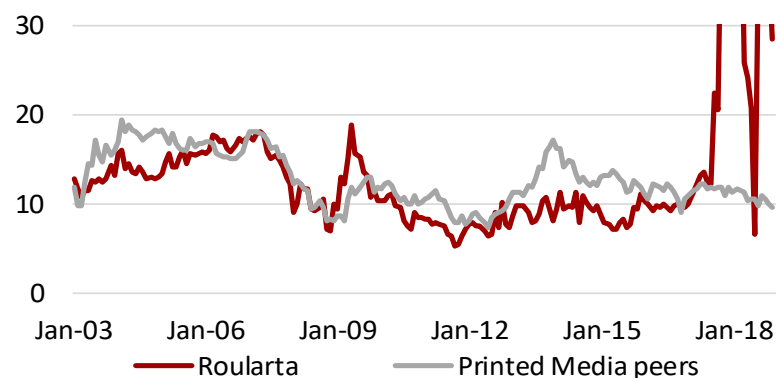




Roularta P/E vs European peers



€m	2014	2015	2016	2017	2018e	2019e	2020e
Sales	300.1	291.9	278.6	258.3	282.8	304.3	289.8
EBIT	3.9	12.3	6.7	-13.0	-68.1	-7.6	-7.4
Net profit	-142.5	64.4	21.5	-10.9	78.4	-0.8	-0.8
EPS (€)	-10.98	4.92	1.65	-0.84	6.01	-0.06	-0.07
DPS (€)	0.00	0.50	0.50	0.00	5.00	0.00	0.00
P/E (x)	na	3.2	14.7	na	2.4	na	na
Yield (%)	0.0	3.2	2.1	0.0	34.1	0.0	0.0
Adj. EV/EBIT (x)	36.0	9.6	32.7	na	na	na	na

Source: Merodis Equity Research, Factset  
Pricing date: 31/12/2018

## Market review and peer benchmarking

4 January 2019

### Key monthly insights

#### Ending a transformational year with a more focused and defensive profile

2018 is likely to be remembered as a transformational year for Roularta, although some of the major transactions were already announced at the end of 2017 (disposal of the 50% Mediaaan stake and acquisition of 50% of Mediafin), but finalised in March 2018. These transactions allow to re-shift the company's strategic focus towards its core activity, Print Media, while providing Roularta with significant financial resources (net proceed of €218m) to re-shape its future more towards digital media and to remunerate shareholders (via an exceptional dividend in July representing a payout of €63m). To further strengthen its Print media activity in Belgium, Roularta acquired Sanoma's women magazine assets (adding some €70m of sales with 10% EBIT margins) in a deal that closed in June at a price of €25m. Roularta reported a weak set of interim results on 17 August, negatively impacted by lower-than-expected cost control. The net profit of €75.6m (vs. MERE €142.8m) was further hit by a significant intangible asset impairment which wiped-off almost half of the Mediaaan capital gain. Sales were negatively impacted by weak advertising income which is affecting Print Media in Belgium, in particular, since 1H17. Cash flow was positively impacted by working capital management as well as a number of unexpected one-off items relating to the Mediafin and Mediaaan transactions. The low purchase price of Sanoma also came as a surprise. In terms of guidance, Roularta remains, as usual, quite conservative. 3Q18 sales trends are expected to be similar to 1H18, suggesting ongoing weakness for the entire group except online ad (8% of group sales), and the readers' market (stable thanks to a high subscription rate). Roularta's defensive profile is highlighted by its large net cash position, which we expect to reach close to €100m by end-2018, representing no less than 52% of Roularta's market cap.

#### Next steps in Roularta's improving equity story

The next steps in Roularta's equity story are: (1) from end-2018, unwinding of the Econocom leasing contract (€9m pa opex savings) and (2) repayment of €100m bond in 2019 (€5m annual cost saving), (3) expected latent tax loss write-back of €15m in 2019 and (4) full-year impact in 2019 of Mediafin and Sanoma acquisitions with an expected positive bottom-line effect.

#### Valuation assessment

The market currently values Roularta at an enterprise value (EV) of €28m, which includes a market cap of €198m, €100m of net cash as well as the estimated value of its 50% stakes in Mediafin and Bayard. Our fair equity value estimate is at €19.2/share (from €20.3), with downgrades mainly from the impact of the sector de-rating on Roularta's Print Media assets. We value the core Print Media activity at an EV of €98m including the Sanoma magazines, assuming an unchanged equity value of €0 for Roularta's existing print business. We believe this business has value, given, among others, Roularta's leading market positions in free newspapers and in (news and business) magazines as well as its state-of-the-art printing facilities, which highlights a clear re-rating potential.

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Please refer to important disclosures at the end of this report

## Goals of this Dashboard

- ➔ Follow-up to our coverage of Roularta which was launched in October 2015 (see below)
- ➔ Tool to keep investors up to date with Roularta's equity story as well as its valuation in a sector context
- ➔ Update investors on recent company and sector news flow

## Corporate calendar of Roularta's upcoming announcements and events

- ➔ Friday, 1 March 2019: FY18 results (8.15AM CET; Analyst meeting at 1PM)
- ➔ Tuesday, 21 May 2019: AGM
- ➔ Friday, 23 August: 1H18 results (8.15AM CET; Analyst meeting at 1PM)

## Access our recent research reports on Roularta:

- ➔ ["Back on its feet" \(initiation\), 14 October 2015](#)
- ➔ ["When the going gets tough" \(update\), 28 August 2017](#)
- ➔ ["November 2018 market review" \(monthly dashboard\), 4 December 2018](#)

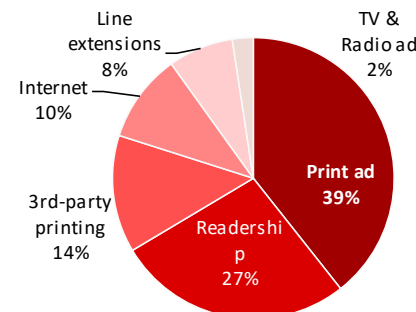
## Company description

**Roularta** is Belgium's leading media company offering

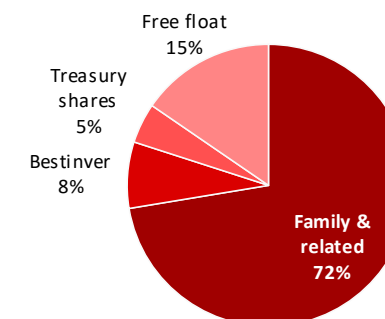
- (1) local weekly free newspapers in Flanders (Deze Week, De Zondag, Steps),
- (2) nationwide weekly news, business and women magazines (Knack, Le Vif L'Express, Trends, Trends Tendance, Libelle/Femme d'Aujourd'hui and Flair and Feeling/Gael),
- (3) internet platforms (Storesquare, Digilocal, Proxistore, own content websites) and
- (4) a 50% JV stake in Mediafin, Belgium's leading daily business newspaper (De Tijd and L'Echo).

Combined group sales are almost entirely generated in Belgium through (1) Print Media Advertising (40% of group in 2017, ie. excluding the Sanoma acquisition), (2) Readers Market (subscriptions and newsstand sales) (28%), (3) Third-Party Printing (14%), (4) Internet advertising and related (10%) and (5) other sources of revenues (inc. Line Extensions) (8%). 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 Mediafin and Bayard are equity-accounted. The company acquired the women magazines in an asset deal with Sanoma (June 2018), with sales in the region of €70m for a consideration of €25m. The company recently restated its business segmentation to include two activities: Media Brands (86% of group sales in 1H18) and Printing Services (14%).

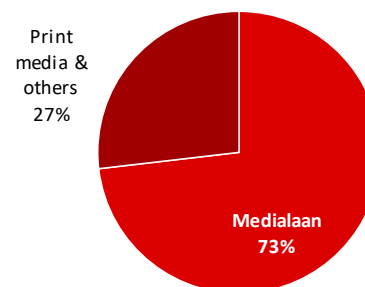
## Combined sales breakdown (2017)



