

# Media and Games Invest plc

## Germany - Others



HAUCK & AUFHÄUSER  
Investment Banking

14-September-21

**Hold** (old: Buy)

**Price target: EUR 6.10** (old: EUR 6.10)

<b>Price:</b>	EUR 5.67	<b>Next result:</b>	Q3 tbd
<b>Bloomberg:</b>	M8G GR	<b>Market cap:</b>	EUR 853.2 m
<b>Reuters:</b>	M8G.DE	<b>Enterprise Value:</b>	EUR 1,034.6 m

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### Factoring in Smaato – cutting rec. to HOLD on valuation; chg.

The Smaato deal has been closed as of Sept. 1<sup>st</sup> and thus ahead of schedule. Previously, expectations were for the deal to close on Oct. 1<sup>st</sup>. In the full year 2021E, Smaato is seen to generate € 39m sales and an adjusted EBITDA of € 13m, which includes € 1m of cost synergies. Of this we expect € 13m sales and € 4m EBITDA to show up in this year's group numbers, given consolidation from September.

Still, **MGI leaves its FY guidance unchanged**, expecting sales of € 234-254m and adj. EBITDA of € 65-70m, as it plans to close down its low-margin influencer- and manually-based performance marketing activities, which are seen to account for c. € 16m of sales this year. **Discontinuation looks sensible**, considering low profitability (zero to single digit EBITDA margins), little growth and lack of scalability. Discontinued revenues and costs associated with closing down this business should offset the extra month of consolidation of Smaato.

While we raise sales and EBIT estimates to account for Smaato (see next page), **the recommendation is cut to HOLD, as we model the deal to be value neutral**, leaving us with limited upside to the price target. Notably, we are less bullish on MGI's future sales and earnings growth potential than consensus (see next page), reflecting a more cautious stance on the Smaato deal, accounting and balance sheet quality. In detail:

- **The Smaato deal** - Smaato has been a shrinking business and restructuring case for the past few years (see [www.adexchanger.com/mobile/smaato-brings-on-fourth-ceo-in-a-year-and-lays-off-10-of-staff/](http://www.adexchanger.com/mobile/smaato-brings-on-fourth-ceo-in-a-year-and-lays-off-10-of-staff/)). For us, this raises concerns over the quality of Smaato's business model and makes us question MGI's bullish outlook for the target (e.g. MGI guides for Smaato's EBITDA to rise to € 21m in FY'22E i.e. +60% yoy).
- **Accounting** - MGI capitalizes c. € 20m of R&D per year, suggesting EBITDA is overstated by more than 40%, in our view. With related amortization seen at € 10m currently (eH&A), D&A is set to rise substantially over the coming years, presenting a headwind to EBIT margin expansion, in our view.
- **Balance sheet** - Gross debt of above € 350m (eH&A / end of FY'21E) should result in € 16m of interest expenses per year (eH&A), eating up 30% of EBIT in FY'22E. Also, intangibles are seen to surpass € 500m in FY'21E, accounting for more than 60% of Total Assets, and exceeding the € 300m group equity (eH&A). We would like to see MGI abstain from M&A in the near future and instead focus on integrating the targets and strengthening its balance sheet. *continued*

Y/E 31.12 (EUR m)	2017	2018	2019	2020	2021E	2022E	2023E
Sales	42.1	32.6	83.9	140.2	255.0	303.0	330.3
Sales growth	8 %	-22 %	157 %	67 %	82 %	19 %	9 %
EBITDA	7.0	8.6	15.5	26.5	64.0	84.5	96.1
EBIT	-2.0	2.3	5.0	11.0	35.9	49.0	58.6
Net income	-5.0	4.3	-0.3	3.1	13.7	23.1	29.9
Net debt	25.3	38.1	46.1	77.3	181.5	171.5	131.3
Net gearing	94.1 %	56.7 %	47.1 %	43.7 %	59.0 %	51.7 %	36.2 %
Net Debt/EBITDA	3.6	4.4	3.0	2.9	2.8	2.0	1.4
EPS pro forma	-0.05	0.05	0.00	0.04	0.17	0.22	0.27
CPS	0.00	0.03	0.12	0.19	0.23	0.33	0.39
Gross profit margin	64.5 %	64.1 %	55.6 %	50.3 %	56.2 %	57.0 %	57.5 %
EBITDA margin	16.7 %	26.5 %	18.5 %	18.9 %	25.1 %	27.9 %	29.1 %
EBIT margin	-4.9 %	7.1 %	6.0 %	7.9 %	14.1 %	16.2 %	17.7 %
ROCE	-3.5 %	1.7 %	3.2 %	4.2 %	7.5 %	9.4 %	8.0 %
EV/sales	12.9	17.0	6.7	4.4	4.1	3.4	3.0
EV/EBITDA	77.2	64.3	36.3	23.4	16.2	12.1	10.2
EV/EBIT	-265.3	238.7	52.2	37.6	25.0	20.9	16.8
PER	-103.9	119.7	-1,597.4	159.3	32.7	25.4	21.1
Adjusted FCF yield	0.7 %	0.8 %	1.9 %	2.9 %	4.8 %	6.4 %	7.6 %

