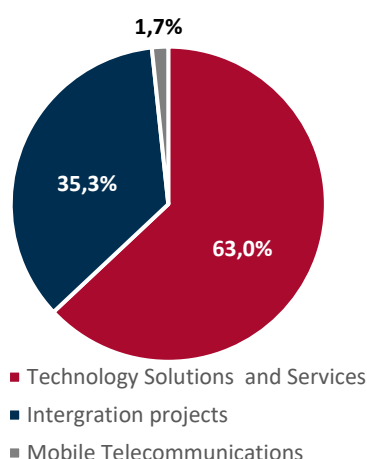


**Table 1: Key Figures.**

Key figures	
Bloomberg Ticker	SPACE:GA
Stock Exchange	ATHEX
Industry	ICT
Sector	Telecommunications, IT, Data Security
Market Capitalization	€56,82M
Share Price (13/07/2022)	€ 8,44
52w High	€ 10,80
52w Low	€ 6,98
1-Year change abs. (%)	14,88%
1-Year change rel. (%)	77,37%
Beta	0,11
Free Float (%)	69,64%

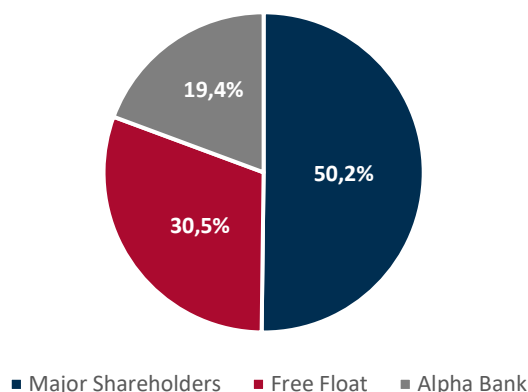
source: Capital.gr | Finance Club Research

**Figure 1: Main Sources of Income, 2021.**



Source: Company Reports

**Figure 2: Ownership Structure, 2021.**



Source: Company Reports

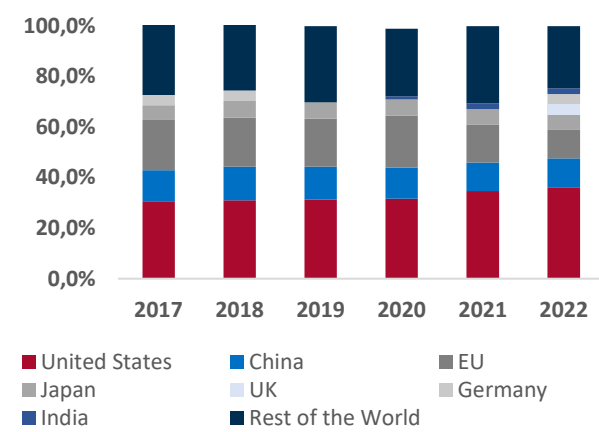
## BUSINESS DESCRIPTION

**Space Hellas S.A. is a leading company, active in the field of telecommunications, information technology as well as data security by designing, supplying, and supporting integrated ICT systems and security solutions.** It was founded in 1985, having its headquarters located in Athens, Greece while operating through the whole country, in areas such as Thessaloniki, Patra, Heraklion Crete, Ioannina and Farsala. The company's main activities include designing and implementing telecommunication networks, IT systems, data center facilities, security, and IT security solutions, as well as designing and deploying wireless and satellite solutions for their customers.

**Since its establishment, Space Hellas has expanded even more its sales network to other countries,** with subsidiaries in Cyprus, Romania, Serbia, Malta, and Jordan. The company became publicly listed on the Athens Stock Exchange on September of 2000, and as of today it has over 450 specialized employees and holds over 700 certifications including certifications for establishing, implementing, maintaining, and continually improving an information security management system within the context of the organization. At the same time, revenues in 2021 reached almost 103M euros.

