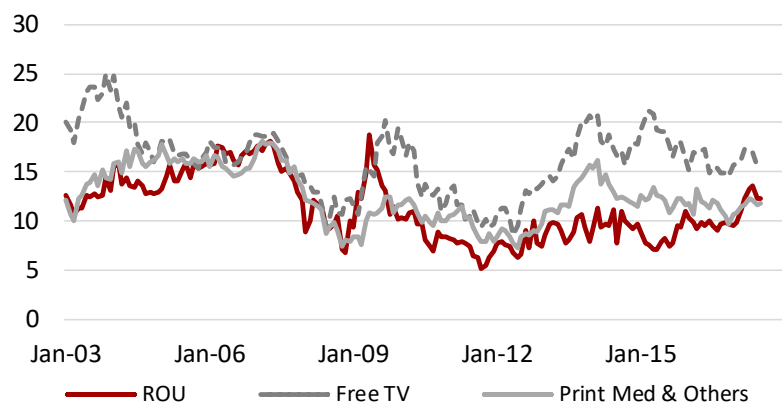




Roularta P/E vs European peers: narrowing discounts



€m	2013	2014	2015	2016	2017e	2018e	2019e
Sales	677.1	300.1	291.9	278.6	270.7	265.9	261.0
EBIT	-49.2	3.9	12.3	6.7	7.1	6.4	10.2
Net profit	-57.9	-142.5	64.4	21.5	22.2	22.5	32.0
EPS (€)	-4.44	-10.98	4.92	1.65	1.70	1.72	2.46
DPS (€)	0.00	0.00	0.50	0.50	0.55	0.60	0.90
P/E (x)	na	na	3.2	14.7	12.8	12.7	8.9
Yield (%)	0.0	0.0	3.2	2.1	2.5	2.7	4.1
Adj. EV/EBIT (x)	na	36.0	9.6	32.7	25.2	24.2	13.8

Source: Merodis Equity Research, Factset
Pricing date: 30/07/2017

Market review and peer benchmarking

1 August 2017

Key monthly insights

Focus on H1 2017 results due on Monday 21 August

Roularta will publish 1H17 results on 21 August at 8.15AM, which will be followed by an analyst meeting at 2PM. The share price has already reflected the weak market environment as reported in the 1Q17 trading update on 16 May, with the share price down 19% since the warning vs. Printed peers down 6% and free TV peers down 9%. We expect a 6% drop in sales driven by Printed Media weakness (Roularta reported a 5-10% decline in ad spend across most media over the first four months of 2017). We expect a roughly unchanged EBITDA margin at 6.1%, although a higher depreciation charge should lead to EBIT margin pressure (2.3% from 3.4% in 1H16). Flat financial and tax charges as well as a 3% increase in equity accounted results (€11.6m, representing the contribution of the 50% stake in Medialaan, Belgium's leading free TV broadcaster) should lead to a 12% drop in net profit to €13m.

Acquisition of Sterck magazine and events to add €3m in sales

Roularta reported a small bolt-on acquisition with that of Bright Communications in Antwerp, the owner of Sterck.Netwerck (events) and Sterck. magazine. Sterck is building a SME-business community through the organisations of events and own magazine publications (5 180-pages magazines per year). The business was set-up in 2013 with, currently, a staff of 9 and sales of €3m (1% of Roularta's Printed Media sales). The two founders will stay on board. The activity appears to be quite complementary with Trends, Roularta's business weekly magazine (a market leader in Belgium) and events brand.

Still trading at a discount to TV peers, but the gap continues to narrow

Our fair equity value is set at €23.2/share, down slightly from our previous estimate of €23.5. Our fair equity value points to 2017e P/E and EV/EBIT multiples of 13.6x and 9.5x, respectively. At our fair value, Roularta would trade at a 10% premium to Printed Media peers on P/E multiples and at a 5% discount on EV/EBIT multiples. Compared to free-TV peers, Roularta still trades at a 21% discount although 80% of the company's profits are generated by Medialaan, a strongly-positioned free TV player in Belgium. The key driver to provide support to Roularta's share price remains, in our view, an improvement of its underlying profitability, culminating in the expected 43% EPS jump in 2019e. Roularta is investing heavily in Storesquare a local e-commerce facilitator (estimated €4m pa opex investment to 2019e, 20% of its underlying consolidated EBITDA). As it is too early to value Roularta's 70% stake in Storesquare, we have opted to exclude the impact of the investments from our SOTP model. Looking beyond, our 2019-based SOTP points to fair value between €27/share (inc. a liquidity discount) and €31/share (without a discount).

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, 21 August 2017: Announcement of 1H17 results (08.15AM CET; Analyst meeting at 2PM)
- ➔ Monday, 12 March 2018: Announcement of FY17 results (08.15AM CET; Analyst meeting at 2PM)
- ➔ Tuesday, 15 May 2018: AGM (Roeselare, Belgium)

Access to our recent research reports on Roularta

- ➔ ["Back on its feet" \(initiation\), 14 October 2015](#)
- ➔ ["All eyes on 2019" \(update\), 3 April 2017](#)
- ➔ ["June 2017 market review" \(monthly dashboard\), 2 June 2017](#)

Company description

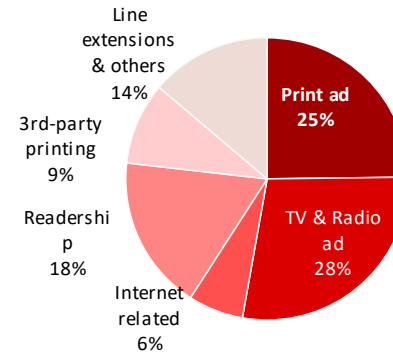
Roularta is Belgium's leading media company offering:

- (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).

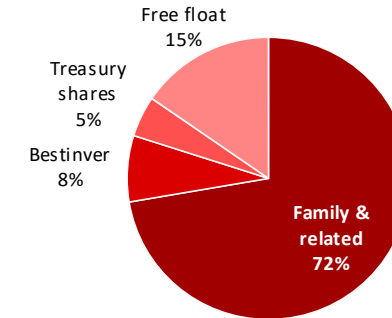
Combined group sales are almost entirely generated in Belgium through: (1) TV and radio advertising (28% of group), (2) print media advertising (26%), (3) readers market including subscriptions (21%), (4) third-party printing (9%) and (5) other sources of revenues including line extensions, rights and 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. Medialaan's contribution weighs 73% of combined EBIT and 80% of the group's net profit. We value the stake in Medialaan alone at EUR19/share (see page 9), 77% of the estimated equity value.

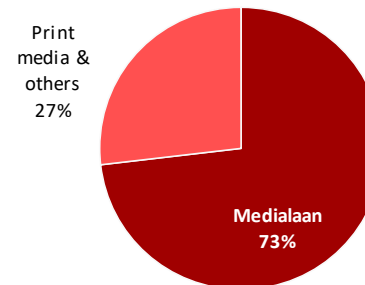
Combined sales breakdown (2016)



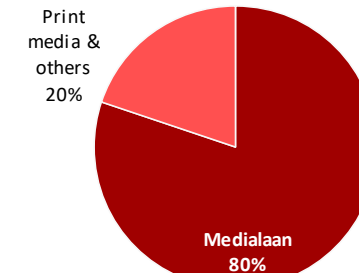
Shareholders



Combined EBIT breakdown (2016)



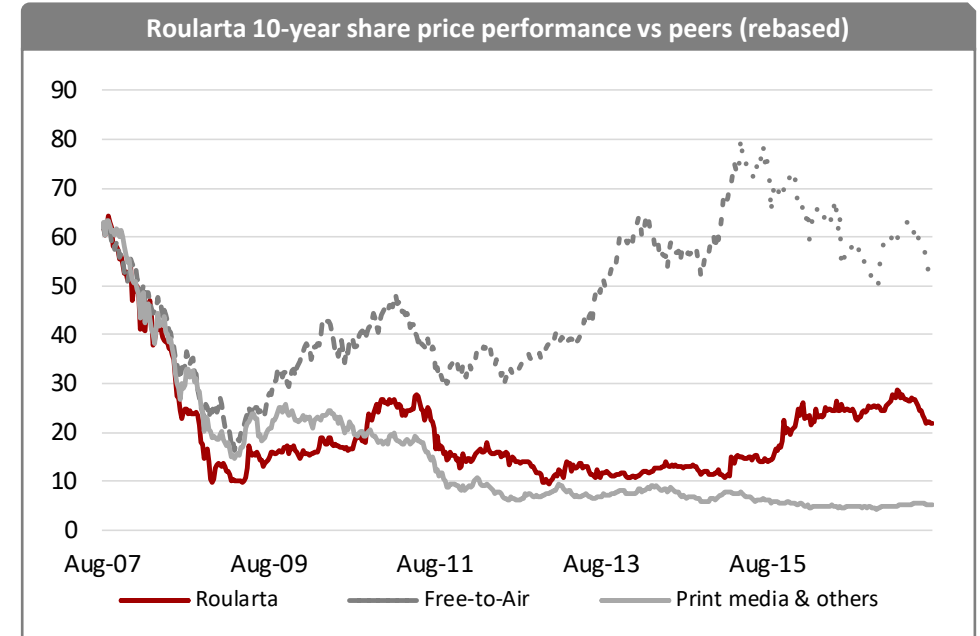
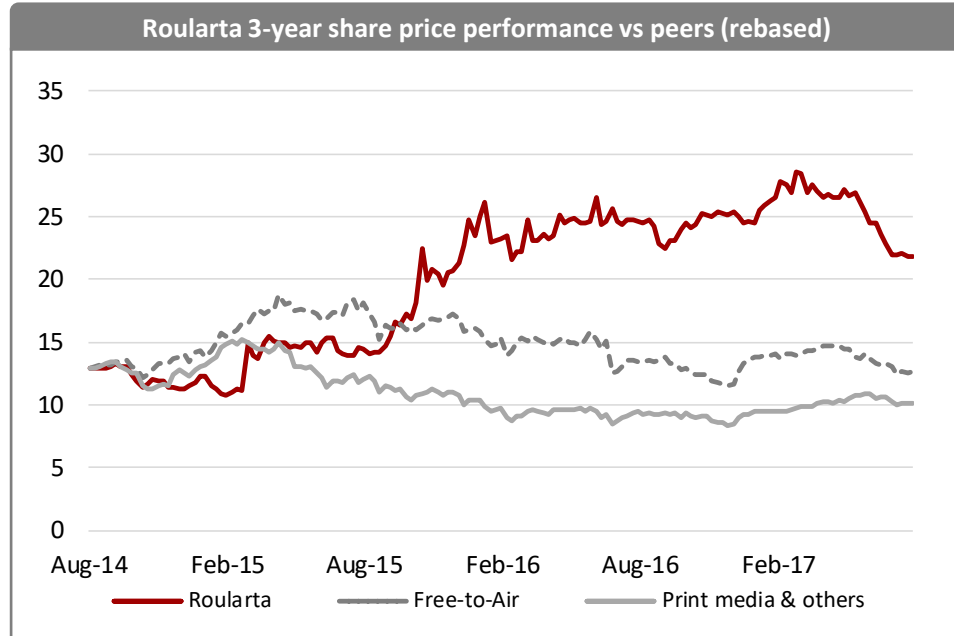
Consolidated net profit breakdown (2016)



