

### 6m Results 2021

Opinion <sup>(1)</sup>: Below expectations

Impact <sup>(1)</sup>: We lower our estimates

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**Vértice 360 (VTSG)** 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).

## 1H21: poor results and low visibility. We downgrade our estimates

### Market Data

Market Cap (Mn EUR and USD)	325.6	387.1
EV (Mn EUR and USD) <sup>(2)</sup>	330.4	392.8
Shares Outstanding (Mn)	85.9	
-12m (Max/Med/Min EUR)	4.12 / 3.60 / 3.00	
Daily Avg volume (-12m Mn EUR)	0.13	
Rotation <sup>(3)</sup>	10.2	
Factset / Bloomberg	VER-ES / VER SM	
Close fiscal year	31-Dec	

### Shareholders Structure (%)

Squirrel Capital	94.1
Free Float	5.9

### Financials (Mn EUR)

	2020	2021e	2022e	2023e
Adj. n° shares (Mn)	47.4	85.9	85.9	85.9
Total Revenues	32.6	79.7	105.6	126.0
Rec. EBITDA <sup>(4)</sup>	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 <sup>(5)</sup>	-7.0	23.0	13.9	14.4
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 <sup>(6)</sup>	-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 (%) <sup>(6)</sup>	6.3	29.6	34.9	35.4

### Ratios & Multiples (x) <sup>(7)</sup>

	2020	2021e	2022e	2023e
P/E	n.a.	33.6	19.6	14.9
Ord. P/E	n.a.	33.6	19.6	14.9
P/BV	12.1	8.9	6.1	4.3
Dividend Yield (%)	0.0	0.0	0.0	0.0
EV/Sales	10.13	4.15	3.13	2.62
EV/Rec. EBITDA	n.a.	27.3	16.2	12.4
EV/EBIT	n.a.	30.1	17.6	13.5
FCF Yield (%) <sup>(6)</sup>	n.a.	n.a.	0.5	2.7

**A WEAKER THAN EXPECTED FIRST HALF...** that, despite mathematical growth from the integration of the media/advertising business (1H21 revenue and EBITDA: EUR 37Mn and EUR 5.4Mn vs EUR 8.7Mn and EUR 1.5Mn in 1H20), continued to suffer from the difficult context; the advertising business continued to experience headwinds (average revenue: EUR 28.3Mn vs our initial estimate of EUR 69Mn for 2021e) and the content business continued to be affected by the pandemic (due to the logical reduction in new releases; -6.5% vs 1H20 and -9.1% vs 1H19).

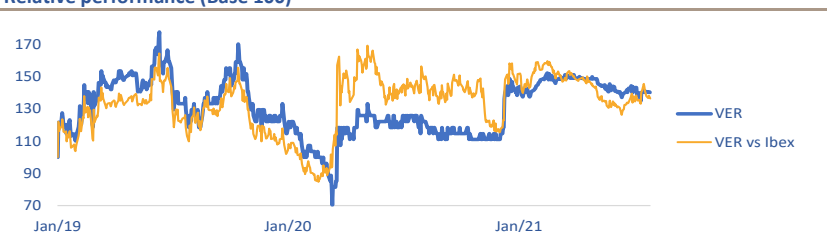
**... TOGETHER WITH STILL LOW VISIBILITY.** The media and content businesses (76% and 10% of 1H21 revenue) have been hit head-on by the disruptions caused by the Covid-19 crisis. And, although the evolution of the pandemic in 3Q will be crucial to determining the continuation of the current trend, at present (July 2021) the sector backdrop continues to invite prudence.

**WHICH LEADS US TO SIGNIFICANTLY DOWNGRADE OUR NUMBERS FOR 2021E AND 2022E.** The prolongation of the Covid-19 crisis delays our estimates by one year, translating to revenue of c. EUR 80Mn in 2021e (-17% vs previous estimate), triggering a reduction in all KPIs of the P&L. And causing us to reduce 2021e and 2022e Recurrent EBITDA to c. EUR 12Mn and EUR 20Mn, respectively (c. -40% vs previous estimate for both years).

