

# Media and Games Invest plc

## Germany - Others



HAUCK & AUFHÄUSER  
Investment Banking

01-December-21

**Hold** (old: Hold)

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

**Price:** EUR 4.84      **Next result:** Q4 tbd  
**Bloomberg:** M8G GR      **Market cap:** EUR 853.2 m  
**Reuters:** M8G.DE      **Enterprise Value:** EUR 1,034.6 m

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Source: Company data, Hauck & Aufhäuser

### A closer look at Q3: food for thought

**Q3'21 headline figures look sound**, are in line with expectations and indicate that the high-end of the FY'21E guidance (€ 234-254m sales / € 65-70m adj. EBITDA) is in play. However, a detailed look and channel checks **reveal some unfavourable developments**, in our view, which to us suggest that the street may **overestimate achievable organic top-line and EPS growth in FY'22E**.

First, **top-line growth hardly translates into EPS growth**. This is because MGI raised a large amount of debt and equity to acquire revenues and earnings through M&A (e.g. Kingsisle, Smaato).

Indeed, **the financial result deteriorated to € -6m in Q3'21 versus € -2m in Q3'20**, reflecting an increase in net debt to € 173m from € 76m a year earlier. At the same time, the share count climbed to 139m from 73m last year. As a result, **EPS have stayed more or less flat at € 0.02 per quarter since Q4'20**, while quarterly revenues have risen from € 49m to € 63m in the same timeframe.

Second, **FCF looks muted and rather benefits bond holders than equity investors** (eH&A). This is due to MGI capitalizing large amounts of R&D (€ 16m as of 9M'21 / 36% of EBITDA), which overstates EBITDA and shows up as (maintenance) capex in the cash flow statement. It also reflects high interest payments to bond holders and banks.

**Here is our math on Free Cash Flow**. Operating cash flow came in at € 34m for the first nine months of 2021. Deducting € 21m of maintenance capex (=D&A less PPA) **leaves us with € 13m of FCF**. The financial result, meanwhile, came in at € -13m in 9M'21. Assuming that 90% of the financial result is cash out (as was the case in 2020), payments to debt holders consume almost the entire free cash flow. As such, **FCF to Equity was close to zero as of 9M'21** (eH&A), while headline EBITDA was € 44m.

Third, **organic growth in the Gaming segment looks set to hit a brick wall**, in our view. Two reasons: (I) Surprisingly, **MGI will lose the publishing rights to the game Archeage** at the beginning of December, as revealed by internet sources (no disclosure by MGI so far). It seems to have been a bigger game for MGI, judging by the user numbers on steamcharts.com. This comes on top of four games it terminated this year. (II) Steamcharts also reveals that **user numbers for most of MGI's games are down substantially yoy** (see next page), suggesting COVID tailwinds have long faded.

Against this backdrop, and considering the muted balance sheet quality and governance concerns (e.g. Maltese auditor and domicile), we are less enthusiastic about MGI than consensus. **Reiterate Hold**. *Continued on the next two pages.*

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: 30.11.2021

**High/low 52 weeks:** 6.26 / 1.47  
**Price/Book Ratio:** 2.4  
**Relative performance (TecDAX):**  
3 months -11.2 %  
6 months 0.9 %  
12 months 204.6 %

#### Changes in estimates

		Sales	EBIT	EPS
2021	old:	255.0	35.9	0.17
	Δ	-	-	-
2022	old:	303.0	49.0	0.22
	Δ	-	-	-
2023	old:	330.3	58.6	0.27
	Δ	-	-	-

#### Key share data:

Number of shares: (in m pcs) 139.2  
Authorised capital: (in € m) -  
Book value per share: (in €) 2.1  
Ø trading volume: (12 months) 135,000

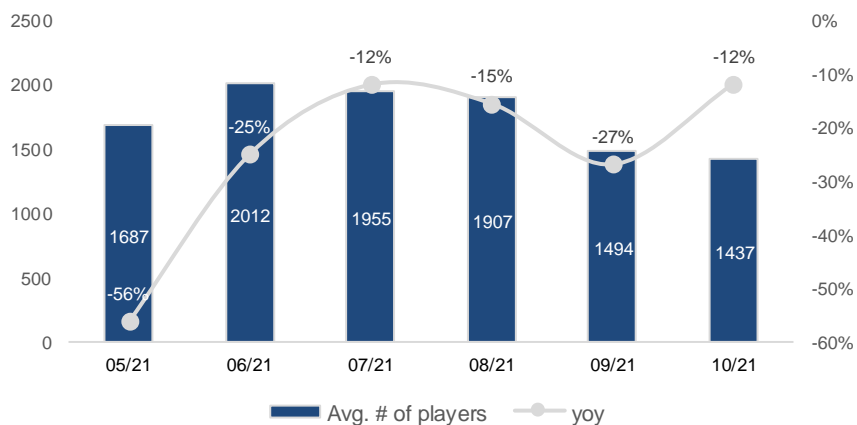
#### Major shareholders:

