

6m Results 2022

Opinion ⁽¹⁾: Below expectations

Impact ⁽¹⁾: We lower our estimates

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Business description

Squirrel Media (SQRL), is a Spanish group present throughout the value chain of the entertainment and media sector through its businesses of: (i) Advertising (50.5% of revenue), (ii) Content (production and distribution of audiovisual content; 5.9%), (iii) TMT services (11.8%) and (iv) Media (31.2%).

Market Data

Market Cap (Mn EUR and USD)	276.9	280.5
EV (Mn EUR and USD) ⁽²⁾	292.4	296.2
Shares Outstanding (Mn)	89.0	
-12m (Max/Med/Min EUR)	4.00 / 3.57 / 3.02	
Daily Avg volume (-12m Mn EUR)	0.01	
Rotation ⁽³⁾	1.2	
Factset / Bloomberg	SQRL-ES / SQRL SM	
Close fiscal year	31-Dec	

Shareholders Structure (%)

Squirrel Capital	91.9
Free Float	8.1

Relative performance (Base 100)



Stock performance (%)

	-1m	-3m	-12m	-5Y
Absolute	-2.8	-9.1	-18.1	n.a.
vs Ibex 35	-2.4	-4.1	-11.7	n.a.
vs Ibex Small Cap Index	1.8	2.0	-9.8	n.a.
vs Eurostoxx 50	-10.2	-8.4	-9.6	n.a.
vs Sector benchmark ⁽⁴⁾	-14.6	-9.3	-18.2	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 1.

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

(4) vs Stoxx Europe 600 Media.

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

1H22: a weaker than expected start to a year that should go from less to more

INGRESOS PLANOS (EUR 37,1MN; +0,1% VS 1S21). El 1S22 ha visto una repetición de ventas (+0,1% vs 1S21) gracias a la consolidación del crecimiento inorgánico en el negocio de Medios de Comunicación (que integra EUR 9,9Mn de Net TV; compañía adquirida en enero 2022). Lo que permite compensar la contracción en ventas de los negocios de Publicidad (-29,4%) y Contenidos (-44,7%; que continúa muy penalizado y no refleja el esfuerzo en CAPEX destinado a incrementar el catálogo). Por ponerlo en contexto, durante el período 2020-1S22 el CAPEX acumulado asciende a c. EUR 30Mn (lo que debiera permitir el “despegue” de contenidos a partir del 2S).

AUNQUE LOS MÁRGENES MEJORAN DE FORMA SIGNIFICATIVA, Y COMPENSAN. El margen EBITDA 1S22 se confirma muy por encima del nivel de 2021 (19,5% vs 14,3% en 1S21) y explica el crecimiento en EBITDA Rec. hasta EUR 7,2Mn (+36,5% vs 1S21). Un crecimiento más “valioso” al darse en un contexto de ingresos planos.

BENEFICIO NETO, EUR 5,5MN. Por debajo de la línea de EBITDA no hay grandes sorpresas. Sin impacto significativo por gastos financieros, la amortización de los contenidos audiovisuales (c. EUR 1,1Mn) y las participaciones no dominantes (c. EUR 0,6Mn) son las principales partidas entre el EBITDA y el BN atribuible a los accionistas de SQRL. En este contexto, el EBITDA generado por SQRL en el 1S22 se traduce en un beneficio neto de EUR 5Mn (en línea con 1S21).

TODO ELLO MANTENIENDO UN ENDEUDAMIENTO CONTROLADO. Durante el 1S22 SQRL amplía capital por EUR 10Mn (prima de EUR 8,4Mn) lo que permite mantener una estructura de balance cómoda pese a: (i) las operaciones corporativas realizadas durante el 1S22 y (ii) un CAPEX de EUR 11,4Mn destinados a “nutrir” su catálogo de contenidos audiovisuales. Lo anterior se traduce en una Deuda Neta de EUR 15,7Mn a cierre del 1S22. DN/EBITDA 22e c. 1x, una posición de balance objetivamente favorable para seguir buscando oportunidades de crecimiento orgánico.

UN INICIO DE AÑO MÁS DÉBIL DE LO ESPERADO, QUE NOS LLEVA A AJUSTAR NUESTRAS ESTIMACIONES A LA BAJA. La mejora de márgenes es ya una realidad (y su impacto a largo plazo es el dato de más interés de estos resultados). Pero la asignatura pendiente sigue siendo la recuperación de ingresos en Publicidad y Contenidos (aún muy penalizados). Y, pese a que estimamos un importante rebote de los ingresos en el segundo semestre, el débil inicio de año (unido a un entorno macro que invita a la prudencia) nos lleva a ajustar a la baja nuestros números. El escenario que planteamos es el de consolidar un 2022e con niveles de ventas de EUR 95Mn y EBITDA de EUR 17,5Mn (-14% vs est. anterior). EV/EBITDA 22e 16x.

Table 1. 1H22 Results

EUR Mn	6m22 Real	6m21	6m22 Real vs 6m21	2022e	2022e vs 2021
Total Revenues	37.1	37.0	0.1%	94.7	35.3%
Advertising	18.8	26.7	-29.4%	50.0	-4.3%
Content	2.2	3.9	-44.7%	9.6	65.0%
TMT Services	4.4	4.8	-6.8%	9.0	4.7%
Media	11.6	1.7	n.a.	26.2	n.a.
Recurrent EBITDA	7.2	5.3	36.5%	17.5	135.9%
Rec. EBITDA/Revenues	19.5%	14.3%	5.2 p.p.	18.5%	7.9 p.p.
NP	5.0	5.0	-1.2%	13.0	134.1%
CAPEX	11.1	4.0	174.1%	15.1	
Net Debt	15.7	7.2	118.7%	18.4	157.0%

Appendix 1. EV breakdown at the date of this report

	EUR Mn	Source
Market Cap	276.9	
+ Minority Interests	(0.2)	6m Results 2022
+ Provisions & Other L/T Liabilities	7.5	6m Results 2022
+ Net financial debt	15.7	6m Results 2022
- Financial Investments	7.5	6m Results 2022
+/- Others		
Enterprise Value (EV)	292.4	

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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

