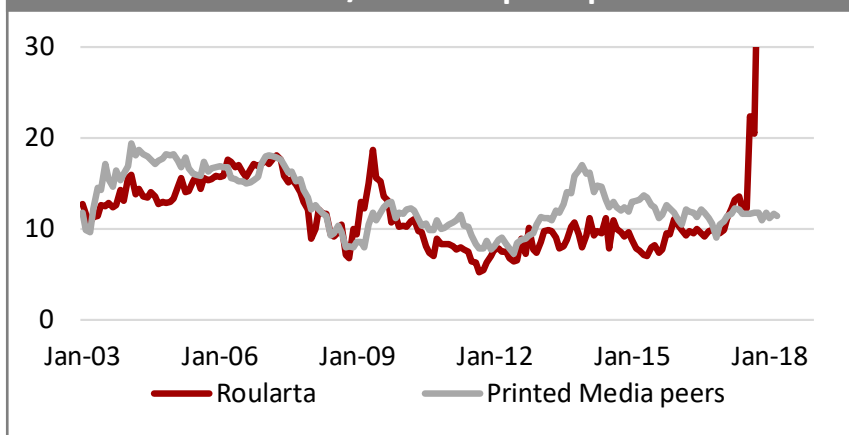




Roularta P/E vs European peers



€m	2013	2014	2015	2016	2017	2018e	2019e
Sales	677.1	300.1	291.9	278.6	258.3	250.7	237.9
EBIT	-49.2	3.9	12.3	6.7	-13.0	136.2	-9.4
Net profit	-57.9	-142.5	64.4	21.5	-10.9	138.3	-2.7
EPS (€)	-4.44	-10.98	4.92	1.65	-0.84	10.62	-0.20
DPS (€)	0.00	0.00	0.50	0.50	0.00	5.00	0.00
P/E (x)	na	na	3.2	14.7	na	2.1	na
Yield (%)	0.0	0.0	3.2	2.1	0.0	22.1	0.0
Adj. EV/EBIT (x)	na	36.0	9.6	32.7	na	1.4	na

Source: Merodis Equity Research, Factset  
Pricing date: 23/03/2018

## Key monthly insights

### Transformation well underway

Following the announcement on 16 January 2018 of the acquisition of Sanoma Belgium's (women weekly and monthly) magazine titles (asset deal worth €33.7m to be finalised by mid-2018) and the approval on 1 February 2018 by the competition authorities of the disposal of the Mediaaan stake (MERe €274m for the 50% stake), Roularta confirmed on 12 March 2018 the approval by the of the acquisition of the 50% stake in Mediafin which operates Belgium's leading business daily newspapers (MERe €57m). In the wait of the approval for the Sanoma titles acquisition, we have updated our forecasts for the Mediaaan disposal and the Mediafin acquisition. The contribution of the Sanoma titles will be added when the transaction is approved.

### Major changes expected to Roularta's financial profile

The P&L impact will be felt mainly below the EBIT line, with the exclusion of Mediaaan's profit contribution from 2018 (€18.5m in 2017, included under discontinued assets) and the inclusion of Mediafin's profit contribution (MERe €2.5m on a full-year basis). At the operating level, we expect the ongoing opex impact of the digital investment mainly in Storesquare (MERe €4m pa). In terms of cost-cutting, Roularta's 6% FTE reduction in 2017 should represent a FY cost-saving impact in excess of €5m to be felt in full from 2018. The Sanoma acquisition, not yet reflected in our forecasts, should add around €70m in sales with an estimated EBIT margin of circa 10%, to deliver an expected net positive EPS impact of €0.27/share by 2019e, reverting Roularta back to profitability in that year. As for the balance sheet, we expect a net cash position in December 2018e of €92m, including the Mediaaan disposal, the Mediafin acquisition and the €63m exceptional dividend to be paid in mid-2018. Including the Sanoma acquisition, the net cash would reach €58m, enough potential firepower to further strengthen the company's ongoing (digital) transformation.

### Next steps in Roularta's improving equity story

The next steps in Roularta's equity story are: (1) closing of the Sanoma deal by end June, (2) 1H18 results on 17 August (including capital gain from on Mediaaan and consolidation of Mediafin), (3) from end-2018, unwinding of the Econocom leasing contract (€9m pa opex savings) and (4) repayment of €100m bond in 2019 (€5m annual cost saving), (5) expected latent tax loss write-back of €15m in 2019 and (6) full-year impact in 2019 of Mediafin and Sanoma acquisitions with an expected positive bottom-line effect.

### Valuation assessment

Our fair equity value estimate is unchanged at €22.6/share. We value Print Media at an EV of €64m, assuming an unchanged equity value of €0. We believe the business has value, given, among others, Roularta's leading market positions in free newspapers and in (news, business and women) magazines as well as its state-of-the-art printing facilities. This highlights a clear re-rating potential for the business.

## Goals of this Dashboard

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

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

- ➔ Tuesday, 15 May 2018: AGM (Roeselare, Belgium)
- ➔ Friday, 17 August 2018: Announcement of 1H18 results (08.15AM CET; Analyst meeting at 2PM)

## Access our recent research reports on Roularta:

- ➔ ["Back on its feet" \(initiation\), 14 October 2015](#)
- ➔ ["When the going gets tough" \(update\), 28 August 2017](#)
- ➔ ["February 2017 market review" \(monthly dashboard\), 5 March 2018](#)

## Company description

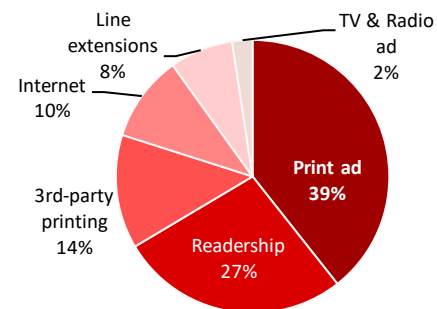
**Roularta** is Belgium's leading media company offering

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

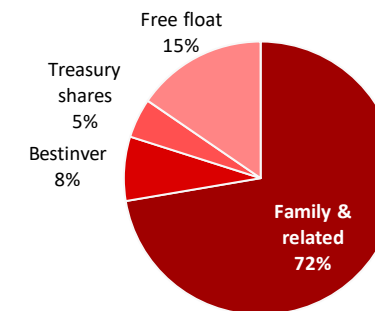
Combined group sales are almost entirely generated in Belgium through (1) Print Media Advertising (40% of group), (2) Readers Market (subscriptions and newsstand sales) (28%), (3) Third-Party Printing (14%), (4) Internet advertising and related (10%) and (5) other sources of revenues including Line Extensions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

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

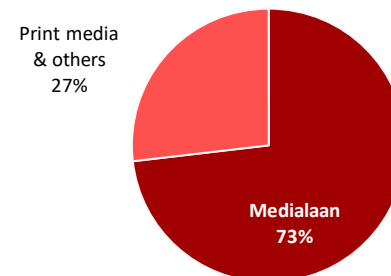
## Combined sales breakdown (2017)



