

Media and Games Invest plc

Germany - Others



HAUCK & AUFHÄUSER
Investment Banking

Buy (old: Buy)

Price target: EUR 1.80 (old: EUR 1.80)

Price: EUR 1.15 **Next result:** FY'19: tba
Bloomberg: M8G GR **Market cap:** EUR 104.4 m
Reuters: M8G.DE **Enterprise Value:** EUR 157.6 m

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Subsidiary gamigo AG reports strong FY'19 figures

MGI's key subsidiary gamigo AG reported **strong FY'19 results** on Friday last week. The company's top-and bottom-line figures came in slightly ahead of our estimates, **suggesting there should be some upside** to our FY'19 estimates for MGI.

gamigo AG operates a **scalable online gaming platform** with 30+ massive multiplayer online games and 5m monthly active users. Next to this, MGI has a Media segment, which comprises software solutions to win and monetize mobile gaming users.

For the full year 2019, gamigo AG reported **30% yoy sales growth to € 59m**. This was driven by:

- **Organic growth of 10% yoy** carried by the introduction of new games such as ArchAge Unchained
- **M&A-driven growth of 20% yoy**, thanks to the take-over of WildTangent and Trion Worlds

FY'19 EBIT rose strongly disproportionately by 142% yoy to € 6.3m, reflecting economies of scale as well as synergies in IT and marketing between gamigo and the acquired companies.

Note that EBIT is biased by PPA amortisation to the tune of € 4-5m per year. The „clean“ EBIT margin of approx. 17.5% better reflects the **very profitable and scalable nature** of gamigo's business model.

For Q4, **gamigo reported 19% yoy sales growth**, which is below the FY growth rate as M&A-related effects should have been less pronounced (Trion World was acquired in October 2018). **Q4 EBIT increased by 55% yoy to € 1.6m**, once again benefitting from economies of scale and synergies, while weighed down by PPA amortisation.

For the coming years, **gamigo expects the dynamic growth of 30% p.a. to continue**, which should be partly organic and partly M&A-driven.

Overall, the release is further proof that **MGI got a good deal** when it recently acquired a further 45.5% stake in gamigo for approx. 7x EBITDA, which raised its total shareholding in gamigo AG to 98%.

Reiterate BUY with a € 1.80 PT based on DCF.

| Y/E 31.12 (EUR m) | 2016* | 2017* | 2018* | 2019E | 2020E | 2021E |
|---------------------|---------|--------|---------|--------|--------|--------|
| Sales | 39.0 | 42.1 | 45.3 | 70.0 | 87.5 | 98.0 |
| Sales growth | 80 % | 8 % | 8 % | 55 % | 25 % | 12 % |
| EBITDA | 2.6 | 7.0 | 11.1 | 15.1 | 21.9 | 26.0 |
| EBIT | -9.2 | -2.0 | 2.6 | 0.9 | 8.1 | 12.2 |
| Net income | -9.1 | -5.0 | 1.5 | -3.9 | 2.6 | 5.8 |
| Net debt | 23.6 | 25.3 | 38.6 | 53.2 | 45.0 | 34.9 |
| Net gearing | 73.9 % | 94.1 % | 135.1 % | 56.1 % | 46.2 % | 33.8 % |
| Net Debt/EBITDA | 8.9 | 3.6 | 3.5 | 3.5 | 2.1 | 1.3 |
| EPS pro forma | -0.10 | -0.05 | 0.02 | 0.02 | 0.08 | 0.12 |
| CPS | 0.00 | 0.00 | 0.07 | 0.05 | 0.10 | 0.12 |
| DPS | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Dividend yield | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % |
| Gross profit margin | 57.9 % | 64.5 % | 64.3 % | 64.3 % | 64.3 % | 64.4 % |
| EBITDA margin | 6.8 % | 16.7 % | 24.4 % | 21.5 % | 25.0 % | 26.5 % |
| EBIT margin | -23.5 % | -4.9 % | 5.7 % | 1.4 % | 9.2 % | 12.4 % |
| ROCE | -27.4 % | -3.5 % | 3.7 % | 0.8 % | 5.8 % | 6.0 % |
| EV/sales | 3.3 | 3.1 | 3.2 | 2.3 | 1.7 | 1.4 |
| EV/EBITDA | 48.5 | 18.4 | 12.9 | 10.5 | 6.8 | 5.4 |
| EV/EBIT | -14.0 | -63.4 | 55.3 | 23.3 | 11.0 | 7.9 |
| PER | -11.5 | -21.0 | 67.5 | 55.2 | 13.9 | 10.0 |
| Adjusted FCF yield | 1.2 % | 2.9 % | 5.7 % | 5.8 % | 9.1 % | 11.7 % |

