



Table of the month (deal recap.)

Valuation analysis		Assumptions/comments
Roularta's net proceeds (€m)	217.5	As reported by the company
Mediafin estimated EV/EBITDA	7.2x	Sector EV/EBITDA in Oct-17
Mediafin estimated acquisition value for 50% (€m)	50	EBITDA of €12m, €13m net cash
Medialaan implied disposal value for 50% (€m)	267	20-45% premium to our latest estimated value
Medialaan implied EV/EBITDA	8.2x	2016 EBITDA €66m, Net debt €5m

€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	22.8	16.5	12.1
Yield (%)	0.0	0.0	3.2	2.1	1.4	1.7	2.4
Adj. EV/EBIT (x)	na	36.0	9.6	32.7	na	na	na

Source: Merodis Equity Research, Factset
Pricing date: 30/09/2017

Market review and peer benchmarking

4 October 2017

Key monthly insights

Transformational deal, returning full focus to the core business

Roularta announced a transformational deal on 2 October, with the disposal of its 50% stake in Medialaan (market leading TV broadcaster, with sales of €345m and EBITDA margins of 19%) to De Persgroep, a Belgian media company, and, simultaneously, the acquisition of a 50% stake in Mediafin (market leading financial newspapers with sales of €56m and EBITDA margin of 21%) from the same party. Roularta is not merely swapping two JV's with De Persgroep; the deal shifts the value driver from TV Broadcasting to Print Media, Roularta's core business. The €217.5 net cash proceeds for Roularta implies an EV/EBITDA of 8.2x for Medialaan stake (€267m), assuming an acquisition price of €50m for the Mediafin stake (7.2x EV/EBITDA). We suspect that Roularta sold Medialaan to De Persgroep with a control premium attached, while acquiring Mediafin without such a premium (Groupe Rossel is the other 50% owner). The deal should close by early 2018 following review of the competition authorities (hence our unchanged estimates).

Deal rationale, business profile and financial impact

We expect Roularta's equity story to change radically with a profile shifting from a diversified Belgian media company whose core business was Print Media, but whose main value driver was TV Broadcasting via a 50% stake in Medialaan, to a leader in Belgian Print Media, focused on the high-end audience and involved in magazines, newspapers, free-sheets and, increasingly, digital. The acquisition of Mediafin strengthens Roularta's focus on content (and derived services) aimed at the same high-end readership, with a strong digital penetration. In fact, we also see much more synergy potential with Mediafin than there ever would be with Medialaan which, nevertheless, turned out to be a fantastic investment opportunity for Roularta as we highlighted since the launch of our coverage in 2015. In financial terms, besides the deleveraged balance sheet (est. net cash of €173m), Roularta has swapped €12m of annual dividend income from the Medialaan stake with the stake in Mediafin which we expect to deliver around €2m in dividends to Roularta, assuming a 100% payout. The cash pile, however, is very likely to dilute earnings until investments are made.

Post-transaction valuation assessment

Our fair equity value estimate rises to €22.1/share, up from €15.9 resulting from the premium valuation extracted from the disposal of the Medialaan stake. Our SOTP model includes the estimated acquisition value of the Mediafin stake and the net cash proceeds. Otherwise, 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 has 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 in excess of €200m, including potential leverage, to boost its digital positioning, although we continue to expect a prudent investment strategy.

Merodis
Equity Research

Arnaud W. Goossens
ago@merodis.com

Please refer to important disclosures at the end of this report

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](#)
- ➔ ["August 2017 market review" \(monthly dashboard\), 4 September 2017](#)

Company description

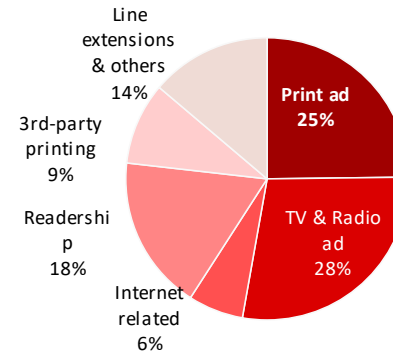
Roularta is Belgium's leading media company offering:

- (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).

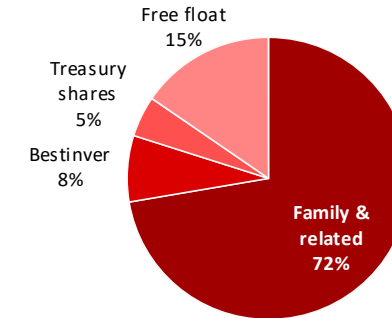
Combined group sales are almost entirely generated in Belgium through: (1) TV and radio advertising (28% of group), (2) print media advertising (26%), (3) readers market including subscriptions (21%), (4) third-party printing (9%) and (5) other sources of revenues including line extensions, rights and 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. In 2016, Medialaan's contribution weighed 73% of combined EBIT and 80% of the group's net profit. We have not yet reflected the announced disposal of the 50% Medialaan stake and the simultaneous acquisition of the 50% Mediafin stake as we expect the closing of the deal in early 2018. Mediafin is the publisher of Belgium's leading financial newspapers De Tijd and L'Echo.

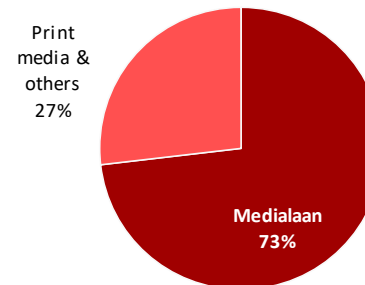
Combined sales breakdown (2016)



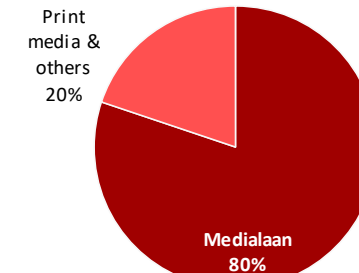
Shareholders



Combined EBIT breakdown (2016)



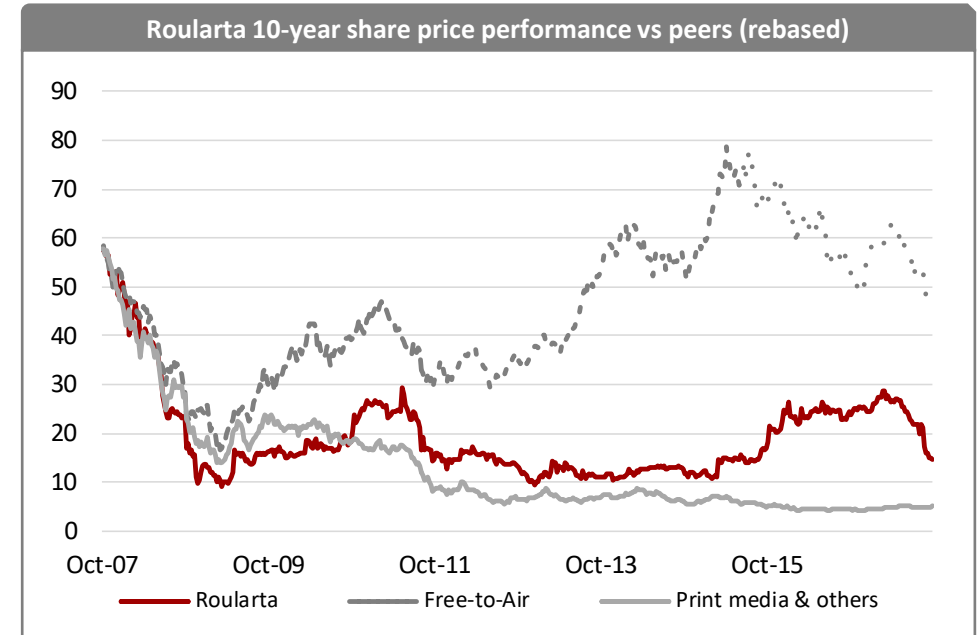
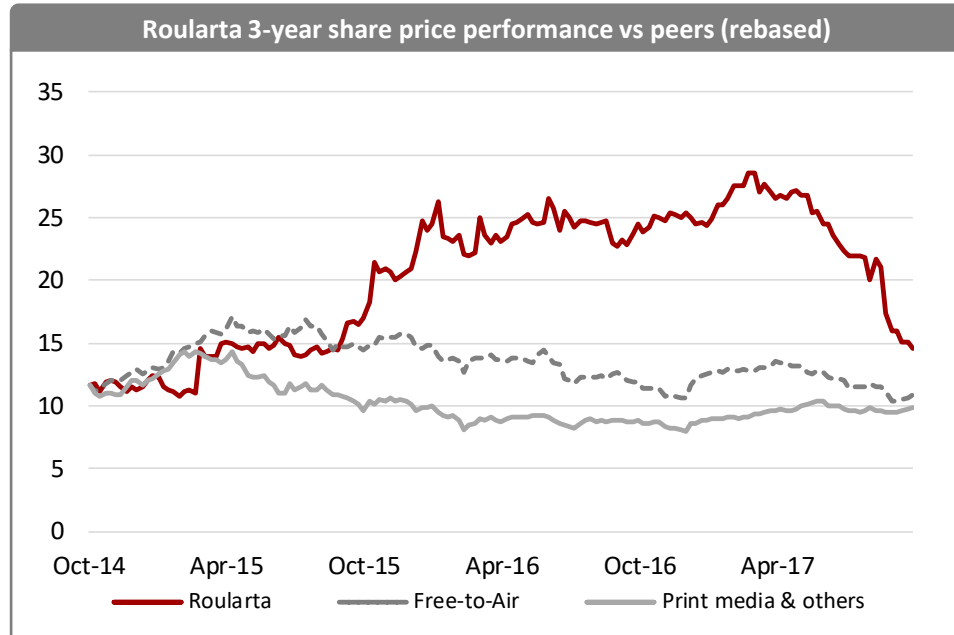
Consolidated net profit breakdown (2016)



