

# Reworld Media Buy

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France | Media

**Beta Profile:**  QUALITY

**MCap: EUR182.7m**

**Target Price:** EUR7.50  
**Current Price:** EUR3.45  
**Up/downside:** 117.4%  
**Market data:** 21 September 2023

**Change in TP:** none  
**Change in Sales:** none 23E/none 24E  
**Change in Adj EBIT:** -3.7% 23E/1.2% 24E  
**Change in Adj. EPS:** 47.4% 23E/19.2% 24E

Bloomberg: ALREW FP      Reuters: ALREW.PA  
Free float 8.3%  
Avg. daily volume (EURm) 0.4  
YTD abs performance -40.6%  
52-week high/low (EUR) 6.44/3.23

## A semester of transformation

### Why this report?

Reworld Media's adjusted EBITDA tumbled by 28% YOY in H1, as the company faced multiple headwinds. B2C was impacted by higher paper and energy costs, while B2B suffered from the integration of Unify's perimeter. Yet, management sounded confident about H2, as input cost pressure should ease and Unify's profitability is set to rebound after a major restructuring. While visibility on end markets remains low in the current macro context, we expect the company's sales and margin to improve from H2. Hence, we stick to our Buy rating and EUR7.50 target price.

### Key findings

- Management sounded confident about Unify's integration and margin recovery potential, which we expect to turn positive as early as H2.
- The EBITDA margin is set to improve in H2, fuelled by lower input cost pressure, coupled with Unify's margin turnaround.
- We like Reworld's risk-reward profile, as the stock trades at less than 5x P/E 2024E.

### Deconstructing the forecasts

- We change our adjusted EBITDA forecasts by -2%/+2%/+1% over 2023-25E, factoring in a faster-than-expected rebound in Unify's margins.
- We stick to our EUR7.50 target price. Our valuation methodology is unchanged.

FY to 31/12 (EUR)	12/23E	12/24E	12/25E
Sales (m)	545.0	567.4	587.3
EBITDA adj (m)	65.9	80.8	89.3
EBIT adj (m)	58.8	73.4	81.7
Net profit adj (m)	49.4	48.8	55.1
Net financial debt (m)	69.3	26.9	-18.9
FCF (m)	48.5	53.4	56.9
EPS adj. and ful. dil.	0.85	0.84	0.95
Consensus EPS	0.60	0.79	0.93
Net dividend	0.00	0.00	0.00

FY to 31/12	12/23E	12/24E	12/25E
P/E adj and ful. dil.	4.0	4.1	3.6
EV/EBITDA	3.7	2.5	1.7
EV/EBIT	4.1	2.7	1.9
FCF yield	26.5%	29.2%	31.2%
Dividend yield	0.0%	0.0%	0.0%
ND(F+IFRS16)/EBITDA	1.1	0.3	-0.2
Gearing	29.2%	9.5%	-5.6%
ROIC	13.7%	16.5%	18.1%
EV/IC	0.7	0.6	0.4

### Sector Most Pref.

Informa  
Publicis Groupe  
RELX PLC  
Universal Music Group  
Vivendi

### Sector Least Pref.

Eutelsat  
MFE - Media for Europe  
Pearson  
Solocal Group

### Investment case

- Reworld Media's strong digital focus (adtech and contents) is set to improve its growth profile (+4% CAGR 2019-25E pro forma), accelerating in later years as the digital mix grows (61% in 2025E vs. 35% in 2020).
- We expect an accretive impact on EBITDA margins (c. 15% in 2025E vs. 9.7% in 2020) from the mix evolution, dragging ROIC in its wake (to c. 33% in 2025E vs. 6% in 2020).
- Solid FCF generation ahead (towards 65% by 2025E) to build a fortress balance sheet, leaving room to continue the build-up strategy.

### Catalysts

- Ongoing trend in digitalisation of corporate communications.
- M&A to be an attractive driver within the fragmented adtech/content landscape.
- Sweet spot in the growing digital communication market.

### Valuation methodology

- Our TP is based on the average of a DCF (10.5% WACC and 1.5% LTG) and SOP valuation, implying 0.8x 2024E sales and 6x 2024E EBITDA.
- In our SOP, we value the company based on each segment and 2024E numbers, with 1.5x sales for B2C, 4.5x EBITDA for B2B excluding Performance, and 5.8x EBITDA for Performance.

### Risks to our rating

- Consumer stickiness, with Reworld Media's ability to retain its clients with quality content (captive audience).
- Execution risk for both its M&A and diversification plans, which might not lead to the expected returns.
- Technological risk related to third-party cookies for adtech, and changes in the behaviour of advertisement buyers.

