

Reworld Media Buy

France | Media

Beta Profile:  QUALITY

MCap: EUR204.5m

Target Price: EUR6.20 (6.50)
Current Price: EUR3.86
Up/downside: 60.6%
Market data: 20 March 2024

Change in TP: -4.6%
Change in Sales: 0.8% 23E/-0.1% 24E
Change in Adj EBIT: 7.8% 23E/-13.5% 24E
Change in Adj. EPS: -24.1% 23E/-24.7% 24E

Bloomberg: ALREW FP Reuters: ALREW.PA
Free float 8.3%
Avg. daily volume (EURm) 0.3
YTD abs performance 8.4%
52-week high/low (EUR) 5.79/3.06

FY 2023 results in line, confirming recovery

Why this report?

FY 2023 results were mostly in line with our forecasts. The adj. EBITDA came in at EUR59m, with a noticeable beat in B2C (20% above KECH), while the B2B margin was 7% below forecasts. More importantly, the adj. EBITDA margin significantly improved in H2 compared to H1 (+4.6pp), thanks to the successful integration of Unify's activities and an acceleration of growth in B2B, which we expect to continue in FY 2024. Yet, we expect the solid momentum of Tradedoubler and higher investments in the buoyant B2B segments to weigh on margins. Hence, we trim our adj. EBITDA forecasts by -7% on average over 2024-26E. Our view on the name remains unchanged. We confirm our Buy rating while cutting our TP from EUR6.50 to EUR6.20.

Key findings

- Adj. EBITDA (excluding share-based payments) came in at EUR59m, down -12% YOY, which is bang in line with both KECH and consensus estimates.
- We expect B2B growth to accelerate in FY 2024, with a lower margin rate due to a negative product mix effect.
- We like Reworld's risk-reward profile, as the stock trades at 5.6x P/E 2025E.

Deconstructing the forecasts

- We cut our adjusted EPS forecasts by -25%/-18%/-13% over 2024-26E, due to: 1) lower EBITDA; 2) higher-than-expected D&A; and 3) a normalised tax rate at 25%.
- We trim our target price from EUR6.5 to EUR6.2 based on our adjusted forecasts.

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. 12.5% in 2025E vs. 9.7% in 2020) from the mix evolution, dragging the ROIC in its wake.
- 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)	12/24E	12/25E	12/26E
Sales (m)	566.8	589.2	612.3
EBITDA adj (m)	68.1	75.3	79.3
EBIT adj (m)	56.8	66.5	70.1
Net profit adj (m)	32.4	39.7	42.4
Net financial debt (m)	68.1	32.0	-12.5
FCF (m)	50.5	46.6	55.0
EPS adj. and ful. dil.	0.56	0.68	0.73
Consensus EPS	0.74	0.86	na
Net dividend	0.00	0.00	0.00
FY to 31/12	12/24E	12/25E	12/26E
P/E adj and ful. dil.	6.9	5.6	5.3
EV/EBITDA	3.5	2.7	2.0
EV/EBIT	4.3	3.1	2.3
FCF yield	24.7%	22.8%	26.9%
Dividend yield	0.0%	0.0%	0.0%
ND(F+IFRS16)/EBITDA	1.0	0.4	-0.2
Gearing	26.9%	10.9%	-3.7%
ROIC	12.4%	14.6%	15.3%
EV/IC	0.7	0.6	0.5

Sector Most Pref.

Informa
Ipsos
Publicis Groupe
Vivendi

Sector Least Pref.

Eutelsat
Pearson
Solocal Group
Viaplay

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.

FY 2023 results: adj. EBITDA bang in line with our forecasts

Reworld Media's FY 2023 results were largely in line with both our expectations and consensus estimates.

As a reminder, FY sales had been pre-released on 28 February.

