expects this trend to continue due to the higher value of the product mix boosted by LLN in 2019.

Regarding **opex,** LLN continued to register strong expansion in the work force (+12% in 3Q, with personnel increasing 26% during the year). Commercial areas in LatAm and Europe were reinforced, as well as technical personnel and project management.

EBITDA thus reached 3 year highs and margins 20% over sales in 3Q19.

Debt dropped by EUR-100k, reaching **0.63x NET/EBITDA at 3Q19.**

The good performance of the main financial and commercial KPIs gives us security when making our estimates.

Downloaded: 2019-11-21 09:01 User: Peña Ruiz Juan (GVC Gaesco Valores)

Estimated 2019-22 results

The Company has not released an annual guidance or strategic plans thus there is no comparison with our estimates.

High growth profile with expanding top-line CAGR 18/23e +8%

Lledia.net is not a start-up in a double digit growth phase with a high cost base The Company's maturity allows the ambitious growth plans with ever increasing profitability.. Organic growth in sales is due to: i) large client base; ii) cross-selling and increased functionalities/products together with requirements mainly with high-end clients; and iii) opening of new markets (generally between 2-3 countries per year).

Parallel to increased adoption of communications certification technology and new state-of-the-art products focused on user identification; there is an ever-increasing adoption of sending SMS in A2P among insurance, banks, utilities, public administrations; and final clients. In addition is the cross-selling, promoting the data validation area with the communications between companies' data bases.

Studies carried out by consulting firms such as P&S described above, show the strong growth that the niche sector of certified electronic communications will experience: +34.7% a/a vs. +19.4% estimated for LLN. In this case, we think that the lower growth of this front end in LLN is explained, not by its lack of expertise, but by its lower critical mass compared to other players in the sector such as Docusign.

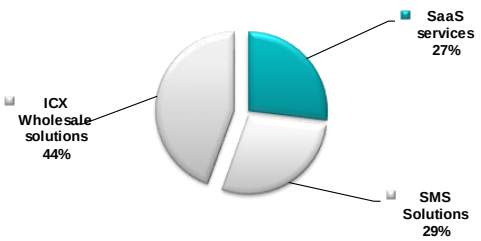
LLEIDA.NET. NEW TOP-LINE BREAKDOWN

EURm	2017	2018	2019e	2020e	2021e	2022e	2023e	CARG18/22e
SaaS services	**2.660**	**3.077**	**3.506**	**4.138**	**4.800**	**5.471**	**6.128**	**15.5%**
% change		*15.7%*	*14.0%*	*18.0%*	*16.0%*	*14.0%*	*12.0%*	
% vs. total	*26.9%*	*24.9%*	*27.3%*	*29.2%*	*30.8%*	*32.0%*	*33.2%*	
SMS Solutions	**2.827**	**2.668**	**2.638**	**2.652**	**2.665**	**2.665**	**2.665**	**0.0%**
% change		*-5.6%*	*-1.1%*	*0.5%*	*0.5%*	*0.0%*	*0.0%*	
% vs. total	*28.6%*	*21.6%*	*20.5%*	*18.7%*	*17.1%*	*15.6%*	*14.4%*	
ICX Wholesale solutions	**4.395**	**6.623**	**6.720**	**7.392**	**8.132**	**8.945**	**9.660**	**7.8%**
% change		*50.7%*	*1.5%*	*10.0%*	*10.0%*	*10.0%*	*8.0%*	
% vs. total	*44.5%*	*53.5%*	*52.2%*	*52.1%*	*52.1%*	*52.4%*	*52.3%*	
TOTAL	**9.882**	**12.368**	**12.865**	**14.181**	**15.596**	**17.081**	**18.453**	**8.4%**
% change		***25.2%***	***4.0%***	***10.2%***	***10.0%***	***9.5%***	***8.0%***	

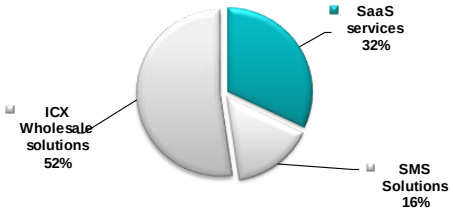
- **SaaS services (27% top-line 2019e).** A large portion of LLN's investments is concentrated in this division as well as the greater effort in internationalisation. Currently, the Company enters almost 3 countries per year and, according to our estimates and the historic track record, needs a ramp-up period of almost 2 years per country.
- **SMS solutions (20% top-line 2019e)**. This line will maintain future stability.
- **ICX wholesale solutions (53% top-line 2019e)**. This line will continue to be main division for the Company with CAGR 10%.

We have not considered future M&As nor is there any certainty of the Company undertaking an operation in the short/medium term.

LLEIDA.NET. TOP-LINE BREAKDOWN (2017)



LLEIDA.NET. TOP-LINE BREAKDOWN (2022)



Source: Lleida.Net & GVC Gaesco Valores

Downloaded: 2019-11-21 09:01 User: Peña Ruiz Juan (GVC Gaesco Valores)

Strong rise in parallel with increasing activity

With increasing weight of revenues from SaaS solutions and ICX wholesale solutions, wider margins, direct and indirect costs (a part from personnel) will reduce weight throughout the estimated period. Regarding personnel we estimate CAGR 8-10%.

LLEIDA.NET. OPEX BREAKDOWN

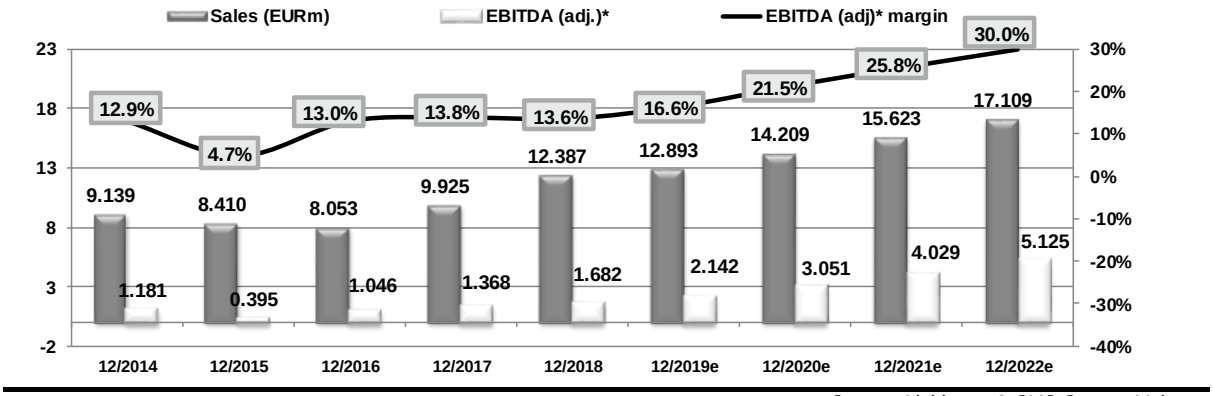
EURm	2017	2018	2019e	2020e	2021e	2022e	2023e	CARG14/17	CARG18/22e
Supplies	**-4.638**	**-6.335**	**-6.088**	**-6.210**	**-6.334**	**-6.461**	**-6.590**	**-10.5%**	**0.5%**
% change	*18.6%*	*36.6%*	*-3.9%*	*2.0%*	*2.0%*	*2.0%*	*2.0%*		
National	-2.126	-2.853	-2.739	-2.793	-2.877	-2.992	-3.022		
% change	*-13.3%*	*34.2%*	*-4.0%*	*2.0%*	*3.0%*	*4.0%*	*1.0%*		
Intra-community acquisitions	-0.803	-1.917	-1.879	-1.935	-2.032	-2.073	-2.093		
% change	*9.1%*	*138.9%*	*-2.0%*	*3.0%*	*5.0%*	*2.0%*	*1.0%*		
Imports	-1.709	-1.565	-1.471	-1.481	-1.425	-1.396	-1.474		
% change	*136.6%*	*-8.4%*	*-6.1%*	*0.7%*	*-3.8%*	*-2.0%*	*5.6%*		
Personnel Expenses	**-2.318**	**-2.641**	**-3.403**	**-3.743**	**-4.043**	**-4.245**	**-4.457**	**9.1%**	**12.6%**
% change	*15.2%*	*13.9%*	*28.8%*	*10.0%*	*8.0%*	*5.0%*	*5.0%*		
Wages and salaries	-1.756	-2.056	-2.368	-2.605	-2.814	-2.954	-3.102		
% change	*13.1%*	*17.1%*	*15.2%*	*10.0%*	*8.0%*	*5.0%*	*5.0%*		
Social security payable by the company	-0.562	-0.585	-1.035	-1.138	-1.229	-1.290	-1.355		
% change	*22.4%*	*4.1%*	*76.8%*	*10.0%*	*8.0%*	*5.0%*	*5.0%*		
Other operating costs	**-2.449**	**-2.515**	**-2.289**	**-2.197**	**-2.153**	**-2.132**	**-2.111**	**20.7%**	**-4.0%**
% change	*22.2%*	*2.7%*	*-9.0%*	*-4.0%*	*-2.0%*	*-1.0%*	*-1.0%*		
TOTAL OPEX	**-9.406**	**-11.492**	**-11.780**	**-12.151**	**-12.530**	**-12.838**	**-13.158**	**-0.9%**	**2.8%**
% change	**18.7%**	**22.2%**	**2.5%**	**3.1%**	**3.1%**	**2.5%**	**2.5%**		

Source: Lleida.Net & GVC Gaesco Valores

Benefitting in terms of profitability due to the high scalability of activity

We expect robust expansion in EBITDA (CAGR 18-22e +20.4%). As the number of clients increase, LLN leverages more on data centres and in-house development creating relevant economies of scale. We expect the rising trend in EBITDA to continue due to the strong operating leverage of its core business.

