

# Sporttotal

Germany | Media | MCAP EUR 92.1m

03 April 2018

# Hold

<b>Target Price</b>	<b>EUR 4.10</b>
Current Price	EUR 4.30
Up/downside	-4.7%
Change in TP	none
Change in EPS	down nm 18E / -1.9% 19E

## Financial roadmap released

Sporttotal hit 2017 guidance and provided a clear three-year financial roadmap. The 2020 target is unchanged (EUR100m in sales, >10% EBIT margin). No new valuable information was provided with regards to the development of the Sporttotal.tv business.

### 2017 guidance met, mid-term target confirmed

Sporttotal met its 2017 guidance, as well as our estimates on revenues (EUR60m) and EBITDA (EUR1.5m) and confirmed its medium-term growth guidance (EUR100m sales, EBIT margin of over 10%). Stripping out the earnings from divested operations (i.e. EUR14m in revenues at low margins from the media technology and TV production businesses sold in late 2016), revenues rose from EUR50.8m to EUR55.7m (+10% YOY) and EBIT turned positive at EUR0.5m from -EUR3.6m. As a reminder, 2017 was a transforming year for Sporttotal which is now focussing on the scalable digital business (Sporttotal.tv), the high-margin infrastructure project business (Venues) and the live events business (Live).

### Financial roadmap disclosed

Sporttotal provided a detailed roadmap for 2018-20. It expects sales and operating profit as follows: 1) 2018: revenues of EUR50-70m and an EBIT of between -EUR3m and EUR3m; 2) 2019: Sales of EUR70-80m and an EBIT margin of 7-9%; and 3) 2020: sales of more than EUR100m and an EBIT margin of at least 10%. The guidance range for 2018 is particularly broad, due to the uncertainty regarding the scope and the nature of some projects in the Venue business that could be implemented in 2018. The group also mentioned it could have some additional short-term expenses in Sporttotal.tv to ensure the extension of the model into other sports. The consequence is that we cut our EPS estimates for 2018 (EUR0.08 vs. EUR0.18 previously) but more importantly we leave our mid- and long-term estimates unchanged, as it is mostly a question of a delay in the materialisation of sales.

### TP and rating unchanged

No new information was provided on the roll-out of the sporttotal.tv business. The investment case is unchanged. Sporttotal.tv offers a balanced risk-reward. It mixes dynamic demand for livestream sports and solid credibility (top-notch automated technology, strong business partners, support from the DFB etc.), but visibility on monetisation potential is quite low, and competition is picking up. Our DCF (9.5% WACC, 2% terminal growth) yields a fair value of EUR4.10.

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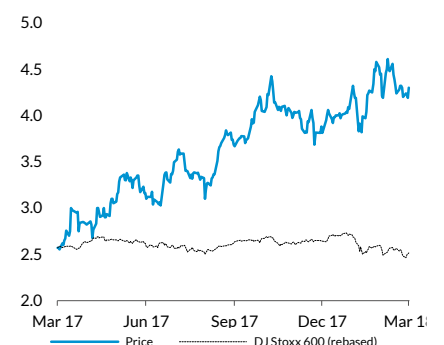
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#### Market data

Bloomberg: WIG1 GR	Reuters: WIGGk.DE
Market cap (EURm)	92
Free float	58%
No. of shares outstanding (m)	21
Avg. daily volume (EURm)	0.1
YTD abs performance	12.9%
52-week high/low (EUR)	4.61/2.55

FY to 31/12 (EUR)	12/18E	12/19E	12/20E
Sales (m)	67.9	79.2	87.9
EBITDA adj (m)	6.1	14.3	16.7
EBIT adj (m)	2.7	7.1	8.8
Net profit adj (m)	1.7	6.1	7.4
Net fin. debt (m)	2.2	-2.4	-11.5
FCF (m)	-15.3	4.6	9.2
EPS adj. and fully dil.	0.08	0.29	0.35
Consensus EPS	0.15	0.25	0.32
Net dividend	0.00	0.00	0.00

FY to 31/12 (EUR)	12/18E	12/19E	12/20E
P/E adj and ful. dil.	53.7	15.0	12.4
EV/EBITDA	15.5	6.3	4.8
EV/EBIT	34.9	12.7	9.2
FCF yield	-16.6%	4.9%	10.0%
Dividend yield	0.0%	0.0%	0.0%
Net fin.debt/EBITDA	0.4	-0.2	-0.7
Gearing	10.4%	-8.8%	-33.6%
ROIC	13.9%	22.3%	27.7%
EV/IC	4.1	3.6	3.5



