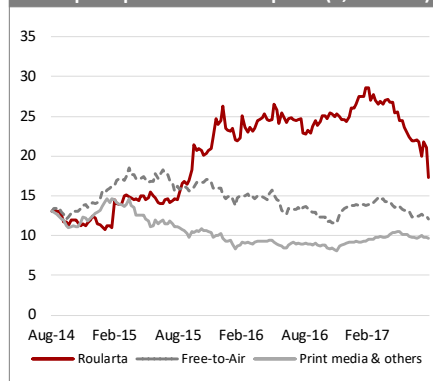


Estimated fair value per share: €17.30

Closing price (25 August 2017): €17.36

## When the going gets tough...

Share price performance vs. peers (€, rebased)



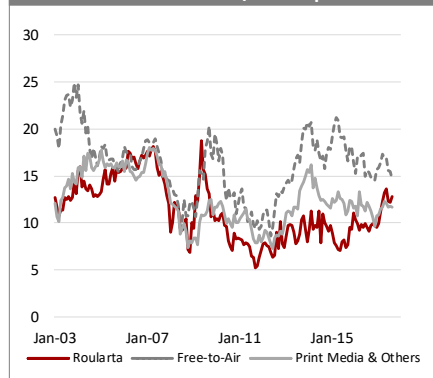
### 1H17 below expectations, but net profit decline masks resilient operating CF performance

Roularta reported a weak set of 1H17 results, hit by falling ad revenues in Print Media, higher opex from new initiatives in digital media (Storesquare and Mobile Viking) as well as higher depreciation charges. Net profit is down 91% y-o-y to €1.3m, although encouragingly, reported operating cash flow is down just 10% y-o-y to €6.2m backed by working capital management.

### Market share resilience, particularly at Mediaalaan

Although Roularta's top line decline was severe, the company reassuringly managed to beat the market both in Print Media, with sales down 6.4% y-o-y in 1H17 versus a market decline of 8.4% as reported by Nielsen, and in TV Broadcasting, with Mediaalaan reporting like-for-like sales decline of 2.9% in TV ad revenues which compares to a market performance of -8.4% according to Nielsen. Mediaalaan, Belgium's leading Free TV broadcaster with 7 TV channels and 2 Radio stations, is Roularta's main value driver, now weighing 100% of group profits.

12M-forward P/E multiple



### Earnings revised down on Print Media ad weakness

Guidance is prudent and purely qualitative. So far in 3Q17, ad spend trends are similar to those of 1H17 (ie. down in Printed Media and TV, up in Online). Readership is flat (vs. down in 1H17). Although digital initiatives should continue to weigh on opex (albeit no more than previously-expected), management will continue to focus on cost control, albeit without any concrete plan. Our EPS forecasts have been cut by 63%, 50% and 53% for 2017e, 2018e and 2019e respectively to take into account the weak ad spend environment and further margin pressure.

### Fair value estimate and our views on valuation

Our fair equity value is set at €17.3/share, in line with the current share price, down from €23.1/share previously, based on our sum of the parts model (unchanged methodology, albeit allocating no value for Print Media vs. a negative value of €2.1/share based on our previous model assumptions). Although we do not believe the business has a negative value, given, among others, Roularta's leading market positions in free newspapers, business and news magazines as well as its state-of-the-art printing facilities. However, as a result of the heavy sales declines and of the lack of visibility in ad spend trends going forward, we do believe that market is likely to refrain from valuing it altogether until one or more of the following events occur: (1) clear signs that Print Media ad spend is no longer in structural decline, (2) Roularta's digital media activity becomes significant enough that its growth offsets the impact of lower Print Media revenues, (3) Roularta is able to continuously adjust its Print Media cost base to lower sales volumes, and (4) Roularta's Print Media is restructured to an extent that the impact of declining revenues no longer hurts group profit generation. Our fair equity value points to 2018e P/E and EV/EBIT multiples of 20x and 10x respectively (based on combined accounts).

Arnaud W. Goossens  
ago@merodis.com

### Key financials

€m	2012	2013	2014	2015	2016	2017e	2018e	2019e
Sales	712.0	677.1	300.1	291.9	278.6	259.9	248.4	237.4
EBIT	4.7	-49.2	3.9	12.3	6.7	-3.4	-2.6	-3.8
Net profit	-2.5	-57.9	-142.5	64.4	21.5	8.3	11.5	15.7
EPS (€)	-0.19	-4.44	-10.98	4.92	1.65	0.64	0.89	1.20
DPS (€)	0.00	0.00	0.00	0.50	0.50	0.20	0.25	0.35
P/E (x)	na	na	na	3.2	14.7	27.2	19.6	14.4
Net yield (%)	0.0	0.0	0.0	3.2	2.1	1.2	1.4	2.0
Adj. EV/EBIT (x)	53.7	na	36.0	9.6	32.7	na	na	na

Source: Company data, Merodis, FactSet

### Important Note

Merodis has been mandated by Roularta to produce a neutral, fair, and detailed equity research report on the company with the aim to increase the visibility/awareness of its shares in financial markets. The authors hereby declare that any views expressed in this report represent their personal opinion and that Roularta has neither limited nor in any other way influenced the content of this report. Please read the disclaimer at the end of this report.

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**Merodis**  
Equity Research