Source: Company data, H&A Close price as of: 02.03.2020. Note: 2016-18 reflect only gamigo AG



Source: Company data, Hauck & Aufhäuser

High/low 52 weeks: 1.40 / 1.00

Price/Book Ratio: 1.0

Relative performance (TecDAX):

3 months -10.3 %

6 months -18.0 %

12 months -

Changes in estimates

| | | Sales | EBIT | EPS |
|------|------|-------|------|------|
| 2019 | old: | 70.0 | 0.9 | 0.02 |
| | Δ | - | - | - |
| 2020 | old: | 87.5 | 8.1 | 0.08 |
| | Δ | - | - | - |
| 2021 | old: | 98.0 | 12.2 | 0.12 |
| | Δ | - | - | - |

Key share data:

Number of shares: (in m pcs) 90.8

Authorised capital: (in € m) -

Book value per share: (in €) 1.0

Ø trading volume: (12 months) 50,600

Major shareholders:

Bodhivas GmbH 61.6 %

Free Float 38.4 %

Company description:

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

Financials

| Profit and loss (EUR m) | 2015 | 2016 | 2017 | 2018 | 2019E | 2020E | 2021E |
|---|-------------|---------------|--------------|--------------|---------------|---------------|---------------|
| Net sales | 21.6 | 39.0 | 42.1 | 45.3 | 70.0 | 87.5 | 98.0 |
| <i>Sales growth</i> | <i>n/a</i> | <i>80.4 %</i> | <i>8.0 %</i> | <i>7.6 %</i> | <i>54.6 %</i> | <i>25.0 %</i> | <i>12.0 %</i> |
| Increase/decrease in finished goods and work-in-process | n/a | 2.2 | 3.6 | 4.2 | 4.9 | 5.7 | 5.9 |
| Total sales | 21.6 | 41.1 | 45.7 | 49.5 | 74.9 | 93.2 | 103.9 |
| Other operating income | n/a | 0.6 | 2.4 | 6.7 | 4.8 | 5.3 | 5.7 |
| Material expenses | n/a | 17.3 | 16.2 | 17.6 | 26.7 | 33.3 | 36.9 |
| Personnel expenses | n/a | 10.5 | 13.9 | 14.7 | 19.0 | 22.3 | 24.1 |
| Other operating expenses | n/a | 11.3 | 10.9 | 12.7 | 18.9 | 21.0 | 22.5 |
| Total operating expenses | 0.0 | 38.5 | 38.6 | 38.4 | 59.9 | 71.3 | 77.9 |
| EBITDA | 4.3 | 2.6 | 7.0 | 11.1 | 15.1 | 21.9 | 26.0 |
| Depreciation | 0.0 | 1.1 | 0.7 | 1.5 | 1.3 | 1.3 | 1.3 |
| EBITA | 4.3 | 1.6 | 6.3 | 9.6 | 13.8 | 20.6 | 24.7 |
| Amortisation of goodwill | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Amortisation of intangible assets | n/a | 10.8 | 8.4 | 7.0 | 12.8 | 12.5 | 12.5 |
| Impairment charges | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| EBIT (inc revaluation net) | 4.3 | -9.2 | -2.0 | 2.6 | 0.9 | 8.1 | 12.2 |
| Interest income | n/a | 0.0 | 0.1 | 0.0 | 0.0 | 0.0 | 0.0 |
| Interest expenses | n/a | 1.9 | 2.4 | 2.1 | 4.6 | 4.6 | 4.6 |
| Other financial result | 0.0 | 0.9 | 1.3 | 0.0 | 0.0 | 0.0 | 0.0 |
| Financial result | 0.0 | -2.8 | -3.6 | -2.1 | -4.5 | -4.5 | -4.5 |
| Recurring pretax income from continuing operations | 4.3 | -12.0 | -5.7 | 0.5 | -3.6 | 3.5 | 7.6 |
| Extraordinary income/loss | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Earnings before taxes | 4.3 | -12.0 | -5.7 | 0.5 | -3.6 | 3.5 | 7.6 |
| Taxes | 0.0 | -2.9 | -0.7 | -1.1 | 0.0 | 0.4 | 1.1 |
| Net income from continuing operations | 4.3 | -9.1 | -5.0 | 1.6 | -3.6 | 3.2 | 6.5 |
| Result from discontinued operations (net of tax) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Net income | 4.3 | -9.1 | -5.0 | 1.6 | -3.6 | 3.2 | 6.5 |
| Minority interest | n/a | 0.0 | 0.0 | 0.1 | 0.3 | 0.6 | 0.7 |
| Net profit (reported) | 4.3 | -9.1 | -5.0 | 1.5 | -3.9 | 2.6 | 5.8 |
| Average number of shares | 90.8 | 90.8 | 90.8 | 90.8 | 90.8 | 90.8 | 90.8 |
| EPS reported | 0.05 | -0.10 | -0.05 | 0.02 | -0.04 | 0.03 | 0.06 |