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

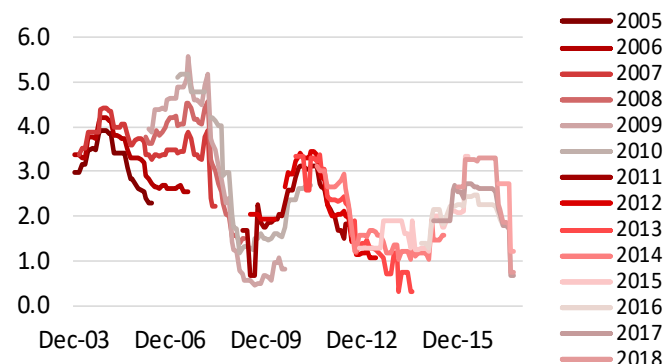
Consensus EPS estimates for Roularta are unchanged in September following the sharp fall after the weak 1H17 results reported on 21 August, reflecting the weakness in ad spend in Print Media and in TV, and the consequent margin pressure.

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 €0.73 vs. our forecast of €0.89. 2019e consensus EPS estimates available on Factset are at €1.20, in line with our forecast and 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).

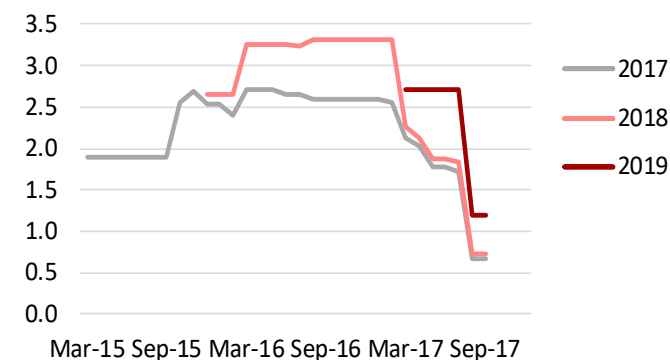
Roularta's share price suffered dearly from the weak results and subsequent downgrades, with the stock still down 7.7% in September (excluding the 40% share price increase to €20.45 on the day of announcement, ie. 2 October) following the 28% decline in August. In contrast, the media sector performed positively in August. Roularta's share price is down 40% over the last 12 months, also below the Print Media sectors' +11.5%, and weaker than the Free TV sector's performance of -9%. The shares' low over the last 12 months is a new €14.48 (27 September 2017, two days before the transaction announcement date), 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 and Underweight respectively. The highest price target for Roularta among them is currently €24.

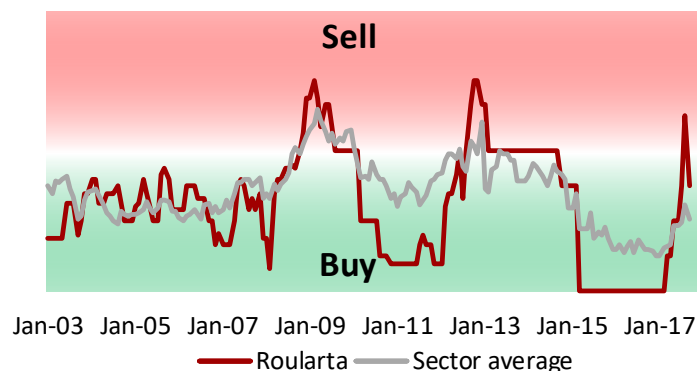
EPS Worms (€/share)