## H1 earnings feedback from meeting with management

Following the publication of H1 results, Reworld Media's management held a meeting in Paris with investors. The key takeaways were as follows:

- **Unify:** Management sounded confident about Unify's integration and margin turnaround potential. After massive employee departures (300 out of 400 employees have left Unify since the acquisition), management indicated that Unify has now reached the targeted staff size and all teams have been integrated into Reworld Media. Moreover, most loss-making activities have been discontinued, while the group has invested in the most dynamic segments (social, influence). Unsurprisingly, this extensive reorganisation impacted Unify's sales, which we estimate dropped by c. 25% YOY in H1. On a positive note, the company confirmed that Unify's audience has remained stable since the acquisition, preserving the quality of its assets. Thus, we expect Unify's activities to rebound, with its margin turning positive as early as H2 of this year.
- **H2 sales outlook:** While Reworld Media does not provide quantified guidance, management seemed confident about its outlook. Now that it is a leading player in digital, Reworld's B2B activities (Digital accounts for 83% of B2B sales) are expected to perform somewhat in line with its reference market, while it previously outperformed, as the group was gaining market share. Digital market revenues are expected to grow by +4.7% in FY 2023 (Source: Bump on 1 September 2023), compared to +5.5% in H1. Conversely, B2C activities are anticipated to continue their structural decline.
- **Margin outlook:** Regarding B2C activities, management indicated that its purchase price for paper has decreased by 14% over the summer, which should start flowing into its P&L in the coming quarters. Furthermore, the B2B segment's profitability is set to improve YOY in H2, fuelled by the rebound in Unify's margins.
- **CSR:** Management reiterated its commitment to reinforcing the group's engagement in Corporate Social Responsibility (CSR). In H1, the company hired a CSR officer, submitted an offer for its first carbon footprint evaluation, and a woman has been nominated to the board as an independent director.

## Fine-tuning our EPS forecasts over 2023-25E

Following the release of H1 2023 earnings, we have made several adjustments to our estimates, leading to a respective +41%/+10%/+13% increase in our adjusted EPS forecasts over 2023/24/25E.

Our sales forecasts over the period are unchanged. We expect 0.5% organic sales growth in H2, and a EUR13m contribution in Q3 from the acquired perimeter.

Considering the lower-than-expected margin in H1 2023 but a more favourable outlook for H2, we cautiously decrease our FY adjusted EBITDA estimate by -2%. Assuming a faster-than-anticipated rebound in Unify's profitability, we raise our adjusted EBITDA estimates by +2% in FY 2024E and +1% in FY 2025E.

We raise our adjusted EPS forecasts by 41%/10%/13% over FY 2023-25E, to account for Unify's carry-forward deficit, which the group partially capitalised in H1.

We now assume average FCF generation of EUR50m over FY 2023-25E, bringing Reworld Media's financial position back to a net cash position of EUR19m by 2025E.

**Table 1: Reworld Media – summary of estimate changes 2023-25E**

FY-end Dec (EURm)	FY 2022	FY 2023E			FY 2024E			FY 2025E		
	A	prev.	KECH	% rev.	prev.	KECH	% rev.	prev.	KECH	% rev.
<b>Total revenues</b>	<b>506</b>	<b>545</b>	<b>545</b>	<b>0%</b>	<b>567</b>	<b>567</b>	<b>0%</b>	<b>587</b>	<b>587</b>	<b>0%</b>
% change	7.7%	7.7%	7.7%		4.1%	4.1%		3.5%	3.5%	
% LFL	<b>3.9%</b>	<b>0.1%</b>	<b>0.0%</b>		<b>4.1%</b>	<b>4.1%</b>		<b>3.5%</b>	<b>3.5%</b>	
<b>EBITDA, adj.</b>	<b>67</b>	<b>65</b>	<b>63</b>	<b>-2%</b>	<b>76</b>	<b>78</b>	<b>2%</b>	<b>86</b>	<b>86</b>	<b>1%</b>
% change	0.9%	-5.0%	-6.3%		17.7%	23.3%		12.7%	10.9%	
<b>Margin (%)</b>	<b>13.3%</b>	<b>11.9%</b>	<b>11.6%</b>		<b>13.6%</b>	<b>13.7%</b>		<b>14.6%</b>	<b>14.7%</b>	
<b>Net profit, adj.</b>	<b>47</b>	<b>36</b>	<b>46</b>	<b>30%</b>	<b>45</b>	<b>45</b>	<b>2%</b>	<b>51</b>	<b>52</b>	<b>2%</b>
% change	4.8%	-22.7%	-2.0%		23.6%	-1.4%		13.9%	13.8%	
Margin (%)	9.3%	6.5%	8.5%		7.8%	8.0%		8.6%	8.8%	
<b>EPS, adj.</b>	<b>0.81</b>	<b>0.58</b>	<b>0.82</b>	<b>41%</b>	<b>0.71</b>	<b>0.78</b>	<b>10%</b>	<b>0.79</b>	<b>0.89</b>	<b>13%</b>
% change	0.4%	-28.7%	0.3%		20.4%	-3.9%		11.3%	13.8%	
Capex	5	6	5		-6	6		-6	6	
<b>FCF</b>	<b>25</b>	<b>35</b>	<b>48</b>	<b>37%</b>	<b>54</b>	<b>53</b>	<b>0%</b>	<b>59</b>	<b>57</b>	<b>-3%</b>
DPS	0.00	0.00	0.00		0.00	0.00		0.00	0.00	
<b>Net financial debt / (cash)*</b>	<b>98</b>	<b>82</b>	<b>69</b>	<b>-15%</b>	<b>39</b>	<b>27</b>	<b>-31%</b>	<b>-9</b>	<b>-19</b>	<b>102%</b>

