

7digital Group

Current trading

Juke relaunched on 7digital platform

Trading for 2018 appears to have started on a solid footing, with Q118 licencing revenues double the prior year and, importantly, the re-launch of the Juke service on the 7digital platform in key territories in Q2. We plan to review our forecasts at the time of the full-year results at the end of June.

Year end	Revenue (£m)	EBITDA (£m)	PBT* (£m)	EPS* (p)	DPS (p)	EV/EBITDA (x)	P/E (x)
12/16	11.9	(3.5)	(4.7)	(4.1)	0.0	N/A	N/A
12/17e	17.3**	(1.0)	(2.9)	(1.8)	0.0	N/A	N/A
12/18e	24.9	3.0	2.1	1.2	0.0	3.4	8.0
12/19e	27.6	4.6	3.8	0.8	0.0	2.1	5.1

Note: *PBT and EPS are normalised, excluding amortisation of acquired intangibles, exceptional items and share-based payments. Our forecasts are under review – awaiting finalised capital structure. ** Headline figures reported.

Headline revenues and EBITDA figures have been reported for FY17. Given the significant changes in the business over the last year, we expect to review our current forecasts when 7digital reports FY17 results at the end of June. Trading in 2018 appears to have started well, and while we look forward to more detail on the cost base, revenue forecasts for the year look supported.

Management has reported Q1 trading in line with its expectations for the year; contracts with a lifetime value of £2.3m were agreed in Q118; and total licensing revenues were £3.6m (£1.6m Q117). While licence revenues can be volatile depending on the extent to which set up fees feature versus monthly recurring revenues (MRR), it gives us confidence that trading is on track for the full year.

Q2 also appears to have started well. As part of its largest contract for MMS, 7digital has now re-launched the Juke music service on the 7digital platform in the Netherlands and Germany (its largest market). It plans to launch in Spain in the coming months and to all 15 markets across Europe over the next 12 months. This contract is sizeable and will enable 7digital to recognise set-up fees for the service and MRR related to the ongoing running of the platform in these territories from Q218. The group has also announced an agreement to licence its platform for an innovative new service for Powerchord, the parent company of Rocket Music Management, one of the UK's leading music management groups (Elton John, Rag'n'Bone Man, Chris Difford, 2Cellos among others). The service will allow concert goers to mix live music on the fly and download live recorded tracks immediately after the concert.

Media

6 June 2018

Price 4.3p
Market cap £17m

Net cash (£m) at 30 June 2017 adjusted for £8m equity raise in December 2017 7

Shares in issue 399m

Free float 84%

Code 7DIG

Primary exchange AIM

Secondary exchange N/A

Share price performance



Business description

7digital Group provides an end-to-end, white-label digital music platform and access to global music rights that enable its clients, which include businesses in the radio, electronics, social media and telecoms industries around the world, to offer music streaming and download services to their own customers. Its global customer base includes musical.ly, Onkyo, Panasonic, MediaMarktSaturn, Cdiscount, Electric Jukebox, eMusic and i.am+.

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