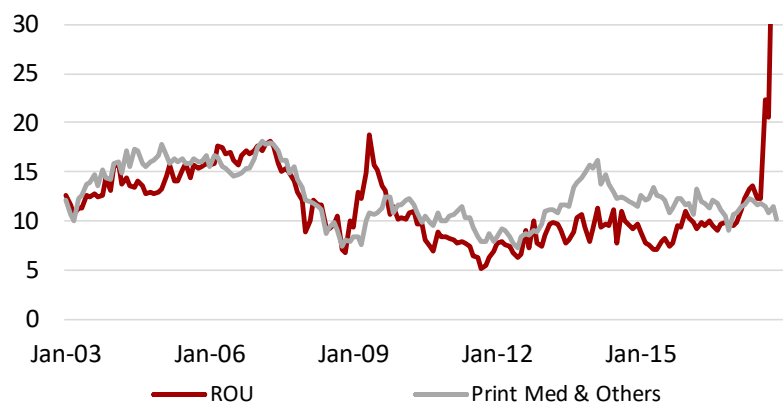




Roularta P/E vs European peers: narrowing discounts



€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	33.7	24.3	17.9
Yield (%)	0.0	0.0	3.2	2.1	0.9	1.2	1.6
Adj. EV/EBIT (x)	na	36.0	9.6	32.7	na	na	na

Source: Merodis Equity Research, Factset
Pricing date: 30/11/2017

Market review and peer benchmarking

4 December 2017

Key monthly insights

The storm is settling down

Consensus estimates and the share price performance of Roularta were under pressure since August. The weak 1H17 results, driven by ad spend weakness and the impact of digital launching costs, resulted in a sharp downwards revision of earning estimates (down 60-70% from the levels of July 2017), which sent the share price down 35% from end-July to end-September. Unlocking hidden value through the disposal, at a generous valuation, of the 50% stake in Mediaaan reversed the share price trend. The share price has since rebounded by close to 50%, back to the level of end-July. Through the disposal of Mediaaan and by acquiring a 50% stake in Mediafin (Belgian leader in daily financial press), Roularta has re-focused its strategy on its core business, Print Media, and is looking to expand its offering to its high-end customer base (events, etc.) and to grow its footprint in digital.

Launching Roularta Digital

Concomitantly, the company recently announced the launch of Roularta Digital, a new unit within Roularta Local Media, containing mainly Digilocal, the company's digital and online activities for Flemish local SMEs. Although this may be merely viewed as a change in name, it underlines, in our view, the strategic efforts of Roularta's local media activities in reaction to the changing media landscape and the shift towards online media. As a reminder, Roularta is a market leader in Flemish local media and free press whose main source of revenue is advertising spend by local SMEs. Ad spend in this area is shifting more and more towards online media. Building on its strong ties with local SMEs, Roularta Digital's offering consists of website/webshop consulting, building and optimisation, backed by its digital media expertise (Belgium's first Google Premier Partner and several times award winner). Although we do not change our estimates on this announcement, we believe it is a necessary step in the right direction to strengthen Roularta's market position in an area of strong potential growth.

Post-transaction valuation assessment

Our fair equity value estimate is almost unchanged at €22.0/share (was €22.1). 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 continue to believe the business does have value, given, among others, Roularta's leading market positions in free newspapers, business and news 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 €200m (70% of its market capitalisation) to boost its digital positioning, although we continue to expect a prudent investment strategy.

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)

Access to our recent research reports on Roularta

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

Company description

Roularta is Belgium's leading media company offering:

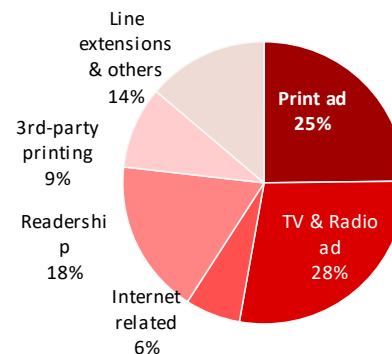
- (1) local weekly free newspapers in Flanders (De Streekkant, De Zondag, Steps),
- (2) audiovisual free-to-air broadcasting in Flanders (market leader) through its 50% ownership of **Medialaan** (VTM, 2BE, QMusic, Joe FM),
- (3) nationwide weekly news and business magazines (Knack, Le Vif L'Express,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

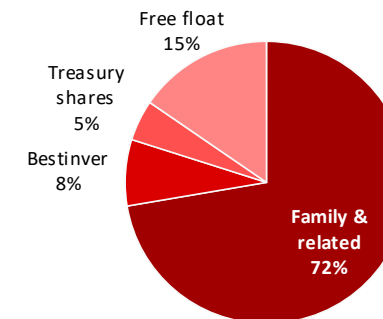
Roularta's consolidated accounts include the full contribution of its print media activity (ad and readers market, ex-Bayard), its internet activity, line extensions and third-party printing. The 50% stakes in Medialaan and **Bayard** are equity-accounted.

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 (closing expected in early 2018). Mediafin, co-owned by Groupe Rossel, publishes Belgium's leading financial dailies, De Tijd and L'Echo.

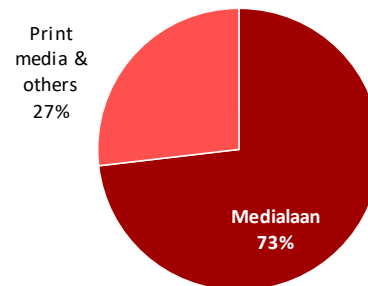
Combined sales breakdown (2016)



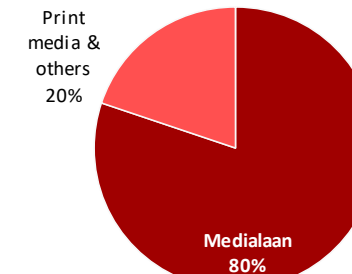
Shareholders



Combined EBIT breakdown (2016)



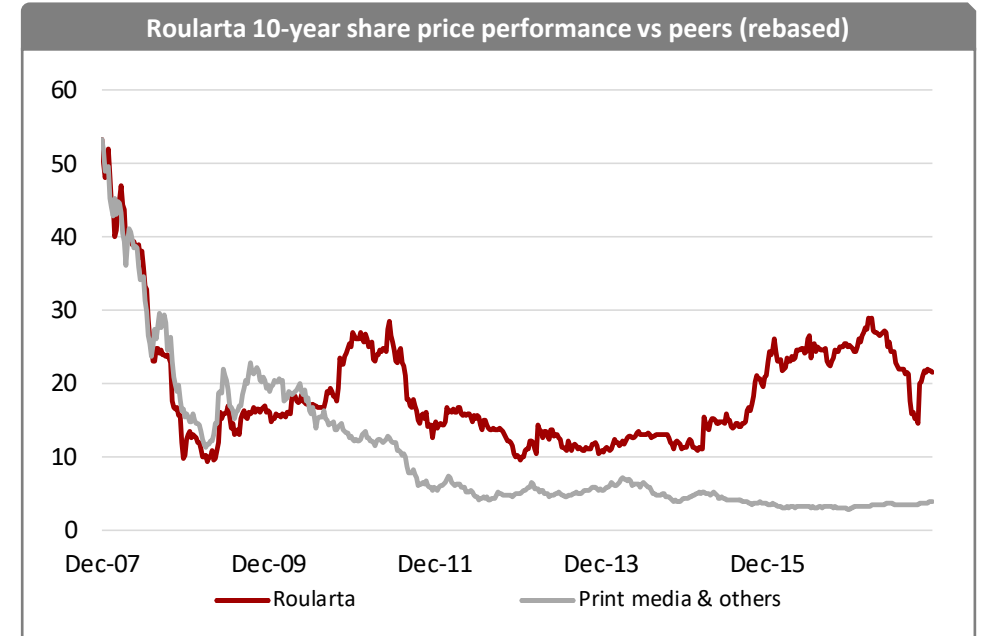
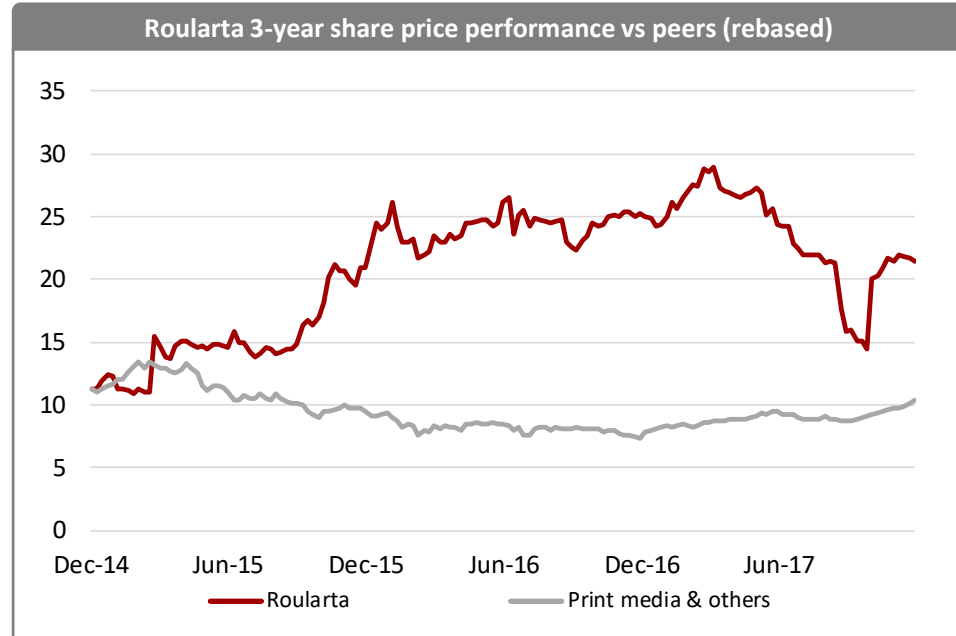
Consolidated net profit breakdown (2016)



