



Splendid Medien AG

Buy → | Target price : 3.20 EUR vs 3.50 EUR ↘

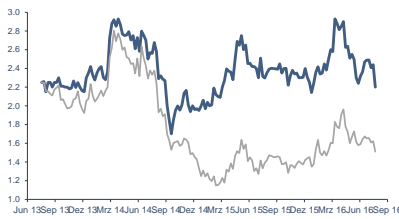
Price (08/19/2016) : 2.20 EUR | Upside : 45 %

	Est.chg	2016e	2017e
EPS		-64.4%	-31.0%

EBIT guidance for 2016 cut to € 2.0-2.5m (€ 4-5m) due to project delays; we now expect EBIT at € 2.2m (4.9m), TP cut to € 3.20, but reiterate Buy

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Capital

SPM GY SPME.DE	
Market Cap (EURm)	22
Enterprise value (EURm)	27
Extrema 12 months	2.10 - 2.95
Free Float (%)	32.3

Performance (%)	1m	3m	12m
Absolute	-11.6	-18.4	-4.8
Perf. rel. Country Index	-12.4	-19.9	6.8
Perf. rel. Media	-12.1	-16.4	8.5

P&L	12/16e	12/17e	12/18e
Sales (EURm)	58.2	63.6	68.5
EBITDA (EURm)	23.2	27.4	30.9
Current EBIT (EURm)	2.2	4.3	5.5
Attr. net profit (EURm)	1.3	2.9	3.8
Adjusted EPS (EUR)	0.13	0.29	0.39
Dividend (EUR)	0.10	0.10	0.10
P/E (x)	16.5	7.5	5.7
P/B (x)	0.7	0.7	0.6
Dividend Yield (%)	4.5	4.5	4.5
FCF yield (%)	7.7	10.1	12.2
EV/Sales (x)	0.46	0.40	0.35
EV/EBITDA (x)	1.2	0.9	0.8
EV/Current EBIT (x)	12.1	5.9	4.4
Gearing (%)	18	13	7
Net Debt/EBITDA(x)	0.2	0.2	0.1

Next Events

Guidance lowered due to film project postponements

Splendid Medien reported H1 2016 revenues of € 25.3m, down 11% yoy vs € 28.4m in Q1 2015. Both individual segments (Content and Services) were also down yoy. As a result, H1 16 EBIT fell to € 0.5m vs € 2.0m in H1 15 and net income to € 0.1m vs € 1.7m.

The company expects H2 2016 to outperform H1 but said the operating performance would be hindered by some projects being postponed to 2017. As a result, management no longer expects to meet its previous guidance for 2016 – revenues of € 64-69m, EBIT of € 4-5m – but now expects full-year revenues of € 55-59m and EBIT of € 2.0-2.5m.

Since we had expected the company to reach its old guidance, we now adjust our forecasts for 2016e to revenues of € 58.2m (higher end of the new guidance range) and EBIT of € 2.2m (lower end).

Splendid Medien: Guidance and estimate changes, 2016e

€ m	Old	New	Oddo Seydler old	Oddo Seydler, new
Revenues	64-69m	55-59m	70.7	58.2
EBIT	4.0-5.0	2.0-2.5	4.9	2.2

Source : Oddo Seydler Bank, Company Data

Also lowering our estimates for 2017-2018e due to lower visibility/postponed projects, but consider this issue only temporary

To reflect the reduced pipeline visibility/project postponements, we have lowered our estimates for 2017e and 2018e. We still expect the company to achieve improvement yoy in both years, however. For 2017e we now forecast revenue growth of 9.3% yoy to € 63.6m and EBIT of € 4.3m, followed in 2018e by 7.6% yoy revenue growth to € 68.5m and EBIT of € 5.5m.

Such film project delays occur occasionally, but in most cases are nothing more than that, i.e. just temporary. Hence, we expect visibility on future film releases to normalise by the end of this year.

