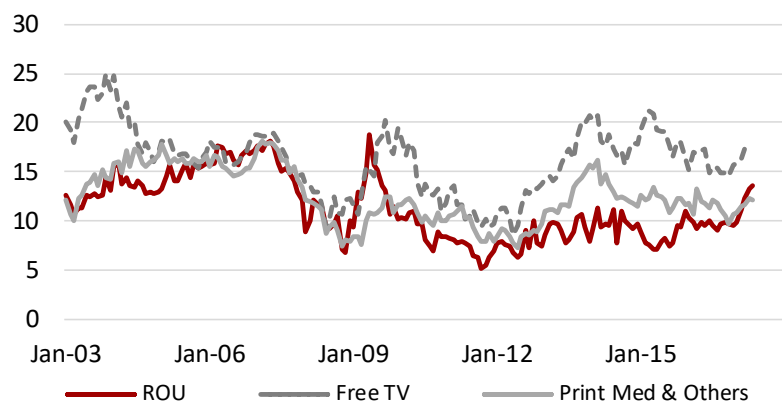




Roularta P/E vs European peers: narrowing discounts



€m	2013	2014	2015	2016	2017e	2018e	2019e
Sales	677.1	300.1	291.9	278.6	270.7	265.9	261.0
EBIT	-49.2	3.9	12.3	6.7	7.1	6.4	10.2
Net profit	-57.9	-142.5	64.4	21.5	22.2	22.5	32.0
EPS (€)	-4.44	-10.98	4.92	1.65	1.70	1.72	2.46
DPS (€)	0.00	0.00	0.50	0.50	0.55	0.60	0.90
P/E (x)	na	na	3.2	14.7	14.4	14.3	10.0
Yield (%)	0.0	0.0	3.2	2.1	2.2	2.4	3.7
Adj. EV/EBIT (x)	na	36.0	9.6	32.7	30.3	29.9	17.4

Source: Merodis Equity Research, Factset  
Pricing date: 31/05/2017

# Market review and peer benchmarking

2 June 2017

## Key monthly insights

### Trading update reveals Belgian ad spend weakness

Roularta published, for the first time, a trading update on 16 May, ahead of its AGM, regarding business developments since the beginning of the year. In addition to updating the market on two important projects that appear to be on track (Storesquare and local freesheets transition plan), Roularta also confirmed, in line with Nielsen's recently released figures, the very volatile ad spend environment, with a 5-10% decline in the first four months of 2017 which was felt across all Belgian media (TV, Print and Online - except Radio). This is a stronger-than-expected drop (we expected -2% in H1 2017), which even exceeds historical declines in H1 that ranged from -3% to -5% at worst. The weakness is driven by certain sectors such as banks, healthcare and FMCG. FMCG, in particular, is a major TV ad spender, which is impacted by cost-cutting programmes by large advertisers such as P&G and Unilever.

### We revise our earnings estimates accordingly

As a reminder, ad spend represents 53% of group sales (Print 25% and TV & Radio 28%). Although we were expecting structural weakness in ad spend for Roularta across its markets, the extent of the decline announced in the first four months of 2017 lead us to revise down our Print Media advertising revenue growth estimates for 2017 from -2.5% to -4%, reflecting expectations of a slight improvement over the remainder of the year. We have revised our FY EPS estimates down by 5%, 8% and 10% for 2017e, 2018e and 2019e respectively. All details of our earnings estimates are available on page 18.

### Still trading at a discount to TV peers, but the gap continues to narrow

Our fair equity value is set at €25/share, unchanged from our previous estimate, based on our sum of the parts model (unchanged methodology), driven by a slight sector re-rating among Printed Media peers. Our fair equity value points to 2017e P/E and EV/EBIT multiples of 14.6x and 10.1x, respectively. The stock currently trades at a premium to Printed Media peers on consensus estimates (15% P/E and 2% EV/EBIT premiums on 2017 forecasts) vs. average discount in excess of 20% since 2012. Compared to free-TV peers, Roularta still trades at a 17% discount although 80% of the company's profits are generated by Mediaaan, a strongly-positioned free TV player in Belgium. We see two factors that provide support to Roularta's share price: (1) the media sector M&A rerating which is underway and (2) an improvement in the underlying profitability of Roularta, culminating in the expected 43% EPS jump in 2019e. Roularta is investing heavily in Storesquare (estimated €4m pa opex investment to 2019e, 20% of its underlying consolidated EBITDA). As it is too early to value Roularta's 70% stake in Storesquare, we have opted to exclude the impact of the investments from our SOTP model. Looking beyond 2018, our 2019-based SOTP points to fair value at €27/share (including a liquidity discount) to €32/share (without a discount).

## 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

- ➔ Monday, 21 August 2017: Announcement of 1H17 results (08.15AM CET; Analyst meeting at 2PM)
- ➔ Monday, 12 March 2018: Announcement of FY17 results (08.15AM CET; Analyst meeting at 2PM)
- ➔ Tuesday, 15 May 2018: AGM (Roeselare, Belgium)

## Access to our recent research reports on Roularta

- ➔ ["Back on its feet" \(initiation\), 14 October 2015](#)
- ➔ ["All eyes on 2019" \(update\), 3 April 2017](#)
- ➔ ["April 2017 market review" \(monthly dashboard\), 2 May 2017](#)

## Company description

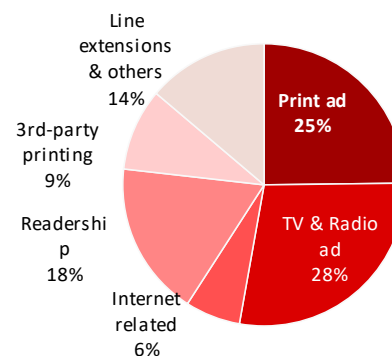
**Roularta** is Belgium's leading media company offering:

- (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).

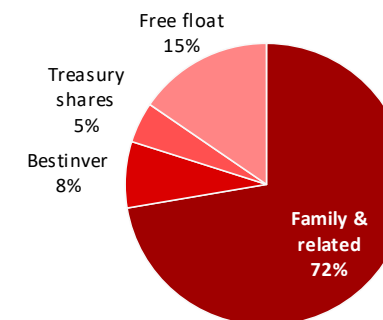
Combined group sales are almost entirely generated in Belgium through: (1) TV and radio advertising (28% of group), (2) print media advertising (26%), (3) readers market including subscriptions (21%), (4) third-party printing (9%) and (5) other sources of revenues including line extensions, rights and 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. Medialaan's contribution weighs 73% of combined EBIT and 80% of the group's net profit. We value the stake in Medialaan alone at EUR19/share (see page 9), 77% of the estimated equity value.

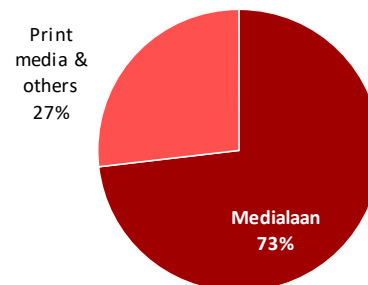
## Combined sales breakdown (2016)



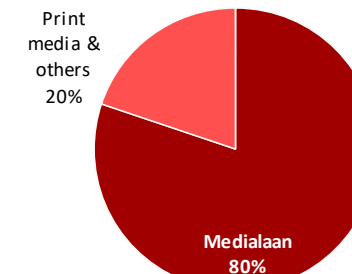
## Shareholders



## Combined EBIT breakdown (2016)



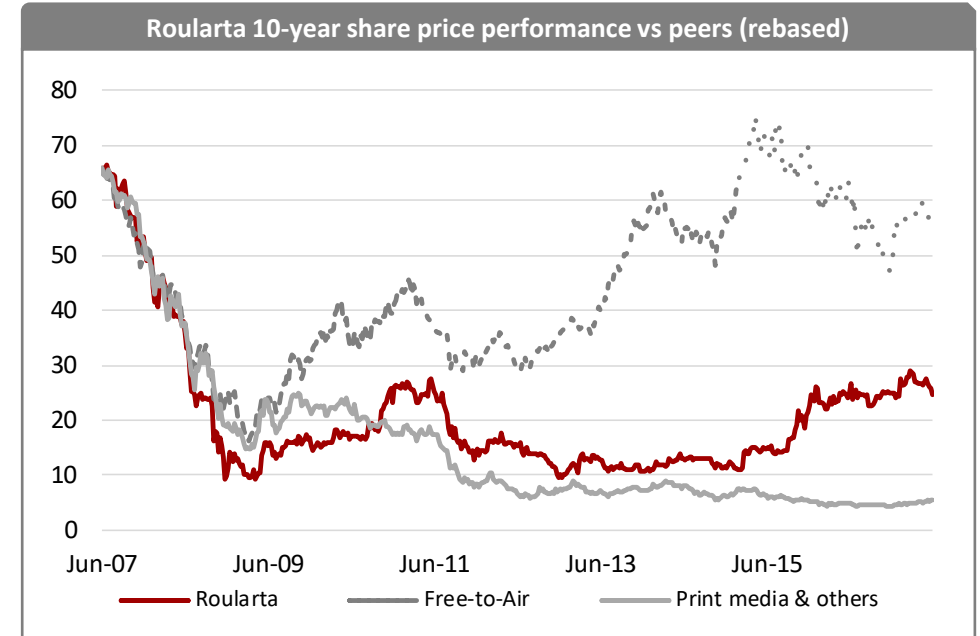
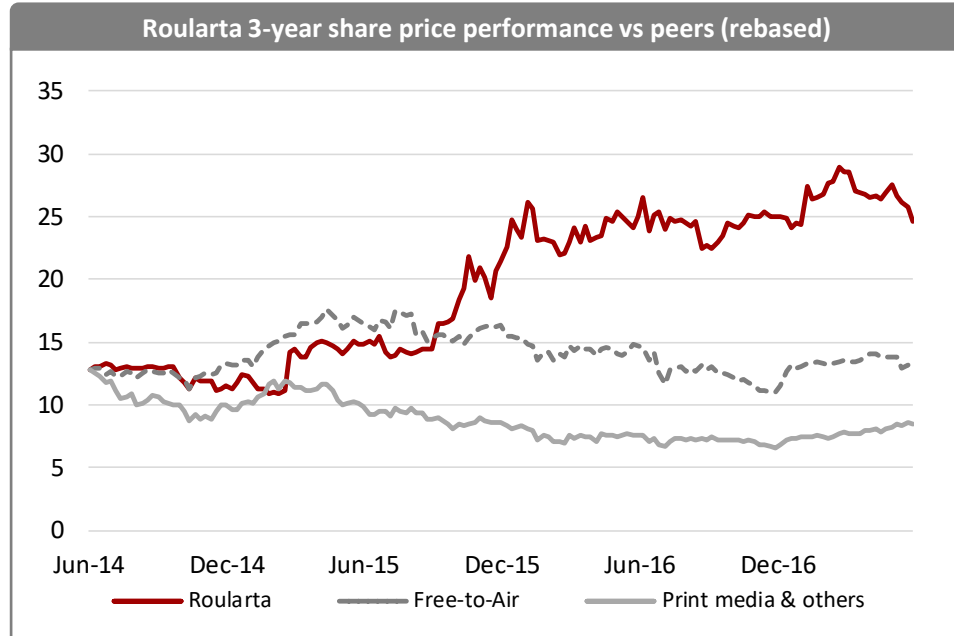
## Consolidated net profit breakdown (2016)