Adj. EBITDA (excluding share-based payments) came in at EUR59m, down -12% YOY, which is bang in line with KECH and consensus estimates. This reflects a 10.8% margin, or a c. 2.5pp margin contraction compared to last year, due to the integration of Unify's activities and higher paper costs. Nevertheless, we note that the adj. EBITDA margin improved by 4.6pp in H2 versus H1, reaching 13%, which bodes well for FY 2024.

By division, the adj. EBITDA of the B2B segment was EUR39.5m, down by 4% YOY. This is 7% below our estimates but represents only a EUR2m difference in absolute terms. The adj. EBITDA margin came in at 12.9%, a 310bps YOY contraction. In H2, the margin jumped to 15.4%, up by 5.3pp, as the integration of Unify is bearing fruit.

In the B2C segment, the adj. EBITDA margin was down to 8.1% (vs. 10.6%), due to higher opex (paper costs, printing, logistic). Yet, this was significantly better than expected (20% above KECH), thanks to the rationalisation of magazine volumes and lower industrial costs. Hence, the margin in H2 improved to 9.8%, compared to 6.5% in H1.

Reported net profit was EUR24m, down 44% YOY. This is 16% below our forecasts, as we underestimated the impact of restructuring costs (-EUR16.4m).

Finally, FCF generation was subdued at EUR11m, down -54% YOY. This is 65% below our forecast due to a lower operating cash-flow, an unfavourable NWC effect and higher-than-expected capex. This pushed the group's net debt to EUR108m, compared to EUR98m in FY 2022.

Table 1: Reworld Media's FY 2023 results vs. Kepler Cheuvreux and consensus

FY-end Dec (EUR m)	FY 2023	FY 2022	% change	KECH	Δ vs. KECH	Cons.	Δ vs. Cons.
Total revenues	549	506	9%	549	-	549	-
...o/w B2C	243	250	-3%	243	-	-	-
...o/w B2B	306	256	20%	306	-	-	-
EBITDA, adj. (excl. share-based payment)	59	67	-12%	59	1%	59	0%
Margin (%)	10.8%	13.3%	-253bps	10.7%	9bps	-	-
...o/w B2C	20	26	-25%	17	20%	-	-
...Margin (%)	8.1%	10.6%	-245bps	6.8%	134bps	-	-
...o/w B2B	40	41	-4%	42	-7%	-	-
...Margin (%)	12.9%	16.0%	-310bps	13.8%	-90bps	-	-
EBIT, adj. (excl. share-based payment)	59	67	-12%	59	0%	54	9%
Margin (%)	10.7%	13.2%	-248bps	10.7%	2bps	9.8%	91bps
EBIT, rep.	58	64	-9%	54	8%	-	-
Net profit, rep	24	43	-44%	29	-16%	39	-38%
EPS, rep.	0.42	0.77	-46%	0.54	-23%	0.62	-33%
Capex	-10	-5	94%	-5	94%	-8	20%
Free cash flow	11	25	-54%	32	-65%	27	-58%
Net financial debt / (cash) *	108	98	10%	86	26%	88	23%
DPS	0.00	0.00	n/a	0.00	n/a	0.00	n/a

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

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

- **FY 2024 sales outlook:** While Reworld Media does not provide quantified guidance, management seemed confident about its outlook for FY 2024. With the strong momentum of its Social, Retail Media, and Performance activities, coupled with the recovery of Unify's activities, Reworld Media's B2B segment is set to outperform the digital marketing market, which is expected to grow by c. 5.5% next year (source: Bump). B2C activities should decline by a low-single-digit amount, in line with the structural trend.
- **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, fuelled by the rebound of Unify. Nevertheless, the strong momentum of Tradedoubler,

and investments in the buoyant digital segments (Social, Performance, Retail Media), should weigh on the margin level, but boost top-line growth.

Fine-tuning our forecasts over 2024-26E

Following the release of FY 2023 results and our call with the company, we have adjusted our estimates for 2024-26E.

