

9m Results 2021

Opinion ⁽¹⁾: In line

Impact ⁽¹⁾: We will maintain our estimates

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Squirrel Media (SQRL), formerly Vertice 360, is a Spanish group present throughout the value chain of the entertainment and media sector through three businesses: (i) Media (essentially advertising; 75% of 2021e revenue), (ii) Content (production and distribution of audiovisual content; 14%) and (iii) TMT services (11% of revenue).

9m21: The backdrop remains difficult, although 3Q might be the start of the recovery

EXPECTED REBOUND IN BUSINESS... Turnover in 3Q21 (EUR 20.1Mn) led to 9m21 revenue of EUR 57.1Mn (vs EUR 37Mn in 1H21). By business, we would underline the performance of Media (c. 80% of revenue), with revenue of EUR 45.5Mn (EUR 17.2Mn generated in 3Q) thanks to the recovery of the advertising market that offset a Content business (c. 9% of revenue), that continues to be affected by the pandemic and still remains below 2019 levels due to the logical reduction in new releases (9m21 Content revenue: EUR 5.2Mn; c. -17% vs 9m19).

...ALTHOUGH WITH MARGINS UNDER PRESSURE. In 9m21, SQRL generated EBITDA of EUR 7.2Mn implying an EBITDA margin of 12.7% (vs c. 20% in 9m20 and 14.5% in 6m21). A reduction in margins that could point to the problems the Media business is experiencing in improving its gross margin in this context.

... THAT TRANSLATES TO NET PROFIT OF EUR 6.2MN. In the case of SQRL, there are no large surprises below the EBITDA line. With no significant impact of financial expenses or associates, the amortisation of audiovisual content is the main item between EBITDA and PBT. Accordingly, 9m21 EBITDA of EUR 7.2Mn translates to NP of EUR 6.2Mn (c. 11% of revenues).

NET DEBT INCREASES TO EUR 7MN (VS EUR 1.4MN IN 2020). This is the result of an increase in CAPEX to EUR 8.2Mn (vs EUR 1.9Mn -1y) earmarked for increasing the catalogue of audiovisual content. Although SQRL only released five films in Spanish cinemas in 9m21, it has 37 slated for release in 2021-2023 (bought for Spain, Italy, Portugal and Latam vs a traditionally domestic business) something that is not yet visible in the P&L.

RESULTS REASONABLY IN LINE. WE MAINTAIN OUR ESTIMATES. Although the context remains difficult (and visibility low) we maintain our estimates. The recovery of economic activity will continue to drive advertising revenue that should allow SQRL to consolidate revenue levels of c. EUR 80Mn in 2021e (while waiting for Content to take off). However, the pressure on margins in 3Q could point to the problems the Media business is experiencing in improving its gross margin. Trading at >15x 2022e EV/ EBITDA.

Market Data

Market Cap (Mn EUR and USD)	317.4	363.5
EV (Mn EUR and USD) ⁽²⁾	328.6	376.3
Shares Outstanding (Mn)	85.9	
-12m (Max/Med/Mín EUR)	4.12 / 3.80 / 3.00	
Daily Avg volume (-12m Mn EUR)	0.10	
Rotation ⁽³⁾	7.8	
Factset / Bloomberg	SQRL-ES / SQRL SM	
Close fiscal year	31-Dec	

Shareholders Structure (%)

Squirrel Capital	92.6
Free Float	7.4

Financials (Mn EUR)

	2020	2021e	2022e	2023e
Adj. n ^o shares (Mn)	47.4	85.9	85.9	85.9
Total Revenues	32.6	79.7	105.6	126.0
Rec. EBITDA ⁽⁴⁾	2.7	12.1	20.4	26.7
% growth	98.0	351.6	68.6	30.8
% Rec. EBITDA/Rev.	8.2	15.2	19.3	21.2
% Inc. EBITDA sector ⁽⁵⁾	-5.3	18.3	12.9	20.7
Net Profit	1.4	9.7	16.6	21.9
EPS (EUR)	0.03	0.11	0.19	0.26
% growth	137.4	282.9	71.6	31.7
Ord. EPS (EUR)	0.03	0.11	0.19	0.26
% growth	147.2	282.9	71.6	31.7
Rec. Free Cash Flow ⁽⁶⁾	-4.2	-5.2	1.7	8.9
Pay-out (%)	0.0	0.0	0.0	0.0
DPS (EUR)	0.00	0.00	0.00	0.00
Net financial debt	1.4	6.6	4.9	-4.0
ND/Rec. EBITDA (x)	0.5	0.5	0.2	-0.1
ROE (%)	5.9	30.5	37.0	34.1
ROCE (%) ⁽⁶⁾	6.3	29.6	34.9	35.4

Ratios & Multiples (x)⁽⁷⁾

	n.a.	32.7	19.1	14.5
P/E	n.a.	32.7	19.1	14.5
Ord. P/E	11.8	8.7	6.0	4.2
P/BV	0.0	0.0	0.0	0.0
Dividend Yield (%)	10.08	4.12	3.11	2.61
EV/Sales	n.a.	27.2	16.1	12.3
EV/Rec. EBITDA	n.a.	29.9	17.6	13.4
EV/EBIT	n.a.	n.a.	0.5	2.8
FCF Yield (%) ⁽⁶⁾				

