



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	34.4	24.8	18.3
Yield (%)	0.0	0.0	3.2	2.1	0.9	1.1	1.6
Adj. EV/EBIT (x)	na	36.0	9.6	32.7	na	na	na

Source: Merodis Equity Research, Factset
Pricing date: 29/12/2017

Market review and peer benchmarking

2 January 2018

Key monthly insights

Ending a tumultuous year on a positive note

2017 started with M&A fever in the media sector which triggered a re-rating across the industry, including for Roularta, which saw its share price rise close to 20% over the first two months of the year (to a high of €28.55). The stock's re-rating, on a consensus P/E NTM basis, reached 57% between January and mid-May 2017, when it peaked at 15x. Operationally, Roularta launched Deze Week in early 2017, a free-sheet title in Flanders in replacement of De Streekkrant/De Weekkrant. 2H16 results were announced in March, below expectations due to weak print media ad spend trends and digital start-up losses which both weighed heavily on group margins. A trading update followed in May, revealing a sharp drop (5-10%) in Belgian ad spend over the first four months of 2017 driven by spending cuts among some key sectors such as banks, healthcare and FMCG. In July, Roularta acquired Sterck, a Flemish magazine published and organiser of business-related events. 1H17 results in August confirmed the weakness. The stock fell to a low of €14.5 at the end of September, before rebounding sharply from 2 October on the disposal to De Persgroep of its 50% stake in Mediaaan and the simultaneous acquisition of a 50% stake in MediaFin, a transaction which we consider as transformational as it re-shifts the strategic focus towards Roularta's core activity, Print Media, and provides the company with significant financial resources to re-shape its future more towards digital media. The stock now back at close to €22, our fair value estimate.

Storesquare welcomes ING as new shareholder

ING, a Dutch bank, has acquired a stake in Storesquare, a Belgian e-commerce platform for local retailers which is 65%-owned by Roularta (from 70% previously). The transaction, for an undisclosed amount, involved existing shares, including the disposal by Roularta of 5% and by KBC of an undisclosed stake (Unizo, the other shareholder, retains a low single-digit stake); ING and KBC will own the same stake. ING brings its digital payment products for B2B customers and access to the Dutch market, where Storesquare intends to launch in the coming months. The platform has 600k monthly viewers which is expected to peak at 1m in December. A total of 245k products are on offer and the company aims to become Belgium's #1 online store in 2018.

Valuation assessment

Our fair equity value estimate is unchanged at €22.0/share. Our SOTP model includes the estimated acquisition value of the Mediafin stake and the net cash proceeds. Our methodology remains unchanged and we continue to value for Print Media at an EV of close to €30m vs. a negative value of €2.1/share based on our previous model assumptions. We 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).

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 our recent research reports on Roularta:

- ➔ ["Back on its feet" \(initiation\), 14 October 2015](#)
- ➔ ["When the going gets tough" \(update\), 28 August 2017](#)
- ➔ ["November 2017 market review" \(monthly dashboard\), 4 December 2017](#)

Company description

Roularta is Belgium's leading media company offering:

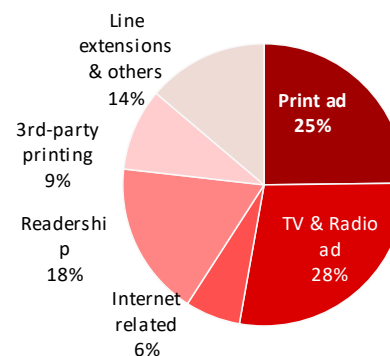
- (1) local weekly free newspapers in Flanders (De Streekkant, De Zondag, Steps),
- (2) audiovisual free-to-air broadcasting in Flanders (market leader) through its 50% ownership of **Medialaan** (VTM, 2BE, QMusic, Joe FM),
- (3) nationwide weekly news and business magazines (Knack, Le Vif L'Express,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

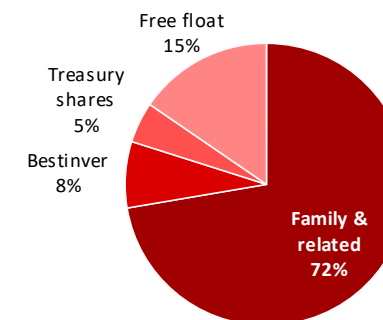
Roularta's consolidated accounts include the full contribution of its print media activity (ad and readers market, ex-Bayard), its internet activity, line extensions and third-party printing. The 50% stakes in Medialaan and **Bayard** are equity-accounted.

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.

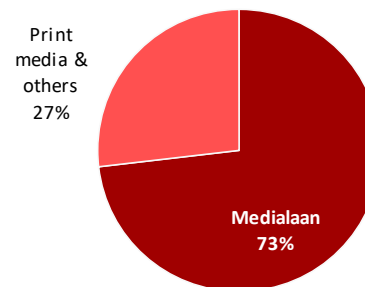
Combined sales breakdown (2016)



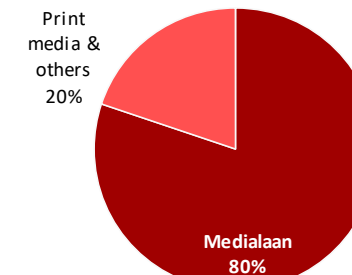
Shareholders



Combined EBIT breakdown (2016)



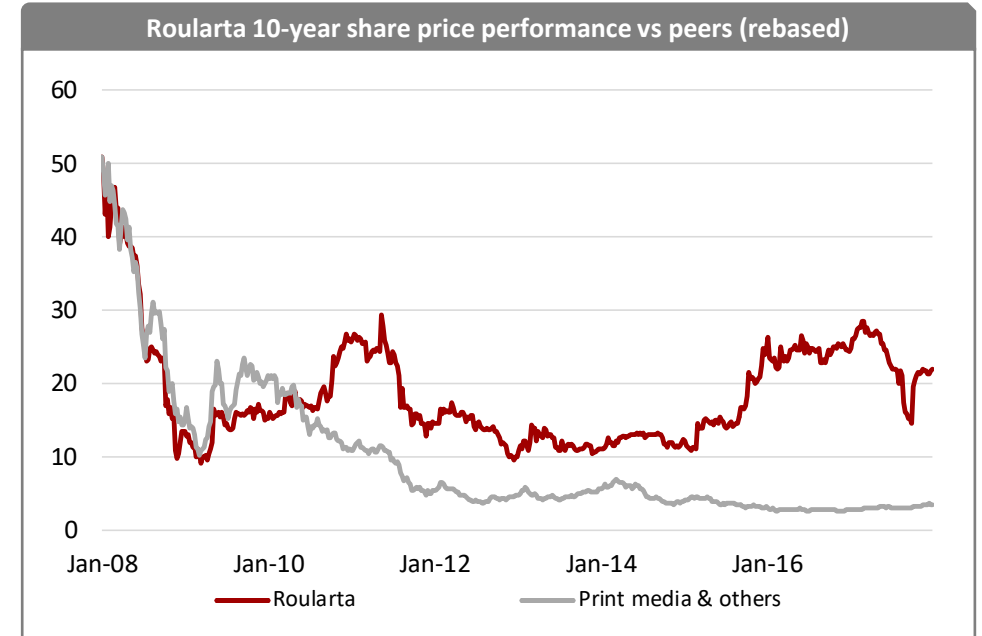
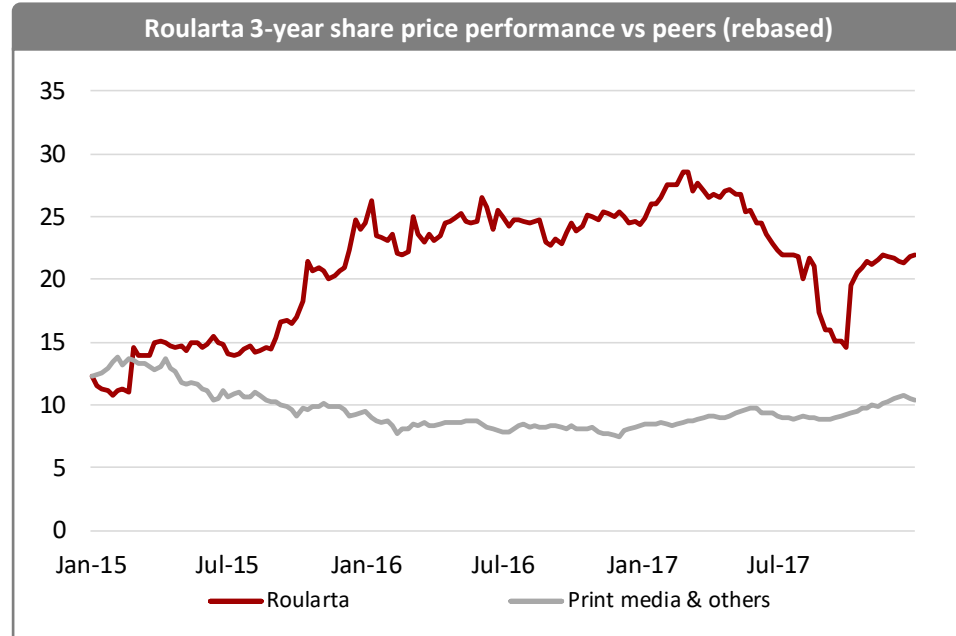
Consolidated net profit breakdown (2016)



