Roularta Media Group

BELGIUM
Bloomberg: ROU:EN
Reuters: RLRT.BR

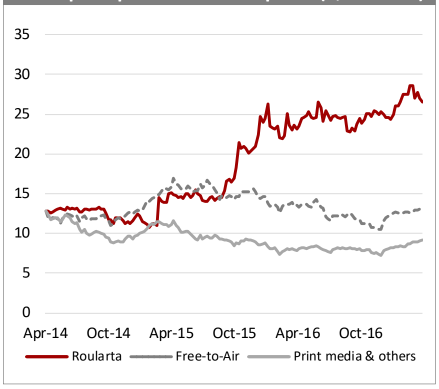
Equity Research Report

3 April 2017

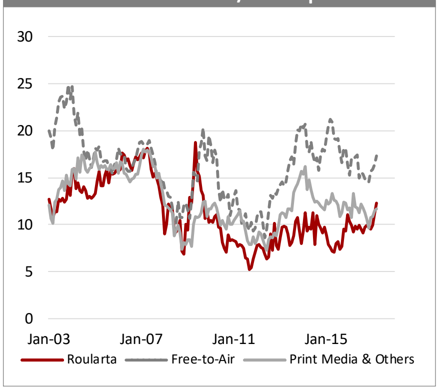
Estimated fair value per share: €26.00
Closing price (31 March 2017): €26.55

All eyes on 2019

Share price performance vs. peers (€, rebased)



12M-forward P/E multiple



Important Note

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

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2H16 below expectations

Roularta reported 2H16 results that came in below our forecasts due mainly to margin weakness from higher-than-expected start-up losses at Storesquare, higher IFA amortisation and lower Printed Media advertising revenues. Sales at equity-accounted Medialaan dropped in 2H16 compared to a strong 1H16, reflecting a slowdown in TV advertising despite a strong performance in online video advertising.

Earnings revised down on Print Media ad weakness and significant digital launching costs

Guidance is prudent and purely qualitative. So far in 2017, ad spend trends are similar to those of 2016 (ie. down in Printed Media and TV, up in Online). Readership is flat (vs. down in FY16). The group expects further launching costs within its digital platforms (Storesquare.be and Digilocal), but with overall focus on cost control. We have cut our earnings forecasts by 35% and 42% for 2017e and 2018e EPS respectively, to reflect the ongoing weak advertising environment as well as higher digital launching costs (mainly Storesquare). Profitability at 50%-owned Medialaan should also remain under some pressure from recent investments in Mobile Viking.

Introducing our 2019 estimates with an expected 44% jump in EPS

We have added 2019 forecasts based on the following assumptions: continued sales pressure (-2.1% y-o-y), EBITDA up €7m (+40%) driven by €10m lower opex (end of the Econocom leasing contract), ongoing digital launching costs, 44% EPS growth also from lower financial costs (repayment of €100m bond at end of 2018) and FCF growth of 32%. We believe investors will soon turn their attention to 2019, which should offer strong support to the share price.

Fair value estimate and company valuation

Our fair equity value is set at €26/share, down from €33.6/share previously, based on our sum of the parts model (unchanged methodology albeit with a date shift to 2018). Our fair equity value points to 2017e P/E and EV/EBIT multiples of 14.5x and 10.6x, respectively. The stock currently trades at a slight premium to Printed Media peers on consensus estimates vs. average discount in excess of 20% since 2012. Compared to free-TV peers, Roularta still trades at a 29% discount although 77% of the company's profits are generated by Medialaan, 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 44% 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. When the market look beyond 2018, our 2019-based SOTP points to fair value at €28/share to €33/share.

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Key financials

€m	2012	2013	2014	2015	2016	2017e	2018e	2019e
Sales	712.0	677.1	300.1	291.9	278.6	272.6	266.8	261.1
EBIT	4.7	-49.2	3.9	12.3	6.7	6.7	6.3	11.3
Net profit	-2.5	-57.9	-142.5	64.4	21.5	22.5	23.5	33.9
EPS (€)	-0.20	-4.64	-11.41	5.16	1.72	1.80	1.88	2.72
DPS (€)	0.00	0.00	0.00	0.50	0.50	0.55	0.60	0.90
P/E (x)	na	na	na	3.1	14.1	14.8	14.1	9.8
Net yield (%)	0.0	0.0	0.0	3.2	2.1	2.1	2.3	3.4
Adj. EV/EBIT (x)	53.7	na	36.0	9.6	32.7	36.0	34.3	17.8

Source: Company data, Merodis, FactSet

Enterprise Value (€m): 219
Market Cap. (€m): 349
Free-float MCap (€m): 87

Financial summary

Consolidated P&L (€m)	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017e	2018e	2019e	CAGR 05-16	CAGR 17-19e
Sales	493	609	767	782	707	712	731	712	677	300	292	279	273	267	261	-5.1	-2.1
EBITDA	56	78	81	70	53	82	70	45	42	20	18	16	17	17	24	-10.7	16.7
EBIT	39	51	50	33	10	57	36	5	-49	4	12	7	7	6	11	-14.7	29.9
Pretax profit	37	49	36	18	-3	51	28	-4	-57	-3	7	2	2	2	11	-23.3	129.8
Net profit	22	25	16	14	-4	31	15	-3	-58	-142	64	21	22	24	34	-0.4	22.9
Combined P&L (€m)	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017e	2018e	2019e	04-15	16-18e
Sales									491	477	471	477	476	475	475		-0.2
EBITDA									46	48	55	52	52	53	62		8.8
EBIT									23	33	42	36	36	37	44		10.5
Pretax profit									16	26	37	31	30	32	43		19.3
Net profit									-58	-142	64	21	22	24	34		22.8
Cash Flow (€m)	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017e	2018e	2019e	04-15	16-18e
Adj. EBITDA	56	72	80	67	36	77	63	39	21	17	15	16	17	17	24	-10.7	16.7
WCR	-1	22	4	62	-10	-19	4	17	-16	4	-17	-8	-3	-1	-1	22.6	-53.5
Gros Op CF	55	95	84	129	26	58	66	56	5	21	-3	8	15	16	23	-16.3	24.8
Capex	1	-50	-38	-35	-20	-8	0	-4	-6	-7	-5	-8	-8	-8	-14	na	30.9
FCF	40	20	13	74	-8	24	46	44	-10	27	0	5	14	16	21	-17.1	24.5
Net disp./(acq.)	-17	-214	-14	4	57	-9	1	0	1	9	12	16	16	16	0	na	na
Dividends paid	-7	-8	-8	-9	0	0	-6	-4	0	0	0	-6	-6	-7	-7	-1.4	9.5
Equity issue	-1	51	-13	28	2	0	-3	0	0	0	0	0	0	0	0	na	na
Others	-43	-29	-2	-17	-12	0	-16	-19	2	-41	-6	3	0	0	0	na	na
Net Debt (incr.)/decr.	-28	-182	-24	81	39	15	22	20	-7	-6	6	18	24	25	14	na	-23.1
Balance Sheet (€m)	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017e	2018e	2019e	04-15	16-18e
WC	39	17	13	-49	-39	-20	-24	-41	-25	-51	-21	-13	-10	-10	-25	na	56.0
Capital Employed	296	660	689	640	584	602	581	549	511	221	298	295	278	276	262	-0.1	-3.0
Discontinued Assets	0	0	0	0	0	0	0	0	0	152	0	0	0	0	0	na	na
Cash & Equivalent	35	42	32	110	72	44	35	79	51	34	39	51	74	20	34	3.4	-32.8
Gross Debt	75	263	278	275	198	155	124	148	127	116	114	108	108	28	28	3.4	-49.0
Equity	216	285	284	318	312	345	351	345	287	143	208	222	229	252	252	0.3	4.9
Growth (%)	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017e	2018e	2019e		
Sales	-3	31	31	3	-8	3	0	-3	-3	-58	1	-4	-2	-2	-2		
EBITDA	-14	40	4	-14	-24	54	-15	-35	-6	-54	-8	-10	8	-3	40		
EBIT	-17	48	-11	-31	-23	131	-32	-73	na	na	139	-58	0	-6	80		
Net profit	-23	10	-36	-14	na	na	-50	na	na	na	na	-67	5	5	44		
FCF	68	-51	-36	491	na	na	92	-6	na	na	-100	18859	170	17	32		
NWC	2	-57	-24	na	-20	-49	19	72	-38	99	-58	-39	-20	-5	157		
Capital Employed	25	123	4	-7	-9	3	-4	-5	-7	-57	35	-1	-6	-1	-5		
Shareholder Equity	8	32	0	12	-2	11	2	-2	-17	-50	45	7	3	10	0		
Financial Ratios	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017e	2018e	2019e		
Gross margin (%)	67	71	74	75	76	78	76	75	76	72	75	76	76	76	77		
EBITDA margin (%)	11	13	11	9	8	12	10	6	6	7	6	6	6	6	9		
EBIT margin (%)	8	9	7	4	4	9	6	2	-4	2	5	2	2	2	4		
Net margin (%)	5	4	2	2	-1	4	2	0	-9	-47	22	8	8	9	13		
Opex/Sales (%)	90	87	89	92	92	88	91	94	94	94	92	94	94	94	91		
Depreciation/Sales (%)	3	3	3	3	3	2	2	2	3	3	3	4	4	4	5		
Depreciation/EBITDA (%)	30	25	29	37	42	22	22	34	41	45	52	63	61	63	52		
Tax rate (%)	40	48	55	31	-84	37	43	28	-3	-89	-671	-4	0	0	0		
Capex/Sales (%)	0	8	5	5	3	1	0	1	1	2	2	3	3	3	5		
FCF/Sales (%)	8	3	2	9	-1	3	6	6	-1	9	0	2	5	6	8		
WCR/Sales (%)	0	4	1	8	-1	-3	1	2	-2	1	-6	-3	-1	0	0		
WC/Sales (%)	8	3	2	-6	-6	-3	-3	-6	-4	-17	-7	-5	-4	-4	-10		
Capital Employed/Sales (%)	60	108	90	82	83	85	79	77	75	74	102	106	102	103	100		
Gearing (%)	17	74	83	50	39	31	25	19	26	56	36	26	15	3	-2		
Net Debt/EBITDA (x)	0.7	2.8	3.0	2.4	2.4	1.4	1.3	1.5	1.8	4.2	4.2	3.5	1.9	0.5	-0.2		
ROCE post-tax (%)	9	6	3	3	3	6	3	1	6	8	32	8	9	10	13		
ROE (%)	11	10	6	5	-1	9	4	-1	-18	-66	37	10	10	10	13		
Dividend Payout (%)	32	33	50	0	0	20	28	0	0	0	10	29	31	32	33		
Valuation	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017e	2018e	2019e	04-15	16-18e
Market Capitalisation (€m)	517	579	669	393	184	248	275	185	155	162	208	319	349	349	349	-4.3	0.0
+ Net Financial Debt (€)	40	222	246	165	127	111	89	70	76	82	76	57	34	8	-5	3.3	na
+ Restated Min. + others (€m)	36	38	38	22	15	17	16	14	35	20	10	10	10	10	10	-11.0	-1.2
- Associates & Inv. (€m)	17	16	11	12	10	11	12	14	14	123	176	167	151	151	151	22.9	0.0
= Enterprise Value (€m)	**576**	**824**	**942**	**568**	**316**	**365**	**369**	**254**	**253**	**141**	**118**	**219**	**242**	**216**	**202**	-8.4	-8.5
Assoc. NFD (gr. share) (€m)	0	0	0	0	0	0	0	0	0	0	-6	-6	-6	-6	-6		
EV/Sales (x)	1.2	1.4	1.2	0.7	0.4	0.5	0.5	0.4	0.4	0.3	0.4	0.8	0.9	0.8	0.8		
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	13.9	12.8	8.5		
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	36.0	34.3	17.8		
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	17.5	13.3	9.4		
EV/Capital Employed (x)	1.9	1.2	1.4	0.9	0.5	0.6	0.6	0.5	0.5	0.6	0.4	0.7	0.9	0.8	0.8		
P/E (x)	22.4	22.9	40.4	27.5	-42.3	7.7	16.9	-70.1	-2.5	-1.1	3.1	14.1	14.8	14.1	9.8		
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	1.4		
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	4.0	4.7	6.1		
Per share data	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017e	2018e	2019e	04-15	16-18e
# of shares	9.96	11.01	11.04	13.13	13.13	13.13	13.14	13.14	13.14	13.14	13.14	13.14	13.14	13.14	13.14	2.6	0.0
# of avg sh. (FD, ex-treas.)	9.70	10.78	10.62	12.62	12.62	12.62	12.48	12.48	12.48	12.48	12.48	12.48	12.48	12.48	12.48	2.3	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	26.55	26.55	26.55	-6.7	0.0
EPS	2.32	2.30	1.50	1.09	-0.33	2.45	1.24	-0.20	-4.64	-11.4	5.16	1.72	1.80	1.88	2.72	-2.7	22.9
EPS FD	2.32	2.30	1.50	1.09	-0.33	2.45	1.24	-0.20	-4.64	-11.4	5.16	1.72	1.80	1.88	2.72	-2.7	22.9
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	17.41	19.19	19.17	-2.2	4.9
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	0.55	0.60	0.90	-3.6	27.9

