



## Splendid Medien AG

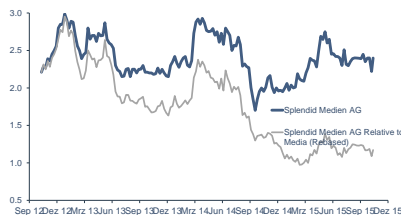
Buy → | Target price : 3.50 EUR

Price : 2.40 EUR | Upside : 46 %

Est.chg	2015e	2016e
EPS	-1.8%	0.0%

## Promising outlook for Q4 2015 – 9M 2015 EBIT better than expected

Thursday 12 November 2015



## Recap of Q3/9M 2015 figures

Splendid Medien AG published solid Q3/9M 2015 figures (see table). 9M 2015 EBIT of € 2.2m was 10% ahead of our € 2m estimate. The top line, at € 41.2m, was roughly in line with our estimate and up ~3% yoy from € 42.4m in 9M 2014. Operating cash flow totalled at € 14.7m, an 82% increase yoy. Capex was lower than expected at € 11.7m, corresponding to free cash flow of € 3m in 9M 2015.

## Overview of Q3/9M 2015 results

EURm*	Q3 2015	9M 2015	yoy in %	9M 2014
Group revenues	12.8	41.2	-3%	42.4
"Content"	11.8	37.8	-3%	38.9
"Services"	1.1	3.4	-3%	3.5
EBIT	0.4	2.2	-	-2.6
EBT	0.1	1.8	-	-3.0
Op. Cash Flow	2.8	14.7	+82%	8.1

\*Unless noted otherwise

Source : Oddo Seydler Bank, Company Data

Capital	
SPM GY   SPME.DE	
Market Cap (EURm)	23
Enterprise value (EURm)	26
Extrema 12 months	1.88 - 2.75
Free Float (%)	32.3

Performance (%)	1m	3m	12m
Absolute	-2.0	3.9	25.3
Perf. rel. "sector"	-6.2	7.9	12.1
Perf. rel. Media	-4.7	5.0	2.5

P&L	12/15e	12/16e	12/17e
Sales (EURm)	61.3	70.7	76.1
EBITDA (EURm)	23.4	25.8	29.0
Current EBIT (EURm)	4.2	4.8	5.9
Attr. net profit (EURm)	3.0	3.4	3.7
Adjusted EPS (EUR)	0.30	0.35	0.38
Dividend (EUR)	0.10	0.10	0.10
P/E (x)	8.0	6.9	6.4
P/B (x)	0.9	0.8	0.7
Dividend Yield (%)	4.2	4.2	4.2
FCF yield (%)	31.2	6.0	6.2
EV/Sales (x)	0.42	0.36	0.33
EV/EBITDA (x)	1.1	1.0	0.9
EV/Current EBIT (x)	6.2	5.3	4.2
Gearing (%)	9	7	5
Net Debt/EBITDA(x)	0.1	0.1	0.1

## Next Events

12.11.2015 Q3 Results

## No change in guidance – fine-tuning our estimates

In light of its solid Q3/9M 2015 figures, the company confirmed its full-year guidance for 2015: i) revenues of € 57-62m, and ii) EBIT of € 3.5-4.5m. Assuming the low end of the guidance range, the company expects revenues of € 16m for Q4 2015; the high end implies Q4 2015 revenues of € 21m. In Q4 2014 revenues totalled ~€ 24m, although in all fairness Q4 2014 was an extraordinarily strong quarter. Although we remain bullish on Q4 2015, we have slightly reduced our Q4 2015e top line estimate, which leads to a new revenue forecast for the full year 2015e of € 61.3m (still at the high end of the guidance range). As the company's opex in 9M 2015 was lower than assumed, our new EBIT for 2015e is almost unchanged at € 4.2m, implying an EBIT of € 2m for Q4 2015e (Q4 2014: € 4.6m), and still leaving some room for a positive surprise in Q4 2015.

## Reiterating Buy recommendation; upside potential ~46%

The stock was traded within a narrow range around € 2.40 for the last few weeks. Supported by these positive Q3/9M 2015 numbers and a positive outlook for Q4 2015, we expect the stock to break out of its current trading range and return to its upward path of the summer. We reiterate our Buy recommendation and stick to our PT of € 3.50. The stock is currently trading at an EV/EBIT 2016e multiple of 6.6x vs. the sector average of 12x. This highlights the stock's strong upside potential. Our TP currently suggests upside potential of 46%.

