

Recommendation: Buy
Target Price: \$2.25

Thunderbird Entertainment Group Inc. (TBRD-TSXV) Q4/F19 Light

Curr. Price	\$1.17	Shares Outstanding (MM)	
52 Wk High	\$3.10	Basic	46.6
52 Wk Low	\$1.10	Diluted	47.8
Cash (MM)*	\$12.2	Mngt. & Dir.	23.5
Total Debt (MM)*	\$2.5	Market Cap.	55
BVPS	\$1.12	Float	27
Price/Book	1.0x	EV*	45
Dividend	\$0.00		
Dividend Yield	0.0%	* Denotes F2020E	

FY June.	2018A	2019A	2020E	2021E
Revenue (MM)	\$142.4	\$61.5	\$70.1	\$80.6
EBITDA (MM)	\$10.1	\$10.3	\$11.2	\$14.4
Dil. EPS (ops)	\$0.08	\$0.08	\$0.11	\$0.16
EBITDA y/y chg		1.8%	8.9%	28.4%
EPS y/y chg		N/A	N/A	46.6%
EV/EBITDA			4.0x	3.2x
P/E			10.6x	7.2x

Unless otherwise denoted, all figures shown in C\$

Event:

Thunderbird reported its Q4/F19 and F2019 results on Monday, October 21, after market close.

Impact:

Negative. The results were light relative to our estimates.

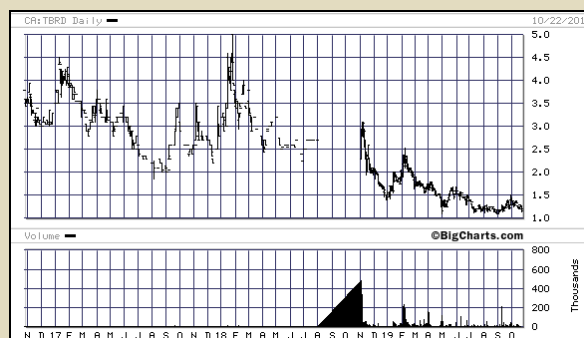
Commentary:

TBRD reported consolidated revenue of \$13.7 MM, up 20%, adj. EBITDA of -\$351 K vs \$1.2 MM in Q4/F18 and EPS (ops) of -\$0.021 essentially flat relative to Q4/F18. We were looking for consolidated revenue of \$25.6 MM, adj. EBITDA of \$2.2 MM and EPS (ops) of \$0.013. We remind investors that production and distribution companies results are difficult to predict on a quarterly basis due to the timing of deliveries. TBRD finished the year with consolidated revenues of \$61.5 MM, down 57% Y/Y, adj. EBITDA of \$10.3 MM, up 14%, and EPS (ops) of \$0.08 flat relative to F2018.

We remind investors that TBRD discontinued producing the "Man in the High Castle" TV series in F2019, which negatively impacted topline. However, Management highlighted that the series had relatively low profit margins and ceasing production on this series would be accretive to the overall margins. This was evident in overall margins the company posted for F2019. TBRD grew its EBITDA margins by approximately 1000 bps from 6.3% in F2018 to 16.7% in F2019. TBRD continues to trade at relatively attract multiples of 4.0x and 3.2x on our 2020 and 2021 estimates.

Investment Conclusion:

We are revising our estimates on the back of these quarterly results. As a result of these revisions, our target has been lowered from \$3.00 to \$2.25. We reiterate our Buy rating on TBRD.



Source: BigCharts.com, October 22, 2019

Figure 1: Summary Of Quarter And Revision Of Estimates

(In \$000s Except Per Share Data)	Q4/F19E	Q4/F19A	Q4/F18A	% Chg	Revision of Estimates			
					2020		2021	
					Old	New	Old	New
Revenue								
Production Services	10,000	8,772	5,553	58%	43,630	32,930	61,081	37,869
Licensing & Distribution	15,000	4,878	5,811	-16%	47,438	37,165	54,083	42,740
Other Revenue	606	13	14	-7.1%	5,200	-	5,200	-
Total Revenue	25,606	13,663	11,378	20%	96,268	70,095	120,364	80,609
Opex	23,427	14,014	10,135		80,584	58,902	102,212	66,237
Adj. EBITDA	2,179	(351)	1,243		15,684	11,193	18,152	14,372
Adj. EBITDA Margin %	9%	-3%	11%		16%	16%	15%	18%
Net Income	652	(1,078)	(378)		6,547	5,340	8,028	7,720
Diluted EPS	\$0.013	(\$0.023)	(\$0.026)		\$0.139	\$0.110	\$0.169	\$0.161
Net Income (ops)	652	(1,009)	(237)		6,547	5,340	8,028	7,720
Diluted EPS (ops)	\$0.013	(\$0.021)	(\$0.021)		\$0.139	\$0.110	\$0.169	\$0.161

Source: Cormark Securities Estimates, Company Reports

Figure 2: Media Comparables

Company	Bloomberg Symbol	Curr	Fiscal Year	Stock Price	Shrs O/S (MM)	Market Cap (MM)	Revenue				EBITDA		EPS (FD)		EV/EBITDA		P/E		FCF Yield	
							Year 1E	Year 2E	Year 1E	Year 2E	Year 1E	Year 2E	Year 1E	Year 2E	Year 1E	Year 2E	Year 1E	Year 2E	Year 1E	Year 2E
DHX Media	DHX CN Equity	CAD	Jun-19	\$1.98	135	267	433	447	80	82	\$0.03	\$0.04	8.5x	8.0x	66.0x	49.5x	1.2%	8.8%		
Entertainment One	ETO LN Equity	GBP	Mar-20	£5.58	499	2,783	1,142	1,222	235	257	\$0.27	\$0.30	14.2x	12.8x	21.1x	18.7x	0.0%	0.0%		
ITV PLC	ITV LN Equity	GBP	Dec-19	£1.36	4,025	5,467	3,240	3,316	713	727	\$0.13	\$0.13	9.1x	8.8x	10.5x	10.3x	0.1%	0.1%		
KEW Media	KEW CN Equity	CAD	Dec-19	\$6.55	14	90	283	292	40	43	\$0.41	\$0.70	6.0x	5.4x	16.1x	9.3x	6.6%	6.2%		
Lions Gate Entertainment	LGF/A US Equity	USD	Mar-20	\$8.67	83	1,830	3,820	4,065	513	571	\$0.96	\$1.19	8.7x	7.3x	9.0x	7.3x	43.1%	42.6%		
ProSiebensat.1	PSM Gy Equity	EUR	Dec-19	€13.58	233	3,164	4,178	4,349	938	958	\$1.93	\$2.00	6.0x	5.7x	7.0x	6.8x	10.5%	13.9%		
Thunderbird Entertainment	TBRD CN Equity	CAD	Jun-19	\$1.17	47	55	70	81	11	14	\$0.11	\$0.16	4.0x	3.2x	10.6x	7.2x	NM	NM		
Wow! Unlimited	WOW CN Equity	CAD	Dec-19	\$0.59	25	15	79	85	3	6	(\$0.06)	\$0.08	14.6x	7.4x	NM	7.5x	NM	3.9%		

Source: Bloomberg, Cormark Securities

Thunderbird Entertainment Group Inc.

Updated October 22, 2019

Price Chart and Disclosure Statement

*Information updated monthly on or about the 5th of each month.



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Recommendation / Target Chg

Date C\$

11-Sep-19 3.00 (B)

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