



Wige Media AG

Buy → | Target price : 3.00 EUR

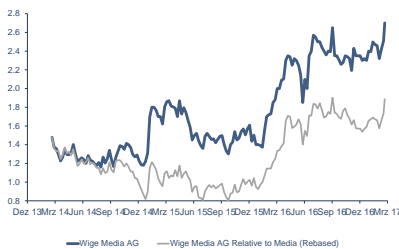
Price (21/03/2017) : 2.70 EUR | Upside : 11 %

Est.chg	2016e	2017e
EPS	-	-

Capital increase of up to € 4m (gross proceeds) to finance sporttotal.tv project

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Capital increase details

Yesterday evening (21 March) Wige Media announced a capital increase with gross proceeds of up to € 4m. According to the press release, the company will issue up to 1.61m new shares at an execution price of € 2.50 per share. The subscription ratio for existing shareholders will be 11:1. The rights offer will begin on 23 March and will end at midnight, 5 April. The company stated that it will use the proceeds to strengthen its working capital, but more importantly to finance the new project sporttotal.tv.

Sporttotal.tv

The proceeds from the capital increase will be used to roll-out the sporttotal.tv project after the testing stage. While we see no reason to update our 2017e estimates at this point, we acknowledge that our mid-term estimates might be too conservative due to the Sporttotal.tv project. While we still assume a marginal loss in 2017e, the company expects Sporttotal.tv to break even in 2017. For 2018e we currently model EBITDA of € +0.4m for this project, while in our more bullish scenario 2018e EBITDA could go as high as € 2-3m. Although visibility remains low on this project, the media attention and the support from financially deep-pocketed sponsoring partners like Microsoft and the German Football Association are strong signals that this project might have a rapid uptake.

Unchanged TP at € 3.00; Buy confirmed

The dilution effect on fair value is only marginal and results mostly from our assumed deduction of fees for the capital increase. As a result, we confirm our Buy rating and leave our TP unchanged at € 3.00 per share.

Capital

WG1 GR WIGGK.DE	
Market Cap (EURm)	39
Enterprise value (EURm)	40
Extrema 12 months	1.80 - 2.70
Free Float (%)	67.6

Performance (%)	1m	3m	12m
Absolute	8.5	14.9	49.0
Perf. rel. Country Index	7.8	10.3	35.2
Perf. rel. Media	10.6	17.1	58.9

P&L	12/16e	12/17e	12/18e
Sales (EURm)	63.3	71.6	75.1
EBITDA (EURm)	-1.6	5.3	6.9
Current EBIT (EURm)	-5.9	2.7	4.3
Attr. net profit (EURm)	-6	1.8	2.8
Adjusted EPS (EUR)	-0.43	0.13	0.20
Dividend (EUR)	0.00	0.00	0.00

P/E (x)	ns	21.4	13.8
P/B (x)	29.5	13.6	6.8
Dividend Yield (%)	0.0	0.0	0.0
FCF yield (%)	ns	3.4	12.1
EV/Sales (x)	0.53	0.56	0.47
EV/EBITDA (x)	ns	7.6	5.1
EV/Current EBIT (x)	ns	14.9	8.4
Gearing (%)	ns	53	-56
Net Debt/EBITDA(x)	ns	0.3	ns

Next Events

19.05.2017	Earnings Release
18.05.2018	Earnings Release

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WIGGk.DE | WG1 GR
Broadcasting | Germany

