

Reworld Media Buy

France | Media

Beta Profile:  

MCap: EUR133.5m

Target Price: EUR5.30 (6.00)
Current Price: EUR2.52
Up/downside: 110.3%
Market data: 25 September 2024

Change in TP: -11.7%
Change in Sales: -0.7% 24E/-0.7% 25E
Change in Adj EBIT: -5.1% 24E/-4.5% 25E
Change in Adj. EPS: -7.7% 24E/-5.7% 25E

Bloomberg: ALREW FP Reuters: ALREW.PA
Free float 8.3%
Avg. daily volume (EURm) 0.2
YTD abs performance -29.2%
52-week high/low (EUR) 3.86/1.88

H1 results slightly miss estimates

Why this report?

Reworld Media's H1 results came in slightly short of our expectations. Adjusted EBITDA was up 1.5% YOY to EUR23m, but 8% below our estimate. The miss was mostly due to a lower-than-expected margin in the B2B segment, as the company increased investments in growth businesses. This was mitigated by a better performance in B2C, with adjusted EBITDA margin improving by 160bps to 8.1% thanks to lower energy and paper costs. Despite minor adjustments to our numbers, our view on the name is unchanged. We reiterate our Buy rating, while trimming our TP from EUR6.0 to EUR5.3 based on our updated forecasts.

Key findings

- Adj. EBITDA came in at EUR23m, up 1.5% YOY, reflecting an 8.6% margin. This is a 20bps YOY margin improvement, but 8% below our estimate.
- B2C adj. EBITDA improved by 16% YOY due to lower energy and paper costs, but B2B reported a 7% decline due to increased investments in growth initiatives.
- Our view on the name is unchanged, we believe the stock is overly cheap at 4x P/E 2025E and >25% FCF yield, given its strong growth prospects.

Deconstructing the forecasts

- We trim our adjusted EPS forecasts by -8%/-6%/-6% over 2024-26E, due to slightly lower sales and higher operating expenses.
- We trim our target price from EUR6.0 to EUR5.3 based on our adjusted forecasts.

FY to 31/12 (EUR)	12/24E	12/25E	12/26E
Sales (m)	551.7	581.3	604.2
EBITDA adj (m)	60.3	69.5	74.3
EBIT adj (m)	49.2	60.8	65.2
Net profit adj (m)	26.5	35.4	38.7
Net financial debt (m)	92.0	66.6	26.6
FCF (m)	26.6	35.9	50.4
EPS adj. and ful. dil.	0.46	0.61	0.67
Consensus EPS	0.53	0.69	0.80
Net dividend	0.00	0.00	0.00

FY to 31/12	12/24E	12/25E	12/26E
P/E adj and ful. dil.	5.5	4.1	3.8
EV/EBITDA	3.1	2.3	1.6
EV/EBIT	3.8	2.7	1.9
FCF yield	19.9%	26.9%	37.7%
Dividend yield	0.0%	0.0%	0.0%
ND(F+IFRS16)/EBITDA	1.5	1.0	0.4
Gearing	37.7%	23.7%	8.3%
ROIC	10.5%	12.5%	13.2%
EV/IC	0.5	0.4	0.3

Sector Most Pref.

Informa
JCDecaux
Publicis Groupe
Vivendi

Sector Least Pref.

Eutelsat
Pearson
Solocal Group
Viaplay

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.

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.

H1 adjusted EBIT misses our estimate by 8% amid higher growth investments

Reworld reported weaker-than-expected H1 results, with adjusted EBIT missing our estimates by 8%.

As a reminder, H1 sales were pre-announced on 1 August, reaching EUR264m, down by 0.9% LFL.

Adjusted EBITDA came in at EUR23m, up 1.5% YOY, reflecting an 8.6% margin. This is a 20bps YOY margin improvement, but 8% below our estimate. The miss was mostly due to a lower-than-expected margin in the B2B segment, mitigated by a better performance in B2C.

Looking more closely, the B2C segment's adjusted EBITDA came in at EUR9.0m, up 16% YOY, thanks to an 8.5% decrease in operating costs (energy and paper). This was 36% above our forecast.

On the other hand, the B2B adjusted EBITDA fell 7% YOY to EUR14m, due to higher investments in growth businesses, which more than offset the cost synergies from the integration of Unify. Management indicated that the company increased its investment in growth businesses, namely LeadsLab (Leads), Trygr (Retail Media), Appiness (marketing app) and Grow (self-service affiliation) to seize future growth opportunities in these segments. This was 25% below our estimate.

