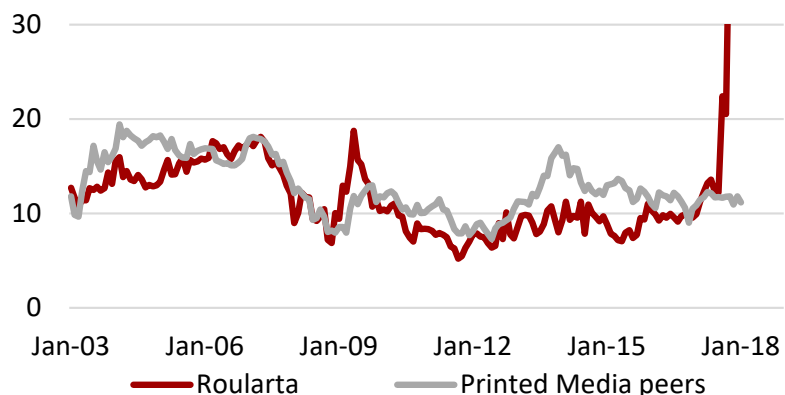




Roularta P/E vs European peers: narrowing discounts



€m	2013	2014	2015	2016	2017e	2018e	2019e
Sales	677.1	300.1	291.9	278.6	259.9	248.4	237.4
EBIT	-49.2	3.9	12.3	6.7	-3.4	-2.6	-3.8
Net profit	-57.9	-142.5	64.4	21.5	8.3	11.5	15.7
EPS (€)	-4.44	-10.98	4.92	1.65	0.64	0.89	1.20
DPS (€)	0.00	0.00	0.50	0.50	0.20	0.25	0.35
P/E (x)	na	na	3.2	14.7	36.3	26.2	19.3
Yield (%)	0.0	0.0	3.2	2.1	0.9	1.1	1.5
Adj. EV/EBIT (x)	na	36.0	9.6	32.7	na	na	na

Source: Merodis Equity Research, Factset  
Pricing date: 31/1/2018

# Market review and peer benchmarking

5 February 2018

## Key monthly insights

### Further market consolidation with a major acquisition: Sanoma's Belgian magazines

Roularta announced the acquisition of most of Sanoma's remaining Belgian magazines, mainly targeting a female audience, with sales of €78m and circulation of over 350,000 copies. The acquisition price represents an EV €33.7m, 0.4x EV/Sales compared to a sector average of 1.2x and Roularta's own multiple of 0.8x. The transaction, which is an asset deal (subscription value + pension liability), includes the purchase of 7 titles (including leading titles such as Libelle/Femme d'Aujourd'hui, Flair and Feeling/Gael), their websites and staff of around 100 (out of a total of 230 at Sanoma Belgium). The titles are complementary to Roularta's magazines regarding their high quality target groups, including both genders and in both linguistic regions of Belgium, which are highly valued features for advertisers. Synergies include cross-selling opportunities (advertising, subscriptions, events, etc.), printing optimisation (printing of the acquired titles will be repatriated to Roularta over 2018-19), staff and negotiating power (magazine market leader in Belgium). The deal, which should be financed with own funds, is expected to close by the end of June 2018, from which time it will be consolidated in Roularta's accounts, with an expected positive profit contribution as from the start. The move confirms the company's intention to consolidate the print media market in Belgium and further increase its advertising clout.

### Next steps in the equity story: the story gets better

The competition authorities approved the disposal of Roularta's 50% stake in Mediaaan to De Persgroep. This marks the official closing the deal and, hence, the date of de-consolidation of the stake and the booking of the €145m capital gain. Given the book value of €128m (end 2016), the cash in is expected at around €272m or 8.2x EV/EBITDA. The next steps in Roularta's equity story are: (1) FY17 results (2 March) with an EBIT loss expected, as reported on 16 January, (2) the closing of the Mediafin acquisition (50% stake acquired from De Persgroep) by end March, (3) closing of the Sanoma deal by end June, (4) 1H18 results on 17 August (including capital gain from on Mediaaan and consolidation of Mediafin – JV equity accounted), (5) from end 2018, unwinding of the Econocom leasing contract (€9m annual opex savings) and (6) repayment of €100m bond in 2019 (€4.5m annual cost saving).

### Valuation assessment

Our fair equity value estimate is unchanged at €22.0/share. Our SOTP model includes the estimated acquisition value of the Mediafin stake and the net cash proceeds. Our methodology remains unchanged and we continue to value for Print Media at an EV of close to €30m vs. a negative value of €2.1/share based on our previous model assumptions. We increasingly 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, particularly now as the company has M&A firepower, including potential leverage, in excess of €170m (56% of its market capitalisation).

## Goals of this Dashboard

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

## Corporate calendar of Roularta's upcoming announcements and events

- ➔ Monday, 12 March 2018: Announcement of FY17 results (08.15AM CET; Analyst meeting at 2PM)
- ➔ Tuesday, 15 May 2018: AGM (Roeselare, Belgium)
- ➔ Friday, 17 August 2018: Announcement of 1H18 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](#)
- ➔ ["December 2017 market review" \(monthly dashboard\), 2 January 2018](#)

## Company description

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

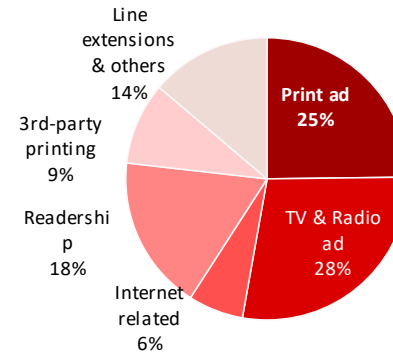
- (1) local weekly free newspapers in Flanders (De Streekkant, De Zondag, Steps),
- (2) audiovisual free-to-air broadcasting in Flanders (market leader) through its 50% ownership of **Medialaan** (VTM, 2BE, QMusic, Joe FM),
- (3) nationwide weekly news and business magazines (Knack, Le Vif L'Express,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

Combined group sales are almost entirely generated in Belgium through: (1) TV and radio advertising (28% of group), (2) print media advertising (26%), (3) readers market including subscriptions (21%), (4) third-party printing (9%) and (5) other sources of revenues including line extensions, rights and mobile (14%).

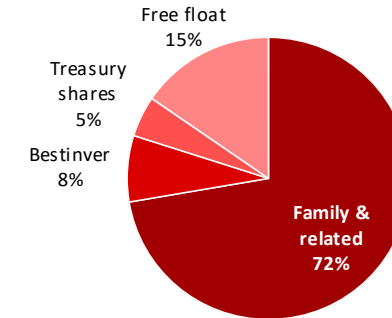
Roularta's consolidated accounts include the full contribution of its print media activity (ad and readers market, ex-Bayard), its internet activity, line extensions and third-party printing. The 50% stakes in Medialaan and **Bayard** are equity-accounted.