Relative performance (Base 100)



Stock performance (%)

	-1m	-3m	-12m	YTD	-3Y	-5Y
Absolute	-5.0	-3.3	23.2	-4.5	n.a.	n.a.
vs Ibxex 35	-6.5	-4.4	4.8	-15.1	n.a.	n.a.
vs Ibxex Small Cap Index	-7.8	-3.4	4.2	-8.5	n.a.	n.a.
vs Eurostoxx 50	-11.9	-6.5	-3.4	-22.4	n.a.	n.a.
vs Sector benchmark ⁽⁵⁾	-10.8	-7.1	-9.0	-27.1	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 19 EBITDA is c. EUR 0.0Mn 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.

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

9m Results 2021

Table 1. 9m21 Results

EUR Mn	9m21 Real	9m20	9m21 Real vs 9m20	2021e 2021e	2021e vs 2020	3Q21	3Q21 vs 3Q20
Total Revenues	57.1	16.8	239.7%	79.7	144.4%	20.1	149.2%
Media	45.5	6.3	n.a.	60.0	n.a.	17.2	172.7%
Content	5.2	4.1	25.1%	10.7	40.6%	1.3	n.a.
TMT Services	6.5	6.4	0.8%	9.0	185.4%	1.7	-7.5%
EBITDA	7.2	3.3	117.5%	12.1	351.6%	2.0	4.0%
<i>EBITDA/Revenues</i>	<i>12.7%</i>	<i>19.8%</i>	<i>-7.1 p.p.</i>	<i>15.2%</i>	<i>7.0 p.p.</i>	<i>9.7%</i>	<i>-13.6 p.p.</i>
NP	6.2	2.6	138.0%	9.7	n.a.	1.1	-32.7%
Net Debt	7.1	1.4	396.7%	6.6	362.5%		

Note: The change of consolidation perimeter that occurred in July 2020 (when only five months of Squirrel's Media business were consolidated) distorts any growth metric.

Valuation inputs

Inputs for the DCF Valuation Approach

	2021e	2022e	2023e	Terminal Value ⁽¹⁾			
Free Cash Flow "To the Firm"	(5.0)	1.9	9.0	n.a.			
Market Cap	317.4	At the date of this report					
Net financial debt	7.1	Debt net of Cash (9m Results 2021)					
					Best Case	Worst Case	
Cost of Debt	1.9%	Net debt cost			1.6%	2.1%	
Tax rate (T)	20.0%	T (Normalised tax rate)			=	=	
Net debt cost	1.5%	Kd = Cost of Net Debt * (1-T)			1.3%	1.7%	
Risk free rate (rf)	0.5%	Rf (10y Spanish bond yield)			=	=	
Equity risk premium	9.0%	R (own estimate)			8.5%	9.5%	
Beta (B)	1.2	B (own estimate)			1.1	1.3	
Cost of Equity	11.3%	Ke = Rf + (R * B)			9.8%	12.8%	
Equity / (Equity + Net Debt)	97.8%	E (Market Cap as equity value)			=	=	
Net Debt / (Equity + Net Debt)	2.2%	D			=	=	
WACC	11.1%	WACC = Kd * D + Ke * E			9.6%	12.6%	
G "Fair"	2.0%				2.5%	1.5%	

(1) The terminal value calculated beyond the last FCF estimate does not reflect the company's growth potential (positive/negative) at the date of publication of this report.

Inputs for the Multiples Valuation Approach

Company	Ticker Factset	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
Omnicom	OMC-US	12,802.4	11.1	5.1%	7.4	2.0%	1.2	2.0%	16.6%	11.4%	3.5%
WPP	WPP-GB	15,206.5	14.3	12.8%	9.1	7.0%	1.6	3.2%	18.0%	3.9%	50.5%
Publicis	PUB-FR	15,109.9	12.2	3.9%	7.8	3.5%	1.8	3.1%	23.0%	6.7%	20.8%
Interpublic	IPG-US	12,498.7	14.1	3.2%	10.0	3.5%	1.9	4.0%	18.9%	7.6%	6.2%
Advertising global players			12.9	6.2%	8.6	4.0%	1.6	3.1%	19.1%	7.4%	20.2%
Mediaset	TLS-ES	1,379.7	7.8	2.6%	5.4	1.8%	1.5	0.8%	28.8%	13.1%	3.5%
Atresmedia	A3M-ES	821.5	8.1	6.0%	5.6	5.6%	0.9	1.9%	16.4%	9.5%	21.0%
Prisa	PRS-ES	384.6	n.a.	60.5%	12.7	35.2%	1.5	7.5%	12.2%	n.a.	49.4%
Vocento	VOC-ES	125.2	9.7	4.3%	5.4	7.3%	0.6	2.0%	11.7%	10.6%	23.1%
Media sector in Spain			8.5	18.4%	7.3	12.5%	1.2	3.1%	17.3%	11.1%	24.2%
SQRL	SQRL-ES	317.4	32.7	50.3%	27.2	48.5%	4.1	25.8%	15.2%	n.a.	92.7%