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

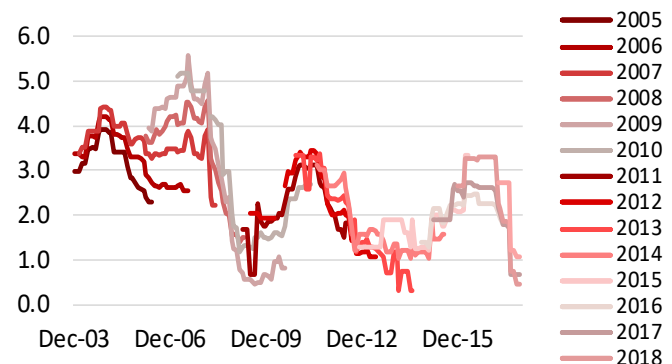
Consensus view

Consensus EPS estimates for Roularta are flat m-o-m, following the downwards revision of the past months, driven mainly by the disposal of the Mediaalaan stake and the acquisition of the Mediafin stake as announced in early October. We have opted to keep our forecasts unchanged until the deal is closed (expected in early 2018). 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 €1.05, 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).

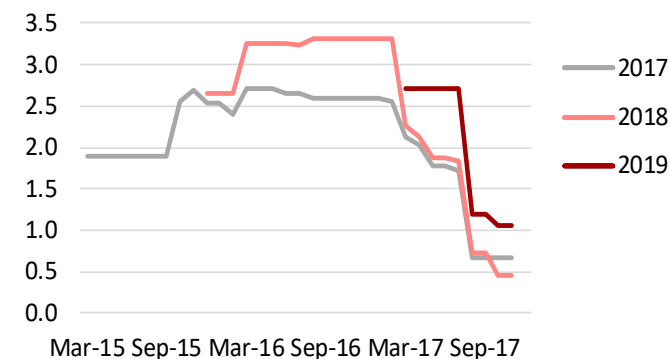
Roularta's share price rebounded sharply after the announced deals on 2 October, which reflects the high disposal price for the 50% stake in Mediaalaan (estimated at €267m or 8.2x EV/EBITDA). The stock is flat from end October following a 47% rise in October and a severe drop in August and September following the weak 1H17 results. YTD, Roularta is down 12% which compares to an 26% rise among Print Media peers. Roularta's share price is down 14% over the last 12 months, also below the Print Media sectors' +40%. The shares' low over the last 12 months is a new €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 price target for Roularta among them is currently €24.

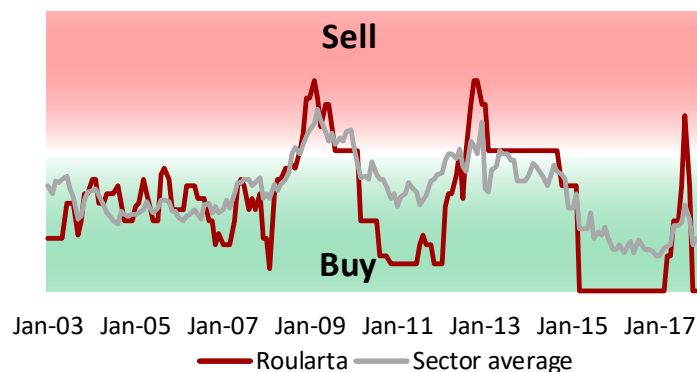
EPS Worms (€/share)



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	-1.0
EBITDA	-22.5	-8.3	-0.8
EBIT	-20.1	-51.2	116.6
EPS (€)	-3.3	99.3	14.6
DPS (€)	-11.1	0.0	-17.6
Net debt	-169.3	-129.6	na

Source: Merodis, Factset

Sector benchmarking analysis

Benchmarking Print Media and TV broadcasting (disposal to be closed in early 2018)

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	0.33		2%																#VALUE!	#N/A	#N/A
Spir	32		14%	3%	12.9	6.0		0.9	2.2		-2.5	-1.2		-1.4	-0.1		-36.7	-4.7				
Solocal	97	3.21	27%	9%	1.7	1.3	0.9	25.0	25.7	27.1	17.1	18.0	19.4	7.8	9.6	6.8				1.4	2.6	-1.3
Gruppo Editoriale L'Esp.																						
Mondadori	47	0.99	34%	0%	1.9	1.5	1.1	8.5	8.7	9.0	5.8	6.0	6.3	2.9	3.0	3.3	10.6	11.2	11.0	11.2	3.4	0.0
RCS	15	0.77	66%	3%	2.4	1.7	1.2	14.8	17.1	17.2	8.9	11.5	11.6	4.5	7.0	7.4	33.9	33.6	27.3		6.5	-1.1
Vocento	51	0.15	31%	2%	1.8	1.4	1.1	8.7	10.0	10.6	4.4	6.1	6.9	1.6	2.9	3.6	3.1	4.6	5.3	37.6	10.1	-0.6
Telegraaf	12	0.02	220%	3%																		
Sanoma	35	1.13	58%	2%	1.4	1.4	1.2	22.7	22.8	23.1	12.4	13.3	13.3	-17.2	9.1	9.4	19.0	24.8	22.2	4.3		-4.8
Connect	98	0.45	33%	1%	1.1	1.0	0.9	4.5	4.4	4.5	3.2	3.3	3.5	2.4	2.0	2.1				3.0	0.3	-0.2
Tarsus	76	0.13	48%	1%	1.7	2.0	0.6	34.9	32.8	35.9	34.3	32.1	35.6							3.8	6.4	4.9
Trinity Mirror	97	0.26	22%	1%	0.1	-0.2	-0.3	22.9	23.7	24.3	19.5	20.0	19.6							-3.0	-2.3	-5.1
Wilmington	88	0.22	130%	1%	1.6	1.3	0.8	21.2	22.3	23.0	19.5	20.4	20.8	10.7	11.7	12.6	43.8	59.1		11.6	10.6	6.2
Independent News	70	0.19	11%	2%	-2.8	-3.4	-4.8	11.0	10.5	8.5	8.3	7.3	6.1	8.1	6.8	6.0	30.9	22.8	14.6	-19.4	-17.1	-5.9
Eniro	96	0.14	-44%	5%																		
Axel Springer	42	9.36	28%	5%	1.9	1.3	0.8	18.6	20.4	21.4	13.7	14.9	16.2	8.1	8.9	9.6	12.3	13.7	15.0	13.3	10.3	2.7
PRINT MEDIA AVERAGE	59	1.24	48%	3%	2.1	1.3	0.3	16.2	16.7	18.6	12.1	12.6	14.5	2.8	6.1	6.8	14.6	20.6	15.9	#VALUE!	#N/A	#N/A
PRINT MEDIA MEDIAN	51	0.29	32%	2%	1.7	1.4	0.9	16.7	18.7	21.4	10.7	12.4	13.3	3.7	6.9	6.8	15.7	18.2	14.8	#VALUE!	#N/A	#N/A
Roularta (combined)	25	0.13	49%	2%	0.9	0.4	0.2	9.2	10.4	11.5	4.6	5.6	5.9	1.8	2.6	3.6	3.8	5.1	6.8	37.2	9.4	-2.1
% prem./(disc.) vs median	-51	-56.3	52.6	1.6	-47.1	-74.2	-75.4	-44.8	-44.4	-46.2	-56.5	-54.8	-55.8	-50.8	-62.4	-47.8	-75.9	-72.2	-54.2	#VALUE!	#N/A	#N/A
Roularta (consolidated)	25	0.13	144%	3%	5.3	2.3	1.4	3.2	4.0	5.0	-1.3	-1.0	-1.6	3.2	4.6	6.6	3.8	5.1	6.8	37.2	18.7	-4.4
% prem./(disc.) vs median	-51	-56.3	348.1	62.6	209.2	67.9	65.3	-80.6	-78.7	-76.7	-112.4	-108.4	-111.9	-13.8	-32.4	-3.1	-75.9	-72.2	-54.2	#VALUE!	#N/A	#N/A
FREE TV																						
TF1	48	3.29	112%	10%	-0.9	-1.0	-1.0	16.2	15.5	17.6	9.0	8.4	10.8	6.3	5.4	7.4	9.0	7.8	9.9	8.4	6.1	1.9
M6	44	2.20	34%	11%	-0.1	-0.1	-0.2	25.7	25.2	25.5	17.4	17.2	17.6	10.8	10.7	10.9	22.7	23.4	22.5	6.2	5.1	5.4
Mediaset	25	14.89	123%	20%	2.4	1.6	1.1	13.5	17.6	21.8	9.8	13.2	17.5	3.2	5.1	7.9	6.2	9.2	11.9	44.1	20.4	-5.3
Mediaset España	47	12.17	50%	21%	-0.5	-0.6	-0.7	25.5	26.3	27.0	24.0	24.9	25.8	18.9	19.6	20.2	19.6	20.9	21.4	5.7	5.6	2.5
Atresmedia	35	5.37	9%	4%	1.0	0.9	0.7	20.0	20.7	21.3	18.2	19.0	19.7	14.1	14.5	15.1	29.1	31.1	31.9	6.5	6.0	2.6
RTL	#VALUE!	0.52			0.4	0.3	0.3	22.0	21.6	21.6	18.8	18.5	18.5	11.9	11.6	11.7	23.4	23.1	22.9	3.3	2.3	3.3
Prosieben	98	48.90	20%	4%	1.6	1.5	1.3	25.4	25.0	25.0	20.4	20.4	20.5	12.8	13.1	13.1	36.7	37.5	37.9	5.6	3.9	4.9
ITV	90	32.07	17%	1%	0.9	0.8	0.6	28.1	27.7	28.3	27.3	26.7	27.2	20.7	20.4	21.1	85.2	83.3	74.1	2.9	2.8	2.5
FREE TV AVERAGE	#VALUE!	14.93	52%	10%	0.6	0.4	0.3	22.0	22.4	23.5	18.1	18.5	19.7	12.3	12.5	13.4	29.0	29.5	29.1	10.3	6.5	2.2
FREE TV MEDIAN	#VALUE!	8.77	34%	10%	0.7	0.6	0.4	23.7	23.3	23.4	18.5	18.7	19.1	12.3	12.3	12.4	23.1	23.2	22.7	6.0	5.4	2.6
Mediaaan (*)			27%	5%	0.0	-0.1	-0.2	17.0	18.5	19.5	12.4	13.9	15.0	8.0	9.1	9.8	12.4	13.7	14.3	11.6	8.2	1.0
% prem./(disc.) vs median			-18.9	-53.4	-99.3	-115.5	-146.7	-28.3	-20.6	-16.6	-33.3	-25.7	-21.7	-35.1	-26.4	-20.8	-46.4	-41.0	-36.8	93.7	52.6	-61.2
PRINTING																						
St Ives	96	0.31	119%	2%	1.6	1.8	0.9	8.6	8.8	9.0	6.9	6.9	7.2	-11.0	3.3	4.3	16.1	18.8	19.4	-0.4	1.5	-0.8
QuadGraphics	86	4.05	67%	2%	2.2	2.1	2.1	11.2	10.6	9.8	5.5	5.2	5.1	2.3	2.1	2.1	6.0	6.4	6.2	8.4	-9.6	-3.2
Dai Nippon Printing	68	16.44	60%	4%	-0.3	-0.3	-0.4	7.1	7.2	7.3	2.7	2.8	2.9	2.0	2.0	2.1	2.7	2.8	2.9	na	na	na
PRINTING AVERAGE	83	6.93	82%	3%	1.1	1.2	0.9	9.0	8.9	8.7	5.0	5.0	5.1	-2.3	2.5	2.8	8.3	9.3	9.5	4.0	-4.1	-2.0
PRINTING MEDIAN	86	4.05	67%	2%	1.6	1.8	0.9	8.6	8.8	9.0	5.5	5.2	5.1	2.0	2.1	2.1	6.0	6.4	6.2	4.0	-4.1	-2.0
Roularta (combined)	25	0.13	49%	2%	0.9	0.4	0.2	9.2	10.4	11.5	4.6	5.6	5.9	1.8	2.6	3.6	3.8	5.1	6.8	37.2	9.4	-2.1
% prem./(disc.) vs median	-71	-96.9	-26.6	-21.5	-44.0	-80.5	-76.6	7.6	18.1	28.4	-16.1	7.8	15.0	-7.2	23.2	69.0	-36.9	-20.8	10.0	832.8	-333.0	2.7