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	0.2
EBITDA	-22.5	-8.3	-1.1
EBIT	-20.1	-51.2	-5.7
EPS (€)	-3.3	21.8	0.2
DPS (€)	-11.1	0.0	0.0
Net debt	1.9	-19.9	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	0.30		2%																#VALUE!	#N/A	#N/A
Spir	29		14%	3%	12.9	6.0		0.9	2.2		-2.5	-1.2		-1.4	-0.1		-36.7	-4.7				
Solocal	100	3.77	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				-0.7	1.6	-0.6
Gruppo Editoriale L'Esp.																						
Mondadori	47	0.59	34%	0%	1.9	1.4	1.0	8.5	9.0	9.2	5.9	6.3	6.5	2.9	3.0	3.3	12.3	15.2	14.5	12.4	4.0	0.1
RCS	16	1.15	66%	3%	2.5	1.8	1.2	14.5	16.7	17.1	8.6	11.3	11.8	4.3	6.9	7.6	33.4	33.6	27.4		8.7	0.0
Vocento	51	0.26	31%	2%	1.6	1.3	1.0	11.0	11.7	11.5	6.2	7.1	8.6	2.8	3.6	4.6	4.8	5.8	6.7	24.5	1.4	-0.8
Telegraaf	12	0.06	220%	3%	-2.7	-1.3		3.7	8.2		5.7	5.4		3.9	3.8		3.3	9.4				
Sanoma	35	0.96	58%	2%	-5.2	24.8	23.3	7.4	12.4	12.4	-16.8	8.5	8.7	16.4	23.4	21.1	16.4	23.4	21.1	9.2		-4.1
Connect	98	0.51	33%	1%	1.2	1.2	1.0	4.1	4.1	4.3	3.1	3.2	3.3	1.7	1.9	2.0	329.1	344.5	320.6	2.1	0.6	-1.8
Tarsus	76	0.19	48%	1%	1.8	2.3	1.2	34.5	32.3	34.6	32.9	30.3	33.1	19.1	14.1	20.0		27.6	42.0	3.8	5.1	4.9
Trinity Mirror	97	0.20	22%	1%	0.1	-0.3	-0.6	23.0	23.4	24.2	19.4	19.9	19.1							-2.4	-2.1	-4.6
Wilmington	88	0.42	130%	1%	1.6	1.2	0.8	21.2	22.5	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	0.17	11%	2%	-3.0	-3.8	-4.7	11.9	11.6	10.7	10.1	9.7	8.9	9.5	8.6	7.9	34.3	24.5	17.2	-13.5	-10.3	-5.6
Eniro	96	0.11	-44%	5%																		
Axel Springer	42	8.87	28%	5%	2.0	1.3	0.9	18.6	19.6	20.2	13.4	14.4	15.0	7.7	8.4	9.0	12.3	13.3	14.2	10.9	8.1	3.8
PRINT MEDIA AVERAGE	60	1.26	48%	3%	1.8	1.1	0.3	13.3	16.4	18.7	11.4	12.2	14.4	4.4	6.7	8.6	45.3	50.1	58.0	#VALUE!	#N/A	#N/A
PRINT MEDIA MEDIAN	51	0.36	32%	2%	1.7	1.3	1.0	11.9	16.7	20.2	8.6	11.3	12.4	4.1	7.7	8.3	14.3	23.4	19.1	#VALUE!	#N/A	#N/A
Roularta (combined)	25	0.10	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	-73.2	52.6	1.6	-45.2	-72.5	-78.5	-22.4	-37.6	-42.8	-46.2	-50.7	-52.6	-55.9	-66.4	-57.1	-73.7	-78.3	-64.6	#VALUE!	#N/A	#N/A
Roularta (consolidated)	25	0.10	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	-73.2	348.1	62.6	220.2	78.8	44.8	-72.8	-76.0	-75.2	-115.3	-109.2	-112.8	-22.7	-39.5	-20.4	-73.7	-78.3	-64.6	#VALUE!	#N/A	#N/A
FREE TV																						
TF1	48	2.99	112%	10%	-0.8	-0.9	-0.9	16.1	15.4	17.8	9.0	8.3	10.7	6.0	5.2	7.4	8.7	7.7	9.9	10.4	6.9	1.9
M6	44	2.44	34%	11%	-0.1	-0.2	-0.3	25.9	25.8	25.8	17.4	17.4	17.4	10.8	10.8	10.7	22.7	23.2	22.1	4.7	4.2	4.6
Mediaset	25	13.41	123%	20%	2.0	1.3	0.9	14.0	19.6	22.6	10.4	15.0	18.3	3.8	6.5	8.5	7.0	11.6	13.0	41.1	20.0	-5.4
Mediaset España	47	16.98	50%	21%	-0.6	-0.6	-0.7	25.3	26.3	27.2	23.9	24.9	25.7	18.9	19.7	20.3	19.5	20.8	21.5	6.8	6.3	2.7
Atresmedia	35	5.09	9%	4%	1.0	0.8	0.7	20.3	21.2	22.0	18.6	19.5	20.2	14.2	14.9	15.4	29.4	31.6	32.4	7.4	7.2	2.9
RTL	24	0.51	16%	4%	0.3	0.3	0.2	21.6	21.5	21.5	18.6	18.5	18.5	11.8	11.6	11.7	23.4	23.0	24.0	3.4	3.1	3.3
Prosieben	98	44.96	20%	4%	1.5	1.3	1.2	25.0	25.0	24.8	20.3	20.5	20.4	12.7	13.1	13.1	37.6	37.7	37.4	5.9	4.9	5.4
ITV	90	31.45	17%	1%	0.9	0.7	0.5	28.1	27.9	28.6	25.5	25.1	25.6	20.2	19.8	20.2	82.2	79.5	70.8	4.0	3.5	2.6
FREE TV AVERAGE	51	14.73	48%	9%	0.5	0.3	0.2	22.1	22.9	23.8	17.9	18.6	19.6	12.3	12.7	13.4	28.8	29.4	28.9	10.5	7.0	2.2
FREE TV MEDIAN	46	9.25	27%	7%	0.6	0.5	0.4	23.3	23.3	23.7	18.6	19.0	19.4	12.2	12.4	12.4	23.1	23.1	23.1	6.4	5.6	2.8
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			2.1	-34.6	-99.2	-117.5	-159.3	-27.2	-20.5	-17.7	-33.4	-26.8	-22.9	-34.5	-26.5	-21.1	-46.4	-40.7	-38.0	82.4	45.6	-63.9
PRINTING																						
St Ives	96	0.22	119%	2%	1.7	1.5	1.1	9.1	8.6	8.6	7.0	6.5	6.7	0.9	1.6	3.6	14.7	14.8	15.5	-0.6	-1.2	1.4
QuadGraphics	86	5.06	67%	2%	2.2	2.2	2.2	11.1	10.2	10.0	5.4	5.1	5.2	2.2	2.1	2.1	5.9	6.4	4.4	-7.9	-10.0	-5.1
Dai Nippon Printing	67	16.10	60%	4%	-0.4	-0.3	-0.4	7.0	7.3	7.3	2.6	2.9	2.9	2.0	2.1	2.2	4.0	4.0	2.9	na	na	na
PRINTING AVERAGE	83	7.13	82%	3%	1.2	1.1	1.0	9.1	8.7	8.6	5.0	4.8	5.0	1.7	1.9	2.6	8.2	8.4	7.6	-4.2	-5.6	-1.9
PRINTING MEDIAN	86	5.06	67%	2%	1.7	1.5	1.1	9.1	8.6	8.6	5.4	5.1	5.2	2.0	2.1	2.2	5.9	6.4	4.4	-4.2	-5.6	-1.9
Roularta (combined)	25	0.10	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	-98.1	-26.6	-21.5	-46.9	-76.2	-79.5	1.6	21.3	33.7	-14.5	9.9	12.3	-7.9	25.1	62.2	-36.3	-20.8	53.7	-985.4	-268.6	10.9

