

# ILBE

Sector: Media

# OUTPERFORM

Price: Eu2.09 - Target: Eu3.80

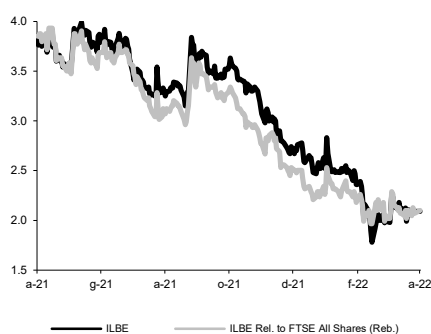
## 2022 Numbers Should Follow a Well-Defined Pattern

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### Stock Rating

<b>Rating:</b>	Unchanged		
<b>Target Price (Eu):</b>	Unchanged		
	<b>2022E</b>	<b>2023E</b>	<b>2024E</b>
<b>Chg in Adj EPS</b>	2.4%	-6.5%	

### ILBE - 12M Performance



### Stock Data

Reuters code:	IE.MI		
Bloomberg code:	IE IM		
	<b>1M</b>	<b>3M</b>	<b>12M</b>
<b>Performance</b>			
Absolute	5.0%	-19.3%	-45.7%
Relative	3.5%	-9.4%	-45.4%
12M (H/L)	3.99/1.78		
3M Average Volume (th):	21.94		

### Shareholder Data

No. of Ord shares (mn):	35
Total no. of shares (mn):	35
Mkt Cap Ord (Eu mn):	73
Total Mkt Cap (Eu mn):	73
Mkt Float - Ord (Eu mn):	15
Mkt Float (in %):	20.9%
Main Shareholder:	
Andrea Iervolino	31.7%

### Balance Sheet Data

Book Value (Eu mn):	101
BVPS (Eu):	2.89
P/BV:	0.7
Net Financial Position (Eu mn):	-29
Enterprise Value (Eu mn):	102

■ **FY21 EBIT better than expected, YE21 net debt in line.** The group approved its FY21 results on 24<sup>th</sup> March 2022. 4Q/FY21 numbers highlighted revenues at Eu18.3mn/Eu152.3mn, 25.2%/3.9% lower than expected. On a more positive note, 4Q21/FY21 EBIT was Eu6.4mn/Eu23.5mn, 46.5%/9.5% better than forecast. The EBIT margin for 4Q21 was particularly surprising, at 35.0%, compared to 12.8% in 9M21. We think profitability is being driven by revenues from the licensing of the pipeline of animated films and IP of animated characters, which came to Eu37mn in FY21. It is important to underline that net debt as at YE21 was Eu29.3mn, in line with expectations and slightly down from the end of September.

■ **Management indications and outlook.** For 2022, management foresees higher revenues, a flattish EBIT margin and net debt declining slightly. As things stand, the contracted production portfolio is worth Eu152.4mn, of which around half for 2022; on top of this figure are projects under development estimated at c.Eu338mn in the 3 years to 2024. The group has no exposure to Russia/Ukraine.

■ **Update to estimates.** In this report we are slightly raising our 2022 estimates, while we are confirming our forecasts for 2023. Compared to our previous estimates, we assume a larger number of episodes of the Puffins web series to be produced in 2022- 2023, but at a lower price per episode. Interestingly, ILBE is working to exploit the great potential of intellectual property related to animated series collaborations with other industry players (e.g. the production of Christmas movies with Fenix and Minerva, the distribution agreement with DeA Kids channel). Looking ahead, we also expect the completion of the contracts with Paradox and WWPS. Management is focusing its efforts on finding a sustainable balance between business growth and cash flow generation. In terms of cash flow, deleveraging should start in 2022 and accelerate in 2023. We expect new productions for 2023 and 2024 to be announced in the coming months: as in the past, our estimates must therefore be considered a work in progress.

■ **OUTPERFORM confirmed; target Eu3.8 unchanged.** FY21 margins were better than expected while cash generation was in line. The stock is trading at attractive multiples (5.2x EV/EBIT on our estimates for 2022 that are even more conservative than company guidance) in light of the visibility offered by the contracted production portfolio. However, market momentum is adverse for growth stocks with back-end loaded cash profiles and limited share liquidity. The current market price reflects an undemanding valuation in light of expectations for encouraging business updates, which should confirm the soundness of the Group's strategic choice of focusing on animation films for digital channels in international markets. Confirming a sustainable cash flow balance and establishing a successful profile for the company's animated products (through both series and Christmas movies) remain essential conditions for triggering a re-rating.

