

Roularta Media Group

BELGIUM

Bloomberg: ROU:BB

Reuters: RLRT.BR



Market review and peer benchmarking

8 January 2020

Key quarterly insights: 4Q19

Preview of 2H19 results expected on 6 March

We expect 2H19 results to show a 3.5% decline in sales driven mainly by Media Brands, while we expect Printing to show 1.3% growth. Printing (13% of group sales) remains a key value driver given the tight market conditions (under capacity is building up due to bankruptcies and failed consolidation attempts) and Roularta's strengths (business combining internal and external clients with LT contracts, full ownership of quality equipment, sturdy balance sheet). We expect slightly higher gross margins in 2H19 at 79.6% up from 78.3% in 2H18 with other opex under control at 72.3% of sales, flat y-o-y. This should lead to higher EBITDA margins, at 6.9% up from 6.3% in 2H18. EBIT margins should be negatively impacted by slightly higher depreciation (end of Econocom leasing contract with printing assets back on the balance sheet) and a €2.1m provision writeback booked in 2H18. We expect a net profit of €6.2m, up 40% y-o-y. We have revised our earnings estimates ('19e EPS +10% to €0.85 and '21e EPS +9% to €0.92) solely on a slight upwards revision of our Printing sales estimates (+4% in '19e from +1.5% previously estimated with '20e and '21e unchanged at -2% y-o-y) driven by the ongoing tightness in the printing market with Roularta's printing presses running at full capacity and an expected positive impact on prices. We expect Roularta to end '19 with a net cash position of €89m.

Family shareholder further strengthens grip

The FSMA website reported on 18 November that Koinon, the family De Nolf's investment vehicle, had acquired a 3.7% stake in Roularta in the market, raising their shareholding to 71.2%. The company's updated shareholding looks like this: Koinon and related parties (Claeys family and Roularta treasury shares) with 79.67% and free float down to 20.33%. The transaction, which was priced at €12.65/share (€4.5m consideration), highlights the family's confidence in the business and its willingness to support share liquidity. The impact on future liquidity is, however, negative given the reduced free float and, hence, liquidity. The stock bounced close to 18% to €15.25 by 25 November on rising expectations of a minority buyout by the family (De Tijd 19/11/19) despite a denial by CEO Xavier Bouckaert in the press (De Tijd 19/11/19). A buyout would cost around €37m at the current market price.

Valuation assessment

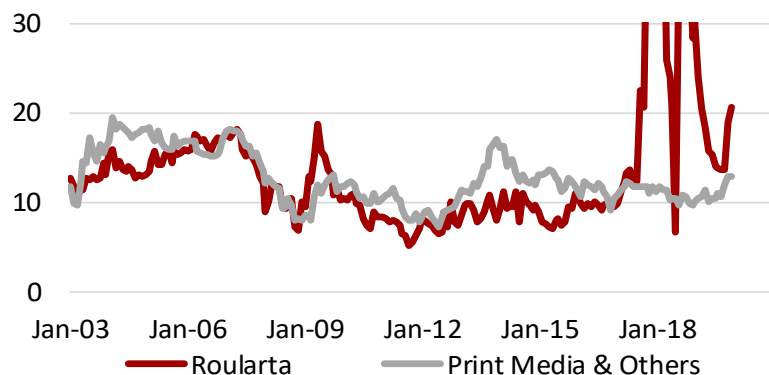
The market currently values Roularta at an enterprise value (EV) of a mere €29m (...2.9x EV/EBIT '20e...), which includes a market cap of €185m, the value of restated minorities of €7m, €89m of net cash in 2019e as well as the estimated value of €74m for its 50% stakes in Mediafin and Bayard. Our fair equity value estimate is at €19.9/share (from €19.6). We value the core Print Media activity at an EV of €99m including the Sanoma magazines, assuming an unchanged equity value of €0 for Roularta's existing print business. We believe this business has value, given, among others, Roularta's leading market positions in free newspapers and in (news and business) magazines as well as its state-of-the-art printing facilities, which highlights a strong re-rating potential.

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Equity Research

Please refer to important disclosures at the end of this report

Roularta P/E vs European peers



| €m | 2015 | 2016 | 2017 | 2018 | 2019e | 2020e | 2021e |
|------------------|-------|-------|-------|-------|-------|-------|-------|
| Sales | 291.9 | 278.6 | 258.3 | 278.4 | 295.5 | 286.0 | 277.5 |
| EBIT | 12.3 | 6.7 | -13.0 | -63.7 | 7.1 | 7.0 | 7.8 |
| Net profit | 64.4 | 21.5 | -10.9 | 79.9 | 11.0 | 12.1 | 12.3 |
| EPS (€) | 4.92 | 1.65 | -0.84 | 6.14 | 0.85 | 0.92 | 0.95 |
| DPS (€) | 0.50 | 0.50 | 0.00 | 5.50 | 0.50 | 0.50 | 0.55 |
| P/E (x) | 3.2 | 14.7 | na | 3.2 | 16.6 | 15.2 | 14.8 |
| Yield (%) | 3.2 | 2.1 | 0.0 | 28.0 | 3.6 | 3.6 | 3.9 |
| Adj. EV/EBIT (x) | 9.6 | 32.7 | na | na | 4.1 | 2.9 | 1.5 |

Source: Merodis Equity Research, Factset
Pricing date: 31/12/2019

Goals of this Dashboard

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

Corporate calendar of Roularta's upcoming announcements and events

- ➔ Friday, 6 March 2020: FY19 results (8.15AM CET; Analyst meeting at 1PM)
- ➔ Tuesday, 9 May 2020: AGM
- ➔ Friday, 14 August 2020: 1H20 results (8.15AM CET; Analyst meeting at 1PM)

Access our recent research reports on Roularta:

- ➔ ["Back on its feet" \(initiation\), 14 October 2015](#)
- ➔ ["When the going gets tough" \(update\), 28 August 2017](#)
- ➔ ["3Q19 market review" \(quarterly dashboard\), 7 October 2019](#)

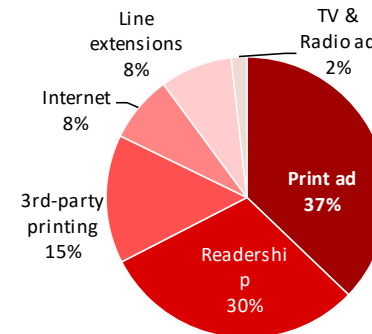
Company description

Roularta is Belgium's leading media company offering

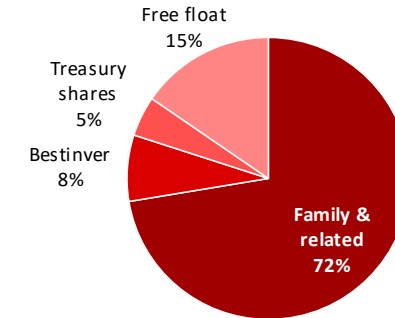
- (1) local weekly free newspapers in Flanders (Deze Week, De Zondag, Steps),
- (2) nationwide weekly news, business and women magazines (Knack, Le Vif L'Express, Trends, Trends Tendance, Libelle/Femme d'Aujourd'hui and Flair and Feeling/Gael),
- (3) internet platforms (Storesquare, Digilocal, Proxistore,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

Combined group sales are almost entirely generated in Belgium through (1) Print Media Advertising (40% of group in 2017, ie. excluding the Sanoma acquisition), (2) Readers Market (subscriptions and newsstand sales) (28%), (3) Third-Party Printing (14%), (4) Internet advertising and related (10%) and (5) other sources of revenues (inc. Line Extensions) (8%). Roularta's consolidated accounts include the full contribution of its Print Media activity (advertising and readers market ex-Bayard, internet activity, line extensions and third-party printing). The 50% stakes in Mediafin and Bayard are equity-accounted. The company acquired the women magazines in an asset deal with Sanoma (June 2018), with sales in the region of €70m for a consideration of €25m. The company recently restated its business segmentation to include two activities: Media Brands (86% of group sales in 1H18) and Printing Services (14%).