Going down the P&L, reported net profit was EUR6m, down from EUR11m in H1 2023 due to lower EBITDA and non-recurring expenses (-EUR3.2m). Non-recurring expenses comprise a -EUR3.3m impairment loss on treasury shares, as well as a base effect related to the amortisation of acquisition differentials (EUR3.5m) and the recognition of deferred taxes (EUR4.3m).

On an adjusted basis, net profit was 10m, up by EUR5.7m versus H1 2023, which is in line with our forecast.

FCF generation was positive at EUR6m, or EUR8m below our estimate, bringing the group's net financial debt to EUR113m (1.9x leverage), compared to EUR115m at the end of H1 2023.

Table 1: Reworld Media's H1 2023 earnings results vs. Kepler Cheuvreux

FY-end Dec (EURm)	H1 2023	H1 2022	% change	KECH	Δ vs. KECH
Total revenues	264	266	-1%	264	-
...o/w B2C	114	123	-7%	114	-
...o/w B2B	150	144	4%	150	-
EBITDA, adj. (excl. share-based payment)	23	23	1%	25	-8%
Margin (%)	8.6%	8.4%	19bps	9.4%	-77bps
...o/w B2C	9	8	16%	7	36%
...Margin (%)	8.1%	6.5%	162bps	6.0%	214bps
...o/w B2B	14	15	-7%	18	-25%
...Margin (%)	9.0%	10.1%	-108bps	12.0%	-299bps
EBIT, adj. (excl. share-based payment)	19	67	-72%	25	-24%
Margin (%)	7.2%	25.1%	-1788bps	9.4%	-221bps
EBIT, rep.	-	21	-	20	-
Net profit adj.	10	4.5	-48%	10	230%
EPS, adj.	0.11	0.19	-46%	0.19	-43%
Capex	-5	-5	1%	-3	-43%
Free cash flow	6	-4	-271%	14	-55%
Net financial debt / (cash)	113	115	-2%	99	13%
DPS	0.00	0.00	#DIV/0!	0.00	#DIV/0!

Source: Kepler Cheuvreux, Reworld Media

Feedback from meeting with management

Following the release of H1 results, management held a meeting with sell-side analysts. Here are our key takeaways

- H2 sales outlook:** While Reworld Media does not provide quantified guidance, management seemed optimistic about its outlook. The B2C segment is expected to show sequential improvement compared to the 7% decline experienced in the first half of the year, which was influenced by unfavourable calendar effects. Although visibility remains limited in the digital marketing segment, B2B sales growth is expected to exceed the H1 performance, in line with broader market trends. This growth is expected to be driven by more favourable market

conditions. However, management has cautioned that this growth will be concentrated in the fourth quarter, which is typically the most important period for the group.

- Margin outlook:** Regarding B2C activities, management indicated that its purchase price for paper has decreased by 20% YOY, which will continue flowing into its P&L in H2. On the other hand, the B2B segment's profitability is set to decline YOY in H2 due to increased investments in growth opportunities initiated in H1.

Fine-tuning our forecasts over 2024-26E

Following the release of Q2/H1 sales, we have slightly adjusted our estimates for 2024-26E.

Given the miss in H1, we conservatively cut our sales forecast by 1% over the period. Additionally, we cut our adjusted EBITDA forecasts by 4% on average over the next three years, now assuming as 110bps YOY margin contraction in B2B (11.8% margin), but a 35bps YOY improvement in B2C (8.5%).

As a result, our adjusted EPS estimates are cut by -8%/-6%/-6% over 2024-26E.

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	555	552	-1%	585	581	-1%	609	604	-1%
% change	8.6%	1.1%	0.4%		5.4%	5.4%		4.0%	3.9%	
% LFL	0.4%	1.1%	0.4%		5.4%	5.4%		4.0%	3.9%	
EBITDA, adj. - KECH	60	63	60	-4%	72	69	-4%	78	74	-5%
% change	-16.2%	5.1%	0.5%		15.0%	15.3%		7.5%	6.9%	
Margin (%)	10.9%	11.3%	10.9%		12.4%	12.0%		12.8%	12.3%	
EBITDA, adj.*	59	60	58	-4%	69	67	-4%	75	71	-5%
% change	-12.2%	1.6%	-2.9%		15.4%	15.8%		7.7%	7.0%	
Margin (%)	10.8%	10.8%	10.4%		11.9%	11.5%		12.3%	11.8%	
Net profit, adj.	33	29	26	-8%	38	35	-6%	41	39	-6%
% change	-28.9%	-14.1%	-20.8%		30.8%	33.6%		10.3%	9.4%	
Margin (%)	6.1%	5.2%	4.8%		6.4%	6.1%		6.8%	6.4%	
EPS, adj.	0.59	0.49	0.46	-8%	0.65	0.61	-6%	0.71	0.67	-6%
% change	-27.3%	-16.3%	-22.8%		30.8%	33.6%		10.3%	9.4%	