Source: Merodis, Factset

# Share price performance

Slightly under pressure following 2H16 results, but fundamental remain strong



Source: Merodis, Factset

# Analyst Recommendations, Earnings Expectations

Consensus has tipped

## Consensus view

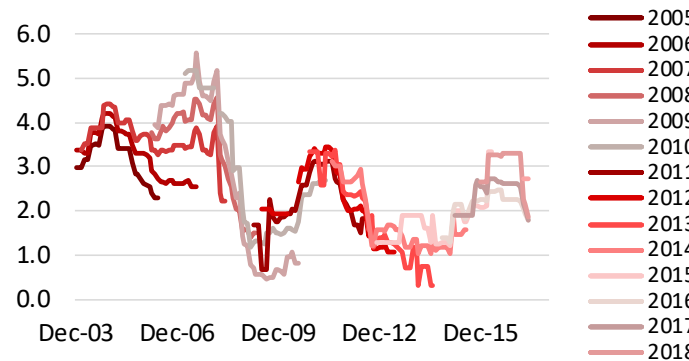
Consensus EPS estimates for Roularta have been severely revised down again, following the trading update of 16 May and the weakness in ad spend reported over the first four months of 2017.

Consensus currently expects a 2017e EPS of €1.77 (revised down by 12% m-o-m) which compares to our new forecast of €1.70 (was €1.80), while 2018e earnings are expected to come in at €1.87 (revised down by 12%) vs. our new forecast of €1.72 (was €1.88). 2019e consensus EPS estimates available on Factset remained unchanged at €2.72 which compares to our new forecast of €2.46 (was €2.72), still reflecting 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.

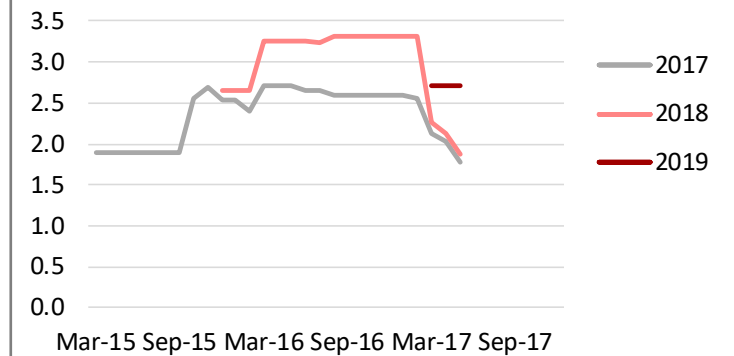
Roularta's share price is down 9% in May, impacted by the weak start of the year in terms of ad spend. The stock underperformed its Printed Media and Free-TV peers (+5% and -4% m-o-m each respectively). The stock has underperformed its Printed Media peers since the beginning of the year (+1% vs. +15% for peers). Roularta's share price is up 1% over the last 12 months, also below the Printed Media sectors' +12%, albeit beating the Free TV sector's -12%. The shares' low over the last 12 months was €22.50 (24 August 2016), 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 Hold (downgraded from Overweight after the trading update) and Buy respectively. The highest price target for Roularta among the analyst community is currently €34.

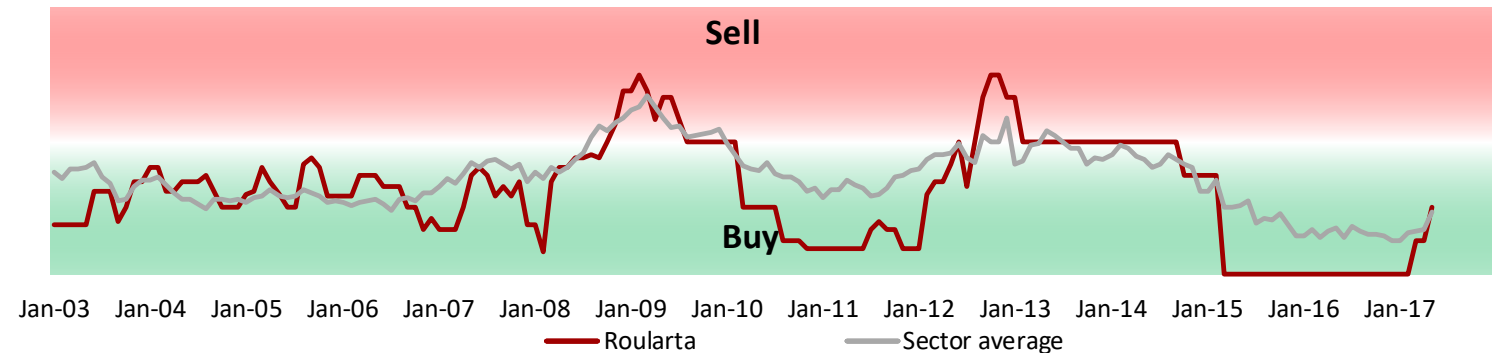
## EPS Worms (€/share)