Source: Kepler Cheuvreux, Reworld Media, \*including IFRS 16

### Buy, TP EUR7.50

Going forward, the comparison base should evolve favourably, with a better H2 expected versus H1, although visibility remains very limited at this stage, particularly in the B2B ecosystem.

We expect EUR279m in revenues in H2, up 5.4% YOY, implying a revenue improvement within the Unify perimeter compared to H1 owing to a gradual stabilisation of its offer and commercial momentum.

Therefore, we reiterate our Buy rating and EUR7.50 target price on the stock, which is trading at a 40% discount to its closest peer (Future PLC), which we believe is overdone.

We believe that 2023 will be a transitional year for the company, with both profitability and growth bottoming out before improving sharply in 2024E, which should ultimately drive the share price.

## Company description

Reworld Media is an independent media company, positioned at the heart of the digital revolution of its industry. Founded in 2012, it built itself a powerful brand magazine portfolio, making it the French leader in the print magazine industry, along with comprehensive adtech expertise. Its activities are divided between two divisions: B2C, which takes part in the digitalisation of consumer trends, and B2B, which focuses on the digitalisation of the corporate communication market.

## Management

Pascal Chevalier, Chairman  
Gautier Normand, CEO  
Laetitia Quet, CFO

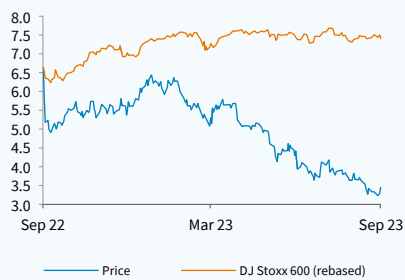


## Key shareholders

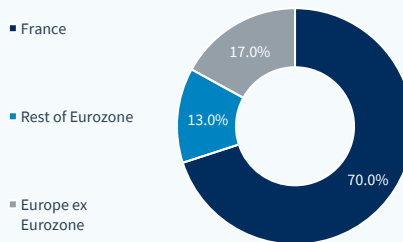
Free float	8.30%
Management	27.20%
DLB Investments	9.78%
Eurazeo	8.30%

## Key data charts

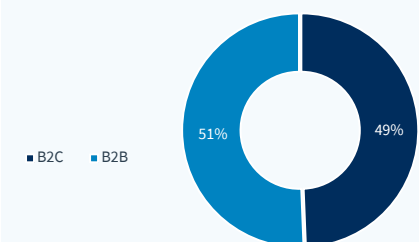
Price performance



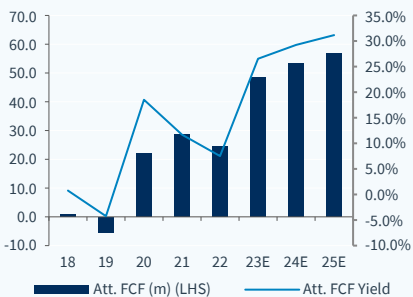
Sales split by region



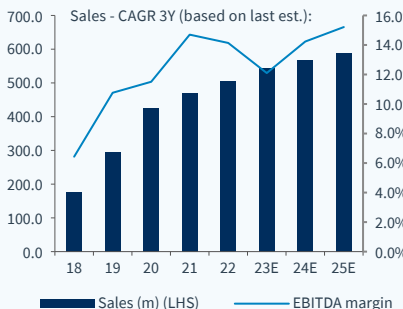
Sales split by division



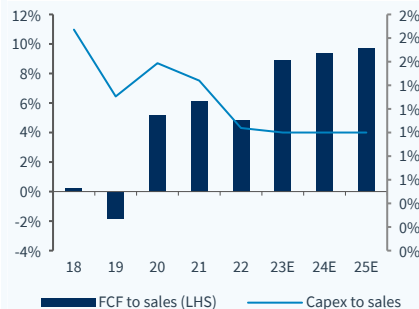
FCF



Sales and EBITDA margin



FCF and Capex to sales



## SWOT analysis

### Strengths

- Top position in magazine allows pricing power and captive audience.
- Digital front-runner attracting online communication investments.
- Expert in adtech tools, a healthy and growing market.

