

# IMMEDIA GROUP

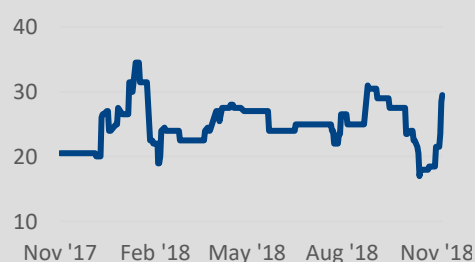
## MEDIA

**IME.L**

29.5p

Market Cap: £4m

### SHARE PRICE (p)



12m high/low

34.5p/17p

**Source: LSE Data**

### KEY INFORMATION

Enterprise value	£4m
Index/market	AIM
Next news	Prelims April 19
Gearing	N/A
Interest cover	N/A

**IMMEDIA GROUP IS A RESEARCH CLIENT OF PROGRESSIVE**

### ANALYSTS

Maggie Schooley  
 +44 (0) 20 7781 5312  
 mschooley@progressive-research.com

Gareth Evans  
 +44 (0) 20 7781 5301  
 gevans@progressive-research.com

## Major Service Contract Extension

### Expanding partnerships

Immedia Group has announced that it has formally signed a three-year contract for the delivery of live music and audio streaming to a major (unnamed) UK financial institution's consumer retail estate. This follows the services installation contract announced in April 2018 with the same customer and the final terms announced in July 2018. We believe the contract extension highlights the Group's continued momentum, driven by its evolving strategic direction and demonstrated by its growing client partnerships which underpin our unchanged forecasts.

- Growing Relationships** – The positive momentum Immedia Group is experiencing has been translating into the strengthening and deepening of its client relationships. In addition to the recently announced contract extension, along with its Interim statement the Group announced that it had successfully expanded the functionality of the JD-X app, completed the roll out of JD-X audio across 370 stores in the UK as well as delivered increasing services to JD Sports. In addition, the Group has experienced a greater than expected take-up of Subway® Radio with expansion into Continental Europe. We believe Immedia has been successfully growing these relationships as the Group expands its skill set, offering and expertise across all its pillars.
- Strategic Direction** – We believe the positive momentum the Group is experiencing is a result of the Group's evolving strategic direction. Through multi-media propositions such as interactive audio channels and live streams, the development of built-for-purpose innovative apps, and other original branded content, Immedia Group has positioned itself as a multi-faceted content and technology business which helps brands to become media owners. Immedia excels in developing like-minded audience engagement with specifically designed content to reflect a brand's attitude, culture and, ultimately, sound.
- Estimates** - The positive progress the Group delivered in 1H18 appears to be continuing into 2H18 as underscored by the expansion of the UK financial institution contract as well as the post period events highlighted in the Interim statement. We make no changes to estimates but believe FY2018E full results are well underpinned by recent contract wins, the continued benefits of the implemented cost reduction measures and increasing levels of engagement with and new existing clients.

FYE DEC (€M)	2015	2016	2017	2018E	2019E
Revenue	2.4	2.6	3.5	4.4	4.9
Adj EBITDA	0.1	(0.1)	(0.5)	0.3	0.3
Fully Adj PBT	0.0	(0.2)	(0.7)	0.1	0.2
Fully Adj EPS (p)	0.1	(1.2)	(4.9)	0.7	1.0
EV/Sales (x)	1.7	1.5	1.1	0.9	0.8
EV/EBITDA (x)	72.9	(48.1)	(7.8)	15.0	12.9
PER (x)	531.4	N/A	N/A	40.6	30.7

**Source: Company Information and Progressive Equity Research estimates**

## Financial Summary: Immedia Group

Year end: December (£m unless shown)

