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Price
EUR7.00

Target
EUR8.40

Previous
Not Rated

Buy

Monetising internet audience

Rentabiliweb is a leading internet audience monetiser. It is set to continue to deliver double-digit growth in the coming quarters with higher profitability. The stock trades on less than 5x next year's EV/EBITA, making the case compelling.

Kepler
Research

France Internet services

Rentabiliweb

INITIATION OF COVERAGE

26 January 2010

Reuters ALBIL.PA
Bloomberg ALBIL FP
Index FTSE Euro First 300

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In brief

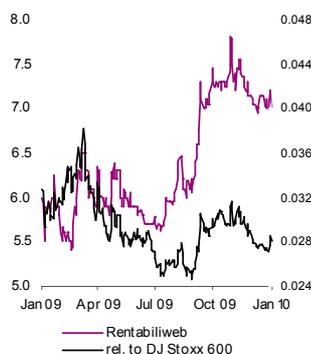
- > Leading internet audience monetiser
- > Growth stock
- > Double-digit growth ahead
- > Valuation could get to as much as EUR11

Year end	Sales (EURm)	EBIT (EURm)	Net profit (EURm)	EPS (EUR)	P/E	P/BV	P/CF	EV/sales	EV/EBITDA	EV/EBIT	Div. yield (%)
2008	56.5	10.2	6.7	0.42	17.2	3.1	18.7	1.7	9.1	9.6	0.3
2009E	62.6	11.9	7.7	0.48	13.1	2.2	11.9	1.3	6.2	6.6	0.4
2010E	68.5	13.1	8.7	0.54	13.0	2.1	11.8	1.2	5.8	6.2	0.4
2011E	75.0	14.6	9.8	0.61	11.5	1.8	10.4	0.9	4.6	4.9	0.5
2012E	82.0	16.4	11.1	0.69	10.2	1.5	9.2	0.7	3.4	3.7	0.5

Source: Kepler Capital Markets

Stock data

Market cap (EURm)	110
Free float	10%
Shares outstanding (m)	16
Daily trade volume ('000)	3
YTD abs. performance	0%
52-week high (EUR)	7.8
52-week low (EUR)	5.4
Enterprise value (EURm)	81
Net debt (EURm)	-29



In detail

Leading internet audience monetiser

Rentabiliweb operates in the B to B business (38% of sales, internet payment, card processing, on line advertising agency) and the B to C business (62% of sales, live shows, dating, online games and social websites).

Growth stock

Rentabiliweb's revenues have grown from EUR10m in 2005 to more than EUR60m expected in 2009, while operating margins moved from 5.0% to 18.9%. In the last quarter (Q3 2009), organic growth stood at +20%.

Double-digit growth ahead

By combining the growth of the B to C business (quarterly sales moved from EUR7.5m to EUR12m during 2009) and a significant number of new deals in the B to B business, the coming quarters are set to be very strong (way above 10% sales growth). Longer term, the performance of the B to B business (CAGR of 15-20%) gives visibility to the P&L. Furthermore, the group is now big enough to handle much higher volumes. As additional sales are targeted to generate a gross margin of 40-50% on average, the group could very easily reach a sustainable 20% operating margin.

Fair value of EUR8.4 now, upside to EUR11 in two years' time

The shares trade on 5x EV/ EBIT 2011 based on our cautious forecasts, which given the growth, seems attractive. A EUR20m EBIT by 2012 seems achievable. At 6x EBITA by early 2012, the shares would trade on EUR11 in two years' time.

Please refer to the last page of this report for "Important disclosures" and analyst(s) certifications.

Amsterdam Frankfurt Geneva London Madrid Milan New York Paris Zurich

Key financials

Company profile

Rentabiliweb is a leading internet audience monetiser with operations in France, Belgium and Roumania

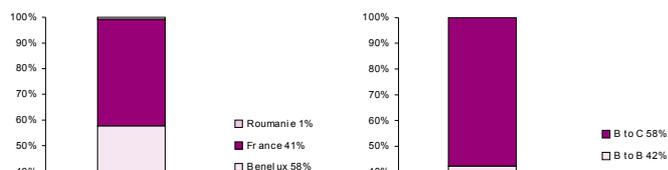
Top shareholders	Events calendar		
St Georges Finances	52.3%	Q4 2009 sales	03/02/2010
LOV Group	10.6%	Full-year results	23/03/2010
Public	9.8%		
Le Peigné SA	6.3%		
Chatal	5.8%		

