

€m	2014	2015	2016	2017	2018e	2019e	2020e
Sales	300.1	291.9	278.6	258.3	250.7	237.9	229.6
EBIT	3.9	12.3	6.7	-13.0	137.1	-6.6	-3.2
Net profit	-142.5	64.4	21.5	-10.9	139.2	0.2	3.9
EPS (€)	-10.98	4.92	1.65	-0.84	10.68	0.01	0.30
DPS (€)	0.00	0.50	0.50	0.00	5.00	0.00	0.00
P/E (x)	na	3.2	14.7	na	2.1	1698.6	74.2
Yield (%)	0.0	3.2	2.1	0.0	22.6	0.0	0.0
Adj. EV/EBIT (x)	36.0	9.6	32.7	na	1.4	na	2.3

Source: Merodis Equity Research, Factset
Pricing date: 30/04/2018

Key monthly insights

Key takeaways from the 2017 annual report

Roularta published its 2017 annual report (available on its website) ahead of the AGM which is planned on 15 May. The annual report contains the financial statements that were already published on 2 March, so there are no surprises at that level. Although management does not provide guidance, some insights on their budget forecasts are contained within their intangibles impairment test assumptions, which, in itself, is also a topical subject given the P&L impact of the company's title depreciation policy (including impairments which impacted 2017 results). As such, the key assumptions to highlight, in our view, are: (1) a 4% drop in opex expected in 2019 resulting from the end of the Econocom lease contract (MERE -5.8% y-o-y at the level of opex ex-COGS), (2) average revenue increase going forward of 1% pa (MERE -3.8% pa on average over 2018-20e) and 2% subscription price increase pa (MERE 0%) and (3) management's WACC estimate of 7.7% (MERE 8.7% assuming 20% gearing and a beta of 1.3) which has, quite conservatively (given the change in profile and balance sheet leverage), risen from 6.3% in 2016. The impairment test in 2017 has led to a €3.1m impairment (from €0 in 2016) in addition to the €4.1m in intangible amortisation. The value of titles in Roularta's balance sheet is at €70m (out of total intangibles of €84m), with news magazine titles weighing 61%, business magazines 21% and free press 18%. The company's own sensitivity analysis concludes that a 1% increase in WACC, a 1% decrease in growth rates and a 10% decrease in cash flows would lead to an impairment of €4.7m. Our forecasts include an intangible amortisation of €8m in 2018e (from €7.8m in 2017) falling to €6.1m in 2020e, weighing on profitability but not on CF.

Next steps in Roularta's improving equity story

The next steps in Roularta's equity story are: (1) closing of the Sanoma deal by end June, (2) payment of the €63m exceptional dividend (€5/share interim dividend to be paid out in July 2018) to remunerate shareholders for the €145m capital gain on the Mediaaan disposal which was closed in February 2018, (3) 1H18 results on 17 August (including capital gain from on Mediaaan and consolidation of Mediafin), (4) from end-2018, unwinding of the Econocom leasing contract (€9m pa 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 €22.5/share (from €22.6 previously estimated). We value Print Media at an EV of €64m, 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-art printing facilities. This highlights a clear re-rating potential for the business.

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)
- ➔ Friday, 15 March 2019: Announcement of FY18 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](#)
- ➔ ["March 2017 market review" \(monthly dashboard\), 3 April 2018](#)

Company description

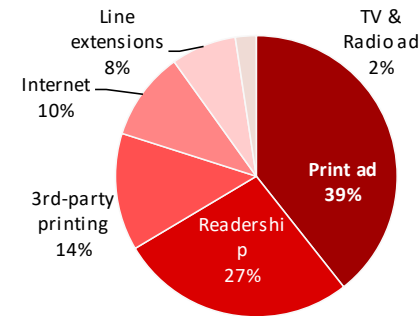
Roularta is Belgium's leading media company offering

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

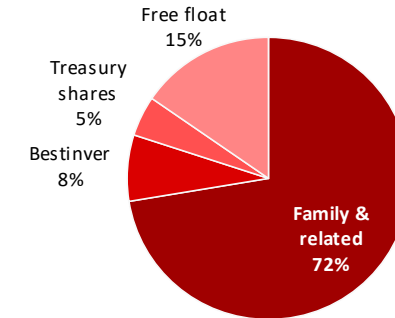
Combined group sales are almost entirely generated in Belgium through (1) Print Media Advertising (40% of group), (2) Readers Market (subscriptions and newsstand sales) (28%), (3) Third-Party Printing (14%), (4) Internet advertising and related (10%) and (5) other sources of revenues including Line Extensions (8%). Roularta's consolidated accounts include the full contribution of its Print Media activity (advertising and readers market ex-Bayard, internet activity, line extensions and third-party printing). The 50% stakes in Mediafin and Bayard are equity-accounted.

The acquisition of Sanoma Belgium's magazine titles (high-end weekly and monthly magazines mainly for women) which include Libelle/Femme d'Aujourd'hui, Flair and Feeling/Gael, has not yet been reflected in our forecasts. The transaction is expected to be finalised by June 2018.

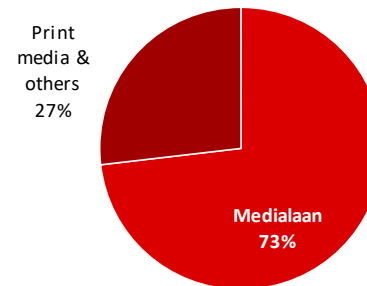
Combined sales breakdown (2017)



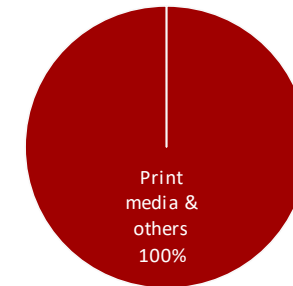
Shareholders



Combined EBIT breakdown (2016)



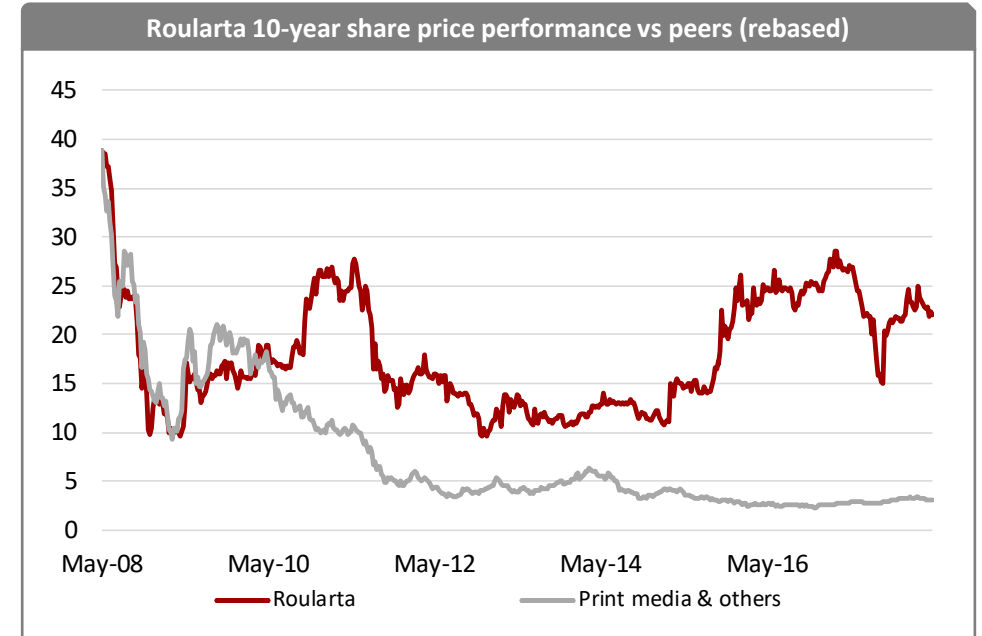
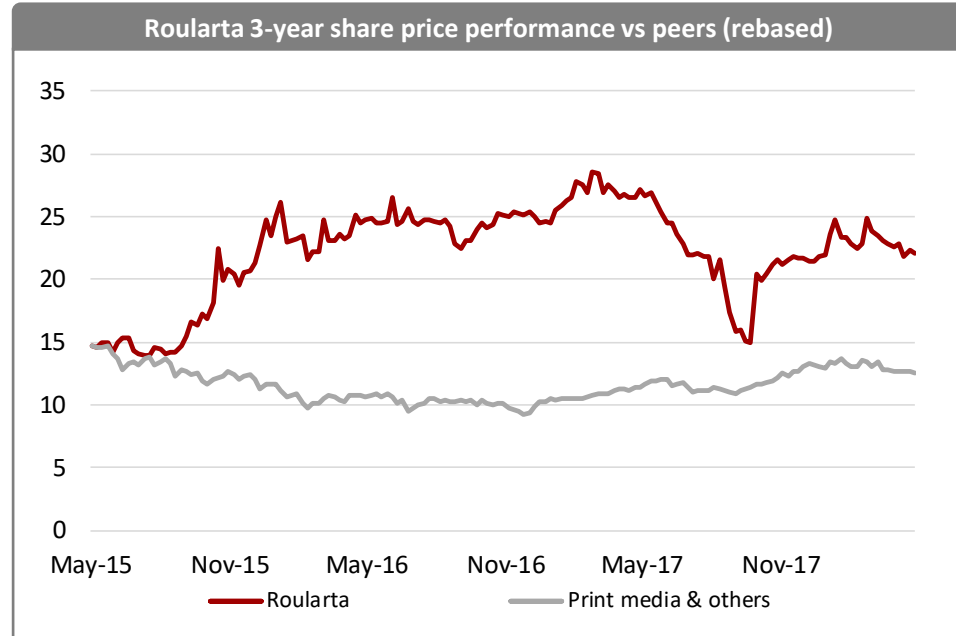
Consolidated EBIT breakdown (2017)