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

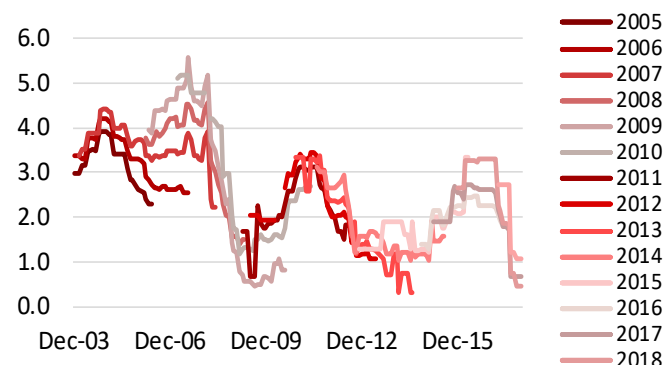
Consensus view

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

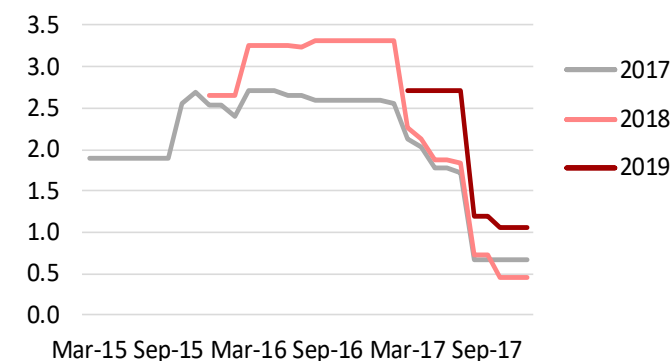
Roularta's share price rebounded sharply after the announced transactions on 2 October, which reflects the high disposal price for the 50% stake in Mediaaan (estimated at €267m or 8.2x EV/EBITDA). The stock is flat since the end of October following a 47% rise in October and a severe drop in August and September due to the weak 1H17 results. Roularta ended 2017 down 9.7% which compares to a 24% rise among Print Media peers. 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 target price for Roularta among them is currently €24.

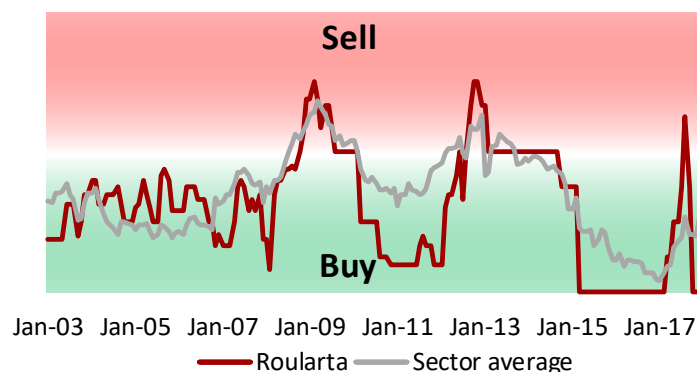
EPS Worms (€/share)



Consensus EPS 2016-18 (€/share)



Analyst recommendations vs. peer average



Merodis Equity Research estimates vs. consensus (%)

	<u>2017e</u>	<u>2018e</u>	<u>2019e</u>
Sales	0.2	-0.3	-1.0
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	EPS
PRINT & OTHER MEDIA																							
Impresa	36	0.25		2%	10.4	8.5	7.2	8.7	10.2	11.1	7.0	8.5	9.5	2.4	3.5	4.3	3.3	4.6	5.4	35.1	13.7	0.3	
Solocal	94	2.55	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				2.0	2.6	-1.3	
Gruppo Editoriale			38%	2%	0.3	0.4	0.0	8.6	9.5	9.9	5.3	6.3	6.6	-19.3	3.5	4.0	3.4	4.8	5.3	17.4	6.7	-0.4	
Mondadori	46	1.05	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	10.7	11.2	11.0	10.8	3.4	0.0	
RCS	20	0.67	66%	3%	2.4	1.7	1.2	15.1	17.1	17.2	9.4	11.5	11.6	4.9	6.9	7.3	34.9	34.4	26.7	22.2	5.9	-0.7	
Vocento	51	0.18	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	
Sanoma	36	1.32	58%	2%	1.4	1.4	1.1	22.4	22.8	23.1	12.2	13.3	13.3	-16.7	9.1	9.4	17.7	23.7	21.3	6.0	-4.0	-5.5	
Connect	98	0.23	33%	1%	1.1	1.0	0.9	4.5	4.5	4.7	3.2	3.4	3.6	2.4	2.1	2.2				2.8	0.5	-1.4	
Tarsus	76	0.07	48%	1%	1.7	2.3	1.1	34.9	32.8	35.9	33.3	30.7	33.9	20.0	15.8	21.8				3.8	6.4	4.9	
Trinity Mirror	97	0.24	22%	1%	0.1	-0.1	-0.3	23.0	23.8	24.4	19.5	20.0	19.7							-2.7	-2.4	-5.3	
Wilmington	88	0.19	130%	1%	1.6	1.3	0.8	21.2	22.3	23.2	19.5	20.3	20.5	10.7	9.7	10.6	43.8	59.2		11.8	11.1	6.3	
Independent News	70	0.18	11%	2%	-2.9	-3.8	-4.8	10.5	9.6	8.5	8.3	7.3	6.1	8.2	6.8	6.0	30.2	21.0	14.6	-18.4	-14.8	-5.5	
Axel Springer	42	9.36	28%	5%	2.0	1.3	0.8	18.7	20.8	22.0	13.5	15.0	16.3	8.2	9.1	9.8	12.4	13.8	15.1	13.5	10.8	2.2	
PRINT MEDIA AVERAGE	63	1.36	44%	2%	1.8	1.4	0.9	16.1	16.7	17.4	12.2	12.8	13.4	2.8	6.8	7.4	17.7	19.7	13.1	10.9	3.8	-0.6	
PRINT MEDIA MEDIAN	60	0.24	33%	2%	1.7	1.3	0.9	15.1	17.1	17.2	9.4	11.5	11.6	3.9	6.9	6.4	12.4	13.8	12.8	10.8	5.9	-0.6	
Roularta (combined)	25	0.12	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	-59	-49.2	47.2	9.1	-46.7	-73.7	-76.4	-38.8	-39.1	-32.8	-50.4	-51.5	-49.2	-53.3	-62.4	-44.5	-69.5	-63.2	-46.9	245.2	60.4	238.0	
Roularta (consolidated)	25	0.12	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	-59	-49.2	332.4	74.6	211.1	70.7	58.6	-78.5	-76.6	-70.9	-114.1	-109.0	-113.7	-18.2	-32.3	2.9	-69.5	-63.2	-46.9	245.2	218.0	627.0	
FREE TV																							
TF1	48	3.08	112%	10%	-0.9	-0.9	-0.9	16.0	15.4	17.5	9.0	8.4	10.9	6.3	5.3	7.4	9.0	7.8	10.1	9.4	7.0	2.3	
M6	44	2.02	34%	11%	-0.1	-0.1	-0.2	26.0	25.7	26.1	17.4	17.3	17.7	10.8	10.7	11.0	22.8	23.4	22.5	6.2	5.3	5.2	
Mediaset	25	15.05	123%	20%	2.4	1.7	1.1	13.5	17.5	21.7	9.7	13.2	17.5	3.2	5.0	7.8	6.2	9.2	11.8	44.3	20.2	-5.4	
Mediaset España	47	11.81	50%	21%	-0.5	-0.6	-0.7	25.5	26.3	26.9	24.0	24.9	25.7	18.9	19.5	20.0	19.5	20.8	21.5	5.7	5.1	2.3	
Atresmedia	35	5.62	9%	4%	1.0	0.9	0.7	19.9	20.6	21.3	18.2	19.0	19.8	14.0	14.5	15.1	29.4	31.4	32.1	6.6	6.1	2.6	
RTL	24	0.55	16%	4%	0.4	0.3	0.2	22.0	21.5	21.5	18.8	18.4	18.4	11.9	11.5	11.6	23.5	23.1	22.9	3.2	2.2	3.3	
Prosieben	98	50.01	20%	4%	1.5	1.5	1.3	25.5	25.0	24.9	20.4	20.4	20.4	13.1	13.1	13.1	37.2	37.8	38.2	5.2	3.6	4.9	
JTV	90	30.07	17%	1%	0.9	0.8	0.6	28.1	27.6	28.3	27.3	26.6	27.1	20.6	20.1	20.8	83.6	82.0	73.1	3.0	2.8	2.5	
FREE TV AVERAGE	51	14.78	48%	9%	0.6	0.4	0.3	22.1	22.5	23.5	18.1	18.5	19.7	12.3	12.5	13.4	28.9	29.4	29.0	10.5	6.5	2.2	
FREE TV MEDIAN	46	8.71	27%	7%	0.7	0.6	0.4	23.8	23.3	23.3	18.5	18.7	19.1	12.5	12.3	12.3	23.2	23.3	22.7	6.0	5.2	2.5	
Medialaan (*)			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	-99.3	-115.6	-147.5	-28.5	-20.5	-16.4	-33.2	-25.6	-21.8	-35.8	-26.3	-20.6	-46.6	-41.0	-36.9	94.1	56.8	-60.2	
PRINTING																							
St Ives	96	0.23	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	3.64	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	15.66	60%	4%	7.2	7.2	7.3	7.2	7.2	7.3	2.6	2.9	2.9	1.8	2.0	2.0	2.6	2.9	2.9	na	na	na	
PRINTING AVERAGE	83	6.51	82%	3%	1.9	1.9	1.5	9.0	8.9	8.7	5.0	5.0	5.1	-2.3	2.5	2.8	8.2	9.4	9.5	4.0	-4.1	-2.0	
PRINTING MEDIAN	86	3.64	67%	2%	1.9	1.9	1.5	8.6	8.8	9.0	5.5	5.2	5.1	1.8	2.1	2.1	6.0	6.4	6.2	4.0	-4.1	-2.0	
Roularta (combined)	25	0.12	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	-96.6	-26.6	-21.5	-51.9	-81.8	-85.9	7.6	18.0	28.4	-16.1	7.8	15.0	0.2	23.2	71.0	-36.9	-20.8	10.0	837.1	-332.5	2.7	

