

## Postview - Small Caps

Rating	TP	EPS 10	EPS 11
		↗ 8%	↗ 6%

Price (25 January 2010)	EUR14.4
Market cap./Free float (EURm)	229.6/84.5
EV (EURm)	210.3
3m avg. volume (EURm)	0.1
Reuters/Bloomberg	NXTV.PA/NXTV FP

Financial data	12/08	12/09e	12/10e	12/11e
Adjusted EPS (EUR)	0.16	0.10	0.96	1.50
EPS - IBES (EUR)	0.06	(0.10)	0.82	1.18
Net dividend (EUR)	0.04	0.00	0.00	0.00

Sales (EURm)	121	123	142	151
Adjusted EBIT (EURm)	10.0	8.2	26.2	32.7
Adj. net profit (EURm)	2.4	1.5	15.9	25.0
Adj. net debt / EBITDA (x)	3.8	2.7	0.1	-

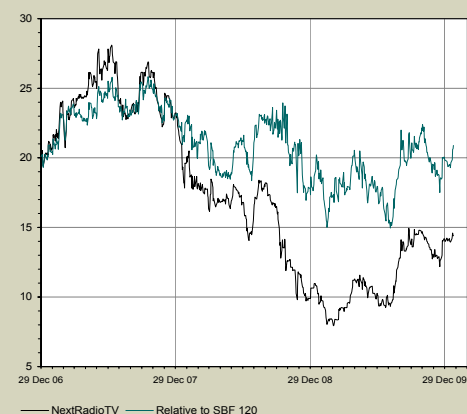
Stockmarket ratios*	12/08	12/09e	12/10e	12/11e
P/E (x)	104.1	110.9	15.1	9.6
P/BV (x)	2.3	1.5	1.7	1.5
Net yield (%)	0.2	0.0	0.0	0.0
FCF yield (%)	5.8	2.3	7.2	11.5
EV/Sales (x)	2.2	1.3	1.5	1.2
EV/EBITDA (x)	22.2	21.9	7.6	5.4
EV/EBIT (x)	26.8	19.5	8.0	5.7

\* Yearly average prices for FY to end-12/08, 12/09

Performance* (%)	1w	1m	3m	12m
Absolute	1	3	(3)	50
Rel. Media	4	3	(8)	16
Rel. SBF 120	6	6	(2)	12

\* In listing currency, with dividend reinvested

## Price relative to SBF 120



## Outperform

Target price	EUR20 (+39%)
Sector rating	Outperform

## Very strong revenue growth in Q4 09 and confidence for 2010

## ► Very strong radio advertising growth in Q4 09

Q4 09 revenues reached EUR41m, up 16% vs Q4 08 and 6% above our EUR38.5m forecast. The main discrepancy lies in radio advertising revenues (EUR20m), which grew 21% (of which RMC up 25% and BFM up 11%) vs our 11% forecast. This is impressive in the current advertising environment. It is also worth noting that both BFM TV and Group 01 delivered slightly better revenue performances than expected, posting +69% and -7% respectively vs +57% and -12% forecast.

## ► Confidence for 2010 despite lack of visibility

On tough comps (+25% in January 09), radio advertising growth is slightly positive in January 2010. There is no real visibility beyond. However, management expressed its confidence in 1) radio, as this is the year of the Winter Olympics and says online gaming, expected to be a major contributor to radio advertising growth, is due to open up just before the football World Cup, and 2) in TV, since BFM TV should benefit from audience gains. We have lifted our 2010 and 2011 EBITA forecasts by respectively 6% and 7% to incorporate the higher basis of Q4 09. We have left our cautious 10% radio advertising growth forecast for FY10 unchanged.

## ► Current valuation levels are very attractive

We retain our Outperform rating on the stock and consider the current valuation levels as very attractive. The current EV/EBITA 2010e is 8.0x while the EBITA contribution from BFM TV is very marginal (we forecast a 20% EBITA margin in 2012 on a conservative revenue forecast of EUR48m vs EUR25m in 2009e). Stripping out the value of the DTT business (EUR118m or 12x 2012e EBITA), the implied EV/EBITA 2010e is 3.8x.

