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Financial**

Entertainment Investment



Investment prospectus covering
potential asset-backed
entertainment targets across
Europe

Entertainment Investments

The objective leading our research is to aim at promising asset-backed European companies operating in the sector of entertainment. Our analysis focuses on assessing each company's underlying assets, operational performance, and potential growth drivers. By examining factors such as market positioning, competitive advantages, and financial health, we aim to provide in-depth analysis of the opportunities and risks associated with each investment.

Each company presentation is structured to include a detailed assets overview, a discussion of the key drivers for potential upside, and an analysis of market trends and competitive dynamics that could impact future performance.

Methodology

Our research starting point was the Bloomberg Equity Screening function (EQS). This has helped us narrowing down the list of companies thanks to location and sector filters. Additionally, our screening process has put the emphasis on companies' volatility and their Equity- and Debt-to-Asset ratios.

Finally, in addition to these financial metrics, understanding the the composition of financially comparable competitors in the sector is crucial. Analysing how each company compares to its peers provides valuable context, highlighting competitive advantages and potential risks within the sector.

Future work & disclaimer

Other metrics offer insight into the efficiency and productivity of the company's tangible assets. Although they were not considered for reasons of simplicity, here are a few exotic and less common metrics to consider:

- **Cash Return on (Tangible) Assets:**
CROA measures how effectively a company generates cash from its total asset base while CROTA typically excludes intangible assets such as patents, focusing on physical assets like property, plant, and equipment.
- **Cash Flow to Fixed Asset Turnover:**
CFFAT measures the cash flow generated from each dollar of fixed assets, providing insight into asset utilisation efficiency.

These metrics assess the efficiency of cash generation from assets which is might be of interest for people seeking for companies' operational performance.

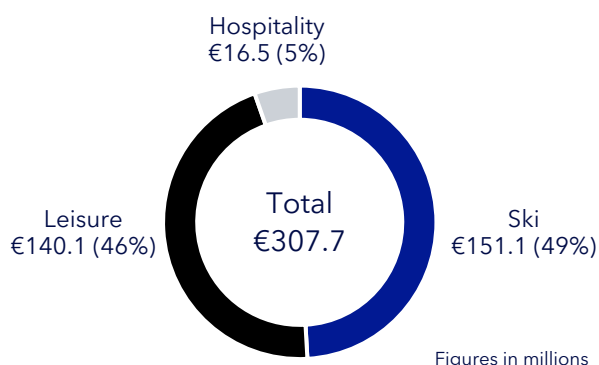
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Compagnie des Alpes



Compagnie des Alpes (CDA) is a leading entertainment business, operating ski resorts, leisure parks, and hospitality properties across France. Key assets and brands include the ski resorts Val d'Isère, Tignes and La Plagne as well as leisure parks such as Parc Asterix, hospitality properties makes up a smaller proportion of income.

2023Y EBITDA distribution



CDA is heavily asset driven, with net PPE making up roughly **68.25%** of total balance sheet assets in 2023.

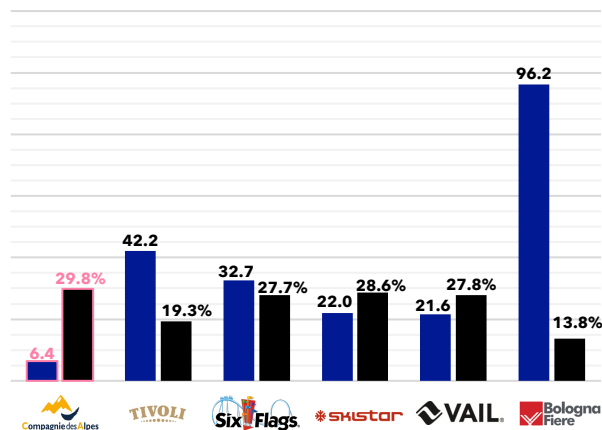
The company also enjoyed a strong post-covid recovery, with revenues jumping by **17.4% to €1.1B** in 2023Y and **10.2%** in the last twelve months (LTM) to **€1.2B**. Growth is set to continue at roughly 10% for the rest of 2024 and a revenue growth rate of 6.5% is expected for 2025.