Source: Merodis, Factset

(*) Roularta has joint-control of Medialaan with 50%-ownership; the stake is equity-accounted. Based on Medialaan'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
PRINT & OTHER MEDIA																					
Impresa	PORTUGAL	0.34	57	12.0	8.2	6.6	1.2	1.2	1.1	13.7	11.3	9.8	16.9	13.6	11.5	0.4	0.4	0.3	0.0	0.0	0.0
Solocal	FRANCE	0.83	483	7.0	7.2	6.7	1.1	1.0	0.9	4.2	3.9	3.3	6.2	5.5	4.6				0.0	0.0	0.0
Gruppo Editoriale	ITALY	0.70	342	15.9	13.1	11.5	0.6	0.6	0.5	6.6	6.0	5.5	10.6	9.0	8.2	0.6	0.6	0.6	0.0	1.4	2.1
Mondadori	ITALY	2.08	543	15.8	13.7	12.9	0.6	0.6	0.5	7.0	6.5	5.9	10.2	9.5	8.4	1.6	1.5	1.3	1.3	1.5	2.0
RCS	ITALY	1.22	632	14.1	9.9	9.4	1.1	1.0	0.9	7.0	5.8	5.3	11.3	8.6	7.9	4.1	2.9	2.2	0.4	0.4	0.4
Vocento	SPAIN	1.53	185	24.2	15.3	12.8	0.6	0.6	0.6	6.9	5.9	5.4	13.7	9.7	8.3	0.7	0.7	0.7	0.0	0.0	0.0
Sanoma	FINLAND	10.87	1,775	15.9	14.3	14.1	1.5	1.6	1.6	6.6	7.0	6.8	12.0	12.1	11.7	3.6	3.2	2.9	3.0	3.7	4.1
Connect	UNITED KINGDOM	1.12	277	7.2	7.1	6.8	0.2	0.2	0.2	5.0	4.9	4.7	7.0	6.4	6.2				8.7	9.0	9.1
Tarsus	UNITED KINGDOM	3.27	370	12.2	17.9	11.3	3.6	4.5	3.1	10.4	13.8	8.7	10.8	14.8	9.3				3.0	3.1	3.3
Trinity Mirror	UNITED KINGDOM	0.80	217	2.3	2.3	2.4	0.4	0.3	0.3	1.6	1.4	1.2	1.9	1.7	1.5				7.2	7.6	8.0
Wilmington	UNITED KINGDOM	2.39	208	12.6	11.0	10.1	2.1	1.9	1.7	9.7	8.5	7.4	10.6	9.3	8.4	6.7	6.4		3.6	3.8	3.8
Independent News	IRELAND	0.09	128	5.2	6.4	7.8	0.1	0.1	0.1	1.2	1.1	0.9	1.6	1.4	1.3	1.5	1.2	1.1	0.0	0.0	0.0
Axel Springer	GERMANY	65.13	7,027	24.8	21.9	19.3	2.4	2.3	2.1	12.7	10.9	9.6	17.6	15.2	12.9	3.0	3.0	2.8	3.0	3.2	3.3
PRINT MEDIA AVERAGE				13.0	11.4	10.1	1.2	1.2	1.1	7.1	6.7	5.7	10.0	9.0	7.7	2.5	2.2	1.5	2.3	2.6	2.8
PRINT MEDIA MEDIAN				12.6	11.0	10.1	1.1	1.0	0.9	6.9	6.0	5.5	10.6	9.3	8.3	1.6	1.5	1.2	1.3	1.5	2.1
Roularta (combined)	BELGIUM	21.95	288	34.4	24.8	18.3	0.7	0.7	0.7	8.0	6.7	6.1	15.8	12.6	12.0	1.3	1.2	1.3	0.9	1.1	1.6
% prem./(disc.) vs median				172.6	124.6	81.0	-30.4	-29.0	-20.8	14.8	12.7	11.7	49.0	35.4	44.6	-16.8	-17.5	6.1	-31.0	-26.5	-24.4
Roularta (consolidated)	BELGIUM	21.95	288	34.4	24.8	18.3	0.7	0.7	0.7	22.8	17.1	13.8	-55.7	-65.5	-43.6	1.3	1.2	1.3	0.9	1.1	1.6
% prem./(disc.) vs median				172.6	124.6	81.0	-30.2	-30.9	-22.2	228.2	185.6	153.1	-624.5	-806.4	-626.7	-16.8	-17.5	6.1	-31.0	-26.5	-24.4
FREE TV																					
TF1	FRANCE	12.29	2,578	18.8	20.9	15.7	1.1	1.1	1.0	6.7	6.9	5.8	12.0	12.6	9.3	1.7	1.6	1.5	3.2	3.1	3.6
M6	FRANCE	21.54	2,719	18.6	17.0	16.5	2.0	1.8	1.8	7.7	7.0	6.7	11.5	10.5	9.9	4.1	3.9	3.6	4.1	4.3	4.3
Mediaset	ITALY	3.23	3,671	30.1	19.4	14.4	1.4	1.4	1.4	10.1	7.9	6.5	14.0	10.6	8.1	1.8	1.7	1.7	1.6	3.0	4.1
Mediaset España	SPAIN	9.36	3,131	16.3	15.4	14.6	3.0	2.9	2.9	11.9	11.2	10.6	12.6	11.8	11.1	3.2	3.2	3.1	5.9	6.3	6.6
Atresmedia	SPAIN	8.70	1,957	13.4	12.6	11.8	2.1	2.0	1.9	10.5	9.8	9.1	11.5	10.6	9.8	4.0	3.9	3.7	6.3	6.8	7.1
RTL	GERMANY	66.66	10,238	13.7	13.3	12.9	1.7	1.6	1.6	7.7	7.5	7.2	9.0	8.8	8.5	3.1	3.0	2.9	6.0	6.1	6.1
Prosieben	GERMANY	28.71	6,159	12.5	12.0	11.3	2.1	2.0	1.8	8.0	7.8	7.3	10.1	9.6	8.9	4.6	4.5	4.2	6.8	7.0	7.3
ITV	UNITED KINGDOM	1.66	6,662	10.7	10.6	10.1	2.4	2.3	2.2	8.6	8.5	7.9	8.9	8.8	8.3	9.4	8.1	6.8	4.7	5.4	5.9
FREE TV AVERAGE				16.8	15.2	13.4	2.0	1.9	1.8	8.9	8.3	7.7	11.2	10.4	9.2	4.0	3.7	3.4	4.8	5.3	5.6
FREE TV MEDIAN				15.0	14.4	13.6	2.0	1.9	1.8	8.3	7.9	7.3	11.5	10.5	9.1	3.6	3.5	3.4	5.3	5.8	6.0
Roularta (combined)	BELGIUM	21.95	288	34.4	24.8	18.3	0.7	0.7	0.7	8.0	6.7	6.1	15.8	12.6	12.0	1.3	1.2	1.3	0.9	1.1	1.6
% prem./(disc.) vs median				129.5	72.7	33.7	-63.7	-62.6	-60.6	-4.4	-14.3	-16.1	37.7	19.6	31.2	-63.6	-65.3	-61.8	-82.8	-80.3	-73.5
PRINTING																					
St Ives	UNITED KINGDOM	0.80	114	6.0	6.1	6.0	0.4	0.5	0.4	5.0	5.2	4.2	6.2	6.7	5.2	1.2	1.1	1.2	2.4	2.5	2.5
QuadGraphics	UNITED STATES	22.60	1,172	12.5	10.7	10.6	0.5	0.5	0.5	4.7	4.9	5.3	9.5	9.9	10.1	0.7	0.7	0.6	5.3	5.3	5.3
Dai Nippon Printing	JAPAN	2,513.00	762,052	29.3	25.6	25.9										0.8	0.7	0.7	2.5	2.5	2.5
PRINTING AVERAGE				15.9	14.2	14.2	0.5	0.5	0.4	4.8	5.0	4.7	7.9	8.3	7.6	0.9	0.9	0.9	3.4	3.4	3.4
PRINTING MEDIAN				12.5	10.7	10.6	0.5	0.5	0.4	4.8	5.0	4.7	7.9	8.3	7.6	0.8	0.7	0.7	2.5	2.5	2.5
Roularta (combined)	BELGIUM	21.95	288	34.4	24.8	18.3	0.7	0.7	0.7	8.0	6.7	6.1	15.8	12.6	12.0	1.3	1.2	1.3	0.9	1.1	1.6
% prem./(disc.) vs median				175.1	130.7	71.5	53.9	44.2	57.9	64.3	34.1	29.0	101.2	51.1	56.6	75.6	63.3	73.2	-64.2	-55.3	-37.4