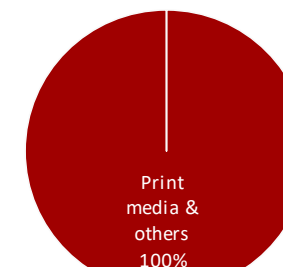
## Shareholders



## Combined EBIT breakdown (2016)



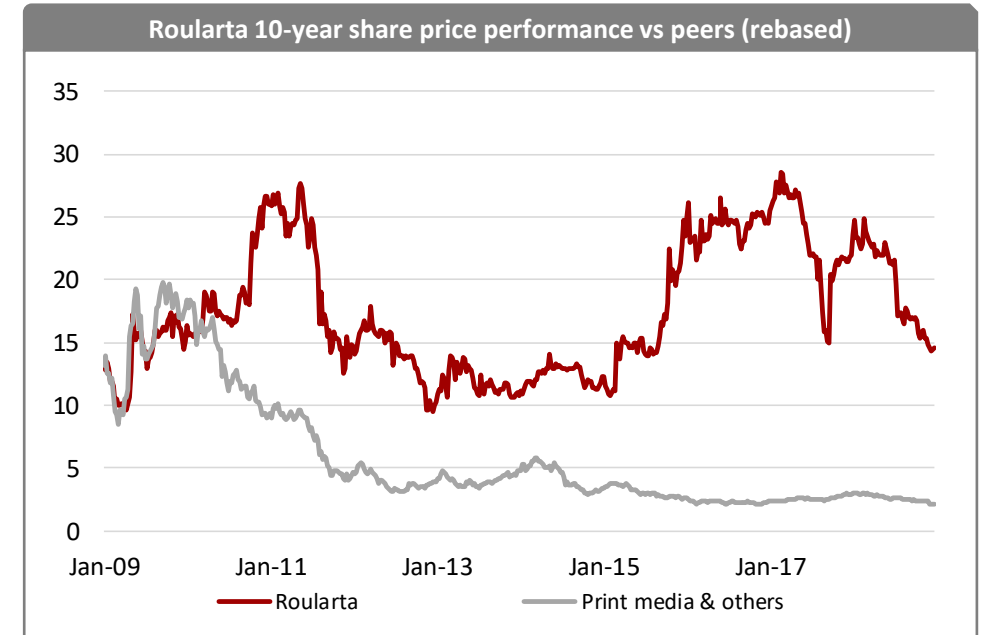
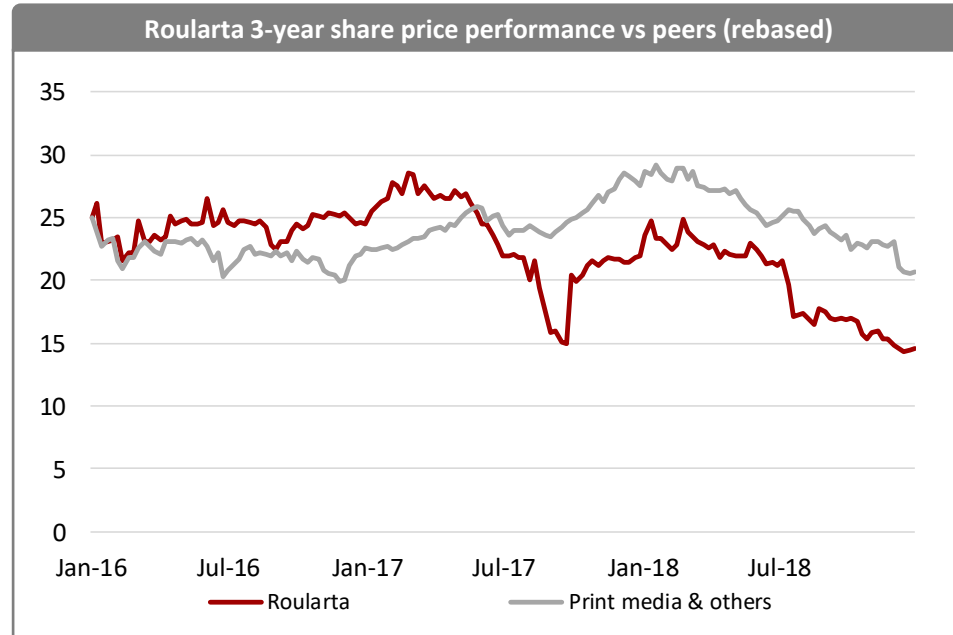
## Consolidated EBIT breakdown (2017)



Source: Merodis, Factset

# Share price performance

Under pressure since 1Q17, with major transformational deals to the rescue



Source: Merodis, Factset

# Analyst Recommendations, Earnings Expectations

Consensus remains volatile, but stable in the past month

## Consensus view

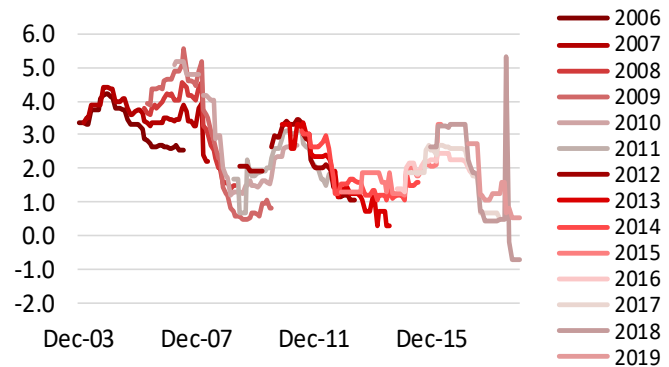
2018 consensus EPS estimates for Roularta are flat m-o-m, still reflecting the weak interim results reported in August and the unexpected brand-value impairment which offset the capital gain from the disposal of the Mediaaan stake. We adjusted our estimates in August, taking into account the 1H18 results.

Consensus currently expects a 2018e EPS of €-0.73 which is in line with our forecast (excluding the capital gain on Mediaaan; €6.01 including the other one-time items), while 2019e consensus earnings are at €0.52 (flat m-o-m, but down 38% vs. August) vs. our forecast of €-0.06, mainly reflecting persistent top line weakness as well as start-up losses within the digital activities, which we expect to offset the full-year effect of the end of Econocom's leasing contract (end-2018) and the repayment of the €100m bond (also end-2018).

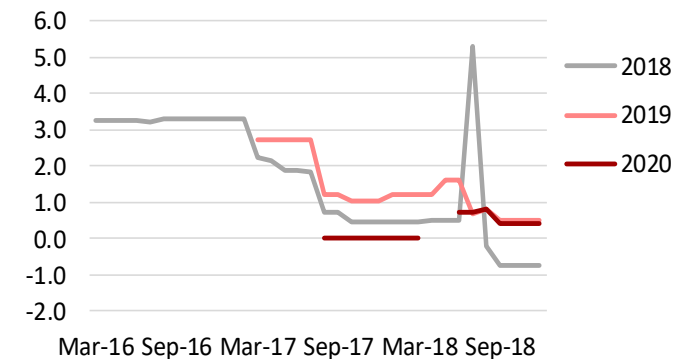
Roularta's share price was relatively resilient in December following the broader market sell-off since October. The stock is down 2.3% m-o-m in December following a sharper fall in October (-10%). The stock outperformed Print Media peers (-8.6% m-o-m) as well as the Euro Stoxx 600 (-5.5%) and Belgian SMCs (-4.4%). The share reached a new low over the last 12 months, at €14.05 (intraday on 24 December 2018), while its high during the year was €25.4 (26 February 2018).

Three brokers cover the stock, Degroof Petercam, KBC Securities and Kepler Chevreux (since September), with Factset indicating a Hold recommendation for the two latter and unchanged target prices of €17.50 and €17.90 respectively.

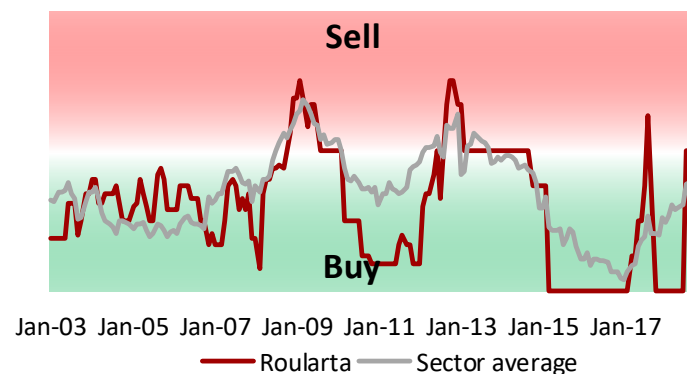
## EPS Worms (€/share)



## Consensus EPS 2017-19 (€/share)



## Analyst recommendations vs. peer average



## Merodis Equity Research estimates (MERe) vs. consensus (%)

	<u>2018e</u>	<u>2019e</u>	<u>2020e</u>
Sales	-1.1	-2.5	-2.7
EBITDA	1.7	-75.3	-67.1
EBIT	37.7	5,878.1	5,778.3
EPS	na	na	na
DPS	0.0	na	na
Net debt	32,741.6	66.5	48.8