*We have not yet reflected the disposal of the Medialaan stake and the simultaneous acquisition of a 50% stake in Mediafin, announced on 2 October 2017 (closed on 1 February 2018). Mediafin, co-owned by Groupe Rossel, publishes Belgium's leading financial dailies, De Tijd and L'Echo.*

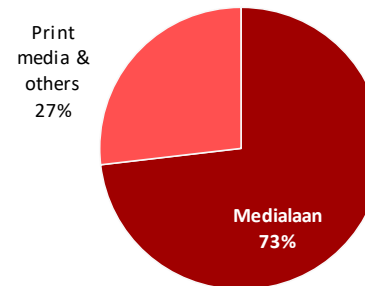
## Combined sales breakdown (2016)



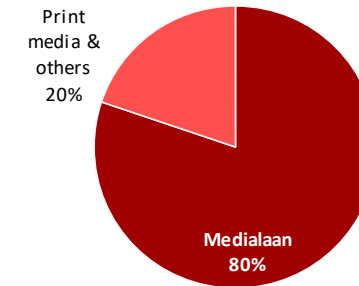
## Shareholders



## Combined EBIT breakdown (2016)



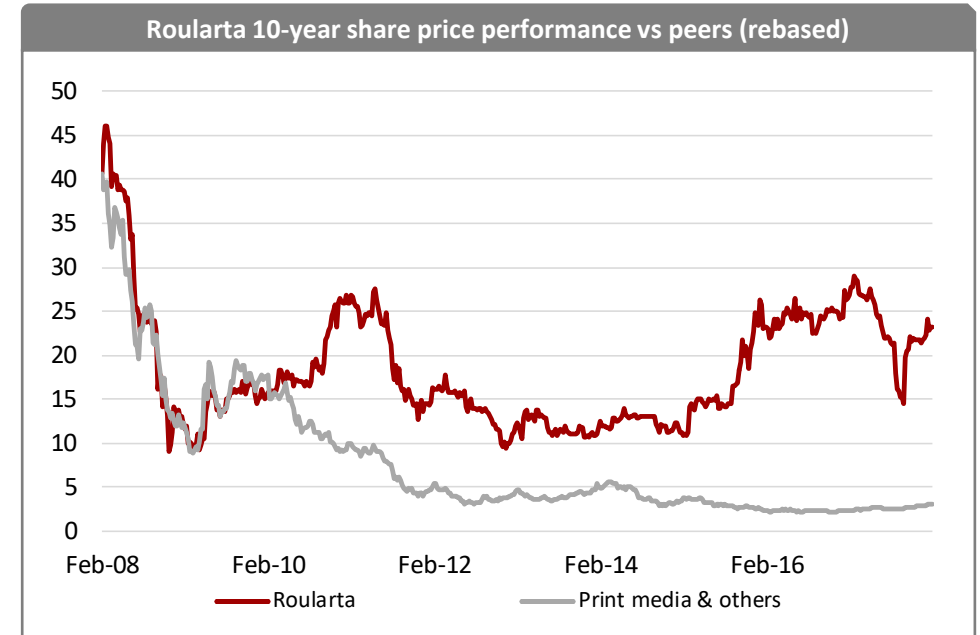
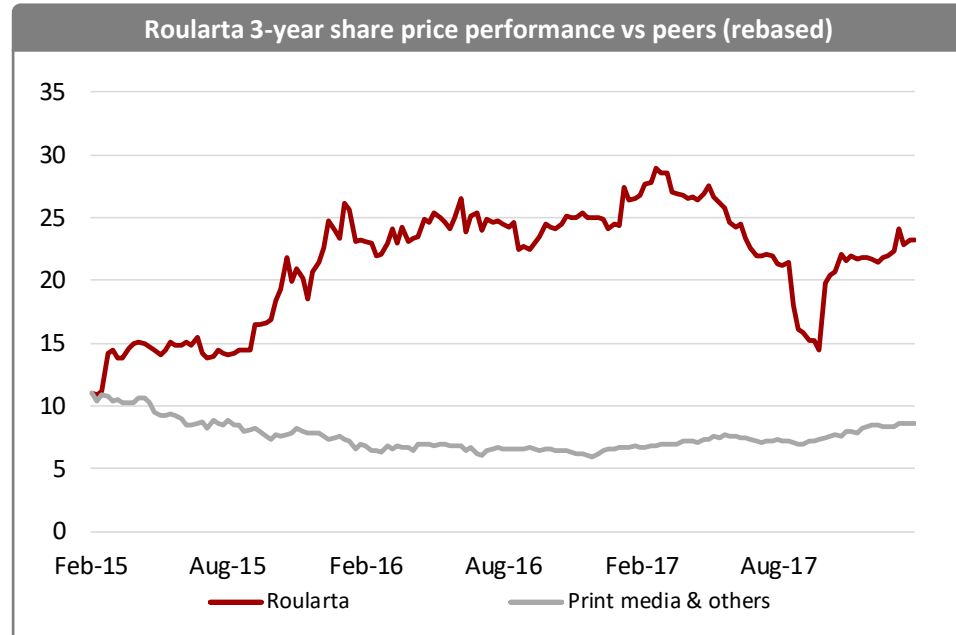
## Consolidated net profit breakdown (2016)



Source: Merodis, Factset

# Share price performance

Under pressure since the 1Q17 trading update in April



Source: Merodis, Factset

# Analyst Recommendations, Earnings Expectations

Consensus has deteriorated

## Consensus view

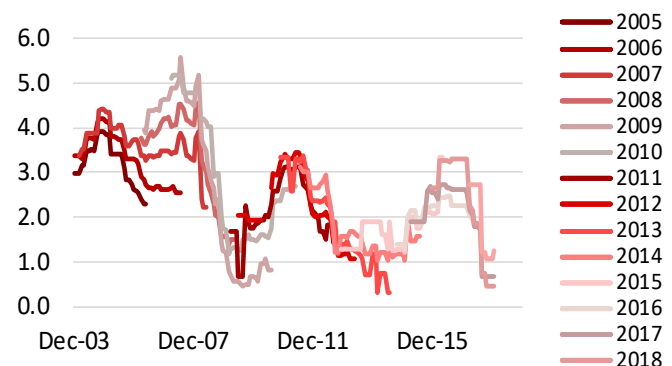
Consensus EPS estimates for Roularta are again flat m-o-m, following the downwards revisions from August to October, driven mainly by the weak 1H17 results and the recent transaction (disposal of Mediaaan and acquisition of Mediafin). We will adjust our estimates soon given the very recent closing of the deal (1 February).

Consensus currently expects a 2017e EPS of €0.66 which compares to our forecast of €0.64, while 2018e earnings are expected to come in at €0.44 vs. our forecast of €0.89. 2019e consensus EPS estimates available on Factset are at €1.23 (up from €1.05 expected a month ago), vs. our forecast of €1.20, which reflects 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).

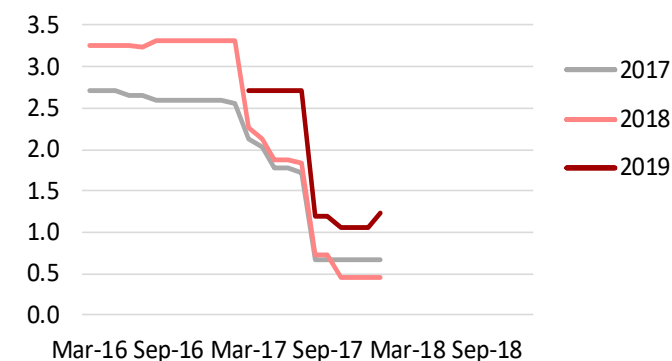
Roularta's share price rebounded sharply after the announced transactions on 2 October, which reflects the high disposal price for the 50% stake in Mediaaan (estimated at €272m or 8.2x EV/EBITDA). The stock is up 5.7% in January, following a 47% rise in October and after a severe drop in August and September due to the weak 1H17 results. The stock's performance in the month exceeds that of Print Media peers (+4.3%) and Belgian SMCs (+2.3%). The shares' low over the last 12 months remains €14.48 (27 September 2017), while its high during the year was €28.95 (22 February 2017).

