

Recommendation: **BUY** (BUY) Risk: **MEDIUM** (MEDIUM) Price Target: **EUR 3.50** (3.50)

15 May 2013

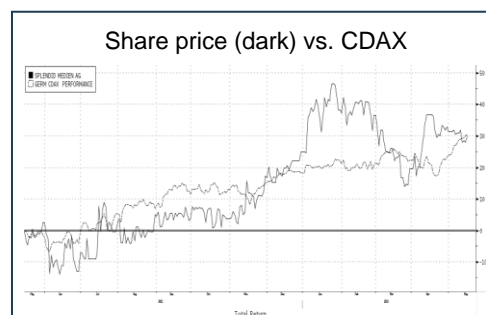
Strong start info FY13

Top line slightly ahead of our estimates

- 1Q13 figures:** Today splendid medien AG reported its 1Q13 figures and overall confirmed its guidance for 2013. Group revenues amounted to EUR 16.5m after EUR 12.3m in 1Q12 (+34.1% YoY). As a result of higher margins (EBIT margin: 10.2% vs. 9.8% in 1Q12) in this quarter, EBIT increased from EUR 1.2m up to EUR 1.7m. As stated in the report, EBT stood at EUR 1.5m (1Q12: EUR 1.0m). Regarding the cash flow development, the group achieved a positive operating cash flow of EUR 2.9m (1Q12: EUR 2.2m) and invested, as expected, with EUR 3.7m clearly more than in the corresponding quarter last year (EUR 2.9m). Additionally, the group noted that the mezzanine loan has been paid back as planned in April.
- Segment reporting:** As usual 90% of group revenues are contributed by the Content segment (EUR 15.7m) which is significantly higher than in 1Q12 (EUR 11.3m). Amongst others the positive success of the home entertainment unit and especially through the strong figures of Expendables 2 in 1Q. But also films like Zambezia or docu like 'Das grüne Wunder – Unser Wald' helped the group to grow substantially YoY. Furthermore, the VOD platform Videociety is still in development with a constant extent of its film library (incl. HD and 3D films). The segment Services showed a decline YoY to EUR 0.8m (1Q12: EUR 1.0m), however, according to the company over the next quarters this should be compensated.
- Confirmed guidance:** In the course of the 1Q figures the management confirmed its previous guidance for 2013. The group plans to achieve revenues within EUR 58m and EUR 61m. Given the strong start into FY13 we stick to our forecast for group revenues to be at EUR 59.7m with an EBIT of EUR 4.6m (both in mid range of guidance), but point out that it seems that splendid may surprise positively over the year in case some films will exceed the expectations. All in all, the figures are strong and the outlook seems more and more to be a conservative approach for this year.
- PT at EUR 3.50:** The mid-term is promising and the share is back on track, hence we **confirm our PT of EUR 3.50** and continue to rate the stock with **BUY**.

Y/E 31 Dec, EURm	2010	2011	2012	2013E	2014E
Sales	39.5	41.8	50.1	59.7	70.5
EBITDA	12.6	15.5	16.2	20.6	21.7
EBIT (reported)	3.0	4.6	4.2	4.6	5.6
Net income/loss	1.8	5.1	3.6	3.2	3.6
EPS	0.18	0.53	0.37	0.33	0.37
CPS	0.72	1.18	1.63	1.51	1.85
DPS	0.00	0.00	0.10	0.10	0.10
EBITDA margin	31.9%	37.0%	32.3%	34.5%	30.8%
EBIT margin	7.7%	11.1%	8.4%	7.7%	8.0%
Net margin	4.5%	12.3%	7.2%	5.3%	5.1%
EV/EBITDA	2.3	1.8	1.8	1.4	1.3
EV/EBIT	9.4	6.2	6.8	6.2	5.1
P/E	14.3	5.0	7.1	8.0	7.1

Source: splendid medien AG, CBS Research AG



Sources: CBS Research AG, Bloomberg

Change	2012	2013E		2014E	
	rep.	new	old	new	old
Sales	50.1	-	59.7	-	70.5
EBIT	4.2	-	4.6	-	5.6
EPS	0.37	0.33	0.32	0.37	0.36

Internet: splendidmedien.de Sector: Media
WKN: 727950 ISIN: DE0007279507
Reuters: SPME.DE Bloomberg: SPM GY

Short company profile:

splendid medien is a medium-sized media group that generates sales and income from the exploitation of films and edutainment program, sales services for companies in the home entertainment sector and postproduction services.

