

## EQUITY - SPAIN

Sector: Media

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12m Results 2021

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## 12m Results 2021

Opinion <sup>(1)</sup>: In lineImpact <sup>(1)</sup>: 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 (55% of 2020 revenue) and in Latam (c. 45% of revenue).

## 2021 results. Reasons to continue growing remain intact (22e EV/EBITDA c. 9x)

## Market Data

Market Cap (Mn EUR and USD)	151.3	166.7
EV (Mn EUR and USD) <sup>(2)</sup>	147.0	162.0
Shares Outstanding (Mn)	11.6	
-12m (Max/Med/Mín EUR)	13.90 / 12.37 / 11.00	
Daily Avg volume (-12m Mn EUR)	0.03	
Rotation <sup>(3)</sup>	5.2	
Factset / Bloomberg	LLYC-ES / LLYC SM	
Close fiscal year	31-Dec	

Shareholders Structure (%)<sup>(8)</sup>

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

## Financials (Mn EUR)

	2021	2022e	2023e	2024e
Adj. n° shares (Mn)	10.6	10.6	10.6	10.6
Total Revenues	64.1	82.3	88.9	97.8
Rec. EBITDA <sup>(4)</sup>	12.7	15.8	17.7	19.6
% growth	50.2	24.7	11.7	10.8
% Rec. EBITDA/Rev.	19.8	19.2	19.9	20.0
% Inc. EBITDA sector <sup>(4)</sup>	21.2	9.4	11.3	14.7
Net Profit	5.3	8.4	9.9	11.4
EPS (EUR)	0.50	0.80	0.93	1.08
% growth	134.6	58.3	17.0	15.5
Ord. EPS (EUR)	0.61	0.80	0.93	1.08
% growth	105.1	31.5	17.0	15.5
Rec. Free Cash Flow <sup>(5)</sup>	8.9	6.0	7.2	10.7
Pay-out (%)	0.0	0.0	0.0	0.0
DPS (EUR)	0.00	0.00	0.00	0.00
Net financial debt	-1.1	-7.1	-14.3	-25.0
ND/Rec. EBITDA (x)	-0.1	-0.4	-0.8	-1.3
ROE (%)	21.7	26.0	23.7	21.8
ROCE (%) <sup>(5)</sup>	26.6	30.7	32.0	34.0

Ratios & Multiples (x)<sup>(6)</sup>

	2021	2022e	2023e	2024e
P/E	25.8	16.3	13.9	12.1
Ord. P/E	21.4	16.3	13.9	12.1
P/BV	5.4	4.1	3.3	2.6
Dividend Yield (%)	0.0	0.0	0.0	0.0
EV/Sales	2.29	1.79	1.65	1.50
EV/Rec. EBITDA	11.6	9.3	8.3	7.5
EV/EBIT	17.3	11.3	9.9	8.8
FCF Yield (%) <sup>(5)</sup>	5.9	4.0	4.8	7.1

## LLYC FULLY CONFIRMS THE PRELIMINARY 2021 RESULTS ANNOUNCED IN JANUARY.

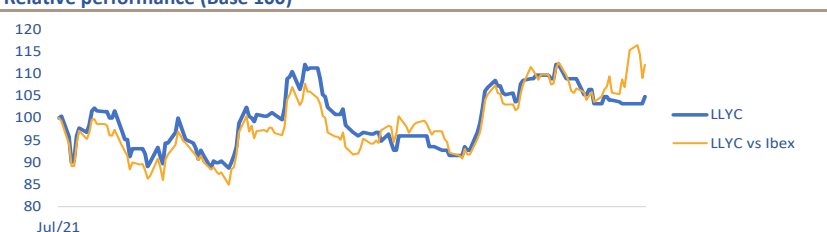
We would highlight: (i) growth in revenue to EUR 64.1Mn (+43.5% vs 2020), mainly due to the M&A of 2021, (ii) a Rec. EBITDA margin of 19.8% in 2021, approaching pre-Covid levels (vs 18.9% in 2020), allowing the consolidation of 2021 Rec. EBITDA of EUR 12.7Mn, and (iii) net cash of EUR 1.1Mn at the 2021 close.

**DESPITE THE CURRENT SITUATION, OUR ESTIMATES ARE UNCHANGED.** Our central scenario envisages revenue of EUR 82.3Mn in 2022e (+28.2% vs 2021; c. 75% of this growth explained by the full integration of 2021 M&A). LLYC's leadership position in the markets in which it operates means it can pass on the impact of cost inflation to its prices. Our model includes strong growth in revenue driving EBITDA to EUR 15.8Mn in 2022e (2022e EBITDA margin: 19.2%).

**THE MAIN LEVERS RESPONSIBLE FOR THE GROWTH IN THE BUSINESS ARE STILL:** (i) business diversification, both geographically (Latin America, the US, Portugal and Spain), with the possibility of maintaining the M&A strategy for the penetration of markets, and by activity, with the Deep Digital (Big Data) service growing and (ii) the boost for the sector of global corporate communications that opens the door to sustained organic growth.