Marcus Silbe, CEFA (Analyst)

+49 (69) 92 05 48 14

marcus.silbe@oddoseydler.com

## Conflict of interests:

Oddo Securities, a division of Oddo et Cie, limited sharepartnership - Bank authorised by ACPR. Oddo & Cie and/or one of its subsidiaries could be in a conflict of interest situation with one or several of the groups mentioned in this publication. Please refer to the conflict of interests section at the end of this document.

This is a non-contractual document, it is strictly for the private use of the recipient, and the information it contains is based on sources we believe to be reliable, but whose accuracy and completeness cannot be guaranteed. The opinions given in the document reflect our appraisal at the time of publication and may therefore be revised at a later date.

**SPME.DE | SPM GY**  
**Broadcasting | Germany**

**Buy**  
Upside

45.89%

**Price**  
TP

**2.40EUR**  
**3.50EUR**

PER SHARE DATA (EUR)	12/11	12/12	12/13	12/14	12/15e	12/16e	12/17e
Adjusted EPS	0.52	0.37	0.37	0.09	0.30	0.35	0.38
<b>Reported EPS</b>	<b>0.52</b>	<b>0.37</b>	<b>0.37</b>	<b>0.09</b>	<b>0.30</b>	<b>0.35</b>	<b>0.38</b>
Growth in EPS(%)	-	-30.3%	2.1%	-75.4%	ns	14.7%	8.4%
Net dividend per share	0.10	0.00	0.00	0.05	0.10	0.10	0.10
FCF to equity per share	0.43	-0.53	-0.25	-0.30	0.75	0.14	0.15
Book value per share	2.06	2.33	2.60	2.57	2.82	3.06	3.34
Number of shares market cap	9.79	9.79	9.79	9.79	9.79	9.79	9.79
Number of diluted shares	9.79	9.79	9.79	9.79	9.79	9.79	9.79
VALUATION	12/11	12/12	12/13	12/14	12/15e	12/16e	12/17e
12m highest price	1.45	2.56	3.00	2.94	2.75		
12m lowest price	0.59	1.32	2.10	1.65	1.92		
(*) Reference price	1.09	2.02	2.46	2.41	2.40	2.40	2.40
Capitalization	11	20	24	24	23	23	23
Restated Net debt	-4.1	2.0	5.4	9.3	2.4	2.0	1.5
Minorities (fair value)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Financial fixed assets (fair value)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Provisions	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Enterprise Value</b>	<b>6.6</b>	<b>22</b>	<b>30</b>	<b>33</b>	<b>26</b>	<b>25</b>	<b>25</b>
P/E (x)	2.1	5.5	6.6	26	8.0	6.9	6.4
P/CF (x)	0.8	1.2	1.3	1.0	1.0	1.0	0.9
Net Yield (%)	9.1%	0.0%	0.0%	2.1%	4.2%	4.2%	4.2%
FCF yield (%)	39.4%	ns	ns	ns	31.2%	6.0%	6.2%
P/B incl. GW (x)	0.53	0.87	0.95	0.94	0.85	0.78	0.72
P/B excl. GW (x)	0.53	0.87	0.95	0.94	0.85	0.78	0.72
EV/Sales (x)	0.16	0.43	0.54	0.50	0.42	0.36	0.33
EV/EBITDA (x)	0.4	1.3	1.5	1.4	1.1	1.0	0.9
<b>EV/EBIT (x)</b>	<b>1.6</b>	<b>5.1</b>	<b>6.8</b>	<b>18</b>	<b>6.2</b>	<b>5.3</b>	<b>4.2</b>
(*) historical average price							
PROFIT AND LOSS (EURm)	12/11	12/12	12/13	12/14	12/15e	12/16e	12/17e
Sales	42	50	55	66	61	71	76
EBITDA	15	17	20	24	23	26	29
Depreciations	-11.3	-12.3	-15.9	-22.0	-19.2	-21.0	-23.1
<b>Current EBIT</b>	<b>4.2</b>	<b>4.3</b>	<b>4.3</b>	<b>1.9</b>	<b>4.2</b>	<b>4.8</b>	<b>5.9</b>
Published EBIT	4.6	4.2	4.1	2.0	4.2	4.8	5.9
Net financial income	-0.9	-0.8	-0.7	-0.6	-0.6	-0.6	-0.6
Corporate Tax	1.4	0.2	0.3	-0.5	-0.6	-0.8	-1.7