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	0.33	56																		
Spir	FRANCE	3.53	21				0.2	0.2		18.8	8.6					1.8	1.9		0.0	0.0	
Solocal	FRANCE	1.02	590	7.5	8.0	7.6	1.2	1.1	1.0	4.6	4.1	3.7	6.6	5.9	5.2				0.0	0.0	0.0
Gruppo Editoriale L'Esp.																					
Mondadori	ITALY	2.02	527	15.5	13.1	12.3	0.6	0.5	0.5	6.8	6.0	5.5	9.7	8.7	7.8	2.1	1.9	1.7	1.1	1.2	1.6
RCS	ITALY	1.32	681	15.6	10.7	9.6	1.1	1.0	0.9	7.6	6.2	5.5	12.7	9.1	7.9	4.3	3.1	2.3	0.0	0.0	0.0
Vocento	SPAIN	1.44	174	14.3	11.5	9.2	0.6	0.6	0.5	5.4	4.8	4.6	9.5	8.0	6.2	0.7	0.6	0.6	0.0	0.0	0.0
Telegraaf	NETHERLANDS	5.50	255	31.7	10.8		0.5	0.5		13.6	6.1		8.9	9.2		1.0	1.0		1.1	3.2	
Sanoma	FINLAND	9.23	1,500	14.6	12.4	12.3	1.3	1.4	1.3		5.6	5.8	18.2	11.3	10.8	3.1	2.7	2.5	3.2	3.9	4.3
Connect	UNITED KINGDOM	1.01	250	6.2	6.1	5.9	0.2	0.2	0.2	4.5	4.5	4.4	5.9	5.9	5.6	21.9	20.0	18.1	9.6	9.6	9.7
Tarsus	UNITED KINGDOM	2.86	323	10.7	15.8	9.9	3.2	4.0	2.8	9.4	12.4	8.1	9.8	13.2	8.5	4.3	4.4	3.9	3.4	3.6	3.8
Trinity Mirror	UNITED KINGDOM	0.85	242	2.5	2.5	2.6	0.4	0.3	0.3	1.7	1.4	1.1	2.0	1.7	1.4				6.7	7.0	7.4
Wilmington	UNITED KINGDOM	2.33	203	12.3	10.8	9.9	2.0	1.8	1.7	9.5	8.2	7.3	10.3	9.1	8.1	6.6	6.2		3.7	3.8	3.9
Independent News	IRELAND	0.11	151	5.3	6.0	7.0	0.2	0.1	0.1	1.3	0.9	0.6	1.5	1.0	0.7	1.7	1.3	1.1	0.0	0.0	0.0
Eniro	SWEDEN	0.23	122																		
Axel Springer	GERMANY	54.37	5,867	20.9	18.9	17.0	2.1	1.9	1.8	11.1	9.6	8.7	15.4	13.1	11.7	2.5	2.5	2.3	3.6	3.7	3.9
PRINT MEDIA AVERAGE				13.1	10.5	9.4	1.0	1.1	1.0	7.9	6.0	5.0	9.2	8.0	6.7	4.5	4.1	4.1	2.5	2.8	3.1
PRINT MEDIA MEDIAN				13.3	10.8	9.6	0.6	0.6	0.9	7.2	6.0	5.5	9.6	8.9	7.8	2.5	2.5	2.3	1.1	3.2	3.8
Roularta (combined)	BELGIUM	14.58	192	22.8	16.5	12.1	0.5	0.5	0.5	5.7	4.6	4.2	11.2	8.7	8.2	0.9	0.8	0.8	1.4	1.7	2.4
% prem./(disc.) vs median				71.7	52.8	25.8	-11.5	-14.5	-48.4	-21.1	-23.2	-23.6	16.8	-2.4	4.8	-65.4	-67.4	-63.4	24.4	-47.2	-36.8
Roularta (consolidated)	BELGIUM	14.58	192	22.8	16.5	12.1	0.4	0.3	0.3	11.2	7.3	5.6	-27.3	-27.8	-17.7	0.9	0.8	0.8	1.4	1.7	2.4
% prem./(disc.) vs median				71.7	52.8	25.8	-38.6	-48.7	-69.9	56.1	20.0	2.7	-384.3	-413.5	-326.5	-65.4	-67.4	-63.4	24.4	-47.2	-36.8
TF1	FRANCE	12.37	2,592	19.6	21.4	16.1	1.1	1.1	1.0	6.8	6.9	5.8	12.2	12.9	9.6	1.7	1.6	1.6	3.0	3.0	3.3
M6	FRANCE	19.57	2,465	17.0	15.7	15.5	1.8	1.7	1.6	7.0	6.4	6.2	10.4	9.5	9.3	3.8	3.5	3.3	4.6	4.8	4.7
Mediaset	ITALY	2.93	3,327	24.2	14.4	12.2	1.2	1.2	1.2	8.6	6.3	5.5	11.7	8.3	6.8	1.7	1.6	1.6	2.2	3.9	5.1
Mediaset España	SPAIN	9.55	3,196	16.5	15.4	14.5	3.1	3.0	2.9	12.2	11.3	10.6	12.9	11.9	11.2	3.3	3.2	3.1	5.7	6.2	6.6
Atresmedia	SPAIN	8.89	2,000	13.4	12.4	11.6	2.1	2.0	2.0	10.4	9.6	9.0	11.4	10.4	9.7	4.0	3.8	3.7	7.1	6.8	7.2
RTL	BELGIUM	64.09	9,840	13.2	12.8	12.3	1.6	1.6	1.5	7.5	7.2	6.9	8.7	8.4	8.0	3.0	2.9	3.1	6.1	6.1	6.2
Prosieben	GERMANY	28.84	6,719	12.3	11.7	10.9	2.0	1.9	1.8	8.0	7.6	7.1	9.9	9.3	8.6	4.5	4.3	3.9	6.7	7.0	7.5
ITV	UNITED KINGDOM	1.75	7,032	11.2	11.0	10.4	2.5	2.4	2.3	9.0	8.7	8.1	10.0	9.7	9.1	9.5	8.1	6.7	4.5	5.5	5.9
FREE TV AVERAGE				15.9	14.3	12.9	1.9	1.9	1.8	8.7	8.0	7.4	10.9	10.0	9.0	3.9	3.6	3.4	5.0	5.4	5.8
FREE TV MEDIAN				15.0	13.6	12.2	1.9	1.8	1.7	8.3	7.4	7.0	10.9	9.6	9.2	3.5	3.3	3.2	5.1	5.8	6.1
Roularta (combined)	BELGIUM	14.58	192	22.8	16.5	12.1	0.5	0.5	0.5	5.7	4.6	4.2	11.2	8.7	8.2	0.9	0.8	0.8	1.4	1.7	2.4
% prem./(disc.) vs median				52.5	21.3	-0.9	-72.6	-72.8	-71.4	-31.9	-37.1	-40.3	3.0	-10.1	-11.0	-75.0	-75.8	-73.6	-73.2	-70.5	-60.3
St Ives	UNITED KINGDOM	0.76	108	5.8	6.3	5.9	0.4	0.4	0.4	4.8	4.8	4.2	6.3	6.4	5.5	0.9	0.9	0.9	2.6	2.6	2.8
QuadGraphics	UNITED STATES	22.61	1,178	12.7	10.8	14.9	0.5	0.5	0.5	4.8	5.0	5.4	9.7	10.1	10.3	0.7	0.7	0.6	5.3	5.3	5.3
Dai Nippon Printing	JAPAN	2,693.00	816,637	19.7	18.8	25.4	0.6	0.6	0.6	8.5	8.0	7.8	23.0	20.4	19.4	0.8	0.7	0.7	2.4	2.4	2.4
PRINTING AVERAGE				12.7	11.9	15.4	0.5	0.5	0.5	6.0	6.0	5.8	13.0	12.3	11.7	0.8	0.8	0.8	3.4	3.4	3.5
PRINTING MEDIAN				12.7	10.8	14.9	0.5	0.5	0.5	4.8	5.0	5.4	9.7	10.1	10.3	0.8	0.7	0.7	2.6	2.6	2.8
Roularta (combined)	BELGIUM	14.58	192	22.8	16.5	12.1	0.5	0.5	0.5	5.7	4.6	4.2	11.2	8.7	8.2	0.9	0.8	0.8	1.4	1.7	2.4
% prem./(disc.) vs median				80.5	52.7	-18.6	-1.0	-6.1	-10.8	17.2	-7.9	-22.9	15.8	-14.6	-20.6	16.0	8.0	14.8	-47.1	-34.6	-14.4

Source: Merodis, Factsset

P/E valuation relative to the sector

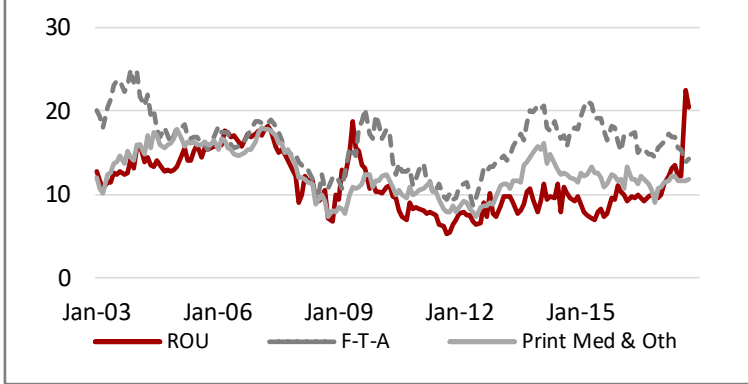
A rerating for the wrong reasons

Valuation

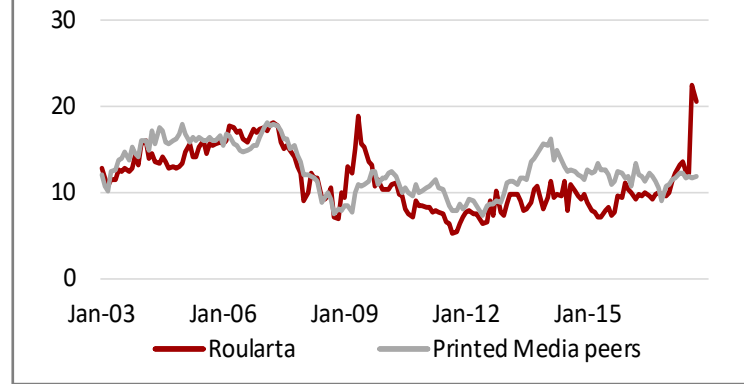
On 2017e consensus EPS estimates, Roularta shares trade at a P/E premium of 44% versus the Free-to-Air Media sector in Europe (from 61% in August). As a reminder, in 2016, 73% of Roularta's EBIT and 80% of its EPS was generated by Medialaan, Belgium's #1 commercial TV broadcaster. Compared to the Print Media sector, Roularta currently trades at a 74% premium (from 94% in August). The rerating is driven entirely by the share price underperformance since August as well as the sharp cut in earnings estimates for Roularta.

Interestingly, in the course of September, the Free-to-Air TV sector multiples have re-rated (+2% at a 12-months forward P/E of 14x.3) at the same rate as Print Media sector (+2% at a 12-months forward P/E of 11.8x).