## Financial summary

Enterprise Value (€m): 219  
Market Cap. (€m): 228  
Free-float MCap (€m): 57

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017e	2018e	2019e	CAGR 05-16	CAGR 17-19e
<b>Consolidated P&amp;L (€m)</b>																	
Sales	493	609	767	782	707	712	731	712	677	300	292	279	260	248	237	-5.1	-4.4
EBITDA	56	78	81	70	53	82	70	45	42	20	18	16	8	10	12	-10.7	18.7
EBIT	39	51	50	33	10	57	36	5	-49	4	12	7	-3	-3	-4	-14.7	4.7
Pretax profit	37	49	36	18	-3	51	28	-4	-57	-3	7	2	-8	-7	-5	-23.3	-24.1
Net profit	22	25	16	14	-4	31	15	-3	-58	-142	64	21	8	12	16	-0.4	37.2
<b>Combined P&amp;L (€m)</b>																	
Sales									491	477	471	476	458	448	439		-2.1
EBITDA									46	48	55	53	42	47	51		9.4
EBIT									23	33	42	36	21	25	26		10.2
Pretax profit									16	26	37	31	16	20	25		23.7
Net profit									-58	-142	64	21	8	12	16		36.8
<b>Cash Flow (€m)</b>																	
Adj. EBITDA	56	72	80	67	36	77	63	39	21	17	15	16	8	10	12	-10.7	18.7
WCR	-1	22	4	62	-10	-19	4	17	-16	4	-17	-8	-4	-1	-1	22.6	-46.7
Gross Op CF	55	95	84	129	26	58	66	56	5	21	-3	8	5	9	11	-16.3	52.3
Capex	1	-50	-38	-35	-20	-8	0	-4	-6	-7	-5	-8	-8	-8	-14	na	30.9
FCF	40	20	13	74	-8	24	46	44	-10	27	0	5	3	8	9	-17.1	67.1
Net disp./ (acq.)	-17	-214	-14	4	57	-9	1	0	1	9	12	16	16	16	0	na	na
Dividends paid	-7	-8	-8	-9	0	0	-6	-4	0	0	0	-6	-6	-3	-3	-1.4	-29.3
Equity issue	-1	51	-13	28	2	0	-3	0	0	0	0	0	0	0	0	na	na
Others	-43	-29	-2	-17	-12	0	-16	-19	2	-41	-6	3	0	0	0	na	na
Net Debt (incr.) / decr.	-28	-182	-24	81	39	15	22	20	-7	-6	6	18	13	22	5	na	-34.5
<b>Balance Sheet (€m)</b>																	
WC	39	17	13	-49	-39	-20	-24	-41	-25	-51	-21	-13	-9	-8	-23	na	58.3
Capital Employed	296	660	689	640	584	602	581	549	511	221	298	295	278	275	258	-0.1	-3.7
Discontinued Assets	0	0	0	0	0	0	0	0	0	152	0	0	0	0	0	na	na
Cash & Equivalent	35	42	32	110	72	44	35	79	51	34	39	51	63	5	11	3.4	-58.6
Gross Debt	75	263	278	275	198	155	124	148	127	116	114	108	108	28	28	3.4	-49.0
Equity	216	285	284	318	312	345	351	345	287	143	208	222	218	237	225	0.3	1.6
<b>Growth (%)</b>																	
Sales	-3	31	31	3	-8	3	0	-3	-3	-58	1	-4	-6	-4	-4		
EBITDA	-14	40	4	-14	-24	54	-15	-35	-6	-54	-8	-10	-48	18	19		
EBIT	-17	48	-11	-31	-23	131	-32	-73	na	na	139	-58	na	na	na		
Net profit	-23	10	-36	-14	na	na	-50	na	na	na	-67	-61	-61	39	36		
FCF	68	-51	-36	491	na	na	92	-6	na	na	-100	18859	-40	173	2		
NWC	2	-57	-24	na	-20	-49	19	72	-38	99	-58	-39	-29	-12	186		
Capital Employed	25	123	4	-7	-9	3	-4	-5	-7	-57	35	-1	-6	-1	-6		
Shareholder Equity	8	32	0	12	-2	11	2	-2	-17	-50	45	7	-2	8	-5		
<b>Financial Ratios</b>																	
Gross margin (%)	67	71	74	75	76	78	76	75	76	72	75	76	76	76	76		
EBITDA margin (%)	11	13	11	9	8	12	10	6	6	7	6	6	3	4	5		
EBIT margin (%)	8	9	7	4	4	9	6	2	-4	2	5	2	-1	-1	-2		
Net margin (%)	5	4	2	2	-1	4	2	0	-9	-47	22	8	3	5	7		
Opex/Sales (%)	90	87	89	92	92	88	91	94	94	94	92	94	96	96	95		
Depreciation/Sales (%)	3	3	3	3	3	2	2	2	3	3	3	4	5	5	7		
Depreciation/EBITDA (%)	30	25	29	37	42	22	22	34	41	45	52	63	144	126	132		
Tax rate (%)	40	48	55	31	-84	37	43	28	-3	-89	-671	-4	0	0	0		
Capex/Sales (%)	0	8	5	5	3	1	0	1	1	2	2	3	3	3	6		
FCF/Sales (%)	8	3	2	9	-1	3	6	6	-1	9	0	2	1	3	4		
WCR/Sales (%)	0	4	1	8	-1	-3	1	2	-2	1	-6	-3	-1	0	0		
WC/Sales (%)	8	3	2	-6	-6	-3	-3	-6	-4	-17	-7	-5	-4	-3	-10		
Capital Employed/Sales (%)	60	108	90	82	83	85	79	77	75	74	102	106	107	111	109		
Gearing (%)	17	74	83	50	39	31	25	19	26	56	36	26	20	10	8		
Net Debt/EBITDA (x)	0.7	2.8	3.0	2.4	2.4	1.4	1.3	1.5	1.8	4.2	4.2	3.5	5.3	2.3	1.4		
ROCE post-tax (%)	9	6	3	3	3	6	3	1	6	8	32	8	4	5	6		
ROE (%)	11	10	6	5	-1	9	4	-1	-18	-66	37	10	4	5	7		
Dividend Payout (%)	33	33	52	0	0	22	30	0	0	0	10	30	31	28	29		
<b>Valuation</b>																	
Market Capitalisation (€m)	517	579	669	393	184	248	275	185	155	162	208	319	228	228	228	-4.3	0.0
+ Net Financial Debt (€)	40	222	246	165	127	111	89	70	76	82	76	57	45	23	17	3.3	-37.9
+ Restated Min. + others (€m)	36	38	38	22	15	17	16	14	35	20	10	10	9	9	9	-11.0	-0.3
- Associates & Inv. (€m)	17	16	11	12	10	11	12	14	14	123	176	167	151	151	151	22.9	0.0
= Enterprise Value (€m)	576	824	942	568	316	365	369	254	253	141	118	219	131	109	103	-8.4	-11.1
Assoc. NFD (gr. share) (€m)	0	0	0	0	0	0	0	0	0	0	-6	-6	-6	-6	-6		
EV/Sales (x)	1.2	1.4	1.2	0.7	0.4	0.5	0.5	0.4	0.4	0.3	0.4	0.8	0.5	0.4	0.4		
EV/EBITDA (x)	10.3	10.5	11.6	8.2	5.9	4.5	5.3	5.6	6.0	7.2	6.6	13.5	15.6	11.0	8.7		
EV/EBIT (x)	14.9	16.1	19.0	17.4	30.9	6.4	10.4	53.7	-5.1	36.0	9.6	32.7	-38.0	-42.1	-27.4		
EV/FCF (x)	14.4	42.2	75.0	7.7	-37.3	15.1	7.9	5.8	-25.0	5.3	na	42.8	42.4	12.9	12.0		
EV/Capital Employed (x)	1.9	1.2	1.4	0.9	0.5	0.6	0.6	0.5	0.5	0.6	0.4	0.7	0.5	0.4	0.4		
P/E (x)	22.9	23.3	42.0	28.9	-45.0	8.2	17.9	-74.0	-2.7	-1.1	3.2	14.7	27.2	19.6	14.4		
P/BVPS (x)	2.4	2.0	2.4	1.2	0.6	0.7	0.8	0.5	0.5	1.1	1.0	1.4	1.0	1.0	1.0		
FCF yield (%)	7.7	3.4	1.9	18.9	-4.6	9.8	16.9	23.7	-6.5	16.4	0.0	1.6	1.4	3.7	3.8		
<b>Per share data</b>																	
# of shares	9.96	11.01	11.04	13.13	13.13	13.13	13.14	13.14	13.14	13.14	13.14	13.14	13.14	13.14	13.14	2.6	0.0
# of avg sh. (FD, ex-treas.)	9.92	10.96	11.03	13.26	13.43	13.42	13.21	13.18	13.05	12.97	13.07	13.03	13.03	13.03	13.03	2.5	0.0
Share price	51.94	52.65	60.61	29.96	14.02	18.85	20.95	14.06	11.81	12.36	15.85	24.24	17.36	17.36	17.36	-6.7	0.0
EPS	2.27	2.26	1.44	1.04	-0.31	2.31	1.17	-0.19	-4.44	-11.0	4.92	1.65	0.64	0.89	1.20	-2.9	37.2
EPS FD	2.27	2.26	1.44	1.04	-0.31	2.31	1.17	-0.19	-4.44	-11.0	4.92	1.65	0.64	0.89	1.20	-2.9	37.2
BVPS	21.65	25.88	25.70	24.22	23.75	26.28	26.73	26.23	21.84	10.90	15.80	16.92	16.62	18.03	17.16	-2.2	1.6
DPS	0.75	0.75	0.75	0.00	0.00	0.50	0.35	0.00	0.00	0.00	0.50	0.					

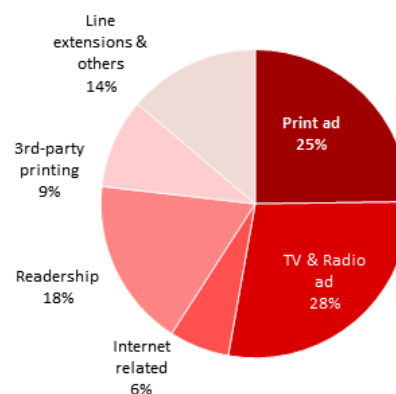
## Financial summary



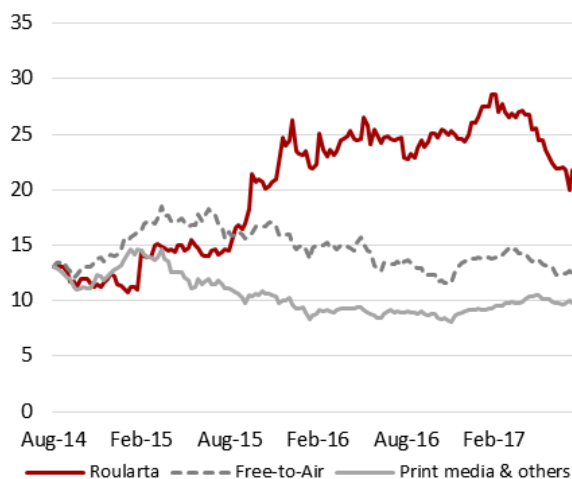
### Company profile

Roularta is Belgium's leading media company offering (1) local weekly free newspapers in Flanders (De Streekant, De Zondag, Steps), (2) audiovisual free-to-air broadcasting in Flanders through its 50% ownership of **Medialaan** (VTM, Q2, Vitaya, CAZ, Kadet, VTMZoom, QMusic, Joe FM), (3) nationwide weekly news and business magazines (Knack, Le Vif L'Express, Trends, Trends Tendence) and (4) internet (Storesquare, Digilocal, Proxistore, own websites). Combined group sales are almost entirely generated in Belgium through (1) TV and radio advertising (28% of group), (2) print media advertising (25%), (3) readers market which includes subscriptions (18%), (4) third-party printing (9%) and (5) other sources of revenues including internet and line extensions (20%). Roularta's consolidated accounts include the full contribution of its Print Media activity (advertising and readers market ex-Bayard, internet activity, line extensions and third-party printing). The 50% stakes in **Medialaan** and **Bayard** are equity-accounted. In 2016, Medialaan's EBIT weighed 72% of combined EBIT and 77% of the group's net profit. We value the stake in Medialaan alone at EUR210m (EUR16/share), 90% of the group's estimated equity value.

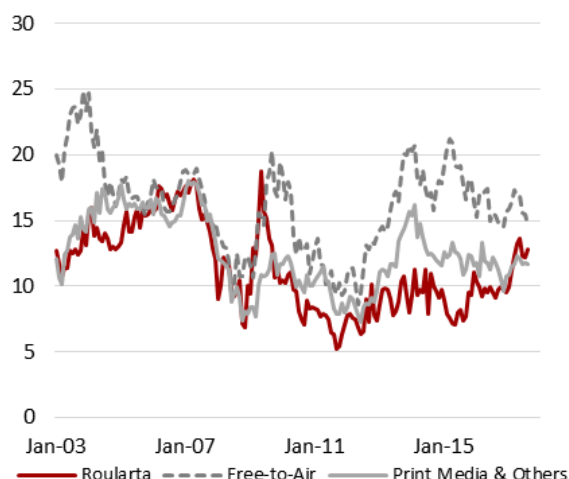
### Combined sales breakdown



### Roularta share price



### Roularta P/E



### Sum-of-the-parts valuation

(€m)	Ownership (%)	Adjusted EBIT 18e	Discount to peers	EV/EBIT multiple 18e	Net debt 17e	Value	Equity value/sh.	Value split
Print media	100%	0.2	na	na		29.9	0.0	0%
<b>Group enterprise value</b>						<b>29.9</b>		
- Net Financial Debt/(cash) (17e)						-44.6		
- Other liabilities (17e)						-6.0		
+ NPV tax asset (balance sheet)						20.8		
+ Equity value of Medialaan stake	50%	49.2	15.0	8.4	0.3	205.6	15.6	90%
+ Equity value of Bayard stake	50%	5.0	10.0	7.8	-5.3	22.1	1.7	10%
<b>= Estimated market value of equity</b>						<b>227.7</b>		
Total share outstanding (m)						13.1		
<b>Equity value per share</b>						<b>17.3</b>		

Source: Company data, Merodis Equity Research

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## 1H17 RESULTS REVIEW

*Weak results driven mainly by tough advertising market...*

*... mask a more resilient cash flow performance*

Roularta reported a weak set of 1H17 results, hit by falling advertising revenues in Print Media, higher opex from new initiatives in digital media (Storesquare and Mobile Viking) as well as higher (non-cash) depreciation charges relating mainly to changes in accounting treatment of intangibles (value of magazine titles) and content investments at Mediaaan. Net profit is down 91% y-o-y to €1.3m, although encouragingly, reported operating cash flow is down just 10% y-o-y to €6.2m. Guidance for the remainder of 2017 is prudent and purely qualitative given the low level of visibility in the advertising market. 3Q17 ad spend trends are reported to be similar to those seen in 1H17. Readership (18% of group sales) remains flat. The group expects further launching costs within its digital platforms (mainly Storesquare.be and Digilocal but also Mobile Viking at Mediaaan), but with an overall focus on cost control.