Source: Merodis, Factset

Share price performance

Under pressure following 1Q17 trading update, but fundamentals remain strong



Source: Merodis, Factset

Analyst Recommendations, Earnings Expectations

Consensus has deteriorated

Consensus view

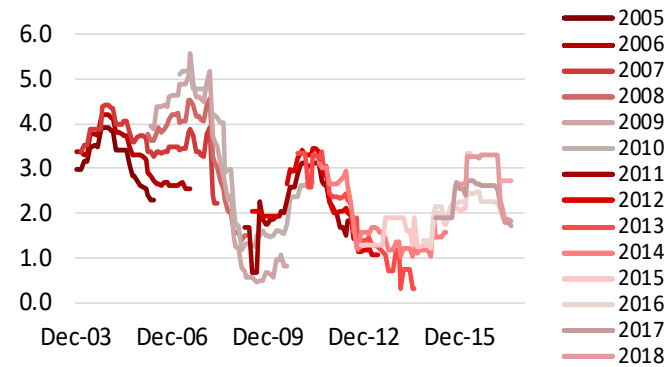
Consensus EPS estimates for Roularta have dropped slightly in July, still reflecting the trading update of 16 May and the weakness in ad spend reported over the first four months of 2017.

Consensus currently expects a 2017e EPS of €1.71 (-3% m-o-m) which compares to our forecast of €1.70 (unchanged), while 2018e earnings are expected to come in at €1.84 (-2% m-o-m) vs. our forecast of €1.72 (unchanged). 2019e consensus EPS estimates available on Factset remained unchanged at €2.72 which compares to our forecast of €2.46 (unchanged), still reflecting positive momentum from the full-year effect of the end of the leasing contract with Econocom (end-2018) and the repayment of the €100m bond, also at the end of 2018.

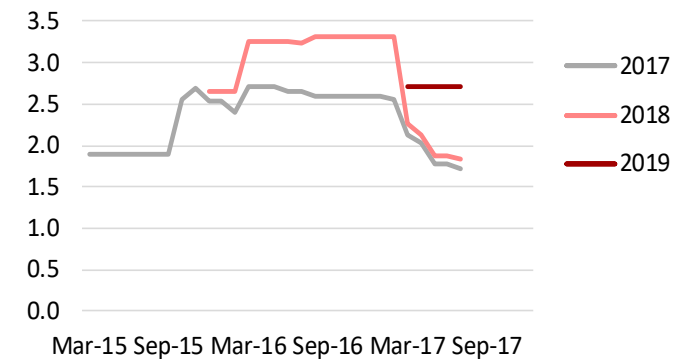
Roularta's share price is down again in July, but more moderately than the two previous months (-2.4%), still impacted by the weak start of the year in terms of ad spend as well as a week sector performance (Printed Media peers are down 1.4% m-o-m, while Free-TV peers are down 4%). Roularta's share price is down 10% over the last 12 months, also below the Printed Media sectors' +7.6%, and weaker than the Free TV sector's performance of -7.9%. The shares' low over the last 12 months is a new €21.61 (7 July 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 Hold and Add respectively. The highest price target for Roularta among the analyst community is currently €27.

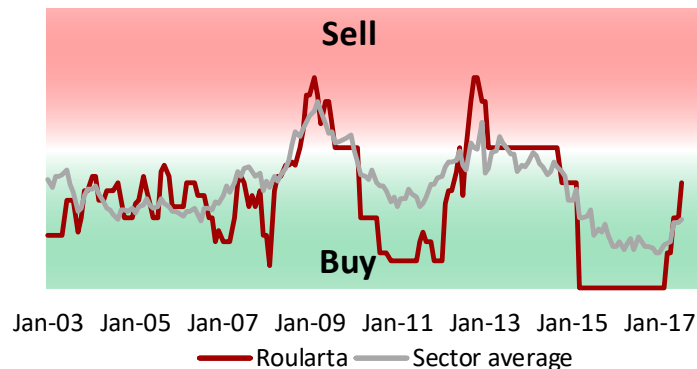
EPS Worms (€/share)



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	0.5	1.1	0.0
EBITDA	-21.4	-26.3	-1.0
EBIT	20.6	18.7	-7.6
EPS (€)	-3.7	-7.7	-9.6
DPS (€)	0.0	0.0	0.0
Net debt	15.1	-61.1	na

Source: Merodis, Factset

Sector benchmarking analysis

Benchmarking the two key activities

Company	Freefloat (%) 2017	Liquidity (daily,€m)	Depr/ EBITDA	Capex/ Sales	ND/EBITDA			EBITDA margin (%)			EBIT margin (%)			Net margin (%)			ROE (%)			2017-19e CAGR (%)		
					2017e	2018e	2019e	2017e	2018e	2019e	2017e	2018e	2019e	2017e	2018e	2019e	2017e	2018e	2019e	2017e	2018e	2019e
Impresa	36	0.25		2%	8.3	7.4	6.4	10.4	11.2	12.4	8.8	9.5	10.6	3.7	4.3	5.3	5.5	6.0	6.7	16.5	10.2	1.1
Spir	29	0.02	-16%	3%	12.9	6.0		0.9	2.2		-2.5	-1.2		-1.4	-0.1		-36.7	-4.7				
Solocal	100	4.05	27%	9%	1.7	1.3	0.9	26.0	27.0	27.1	18.1	19.0	19.3	8.2	9.6	10.0				0.0	1.6	-0.6
Gruppo Editoriale L'Esp.	15	0.55	61%	1%	-0.8	-1.1	-1.3	8.7	9.9	10.4	5.3	6.3	7.0	2.6	3.5	4.3	3.5	4.3	5.4	23.9	6.7	-2.5
Mondadori	47	0.87	29%	1%	1.9	1.5	1.1	8.6	8.9	9.0	5.9	6.2	6.4	2.9	3.1	3.3	10.8	11.3	11.1	11.7	2.8	0.4
RCS	16	1.33	-103%	5%	2.5	1.7	1.2	14.3	16.4	16.8	8.5	10.9	11.5	4.0	6.3	7.3	30.6	30.9	28.4		8.9	0.4
Vocento	51	0.33	48%	2%	1.5	1.1	0.8	10.5	11.8	11.8	6.0	7.6	8.7	2.7	4.0	4.7	5.4	7.0	7.7	23.5	5.0	-0.8
Telegraaf	12	0.26	363%	2%	-2.0	-1.4		5.0	7.7		5.7	5.5		2.6	3.0		2.7	6.4				
Sanoma	35	1.10	136%	3%	6.3	1.3	1.2	5.4	24.4	21.8	11.1	12.0	12.0	-17.2	8.2	8.3	16.2	22.8	20.4	7.2	92.9	-3.7
Connect	98	0.59	35%	0%	1.2	1.2	1.0	4.1	4.1	4.3	3.1	3.2	3.4	1.8	2.0	2.1	327.1	324.6	276.7	2.8	0.9	-1.7
Tarsus	76	0.44	22%	2%	1.7	2.3	1.2	34.5	32.3	34.6	32.7	30.1	33.1	19.0	14.0	19.8		27.5	41.5	3.6	5.0	4.9
Trinity Mirror	98	0.37	26%	1%	0.0	-0.1	0.0	22.8	23.2	24.2	19.1	19.8	20.4	14.7	15.8	17.4				-2.3	-2.1	-5.0
Wilmington	85	0.43	40%	3%	1.7	1.2	0.6	21.6	23.1	23.7	20.0	21.3	21.8	9.1	11.0	11.5	44.8	63.0		15.6	13.3	8.2
Independent News	70	0.21	19%	1%	-2.6	-3.1	-3.5	13.0	12.9	13.5	10.7	10.6	9.4	10.5	10.8	10.2	35.2	27.3	21.7	2.5	3.6	1.5
Eniro	96	0.08	-37%	4%																		
Axel Springer	42	9.20	30%	4%	2.0	1.3	1.1	18.7	19.7	20.0	13.2	14.3	15.0	7.9	8.6	9.1	12.2	13.3	14.3	10.9	7.0	3.6
PRINT MEDIA AVERAGE	57	1.25	45%	3%	2.4	1.4	0.8	13.6	15.7	17.7	11.1	11.7	13.7	4.7	6.9	8.7	38.1	41.5	43.4	9.7	12.0	0.5
PRINT MEDIA MEDIAN	49	0.44	29%	2%	1.7	1.3	1.0	10.5	12.9	16.8	8.8	10.6	11.5	3.7	6.3	8.3	11.5	13.3	17.4	9.1	5.0	0.4
Roularta (combined)	25	0.11	32%	2%	0.5	0.0	-0.2	11.3	11.6	13.6	7.6	7.8	9.1	4.7	4.8	6.8	9.8	9.3	12.7	20.1	9.2	-0.3
% prem./(disc.) vs median	-49	-74.8	10.3	-17.7	-70.0	-96.6	-117.7	7.8	-10.1	-19.2	-13.1	-26.6	-21.0	27.2	-23.6	-17.2	-14.5	-30.1	-26.9	122.4	81.5	-190.0
Roularta (consolidated)	25	0.11	59%	3%	2.0	0.5	-0.2	6.4	6.3	9.1	2.6	2.4	3.9	8.2	8.4	12.3	9.8	9.3	12.7	20.1	17.1	-1.8
% prem./(disc.) vs median	-49	-74.8	103.8	31.6	13.5	-59.8	-121.7	-39.1	-50.7	-45.8	-69.9	-77.4	-66.2	121.9	34.7	48.7	-14.5	-30.1	-26.9	122.4	238.8	-608.9
FREE TV																						
TF1	48	3.14	26%	3%	-0.9	-0.9	-0.9	16.1	15.4	17.8	9.0	8.3	10.7	5.9	5.2	7.3	8.6	7.7	10.0	11.1	7.0	1.9
M6	44	2.49	37%	10%	-0.1	-0.2	-0.3	25.8	25.6	25.5	17.3	17.3	17.3	10.8	10.8	10.7	22.6	23.1	22.1	4.9	4.0	4.5
Mediaset	26	14.72	81%	21%	1.9	1.2	0.8	14.1	20.1	22.7	11.0	16.5	18.6	4.4	7.8	9.0	7.7	13.0	13.5	39.3	21.1	-4.4
Mediaset España	49	16.17	50%	20%	-0.6	-0.6	-0.7	25.7	27.0	27.9	24.3	25.6	26.5	19.2	20.1	20.8	19.9	21.5	22.2	7.8	7.1	2.9
Atresmedia	35	5.30	11%	3%	1.0	0.8	0.7	20.6	21.7	22.6	18.8	20.0	20.9	14.4	15.2	15.9	30.0	32.9	34.6	8.4	8.2	3.2
RTL	24	0.48	15%	4%	0.3	0.2	0.2	21.7	21.7	21.8	18.6	18.6	18.7	11.8	11.8	11.8	23.8	23.5	23.1	3.7	3.5	3.3
Prosieben	98	41.16	17%	4%	1.5	1.4	1.2	25.6	25.5	25.1	20.7	20.9	20.7	13.0	13.2	13.2	39.3	39.5	39.0	6.7	5.1	6.0
ITV	90	33.12	12%	2%	0.9	0.7	0.5	28.1	28.0	28.8	25.4	25.0	25.6	20.5	20.4	21.2	82.0	79.1	70.5	4.4	4.1	2.8
FREE TV AVERAGE	52	14.57	31%	8%	0.5	0.3	0.2	22.2	23.1	24.0	18.1	19.0	19.9	12.5	13.0	13.7	29.3	30.0	29.4	10.8	7.5	2.5
FREE TV MEDIAN	46	10.01	22%	4%	0.6	0.5	0.3	23.6	23.6	23.9	18.7	19.3	19.7	12.4	12.5	12.5	23.2	23.3	22.7	7.2	6.0	3.1
Mediaaan (*)			20%	4%	-0.1	-0.2	-0.4	18.5	19.0	20.0	14.7	15.3	16.3	9.6	10.0	10.8	14.4	14.6	15.2	8.0	5.8	1.7
% prem./(disc.) vs median			-5.1	0.9	-113.0	-146.2	-215.6	-21.7	-19.5	-16.4	-21.4	-20.8	-17.1	-22.9	-19.8	-14.0	-38.0	-37.3	-33.0	10.4	-3.8	-43.1
PRINTING																						
St Ives	89	0.24	58%	2%	1.9	1.7	1.2	8.9	8.6	8.7	6.7	6.4	6.7	2.7	3.1	3.6	14.5	14.8	15.5	0.4	-0.4	0.8
QuadGraphics	86	6.33	-64%	3%	2.2	2.2	2.2	10.8	10.2	10.0	5.2	5.1	5.3	2.1	2.1	2.2	5.6	6.2	4.5	-4.0	-8.9	-5.3
Dai Nippon Printing	67	15.54	54%	5%	-0.2	-0.2	-0.2	7.0	7.2	7.2	2.6	2.8	2.9	1.9	2.0	2.0	2.7	2.8	2.8	na	na	na
PRINTING AVERAGE	81	7.37	16%	3%	1.3	1.2	1.1	8.9	8.7	8.6	4.8	4.8	5.0	2.2	2.4	2.6	7.6	7.9	7.6	-1.8	-4.6	-2.3
PRINTING MEDIAN	86	6.33	54%	3%	1.9	1.7	1.2	8.9	8.6	8.7	5.2	5.1	5.3	2.1	2.1	2.2	5.6	6.2	4.5	-1.8	-4.6	-2.3
Roularta (combined)	25	0.11	32%	2%	0.5	0.0	-0.2	11.3	11.6	13.6	7.6	7.8	9.1	4.7	4.8	6.8	9.8	9.3	12.7	20.1	9.2	-0.3
% prem./(disc.) vs median	-71	-98.3	-41.1	-34.3	-72.6	-97.4	-115.1	27.3	35.4	56.3	46.5	51.4	71.8	125.1	127.7	215.9	75.1	50.8	180.3	-1,202.5	-298.5	-85.8