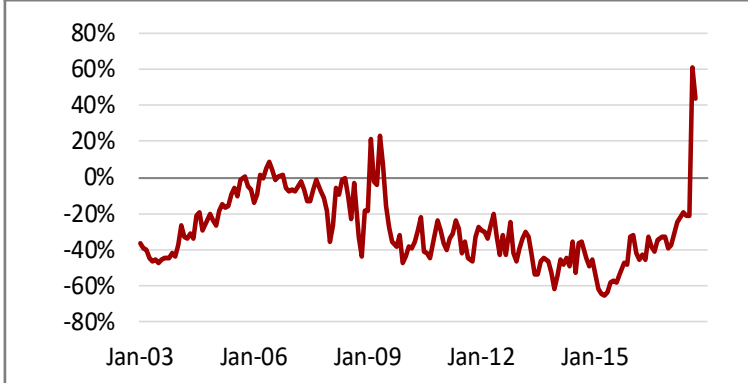
P/E ratio of Roularta vs. Sectors



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

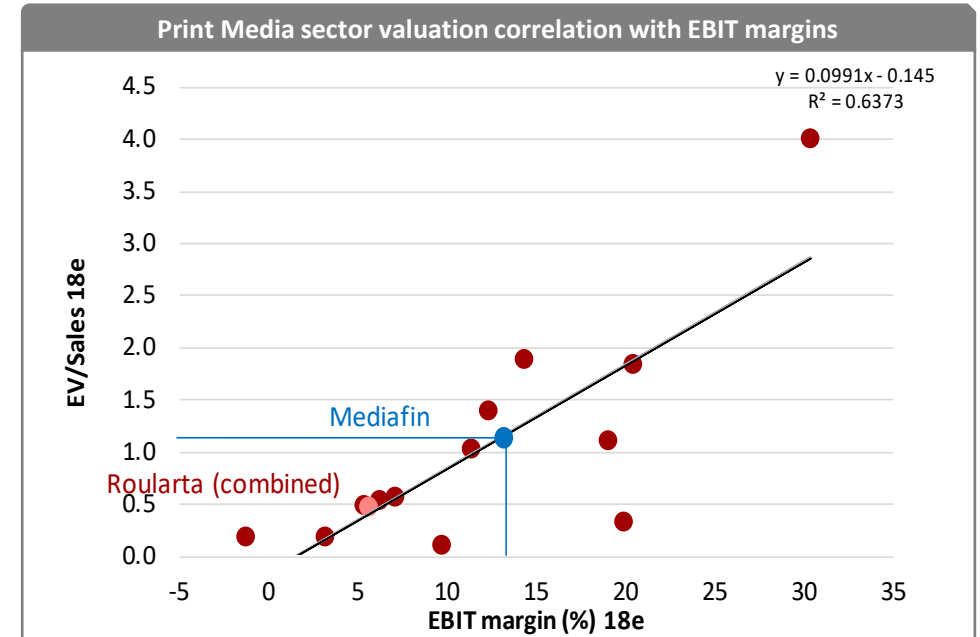
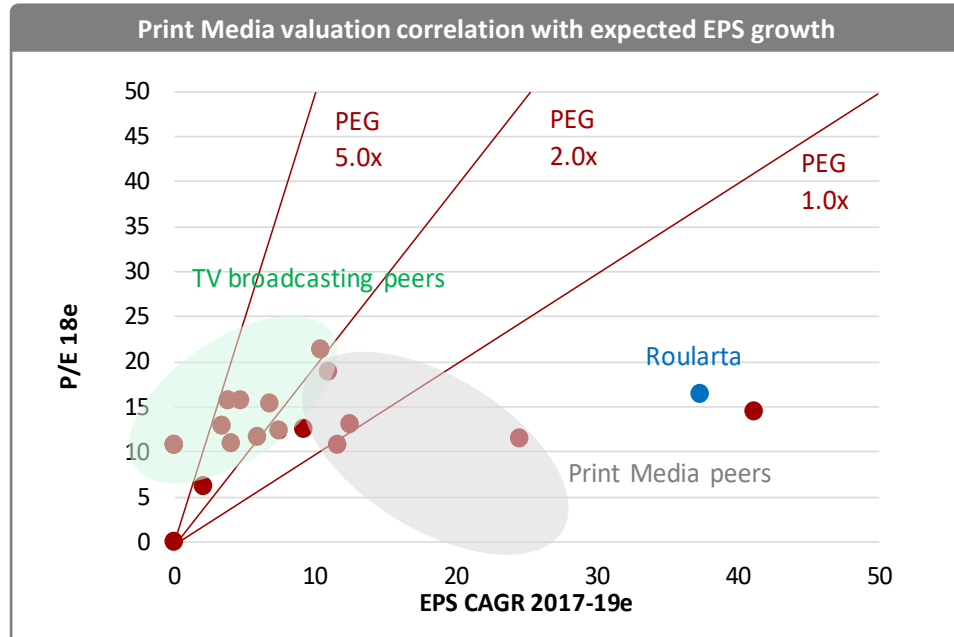
Fair value estimate

Reflecting the Mediaaan 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%	0.2	na	na		29.9	16.6	97%	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	22%	49.7	
+ Equity value of Bayard stake	50%	5.0	10.0	8.0	-5.3	22.7	1.7	10%	24.9	
= Estimated market value of equity						289.9			292.1	
Total share outstanding (m)						13.1			13.1	
Equity value per share						22.1			22.2	

Source: Merodis, Factset

Divisional valuation indicators



Source: Merodis, Factset

Sales growth expectations

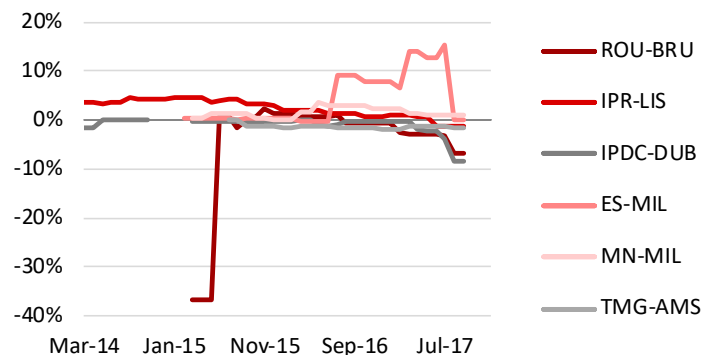
Impacted by cyclical and structural effects

Expected Sales Growth

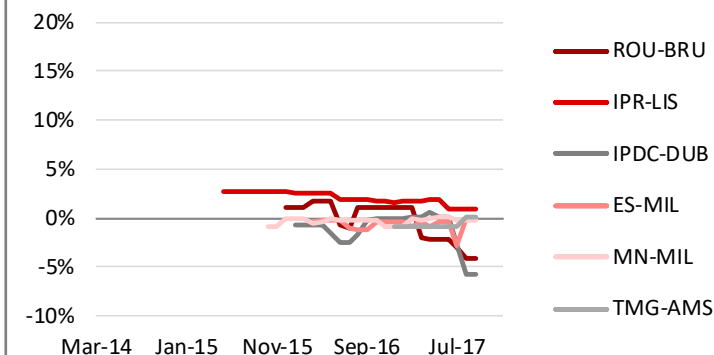
At the end of September, consensus kept its Print Media sector sales growth expectations for 2017 unchanged at -2.5%. Consensus sales expectations for Roularta in 2017 are also unchanged following share downgrades in previous months. With respect to 2018 sector sales growth expectations, consensus is flat at -1.2%.

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.

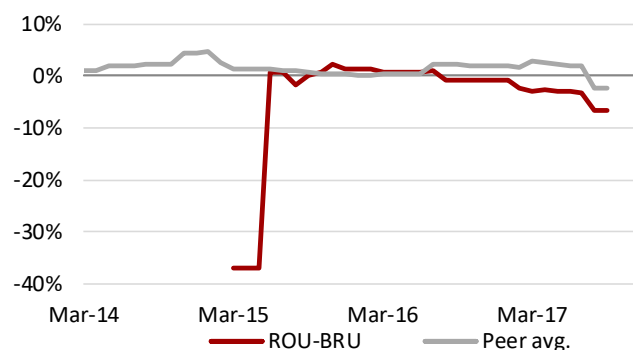
2017 expected sales growth (%)



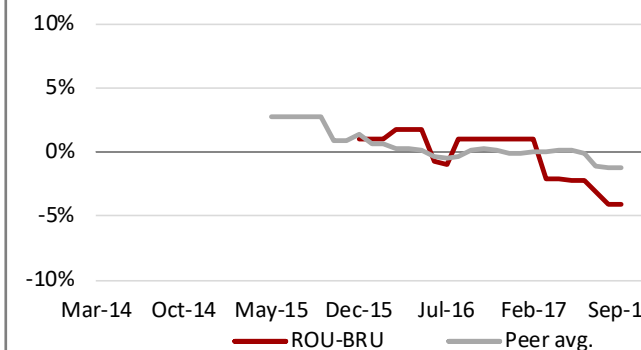
2018 expected sales growth (%)



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

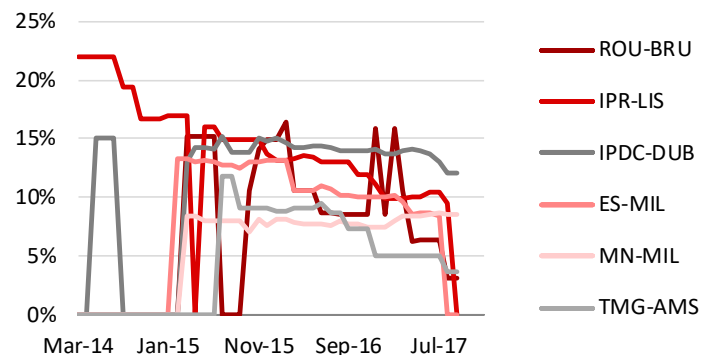
EBITDA expectations

During the month of September, 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.

