

LLYC

2023

STRATEGIC PLAN

2025

**COMMITTED
TO INNOVATION
AND GROWTH**

LLORENTE Y CUENCA

LLYC is one of the world's leading consulting firms in the fields of strategic communication, marketing and, public affairs. The company's differential value lies in the application of **creativity and exponential technologies to strategic solutions**, which have a positive impact on the business results of its customers. The more than **1,200 consultants** who make up the LLYC team, distributed across **12 countries**, work hand-in-hand with the most relevant organizations in their markets, offering them support with their biggest challenges, increasingly defined by a disruptive and uncertain environment, helping them defend their social license to operate and enhance their prestige.

Since the company was founded in 1995, LLYC has experienced steady growth, thanks to the trust placed in it by leading companies of many different sectors of activity, the investment and constant commitment to innovation and technology, the diversification of its range of solutions, international expansion and the development of a diverse and multidisciplinary team of professionals.

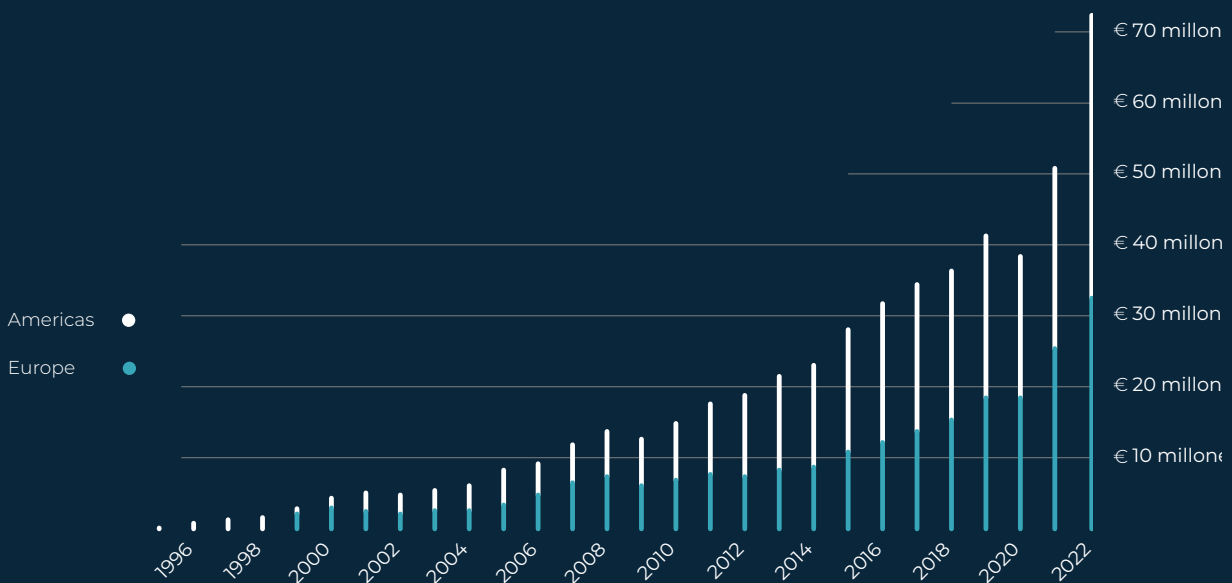
Since 2021, LLYC has been a listed company on **BME Growth**.

THE STARTING POINT: ASSESSMENT OF THE STRATEGIC PLAN FOR 2020-22

LLYC structures its key objectives and initiatives into three-year plans. **During the most recent plan period**, corresponding to 2020, 2021 and, 2022, **the company has practically doubled in size, both in total income (+99%) and operating income (+81%) as well as in terms of EBITDA (+90%).**

In 2022, LLYC recorded an operating income of approximately **72.7 million euros** with an **EBITDA of 16 million euros**, well beyond the growth targets it had set, which were 55 million euros in turnover and 10 million in EBITDA. During this three-years, the organic growth seen in all regions where LLYC operates has combined with the growth achieved following the acquisition of three companies: Apache Digital and CHINA in Spain and BESO in Mexico.

EVOLUTION OF OPERATIONAL INCOME



In addition to its financial objectives, LLYC also comfortably achieved the goals defined in the strategic plan for 2020-22 in concerning **talent** (with 50% more employees than expected), **organizational culture** (flexibility in the way of working, reviewing, and improving the value offered to employees) and **management** (with the implementation of SAP and Success Factors as management platforms across the organization).