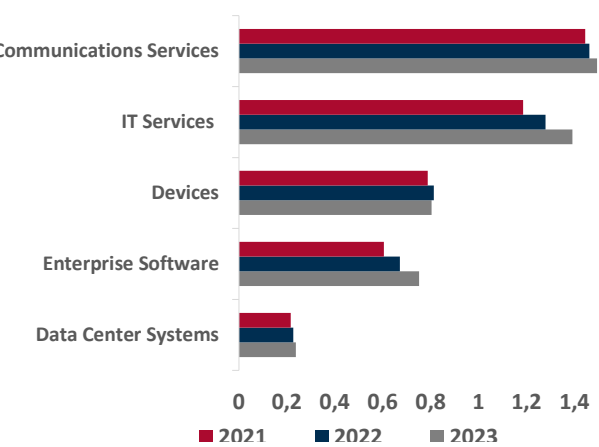
**In its first years of operation, Space Hellas S.A implemented online networks for most of the largest companies and organizations in Greece.** From 1996 until 1999, in collaboration with British Telecom, it represented the international network "Concert", the first "multi-service" international network that aimed to connect multinational companies directly. At the beginning of the 21st century, there was a significant increase in its share capital, with Delta Singular and Alpha Bank participating by 20% combined and a strategic partnership with Cisco Systems was established. In 2016 the company implemented large-scale ICT projects such as Syzefxis and NMG MPLS, which were put into operation by 2019. From 2020 until today, Space Hellas has invested in the Dutch company Web-IQ as well as in the Greek company AggroApps and Singular Logic holding a significant portion of each one. Its customer base includes some of the biggest banks and private companies in Greece, as well as various chain stores, while government agencies, ministries and armed forces also choose Space Hellas as their service provider.

**Figure 3:** Global market share of the ICT sector by country, 2017 to 2022.



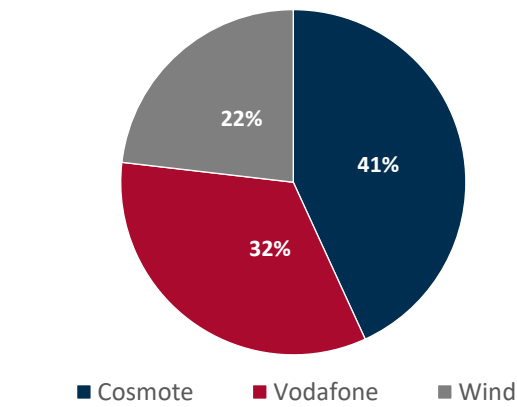
Source: Statista.com

**Figure 4:** Worldwide IT spending forecast (in \$millions).



Source: Statista.com

**Figure 5:** Biggest Telecommunication Carriers in Greece, by market share.



Source: trade.gov

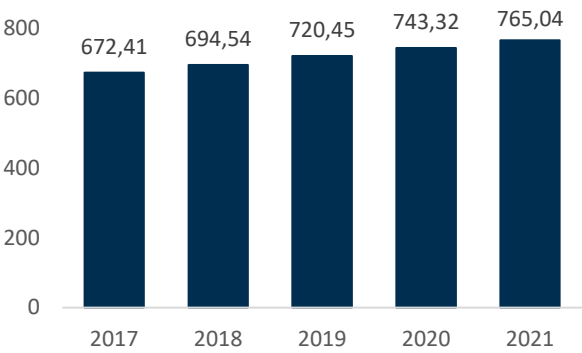
## MARKET OVERVIEW

**The global ICT Investments in Government Market size & share revenue was valued at around \$484.6 BN in 2020 and is expected to reach \$695.32 BN by 2026 with a CAGR of around 6.2%.** More and more businesses hop on the remote work trend, a driving factor of growth in the telecom sector, today, is the increasing number of business that that shift from the traditional office work to offering the ability to work remotely, thus forcing a increase demand in communications solutions, evolving Data Centers into Data Cities. The demand for data centres, colocation services and cloud storage has been on the rise since the pandemic hit. A huge portion of the remote work as well as the need for technological infrastructure whether that’s huge data centres as said, or an Ultra-Fast Broadband internet connection comes from the Governments and Public Services sector.

**The sector holds promising opportunities for private investors and according to forecasts the worldwide sector is expected to reach and exceed \$4 trillion in spending in 2023.** Afterall, digital tech initiatives remain a top strategic business priority for companies as they continue to reinvent the future of work, focusing spending on making their infrastructure as solid as they can and accommodate increasingly complex hybrid work for employees which was seen mostly during the COVID-19 pandemic. The sector remained “mission-critical”, aiming to keep economies moving under the lockdown in at least three different ways. It provided business-critical connectivity and resiliency, it facilitated work-from-home arrangements and kept individuals and societies connected and informed, with access to medical, financial, commercial, and other essential services during mandated social isolation

**The value of the ICT market in Greece before the pandemic started, in 2020, was estimated at around \$ 6.60 billion, with strong signs indicating that 2021 and onwards were expected to be years of stabilization for the Greek IT and Communications industry.** Out of all the ICT sectors the telecommunications services take the lead and accounts for 81% of the market with a value of \$3.601 billion and equipment accounting for the remaining 19% and a value of \$866 million. Although the telecommunications market is getting more competitive year by year, with new firms emerging, it is still dominated by three companies. Cosmote, which is a subsidiary of the Hellenic Telecommunications Organization (OTE) owned and run by Deutsche Telekom, holds 46% of market share followed by Vodafone, a Vodafone Group subsidiary, with 32%, and WIND with 22%.