Key Figures & Ratios	2020A	2021A	2022E	2023E	2024E
Sales (Eu mn)	121	152	145	135	132
EBITDA Adj (Eu mn)	112	138	104	96	84
Net Profit Adj (Eu mn)	19	18	15	14	14
EPS New Adj (Eu)	0.557	0.526	0.429	0.407	0.408
EPS Old Adj (Eu)	0.557	0.500	0.419	0.435	
DPS (Eu)	0.000	0.000	0.000	0.000	0.000
EV/EBITDA Adj	1.4	1.1	1.0	1.0	1.1
EV/EBIT Adj	6.9	6.4	5.2	5.3	5.1
P/E Adj	3.8	4.0	4.9	5.1	5.1
Div. Yield	0.0%	0.0%	0.0%	0.0%	0.0%
Net Debt/EBITDA Adj	0.1	0.2	0.3	0.3	0.3

<b>ILBE – Key Figures</b>						
<b>Profit &amp; Loss (Eu mn)</b>	<b>2019A</b>	<b>2020A</b>	<b>2021A</b>	<b>2022E</b>	<b>2023E</b>	<b>2024E</b>
Sales	80	121	152	145	135	132
EBITDA	75	112	138	104	96	84
EBIT	23	22	24	20	19	19
Financial Income (charges)	-0	-1	-3	-3	-3	-3
Associates & Others	0	0	0	0	0	0
Pre-tax Profit	22	21	20	17	16	16
Taxes	-2	-2	-2	-2	-2	-2
Tax rate	9.5%	8.8%	9.5%	10.0%	10.0%	10.0%
Minorities & Discontinued Operations	0	0	0	0	0	0
Net Profit	20	19	18	15	14	14
EBITDA Adj	75	112	138	104	96	84
EBIT Adj	23	22	24	20	19	19
Net Profit Adj	20	19	18	15	14	14
<b>Per Share Data (Eu)</b>	<b>2019A</b>	<b>2020A</b>	<b>2021A</b>	<b>2022E</b>	<b>2023E</b>	<b>2024E</b>
Total Shares Outstanding (mn) - Average	33	35	35	35	35	35
Total Shares Outstanding (mn) - Year End	33	35	35	35	35	35
EPS f.d	0.607	0.557	0.526	0.429	0.407	0.408
EPS Adj f.d	0.607	0.557	0.526	0.429	0.407	0.408
BVPS f.d	1.428	1.915	2.444	2.894	3.339	3.791
Dividend per Share ORD	0.000	0.000	0.000	0.000	0.000	0.000
Dividend per Share SAV	0.000	0.000	0.000	0.000	0.000	0.000
Dividend Payout Ratio (%)						
<b>Cash Flow (Eu mn)</b>	<b>2019A</b>	<b>2020A</b>	<b>2021A</b>	<b>2022E</b>	<b>2023E</b>	<b>2024E</b>
Gross Cash Flow	75	97	140	98	92	80
Change in NWC	-3	2	-5	5	-1	-0
Capital Expenditure	-87	-109	-147	-103	-89	-74
Other Cash Items	0	0	0	0	0	0
Free Cash Flow (FCF)	-14	-10	-13	0	2	5
Acquisitions, Divestments & Other Items	0	0	0	0	0	0
Dividends	0	0	0	0	0	0
Equity Financing/Buy-back	17	0	0	0	0	0
Change in Net Financial Position	5	-15	-14	0	2	5
<b>Balance Sheet (Eu mn)</b>	<b>2019A</b>	<b>2020A</b>	<b>2021A</b>	<b>2022E</b>	<b>2023E</b>	<b>2024E</b>
Total Fixed Assets	49	69	100	119	131	140
Net Working Capital	-5	6	5	0	1	1
Long term Liabilities	-0	-1	-1	-1	-1	-1
Net Capital Employed	48	83	115	130	144	155
Net Cash (Debt)	-1	-16	-29	-29	-27	-22
Group Equity	48	67	86	101	117	133
Minorities	0	0	0	0	0	0
Net Equity	48	67	86	101	117	133
<b>Enterprise Value (Eu mn)</b>	<b>2019A</b>	<b>2020A</b>	<b>2021A</b>	<b>2022E</b>	<b>2023E</b>	<b>2024E</b>
Average Mkt Cap	105	136	122	73	73	73
Adjustments (Associate & Minorities)	0	0	0	0	0	0
Net Cash (Debt)	-1	-16	-29	-29	-27	-22
Enterprise Value	106	152	151	102	100	95
<b>Ratios (%)</b>	<b>2019A</b>	<b>2020A</b>	<b>2021A</b>	<b>2022E</b>	<b>2023E</b>	<b>2024E</b>
EBITDA Adj Margin	94.2%	93.1%	90.8%	71.7%	71.6%	63.7%
EBIT Adj Margin	28.3%	18.3%	15.4%	13.6%	14.0%	14.2%
Gearing - Debt/Equity	1.2%	23.3%	34.2%	28.5%	23.1%	16.5%
Interest Cover on EBIT	84.6	33.5	7.5	6.6	6.3	6.6
Net Debt/EBITDA Adj	0.0	0.1	0.2	0.3	0.3	0.3
ROACE*	69.7%	33.7%	23.8%	16.1%	13.7%	12.5%
ROE*	69.1%	34.0%	24.1%	16.1%	13.1%	11.5%
EV/CE	3.3	2.3	1.5	0.8	0.7	0.6
EV/Sales	1.3	1.3	1.0	0.7	0.7	0.7
EV/EBITDA Adj	1.4	1.4	1.1	1.0	1.0	1.1
EV/EBIT Adj	4.7	6.9	6.4	5.2	5.3	5.1
Free Cash Flow Yield	-19.4%	-13.2%	-17.1%	0.6%	2.5%	6.9%
<b>Growth Rates (%)</b>	<b>2019A</b>	<b>2020A</b>	<b>2021A</b>	<b>2022E</b>	<b>2023E</b>	<b>2024E</b>
Sales	131.1%	50.9%	26.2%	-5.1%	-6.8%	-2.1%
EBITDA Adj	120.8%	49.1%	23.0%	-25.0%	-7.0%	-12.8%
EBIT Adj	94.4%	-2.7%	6.6%	-16.3%	-4.3%	-0.5%
Net Profit Adj	98.5%	-3.7%	-5.5%	-18.5%	-5.1%	0.4%
EPS Adj	66.5%	-8.2%	-5.5%	-18.5%	-5.1%	0.4%
DPS						

