

# Reworld Media Buy

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Beta Profile:

**MCap: EUR89.5m**

**Target Price:** EUR3.40  
**Current Price:** EUR1.69  
**Up/downside:** 101.2%  
**Market data:** 21 May 2025

Bloomberg: ALREW FP      Reuters: ALREW.PA  
Free float      48%  
Avg. daily volume (EURm)      0.1  
YTD abs performance      -6.1%  
52-week high/low (EUR)      3.13/1.22

## Q1 sales slightly below expectations amid continued market weakness

### Key points:

- Q1 sales were down by -5.2% reported (-3.4% LFL), 2% below our expectations due to the challenging market backdrop.
- B2C sales declined by -5.6%, reflecting ongoing structural sales headwinds, mitigated by a +4% increase in ARPU.
- B2B revenue declined by -4.8%, but the underlying trend is more resilient, with only a -1.7% decline at comparable scope.
- While the market environment remains uncertain, we stick to our Buy rating and EUR3.40 TP.

### Q1 sales down by -5.2%, impacted by calendar effects and portfolio rationalisation

- Reworld Media's Q1 sales stood at EUR122.5m, down -5.2% YOY (-3.4% LFL) and slightly below our forecast (KECH: EUR125m), reflecting structural headwinds in print (B2C), targeted portfolio adjustments in B2B, and unfavorable macro trends.
- The B2C segment reported sales of EUR51.8m, down -5.6% YOY. While pay-per-use sales declined by -7.5%, subscriptions held up better (-3.3%), supported by loyalty initiatives and pricing power (+4.1% increase in ARPU to EUR5.59).
- B2B revenue reached EUR70.7m, down -4.8% YOY. Adjusted for disposals (Try & Review) and reduced barter activities, the decline was limited to -1.7% LFL. Social and performance-driven revenues continue to grow above +20%, underpinned by a 4.2% YOY increase in digital audience (32.8m monthly UVs).
- Several new initiatives were launched in Q1, including the creation of a new vertical agency ("La Dalle!"), new podcast formats, and international expansion of flagship brands (e.g. *Grazia*, *ICON*).

**Table 1: Reworld Media Q1 sales vs. Kepler Cheuvreux**

FY-end Dec (EURm)	Q1 2025	Q1 2024	% change	% LFL	KECH	Δ vs. KECH
<b>Total revenues</b>	<b>123</b>	<b>129</b>	<b>-5.2%</b>	<b>-3.4%</b>	<b>125</b>	<b>-2%</b>
...o/w B2C	52	55	-5.6%	-5.6%	52	-1%
...o/w B2B	71	74	-4.8%	-1.7%	73	-3%

Source: Kepler Cheuvreux, Reworld Media

### Buy rating and EUR3.40 target price reiterated

- While Q1 confirmed the strong structural traction of Reworld's digital and social assets, macro and sector-specific headwinds remain in place, with limited visibility on short-term ad spending trends. While the market environment remains uncertain, as advertisers take more time to make their investment decisions, our stance on the name is unchanged.
- We expect visibility on the group's end markets to improve throughout 2025, which should ultimately drive the share price higher. Moreover, we believe the stock's valuation is extremely attractive, at 3.0x P/E 2025E and a >30% 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.
- We reiterate our Buy rating and EUR3.40 target price.

**Appendix 1: Research framework**

Last model update: 28 March 2025

**Investment case**

- While the market environment remains uncertain, we expect Reworld’s top line and profitability to start improving in FY 2025 on the back of more favourable macro trends, the recovery of the digital marketing market, and the strong momentum of the Social and Retail Media activities.
- In the mid-term, we expect growth in digital marketing activities, coupled with a contained impact from the B2C decline, to support an improvement in the EBITDA margin.
- The stock’s valuation looks extremely attractive, considering its leadership position in promising end markets, its sound financial structure and solid FCF generation (50-60% of EBITDA).