LLEIDA.NET. PROFITABILITY IN CRESCENDO DUE TO ITS HIGHLY SCALABLE BUSINESS MODEL



Source: Lleida.net & GVC Gaesco Valores

The Company has been reporting positive EBITDA for some years, having left ramp-up stages behind. In the **long term,** we expect the Company to reach EBITDA margin of 30% and 31% terminal value in 2023e.

Fairly stable working capital

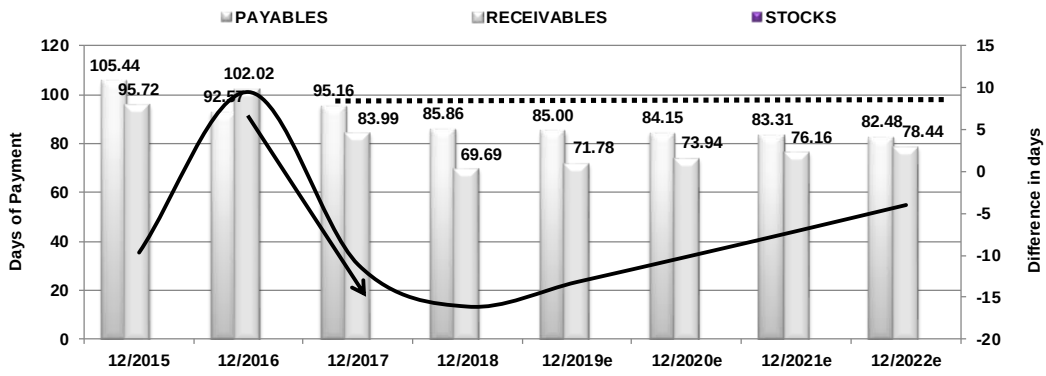
In general the impact from working capital on LLN's cash flows **is usually slightly positive and we do not expect any changes in the near future.**

In the 2018 annual accounts, LLN reported an average 34.06 day period in paying suppliers, that we consider optimum (vs.37.98 days in 2017) and is below the 60 day legal limit established by the Spanish government. Consequently, **the Company has room to delay payments a little if required** (although this would not be a priority).

As we can observe in the chart below, our forecasts show certain stability in net WC despite the mentioned expansion in sales.

Downloaded: 2019-11-21 09:01 User: Peña Ruiz Juan (GVC Gaesco Valores)

LLEIDA.NET. WORKING CAPITAL EVOLUTION



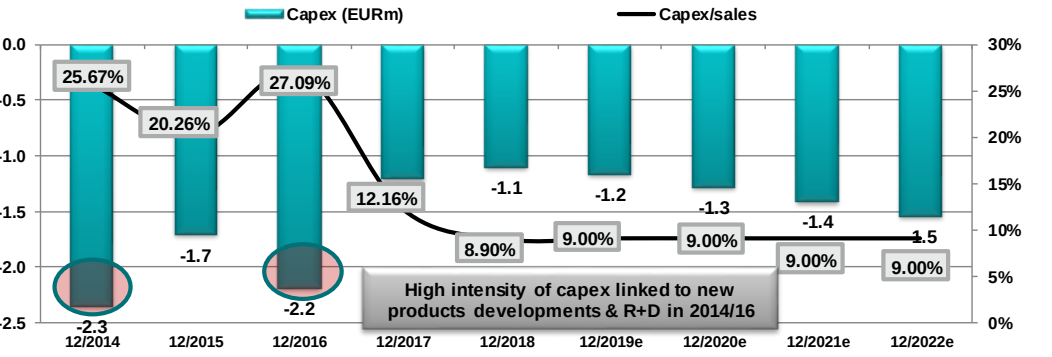
Source: Lleida.net & GVC Gaesco Valores

Regarding **clients,** LLN included erosions due to potential insolvencies of up to EUR0.555m 84.5% sales 2018). The average customer collection period was 89 days in 2018 (vs. 82 in 2017) which could be gradually reduced.

Capex/sales in a bearish trend

In general the **activation levels** have been high in recent years, based on the high level of activated certifications. We estimate a volume of activations of 9% over revenues throughout the estimated period based on the expected growth in activations arising from the Company's activity.

LLEIDA.NET. CAPEX EVOLUTION… LOWER INTENSITY IN ORGANIC TERMS



Source: Lleida.net & GVC Gaesco Valores

FCF boosted by higher operating cash generation

The table below includes our estimated FCF through to 2022. FCF reached positive data in 2018 and will continue its positive path in the following years..

LLEIDA.NET. CF BREAKDOWN (EURm)

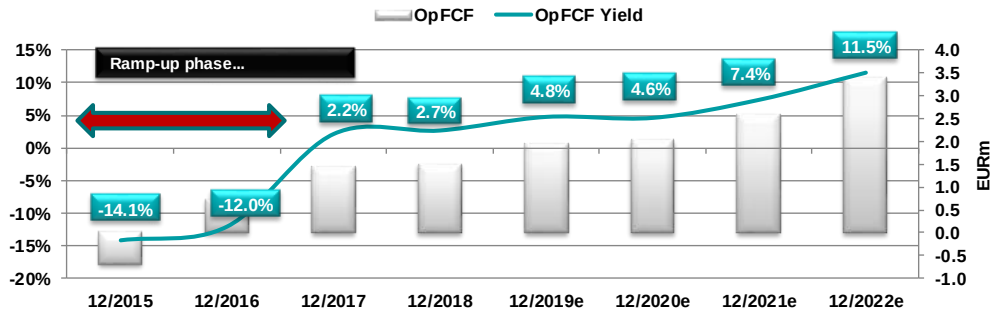
	2014	2015	2016	2017	2018	2019e	2020e	2021e	2022e
Cash Flow in Op	**1.011**	**0.698**	**0.373**	**1.138**	**1.424**	**1.812**	**2.492**	**3.213**	**4.016**
Change in NWC	0.000	-1.393	0.355	0.299	0.080	0.115	-0.470	-0.618	-0.621
Cash Flow Opera	0.000	-0.694	0.728	1.436	1.504	1.928	2.022	2.595	3.395
Capex	-2.346	-1.704	-2.181	-1.207	-1.102	-1.160	-1.279	-1.406	-1.540
/ Sales	*25.7%*	*20.3%*	*27.1%*	*12.2%*	*8.9%*	*9.0%*	*9.0%*	*9.0%*	*9.0%*
FCF	**0.000**	**-0.381**	**-2.860**	**-0.927**	**0.168**	**0.814**	**1.011**	**1.746**	**2.544**
/ Sales	***0%***	***-5%***	***-36%***	***-9%***	***1%***	***6%***	***7%***	***11%***	***15%***
Dividends	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**
Pay-out	***0%***	***0%***	***0%***	***0%***	***0%***	***0%***	***0%***	***0%***	***0%***

Source: Lleida.net & GVC Gaesco Valores

Downloaded: 2019-11-21 09:01 User: Peña Ruiz Juan (GVC Gaesco Valores)

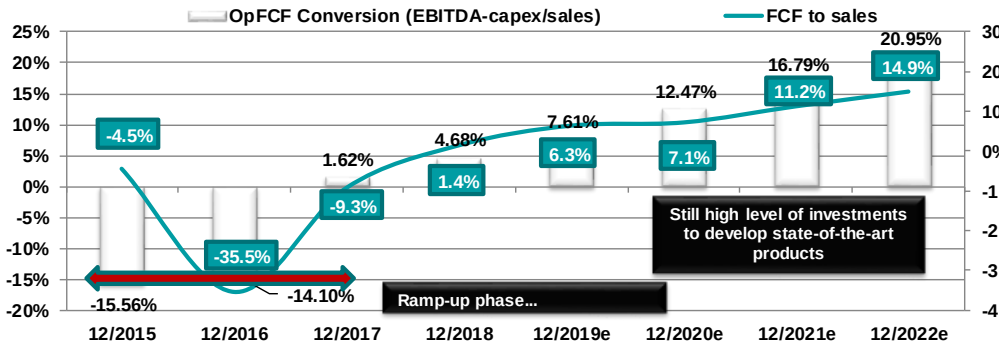
The following charts reflect the exponential growth in OpCF proceeding from LLN's ordinary activities and consequent of the organic expansion in the client base and top-line**. We estimate OpCF conversion (EBITDA-capex) of 21% for 2022e (vs 4.7% in 2018).**

LLEIDA.NET. FCF GENERATION BENEFITTING FROM HIGH OPERATIONAL LEVERAGE



Source: Lleida.net & GVC Gaesco Valores

LLEIDA.NET. CASH CONVERSION



Source: Lleida.net & GVC Gaesco Valores

Optimum debt levels

Debt has dropped from by EUR650m (-34%) since 2018 to current lows (ND/EBITDA 0.63x). In this manner, and within the low interest rate scenario, the Company could carry out debt plans with room in the balance.