Our sales forecasts for the period a largely unchanged. Nevertheless, we understand that the company has increased its investments in the buoyant digital marketing segments, which should weigh on the group's profitability, as these activities ramp up. Thus, our margin forecasts now appear too optimistic. Therefore, we trim our adj. EBITDA forecasts by -7% on average over 2024-26E.

Our EPS, adj. estimates are cut by -25%/-18%/-13% over the period, due to: 1) a lower EBITDA; 2) higher-than-expected D&A; and 3) and a normalised tax rate at 25% (for FY 2024).

Table 2: Reworld Media – summary of estimate changes 2024-26E

FY-end Dec (EURm)	FY 2023	FY 2024E			FY 2025E			FY 2026E		
	A	prev.	KECH	% rev.	prev.	KECH	% rev.	prev.	KECH	% rev.
Total revenues	549	567	567	0%	587	589	0%	614	612	0%
% change	8.6%	4.1%	3.2%		3.5%	3.9%		3.6%	3.9%	
% LFL	0.4%	4.1%	3.2%		3.5%	3.9%		3.6%	3.9%	
EBITDA, adj. - KECH	60	73	68	-7%	81	75	-7%	86	79	-7%
% change	-16.2%	22.1%	13.6%		10.6%	10.6%		4.8%	5.3%	
Margin (%)	10.9%	12.9%	12.0%		13.7%	12.8%		13.9%	13.0%	
EBITDA, adj.*	59	70	65	-7%	78	72	-7%	82	76	-8%
% change	-12.2%	20.6%	10.2%		10.9%	10.9%		4.9%	5.3%	
Margin (%)	10.8%	12.4%	11.5%		13.2%	12.3%		13.4%	12.5%	
Net profit, adj.	33	43	32	-25%	49	40	-18%	49	42	-13%
% change	-28.9%	-3.2%	-3.1%		13.0%	22.5%		6.0%	6.9%	
Margin (%)	6.1%	7.6%	5.7%		8.3%	6.7%		7.9%	6.9%	
EPS, adj.	0.59	0.74	0.56	-25%	0.84	0.68	-19%	0.84	0.73	-13%
% change	-27.3%	-3.9%	-5.6%		16.2%	22.5%		6.0%	6.9%	
Capex	10	6	7		6	6		6	6	
FCF	11	48	51	6%	50	47	-8%	59	55	-8%
DPS	0.00	0.00	0.00		0.00	0.00		0.00	0.00	
Net financial debt / (cash)**	108	50	68	37%	10	32	209%	-40	-13	-68%

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

We stick to our Buy rating and trim our TP from EUR6.5 to EUR6.2

We reiterate our Buy rating and cut our TP from EUR6.5 to EUR6.2 based on our updated forecasts. Our valuation methodology is unchanged. It is based on the average of a DCF (WACC: 12.6% and 2% terminal rate), and an SOP of the B2C and B2B segments (valued using peers' multiples).

Our view on the name remains unchanged. After a transitional year, we expect the company's topline and profitability to improve in FY 2024, due to: 1) the successful integration of Unify's activities; 2) a supportive digital marketing market; and 3) the strong momentum of the Social and Retail Media activities.

We expect visibility on the group's end markets to improve throughout the year, which should ultimately drive the share price higher. Moreover, we believe that the stock looks cheap at 6.6x P/E 2024E and a 20% FCF yield, considering its leadership position on promising end-markets, its sound financial structure (1.8x leverage), and its solid FCF generation (50-60% of EBITDA), allowing the company to seize both external and organic market opportunities.