Source: Company data, Merodis Equity Research

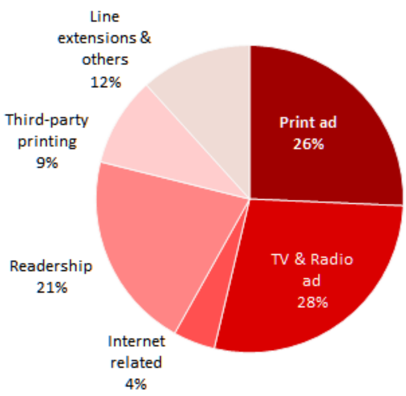
Financial summary

Roularta Media Group

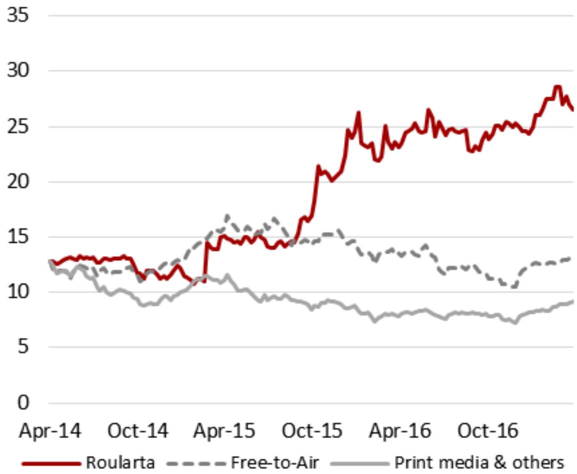
Company profile

Roularta is Belgium's leading media company offering (1) local weekly free newspapers in Flanders (De Streekkant, De Zondag, Steps), (2) audiovisusal free-to-air broadcasting in Flanders 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) and (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 advertsing (26%), (3) readers market which includes subscriptions (21%), (4) third-party printing (9%) and (5) other sources of revenues incluing internet and line extensions (16%). Roularta's consolidated accounts include the full contribution of its Printed Media activity with advertising 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 EBIT weighs 72% of combined EBIT and 77% of the group's net profit. We value the stake in Medialaan alone at EUR267m (EUR20/share), 78% of the group's estimated equity value.

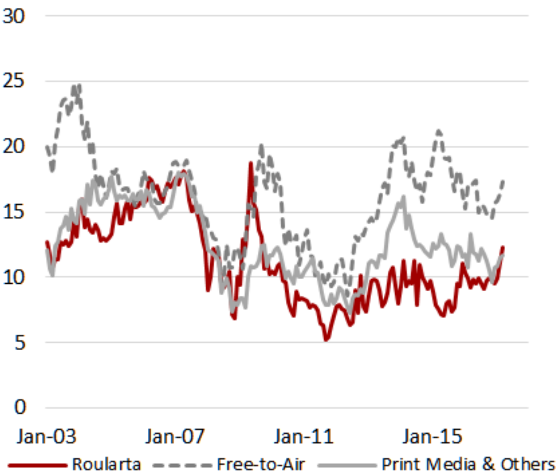
Combined sales breakdown



Roularta share price



Roularta P/E



Sum-of-the-parts valuation

(€m)	Ownership (%)	Adjusted EBIT 18e	Discount to peers	EV/EBIT multiple 18e	Net debt 17e	Value	Equity value/sh.	Value split
Print media	100%	9.1	10.0	7.9		71.6	4.0	15%
Group enterprise value						**71.6**		
- Net Financial Debt/(cash) (17e)						-33.9		
- Other liabilities (17e)						-6.0		
+ NPV tax asset (balance sheet)						20.8		
+ Equity value of Medialaan stake	50%	56.2	15.0	9.8	15.9	267.1	20.3	78%
+ Equity value of Bayard stake	50%	5.0	10.0	7.9	-5.3	22.3	1.7	7%
= Estimated market value of equity						**341.9**		
Total share outstanding (m)						13.1		
Equity value per share						**26.0**		

Source: Company data, Merodis Equity Research

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2H16 & FY16 RESULTS REVIEW

Weak results with Printed Media advertising under pressure as well as digital launching costs

Roularta reported 2H16 results that came in below our forecasts due mainly to margin weakness from lower-than-expected Printed Media advertising revenues and higher start-up losses at Storesquare. Sales at equity-accounted Medialaan dropped in 2H16 compared to a strong 1H16, reflecting a slowdown in TV advertising despite a strong performance in online video advertising (+22% in FY16 vs. +16.6% in 1H16). The proposed dividend of €0.50 was below our forecast of €0.75, with a payout of 29%, slightly below our forecast of 33%. Net debt is slightly above our forecast, driven by the profit shortfall. The cash-in from the French disposal is in line with expectations at €16m.

Earning revised down substantially

Guidance is prudent and purely qualitative. So far in 2017, ad spend trends are similar to those of 2016 (ie. down in Printed Media and TV, up in Online). Readership is flat (vs. down in FY16). The group expects further launching costs within its digital platforms (mainly Storesquare.be and Digilocal), but with overall focus on cost control. We have cut our earnings forecasts by between 35% and 42% (EPS 2017e and 2018e respectively) to reflect the weak advertising environment for Printed Media as well as higher digital launching costs at Printed Media. Profitability at 50%-owned Medialaan should remain under some pressure in 2017e from the recent investment in Mobile Viking (Belgian MVNO).

