

EQUITY - SPAIN

Sector: Media

Closing price: EUR 2.22 (31 Jul 2023)

Report date: 1 Aug 2023 (19:30)

6m Results 2023

Independent Equity Research

6m Results 2023

 Opinion ⁽¹⁾: In line

 Impact ⁽¹⁾: We raise our estimates

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Squirrel Media (SQRL), is a Spanish group present throughout the value chain of the entertainment and media sector through its businesses of: (i) Advertising (45.9% of revenue), (ii) Content (production and distribution of audiovisual content; 9.3%), (iii) TMT services (11.3%) and (iv) Media (33.5%).

1H23 earnings in line. The content business is starting to show up in the P&L

Market Data

Market Cap (Mn EUR and USD)	197.7	217.9
EV (Mn EUR and USD) ⁽²⁾	239.7	264.2
Shares Outstanding (Mn)	89.0	
-12m (Max/Med/Min EUR)	3.15 / 2.55 / 2.18	
Daily Avg volume (-12m Mn EUR)	0.02	
Rotation ⁽³⁾	2.4	
Factset / Bloomberg	SQRL-ES / SQRL SM	
Close fiscal year	31-Dec	

Shareholders Structure (%)

Squirrel Capital	92.6
Free Float	7.4

Financials (Mn EUR)

	2022	2023e	2024e	2025e
Adj. nº shares (Mn)	89.0	89.0	89.0	89.0
Total Revenues	79.1	126.2	157.5	175.1
Rec. EBITDA	13.8	22.8	33.1	42.9
% growth	85.3	65.2	45.5	29.6
% Rec. EBITDA/Rev.	17.4	18.0	21.0	24.5
% Inc. EBITDA sector ⁽⁴⁾	13.9	7.6	8.7	6.2
Net Profit	3.5	8.2	13.6	18.8
EPS (EUR)	0.04	0.09	0.15	0.21
% growth	-38.6	132.3	65.7	38.3
Ord. EPS (EUR)	0.03	0.09	0.15	0.21
% growth	-39.5	170.8	65.7	38.3
Rec. Free Cash Flow ⁽⁵⁾	-13.1	1.9	10.8	19.1
Pay-out (%)	0.0	0.0	0.0	0.0
DPS (EUR)	0.00	0.00	0.00	0.00
Net financial debt	23.4	30.9	20.1	1.0
ND/Rec. EBITDA (x)	1.7	1.4	0.6	0.0
ROE (%)	9.7	17.5	23.5	25.4
ROCE (%) ⁽⁵⁾	10.4	13.5	18.9	24.2

Ratios & Multiples (x) ⁽⁶⁾

	2022	2023e	2024e	2025e
P/E	55.8	24.0	14.5	10.5
Ord. P/E	65.1	24.0	14.5	10.5
P/BV	4.6	3.9	3.0	2.4
Dividend Yield (%)	0.0	0.0	0.0	0.0
EV/Sales	3.03	1.90	1.52	1.37
EV/Rec. EBITDA	17.4	10.5	7.2	5.6
EV/EBIT	30.1	16.4	10.2	7.6
FCF Yield (%) ⁽⁵⁾	n.a.	1.0	5.5	9.7

THE (EXPECTED) TAKE-OFF OF THE CONTENT BUSINESS DROVE STRONG REVENUE GROWTH (REVENUE 1H23: +34%)...

This reflected the CAPEX efforts earmarked for expanding the catalogue (>EUR 40Mn -3y). The content business accounted for c. 35% of 1H23 revenue and was the fastest growing (EUR 17.5Mn vs EUR 2.2Mn in 1H22). The next fastest was media (+26.2%), which made up for the contraction in advertising sales (-25.6%). SQRL obtained revenue of EUR 50.4Mn in 1H23 (vs EUR 37.6Mn in 1H22).

...AND WIDER MARGINS THANKS TO A MORE PROFITABLE REVENUE MIX.

The recurring EBITDA margin in 1H23 improved by 0.8p.p. (vs 1H22) to 20%, thanks above all to the higher weight of the content business in the mix (gross margin of c.40% vs c.30% for the rest of the activities). This, coupled with revenue growth, explained the "jump" in rec. EBITDA to EUR 10.1Mn (+39.7% vs 1H22; in line with our estimates).

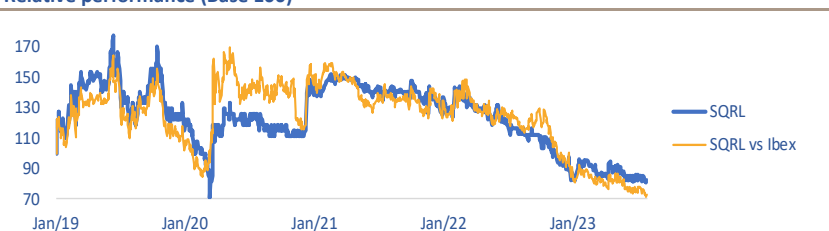
NET PROFIT OF 6.5Mn. Below EBITDA, the main item was depreciation and amortisation (EUR 3.7Mn in 1H23); finance costs were not material. The impact of non-controlling interests (EUR 1.3Mn in 1H23) was the main item between PBT and NP attributed to the controlling entity (EUR 5.2Mn).

DEBT STILL AT REASONABLE LEVELS (ND 1H23: EUR 24.1Mn; ND/EBITDA 23E OF 1X).

