EuroLand Corporate

Friday 9 February 2018

Buy	*Upside*	*23%*
Target price		**€ 12.90 (vs € 11.50)**
Price at 07/02/2018 (c)		€ 10.50
Euronext Growth		
Reuters/Bloomberg		ALWEB.PA/ALWEB:FP

Performances (%)	Ytd	1m	3m	12m
Absolute	-6.7%	-3.7%	17.2%	8.8%
Perf CAC Small	-15%	-4.7%	-17%	16.4%

Stock market data (in €m)		
Market cap. (€m)		37.7
No. of shares (in million)		3.5
12 mth volume (shares)		818
12 mth high/low	€7.25	€11.80

Share capital structure	
Startup Avenue	62%
Free float	34%
Employees	2%
Treasury stock	3%

Financial data (in €m)				
at 31/12	**2016**	**2017e**	**2018e**	**2019e**
Sales	29.1	32.7	39.3	47.8
% ch.	*110%*	*12.5%*	*20.1%*	*218%*
EBITDA	4.3	5.9	7.7	10.1
%of sales	*14.8%*	*18.1%*	*19.6%*	*210%*
Current op result	0.9	18	2.8	4.0
%of sales	*2.9%*	*5.6%*	*7.0%*	*8.4%*
Net result	0.7	0.8	13	2.3
%of sales	*2.4%*	*2.5%*	*3.2%*	*4.8%*
EPS (€)	0.20	0.23	0.36	0.66
Gearing (%)	4%	11%	14%	12%
ROCE (%)	5%	9%	11%	14%
ROE (%)	4%	4%	6%	10%
Net debt	0.8	2.0	2.8	2.7
Dividend n-1	0.0	0.0	0.0	0.0
Yield (%)	*0.0%*	*0.0%*	*0.0%*	*0.0%*

Ratios				
	2016	**2017e**	**2018e**	**2019e**
EV/Sales (x)	16	13	12	11
EV/EBITDA (x)	10.8	6.9	6.3	5.0
EV/EBIT (x)	ns	22.6	17.7	12.5
PE (x)	ns	ns	ns	16.2

Analyst:
Cécile Aboulian
01 44 70 20 70
caboulian@elcorp.com

Weborama

Internet

The Data offer is accelerating internationally

2017 sales report

Weborama reported 2017 sales of €32.7 million, up by 13% and slightly below our expectations (€32.4 million e). The company is delivering on its DATA growth plan with the Data Strategy business posting growth of 28% to €22.2 million and, as expected, the Advertising division continuing to see a sales decline, albeit at a slower rate (-10% to €10.6 million). On a sequential basis, Weborama experienced a growth acceleration in H2 (+14.1% vs +10.7% in H1) supported by the realisation of its investment in R&D and the development of the Data Strategy business in France (multiple new clients) and internationally (acceleration of activity in the United States).

Rapid geographical diversification

With more than 500 million available profiles in the United States (of a total of 1,3 billion), Weborama multiplied its revenues by 4.4x between 2016 and 2017 to €3.5 million. This geographical diversification represents a substantial growth lever for the Group as of 2018 given the size of the market and the quality of the high-potential pilot projects deployed to date. The planned establishment of a bridgehead in China during 2018 should also contribute to the reinforcing the international proportion of sales (70% in 2017 vs 68% in 2016).

R&D investment required to capture market share

With a strategy oriented towards Data Strategy growth, Weborama is pursuing its R&D efforts and plans to reinforce its technology platform and expand its offer with new solutions based on articifial intelligence and data sciences.

