

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

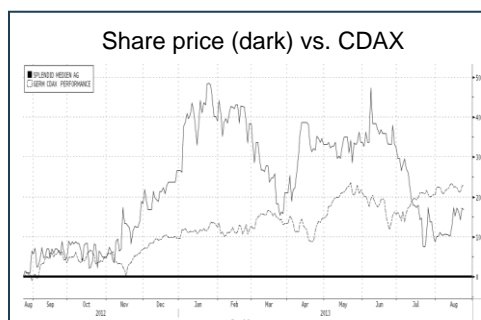
23 August 2013

**1H13 figures very solid****Guidance updated due to some delays in film releases**

- 1H13 figures:** Yesterday evening splendid medien AG released some key figures for 1H13 and updated its guidance for full year. Group revenues amounted to EUR 28.4m after EUR 21.7m in 1H12 (+31% YoY). Regarding 2Q group revenues came in at EUR 11.9m (2Q12: EUR 9.5m). As stated in the press release, EBIT stood at EUR 2.2m for 1H13 (1H12: EUR 2.0m) and EUR 0.5m for 2Q13 (2Q12: EUR 0.6m). Net result amounted to EUR 1.8m after EUR 1.6m in 1H12. The translating EPS stood at EUR 0.18 (1H12: EUR 0.17). Overall, the performance in 1H12 was very solid and shows that the fundamental development of splendid remains on track. Regarding the cash flow development, the group achieved a positive operating cash flow of EUR 10.9m (1H12: EUR 7.4m) and invested EUR 10.4m in film assets in 1H13 (1H12: EUR 4.8m). The cash & cash equivalents stood at EUR 8.4m at the end of June.
- New company guidance:** Mostly due to some delays in film release schedules (splendid depends on the production companies to distribute the films) towards 2014 the management had to update its previous guidance for 2013. After the adjustments the group plans to achieve revenues within EUR 53m and EUR 56m (previously: EUR 58-61m) which corresponds to a downside of 9% compared to the old revenue guidance. Regarding the bottom line, the management expects the group EBIT to range within EUR 3.8m and EUR 4.2m (previously: EUR 4.4m-4.9m). Although the group updated its guidance the new target still shows a nice growth YoY and continues to demonstrate the strong fundamental progress splendid managed to achieve over the last couple of years.
- Adjusted estimates:** As a result of the new guidance we had to adjust our estimates accordingly. Given the delay in the theatrical releases we mostly cut our estimates in this unit. After some minor adjustments we now expect group sales to be at EUR 56.2m (higher end of the guidance) with an EBIT of EUR 4.2m (higher end) for 2013E. Since the delay shifts some revenues to 2014E we marginally lifted our sales forecast for 2014E up to EUR 71.0 (previously: EUR 70.5m) but leave our EBIT estimate conservatively unchanged for the time being.
- PT at EUR 3.50:** We confirm our **PT of EUR 3.50/ BUY** recommendation.

Y/E 31 Dec, EURm	2010	2011	2012	2013E	2014E
Sales	39.5	41.8	50.1	56.2	71.0
EBITDA	12.6	15.5	16.2	20.2	21.7
EBIT (reported)	3.0	4.6	4.2	4.2	5.6
Net income/loss	1.8	5.1	3.6	2.8	3.6
EPS	0.18	0.53	0.37	0.29	0.36
CPS	0.72	1.18	1.63	1.51	1.88
DPS	0.00	0.00	0.10	0.10	0.10
EBITDA margin	31.9%	37.0%	32.3%	35.9%	30.5%
EBIT margin	7.7%	11.1%	8.4%	7.4%	7.9%
Net margin	4.5%	12.3%	7.2%	5.0%	5.0%
EV/EBITDA	2.0	1.6	1.5	1.2	1.1
EV/EBIT	8.1	5.3	5.9	5.9	4.4
P/E	12.2	4.2	6.1	7.8	6.1