| Profit and loss (common size) | 2015 | 2016 | 2017 | 2018 | 2019E | 2020E | 2021E |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Net sales | 100.0 % | 100.0 % | 100.0 % | 100.0 % | 100.0 % | 100.0 % | 100.0 % |
| Increase/decrease in finished goods and work-in-process | n/a | 5.5 % | 8.5 % | 9.2 % | 7.0 % | 6.5 % | 6.0 % |
| Total sales | 100.0 % | 105.5 % | 108.5 % | 109.2 % | 107.0 % | 106.5 % | 106.0 % |
| Other operating income | n/a | 1.5 % | 5.6 % | 14.7 % | 6.8 % | 6.0 % | 5.8 % |
| Material expenses | n/a | 44.4 % | 38.6 % | 38.9 % | 38.2 % | 38.0 % | 37.7 % |
| Personnel expenses | n/a | 26.9 % | 33.1 % | 32.5 % | 27.1 % | 25.5 % | 24.6 % |
| Other operating expenses | n/a | 29.0 % | 25.8 % | 28.1 % | 27.0 % | 24.0 % | 23.0 % |
| Total operating expenses | 0.0 % | 98.8 % | 91.8 % | 84.8 % | 85.5 % | 81.5 % | 79.5 % |
| EBITDA | 19.9 % | 6.8 % | 16.7 % | 24.4 % | 21.5 % | 25.0 % | 26.5 % |
| Depreciation | 0.0 % | 2.7 % | 1.7 % | 3.3 % | 1.9 % | 1.5 % | 1.3 % |
| EBITA | 19.9 % | 4.1 % | 15.0 % | 21.1 % | 19.6 % | 23.5 % | 25.2 % |
| Amortisation of goodwill | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % |
| Amortisation of intangible assets | n/a | 27.6 % | 19.8 % | 15.4 % | 18.3 % | 14.3 % | 12.8 % |
| Impairment charges | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % |
| EBIT (inc revaluation net) | 19.9 % | neg. | neg. | 5.7 % | 1.4 % | 9.2 % | 12.4 % |
| Interest income | n/a | 0.1 % | 0.1 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % |
| Interest expenses | n/a | 4.9 % | 5.6 % | 4.7 % | 6.5 % | 5.2 % | 4.7 % |
| Other financial result | 0.0 % | 2.4 % | 3.1 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % |
| Financial result | 0.0 % | neg. | neg. | neg. | neg. | neg. | neg. |
| Recurring pretax income from continuing operations | 19.9 % | neg. | neg. | 1.1 % | neg. | 4.1 % | 7.8 % |
| Extraordinary income/loss | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % |
| Earnings before taxes | 19.9 % | neg. | neg. | 1.1 % | neg. | 4.1 % | 7.8 % |
| Tax rate | 0.0 % | 24.3 % | 11.9 % | -229.8 % | 0.0 % | 10.0 % | 15.0 % |
| Net income from continuing operations | 19.9 % | neg. | neg. | 3.6 % | neg. | 3.6 % | 6.6 % |
| Income from discontinued operations (net of tax) | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % |
| Net income | 19.9 % | neg. | neg. | 3.6 % | neg. | 3.6 % | 6.6 % |
| Minority interest | n/a | 0.1 % | neg. | 0.2 % | 0.5 % | 0.7 % | 0.7 % |
| Net profit (reported) | 19.9 % | neg. | neg. | 3.4 % | neg. | 2.9 % | 5.9 % |