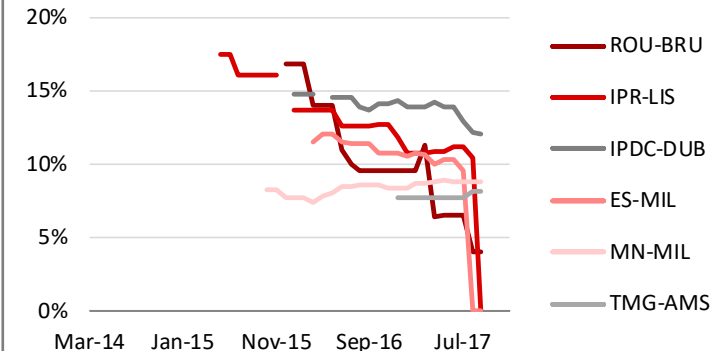
Note that consensus changes to EBIT or EBITDA at Roularta are not interpretable in a straightforward manner.

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 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.

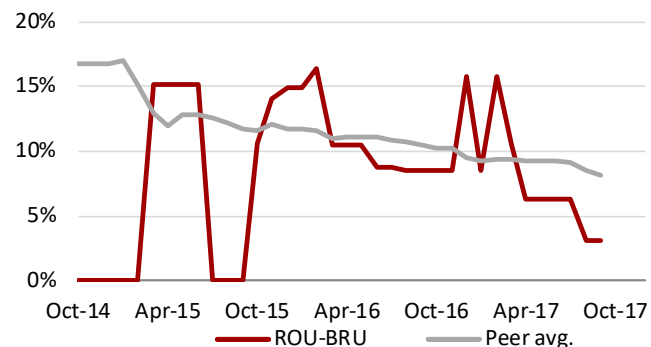
2017 expected EBITDA growth (%)



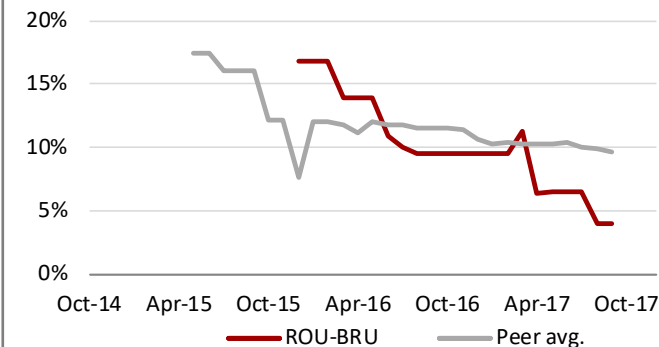
2018 expected EBITDA growth (%)



2017 expected EBITDA margin, Roularta vs. peers



2018 expected EBITDA margin, Roularta vs. peers



Source: Merodis, Factset

Consensus payout expectations

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

Dividend payout

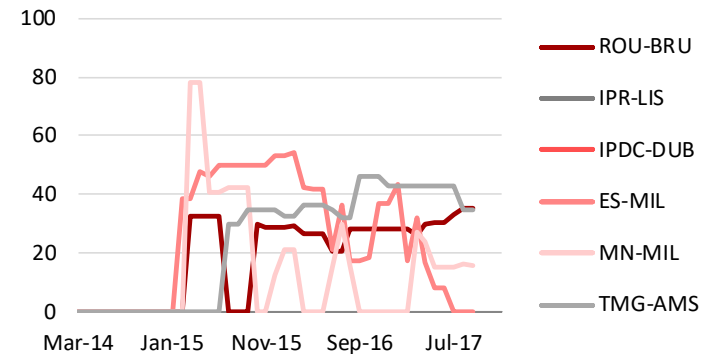
In 2016, Roularta paid a dividend of €0.50 per share, which represents a cash outlay of €6.2m and a payout ratio of 9.7% on the reported EPS (20% of the normalised EPS). The 2016 proposed dividend is flat, at €0.50, while we were forecasting €0.75 on higher expected results. The payout for 2016 is at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

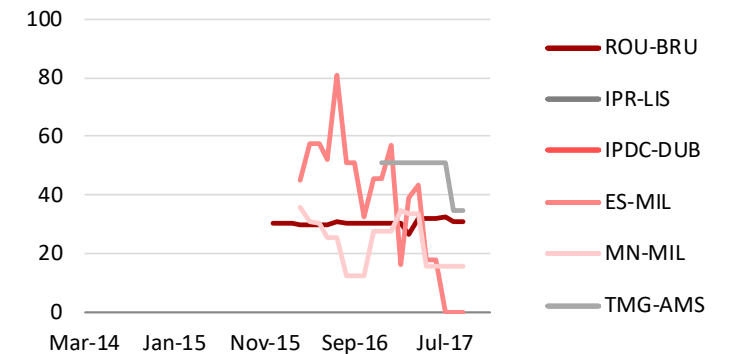
Consensus currently expects Roularta to pay out 35% of its earnings in 2017-18e, which is a slight upgrade to previous expectations of roughly 30% payout. The expected payout at Roularta exceeds that of its sector peers.

The Mediafin acquisition and the Mediaalaan disposal is likely to have a negative impact on Roularta's dividend outlay given the lower cash-generation potential of Mediafin vs. Medilaan. However, we feel comfortable with our forecast for the next two years of a €2.5-3m dividend pay out by Roularta, ie. consuming Mediafin's historical dividend cash out (around €2m expected for Roularta's stake with a 100% payout ratio).

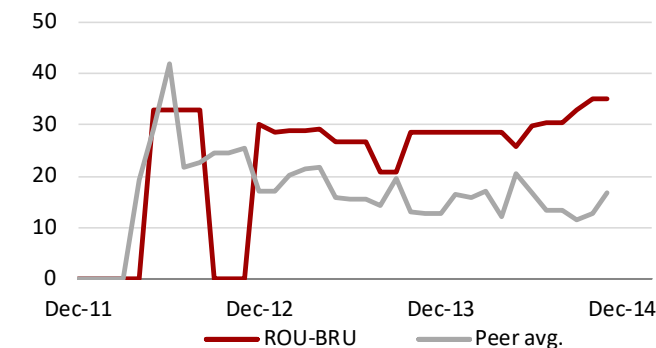
2016 expected Payout, Sector



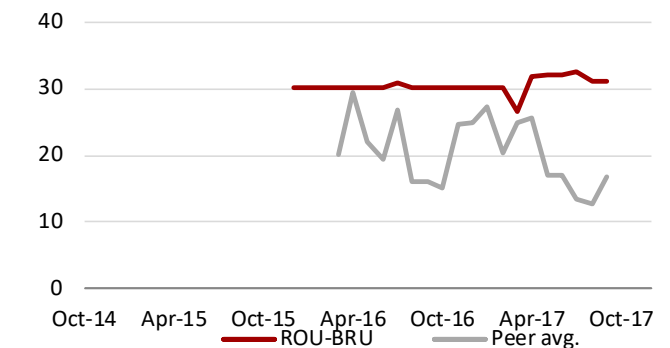
2017 expected Payout, Sector



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

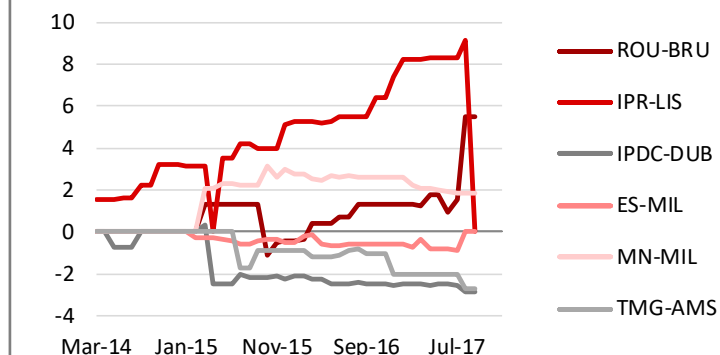
The level of expected financial leverage in the Media Sector was high in 2011 and 2012 and again in 2014 (where it exceeded 2.2x), but trended down until May 2016 to c. 1.2x, in terms of Net-financial-debt-to-EBITDA. Roularta's ratio has exceeded 2x only during 2014 and is expected to remain roughly flat during the current year and next.