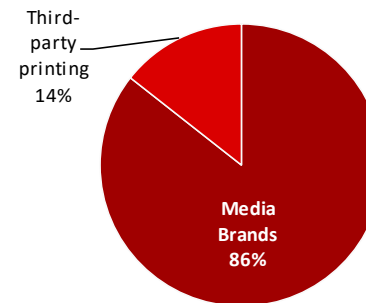
Combined sales breakdown (2018)



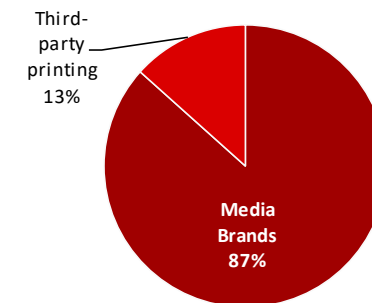
Shareholders



Segment sales (2017)



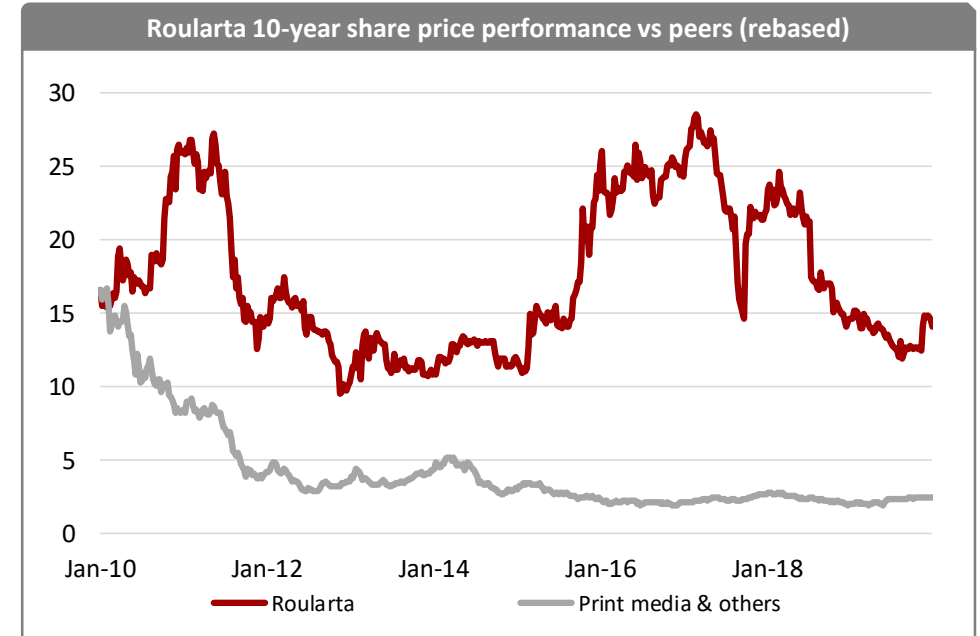
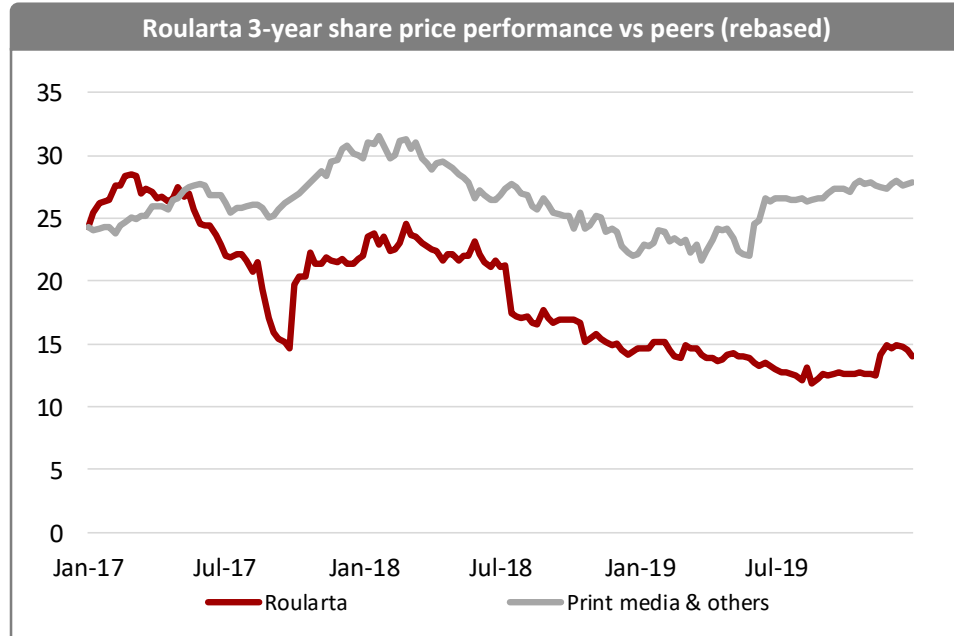
Segment sales (2018)



Source: Merodis, Factset

Share price performance

Under pressure since 1Q17, with transformational deals and strong 2H18 and 1H19 to the rescue



Source: Merodis, Factset

Analyst Recommendations, Earnings Expectations

Consensus remains volatile, but improving in the past months

Consensus view

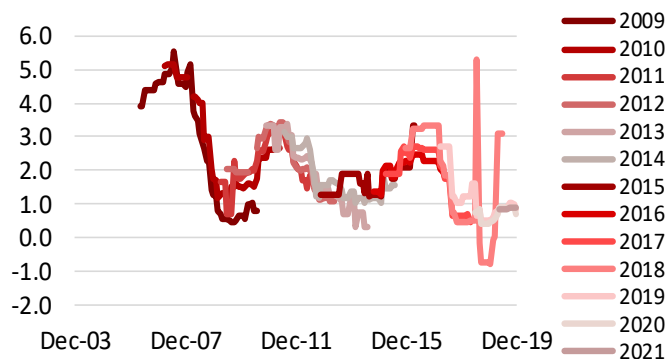
2019 consensus EPS estimates for Roularta have been revised down by 18% q-o-q following a 100%-upwards revision since the FY18 results announcement in early March, but still reflecting persistent top line weakness despite improving gross margins and lower start-up losses within the digital activities, as well as the full-year effects of the end of Econocom's leasing contract (end-2018) and the repayment of the €100m bond (also end-2018).

Consensus currently expects 2020e earnings of €0.68 (down 25% q-o-q) vs. our revised forecast of €0.92 (was €0.85). We introduced 2021e EPS forecast estimates in April, which we now increase to €0.95 (from €0.87), still showing limited EPS growth y-o-y (less than 3%), which masks 6% EBITDA growth. Consensus EPS for 2021e is still at €0.87.

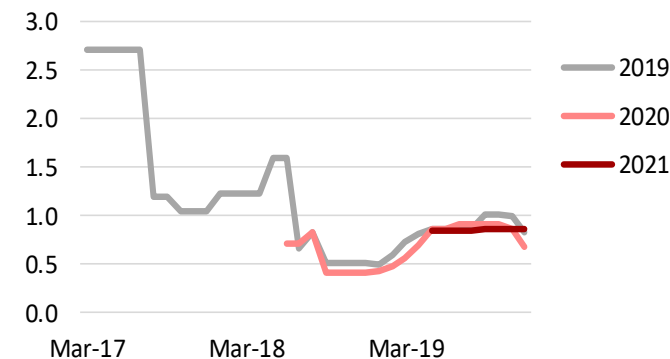
Roularta's share price was up 10% in 4Q19, well above the broader market (+5.8% for the Euro Stoxx 600), and outperforming Belgian SMCs (+8.2%) and Print Media peers (+1.6% m-o-m). The share's 12 months low was €11.75 (intraday on 7 August 2019), while its high during the year was €15.20 (22 January 2019).

Only one broker covers the stock according to Factset, KBC Securities (Hold recommendation with €16 target price). Kepler Chevreux, which initiated coverage in September 2018, is no longer listed on Factset as actively covering the stock and Degroof Petercam does not appear to have published anything recently according to Factset.