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

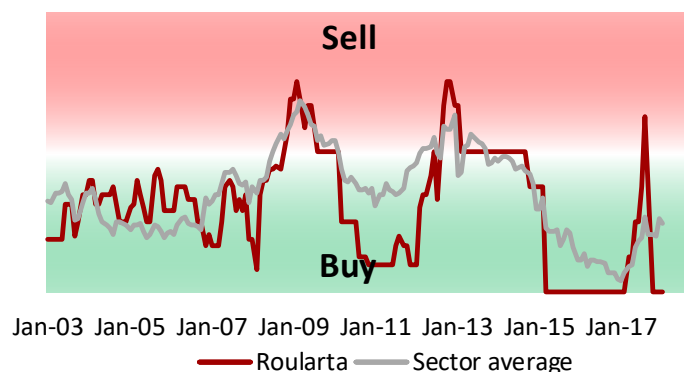
## EPS Worms (€/share)



## Consensus EPS 2016-18 (€/share)



## Analyst recommendations vs. peer average



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

	<u>2017e</u>	<u>2018e</u>	<u>2019e</u>
Sales	0.2	-0.3	-1.4
EBITDA	-22.5	-8.3	-32.6
EBIT	-20.1	-51.2	116.6
EPS (€)	-3.3	99.3	-2.4
DPS (€)	-11.1	0.0	-17.6
Net debt	-169.3	-129.6	na

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		
				2017e	2018e	2019e	2017e	2018e	2019e	2017e	2018e	2019e	2017e	2018e	2019e	2017e	2018e	2019e	2017e	2018e	2019e
<b>PRINT &amp; OTHER MEDIA</b>																					
Impresa	PORTUGAL	0.33	55	11.5	7.8	6.3	1.2	1.1	1.1	13.5	11.2	9.7	16.8	13.4	11.4	0.4	0.4	0.3	0.0	0.0	0.0
Solocal	FRANCE	1.00	581	8.4	8.7	8.1	1.2	1.1	1.0	4.7	4.4	3.8	7.0	6.2	5.3				0.0	0.0	0.0
Gruppo Editoriale	ITALY	0.64	311	13.6	10.7	8.7	0.5	0.5	0.5	5.7	5.0	4.6	8.6	7.2	6.5	0.6	0.6	0.5	0.0	2.6	2.7
Mondadori	ITALY	2.25	587	17.1	14.8	13.9	0.6	0.6	0.6	7.4	6.9	6.2	10.8	10.1	8.9	1.7	1.6	1.5	1.2	1.4	1.9
RCS	ITALY	1.20	620	13.8	9.7	9.2	1.0	1.0	0.9	7.0	5.7	5.2	11.2	8.4	7.5	4.0	2.9	2.2	0.4	0.4	0.4
Vocento	SPAIN	1.43	173	22.6	14.3	11.9	0.6	0.6	0.5	6.6	5.6	5.1	13.1	9.2	7.9	0.7	0.7	0.6	0.0	0.0	0.0
Sanoma	FINLAND	10.44	1,704	15.3	13.7	13.6	1.4	1.6	1.5	6.3	6.7	6.5	11.5	11.7	11.3	3.5	3.1	2.7	3.1	3.8	4.2
Connect	UNITED KINGDOM	0.75	185	4.8	5.3	5.3	0.2	0.2	0.2	3.7	4.1	4.0	5.2	5.7	5.6		29.2	49.5	13.1	13.0	13.3
Tarsus	UNITED KINGDOM	3.35	379	12.6	19.4	11.8	3.7	4.8	3.4	10.6	14.5	9.3	10.7	14.8	9.3				2.9	3.1	3.2
Trinity Mirror	UNITED KINGDOM	0.75	205	2.2	2.2	2.3	0.4	0.3	0.3	1.5	1.3	1.1	1.8	1.6	1.3				7.6	8.0	8.5
Wilmington	UNITED KINGDOM	2.42	211	12.8	11.2	10.2	2.1	1.9	1.7	9.8	8.5	7.5	10.7	9.3	8.3	6.8	6.4		3.5	3.7	3.8
Independent News	IRELAND	0.11	153	6.2	7.7	9.3	0.2	0.2	0.2	2.1	2.0	2.0	2.6	2.7	2.8	1.8	1.5	1.3	0.0	0.0	0.0
Axel Springer	GERMANY	70.75	7,634	27.0	23.8	20.9	2.6	2.5	2.3	13.7	11.6	10.4	19.3	16.2	14.1	3.3	3.3	3.0	2.8	2.9	3.0
<b>PRINT MEDIA AVERAGE</b>				<b>12.9</b>	<b>11.5</b>	<b>10.1</b>	<b>1.2</b>	<b>1.3</b>	<b>1.1</b>	<b>7.1</b>	<b>6.7</b>	<b>5.8</b>	<b>9.9</b>	<b>9.0</b>	<b>7.7</b>	<b>2.5</b>	<b>4.9</b>	<b>6.9</b>	<b>2.7</b>	<b>3.0</b>	<b>3.2</b>
<b>PRINT MEDIA MEDIAN</b>				<b>12.8</b>	<b>10.7</b>	<b>9.3</b>	<b>1.0</b>	<b>1.0</b>	<b>0.9</b>	<b>6.6</b>	<b>5.7</b>	<b>5.2</b>	<b>10.7</b>	<b>9.2</b>	<b>7.9</b>	<b>1.8</b>	<b>2.2</b>	<b>1.5</b>	<b>1.2</b>	<b>2.6</b>	<b>2.7</b>
Roularta (combined)	BELGIUM	23.20	305	36.3	26.2	19.3	0.8	0.7	0.7	8.4	7.1	6.4	16.6	13.2	12.6	1.4	1.3	1.4	0.9	1.1	1.5
% prem./(disc.) vs median				184.5	145.4	106.8	-26.2	-24.9	-17.6	26.5	23.6	24.7	54.9	44.0	60.5	-22.0	-42.2	-7.1	-29.5	-58.7	-44.5
Roularta (consolidated)	BELGIUM	23.20	305	36.3	26.2	19.3	0.8	0.7	0.8	24.7	18.7	15.2	-60.5	-71.9	-48.0	1.4	1.3	1.4	0.9	1.1	1.5
% prem./(disc.) vs median				184.5	145.4	106.8	-23.3	-23.8	-15.4	274.4	226.7	195.3	-664.5	-883.2	-710.8	-22.0	-42.2	-7.1	-29.5	-58.7	-44.5
<b>FREE TV</b>																					
TF1	FRANCE	12.08	2,535	18.5	20.5	15.0	1.1	1.1	1.0	6.7	7.0	5.8	11.9	12.8	9.3	1.6	1.6	1.5	3.2	3.1	3.6
M6	FRANCE	21.92	2,768	18.6	16.9	16.3	2.0	1.8	1.8	7.7	7.0	6.7	11.6	10.5	10.0	4.2	3.9	3.6	4.1	4.3	4.4
Mediaset	ITALY	3.20	3,639	33.0	20.8	15.2	1.4	1.4	1.4	10.4	8.2	6.6	14.5	10.9	8.3	1.8	1.7	1.7	1.7	3.0	4.2
Mediaset España	SPAIN	9.11	3,047	15.8	15.1	14.3	3.0	2.9	2.8	11.5	11.0	10.3	12.3	11.6	10.8	3.2	3.1	3.0	6.0	6.4	6.7
Atresmedia	SPAIN	8.42	1,893	13.1	12.4	11.5	2.0	2.0	1.9	10.3	9.7	8.9	11.3	10.5	9.6	3.9	3.7	3.5	6.4	6.7	7.1
RTL	GERMANY	68.05	10,451	14.0	13.6	13.1	1.7	1.7	1.6	7.9	7.6	7.3	9.2	9.0	8.6	3.2	3.1	2.9	5.9	6.0	6.1
Prosieben	GERMANY	30.79	6,606	13.4	12.8	12.0	2.2	2.1	2.0	8.5	8.3	7.8	10.7	10.2	9.5	4.9	4.8	4.5	6.3	6.5	6.8
ITV	UNITED KINGDOM	1.67	6,722	10.9	10.8	10.2	2.5	2.4	2.3	8.6	8.5	8.0	9.0	8.9	8.4	9.6	8.2	6.9	4.7	5.4	5.8
<b>FREE TV AVERAGE</b>				<b>17.2</b>	<b>15.3</b>	<b>13.4</b>	<b>2.0</b>	<b>1.9</b>	<b>1.8</b>	<b>8.9</b>	<b>8.4</b>	<b>7.7</b>	<b>11.3</b>	<b>10.5</b>	<b>9.3</b>	<b>4.0</b>	<b>3.8</b>	<b>3.5</b>	<b>4.8</b>	<b>5.2</b>	<b>5.6</b>
<b>FREE TV MEDIAN</b>				<b>14.9</b>	<b>14.4</b>	<b>13.7</b>	<b>2.0</b>	<b>1.9</b>	<b>1.8</b>	<b>8.6</b>	<b>8.2</b>	<b>7.6</b>	<b>11.5</b>	<b>10.5</b>	<b>9.4</b>	<b>3.5</b>	<b>3.4</b>	<b>3.3</b>	<b>5.3</b>	<b>5.7</b>	<b>6.0</b>
Roularta (combined)	BELGIUM	23.20	305	36.3	26.2	19.3	0.8	0.7	0.7	8.4	7.1	6.4	16.6	13.2	12.6	1.4	1.3	1.4	0.9	1.1	1.5
% prem./(disc.) vs median				143.9	82.6	41.1	-62.2	-61.1	-59.6	-2.3	-13.8	-15.1	44.8	25.9	33.8	-60.5	-62.1	-58.8	-83.7	-81.1	-74.7
<b>PRINTING</b>																					
St Ives	UNITED KINGDOM	0.74	105	5.5	5.7	5.5	0.4	0.4	0.4	4.7	4.9	3.9	5.9	6.3	4.9	1.1	1.1	1.1	2.7	2.7	2.7
QuadGraphics	UNITED STATES	22.12	1,147	12.2	10.5	10.4	0.5	0.5	0.5	4.6	4.8	5.2	9.4	9.8	9.9	0.7	0.7	0.6	5.4	5.4	5.4
Dai Nippon Printing	JAPAN	2,430.00	732,810	28.3	24.8	25.1										0.7	0.7	0.7	2.6	2.6	2.6
<b>PRINTING AVERAGE</b>				<b>15.3</b>	<b>13.6</b>	<b>13.7</b>	<b>0.5</b>	<b>0.5</b>	<b>0.4</b>	<b>4.7</b>	<b>4.9</b>	<b>4.6</b>	<b>7.6</b>	<b>8.1</b>	<b>7.4</b>	<b>0.8</b>	<b>0.8</b>	<b>0.8</b>	<b>3.6</b>	<b>3.6</b>	<b>3.6</b>
<b>PRINTING MEDIAN</b>				<b>12.2</b>	<b>10.5</b>	<b>10.4</b>	<b>0.5</b>	<b>0.5</b>	<b>0.4</b>	<b>4.7</b>	<b>4.9</b>	<b>4.6</b>	<b>7.6</b>	<b>8.1</b>	<b>7.4</b>	<b>0.7</b>	<b>0.7</b>	<b>0.7</b>	<b>2.7</b>	<b>2.7</b>	<b>2.7</b>
Roularta (combined)	BELGIUM	23.20	305	36.3	26.2	19.3	0.8	0.7	0.7	8.4	7.1	6.4	16.6	13.2	12.6	1.4	1.3	1.4	0.9	1.1	1.5
% prem./(disc.) vs median				197.1	149.2	85.2	66.5	56.6	72.1	78.2	45.8	40.8	117.2	63.7	70.4	91.9	78.4	89.3	-67.5	-59.4	-43.1