Source: Merodis, Factset

Share price performance

Under pressure since the 1Q17 trading update in April



Source: Merodis, Factset

Analyst Recommendations, Earnings Expectations

Consensus has stabilised

Consensus view

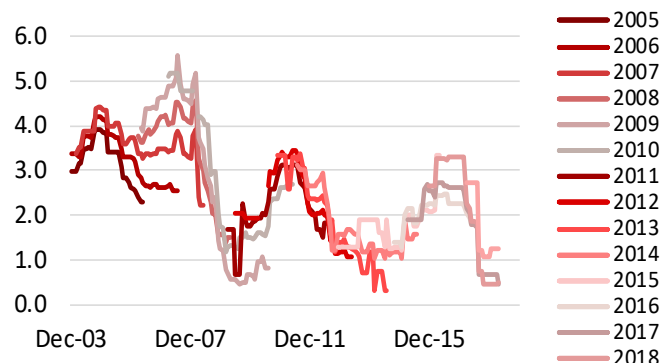
Consensus EPS estimates for Roularta are up 10% m-o-m, following the downwards revisions from August to October 2017, driven mainly by the weak 1H17 results and the recent transaction (disposal of Mediaaan and acquisition of Mediafin). We adjusted our estimates in March, taking into account the recent closing of the Mediafin deal (12 March). We have now added our 2020 estimates.

Consensus currently expects a 2018e EPS of €0.49 which compares to our forecast of -€0.44 (excluding the capital gain on Mediaaan as well as the Sanoma contribution) and €10.68 (including those one-time items), while 2019e consensus earnings are at €1.23 vs. our forecast of €0.01, 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).

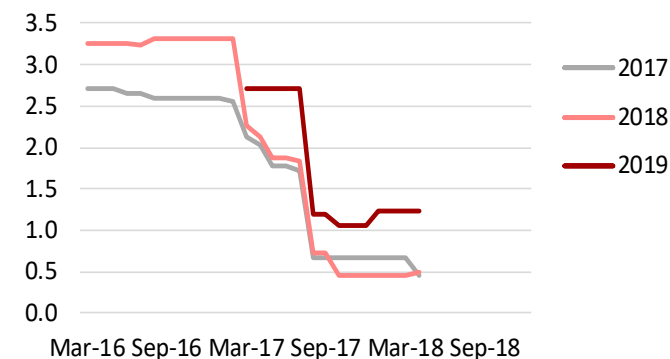
Roularta's share price came under some pressure following in the aftermath of the weak FY17 results as well as the overall market sell-off. The stock is down 2.2% m-o-m in April. The stock's performance in the month is slightly below that of Print Media peers, underperforming the Euro Stoxx 600 (+3.9%) and Belgian SMCs (+0.8%). The shares' low over the last 12 months remains €14.48 (27 September 2017), while its high during the year was €27.72 (2 May 2017).

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

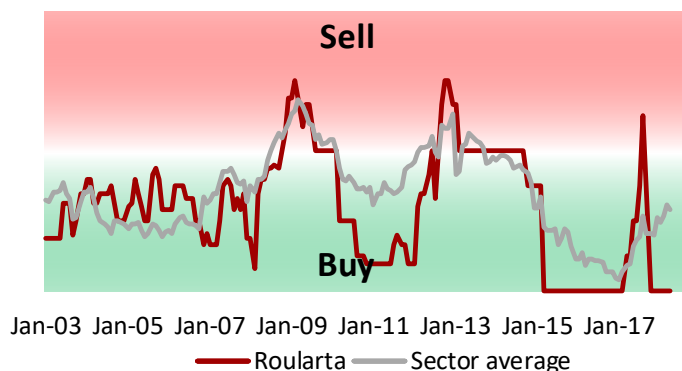
EPS Worms (€/share)



Consensus EPS 2017-19 (€/share)



Analyst recommendations vs. peer average



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

	<u>2018e</u>	<u>2019e</u>	<u>2020e</u>
Sales	0.6	-1.7	-7.9
EBITDA	-79.9	-83.5	-63.2
EBIT	na	278.6	-39.7
EPS (€)	2,080.6	-99.2	-39.2
DPS (€)	1,900.0	-100.0	-100.0
Net debt	21.2	9.0	20.5

Source: Merodis, Factset

Sector benchmarking analysis

Benchmarking Print Media peers and Listed Printing companies

Company	Freefloat (%) 2018	Liquidity (daily,€m)	Depr/ EBITDA	Capex/ Sales	ND/EBITDA			EBITDA margin (%)			EBIT margin (%)			Net margin (%)			ROE (%)			2018-20e CAGR (%)			
					2018e	2019e	2020e	2018e	2019e	2020e	2018e	2019e	2020e	2018e	2019e	2020e	2018e	2019e	2020e	2018e	2019e	2020e	EPS
PRINT & OTHER MEDIA																							
Impresa	36	0.11		2%																			
Solocal	95	2.69	12%	7%	1.9	1.4	0.7	25.7	29.6	35.9	0.2	14.8	27.5	-10.0	6.5	14.5					249.9	17.5	-0.8
Gruppo Editoriale			36%	2%	1.2	0.9	0.7	8.6	8.7	8.7	5.4	5.5	5.5	2.7	3.2	3.4	3.8	4.1	4.0		6.6	-1.0	-1.9
Mondadori	46	1.56	33%	1%	1.6	1.1	0.8	8.1	8.8	8.9	5.1	6.0	5.9	2.5	3.1	3.0	10.3	10.6	9.3		6.6	4.2	-0.4
RCS	15	0.58	27%	2%	1.5	0.9	0.0	17.4	18.2	18.5	12.4	13.5	14.0	8.2	9.8	12.9	38.1	29.8	29.9		25.8	5.8	2.8
Vocento	51	0.17	48%	2%	1.3	1.1	0.7	10.8	11.2	12.2	6.7	7.2	8.1	3.2	3.7	4.4	5.1	5.5			17.7	5.7	-0.4
Sanoma	37	1.68	-383%	3%	1.0	0.8	0.5	25.5	25.6	25.7	14.0	14.2	14.2	10.1	10.3	10.3	22.3	20.4	18.5		1.4	0.8	0.4
Connect	99	0.36	55%	1%	1.3	1.3	1.2	4.0	4.2	4.4	3.0	3.1	3.3	2.2	2.3	2.4					3.1	2.9	-1.7
Tarsus	75	0.12	24%	1%	2.8	1.7	2.0	32.7	36.4	34.2	30.5	34.8	31.4	14.8	21.3	17.1					8.8	8.4	6.0
Trinity Mirror	97	0.28	20%	1%	0.5	0.3	-0.1	22.5	24.3	26.7	19.1	22.3	23.2	14.7	17.5	18.3					4.0	6.6	-2.1
Wilmington	94	0.24	32%	2%	1.3	0.9	0.5	21.9	22.5	23.2	19.0	18.1	18.7	9.8	10.6	12.2	57.0				9.7	6.9	4.1
Independent News	67	0.12	29%	1%	-3.4	-4.4	-4.6	10.5	9.2	8.9	8.0	6.8	5.7	5.9	5.9	5.3	24.8	17.4	14.3		-11.3	-9.6	-1.6
Axel Springer	43	11.68	30%	6%	1.5	0.9	0.8	22.8	24.3	25.7	15.5	16.5	18.4	9.4	9.9	10.8	13.3	14.4	15.4		11.8	9.6	3.3
PRINT MEDIA AVERAGE	63	1.63	-3%	2%	1.0	0.6	0.3	17.6	18.6	19.4	11.6	13.6	14.7	6.1	8.7	9.5	21.8	14.6	15.3		27.8	4.8	0.7
PRINT MEDIA MEDIAN	59	0.32	30%	2%	1.3	0.9	0.7	19.7	20.3	20.8	10.2	13.8	14.1	7.1	8.2	10.5	17.8	14.4	14.9		7.7	5.7	-0.4
Roularta (consolidated)	25	0.09	1126%	6%	-24.7	-19.2	-13.4	1.5	2.0	3.0	-3.1	-2.8	-1.4	55.5	0.1	1.7	63.3	0.1	1.8		na	35.3	-4.3
% prem./ (disc.) vs median	-58	-73.2	3705.6	206.3	-1,961.4	-2,150.8	-2,053.5	-92.4	-90.2	-85.6	-130.7	-120.0	-109.9	685.6	-99.1	-83.9	256.3	-99.5	-87.9		#VALUE!	516.2	1,005.6
PRINTING																							
St Ives	97	0.20	-68%	1%	1.2	1.4	1.0	13.4	13.6	12.2	10.5	11.0	10.7	7.4	8.1	7.4	16.7	17.8	20.2		7.5	0.4	5.1
QuadGraphics	85	5.49	59%	2%																			
Dai Nippon Printing	67	14.74			-0.2	-0.1		7.4	7.5		2.9	3.0		2.2	2.2		3.2	3.3			na	na	na
PRINTING AVERAGE	83	6.81	-4%	1%	0.5	0.6	1.0	10.4	10.5	12.2	6.7	7.0	10.7	4.8	5.1	7.4	10.0	10.5	20.2		7.5	0.4	5.1
PRINTING MEDIAN	85	5.49	-4%	1%	0.5	0.6	1.0	10.4	10.5	12.2	6.7	7.0	10.7	4.8	5.1	7.4	10.0	10.5	20.2		7.5	0.4	5.1
Roularta (consolidated)	25	0.09	1126%	6%	-24.7	-19.2	-13.4	1.5	2.0	3.0	-3.1	-2.8	-1.4	55.5	0.1	1.7	63.3	0.1	1.8		na	35.3	-4.3
% prem./ (disc.) vs median	-71	-98.4	-26044.0	327.8	-5,226.3	-3,118.2	-1,379.1	-85.6	-81.0	-75.4	-146.9	-139.5	-113.1	1,062.4	-98.6	-77.2	535.0	-99.3	-91.1		#VALUE!	7,991.5	-183.8

