

# Reworld Media Buy

France | Media

Beta Profile:  QUALITY

MCap: EUR198.4m

**Target Price:** EUR6.50 (7.50)  
**Current Price:** EUR3.75  
**Up/downside:** 73.6%  
**Market data:** 15 November 2023

**Change in TP:** -13.3%  
**Change in Sales:** none 23E/none 24E  
**Change in Adj EBIT:** -8.5% 23E/-10.6% 24E  
**Change in Adj. EPS:** -10.2% 23E/-11.9% 24E

Bloomberg: ALREW FP      Reuters: ALREW.PA  
Free float 8.3%  
Avg. daily volume (EURm) 0.2  
YTD abs performance -35.5%  
52-week high/low (EUR) 6.44/3.06

## Q3 sales in line with FY expectations

### Why this report?

Reworld Media posted Q3 sales figures in line with our expectations, which came in at EUR129m, down only 1% LFL (+9% reported) or 2% above KECH. While B2C remained soft (-8.5% LFL), B2B's momentum accelerated in Q3 with sales up by 7.4% LFL, despite a tougher market environment. This release strengthens our confidence in our FY 2023 sales forecasts. Yet, with still low visibility on end-market demand, we have cut our adjusted EPS estimates by 12% on average over 2023-25E, assuming a slower margin recovery. Nevertheless, we expect the company's sales and margin to improve going forward. Thus, we stick to our Buy rating with a TP cut from EUR7.5 to EUR6.5.

### Key findings

- Q3 sales came in at EUR129m, down 1% LFL and 2% above KECH thanks to a strong performance by B2B activities (+7.4% LFL), while B2C remained soft (-8.5%).
- Management sounded confident about Unify's integration and margin recovery potential, which we expect to turn positive as early as H2.
- We like Reworld's risk-reward profile, as the stock trades at 5x P/E 2024E.

### Deconstructing the forecasts

- We cut our adjusted EPS forecasts by -11%/-13%/-12% over 2023-25E, assuming a slower rebound in Unify and B2C margins.
- We trim our target price from EUR7.5 to EUR6.5 based on our adjusted forecasts and a WACC of 12.6% (vs. 12% previously), reflecting our updated house guidelines.

### 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. 14% 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.

| FY to 31/12 (EUR)      | 12/23E | 12/24E | 12/25E |
|------------------------|--------|--------|--------|
| Sales (m)              | 545.0  | 567.4  | 587.3  |
| EBITDA adj (m)         | 59.8   | 73.0   | 80.7   |
| EBIT adj (m)           | 53.8   | 65.6   | 73.1   |
| Net profit adj (m)     | 44.4   | 43.0   | 48.6   |
| Net financial debt (m) | 86.3   | 49.8   | 10.3   |
| FCF (m)                | 31.5   | 47.6   | 50.5   |
| EPS adj. and ful. dil. | 0.77   | 0.74   | 0.84   |
| 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. | 4.9    | 5.1    | 4.5    |
| EV/EBITDA             | 4.6    | 3.3    | 2.5    |
| EV/EBIT               | 5.1    | 3.7    | 2.7    |
| FCF yield             | 15.9%  | 24.0%  | 25.5%  |
| Dividend yield        | 0.0%   | 0.0%   | 0.0%   |
| ND(F+IFRS16)/EBITDA   | 1.4    | 0.7    | 0.1    |
| Gearing               | 39.1%  | 19.1%  | 3.4%   |
| ROIC                  | 12.5%  | 14.8%  | 16.2%  |
| EV/IC                 | 0.8    | 0.7    | 0.6    |

### Sector Most Pref.

Informa  
Publicis Groupe  
RELX PLC  
Vivendi

### Sector Least Pref.

Eutelsat  
MFE - Media for Europe  
Pearson  
Solocal Group

### Valuation methodology

- Our TP is based on the average of a DCF (12.6% WACC and 2% LTG) and SOP valuation on both divisions.
- In our SOP, we value the company based on each segment and 2024E numbers, applying 5.0x 2024E EBITDA for B2C and 4.0x for B2B and 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.

### Q3 sales and feedback from meeting with management

Reworld Media Q3 sales were in line with our expectations and consistent with our FY sales estimates.

Q3 sales came in at EUR129.2m, down 1% LFL and up by 9% YOY on a reported basis, fuelled by a strong performance in B2B, while its B2C activities continued to decline.