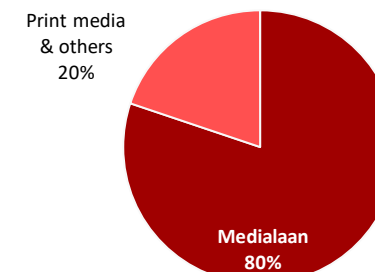
## Shareholders



## Combined EBIT breakdown (2016)



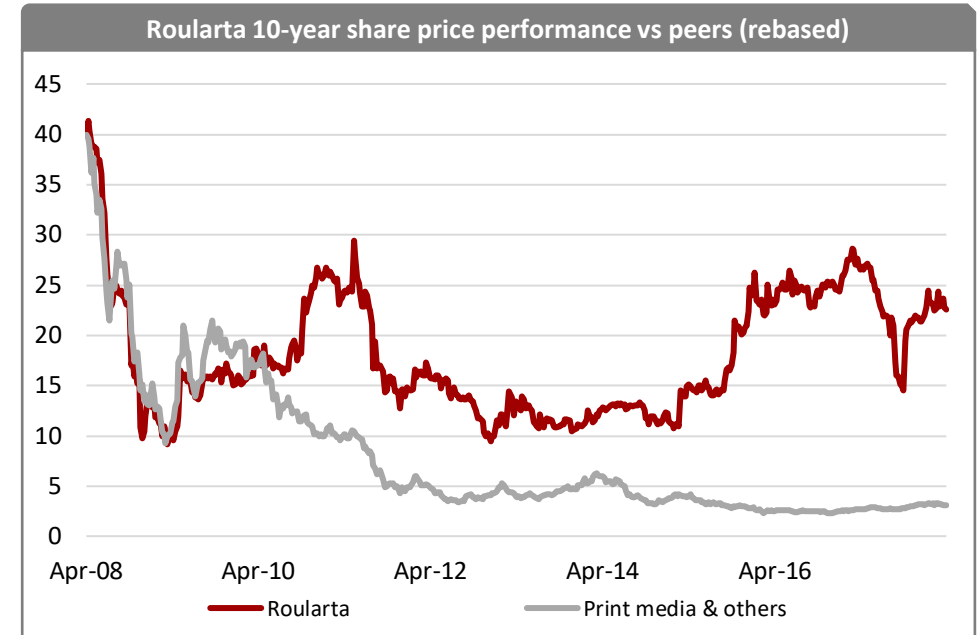
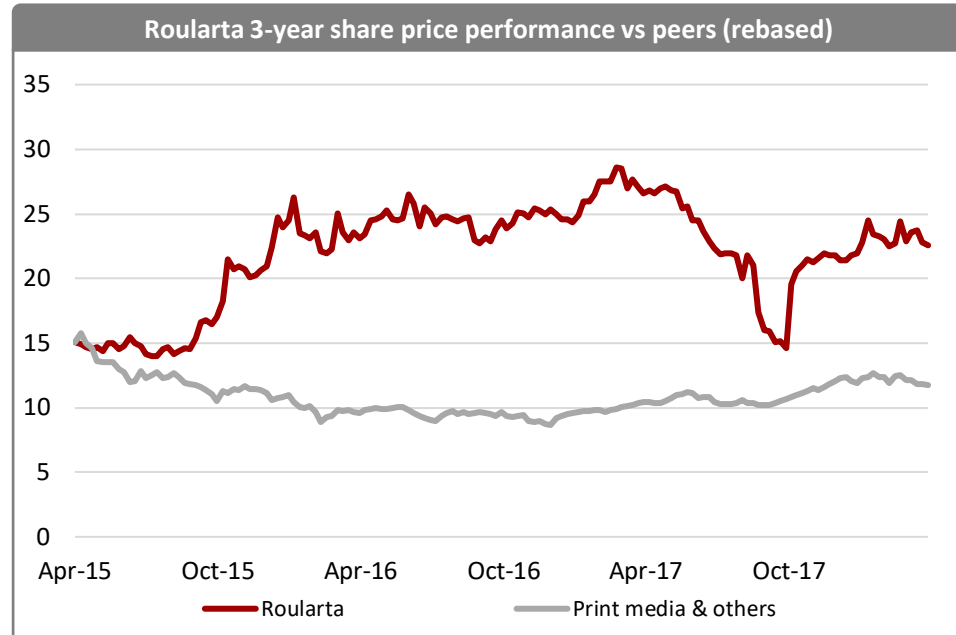
## Consolidated net profit breakdown (2016)



Source: Merodis, Factset

# Share price performance

Under pressure since the 1Q17 trading update in April



Source: Merodis, Factset

# Analyst Recommendations, Earnings Expectations

Consensus has stabilised

## Consensus view

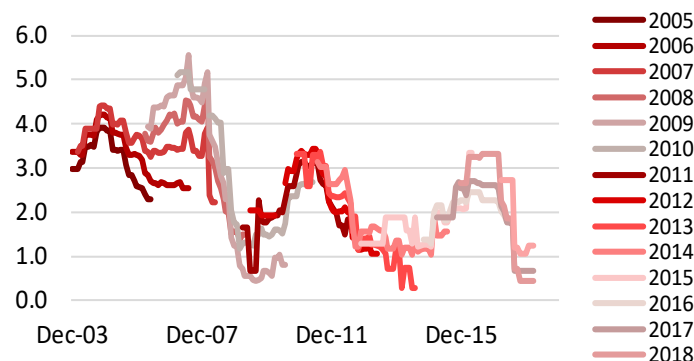
Consensus EPS estimates for Roularta are flat m-o-m, following the downwards revisions from August to October, driven mainly by the weak 1H17 results and the recent transaction (disposal of Mediaaan and acquisition of Mediafin). We have adjusted our estimates, taking into account the recent closing of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

Consensus currently expects a 2018e EPS of €0.44 which compares to our forecast of -€0.51 (excluding the capital gain on Mediaaan as well as the Sanoma contribution), while 2019e earnings are expected to come in at €1.23 vs. our forecast of -€0.20, 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).

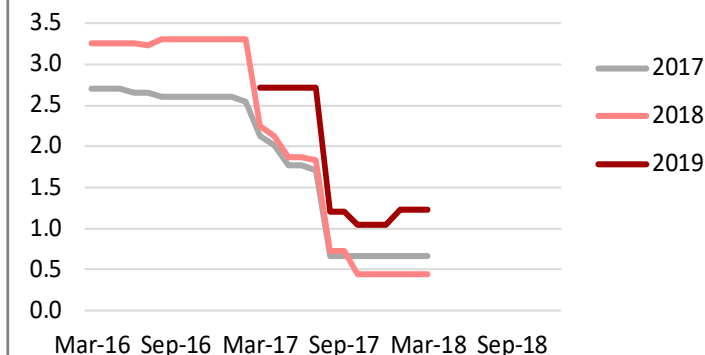
Roularta's share price came under some pressure following in the aftermath of the weak FY17 results as well as the overall market sell-off. The stock is down 6.2% m-o-m in March. The stock's performance in the month is in line with that of Print Media peers, underperforming the Euro Stoxx 600 (-2.3%) 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 €27.72 (2 May 2017).

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

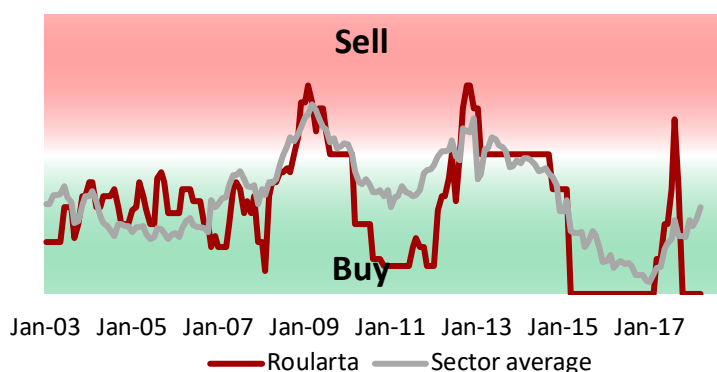
## EPS Worms (€/share)



## Consensus EPS 2016-18 (€/share)



## Analyst recommendations vs. peer average



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

	<b>2017</b>	<b>2018e</b>	<b>2019e</b>
Sales	0.0	0.6	-1.1
EBITDA	-80.8	-65.3	-73.0
EBIT	200.6	-2666.9	441.0
EPS (€)	-227.0	2290.0	-116.5
DPS (€)	-100.0	1900.0	-100.0
Net debt	-197.1	19.9	na

