

12m 2021 Preliminary results

Opinion (1): In line

Impact (1): We will maintain our estimates

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LLYC is a communication consultancy company operating in the field of corporate communication, digital marketing and public affairs combining traditional corporate communication services with technological and creative capabilities. It has a leadership position in both Spain and Portugal (52% of 2020 revenue) and in Latam (c. 44% of revenue).

2021 results, in line: strong revenue growth and improved margins

Market Data

Market Cap (Mn EUR and USD)	150.2	170.3
EV (Mn EUR and USD) (2)	148.7	168.7
Shares Outstanding (Mn)	11.6	
-12m (Max/Med/Mín EUR)	13.90 / 12.14 / 11.00	
Daily Avg volume (-12m Mn EUR)	0.03	
Rotation(3)	4.3	
Factset / Bloomberg	LLYC-ES / LLYC SM	
Close fiscal year	31-Dec	

LLYC has released preliminary 2021 results with a breakdown of the main (unaudited) P&L items (without including balance sheet information). Results are in line with expectations. Audited 2021 results will be released at the start of March 2022 (when we will update our 2021 figures).

Shareholders Structure (%) (8)

LLYC Partners	54.3
Jose Antonio Llorente	15.6
Otros socios LLYC	9.0
Indumenta Pueri	7.5
Free Float	10.7

STRONG REVENUE GROWTH (EUR 62.8MN; +40.4% VS 2020), essentially due to: (i) the (still partial) assimilation of the M&A executed in 2021 (Apache, China P. and BESO that strengthens LLYC's positioning in digital marketing and technologies applied to communication consultancy) that contributed c. EUR 11Mn to 2021e results (c. 61% of growth in 2021 revenue; estimated by Lighthouse) and (ii) organic growth of c. 16% vs 2020.

ACCOMPANIED BY AN IMPROVEMENT IN MARGINS (2021 EBITDA MARGIN 20.2% VS 18.9% IN 2020). An evident strength of LLYC are its margins and 2021 results are proof of this. Despite the M&A, LLYC regained an EBITDA margin of 20.2% (+1.3p.p. vs 2020). The significant revenue growth translates to EBITDA (EUR 12.7Mn; +50.5% vs 2020).

Financials (Mn EUR)

	2020	2021e	2022e	2023e
Adj. nº shares (Mn)	10.6	10.6	10.6	10.6
Total Revenues	44.7	61.7	82.3	88.9
Rec. EBITDA (4)	8.4	12.0	15.8	17.7
% growth	-16.4	42.2	31.3	12.0
% Rec. EBITDA/Rev.	18.9	19.5	19.2	19.9
% Inc. EBITDA sector (5)	-8.5	20.6	12.2	21.1
Net Profit	2.3	5.4	8.2	9.6
EPS (EUR)	0.21	0.51	0.77	0.91
% growth	-46.6	138.8	50.6	17.6
Ord. EPS (EUR)	0.30	0.56	0.77	0.91
% growth	-26.9	87.8	39.0	17.6
Rec. Free Cash Flow(6)	3.3	4.3	6.1	9.5
Pay-out (%)	26.4	0.0	0.0	0.0
DPS (EUR)	0.06	0.00	0.00	0.00
Net financial debt	-8.1	6.6	0.5	-9.0
ND/Rec. EBITDA (x)	-1.0	0.5	0.0	-0.5
ROE (%)	10.6	23.9	28.7	25.7
ROCE (%) (6)	23.5	23.8	25.3	27.7

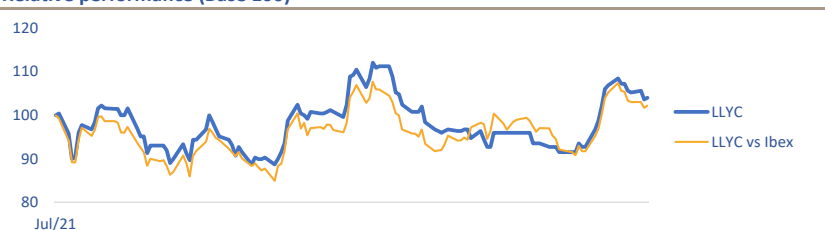
2021 RESULTS IN LINE... We maintain our estimates unchanged in the light of revenue that confirms the strong growth expected for 2021e, maintaining high margins (2021 Rec. EBITDA margin: 20.2% vs our estimate of 19.5%). This confirms LLYC's equity story: defensiveness (leadership, highly recurrent revenue...), not devoid of growth.

... AND, MOST IMPORTANTLY, WITH THE CAPACITY TO CONTINUE GROWING. Although 2021e will represent a genuine turning point for LLYC (strong revenue growth accompanied by improved margins), this will not be fully visible until 2022e (when the acquisitions made in 2021 will have been fully integrated in the P&L). Our central scenario is for the consolidation of EUR 15.8Mn of Rec. EBITDA in 2022e (2022e EBITDA margin: 19.2%), with turnover of EUR 82.3Mn (c.+30% vs 2021e; c. 67% of the expected growth being explained by the M&A already executed). Numbers (2022e) that today would be trading at c. 9.4x EV/EBITDA (in line with its sector).