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

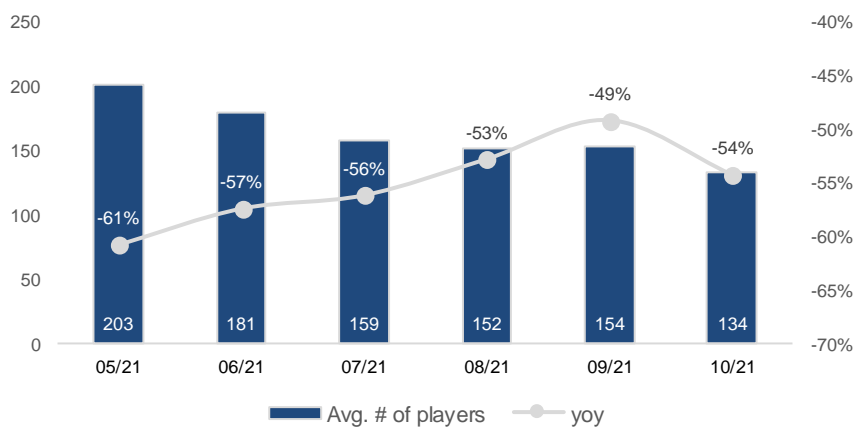
#### Company description:

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

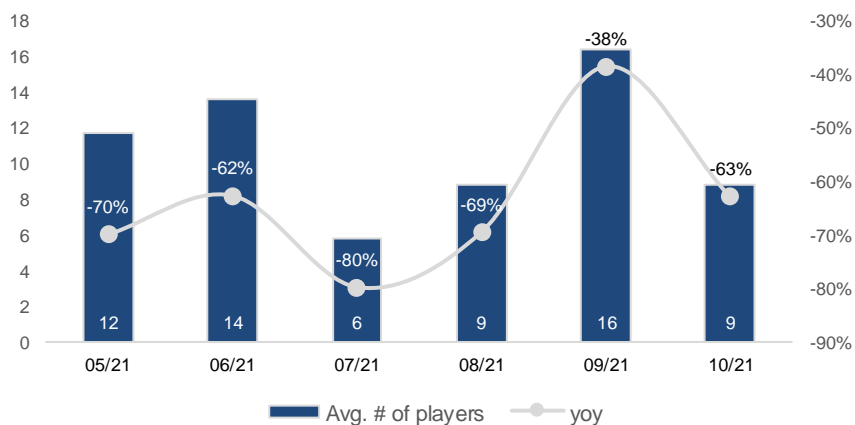
## Trove: average players down 12% yoy in October 2021