## Consensus EPS 2016-18 (€/share)



## Analyst recommendations vs peer average



Source: Merodis, Factset

# Sector benchmarking analysis

Benchmarking the two key activities

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
Impresa	36	0.09		2%	8.3	7.2	6.6	10.1	10.8	10.6	8.5	9.3	9.3	3.4	4.2	4.3	4.8	5.7	5.9	16.3	5.7	3.2
Spir	29	0.03	-16%	3%	12.9	6.0		0.9	2.2		-2.5	-1.2		-1.4	-0.1		-36.7	-4.7				
Solocal	100	2.88	27%	9%	1.4	1.1	0.7	27.4	28.1	28.8	19.6	20.6	20.9	9.1	11.1	11.6				5.9	3.6	1.1
Gruppo Editoriale L'Esp.	22	0.29	61%	1%	-0.7	-1.0	-0.4	9.1	10.0	10.9	6.1	7.0	7.9	3.1	3.9	4.8	3.9	4.8	5.8	23.2	9.5	-0.1
Mondadori	50	1.01	29%	1%	2.0	1.5	1.2	8.5	8.8	9.0	6.0	6.2	6.4	2.8	3.0	3.3	10.8	11.3	11.1	11.6	3.3	0.4
RCS	16	1.12	-103%	5%	2.5	1.8	1.2	14.2	16.1	16.4	8.5	10.5	11.0	4.0	5.9	6.8	30.7	31.8	28.8		8.2	0.5
Vocento	51	0.30	48%	2%	1.3	0.9	0.5	10.2	11.4	11.7	5.4	7.3	7.8	2.3	3.7	4.2	4.1	5.9	6.2	31.2	6.7	-0.2
Telegraaf	12	0.44	363%	2%	-2.0	-1.4		5.0	7.7		5.7	5.5		2.6	3.0		2.7	6.4				
Sanoma	35	1.14	136%	3%	1.4	1.3	1.2	25.1	23.4	20.8	11.0	11.5	11.2	-17.2	7.7	7.6	17.1	22.0	19.4	0.7	-11.8	-3.2
Connect	98	0.40	35%	0%	1.3	1.0	0.9	4.3	4.4	4.5	3.2	3.4	3.6	1.8	2.0	2.1	346.3	351.2	290.7	2.4	1.0	-2.2
Tarsus	76	0.48	22%	2%	1.7	2.3	1.1	33.7	31.5	34.7	32.5	29.9	33.3	19.7	14.7	20.3		27.5	41.1	4.0	6.6	5.2
Trinity Mirror	98	0.38	26%	1%	0.0	-0.1	0.6	22.8	23.4	25.2	19.1	19.7	21.6	14.7	15.7	17.3				-2.4	-0.4	-5.3
Wilmington	85	0.77	40%	3%	1.7	1.1	0.6	21.9	23.3	23.7	19.9	21.4	21.8	9.1	11.0	11.5	44.2	63.0		16.3	12.6	8.2
Independent News	70	0.17	19%	1%	-2.5	-3.0	-3.5	13.9	13.9	13.5	11.7	11.7	11.2	10.2	10.1	10.2	36.5	27.5	20.0	-3.6	-1.8	-0.3
Eniro	96	0.11	-37%	4%																		
Axel Springer	40	8.28	30%	4%	1.9	1.3	1.0	18.7	19.7	20.1	13.5	14.5	15.1	7.9	8.6	9.0	12.4	13.5	14.8	10.6	7.1	3.4
<b>PRINT MEDIA AVERAGE</b>	<b>57</b>	<b>1.12</b>	<b>45%</b>	<b>3%</b>	<b>2.1</b>	<b>1.3</b>	<b>0.9</b>	<b>15.1</b>	<b>15.7</b>	<b>17.7</b>	<b>11.2</b>	<b>11.8</b>	<b>13.9</b>	<b>4.8</b>	<b>7.0</b>	<b>8.7</b>	<b>39.7</b>	<b>43.5</b>	<b>44.4</b>	<b>9.7</b>	<b>3.9</b>	<b>0.8</b>
<b>PRINT MEDIA MEDIAN</b>	<b>50</b>	<b>0.42</b>	<b>29%</b>	<b>2%</b>	<b>1.4</b>	<b>1.1</b>	<b>0.9</b>	<b>13.9</b>	<b>13.9</b>	<b>16.4</b>	<b>8.5</b>	<b>10.5</b>	<b>11.2</b>	<b>3.4</b>	<b>5.9</b>	<b>7.6</b>	<b>11.6</b>	<b>13.5</b>	<b>17.1</b>	<b>8.3</b>	<b>5.7</b>	<b>0.4</b>
Roularta (combined)	25	0.10	32%	2%	0.5	0.0	-0.2	11.3	11.6	13.6	7.6	7.8	9.1	4.7	4.8	6.8	9.8	9.3	12.7	20.1	9.2	-0.3
% prem./(disc.) vs median	-50	-75.1	10.2	-17.7	-63.7	-96.1	-119.7	-18.4	-16.8	-17.3	-10.4	-25.9	-18.8	38.6	-18.6	-9.9	-15.2	-30.9	-25.7	143.8	60.2	-188.6
Roularta (consolidated)	25	0.10	59%	3%	2.0	0.5	-0.2	6.4	6.4	9.1	2.6	2.4	3.9	8.2	8.4	12.3	9.8	9.3	12.7	20.1	17.1	-1.8
% prem./(disc.) vs median	-50	-75.1	103.8	31.7	37.1	-54.8	-124.1	-53.9	-54.3	-44.7	-69.0	-77.2	-65.4	141.5	43.9	61.5	-15.2	-30.9	-25.7	143.8	198.2	-603.1
<b>FREE TV</b>																						
TF1	48	2.88	26%	3%	-0.8	-0.9	-1.1	15.4	14.5	17.0	8.7	7.8	10.4	5.8	5.1	7.1	8.5	7.5	9.9	10.8	7.2	2.0
M6	51	2.34	37%	10%	-0.1	-0.2	-0.3	24.9	24.8	24.2	16.7	16.8	17.0	10.5	10.5	10.6	22.4	22.7	22.6	6.1	3.2	4.7
Mediaset	33	39.80	81%	21%	1.9	1.2	0.8	14.3	20.6	22.9	11.1	16.7	18.6	4.2	7.8	9.1	7.9	13.2	13.4	38.4	21.3	-4.0
Mediaset España	49	15.21	50%	20%	-0.6	-0.7	-0.7	26.6	20.0	29.1	25.1	26.6	27.7	19.8	20.9	21.7	20.5	21.9	22.9	8.9	8.3	3.5
Atresmedia	35	5.48	11%	3%	0.9	0.7	0.6	21.3	22.5	23.5	19.5	20.8	21.7	15.0	15.9	16.7	31.6	34.6	36.2	9.1	8.9	3.5
RTL	24	0.53	15%	4%	0.3	0.2	0.1	21.9	22.1	22.0	18.8	18.9	19.0	11.9	12.0	12.1	24.0	23.6	23.3	4.0	3.5	3.3
Prosieben	98	41.33	17%	4%	1.7	1.5	1.3	25.6	25.6	25.3	20.8	21.0	20.9	12.9	13.1	13.2	40.1	40.7	40.1	7.9	6.6	7.4
ITV	89	37.85	12%	2%	0.8	0.7	0.5	28.7	28.8	29.5	25.5	25.4	26.6	15.8	16.7	19.4	82.6	79.1	70.9	5.1	4.4	3.1
<b>FREE TV AVERAGE</b>	<b>53</b>	<b>18.18</b>	<b>31%</b>	<b>8%</b>	<b>0.5</b>	<b>0.3</b>	<b>0.2</b>	<b>22.4</b>	<b>23.4</b>	<b>24.2</b>	<b>18.3</b>	<b>19.2</b>	<b>20.2</b>	<b>12.0</b>	<b>12.7</b>	<b>13.7</b>	<b>29.7</b>	<b>30.4</b>	<b>29.9</b>	<b>11.3</b>	<b>7.9</b>	<b>2.9</b>
<b>FREE TV MEDIAN</b>	<b>48</b>	<b>10.34</b>	<b>22%</b>	<b>4%</b>	<b>0.6</b>	<b>0.4</b>	<b>0.3</b>	<b>23.4</b>	<b>23.7</b>	<b>23.9</b>	<b>19.2</b>	<b>19.8</b>	<b>19.9</b>	<b>12.4</b>	<b>12.6</b>	<b>12.7</b>	<b>23.2</b>	<b>23.2</b>	<b>23.1</b>	<b>8.4</b>	<b>6.9</b>	<b>3.4</b>
Medialaan (*)			20%	4%	-0.1	-0.2	-0.4	18.5	19.0	20.0	14.7	15.3	16.3	9.6	10.0	10.8	14.4	14.6	15.2	8.0	5.8	1.7
% prem./(disc.) vs median			-5.1	0.9	-113.9	-151.1	-245.7	-21.0	-19.7	-16.2	-23.2	-23.0	-18.0	-22.8	-20.4	-15.0	-37.9	-36.8	-34.2	-5.0	-16.1	-48.5
<b>PRINTING</b>																						
St Ives	89	0.31	58%	2%	2.1	1.9	1.8	9.1	8.9	8.9	6.8	6.5	6.8	0.3	1.6	3.6	13.3	12.6	13.4	-0.3	0.2	1.2
QuadGraphics	86	7.32	-64%	3%	2.2	2.2	2.2	10.8	10.2	10.0	5.2	5.1	5.3	2.1	2.1	2.2	5.6	6.2	4.5	-4.0	-8.9	-5.3
Dai Nippon Printing	65	14.37	54%	5%	7.2	7.2	7.3	7.2	7.2	7.3	2.7	2.8	2.9	2.0	2.0	2.0	2.7	2.8	2.8	na	na	na
<b>PRINTING AVERAGE</b>	<b>80</b>	<b>7.33</b>	<b>16%</b>	<b>3%</b>	<b>2.1</b>	<b>2.0</b>	<b>2.0</b>	<b>9.0</b>	<b>8.8</b>	<b>8.7</b>	<b>4.9</b>	<b>4.8</b>	<b>5.0</b>	<b>1.5</b>	<b>1.9</b>	<b>2.6</b>	<b>7.2</b>	<b>7.2</b>	<b>6.9</b>	<b>-2.2</b>	<b>-4.3</b>	<b>-2.0</b>
<b>PRINTING MEDIAN</b>	<b>86</b>	<b>7.32</b>	<b>54%</b>	<b>3%</b>	<b>2.1</b>	<b>2.0</b>	<b>2.0</b>	<b>9.1</b>	<b>8.9</b>	<b>8.9</b>	<b>5.2</b>	<b>5.1</b>	<b>5.3</b>	<b>2.0</b>	<b>2.0</b>	<b>2.2</b>	<b>5.6</b>	<b>6.2</b>	<b>4.5</b>	<b>-2.2</b>	<b>-4.3</b>	<b>-2.0</b>
Roularta (combined)	25	0.10	32%	2%	0.5	0.0	-0.2	11.3	11.6	13.6	7.6	7.8	9.1	4.7	4.8	6.8	9.8	9.3	12.7	20.1	9.2	-0.3
% prem./(disc.) vs median	-71	-98.6	-41.2	-34.3	-75.8	-97.8	-109.0	24.2	30.3	52.0	46.6	51.2	72.0	141.2	140.7	216.4	75.1	50.8	180.2	-1,028.0	-313.1	-84.3