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

We stick to our Buy rating and trim our TP from EUR6.0 to EUR5.3

While the market environment remains uncertain, as advertisers take more time to make their investment decisions, our stance on the name is unchanged.

After a transitional year, we expect the company's top line and profitability to start improving in FY 2025, thanks to: 1) the successful integration of Unify's activities; 2) the recovery of the 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 by year-end, which should ultimately drive the share price higher. Moreover, we believe the stock's valuation is extremely attractive, at 4x P/E 2025E and a >25% FCF yield, considering its leadership position in 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.

Therefore, we reiterate our Buy rating and trim our TP from EUR6.0 to EUR5.3 based on our updated forecasts.

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

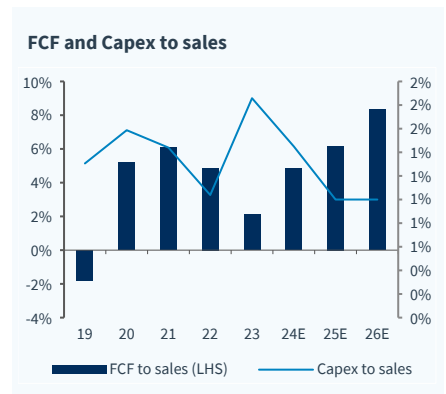
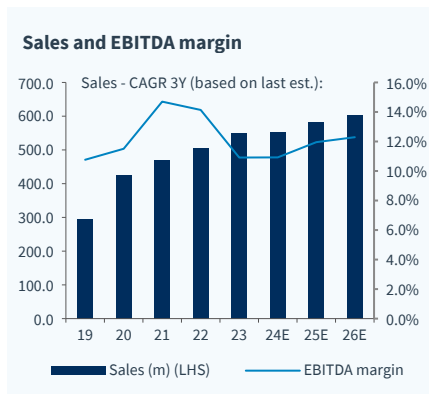
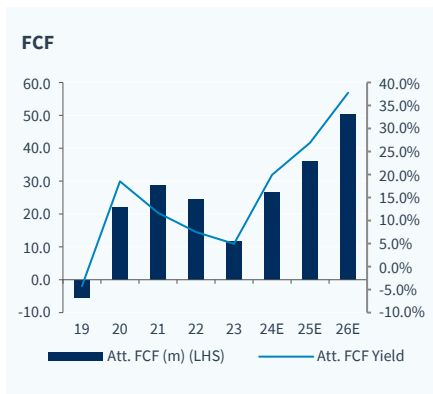
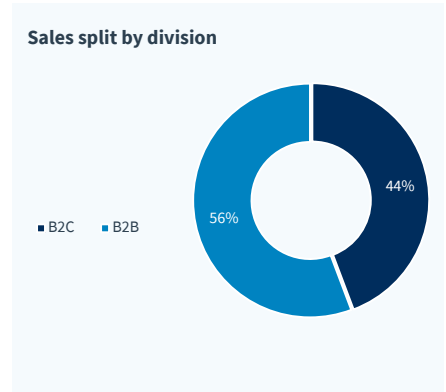
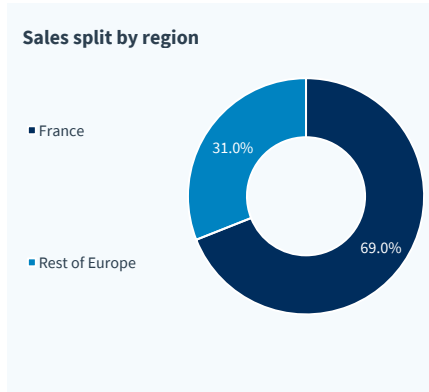
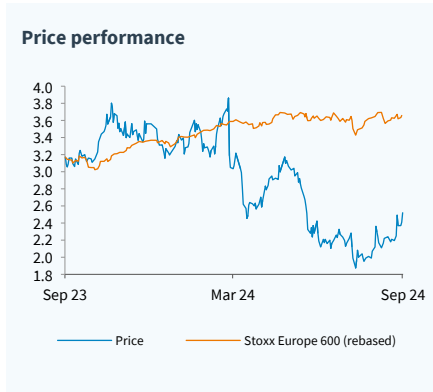
Pascal Chevalier, Chairman
 Gautier Normand, CEO
 Laetitia Quet, CFO