Source: Merodis, Factset

Sector valuation summary

Multiple-based valuation

	Company	Country	Price (local)	MCap (local m)	P/E			EV/Sales			EV/EBITDA			EV/EBIT			P/B			DYield				
					2018e	2019e	2020e	2018e	2019e	2020e	2018e	2019e	2020e	2018e	2019e	2020e	2018e	2019e	2020e	2018e	2019e	2020e		
PRINT & OTHER MEDIA	Impresa	PORTUGAL	0.27	45																				
	Solocal	FRANCE	1.06	618	71.6	9.9	5.8	1.4	1.3	1.1	5.3	4.4	3.2	673.5	8.9	4.2				0.0	0.0	0.0		
	Gruppo Editoriale	ITALY	0.42	205	9.5	8.8	8.4	0.4	0.4	0.4	5.0	4.7	4.6	8.0	7.5	7.2	0.4	0.3	0.3	1.3	1.4	2.5		
	Mondadori	ITALY	1.62	423	12.3	10.5	10.8	0.5	0.4	0.4	5.8	5.0	4.7	9.2	7.3	7.0	1.2	1.1	1.0	0.0	1.6	4.2		
	RCS	ITALY	1.17	603	7.7	6.9	4.9	0.9	0.8	0.6	5.3	4.5	3.4	7.4	6.1	4.5	2.4	1.8	1.2	0.0	0.0	0.0		
	Vocento	SPAIN	1.38	167	12.6	11.1	9.1	0.5	0.5	0.5	5.0	4.6	4.0	8.0	7.2	6.0	0.6	0.6		0.0	0.0	0.0		
	Sanoma	FINLAND	9.24	1,510	11.5	11.2	11.2	1.4	1.4	1.3	5.6	5.3	5.0	10.1	9.6	9.0	2.4	2.2	2.0	4.4	4.7	5.0		
	Connect	UNITED KINGDOM	0.60	147	4.4	4.3	4.1	0.1	0.2	0.2	3.6	3.6	3.4	4.9	4.9	4.5				16.2	16.5	16.5		
	Tarsus	UNITED KINGDOM	2.92	328	17.4	10.2	14.7	4.5	3.2	3.9	13.7	8.8	11.3	14.6	9.2	12.3				3.6	3.8	4.0		
	Trinity Mirror	UNITED KINGDOM	0.85	229	2.3	2.2	2.2	0.5	0.4	0.3	2.0	1.7	1.3	2.4	1.9	1.5				7.2	7.3	7.9		
	Wilmington	UNITED KINGDOM	2.49	217	12.0	11.0	9.9	2.0	1.9	1.7	9.1	8.2	7.3	10.5	10.2	9.1	6.6			3.6	3.7	3.8		
	Independent News	IRELAND	0.09	125	5.9	7.0	7.5	0.1	0.1	0.1	0.9	0.7	0.7	1.1	1.0	1.0	1.3	1.1	1.0	0.0	0.0	0.0		
	Axel Springer	GERMANY	67.85	7,321	23.8	21.2	19.0	2.6	2.4	2.3	11.3	9.8	9.0	16.7	14.4	12.5	3.2	3.0	2.9	3.1	3.2	3.3		
	PRINT MEDIA AVERAGE					15.9	9.5	9.0	1.2	1.1	1.1	6.0	5.1	4.8	63.9	7.3	6.6	2.3	1.4	1.4	3.3	3.5	3.9	
PRINT MEDIA MEDIAN					11.7	10.1	8.7	0.7	0.7	0.6	5.3	4.7	4.3	8.6	7.4	6.5	1.9	1.1	1.1	2.2	2.4	3.6		
Roularta (consolidated)					22.10	290	2.1	1,698.6	74.2	0.7	0.8	0.8	49.8	39.7	27.3	1.4	-28.7	-58.8	1.2	1.3	1.4	22.6	0.0	0.0
% prem./(disc.) vs median					-82.4	16,764.6	747.9	2.2	19.0	46.3	843.6	750.7	540.3	-84.1	-489.4	-1,008.0	-34.3	18.4	21.5	932.8	-100.0	-100.0		
PRINTING	St Ives	UNITED KINGDOM	0.86	123	7.2	7.0	6.3	0.7	0.7	0.6	4.9	5.0	4.7	6.2	6.2	5.4	1.2	1.3	1.2	2.3	2.3	2.3		
	QuadGraphics	UNITED STATES	24.71	1,285	9.5	9.2																		
	Dai Nippon Printing	JAPAN	2,358.00	711,089	22.4	21.5		0.5	0.5		7.0	7.0		17.7	17.3		0.7	0.7		2.7	2.7			
	PRINTING AVERAGE					13.0	12.5	6.3	0.6	0.6	0.6	5.9	6.0	4.7	12.0	11.8	5.4	0.9	1.0	1.2	2.5	2.5	2.3	
	PRINTING MEDIAN					9.5	9.2	6.3	0.6	0.6	0.6	5.9	6.0	4.7	12.0	11.8	5.4	0.9	1.0	1.2	2.5	2.5	2.3	
	Roularta (consolidated)					22.10	290	-26.3	2.1	1,698.6	0.7	0.8	0.8	49.8	39.7	27.3	1.4	-28.7	-58.8	1.2	1.3	1.4	22.6	0.0
% prem./(disc.) vs median					-377.2	-77.4	27,018.0	27.6	31.8	41.8	737.8	560.9	477.3	-88.6	-343.7	-1,185.0	31.3	32.2	12.8	810.2	-100.0	-100.0		

Source: Merodis, Factset

P/E valuation relative to the sector

A rerating for the wrong reasons

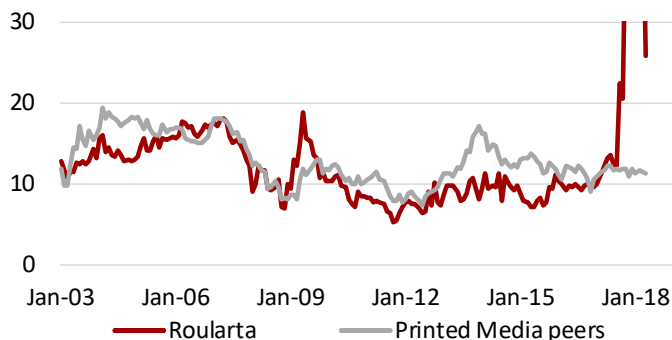
Valuation

On consensus EPS estimates, Roularta shares trade at a P/E 12M forward of 26x, a premium of 128% versus Print Media peers in Europe (from 320% in March).