Stock down only slightly on profit warning, we cut our TP to € 3.20 and maintain our Buy rating

Considering that this was a profit warning, the share price took a relatively small hit from € 2.40 to € 2.20. At current levels we see little additional pressure on the stock as the postponement issues are presumably only temporary and not a fundamental indication of decline. Given our updated mid-term forecast, we slightly lower our TP to € 3.20/share (previous: € 3.50/share) but still clearly value the stock with a Buy rating.

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Buy
Upside 45.45%
Price TP 2.20EUR 3.20EUR

	12/11	12/12	12/13	12/14	12/15	12/16e	12/17e	12/18e
PER SHARE DATA (EUR)								
Adjusted EPS	0.52	0.37	0.37	0.09	0.30	0.13	0.29	0.39
Reported EPS	0.52	0.37	0.37	0.09	0.30	0.13	0.29	0.39
Growth in EPS(%)	-	-30.3%	2.1%	-75.4%	ns	-55.6%	ns	32.2%
Net dividend per share	0.10	0.00	0.00	0.05	0.10	0.10	0.10	0.10
FCF to equity per share	0.43	-0.53	-0.25	-0.30	0.27	0.17	0.22	0.27
Book value per share	2.06	2.33	2.60	2.57	2.82	2.95	3.14	3.43
Number of shares market cap	9.79	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	9.79
VALUATION								
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	2.20	2.20	2.20
Capitalization	11	20	24	24	23	22	22	22
Restated Net debt	-4.1	2.0	5.4	9.3	7.1	5.3	4.1	2.5
Minorities (fair value)	0.0	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	0.0
Provisions	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Enterprise Value	6.6	22	30	33	30	27	26	24
P/E (x)	2.1	5.5	6.6	26	7.7	17	7.5	5.7
P/CF (x)	0.8	1.2	1.3	1.0	1.0	0.9	0.8	0.7
Net Yield (%)	9.1%	0.0%	0.0%	2.1%	4.3%	4.5%	4.5%	4.5%
FCF yield (%)	39.4%	ns	ns	ns	11.9%	7.7%	10.1%	12.2%
P/B incl. GW (x)	0.53	0.87	0.95	0.94	0.82	0.75	0.70	0.64
P/B excl. GW (x)	0.53	0.87	0.95	0.94	0.82	0.75	0.70	0.64
EV/Sales (x)	0.16	0.43	0.54	0.50	0.52	0.46	0.40	0.35
EV/EBITDA (x)	0.4	1.3	1.5	1.4	1.3	1.2	0.9	0.8
EV/EBIT (x)	1.6	5.1	6.8	18	8.8	12	5.9	4.4
(*) historical average price								
PROFIT AND LOSS (EURm)								
Sales	41.8	50	55	66	57	58	64	68
EBITDA	15.5	16.6	20.2	23.9	23.7	23.2	27.4	30.9
Depreciations	-11.3	-12.3	-15.9	-22.0	-20.4	-21.0	-23.1	-25.4
Current EBIT	4.2	4.3	4.3	1.9	3.4	2.2	4.3	5.5
Published EBIT	4.6	4.2	4.1	2.0	3.7	2.2	4.3	5.5
Net financial income	-0.9	-0.8	-0.7	-0.6	-0.6	-0.6	-0.6	-0.6
Corporate Tax	1.4	0.2	0.3	-0.5	-0.2	-0.3	-0.9	-1.1
Net income of equity-accounted companies	0.0	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	0.0
Minority interests	0.0	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	1.3	2.9	3.8
Adjusted attributable net profit	5.1	3.6	3.7	0.9	2.9	1.3	2.9	3.8
BALANCE SHEET (EURm)								
Goodwill	0.3	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	-0.1
Tangible fixed assets	11	20	24	28	26	30	33	33
WCR	8.5	7.4	11	11	13	9.0	7.6	8.4
Financial assets	4.9	6.5	6.3	6.7	6.7	6.1	6.1	6.1