Source: Merodis, Factset

# Sector benchmarking analysis

## Benchmarking Print Media peers and listed Printing companies

	Company	Freefloat (%) 2018	Liquidity (daily,€m)	Depr/ EBITDA	Capex/ Sales	ND/EBITDA			EBITDA margin (%)			EBIT margin (%)			Net margin (%)			ROE (%)			2018-20e CAGR (%)		
						2018e	2019e	2020e	2018e	2019e	2020e	2018e	2019e	2020e	2018e	2019e	2020e	2018e	2019e	2020e	EPS	EBITDA	Sales
PRINT MEDIA	Impresa	36	0.03		2%	8.8	7.7	7.1	11.4	12.4	12.6	9.3	9.2	9.4	3.0	4.1	4.4		5.5	5.6	16.7	5.6	0.4
	Solocal	95	1.31	12%	7%	1.9	1.7	1.1	24.4	28.3	31.3	9.8	18.6	24.7	-11.4	7.7	12.3					12.3	-0.9
	Gruppo Editoriale			36%	2%	2.6	2.3	2.0	7.1	7.2	7.4	4.0	4.1	4.1	1.5	1.8	2.1	2.0	2.3	2.1	4.5	-0.1	-2.1
	Mondadori	46	0.71	33%	1%	2.0	1.0	0.7	8.5	9.8	10.2	5.6	7.3	7.7	-19.4	4.0	4.4	10.9	21.7	19.2	23.9	9.2	-0.6
	RCS	12	0.48	27%	2%	1.2	0.7	0.4	16.8	17.5	17.7	13.0	13.8	14.1	9.1	9.8	10.0	37.9	29.8	24.5	6.7	2.1	-0.5
	Vocento	53	0.04	48%	2%	0.9	0.5	0.0	10.8	10.4	10.5	6.7	6.8	7.0	2.6	3.0	3.4	4.7	5.3	5.7	11.6	-2.9	-1.3
	Sanoma	37	1.24	-383%	3%	1.1	0.9	0.6	24.1	25.0	25.2	13.7	14.5	14.7	9.5	10.4	10.5	22.3	21.2	19.3	3.3	2.5	0.3
	Connect	98	0.14	55%	1%	1.8	1.8	1.6	3.0	3.0	3.2	2.2	2.1	2.2	1.5	1.4	1.5				-3.4	0.4	-3.3
	Tarsus	76	0.23	24%	1%	2.4	1.5	1.8	33.5	37.8	34.3	31.1	35.6	31.6	20.5	25.5	21.0				9.9	9.9	8.5
	Wilmington	94	0.51	32%	2%	1.5	1.4	1.1	21.4	20.1	20.5	20.1	17.7	18.2	14.7	4.8	5.7				-2.3	0.4	2.6
	Independent News	97	0.04	29%	1%	-3.1	-4.1	-5.1	15.3	13.5	12.1	11.8	9.8	8.1				23.3	17.2	12.2			
	Axel Springer	43	7.62	30%	6%	1.5	1.0	0.8	23.4	24.4	25.1	15.6	16.6	17.0	9.6	10.0	10.9	13.1	14.1	15.1	11.6	7.6	3.8
	PRINT MEDIA AVERAGE	62	1.12	-5%	3%	1.9	1.4	1.0	16.6	17.4	17.5	11.9	13.0	13.2	3.7	7.5	7.8	16.3	14.6	13.0	8.2	4.3	0.6
	PRINT MEDIA MEDIAN	53	0.48	30%	2%	1.7	1.2	0.9	16.1	15.5	15.1	10.8	11.8	11.7	3.0	4.8	5.7	13.1	15.6	13.7	8.3	2.5	-0.5
	Roularta (consolidated)	15	0.04	1126%	6%	-21.7	-30.4	-27.5	1.6	1.1	1.2	-1.7	-2.5	-2.6	27.7	-0.3	-0.3	35.1	-0.3	-0.4	na	-12.0	1.2
	% prem./(disc.) vs median	-72	-92.0	3619.1	205.6	-1,402.4	-2,559.1	-3,015.4	-89.9	-93.1	-91.9	-116.1	-121.1	-121.9	815.0	-105.3	-105.1	168.2	-102.1	-102.7	#VALUE!	-584.6	-364.9
PRINTING	St Ives	94	0.25	-68%	1%	1.0	1.5	0.9	14.3	13.0	13.9	11.9	11.0	12.0	10.3	7.8	8.9	20.2	17.0	19.7	-4.2	5.8	7.4
	QuadGraphics	85	6.48	59%	2%				9.9	8.3	8.2	4.4	3.6	3.6	2.2	2.0	2.2		15.5	13.1			
	Dai Nippon Printing	69	14.10	57%	3%	-0.6	-0.5	-0.5	8.1	8.4	8.5	3.5	3.7	4.1	2.1	2.4	2.7	2.7	3.0	3.5	na	na	na
	PRINTING AVERAGE	83	6.94	16%	2%	0.2	0.5	0.2	10.8	9.9	10.2	6.6	6.1	6.6	4.9	4.1	4.6	11.5	11.8	12.1	-4.2	5.8	7.4
	PRINTING MEDIAN	85	6.48	57%	2%	0.2	0.5	0.2	9.9	8.4	8.5	4.4	3.7	4.1	2.2	2.4	2.7	11.5	15.5	13.1	-4.2	5.8	7.4
	Roularta (consolidated)	25	0.04	1126%	6%	-21.7	-30.4	-27.5	1.6	1.1	1.2	-1.7	-2.5	-2.6	27.7	-0.3	-0.3	35.1	-0.3	-0.4	na	-12.0	1.2
	% prem./(disc.) vs median	-71	-99.4	1871.8	204.6	-10,342.0	-6,467.0	-14,309.7	-83.7	-87.3	-85.6	-139.4	-167.2	-163.3	1,143.8	-110.5	-110.8	205.5	-102.1	-102.8	#VALUE!	-307.1	-83.2

Source: Merodis, Factset

# Sector valuation summary

## Multiple-based valuation

	Company	Country	Price (local)	MCap (local m)	P/E			EV/Sales			EV/EBITDA			EV/EBIT			P/B			DYield		
					2018e	2019e	2020e	2018e	2019e	2020e	2018e	2019e	2020e	2018e	2019e	2020e	2018e	2019e	2020e	2018e	2019e	2020e
PRINT MEDIA	Impresa	PORTUGAL	0.14	23	4.0	3.2	2.9	1.1	1.1	1.0	9.9	8.8	8.1	12.1	11.8	10.8	0.2	0.2	0.2	0.0	0.0	0.0
	Solocal	FRANCE	0.50	294		4.5	3.6	0.9	0.9	0.8	3.7	3.3	2.5	9.2	5.0	3.2				0.0	0.0	0.0
	Gruppo Editoriale	ITALY	0.35	169	15.5	13.5	14.2	0.5	0.4	0.4	6.4	6.1	5.8	11.5	10.8	10.4	0.3	0.3	0.3	1.4	1.4	1.9
	Mondadori	ITALY	1.71	445	17.2	12.0	11.2	0.7	0.6	0.6	7.8	6.1	5.6	11.9	8.1	7.4	2.9	2.3	2.0	0.0	1.7	2.7
	RCS	ITALY	1.15	596	7.4	6.8	6.5	0.8	0.8	0.7	5.0	4.4	4.0	6.4	5.5	5.1	2.4	1.8	1.4	2.9	2.9	3.2
	Vocento	SPAIN	1.10	133	11.9	10.6	9.5	0.5	0.4	0.4	4.2	4.0	3.6	6.8	6.1	5.3	0.6	0.5	0.5	0.0	0.0	0.7
	Sanoma	FINLAND	8.49	1,381	10.6	10.0	9.9	1.3	1.3	1.2	5.5	5.1	4.8	9.7	8.9	8.1	2.2	2.0	1.8	4.9	5.5	6.0
	Connect	UNITED KINGDOM	0.43	105	4.6	5.2	4.9	0.1	0.1	0.1	4.1	4.2	3.9	5.6	6.1	5.7				8.7	3.5	3.5
	Tarsus	UNITED KINGDOM	2.70	304	16.6	9.6	13.7	4.2	3.0	3.4	12.4	7.9	10.1	13.4	8.4	10.9				4.0	4.3	4.6
	Wilmington	UNITED KINGDOM	1.79	156	8.8	10.0	9.2	1.6	1.6	1.4	7.5	7.7	7.0	8.0	8.8	7.9				4.9	5.1	5.2
	Independent News	IRELAND	0.06	83	4.2	4.8	5.9	0.0	-0.1	-0.1	-0.2	-0.6	-0.9	-0.3	-0.8	-1.4	0.9	0.8	0.7			
	Axel Springer	GERMANY	49.38	5,328	17.5	15.8	14.1	2.0	1.9	1.8	8.7	7.6	7.0	13.0	11.2	10.3	2.3	2.1	2.1	4.2	4.5	4.8
	PRINT MEDIA AVERAGE				10.7	8.8	8.8	1.1	1.0	1.0	6.3	5.4	5.1	8.9	7.5	7.0	1.5	1.3	1.1	2.8	2.6	3.0
	PRINT MEDIA MEDIAN				10.6	9.8	9.4	0.9	0.8	0.8	6.0	5.6	5.2	9.4	8.2	7.7	1.6	1.3	1.1	2.9	2.9	3.2
PRINTING	Roularta (consolidated)	BELGIUM	14.65	193	2.4	-250.2	-225.3	0.1	0.1	0.1	6.1	8.8	8.4	-0.4	-3.8	-4.0	0.8	0.8	0.8	34.1	0.0	0.0
	% prem./(disc.) vs median				-77.0	-2,655.2	-2,502.8	-88.7	-88.9	-86.3	2.0	57.1	63.1	-104.3	-146.0	-152.4	-49.7	-35.2	-21.1	1,079.5	-100.0	-100.0
	St Ives	UNITED KINGDOM	0.97	148	7.7	10.2	8.4	1.0	1.0	0.8	6.8	7.5	6.1	8.2	8.9	7.1	1.7	1.7	1.6	2.0	2.0	2.1
	QuadGraphics	UNITED STATES	12.32	637	6.7	7.2	6.2							1.2	1.0	0.7						
PRINTING	Dai Nippon Printing	JAPAN	2,297.00	693,285	23.2	20.5	17.2	0.5	0.5	0.5	6.0	5.8	5.7	13.8	13.1	11.9	0.6	0.6	0.6	2.8	2.8	2.8
	PRINTING AVERAGE				12.5	12.6	10.6	0.7	0.7	0.7	6.4	6.7	5.9	11.0	11.0	9.5	1.2	1.1	1.0	2.4	2.4	2.4
	PRINTING MEDIAN				7.7	10.2	8.4	0.7	0.7	0.7	6.4	6.7	5.9	11.0	11.0	9.5	1.2	1.0	0.7	2.4	2.4	2.4
	Roularta (consolidated)	BELGIUM	14.65	193	-17.5	2.4	-250.2	0.1	0.1	0.1	6.1	8.8	8.4	-0.4	-3.8	-4.0	0.8	0.8	0.8	34.1	0.0	0.0
	% prem./(disc.) vs median				-325.5	-76.2	-3,066.8	-86.5	-87.1	-84.5	-5.1	32.6	43.2	-103.7	-134.4	-142.5	-34.4	-20.0	26.3	1,321.2	-100.0	-100.0

