

The Marketing Group

Acquisition of German wildcard

Acquisition

The Marketing Group (TMG) has made its first acquisition under the new management team. Although relatively small (FY16 revenues of €1.5m), wildcard fits well with Ranieri Communications, adding to its PR, social and influencer network. wildcard communications brings in a good range of blue-chip clients and opportunities for cross selling. Our FY18e and FY19e earnings estimates are nudged ahead, having being increased by 10% following the Q3 results. Industry interest in TMG's start-up blockchain-enabled global media agency, Truth, has been very strong. Having spent time sorting out the inherited group, it is clear management is looking for profitable growth, which should lead to an improving rating.

Year end	Turnover (€m)	PBT* (€m)	EPS* (c)	DPS (c)	P/E (x)	EV/EBITDA (x)
12/16**	15.8	2.2	11.3	0.0	3.5	5.4
12/17e	26.9	1.7	4.2	0.0	9.6	6.5
12/18e	31.2	2.2	5.0	0.0	8.1	5.1
12/19e	34.3	2.7	5.8	0.0	6.9	4.2

Note: *PBT and EPS are normalised, excluding amortisation of acquired intangibles, exceptional items and share-based payments. **Not restated for disposals.

wildcard communications is being purchased for an initial consideration of €0.234m, in cash and as a working capital injection. There is a three-year earn-out at a maximum multiple of 7.0x PAT. The next payment is scheduled for Q119 and is based on a multiple of 3.0x FY18 PAT, less the €0.234m already paid and to be met half in cash, half in equity. It was founded in 2008 and its client roster includes BMW, Canon, EA Games and Bosch.

Based in the UK, Ranieri bought a small French agency earlier in the year and now adds Germany to the network, which has good positioning in the consumer tech and gaming space.

Media

29 November 2017

Price €0.40

Market cap €14m

Net cash (€m) as at 30 September 2017 1.7

Shares in issue 34.7m

Free float 58.4%

Code TMG

Primary exchange Nasdaq First North

Secondary exchange Frankfurt

Share price performance



Business description

The Marketing Group is building a global full-service marketing network. Each company within the group provides specialist marketing services brought together, within complementary communities of practice, to form an international network that can address a global market.

Analysts

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