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	21.2%	22.4	14.7x
Central	19.3%	20.4	16.1x
Min	17.4%	18.4	17.9x

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

Rec. FCF EUR Mn	CAPEX/Sales 22e				Rec. FCF/Yield 22e			
EBITDA 22e	12.9%	14.3%	15.7%		Scenario			
22.4	5.2	3.7	2.3	➔	Max	1.6%	1.2%	0.7%
20.4	3.2	1.7	0.3		Central	1.0%	0.5%	0.1%
18.4	1.2	(0.3)	(1.8)		Min	0.4%	n.a.	n.a.

Appendix 1. Financial Projections⁽¹⁾

Balance Sheet (EUR Mn)	2016	2017	2018	2019	2020	2021e	2022e	2023e		
Intangible assets	4.3	7.6	10.3	15.6	19.1	19.1	19.1	19.1		
Fixed assets	0.5	0.4	0.4	1.6	2.0	15.9	29.3	42.2		
Other Non Current Assets	0.4	0.1	0.0	0.0	-	-	-	-		
Financial Investments	-	-	-	0.6	7.0	7.0	7.0	7.0		
Goodwill & Other Intangibles	0.5	0.5	0.5	2.2	3.0	3.0	3.0	3.0		
Current assets	2.7	1.4	3.3	12.7	17.1	32.2	41.7	48.3		
Total assets	8.4	10.0	14.5	32.7	48.3	77.2	100.2	119.6		
Equity	(25.2)	1.7	8.2	20.2	26.9	36.6	53.3	75.2		
Minority Interests	(0.7)	(0.6)	(0.6)	(0.3)	0.4	0.4	0.4	0.4		
Provisions & Other L/T Liabilities	0.0	0.0	0.0	0.0	4.2	4.2	4.2	4.2		
Other Non Current Liabilities	-	-	-	-	-	-	-	-		
Net financial debt	21.4	5.2	3.8	1.1	1.4	6.6	4.9	(4.0)		
Current Liabilities	12.9	3.8	3.0	11.7	15.3	29.3	37.4	43.8		
Equity & Total Liabilities	8.4	10.0	14.5	32.7	48.3	77.2	100.2	119.6		
CAGR										
P&L (EUR Mn)	2016	2017	2018	2019	2020	2021e	2022e	2023e	16-20	20-23e
Total Revenues	4.0	3.9	6.4	10.8	32.6	79.7	105.6	126.0	68.8%	56.9%
<i>Total Revenues growth</i>	33.3%	-3.5%	66.2%	67.3%	203.0%	144.4%	32.5%	19.3%		
COGS	(1.2)	(0.5)	(1.9)	(5.2)	(21.9)	(58.1)	(74.4)	(87.7)		
Gross Margin	2.9	3.3	4.6	5.6	10.7	21.6	31.2	38.3	39.3%	52.9%
<i>Gross Margin/Revenues</i>	71.0%	85.8%	71.0%	51.8%	32.9%	27.1%	29.5%	30.4%		
Personnel Expenses	(2.1)	(1.8)	(1.9)	(2.2)	(3.9)	(5.1)	(5.7)	(6.2)		
Other Operating Expenses	(1.1)	(0.9)	(0.2)	(2.0)	(4.2)	(4.4)	(5.1)	(5.5)		
Recurrent EBITDA	(0.3)	0.6	2.5	1.4	2.7	12.1	20.4	26.7	81.7%	n.a.
<i>Recurrent EBITDA growth</i>	82.8%	307.3%	292.9%	-44.8%	98.0%	351.6%	68.6%	30.8%		
<i>Rec. EBITDA/Revenues</i>	n.a.	16.1%	38.1%	12.6%	8.2%	15.2%	19.3%	21.2%		
Restructuring Expense & Other non-rec.	-	-	-	-	-	-	-	-		
EBITDA	(0.3)	0.6	2.5	1.4	2.7	12.1	20.4	26.7	81.7%	n.a.
Depreciation & Provisions	(0.3)	1.6	(0.4)	(2.5)	(1.1)	(1.1)	(1.7)	(2.2)		
Capitalized Expense	-	-	-	-	-	-	-	-		
Rentals (IFRS 16 impact)	-	-	-	(0.0)	-	-	-	-		
EBIT	(0.6)	2.2	2.1	(1.1)	1.6	11.0	18.7	24.5	48.1%	n.a.
<i>EBIT growth</i>	77.8%	490.1%	-5.9%	-154.3%	240.8%	594.2%	70.6%	30.7%		
<i>EBIT/Revenues</i>	n.a.	56.7%	32.1%	n.a.	4.8%	13.8%	17.7%	19.4%		
Impact of Goodwill & Others	-	-	-	-	-	-	-	-		
Net Financial Result	(0.6)	(0.3)	(0.0)	(0.1)	(0.1)	(0.2)	(0.2)	(0.1)		
Income by the Equity Method	-	-	-	-	-	-	-	-		
Ordinary Profit	(1.2)	1.9	2.0	(1.2)	1.5	10.8	18.5	24.3	34.5%	n.a.
<i>Ordinary Profit Growth</i>	71.0%	262.2%	9.2%	-157.7%	224.5%	633.5%	71.6%	31.7%		
Extraordinary Results	-	26.1	-	-	-	-	-	-		
Profit Before Tax	(1.2)	28.0	2.0	(1.2)	1.5	10.8	18.5	24.3	34.5%	n.a.
Tax Expense	(0.0)	(0.0)	(0.2)	(0.3)	(0.1)	(1.1)	(1.8)	(2.4)		
<i>Effective Tax Rate</i>	n.a.	0.2%	8.2%	n.a.	7.7%	10.0%	10.0%	10.0%		
Minority Interests	(0.0)	(0.0)	(0.1)	0.0	0.0	-	-	-		
Discontinued Activities	-	-	-	-	-	-	-	-		
Net Profit	(1.2)	27.9	1.8	(1.5)	1.4	9.7	16.6	21.9	33.2%	n.a.
<i>Net Profit growth</i>	70.6%	n.a.	-93.5%	-182.6%	193.8%	594.2%	71.6%	31.7%		
Ordinary Net Profit	(1.2)	1.8	1.8	(1.2)	1.4	9.7	16.6	21.9	33.4%	n.a.
<i>Ordinary Net Profit growth</i>	70.7%	252.3%	-0.9%	-165.4%	218.5%	594.2%	71.6%	31.7%		
CAGR										
Cash Flow (EUR Mn)	2016	2017	2018	2019	2020	2021e	2022e	2023e	16-20	20-23e
Recurrent EBITDA						12.1	20.4	26.7	81.7%	n.a.
Rentals (IFRS 16 impact)						-	-	-		
Working Capital Increase						(1.0)	(1.5)	(0.2)		
Recurrent Operating Cash Flow						11.1	18.9	26.5	63.2%	n.a.
CAPEX						(15.0)	(15.1)	(15.0)		
Net Financial Result affecting the Cash Flow						(0.2)	(0.2)	(0.1)		
Tax Expense						(1.1)	(1.8)	(2.4)		
Recurrent Free Cash Flow						(5.2)	1.7	8.9	-26.6%	60.4%
Restructuring Expense & Other non-rec.						-	-	-		
- Acquisitions / + Divestures of assets						-	-	-		
Extraordinary Inc./Exp. Affecting Cash Flow						-	-	-		
Free Cash Flow						(5.2)	1.7	8.9	-26.6%	60.4%
Capital Increase						-	-	-		
Dividends						-	-	-		
Net Debt Variation						5.2	(1.7)	(8.9)		