Ratios & Multiples (x) (7)

	2020	2021e	2022e	2023e
P/E	60.1	25.2	16.7	14.2
Ord. P/E	43.6	23.2	16.7	14.2
P/BV	7.2	6.2	4.6	3.6
Dividend Yield (%)	0.4	0.0	0.0	0.0
EV/Sales	3.33	2.41	1.81	1.67
EV/Rec. EBITDA	17.6	12.4	9.4	8.4
EV/EBIT	25.6	17.1	11.3	9.9
FCF Yield (%) (6)	2.2	2.9	4.1	6.3

Relative performance (Base 100)



Stock performance (%)	-1m	-3m	-12m	YTD	-3Y	-5Y
Absolute	11.2	1.6	n.a.	12.2	n.a.	n.a.
vs Ibex 35	5.3	4.1	n.a.	11.4	n.a.	n.a.
vs Ibex Small Cap Index	5.6	-0.2	#N/A	10.2	n.a.	n.a.
vs Eurostoxx 50	8.4	-0.8	n.a.	13.0	n.a.	n.a.
vs Sector benchmark(5)	11.2	0.0	n.a.	16.3	n.a.	n.a.

(1) The opinion regarding the results is on reported EBITDA with respect to our estimate for the year (12m). The impact reflects whether, due to the results, we envisage a significant revision (>5% - 10%, depending on the sector) of our EBITDA estimate (for any of the estimated years).

(2) Please refer to Appendix 3.

(3) Rotation is the % of the capitalisation traded - 12m.

(4) Financial projections include IFRS 16 adjustments. FY 17 EBITDA is c. EUR 1.3Mn higher due to IFRS 16.

(5) Sector: Stoxx Europe 600 Media.

(6) Please see Appendix 2 for the theoretical tax rate (ROCE) and rec. FCF calculation.

(7) Multiples and ratios calculated over prices at the date of this report.

(8) Treasury stock 2.9%. Other LLYC partners include the direct participation of Alejandro Romero (5,2%), Luisa García (2,1%) y Adolfo Corujo (1,8%)

(*) Unless otherwise indicated, all the information contained in this report is based on: The Company, Factset and Lighthouse.

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EUR Mn	12m21	12m21 Real		2021e	2021e vs 2020
	Real	12m20	vs 12m20		
Total Revenues	62.8	44.7	40.4%	61.7	38.0%
Operating revenue*	53.3	38.1	39.7%	50.8	33.1%
Recurrent EBITDA	12.7	8.4	50.5%	12.0	42.2%
<i>Rec. EBITDA/Revenues</i>	<i>20.2%</i>	<i>18.9%</i>	<i>1.3 p.p.</i>	<i>19.5%</i>	<i>0.6 p.p.</i>
EBITDA	12.7	8.1	56.1%	11.4	39.6%
<i>EBITDA/Revenues</i>	<i>20.2%</i>	<i>18.2%</i>	<i>2.0 p.p.</i>	<i>18.4%</i>	<i>0.2 p.p.</i>

*Operating revenue: Total revenues less re-invoicing of clients for services.

Valuation inputs

Inputs for the DCF Valuation Approach

	2021e	2022e	2023e	Terminal Value ⁽¹⁾		
Free Cash Flow "To the Firm"	(11.8)	6.5	9.7	172.8		
Market Cap	150.2	At the date of this report				
Net financial debt	2.6	Debt net of Cash (6m Results 2021)				
					Best Case	Worst Case
Cost of Debt	4.0%	Net debt cost			3.8%	4.3%
Tax rate (T)	20.0%	T (Normalised tax rate)			=	=
Net debt cost	3.2%	Kd = Cost of Net Debt * (1-T)			3.0%	3.4%
Risk free rate (rf)	0.7%	Rf (10y Spanish bond yield)			=	=
Equity risk premium	8.0%	R (own estimate)			7.5%	8.5%
Beta (B)	1.0	B (own estimate)			0.9	1.1
Cost of Equity	8.7%	Ke = Rf + (R * B)			7.4%	10.0%
Equity / (Equity + Net Debt)	98.3%	E (Market Cap as equity value)			=	=
Net Debt / (Equity + Net Debt)	1.7%	D			=	=
WACC	8.6%	WACC = Kd * D + Ke * E			7.4%	9.9%
G "Fair"	2.0%				2.0%	1.5%

(1) The terminal value reflects the NAV of FCF beyond the period estimated with the WACC and G of the central scenario.