\*Excluding extraordinary items

Source: Intermonte SIM estimates

## 4Q/FY21 Results

4Q/FY21 numbers highlighted revenues at Eu18.3mn/Eu152.3mn, 25.2%/3.9% lower than expected. On a more positive note, 4Q21/FY21 EBIT was Eu6.4mn/Eu23.5mn, 46.5%/9.5% better than forecast. The EBIT margin for 4Q21 was particularly surprising, at 35.0%, compared to 12.8% in 9M21. We think profitability is being driven by revenues from the licensing of the pipeline of animated films and IP of animated characters, which came to Eu37mn in FY21. It is important to underline that net debt as at YE21 was Eu29.3mn, in line with expectations and slightly down from the end of September.

### ILBE – 4Q/FY21 Results

Income Statement	2019	1H20A	2H20A	2020A	1H21A	3Q21A	9M21A	4Q21A	2H21A	2021A	4Q21E	2H21E	2021E	A. vs. E 4Q21E	A. vs. E 2H21E	A. vs. E 2021E
<b>Value of production</b>	<b>80.0</b>	<b>55.5</b>	<b>65.2</b>	<b>120.7</b>	<b>114.2</b>	<b>19.9</b>	<b>134.0</b>	<b>18.3</b>	<b>38.1</b>	<b>152.3</b>	<b>24.4</b>	<b>44.3</b>	<b>158.5</b>	<b>-25.2%</b>	<b>-13.9%</b>	<b>-3.9%</b>
YoY%	131%	475%	-7%	51%	106%	-2%	77%	-59%	-42%	26%	-46%	-32%	31%			
<b>EBIT</b>	<b>22.6</b>	<b>12.0</b>	<b>10.0</b>	<b>22.0</b>	<b>15.0</b>	<b>2.1</b>	<b>17.1</b>	<b>6.4</b>	<b>8.5</b>	<b>23.5</b>	<b>4.4</b>	<b>6.5</b>	<b>21.5</b>	<b>46.5%</b>	<b>31.4%</b>	<b>9.5%</b>
YoY%	94.4%	310.5%	-49.1%	-2.7%	25.0%	-55.8%	2.1%	21.0%	-15.4%	6.6%	-17.4%	-35.6%	-2.6%			
margin %	28.3%	21.6%	15.4%	18.3%	13.1%	10.5%	12.8%	35.0%	22.3%	15.4%	17.9%	14.6%	13.5%			
Net financial income/expense	(0.3)	(0.4)	(0.3)	(0.7)	(1.9)				(1.2)	(3.1)		(0.1)	(2.0)			
<b>Pretax Profit</b>	<b>22.4</b>	<b>11.6</b>	<b>9.8</b>	<b>21.4</b>	<b>13.1</b>				<b>7.3</b>	<b>20.4</b>		<b>6.4</b>	<b>19.5</b>		<b>14.0%</b>	<b>4.6%</b>
YoY%	96%	295%	-50%	-4%	13%				-26%	-5%		-35%	-9%			
Taxes	(2.1)	(2.0)	0.1	(1.9)	(0.8)				(1.2)	(1.9)		(1.2)	(1.9)			
Tax Rate	-9.5%	-17.3%	1.3%	-8.8%	-5.7%				-16.3%	-10.0%		-18.8%	-10.0%			
<b>Net profit</b>	<b>20.2</b>	<b>9.6</b>	<b>9.9</b>	<b>19.5</b>	<b>12.3</b>				<b>6.1</b>	<b>18.4</b>		<b>5.2</b>	<b>17.5</b>		<b>17.5%</b>	<b>5.2%</b>
YoY%	98.5%	258.7%	-43.6%	-3.7%	28.8%				-38.7%	-5.5%		-47.8%	-10.1%			

Source: Intermonte SIM estimates

### ILBE – Key Balance Sheet figures

Balance Sheet	2019	1Q20A	2Q20A	1H20A	3Q20A	9M20A	4Q20A	2H20A	2020A	1Q21A	2Q21A	1H21A	3Q21A	9M21A	4Q21A	2H21A	2021A
<b>Trade Working Capital</b>	<b>(6.2)</b>			<b>(7.5)</b>					<b>(8.5)</b>			<b>(6.0)</b>					<b>(3.5)</b>
Other current Assets/Liab	1.6			6.4					14.4			18.5					8.1
<b>Net working capital</b>	<b>(4.6)</b>			<b>(1.1)</b>					<b>5.9</b>			<b>12.5</b>					<b>4.6</b>
<b>Net Fixed Asset</b>	<b>53.2</b>			<b>63.8</b>					<b>77.3</b>			<b>84.8</b>					<b>111.0</b>
Other LT Liabilities	(0.3)			(0.4)					(0.6)			(0.6)					(0.7)
<b>Net capital employed</b>	<b>48.2</b>			<b>62.2</b>		<b>72.5</b>			<b>82.7</b>	<b>91.3</b>		<b>96.7</b>		<b>109.8</b>			<b>114.9</b>
Financed by:																	
<b>Net (debt) cash</b>	<b>(0.5)</b>			<b>(4.8)</b>		<b>(10.3)</b>			<b>(15.6)</b>	<b>(19.2)</b>		<b>(17.3)</b>		<b>(29.3)</b>			<b>(29.3)</b>
<b>Net Equity</b>	<b>47.7</b>			<b>57.4</b>		<b>62.2</b>			<b>67.0</b>	<b>72.1</b>		<b>79.4</b>		<b>80.5</b>			<b>85.6</b>

Source: Intermonte SIM estimates

In more detail, animated series, including the licensing of characters and the pipeline, accounted for 81% of revenues in 2021. The remaining 68 episodes of the “Arctic Friends” web series, which began in 2018, have been delivered, with total revenues of Eu50.2mn (including the relevant government grants) in addition to revenues for back-end, production pipeline licences and character licences for a total of Eu37.1mn. In 2021 88 episodes of the “Puffins” series were delivered, generating Eu36.7mn in revenues (including the relevant government grants).

