

€m	2013	2014	2015	2016	2017	2018e	2019e
Sales	677.1	300.1	291.9	278.6	258.3	248.1	237.3
EBIT	-49.2	3.9	12.3	6.7	-13.0	137.4	-7.1
Net profit	-57.9	-142.5	64.4	21.5	-10.9	138.9	-0.3
EPS (€)	-4.44	-10.98	4.92	1.65	-0.84	10.66	-0.02
DPS (€)	0.00	0.00	0.50	0.50	0.00	5.00	0.00
P/E (x)	na	na	3.2	14.7	na	2.3	na
Yield (%)	0.0	0.0	3.2	2.1	0.0	20.7	0.0
Adj. EV/EBIT (x)	na	36.0	9.6	32.7	na	1.6	na

Source: Merodis Equity Research, Factset
Pricing date: 28/2/2018

Key monthly insights

2H17 results hit, as expected, by weak market conditions, and by unexpected one-off costs

Roularta reported weak 2H17 results, reflecting the impact of weak ad spend in Print but also one-off costs (higher Storesquare start-up losses, title impairments and a non-cash tax charge). Sales were broadly in line with expectations, with favourable sales trends in 2H17 in magazine advertising, albeit still down y-o-y, while Free Newspaper ad and Printing sales remain weak. Margins were hit by the weak sales although gross margins have encouragingly improved. Net debt is slightly higher-than-expected, but proceeds from the disposal of the Mediaaan stake, estimated at €274m, are not yet included. In terms of cost-cutting, the company has reduced staff count by 6% representing a FY cost-saving impact in excess of €5m which should be felt in full from 2018.

€5/share interim dividend to be paid in July

The big surprise is the proposed €5/share exceptional dividend to be paid in July 2018. The goal is to reward investors for the investment and disposal of the Mediaaan stake. The stake was acquired before Roularta's IPO in 1998. Following around 20 years of ownership, Roularta sold the stake to De Persgroep in February 2018 for an estimated amount of €274m (€129m book value + capital gain of €145m) or 8.4x EV/EBITDA. With the dividends income, we estimate a 12% IRR on the investment in Mediaaan over more than 20 years. Such an IRR qualifies the investment as quite exceptional over such a long period given the risk profile. Although past performances is not indicative of future results, this is a testimony of Roularta's investment discipline.

Next steps in Roularta's improving equity story

The next steps in Roularta's equity story are: (1) the closing of the Mediafin acquisition (50% stake acquired from De Persgroep) by end March, (2) closing of the Sanoma deal by end June, (3) 1H18 results on 17 August (including capital gain from on Mediaaan and consolidation of Mediafin – JV equity accounted), (4) from end 2018, unwinding of the Econocom leasing contract (€9m annual opex savings) and (5) repayment of €100m bond in 2019 (€5m annual cost saving), (6) expected latent tax loss write-back of €15m in 2019 and (7) full-year impact in 2019 of Mediafin and Sanoma acquisitions with an expected positive bottom-line effect.

Valuation assessment

Our fair equity value estimate is unchanged at €22.6/share. Our methodology remains unchanged although we value for Print Media at an EV of €64m from €30m previously, assuming an unchanged equity value of €0. We believe the business has value, given, among others, Roularta's leading market positions in free newspapers and in (news, business and women) magazines as well as its state-of-the-are printing facilities. This highlights a clear re-rating potential for the business, particularly now as the company has M&A firepower in excess of €90m including the cash impact of the exceptional €5/share dividend to be paid in 2H18.

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

- ➔ Tuesday, 15 May 2018: AGM (Roeselare, Belgium)
- ➔ Friday, 17 August 2018: Announcement of 1H18 results (08.15AM CET; Analyst meeting at 2PM)

Access our recent research reports on Roularta:

- ➔ ["Back on its feet" \(initiation\), 14 October 2015](#)
- ➔ ["When the going gets tough" \(update\), 28 August 2017](#)
- ➔ ["January 2017 market review" \(monthly dashboard\), 5 February 2018](#)

Company description

Roularta is Belgium's leading media company offering:

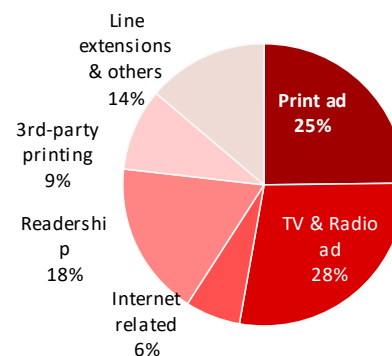
- (1) local weekly free newspapers in Flanders (De Streekkant, De Zondag, Steps),
- (2) audiovisual free-to-air broadcasting in Flanders (market leader) through its 50% ownership of **Medialaan** (VTM, 2BE, QMusic, Joe FM),
- (3) nationwide weekly news and business magazines (Knack, Le Vif L'Express, Trends, Trends Tendance),
- (4) internet (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 (26%), (3) readers market including subscriptions (21%), (4) third-party printing (9%) and (5) other sources of revenues including line extensions, rights and mobile (14%).

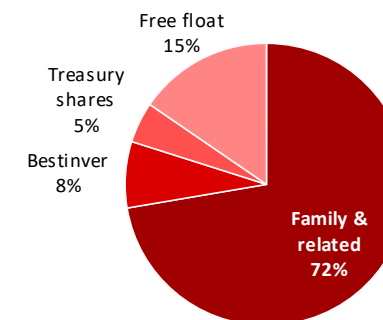
Roularta's consolidated accounts include the full contribution of its print media activity (ad and readers market, ex-Bayard), its internet activity, line extensions and third-party printing. The 50% stakes in Medialaan and **Bayard** are equity-accounted.

We have not yet reflected the disposal of the Medialaan stake (closed on 1 February 2018) and the simultaneous acquisition of a 50% stake in Mediafin (to be closed in 1H18), announced on 2 October 2017. Mediafin, co-owned by Groupe Rossel, publishes Belgium's leading financial dailies, De Tijd and L'Echo.

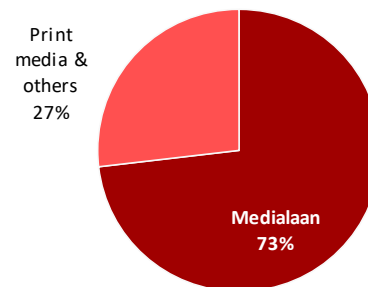
Combined sales breakdown (2016)



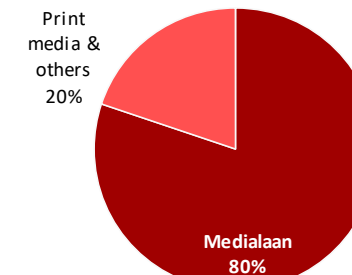
Shareholders



Combined EBIT breakdown (2016)