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

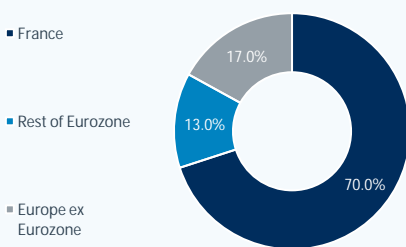
Free float	8.30%
Management	27.20%
DLB Investments	9.78%
Eurazeo	8.30%

Key data charts

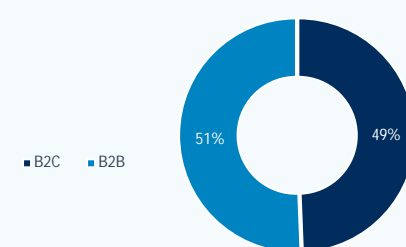
Price performance



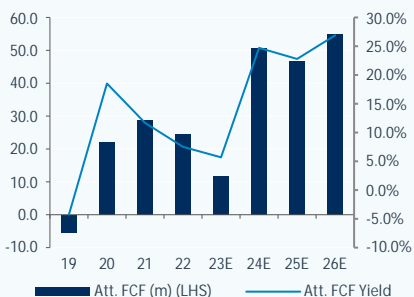
Sales split by region



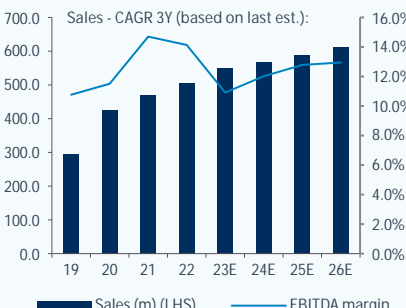
Sales split by division



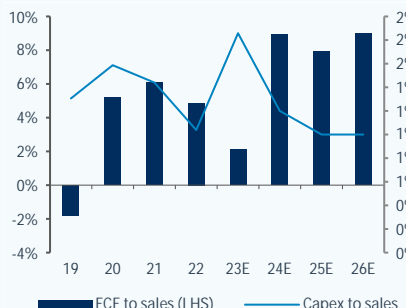
FCF



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 investment.
- 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: 20 March 2024