### Weaknesses

- Past controversies could affect customer content quality perception.
- Still-high exposure to print media, in structural decline.

### Opportunities

- Adtech fragmented market and media concentration to be hunting ground.
- Tighter third-party cookie regulation, to favour content owners.
- Development outside media.

### Threats

- Tighter cookies regulation could impact the affiliation business.
- Competition from various players in a fragmented ad-tech market.
- Changing behaviour among either advertisement buyer or customers.

**Valuation table**

Market data as of: 21 September 2023

FY to 31/12 (EUR)	12/16	12/17	12/18	12/19	12/20	12/21	12/22	12/23E	12/24E	12/25E
<b>Per share data (EUR)</b>										
EPS adjusted	0.18	0.10	0.18	0.48	0.64	0.99	0.95	0.93	0.92	1.04
% Change	310.8%	-45.4%	83.6%	163.3%	32.9%	54.3%	-3.8%	-1.8%	-1.3%	12.8%
EPS adjusted and fully diluted	0.15	0.09	0.17	0.42	0.58	0.97	0.92	0.85	0.84	0.95
% Change	237.4%	-41.0%	87.5%	153.8%	38.2%	66.3%	-5.4%	-6.9%	-1.3%	12.8%
EPS reported	-0.21	0.05	0.18	0.49	0.25	0.87	0.87	0.92	0.90	1.02
% Change	-chg	+chg	286.6%	167.8%	-49.7%	254.1%	0.2%	5.0%	-1.8%	13.0%
EPS Consensus								0.60	0.79	0.93
Cash flow per share	-0.12	-0.13	0.10	-0.03	0.59	0.68	0.56	1.02	1.12	1.19
Book value per share	0.24	0.53	0.71	1.74	2.08	2.59	3.33	4.18	5.02	5.98
DPS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Number of shares, YE (m)	31.9	37.1	37.6	48.9	49.1	52.2	53.0	53.0	53.0	53.0
Nbr of shares, fully diluted, YE (m)	38.9	41.8	41.5	55.9	54.0	53.4	55.1	58.0	58.0	58.0
<b>Share price</b>										
Latest price / year end	1.2	1.8	1.5	2.8	3.2	7.5	5.8	3.5	3.5	3.5
52 week high	1.3	2.8	2.1	3.5	3.4	7.8	7.7	6.4		
52 week low	0.8	1.2	1.1	1.5	1.7	3.0	4.9	3.2		
Average price (Year)	1.0	2.0	1.5	2.6	2.4	4.7	6.2	3.5	3.5	3.5
<b>Enterprise value (EURm)</b>										
Market capitalisation	32.6	74.1	57.7	126.9	119.3	245.3	327.8	182.7	182.7	182.7
Net financial debt	-0.8	8.2	10.4	42.0	24.3	28.6	98.2	69.3	26.9	-18.9
Pension provisions	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
IFRS 16 debt	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Market value of minorities	0.0	0.0	-0.1	10.8	5.0	-50.5	-25.1	-25.1	-25.1	-25.1
MV of equity affiliates (net of tax)	-4.6	-4.7	-4.4	-6.6	-5.3	-14.4	-14.3	-14.3	-14.3	-14.3
Others	9.7	8.3	2.9	35.8	29.0	17.9	25.6	29.4	29.4	29.4
Enterprise value	36.9	86.0	66.5	208.9	172.3	226.8	412.3	242.0	199.7	153.8
<b>Valuation</b>										
P/E adjusted	5.6	20.1	8.4	5.4	3.8	4.8	6.5	3.7	3.7	3.3
P/E adjusted and fully diluted	6.8	22.6	9.2	6.2	4.2	4.9	6.8	4.0	4.1	3.6
P/E consensus								5.8	4.4	3.7
P/BV	4.2	3.7	2.2	1.5	1.2	1.8	1.9	0.8	0.7	0.6
P/CF	na	na	15.3	na	4.1	6.9	11.0	3.4	3.1	2.9
Dividend yield (%)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Dividend yield preference shares (%)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
FCF yield (%)	-24.3%	-11.0%	0.8%	-4.2%	18.5%	11.7%	7.5%	26.5%	29.2%	31.2%
ROE (%)	69.0%	26.8%	29.5%	42.0%	33.6%	43.5%	32.4%	24.9%	20.0%	18.9%
ROIC (%)	7.6%	12.6%	15.6%	17.1%	16.7%	25.8%	19.0%	13.7%	16.5%	18.1%
EV/Sales	0.21	0.46	0.37	0.71	0.41	0.48	0.82	0.44	0.35	0.26
EV/EBITDA adj.	8.4	10.7	5.8	6.6	3.5	3.3	5.8	3.7	2.5	1.7
EV/EBIT adj.	32.4	22.2	8.4	8.2	4.6	3.6	6.4	4.1	2.7	1.9
EV/NOPAT	48.6	33.3	12.6	12.3	6.4	4.9	8.5	5.5	3.6	2.5
EV/IC	3.2	2.9	1.7	1.3	1.1	1.2	1.3	0.7	0.6	0.4
ROIC/WACC	0.6	1.0	1.3	1.4	1.4	2.1	1.6	1.1	1.4	1.5
EV/IC over ROIC/WACC	5.1	2.8	1.3	0.9	0.8	0.5	0.8	0.6	0.4	0.3