**ALTHOUGH REASONS FOR GROWTH EXIST (AFTER COVID-19)** We highlight: (i) the economic recovery, that should drive spending on advertising (due to the impetus of sectors such as tourism and the automotive industry), (ii) the investments already made in the content business (Capex 1H21 EUR 4Mn), that have increased both the catalogue of content and the number of films available for release in cinemas (something not yet visible in the P&L) and (iii) a comfortable financial position from which to accelerate growth (1H21 ND: EUR 1.7Mn; that could pave the way for non-organic growth).

**THE KEY LIES IN THE DEGREE OF SUCCESS OF THE INTEGRATION OF THE MEDIA BUSINESS.** There are two matters pending: (i) the operating execution of the integration and (ii) that this enables VTSG to significantly outperform the sector in terms of growth. This is especially important as it is the only way to provide support for current multiples (EV/EBITDA > 25x in 2021 and > 15x in 2022e vs c. 8x for the sector).

### Relative performance (Base 100)



Stock performance (%)	-1m	-3m	-12m	YTD	-3Y	-5Y
Absolute	-2.8	-5.6	14.8	-2.1	n.a.	n.a.
vs Ibex 35	-1.4	-5.2	-5.8	-10.0	n.a.	n.a.
vs Ibex Small Cap Index	0.2	-4.9	-17.5	-7.4	n.a.	n.a.
vs Eurostoxx 50	-3.0	-8.4	-7.9	-15.5	n.a.	n.a.
vs Sector benchmark <sup>(5)</sup>	-8.4	-12.4	-22.9	-19.7	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.

**6m Results 2021**  
**Estimates downgrade**
**Table 1. 1H21 Results**

EUR Mn	6m21 Real	6m20	6m21 Real vs 6m20	2021e	2021e vs 2020
<b>Total Revenues</b>	<b>37.0</b>	<b>8.7</b>	<b>323.1%</b>	<b>79.7</b>	<b>144.4%</b>
Media	28.4	0.0	n.a.	60.0	n.a.
Content	3.9	4.2	-6.5%	10.7	40.6%
TMT Services	4.8	4.6	4.0%	9.0	185.4%
<b>EBITDA</b>	<b>5.3</b>	<b>1.5</b>	<b>264.0%</b>	<b>12.1</b>	<b>351.6%</b>
<i>EBITDA/Revenues</i>	<i>14.3%</i>	<i>16.6%</i>	<i>-2.3 p.p.</i>	<i>15.2%</i>	<i>7.0 p.p.</i>
<b>NP</b>	<b>5.0</b>	<b>0.9</b>	<b>465.2%</b>	<b>9.7</b>	<b>n.a.</b>
Net Debt	1.7	1.9	-11.7%	6.6	362.5%

**Table 2. Review of estimates**

EUR Mn	2021e (New)	Review (%)	2022e (New)	Review (%)	2023e (New)
<b>Total Revenues</b>	<b>79.7</b>	<b>-16.8%</b>	<b>105.6</b>	<b>-16.2%</b>	<b>126.0</b>
<b>Recurrent EBITDA</b>	<b>12.1</b>	<b>-36.2%</b>	<b>20.4</b>	<b>-37.8%</b>	<b>26.7</b>
<i>Recurrent EBITDA growth</i>	<i>351.6%</i>	<i>59 p.p.</i>	<i>68.6%</i>	<i>-4 p.p.</i>	<i>30.8%</i>
<i>Rec. EBITDA/Revenues</i>	<i>15.2%</i>	<i>-5 p.p.</i>	<i>19.3%</i>	<i>-7 p.p.</i>	<i>21.2%</i>
<b>EBIT</b>	<b>11.0</b>	<b>-35.5%</b>	<b>18.7</b>	<b>-38.0%</b>	<b>24.5</b>
<b>Net Profit</b>	<b>9.7</b>	<b>-36.5%</b>	<b>16.6</b>	<b>-38.8%</b>	<b>21.9</b>
<b>Recurrent Free Cash Flow</b>	<b>-5.2</b>	<b>-684.9%</b>	<b>1.7</b>	<b>-85.9%</b>	<b>8.9</b>
<i>ND / EBITDA</i>	<i>0.5 x</i>	<i>0.5 x</i>	<i>0.2 x</i>	<i>0.6 x</i>	<i>-0.1 x</i>