Source: Merodis, Factset

# P/E valuation relative to the sector

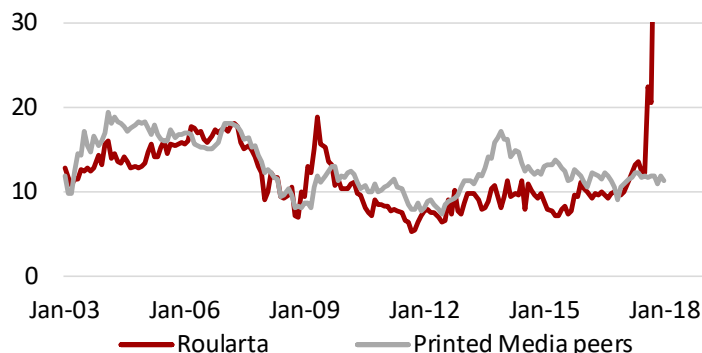
A rerating for the wrong reasons

## Valuation

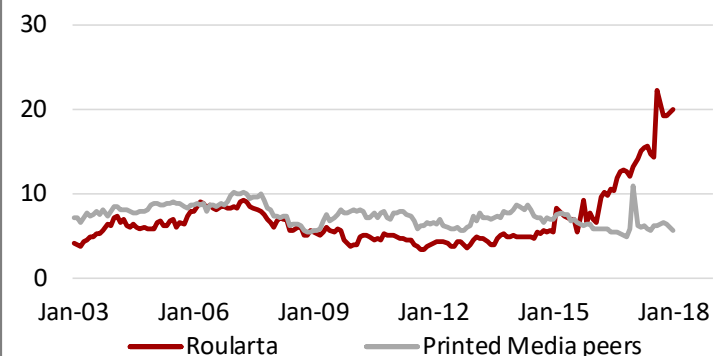
On 2017e consensus EPS estimates, Roularta shares trade at a P/E 12M forward of 45x, a premium of 306% versus Print Media peers in Europe (from 317% in December). As a reminder, Roularta has announced the disposal of its stake in Medialaan, which means Roularta is now a Print Media pure play compared 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.

The Print Media sector is currently valued at 11.2x P/E 12M forward (vs. 11.8x previously) and at 5.6x EV/EBITDA 12M forward (vs. 5.9x 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).

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

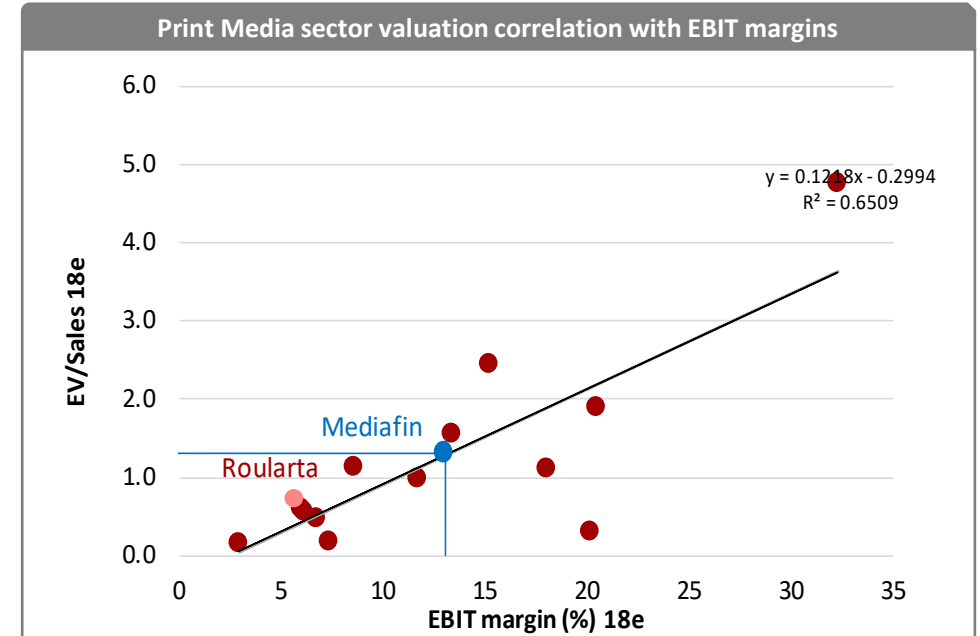
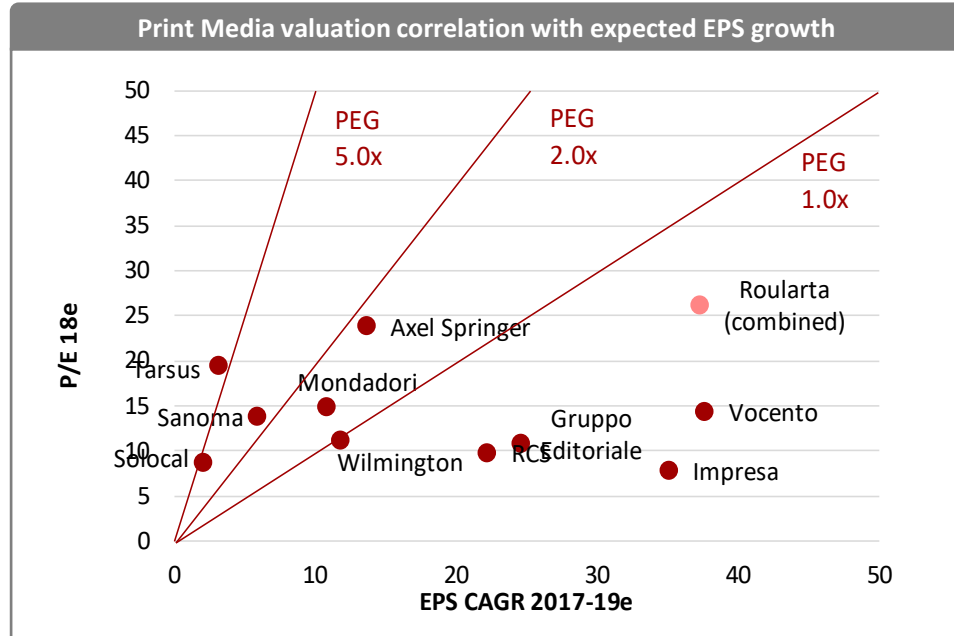