Figure 1. 1H17 results summary

EUR m	Actuals		1H17 results		
	1H16	2016	Actual	MER est.	% A vs MER
<b>Consolidated sales</b>	<b>143.0</b>	<b>278.6</b>	<b>132.6</b>	<b>135.3</b>	<b>-2.0</b>
% growth	-4.2	-4.6	-7.3	-5.4	
Adj. EBITDA	8.7	16.2	0.9	8.3	-89.6
% growth	-26.6	-10.3	-90.0	-4.3	
% sales	6.1	5.8	0.7	6.1	
Adj. REBIT	5.0	6.7	-4.6	3.2	na
% growth	-39.6	-57.8	na	-35.6	
% sales	3.5	2.4	-3.5	2.4	
<b>Reported EBIT*</b>	<b>16.2</b>	<b>24.9</b>	<b>3.4</b>	<b>14.7</b>	<b>-77.0</b>
% growth	6.6	13.5	-79.1	-9.3	
% sales	11.3		2.6	10.9	
<b>EPS</b>	<b>1.13</b>	<b>1.65</b>	<b>0.10</b>	<b>1.00</b>	<b>-90.2</b>
% growth			-91.3	-11.5	
<b>Net debt</b>	<b>79.0</b>	<b>57.4</b>	<b>59.2</b>		

Source: Company data, Merodis Equity Research

\* Including share of net profit from equity accounted companies (Mediaaan and Bayard)

### Sales weakness in 1H17

*Roularta suffers from adverse market conditions, but holds on to its leading market position*

Consolidated sales in 1H17 were slightly below our forecast, hit mainly by lower Print Media sales (-6.4% in 1H17 vs. -6% in FY16) due to weak advertising sales in both Free Press and Magazines (-9.4% and -7.5% respectively). As reported in Roularta's trading update in May, the market weakness has been felt since the beginning of 2017 across most media in Belgium (Radio being an exception), and is driven by certain large ad-spending sectors such as FMCG, banks and healthcare. FMCG, in particular, is a major ad spender, which has cut its ad spend due to cost-cutting programmes by large advertisers such as P&G and Unilever. Encouragingly, compared to the market, Roularta did not lose market share, as witnessed by Nielsen market data, which shows the whole Belgian advertising market down 5.7% with print Media reportedly down 8.4% (see comments below on changes in Roularta's strategy regarding free newspapers).

Medialaan beats the TV  
advertising market

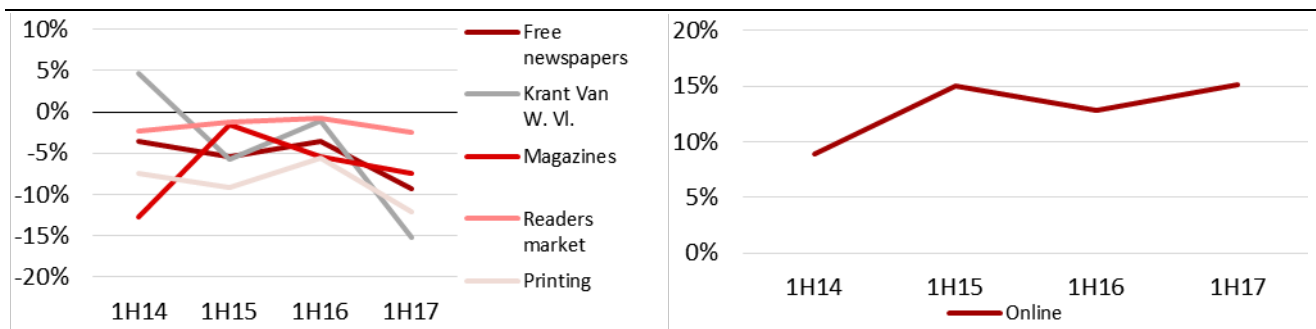
Newsstand sales and subscriptions were down just 2.5% while internet-related sales were up 15%. Consolidated sales do not include equity-accounted Medialaan, which also reported a 2.9% decline in ad sales in 1H17 (masking a 2.6% increase in Radio advertising), although overall revenues were up 1.4% thanks to the contribution of Mobile Viking, acquired in February 2016, and CAZ TV, acquired in June 2016. Nielsen reported TV ad spend for 1H17 down as much as 6.3%, which suggests that Medialaan has gained significant market share.

Figure 2. 1H17 results in detail

Eur m	1H16	2H16	1H17	2H17e
<b>Net sales</b>	<b>143.0</b>	<b>135.5</b>	<b>132.6</b>	<b>127.4</b>
o/w Printed Media	151.8	142.6	142.2	134.3
% growth	-4.0	-4.6	-6.3	-5.8
Audiovisual	89.2	92.8	90.5	90.6
% growth	11.4	11.1	1.5	-2.4
IFRS 11 effect & others	-97.9	-99.9	-100.1	-97.5
<b>Other revenues</b>	<b>1.1</b>	<b>-1.1</b>	<b>0.8</b>	<b>0.0</b>
<b>Total sales</b>	<b>144.1</b>	<b>134.5</b>	<b>133.3</b>	<b>127.4</b>
% growth	-4.2	-5.0	-7.5	-5.3
<b>Materials</b>	<b>-35.6</b>	<b>-32.1</b>	<b>-32.5</b>	<b>-30.6</b>
% growth	-5.5	-8.4	-8.7	-4.7
<b>Gross Profit</b>	<b>108.5</b>	<b>102.3</b>	<b>100.8</b>	<b>96.7</b>
% growth	-3.7	-3.9	-7.1	-5.4
% sales	75.3	76.1	75.6	76.0
Opex ex-COGS	-98.8	-94.3	-98.7	-88.4
% growth	-0.8	-0.9	0.0	-6.2
% sales	68.5	70.1	74.0	69.4
<b>Others</b>	<b>-1.0</b>	<b>-0.5</b>	<b>-1.2</b>	
<b>EBITDA</b>	<b>8.7</b>	<b>7.5</b>	<b>0.9</b>	<b>8.3</b>
% growth	-26.6	20.4	-90.0	10.4
% sales	6.0	5.6	0.6	6.5
<b>Depreciation</b>	<b>-4.7</b>	<b>-5.6</b>	<b>-5.7</b>	<b>-6.5</b>
% sales	3.3	4.1	4.3	5.1
<b>Provisions &amp; impairments</b>	<b>1.0</b>	<b>-0.3</b>	<b>0.3</b>	<b>0.1</b>
<b>REBIT</b>	<b>5.0</b>	<b>1.7</b>	<b>-4.6</b>	<b>1.9</b>
% growth	-39.6	-77.3	na	10.5
% sales	3.4	1.3	-3.4	1.5
<b>Non-recurring (restr. &amp; prov.)</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>EBIT</b>	<b>5.0</b>	<b>1.7</b>	<b>-4.6</b>	<b>1.9</b>
% sales	3.4	1.3	-3.4	1.5
<b>Reported EBIT</b>	<b>16.2</b>	<b>8.7</b>	<b>3.4</b>	<b>9.8</b>
o/w Printed Media	6.6	5.1	-2.9	
% growth	-23.7	-42.1	na	
% sales	4.4	3.6	-2.1	
Audiovisual	16.1	8.0	10.1	
% growth	3.3	-7.3	-37.4	
% sales	18.0	8.7	11.1	
IFRS 11 effect & others	-6.5	4.5	-3.8	
<b>Net financial result</b>	<b>-2.3</b>	<b>-2.4</b>	<b>-2.4</b>	<b>-2.4</b>
<b>Pretax profit</b>	<b>2.7</b>	<b>-0.6</b>	<b>-7.0</b>	<b>-0.5</b>
% growth	-26.3	na	na	na
% sales	1.8	-0.5	-5.3	-0.4
<b>Tax</b>	<b>0.0</b>	<b>0.0</b>	<b>-0.5</b>	<b>0.0</b>
%	-1%	7%	-6%	-10%
<b>Net income</b>	<b>2.7</b>	<b>-0.6</b>	<b>-7.5</b>	<b>-0.5</b>
Equity accounted results	11.2	7.0	8.0	7.9
Minorities	0.8	0.4	0.8	0.4
<b>Group share</b>	<b>14.7</b>	<b>6.8</b>	<b>1.3</b>	<b>7.8</b>
% growth	48.9	-87.6	-91.3	15.6
% sales	10.2	5.0	1.0	6.1

Source: Company data, Merodis Equity research

Figure 3. Interim sales growth in Print Media (y-o-y)



Source: Company data, Merodis Equity Research

*Free Press weakness also due to strategic reorganisation with benefits to be felt later*

The weakness in Free Press ad revenues (-9.4%) results mainly from a strategic change in the format and distribution of the company's weekly free newspapers De Streekkrant/De Weekkrant. These titles have been replaced in January 2017 by Deze Week, with part of the distribution shifting gradually from house-to-house delivery to display-based, mainly in bakeries. The transition is gradual and being tested in various locations. The impact is a significant drop in circulation from 2.5m to 2.1m copies, but the intention is to increase readership from 1 reader per copy and, hence, improve ad spend efficiency. Roularta's model is its Sunday free newspaper, De Zondag, which is entirely distributed through displays in the 3,000 bakeries of Flanders and which enjoys 3 readers per copy with a circulation of 0.5m copies (ie. a target audience of 1.5m). The new distribution model for Deze Week has had a temporary negative impact on sales as advertisers are testing the new format and the impact of the new delivery. We would expect a positive impact on costs in areas such as pre-press, printing/paper volumes and distribution, but the positive effect should be felt with some delay (potentially 6 to 12 months).

