

One Media IP Group

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One Media iP's performance shows resilience of business model and music streaming market - broker

One Media IP Group PLC's (LON:OMIP) share price has been "detached" from its fair value, says house broker Cenkos, despite the company's strong high of repeat revenue and strong industry growth.

The AIM-listed group, which acquires and licenses audio-visual copyrights and publishing rights and provides other tools for the music industry to monetise intellectual property, published half-year results on Monday showing pre-tax profits surge 177% to £399,236 on sales up 28% to £2.03m.

WATCH: One Media iP's Michael Infante hails 'robust model' as first half profits rise 93%

The top-line growth was split 9% via organic channels and 19% from acquisitions.

The financial performance "is testament to the resilience of its business model and the market in which it operates", said analyst Oliver Holmes in a note to clients.

He noted that global music streaming fundamentals have proven strong amid the coronavirus pandemic, with demand even increasing for, which has enabled One Media to trade strongly post period end.

As well as global streaming revenue growing 23% to US\$11.4bn last year, accounting for 56% of global recorded music revenue, paid subscribers grew 32% to 358m.

Holmes noted that subscriber growth is a driver of financial performance for One Media and is forecasted to grow 25% in 2020 to hit 450m, primarily driven by emerging markets, exclusive content and customer acquisition initiatives such as bundled offers from telecoms companies.

The analyst said this growth outlook has been corroborated by Spotify and Apple Music, with both announcing double-digit annual subscriber growth in recent quarterly updates.

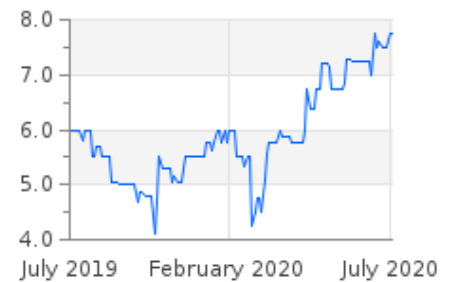
Applying a blend of peer comparison, scenario analysis and discounted cash flow, Cenkos estimates a fair value market cap of £17.8m, equivalent to 12.7p per share, which is 87% higher than the closing price last Friday.

Sector peers, which are listed by the brokers as Crimson Tide, Beeks Financial Cloud, Eckoh, Quartix, IMLmobile, Kape, dotDigital and Ideagen, trade on a mean forward average p/e ratio of 29.4 and a media of 28.5, while One Media at the previous close was trading for 18.3 times forecast earnings.

Price: 7.75

Market Cap: £10.51 m

1 Year Share Price Graph



Share Information

Code: OMIP

Listing: AIM

52 week High Low
8.68 3.1252

Sector: Media

Website: omip.co.uk

Company Synopsis:

The Group is a B2B and B2C digital content provider, exploiting intellectual property rights around music and video. The Group specialises in acquiring and repackaging nostalgic music and TV programmes from recordings made over the last 90 years.

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