Source: Merodis, Factset

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

# 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		
<b>PRINT &amp; OTHER MEDIA</b>	Impresa	PORTUGAL	0.29	49	6.9	5.6	5.1	1.1	1.0	0.9	10.7	9.3	8.7	12.6	10.8	9.8	0.3	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	1.19	692	8.3	8.4	7.4	1.3	1.2	1.1	4.6	4.2	3.7	6.5	5.7	5.1				0.0	0.0	0.0		
	Gruppo Editoriale L'Esp.	ITALY	0.86	337	15.2	12.4	10.0	0.5	0.4	0.5	5.4	4.5	4.7	7.9	6.4	6.5	0.6	0.6	0.6	1.4	2.1	2.7		
	Mondadori	ITALY	1.65	432	12.5	10.7	10.0	0.5	0.5	0.4	6.0	5.4	5.0	8.5	7.6	6.9	1.3	1.2	1.1	1.3	1.5	2.6		
	RCS	ITALY	1.36	702	18.3	12.7	10.0	1.1	1.0	0.9	7.8	6.5	5.7	13.0	9.9	8.5	4.8	3.5	2.4	0.0	0.0	0.0		
	Vocento	SPAIN	1.68	203	19.5	12.5	11.3	0.6	0.6	0.5	5.9	5.0	4.5	11.1	7.8	6.8	0.8	0.7	0.7	0.0	0.3	0.9		
	Telegraaf	NETHERLANDS	6.02	279	42.5	17.2		0.6	0.6		11.4	7.3		9.9	10.3		1.1	1.1		1.0	3.0			
	Sanoma	FINLAND	8.29	1,346	12.7	12.2	12.5	1.2	1.3	1.2	4.9	5.4	5.8	11.2	11.1	10.8	2.9	2.5	2.3	3.3	4.0	4.6		
	Connect	UNITED KINGDOM	1.26	312	7.3	6.9	6.9	0.2	0.2	0.2	5.3	5.0	4.8	7.0	6.5	6.2	26.8	22.2	18.5	7.8	8.0	8.1		
	Tarsus	UNITED KINGDOM	2.88	325	10.6	15.6	9.8	3.2	4.0	2.7	9.5	12.6	7.9	9.8	13.2	8.2	4.3	4.3	3.8	3.3	3.5	3.7		
	Trinity Mirror	UNITED KINGDOM	1.04	289	3.0	3.1	3.2	0.5	0.5	0.7	2.0	2.0	2.6	2.4	2.3	3.0				5.5	5.8	6.1		
	Wilmington	UNITED KINGDOM	2.72	238	14.3	11.8	10.5	2.3	2.1	1.8	10.6	8.8	7.7	11.7	9.6	8.3	7.7	7.3		3.1	3.3	3.4		
	Independent News	IRELAND	0.13	180	5.3	5.1	5.7	0.2	0.1	0.1	1.6	1.0	0.7	1.9	1.2	0.8	1.6	1.3	1.0	0.0	0.0	0.0		
Eniro	SWEDEN	0.22	118																					
Axel Springer	GERMANY	55.96	6,038	21.5	19.4	17.6	2.1	2.0	1.9	11.3	9.9	9.2	15.7	13.4	12.3	2.6	2.6	2.6	3.5	3.6	3.7			
<b>PRINT MEDIA AVERAGE</b>					<b>14.1</b>	<b>11.0</b>	<b>9.2</b>	<b>1.0</b>	<b>1.0</b>	<b>1.0</b>	<b>7.7</b>	<b>6.4</b>	<b>5.5</b>	<b>9.2</b>	<b>8.3</b>	<b>7.2</b>	<b>4.3</b>	<b>3.8</b>	<b>3.3</b>	<b>2.0</b>	<b>2.3</b>	<b>2.8</b>		
<b>PRINT MEDIA MEDIAN</b>					<b>12.6</b>	<b>12.0</b>	<b>10.0</b>	<b>0.6</b>	<b>0.6</b>	<b>0.9</b>	<b>6.0</b>	<b>5.4</b>	<b>5.0</b>	<b>9.9</b>	<b>8.7</b>	<b>6.9</b>	<b>1.8</b>	<b>1.9</b>	<b>1.7</b>	<b>1.3</b>	<b>2.1</b>	<b>2.7</b>		
<b>Roularta (combined)</b>					<b>24.60</b>	<b>323</b>	<b>14.4</b>	<b>14.3</b>	<b>10.0</b>	<b>0.8</b>	<b>0.7</b>	<b>0.7</b>	<b>6.8</b>	<b>6.2</b>	<b>5.0</b>	<b>10.0</b>	<b>9.2</b>	<b>7.5</b>	<b>1.4</b>	<b>1.3</b>	<b>1.3</b>	<b>2.2</b>	<b>2.4</b>	<b>3.7</b>
<b>% prem./(disc.) vs median</b>					<b>14.7</b>	<b>18.6</b>	<b>0.2</b>	<b>26.9</b>	<b>25.1</b>	<b>-25.3</b>	<b>13.0</b>	<b>13.3</b>	<b>1.8</b>	<b>1.9</b>	<b>5.9</b>	<b>8.3</b>	<b>-20.9</b>	<b>-31.6</b>	<b>-24.4</b>	<b>74.1</b>	<b>15.8</b>	<b>37.1</b>		
<b>Roularta (consolidated)</b>					<b>24.60</b>	<b>323</b>	<b>14.4</b>	<b>14.3</b>	<b>10.0</b>	<b>0.8</b>	<b>0.7</b>	<b>0.7</b>	<b>12.5</b>	<b>11.3</b>	<b>7.4</b>	<b>30.3</b>	<b>29.9</b>	<b>17.4</b>	<b>1.4</b>	<b>1.3</b>	<b>1.3</b>	<b>2.2</b>	<b>2.4</b>	<b>3.7</b>
<b>% prem./(disc.) vs median</b>					<b>14.7</b>	<b>18.6</b>	<b>0.2</b>	<b>32.3</b>	<b>25.5</b>	<b>-26.3</b>	<b>108.7</b>	<b>107.1</b>	<b>50.0</b>	<b>207.6</b>	<b>244.9</b>	<b>150.4</b>	<b>-20.9</b>	<b>-31.6</b>	<b>-24.4</b>	<b>74.1</b>	<b>15.8</b>	<b>37.1</b>		
<b>FREE TV</b>	TF1	FRANCE	11.42	2,393	18.6	20.4	15.1	1.0	1.0	0.9	6.6	6.8	5.4	11.6	12.6	8.8	1.5	1.5	1.5	3.2	3.1	3.8		
	M6	FRANCE	21.20	2,671	18.8	17.5	16.7	1.9	1.8	1.7	7.7	7.2	7.1	11.5	10.6	10.1	4.1	3.9	3.7	4.2	4.4	4.4		
	Mediaset	ITALY	3.51	3,993	25.7	14.5	13.4	1.4	1.4	1.4	9.6	6.8	6.1	12.4	8.4	7.5	2.0	1.8	1.8	2.2	3.9	3.9		
	Mediaset España	SPAIN	11.96	4,025	19.4	17.7	16.3	3.7	3.6	3.4	14.1	12.7	11.8	14.9	13.4	12.4	4.0	3.8	3.7	4.8	5.3	5.9		
	Atresmedia	SPAIN	11.50	2,596	16.2	14.8	13.6	2.6	2.5	2.4	12.4	11.2	10.3	13.5	12.1	11.1	5.2	5.0	4.9	5.7	5.8	6.1		
	RTL	BELGIUM	69.17	10,623	14.0	13.4	12.9	1.7	1.7	1.6	7.9	7.5	7.1	9.2	8.8	8.3	3.2	3.1	2.9	5.9	5.7	5.9		
	Prosieben	GERMANY	37.80	8,648	15.0	13.9	12.9	2.5	2.3	2.1	9.8	9.0	8.4	12.1	11.0	10.2	5.9	5.4	4.9	5.4	5.8	6.2		
	ITV	UNITED KINGDOM	1.96	7,878	12.3	11.8	11.1	2.8	2.7	2.5	9.7	9.2	8.6	10.9	10.4	9.5	10.2	8.6	7.3	4.1	4.9	5.5		
	<b>FREE TV AVERAGE</b>					<b>17.5</b>	<b>15.5</b>	<b>14.0</b>	<b>2.2</b>	<b>2.1</b>	<b>2.0</b>	<b>9.7</b>	<b>8.8</b>	<b>8.1</b>	<b>12.0</b>	<b>10.9</b>	<b>9.7</b>	<b>4.5</b>	<b>4.1</b>	<b>3.8</b>	<b>4.4</b>	<b>4.9</b>	<b>5.2</b>	
	<b>FREE TV MEDIAN</b>					<b>17.4</b>	<b>14.7</b>	<b>13.5</b>	<b>2.2</b>	<b>2.0</b>	<b>1.9</b>	<b>9.6</b>	<b>8.3</b>	<b>7.8</b>	<b>11.9</b>	<b>10.8</b>	<b>9.8</b>	<b>4.0</b>	<b>3.8</b>	<b>3.7</b>	<b>4.5</b>	<b>5.1</b>	<b>5.7</b>	
<b>Roularta (combined)</b>					<b>24.60</b>	<b>323</b>	<b>14.4</b>	<b>14.3</b>	<b>10.0</b>	<b>0.8</b>	<b>0.7</b>	<b>0.7</b>	<b>6.8</b>	<b>6.2</b>	<b>5.0</b>	<b>10.0</b>	<b>9.2</b>	<b>7.5</b>	<b>1.4</b>	<b>1.3</b>	<b>1.3</b>	<b>2.2</b>	<b>2.4</b>	<b>3.7</b>
<b>% prem./(disc.) vs median</b>					<b>-17.0</b>	<b>-2.7</b>	<b>-26.0</b>	<b>-65.5</b>	<b>-65.1</b>	<b>-64.3</b>	<b>-29.9</b>	<b>-25.2</b>	<b>-35.2</b>	<b>-15.3</b>	<b>-15.1</b>	<b>-23.4</b>	<b>-65.1</b>	<b>-66.7</b>	<b>-65.2</b>	<b>-50.4</b>	<b>-52.3</b>	<b>-35.5</b>		
<b>PRINTING</b>	St Ives	UNITED KINGDOM	0.48	69	3.8	4.0	3.8	0.4	0.4	0.3	4.1	4.0	3.8	5.5	5.4	5.0	0.5	0.5	0.5	5.2	5.2	6.3		
	QuadGraphics	UNITED STATES	22.27	1,158	13.2	11.0	14.3	0.5	0.5	0.5	4.8	5.0	5.3	10.0	9.9	10.0	0.7	0.7	0.6	5.4	5.4	5.4		
	Dai Nippon Printing	JAPAN	1,231.00	738,839	27.2	26.2	25.4										0.7	0.7	0.7	2.6	2.6	2.6		
	<b>PRINTING AVERAGE</b>					<b>14.7</b>	<b>13.8</b>	<b>14.5</b>	<b>0.4</b>	<b>0.4</b>	<b>0.4</b>	<b>4.4</b>	<b>4.5</b>	<b>4.6</b>	<b>7.7</b>	<b>7.7</b>	<b>7.5</b>	<b>0.6</b>	<b>0.6</b>	<b>0.6</b>	<b>4.4</b>	<b>4.4</b>	<b>4.7</b>	
	<b>PRINTING MEDIAN</b>					<b>13.2</b>	<b>11.0</b>	<b>14.3</b>	<b>0.4</b>	<b>0.4</b>	<b>0.4</b>	<b>4.4</b>	<b>4.5</b>	<b>4.6</b>	<b>7.7</b>	<b>7.7</b>	<b>7.5</b>	<b>0.7</b>	<b>0.7</b>	<b>0.6</b>	<b>5.2</b>	<b>5.2</b>	<b>5.4</b>	
<b>Roularta (combined)</b>					<b>24.60</b>	<b>323</b>	<b>14.4</b>	<b>14.3</b>	<b>10.0</b>	<b>0.8</b>	<b>0.7</b>	<b>0.7</b>	<b>6.8</b>	<b>6.2</b>	<b>5.0</b>	<b>10.0</b>	<b>9.2</b>	<b>7.5</b>	<b>1.4</b>	<b>1.3</b>	<b>1.3</b>	<b>2.2</b>	<b>2.4</b>	<b>3.7</b>
<b>% prem./(disc.) vs median</b>					<b>9.5</b>	<b>29.2</b>	<b>-30.1</b>	<b>71.8</b>	<b>65.8</b>	<b>56.9</b>	<b>52.1</b>	<b>38.1</b>	<b>10.4</b>	<b>29.6</b>	<b>19.9</b>	<b>-0.3</b>	<b>101.1</b>	<b>92.4</b>	<b>102.9</b>	<b>-56.8</b>	<b>-52.9</b>	<b>-32.1</b>		

Source: Merodis, Factset

# P/E valuation relative to the sector

Re-rating still driven by sector M&A focus

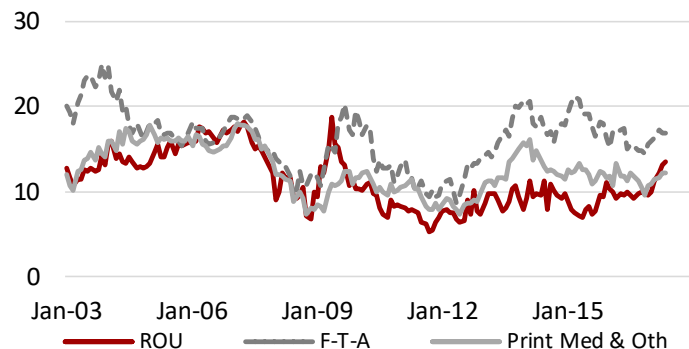
## Valuation

On 2017e consensus EPS estimates, Roularta shares trade at a P/E discount of 17% versus the Free-to-Air Media sector in Europe (flat vs. April). As a reminder, 73% of Roularta's EBIT and 80% of its EPS is generated by Mediaaan, Belgium's #1 commercial TV broadcaster. Compared to the Printed Media sector, Roularta currently trades at a 15% premium versus the Printed Media Sector (this compares to a 8% premium at the end of April). The rerating is driven by the consensus downgrades rather than by the share price performance.