Inputs for the Multiples Valuation Approach

Company	Ticker	Mkt. Cap	P/E 21e	EPS 21e-23e	EV/EBITDA 21e	EBITDA 21e-23e	EV/Sales 21e	Revenues 21e-23e	EBITDA/Sales 21e	FCF Yield 21e	FCF 21e-23e
WPP-GB	WPP-GB	16,661.1	14.4	13.3%	9.5	7.0%	1.7	3.5%	18.0%	3.8%	47.6%
Publicis	PUB-FR	15,376.8	12.0	4.9%	7.9	4.4%	1.8	3.6%	22.7%	6.2%	26.7%
Omnicom	OMC-US	14,421.0	11.8	5.1%	8.1	1.9%	1.3	2.0%	16.6%	10.2%	3.5%
Interpublic	IPG-US	12,656.9	14.4	2.9%	10.0	3.5%	1.9	4.0%	18.9%	7.6%	6.2%
Media			13.2	6.6%	8.9	4.2%	1.7	3.3%	19.0%	6.9%	21.0%
FTI Consulting	FCN-US	4,585.5	22.5	11.7%	15.2	13.1%	2.0	5.5%	13.0%	n.a.	n.a.
Bluefocus Intelligent	300058-CN	3,785.0	32.8	19.4%	21.3	11.6%	0.5	23.9%	2.4%	12.9%	-43.5%
Next Fifteen	NFC-GB	1,304.5	21.7	8.8%	13.3	10.6%	3.2	7.6%	23.9%	4.6%	12.1%
Sec Newgate	SECN-GB	30.4	15.7	11.5%	5.1	-0.4%	0.7	2.8%	13.9%	n.a.	n.a.
Hopscotch Group	HOP-FR	22.2	17.3	75.4%	3.4	25.6%	0.2	8.0%	5.4%	n.a.	72.0%
Communication Agencies			22.0	25.4%	11.7	12.1%	1.3	9.6%	11.7%	8.7%	13.5%
LLYC	LLYC-ES	150.2	25.2	33.1%	12.4	24.7%	2.4	20.0%	18.4%	2.9%	65.7%

Free Cash Flow sensitivity analysis (2022e)

A) Rec. EBITDA and EV/EBITDA sensitivity to changes in EBITDA/Sales

Scenario	EBITDA/Sales 22e	EBITDA 22e	EV/EBITDA 22e
Max	20.2%	16.6	9.0x
Central	19.2%	15.8	9.4x
Min	18.2%	14.9	10.0x

B) Rec. FCF and Rec. FCF - Yield sensitivity to changes in EBITDA and CAPEX/sales

Rec. FCF EUR Mn	CAPEX/Sales 22e				Scenario	Rec. FCF/Yield 22e		
EBITDA 22e	1.3%	1.4%	1.5%		Max	4.7%	4.6%	4.6%
16.6	7.0	6.9	6.9	➔	Central	4.1%	4.1%	4.0%
15.8	6.2	6.1	6.0		Min	3.6%	3.5%	3.5%
14.9	5.4	5.3	5.2					

