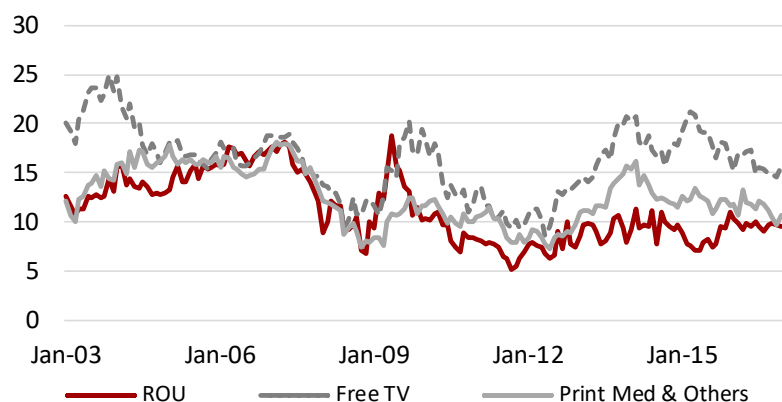




Roularta P/E vs European peers: narrowing discounts



€m	2012	2013	2014	2015	2016e	2017e	2018e
Sales	712.0	677.1	300.1	291.9	282.8	280.9	283.5
EBIT	4.7	-49.2	3.9	12.3	10.2	13.9	16.6
Net profit	-2.5	-57.9	-142.5	64.4	28.6	35.0	41.3
EPS (€)	-0.20	-4.64	-11.41	5.16	2.29	2.80	3.31
DPS (€)	0.00	0.00	0.00	0.50	0.75	0.90	1.00
P/E (x)	na	na	na	3.1	11.5	9.4	8.0
Yield (%)	0.0	0.0	0.0	3.1	2.8	3.4	3.8
Adj. EV/EBIT (x)	53.7	na	36.0	9.7	24.6	16.8	11.9

Key monthly insights

Seemingly quiet month at Roularta, but there is action behind the scenes

Besides its rejuvenated website (<http://www.roularta.be/en>) in January, providing a more modern touch, in line with its digital ambitions, Roularta also confirmed a major change in its market-leading regional free-newspaper offering: Deze Week was launched on 18 January as a weekly free-sheet, replacing De Streekkrant/De Weekrant titles (3.2m readers, more than any other Belgian newspaper). The new title will have fewer editions (34 instead of 48 previously), but more pages (up to 48), with a mid-week distribution. Deze Week is complementary to Roularta's other leading free-sheet, De Zondag (Sunday release with 1.3m readers). As a reminder, Free Press represents 17% of combined group sales and two-thirds of Roularta's Print Ad sales (27% of combined sales). In addition, Roularta's Mediatech Accelerator programme has selected the 9 media technology start-ups (more information is available through this link: <http://bit.ly/2jvo2Eu> including a review of the selection on page 10).

European media sector consolidation remains a major theme

A number of M&A transactions have been announced over the last weeks including M6's bid for RTL French radio stations, Mediahuis' bid for TMG (Telegraaf) with a counterbid by Talpa, 21st Century Fox's bid for Sky, Vivendi's interest in Mediaset, Telenet's bid for SFR's Belgian cable business and, more recently, 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 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 Print Media activity) valued 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.

Discount versus peer group narrows in January, with Roularta shares reaching a new high reached since May 2011

Roularta currently trades on a 2017e P/E of 9.4x vs. a peer group multiple of 11.1x (Print Media), which represents a discount of 15% (down from 19% in December), as the stock started to reflect the sector's M&A-driven re-rating. Our current sum-of-the-parts fair value estimate has risen to €32.7 (suggesting 24% upside potential), up from €27.6 in November 2016. On our unchanged earnings estimates, the upwards revision of the fair value is entirely driven by the sector's re-rating. While our valuation model is currently based on 2017e figures, we mainly see 2019 as a major year for an upwards earnings swing (we expect a like-for-like EBIT swing of c. €15m), with the end of Roularta's printing press' sale-and-lease-back contract with Econocom and as its €100m bond (5.5% coupon) expires. Management also expects Mobile Vikings to generate positive earnings from 2019, as contracts with carriers will be renegotiated, potentially at more favourable conditions, while, at the same time, the MVNO continues to grow strongly.

Reminder of the objectives 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, 10 March 2017: Announcement of FY16 results
- ➔ Tuesday, 16 May 2017: AGM
- ➔ Monday, 21 August 2017: Announcement of 1H16 results

Access to our recent research reports on Roularta

- ➔ ["Back on its feet" \(initiation\), 14 October 2015](#)
- ➔ ["1H16 results" \(update\), 24 August 2016](#)
- ➔ ["December 2016 market review" \(monthly dashboard\), 3 January 2017](#)

A domestic leader in high-quality print media and free-TV

Company description

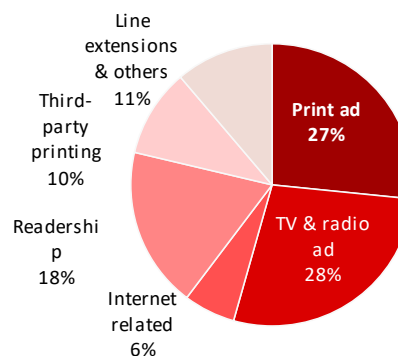
Roularta is Belgium's leading media company offering:

- (1) local weekly free newspapers in Flanders (De Streekkant, De Zondag, Steps),
- (2) audiovisual free-to-air broadcasting in Flanders (market leader) through its 50% ownership of **Medialaan** (VTM, 2BE, QMusic, Joe FM),
- (3) nationwide weekly news and business magazines (Knack, Le Vif L'Express, Trends, Trends Tendance),
- (4) internet (Digilocal, Proxistore, own websites).

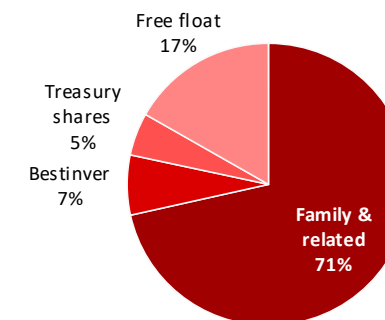
Combined group sales are almost entirely generated in Belgium through: (1) TV and radio advertising (28% of group), (2) print media advertising (27%), (3) readers market including subscriptions (18%), (4) third-party printing (10%) and (5) other sources of revenues including internet and line extensions (11%).

Roularta's consolidated accounts include the full contribution of its print media activity (ad and readers market, ex-Bayard), its internet activity, line extensions and third-party printing. The 50% stakes in Medialaan and **Bayard** are equity-accounted. Medialaan's contribution weighs 72% of the group's net profit and 67% of its combined EBIT (2016e). We value the stake in Medialaan alone at EUR19/share (see page 8), 73% of the estimated equity value.

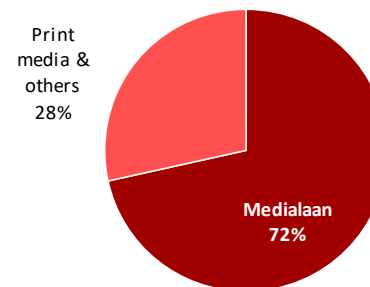
Combined sales breakdown (2015)



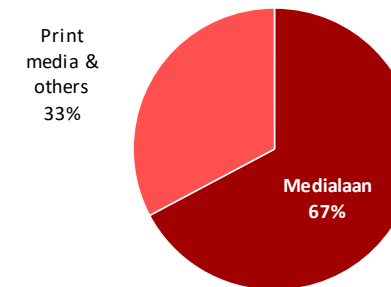
Shareholders



Combined EBIT breakdown (2016e)



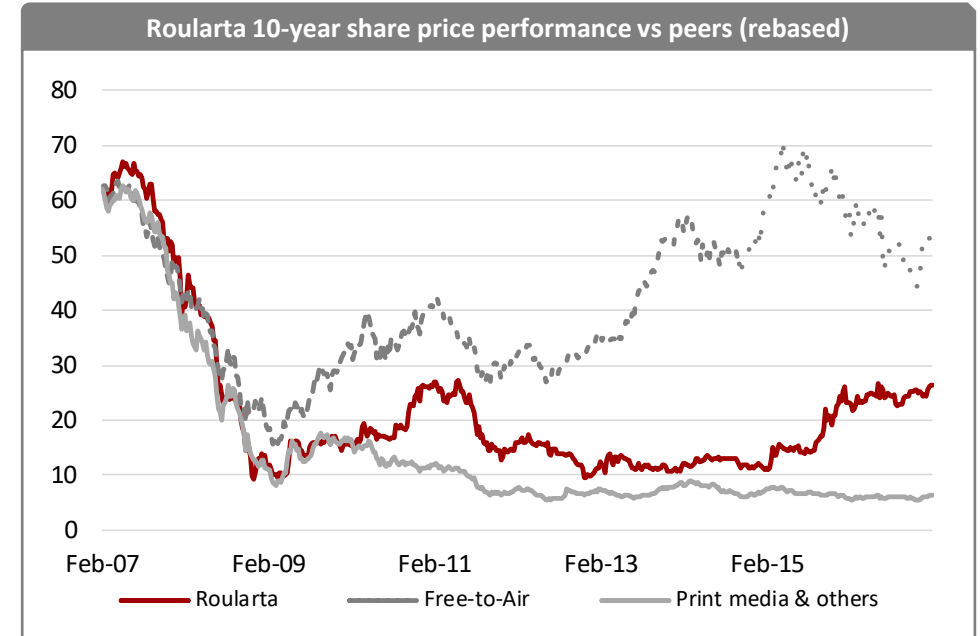
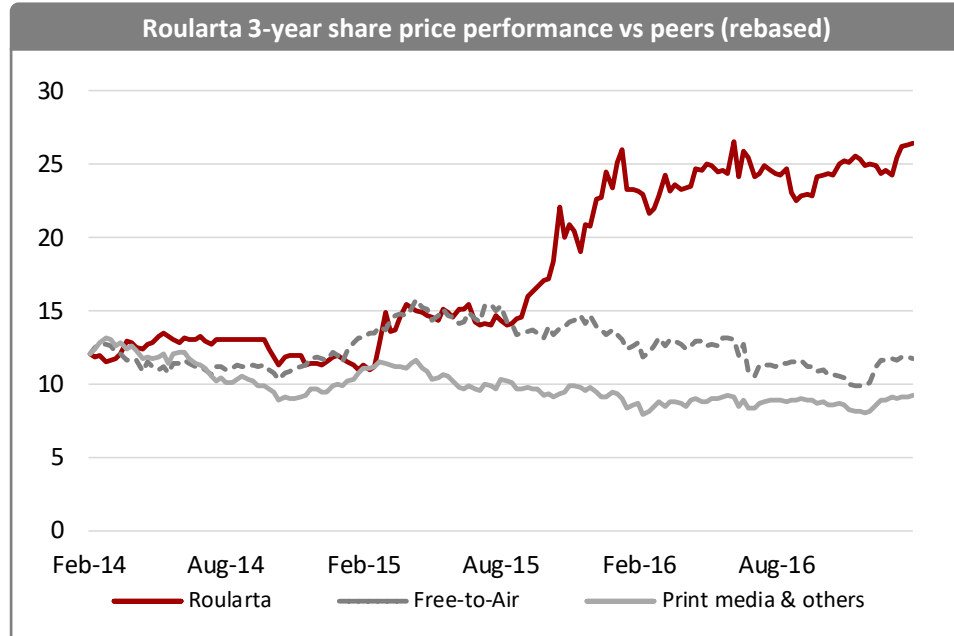
Consolidated net profit breakdown (2016e)



Source: Merodis, Factset

Share price performance

On hold despite strengthening fundamentals and sector rerating



Source: Merodis, Factset

Analyst Recommendations, Earnings Expectations

Consensus has stalled

Consensus view

During the month of January, consensus EPS estimates for Roularta remained essentially flat.