**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 4.2x 2025E EBITDA for B2C and 4.0x for B2B and Performance.

**Risk 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.

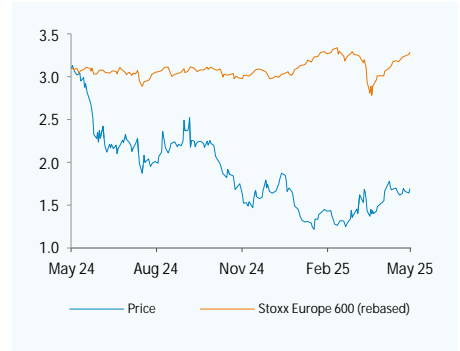
**Appendix 2: Company description**

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.

**Mgmt**  Pascal Chevalier, Chairman | Gautier Normand, CEO | Laetitia Quet, CFO

**Ownership** Free float: 48.32% | Management: 27.20% | DLB Investments: 9.78% | Eurazeo: 8.30%

**Appendix 3: share price perf.**



**Appendix 4: 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.

**Opportunities**

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

**Weaknesses**

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

**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.

**Appendix 5: Key financials**

Last model update: 28 March 2025

Market data date: 21 May 2025

FY to 31/12 (EUR)	12/18	12/19	12/20	12/21	12/22	12/23	12/24	12/25E	12/26E	12/27E
<b>Income Statement (EURm)</b>										
Sales	177.5	294.4	424.7	469.8	505.8	549.3	534.7	545.0	561.7	580.1
% Change	-4.4%	65.8%	44.3%	10.6%	7.7%	8.6%	-2.7%	1.9%	3.1%	3.3%
EBITDA adjusted	11.4	31.7	48.9	69.1	71.5	59.9	55.1	59.7	63.4	67.6
EBITDA adj. margin (%)	6.4%	10.8%	11.5%	14.7%	14.1%	10.9%	10.3%	11.0%	11.3%	11.7%
EBIT adjusted	7.9	25.5	37.4	62.8	64.5	58.0	46.7	49.9	53.3	57.4
EBIT adj. margin (%)	4.5%	8.7%	8.8%	13.4%	12.7%	10.6%	8.7%	9.2%	9.5%	9.9%
Net financial items & associates	-0.6	-3.5	-29.3	-5.7	-11.1	-24.1	-20.3	-9.2	-9.2	-9.2
Others	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Tax	-0.4	2.6	4.3	-11.1	-8.1	-5.2	-1.9	-10.0	-10.8	-11.8
Net profit from continuing operations	6.9	24.6	12.4	42.2	44.7	27.2	24.5	29.9	32.5	35.5
Net profit from discontinuing 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	6.9	24.6	12.4	42.2	44.7	27.2	24.5	29.9	32.5	35.5
Net profit reported	6.9	23.9	12.8	45.6	46.3	30.0	26.3	31.7	34.3	37.3
Net profit adjusted	6.9	23.5	32.1	51.6	50.4	39.2	30.8	32.8	35.3	38.4
<b>Cash Flow Statement (EURm)</b>										
Levered post tax CF before capex	3.8	-1.5	28.8	35.4	29.9	21.8	38.5	40.8	43.8	46.6
Capex	-3.3	-3.8	-6.7	-6.8	-5.3	-10.2	-10.3	-7.1	-7.3	-7.5
Free cash flow	0.4	-5.4	22.1	28.7	24.6	11.6	28.2	33.7	36.5	39.0
Acquisitions & divestments	-2.3	-54.2	-2.8	-19.5	-84.9	-9.9	-2.0	0.0	0.0	0.0
Dividend paid	0.0	0.0	0.0	0.0	-2.0	-0.8	0.0	0.0	0.0	0.0
Others	2.4	97.1	30.8	9.7	57.7	-21.3	-25.1	-9.2	-9.2	-9.2
Change in net financial debt	-0.5	-37.5	-50.1	-18.9	4.6	20.3	-1.1	-24.5	-27.3	-29.8
<b>Balance Sheet (EURm)</b>										
Intangible assets	40.6	210.9	213.6	223.9	329.0	342.1	368.9	368.9	368.9	368.9
Tangible assets	1.4	1.7	4.0	4.9	5.4	6.9	9.5	9.5	9.5	9.7