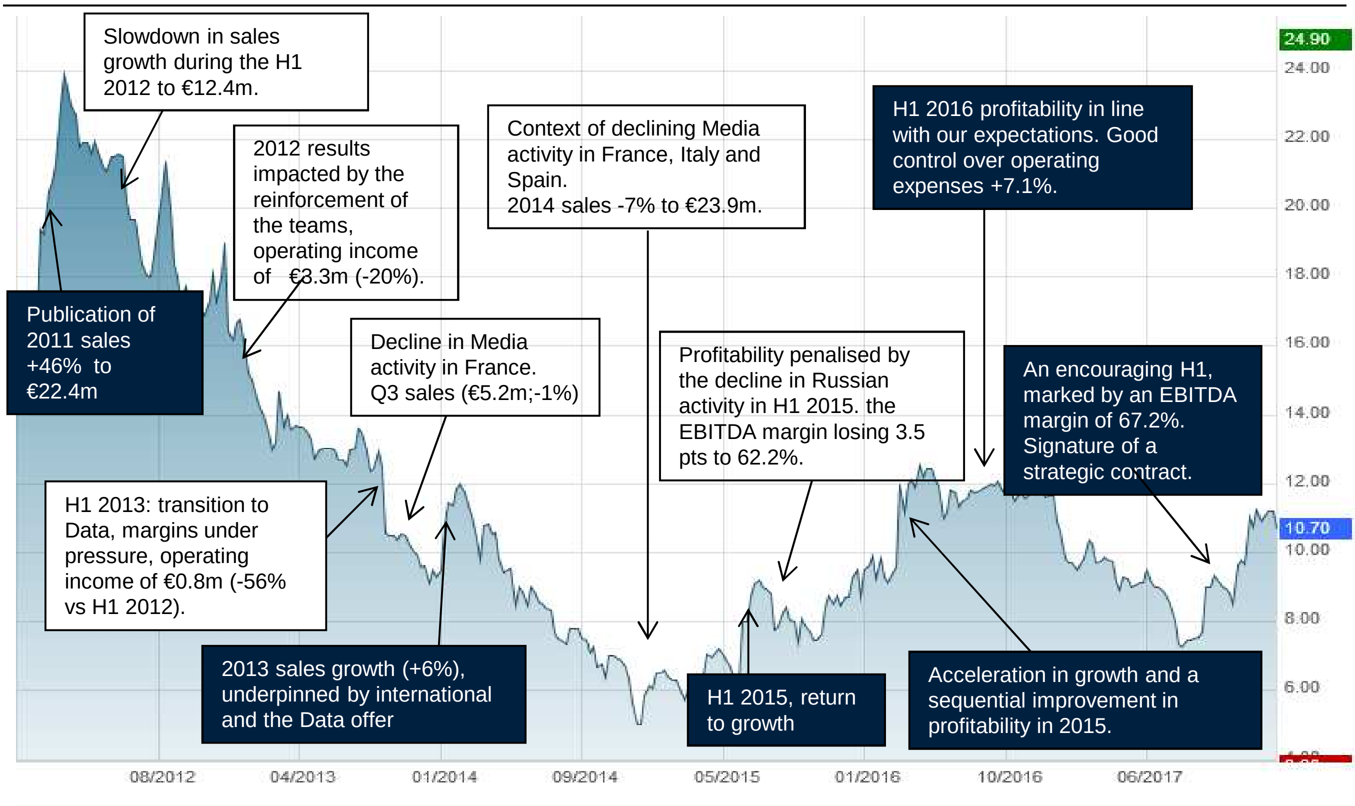
The company has also promised a material increase to its EBITDA margin relative to 2016 (NB +5.9 point increase to the EBITDA margin in H1 2017) given the favourable product mix within the Data segment (growing proportion of Full DMP in the product mix vs Managed DMP).

Following this sales report, we are upgrading our 2017 current operating income forecast to €1.8 million (vs €1.6 million previously) and our 2018 growth outlook, with sales of €39.3 million (vs €37.8 million) and 2018 current operating income of €2.8m (vs €2.2m previously), based on a stabilisation in the EBITDA margin at a high level (66.6%).

An attractive valuation

Despite the share price rally during the last quarter of 2017 (+25% vs -23% over the first nine months), in our view the early-year correction represents an excellent entry point. By delivering robust sales figures for the 2017 financial year and consolidating its profitability, Weborama is delivering on its growth plan.

Weborama share price trend since 2012



Following the updating of our model, we are increasing our share price target to €12.90 (vs €11.50). The latter is based on an equally-weighted average of the DCF and peer-group multiple-based valuations. The upside potential of 21% underpins our maintained Buy opinion on the stock.

Key points

Created in 1998, Weborama offers advertisers innovative solutions enabling the optimisation of their digital communication strategies. The offers are mainly focused on the sale of technology and data. The company has a database of 1.3 billion profiles worldwide, enabling the accurate targeting of prospects within the framework of digital marketing campaigns.