The cash generated by SQRL in 1H23 enabled it to keep ND 1H23 at EUR 24.1Mn (vs EUR 23.4Mn in 2022) despite: (i) M&A deals carried out in 1H23 (impact on cash flow in 1H23: EUR 8.2Mn) and (ii) CAPEX of EUR 4Mn earmarked to continue "feeding" its audiovisual content catalogue.

WE ARE UPGRADING OUR ESTIMATES FOR M&A.

Although actuals were fully in line with our estimates, the completion of the acquisitions of BF (March; pro forma revenue: EUR 4,5Mn), Grupo Ganga (June; pro forma revenue: EUR 27Mn) and Mondo TV (August; pro forma revenue: EUR 5Mn) have prompted us to upgrade our FY estimates. Our baseline scenario for 2023e now calls for consolidated revenue of EUR 126.2Mn and EBITDA of EUR 22.8Mn (+15.3% and +11%, respectively vs our previous estimate) and ND 2023e of EUR 30.9Mn (reasonable leverage: ND/EBITDA 23e of 1.4x). SQRL's current trading multiples are already pricing in significant growth in revenue of CAGR 23-25e 17.8%, +12p.p. spread vs Spanish peers (EV/EBITDA 23e 10x and P/E 24x).

Relative performance (Base 100)

Stock performance (%)

	-1m	-3m	-12m	YTD	-3Y	-5Y
Absolute	-4.3	-7.5	-29.5	-5.9	-34.7	n.a.
vs Ibex 35	-4.8	-11.3	-40.4	-19.7	-53.4	n.a.
vs Ibex Small Cap Index	-5.0	-10.4	-32.7	-16.7	-51.6	n.a.
vs Eurostoxx 50	-5.9	-9.8	-41.6	-20.2	-53.6	n.a.
vs Sector benchmark ⁽⁴⁾	-6.7	-7.8	-34.6	-16.5	-59.9	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) 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.

(*) 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.

Table 1. 1H23 Results

EUR Mn	6m23		6m23 Real		2023e vs	
	Real	6m22	vs 6m22	2023e	2022	
Total Revenues	50.4	37.6	34.1%	126.2	59.5%	
Advertising	14.0	18.8	-25.6%	40.7	13.3%	
Content	17.5	2.2	n.a.	43.5	496.9%	
TMT Services	4.2	4.4	-4.4%	11.1	25.0%	
Media	14.7	11.6	26.2%	31.0	18.2%	
Other income	0.0	0.6	-100.0%	0.0	n.a.	
Recurrent EBITDA	10.1	7.2	39.7%	22.8	65.2%	
<i>Rec. EBITDA/Revenues</i>	<i>20.0%</i>	<i>19.2%</i>	<i>0.8 p.p.</i>	<i>18.0%</i>	<i>0.6 p.p.</i>	
EBITDA	10.2	7.4	37.4%	22.8	57.1%	
<i>EBITDA/Revenues</i>	<i>20.2%</i>	<i>19.7%</i>	<i>0.5 p.p.</i>	<i>18.0%</i>	<i>-0.3 p.p.</i>	
EBIT	6.4	4.9	32.5%	14.6	84.0%	
PBT	6.2	4.8	30.8%	13.1	99.3%	
NP	6.5	4.6	42.0%	8.2	132.3%	
CAPEX	-4.1	-11.8	-65.5%	-23.3	-2.5%	
		12m22				
Net Debt	24.1	23.4	2.8%	30.9	31.9%	

Table 2. Estimates upgrade

EUR Mn	2023e			2024e			2025e		
	(New)	2023e	Review (%)	(New)	2024e	Review (%)	(New)	2025e	Review (%)
Total Revenues	126.2	109.5	15.3%	157.5	143.0	10.2%	175.1	167.1	4.8%
Recurrent EBITDA	22.8	20.5	11.1%	33.1	31.0	6.9%	42.9	41.4	3.6%
<i>Recurrent EBITDA growth</i>	<i>65.2%</i>	<i>48.6%</i>	<i>17 p.p.</i>	<i>45.5%</i>	<i>51.3%</i>	<i>-6 p.p.</i>	<i>29.6%</i>	<i>33.7%</i>	<i>-4 p.p.</i>
<i>Rec. EBITDA/Revenues</i>	<i>18.0%</i>	<i>18.7%</i>	<i>-1 p.p.</i>	<i>21.0%</i>	<i>21.7%</i>	<i>-1 p.p.</i>	<i>24.5%</i>	<i>24.8%</i>	<i>0 p.p.</i>
EBIT	14.6	12.5	16.8%	23.4	21.4	9.5%	31.7	29.7	6.7%
Net Profit	8.2	7.9	4.0%	13.6	12.5	9.3%	18.8	17.7	6.3%
<i>ND / EBITDA</i>	<i>1.4 x</i>	<i>1.3 x</i>	<i>0.0 x</i>	<i>0.6 x</i>	<i>0.8 x</i>	<i>-0.2 x</i>	<i>0.0 x</i>	<i>0.3 x</i>	<i>-0.2 x</i>