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## Funding Analysis

### NextRadioTV

Gross cash position at 31 Dec. 08						
EURm	Dec. 09	Dec. 10	Dec. 11	Dec. 12	Dec. 13	Dec. 14
FCF	4	17	27	33	39	45
Gross debt reimbursements <sup>1</sup>			(18)	(18)	(18)	
New funds (debt, capital, divestment)	20					
Other cash outflows (acquisitions etc)						
Dividend base case	(0)	0	(3)	(5)	(8)	(11)
Share buybacks						
<b>SURPLUS/(SHORTFALL)</b>						
Annual	34	17	6	10	13	34
<b>Cumulative</b>	<b>34</b>	<b>51</b>	<b>57</b>	<b>66</b>	<b>80</b>	<b>114</b>
Annual if div is 0 from Dec. 10	na	17	8	15	21	45
<b>Cumulative if div is 0 from Dec. 10</b>	<b>na</b>	<b>51</b>	<b>59</b>	<b>74</b>	<b>95</b>	<b>140</b>
<b>Available credit lines</b>	<b>0</b>		<b>0</b>			

Covenant(s):	Net debt/EBITDA<4.5x in 2008 and then 3x through to 2011 Net debt/shareholders' funds<1.1x					
Net Debt / EBITDA <sup>2</sup>	2.7x	0.1x	(0.7x)	(1.3x)	(2.0x)	(2.7x)
Minimum EBITDA threshold	8	2	8			
% change to breach covenants	8%	(93%)	8%			
Gearing <sup>2</sup>	17%	2%	(14%)	(27%)	(38%)	(47%)
Minimum Equity threshold	21	5	21			
% change to breach covenants	(81%)	(96%)	(81%)			

<sup>1</sup> Gross debt reimbursement post Dec.14: EUR0m

<sup>2</sup> Ratio based on our estimates

► Net debt/EBITDA covenant ratio expected to be broken in 2009 but the EUR20m capital increase planned in September will fix the situation. EUR55m OBSAAR to be redeemed in 2011, 2012 and 2013 while we expect the company to be in a net cash position in 2011. (Comment updated on 28 Jul. 09)

Source: Exane BNP Paribas estimates

## Forthcoming events

Date	Event
15 Mar. 2010	FY 2009 Results
28 May 2010 (e)	AGM

**Commitment of transparency** (see [www.exane.com/disclosureequitiesuk](http://www.exane.com/disclosureequitiesuk) for details. Complete disclosures available on [www.exane.com/compliance](http://www.exane.com/compliance))

Exane is independent of BNP Paribas (BNPP) and the agreement between the two companies is structured to guarantee the independence of Exane's research, published under the brand name "Exane BNP Paribas". Nevertheless, to respect a principle of transparency, we separately identify potential conflicts of interest with BNPP regarding the company/(ies) covered by this research document.

### Exane

Investment banking	Distributor	Liquidity provider	Corporate links	Analyst's personal interest	Equity stake		Amended after Disclosure to company	Additional material conflicts
					US Law	French Law		
NO	NO	YES	NO	NO	NO	NO	NO	YES*

\*Exane was indirectly interested in the success of the Nextradio TV rights issue where BNPP acted as joint bookrunner (08/2009)

Source: Exane

### BNP Paribas

BNP acted as Joint bookrunner for the rights issue (08/2009)

Source: BNP Paribas

Price at 25 Jan. 10 / Target Price

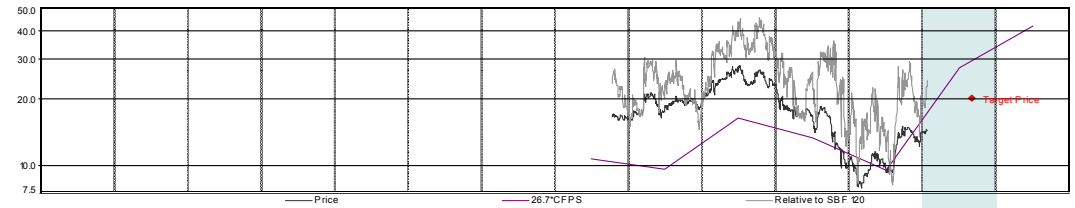
**EUR14.4 / EUR20 +39%**

Reuters / Bloomberg: NXTV.PA / NXTV.FP Analyst: Nicolas Gindre (+33) 1 42 99 52 66