Source: Merodis, Factset

P/E valuation relative to the sector

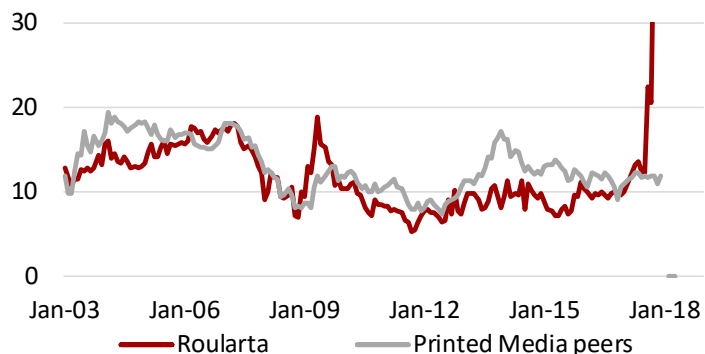
A rerating for the wrong reasons

Valuation

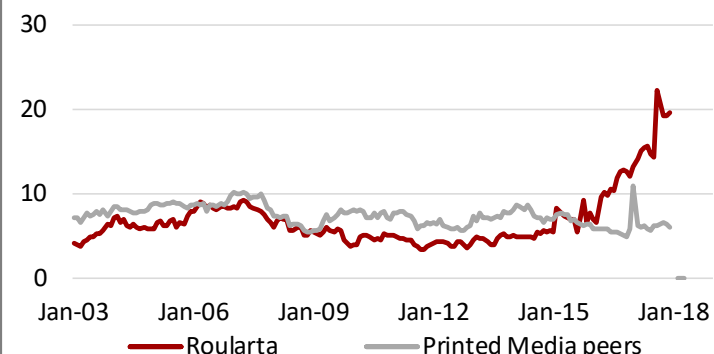
On 2017e consensus EPS estimates, Roularta shares trade at a P/E 12M forward of 49x, a premium of 317% versus Print Media peers in Europe (from 354% in November). As a reminder, Roularta has announced the disposal of its stake in Medialaan, which means Roularta is now a Print media pure play compared to the past when TV broadcasting (through Medialaan) was the main profit contributor and the key value driver of the stock (in 2016, 73% of Roularta's EBIT and 80% of its EPS was generated by Medialaan). The rerating compared to the Print Media sector is driven entirely by the share price performance since October as well as the sharp cut in Roularta's earnings estimates.

The Print Media sector is currently valued at 11.8x P/E 12M forward (vs. 11.0x previously) and at 5.9x EV/EBITDA 12M forward (vs. 6.4x previously), which compares to a LT average of 12.9x and 7.3x respectively. The historical valuation range for the sector is 7x-19x (P/E 12M forward) and 5x-11x (EV/EBITDA 12M forward).

P/E ratio of Roularta vs. Print Media



EV/EBITDA ratio of Roularta vs. Print Media



P/E Premium/(Discount) of Roularta vs. Print Media



EV/EBITDA Premium/(Discount) of Roularta vs. Print Media



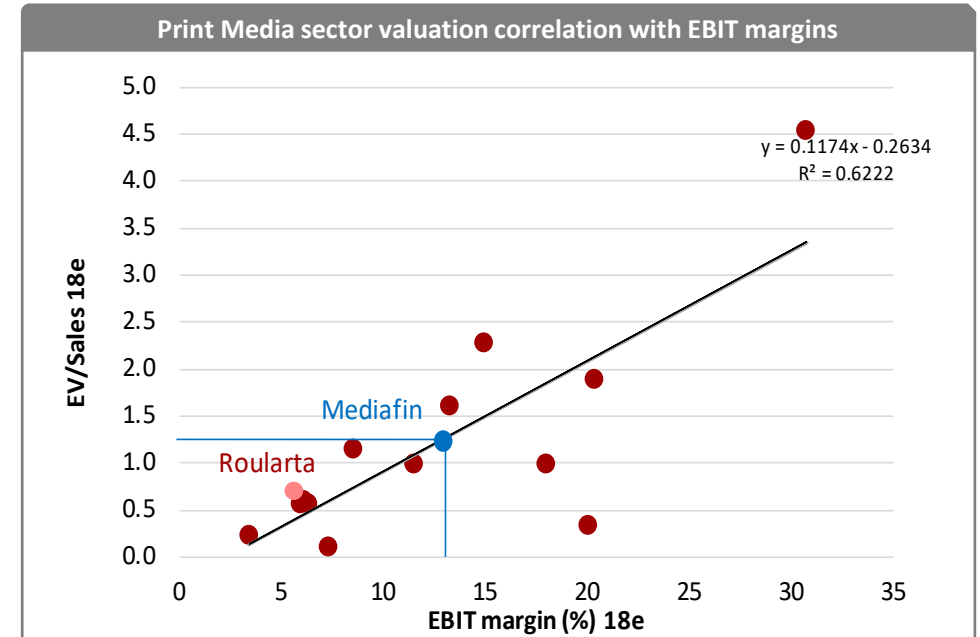
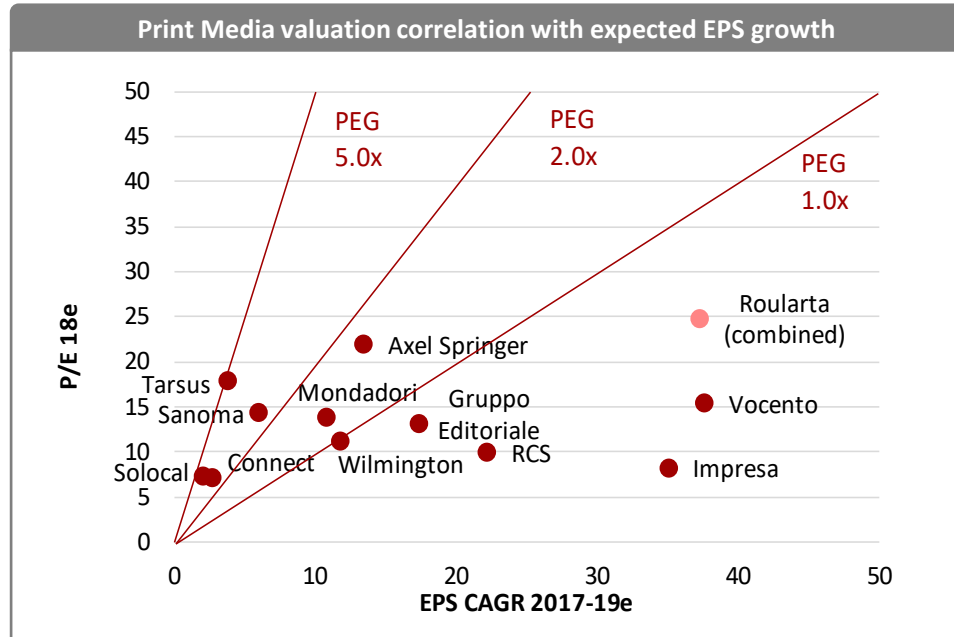
Source: Merodis, Factset