Source: Merodis, Factset

(*) Roularta has joint-control of Mediaaan with 50%-ownership; the stake is equity-accounted. Based on Mediaaan'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		
				2017e	2018e	2019e	2017e	2018e	2019e	2017e	2018e	2019e	2017e	2018e	2019e	2017e	2018e	2019e	2017e	2018e	2019e
Impresa	PORTUGAL	0.32	54	6.6	5.7	4.9	1.1	1.1	1.0	10.8	9.7	8.5	12.9	11.4	9.9	0.4	0.3	0.3	0.0	0.0	0.0
Spir	FRANCE	3.53	21				0.2	0.2		18.8	8.6					1.8	1.9		0.0	0.0	
Solocal	FRANCE	0.84	487	6.0	6.3	6.0	1.1	1.0	0.9	4.1	3.6	3.2	5.9	5.2	4.5				0.0	0.0	0.0
Gruppo Editoriale L'Esp.	ITALY	0.78	379	15.7	13.1	10.2	0.5	0.5	0.5	6.0	5.1	4.7	9.8	8.1	7.1	0.6	0.6	0.5	1.3	1.9	2.1
Mondadori	ITALY	1.73	452	13.0	11.2	10.5	0.5	0.5	0.5	6.0	5.5	5.1	8.7	7.8	7.1	1.3	1.2	1.1	1.2	1.4	2.5
RCS	ITALY	1.20	621	16.1	11.3	8.8	1.0	1.0	0.9	7.1	5.8	5.1	12.0	8.8	7.4	4.2	3.0	2.2	0.0	0.0	0.0
Vocento	SPAIN	1.61	195	14.9	11.4	9.8	0.6	0.6	0.6	5.8	5.0	4.8	10.2	7.8	6.5	0.8	0.8	0.7	0.0	0.3	1.0
Telegraaf	NETHERLANDS	6.02	279	42.5	17.2		0.6	0.6		11.3	7.3		9.9	10.3		1.1	1.1		1.0	3.0	
Sanoma	FINLAND	7.84	1,274	12.6	10.9	11.0	1.2	1.2	1.2	22.0	5.1	5.4	10.8	10.3	9.8	2.7	2.3	2.1	3.5	4.3	4.9
Connect	UNITED KINGDOM	1.12	278	6.8	6.7	6.5	0.2	0.2	0.2	4.9	4.9	4.7	6.3	6.3	6.0	23.9	19.7	16.5	8.7	8.6	8.8
Tarsus	UNITED KINGDOM	2.98	336	11.2	16.4	10.4	3.3	4.1	2.9	9.6	12.8	8.3	10.2	13.7	8.7	4.5	4.6	4.1	3.3	3.4	3.6
Trinity Mirror	UNITED KINGDOM	1.05	291	3.1	3.1	3.2	0.5	0.5	0.5	2.0	2.0	2.1	2.4	2.3	2.5				5.4	5.7	6.0
Wilmington	UNITED KINGDOM	2.35	205	12.1	10.2	9.1	2.1	1.8	1.6	9.6	7.8	6.7	10.3	8.5	7.3	6.6	6.3		3.6	3.8	3.9
Independent News	IRELAND	0.11	155	5.1	5.3	4.9	0.2	0.1	0.0	1.3	0.9	0.1	1.6	1.1	0.2	1.6	1.3	0.9	0.0	0.0	0.0
Eniro	SWEDEN	0.20	107																		
Axel Springer	GERMANY	53.59	5,782	20.9	18.8	17.0	2.0	1.9	1.8	10.9	9.5	8.9	15.5	13.1	11.9	2.5	2.5	2.4	3.6	3.8	3.9
PRINT MEDIA AVERAGE				13.3	10.5	8.6	1.0	1.0	1.0	8.7	6.2	5.2	9.0	8.2	6.8	4.0	3.5	3.1	2.1	2.4	2.8
PRINT MEDIA MEDIAN				12.4	11.1	9.1	0.6	0.6	0.9	7.1	5.5	5.1	10.0	8.3	7.1	1.8	1.9	1.6	1.2	1.9	2.5
Roularta (combined)	BELGIUM	21.83	287	12.8	12.7	8.9	0.7	0.6	0.6	6.1	5.5	4.5	9.0	8.2	6.7	1.2	1.1	1.1	2.5	2.7	4.1
% prem./(disc.) vs median				3.6	14.4	-2.3	12.2	7.9	-29.0	-14.9	0.6	-11.7	-9.9	-1.5	-6.2	-29.8	-39.3	-29.6	105.2	44.1	63.4
Roularta (consolidated)	BELGIUM	21.83	287	12.8	12.7	8.9	0.7	0.6	0.5	10.4	9.1	5.9	25.2	24.2	13.8	1.2	1.1	1.1	2.5	2.7	4.1
% prem./(disc.) vs median				3.6	14.4	-2.3	8.1	-1.9	-37.4	45.2	66.8	16.2	151.0	191.1	93.8	-29.8	-39.3	-29.6	105.2	44.1	63.4
FREE TV																					
TF1	FRANCE	12.30	2,578	19.7	21.5	15.9	1.1	1.1	1.0	6.8	6.9	5.8	12.1	12.8	9.5	1.7	1.6	1.6	3.0	3.0	3.3
M6	FRANCE	20.48	2,580	17.9	16.5	16.3	1.9	1.7	1.7	7.3	6.8	6.6	10.9	10.0	9.7	3.9	3.7	3.5	4.4	4.5	4.4
Mediaset	ITALY	3.33	3,787	24.8	14.1	12.8	1.3	1.3	1.3	9.3	6.7	5.8	12.0	8.1	7.1	1.9	1.8	1.7	2.4	4.0	4.7
Mediaset España	SPAIN	10.71	3,606	18.1	16.7	15.6	3.4	3.3	3.2	13.3	12.2	11.4	14.2	12.9	12.0	3.6	3.5	3.4	5.1	5.7	6.1
Atresmedia	SPAIN	9.79	2,202	14.5	13.3	12.3	2.3	2.2	2.1	11.1	10.1	9.4	12.2	11.0	10.2	4.4	4.3	4.2	7.1	6.3	6.9
RTL	BELGIUM	65.52	10,064	13.3	12.8	12.4	1.6	1.6	1.5	7.6	7.2	6.9	8.9	8.4	8.1	3.1	2.9	2.8	6.2	6.1	6.1
Prosieben	GERMANY	33.44	7,651	13.6	12.7	11.9	2.3	2.1	2.0	8.8	8.3	7.8	10.9	10.1	9.5	5.2	4.9	4.4	6.0	6.4	6.8
ITV	UNITED KINGDOM	1.74	6,992	11.2	10.9	10.2	2.5	2.4	2.3	9.0	8.6	8.0	10.0	9.7	9.0	9.4	8.0	6.6	4.5	5.6	6.1
FREE TV AVERAGE				16.6	14.8	13.4	2.1	2.0	1.9	9.2	8.4	7.7	11.4	10.4	9.4	4.2	3.8	3.5	4.8	5.2	5.5
FREE TV MEDIAN				16.2	13.7	12.6	2.1	1.9	1.8	8.9	7.8	7.4	11.5	10.1	9.5	3.8	3.6	3.5	4.8	5.6	6.1
Roularta (combined)	BELGIUM	21.83	287	12.8	12.7	8.9	0.7	0.6	0.6	6.1	5.5	4.5	9.0	8.2	6.7	1.2	1.1	1.1	2.5	2.7	4.1
% prem./(disc.) vs median				-20.9	-7.5	-29.4	-66.8	-66.9	-66.6	-31.9	-29.3	-39.3	-21.3	-18.8	-29.7	-67.1	-68.6	-67.1	-47.9	-51.1	-32.1
PRINTING																					
St Ives	UNITED KINGDOM	0.56	80	4.3	4.6	4.3	0.4	0.4	0.3	4.2	4.1	3.6	5.7	5.6	4.6	0.7	0.7	0.7	3.5	3.6	3.8
QuadGraphics	UNITED STATES	22.67	1,179	13.4	11.2	14.6	0.5	0.5	0.5	4.9	5.0	5.4	10.1	10.0	10.1	0.7	0.7	0.6	5.3	5.3	5.3
Dai Nippon Printing	JAPAN	1,233.00	740,039	27.4	26.0	25.1	0.5	0.5	0.5	7.8	7.5	7.3	20.7	19.4	18.5	0.7	0.7	0.7	2.6	2.6	2.6
PRINTING AVERAGE				15.1	13.9	14.7	0.5	0.5	0.5	5.6	5.5	5.4	12.2	11.7	11.1	0.7	0.7	0.7	3.8	3.8	3.9
PRINTING MEDIAN				13.4	11.2	14.6	0.5	0.5	0.5	4.9	5.0	5.4	10.1	10.0	10.1	0.7	0.7	0.7	3.5	3.6	3.8
Roularta (combined)	BELGIUM	21.83	287	12.8	12.7	8.9	0.7	0.6	0.6	6.1	5.5	4.5	9.0	8.2	6.7	1.2	1.1	1.1	2.5	2.7	4.1
% prem./(disc.) vs median				-4.6	12.6	-39.1	31.0	23.7	15.2	25.0	9.5	-16.8	-10.6	-18.3	-34.3	75.3	66.9	72.8	-28.8	-23.3	8.2