Note 1: The change of consolidation perimeter that occurred in July 2020 will significantly distort any growth metric

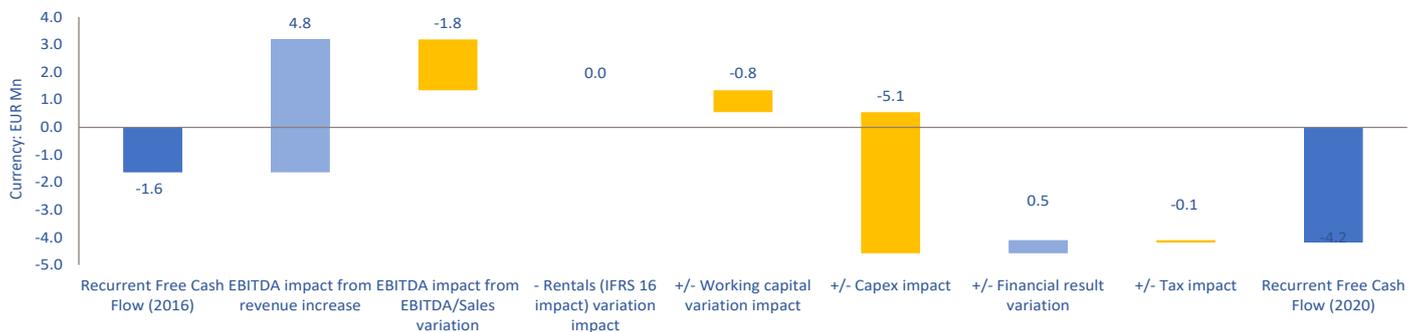
Appendix 2. Free Cash Flow⁽¹⁾

A) Cash Flow Analysis (EUR Mn)	2017	2018	2019	2020	2021e	2022e	2023e	CAGR	
								17-20	20-23e
Recurrent EBITDA	0.6	2.5	1.4	2.7	12.1	20.4	26.7	62.5%	n.a.
<i>Recurrent EBITDA growth</i>	307.3%	292.9%	-44.8%	98.0%	351.6%	68.6%	30.8%		
<i>Rec. EBITDA/Revenues</i>	16.1%	38.1%	12.6%	8.2%	15.2%	19.3%	21.2%		
- Rentals (IFRS 16 impact)	-	-	-	-	-	-	-		
+/- Working Capital increase	(7.8)	(2.6)	(0.7)	(0.9)	(1.0)	(1.5)	(0.2)		
= Recurrent Operating Cash Flow	(7.1)	(0.2)	0.6	1.8	11.1	18.9	26.5	31.1%	n.a.
<i>Rec. Operating Cash Flow growth</i>	n.a.	97.5%	449.7%	190.9%	508.5%	70.9%	39.8%		
<i>Rec. Operating Cash Flow / Sales</i>	n.a.	n.a.	5.8%	5.6%	13.9%	17.9%	21.0%		
- CAPEX	(1.7)	-	(5.9)	(5.8)	(15.0)	(15.1)	(15.0)		
- Net Financial Result affecting Cash Flow	(0.3)	(0.0)	0.1	(0.1)	(0.2)	(0.2)	(0.1)		
- Taxes	(0.0)	(0.2)	(0.1)	(0.1)	(1.1)	(1.8)	(2.4)		
= Recurrent Free Cash Flow	(9.2)	(0.4)	(5.4)	(4.2)	(5.2)	1.7	8.9	23.0%	60.4%
<i>Rec. Free Cash Flow growth</i>	-462.1%	96.0%	n.a.	21.8%	-24.2%	133.3%	414.6%		
<i>Rec. Free Cash Flow / Revenues</i>	n.a.	n.a.	n.a.	n.a.	n.a.	1.6%	7.1%		
- Restructuring expenses & others	-	-	-	-	-	-	-		
- Acquisitions / + Divestments	-	-	-	-	-	-	-		
+/- Extraordinary Inc./Exp. affecting Cash Flow	-	-	-	-	-	-	-		
= Free Cash Flow	(9.2)	(0.4)	(5.4)	(4.2)	(5.2)	1.7	8.9	23.0%	60.4%
<i>Free Cash Flow growth</i>	-462.1%	96.0%	n.a.	21.8%	-24.2%	133.3%	414.6%		
<i>Recurrent Free Cash Flow - Yield (s/Mkt Cap)</i>	n.a.	n.a.	n.a.	n.a.	n.a.	0.5%	2.8%		
<i>Free Cash Flow Yield (s/Mkt Cap)</i>	n.a.	n.a.	n.a.	n.a.	n.a.	0.5%	2.8%		
B) Analytical Review of Annual Recurrent Free Cash Flow Performance (Eur Mn)									
Recurrent FCF(FY - 1)	(1.6)	(9.2)	(0.4)	(5.4)	(4.2)	(5.2)	1.7		
EBITDA impact from revenue increase	0.0	0.4	1.6	2.7	3.9	3.9	3.9		