Valuation inputs

Inputs for the DCF Valuation Approach

	2023e	2024e	2025e	Terminal Value ⁽¹⁾		
Free Cash Flow "To the Firm"	(6.2)	12.2	20.6	281.4		
Market Cap	197.7	At the date of this report				
Net financial debt	24.1	Debt net of Cash (6m Results 2023)				
					Best Case	Worst Case
Cost of Debt	5.0%	Net debt cost			4.8%	5.3%
Tax rate (T)	20.0%	T (Normalised tax rate)			=	=
Net debt cost	4.0%	Kd = Cost of Net Debt * (1-T)			3.8%	4.2%
Risk free rate (rf)	3.5%	Rf (10y Spanish bond yield)			=	=
Equity risk premium	6.0%	R (own estimate)			5.5%	6.5%
Beta (B)	1.1	B (own estimate)			1.0	1.2
Cost of Equity	10.1%	Ke = Rf + (R * B)			9.0%	11.3%
Equity / (Equity + Net Debt)	89.1%	E (Market Cap as equity value)			=	=
Net Debt / (Equity + Net Debt)	10.9%	D			=	=
WACC	9.5%	WACC = Kd * D + Ke * E			8.4%	10.5%
G "Fair"	2.0%				2.5%	2.0%

(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 23e	EPS 23e-25e	EV/EBITDA 23e	EBITDA 23e-25e	EV/Sales 23e	Revenues 23e-25e	EBITDA/Sales 23e	FCF Yield 23e	FCF 23e-25e	
Omnicom	OMC-US	15,163.5	11.5	6.8%	8.8	4.8%	1.4	3.5%	16.4%	10.2%	5.9%	
WPP	WPP-GB	10,624.0	8.4	8.0%	6.6	4.5%	1.2	3.3%	17.9%	9.7%	19.5%	
Publicis	PUB-FR	18,562.0	11.0	4.0%	7.3	3.4%	1.6	3.3%	22.0%	9.3%	7.7%	
Interpublic	IPG-US	11,950.8	11.7	5.5%	9.1	4.9%	1.7	5.7%	18.5%	8.9%	10.0%	
Advertising global players				10.6	6.1%	7.9	4.4%	1.5	4.0%	18.7%	9.5%	10.8%
Atresmedia	A3M-ES	848.5	7.5	-1.6%	5.3	-1.2%	0.9	0.3%	17.7%	10.9%	0.9%	
Prisa	PRS-ES	392.5	n.a.	n.a.	6.8	12.9%	1.2	4.5%	17.4%	3.4%	95.3%	
Vocento	VOC-ES	83.1	18.2	69.2%	5.3	18.0%	0.5	2.6%	9.3%	20.8%	10.7%	
Media sector in Spain				12.8	19.1%	5.8	7.3%	0.9	2.0%	17.2%	11.7%	35.6%
SQRL	SQRL-ES	197.7	24.0	51.4%	10.5	37.3%	1.9	17.8%	18.0%	1.0%	n.a.	

Free Cash Flow sensitivity analysis (2024e)

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

Scenario	EBITDA/Sales 24e	EBITDA 24e	EV/EBITDA 24e
Max	23.1%	36.4	6.6x
Central	21.0%	33.1	7.2x
Min	18.9%	29.8	8.0x

