



Investment Research

Buy

Recommendation unchanged

Share price: EUR 10.12

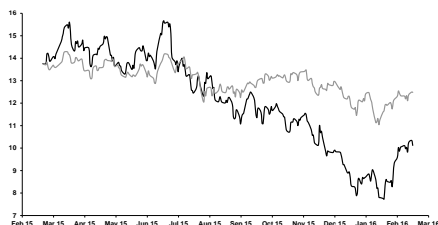
closing price as of 15/03/2016

Target price: EUR 14.80

Target Price unchanged

Reuters/Bloomberg	A3M.MC/A3M SM
Daily avg. no. trad. sh. 12 mth	1,036,295
Daily avg. trad. vol. 12 mth (m)	10,526.28
Price high 12 mth (EUR)	15.67
Price low 12 mth (EUR)	7.73
Abs. perf. 1 mth	30.4%
Abs. perf. 3 mth	-8.0%
Abs. perf. 12 mth	-28.2%
Market capitalisation (EURm)	2,284
Current N° of shares (m)	226
Free float	35%

Key financials (EUR)	12/15	12/16e	12/17e
Sales (m)	970	1,022	1,070
EBITDA (m)	166	209	250
EBITDA margin	17.1%	20.5%	23.3%
EBIT (m)	145	188	228
EBIT margin	14.9%	18.4%	21.3%
Net Profit (adj.)(m)	99	147	180
ROCE	20.8%	28.1%	32.4%
Net debt/(cash) (m)	160	146	131
Net Debt Equity	0.3	0.3	0.3
Net Debt/EBITDA	1.0	0.7	0.5
Int. cover(EBITDA/Fin.int)	34.7	38.2	50.3
EV/Sales	2.5	2.4	2.3
EV/EBITDA	14.4	11.6	9.7
EV/EBITDA (adj.)	14.4	11.6	9.7
EV/EBIT	16.5	13.0	10.6
P/E (adj.)	22.4	15.6	12.7
P/BV	4.6	4.9	5.2
OpFCF yield	1.9%	6.2%	7.2%
Dividend yield	3.5%	5.5%	7.1%
EPS (adj.)	0.44	0.65	0.80
BVPS	2.15	2.07	1.96
DPS	0.36	0.55	0.72



Source: Factset — ATRESMEDIA — Stoxx Media (Rebased)

Shareholders: Grupo Planeta-de Agostini 42%; RTL 19%; Imagina 4%;

For company description please see summary table footnote

Reason: Company Visit

16 March 2016

Se reafirma nuestra visión positiva: 2016, un buen año en términos de apalancamiento operativo

Tuvimos la oportunidad de contar con Antonio Manso (CFO) y David Gómez (Director IR) en un desayuno ofrecido a inversores en nuestras oficinas. En él se aportó más visibilidad acerca de las perspectivas publicitarias para el 1T16/2016 y la evolución de los parámetros operativos y financieros de la compañía.