The acquired perimeter (Unify and the Grazia and Icon brands) represented EUR11.9m over the quarter. Looking at 9M figures, the acquired perimeter accounted for EUR38.4m, which is mostly in line with our forecasts (EUR39m), confirming the recovery of Unify sales in H2 compared to H1.

Despite the absence of consensus in Q3, we feel that the flattish organic performance YOY was in line with expectations.

The B2C segment reported sales of EUR59.6m (1% above KECH), down by -8.5% LFL and -5.5% reported, as magazine sales continue to be impacted by the rationalisation of volumes and the distribution schedule. The weak organic performance is also explained by a lower number of magazine publications compared to last year, according to management.

B2B sales were EUR69.6m in Q3 (2% above KECH), up 7.4% LFL and 25.5% reported, driven by the good performance of affiliation and performance offers, and the EUR10m contribution from acquired activities.

Table 1: Reworld Media Q3 sales vs. Kepler Cheuvreux

| FY-end Dec (EUR m)    | Q3 2023    | Q3 2022    | % change  | % LFL      | KECH       | Δ vs. KECH |
|-----------------------|------------|------------|-----------|------------|------------|------------|
| <b>Total revenues</b> | <b>129</b> | <b>119</b> | <b>9%</b> | <b>-1%</b> | <b>127</b> | <b>2%</b>  |
| ...o/w B2C            | 60         | 63         | -5%       | -9%        | 59         | 1%         |
| ...o/w B2B            | 70         | 56         | 25%       | 7%         | 68         | 2%         |

Source: Kepler Cheuvreux, Reworld Media

Looking at 9M figures, sales came in at EUR396m, down by -0.7% LFL and up by 9.9% on a reported basis. This is in 1% above KECH.

Table 2: Reworld Media 9M sales vs. Kepler Cheuvreux

| FY-end Dec (EUR m)    | 9M 2023    | 9M 2022    | % change   | % LFL      | KECH       | Δ vs. KECH |
|-----------------------|------------|------------|------------|------------|------------|------------|
| <b>Total revenues</b> | <b>396</b> | <b>360</b> | <b>-5%</b> | <b>-1%</b> | <b>392</b> | <b>1%</b>  |
| ...o/w B2C            | 182        | 187        | -31%       | -6%        | 181        | 1%         |
| ...o/w B2B            | 213        | 173        | 23%        | 5%         | 211        | 1%         |

Source: Kepler Cheuvreux, Reworld Media

Following the publication of Q3 sales, Reworld Media's management held a meeting with sell-side analysts. The key takeaways were as follows:

- **FY 2023 sales outlook:** While Reworld Media does not provide quantified guidance, management seemed somewhat confident about its outlook and consensus FY sales expectations. Management continues to see a tough market environment, as advertisers take more time to make their investment decisions. Despite this context, Reworld Media's B2B activities continue to perform well thanks to the company's diversified offering. This strengthens our confidence in our sales forecasts. Our FY sales estimates imply c. EUR150m in revenues in Q4, or 2.4% YOY growth, and we are optimistic about this outlook.
- **Unify:** Management sounded optimistic about Unify's integration and commercial opportunities. Reworld's Q3 performance suggests that Unify's activities have started to recover and are going in the right direction, which should confirm its margin recovery from H2 2023.
- **Margin outlook:** Regarding B2C activities, management indicated that its purchase price for paper, which decreased by 14% this summer, has remained stable since. On B2B, management seemed more confident as the B2B segment's profitability is set to improve YOY in H2, fuelled by the rebound in Unify's margins.

### We trim our adjusted EPS forecasts by -11/-13/-12% over 2023-25E

Following the release of Q3 sales, we have adjusted our estimates over 2023-25E, assuming more conservative margin assumptions.

Our sales forecasts over the 2023-25 period are unchanged and the Q3 sales release increased our level of confidence.

While we expect the group's margin to recover in H2, we cautiously lower our FY adjusted EBITDA estimate by -9%, assuming a slower recovery of Unify and B2C's profitability. This also applies to our FY 2024E and FY 2025E adjusted EBITDA estimates, which we cut by 10%.

This leads us to trim our adjusted EPS estimates by -11/-13/-12% over 2023-25E.