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

Roularta updated sum-of-the-parts									
(€m)	Ownership (%)	Adjusted EBIT 18e	Discount to peers	EV/EBIT multiple 18e	Net debt 17e	Value	Equity value/sh.	Value split	Value w/o discount
Print media	100%	0.2	na	na		29.9	16.6	90%	29.9
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	20%	49.7
+ Equity value of Bayard stake	50%	5.0	10.0	8.3	-5.3	23.5	1.8	10%	25.9
= Estimated market value of equity						290.7			293.1
Total share outstanding (m)						13.1			13.1
Equity value per share						22.1			22.3

Source: Merodis, Factset

Divisional valuation indicators



Source: Merodis, Factset

Sales growth expectations

Impacted by cyclical and structural effects

Expected Sales Growth

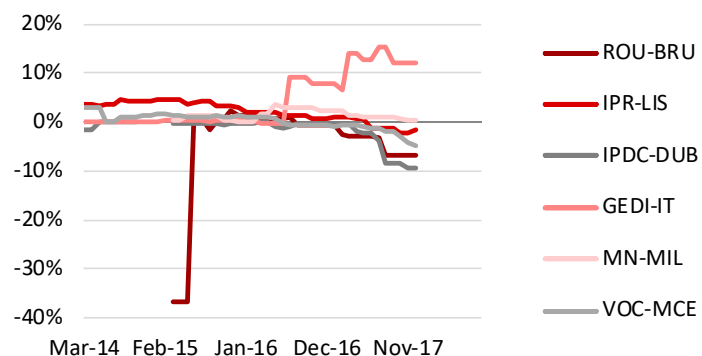
At the end of December, consensus slightly revised its Print Media sector sales growth expectations down for 2017 -0.8% (vs. -0.7% in November). With respect to 2018 sector sales growth expectations, consensus is flat at -2.4%.

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

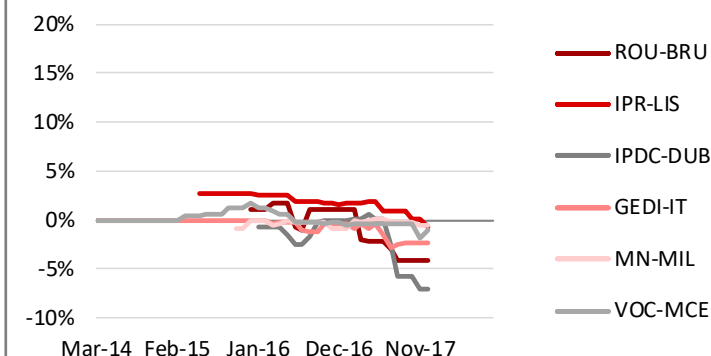
As a reminder the announced disposal of Mediaaan and acquisition of Mediafin have no impact on Roularta's consolidated sales as the stakes are equity-accounted JVs.

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

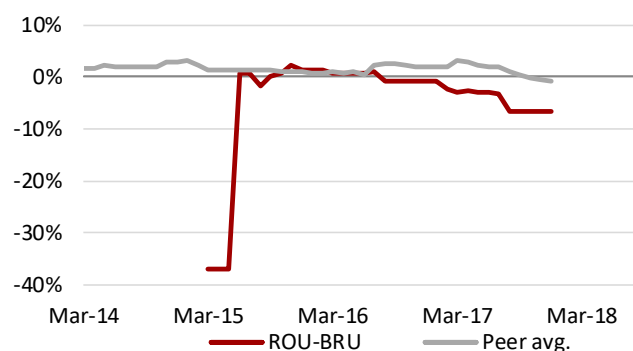
2017 expected sales growth (%)



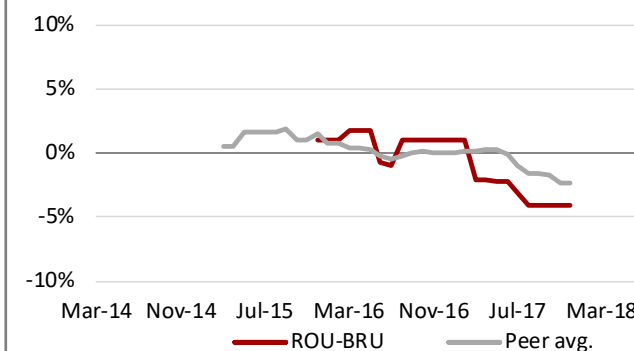
2018 expected sales growth (%)



2017 expected sales growth, Roularta vs. peers



2018 expected sales growth, Roularta vs. peers



Source: Merodis, Factset

EBITDA growth and margin expectations

Advertising revenue pressure hurting margins

EBITDA expectations

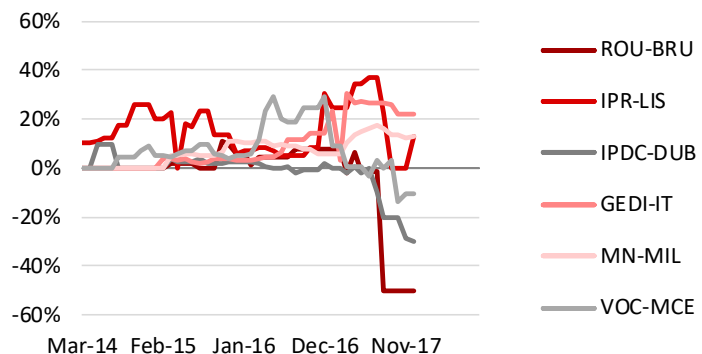
During the month of December, the expected annual EBITDA growth by the analyst community in 2017e for Roularta remains unchanged at -50%, while consensus expects -0.5% EBITDA growth in 2018e (unchanged). Margin expectations remain below the sector average for both years.

