



# Splendid Medien AG

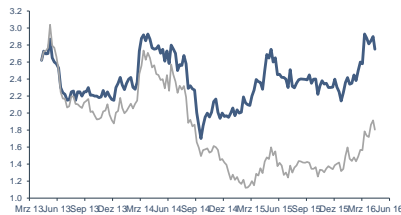
Buy → | Target price : 3.50 EUR

Price : 2.75 EUR | Upside : 27 %

Est.chg	2016e	2017e
EPS	-	-

## OK start into 2016, no big surprises; but on track to meet full year guidance

Friday 13 May 2016



### Capital

SPM GY   SPME.DE	
Market Cap (EURm)	27
Enterprise value (EURm)	32
Extrema 12 months	2.10 - 2.95
Free Float (%)	32.3

Performance (%)	1m	3m	12m
Absolute	-3.5	13.8	12.3
Perf. rel. Country Index	-3.1	6.7	33.5
Perf. rel. Media	-0.4	7.7	27.0

### P&L

	12/15	12/16e	12/17e
Sales (EURm)	56.8	70.7	76.1
EBITDA (EURm)	23.7	25.9	29.0
Adj. EBIT (EURm)	3.4	4.9	5.9
Attr. net profit (EURm)	2.9	3.7	4.1
Adjusted EPS (EUR)	0.30	0.37	0.42
Dividend (EUR)	0.10	0.10	0.10

P/E (x)	7.7	7.4	6.5
P/B (x)	0.8	0.9	0.8
Dividend Yield (%)	4.3	3.6	3.6
FCF yield (%)	11.9	5.3	14.8
EV/Sales (x)	0.52	0.46	0.39
EV/EBITDA (x)	1.3	1.3	1.0
EV/Current EBIT (x)	8.8	6.6	5.0
Gearing (%)	26	18	7
Net Debt/EBITDA(x)	0.3	0.2	0.1

### Next Events

## Recap of Q1 2016 results

Splendid Medien reported its Q1 2016 figures which – as expected – were down yoy. Group revenues fell to € 12.2m after € 15.7m in Q1 15, and as a result EBIT was also significantly lower yoy to € 0.2m (Q1 15: € 1.5m). As a reminder, the company already guided that H1 2016 will be down yoy given the very strong in film pipeline (theatrical+home entertainment) H1 2015. Considering that H2 2016 is expected to be stronger than H2 2015, we feel very confident that the company will reach its guidance.

As a positive, we mention that operating cash flow came in at € 4.4m, € 0.3m higher than in Q1 2015.

### Q1 key figures

In € m	Q1 16	Q1 15	yoy in %	Guidance 2016
Revenues	12.2	15.7	-23%	64-69
EBIT	0.2	1.5	-82%	4-5
EBT	0.1	1.3	-93%	-
Net income	-	-	-	-

Source : Oddo Seydler Bank, Company Data

## Guidance reiterated

The company confirmed its existing guidance for 2016: i) group revenues: € 64-69m, ii) Joker revenues: € 9-11m, iii) EBIT: € 4-5m with H1 16 EBIT down yoy but still positive, iv) CAPEX in films: € 23-27m.

Given that Q1 16 was softer yoy and Q2 16 is also expected weaker yoy – as announced – we stick to our estimates: i) group revenues of € 70.7m (main reason why we are above guidance is our more bullish view on planned theatrical releases for H2 16e), ii) Joker revenues of € 10m, iii) EBIT of € 4.9m, iv) CAPEX of € 25.1m. Splendid's film capex totalled € 5.0m in Q1 and we assume that Q2 and Q3 will be higher than in Q1 but still within the assumed CAPEX guidance range (more likely at the higher end).

## Buy rating confirmed

At the beginning of this week, Splendid Film GmbH, a subsidiary of Splendid Medien AG, Cologne, opened Splendid Film BV, a distribution company for cinema and home entertainment sales in the Benelux countries. Headquartered in Amsterdam, Splendid Film BV will start its operations on 1 June. Its managing director will be Andrew Ernster, the experienced Splendid salesperson in Benelux. The company plans to release up to 15 films in cinemas a year with Splendid Film BV, including local films. Up to now, the average release pipeline was around 3-5 films per year. So we could see some potential revenue upside from 2017e onwards, after a certain ramp-up phase until the film releases reach their full schedule amount of 15 films per year.