Source: Merodis, Factset

# P/E valuation relative to the sector

A recent re-rating driven by an accounting impact and major digital investments which hurt profitability

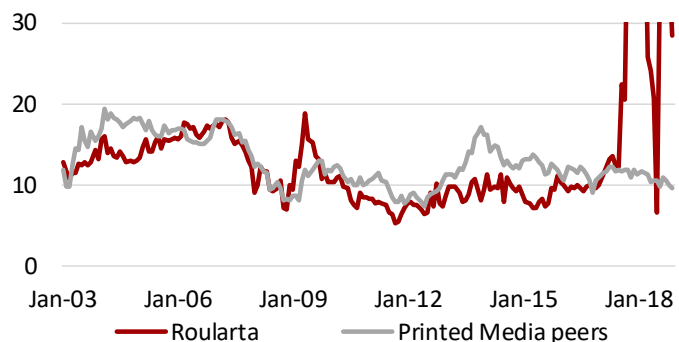
## Valuation

On consensus EPS estimates, Roularta shares trade at a P/E 12M forward of 28x, a 196% premium versus Print Media peers in Europe (from a 270% premium in November). Importantly, the volatility is due to the inclusion, within consensus, of the capital gain on the disposal of the Mediaaan stake which has been largely offset by the value impairment of the magazine titles. In addition, profitability at Roularta is still expected to be negatively impacted by high start-up losses in the digital ventures as well as weak market conditions in the ad space for Roularta's core activity.

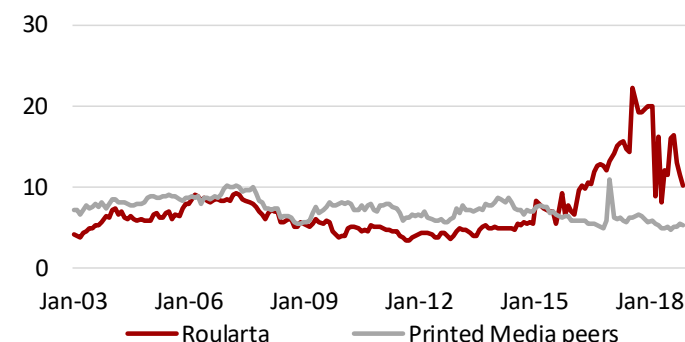
As a reminder, Roularta has disposed of its stake in Mediaaan, which means Roularta is now a Print Media pure play compared to the past when TV broadcasting (through Mediaaan) was the main profit contributor and the key value driver of the stock (in 2016, 73% of Roularta's EBIT and 80% of its EPS was generated by Mediaaan). The rerating compared to the Print Media sector is driven entirely by the share price performance since October 2017 as well as the sharp cut in Roularta's earnings estimates due to launching costs in digital initiatives such as Storesquare.

The Print Media sector is currently valued at 9.6x P/E 12M forward (vs. 9.8x previously, ie. a continued de-rating m-o-m) and at 5.1x EV/EBITDA 12M forward (vs. 5.5x previously), which compares to a LT average of 12.8x and 7.2x respectively. The historical valuation range for the sector is 7x-19x (P/E 12M forward) and 5x-11x (EV/EBITDA 12M forward), which suggest that the sector remains at the low-end of its historical range.

## P/E ratio of Roularta vs. Print Media



## EV/EBITDA ratio of Roularta vs. Print Media



## P/E Premium/(Discount) of Roularta vs. Print Media



## EV/EBITDA Premium/(Discount) of Roularta vs. Print Media



Source: Merodis, Factset

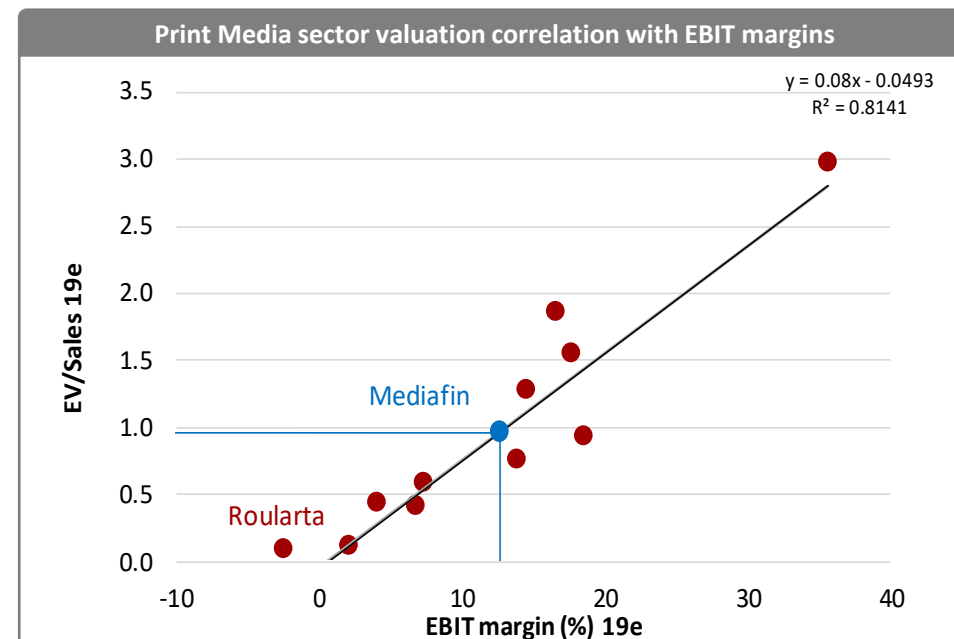
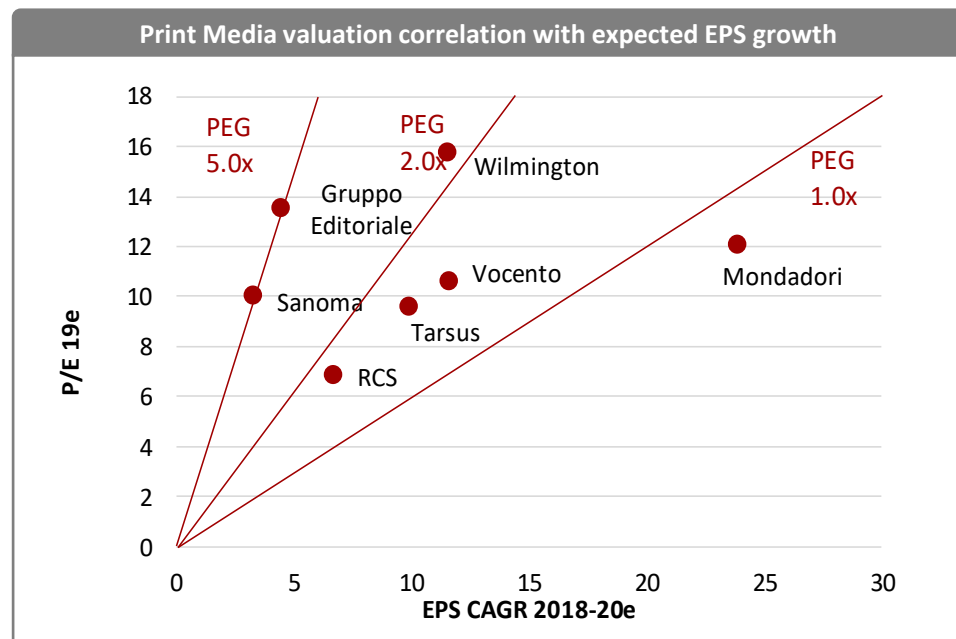


# Fair value estimate

Reflecting the Mediaaan disposal, the Mediafin acquisition, and, since July 2018, the Sanoma acquisition

Roularta updated sum-of-the-parts									
(€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%	-65.5	na	na		98.1	13.9	73%	98.1
<b>Group enterprise value</b>						<b>98.1</b>			<b>98.1</b>
+ Net Fin. cash (1H18) - Sanoma acquisition (remaining amount) - Sp. div.						89.1			89.1
- Other liabilities (1H18)						-10.5			-10.5
+ NPV tax asset (balance sheet)						6.5			6.5
+ Equity value of Mediafin stake	50%					44.3	3.4	18%	44.3
+ Equity value of Bayard stake	50%	5.2	10.0	8.5	-5.3	24.7	1.9	10%	27.2
<b>= Estimated market value of equity</b>						<b>252.3</b>			<b>254.7</b>
Total share outstanding (m)						13.1			13.1
<b>Equity value per share</b>						<b>19.2</b>			<b>19.4</b>

Source: Merodis, Factset



Source: Merodis, Factset

# Sales growth expectations

Impacted by cyclical and structural effects

## Expected Sales Growth

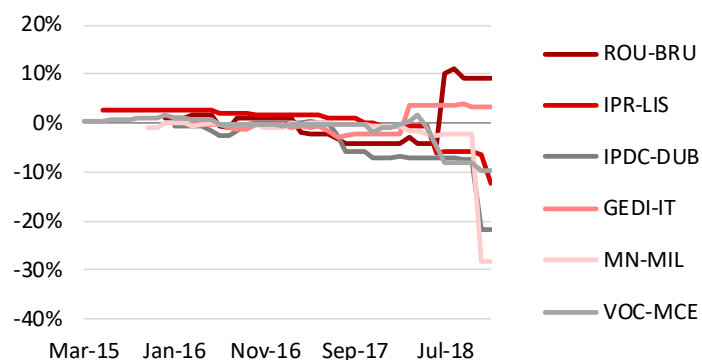
At the end of December, consensus cut Print Media sector sales growth expectations for 2018 from -12.6% to -13.8% driven mainly by sharp downgrades at Impresa SGPS (2018 sales expected at -12% y-o-y from -6.6% expected previously), following downgrades in November at Independent News and Mondadori (disposal of Mondadori's French activity classified as a discontinued asset).