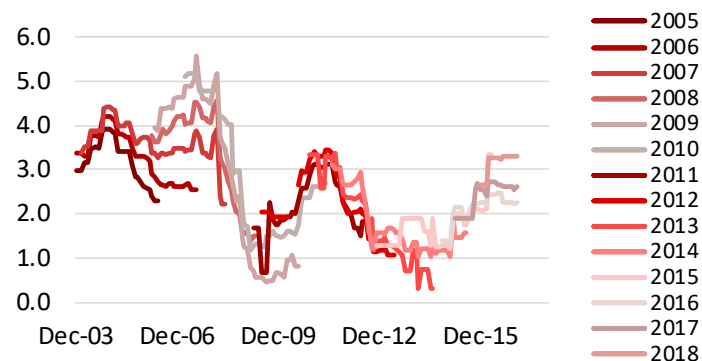
Consensus currently expects a 2016e EPS of €2.27 (revised down by 7% from €2.45 in July 2016), while 2017e earnings are expected to come in at €2.60 (down 2% from €2.66 in July 2016). 2018 consensus estimates currently stands at €3.31, reflecting 27% expected growth yoy, pointing to strong momentum ahead of some key earnings triggers expected in 2019 (end of Econocom printing press leasing deal, payback of the €100m bond and the Mobile Viking MVNO contract renegotiation).

Roularta's share price increased by 8.6% in January, recovering somewhat from its relative weakness in December and November 2016. The weakness in December contrasted with the sector rally in that month following overall weakness in 2H16. Roularta's share price is up 14% over the last 12 months, beating the sectors' +4.9% and -8% for Print Media and Free TV respectively. The shares' low over the last 12 months was €21.60 (15 February), while its high during the year was €27.46 (11 January 2017), a new high since May 2011.

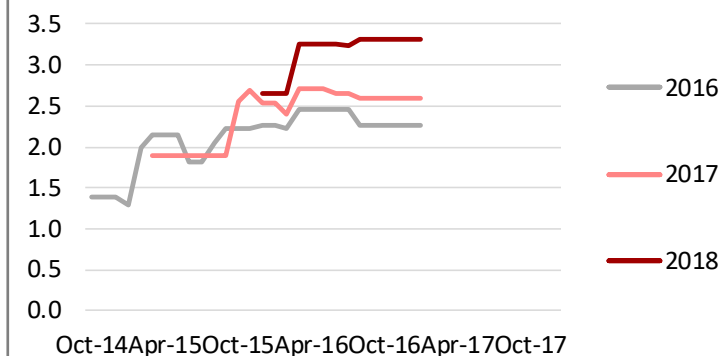
The two brokers covering the stock, KBC Securities and Degroof Petercam, continue to rate Roularta a BUY. This compares to a sector median analyst rating also close to a Buy and at its best-ever reading since 2003.

The highest price target for Roularta among the analyst community is currently €29 according to Factset.

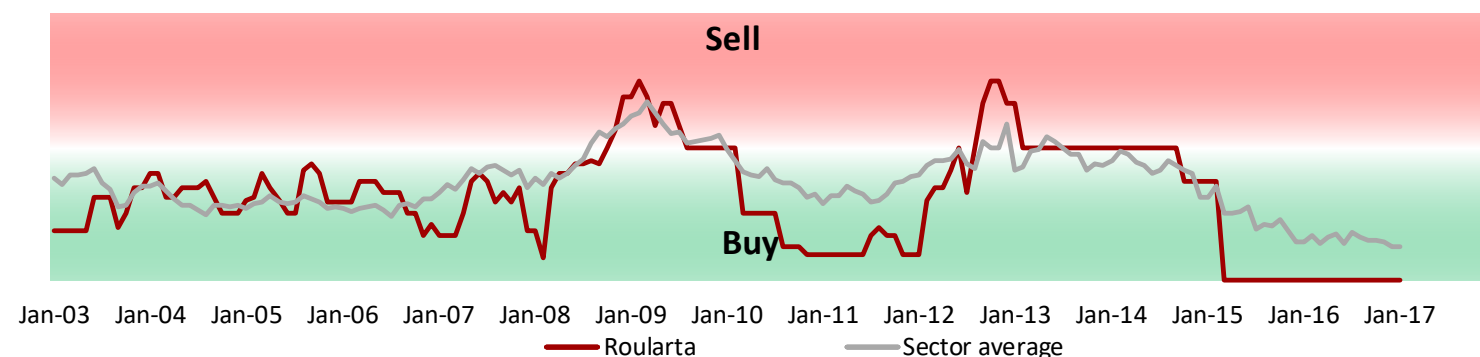
EPS Worms (€/share)



Consensus EPS 2016-18 (€/share)



Analyst recommendations vs peer average



Source: Merodis, Factset

Sector benchmarking analysis

Benchmarking the two key activities

Company	Freefloat (%) 2016	Liquidity (daily,€m)	Depr/ EBITDA	Capex/ Sales	ND/EBITDA			EBITDA margin (%)			EBIT margin (%)			Net margin (%)			ROE (%)			2016-18e CAGR (%)		
					2016e	2017e	2018e	2016e	2017e	2018e	2016e	2017e	2018e	2016e	2017e	2018e	2016e	2017e	2018e	2016e	2017e	2018e
Impresa	36	0.04		2%	10.5	8.2	7.1	8.1	10.0	10.7	6.3	8.4	9.2	1.7	3.3	4.0	2.6	4.7	5.5	53.6	16.8	1.4
Spir	29	0.03	-16%	3%		12.9	6.0	-1.1	0.9	2.2	-4.5	-2.5	-1.2	-3.4	-1.4	-0.1	-55.8	-36.7	-4.7	-79.4		
Solocal	91	1.21	27%	9%	3.9	3.1	2.7	28.4	28.1	28.7	21.8	21.0	21.7	6.9	8.1	8.9				-0.5	-2.1	-2.4
Gruppo Editoriale L'Esp.	23	0.14	61%	1%	-0.3	-0.5	-0.5	9.5	10.0	10.9	6.4	6.8	8.0	3.5	4.0	5.1	3.6	4.4	5.2	20.9	16.8	8.6
Mondadori	50	0.36	29%	1%	3.1	2.5	2.1	7.5	7.8	8.5	5.3	5.8	6.3	2.0	2.5	2.9	9.6	10.7	11.1	18.0	7.7	1.1
RCS	2	0.73	-103%	5%	4.6	3.2	2.3	9.3	12.4	14.4	3.7	7.0	9.4	0.6	3.2	5.3	6.6	26.1	31.4	215.5	26.0	1.4
Vocento	47	0.12	48%	2%	2.4	1.9	1.4	9.1	10.4	11.5	4.6	6.4	7.7	1.4	2.9	4.1	2.4	4.4	5.8	60.7	11.5	-0.7
Telegraaf	55	0.17	363%	2%	-0.2	-2.0	-1.4	2.5	5.0	7.7	-4.0	5.7	5.5	-1.8	2.6	3.0	2.4	2.7	6.4	70.6	74.0	-1.4
Sanoma	35	1.33	136%	3%	1.6	1.5	1.3	28.3	27.7	27.7	10.2	10.5	10.6	7.5	6.3	6.5	11.3	12.3	11.5	10.6	-0.9	0.3
Connect	98	0.32	35%	0%	1.7	1.6	1.4	4.4	4.5	4.8	3.6	3.6	3.8	1.8	1.9	2.1	312.7	239.4	138.1	2.3	2.9	-1.7
Tarsus	76	0.21	22%	2%	3.2	1.7	2.1	32.3	35.1	32.6	31.8	29.3	30.6	15.8	23.4	18.8	28.9	40.6	25.4	14.5	26.3	25.8
Trinity Mirror	98	0.28	26%	1%	0.3	0.1	-0.2	22.2	22.7	23.5	18.0	17.9	18.0							-3.0	-2.0	-4.8
Wilmington	86	0.51	40%	3%	1.5	1.6	1.1	22.4	22.5	23.1	19.7	19.2	20.1	-6.1	12.2	13.8	33.2	39.8	45.6	11.8	12.6	10.9
Independent News	70	0.17	19%	1%	-1.9	-2.5	-3.0	13.8	13.8	13.9	11.6	11.6	11.7	10.4	10.1	10.1	61.8	37.0	27.5	-1.2	0.6	0.2
Eniro	96	0.14	-37%	4%																		
Axel Springer	39	6.66	30%	4%	1.9	1.9	1.5	17.6	18.2	19.1	14.5	13.5	14.5	7.9	8.0	8.8	11.3	12.7	13.8	9.9	7.1	3.0
PRINT MEDIA AVERAGE	58	0.78	45%	3%	2.3	2.3	1.6	14.3	15.3	15.9	9.9	10.9	11.7	3.4	6.2	6.7	33.1	30.6	24.8	27.0	14.1	3.0
PRINT MEDIA MEDIAN	52	0.24	29%	2%	1.8	1.7	1.4	9.5	12.4	13.9	6.4	8.4	9.4	1.9	3.7	5.2	9.6	12.3	11.5	11.8	9.6	0.7
Roularta (combined)	25	0.13	27%	1%	0.8	0.2	-0.3	11.5	12.9	13.7	8.5	9.7	10.5	6.0	7.3	8.5	192.5	205.2	240.5	20.2	6.0	1.0
% prem./(disc.) vs median	-52	-45.3	-7.5	-37.0	-54.0	-87.8	-124.6	21.2	4.5	-1.2	33.2	15.4	11.3	218.7	99.3	64.0	1,894.7	1,566.1	1,983.5	71.9	-38.2	40.0
Roularta (consolidated)	25	0.13	51%	2%	2.7	0.8	-0.6	6.6	8.5	9.5	3.6	4.9	5.9	10.1	12.4	14.6	14.3	17.7	18.7	20.2	19.7	0.1
% prem./(disc.) vs median	-52	-45.3	77.0	10.3	52.6	-52.8	-144.4	-29.7	-31.4	-31.7	-43.6	-41.3	-37.9	437.5	240.8	181.5	48.6	44.1	61.8	71.9	104.6	-83.9
FREE TV																						
TF1	49	3.08	26%	3%	-1.2	-1.0	-1.0	11.2	13.3	12.7	4.4	8.0	7.1	0.8	5.4	4.7	4.3	7.2	6.3	20.8	8.1	1.3
M6	51	1.65	37%	10%	-0.7	-0.3	-0.4	22.9	23.5	23.7	15.6	16.9	17.2	10.8	10.4	10.6	20.7	21.9	22.2	8.4	6.0	4.2
Mediaset	34	35.06	81%	21%	3.0	1.8	1.3	9.4	13.3	15.5	5.8	9.6	12.4	0.0	3.1	4.6	0.4	5.4	8.4	368.8	33.2	3.6
Mediaset España	44	10.39	50%	20%	-0.5	-0.6	-0.7	24.5	26.8	28.0	22.9	25.1	26.4	18.1	20.1	21.2	17.1	19.4	20.5	11.7	10.6	3.5
Atresmedia	35	5.81	11%	3%	0.7	0.5	0.4	19.8	21.2	22.6	18.0	19.6	21.0	13.7	15.0	16.2	28.1	30.1	32.2	12.4	10.7	3.6
RTL	24	0.52	15%	4%	0.5	0.4	0.3	21.9	22.0	22.2	18.9	19.1	19.3	12.0	12.2	12.3	24.4	24.2	23.8	4.5	3.8	3.1
Prosieben	98	37.48	17%	4%	1.9	1.6	1.4	26.5	25.9	25.6	21.6	21.5	21.5	12.9	13.3	13.5	46.9	40.7	40.6	7.3	8.0	9.8
ITV	89	37.50	12%	2%	0.7	0.6	0.3	29.2	28.7	29.2	26.2	26.2	26.0	16.2	17.8	17.9	62.2	58.3	50.5	1.4	2.1	2.2
FREE TV AVERAGE	53	16.43	31%	8%	0.5	0.4	0.2	20.7	21.8	22.5	16.7	18.3	18.9	10.6	12.2	12.6	25.5	25.9	25.6	54.4	10.3	3.9
FREE TV MEDIAN	46	8.10	22%	4%	0.6	0.5	0.3	22.4	22.8	23.2	18.4	19.3	20.1	12.4	12.8	12.9	22.6	23.1	23.0	10.0	8.0	3.5
Medialaan (*)			13%	3%	0.3	0.0	-0.2	20.0	21.0	22.0	17.3	18.4	19.4	11.5	12.2	13.0	17.1	17.1	17.4	9.3	7.5	2.5
% prem./(disc.) vs median			-37.6	-28.2	-51.4	-103.8	-166.5	-10.7	-7.8	-5.0	-6.2	-4.9	-3.5	-8.0	-4.2	0.8	-24.3	-25.9	-24.2	-7.6	-6.7	-29.0
PRINTING																						
St Ives	97	0.37	58%	2%	2.0	1.8	1.6	11.1	10.4	10.6	9.1	8.1	8.2	-2.2	2.2	2.3	18.6	14.9	15.4	-5.5	0.1	2.7
QuadGraphics	85	6.97	-64%	3%	2.3	2.3	2.3	10.9	10.4	9.8	4.5	4.7	4.8	1.6	1.8	1.9	5.0	5.1	5.7	13.9	-8.5	-3.5
Dai Nippon Printing	66	14.61	54%	5%	-0.2	-0.2	-0.2	7.1	7.6	7.8	2.3	2.9	3.2	2.0	2.0	2.2	2.8	2.9	3.2	na	na	na
PRINTING AVERAGE	83	7.32	16%	3%	1.4	1.3	1.2	9.7	9.5	9.4	5.3	5.2	5.4	0.4	2.0	2.1	8.8	7.7	8.1	4.2	-4.2	-0.4
PRINTING MEDIAN	85	6.97	54%	3%	2.0	1.8	1.6	10.9	10.4	9.8	4.5	4.7	4.8	1.6	2.0	2.2	5.0	5.1	5.7	4.2	-4.2	-0.4
Roularta (combined)	25	0.13	27%	1%	0.8	0.2	-0.3	11.5	12.9	13.7	8.5	9.7	10.5	6.0	7.3	8.5	192.5	205.2	240.5	20.2	6.0	1.0
% prem./(disc.) vs median	-71	-98.1	-50.6	-49.7	-58.0	-88.7	-121.8	5.1	24.9	39.9	89.6	108.3	119.4	280.8	263.3	284.2	3,746.7	3,893.1	4,154.2	378.7	-243.5	-342.0