Net income of equity-accounted companies	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Profit/loss of discontinued activities (after tax)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Minority interests	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Attributable net profit	5.1	3.6	3.7	0.9	3.0	3.4	3.7
<b>Adjusted attributable net profit</b>	<b>5.1</b>	<b>3.6</b>	<b>3.7</b>	<b>0.9</b>	<b>3.0</b>	<b>3.4</b>	<b>3.7</b>
BALANCE SHEET (EURm)	12/11	12/12	12/13	12/14	12/15e	12/16e	12/17e
Goodwill	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Other intangible assets	0.4	0.4	0.4	0.3	0.5	0.7	0.8
Tangible fixed assets	11	20	24	28	28	33	36
WCR	8.5	7.4	11	11	7.2	4.9	4.4
Financial assets	4.9	6.5	6.3	6.7	6.1	6.1	6.1
Ordinary shareholders equity	20	23	25	25	28	30	33
Minority interests	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Shareholders equity	20	23	25	25	28	30	33
Non-current provisions	8.9	9.5	11	12	13	13	13
<b>Net debt</b>	<b>-4.1</b>	<b>2.0</b>	<b>5.4</b>	<b>9.3</b>	<b>2.4</b>	<b>2.0</b>	<b>1.5</b>
CASH FLOW STATEMENT (EURm)	12/11	12/12	12/13	12/14	12/15e	12/16e	12/17e
<b>EBITDA</b>	<b>15.5</b>	<b>16.6</b>	<b>20.2</b>	<b>23.9</b>	<b>23.4</b>	<b>25.8</b>	<b>29.0</b>
Change in WCR	1.8	-2.1	0.1	-0.9	4.4	2.7	0.9
Interests & taxes	-0.9	-1.2	-1.1	-1.2	-1.2	-1.4	-2.3
Others	-0.4	0.9	-0.4	-0.1	0.6	0.0	0.0
Operating Cash flow	16.0	14.3	18.8	21.7	27.2	27.1	27.6
CAPEX	-11.7	-19.5	-21.3	-24.7	-19.9	-25.7	-26.2
<b>Free cash-flow</b>	<b>4.2</b>	<b>-5.2</b>	<b>-2.5</b>	<b>-2.9</b>	<b>7.3</b>	<b>1.4</b>	<b>1.5</b>
Acquisitions / disposals	0.0	0.1	0.0	0.1	0.0	0.0	0.0
Dividends	0.0	-1.0	-1.0	-1.0	-0.5	-1.0	-1.0
Net capital increase	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Others	0.2	2.4	1.2	3.0	0.0	0.0	0.0
Change in net debt	4.2	-6.1	-3.4	-3.8	6.8	0.4	0.5
GROWTH MARGINS PRODUCTIVITY	12/11	12/12	12/13	12/14	12/15e	12/16e	12/17e
Sales growth	-	19.8%	9.6%	20.2%	-7.2%	15.3%	7.6%
<b>Lfl sales growth</b>	<b>-</b>	<b>19.8%</b>	<b>9.6%</b>	<b>20.2%</b>	<b>-7.2%</b>	<b>15.3%</b>	<b>7.6%</b>
Current EBIT growth	-	2.2%	0.8%	-56.9%	ns	14.9%	23.5%
Growth in EPS(%)	-	-30.3%	2.1%	-75.4%	ns	14.7%	8.4%
Net margin	12.3%	7.1%	6.7%	1.4%	4.8%	4.8%	4.8%
<b>EBITDA margin</b>	<b>37.0%</b>	<b>33.1%</b>	<b>36.9%</b>	<b>36.1%</b>	<b>38.2%</b>	<b>36.5%</b>	<b>38.1%</b>
<b>Current EBIT margin</b>	<b>10.0%</b>	<b>8.5%</b>	<b>7.9%</b>	<b>2.8%</b>	<b>6.8%</b>	<b>6.8%</b>	<b>7.8%</b>
CAPEX / Sales	-28.1%	-39.0%	-38.7%	-37.4%	-32.4%	-36.3%	-34.4%
WCR / Sales	20.3%	14.8%	19.2%	16.2%	11.7%	6.9%	5.8%
Tax Rate	-36.4%	-6.8%	-7.5%	36.4%	17.5%	19.4%	31.1%
Normative tax rate	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%
Asset Turnover	-	2.1	1.7	1.8	1.6	1.9	1.9
<b>ROCE post-tax (normative tax rate)</b>	<b>-</b>	<b>12.5%</b>	<b>9.6%</b>	<b>3.5%</b>	<b>7.7%</b>	<b>8.9%</b>	<b>10.3%</b>
ROCE post-tax hors GW (normative tax rate)	-	12.7%	9.7%	3.5%	7.8%	9.0%	10.4%
ROE	-	16.7%	15.2%	3.6%	11.2%	11.8%	11.7%
DEBT RATIOS	12/11	12/12	12/13	12/14	12/15e	12/16e	12/17e
Gearing	-21%	9%	21%	37%	9%	7%	5%
Net Debt / Market Cap	-0.39	0.10	0.22	0.39	0.10	0.09	0.06
<b>Net debt / EBITDA</b>	<b>ns</b>	<b>0.12</b>	<b>0.27</b>	<b>0.39</b>	<b>0.10</b>	<b>0.08</b>	<b>0.05</b>
EBITDA / net financial charges	18.0	19.7	29.7	40.3	39.0	43.0	48.3