Source: Company data, Hauck & Aufhäuser

| Balance sheet (EUR m) | 2015 | 2016 | 2017 | 2018 | 2019E | 2020E | 2021E |
|---|------------|-------------|-------------|-------------|--------------|--------------|--------------|
| Intangible assets | 0.0 | 51.1 | 47.5 | 67.6 | 168.3 | 162.8 | 158.1 |
| Property, plant and equipment | n/a | 2.3 | 1.7 | 4.2 | 3.7 | 3.5 | 3.4 |
| Financial assets | n/a | 1.7 | 0.5 | 1.8 | 1.8 | 1.8 | 1.8 |
| FIXED ASSETS | 0.0 | 55.2 | 49.6 | 73.6 | 173.8 | 168.1 | 163.3 |
| Inventories | n/a | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Accounts receivable | n/a | 4.9 | 4.9 | 6.3 | 11.5 | 14.4 | 16.1 |
| Other current assets | 0.0 | 2.5 | 4.1 | 1.6 | 1.6 | 1.6 | 1.6 |
| Liquid assets | n/a | 2.8 | 1.0 | 4.2 | 22.8 | 31.0 | 41.1 |
| Deferred taxes | n/a | 7.5 | 7.1 | 8.1 | 8.1 | 8.1 | 8.1 |
| Deferred charges and prepaid expenses | n/a | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| CURRENT ASSETS | 0.0 | 17.7 | 17.2 | 20.2 | 44.1 | 55.1 | 67.0 |
| TOTAL ASSETS | 0.0 | 72.9 | 66.8 | 93.8 | 217.9 | 223.2 | 230.2 |
| SHAREHOLDERS EQUITY | 4.3 | 31.9 | 26.8 | 28.6 | 94.7 | 97.3 | 103.1 |
| MINORITY INTEREST | n/a | 0.0 | -0.1 | -0.1 | 20.0 | 20.0 | 20.0 |
| Long-term debt | 0.0 | 25.4 | 19.3 | 42.8 | 76.0 | 76.0 | 76.0 |
| Provisions for pensions and similar obligations | n/a | n/a | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Other provisions | 0.0 | 4.3 | 3.0 | 6.5 | 6.5 | 6.5 | 6.5 |
| Non-current liabilities | 0.0 | 29.7 | 22.3 | 49.2 | 82.4 | 82.4 | 82.4 |
| short-term liabilities to banks | n/a | 0.9 | 7.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Accounts payable | n/a | 6.8 | 7.2 | 8.7 | 13.5 | 15.6 | 16.1 |
| Advance payments received on orders | n/a | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Other liabilities (incl. from lease and rental contracts) | n/a | 2.5 | 3.4 | 5.5 | 5.5 | 5.5 | 5.5 |
| Deferred taxes | n/a | 1.0 | 0.2 | 1.8 | 1.8 | 2.4 | 3.1 |
| Deferred income | n/a | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Current liabilities | 0.0 | 11.2 | 17.7 | 16.1 | 20.8 | 23.5 | 24.7 |
| TOTAL LIABILITIES AND SHAREHOLDERS EQUITY | 4.3 | 72.9 | 66.8 | 93.8 | 217.9 | 223.2 | 230.2 |