Source: Merodis, Factset

# Sector benchmarking analysis

## Benchmarking Print Media peers and Listed Printing companies

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	EPS	EBITDA
<b>PRINT &amp; OTHER MEDIA</b>																								
Impresa	36	0.15		2%																				
Solocal	94	2.59	27%	9%	1.6	1.8	1.4	25.5	26.1	29.9	25.6	0.7	15.2	43.4	-9.6	6.8								
Gruppo Editoriale			38%	2%	1.1	1.1	0.6	8.5	9.0	9.2	4.6	5.9	6.1	-19.0	3.1	3.7	3.4	4.3	4.9					
Mondadori	46	1.83	34%	0%	1.8	1.5	1.1	8.2	8.4	8.9	5.0	5.3	6.0	2.3	2.5	3.1	8.8	10.1	10.5					
RCS	15	0.60	66%	3%	2.1	1.5	0.9	15.5	17.4	18.2	10.7	12.4	13.5	7.9	8.2	9.8	42.4	38.1	29.8					
Vocento	51	0.19	31%	2%	1.4	1.2	1.0	10.5	9.8	10.1	4.5	5.8	6.1	0.4	2.8	3.1	1.8	4.5	4.4					
Sanoma	37	1.69	58%	2%	1.1	1.0	0.8	25.2	24.6	24.7	12.5	14.0	14.3	-11.3	9.1	10.2	17.4	22.6	21.0					
Connect	99	0.34	33%	1%	1.1	1.3	1.3	4.5	4.0	4.2	3.2	3.0	3.1	2.4	1.7	1.9			680.6					
Tarsus	75	0.10	48%	1%	2.1	0.9	0.5	34.7	32.8	37.5		30.7	35.3	20.5	14.8	21.3								
Trinity Mirror	98	0.33	22%	1%	-0.1	-0.5	-0.1	23.2	21.3	26.2	19.9	19.1	22.5	10.1	14.7	17.7								
Wilmington	94	0.33	130%	1%	1.6	1.3	0.9	21.2	22.1	22.6	19.5	19.0	19.4	10.7	11.5	12.5	43.8	57.0						
Independent News	67	0.13	11%	2%	-2.8	-3.4	-4.4	11.2	10.5	9.2	9.4	8.0	6.8	4.3	5.9	5.9	16.3	24.8	17.4					
Axel Springer	43	11.88	28%	5%	1.7	1.5	1.0	18.0	23.0	24.3	13.7	15.8	16.8	9.2	9.7	10.1	12.3	13.4	14.6					
<b>PRINT MEDIA AVERAGE</b>	<b>63</b>	<b>1.68</b>	<b>44%</b>	<b>2%</b>	<b>1.1</b>	<b>0.8</b>	<b>0.4</b>	<b>17.2</b>	<b>17.4</b>	<b>18.8</b>	<b>11.7</b>	<b>11.6</b>	<b>13.8</b>	<b>6.7</b>	<b>6.2</b>	<b>8.8</b>	<b>18.3</b>	<b>21.8</b>	<b>97.9</b>					
<b>PRINT MEDIA MEDIAN</b>	<b>59</b>	<b>0.33</b>	<b>33%</b>	<b>2%</b>	<b>1.5</b>	<b>1.3</b>	<b>0.9</b>	<b>16.7</b>	<b>19.4</b>	<b>20.4</b>	<b>10.7</b>	<b>10.2</b>	<b>13.9</b>	<b>6.1</b>	<b>7.1</b>	<b>8.3</b>	<b>14.3</b>	<b>18.0</b>	<b>16.0</b>					
<b>Roularta (consolidated)</b>	<b>25</b>	<b>0.15</b>	<b>1126%</b>	<b>6%</b>	<b>62.2</b>	<b>-24.4</b>	<b>-19.0</b>	<b>0.4</b>	<b>1.5</b>	<b>2.0</b>	<b>-5.0</b>	<b>-3.5</b>	<b>-4.0</b>	<b>-4.2</b>	<b>55.2</b>	<b>-1.1</b>	<b>-5.1</b>	<b>64.6</b>	<b>-1.2</b>					
<b>% prem./disc. vs median</b>	<b>-58</b>	<b>-56.5</b>	<b>3270.5</b>	<b>259.3</b>	<b>4,125.6</b>	<b>-2,019.9</b>	<b>-2,311.3</b>	<b>-97.7</b>	<b>-92.3</b>	<b>-90.2</b>	<b>-146.9</b>	<b>-134.2</b>	<b>-128.5</b>	<b>-169.4</b>	<b>680.5</b>	<b>-113.4</b>	<b>-136.0</b>	<b>258.3</b>	<b>-107.8</b>					
<b>PRINTING</b>																								
St Ives	97	0.22	119%	2%	1.6	1.4	1.4	8.6	11.5	12.0	6.9	9.5	9.9	-11.0	4.7	6.3	16.1	19.2	20.1					
QuadGraphics	87	4.84	67%	2%				11.1						2.6										
Dai Nippon Printing	67	15.78	60%	4%	-0.3	-0.2	-0.1	7.1	7.3	7.5	2.6	2.9	3.0	1.9	2.1	1.1	2.8	3.2	3.3					
<b>PRINTING AVERAGE</b>	<b>84</b>	<b>6.94</b>	<b>82%</b>	<b>3%</b>	<b>0.7</b>	<b>0.6</b>	<b>0.7</b>	<b>8.9</b>	<b>9.4</b>	<b>9.7</b>	<b>4.8</b>	<b>6.2</b>	<b>6.5</b>	<b>-2.2</b>	<b>3.4</b>	<b>3.7</b>	<b>9.4</b>	<b>11.2</b>	<b>11.7</b>					
<b>PRINTING MEDIAN</b>	<b>87</b>	<b>4.84</b>	<b>67%</b>	<b>2%</b>	<b>0.7</b>	<b>0.6</b>	<b>0.7</b>	<b>8.6</b>	<b>9.4</b>	<b>9.7</b>	<b>4.8</b>	<b>6.2</b>	<b>6.5</b>	<b>1.9</b>	<b>3.4</b>	<b>3.7</b>	<b>9.4</b>	<b>11.2</b>	<b>11.7</b>					
<b>Roularta (consolidated)</b>	<b>25</b>	<b>0.15</b>	<b>1126%</b>	<b>6%</b>	<b>62.2</b>	<b>-24.4</b>	<b>-19.0</b>	<b>0.4</b>	<b>1.5</b>	<b>2.0</b>	<b>-5.0</b>	<b>-3.5</b>	<b>-4.0</b>	<b>-4.2</b>	<b>55.2</b>	<b>-1.1</b>	<b>-5.1</b>	<b>64.6</b>	<b>-1.2</b>					
<b>% prem./disc. vs median</b>	<b>-71</b>	<b>-97.0</b>	<b>1580.6</b>	<b>158.4</b>	<b>9,378.3</b>	<b>-4,085.5</b>	<b>-2,934.8</b>	<b>-95.5</b>	<b>-84.0</b>	<b>-79.4</b>	<b>-205.1</b>	<b>-156.5</b>	<b>-161.1</b>	<b>-318.1</b>	<b>1,506.1</b>	<b>-130.1</b>	<b>-154.4</b>	<b>476.6</b>	<b>-110.6</b>					

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	0.25	41																		
Solocal	FRANCE	1.15	670	3.2	33.2	10.2	1.3	1.4	1.4	5.1	5.4	4.5	5.1	202.9	9.0				0.0	0.0	0.0
Gruppo Editoriale	ITALY	0.45	219	10.1	9.3	8.0	0.4	0.4	0.4	5.2	4.9	4.3	9.5	7.5	6.5	0.4	0.4	0.4	0.0	1.2	2.2
Mondadori	ITALY	1.70	444	16.1	12.8	11.1	0.5	0.5	0.5	6.2	5.8	5.1	10.0	9.1	7.5	1.4	1.2	1.1	0.0	0.0	1.5
RCS	ITALY	1.20	620	10.8	7.9	7.1	1.0	0.9	0.8	6.6	5.4	4.6	9.5	7.6	6.2	3.8	2.5	1.8	0.0	0.0	0.0
Vocento	SPAIN	1.34	162	36.5	13.8	13.4	0.5	0.5	0.5	5.1	5.2	5.0	11.8	8.9	8.2	0.6	0.6	0.6	0.0	0.0	0.0
Sanoma	FINLAND	9.53	1,555	13.4	11.8	11.6	1.4	1.4	1.4	5.4	5.9	5.6	10.9	10.3	9.7	2.8	2.6	2.3	3.7	4.4	4.9
Connect	UNITED KINGDOM	0.56	139	3.6	4.2	4.0	0.1	0.1	0.1	3.1	3.5	3.4	4.3	4.7	4.7		21.9	37.1	17.4	17.4	17.7
Tarsus	UNITED KINGDOM	3.00	340	10.9	17.9	10.5	3.6	3.9	2.9	10.4	12.0	7.6		12.9	8.1				3.2	3.5	3.7
Trinity Mirror	UNITED KINGDOM	0.80	238	2.2	2.2	2.0	0.4	0.2	0.3	1.6	1.1	1.2	1.8	1.2	1.4				7.3	7.7	8.1
Wilmington	UNITED KINGDOM	2.45	214	13.0	11.8	10.9	2.1	2.0	1.8	10.0	8.9	8.0	10.8	10.3	9.4	6.9	6.5		3.5	3.6	3.7
Independent News	IRELAND	0.09	128	10.2	6.0	7.2	0.1	0.1	0.1	1.1	1.0	0.8	1.3	1.3	1.1	1.7	1.4	1.2	0.0	0.0	0.0
Axel Springer	GERMANY	68.00	7,337	26.2	23.7	21.2	2.4	2.6	2.4	13.2	11.3	9.8	17.3	16.4	14.3	3.2	3.2	3.0	2.9	3.1	3.2
<b>PRINT MEDIA AVERAGE</b>				<b>13.0</b>	<b>12.9</b>	<b>9.8</b>	<b>1.2</b>	<b>1.2</b>	<b>1.0</b>	<b>6.1</b>	<b>5.9</b>	<b>5.0</b>	<b>8.4</b>	<b>24.4</b>	<b>7.2</b>	<b>2.6</b>	<b>4.5</b>	<b>5.9</b>	<b>3.2</b>	<b>3.4</b>	<b>3.7</b>
<b>PRINT MEDIA MEDIAN</b>				<b>10.9</b>	<b>11.8</b>	<b>10.3</b>	<b>0.8</b>	<b>0.7</b>	<b>0.7</b>	<b>5.3</b>	<b>5.4</b>	<b>4.8</b>	<b>9.5</b>	<b>9.0</b>	<b>7.8</b>	<b>2.2</b>	<b>2.5</b>	<b>1.5</b>	<b>1.5</b>	<b>2.2</b>	<b>2.7</b>
<b>Roularta (consolidated)</b>	<b>BELGIUM</b>	<b>22.60</b>	<b>297</b>	<b>-26.9</b>	<b>2.1</b>	<b>-110.8</b>	<b>1.4</b>	<b>0.8</b>	<b>0.8</b>	<b>355.6</b>	<b>51.9</b>	<b>41.4</b>	<b>-27.6</b>	<b>1.4</b>	<b>-20.9</b>	<b>1.5</b>	<b>1.3</b>	<b>1.5</b>	<b>0.0</b>	<b>22.1</b>	<b>0.0</b>
<b>% prem./disc. vs median</b>				<b>-348.1</b>	<b>-82.0</b>	<b>-1,171.6</b>	<b>77.9</b>	<b>7.0</b>	<b>23.9</b>	<b>6,595.0</b>	<b>862.6</b>	<b>765.2</b>	<b>-389.7</b>	<b>-84.1</b>	<b>-367.0</b>	<b>-34.6</b>	<b>-47.4</b>	<b>-2.2</b>	<b>-100.0</b>	<b>927.9</b>	<b>-100.0</b>
<b>PRINTING</b>																					
St Ives	UNITED KINGDOM	0.87	123	6.5	6.3	6.2	0.5	0.6	0.6	5.3	5.0	4.9	6.6	6.1	5.9	1.3	1.2	1.3	2.3	2.3	2.3
QuadGraphics	UNITED STATES	25.35	1,335	14.1	9.8	9.4															
Dai Nippon Printing	JAPAN	2,198.00	662,838	24.2	21.1	20.0	0.5	0.5	0.5	6.7	6.5	6.5	18.2	16.4	16.2	0.7	0.7	0.6	2.9	2.9	2.9
<b>PRINTING AVERAGE</b>				<b>14.9</b>	<b>12.4</b>	<b>11.9</b>	<b>0.5</b>	<b>0.5</b>	<b>0.5</b>	<b>6.0</b>	<b>5.8</b>	<b>5.7</b>	<b>12.4</b>	<b>11.2</b>	<b>11.0</b>	<b>1.0</b>	<b>0.9</b>	<b>1.0</b>	<b>2.6</b>	<b>2.6</b>	<b>2.6</b>
<b>PRINTING MEDIAN</b>				<b>14.1</b>	<b>9.8</b>	<b>9.4</b>	<b>0.5</b>	<b>0.5</b>	<b>0.5</b>	<b>6.0</b>	<b>5.8</b>	<b>5.7</b>	<b>12.4</b>	<b>11.2</b>	<b>11.0</b>	<b>1.0</b>	<b>0.9</b>	<b>1.0</b>	<b>2.6</b>	<b>2.6</b>	<b>2.6</b>
<b>Roularta (consolidated)</b>	<b>BELGIUM</b>	<b>22.60</b>	<b>297</b>	<b>-26.9</b>	<b>2.1</b>	<b>-110.8</b>	<b>1.4</b>	<b>0.8</b>	<b>0.8</b>	<b>355.6</b>	<b>51.9</b>	<b>41.4</b>	<b>-27.6</b>	<b>1.4</b>	<b>-20.9</b>	<b>1.5</b>	<b>1.3</b>	<b>1.5</b>	<b>0.0</b>	<b>22.1</b>	<b>0.0</b>
<b>% prem./disc. vs median</b>				<b>-291.3</b>	<b>-78.2</b>	<b>-1,280.4</b>	<b>196.6</b>	<b>47.6</b>	<b>54.2</b>	<b>5,812.7</b>	<b>798.2</b>	<b>625.6</b>	<b>-323.2</b>	<b>-87.3</b>	<b>-289.6</b>	<b>50.2</b>	<b>44.6</b>	<b>48.0</b>	<b>-100.0</b>	<b>756.5</b>	<b>-100.0</b>