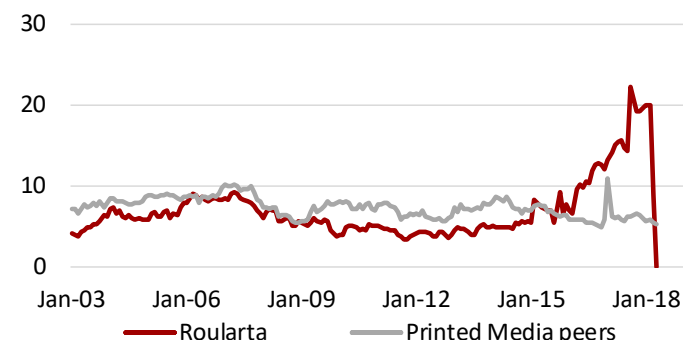
As a reminder, Roularta has disposed of its stake in Medialaan, which means Roularta is now a Print Media pure play compared to the past when TV broadcasting (through Medialaan) was the main profit contributor and the key value driver of the stock (in 2016, 73% of Roularta's EBIT and 80% of its EPS was 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 due to launching costs in digital initiatives such as Storesquare.

The Print Media sector is currently valued at 11.3x P/E 12M forward (vs. 11.4x previously) and at 5.1x EV/EBITDA 12M forward (vs. 5.3x 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), which suggest that the sector is at the low-end of its historical range.

P/E ratio of Roularta vs. Print Media



EV/EBITDA ratio of Roularta vs. Print Media



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



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

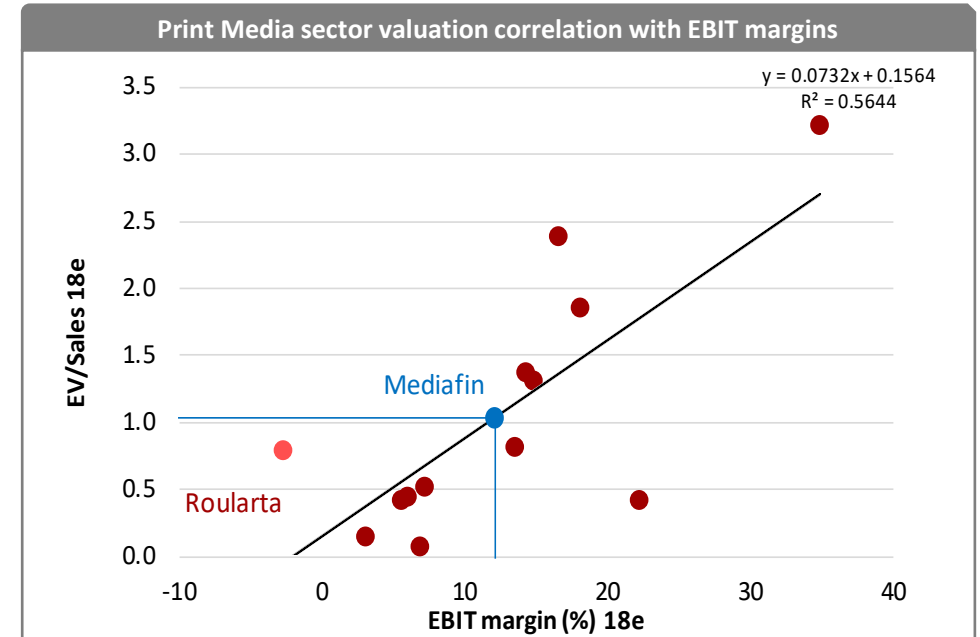
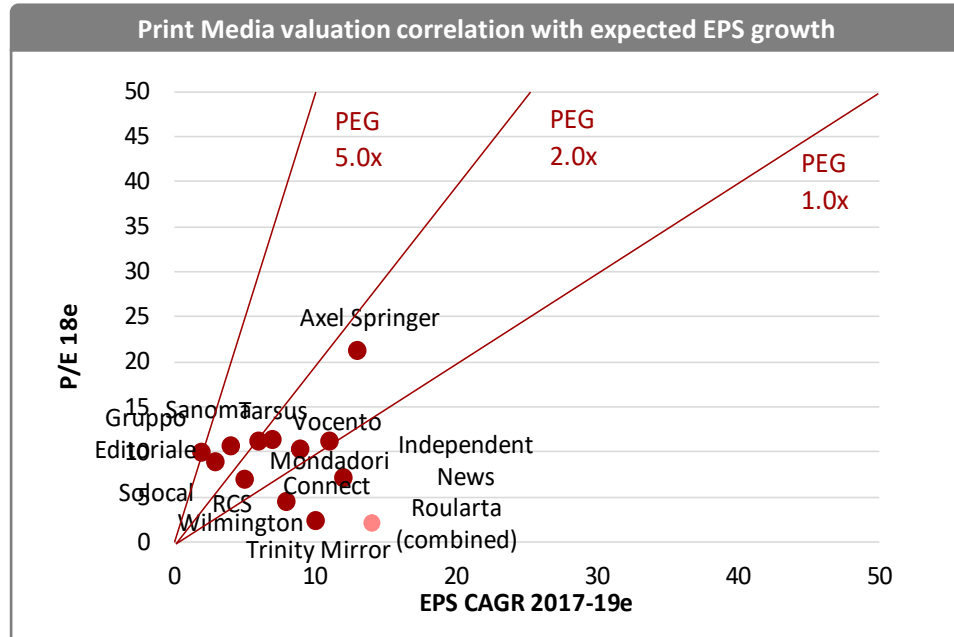


Source: Merodis, Factset

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%	139.7	na	na		64.0	16.6	105%	64.0
Group enterprise value						64.0			64.0
- Net Financial Debt/(cash) (17) + Medialaan proceeds - Mediafin purchase						154.9			154.9
- Other liabilities (17)						-8.0			-8.0
+ NPV tax asset (balance sheet)						6.6			6.6
+ Equity value of Mediafin stake	50%					56.5	4.3	27%	56.5
+ Equity value of Bayard stake	50%	5.0	10.0	7.7	-5.3	22.0	1.7	11%	24.2
= Estimated market value of equity						296.0			298.2
Total share outstanding (m)						13.1			13.1
Equity value per share						22.5			22.7

Source: Merodis, Factset

Divisional valuation indicators



Source: Merodis, Factset

Sales growth expectations

Impacted by cyclical and structural effects

Expected Sales Growth

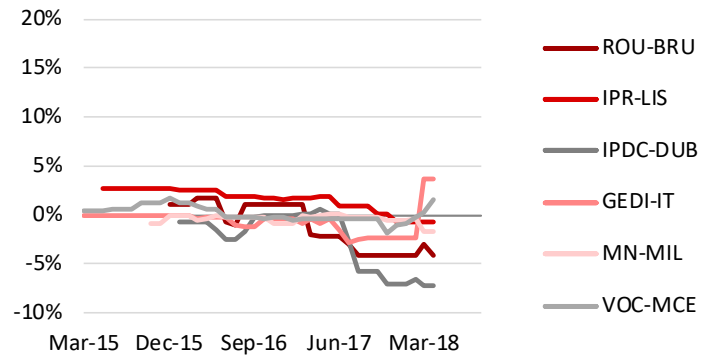
At the end of April, consensus kept its Print Media sector sales growth expectations flat for 2018 -0.9% from -1.1% expected previously.

Consensus sales expectations for Roularta in 2018 have deteriorated slightly, to -4.1% currently expected to -3% expected in March.

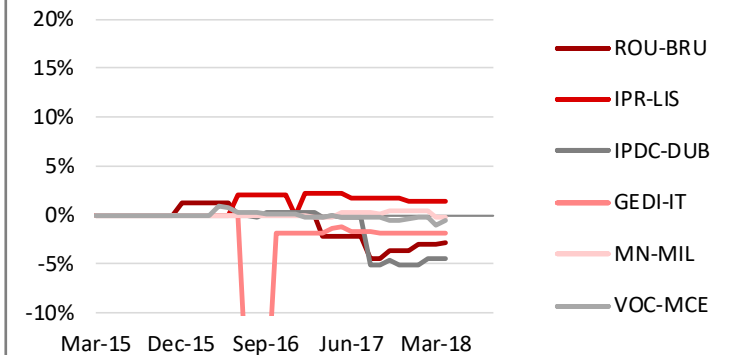
As a reminder the announced disposal of Medialaan and acquisition of Mediafin have no impact on Roularta's consolidated sales as the stakes are equity-accounted JVs.