Source: Merodis, Factset

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

Sector valuation summary

Multiple-based valuation

Company	Country	Price (local)	MCap (local m)	P/E			EV/Sales			EV/EBITDA			EV/EBIT			P/B			DYield			
				2016e	2017e	2018e	2016e	2017e	2018e	2016e	2017e	2018e	2016e	2017e	2018e	2016e	2017e	2018e	2016e	2017e	2018e	
PRINT & OTHER MEDIA	Impresa	PORTUGAL	0.18	30	8.3	4.4	3.5	1.0	1.0	0.9	12.3	9.6	8.4	15.8	11.4	9.7	0.2	0.2	0.2	0.0	0.0	0.0
	Spir	FRANCE	3.68	22				0.2	0.2	0.2		19.0	8.7		1.3	1.9	1.9		0.0	0.0	0.0	
	Solocal	FRANCE	2.39	93	1.7	1.7	1.7	1.2	1.0	0.9	4.3	3.5	3.1	5.7	4.7	4.2				0.0	0.0	0.0
	Gruppo Editoriale L'Esp.	ITALY	0.78	309	15.1	12.2	10.3	0.5	0.5	0.4	5.6	4.6	3.8	8.3	6.7	5.1	0.5	0.5	0.5	3.2	3.6	5.2
	Mondadori	ITALY	1.35	353	12.5	10.3	9.0	0.5	0.5	0.4	6.8	6.0	5.3	9.7	8.1	7.1	1.2	1.1	0.9	0.0	1.2	2.6
	RCS	ITALY	0.80	413	74.1	12.4	7.4	0.8	0.8	0.7	9.0	6.6	5.2	22.7	11.7	7.9	3.7	2.8	2.0	0.0	0.0	0.0
	Vocento	SPAIN	1.28	155	21.9	11.9	8.5	0.6	0.6	0.5	6.3	5.3	4.5	12.5	8.7	6.8	0.5	0.5	0.5	0.0	0.0	0.3
	Telegraaf	NETHERLANDS	5.94	275	49.3	41.9	16.9	0.6	0.6	0.6	25.8	11.2	7.1		9.7	10.1	1.2	1.1	1.1	0.7	1.0	3.0
	Sanoma	FINLAND	8.42	1,371	15.5	12.8	12.7	1.3	1.2	1.2	4.6	4.5	4.3	12.7	11.9	11.1	1.6	1.5	1.4	2.3	3.0	3.5
	Connect	UNITED KINGDOM	1.38	342	7.1	7.0	6.8	0.3	0.3	0.2	5.8	5.6	5.2	7.1	7.0	6.5	25.9	12.4	7.5	6.9	7.1	7.4
	Tarsus	UNITED KINGDOM	2.63	297	18.9	9.8	14.4	5.7	3.1	3.6	17.6	8.7	11.1	17.9	10.4	11.8	4.3	3.7	3.6	3.4	3.6	3.8
	Trinity Mirror	UNITED KINGDOM	1.05	293	2.9	3.0	3.1	0.5	0.5	0.4	2.1	2.1	1.7	2.6	2.6	2.2				5.6	5.9	6.3
	Wilmington	UNITED KINGDOM	2.58	225	13.9	12.9	11.1	2.4	2.2	2.0	10.9	9.9	8.6	12.4	11.7	9.9	5.1	5.2	5.0	3.2	3.3	3.5
	Independent News	IRELAND	0.12	166	4.6	4.8	4.8	0.3	0.2	0.1	1.9	1.3	0.7	2.2	1.6	0.9	2.1	1.5	1.2	0.0	0.0	0.0
	Eniro	SWEDEN	0.27	145																		
	Axel Springer	GERMANY	48.72	5,257	20.5	18.9	16.9	1.9	1.9	1.8	10.9	10.3	9.4	13.2	14.0	12.3	2.4	2.4	2.3	3.7	3.9	4.1
PRINT MEDIA AVERAGE				19.0	11.7	9.1	1.2	1.0	0.9	8.9	7.2	5.8	11.0	8.6	7.5	3.9	2.7	2.2	1.9	2.2	2.6	
PRINT MEDIA MEDIAN				14.5	11.1	8.7	0.6	0.6	0.6	6.5	6.0	5.2	12.4	9.2	7.5	1.6	1.5	1.4	0.7	1.2	3.0	
Roularta (combined)	BELGIUM	26.42	347	11.5	9.4	8.0	0.8	0.8	0.7	7.4	6.0	5.0	10.0	8.0	6.6	1.8	1.7	1.5	2.8	3.4	3.8	
% prem./ (disc.) vs median				-20.3	-15.2	-8.4	32.0	38.6	24.6	13.0	0.4	-4.2	-19.6	-13.5	-12.4	11.1	12.6	2.9	335.2	194.8	25.7	
Roularta (consolidated)	BELGIUM	26.42	347	11.5	9.4	8.0	0.9	0.8	0.7	13.3	9.8	7.3	24.6	16.8	11.9	1.8	1.7	1.5	2.8	3.4	3.8	
% prem./ (disc.) vs median				-20.3	-15.2	-8.4	37.9	49.0	25.8	103.6	64.4	39.8	98.3	82.8	58.4	11.1	12.6	2.9	335.2	194.8	25.7	
FREE TV	TF1	FRANCE	10.19	2,131	31.1	19.1	21.3	0.9	0.9	0.9	8.0	6.7	6.8	20.5	11.0	12.2	1.4	1.4	1.3	2.6	3.7	3.6
	M6	FRANCE	18.20	2,298	18.6	16.7	15.8	1.7	1.7	1.6	7.3	7.1	6.7	10.6	9.9	9.2	3.7	3.6	3.4	4.9	5.1	5.2
	Mediaset	ITALY	3.96	4,496	521.5	37.8	23.7	1.5	1.5	1.4	16.4	11.0	8.9	26.3	15.1	11.1	2.1	2.0	2.0	0.7	2.1	3.2
	Mediaset España	SPAIN	11.31	3,808	20.8	18.2	16.7	3.6	3.5	3.3	14.8	13.1	11.9	15.9	13.9	12.6	3.6	3.5	3.4	4.7	5.1	5.6
	Atresmedia	SPAIN	10.51	2,370	16.9	14.9	13.4	2.5	2.4	2.3	12.5	11.1	10.0	13.8	12.1	10.7	4.6	4.4	4.3	4.7	5.5	6.2
	RTL	BELGIUM	70.70	10,858	14.6	13.9	13.3	1.9	1.8	1.7	8.6	8.1	7.7	9.9	9.4	8.9	3.5	3.3	3.1	5.6	5.6	5.5
	Prosieben	GERMANY	39.28	8,988	16.3	15.3	14.1	2.9	2.6	2.4	11.0	10.0	9.3	13.5	12.0	11.0	6.5	6.0	5.5	4.9	5.3	5.7
	ITV	UNITED KINGDOM	2.03	8,180	12.5	12.6	12.1	2.9	2.8	2.6	9.8	9.7	9.0	10.9	10.6	10.1	8.1	6.7	5.6	3.6	3.9	4.7
	FREE TV AVERAGE				81.5	18.6	16.3	2.2	2.1	2.0	11.0	9.6	8.8	15.2	11.8	10.8	4.2	3.8	3.6	4.0	4.5	5.0
	FREE TV MEDIAN				17.8	16.0	15.0	2.2	2.1	2.0	10.4	9.8	8.9	13.6	11.5	10.9	3.6	3.5	3.4	4.7	5.1	5.4
Roularta (combined)	BELGIUM	26.42	347	11.5	9.4	8.0	0.8	0.8	0.7	7.4	6.0	5.0	10.0	8.0	6.6	1.8	1.7	1.5	2.8	3.4	3.8	
% prem./ (disc.) vs median				-35.0	-41.0	-46.6	-61.1	-62.8	-65.3	-28.8	-39.3	-43.9	-26.9	-31.0	-39.7	-50.1	-51.6	-57.3	-39.5	-33.3	-29.5	
PRINTING	St Ives	UNITED KINGDOM	0.73	104	4.2	5.0	4.7	0.5	0.5	0.4	4.5	4.5	4.1	5.6	5.8	5.3	0.7	0.7	0.7	10.7	10.7	10.7
	QuadGraphics	UNITED STATES	26.19	1,337	18.3	16.8	14.1	0.6	0.6	0.6	5.1	5.4	5.6	12.5	11.9	11.5	0.9	0.8	0.8	4.6	4.6	4.6
	Dai Nippon Printing	JAPAN	1,149.00	702,688	25.3	24.7	22.0	0.5	0.5	0.5	7.4	6.8	6.6	23.2	18.2	16.1	0.7	0.7	0.7	2.8	2.8	2.8
	PRINTING AVERAGE				15.9	15.5	13.6	0.5	0.5	0.5	5.7	5.6	5.4	13.7	12.0	11.0	0.8	0.8	0.7	6.0	6.0	6.0
	PRINTING MEDIAN				18.3	16.8	14.1	0.5	0.5	0.5	5.1	5.4	5.6	12.5	11.9	11.5	0.7	0.7	0.7	4.6	4.6	4.6
	Roularta (combined)	BELGIUM	26.42	347	11.5	9.4	8.0	0.8	0.8	0.7	7.4	6.0	5.0	10.0	8.0	6.6	1.8	1.7	1.5	2.8	3.4	3.8
% prem./ (disc.) vs median				-36.8	-43.8	-43.3	61.5	49.1	35.2	43.7	11.1	-10.6	-20.4	-33.4	-43.0	144.0	131.4	106.1	-38.0	-25.7	-17.4	