- **Crecimiento del mercado TV de entre un 4-6% para el 1T16 (ya anticipado en la c.c. de resultados 2015).** El comportamiento m/m fue desigual con un Enero negativo (la compañía no cuantificó en qué grado), Febrero altamente positivo con un crecimiento del +16% y Marzo moviéndose en el entorno del +4/6%. Recaltar que este año la Semana Santa (impacto negativo -3/5%) se sitúa en pleno mes de marzo que a la vez muestra una comparativa exigente a/a. Es por ello que en nuestra opinión, es relativamente sencillo que Abril sea un mes positivo. **Antonio M. fijó en el +4% la base de crecimiento anual para 2016 (vs. +5% BEKA).**
- **El CFO comentó que no observan debilidad en ninguno de los sectores a excepción de telecomunicaciones ante la ola de fusiones que redujo las agresivas campañas de compañías como Jazztel (Orange) y Ono (Vodafone).** Se hizo especial mención a la Alimentación, Belleza & Higiene por su resistencia y alto crecimiento de Autos ante las fuertes campañas por el lanzamiento de nuevos modelos en febrero y el incremento de las ventas de vehículos. Y es que generalmente sus presupuestos de marketing son proporcionales a las ventas (+16,8% en Feb-16 de ventas de vehículos comerciales en España aceleradas por la continuación del plan Pive, +50% a/a en inv. publicitaria).
- Antonio Manso comentó que el comportamiento de A3M está yendo mejor que el mercado en su conjunto aunque no piensan que esta tendencia continúe en la segunda parte del año a raíz del aumento de competencia con el lanzamiento de canales. **En nuestra opinión, el impacto de los grupos entrantes en TV FTA nacional será limitado por su reducida capacidad financiera, bajas audiencias y las altas barreras existentes a nivel de costes fijos y comercialización de publicidad en el mercado FTA.** En cuanto a A3M esperamos que en el 1T16 su crecimiento del top-line sea claramente superior al mercado: **spread positivo en el rango de 1-1,5 p.p.** Las previsiones de la empresa contemplan mantener su market share en fijando la cota del 42% como suelo (43% estimado desde BEKA, +1 p.p a/a) y power ratio16e de 1,6x; estable a/a y coincidiendo con nuestras proyecciones.
- **El 2016 configurará el máximo de inventarios por los nuevos canales. Esperamos que éstos se agoten en el plazo máximo de año/año y medio; momento en el cual los incrementos de inversión publicitaria se recogerán casi por completo a nivel de c/GRP.** Aproximadamente 2/3 de la caída de inv. publicitaria desde máximos de 2007 se explicó por precios. En 2015, A3M anunció un aumento de GRP's del +6% a consecuencia de Mega y Atreseries y un +3% en c/GRP's. Esperamos que ambos parámetros se equilibren en 2016e. Los precios publicitarios de A3M son c. de un +8/10% superiores a los de su rival MSE.

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For important disclosure information, please refer to the disclaimer page of this report

- **El control de costes en 2016 permitirá que este año mejoren sustancialmente los márgenes según Manso: +4,6 p.p. a/a en M.EBITDA16e.** La empresa facilitó la siguiente guía de opex: 810-820mEUR (en línea con nuestras proyecciones de 812mEUR, +0,7/2% a/a y excl. el EURO2016) para 2016e, CARG13/16 +3%. Este menor crecimiento de costes operativos a/a vendrá propiciado por la ausencia no recurrentes (pago para evitar cierre de canales, Fórmula 1, lanzamiento de canales y otros) que se invertirán en programación de Mega y Atreseries, la racionalización de costes de programación y medidas de eficiencia. El **sistema de ventanas** está permitiendo la optimización del coste de los derechos ajenos/proprios gracias al visionado anterior en otras plataformas (incluida Pay-TV y otros canales del grupo y las eficiencias multicanal) de las producciones de modo que el coste del derecho disminuye sustancialmente. **A3M decidió en 2015 a aumentar su biblioteca por las necesidades de sus nuevos canales lo que contribuyó a aumentar el impacto negativo del circulante en 2015.**