In terms of innovation, the consolidation of the **Deep Digital** services in a business unit, the development of solutions structured around **artificial intelligence (deep learning)**, and the expansion of the company's **marketing** capabilities (creativity, performance, and paid media) have been critical in transforming the company's portfolio of products and services. This portfolio now represents a third of LLYC's income at present.

OBJECTIVES OF THE STRATEGIC PLAN FOR 2020-22

Operating income:

€55 MM

EBITDA :

€10 MM

LLYCERS:

800

AUDITED RESULTS FOR 2022

Operating income:

€72,7 MM

EBITDA :

€16 MM

LLYCERS:

1.200

GROWTH POTENTIAL

The latest rankings published place LLYC **among the top 50 communication and public relations firms worldwide**, the only Spanish company in this category. **PR Week**, the reference media outlet in the sector, ranked LLYC in **36th place by fee volume** while **PRVoke** ranks the company 42nd. Having already achieved this prominent place in the industry, there is still plenty of room for growth, especially after LLYC's touch down in the United States and considering the potential size that the company's operations in Brazil and Mexico. In fact, sources like **Statista** estimated the global size of the sector as standing at 100 billion dollars in 2022, with significant levels of fragmentation and, therefore, strong opportunities for consolidation.

However, it is by **expanding its product and service portfolio** and incorporating digital solutions that go beyond the field of corporate communication and public affairs that makes LLYC's growth potential even more impressive. Having obtained, through both inorganic growth and innovation, capabilities in terms of **advertising and branding creativity, digital marketing, performance and paid media**, LLYC is now competing in a field that allows it to be even more ambitious about its business goals.



“We are proud to have successfully achieved the goals we set for the 2020-22 period. Against a disruptive and uncertain backdrop, we have practically doubled the size of LLYC, maintaining very healthy returns and transforming our portfolio of products and services”

José Antonio Llorente,
Executive Chairman of LLYC.

In fact, the size of the advertising and marketing industry is six times the size of the non-advertising communication industry, standing at 665 billion according to [FactMR](#).

FINANCIAL GOALS FOR 2023-2025: 130 MILLION IN INCOME AND 27 MILLION IN EBITDA

LLYC's strategic plan for the 2023-25 period stands firm with the commitment made when going public to generate 100 million euros in turnover by 2024 (if not before). In fact, **by the end of 2025, LLYC intends on recording more than 130 million euros in operating income, which would mean 80% growth in turnover (72.7 million in operating income in 2022).**

Although revenue growth will require further investment in the team of consultants (up to 2,000 LLYCers by 2025), the company remains committed to delivering healthy performance, with an **expected EBITDA of 27 million in 2025 (68% growth compared to 2022), maintaining a margin of 21%.**



“By 2025, we will be on the verge of doubling the size of LLYC once again. We will expand our product and service portfolio and our geographic presence and we will invest in innovation and technology to generate €130 million in income”

Alejandro Romero,
Global CEO of LLYC.

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AUDITED RESULTS FOR 2022

Operating income:
€72,7 MM

EBITDA :
€16 MM

OBJECTIVES OF THE STRATEGIC PLAN FOR 2023-25

Operating income:
€130 MM

EBITDA :
€27 MM

THE DEEP DIGITAL REVOLUTION

In 2022, Deep Digital services accounted for one third of the firm's revenue. By 2025, the goal is for this business unit to account for practically **half of operating income, over 60 million euros**, in line with the sector's growth projections for the coming decade (CAGR of 7.2% for 2022-2032 according to data from [FactMR](#)), which place particular emphasis on the growth of online advertising and the sale of creative services and technology as a package.

The pillars of this growth will include:

- The growth of **paid media and performance services, including programmatic advertising**, which currently accounts for 30% of the total volume of the advertising industry ([FactMR](#)).
- The roll-out of **CommsTech** across all of the company's areas of specialization, transforming the portfolio and increasing efficiency for our customers.



“From a deep digital perspective, it is clear that marketing represents a major growth opportunity for LLYC. Exponential technologies, which we already use in some of our services, will be included across our entire product and service portfolio”

Adolfo Corujo,
partner and Deep Digital CEO at LLYC.

EXPANSION IN THE USA, CANADA, BRAZIL, MEXICO AND THE EU

From a geographical perspective, LLYC plans to target growth in North America (USA, Canada and Mexico), Brazil and the EU.

The commitment to North America reflects how important this market is, accounting for 47% of the Advertising business worldwide (FactMR).