Lower 2017 and 2018 estimates offset by strong growth expected in 2019

Our revised estimates put us currently around 15% below consensus. Hence, we expect consensus to be revised down. We have added new 2019 forecasts, pointing to more than 40% EPS growth, with the following assumptions: continued sales growth pressure (-2.1% y-o-y), EBITDA up €7m (+40%) driven by €10m lower opex (end of the Econocom print-equipment leasing contract), EPS growth +44% thanks to lower financial costs (repayment of €100m bond at the end of 2018) and FCF growth of +32%.

Sales weakness in 2H16

Weakness in Printed Media

Consolidated sales in 2H16 were slightly below our forecast, driven mainly by lower Printing sales (-6% in FY16 vs. -5.6% in 1H16) due to lower printing volumes from France. Newsstand sales were weak as well (-2% in FY16 vs. -0.8% in 1H16) due to the closure the Point de Vue magazine. Printed Media advertising remains weak, albeit with a slightly improving trend in 2H16 (-3% in FY16 vs. -3.6% in 1H16).

Underlying slowdown in 2H16 at Medialaan

Consolidated sales do not include a weak performance in 2H16 from equity-accounted Medialaan (ad sales +1% in FY16 vs. +4.9% in 1H16), although the reported sales in Audiovisual is up 11% driven by the impact of the acquisition of Mobile Viking which added an estimated €15m to sales over 9 months in 2016.

Figure 1. 2H16 results in detail

Eur m	1H15	2H15	1H16	2H16
Net sales	150.2	141.7	143.0	135.5
o/w Printed Media	158.0	149.4	151.8	142.6
% growth	-3.4	-3.8	-4.0	-4.6
Audiovisual	80.0	83.5	89.2	93.0
% growth	-4.2	12.2	11.4	11.3
IFRS 11 effect & others	-87.9	-91.2	-97.9	-100.1
Other revenues	0.2	-0.2	1.1	-1.1
Total sales	**150.4**	**141.6**	**144.1**	**134.5**
% growth	-2.5	-3.0	-4.2	-5.0
Materials	-37.7	-35.1	-35.6	-32.1
% growth	-11.8	-11.8	-5.5	-8.4
Gross Profit	**112.7**	**106.5**	**108.5**	**102.3**
% growth	1.1	0.4	-3.7	-3.9
% sales	74.9	75.2	75.3	76.1
Opex ex-COGS	-99.6	-95.1	-98.8	-94.3
% growth	-1.9	-1.9	-0.8	-0.9
% sales	66.2	67.2	68.5	70.1
Others	-1.3	-5.1	-1.0	-0.5
EBITDA	**11.8**	**6.3**	**8.7**	**7.5**
% growth	30.5	-40.8	-26.6	20.4
% sales	7.9	4.4	6.0	5.6
Depreciation	-4.5	-4.8	-4.7	-5.6
% sales	3.0	3.4	3.3	4.1
Provisions & impairments	0.9	6.2	1.0	-0.3
REBIT	**8.2**	**7.6**	**5.0**	**1.7**
% growth	60.0	408.5	-39.6	-77.3
% sales	5.5	5.4	3.4	1.3
Non-recurring (restr. & prov.)	-1.6	-2.0	0.0	0.0
EBIT	**6.7**	**5.6**	**5.0**	**1.7**
% sales	4.4	4.0	3.4	1.3
Reported EBIT	**18.5**	**12.9**	**16.2**	**8.7**
o/w Printed Media	8.7	8.9	6.6	5.3
% growth	54.0	145.9	-23.7	-40.3
% sales	5.5	5.9	4.4	3.7
Audiovisual	15.6	8.7	16.1	8.0
% growth	71.4	-41.4	3.3	-7.3
% sales	19.5	10.4	18.0	8.6
IFRS 11 effect & others	-5.8	4.7	-6.5	4.6
Net financial result	**-3.1**	**-2.4**	**-2.3**	**-2.4**
Pretax profit	**3.6**	**3.3**	**2.7**	**-0.6**
% growth	558.8	na	-26.3	na
% sales	2.4	2.3	1.8	-0.5
Tax	-2.0	48.1	0.0	0.0
%	56%	-1471%	-1%	7%
Net income	**1.6**	**51.4**	**2.7**	**-0.6**
Equity accounted results	11.8	7.2	11.2	7.0
Minorities	0.4	-0.2	0.8	0.4
Discontinued ops	-3.9	-3.9	0.0	0.0
Group share	**9.9**	**54.5**	**14.7**	**6.8**
% growth	615.3	na	48.9	-87.6
% sales	6.6	38.5	10.2	5.0

Source: Company data, Merodis Equity research

Storesquare opex investment impacts margins

Gross margins have improved in 2H16 (to 76.1%), which is the fourth consecutive semester of y-o-y improvement, reflecting subdued paper price impact for Roularta's printing activity and a mix effect (weaker lower-margin printing volumes).

Although opex (ex-COGS) is also down y-o-y for the fourth consecutive semester, reflecting ongoing cost control in an adverse market environment, the cost-cutting efforts were not enough to offset the sales decline. As a result, opex (ex-COGS) to sales is back above 70% for the first time since 2H13.

Underlying EBITDA is, consequently, down to 5.6% in 2H16, from 8% in 2H15 (excluding a €5m provision taken at the time). Although we were expecting a drop in profitability (to 6%), this extent of the drop is much higher than expected and driven almost entirely by the higher-than-expected launching costs of 70%-owned Storesquare. The negative EBITDA impact of Storesquare in FY16 is €4m, compared to our forecast of below €3m.

Going forward, our forecasts reflect ongoing launching costs at Storesquare of €4m pa until at least 2019e, as reflected in the table below.

Figure 2. Storesquare impact on Roularta's profitability

€m	2016	2017e	2018e	2019e
Storesquare assumptions:				
Opex investments	4.0	4.0	4.0	4.0
% ownership	70	70	70	70
Roularta P&L:				
Consolidated Sales	278.6	272.6	266.8	261.1
% growth	-4.6	-2.1	-2.1	-2.1
Gross profit	210.8	206.9	203.4	199.8
% growth	-3.8	-1.9	-1.7	-1.8
% sales	75.7	75.9	76.3	76.5
EBITDA	16.2	17.4	16.9	23.8
% growth	-10.3	7.6	-2.9	40.3
% sales	5.8	6.4	6.3	9.1
EBITDA ex-Storesquare	20.2	21.4	20.9	27.8
% growth	11.8	6.1	-2.3	32.6
% sales	7.3	7.9	7.8	10.6
EBIT	6.7	6.7	6.3	11.3
% growth	-45.6	0.4	-6.3	80.1
% sales	2.4	2.5	2.4	4.3
EBIT ex-Storesquare	10.7	10.7	10.3	15.3
% growth	-13.1	0.2	-4.0	49.0
% sales	3.8	3.9	3.9	5.9
Net profit	21.5	22.5	23.5	33.9
% growth	-66.6	4.6	4.8	44.2
% sales	7.7	8.2	8.8	13.0
Net profit ex-Storesquare	24.3	25.3	26.3	36.7
% growth	-62.3	4.0	4.2	39.5
% sales	8.7	9.3	9.9	14.1

Source: Merodis Equity Research

EBIT impacted by higher intangible amortisation

Depreciation and amortisation were close to €1m higher-than-expected due mainly to higher intangible fixed asset amortisation at a consolidated level (ie. at Printed Media), relating to impairment of the value of some magazines. We expect a further negative impact in 2017.

Comparability of EBIT between 2H16 and 2H15 is further blurred by the release of provision in 2H15 of €6.2m, relating to the Kempenland claim. Excluding the one-offs, like-for-like EBIT is down €4m y-o-y in 2H16 (-60%), half of which is explained by the Storesquare loss. A quarter of the impact is the result of higher amortisation, while lower-than-expected sales explain the remaining downfall.

No surprise at the level of financial costs and tax:

Roularta's financing costs (€2.4m in 2H16) has tax charge (€0m) were in line with expectations and we would not expect much change at these levels, at least until 2019e with respect to financial costs (€100m bond repayment at the end of 2018 and large tax loss carried forward).

Lower equity accounted results from Medialaan

Equity accounted results (50% stake in Medialaan and 50% in Bayard), came in at € 7m in 2H16, well-below our forecast of €10m. The contribution split is not yet available (expected in the Annual Report), but we expect weakness at both companies. Medialaan, however, has a much bigger impact given its size (EBITDA of €61m in 2016 at Medialaan vs. €7m for Bayard).

In FY16, we expect Medialaan to have reported a 7% drop in net profit due mainly to (1) higher financial costs from the acquisition in February 2016 of Mobile Viking, a Belgian MVNO, (2) opex investments at Mobile Viking and (3) higher IFA amortisation from the Mobile Viking and CAZ acquisitions as well as a change in content amortisation (heavier write-down of purchased TV content in year-1, leading to a more prudent approach). Organic sales growth slowed in 2H16, following buoyant TV ad spend in 2H15 and 1H16.