Financial & other non-current assets	4.4	6.6	5.3	14.4	14.3	16.9	0.2	0.2	0.2	0.2
Total shareholders' equity	26.8	96.5	113.0	149.4	190.6	218.9	229.2	259.1	291.6	327.1
Pension provisions	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Liabilities and provisions	97.5	313.4	354.5	360.6	461.5	445.3	405.4	407.4	412.4	417.9
Net debt	10.4	42.0	24.3	28.6	98.2	108.1	101.7	77.2	49.8	20.0
Net financial debt	10.4	42.0	24.3	28.6	98.2	108.1	101.7	77.2	49.8	20.0
IFRS 16 debt	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net working capital	-8.0	-59.2	-61.2	-47.1	-35.1	-20.2	-29.4	-24.0	-18.9	-13.4
Invested capital	38.3	160.0	161.7	196.0	313.6	345.5	349.0	354.4	359.5	365.2
<b>Per share data (EUR)</b>										
EPS adjusted	0.18	0.48	0.65	0.99	0.95	0.74	0.58	0.62	0.67	0.72
EPS adj and fully diluted	0.17	0.42	0.59	0.97	0.92	0.68	0.53	0.56	0.61	0.66
% Change	87.5%	153.8%	41.1%	62.9%	-5.4%	-26.2%	-21.4%	6.4%	7.8%	8.7%
EPS reported	0.18	0.49	0.26	0.87	0.87	0.57	0.50	0.60	0.65	0.70
Cash flow per share	0.10	-0.03	0.59	0.68	0.56	0.41	0.73	0.77	0.83	0.88
Book value per share	0.71	1.74	2.08	2.59	3.33	3.81	3.94	4.48	5.05	5.69
Dividend per share	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)	37.62	48.85	49.10	52.23	52.97	52.97	52.97	52.97	52.97	52.97
<b>Ratios</b>										
ROE (%)	29.5%	42.0%	34.3%	43.5%	32.4%	20.7%	15.0%	14.7%	14.0%	13.5%
ROIC (%)	15.6%	17.1%	16.7%	25.8%	19.0%	13.2%	10.1%	10.6%	11.2%	11.9%
ND(F+IFRS16) / EBITDA (x)	0.9	1.3	0.5	0.4	1.4	1.8	1.8	1.3	0.8	0.3
Gearing (%)	38.9%	43.5%	21.5%	19.1%	51.5%	49.4%	44.4%	29.8%	17.1%	6.1%
<b>Valuation</b>										
P/E adjusted	8.4	5.4	3.7	4.8	6.5	6.0	4.3	2.7	2.5	2.3
P/E adjusted and fully diluted	9.2	6.2	4.1	4.9	6.8	6.6	4.8	3.0	2.8	2.6
P/BV	2.2	1.5	1.2	1.8	1.9	1.2	0.6	0.4	0.3	0.3
P/CF	15.3	na	4.1	6.9	11.0	10.8	3.5	2.2	2.0	1.9
Dividend yield (%)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Dividend yield preference shares (%)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
FCF yield (%)	0.8%	-4.2%	18.5%	11.7%	7.5%	4.9%	21.1%	37.7%	40.8%	43.6%
EV/Sales	0.4	0.6	0.4	0.7	0.9	0.7	0.5	0.4	0.3	0.3
EV/EBITDA adj.	5.8	5.9	3.5	4.7	6.5	6.4	5.0	3.5	2.8	2.2
EV/EBIT adj.	8.4	7.3	4.6	5.2	7.2	6.6	5.9	4.2	3.4	2.6

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Rating Breakdown	A	B
Buy	56%	63%
Hold	33%	26%
Reduce	9%	4%
Not Rated/Under Review/Accept Offer	2%	7%
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)	01/08/2024 04:33	Equity Research	Buy	6.00	2.28
	26/09/2024 05:22	Equity Research	Buy	5.30	2.52
	21/11/2024 07:13	Equity Research	Buy	3.60	1.73
	28/03/2025 05:26	Equity Research	Buy	3.40	1.62

Credit research does not issue target prices. Left intentionally blank.

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