Key shareholders

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

Key data charts



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: 25 September 2024

FY to 31/12 (EUR)	12/17	12/18	12/19	12/20	12/21	12/22	12/23	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	0.50	0.67	0.73
% Change	-45.4%	83.0%	180.2%	27.9%	31.4%	3.4%	-28.4%	-21.4%	33.6%	9.4%
EPS adjusted and fully diluted	0.09	0.17	0.45	0.59	0.84	0.85	0.58	0.46	0.61	0.67
% Change	-41.1%	86.9%	170.1%	33.0%	41.6%	1.6%	-32.0%	-21.4%	33.6%	9.4%
EPS reported	0.05	0.18	0.52	0.26	0.74	0.81	0.46	0.42	0.65	0.71
% Change	+chg	285.2%	184.8%	-49.9%	186.0%	9.2%	-43.1%	-8.0%	52.6%	9.6%
EPS Consensus								0.53	0.69	0.80
Cash flow per share	-0.13	0.10	-0.03	0.59	0.68	0.56	0.41	0.65	0.79	1.07
Book value per share	0.53	0.71	1.74	2.08	2.59	3.33	3.81	4.23	4.88	5.59
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	2.5	2.5	2.5
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	1.9		
Average price (Year)	2.0	1.5	2.6	2.4	4.7	6.2	4.4	2.5	2.5	2.5
Enterprise value (EURm)										
Market capitalisation	74.1	57.7	126.9	119.3	245.3	327.8	235.2	133.5	133.5	133.5
Net financial debt	8.2	10.4	42.0	24.3	28.6	98.2	108.1	92.0	66.6	26.6
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	19.6	19.6	19.6	19.6
Enterprise value	86.0	66.5	208.9	172.3	226.8	412.3	304.8	186.9	161.5	121.6
Valuation										
P/E adjusted	20.1	8.4	5.1	3.7	5.5	7.0	7.0	5.0	3.8	3.4
P/E adjusted and fully diluted	22.6	9.3	5.8	4.1	5.6	7.2	7.6	5.5	4.1	3.8
P/E consensus								4.8	3.7	3.2
P/BV	3.7	2.2	1.5	1.2	1.8	1.9	1.2	0.6	0.5	0.5
P/CF	na	15.3	na	4.1	6.9	11.0	10.8	3.9	3.2	2.4
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%	4.9%	19.9%	26.9%	37.7%
ROE (%)	26.9%	29.5%	44.6%	34.3%	37.8%	30.2%	17.8%	12.4%	14.7%	14.0%
ROIC (%)	12.6%	15.6%	17.1%	16.7%	25.8%	19.0%	13.2%	10.5%	12.5%	13.2%
EV/Sales	0.46	0.37	0.71	0.41	0.48	0.82	0.55	0.34	0.28	0.20
EV/EBITDA adj.	10.7	5.8	6.6	3.5	3.3	5.8	5.1	3.1	2.3	1.6
EV/EBIT adj.	22.2	8.4	8.2	4.6	3.6	6.4	5.3	3.8	2.7	1.9
EV/NOPAT	33.3	12.6	12.3	6.4	4.9	8.5	7.0	5.1	3.5	2.5
EV/IC	2.9	1.7	1.3	1.1	1.2	1.3	0.9	0.5	0.4	0.3
ROIC/WACC	1.0	1.2	1.4	1.3	2.0	1.5	1.0	0.8	1.0	na
EV/IC over ROIC/WACC	2.9	1.4	1.0	0.8	0.6	0.9	0.8	0.6	0.4	na