### Gross margins improvement offset by pressure on opex

*Gross margins resilience offset by opex hit*

Gross margins have improved y-o-y in 1H17 (to 75.6%), which is the fifth consecutive semester of y-o-y improvement, reflecting subdued paper price impact for Roularta's printing activity and a positive mix effect (weaker lower-margin printing volumes).

Although opex (ex-COGS) is down y-o-y for the fifth consecutive semester, reflecting ongoing cost control in an adverse market environment, the cost-cutting efforts were not strong enough to offset the sales decline, notably due opex investments in new digital initiatives in Print Media (Storesquare).

Assuming the Storesquare opex investment was unchanged in 1H17 vs. 1H16 (ie. an estimated €2m cost), underlying EBITDA is down close to 90% in 1H17, with much of the downside stemming from a stronger-than-expected impact on profitability of the lower sales. In an environment of such strong revenue erosion, we would expect Roularta to launch new cost-cutting efforts to offset the impact, particularly as the ad market weakness in Print Media is clearly showing signs of structural pressure.

### EBIT impacted by higher intangible amortisation

*Some non-cash items further deteriorate operating profit*

As a reminder, reported consolidated EBITDA and EBIT include the group share of net profit of equity-accounted Mediaaan and Bayard (both are 50-50 JV's). We exclude the share of the JVs net profit from EBITDA and EBIT and include it below post-tax profit.



"Combined accounts", which include Roularta's share of the JVs sales and opex, show a 43% drop in EBITDA with margins falling to 7.1% from 11.9% in 1H16, also impacted by undisclosed "start-up costs" at Mobile Vikings (in Medialaan).

As in FY16, there were no one-off costs in 1H17. Roularta did, however, book €0.9m of amortisation of intangibles in 1H17 (vs €1m in 2H16), which is included in REBIT and is linked to the depreciation on titles due to a change in accounting method (shorter expected life span). The Combined accounts show a €2.5m higher depreciation for the same reason but also including the purchase price allocation at Medialaan (Mobile Viking and CAZ acquisitions for a total of €1.2m in 1H17).

## Lower equity accounted results from Medialaan

*Higher costs also hurt Medialaan performance*

Equity accounted results (50% stake in Medialaan and 50% in Bayard), came in at €8m in 1H17, down 30% y-o-y, well-below our forecast of €11.6m. The contribution split between Medialaan and Bayard is not available, but we expect weakness mainly at Medialaan, driven by lower sales, higher content costs and higher "start-up" losses at Mobile Viking. Lower financing and tax costs at Medialaan offset some of Audiovisual's 37% EBIT decline.

*Innovation steps*

Regarding Medialaan, the TV broadcaster has recently launched a new (paying) TV streaming platform called Stevie Premium offering 18 Flemish channels (its own 7 channels as well as 11 competing channels), which operates alongside Stevie Free, a successful streaming service launched in 2013 and viewing its 7 own channels (2m subscribers including VTM.be; 300k daily views). Stevie Premium is priced at €10/month and offers a range of functionalities (record, replay, favourites, etc.).

*Cost-saving measures*

Medialaan is also involved in a strategic revamp of its ad selling agency by combining it with that of De Persgroep, one of Belgium's leading newspaper publishers (and co-owner of Medialaan alongside Roularta). The new ad selling agency will be called Neo and is expected to be operational as from 1 January 2018. Neo will handle TV, website and Print advertising. The group is also launching a new data JV with De Persgroep called Trinity, with the aim of capturing data from the users and audience, including from Stevie, for targeted advertising.

## Balance sheet under control

Figure 4. Roularta's summarised balance sheet

	2015	1H16	2016	1H17
<b>Net working capital</b>	<b>-21.3</b>	<b>-21.1</b>	<b>-12.9</b>	<b>-5.1</b>
Intangible fixed assets	86.2	85.6	84.4	82.8
Goodwill	0.0	0.0	0.0	0.0
Tangible fixed assets	57.0	56.8	56.0	54.3
Financial fixed assets	175.8	186.8	167.0	158.2
<b>Invested capital</b>	<b>297.7</b>	<b>308.1</b>	<b>294.5</b>	<b>290.3</b>
<b>Net debt/(cash)</b>	<b>75.7</b>	<b>79.0</b>	<b>57.4</b>	<b>59.2</b>
Shareholders funds	209.5	217.4	224.1	218.5
<b>Equity capital</b>	<b>207.6</b>	<b>216.4</b>	<b>222.3</b>	<b>215.4</b>

Source: Company data, Merodis Equity research



Consolidated net debt, at €59.2m, is down y-o-y, despite the EBITDA shortfall. Working capital has, nevertheless, increased to €-5.1m from €-21.1m, but we expect this to be the result of the €16m claim from the disposal of the French activities in 2015 to Altice (from LT to ST receivables), as confirmed by Roularta's interim cash flow statement which highlights a decrease in working capital of €3.9m.

*Group net debt/EBITDA ratio of  
1.1x*

Regarding the disposal proceeds, two amounts of around €16m each are to be paid by Altice (the next in December 2017 and the last tranche in March 2018). Roularta reported a group net debt (including net debt from JVs) to EBITDA ratio of 1.1x in 1H17, well below the covenant level of 3x, highlighting the solid balance sheet at a group level.

The accounting value of the JV stakes (Medialaan and Bayard), booked as a Financial asset in the consolidated balance sheet has, interestingly, increased in June 2017 compared December 2016, from €128m to €134m (€10.2 per Roularta share). This compares to our market value estimate for both stakes of €17.6 per share.

## Management guidance and changes to our estimates

*No improvement in sight with  
regards to ad spend trends*

As usual, management guidance is prudent and purely qualitative. So far in 3Q17, the ad spend trends are similar to those felt in 1H17, ie. down in Print Media and Audiovisual and up in Online). Readership is flat (vs. down in 1H17). The group expects further launching costs within its digital platforms (mainly Storesquare.be, Proxistore and Mobile Viking).

*No cost cutting plans disclosed*

Although management has not announced any concrete cost-cutting measures although it remains committed to continued cost control. On this subject, we believe that investors would welcome a clear plan on how management aims to tackle the decline in Belgium's ad spend for traditional media.

Our new earnings forecasts include an operating loss (excluding the equity-accounted contribution) in both 2017e and 2018e of €3.4m and €2.6m respectively (down from previous forecast of an operating profit of respectively €7.1m and €6.4m). Our EPS forecasts have been cut by 63%, 50% and 53% for 2017e, 2018e and 2019e respectively to take into account the weak advertising environment for Print Media and further margin pressure at Medialaan.

Figure 5. Changes to our forecasts

€m	2017e	2018e	2019e
<b>New estimates</b>			
Net sales	259.9	248.4	237.4
EBIT	-3.4	-2.6	-3.8
<b>EPS (€)</b>	<b>0.64</b>	<b>0.89</b>	<b>1.20</b>
DPS (€)	0.20	0.25	0.35
Net debt	44.6	22.7	17.2
<b>Old estimates</b>			
Net sales	270.7	265.9	261.0
EBIT	7.1	6.4	10.2
<b>EPS (€)</b>	<b>1.70</b>	<b>1.72</b>	<b>2.46</b>
DPS (€)	0.55	0.60	0.90
Net debt	34.1	8.7	-5.3
<b>% change</b>			
Net sales	-4.0	-6.6	-9.1
EBIT	-148.3	-140.7	-137.1
<b>EPS</b>	<b>-62.5</b>	<b>-48.6</b>	<b>-51.1</b>
DPS	-63.6	-58.3	-61.1
Net debt	31.0	161.8	-423.5

Source: FactSet, Merodis Equity Research

Our key assumptions used in our forecasts are summarised as follows:

- Sales growth.** We expect Print Media to show a structural decline in sales (-4.8% pa from -2.5% previously expected), driven by weak print advertising revenue (48% of divisional sales), suffering from ongoing competition from digital media. Subscription sales (29%) is also expected to show a decline, but limited to -2.3% pa (from -1.5% previously expected). Finally, other Print Media sales (23%, including printing volumes) should continue to ease, despite cross selling into other areas (events, cruises, etc.). At Medialaan, which weighs around 70% of group profit, we expect between 0.5% pa sales growth (from 2-3% previously expected), driven by 0% pa TV advertising revenue growth (1% previously expected) and stronger growth from Mobile Viking and Medialaan's other sources of revenues (including Mobile Viking).
- Gross margin.** We expect gross margins to remain stable at 76% to 2019e, mainly driven by a change in product mix with the decline in printing revenues and subdued paper prices thanks to overall weak demand for print-quality paper.
- EBITDA margin.** We expect ongoing cost pressure from launching costs at Storesquare (€4m pa) despite some level of cost control, albeit not sufficient to offset the top-line decline. 2019 should be a very different story, as reflected in our estimates. Indeed, the €10m pa printing equipment leasing contract with Econocom is expected to end in 2018, with a full-year impact expected in 2019. We expect a positive opex impact of €10m (partially offset by a slightly higher depreciation charge as Roularta will purchase the equipment; we expect a €5-10m increase in capex in 2019, with some additional maintenance capex charge from 2020 onwards). The net EBITDA impact is significant, as reflected by our forecast of a 20% jump in 2019e, albeit from a new (and lower) base.
- Financing costs.** Financing costs are expected to remain at around the level of €5m until 2018e, at which time Roularta should be able to repay its €100 bond due in October 2018, mainly through cash, but also by a smaller refinancing facility and probably at a lower rate than the bond yield (5.1%). This should fuel further EPS growth in 2019.