Source: Merodis, Factset

# P/E valuation relative to the sector

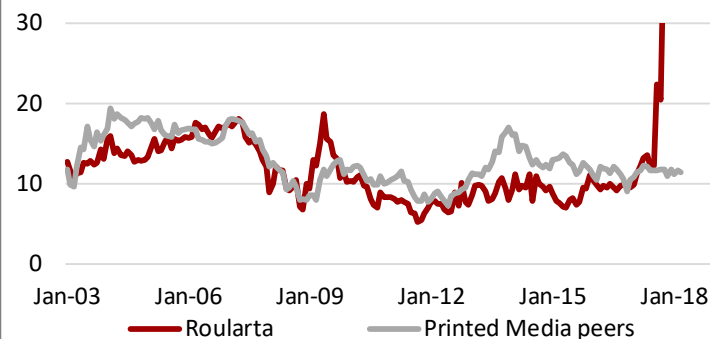
A rerating for the wrong reasons

## Valuation

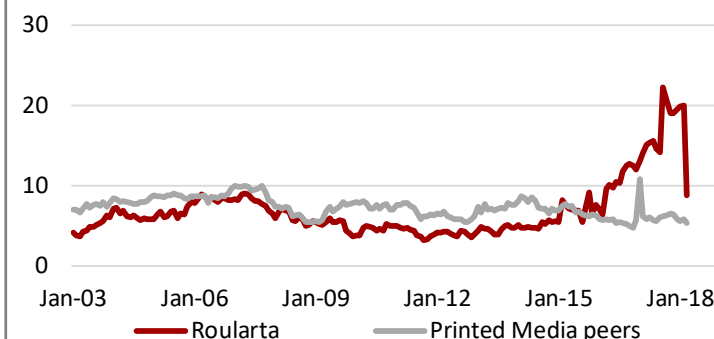
On 2017e consensus EPS estimates, Roularta shares trade at a P/E 12M forward of 48x, a premium of 320% versus Print Media peers in Europe (from 260% in February). As a reminder, Roularta has disposed of its stake in Medialaan, which means Roularta is now a Print Media pure play compared to the past when TV broadcasting (through Medialaan) was the main profit contributor and the key value driver of the stock (in 2016, 73% of Roularta's EBIT and 80% of its EPS was generated by Medialaan). The rerating compared to the Print Media sector is driven entirely by the share price performance since October as well as the sharp cut in Roularta's earnings estimates.

The Print Media sector is currently valued at 11.4x P/E 12M forward (vs. 11.7x previously) and at 5.3x EV/EBITDA 12M forward (vs. 5.8x 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



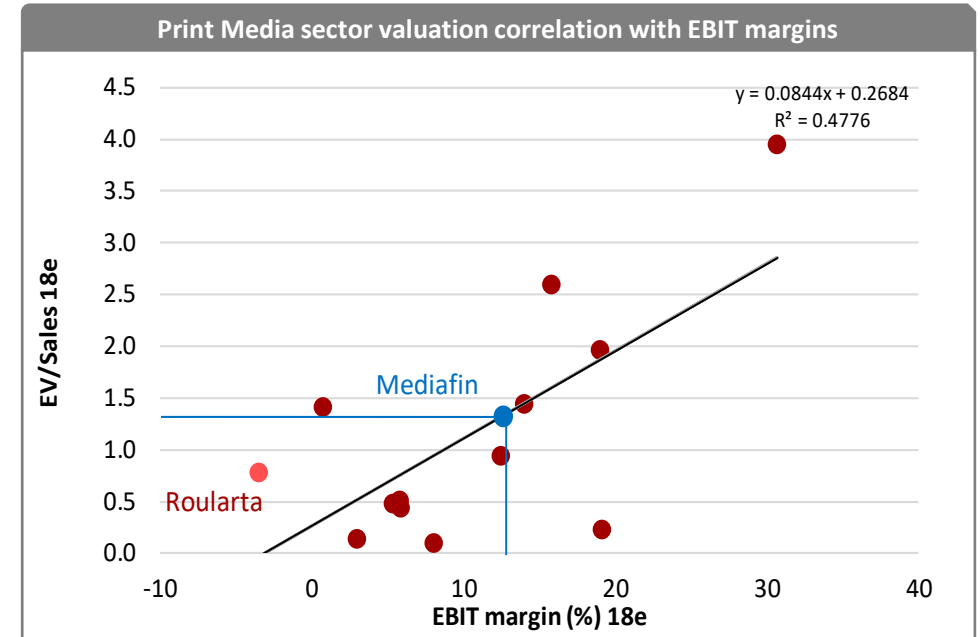
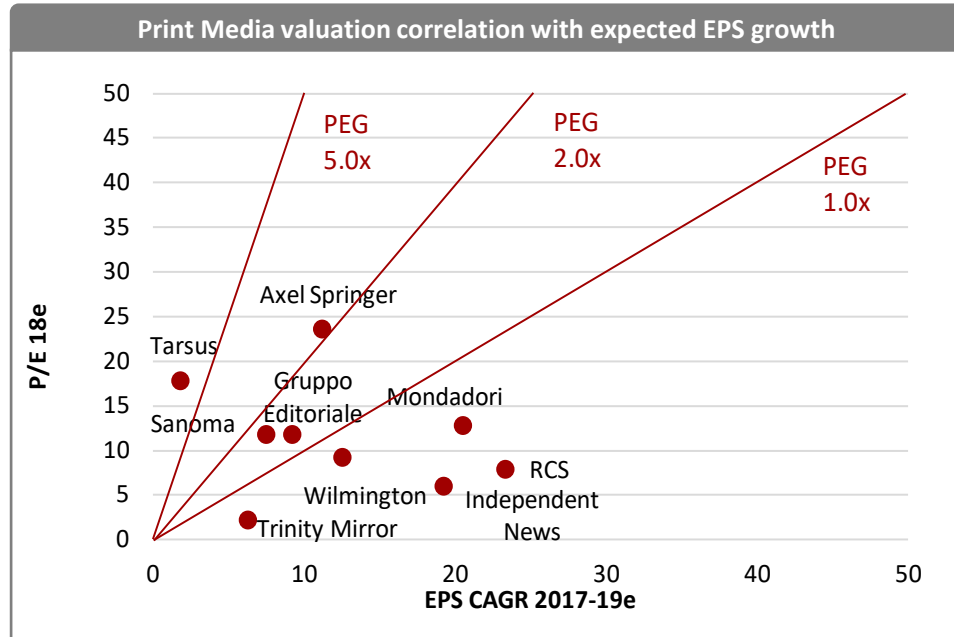
# Fair value estimate