At the end of September, consensus expects Roularta's net-debt-to-EBITDA ratio at 5.5x for 2017e (unchanged), below the sector average of -1.2x (ie. net cash position). As a reminder, Roularta's covenant threshold of 3.5x net debt over EBITDA is based on annual EBITDA including the company's share of 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.

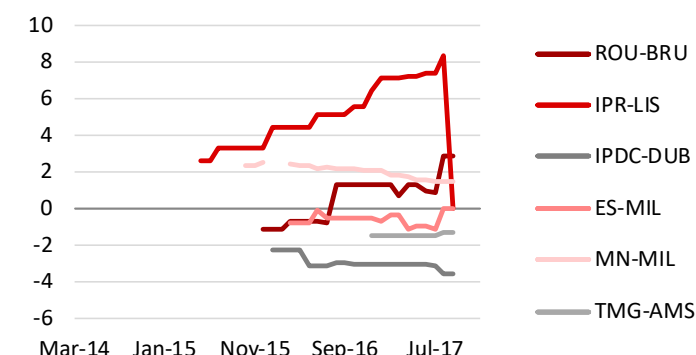
For 2018e, the analyst community expects Roularta's Net-Debt-to-EBITDA ratio to drop to 2.8x (unchanged), which compares to a ratio of -1.2x for the sector.

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.

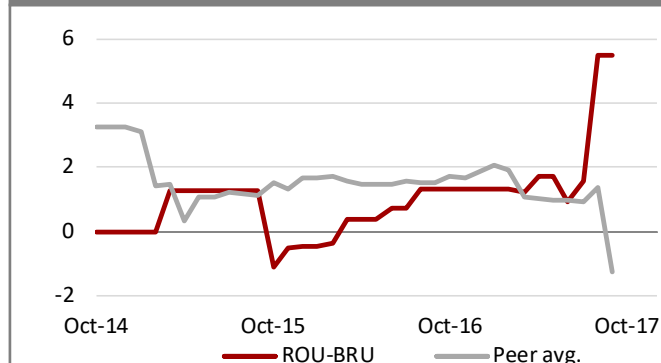
2016 NFD/EBITDA, sector



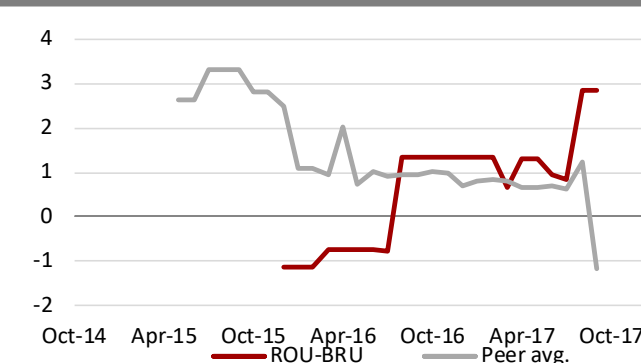
2017 NFD/EBITDA, sector



2016 NFD/EBITDA, Roularta vs. Peers

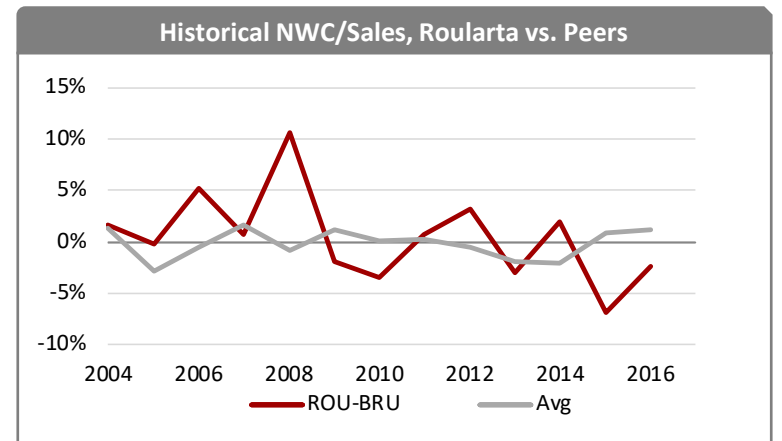
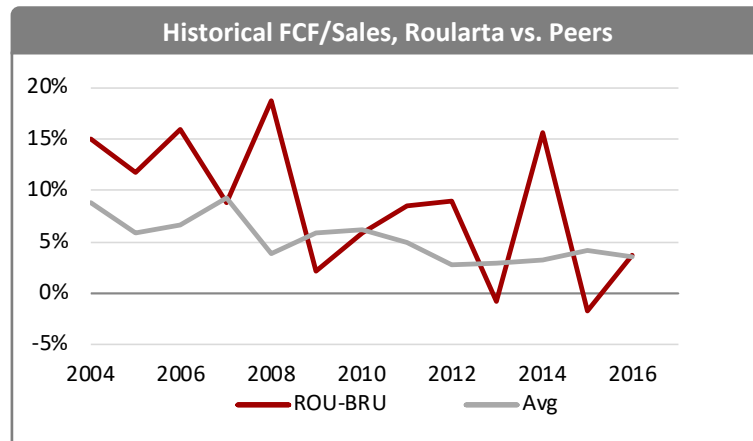
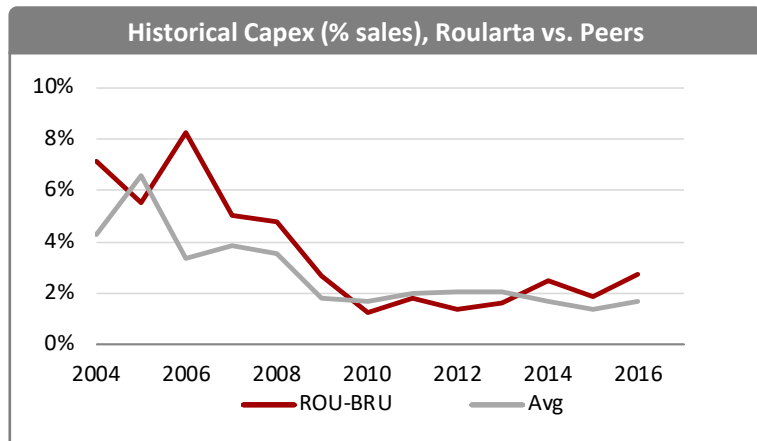
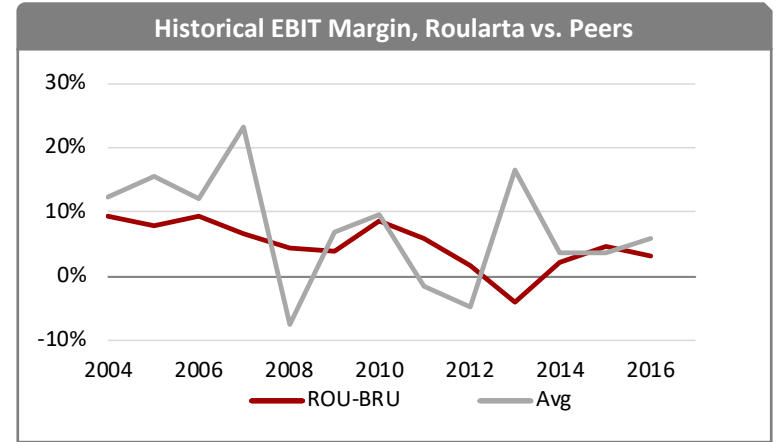
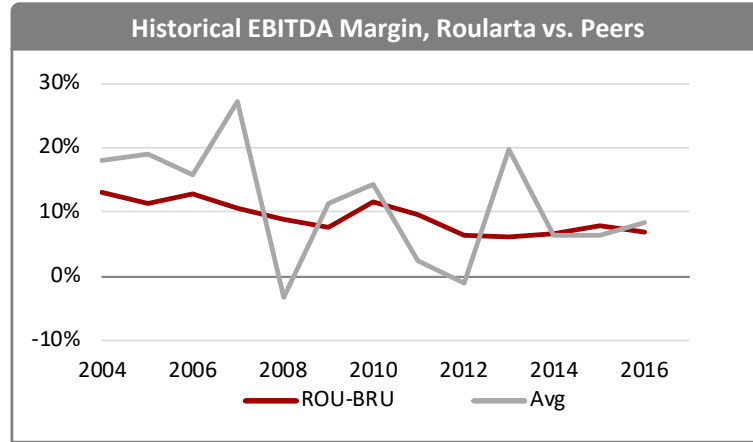
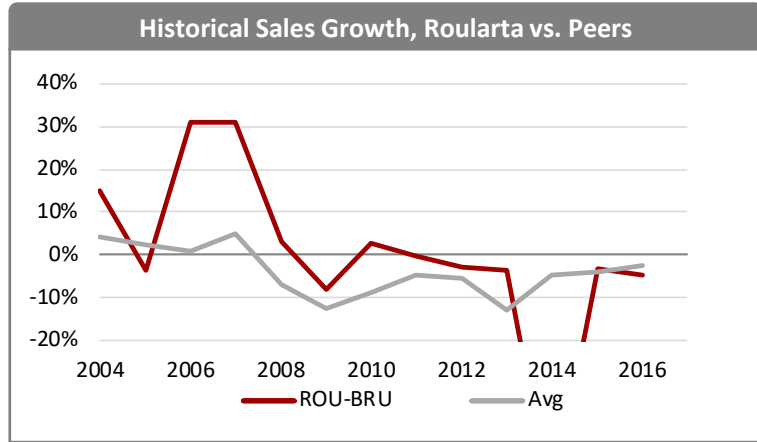