EBITDA impact from EBITDA/Sales variation	0.9	1.4	(2.7)	(1.4)	5.6	4.4	2.3		
= Recurrent EBITDA variation	0.9	1.8	(1.1)	1.3	9.4	8.3	6.3		
- Rentals (IFRS 16 impact) variation impact	-	-	-	-	-	-	-		
+/- Working capital variation impact	(7.7)	5.1	1.9	(0.1)	(0.2)	(0.4)	1.3		
= Recurrent Operating Cash Flow variation	(6.8)	7.0	0.8	1.2	9.3	7.9	7.5		
+/- CAPEX impact	(1.0)	1.7	(5.9)	0.1	(9.2)	(0.1)	0.1		
+/- Financial result variation	0.3	0.3	0.1	(0.2)	(0.1)	(0.0)	0.1		
+/- Tax impact	(0.0)	(0.1)	0.0	0.0	(1.0)	(0.8)	(0.6)		
= Recurrent Free Cash Flow variation	(7.5)	8.8	(5.0)	1.2	(1.0)	6.9	7.2		
Recurrent Free Cash Flow	(9.2)	(0.4)	(5.4)	(4.2)	(5.2)	1.7	8.9		
C) "FCF to the Firm" (pre debt service) (EUR Mn)									
EBIT	2.2	2.1	(1.1)	1.6	11.0	18.7	24.5	-10.4%	n.a.
* <i>Theoretical Tax rate</i>	0.2%	8.2%	0.0%	7.7%	10.0%	10.0%	10.0%		
= Taxes (pre- Net Financial Result)	(0.0)	(0.2)	-	(0.1)	(1.1)	(1.9)	(2.4)		
Recurrent EBITDA	0.6	2.5	1.4	2.7	12.1	20.4	26.7	62.5%	n.a.
- Rentals (IFRS 16 impact)	-	-	-	-	-	-	-		
+/- Working Capital increase	(7.8)	(2.6)	(0.7)	(0.9)	(1.0)	(1.5)	(0.2)		
= Recurrent Operating Cash Flow	(7.1)	(0.2)	0.6	1.8	11.1	18.9	26.5	31.1%	n.a.
- CAPEX	(1.7)	-	(5.9)	(5.8)	(15.0)	(15.1)	(15.0)		
- Taxes (pre- Financial Result)	(0.0)	(0.2)	-	(0.1)	(1.1)	(1.9)	(2.4)		
= Recurrent Free Cash Flow (To the Firm)	(8.8)	(0.3)	(5.3)	(4.1)	(5.0)	1.9	9.0	22.6%	61.5%
<i>Rec. Free Cash Flow (To the Firm) growth</i>	-765.8%	96.0%	n.a.	22.5%	-22.9%	138.6%	365.2%		
<i>Rec. Free Cash Flow (To the Firm) / Revenues</i>	n.a.	n.a.	n.a.	n.a.	n.a.	1.8%	7.2%		
- Acquisitions / + Divestments	-	-	-	-	-	-	-		
+/- Extraordinary Inc./Exp. affecting Cash Flow	-	-	-	-	-	-	-		
= Free Cash Flow "To the Firm"	(8.8)	(0.3)	(5.3)	(4.1)	(5.0)	1.9	9.0	22.6%	61.5%
<i>Free Cash Flow (To the Firm) growth</i>	-765.8%	96.0%	n.a.	22.5%	-22.9%	138.6%	365.2%		
<i>Rec. Free Cash Flow To the Firm Yield (o/EV)</i>	n.a.	n.a.	n.a.	n.a.	n.a.	0.6%	2.7%		
<i>Free Cash Flow "To the Firm" - Yield (o/EV)</i>	n.a.	n.a.	n.a.	n.a.	n.a.	0.6%	2.7%		