- **2016, un buen año en términos de apalancamiento operativo: >80% de conversión de caja a nivel EBITDA vs. c.60% en 2015.** A3M proyecta alcanzar aprox. un 25% de M.EBITDA aj. en el medio plazo en TV/radio. Pensamos que esta cota podrá alcanzarse en 2017e: 24,5%.
- **La producción in-house, el principal valor de la compañía y el escudo frente al avance de IPTV y OTT's en el LP.** Valoramos positivamente que aprox. el 75% de las horas emitidas por sus cadenas principales se corresponden con producción propia. A nivel de grupo la proporción disminuyó por la emisión de un mayor número de canales de nueva generación dirigidos a targets específicos más concretos (femenino -Nova-, masculino -Neox, Mega- e infantil -Neox Kids-). **Aunque el consumo de TV lineal disminuyó entre los jóvenes consideramos que la producción de contenidos de calidad asegura el futuro de la empresa por su flexibilidad:** (1) venta a terceros, (2) emisión multiformato/multicanal, (3) ingresos extraordinarios a coste nulo procedentes de IPTV, (4) ingresos con origen las plataformas de pago (30m de suscriptores - ARPU bajo-, principalmente cable) internacionales y (5) adaptación de formatos a otros.
- **A3M considera que la Champions (tres temporadas) es suficiente para alimentar su parrilla deportiva aunque no descartan pujar por el EURO2016 como la segunda guinda del pastel a precio atractivo.** Pensamos que otros competidores como MSE están más presionados para la adquisición de los derechos ante la evolución de su prime time y la falta de derechos deportivos. Estimamos que su coste decrezca vs. edición anterior (emitida en 2012 por Telecinco/Cuatro, MSE): 45 vs. 60mEUR anteriores.
- **Movistar+ (Pay-TV en general c.6 min./h de publicidad actualmente) no preocupa ni en términos de audiencia ni en cuanto a tarta publicitaria se refiere ya que se encuentra en proceso de construir su base de clientes. Por el momento, los ingresos publicitarios de la plataforma son inferiores (aprox. 60% de inv. publicitaria de la TV-pago) vs. TV FTA dada su baja audiencia.** Del total de hogares que posee plataforma de pago (baja penetración cercana al 25% en España), el 75% de los minutos consumidos corresponden a canales FTA disponibles en dichas plataformas. **A3M ya cerró parcialmente un acuerdo comercial con Telefónica para que sus canales Free-to-air estuvieran disponibles en su plataforma de pago Movistar+.** Destacar que el acuerdo está en proceso de renegociación por la inclusión de DTS (0#) y el aumento en el número de abonados. **Esta misma reflexión es aplicable al Pay-TV (incluyendo OTT's como Netflix) que aunque creció un +21% (a/a) en términos de inv. publicitaria según Infoadex no posee aún ni la suficiente audiencia (6,8% total day/ind. en 2015) ni cobertura como para ser competitiva** en el mercado geográfico. En magnitudes absolutas la Pay-TV representó 72mEUR frente a los 1,93bnEUR de la TV Free-to-air en 2015.
- **Finalmente, A3M descarta en un principio el carry trade por su limitado free-float ante los bajos tipos de interés vigentes.** Antonio Manso comentó que la compañía analiza M&A de manera habitual, aunque por el momento no se dan las condiciones de precio y rentabilidad adecuadas para materializar alguna de ellas. Por tanto, **A3M sitúa como su prioridad la remuneración al accionista (Pay-out 2015 del 82% con margen de mejora en 2016e).**