Appendix 1. Financial Projections⁽¹⁾

Balance Sheet (EUR Mn)	2016	2017	2018	2019	2020	2021e	2022e	2023e	CAGR	
Intangible assets	2.2	1.8	1.8	10.5	10.2	10.2	10.2	10.2		
Fixed assets	3.5	3.6	3.3	1.4	2.4	2.5	2.5	2.6		
Other Non Current Assets	1.5	2.1	1.8	2.0	2.0	18.4	18.4	18.4		
Financial Investments	0.0	-	-	-	-	-	-	-		
Goodwill & Other Intangibles	3.0	2.8	3.3	2.9	3.4	3.4	3.4	3.4		
Current assets	11.5	11.6	14.4	16.4	13.3	18.4	24.7	26.7		
Total assets	21.7	22.0	24.6	33.2	31.2	52.8	59.1	61.1		
Equity	16.0	15.7	16.8	22.0	20.9	24.4	32.5	42.1		
Minority Interests	3.1	3.1	3.7	3.5	3.4	3.9	4.5	5.2		
Provisions & Other L/T Liabilities	0.6	0.6	0.6	0.0	0.1	0.1	0.1	0.1		
Other Non Current Liabilities	-	-	-	5.3	6.2	6.2	6.2	6.2		
Net financial debt	(4.6)	(5.7)	(4.6)	(7.3)	(8.1)	6.6	0.5	(9.0)		
Current Liabilities	6.7	8.3	8.1	9.6	8.7	11.7	15.3	16.5		
Equity & Total Liabilities	21.7	22.0	24.6	33.2	31.2	52.8	59.1	61.1		
P&L (EUR Mn)	2016	2017	2018	2019	2020	2021e	2022e	2023e	16-20	20-23e
Total Revenues	34.4	38.7	41.5	48.2	44.7	61.7	82.3	88.9	6.8%	25.7%
Total Revenues growth	n.a.	12.5%	7.2%	16.0%	-7.2%	38.0%	33.3%	8.0%		
COGS	-	(4.4)	(5.1)	(7.2)	(6.6)	(10.9)	(16.3)	(17.2)		
Gross Margin	34.4	34.4	36.5	40.9	38.1	50.8	66.0	71.7	2.6%	23.4%
Gross Margin/Revenues	100.0%	88.7%	87.8%	85.0%	85.3%	82.3%	80.2%	80.7%		
Personnel Expenses	(19.2)	(20.5)	(22.2)	(24.6)	(24.3)	(32.3)	(42.3)	(45.7)		
Other Operating Expenses	(9.7)	(5.7)	(6.0)	(6.2)	(5.4)	(6.4)	(7.9)	(8.3)		
Recurrent EBITDA	5.6	8.2	8.2	10.1	8.4	12.0	15.8	17.7	10.9%	27.9%
Recurrent EBITDA growth	n.a.	46.5%	0.9%	22.6%	-16.4%	42.2%	31.3%	12.0%		
Rec. EBITDA/Revenues	16.2%	21.1%	19.9%	21.0%	18.9%	19.5%	19.2%	19.9%		
Restructuring Expense & Other non-rec.	(0.3)	(0.2)	(0.5)	(0.0)	(0.3)	(0.6)	-	-		
EBITDA	5.2	8.0	7.8	10.1	8.1	11.4	15.8	17.7	11.6%	29.5%
Depreciation & Provisions	(1.4)	(1.5)	(1.7)	(0.8)	(1.1)	(1.1)	(1.1)	(1.1)		
Capitalized Expense	-	-	-	-	-	-	-	-		
Rentals (IFRS 16 impact)	-	(1.3)	(1.4)	(1.5)	(1.2)	(1.5)	(1.5)	(1.5)		
EBIT	3.8	5.1	4.7	7.8	5.8	8.7	13.1	15.0	11.1%	37.2%
EBIT growth	n.a.	34.7%	-9.2%	66.5%	-25.3%	49.9%	50.4%	14.5%		
EBIT/Revenues	11.1%	13.3%	11.3%	16.2%	13.0%	14.1%	15.9%	16.9%		
Impact of Goodwill & Others	-	-	-	-	-	-	-	-		
Net Financial Result	0.1	(0.8)	(0.5)	(0.5)	(0.7)	(0.4)	(0.5)	(0.2)		
Income by the Equity Method	-	-	-	-	-	-	-	-		
Ordinary Profit	3.9	4.4	4.2	7.3	5.1	8.3	12.6	14.8	7.0%	42.2%
Ordinary Profit Growth	n.a.	11.5%	-3.7%	73.1%	-29.6%	62.4%	50.6%	17.6%		
Extraordinary Results	-	-	-	-	-	-	-	-		
Profit Before Tax	3.9	4.4	4.2	7.3	5.1	8.3	12.6	14.8	7.0%	42.2%
Tax Expense	(1.7)	(2.3)	(1.6)	(2.2)	(2.2)	(2.5)	(3.8)	(4.4)		
Effective Tax Rate	42.7%	53.4%	37.3%	29.9%	42.5%	30.0%	30.0%	30.0%		
Minority Interests	(0.4)	(0.6)	(0.9)	(0.9)	(0.7)	(0.4)	(0.6)	(0.7)		
Discontinued Activities	-	-	-	-	-	-	-	-		
Net Profit	1.8	1.5	1.8	4.3	2.3	5.4	8.2	9.6	5.3%	61.7%
Net Profit growth	n.a.	-19.5%	20.0%	138.7%	-46.6%	138.8%	50.6%	17.6%		
Ordinary Net Profit	2.6	2.7	2.4	4.3	3.1	5.9	8.2	9.6	4.9%	45.3%
Ordinary Net Profit growth	n.a.	3.1%	-9.1%	76.8%	-26.9%	87.8%	39.0%	17.6%		
Cash Flow (EUR Mn)	2016	2017	2018	2019	2020	2021e	2022e	2023e	16-20	20-23e
Recurrent EBITDA						12.0	15.8	17.7	10.9%	27.9%
Rentals (IFRS 16 impact)						(1.5)	(1.5)	(1.5)		
Working Capital Increase						(2.1)	(2.6)	(0.8)		
Recurrent Operating Cash Flow						8.4	11.6	15.3	87.8%	17.8%
CAPEX						(1.2)	(1.2)	(1.2)		
Net Financial Result affecting the Cash Flow						(0.4)	(0.5)	(0.2)		
Tax Expense						(2.5)	(3.8)	(4.4)		
Recurrent Free Cash Flow						4.3	6.1	9.5	44.9%	42.0%
Restructuring Expense & Other non-rec.						(0.6)	-	-		
- Acquisitions / + Divestures of assets						(16.4)	-	-		
Extraordinary Inc./Exp. Affecting Cash Flow						-	-	-		
Free Cash Flow						(12.7)	6.1	9.5	2.6%	n.a.
Capital Increase						(2.0)	-	-		
Dividends						-	-	-		
Net Debt Variation						14.7	(6.1)	(9.5)		