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	0.37	62																		
Spir	FRANCE	3.53	21				0.2	0.2		18.8	8.6				1.8	1.9			0.0	0.0	
Solocal	FRANCE	0.91	527	7.3	7.6	7.1	1.1	1.1	0.9	4.5	4.1	3.5	6.5	5.8	4.9				0.0	0.0	0.0
Gruppo Editoriale L'Esp.																					
Mondadori	ITALY	2.29	597	17.5	15.0	14.1	0.6	0.6	0.6	7.5	7.1	6.3	11.0	10.2	9.1	1.7	1.6	1.5	1.2	1.4	1.9
RCS	ITALY	1.24	640	14.4	10.0	9.1	1.1	1.0	0.9	7.1	5.8	5.3	11.8	8.7	7.9	4.0	2.9	2.2	0.0	0.0	0.0
Vocento	SPAIN	1.46	177	23.1	14.6	12.2	0.6	0.6	0.5	6.7	5.7	5.2	13.3	9.3	8.0	0.7	0.7	0.6	0.0	0.0	0.0
Telegraaf	NETHERLANDS	5.82	270																		
Sanoma	FINLAND	10.55	1,716	14.3	13.2	13.2	1.5	1.6	1.5	6.4	6.9	6.6	11.7	11.8	11.4	3.5	3.1	2.8	3.0	3.8	4.3
Connect	UNITED KINGDOM	1.07	266	6.9	6.7	6.5	0.2	0.2	0.2	4.8	4.8	4.6	6.8	6.2	6.0				9.1	9.3	9.5
Tarsus	UNITED KINGDOM	3.20	362	11.9	17.5	11.1	3.5	4.4	2.9	10.2	13.3	8.1	10.4	13.6	8.2				3.0	3.2	3.4
Trinity Mirror	UNITED KINGDOM	0.69	187	2.0	2.0	2.1	0.3	0.3	0.2	1.4	1.2	1.0	1.7	1.4	1.3				8.4	8.8	9.3
Wilmington	UNITED KINGDOM	2.25	197	11.9	10.4	9.5	2.0	1.8	1.6	9.3	8.1	7.1	10.1	8.8	7.8	6.3	6.0		3.8	4.0	4.0
Independent News	IRELAND	0.09	129	5.1	6.0	7.9	0.1	0.1	0.1	1.2	1.0	1.0	1.6	1.5	1.3	1.5	1.2	1.1	0.0	0.0	0.0
Eniro	SWEDEN	0.09	132																		
Axel Springer	GERMANY	66.31	7,155	25.4	22.4	19.8	2.4	2.3	2.1	13.0	11.2	9.9	17.6	15.3	13.1	3.1	3.1	2.9	2.9	3.1	3.2
PRINT MEDIA AVERAGE				12.7	11.4	10.2	1.1	1.2	1.1	7.6	6.5	5.3	9.3	8.4	7.2	2.8	2.5	1.8	2.6	2.8	3.2
PRINT MEDIA MEDIAN				11.9	10.4	9.5	0.8	0.8	0.9	6.9	6.3	5.3	10.4	8.8	7.9	2.4	2.4	1.8	2.1	2.2	3.2
Roularta (combined)	BELGIUM	21.50	283	33.7	24.3	17.9	0.7	0.7	0.7	7.8	6.6	6.0	15.5	12.3	11.7	1.3	1.2	1.3	0.9	1.2	1.6
% prem./(disc.) vs median				182.0	132.8	87.2	-14.8	-14.3	-24.7	13.1	4.1	12.3	50.1	40.0	48.9	-46.7	-49.6	-31.5	-55.3	-48.3	-49.4
Roularta (consolidated)	BELGIUM	21.50	283	33.7	24.3	17.9	0.7	0.7	0.7	22.1	16.5	13.3	-54.0	-63.2	-42.0	1.3	1.2	1.3	0.9	1.2	1.6
% prem./(disc.) vs median				182.0	132.8	87.2	-15.7	-18.0	-27.3	218.9	159.5	150.1	-621.4	-818.0	-633.0	-46.7	-49.6	-31.5	-55.3	-48.3	-49.4
FREE TV																					
TF1	FRANCE	13.38	2,807	20.4	22.8	17.3	1.2	1.1	1.1	7.3	7.4	6.3	13.1	13.7	10.2	1.8	1.8	1.7	2.9	2.8	3.3
M6	FRANCE	22.10	2,791	19.2	17.5	17.0	2.1	1.9	1.8	8.0	7.4	7.1	11.9	10.8	10.3	4.2	4.0	3.7	4.0	4.2	4.2
Mediaset	ITALY	3.15	3,580	29.3	19.0	14.1	1.3	1.4	1.4	9.9	7.7	6.3	13.7	10.3	7.8	1.8	1.7	1.6	1.6	3.2	4.5
Mediaset España	SPAIN	9.79	3,273	17.0	16.0	15.2	3.2	3.1	3.0	12.5	11.7	11.0	13.2	12.3	11.5	3.4	3.3	3.2	5.6	6.0	6.4
Atresmedia	SPAIN	9.65	2,171	14.8	13.9	13.1	2.3	2.2	2.1	11.5	10.7	10.1	12.6	11.7	10.9	4.4	4.3	4.1	5.7	6.1	6.4
RTL	GERMANY	66.75		13.8	13.4	12.9	1.7	1.6	1.6	7.7	7.5	7.2	9.0	8.8	8.5	3.2	3.0	2.9	6.0	6.1	6.1
Prosieben	GERMANY	26.72	5,733	11.7	11.2	10.5	1.9	1.8	1.7	7.6	7.4	6.9	9.5	9.0	8.4	4.3	4.1	3.9	7.2	7.5	7.9
ITV	UNITED KINGDOM	1.60	6,437	10.2	10.1	9.6	2.4	2.3	2.2	8.4	8.2	7.7	8.6	8.5	8.0	9.1	7.9	6.5	4.9	5.6	6.1
FREE TV AVERAGE				17.0	15.5	13.7	2.0	1.9	1.9	9.1	8.5	7.8	11.4	10.6	9.4	4.0	3.8	3.4	4.7	5.2	5.6
FREE TV MEDIAN				15.9	15.0	13.6	2.0	1.8	1.8	8.2	7.6	7.1	12.2	10.5	9.3	3.8	3.6	3.5	5.3	5.8	6.1
Roularta (combined)	BELGIUM	21.50	283	33.7	24.3	17.9	0.7	0.7	0.7	7.8	6.6	6.0	15.5	12.3	11.7	1.3	1.2	1.3	0.9	1.2	1.6
% prem./(disc.) vs median				111.5	62.2	31.6	-63.8	-62.7	-60.8	-4.4	-13.4	-16.2	27.3	17.1	25.8	-66.1	-67.1	-63.8	-82.3	-80.0	-73.4
PRINTING																					
St Ives	UNITED KINGDOM	0.79	112	5.9	6.1	5.9	0.4	0.5	0.4	5.0	5.2	4.2	6.2	6.6	5.2	1.2	1.1	1.2	2.5	2.5	2.5
QuadGraphics	UNITED STATES	22.51	1,167	12.4	10.7	10.6	0.5	0.5	0.5	4.7	4.8	5.3	9.5	9.9	10.0	0.7	0.7	0.6	5.3	5.3	5.3
Dai Nippon Printing	JAPAN	2,455.00	744,464	26.5	25.4	24.2	0.5	0.5	0.5	7.5	7.2	7.0	19.8	18.6	17.6	0.7	0.7	0.7	2.6	2.6	2.6
PRINTING AVERAGE				14.9	14.1	13.6	0.5	0.5	0.5	5.7	5.7	5.5	11.8	11.7	10.9	0.9	0.8	0.8	3.5	3.5	3.5
PRINTING MEDIAN				12.4	10.7	10.6	0.5	0.5	0.5	5.0	5.2	5.3	9.5	9.9	10.0	0.7	0.7	0.7	2.6	2.6	2.6
Roularta (combined)	BELGIUM	21.50	283	33.7	24.3	17.9	0.7	0.7	0.7	7.8	6.6	6.0	15.5	12.3	11.7	1.3	1.2	1.3	0.9	1.2	1.6
% prem./(disc.) vs median				170.6	126.9	68.7	37.4	34.0	34.5	58.0	28.2	14.1	63.8	24.4	16.9	81.9	69.2	79.7	-64.3	-55.4	-37.6