## Valuation inputs

### Inputs for the DCF Valuation Approach

	2021e	2022e	2023e	Terminal Value <sup>(1)</sup>		
Free Cash Flow "To the Firm"	(5.0)	1.9	9.0	n.a.		
Market Cap	325.6	At the date of this report				
Net financial debt	1.7	Debt net of Cash (6m 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)	0.3%	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	11.1%	Ke = Rf + (R * B)			9.6%	12.6%
Equity / (Equity + Net Debt)	99.5%	E (Market Cap as equity value)			=	=
Net Debt / (Equity + Net Debt)	0.5%	D			=	=
WACC	11.0%	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.

(2) (2) VTSG maintain a high volume of unused tax loss carryforwards (2019: EUR 85Mn)

### 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
Omnicom	OMC-US	13,211.4	12.1	5.7%	7.9	2.8%	1.3	2.5%	16.3%	11.3%	2.9%
WPP	WPP-GB	13,271.2	13.0	13.6%	8.2	7.4%	1.4	3.1%	17.3%	5.1%	41.2%
Publicis	PUB-FR	13,520.5	11.3	4.0%	7.3	3.2%	1.7	2.7%	22.5%	7.1%	22.2%
Interpublic	IPG-US	11,572.3	14.6	5.9%	10.1	4.5%	1.9	4.7%	18.4%	7.5%	9.9%
<b>Advertising global players</b>			<b>12.7</b>	<b>7.3%</b>	<b>8.4</b>	<b>4.5%</b>	<b>1.6</b>	<b>3.3%</b>	<b>18.6%</b>	<b>7.7%</b>	<b>19.1%</b>
Mediaset	TL5-ES	1,502.0	8.0	1.9%	5.5	0.6%	1.6	0.2%	29.8%	10.6%	5.6%
Atresmedia	A3M-ES	778.2	7.8	6.1%	5.6	4.3%	0.9	1.6%	16.2%	10.4%	17.7%
Prisa	PRS-ES	597.4	n.a.	60.7%	11.0	23.2%	1.6	6.0%	14.8%	n.a.	51.6%
Vocento	VOC-ES	135.9	10.6	4.3%	5.7	7.0%	0.7	1.9%	11.8%	8.3%	34.3%
<b>Media sector in Spain</b>			<b>8.8</b>	<b>18.3%</b>	<b>6.9</b>	<b>8.8%</b>	<b>1.2</b>	<b>2.4%</b>	<b>18.1%</b>	<b>9.8%</b>	<b>27.3%</b>
VER	VER-ES	325.6	33.6	50.3%	27.3	48.5%	4.1	25.8%	15.2%	n.a.	92.7%

Note: Main players in the Media sector in Spain (despite not being in the same business as VTSG).

### 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	14.8x
Central	19.3%	20.4	16.2x
Min	17.4%	18.4	18.0x

#### 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	12.9%	14.3%	15.7%		Max	1.6%	1.1%	0.7%
22.4	5.2	3.7	2.3	➔	Central	1.0%	0.5%	0.1%
20.4	3.2	1.7	0.3		Min	0.4%	n.a.	n.a.
18.4	1.2	(0.3)	(1.8)					