**THE EQUITY STORY REMAINS INTACT: DEFENSIVENESS NOT EXEMPT FROM GROWTH.** The -5y snapshot reflects the revenue growth story (EUR 64Mn in 2021 vs EUR 34Mn in 2016). Looking ahead to 2024e, a return to EBITDA margin levels of c. 20% with revenue of c. EUR 100Mn would imply Rec. EBITDA of c. EUR 20Mn that thanks to a business model that uses little working capital and has a low CAPEX/Sales (<4%) would generate FCF of EUR 10.7Mn (FCF yield 7.1%). The equity story remains an opportunity for growth and defensiveness (leadership and diversification). Numbers (2022e) that today would be trading at 9.3x EV/EBITDA (in line with its sector). The communication needs of companies are especially important in the current scenario which implies lower risk for LLYC's growth. Something of particular interest at present.

## Relative performance (Base 100)

Stock performance (%)<sup>(\*)</sup>

	-1m	-3m	-12m	YTD	-3Y	-5Y
Absolute	-3.7	9.2	n.a.	13.0	n.a.	n.a.
vs Ibex 35	6.0	13.2	n.a.	22.1	n.a.	n.a.
vs Ibex Small Cap Index	0.2	7.3	n.a.	15.2	n.a.	n.a.
vs Eurostoxx 50	10.7	25.6	n.a.	33.1	n.a.	n.a.
vs Sector benchmark <sup>(4)</sup>	7.5	23.4	n.a.	30.7	n.a.	n.a.

(\*) The company begins trading on BME Growth on July 2021

(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) Sector: Stoxx Europe 600 Media.

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

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

(8) Others: Treasury stock 2.9%

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

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This report has been prepared on the basis of information available to the public. The report includes a financial analysis of the company covered. The report does not propose any personalised investment recommendation. Investors should consider the contents of this report as just another element in their investment decision-making process. The final two pages of this report contain very important legal information regarding its contents.

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## LLYC is a BME Growth company

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BME Growth is the segment of BME MTF Equity aimed at small and medium sized companies, directed and managed by the Spanish stock market and is subject to the CNMV supervision. BME MTF Equity is not a Regulated Market but instead falls within the classification of a Multilateral Trading Facility (MTF) as defined under the Markets in Financial Instruments Directive (MiFID). In July 2020, BME Growth obtained the status of SME Growth Market, a new category of EU regulations, which in Spain is called Mercado de Pymes en Expansión.

BME Growth is the Spanish equity market for companies of reduced capitalization which aim to grow, with a special set of regulations, designed specifically for them, and with costs and process tailored to their particular features. Operations in BME Growth (former MAB) started in July 2009. There are currently c. 130 companies listed on it. Companies listed on the MAB can choose to present their financial statements under IFRS or the General Accounting Plan (PGC) and Royal Decree 1159/2010 (NOFCAC).

## Appendix 1. Results table

EUR Mn	12m21	12m21 Real		2021 Real	
	Real	12m20	vs 12m20	2021e	vs 2021e
<b>Total Revenues</b>	<b>64.1</b>	<b>44.7</b>	<b>43.5%</b>	<b>61.7</b>	<b>4.0%</b>
<b>Gross Mg.</b>	<b>51.2</b>	<b>38.1</b>	<b>34.3%</b>	<b>50.8</b>	<b>0.9%</b>
<i>Gross Margin/Revenues</i>	<i>79.9%</i>	<i>85.3%</i>	<i>-5.4 p.p.</i>	<i>82.3%</i>	<i>-2.4 p.p.</i>
<b>Recurrent EBITDA</b>	<b>12.7</b>	<b>8.4</b>	<b>50.2%</b>	<b>12.0</b>	<b>5.6%</b>
<i>Rec. EBITDA/Revenues</i>	<i>19.8%</i>	<i>18.9%</i>	<i>0.9 p.p.</i>	<i>19.5%</i>	<i>0.3 p.p.</i>
<b>EBITDA</b>	<b>11.2</b>	<b>8.1</b>	<b>37.3%</b>	<b>11.4</b>	<b>-1.6%</b>
<i>EBITDA/Revenues</i>	<i>17.4%</i>	<i>18.2%</i>	<i>-0.8 p.p.</i>	<i>18.4%</i>	<i>-1.0 p.p.</i>
<b>EBIT</b>	<b>8.5</b>	<b>5.8</b>	<b>45.9%</b>	<b>8.7</b>	<b>-2.6%</b>
<b>NP</b>	<b>5.3</b>	<b>2.3</b>	<b>134.6%</b>	<b>5.4</b>	<b>-1.8%</b>