Source: Company data, Hauck & Aufhäuser Close price as of: 13.09.2021



Source: Company data, Hauck & Aufhäuser

**High/low 52 weeks:** 6.26 / 1.27

**Price/Book Ratio:** 2.9

**Relative performance (TecDAX):**

3 months 17.4 %

6 months 50.4 %

12 months 319.4 %

### Changes in estimates

		Sales	EBIT	EPS
2021	<b>old:</b>	236.0	34.0	0.20
	Δ	8.1%	5.6%	-14.0%
2022	<b>old:</b>	266.7	44.3	0.24
	Δ	13.6%	10.7%	-5.6%
2023	<b>old:</b>	292.0	52.7	0.28
	Δ	13.1%	11.2%	-2.9%

### Key share data:

Number of shares: (in m pcs)	139.27
Authorised capital: (in € m)	-
Book value per share: (in €)	2.1
Ø trading volume: (12 months)	135,000

### Major shareholders:

Free Float	57.0 %
Bodhivas GmbH	28.0 %
Oaktree	9.0 %
Janus Henderson	6.0 %

### Company description:

Holding company pursuing a buy and build strategy in media and gaming

## Media and Games Invest plc

Against this backdrop, **the recommendation is cut to HOLD** with an unchanged PT of € 6.10, based on DCF (20% TY EBIT margin, 2.5% TY growth, 7.5% WACC).

**Action:** we adjust our model to incorporate the take-over of Smaato, assuming annualised € 39m sales / 13m EBITDA in FY'21E, which includes € 1m of cost synergies. Cash out should amount to € 140m. We also model € 5m of PPA per year, which together with higher assumptions for interest expenses explain the reduction in EPS estimates. **The Smaato deal is seen to be value-neutral** with a cash flow return on the EV of 9% post synergies 2021E.

Consensus-Overview	2021E	2022E	2023E
<b>Sales (eCons)</b>	<b>236</b>	<b>303</b>	<b>362</b>
yoy in %	68.3%	28.4%	19.5%
<b>Sales (eH&amp;A)</b>	<b>255</b>	<b>303</b>	<b>330</b>
yoy in %	81.9%	18.8%	9.0%
<i>delta H&amp;A estimates (%)</i>	<i>-7%</i>	<i>0%</i>	<i>10%</i>
<b>EBITDA (eCons)</b>	<b>64.0</b>	<b>86.0</b>	<b>108.0</b>
margin in %	27.1%	28.4%	29.8%
<b>EBITDA (eH&amp;A)</b>	<b>64.0</b>	<b>84.5</b>	<b>96.1</b>
margin in %	25.1%	27.9%	29.1%
<i>delta H&amp;A estimates (%)</i>	<i>0%</i>	<i>2%</i>	<i>12%</i>
<b>EBIT (eCons)</b>	<b>36.0</b>	<b>55.0</b>	<b>72.0</b>
margin in %		18.2%	19.9%
<b>EBIT (eH&amp;A)</b>	<b>35.9</b>	<b>49.0</b>	<b>58.6</b>
margin in %		16.2%	17.7%
<i>delta H&amp;A estimates (%)</i>	<i>0%</i>	<i>12%</i>	<i>23%</i>