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

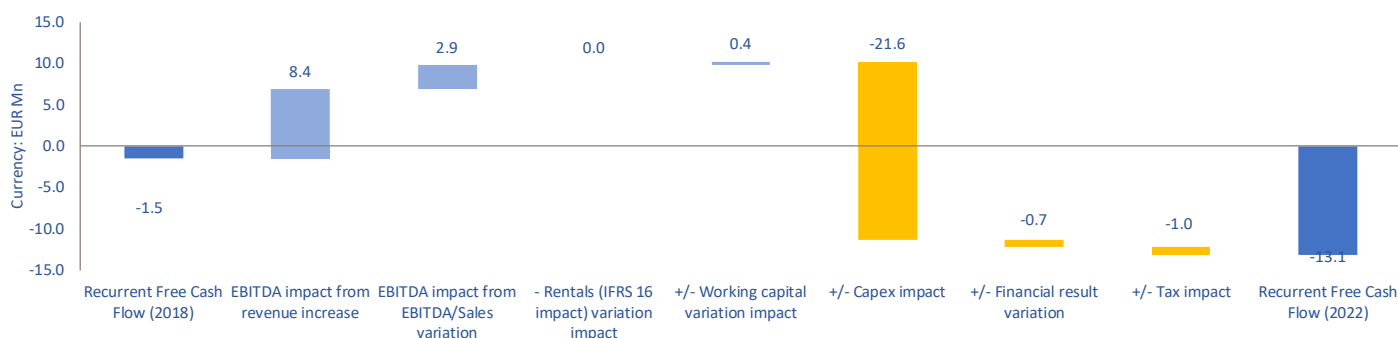
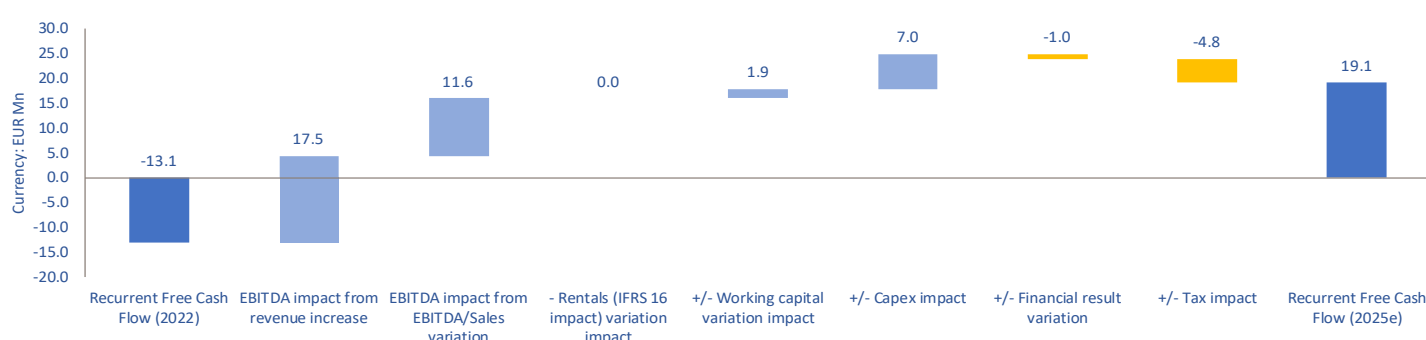
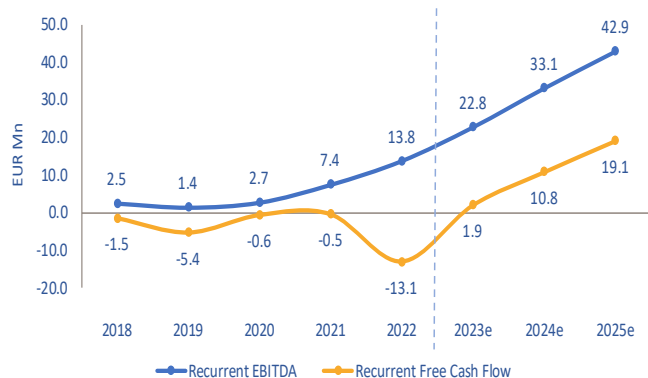
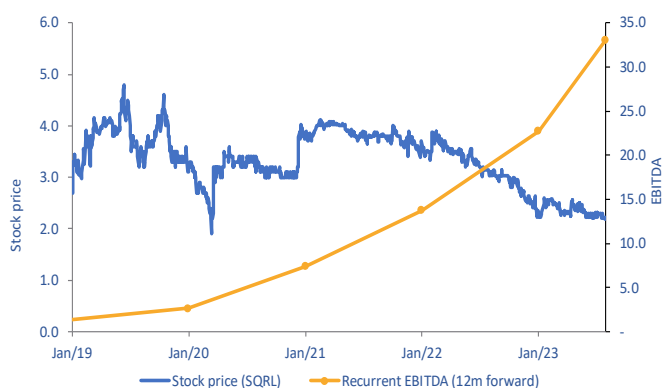
Rec. FCF EUR Mn	CAPEX/Sales 24e			Scenario	Rec. FCF/Yield 24e		
EBITDA 24e	9.0%	10.0%	11.0%		Max	Central	Min
36.4	15.7	14.1	12.5	Max	7.9%	7.1%	6.3%
33.1	12.4	10.8	9.2	Central	6.3%	5.5%	4.7%
29.8	9.1	7.5	5.9	Min	4.6%	3.8%	3.0%