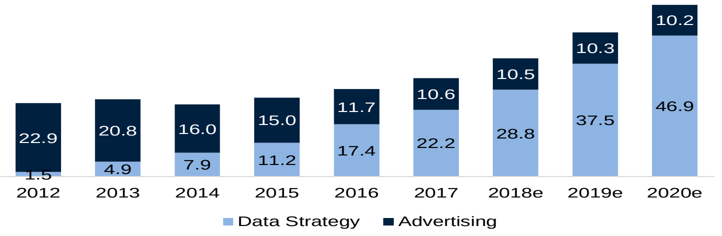
The Data Strategy segment proposing a Data Management Platform and Advisory offer is underpinning growth with its proposition combining Full DMP, Managed DMP, access to the database and services. Data advertising (Adserving+tracking) remains an important business for the group but is not where the company is focusing its growth efforts.

Weborama, which generates 70% of its sales internationally, is recruiting and supporting new customers in international markets. The company is going to continue its recruitment (mainly scientific profiles) to consolidate its positioning with advertisers in the data market. The latter are increasingly interested in the body of data concerning internet users and the optimisation of database segmentation, and in their impact on advertising campaigns.

Strengths	Weaknesses
• High added value in terms of technology and Data Science • A solid balance sheet • Proprietary technologies • Significant capability in innovation • Critical mass enabling the targeting of premium customers • Quality of the management	• A strategy of sustained investment
Opportunities	**Threats**
• Positioning in high-potential international markets	• Competition from players of international size with the ability to scale up their deployment • Regulatory environment

Growth and visibility on sales which are set to accelerate

Sales trend (€m) by business from 2012 to 2020e



source: company/Euroland Corporate

The 2012-2017 period posted average annual sales growth of 6.1% but, most especially, a change in product mix with average annual growth of +71.4% for Data Strategy and an average annual decline of -14.4% for Advertising (including the Media business which declined to its well-nigh disappearance in 2017 and the Advertising business which was stable over the period). In our view, the revenue CAGR between 2017 and 2020 should accelerate to 20.4% given the focusing of investment on the high-potential Data market. Data Strategy is thus expected to see average annual growth of +28.3% between 2017 and 2020. Advertising (campaign steering and analytics) is a mature market for which we expect a modest decline (CAGR of -1%).

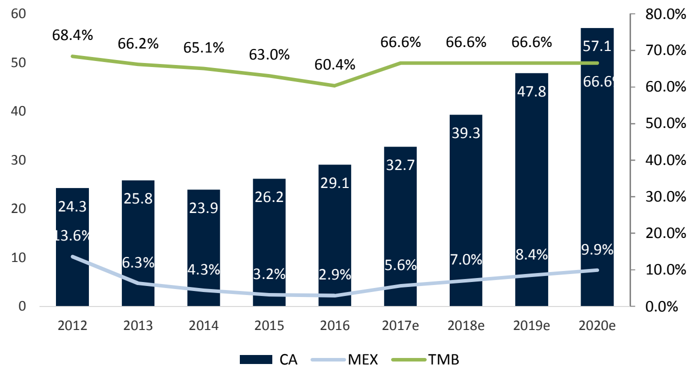
Given the visibility on the offers, the growth in the Data Strategy segment should lead to additional recurring revenues for Weborama:

- **Full DMP:** availability to customers of the whole platform, enabling the combination of different sources of data (1st, 2nd and 3rd Party) to increase their knowledge of customers. Segmenting the population based on this knowledge enables more effective targeting of the user profiles (DSP) and CRM enrichment. Multi-year contracts.
- **Managed DMP**: customers have access to all the platform's intelligence but entrusts Weborama with the segment purchasing. Recurring business.
- **Data Services**: analysis of customer data to highlight user typologies in addition to the functionalities that are standard in DMP. Ad hoc research.
- **Database access:** access to the 220 profiles in the Weborama database. Multi-year licences.

Market share gains to drive profitability

In view of the contribution from Data, our estimates show the EBITDA margin remaining stable at 66% as of 2017. The Data Strategy business, which makes the highest contribution to sales, has EBITDA margins which break down as follows: 80% for Full DMP, between 60% and 80% for Database access and up to 40% for Managed DMP.