## Appendix 1. Financial Projections<sup>(1) (2)</sup>

<b>Balance Sheet (EUR Mn)</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021e</b>	<b>2022e</b>	<b>2023e</b>		
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		
<b>Total assets</b>	<b>8.4</b>	<b>10.0</b>	<b>14.5</b>	<b>32.7</b>	<b>48.3</b>	<b>77.2</b>	<b>100.2</b>	<b>119.6</b>		
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		
<b>Equity &amp; Total Liabilities</b>	<b>8.4</b>	<b>10.0</b>	<b>14.5</b>	<b>32.7</b>	<b>48.3</b>	<b>77.2</b>	<b>100.2</b>	<b>119.6</b>		
										<b>CAGR</b>
<b>P&amp;L (EUR Mn)</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021e</b>	<b>2022e</b>	<b>2023e</b>	<b>16-20</b>	<b>20-23e</b>
<b>Total Revenues</b>	<b>4.0</b>	<b>3.9</b>	<b>6.4</b>	<b>10.8</b>	<b>32.6</b>	<b>79.7</b>	<b>105.6</b>	<b>126.0</b>	<b>68.8%</b>	<b>56.9%</b>
<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)		
<b>Gross Margin</b>	<b>2.9</b>	<b>3.3</b>	<b>4.6</b>	<b>5.6</b>	<b>10.7</b>	<b>21.6</b>	<b>31.2</b>	<b>38.3</b>	<b>39.3%</b>	<b>52.9%</b>
<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)		
<b>Recurrent EBITDA</b>	<b>(0.3)</b>	<b>0.6</b>	<b>2.5</b>	<b>1.4</b>	<b>2.7</b>	<b>12.1</b>	<b>20.4</b>	<b>26.7</b>	<b>81.7%</b>	<b>n.a.</b>
<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.	-	-	-	-	-	-	-	-		
<b>EBITDA</b>	<b>(0.3)</b>	<b>0.6</b>	<b>2.5</b>	<b>1.4</b>	<b>2.7</b>	<b>12.1</b>	<b>20.4</b>	<b>26.7</b>	<b>81.7%</b>	<b>n.a.</b>
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)	-	-	-	-		
<b>EBIT</b>	<b>(0.6)</b>	<b>2.2</b>	<b>2.1</b>	<b>(1.1)</b>	<b>1.6</b>	<b>11.0</b>	<b>18.7</b>	<b>24.5</b>	<b>48.1%</b>	<b>n.a.</b>
<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	-	-	-	-	-	-	-	-		
<b>Ordinary Profit</b>	<b>(1.2)</b>	<b>1.9</b>	<b>2.0</b>	<b>(1.2)</b>	<b>1.5</b>	<b>10.8</b>	<b>18.5</b>	<b>24.3</b>	<b>34.5%</b>	<b>n.a.</b>
<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	-	-	-	-	-	-		
<b>Profit Before Tax</b>	<b>(1.2)</b>	<b>28.0</b>	<b>2.0</b>	<b>(1.2)</b>	<b>1.5</b>	<b>10.8</b>	<b>18.5</b>	<b>24.3</b>	<b>34.5%</b>	<b>n.a.</b>
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	-	-	-	-	-	-	-	-		
<b>Net Profit</b>	<b>(1.2)</b>	<b>27.9</b>	<b>1.8</b>	<b>(1.5)</b>	<b>1.4</b>	<b>9.7</b>	<b>16.6</b>	<b>21.9</b>	<b>33.2%</b>	<b>n.a.</b>
<i>Net Profit growth</i>	70.6%	n.a.	-93.5%	-182.6%	193.8%	594.2%	71.6%	31.7%		
<b>Ordinary Net Profit</b>	<b>(1.2)</b>	<b>1.8</b>	<b>1.8</b>	<b>(1.2)</b>	<b>1.4</b>	<b>9.7</b>	<b>16.6</b>	<b>21.9</b>	<b>33.4%</b>	<b>n.a.</b>
<i>Ordinary Net Profit growth</i>	70.7%	252.3%	-0.9%	-165.4%	218.5%	594.2%	71.6%	31.7%		
										<b>CAGR</b>
<b>Cash Flow (EUR Mn)</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021e</b>	<b>2022e</b>	<b>2023e</b>	<b>16-20</b>	<b>20-23e</b>
<b>Recurrent EBITDA</b>						<b>12.1</b>	<b>20.4</b>	<b>26.7</b>	<b>81.7%</b>	<b>n.a.</b>
Rentals (IFRS 16 impact)						-	-	-		
Working Capital Increase						(1.0)	(1.5)	(0.2)		
<b>Recurrent Operating Cash Flow</b>						<b>11.1</b>	<b>18.9</b>	<b>26.5</b>	<b>63.2%</b>	<b>n.a.</b>
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)		
<b>Recurrent Free Cash Flow</b>						<b>(5.2)</b>	<b>1.7</b>	<b>8.9</b>	<b>-26.6%</b>	<b>60.4%</b>
Restructuring Expense & Other non-rec.						-	-	-		
- Acquisitions / + Divestures of assets						-	-	-		
Extraordinary Inc./Exp. Affecting Cash Flow						-	-	-		
<b>Free Cash Flow</b>						<b>(5.2)</b>	<b>1.7</b>	<b>8.9</b>	<b>-26.6%</b>	<b>60.4%</b>
Capital Increase						-	-	-		
Dividends						-	-	-		
<b>Net Debt Variation</b>						<b>5.2</b>	<b>(1.7)</b>	<b>(8.9)</b>		

