

Business description

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 (48% of 2023 revenue) and in Latam (c. 43% of 2023 revenue).

Market Data

Market Cap (Mn EUR and USD)	79.1	81.6
EV (Mn EUR and USD) ⁽²⁾	141.7	146.1
Shares Outstanding (Mn)	11.6	
-12m (Max/Med/Mín EUR)	9.90 / 8.57 / 5.95	
Daily Avg volume (-12m Mn EUR)	0.04	
Rotation ⁽³⁾	13.4	
Factset / Bloomberg	LLYC-ES / LLYC SM	
Close fiscal year	31-Dec	

Shareholders Structure (%)⁽⁵⁾

Octavius Sensus Caucae	21.4
LLYC Partners	18.2
Vivirdemais	13.8
D. Alejandro Romero Paniagua	12.9
Free Float	13.6

Relative performance (Base 100)

Stock performance (%)

	-1m	-3m	-12m	-5Y
Absolute	13.3	-9.3	-30.0	n.a.
vs Ibex 35	8.2	-12.0	-42.3	n.a.
vs Ibex Small Cap Index	9.1	-15.1	-36.6	n.a.
vs Eurostoxx 50	5.8	-15.2	-37.5	n.a.
vs Sector benchmark ⁽⁴⁾	5.5	-15.6	-39.5	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 2.

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

(4) vs Stoxx Europe 600 Media.

(5) Others: GPI 9.5%, Luisa García 5.6%, Inversiones Asúa 5.0%

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

2024: a year of transition. The recovery in 2025e is the new equity story.

GROWTH OF C.+20% IN REVENUE. Following the discontinuation of BAM (Revenue EUR 8.5Mn pro forma), which has limited the effect of M&A, revenues (excluding BAM) have grown at a double-digit rate (+19.1%) during 2024e. LLYC closes 2024 with revenues of EUR 115.1Mn (vs EUR 96.7Mn in 2023 pro forma). Growth is explained essentially by the integration of Lambert, which we estimate has contributed c.EUR 15Mn (EUR 17.2Mn pro forma). It also includes the integration of Dattis (EUR 3.1Mn; EUR 6.2Mn pro forma) and Zeus (EUR 1.2Mn; EUR 2.5Mn pro forma). The combination of organic and inorganic growth (considered "quasi-structural" due to its objectively recurring nature), continues to support strong revenue expansion.

A WELL-DIVERSIFIED BUSINESS. The Corporate Affairs line continues to be the largest contributor to EBITDA (52% of operating income 2024). By geography, the US is the third largest market in terms of revenue after Latin America and Europe. International sales continue to increase their weight in the mix (essentially due to the US), and now represent 65% of total revenues in 2024 (vs 55% in 2023). Diversification (both, by geography and product) a key factor in mitigating the risks of a traditionally cyclical industry.

MARGINS IMPACTED DESPITE A STRONG SECOND HALF. LLYC's recovery has been very visible and significant during 2S24 reaching an EBITDA Margin 2S24 17.0% (vs 10.5% in 1H'24 and 16.7% in 2023). This was sufficient to offset the weaker results from 1H24 leading to a recurring EBITDA of EUR 16.1Mn for the full year (effectively in line with 2023). This translates to a recurring EBITDA margin of 14.0% in 2024.

WE LOWER 2025E ESTIMATES DUE TO THE DISCONTINUATION OF BAM... Our revised base-case scenario for 2025e now projects revenues of EUR 133Mn (+15.6% vs. 2024) and a recurring EBITDA of EUR 22.6Mn (+40.4%; excluding activations), with an EBITDA margin of 17.0%

...BUT STRUCTURALLY VERY HIGH GROWTH IS MAINTAINED. The recovery seen in the standalone 2S24 must continue in 2025, with a return to 2023 EBITDA margin levels. The key is in the CAGR of revenues and EBITDA 2025e-2023: +18.5%. And that makes it possible to objectify the resilience and great capacity for real growth of LLYC's business model.

THE EXPECTED RECOVERY IN 2025 IS THE NEW EQUITY STORY. 1H24 was affected by the perfect storm (disruption of operations, discontinuation of BAM, restructuring of business areas), penalizing profitability levels. However, LLYC's resilient model shows signs of strength. 2S24 points to a rapid recovery (+25% in rec. EBITDA 2S24), though this will not be fully visible until 1H25. The share price performance -12m (-30.0%; -42.3% vs Ibex 35) has left LLYC trading at an EV/EBITDA 2025e of c.6.3x (vs 8.4x for the media sector). With the advantage that the estimated recovery for 2025 will not start from scratch, insofar as it has already been (partially) visible in the results of 2S24. The discontinuation of BAM and the weak performance -12m overlook the essential in LLYC: its ability to achieve, recurrently, very high operational growth. Also in 2025.