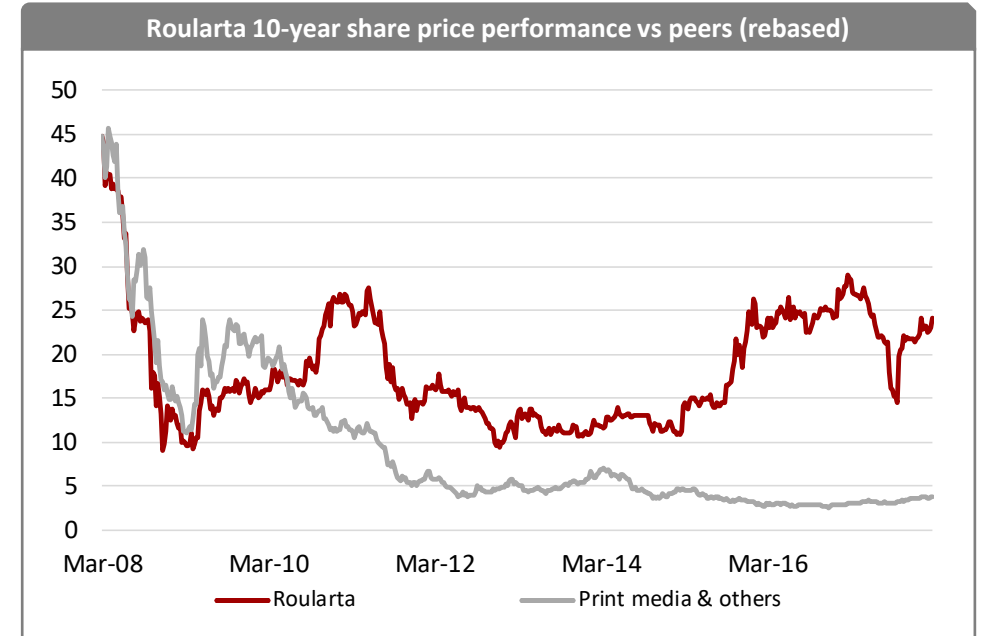
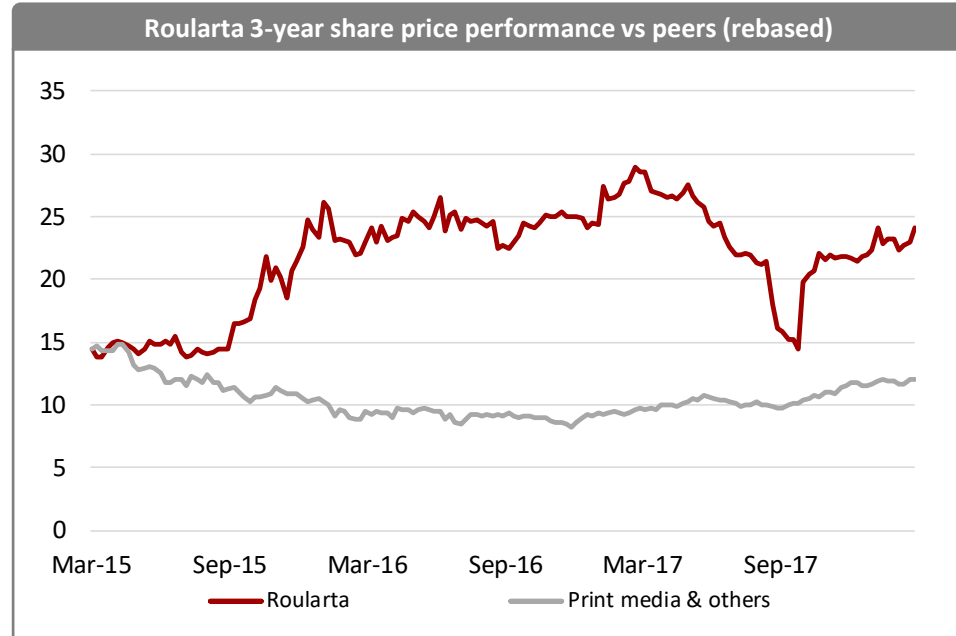
Consolidated net profit breakdown (2016)



Source: Merodis, Factset

Share price performance

Under pressure since the 1Q17 trading update in April



Source: Merodis, Factset

Analyst Recommendations, Earnings Expectations

Consensus has deteriorated

Consensus view

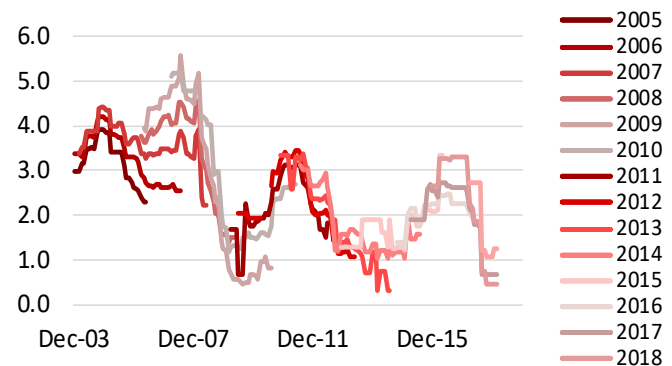
Consensus EPS estimates for Roularta are again flat m-o-m, following the downwards revisions from August to October, driven mainly by the weak 1H17 results and the recent transaction (disposal of Medialaan and acquisition of Mediafin). We have adjusted our estimates, taking into account the recent closing of the Medialaan deal (1 February) and the announced 2H17 results

Consensus currently expects a 2018e EPS of €0.44 which compares to our forecast of -€0.47 (excluding the capital gain on Medialaan), while 2019e earnings are expected to come in at €1.23 vs. our forecast of €0.0, which reflects positive momentum from the full-year effect of the end of the leasing contract with Econocom (end-2018) and the repayment of the €100m bond (also at the end of 2018).

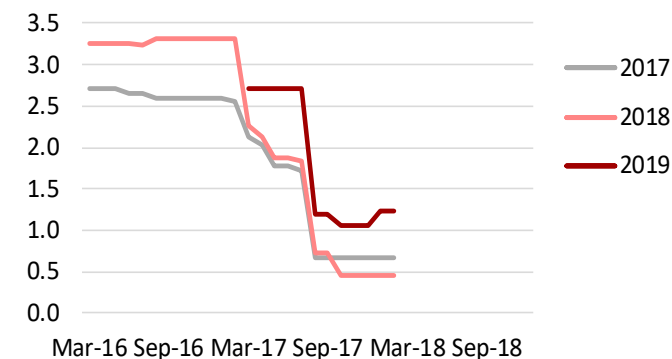
Roularta's share price came under some pressure following the FY17 results driven by the weak ad spend trends and large one-off cost items booked in 2017. The stock is nevertheless up 3.9% in February. The stock's performance in the month exceeds that of Print Media peers (+1.0%) and Euro Stoxx 600 (-4%), but below Belgian SMCs (+8.1%). The shares' low over the last 12 months remains €14.48 (27 September 2017), while its high during the year was €28.95 (22 February 2017).

The two brokers covering the stock, KBC Securities and Degroof Petercam, rate the stock Buy. The highest target price for Roularta among them is currently €24.

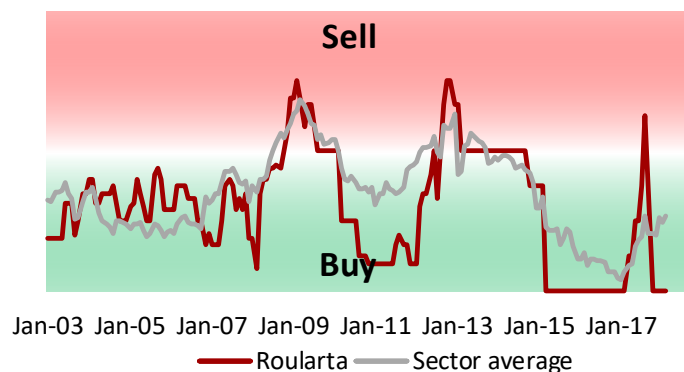
EPS Worms (€/share)



Consensus EPS 2016-18 (€/share)



Analyst recommendations vs. peer average



Merodis Equity Research estimates vs. consensus (%)

	<u>2017</u>	<u>2018e</u>	<u>2019e</u>
Sales	-0.4	-0.4	-1.4
EBITDA	-90.7	-54.2	-59.6
EBIT	200.6	-2689.5	305.3
EPS (€)	-227.0	2300.2	-102.0
DPS (€)	-100.0	1900.0	-100.0
Net debt	-197.1	21.1	na