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

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

## Appendix 2. Free Cash Flow<sup>(1)</sup> (2) (3)

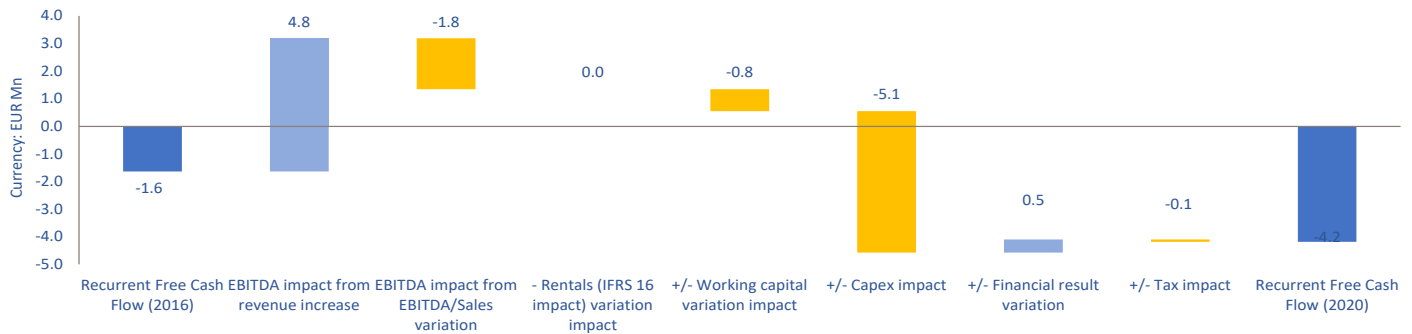
A) Cash Flow Analysis (EUR Mn)	2017	2018	2019	2020	2021e	2022e	2023e	CAGR	
								17-20	20-23e
<b>Recurrent EBITDA</b>	<b>0.6</b>	<b>2.5</b>	<b>1.4</b>	<b>2.7</b>	<b>12.1</b>	<b>20.4</b>	<b>26.7</b>	<b>62.5%</b>	<i>n.a.</i>
<i>Recurrent EBITDA growth</i>	307.3%	292.9%	-44.8%	98.0%	351.6%	68.6%	30.8%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

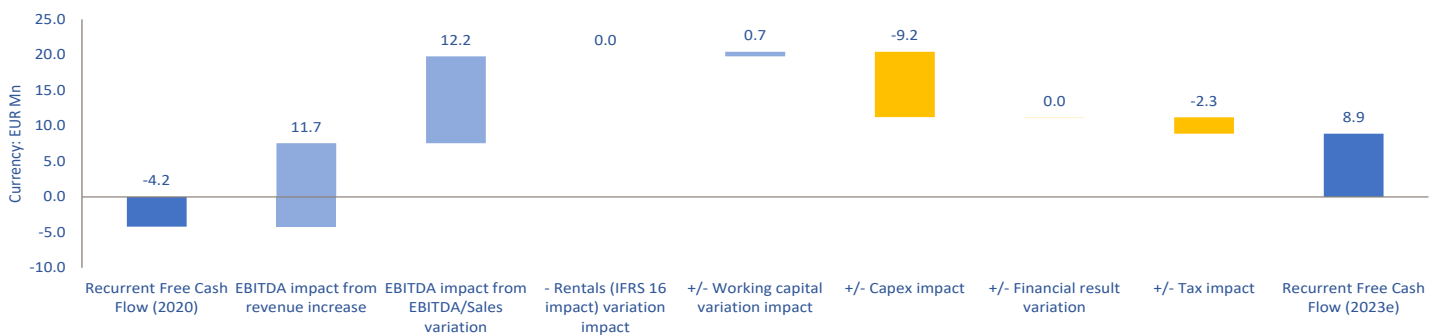
Note 2: The change of consolidation perimeter that occurred in July 2020 will significantly distort any growth metric.