Source: Merodis, Facts&figures

P/E valuation relative to the sector

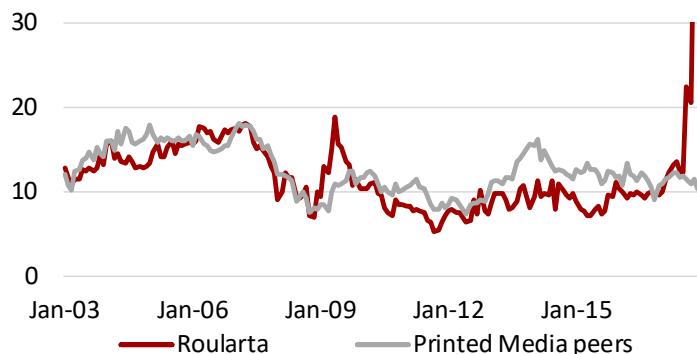
A rerating for the wrong reasons

Valuation

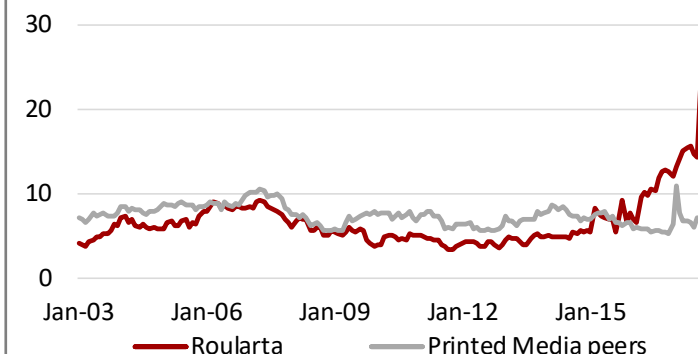
On 2017e consensus EPS estimates, Roularta shares trade at a P/E 12M forward of 47x, a premium of 354% versus Print Media peers in Europe (from 287% in September). As a reminder, Roularta has announced the disposal of its stake in Medialaan, which means the company is now a Print media pure play compared 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 10.2x P/E 12M forward (vs. 11.5x previously) and at 6.9x EV/EBITDA 12M forward (vs. 6.6x previously), which compares to a LT average of 12.5x and 7.4x respectively. The historical valuation range for the sector is 7x-18x (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



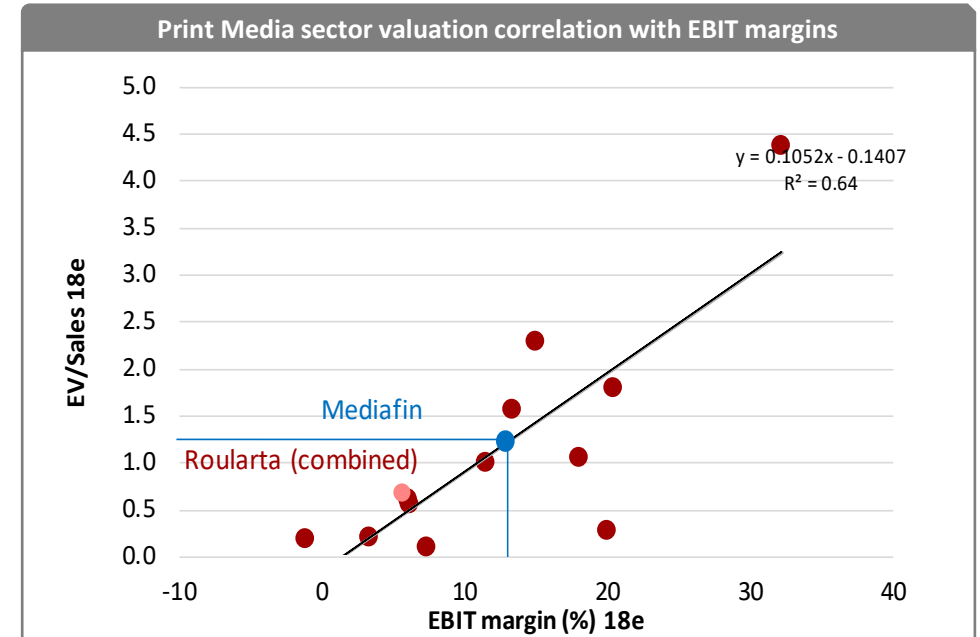
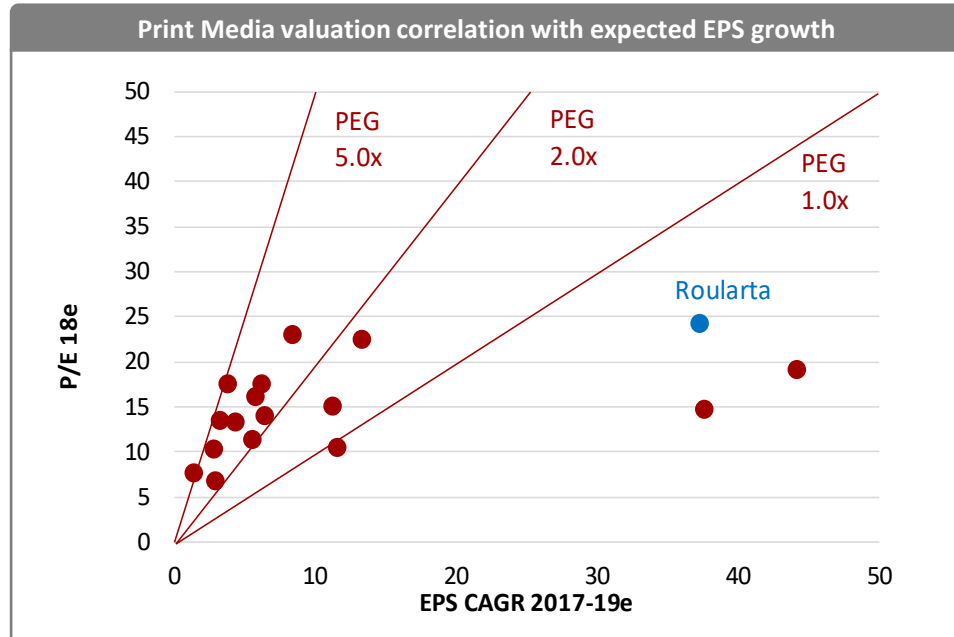
Source: Merodis, Factset