Source: Merodis, Factset

Sector benchmarking analysis

Benchmarking Print Media peers and Listed Printing companies

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	2017e	2018e	2019e	EPS
PRINT & OTHER MEDIA																							
Impresa	36	0.18		2%	10.4	8.5	7.2	8.7	10.2	11.1	7.0	8.5	9.5	2.4	3.5	4.3	3.3	4.6	5.4	35.1	13.7	0.3	
Solocal	94	2.66	27%	9%	1.7	2.4	1.4	24.6	20.1	29.9	25.6	0.7	15.2	43.4	-9.6	6.8				-43.6	5.8	-4.1	
Gruppo Editoriale			38%	2%	1.0	1.0	0.2	8.5	9.5	9.6	5.2	6.1	6.5	-20.8	3.3	4.1	3.5	4.8	5.4	16.4	6.3	0.0	
Mondadori	46	1.53	34%	0%	1.9	1.5	1.1	8.4	8.6	9.0	5.7	6.0	6.3	2.7	2.9	3.5	9.7	11.1	11.0	16.5	3.6	0.0	
RCS	15	0.61	66%	3%	2.4	1.7	1.2	15.0	17.1	17.4	9.4	11.7	12.0	5.0	7.0	7.5	34.9	34.4	26.7	22.2	7.1	-0.6	
Vocento	51	0.17	31%	2%	1.3	1.4	1.1	11.7	9.8	10.4	4.9	6.0	6.7	1.9	2.8	3.3	3.6	4.6	4.9	21.1	-5.5	0.5	
Sanoma	37	1.71	58%	2%	1.1	1.0	0.8	25.2	24.5	24.6	12.5	14.0	14.2	-11.3	9.1	10.1	17.4	22.5	20.6	7.0	-5.8	-4.8	
Connect	99	0.34	33%	1%	1.1	1.3	1.3	4.5	4.0	4.2	3.2	3.0	3.1	2.4	1.7	1.9			680.6	-5.5	-5.1	-1.7	
Tarsus	75	0.09	48%	1%	2.1	2.4	1.3	34.7	32.6	36.2		31.9	36.2			14.4	21.0			3.0	7.7	5.4	
Trinity Mirror	98	0.28	22%	1%	0.1	-0.3	-0.3	23.0	23.9	24.8	19.5	21.6	21.3	15.2	16.1	15.3				0.0	5.5	1.6	
Wilmington	88	0.33	130%	1%	1.6	1.3	0.8	21.2	22.2	22.8	19.5	18.8	19.1	10.7	12.0	13.1	43.8	57.1		9.3	8.7	4.8	
Independent News	67	0.12	11%	2%	-2.9	-3.8	-4.8	10.5	9.6	8.5	8.3	7.3	6.1	8.2	6.8	6.0	30.2	21.0	14.6	-18.4	-14.8	-5.5	
Axel Springer	42	10.42	28%	5%	1.7	1.4	0.9	18.6	22.1	23.3	13.1	15.3	16.7	8.0	9.5	10.3	12.3	13.7	15.0	13.6	12.5	0.4	
PRINT MEDIA AVERAGE	62	1.54	44%	2%	1.8	1.5	0.9	16.5	16.5	17.8	11.2	11.6	13.3	5.6	6.1	8.2	17.6	19.3	87.1	5.9	3.1	-0.3	
PRINT MEDIA MEDIAN	59	0.33	33%	2%	1.6	1.4	1.1	15.0	17.1	17.4	8.8	8.5	12.0	3.8	6.8	6.8	12.3	13.7	14.6	9.3	5.8	0.0	
Roularta (consolidated)	25	0.14	1126%	6%	62.2	-18.7	-13.2	0.4	2.0	3.0	-5.0	-3.0	-3.0	-4.2	56.0	-0.1	-5.1	64.7	-0.1	-83.0	166.0	-4.2	
% prem./ (disc.) vs median	-58	-58.8	3270.5	259.3	3,841.6	-1,457.1	-1,333.0	-97.4	-88.3	-82.8	-156.7	-135.8	-124.8	-210.4	722.5	-101.9	-141.9	373.1	-101.0	-988.2	2,765.9	-13,348.4	
PRINTING																							
St Ives	97	0.22	119%	2%	1.6	1.8	0.9	8.6	8.9	9.0	6.9	6.9	7.3	-11.0			16.1	18.8	19.4	-0.4	1.5	-0.8	
QuadGraphics	87	4.21	67%	2%				11.1						2.6						22.5		-3.3	
Dai Nippon Printing	67	15.70	60%	4%	-0.3	-0.2	-0.1	7.2	7.3	7.4	2.7	2.9	3.0	1.9	2.1	1.4	2.7	3.0	3.1	na	na	na	
PRINTING AVERAGE	84	6.71	82%	3%	0.7	0.8	0.4	8.9	8.1	8.2	4.8	4.9	5.1	-2.2	2.1	1.4	9.4	10.9	11.2	11.0	1.5	-2.0	
PRINTING MEDIAN	87	4.21	67%	2%	0.7	0.8	0.4	8.6	8.1	8.2	4.8	4.9	5.1	1.9	2.1	1.4	9.4	10.9	11.2	11.0	1.5	-2.0	
Roularta (consolidated)	25	0.14	1126%	6%	62.2	-18.7	-13.2	0.4	2.0	3.0	-5.0	-3.0	-3.0	-4.2	56.0	-0.1	-5.1	64.7	-0.1	-83.0	166.0	-4.2	
% prem./ (disc.) vs median	-71	-96.7	1580.6	158.4	9,356.6	-2,445.2	-3,299.2	-95.5	-75.2	-63.3	-204.9	-162.3	-158.1	-319.0	2,584.3	-109.5	-154.5	491.6	-101.3	-853.6	11,207.0	104.3	

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				
					2017e	2018e	2019e	2017e	2018e	2019e	2017e	2018e	2019e	2017e	2018e	2019e	2017e	2018e	2019e	2017e	2018e	2019e		
PRINT & OTHER MEDIA	Impresa	PORTUGAL	0.26	43	9.0	6.1	4.9	1.1	1.1	1.0	12.8	10.6	9.1	15.9	12.7	10.7	0.3	0.3	0.3	0.0	0.0	0.0		
	Solocal	FRANCE	1.18	684	3.3	34.0	10.5	1.3	1.4	1.4	5.3	7.1	4.6	5.1	206.0	9.1				0.0	0.0	0.0		
	Gruppo Editoriale	ITALY	0.59	289	13.4	11.4	9.9	0.5	0.5	0.5	6.4	5.7	5.0	10.3	9.0	7.4	0.5	0.5	0.5	0.0	1.3	1.8		
	Mondadori	ITALY	1.92	499	16.0	12.8	11.8	0.6	0.5	0.5	6.6	6.2	5.5	9.9	8.9	7.9	1.5	1.4	1.2	1.4	1.6	2.2		
	RCS	ITALY	1.12	579	12.9	9.1	8.6	1.0	0.9	0.9	6.7	5.5	4.9	10.7	8.1	7.1	3.8	2.7	2.0	0.4	0.4	0.4		
	Vocento	SPAIN	1.43	174	19.1	14.3	13.0	0.6	0.6	0.5	4.9	5.6	5.2	11.8	9.2	8.0	0.7	0.7	0.6	0.0	0.0	0.0		
	Sanoma	FINLAND	9.90	1,615	13.9	12.3	12.2	1.4	1.5	1.4	5.6	6.1	5.9	11.2	10.7	10.2	2.9	2.6	2.4	3.5	4.1	4.6		
	Connect	UNITED KINGDOM	0.62	153	4.0	4.7	4.5	0.1	0.1	0.2	3.3	3.8	3.7	4.6	5.1	5.0		24.4	41.3	15.7	15.6	15.9		
	Tarsus	UNITED KINGDOM	3.05	345	11.4	17.7	10.8	3.7	4.4	3.1	10.5	13.5	8.6		13.8	8.6				3.2	3.4	3.6		
	Trinity Mirror	UNITED KINGDOM	0.77	218	2.2	2.3	2.2	0.4	0.3	0.3	1.7	1.3	1.2	2.0	1.5	1.3				7.4	7.8	8.3		
	Wilmington	UNITED KINGDOM	2.44	213	12.9	11.7	10.8	2.1	2.0	1.8	9.9	8.8	7.9	10.8	10.4	9.4	6.9	6.5		3.5	3.7	3.8		
	Independent News	IRELAND	0.11	148	6.0	7.4	9.1	0.2	0.2	0.2	1.9	1.9	1.8	2.4	2.5	2.6	1.7	1.4	1.2	0.0	0.0	0.0		
	Axel Springer	GERMANY	74.00	7,985	28.5	25.2	22.1	2.6	2.7	2.5	14.0	12.0	10.6	19.9	17.3	14.8	3.4	3.4	3.2	2.7	2.8	2.9		
	PRINT MEDIA AVERAGE					11.8	13.0	10.0	1.2	1.2	1.1	6.9	6.8	5.7	9.6	24.2	7.9	2.4	4.4	5.9	2.9	3.1	3.3	
PRINT MEDIA MEDIAN					12.9	11.7	10.5	1.0	0.9	0.9	6.4	6.1	5.2	10.5	9.2	8.0	1.7	2.0	1.2	1.4	1.6	2.2		
Roularta (consolidated)					24.10	317	-28.7	2.3	-995.8	1.4	0.9	0.9	355.6	43.1	30.0	-27.6	1.6	-30.2	1.6	1.4	1.5	0.0	20.7	0.0
% prem./(disc.) vs median					-322.9	-80.7	-9,629.1	38.4	-8.1	5.1	5,454.0	607.9	480.2	-362.8	-83.0	-479.3	-10.4	-31.0	23.8	-100.0	1,182.3	-100.0		
PRINTING	St Ives	UNITED KINGDOM	0.67	96	5.0	5.2	5.1	0.4	0.4	0.3	4.5	4.6	3.7	5.5	5.9	4.5	1.0	1.0	1.0	2.9	2.9	2.9		
	QuadGraphics	UNITED STATES	26.39	1,372	14.7	10.2	9.8																	
	Dai Nippon Printing	JAPAN	2,251.00	678,821	24.7	22.4	21.8	0.5	0.5	0.5	6.9	6.7	6.7	18.4	17.0	16.6	0.7	0.7	0.7	2.8	2.8	2.8		
	PRINTING AVERAGE					14.8	12.6	12.2	0.4	0.4	0.4	5.7	5.7	5.2	12.0	11.5	10.6	0.8	0.8	0.8	2.9	2.9	2.9	
	PRINTING MEDIAN					14.7	10.2	9.8	0.4	0.4	0.4	5.7	5.7	5.2	12.0	11.5	10.6	0.8	0.8	0.8	2.9	2.9	2.9	
Roularta (consolidated)					24.10	317	-28.7	2.3	-995.8	1.4	0.9	0.9	355.6	43.1	30.0	-27.6	1.6	-30.2	1.6	1.4	1.5	0.0	20.7	0.0
% prem./(disc.) vs median					-295.9	-77.7	-10,288.1	217.1	91.7	118.9	6,188.5	659.7	479.3	-330.7	-86.4	-385.5	86.9	70.8	85.5	-100.0	621.7	-100.0		