LLEIDA.NET. DEBT MATURITIES (2018, reported)

Year	2019	2020	2021	2022	2023	> 5 years	TOTAL
Financial debts	**2.273**	**0.472**	**0.278**	**0.240**	**0.137**	**0.028**	**3.428**
Debts with financial entities	2.253	0.451	0.269	0.240	0.137	0.028	3.379
Financial leases	0.020	0.020	0.008	0.000	0.000	0.000	0.048
Other debts	**0.073**	**0.092**	**0.047**	**0.047**	**0.028**	**0.032**	**0.318**
Commercial creditors & trades payable	**1.860**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**1.860**
Suppliers	1.447	0.000	0.000	0.000	0.000	0.000	1.447
Various creditors	0.212	0.000	0.000	0.000	0.000	0.000	0.212
Advances to customers	0.189	0.000	0.000	0.000	0.000	0.000	0.189
Personnel	0.012	0.000	0.000	0.000	0.000	0.000	0.012
TOTAL	**4.205**	**0.563**	**0.325**	**0.288**	**0.165**	**0.060**	**5.605**

Source: Lleida.Net & GVC Gaesco Valores

LLEIDA.NET. DEBT WITH FINANCIAL INSTITUTIONS (2018, reported)

	Short term	Long term	TOTAL
Credit facilities	1.330	0.000	**1.330**
Loans	0.771	1.127	**1.898**
Financial leases	0.020	0.029	**0.048**
Discounted effects	0.152	0.000	**0.152**
TOTAL	**2.273**	**1.156**	**3.428**

Source: Lleida.Net & GVC Gaesco Valores

Downloaded: 2019-11-21 09:01 User: Peña Ruiz Juan (GVC Gaesco Valores)

Hardly any tax burdens in 2019

Regarding tax credits, LLN has a negative tax base of some EUR1.5m and EUR2.3m deductions to be applied. Therefore, LLN does not expect to pay corporate taxes in 2019. In following years, the effective tax rate would be 25% (included in our estimates) and theoretical levy of 30%.

LLEIDA.NET. PENDING DEDUCTIONS

Accrual year	Amount (EURm)
2005	0.01
2006	0.07
2007	0.08
2008	0.20
2009	0.17
2010	0.18
2011	0.21
2012	0.25
2013	0.09
2014	0.13
2015	0.37
2016	0.19
2017	0.18
2018	0.17
TOTAL	2.31

Source: Lleida.net & GVC Gaesco Valores

LLEIDA.NET. Tax loss carryforwards to be offset

Accrual year	Amount (EURm)
2016	1.33
2017	0.14
TOTAL	1.47

Source: Lleida.net & GVC Gaesco Valores

In a prudent manner, LLN's auditors (BDO since 2007) and the Company have not activated many. Regarding deferred tax assets, LLN only registered EUR9.4k in the 2018 balance sheet.

Our estimates include an effective tax rate of 25% and deductions in following years according to the Tax Law. Although not the case, the tax allowances not considered in our DCF years would be considered in NPV of financial assets.

¿Shareholders' remuneration?

The Company does not consider a remuneration for shareholders, the priority being to sustain future organic growth and reduce debt.

Downloaded: 2019-11-21 09:01 User: Peña Ruiz Juan (GVC Gaesco Valores)

Valuation

We have used Discounted Cash Flow (DCF) method to analyse LLN. We reach a fair value of EUR1.51/share through the DCF method.

On the other hand, we consider the Company a strong takeover target in the medium/long term (if the founder is willing). However, we have not included an M&A premium in our valuation.

DCF18/22e:

We consider the DCF method the most adequate to value Lleida.net. Our estimates span from 2018 through to 2022, period that will be marked by organic growth, with irrelevant changes regarding the consolidation perimeter and the consequent EBITDA margin expansion due to the higher operating leverage and cash generation.

The implied adjusted terminal multiple comes to just 5.7x EV/EBITDA (weight of 74%); WACC 12% with 2.5% "g" based on the high growth in the e-certifications sector, of which LLN will without a doubt benefit from.

LLEIDA.NET. DCF VALUATION CONSIDERING ONLY ORGANIC GROWTH

CASH FLOW (EURm)	2014	2015	2016	2017	2018	2019e	2020e	2021e	2022e	VR
Sales	9.139	8.410	8.053	9.925	12.387	**12.893**	**15.156**	**16.722**	**18.125**	18.578
% change		*-8.0%*	*-4.2%*	*23.2%*	*24.8%*	*4.1%*	*17.6%*	*10.3%*	*8.4%*	*2.5%*
Adj. EBITDA	**1.181**	**0.395**	**0.559**	**1.347**	**1.681**	**2.142**	**3.265**	**4.104**	**4.830**	**5.202**
% change		*-66.5%*	*41.5%*	*140.8%*	*24.8%*	*27.4%*	*52.4%*	*25.7%*	*17.7%*	*7.7%*
Adj. EBITDA M.	*12.9%*	*4.7%*	*6.9%*	*13.6%*	*13.6%*	*16.6%*	*21.5%*	*24.5%*	*26.7%*	*28.0%*
DDA	0.000	0.000	-0.655	0.000	0.000	0.000	0.000	0.000	0.000	0.000
EBIT	**1.181**	**0.395**	**-0.095**	**1.347**	**1.681**	**2.142**	**3.265**	**4.104**	**4.830**	**5.202**
Effective tax rate	*12.0%*	*25.9%*	*-0.2%*	*0.4%*	*34.1%*	*25.0%*	*25.0%*	*25.0%*	*25.0%*	*25.0%*
NOPLAT	1.039	0.293	-0.096	1.342	1.108	1.606	2.448	3.078	3.623	3.901
Depreciation&other provisions	0.894	1.092	1.147	1.078	1.152	1.029	1.059	1.002	0.905	0.905
Gross Operating Cash Flow	**1.934**	**1.385**	**1.051**	**2.420**	**2.261**	**2.635**	**3.507**	**4.080**	**4.528**	**4.806**
Capex	-2.346	-1.704	-2.181	-1.207	-1.102	-1.160	-1.364	-1.505	-1.631	-1.672
Capex/sales	*25.7%*	*20.3%*	*27.1%*	*12.2%*	*8.9%*	*9.0%*	*9.0%*	*9.0%*	*9.0%*	*9.0%*
Change in Net Working Capital	0.000	-1.393	0.355	0.299	0.080	0.115	-0.562	-0.482	-0.314	-0.387
Cash Flow to be discounted		-1.712	-0.775	1.511	1.238	**1.590**	**1.582**	**2.093**	**2.582**	**2.748**

DCF VALUATION (EUR m)					
WACC	12.0%	12.0%	12.0%	12.0%	12.0%
Discount Rate factor	1.00	0.89	0.80	0.71	0.64
Discounted Cash Flow	1.590	1.412	1.668	1.838	
Cumulated DCF	1.590	3.003	4.671	6.509	

WACC & DCF ANALYSIS					
Free Risk Rate (10y Govn. Bonds)	3.5%	Cumulated DCF	6.509	- Net Financial Debt (19e)	1.2
Company Risk Factor or Beta	2.3	Perpetual Growth Rate (g)	2.5%	- Minorities (estimated value)	0.0
Mkt Risk Premium	5.0%	Normalised Annual CF	2.748	+ Associates	0.0
Cost of Equity (Ke or COE)	15.0%	Terminal Value at Nominal '	29.645	- Pension underfunding	0.0
Cost of Debt (gross)	4.0%	Disc. Rate of Terminal Valu	0.64	- Off-balance sheet commitm.	0.0
Debt Tax Rate	25.0%	Discounted Terminal Value	18.840		
Cost of Debt net (kd or COD)	3.0%			Equity Market Value (EUR m)	24.2
Target Gearing (D/E) or % Kd	25%	Financial assets	0.000	Number of shares (m)	16.0
% Ke	75%	**Enterprise Value (EURm)**	**25.3**	**Fair Value per share (EUR)**	**1.51**
Normative Tax Rate	25%			Price (EUR)	1.100
WACC	**12.0%**			Potential upside (downside)	37%

Source: GVC Gaesco Valores Estimates

Downloaded: 2019-11-21 09:01 User: Peña Ruiz Juan (GVC Gaesco Valores)

Shareholder structure

The main shareholder is the founder of the Company Francisco Sapena Soler with 40.57% capital. As reflected in the following table this stake has hardly diluted in past years.

LLEIDA.NET. MAIN SHAREHOLDERS AND ITS EVOLUTION (% stake)

Month - Year	Jan-16	Jul-16	Jan-17	Jul-17	Jan-18	Jul-18	Jun-19
Francisco Sapena Soler (Founder)	46.02%	46.14%	45.42%	45.18%	45.22%	45.19%	40.57%
SEPI Desarrollo Empresarial *	21.27%	21.27%	21.27%	21.27%	21.27%	7.09%	7.09%
Cántabro Catalana de Inversiones						7.09%	7.09%
Empresa Nacional de Innovación						21.27%	7.09%
Eiffel Group							6.57%
Institut Català de Finances Capital	3.70%	3.70%	3.70%	3.70%	3.70%	3.70%	3.70%
Free-float	29.01%	28.89%	29.61%	29.85%	29.81%	15.66%	27.89%
TOTAL	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

*Source: Lleida.net & GVC Gaesco Valores latest data reported to M * Fund participated by Santander, Enisa & Sepides.*

At 2018, the Company has up to EUR954,287.7 in treasury stock (vs. EUR 935.557.23 Y/Y).

Last 20 June 2019, LLN announced the entrance of Eiffel Investment Group (French financial Group that manages EUR2bn in assets and was already present in Lledia.net via Alto Investments). The group acquired 1.215T Lleida.net (194,932 share) proceeding from the treasury stock and additional 3.77% (605,068 shares) from the main shareholder, Mr. Sapena. The total shares acquired amounted to 800,000, 4.984% Lleida.net at an average **EUR0.90/share (-66.7% vs. our fair value).**

These purchases place Eiffel Investment Group as the fifth main shareholder in Lleida.net with a total stake of 6.568%

BoD. Offer a more than satisfactory delivery

The Board of Directors is formed by 8 directors of which one is a woman (CFO) and all are Spanish.