Source: Merodis, Factsset

P/E valuation relative to the sector

The re-rating has stalled

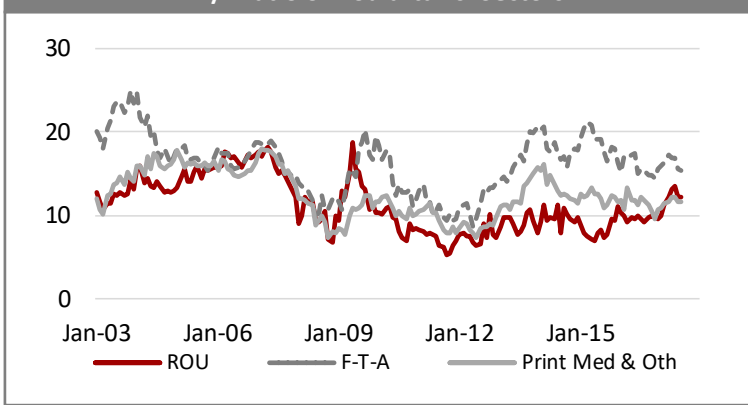
Valuation

On 2017e consensus EPS estimates, Roularta shares trade at a P/E discount of 21% versus the Free-to-Air Media sector in Europe (flat vs. June). As a reminder, 73% of Roularta's EBIT and 80% of its EPS is generated by Mediaaan, Belgium's #1 commercial TV broadcaster. Compared to the Printed Media sector, Roularta currently trades at a 8% premium versus the Printed Media Sector (this compares to a 15% premium at the end of May). The de-rerating is driven entirely by the share price underperformance in June.

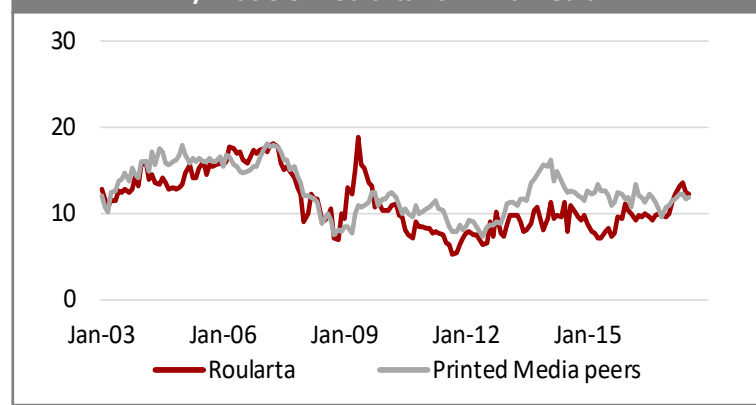
If Roularta's shares were to trade in line with the European media sector, the shares would trade at €27/share based on our SOTP (using EV/EBIT multiples), flat m-o-m. Consensus expects Roularta to generate an EPS of €1.71 (2017e), of which c. 80% are expected to come from Mediaaan (of which Roularta 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 16.2x 2017e, while the Print Media sector trades at a P/E ratio of 12.4x. Applying consensus earnings estimates to the two divisions, proportionally to their earnings, generates a fair share price of €27 (flat m-o-m).

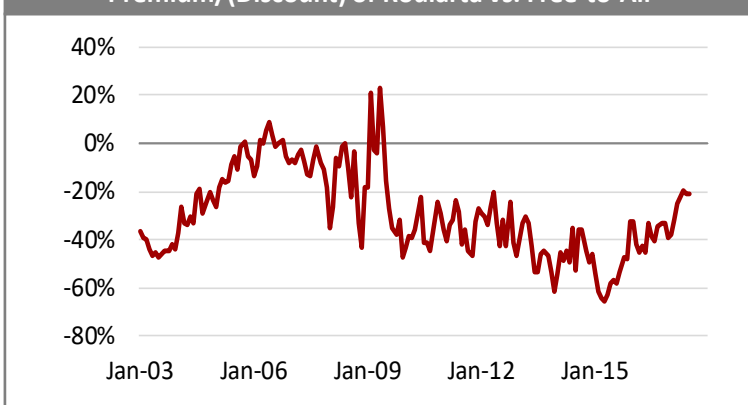
P/E ratio of Roularta vs. Sectors



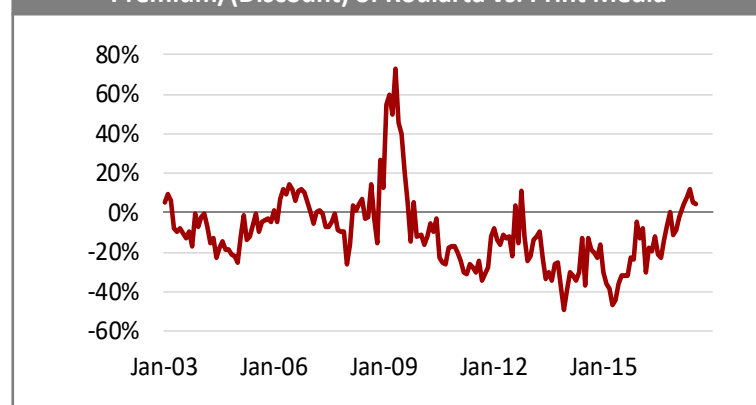
P/E ratio of Roularta vs. Print Media



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



Premium/(Discount) of Roularta vs. Print Media



Source: Merodis, Factset

Fair value estimate

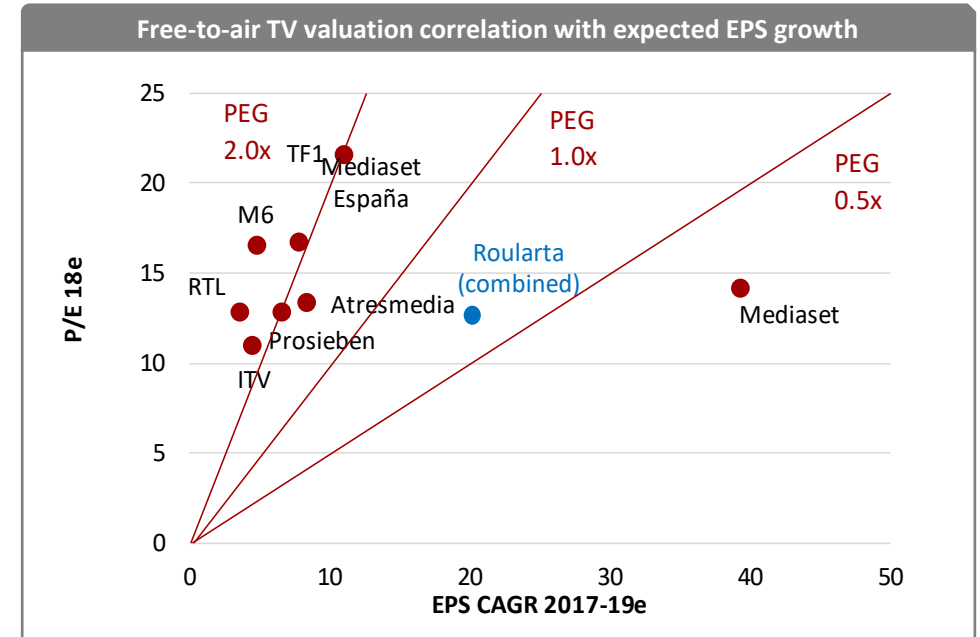
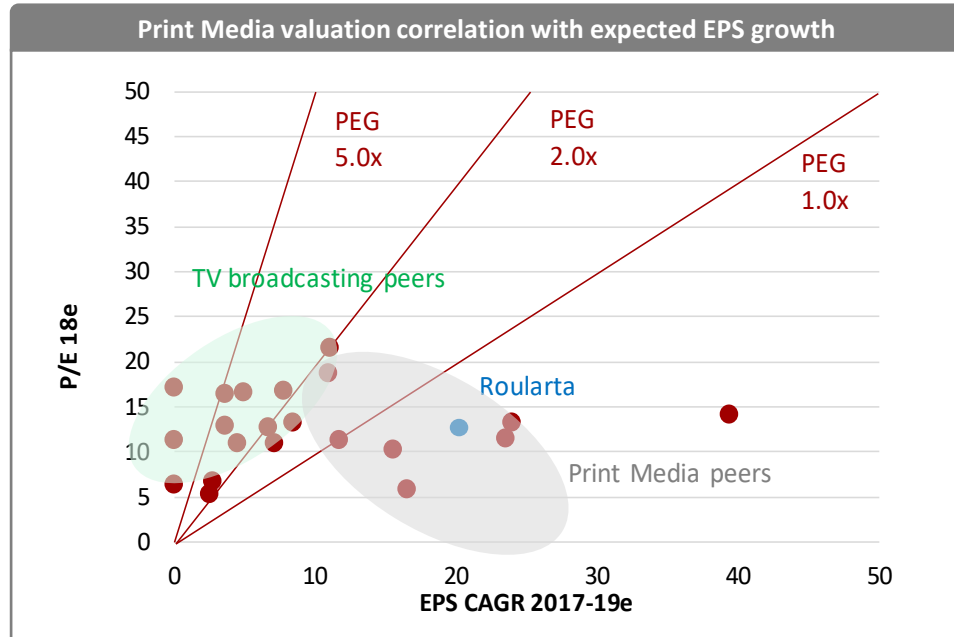
Still some upside on a depressed share price