All in all, splendid is on track to meet its full year guidance, and adding the promising extension of distribution activities in Benelux, we expect newsflow around the company to remain positive. We reiterate our Buy recommendation with an unchanged TP of € 3.50/share.

**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** Price **2.75EUR**  
Upside TP **3.50EUR**  
27.23%

	12/11	12/12	12/13	12/14	12/15	12/16e	12/17e
<b>PER SHARE DATA (EUR)</b>							
Adjusted EPS	0.52	0.37	0.37	0.09	0.30	0.37	0.42
<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>0.37</b>	<b>0.42</b>
Growth in EPS(%)	-	-30.3%	2.1%	-75.4%	ns	24.5%	13.5%
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	0.27	0.14	0.41
Book value per share	2.06	2.33	2.60	2.57	2.82	3.19	3.51
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
<b>VALUATION</b>							
12m highest price	1.45	2.56	3.00	2.94	2.75	2.95	
12m lowest price	0.59	1.32	2.10	1.65	1.92	2.10	
(*) Reference price	1.09	2.02	2.46	2.41	2.31	2.75	2.75
Capitalization	11	20	24	24	23	27	27
Restated Net debt	-4.1	2.0	5.4	9.3	7.1	5.6	2.6
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>30</b>	<b>32</b>	<b>29</b>
P/E (x)	2.1	5.5	6.6	26	7.7	7.4	6.5
P/CF (x)	0.8	1.2	1.3	1.0	1.0	1.1	1.0
Net Yield (%)	9.1%	0.0%	0.0%	2.1%	4.3%	3.6%	3.6%
FCF yield (%)	39.4%	ns	ns	ns	11.9%	5.3%	14.8%
P/B incl. GW (x)	0.53	0.87	0.95	0.94	0.82	0.86	0.78
P/B excl. GW (x)	0.53	0.87	0.95	0.94	0.82	0.86	0.78
EV/Sales (x)	0.16	0.43	0.54	0.50	0.52	0.46	0.39
EV/EBITDA (x)	0.4	1.3	1.5	1.4	1.3	1.3	1.0
<b>EV/EBIT (x)</b>	<b>1.6</b>	<b>5.1</b>	<b>6.8</b>	<b>18</b>	<b>8.8</b>	<b>6.6</b>	<b>5.0</b>
(*) historical average price							
<b>PROFIT AND LOSS (EURm)</b>							
Sales	41.8	50	55	66	57	71	76
EBITDA	15.5	16.6	20.2	23.9	23.7	25.9	29.0
Depreciations	-11.3	-12.3	-15.9	-22.0	-20.4	-21.0	-23.1
<b>Adj. EBIT</b>	<b>4.2</b>	<b>4.3</b>	<b>4.3</b>	<b>1.9</b>	<b>3.4</b>	<b>4.9</b>	<b>5.9</b>
Published EBIT	4.6	4.2	4.1	2.0	3.7	4.9	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	-0.2	-0.7	-1.2
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	2.9	3.7	4.1
<b>Adjusted attributable net profit</b>	<b>5.1</b>	<b>3.6</b>	<b>3.7</b>	<b>0.9</b>	<b>2.9</b>	<b>3.7</b>	<b>4.1</b>
<b>BALANCE SHEET (EURm)</b>							
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	0.3	0.2	0.1
Tangible fixed assets	11	20	24	28	26	30	33
WCR	8.5	7.4	11	11	13	12	9.6
Financial assets	4.9	6.5	6.3	6.7	6.7	6.1	6.1
Ordinary shareholders equity	20	23	25	25	28	31	34
Minority interests	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Shareholders equity	20	23	25	25	28	31	34
Non-current provisions	8.9	9.5	11	12	11	11	12
<b>Net debt</b>	<b>-4.1</b>	<b>2.0</b>	<b>5.4</b>	<b>9.3</b>	<b>7.1</b>	<b>5.6</b>	<b>2.6</b>
<b>CASH FLOW STATEMENT (EURm)</b>							
<b>EBITDA</b>	<b>15.5</b>	<b>16.6</b>	<b>20.2</b>	<b>23.9</b>	<b>23.7</b>	<b>25.9</b>	<b>29.0</b>
Change in WCR	1.8	-2.1	0.1	-0.9	-1.0	1.1	2.4
Interests & taxes	-0.9	-1.2	-1.1	-1.2	-1.0	-1.3	-1.8