Appendix 1. Financial Projections

Balance Sheet (EUR Mn)	2018	2019	2020	2021	2022	2023e	2024e	2025e	CAGR	
Intangible assets	10.3	15.6	19.1	31.3	70.7	70.7	70.7	70.7		
Fixed assets	0.4	1.6	2.0	2.2	2.3	18.8	24.8	29.3		
Other Non Current Assets	0.0	0.0	0.0	0.8	4.8	4.8	4.8	4.8		
Financial Investments	-	0.6	10.5	12.9	12.0	12.0	12.0	12.0		
Goodwill & Other Intangibles	0.5	2.2	3.0	2.3	5.0	5.0	5.0	5.0		
Current assets	3.3	12.7	13.7	11.4	18.6	28.1	34.4	37.9		
Total assets	14.5	32.7	48.3	61.0	113.4	139.4	151.7	159.8		
Equity	8.2	20.2	26.9	29.9	43.0	51.2	64.9	83.7		
Minority Interests	(0.6)	(0.3)	0.4	0.5	5.0	7.2	10.9	16.0		
Provisions & Other L/T Liabilities	0.0	0.0	4.2	5.5	18.6	18.6	18.6	18.6		
Other Non Current Liabilities	-	-	-	0.7	1.2	1.2	1.2	1.2		
Net financial debt	3.8	1.1	1.4	7.2	23.4	30.9	20.1	1.0		
Current Liabilities	3.0	11.7	15.4	17.1	22.1	30.2	36.0	39.3		
Equity & Total Liabilities	14.5	32.7	48.3	61.0	113.4	139.4	151.7	159.8		
P&L (EUR Mn)	2018	2019	2020	2021	2022	2023e	2024e	2025e	18-22	22-25e
Total Revenues	6.4	10.8	32.6	70.0	79.1	126.2	157.5	175.1	87.3%	30.3%
<i>Total Revenues growth</i>	66.2%	67.3%	203.0%	114.7%	13.0%	59.5%	24.8%	11.2%		
COGS	(1.9)	(5.2)	(21.9)	(53.4)	(56.2)	(88.6)	(106.9)	(113.8)		
Gross Margin	4.6	5.6	10.7	16.6	22.9	37.7	50.7	61.3	49.7%	38.7%
<i>Gross Margin/Revenues</i>	71.0%	51.8%	32.9%	23.7%	29.0%	29.8%	32.2%	35.0%		
Personnel Expenses	(1.9)	(2.2)	(3.9)	(5.3)	(6.0)	(8.2)	(9.6)	(10.0)		
Other Operating Expenses	(0.2)	(2.0)	(4.2)	(3.8)	(3.2)	(6.7)	(7.9)	(8.4)		
Recurrent EBITDA	2.5	1.4	2.7	7.4	13.8	22.8	33.1	42.9	54.0%	46.0%
<i>Recurrent EBITDA growth</i>	292.9%	-44.8%	98.0%	177.6%	85.3%	65.2%	45.5%	29.6%		
<i>Rec. EBITDA/Revenues</i>	38.1%	12.6%	8.2%	10.6%	17.4%	18.0%	21.0%	24.5%		
Restructuring Expense & Other non-rec.	-	-	-	0.5	0.7	-	-	-		
EBITDA	2.5	1.4	2.7	8.0	14.5	22.8	33.1	42.9	55.9%	43.6%
Depreciation & Provisions	(0.4)	(2.5)	(1.1)	(2.5)	(6.5)	(8.1)	(9.7)	(11.2)		
Capitalized Expense	-	-	-	-	-	-	-	-		
Rentals (IFRS 16 impact)	-	(0.0)	-	-	-	-	-	-		
EBIT	2.1	(1.1)	1.6	5.5	8.0	14.6	23.4	31.7	40.1%	58.5%
<i>EBIT growth</i>	-5.9%	-154.3%	240.8%	248.3%	44.5%	84.0%	59.9%	35.4%		
<i>EBIT/Revenues</i>	32.1%	n.a.	4.8%	7.9%	10.1%	11.6%	14.9%	18.1%		
Impact of Goodwill & Others	-	-	-	-	-	-	-	-		
Net Financial Result	(0.0)	(0.1)	(0.1)	(0.1)	(1.4)	(1.6)	(1.8)	(1.8)		
Income by the Equity Method	-	-	-	-	-	-	-	-		
Ordinary Profit	2.0	(1.2)	1.5	5.4	6.5	13.1	21.6	29.9	33.8%	65.9%
<i>Ordinary Profit Growth</i>	9.2%	-157.7%	224.5%	266.4%	21.7%	99.3%	65.7%	38.3%		
Extraordinary Results	-	-	-	-	-	-	-	-		
Profit Before Tax	2.0	(1.2)	1.5	5.4	6.5	13.1	21.6	29.9	33.8%	65.9%
Tax Expense	(0.2)	(0.3)	(0.1)	0.2	(1.9)	(2.6)	(4.3)	(6.0)		
<i>Effective Tax Rate</i>	8.2%	n.a.	7.7%	n.a.	29.0%	20.0%	20.0%	20.0%		
Minority Interests	(0.1)	0.0	0.0	(0.0)	(1.1)	(2.2)	(3.7)	(5.1)		
Discontinued Activities	-	-	-	-	-	-	-	-		
Net Profit	1.8	(1.5)	1.4	5.6	3.5	8.2	13.6	18.8	18.4%	74.6%
<i>Net Profit growth</i>	-93.5%	-182.6%	193.8%	298.0%	-36.3%	132.3%	65.7%	38.3%		
Ordinary Net Profit	1.8	(1.2)	1.4	4.8	3.0	8.2	13.6	18.8	13.9%	83.8%
<i>Ordinary Net Profit growth</i>	-0.9%	-165.4%	218.5%	246.4%	-37.3%	170.8%	65.7%	38.3%		
Cash Flow (EUR Mn)	2018	2019	2020	2021	2022	2023e	2024e	2025e	18-22	22-25e
Recurrent EBITDA						22.8	33.1	42.9	54.0%	46.0%
Rentals (IFRS 16 impact)						-	-	-		
Working Capital Increase						(1.5)	(0.5)	(0.3)		
Recurrent Operating Cash Flow						21.3	32.6	42.6	<i>n.a.</i>	54.5%
CAPEX						(15.1)	(15.8)	(15.8)		
Net Financial Result affecting the Cash Flow						(1.6)	(1.8)	(1.8)		
Tax Expense						(2.6)	(4.3)	(6.0)		
Recurrent Free Cash Flow						1.9	10.8	19.1	-71.8%	51.2%
Restructuring Expense & Other non-rec.						-	-	-		
- Acquisitions / + Divestures of assets						(9.4)	-	-		
Extraordinary Inc./Exp. Affecting Cash Flow						-	-	-		
Free Cash Flow						(7.5)	10.8	19.1	<i>n.a.</i>	40.2%
Capital Increase						-	-	-		
Dividends						-	-	-		
Net Debt Variation						7.5	(10.8)	(19.1)		