## Valuation inputs

### Inputs for the DCF Valuation Approach

	2022e	2023e	2024e	Terminal Value <sup>(1)</sup>		
Free Cash Flow "To the Firm"	6.4	7.4	10.6	172.9		
Market Cap	151.3	At the date of this report				
Net financial debt	-1.1	Debt net of Cash (12m 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)	1.3%	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	9.3%	Ke = Rf + (R * B)			8.0%	10.6%
Equity / (Equity + Net Debt)	100.0%	E (Market Cap as equity value)			=	=
Net Debt / (Equity + Net Debt)	0.0%	D			=	=
WACC	9.3%	WACC = Kd * D + Ke * E			8.0%	10.6%
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 22e	EPS 22e-24e	EV/EBITDA 22e	EBITDA 22e-24e	EV/Sales 22e	Revenues 22e-24e	EBITDA/Sales 22e	FCF Yield 22e	FCF 22e-24e
WPP-GB	WPP-GB	13,525.8	11.1	11.0%	7.3	6.7%	1.3	5.2%	18.4%	8.6%	23.2%
Publicis	PUB-FR	13,687.0	9.9	4.5%	6.2	3.7%	1.4	3.2%	22.5%	11.2%	5.0%
Omnicom	OMC-US	14,548.4	11.5	8.2%	7.6	4.0%	1.3	3.3%	16.8%	12.1%	-4.7%
Interpublic	IPG-US	12,048.3	12.5	7.5%	8.4	5.7%	1.6	5.9%	18.8%	9.2%	1.9%
<b>Media</b>			<b>11.2</b>	<b>7.8%</b>	<b>7.4</b>	<b>5.0%</b>	<b>1.4</b>	<b>4.4%</b>	<b>19.1%</b>	<b>10.2%</b>	<b>6.3%</b>
FTI Consulting	FCN-US	4,531.0	21.2	n.a.	13.5	n.a.	1.7	n.a.	12.7%	n.a.	n.a.
Bluefocus Intelligent	300058-CN	2,724.3	21.7	n.a.	12.7	n.a.	0.3	n.a.	2.4%	n.a.	n.a.
Next Fifteen	NFC-GB	1,367.8	18.1	14.2%	10.2	13.7%	2.4	12.9%	24.0%	6.4%	n.a.
Hopscotch Group	HOP-FR	20.5	8.0	n.a.	2.5	n.a.	0.1	n.a.	6.1%	28.8%	n.a.
<b>Communication Agencies</b>			<b>17.2</b>	<b>14.2%</b>	<b>9.7</b>	<b>13.7%</b>	<b>1.2</b>	<b>12.9%</b>	<b>11.3%</b>	<b>17.6%</b>	<b>n.a.</b>
LLYC	LLYC-ES	151.3	16.3	16.2%	9.3	11.2%	1.8	9.0%	19.2%	4.0%	33.7%

### Free Cash Flow sensitivity analysis (2023e)

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

Scenario	EBITDA/Sales 23e	EBITDA 23e	EV/EBITDA 23e
Max	20.9%	18.5	7.9x
Central	19.9%	17.7	8.3x
Min	18.9%	16.8	8.8x

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

Rec. FCF EUR Mn	CAPEX/Sales 23e				Rec. FCF/Yield 23e		
EBITDA 23e	1.2%	1.3%	1.4%	Scenario	Rec. FCF/Yield 23e		
18.5	8.2	8.1	8.0	Max	5.4%	5.4%	5.3%
17.7	7.3	7.2	7.1	Central	4.8%	4.8%	4.7%
16.8	6.4	6.3	6.2	Min	4.2%	4.2%	4.1%