Source: Merodis, Factset

P/E valuation relative to the sector

Re-rating on hold despite sector M&A focus

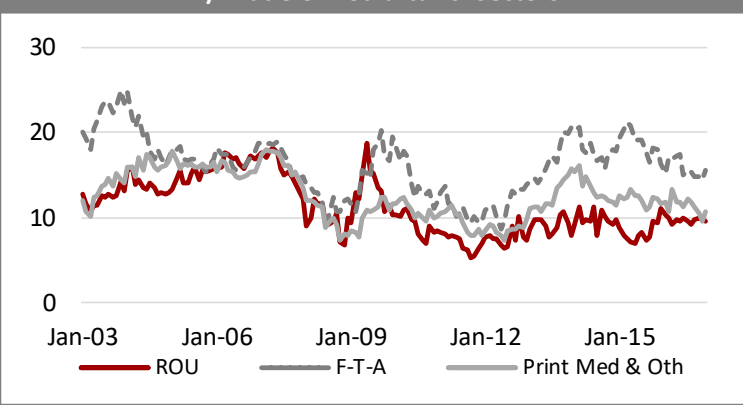
Valuation

On 2017e consensus EPS estimates, Roularta shares trade at a discount of 41% (compared to 45% at the end of December) versus the Free-to-Air Media sector in Europe (as a reminder, 72% of Roularta's EBIT and 67% of its EPS is from Medialaan, Belgium's #1 commercial TV broadcaster) and at a 15% discount versus the Print Media Sector (this compares to a 19% discount at the end of December).

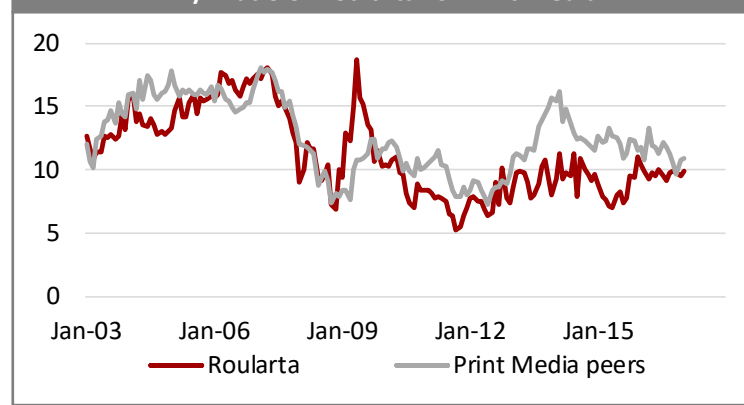
If Roularta's shares were to trade in line with the European media sector, the shares would trade at €37 based on our SOTP (using EV/EBIT multiples), from €34 in December, clearly reflecting the sector's M&A-driven re-rating. Consensus expects Roularta to generate an EPS of €2.605 (2017e), of which c. 67% are expected to come from Medialaan (of which Roularta owns 50%), while the rest of group earnings is expected to be generated by Roularta's Print Media business.

The Free-to-Air sector currently trades at a P/E ratio of 16x 2017e, while the Print Media sector trades at a P/E ratio of 11.1x. Applying consensus earnings estimates to the two divisions, proportionally to their earnings, generates a fair share price of €37.4.

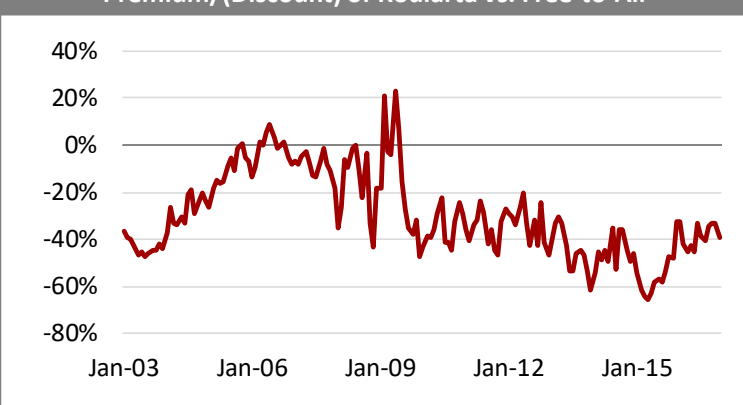
P/E ratio of Roularta vs. Sectors



P/E ratio of Roularta vs. Print Media



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



Premium/(Discount) of Roularta vs. Print Media

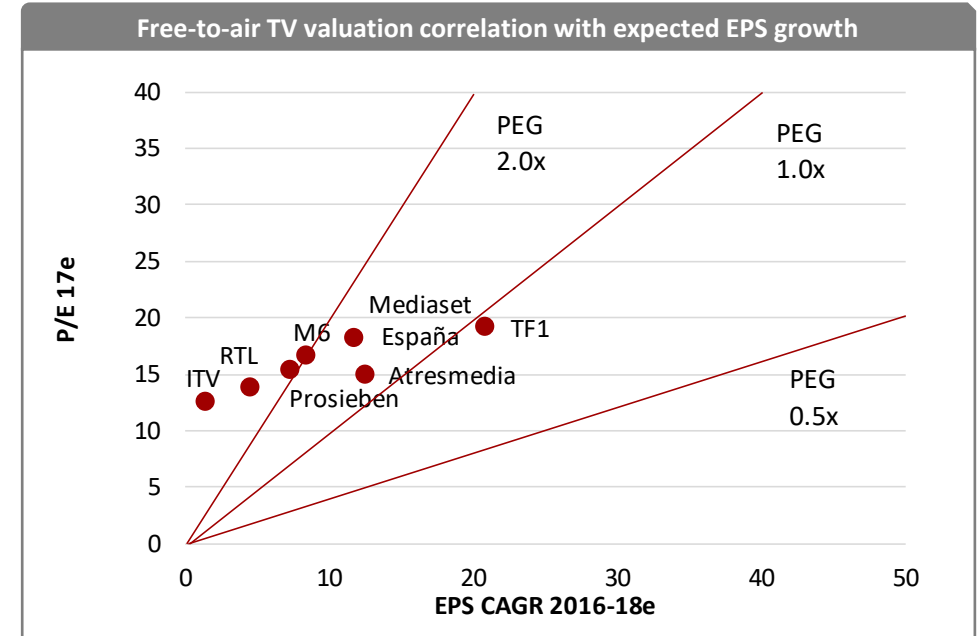
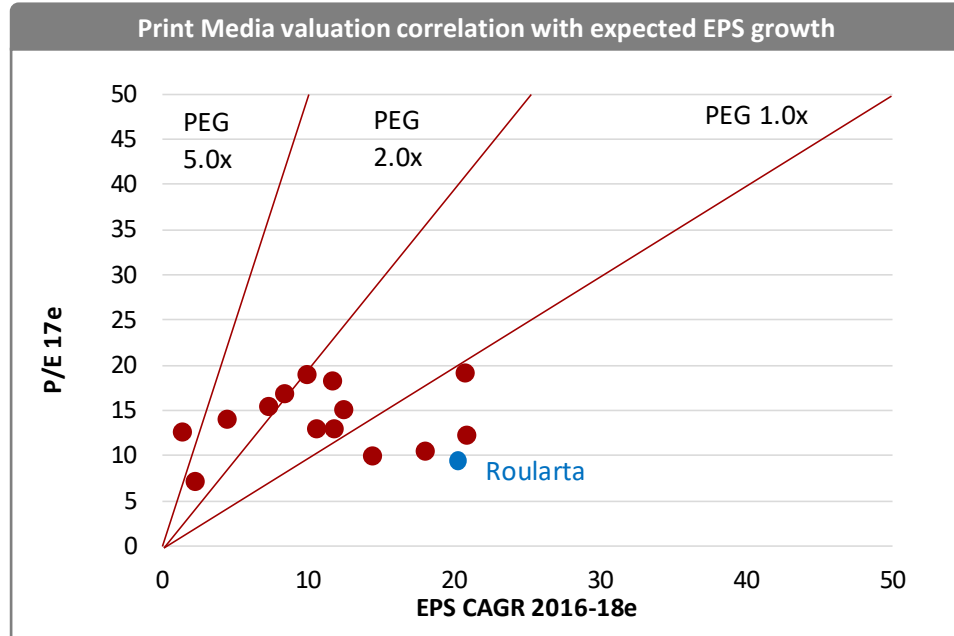


