

12m 2021 Preliminary results

Opinion ⁽¹⁾: In line

Impact ⁽¹⁾: We will maintain our estimates

Luis Esteban Arribas – luis.esteban@lighthouse-ieaf.com

+34 915 904 226

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).

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.

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

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. n° 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.

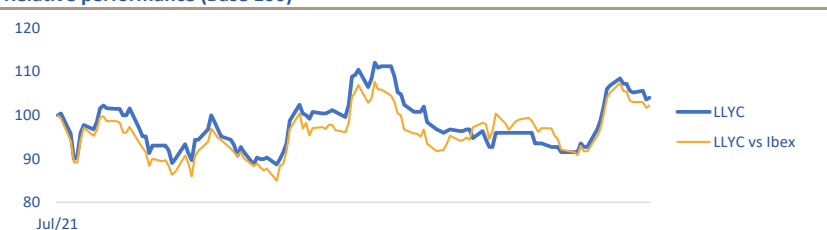
... AND, MOST IMPORTANTLY, WITH THE CAPACITY TO CONTINUE GROWING.

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.

LLYC is a BME Growth company

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).

12m 2021 Preliminary results

12m 2021 Preliminary results

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)		

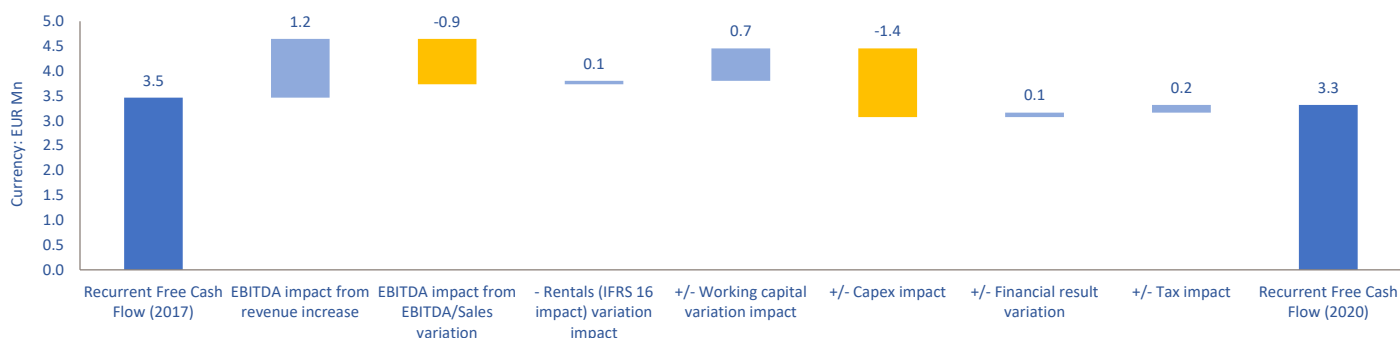
Note 1: Historical data adjusted for: (i) gross margin (not available for 2016) and (ii) IFRS 16 adjustments from FY17 in P&L (not adjusted in balance sheet: other non current liabilities).

Appendix 2. Free Cash Flow⁽¹⁾

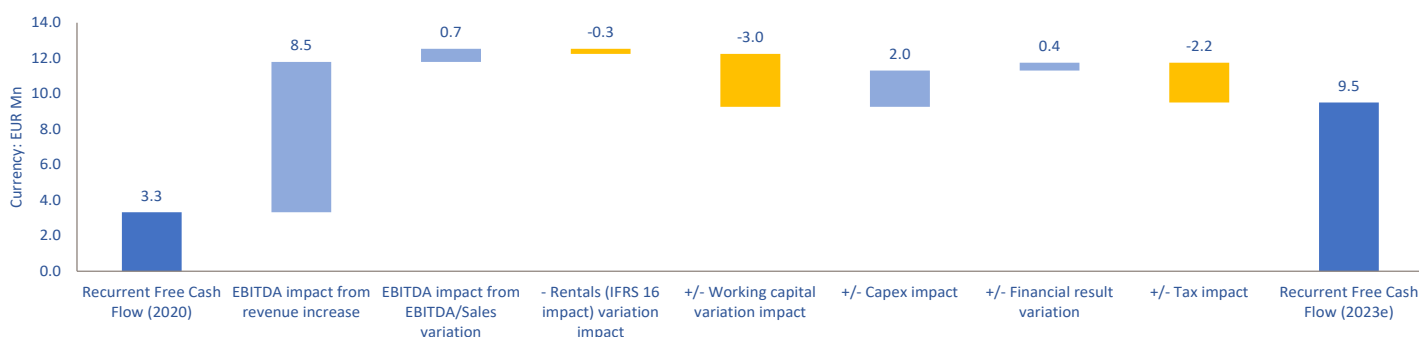
A) Cash Flow Analysis (EUR Mn)	2017	2018	2019	2020	2021e	2022e	2023e	CAGR	
								17-20	20-23e
Recurrent EBITDA	8.2	8.2	10.1	8.4	12.0	15.8	17.7	1.1%	27.9%
<i>Recurrent EBITDA growth</i>	46.5%	0.9%	22.6%	-16.4%	42.2%	31.3%	12.0%		
<i>Rec. EBITDA/Revenues</i>	21.1%	19.9%	21.0%	18.9%	19.5%	19.2%	19.9%		
- 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).