LLEIDA.NET. BoD COMPOSITION

Name	Appointment Date	Position
Francisco José Sapena Soler	30-Jun-11	President & CEO
Marcos Gallardo Messeguer	30-Jun-11	Secretary
Miguel Pérez Subias	01-Jun-15	Independent
Antonio López del Castillo	01-Jun-15	Independent
Jordi Carbonell i Sebarroja	01-Jun-15	Independent
Arrate María Usandizaga Ruiz	01-Jun-15	Management
Institut Català de Finances Capital	15-Dec-15	Dominical
Agrupación de Sepi Desarrollo Empresarial*	26-Jun-18	Dominical

Source: Lleida.net & GVC Gaesco Valores

** Joined with Empresa Nacional de Innovación and Cántabro Catalana de Inversiones*

Detailed report on each member's biograph can be found in Lleida.net's web page.

Downloaded: 2019-11-21 09:01 User: Peña Ruiz Juan (GVC Gaesco Valores)

Risks. Attractive binomial potential/doubts.

Below we cover the risks we consider more relevant. **Source Lleida.net and GVC Gaesco Valores.**

Highly dependen ton SMS communications

In 2012 Lleida.net started marketing its certified products, such as certified SMS, certified email, certified invoice or certified minute, so the risk of a lawsuit deviating from that initially foreseen by the Company cannot be dissipated, exposing the Company to a high commercial risk in the event of such deviation being incurred. However, in the market, the need for more security and efficiency in certified electronic communications is observed. This aspect could boost demand for Lleida.net's products and services.

A strong dependence on the cash cow, SMS activity (75.7% sales 2018; -15.2pp since 2014), was seen. LLN is not considering abandoning SMS, in fact, the role as operator is an entrance barrier for many peers and a complementary tool to services offering contracts and certification.

Potential regulatory doubts

LLN is a telecommunication operator approved by the CNMC and specialised in SMS services for private individuals and companies, as well as electronic communication services.

The **regulatory framework applied to Lleida.net's activity grants ample power to the competent administrative authorities in the field of certified electronic communications** (including, but not limited to, the National Commission on Markets and Commissions – Spanish acronym CNMC). In addition, **said norm is subject to modifications and changes that can cause additional costs or limit the Company's flexibility to respond to market conditions, affect competition with other telco operators or modify its cost structure. Hence, a substantially negative effect con arise on the current business model and on LLN's interests.**

Capturing fewer net customers in Spain

Regarding customer capturing in Spain, competition is much higher than in other countries. However, Lleida.net's range of products and adaptation to customers' sets Lleida.net as a key player in the sector.

Risk derived from international expansion and country risk

Lleida.net has based much of its growth on the internationalisation of its activity, main to Latin American countries such as Colombia and Peru, as well as Africa – namely South Africa. A change in the political context of some countries could affect the Group's business volume. However, this risk could be considered minimum considering that the Group's international sales are not highly concentrated in a single country.

Limited critical mass vs. large global players

New players in the certified communications market where Lleide.net operates could affect its growth strategy. However, we must consider that the entrance barriers in said market are very high, having certify not only sufficient installation, personnel and equipment for launching, maintenance and commercialisation of the certified communications platform, but also a certain number of quality certificates and the necessary know-how.

We cannot ignore the fact that new players can enter this market, as well as offer complementary products or redirect the business model from traditional telco operators towards certified products commercialised by Lleida.net.

Downloaded: 2019-11-21 09:01 User: Peña Ruiz Juan (GVC Gaesco Valores)

Risks related to Intelectual Property

Lleida.net's policy is to patent its certification products to avoid plagiarism from competitors. The limit on products could result in losing market share or brand. With the intention to reduce this risk, an "Intelectual Property" division has been created with the aim of guaranteeing all the patentable processes are commercialised correctly in the markets where present, as well as identify the agents that imitate said processes.

- **Risks derived from the loss of computer data.** LLN manages sensitive data on a daily basis, on clients that could be appealing for hackers, thus there is a risk of a cyber-attack. To offset the eventual loss of data, the Group has independent data centres that work simultaneously and duplicate data. In this manner, if a server is attacked, the data can be found in another data centre. In addition the Group has an insurance policy that covers cybernetic risks.
- **Data protection norm.** The certified products activity implies the processing of a considerable amount of personnel information. The norm regarding the management and process of personal data is complex and differs greatly between the countries in which the Company is found. In **general, the Company has the necessary and adequate means to control compliance with regulation and maintains control systems aimed at guaranteeing and protecting personal data processing according to that established in the applicable legislation.**

  However, in relation to the measures implemented by the Company and the means at its disposal to control the processing of personal data, there can be **no assurance that the measures established by Lleida.net will not fail, or will be totally effective.** In the case of a failure in the system, Lleida.net's activity and reputation could be substantially affected and expose the company to legal claims and/or losses.

Capital intensive activity

LLN's currently invests between EUR1 to 1.1bn per year in R+D. However, and although we consider these levels high, they may not suffice in the case of a greater technological evolution. Our estimates currently include 9% capex/sales but the investment needs could rise substantially in the future to develop new products that gradually replace the existing commoditisation.

Future capacity to maintain organic customer capturing rhythm

The rapid growth in sales, personnel and territory could result in a loss of control and dispersion of resources. The strategy plan, designed and approved by the BoD, foresees relevant quantifiable phases that provides clues to potential growth problems. The well-trained management team with extensive knowledge of its field of activity, must regularly inform the Board on the main productivity indicators to analyse them and define the possible corrective actions required.

Risk linked to the success of R+D projects

One of Lleida.net's strategic pillars are the annual investments and developments carried out which are key for the company's growth and consolidation, and allows to face the entrance to new markets with clear competitive advantages.

The business plan includes activating costs arising from R+D+i projects to be made carried out. In general the activation levels range between 5 and 18%. We have reduced the activation levels on future projects to the bottom of the mentioned range.

Fluctuation risks in foreign exchange rates

The Company's financial statements are in euros, therefore the repatriation of subsidiaries' earnings and their individual P&L accounts could suffer some changes according to the foreign exchange rates between the euro and the respective currencies. The currencies in Lleida.net's case are the USD; LatAm currencies (Colombian peso – COP; Peruvian sol – PEN; and Mexican peso – MXN) and South African Rand - ZAR.

Downloaded: 2019-11-21 09:01 User: Peña Ruiz Juan (GVC Gaesco Valores)

Although this effect is substantial in the top-line, the impact reduces in EBITDA because part of the opex incurred is denominated in local currencies or dollarized. Regarding the FCF, we must consider the FX effect in capex (although payments are in euros, the final amount is highly correlated with the USD/EUR exchange rate); taxes and other factors in local currencies and dollar. Therefore, even if currencies depreciate against the euro, it is mitigated at FCF level.

The 2018 financial statements specify that LLN is not exposed to a substantial risk in terms of foreign exchange rates; therefore does not hedge rates with financial instruments.

Our estimates include constant FX in the future due to the impossibility of predicting currency trends. On the other hand, the Company does have any derivatives to offset its exposure

Impact from interest rate hikes

Lleida.net's current bank debt (including subisidies and soft loans linked to R+D) has 54% linked to set rates. Thus, the Company would hardly be affected by potential interest rate hikes in Europe that may arise in 2020.

However, the higher reference rates could have a negative impact on the capacity to realise a future M&A by making it more difficult to obtain a loan and also increase the financial cost of debt. In light of the later, one of the reasons for LLN to join the MAB was the opening to new financial channels via capital increases.

Credit risk

The may not recover some financial assets or accounts receivable from clients due to a breach of contracts and established timetable on behalf of the counterparty. Lleida.net's credit risk exposure at 2018 reached approximately EUR2.4m.

The company carries out periodic controls of its portfolio of invoices pending collection having high certainty when considering its effective collection. In the event that there are reasonable grounds for doubting payment by the customer, the asset is reclassified and the corresponding provision is made. On the other hand, LLN works with Crédito y Caución to mitigate customer insolvency.