## Income statement

FY to 31/12 (EUR)	12/16	12/17	12/18	12/19	12/20	12/21	12/22	12/23E	12/24E	12/25E
<b>Sales</b>	<b>174.1</b>	<b>185.6</b>	<b>177.5</b>	<b>294.4</b>	<b>424.7</b>	<b>469.8</b>	<b>505.8</b>	<b>545.0</b>	<b>567.4</b>	<b>587.3</b>
Gross profit	73.9	80.6	80.5	182.2	284.9	322.2	347.2	373.1	389.1	402.3
EBITDA reported	4.4	7.5	11.1	29.6	41.4	63.0	66.7	62.4	77.1	85.5
<b>EBITDA adjusted</b>	<b>4.4</b>	<b>8.0</b>	<b>11.4</b>	<b>31.7</b>	<b>48.9</b>	<b>69.1</b>	<b>71.5</b>	<b>65.9</b>	<b>80.8</b>	<b>89.3</b>
Depreciation and amortisation	-3.3	-3.6	-3.2	-4.1	-4.0	-4.0	-4.9	-4.4	-4.5	-4.7
Goodwill impairment	0.0	0.0	0.0	0.0	0.0	0.0	1.9	0.0	0.0	0.0
Other financial result and associates	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBIT reported	1.1	3.9	7.9	25.5	37.4	59.0	63.8	58.0	72.5	80.8
<b>EBIT adjusted</b>	<b>1.1</b>	<b>3.9</b>	<b>7.9</b>	<b>25.5</b>	<b>37.4</b>	<b>62.8</b>	<b>64.5</b>	<b>58.8</b>	<b>73.4</b>	<b>81.7</b>
Net financial items	-0.3	-0.3	-0.6	-3.9	-6.8	-4.5	-6.3	-11.1	-11.1	-11.1
Associates	-6.7	-2.1	0.0	0.4	-22.5	-1.2	-4.8	0.0	0.0	0.0
Others	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Earnings before tax	-5.8	1.5	7.3	22.0	8.1	53.3	52.7	47.0	61.5	69.8
Tax	-0.8	0.3	-0.4	2.6	4.3	-11.1	-8.1	0.0	-15.4	-17.4
Net profit from continuing op.	-6.6	1.8	6.9	24.6	12.4	42.2	44.7	47.0	46.1	52.3
Net profit from disc. activities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net profit before minorities	-6.6	1.8	6.9	24.6	12.4	42.2	44.7	47.0	46.1	52.3
Minorities	0.0	0.0	0.0	-0.7	-0.3	3.4	1.7	1.7	1.7	1.7
<b>Net profit reported</b>	<b>-6.6</b>	<b>1.8</b>	<b>6.9</b>	<b>23.9</b>	<b>12.1</b>	<b>45.6</b>	<b>46.3</b>	<b>48.6</b>	<b>47.8</b>	<b>54.0</b>
Adjustments	12.4	1.9	0.0	-0.4	19.3	6.0	4.1	0.8	1.1	1.1
<b>Net profit adjusted</b>	<b>5.8</b>	<b>3.7</b>	<b>6.9</b>	<b>23.5</b>	<b>31.4</b>	<b>51.6</b>	<b>50.4</b>	<b>49.4</b>	<b>48.8</b>	<b>55.1</b>
Sales % Change	189.2%	6.6%	-4.4%	65.8%	44.3%	10.6%	7.7%	7.7%	4.1%	3.5%