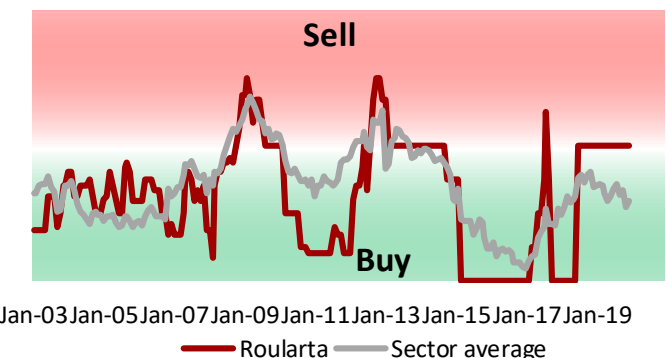
EPS Worms (€/share)



Consensus EPS 2017-19 (€/share)



Analyst recommendations vs. peer average



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

| | 2019e | 2020e | 2021e |
|----------|-------|-------|-------|
| Sales | 0.2 | 0.1 | -0.1 |
| EBITDA | -4.4 | 7.4 | -2.4 |
| EBIT | 26.2 | 129.8 | -1.4 |
| EPS | -6.9 | 24.8 | 0.6 |
| DPS | na | na | na |
| Net cash | 96.4 | 153.9 | na |

Source: Merodis, Factset

Sector benchmarking and valuation analysis

Benchmarking Print Media peers and listed Printing companies

Sector financial benchmarking

| Company | Freefloat (%) 2019 | Liquidity (daily,€m) | Depr/EBITDA | Capex/Sales | ND/EBITDA | | | EBITDA margin (%) | | | EBIT margin (%) | | | Net margin (%) | | | ROE (%) | | | 2019-21e CAGR (%) | | |
|----------------------------|--------------------|----------------------|-------------|-------------|------------|------------|------------|-------------------|-------------|-------------|-----------------|-------------|-------------|----------------|------------|------------|-------------|-------------|-------------|-------------------|------------|-------------|
| | | | | | 2019e | 2020e | 2021e | 2019e | 2020e | 2021e | 2019e | 2020e | 2021e | 2019e | 2020e | 2021e | 2019e | 2020e | 2021e | EPS | EBITDA | Sales |
| Impresa | 41 | 0.04 | | 2% | | | | | | | | | | | | | | | | | | |
| Solocal | 92 | 1.46 | 12% | 7% | 2.8 | 2.5 | 2.0 | 29.7 | 34.3 | 35.3 | 22.5 | 27.3 | 28.6 | 6.8 | 11.2 | 12.6 | | | | 33.3 | 5.8 | -3.0 |
| Gruppo Editoriale | 34 | 0.44 | 36% | 2% | 1.2 | 0.8 | 0.2 | 7.0 | 7.4 | 5.6 | 2.9 | 3.3 | 2.5 | -2.0 | 1.3 | 1.2 | 2.0 | 2.0 | 2.0 | | | |
| Mondadori | 30 | 0.69 | 33% | 1% | 0.9 | 0.5 | 0.3 | 10.7 | 11.4 | 11.6 | 7.7 | 8.2 | 8.3 | 3.8 | 4.6 | 4.6 | 20.3 | 19.9 | 17.8 | 6.3 | 2.1 | -1.9 |
| RCS | 15 | 0.59 | 27% | 2% | 1.5 | 1.1 | 0.3 | 16.1 | 16.8 | 15.3 | 12.0 | 12.8 | 12.3 | 8.1 | 8.2 | 8.9 | 24.5 | 21.6 | 19.2 | | | |
| Vocento | 55 | 0.04 | 48% | 2% | 1.2 | 1.1 | 0.9 | 12.2 | 12.0 | 12.6 | 5.3 | 6.5 | 6.9 | 2.3 | 3.2 | 3.7 | | 5.7 | 6.6 | 19.0 | 3.1 | 1.4 |
| Sanoma | 37 | 0.70 | -383% | 3% | 2.1 | 0.9 | 0.8 | 25.3 | | | 14.4 | | | 6.5 | | | | | | #VALUE! | 4.4 | #N/A |
| Connect | 98 | 0.12 | 55% | 1% | 1.9 | 1.7 | 1.3 | 2.7 | 2.6 | 2.8 | 2.0 | 2.0 | 2.2 | 1.3 | 1.3 | 1.5 | | | 202.7 | 1.3 | -0.5 | -3.6 |
| Tarsus | | 0.48 | 24% | 1% | | | | | | | | | | | | | | | | | | |
| Wilmington | 94 | 0.17 | 32% | 2% | 1.4 | 1.2 | 0.8 | 19.4 | 20.0 | 20.3 | 18.7 | 17.6 | 18.0 | 9.1 | 12.0 | 12.3 | | | | 5.7 | 5.4 | 3.1 |
| Independent News | | 0.06 | 29% | 1% | | | | | | | | | | | | | | | | | | |
| Axel Springer | 47 | 7.19 | 30% | 6% | 1.8 | 1.5 | 1.3 | 22.8 | 22.1 | 23.3 | 13.9 | 12.9 | 14.8 | 8.6 | 7.8 | 9.1 | 11.2 | 10.1 | 11.9 | 3.6 | 2.6 | 1.6 |
| PRINT MEDIA AVERAGE | 54 | 1.00 | -5% | 3% | 1.7 | 1.3 | 0.9 | 16.2 | 15.8 | 15.9 | 11.0 | 11.3 | 11.7 | 5.0 | 6.2 | 6.7 | 14.5 | 11.8 | 43.4 | #VALUE! | 3.3 | #N/A |
| PRINT MEDIA MEDIAN | 44 | 0.46 | 30% | 2% | 1.5 | 1.1 | 0.8 | 16.1 | 14.4 | 14.0 | 12.0 | 10.5 | 10.3 | 6.5 | 6.2 | 6.8 | 15.8 | 10.1 | 14.9 | #VALUE! | 3.1 | #N/A |
| Roularta (consolidated) | 15 | 0.07 | 143% | 3% | -4.6 | -5.0 | -5.2 | 6.6 | 6.8 | 7.4 | 2.4 | 2.4 | 2.8 | 3.7 | 4.2 | 4.4 | 5.0 | 5.5 | 5.5 | 5.8 | 2.5 | -3.1 |
| % prem./ (disc.) vs median | -66 | -85.7 | 371.5 | 21.2 | -395.6 | -537.0 | -725.2 | -59.1 | -53.0 | -47.2 | -80.0 | -76.7 | -72.5 | -43.0 | -32.2 | -34.3 | -68.3 | -45.8 | -63.1 | #VALUE! | -19.2 | #N/A |

