



Proximedia

*...seen through the
eyes of a financial analyst*

1. Introduction

- Concentration of activities in Belgium is + :
 - Good economic growth
 - Numerous SME's
 - Good government
- Low risk profile of Proximedia:
 - No links with nuclear energy
 - No subsidiaries in Lybia or North of Japan
 - Very competent management....

2. Flash back



Performance versus Bel-20 since IPO mid 2005!

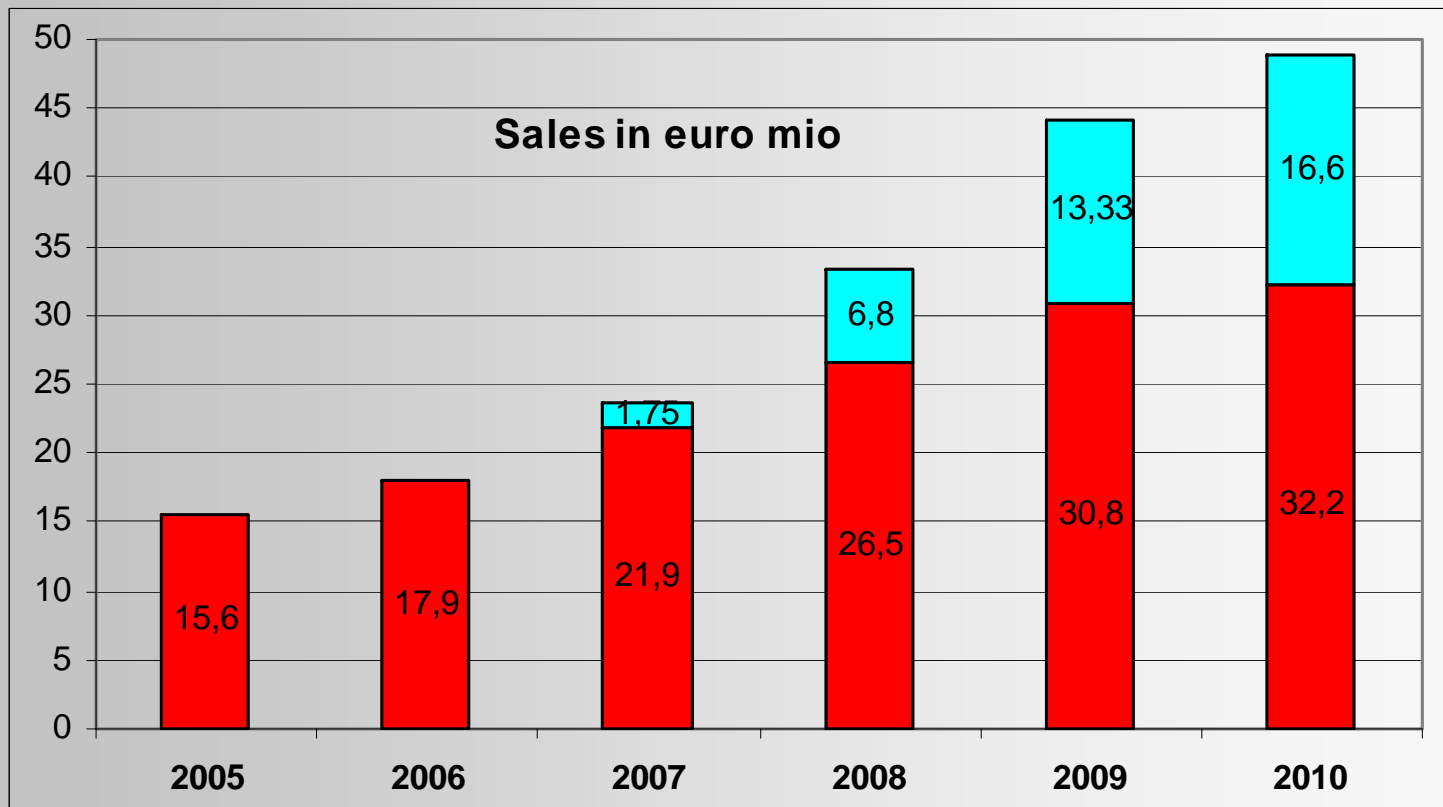
Who dares to complain?