Consensus sales expectations for Roularta in 2018 are flat m-o-m, following a sharp increase in July and August with the inclusion of the Sanoma assets acquired in June 2018. Consensus now expects 9% sales growth (vs +9.5% MERE).

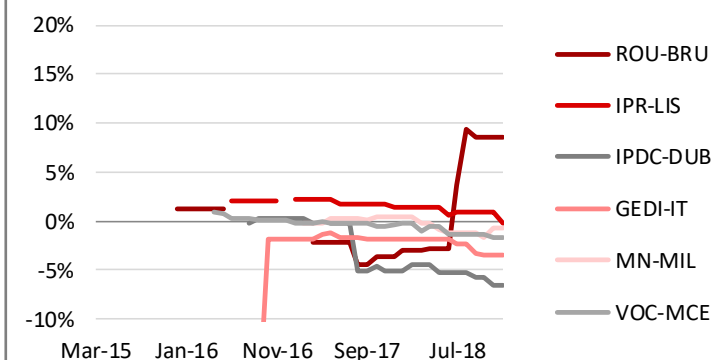
As a reminder the announced disposal of Medialaan and acquisition of Mediafin have no impact on Roularta's consolidated sales as both stakes are equity-accounted JVs.

The sector is suffering from the structural impact of online media gaining market share over traditional Printed Media and TV in terms of advertising revenues. This is driven by changes in viewership, which is moving from the traditional media to online.

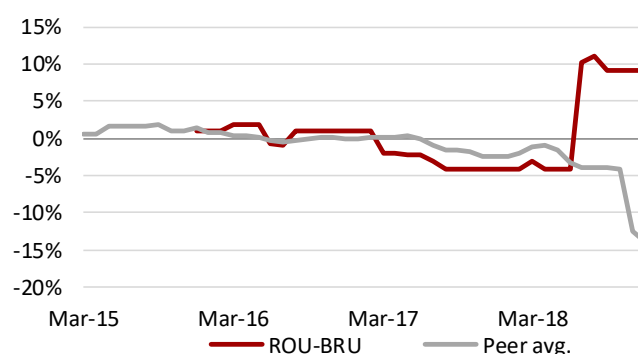
## 2018 expected sales growth (%)



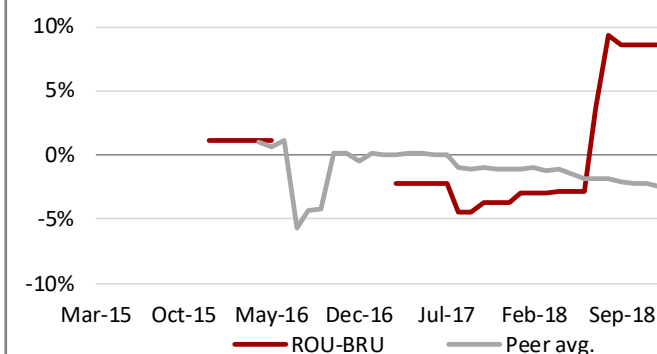
## 2019 expected sales growth (%)



## 2018 expected sales growth, Roularta vs. peers



## 2019 expected sales growth, Roularta vs. peers



Source: Merodis, Factset

# EBITDA growth and margin expectations

Advertising revenue pressure hurting margins, but cost cutting to positively impact 2019e

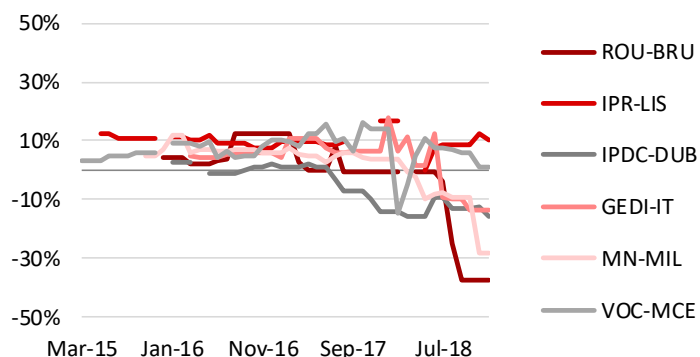
## EBITDA expectations

During the month of December, the expected annual EBITDA growth at Roularta by consensus in 2018e remains low, at -37%, compared to the peer average of -9.2% (was -8.1%). Margin expectations remain below the peer average for 2018, with a stable trend.

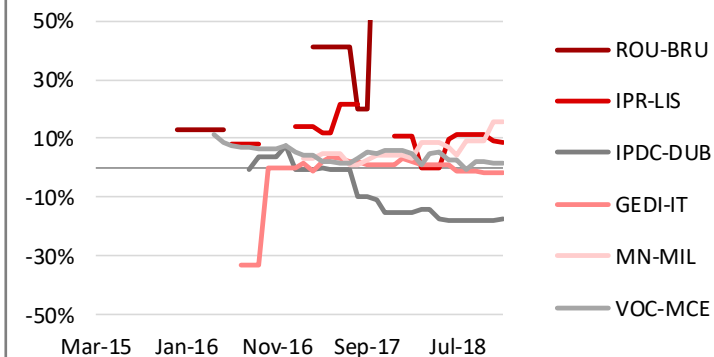
Note that consensus changes to EBIT or EBITDA at Roularta are not interpretable in a straightforward manner. In Roularta's case, its reported EBITDA margin (as reflected by Factset consensus) is positively influenced by the IFRS 11 treatment of its 50% stake in Bayard (and Mediafin, from March 2018), whereby 50% of Bayard's net profit is accounted for in Roularta's EBITDA and EBIT, but where its sales are not accounted for in its top-line. Merodis estimates exclude equity accounted results from the EBITDA and EBIT lines, but other analysts may treat these figures differently, or they may have recently changed their view on them.

The recent transactions will impact IFRS EBITDA and EBIT as the Mediafin net contribution is added as from March 2018. Sanoma's contribution will be included in the consolidation scope from July 2018, as per our forecasts.

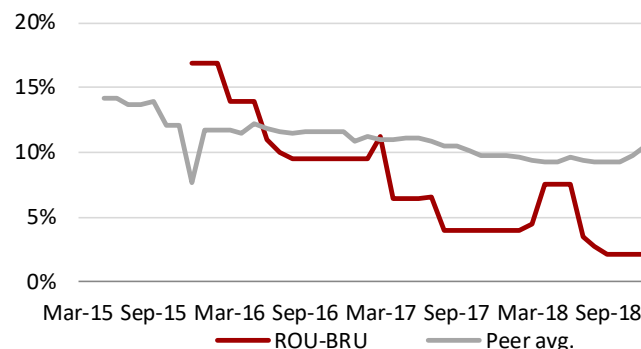
## 2018 expected EBITDA growth (%)



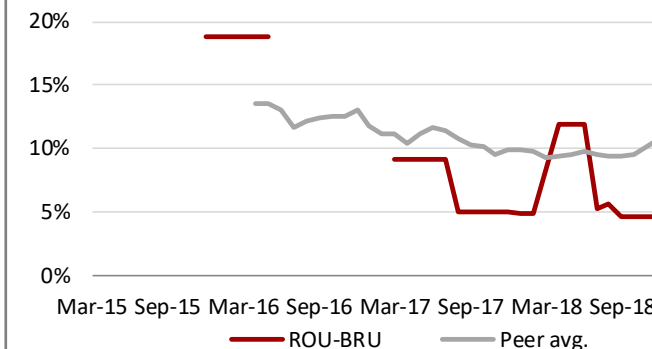
## 2019 expected EBITDA growth (%)



## 2018 expected EBITDA margin, Roularta vs. peers



## 2019 expected EBITDA margin, Roularta vs. peers



Source: Merodis, Factset

# Consensus payout expectations

Margin pressure and the Medialaan/Mediafin swap may impact the dividend strategy

## Dividend payout

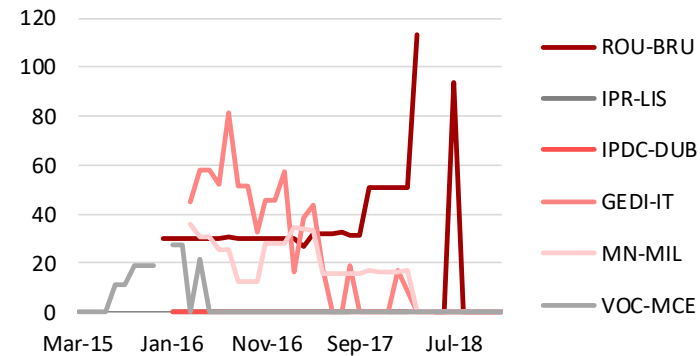
Roularta announced on 16 January 2018 that no ordinary dividend will be paid out on 2017 earnings, which compared to our previous forecast of €0.20/share. The company announced, however, a €5/share interim dividend (€63m pay out) which was paid out on 19 July 2018. The intention was to remunerate shareholders for the €145m capital gain on the Medialaan disposal which was closed in February 2018.