Source: Merodis, Factset

Sector valuation

| Company | Country | Price (local) | MCap (local m) | P/E | | | EV/Sales | | | EV/EBITDA | | | EV/EBIT | | | P/B | | | DYield | | | |
|----------------------------|----------------|---------------|----------------|-------------|-------------|-------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|-------------|------------|-------------|--|
| | | | | 2019e | 2020e | 2021e | 2019e | 2020e | 2021e | 2019e | 2020e | 2021e | 2019e | 2020e | 2021e | 2019e | 2020e | 2021e | 2019e | 2020e | 2021e | |
| Impresa | PORTUGAL | 0.21 | 35 | | | | | | | | | | | | | | | | | | | |
| Solocal | FRANCE | 0.55 | 323 | 9.3 | 6.4 | 5.2 | 1.4 | 1.4 | 1.3 | 4.6 | 4.2 | 3.6 | 6.1 | 5.2 | 4.5 | | | | 0.0 | 0.0 | 0.0 | |
| Gruppo Editoriale | ITALY | 0.46 | 222 | 22.9 | 22.9 | 22.9 | 0.5 | 0.5 | 0.4 | 6.7 | 6.2 | 7.4 | 16.1 | 13.6 | 16.5 | 0.5 | 0.5 | 0.5 | 0.0 | 0.7 | 0.0 | |
| Mondadori | ITALY | 2.06 | 534 | 15.0 | 13.1 | 13.3 | 0.7 | 0.7 | 0.7 | 6.6 | 6.1 | 5.8 | 9.3 | 8.4 | 8.1 | 2.8 | 2.5 | 2.3 | 2.2 | 3.4 | 2.4 | |
| RCS | ITALY | 1.01 | 521 | 7.5 | 7.1 | 6.3 | 0.8 | 0.8 | 0.6 | 5.0 | 4.5 | 4.0 | 6.8 | 6.0 | 5.0 | 1.7 | 1.4 | 1.1 | 6.0 | 6.0 | 6.0 | |
| Vocento | SPAIN | 1.23 | 148 | 15.3 | 12.7 | 10.8 | 0.5 | 0.5 | 0.5 | 4.4 | 4.3 | 3.9 | 10.1 | 7.8 | 7.1 | 0.7 | 0.7 | 0.7 | 1.6 | 1.6 | 1.2 | |
| Sanoma | FINLAND | 9.45 | 1,540 | 14.7 | | | 1.8 | | | 7.3 | 5.6 | 5.5 | 12.8 | | | | | | 5.3 | 5.5 | 5.8 | |
| Connect | UNITED KINGDOM | 0.36 | 89 | 4.6 | 4.7 | 4.5 | 0.1 | 0.1 | 0.1 | 4.2 | 4.1 | 3.6 | 5.5 | 5.3 | 4.7 | | 8.5 | 9.7 | 2.8 | 2.8 | 2.9 | |
| Tarsus | UNITED KINGDOM | | | | | | | | | | | | | | | | | | | | | |
| Wilmington | UNITED KINGDOM | 2.48 | 217 | 14.3 | 13.6 | 12.8 | 2.0 | 2.0 | 1.8 | 10.5 | 9.8 | 9.0 | 10.9 | 11.1 | 10.2 | | | | 3.7 | 3.8 | 3.9 | |
| Independent News | IRELAND | | | | | | | | | | | | | | | | | | | | | |
| Axel Springer | GERMANY | 62.80 | 6,776 | 24.4 | 26.6 | 22.8 | 2.6 | 2.5 | 2.4 | 11.2 | 11.2 | 10.3 | 18.4 | 19.2 | 16.2 | 2.7 | 2.7 | 2.7 | 3.3 | 3.3 | 3.6 | |
| PRINT MEDIA AVERAGE | | | | 14.2 | 13.4 | 12.3 | 1.2 | 1.0 | 1.0 | 6.7 | 6.2 | 5.9 | 10.7 | 9.6 | 9.0 | 1.7 | 2.7 | 2.8 | 2.8 | 3.0 | 2.9 | |
| PRINT MEDIA MEDIAN | | | | 14.7 | 12.9 | 11.8 | 0.8 | 0.7 | 0.6 | 6.6 | 5.6 | 5.5 | 10.1 | 8.1 | 7.6 | 1.7 | 1.9 | 1.7 | 2.8 | 3.3 | 2.9 | |
| Roularta (consolidated) | BELGIUM | 14.05 | 185 | 16.6 | 15.2 | 14.8 | 0.1 | 0.1 | 0.0 | 1.5 | 1.1 | 0.6 | 4.1 | 2.9 | 1.5 | 0.8 | 0.8 | 0.8 | 3.6 | 3.6 | 3.9 | |
| % prem./ (disc.) vs median | | | | 13.0 | 17.7 | 25.5 | -88.0 | -90.1 | -93.4 | -77.7 | -81.1 | -89.6 | -59.8 | -63.8 | -80.3 | -49.7 | -57.2 | -51.3 | 28.8 | 6.3 | 37.1 | |

Source: Merodis, Factset

P/E valuation relative to the sector

A recent normalisation driven by regained profitability momentum

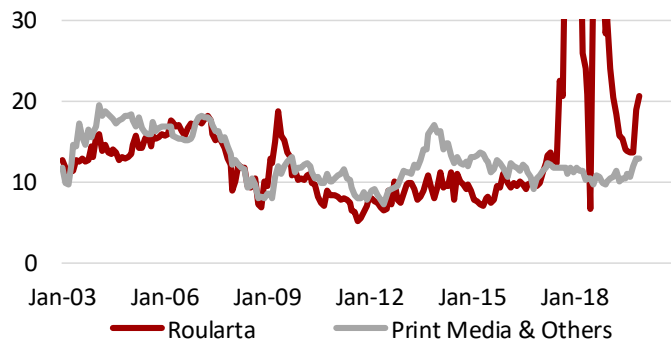
Valuation

On consensus EPS estimates, Roularta shares trade at a P/E 12M forward of 20.6x, a 60% premium versus Print Media peers in Europe (from a 27% premium in July). Importantly, the volatility is due to the inclusion, within consensus, of the capital gain on the disposal of the Mediaaan stake which has been largely offset by the value impairment of the magazine titles. In addition, profitability at Roularta is still expected to be negatively impacted by start-up losses, albeit diminishing, in the digital ventures as well as weak market conditions in the ad space for Roularta's core activity.

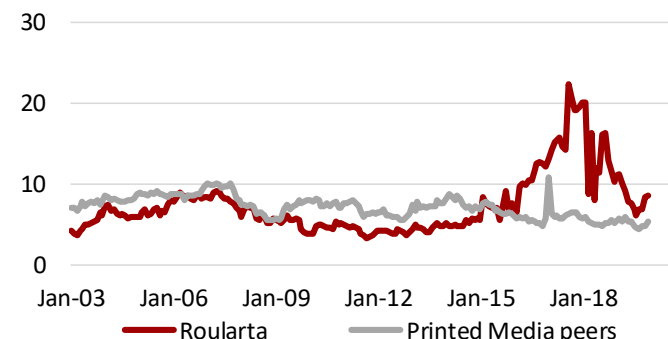
As a reminder, Roularta has disposed of its stake in Mediaaan, which means Roularta is now a Print Media pure play compared to the past when TV broadcasting (through Mediaaan) was the main profit contributor and the key value driver of the stock (in 2016, 73% of Roularta's EBIT and 80% of its EPS was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

The Print Media sector is valued at 12.9x P/E 12M forward (from 11.4x previously) and at 5.2x EV/EBITDA 12M forward (vs. 4.4x previously), which compares to a LT average of 12.7x and 7.1x respectively. The historical valuation range for the sector is 7.3x-19.4x (P/E) and 4.4x-10.9x (EV/EBITDA), which suggest that the sector remains at the low-end of its historical range, particularly with regards to EV/EBITDA.