Source: Merodis, Factset

P/E valuation relative to the sector

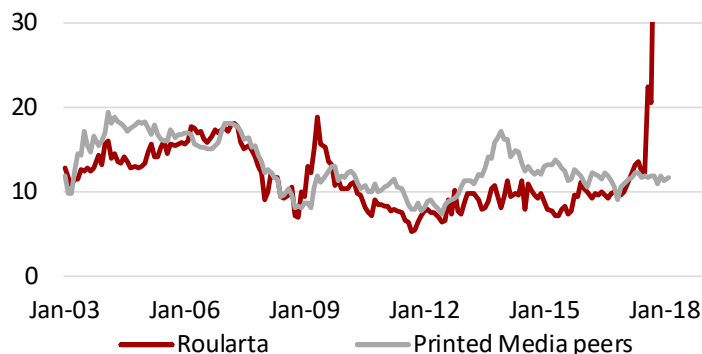
A rerating for the wrong reasons

Valuation

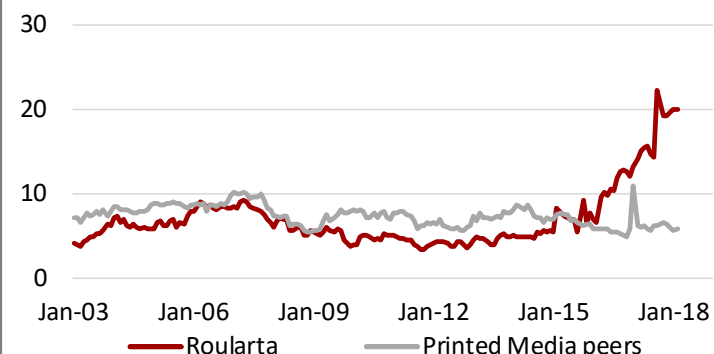
On 2017e consensus EPS estimates, Roularta shares trade at a P/E 12M forward of 42x, a premium of 260% versus Print Media peers in Europe (from 306% in January). As a reminder, Roularta has disposed of its stake in Medialaan, which means Roularta is now a Print Media pure play compared to the past when TV broadcasting (through Medialaan) 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 Medialaan). The rerating compared to the Print Media sector is driven entirely by the share price performance since October as well as the sharp cut in Roularta's earnings estimates.

The Print Media sector is currently valued at 11.7x P/E 12M forward (vs. 11.2x previously) and at 5.8x EV/EBITDA 12M forward (vs. 5.6x previously), which compares to a LT average of 12.9x and 7.3x respectively. The historical valuation range for the sector is 7x-19x (P/E 12M forward) and 5x-11x (EV/EBITDA 12M forward).

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

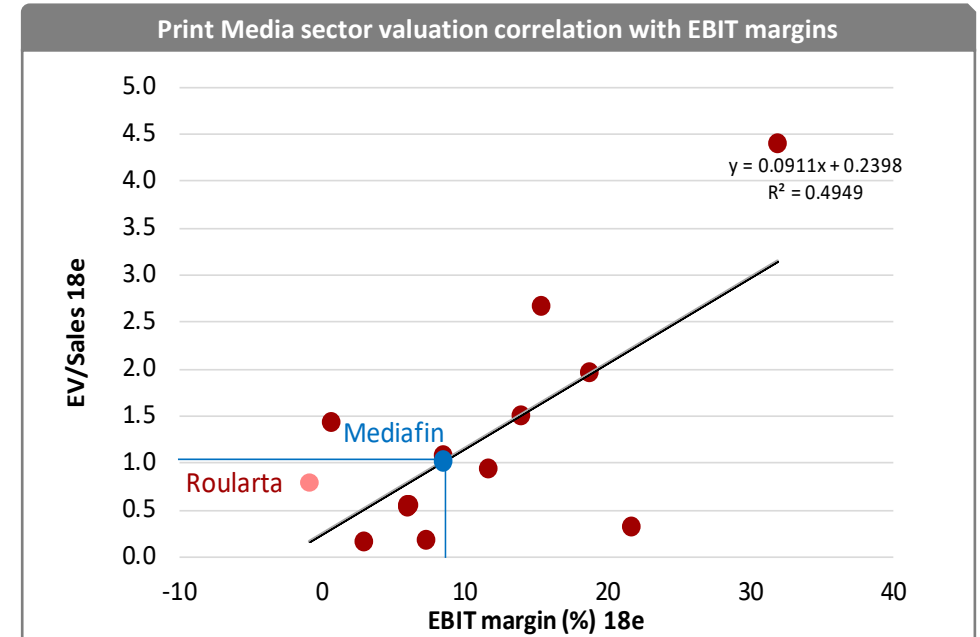
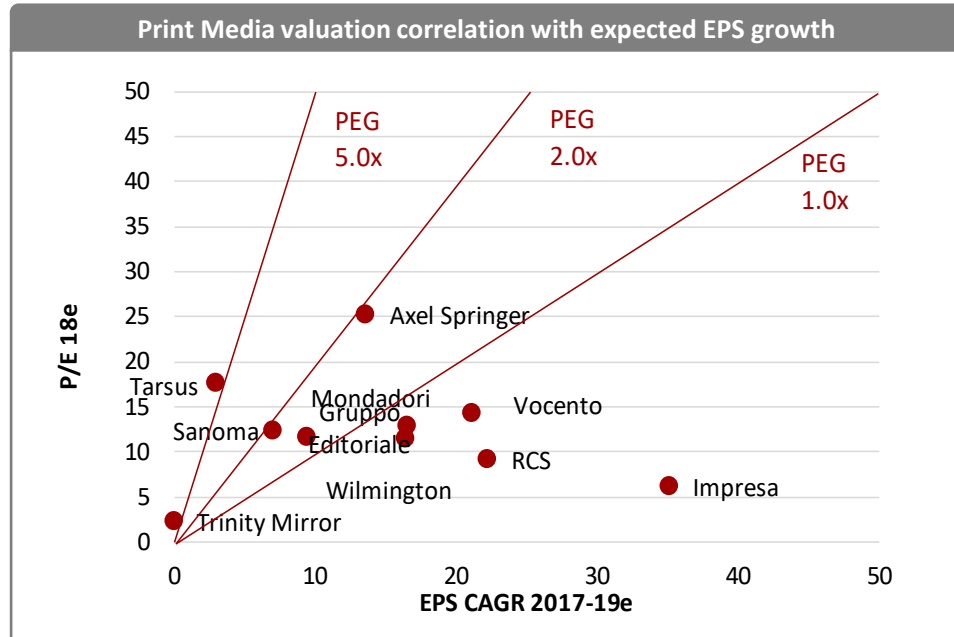
Fair value estimate

Reflecting the Medialaan disposal and Mediafin 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%	140.0	na	na		64.0	16.6	87%	64.0
Group enterprise value						64.0			64.0
- Net Financial Debt/(cash) (17) + Medialaan proceeds - Mediafin purchase						155.1			155.1
- Other liabilities (17)						-8.0			-8.0
+ NPV tax asset (balance sheet)						6.6			6.6
+ Equity value of Mediafin stake	50%					56.3	4.3	23%	56.3
+ Equity value of Bayard stake	50%	5.0	10.0	8.3	-5.3	23.3	1.8	9%	25.6
= Estimated market value of equity						297.3			299.6
Total share outstanding (m)						13.1			13.1
Equity value per share						22.6			22.8

Source: Merodis, Factset

Divisional valuation indicators



Source: Merodis, Factset

Sales growth expectations

Impacted by cyclical and structural effects

Expected Sales Growth

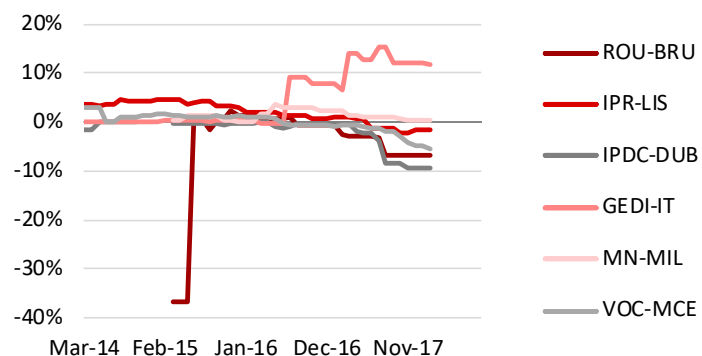
At the end of February, consensus kept its Print Media sector sales growth expectations flat for 2017 -0.8%. With respect to 2018 sector sales growth expectations, consensus is up slightly to -2.1% from -2.3%.