**Figure 6:** IT services market revenue in Greece 2017-2021 (in \$millions).

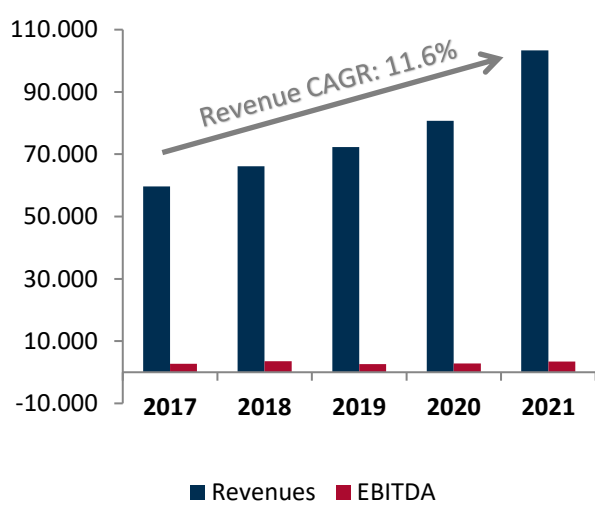


Source: Statista.com

**The Information and Technology sector (ICT) in Greece is one of the fastest growing sectors.** It is expected to grow even more after the government announced the ‘Digital Transformation Bible’ plan for the years 2020 to 2025, aiming to digitalise current bureaucratic processes of the public sector. This will simplify procedures and help the country improve its current position in the EU average Digital Economy and Society Index which monitors Europe’s overall digital performance and tracks the progress of EU countries regarding their digital competitiveness, after placing 27th out of the 28 countries.

### FINANCIAL ANALYSIS

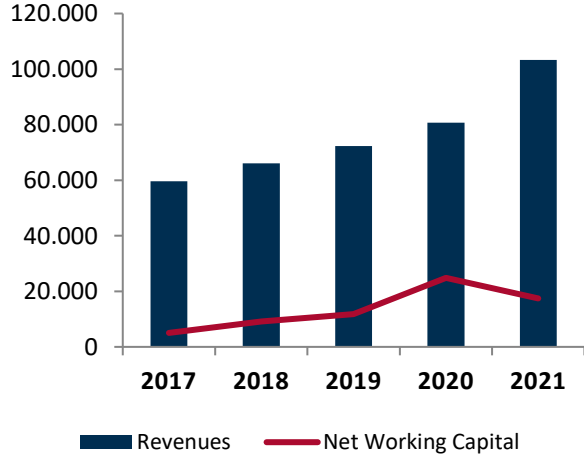
**Figure 7:** Revenues to EBITDA (in €thousands).



Source: Company Reports

**Space Hellas S.A has had a lucrative 5-year period, with revenue and net income margins increasing steadily over the years.** Annual reports show a constant increase of around 10% each year in company revenues with a staggering 28% in 2021, mostly the result of increased sales, marking growth from almost €60M in 2017 to €103M in 2021. Providing technological solutions and services is the company’s biggest source of income, making up 62% of the total revenue. Since 2017, integration projects have grown from €2.5M to an impressive €36.5M in 2021, making it the second biggest income stream for the company. The EBITDA figure is also an indicator of the group’s stable development, having a 4~5% increase on a yearly basis. Extraordinary income that amounted to about €1M in 2021, triple that of 2020’s €357k, alongside a 50% drop in 2021’s interest expenses, where the driving factors of Net Income’s 162.5% hike to €4.6M from last year’s €1.7M