**Table 3: 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                                | 3.9%        | 0.0%        | 0.0%        |             | 4.1%        | 4.1%        |             | 3.5%        | 3.5%        |              |
| <b>EBITDA, adj. - KECH</b>           | <b>72</b>   | <b>66</b>   | <b>60</b>   | <b>-9%</b>  | <b>81</b>   | <b>73</b>   | <b>-10%</b> | <b>89</b>   | <b>81</b>   | <b>-10%</b>  |
| % change                             | 3.5%        | -7.8%       | -16.4%      |             | 22.5%       | 22.1%       |             | 10.6%       | 10.6%       |              |
| Margin (%)                           | 14.1%       | 12.1%       | 11.0%       |             | 14.2%       | 12.9%       |             | 15.2%       | 13.7%       |              |
| <b>EBITDA, adj.*</b>                 | <b>67</b>   | <b>63</b>   | <b>58</b>   | <b>-8%</b>  | <b>78</b>   | <b>70</b>   | <b>-10%</b> | <b>86</b>   | <b>78</b>   | <b>-10%</b>  |
| % change                             | 0.9%        | -6.3%       | -13.7%      |             | 23.3%       | 20.6%       |             | 10.9%       | 10.9%       |              |
| Margin (%)                           | 13.3%       | 11.6%       | 10.7%       |             | 13.7%       | 12.4%       |             | 14.7%       | 13.2%       |              |
| <b>Net profit, adj.</b>              | <b>47</b>   | <b>46</b>   | <b>41</b>   | <b>-11%</b> | <b>45</b>   | <b>40</b>   | <b>-13%</b> | <b>52</b>   | <b>45</b>   | <b>-12%</b>  |
| % change                             | 4.8%        | -2.0%       | -12.7%      |             | -1.4%       | -3.4%       |             | 13.8%       | 14.2%       |              |
| Margin (%)                           | 9.3%        | 8.5%        | 7.5%        |             | 8.0%        | 7.0%        |             | 8.8%        | 7.7%        |              |
| <b>EPS, adj.</b>                     | <b>0.81</b> | <b>0.82</b> | <b>0.73</b> | <b>-11%</b> | <b>0.78</b> | <b>0.68</b> | <b>-13%</b> | <b>0.89</b> | <b>0.78</b> | <b>-12%</b>  |
| % change                             | 0.4%        | 0.3%        | -10.7%      |             | -3.9%       | -5.9%       |             | 13.8%       | 14.2%       |              |
| Capex                                | 5           | 5           | 5           |             | 6           | 6           |             | 6           | 6           |              |
| <b>FCF</b>                           | <b>25</b>   | <b>48</b>   | <b>31</b>   | <b>-35%</b> | <b>53</b>   | <b>48</b>   | <b>-11%</b> | <b>57</b>   | <b>50</b>   | <b>-11%</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>69</b>   | <b>86</b>   | <b>25%</b>  | <b>27</b>   | <b>50</b>   | <b>85%</b>  | <b>-19</b>  | <b>10</b>   | <b>-155%</b> |

Source: Kepler Cheuvreux, Reworld Media, \*excl. share-based payment, \*\*including IFRS 16

### We stick to our Buy rating while trimming our TP from EUR7.5 to EUR6.5

We reiterate our Buy rating and cut our TP from EUR7.5 to EUR6.5 based on our updated forecasts and valuation. Our WACC is increased from 12.0% to 12.6% based on updated house guidelines.

While visibility is low, 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. Moreover, the stock looks cheap, trading at a 40% discount to its closest peer (Future PLC), which is too steep in our view.

## 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

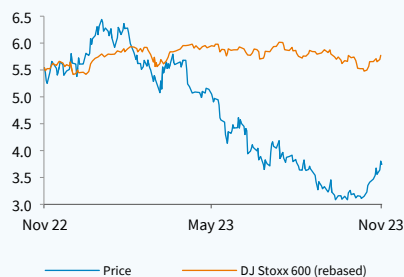


## Key shareholders

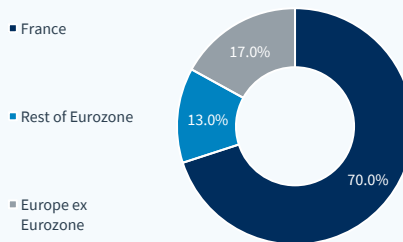
|                 |        |
|-----------------|--------|
| Free float      | 8.30%  |
| Management      | 27.20% |
| DLB Investments | 9.78%  |
| Eurazeo         | 8.30%  |