Reflecting the Medialaan disposal and Mediafin acquisition (to be closed in early 2018)

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%	0.2	na	na		29.9	16.6	90%	29.9
<b>Group enterprise value</b>						<b>29.9</b>			<b>29.9</b>
- Net Financial Debt/(cash) (17e)						172.9			172.9
- Other liabilities (17e)						-6.0			-6.0
+ NPV tax asset (balance sheet)						20.8			20.8
+ Equity value of <b>Mediafin</b> stake	50%					49.7	3.8	20%	49.7
+ Equity value of Bayard stake	50%	5.0	10.0	8.3	-5.3	23.3	1.8	10%	25.6
<b>= Estimated market value of equity</b>						<b>290.5</b>			<b>292.8</b>
Total share outstanding (m)						13.1			13.1
<b>Equity value per share</b>						<b>22.1</b>			<b>22.3</b>

Source: Merodis, Factset

# Divisional valuation indicators



Source: Merodis, Factset

# Sales growth expectations

Impacted by cyclical and structural effects

## Expected Sales Growth

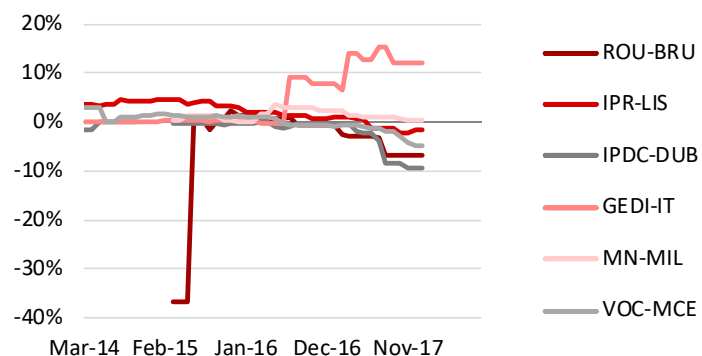
At the end of January, consensus kept its Print Media sector sales growth expectations flat for 2017 -0.8%. With respect to 2018 sector sales growth expectations, consensus is up slightly to -2.3% from -2.4%.

Consensus sales expectations for Roularta in 2017 remain unchanged (-6.7%) following downgrades in August. For 2018, consensus forecasts are unchanged at -4.1%.

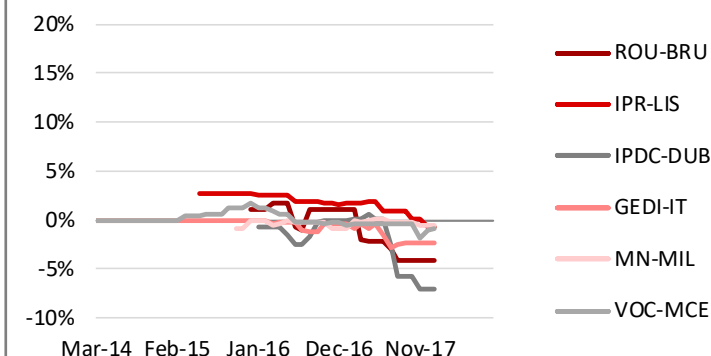
*As a reminder the announced disposal of Mediaaan and acquisition of Mediafin have no impact on Roularta's consolidated sales as the stakes are equity-accounted JVs.*

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.

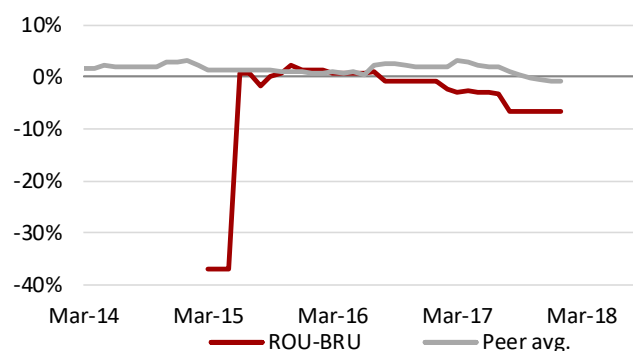
## 2017 expected sales growth (%)



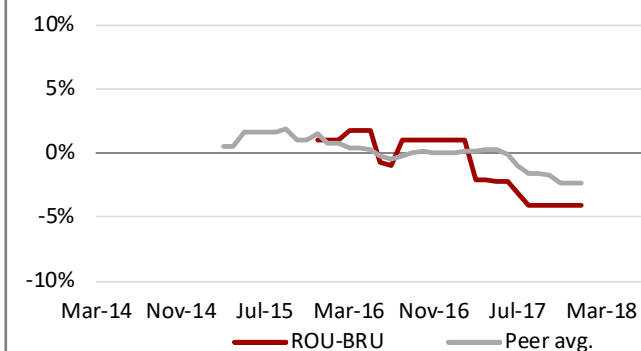
## 2018 expected sales growth (%)



## 2017 expected sales growth, Roularta vs. peers



## 2018 expected sales growth, Roularta vs. peers



Source: Merodis, Factset

# EBITDA growth and margin expectations

Advertising revenue pressure hurting margins

## EBITDA expectations

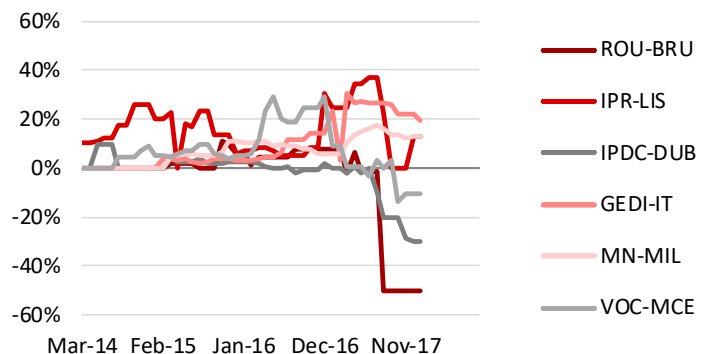
During the month of January, the expected annual EBITDA growth by analysts in 2017e for Roularta remains unchanged at -50%, while consensus expects -0.5% EBITDA growth in 2018e (unchanged). Margin expectations remain below the sector average for both years.