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%	9.2	10.0	7.5		68.5	3.7	16%	76.1
Group enterprise value						68.5			76.1
- Net Financial Debt/(cash) (17e)						-34.1			-34.1
- Other liabilities (17e)						-6.0			-6.0
+ NPV tax asset (balance sheet)						20.8			20.8
+ Equity value of Medialaan stake	50%	54.3	15.0	8.6	-5.1	234.7	17.9	77%	275.7
+ Equity value of Bayard stake	50%	5.0	10.0	7.5	-5.3	21.3	1.6	7%	23.4
= Estimated market value of equity						305.2			355.9
Total share outstanding (m)						13.1			13.1
Equity value per share						23.2			27.1

Source: Merodis, Factset

Divisional valuation indicators

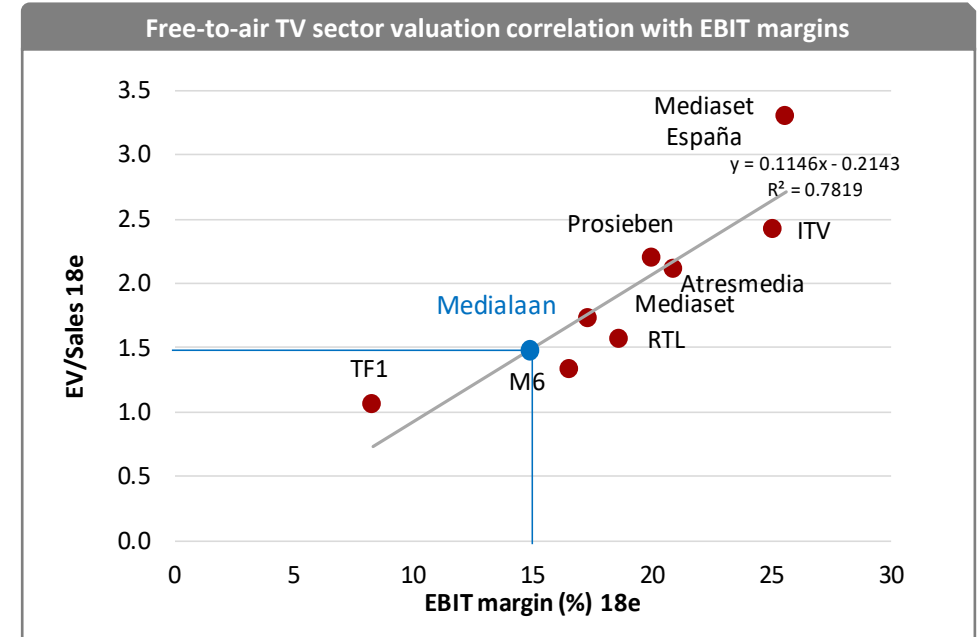
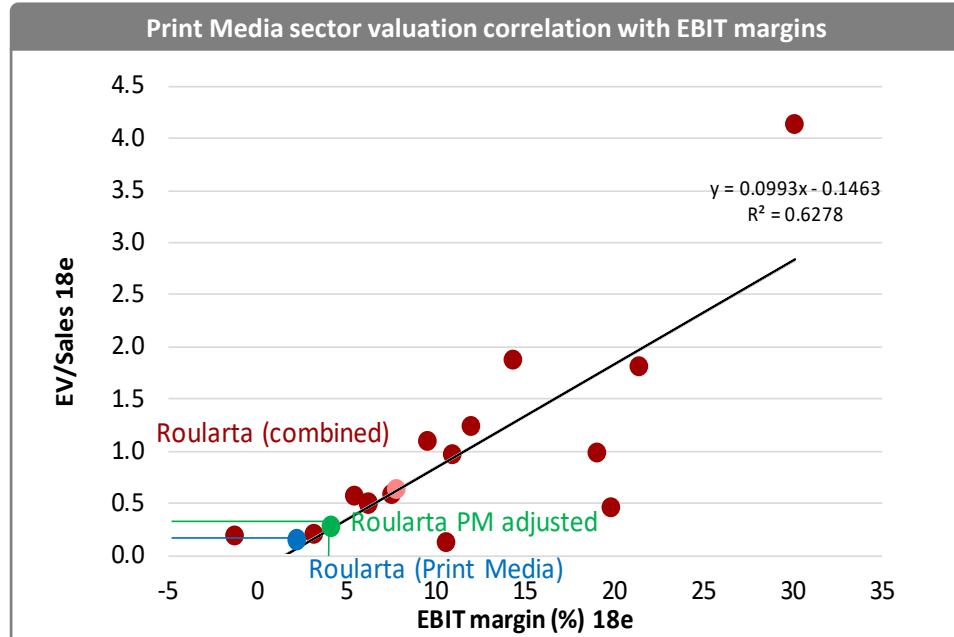
Attractively positioned



Source: Merodis, Factset

Divisional valuation indicators

Mediaaan is a key value driver



Source: Merodis, Factset

Sales growth expectations

Impacted by cyclical and structural effects

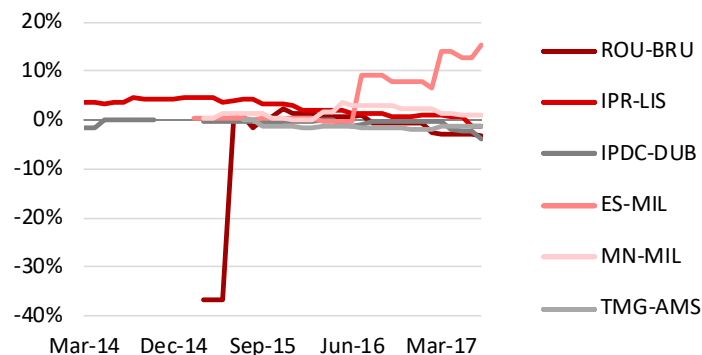
Expected Sales Growth

At the end of July, consensus expects the European Print Media Sector to grow in sales in 2017 by 2%. Sector consensus sales expectations for 2017 have improved slightly during July, from 1.8%. With respect to 2018 sales growth expectations, consensus is down 1.1% from 0% previously expected.

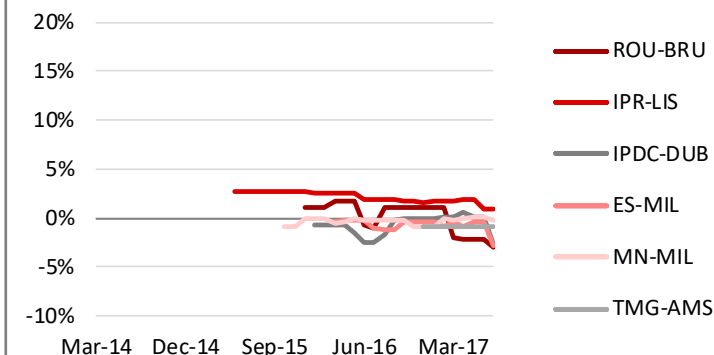
The sector is suffering from the structural impact of online media gaining market share over traditional Printed Media and TV in terms of advertising revenues. This is driven by changes in viewership, which is moving from the traditional media to online.

With respect to Roularta, consensus expects 2017 sales to decline by 3.3% (we expect -2.8%) and to shrink by 3.1% in 2018 (we expect -1.8%).

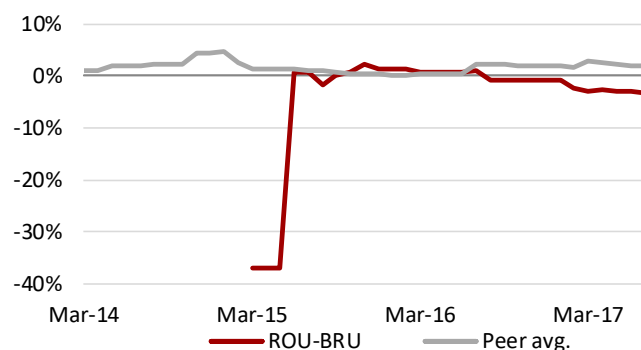
2017 expected sales growth (%)



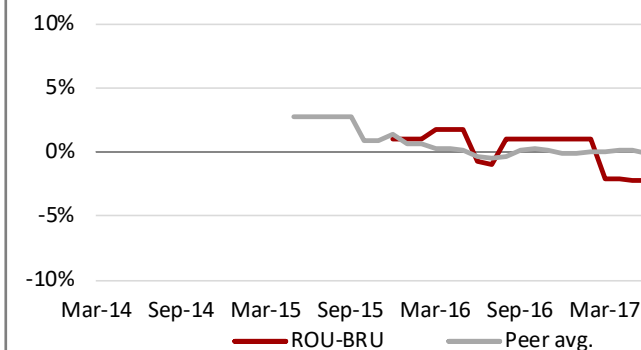
2018 expected sales growth (%)



2017 expected sales growth, Roularta vs. peers



2018 expected sales growth, Roularta vs. peers



Source: Merodis, Factset

EBITDA growth and margin expectations

Renewed focus on core activity

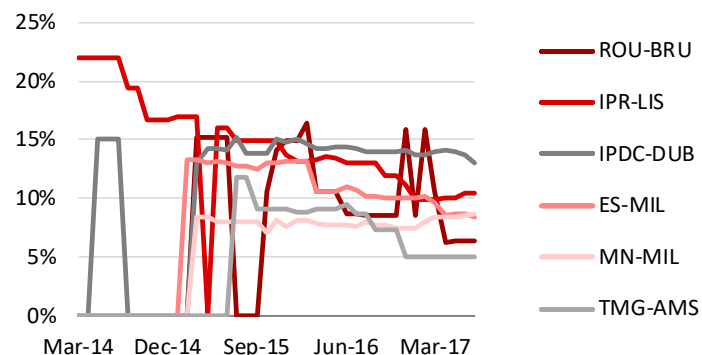
EBITDA expectations

During the month of June, the expected annual EBITDA growth by the analyst community in 2017e for Roularta remained a negative 1.5%, (flat m-o-m) while consensus now expects 8% EBITDA growth in 2018e (up from no growth expected in June). Margin expectations have remained below the sector average for both years.