## Key data charts

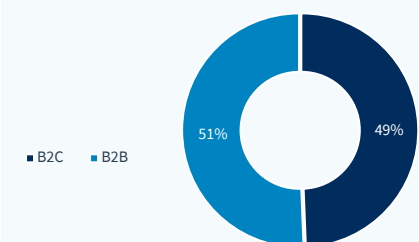
Price performance



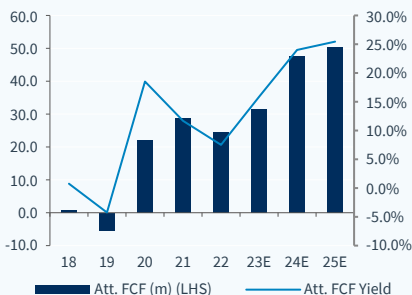
Sales split by region



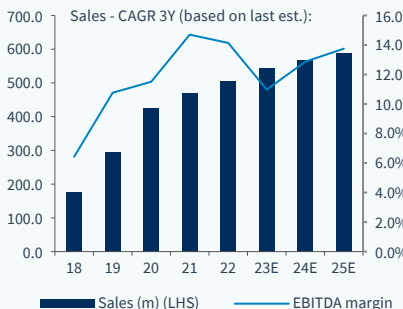
Sales split by division



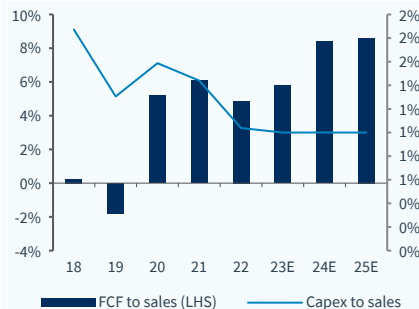
FCF



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: 15 November 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  | 0.84   | 0.81   | 0.92   |
| % Change                             | 310.8% | -45.4% | 83.6%  | 163.3% | 32.9%  | 54.3%  | -3.8% | -11.8% | -3.1%  | 13.1%  |
| EPS adjusted and fully diluted       | 0.15   | 0.09   | 0.17   | 0.42   | 0.58   | 0.97   | 0.92  | 0.77   | 0.74   | 0.84   |
| % Change                             | 237.4% | -41.0% | 87.5%  | 153.8% | 38.2%  | 66.3%  | -5.4% | -16.4% | -3.1%  | 13.1%  |
| EPS reported                         | -0.21  | 0.05   | 0.18   | 0.49   | 0.25   | 0.87   | 0.87  | 0.60   | 0.79   | 0.90   |
| % Change                             | -chg   | +chg   | 286.6% | 167.8% | -49.7% | 254.1% | 0.2%  | -31.8% | 32.8%  | 13.3%  |
| 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  | 0.70   | 1.01   | 1.06   |
| Book value per share                 | 0.24   | 0.53   | 0.71   | 1.74   | 2.08   | 2.59   | 3.33  | 3.86   | 4.59   | 5.43   |
| 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   | 3.7    | 3.7    | 3.7    |
| 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   | 3.1    |        |        |
| Average price (Year)                 | 1.0    | 2.0    | 1.5    | 2.6    | 2.4    | 4.7    | 6.2   | 3.7    | 3.7    | 3.7    |
| <b>Enterprise value (EURm)</b>       |        |        |        |        |        |        |       |        |        |        |
| Market capitalisation                | 32.6   | 74.1   | 57.7   | 126.9  | 119.3  | 245.3  | 327.8 | 198.4  | 198.4  | 198.4  |
| Net financial debt                   | -0.8   | 8.2    | 10.4   | 42.0   | 24.3   | 28.6   | 98.2  | 86.3   | 49.8   | 10.3   |
| 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  | 31.1   | 31.1   | 31.1   |
| Enterprise value                     | 36.9   | 86.0   | 66.5   | 208.9  | 172.3  | 226.8  | 412.3 | 276.4  | 239.9  | 200.5  |
| <b>Valuation</b>                     |        |        |        |        |        |        |       |        |        |        |
| P/E adjusted                         | 5.6    | 20.1   | 8.4    | 5.4    | 3.8    | 4.8    | 6.5   | 4.5    | 4.6    | 4.1    |
| P/E adjusted and fully diluted       | 6.8    | 22.6   | 9.2    | 6.2    | 4.2    | 4.9    | 6.8   | 4.9    | 5.1    | 4.5    |
| P/E consensus                        |        |        |        |        |        |        |       | 6.2    | 4.7    | 4.0    |
| P/BV                                 | 4.2    | 3.7    | 2.2    | 1.5    | 1.2    | 1.8    | 1.9   | 1.0    | 0.8    | 0.7    |
| P/CF                                 | na     | na     | 15.3   | na     | 4.1    | 6.9    | 11.0  | 5.4    | 3.7    | 3.5    |
| 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%   |
| Share buybacks over market cap (%)   | 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%  | 15.9%  | 24.0%  | 25.5%  |
| ROE (%)                              | 69.0%  | 26.8%  | 29.5%  | 42.0%  | 33.6%  | 43.5%  | 32.4% | 23.3%  | 19.2%  | 18.3%  |
| ROIC (%)                             | 7.6%   | 12.6%  | 15.6%  | 17.1%  | 16.7%  | 25.8%  | 19.0% | 12.5%  | 14.8%  | 16.2%  |
| EV/Sales                             | 0.21   | 0.46   | 0.37   | 0.71   | 0.41   | 0.48   | 0.82  | 0.51   | 0.42   | 0.34   |
| EV/EBITDA adj.                       | 8.4    | 10.7   | 5.8    | 6.6    | 3.5    | 3.3    | 5.8   | 4.6    | 3.3    | 2.5    |
| EV/EBIT adj.                         | 32.4   | 22.2   | 8.4    | 8.2    | 4.6    | 3.6    | 6.4   | 5.1    | 3.7    | 2.7    |
| EV/NOPAT                             | 48.6   | 33.3   | 12.6   | 12.3   | 6.4    | 4.9    | 8.5   | 6.8    | 4.9    | 3.7    |
| EV/IC                                | 3.2    | 2.9    | 1.7    | 1.3    | 1.1    | 1.2    | 1.3   | 0.8    | 0.7    | 0.6    |
| ROIC/WACC                            | 0.5    | 0.9    | 1.1    | 1.2    | 1.2    | 1.8    | 1.3   | 0.9    | 1.0    | 1.1    |
| EV/IC over ROIC/WACC                 | 6.1    | 3.4    | 1.6    | 1.1    | 0.9    | 0.7    | 1.0   | 1.0    | 0.7    | 0.5    |

