

## First reaction to 2Q14 results

## Grupo Ezentis

Ticker: EZE SM

Overweight

Target Price: €1.00

Current Price: €0.72

Ignacio Méndez  
[ignacio.mendez@mirabaud.es](mailto:ignacio.mendez@mirabaud.es)  
 Tel: +34 91 793 78 92

1 August, 2014

## POSITIVE FACTORS

- Sales growth accelerates in 2Q14 (+55% vs 30% in 1Q14), thanks to Brazilian companies acquired last year. Excluding perimeter changes the growth in 1H14 reach 22% in local currency that drops to 6% in Euros.
- The 2Q14 results show a new improvement of Ebitda margins at 5.9% vs 2.9% in 2Q13 or 5.3% in 1Q14. That increase of profitability reflects the success of the restructuring process carried out last year and shows that the operating leverage and new efficiency plans applied by the company are bearing fruits.

## NEGATIVE FACTORS

- The financial expenses rise to €2,77Mn in the quarter, almost 82% of the total Ebitda. The interest rates were especially high in some Latam countries. Hopefully the recent capital increase will partially solve this problem in the coming quarters
- The company has announced that the Spanish tax authorities have initiated a litigation against the company asking €9.1 Mn related to tax issues from Vertice 360, participated by Ezentis in a 25,5%. The company thinks that they do not have fiscal responsibilities on behalf of Vertice 360.

## RESULTS

	1H13	1H14	% chg	2Q13	2Q14	% chg
Ventas	76,31	108,17	42%	37,02	57,27	55%
<b>Ebitda</b>	<b>2,90</b>	<b>6,09</b>	<b>110%</b>	<b>1,06</b>	<b>3,40</b>	<b>221%</b>
<i>Margen</i>	3,8%	5,6%		2,9%	5,9%	
<b>Ebit</b>	<b>0,81</b>	<b>3,13</b>	<b>285%</b>	<b>-0,05</b>	<b>1,93</b>	<b>N/A</b>
<i>Margen</i>	1,1%	2,9%		-0,1%	3,4%	
Financieros	-3,71	-5,10	38%	-1,85	-2,77	50%
Otros	-13,63	0,06	-100%	-12,75	0,08	-101%
<b>BAI</b>	<b>-16,52</b>	<b>-1,91</b>	<b>-88%</b>	<b>-14,64</b>	<b>-0,76</b>	<b>-95%</b>
Minoritarios	-0,40	0,71	N/A	-0,11	0,38	N/A
Impuestos	-0,19	-0,61	221%	-0,04	-0,27	516%
Discontinuas	-2,49	-0,20	-92%	-1,46	-0,17	-88%
<b>Bº Neto</b>	<b>-19,61</b>	<b>-2,01</b>	<b>-90%</b>	<b>-16,26</b>	<b>-0,81</b>	<b>-95%</b>

## CONCLUSION

- 2Q14 results give further visibility to the equity story of Ezentis, both in the organic and inorganic growth side. Margins keep rising quarter after quarter showing that the operating leverage and plans applied by the company are being successful.
- The only negative part of these results is the new tax litigation that we expect to finally not imply any cost for Ezentis.
- We maintain the overweight recommendation with a target price of 1.0 €/share after the capital increase.

The following **IMPORTANT INFORMATION** is brought to your attention in respect of communications to you from Mirabaud Securities LLP and Mirabaud Securities LLP Sucursal en España (hereinafter referred to as "Mirabaud")

### IMPORTANT INFORMATION

Equity research: Head of Strategy and Research: Ignacio Méndez - ignacio.mendez@mirabaud.es; Telecommunications: Javier Mielgo - javier.mielgo@mirabaud.es; Industrials: Gonzalo Sanz - gonzalo.sanz@mirabaud.es; Enrique Yáñez Avilés - enrique.yanez@mirabaud.es; All research is issued under the regulatory oversight of Mirabaud Securities LLP

Each Investment Analyst of Mirabaud whose name appears as the Author of any Investment Research hereby certifies that the recommendations and opinions expressed in the Investment Research accurately reflect the Investment Analyst's personal, independent and objective views about any and all of the Designated Investments or Relevant Issuers discussed herein that are within such Investment Analyst's coverage universe.

#### Rating system:

Our rating recommendations cover a period of between 6 months and 1 year. Ratings are relative to reference market (Ibex-35) and include four different rating types. Buy – 15% upside vs Ibex-35; Overweight – between 5% and 15% upside vs Ibex-35; Underweight – underperformance of between 5% and 15% vs Ibex-35; Sell – underperformance of more than 15% vs Ibex-35. Under special circumstances we can also use U/R – Rating under Revision.