| Balance sheet (common size) | 2015 | 2016 | 2017 | 2018 | 2019E | 2020E | 2021E |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Intangible assets | 0.0 % | 70.1 % | 71.1 % | 72.1 % | 77.2 % | 72.9 % | 68.7 % |
| Property, plant and equipment | n/a | 3.2 % | 2.5 % | 4.5 % | 1.7 % | 1.6 % | 1.5 % |
| Financial assets | n/a | 2.4 % | 0.7 % | 1.9 % | 0.8 % | 0.8 % | 0.8 % |
| FIXED ASSETS | 0.0 % | 75.7 % | 74.3 % | 78.5 % | 79.8 % | 75.3 % | 70.9 % |
| Inventories | n/a | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % |
| Accounts receivable | n/a | 6.7 % | 7.3 % | 6.7 % | 5.3 % | 6.4 % | 7.0 % |
| Other current assets | 0.0 % | 3.5 % | 6.2 % | 1.8 % | 0.8 % | 0.7 % | 0.7 % |
| Liquid assets | n/a | 3.8 % | 1.5 % | 4.4 % | 10.5 % | 13.9 % | 17.9 % |
| Deferred taxes | n/a | 10.3 % | 10.7 % | 8.7 % | 3.7 % | 3.6 % | 3.5 % |
| Deferred charges and prepaid expenses | n/a | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % |
| CURRENT ASSETS | 0.0 % | 24.3 % | 25.7 % | 21.5 % | 20.2 % | 24.7 % | 29.1 % |
| TOTAL ASSETS | 0.0 % | 100.0 % | 100.0 % | 100.0 % | 100.0 % | 100.0 % | 100.0 % |
| SHAREHOLDERS EQUITY | 100.0 % | 43.8 % | 40.2 % | 30.5 % | 43.5 % | 43.6 % | 44.8 % |
| MINORITY INTEREST | n/a | neg. | neg. | neg. | 9.2 % | 9.0 % | 8.7 % |
| Long-term debt | 0.0 % | 34.9 % | 28.9 % | 45.6 % | 34.9 % | 34.0 % | 33.0 % |
| Provisions for pensions and similar obligations | n/a | n/a | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % |
| Other provisions | 0.0 % | 5.9 % | 4.5 % | 6.9 % | 3.0 % | 2.9 % | 2.8 % |
| Non-current liabilities | 0.0 % | 40.8 % | 33.4 % | 52.5 % | 37.8 % | 36.9 % | 35.8 % |
| short-term liabilities to banks | n/a | 1.3 % | 10.4 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % |
| Accounts payable | n/a | 9.3 % | 10.8 % | 9.3 % | 6.2 % | 7.0 % | 7.0 % |
| Advance payments received on orders | n/a | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % |
| Other liabilities (incl. from lease and rental contracts) | n/a | 3.4 % | 5.0 % | 5.9 % | 2.5 % | 2.5 % | 2.4 % |
| Deferred taxes | n/a | 1.4 % | 0.3 % | 1.9 % | 0.8 % | 1.1 % | 1.3 % |
| Deferred income | n/a | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % |
| Current liabilities | 0.0 % | 15.4 % | 26.6 % | 17.1 % | 9.5 % | 10.5 % | 10.7 % |
| TOTAL LIABILITIES AND SHAREHOLDERS EQUITY | 100.0 % | 100.0 % | 100.0 % | 100.0 % | 100.0 % | 100.0 % | 100.0 % |

