

# Entertainment One

Trading update

## Library valuation uplift

Entertainment One's (eOne's) pre-close trading update confirms the group is trading well and is on track to meet full-year market forecasts. There is no change to our forecasts at this juncture. The group's rights library has been independently reassessed and has increased to a value of US\$2.0bn, from US\$1.7bn at the time of the last valuation in March 2017. The group's current market capitalisation is c £1.8bn (US\$2.3bn). Recent strong share price performance has narrowed the discount to peers, but further positive news flow would allow additional upside.

Year end	Revenue (£m)	EBITDA (£m)	PBT (£m)	EPS (p)	DPS (p)	P/E (x)	Yield (%)
03/17	1,082.7	160.2	129.9	20.0	1.3	19.1	0.3
03/18	1,044.5	177.3	144.4	21.9	1.4	17.5	0.4
03/19e	1,208.6	193.4	154.9	23.6	1.5	16.2	0.4
03/20e	1,353.3	215.0	177.0	26.8	1.6	14.3	0.4

Note: \*PBT and EPS are normalised, excluding amortisation of acquired intangibles, share-based payments

In [our recent update](#) following the Capital Markets Day, we discussed the group's transition to a pure-play content business, as well as describing the key trends and properties in the underlying segments. This morning, management has confirmed that Family & Brands continues its positive momentum in negotiating licence and SVOD (streaming video on demand) deals. In Film & Television, the trading update confirms a good pipeline of new series in development, underpinning our forecasts for this division.

The group's library has been independently revalued, having last been assessed on 31 March 2017, and has appreciated at a healthy rate. It is now worth US\$2.0bn, up from US\$1.7bn, reflecting the investment in content over the intervening period. This figure is net of a US\$64m one-off charge (US\$60m is non-cash). Around half of this charge impacts the library valuation, the balance relates to costs associated with the shift of emphasis in the business to pure content.

Our forecasts are unchanged.

Media

27 September 2018

**Price** **382.2p**  
**Market cap** **£1,769m**

Net debt (£m) at end March 2018	314.5
Shares in issue	462.9m
Free float	98.1%
Code	ETO
Primary exchange	LSE (FTSE 250)
Secondary exchange	N/A

### Share price performance



### Business description

Entertainment One is a global independent studio that specialises in the development, acquisition, production, financing, distribution and sales of entertainment content. Its rights library, valued at US\$2.0bn, is exploited across all media formats, and includes more than 80,000 hours of film and television content and approximately 40,000 music tracks.

### Analysts

Fiona Orford-Williams	+44 (0)20 3077 5739
Neil Shah	+44 (0)20 3077 5715

[media@edisongroup.com](mailto:media@edisongroup.com)

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