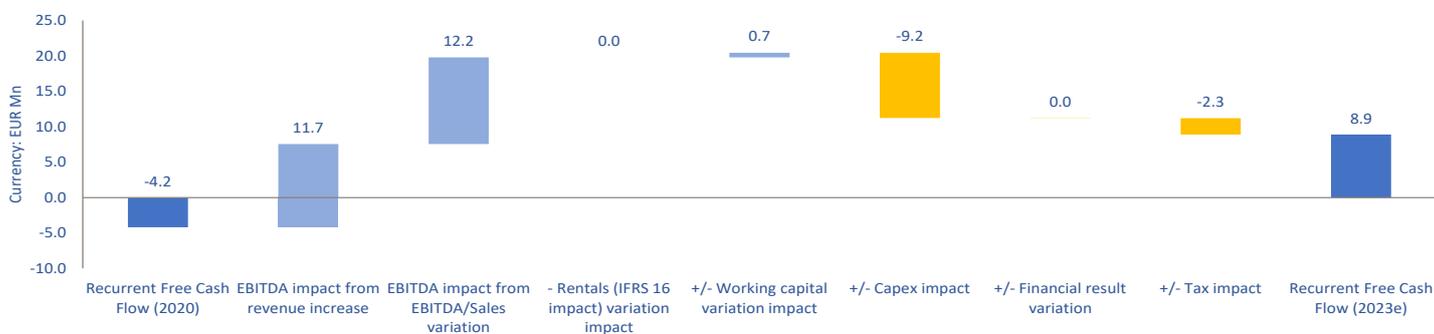
Note 1: Financial projections include IFRS 16 adjustments. FY 19 EBITDA is c. EUR 0.0Mn higher due to IFRS 16.

Nota 2: The change of consolidation perimeter that occurred in July 2020 significantly distort any growth metric.

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



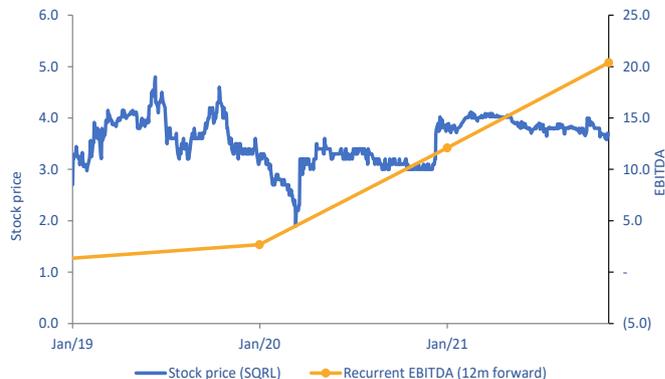
Recurrent Free Cash Flow accumulated variation analysis (2020 - 2023e)



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	317.4	
+ Minority Interests	0.3	9m Results 2021
+ Provisions & Other L/T Liabilities	4.7	9m Results 2021
+ Net financial debt	7.1	9m Results 2021
- Financial Investments	0.9	9m Results 2021
+/- Others		
Enterprise Value (EV)	328.6	

Appendix 4. Historical performance (1)(2)