Consensus sales expectations for Roularta in 2018 remain unchanged (-4.1%) following downgrades in August 2017..

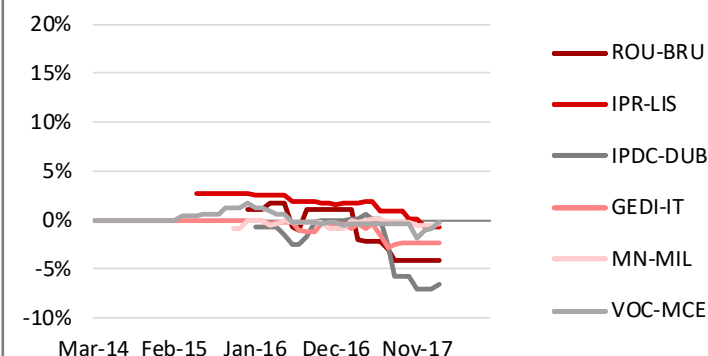
As a reminder the announced disposal of Mediaaan and acquisition of Mediafin have no impact on Roularta's consolidated sales as the stakes are equity-accounted JVs.

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.

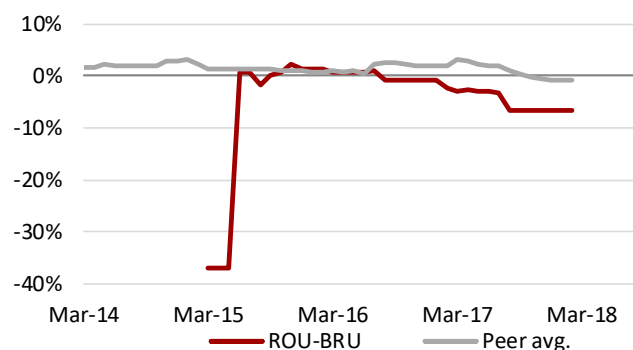
2017 expected sales growth (%)



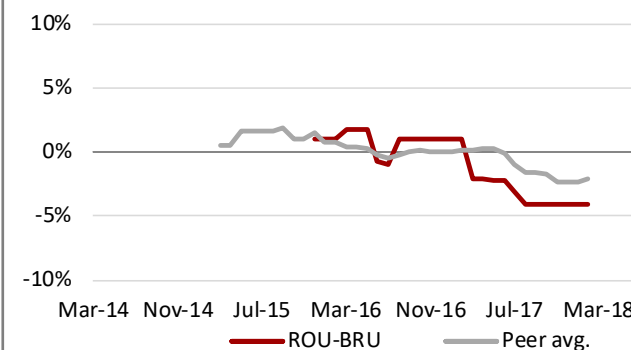
2018 expected sales growth (%)



2017 expected sales growth, Roularta vs. peers



2018 expected sales growth, Roularta vs. peers



Source: Merodis, Factset

EBITDA growth and margin expectations

Advertising revenue pressure hurting margins

EBITDA expectations

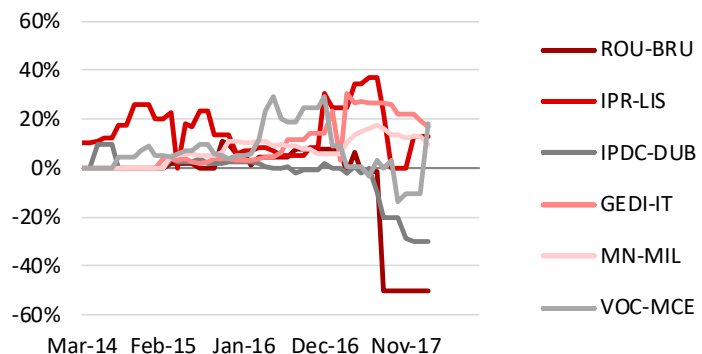
During the month of February, the expected annual EBITDA growth by analysts in 2018e for Roularta remains unchanged at -0.5%. Margin expectations remain below the sector average for 2018.

Note that consensus changes to EBIT or EBITDA at Roularta are not interpretable in a straightforward manner.

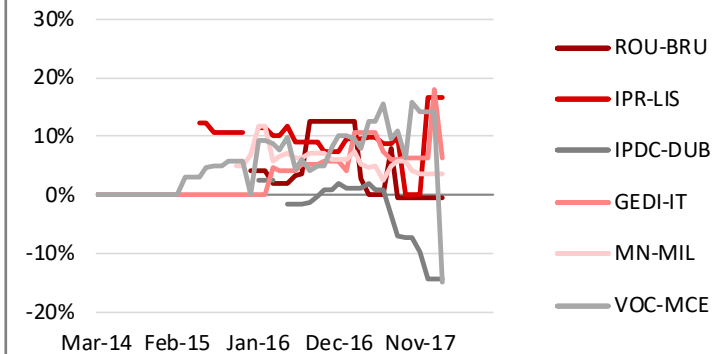
In Roularta's specific case, its reported EBITDA margin (as reflected by Factset consensus) is positively influenced by the IFRS 11 treatment of its 50% stake in Bayard (and Mediafin, when the deal will be closed), whereby 50% of Bayard's net profit is accounted for in Roularta's EBITDA and EBIT, but 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 recently-announced transactions will impact IFRS EBITDA and EBIT as the Mediafin net contribution (estimated €2m net profit for 50% in 2016) will be added when the deal is closed.

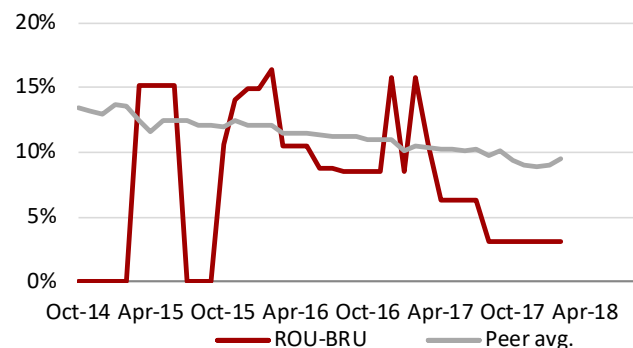
2017 expected EBITDA growth (%)



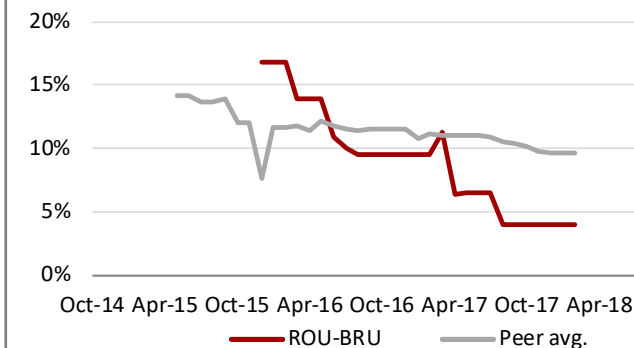
2018 expected EBITDA growth (%)



2017 expected EBITDA margin, Roularta vs. peers



2018 expected EBITDA margin, Roularta vs. peers



Source: Merodis, Factset

Consensus payout expectations

Expectations are stable, but the Mediaalaan/Mediafin swap could impact the dividend strategy

Dividend payout

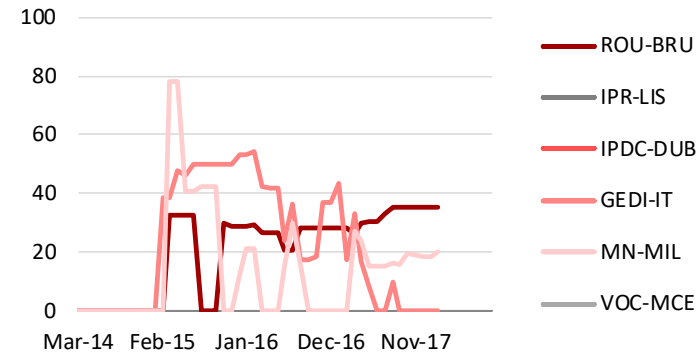
In 2017, Roularta announced on 16 January 2018 that no dividend will be paid out, which compares to our forecast of €0.20/share. The company announced, however, a €5/share interim dividend (€65m pay out) to be paid out in July 2018. The intention is to remunerate shareholders for the €145m capital gain on the Mediaalaan 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.