Como conclusión, la mayor visibilidad aportada vs. mercado publicitario en el 1T16/2016 junto con la contención de opex y los futuros buenos resultados para el 1T16 nos permiten fijar una recomendación de Comprar (potencial 46,2%). Aunque los múltiplos comienzan a estrecharse (+30,4% en el último mes) pensamos que la mejora exponencial en resultado aupada por el ciclo publicitario español junto con la calidad de la compañía justifica mayores subidas del precio de la acción.



Atresmedia: Summary tables

PROFIT & LOSS (EURm)	12/2012	12/2013	12/2014	12/2015	12/2016e	12/2017e
Sales	741	830	883	970	1,022	1,070
Cost of Sales & Operating Costs	-702	-750	-756	-805	-813	-821
Non Recurrent Expenses/Income	0.0	0.0	0.0	0.0	0.0	0.0
EBITDA	39.5	80.2	128	166	209	250
EBITDA (adj.)*	39.5	80.2	128	166	209	250
Depreciation	-16.6	-17.3	-16.4	-17.4	-17.6	-17.8
EBITA	22.8	62.9	111	148	191	232
EBITA (adj)*	22.8	62.9	111	148	191	232
Amortisations and Write Downs	-5.9	0.0	0.0	-3.7	-3.7	-3.8
EBIT	17.0	62.9	111	145	188	228
EBIT (adj.)*	17.0	62.9	111	145	188	228
Net Financial Interest	-4.0	-14.0	-13.8	-4.8	-5.5	-5.0
Other Financials	0.0	0.0	0.0	0.0	0.0	0.0
Associates	-1.1	-1.1	-2.2	-2.3	-2.3	-2.3
Other Non Recurrent Items	0.0	0.0	0.0	0.0	0.0	0.0
Earnings Before Tax (EBT)	11.9	47.8	95.3	132	182	226
Tax	20.0	-1.8	-48.7	-32.3	-35.3	-45.9
<i>Tax rate</i>	<i>n.m.</i>	<i>3.7%</i>	<i>51.1%</i>	<i>24.6%</i>	<i>19.4%</i>	<i>20.3%</i>
Discontinued Operations	0.0	0.0	0.0	0.0	0.0	0.0
Minorities	0.0	0.0	0.1	0.0	0.0	0.0
Net Profit (reported)	31.9	46.1	46.7	99.2	147	180
Net Profit (adj.)	31.9	46.1	81.2	99.2	147	180
CASH FLOW (EURm)	12/2012	12/2013	12/2014	12/2015	12/2016e	12/2017e
Cash Flow from Operations before change in NWC	55.5	64.4	65.3	123	170	204
Change in Net Working Capital	143	-105	-21.3	-57.0	-6.5	-19.3
Cash Flow from Operations	198	-40.4	44.0	65.6	164	184
Capex	-28.1	-31.8	-31.6	-24.3	-22.8	-19.6
Net Financial Investments	0.0	0.0	0.0	0.0	0.0	0.0
Free Cash Flow	170	-72.2	12.4	41.3	141	165
Dividends	-21.4	-24.6	-46.9	-80.9	-125	-162
Other (incl. Capital Increase & share buy backs)	-25.8	79.7	-15.7	64.0	-30.4	-17.6
Change in Net Debt	123	-17.1	-50.2	24.4	-14.1	-14.7
NOPLAT	-11.6	60.6	54.4	109	151	182
BALANCE SHEET & OTHER ITEMS (EURm)	12/2012	12/2013	12/2014	12/2015	12/2016e	12/2017e
Net Tangible Assets	57.4	52.0	48.3	46.3	70.6	93.4
Net Intangible Assets (incl. Goodwill)	291	296	288	290	273	255
Net Financial Assets & Other	345	339	313	304	249	231
Total Fixed Assets	693	687	649	641	593	579
Inventories	242	283	289	352	352	352
Trade receivables	223	229	221	235	241	276
Other current assets	10.5	6.3	22.7	27.3	27.3	27.3
Cash (-)	-5.0	-56.3	-31.1	-1.0	-1.0	-1.0
Total Current Assets	480	574	565	615	621	657
Total Assets	1,174	1,261	1,214	1,256	1,214	1,236
Shareholders Equity	336	384	449	486	467	441
Minority	0.0	0.0	-0.1	-0.1	0.0	0.0
Total Equity	336	384	449	486	467	441
Long term interest bearing debt	69.7	200	126	127	113	98.6
Provisions	79.2	75.4	88.3	93.0	93.0	93.0
Other long term liabilities	31.7	95.7	77.1	75.9	37.9	84.3
Total Long Term Liabilities	181	371	292	296	244	276
Short term interest bearing debt	138	42.0	40.3	33.6	33.6	33.6
Trade payables	479	421	399	399	399	415
Other current liabilities	39.6	42.7	33.6	41.1	69.8	69.8
Total Current Liabilities	657	506	473	474	502	519
Total Liabilities and Shareholders' Equity	1,174	1,261	1,214	1,256	1,214	1,236
Net Capital Employed	650	741	750	814	744	750
Net Working Capital	-14.3	90.5	112	187	194	213
GROWTH & MARGINS	12/2012	12/2013	12/2014	12/2015	12/2016e	12/2017e
<i>Sales growth</i>	<i>-8.0%</i>	<i>12.0%</i>	<i>6.4%</i>	<i>9.8%</i>	<i>5.3%</i>	<i>4.8%</i>
EBITDA (adj.)* growth	-68.3%	103.0%	59.3%	29.8%	26.1%	19.5%
<i>EBITA (adj.)* growth</i>	<i>-79.0%</i>	<i>175.2%</i>	<i>77.0%</i>	<i>33.3%</i>	<i>29.1%</i>	<i>21.2%</i>
<i>EBIT (adj.)* growth</i>	<i>-84.4%</i>	<i>270.2%</i>	<i>76.9%</i>	<i>30.0%</i>	<i>29.8%</i>	<i>21.6%</i>