**ILBE – Revenue breakdown**

<b>Turnover breakdown</b>	<b>2018 A</b>	<b>2019 A</b>	<b>2020 A</b>	<b>2021 A</b>
The Poison Rose	16.94	3.05	0.43	0.00
Arctic Friends	16.38	37.62	74.10	87.30
Waiting for the Barbarians	0.00	19.02	5.76	0.65
Women Stories	0.00	4.51	4.33	2.56
Puffins	0.00	12.16	26.89	36.68
Paradox films	0.00	0.00	2.26	1.23
WWPS films	0.00	0.00	0.00	5.14
<b>Turnover from film productions</b>	<b>33.32</b>	<b>76.35</b>	<b>113.77</b>	<b>133.56</b>
other revenues	1.30	1.59	1.11	0.11
<b>Total turnover from film productions</b>	<b>34.63</b>	<b>77.95</b>	<b>114.88</b>	<b>133.67</b>
Iervolino Studios (Serbian productions)	-	-	2.88	12.94
Arte Video	-	-	0.94	1.00
Celebrity Management	-	1.31	0.95	4.32
Other	-	0.75	1.09	0.38
<b>Group Turnover</b>	<b>34.63</b>	<b>80.01</b>	<b>120.74</b>	<b>152.32</b>

Source: Company data and Intermonte SIM estimates

At the end of 2021, net debt was Eu29.3mn.