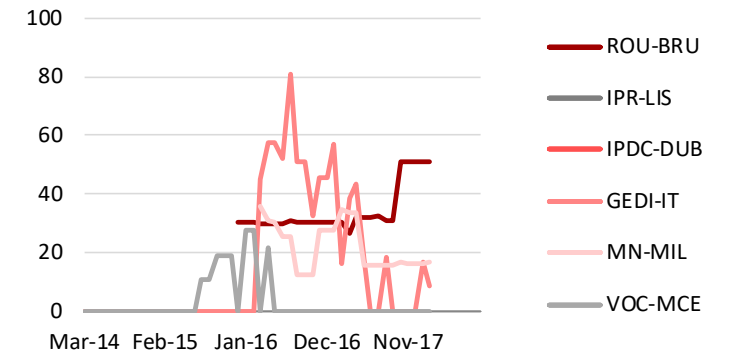
Consensus currently expects Roularta to pay out 50% of its earnings in 2018e (vs. MERE 0%), which is unchanged from the previous month.

The Mediafin acquisition and the Mediaalaan disposal is likely to have a negative impact on Roularta's dividend outlay given the lower cash-generation potential of Mediafin vs. Mediaalaan. Given our forecast of losses in 2018e and 2019e, we have cut our DPS forecast to €0.

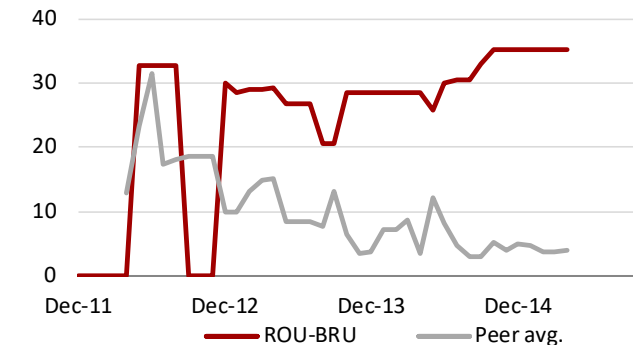
2017 expected Payout, Sector



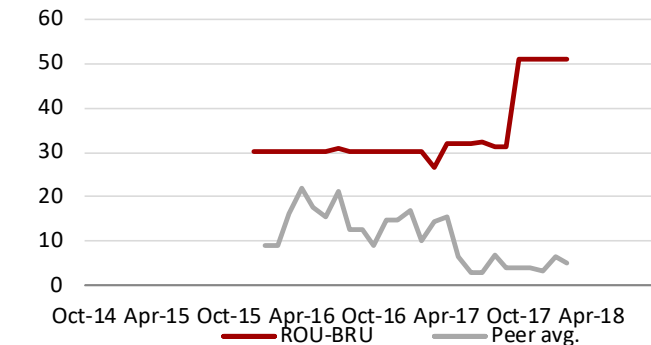
2018 expected Payout, Sector



2017 expected payout, Roularta vs. Peers



2018 expected payout, Roularta vs. Peers



Source: Merodis, Factset

Leverage expectations

No issue post-transaction

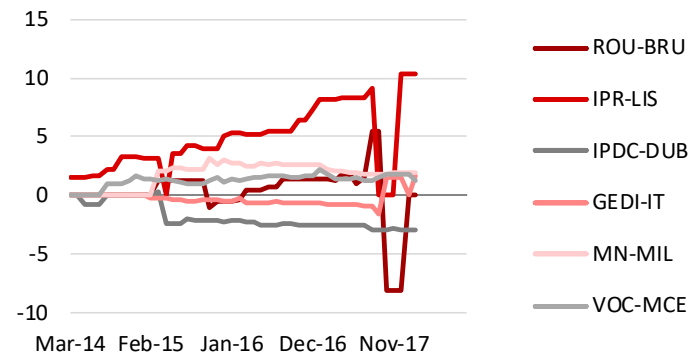
Net-debt-to-EBITDA

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), but trended down since then to reach, on average, an aggregated net cash position which reflects stringent cost control. Roularta's ratio has exceeded 2x only during 2014 and is now expected to reach a net cash position of around €93m following the recent transactions (including the exceptional €5/share dividend payout).

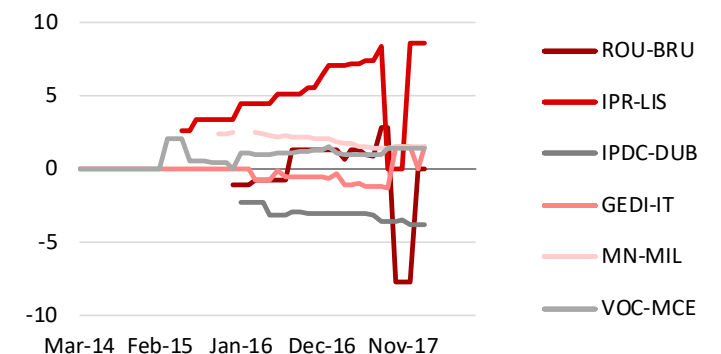
As a reminder, Roularta's covenant threshold of 3.5x net debt over EBITDA is based on annual EBITDA including the company's share of Mediaaan's and Bayard's net profit. Based on this definition, the company reported a ratio of 1.5x in 2017 despite the depressed consolidated EBITDA. At the end of February, consensus expects Roularta's net-debt-to-EBITDA ratio unchanged at -7.7x for 2018e, reflecting a net cash position.

We expect Roularta to report a net cash €94m by 2019e (including the €217.5m net cash proceeds from the recently-announced transactions, but excluding the purchase of the Sanoma magazine titles), compared to a reported net debt position of €63m at the end of 2017.

