

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

02 September 2013

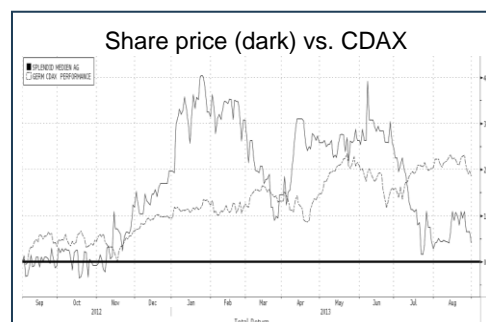
## Final figures with no surprises

### Mid-term outlook remains unchanged

- Final figures 1H13:** End of last week evening splendid medien AG published its 1H13 report which did not contain any surprises. The recently adjusted company guidance for 2013 had been confirmed in the report. Overall, Group revenues as already noted amounted to EUR 28.4m after EUR 21.7m in 1H12 (+31% YoY). Reported EBIT (incl. FX effects) came in at EUR 2.2m for 1H13 (1H12: EUR 2.0m) and EUR 0.5m for 2Q13 (2Q12: EUR 0.6m). Excluding FX effects EBIT was at EUR 2.1m (1H12: EUR 1.8m). 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). Furthermore, the group stated that Splendid Synchron GmbH has acquired the remaining 49% of FFS Köln GmbH and since 4 July FFS Köln merged into Splendid Synchron GmbH. Splendid did not disclose the transaction costs, however, we expected these costs only to be marginal.
- Outlook 2H13:** As we had already pointed out in our last update from 23 August some delays in film release schedules (especially 'I, Frankenstein') towards 2014 forced the company to update its previous guidance for 2013. However, despite this step the outlook remains positive. After the adjustments the group confirmed the guidance in the half-year report and still plans to achieve revenues within a range of EUR 53m up to EUR 56m (previously: EUR 58-61m). Group EBIT should range within EUR 3.8m and EUR 4.2m (previously: EUR 4.4m-4.9m). With unchanged 2013E estimates we still forecast 2H13 revenues to come in at EUR 27.4m and EBIT at 2.0m with a net result of EUR 1.0m. Hence, even after the delays the assumed performance for 2H13E is very solid.
- Unchanged estimates:** As aforementioned we did not change our estimates. Group sales are still to amount to EUR 56.2m (higher end of the guidance) with an EBIT of EUR 4.2m (higher end) for 2013E. For 2014E we see sales at EUR 71.0 with an EBIT of EUR 5.6m. On EPS level this corresponds to EUR 0.29 for 2013E and EUR 0.36 for 2014E.
- PT at EUR 3.50:** Given that the half-year report did not present any surprises and the outlook remains as positively as at the time of our last update (23 August) we stick to 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	1.9	1.5	1.5	1.2	1.1
EV/EBIT	7.9	5.2	5.7	5.8	4.3
P/E	11.7	4.1	5.9	7.5	5.9

Source: splendid medien AG, CBS Research AG



Sources: CBS Research AG, Bloomberg

Change	2012	2013E		2014E	
	rep.	new	old	new	old
Sales	50.1	-	56.2	-	71.0
EBIT	4.2	-	4.2	-	5.6
EPS	0.37	-	0.29	-	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 2.15</b>
Shares outstanding (m):	9.79
Market capitalisation (EURm):	21.0
Enterprise value (EURm):	23.9
Ø daily trading volume (3m, no. of shares):	6,385

#### Performance data:

High 52 weeks (EUR):	3.25
Low 52 weeks (EUR):	2.04
Absolute performance (12 months):	4.1%
Relative performance (vs. CDAX):	
1 month:	3.1%
3 months:	-18.8%
6 months:	-24.7%
12 months:	-15.1%

#### Shareholders:

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

#### Financial calendar:

3Q13 report	14 November 2013
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Author: **Marcus Silbe** (Analyst)

Close Brothers Seydler Research AG  
Phone: +49 (0)69 - 977 84 56 0  
E-Mail: research@cbseydlerresearch.ag  
www.cbseydlerresearch.ag