Atresmedia: Summary tables

GROWTH & MARGINS	12/2012	12/2013	12/2014	12/2015	12/2016e	12/2017e
Net Profit growth	-65.8%	44.4%	76.3%	22.2%	47.8%	22.6%
EPS adj. growth	-65.9%	38.2%	64.8%	21.6%	47.8%	22.6%
DPS adj. growth	-75.9%	10.1%	78.3%	71.6%	54.0%	29.8%
EBITDA (adj)* margin	5.3%	9.7%	14.5%	17.1%	20.5%	23.3%
EBITA (adj)* margin	3.1%	7.6%	12.6%	15.3%	18.7%	21.7%
EBIT (adj)* margin	2.3%	7.6%	12.6%	14.9%	18.4%	21.3%
RATIOS	12/2012	12/2013	12/2014	12/2015	12/2016e	12/2017e
Net Debt/Equity	0.6	0.5	0.3	0.3	0.3	0.3
Net Debt/EBITDA	5.1	2.3	1.1	1.0	0.7	0.5
Interest cover (EBITDA/Fin.interest)	9.8	5.7	9.3	34.7	38.2	50.3
Capex/D&A	125.0%	184.1%	192.0%	115.1%	106.8%	90.8%
Capex/Sales	3.8%	3.8%	3.6%	2.5%	2.2%	1.8%
NWC/Sales	-1.9%	10.9%	12.7%	19.3%	19.0%	19.9%
ROE (average)	10.1%	12.8%	19.5%	21.2%	30.8%	39.6%
ROCE (adj.)	-3.5%	13.8%	12.1%	20.8%	28.1%	32.4%
WACC	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%
ROCE (adj.)/WACC	-0.4	1.6	1.4	2.4	3.3	3.8
PER SHARE DATA (EUR)***	12/2012	12/2013	12/2014	12/2015	12/2016e	12/2017e
Average diluted number of shares	201.0	209.9	224.6	225.7	225.7	225.7
EPS (reported)	0.16	0.22	0.21	0.44	0.65	0.80
EPS (adj.)	0.16	0.22	0.36	0.44	0.65	0.80
BVPS	1.67	1.83	2.00	2.15	2.07	1.96
DPS	0.11	0.12	0.21	0.36	0.55	0.72
VALUATION	12/2012	12/2013	12/2014	12/2015	12/2016e	12/2017e
EV/Sales	1.4	3.5	3.1	2.5	2.4	2.3
EV/EBITDA	26.2	36.2	21.6	14.4	11.6	9.7
EV/EBITDA (adj.)*	26.2	36.2	21.6	14.4	11.6	9.7
EV/EBITA	45.4	46.1	24.8	16.1	12.7	10.4
EV/EBITA (adj.)*	45.4	46.1	24.8	16.1	12.7	10.4
EV/EBIT	61.0	46.1	24.8	16.5	13.0	10.6
EV/EBIT (adj.)*	61.0	46.1	24.8	16.5	13.0	10.6
P/E (adj.)	24.6	n.m.	32.2	22.4	15.6	12.7
P/BV	2.3	6.6	5.8	4.6	4.9	5.2
Total Yield Ratio	3.0%	1.7%	3.1%	5.5%	7.1%	8.8%
EV/CE	3.1	6.6	6.2	4.5	4.5	4.3
OpFCF yield	20.4%	-2.7%	0.5%	1.9%	6.2%	7.2%
OpFCF/EV	16.4%	-2.5%	0.5%	1.7%	5.8%	6.8%
Payout ratio	67.1%	53.4%	100%	81.6%	85.0%	90.0%
Dividend yield (gross)	2.7%	1.0%	1.8%	3.5%	5.5%	7.1%
EV AND MKT CAP (EURm)	12/2012	12/2013	12/2014	12/2015	12/2016e	12/2017e
Price** (EUR)	3.90	12.02	11.64	9.84	10.12	10.12
Outstanding number of shares for main stock	213.6	225.7	225.7	225.7	225.7	225.7
Total Market Cap	833	2,713	2,628	2,221	2,284	2,284
Net Debt	203	186	136	160	146	131
<i>o/w Cash & Marketable Securities (-)</i>	<i>-5</i>	<i>-56</i>	<i>-31</i>	<i>-1</i>	<i>-1</i>	<i>-1</i>
<i>o/w Gross Debt (+)</i>	<i>208</i>	<i>242</i>	<i>167</i>	<i>161</i>	<i>147</i>	<i>132</i>
Other EV components	0	0	0	0	0	0
Enterprise Value (EV adj.)	1,036	2,899	2,763	2,381	2,430	2,416

Source: Company, BEKA Finance estimates.