Balance sheet under control and improving

Figure 3. Roularta's summarised balance sheet

	1H15	2015	1H16	2016
Net working capital	**-48.4**	**-21.3**	**-21.1**	**-12.9**
Intangible fixed assets	87.1	86.2	85.6	84.4
Goodwill	0.0	0.0	0.0	0.0
Tangible fixed assets	58.6	57.0	56.8	56.0
Financial fixed assets	183.9	175.8	186.8	167.0
Invested capital	**281.2**	**297.7**	**308.1**	**294.5**
Net debt/(cash)	**77.4**	**75.7**	**79.0**	**57.4**
Shareholders funds	154.5	209.5	217.4	224.1
Equity capital	**152.9**	**207.6**	**216.4**	**222.3**

Source: Company data, Merodis Equity research

Roularta's balance sheet has strengthened further driven by strong cash flow (EBITDA and proceeds from the French disposal, with the latter spread over three years to 2018 with €16m pa) despite higher working capital needs (albeit still negative working capital) and lower dividend income from Medialaan and Bayard (30% y-o-y drop to €11.7m, but above our forecast of €10.6m).

Group net debt is down to €57m, which represents gearing of 26% and 3.5x EBITDA (down from 4.2x in 2015). Based on our forecasts, we expect Roularta to be able to refinance its €100m bond due in 2018 with cash and a much smaller €20m refinancing facility.

Management guidance and changes to our estimates

Prudence in guidance and in proposed DPS

Guidance is prudent and purely qualitative. So far in 2017, ad spend trends are similar to those of 2016 (ie. down in Printed Media and TV, up in Online). Readership is flat (vs. down in FY16). The group expects further launching costs within its digital platforms (mainly Storesquare.be and Digilocal), but with overall focus on cost control.

This prudence is reflected in the proposed dividend (€0.50, flat y-o-y) which was below our forecast of €0.75. The proposed dividend reflects a payout of 29%, the highest payout since 2007, and in line with the target payout of 30%, but below our forecast payout of 33%.

We have cut our EPS forecasts by 35% and 42% for 2017e and 20148e respectively to take into account the weak advertising environment for Printed Media as well as higher digital launching costs at Printed Media. Profitability at 50%-owned Medialaan should remain under some pressure in 2017e from the ongoing opex investment in Mobile Viking.

Figure 4. Changes to our forecasts

€m	2015	2016	2017e	2018e	2019e
New estimates					
Net sales	291.9	278.6	272.6	266.8	261.1
EBIT	12.3	6.7	6.7	6.3	11.3
EPS (€)	5.16	1.72	1.80	1.88	2.72
DPS (€)	0.50	0.50	0.55	0.60	0.90
Net debt	75.7	57.4	33.9	8.5	-5.5
Previous estimates					
Net sales	291.9	278.4	276.4	279.0	na
EBIT	12.3	9.8	13.5	16.1	na
EPS (€)	5.16	2.26	2.77	3.27	na
DPS (€)	0.50	0.75	0.90	1.00	na
Net debt	75.7	52.5	20.6	-14.9	na
% change					
Net sales	0.0	0.1	-1.4	-4.4	na
EBIT	0.0	-31.8	-50.2	-61.0	na
EPS	0.0	-23.8	-35.0	-42.3	na
DPS	na	-33.3	-38.9	-40.0	na
Net debt	0.0	9.5	64.2	-156.8	na

Source: FactSet, Merodis Equity Research

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

- **Sales growth**. We expect Printed Media to show a structural decline in sales (-2.5% pa), driven by weak print advertising revenue (48% of divisional sales), suffering from ongoing competition from digital media. Subscription sales (29%) is also expected to show a decline, but limited to -1.5% explained by the resilience of the Belgian readers market and Roularta's successful market positioning. Finally, other Printed Media sales (23%, including printing volumes) should continue to ease, but at a lower rate than subscription sales thanks to cross selling into other areas (events, cruises, etc.). At Medialaan, which weighs around 70% of group profit, we expect between 2% and 3% of sales growth pa, driven by 1% TV advertising revenue growth pa and stronger growth from Mobile Viking and Medialaan's other sources of revenues (including Mobile Viking).
- **Gross margin**. We expect gross margins to improve slightly to 2019e, mainly driven by a change in product mix with the decline in printing revenues and subdued paper prices thanks to overall weak demand for print-quality paper.

- **EBITDA margin**. We expect ongoing margin pressure from launching costs at Storesquare (€4m pa) despite some level of cost control, albeit not sufficient to offset the top-line decline. 2019 should be a very different story, as reflected in our estimates. Indeed, the €10m pa printing equipment leasing contract with Econocom is expected to end in 2018, with a full-year impact expected in 2019. We expect a positive opex impact of €10m (partially offset by a slightly higher depreciation charge as Roularta will purchase the equipment; we expect a €5-10m increase in capex in 2019, with some additional maintenance capex charge from 2020 onwards). The net EBITDA impact is significant, as reflected by our forecast of a 40% jump in 2019e.
- **Financing costs**. Financing costs are expected to remain at the level of €4.7m until 2018, at which time Roularta should be able to repay its €100 bond due in October 2018, mainly through cash, but also by a smaller refinancing facility and probably at a lower rate than the bond yield (5.1%). This should fuel further EPS growth in 2019.

Figure 5. Combined P&L account (including group share of JVs and full impact of digital opex investments)

€m	2013	2014	2015	2016	2017e	2018e	2019e
Net sales	**490.9**	**476.9**	**471.0**	**476.6**	**476.5**	**475.4**	**474.6**
% growth		-2.8	-1.2	1.2	0.0	-0.2	-0.2
Opex	**-445.1**	**-429.3**	**-415.6**	**-424.7**	**-424.3**	**-422.1**	**-412.9**
% growth		-3.6	-3.2	2.2	-0.1	-0.5	-2.2
% sales	90.7	90.0	88.2	89.1	89.1	88.8	87.0
EBITDA	**45.7**	**47.7**	**55.4**	**51.8**	**52.1**	**53.3**	**61.8**
% growth		4.2	16.2	-6.4	0.6	2.2	15.9
% sales	9.3	10.0	11.8	10.9	10.9	11.2	13.0
Depreciation	-15.3	-13.7	-14.2	-16.0	-15.9	-15.8	-17.6
Provisions & impairments	-7.0	-0.8	0.6	0.2	-0.5	-0.5	-0.5
EBIT	**23.4**	**33.2**	**41.8**	**36.1**	**35.7**	**37.0**	**43.6**
% sales	4.8	7.0	8.9	7.6	7.5	7.8	9.2
Net financial result	**-7.3**	**-6.7**	**-5.3**	**-4.8**	**-5.5**	**-4.9**	**-0.6**
Pretax profit	**16.1**	**26.4**	**36.5**	**31.2**	**30.2**	**32.1**	**43.1**
% growth		64.0	38.1	-14.4	-3.2	6.1	34.2
% sales	3.3	5.5	7.8	6.6	6.3	6.7	9.1
Tax	-6.1	-13.1	36.8	-9.7	-7.7	-8.4	-9.1
%	38%	49%	-101%	31%	25%	26%	21%
Net income	**10.0**	**13.4**	**73.3**	**21.6**	**22.5**	**23.6**	**34.0**
Equity accounted results + others	-0.2	-0.6	-1.3	-1.3	-1.3	-1.3	-1.3
Minorities	0.6	0.1	0.1	1.2	1.2	1.2	1.2
Discontinued ops	-68.3	-155.2	-7.8	0.0	0.0	0.0	0.0
Group share	**-57.9**	**-142.5**	**64.4**	**21.5**	**22.5**	**23.6**	**33.9**
% growth		na	na	-66.6	4.6	4.9	43.8
% sales	-11.8	-29.9	13.7	4.5	4.7	5.0	7.1

Source: Company data, Merodis Equity Research

Our new earnings forecast differ from consensus, mainly due, in our opinion, to a lag effect (consensus may not yet reflect the results). That said, we are currently around 15% below consensus in terms of EPS forecast for 2017e to 2018e (2019 consensus is not yet available).

Figure 6. Merodis forecasts versus consensus (% difference)

(%)	2016	2017e	2018e	2019e
Sales	0.2	0.9	0.9	na
EBITDA	-42.4	-38.9	-43.2	na
EBIT	0.0	39.2	33.0	na
EPS (€)	-15.0	-15.6	-16.5	na
DPS (€)	0.0	0.0	0.0	na
Net debt	0.0	-3.8	-56.8	na

Source: Factset, Merodis Equity Research

VALUATION ANALYSIS

Our €26/share fair value estimate is in line with the current share price

We estimate Roularta's fair equity value at €26/share, down from €33.6/share previously, based on our sum of the parts model (unchanged methodology albeit based on 2017 revised estimates vs. 2016 previously). Our fair equity value points to 2017e P/E and EV/EBIT multiples of 14.5x and 10.6x, respectively. The stock currently trades at a slight premium to Printed Media peers on consensus estimates from a historical average discount of more than 20% since 2012. Compared to free-TV peers, Roularta still trades at a 29% discount although 77% of the company's profits are generated by Medialaan, a strongly-positioned free TV player in Belgium (market leader, in fact).