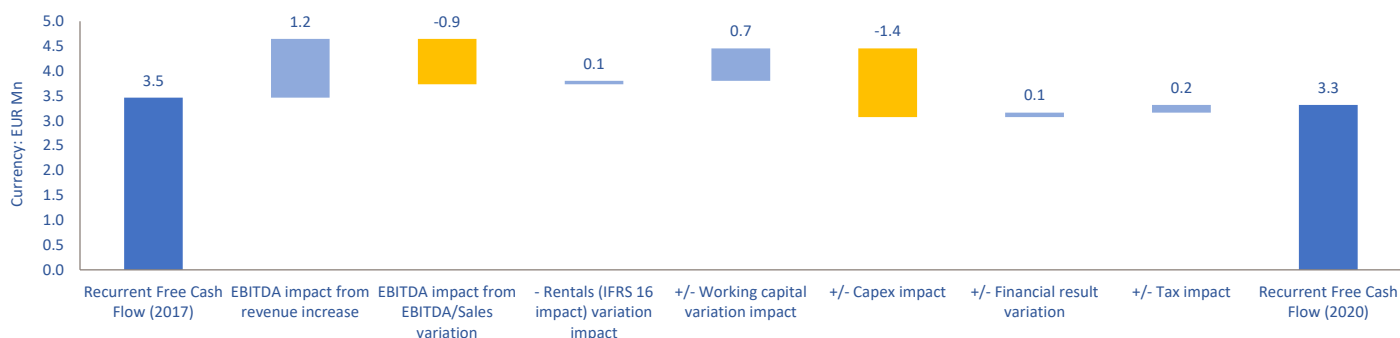
Note 1: Historical data adjusted for: (i) gross margin (not available for 2016) and (ii) IFRS 16 adjustments from FY17 in P&L (not adjusted in balance sheet: other non current liabilities).

