

Acomar Films Limited

Acomar owns the intellectual property and commercial rights to the children's animation character Bing. LGB has been the corporate finance advisor of the company since 2014. In the intervening years of growth, LGB's clients have invested in the company's business through issues of shares and loan notes. Acomar has used the proceeds of the fundraisings to create an international animation star with the potential to become a global evergreen brand.

When Acomar originally came to LGB, it was looking for funding to complete the production of the first 78 episodes of its television series. Although the company was still in production, it had already received significant validation for the project by signing advance agreements with the BBC, Fisher Price and Harper Collins. LGB recognised the potential of the company's IP and after a thorough due diligence process engaged with the company on an equity fundraise.

A UNIQUE OPPORTUNITY TO INVEST IN A CHILDREN'S CHARACTER

LGB believed that this was a unique and attractive opportunity for investors. The quality of the production and story lines made Bing stand out among the many animation projects that are conceived each year. The audience-first ethos of the business that has been apparent from the very beginning gives Acomar a real USP, and this has been evidenced by the company's tireless devotion to delivering a wide range of content formats across an even wider array of platforms; delivering for 'Grown Ups' and delighting 'Bingsters' wherever they choose to tune in. The long-term revenue model of exploiting IP through media, publishing and licensing deals is well proven and long-established in the sector, and Acomar is left adeptly placed to benefit from behavioural changes with the breadth of its content and products offering. LGB also recognised that this was a very competitive space and the company's success to date has been driven in no small part by the founder Mikael Shields. As ever though, success of the venture has never been guaranteed, and so EIS eligibility of the investment scheme has helped to mitigate the investment risks and market headwinds facing such a challenge.

Professional recognition followed quickly after the UK launch through a BAFTA nomination and Writers Guild Award in its first year, and an International Emmy in April 2016. This gave us confidence that the company's production content and commercial rights represented substantial business assets that could act as collateral for debt and ultimately attract acquisition interest from global players in its sector. However, we did not anticipate the disruption of traditional media and retail distribution channels by new players such as Amazon and Netflix. After a period of adjustment, the company has positioned itself as a key brand in the important pre-school category where "content is king." A further 26 episodes and foreign language versions have been completed in the last three years, to deepen the back catalogue of content available, and spread the success achieved at home to what is now over 130 territories globally.

ATTRACTIVE TERMS FOR EQUITY AND DEBT INVESTORS

Over the period since 2014, equity investors have subscribed for EIS qualifying shares, with the increased capital significantly improving the risk profile of the investment. The company's share price has seen successive and progressive increases over this period, with the last completed fundraise valuing the company at £100m. These increases in share price and valuation are representative of the considerable achievements and developments secured by the business over the period, most notably in the digital and content side of the business.

In 2016 LGB advised Acomar on its debt financing strategy, culminating in the establishment of a structured loan note programme for the company with the company's IP representing security. The programme has enabled Acomar to issue loan notes over a sustained period under a defined structural framework, while retaining flexibility to adapt the pricing and tenor of each issue depending on the needs of the business.



ACAMAR FILMS

KEY FACTS

104

episodes created to date

130

Bing has been sold to 130 territories

>250%

Annualised revenue growth of >250% in the last 2 years

2.1bn

Over 2.1 billion YouTube views and 2.6 million subscribers across 19 language specific channels

PROGRAMME EXPANSION COMPLETED WITHIN 4 WEEKS

Since its first engagement with the company in 2014, a representative of LGB has been invited to observe the company's board meetings, offering strategic input into corporate finance strategy as well to fulfil duties to LGB's investor base. In addition, LGB serves as security trustee of the loan note programme which involves engagement with Acomar on a quarterly basis with regards to business progress, financial matters and calculation of financial metrics.

Today, Bing is the most successful CBeebies show in BBC digital history. It is consistently the number one pre-school show on BBC iPlayer in the UK and is also available on-demand on Amazon Prime. To date, Bing has over 450 million streams on BBC iPlayer and 2.1 billion YouTube views.

Internationally, Bing has been broadcast in over 130 territories thus far in high quality, specially produced local-language versions. Negotiations are underway in the USA, China and Japan. The popularity in Italy in particular has been phenomenal, with Bing being broadcast 14 times a day, while in Russia, Bing airs 6 times per day on Karousel, a dedicated children's channel. There are now more than 5,000 licensed products across 60,000+ points of sale globally, with over 100 licensing deals in place.

LGB continues to be a strategic partner to Acomar with regards to corporate finance.