Appendix 2. Free Cash Flow

A) Cash Flow Analysis (EUR Mn)	2019	2020	2021	2022	2023e	2024e	2025e	CAGR	
								19-22	22-25e
Recurrent EBITDA	1.4	2.7	7.4	13.8	22.8	33.1	42.9	<i>n.a.</i>	46.0%
<i>Recurrent EBITDA growth</i>	-44.8%	98.0%	177.6%	85.3%	65.2%	45.5%	29.6%		
<i>Rec. EBITDA/Revenues</i>	12.6%	8.2%	10.6%	17.4%	18.0%	21.0%	24.5%		
- Rentals (IFRS 16 impact)	-	-	-	-	-	-	-		
+/- Working Capital increase	(0.7)	2.7	4.1	(2.2)	(1.5)	(0.5)	(0.3)		
= Recurrent Operating Cash Flow	0.6	5.4	11.5	11.6	21.3	32.6	42.6	<i>n.a.</i>	54.5%
<i>Rec. Operating Cash Flow growth</i>	449.7%	756.2%	114.6%	0.6%	83.8%	53.4%	30.7%		
<i>Rec. Operating Cash Flow / Sales</i>	5.8%	16.4%	16.4%	14.6%	16.9%	20.7%	24.4%		
- CAPEX	(5.9)	(5.8)	(11.7)	(22.8)	(15.1)	(15.8)	(15.8)		
- Net Financial Result affecting Cash Flow	0.1	(0.1)	(0.1)	(0.8)	(1.6)	(1.8)	(1.8)		
- Taxes	(0.1)	(0.1)	(0.1)	(1.2)	(2.6)	(4.3)	(6.0)		
= Recurrent Free Cash Flow	(5.4)	(0.6)	(0.5)	(13.1)	1.9	10.8	19.1	-34.9%	51.2%
<i>Rec. Free Cash Flow growth</i>	-255.0%	87.9%	29.7%	<i>n.a.</i>	114.7%	459.3%	77.4%		
<i>Rec. Free Cash Flow / Revenues</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	1.5%	6.8%	10.9%		
- Restructuring expenses & others	-	-	-	-	-	-	-		
- Acquisitions / + Divestments	-	-	(2.3)	(12.2)	(9.4)	-	-		
+/- Extraordinary Inc./Exp. affecting Cash Flow	-	-	-	-	-	-	-		
= Free Cash Flow	(5.4)	(0.6)	(2.8)	(25.3)	(7.5)	10.8	19.1	-67.8%	40.2%
<i>Free Cash Flow growth</i>	-255.0%	87.9%	-329.5%	-810.3%	70.5%	244.4%	77.4%		
<i>Recurrent Free Cash Flow - Yield (s/Mkt Cap)</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	1.0%	5.5%	9.7%		
<i>Free Cash Flow Yield (s/Mkt Cap)</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	5.5%	9.7%		
B) Analytical Review of Annual Recurrent Free Cash Flow Performance (Eur Mn)									
	2019	2020	2021	2022	2023e	2024e	2025e		
Recurrent FCF(FY - 1)	(1.5)	(5.4)	(0.6)	(0.5)	(13.1)	1.9	10.8		
EBITDA impact from revenue increase	1.6	2.7	3.1	1.0	8.2	5.6	3.7		
EBITDA impact from EBITDA/Sales variation	(2.7)	(1.4)	1.7	5.4	0.8	4.7	6.1		
= Recurrent EBITDA variation	(1.1)	1.3	4.8	6.3	9.0	10.4	9.8		
- Rentals (IFRS 16 impact) variation impact	-	-	-	-	-	-	-		
+/- Working capital variation impact	1.9	3.4	1.4	(6.3)	0.7	1.0	0.2		
= Recurrent Operating Cash Flow variation	0.8	4.7	6.1	0.1	9.7	11.4	10.0		
+/- CAPEX impact	(4.8)	0.1	(6.0)	(11.0)	7.6	(0.6)	(0.0)		
+/- Financial result variation	0.1	(0.2)	(0.0)	(0.6)	(0.8)	(0.2)	-		
+/- Tax impact	0.0	0.0	0.0	(1.1)	(1.4)	(1.7)	(1.7)		
= Recurrent Free Cash Flow variation	(3.8)	4.7	0.2	(12.7)	15.1	8.9	8.3		
Recurrent Free Cash Flow	(5.4)	(0.6)	(0.5)	(13.1)	1.9	10.8	19.1		
C) "FCF to the Firm" (pre debt service) (EUR Mn)									
	2019	2020	2021	2022	2023e	2024e	2025e	CAGR	
EBIT	(1.1)	1.6	5.5	8.0	14.6	23.4	31.7	<i>n.a.</i>	58.5%
* Theoretical Tax rate	0.0%	7.7%	0.0%	29.0%	20.0%	20.0%	20.0%		
= Taxes (pre- Net Financial Result)	-	(0.1)	-	(2.3)	(2.9)	(4.7)	(6.3)		
Recurrent EBITDA	1.4	2.7	7.4	13.8	22.8	33.1	42.9	<i>n.a.</i>	46.0%
- Rentals (IFRS 16 impact)	-	-	-	-	-	-	-		
+/- Working Capital increase	(0.7)	2.7	4.1	(2.2)	(1.5)	(0.5)	(0.3)		
= Recurrent Operating Cash Flow	0.6	5.4	11.5	11.6	21.3	32.6	42.6	<i>n.a.</i>	54.5%
- CAPEX	(5.9)	(5.8)	(11.7)	(22.8)	(15.1)	(15.8)	(15.8)		
- Taxes (pre- Financial Result)	-	(0.1)	-	(2.3)	(2.9)	(4.7)	(6.3)		
= Recurrent Free Cash Flow (To the Firm)	(5.3)	(0.5)	(0.2)	(13.5)	3.2	12.2	20.6	-36.9%	52.1%
<i>Rec. Free Cash Flow (To the Firm) growth</i>	-254.5%	89.7%	56.4%	<i>n.a.</i>	123.6%	281.8%	68.4%		
<i>Rec. Free Cash Flow (To the Firm) / Revenues</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	2.5%	7.8%	11.7%		
- Acquisitions / + Divestments	-	-	(2.3)	(12.2)	(9.4)	-	-		
+/- Extraordinary Inc./Exp. affecting Cash Flow	-	-	-	-	-	-	-		
= Free Cash Flow "To the Firm"	(5.3)	(0.5)	(2.6)	(25.7)	(6.2)	12.2	20.6	-69.5%	41.0%
<i>Free Cash Flow (To the Firm) growth</i>	-254.5%	89.7%	-371.1%	-902.5%	75.8%	296.8%	68.4%		
<i>Rec. Free Cash Flow To the Firm Yield (o/EV)</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	1.3%	5.1%	8.6%		
<i>Free Cash Flow "To the Firm" - Yield (o/EV)</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	5.1%	8.6%		