Source: Merodis, Factset

Roularta updated sum-of-the-parts								
(€m)	Ownership (%)	EBIT 17e	Discount to peers	EV/EBIT multiple 17e	Net debt	Value	Equity value/sh.	Value split
Print media	100%	13.9	10.0	8.3		115.0	6.4	20%
Group enterprise value						<u>115.0</u>		
- Net Financial Debt/(cash) (16e)						-51.6		
- Other liabilities						0.0		
+ NPV tax asset (balance sheet)						20.8		
+ Equity value of Mediaaan stake	50%	63.5	15.0	9.8	-12.7	317.2	24.1	74%
+ Equity value of Bayard stake	50%	6.3	10.0	8.3	-5.3	28.7	2.2	7%
= Estimated market value of equity						<u>430.1</u>		
Total share outstanding (m)						13.1		
Equity value per share						32.7		

Source: Merodis, Factset

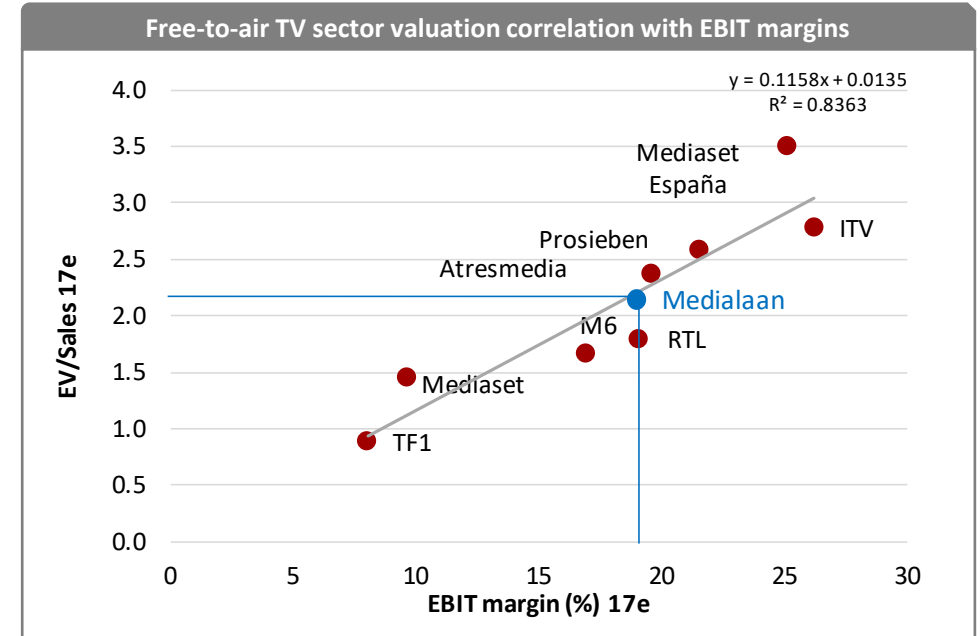
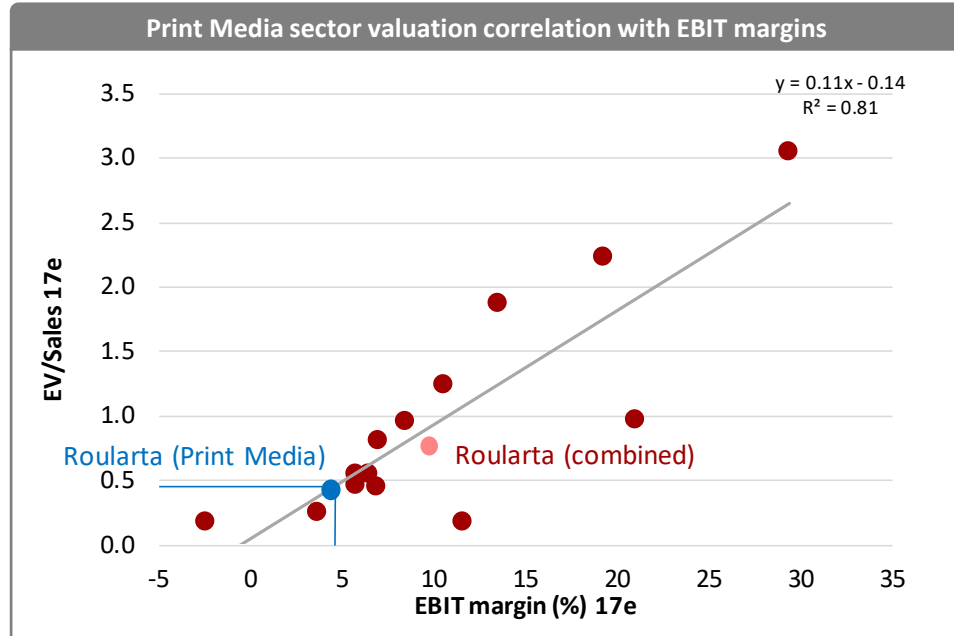
Divisional valuation indicators



Source: Merodis, Factset

Divisional valuation indicators

Medialaan is a key value driver



Source: Merodis, Factset

Sales growth expectations

Impacted by cyclical and structural effects

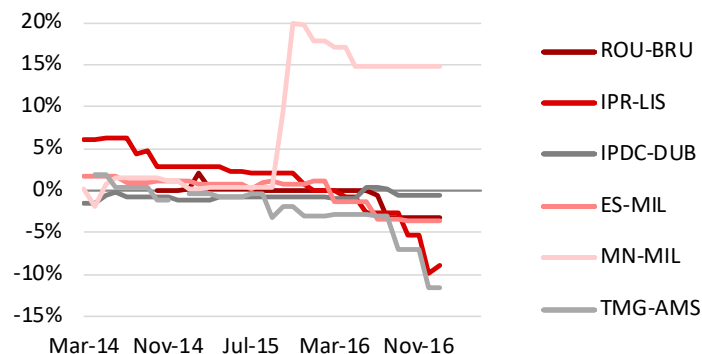
Expected Sales Growth

At the end of January, consensus expects the European Print Media Sector to decline in sales in 2016. Sector consensus sales expectations for 2016 have improved slightly during January, from -2.3% to -2.0%. With respect to 2017 sales growth expectations, consensus remained stable to slightly higher at 1.8%.

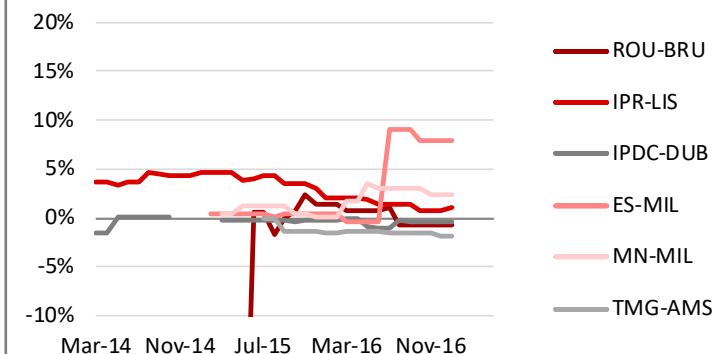
It is quite remarkable that consensus sales growth expectations for 2016 have declined from 3.1% to -2.0% over the last 12 months. In our view, this clearly reflects the sluggish outlook regarding economic growth rates in Europe as well as a trend of a further shift of advertising spending to digital media and away from more traditional media channels (print and TV).

With respect to Roularta, consensus expects 2016 sales to decline by 3.1% (in line with our forecast and almost unchanged versus December expectations) and to shrink by 0.7% in 2017 (in line with our forecast).

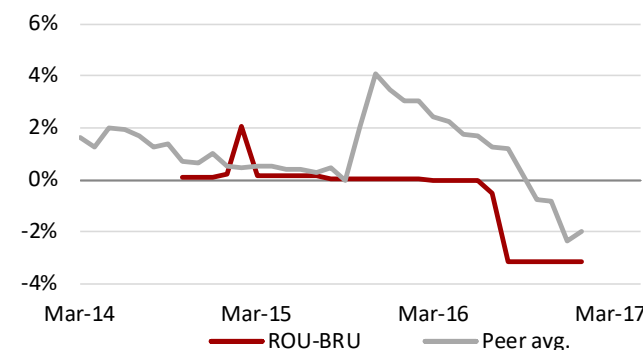
2016 expected sales growth (%)



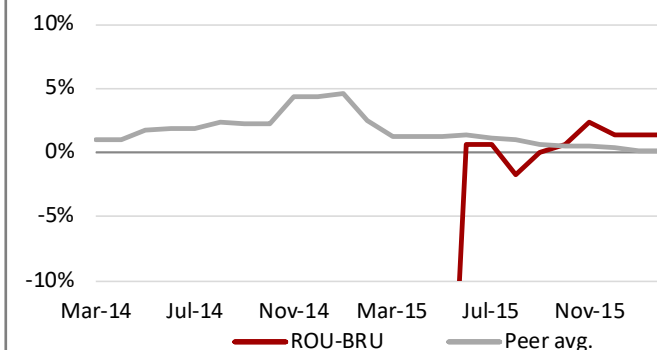
2017 expected sales growth (%)



2016 expected sales growth, Roularta vs. peers



2017 expected sales growth, Roularta vs. peers



Source: Merodis, Factset

EBITDA growth and margin expectations

Renewed focus on core activity

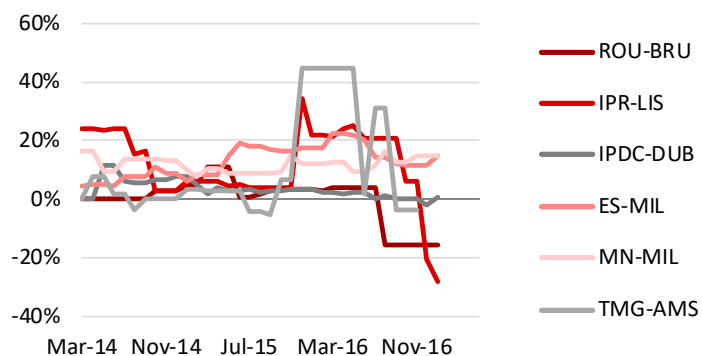
EBITDA expectations

During the month of January, expected annual EBITDA growth in 2016e for Roularta remained at a negative 15.5% by the analyst community (in line with expectations in December), while consensus expects an EBITDA growth of 7.4% for 2017e (also unchanged versus previous months).