Source: Market Map, H&A estimates

## Financials

Profit and loss (EUR m)	2017	2018	2019	2020	2021E	2022E	2023E
<b>Net sales</b>	<b>42.1</b>	<b>32.6</b>	<b>83.9</b>	<b>140.2</b>	<b>255.0</b>	<b>303.0</b>	<b>330.3</b>
<i>Sales growth</i>	8.0 %	-22.5 %	157.2 %	67.1 %	81.9 %	18.8 %	9.0 %
Increase/decrease in finished goods and work-in-process	3.6	2.8	10.2	16.0	21.7	22.7	23.1
<b>Total sales</b>	<b>45.7</b>	<b>35.4</b>	<b>94.1</b>	<b>156.2</b>	<b>276.7</b>	<b>325.7</b>	<b>353.4</b>
Other operating income	2.4	6.5	4.6	6.3	7.7	9.1	9.9
Material expenses	16.2	12.7	41.8	77.6	121.1	140.0	150.3
Personnel expenses	13.9	10.4	27.4	39.6	65.3	71.5	76.0
Other operating expenses	10.9	10.1	14.0	18.7	33.9	38.8	41.0
Total operating expenses	38.6	26.8	78.5	129.7	212.7	241.2	257.3
<b>EBITDA</b>	<b>7.0</b>	<b>8.6</b>	<b>15.5</b>	<b>26.5</b>	<b>64.0</b>	<b>84.5</b>	<b>96.1</b>
Depreciation	0.7	6.3	2.8	3.7	3.8	4.0	4.0
<b>EBITA</b>	<b>6.3</b>	<b>2.3</b>	<b>12.7</b>	<b>22.9</b>	<b>60.2</b>	<b>80.5</b>	<b>92.1</b>
Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	8.4	0.0	7.7	11.8	24.3	31.5	33.5
Impairment charges	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>EBIT (inc revaluation net)</b>	<b>-2.0</b>	<b>2.3</b>	<b>5.0</b>	<b>11.0</b>	<b>35.9</b>	<b>49.0</b>	<b>58.6</b>
Interest income	0.1	0.1	0.1	0.0	0.1	0.2	0.2
Interest expenses	2.4	1.7	5.8	0.0	15.9	15.9	15.9
Other financial result	1.3	0.0	0.0	0.0	0.0	0.0	0.0
Financial result	-3.6	-1.6	-5.8	-7.1	-15.8	-15.7	-15.7
<b>Recurring pretax income from continuing operations</b>	<b>-5.7</b>	<b>0.7</b>	<b>-0.8</b>	<b>3.9</b>	<b>20.1</b>	<b>33.4</b>	<b>43.0</b>
Extraordinary income/loss	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Earnings before taxes</b>	<b>-5.7</b>	<b>0.7</b>	<b>-0.8</b>	<b>3.9</b>	<b>20.1</b>	<b>33.4</b>	<b>43.0</b>
Taxes	-0.7	-0.9	-2.0	1.2	5.6	9.3	12.0
<b>Net income from continuing operations</b>	<b>-5.0</b>	<b>1.6</b>	<b>1.3</b>	<b>2.7</b>	<b>14.5</b>	<b>24.0</b>	<b>30.9</b>
Result from discontinued operations (net of tax)	0.0	-3.7	0.0	0.0	0.0	0.0	0.0
<b>Net income</b>	<b>-5.0</b>	<b>5.3</b>	<b>1.3</b>	<b>2.7</b>	<b>14.5</b>	<b>24.0</b>	<b>30.9</b>
Minority interest	0.0	0.9	1.6	-0.4	0.8	0.9	1.0
<b>Net profit (reported)</b>	<b>-5.0</b>	<b>4.3</b>	<b>-0.3</b>	<b>3.1</b>	<b>13.7</b>	<b>23.1</b>	<b>29.9</b>
Average number of shares	90.8	90.8	90.8	85.5	139.2	149.7	149.7
<b>EPS reported</b>	<b>-0.05</b>	<b>0.05</b>	<b>0.00</b>	<b>0.04</b>	<b>0.10</b>	<b>0.15</b>	<b>0.20</b>