2017 NFD/EBITDA, Roularta vs. Peers



Source: Merodis, Factset

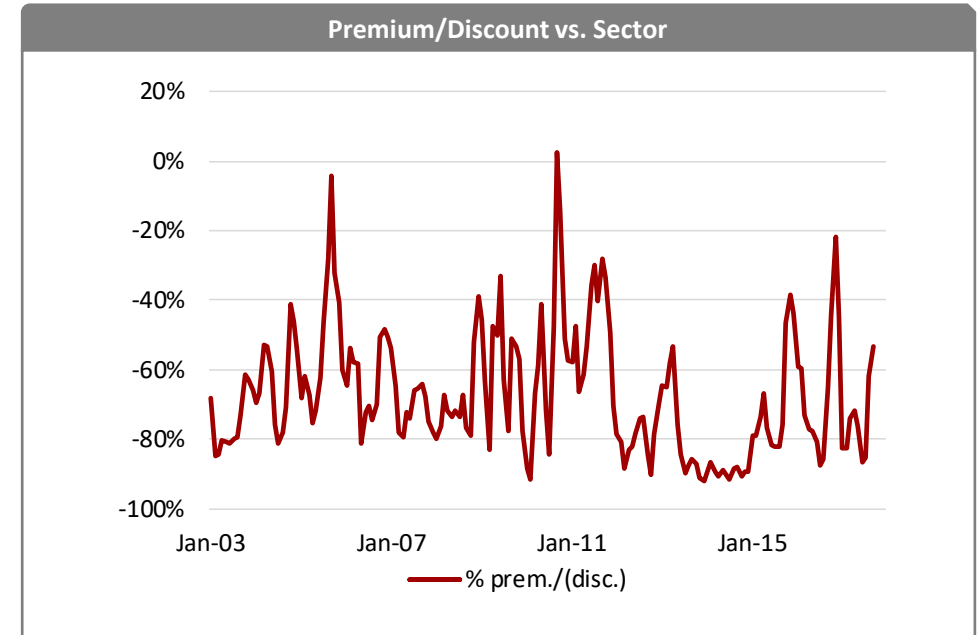
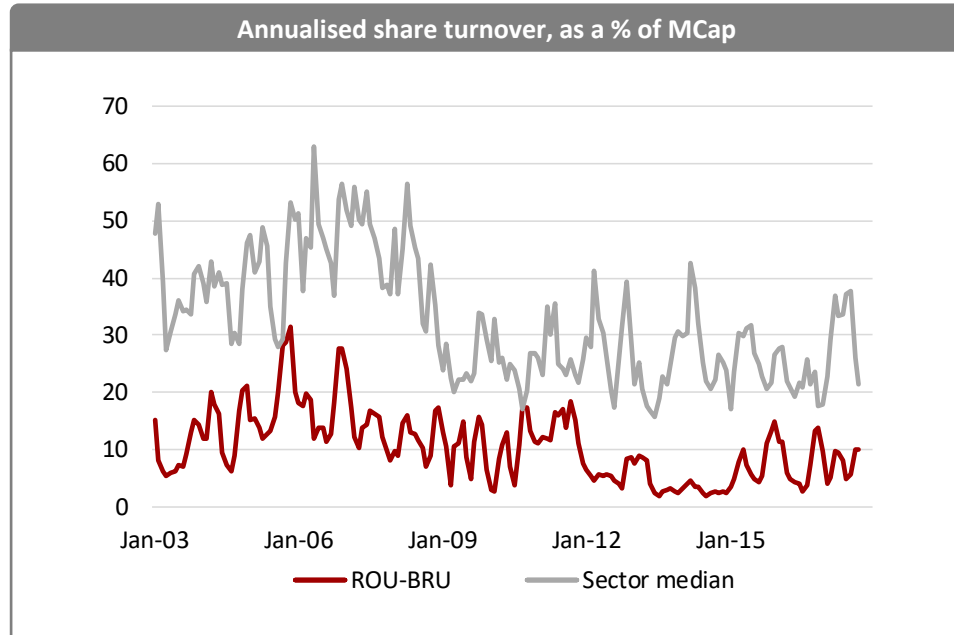
Historical P&L, CF and Balance Sheet Performance



Source: Merodis, Factset

Share liquidity

Well-below peers



Source: Merodis, Factset

Financial summary

Enterprise Value (€m): 219
Market Cap. (€m): 192
Free-float MCap (€m): 48

	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	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	15	-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)																	
Sales	491	607	777	782	707	712	731	712	677	300	292	279	260	248	237	-5.1	-4.4
EBITDA	46	48	48	42	47	41	47	45	42	20	18	16	8	10	12	-10.7	18.7
EBIT	23	33	33	21	25	26	20	16	16	26	37	31	16	20	25	-23.7	10.2
Pretax profit	16	26	26	16	20	25	23	16	16	26	37	31	16	20	25	-23.7	10.2
Net profit	-58	-142	64	21	8	12	16	16	16	26	37	31	16	20	25	-0.4	37.2
Cash Flow (€m)																	
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
Others	-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	6	18	13	22	5	na	-34.5
Balance Sheet (€m)																	
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 (%)																	
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	-1	-5
Shareholder Equity	8	32	0	12	-2	11	2	-2	-17	-50	45	7	-2	8	-5	-5	-5
Financial Ratios																	
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	6	3	4	5	5
EBIT margin (%)	8	9	7	4	4	9	6	2	-4	2	5	2	-1	-1	-1	-1	-1
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	2	2	2	2	3	3	3	4	5	5	5	5	5
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	2	3	3	6	6	6
FCF/Sales (%)	8	3	2	9	-1	3	6	6	-1	9	0	2	1	3	4	4	4
WGR/Sales (%)	0	4	1	8	-1	-3	1	2	-2	-1	-6	-3	-1	0	0	0	0
WC/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	79	77	75	74	102	106	107	111	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	3.3	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																	
Market Capitalisation (€m)	517	579	669	393	184	248	275	185	155	162	208	319	192	192	192	192	192
+ Net Financial Debt (€)	40	222	246	165	127	111	89	70	76	82	76	57	45	23	17	17	17
+ Restated Min. + others (€m)	36	38	38	22	15	17	16	14	35	20	10	10	9	9	9	9	9
- Associates & Inv. (€m)	17	16	11	12	10	11	12	14	14	123	176	167	151	151	151	151	151
= Enterprise Value (€m)	576	824	942	568	316	365	369	254	253	141	118	219	94	72	67	67	67
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	0.4	0.3	0.3	0.3	0.3
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	11.2	7.3	5.6	5.6	5.6
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	-27.3	-27.8	-17.7	-17.7	-17.7
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	30.5	8.6	7.7	7.7	7.7
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	0.3	0.3	0.3	0.3	0.3
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	22.8	16.5	12.1	12.1	12.1
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	1.6	4.4	4.5	4.5	4.5
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	13.14
# 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	13.03
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	14.58	14.58	14.58	14.58	14.58
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	1.20	1.20
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	1.20	1.20
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	17.16	17.16
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	0.20	0.25	0.35	0.35	0.35

Source: Company data, Merodis Equity Research

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

Arnaud W. Goossens

Partner

ago@merodis.com

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