Reflecting the Medialaan disposal and Mediafin acquisition

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%	138.8	na	na		64.0	16.6	95%	64.0
<b>Group enterprise value</b>						<b>64.0</b>			<b>64.0</b>
- Net Financial Debt/(cash) (17) + Medialaan proceeds - Mediafin purchase						154.9			154.9
- Other liabilities (17)						-8.0			-8.0
+ NPV tax asset (balance sheet)						6.6			6.6
+ Equity value of <b>Mediafin</b> stake	50%					56.5	4.3	25%	56.5
+ Equity value of Bayard stake	50%	5.0	10.0	8.1	-5.3	22.9	1.7	10%	25.1
<b>= Estimated market value of equity</b>						<b>296.9</b>			<b>299.1</b>
Total share outstanding (m)						13.1			13.1
<b>Equity value per share</b>						<b>22.6</b>			<b>22.8</b>

Source: Merodis, Factset

# Divisional valuation indicators



Source: Merodis, Factset

# Sales growth expectations

Impacted by cyclical and structural effects

## Expected Sales Growth

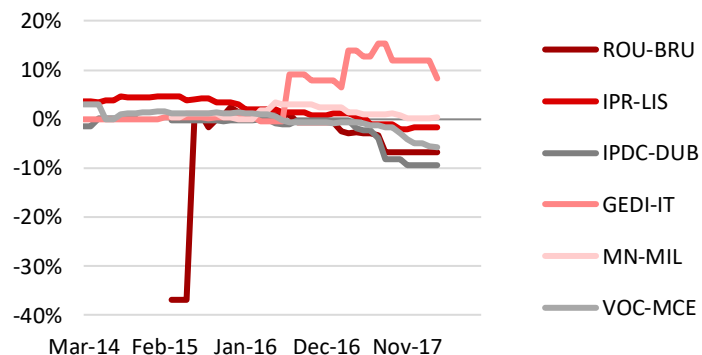
At the end of March, consensus kept its Print Media sector sales growth expectations flat for 2018 -1.1% from -2.1% expected in February.

Consensus sales expectations for Roularta in 2018 have improved slightly, from -4.1% expected in February to -3% expected now.

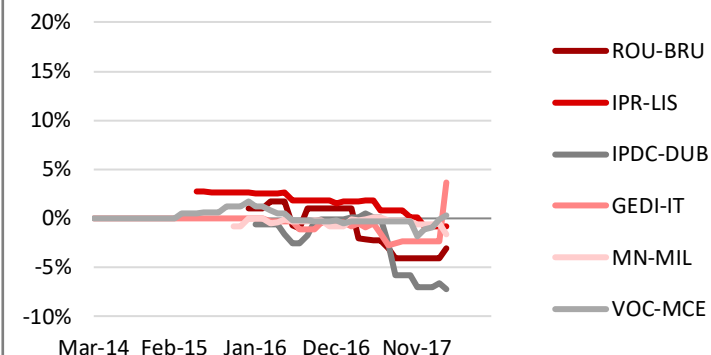
*As a reminder the announced disposal of Medialaan and acquisition of Mediafin have no impact on Roularta's consolidated sales as the stakes are equity-accounted JVs.*

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

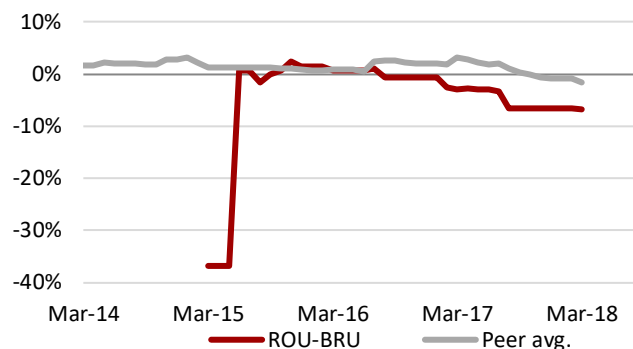
### 2017 expected sales growth (%)



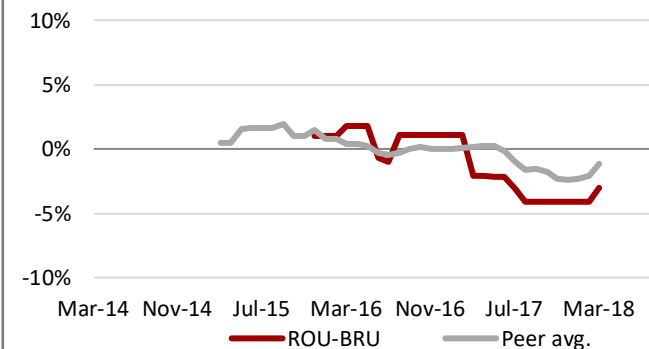
### 2018 expected sales growth (%)



### 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

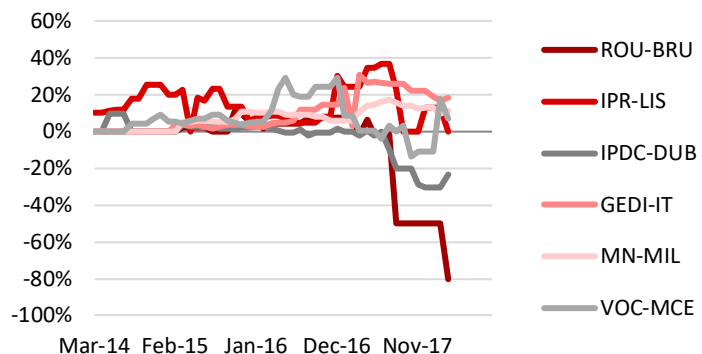
During the month of March, the expected annual EBITDA growth by analysts in 2018e for Roularta has dropped to -80% from -50% expected in February. Margin expectations remain below the sector average for 2018.

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

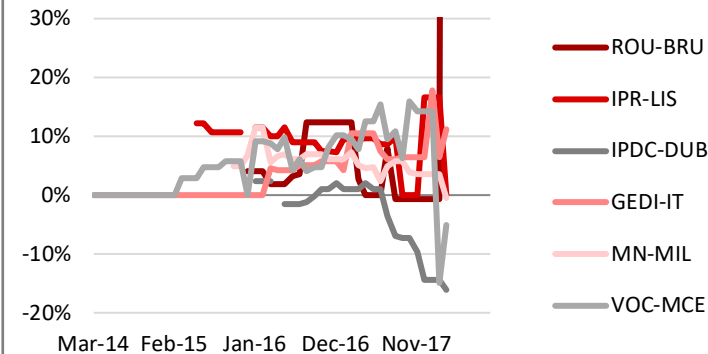
In Roularta's specific case, its reported EBITDA margin (as reflected by Factset consensus) is positively influenced by the IFRS 11 treatment of its 50% stake in Bayard (and Mediafin, from March 2018), whereby 50% of Bayard's net profit is accounted for in Roularta's EBITDA and EBIT, but where its sales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

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

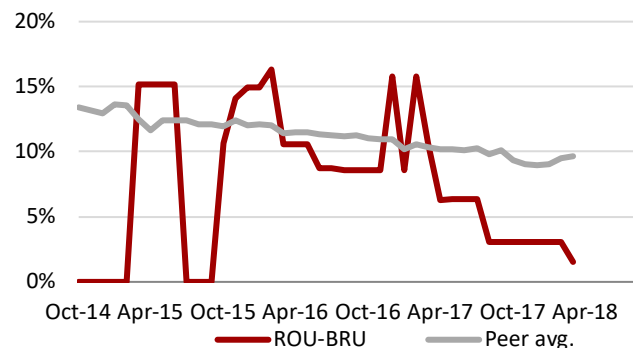
## 2017 expected EBITDA growth (%)



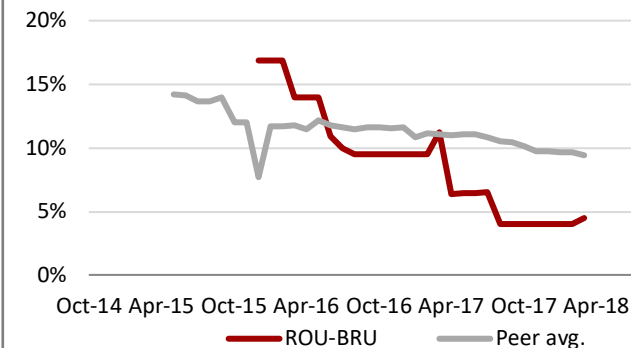
## 2018 expected EBITDA growth (%)