Profit and loss (common size)	2017	2018	2019	2020	2021E	2022E	2023E
<b>Net sales</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>
Increase/decrease in finished goods and work-in-process	8.5 %	8.6 %	12.1 %	11.4 %	8.5 %	7.5 %	7.0 %
<b>Total sales</b>	<b>108.5 %</b>	<b>108.6 %</b>	<b>112.1 %</b>	<b>111.4 %</b>	<b>108.5 %</b>	<b>107.5 %</b>	<b>107.0 %</b>
Other operating income	5.6 %	19.9 %	5.5 %	4.5 %	3.0 %	3.0 %	3.0 %
Material expenses	38.6 %	38.9 %	49.8 %	55.4 %	47.5 %	46.2 %	45.5 %
Personnel expenses	33.1 %	32.0 %	32.6 %	28.2 %	25.6 %	23.6 %	23.0 %
Other operating expenses	25.8 %	31.1 %	16.7 %	13.4 %	13.3 %	12.8 %	12.4 %
Total operating expenses	91.8 %	82.1 %	93.6 %	92.5 %	83.4 %	79.6 %	77.9 %
<b>EBITDA</b>	<b>16.7 %</b>	<b>26.5 %</b>	<b>18.5 %</b>	<b>18.9 %</b>	<b>25.1 %</b>	<b>27.9 %</b>	<b>29.1 %</b>
Depreciation	1.7 %	19.4 %	3.3 %	2.6 %	1.5 %	1.3 %	1.2 %
<b>EBITA</b>	<b>15.0 %</b>	<b>7.1 %</b>	<b>15.2 %</b>	<b>16.3 %</b>	<b>23.6 %</b>	<b>26.6 %</b>	<b>27.9 %</b>
Amortisation of goodwill	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Amortisation of intangible assets	19.8 %	0.0 %	9.2 %	8.4 %	9.5 %	10.4 %	10.1 %
Impairment charges	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
<b>EBIT (inc revaluation net)</b>	<b>neg.</b>	<b>7.1 %</b>	<b>6.0 %</b>	<b>7.9 %</b>	<b>14.1 %</b>	<b>16.2 %</b>	<b>17.7 %</b>
Interest income	0.1 %	0.3 %	0.1 %	0.0 %	0.0 %	0.1 %	0.1 %
Interest expenses	5.6 %	5.3 %	7.0 %	0.0 %	6.2 %	5.2 %	4.8 %
Other financial result	3.1 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Financial result	neg.	neg.	neg.	neg.	neg.	neg.	neg.
<b>Recurring pretax income from continuing operations</b>	<b>neg.</b>	<b>2.1 %</b>	<b>neg.</b>	<b>2.8 %</b>	<b>7.9 %</b>	<b>11.0 %</b>	<b>13.0 %</b>
Extraordinary income/loss	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
<b>Earnings before taxes</b>	<b>neg.</b>	<b>2.1 %</b>	<b>neg.</b>	<b>2.8 %</b>	<b>7.9 %</b>	<b>11.0 %</b>	<b>13.0 %</b>
Tax rate	11.9 %	-130.3 %	265.1 %	30.6 %	28.0 %	28.0 %	28.0 %
<b>Net income from continuing operations</b>	<b>neg.</b>	<b>4.8 %</b>	<b>1.5 %</b>	<b>1.9 %</b>	<b>5.7 %</b>	<b>7.9 %</b>	<b>9.4 %</b>
Income from discontinued operations (net of tax)	0.0 %	-11.3 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
<b>Net income</b>	<b>neg.</b>	<b>16.1 %</b>	<b>1.5 %</b>	<b>1.9 %</b>	<b>5.7 %</b>	<b>7.9 %</b>	<b>9.4 %</b>
Minority interest	neg.	2.9 %	1.9 %	neg.	0.3 %	0.3 %	0.3 %
<b>Net profit (reported)</b>	<b>neg.</b>	<b>13.3 %</b>	<b>neg.</b>	<b>2.2 %</b>	<b>5.4 %</b>	<b>7.6 %</b>	<b>9.1 %</b>