## 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

## Research



Schillerstrasse 27 - 29  
60313 Frankfurt am Main

Phone: +49 (0)69 – 977 8456-0

Roger Peeters Member of the Board	+49 (0)69 -977 8456- 12 <a href="mailto:Roger.Peeters@cbseydlerresearch.ag">Roger.Peeters@cbseydlerresearch.ag</a>		
Martin Decot (Equities)	+49 (0)69 -977 8456- 13 <a href="mailto:Martin.Decot@cbseydlerresearch.ag">Martin.Decot@cbseydlerresearch.ag</a>	Igor Kim (Equities)	+49 (0)69 -977 8456- 15 <a href="mailto:Igor.Kim@cbseydlerresearch.ag">Igor.Kim@cbseydlerresearch.ag</a>
Gennadij Kremer (Corporate Credit)	+49 (0)69 – 977 8456- 23 <a href="mailto:Gennadij.Kremer@cbseydlerresearch.ag">Gennadij.Kremer@cbseydlerresearch.ag</a>	Daniel Kukalj (Equities)	+49 (0)69 – 977 8456- 21 <a href="mailto:Daniel.Kukalj@cbseydlerresearch.ag">Daniel.Kukalj@cbseydlerresearch.ag</a>
Ralf Marinoni (Equities)	+49 (0)69 -977 8456- 17 <a href="mailto:Ralf.Marinoni@cbseydlerresearch.ag">Ralf.Marinoni@cbseydlerresearch.ag</a>	Manuel Martin (Equities)	+49 (0)69 -977 8456- 16 <a href="mailto:Manuel.Martin@cbseydlerresearch.ag">Manuel.Martin@cbseydlerresearch.ag</a>
Felix Parmantier (Equities)	+49 (0)69 -977 8456- 22 <a href="mailto:Felix.Parmantier@cbseydlerresearch.ag">Felix.Parmantier@cbseydlerresearch.ag</a>	Nicolas Pütz (Support)	+49 (0)69 -977 8456- 24 <a href="mailto:Nicolas.Puetz@cbseydlerresearch.ag">Nicolas.Puetz@cbseydlerresearch.ag</a>
Marcus Silbe (Equities)	+49 (0)69 -977 8456- 14 <a href="mailto:Marcus.Silbe@cbseydlerresearch.ag">Marcus.Silbe@cbseydlerresearch.ag</a>	Simone Steymann (Support)	+49 (0)69 -977 8456- 25 <a href="mailto:Simone.Steymann@cbseydlerresearch.ag">Simone.Steymann@cbseydlerresearch.ag</a>
Veysel Taze (Equities)	+49 (0)69 -977 8456- 18 <a href="mailto:Veysel.Taze@cbseydlerresearch.ag">Veysel.Taze@cbseydlerresearch.ag</a>	Ivo Višić (Equities)	+49 (0)69 -977 8456- 19 <a href="mailto:Ivo.Visic@cbseydlerresearch.ag">Ivo.Visic@cbseydlerresearch.ag</a>
Sergey Weinberg (Corporate Credit)	+49 (0)69 -977 8456- 20 <a href="mailto:Sergey.Weinberg@cbseydlerresearch.ag">Sergey.Weinberg@cbseydlerresearch.ag</a>		

## Institutional Sales



Schillerstrasse 27 – 29  
60313 Frankfurt am Main

Phone: +49 (0)69 – 9 20 54-400

Klaus Korzilius (Benelux, Germany)	+49 (0)69 -9 20 54-114 <a href="mailto:Klaus.Korzilius@cbseydler.com">Klaus.Korzilius@cbseydler.com</a>	Stefan Krewinkel (Sales Trading, Germany, UK)	+49 (0)69 -9 20 54-118 <a href="mailto:Stefan.Krewinkel@cbseydler.com">Stefan.Krewinkel@cbseydler.com</a>
Bruno de Lencquesaing (Benelux, France)	+49 (0)69 -9 20 54-116 <a href="mailto:Bruno.deLencquesaing@cbseydler.com">Bruno.deLencquesaing@cbseydler.com</a>	Nico Gesthüsen (Germany)	+49 (0)69 -9 20 54-115 <a href="mailto:Nico.Gesthuesen@cbseydler.com">Nico.Gesthuesen@cbseydler.com</a>
Dr. James Jackson (UK)	+49 (0)69 -9 20 54-113 <a href="mailto:James.Jackson@cbseydler.com">James.Jackson@cbseydler.com</a>	Claudia Jurewecz (Germany)	+49 (0)69 -9 20 54-106 <a href="mailto:Claudia.Jurewecz@cbseydler.com">Claudia.Jurewecz@cbseydler.com</a>
Markus Laifle (Sales Trading, Execution)	+49 (0)69 -9 20 54-120 <a href="mailto:Markus.Laifle@cbseydler.com">Markus.Laifle@cbseydler.com</a>	Michael Laufenberg (Germany)	+49 (0)69 -9 20 54-112 <a href="mailto:Michael.Laufenberg@cbseydler.com">Michael.Laufenberg@cbseydler.com</a>
Angela Leser (Germany)	+49 (0)69 -9 20 54-111 <a href="mailto:Angela.Leser@cbseydler.com">Angela.Leser@cbseydler.com</a>	Rasmus Mac Donald-Thomé (Scandinavia)	+49 (0)69 -9 20 54-119 <a href="mailto:Rasmus.MacDonald-Thome@cbseydler.com">Rasmus.MacDonald-Thome@cbseydler.com</a>
Mirella Mancuso (Sales Support)	+49 (0)69 -9 20 54-107 <a href="mailto:Mirella.Mancuso@cbseydler.com">Mirella.Mancuso@cbseydler.com</a>	Carsten Pfersdorf (Sales Trading, Execution)	+49 (0)69 -9 20 54-168 <a href="mailto:Carsten.Pfersdorf@cbseydler.com">Carsten.Pfersdorf@cbseydler.com</a>
Carsten Schlegel (UK, Ireland)	+49 (0)69 -9 20 54-137 <a href="mailto:Carsten.Schlegel@cbseydler.com">Carsten.Schlegel@cbseydler.com</a>	Christopher Seedorf (Sales Support)	+49 (0)69 -9 20 54-110 <a href="mailto:Christopher.Seedorf@cbseydler.com">Christopher.Seedorf@cbseydler.com</a>
Holger Schmidt (UK)	+49 (0)69 -9 20 54-103 <a href="mailto:Holger.Schmidt@cbseydler.com">Holger.Schmidt@cbseydler.com</a>	Bas-Jan Walhof (Benelux)	+49 (0)69 -9 20 54-105 <a href="mailto:Bas-Jan.Walhof@cbseydler.com">Bas-Jan.Walhof@cbseydler.com</a>

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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
02 September 2013	BUY	EUR 2.15	EUR 3.50

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Graurheindorferstraße 108

53117 Bonn

and

Marie-Curie-Str. 24-28

60439 Frankfurt

Close Brothers Seydler  
Research AG

Schillerstrasse 27 - 29

60313 Frankfurt am Main

[www.cbseydlerresearch.ag](http://www.cbseydlerresearch.ag)

Tel.: 0049 - (0)69 - 97 78 45 60