Source: splendid medien AG, CBS Research AG



Change	2012	2013E		2014E	
	rep.	new	old	new	old
Sales	50.1	56.2	59.7	71.0	70.5
EBIT	4.2	4.2	4.6	-	5.6
EPS	0.37	0.29	0.33	-	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):	<b>EUR 2.23</b>
Shares outstanding (m):	9.79
Market capitalisation (EURm):	21.8
Enterprise value (EURm):	24.7
Ø daily trading volume (3m, no. of shares):	6,390

**Performance data:**

High 52 weeks (EUR):	3.25
Low 52 weeks (EUR):	2.00
Absolute performance (12 months):	17.2%
Relative performance (vs. CDAX):	
1 month:	7.2%
3 months:	-13.3%
6 months:	-27.7%
12 months:	-7.7%

**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
<b>Sales</b>			<b>36.43</b>	<b>39.48</b>	<b>41.82</b>	<b>50.11</b>	<b>56.18</b>	<b>71.03</b>
YoY growth			29.5%	8.4%	5.9%	19.8%	12.1%	26.4%
Cost of revenues			-25.66	-24.12	-26.56	-30.16	-32.87	-39.77
as % of sales			-70.4%	-61.1%	-63.5%	-60.2%	-58.5%	-56.0%
<b>Total output</b>			<b>10.78</b>	<b>15.36</b>	<b>15.25</b>	<b>19.95</b>	<b>23.32</b>	<b>31.25</b>
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	-6.74	-7.81
as % of sales			-11.5%	-14.2%	-18.5%	-20.2%	-18.5%	-21.4%
Sales & marketing			-7.16	-8.97	-6.79	-11.15	-14.21	-19.18
as % of sales			-19.6%	-24.6%	-18.6%	-30.6%	-39.0%	-52.6%
Other operating income			1.59	1.88	2.90	3.04	2.36	2.77
as % of sales			4.4%	5.1%	8.0%	8.4%	6.5%	7.6%
Other operating expenses			-0.40	-0.22	-0.44	-0.22	-0.56	-1.42
as % of sales			-1.1%	-0.6%	-1.1%	-0.4%	-1.0%	-2.0%
<b>Operating profit</b>			<b>0.63</b>	<b>2.85</b>	<b>4.19</b>	<b>4.28</b>	<b>4.16</b>	<b>5.61</b>
as % of sales			1.7%	7.2%	10.0%	8.5%	7.4%	7.9%
Currency effects			-0.08	0.19	0.44	-0.08	0.00	0.00
<b>EBIT (reported)</b>			<b>0.56</b>	<b>3.04</b>	<b>4.63</b>	<b>4.20</b>	<b>4.16</b>	<b>5.61</b>
as % of sales			1.5%	7.7%	11.1%	8.4%	7.4%	7.9%
Net financial results			-0.79	-0.82	-0.86	-0.84	-0.89	-0.80
<b>EBT (Earnings before income taxes)</b>			<b>-0.24</b>	<b>2.22</b>	<b>3.77</b>	<b>3.36</b>	<b>3.27</b>	<b>4.81</b>
as % of sales			-0.7%	5.6%	9.0%	6.7%	5.8%	6.8%
Income taxes (incl. other taxes)			-1.31	-0.44	1.37	0.23	-0.46	-1.25
as % of EBT			548.1%	-19.6%	36.4%	6.8%	-14.0%	-25.9%
<b>Net income</b>			<b>-1.55</b>	<b>1.78</b>	<b>5.14</b>	<b>3.58</b>	<b>2.81</b>	<b>3.57</b>
Minorities			0.00	0.01	0.00	0.00	0.00	0.00
<b>Net income attributable to shareholders</b>			<b>-1.55</b>	<b>1.80</b>	<b>5.14</b>	<b>3.59</b>	<b>2.81</b>	<b>3.57</b>
as % of sales			-4.3%	4.5%	12.3%	7.2%	5.0%	5.0%
Shares outstanding (in m)			9.79	9.79	9.79	9.79	9.79	9.79
<b>Basic earnings per share (EUR)</b>			<b>-0.16</b>	<b>0.18</b>	<b>0.53</b>	<b>0.37</b>	<b>0.29</b>	<b>0.36</b>

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
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

23 August 2013	BUY	EUR 2.23	EUR 3.50
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