Notes

* Where EBITDA (adj.) or EBITA (adj.) = EBITDA (or EBITA) -/+ Non Recurrent Expenses/Income and where EBIT (adj.) = EBIT -/+ Non Recurrent Expenses/Income - PPA amortisation

**Price (in local currency): Fiscal year end price for Historical Years and Current Price for current and forecasted years

Sector: Media/Broadcasting & Entertainment

Company Description: Atresmedia is the first commercial broadcaster for TV Free-to-air in Spain, in terms of total income. It also runs Onda Cero/Europa FM/Melodía FM (radio stations). Most of revenues (>95%) are generated in Spain: TV represents c.88% of the total group revenues in 2015 and radio 10% (2% Others, including diversification, IPTV, cinema and Media for Equity projects). At the end of 2011, A3 announced the merger with La Sexta, operation with strong strategic sense, industrial logic and positive regarding the potential to generate synergies. Antena 3 started consolidating La Sexta from 1st October 2012.

ESN Recommendation System

The ESN Recommendation System is **Absolute**. It means that each stock is rated on the basis of a **total return**, measured by the upside potential (including dividends and capital reimbursement) over a **12 month time horizon**.



The ESN spectrum of recommendations (or ratings) for each stock comprises 5 categories: **Buy (B)**, **Accumulate (A)**, **Neutral (N)**, **Reduce (R)** and **Sell (S)**.

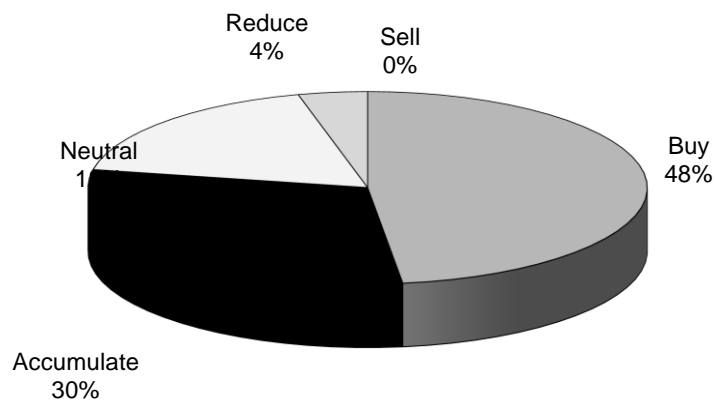
Furthermore, in specific cases and for a limited period of time, the analysts are allowed to rate the stocks as **Rating Suspended (RS)** or **Not Rated (NR)**, as explained below.

Meaning of each recommendation or rating:

- **Buy:** the stock is expected to generate total return of **over 15%** during the next 12 months time horizon
- **Accumulate:** the stock is expected to generate total return of **5% to 15%** during the next 12 months time horizon
- **Neutral:** the stock is expected to generate total return of **-5% to +5%** during the next 12 months time horizon
- **Reduce:** the stock is expected to generate total return of **-5% to -15%** during the next 12 months time horizon
- **Sell:** the stock is expected to generate total return **under -15%** during the next 12 months time horizon
- **Rating Suspended:** the rating is suspended due to a change of analyst covering the stock or a capital operation (take-over bid, SPO, ...) where the issuer of the document (a partner of ESN) or a related party of the issuer is or could be involved
- **Not Rated:** there is no rating for a company being floated (IPO) by the issuer of the document (a partner of ESN) or a related party of the issuer

Certain flexibility on the limits of total return bands is permitted especially during higher phases of volatility on the markets

BEKA Finance Ratings Breakdown

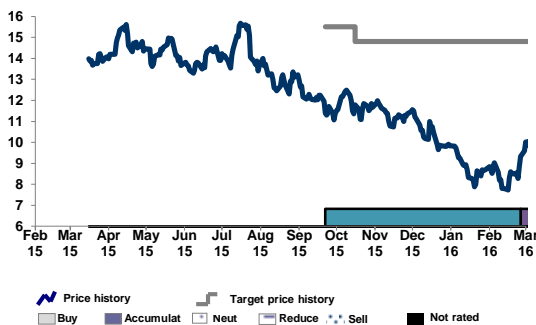


Recommendation history for ATRESMEDIA

Date	Recommendation	Target price	Price at change date
26-Feb-16	Buy	14.80	9.33
16-Oct-15	Accumulate	14.80	11.78
22-Sep-15	Accumulate	15.50	11.39

Source: Factset & ESN, price data adjusted for stock splits.

This chart shows BEKA Finance continuing coverage of this stock; the current analyst may or may not have covered it over the entire period. Current analyst: Eduardo Garcia Arguelles (since 22/09/2015)



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