



Shares plunged of Lions Gate Entertainment Corp. (USA) (NYSE:LGF) as John Malone joining company's board of directors

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Shares of Lions Gate Entertainment jumped nearly 10% Wednesday morning on news that Liberty Media Chairman John Malone will join the Canadian-American entertainment company's board of directors.

The billionaire media mogul will join Lions Gate's LGF 9.78% board upon completion of a stock swap between Lions Gate and cable channel Starz, which Malone's Liberty Media spun off in 2013, Lions Gate announced. In addition to a board seat, Malone will receive a roughly 3.4% stake in Lions Gate in exchange for a mix of Series A and Series B Starz shares that add up to a 4.5% stake. The Starz STRZA 2.25% stake will also give Lions Gate a 14.5% voting stake in the cable channel.

For Malone, the deal adds another piece to an expanding media empire that already includes Liberty's large stakes in Sirius XM Radio and Live Nation Entertainment. Two years ago, Malone's company also bought a 27.3% stake in cable provider Charter Communications.

Malone already sits on the boards of directors at the Cato Institute, Discovery Communications and Expedia.com.

Lions Gate, which was founded in Vancouver but is headquartered in California, is home to the extremely popular Hunger Games film franchise. The first three films in that four-part series have raked in nearly \$2.3 billion at the worldwide box office over the past three years, according to Box Office Mojo. The final installment in the series is set for release this November, although Lions Gate has hinted recently that additional, related films could be in development.

In a statement, Malone called Lions Gate “a leader in developing global content” while noting that Starz and Lions Gate could partner on future projects as a result of the deal. The two companies previously collaborated on the television shows Boss and Crash, which both aired on Starz.

Lions Gate Equity Analysis

Lions Gate Entertainment Corp. (USA) (NYSE:LGF) opened trading today as \$32.07 and is trading in the range of 31.25-32.89 today. Lions Gate current market cap stands at \$4.49 billion.

Compared to other peers in the Movie Production, Theaters sector, Lions Gate hasn't performed in terms of quarterly revenue growth year over year at -0.11 vs. the industry average of 0.03. Lions Gate's earnings per share is currently at 1.43, which surpasses the sector average of 0.39.

Lions Gate mean target price is \$38.38 according to First Call. This presents a solid upside to the current price of the equity. The Mean Recommendation sits at 1.9.

The most recent analyst actions consisted of FBR Capital initiating the stock on July 29th and Argus initiating coverage with an initiation rating back in April.

The current quarter EPS consensus estimate is .40 with revenue estimates of 710.55M. Sales are expected to drop at a 1.60% rate. Lions Gate reported actual earnings last quarter of 0.65 which beats the .64 consensus estimate, a 1.60% surprise.

Corporate Profile

Lions Gate Entertainment Corp., an entertainment company, is engaged in motion picture production and distribution, television programming and syndication, home entertainment, family entertainment, digital distribution, new channel platforms, and international distribution and sales activities. The company operates through two segments, Motion Pictures and Television Production. The Motion Pictures segment is involved in the development and production of feature films; acquisition of North American and worldwide distribution rights; North American theatrical, home entertainment, and television distribution of feature films produced and acquired; and worldwide licensing of distribution rights to feature films produced and acquired. The Television Production segment is engaged in the development, production, and worldwide distribution of television productions, including television series, television movies and mini-series, and non-fiction programming. The company distributes a library of approximately 15,000 motion picture titles, television episodes, and programs directly to retail stores and through digital media platforms, as well as indirectly to other international markets through its subsidiaries and various third parties. It also produces, syndicates, and distributes 30 television shows, which air on 20 networks; and distributes hundreds of series worldwide.