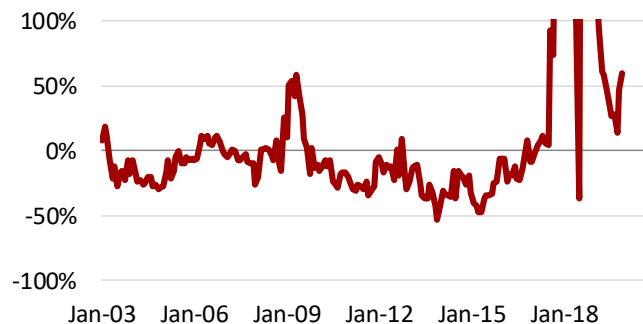
P/E ratio of Roularta vs. Print Media



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

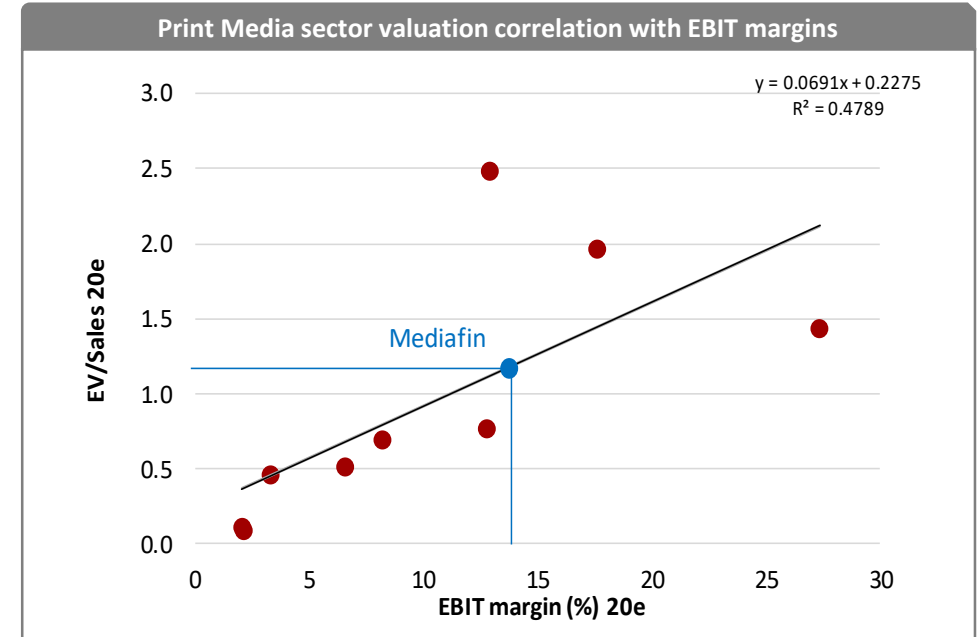
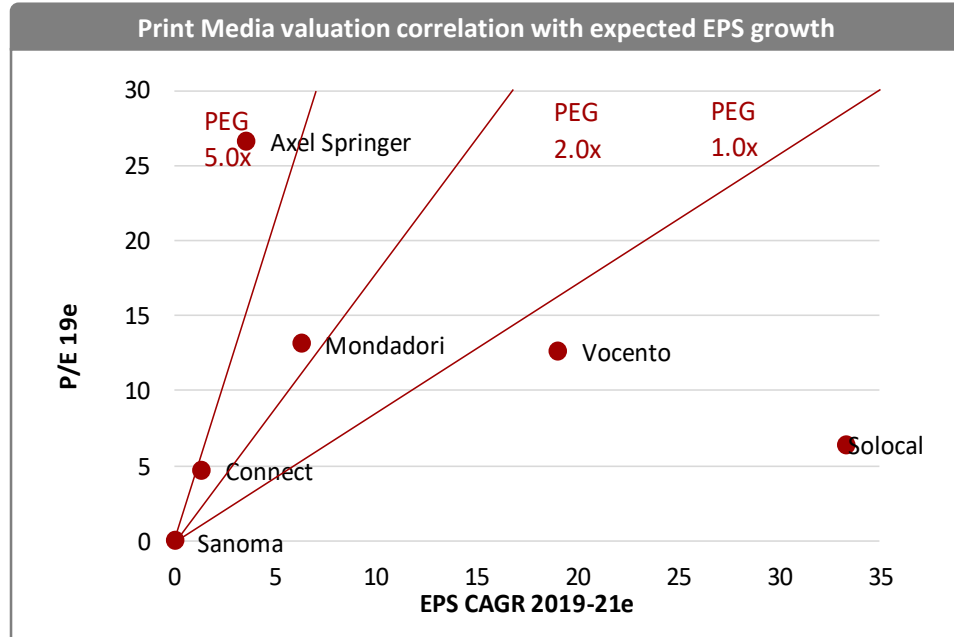


Source: Merodis, Factset

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

| Roularta updated sum-of-the-parts | | | | | | | | | |
|---|---------------|-------------------|-------------------|----------------------|-------------|--------------|------------------|-------------|--------------------|
| (€m) | Ownership (%) | Adjusted EBIT 19e | Discount to peers | EV/EBIT multiple 19e | Net debt 18 | Value | Equity value/sh. | Value split | Value w/o discount |
| Print media | 100% | 8.3 | na | na | | 98.8 | 14.7 | 74% | 98.8 |
| Group enterprise value | | | | | | 98.8 | | | 98.8 |
| + Net Fin. cash (2018) | | | | | | 95.7 | | | 95.7 |
| - Other liabilities (2018) | | | | | | -7.1 | | | -7.1 |
| + NPV tax asset (balance sheet) | | | | | | 5.8 | | | 5.8 |
| + Equity value of Mediafin stake | 50% | | | | | 45.2 | 3.4 | 17% | 45.2 |
| + Equity value of Bayard stake | 50% | 4.6 | 10.0 | 9.1 | -5.1 | 23.4 | 1.8 | 9% | 25.7 |
| = Estimated market value of equity | | | | | | 261.7 | | | 264.0 |
| Total share outstanding (m) | | | | | | 13.1 | | | 13.1 |
| Equity value per share | | | | | | 19.9 | | | 20.1 |

Source: Merodis, Factset



Source: Merodis, Factset

Sales growth expectations

Impacted by cyclical and structural effects

Expected Sales Growth

At the end of December, consensus expectations for 2019 Print Media sales fell back to -2.2% from -1.1% at the end of the previous quarter.

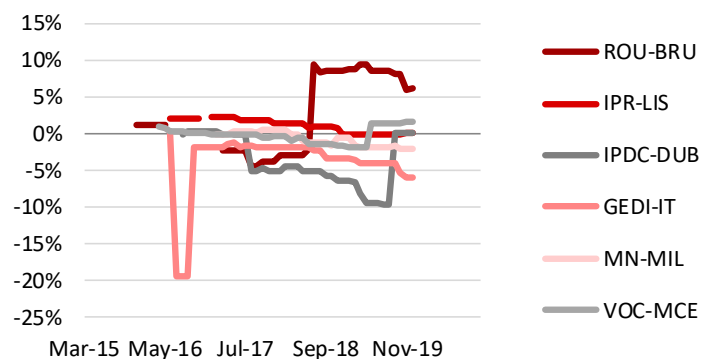
Consensus sales expectations for Roularta in 2019 dropped slightly to +6.1% from +8.2% previously expected (vs. MERE +6.1%) with the follow-on impact of the Sanoma women magazine acquisitions which is consolidated since mid-2018, including the full-year impact expected in 2019.

Sector sales are expected to decline by 0.9% in 2020 (from -0.8% previously), with consensus expecting sales at Roularta to drop by 3.1% (vs. MERE -3.2%), from -3.4% compared to the previous quarter.

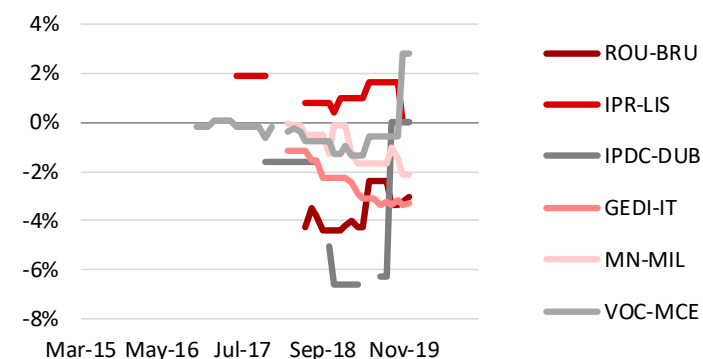
As a reminder the announced disposal of Mediaaan and acquisition of Mediafin have no impact on Roularta's consolidated sales as both stakes are equity-accounted JVs.

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

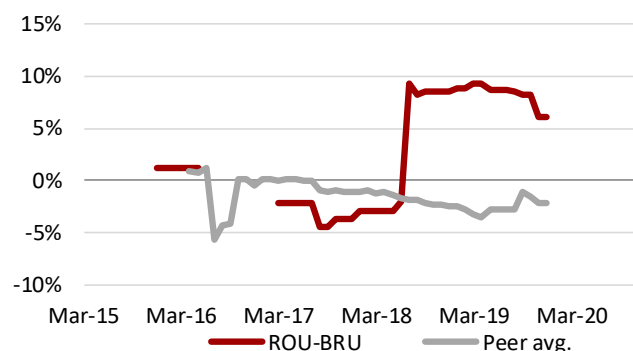
2019 expected sales growth (%)



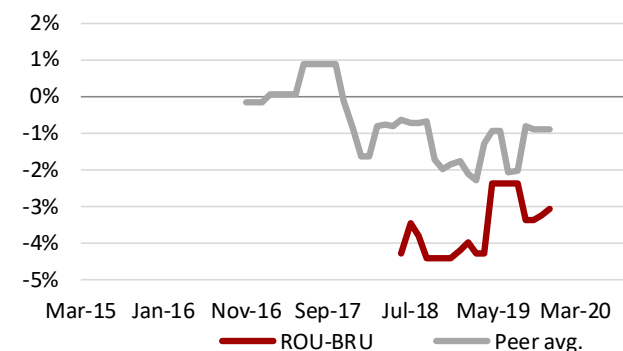
2020 expected sales growth (%)