Appendix 2. Free Cash Flow⁽¹⁾

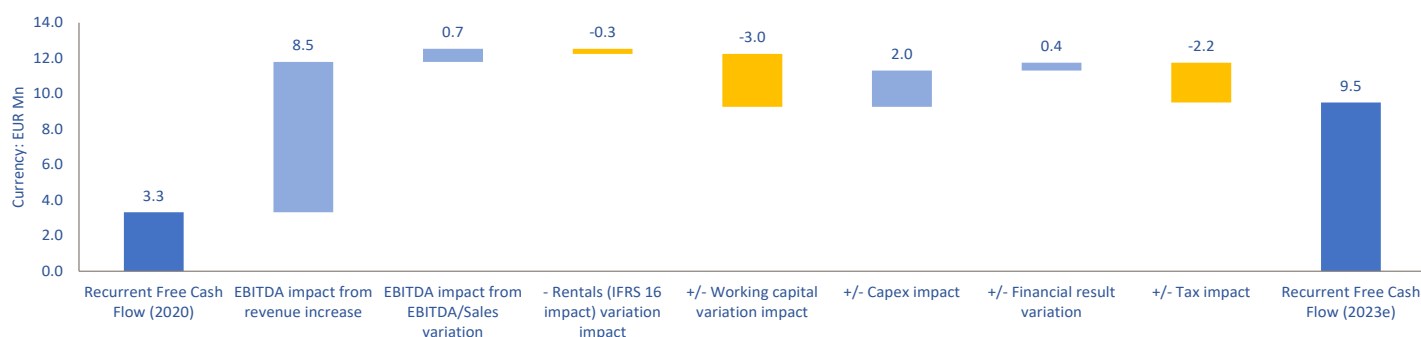
A) Cash Flow Analysis (EUR Mn)	2017	2018	2019	2020	2021e	2022e	2023e	CAGR	
								17-20	20-23e
Recurrent EBITDA	8.2	8.2	10.1	8.4	12.0	15.8	17.7	1.1%	27.9%
<i>Recurrent EBITDA growth</i>	46.5%	0.9%	22.6%	-16.4%	42.2%	31.3%	12.0%		
<i>Rec. EBITDA/Revenues</i>	21.1%	19.9%	21.0%	18.9%	19.5%	19.2%	19.9%		
- Rentals (IFRS 16 impact)	(1.3)	(1.4)	(1.5)	(1.2)	(1.5)	(1.5)	(1.5)		
+/- Working Capital increase	1.5	(2.9)	(0.6)	2.2	(2.1)	(2.6)	(0.8)		
= Recurrent Operating Cash Flow	8.4	3.9	8.0	9.4	8.4	11.6	15.3	3.8%	17.8%
<i>Rec. Operating Cash Flow growth</i>	n.a.	-53.7%	106.6%	16.9%	-10.2%	37.7%	32.2%		
<i>Rec. Operating Cash Flow / Sales</i>	21.6%	9.4%	16.6%	21.0%	13.6%	14.1%	17.2%		
- CAPEX	(1.8)	(1.4)	(0.5)	(3.2)	(1.2)	(1.2)	(1.2)		
- Net Financial Result affecting Cash Flow	(0.8)	(0.5)	(0.5)	(0.7)	(0.4)	(0.5)	(0.2)		
- Taxes	(2.3)	(1.6)	(2.2)	(2.2)	(2.5)	(3.8)	(4.4)		
= Recurrent Free Cash Flow	3.5	0.5	4.8	3.3	4.3	6.1	9.5	-1.4%	42.0%
<i>Rec. Free Cash Flow growth</i>	359.9%	-86.6%	938.8%	-31.3%	29.8%	42.2%	55.2%		
<i>Rec. Free Cash Flow / Revenues</i>	8.9%	1.1%	10.0%	7.4%	7.0%	7.4%	10.7%		
- Restructuring expenses & others	(0.2)	(0.5)	(0.0)	(0.3)	(0.6)	-	-		
- Acquisitions / + Divestments	(0.6)	0.4	-	(2.2)	(16.4)	-	-		
+/- Extraordinary Inc./Exp. affecting Cash Flow	-	-	-	-	-	-	-		
= Free Cash Flow	2.6	0.4	4.8	0.8	(12.7)	6.1	9.5	-32.0%	n.a.
<i>Free Cash Flow growth</i>	251.5%	-84.6%	n.a.	-82.6%	n.a.	148.2%	55.2%		
<i>Recurrent Free Cash Flow - Yield (s/Mkt Cap)</i>	2.3%	0.3%	3.2%	2.2%	2.9%	4.1%	6.3%		
<i>Free Cash Flow Yield (s/Mkt Cap)</i>	1.8%	0.3%	3.2%	0.6%	n.a.	4.1%	6.3%		
B) Analytical Review of Annual Recurrent Free Cash Flow Performance (Eur Mn)									
Recurrent FCF(FY - 1)	0.8	3.5	0.5	4.8	3.3	4.3	6.1		
EBITDA impact from revenue increase	0.7	0.6	1.3	(0.7)	3.2	4.0	1.3		
EBITDA impact from EBITDA/Sales variation	1.9	(0.5)	0.5	(0.9)	0.4	(0.2)	0.6		
= Recurrent EBITDA variation	2.6	0.1	1.9	(1.7)	3.6	3.8	1.9		
- Rentals (IFRS 16 impact) variation impact	(1.3)	(0.1)	(0.1)	0.3	(0.3)	-	-		
+/- Working capital variation impact	6.3	(4.5)	2.4	2.7	(4.2)	(0.6)	1.8		
= Recurrent Operating Cash Flow variation	7.6	(4.5)	4.1	1.4	(1.0)	3.2	3.7		
+/- CAPEX impact	(1.8)	0.4	0.9	(2.7)	2.0	0.1	(0.0)		
+/- Financial result variation	(0.8)	0.3	(0.0)	(0.2)	0.3	(0.2)	0.3		
+/- Tax impact	(2.3)	0.8	(0.6)	(0.0)	(0.3)	(1.3)	(0.7)		
= Recurrent Free Cash Flow variation	2.7	(3.0)	4.4	(1.5)	1.0	1.8	3.4		
Recurrent Free Cash Flow	3.5	0.5	4.8	3.3	4.3	6.1	9.5		
C) "FCF to the Firm" (pre debt service) (EUR Mn)									
EBIT	5.1	4.7	7.8	5.8	8.7	13.1	15.0	4.2%	37.2%
* <i>Theoretical Tax rate</i>	30.0%	30.0%	29.9%	30.0%	30.0%	30.0%	30.0%		
= Taxes (pre- Net Financial Result)	(1.5)	(1.4)	(2.3)	(1.7)	(2.6)	(3.9)	(4.5)		
Recurrent EBITDA	8.2	8.2	10.1	8.4	12.0	15.8	17.7	1.1%	27.9%
- Rentals (IFRS 16 impact)	(1.3)	(1.4)	(1.5)	(1.2)	(1.5)	(1.5)	(1.5)		
+/- Working Capital increase	1.5	(2.9)	(0.6)	2.2	(2.1)	(2.6)	(0.8)		
= Recurrent Operating Cash Flow	8.4	3.9	8.0	9.4	8.4	11.6	15.3	3.8%	17.8%
- CAPEX	(1.8)	(1.4)	(0.5)	(3.2)	(1.2)	(1.2)	(1.2)		
- Taxes (pre- Financial Result)	(1.5)	(1.4)	(2.3)	(1.7)	(2.6)	(3.9)	(4.5)		
= Recurrent Free Cash Flow (To the Firm)	5.0	1.1	5.2	4.4	4.6	6.5	9.7	-4.1%	29.6%
<i>Rec. Free Cash Flow (To the Firm) growth</i>	n.a.	-78.2%	372.3%	-14.2%	2.9%	42.4%	48.6%		
<i>Rec. Free Cash Flow (To the Firm) / Revenues</i>	13.0%	2.6%	10.7%	9.9%	7.4%	7.9%	10.9%		
- Acquisitions / + Divestments	(0.6)	0.4	-	(2.2)	(16.4)	-	-		
+/- Extraordinary Inc./Exp. affecting Cash Flow	-	-	-	-	-	-	-		
= Free Cash Flow "To the Firm"	4.4	1.5	5.2	2.3	(11.8)	6.5	9.7	-20.1%	62.4%
<i>Free Cash Flow (To the Firm) growth</i>	n.a.	-66.0%	243.2%	-56.4%	-623.9%	155.0%	48.6%		
<i>Rec. Free Cash Flow To the Firm Yield (o/EV)</i>	3.4%	0.7%	3.5%	3.0%	3.1%	4.4%	6.5%		
<i>Free Cash Flow "To the Firm" - Yield (o/EV)</i>	3.0%	1.0%	3.5%	1.5%	n.a.	4.4%	6.5%		