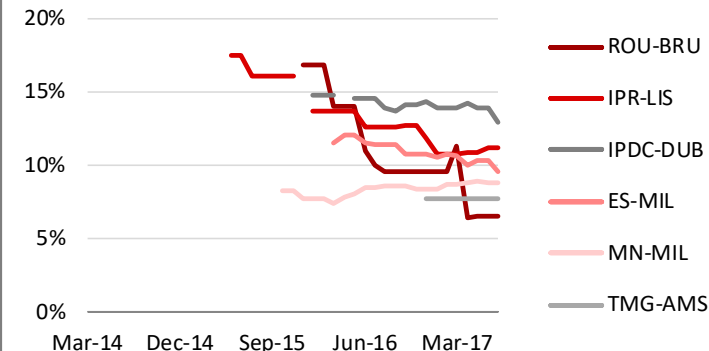
Note that consensus changes to EBIT or EBITDA at Roularta are not interpretable in a straightforward manner.

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 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.

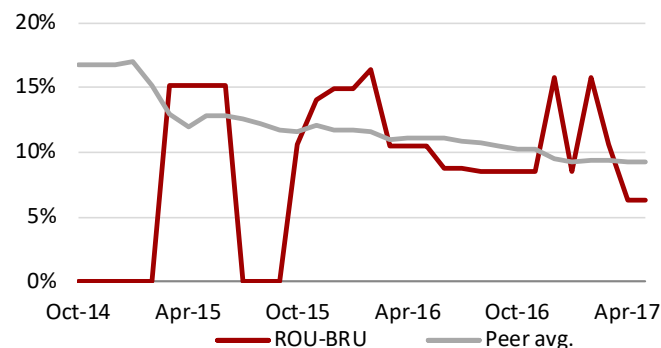
2017 expected EBITDA growth (%)



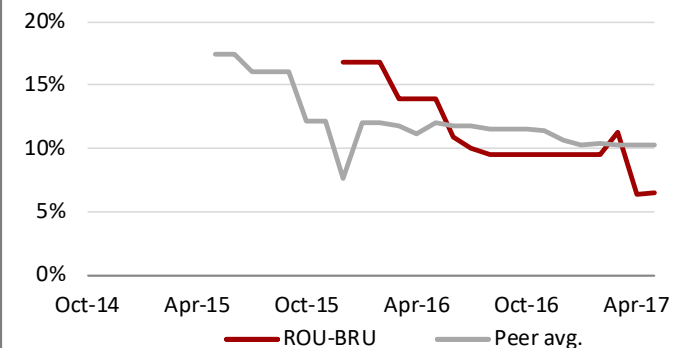
2018 expected EBITDA growth (%)



2017 expected EBITDA margin, Roularta vs. peers



2018 expected EBITDA margin, Roularta vs. peers



Source: Merodis, Factset

Consensus payout expectations

Expectations are stable

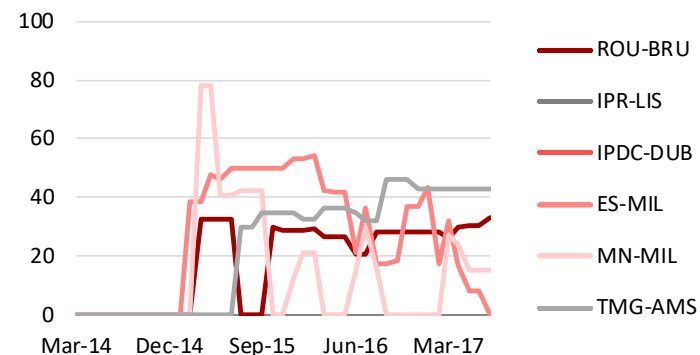
Dividend payout

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%.

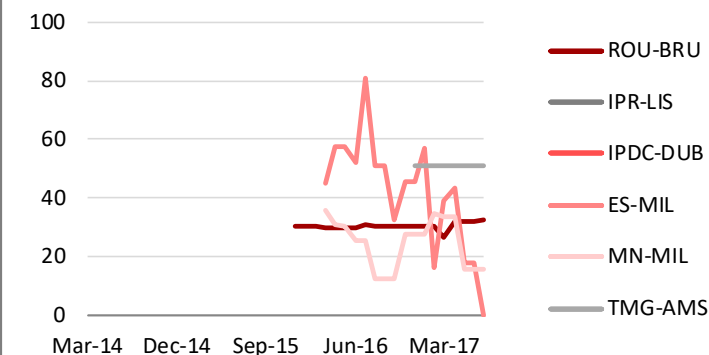
Roularta confirmed the targeted pay-out ratio of 30% in the future, which is in line with its average payout ratio prior to its acquisition in France of c32% (2002-2006) and broadly in line with the Sector average.

Consensus currently expects Roularta to pay out 33% of its earnings in 2017-18e, which is a slight upgrade to previous expectations of roughly 30% payout. The expected payout at Roularta exceeds that of its sector peers.

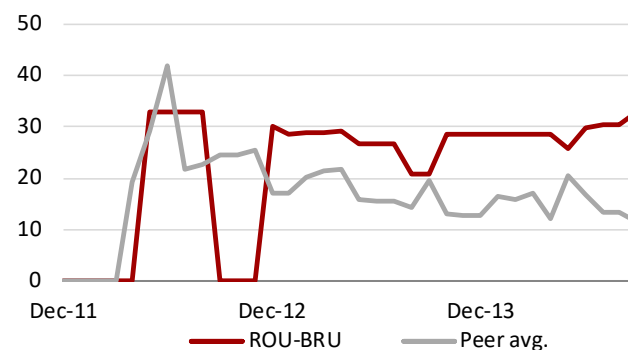
2016 expected Payout, Sector



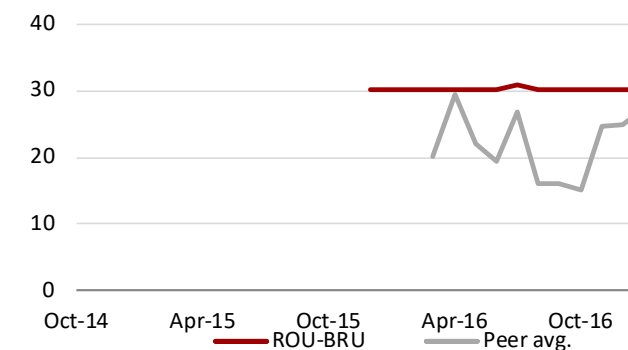
2017 expected Payout, Sector



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 2016 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 remain roughly flat during the current year and next.

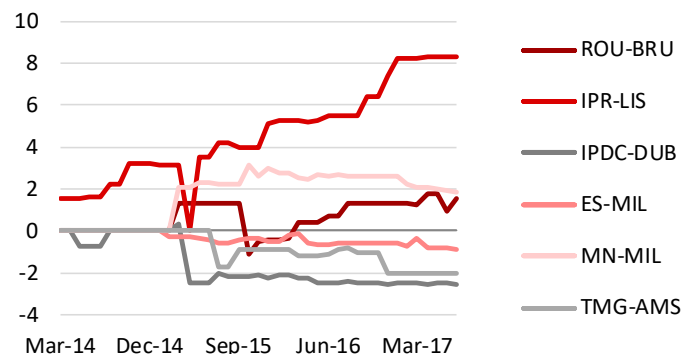
At the end of July, consensus expects Roularta's net-debt-to-EBITDA ratio at 1.6x for 2017e (up from 0.9x expected in June), below the sector average of 0.9x.

For 2018e, the analyst community expects Roularta's Net-Debt-to-EBITDA ratio to drop to 0.9x (flat m-o-m), which compares to a ratio of 0.7x for the sector.

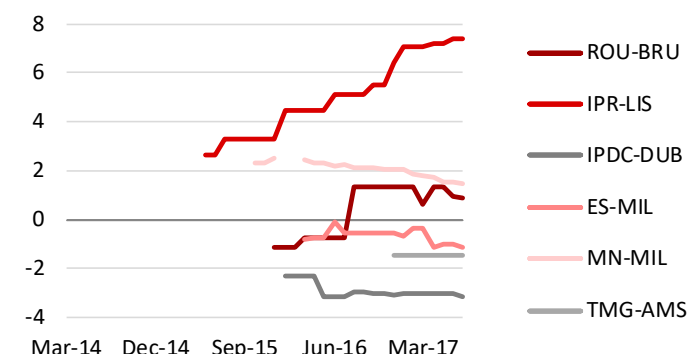
We expect Roularta to report a net cash position as from 2019e (€5.3m), compared to a reported net debt position of €57m at the end of 2016.

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).