## Appendix 1. Financial Projections<sup>(1)</sup>

<b>Balance Sheet (EUR Mn)</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022e</b>	<b>2023e</b>	<b>2024e</b>		
Intangible assets	1.8	1.8	10.5	10.2	12.7	12.7	12.7	12.7		
Fixed assets	3.6	3.3	1.4	2.4	2.3	2.2	2.1	2.1		
Other Non Current Assets	2.1	1.8	2.0	2.0	2.7	2.7	2.7	2.7		
Financial Investments	-	-	-	-	-	-	-	-		
Goodwill & Other Intangibles	2.8	3.3	2.9	3.4	15.3	15.3	15.3	15.3		
Current assets	11.6	14.4	16.4	13.3	22.1	24.7	26.7	29.3		
<b>Total assets</b>	<b>22.0</b>	<b>24.6</b>	<b>33.2</b>	<b>31.2</b>	<b>55.1</b>	<b>57.6</b>	<b>59.5</b>	<b>62.1</b>		
Equity	15.7	16.8	22.0	20.9	28.2	36.6	46.5	57.9		
Minority Interests	3.1	3.7	3.5	3.4	1.2	1.5	1.8	2.3		
Provisions & Other L/T Liabilities	0.6	0.6	0.0	0.1	0.0	0.0	0.0	0.0		
Other Non Current Liabilities	-	-	5.3	6.2	8.1	8.1	8.1	8.1		
Net financial debt	(5.7)	(4.6)	(7.3)	(8.1)	(1.1)	(7.1)	(14.3)	(25.0)		
Current Liabilities	8.3	8.1	9.6	8.7	18.8	18.5	17.4	18.9		
<b>Equity &amp; Total Liabilities</b>	<b>22.0</b>	<b>24.6</b>	<b>33.2</b>	<b>31.2</b>	<b>55.1</b>	<b>57.6</b>	<b>59.5</b>	<b>62.1</b>		
										<b>CAGR</b>
<b>P&amp;L (EUR Mn)</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022e</b>	<b>2023e</b>	<b>2024e</b>	<b>17-21</b>	<b>21-24e</b>
<b>Total Revenues</b>	<b>38.7</b>	<b>41.5</b>	<b>48.2</b>	<b>44.7</b>	<b>64.1</b>	<b>82.3</b>	<b>88.9</b>	<b>97.8</b>	<b>13.4%</b>	<b>15.1%</b>
<i>Total Revenues growth</i>	12.5%	7.2%	16.0%	-7.2%	43.5%	28.2%	8.0%	10.0%		
COGS	(4.4)	(5.1)	(7.2)	(6.6)	(12.9)	(16.2)	(17.2)	(18.7)		
<b>Gross Margin</b>	<b>34.4</b>	<b>36.5</b>	<b>40.9</b>	<b>38.1</b>	<b>51.2</b>	<b>66.0</b>	<b>71.7</b>	<b>79.1</b>	<b>10.5%</b>	<b>15.6%</b>
<i>Gross Margin/Revenues</i>	88.7%	87.8%	85.0%	85.3%	79.9%	80.3%	80.7%	80.9%		
Personnel Expenses	(20.5)	(22.2)	(24.6)	(24.3)	(31.6)	(42.3)	(45.7)	(50.5)		
Other Operating Expenses	(5.7)	(6.0)	(6.2)	(5.4)	(7.0)	(7.9)	(8.3)	(9.0)		
<b>Recurrent EBITDA</b>	<b>8.2</b>	<b>8.2</b>	<b>10.1</b>	<b>8.4</b>	<b>12.7</b>	<b>15.8</b>	<b>17.7</b>	<b>19.6</b>	<b>11.6%</b>	<b>15.5%</b>
<i>Recurrent EBITDA growth</i>	46.5%	0.9%	22.6%	-16.4%	50.2%	24.7%	11.7%	10.8%		
<i>Rec. EBITDA/Revenues</i>	21.1%	19.9%	21.0%	18.9%	19.8%	19.2%	19.9%	20.0%		
Restructuring Expense & Other non-rec.	(0.2)	(0.5)	(0.0)	(0.3)	(1.5)	-	-	-		
<b>EBITDA</b>	<b>8.0</b>	<b>7.8</b>	<b>10.1</b>	<b>8.1</b>	<b>11.2</b>	<b>15.8</b>	<b>17.7</b>	<b>19.6</b>	<b>8.9%</b>	<b>20.5%</b>
Depreciation & Provisions	(1.5)	(1.7)	(0.8)	(1.0)	(1.2)	(1.3)	(1.2)	(1.2)		
Capitalized Expense	-	-	-	-	-	-	-	-		
Rentals (IFRS 16 impact)	(1.3)	(1.4)	(1.5)	(1.3)	(1.5)	(1.5)	(1.5)	(1.5)		
<b>EBIT</b>	<b>5.1</b>	<b>4.7</b>	<b>7.8</b>	<b>5.8</b>	<b>8.5</b>	<b>13.0</b>	<b>14.9</b>	<b>16.8</b>	<b>13.3%</b>	<b>25.5%</b>
<i>EBIT growth</i>	34.7%	-9.2%	66.5%	-25.3%	45.9%	53.4%	14.3%	12.8%		
<i>EBIT/Revenues</i>	13.3%	11.3%	16.2%	13.0%	13.2%	15.8%	16.7%	17.2%		
Impact of Goodwill & Others	-	-	-	-	-	-	-	-		
Net Financial Result	(0.8)	(0.5)	(0.5)	(0.7)	(0.6)	(0.5)	(0.3)	0.1		
Income by the Equity Method	-	-	-	-	-	-	-	-		
<b>Ordinary Profit</b>	<b>4.4</b>	<b>4.2</b>	<b>7.3</b>	<b>5.1</b>	<b>7.9</b>	<b>12.5</b>	<b>14.6</b>	<b>16.9</b>	<b>16.0%</b>	<b>28.6%</b>
<i>Ordinary Profit Growth</i>	11.5%	-3.7%	73.1%	-29.6%	54.4%	57.4%	17.0%	15.5%		
Extraordinary Results	-	-	-	-	-	-	-	-		
<b>Profit Before Tax</b>	<b>4.4</b>	<b>4.2</b>	<b>7.3</b>	<b>5.1</b>	<b>7.9</b>	<b>12.5</b>	<b>14.6</b>	<b>16.9</b>	<b>16.0%</b>	<b>28.6%</b>
Tax Expense	(2.3)	(1.6)	(2.2)	(2.2)	(2.4)	(3.7)	(4.4)	(5.1)		
<i>Effective Tax Rate</i>	53.4%	37.3%	29.9%	42.5%	30.4%	30.0%	30.0%	30.0%		
Minority Interests	(0.6)	(0.9)	(0.9)	(0.7)	(0.2)	(0.3)	(0.4)	(0.4)		
Discontinued Activities	-	-	-	-	-	-	-	-		
<b>Net Profit</b>	<b>1.5</b>	<b>1.8</b>	<b>4.3</b>	<b>2.3</b>	<b>5.3</b>	<b>8.4</b>	<b>9.9</b>	<b>11.4</b>	<b>37.6%</b>	<b>28.9%</b>
<i>Net Profit growth</i>	-19.5%	20.0%	138.7%	-46.6%	134.6%	58.3%	17.0%	15.5%		
<b>Ordinary Net Profit</b>	<b>2.7</b>	<b>2.4</b>	<b>4.3</b>	<b>3.1</b>	<b>6.4</b>	<b>8.4</b>	<b>9.9</b>	<b>11.4</b>	<b>24.6%</b>	<b>21.1%</b>
<i>Ordinary Net Profit growth</i>	3.1%	-9.1%	76.8%	-26.9%	105.1%	31.5%	17.0%	15.5%		
										<b>CAGR</b>
<b>Cash Flow (EUR Mn)</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022e</b>	<b>2023e</b>	<b>2024e</b>	<b>17-21</b>	<b>21-24e</b>
<b>Recurrent EBITDA</b>						<b>15.8</b>	<b>17.7</b>	<b>19.6</b>	<b>11.6%</b>	<b>15.5%</b>
Rentals (IFRS 16 impact)						(1.5)	(1.5)	(1.5)		
Working Capital Increase						(2.9)	(3.1)	(1.1)		
<b>Recurrent Operating Cash Flow</b>						<b>11.4</b>	<b>13.0</b>	<b>16.9</b>	<b>10.4%</b>	<b>10.8%</b>
CAPEX						(1.2)	(1.2)	(1.3)		
Net Financial Result affecting the Cash Flow						(0.5)	(0.3)	0.1		
Tax Expense						(3.7)	(4.4)	(5.1)		
<b>Recurrent Free Cash Flow</b>						<b>6.0</b>	<b>7.2</b>	<b>10.7</b>	<b>26.5%</b>	<b>6.5%</b>
Restructuring Expense & Other non-rec.						-	-	-		
- Acquisitions / + Divestures of assets						-	-	-		
Extraordinary Inc./Exp. Affecting Cash Flow						-	-	-		
<b>Free Cash Flow</b>						<b>6.0</b>	<b>7.2</b>	<b>10.7</b>	<b>-52.5%</b>	<b>47.1%</b>
Capital Increase						-	-	-		
Dividends						-	-	-		
<b>Net Debt Variation</b>						<b>(6.0)</b>	<b>(7.2)</b>	<b>(10.7)</b>		