2. Flash back

- Some failures/set backs:
 - First subsidiaries in France and Germany
 - Recent restructuring in the Netherlands
- Some acquisitions:
 - Horus, Online Internet, Devstage, Globule Bleu
- Set up of:
 - BeZoom

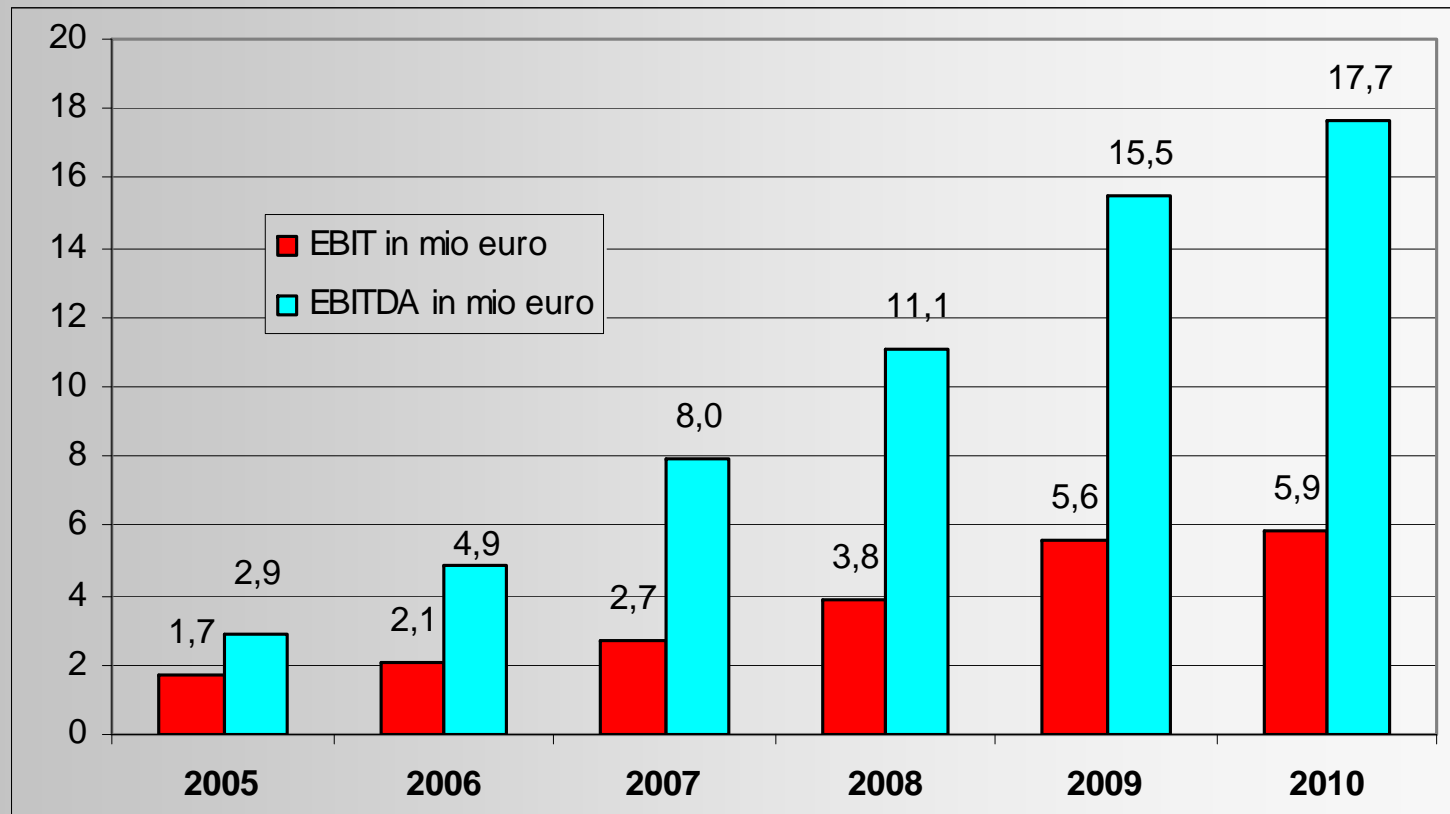
3. Growth is the name of the game

- Sales: strong growth (impact Bezooom!)