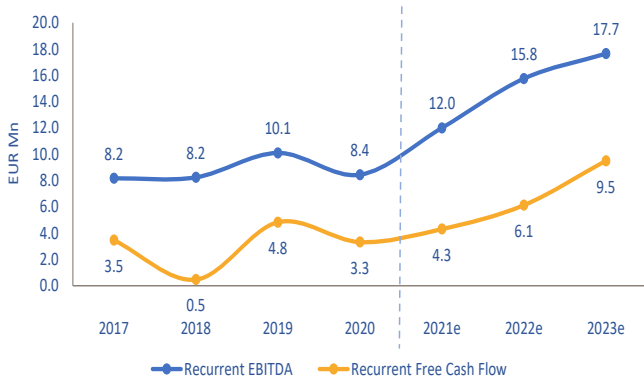
Recurrent Free Cash Flow accumulated variation analysis (2016 - 2020)



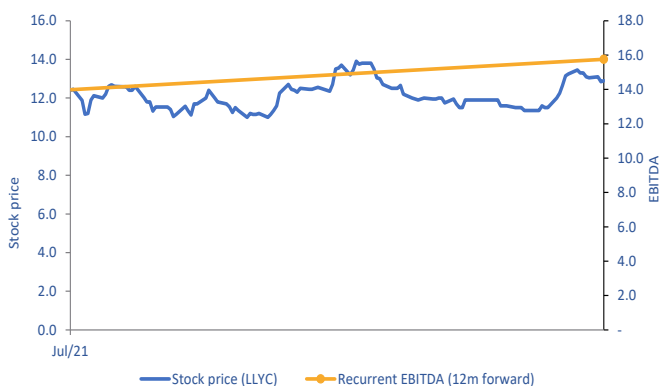
Recurrent Free Cash Flow accumulated variation analysis (2020 - 2023e)



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).

IMPORTANT LEGAL INFORMATION REGARDING THIS REPORT

LIGHTHOUSE

Lighthouse is a project of IEAF Servicios de Análisis S.L.U. Lighthouse is a research project funded by Bolsas y Mercados Españoles S.A. Lighthouse aims to improve the research coverage of the "orphan stocks" of the Spanish market: those which lack real and continuous research coverage. Lighthouse reports will not include valuation and target price. Lighthouse does not seek to provide investment advice to any natural or legal person. For this reason, Lighthouse will not provide a valuation, target price or investment recommendation for any of the securities analysed.

IEAF Servicios de Análisis S.L.U. is a Spanish company whose corporate purpose is:

1º) To provide information and financial analysis regarding securities issued by any class of legal person traded or not on official secondary markets, and especially (but not exclusively) those securities which are not the object of the recurrent provision of information and analysis by financial analysts who participate in the markets.

2º) To publicise and update the aforementioned financial reports and analysis, in addition to the monitoring and following of the securities on which the information and analysis is provided.

3º) To prepare studies and projects aimed at proposing and implementing measures to improve the information and financial analysis of securities traded on official secondary markets.

IEAF Servicios de Análisis S.L.U. is a company whose sole shareholder is the Instituto Español de Analistas Financieros (IEAF), a professional, not for profit association.

DISCLAIMER

The Instituto Español de Analistas Financieros (IEAF) hereby certifies that the analyst of IEAF Servicios de Análisis S.L.U. whose name figures as the author of this report, expresses views that reflect their personal and independent opinion of the company analysed without these implying, either directly or indirectly, a personalised recommendation of the company analysed for purposes of providing investment advice. This report is based on the preparation of detailed financial projections from information available to the public and following traditional fundamental research methodology (i.e. it is not a technical or quantitative analysis report). For the analysis methodology used in the preparation of this report, please contact the analyst directly; contact details are included on the front page of this report.

The report includes basic information regarding the main parameters to be used by an investor when making their own valuation (whether by discounted cash flows or multiples). These parameters are the personal opinion or estimate of the analyst. The person receiving this report should use their own judgement when using these parameters and should consider them as another element in their decision-making process in respect of investment. These parameters do not represent a personalised investment recommendation.

Rules governing confidentiality and conflicts of interest

None of the following rules governing confidentiality and conflicts of interest (12) is applicable to this report:

1. This report is non-independent research as it has been commissioned by the company analysed (issuer).

2. In the last 12 months, the Instituto Español de Analistas Financieros or its subsidiary, IEAF Servicios de Análisis S.L.U., has had Investment Banking mandates or has managed or co-managed a public offering of the securities of the issuer, or has received compensation from said issuer for Investment Banking services, that exclude brokerage services for prepaid fees.