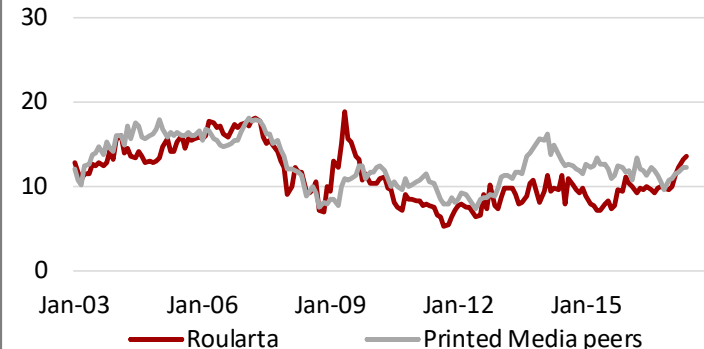
If Roularta's shares were to trade in line with the European media sector, the shares would trade at €29 based on our SOTP (using EV/EBIT multiples), flat m-o-m. Consensus expects Roularta to generate an EPS of €1.77 (2017e), of which c. 80% are expected to come from Mediaaan (of which Roularta owns 50%), while the rest of group earnings is expected to be generated by Roularta's Print Media business.

The Free-to-Air sector currently trades at a P/E ratio of 17.4x 2017e, while the Print Media sector trades at a P/E ratio of 12.6x. Applying consensus earnings estimates to the two divisions, proportionally to their earnings, generates a fair share price of €29 (vs. 32 in April).

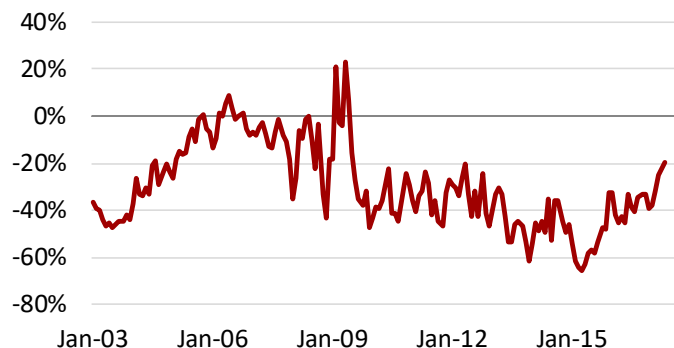
## P/E ratio of Roularta vs. Sectors



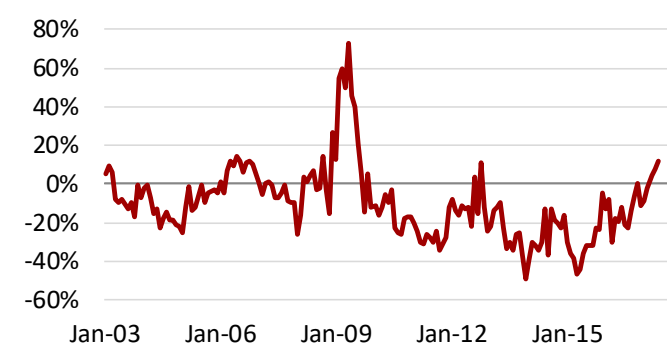
## P/E ratio of Roularta vs. Print Media



## Premium/(Discount) of Roularta vs. Free-to-Air



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



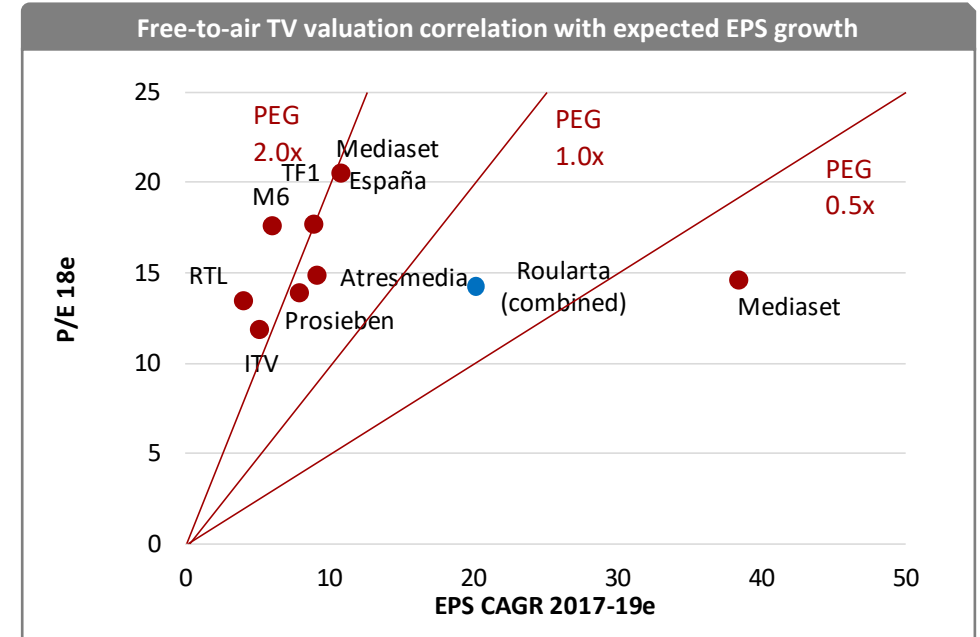
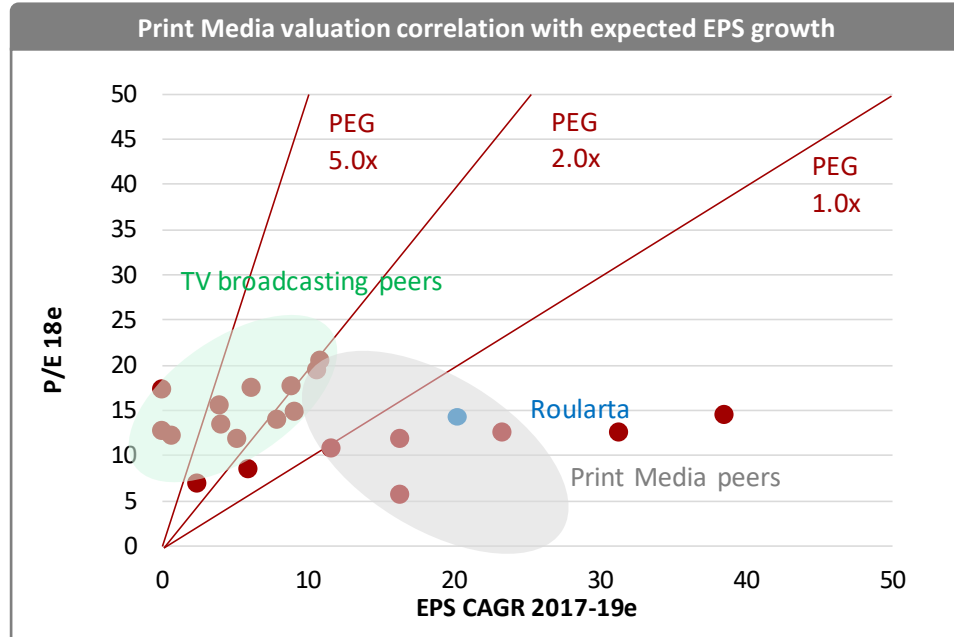
Source: Merodis, Factset



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%	9.2	10.0	7.8		71.6	4.0	16%	79.6	
<b>Group enterprise value</b>						<b><u>71.6</u></b>			<b><u>79.6</u></b>	
- Net Financial Debt/(cash) (17e)						-34.1			-34.1	
- Other liabilities (17e)						-6.0			-6.0	
+ NPV tax asset (balance sheet)						20.8			20.8	
+ Equity value of Mediaaan stake	50%	54.3	15.0	9.2	-5.1	252.2	19.2	77%	296.2	
+ Equity value of Bayard stake	50%	5.0	10.0	7.8	-5.3	22.2	1.7	7%	24.4	
<b>= Estimated market value of equity</b>						<b><u>326.7</u></b>			<b><u>380.8</u></b>	
Total share outstanding (m)						13.1			13.1	
<b>Equity value per share</b>						<b>24.9</b>			<b>29.0</b>	