Figure 6. Combined P&L account (including group share of JVs and full impact of digital opex investments)

€m	2014	2015	2016	2017e	2018e	2019e
<b>Net sales</b>	<b>476.9</b>	<b>471.0</b>	<b>476.4</b>	<b>457.6</b>	<b>447.9</b>	<b>438.9</b>
% growth	-2.8	-1.2	1.1	-4.0	-2.1	-2.0
<b>Opex</b>	<b>-429.3</b>	<b>-415.6</b>	<b>-423.5</b>	<b>-415.3</b>	<b>-401.3</b>	<b>-388.3</b>
% growth	-3.6	-3.2	1.9	-1.9	-3.4	-3.2
% sales	90.0	88.2	88.9	90.8	89.6	88.5
<b>EBITDA</b>	<b>47.7</b>	<b>55.4</b>	<b>53.0</b>	<b>42.2</b>	<b>46.7</b>	<b>50.6</b>
% growth	4.2	16.2	-4.4	-20.2	10.5	8.4
% sales	10.0	11.8	11.1	9.2	10.4	11.5
Depreciation	-13.7	-14.2	-17.4	-20.8	-21.1	-24.3
Provisions & impairments	-0.8	0.6	0.4	-0.2	-0.5	-0.5
<b>EBIT</b>	<b>33.2</b>	<b>41.8</b>	<b>35.9</b>	<b>21.3</b>	<b>25.0</b>	<b>25.8</b>
% sales	7.0	8.9	7.5	4.6	5.6	5.9
<b>Net financial result</b>	<b>-6.7</b>	<b>-5.3</b>	<b>-4.8</b>	<b>-5.0</b>	<b>-4.9</b>	<b>-0.9</b>
<b>Pretax profit</b>	<b>26.4</b>	<b>36.5</b>	<b>31.1</b>	<b>16.3</b>	<b>20.1</b>	<b>24.9</b>
% growth	64.0	38.1	-14.9	-47.6	23.3	24.0
% sales	5.5	7.8	6.5	3.6	4.5	5.7
Tax	-13.1	36.8	-9.7	-8.0	-8.6	-9.4
%	49%	-101%	31%	49%	43%	38%
<b>Net income</b>	<b>13.4</b>	<b>73.3</b>	<b>21.4</b>	<b>8.3</b>	<b>11.5</b>	<b>15.6</b>
Equity accounted results + others	-0.6	-1.3	-1.1	-1.1	-1.1	-1.1
Minorities	0.1	0.1	1.2	1.2	1.2	1.2
Discontinued ops	-155.2	-7.8	0.0	0.0	0.0	0.0
<b>Group share</b>	<b>-142.5</b>	<b>64.4</b>	<b>21.5</b>	<b>8.3</b>	<b>11.5</b>	<b>15.7</b>
% growth	na	na	-66.6	-61.1	38.6	35.1
% sales	-29.9	13.7	4.5	1.8	2.6	3.6

Source: Company data, Merodis Equity Research

Our new earnings forecast differ from consensus, mainly due, in our opinion, to a lag effect (consensus may not yet reflect the results). That said, we are currently around 50% below consensus in terms of EPS forecast for 2017e to 2019e.

Figure 7. Merodis forecasts versus consensus (% difference)

(%)	2017e	2018e	2019e
Sales	-2.0	-3.0	-9.1
EBITDA	-48.3	-40.2	-50.5
EBIT	-171.5	-152.9	-134.3
<b>EPS (€)</b>	<b>-51.2</b>	<b>-36.1</b>	<b>-55.8</b>
DPS (€)	-63.6	-58.3	-61.1
Net debt	46.8	-2.8	na

Source: Factset, Merodis Equity Research

## VALUATION ANALYSIS

*Our €17.3/share fair value estimate is in line with the current share price*

*The share price assumes no value for Print Media, which we view as fair given the current adverse market conditions*

We now estimate Roularta's fair equity value at €17.3/share, down from €23.1/share previously, based on our sum-of-the-parts model which assumes no value for Print Media while, based on our previous methodology, the equity value of Print Media would be negative (€-2.1/share).

This implied negative value stems from our valuation method which was based on a sector EV/EBIT multiple applied to our (Print Media) divisional EBIT forecast. Although we do not believe the business has a negative value, given, among others, Roularta's leading domestic market position in free newspapers, business and news magazines as well as its state-of-the-art printing facilities (estimated replacement value of in the region of €100m). However, as a result of the heavy sales declines and the lack of visibility in ad spend trends going forward, we do believe that market is likely to refrain from valuing it altogether until one or more of the following events occur:

- Clear signs that Print Media ad spend is no longer in structural decline (ie. at least flat ad spend growth expected over the following years),
- Size of Roularta's digital media activity becomes significant enough, through organic growth or through reasonably-priced acquisitions, that its growth offsets the decline of the Print Media revenues,
- Roularta is able to continuously and consistently adjust its Print Media cost base to lower sales volumes,
- Roularta's Print Media is restructured to an extent that the impact of declining revenues no longer hurts group profit generation.

Our fair equity value points to 2018e P/E and EV/EBIT multiples of 20x and 10x, respectively, which clearly reflects the tough sector environment. Compared to free-TV peers, Roularta now trades at a 5% EV/EBIT premium, while the stock previously traded at a discount. As a reminder, 80% of the company's 2016 profits were generated by Medialaan, a strongly-positioned free TV player in Belgium (market leader, in fact). In 2017e and 2018e, we expect 100% of the company's profits to be generated by Medialaan given the Print Media loss that we currently expect.

### Sum-of-the-parts valuation

We value Roularta on a sum-of-the-parts model, assigning a peer group market-derived valuation for the company's two main activities: Print Media (20% of group net profit in 2016; 0% in 2017e and 2018e) and Free-To-Air TV Broadcasting (80% of group net profits in 2016, via Roularta's 50% stake in Medialaan, which is equity accounted). Our model points to a fair equity value of €17.3/share based on 2018e adjusted estimates (see below) assuming no equity value for Print Media as explained above. The same model, but with no discount attributed to Roularta's activities suggests €20.3/share.

Figure 8. Sum-of-the-parts based on 2018e adjusted estimates

(€m)	Ownership (%)	Adjusted EBIT 18e	Discount to peers	EV/EBIT multiple 18e	Net debt 17e	Value	Equity value/sh.	Value split	Value w/o discount
Print media	100%	0.2	na	na		29.9	0.0	0%	29.9
<b>Group enterprise value</b>						<b>29.9</b>			<b>29.9</b>
- Net Financial Debt/(cash) (17e)						-44.6			-44.6
- Other liabilities (17e)						-6.0			-6.0
+ NPV tax asset (balance sheet)						20.8			20.8
+ Equity value of Medialaan stake	50%	49.2	15.0	8.4	0.3	205.6	15.6	90%	241.9
+ Equity value of Bayard stake	50%	5.0	10.0	7.8	-5.3	22.1	1.7	10%	24.3
<b>= Estimated market value of equity</b>						<b>227.7</b>			<b>266.1</b>
Total share outstanding (m)						13.1			13.1
<b>Equity value per share</b>						<b>17.3</b>			<b>20.3</b>

Source: Merodis Equity Research

In addition to our decision to allocate zero equity value to Print Media, our model is based on the following assumptions:

- **Discount to peer group multiples.** We have assigned an unchanged discount to the peer group valuation multiple to reflect the liquidity and size-effect. As such, we attach a 15% discount to the FTA Broadcast activity given Medialaan's smaller size than most peers and total illiquidity (Roularta owns 50% alongside De Persgroep) and a 10% discount to the stake in Bayard (Print Media activity).
- **Value of digital investments.** Roularta is investing heavily in Storesquare, with an estimated €4m pa opex investment at least until 2019e. This represents a significant of the company's underlying consolidated EBITDA. As it is too early in our view to put a value on the 70% stake of Roularta in Storesquare, we have opted to exclude the impact of the investment in our divisional EBIT contribution, which remains, nevertheless, too low to value the division. Once we have a better feel for the value of the start-up, we will include the loss as well as the value of the stake.
- **Estimated value of tax asset.** As before, we value Roularta's tax asset driven by the loss incurred on the disposal of the French magazine activity at the end of 2015 and which is the subject of a tax ruling with the Belgian fiscal authorities. The estimated value is unchanged at €20.8m.
- **Year of valuation.** We stick to 2018e as our base valuation year.