## 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         | 57.4         | 69.3         | 76.9         |
| <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>59.8</b>  | <b>73.0</b>  | <b>80.7</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         | 53.0         | 64.8         | 72.2         |
| <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>53.8</b>  | <b>65.6</b>  | <b>73.1</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         | -12.0        | 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         | 29.9         | 53.7         | 61.2         |
| Tax                                   | -0.8         | 0.3          | -0.4         | 2.6          | 4.3          | -11.1        | -8.1         | 0.0          | -13.4        | -15.3        |
| Net profit from continuing op.        | -6.6         | 1.8          | 6.9          | 24.6         | 12.4         | 42.2         | 44.7         | 29.9         | 40.3         | 45.9         |
| 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         | 29.9         | 40.3         | 45.9         |
| 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>31.6</b>  | <b>42.0</b>  | <b>47.5</b>  |
| Adjustments                           | 12.4         | 1.9          | 0.0          | -0.4         | 19.3         | 6.0          | 4.1          | 12.8         | 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>44.4</b>  | <b>43.0</b>  | <b>48.6</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%         | -14.0%       | 20.9%        | 11.0%        |
| EBITDA adjusted % Change              | 301.8%       | 81.7%        | 42.2%        | 177.4%       | 54.2%        | 41.3%        | 3.5%         | -16.4%       | 22.1%        | 10.6%        |
| EBIT reported % Change                | 1210.3%      | 239.4%       | 105.4%       | 220.9%       | 46.7%        | 57.8%        | 8.1%         | -16.9%       | 22.2%        | 11.5%        |
| EBIT adjusted % Change                | 1210.3%      | 239.4%       | 105.4%       | 220.9%       | 46.7%        | 67.9%        | 2.7%         | -16.6%       | 22.0%        | 11.4%        |
| Earnings before tax % Change          | -chg         | +chg         | 397.6%       | 201.7%       | -63.0%       | 554.5%       | -1.1%        | -43.2%       | 79.5%        | 13.9%        |
| Net profit from cont. op. % Change    | -chg         | +chg         | 291.6%       | 258.8%       | -49.6%       | 239.5%       | 5.8%         | -33.0%       | 34.6%        | 13.9%        |
| Net profit reported % Change          | -chg         | +chg         | 292.3%       | 247.8%       | -49.4%       | 276.7%       | 1.6%         | -31.8%       | 32.8%        | 13.3%        |
| Net profit adjusted % Change          | 360.7%       | -36.6%       | 86.3%        | 242.0%       | 33.6%        | 64.2%        | -2.4%        | -11.8%       | -3.1%        | 13.1%        |
| 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%        | 11.0%        | 12.9%        | 13.7%        |
| EBIT margin (%)                       | 0.7%         | 2.1%         | 4.5%         | 8.7%         | 8.8%         | 13.4%        | 12.7%        | 9.9%         | 11.6%        | 12.4%        |
| Net profit margin (%)                 | 3.3%         | 2.0%         | 3.9%         | 8.0%         | 7.4%         | 11.0%        | 10.0%        | 8.1%         | 7.6%         | 8.3%         |
| 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         | 0.60         | 0.79         | 0.90         |
| EPS adjusted (EUR)                    | 0.18         | 0.10         | 0.18         | 0.48         | 0.64         | 0.99         | 0.95         | 0.84         | 0.81         | 0.92         |
| EPS adj and fully diluted (EUR)       | 0.15         | 0.09         | 0.17         | 0.42         | 0.58         | 0.97         | 0.92         | 0.77         | 0.74         | 0.84         |
| 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%         | -31.8%       | 32.8%        | 13.3%        |
| EPS adjusted % Change                 | 310.8%       | -45.4%       | 83.6%        | 163.3%       | 32.9%        | 54.3%        | -3.8%        | -11.8%       | -3.1%        | 13.1%        |
| EPS adj and fully diluted % Change    | 237.4%       | -41.0%       | 87.5%        | 153.8%       | 38.2%        | 66.3%        | -5.4%        | -16.4%       | -3.1%        | 13.1%        |
| DPS % Change                          |              |              |              |              |              |              |              |              |              |              |
| Consensus Sales (EURm)                |              |              |              |              |              |              |              | 552.0        | 564.8        | 580.4        |
| Consensus EBITDA (EURm)               |              |              |              |              |              |              |              | 62.5         | 74.3         | 83.0         |
| 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: 15 November 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        | 29.9         | 40.3         | 45.9         |
| 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>36.9</b>  | <b>53.3</b>  | <b>56.4</b>  |
| % Change                                | +chg         | -chg        | +chg        | -chg         | +chg         | 22.9%        | -15.7%      | 23.5%        | 44.4%        | 5.7%         |
| 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>31.5</b>  | <b>47.6</b>  | <b>50.5</b>  |
| % Change                                | -chg         | -chg        | +chg        | -chg         | +chg         | 29.8%        | -14.1%      | 27.7%        | 51.4%        | 6.0%         |
| 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>-20.4</b> | <b>-36.5</b> | <b>-39.4</b> |
| Change in cash and cash equiv.          | 15.0         | -12.5       | 0.5         | 37.5         | 50.1         | 18.8         | -4.6        | 20.4         | 36.5         | 39.4         |
| Attributable FCF                        | -7.9         | -8.1        | 0.4         | -5.4         | 22.1         | 28.7         | 24.6        | 31.5         | 47.6         | 50.5         |
| Cash flow per share (EUR)               | -0.12        | -0.13       | 0.10        | -0.03        | 0.59         | 0.68         | 0.56        | 0.70         | 1.01         | 1.06         |
| % Change                                | +chg         | -chg        | +chg        | -chg         | +chg         | 15.5%        | -16.8%      | 23.5%        | 44.4%        | 5.7%         |
| FCF per share (EUR)                     | -0.25        | -0.22       | 0.01        | -0.11        | 0.45         | 0.55         | 0.47        | 0.59         | 0.90         | 0.95         |
| % Change                                | -chg         | +chg        | +chg        | -chg         | +chg         | 22.0%        | -15.3%      | 27.7%        | 51.4%        | 6.0%         |
| 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%        | 6.8%         | 9.4%         | 9.6%         |
| FCF / Sales (%)                         | -4.6%        | -4.4%       | 0.2%        | -1.8%        | 5.2%         | 6.1%         | 4.9%        | 5.8%         | 8.4%         | 8.6%         |
| FCF Yield (%)                           | -24.3%       | -11.0%      | 0.8%        | -4.2%        | 18.5%        | 11.7%        | 7.5%        | 15.9%        | 24.0%        | 25.5%        |
| Unlevered FCF Yield (%)                 | -20.2%       | -7.1%       | 4.2%        | -0.4%        | 17.4%        | 14.2%        | 7.3%        | 15.4%        | 23.3%        | 29.3%        |