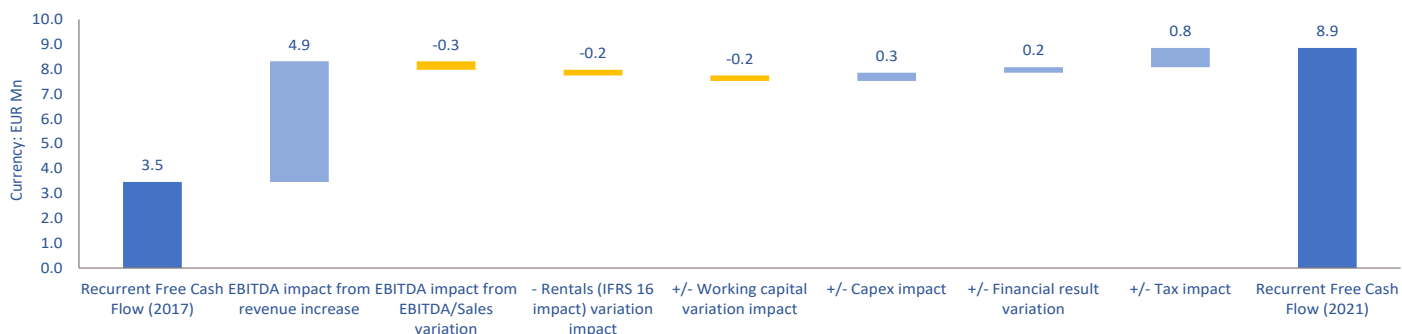
Note 1: Financial projections include IFRS 16 adjustments. FY 19 EBITDA is c. EUR -1.5Mn vs 2018 due to IFRS 16.