Income statement

FY to 31/12 (EUR)	12/17	12/18	12/19	12/20	12/21	12/22	12/23	12/24E	12/25E	12/26E
Sales	185.6	177.5	294.4	424.7	469.8	505.8	549.3	551.7	581.3	604.2
<i>Sales % Change</i>	6.6%	-4.4%	65.8%	44.3%	10.6%	7.7%	8.6%	0.4%	5.4%	3.9%
Gross profit	80.6	80.5	182.2	284.9	322.2	347.2	356.6	360.6	379.5	394.2
<i>Gross profit margin (%)</i>	43.4%	45.3%	61.9%	67.1%	68.6%	68.6%	64.9%	65.4%	65.3%	65.2%
EBITDA reported	7.5	11.1	29.6	41.4	63.0	66.7	57.7	56.7	65.7	70.3
EBITDA adjusted	8.0	11.4	31.7	48.9	69.1	71.5	59.9	60.3	69.5	74.3
EBITDA margin (%)	4.3%	6.4%	10.8%	11.5%	14.7%	14.1%	10.9%	10.9%	12.0%	12.3%
<i>EBITDA adjusted % Change</i>	81.7%	42.2%	177.4%	54.2%	41.3%	3.5%	-16.2%	0.5%	15.3%	6.9%
Depreciation and amortisation	-3.6	-3.2	-4.1	-4.0	-4.0	-4.9	-9.2	-8.3	-5.8	-6.0
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	48.4	59.9	64.3
EBIT adjusted	3.9	7.9	25.5	37.4	62.8	64.5	58.0	49.2	60.8	65.2
EBIT margin (%)	2.1%	4.5%	8.7%	8.8%	13.4%	12.7%	10.6%	8.9%	10.5%	10.8%
<i>EBIT adjusted % Change</i>	239.4%	105.4%	220.9%	46.7%	67.9%	2.7%	-10.1%	-15.1%	23.4%	7.3%
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	-3.2	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	34.7	49.4	53.8
Tax	0.3	-0.4	2.6	4.3	-11.1	-8.1	-5.2	-9.5	-12.4	-13.5
<i>Tax rate (%)</i>	-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	25.2	37.1	40.4
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	25.2	37.1	40.4
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	22.5	34.3	37.6
Adjustments	1.9	0.0	-0.4	19.3	6.0	4.1	9.2	4.0	1.1	1.1
Net profit adjusted	3.7	6.9	25.0	32.1	44.9	47.0	33.7	26.5	35.4	38.7
Net profit margin (%)	2.0%	3.9%	8.5%	7.6%	9.6%	9.3%	6.1%	4.8%	6.1%	6.4%
<i>Net profit adjusted % Change</i>	-36.7%	85.7%	263.9%	28.5%	39.8%	4.8%	-28.4%	-21.4%	33.6%	9.4%
EPS reported (EUR)	0.05	0.18	0.52	0.26	0.74	0.81	0.46	0.42	0.65	0.71
EPS adjusted (EUR)	0.10	0.18	0.51	0.65	0.86	0.89	0.64	0.50	0.67	0.73
EPS adj. and fully diluted (EUR)	0.09	0.17	0.45	0.59	0.84	0.85	0.58	0.46	0.61	0.67
<i>EPS adj. and fully diluted % Change</i>	-41.1%	86.9%	170.1%	33.0%	41.6%	1.6%	-32.0%	-21.4%	33.6%	9.4%
DPS (EUR)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<i>DPS % Change</i>										
<i>Payout ratio (%)</i>	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)								554.6	562.4	569.4
Consensus EBITDA (EURm)								63.4	67.1	69.8
Consensus EBIT (EURm)								52.5	60.4	61.6
Consensus EPS (EUR)								0.53	0.69	0.80

Cash flow statement

Market data as of: 25 September 2024

FY to 31/12 (EUR)	12/17	12/18	12/19	12/20	12/21	12/22	12/23	12/24E	12/25E	12/26E
Net profit before minorities	1.8	6.9	24.6	12.4	42.2	44.7	27.2	25.2	37.1	40.4
Depreciation and amortisation	4.5	3.7	32.5	19.7	10.3	8.5	16.7	8.3	5.8	6.0
Goodwill impairment	0.0	0.1	-35.1	-3.4	0.1	-1.9	-7.3	3.2	0.0	0.0
Change in working capital	-9.0	-4.9	-6.6	9.3	-9.5	-14.3	-17.5	-12.6	-11.6	-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	34.6	41.7	56.4
% Change	-chg	+chg	-chg	+chg	22.9%	-15.7%	-26.9%	58.4%	20.6%	35.2%
Capex	-3.5	-3.3	-3.8	-6.7	-6.8	-5.3	-10.2	-8.0	-5.8	-6.0
Capex / Sales (%)	1.9%	1.9%	1.3%	1.6%	1.4%	1.0%	1.9%	1.5%	1.0%	1.0%
Free cash flow	-8.1	0.4	-5.4	22.1	28.7	24.6	11.6	26.6	35.9	50.4
% Change	-chg	+chg	-chg	+chg	29.8%	-14.1%	-52.8%	128.6%	35.0%	40.3%
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	-16.1	-25.4	-39.9
Change in cash and cash equiv.	-12.5	0.5	37.5	50.1	18.8	-4.6	-20.6	16.1	25.4	39.9
Attributable FCF	-8.1	0.4	-5.4	22.1	28.7	24.6	11.6	26.6	35.9	50.4
Attributable FCF / Net profit(%)	-220.4%	6.4%	-21.6%	68.8%	63.9%	52.4%	34.5%	100.4%	101.4%	130.0%
Cash flow per share (EUR)	-0.13	0.10	-0.03	0.59	0.68	0.56	0.41	0.65	0.79	1.07
% Change	-chg	+chg	-chg	+chg	15.5%	-16.8%	-26.9%	58.4%	20.6%	35.2%
Attributable FCF per share (EUR)	-0.22	0.01	-0.11	0.45	0.55	0.47	0.22	0.50	0.68	0.95
% Change	+chg	+chg	-chg	+chg	22.0%	-15.3%	-52.8%	128.6%	35.0%	40.3%