Income statement, 31 December (EURm)	2009E	2010E	2011E	2012E
Sales	62.6	68.5	75.0	82.0
EBITDA adjusted	12.7	14.0	15.6	17.5
EBITA adjusted	11.9	13.1	14.6	16.4
EBIT adjusted	11.9	13.1	14.6	16.4
Net financial	-0.2	0.0	0.2	0.4
Non recurring items	0.0	0.0	0.0	0.0
Associates	0.0	0.0	0.0	0.0
PBT	11.7	13.1	14.8	16.8
Income tax	-3.9	-4.4	-5.0	-5.6
Tax rate (%)	33.5%	33.5%	33.5%	33.5%
Others	0.0	0.0	0.0	0.0
Minorities	0.0	0.0	0.0	0.0
Reported net earnings	7.7	8.7	9.8	11.1
Adjustments	0.0	0.0	0.0	0.0
Adj. net earnings (group)	7.7	8.7	9.8	11.1

Cash-flow statement (EURm)	2009E	2010E	2011E	2012E
Net earnings	7.7	8.7	9.8	11.1
D&A	0.8	0.9	1.0	1.1
Change in TWC	-0.5	0.4	0.4	0.5
Other changes & non-cash	0.0	0.0	0.0	0.0
Operating cash flow	8.0	10.0	11.2	12.7
Capex	-0.8	-0.9	-1.0	-1.1
Free cash-flow	7.2	9.1	10.2	11.6
Disposals	0.0	0.0	0.0	0.0
Financial investments	0.0	0.0	0.0	0.0
Investing cash flow	-0.8	-0.9	-1.0	-1.1
Change in equity	-0.7	0.0	0.0	0.0
Change in debt	0.0	0.0	0.0	0.0
Dividends	-0.3	-0.4	-0.4	-0.5
Others	0.0	0.0	0.0	0.0
Financing cash flow	-1.1	-0.4	-0.4	-0.5
Change in cash & equivalents	6.2	8.7	9.8	11.1
Change in net debt	6.2	8.7	9.8	11.1

Ratios	2009E	2010E	2011E	2012E
Sales growth (%)	10.8%	9.4%	9.5%	9.3%
EBITDA growth (%)	17.2%	10.8%	11.3%	11.9%
EBIT growth (%)	15.6%	10.7%	11.3%	12.0%
Net earnings growth (%)	16.2%	12.6%	12.8%	13.2%
Gross margin (%)	25.6%	25.5%	26.0%	26.8%
EBITDA margin (%)	20.2%	20.5%	20.8%	21.3%
EBIT margin (%)	18.9%	19.2%	19.5%	19.9%
Net earnings margin (%)	12.4%	12.7%	13.1%	13.6%
Net debt/equity (%)	-45.6%	-54.9%	-62.4%	-68.6%
Net debt/EBITDA (%)	-158.9%	-205.6%	-247.9%	-285.4%
ROE (%)	19.2%	18.1%	17.2%	16.6%
ROCE (%)	na	na	na	na
Equity/total assets (%)	62.5%	65.4%	68.0%	70.3%
TWC/sales (%)	-10.3%	-9.9%	-9.6%	-9.4%
Operating CF/sales (%)	12.9%	14.6%	15.0%	15.5%
Capex/sales (%)	1.3%	1.3%	1.3%	1.3%
FCF/sales (%)	11.6%	13.2%	13.7%	14.2%
Capex/D&A (%)	100.0%	100.0%	100.0%	100.0%
Dividend pay out (%)	4.5%	4.6%	5.1%	5.4%

Sales split – Geographical and divisional



Balance sheet, 31 December (EURm)	2009E	2010E	2011E	2012E
Cash and equivalents	20.1	28.9	38.7	49.9
Account receivables	18.5	19.4	20.3	21.2
Other current assets	0.8	0.7	0.6	0.6
Current assets	39.4	49.0	59.7	71.6
Goodwill	27.9	27.9	27.9	27.9
Other intangible assets	2.5	2.7	2.8	2.9
Property, plant & equipment	0.3	0.3	0.3	0.3
Financial assets	0.4	0.4	0.5	0.5
Fixed assets	31.2	31.3	31.5	31.6
Short-term debt	0.0	0.0	0.0	0.0
Accounts payable	24.9	26.2	27.5	28.9
Other current liabilities	3.2	4.2	5.3	6.4
Current liabilities	28.1	30.4	32.8	35.3
Long-term debt	0.0	0.0	0.0	0.0
Pension provisions	0.0	0.0	0.0	0.0
Other long-term liabilities	-1.7	-2.7	-3.7	-4.6
Long-term liabilities	-1.7	-2.7	-3.6	-4.6
Shareholders' equity	44.1	52.5	61.9	72.6
Minority interest	0.0	0.0	0.0	0.0
Total shareholders' equity	44.1	52.5	61.9	72.6
Net debt	-20.1	-28.8	-38.7	-49.8
Trade working capital	-6.4	-6.8	-7.2	-7.7
Capital employed	0.0	0.0	0.0	0.0
Total assets	70.6	80.3	91.1	103.2