## 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        | 138.7        | 175.2        | 214.6        |
| 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>346.6</b> | <b>390.5</b> | <b>436.5</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        | 204.5        | 243.1        | 287.3        |
| 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>220.5</b> | <b>260.8</b> | <b>306.6</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>704.8</b> | <b>749.9</b> | <b>797.1</b> |
| % Change                            | 107.8%       | -0.5%        | -0.3%        | 229.6%       | 14.1%        | 9.1%         | 27.9%        | 8.1%         | 6.4%         | 6.3%         |
| Book value per share (EUR)          | 0.24         | 0.53         | 0.71         | 1.74         | 2.08         | 2.59         | 3.33         | 3.86         | 4.59         | 5.43         |
| % Change                            | -24.6%       | 120.4%       | 33.5%        | 144.7%       | 19.2%        | 24.4%        | 28.7%        | 16.0%        | 18.9%        | 18.2%        |
| Net financial debt                  | -0.8         | 8.2          | 10.4         | 42.0         | 24.3         | 28.6         | 98.2         | 86.3         | 49.8         | 10.3         |
| 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         | 86.3         | 49.8         | 10.3         |
| Net fi. debt (+IFRS16) / EBITDA (x) | -0.2         | 1.0          | 0.9          | 1.3          | 0.5          | 0.4          | 1.4          | 1.4          | 0.7          | 0.1          |
| 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          | 2.7          | 1.0          | 0.2          |
| Gearing (%)                         | -10.0%       | 41.3%        | 38.9%        | 43.5%        | 21.5%        | 19.1%        | 51.5%        | 39.1%        | 19.1%        | 3.4%         |
| Goodwill / Equity (%)               | 317.9%       | 169.9%       | 131.7%       | 36.0%        | 32.8%        | 0.0%         | 26.0%        | 22.5%        | 19.0%        | 16.2%        |