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
Group enterprise value						29.9			29.9
- 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 Mediafin stake	50%					49.7	3.8	21%	49.7
+ Equity value of Bayard stake	50%	5.0	10.0	7.9	-5.3	22.5	1.7	9%	24.7
= Estimated market value of equity						289.7			291.9
Total share outstanding (m)						13.1			13.1
Equity value per share						22.0			22.2

Source: Merodis, Factset

Divisional valuation indicators



Source: Merodis, Factset

Sales growth expectations

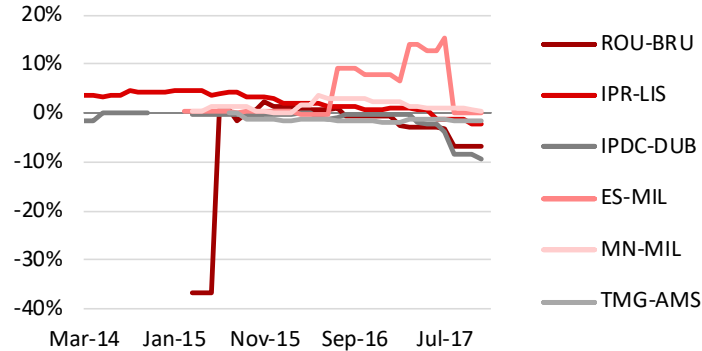
Impacted by cyclical and structural effects

Expected Sales Growth

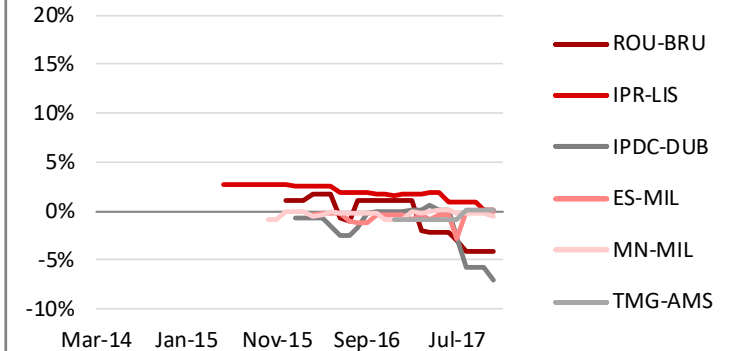
At the end of November, consensus revised its Print Media sector sales growth expectations down for 2017 -3.2% (vs. -2.8% in October). Consensus sales expectations for Roularta in 2017 remain unchanged (-6.7%) following downgrades in August. With respect to 2018 sector sales growth expectations, consensus is lower at -1.9% (vs. -1.5% in October). Consensus sales expectations for Roularta in 2018 are unchanged (-4.1%). *As a reminder the recently-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.

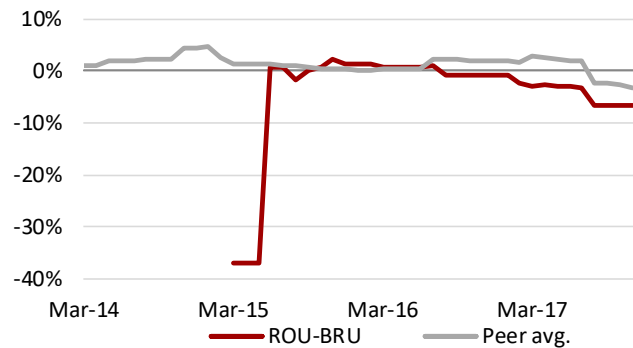
2017 expected sales growth (%)



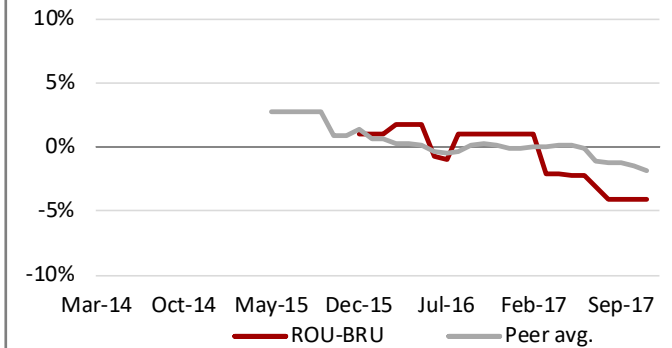
2018 expected sales growth (%)



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

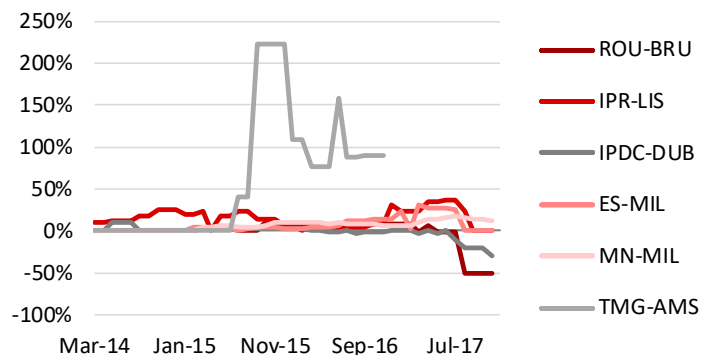
During the month of November, the expected annual EBITDA growth by the analyst community in 2017e for Roularta remains unchanged at -50%, while consensus expects -0.5% EBITDA growth in 2018e (unchanged). Margin expectations remain below the sector average for both years.

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

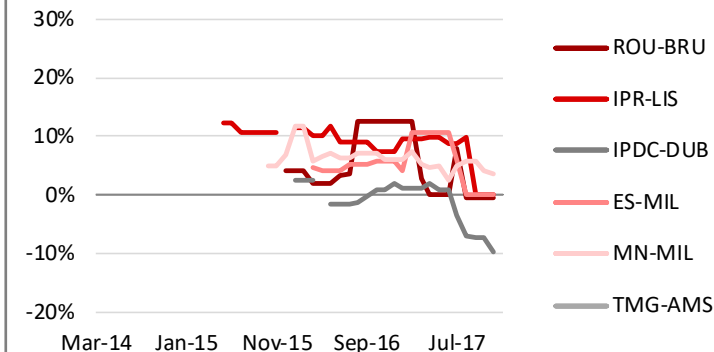
In Roularta's specific case, its reported EBITDA margin (as reflected by Factset consensus) is positively influenced by the IFRS 11 treatment of its 50% stake in Mediaalaan, whereby 50% of Mediaalaan's net profit is accounted for in Roularta's EBITDA and EBIT, but where its sales are not accounted for 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. We will reflect these impacts at the closing of the deals expected in early 2018.

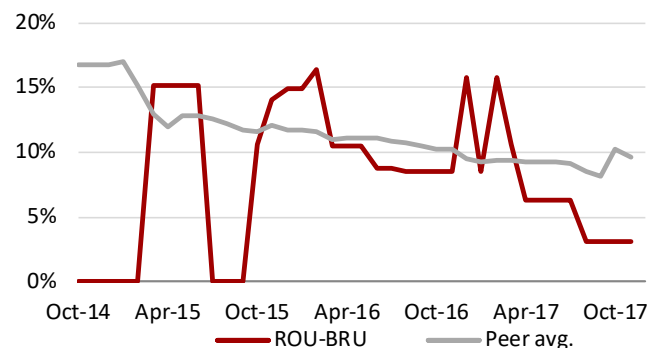
2017 expected EBITDA growth (%)



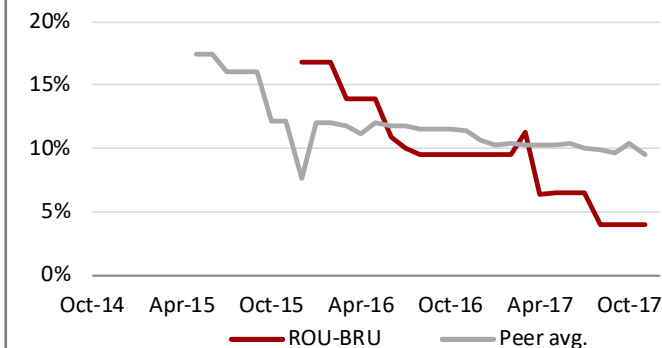
2018 expected EBITDA growth (%)



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 Mediaalaan/Mediafin swap could impact the dividend strategy

Dividend payout

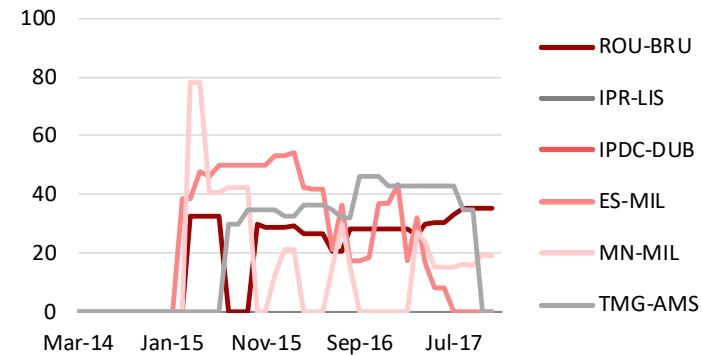
In 2016, Roularta paid a dividend of €0.50 per share, which represents a cash outlay of €6.2m and a payout ratio of 9.7% on the reported EPS (20% of the normalised EPS). The 2016 proposed dividend is flat, at €0.50, while we were forecasting €0.75 on higher expected results. The payout for 2016 is at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

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.