2019 expected sales growth, Roularta vs. peers



2020 expected sales growth, Roularta vs. peers



Source: Merodis, Factset

EBITDA growth and margin expectations

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

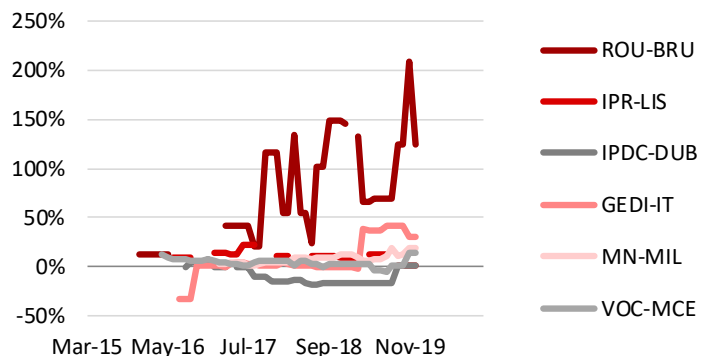
EBITDA expectations

At the end of December, expected consensus EBITDA growth for Roularta lies at 125% (unchanged from previously expected), compared to the peer average of +21.1% (from +17.4% previously expected). Margin expectations remain below the peer average for 2018 and 2019, albeit with a slightly improving trend.

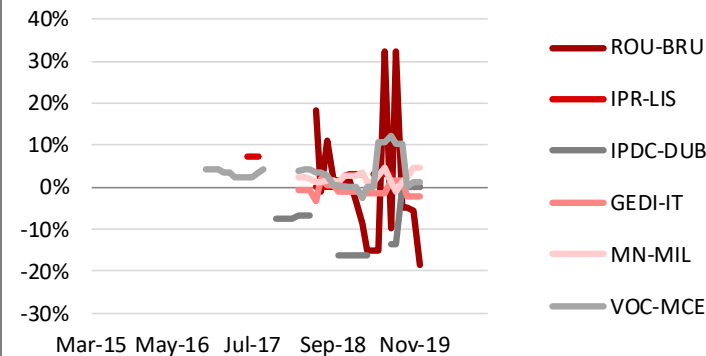
Note that consensus changes to EBIT or EBITDA at Roularta are not interpretable in a straightforward manner. In Roularta's case, its reported EBITDA margin (as reflected by Factset consensus) is positively influenced by the IFRS 11 treatment of its 50% stake in Bayard (and Mediafin, from March 2018),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

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

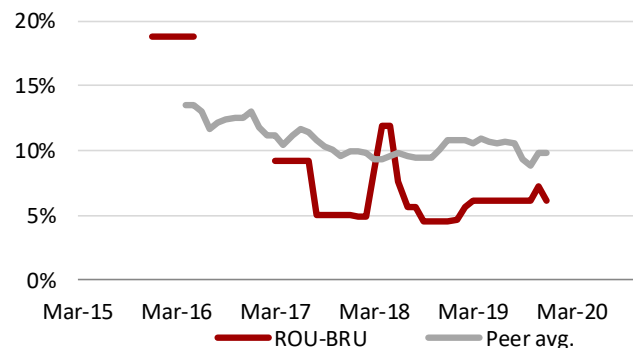
2019 expected EBITDA growth (%)



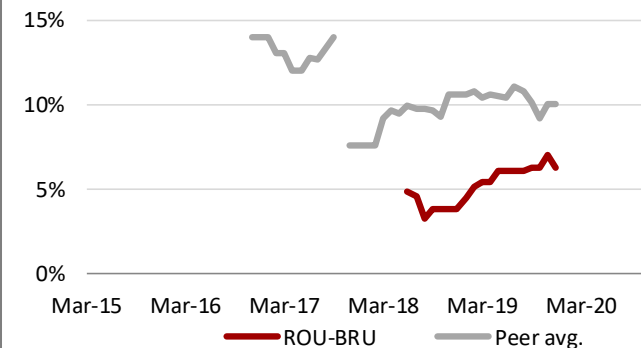
2020 expected EBITDA growth (%)



2019 expected EBITDA margin, Roularta vs. peers



2020 expected EBITDA margin, Roularta vs. peers



Source: Merodis, Factset

Consensus payout expectations

Robust dividend outlook backed by a strong balance sheet

Dividend payout

Roularta announced on 1 March 2019 that an ordinary dividend of €0.5/share will be paid out on 2018 earnings, which compared to our previous forecast of no dividend. The amount is in line with the historical average dividend of €0.55/share in years when a dividend was paid (13 years over the past 19 since the IPO).

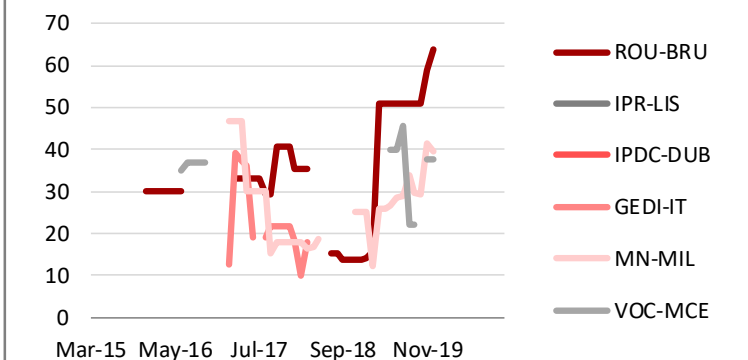
This comes in addition to the €5/share interim dividend (€63m pay out) which was paid out on 19 July 2018. The purpose of the interim dividend was to remunerate shareholders for the €145m capital gain on the Medialaan disposal which was closed in February 2018.

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

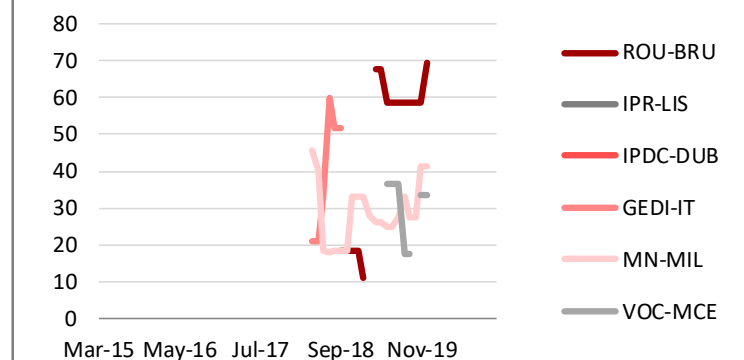
Consensus expects Roularta to pay out a dividend of €0.50/share in 2019e (in line with MERe), with an expected payout of 64%.

The Mediafin acquisition and the Medialaan disposal are likely to have a negative impact on Roularta's (ordinary) dividend payment profile given the lower cash-generation potential of Mediafin vs. Medialaan. We believe, however, that a €0.50/share dividend in the next years is sustainable given Roularta's €88m net cash position following the Medialaan disposal.