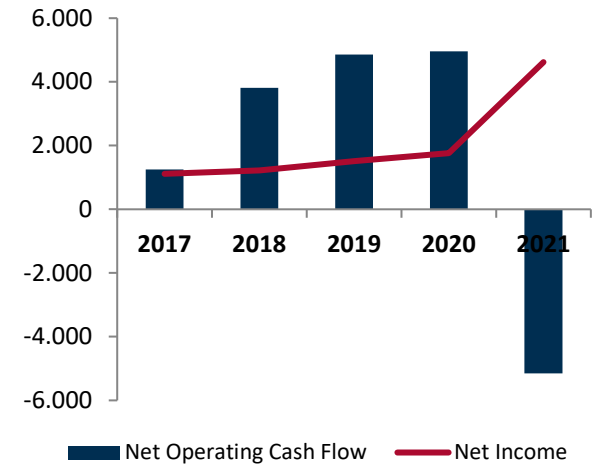
**Figure 8:** Revenues to Net Working Capital (in €thousands).



Source: Company Reports

**Space Hellas S.A. focused on further expanding its commercial operations with significant investments in the field, adding three new companies to the group.** In an investment scheme with EPSILON NET, the acquisition of SingularLogic S.A., was completed, with Space holding a majority of 60% of shares. Attica Bank granted a long-term loan of €700k as well as issuance of letters of guarantee, amounting to an additional €300k. National Bank of Greece also granted another €800k for the new company. The two purchasing companies established “Epsilon SingularLogic S.A.”, a commercial arm -as it is stated- in the field of ERP systems and proprietary accounting software for businesses, that will ensure further efficiency in the services that are provided. Space holds about 39% of total shares for Epsilon SingularLogic S.A. .

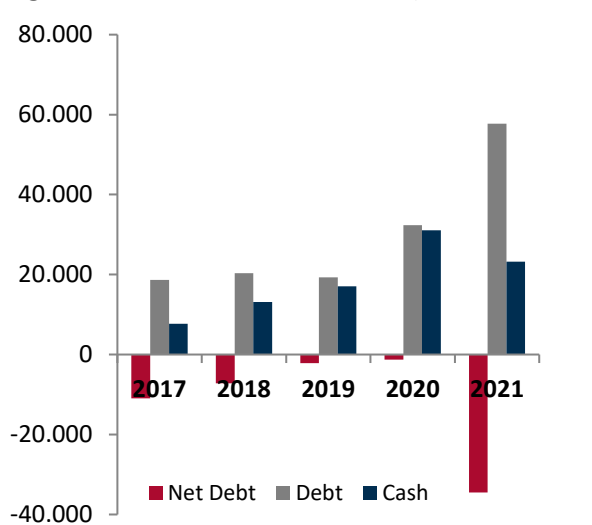
**Figure 9: Operating Cash Flows to Net Income (in €thousands).**



Source: Company Reports

The companies emphasized the need for common business strategy and a focus on expanding their overall market share, by taking advantage of the demand for digital transformation in both public and private sectors. Space Hellas completed another acquisition, of 100%, of SenseOne Technologies S.A., amounting to a total of €954k. The new addition to the group aims to enhance the product range of the company and place it on the market of IoT, with its own “SenseOne IoT Platform” that is recognized internationally.

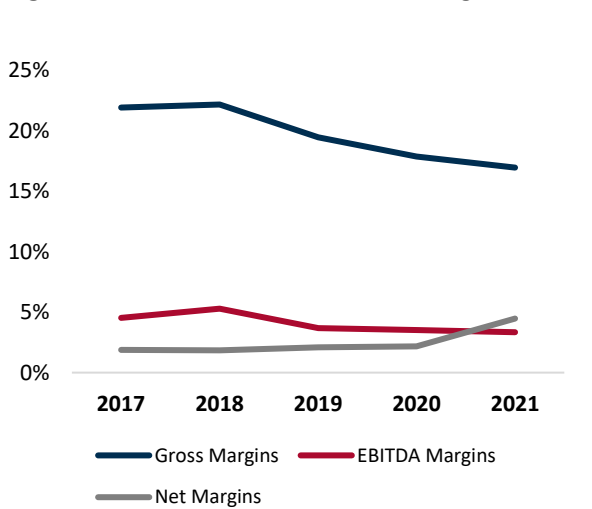
**Figure 10: Debt, Cash & Net Debt (in € thousands)**



Source: Company Reports

To finance operations as well as new investments, the group uses a combination of long-term and short-term borrowing. Space Hellas’ long-term loans went up by 30% compared to 2020, mostly as a result of investing activities. In short-term loans there was a leap of 80%, mainly due to total turnover’s rise in the last quarter, caused by increased receivables, that initiated short-term borrowing to cover costs. In 2021, net debt increased to €36.2M, more than twice the amount of 2020’s €10.3M. This is largely attributed to the company’s further borrowing, for the expansion in the sector, through the acquisition of subsidiary companies. It is depicted in the D/E ratio, showing financial leverage increasing from 0.5 in 2020 to 1.5 in 2021. Before that, leverage was mostly between 0.7-0.5, indicating healthy borrowing. The rate used for company and group borrowing is renegotiable and floating, with an average interest rate of 3.74%.