The business in the United States already accounts for 7% of the group's EBITDA in 2022. The forecast under this strategic plan is that, combining acquisitions with the growth of existing operations in Miami operation, will see **turnover in the USA come to 20 million.**

Furthermore, the company is already considering opportunities to expand into **Canada, a particularly relevant country for companies involved in mining activities**, a sector in which LLYC has extensive experience.



“North America accounts for half of the global advertising market. The USA and Mexico hold enormous potential for LLYC in terms of both volume and profitability”

Luisa García,
Partner and COO at LLYC.



“The impact of European regulatory developments on business activity is increasing. Our Brussels branch will support LLYC's clients in this challenge”

Luis Miguel Peña,
Partner and CEO Europe at LLYC.

In the EU, LLYC will continue committing to European affairs, given the increasing volume of European legislation in relation to business activities and will consider the option of **opening its own office in Brussels.**

Latin American operations with the highest growth perspective for LLYC will be Mexico and Brazil. Although these are the two countries that already represent the highest volume in the region, they have the potential to grow further.

#CLIENTCENTRIC TO DRIVE ORGANIC GROWTH

LLYC provides its customers with a unique combination of marketing, communication and public affairs solutions, structured around exponential technologies and driven by the best creative capacity in the markets where the company operates.

The quality of the customer portfolio at present is the ideal basis for committing to the company's organic growth, meaning the organization's main focus will remain on **adapting the portfolio of products and services to the needs and challenges** of these organizations. The planned initiatives include:

- **Consolidating the portfolio of products and services aimed at marketing departments**, with an end-to-end portfolio that includes brand and positioning strategies, end-to-end campaigns with high-impact creative ideas, digital marketing and performance, and the best mix of techniques for influencing the conversation and impacting the business.
- **Continuing to develop our portfolio of products and services in relation to corporate affairs:** especially in relation to ESG, public affairs (political and economic context, influence and corporate diplomacy), corporate and financial communications as well as crisis and risk management.

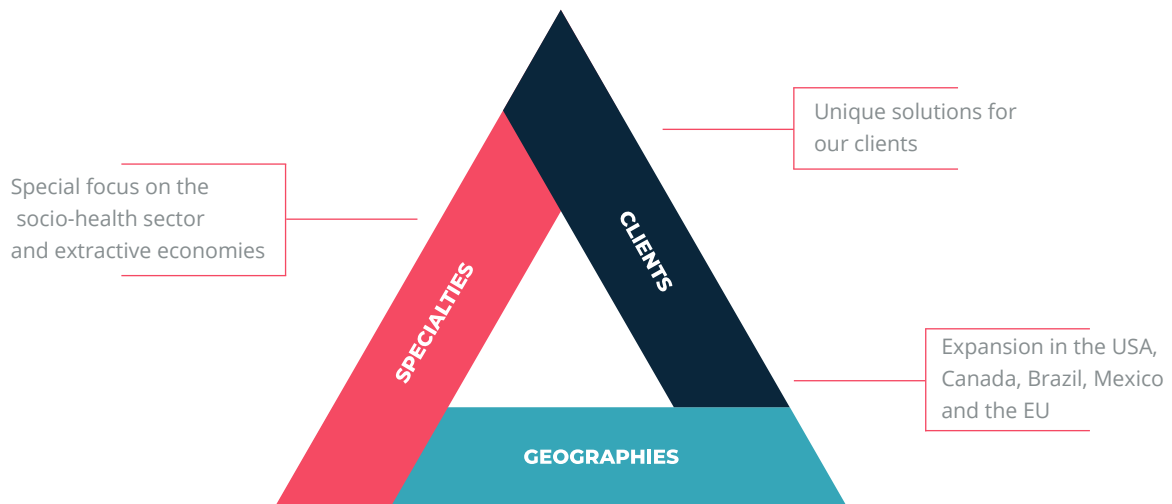
Furthermore, LLYC expects to **double the volume of customer turnover in two specific industries: social health** (in particular the pharmaceutical industry) and **mining industries**, in particular in Latin America.

Over the next three years, LLYC will delve deeper in the updating of its organizational structure to facilitate multidisciplinary work, looking at an agile model with **three pillars of growth: specializations, customers and geographies**.



“We have a solid and stable customer portfolio and we work for the best companies. As we offer the most comprehensive portfolio of products and services, we can offer a comprehensive response to your most demanding challenges”

Arturo Pinedo,
partner and Chief Client Officer (CCO) at LLYC.



LLYC GROWTH VERTICES

40 MILLION SET ASIDE FOR ACQUISITIONS

LLYC's inorganic growth strategy will be structured around **markets identified as having the greatest growth potential (United States, Canada, Mexico, Brazil and Brussels)**, with estimated investments of 40 million euros during the 2023-25 period.