Roularta's targeted pay-out ratio is 30%, which is in line with its average payout ratio prior to the acquisition in France of c32% (2002-2006) and broadly in line with the Sector average.

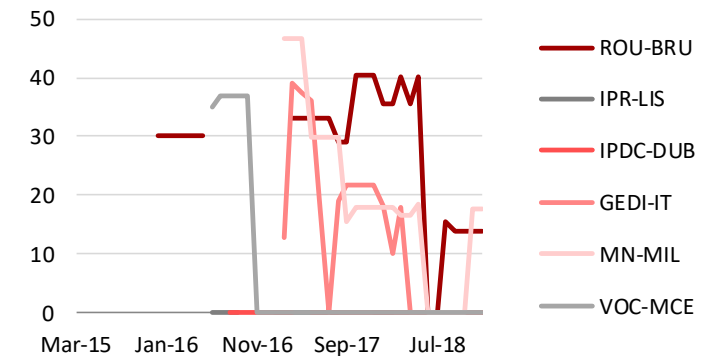
Consensus still expects Roularta to pay out a dividend in 2019e (contrary to MERE), with an expected payout of 14% (flat m-o-m).

The Mediafin acquisition and the Medialaan disposal is likely to have a negative impact on Roularta's dividend outlay given the lower cash-generation potential of Mediafin vs. Medialaan. Given our forecast of losses in 2018e and 2019e, we do not expect any dividends soon despite the company's solid balance sheet which holds an expected net cash position of €99m for 2018e.

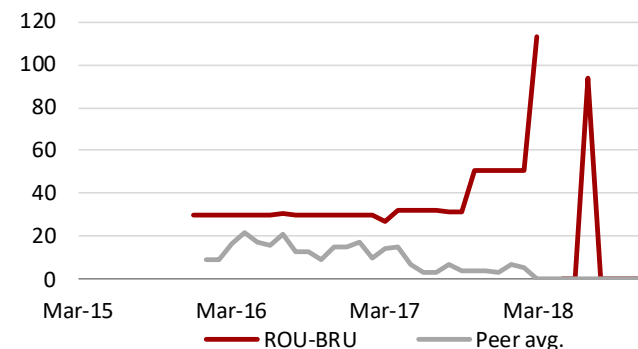
## 2018 expected Payout, Sector



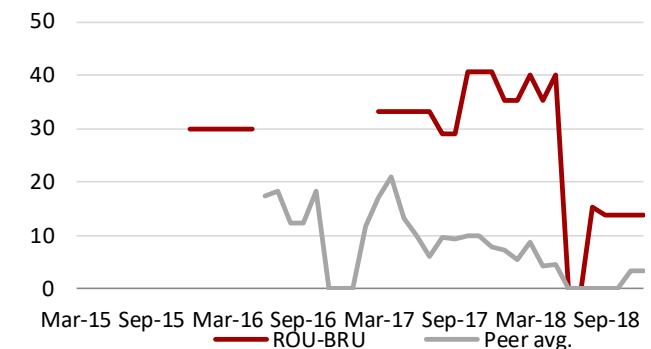
## 2019 expected Payout, Sector



## 2018 expected payout, Roularta vs. Peers



## 2019 expected payout, Roularta vs. Peers



Source: Merodis, Factset

# Leverage expectations

No longer an issue post-transactions

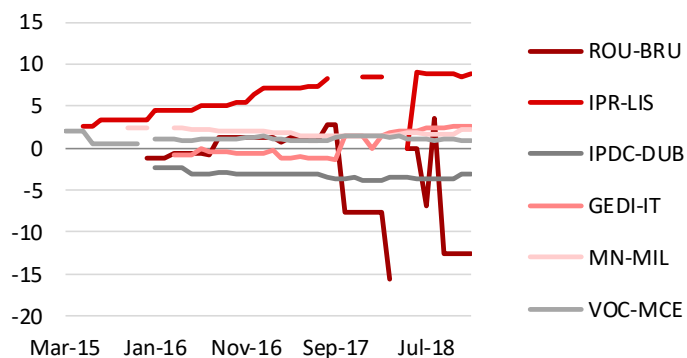
## Net-debt-to-EBITDA

The level of expected financial leverage in the Media Sector was high in 2011 and 2012 and again in 2014 (where it exceeded 2.2x Net debt over EBITDA), but trended down since then, before moving back up with, on average, a ratio of 2x. Roularta's ratio has exceeded 2x only during 2014 and is now expected to reach a net cash position of around €100m following the recent transactions (including the special €5/share dividend payout to shareholders and the Sanoma acquisition).

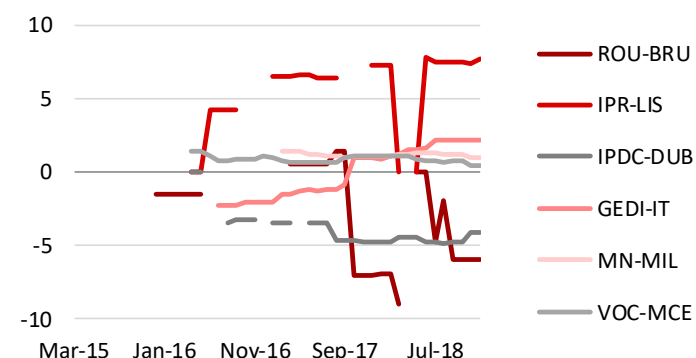
As a reminder, Roularta's covenant threshold of 3.5x net debt over EBITDA is based on annual EBITDA including the company's share of Mediafin's and Bayard's net profit. Based on this definition, the company reported a ratio of 1.5x in 2017 despite the depressed consolidated EBITDA.

Going forward, this has become a non-issue as we expect Roularta to report a net cash €99m in 2019e (revised up from the level expected in July), compared to a reported net debt position of €63m at the end of 2017.