We highlight two important factors that play in favour of Roularta's rerating over the longer term:

- **Media sector M&A rerating**. The entire media sector has enjoyed a wave of M&A-derived valuation rerating, driven by a number of announced acquisitions worldwide and even in Roularta's own backyard. The most relevant announced transactions include (1) M6's bid for RTL French radio stations, (2) Mediahuis' bid for TMG (Telegraaf) with a counterbid by Talpa, (3) 21st Century Fox's bid for Sky, (3) Telenet's bid for SFR's Belgian cable business and, more recently, (4) Mediawan's bid for the French TV broadcaster AB Group. This wave of consolidation, helped by the sector's attractive valuation and relatively strong balance sheets, has triggered a sector re-rating which we highlighted in early January. As a reminder, Mediahuis' bid for 60% of Telegraaf (Dutch newspapers, magazines, regional door-to-door, radio, etc., ie. quite comparable to Roularta's Printed Media activity) values the latter at 6x EBITDA 2015 while Talpa (John De Mol) launched a counter bid, valuing it at 6.7x EBITDA. Mediawan's bid to acquire AB Group (French TV broadcaster) values the latter at 7.5x EBITDA. Based on our estimates and excluding any size or liquidity discount in our SOTP valuation model, we arrive at a fair value of €30.5/share, 15% above the current share price.
- **Moving closer to a jump in profitability in 2019** and a higher normalised cruising speed. We expect the market to look beyond the 2017 and 2018, two years during which Roularta's profitability will be burdened by the launching costs of its online ecommerce platform Storesquare. In 2019, although we still expect a loss from Storesquare, the company's opex will be €10m lighter thanks to the end of the leasing contract with Econocom and financing costs will be more than €4m lighter with the repayment of the €100m bond due in October 2017. The net effect is a 44% increase in net profit in 2019e. Our valuation analysis suggests that the market may be already looking at 2019 as our SOTP model based on 2019 estimates points to a €28.4/share fair value and even €32.8/share assuming no valuation discounts vs. peers (ie. including an M&A scenario).

Against this trend, we also see a temporary dip in profitability from launching costs at Roularta and Medialaan. As explained in this report, Roularta's profitability is dampened by the temporary launching costs at Storesquare (70%-owned by Roularta), which we estimate at a €4m pa hit until at least 2019e, if not beyond. Our valuation is impacted by the negative effect from the launching costs while we do not yet assign any value on the stake in Storesquare, which equates, for the time-being, to a double negative hit for Roularta's valuation, hence our adjustment to the divisional EBIT contribution in our SOTP.

Sum-of-the-parts valuation

We value Roularta on a sum-of-the-parts model, assigning a peer group market-derived valuation for the company's two main activities: Printed Media (23% of group net profit) and Free-To-Air TV Broadcasting (77% of group net profits, via Roularta's 50% stake in Medialaan, which is equity accounted). Our model points to a fair equity value of €26/share based on 2018e adjusted estimates (see below). The same model, but with no discount attributed to Roularta's activities suggests €30.5/share.

Figure 7. Sum-of-the-parts based on 2018e adjusted estimates

(€m)	Ownership (%)	Adjusted EBIT 18e	Discount to peers	EV/EBIT multiple 18e	Net debt 17e	Value	Equity value/sh.	Value split	Value w/o discount
Print media	100%	9.1	10.0	7.9		71.6	4.0	15%	79.5
Group enterprise value						**71.6**			**79.5**
- Net Financial Debt/(cash) (17e)						-33.9			-33.9
- Other liabilities (17e)						-6.0			-6.0
+ NPV tax asset (balance sheet)						20.8			20.8
+ Equity value of Medialaan stake	50%	56.2	15.0	9.8	15.9	267.1	20.3	78%	315.7
+ Equity value of Bayard stake	50%	5.0	10.0	7.9	-5.3	22.3	1.7	7%	24.5
= Estimated market value of equity						**341.9**			**400.5**
Total share outstanding (m)						13.1			13.1
Equity value per share						**26.0**			**30.5**

Source: Merodis Equity Research

We have made some adjustments to our model, which is explained below:

- **Discount to peer group multiples**. We have assigned an unchanged discount to the peer group valuation multiple to reflect the liquidity and size-effect. As such, we attach a 15% discount to the FTA Broadcast activity given Medialaan's smaller size than most peers and total illiquidity (Roularta owns 50% alongside De Persgroep) and a 10% discount to the Printed Media activity (less accentuated size and liquidity effects)
- **Value of digital investments**. As explained, Roularta is investing heavily in Storesquare, with an estimated €4m pa opex investment at least until 2019e. This represents 20% of the company's underlying consolidated EBITDA, which is significant. As it is too early in our view to put a value on the 70% stake of Roularta in Storesquare, we have opted to exclude the impact of the investment in our divisional EBIT contribution. Once we have a better feel for the value of the start-up, we will include the loss as well as the value of the stake.
- **Estimated value of tax asset**. As before, we value Roularta's tax asset driven by the loss incurred on the disposal of the French magazine activity at the end of 2015 and which is the subject of a tax ruling with the Belgian fiscal authorities. The estimated value is unchanged at €20.8m.
- **Year of valuation**. We have shifted the valuation year to 2018e, but we also provide a table for 2019e in order to reflect the full impact of the profitability swing that is expected in the year resulting mainly from the end of the leasing contract with Econocom (€10m pa positive impact).

If investors are willing to look one year further, to 2019, when a number of events (end of Econocom leasing contract, repayment of €100m bond and the full effect of synergies between Mobile Viking and Medialaan's other mobile telephony activities as well as its audiovisual content) should have a major positive impact on group profitability, the valuation picture is further enhanced as reflected in the table below.

Figure 8. Sum-of-the-parts based on 2019e adjusted estimates

(€m)	Ownership (%)	Adjusted EBIT 19e	Discount to peers (%)	EV/EBIT multiple 19e	Net debt 18e	Value	Equity value/sh.	Value split	Value w/o discount
Print media	100%	14.1	10.0	6.7		94.2	7.6	29%	104.6
Group enterprise value						**94.2**			**104.6**
- Net Financial Debt/(cash) (18e)						-8.5			-8.5
- Other liabilities (18e)						-6.0			-6.0
+ NPV tax asset (balance sheet)						20.8			20.8
+ Equity value of Medialaan stake	50%	59.7	15.0	8.6	4.6	254.4	19.4	74%	299.6
+ Equity value of Bayard stake	50%	4.9	10.0	6.7	-5.3	18.9	1.4	6%	20.7
= Estimated market value of equity						**373.7**			**431.3**
Total share outstanding (m)						13.1			13.1
Equity value per share						**28.4**			**32.8**

Source: Merodis Equity Research

Based on 2019 adjusted estimates, the target value of Roularta's equity increases to between €28.4/share (including discounts) and €23.8/share (without discounts).

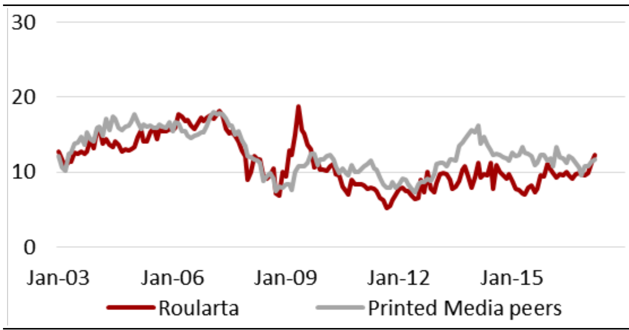
Peer analysis

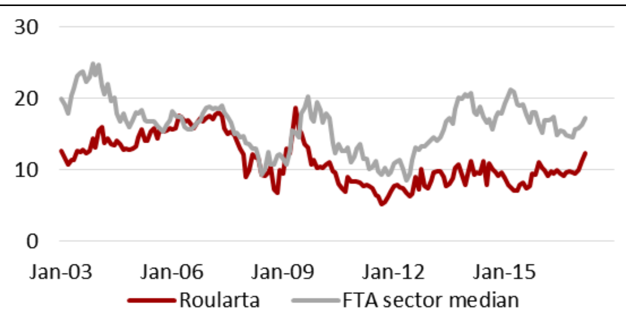
We provide a peer analysis, with benchmarking and valuation on the following pages. We have identified a set of industry peers, ranging Printed Media peers, Free-TV peers and Printing pure plays.

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

Compared to free-TV peers, the discount is still at 29% which is high, but also below the average of 44% since 2012. The stock's rerating is driven by the improving fundamentals since the disposal of French magazine activity in late 2015 and the focus on Belgian Printed Media, new digital initiatives (Storesquare and Digilocal) as well as on Belgian free-to-air TV via the 50% stake in Medialaan. The digital initiatives have a negative impact on profitability, which translates into temporarily higher valuation multiples for Roularta.