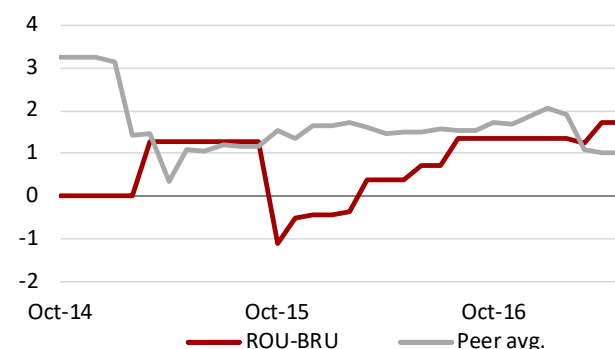
2016 NFD/EBITDA, sector



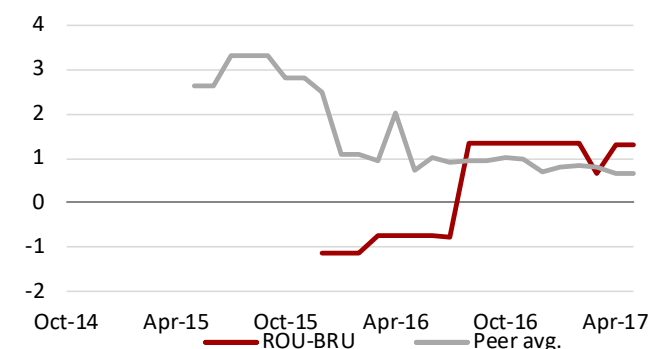
2017 NFD/EBITDA, sector



2016 NFD/EBITDA, Roularta vs. Peers

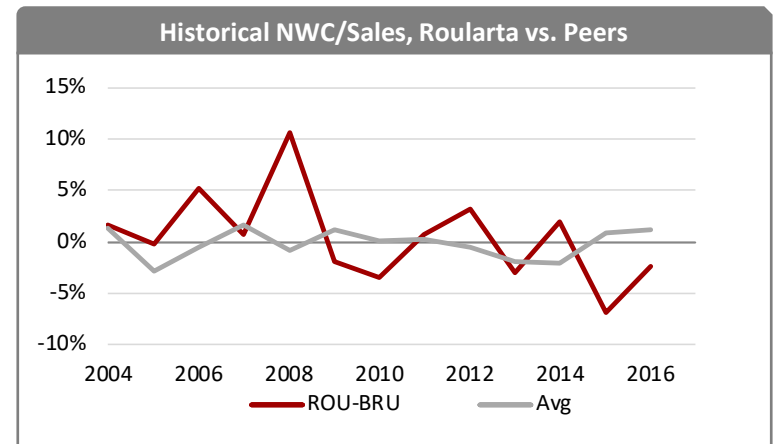
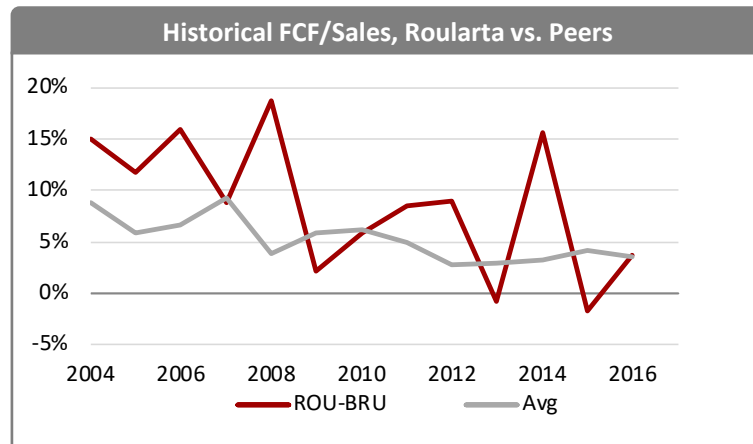
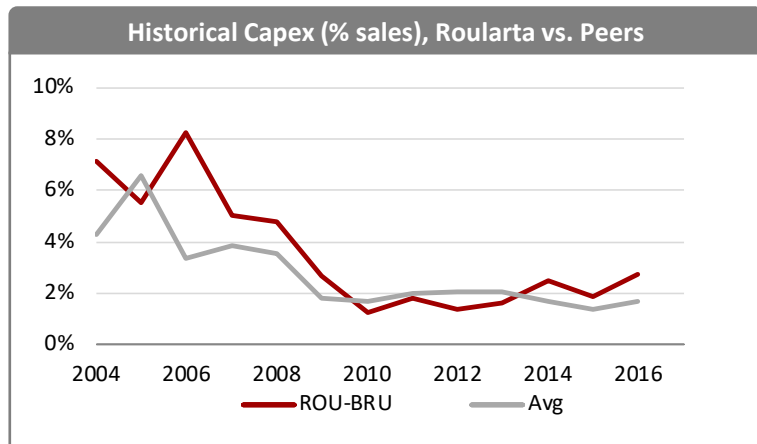
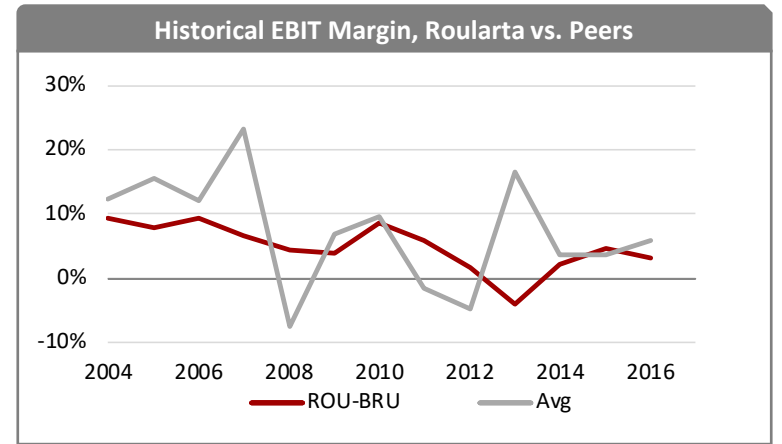
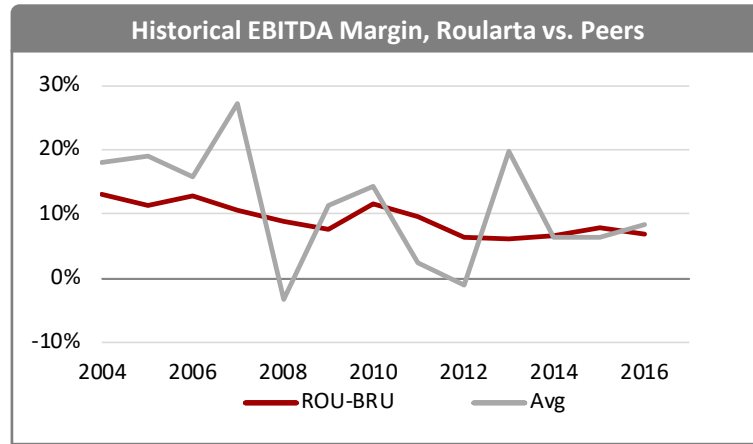
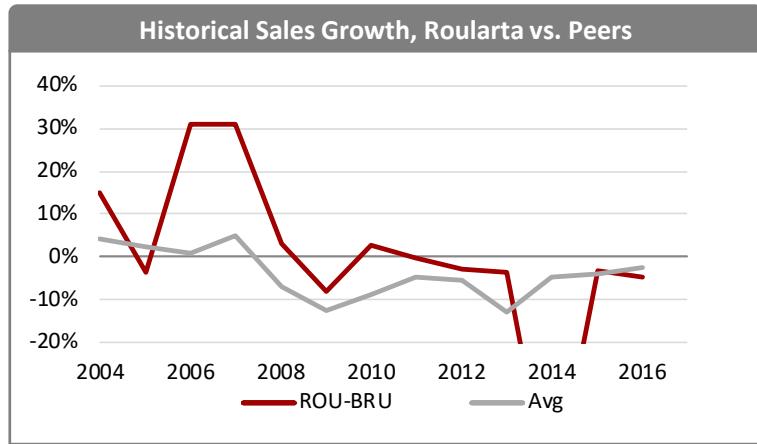


2017 NFD/EBITDA, Roularta vs. Peers



Source: Merodis, Factset

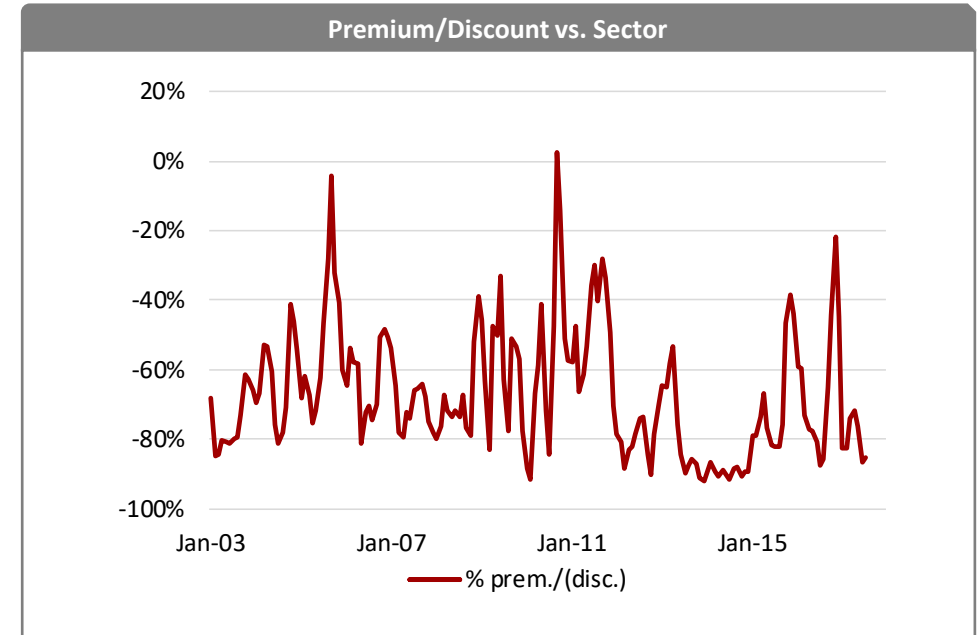
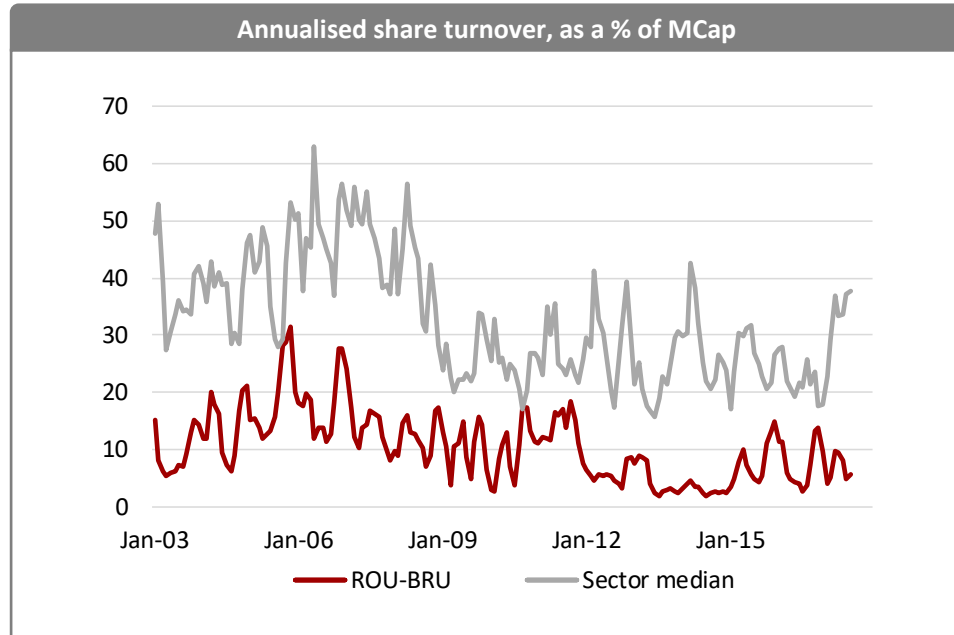
Historical P&L, CF and Balance Sheet Performance