Downloaded: 2019-11-21 09:01 User: Peña Ruiz Juan (GVC Gaesco Valores)

Lleida.net : Summary tables

PROFIT & LOSS (EURm)	12/2015	12/2016	12/2017	12/2018	12/2019e	12/2020e
Sales	**8.4**	**8.1**	**9.9**	**12.4**	**12.9**	**15.2**
Cost of Sales & Operating Costs	-8.0	-7.0	-8.6	-10.7	-10.8	-11.9
Non Recurrent Expenses/Income	0.0	-0.5	0.0	0.0	0.0	0.0
EBITDA	**0.4**	**0.6**	**1.3**	**1.7**	**2.1**	**3.3**
EBITDA (adj.)*	**0.4**	**1.0**	**1.3**	**1.7**	**2.1**	**3.3**
Depreciation	0.0	-0.7	0.0	0.0	0.0	0.0
EBITA	**0.4**	**-0.1**	**1.3**	**1.7**	**2.1**	**3.3**
EBITA (adj)*	**0.4**	**0.4**	**1.3**	**1.7**	**2.1**	**3.3**
Amortisations and Write Downs	-1.1	-1.1	-1.1	-1.2	-1.0	-1.1
EBIT	**-0.7**	**-1.2**	**0.2**	**0.5**	**1.1**	**2.2**
EBIT (adj.)*	**-0.7**	**-0.8**	**0.3**	**0.5**	**1.1**	**2.2**
Net Financial Interest	0.2	-0.2	-0.2	-0.1	-0.1	-0.1
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)	**-0.5**	**-1.4**	**0.0**	**0.4**	**1.0**	**2.1**
Tax	0.1	0.0	0.0	-0.1	-0.3	-0.5
Tax rate	*25.9%*	*n.m.*	*0.6%*	*34.1%*	*25.0%*	*25.0%*
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)	**-0.4**	**-1.4**	**0.0**	**0.3**	**0.8**	**1.6**
Net Profit (adj.)	**-0.4**	**-1.4**	**0.1**	**0.3**	**0.8**	**1.6**

CASH FLOW (EURm)	12/2015	12/2016	12/2017	12/2018	12/2019e	12/2020e
Cash Flow from Operations before change in NWC	0.7	0.4	1.1	1.4	1.8	2.7
Change in Net Working Capital	-1.4	0.4	0.3	0.1	0.1	-0.6
Cash Flow from Operations	**-0.7**	**0.7**	**1.4**	**1.5**	**1.9**	**2.1**
Capex	-1.7	-2.2	-1.2	-1.1	-1.2	-1.4
Net Financial Investments	0.0	0.0	0.0	0.0	0.0	0.0
Free Cash Flow	**-2.4**	**-1.5**	**0.2**	**0.4**	**0.8**	**0.7**
Dividends	0.0	0.0	0.0	0.0	0.0	0.0
Other (incl. Capital Increase & share buy backs)	1.5	-2.7	-1.2	-0.1	0.0	2.0
Change in Net Debt	**-1**	**-4**	**-1**	**0**	**1**	**3**
NOPLAT	0	-1	0	0	1	2

BALANCE SHEET & OTHER ITEMS (EURm)	12/2015	12/2016	12/2017	12/2018	12/2019e	12/2020e
Net Tangible Assets	0.4	0.5	0.4	0.3	0.3	0.3
Net Intangible Assets (incl.Goodwill)	4.3	3.6	3.8	3.8	4.0	4.3
Net Financial Assets & Other	2.0	0.2	0.3	0.2	0.2	0.2
Total Fixed Assets	**6.7**	**4.3**	**4.6**	**4.4**	**4.5**	**4.8**
Inventories	0.0	0.0	0.0	0.0	0.0	0.0
Trade receivables	2.2	2.3	2.3	2.4	2.5	3.2
Other current assets	0.4	1.5	1.2	0.9	0.9	0.9
Cash (-)	-4.0	-1.5	-0.5	-1.1	-1.2	-1.4
Total Current Assets	**6.7**	**5.2**	**4.1**	**4.5**	**4.6**	**5.5**
Total Assets	**13.4**	**9.6**	**8.6**	**8.9**	**9.1**	**10.3**
Shareholders Equity	5.9	2.8	2.9	3.1	3.6	4.4
Minority	0.0	0.0	0.0	0.0	0.0	0.0
Total Equity	5.9	2.8	2.9	3.1	3.6	4.4
Long term interest bearing debt	2.7	1.9	1.1	1.4	1.4	1.7
Provisions	0.0	0.2	0.0	0.1	0.1	0.1
Other long term liabilities	0.0	0.0	0.0	0.0	0.0	0.0
Total Long Term Liabilities	**2.7**	**2.1**	**1.2**	**1.5**	**1.5**	**1.8**
Short term interest bearing debt	3.8	1.9	1.8	2.2	1.8	1.8
Trade payables	1.1	1.5	1.8	2.0	2.2	2.3
Other current liabilities	0.0	1.3	1.0	0.2	0.0	0.0
Total Current Liabilities	**4.9**	**4.7**	**4.6**	**4.4**	**4.0**	**4.2**
Total Liabilities and Shareholders' Equity	**13.4**	**9.6**	**8.6**	**8.9**	**9.1**	**10.3**
Net Capital Employed	**8.3**	**5.3**	**5.3**	**5.6**	**5.7**	**6.6**
Net Working Capital	**1.2**	**0.8**	**0.5**	**0.4**	**0.3**	**0.9**

GROWTH & MARGINS	12/2015	12/2016	12/2017	12/2018	12/2019e	12/2020e
Sales growth	*-8.0%*	*-4.2%*	*23.2%*	*24.8%*	*4.1%*	*17.6%*
EBITDA (adj.)* growth	***-66.5%***	***164.4%***	***28.8%***	***24.8%***	***27.4%***	***52.4%***
EBITA (adj.) growth*	*-66.5%*	*-1.1%*	*244.7%*	*24.8%*	*27.4%*	*52.4%*

Downloaded: 2019-11-21 09:01 User: Peña Ruiz Juan (GVC Gaesco Valores)

Lleida.net : Summary tables

GROWTH & MARGINS	12/2015	12/2016	12/2017	12/2018	12/2019e	12/2020e
Net Profit growth	*n.m.*	*n.m.*	*n.m.*	*357.2%*	*188.1%*	*105.5%*
EPS adj. growth	*n.m.*	*n.m.*	*n.m.*	*357.2%*	*188.1%*	*105.5%*
DPS adj. growth						
EBITDA (adj) margin*	*4.7%*	*13.0%*	*13.6%*	*13.6%*	*16.6%*	*21.5%*
EBITA (adj) margin*	*4.7%*	*4.9%*	*13.6%*	*13.6%*	*16.6%*	*21.5%*
EBIT (adj) margin*	*n.m.*	*n.m.*	*2.7%*	*4.3%*	*8.6%*	*14.6%*

RATIOS	12/2015	12/2016	12/2017	12/2018	12/2019e	12/2020e
Net Debt/Equity	0.4	0.8	0.8	0.8	0.6	0.5
Net Debt/EBITDA	6.3	4.2	1.8	1.4	0.9	0.7
Interest cover (EBITDA/Fin.interest)	n.m.	3.2	6.3	14.4	31.5	55.0
Capex/D&A	156.0%	121.0%	112.0%	95.6%	112.7%	128.8%
Capex/Sales	20.3%	27.1%	12.2%	8.9%	9.0%	9.0%
NWC/Sales	13.8%	10.0%	5.1%	3.5%	2.4%	5.8%
ROE (average)	-9.9%	-33.0%	2.1%	9.2%	23.6%	40.3%
ROCE (adj.)	-7.2%	-8.0%	3.0%	5.9%	12.2%	21.0%
WACC	12.4%	12.4%	12.0%	12.0%	12.0%	12.0%
ROCE (adj.)/WACC	-0.6	-0.6	0.3	0.5	1.0	1.7

PER SHARE DATA (EUR)***	12/2015	12/2016	12/2017	12/2018	12/2019e	12/2020e
Average diluted number of shares	16.0	16.0	16.0	16.0	16.0	16.0
EPS (reported)	-0.02	-0.09	0.00	0.02	0.05	0.10
EPS (adj.)	-0.02	-0.09	0.00	0.02	0.05	0.10
BVPS	0.36	0.18	0.18	0.19	0.22	0.27
DPS	0.00	0.00	0.00	0.00	0.00	0.00

VALUATION	12/2015	12/2016	12/2017	12/2018	12/2019e	12/2020e
EV/Sales	1.9	1.5	1.3	1.4	1.5	1.3
EV/EBITDA	40.6	21.7	9.7	10.2	9.3	6.1
EV/EBITDA (adj.)*	**40.5**	**11.6**	**9.5**	**10.2**	**9.3**	**6.1**
EV/EBITA	40.6	-126.9	9.7	10.2	9.3	6.1
EV/EBITA (adj.)*	**40.6**	**31.0**	**9.5**	**10.2**	**9.3**	**6.1**
EV/EBIT	n.m.	n.m.	51.7	32.5	18.0	9.1
EV/EBIT (adj.)*	**n.m.**	**n.m.**	**47.7**	**32.4**	**18.0**	**9.1**
P/E (adj.)	**n.m.**	**n.m.**	**n.m.**	**n.m.**	**23.2**	**11.3**
P/BV	2.7	3.5	3.7	4.9	5.1	4.1
Total Yield Ratio	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
EV/CE	2.7	2.5	2.7	3.7	4.3	3.7
OpFCF yield	-15.4%	-14.6%	2.1%	2.7%	4.2%	4.1%
OpFCF/EV	-15.0%	-12.0%	1.8%	2.3%	3.8%	3.7%
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)	12/2015	12/2016	12/2017	12/2018	12/2019e	12/2020e
Price** (EUR)	0.97	0.62	0.67	0.93	1.13	1.13
Outstanding number of shares for main stock	16.0	16.0	16.0	16.0	16.0	16.0
Total Market Cap	**16**	**10**	**11**	**15**	**18**	**18**
Net Debt	**2**	**2**	**2**	**2**	**2**	**2**
o/w Cash & Marketable Securities (-)	*-4*	*-1*	*-1*	*-1*	*-1*	*-1*
o/w Gross Debt (+)	*7*	*4*	*3*	*4*	*3*	*4*
Other EV components	**-2**	**0**	**0**	**0**	**0**	**0**
Enterprise Value (EV adj.)	**16**	**12**	**13**	**17**	**20**	**20**

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*

Sector: Software & Computer Services/Software & Computer Services

Company Description: Lleida.net is the First Registering Operator, a leading Telecom company specialised in the field of registered communications, aiming at providing companies, public administrations and private users with secure, trustworthy, efficient and profitable electronic communications that will directly help to improve their results.