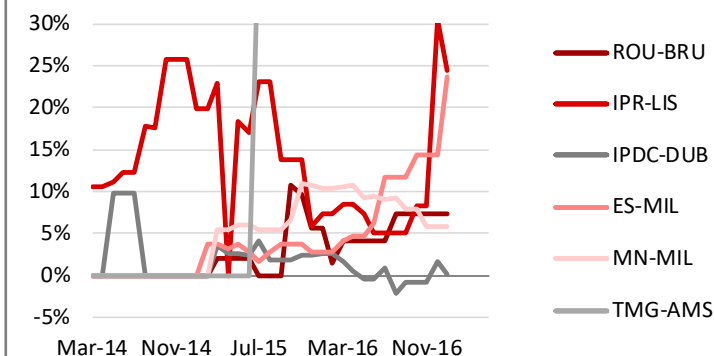
Note that consensus changes to EBIT or EBITDA at Roularta are not interpretable in a straightforward manner.

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

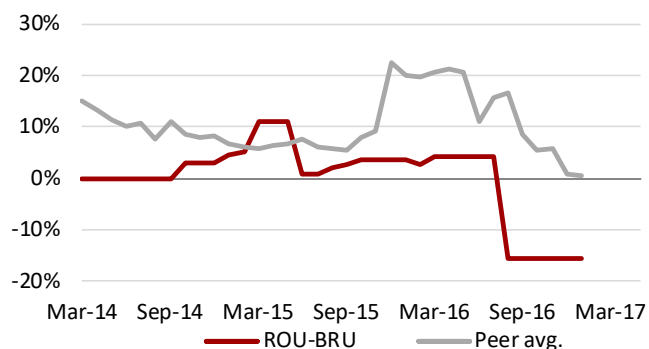
2016 expected EBITDA growth (%)



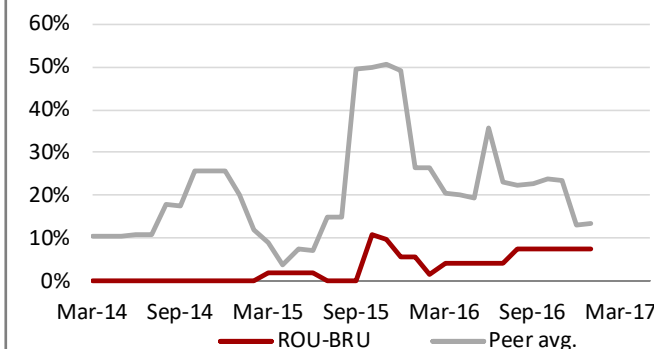
2017 expected EBITDA growth (%)



2016 expected EBITDA margin, Roularta vs. peers



2017 expected EBITDA margin, Roularta vs. peers



Source: Merodis, Factset

Consensus payout expectations

Expectations are back on the rise

Dividend payout

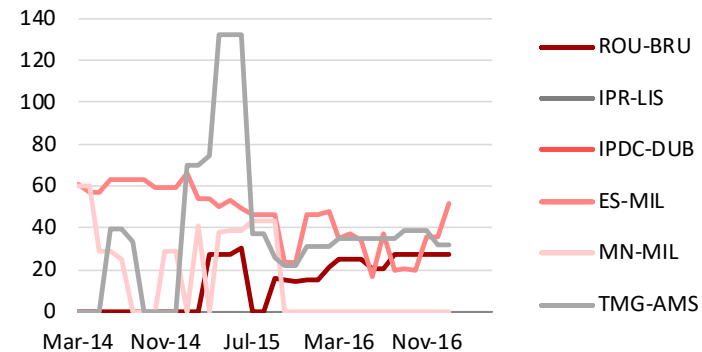
In 2016, Roularta has paid a dividend of €0.50 per share, which represents a cash outlay of €6.2m and a payout ratio of 9.7% on the reported EPS (20% of the normalised EPS). We were forecasting the first dividend to be paid since 2011 only by 2017 (on 2016 results).

We see this announcement as a strong sign of confidence of management in the outlook of the company, particularly as the DPS is the second highest amount in the company's history as a listed entity since 1999 (€0.75 was the highest level, paid over the period of 2004-07).

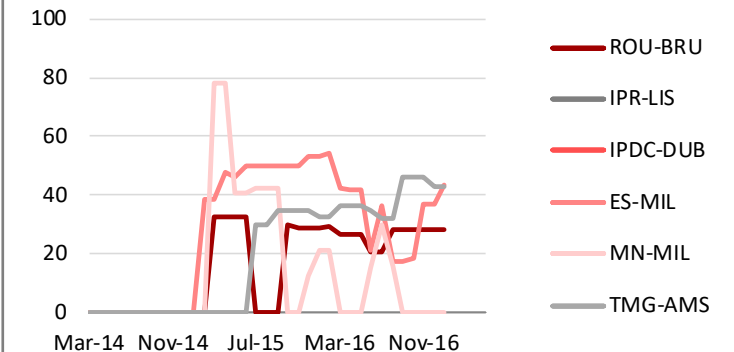
Roularta confirmed the targeted pay-out ratio of 30% in the future, which is in line with its average payout ratio prior to its acquisition in France of c32% (2002-2006) and broadly in line with the Sector average.

Consensus currently expects Roularta to pay out 27.3% of its earnings in 2016e and 28.4% in 2017e. While consensus expectations have not changed in recent months, this is a strongly positive revision versus July, when consensus expected a pay-out of 20.4% and 20.7% for 2016e and 2017e, respectively. The expected payout at Roularta exceeds that of its sector peers.

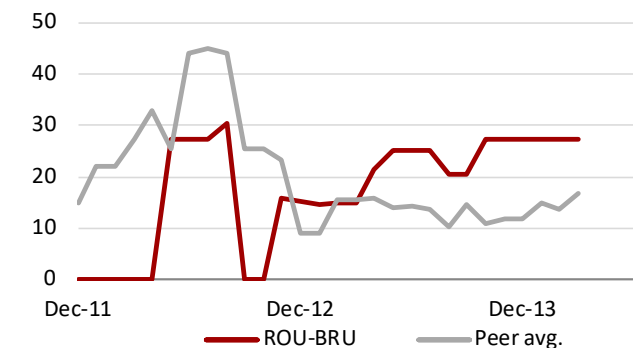
2016 expected Payout, Sector



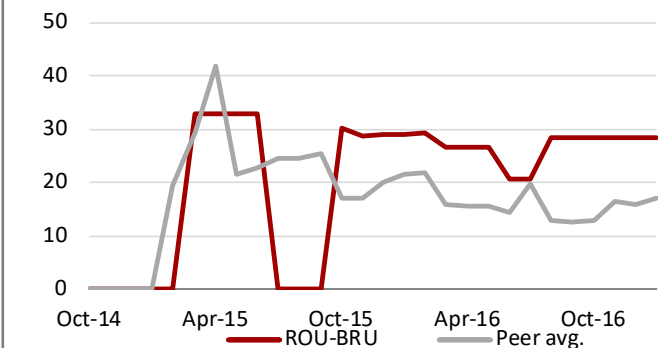
2017 expected Payout, Sector



2016 expected payout, Roularta vs. Peers



2017 expected payout, Roularta vs. Peers



Source: Merodis, Factset

Net-debt-to-EBITDA

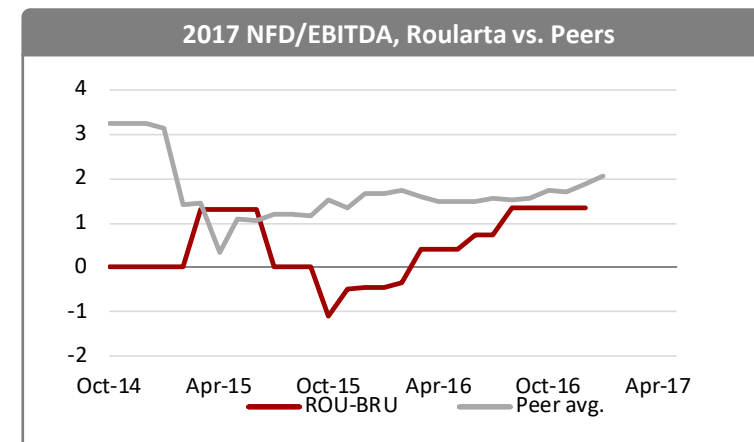
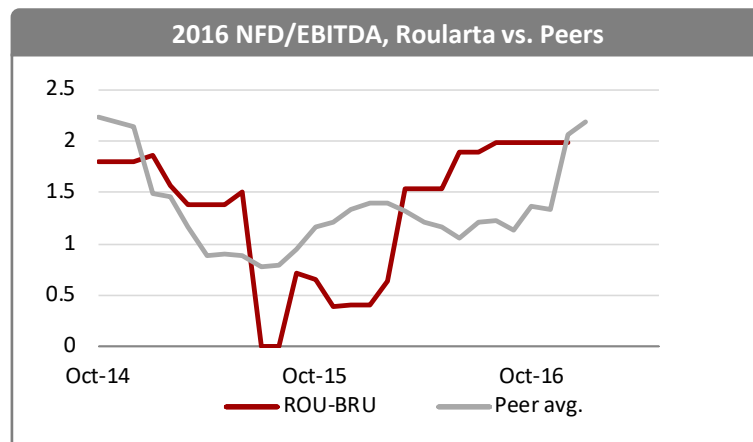
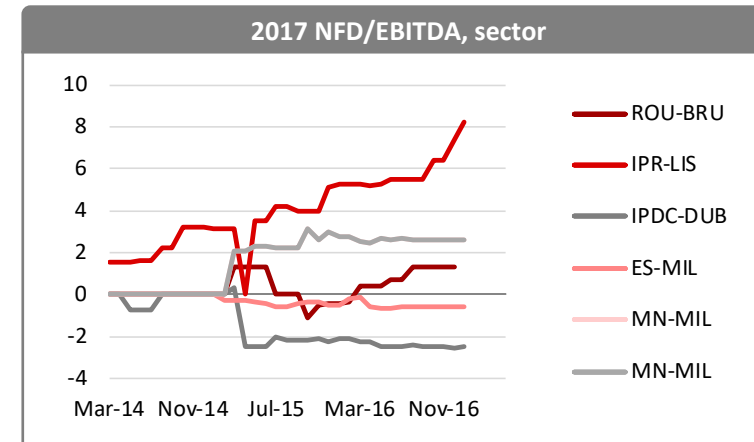
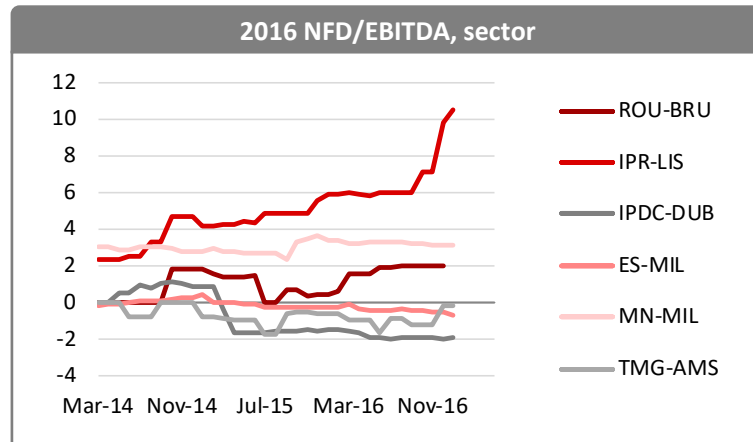
The level of expected financial leverage in the Media Sector was high in 2011 and 2012 and again in 2014 (where it exceeded 2.2x), but trended down until May to c. 1.2x, in terms of Net-financial-debt-to-EBITDA. Roularta's ratio has exceeded 2x only during 2014 and is expected to trend down during the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

At the end of November, consensus expects Roularta's net-debt-to-EBITDA ratio at 2.0x (from 1.7x in 2015), compared to 2.2x for the Media Sector as a whole (from 1.2x in August).