EBITDA reported % Change	300.0%	70.5%	48.0%	166.7%	39.9%	52.2%	5.9%	-6.5%	23.5%	11.0%
EBITDA adjusted % Change	301.8%	81.7%	42.2%	177.4%	54.2%	41.3%	3.5%	-7.8%	22.5%	10.6%
EBIT reported % Change	1210.3%	239.4%	105.4%	220.9%	46.7%	57.8%	8.1%	-9.0%	25.0%	11.4%
EBIT adjusted % Change	1210.3%	239.4%	105.4%	220.9%	46.7%	67.9%	2.7%	-8.8%	24.7%	11.4%
Earnings before tax % Change	-chg	+chg	397.6%	201.7%	-63.0%	554.5%	-1.1%	-10.9%	30.9%	13.5%
Net profit from cont. op. % Change	-chg	+chg	291.6%	258.8%	-49.6%	239.5%	5.8%	5.2%	-1.9%	13.5%
Net profit reported % Change	-chg	+chg	292.3%	247.8%	-49.4%	276.7%	1.6%	5.0%	-1.8%	13.0%
Net profit adjusted % Change	360.7%	-36.6%	86.3%	242.0%	33.6%	64.2%	-2.4%	-1.8%	-1.3%	12.8%
Gross profit margin (%)	42.5%	43.4%	45.3%	61.9%	67.1%	68.6%	68.6%	68.5%	68.6%	68.5%
EBITDA margin (%)	2.5%	4.3%	6.4%	10.8%	11.5%	14.7%	14.1%	12.1%	14.2%	15.2%
EBIT margin (%)	0.7%	2.1%	4.5%	8.7%	8.8%	13.4%	12.7%	10.8%	12.9%	13.9%
Net profit margin (%)	3.3%	2.0%	3.9%	8.0%	7.4%	11.0%	10.0%	9.1%	8.6%	9.4%
Tax rate (%)	84.8%	-8.0%	5.9%	-12.1%	-14.0%	20.4%	14.0%	0.0%	25.0%	25.0%
Payout ratio (%)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
EPS reported (EUR)	-0.21	0.05	0.18	0.49	0.25	0.87	0.87	0.92	0.90	1.02
EPS adjusted (EUR)	0.18	0.10	0.18	0.48	0.64	0.99	0.95	0.93	0.92	1.04
EPS adj and fully diluted (EUR)	0.15	0.09	0.17	0.42	0.58	0.97	0.92	0.85	0.84	0.95
DPS (EUR)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
DPS, preference shares (EUR)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
EPS reported % Change	-chg	+chg	286.6%	167.8%	-49.7%	254.1%	0.2%	5.0%	-1.8%	13.0%
EPS adjusted % Change	310.8%	-45.4%	83.6%	163.3%	32.9%	54.3%	-3.8%	-1.8%	-1.3%	12.8%
EPS adj and fully diluted % Change	237.4%	-41.0%	87.5%	153.8%	38.2%	66.3%	-5.4%	-6.9%	-1.3%	12.8%
DPS % Change										
Consensus Sales (EURm)								552.0	564.8	580.4
Consensus EBITDA (EURm)								65.4	75.9	84.9
Consensus EBIT (EURm)								55.4	63.8	72.0
Consensus EPS (EUR)								0.60	0.79	0.93