Note 3: As a result of the negative reserves generated after the non-monetary contribution of the assets of Squirrel in 2020, the net equity of the VTSG Group (and of its Parent) amounts to less than two-thirds of the share capital, having a year to remedy this situation.

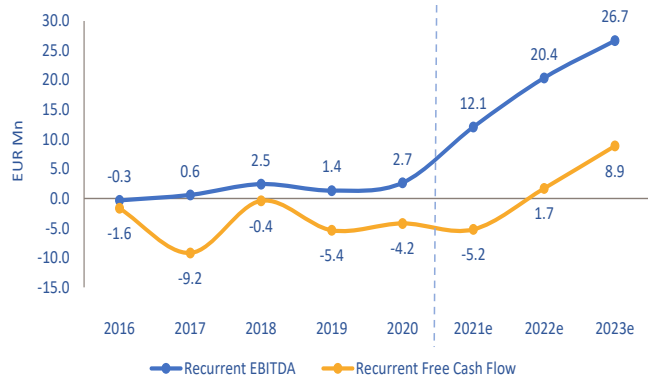
**Recurrent Free Cash Flow accumulated variation analysis (2016 - 2020)**



**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	325.6	
+ Minority Interests	0.4	6m Results 2021
+ Provisions & Other L/T Liabilities	3.2	6m Results 2021
+ Net financial debt	1.7	6m Results 2021
- Financial Investments	0.4	6m Results 2021
+/- Others		
<b>Enterprise Value (EV)</b>	<b>330.4</b>	



## Appendix 4. Historical performance (1)(2)

Historical performance (EUR Mn)	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021e	2022e	2023e	10-20	20-23e	CAGR
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)	(15.1)	(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) <sup>(3)</sup>	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.	33.6x	19.6x	14.9x			
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	4.15x	3.13x	2.62x			
EV/EBITDA (x) <sup>(3)</sup>	3.4x	n.a.	4.2x	n.a.	n.a.	n.a.	n.a.	31.2x	16.9x	41.3x	n.a.	27.3x	16.2x	12.4x			
Absolute performance	n.a.	n.a.	n.a.	-46.3%	-26.1%	-40.7%	-48.3%	-4.3%	41.5%	23.7%	24.8%	-2.1%					
Relative performance vs Ibx35	n.a.	n.a.	n.a.	-55.8%	-28.7%	-36.1%	-47.3%	-10.9%	66.4%	10.6%	47.7%	-10.0%					