“In Latin America, we will invest mainly in Mexico and Brazil, the largest markets in the region”

Juan Carlos Gozzer,
Partner and CEO of Latin America at LLYC.



“LLYC’s track record in terms of the acquisition and integration of companies and the group’s professional development and innovation model make us a very attractive option for companies looking to capture value and catalyze their growth”

Marta Guisasola,
partner and CFO at LLYC.

The priority targets for acquisitions will be companies that allow the firm to further increase its access to **exponential technologies applied to marketing and communication**, those that help achieve the goal of **growth in the USA** and, finally, those that help to consolidate the firm’s leadership position in the **public affairs** industry, without ruling out high value-added opportunities that may add to the catalog of solutions offered or consolidate LLYC’s competitive position in its main markets.



ANNUAL INVESTMENT OF 1 MILLION IN R+D+i

In addition to continuing to integrate Deep Digital into all of the services offered by LLYC to its customers, the company foresees an **investment of 3 million euros during the 2023-25 period in research, development and innovation.**

These resources will largely be focused on **the development of data-based solutions for the purposes of anticipation, strategy design and the measurement of results in marketing, communication and public affairs.**

Furthermore, the company will continue to harness progress with artificial intelligence to improve its effectiveness and efficiency and hopes to have **automated up to 30% of its processes** by the end of 2025.

This investment is in addition to the 5 million euros set aside for **LLYC Venturing**, which will continue to identify start-ups applying exponential technologies to the LLYC disciplines to invest in, as was already the case at Erudit and Digital Audience.



A DIVERSE TEAM, AN EQUAL AND INCLUSIVE COMPANY

The team's growth in the coming three years will be significant, coming to **2,000 employees in 2025**. In addition to the growing diversity of profiles and nationalities, LLYC aims for this strategic plan to make significant efforts to include a **greater female presence in management positions (at least 50%)** as well as specific recognition in all operations as one of the **best places to work for the LGTBIQ+ community**. Furthermore, specific local goals will be defined for the **inclusion of minority groups** and further work will be performed on the existing equality and diversity plans.

The "LLYC formula", which already promotes **hybrid and remote work models**, will be joined by the **new office model and additional flexibility and measures to strike a work-life balance**.



“The human resources strategy will promote professional growth at the company as well as internal mobility and diversity applied to the professional career models”

Tiago Vidal,
partner and Chief Talent Officer at LLYC.

2022

1.200



LLYCERS

2025

2.000

45%



Women in executive roles

50%

ESG COMMITMENT

As part of its commitment to managing sustainability and ESG criteria, the company will roll out a **plan for reinforcing the Group's ESG policy, which goes deeper with its social and environmental commitments through current policies**, as well as developing additional ones in terms of compliance and risk prevention.

From a social perspective, it will continue to promote actions that generate a **positive impact on the community and its different key stakeholders**. Through the **LLYC Foundation**, the company will contribute to transformative initiatives that generate value in terms of society, the environment and support for democracy through the commitment of its professionals worldwide. More than 30% of LLYCers will dedicate their volunteer time by putting their corporate skills in communication, creativity, marketing and public affairs to the service of a variety of causes.

Furthermore, a **supplier code of ethics** will be approved to ensure that we only collaborate with companies that satisfy basic conduct criteria and certain standards. **Business relationships will also be strengthened with customers whose compliance with ESG standards is particularly noteworthy**. And in relation to the impact on the company's employees, the aforementioned diversity, equality and inclusion plan for implementing improvements in this area, as well as safe spaces and decent work, is worth particular mention.

In terms of the environment, the existing sustainability strategy will be supplemented with **more ambitious goals** to reduce the carbon footprint per employee, as well as waste and recycling management, pursuant to **the lines of action for sustainable offices and the circular economy**. Furthermore, LLYC will include responsible management in this strategic plan, especially in relation to the selection of **suppliers and the procurement policy**. It will also be applied to different **critical work processes for customers** (for example, audiovisual production or travel), as well as promoting work with customers that encourages climate change action.



“The enthusiasm of volunteers and their commitment motivate us to continue fostering the LLYC Foundation”

María Cura,
partner and Chairwoman of the Board of Trustees at the LLYC Foundation.