FY to 31/12 (EUR)	12/17	12/18	12/19	12/20	12/21	12/22	12/23E	12/24E	12/25E	12/26E
Per share data (EUR)										
EPS adjusted	0.10	0.18	0.51	0.65	0.86	0.89	0.64	0.61	0.75	0.80
% Change	-45.4%	83.0%	180.2%	27.9%	31.4%	3.4%	-28.4%	-3.8%	22.5%	6.9%
EPS adjusted and fully diluted	0.09	0.17	0.45	0.59	0.84	0.85	0.58	0.56	0.68	0.73
% Change	-41.1%	86.9%	170.1%	33.0%	41.6%	1.6%	-32.0%	-3.8%	22.5%	6.9%
EPS reported	0.05	0.18	0.52	0.26	0.74	0.81	0.46	0.59	0.73	0.78
% Change	+chg	285.2%	184.8%	-49.9%	186.0%	9.2%	-43.1%	28.1%	23.1%	7.0%
EPS Consensus							0.58	0.74	0.86	
Cash flow per share	-0.13	0.10	-0.03	0.59	0.68	0.56	0.41	1.08	0.99	1.15
Book value per share	0.53	0.71	1.74	2.08	2.59	3.33	3.81	4.40	5.13	5.91
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)	37.1	37.6	48.9	49.1	52.2	53.0	53.0	53.0	53.0	53.0
Nbr of shares, fully diluted, YE (m)	41.8	41.5	55.9	54.0	53.4	55.1	58.0	58.0	58.0	58.0
Share price										
Latest price / year end	1.8	1.5	2.8	3.2	7.5	5.8	3.6	3.9	3.9	3.9
52 week high	2.8	2.1	3.5	3.4	7.8	7.7	6.4	3.9		
52 week low	1.2	1.1	1.5	1.7	3.0	4.9	3.1	3.2		
Average price (Year)	2.0	1.5	2.6	2.4	4.7	6.2	4.4	3.9	3.9	3.9
Enterprise value (EURm)										
Market capitalisation	74.1	57.7	126.9	119.3	245.3	327.8	204.5	204.5	204.5	204.5
Net financial debt	8.2	10.4	42.0	24.3	28.6	98.2	108.1	68.1	32.0	-12.5
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	-0.1	10.8	5.0	-50.5	-25.1	-41.3	-41.3	-41.3	-41.3
MV of equity affiliates (net of tax)	-4.7	-4.4	-6.6	-5.3	-14.4	-14.3	-16.9	-16.9	-16.9	-16.9
Others	8.3	2.9	35.8	29.0	17.9	25.6	26.9	26.9	26.9	26.9
Enterprise value	86.0	66.5	208.9	172.3	226.8	412.3	281.4	241.3	205.2	160.7
Valuation										
P/E adjusted	20.1	8.4	5.1	3.7	5.5	7.0	6.1	6.3	5.2	4.8
P/E adjusted and fully diluted	22.6	9.3	5.8	4.1	5.6	7.2	6.6	6.9	5.6	5.3
P/E consensus							6.7	5.2	4.5	
P/BV	3.7	2.2	1.5	1.2	1.8	1.9	1.0	0.9	0.8	0.7
P/CF	na	15.3	na	4.1	6.9	11.0	9.4	3.6	3.9	3.3
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%
Attributable FCF yield (%)	-11.0%	0.8%	-4.2%	18.5%	11.7%	7.5%	5.7%	24.7%	22.8%	26.9%
ROE (%)	26.9%	29.5%	44.6%	34.3%	37.8%	30.2%	17.8%	14.9%	15.7%	14.5%
ROIC (%)	12.6%	15.6%	17.1%	16.7%	25.8%	19.0%	13.2%	12.4%	14.6%	15.3%
EV/Sales	0.46	0.37	0.71	0.41	0.48	0.82	0.51	0.43	0.35	0.26
EV/EBITDA adj.	10.7	5.8	6.6	3.5	3.3	5.8	4.7	3.5	2.7	2.0
EV/EBIT adj.	22.2	8.4	8.2	4.6	3.6	6.4	4.9	4.3	3.1	2.3
EV/NOPAT	33.3	12.6	12.3	6.4	4.9	8.5	6.5	5.7	4.1	3.1
EV/IC	2.9	1.7	1.3	1.1	1.2	1.3	0.8	0.7	0.6	0.5
ROIC/WACC	1.0	1.2	1.4	1.3	2.0	1.5	1.0	1.0	1.2	na
EV/IC over ROIC/WACC	2.9	1.4	1.0	0.8	0.6	0.9	0.8	0.7	0.5	na