## 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 Medialaan/Mediafin swap could impact the dividend strategy

## Dividend payout

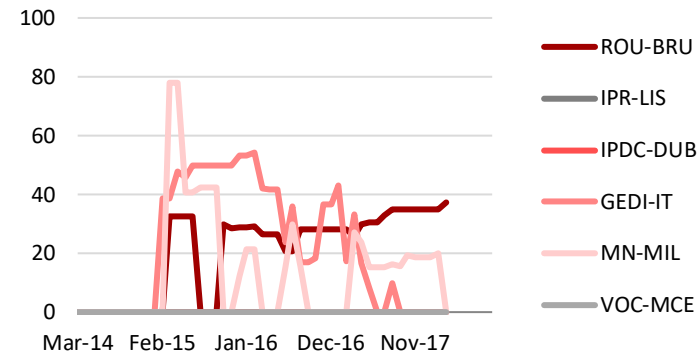
In 2017, Roularta announced on 16 January 2018 that no dividend will be paid out, which compared to our previous forecast of €0.20/share. The company announced, however, a €5/share interim dividend (€63m pay out) to be paid out in July 2018. The intention is to remunerate shareholders for the €145m capital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

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

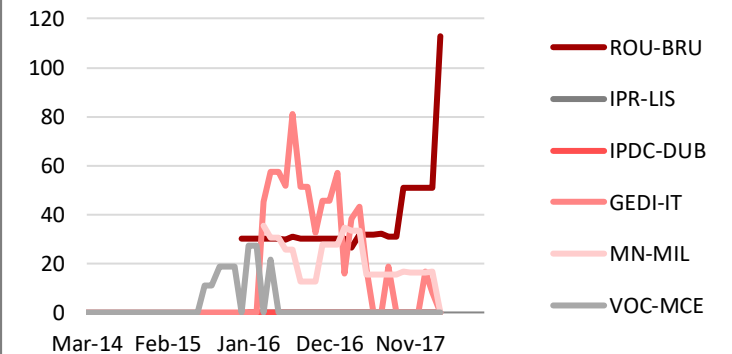
Consensus currently expects Roularta to pay out 113% of its earnings in 2018e (vs. MERe 0%), which compares to 50% payout expected in February.

*The Mediafin acquisition and the Medialaan disposal is likely to have a negative impact on Roularta's dividend outlay given the lower cash-generation potential of Mediafin vs. Medilaan. Given our forecast of losses in 2018e and 2019e, we have cut our DPS forecast to €0.*

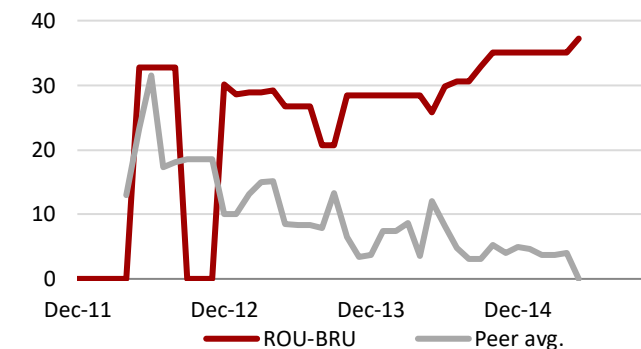
2017 expected Payout, Sector



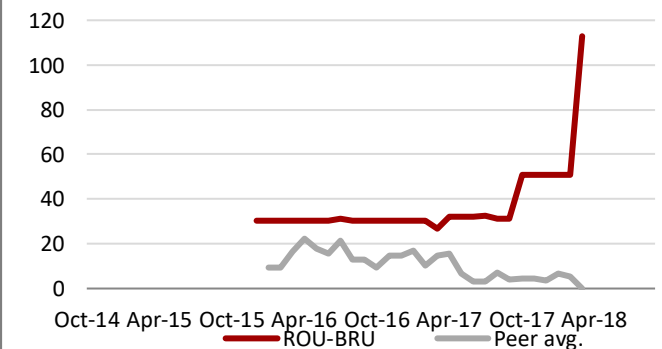
2018 expected Payout, Sector



2017 expected payout, Roularta vs. Peers



2018 expected payout, Roularta vs. Peers



Source: Merodis, Factset

# Leverage expectations

No longer an issue post-transaction

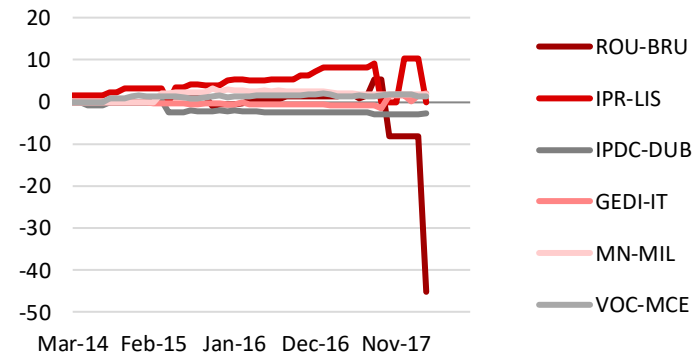
## Net-debt-to-EBITDA

The level of expected financial leverage in the Media Sector was high in 2011 and 2012 and again in 2014 (where it exceeded 2.2x), but trended down since then to reach, on average, an aggregated net cash position which reflects stringent cost control. Roularta's ratio has exceeded 2x only during 2014 and is now expected to reach a net cash position of around €92m following the recent transactions (including the exceptional €5/share dividend payout, but excluding the Sanoma acquisition).

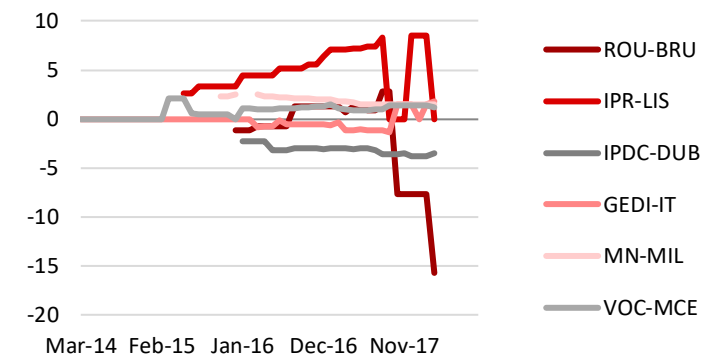
As a reminder, Roularta's covenant threshold of 3.5x net debt over EBITDA is based on annual EBITDA including the company's share of Mediaaan's and Bayard's net profit. Based on this definition, the company reported a ratio of 1.5x in 2017 despite the depressed consolidated EBITDA.

We expect Roularta to report a net cash €92m by 2019e (including the €217.5m net cash proceeds from the recently-announced transactions, but excluding the purchase of the Sanoma magazine titles), compared to a reported net debt position of €63m at the end of 2017.