## Cash flow statement

Market data as of: 21 September 2023

FY to 31/12 (EUR)	12/16	12/17	12/18	12/19	12/20	12/21	12/22	12/23E	12/24E	12/25E
Net profit before minorities	-6.6	1.8	6.9	24.6	12.4	42.2	44.7	47.0	46.1	52.3
Depreciation and amortisation	7.5	4.5	3.7	32.5	19.7	10.3	8.5	4.4	4.5	4.7
Goodwill impairment	0.3	0.0	0.1	-35.1	-3.4	0.1	-1.9	0.0	0.0	0.0
Change in working capital	-2.4	-9.0	-4.9	-6.6	9.3	-9.5	-14.3	-8.5	-2.6	-5.3
Others	-2.9	-2.0	-2.0	-17.0	-9.2	-7.8	-7.0	11.1	11.1	11.1
<b>Levered post tax CF before capex</b>	<b>-4.0</b>	<b>-4.7</b>	<b>3.8</b>	<b>-1.5</b>	<b>28.8</b>	<b>35.4</b>	<b>29.9</b>	<b>53.9</b>	<b>59.1</b>	<b>62.8</b>
% Change	+chg	-chg	+chg	-chg	+chg	22.9%	-15.7%	80.5%	9.6%	6.3%
Capex	-3.9	-3.5	-3.3	-3.8	-6.7	-6.8	-5.3	-5.4	-5.7	-5.9
<b>Free cash flow</b>	<b>-7.9</b>	<b>-8.1</b>	<b>0.4</b>	<b>-5.4</b>	<b>22.1</b>	<b>28.7</b>	<b>24.6</b>	<b>48.5</b>	<b>53.4</b>	<b>56.9</b>
% Change	-chg	-chg	+chg	-chg	+chg	29.8%	-14.1%	96.9%	10.2%	6.6%
Acquisitions	23.3	0.0	-1.8	-52.3	-2.5	-3.6	-84.0	-8.5	0.0	0.0
Divestments	-2.5	-0.4	-0.6	-1.9	-0.3	-15.8	-0.9	0.0	0.0	0.0
Dividend paid	0.0	0.0	0.0	0.0	0.0	0.0	-2.0	0.0	0.0	0.0
Share buy back	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Capital increases	-0.3	0.0	0.0	30.8	3.0	-5.2	0.0	0.0	0.0	0.0
Others	2.4	-4.0	2.4	66.3	27.9	14.9	57.6	-2.6	-11.1	-11.1
<b>Change in net financial debt</b>	<b>-15.0</b>	<b>12.5</b>	<b>-0.5</b>	<b>-37.5</b>	<b>-50.1</b>	<b>-18.9</b>	<b>4.6</b>	<b>-37.4</b>	<b>-42.4</b>	<b>-45.9</b>
Change in cash and cash equiv.	15.0	-12.5	0.5	37.5	50.1	18.8	-4.6	37.4	42.4	45.9
Attributable FCF	-7.9	-8.1	0.4	-5.4	22.1	28.7	24.6	48.5	53.4	56.9
Cash flow per share (EUR)	-0.12	-0.13	0.10	-0.03	0.59	0.68	0.56	1.02	1.12	1.19
% Change	+chg	-chg	+chg	-chg	+chg	15.5%	-16.8%	80.5%	9.6%	6.3%
FCF per share (EUR)	-0.25	-0.22	0.01	-0.11	0.45	0.55	0.47	0.92	1.01	1.07
% Change	-chg	+chg	+chg	-chg	+chg	22.0%	-15.3%	96.9%	10.2%	6.6%
Capex / Sales (%)	2.3%	1.9%	1.9%	1.3%	1.6%	1.4%	1.0%	1.0%	1.0%	1.0%
Capex / D&A (%)	121.1%	95.7%	105.4%	93.7%	168.5%	169.1%	107.8%	125.0%	125.0%	125.0%
Cash flow / Sales (%)	-2.3%	-2.5%	2.1%	-0.5%	6.8%	7.5%	5.9%	9.9%	10.4%	10.7%
FCF / Sales (%)	-4.6%	-4.4%	0.2%	-1.8%	5.2%	6.1%	4.9%	8.9%	9.4%	9.7%
FCF Yield (%)	-24.3%	-11.0%	0.8%	-4.2%	18.5%	11.7%	7.5%	26.5%	29.2%	31.2%
Unlevered FCF Yield (%)	-20.2%	-7.1%	4.2%	-0.4%	17.4%	14.2%	7.3%	24.6%	30.9%	42.4%