Note 1: Historical data adjusted for: (i) gross margin (not available for 2016) and (ii) IFRS 16 adjustments from FY17 in P&L (not adjusted in balance sheet: other non current liabilities).

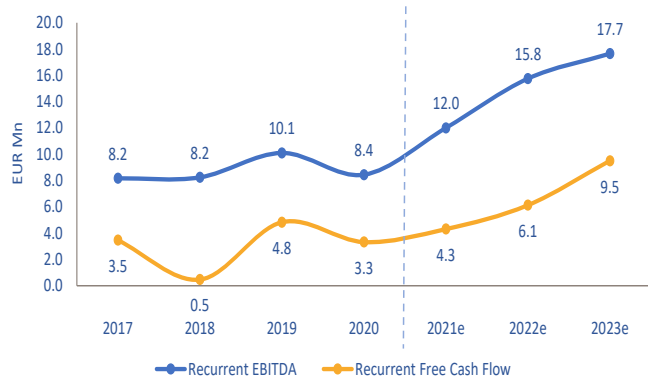
Recurrent Free Cash Flow accumulated variation analysis (2016 - 2020)



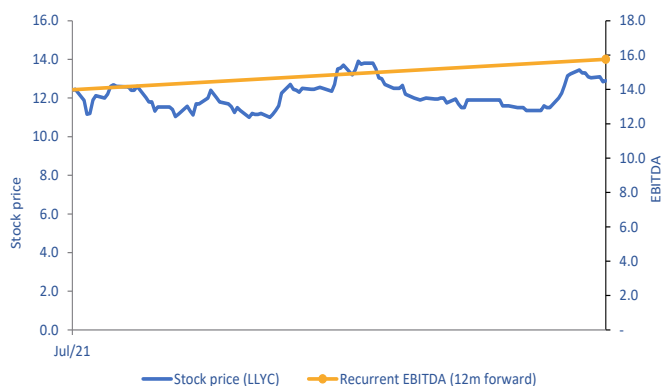
Recurrent Free Cash Flow accumulated variation analysis (2020 - 2023e)



Recurrent EBITDA vs Recurrent Free Cash Flow



Stock performance vs EBITDA 12m forward



Appendix 3. EV breakdown at the date of this report

	EUR Mn	Source
Market Cap	150.2	
+ Minority Interests	0.2	6m Results 2021
+ Provisions & Other L/T Liabilities	0.0	6m Results 2021
+ Net financial debt	2.6	6m Results 2021
- Financial Investments	-	6m Results 2021
+/- Others ⁽¹⁾	(4.4)	6m Results 2021
Enterprise Value (EV)	148.7	

(1) Related to the market value of treasury stock.