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

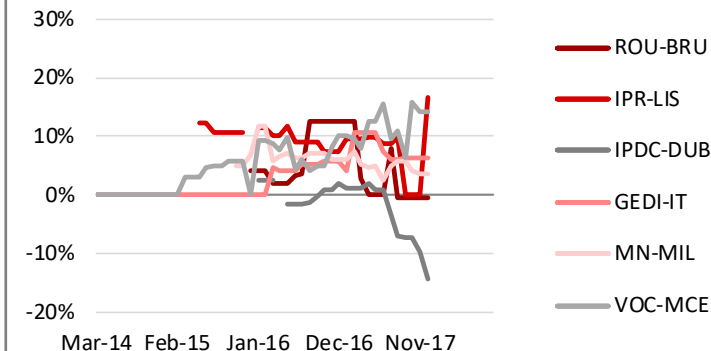
In Roularta's specific case, its reported EBITDA margin (as reflected by Factset consensus) is positively influenced by the IFRS 11 treatment of its 50% stake in Mediaalaan, whereby 50% of Mediaalaan's net profit is accounted for in Roularta's EBITDA and EBIT, but where its sales are not accounted for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

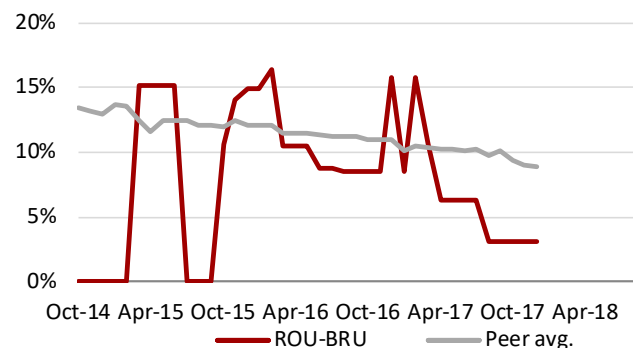
2017 expected EBITDA growth (%)



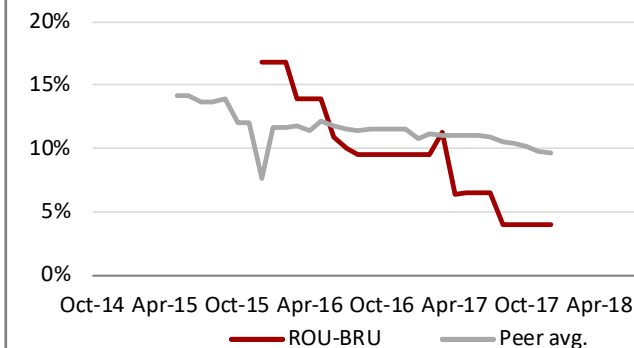
2018 expected EBITDA growth (%)



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

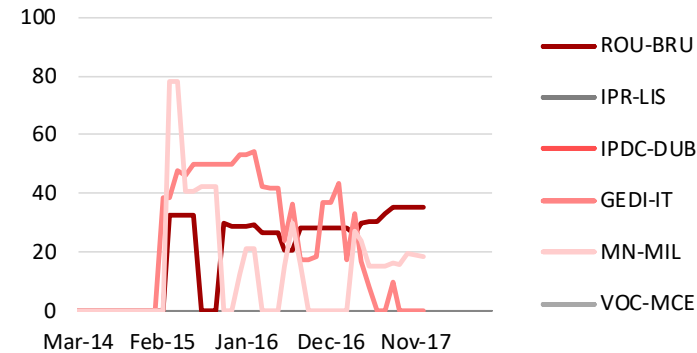
In 2016, Roularta paid a dividend of €0.50 per share, which represents a cash outlay of €6.2m and a payout ratio of 9.7% on the reported EPS (20% of the normalised EPS). The 2016 proposed dividend is flat, at €0.50, while we were forecasting €0.75 on higher expected results. The payout for 2016 is at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

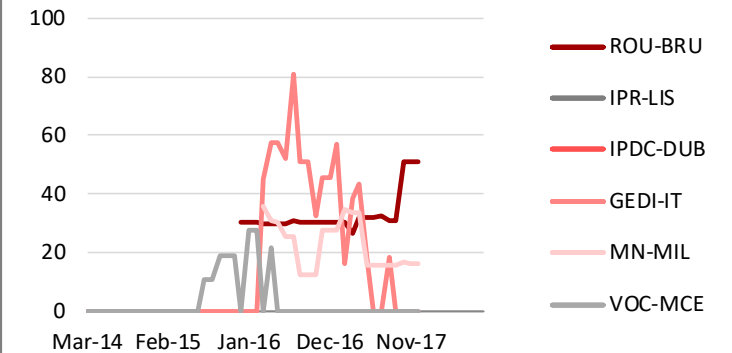
Consensus currently expects Roularta to pay out 35% of its earnings in 2017e (DPS of €0.23 compared to €0.20 MERe), which is unchanged from the previous month. The expected payout for 2018e is unchanged at 50% and an unchanged DPS forecast by analysts at €0.25 (in line with MERe). The expected payout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

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

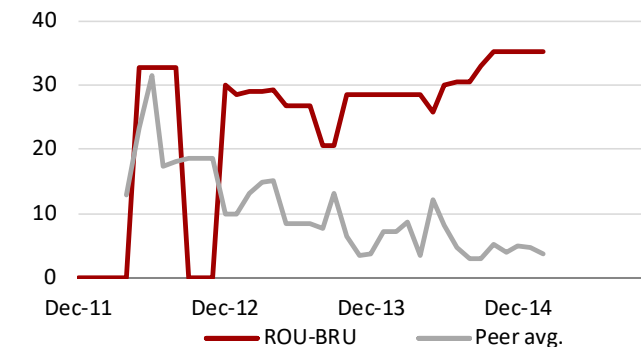
2017 expected Payout, Sector



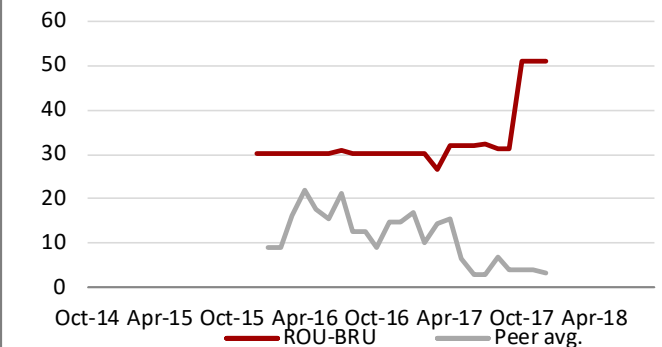
2018 expected Payout, Sector



2017 expected payout, Roularta vs. Peers



2018 expected payout, Roularta vs. Peers



Source: Merodis, Factset

Net-debt-to-EBITDA

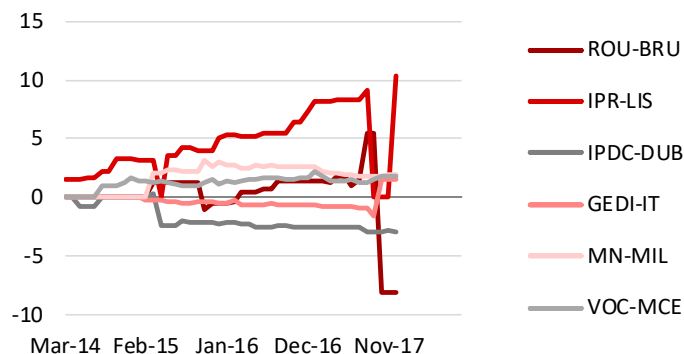
The level of expected financial leverage in the Media Sector was high in 2011 and 2012 and again in 2014 (where it exceeded 2.2x), but trended down since then to reach, on average, an aggregated net cash position which reflects stringent cost control. Roularta's ratio has exceeded 2x only during 2014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

At the end of December, consensus expects Roularta's net-debt-to-EBITDA ratio at -8.1x for 2017e (unchanged), reflecting a net cash position. As a reminder, Roularta's covenant threshold of 3.5x net debt over EBITDA is based on annual EBITDA including the company's share of Mediaaan's and Bayard's net profit. Based on this definition, the company reported a ratio of 1.1x in 1H17 despite the depressed consolidated EBITDA.

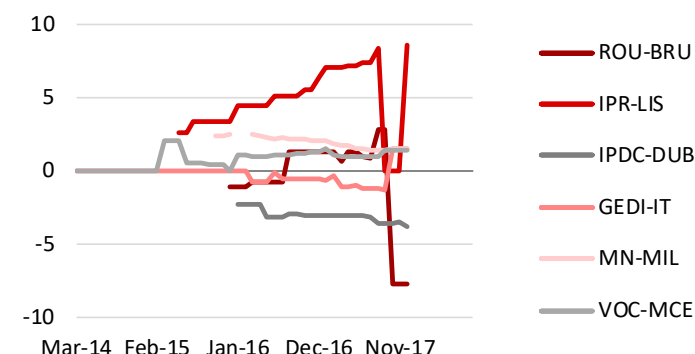
For 2018e, the analyst community expects Roularta's Net-Debt-to-EBITDA ratio to drop to reach -7.7x (unchanged from November but vs 2.8x in September), which compares to a ratio of 1.8x for the sector.

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.