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

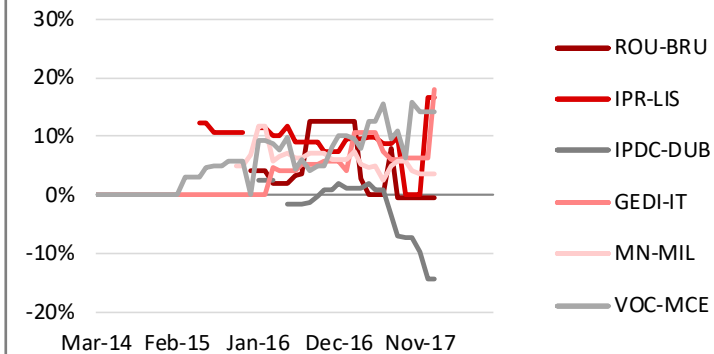
In Roularta's specific case, its reported EBITDA margin (as reflected by Factset consensus) is positively influenced by the IFRS 11 treatment of its 50% stake in Mediaalaan, whereby 50% of Mediaalaan's net profit is accounted for in Roularta's EBITDA and EBIT, but where its sales are not accounted for 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.

*The recently-announced transactions will impact IFRS EBITDA and EBIT as the Mediaalaan net contribution (€17m net profit for 50% in 2016) will disappear while the Mediafin net contribution (estimated €2m net profit for 50% in 2016) will be added.*

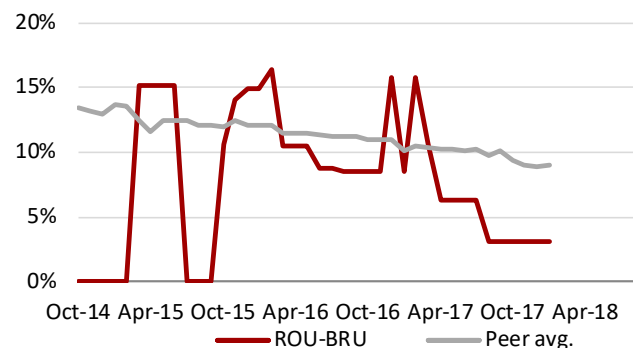
## 2017 expected EBITDA growth (%)



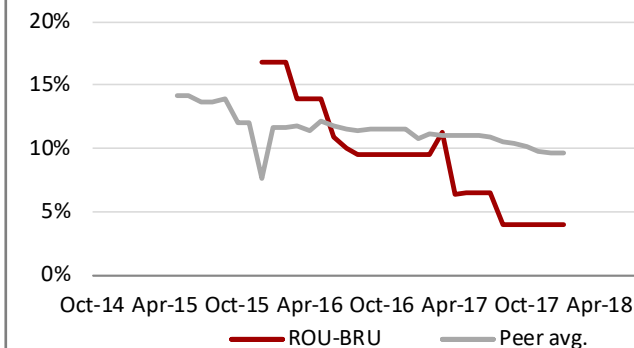
## 2018 expected EBITDA growth (%)



## 2017 expected EBITDA margin, Roularta vs. peers



## 2018 expected EBITDA margin, Roularta vs. peers



Source: Merodis, Factset

# Consensus payout expectations

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

## Dividend payout

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

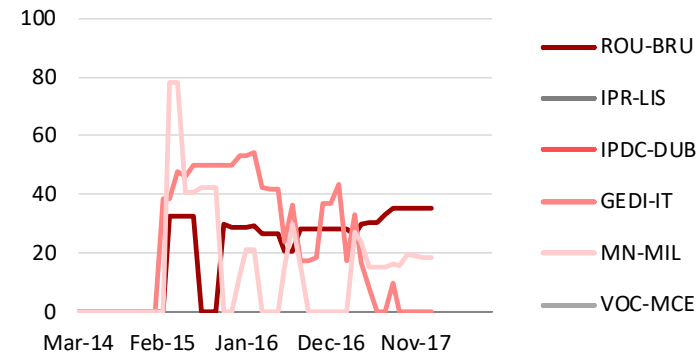
For 2017, Roularta announced on 16 January 2018 that no dividend will be paid out, which compares to our forecast of €0.20/share. We will adjust our forecasts accordingly.

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.

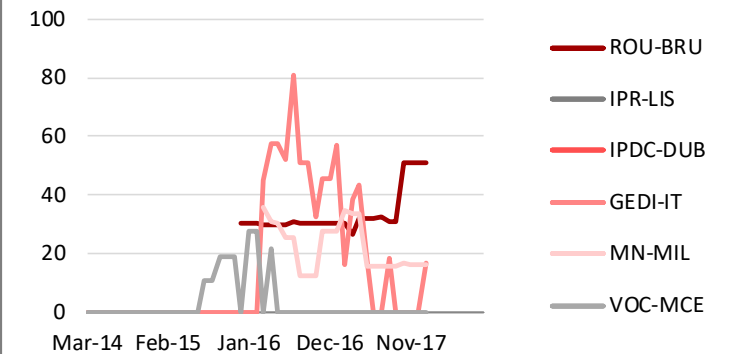
Consensus currently expects Roularta to pay out 35% of its earnings in 2017e (DPS of €0.23 compared to €0.20 MERe, but will be €0 as per the company's recent warning), which is unchanged from the previous month. The expected payout for 2018e is unchanged at 50% and an unchanged DPS forecast by analysts at €0.25 (in line with MERe). The expected payout at Roularta exceeds that of its sector peers.

*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. Medilaan. However, we feel comfortable with our forecast for the next two years of a €2.5-3m dividend payout by Roularta, ie. consuming Mediafin's historical dividend cash out (around €2m expected for Roularta's stake with a 100% payout ratio).*

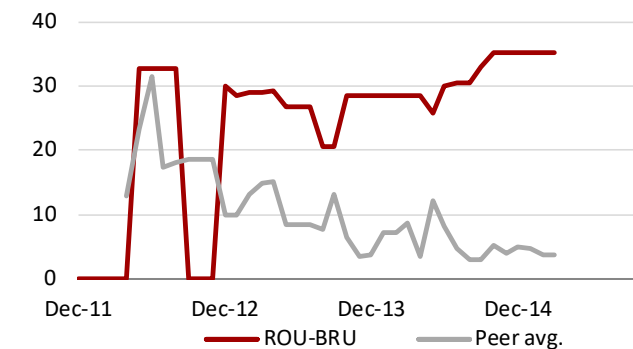
## 2017 expected Payout, Sector



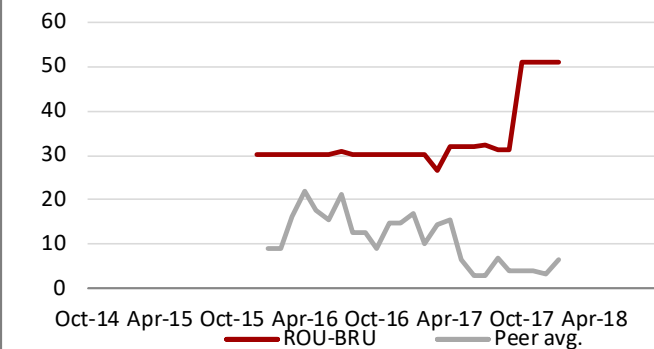
## 2018 expected Payout, Sector



## 2017 expected payout, Roularta vs. Peers



## 2018 expected payout, Roularta vs. Peers



Source: Merodis, Factset

# Leverage expectations

No issue post-transaction

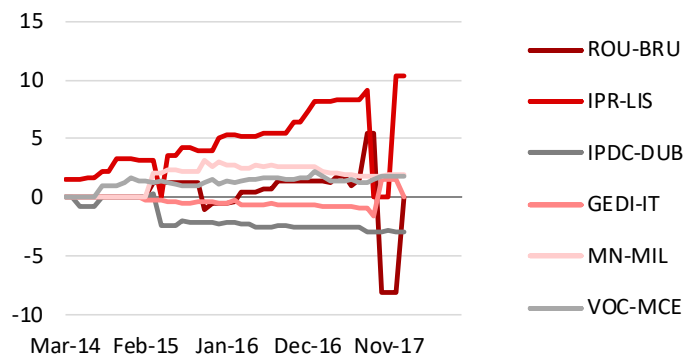
## Net-debt-to-EBITDA

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 €173m following the recent transactions. At the end of December, consensus expects Roularta's net-debt-to-EBITDA ratio unchanged at -8.1x for 2017e, reflecting a net cash position. 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 1.1x in 1H17 despite the depressed consolidated EBITDA.