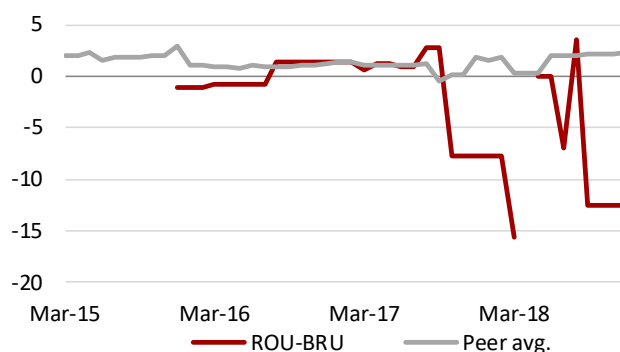
## 2018 NFD/EBITDA, sector



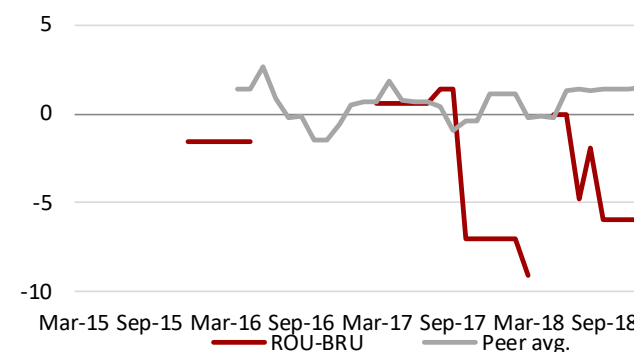
## 2019 NFD/EBITDA, sector



## 2018 NFD/EBITDA, Roularta vs. Peers

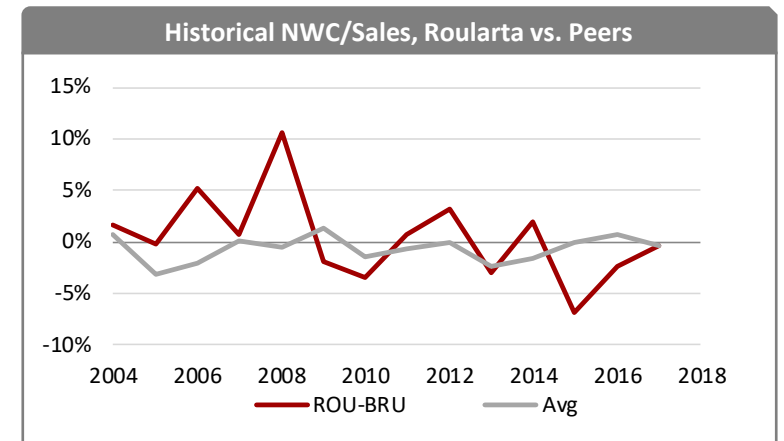
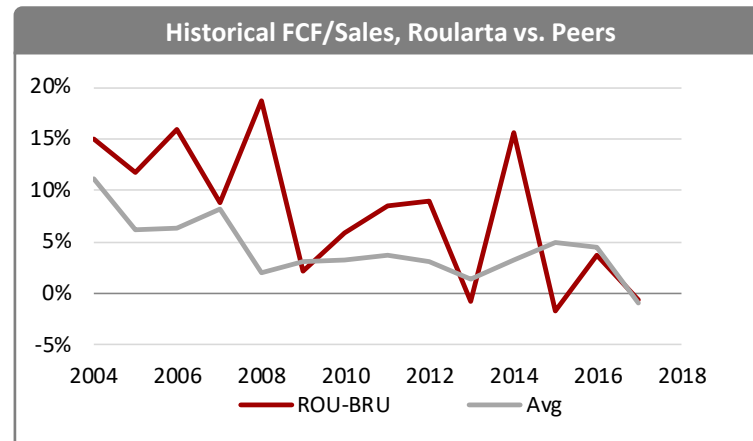
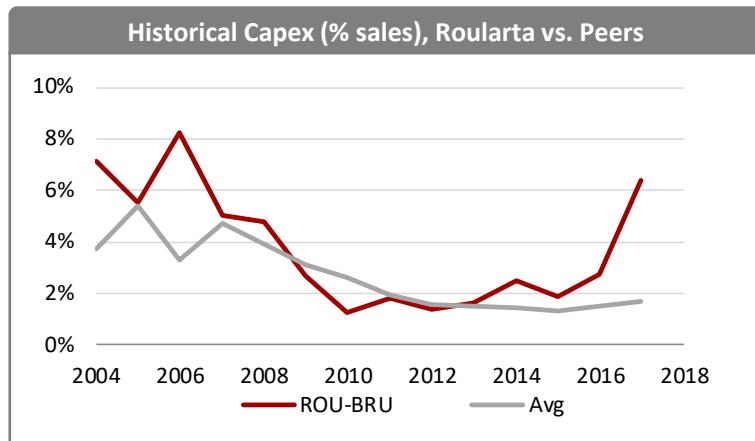
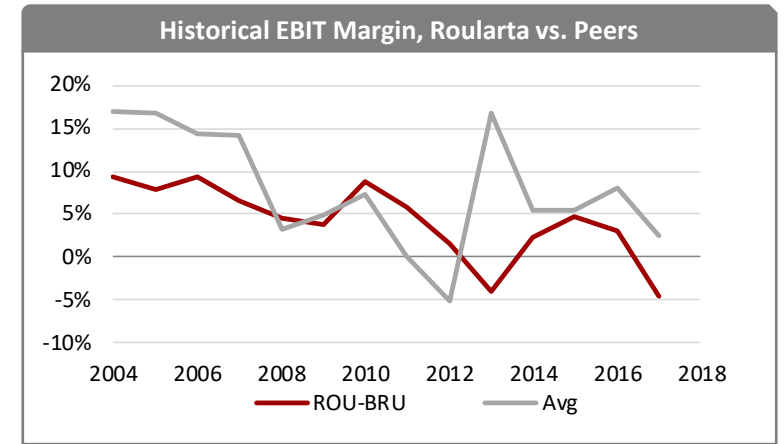
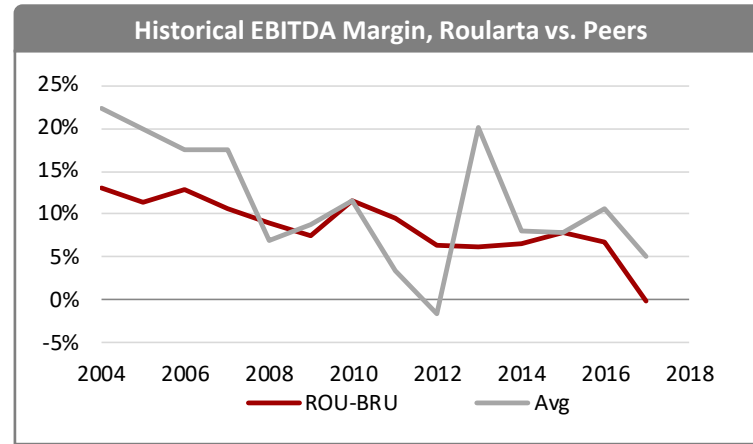
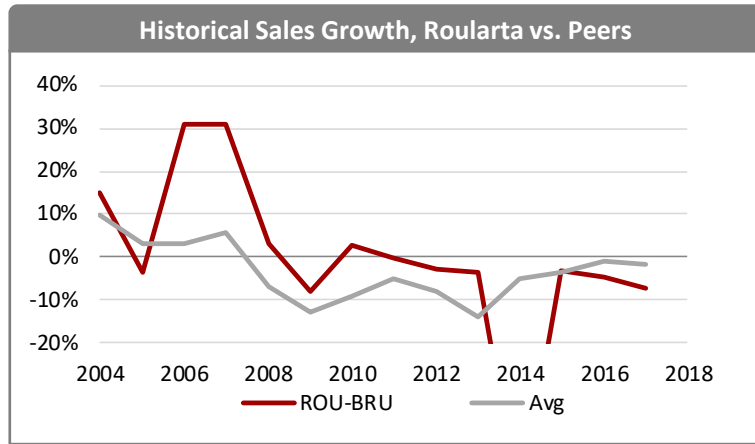


## 2019 NFD/EBITDA, Roularta vs. Peers



Source: Merodis, Factset

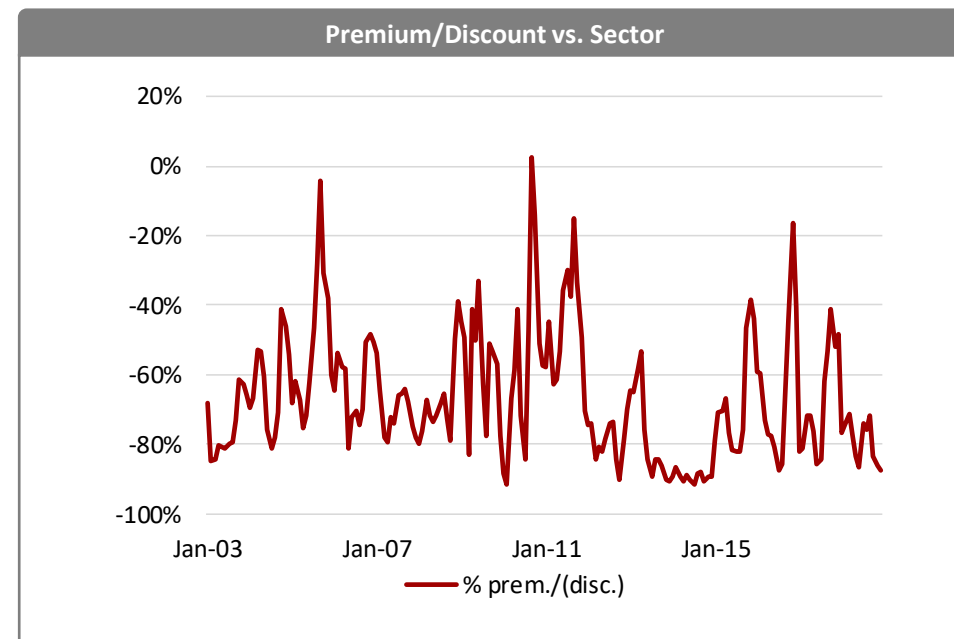
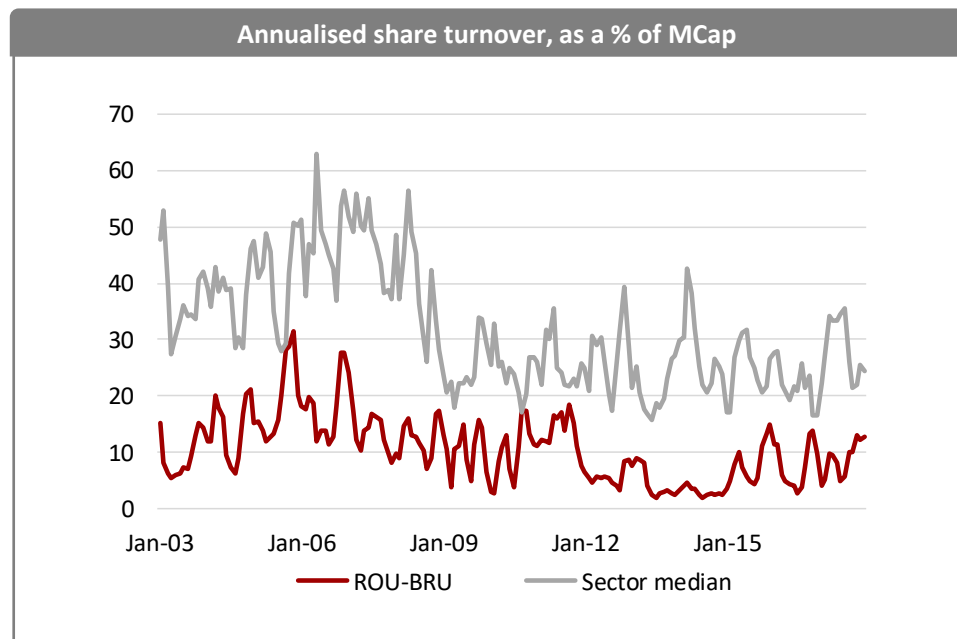
# Historical P&L, CF and Balance Sheet Performance