Historical performance (EUR Mn)	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021e	2022e	2023e	CAGR	
															10-20	20-23e
Total Revenues	104.5	135.2	23.7	8.6	6.0	3.0	4.0	3.9	6.4	10.8	32.6	79.7	105.6	126.0	-11.0%	56.9%
Total Revenues growth	1.9%	29.3%	-82.5%	-63.9%	-29.4%	-50.2%	33.3%	-3.5%	66.2%	67.3%	203.0%	144.4%	32.5%	19.3%		
EBITDA	18.3	(12.4)	6.6	(2.0)	0.0	(1.8)	(0.3)	0.6	2.5	1.4	2.7	12.1	20.4	26.7	-17.5%	n.a.
EBITDA growth	17.8%	-168.0%	153.0%	-129.9%	100.9%	n.a.	82.8%	307.3%	292.9%	-44.8%	98.0%	351.6%	68.6%	30.8%		
EBITDA/Sales	17.5%	n.a.	27.8%	n.a.	0.3%	n.a.	n.a.	16.1%	38.1%	12.6%	8.2%	15.2%	19.3%	21.2%		
Net Profit	0.9	(35.1)	(40.7)	(68.6)	(12.0)	(4.1)	(1.2)	27.9	1.8	(1.5)	1.4	9.7	16.6	21.9	4.0%	n.a.
Net Profit growth	105.2%	n.a.	-15.9%	-68.7%	82.6%	65.3%	70.6%	n.a.	-93.5%	-182.6%	193.8%	594.2%	71.6%	31.7%		
Adjusted number shares (Mn)	6.7	7.6	7.6	7.9	7.9	7.9	7.9	7.8	15.1	18.9	47.4	85.9	85.9	85.9		
EPS (EUR)	0.14	-4.61	-5.34	-8.72	-1.52	-0.53	-0.15	3.57	0.12	-0.08	0.03	0.11	0.19	0.26	-14.5%	n.a.
EPS growth	n.a.	n.a.	-15.9%	-63.2%	82.6%	65.3%	70.6%	n.a.	-96.6%	n.a.	n.a.	n.a.	71.6%	31.7%		
Ord. EPS (EUR)	0.11	-4.59	-5.32	-7.75	-1.52	-0.53	-0.15	0.23	0.12	-0.06	0.03	0.11	0.19	0.26	-12.0%	n.a.
Ord. EPS growth	n.a.	n.a.	-16.0%	-45.6%	80.4%	65.3%	71.2%	n.a.	-48.6%	n.a.	n.a.	n.a.	71.6%	31.7%		
CAPEX	(5.7)	(2.5)	(1.9)	-	(0.2)	(0.4)	(0.7)	-	(5.9)	(5.8)	(15.0)	(15.0)	(15.1)	(15.0)		
CAPEX/Sales %	5.4%	1.9%	7.8%	0.0%	4.1%	13.5%	16.4%	43.1%	0.0%	54.8%	17.7%	18.8%	14.3%	11.9%		
Free Cash Flow	(5.0)	9.6	5.1	(1.5)	0.6	4.4	(1.6)	(9.2)	(0.4)	(5.4)	(4.2)	(5.2)	1.7	8.9	1.7%	60.4%
ND/EBITDA (x) ⁽³⁾	3.2x	n.a.	3.1x	n.a.	n.a.	n.a.	n.a.	8.4x	1.6x	0.8x	0.5x	0.5x	0.2x	-0.1x		
P/E (x)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	20.9x	n.a.	n.a.	32.7x	19.1x	14.5x		
EV/Sales (x)	0.60x	0.34x	1.16x	4.50x	6.33x	11.23x	8.86x	5.03x	6.46x	5.19x	10.16x	4.12x	3.11x	2.61x		
EV/EBITDA (x) ⁽³⁾	3.4x	n.a.	4.2x	n.a.	n.a.	n.a.	n.a.	31.2x	16.9x	41.3x	n.a.	27.2x	16.1x	12.3x		
Absolute performance	n.a.	n.a.	n.a.	-46.3%	-26.1%	-40.7%	-48.3%	-4.3%	41.5%	23.7%	24.8%	-4.5%				
Relative performance vs Ibxex 35	n.a.	n.a.	n.a.	-55.8%	-28.7%	-36.1%	-47.3%	-10.9%	66.4%	10.6%	47.7%	-15.1%				

Note 1: The multiples are historical, calculated based on the price and EV at the end of each year, except (if applicable) in the current year, when multiples would be given at current prices. The absolute and relative behavior corresponds to each exercise (1/1 to 31/12). The source, both historical multiples and the evolution of the price, is Factset.

Note 2: Financial projections include IFRS 16 adjustments. FY 19 EBITDA is c. EUR 0.0Mn higher due to IFRS 16.

Note 3: All ratios and multiples on EBITDA refer to total EBITDA (not to recurrent EBITDA).