Source: Merodis, Factset

Share liquidity

Trending back up, but well-below peers



Source: Merodis, Factset

Financial summary

Enterprise Value (€m): 219
Market Cap.(€m): 287
Free-float MCap (€m): 72

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017e	2018e	2019e	CAGR	CAGR
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017e	2018e	2019e	05-16	17-19e
Consolidated P&L (€m)																	
Sales	493	609	767	782	707	712	731	712	677	300	292	279	271	266	261	-5.1	-1.8
EBITDA	56	78	81	70	53	82	70	45	42	20	18	16	17	17	24	-10.7	17.1
EBIT	39	51	50	33	10	57	36	5	-49	4	12	7	7	6	10	-14.7	19.4
Pretax profit	37	49	36	18	-4	51	28	-4	-57	-3	7	2	2	2	10	-23.3	97.9
Net profit	22	25	16	14	-4	31	15	-3	-58	-142	64	21	22	22	32	-0.4	20.1
Combined P&L (€m)																	
Sales	491	477	471	476	471	476	471	469	468	-0.3						04-15	16-18e
EBITDA	46	48	55	53	54	64	9.2										
EBIT	23	33	42	36	37	43	9.1										
Pretax profit	16	26	37	31	31	32	16.8										
Net profit	-58	-142	64	21	22	32	20.2										
Cash Flow (€m)																	
Adj. EBITDA	56	72	80	67	36	77	63	39	21	17	15	16	17	17	24	-10.7	17.1
WCR	-1	22	4	62	-10	-19	4	17	-16	4	-17	-8	-3	0	0	22.6	-58.4
Gros Op CF	55	95	84	129	26	58	66	56	5	21	-3	8	15	16	23	-16.3	26.2
Capex	1	-50	-38	-35	-20	-8	0	-4	-6	-7	-5	-8	-8	-8	-14	na	30.9
FCF	40	20	13	74	-8	24	46	44	-10	27	0	5	14	16	22	-17.1	25.5
Net disp/(acq.)	-17	-214	-14	4	57	-9	1	0	1	9	12	16	16	16	0	na	na
Dividends paid	-7	-8	-8	-9	0	0	-6	-4	0	0	0	-6	-6	-7	-8	-1.4	9.5
Equity issue	-43	-29	-2	-17	-12	0	-16	-19	2	-41	-6	3	0	0	0	na	na
Others	-28	-182	-24	81	39	15	22	20	-7	-6	6	18	23	25	14	na	-22.7
Net Debt (incr./decr.)	39	17	13	-49	-39	-20	-24	-41	-25	-51	-21	-13	-10	-10	-25	na	57.3
Balance Sheet (€m)																	
WC	296	660	689	640	584	602	581	549	511	221	298	295	279	277	262	-0.1	-3.2
Capital Employed	0	0	0	0	0	0	0	0	152	0	0	0	0	0	0	na	na
Discontinued Assets	35	42	32	110	72	44	35	79	51	34	39	51	74	19	33	3.4	-32.8
Cash & Equivalent	75	263	278	275	198	155	124	148	127	116	114	108	108	28	28	3.4	-49.0
Gross Debt	216	285	284	318	312	345	351	345	287	143	208	222	230	253	252	0.3	4.7
Equity																	
Growth (%)																	
Sales	-3	31	31	3	-8	3	0	-3	-3	-58	1	-4	-3	-1	-2		
EBITDA	-14	40	4	-14	-24	54	-15	-35	-6	-54	-8	-10	7	-3	41		
EBIT	-17	48	-11	-31	-23	131	-32	-73	na	na	139	-58	7	-11	60		
Net profit	-23	10	-36	-14	na	na	-50	na	na	na	na	-67	3	1	43		
FCF	68	-51	-36	491	na	na	92	-6	na	na	-100	18859	167	19	32		
NWC	2	-57	-24	na	-20	-49	19	72	-38	99	-58	-39	-21	-5	159		
Capital Employed	25	123	4	-7	-9	3	-4	-5	-7	-57	35	-1	-5	-1	-6		
Shareholder Equity	8	32	0	12	-2	11	2	-2	-17	-50	45	7	3	10	-1		
Financial Ratios																	
Gross margin (%)	67	71	74	75	76	78	76	75	76	72	75	76	76	76	76	77	
EBITDA margin (%)	11	13	11	9	8	12	10	6	6	7	6	6	6	6	6	9	
EBIT margin (%)	8	9	7	4	4	9	6	2	-4	2	5	2	3	2	4	4	
Net margin (%)	5	4	2	2	-1	4	2	0	-9	-47	22	8	8	8	12	8	
Opex/Sales (%)	90	87	89	92	92	88	91	94	94	94	92	94	94	94	91	91	
Depreciation/Sales (%)	30	25	29	37	42	22	22	34	41	45	52	63	59	62	57	57	
Tax rate (%)	40	48	55	31	-84	37	43	28	-3	-89	-671	-4	0	0	0	0	
Capex/Sales (%)	0	8	5	5	3	1	0	1	1	2	2	2	3	3	5	5	
FCF/Sales (%)	8	3	2	9	-1	3	6	6	-1	9	0	2	5	6	8	8	
WCR/Sales (%)	0	4	1	8	-1	-3	1	2	-2	-1	-6	-3	-1	0	0	0	
WC/Sales (%)	8	3	2	-6	-6	-3	-3	-6	-4	-17	-7	-5	-4	-4	-10	-10	
Capital Employee/Sales (%)	60	108	90	82	83	85	79	77	75	74	102	106	103	104	100	100	
Gearing (%)	17	74	83	50	39	31	25	19	26	56	36	26	15	3	-2	-2	
Net Debt/EBITDA (x)	0.7	2.8	3.0	2.4	2.4	1.4	1.3	1.5	1.8	4.2	4.2	3.5	2.0	0.5	-0.2	-0.2	
ROCE post-tax (%)	9	6	3	3	3	6	3	1	6	8	32	8	9	9	12	12	
ROE (%)	11	10	6	5	-1	9	4	-1	-18	-66	37	10	10	9	13	13	
Dividend Payout (%)	33	33	52	0	0	22	30	0	0	0	10	30	32	35	37	37	
Valuation																	
Market Capitalisation (€m)	517	579	669	393	184	248	275	185	155	162	208	319	287	287	287	287	0.0
+ Net Financial Debt (€)	40	222	246	165	127	111	89	70	76	82	76	57	34	9	-5	3.3	na
+ Restated Min. + others (€m)	36	38	38	22	15	17	16	14	35	20	10	10	10	9	9	-11.0	-1.0
- Associates & Inv. (€m)	17	16	11	12	10	11	12	14	14	123	176	167	151	151	151	22.9	0.0
= Enterprise Value (€m)	576	824	942	568	316	365	369	254	253	141	118	219	179	154	140	-8.4	-11.7
Assoc. NFD (gr. share) (€m)	0	0	0	0	0	0	0	0	0	0	-6	-6	-6	-6	-6	-6	
EV/Sales (x)	1.2	1.4	1.2	0.7	0.4	0.5	0.5	0.4	0.4	0.3	0.4	0.8	0.7	0.6	0.5	0.5	
EV/EBITDA (x)	10.3	10.5	11.6	8.2	5.9	4.5	5.3	5.6	6.0	7.2	6.6	13.5	10.4	9.1	5.9	5.9	
EV/EBIT (x)	14.9	16.1	19.0	17.4	30.9	6.4	10.4	53.7	-5.1	36.0	9.6	32.7	25.2	24.2	13.8	13.8	
EV/FCF (x)	14.4	42.2	75.0	7.7	-37.3	15.1	7.9	5.8	-25.0	5.3	na	42.8	13.1	9.5	6.5	6.5	
EV/Capital Employed (x)	1.9	1.2	1.4	0.9	0.5	0.6	0.6	0.5	0.5	0.6	0.4	0.7	0.6	0.6	0.5	0.5	
P/BVPS (x)	22.9	23.3	42.0	28.9	-45.0	8.2	17.9	-74.0	-2.7	-1.1	3.2	14.7	12.8	12.7	8.9	8.9	
P/E (x)	2.4	2.0	2.4	1.2	0.6	0.7	0.8	0.5	0.5	1.1	1.0	1.4	1.2	1.1	1.1	1.1	
FCF yield (%)	7.7	3.4	1.9	18.9	-4.6	9.8	16.9	23.7	-6.5	16.4	0.0	1.6	4.8	5.7	7.5	7.5	
Per share data																	
# of shares	9.96	11.01	11.04	13.13	13.13	13.13	13.14	13.14	13.14	13.14	13.14	13.14	13.14	13.14	13.14	13.14	2.6
# of avg sh. (FD, ex-treas.)	9.92	10.96	11.03	13.26	13.43	13.42	13.21	13.18	13.05	12.97	13.07	13.03	13.03	13.03	13.03	13.03	2.5
Share price	51.94	52.65	60.61	29.96	14.02	18.85	20.95	14.06	11.81	12.36	15.85	24.24	21.83	21.83	21.83	-6.7	0.0
EPS	2.27	2.26	1.44	1.04	-0.31	2.31	1.17	-0.19	-4.44	-11.0	4.92	1.65	1.70	1.72	2.46	-2.9	20.1
EPS FD	2.27	2.26	1.44	1.04	-0.31	2.31	1.17	-0.19	-4.44	-11.0	4.92	1.65	1.70	1.72	2.46	-2.9	20.1
BVPS	21.65	25.88	25.70	24.22	23.75	26.28	26.73	26.23	21.84	10.90	15.80	16.92	17.49	19.27	19.16	-2.2	4.7
DPS	0.75	0.75	0.75	0.00	0.00	0.50	0.35	0.00	0.00	0.00	0.50	0.50	0.50	0.60	0.90	0.60	-3.6

Source: Company data, Merodis Equity Research

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