

Q2 results postview - Small Caps

Price (26 July 2010)	EUR13.3
Market cap./Free float (EURm)	211.2/77.7
EV (EURm)	202.9
3m avg. volume (EURm)	0.0
Reuters/Bloomberg	NXTV.PA/NXTV.FP

Financial data	12/08	12/09e	12/10e	12/11e
Adjusted EPS (EUR)	0.04	(0.05)	0.97	1.48
EPS - IBES (EUR)	-	0.13	0.83	1.23
Net dividend (EUR)	0.04	0.00	0.00	0.00
Sales (EURm)	120	123	143	154
Adjusted EBIT (EURm)	7.7	3.6	25.3	35.0
Adj. net profit (EURm)	0.6	(0.8)	16.1	24.7
Adj. net debt / EBITDA (x)	4.7	5.2	0.3	-

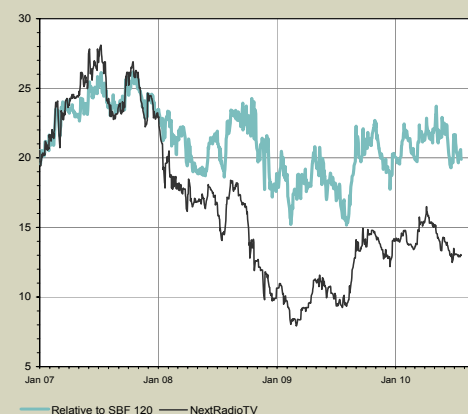
Stockmarket ratios*	12/08	12/09e	12/10e	12/11e
P/E (x)	-	-	13.7	8.9
P/BV (x)	2.3	1.6	1.7	1.5
Net yield (%)	0.2	0.0	0.0	0.0
FCF yield (%)	1.8	0.6	11.3	17.1
EV/Sales (x)	2.2	1.4	1.4	1.2
EV/EBITDA (x)	27.4	29.4	7.2	4.8
EV/EBIT (x)	34.8	47.4	8.0	5.3

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

Performance* (%)	1w	1m	3m	12m
Absolute	3	8	(11)	35
Rel. Media	(4)	3	(10)	2
Rel. SBF 120	(2)	4	(3)	22

* In listing currency, with dividend reinvested

Price relative to SBF 120



Outperform

Target price	EUR20 (+51%)
Sector rating	Outperform

Advertising growth in Q2: +21% in radio;
+48% for BFM TV and +30% for Groupe 01

► Stronger-than-expected recurring H1 results

Reaching EUR69.9m (up 20% yoy) and EUR7.8m (vs EUR0.1m in H1 09), H1 10 revenues and EBITA came respectively 3.6% and 10% above our EUR67.5m and EUR7.1m forecasts. Discrepancies stemmed from 1/ the leverage effect of stronger-than-expected radio advertising growth (+21% in Q2 vs +15% expected), propelled by the Football World Cup and three weeks of online gaming liberalisation, and 2/ a positive surprise on the profitability of Groupe 01 (EUR1.5m vs our EUR0m forecast), helped by very strong revenue growth in Q2 10 (+20%), the first quarter of positive growth for a long time. We also note that BFM TV is now close to breakeven (EUR2.1m EBITA loss in H1 10 vs our -EUR1.8m forecast). A EUR0.9m provision was taken for the final restructuring of Groupe 01 (merger between l'Ordinateur Individual and SVM).

► Cautious optimism of the group and plan to launch a new DTT channel

At this stage, the group remains optimistic about future advertising trends, although visibility remains weak. The group will try to obtain in Q4 10 a new free DTT license for a sports channel (RMC Sport). If it obtains it, management believes that reaching breakeven point will be much quicker than for BFM TV, as at the time of the potential launching date (Q4 11), free DTT will be captured by 100% of the French population, which was obviously not the case for BFM TV.

► Outperform rating and EUR20 target price maintained

The valuation remains very supportive (5x 2011e EV/EBITDA) for a stock that is likely to continue to benefit from solid business trends (strong radio advertising growth, driven by the PMU contract in H2 10e, strong TV revenue growth and EBITA at close to breakeven in H2 10, in addition to continued good revenue growth for Groupe 01).

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Price at 26 Jul. 10 / Target Price

EUR13.3 / EUR20 +51%

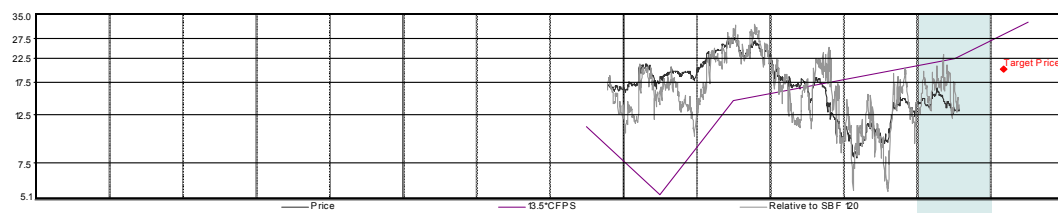
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NEXTRADIOTV (Outperform)