Source: Merodis, Factset

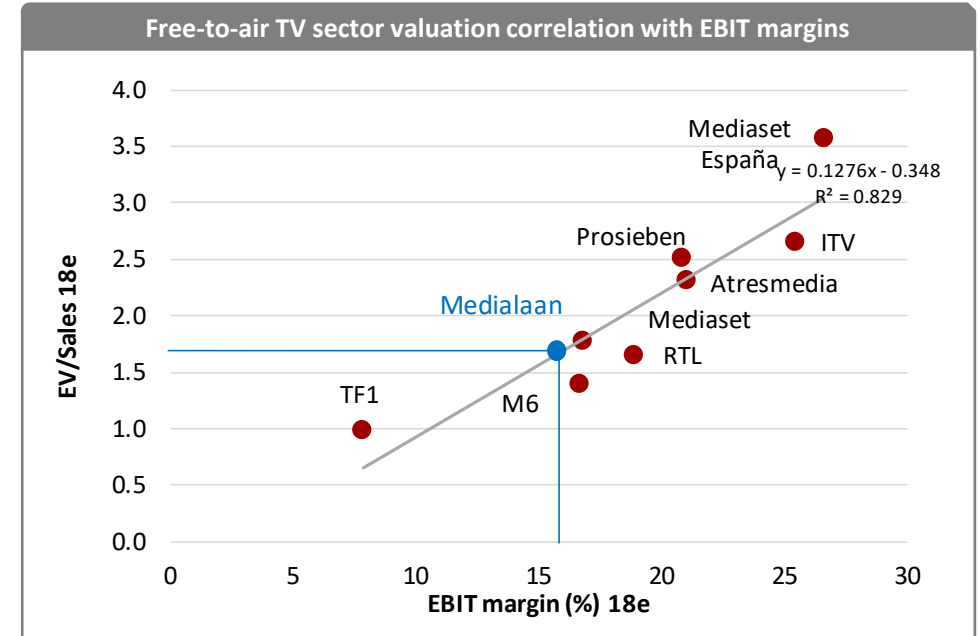
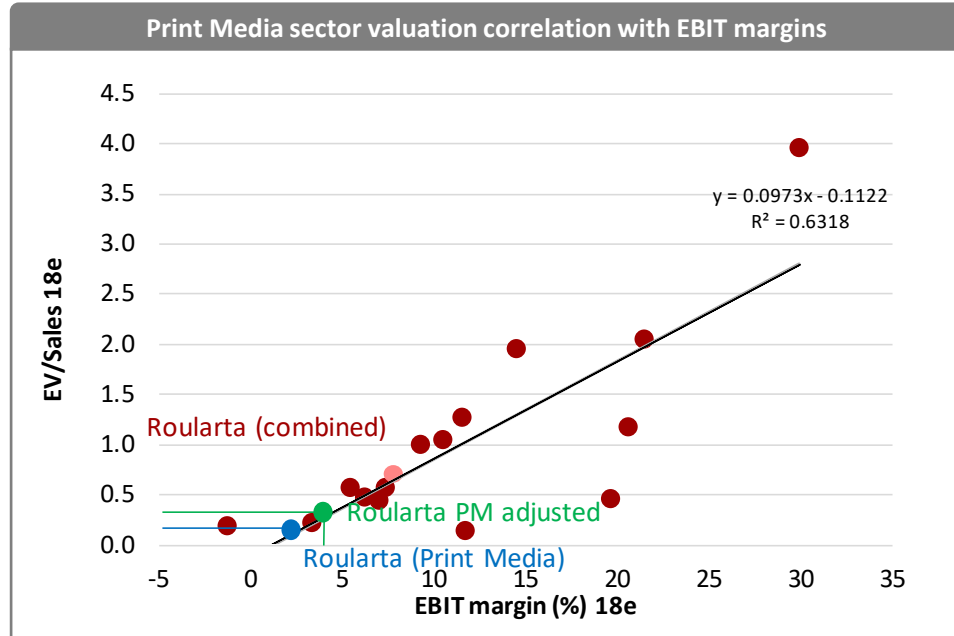
# Divisional valuation indicators



Source: Merodis, Factset

# Divisional valuation indicators

Mediaaan is a key value driver



Source: Merodis, Factset

# Sales growth expectations

Impacted by cyclical and structural effects

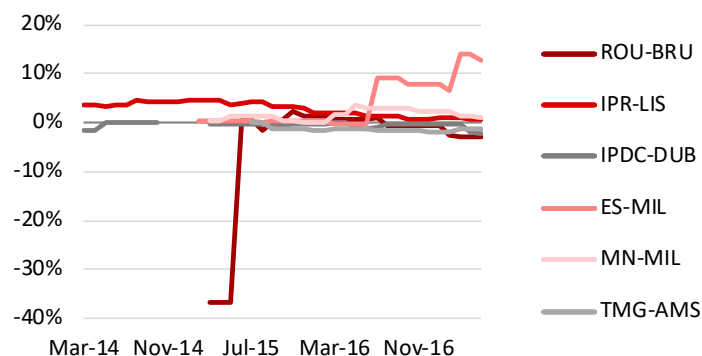
## Expected Sales Growth

At the end of May, consensus expects the European Print Media Sector to grow in sales in 2017 by 2.2%. Sector consensus sales expectations for 2017 have weakened slightly during May, from 2.6%. With respect to 2018 sales growth expectations, consensus remained stable at +0.1%.

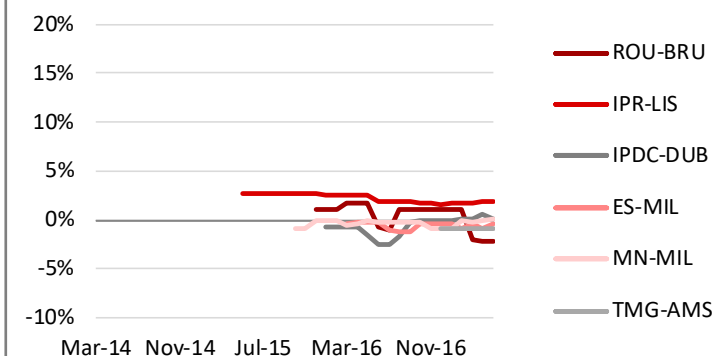
The sector is suffering from the structural impact of online media gaining market share over traditional Printed Media and TV in terms of advertising revenues. This is driven by changes in viewership, which is moving from the traditional media to online.

With respect to Roularta, consensus expects 2017 sales to decline by 3.0% (we expect -2.8%) and to shrink by 2.2% in 2018 (we expect -1.8%).

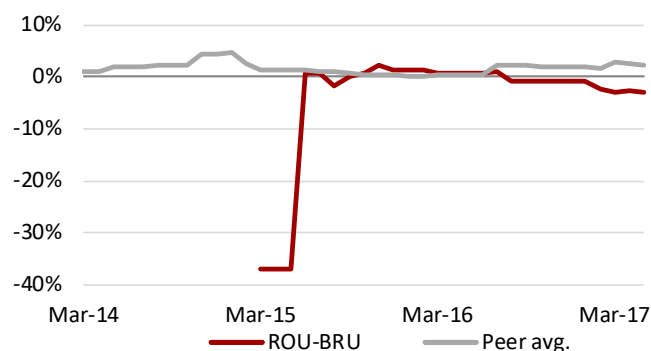
### 2017 expected sales growth (%)



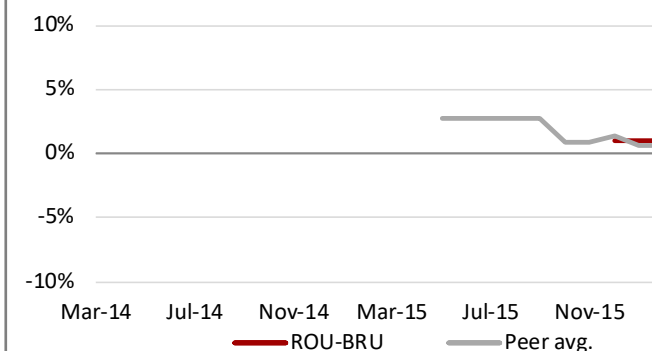
### 2018 expected sales growth (%)



### 2017 expected sales growth, Roularta vs. peers



### 2018 expected sales growth, Roularta vs. peers



Source: Merodis, Factset

# EBITDA growth and margin expectations

Renewed focus on core activity

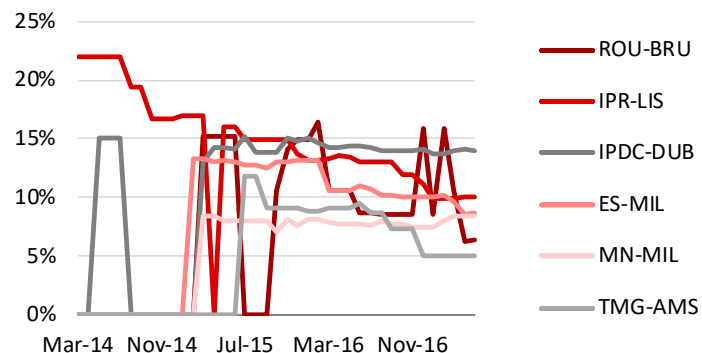
## EBITDA expectations

During the month of May, expected annual EBITDA growth in 2017e for Roularta returned to a negative 1.5% by the analyst community, (from +6.3% expected in April) while consensus expects flat EBITDA growth in 2018e (also down versus previous months). Interestingly, margin expectations have fallen below the sector average for both years.

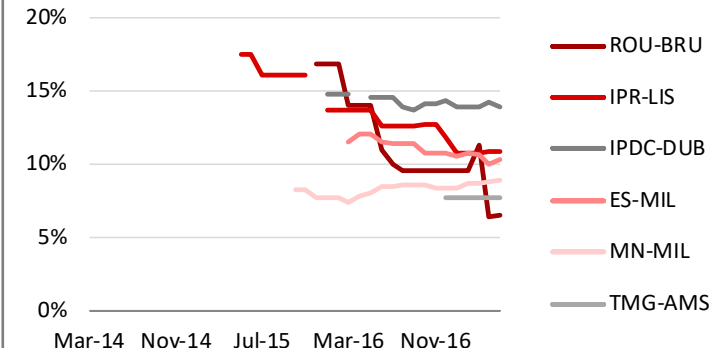
Note that consensus changes to EBIT or EBITDA at Roularta are not interpretable in a straightforward manner.

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 Medialaan, whereby 50% of Medialaan's net profit is accounted for in Roularta's EBITDA and EBIT, but where its sales are not accounted for in its top-line, which inflates Roularta's EBITDA margins versus the Sector average. 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.