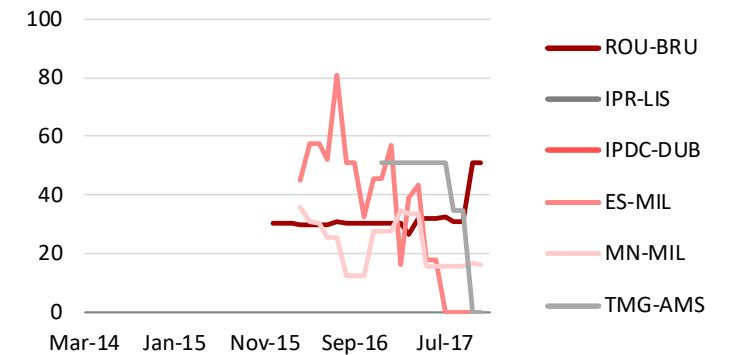
Consensus currently expects Roularta to pay out 35% of its earnings in 2017e (DPS of €0.23 vs MERe €0.20), which is unchanged from the previous month. The expected payout for 2018e has increased to 50% (unchanged), which is probably due to the EPS downgrade resulting from the recently-announced transactions 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. Mediaalaan. 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).

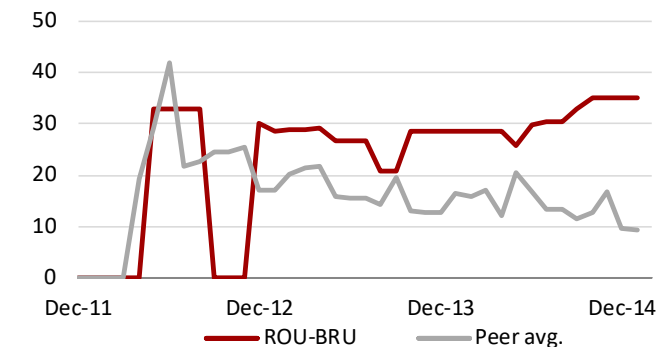
2016 expected Payout, Sector



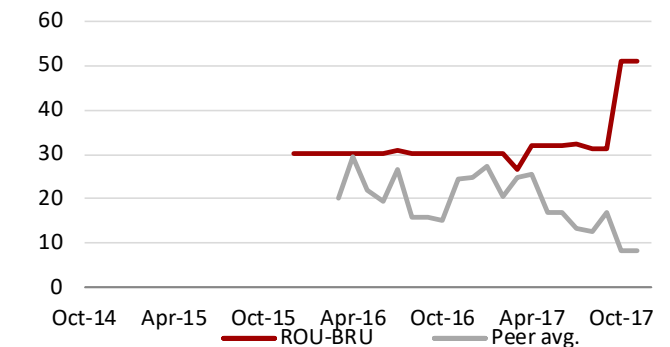
2017 expected Payout, Sector



2016 expected payout, Roularta vs. Peers



2017 expected payout, Roularta vs. Peers



Source: Merodis, Factset

Leverage expectations

No issue post-transaction

Net-debt-to-EBITDA

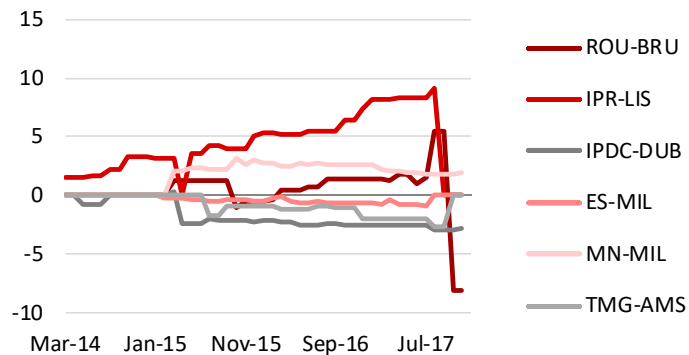
The level of expected financial leverage in the Media Sector was high in 2011 and 2012 and again in 2014 (where it exceeded 2.2x), but trended down since then to reach, on average, an aggregated net cash position which reflects stringent cost control. Roularta's ratio has exceeded 2x only during 2014 and is now expected to reach a net cash position of €173m following the recent transactions.

At the end of November, consensus expects Roularta's net-debt-to-EBITDA ratio at -8.1x for 2017e (unchanged), reflecting a net cash position, (from a net-debt-to-EBITDA of 5.5x in September). 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 Medialaan'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.

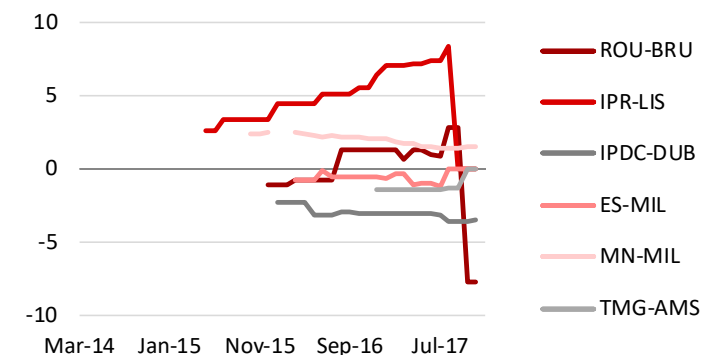
For 2018e, the analyst community expects Roularta's Net-Debt-to-EBITDA ratio to drop to reach -7.7x (unchanged from October but vs 2.8x in September), which compares to a ratio of -1.0x for the sector.

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), compared to a reported net debt position of €57m at the end of 2016.