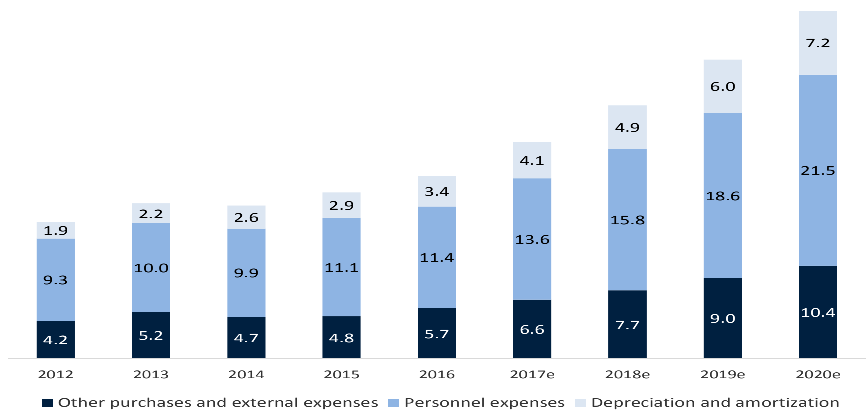
2012-2020e trend in sales (€m), EBITDA margin (%) and operating margin



source: company/Euroland Corporate

Given the investment required to reorient the business towards data, Weborama saw its margins fall between 2011 and 2016. Operating expenses (mainly staff costs whose CAGR stood at 10% and depreciation and amortization, whose CAGR was 20%) thus increased from €12m to €20m, i.e. average annual growth of 10.2% over the period, in line with the strategy of gaining market share.

Trend in the main cost items (€m) from 2012 to 2020e



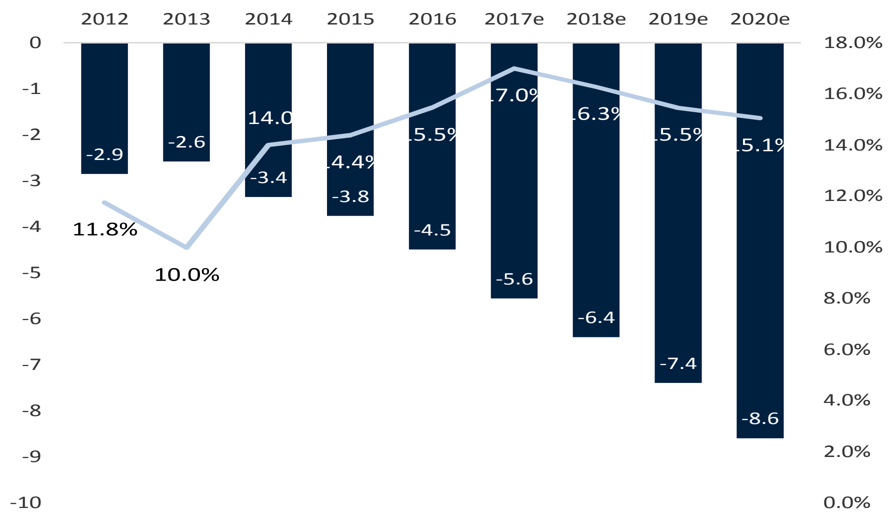
source: company/Euroland Corporate

In view of the investment already made but also the expected growth and the maintenance of the EBITDA margin, as of 2017 our forecasts show a renewed trend of margin improvement for Weborama; we expect an operating margin of approaching 10% by 2020 (vs 2.9% in 2006).

Cash generation in the cross hairs

Weborama has gradually stepped up its investment (driven by investment in R&D) to finalise its Data offer. Between 2011 and 2016, the investment/sales ratio stood at 13.1% and we expect investment to average 15.9% of sales through to 2020.

Investment trend (€m; % of sales) from 2012 to 2020e



source: company/Euroland Corporate

In view of the growth, margin recovery and control over the WCR, we expect Weborama to generate free cash flow as of 2019.

With net debt expected to be in the vicinity of €3 million and gearing of 6% in 2020, in our view the company has the financial capacity required to fund its growth.