Source: Company data, Hauck & Aufhäuser

# Media and Games Invest plc

Balance sheet (EUR m)	2017	2018	2019	2020	2021E	2022E	2023E
<b>Intangible assets</b>	<b>47.5</b>	<b>204.1</b>	<b>233.2</b>	<b>272.8</b>	<b>502.5</b>	<b>516.2</b>	<b>506.8</b>
Property, plant and equipment	1.7	4.2	3.5	1.7	0.7	-0.2	-0.9
Financial assets	0.5	5.4	8.6	3.2	3.2	3.2	3.2
<b>FIXED ASSETS</b>	<b>49.6</b>	<b>213.7</b>	<b>245.4</b>	<b>277.7</b>	<b>506.4</b>	<b>519.2</b>	<b>509.1</b>
Inventories	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Accounts receivable	4.9	5.4	17.0	37.0	62.9	74.7	81.4
Other current assets	4.1	6.4	5.8	9.1	9.1	9.1	9.1
Liquid assets	1.0	4.4	33.0	46.3	196.7	206.7	246.9
Deferred taxes	7.1	6.4	11.2	15.7	15.7	15.7	15.7
Deferred charges and prepaid expenses	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>CURRENT ASSETS</b>	<b>17.2</b>	<b>22.6</b>	<b>67.1</b>	<b>108.1</b>	<b>284.4</b>	<b>306.3</b>	<b>353.2</b>
<b>TOTAL ASSETS</b>	<b>66.8</b>	<b>236.3</b>	<b>312.4</b>	<b>385.8</b>	<b>790.8</b>	<b>825.4</b>	<b>862.3</b>
SHAREHOLDERS EQUITY	26.8	67.2	98.1	176.8	307.8	331.4	362.3
MINORITY INTEREST	-0.1	91.3	70.5	0.1	0.1	0.1	0.1
Long-term debt	19.3	42.6	79.1	123.5	378.2	378.2	378.2
Provisions for pensions and similar obligations	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other provisions	3.0	7.0	12.6	17.3	17.3	17.3	17.3
<b>Non-current liabilities</b>	<b>22.3</b>	<b>49.6</b>	<b>91.7</b>	<b>140.8</b>	<b>395.4</b>	<b>395.4</b>	<b>395.4</b>
short-term liabilities to banks	7.0	0.0	0.0	0.0	0.0	0.0	0.0
Accounts payable	7.2	9.4	20.3	30.0	55.9	66.4	72.4
Advance payments received on orders	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other liabilities (incl. from lease and rental contracts)	3.4	4.4	14.9	14.4	14.4	14.4	14.4
Deferred taxes	0.2	14.4	17.0	23.8	17.3	17.7	17.7
Deferred income	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Current liabilities</b>	<b>17.7</b>	<b>28.2</b>	<b>52.2</b>	<b>68.2</b>	<b>87.6</b>	<b>98.5</b>	<b>104.5</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS EQUITY</b>	<b>66.8</b>	<b>236.3</b>	<b>312.4</b>	<b>385.8</b>	<b>790.8</b>	<b>825.4</b>	<b>862.3</b>

Balance sheet (common size)	2017	2018	2019	2020	2021E	2022E	2023E
<b>Intangible assets</b>	<b>71.1 %</b>	<b>86.4 %</b>	<b>74.6 %</b>	<b>70.7 %</b>	<b>63.5 %</b>	<b>62.5 %</b>	<b>58.8 %</b>
Property, plant and equipment	2.5 %	1.8 %	1.1 %	0.5 %	0.1 %	neg.	neg.
Financial assets	0.7 %	2.3 %	2.8 %	0.8 %	0.4 %	0.4 %	0.4 %
<b>FIXED ASSETS</b>	<b>74.3 %</b>	<b>90.4 %</b>	<b>78.5 %</b>	<b>72.0 %</b>	<b>64.0 %</b>	<b>62.9 %</b>	<b>59.0 %</b>
Inventories	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Accounts receivable	7.3 %	2.3 %	5.5 %	9.6 %	8.0 %	9.1 %	9.4 %
Other current assets	6.2 %	2.7 %	1.9 %	2.4 %	1.2 %	1.1 %	1.1 %
Liquid assets	1.5 %	1.9 %	10.6 %	12.0 %	24.9 %	25.0 %	28.6 %
Deferred taxes	10.7 %	2.7 %	3.6 %	4.1 %	2.0 %	1.9 %	1.8 %
Deferred charges and prepaid expenses	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
<b>CURRENT ASSETS</b>	<b>25.7 %</b>	<b>9.6 %</b>	<b>21.5 %</b>	<b>28.0 %</b>	<b>36.0 %</b>	<b>37.1 %</b>	<b>41.0 %</b>
<b>TOTAL ASSETS</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>
SHAREHOLDERS EQUITY	40.2 %	28.4 %	31.4 %	45.8 %	38.9 %	40.2 %	42.0 %
MINORITY INTEREST	neg.	38.6 %	22.6 %	0.0 %	0.0 %	0.0 %	0.0 %
Long-term debt	28.9 %	18.0 %	25.3 %	32.0 %	47.8 %	45.8 %	43.9 %
Provisions for pensions and similar obligations	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Other provisions	4.5 %	3.0 %	4.0 %	4.5 %	2.2 %	2.1 %	2.0 %
<b>Non-current liabilities</b>	<b>33.4 %</b>	<b>21.0 %</b>	<b>29.4 %</b>	<b>36.5 %</b>	<b>50.0 %</b>	<b>47.9 %</b>	<b>45.9 %</b>
short-term liabilities to banks	10.4 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Accounts payable	10.8 %	4.0 %	6.5 %	7.8 %	7.1 %	8.0 %	8.4 %
Advance payments received on orders	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Other liabilities (incl. from lease and rental contracts)	5.0 %	1.8 %	4.8 %	3.7 %	1.8 %	1.7 %	1.7 %
Deferred taxes	0.3 %	6.1 %	5.4 %	6.2 %	2.2 %	2.1 %	2.1 %
Deferred income	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
<b>Current liabilities</b>	<b>26.6 %</b>	<b>11.9 %</b>	<b>16.7 %</b>	<b>17.7 %</b>	<b>11.1 %</b>	<b>11.9 %</b>	<b>12.1 %</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS EQUITY</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>