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| Total                               | 100% | 100% |

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|---------------------|------------------|-----------------|--------|--------------|---------------|
| Reworld Media (EUR) | 10/07/2023 04:34 | Equity Research | Buy    | 7.50         | 3.89          |

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## Europe



### Amsterdam

Kepler Cheuvreux Benelux  
Johannes Vermeerstraat 9  
1071 DK Amsterdam  
**+31 20 563 2365**



### London

Kepler Cheuvreux UK  
5th Floor  
95 Gresham Street  
London EC2V 7NA  
**+44 20 7621 5100**



### Paris

Kepler Cheuvreux France  
112 Avenue Kleber  
75016 Paris  
**+33 1 53 65 35 00**



## North America

**New York**  
Kepler Capital Markets, Inc.  
Tower 49  
12 East 49th Street, Floor 36  
10017 New York, NY USA  
**+1 212 710 7600**



### Brussels

Kepler Cheuvreux Belgium  
Rogier Tower  
Place Rogier 11  
1210 Brussels  
**+32 11 491460**



### Madrid

Kepler Cheuvreux Espana  
Paseo de la Castellana, 52  
28046 Madrid  
**+34 914 36 5100**



### Stockholm

Kepler Cheuvreux Sweden  
Malmskillnadsgatan 23  
11157 Stockholm  
**+46 8 723 51 00**



### Frankfurt

Kepler Cheuvreux Germany  
Taunusanlage 19  
60325 Frankfurt  
**+49 69 756 960**



### Milan

Kepler Cheuvreux Italia  
Via C. Cornaggia 10  
20123 Milan  
**+39 02 8550 7201**



### Vienna

Kepler Cheuvreux Austria  
Schottenring 16/2  
1010 Vienna  
**+43 1 537 124 147**



### Geneva

Kepler Cheuvreux SA  
Avenue Perdretemps 23,  
1260 Nyon  
Switzerland  
**+41 22361 5151**



### Oslo

Kepler Cheuvreux Norway  
Munkedamsveien 59B  
0270 Oslo  
**+47 23 13 9080**



### Zurich

Kepler Cheuvreux Switzerland  
Stadelhoferstrasse 22  
8001 Zurich  
**+41 43 333 66 66**