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.

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Appendix 1. Results table

EUR Mn	12m24 Real	12m23 ⁽¹⁾	12m24 Real	2h24 vs	
			vs 12m23 ⁽¹⁾	2h24	2h23
Total Revenues	115.1	96.7	19.1%	60.6	22.4%
Operating revenues⁽²⁾	93.1	78.4	18.8%	49.9	25.0%
<i>Gross Margin/Revenues</i>	<i>80.9%</i>	<i>81.1%</i>	<i>-0.2 p.p.</i>	<i>82.5%</i>	<i>1.7 p.p.</i>
Recurrent EBITDA⁽³⁾	16.1	16.1	-0.1%	10.4	24.9%
<i>Rec. EBITDA/Revenues</i>	<i>14.0%</i>	<i>16.7%</i>	<i>-2.7 p.p.</i>	<i>17%</i>	<i>0.3 p.p.</i>

- (1) The 2023 Annual Accounts have been restated due to the exclusion of BAM from the consolidation scope. Adjustments of EUR 4.7Mn have been made to Total Revenue and Operating Income, and EUR 1.5Mn to (Recurring) EBITDA.
- (2) (2) Operating income: Total revenue minus customer service recharges (Gross Margin in our figures).
- (3) (3) Recurring EBITDA adjusted to exclude the impact of: i) "Work performed by the group for its asset" for EUR 1.2Mn (estimated) in 2024 and EUR 1.3Mn (actual) in 2023.

Appendix 2. EV breakdown at the date of this report

	EUR Mn	Source
Market Cap	79.1	
+ Minority Interests	1.2	6m Results 2024
+ Provisions & Other L/T Liabilities	9.9	6m Results 2024
+ Net financial debt ⁽¹⁾	47.1	6m Results 2024
- Financial Investments	1.5	6m Results 2024
+/- Others ⁽²⁾	5.8	6m Results 2024
Enterprise Value (EV)	141.7	

- (1) The level of net financial debt estimated by Lighthouse for the end of 2024 is in line with the level presented by LLYC at 1h24.
- (2) Related to the market value of treasury stock and assets held for sale.

LIGHTHOUSE

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LIGHTHOUSE

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Notes and Reports History

Date of report	Recommendation	Price (EUR)	Target price (EUR)	Period of validity	Reason for report	Analyst
04-Feb-2025	n.a.	6.80	n.a.	n.a.	12m 2024 Preliminary results	Alfredo Echevarría Otegui
02-Oct-2024	n.a.	9.35	n.a.	n.a.	6m Results 2024	Luis Esteban Arribas, CESGA
27-May-2024	n.a.	9.52	n.a.	n.a.	Small & Micro Caps (Spain)	Alfredo Echevarría Otegui
22-Mar-2024	n.a.	8.93	n.a.	n.a.	12m Results 2023 - Estimates upgrade	Luis Esteban Arribas, CESGA
20-Feb-2024	n.a.	9.32	n.a.	n.a.	Important news	Luis Esteban Arribas, CESGA
25-Jan-2024	n.a.	8.09	n.a.	n.a.	12m Results 2023	Luis Esteban Arribas, CESGA
21-Sep-2023	n.a.	9.71	n.a.	n.a.	6m Results 2023 - Estimates downgrade	Luis Esteban Arribas, CESGA
27-Jul-2023	n.a.	10.20	n.a.	n.a.	6m 2023 Preliminary results	Luis Esteban Arribas, CESGA
12-Jun-2023	n.a.	10.07	n.a.	n.a.	Small & Micro Caps (Spain)	David López Sánchez
31-Mar-2023	n.a.	9.98	n.a.	n.a.	Important news - Estimates upgrade	Luis Esteban Arribas, CESGA
09-Mar-2023	n.a.	11.14	n.a.	n.a.	12m Results 2022	Luis Esteban Arribas, CESGA
25-Jan-2023	n.a.	9.32	n.a.	n.a.	12m 2022 Preliminary results	Luis Esteban Arribas, CESGA
21-Sep-2022	n.a.	9.98	n.a.	n.a.	6m Results 2022	Luis Esteban Arribas, CESGA
22-Jul-2022	n.a.	10.12	n.a.	n.a.	6m 2022 Preliminary results	Luis Esteban Arribas, CESGA
11-Mar-2022	n.a.	12.43	n.a.	n.a.	12m Results 2021	Luis Esteban Arribas, CESGA
20-Jan-2022	n.a.	12.34	n.a.	n.a.	12m 2021 Preliminary results	Luis Esteban Arribas, CESGA
23-Dec-2021	n.a.	11.00	n.a.	n.a.	Initiation of Coverage	Luis Esteban Arribas, CESGA