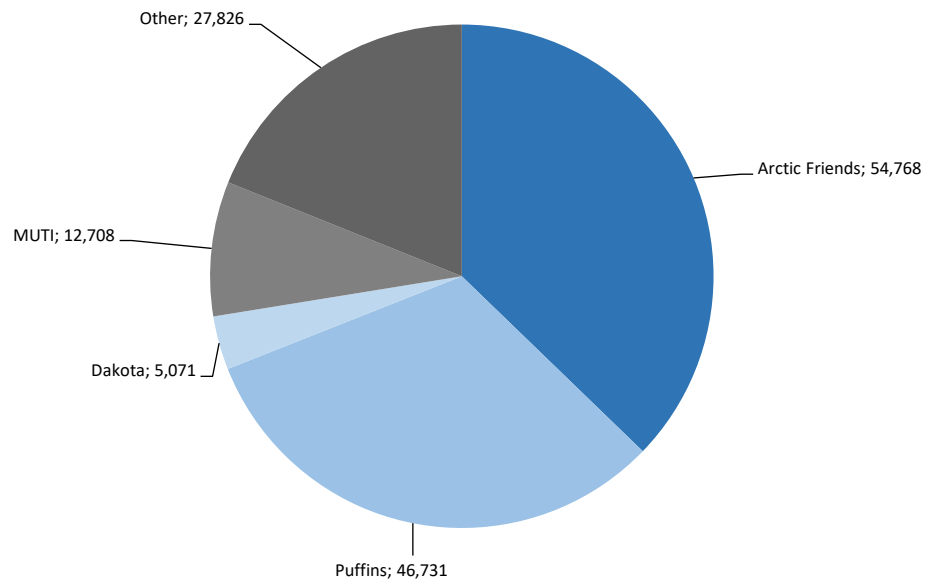
**ILBE – Cash flow statement**

<b>(Eu mn)</b>	<b>2018A</b>	<b>2019A</b>	<b>2020A</b>	<b>2021A</b>
EBIT	11.7	22.6	22.0	23.5
Amortization & Depr.	22.5	52.7	90.4	114.8
Fin Charges / Taxes	(1.2)	(2.1)	(2.5)	(5.1)
Change in working capital	4.0	(3.3)	2.3	(5.0)
Other funds and provisions	2.0	2.5	(12.8)	6.4
<b>Operating cash flow</b>	<b>39.0</b>	<b>72.4</b>	<b>99.3</b>	<b>134.6</b>
Capex	(41.5)	(86.6)	(109.0)	(147.1)
<b>FCF (Eu mn)</b>	<b>(2.6)</b>	<b>(14.2)</b>	<b>(9.7)</b>	<b>(12.5)</b>
Acquisitions	0.0	0.0	0.0	0.0
Disposals	0.0	0.0	0.0	0.0
Dividends	0.0	0.0	0.0	0.0
Right Issue	0.0	16.5	0.3	0.0
Other	(2.5)	3.0	(5.7)	(1.1)
<b>Cash Flow</b>	<b>(5.1)</b>	<b>5.3</b>	<b>(15.1)</b>	<b>(13.7)</b>
<b>NFP at bgn year Cash/(Debt)</b>	<b>(0.8)</b>	<b>(5.9)</b>	<b>(0.5)</b>	<b>(15.6)</b>
Cash Flow: Cash/(Debt)	(5.1)	5.3	(15.1)	(13.7)
<b>NFP at year end: Cash/(Debt)</b>	<b>(5.9)</b>	<b>(0.5)</b>	<b>(15.6)</b>	<b>(29.3)</b>

Source: Company data and Intermonte SIM estimates

Consistently with the revenue breakdown, Arctic Friends and Puffins accounted for the largest portion of 2021 CapEx.

**ILBE – 2021 CapEx Breakdown**



Source: Intermonte SIM

**New Regulation is Good News for the Sector**

On 10<sup>th</sup> December 2021, the new consolidated act for the provision of audio-visual media services was published in the Official Journal which, in consideration of market trends, implements Directive (EU) 2018/1808 of 14<sup>th</sup> November 2018.

Of particular interest for ILBE is art. 55, which defines the obligations of on-demand audio-visual media service providers, i.e. over the top operators such as Netflix, Amazon Prime, Disney +. In short, at least 30% of these entities’ catalogues are required to programme European works produced within the last 5 years, and they must invest a certain percentage of net revenues in European audio-visual works produced by independent producers: 17% until 31<sup>st</sup> December 2022, 18% from 1<sup>st</sup> January 2023 and then 20% from 1<sup>st</sup> January 2024.

The text stipulates that OTTs must give these works "adequate prominence" within their catalogue by providing, for example, a dedicated section on the main access page or a specific category for searching for works in the catalogue. A share of no less than 50% of the percentage envisaged for European works must be reserved for works of original Italian expression, produced anywhere in the last five years, by independent producers.