Source: Company data, Hauck & Aufhäuser

# Media and Games Invest plc

Cash flow statement (EUR m)	2017	2018	2019	2020	2021E	2022E	2023E
Net profit/loss	-5.0	5.3	1.3	2.7	14.5	24.0	30.9
Depreciation of fixed assets (incl. leases)	0.7	6.3	10.5	15.5	3.8	4.0	4.0
Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	8.4	0.0	0.0	0.0	24.3	31.5	33.5
Others	0.7	1.6	-0.3	11.5	0.0	0.0	0.0
Cash flow from operations before changes in w/c	4.8	13.2	11.5	29.7	42.6	59.5	68.4
Increase/decrease in inventory	0.0	-11.0	0.0	0.0	0.0	0.0	0.0
Increase/decrease in accounts receivable	0.6	-8.1	0.8	-4.3	-25.9	-11.8	-6.7
Increase/decrease in accounts payable	-1.6	12.9	3.9	-0.2	25.9	10.5	6.0
Increase/decrease in other working capital positions	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Increase/decrease in working capital	-1.0	-6.2	4.7	-4.5	0.0	-1.3	-0.7
<b>Cash flow from operating activities</b>	<b>3.8</b>	<b>6.9</b>	<b>16.2</b>	<b>25.2</b>	<b>42.6</b>	<b>58.2</b>	<b>67.7</b>
CAPEX	7.3	10.7	12.6	19.1	25.8	27.3	27.4
Payments for acquisitions	2.2	3.9	0.5	18.6	231.0	21.0	0.0
Financial investments	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Income from asset disposals	0.7	0.5	0.0	0.0	0.0	0.0	0.0
<b>Cash flow from investing activities</b>	<b>-8.7</b>	<b>-14.1</b>	<b>-13.1</b>	<b>-37.7</b>	<b>-256.8</b>	<b>-48.3</b>	<b>-27.4</b>
Cash flow before financing	-4.9	-7.2	3.1	-12.5	-214.2	9.9	40.3
Increase/decrease in debt position	0.0	9.8	26.7	26.3	254.6	0.0	0.0
Purchase of own shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Capital measures	0.0	3.8	8.8	26.9	110.0	0.0	0.0
Dividends paid	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Others	-0.8	-2.5	-10.1	-27.4	0.0	0.0	0.0
Effects of exchange rate changes on cash	0.0	0.1	0.0	0.0	0.0	0.0	0.0
<b>Cash flow from financing activities</b>	<b>-0.9</b>	<b>11.1</b>	<b>25.4</b>	<b>25.8</b>	<b>364.6</b>	<b>0.0</b>	<b>0.0</b>
Increase/decrease in liquid assets	-5.8	4.0	28.5	13.3	150.5	9.9	40.3
<b>Liquid assets at end of period</b>	<b>3.9</b>	<b>4.4</b>	<b>33.0</b>	<b>46.3</b>	<b>196.7</b>	<b>206.7</b>	<b>246.9</b>