**NEXTRADIOTV (Outperform)**

Broadcasting & Entertainment | Media (Outperform) - France

Company Highlights			
Enterprise value	210		
Market capitalisation	230		
Free float	84		
3m average volume	0		
Performance (*)			
	1m	3m	12m
Absolute	11%	(3%)	52%
Rel. Sector	11%	(7%)	18%
Rel. SBF 120	12%	(3%)	13%
12m Hi/Lo (EUR) : 14.9 -4% / 7.9 +81%			
CAGR			
	2003/2009	2009/2011	
EPS restated (**)	NC	284%	
CFPS	NC	111%	



PER SHARE DATA (EUR)	Dec. 02	Dec. 03	Dec. 04	Dec. 05	Dec. 06	Dec. 07	Dec. 08	Dec. 09e	Dec. 10e	Dec. 11e
No of shares year end, basic, (m)	10,833	10,833	10,833	12,494	12,494	16,666	14,100	15,943	15,943	15,943
Average no of shares, diluted, excl. treasury stocks (m)	10,833	10,833	10,833	11,248	12,494	8,353	15,383	14,742	16,666	16,666
EPS reported	(530.4)	16.90	2.06	0.00	0.00	0.00	0.00	0.00	0.00	0.00
EPS restated	(0.74)	(0.24)	0.10	0.15	0.23	0.19	0.16	0.10	0.96	1.50
% change	NS	67.9%	NS	1897.1%	48.8%	(14.3%)	(19.8%)	(34.6%)	840.2%	57.0%
CFPS	(0.91)	(0.30)	0.02	0.40	0.36	0.61	0.50	0.36	1.03	1.58
Book value (BVPS) (a)	2.5	2.5	2.6	5.6	5.8	5.7	7.0	7.3	8.3	9.8
Net dividend	0.00	0.00	0.00	0.00	0.00	0.03	0.04	0.00	0.00	0.00

STOCK MARKET RATIOS	YEARLY AVERAGE PRICES for end Dec. 05 to Dec. 09										
	Dec. 03	Dec. 04	Dec. 05	Dec. 06	Dec. 07	Dec. 08	Dec. 09e	Dec. 10e	Dec. 11e		
P / E (P/ EPS restated)				108.8x	82.5x	124.7x	104.1x	138.5x	15.1x	9.6x	
P / E relative to SBF 120				699%	478%	724%	721%	980%	104%	77%	
P / CF				41.2x	51.9x	39.5x	32.5x	39.5x	14.0x	9.1x	
FCF yield				5.2%	0.6%	(0.5%)	5.8%	1.9%	7.2%	11.5%	
P / BVPS				2.94x	3.21x	4.25x	2.30x	1.93x	1.73x	1.47x	
Net yield				0.0%	0.0%	0.1%	0.2%	0.0%	0.0%	0.0%	
Payout		(0.0%)	(0.0%)	0.0%	0.0%	16.5%	25.8%	3.5%	0.0%	0.0%	
EV / Sales				4.48x	4.25x	2.26x	2.22x	1.64x	1.49x	1.22x	
EV / Restated EBITDA				24.5x	42.2x	24.8x	22.2x	27.5x	7.6x	5.4x	
EV / Restated EBIT				27.9x	55.4x	31.4x	26.8x	24.6x	8.0x	5.7x	
EV / OpFCF				16.3x	118.3x	86.3x	14.6x	27.2x	8.1x	5.5x	
EV / Capital employed (incl. gross goodwill)				2.8x	3.3x	1.7x	2.2x	1.6x	1.7x	1.5x	