Downloaded: 2019-11-21 09:01 User: Peña Ruiz Juan (GVC Gaesco Valores)

European Coverage of the Members of ESN

Aerospace & Defense	Mem(*)
Airbus Se	CIC
Dassault Aviation	CIC
Figeac Aero	CIC
Latecoere	CIC
Leonardo	BAK
Lisi	CIC
Safran	CIC
Thales	CIC
Alternative Energy	**Mem(*)**
Siemens Gamesa Re	GVC
Voltalia	CIC
Automobiles & Parts	**Mem(*)**
Bittium Corporation	OPG
Brembo	BAK
Ferrari	BAK
Fiat Chrysler Automobiles	BAK
Gestamp	GVC
Indelb	BAK
Kamux	OPG
Landi Renzo	BAK
Nokian Tyres	OPG
Piaggio	BAK
Pininfarina	BAK
Sogefi	BAK
Banks	**Mem(*)**
Aktia	OPG
Alpha Bank	IBG
Banca Carige	BAK
Banca Mps	BAK
Bcp	CBI
Bnp Paribas	CIC
Bper	BAK
Bpi	CBI
Credem	BAK
Credit Agricole Sa	CIC
Creval	BAK
Eurobank	IBG
Intesa Sanpaolo	BAK
Mediobanca	BAK
National Bank Of Greece	IBG
Natixis	CIC
Nordea	OPG
Piraeus Bank	IBG
Rothschild & Co	CIC
Societe Generale	CIC
Ubi Banca	BAK
Unicredit	BAK
Basic Resources	**Mem(*)**
Acerinox	GVC
Altri	CBI
Arcelormittal	GVC
Corticeira Amorim	CBI
Ence	GVC
Metsä Board	OPG
Mytilineos	IBG
Outokumpu	OPG
Semapa	CBI
Ssab	OPG
Stora Enso	OPG
The Navigator Company	CBI
Tubacex	GVC
Upm-Kymmene	OPG
Chemicals	**Mem(*)**
Air Liquide	CIC
Arkema	CIC
Kemira	OPG
Tikkurila	OPG
Electronic & Electrical Equipment	**Mem(*)**
Rexel	CIC
Financial Services	**Mem(*)**
Amundi	CIC
Anima	BAK
Athex Group	IBG
Azimut	BAK
Banca Farmafactoring	BAK
Banca Generali	BAK
Banca Ifis	BAK
Banca Mediolanum	BAK
Banca Sistema	BAK
Capman	OPG
Cir	BAK
Digital Magics	BAK
Dobank	BAK
Eq	OPG
Eurazeo	CIC
Ffp	CIC
Finecobank	BAK
Poste Italiane	BAK
Rallye	CIC
Tinexta	BAK
Tip Tamburi Investment Partners	BAK
Wendel	CIC
Food & Beverage	**Mem(*)**
Advini	CIC
Altia	OPG
Atria	OPG
Bonduelle	CIC
Campari	BAK
Coca Cola Hbc Ag	IBG
Danone	CIC
Ebro Foods	GVC
Enervit	BAK
Fleury Michon	CIC
Hkscan	OPG
Italian Wine Brands	BAK
La Doria	BAK
Lanson-Bcc	CIC
Laurent Perrier	CIC
Ldc	CIC
Massimo Zanetti	BAK
Olvi	OPG
Orsero	BAK
Pernod Ricard	CIC
Raisio	OPG
Remy Cointreau	CIC
Tipiak	CIC
Vidrala	GVC
Vilmorin	CIC
Viscofan	GVC
Vranken Pommery Monopole	CIC
Food & Drug Retailers	**Mem(*)**
Carrefour	CIC
Casino Guichard-Perrachon	CIC
Jeronimo Martins	CBI
Kesko	OPG
Marr	BAK
Sonae	CBI
General Industrials	**Mem(*)**
Cembre	BAK
Huhtamäki	OPG
Pöyry	OPG
Sergeferrari Group	CIC
General Retailers	**Mem(*)**
Fnac Darty	CIC
Fourlis Holdings	IBG
Jumbo	IBG
Ovs	BAK
Stockmann	OPG
Tokmanni	OPG
Unieuro	BAK
Healthcare	**Mem(*)**
Ab Biotics	GVC
Amplifon	BAK
Atrys Health	GVC
Biom'Up	CIC
Cellnovo	CIC
Cerenis	CIC
Crossject	CIC
Diasorin	BAK
El.En.	BAK
Fermentalg	CIC
Fine Foods	BAK
Genfit	CIC
Guerbet	CIC
Korian	CIC
Oncodesign	CIC
Oriola-Kd	OPG
Orion	OPG
Orpea	CIC
Pihlajalinna	OPG
Recordati	BAK
Silmaasema	OPG
Terveystalo	OPG
Household Goods	**Mem(*)**
Abeo	CIC
De Longhi	BAK
Elica	BAK
Fila	BAK
Maisons Du Monde	CIC
Industrial Engineering	**Mem(*)**
Alstom	CIC
Biesse	BAK
Caf	GVC
Cargotec Corp	OPG
Carraro	BAK
Cnh Industrial	BAK
Danieli	BAK
Datalogic	BAK
Emak	BAK
Fincantieri	BAK
Groupe Gorge	CIC
Haulotte Group	CIC
Ima	BAK
Interpump	BAK
Kone	OPG
Konecranes	OPG
Manitou	CIC
Metso Corporation	OPG
Outotec	OPG
Ponsse	OPG
Prima Industrie	BAK
Prysmian	BAK
Talgo	GVC
Valmet	OPG
Wärtsilä	OPG
Zardoya Otis	GVC
Industrial Transportation	**Mem(*)**
Bollore	CIC
Ctt	CBI
Insurance	**Mem(*)**
Axa	CIC
Cattolica Assicurazioni	BAK
Generali	BAK
Net Insurance	BAK
Sampo	OPG
Unipolsai	BAK

Downloaded: 2019-11-21 09:01 User: Peña Ruiz Juan (GVC Gaesco Valores)

Materials, Construction & Infrastructure	Mem(*)
Acs	GVC
Aena	GVC
Astaldi	BAK
Atlantia	BAK
Buzzi Unicem	BAK
Capelli	CIC
Caverion	OPG
Cramo	OPG
Eiffage	CIC
Eltel	OPG
Ezentis	GVC
Fcc	GVC
Ferrovial	GVC
Groupe Adp	CIC
Groupe Poujoulat	CIC
Groupe Sfpi S.A.	CIC
Herige	CIC
Imerys	CIC
Lafargeholcim	CIC
Lehto	OPG
Maire Tecnimont	BAK
Maisons France Confort	CIC
Mota Engil	CBI
Obrascon Huarte Lain	GVC
Ramirent	OPG
Sacyr	GVC
Saint Gobain	CIC
Salini Impregilo	BAK
Sias	BAK
Sonae Industria	CBI
Srv	OPG
Tarkett	CIC
Thermador Groupe	CIC
Titan Cement	IBG
Trevi	BAK
Uponor	OPG
Vicat	CIC
Vinci	CIC
Yit	OPG

Media	Mem(*)
Alma Media	OPG
Arnoldo Mondadori Editore	BAK
Atresmedia	GVC
Cairo Communication	BAK
Cofina	CBI
Digital Bros	BAK
Digitouch	BAK
Gedi Gruppo Editoriale	BAK
Gl Events	CIC
Il Sole 24 Ore	BAK
Impresa	CBI
Iol	BAK
Ipsos	CIC
Jcdecaux	CIC
Lagardere	CIC
M6-Metropole Television	CIC
Mediaset	BAK
Mediaset Espana	GVC
Nrj Group	CIC
Publicis	CIC
Rcs Mediagroup	BAK
Sanoma	OPG
Solocal Group	CIC
Teleperformance	CIC
Tf1	CIC
Ubisoft	CIC
Vivendi	CIC
Vogo	CIC

Oil & Gas Producers	Mem(*)
Ecoslops	CIC
Eni	BAK
Galp Energia	CBI
Gas Plus	BAK
Hellenic Petroleum	IBG
Maurel Et Prom	CIC
Motor Oil	IBG
Neste Corporation	OPG
Qgep	CBI
Repsol	GVC
Total	CIC

Oil Services	Mem(*)
Bourbon	CIC
Cgg	CIC
Gaztransport Et Technigaz	CIC
Rubis	CIC
Saipem	BAK
Technipfmc Plc	CIC
Tecnicas Reunidas	GVC
Tenaris	BAK
Vallourec	CIC

Personal Goods	Mem(*)
Basicnet	BAK
Cie Fin. Richemont	CIC
Geox	BAK
Hermes Intl.	CIC
Interparfums	CIC
Kering	CIC
Lvmh	CIC
Marimekko	OPG
Moncler	BAK
Safilo	BAK
Salvatore Ferragamo	BAK
Sarantis	IBG
Smcp	CIC
Swatch Group	CIC
Technogym	BAK
Tod'S	BAK

Real Estate	Mem(*)
Citycon	OPG
Grivalia	IBG
Igd	BAK
Kojamo	OPG
Lar España	GVC
Merlin Properties	GVC
Realia	GVC
Technopolis	OPG