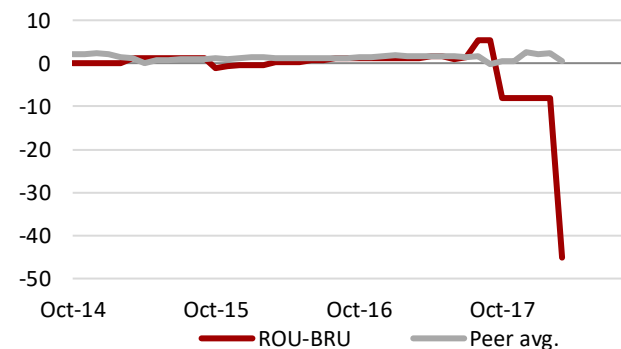
## 2017 NFD/EBITDA, sector



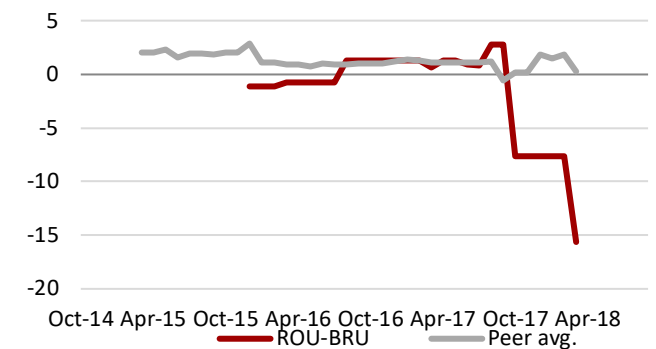
## 2018 NFD/EBITDA, sector



## 2017 NFD/EBITDA, Roularta vs. Peers

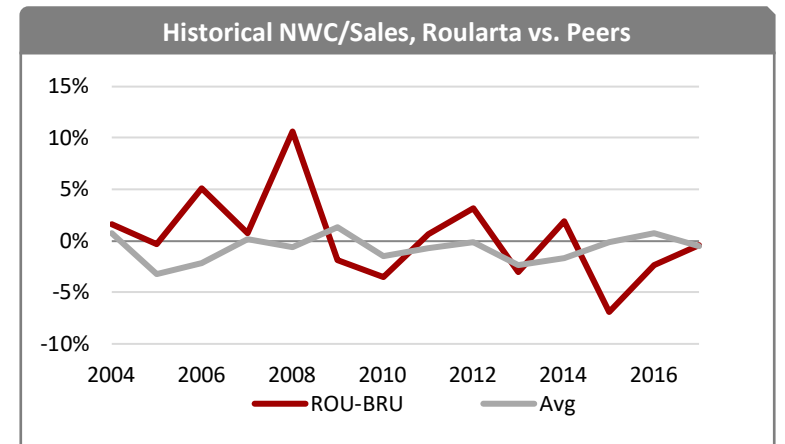
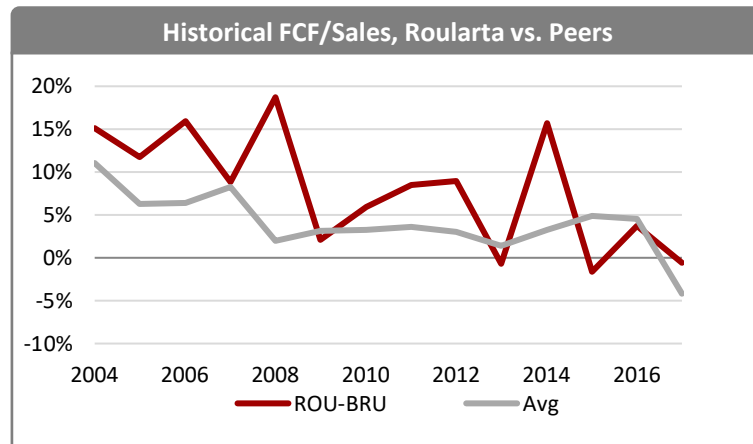
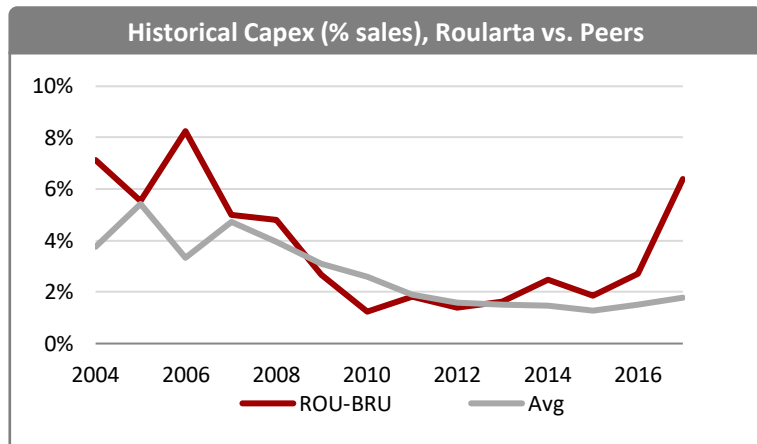
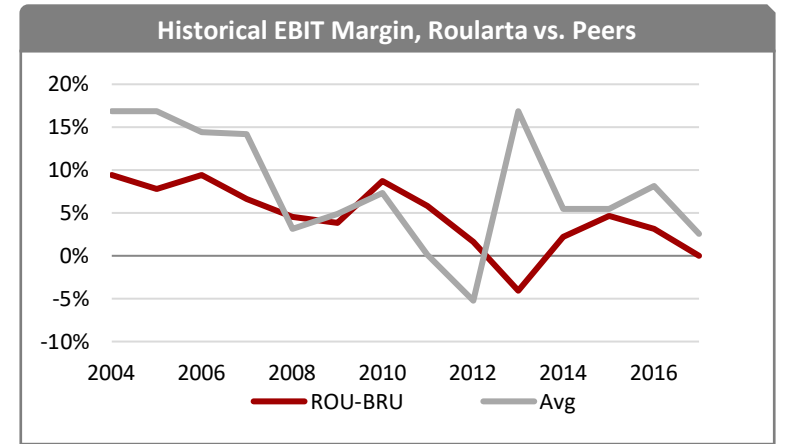
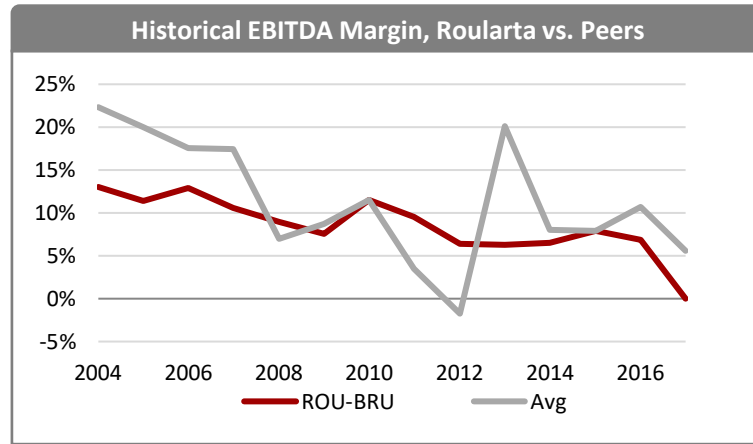
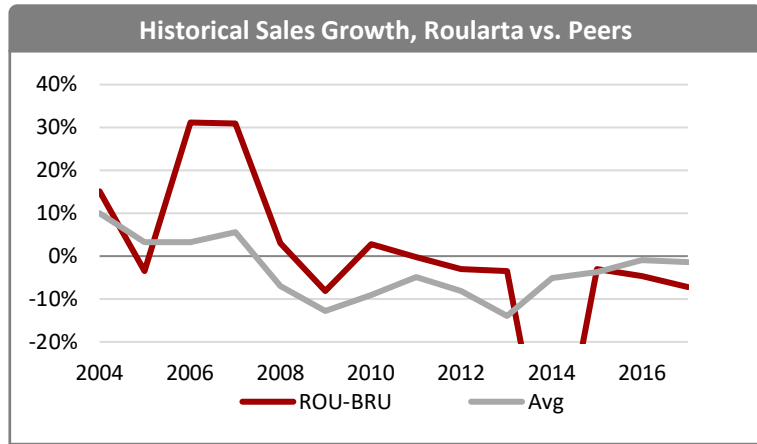


## 2018 NFD/EBITDA, Roularta vs. Peers



Source: Merodis, Factset

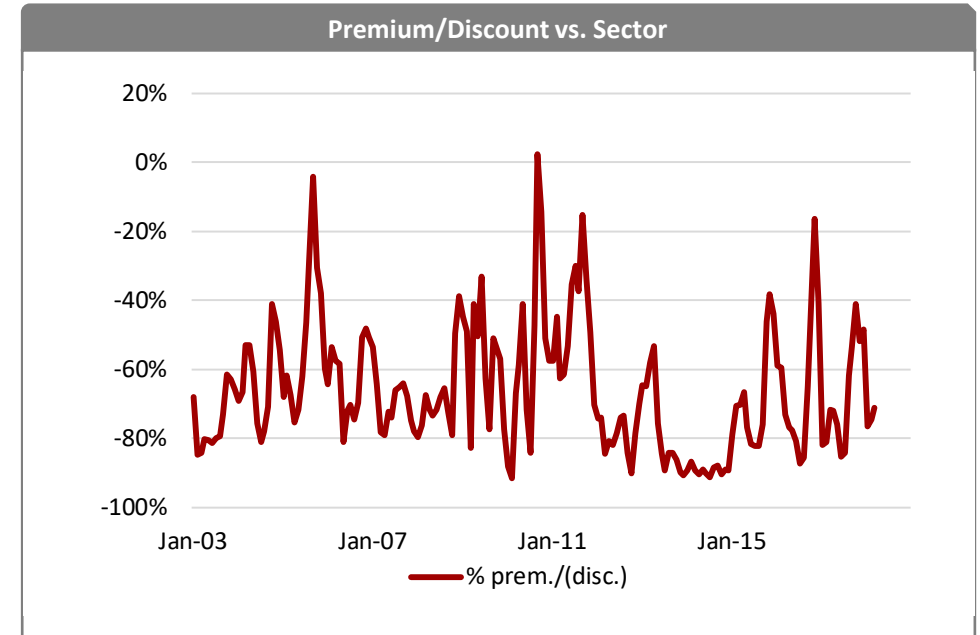
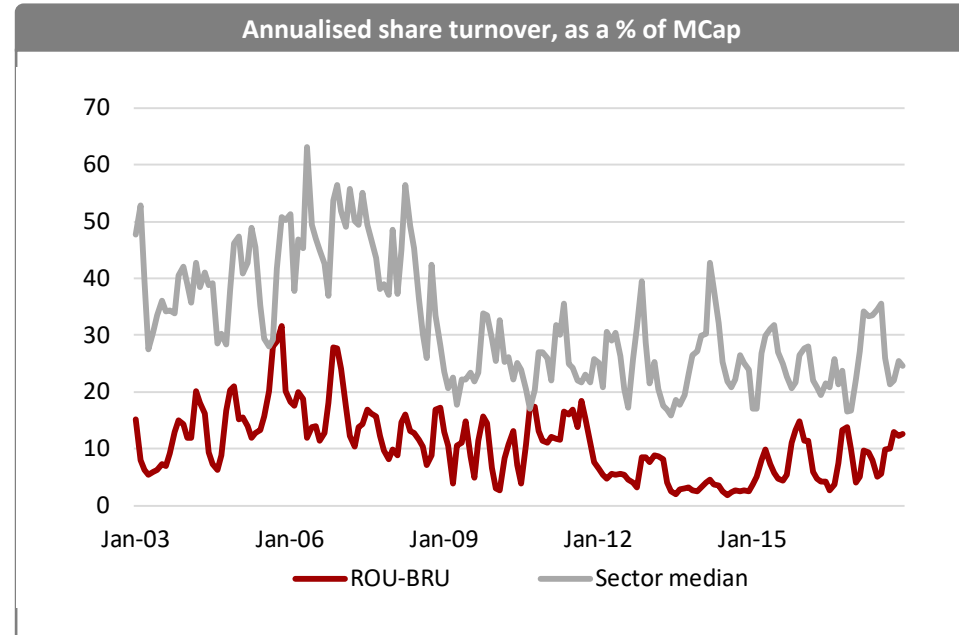
# Historical P&L, CF and Balance Sheet Performance