For 2017e, the analyst community expects Roularta's Net-Debt-to-EBITDA ratio of 1.3x versus a ratio of 2.1x for the sector as a whole.

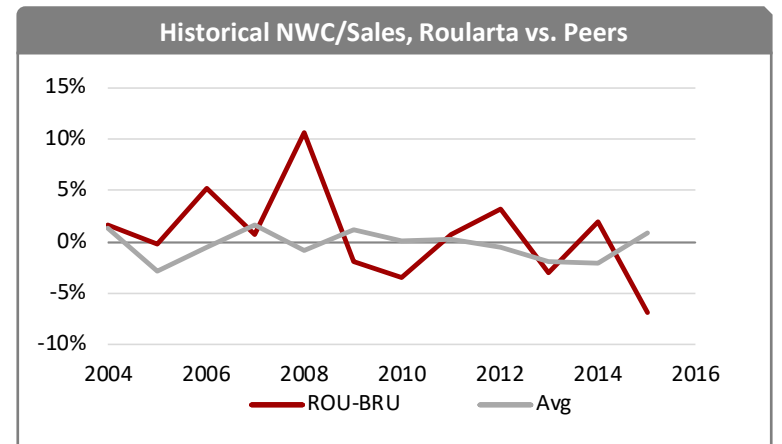
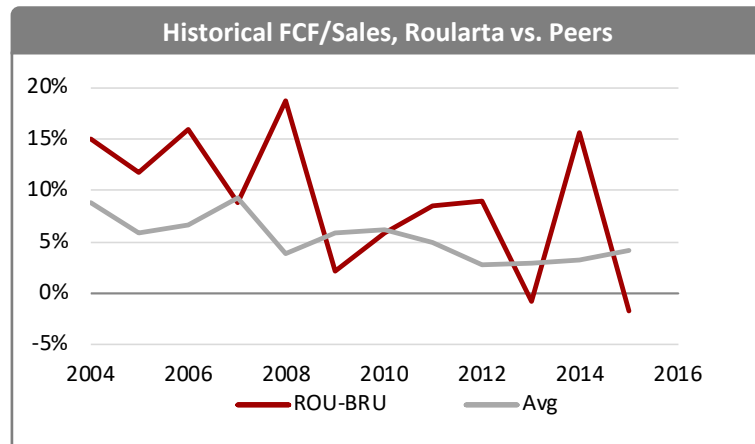
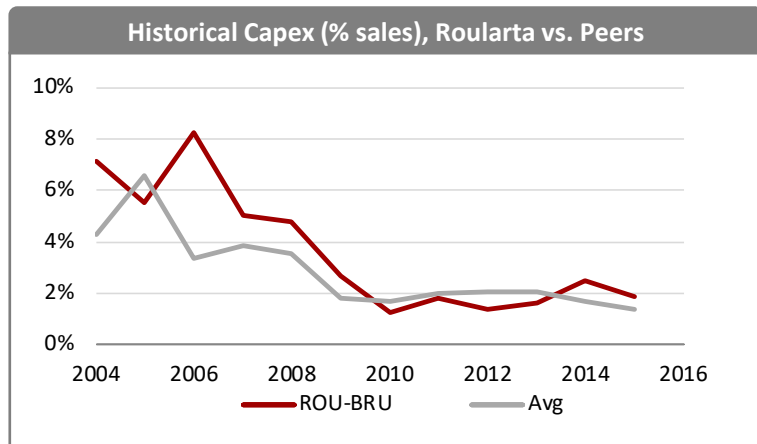
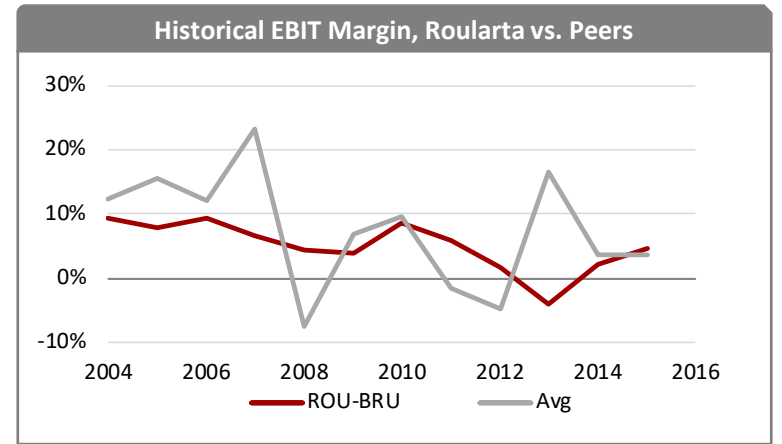
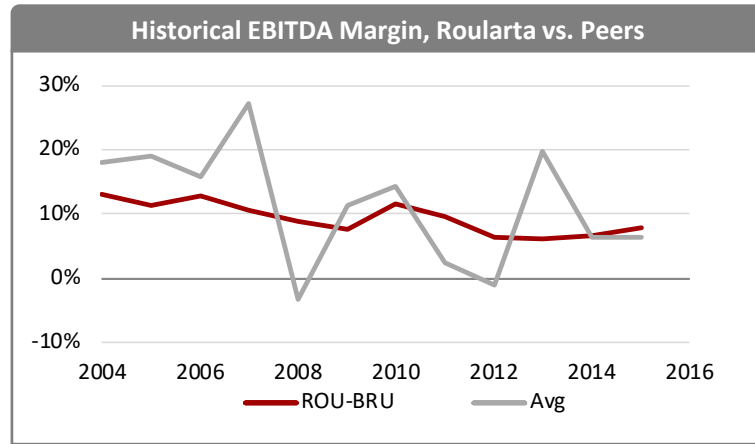
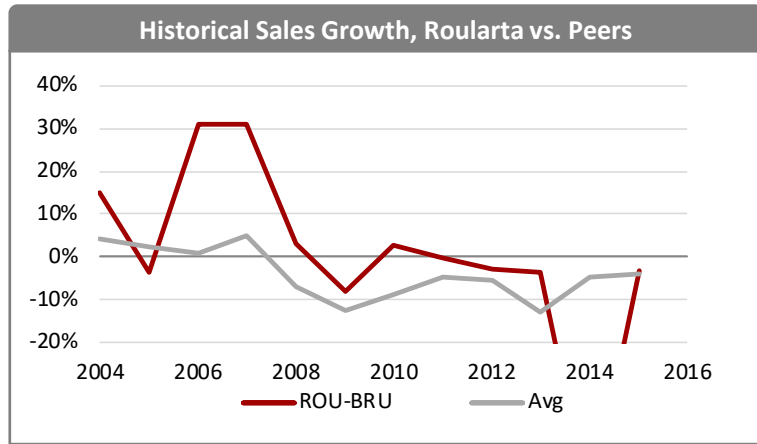
We expect Roularta to report a net cash position as from 2018e (of €16.8m), compared to a reported net debt position of €75.7m at the end of 2015.

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



Source: Merodis, Factset

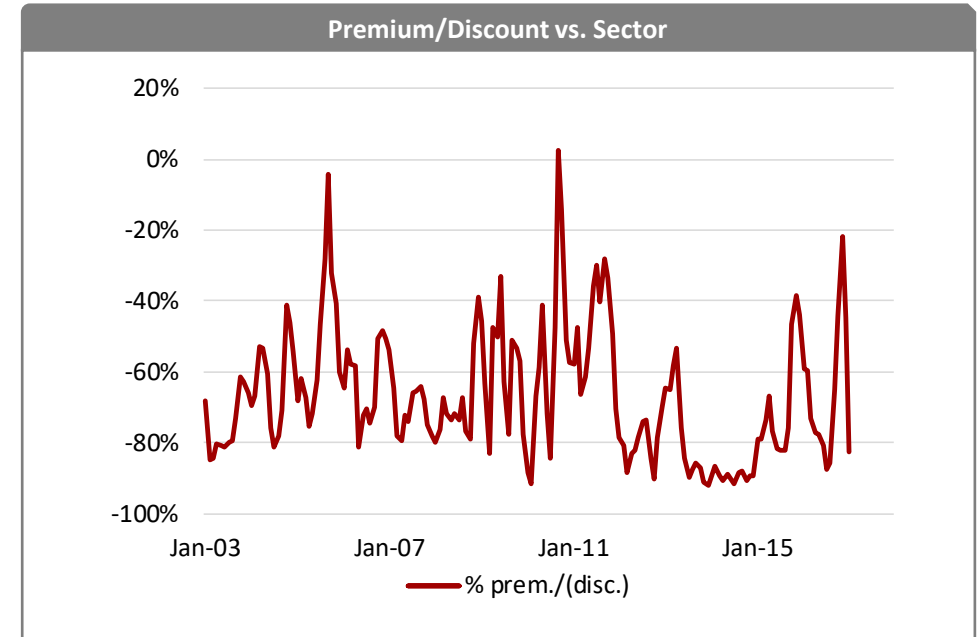
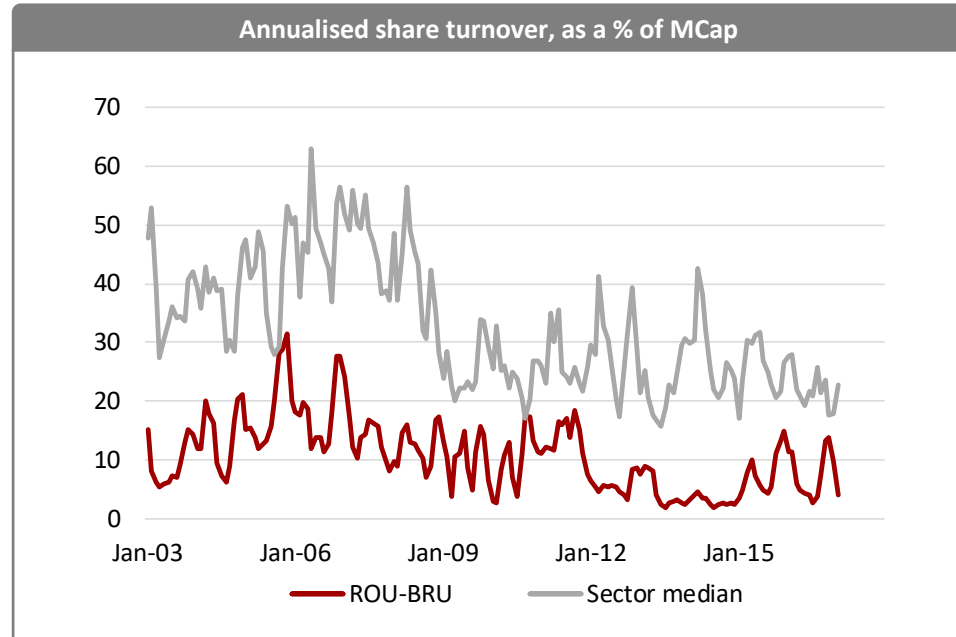
Historical P&L, CF and Balance Sheet Performance