Broadcasting & Entertainment | Media (Outperform) - France

Company Highlights				EURm
Enterprise value				203
Market capitalisation				211
Free float				78
3m average volume				0
Performance (*)				
Absolute	1m	3m	12m	
	8%	(11%)	35%	
Rel. Sector	3%	(10%)	2%	
Rel. SBF 120	4%	(3%)	22%	
12m Hi/Lo (EUR) : 16.5 -20% / 9.3 +42%				
CAGR				
	2003/2009	2009/2011		
EPS restated (**)	(18%)	NC		
CFPS	1%	NC		



Price (yearly avg from Dec. 05 to Dec. 09)

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	(0.92)	(0.17)	0.09	0.26	0.26	0.24	0.04	(0.05)	0.97	1.48
% change	NS	81.2%	NS	173.5%	(0.2%)	(6.4%)	(82.7%)	NS	NS	53.1%
CFPS	(1.24)	(0.25)	0.25	0.81	0.40	1.07	(0.09)	(0.26)	1.65	2.42
Book value (BVPS) (a)	2.5	2.5	2.6	5.6	5.8	5.7	7.0	7.0	7.8	9.0
Net dividend	0.00	0.00	0.00	0.00	0.00	0.03	0.04	0.00	0.00	0.00

STOCKMARKET 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)										8.9x
P / E relative to DJ Euro STOXX Small										128%
P / CF										8.0x
FCF yield										17.1%
P / BVPS										1.47x
Net yield										0.0%
Payout	(0.0%)	(0.0%)	0.0%	0.0%	0.0%	0.1%	0.2%	0.0%	0.0%	0.0%

EV / Sales				4.48x	4.25x	2.26x	2.24x	1.38x	1.42x	1.19x
EV / Restated EBITDA				24.2x	40.3x	23.6x	27.4x	29.4x	7.2x	4.8x
EV / Restated EBIT				27.9x	55.4x	31.4x	34.8x	47.4x	8.0x	5.3x
EV / OpFCF				12.8x	109.2x	39.9x	32.7x	69.3x	6.1x	3.9x
EV / Capital employed (incl. gross goodwill)				2.8x	3.3x	1.7x	2.2x	1.4x	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				186	233	202	249	166	211	211
+ Adjusted net debt				2	3	62	46	30	9	(22)
+ Other liabilities and commitments										
+ Revalued minority interests										
- Revalued investments	0	0	0	12	12	29	28	28	19	7

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	120	123	143	154
Restated EBITDA (b)	(8)	(2)	3	7	6	10	6	6	28	38
Depreciation	(1)	(2)	(1)	(1)	(2)	(3)	(2)	(2)	(3)	(3)
Restated EBIT (b) (**)	(9)	(3)	2	6	4	8	4	4	25	35
Reported operating profit (loss)	(9)	(3)	2	6	4	8	4	4	25	35
Net financial income (charges)	(1)	(1)	(1)	(1)	(1)	(4)	(6)	(4)	(2)	0
Affiliates	0	0	0	0	0	0	0	0	0	0
Other	0	5	2	0	(2)	(20)	0	(8)	0	0
Tax	4	0	(1)	(3)	0	5	(1)	2	(7)	(11)
Minorities	(1)	0	0	1	0	0	0	(0)	0	0
Goodwill amortisation	(15)	-	-	-	-	-	-	-	-	-
Net attributable profit reported	(23)	1	2	3	2	(11)	1	(6)	16	25
Net attributable profit restated (c)	(23)	(2)	1	3	3	2	1	(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	6	10	6	6	28	38
EBITDA adjustment (b)	0	0	0	0	0	0	0	0	0	0
Other items	(4)	(0)	1	3	(0)	3	(7)	(8)	8	13
Change in WCR	0	(5)	(2)	4	(3)	(4)	8	6	0	0
Operating cash flow	(12)	(7)	2	14	3	9	10	4	37	51
Capex	0	(0)	(0)	(0)	(1)	(3)	(2)	(1)	(4)	(4)
Operating free cash flow (OpFCF)	(12)	(7)	2	14	2	6	8	2	33	47
Net financial items + tax paid	(1)	(1)	(1)	(1)	(1)	(4)	(4)	(1)	(9)	(11)
Free cash flow	(13)	(8)	1	13	2	2	4	1	24	36
Net financial investments & acquisitions	0	0	0	(3)	0	(80)	13	(3)	0	0
Other	0	1	(1)	(7)	(3)	(14)	1	0	0	0
Capital increase (decrease)	0	0	0	33	0	33	(1)	18	0	0
Dividends paid	0	0	0	0	0	(0)	(1)	(0)	(3)	(5)
Increase (decrease) in net financial debt	13	7	(0)	(35)	1	59	(16)	(16)	(21)	(31)