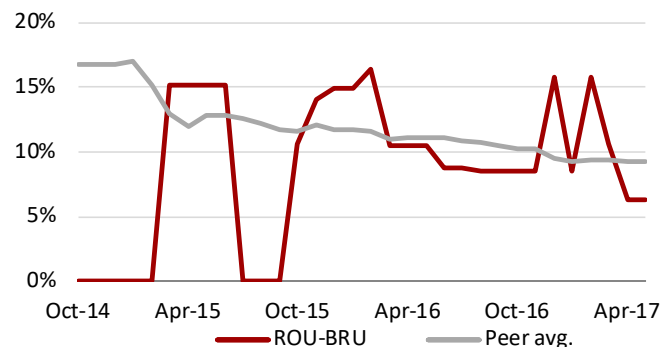
## 2017 expected EBITDA growth (%)



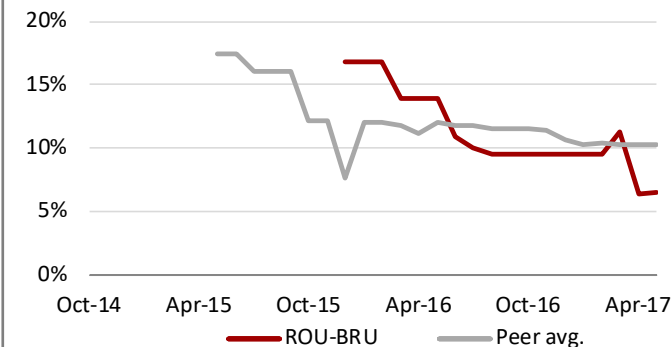
## 2018 expected EBITDA growth (%)



## 2017 expected EBITDA margin, Roularta vs. peers



## 2018 expected EBITDA margin, Roularta vs. peers



Source: Merodis, Factset

# Consensus payout expectations

Expectations are stable

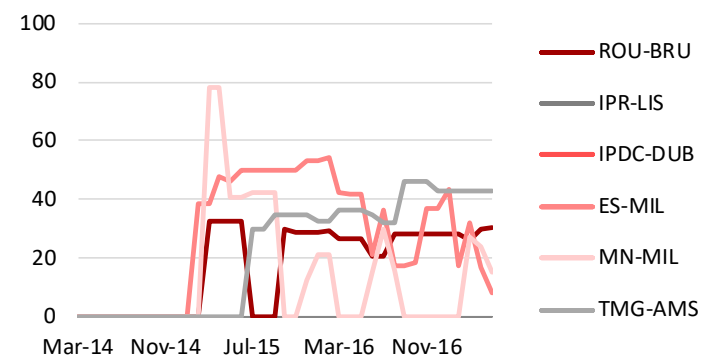
## Dividend payout

In 2016, Roularta has paid a dividend of €0.50 per share, which represents a cash outlay of €6.2m and a payout ratio of 9.7% on the reported EPS (20% of the normalised EPS). The 2016 proposed dividend is flat, at €0.50, while we were forecasting €0.75 on higher expected results. The payout for 2016 is at 29%.

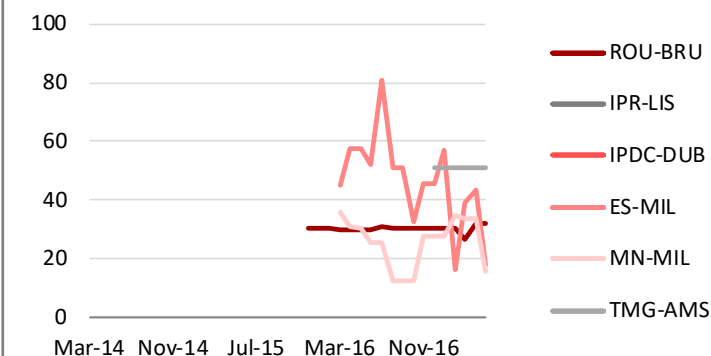
Roularta confirmed the targeted pay-out ratio of 30% in the future, which is in line with its average payout ratio prior to its acquisition in France of c32% (2002-2006) and broadly in line with the Sector average.

Consensus currently expects Roularta to pay out 32% of its earnings in 2017-18e, which is a slight upgrade to previous expectations of roughly 30% payout. The expected payout at Roularta exceeds that of its sector peers.

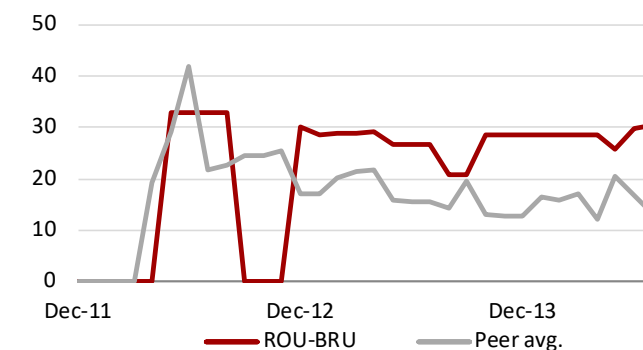
2016 expected Payout, Sector



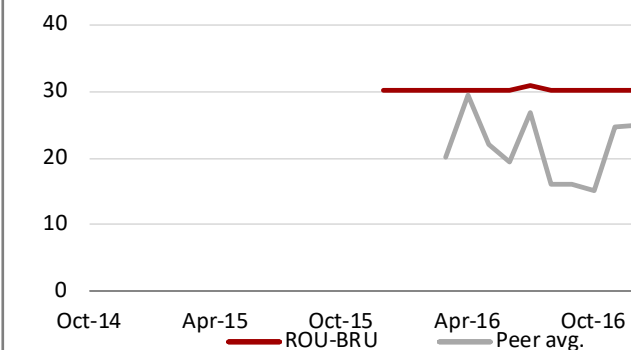
2017 expected Payout, Sector



2016 expected payout, Roularta vs. Peers



2017 expected payout, Roularta vs. Peers



Source: Merodis, Factset

## Net-debt-to-EBITDA

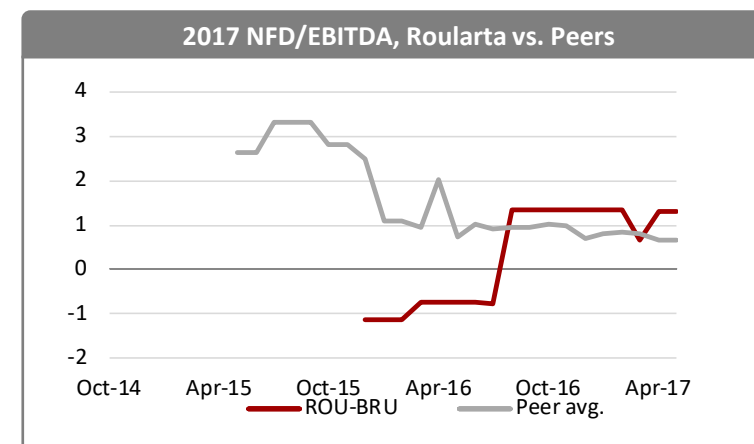
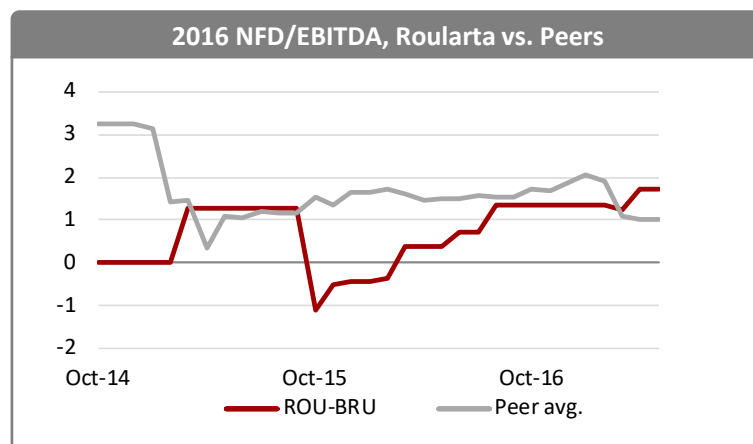
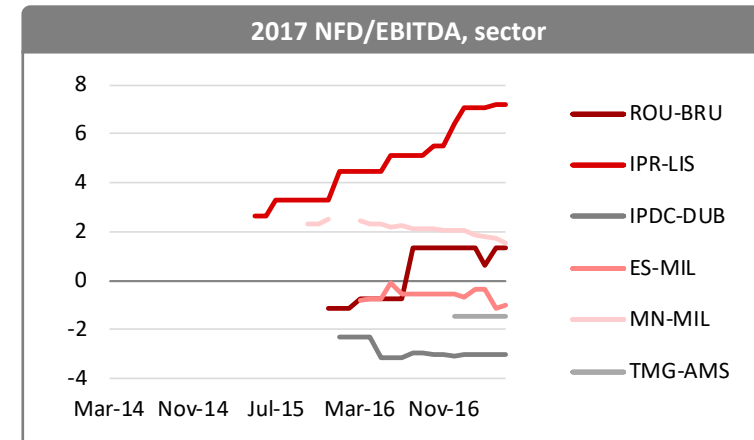
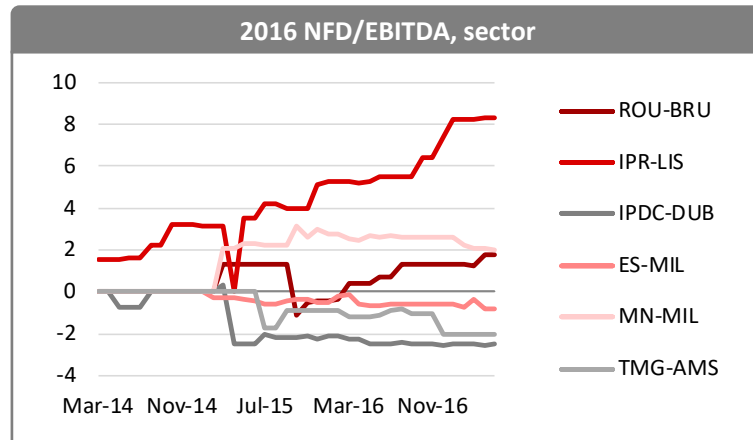
The level of expected financial leverage in the Media Sector was high in 2011 and 2012 and again in 2014 (where it exceeded 2.2x), but trended down until May 2016 to c. 1.2x, in terms of Net-financial-debt-to-EBITDA. Roularta's ratio has exceeded 2x only during 2014 and is expected to remain roughly flat during the current year and next.

At the end of May, consensus expects Roularta's net-debt-to-EBITDA ratio at 1.7x for 2017e, above the sector average of 1.0x.

For 2018e, the analyst community expects Roularta's Net-Debt-to-EBITDA ratio of 1.3x versus a ratio of 0.6x for the sector as a whole.