**Dual Listing on Paris Euronext Growth**

Starting on 12<sup>th</sup> January 2022, ILBE shares have been traded on the Paris Euronext Growth exchange via direct admission. According to Andrea Iervolino, this dual listing was prompted by a desire to attract new investors on a market where a number of peers are already traded, with the hope of increasing liquidity and opening up possible new growth opportunities.

## Management indications and backlog

For 2022, management foresees higher revenues, a flattish EBIT margin and net debt declining slightly. As of today, the contracted production portfolio is worth Eu152.4mn, of which around half for 2022; to this figure are added projects under development estimated at c.Eu338mn in the 3 years to 2024. If we focus on 2022 we can therefore consider a pipeline of about Eu150mn made up of about Eu75mn of fully contracted projects and about Eu75mn of projects under development. We remind that the group has no exposure to Russia/Ukraine.

Among the fully contracted projects there are the last episodes of the *Puffins* series, expected to be delivered in 1H22 for approximately €13.7mn, the production of the film *State of Consciousness* for approximately €3.6mn, the production of the film *Muti* for approximately €12mn and the production of the film *In the Fire* for approximately €3.7mn, expected to be delivered in 2H22. Furthermore, in early 2022 the Group began production on a new sequel to the animated series *Arctic Friends* and *Puffins* entitled *Baby Puffins & Bunny*. The backlog of the new animated series is €116.8mn, with an almost constant production plan spread over 2022, 2023 and 2024. As announced on 7<sup>th</sup> March 2022, the Group signed an international distribution contract with WWWPS.Tv (<https://wwps.tv/about-us/>) for the sale of rights to a new animation series entitled *Baby Puffins & Bunny*, which will comprise 405 5-minute episodes in total, split into 15 seasons between 2022 and 2024. Each year ILBE will have to deliver 5 series of 27 episodes each, thus 135 5-minute episodes a year at Eu0.262mn per episode, Eu35.4mn a year or Eu106mn for the 2022-24 3-year period. According to the contract, ILBE will sell all the international rights while maintaining some rights in Italy and Spain (in particular for television usage). As well as the agreed consideration, ILBE should also cash in the tax credits associated with this new production.

