

Technicolor

FY20–22 strategic plan and fundraise

Technicolor's new CEO, Richard Moat, appointed in November 2019, has completed his review of the group. He has now set out his strategy to play to the group's commercial strengths and put it on a firmer financial footing. More detail will be added at a capital markets day scheduled for 19 February. Cost savings of €150m have been identified (an additional €110m to those already being implemented, and at an implementation cost of €90m over three years) and an underwritten rights issue of €300m is envisaged. Key lenders will then extend the debt facilities, subject to the successful completion of the rights Issue.

Year end	Revenue (€m)	PBT* (€m)	EPS* (€)	DPS (€)	EV/EBIT (x)	P/E (x)	Yield (%)
12/17	4,253	7	0.02	0.06	8.2	35.2	8.8
12/18	3,988	(3)	(0.01)	0.00	17.6	N/A	N/A
12/19e	3,809	(69)	(0.23)	0.00	16.0	N/A	N/A
12/20e	3,747	(10)	(0.02)	0.00	8.3	N/A	N/A

Note: *PBT and EPS are normalised, excluding amortisation of acquired intangibles, exceptional items and share-based payments. FY19e and FY20e include IFRS 16 impact

Full publication of the FY19 results is now scheduled for 18 February, with the capital markets day (CMD) planned for the following morning. Indicated figures show revenue in line with our modelling, with EBITA slightly lower at €42m, and negative free cash flow, as we expected. Management has reinstated guidance. For FY20, EBITA is anticipated at around €70m, then building through FY21–22. Production Services is identified as the growth engine of the group, with DVD Services (benefiting from renegotiated contracts) delivering cash and Connected Home focusing on its leadership in broadband. The cost savings will be from restructuring across the group (not just Connected Home), rationalising the property portfolio and group infrastructure and shifting activities to lower-cost geographies. Our estimates are not yet updated, awaiting the further detail to be given with the formal results and CMD.

Strategic plan and fundraise

Media

14 February 2020

Price €0.68

Market cap €282m

€0.92/US\$

Net debt (€m) as at 30 June 2019 1,060

Shares in issue 414.6m

Free float 100%

Code TCH

Primary exchange Euronext

Secondary exchange N/A

Share price performance



Business description

Technicolor is a worldwide technology leader operating in the media and entertainment industry. Its activities are organised in two business segments, Entertainment Services (the combined Production and DVD Services businesses) and Connected Home.

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