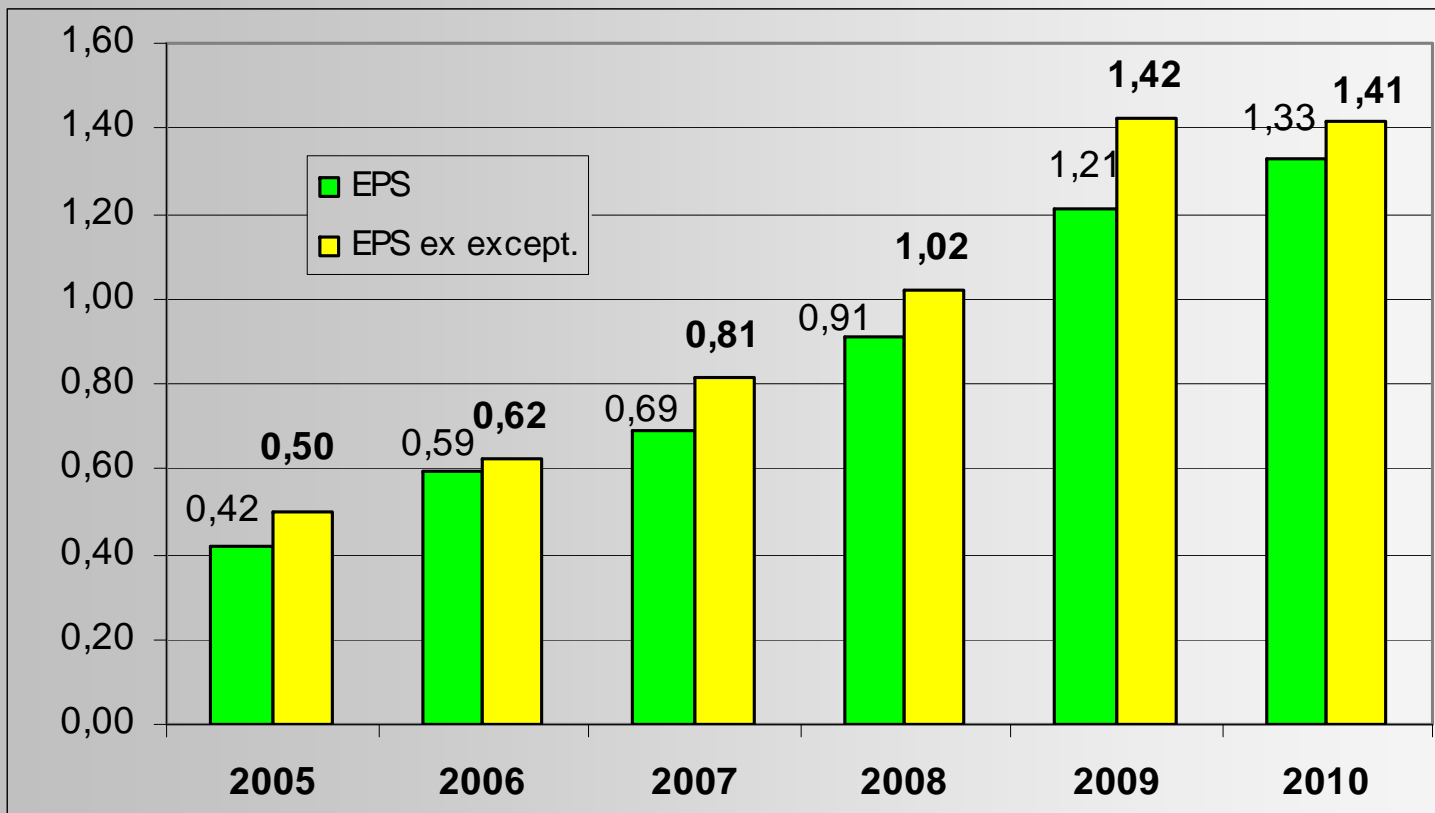
3. Growth is the name of the game

- EBIT and EBITDA: strong growth