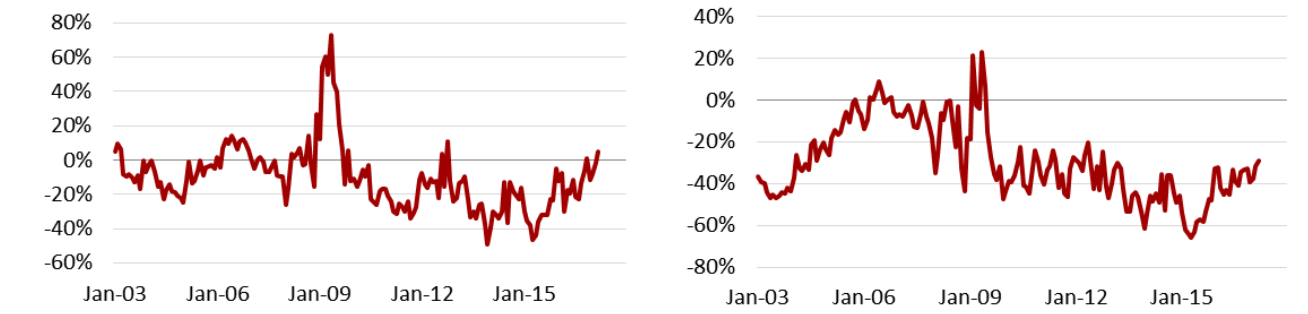
Figure 9. Historical 12 months forward P/E multiples (x): Roularta vs. sector peers





Source: FactSet, Merodis Equity Research

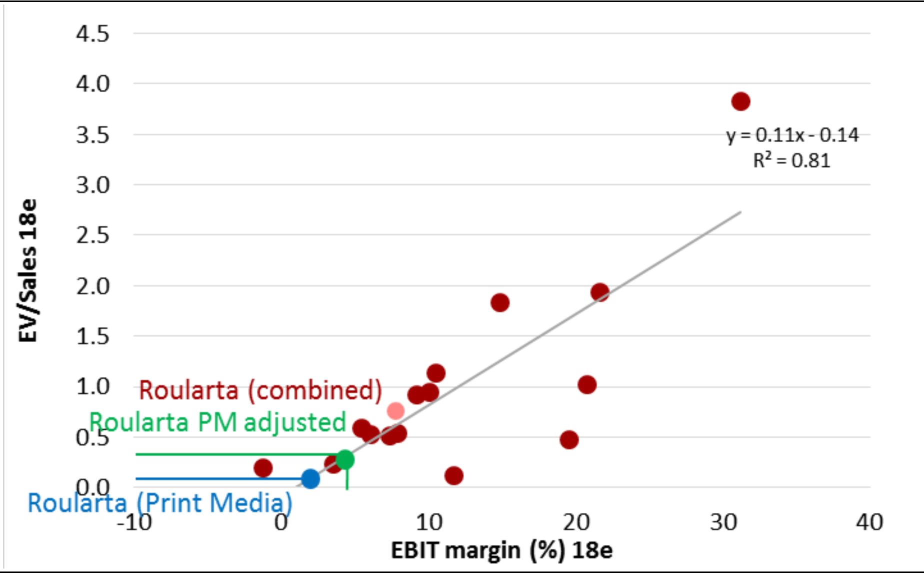
Figure 10. Historical 12 months forward P/E premium/(discount) of Roularta vs. Printed Media peers (left) and vs. FTA peers (right)



Source: FactSet, Merodis Equity Research

Our correlation analysis of the sector's valuation relative to margins and growth is provided below. In conclusion, we see in the graph below that sector valuation in terms of EV/sales is quite tightly correlated to margins. Roularta's Printed Media activity is currently adversely impacted by the launching costs of its digital initiatives, reflected in very weak EBIT margins (2.4% in 2018e, vs. 3.9% excluding the launching costs). The graph below highlights the activity's target valuation multiple given the various levels of probability: (1) as reflected in the consolidated P&L, (2) on an adjusted basis (excluding the launching costs at Storesquare) and (3) based on Roularta's Combined accounts (including its share in the EBIT of Medialaan and Bayard, but excluding the launching costs).

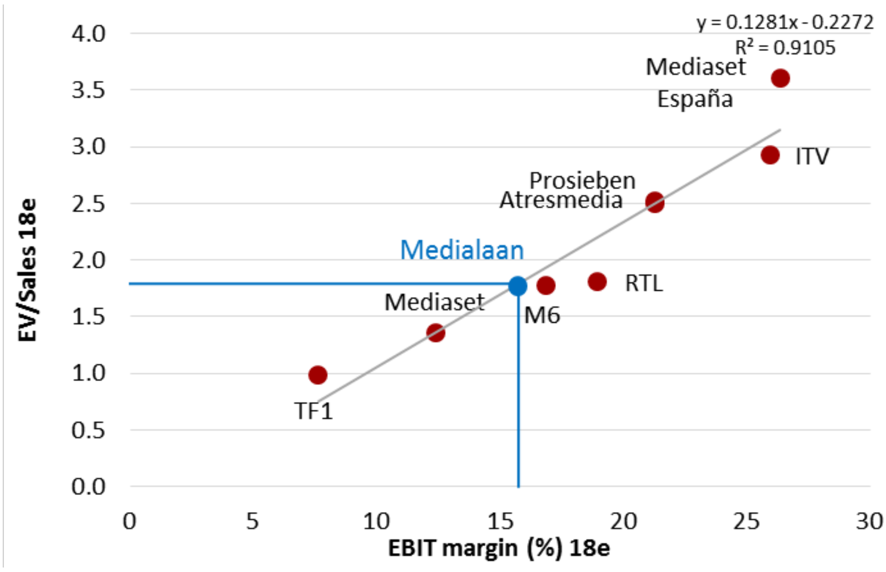
Figure 11. Peer correlation analysis of valuation vs. profitability



Source: Merodis Equity Research, Factset

Figure 12. Peer correlation analysis of valuation vs. profitability

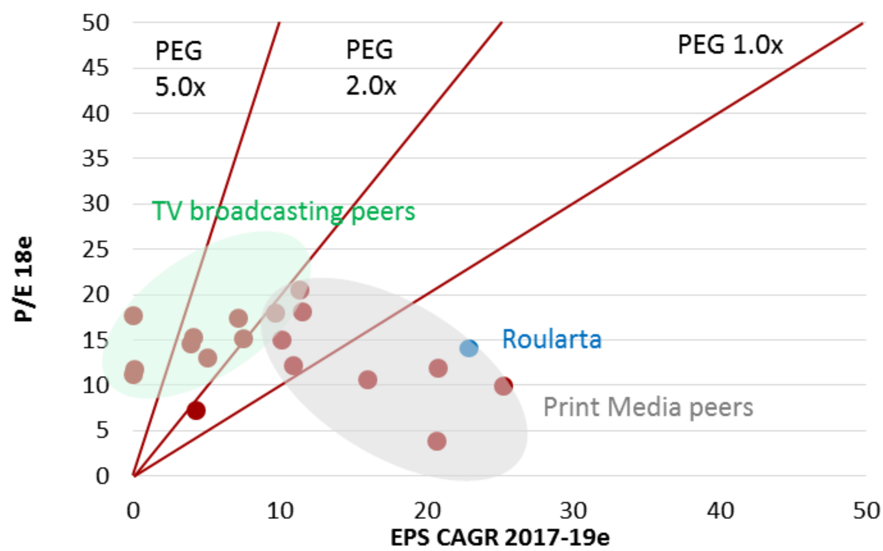
We show the same correlation analysis for the FTA sector, which suggests that, given our forecast level of profitability for Medialaan (15.7% unadjusted EBIT margin in 2018e), the business would be valued at an EV/Sales of 1.8x. This suggests, based on our forecasts, an equity value of €634m or €317m for Roularta's stake (ie. €24 per Roularta share, in line with our SOTP-derived valuation without any discount).



Source: Merodis Equity Research, Factset

Compared to the expected EPS growth, Roularta is valued well below the level of its FTA peers, with a PEG below 1.0x vs. 5.0x for the sector. The stock is still valued closer to Printed Media peers despite Roularta's more attractive profile, in our opinion, with 77% of net profit generated by Medialaan.

Figure 13. Peer valuation vs. expected EPS growth



Source: Merodis Equity Research, Factset

Figure 14. Peer group valuation analysis (including full negative impact of Storesquare opex investment for Roularta)