ENTERPRISE VALUE (EURm)	Dec. 02	Dec. 03	Dec. 04	Dec. 05	Dec. 06	Dec. 07	Dec. 08	Dec. 09e	Dec. 10e	Dec. 11e
Market cap				179	227	237	268	201	210	188
+ Adjusted net debt				186	233	202	249	207	230	230
+ Other liabilities and commitments				2	3	62	46	20	3	(22)
+ Revalued minority interests				2	2	2	2	2	2	2
- Revalued investments				0	12	12	29	28	24	24

P & L HIGHLIGHTS (EURm)	Switch to IFRS data from FY ended 12/03										
	Dec. 02	Dec. 03	Dec. 04	Dec. 05	Dec. 06	Dec. 07	Dec. 08	Dec. 09e	Dec. 10e	Dec. 11e	
Sales	13	24	32	40	54	105	121	123	142	151	
Restated EBITDA (b)	(8)	(2)	3	7	5	10	12	7	28	34	
Depreciation	(1)	(1)	(1)	(1)	(1)	(2)	(2)	(1)	(1)	(1)	
Restated EBIT (b) (**)	(9)	(3)	2	6	4	8	10	8	26	33	
Reported operating profit (loss)	(9)	(3)	2	6	4	8	10	8	26	33	
Net financial income (charges)	(1)	(1)	(1)	(1)	(1)	(4)	(6)	(4)	(2)	1	
Affiliates	0	0	0	0	0	0	0	0	0	0	
Other	0	5	2	0	(2)	(20)	(1)	(7)	0	1	
Tax	4	0	(1)	(3)	0	5	(1)	1	(7)	(8)	
Minorities	1	(0)	(0)	(1)	(0)	(0)	(0)	(1)	(1)	(2)	
Goodwill amortisation	(15)	-	-	-	-	-	-	-	-	-	
Net attributable profit reported	(21)	1	1	2	2	(12)	2	(3)	16	25	
Net attributable profit restated (c)	(21)	(3)	0	2	3	2	2	1	16	25	

CASH FLOW HIGHLIGHTS (EURm)	Dec. 02	Dec. 03	Dec. 04	Dec. 05	Dec. 06	Dec. 07	Dec. 08	Dec. 09e	Dec. 10e	Dec. 11e
EBITDA (reported)	(8)	(2)	3	7	5	10	12	7	28	34
EBITDA adjustment (b)	0	0	0	0	0	0	0	0	0	0
Other items	0	0	0	0	0	0	0	3	0	1
Change in WCR	0	(5)	(2)	4	(3)	(4)	8	(1)	0	0
Operating cash flow	(8)	(7)	1	11	2	6	20	9	28	35
Capex	0	(0)	(0)	(0)	(1)	(3)	(2)	(1)	(2)	(2)
Operating free cash flow (OpFCF)	(8)	(8)	1	11	2	3	18	7	26	33
Net financial items + tax paid	(1)	(1)	(1)	(1)	(1)	(4)	(4)	(3)	(9)	(7)
Free cash flow	(10)	(9)	(0)	10	1	(1)	15	4	17	27
Net financial investments & acquisitions	0	0	0	(3)	0	(78)	13	0	0	0
Other	0	2	0	(4)	(2)	(13)	(11)	0	0	0
Capital increase (decrease)	0	0	0	33	0	33	0	20	0	1
Dividends paid	0	0	0	0	0	(0)	(1)	(0)	(3)	(3)
Increase (decrease) in net financial debt	10	7	(0)	(35)	1	59	(16)	(24)	(17)	(25)
Cash flow, group share	(10)	(3)	0	5	4	5	8	5	17	26

BALANCE SHEET HIGHLIGHTS (EURm)	Dec. 02	Dec. 03	Dec. 04	Dec. 05	Dec. 06	Dec. 07	Dec. 08	Dec. 09e	Dec. 10e	Dec. 11e
Fixed operating assets, incl. gross goodwill	53	52	51	63	63	142	130	130	130	130
WCR	1	5	6	2	5	1	(6)	(5)	(5)	(5)
Capital employed, incl. gross goodwill	54	57	57	65	68	143	124	125	125	126
Shareholders' funds, group share	27	27	28	70	73	95	99	116	133	156
Minorities	1	2	2	1	1	1	1	2	3	5
Provisions/ Other liabilities	10	5	4	3	3	14	6	10	9	4
Net financial debt (cash)	30	37	37	2	3	62	46	22	5	(20)