Income statement

FY to 31/12 (EUR)	12/17	12/18	12/19	12/20	12/21	12/22	12/23E	12/24E	12/25E	12/26E
Sales	185.6	177.5	294.4	424.7	469.8	505.8	549.3	566.8	589.2	612.3
Sales % Change	6.6%	-4.4%	65.8%	44.3%	10.6%	7.7%	8.6%	3.2%	3.9%	3.9%
Gross profit	80.6	80.5	182.2	284.9	322.2	347.2	356.6	370.2	384.6	399.4
Gross profit margin (%)	43.4%	45.3%	61.9%	67.1%	68.6%	68.6%	64.9%	65.3%	65.3%	65.2%
EBITDA reported	7.5	11.1	29.6	41.4	63.0	66.7	57.7	64.4	71.5	75.3
EBITDA adjusted	8.0	11.4	31.7	48.9	69.1	71.5	59.9	68.1	75.3	79.3
EBITDA margin (%)	4.3%	6.4%	10.8%	11.5%	14.7%	14.1%	10.9%	12.0%	12.8%	13.0%
EBITDA adjusted % Change	81.7%	42.2%	177.4%	54.2%	41.3%	3.5%	-16.2%	13.6%	10.6%	5.3%
Depreciation and amortisation	-3.6	-3.2	-4.1	-4.0	-4.0	-4.9	-9.2	-8.5	-5.9	-6.1
Goodwill impairment	0.0	0.0	0.0	0.0	0.0	1.9	8.0	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	3.9	7.9	25.5	37.4	59.0	63.8	56.5	55.9	65.6	69.2
EBIT adjusted	3.9	7.9	25.5	37.4	62.8	64.5	58.0	56.8	66.5	70.1
EBIT margin (%)	2.1%	4.5%	8.7%	8.8%	13.4%	12.7%	10.6%	10.0%	11.3%	11.5%
EBIT adjusted % Change	239.4%	105.4%	220.9%	46.7%	67.9%	2.7%	-10.1%	-2.1%	17.1%	5.5%
Net financial items	-0.3	-0.6	-3.9	-6.8	-4.5	-6.3	-9.3	-10.5	-10.5	-10.5
Associates	-2.1	0.0	0.4	-22.5	-1.2	-4.8	-14.8	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	1.5	7.3	22.0	8.1	53.3	52.7	32.4	45.5	55.1	58.7
Tax	0.3	-0.4	2.6	4.3	-11.1	-8.1	-5.2	-11.4	-13.8	-14.7
Tax rate (%)	-8%	6%	-12%	-14%	20%	14%	11%	25%	25%	25%
Net profit from continuing op.	1.8	6.9	24.6	12.4	42.2	44.7	27.2	34.1	41.3	44.0
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	1.8	6.9	24.6	12.4	42.2	44.7	27.2	34.1	41.3	44.0
Minorities	0.0	0.0	0.7	0.3	-3.4	-1.7	-2.8	-2.8	-2.8	-2.8
Net profit reported	1.8	6.9	25.4	12.8	38.8	43.0	24.5	31.3	38.6	41.3
Adjustments	1.9	0.0	-0.4	19.3	6.0	4.1	9.2	1.1	1.1	1.1
Net profit adjusted	3.7	6.9	25.0	32.1	44.9	47.0	33.7	32.4	39.7	42.4
Net profit margin (%)	2.0%	3.9%	8.5%	7.6%	9.6%	9.3%	6.1%	5.7%	6.7%	6.9%
Net profit adjusted % Change	-36.7%	85.7%	263.9%	28.5%	39.8%	4.8%	-28.4%	-3.8%	22.5%	6.9%
EPS reported (EUR)	0.05	0.18	0.52	0.26	0.74	0.81	0.46	0.59	0.73	0.78
EPS adjusted (EUR)	0.10	0.18	0.51	0.65	0.86	0.89	0.64	0.61	0.75	0.80
EPS adj. and fully diluted (EUR)	0.09	0.17	0.45	0.59	0.84	0.85	0.58	0.56	0.68	0.73
EPS adj. and fully diluted % Change	-41.1%	86.9%	170.1%	33.0%	41.6%	1.6%	-32.0%	-3.8%	22.5%	6.9%
DPS (EUR)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
DPS % Change										
Payout ratio (%)	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
DPS, preference shares (EUR)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Consensus Sales (EURm)							549.3	562.1	577.8	
Consensus EBITDA (EURm)							61.2	69.4	76.5	
Consensus EBIT (EURm)							56.2	62.1	70.2	
Consensus EPS (EUR)							0.58	0.74	0.86	