Source: Merodis, Factset

Share liquidity

Moving back up since the H1 2016 weakness



Source: Merodis, Factset

Enterprise Value (€m): 250
Market Cap. (€m): 347
Free-float MCap (€m): 87

Financial summary

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016e	2017e	2018e	CAGR	CAGR
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016e	2017e	2018e	04-15	16-18e
Consolidated P&L (€m)																	
Sales	499	493	609	767	782	707	712	731	712	677	300	292	283	281	284	-4.8	0.1
EBITDA	65	56	72	80	67	36	77	63	39	21	17	15	19	24	27	-11.0	19.7
EBIT	46	39	51	50	33	10	57	36	5	-49	4	12	10	14	17	-11.4	27.7
Pretax profit	45	37	49	36	18	-3	51	28	-4	-57	-3	7	6	11	16	-15.7	56.4
Net profit	29	22	25	16	14	-4	31	15	-3	-58	-142	64	29	35	41	7.4	20.2
Combined P&L (€m)																	
Sales	491	477	471	471	477	471	477	471	477	481	487					04-15	16-18e
EBITDA	46	48	55	55	62	67	67	67	67	67	67	67	67	67	67	10.6	10.6
EBIT	23	33	42	41	47	51	47	47	47	47	47	47	47	47	47	12.2	12.2
Pretax profit	16	26	37	36	44	50	44	44	44	44	44	44	44	44	44	17.4	17.4
Net profit	-58	-142	64	29	35	41										20.3	20.3
Cash Flow (€m)																	
Adj. EBITDA	65	56	72	80	67	36	77	63	39	21	17	15	19	24	27	-12.7	19.7
WCR	5	-1	22	4	62	-10	-19	4	17	-16	4	-29	-4	4	0		
Gross Op CF	70	55	95	84	129	26	58	66	56	5	21	-15	15	28	27	36.0	36.0
FCF	52	39	69	50	109	12	33	47	48	-4	34	-7	22	36	42	38.5	38.5
Capex	-28	1	-50	-38	-35	-20	-8	0	-4	-6	-7	-5	-7	-10	-10	-13.8	19.5
Net disp./acq.)	-4	-17	-214	-14	4	57	-9	1	0	1	9	12	16	16	16		
Dividends paid	-5	-7	-8	-8	-9	0	0	-6	-4	0	0	0	0	-6	-9	-11	34.2
Equity issue	0	-1	51	-13	28	2	0	-3	0	0	0	0	0	0	0	0	0
Others	-5	-43	-29	-2	-17	-12	0	-16	-19	2	-41	6	0	0	0	0	0
Net Debt (incr./decr.)	10	-28	-182	-24	81	39	15	22	20	-7	-6	6	24	32	36		
Balance Sheet (€m)																	
WC	39	39	17	13	-49	-39	-20	-24	-41	-25	-51	-21	-17	-21	-22	na	11.9
Capital Employed	237	296	660	689	640	584	602	581	549	511	221	298	283	264	263	2.1	-3.7
Discontinued Assets	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Cash & Equivalent	27	35	42	32	110	72	44	35	79	51	34	39	63	95	31	3.3	-29.7
Gross Debt	39	75	263	278	275	198	155	124	148	127	143	102	100	94	93	10.2	-64.7
Equity	200	216	285	284	318	312	345	351	345	287	143	208	191	203	239	0.3	11.9
Growth (%)																	
Sales	15	-3	31	31	3	-8	3	0	-3	-3	-58	1	-2	0	2		
EBITDA	7	-17	40	4	-14	-24	54	-15	-35	-6	-54	-8	4	27	13		
EBIT	3	-14	48	-11	-31	-23	131	-32	-73	na	139	-36	37	19	9		
Net profit	10	-23	10	-36	-14	na	na	-50	na	na	na	na	-56	22	18		
FCF	65	-25	78	-27	117	-89	183	44	2	na	na	na	na	na	66	15	
NWC	-12	2	-57	-24	na	-20	-49	19	72	-38	99	-58	-19	23	2		
Capital Employed	5	25	123	4	-7	-9	3	-4	-5	-7	-57	35	-5	-7	0		
Shareholder Equity	13	8	32	0	12	-2	11	2	-2	-17	-50	45	-8	7	17		
Financial Ratios																	
Gross margin (%)	69	67	71	74	75	76	78	76	75	76	72	75	76	76	77		
EBITDA margin (%)	13	11	13	11	9	8	12	10	6	6	7	6	7	6	7	8	9
EBIT margin (%)	9	8	9	7	4	4	9	6	2	-4	2	5	4	5	6		
Net margin (%)	6	5	4	2	2	-1	4	2	0	-9	-47	22	10	12	15		
Opex/Sales (%)	86	90	87	89	92	92	88	91	94	94	94	92	93	92	91		
Depreciation/Sales (%)	3	3	3	3	3	3	2	2	2	2	3	3	3	3	4		
Depreciation/EBITDA (%)	22	30	25	29	37	42	22	22	34	41	45	52	51	42	38		
Tax rate (%)	38	40	48	55	31	-84	37	43	28	-3	-89	-671	0	0	4		
Capex/Sales (%)	6	0	8	5	5	3	1	0	1	1	2	2	2	2	4		
FCF/Sales (%)	10	8	11	7	14	2	5	6	7	-1	11	-2	8	13	15		
WCR/Sales (%)	1	0	4	1	8	-1	-3	1	2	-2	-2	-1	-10	-1	0		
WCR/Sales (%)	8	8	3	2	-6	-6	-3	-3	-6	-4	-17	-7	-6	-8	-8		
Capital Employed/Sales (%)	47	60	108	90	82	83	85	79	77	75	74	102	100	94	93		
Gearing (%)	6	17	74	83	50	39	31	25	19	26	56	36	27	9	-7		
Net Debt/EBITDA (x)	0.2	0.7	2.8	3.0	2.4	2.4	1.4	1.3	1.5	1.8	4.2	4.2	2.7	0.8	-0.6		
ROCE post-tax (%)	13	9	6	3	3	3	6	3	1	6	8	32	11	13	15		
ROE (%)	16	11	10	6	5	-1	9	4	-1	-18	-66	37	14	18	19		
Dividend Payout (%)	25	32	33	50	0	0	20	28	0	0	0	10	33	32	30		
Valuation																	
Market Capitalisation (€m)	453	517	579	669	393	184	248	275	185	155	162	210	347	347	347	-6.8	0.0
+ Net Financial Debt (€)	12	40	222	246	165	127	111	89	70	76	82	76	52	19	-17	18.0	na
+ Restated Min. + others (€m)	37	36	38	38	22	15	17	16	14	35	20	10	12	12	11	-11.0	-2.9
- Associates & Inv. (€m)	23	17	16	11	12	10	11	12	14	14	14	123	176	160	144	20.4	-5.0
= Enterprise Value (€m)	480	576	824	942	568	316	365	369	254	253	141	120	250	234	197	-11.8	-11.3
Assoc. NFD (gr. share) (€m)	0	0	0	0	0	0	0	0	0	0	0	0	-6	-6	-6		
EV/Sales (x)	1.0	1.2	1.4	1.2	0.7	0.4	0.5	0.5	0.4	0.4	0.3	0.4	0.9	0.8	0.7		
EV/EBITDA (x)	7.4	10.3	10.5	11.6	8.2	5.9	4.5	5.3	5.6	6.0	7.2	6.6	13.3	9.8	7.3		
EV/EBIT (x)	10.4	14.9	16.1	19.0	17.4	30.9	6.4	10.4	53.7	-5.1	36.0	9.7	24.6	16.8	11.9		
EV/FCF (x)	9.3	14.8	11.9	18.7	5.2	27.4	11.2	7.9	5.3	-66.2	4.1	-17.5	11.6	6.5	4.7		
EV/Capital Employed (x)	2.0	1.9	1.2	1.4	0.9	0.5	0.6	0.6	0.5	0.5	0.6	0.4	0.9	0.9	0.7		
P/E (x)	15.0	22.4	22.9	40.4	27.5	-42.3	7.7	16.9	-70.1	-2.5	-1.1	3.1	11.5	9.4	8.0		
P/BVPS (x)	2.3	2.4	2.0	2.4	1.2	0.6	0.7	0.8	0.5	0.5	1.1	1.0	1.8	1.7	1.5		
FCF yield (%)	11.4	7.5	11.9	7.5	27.8	6.3	13.2	17.0	26.0	-2.5	21.0	-3.3	6.2	10.4	12.0		
Per share data																	
# of shares	9.93	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	2.6	0.0
# of avg sh. (FD, ex-treas.)	9.64	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	2.4	0.0
Share price	45.64	51.94	52.65	60.61	29.96	14.02	18.85	20.95	14.06	11.81	12.36	15.96	26.42	26.42	26.42	-9.1	0.0
EPS	3.04	2.32	2.30	1.50	1.09	-0.33	2.45	1.24	-0.20	-4.64	-11.4	5.16	2.29	2.80	3.31	4.9	20.2
EPS FD	3.04	2.32	2.30	1.50	1.09	-0.33	2.45	1.24	-0.20	-4.64	-11.4	5.16	2.29	2.80	3.31	4.9	20.2
BVPS	20.15	21.65	25.88	25.70	24.22	23.75	26.28	26.73	26.23	21.84	10.90	15.80	14.50	15.47	18.16	-2.2	11.9
DPS	0.75	0.75	0.75	0.75	0.00	0.00	0.50	0.35	0.00	0.00	0.00	0.50	0.75	0.90	1.00	-3.6	15.5

Source: Company data, Merodis

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