## Balance sheet

FY to 31/12 (EUR)	12/16	12/17	12/18	12/19	12/20	12/21	12/22	12/23E	12/24E	12/25E
Cash and cash equivalents	28.6	16.1	16.6	54.0	104.1	122.9	118.3	155.7	198.1	243.9
Inventories	0.3	0.1	0.1	3.1	2.5	3.9	4.0	4.3	4.5	4.6
Accounts receivable	54.4	56.9	53.2	115.9	118.4	122.4	153.2	175.7	182.9	189.3
Other current assets	5.7	6.7	8.2	17.7	19.7	17.7	27.9	27.9	27.9	27.9
<b>Current assets</b>	<b>89.1</b>	<b>79.7</b>	<b>78.0</b>	<b>190.8</b>	<b>244.6</b>	<b>266.9</b>	<b>303.4</b>	<b>363.6</b>	<b>413.4</b>	<b>465.8</b>
Tangible assets	1.1	1.6	1.4	1.7	4.0	4.9	5.4	15.0	16.1	17.3
Goodwill	24.6	33.6	35.3	34.8	37.1	0.0	49.5	49.5	49.5	49.5
Other Intangible assets	6.0	5.2	5.2	176.1	176.5	223.9	279.4	279.4	279.4	279.4
Financial assets	4.6	4.7	4.4	6.6	5.3	14.4	14.3	14.3	14.3	14.3
Other non-current assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Non-current assets</b>	<b>36.3</b>	<b>45.0</b>	<b>46.3</b>	<b>219.1</b>	<b>222.9</b>	<b>243.1</b>	<b>348.7</b>	<b>358.2</b>	<b>359.4</b>	<b>360.6</b>
Short term debt	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Accounts payable	72.2	68.3	62.0	144.8	151.7	156.1	185.1	199.5	204.3	205.5
Other short term liabilities	13.1	10.8	7.4	51.1	50.1	35.0	35.1	35.1	35.1	35.1
<b>Current liabilities</b>	<b>85.3</b>	<b>79.1</b>	<b>69.4</b>	<b>195.9</b>	<b>201.8</b>	<b>191.1</b>	<b>220.2</b>	<b>234.5</b>	<b>239.3</b>	<b>240.6</b>
Long term debt	27.9	24.3	27.0	96.0	128.4	151.5	216.5	225.0	225.0	225.0
Pension provisions	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
IFRS16 Debt	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other long term provisions	4.5	1.6	1.1	21.5	24.4	18.0	20.1	20.1	20.1	20.1
Other long term liabilities	0.0	0.0	0.0	0.0	0.0	0.0	4.8	4.8	4.8	4.8
<b>Non-current liabilities</b>	<b>32.4</b>	<b>25.9</b>	<b>28.1</b>	<b>117.5</b>	<b>152.8</b>	<b>169.5</b>	<b>241.3</b>	<b>249.8</b>	<b>249.8</b>	<b>249.8</b>
Shareholders' equity	7.7	19.8	26.8	85.2	102.1	135.1	176.3	221.6	266.0	316.6
Minority interests	0.0	0.0	0.0	11.3	10.9	14.3	14.3	16.0	17.6	19.3
<b>Total equity</b>	<b>7.7</b>	<b>19.8</b>	<b>26.8</b>	<b>96.5</b>	<b>113.0</b>	<b>149.4</b>	<b>190.6</b>	<b>237.5</b>	<b>283.6</b>	<b>335.9</b>
<b>Balance sheet total</b>	<b>125.4</b>	<b>124.8</b>	<b>124.4</b>	<b>409.9</b>	<b>467.5</b>	<b>510.0</b>	<b>652.1</b>	<b>721.9</b>	<b>772.8</b>	<b>826.4</b>
% Change	107.8%	-0.5%	-0.3%	229.6%	14.1%	9.1%	27.9%	10.7%	7.0%	6.9%
Book value per share (EUR)	0.24	0.53	0.71	1.74	2.08	2.59	3.33	4.18	5.02	5.98
% Change	-24.6%	120.4%	33.5%	144.7%	19.2%	24.4%	28.7%	25.7%	20.0%	19.0%
Net financial debt	-0.8	8.2	10.4	42.0	24.3	28.6	98.2	69.3	26.9	-18.9
IFRS16 Debt	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Pension provisions	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Others	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net debt	-0.8	8.2	10.4	42.0	24.3	28.6	98.2	69.3	26.9	-18.9
Net fi. debt (+IFRS16) / EBITDA (x)	-0.2	1.0	0.9	1.3	0.5	0.4	1.4	1.1	0.3	-0.2
Trade working capital	-17.4	-11.3	-8.7	-25.8	-30.9	-29.8	-27.9	-19.5	-16.9	-11.6
Net working capital	-24.8	-15.4	-8.0	-59.2	-61.2	-47.1	-35.1	-26.6	-24.0	-18.7
NWC/Sales	-14.3%	-8.3%	-4.5%	-20.1%	-14.4%	-10.0%	-6.9%	-4.9%	-4.2%	-3.2%
Inventories/sales	0.2%	0.0%	0.0%	1.0%	0.6%	0.8%	0.8%	0.8%	0.8%	0.8%
Invested capital	11.5	29.6	38.3	160.0	161.7	196.0	313.6	331.6	335.4	341.8
Net fin. debt / FCF (x)	0.1	-1.0	23.8	-7.8	1.1	1.0	4.0	1.4	0.5	-0.3
Gearing (%)	-10.0%	41.3%	38.9%	43.5%	21.5%	19.1%	51.5%	29.2%	9.5%	-5.6%
Goodwill / Equity (%)	317.9%	169.9%	131.7%	36.0%	32.8%	0.0%	26.0%	20.9%	17.5%	14.7%



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Rating Breakdown	A	B
Buy	61%	66%
Hold	30%	28%
Reduce	6%	1%
Not Rated/Under Review/Accept Offer	3%	5%
Total	100%	100%

Source: Kepler Cheuvreux

A: % of all research recommendations

B: % of issuers to which material services of investment firms are supplied

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Company Name	Date	Business Line	Rating	Target Price	Closing Price
Reworld Media (EUR)	10/07/2023 04:34	Equity Research	Buy	7.50	3.89

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KEPLER CHEUVREUX, Amsterdam branch	Autoriteit Financiële Markten	AFM
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