Source: Company data, Hauck & Aufhäuser

| Cash flow statement (EUR m) | 2015 | 2016 | 2017 | 2018 | 2019E | 2020E | 2021E |
|--|-------------|-------------|-------------|-------------|--------------|-------------|-------------|
| Net profit/loss | 4.3 | -9.1 | -5.0 | 1.6 | -3.6 | 3.2 | 6.5 |
| Depreciation of fixed assets (incl. leases) | 0.0 | 1.1 | 0.7 | 1.5 | 1.3 | 1.3 | 1.3 |
| Amortisation of goodwill | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Amortisation of intangible assets | 0.0 | 10.8 | 8.4 | 7.0 | 12.8 | 12.5 | 12.5 |
| Others | -1.8 | -1.2 | 0.7 | 0.3 | 0.0 | 0.0 | 0.0 |
| Cash flow from operations before changes in w/c | 2.5 | 1.5 | 4.8 | 10.4 | 10.5 | 17.0 | 20.3 |
| Increase/decrease in inventory | 22.7 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Increase/decrease in accounts receivable | n/a | 2.2 | 0.6 | -1.4 | -5.2 | -2.9 | -1.7 |
| Increase/decrease in accounts payable | n/a | 0.7 | -1.6 | 1.5 | 4.8 | 2.1 | 0.5 |
| 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 | 22.7 | 2.9 | -1.0 | 0.1 | -0.5 | -0.8 | -1.2 |
| Cash flow from operating activities | 25.2 | 4.4 | 3.8 | 10.5 | 10.0 | 16.2 | 19.1 |
| CAPEX | n/a | 7.4 | 7.3 | 3.7 | 5.7 | 8.1 | 9.0 |
| Payments for acquisitions | n/a | -6.3 | 2.2 | 3.5 | 28.0 | 0.0 | 0.0 |
| Financial investments | n/a | 0.6 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Income from asset disposals | n/a | 0.0 | 0.7 | 0.8 | 0.0 | 0.0 | 0.0 |
| Cash flow from investing activities | 0.0 | -1.7 | -8.7 | -6.3 | -33.7 | -8.1 | -9.0 |
| Cash flow before financing | 25.2 | 2.7 | -4.9 | 4.1 | -23.7 | 8.1 | 10.1 |
| Increase/decrease in debt position | n/a | -0.2 | 0.0 | 5.2 | 33.2 | 0.0 | 0.0 |
| Purchase of own shares | n/a | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Capital measures | n/a | 0.0 | 0.0 | 0.0 | 9.2 | 0.0 | 0.0 |
| Dividends paid | n/a | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Others | n/a | -1.1 | -0.8 | -1.5 | 0.0 | 0.0 | 0.0 |
| Effects of exchange rate changes on cash | n/a | 0.0 | 0.0 | 0.2 | 0.0 | 0.0 | 0.0 |
| Cash flow from financing activities | 0.0 | -1.2 | -0.9 | 3.8 | 42.4 | 0.0 | 0.0 |
| Increase/decrease in liquid assets | 25.2 | 1.5 | -5.8 | 8.1 | 18.7 | 8.1 | 10.1 |
| Liquid assets at end of period | n/a | 1.9 | 3.9 | 4.2 | 22.8 | 31.0 | 41.1 |

Source: Company data, Hauck & Aufhäuser

| Regional split (EUR m) | 2015 | 2016 | 2017 | 2018 | 2019E | 2020E | 2021E |
|------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| 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 | 10.8 | 19.5 | 21.0 | 22.6 | 35.0 | 43.8 | 49.0 |
| yoy change | n/a | 80.4 % | 8.0 % | 7.6 % | 54.6 % | 25.0 % | 12.0 % |
| NAFTA | 10.8 | 19.5 | 21.0 | 22.6 | 35.0 | 43.8 | 49.0 |
| yoy change | n/a | 80.4 % | 8.0 % | 7.6 % | 54.6 % | 25.0 % | 12.0 % |
| 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 |
| TTL | 21.6 | 39.0 | 42.1 | 45.3 | 70.0 | 87.5 | 98.0 |
| yoy change | n/a | 80.4 % | 8.0 % | 7.6 % | 54.6 % | 25.0 % | 12.0 % |

