

2 October 2017

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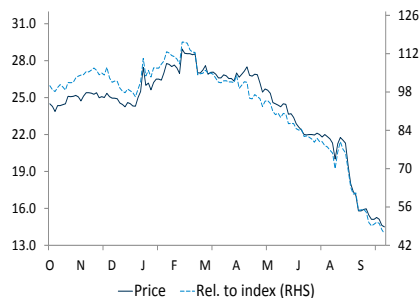
ROULARTA

Sells Medialaan and buys 50% in Mediafin

MEDIA
BELGIUM

CURRENT PRICE €14.58
TARGET PRICE €24.00

BUY
RATING UPGRADED



Source: Thomson Reuters Datastream

Bloomberg	ROU BB
Reuters	RLRT.BR
www.roularta.be	
Market Cap	€191.5m
Shares outst.	13.1m
Volume (daily)	€51,868
Free float	26.4%

Next corporate event

Results FY17: 12 March 2018

(€m)	2016	2017E	2018E
Sales	276.5	259.9	249.3
REBITDA	34.4	18.8	18.7
Net earnings	21.5	5.1	6.2
Adj. EPS (€)	1.76	0.46	0.49
P/E (x)	13.7	31.4	30.0
EV/REBITDA	9.3	10.4	10.0
FCF Yield	2.4%	5.1%	5.4%
Dividend yield	2.1%	1.0%	1.0%

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News

Roularta will sell its 50% stake in Medialaan to co-shareholder De Persgroep. De Persgroep will sell its 50% stake in Mediafin to Roularta. As such, De Persgroep become 100% shareholder of Medialaan and Roularta 50% of Mediafin, next to Group Rossel. Last year, Mediafin generated sales of €56m with an EBITDA of €12m (21% margin). The company has a net cash position of €13m. The transactions will result into a cash receivable of €217.5m for Roularta.

Our View

A scenario of Roularta selling its 50% stake in Medialaan or a buy-out of De Persgroep stake has been explored by investors repeatedly in the past. The former scenario seemed plausible given De Persgroep's fire power, knowhow and asset complementarity.

Applying a conservative 6x EV/EBITDA multiple to Mediafin and taking into account the net cash position, we estimate that Mediafin is worth around €85m (€42.5m for Roularta). In combination with the cash receivable, we estimate the implicit value for Medialaan at around €260m. This is substantially higher than the €170m we had in our SOTP.

Following the disposal of its 50% stake in Medialaan, Roularta will now be fully focussed on magazines, newspapers and local media.

Conclusion

Due to the hefty premium paid versus our SOTP, we believe the transaction to be highly value accretive and therefore we raise our target price from €18.5 to €24.