Source: Merodis, Factset

# Share liquidity

Well-below peers



Source: Merodis, Factset



## Financial summary

Enterprise Value (€m): 195  
Market Cap. (€m): 297  
Free-float MCap (€m): 74

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018e	2019e	CAGR	CAGR
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018e	2019e	05-16	17-19e
<b>Consolidated P&amp;L (€m)</b>																	
Sales	493	609	767	782	707	712	731	712	677	300	292	279	258	251	238	-5.1	-4.0
EBITDA	56	78	81	70	53	82	70	45	42	20	18	16	1	4	5	-10.7	117.5
EBIT	39	51	50	33	10	57	36	5	49	4	12	7	-13	136	-9	-14.7	-14.8
Pretax profit	37	49	36	18	-3	51	28	-4	-57	-3	7	2	-18	132	-8	-23.3	-32.2
Net profit	22	25	16	14	-4	31	15	-3	-58	-142	64	21	-11	138	-3	-0.4	-50.7
<b>Combined P&amp;L (€m)</b>																	
Sales	491	609	767	782	707	712	731	712	677	491	477	471	476	286	318	323	6.2
EBITDA	46	48	55	53	4	11	13	77.6									
EBIT	23	33	42	36	-11	142	-4	-39.4									
Pretax profit	16	26	37	31	-16	137	-3	-57.2									
Net profit	-58	-142	64	21	-11	138	-3	-50.9									
<b>Cash Flow (€m)</b>																	
Adj. EBITDA	56	72	80	67	36	77	63	39	21	17	15	16	1	4	5	-10.7	117.5
WCR	-1	22	4	62	-10	-19	4	17	-16	4	-17	-8	0	-10	6	22.6	na
Gross Op CF	55	95	84	129	26	58	66	56	5	21	-3	8	1	-6	10	-16.3	260.2
Capex	1	-50	-38	-35	-20	-8	0	-4	-6	-7	-5	-8	-16	-8	-14	na	-8.5
FCF	40	20	13	74	-8	24	46	44	-10	27	0	5	-26	-18	-1	-17.1	-76.2
Net disp./acq.	-17	-214	-14	4	57	-9	1	0	1	9	12	16	17	235	0	na	na
Dividends paid	-7	-8	-8	-9	0	0	-6	-4	0	0	0	0	-6	-63	0	-1.4	na
Equity issue	-1	51	-13	28	2	0	-3	0	0	0	0	0	0	0	0	na	na
Others	-43	-29	-2	-17	-12	0	-16	-19	2	-41	-6	3	10	0	0	na	na
Net Debt (inc./decr.)	-28	-182	-24	81	39	15	22	20	-7	-6	18	-5	154	-1	na	-46.3	na
<b>Balance Sheet (€m)</b>																	
WC	39	17	13	-49	-39	-20	-24	-41	-25	-51	-21	-13	-13	-3	-24	na	38.7
Capital Employed	296	660	689	640	584	602	581	549	511	221	298	295	154	148	126	-0.1	-9.3
Discontinued Assets	0	0	0	0	0	0	0	0	0	152	0	0	129	0	0	na	na
Cash & Equivalent	35	42	32	110	72	44	35	79	51	34	39	51	43	97	96	3.4	49.4
Gross Debt	75	263	278	275	198	155	124	148	127	116	114	108	106	6	6	3.4	-77.1
Equity	216	285	284	318	312	345	351	345	287	143	208	222	203	225	202	0.3	-0.3
<b>Growth (%)</b>																	
Sales	-3	31	31	3	-8	3	0	-3	-3	-58	1	-4	-6	-3	-5		
EBITDA	-14	40	4	-14	-24	54	-15	-35	-6	-54	-8	-10	-94	274	26		
EBIT	-17	48	-11	-31	-23	131	-32	-73	na	na	139	-58	na	na	na		
Net profit	-23	10	-36	-14	na	na	-50	na	na	na	na	-67	na	na	na		
FCF	68	-51	-36	491	na	na	92	-6	na	na	-100	18859	na	na	na		
NWC	2	-57	-24	na	-20	-49	19	72	-38	99	-58	-39	-2	-77	736		
Capital Employed	25	123	4	-7	-9	3	-4	-5	-7	-57	35	-1	-48	-3	-15		
Shareholder Equity	8	32	0	12	-2	11	2	-2	-17	-50	45	7	-9	11	-10		
<b>Financial Ratios</b>																	
Gross margin (%)	67	71	74	75	76	78	76	75	76	72	75	76	76	76	77	77	
EBITDA margin (%)	11	13	11	9	8	12	10	6	6	7	6	6	6	0	2	2	
EBIT margin (%)	8	9	7	4	4	9	6	2	-4	2	5	2	-5	-3	-4	-4	
Net margin (%)	5	4	2	-1	-1	4	2	0	-9	-47	22	8	-4	55	-1	-1	
Opex/Sales (%)	90	87	89	92	92	88	91	94	94	94	92	94	99	99	98	98	
Depreciation/Sales (%)	3	3	3	3	3	2	2	2	2	3	3	3	4	4	5	6	
Depreciation/EBITDA (%)	30	25	29	37	42	22	22	34	41	45	52	63	1126	333	298	298	
Tax rate (%)	40	48	55	31	-84	37	43	28	-3	-89	-671	-4	-82	0	0	0	
Capex/Sales (%)	0	8	5	5	3	1	3	1	1	2	2	2	3	6	3	6	
FCF/Sales (%)	8	3	2	9	-1	3	6	6	-1	9	0	2	-10	7	-1	-1	
WCR/Sales (%)	0	4	1	-3	1	-3	1	2	-2	1	-6	-3	0	-4	2	2	
WC/Sales (%)	8	3	2	-6	-6	-3	-3	-6	-4	-17	-7	-5	-5	-1	-10	-10	
Capital Employed/Sales (%)	60	108	90	82	83	85	79	77	75	74	102	106	59	59	53	53	
Gearing (%)	17	74	83	50	39	31	25	19	26	56	36	26	31	-40	-44	-44	
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	62.2	-24.4	-19.0	-19.0	
ROCE post-tax (%)	9	6	3	3	5	-1	9	4	-1	-18	-66	37	10	-5	65	-1	
ROE (%)	11	10	6	5	-1	9	4	-1	-18	-66	37	10	-5	65	-1	-1	
Dividend Payout (%)	33	33	52	0	0	22	30	0	0	0	10	30	0	47	0	0	
<b>Valuation</b>																	
Market Capitalisation (€m)	517	579	669	393	184	248	275	185	155	162	208	319	305	297	297	-4.3	-1.3
+ Net Financial Debt (€)	40	222	246	165	127	111	89	70	76	82	76	57	63	-92	-90	3.3	na
+ Restated Min. + others (€m)	36	38	38	22	15	17	16	14	35	20	10	10	10	10	10	-11.0	-0.3
- Associates & Inv. (€m)	17	16	11	12	10	11	12	14	14	123	176	167	20	20	20	22.9	0.0
= Enterprise Value (€m)	576	824	942	568	316	365	369	254	253	141	118	219	358	195	197	-8.4	-25.8
Assoc. NFD (gr. share) (€m)	0	0	0	0	0	0	0	0	0	0	0	-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	1.4	0.8	0.8	0.8	
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	355.6	51.9	41.4	41.4	
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	-27.6	1.4	-20.9	-20.9	
EV/FCF (x)	14.4	42.2	75.0	77	-37.3	15.1	7.9	5.8	-25.0	5.3	na	42.8	-13.7	-11.1	-133.6	-133.6	
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	2.3	1.3	1.6	1.6	
P/E (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	-27.7	2.1	-110.8	-110.8	
P/BVPS (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	1.5	1.3	1.5	1.5	
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	-8.6	-5.9	-0.5	-0.5	
<b>Per share data</b>																	
# 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	2.6	0.0
# 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	2.5	0.0
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	23.20	22.60	22.60	-6.7	-1.3
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	-0.84	10.62	-0.20	-2.9	-50.7
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	-0.84	10.62	-0.20	-2.9	-50.7
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	15.45	17.15	15.36	-2.2	-0.3
DPS	0.75	0.75	0.75	0.00	0.00	0.00	0.35	0.00	0.00	0.00	0.50	0.50	0.00	5.00	0.00	5.00	-3.6

Source: Company data, Merodis Equity Research

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