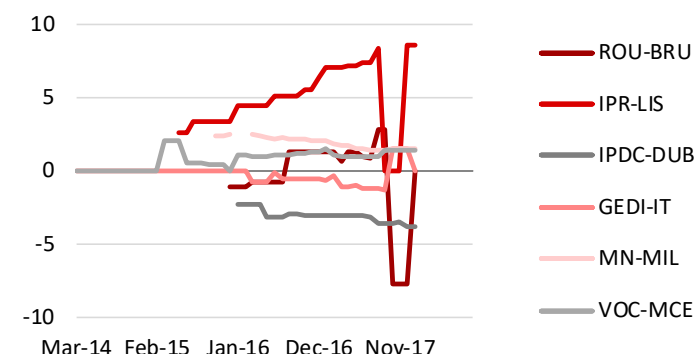
For 2018e, the analyst community expects Roularta's Net-Debt-to-EBITDA ratio unchanged at -7.7x, which compares to a ratio of 1.5x for the sector.

We expect Roularta to report a net debt down to €17m by 2019e (excluding the €217.5m net cash proceeds from the recently-announced transactions and the purchase of the Sanoma magazine titles), compared to a reported net debt position of €57m at the end of 2016.

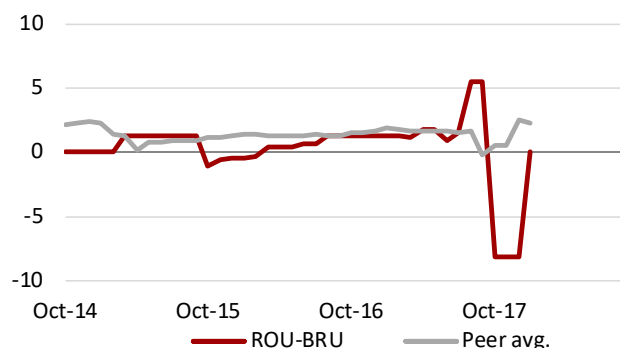
2017 NFD/EBITDA, sector



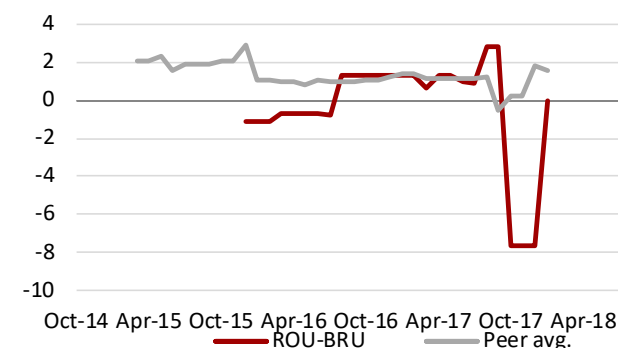
2018 NFD/EBITDA, sector



2017 NFD/EBITDA, Roularta vs. Peers

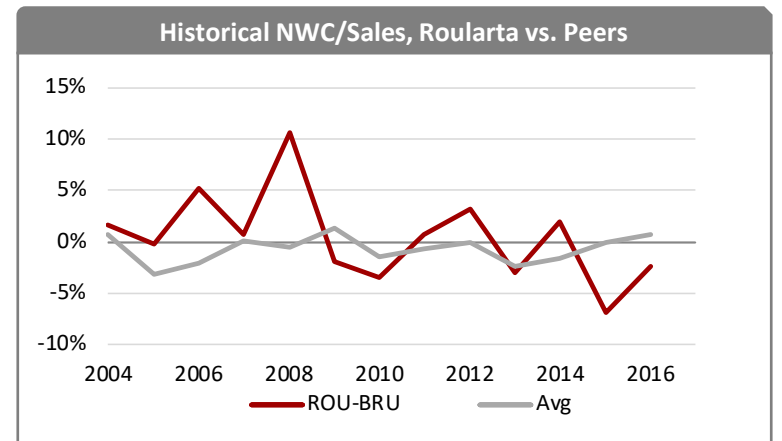
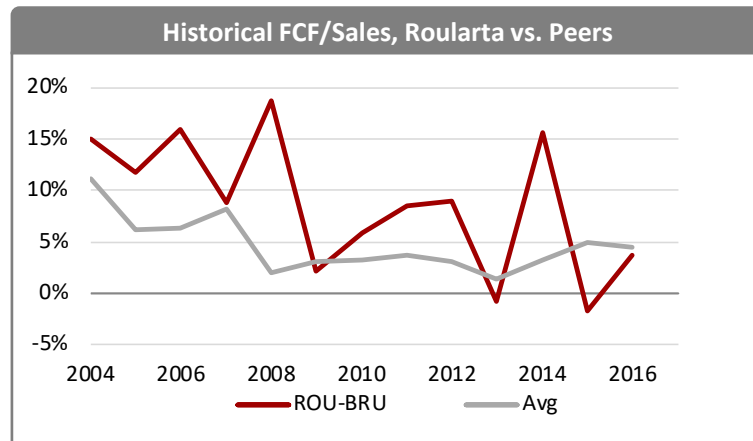
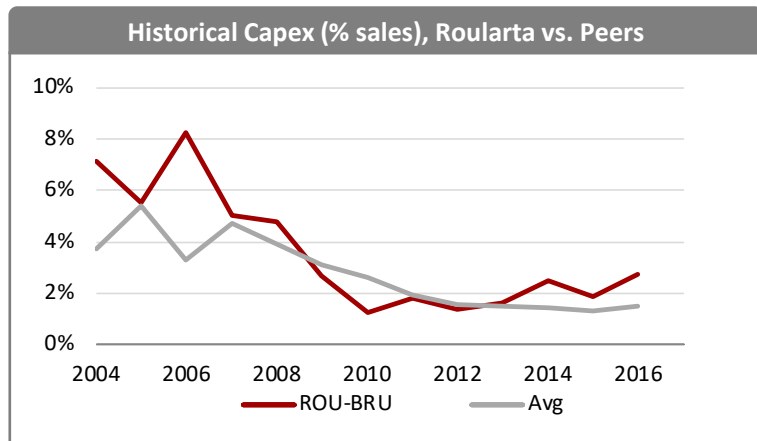
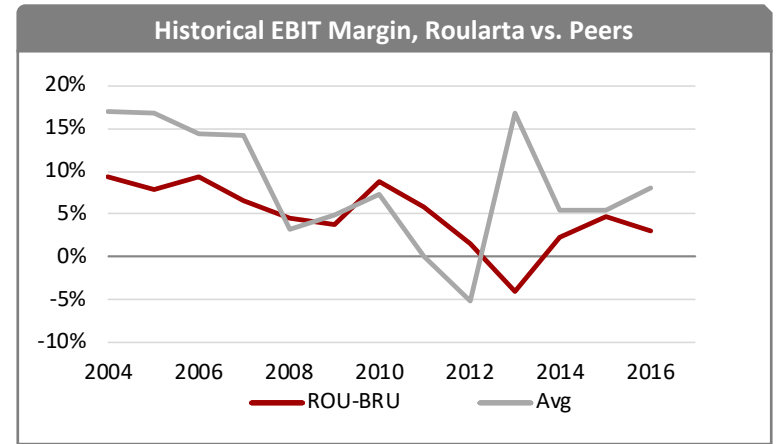
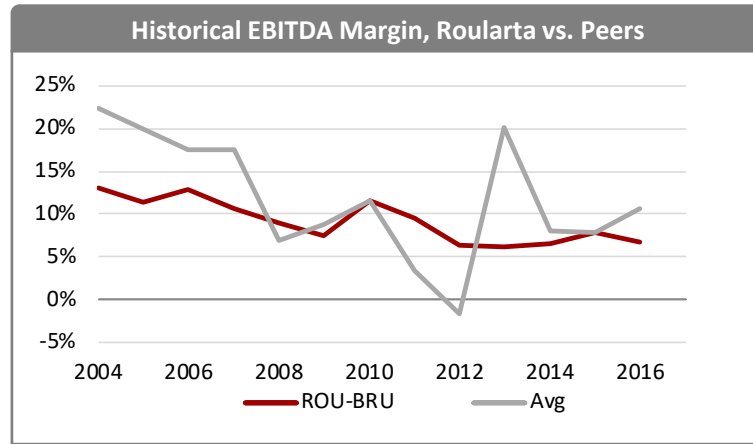
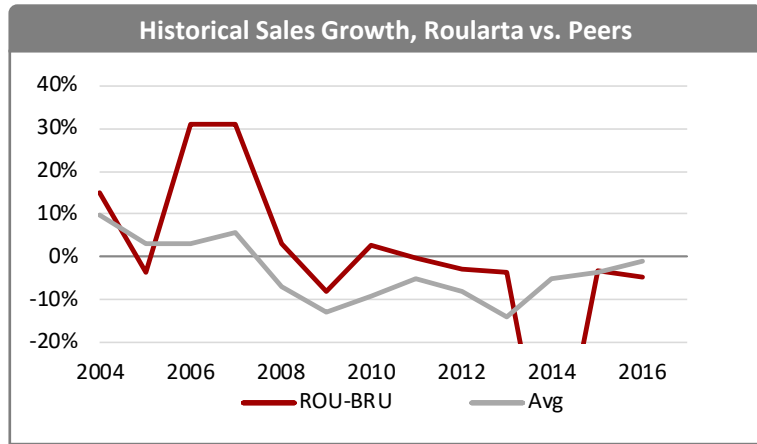


