

Thursday 23 November, 2017

**Zinc Media Group PLC**  
**Align Research Initiation of Coverage**

RNS Number: 2908X  
Zinc Media Group PLC  
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**Zinc Media - Initiation of Coverage. Conviction Buy. Price target 1.32p**

**Factual TV production specialist set to become a "super-indie"**

Zinc Media is an AIM listed TV production and multimedia communications content business which is focusing on becoming one of the UK's leading independent factual TV producers.

**Re-structured and re-focused**

Over the past two years Zinc has restructured its operations via the appointment of a new senior management team, closure of loss making publishing operations and restructuring of debt. The corporate strategy is now focused upon growing the business, organically and by acquisition, into one of the UK's leading independent factual TV producers.

**Consolidation under way via two complementary acquisitions**

In line with its strategy to consolidate the fragmented UK TV production industry, Zinc completed the reverse takeover of Reef Television in July 2015. This was followed in November 2017 by the acquisition of Tern Television Productions. Based in Scotland & Northern Ireland, Tern is expected to benefit from growth in regional programming, with the deal forecast to be earnings enhancing in FY2018.

**Results for 2017 highlight the benefits of the restructure and point towards strong growth in 2018**

For FY2017 the company achieved profitability at the EBITDA level on an annual basis for the first time since 2010. With the order book being 76% higher in the TV division compared to the end of 2016, significantly increased profits are expected in FY2018.

**Transaction based valuation multiple suggests minimum upside of 60%**

Based on recent industry transactions we set an end 2019 fair value price target of 1.32p per share, 60% higher than the current price. We see this as a base case scenario, with potential for further value to be derived. **We therefore initiate coverage of Zinc Media with a Conviction Buy stance and a 1.32p price target.**

To read the full note visit <http://www.alignresearch.co.uk/cpt-company/zinc-media/>