## Recommendation and target price changes history over the last 12 months for the company analysed in this report

Date	Reco	Price Target (EUR)	Price (EUR)
------	------	--------------------	-------------

### Disclosures

#### Investment banking and/or Distribution

Has Oddo Group, or Oddo & Cie, or Oddo Seydler managed or co-managed in the past 12 months a public offering of securities for the subject company/ies?	No
---------------------------------------------------------------------------------------------------------------------------------------------------------	----

Has Oddo Group, or Oddo & Cie, or Oddo Seydler received compensation for investment banking services from the subject company/ies in the past 12 months or expects to receive or intends to seek compensation for investment banking services from the subject company/ies in the last 12 months?	No
---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	----

#### Research contract between Oddo group & the issuer

Oddo & Cie and the issuer have agreed that Oddo & Cie will produce and disseminate investment recommendations on the said issuer as a service to the issuer	Yes
-------------------------------------------------------------------------------------------------------------------------------------------------------------	-----

#### Liquidity provider agreement and market-making

At the date of the distribution of this report, does Oddo Group, or Oddo & Cie, or Oddo Seydler act as a market maker or has Oddo Group or Oddo & Cie, or Oddo Seydler signed a liquidity provider agreement with the subject company/ies?	Yes
--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	-----

#### Significant equity stake

Does Oddo Group, or Oddo & Cie, or Oddo Seydler own 5% or more of any class of common equity securities of the subject company/ies?	No
-------------------------------------------------------------------------------------------------------------------------------------	----

Does the subject company beneficially own 5% or more of any class of common equity of Oddo & Cie or its affiliates?	No
---------------------------------------------------------------------------------------------------------------------	----

#### Disclosure to Company

Has a copy of this report ; with the target price and/or rating removed, been presented to the subject company/ies prior to its distribution, for the sole purpose of verifying the accuracy of factual statements ?	No
----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	----

Have the conclusions of this report been amended following disclosure to the company/ies and prior its distribution?	No
----------------------------------------------------------------------------------------------------------------------	----

#### Additional material conflicts

Is Oddo Group, or Oddo & Cie, or Oddo Seydler aware of any additional material conflict of interest?	No
------------------------------------------------------------------------------------------------------	----

Statement of conflict of interests of all companies mentioned in this document may be consulted on Oddo & Cie's: [www.oddosecurities.com](http://www.oddosecurities.com)

#### Disclaimer:

Disclaimer for Distribution by Oddo & Cie to Non-United States Investors:

This research publication is produced by Oddo Securities ("Oddo Securities"), a division of Oddo & Cie ("ODDO"), which is licensed by the Autorité de Contrôle Prudentiel et de Résolution (ACPR) and regulated by the Autorité des Marchés Financiers ("AMF"), and/or by ODDO SEYDLER BANK AG ("Oddo Seydler"), a German subsidiary of ODDO, regulated by Bundesanstalt für Finanzdienstleistungsaufsicht ("BaFin").

The research, when distributed outside of the U.S., is intended exclusively for non-U.S. customers of ODDO and cannot be divulged to a third-party without prior written consent of ODDO. This document is not and should not be construed as an offer to sell or the solicitation of an offer to purchase or subscribe for any investment.

This research has been prepared in accordance with regulatory provisions designed to promote the independence of investment research. "Chinese walls" (information barriers) have been implemented to avert the unauthorized dissemination of confidential information and to prevent and manage situations of conflict of interest. This research has been prepared in accordance with French and German regulatory provisions designed to promote the independence of investment research.