COMMITTED TO INNOVATION AND GROWTH

€130 MM
IN REVENUES

+80%
IN OPERATING
REVENUES

€27 MM
IN EBITDA

21%
OF MARGIN

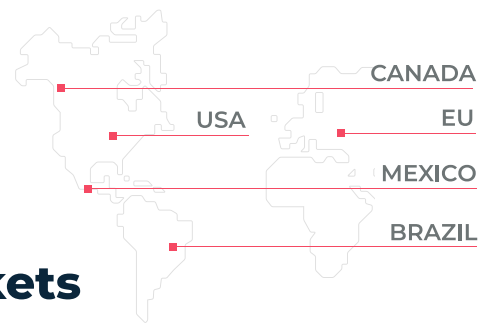
€60 MM
Deep Digital
revenues

€20 MM
revenues
in the USA

Annual investment of
€1 M
in R+D+i

30%
automated
processes

Key Markets



12

Integrated offer



MARKETING AND CREATIVITY



CORPORATE AFFAIRS

X2
Revenues in Health
and Extractive Economies

€40 MM
set aside for
Acquisitions

3 pillars of growth



2.000
LLYCERS

+50% FEMALE
MANAGERS

ESG Commitment

Carbon footprint reduction,
circular economy, good
governance

DEI STRATEGY

30% LLYCERS VOLUNTEERING AT LLYC FOUNDATION

LLYC Formula



HYBRID WORK



FLEXIBILITY



WORK-LIFE BALANCE

LLYC

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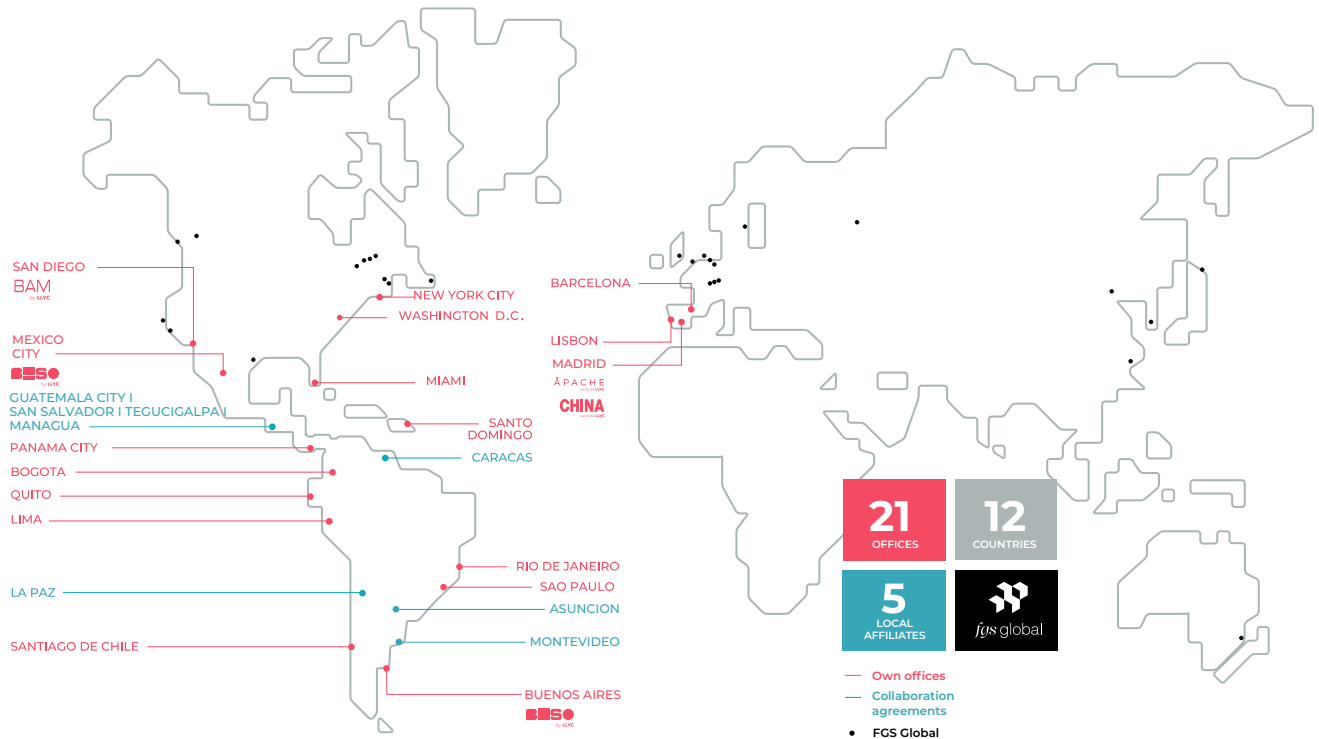
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