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.

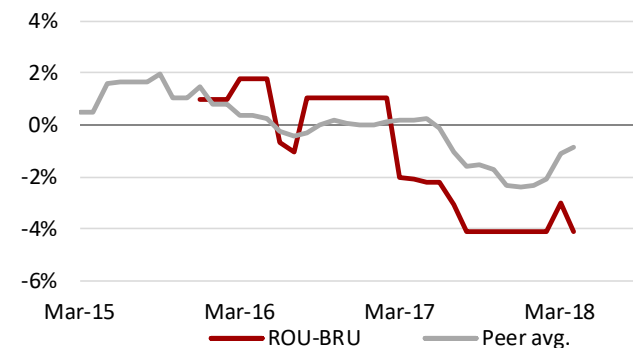
2018 expected sales growth (%)



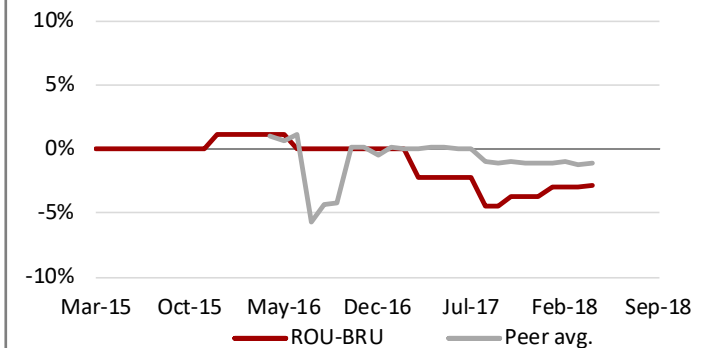
2019 expected sales growth (%)



2018 expected sales growth, Roularta vs. peers



2019 expected sales growth, Roularta vs. peers



Source: Merodis, Factset

EBITDA growth and margin expectations

Advertising revenue pressure hurting margins

EBITDA expectations

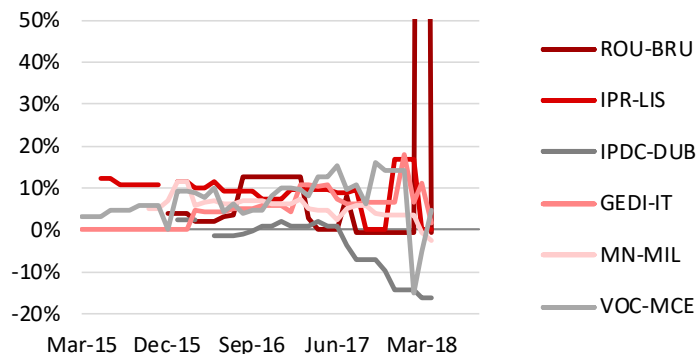
During the month of April, the expected annual EBITDA growth by analysts in 2018e for Roularta is -0.5% compared to the peer average of -3%. Margin expectations remain below the peer average for 2018, albeit with an improving trend, and are above the peer average for 2019.

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

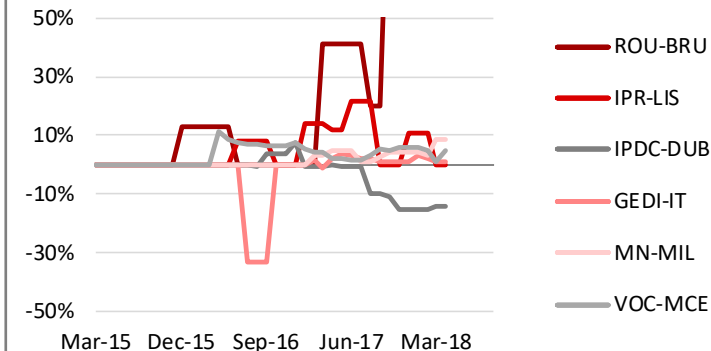
In Roularta's specific case, its reported EBITDA margin (as reflected by Factset consensus) is positively influenced by the IFRS 11 treatment of its 50% stake in Bayard (and Mediafin, from March 2018), whereby 50% of Bayard's net profit is accounted for in Roularta's EBITDA and EBIT, but where its sales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

The recently-announced transactions will impact IFRS EBITDA and EBIT as the Mediafin net contribution (estimated €2m net profit for 50% in 2016; €2.5m going forward based on our forecasts) will be added as from March 2018.

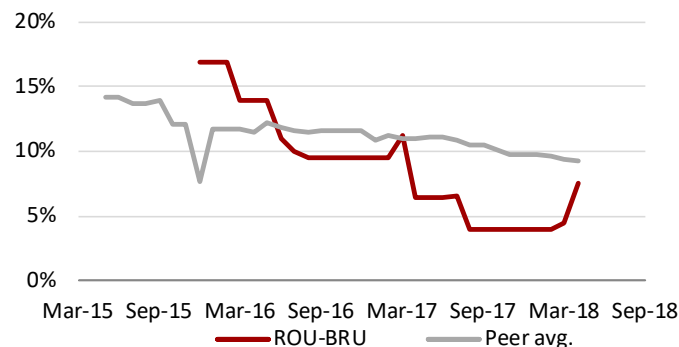
2018 expected EBITDA growth (%)



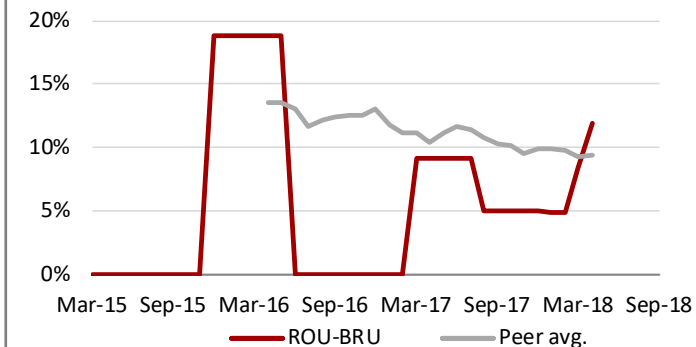
2019 expected EBITDA growth (%)



2018 expected EBITDA margin, Roularta vs. peers



2019 expected EBITDA margin, Roularta vs. peers



Source: Merodis, Factset

Consensus payout expectations

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

Dividend payout

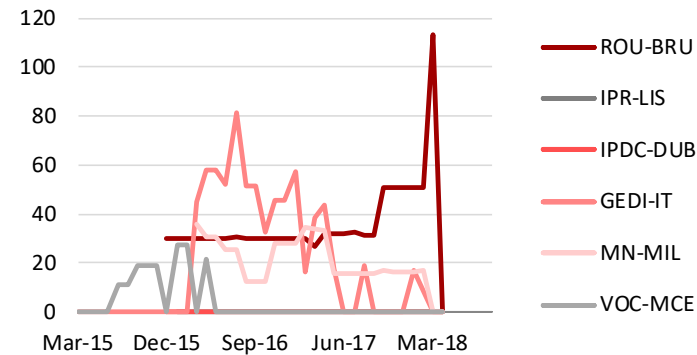
In 2017, Roularta announced on 16 January 2018 that no dividend will be paid out, which compared to our previous forecast of €0.20/share. The company announced, however, a €5/share interim dividend (€63m pay out) to be paid out in July 2018. The intention is to remunerate shareholders for the €145m capital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

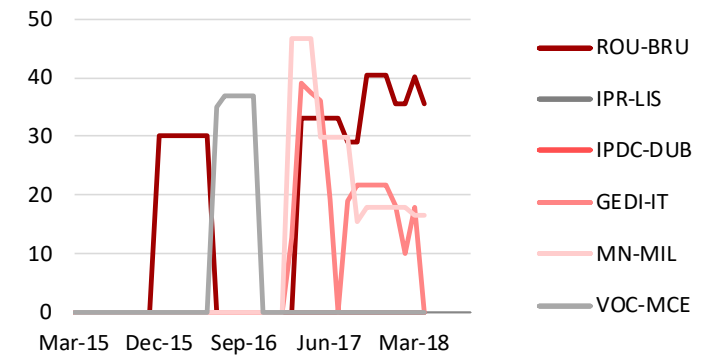
Consensus currently expects Roularta to pay out 35% of its earnings in 2019e (vs. MERe 0%), which compares to 40% payout expected in March.

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.