3. Growth is the name of the game

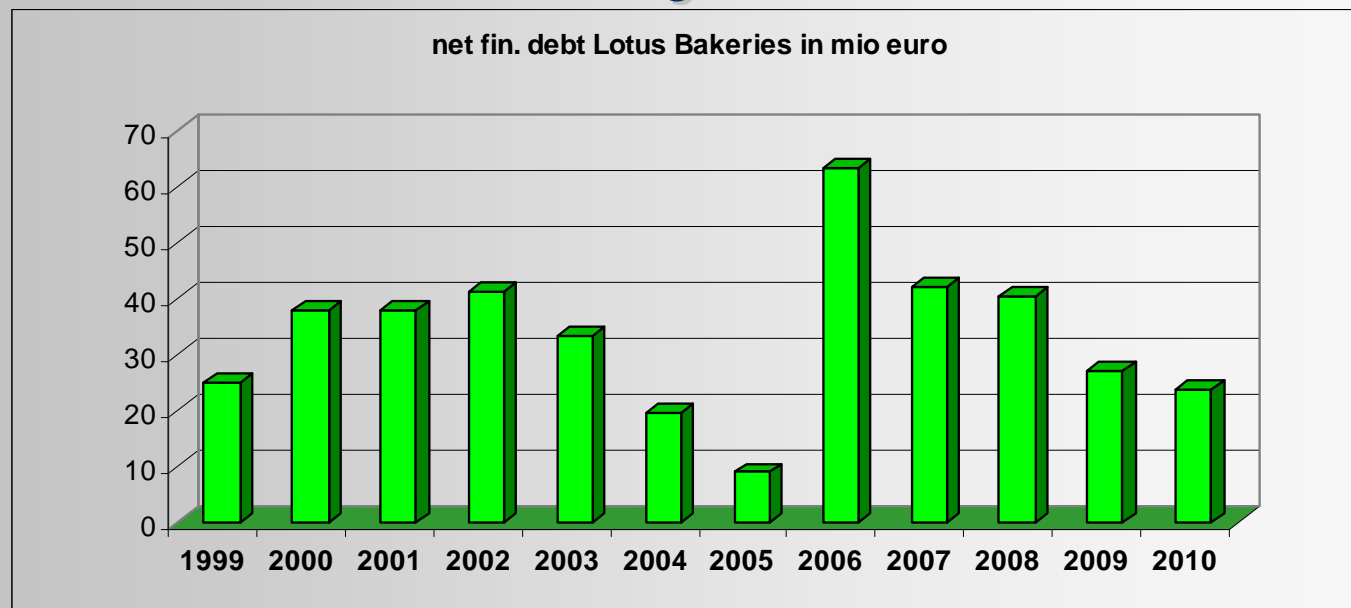
- Earnings per share: corrections to be made