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	132	132	133
WCR	1	5	6	2	5	1	(6)	(12)	(12)	(12)
Capital employed, incl. gross goodwill	54	57	57	65	68	143	124	120	120	121
Shareholders' funds, group share	27	27	28	70	73	95	99	111	124	144
Minorities	1	2	2	1	1	1	1	1	1	1
Provisions / Other liabilities	10	5	4	3	3	14	6	2	2	(7)
Net financial debt (cash)	30	37	37	2	3	62	46	30	9	(22)

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%	14.1%	2.3%	16.6%	7.8%
Organic sales growth		78.4%	33.6%	26.4%	15.0%	20.3%	16.5%	2.3%	16.6%	7.8%
Restated EBIT (% change) (**)	NS	64.0%	NS	244.4%	(36.0%)	84.1%	2.1%	(53.4%)	606.5%	38.1%
Restated attributable net profit (% change) (**)	NS	81.2%	NS	184.0%	10.8%	(37.4%)	(68.1%)	NS	NS	53.1%
Personnel costs / Sales	68.2%	49.7%	42.7%	41.4%	43.0%	44.8%	44.0%	44.5%	37.8%	35.7%
Restated EBITDA margin	(63.8%)	(6.4%)	9.4%	18.5%	10.5%	9.6%	8.2%	4.7%	19.7%	24.8%
Restated EBIT margin	(70.7%)	(14.2%)	5.9%	16.0%	7.7%	7.2%	6.4%	2.9%	17.7%	22.7%
Tax rate	NC	NC	29.9%	55.7%	NC	NC	46.9%	NC	30.0%	30.0%
Net margin	(167.3%)	4.3%	5.3%	5.8%	3.6%	(10.9%)	0.8%	(4.9%)	11.3%	16.0%
Capex / Sales	NC	1.1%	0.4%	1.0%	0.9%	2.8%	1.5%	1.2%	2.4%	2.6%
OpFCF / Sales	(91.4%)	(30.0%)	7.3%	35.0%	3.9%	5.7%	6.8%	2.0%	23.2%	30.4%
WCR / Sales	9.2%	20.8%	20.3%	5.8%	9.9%	1.2%	(4.9%)	(9.9%)	(8.5%)	(7.9%)
Capital employed (excl. gross goodwill) / Sales	35.8%	32.7%	26.2%	15.7%	18.0%	7.4%	0.2%	(3.2%)	(2.3%)	(1.6%)
ROE (before goodwill)	(37.3%)	(6.9%)	3.6%	4.1%	4.4%	2.1%	0.6%	(0.7%)	13.0%	17.1%
Gearing	108%	128%	121%	3%	5%	65%	46%	27%	8%	(15%)
EBITDA / Financial charges	NC	NC	2.5x	6.2x	9.9x	2.6x	1.5x	1.6x	12.3x	NC
Adjusted financial debt / EBITDA	NC	NC	12.6x	0.3x	0.6x	6.2x	4.7x	5.2x	0.3x	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%	4.2%	2.0%	14.1%	20.2%
WACC	NC	NC	NC	8.8%	8.6%	7.6%	8.5%	7.5%	7.8%	7.8%

Average number of employees

(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

Funding Analysis

NextRadioTV

Gross cash position at 31 Dec. 08						
EURm	Dec. 09	Dec. 10	Dec. 11	Dec. 12	Dec. 13	Dec. 14
FCF	1	24	36	30	32	35
Gross debt reimbursements ¹			(18)	(18)	(18)	
New funds (debt, capital, divestment)	20					
Other cash outflows (acquisitions etc)						
Dividend base case	(0)	(3)	(5)	(7)	(8)	(9)
Share buybacks						
SURPLUS/(SHORTFALL)						
Annual	31	21	13	4	5	25
Cumulative	31	52	65	69	74	100
Annual if div is 0 from Dec. 10	na	24	18	12	14	35
Cumulative if div is 0 from Dec. 10	na	55	73	85	98	133
Available credit lines	0		0			

Covenant(s):	Net debt/EBITDA<4.5x in 2008 and then 3x through to 2011 Net debt/shareholders' funds<1.1x					
Net Debt / EBITDA ²	5.2x	0.3x	(0.6x)	(1.0x)	(1.4x)	(1.8x)
Minimum EBITDA threshold	7	2	8			
% change to breach covenants	(21%)	(93%)	8%			
Gearing ²	27%	8%	(15%)	(27%)	(36%)	(44%)
Minimum Equity threshold	20	5	21			
% change to breach covenants	(82%)	(96%)	(81%)			

¹ Gross debt reimbursement post Dec. 14: EUR0m

² Ratio based on our estimates

► Debt situation now cleared following the EUR20m capital increase occurred in H2 2009 (Comment updated on 16 Apr. 10)

Source: Exane BNP Paribas estimates

Forthcoming events

Date	Event
21 Oct. 2010	Q3 2010 Sales
25 Jan. 2011	Q4 2010 Sales
10 Mar. 2011	FY 2010 Results

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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

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