In respect of any advice and/or recommendation that may be made in respect of investments and/or investment transactions, whether such advice is verbal or written, the following matters are brought to your attention:

The value of investments and any income from them may fall as well as rise. Past performance is not a reliable indicator of future results and investors may not get back the full amount invested. No indication or guarantee, whether express or implied, is made in respect of future performance. In the case of investments likely to yield a high income, the income from such investments may fluctuate in value in money terms. Where an investment involves exposure to a foreign currency, then the value of that investment may rise or fall as a result of a change in the rates of exchange. In the case of higher volatility investments, any loss on realisation may be very high (including total loss of investment), as the value of such an investment may fall suddenly and substantially. Where an investment involves exposure to warrants, investors should be aware that a warrant often involves a high degree of gearing so that a relatively small movement in the price of the security, to which the warrant relates, may result in a disproportionately large movement, unfavourable as well as favourable, in the price of the warrant. Where an investment is made in investments that are not readily realisable, it may be difficult for the investor to deal in that investment or to obtain reliable information about its value or the extent of the risks to which it is exposed.

The price of securities or instruments or the results of investments may fluctuate against the investor's interests and may even lead to the loss of the initial investment. Transactions in futures, options and high-yield securities may entail large risks and are not suitable for all investors. In fact, the losses on certain investments can exceed the initial investment, in which case additional payments must be made to defray the full amount of the losses. Consequently, before entering into transactions in such instruments, investors should be aware of how they work, and the rights, obligations and risks which they and the underlying securities entail. There may not be a secondary market in such instruments.

Mirabaud, including any associated company, or their employees and officers may have a holding (long or short) in an investment that it knows will be the subject of or included in any advice and/or recommendation, whether verbal or written and made to Mirabaud's clients or potential clients. Mirabaud does not advise on the tax consequences of investments and as such, you should seek independent professional tax advice.

Financial Conduct Authority

Mirabaud's investment research recommendations are issued and approved for distribution to professional clients and eligible counterparties as defined by the CNMV and FCA Rules. Such research is not directed at, may not be suitable and should not be relied upon by persons who do not fall within this definition.

This report does not contain personalised financial advice. It has been drafted independently of the financial circumstances and objectives of its recipients. Investors who have access to this report are advised that the securities, instruments or investments to which it refers may not be appropriate for their specific investment objectives, financial position or risk profile since those factors were not taken into account in drafting this report and, accordingly, they should make their own investment decisions regardless of those circumstances and by obtaining the specific specialist advice that may be necessary. This document has been drafted by Mirabaud to provide its clients with general information as of the date of this report and it is subject to change without prior notice. Mirabaud accepts no liability whatsoever for notifying such changes or for updating the content of this document.

© Mirabaud Securities LLP. All rights reserved. Any unauthorised use or distribution is strictly prohibited. This document has been prepared and issued by Mirabaud Securities LLP a private limited liability company authorised and regulated by and Financial Conduct Authority or via its branch in Spain called Mirabaud Securities LLP Sucursal en España under MiFID passporting arrangements and whose conduct of business activities are regulated by the CNMV. This document is distributed in Hong Kong by Mirabaud Securities (Asia) Limited, which is authorised as a licenced dealer in securities and regulated by the Hong Kong Securities and Futures Commission. Neither the information nor the opinions expressed in this document constitute or intend to be an offer, or a solicitation of an offer, to buy or sell relevant securities (i.e. securities mentioned herein and options, warrants, or rights to or interests in any such securities). The information and opinions contained in this document have been compiled from and based upon generally available information which Mirabaud to be reliable but the accuracy or completeness of which cannot be guaranteed. All comments and estimates given are statements of Mirabaud or an associated company's opinion only and no express or implied representation or warranty is given or to be implied therefrom. All opinions expressed herein are subject to change without notice. This document does not take into account the specific investment objectives, financial status, attitude to risk or any other specific matters relevant to any person who receives this document and should therefore not be used in substitution for the exercise of judgment by such person. Neither Mirabaud nor any associated company accepts any liability whatsoever for any direct or consequential loss arising from the use of its advice or research publications save where such loss arises as a direct result of Mirabaud or an associated company's negligence. They may not be reproduced, distributed or published by you for any purpose except with Mirabaud express written permission

The remuneration system for the analyst (s) who wrote this report is not based on the outcome of any specific investment banking transaction.

#### In the United States

Mirabaud Securities LLP is not a registered broker-dealer in the United States and, therefore, is not subject to U.S. rules regarding the preparation of research reports and the independence of research analysts. This research report is provided for distribution to major U.S. institutional investors ONLY in reliance on the exemption from registration provided by Rule 15a-6 of the US Securities Exchange Act of 1934, as amended (the "Exchange Act") and interpretations thereof by the U.S. Securities and Exchange Commission ("SEC").

Major U.S. Institutional Investors

The information is being furnished is for distribution to "Major U.S. Institutional Investors" within the meaning of Rule 15a-6 of the U.S. Securities and Exchange Commission under the U.S. Securities Exchange Act of 1934

#### COMPANY INFORMATION

Mirabaud Securities LLP Sucursal en España– (Note 1) (Note 2)

Registered Office: - Zurbano, 76 , 3rd Floor . 28010 Madrid – Spain. Telephone +34 91793 78 00 Fax: +34 91 531 70 93

Note 1 - Authorised and regulated by the Financial Conduct Authority and CNMV number 69. Note 2 – Member of the London Stock Exchange

© - Mirabaud - 2014