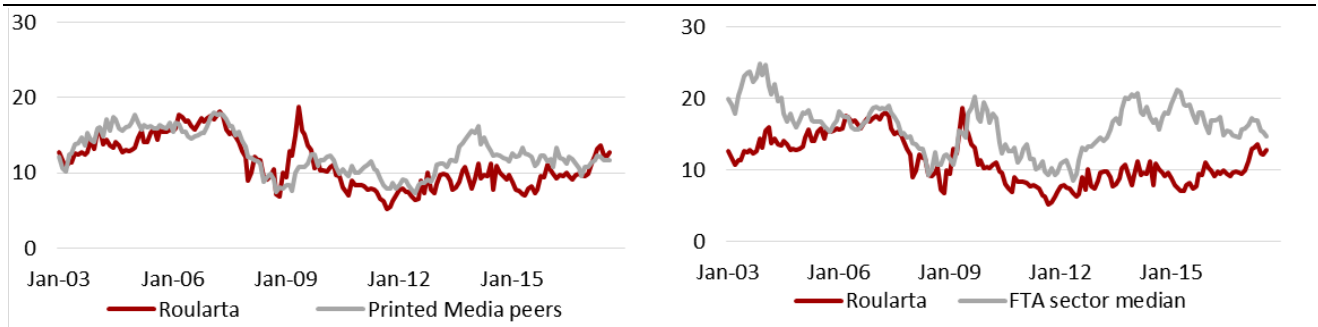
## Peer analysis

We provide a peer analysis, with benchmarking and valuation on the following pages. We have identified a set of industry peers, ranging Printed Media peers, Free-TV peers and Printing pure plays.

In terms of valuation, Roularta currently trades at a premium to Print Media peers based on consensus estimates, following years of a discount which has averaged 22% since 2012.

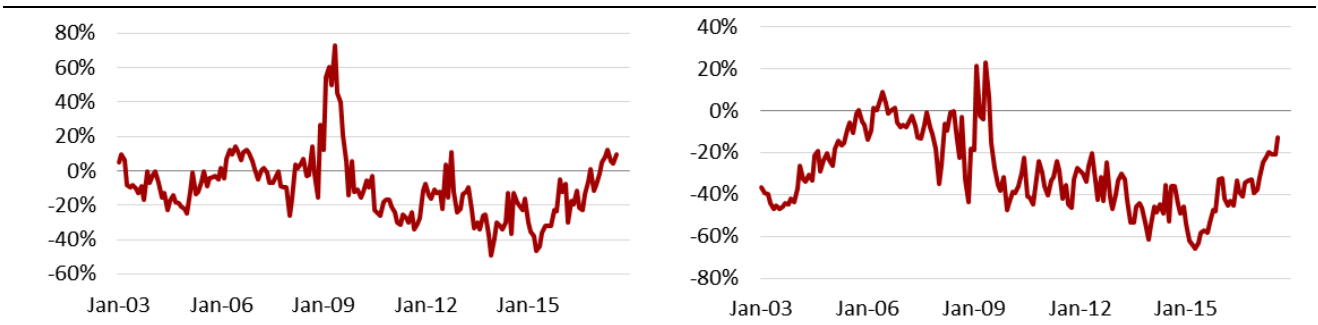
Compared to free-TV peers, the discount, based on consensus estimates, is still at 13% which is high, but also below the average of 44% since 2012. The stock's rerating is driven by the improving fundamentals since the disposal of French magazine activity in late 2015 and the focus on Belgian Printed Media, new digital initiatives (Storesquare and Digilocal) as well as on Belgian free-to-air TV via the 50% stake in Medialaan. The digital initiatives and Print Media revenue decline have a negative impact on profitability, which translate into temporarily higher valuation multiples for Roularta.

Figure 9. Historical 12 months forward cns P/E multiples (x): Roularta vs. sector peers



Source: FactSet, Merodis Equity Research

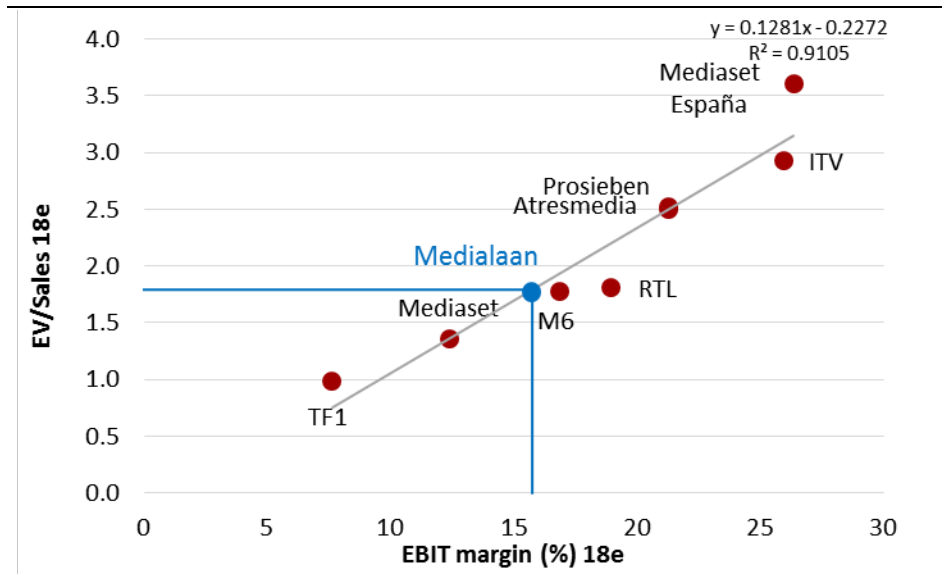
Figure 10. Historical 12 months forward cns P/E premium/(discount) of Roularta vs. Print Media peers (left) and vs. FTA peers (right)



Source: FactSet, Merodis Equity Research

We show the correlation in the Free TV sector between margins and valuation, which suggests that, given our forecast level of profitability for Medialaan (14% unadjusted EBIT margin in 2018e compared to 15.3% previously expected), the business would be valued at an EV/Sales of 1.4x. This suggests, based on our forecasts, an equity value of €484m or €242m for Roularta's stake (ie. €18 per Roularta share, broadly in line with our SOTP-derived valuation without any discount).

Figure 11. Peer correlation analysis of valuation vs. profitability



Source: Merodis Equity Research, Factset



Figure 12. Peer group valuation analysis (including full negative impact of Storesquare opex investment for Roularta)