Buy

Upside 11.07%

Price 2.70EUR

TP 3.00EUR

PER SHARE DATA (EUR)	12/11	12/12	12/13	12/14	12/15	12/16e	12/17e	12/18e
Adjusted EPS	-0.55	-0.96	-0.46	0.01	-0.12	-0.43	0.13	0.20
Reported EPS	-0.55	-0.96	-0.46	0.01	-0.12	-0.43	0.13	0.20
Growth in EPS(%)	-	ns	ns	ns	ns	ns	ns	55.7%
Net dividend per share	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
FCF to equity per share	-0.51	-0.34	-0.18	-0.14	-0.11	-0.20	0.09	0.33
Book value per share	1.46	0.38	0.28	0.32	0.29	0.07	0.20	0.40
Number of shares market cap	5.44	5.75	11.34	11.38	11.38	14.35	14.35	14.35
Number of diluted shares	5.44	5.75	11.34	11.38	11.38	14.35	14.35	14.35
VALUATION	12/11	12/12	12/13	12/14	12/15	12/16e	12/17e	12/18e
12m highest price	3.82	2.99	2.04	1.74	1.89	2.66	2.70	
12m lowest price	2.16	1.98	0.48	1.15	1.15	1.34	2.28	
(*) Reference price	3.10	2.47	1.23	1.34	1.55	2.13	2.70	2.70
Capitalization	16.8	14.2	13.9	15.2	17.7	30.6	38.8	38.8
Restated Net debt	0.1	3.0	-1.8	-0.4	0.3	2.8	1.5	-3.2
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	16.9	17.2	12.1	14.8	17.9	33.4	40.3	35.6
P/E (x)	ns	ns	ns	110	ns	ns	21.4	13.8
P/CF (x)	5.6	ns	ns	6.7	9.9	ns	8.8	5.7
Net Yield (%)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
FCF yield (%)	ns	ns	ns	ns	ns	ns	3.4%	12.1%
P/B incl. GW (x)	2.11	6.42	4.45	4.17	5.44	29.46	13.61	6.82
P/B excl. GW (x)	2.11	6.42	4.45	4.17	5.44	29.46	13.61	6.82
EV/Sales (x)	0.50	0.46	0.34	0.25	0.28	0.53	0.56	0.47
EV/EBITDA (x)	6.3	ns	ns	4.2	8.6	ns	7.6	5.1
EV/EBIT (x)	ns	ns	ns	30.2	ns	ns	14.9	8.4
(*) historical average price								
PROFIT AND LOSS (EURm)	12/11	12/12	12/13	12/14	12/15	12/16e	12/17e	12/18e
Sales	34.0	37.2	35.4	60	63	63	72	75
EBITDA	2.7	-2.2	-1.5	3.5	2.1	-1.6	5.3	6.9
Depreciations	-4.2	-2.9	-3.0	-3.0	-3.3	-4.3	-2.6	-2.7
Current EBIT	-1.5	-5.0	-4.5	0.5	-1.2	-5.9	2.7	4.3
Published EBIT	-1.5	-5.0	-4.5	0.5	-1.2	-5.9	2.7	4.3
Net financial income	-0.2	-0.2	-0.4	-0.2	-0.4	-0.5	-0.4	-0.4
Corporate Tax	-1.3	-0.3	-0.3	-0.1	0.2	0.3	-0.5	-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	-3.0	-5.5	-5.3	0.1	-1.4	-6.2	1.8	2.8
Adjusted attributable net profit	-3.0	-5.5	-5.3	0.1	-1.4	-6.2	1.8	2.8
BALANCE SHEET (EURm)	12/11	12/12	12/13	12/14	12/15	12/16e	12/17e	12/18e
Goodwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other intangible assets	2.5	2.2	1.9	1.8	1.5	1.3	1.1	0.9
Tangible fixed assets	5.5	7.8	6.6	6.8	5.5	5.1	4.3	3.4
WCR	-0.8	-4.7	-4.8	-4.8	-2.1	-1.7	-0.1	0.6
Financial assets	1.7	1.2	1.0	1.1	1.1	1.1	1.1	0.2
Ordinary shareholders equity	8.0	2.2	3.1	3.7	3.3	1.0	2.8	5.7
Minority interests	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Shareholders equity	8.0	2.2	3.1	3.7	3.3	1.0	2.8	5.7
Non-current provisions	0.8	1.3	3.3	1.7	2.5	2.6	2.7	3.2
Net debt	0.1	3.0	-1.8	-0.4	0.3	2.8	1.5	-3.2
CASH FLOW STATEMENT (EURm)	12/11	12/12	12/13	12/14	12/15	12/16e	12/17e	12/18e
EBITDA	2.7	-2.2	-1.5	3.5	2.1	-1.6	5.3	6.9
Change in WCR	-2.6	5.6	1.5	-0.8	-1.4	0.6	-1.5	-0.6
Interests & taxes	-0.4	-0.1	0.0	-0.9	-0.2	-0.2	-0.9	-1.4
Others	0.7	-1.1	-0.2	-0.3	-0.1	0.0	0.0	1.3
Operating Cash flow	0.4	2.2	-0.3	1.5	0.3	-1.2	2.9	6.3
CAPEX	-3.2	-4.1	-1.8	-3.1	-1.6	-1.6	-1.6	-1.6
Free cash-flow	-2.8	-1.9	-2.0	-1.5	-1.3	-2.9	1.3	4.7
Acquisitions / disposals	0.0	0.0	0.0	0.0	0.2	0.3	0.0	0.0
Dividends	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net capital increase	3.6	0.0	6.2	0.7	1.4	1.6	0.0	0.0
Others	-0.6	1.1	-1.9	2.4	-0.3	-0.6	0.0	0.0
Change in net debt	0.3	-2.7	3.3	-1.2	0.3	-1.0	1.3	4.7
GROWTH MARGINS PRODUCTIVITY	12/11	12/12	12/13	12/14	12/15	12/16e	12/17e	12/18e
Sales growth	-	9.6%	-4.8%	70.0%	5.1%	0.0%	13.0%	5.0%
Lfi sales growth	-	9.6%	-4.8%	70.0%	5.1%	0.0%	13.0%	5.0%
Current EBIT growth	-	ns	ns	ns	ns	ns	ns	57.4%
Growth in EPS(%)	-	ns	ns	ns	ns	ns	ns	55.7%
Net margin	-8.8%	-14.8%	-14.8%	0.2%	-2.2%	-9.7%	2.5%	3.8%
EBITDA margin	7.9%	-5.8%	-4.4%	5.8%	3.3%	-2.5%	7.4%	9.2%
Current EBIT margin	-4.5%	-13.5%	-12.7%	0.8%	-1.9%	-9.4%	3.8%	5.7%
CAPEX / Sales	-10.1%	-11.9%	-5.1%	-5.2%	-2.5%	-2.5%	-2.2%	-2.1%
WCR / Sales	-2.5%	-12.7%	-13.6%	-7.9%	-3.4%	-2.6%	-0.1%	0.8%
Tax Rate	-75.7%	-4.7%	-6.9%	45.2%	13.1%	4.6%	23.0%	27.4%
Normative tax rate	-	-30.0%	-30.0%	-30.0%	-30.0%	-30.0%	-30.0%	-30.0%
Asset Turnover	-	6.0	8.0	16.1	14.4	13.2	14.3	14.7
ROCE post-tax (normative tax rate)	-	ns	ns	17.1%	-35.6%	ns	70.0%	ns
ROCE post-tax hors GW (normative tax rate)	-	ns	ns	17.1%	-35.6%	ns	70.0%	ns
ROE	-	ns	ns	4.1%	-40.8%	ns	93.2%	66.1%
DEBT RATIOS	12/11	12/12	12/13	12/14	12/15	12/16e	12/17e	12/18e
Gearing	1%	ns	-58%	-11%	8%	ns	53%	-56%
Net Debt / Market Cap	0.00	0.21	-0.13	-0.03	0.01	0.09	0.04	-0.08
Net debt / EBITDA	0.02	ns	1.17	ns	0.12	ns	0.28	ns
EBITDA / net financial charges	15.9	-9.1	-3.9	14.6	5.0	-3.1	15.2	18.7