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# Key financials

FY to 31/12 (EUR)	2013	2014	2015	2016	2017	2018E	2019E	2020E
<b>Income Statement (EURm)</b>								
Sales	na	na	60.0	50.8	55.7	67.9	79.2	87.9
% Change	na	na	na	-15.3%	9.6%	21.8%	16.7%	11.1%
EBITDA adjusted	na	na	0.5	-1.5	1.1	6.1	14.3	16.7
EBITDA margin (%)	na	na	0.9%	-2.9%	2.0%	9.0%	18.0%	19.0%
EBIT adjusted	na	na	-1.1	-3.6	0.5	2.7	7.1	8.8
EBIT margin (%)	na	na	-1.9%	-7.1%	0.9%	4.0%	9.0%	10.0%
Net financial items & associates	na	na	-0.5	-0.4	-0.2	-1.0	-1.0	-1.0
Others	na	na	0.0	0.0	0.0	0.0	0.0	0.0
Tax	na	na	0.2	0.2	-1.0	0.0	0.0	-0.4
Net profit from continuing operations	na	na	-1.4	-3.7	-0.7	1.7	6.1	7.4
Net profit from discontinuing activities	na	na	-0.1	-2.6	1.0	0.0	0.0	0.0
Net profit before minorities	na	na	-1.5	-6.4	0.3	1.7	6.1	7.4
Net profit reported	na	na	-1.5	-6.2	0.3	1.7	6.1	7.4
Net profit adjusted	na	na	-1.5	-6.2	0.3	1.7	6.1	7.4
<b>Cash Flow Statement (EURm)</b>								
Cash flow from operating activities	na	na	-0.8	-2.0	-7.4	2.7	11.6	14.0
Capex	na	na	-2.6	-1.9	-2.7	-18.0	-7.0	-4.8
Free cash flow	na	na	-3.5	-3.9	-10.0	-15.3	4.6	9.2
Acquisitions & Divestments	na	na	0.3	-1.1	6.6	0.0	0.0	0.0
Dividend paid	na	na	0.0	0.0	0.0	0.0	0.0	0.0
Others	na	na	1.6	6.8	11.8	0.0	0.0	0.0
Change in net financial debt	na	na	-1.6	1.8	8.4	-15.3	4.6	9.2
<b>Balance Sheet (EURm)</b>								
Intangible assets	na	na	2.0	4.4	1.1	1.6	2.1	2.5
Tangible assets	na	na	7.2	1.5	3.2	17.3	16.6	13.1
Financial & other non-current assets	na	na	1.3	1.1	0.7	0.7	0.7	0.7
Total shareholders' equity	na	na	4.0	7.5	19.2	20.9	27.0	34.4
Pension provisions	na	na	0.5	0.5	0.5	0.5	0.5	0.5
Liabilities and provisions	na	na	18.2	14.2	14.6	16.0	17.0	17.8
Net financial debt	na	na	2.9	-1.6	-13.1	2.2	-2.4	-11.5
Working capital requirement	na	na	-2.5	0.0	1.9	4.3	6.0	7.3
Invested Capital	na	na	6.6	5.9	6.1	23.2	24.7	23.0
<b>Per share data</b>								
EPS adjusted	na	na	-0.13	-0.41	0.01	0.08	0.29	0.35
EPS adj and fully diluted	na	na	-0.13	-0.41	0.01	0.08	0.29	0.35
% Change	na	na	na	-chg	+chg	449.3%	257.3%	20.9%
EPS reported	na	na	-0.13	-0.41	0.01	0.08	0.29	0.35
Cash flow per share	na	na	-0.07	-0.13	-0.38	0.13	0.54	0.65
Book value per share	na	na	0.33	0.50	0.98	0.97	1.26	1.61
Dividend per share	na	na	0.00	0.00	0.00	0.00	0.00	0.00
Number of shares, YE (m)	na	na	12.75	17.69	21.42	21.42	21.42	21.42
<b>Ratios</b>								
ROE (%)	na	na	na	-107.3%	2.1%	8.6%	25.6%	24.1%
ROIC (%)	na	na	na	-43.3%	6.3%	13.9%	22.3%	27.7%
Net fin. debt / EBITDA (x)	na	na	5.5	1.1	-11.6	0.4	-0.2	-0.7
Gearing (%)	na	na	71.9%	-21.4%	-68.6%	10.4%	-8.8%	-33.6%
<b>Valuation</b>								
P/E adjusted	na	na	na	na	na	53.7	15.0	12.4
P/E adjusted and fully diluted	na	na	na	na	na	53.7	15.0	12.4
P/BV	na	na	4.6	4.3	3.3	4.4	3.4	2.7
P/CF	na	na	na	na	na	34.3	8.0	6.6
Dividend yield (%)	na	na	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
FCF yield (%)	na	na	-17.7%	-10.3%	-14.7%	-16.6%	4.9%	10.0%
EV/Sales	na	na	0.4	0.7	1.0	1.4	1.1	0.9
EV/EBITDA	na	na	43.9	na	49.5	15.5	6.3	4.8
EV/EBIT	na	na	na	na	na	34.9	12.7	9.2

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Prices in this report are taken as of the previous day's close (to the date of this report) on the home market unless otherwise stated.