Source: Merodis, Factset

# Share liquidity

Well-below peers



Source: Merodis, Factset



Financial summary

Enterprise Value (€m): 28  
Market Cap. (€m): 193  
Free-float MCap (€m): 29

Consolidated P&L (€m)																	CAGR	CAGR
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018e	2019e	2020e	06-17	18-20e	
Sales	609	767	782	707	712	731	712	677	300	292	279	258	283	304	290	-7.5	1.2	
EBITDA	78	81	70	53	82	70	45	42	20	18	16	1	5	3	4	-32.7	-12.0	
EBIT	51	50	33	10	57	36	5	-49	4	12	7	-13	-68	-8	-7	na	-66.9	
Pretax profit	49	36	18	-3	51	28	-4	-57	-3	7	2	-18	-73	-7	-7	na	-69.6	
Net profit	25	16	14	-4	31	15	-3	-58	-142	64	21	-11	78	-1	-1	na	na	
Combined P&L (€m)																	06-17	18-20e
Sales	491	477	471	471	471	471	471	471	476	287	329	361	349			06-17	18-20e	
EBITDA	46	48	55	53	1	153	13	16								203.9	na	
EBIT	23	33	42	36	-11	80	1	4								na	na	
Pretax profit	16	26	37	31	-16	75	2	4								na	na	
Net profit	-58	-142	64	21	-11	75	2	4								na	na	
Cash Flow (€m)																	06-17	18-20e
Adj. EBITDA	72	80	67	36	77	63	39	21	17	15	16	1	5	3	4	-32.2	-12.0	
WCR	22	4	62	-10	-19	4	17	-16	4	-17	-8	0	4	14	-1	na	na	
Gros Op CF	95	84	129	26	58	66	56	5	21	-3	8	1	8	18	2	-35.3	-50.2	
Capex	-50	-38	-35	-20	-8	0	-4	-6	-7	-5	-8	-16	-4	-14	-7	-9.6	32.3	
FCF	20	13	74	-8	24	46	44	-10	27	0	5	-26	5	8	-1	na	na	
Net disp./acq.)	-214	-14	4	57	-9	1	0	1	9	12	16	17	220	-9	0	na	na	
Dividends paid	-8	-8	-9	0	0	-6	-4	0	0	0	-6	-6	-63	0	0	-2.3	na	
Equity issue	51	-13	28	2	0	-3	0	0	0	0	0	0	0	0	0	na	na	
Others	-29	-2	-17	-12	0	-16	-19	2	-41	-6	3	10	0	0	0	na	na	
Net Debt (incr.)/decr.	-182	-24	81	39	15	22	20	-7	-6	18	-5	162	-1	-1	-1	-27.7	na	
Balance Sheet (€m)																	06-17	18-20e
WC	17	13	-49	-39	-20	-24	-41	-25	-51	-21	-13	-13	-17	-31	-29	na	33.3	
Capital Employed	660	689	640	584	602	581	549	511	221	298	295	154	168	156	154	-12.4	-4.3	
Discontinued Assets	0	0	0	0	0	0	0	0	152	0	0	129	0	0	0	na	na	
Cash & Equivalent	42	32	110	72	44	35	79	51	34	39	51	43	105	104	103	0.3	-1.0	
Gross Debt	263	278	275	198	155	124	148	127	116	114	108	106	6	6	6	-8.0	0.0	
Equity	285	284	318	312	345	351	345	287	143	208	222	203	244	232	228	-3.0	-3.2	
Growth (%)																	06-17	18-20e
Sales	31	31	3	-8	3	0	-3	-3	-58	1	-4	-6	10	7	-5			
EBITDA	40	4	-14	-24	54	-15	-35	-6	-54	-8	-10	-94	355	-29	9			
EBIT	48	-11	-31	-23	131	-32	-73	na	na	139	-58	na	na	na	na			
Net profit	10	-36	-14	na	na	-50	na	na	na	na	-67	na	na	na	na			
FCF	-51	-36	491	na	na	92	-6	na	na	-100	18859	na	na	42	na			
NWC	-57	-24	na	-20	-49	19	72	-38	99	-58	-39	-2	30	86	-5			
Capital Employed	123	4	-7	-9	3	-4	-5	-7	-57	35	-1	-48	9	-7	-2			
Shareholder Equity	32	0	12	-2	11	2	-2	-17	-50	45	7	-9	20	-5	-2			
Financial Ratios																	06-17	18-20e
Gross margin (%)	71	74	75	76	78	76	75	76	72	75	76	76	77	77	76			
EBITDA margin (%)	13	11	9	8	12	10	6	6	7	6	6	0	2	1	1			
EBIT margin (%)	9	7	4	4	9	6	2	-4	2	5	2	-5	-2	-2	-3			
Net margin (%)	4	2	2	-1	4	2	0	-9	-47	22	8	-4	28	0	0			
Opex/Sales (%)	87	89	92	92	88	91	94	94	94	92	94	99	98	98	98			
Depreciation/Sales (%)	3	3	3	3	2	2	2	3	3	3	4	4	4	4	4			
Depreciation/EBITDA (%)	25	29	37	42	22	22	34	41	45	52	63	1126	227	333	310			
Tax rate (%)	48	55	31	-84	37	43	28	-3	-89	-671	-4	-82	0	0	0			
Capex/Sales (%)	8	5	5	3	1	0	1	1	2	2	3	6	1	5	2			
FCF/Sales (%)	3	2	9	-1	3	6	6	-1	9	0	2	-10	2	3	0			
WCR/Sales (%)	4	1	8	-1	-3	1	2	-2	1	-6	-3	0	1	5	-1			
WC/Sales (%)	3	2	-6	-6	-3	-3	-6	-4	-17	-7	-5	-5	-6	-10	-10			
Capital Employed/Sales (%)	108	90	82	83	85	79	77	75	74	102	106	59	59	51	53			
Gearing (%)	74	83	50	39	31	25	19	26	56	36	26	31	-40	-42	-42			
Net Debt/EBITDA (x)	2.8	3.0	2.4	2.4	1.4	1.3	1.5	1.8	4.2	4.2	3.5	62.2	-21.7	-30.4	-27.5			
ROCE post-tax (%)	6	3	3	3	6	3	1	6	8	32	8	-9	50	1	2			
ROE (%)	10	6	5	-1	9	4	-1	-18	-66	37	10	-5	35	0	0			
Dividend Payout (%)	33	52	0	0	22	30	0	0	0	10	30	0	83	0	0			
Valuation																	06-17	18-20e
Market Capitalisation (€m)	579	669	393	184	248	275	185	155	162	208	319	305	193	193	193	-5.7	0.0	
+ Net Financial Debt (€)	222	246	165	127	111	89	70	76	82	76	57	63	-100	-99	-98	-10.9	-1.0	
+ Restated Min. + others (€m)	38	38	22	15	17	16	14	35	20	10	10	10	10	10	10	-11.6	0.0	
- Associates & Inv. (€m)	16	11	12	10	11	12	14	14	123	176	167	20	76	76	76	1.9	0.0	
= Enterprise Value (€m)	824	942	568	316	365	369	254	253	141	118	219	358	28	29	30	-7.3	3.6	
Assoc. NFD (gr. share) (€m)	0	0	0	0	0	0	0	0	0	-6	-6	-6	-6	-6	-6			
EV/Sales (x)	1.4	1.2	0.7	0.4	0.5	0.5	0.4	0.4	0.3	0.4	0.8	1.4	0.1	0.1	0.1			
EV/EBITDA (x)	10.5	11.6	8.2	5.9	4.5	5.3	5.6	6.0	7.2	6.6	13.5	355.6	6.1	8.8	8.4			
EV/EBIT (x)	16.1	19.0	17.4	30.9	6.4	10.4	53.7	-5.1	36.0	9.6	32.7	-27.6	-0.4	-3.8	-4.0			
EV/FCF (x)	42.2	75.0	7.7	-37.3	15.1	7.9	5.8	-25.0	5.3	na	42.8	-13.7	5.2	3.8	-25.4			
EV/Capital Employed (x)	1.2	1.4	0.9	0.5	0.6	0.6	0.5	0.5	0.6	0.4	0.7	2.3	0.2	0.2	0.2			
P/E (x)	23.3	42.0	28.9	-45.0	8.2	17.9	-74.0	-2.7	-1.1	3.2	14.7	-27.7	2.4	-25.0	-225.3			
P/BVPS (x)	2.0	2.4	1.2	0.6	0.7	0.8	0.5	0.5	1.1	1.0	1.4	1.5	0.8	0.8	0.8			
FCF yield (%)	3.4	1.9	18.9	-4.6	9.8	16.9	23.7	-6.5	16.4	0.0	1.6	-8.6	2.8	4.0	-0.6			
Per share data																	06-17	18-20e
# of shares	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	13.14	1.6	0.0	
# of avg sh. (FD, ex-treas.)	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	13.03	1.6	0.0	
Share price	52.65	60.61	29.96	14.02	18.85	20.95	14.06	11.81	12.36	15.85	24.24	23.20	14.65	14.65	14.65	-7.2	0.0	
EPS	2.26	1.44	1.04	-0.31	2.31	1.17	-0.19	-4.44	-11.0	4.92	1.65	-0.84	6.01	-0.06	-0.07	na	na	
EPS FD	2.26	1.44	1.04	-0.31	2.31	1.17	-0.19	-4.44	-11.0	4.92	1.65	-0.84	6.01	-0.06	-0.07	na	na	
BVPS	25.88	25.70	24.22	23.75	26.28	26.73	26.23	21.84	10.90	15.80	16.92	15.45	18.55	17.66	17.38	-4.6	-3.2	
DPS	0.75	0.75	0.00	0.00	0.50	0.35	0.00	0.00	0.00	0.50	0.50	0.00	5.00	0.00	0.00	na	na	

Source: Company data, Merodis Equity Research

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