Share data:

Share price (last closing price):	EUR 2.62
Shares outstanding (m):	9.79
Market capitalisation (EURm):	25.6
Enterprise value (EURm):	28.5
Ø daily trading volume (3m, no. of shares):	8,919

Performance data:

High 52 weeks (EUR):	3.05
Low 52 weeks (EUR):	1.7
Absolute performance (12 months):	29.9%
Relative performance (vs. CDAX):	
1 month:	-11.8%
3 months:	-15.6%
6 months:	-2.5%
12 months:	-5.1%

Shareholders:

Andreas R. Klein (CEO)	53.4%
Family Klein GbR	6.3%
Josef Siepe	5.1%
Free float	35.2%

Financial calendar:

2Q13 report	29 August 2013
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Appendix

Profit and loss account

	IFRS	EURm	2009	2010	2011	2012	2013E	2014E
Sales			36.43	39.48	41.82	50.11	59.73	70.49
YoY growth			29.5%	8.4%	5.9%	19.8%	19.2%	18.0%
Cost of revenues			-25.66	-24.12	-26.56	-30.16	-34.94	-39.47
as % of sales			-70.4%	-61.1%	-63.5%	-60.2%	-58.5%	-56.0%
Total output			10.78	15.36	15.25	19.95	24.79	31.01
as % of sales			29.6%	38.9%	36.5%	39.8%	41.5%	44.0%
General & administrative expenses			-4.17	-5.18	-6.73	-7.36	-7.17	-7.75
as % of sales			-11.5%	-14.2%	-18.5%	-20.2%	-19.7%	-21.3%
Sales & marketing			-7.16	-8.97	-6.79	-11.15	-15.11	-19.03
as % of sales			-19.6%	-24.6%	-18.6%	-30.6%	-41.5%	-52.2%
Other operating income			1.59	1.88	2.90	3.04	2.69	2.82
as % of sales			4.4%	5.1%	8.0%	8.4%	7.4%	7.7%
Other operating expenses			-0.40	-0.22	-0.44	-0.22	-0.60	-1.41
as % of sales			-1.1%	-0.6%	-1.1%	-0.4%	-1.0%	-2.0%
Operating profit			0.63	2.85	4.19	4.28	4.60	5.64
as % of sales			1.7%	7.2%	10.0%	8.5%	7.7%	8.0%
Currency effects			-0.08	0.19	0.44	-0.08	0.00	0.00
EBIT (reported)			0.56	3.04	4.63	4.20	4.60	5.64
as % of sales			1.5%	7.7%	11.1%	8.4%	7.7%	8.0%
Net financial results			-0.79	-0.82	-0.86	-0.84	-0.89	-0.80
EBT (Earnings before income taxes)			-0.24	2.22	3.77	3.36	3.71	4.84
as % of sales			-0.7%	5.6%	9.0%	6.7%	6.2%	6.9%
Income taxes (incl. other taxes)			-1.31	-0.44	1.37	0.23	-0.52	-1.24
as % of EBT			548.1%	-19.6%	36.4%	6.8%	-14.0%	-25.6%
Net income			-1.55	1.78	5.14	3.58	3.19	3.60
Minorities			0.00	0.01	0.00	0.00	0.00	0.00
Net income attributable to shareholders			-1.55	1.80	5.14	3.59	3.19	3.60
as % of sales			-4.3%	4.5%	12.3%	7.2%	5.3%	5.1%
Shares outstanding (in m)			9.79	9.79	9.79	9.79	9.79	9.79
Basic earnings per share (EUR)			-0.16	0.18	0.53	0.37	0.33	0.37

Source: splendid medien AG, CBS Research AG

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Recommendation history over the last 12 months for the company analysed in this report:

Date	Recommendation	Price at change date	Price target
11 May 2012	BUY	EUR 2.10	EUR 2.50
16 May 2012	BUY	EUR 2.15	EUR 2.80
04 September 2012	BUY	EUR 2.13	EUR 2.80
16 November 2012	BUY	EUR 2.37	EUR 3.00
14 February 2013	BUY	EUR 2.88	EUR 3.00

02 April 2013	BUY	EUR 2.34	EUR 3.50
15 May 2013	BUY	EUR 2.62	EUR 3.50

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