Cash flow statement

Market data as of: 20 March 2024

FY to 31/12 (EUR)	12/17	12/18	12/19	12/20	12/21	12/22	12/23E	12/24E	12/25E	12/26E
Net profit before minorities	1.8	6.9	24.6	12.4	42.2	44.7	27.2	34.1	41.3	44.0
Depreciation and amortisation	4.5	3.7	32.5	19.7	10.3	8.5	16.7	8.5	5.9	6.1
Goodwill impairment	0.0	0.1	-35.1	-3.4	0.1	-1.9	-7.3	0.0	0.0	0.0
Change in working capital	-9.0	-4.9	-6.6	9.3	-9.5	-14.3	-17.5	4.3	-5.2	0.5
Others	-2.0	-2.0	-17.0	-9.2	-7.8	-7.0	2.7	10.5	10.5	10.5
Levered post tax CF before capex	-4.7	3.8	-1.5	28.8	35.4	29.9	21.8	57.3	52.5	61.1
% Change	-chg	+chg	-chg	+chg	22.9%	-15.7%	-26.9%	162.5%	-8.5%	16.4%
Capex	-3.5	-3.3	-3.8	-6.7	-6.8	-5.3	-10.2	-6.8	-5.9	-6.1
Free cash flow	-8.1	0.4	-5.4	22.1	28.7	24.6	11.6	50.5	46.6	55.0
% Change	-chg	+chg	-chg	+chg	29.8%	-14.1%	-52.8%	334.3%	-7.8%	18.0%
Acquisitions	0.0	-1.8	-52.3	-2.5	-3.6	-84.0	-7.2	0.0	0.0	0.0
Divestments	-0.4	-0.6	-1.9	-0.3	-15.8	-0.9	-2.7	0.0	0.0	0.0
Dividend paid	0.0	0.0	0.0	0.0	0.0	-2.0	-0.8	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	0.0	0.0	30.8	3.0	-5.2	0.0	0.0	0.0	0.0	0.0
Others	-4.0	2.4	66.3	27.9	14.9	57.6	-21.3	-10.5	-10.5	-10.5
Change in net financial debt	12.5	-0.5	-37.5	-50.1	-18.9	4.6	20.3	-40.1	-36.1	-44.5
Change in cash and cash equiv.	-12.5	0.5	37.5	50.1	18.8	-4.6	-20.6	40.1	36.1	44.5
Attributable FCF	-8.1	0.4	-5.4	22.1	28.7	24.6	11.6	50.5	46.6	55.0
Cash flow per share (EUR)	-0.13	0.10	-0.03	0.59	0.68	0.56	0.41	1.08	0.99	1.15
% Change	-chg	+chg	-chg	+chg	15.5%	-16.8%	-26.9%	162.5%	-8.5%	16.4%
FCF per share (EUR)	-0.22	0.01	-0.11	0.45	0.55	0.47	0.22	0.95	0.88	1.04
% Change	+chg	+chg	-chg	+chg	22.0%	-15.3%	-52.8%	334.3%	-7.8%	18.0%
Capex / Sales (%)	1.9%	1.9%	1.3%	1.6%	1.4%	1.0%	1.9%	1.2%	1.0%	1.0%
Capex / D&A (%)	95.7%	105.4%	93.7%	168.5%	169.1%	107.8%	110.7%	80.0%	100.0%	100.0%
Cash flow / Sales (%)	-2.5%	2.1%	-0.5%	6.8%	7.5%	5.9%	4.0%	10.1%	8.9%	10.0%
FCF / Sales (%)	-4.4%	0.2%	-1.8%	5.2%	6.1%	4.9%	2.1%	8.9%	7.9%	9.0%
FCF Yield (%)	-11.0%	0.8%	-4.2%	18.5%	11.7%	7.5%	5.7%	24.7%	22.8%	26.9%
Unlevered FCF Yield (%)	-7.1%	4.2%	-0.4%	17.4%	14.2%	7.3%	8.0%	24.2%	26.5%	39.1%