3. In the next 6 months, the Instituto Español de Analistas Financieros or its subsidiary, IEAF Servicios de Análisis S.L.U., expects to receive or intends to obtain compensation for Investment Banking services provided to this company that exclude brokerage services for prepaid fees.

4. The Investment Analyst or a member of the Research Department or a member of their household has a long position in the shares or derivatives of the corresponding issuer.

5. The Investment Analyst or a member of the Research Department or a member of their household has a short position in the shares or derivatives of the corresponding issuer.

6. At the date of publication, the Instituto Español de Analistas Financieros or its subsidiary, IEAF Servicios de Análisis S.L.U. held a long position of over 0.5% of the issuer's capital.

7. At the date of publication, the Instituto Español de Analistas Financieros or its subsidiary, IEAF Servicios de Análisis S.L.U. held a short position of over 0.5% of the issuer's capital.

8. At the end of the month immediately prior to the publication of this report, or of the previous month if the report is published in the ten days following the end of the month, the company analysed (the issuer) or any of its subsidiaries held 5% or more of any class of equity security of the Instituto Español de Analistas Financieros or its subsidiary, IEAF Servicios de Análisis S.L.U.

9. A senior director or officer of the Instituto Español de Analistas Financieros or its subsidiary, IEAF Servicios de Análisis S.L.U., or a member of their department is a director, officer, advisor or member of the Board of Directors of the issuer and/or one of its subsidiaries.

10. The Instituto Español de Analistas Financieros or its subsidiary, IEAF Servicios de Análisis S.L.U., acts as broker for the Issuer for the corresponding prepaid fees.

11. The contents of this report related to the financial analysis, financial projections, valuation, investment summary and opinion of the analyst have been reviewed by the issuer prior to its publication.

12. The issuer has made changes to the contents of this report prior to its distribution.

The Investment Analysts who have prepared this Investment Analysis are employees of IEAF Servicios de Análisis S.L.U. These analysts have received (or will receive) compensation according to the general earnings of IEAF Servicios de Análisis S.L.U. To obtain a copy of the Code of Conduct of IEAF Servicios de Análisis S.L.U. (in respect of the Management of Conflicts of Interest in the research department), please use the e-mail address secretaria@ieaf.es or consult the contents of this Code at www.ieaf.es.

IEAF Servicios de Análisis S.L.U. is compensated by Bolsas y Mercados Españoles, S.A. for the preparation of this report. This report should be considered as just another element in the taking of investment decisions.

A report issued by IEAF servicios de análisis S.L.U.

All rights reserved. The unauthorised use or distribution of this report is prohibited. This document has been prepared and distributed, according to the provisions of the MiFID II by IEAF Servicios de Análisis S.L.U. Its corporate activity is regulated by the CNMV (the Spanish Securities Exchange Commission). The information and opinions expressed in this document do not represent nor are they intended to represent an offer or a solicitation to buy or sell the securities (in other words, the securities mentioned in this report and related warrants, options, rights or interests). The information and opinions contained in this document are based upon information available to the public and have been obtained from sources believed to be reliable by IEAF Servicios de Análisis S.L.U., but no guarantee is given regarding their accuracy or completeness. All comments and estimates reflect solely the opinion of IEAF Servicios de Análisis S.L.U. and do not offer any implicit or explicit guarantee. All the opinions expressed are subject to change without prior warning. This document does not take into account the specific investment objectives, financial position, risk profile or other specific aspects of the person who receives this document, and accordingly they should exercise their own judgement in this respect. Neither the Instituto Español de Analistas Financieros nor its subsidiary, IEAF Servicios de Análisis S.L.U., assumes any responsibility for direct or indirect losses arising from the use of the published research, except in the event of negligent conduct by IEAF Servicios de Análisis S.L.U. The information contained in this report is approved for distribution to professional clients, eligible counterparties and professional advisers, but not for distribution to private individuals or retail clients. Its reproduction, distribution or

publication for any purpose without the written authorisation of IEAF Servicios de Análisis S.L.U. is prohibited. The Instituto Español de Analistas Financieros (IEAF) and/or its subsidiary IEAF Servicios de Análisis S.L.U., their employees and directors, may hold a position (long or short) in an investment knowing that this issuer will be the object of analysis and that this analysis will be distributed to institutional investors. Any further information regarding the contents of this report will be provided upon request. IEAF Servicios de Análisis S.L.U. intends to publish (at least) one quarterly report or note updating the information on the company analysed.

United States. IEAF Servicios de Análisis S.L.U. is not registered in the United States and, consequently, is not subject to the regulations of that country governing the preparation of research and the independence of analysts. This report is distributed solely to major US institutional investors, 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 of this made by the US Securities Exchange Commission.

Major US Institutional Investors. This report will be distributed to "major US institutional investors", as defined by Rule 15a-6 of the US Securities Exchange Commission and of the US Securities Exchange Act of 1934.

Notes and Reports History

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