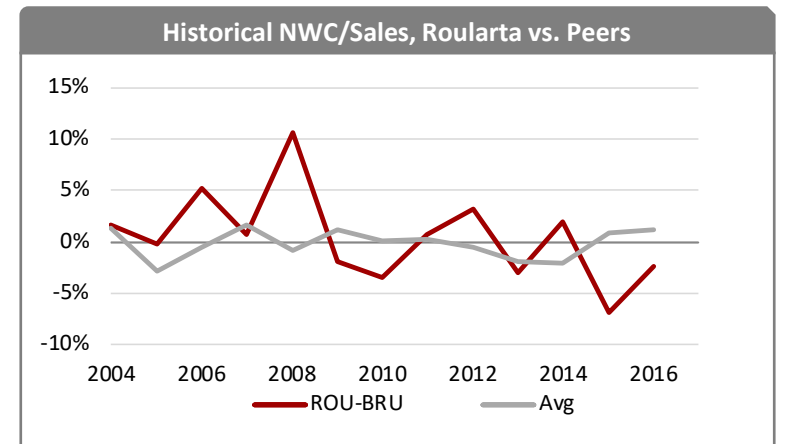
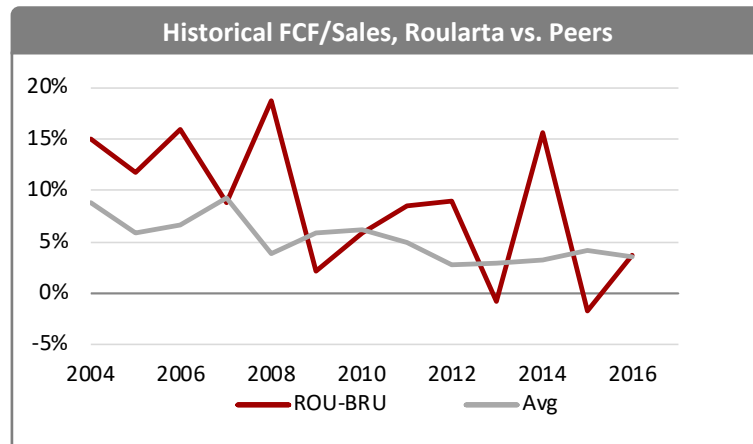
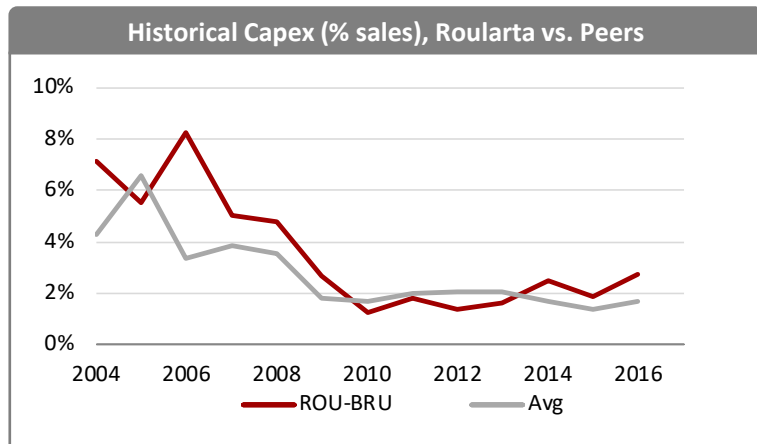
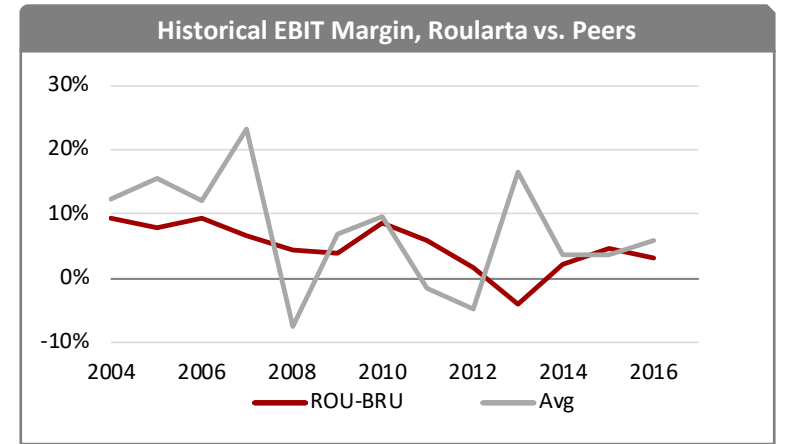
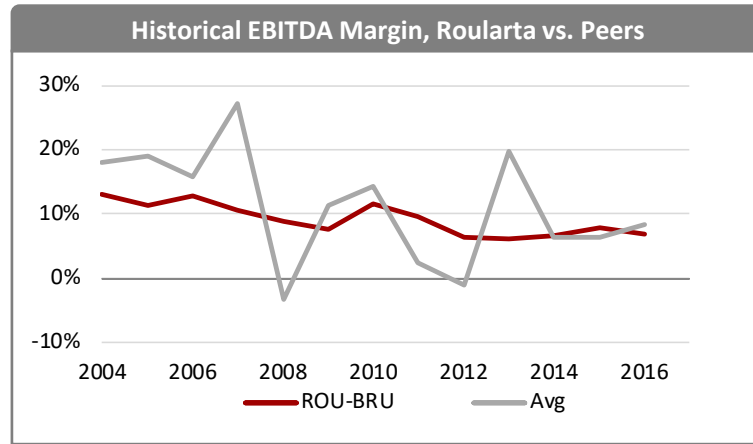
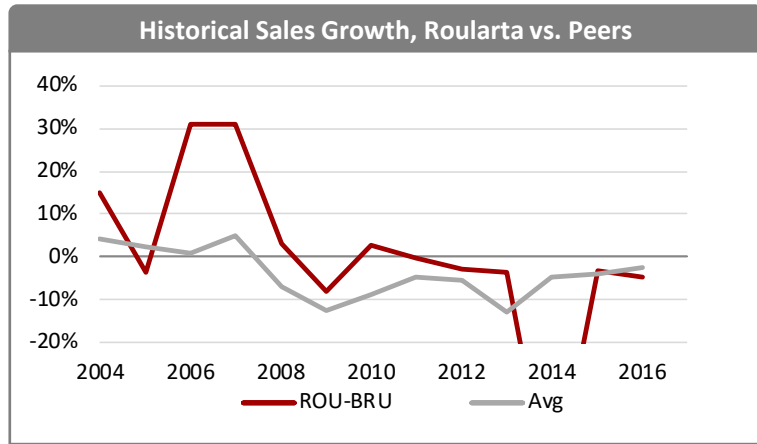
We expect Roularta to report a net cash position as from 2019e (€5.3m), compared to a reported net debt position of €57m at the end of 2016.

The fact that Roularta is expected to be able to deleverage its balance sheet at such a speed represents a good starting point for bolt-on acquisitions (digital-media-related).



Source: Merodis, Factset

# Historical P&L, CF and Balance Sheet Performance

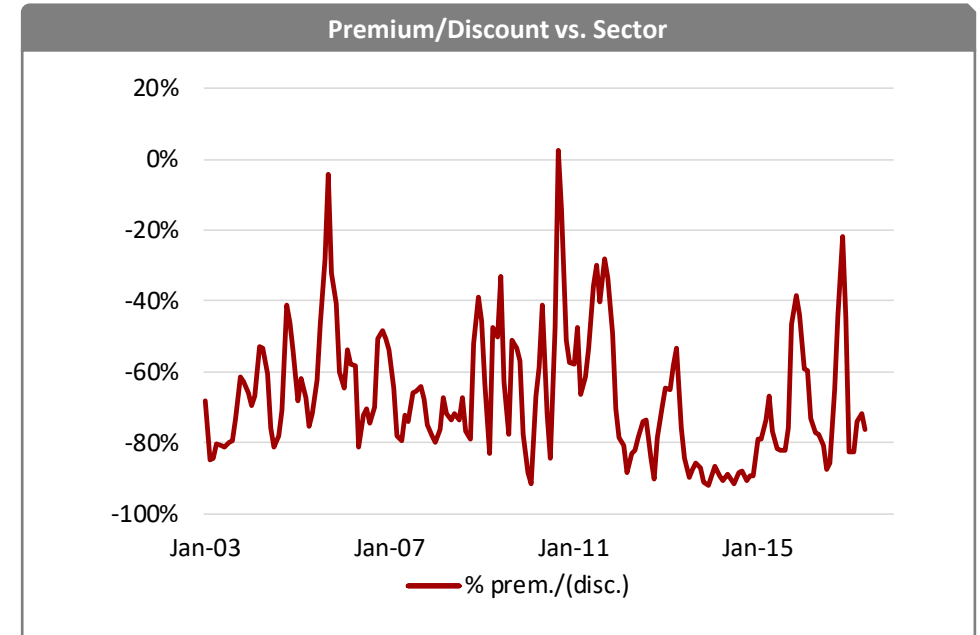
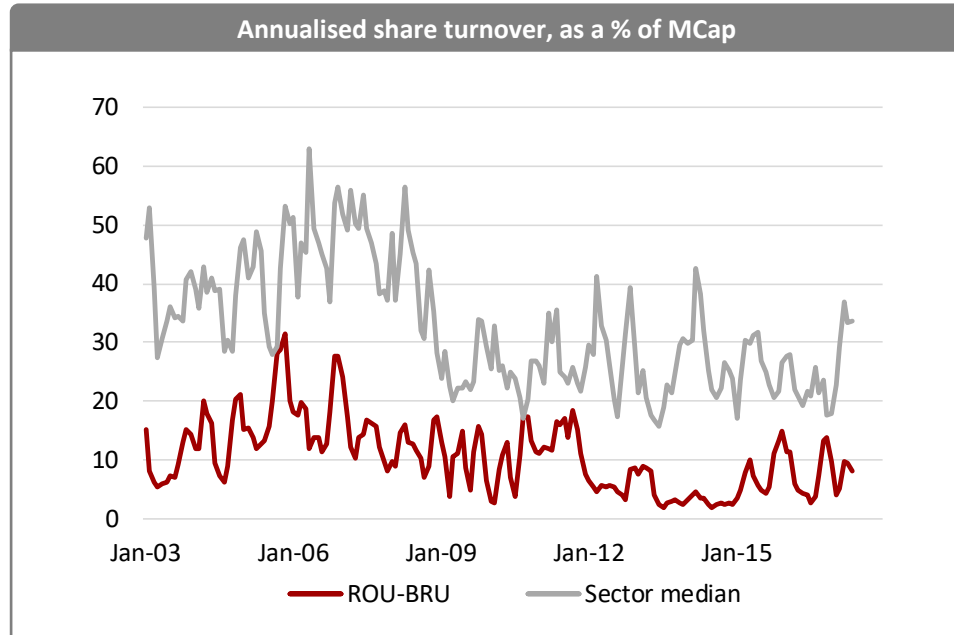


Source: Merodis, Factset



# Share liquidity

Trending back up, but well-below peers



Source: Merodis, Factset



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