Recurrent Free Cash Flow accumulated variation analysis (2018 - 2022)

Recurrent Free Cash Flow accumulated variation analysis (2022 - 2025e)

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	197.7	
+ Minority Interests	12.5	6m Results 2023
+ Provisions & Other L/T Liabilities	21.3	6m Results 2023
+ Net financial debt	24.1	6m Results 2023
- Financial Investments	15.8	6m Results 2023
+/- Others		
Enterprise Value (EV)	239.7	

Appendix 4. Historical performance ⁽¹⁾

Historical performance (EUR Mn)	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023e	2024e	2025e	CAGR	
															12-22	22-25e
Total Revenues	-	-	6.0	3.0	4.0	3.9	6.4	10.8	32.6	70.0	79.1	126.2	157.5	175.1	n.a.	30.3%
Total Revenues growth	n.a.	n.a.	n.a.	-50.2%	33.3%	-3.5%	66.2%	67.3%	203.0%	114.7%	13.0%	59.5%	24.8%	11.2%		
EBITDA	-	-	0.0	(1.8)	(0.3)	0.6	2.5	1.4	2.7	8.0	14.5	22.8	33.1	42.9	n.a.	43.6%
EBITDA growth	n.a.	n.a.	n.a.	n.a.	82.8%	307.3%	292.9%	-44.8%	98.0%	197.2%	81.9%	57.1%	45.5%	29.6%		
EBITDA/Sales	n.a.	n.a.	0.3%	n.a.	n.a.	16.1%	38.1%	12.6%	8.2%	11.4%	18.3%	18.0%	21.0%	24.5%		
Net Profit	-	-	(12.0)	(4.1)	(1.2)	27.9	1.8	(1.5)	1.4	5.6	3.5	8.2	13.6	18.8	n.a.	74.6%
Net Profit growth	n.a.	n.a.	n.a.	65.3%	70.6%	n.a.	-93.5%	-182.6%	193.8%	298.0%	-36.3%	132.3%	65.7%	38.3%		
Adjusted number shares (Mn)	7.6	7.9	7.9	7.9	7.9	7.8	15.1	19.1	41.0	85.9	89.0	89.0	89.0	89.0		
EPS (EUR)	0.00	0.00	-1.52	-0.53	-0.15	3.57	0.12	-0.08	0.03	0.06	0.04	0.09	0.15	0.21	n.a.	74.6%
EPS growth	n.a.	n.a.	n.a.	65.3%	70.6%	n.a.	-96.6%	n.a.	n.a.	90.1%	-38.6%	n.a.	65.7%	38.3%		
Ord. EPS (EUR)	0.00	0.00	-1.52	-0.53	-0.15	0.23	0.12	-0.06	0.03	0.06	0.03	0.09	0.15	0.21	n.a.	83.8%
Ord. EPS growth	n.a.	n.a.	n.a.	65.3%	70.6%	n.a.	-48.6%	n.a.	n.a.	65.5%	-39.5%	n.a.	65.7%	38.3%		
CAPEX	-	-	(0.2)	(0.4)	(0.7)	(1.7)	(1.1)	(5.9)	(5.8)	(11.7)	(22.8)	(15.1)	(15.8)	(15.8)		
CAPEX/Sales %	n.a.	n.a.	4.1%	13.5%	16.4%	43.1%	17.7%	54.8%	17.7%	16.8%	28.8%	12.0%	10.0%	9.0%		
Free Cash Flow	-	-	0.6	4.4	(1.6)	(9.2)	(1.5)	(5.4)	(0.6)	(2.8)	(25.3)	(7.5)	10.8	19.1	n.a.	40.2%
ND/EBITDA (x) ⁽²⁾	n.a.	n.a.	n.a.	n.a.	n.a.	8.4x	1.6x	0.8x	0.5x	0.9x	1.6x	1.4x	0.6x	0.0x		
P/E (x)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	20.9x	n.a.	n.a.	57.2x	59.4x	24.0x	14.5x	10.5x		
EV/Sales (x)	n.a.	n.a.	6.49x	11.57x	9.11x	5.29x	6.46x	5.52x	10.06x	4.55x	3.10x	1.90x	1.52x	1.37x		
EV/EBITDA (x) ⁽²⁾	n.a.	n.a.	n.a.	n.a.	n.a.	32.8x	16.9x	43.9x	n.a.	40.0x	16.9x	10.5x	7.2x	5.6x		
Absolute performance	-40.7%	-48.3%	2.2%	0.0%	0.0%	0.0%	32.5%	23.7%	24.8%	-4.4%	-36.2%	-5.9%				
Relative performance vs Ibxex 35	-37.8%	-57.4%	-1.4%	7.7%	2.1%	-6.9%	55.8%	10.6%	47.7%	-11.4%	-32.5%	-19.7%				