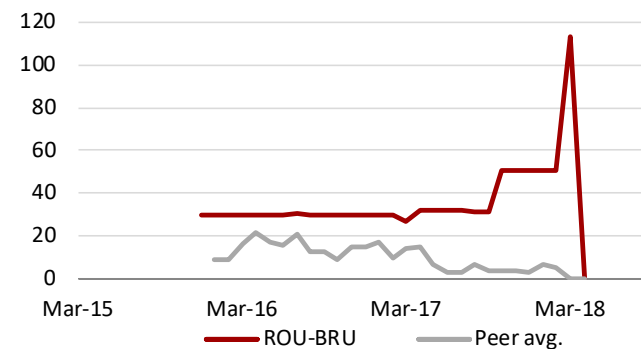
2018 expected Payout, Sector



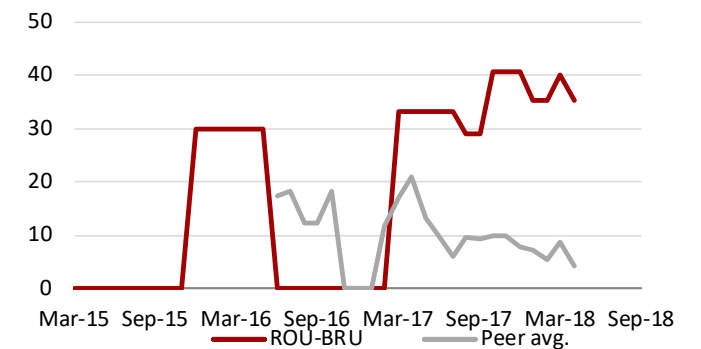
2019 expected Payout, Sector



2018 expected payout, Roularta vs. Peers



2019 expected payout, Roularta vs. Peers



Source: Merodis, Factset

Leverage expectations

No longer an issue post-transaction

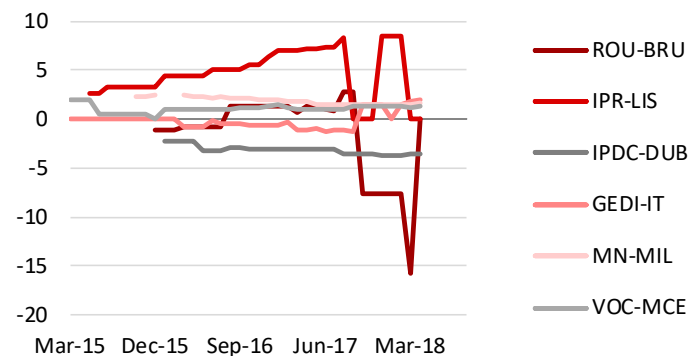
Net-debt-to-EBITDA

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, but excluding the Sanoma acquisition).

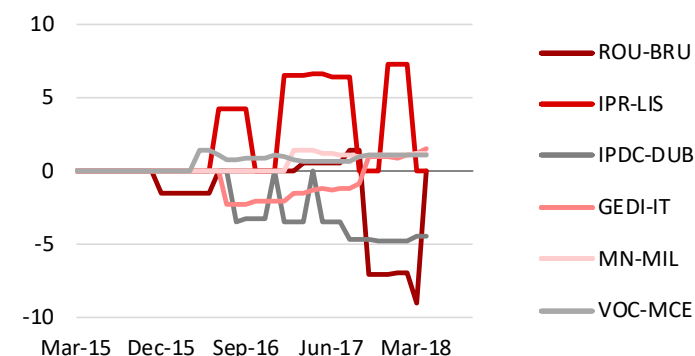
As a reminder, Roularta's covenant threshold of 3.5x net debt over EBITDA is based on annual EBITDA including the company's share of Mediaaan's and Bayard's net profit. Based on this definition, the company reported a ratio of 1.5x in 2017 despite the depressed consolidated EBITDA.

We expect Roularta to report a net cash €93m 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.

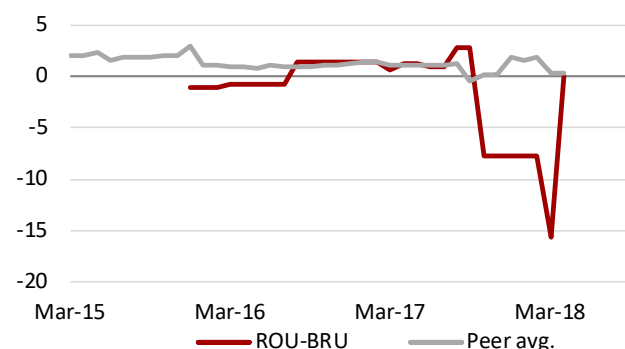
2018 NFD/EBITDA, sector



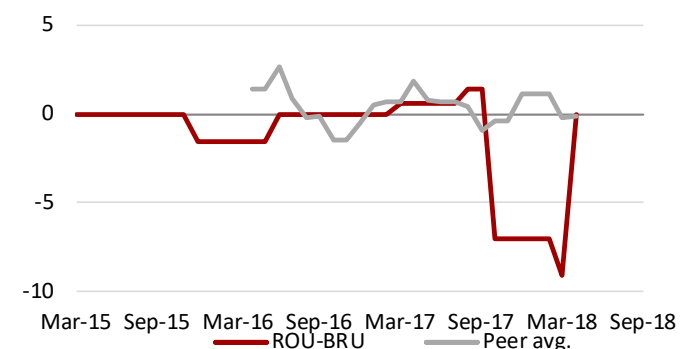
2019 NFD/EBITDA, sector



2018 NFD/EBITDA, Roularta vs. Peers

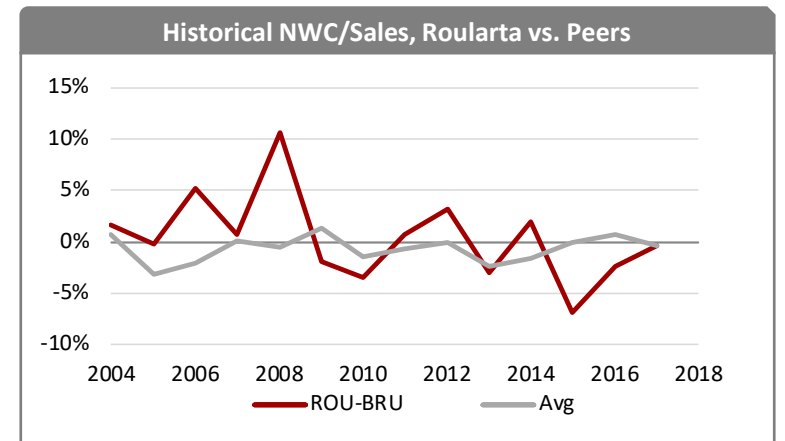
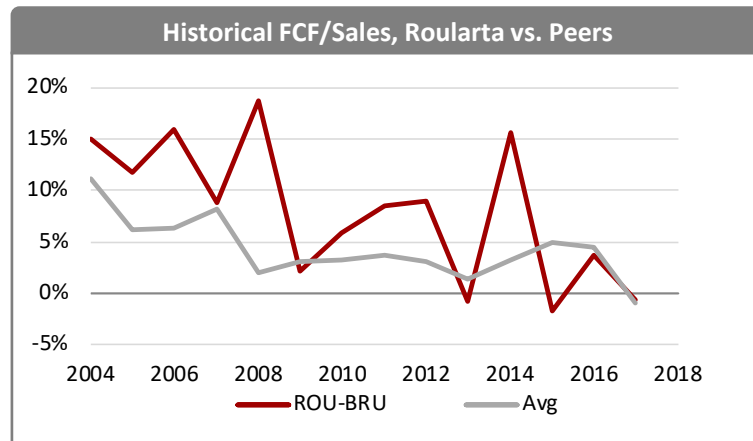
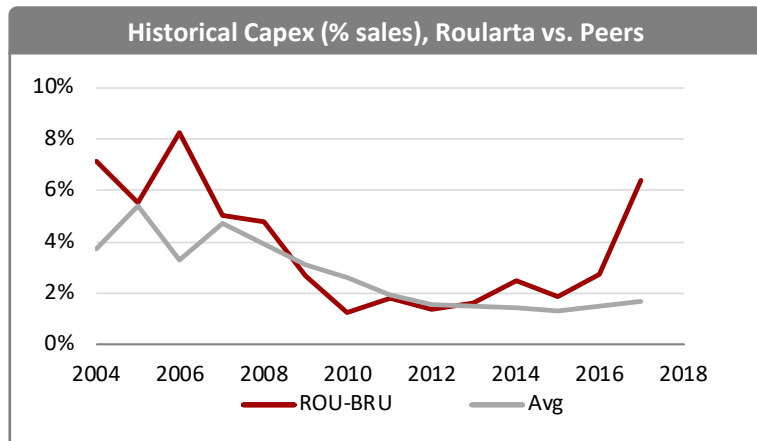
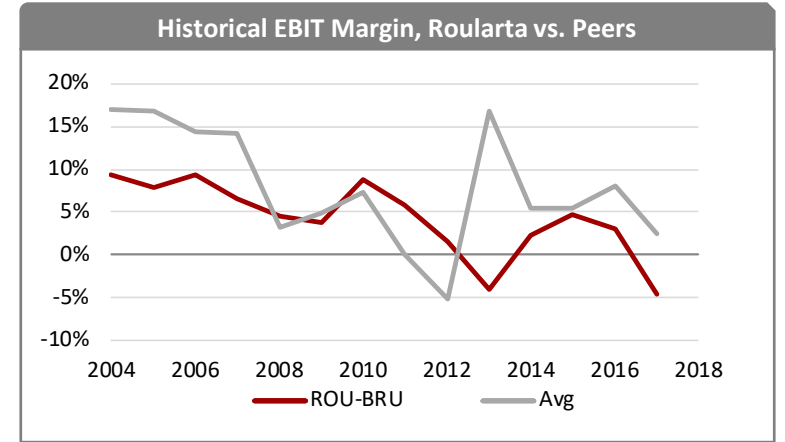
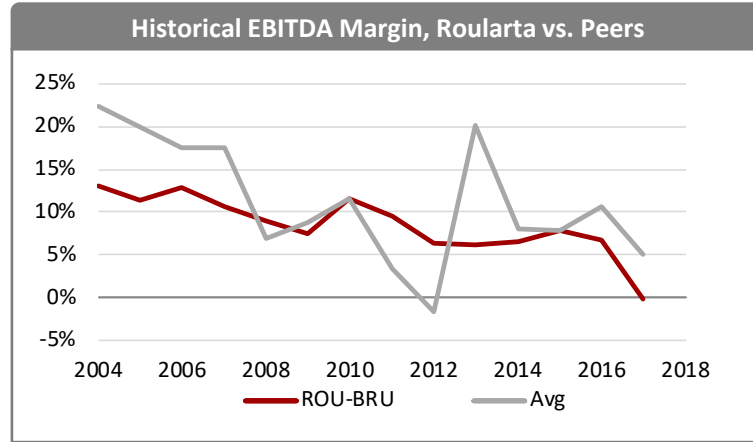
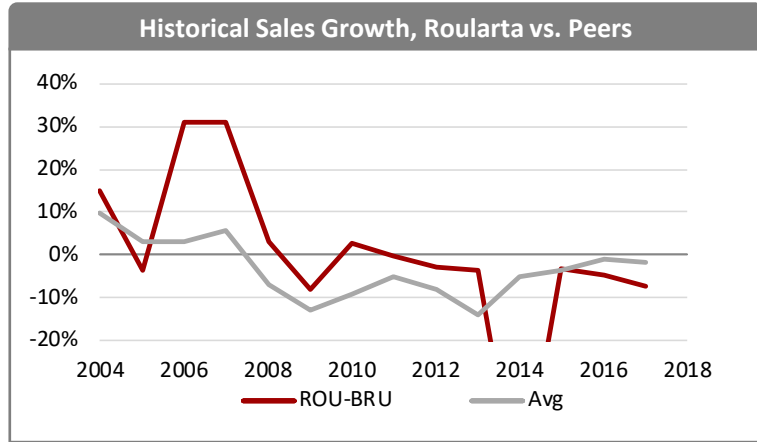