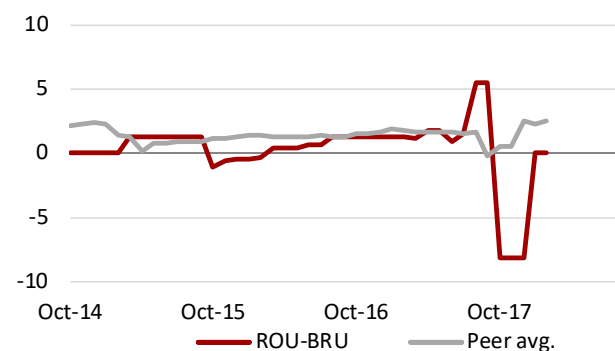
2017 NFD/EBITDA, sector



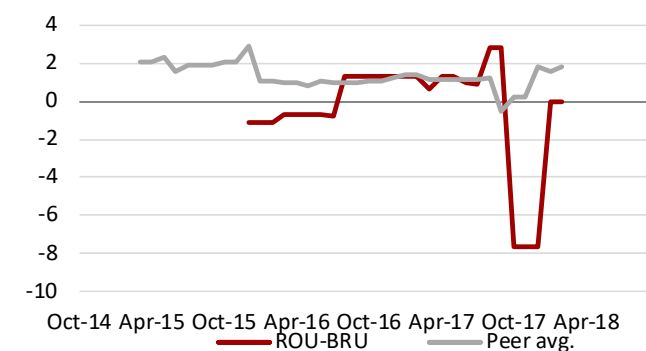
2018 NFD/EBITDA, sector



2017 NFD/EBITDA, Roularta vs. Peers

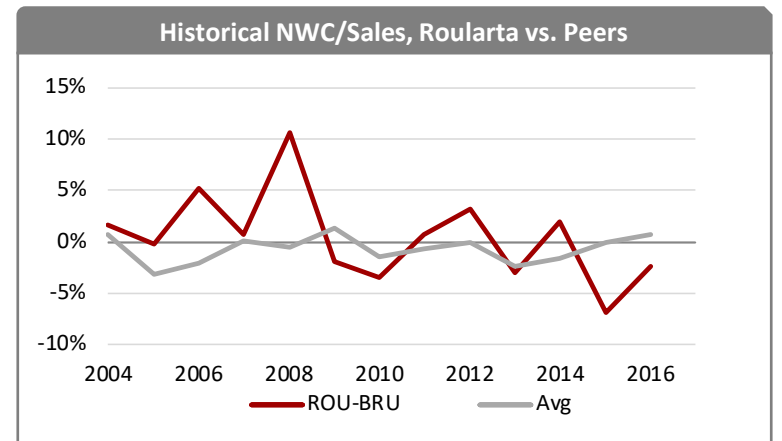
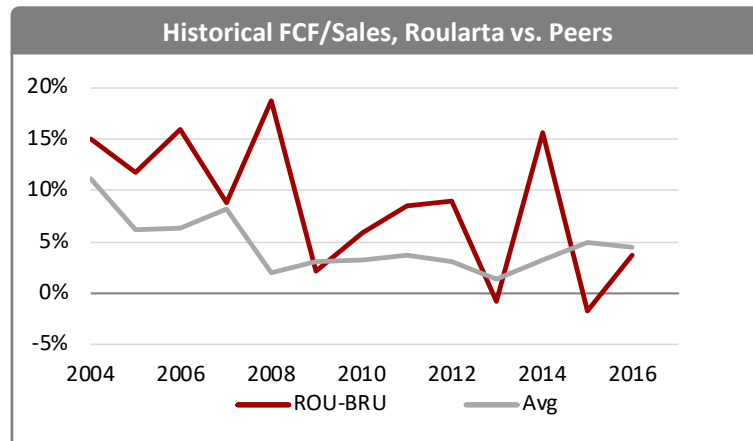
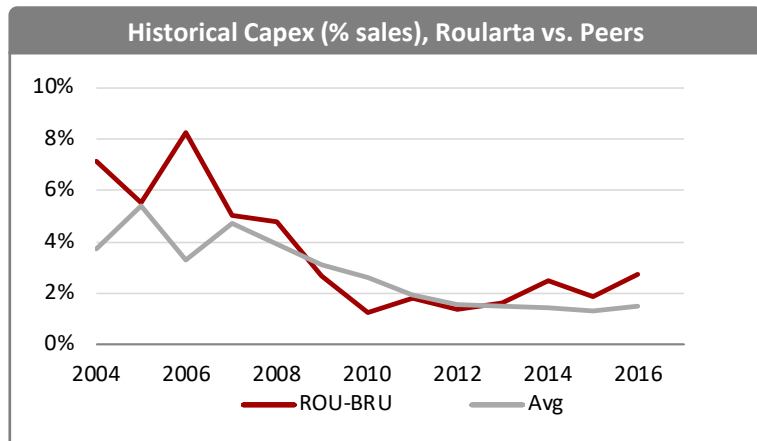
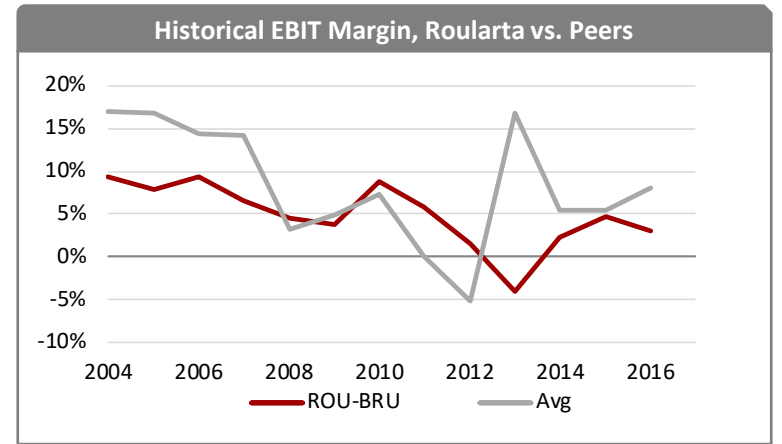
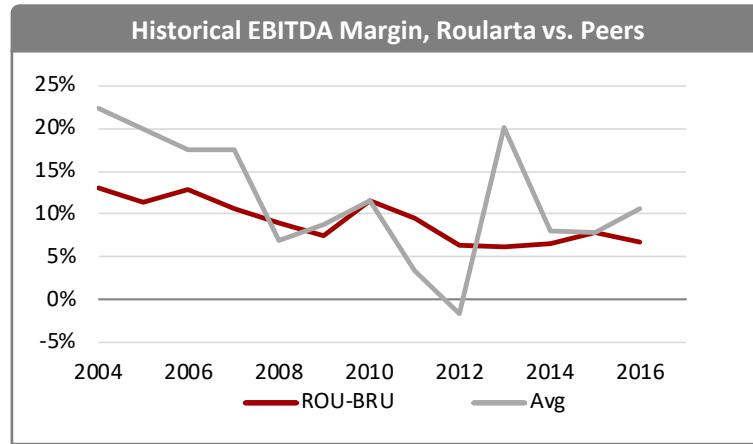
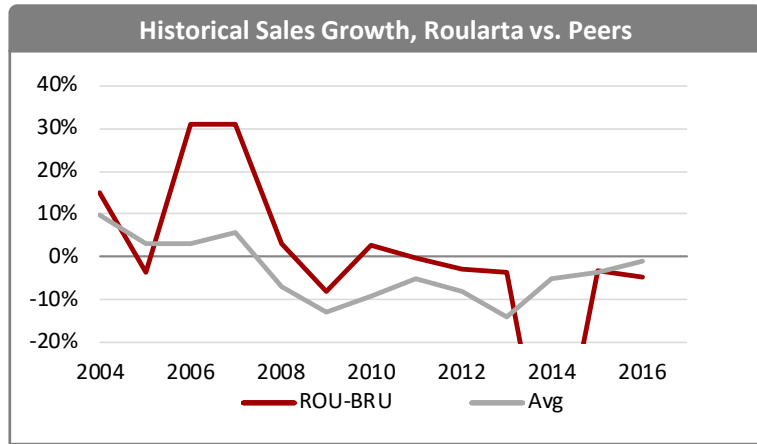


2018 NFD/EBITDA, Roularta vs. Peers



Source: Merodis, Factset

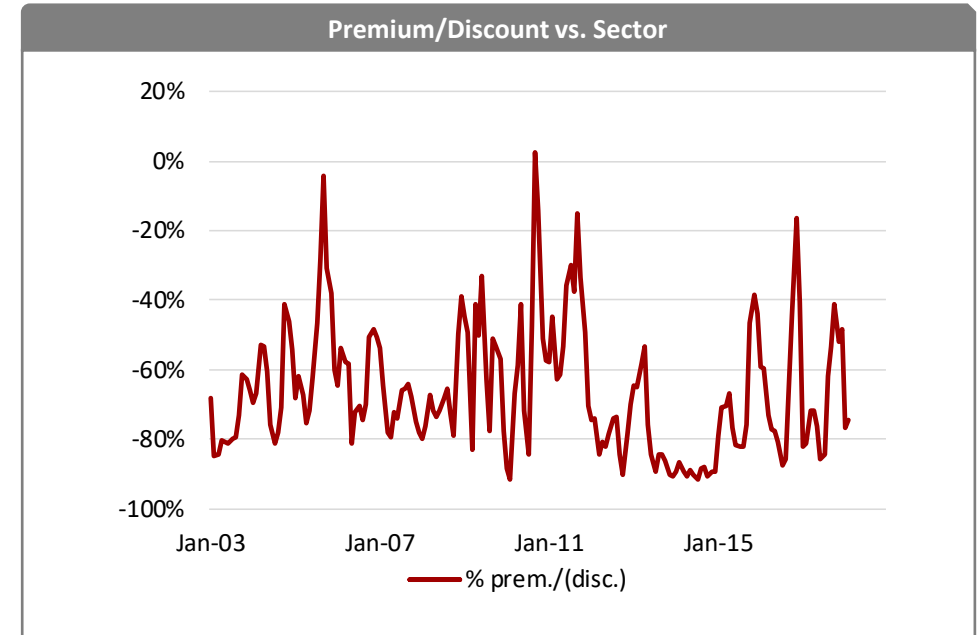
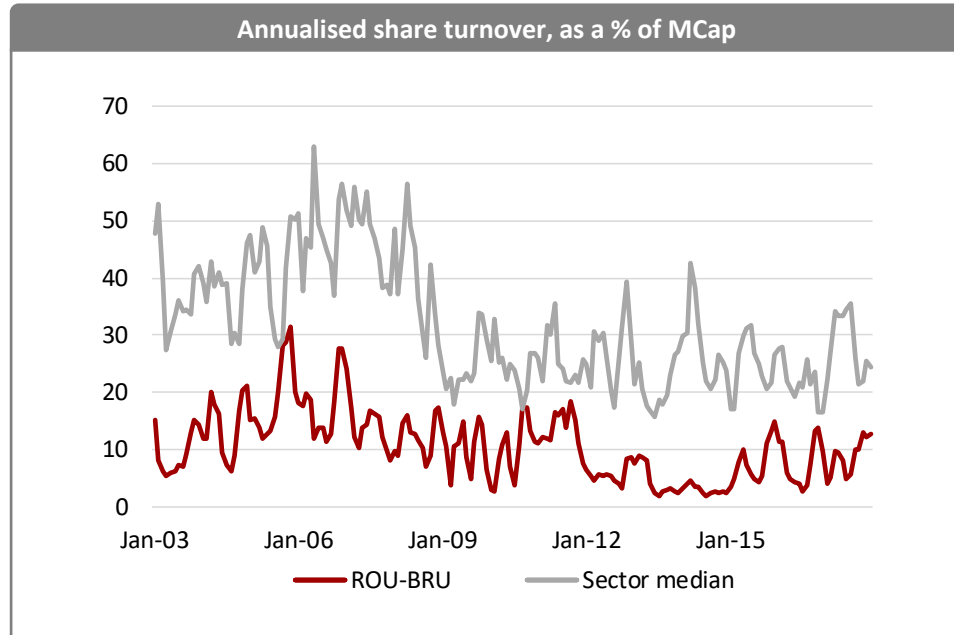
Historical P&L, CF and Balance Sheet Performance