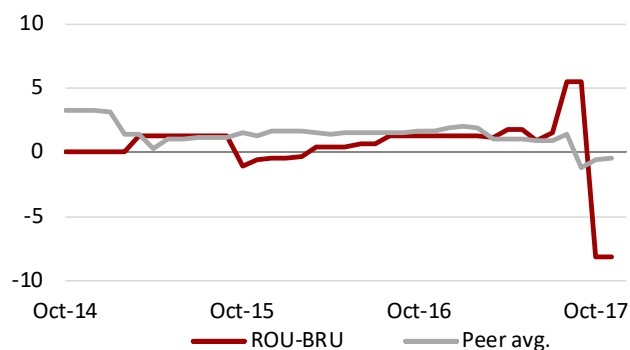
2016 NFD/EBITDA, sector



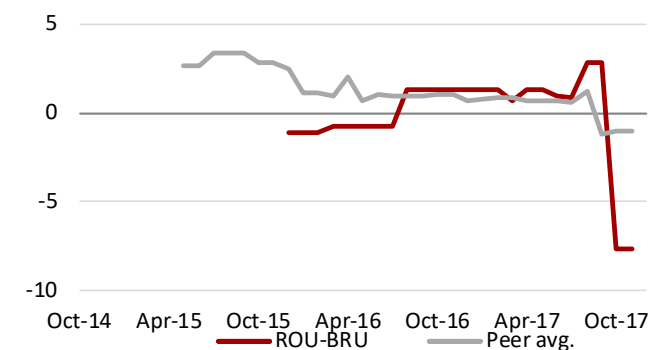
2017 NFD/EBITDA, sector



2016 NFD/EBITDA, Roularta vs. Peers

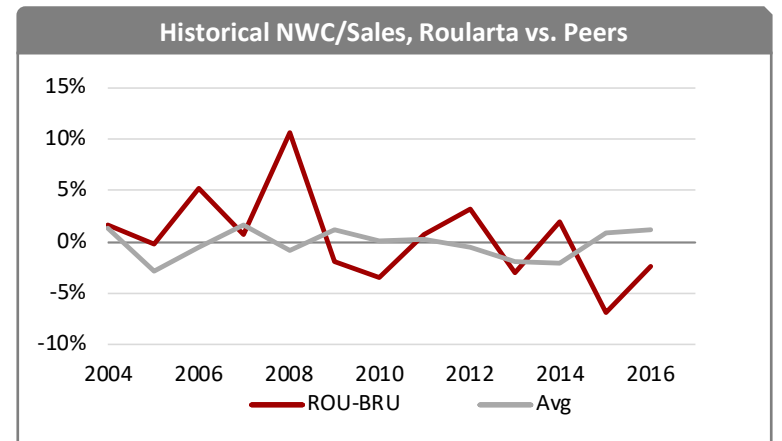
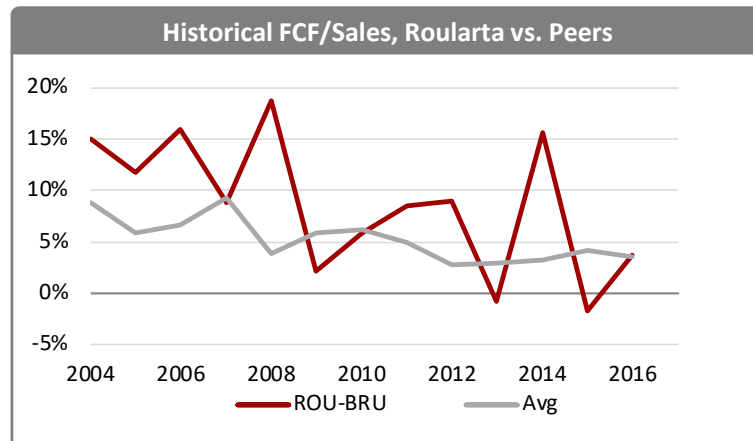
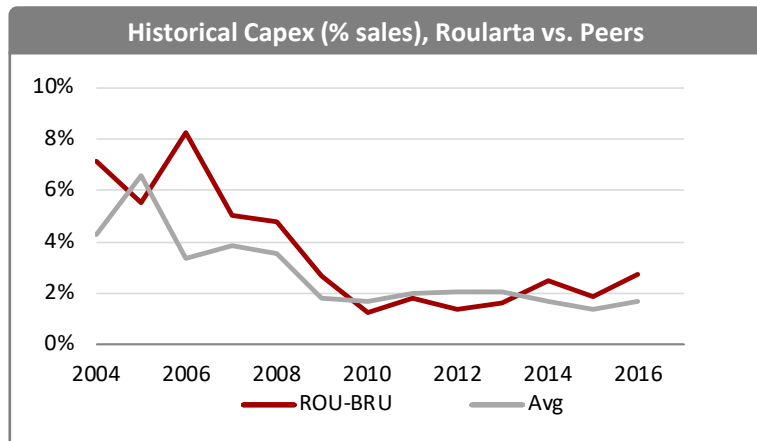
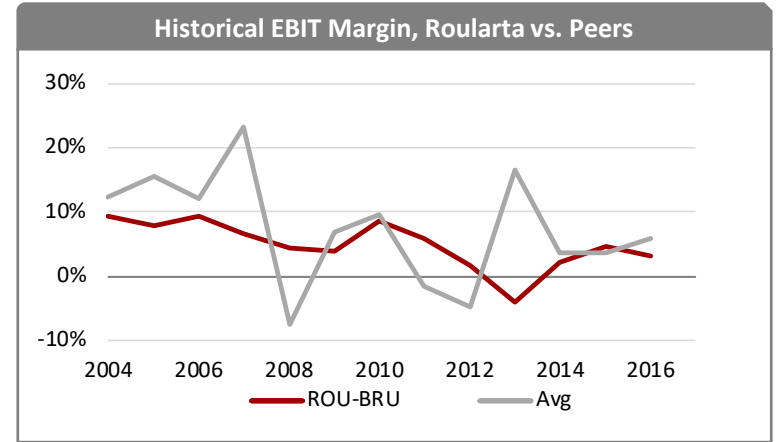
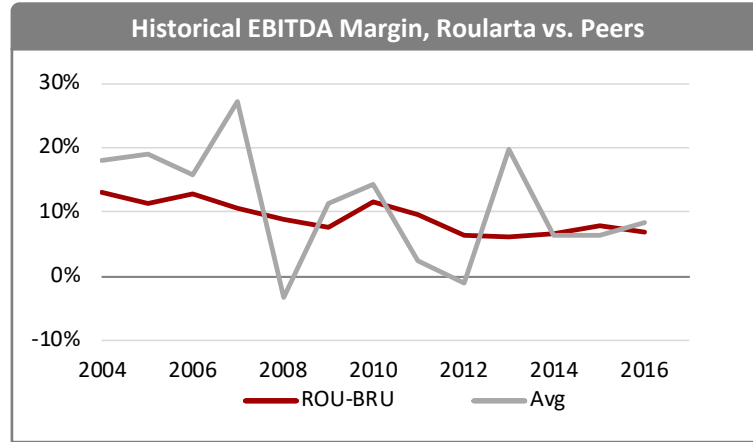
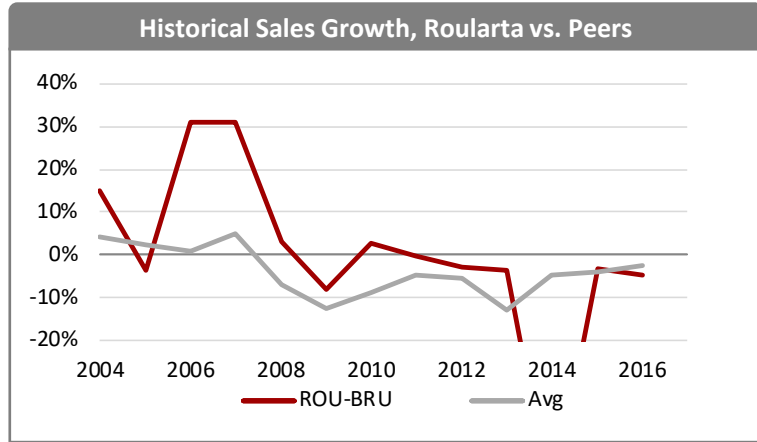


2017 NFD/EBITDA, Roularta vs. Peers



Source: Merodis, Factset

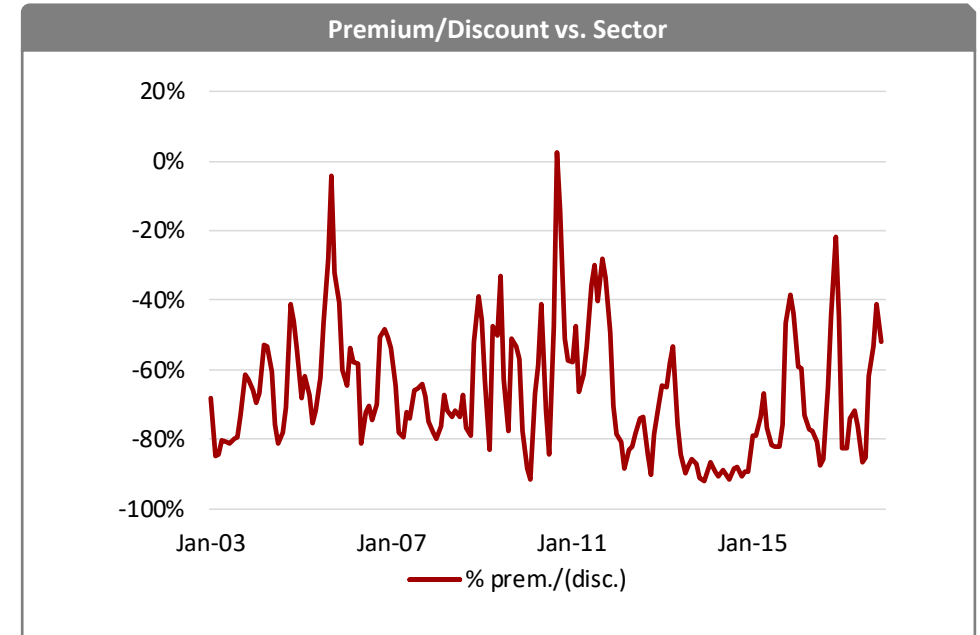
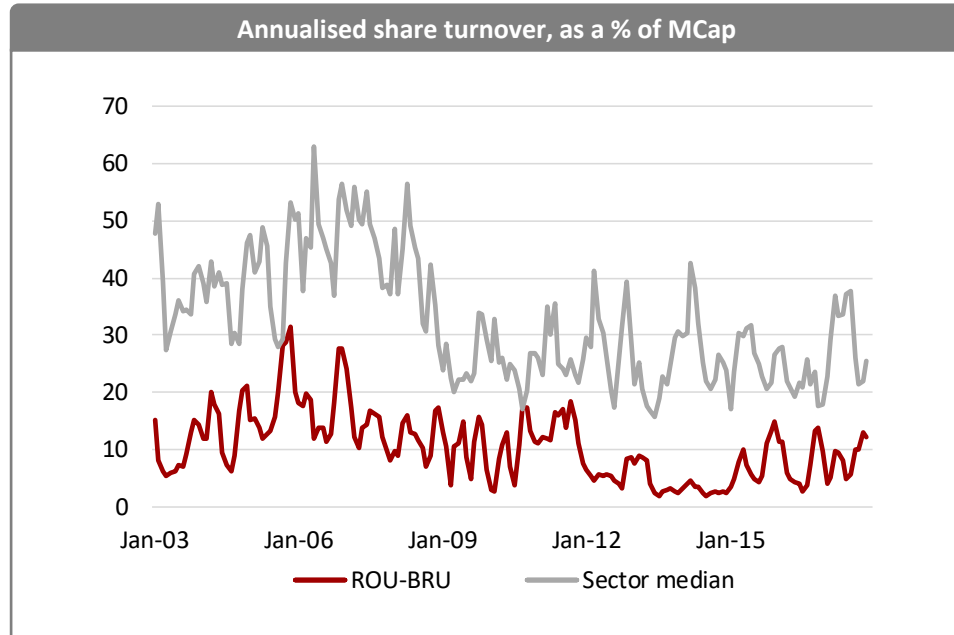
Historical P&L, CF and Balance Sheet Performance