At the time of publication of this document, ODDO and/or Oddo Seydler, and/or one of its subsidiaries may have a conflict of interest with the issuer(s) mentioned. While all reasonable effort has been made to ensure that the information contained is not untrue or misleading at the time of publication, no representation is made as to its accuracy or completeness and it should not be relied upon as such. Past performances offer no guarantee as to future performances. All opinions expressed in the present document reflect the current context and which is subject to change without notice. The views expressed in this research report accurately reflect the analyst's personal views about the subject securities and/or issuers and no part of his compensation was, is, or will be directly or indirectly related to the specific views contained in the research report.

This research report does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Clients should consider whether any advice or recommendation in this research is suitable for their particular circumstances and, if appropriate, seek professional advice, including tax advice.

Disclaimer for Distribution by Oddo New York to United States Investors:

This research publication is produced by Oddo Securities, a division of ODDO and/or by Oddo Seydler.

This research is distributed to U.S. investors exclusively by Oddo New York Corporation ("ONY"), MEMBER: FINRA/SIPC, and is intended exclusively for U.S. customers of ONY and cannot be divulged to a third-party without prior written consent of ONY. This document is not and should not be construed as an offer to sell or the solicitation of an offer to purchase or subscribe for any investment.

This research has been prepared in accordance with regulatory provisions designed to promote the independence of investment research. "Chinese walls" (information barriers) have been implemented to avert the unauthorized dissemination of confidential information and to prevent and manage situations of conflict of interest. This research has been prepared in accordance with French and German regulatory provisions designed to promote the independence of investment research.

At the time of publication of this document, ODDO and/or Oddo Seydler, and/or one of its subsidiaries may have a conflict of interest with the issuer(s) mentioned. While all reasonable effort has been made to ensure that the information contained is not untrue or misleading at the time of publication, no representation is made as to its accuracy or completeness and it should not be relied upon as such. Past performances offer no guarantee as to future performances. All opinions expressed in the present document reflect the current context and which is subject to change without notice.

Rule 15a-6 Disclosure:

Under Rule 15a-6(a)(3), any transactions conducted by ODDO and/or Oddo Seydler, and/or one of its subsidiaries with U.S. persons in the securities described in this foreign research must be effected through ONY. ONY accepts responsibility for the contents of the research only to the extent it may be distributed to persons who are not major U.S. institutional investors as defined in Rule 15a-6, or where this research is distributed to major U.S. institutional investors who are located in states where there is no institutional exemption from registration in the state comparable to the definition of major U.S. institutional investor in Rule 15a-6.

FINRA Disclosures:

- Neither ONY, ODDO, nor Oddo Securities, nor Oddo Seydler beneficially owns 1% or more of any class of common equity securities of the subject company.
- The research analyst of Oddo Securities or Oddo Seydler, at the time of publication of this research report, is not aware, nor does he know or have reason to know of any actual, material conflict of interest of himself, ODDO, Oddo Securities, Oddo Seydler or ONY, except those mentioned in the paragraph entitled "Risk of Conflict of Interest."
- Oddo Securities or ODDO or Oddo Seydler may receive or seek compensation for investment banking services in the next 3 months from the subject company of this research report, but ONY would not participate in those arrangements.
- Neither ONY, ODDO, Oddo Securities, nor Oddo Seydler has received compensation from the subject company in the past 12 months for providing investment banking services except those mentioned in the paragraph of "Risk of Conflict of Interest".
- Neither ONY, ODDO, Oddo Securities nor Oddo Seydler has managed or co-managed a public offering of securities for the subject company in the past 12 months except those mentioned in the paragraph of "Risk of Conflict of Interest".
- ONY does not make (and never has made) markets and, accordingly, was not making a market in the subject company's securities at the time that this research report was published.

Regulation AC:

ONY is exempt from the certification requirements of Regulation AC for its distribution to a U.S. person in the United States of this research report that is prepared by an Oddo Securities research analyst because ODDO has no officers or persons performing similar functions or employees in common with ONY and ONY maintains and enforces written policies and procedures reasonably designed to prevent it, any controlling persons, officers or persons performing similar functions, and employees of ONY from influencing the activities of the third party research analyst and the content of research reports prepared by the third party research analyst.

Contact Information of firm distributing research to U.S. investors: Oddo New York Corporation, MEMBER: FINRA/SIPC, is a wholly owned subsidiary of Oddo & Cie; Philippe Bouclainville, President (pbouclainville@oddonyc.com) 150 East 52nd Street New York, NY 10022 212-481-4002.