Ordinary shareholders equity	20	23	25	25	28	29	31	34
Minority interests	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Shareholders equity	20	23	25	25	28	29	31	34
Non-current provisions	8.9	9.5	11	12	11	11	12	12
Net debt	-4.1	2.0	5.4	9.3	7.1	5.3	4.1	2.5
CASH FLOW STATEMENT (EURm)								
EBITDA	15.5	16.6	20.2	23.9	23.7	23.2	27.4	30.9
Change in WCR	1.8	-2.1	0.1	-0.9	-1.0	3.7	1.8	-0.4
Interests & taxes	-0.9	-1.2	-1.1	-1.2	-1.0	-0.9	-1.5	-1.7
Others	-0.4	0.9	-0.4	-0.1	0.3	0.8	0.0	0.0
Operating Cash flow	16.0	14.3	18.8	21.7	22.1	26.8	27.8	28.7
CAPEX	-11.7	-19.5	-21.3	-24.7	-19.4	-25.1	-25.6	-26.1
Free cash-flow	4.2	-5.2	-2.5	-2.9	2.7	1.7	2.2	2.6
Acquisitions / disposals	0.0	0.1	0.0	0.1	0.0	0.0	0.0	0.0
Dividends	0.0	-1.0	-1.0	-1.0	-0.5	0.0	-1.0	-1.0
Net capital increase	0.0	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	0.0
Change in net debt	4.2	-6.1	-3.4	-3.8	2.2	1.7	1.2	1.7
GROWTH MARGINS PRODUCTIVITY								
Sales growth	-	19.8%	9.6%	20.2%	-14.0%	2.5%	9.3%	7.6%
Lfl sales growth	-	19.8%	9.6%	20.2%	-14.0%	2.5%	9.3%	7.6%
Current EBIT growth	-	2.2%	0.8%	-56.9%	81.1%	-34.3%	95.6%	26.6%
Growth in EPS(%)	-	-30.3%	2.1%	-75.4%	ns	-55.6%	ns	32.2%
Net margin	12.3%	7.1%	6.7%	1.4%	5.2%	2.2%	4.5%	5.5%
EBITDA margin	37.0%	33.1%	36.9%	36.1%	41.8%	39.8%	43.1%	45.1%
Current EBIT margin	10.0%	8.5%	7.9%	2.8%	5.9%	3.8%	6.8%	8.0%
CAPEX / Sales	-28.1%	-39.0%	-38.7%	-37.4%	-34.1%	-43.1%	-40.2%	-38.1%
WCR / Sales	20.3%	14.8%	19.2%	16.2%	22.1%	15.5%	11.9%	12.2%
Tax Rate	-36.4%	-6.8%	-7.5%	36.4%	6.5%	19.2%	23.2%	22.5%
Normative tax rate	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%
Asset Turnover	-	2.1	1.7	1.8	1.5	1.5	1.6	1.7
ROCE post-tax (normative tax rate)	-	12.5%	9.6%	3.5%	6.0%	3.9%	7.6%	9.3%
ROCE post-tax hors GW (normative tax rate)	-	12.7%	9.7%	3.5%	6.1%	4.0%	7.6%	9.4%
ROE	-	16.7%	15.2%	3.6%	11.1%	4.6%	9.6%	11.8%
DEBT RATIOS								
Gearing	-21%	9%	21%	37%	26%	18%	13%	7%
Net Debt / Market Cap	-0.39	0.10	0.22	0.39	0.31	0.25	0.19	0.11
Net debt / EBITDA	ns	0.12	0.27	0.39	0.30	0.23	0.15	0.08
EBITDA / net financial charges	18.0	19.7	29.7	40.3	41.0	38.6	45.7	51.4

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Buy: performance expected to exceed that of the benchmark index, sectoral (large caps) or other (small and mid caps).

Neutral: performance expected to be comparable to that of the benchmark index, sectoral (large caps) or other (small and mid caps).

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

Date	Reco	Price Target (EUR)	Price (EUR)	Analyst
22.08.16	Achat	3.20	2.20	Marcus Silbe, CEFA

Recommendation split

		Buy	Neutral	Reduce
Our whole coverage	(412)	52%	37%	11%
Liquidity providers coverage	(136)	63%	32%	6%
Research service coverage	(65)	66%	29%	5%
Investment banking services	(23)	65%	30%	4%

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