	2015	2016	2017	2018E	2019E
<b>PROFIT &amp; LOSS</b>					
Revenue	2.4	2.6	3.5	4.4	4.9
Adj EBITDA	0.1	(0.1)	(0.5)	0.3	0.3
Adj EBIT	0.0	(0.2)	(0.7)	0.1	0.2
Reported PBT	0.0	(0.2)	(0.7)	0.1	0.2
Fully Adj PBT	0.0	(0.2)	(0.7)	0.1	0.2
NOPAT	0.0	(0.2)	(0.7)	0.1	0.1
Reported EPS (p)	(0.7)	(1.4)	(4.9)	0.7	1.0
Fully Adj EPS (p)	0.1	(1.2)	(4.9)	0.7	1.0
Dividend per share (p)	0.0	0.0	0.0	0.0	0.0
<b>CASH FLOW &amp; BALANCE SHEET</b>					
Operating cash flow	0.3	0.1	0.0	0.4	0.4
Free Cash flow	0.1	0.0	(0.1)	0.4	0.3
FCF per share (p)	1.0	(0.1)	(0.5)	2.9	1.8
Acquisitions	0.0	(0.2)	0.0	0.0	0.0
Disposals	0.0	0.0	0.0	0.0	0.0
Shares issued	0.0	0.0	0.0	0.0	0.0
Net cash flow	0.0	(0.2)	(0.1)	0.4	0.3
Overdrafts / borrowings	0.0	0.0	0.0	0.0	0.0
Cash & equivalents	0.4	0.1	0.1	0.5	0.7
Net (Debt)/Cash	0.4	0.1	0.1	0.5	0.7
<b>NAV AND RETURNS</b>					
Net asset value	1.1	0.8	0.2	0.2	0.4
NAV/share (p)	8.2	6.1	1.3	1.7	2.6
Net Tangible Asset Value	0.2	0.3	0.2	0.1	0.0
NTAV/share (p)	1.5	2.2	1.5	0.6	0.1
Average equity	1.3	1.0	0.5	0.2	0.3
Post-tax ROE (%)	0.6%	(15.9%)	(136.7%)	60.1%	55.8%
<b>METRICS</b>					
Revenue growth	(8.2%)	10.3%	36.0%	25.0%	10.0%
Adj EBITDA growth	(73.2%)	(251.6%)	517.7%	(151.9%)	16.7%
Adj EBIT growth	(94.5%)	(1,921.6%)	346.3%	(118.3%)	31.6%
Adj PBT growth	(95.1%)	(2,142.5%)	345.5%	(118.0%)	32.1%
Adj EPS growth	(95.1%)	(2,207.7%)	318.2%	(114.9%)	32.1%
Dividend growth	N/A	N/A	N/A	N/A	N/A
Adj EBIT margins	0.4%	(5.9%)	(19.5%)	2.9%	3.4%
<b>VALUATION</b>					
EV/Sales (x)	1.7	1.5	1.1	0.9	0.8
EV/EBITDA (x)	72.9	(48.1)	(7.8)	15.0	12.9
EV/NOPAT (x)	469.2	(26.6)	(5.8)	39.3	29.9
PER (x)	531.4	N/A	N/A	40.6	30.7
Dividend yield	N/A	N/A	N/A	N/A	N/A
FCF yield	3.5%	(0.4%)	(1.7%)	9.8%	6.2%

Source: Company information and Progressive Equity Research estimates. N.B. this document corrects EPS estimates previously published.

## Disclaimers and Disclosures

Copyright 2018 Progressive Equity Research Limited (“PERL”). All rights reserved. PERL provides professional equity research services, and the companies researched pay a fee in order for this research to be made available. This report has been commissioned by the subject company and prepared and issued by PERL for publication in the United Kingdom only. All information used in the publication of this report has been compiled from publicly available sources that are believed to be reliable; however, PERL does not guarantee the accuracy or completeness of this report. Opinions contained in this report represent those of the research department of PERL at the time of publication, and any estimates are those of PERL and not of the companies concerned unless specifically sourced otherwise. PERL is authorised and regulated by the Financial Conduct Authority (FCA) of the United Kingdom (registration number 697355).

This document is provided for information purposes only, and is not a solicitation or inducement to buy, sell, subscribe, or underwrite securities or units. Investors should seek advice from an Independent Financial Adviser or regulated stockbroker before making any investment decisions. PERL does not make investment recommendations. Any valuation given in a research note is the theoretical result of a study of a range of possible outcomes, and not a forecast of a likely share price. PERL does not undertake to provide updates to any opinions or views expressed in this document.

This document has not been approved for the purposes of Section 21(2) of the Financial Services & Markets Act 2000 of the United Kingdom. It has not been prepared in accordance with the legal requirements designed to promote the independence of investment research. It is not subject to any prohibition on dealing ahead of the dissemination of investment research.

PERL does not hold any positions in the securities mentioned in this report. However, PERL’s directors, officers, employees and contractors may have a position in any or related securities mentioned in this report. PERL or its affiliates may perform services or solicit business from any of the companies mentioned in this report.

The value of securities mentioned in this report can fall as well as rise and may be subject to large and sudden swings. In addition, the level of marketability of the shares mentioned in this report may result in significant trading spreads and sometimes may lead to difficulties in opening and/or closing positions. It may be difficult to obtain accurate information about the value of securities mentioned in this report. Past performance is not necessarily a guide to future performance.