2019 NFD/EBITDA, Roularta vs. Peers



Source: Merodis, Factset

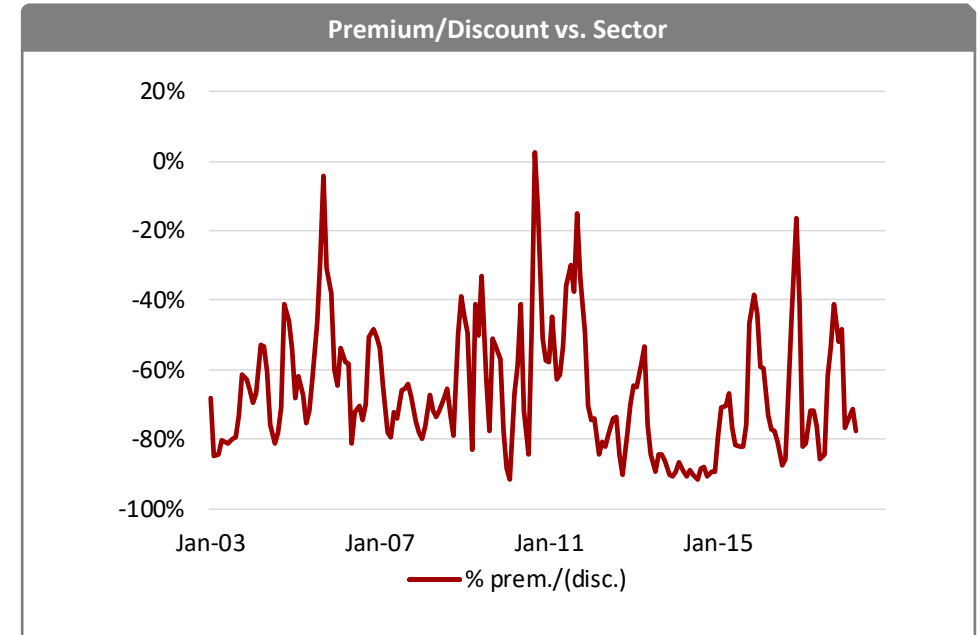
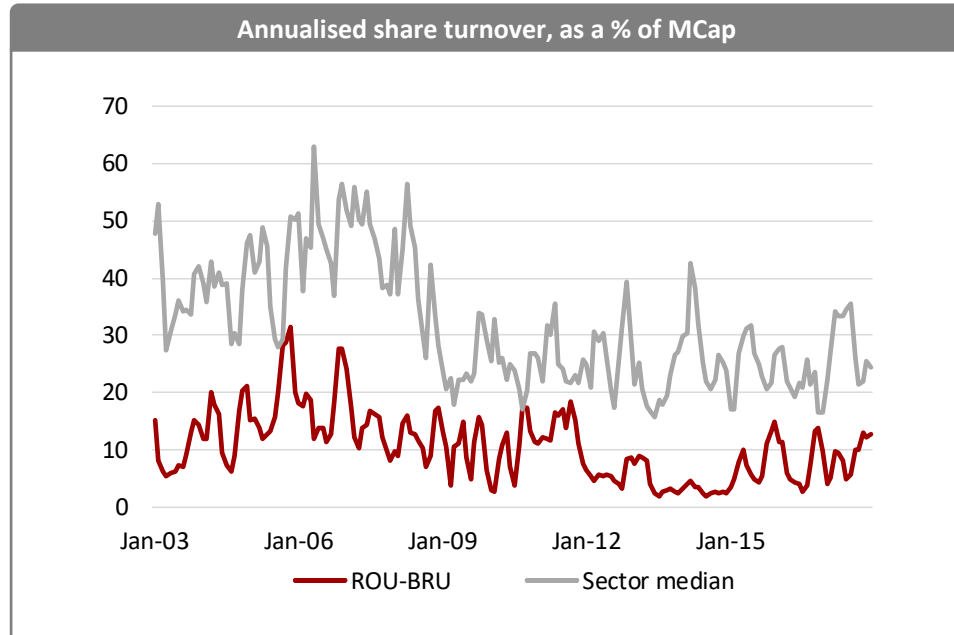
Historical P&L, CF and Balance Sheet Performance