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Income Statement (€m)	2014	2015	2016	2017e	2018e	2019e	2020e
Sales	23.9	26.2	29.1	32.7	39.3	47.8	57.1
EBITDA	3.7	3.7	4.3	5.9	7.7	10.1	12.8
Operating result	1.0	0.8	0.9	1.8	2.8	4.0	5.6
Financial result	-0.2	-0.2	-0.2	-0.2	-0.2	-0.2	-0.2
Taxation	0.6	0.9	1.2	0.4	0.0	0.0	0.0
Share of results from companies (equity method)	-0.1	0.0	0.1	0.0	0.0	0.0	0.0
Minority shares	0.6	0.4	0.8	0.9	1.1	1.3	1.5
Net result, Group share	0.1	0.6	0.7	0.8	1.3	2.3	3.7
Balance sheet (€m)	**2014**	**2015**	**2016**	**2017e**	**2018e**	**2019e**	**2020e**
Non current assets	12.4	13.0	14.2	15.7	17.4	18.9	20.8
incl. goodwill	*6.3*	*5.8*	*5.8*	*5.5*	*5.3*	*5.0*	*4.8*
Working capital	3.9	3.4	5.2	6.7	8.2	10.1	11.6
Cash & cash equivalents	6.8	5.9	5.6	3.6	1.9	1.3	1.7
Shareholders' equity	17.2	17.4	17.8	18.6	19.9	22.2	25.9
Financial debts	5.0	4.4	6.4	5.6	4.8	4.0	3.2
Total balance sheet	32.5	35.7	37.6	39.2	43.3	49.4	57.4
Cash flow statement (€m)	**2014**	**2015**	**2016**	**2017e**	**2018e**	**2019e**	**2020e**
Cash flow from operations	3.4	4.2	4.8	5.7	7.1	9.4	12.0
Change in working capital	-0.1	-0.6	1.3	1.5	1.5	1.9	1.5
Cash flow from operating activities	3.5	4.8	3.4	4.2	5.6	7.4	10.5
Operational investment, net	-3.4	-3.8	-4.4	-5.6	-6.4	-7.4	-8.6
Financial invesment, net	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Cash flow from investment activities, net	-3.4	-3.8	-4.4	-5.6	-6.4	-7.4	-8.6
Capital increase	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Change in borrowing	0.4	-1.1	2.6	-0.8	-0.8	-0.8	-0.8
Dividend paid	0.0	0.0	-0.6	0.0	0.0	0.0	0.0
Cash flow from financing activities, net	0.5	-2.0	0.7	-0.8	-0.8	-0.8	-0.8
Change in net financial debt	0.7	-1.0	-0.3	-2.1	-1.6	-0.8	1.1
Ratios (%)	**2014**	**2015**	**2016**	**2017e**	**2018e**	**2019e**	**2020e**
Sales growth	-7.4%	9.4%	11.0%	12.5%	20.1%	21.8%	19.4%
EBITDA margin	15%	14%	15%	18%	20%	21%	22%
Operating margin	4%	3%	3%	6%	7%	8%	10%
Net margin	1%	2%	2%	2%	3%	5%	6%
Capex/sales	-14%	-14%	-15%	-17%	-16%	-15%	-15%
WCR/sales	16%	13%	18%	20%	21%	21%	20%
ROCE	9%	7%	5%	9%	11%	14%	16%
ROCE excl. GW	25%	16%	10%	14%	15%	17%	20%
ROE	1%	3%	4%	4%	6%	10%	14%
Payout	0%	0%	0%	0%	0%	0%	0%
Dividend yield	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Debt ratios	**2014**	**2015**	**2016**	**2017e**	**2018e**	**2019e**	**2020e**
Gearing (%)	-11%	-9%	4%	11%	14%	12%	6%
Net debt/EBITDA	-0.5	-0.4	0.2	0.3	0.4	0.3	0.1
EBITDA/financial costs	14.8	22.7	18.9	35.5	46.3	60.8	78.1
Valuation	**2014**	**2015**	**2016**	**2017e**	**2018e**	**2019e**	**2020e**
Number of shares (in millions)	3.5	3.5	3.5	3.5	3.5	3.5	3.5
Average number of share (in millions)	3.5	3.5	3.5	3.5	3.5	3.5	3.5
Share price (annual average in euros)	8.6	7.4	11.2	9.2	10.7	10.7	10.7
(1) Average market capitalisation	30.0	25.8	39.3	32.2	37.5	37.5	37.5
(2) Net debt (+)/ net cash (-)	-1.8	-1.5	0.8	2.0	2.8	2.7	1.4
(3) Carrying value of minority interests	4.9	3.6	6.3	7.1	8.5	10.4	12.4
(4) Fair value of financial assets	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Valeur d'entreprise = (1)+(2)+(3)-(4)	33.0	27.7	46.2	41.2	48.7	50.4	51.2
PER	242.9	46.5	56.5	40.1	30.0	16.2	10.2
VE/ EBITDA	9.0	7.5	10.8	6.9	6.3	5.0	4.0
VE/ EBIT	31.8	33.5	54.0	22.6	17.7	12.5	9.1
VE/sales	1.4	1.1	1.6	1.3	1.2	1.1	0.9
P/B	1.7	1.5	2.2	1.7	1.9	1.7	1.4
per share figures (€)	**2014**	**2015**	**2016**	**2017e**	**2018e**	**2019e**	**2020e**
EPS	0.04	0.16	0.20	0.23	0.36	0.66	1.05
Book value/share	4.9	5.0	5.1	5.3	5.7	6.3	7.4
Dividend /share	0.00	0.00	0.00	0.00	0.00	0.00	0.00