Source: Company data, Hauck & Aufhäuser

| Key ratios (EUR m) | 2015 | 2016 | 2017 | 2018 | 2019E | 2020E | 2021E |
|--------------------------------------|---------|----------|---------|----------|----------|---------|----------|
| P&L growth analysis | | | | | | | |
| Sales growth | n/a | 80.4 % | 8.0 % | 7.6 % | 54.6 % | 25.0 % | 12.0 % |
| EBITDA growth | n/a | -38.7 % | 166.8 % | 319.2 % | 113.9 % | 97.9 % | 72.6 % |
| EBIT growth | n/a | -313.2 % | -77.7 % | -128.2 % | -146.4 % | 212.3 % | 1181.1 % |
| EPS growth | n/a | -312.1 % | -45.4 % | -117.0 % | -21.5 % | 66.5 % | -248.7 % |
| Efficiency | | | | | | | |
| Total operating costs / sales | 0.0 % | 98.8 % | 91.8 % | 84.8 % | 85.5 % | 81.5 % | 79.5 % |
| Sales per employee | n/a | 129.9 | 116.6 | 132.4 | 196.8 | 250.2 | 274.7 |
| EBITDA per employee | n/a | 8.8 | 19.5 | 32.3 | 42.3 | 62.5 | 72.8 |
| Balance sheet analysis | | | | | | | |
| Avg. working capital / sales | 92.6 % | neg. | neg. | neg. | neg. | neg. | neg. |
| Inventory turnover (sales/inventory) | n/a | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Trade debtors in days of sales | 0.0 | 45.7 | 42.4 | 50.6 | 60.0 | 60.0 | 60.0 |
| A/P turnover [(A/P*365)/sales] | 0.0 | 63.5 | 62.6 | 70.4 | 70.4 | 65.0 | 60.0 |
| Cash conversion cycle (days) | n/a | n/a | n/a | n/a | n/a | n/a | n/a |
| Cash flow analysis | | | | | | | |
| Free cash flow | 25.2 | -3.0 | -3.5 | 6.8 | 4.3 | 8.1 | 10.1 |
| Free cash flow/sales | 116.5 % | -7.6 % | -8.3 % | 15.0 % | 6.1 % | 9.3 % | 10.3 % |
| FCF / net profit | 585.2 % | neg. | neg. | 439.7 % | neg. | 315.9 % | 173.5 % |
| Capex / depre | n/a | 67.4 % | 80.4 % | 43.4 % | 40.7 % | 58.3 % | 65.3 % |
| Capex / maintenance capex | n/a | n/a | 9.2 % | 0.0 % | 14.7 % | 14.0 % | 14.7 % |
| Capex / sales | n/a | n/a | n/a | n/a | n/a | n/a | n/a |
| Security | | | | | | | |
| Net debt | 0.0 | 23.6 | 25.3 | 38.6 | 53.2 | 45.0 | 34.9 |
| Net Debt/EBITDA | 0.0 | 8.9 | 3.6 | 3.5 | 3.5 | 2.1 | 1.3 |
| Net debt / equity | 0.0 | 0.7 | 0.9 | 1.4 | 0.6 | 0.5 | 0.3 |
| Interest cover | 999.0 | 0.0 | 0.0 | 1.2 | 0.2 | 1.8 | 2.7 |
| Dividend payout ratio | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % |
| Asset utilisation | | | | | | | |