### ILBE – Project backlog

Projects	Value (Eu mn)	Exp. Delivery	Status
Puffins	13.7	1H22	Fully contractualised
State of Consciousness	3.6	1H22	Fully contractualised
Muti	12.0	1H22	Fully contractualised
In the fire	3.7	2H22	Fully contractualised
Giving Back Generation 2 & 3	2.6	1H22	Fully contractualised
New web series Baby Puffins & Bunny	116.8	FY22-24	Fully contractualised
New audiovisual projects (10)	51.2	FY22-24	To be contractualised
New films (3)	17.3	FY22-24	To be contractualised
Unscripted projects (15)	11.2	FY22-24	To be contractualised
Servicing for Puffin:impossible	88.2	FY22-24	To be contractualised
Servicing and Licencing in other projects	135.4	FY22-24	To be contractualised
Red Carpet + Sobe Sport	35.0	FY22-24	To be contractualised

Source: Company data

## Change in estimates

In this report we are slightly raising our estimates on 2022 while confirming our forecasts for 2023. Compared to our previous estimates, we assume a larger number of episodes of the *Puffins* web series to be produced in 2022- 2023, albeit at a lower price per episode. Interestingly, ILBE is working to exploit the great potential of intellectual property related to animated series collaborations with other industry players (e.g. the production of Christmas movies with Fenix and Minerva, the distribution agreement with DeA Kids channel). Looking ahead, we also expect the completion of the contracts with Paradox and WWPS. Management is focusing its efforts on finding a sustainable equilibrium between business growth and cash flow generation. In terms of cash flow, deleveraging should start in 2022 and accelerate in 2023. We expect new productions for 2023 and 2024 to be announced in the coming months: as in the past, our estimates must therefore be considered a work in progress.

### ILBE – Changes to estimates

(Eu mn)	NEW			OLD			% CHANGE		
	2021A	2022E	2023E	2021E	2022E	2023E	2021A	2022E	2023E
Value of production	152.3	144.6	134.7	158.5	136.2	134.2	-3.9%	6.2%	0.4%
		(5.07%)							
EBIT	23.5	19.7	18.8	21.5	18.2	18.8	9.5%	8.1%	-0.1%
margin %	15.4%	13.6%	14.0%	13.5%	13.4%	14.0%			
Net financial charges	(3.1)	(3.0)	(3.0)	(2.0)	(1.9)	(1.9)			
Pretax Profit	20.4	16.7	15.8	19.5	16.3	16.9	4.6%	2.4%	-6.5%
margin %	13.4%	11.5%	11.7%	12.3%	12.0%	12.6%			
Taxes	(1.9)	(1.7)	(1.6)	(1.9)	(1.6)	(1.7)			
Tax Rate	-9.5%	-10.0%	-10.0%	-10.0%	-10.0%	-10.0%			
Net profit	18.4	15.0	14.2	17.5	14.7	15.2	5.2%	2.4%	-6.5%
YoY %	(5.5%)	(18.5%)	(5.1%)	(10.1%)	(16.3%)	3.9%			
margin %	12.1%	10.4%	10.6%	11.1%	10.8%	11.4%			
minorities	-	-	-	-	-	-			
Group net profit	18.4	15.0	14.2	17.5	14.7	15.2	5.2%	2.4%	-6.5%