2018 NFD/EBITDA, Roularta vs. Peers



Source: Merodis, Factset

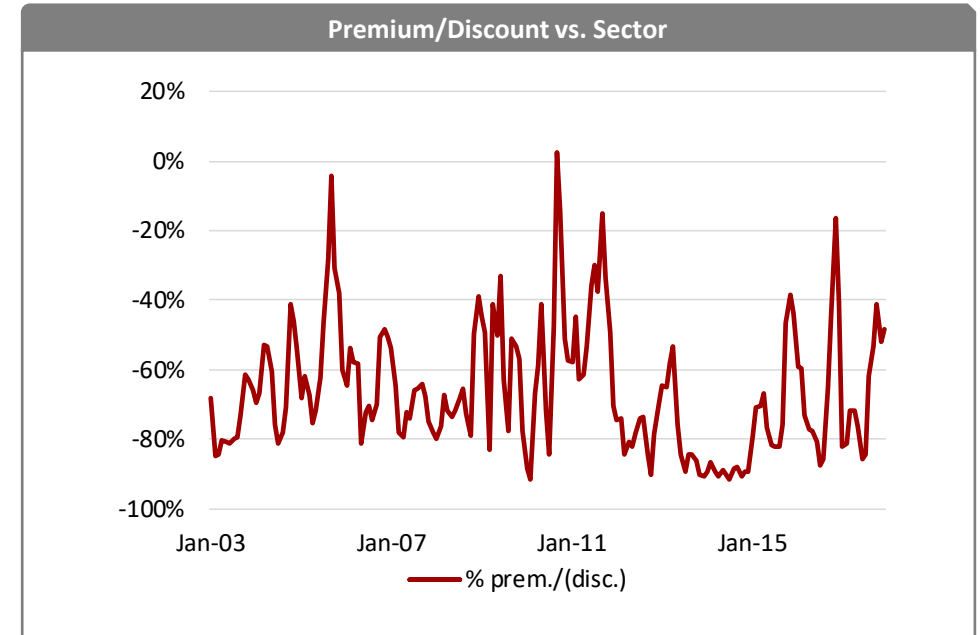
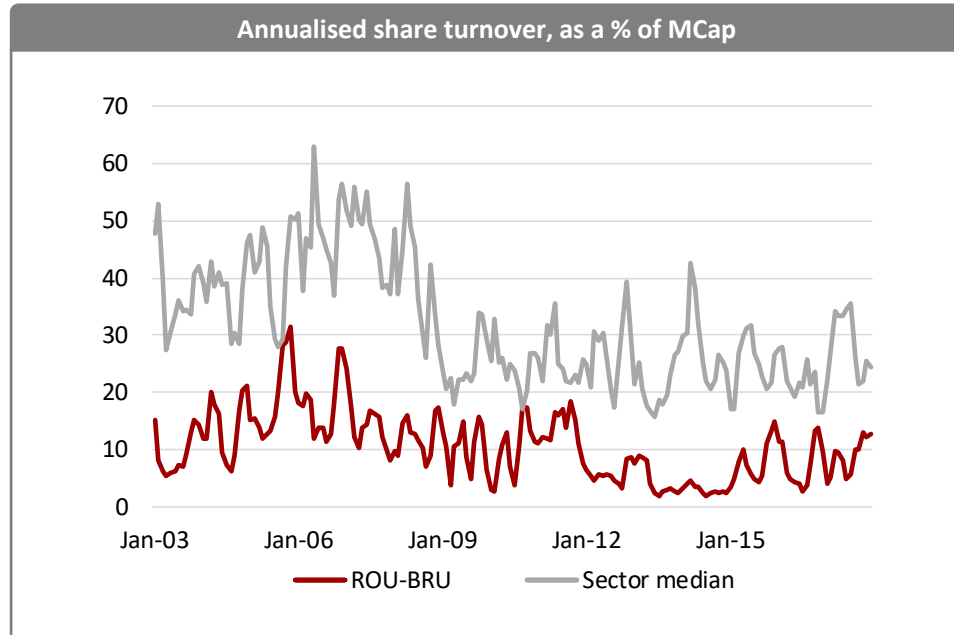
# Historical P&L, CF and Balance Sheet Performance



Source: Merodis, Factset

# Share liquidity

Well-below peers



Source: Merodis, Factset





This Report is solely for the information of the recipients. All information contained in this research report has been compiled from sources believed to be reliable. However, no representation or warranty, express or implied, is made with respect to the completeness or accuracy of its contents, and it is not to be relied upon as such. Opinions contained in this research report represent the authors' current opinions on the date of the report only. Merodis is not soliciting an action based upon it, and under no circumstances is it to be used or considered as an offer to sell, or a solicitation of any offer to buy.

This report is provided solely for the information of professional investors who are expected to make their own investment decisions without undue reliance on this report and Merodis accepts no liability whatsoever for any direct or consequential loss arising from any use of this report or its contents.

#### ANALYST CERTIFICATION:

Merodis has been mandated by the subject company to produce a neutral, fair, and elaborate equity research report about the subject company with the aim to increase investors' awareness about the stock. The authors hereby declare that this report represents their personal opinion and that the company has neither limited nor in any other way influenced the content of this report. No part of the research analyst's compensation was, is, or will be, directly or indirectly, related to the specific opinions or views expressed by the research analyst in this research report.

The authors also declare that they are not shareholders of the subject company and that they have no other economic interest in the subject company than through their current mandate.

This Report is and at all times shall remain the exclusive property of Merodis.

This Report contains statements, estimates and projections provided by the Client concerning anticipated future performance. Such statements, estimates and projections reflect assumptions by our Client concerning anticipated results, which may or may not prove to be correct. No representations, expressed or implied are made as to the accuracy of such statements, estimates and projections.

All communication regarding this Report and requests for additional information should be directed to Merodis:

**Arnaud W. Goossens**  
Partner  
ago@merodis.com

For more information about  
**Merodis**  
please visit:  
[www.merodis.com](http://www.merodis.com)

**Merodis**  
Equity Research