Balance sheet

FY to 31/12 (EUR)	12/17	12/18	12/19	12/20	12/21	12/22	12/23	12/24E	12/25E	12/26E
Cash and cash equivalents	16.1	16.6	54.0	104.1	122.9	118.3	97.7	113.8	139.3	179.2
Inventories	0.1	0.1	3.1	2.5	3.9	4.0	3.4	5.5	5.8	6.0
Accounts receivable	56.9	53.2	115.9	118.4	122.4	153.2	167.7	193.1	203.5	211.5
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	342.0	378.1	426.3
Tangible assets	1.6	1.4	1.7	4.0	4.9	5.4	6.9	6.6	6.6	6.6
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	365.5	365.5	365.5
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	198.6	197.6	205.4
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	235.8	234.8	242.6
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	224.2	258.5	296.1
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	244.2	281.2	321.6
Balance sheet total	124.8	124.4	409.9	467.5	510.0	652.1	664.2	704.3	740.4	788.6
% Change	-0.5%	-0.3%	229.6%	14.1%	9.1%	27.9%	1.9%	6.0%	5.1%	6.5%
Book value per share (EUR)	0.53	0.71	1.74	2.08	2.59	3.33	3.81	4.23	4.88	5.59
% Change	120.4%	33.5%	144.7%	19.2%	24.4%	28.7%	14.4%	11.2%	15.3%	14.6%
Net financial debt	8.2	10.4	42.0	24.3	28.6	98.2	108.1	92.0	66.6	26.6
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	92.0	66.6	26.6
Net fi. debt (+IFRS16) / EBITDA (x)	1.0	0.9	1.3	0.5	0.4	1.4	1.8	1.5	1.0	0.4
Trade working capital	-11.3	-8.7	-25.8	-30.9	-29.8	-27.9	-12.6	0.0	11.6	12.1
Net working capital	-15.4	-8.0	-59.2	-61.2	-47.1	-35.1	-20.2	-7.6	4.0	4.4
NWC/Sales	-8.3%	-4.5%	-20.1%	-14.4%	-10.0%	-6.9%	-3.7%	-1.4%	0.7%	0.7%
Inventories/sales	0.0%	0.0%	1.0%	0.6%	0.8%	0.8%	0.6%	1.0%	1.0%	1.0%
Invested capital	29.6	38.3	160.0	161.7	196.0	313.6	345.5	357.9	369.5	370.0
Net fin. debt / FCF (x)	-1.0	23.8	-7.8	1.1	1.0	4.0	9.3	3.5	1.9	0.5
Gearing (%)	41.3%	38.9%	43.5%	21.5%	19.1%	51.5%	49.4%	37.7%	23.7%	8.3%
Goodwill / Equity (%)	169.9%	131.7%	36.0%	32.8%	0.0%	26.0%	29.0%	26.0%	22.6%	19.7%

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Reduce	8%	5%
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Total	100%	100%

Source: Kepler Cheuvreux

A: % of all research recommendations

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Company Name	Date	Business Line	Rating	Target Price	Closing Price
Reworld Media (EUR)	16/11/2023 05:52	Equity Research	Buy	6.50	3.75
	21/03/2024 06:48	Equity Research	Buy	6.20	3.86
	01/08/2024 04:33	Equity Research	Buy	6.00	2.28

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