• **Valuation method**

Our target prices are established on a 12-month timeframe and we use three valuation methods to determine them. First, the discounting of available cash flows using the discounting parameters set by the Group and indicated on Oddo Securities' website. Second, the sum-of-the-parts method based on the most pertinent financial aggregate depending on the sector of activity. Third, we also use the peer comparison method which facilitates an evaluation of the company relative to similar businesses, either because they operate in identical sectors (and are therefore in competition with one another) or because they benefit from comparable financial dynamics. A mixture of these valuation methods may be used in specific instances to more accurately reflect the specific characteristics of each company covered, thereby fine-tuning its evaluation.

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The opinions expressed in the financial analysis are opinions as per a particular date, i.e. the date indicated in the financial analysis. The recommendation (cf. explanation of the recommendation systematic) can change owing to unforeseeable events which may, for instance, have repercussions on both the company and on the whole industry.

• **Our stock market recommendations**

Our stock market recommendations reflect the RELATIVE performance expected for each stock on a 12-month timeframe.

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).

Reduce: performance expected to fall short of 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 report

Date	Reco	Price Target (EUR)	Price (EUR)	Analyst
05.10.16	Buy	3.00	2.55	Marcus Silbe, CEFA

Recommendation split

		Buy	Neutral	Reduce
Our whole coverage	(414)	48%	43%	9%
Liquidity providers coverage	(152)	52%	43%	5%
Research service coverage	(66)	56%	41%	3%
Investment banking services	(39)	69%	26%	5%

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