## Companies mentioned

Stock	ISIN	Currency	Price
Sporttotal	DE000A1EMG56	EUR	4.30

Source: Factset closing prices of 29/03/2018

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Name of the Research Analyst(s): Baptiste de Leudeville

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Hold	35%	37%
Reduce	17%	13%
Not Rated/Under Review/Accept Offer	2%	8%
Total	100%	100%

Source: KEPLER CHEUVREUX

A: % of all research recommendations

B: % of issuers to which material services of investment firms are supplied

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Company Name	Date	Business Line	Rating	Target Price	Closing Price
Sporttotal ()	06/06/2017 08:13	Equity Research	Hold	3.30	
Sporttotal (EUR)	13/02/2018 15:23	Equity Research	Hold	4.10	3.97

Credit research does not issue target prices. Left intentionally blank.

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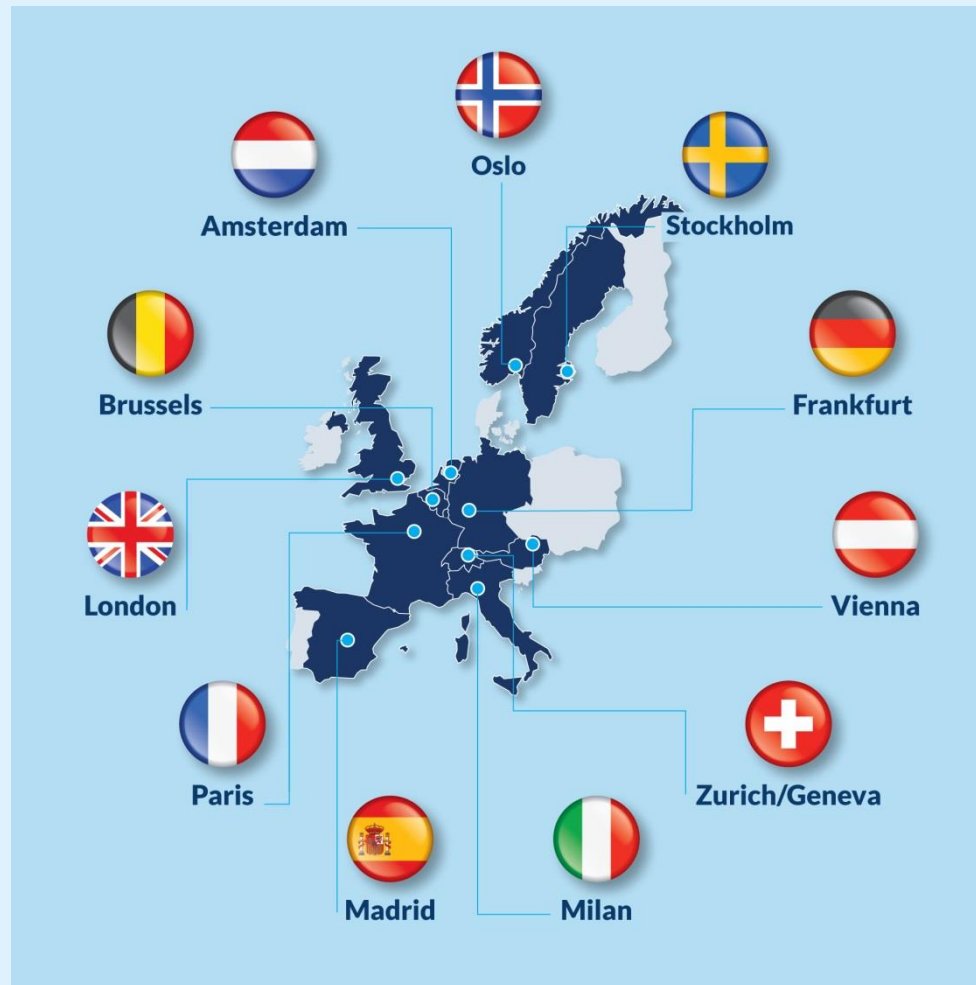
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