CDA is also set to continue its dominant position in the French ski and leisure park business having invested **€262.3M** on the acquisition of extra fixed assets in the last twelve months, its highest level ever.

This trajectory is further bolstered by their recent acquisition of 86.5% of Urban group's share capital through its parent group Soccer 5 France making CDA the majority shareholder alongside managers/founders.

Urban group is a European leader in 5-a-side football, operating **35 centres** in France and Portugal, making up a total of **270 5-a-side pitches**. It is also developing a Padel business, operating **100 courts** already. The Urban Group is the market leader in France, with a **25% market share**, recognizable brand and **3.75 million yearly players**. Ultimately this acquisition underpins CDA's drive to diversify and dominate in the entertainment and leisure sector by expanding into sports assets.

EBITDA margin and P/E ratio peer comparison



CDA also has a comparatively **low P/E ratio at 6.4** and a high **EBITDA margin at 29.8%**. Given their strong post covid revenue recovery, dominant position in the French market and expansion into new markets, we believe these figures may indicate that the market undervalues CDA, although this should be taken with careful consideration.

Compagnie des Alpes



Valuation Figures

DCF analysis implies a price per share of **15.91€**, presenting a potential upside of 22.46% over the current share price - 13.00€

Compagnie des Alpes DCF Analysis

| Implied Share Price Calculation | |
|---------------------------------|--------------|
| Sum of PV of FCF | 222 |
| Growth Rate | 1.5% |
| WACC | 5.6% |
| Terminal Value | 1,833 |
| PV of Terminal Value | 1,394 |
| Enterprise Value | 1,616 |
| (+) Cash | 401 |
| (-) Debt | 1,123 |
| (-) Minority Interest | 55 |
| Equity Value | 838 |
| Diluted Shares Outstanding | 52.69 |
| Implied Share Price | 15.91 |

CDA's funding sources are equally split between debt and equity funding, which although reducing financing costs due to the high level of equity financing, may present future cash flow issues. However, CDA has reduced its net debt/EBITDA ratio from **3.5x to 2.5x** in 2024.

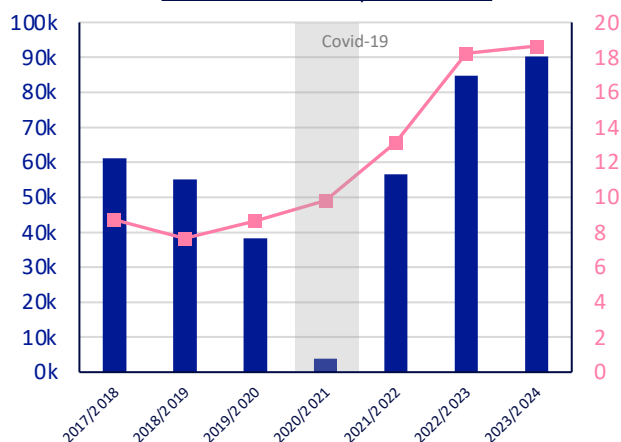
Silkeborg IF



Silkeborg IF is a Danish first division **football club**. In July 2024, they will be playing the UEFA Europa League qualifications for the 2024/2025 season. The company operating the football club and club stadium revenues come from ticket sales, sponsor agreements, market transfers and media rights.

In 2017, the club unveiled its own stadium: the JYSK Park; a 10,000-person capacity facility at a cost of **€17M**. Notwithstanding the Covid-19 missed-season, the average attendance per match as risen year after year, reaching **+5,500 people per match** in 2023/2024.

Total attendance and Team market value
(in Millions of €) per season



Beyond its solid fan base, the club can rely on its quality squad. The 25-player teams welcomes 4 national team players and has seen its average market value per player almost doubled over the past 5 years.