## Aura Kingdom: average players down 54% yoy in October 2021

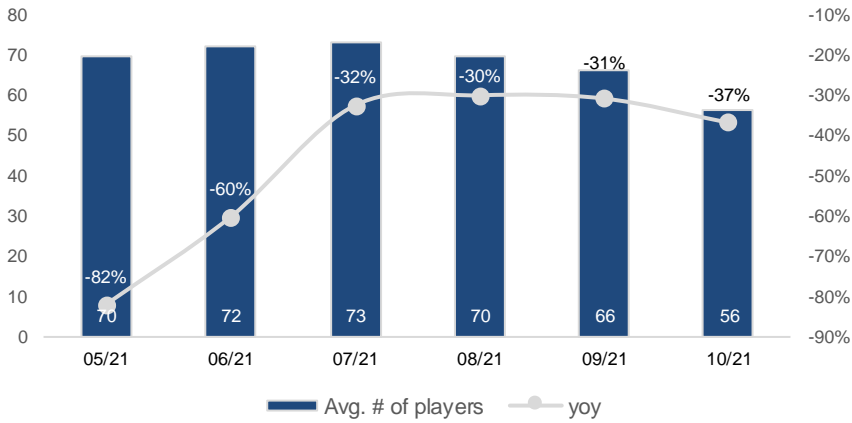


## Fiesta Online: average players down 63% yoy in October 2021

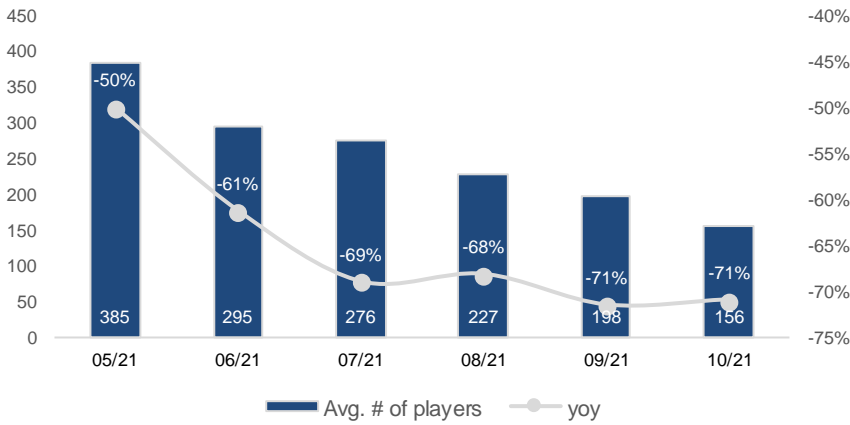


Source for all graphs: steamcharts.com

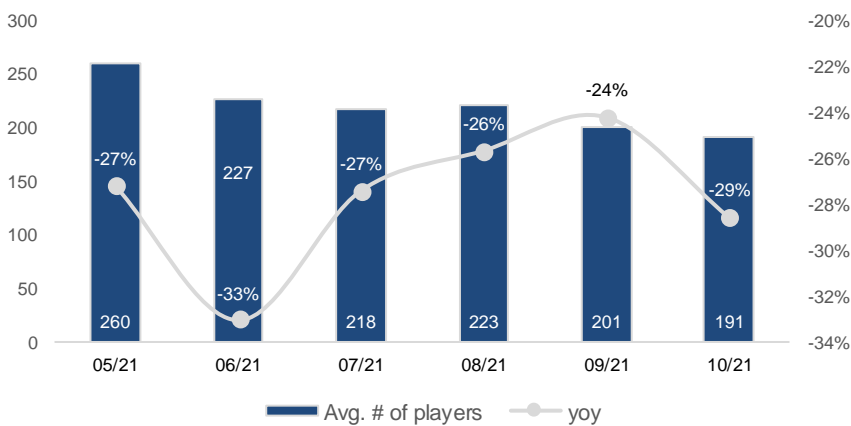
## Archeage: average players down 37% yoy in October 2021



## Archeage Unchained: average players down 71% yoy in October 2021



## RIFT: average players down 29% yoy in October 2021



Source for all graphs: steamcharts.com

**MGI / gamigo to lose publishing rights early December 2021**

## 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

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

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>							
Sales growth	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 / depre	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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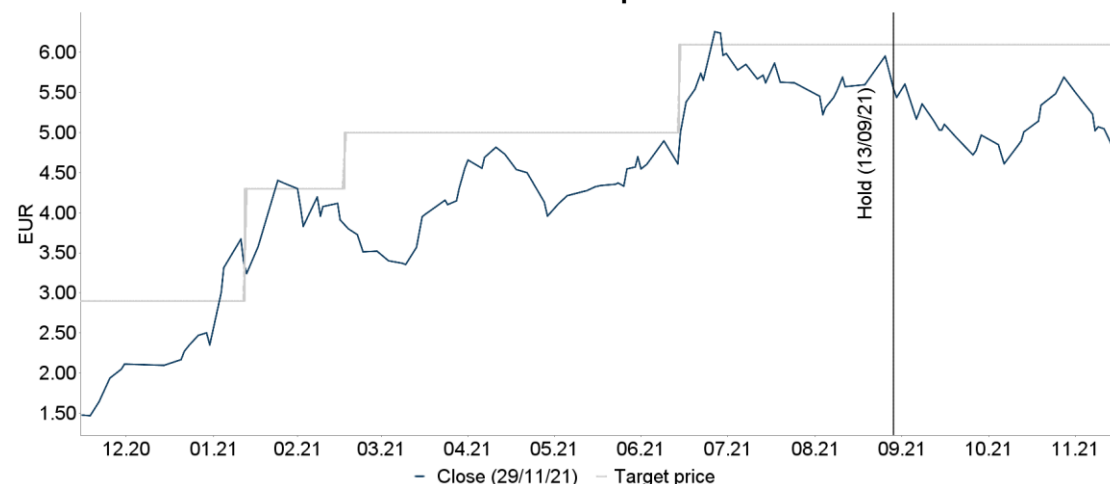
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Company	Disclosure
Media and Games Invest plc	2, 6, 8

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

**Price and Rating History**  
Media and Games Invest plc as of 30/11/21 Initiation coverage  
08-January-20



Company	Date	Analyst	Rating	Target price	Close
Media and Games Invest plc	14.09.2021	Wunderlich, CFA, Tim	Hold	EUR 6,10	EUR 5,44
	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



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