EuroLand Corporate

Recommendation system:

EuroLand Corporate recommendations cover the coming twelve-month period and are defined as follows:

Buy: potential valuation upside exceeding 15% on an absolute basis relative to the current share price, backed by high-quality fundamentals.
Accumulate: potential valuation upside of between 0% and 15% on an absolute basis relative to the current share price.
Lighten: potential valuation downside of between 0% and 15% on an absolute basis relative to the current share price.
Sell: potentiel downside of more than 15% on an absolute basis relative to the current share price, excessive valuation.
Under review: recommendation under review due to a transaction involving the share capital (takeover bid/exchange offer/capital increase, etc.), a change in analyst or a situation of temporary conflict of interest between Euroland Corporate and the issuer.

Recommendation history over the past 12 months:

Buy: Since 13/02/2017
Accumulate: from 24/07/2016 to 12/02/2017
Lighten: (-)
Sell: (-)
Under review: (-)

Valuation methodologies:

This document may mention valuation methodologies whose definitions are summarized as follows:

1/ Peer group comparison: the valuation multiples of the relevant company are compared with those of a sample of companies in the same business sector or with a similar financial proflle. The average of the sample serves as a valuation reference point, to which the analyst applies any applicable discounts or premia resulting from his or her perception of the specific characteristics of the company in question (legal status, growth outlook, level of profitability, etc.).

2/ NAV: the Revalued Net Asset Value is based on the estimated market value of the assets in a company's balance sheet, using the methodology deemed appropriate by the analyst.

3/ Sum of the Parts: consists of valuing the different businesses in a company separately based on the valuation methods most appropriate for these individual activities then adding them together.

4/ Discounted Cash Flow (DCF): consists of determining the present day value of the future cash flows the company is expected to generate. Cash flow projections are established by the analyst based on his or her assumptions and modelling. The discount rate used is the average weighted cost of capital, which represents the cost of the company's debt and the theoretical cost of equity as estimated by the analyst, weighted by the proportion of the two components in the company's financing.

5/ Transaction multiples: consists of applying the multiples observed in transactions already realized involving companies comparable to the company in question.

6/ Discounted dividends: consists of establishing the discounted value of the dividends to be received by a shareholder in the company, based on dividend forecasts made by the analyst and the discount rate which is deemed appropriate (generally the theoretical cost of equity).

7/ EVA: the "Economic Value Added" methodology consists of determining the annual growth in the profitability generated by a company from its assets relative to its cost of capital (also known as "value creation"). This growth in profitability is then discounted for the years to come at a discount rate corresponding to the average weighted cost of capital, and the result obtained is added to the net book value.

DETECTION OF POTENTIAL CONFLICTS OF INTEREST

Corporate Finance	Analyst's personal interest	Ownership of assets in the issuer	Prior communication to the issuer	Liquidity agreement	Eurovalue contract*
No	No	No	Yes	No	Yes

*Market coordination including regular coverage of the stock in terms of financial analysis with or without a liquidity agreement

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Euroland Corporate
17 avenue George V
75008 Paris
01 44 70 20 80