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	VER
Market data	Ticker (Factset)	OMC-US	WPP-GB	PUB-FR	IPG-US			TL5-ES	A3M-ES	PRS-ES	VOC-ES		VER-ES
	Country	UK	UK	France	USA			Spain	Spain	Spain	Spain		Spain
	Market cap	13,211.4	13,271.2	13,520.5	11,572.3			1,502.0	778.2	597.4	135.9		325.6
	Enterprise value (EV)	15,499.2	16,998.9	16,924.5	14,008.3			1,476.6	864.3	1,311.5	238.6		330.4
Basic financial information	Total Revenues	12,054.2	11,989.4	10,251.4	7,550.8			899.0	960.0	806.9	357.1		79.7
	Total Revenues growth	8.8%	-15.1%	-5.0%	-1.0%	-3.1%	8.8%	20.1%	16.8%	5.2%	12.7%	144.4%	
	2y CAGR (2021e - 2023e)	2.5%	3.1%	2.7%	4.7%	3.3%	0.2%	1.6%	6.0%	1.9%	2.4%	25.8%	
	EBITDA	1,959.3	2,076.9	2,308.3	1,387.8			267.8	155.6	119.2	42.1		12.1
	EBITDA growth	20.2%	-2.3%	-1.1%	27.6%	11.1%	-27.3%	n.a.	146.1%	111.8%	76.9%	351.6%	
	2y CAGR (2021e - 2023e)	2.8%	7.4%	3.2%	4.5%	4.5%	0.6%	4.3%	23.2%	7.0%	8.8%	48.5%	
	EBITDA/Revenues	16.3%	17.3%	22.5%	18.4%	18.6%	29.8%	16.2%	14.8%	11.8%	18.1%	15.2%	
	EBIT	1,771.2	1,634.7	1,587.3	1,152.1			247.1	135.1	48.0	24.1		11.0
	EBIT growth	22.8%	15.9%	13.9%	36.6%	22.3%	12.1%	n.a.	316.1%	n.a.	164.1%	594.2%	
	2y CAGR (2021e - 2023e)	2.8%	8.6%	4.7%	5.2%	5.3%	0.7%	5.1%	47.9%	8.0%	15.4%	49.3%	
	EBIT/Revenues	14.7%	13.6%	15.5%	15.3%	14.8%	27.5%	14.1%	5.9%	6.7%	13.6%	13.8%	
	Net Profit	1,104.4	1,018.3	970.1	803.6			195.4	99.4	(29.2)	12.5		9.7
	Net Profit growth	38.8%	129.1%	68.4%	172.0%	102.1%	9.3%	316.8%	87.5%	157.3%	142.7%	594.2%	
2y CAGR (2021e - 2023e)	3.9%	10.2%	8.1%	5.2%	6.9%	1.7%	6.0%	58.5%	6.1%	18.1%	50.3%		
CAPEX/Sales %	0.4%	4.9%	2.7%	1.6%	2.4%	18.0%	2.6%	3.6%	3.4%	6.9%	18.8%		
Free Cash Flow	1,499.2	671.1	957.3	866.9			158.5	81.3	(48.0)	11.2		(5.2)	
Net financial debt	(755.2)	2,503.4	967.9	468.9			(181.3)	81.0	852.1	46.5		6.6	
ND/EBITDA (x)	(0.4)	1.2	0.4	0.3	0.4	(0.7)	0.5	7.1	1.1	2.0	0.5		
Pay-out	47.1%	40.8%	54.2%	44.2%	46.6%	41.8%	82.3%	0.0%	32.8%	39.2%	0.0%		
Multiples and Ratios	P/E (x)	12.1	13.0	11.3	14.6	12.7	8.0	7.8	n.a.	10.6	8.8	33.6	
	P/BV (x)	4.4	1.8	1.7	4.2	3.0	1.3	1.5	n.a.	0.7	1.2	8.9	
	EV/Revenues (x)	1.3	1.4	1.7	1.9	1.6	1.6	0.9	1.6	0.7	1.2	4.1	
	EV/EBITDA (x)	7.9	8.2	7.3	10.1	8.4	5.5	5.6	11.0	5.7	6.9	27.3	
	EV/EBIT (x)	8.8	10.4	10.7	12.2	10.5	6.0	6.4	27.3	9.9	12.4	30.1	
	ROE	36.3	13.8	14.7	28.7	23.4	16.3	19.9	n.a.	6.7	14.3	30.5	
	FCF Yield (%)	11.3	5.1	7.1	7.5	7.7	10.6	10.4	n.a.	8.3	9.8	n.a.	
	DPS	2.41	0.34	2.19	0.91	1.46	0.26	0.36	0.00	0.03	0.16	0.00	
Dvd Yield	3.9%	3.1%	4.1%	3.1%	3.5%	5.2%	10.5%	0.0%	3.0%	4.7%	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).

Note 3: Main players in the Media sector in Spain (despite not being in the same business as VTSG).

Note 4: The change of consolidation perimeter that occurred in July 2020 will significantly distort any growth metric in 2021e vs 2020e.

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Date of report	Recommendation	Price (EUR)	Target price (EUR)	Period of validity	Reason for report	Analyst
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