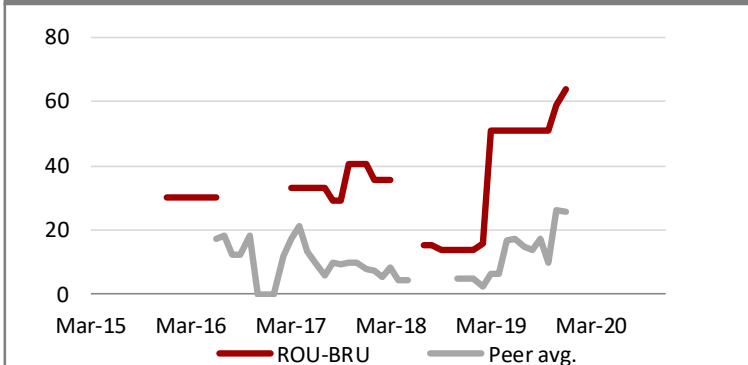
2019 expected Payout, Sector



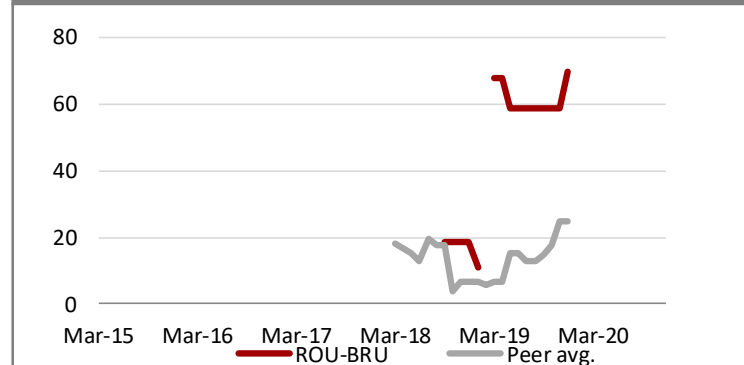
2020 expected Payout, Sector



2019 expected payout, Roularta vs. Peers



2020 expected payout, Roularta vs. Peers



Source: Merodis, Factset

Leverage expectations

No longer an issue post the Mediaaan disposal

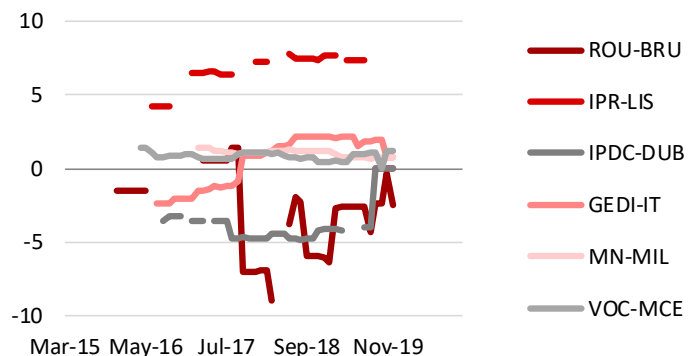
Net-debt-to-EBITDA

The level of expected financial leverage in the Media Sector was high in 2011 and 2012 and again in 2014 (where it exceeded 2.2x Net debt over EBITDA), but trended down since then, before moving back up with, on average, a ratio of 2x. Roularta's ratio has exceeded 2x only during 2014 but has now reached a net cash position of €89m following the recent transactions (including the special €5/share dividend payout to shareholders and the Sanoma acquisition).

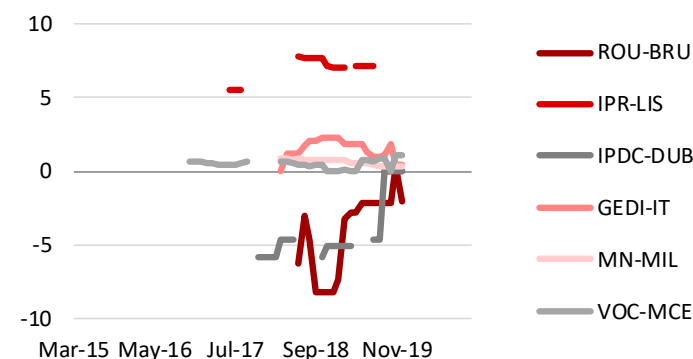
As a reminder, Roularta has paid back its €100m bond in 2018 and should benefit from the first full-year impact in 2019. The company has a covenant threshold of 3.5x net debt over EBITDA based on annual EBITDA including the company's share of Mediafin's and Bayard's net profit.

Going forward, this has become a non-issue given Roularta's reported net cash position compared to a reported net debt position of €63m at the end of 2017.