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

Appendix 5. Main peers 2023e

		Advertising global players				Media sector in Spain					
EUR Mn		Omnicom	WPP	Publicis	Interpublic	Average	Atresmedia	Prisa	Vocento	Average	SQRL
Market data	Ticker (Factset)	OMC-US	WPP-GB	PUB-FR	IPG-US		A3M-ES	PRS-ES	VOC-ES		SQRL-ES
	Country	USA	UK	France	USA		Spain	Spain	Spain		Spain
	Market cap	15,163.5	10,624.0	18,562.0	11,950.8		848.5	392.5	83.1		197.7
	Enterprise value (EV)	19,253.7	16,702.4	20,852.9	14,790.0		897.5	1,087.3	178.8		239.7
Basic financial information	Total Revenues	13,283.0	14,213.3	13,034.5	8,760.2		951.6	914.6	366.7		126.2
	Total Revenues growth	2.5%	-15.6%	-8.2%	-11.6%	-8.2%	9.7%	10.1%	7.5%	9.1%	59.5%
	2y CAGR (2023e - 2025e)	3.5%	3.3%	3.3%	5.7%	4.0%	0.3%	4.5%	2.6%	2.4%	17.8%
	EBITDA	2,182.8	2,547.6	2,870.8	1,623.8		168.9	159.3	33.9		22.8
	EBITDA growth	-0.4%	0.4%	-0.4%	1.9%	0.4%	89.2%	34.8%	12.7%	45.6%	57.1%
	2y CAGR (2023e - 2025e)	4.8%	4.5%	3.4%	4.9%	4.4%	-1.2%	12.9%	18.0%	9.9%	37.3%
	EBITDA/Revenues	16.4%	17.9%	22.0%	18.5%	18.7%	17.7%	17.4%	9.3%	14.8%	18.0%
	EBIT	1,999.8	2,141.0	2,289.0	1,385.2		150.6	83.9	11.5		14.6
	EBIT growth	0.4%	8.8%	11.1%	2.9%	5.8%	110.6%	77.9%	52.1%	80.2%	84.0%
	2y CAGR (2023e - 2025e)	4.9%	5.5%	3.8%	5.0%	4.8%	-1.3%	21.5%	45.9%	22.0%	47.1%
	EBIT/Revenues	15.1%	15.1%	17.6%	15.8%	15.9%	15.8%	9.2%	3.1%	9.4%	11.6%
	Net Profit	1,332.4	1,286.4	1,511.6	999.9		112.4	(9.3)	2.7		8.2
	Net Profit growth	11.6%	61.5%	23.7%	17.5%	28.6%	-0.4%	27.9%	-28.7%	-0.4%	132.3%
	2y CAGR (2023e - 2025e)	5.0%	6.8%	5.4%	4.4%	5.4%	-0.6%	n.a.	n.a.	-0.6%	51.4%
CAPEX/Sales %	0.7%	2.5%	2.1%	2.0%	1.8%	3.5%	6.3%	3.2%	4.3%	12.0%	
Free Cash Flow	1,542.2	1,026.3	1,723.4	1,059.5		92.4	13.5	17.3		(7.5)	
Net financial debt	666.0	3,914.9	(208.4)	149.7		21.8	827.8	29.2		30.9	
ND/EBITDA (x)	0.3	1.5	(0.1)	0.1	0.5	0.1	5.2	0.9	2.1	1.4	
Pay-out	41.1%	40.5%	52.0%	44.1%	44.4%	81.3%	0.0%	46.1%	42.5%	0.0%	
Multiples and Ratios	P/E (x)	11.5	8.4	11.0	11.7	10.6	7.5	n.a.	18.2	12.8	24.0
	P/BV (x)	4.6	2.1	1.8	3.3	3.0	1.2	n.a.	0.4	0.8	3.9
	EV/Revenues (x)	1.4	1.2	1.6	1.7	1.5	0.9	1.2	0.5	0.9	1.9
	EV/EBITDA (x)	8.8	6.6	7.3	9.1	7.9	5.3	6.8	5.3	5.8	10.5
	EV/EBIT (x)	9.6	7.8	9.1	10.7	9.3	6.0	13.0	15.5	11.5	16.4
	ROE	39.8	25.2	16.5	28.5	27.5	16.2	n.a.	2.3	9.2	17.5
	FCF Yield (%)	10.2	9.7	9.3	8.9	9.5	10.9	3.4	20.8	11.7	1.0
	DPS	2.66	0.47	3.13	1.13	1.85	0.41	0.00	0.01	0.14	0.00
Dvd Yield	3.5%	4.8%	4.3%	3.6%	4.0%	10.8%	0.0%	1.5%	4.1%	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
01-Aug-2023	n.a.	2.22	n.a.	n.a.	6m Results 2023	Luis Esteban Arribas
12-Jun-2023	n.a.	2.22	n.a.	n.a.	Small & Micro Caps (Spain)	David López Sánchez
28-Feb-2023	n.a.	2.45	n.a.	n.a.	12m Results 2022	David López Sánchez
18-Nov-2022	n.a.	2.65	n.a.	n.a.	9m Results 2022 - Estimates downgrade	David López Sánchez
04-Aug-2022	n.a.	3.11	n.a.	n.a.	6m Results 2022 - Estimates downgrade	David López Sánchez
28-Feb-2022	n.a.	3.65	n.a.	n.a.	12m Results 2021	David López Sánchez
01-Dec-2021	n.a.	3.75	n.a.	n.a.	Important news	David López Sánchez
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