Balance sheet

FY to 31/12 (EUR)	12/17	12/18	12/19	12/20	12/21	12/22	12/23E	12/24E	12/25E	12/26E
Cash and cash equivalents	16.1	16.6	54.0	104.1	122.9	118.3	97.7	137.8	173.9	218.4
Inventories	0.1	0.1	3.1	2.5	3.9	4.0	3.4	4.5	4.6	4.8
Accounts receivable	56.9	53.2	115.9	118.4	122.4	153.2	167.7	182.7	189.9	197.4
Other current assets	6.7	8.2	17.7	19.7	17.7	27.9	29.6	29.6	29.6	29.6
Current assets	79.7	78.0	190.8	244.6	266.9	303.4	298.4	354.5	398.0	450.1
Tangible assets	1.6	1.4	1.7	4.0	4.9	5.4	6.9	5.2	5.2	5.2
Goodwill	33.6	35.3	34.8	37.1	0.0	49.5	63.4	63.4	63.4	63.4
Other Intangible assets	5.2	5.2	176.1	176.5	223.9	279.4	278.6	278.6	278.6	278.6
Financial assets	4.7	4.4	6.6	5.3	14.4	14.3	16.9	16.9	16.9	16.9
Other non-current assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Non-current assets	45.0	46.3	219.1	222.9	243.1	348.7	365.8	364.1	364.1	364.1
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	68.3	62.0	144.8	151.7	156.1	185.1	183.7	204.0	206.2	214.3
Other short term liabilities	10.8	7.4	51.1	50.1	35.0	35.1	37.2	37.2	37.2	37.2
Current liabilities	79.1	69.4	195.9	201.8	191.1	220.2	220.9	241.3	243.4	251.5
Long term debt	24.3	27.0	96.0	128.4	151.5	216.5	205.8	205.8	205.8	205.8
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	1.6	1.1	21.5	24.4	18.0	20.1	18.5	18.5	18.5	18.5
Other long term liabilities	0.0	0.0	0.0	0.0	0.0	4.8	0.0	0.0	0.0	0.0
Non-current liabilities	25.9	28.1	117.5	152.8	169.5	241.3	224.3	224.3	224.3	224.3
Shareholders' equity	19.8	26.8	85.2	102.1	135.1	176.3	201.7	233.1	271.6	312.9
Minority interests	0.0	0.0	11.3	10.9	14.3	14.3	17.2	20.0	22.7	25.5
Total equity	19.8	26.8	96.5	113.0	149.4	190.6	218.9	253.0	294.3	338.4
Balance sheet total	124.8	124.4	409.9	467.5	510.0	652.1	664.2	718.6	762.1	814.2
% Change	-0.5%	-0.3%	229.6%	14.1%	9.1%	27.9%	1.9%	8.2%	6.1%	6.8%
Book value per share (EUR)	0.53	0.71	1.74	2.08	2.59	3.33	3.81	4.40	5.13	5.91
% Change	120.4%	33.5%	144.7%	19.2%	24.4%	28.7%	14.4%	15.5%	16.6%	15.2%
Net financial debt	8.2	10.4	42.0	24.3	28.6	98.2	108.1	68.1	32.0	-12.5
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	8.2	10.4	42.0	24.3	28.6	98.2	108.1	68.1	32.0	-12.5
Net fi. debt (+IFRS16) / EBITDA (x)	1.0	0.9	1.3	0.5	0.4	1.4	1.8	1.0	0.4	-0.2
Trade working capital	-11.3	-8.7	-25.8	-30.9	-29.8	-27.9	-12.6	-16.9	-11.6	-12.1
Net working capital	-15.4	-8.0	-59.2	-61.2	-47.1	-35.1	-20.2	-24.5	-19.3	-19.7
NWC/Sales	-8.3%	-4.5%	-20.1%	-14.4%	-10.0%	-6.9%	-3.7%	-4.3%	-3.3%	-3.2%
Inventories/sales	0.0%	0.0%	1.0%	0.6%	0.8%	0.8%	0.6%	0.8%	0.8%	0.8%
Invested capital	29.6	38.3	160.0	161.7	196.0	313.6	345.5	339.6	344.8	344.4
Net fin. debt / FCF (x)	-1.0	23.8	-7.8	1.1	1.0	4.0	9.3	1.3	0.7	-0.2
Gearing (%)	41.3%	38.9%	43.5%	21.5%	19.1%	51.5%	49.4%	26.9%	10.9%	-3.7%
Goodwill / Equity (%)	169.9%	131.7%	36.0%	32.8%	0.0%	26.0%	29.0%	25.1%	21.6%	18.7%

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Total	100%	100%

Source: Kepler Cheuvreux

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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
	16/11/2023 05:52	Equity Research	Buy	6.50	3.75

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