Appendix 4. Main peers 2021e

		Media					Communication Agencies						
EUR Mn		WPP-GB	Publicis	Omnicom	Interpublic	Average	FTI Consulting	Bluefocus Intelligent	Next Fifteen	Sec Newgate	Hopscotch Group	Average	LLYC
Market data	Ticker (Factset)	WPP-GB	PUB-FR	OMC-US	IPG-US		FCN-US	300058-CN	NFC-GB	SECN-GB	HOP-FR		LLYC-ES
	Country	UK	France	USA	USA		USA	China	UK	Italy	France		Spain
	Market cap	16,661.1	15,376.8	14,421.0	12,656.9		4,585.5	3,785.0	1,304.5	30.4	22.2		150.2
	Enterprise value (EV)	21,318.5	18,690.2	16,707.9	15,205.0		4,798.9	3,414.1	1,342.8	51.3	26.8		148.7
Basic financial information	Total Revenues	12,530.8	10,370.0	12,451.4	7,990.4		2,443.2	6,603.0	421.4	72.0	145.9		61.7
	Total Revenues growth	-13.1%	-3.9%	7.3%	0.0%	-2.4%	12.6%	17.5%	8.4%	3.2%	19.6%	12.3%	38.0%
	2y CAGR (2021e - 2023e)	3.5%	3.6%	2.0%	4.0%	3.3%	5.5%	23.9%	7.6%	2.8%	8.0%	9.6%	20.0%
	EBITDA	2,250.6	2,354.9	2,061.6	1,513.7		316.4	160.3	100.9	10.0	7.9		11.4
	EBITDA growth	3.6%	0.9%	20.8%	32.8%	14.5%	7.9%	12.4%	60.0%	35.4%	216.4%	66.4%	39.6%
	2y CAGR (2021e - 2023e)	7.0%	4.4%	1.9%	3.5%	4.2%	13.1%	11.6%	10.6%	-0.4%	25.6%	12.1%	24.7%
	EBITDA/Revenues	18.0%	22.7%	16.6%	18.9%	19.0%	13.0%	2.4%	23.9%	13.9%	5.4%	11.7%	18.4%
	EBIT	1,810.4	1,738.2	1,877.4	1,274.5		277.3	131.3	82.9	6.2	2.9		8.7
	EBIT growth	25.7%	24.7%	24.3%	44.3%	29.7%	8.6%	21.2%	182.1%	72.2%	240.9%	105.0%	49.9%
	2y CAGR (2021e - 2023e)	7.6%	4.6%	2.0%	3.6%	4.5%	13.9%	19.0%	10.7%	2.8%	57.6%	20.8%	31.2%
	EBIT/Revenues	14.4%	16.8%	15.1%	16.0%	15.6%	11.3%	2.0%	19.7%	8.6%	2.0%	8.7%	14.1%
	Net Profit	1,127.7	1,045.4	1,178.2	897.0		204.6	112.9	41.4	1.7	1.3		5.4
	Net Profit growth	131.6%	81.5%	41.4%	189.8%	111.1%	10.2%	12.3%	797.7%	95.6%	115.3%	206.2%	138.8%
	2y CAGR (2021e - 2023e)	10.1%	8.5%	2.1%	2.9%	5.9%	11.7%	19.5%	14.5%	11.1%	75.4%	26.4%	33.1%
	CAPEX/Sales %	4.4%	2.6%	0.5%	2.0%	2.4%	n.a.	0.1%	1.4%	0.7%	0.1%	0.6%	2.0%
Free Cash Flow	637.6	946.2	1,477.4	958.6		n.a.	489.4	59.5	n.a.	(7.5)		(12.7)	
Net financial debt	1,779.1	1,069.5	(153.9)	429.3		n.a.	(227.0)	(16.3)	17.5	9.8		6.6	
ND/EBITDA (x)	0.8	0.5	n.a.	0.3	0.5	n.a.	n.a.	n.a.	1.8	1.3	1.5	0.5	
Pay-out	41.7%	51.0%	45.7%	41.5%	45.0%	n.a.	15.9%	26.7%	7.1%	40.8%	22.6%	0.0%	
Multiples and Ratios	P/E (x)	14.4	12.0	11.8	14.4	13.2	22.5	32.8	21.7	15.7	17.3	22.0	25.2
	P/BV (x)	2.6	1.8	4.7	4.4	3.4	n.a.	2.7	n.a.	1.0	2.2	2.0	6.2
	EV/Revenues (x)	1.7	1.8	1.3	1.9	1.7	2.0	0.5	3.2	0.7	0.2	1.3	2.4
	EV/EBITDA (x)	9.5	7.9	8.1	10.0	8.9	15.2	21.3	13.3	5.1	3.4	11.7	12.4
	EV/EBIT (x)	11.8	10.8	8.9	11.9	10.8	17.3	26.0	16.2	8.3	9.2	15.4	17.1
	ROE	18.0	15.4	40.0	30.4	25.9	n.a.	8.2	n.a.	6.6	12.4	9.1	23.9
	FCF Yield (%)	3.8	6.2	10.2	7.6	6.9	n.a.	12.9	4.6	n.a.	n.a.	8.7	2.9
	DPS	0.38	2.22	2.50	0.96	1.51	n.a.	0.01	0.12	0.01	0.20	0.08	0.00
	Dvd Yield	2.7%	3.7%	3.7%	3.0%	3.2%	n.a.	0.5%	0.9%	0.4%	2.4%	1.0%	0.0%

Note 1: Financial data, multiples and ratios based on market consensus (Factset). In the case of the company analyzed, own estimates (Lighthouse).

Note 2: All ratios and multiples on EBITDA refer to total EBITDA (not to recurrent EBITDA).

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Date of report	Recommendation	Price (EUR)	Target price (EUR)	Period of validity	Reason for report	Analyst
20-Jan-2022	n.a.	12.90	n.a.	n.a.	12m 2021 Preliminary results	Luis Esteban Arribas
23-Dec-2021	n.a.	11.50	n.a.	n.a.	Initiation of Coverage	Luis Esteban Arribas