Sector	Company	Country	Price	MCap	P/E			EV/Sales			EV/EBITDA			EV/EBIT			P/B			DYield		
			(local)	(local m)	2017e	2018e	2019e	2017e	2018e	2019e	2017e	2018e	2019e	2017e	2018e	2019e	2017e	2018e	2019e	2017e	2018e	2019e
PRINT & OTHER MEDIA	Impresa	PORTUGAL	0.20	34	4.9	3.9	3.3	1.0	0.9	0.8	9.8	8.5	7.9	11.6	9.9	9.0	0.2	0.2		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	1.00	1,091	5.3	5.5	6.3	1.1	1.0	0.9	4.1	3.6	3.2	5.6	4.9	4.4				0.0	0.0	0.0
	Gruppo Editoriale L'Esp.	ITALY	0.84	329	14.4	11.9	9.9	0.5	0.5	0.5	5.6	5.0	4.6	8.3	6.9	6.2	0.6	0.6	0.6	2.0	3.0	2.8
	Mondadori	ITALY	1.83	479	14.3	12.2	11.6	0.5	0.5	0.5	6.6	5.9	5.5	9.6	8.6	7.9	1.4	1.3	1.2	1.4	2.2	3.7
	RCS	ITALY	1.18	611	17.5	11.2	14.9	1.0	0.9	0.9	7.3	6.1	6.1	12.7	9.4	9.9	4.3	3.1	2.7	0.0	0.0	0.0
	Vocento	SPAIN	1.42	171	14.1	9.9	9.0	0.6	0.5	0.5	5.2	4.5	3.9	8.9	6.8	5.7	0.6	0.5		0.0	0.3	1.1
	Telegraaf	NETHERLANDS	6.19	287	43.7	17.7		0.6	0.6		11.7	7.5		10.2	10.6		1.2	1.1		1.0	2.9	
	Sanoma	FINLAND	7.85	1,277	12.1	11.8	12.1	1.2	1.1	1.1	4.4	4.2	4.0	11.6	10.7	10.5	1.5	1.4	1.4	3.3	4.0	5.3
	Connect	UNITED KINGDOM	1.35	334	7.6	7.2	7.0	0.2	0.2	0.2	5.4	5.1	4.9	7.0	6.5	6.2	17.8	11.7	8.4	7.3	7.5	7.8
	Tarsus	UNITED KINGDOM	2.85	322	10.5	15.3	9.7	3.1	3.8	2.6	9.1	11.5	7.0	9.2	12.3	7.2	4.0	3.9		3.3	3.6	3.7
	Trinity Mirror	UNITED KINGDOM	1.16	322	3.4	3.4	3.5	0.5	0.5		2.3	2.1		2.8	2.4					4.6	4.7	5.5
	Wilmington	UNITED KINGDOM	2.50	218	12.8	10.7	9.5	2.2	1.9	1.7	10.0	8.4	7.0	11.0	8.9	7.6	9.2	8.2		3.4	3.6	3.6
	Independent News	IRELAND	0.12	172	5.0	4.9	5.4	0.2	0.1	0.1	1.4	0.8	0.5	1.7	1.0	0.6	1.6	1.2	1.0	0.0	0.0	0.0
	Eniro	SWEDEN	0.33	172																		
	Axel Springer	GERMANY	51.77	5,586	20.0	18.1	16.1	2.0	1.8	1.7	10.6	9.3	8.5	14.3	12.4	11.0	2.4	2.4	2.4	3.7	3.8	4.0
	PRINT MEDIA AVERAGE				**13.3**	**10.3**	**9.1**	**1.0**	**1.0**	**1.0**	**7.5**	**6.1**	**5.3**	**8.9**	**8.0**	**7.2**	**3.6**	**2.9**	**2.5**	**2.0**	**2.4**	**2.9**
	PRINT MEDIA MEDIAN				**12.5**	**10.9**	**9.5**	**0.6**	**0.6**	**0.9**	**6.6**	**5.9**	**5.2**	**9.4**	**8.7**	**7.4**	**1.6**	**1.4**	**1.4**	**1.4**	**2.9**	**3.6**
	Roularta (combined)	**BELGIUM**	**26.55**	**349**	**14.8**	**14.1**	**9.8**	**0.8**	**0.8**	**0.7**	**7.4**	**6.8**	**5.7**	**10.8**	**9.8**	**8.0**	**1.5**	**1.4**	**1.4**	**2.1**	**2.3**	**3.4**
	% prem./(disc.) vs median				**18.5**	**28.8**	**2.8**	**38.3**	**30.6**	**-17.7**	**12.8**	**14.4**	**10.3**	**14.6**	**11.7**	**7.4**	**-1.8**	**-2.6**	**-4.4**	**51.9**	**-21.7**	**-7.1**
	Roularta (consolidated)	**BELGIUM**	**26.55**	**349**	**14.8**	**14.1**	**9.8**	**0.9**	**0.8**	**0.8**	**13.9**	**12.8**	**8.5**	**36.0**	**34.3**	**17.8**	**1.5**	**1.4**	**1.4**	**2.1**	**2.3**	**3.4**
	% prem./(disc.) vs median				**18.5**	**28.8**	**2.8**	**51.3**	**39.4**	**-12.8**	**110.8**	**115.5**	**64.4**	**281.3**	**292.8**	**141.0**	**-1.8**	**-2.6**	**-4.4**	**51.9**	**-21.7**	**-7.1**
FREE TV	TF1	FRANCE	11.20	2,342	18.6	20.5	15.0	1.0	1.0	0.9	6.7	7.0	5.6	11.6	12.9	8.6	1.5	1.5	1.4	3.3	3.3	4.3
	M6	FRANCE	20.92	2,642	18.6	17.5	16.2	1.9	1.8	1.7	7.6	7.1	6.9	11.3	10.5	9.9	4.0	3.8	3.5	4.3	4.5	4.5
	Mediaset	ITALY	3.88	4,409	37.6	23.0	13.7	1.4	1.4	1.3	10.9	8.7	6.4	15.0	11.0	7.9	2.0	1.9	1.7	2.1	3.2	5.8
	Mediaset España	SPAIN	12.09	4,069	19.6	17.9	16.3	3.8	3.6	3.5	14.3	13.0	11.9	15.1	13.7	12.4	4.0	3.8	3.6	4.8	5.3	5.8
	Atresmedia	SPAIN	11.84	2,673	16.7	15.1	13.8	2.6	2.5	2.4	12.4	11.3	10.1	13.4	11.9	10.9	4.9	4.8	4.5	4.9	5.6	6.2
	RTL	BELGIUM	75.20	11,550	15.1	14.6	14.0	1.9	1.8	1.7	8.6	8.2	7.6	10.0	9.6	8.9	3.5	3.4	3.2	5.5	5.3	5.5
	Prosieben	GERMANY	41.51	9,497	16.4	15.1	14.2	2.7	2.5	2.3	10.5	9.8	9.1	12.8	11.7	10.8	6.5	5.9	5.4	4.9	5.3	5.5
	ITV	UNITED KINGDOM	2.19	8,812	13.5	13.0	12.2	3.1	2.9	2.8	10.5	10.1	9.3	11.8	11.3	10.4	10.6	9.0	7.9	3.7	4.4	5.0
	FREE TV AVERAGE				**19.5**	**17.1**	**14.4**	**2.3**	**2.2**	**2.1**	**10.2**	**9.4**	**8.4**	**12.6**	**11.6**	**10.0**	**4.6**	**4.3**	**3.9**	**4.2**	**4.6**	**5.3**
	FREE TV MEDIAN				**17.6**	**16.3**	**14.1**	**2.3**	**2.2**	**2.0**	**10.5**	**9.2**	**8.4**	**12.3**	**11.5**	**10.1**	**4.0**	**3.8**	**3.5**	**4.5**	**4.9**	**5.5**
	Roularta (combined)	**BELGIUM**	**26.55**	**349**	**14.8**	**14.1**	**9.8**	**0.8**	**0.8**	**0.7**	**7.4**	**6.8**	**5.7**	**10.8**	**9.8**	**8.0**	**1.5**	**1.4**	**1.4**	**2.1**	**2.3**	**3.4**
	% prem./(disc.) vs median				**-16.3**	**-13.4**	**-30.6**	**-64.3**	**-64.8**	**-63.5**	**-29.4**	**-26.6**	**-31.7**	**-12.2**	**-15.2**	**-21.4**	**-62.1**	**-63.9**	**-60.8**	**-54.4**	**-53.8**	**-38.6**
PRINTING	St Ives	UNITED KINGDOM	0.53	76	4.2	4.4	4.2	0.4	0.4	0.3	4.0	3.9	3.9	5.6	5.5	5.1	0.6	0.6	0.6	4.7	4.7	5.7
	QuadGraphics	UNITED STATES	25.24	1,317	15.1	12.6	16.4	0.6	0.5	0.6	5.2	5.4	5.8	10.8	10.8	10.9	0.8	0.8	0.7	4.8	4.8	4.8
	Dai Nippon Printing	JAPAN	1,200.00	733,878																		
	PRINTING AVERAGE				**9.6**	**8.5**	**10.3**	**0.5**	**0.5**	**0.5**	**4.6**	**4.6**	**4.8**	**8.2**	**8.2**	**8.0**	**0.7**	**0.7**	**0.6**	**4.7**	**4.7**	**5.2**
	PRINTING MEDIAN				**9.6**	**8.5**	**10.3**	**0.5**	**0.5**	**0.5**	**4.6**	**4.6**	**4.8**	**8.2**	**8.2**	**8.0**	**0.7**	**0.7**	**0.6**	**4.7**	**4.7**	**5.2**
	Roularta (combined)	**BELGIUM**	**26.55**	**349**	**14.8**	**14.1**	**9.8**	**0.8**	**0.8**	**0.7**	**7.4**	**6.8**	**5.7**	**10.8**	**9.8**	**8.0**	**1.5**	**1.4**	**1.4**	**2.1**	**2.3**	**3.4**
	% prem./(disc.) vs median				**53.5**	**65.5**	**-5.2**	**71.8**	**65.9**	**58.4**	**60.8**	**46.7**	**18.4**	**31.6**	**19.7**	**-0.8**	**124.8**	**110.6**	**116.4**	**-56.0**	**-52.0**	**-34.9**

Source: Merodis, Factset

Figure 15. Peer group benchmarking analysis (including full negative impact of Storesquare opex investment for Roularta)