Source: Merodis, Factset

Share liquidity

Well-below peers



Source: Merodis, Factset

Financial summary

Enterprise Value (€m): 214
Market Cap. (€m): 317
Free-float MCap (€m): 79

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018e	2019e	CAGR	CAGR
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018e	2019e	05-16	17-19e
Consolidated P&L (€m)																	
Sales	493	609	767	782	707	712	731	712	677	300	292	279	258	248	237	-5.1	-4.2
EBITDA	56	78	81	70	53	82	70	45	42	20	18	16	1	5	7	-10.7	166.0
EBIT	39	51	50	33	10	57	36	5	-49	4	12	7	-13	137	-7	-14.7	-26.2
Pretax profit	37	49	36	18	-3	51	28	-4	-57	-3	7	2	-18	133	-6	-23.3	-42.7
Net profit	22	25	16	14	-4	31	15	-3	-58	-142	64	21	-11	139	0	-0.4	-83.0
Combined P&L (€m)																	
Sales	491	477	471	471	471	471	471	471	471	471	471	471	471	471	471	0.5	-16
EBITDA	46	48	55	53	35	12	14										-24.6
EBIT	23	33	42	36	12	-3	-2										-37.7
Pretax profit	16	26	37	31	7	-7	-1										na
Net profit	-58	-142	64	21	-15	-7	0										-86.5
Cash Flow (€m)																	
Adj. EBITDA	56	72	80	67	36	77	63	39	21	17	15	16	1	5	7	-10.7	166.0
WCR	-1	22	4	62	-10	-19	4	17	-16	4	-17	-8	0	-10	6	22.6	na
Gross Op CF	55	95	84	129	26	58	66	56	5	21	-3	8	1	-5	13	-16.3	301.5
Capex	1	-50	-38	-35	-20	-8	0	-4	-6	-7	-5	-8	-16	-8	-14	na	-8.5
FCF	40	20	13	74	-8	24	46	44	-10	27	0	5	-26	-17	1	-17.1	na
Net dis.p./acq.)	-17	-214	-14	4	57	-9	1	0	1	9	12	16	17	235	0	na	na
Dividends paid	-7	-8	-8	-9	0	0	-6	-4	0	0	0	-6	-6	-63	0	-1.4	na
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	10	0	0	na	na
Net Debt (incr./decr.)	-28	-182	-24	81	39	15	22	20	-7	-6	6	18	-5	155	1	na	na
Balance Sheet (€m)																	
WC	39	17	13	-49	-39	-20	-24	-41	-25	-51	-21	-13	-13	-3	-24	na	38.5
Capital Employed	296	660	689	640	584	602	581	549	511	221	298	295	154	149	126	-0.1	-9.3
Discontinued Assets	0	0	0	0	0	0	0	0	0	152	0	0	129	0	0	na	na
Cash & Equivalent	35	42	32	110	72	44	35	79	51	34	39	51	43	98	99	3.4	52.1
Gross Debt	75	263	278	275	198	155	124	148	127	116	114	108	106	6	6	3.4	-77.1
Equity	216	285	284	318	312	345	351	345	287	143	208	222	203	227	205	0.3	0.6
Growth (%)																	
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	-94	393	43		
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	na	-67	na	na	na		
FCF	68	-51	-36	491	na	na	92	-6	na	na	-100	18859	na	na	na		
NWCC	2	-57	-24	na	-20	-49	19	72	-38	99	-58	-39	-2	-79	794		
Shareholder Equity	8	32	0	12	-2	11	2	-2	-17	-50	45	7	-9	12	-9		
Financial Ratios																	
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	6	0	2	3	
EBIT margin (%)	8	9	7	4	4	4	9	6	2	-4	2	5	2	-5	-3	-3	
Net margin (%)	5	4	2	2	-1	4	2	0	-9	-47	22	8	-4	56	0		
Opex/Sales (%)	90	87	89	92	92	88	91	94	94	94	92	94	94	98	97		
Depreciation/Sales (%)	3	3	3	3	3	3	2	2	2	3	3	3	4	4	5		
Depreciation/EBITDA (%)	30	25	29	37	42	22	22	34	41	45	52	63	1126	252	199		
Tax rate (%)	40	48	55	31	-84	37	43	28	-3	-89	-671	-4	-82	0	0		
Capex/Sales (%)	0	8	5	5	3	1	0	1	1	2	2	2	3	6	3		
FCF/Sales (%)	8	3	2	9	-1	3	6	6	-1	9	0	2	-10	-7	0		
WCR/Sales (%)	0	4	1	8	-1	-3	1	2	-2	1	-6	-3	0	-4	2		
WCC/Sales (%)	8	3	2	-6	-6	-3	-3	-6	-4	-17	-7	-5	-5	-1	-10		
Capital Employed/Sales (%)	60	108	90	82	83	85	79	77	75	74	102	106	59	60	53		
Gearing (%)	17	74	83	50	39	31	25	19	26	56	36	26	31	-41	-45		
Net Debt/EBITDA (x)	0.7	2.8	3.0	2.4	2.4	1.4	1.3	1.5	1.8	4.2	3.5	62.2	-18.7	-13.2			
ROCE post-tax (%)	9	6	3	3	3	6	3	1	6	8	32	8	-12	-2	-1		
ROE (%)	11	10	6	5	-1	9	4	-1	-18	-66	37	10	-5	65	0		
Dividend Payout (%)	33	33	52	0	0	22	30	0	0	0	10	30	0	47	0		
Valuation																	
Market Capitalisation (€m)	517	579	669	393	184	248	275	185	155	162	208	319	305	317	317	-4.3	1.9
+ Net Financial Debt (€)	40	222	246	165	127	111	89	70	76	82	76	57	63	-93	-94	3.3	na
+ Restated Min. + others (€m)	36	38	38	22	15	17	16	14	35	20	10	10	10	10	10	-11.0	0.4
- Associates & Inv. (€m)	17	16	11	12	10	11	12	14	14	123	176	167	20	20	20	22.9	0.0
= Enterprise Value (€m)	576	824	942	568	316	365	369	254	253	141	118	219	358	214	213	-8.4	-22.8
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	1.4	0.9	0.9		
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	355.6	43.1	30.0		
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	-27.6	1.6	-30.2		
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	-13.7	-12.9	212.3		
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	2.3	1.4	1.7		
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	-27.7	2.3	-995.8		
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	1.5	1.4	1.5		
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	-8.6	-5.2	0.3		
Per share data																	
# of shares	996	1101	1104	1313	1313	1313	1314	1314	1314	1314	1314	1314	1314	1314	1314	2.6	0.0
# of avg sh. (FD, ex-treas.)	992	1096	1103	1326	1343	1342	1321	1318	1305	1297	1307	1303	1303	1303	1303	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	23.20	24.10	24.10	-6.7	1.9
EPS	2.27	2.26	1.44	1.04	-0.31	2.31	1.17	-0.19	-4.44	-1.10	4.92	1.65	-0.84	10.66	-0.02	-2.9	-83.0
EPS FD	2.27	2.26	1.44	1.04	-0.31	2.31	1.17	-0.19	-4.44	-1.10	4.92	1.65	-0.84	10.66	-0.02	-2.9	-83.0
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	15.45	17.24	15.63	-2.2	0.6
DPS	0.75	0.75	0.75	0.00	0.00	0.50	0.35	0.00	0.00	0.00	0.50	0.50	0.00	5.00	0.00	-3.6	na

Source: Company data, Merodis Equity Research

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All communication regarding this Report and requests for additional information should be directed to Merodis:

Arnaud W. Goossens
Partner
ago@merodis.com

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