| Capital employed turnover | 5.0 | 0.6 | 0.8 | 0.6 | 0.4 | 0.4 | 0.5 |
| Operating assets turnover | n/a | 90.0 | -65.8 | 26.2 | 40.5 | 38.4 | 29.2 |
| Plant turnover | n/a | 16.7 | 24.9 | 10.8 | 18.8 | 25.2 | 29.2 |
| Inventory turnover (sales/inventory) | n/a | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Returns | | | | | | | |
| ROCE | 3.4 % | -27.4 % | -3.5 % | 3.7 % | 0.8 % | 5.8 % | 6.0 % |
| ROE | 100.0 % | -28.6 % | -18.6 % | 5.4 % | -4.1 % | 2.6 % | 5.6 % |
| Other | | | | | | | |
| Interest paid / avg. debt | 0.0 % | 7.3 % | 9.0 % | 6.1 % | 8.9 % | 7.7 % | 6.0 % |
| No. employees (average) | n/a | 300 | 361 | 342 | 356 | 350 | 357 |
| Number of shares | 90.8 | 90.8 | 90.8 | 90.8 | 90.8 | 90.8 | 90.8 |
| DPS | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| EPS reported | 0.05 | -0.10 | -0.05 | 0.02 | -0.04 | 0.03 | 0.06 |
| Valuation ratios | | | | | | | |
| P/BV | 24.3 | 3.3 | 3.9 | 3.7 | 1.1 | 1.1 | 1.0 |
| EV/sales | 4.8 | 3.3 | 3.1 | 3.2 | 2.3 | 1.7 | 1.4 |
| EV/EBITDA | 24.3 | 48.5 | 18.4 | 12.9 | 10.5 | 6.8 | 5.4 |
| EV/EBITA | 24.3 | 80.8 | 20.6 | 15.0 | 11.5 | 7.3 | 5.6 |
| EV/EBIT | 24.3 | -14.0 | -63.4 | 55.3 | 23.3 | 11.0 | 7.9 |
| EV/FCF | 4.1 | -43.2 | -37.0 | 21.0 | 36.6 | 18.3 | 13.8 |
| Adjusted FCF yield | 0.3 % | 1.2 % | 2.9 % | 5.7 % | 5.8 % | 9.1 % | 11.7 % |
| 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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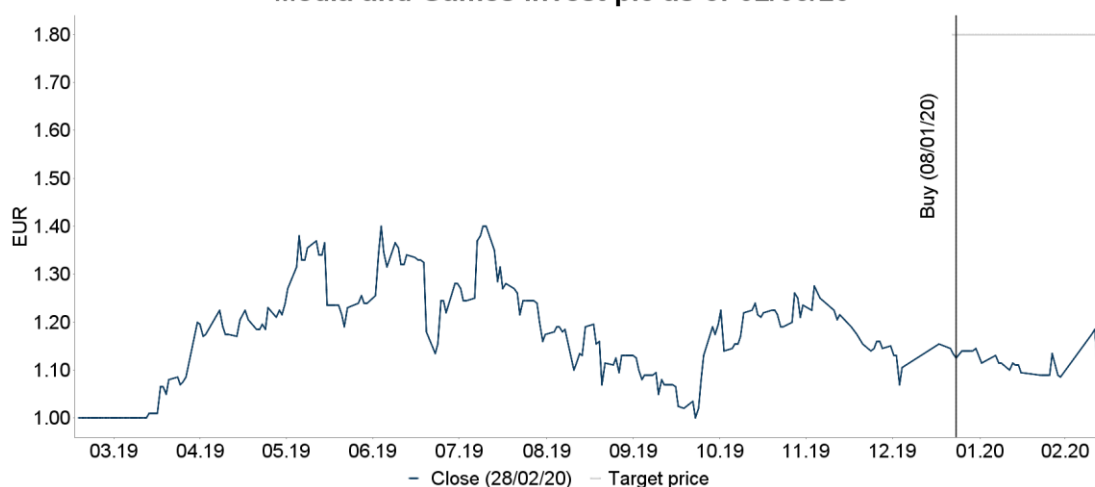
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| Company | Disclosure |
|----------------------------|------------|
| Media and Games Invest plc | 2, 3, 6, 8 |

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 02/03/20

Initiation coverage
08-January-20



| Company | Date | Analyst | Rating | Target price | Close |
|----------------------------|------------|----------------------|--------|--------------|----------|
| Media and Games Invest plc | 18.02.2020 | Wunderlich, CFA, Tim | Buy | EUR 1,80 | EUR 1,09 |
| | 08.01.2020 | Wunderlich, CFA, Tim | Buy | EUR 1,80 | EUR 1,13 |
| | 08.01.2020 | Wunderlich, CFA, Tim | Buy | EUR 1,80 | EUR 1,13 |

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