

Roularta (Buy): Net profit in line, driven by Medialaan (EUR 24.7, TP EUR 33.0)

H1-16 net profit was in line with expectations, being a mix of stronger than expected results at associates, and lower than expected results at the consolidated activities

H1-16 results were mixed

- Sales decreased by -4% to EUR 143m (DP 150), EBIT excluding net income from associates decreased by 38% to EUR 5m (DP 8), net income from associates rose 25% to EUR 11m (DP 9), and net profit was EUR 15m (DP 15). As such, net profit was in line, but the mix was different than expected, with Medialaan performing stronger than expected, and the consolidated activities performing below expectations. The EBIT margin decreased to 3.5% (DP 5.3%). The tax-rate was close to zero, as expected. EBIT including net income from associates was EUR 16m (DP 17).
- Management points to additional start-up costs related to new franchises like Storesquare, mobile telecom, and Digilocal, which have an impact on the bottom-line.
- Net debt was EUR 79m vs. EUR 76m at year-end 2015.

No guidance for FY 2016

- As expected, management did not issue guidance for FY 2016. The advertisement portfolio for Q3-16 is said to develop in line with H1-16 for the print activities, for the audiovisual activities, and for the internet activities. The market for print subscriptions is said to be stable.

Our view

- Bottom-line, the interim results were in line with expectations. However, the mix shifted strongly in favour of associates vs. the consolidated activities, and we would have preferred to see it the other way around. We assume softness in Printed Media is because of start-up costs of the new digital ventures, which will probably burden the bottom-line for several semesters to come. We will adjust our model accordingly, which should not lead to major revisions in EPS.

There is an analyst meeting at 13.00 CET.

P&L Account (EUR m)	H1 15	H1 16e	ACTUAL	vs. DP
Sales	150	150	143	-5%
Exceptionals in op. profit	-2	0	0	
EBITDA (ex associates)	11	13	9	-31%
%	7.4%	8.3%	6.1%	
EBIT (ex associates)	7	8	5	-38%
%	4.4%	5.3%	3.5%	
Financial result	-3	-3	-2	-7%
PBT	4	6	3	-52%
Taxes	-2	0	0	
Tax-rate	56.7%	0.0%	-1.1%	
Associates	12	9	11	25%
Minorites	0	0	1	
Discontinued	-4	0	0	
Net profit reported	10	15	15	2%
Net profit adjusted	14	15	15	2%

KPIs (EUR m)	H1 15	H1 16e	ACTUAL	vs. DP
EBITDA inc associates	24	22	20	-7%
%	16.1%	14.3%	13.9%	
EBIT inc associates	20	17	16	-5%
%	13.2%	11.3%	110.1%	

Degroof Petercam acts as a liquidity provider for this company and is paid for these services.

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