Software & Computer Services	Mem(*)
Agile Content	GVC
Akka Technologies	CIC
Alten	CIC
Altran	CIC
Amadeus	GVC
Assystem	CIC
Atos	CIC
Axway Software	CIC
Basware	OPG
Capgemini	CIC
Cast	CIC
Catenon	GVC
Econocom	CIC
Esi Group	CIC
Exprivia	BAK
F-Secure	OPG
Gigas Hosting	GVC
Gpi	BAK
Groupe Open	CIC
Indra Sistemas	GVC
Neurones	CIC
Novabase	CBI
Reply	BAK
Rovio Entertainment	OPG
Sii	CIC
Sopra Steria Group	CIC
Tieto	OPG
Visiativ	CIC

Support Services	Mem(*)
Asiakastieto Group	OPG
Bureau Veritas	CIC
Cellnex Telecom	GVC
Edenred	CIC
Enav	BAK
Fiera Milano	BAK
Inwit	BAK
Lassila & Tikanoja	OPG
Openjobmetis	BAK
Rai Way	BAK

Technology Hardware & Equipment	Mem(*)
Adeunis	CIC
Ericsson	OPG
Evolis	CIC
Hf Company	CIC
Ingenico	CIC
Nokia	OPG
Osmozis	CIC
Stmicroelectronics	BAK
Teleste	OPG

Telecommunications	Mem(*)
Acotel	BAK
Bouygues	CIC
Dna	OPG
Elisa	OPG
Euskaltel	GVC
Iliad	CIC
Masmovil	GVC
Nos	CBI
Orange	CIC
Ote	IBG
Telecom Italia	BAK
Telefonica	GVC
Telia	OPG
Tiscali	BAK
Vodafone	BAK

Travel & Leisure	Mem(*)
Accor	CIC
Aegean Airlines	IBG
Autogrill	BAK
Beneteau	CIC
Compagnie Des Alpes	CIC
Elior	CIC
Europcar	CIC
Finnair	OPG
Gamenet	BAK
I Grandi Viaggi	BAK
Ibersol	CBI
Intralot	IBG
Melia Hotels International	GVC
Nh Hotel Group	GVC
Opap	IBG
Pierre Et Vacances	CIC
Sg Company	BAK
Sodexo	CIC
Sonae Capital	CBI
Tallink	OPG
Trigano	CIC

Utilities	Mem(*)
A2A	BAK
Acciona	GVC
Acea	BAK
Albioma	CIC
Derichebourg	CIC
Edp	CBI
Edp Renováveis	CBI
Enagas	GVC
Endesa	GVC
Enel	BAK
Erg	BAK
Eydap	IBG
Falck Renewables	BAK
Fortum	OPG
Hera	BAK
Iberdrola	GVC
Iren	BAK
Italgas	BAK
Naturgy	GVC
Public Power Corp	IBG
Red Electrica Corporacion	GVC
Ren	CBI
Snam	BAK
Solaria	GVC
Terna	BAK

LEGEND: BAK: Banca Akros; CIC: CM CIC Market Solutions; CBI: Caixa-Banco de Investimento; GVC: GVC Gaesco Beksa, SV, SA; IBG: Investment Bank of Greece, OPG: OP Corporate Bank:;as of8th May 2019

Downloaded: 2019-11-21 09:01 User: Peña Ruiz Juan (GVC Gaesco Valores)

List of ESN Analysts (**)

Artur Amaro	CBI	+351 213 89 6822	artur.amaro@caixabi.pt
Helena Barbosa	CBI	+351 21 389 6831	helena.barbosa@caixabi.pt
Dimitris Birbos	IBG	+30 210 81 73 392	dbirbos@ibg.gr
Agnès Blazy	CIC	+33 1 53 48 80 67	agnes.blazy@cmcic.fr
Andrea Bonfà	BAK	+39 02 4344 4269	andrea.bonfa@bancaakros.it
Jean-Baptiste Bouchet	CIC	+33 1 53 48 80 69	jeanbaptiste.bouchet@cmcic.fr
Giada Cabrino, CIIA	BAK	+39 02 4344 4092	giada.cabrino@bancaakros.it
Nuno Castro	CBI	+351 21 389 68 39	nuno.castro@caixabi.pt
Niclas Catani	OPG	+358 10 252 8780	niclas.catani@op.fi
Pierre Chédeville	CIC	+33 1 53 48 80 97	pierre.chedeville@cmcic.fr
Emmanuel Chevalier	CIC	+33 1 53 48 80 72	emmanuel.chevalier@cmcic.fr
Guillermo Kevin Crowley	GVC	91 436 7813	guillermo.crowley@gvcgaesco.es
David Da Maia	CIC	+33 1 53 48 89 36	david.damaia@cmcic.fr
Christian Devismes	CIC	+33 1 53 48 80 85	christian.devismes@cmcic.fr
Andrea Devita, CFA	BAK	+39 02 4344 4031	andrea.devita@bancaakros.it
Enrico Esposti, CIIA	BAK	+39 02 4344 4022	enrico.esposti@bancaakros.it
Rafael Fernández de Heredia	GVC	+34 91 436 78 08	rafael.fernandezdeheredia@gvcgaesco.es
Gabriele Gambarova	BAK	+39 02 43 444 289	gabriele.gambarova@bancaakros.it
Eduardo Garcia Arguelles	GVC	+34 914 367 810	eduardo.garciaarguelles@gvcgaesco.es
Pietro Gasparri, CIIA, CEFA	BAK	+39 02 4344 4238	pietro.gasparri@bancaakros.it
Alexandre Gérard	CIC	+33 1 53 48 80 93	alexandre.gerard@cmcic.fr
Joonas Häyhä	OPG	+358 010 252 4504	joonas.häyhä@op.fi
Ebrahim Homani	CIC	+33 1 53 48 80 94	ebrahim.homani@cmcic.fr
Carlos Jesus	CBI	+351 21 389 6812	carlos.jesus@caixabi.pt
Jean-Christophe Lefèvre-Moulenq	CIC	+33 1 53 48 80 65	jeanchristophe.lefevremoulenq@cmcic.fr
João Miguel Lourenço	CBI	+35 121 389 6841	joao.lourenco@caixabi.pt
Konstantinos Manolopoulos	IBG	+30 210 817 3388	kmanolopoulos@ibg.gr
Fanny Meindre, PhD	CIC	+33 1 53 48 80 84	fanny.meindre@cmcic.fr
Jussi Mikkonen	OPG	+358 010 252 8780	jussi.mikkonen@op.fi
Emanuele Oggioni	BAK	+39 0243 444 237	emanuele.oggioni@bancaakros.it
Henri Parkkinen	OPG	+358 10 252 4409	henri.parkkinen@op.fi
Victor Peiro Pérez	GVC	+34 91 436 7812	victor.peiro@gvcgaesco.es
Alexandre Plaud	CIC	+33 1 53 48 80 90	alexandre.plaud@cmcic.fr
Francis Prêtre	CIC	+33 4 78 92 02 30	francis.pretre@cmcic.fr
Matias Rautionmaa	OPG	+358 10 252 4408	matias.rautionmaa@op.fi
Eric Ravary	CIC	+33 1 53 48 80 71	eric.ravary@cmcic.fr
Iñigo Recio Pascual	GVC	+34 91 436 7814	inigo.recio@gvcgaesco.es
Jean-Luc Romain	CIC	+33 1 53 48 80 66	jeanluc.romain@cmcic.fr
Vassilis Roumantzis	IBG	+30 2108173394	vroumantzis@ibg.gr
Antti Saari	OPG	+358 10 252 4359	antti.saari@op.fi
Paola Saglietti	BAK	+39 02 4344 4287	paola.saglietti@bancaakros.it
Francesco Sala	BAK	+39 02 4344 4240	francesco.sala@bancaakros.it
Kimmo Stenvall	OPG	+358 10 252 4561	kimmo.stenvall@op.fi
Natalia Svyrou-Svyriadi	IBG	+30 210 81 73 384	nsviriadi@ibg.gr
Luigi Tramontana	BAK	+39 02 4344 4239	luigi.tramontana@bancaakros.it
Leena Viljamaa	OPG	+358 10 2522788	leena.viljamaa@op.fi

(**) excluding: strategists, macroeconomists, heads of research not covering specific stocks, credit analysts, technical analysts

Downloaded: 2019-11-21 09:01 User: Peña Ruiz Juan (GVC Gaesco Valores)

Information regarding Market Abuse and Conflicts of Interests and recommendation history available in our web page: www.valores.gvcgaesco.es and our offices
The information and opinions contained in this document have been compiled by GVC Gaesco Valores S.V., S.A., from sources believed to be reliable. This document is not intended to be an offer, or a solicitation to buy or sell relevant securities. GVC Gaesco Valores S.V., S.A., will not take any responsibility whatsoever for losses which may derive from use of the present document or its contents, GVC Gaesco Valores S.V., S.A., can occasionally have positions in some of the securities mentioned in this report, through its trading portfolio or negotiation. Additionally, there can exist a commercial relation between GVC Gaesco Valores S.V., S.A., and the mentioned companies.