Source: Company data, Hauck & Aufhäuser

Regional split (EUR m)	2017	2018	2019	2020	2021E	2022E	2023E
Domestic	n/a	n/a	n/a	n/a	n/a	n/a	n/a
yoy change	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Rest of Europe	21.0	16.3	41.9	70.1	127.5	151.5	165.1
yoy change	8.0 %	-22.5 %	157.2 %	67.1 %	81.9 %	18.8 %	9.0 %
NAFTA	21.0	16.3	41.9	70.1	140.3	166.7	181.6
yoy change	8.0 %	-22.5 %	157.2 %	67.1 %	100.0 %	18.8 %	9.0 %
Asia Pacific	n/a	n/a	n/a	n/a	n/a	n/a	n/a
yoy change	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Rest of world	n/a	n/a	n/a	n/a	n/a	n/a	n/a
yoy change	n/a	n/a	n/a	n/a	n/a	n/a	n/a
<b>TTL</b>	<b>42.1</b>	<b>32.6</b>	<b>83.9</b>	<b>140.2</b>	<b>255.0</b>	<b>303.0</b>	<b>330.3</b>
yoy change	8.0 %	-22.5 %	157.2 %	67.1 %	81.9 %	18.8 %	9.0 %

Source: Company data, Hauck & Aufhäuser

# Media and Games Invest plc

Key ratios (EUR m)	2017	2018	2019	2020	2021E	2022E	2023E
<b>P&amp;L growth analysis</b>							
-	8.0 %	-22.5 %	157.2 %	67.1 %	81.9 %	18.8 %	9.0 %
EBITDA growth	166.8 %	227.9 %	120.9 %	207.1 %	311.8 %	218.4 %	50.2 %
EBIT growth	-77.7 %	-125.4 %	-344.3 %	374.3 %	618.2 %	344.1 %	63.2 %
EPS growth	-45.4 %	-147.4 %	-93.5 %	-24.8 %	-	331.3 %	102.7 %
<b>Efficiency</b>							
Total operating costs / sales	91.8 %	82.1 %	93.6 %	92.5 %	83.4 %	79.6 %	77.9 %
Sales per employee	116.6	95.4	235.8	400.9	714.8	836.9	1,820.0
EBITDA per employee	19.5	25.3	43.7	75.9	179.4	233.5	529.6
<b>Balance sheet analysis</b>							
Avg. working capital / sales	neg.	neg.	neg.	1.1 %	0.7 %	2.5 %	2.4 %
Inventory turnover (sales/inventory)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Trade debtors in days of sales	42.4	60.6	74.2	96.3	90.0	90.0	90.0
A/P turnover [(A/P*365)/sales]	62.6	104.8	88.2	78.2	80.0	80.0	80.0
Cash conversion cycle (days)	n/a	n/a	n/a	n/a	n/a	n/a	n/a
<b>Cash flow analysis</b>							
Free cash flow	-3.5	-3.7	3.6	6.1	16.8	30.9	40.3
Free cash flow/sales	-8.3 %	-11.5 %	4.3 %	4.4 %	6.6 %	10.2 %	12.2 %
FCF / net profit	neg.	neg.	neg.	199.5 %	122.5 %	133.9 %	134.5 %
Capex / deprn	80.4 %	169.1 %	119.6 %	123.2 %	91.7 %	76.8 %	73.1 %
Capex / maintenance capex	9.2 %	0.0 %	17.7 %	22.9 %	35.1 %	35.6 %	36.7 %
Capex / sales	n/a	n/a	n/a	n/a	n/a	n/a	n/a
<b>Security</b>							
Net debt	25.3	38.1	46.1	77.3	181.5	171.5	131.3
Net Debt/EBITDA	3.6	4.4	3.0	2.9	2.8	2.0	1.4
Net debt / equity	0.9	0.6	0.5	0.4	0.6	0.5	0.4
Interest cover	0.0	1.3	0.9	999.0	2.3	3.1	3.7
Dividend payout ratio	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
<b>Asset utilisation</b>							
Capital employed turnover	0.8	0.2	0.3	0.4	0.4	0.4	0.4
Operating assets turnover	-65.8	135.4	285.4	16.1	33.0	37.5	40.6
Plant turnover	24.9	7.8	23.8	80.5	341.4	-1,358.7	-358.9
Inventory turnover (sales/inventory)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Returns</b>							
ROCE	-3.5 %	1.7 %	3.2 %	4.2 %	7.5 %	9.4 %	8.0 %
ROE	-18.6 %	6.4 %	-0.3 %	1.7 %	4.5 %	7.0 %	8.3 %
<b>Other</b>							
Interest paid / avg. debt	9.0 %	5.0 %	11.1 %	0.0 %	6.9 %	6.3 %	4.2 %
No. employees (average)	361	342	356	350	357	362	181
Number of shares	90.8	90.8	90.8	85.5	139.2	149.7	149.7
DPS	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EPS reported	-0.05	0.05	0.00	0.04	0.10	0.15	0.20
<b>Valuation ratios</b>							
P/BV	19.3	7.7	5.3	3.1	2.8	2.6	2.4
EV/sales	12.9	17.0	6.7	4.4	4.1	3.4	3.0
EV/EBITDA	77.2	64.3	36.3	23.4	16.2	12.1	10.2
EV/EBITA	86.1	238.7	44.2	27.2	17.2	12.7	10.7
EV/EBIT	-265.3	238.7	52.2	37.6	25.0	20.9	16.8
EV/FCF	-155.0	-148.6	157.1	101.9	61.5	33.1	24.4
Adjusted FCF yield	0.7 %	0.8 %	1.9 %	2.9 %	4.8 %	6.4 %	7.6 %
Dividend yield	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %

Source: Company data, Hauck & Aufhäuser

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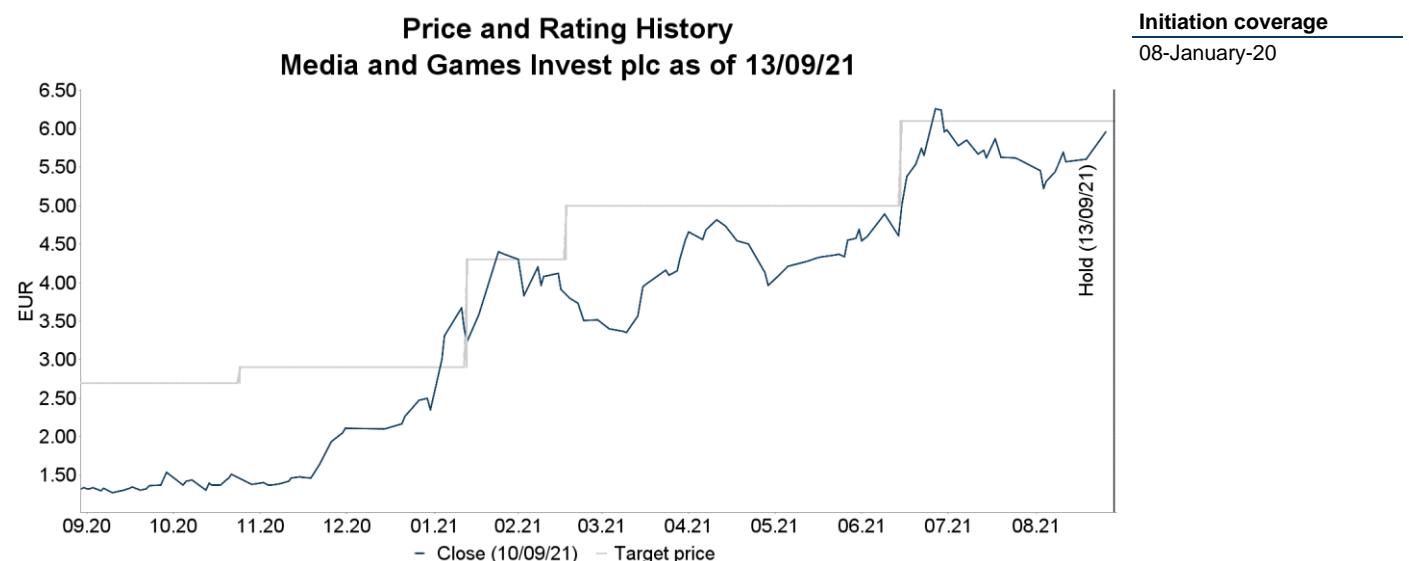
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Company	Disclosure
Media and Games Invest plc	2, 6, 8

**Historical target price and rating changes for Media and Games Invest plc in the last 12 months**



Company	Date	Analyst	Rating	Target price	Close
Media and Games Invest plc	05.07.2021	Wunderlich, CFA, Tim	Buy	EUR 6,10	EUR 5,54
	05.03.2021	Wunderlich, CFA, Tim	Buy	EUR 5,00	EUR 3,80
	29.01.2021	Wunderlich, CFA, Tim	Buy	EUR 4,30	EUR 3,24
	10.11.2020	Wunderlich, CFA, Tim	Buy	EUR 2,90	EUR 1,51

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