Company	Country	Price (local)	MCap (local m)	P/E			EV/Sales			EV/EBITDA			EV/EBIT			P/B			DYield		
				2017e	2018e	2019e	2017e	2018e	2019e	2017e	2018e	2019e	2017e	2018e	2019e	2017e	2018e	2019e	2017e	2018e	2019e
Impresa	PORTUGAL	0.32	53	6.7	6.2	4.8	1.1	1.1	1.0	11.9	10.8	8.4	14.4	12.9	9.8	0.4	0.3	0.3	0.0	0.0	0.0
Spir	FRANCE	3.53	21				0.2	0.2		18.8	8.6					1.8	1.9		0.0	0.0	
Solocal	FRANCE	0.89	515	6.3	6.6	6.3	1.1	1.0	0.9	4.2	3.8	3.3	6.1	5.4	4.7				0.0	0.0	0.0
Gruppo Editoriale L'Esp.																					
Mondadori	ITALY	1.84	479	14.0	12.0	11.2	0.5	0.5	0.5	6.3	5.6	5.2	9.1	8.1	7.4	1.9	1.7	1.7	1.2	1.3	2.3
RCS	ITALY	1.30	675	16.5	11.6	9.6	1.1	1.0	0.9	7.5	6.1	5.4	12.6	9.0	7.9	4.3	3.0	2.3	0.0	0.0	0.0
Vocento	SPAIN	1.54	186	14.0	10.7	8.9	0.6	0.6	0.5	5.8	4.9	4.7	10.2	7.7	6.2	0.8	0.7	0.7	0.0	0.4	1.3
Telegraaf	NETHERLANDS	5.25	243	30.3	10.3		0.5	0.5		12.8	5.7		8.4	8.7		1.0	0.9		1.2	3.4	
Sanoma	FINLAND	7.89	1,281	12.9	11.1	11.0	1.2	1.2	1.2		5.3	5.4	10.7	10.3	9.8	2.7	2.4	2.1	3.5	4.3	4.9
Connect	UNITED KINGDOM	1.01	251	6.2	6.1	6.0	0.2	0.2	0.2	4.5	4.5	4.4	5.9	5.8	5.6	22.0	20.1	18.2	9.6	9.5	9.7
Tarsus	UNITED KINGDOM	3.08	348	11.6	17.0	10.8	3.4	4.2	3.0	9.9	13.1	8.6	10.5	14.1	9.0	4.6	4.7	4.2	3.2	3.3	3.5
Trinity Mirror	UNITED KINGDOM	0.99	273	2.9	2.9	3.0	0.5	0.4	0.3	2.0	1.7	1.4	2.3	2.0	1.7				5.7	6.0	6.4
Wilmington	UNITED KINGDOM	2.40	209	12.4	10.4	9.3	2.1	1.8	1.6	9.7	8.0	6.8	10.5	8.6	7.4	6.8	6.4		3.5	3.7	3.8
Independent News	IRELAND	0.12	161	5.5	5.8	6.1	0.2	0.1	0.1	1.5	1.1	0.5	1.8	1.3	0.7	1.7	1.4	1.0	0.0	0.0	0.0
Eniro	SWEDEN	0.20	105																		
Axel Springer	GERMANY	52.78	5,695	20.5	18.4	16.5	2.0	1.8	1.7	10.7	9.3	8.5	15.1	12.8	11.5	2.5	2.4	2.3	3.7	3.9	4.0
<b>PRINT MEDIA AVERAGE</b>				<b>12.3</b>	<b>9.9</b>	<b>8.6</b>	<b>1.0</b>	<b>1.1</b>	<b>1.0</b>	<b>8.1</b>	<b>6.3</b>	<b>5.2</b>	<b>9.0</b>	<b>8.2</b>	<b>6.8</b>	<b>4.2</b>	<b>3.8</b>	<b>3.7</b>	<b>2.3</b>	<b>2.6</b>	<b>3.0</b>
<b>PRINT MEDIA MEDIAN</b>				<b>12.4</b>	<b>10.4</b>	<b>9.1</b>	<b>0.8</b>	<b>0.8</b>	<b>0.9</b>	<b>7.5</b>	<b>5.7</b>	<b>5.3</b>	<b>10.2</b>	<b>8.6</b>	<b>7.4</b>	<b>2.2</b>	<b>2.1</b>	<b>2.1</b>	<b>1.2</b>	<b>2.3</b>	<b>2.9</b>
Roularta (combined)	BELGIUM	17.36	228	27.2	19.6	14.4	0.6	0.6	0.6	6.5	5.4	4.9	13.0	10.1	9.6	1.0	1.0	1.0	1.2	1.4	2.0
% prem./(disc.) vs median				119.5	88.0	58.7	-28.7	-29.0	-38.3	-13.3	-4.3	-7.6	27.2	17.4	29.7	-52.1	-54.6	-52.9	-1.5	-38.1	-31.2
Roularta (consolidated)	BELGIUM	17.36	228	27.2	19.6	14.4	0.5	0.4	0.4	15.6	11.0	8.7	-38.0	-42.1	-27.4	1.0	1.0	1.0	1.2	1.4	2.0
% prem./(disc.) vs median				119.5	88.0	58.7	-40.4	-45.1	-52.5	106.6	92.9	64.1	-473.2	-587.2	-470.6	-52.1	-54.6	-52.9	-1.5	-38.1	-31.2
<b>FREE TV</b>																					
TF1	FRANCE	11.89	2,493	19.0	20.8	15.4	1.0	1.0	1.0	6.5	6.6	5.5	11.7	12.3	9.2	1.6	1.6	1.5	3.1	3.1	3.3
M6	FRANCE	20.10	2,532	17.5	16.2	15.9	1.9	1.7	1.7	7.2	6.6	6.4	10.7	9.8	9.5	3.9	3.6	3.4	4.5	4.6	4.5
Mediaset	ITALY	3.28	3,725	24.2	13.7	12.5	1.3	1.3	1.3	9.0	6.4	5.7	11.5	7.6	6.9	1.9	1.7	1.7	2.9	4.8	5.3
Mediaset España	SPAIN	10.35	3,462	17.7	16.3	15.3	3.3	3.2	3.1	13.1	12.0	11.2	13.9	12.6	11.8	3.5	3.4	3.3	5.3	5.8	6.2
Atresmedia	SPAIN	9.41	2,117	14.1	13.0	12.1	2.2	2.1	2.1	10.9	10.0	9.3	11.9	10.8	10.1	4.2	4.1	3.9	7.1	6.5	7.0
RTL	BELGIUM	65.78	10,104	13.4	13.0	12.4	1.7	1.6	1.5	7.6	7.3	7.0	8.9	8.5	8.1	3.1	2.9	2.8	6.2	6.0	6.0
Prosieben	GERMANY	32.67	7,475	13.4	12.7	11.8	2.2	2.1	1.9	8.6	8.1	7.6	10.6	9.9	9.2	5.1	4.8	4.4	6.1	6.5	6.9
ITV	UNITED KINGDOM	1.61	6,477	10.4	10.1	9.5	2.4	2.3	2.1	8.4	8.1	7.4	9.3	9.0	8.4	8.7	7.4	6.1	4.9	6.0	6.6
<b>FREE TV AVERAGE</b>				<b>16.2</b>	<b>14.5</b>	<b>13.1</b>	<b>2.0</b>	<b>1.9</b>	<b>1.8</b>	<b>8.9</b>	<b>8.1</b>	<b>7.5</b>	<b>11.0</b>	<b>10.1</b>	<b>9.1</b>	<b>4.0</b>	<b>3.7</b>	<b>3.4</b>	<b>5.0</b>	<b>5.4</b>	<b>5.7</b>
<b>FREE TV MEDIAN</b>				<b>15.8</b>	<b>13.3</b>	<b>12.5</b>	<b>2.0</b>	<b>1.9</b>	<b>1.8</b>	<b>8.5</b>	<b>7.7</b>	<b>7.2</b>	<b>11.1</b>	<b>9.8</b>	<b>9.2</b>	<b>3.7</b>	<b>3.5</b>	<b>3.4</b>	<b>5.1</b>	<b>5.9</b>	<b>6.1</b>
Roularta (combined)	BELGIUM	17.36	228	27.2	19.6	14.4	0.6	0.6	0.6	6.5	5.4	4.9	13.0	10.1	9.6	1.0	1.0	1.0	1.2	1.4	2.0
% prem./(disc.) vs median				72.1	47.0	15.5	-70.3	-70.0	-68.3	-23.2	-29.3	-31.8	16.9	3.0	4.6	-71.7	-72.6	-70.1	-77.3	-75.6	-67.1
<b>PRINTING</b>																					
St Ives	UNITED KINGDOM	0.69	99	5.3	5.7	5.3	0.4	0.4	0.3	4.5	4.5	4.0	6.1	6.1	5.1	0.9	0.8	0.8	2.8	2.9	3.0
QuadGraphics	UNITED STATES	19.02	990	10.6	9.3	12.5	0.5	0.5	0.5	4.3	4.6	4.9	8.9	9.2	9.3	0.6	0.6	0.5	6.3	6.3	6.3
Dai Nippon Printing	JAPAN	1,288.00	781,158	28.6	27.1	26.2	0.6	0.6	0.6	8.1	7.8	7.6	22.9	20.3	19.3	0.8	0.7	0.7	2.5	2.5	2.5
<b>PRINTING AVERAGE</b>				<b>14.8</b>	<b>14.0</b>	<b>14.7</b>	<b>0.5</b>	<b>0.5</b>	<b>0.5</b>	<b>5.7</b>	<b>5.6</b>	<b>5.5</b>	<b>12.6</b>	<b>11.9</b>	<b>11.3</b>	<b>0.7</b>	<b>0.7</b>	<b>0.7</b>	<b>3.9</b>	<b>3.9</b>	<b>3.9</b>
<b>PRINTING MEDIAN</b>				<b>10.6</b>	<b>9.3</b>	<b>12.5</b>	<b>0.5</b>	<b>0.5</b>	<b>0.5</b>	<b>4.5</b>	<b>4.6</b>	<b>4.9</b>	<b>8.9</b>	<b>9.2</b>	<b>9.3</b>	<b>0.8</b>	<b>0.7</b>	<b>0.7</b>	<b>2.8</b>	<b>2.9</b>	<b>3.0</b>
Roularta (combined)	BELGIUM	17.36	228	27.2	19.6	14.4	0.6	0.6	0.6	6.5	5.4	4.9	13.0	10.1	9.6	1.0	1.0	1.0	1.2	1.4	2.0
% prem./(disc.) vs median				155.4	110.9	15.2	25.0	19.6	15.6	43.5	18.5	-0.1	46.2	9.8	2.9	38.9	29.2	37.1	-59.5	-50.0	-33.8

Source: Merodis, Factset

Figure 13. Peer group benchmarking analysis (including full negative impact of Storesquare opex investment for Roularta)