Another quality indicator is the balance in value of the market transfer, considering the number of in/out player are the same. To

prepare for 2024/2025, the club stick to its winning habits: selling old good value players to make room for the young undervalued talents; cashing in around €3.5M in the meantime.



Finally, the media broadcasting revenue brought by Viaplay Group and Eurosport is said to be around €42M per season to split between 12 teams.

Silkeborg's Property, Plant & Equipment (**PP&E**) of **€82.6M** (+80% of total assets) underlines its active investing in infrastructure and expansion. The club also performs very well operationally, as evidenced by a **+42% EBITDA Margin**, indicating superior operational performance and competitive positioning compared to its peers (around 20%).

Its capital structure indicates a balanced use of debt and equity with a **Debt-to-Equity ratio of 0.91**. This combination of high profitability and moderate leverage positions the company as financially robust and capable of sustaining growth while keeping room for leverage.

Even though the high percentage of long-term assets and significant debt indicates some level of financial risk (if interest rates rise or if the club faces downturns).

However, the strong EBITDA margin and balanced asset structure provide a cushion against such risks and suggest it is well-managed and highly profitable.

Karmine Corp



Karmine Corp (often abbreviated KCorp) is an esports organization based in France. They compete in various esports leagues, like the League of Legends European Championship for which they acquired a **€16M slot** in late 2023. The club generates €7M in revenues from sponsorship deals, merchandise sales, competitions cash-prize, streaming agreements, and special events.

Historically, esports club can only broadcast their match on free streaming platform, sometimes generating revenue from exceptional live event in the final stage of a competition. May 2024, Karmine Corp unveiled an **exclusive partnership** with *Les Arènes de l'Agora* in Paris. The club envision to host between 10 and 20 events a year capable of **welcoming up to 3,000 supporters**. While some detractors still underestimate the momentum esports is gaining in Europe, KCorp have organised for the past 4 years a **yearly event** gathering **+25,000 supporters** and welcoming teams from all over the world for a special all-star event.



Whereas esports have in the past been associated with financial bubbles, Karmine Corp is known for its stability by being one of the very few break-even structure.

Riot Games (the publisher of League of Legends) set an example amongst video game publishers by becoming the first organizer to introduce Sporting Financial Regulations in its European league for the 2024 season where salaries range from €250k to €1M, capping team salary to **€2M**. This new financial framework aims to promote long-term financial stability and competitive balance.

Finally, in the manner of a "Drive to Survive" series on Formula 1 to boost the sport exposition, **a streaming series called "Level Up"** has been created about the club. This series will enhance Karmine Corp's media presence by providing fans with an inside look at the players' journeys and team dynamics, deepening their emotional connection. As viewers engage with the personal stories behind the competition, it will likely attract new fans and strengthen the existing fanbase. Ultimately, "Level Up" will serve as a vital platform for promoting the club's brand and achievements, positioning KCorp as a leader in the esports arena.

Strong with a record of 10 European titles over 4 licenses, and 2 World champions titles in two other video games for a combined **cash price of \$1,200,000** Karmine Corp ambition to become the Real Madrid of esports.



SkiStar, incorporated and headquartered in Sweden, owns and operates Alpine ski resorts in Sweden, Norway and Austria. The company operates through three segments: Operation of mountain resorts; property development and exploitation; and operation of Hotels. It offers skiing, ski lifts, ski passes, accommodation, ski rental and property services

Key assets and brands under SkiStar's management include:

Ski Resorts: Åre, Sälen, Vemdalen: Swedish, Hemsedal, Trysil: Norwegian

Properties: SkiStar also offers various accommodations, including hotels, lodges, and cabins, to suit different preferences and budgets. The company enhances the visitor experience with amenities like restaurants, shops, and wellness facilities at its resorts.

Summer Activities: In addition to winter sports, SkiStar has expanded its offerings to include summer activities such as mountain biking, hiking, and various adventure sports to attract visitors year-round. Overall, SkiStar's operations are centred around providing comprehensive and high-quality ski and leisure experiences in some of Scandinavia's most picturesque locations.