## Appendix 2. Free Cash Flow<sup>(1)</sup>

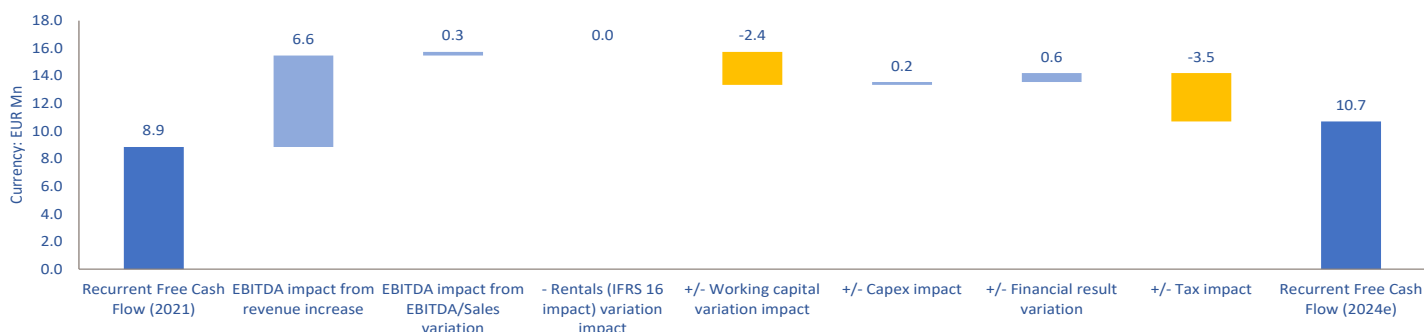
A) Cash Flow Analysis (EUR Mn)	2018	2019	2020	2021	2022e	2023e	2024e	CAGR	
								18-21	21-24e
<b>Recurrent EBITDA</b>	<b>8.2</b>	<b>10.1</b>	<b>8.4</b>	<b>12.7</b>	<b>15.8</b>	<b>17.7</b>	<b>19.6</b>	<b>15.4%</b>	<b>15.5%</b>
<i>Recurrent EBITDA growth</i>	0.9%	22.6%	-16.4%	50.2%	24.7%	11.7%	10.8%		
<i>Rec. EBITDA/Revenues</i>	19.9%	21.0%	18.9%	19.8%	19.2%	19.9%	20.0%		
- Rentals (IFRS 16 impact)	(1.4)	(1.5)	(1.3)	(1.5)	(1.5)	(1.5)	(1.5)		
+/- Working Capital increase	(2.9)	(0.6)	2.2	1.3	(2.9)	(3.1)	(1.1)		
<b>= Recurrent Operating Cash Flow</b>	<b>3.9</b>	<b>8.0</b>	<b>9.3</b>	<b>12.4</b>	<b>11.4</b>	<b>13.0</b>	<b>16.9</b>	<b>47.4%</b>	<b>10.8%</b>
<i>Rec. Operating Cash Flow growth</i>	-53.7%	106.6%	15.7%	34.1%	-8.3%	14.2%	30.0%		
<i>Rec. Operating Cash Flow / Sales</i>	9.4%	16.6%	20.8%	19.4%	13.9%	14.7%	17.3%		
- CAPEX	(1.4)	(0.5)	(3.2)	(1.5)	(1.2)	(1.2)	(1.3)		
- Net Financial Result affecting Cash Flow	(0.5)	(0.5)	(0.7)	(0.6)	(0.5)	(0.3)	0.1		
- Taxes	(1.6)	(2.2)	(2.2)	(1.6)	(3.7)	(4.4)	(5.1)		
<b>= Recurrent Free Cash Flow</b>	<b>0.5</b>	<b>4.8</b>	<b>3.2</b>	<b>8.9</b>	<b>6.0</b>	<b>7.2</b>	<b>10.7</b>	<i>n.a.</i>	<b>6.5%</b>
<i>Rec. Free Cash Flow growth</i>	-86.6%	938.8%	-33.2%	174.4%	-32.5%	20.8%	48.0%		
<i>Rec. Free Cash Flow / Revenues</i>	1.1%	10.0%	7.2%	13.8%	7.3%	8.1%	10.9%		
- Restructuring expenses & others	(0.5)	(0.0)	(0.3)	(1.5)	-	-	-		
- Acquisitions / + Divestments	0.4	-	(2.2)	(16.4)	-	-	-		
+/- Extraordinary Inc./Exp. affecting Cash Flow	-	-	-	-	-	-	-		
<b>= Free Cash Flow</b>	<b>0.4</b>	<b>4.8</b>	<b>0.7</b>	<b>(9.0)</b>	<b>6.0</b>	<b>7.2</b>	<b>10.7</b>	<i>n.a.</i>	<b>47.1%</b>
<i>Free Cash Flow growth</i>	-84.6%	<i>n.a.</i>	-84.5%	<i>n.a.</i>	166.2%	20.8%	48.0%		
<i>Recurrent Free Cash Flow - Yield (s/Mkt Cap)</i>	0.3%	3.2%	2.1%	5.9%	4.0%	4.8%	7.1%		
<i>Free Cash Flow Yield (s/Mkt Cap)</i>	0.3%	3.2%	0.5%	<i>n.a.</i>	4.0%	4.8%	7.1%		
<b>B) Analytical Review of Annual Recurrent Free Cash Flow Performance (Eur Mn)</b>									
<b>Recurrent FCF(FY - 1)</b>	<b>3.5</b>	<b>0.5</b>	<b>4.8</b>	<b>3.2</b>	<b>8.9</b>	<b>6.0</b>	<b>7.2</b>		
EBITDA impact from revenue increase	0.6	1.3	(0.7)	3.7	3.6	1.3	1.8		
EBITDA impact from EBITDA/Sales variation	(0.5)	0.5	(0.9)	0.6	(0.5)	0.6	0.1		
<b>= Recurrent EBITDA variation</b>	<b>0.1</b>	<b>1.9</b>	<b>(1.7)</b>	<b>4.2</b>	<b>3.1</b>	<b>1.9</b>	<b>1.9</b>		
- Rentals (IFRS 16 impact) variation impact	(0.1)	(0.1)	0.2	(0.2)	-	-	-		
+/- Working capital variation impact	(4.5)	2.4	2.7	(0.9)	(4.2)	(0.2)	2.0		
<b>= Recurrent Operating Cash Flow variation</b>	<b>(4.5)</b>	<b>4.1</b>	<b>1.3</b>	<b>3.2</b>	<b>(1.0)</b>	<b>1.6</b>	<b>3.9</b>		
+/- CAPEX impact	0.4	0.9	(2.7)	1.7	0.3	(0.0)	(0.1)		
+/- Financial result variation	0.3	(0.0)	(0.2)	0.1	0.0	0.3	0.4		
+/- Tax impact	0.8	(0.6)	(0.0)	0.6	(2.2)	(0.6)	(0.7)		
<b>= Recurrent Free Cash Flow variation</b>	<b>(3.0)</b>	<b>4.4</b>	<b>(1.6)</b>	<b>5.6</b>	<b>(2.9)</b>	<b>1.2</b>	<b>3.5</b>		
<b>Recurrent Free Cash Flow</b>	<b>0.5</b>	<b>4.8</b>	<b>3.2</b>	<b>8.9</b>	<b>6.0</b>	<b>7.2</b>	<b>10.7</b>		
<b>C) "FCF to the Firm" (pre debt service) (EUR Mn)</b>									
<b>EBIT</b>	<b>4.7</b>	<b>7.8</b>	<b>5.8</b>	<b>8.5</b>	<b>13.0</b>	<b>14.9</b>	<b>16.8</b>	<b>22.0%</b>	<b>25.5%</b>
* <i>Theoretical Tax rate</i>	30.0%	29.9%	30.0%	30.0%	30.0%	30.0%	30.0%		
= Taxes (pre- Net Financial Result)	(1.4)	(2.3)	(1.7)	(2.5)	(3.9)	(4.5)	(5.0)		
<b>Recurrent EBITDA</b>	<b>8.2</b>	<b>10.1</b>	<b>8.4</b>	<b>12.7</b>	<b>15.8</b>	<b>17.7</b>	<b>19.6</b>	<b>15.4%</b>	<b>15.5%</b>
- Rentals (IFRS 16 impact)	(1.4)	(1.5)	(1.3)	(1.5)	(1.5)	(1.5)	(1.5)		
+/- Working Capital increase	(2.9)	(0.6)	2.2	1.3	(2.9)	(3.1)	(1.1)		
<b>= Recurrent Operating Cash Flow</b>	<b>3.9</b>	<b>8.0</b>	<b>9.3</b>	<b>12.4</b>	<b>11.4</b>	<b>13.0</b>	<b>16.9</b>	<b>47.4%</b>	<b>10.8%</b>
- CAPEX	(1.4)	(0.5)	(3.2)	(1.5)	(1.2)	(1.2)	(1.3)		
- Taxes (pre- Financial Result)	(1.4)	(2.3)	(1.7)	(2.5)	(3.9)	(4.5)	(5.0)		
<b>= Recurrent Free Cash Flow (To the Firm)</b>	<b>1.1</b>	<b>5.2</b>	<b>4.3</b>	<b>8.4</b>	<b>6.4</b>	<b>7.4</b>	<b>10.6</b>	<b>97.4%</b>	<b>8.1%</b>
<i>Rec. Free Cash Flow (To the Firm) growth</i>	-78.2%	372.3%	-15.9%	93.7%	-24.5%	16.7%	43.4%		
<i>Rec. Free Cash Flow (To the Firm) / Revenues</i>	2.6%	10.7%	9.7%	13.1%	7.7%	8.3%	10.9%		
- Acquisitions / + Divestments	0.4	-	(2.2)	(16.4)	-	-	-		
+/- Extraordinary Inc./Exp. affecting Cash Flow	-	-	-	-	-	-	-		
<b>= Free Cash Flow "To the Firm"</b>	<b>1.5</b>	<b>5.2</b>	<b>2.2</b>	<b>(8.0)</b>	<b>6.4</b>	<b>7.4</b>	<b>10.6</b>	<b>-93.8%</b>	<b>49.4%</b>
<i>Free Cash Flow (To the Firm) growth</i>	-66.0%	243.2%	-58.1%	-467.7%	179.8%	16.7%	43.4%		
<i>Rec. Free Cash Flow To the Firm Yield (o/EV)</i>	0.7%	3.5%	3.0%	5.7%	4.3%	5.0%	7.2%		
<i>Free Cash Flow "To the Firm" - Yield (o/EV)</i>	1.0%	3.5%	1.5%	<i>n.a.</i>	4.3%	5.0%	7.2%		