Company	Freefloat (%) 2017	Liquidity (daily,€m)	Depr/EBITDA	Capex/Sales	ND/EBITDA			EBITDA margin (%)			EBIT margin (%)			Net margin (%)			ROE (%)			2017-19e CAGR (%)		
					2017e	2018e	2019e	2017e	2018e	2019e	2017e	2018e	2019e	2017e	2018e	2019e	2017e	2018e	2019e	EPS	EBITDA	Sales
Impresa	36	0.28		2%	9.2	8.3	6.4	9.5	10.4	12.4	7.8	8.7	10.6	3.3	3.8	5.3	5.3	5.5	6.7	18.6	15.5	0.9
Spir	29		-16%	3%	12.9	6.0		0.9	2.2		-2.5	-1.2		-1.4	-0.1		-36.7	-4.7				
Solocal	100	4.11	27%	9%	1.7	1.3	0.9	26.0	27.0	27.1	18.1	19.0	19.3	8.2	9.6	10.0				0.0	1.6	-0.6
Gruppo Editoriale L'Esp.																						
Mondadori	47	0.74	29%	1%	1.9	1.4	1.1	8.5	9.0	9.1	5.9	6.2	6.4	2.9	3.0	3.3	12.3	15.0	15.3	12.1	3.8	0.4
RCS	16	1.51	-103%	5%	2.5	1.8	1.2	14.5	16.7	17.1	8.6	11.3	11.8	4.3	6.9	7.6	31.3	30.6	27.4		8.7	0.0
Vocento	51	0.28	48%	2%	1.5	1.1	0.9	10.5	11.9	11.8	5.9	7.5	8.9	2.7	4.0	4.9	5.5	7.1	8.0	25.4	5.1	-1.0
Telegraaf	12	0.23	363%	2%	-2.7	-1.3		3.7	8.2		5.7	5.4		3.9	3.8		3.3	9.4				
Sanoma	36	0.92	136%	3%		1.3	1.2	-5.4	23.5	21.8	11.2	12.0	12.0	-17.1	8.1	8.3	16.0	22.8	20.5	8.1		-3.9
Connect	98	0.53	35%	0%	1.2	1.2	1.0	4.1	4.1	4.3	3.1	3.2	3.3	1.7	1.9	2.0	329.0	344.6	320.6	2.1	0.6	-1.8
Tarsus	76	0.24	22%	2%	1.7	2.3	1.2	34.5	32.3	34.6	32.7	30.1	33.1	19.0	14.0	19.8				3.6	5.0	4.9
Trinity Mirror	97	0.34	26%	1%	0.1	-0.3	-0.6	23.0	23.4	24.2	19.4	19.9	19.1							-2.4	-2.1	-4.6
Wilmington	85	0.40	40%	3%	1.7	1.2	0.6	21.6	23.1	23.7	20.0	21.3	21.8	9.1	11.0	11.5	44.8	63.0		15.6	13.3	8.2
Independent News	70	0.22	19%	1%	-2.7	-3.3	-3.9	12.6	12.7	12.5	10.8	10.7	9.9	9.7	9.7	9.1	34.1	26.5	19.4	-4.7	-3.3	-2.7
Eniro	96	0.07	-37%	4%																		
Axel Springer	42	9.39	30%	4%	1.9	1.3	0.9	18.7	19.7	20.1	13.3	14.3	14.9	7.9	8.6	9.3	12.2	13.3	14.1	11.6	7.4	3.6
<b>PRINT MEDIA AVERAGE</b>	<b>59</b>	<b>1.38</b>	<b>44%</b>	<b>3%</b>	<b>2.4</b>	<b>1.6</b>	<b>0.9</b>	<b>13.0</b>	<b>16.0</b>	<b>18.2</b>	<b>11.4</b>	<b>12.0</b>	<b>14.3</b>	<b>4.2</b>	<b>6.5</b>	<b>8.3</b>	<b>41.6</b>	<b>46.7</b>	<b>52.6</b>	<b>8.2</b>	<b>5.1</b>	<b>0.3</b>
<b>PRINT MEDIA MEDIAN</b>	<b>51</b>	<b>0.37</b>	<b>28%</b>	<b>2%</b>	<b>1.7</b>	<b>1.3</b>	<b>1.0</b>	<b>11.6</b>	<b>14.7</b>	<b>18.6</b>	<b>9.7</b>	<b>11.0</b>	<b>11.9</b>	<b>3.9</b>	<b>6.9</b>	<b>8.3</b>	<b>12.3</b>	<b>18.9</b>	<b>19.4</b>	<b>8.1</b>	<b>5.0</b>	<b>-0.3</b>
Roularta (combined)	25	0.10	49%	2%	0.9	0.4	0.2	9.2	10.4	11.5	4.6	5.6	5.9	1.8	2.6	3.6	3.8	5.1	6.8	37.2	9.4	-2.1
% prem./ (disc) vs median	-51	-71.7	76.7	-20.2	-46.3	-72.3	-77.8	-20.1	-29.0	-38.0	-52.2	-49.4	-50.5	-53.7	-62.8	-56.9	-69.4	-73.2	-65.1	359.6	87.4	636.6
Roularta (consolidated)	25	0.10	144%	3%	5.3	2.3	1.4	3.2	4.0	5.0	-1.3	-1.0	-1.6	3.2	4.6	6.6	3.8	5.1	6.8	37.2	18.7	-4.4
% prem./ (disc) vs median	-51	-71.7	418.9	27.6	213.9	79.9	49.4	-72.0	-72.7	-73.1	-113.6	-109.4	-113.3	-18.8	-33.0	-20.0	-69.4	-73.2	-65.1	359.6	271.6	1,484.2
<b>FREE TV</b>																						
TF1	48	2.95	26%	3%	-0.9	-0.9	-0.9	16.1	15.4	17.8	9.0	8.3	10.7	5.9	5.2	7.3	8.6	7.6	10.0	11.0	7.0	1.9
M6	44	2.43	37%	10%	-0.1	-0.2	-0.3	25.8	25.7	25.7	17.4	17.4	17.5	10.8	10.8	10.8	22.6	23.1	22.2	4.9	4.2	4.5
Mediaset	25	13.43	81%	21%	1.8	1.1	0.7	14.4	20.5	22.4	11.2	17.1	18.6	4.3	7.5	8.5	7.8	13.2	13.5	38.9	19.9	-4.0
Mediaset España	47	16.41	50%	20%	-0.5	-0.6	-0.7	25.5	26.8	27.6	24.0	25.3	26.2	19.0	20.0	20.6	19.7	21.3	22.0	7.6	7.0	2.9
Atresmedia	35	5.06	11%	3%	1.0	0.8	0.7	20.4	21.4	22.2	18.7	19.7	20.5	14.3	15.0	15.6	29.7	31.9	32.9	7.9	7.6	3.1
RTL	24	0.44	15%	4%	0.3	0.2	0.1	21.6	21.5	21.7	18.6	18.5	18.8	11.8	11.7	11.8	23.5	22.9	22.9	3.7	3.6	3.3
Prosieben	98	41.32	17%	4%	1.5	1.3	1.1	25.5	25.5	25.2	20.6	20.9	20.7	13.2	13.3	13.3	39.1	39.2	39.0	6.3	5.1	5.8
ITV	90	30.98	12%	2%	0.9	0.7	0.5	28.1	28.0	28.8	25.4	25.0	25.6	20.5	20.4	21.2	82.1	79.3	70.6	4.4	4.1	2.8
<b>FREE TV AVERAGE</b>	<b>51</b>	<b>14.13</b>	<b>31%</b>	<b>8%</b>	<b>0.5</b>	<b>0.3</b>	<b>0.2</b>	<b>22.2</b>	<b>23.1</b>	<b>23.9</b>	<b>18.1</b>	<b>19.0</b>	<b>19.8</b>	<b>12.5</b>	<b>13.0</b>	<b>13.6</b>	<b>29.1</b>	<b>29.8</b>	<b>29.1</b>	<b>10.6</b>	<b>7.3</b>	<b>2.5</b>
<b>FREE TV MEDIAN</b>	<b>46</b>	<b>9.25</b>	<b>22%</b>	<b>4%</b>	<b>0.6</b>	<b>0.5</b>	<b>0.3</b>	<b>23.6</b>	<b>23.5</b>	<b>23.8</b>	<b>18.6</b>	<b>19.1</b>	<b>19.6</b>	<b>12.5</b>	<b>12.5</b>	<b>12.5</b>	<b>23.1</b>	<b>23.0</b>	<b>22.5</b>	<b>7.0</b>	<b>6.0</b>	<b>3.0</b>
Mediaaan (*)			27%	5%	0.0	-0.1	-0.2	17.0	18.5	19.5	12.4	13.9	15.0	8.0	9.1	9.8	12.4	13.7	14.3	11.6	8.2	1.0
% prem./ (disc) vs median			26.7	23.8	-99.2	-118.8	-165.8	-27.8	-21.3	-18.1	-33.7	-27.2	-23.8	-35.7	-27.3	-22.0	-46.4	-40.4	-36.4	66.5	35.8	-66.4
<b>PRINTING</b>																						
St Ives	96	0.21	58%	2%	1.7	1.5	1.1	9.0	8.5	8.6	6.7	6.3	6.7	2.9	3.1	3.6	14.7	14.8	15.5	-0.6	-1.2	0.7
QuadGraphics	86	6.17	-64%	3%	2.2	2.2	2.2	11.1	10.3	10.0	5.4	5.1	5.2	2.2	2.1	2.1	5.9	6.2	4.4	-7.9	-10.0	-5.1
Dai Nippon Printing	67	16.10	54%	5%	-0.2	-0.2	-0.2	7.0	7.2	7.2	2.5	2.8	2.9	1.9	2.0	2.0	2.7	2.8	2.8	na	na	na
<b>PRINTING AVERAGE</b>	<b>83</b>	<b>7.49</b>	<b>16%</b>	<b>3%</b>	<b>1.2</b>	<b>1.1</b>	<b>1.0</b>	<b>9.0</b>	<b>8.7</b>	<b>8.6</b>	<b>4.9</b>	<b>4.7</b>	<b>4.9</b>	<b>2.3</b>	<b>2.4</b>	<b>2.6</b>	<b>7.8</b>	<b>7.9</b>	<b>7.6</b>	<b>-4.2</b>	<b>-5.6</b>	<b>-2.2</b>
<b>PRINTING MEDIAN</b>	<b>86</b>	<b>6.17</b>	<b>54%</b>	<b>3%</b>	<b>1.7</b>	<b>1.5</b>	<b>1.1</b>	<b>9.0</b>	<b>8.5</b>	<b>8.6</b>	<b>5.4</b>	<b>5.1</b>	<b>5.2</b>	<b>2.2</b>	<b>2.1</b>	<b>2.1</b>	<b>5.9</b>	<b>6.2</b>	<b>4.4</b>	<b>-4.2</b>	<b>-5.6</b>	<b>-2.2</b>
Roularta (combined)	25	0.10	49%	2%	0.9	0.4	0.2	9.2	10.4	11.5	4.6	5.6	5.9	1.8	2.6	3.6	3.8	5.1	6.8	37.2	9.4	-2.1
% prem./ (disc) vs median	-71	-98.3	-9.1	-31.6	-46.9	-76.2	-79.5	3.1	23.1	33.7	-14.5	8.9	12.3	-18.0	23.9	68.1	-36.3	-18.8	53.7	-983.7	-268.6	-7.1

Source: Merodis, Factset

(\*) Roularta has joint-control of Mediaaan with 50%-ownership; the stake is equity-accounted. Based on Mediaaan's consolidated accounts in Roularta's reporting. For capex/sales, depreciation is a capex proxy. For ROE, "net asset value" is an Equity proxy.



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