Source: Merodis, Factset

Share liquidity

Well-below peers



Source: Merodis, Factset

Financial summary

Enterprise Value (€m): 187
Market Cap. (€m): 290
Free-float MCap (€m): 73

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018e	2019e	2020e	CAGR	CAGR
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018e	2019e	2020e	06-17	18-20e
Consolidated P&L (€m)																	
Sales	609	767	782	707	712	731	712	677	300	292	279	258	251	238	230	-7.5	-4.3
EBITDA	78	81	70	53	82	70	45	42	20	18	16	1	4	5	7	-32.7	35.3
EBIT	51	50	33	10	57	36	5	-49	4	12	7	-13	137	-7	-3	na	na
Pretax profit	49	36	18	-3	51	28	-4	-57	-3	7	2	-18	133	-5	-2	na	na
Net profit	25	16	14	-4	31	15	-3	-58	-142	64	21	-11	139	0	4	na	-83.3
Combined P&L (€m)																	
Sales	491	477	471	476	286	318	323	314								06-17	18-20e
EBITDA	46	48	55	53	4	12	13	15								6.2	77.6
EBIT	23	33	42	36	-11	143	-1	3								-66.9	-66.9
Pretax profit	16	26	37	31	-16	139	0	4								-93.1	-93.1
Net profit	-58	-142	64	21	-11	139	0	4								na	na
Cash Flow (€m)																	
Adj. EBITDA	72	80	67	36	77	63	39	21	17	15	16	1	4	5	7	-32.2	35.3
WCR	22	4	62	-10	-19	4	17	-16	4	-17	-8	0	-10	6	-1	na	-70.6
Gros Op CF	95	84	129	26	58	66	56	5	21	-3	8	1	-6	10	6	-35.3	na
Capex	-50	-38	-35	-20	-8	0	-4	-6	-7	-5	-8	-16	-7	-14	-7	-9.6	0.0
FCF	20	13	74	-8	24	46	44	-10	27	0	5	-26	-17	-1	1	na	na
Net disp/(acq.)	-214	-14	4	57	-9	1	0	1	9	12	16	17	235	0	0	na	na
Dividends paid	-8	-8	-9	0	-6	-4	0	0	0	0	0	-6	-63	0	0	-2.3	na
Equity issue	51	-13	28	2	0	-3	0	0	0	0	0	0	0	0	0	na	na
Others	-29	-2	-17	-12	0	-16	-19	2	-41	-6	3	10	0	0	0	na	na
Net Debt (incr./decr.)	-182	-24	81	39	15	22	20	-7	-6	6	18	-5	155	-1	1	-27.7	-92.2
Balance Sheet (€m)																	
WC	17	13	-49	-39	-20	-24	-41	-25	-51	-21	-13	-13	-3	-24	-24	na	184.1
Capital Employed	660	689	640	584	602	581	549	511	221	298	295	154	159	140	137	-12.4	-7.0
Discontinued Assets	0	0	0	0	0	0	0	0	152	0	0	129	0	0	0	na	na
Cash & Equivalent	42	32	110	72	44	35	79	51	34	39	51	43	98	97	98	0.3	-0.3
Gross Debt	263	278	275	198	155	124	148	127	116	114	108	106	6	6	6	-8.0	0.0
Equity	285	284	318	312	345	351	345	287	143	208	222	203	237	216	214	-3.0	-5.0
Growth (%)																	
Sales	31	31	3	-8	3	0	-3	-3	-3	-3	-3	-3	-3	-3	-3	-3	-3
EBITDA	40	4	-14	-24	54	-15	-35	-6	-54	-8	-10	-94	274	26	45	na	na
EBIT	48	-11	-31	-23	131	-32	-73	na	na	na	na	na	na	na	na	na	na
Net profit	10	-36	-14	na	na	-50	na	na	na	na	-67	na	na	-100	2190	na	na
FCF	-51	-36	491	na	na	92	-6	na	na	-100	18859	na	na	na	na	na	na
NWC	-57	-24	na	-20	-49	19	72	-38	99	-58	-39	-2	-77	736	-3	na	na
Capital Employed	123	4	-7	-9	3	-4	-5	-7	-57	35	-1	-48	3	-12	-2	na	na
Shareholder Equity	32	0	12	-2	11	2	-2	-17	-50	45	7	-9	17	-9	-1	na	na
Financial Ratios																	
Gross margin (%)	71	74	75	76	78	76	75	76	72	75	76	76	77	77	77	na	na
EBITDA margin (%)	13	11	9	8	12	10	6	6	7	6	6	6	0	2	2	3	3
EBIT margin (%)	9	7	4	4	9	6	2	-4	2	5	2	-5	-3	-3	-1	na	na
Net margin (%)	4	2	2	-1	4	2	0	-9	-47	22	8	-4	56	0	2	na	na
Opex/Sales (%)	87	89	92	92	88	91	94	94	94	92	94	99	99	98	97	na	na
Depreciation/EBITDA (%)	25	29	37	42	22	22	34	41	45	52	63	1126	309	239	146	na	na
Tax rate (%)	48	55	31	-84	37	43	28	-3	-89	-671	-4	-82	0	0	0	na	na
Capex/Sales (%)	8	5	5	3	1	0	1	1	2	2	2	3	6	3	6	3	3
FCF/Sales (%)	3	2	9	-1	3	6	6	-1	9	0	2	-10	-7	-1	0	na	na
WCR/Sales (%)	4	1	8	-1	-3	1	2	-2	-1	-6	-3	0	-4	2	0	na	na
WC/Sales (%)	3	2	-6	-6	-3	-3	-6	-4	-17	-7	-5	-5	-1	-10	-10	na	na
Capital Employee/Sales (%)	108	90	82	83	85	79	77	75	74	102	106	59	63	59	60	na	na
Gearing (%)	74	83	50	39	31	25	19	26	56	36	26	31	-39	-42	-43	na	na
Net Debt/EBITDA (x)	2.8	3.0	2.4	2.4	1.4	1.3	1.5	1.8	4.2	4.2	4.2	3.5	62.2	-24.7	-19.2	-13.4	-13.4
ROCE post-tax (%)	6	3	3	3	6	3	1	6	8	32	8	-9	92	-1	2	na	na
ROE (%)	10	6	5	-1	9	4	-1	-18	-66	37	10	-5	63	0	2	na	na
Dividend Payout (%)	33	52	0	0	22	30	0	0	0	0	10	30	0	47	0	na	na
Valuation																	
Market Capitalisation (€m)	579	669	393	184	248	275	185	155	162	208	319	305	290	290	290	-5.7	0.0
+ Net Financial Debt (€)	222	246	165	127	111	89	70	76	82	76	57	63	-93	-91	-92	-10.9	-0.3
- Restated Min. + others (€m)	38	38	22	15	17	16	14	35	20	10	10	10	9	10	10	-11.6	1.3
- Associates & Inv. (€m)	16	11	12	10	11	12	14	14	123	176	167	20	20	20	20	1.9	0.0
= Enterprise Value (€m)	824	942	568	316	365	369	254	253	141	118	219	358	187	189	188	-7.3	0.2
Assoc. NFD (gr. share) (€m)	0	0	0	0	0	0	0	0	0	-6	-6	-6	-6	-6	-6	na	na
EV/Sales (x)	1.4	1.2	0.7	0.4	0.5	0.5	0.4	0.4	0.3	0.4	0.8	1.4	0.7	0.8	0.8	na	na
EV/EBITDA (x)	10.5	11.6	8.2	5.9	4.5	5.3	5.6	6.0	7.2	6.6	13.5	355.6	49.8	39.7	27.3	na	na
EV/EBIT (x)	16.1	19.0	17.4	30.9	6.4	10.4	53.7	-5.1	36.0	9.6	32.7	-27.6	1.4	-28.7	-58.8	na	na
EV/FCF (x)	42.2	75.0	7.7	-37.3	15.1	7.9	5.8	-25.0	5.3	na	42.8	-13.7	-11.3	-128.3	200.1	na	na
EV/Capital Employed (x)	1.2	1.4	0.9	0.5	0.6	0.6	0.5	0.5	0.6	0.4	0.7	2.3	1.2	1.4	1.4	na	na
P/E (x)	23.3	42.0	28.9	-45.0	8.2	17.9	-74.0	-2.7	-1.1	3.2	14.7	-27.7	2.1	16.99	74.2	na	na
P/BVPS (x)	2.0	2.4	1.2	0.6	0.7	0.8	0.5	0.5	1.1	1.0	1.4	1.5	1.2	1.3	1.4	na	na
FCF yield (%)	3.4	1.9	18.9	-4.6	9.8	16.9	23.7	-6.5	16.4	0.0	1.6	-8.6	-5.7	-0.5	0.3	na	na
Per share data																	
# of shares	11.01	11.04	13.13	13.13	13.13	13.14	13.14	13.14	13.14	13.14	13.14	13.14	13.14	13.14	13.14	1.6	0.0
# of avg sh. (FD, ex-treas.)	10.96	11.03	13.26	13.43	13.42	13.21	13.18	13.05	12.97	13.07	13.03	13.03	13.03	13.03	13.03	1.6	0.0
Share price	52.65	60.61	29.96	14.02	18.85	20.95	14.06	11.81	12.36	15.85	24.24	23.20	22.10	22.10	22.10	-7.2	0.0
EPS	2.26	1.44	1.04	-0.31	2.31	1.17	-0.19	-4.44	-11.0	4.92	1.65	-0.84	10.68	0.01	0.30	na	-83.3
EPS FD	2.26	1.44	1.04	-0.31	2.31	1.17	-0.19	-4.44	-11.0	4.92	1.65	-0.84	10.68	0.01	0.30	na	-83.3
BVPS	25.88	25.70	24.22	23.75	26.28	26.73	26.23	21.84	10.90	15.80	16.92	15.45	18.01	16.44	16.26	-4.6	-5.0
DPS	0.75	0.75	0.00	0.00	0.50	0.35	0.00	0.00	0.00	0.00	0.50	0.00	5.00	0.00	0.00	na	na

Source: Company data, Merodis Equity Research

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