Others	-0.4	0.9	-0.4	-0.1	0.3	0.8	0.0
Operating Cash flow	16.0	14.3	18.8	21.7	22.1	26.5	29.6
CAPEX	-11.7	-19.5	-21.3	-24.7	-19.4	-25.1	-25.6
<b>Free cash-flow</b>	<b>4.2</b>	<b>-5.2</b>	<b>-2.5</b>	<b>-2.9</b>	<b>2.7</b>	<b>1.4</b>	<b>4.0</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	0.0	-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	-1.8	0.0	0.0
Change in net debt	4.2	-6.1	-3.4	-3.8	2.2	1.4	3.0
<b>GROWTH MARGINS PRODUCTIVITY</b>							
Sales growth	-	19.8%	9.6%	20.2%	-14.0%	24.4%	7.6%
<b>Lfl sales growth</b>	<b>-</b>	<b>19.8%</b>	<b>9.6%</b>	<b>20.2%</b>	<b>-14.0%</b>	<b>24.4%</b>	<b>7.6%</b>
Current EBIT growth	-	2.2%	0.8%	-56.9%	81.1%	47.0%	20.0%
Growth in EPS(%)	-	-30.3%	2.1%	-75.4%	ns	24.5%	13.5%
Net margin	12.3%	7.1%	6.7%	1.4%	5.2%	5.2%	5.5%
<b>EBITDA margin</b>	<b>37.0%</b>	<b>33.1%</b>	<b>36.9%</b>	<b>36.1%</b>	<b>41.8%</b>	<b>36.7%</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>5.9%</b>	<b>7.0%</b>	<b>7.8%</b>
CAPEX / Sales	-28.1%	-39.0%	-38.7%	-37.4%	-34.1%	-35.5%	-33.6%
WCR / Sales	20.3%	14.8%	19.2%	16.2%	22.1%	16.5%	12.7%
Tax Rate	-36.4%	-6.8%	-7.5%	36.4%	6.5%	15.9%	22.2%
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	1.5	1.7	1.8
<b>ROCE post-tax (normative tax rate)</b>	<b>-</b>	<b>12.5%</b>	<b>9.6%</b>	<b>3.5%</b>	<b>6.0%</b>	<b>8.6%</b>	<b>9.8%</b>
ROCE post-tax hors GW (normative tax rate)	-	12.7%	9.7%	3.5%	6.1%	8.6%	9.9%
ROE	-	16.7%	15.2%	3.6%	11.1%	12.4%	12.6%
<b>DEBT RATIOS</b>							
Gearing	-21%	9%	21%	37%	26%	18%	7%
Net Debt / Market Cap	-0.39	0.10	0.22	0.39	0.31	0.21	0.10
<b>Net debt / EBITDA</b>	<b>ns</b>	<b>0.12</b>	<b>0.27</b>	<b>0.39</b>	<b>0.30</b>	<b>0.21</b>	<b>0.09</b>
EBITDA / net financial charges	18.0	19.7	29.7	40.3	41.0	43.2	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)
<b>Risk of conflict of interest :</b>			
<b>Investment banking and/or Distribution</b>			
	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
<b>Research contract between Oddo group &amp; the issuer</b>			
	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
<b>Liquidity provider agreement and market-making</b>			
	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
<b>Significant equity stake</b>			
	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
<b>Disclosure to Company</b>			
	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
<b>Additional material conflicts</b>			
	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. The recommendation presented into this document is reviewed and updated at least following each Quarterly Report published by the issuer purpose of this Research Report.

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. As a member of FINRA, ONY has reviewed this material for distribution to U.S. persons as required by FINRA Rules 2241(h) applicable to dissemination of research produced by its affiliate ODDO.

##### 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@oddone.com) 150 East 52nd Street New York, NY 10022 212-481-4002.