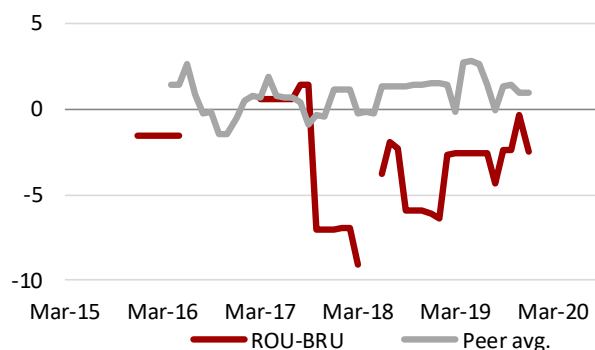
2019 NFD/EBITDA, sector



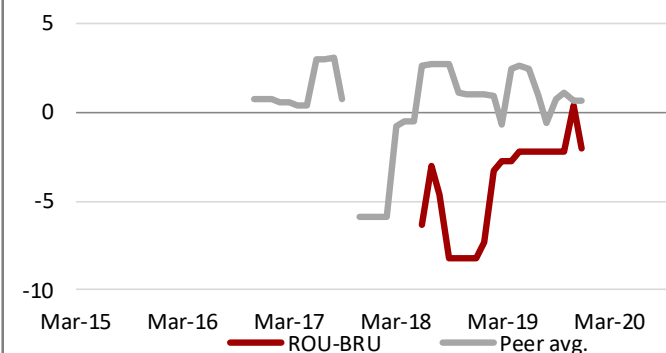
2020 NFD/EBITDA, sector



2019 NFD/EBITDA, Roularta vs. Peers

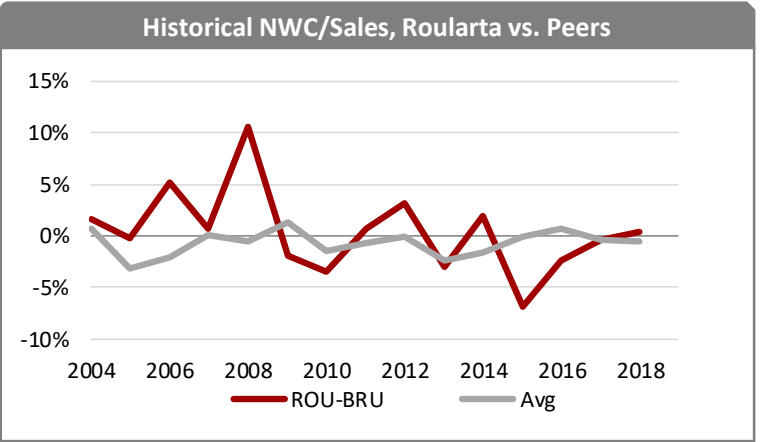
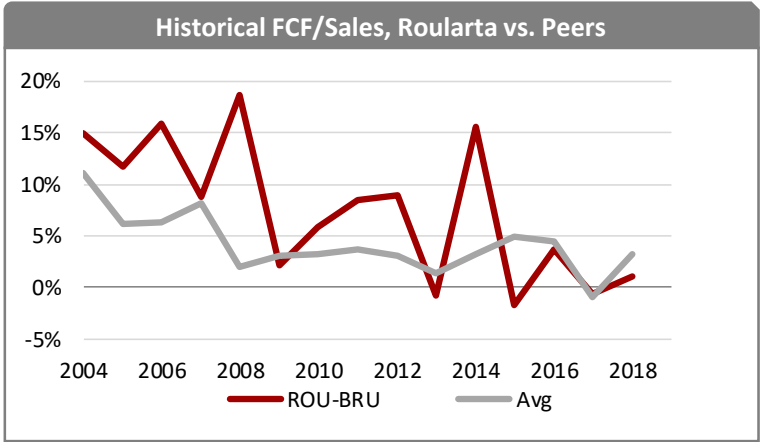
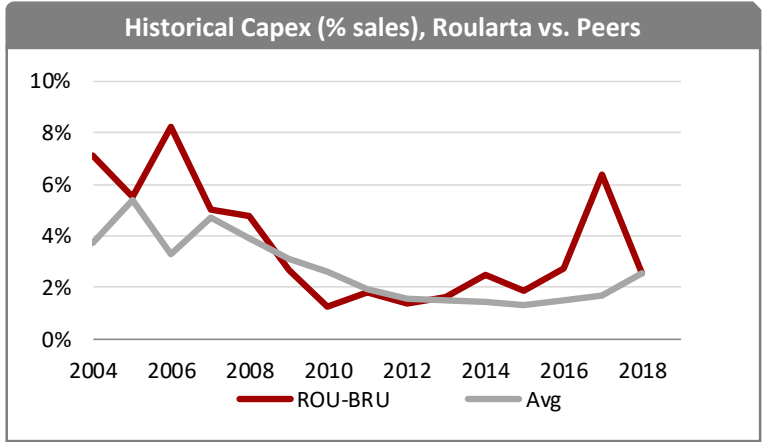
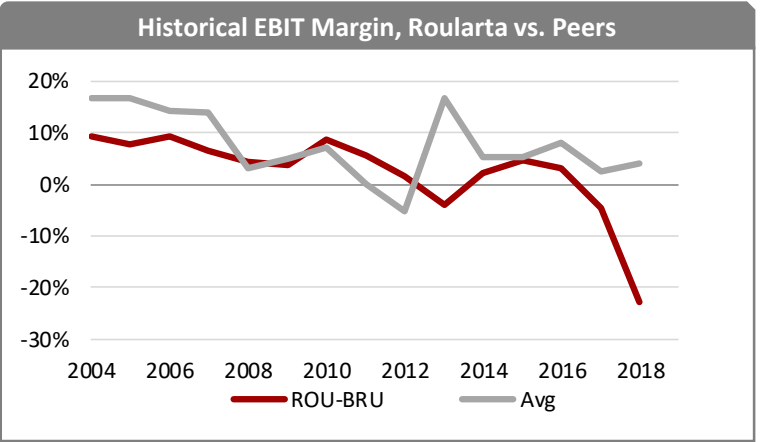
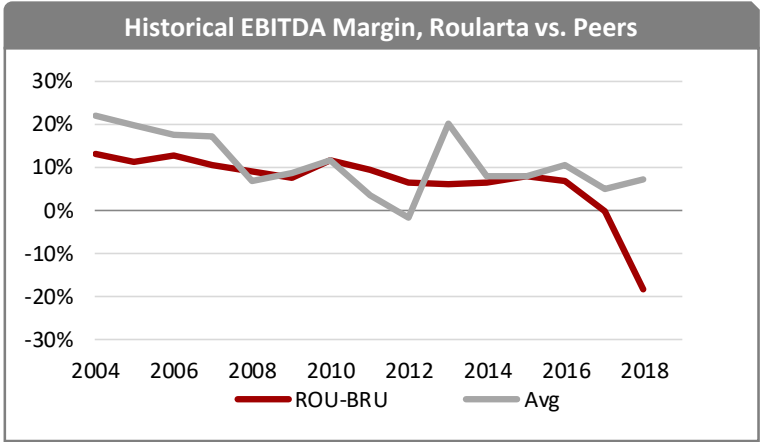
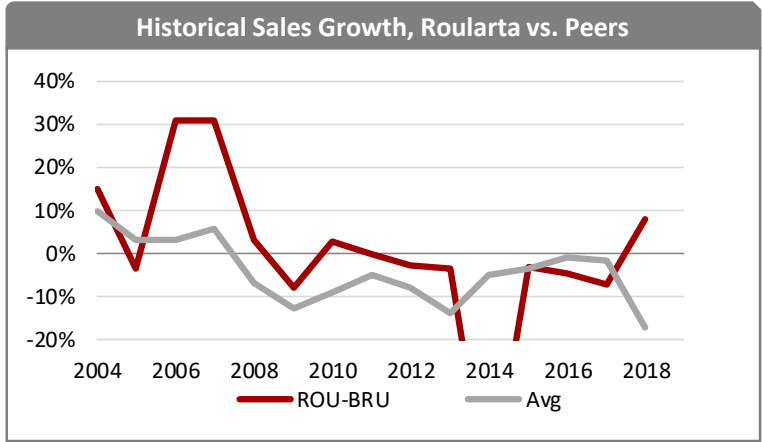


2020 NFD/EBITDA, Roularta vs. Peers



Source: Merodis, Factset

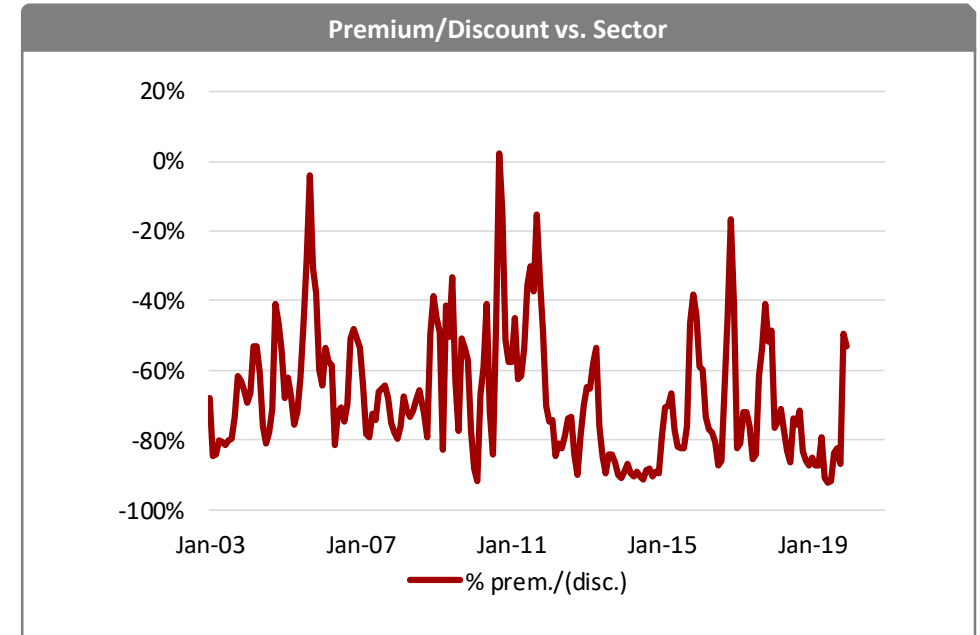
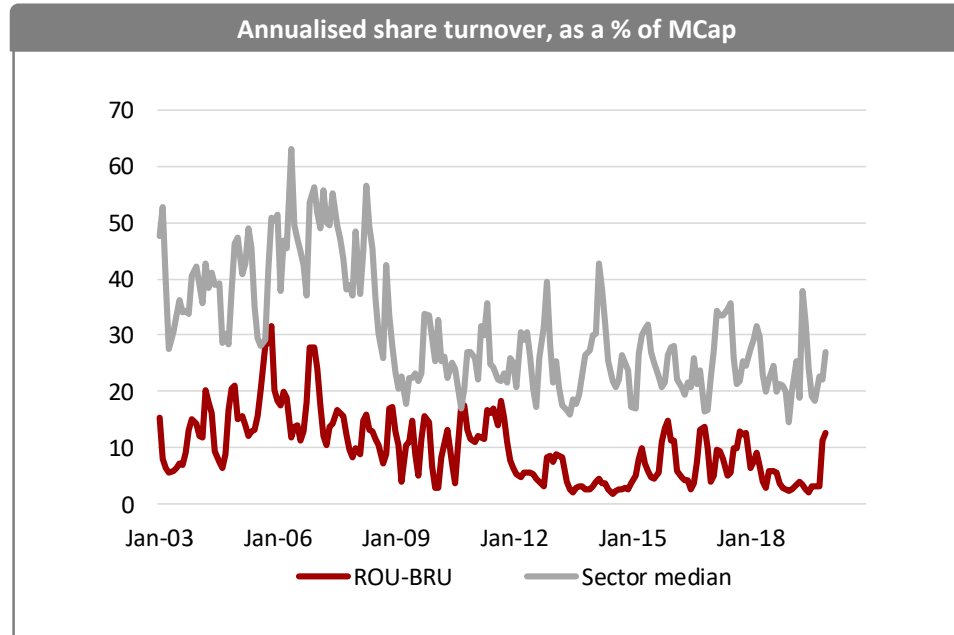
Historical P&L, CF and Balance Sheet Performance



Source: Merodis, Factset

Share liquidity

Well-below peers



Source: Merodis, Factset

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