**Figure 11: Gross, EBITDA and Net Margins.**



Source: Company Reports

Changes in short-term borrowing and trade payables for 2021 drive the company’s liquidity ratios to drop. A substantial 90% increase of trade payables from €21M in 2020 to €40M in 2021, combined with an increase in the group’s short-term borrowings which amount to €17.6M compared to € 9.7M in 2020 caused a drop from €24.8M in 2020 to €17.4M in 2021 in net working capital, which is roughly a 30% decrease. As a result of the surge in overall current liabilities the current ratio for 2021 is 1.2, lower from 2020’s 1.5. In similar fashion the quick ratio dropped from previous years by 82% from 1.5 to 1.2. After a consecutive positive free cash flow yield since 2017, the free cash flow yield ratio broke down, under the negative operating expenses Space Hellas had in 2021. Cash flow from investing activities in 2021 is also in the negatives, a threefold increase of the previous year, standing at €-16.6M compared to 2020’s €-5.5M.

**Table 2:** Key Financials.

Key Financials											
	2017	2018	2019	2020	2021		2017	2018	2019	2020	2021
<b>Margins</b>						<b>Debt</b>					
Gross margin	21,9%	22,2%	19,5%	17,9%	17,0%	Net debt / Equity	69%	54%	57%	57%	149%
EBITDA margin	4,5%	5,3%	3,7%	3,5%	3,3%	Net debt / EBITDA	372%	232%	349%	363%	1049%
EBIT margin	6,3%	7,1%	6,2%	6,0%	6,2%	<b>Efficiency</b>					
Net margin	1,9%	1,8%	2,1%	2,2%	4,5%	FCF yield	3,2%	12,0%	12,3%	9,2%	-10,2%
<b>Growth rates</b>						Cash realization	112%	313%	320%	282%	-112%
Sales growth	19,3%	9,8%	8,5%	10,5%	21,9%	<b>Dividends</b>					
Assets growth	8,6%	13,0%	15,7%	30,6%	31,3%	Divident per share	0,00 €	0,00 €	0,00 €	0,00 €	0,00 €
Equity growth	6,0%	3,1%	7,6%	9,3%	25,8%	Divident yield	0,0%	0,0%	0,0%	0,0%	10,5%
<b>Performance</b>						<b>Liquidity</b>					
ROE	7,6%	8,0%	9,2%	9,7%	19,0%	DSO	100	103	103	87	114
ROA	2,2%	2,1%	2,2%	1,8%	3,2%	DIO	36	35	47	48	56
ROCE	14,9%	16,2%	13,0%	9,4%	9,4%	DPO	136	146	156	211	245
<b>"Multipliers"</b>						Cash conv. cycle	-1	-8	-6	-76	-75
P / E	22,8	28,9	19,6	20,1	13,3	Current ratio	1,2	1,3	1,3	1,5	1,2
EV / EBITDA	13,1	12,4	14,7	16,1	28,3	Quick ratio	1,2	1,3	1,2	1,5	1,2
P / BV	1,7	2,3	1,8	2,0	2,5	Cash ratio	0,3	0,5	0,5	0,6	0,3

Source: Company Reports | Finance Club Research

## Authors:

**Arvaniti Michaela**

*Head of Corporate Finance Dept.*

**Selamaj Joel**

*Senior Corporate Finance Analyst*

**Bougia Aikaterini**

*Member of Corporate Finance Dept.*

**Kornilakis Nikolaos**

*Member of Corporate Finance Dept.*

**Koronias Loukas**

*Member of Corporate Finance Dept*

**Mucka Mario**

*Member of Corporate Finance Dept.*

**Panias Giannis**

*Member of Corporate Finance Dept.*

**Spanodimos George**

*Member of Corporate Finance Dept.*

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