FINANCIAL RATIOS (%)	Dec. 02	Dec. 03	Dec. 04	Dec. 05	Dec. 06	Dec. 07	Dec. 08	Dec. 09e	Dec. 10e	Dec. 11e
Sales (% change)	NS	78.4%	33.6%	26.4%	33.7%	96.4%	14.9%	1.7%	15.3%	6.9%
Organic sales growth		78.4%	33.6%	26.4%	33.7%	20.3%	16.5%	1.7%	15.3%	6.9%
Restated EBIT (% change) (**)	NS	64.0%	NS	244.4%	(36.0%)	84.1%	32.5%	(18.2%)	221.0%	24.7%
Restated attributable net profit (% change) (**)	NS	67.9%	NS	1973.6%	65.2%	(42.7%)	47.6%	(37.3%)	963.0%	57.0%
Personnel costs / Sales	68.2%	49.7%	42.7%	41.4%	42.7%	44.8%	43.7%	45.2%	40.7%	39.2%
Restated EBITDA margin	(63.8%)	(10.1%)	8.5%	18.2%	10.1%	9.1%	10.0%	5.9%	19.5%	22.6%
Restated EBIT margin	(70.7%)	(14.2%)	5.9%	16.0%	7.7%	7.2%	8.3%	6.7%	18.5%	21.6%
Tax rate	NC	NC	29.9%	55.7%	NC	NC	26.7%	NC	29.3%	23.7%
Net margin	(167.3%)	4.3%	5.3%	5.8%	3.6%	(10.9%)	1.8%	(1.5%)	12.0%	17.8%
Capex / Sales	NC	1.1%	0.4%	1.0%	0.9%	2.8%	1.5%	1.1%	1.1%	1.2%
OpFCF / Sales	(63.8%)	(32.4%)	3.3%	27.5%	3.6%	2.6%	15.2%	6.0%	18.3%	22.1%
WCR / Sales	9.2%	20.8%	20.3%	5.8%	9.9%	1.2%	(4.9%)	(4.0%)	(3.5%)	(3.2%)
Capital employed (excl. gross goodwill) / Sales	35.8%	32.7%	26.2%	15.7%	18.0%	7.4%	0.2%	1.1%	1.2%	1.3%
ROE (before goodwill)	(29.9%)	(9.4%)	0.3%	2.4%	3.9%	1.7%	2.4%	1.3%	12.0%	16.0%
Gearing	108%	128%	121%	3%	5%	65%	46%	17%	2%	(14%)
EBITDA / Financial charges	NC	NC	2.3x	6.1x	9.4x	2.5x	1.9x	1.7x	12.0x	NC
Adjusted financial debt / EBITDA	NC	NC	14.0x	0.3x	0.6x	6.5x	3.8x	2.7x	0.1x	NC
ROCE, excl. gross goodwill	NS	(29.2%)	15.0%	68.5%	28.5%	65.1%	NS	NS	NS	NS
ROCE, incl. gross goodwill	(15.0%)	(4.0%)	2.2%	6.6%	4.0%	3.5%	5.4%	4.4%	14.0%	19.9%
WACC	NC	NC	NC						6.1%	6.1%

(a) Intangibles: EUR123.50m, or EUR9 per share. (b) adjusted for capital gains/losses, impairment charges, exceptional restructuring charges, capitalized R&D, pension charge replaced by service cost  
(c) adj. for capital gains losses, imp. charges, capitalized R&D, am. of intangibles from M&A, exceptional restructuring, (\*) In listing currency, with div. reinvested, (\*\*) also adjusted for am. of intangibles from M&A, or for am. of goodwill for pre IFRS years

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