Company	Freefloat (%) 2017	Liquidity (daily,€m)	Depr/ EBITDA	Capex/ Sales	ND/EBITDA			EBITDA margin (%)			EBIT margin (%)			Net margin (%)			ROE (%)			2017-19e CAGR (%)		
					2017e	2018e	2019e	2017e	2018e	2019e	2017e	2018e	2019e	2017e	2018e	2019e	2017e	2018e	2019e	EPS	EBITDA	Sales
PRINT & OTHER MEDIA																						
Impresa	36	0.05		2%	8.2	7.1	6.5	10.0	10.7	10.7	8.4	9.2	9.4	3.3	4.0	4.5	4.6	5.5		20.7	6.6	2.7
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	1.87	27%	9%	1.4	1.0	0.7	27.5	28.1	28.9	19.9	20.8	21.0	9.2	10.8	11.2				-8.3	3.5	1.0
Gruppo Editoriale L'Esp.	23	0.22	61%	1%	-0.1	-0.2	-0.5	9.2	10.3	10.3	6.2	7.4	7.6	3.4	4.3	4.7	4.0	4.8	5.8	20.8	6.3	0.2
Mondadori	50	0.76	29%	1%	2.1	1.7	1.3	8.3	8.8	9.0	5.7	6.1	6.2	2.5	2.9	3.1	10.6	11.2	10.6	11.0	3.8	0.1
RCS	2	0.72	-103%	5%	2.6	1.9	1.8	13.8	15.7	15.4	8.0	10.1	9.4	3.6	5.6	4.4	28.8	32.5	19.2		5.3	-0.2
Vocento	47	0.18	48%	2%	1.6	1.2	0.6	10.9	11.9	12.3	6.4	7.9	8.4	2.7	4.0	4.4	3.9	5.5		25.3	6.1	0.0
Telegraaf	35	0.35	363%	2%	-2.0	-1.4		5.0	7.7		5.7	5.5		2.6	3.0		2.7	6.4				
Sanoma	35	1.27	136%	3%	1.5	1.3	1.2	27.3	27.2	27.3	10.4	10.5	10.5	6.3	6.6	6.4	13.0	12.5	11.8	0.1	0.2	0.2
Connect	98	0.36	35%	0%	1.2	1.0	0.9	4.3	4.6	4.8	3.4	3.6	3.7	2.0	2.2	2.4	276.1	196.5	140.1	4.3	2.8	-2.0
Tarsus	76	0.40	22%	2%	1.6	2.0	0.6	34.6	33.1	37.0	34.0	31.2	36.3	21.2	16.4		40.9	25.9		4.1	7.6	4.1
Trinity Mirror	98	0.34	26%	1%	0.1	-0.2		22.5	23.1	24.9	19.0	19.6	21.4	14.6	15.6	17.1				-2.1	0.0	-4.9
Wilmington	86	0.44	40%	3%	1.8	1.3	0.6	22.1	23.0	24.1	20.0	21.7	22.2	11.8	13.5	14.4	50.0	81.2		16.0	13.0	8.2
Independent News	70	0.18	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	0.10	-37%	4%																		
Axel Springer	40	7.57	30%	4%	1.8	1.3	1.0	18.7	19.7	20.3	13.8	14.9	15.6	8.0	8.7	9.5	12.4	13.3	14.8	11.5	7.7	3.4
PRINT MEDIA AVERAGE	**58**	**0.93**	**45%**	**3%**	**2.2**	**1.4**	**0.9**	**15.3**	**16.0**	**18.3**	**11.3**	**11.9**	**14.1**	**6.7**	**7.2**	**7.7**	**34.4**	**32.2**	**31.8**	**8.3**	**4.7**	**0.9**
PRINT MEDIA MEDIAN	**48**	**0.36**	**29%**	**2%**	**1.6**	**1.3**	**0.8**	**13.8**	**13.9**	**15.4**	**8.4**	**10.1**	**10.5**	**3.6**	**5.6**	**5.5**	**12.4**	**12.5**	**14.8**	**7.6**	**5.3**	**0.2**
Roularta (combined)	**25**	**0.15**	**31%**	**2%**	**0.5**	**0.0**	**-0.2**	**10.9**	**11.2**	**12.8**	**7.5**	**7.8**	**9.2**	**4.7**	**5.0**	**7.1**	**10.0**	**9.8**	**13.5**	**22.9**	**7.9**	**-0.2**
% prem./(disc.) vs median	**-48**	**-58.5**	**5.7**	**-18.3**	**-66.5**	**-96.8**	**-124.1**	**-20.6**	**-19.4**	**-16.7**	**-11.1**	**-22.9**	**-12.2**	**32.0**	**-11.8**	**29.0**	**-19.7**	**-22.0**	**-9.2**	**199.4**	**49.1**	**-201.4**
Roularta (consolidated)	**25**	**0.15**	**61%**	**3%**	**1.9**	**0.5**	**-0.2**	**6.4**	**6.3**	**9.1**	**2.5**	**2.4**	**4.3**	**8.2**	**8.8**	**13.0**	**10.0**	**9.8**	**13.5**	**22.9**	**16.7**	**-2.1**
% prem./(disc.) vs median	**-48**	**-58.5**	**113.0**	**30.7**	**23.1**	**-60.3**	**-128.7**	**-53.6**	**-54.3**	**-40.8**	**-70.8**	**-76.6**	**-58.5**	**130.7**	**56.9**	**134.7**	**-19.7**	**-22.0**	**-9.2**	**199.4**	**213.7**	**-1,216.2**
FREE TV																						
TF1	49	3.19	26%	3%	-0.8	-0.8	-1.1	14.9	14.1	16.2	8.6	7.6	10.5	5.8	5.1	7.2	8.2	7.2	9.7	11.3	6.1	2.0
M6	51	1.81	37%	10%	-0.2	-0.3	-0.2	24.9	24.8	24.5	16.8	16.9	17.2	10.5	10.5	10.9	22.2	22.6	22.5	7.2	5.0	5.8
Mediaset	33	38.01	81%	21%	1.9	1.3	0.9	13.2	15.7	20.6	9.6	12.4	16.7	3.0	4.7	8.0	5.3	8.5	13.2	65.8	28.0	2.3
Mediaset España	44	10.41	50%	20%	-0.6	-0.7	-0.7	26.5	27.8	29.2	25.0	26.4	27.9	19.8	20.8	22.0	20.2	21.8	22.9	9.7	9.1	3.8
Atresmedia	35	5.62	11%	3%	0.6	0.4	0.3	21.3	22.4	24.0	19.8	21.3	22.2	15.0	16.1	17.2	30.5	32.1	33.7	10.1	9.9	3.6
RTL	24	0.51	15%	4%	0.3	0.2	0.0	22.1	22.2	22.2	18.8	18.9	19.0	12.0	12.1	12.3	23.9	23.7	23.5	4.0	3.8	3.4
Prosieben	98	41.34	17%	4%	1.7	1.5	1.3	25.9	25.6	25.4	21.3	21.3	21.4	13.1	13.3	13.3	40.6	41.3	39.8	7.5	6.3	7.2
ITV	89	39.45	12%	2%	0.8	0.6	0.4	29.3	29.1	29.9	25.9	26.0	26.7	16.7	17.4	19.5	81.0	75.1	68.5	5.1	4.5	3.4
FREE TV AVERAGE	**53**	**17.54**	**31%**	**8%**	**0.5**	**0.3**	**0.1**	**22.2**	**22.7**	**24.0**	**18.2**	**18.8**	**20.2**	**12.0**	**12.5**	**13.8**	**29.0**	**29.0**	**29.2**	**15.1**	**9.1**	**3.9**
FREE TV MEDIAN	**46**	**8.02**	**22%**	**4%**	**0.5**	**0.3**	**0.2**	**23.5**	**23.6**	**24.3**	**19.3**	**20.1**	**20.2**	**12.6**	**12.7**	**12.8**	**23.1**	**23.1**	**23.2**	**8.6**	**6.2**	**3.5**
Medialaan (*)			**16%**	**3%**	**0.3**	**0.1**	**-0.1**	**18.0**	**18.5**	**19.0**	**15.1**	**15.7**	**16.3**	**9.8**	**10.4**	**10.9**	**15.0**	**15.4**	**15.6**	**7.9**	**5.3**	**2.5**
% prem./(disc.) vs median			**-26.1**	**-23.5**	**-46.0**	**-79.3**	**-183.8**	**-23.4**	**-21.7**	**-21.7**	**-21.7**	**-21.9**	**-19.4**	**-21.6**	**-17.6**	**-14.6**	**-35.2**	**-33.3**	**-32.8**	**-7.9**	**-14.5**	**-28.6**
PRINTING																						
St Ives	97	0.47	58%	2%	1.9	1.7	1.7	9.7	9.6	8.9	7.0	6.7	6.8	0.3	1.6	3.6	13.3	12.6	13.4	-0.3	-2.6	1.2
QuadGraphics	86	7.08	-64%	3%	2.2	2.2	2.2	10.7	10.1	10.0	5.1	5.0	5.3	2.0	2.1	2.1	5.6	6.1	4.5	-4.2	-8.9	-5.8
Dai Nippon Printing	66	13.55	54%	5%																na	na	na
PRINTING AVERAGE	**83**	**7.03**	**16%**	**3%**	**2.1**	**1.9**	**1.9**	**10.2**	**9.9**	**9.5**	**6.0**	**5.9**	**6.0**	**1.2**	**1.8**	**2.9**	**9.4**	**9.4**	**8.9**	**-2.3**	**-5.8**	**-2.3**
PRINTING MEDIAN	**86**	**7.08**	**54%**	**3%**	**2.1**	**1.9**	**1.9**	**10.2**	**9.9**	**9.5**	**6.0**	**5.9**	**6.0**	**1.2**	**1.8**	**2.9**	**9.4**	**9.4**	**8.9**	**-2.3**	**-5.8**	**-2.3**
Roularta (combined)	**25**	**0.15**	**31%**	**2%**	**0.5**	**0.0**	**-0.2**	**10.9**	**11.2**	**12.8**	**7.5**	**7.8**	**9.2**	**4.7**	**5.0**	**7.1**	**10.0**	**9.8**	**13.5**	**22.9**	**7.9**	**-0.2**
% prem./(disc.) vs median	**-71**	**-97.9**	**-43.6**	**-34.8**	**-74.7**	**-97.9**	**-110.0**	**7.5**	**13.5**	**35.2**	**24.2**	**32.4**	**52.3**	**295.0**	**170.6**	**146.6**	**5.8**	**4.2**	**50.6**	**-1,108.7**	**-238.1**	**-91.5**

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 vaue" is an Equity proxy.

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