As of the date of this report, GVC Gaesco Valores S.V., S.A.,

- acts as registered advisor, agent or liquidity provider for the following companies: AB Biotics; Catenon SA; Clever Global SA, Euroespes, S.A., Facephi Biometría SA., Griñó Ecologic SA, Lleidanetworks Serveis Telematics SA., NBI Bearings Europe S.A. Trajano Iberia Socimi, SA; Asgard Investment Hotels (prev: Obsido Socimi SA, Eurona Telecom SA; Secuoya Grupo de Comunicación SA; Mercal Inmuebles Socimi SA; Neuron Bio SA; Student Properties Spain (SOCIMI); Solaria Casiopea (bonos MARF); Atrys Health, Quonia (Socimi); TIER1 Technology; Excem Capital Partners Sociedad de Inversión Residencial (Socimi YEXR) ; Agile Content; Imaginarium; Noel Bio; Promorent Socimi, SA. ENCE Energía y Celulosa; Plásticos Compuestos SA ;
- has participated and/or participates as lead or co-lead manager in corporate operations with the following companies: Clever Global SA; Dogi International Fabrics SA; Inypsa; Lleidanetworks Serveis Telematics SA, MasMovil Ibercom; Globasol (Solaria); ADL Bionatur Solutions ; Plásticos Compuestos SA ;
- has, during the last year, performed a significant amount of business with: Bankia, Ferrovial S.A., Codere.
- has a contractual relationship to provide financial services, through which GVC Gaesco Valores S.V.,S.A., executes orders on the treasury stocks of the following companies: CaixaBank S.A., Grupo Ezentis S.A;.
- has a liquidity contract as outlined by the CNMV's Circular 1/2017 with: Indra Sistemas; Melia Hotels International; Española de Viviendas en Alquiler S.A. (CEVASA);
- has signed a Corporate Brokerage agreement that includes a contractually agreed provision of research services and in return, GVC Gaesco Valores receives a compensation. These reports have been or could have been previously shown to the companies: Agile Content, Atrys Health ; Gigas Hosting ; Catenon ; Greenalia ; Quabit Inmobiliaria; ADL Bionatur Solutions

Employees of the sales departments or other departments of GVC Gaesco Valores or other entities of the GVC Gaesco Group may provide market, oral or written comments or investment strategies to customers that reflect opinions contrary to those expressed herein, and GVC Gaesco Valores or any other entity of the GVC Gaesco Group may make investment decisions on its own behalf that are inconsistent with the recommendations contained herein. **At the date of preparation of this report, GVC Gaesco Valores holds a non-significant equity interest in LLEIDANETWORKS SERVEIS TELEMATICS S.A. of its own account.**

Recommendation history for LLEIDA.NET

Date	Recommendation	Target price	Price at change date
20-Nov-19	Buy	1.51	1.13

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 20/11/2019)



Downloaded: 2019-11-21 09:01 User: Peña Ruiz Juan (GVC Gaesco Valores)

ESN Recommendation System

The ESN Recommendation System is **Absolute**. It means that each stock is rated on the basis of a **total return**, measured by the upside potential (including dividends and capital reimbursement) over a **12 month time horizon**.



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

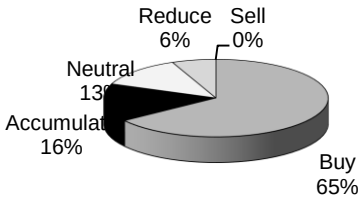
Furthermore, in specific cases and for a limited period of time, the analysts are allowed to rate the stocks as **Rating Suspended (RS)** or **Not Rated (NR)**, as explained below.

Meaning of each recommendation or rating:

- **Buy**: the stock is expected to generate total return of **over 15%** during the next 12 months time horizon
- **Accumulate:** the stock is expected to generate total return of **5% to 15%** during the next 12 months time horizon
- **Neutral**: the stock is expected to generate total return of **-5% to +5%** during the next 12 months time horizon
- **Reduce**: the stock is expected to generate total return of **-5% to -15%** during the next 12 months time horizon
- **Sell**: the stock is expected to generate total return **under -15%** during the next 12 months time horizon
- **Rating Suspended**: the rating is suspended due to a change of analyst covering the stock or a capital operation (take-over bid, SPO, …) where the issuer of the document (a partner of ESN) or a related party of the issuer is or could be involved
- **Not Rated**: there is no rating for a company being floated (IPO) by the issuer of the document (a partner of ESN) or a related party of the issuer

Certain flexibility on the limits of total return bands is permitted especially during higher phases of volatility on the markets

GVC Gaesco Ratings Breakdown



For full ESN Recommendation and Target price history (in the last 12 months) please see ESN Website Link
Date and time of production: *20 November 2019: 16:21* ***CET***
First date and time of dissemination: *20 November 2019: 16:26* ***CET***

Downloaded: 2019-11-21 09:01 User: Peña Ruiz Juan (GVC Gaesco Valores)

Disclaimer:

These reports have been prepared and issued by the Members of European Securities Network LLP ('ESN'). ESN, its Members and their affiliates (and any director, officer or employee thereof), are neither liable for the proper and complete transmission of these reports nor for any delay in their receipt. Any unauthorised use, disclosure, copying, distribution, or taking of any action in reliance on these reports is strictly prohibited. The views and expressions in the reports are expressions of opinion and are given in good faith, but are subject to change without notice. These reports may not be reproduced in whole or in part or passed to third parties without permission. The information herein was obtained from various sources. ESN, its Members and their affiliates (and any director, officer or employee thereof) do not guarantee their accuracy or completeness, and neither ESN, nor its Members, nor its Members' affiliates (nor any director, officer or employee thereof) shall be liable in respect of any errors or omissions or for any losses or consequential losses arising from such errors or omissions. Neither the information contained in these reports nor any opinion expressed constitutes an offer, or an invitation to make an offer, to buy or sell any securities or any options, futures or other derivatives related to such securities ('related investments'). These reports are prepared for the clients of the Members of ESN only. They do not have regard to the specific investment objectives, financial situation and the particular needs of any specific person who may receive any of these reports. Investors should seek financial advice regarding the appropriateness of investing in any securities or investment strategies discussed or recommended in these reports and should understand that statements regarding future prospects may not be realised. Investors should note that income from such securities, if any, may fluctuate and that each security's price or value may rise or fall. Accordingly, investors may receive back less than originally invested. Past performance is not necessarily a guide to future performance. Foreign currency rates of exchange may adversely affect the value, price or income of any security or related investment mentioned in these reports. In addition, investors in securities such as ADRs, whose value are influenced by the currency of the underlying security, effectively assume currency risk. ESN, its Members and their affiliates may submit a pre-publication draft (without mentioning neither the recommendation nor the target price/fair value) of its reports for review to the Investor Relations Department of the issuer forming the subject of the report, solely for the purpose of correcting any inadvertent material inaccuracies. Like all members employees, analysts receive compensation that is impacted by overall firm profitability For further details about the analyst certification, the specific risks of the company and about the valuation methods used to determine the price targets included in this report/note, please refer to the specific disclaimer pages prepared by the ESN Members. In the case of a short note please refer to the latest relevant published research on single stock or contact the analyst named on the front of the report/note for detailed information on the valuation methods, earning estimates and risks. A full escription of all the organisational and administrative measures taken by the Members of ESN to manage interest and conflicts of interest are available on the website of the Members or in the local disclaimer of the Members or contacting directly the Members. Research is available through the ESN Members sales representative. ESN will provide periodic updates on companies or sectors based on company-specific developments or announcements, market conditions or any other publicly available information. Unless agreed in writing with an ESN Member, this research is intended solely for internal use by the recipient. Neither this document nor any copy of it may be taken or transmitted into Australia, Canada or Japan or distributed, directly or indirectly, in Australia, Canada or Japan or to any resident thereof. This document is for distribution in the U.K. Only to persons who have professional experience in matters relating to investments and fall within article 19(5) of the financial services and markets act 2000 (financial promotion) order 2005 (the "order") or (ii) are persons falling within article 49(2)(a) to (d) of the order, namely high net worth companies, unincorporated associations etc. (all such persons together being referred to as "relevant persons"). This document must not be acted on or relied upon by persons who are not relevant persons. Any investment or investment activity to which this document relates is available only to relevant persons and will be engaged in only with relevant persons. The distribution of this document in other jurisdictions or to residents of other jurisdictions may also be restricted by law, and persons into whose possession this document comes should inform themselves about, and observe, any such restrictions. By accepting this report you agree to be bound by the foregoing instructions. You shall indemnify ESN, its Members and their affiliates (and any director, officer or employee thereof) against any damages, claims, losses, and detriments resulting from or in connection with the unauthorized use of this document. For disclosure upon "conflicts of interest" on the companies under coverage by all the ESN Members, on the "interests" and "conflicts" of the analysts and on each "company recommendation history", please visit the ESN website (http://www.esnpartnership.eu/research_and_database_access/insite)

or refer to the local disclaimer of the Members, or contact directly the Member

www.bancaakros.it regulated by the CONSOB - Commissione Nazionale per le Società e la Borsa

www.caixabi.pt regulated by the CMVM - Comissão do Mercado de Valores Mobiliários

www.cmcicms.com regulated by the AMF - Autorité des marchés financiers

www.ibg.gr regulated by the HCMC - Hellenic Capital Market Commission

www.valores.gvcgaesco.es regulated by CNMV - Comisión Nacional del Mercado de Valores

Members of ESN (European Securities Network LLP)

Banca Akros S.p.A.
Viale Eginardo, 29
20149 MILANO
Italy
Phone: +39 02 43 444 389
Fax: +39 02 43 444 302

GVC Gaesco Beka, SV, SA
C/- Fortuny 17
28010 Madrid
Spain
Phone: +34 91 436 7813

Caixa-Banco de Investimento
Avenida João XXI, 63
1000-300 Lisboa
Portugal
Phone: +351 21 313 73 00
Fax: +351 21 389 68 98

Investment Bank of Greece
32 Aigialeias Str & Paradissou,
151 25 Maroussi,
Greece
Phone: +30 210 81 73 383

CM - CIC Market Solutions
6, avenue de Provence
75441 Paris
Cedex 09
France
Phone: +33 1 53 48 81 93