Appendix 5. Main peers 2021e

		Advertising global players					Media sector in Spain						
		EUR Mn	Omnicom	WPP	Publicis	Interpublic	Average	Mediaset	Atresmedia	Prisa	Vocento	Average	SQRL
Market data	Ticker (Factset)		OMC-US	WPP-GB	PUB-FR	IPG-US		TLS-ES	A3M-ES	PRS-ES	VOC-ES		SQRL-ES
	Country		USA	UK	France	USA		Spain	Spain	Spain	Spain		Spain
	Market cap		12,802.4	15,206.5	15,109.9	12,498.7		1,379.7	821.5	384.6	125.2		317.4
	Enterprise value (EV)		15,069.4	19,817.7	18,513.9	15,024.6		1,374.0	878.9	1,178.8	227.8		328.6
Basic financial information	Total Revenues		12,343.5	12,138.8	10,308.2	7,920.9		890.0	961.6	760.8	356.8		79.7
	Total Revenues growth		7.3%	-13.6%	-4.4%	0.0%	-2.7%	7.7%	20.3%	10.1%	5.2%	10.8%	144.4%
	2y CAGR (2021e - 2023e)		2.0%	3.2%	3.1%	4.0%	3.1%	0.8%	1.9%	7.5%	2.0%	3.1%	25.8%
	EBITDA		2,047.9	2,185.0	2,366.9	1,499.3		255.9	157.3	92.6	41.8		12.1
	EBITDA growth		21.0%	3.2%	1.5%	32.7%	14.6%	-30.6%	n.a.	91.3%	110.5%	57.1%	351.6%
	2y CAGR (2021e - 2023e)		2.0%	7.0%	3.5%	3.5%	4.0%	1.8%	5.6%	35.2%	7.3%	12.5%	48.5%
	EBITDA/Revenues		16.6%	18.0%	23.0%	18.9%	19.1%	28.8%	16.4%	12.2%	11.7%	17.3%	15.2%
	EBIT		1,865.4	1,757.2	1,661.5	1,262.2		237.1	137.7	22.4	23.8		11.0
	EBIT growth		24.5%	25.2%	19.2%	44.1%	28.3%	7.5%	n.a.	201.0%	n.a.	104.3%	594.2%
	2y CAGR (2021e - 2023e)		2.0%	6.9%	5.1%	3.7%	4.4%	2.1%	6.6%	n.a.	8.5%	5.7%	49.3%
	EBIT/Revenues		15.1%	14.5%	16.1%	15.9%	15.4%	26.6%	14.3%	2.9%	6.7%	12.6%	13.8%
	Net Profit		1,171.1	1,088.2	1,026.7	887.8		188.2	102.8	(49.3)	12.5		9.7
	Net Profit growth		41.8%	131.3%	78.2%	189.4%	110.2%	5.3%	330.9%	78.9%	157.3%	143.1%	594.2%
2y CAGR (2021e - 2023e)		2.4%	9.8%	7.8%	3.0%	5.7%	2.7%	6.5%	54.0%	5.8%	17.2%	50.3%	
CAPEX/Sales %		0.5%	4.3%	2.8%	2.0%	2.4%	18.6%	2.7%	4.1%	3.4%	7.2%	18.8%	
Free Cash Flow		1,464.5	595.2	1,019.8	950.3		181.2	77.9	(36.7)	13.2		(5.2)	
Net financial debt		(199.1)	2,561.0	921.6	422.2		(178.5)	87.8	904.3	46.7		6.6	
ND/EBITDA (x)		(0.1)	1.2	0.4	0.3	0.4	(0.7)	0.6	9.8	1.1	2.7	0.5	
Pay-out		45.7%	40.1%	51.8%	41.6%	44.8%	39.2%	85.9%	0.0%	32.8%	39.5%	0.0%	
Multiples and Ratios	P/E (x)		11.1	14.3	12.2	14.1	12.9	7.8	8.1	n.a.	9.7	8.5	32.7
	P/BV (x)		4.3	2.1	1.9	4.3	3.2	1.2	1.6	n.a.	0.7	1.2	8.7
	EV/Revenues (x)		1.2	1.6	1.8	1.9	1.6	1.5	0.9	1.5	0.6	1.2	4.1
	EV/EBITDA (x)		7.4	9.1	7.8	10.0	8.6	5.4	5.6	12.7	5.4	7.3	27.2
	EV/EBIT (x)		8.1	11.3	11.1	11.9	10.6	5.8	6.4	n.a.	9.6	7.2	29.9
	ROE		39.0	15.0	15.3	30.3	24.9	15.4	20.1	n.a.	6.7	14.1	30.5
	FCF Yield (%)		11.4	3.9	6.7	7.6	7.4	13.1	9.5	n.a.	10.6	11.1	n.a.
	DPS		2.48	0.36	2.22	0.95	1.50	0.24	0.39	0.00	0.03	0.17	0.00
Dvd Yield		4.1%	2.7%	3.7%	3.0%	3.4%	5.1%	10.7%	0.0%	3.2%	4.8%	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
15-Nov-2021	n.a.	3.70	n.a.	n.a.	9m Results 2021	David López Sánchez
30-Jul-2021	n.a.	3.79	n.a.	n.a.	6m Results 2021 - Estimates downgrade	David López Sánchez
02-Mar-2021	n.a.	3.94	n.a.	n.a.	12m 2020 Preliminary results	David López Sánchez
29-Jan-2021	n.a.	3.86	n.a.	n.a.	Initiation of Coverage	David López Sánchez