4. **Cash** is the objective of the game

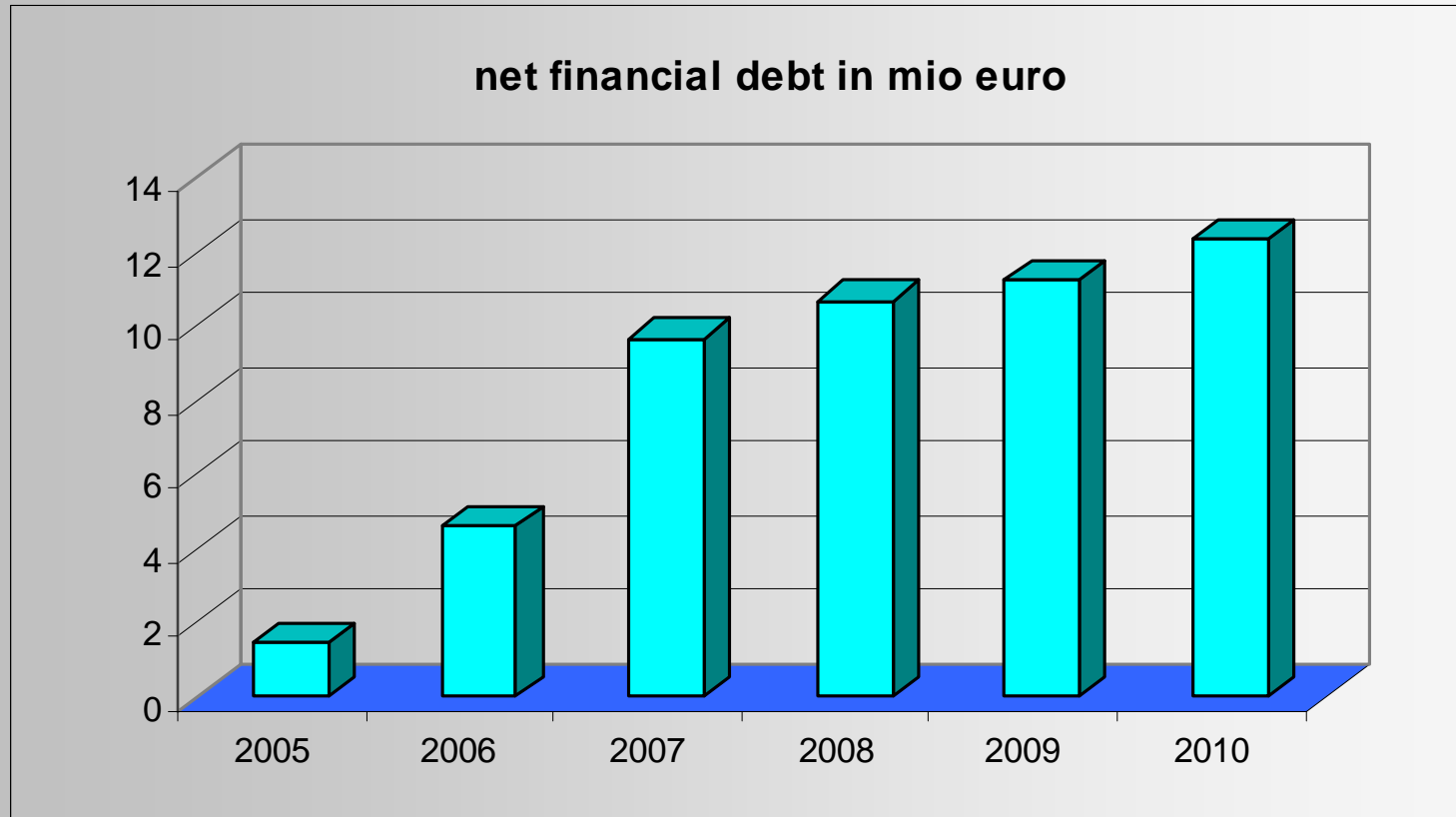
- Generation of free cash is most important fact for every company
- With cash: dividends, acquisitions, pay back of debt, share buy backs,...

Example Lotus Bakeries



4. Cash is the objective of the game

■ And what about Proximedia?



4. Cash is the objective of the game

- No debt decrease at Proximedia, but...
- All cash was reinvested in growth
- Very healthy balance sheet

	2005	2006	2007	2008	2009	2010
Fixed assets	4,34	8,63	13,79	17,53	23,90	28,10
Free cash	n.a.	-2,86	-4,63	0,58	0,76	0,03
net debt / EBITDA	n.a.	0,96	1,21	0,96	0,73	0,70

4. Cash is the objective of the game

- Situation at Proximedia though is becoming very interesting:

turning point is nearby
**whereby debt will decrease even if
growth continues**

5. Valuation

In terms of P/E :

- Based on stock price of 14 and net current profit per share of 1,41 euro, price/earnings is close to 10
- 10 is cheap, nothing more, nothing less
- In fact low if Proximedia is able to continue to grow like in the past

5. Valuation

Price/book ratio:

- Book value is 5,64 euro per share: not a good parameter for valuation
- Proximedia uses Belgian Gaap: book value = fiscal or accounting value
- IFRS: closer to 'intrinsic value'

5. Valuation

Discounted value (DCF)

- Practical problem: no or only limited amount of free cash is generated today
- In fact we should start from point where Proximedia is not growing anymore
- Stable business = limited capital expenditure
- new business = 65% of first sales -> capex

5. Valuation

Discounted value (DCF)

- Starting point: sales of 48 m in 2010

Sales of 2010	48
EBIT-margin	12,70%
EBIT (in fact = ebitda)	6,10
minus taxes of	31%
operating cash after tax	4,21
discounted at 8% to eternity	52,578
minus net fin debt of	12,4
value of group in euro mio	40,18
value per share	19,92

48
12,70%
6,10
31%
4,21
46,736
12,4
34,34
17,03

discounted at 9%

6. Conclusions/questions

- Proximedia has built up a strong track record in the past 5 years
- The Proximedia share is cheap
- Interesting times ahead -> free cash
- Further growth potential?

Ask Fabrice



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