Source: Intermonte SIM estimates

### ILBE – Turnover breakdown (film sales include tax credits)

Turnover breakdown	2018 A	2019 A	2020 A	2021 A	2022 E	2023 E
The Poison Rose	16.94	3.05	0.43	0.00	0.00	0.00
Arctic Friends	16.38	37.62	74.10	87.30	24.09	26.51
Waiting for the Barbarians	0.00	19.02	5.76	0.65	0.16	0.00
Women Stories	0.00	4.51	4.33	2.56	1.36	2.49
Puffins	0.00	12.16	26.89	36.68	53.10	57.04
Paradox films	0.00	0.00	2.26	1.23	12.27	6.27
WWPS films	0.00	0.00	0.00	5.14	22.49	11.31
Turnover from film productions	33.32	76.35	113.77	133.56	113.47	103.62
other revenues	1.30	1.59	1.11	0.11	0.12	0.13
Total turnover from film productions	34.63	77.95	114.88	133.67	113.59	103.74
Iervolino Studios (Serbian productions)	-	-	2.88	12.94	18.00	18.00
Arte Video	-	-	0.94	1.00	6.00	6.00
Celebrity Management	-	1.31	0.95	4.32	6.00	6.00
Other	-	0.75	1.09	0.38	1.00	1.00
Group Turnover	34.63	80.01	120.74	152.32	144.59	134.74

Source: Intermonte Sim estimates

## Peer comparison

### ILBE – Peer Group Multiples

	Mkt Cap	PE 2021	PE 2022	PE 2023	EV/EBIT 2021	EV/EBIT 2022	EV/EBIT 2023
<b>Iervolino Entertainment</b>	<b>73</b>	<b>4.0 x</b>	<b>4.9 x</b>	<b>5.1 x</b>	<b>6.4 x</b>	<b>5.2 x</b>	<b>5.3 x</b>
Notorious Pictures	35	7.9 x	6.2 x	5.0 x	10.1 x	7.7 x	6.3 x
Lucisano Media Group S.p.A.	20						
Lions Gate Entertainment Corp Class A	2,963	32.7 x	19.6 x	15.6 x	102.0 x	45.5 x	29.3 x
Mondo TV S.p.A.	49						
Xilam Animation SA	197	27.1 x	18.7 x	17.6 x	20.4 x	14.9 x	13.4 x
Thunderbird Entertainment Group Inc	140	31.0 x	17.1 x	11.4 x	6.8 x	5.2 x	
<b>Mean</b>		<b>24.7 x</b>	<b>15.4 x</b>	<b>12.4 x</b>	<b>34.8 x</b>	<b>18.3 x</b>	<b>16.3 x</b>
<b>Median</b>		<b>29.0 x</b>	<b>17.9 x</b>	<b>13.5 x</b>	<b>15.3 x</b>	<b>11.3 x</b>	<b>13.4 x</b>

Source: Intermont SIM and Factset

### ILBE – Peer Group Performance

	Mkt Cap	1M	3M	6M	YTD	1Y
<b>Iervolino Entertainment</b>	<b>73</b>	<b>5.0%</b>	<b>-19.3%</b>	<b>-41.3%</b>	<b>-19.0%</b>	<b>-45.7%</b>
Notorious Pictures	35	6.1%	-3.7%	-18.3%	-4.3%	-12.8%
Lucisano Media Group S.p.A.	20	11.9%	-5.0%	-17.5%	3.9%	-5.0%
Lions Gate Entertainment Corp Class A	2,963	-4.3%	-9.5%	10.1%	-6.0%	1.1%
Mondo TV S.p.A.	49	-1.8%	-16.6%	-20.1%	-22.5%	-25.6%
Xilam Animation SA	197	17.5%	-1.6%	-0.4%	-3.4%	-14.0%
Thunderbird Entertainment Group Inc	140	2.8%	-3.5%	-19.6%	-7.1%	-16.4%
<b>Mean</b>		<b>5.4%</b>	<b>-6.7%</b>	<b>-11.0%</b>	<b>-6.5%</b>	<b>-12.1%</b>
<b>Median</b>		<b>4.4%</b>	<b>-4.4%</b>	<b>-17.9%</b>	<b>-5.1%</b>	<b>-13.4%</b>

Source: Intermont SIM and Factset

DETAILS ON STOCKS RECOMMENDATION			
Stock NAME	ILBE		
Current Recomm:	OUTPERFORM	Previous Recomm:	OUTPERFORM
Current Target (Eu):	3.80	Previous Target (Eu):	3.80
Current Price (Eu):	2.09	Previous Price (Eu):	2.07
Date of report:	20/04/2022	Date of last report:	02/03/2022



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NEUTRAL:	16.98 %
UNDERPERFORM	00.00 %
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