Note 1: Financial projections include IFRS 16 adjustments. FY 19 EBITDA is c. EUR -1.5Mn vs 2018 due to IFRS 16.

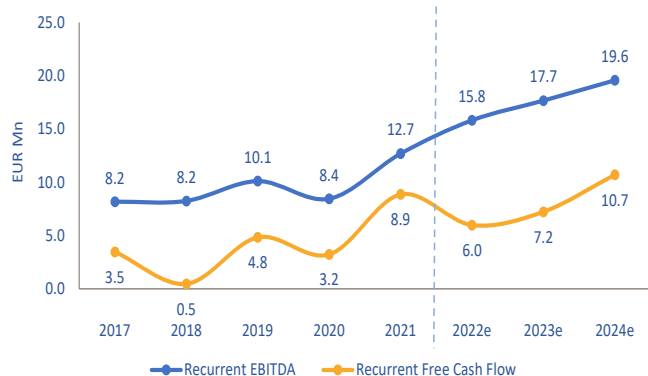
### Recurrent Free Cash Flow accumulated variation analysis (2017 - 2021)



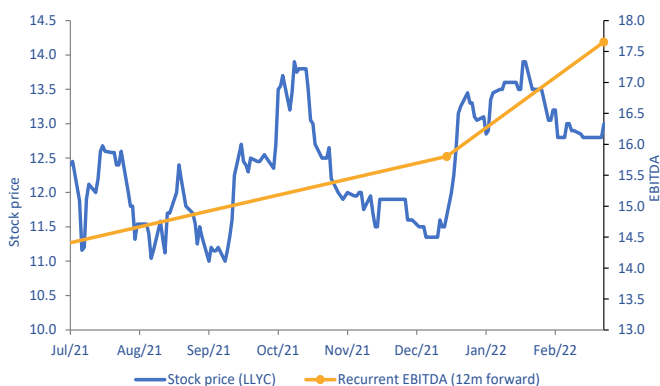
### Recurrent Free Cash Flow accumulated variation analysis (2021 - 2024e)



### 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	151.3	
+ Minority Interests	1.2	12m Results 2021
+ Provisions & Other L/T Liabilities	0.0	12m Results 2021
+ Net financial debt	(1.1)	12m Results 2021
- Financial Investments	-	12m Results 2021
+/- Others <sup>(1)</sup>	(4.4)	12m Results 2021
<b>Enterprise Value (EV)</b>	<b>147.0</b>	