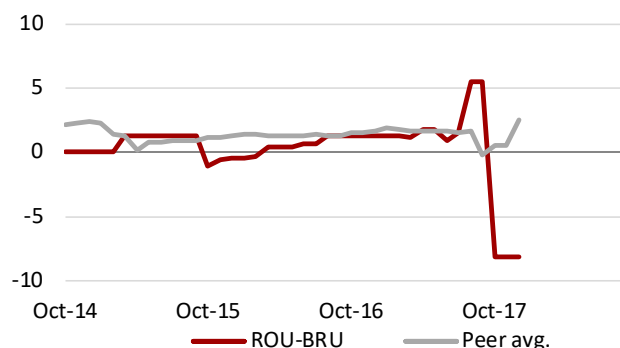
2017 NFD/EBITDA, sector



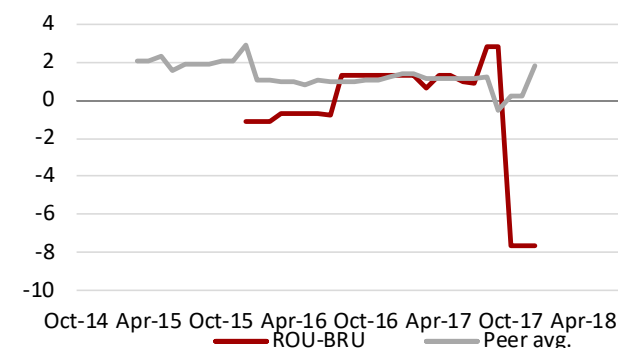
2018 NFD/EBITDA, sector



2017 NFD/EBITDA, Roularta vs. Peers

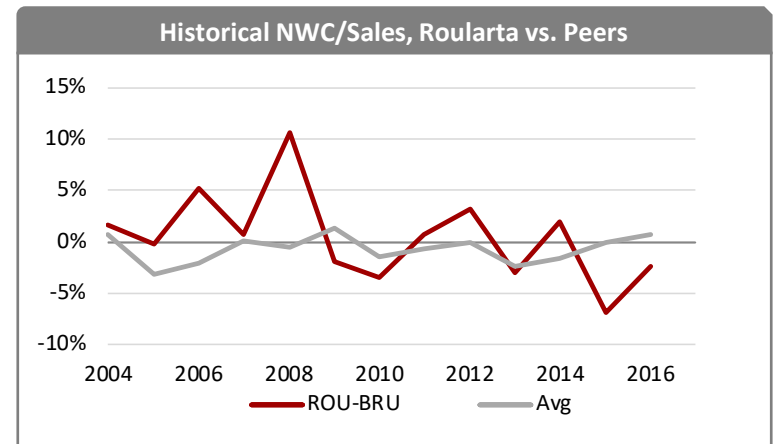
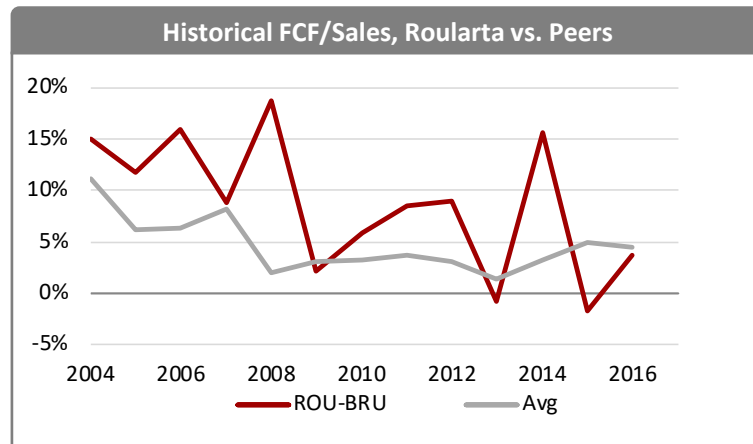
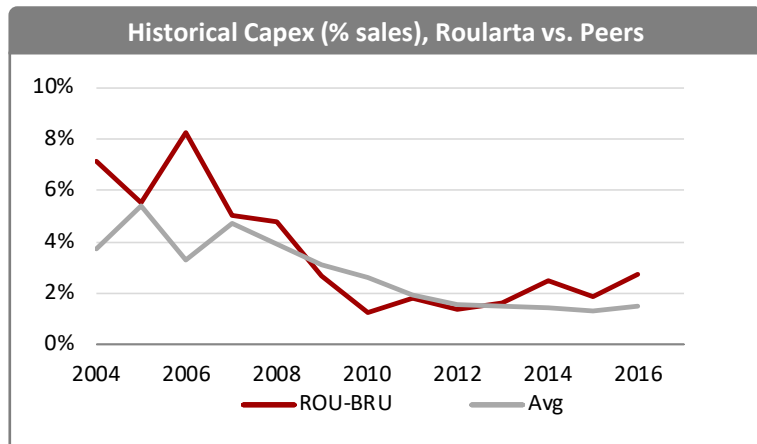
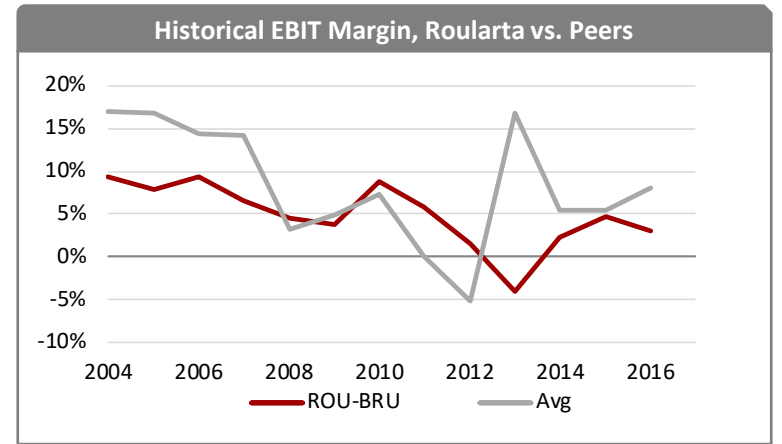
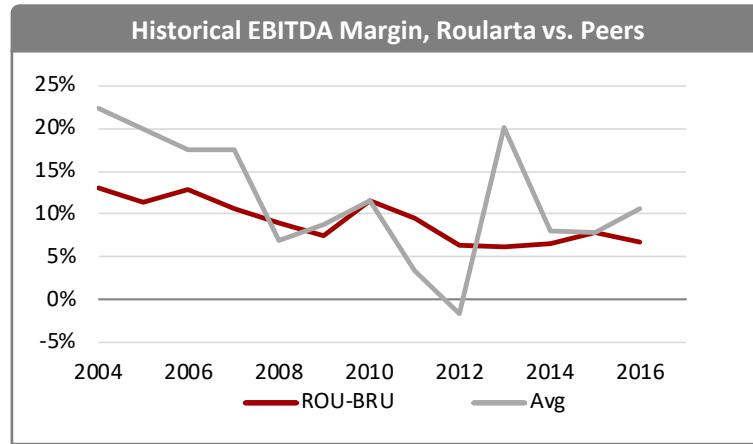
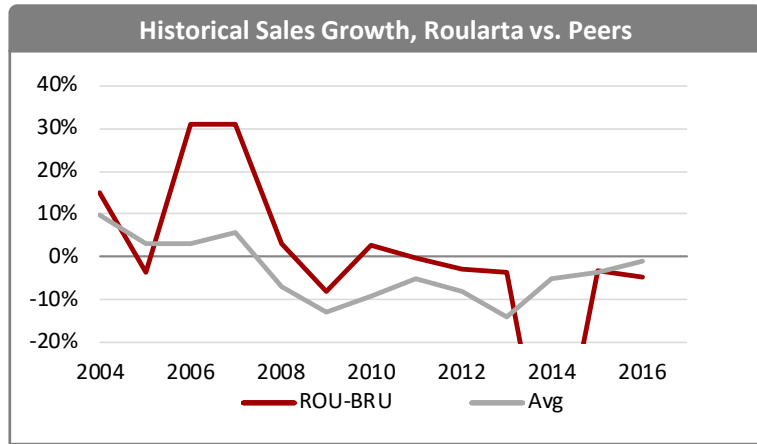