Source: Merodis, Factset

Share liquidity

Well-below peers



Source: Merodis, Factset

Financial summary

Enterprise Value (€m): 219
Market Cap. (€m): 283
Free-float MCap (€m): 71

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017e	2018e	2019e	CAGR	CAGR
Consolidated P&L (€m)	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017e	2018e	2019e	05-16	17-19e
Sales	493	609	767	782	707	712	731	712	677	300	292	279	260	248	237	-5.1	-4.4
EBITDA	56	78	81	70	53	82	70	45	42	20	18	16	8	10	12	-10.7	18.7
EBIT	39	51	50	33	10	57	36	5	-49	4	12	7	-3	-3	-4	-14.7	4.7
Pretax profit	37	49	36	18	-3	51	28	-4	-57	-3	7	2	-8	-7	-5	-23.3	-24.1
Net profit	22	25	16	14	-4	31	15	-3	-58	-142	64	21	8	12	16	-0.4	37.2
Combined P&L (€m)	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017e	2018e	2019e		
Sales	491	477	471	476	458	448	439									05-16	17-19e
EBITDA	46	48	55	53	42	47	51									-2.1	9.4
EBIT	23	33	42	36	21	25	26									10.2	10.2
Pretax profit	16	26	37	31	16	20	25									23.7	23.7
Net profit	-58	-142	64	21	8	12	16									36.8	36.8
Cash Flow (€m)	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017e	2018e	2019e		
Adj. EBITDA	56	72	80	67	36	77	63	39	21	17	15	16	8	10	12	-10.7	18.7
WCR	-1	22	4	62	-10	-19	4	17	-16	4	-17	-8	-4	-1	-1	22.6	-46.7
Gross Op CF	55	95	84	129	26	58	66	56	5	21	-3	8	5	9	11	-16.3	52.3
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	3	8	9	-17.1	67.1
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	-3	-3	-1.4	-29.3
Equity issue	-1	51	-13	28	2	0	-3	0	0	0	0	0	0	0	0	na	na
Other	-43	-29	-2	-17	-12	0	-16	-19	2	-41	-6	3	0	0	0	na	na
Net Debt (incr./decr.)	-28	-182	-24	81	39	15	22	20	-7	-6	18	13	22	5		na	-34.5
Balance Sheet (€m)	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017e	2018e	2019e		
WC	39	17	13	-49	-39	-20	-24	-41	-25	-51	-21	-13	-9	-8	-23	na	58.3
Capital Employed	296	660	689	640	584	602	581	549	511	221	298	295	278	275	258	-0.1	-3.7
Discontinued Assets	0	0	0	0	0	0	0	0	0	152	0	0	0	0	0	na	na
Cash & Equivalent	35	42	32	110	72	44	35	79	51	34	39	51	63	5	11	3.4	-58.6
Gross Debt	75	263	278	275	198	155	124	148	127	116	114	108	108	28	28	3.4	-49.0
Equity	216	285	284	318	312	345	351	345	287	143	208	222	218	237	225	0.3	1.6
Growth (%)	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017e	2018e	2019e		
Sales	-3	31	31	3	-8	3	0	-3	-3	-3	-58	1	-4	-6	-4	-4	-4
EBITDA	-14	40	4	-14	-24	54	-15	-35	-6	-54	-8	-10	-48	18	19	na	na
EBIT	-17	48	-11	-31	-23	131	-32	-73	na	na	139	-58	na	na	na	na	na
Net profit	-23	10	-36	-14	na	na	-50	na	na	na	na	-67	-61	39	36	na	na
FCF	68	-51	-36	491	na	na	92	-6	na	na	-100	18859	-40	173	2	na	na
NWC	2	-57	-24	na	-20	-49	19	72	-38	99	-58	-39	-29	-12	186	na	na
Capital Employed	25	123	4	-7	-9	3	-4	-5	-7	-57	35	-1	-6	-1	-6	-6	-6
Shareholder Equity	8	32	0	12	-2	11	2	-2	-17	-50	45	7	-2	8	-5	-5	-5
Financial Ratios	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017e	2018e	2019e		
Gross margin (%)	67	71	74	75	76	78	76	75	76	72	75	76	76	76	76	76	76
EBITDA margin (%)	11	13	11	9	8	12	10	6	6	7	6	6	3	4	5	5	5
EBIT margin (%)	8	9	7	4	4	9	6	2	-4	2	5	2	-1	-1	-2	-2	-2
Net margin (%)	5	4	2	2	-1	4	2	0	-9	-47	22	8	3	5	7	7	7
Opex/Sales (%)	90	87	89	92	92	88	91	94	94	94	92	94	96	96	95	95	95
Depreciation/Sales (%)	3	3	3	3	3	2	2	2	2	3	3	4	5	5	7	7	7
Depreciation/EBITDA (%)	30	25	29	37	42	22	22	34	41	45	52	63	144	126	132	132	132
Tax rate (%)	40	48	55	31	-84	37	43	28	-3	-89	-671	-4	0	0	0	0	0
Capex/Sales (%)	0	8	5	5	3	1	0	1	1	2	2	3	3	3	6	6	6
FCF/Sales (%)	8	3	2	9	-1	3	6	6	-1	9	0	2	1	3	4	4	4
WCR/Sales (%)	0	4	1	8	-1	-3	1	2	-2	1	-6	-3	-1	0	0	0	0
WCR/Sales (%)	8	3	2	-6	-6	-3	-3	-6	-4	-17	-7	-5	-4	-3	-10	-10	-10
Capital Employed/Sales (%)	60	108	90	82	83	85	77	75	74	102	106	107	111	109	109	109	109
Gearing (%)	17	74	83	50	39	31	25	19	26	56	36	26	20	10	8	8	8
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	5.3	2.3	1.4	1.4	1.4
ROCE post-tax (%)	9	6	3	3	3	6	3	1	6	8	32	8	4	5	6	6	6
ROE (%)	11	10	6	5	-1	9	4	-1	-18	-66	37	10	4	5	7	7	7
Dividend Payout (%)	33	33	52	0	0	22	30	0	0	0	10	30	31	28	29	29	29
Valuation	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017e	2018e	2019e		
Market Capitalisation (€m)	517	579	669	393	184	248	275	185	155	162	208	319	283	283	283	-4.3	0.0
+ Net Financial Debt (€)	40	222	246	165	127	111	89	70	76	82	76	57	45	23	17	3.3	-37.9
+ Restated Min. + others (€m)	36	38	38	22	15	17	16	14	35	20	10	10	10	9	10	-11.0	-0.4
- 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	186	164	158	-8.4	-7.7
Assoc. NFD (gr. share) (€m)	0	0	0	0	0	0	0	0	0	0	-6	-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	0.7	0.7	0.7	0.7
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	22.1	16.5	13.3	13.3	13.3
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	-54.0	-63.2	-42.0	-42.0	-42.0
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	60.1	19.4	18.3	18.3	18.3
EV/Capital Employed (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	33.7	24.3	17.9	17.9	17.9
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	1.3	1.2	1.3	1.3	1.3
P/BVPS (x)	7.7	3.4	1.9	18.9	-4.6	9.8	16.9	23.7	-6.5	16.4	0.0	1.6	1.1	3.0	3.1	3.1	3.1
Per share data	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017e	2018e	2019e		
# of shares	996	1101	1104	1313	1313	1313	1314	1314	1314	1314	1314	1314	1314	1314	1314	1314	1314
# of avg sh. (FD, ex-treas.)	992	1096	1103	1326	1342	1342	1321	1318	1305	1297	1307	1303	1303	1303	1303	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	21.50	21.50	21.50	-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	0.64	0.89	1.20	-2.9	37.2
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	0.64	0.89	1.20	-2.2	1.6
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	16.62	18.03	17.16	-2.2	1.6
DPS	0.75	0.75	0.75	0.00	0.00	0.50	0.35	0.00	0.00	0.00	0.50	0.90	0.20	0.25	0.35	-3.6	32.3

Source: Company data, Merodis Equity Research

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