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

## Appendix 4. Main peers 2022e

		Media				Communication Agencies						
EUR Mn		WPP-GB	Publicis	Omnicom	Interpublic	Average	FTI Consulting	Bluefocus Intelligent	Next Fifteen	Hopscotch Group	Average	LLYC
Market data	Ticker (Factset)	WPP-GB	PUB-FR	OMC-US	IPG-US		FCN-US	300058-CN	NFC-GB	HOP-FR		LLYC-ES
	Country	UK	France	USA	USA		USA	China	UK	France		Spain
	Market cap	13,525.8	13,687.0	14,548.4	12,048.3		4,531.0	2,724.3	1,367.8	20.5		151.3
	Enterprise value (EV)	17,585.1	15,685.8	16,725.3	13,503.6		4,594.0	2,353.8	1,405.8	25.1		147.0
Basic financial information	Total Revenues	13,029.0	11,253.4	13,131.5	8,590.9		2,672.6	7,644.7	576.9	168.5		82.3
	Total Revenues growth	-14.6%	-4.1%	1.5%	-7.3%	-6.1%	6.3%	23.2%	35.7%	9.0%	18.5%	28.2%
	2y CAGR (2022e - 2024e)	5.2%	3.2%	3.3%	5.9%	4.4%	n.a.	n.a.	12.9%	n.a.	12.9%	9.0%
	EBITDA	2,393.5	2,531.9	2,199.7	1,613.9		339.6	184.9	138.3	10.2		15.8
	EBITDA growth	16.6%	6.8%	3.0%	3.0%	7.4%	5.0%	18.2%	32.5%	n.a.	18.6%	41.5%
	2y CAGR (2022e - 2024e)	6.7%	3.7%	4.0%	5.7%	5.0%	n.a.	n.a.	13.7%	n.a.	13.7%	11.2%
	EBITDA/Revenues	18.4%	22.5%	16.8%	18.8%	19.1%	12.7%	2.4%	24.0%	6.1%	11.3%	19.2%
	EBIT	1,954.5	1,896.1	2,023.1	1,358.2		298.1	152.9	112.2	5.0		13.0
	EBIT growth	33.5%	15.8%	4.1%	3.7%	14.3%	5.5%	23.7%	25.3%	-92.5%	-9.5%	53.4%
	2y CAGR (2022e - 2024e)	7.6%	4.3%	3.9%	5.6%	5.3%	n.a.	n.a.	12.9%	n.a.	12.9%	13.5%
	EBIT/Revenues	15.0%	16.8%	15.4%	15.8%	15.8%	11.2%	2.0%	19.5%	3.0%	8.9%	15.8%
	Net Profit	1,235.2	1,249.8	1,270.7	939.1		218.0	123.8	59.5	2.5		8.4
	Net Profit growth	62.6%	21.7%	-0.3%	8.9%	23.2%	2.5%	24.8%	47.1%	n.a.	24.8%	58.3%
	2y CAGR (2022e - 2024e)	8.6%	6.8%	5.1%	6.2%	6.7%	n.a.	n.a.	21.7%	n.a.	21.7%	16.2%
	CAPEX/Sales %	3.9%	2.4%	0.5%	1.8%	2.1%	n.a.	0.2%	1.5%	0.1%	0.6%	1.4%
Free Cash Flow	1,157.1	1,528.9	1,753.2	1,108.5		n.a.	n.a.	87.3	5.9		6.0	
Net financial debt	1,884.8	337.3	(95.7)	(278.9)		n.a.	(328.5)	3.4	1.4		(7.1)	
ND/EBITDA (x)	0.8	0.1	n.a.	n.a.	0.5	n.a.	n.a.	0.0	0.1	0.1	(0.4)	
Pay-out	42.1%	52.0%	45.6%	43.9%	45.9%	n.a.	11.4%	22.2%	n.a.	16.8%	0.0%	
Multiples and Ratios	P/E (x)	11.1	9.9	11.5	12.5	11.2	21.2	21.7	18.1	8.0	17.2	16.3
	P/BV (x)	2.6	1.5	4.6	3.3	3.0	n.a.	1.8	n.a.	1.5	1.7	4.1
	EV/Revenues (x)	1.3	1.4	1.3	1.6	1.4	1.7	0.3	2.4	0.1	1.2	1.8
	EV/EBITDA (x)	7.3	6.2	7.6	8.4	7.4	13.5	12.7	10.2	2.5	9.7	9.3
	EV/EBIT (x)	9.0	8.3	8.3	9.9	8.9	15.4	15.4	12.5	5.0	12.1	11.3
	ROE	23.6	14.8	40.1	26.8	26.3	n.a.	8.5	n.a.	19.0	13.8	26.0
	FCF Yield (%)	8.6	11.2	12.1	9.2	10.2	n.a.	n.a.	6.4	28.8	17.6	4.0
	DPS	0.44	2.61	2.71	1.05	1.70	n.a.	0.01	0.15	0.20	0.12	0.00
Dvd Yield	3.7%	4.8%	3.9%	3.4%	4.0%	n.a.	0.5%	1.0%	2.6%	1.4%	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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#### Notes and Reports History

Date of report	Recommendation	Price (EUR)	Target price (EUR)	Period of validity	Reason for report	Analyst
11-Mar-2022	n.a.	13.00	n.a.	n.a.	12m Results 2021	Luis Esteban Arribas
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