2018 NFD/EBITDA, Roularta vs. Peers



Source: Merodis, Factset

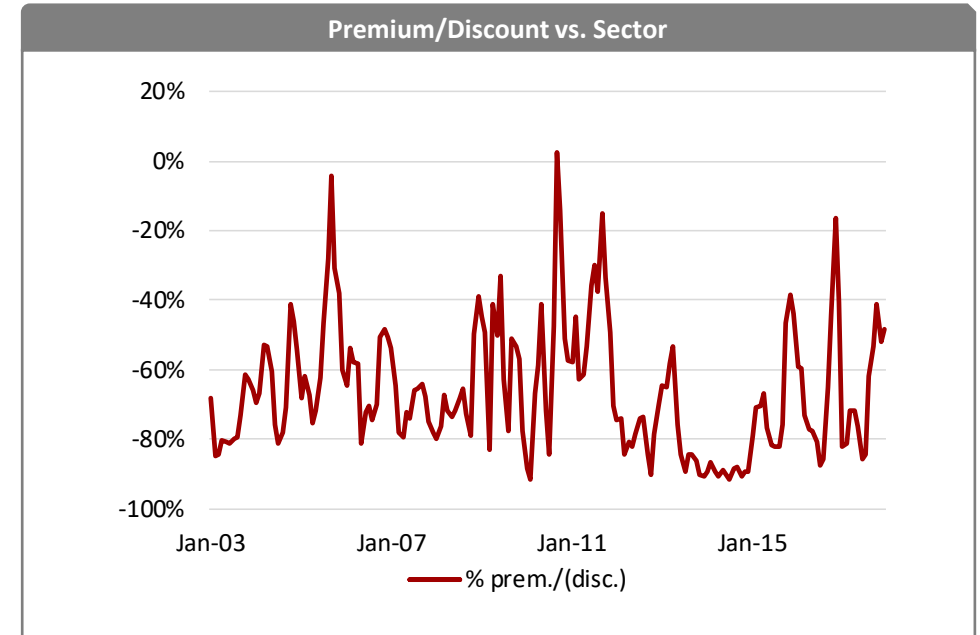
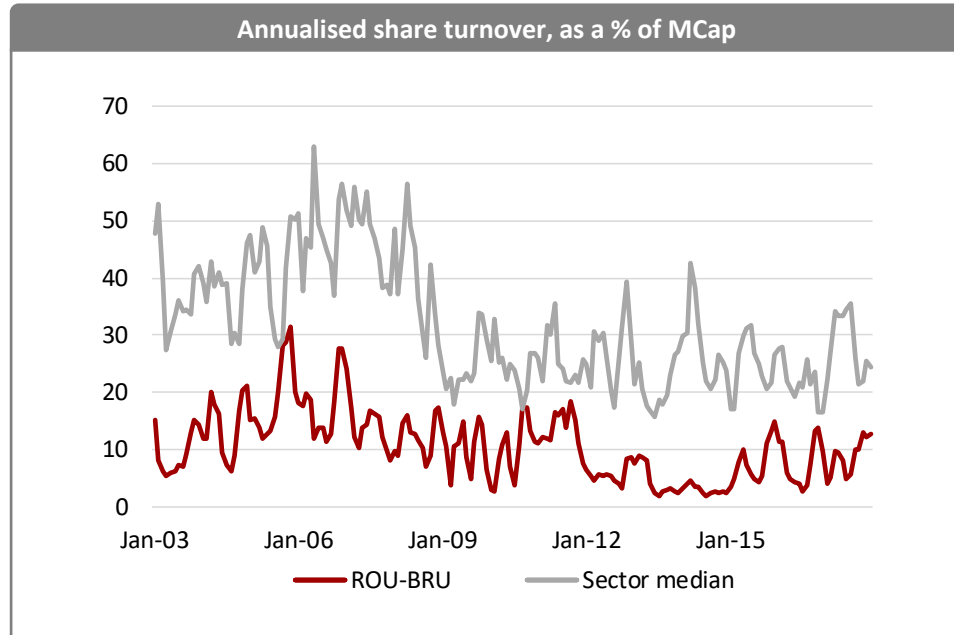
Historical P&L, CF and Balance Sheet Performance



Source: Merodis, Factset

Share liquidity

Well-below peers



Source: Merodis, Factset

Financial summary

Enterprise Value (€m): 219
Market Cap. (€m): 288
Free-float MCap (€m): 72

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017e	2018e	2019e	CAGR	CAGR
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017e	2018e	2019e	05-16	17-19e
Consolidated P&L (€m)																	
Sales	493	609	767	782	707	712	731	712	677	300	292	279	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)																	
Sales	491	609	767	782	707	712	731	712	677	300	292	279	260	248	237	-5.1	-4.4
EBITDA	46	46	48	48	55	53	42	47	51	9.4							
EBIT	23	23	33	33	42	36	21	25	26	10.2							
Pretax profit	16	16	26	37	31	16	20	25	23.7								
Net profit	-58	-58	-142	64	21	8	12	16	36.8								
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
Gros 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	-9	0	0	-6	-4	0	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	-58	1	-4	-6	-4	-4		
EBITDA	-14	40	4	-14	-24	54	-15	-35	-6	-54	-8	-10	-48	18	19		
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	-61	39	36		
FCF	68	-51	-36	491	na	na	92	-6	na	na	-100	18859	-40	173	2		
NWC	2	-57	-24	na	-20	-49	19	72	-38	99	-58	-39	-29	-12	186		
Capital Employed	25	123	4	-7	-9	3	-4	-5	-7	-57	35	-1	-6	-1	-6		
Shareholder Equity	8	32	0	12	-2	11	2	-2	-17	-50	45	7	-2	8	-5		
Financial Ratios																	
Gross margin (%)	67	71	74	75	76	78	76	75	76	72	75	76	76	76	76		
EBITDA margin (%)	11	13	11	9	8	12	10	6	6	7	6	6	6	3	4		
EBIT margin (%)	8	9	7	4	4	8	6	2	-4	2	5	2	-1	-1	-2		
Net margin (%)	5	4	2	2	-1	4	2	0	-9	-47	22	8	3	5	7		
Opex/Sales (%)	90	87	89	92	92	88	91	94	94	94	92	94	96	96	95		
Depreciation/Sales (%)	3	3	3	3	3	2	2	2	2	3	3	4	5	5	7		
Depreciation/EBITDA (%)	30	25	29	37	42	22	22	34	41	45	52	63	144	126	132		
Tax rate (%)	40	48	55	31	-84	37	43	28	-3	-89	-671	-4	0	0	0		
Capex/Sales (%)	0	8	5	5	3	1	0	1	1	2	2	3	3	3	6		
FCF/Sales (%)	8	3	2	9	-1	3	6	6	-1	9	0	2	1	3	4		
WCR/Sales (%)	0	4	1	8	-1	-3	1	2	-2	1	-6	-3	-1	0	0		
WC/Sales (%)	8	3	2	-6	-6	-3	-3	-6	-4	-17	-7	-5	-4	-3	-10		
Capital Employed/Sales (%)	60	108	90	82	83	85	79	77	75	74	102	106	107	111	109		
Gearing (%)	17	74	83	50	39	31	25	19	26	56	36	26	20	10	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	3.5	5.3	2.3	1.4			
ROE (%)	9	6	3	3	3	6	3	1	6	8	32	8	4	5	7		
Dividend Payout (%)	11	10	6	5	-1	9	4	-1	-18	-66	37	10	4	5	7		
Valuation																	
Market Capitalisation (€m)	517	579	669	393	184	248	275	185	155	162	208	319	288	288	288	-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	10	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	192	170	164	-8.4	-7.4
Assoc. NFD (gr. share) (€m)	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	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	22.8	17.1	13.8		
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	-55.7	-65.5	-43.6		
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	62.1	20.1	19.0		
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	34.4	24.8	18.3		
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		
P/BVPS (x)	2.4	2.4	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		
FCF yield (%)	7.7	3.0	1.9	18.9	-4.6	9.8	16.9	23.7	-6.5	16.4	0.0	1.6	1.1	2.9	3.0		
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	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	21.95	21.95	21.95	-6.7	0.0
EPS	2.27	2.26	1.44	1.04	-0.31	2.31	1.17	-0.19	-4.44	-1.10	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	-1.10	4.92	1.65	0.64	0.89	1.20	-2.9	37.2
BVPS	21.65	25.88	25.70	24.22	23.75	26.28	26.73	26.23	21.84	11.90	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	0.50	0.20	0.25	0.35	-3.6	32.3

Source: Company data, Merodis Equity Research

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