Per share (EUR)	2009E	2010E	2011E	2012E
EPS adjusted	0.48	0.54	0.61	0.69
EPS reported	0.49	0.56	0.63	0.71
CFPS	0.53	0.60	0.67	0.76
BVPS	2.81	3.34	3.94	4.62
DPS	0.02	0.03	0.03	0.04
Year-end nb of shares(m)	15.7	15.7	15.7	15.7
Av. diluted nb of shares(m)	16.1	16.2	16.2	16.2

Valuation	2009E	2010E	2011E	2012E
P/E	13.1	13.0	11.5	10.2
P/BV	2.2	2.1	1.8	1.5
P/CF	11.9	11.8	10.4	9.2
Dividend yield	0.4%	0.4%	0.5%	0.5%
FCF yield	7.3%	8.3%	9.3%	10.6%
EV/sales	1.3	1.2	0.9	0.7
EV/EBITDA	6.2	5.8	4.6	3.4
EV/EBITA	6.6	6.2	4.9	3.7
EV/EBIT	6.6	6.2	4.9	3.7
EV/capital employed	na	na	na	na

Why the stock is a Buy

A leading European audience monetiser and builder

Rentabiliweb was created in Lyon in 2001 by Jean-Baptiste Descroix-Vernier, currently the largest shareholder and CEO. Initially Rentabiliweb launched the first micropayment services in France in 2001 through an audiotel service (payment processed through fixed-line telecom).

In 2002, the group launched the first SMS+ micropayment service in France and built a managing centre to facilitate repayments to affiliates in Lyon.

In 2004, the company acquired Webytel, the third largest micropayment player in France and became a leading services provider on the internet. At the same time, the group accelerated its international deployment through the acquisition of two development studios in Siberia (mainly working on the development of software solutions dedicated to payment videogames). Rentabiliweb also signed a partnership with France Telecom to integrate the group's payment solutions, called *Kiosque internet*, into Rentabiliweb's micropayment platform.

In 2005, the company launched Rentabiliweb Agency, a subsidiary specialised in software solutions and the development of an international payment solution. The subsidiary was initially a subcontractor of Rentabiliweb and is located in Siberia.

In 2006, it launched *Oinstant.com* (the first online media buying auction site) and *Toox* (a community site dedicated to the gaming market). Toox was already a real success, reaching 200,000 members in under five months.

In December 2006, the company listed on the Alternext segment of Euronext and raised EUR6m (of which EUR5m through a capital increase).

In 2007, Rentabiliweb accelerated its development through the acquisition of Eiole, a French web hosting company. More importantly, the group acquired Montorgueil (now called Rentabiliweb Belgium), a Belgian company with leading positions in the adult entertainment market (the group has several adult websites with millions of viewers daily). Rentabiliweb Belgium launched www.eurolive.com in 2006, an online show website with close to 200,000 viewers a day. More recently, in May 2007, Rentabiliweb Belgium launched *Yes!messenger*, a dating website with features similar to MSN with more than 1m members. Over the following months, the company disposed the most sensitive assets of Montorgueil, some of them being too explicit.

In 2008, for the first time the group's audience exceeded the 40m-visit threshold in January, pushing the company into the number four position in France (behind Skyrock, Pages Jaunes, and Alice). Moreover, it reinforced its content edition business through the launch of www.jeu.org (free games), www.handicap-information.com (a community website dedicated to handicapped people and their relatives). On top of the editing business dedicated to games, dating and social networking, it also launched www.justiceprivee.com, a private centre for litigations.

In 2009, Rentabiliweb announced a partnership with Groupe Lagardère and notably its subsidiary Europe 1 (one of the largest radio stations in France) to monetise the group's large listener base.

In early January, the company announced a global partnership with *Marianne* (a French newspaper) to monetise the Marianne2.fr database with the launch of a payment system for the website and to create value-added and interactive services.

Last week, Rentabiliweb signed an agreement with French newspaper *Liberation*. Rentabiliweb will soon provide marketing and sales techniques to back the online strategy of the French group and promote its content and qualitative audience. *Liberation* pays particular attention to the development of innovative and profitable services capable of turning the website into an economically viable operation.

Servicing a wide range of markets

Rentabiliweb operates in four main markets:

1. Online content editing.
2. Internet advertising.
3. Payment solutions.
4. Direct marketing.

Internet market consumption

Online product or service consumption is positively correlated to internet penetration rates worldwide. The development of broadband access has a big impact on consumption patterns on the internet. According to Jupiter research, internet users worldwide are expected to rise from 1.36bn in 2008 to 1.78bn in 2012.

Western Europe is the most developed region in term of broadband penetration. According to Forrester, almost 97% of households in western Europe have a broadband connection by 2013.

As the internet market takes off, users are increasingly purchasing online. According to ACSEL, the Numerical Economy Association, in 2008, e-commerce generated revenues of EUR17.1bn, with over 185m orders. Purchaser profiles are gradually aligning and in France, more than one person in three buys over the internet.

The internet advertising market

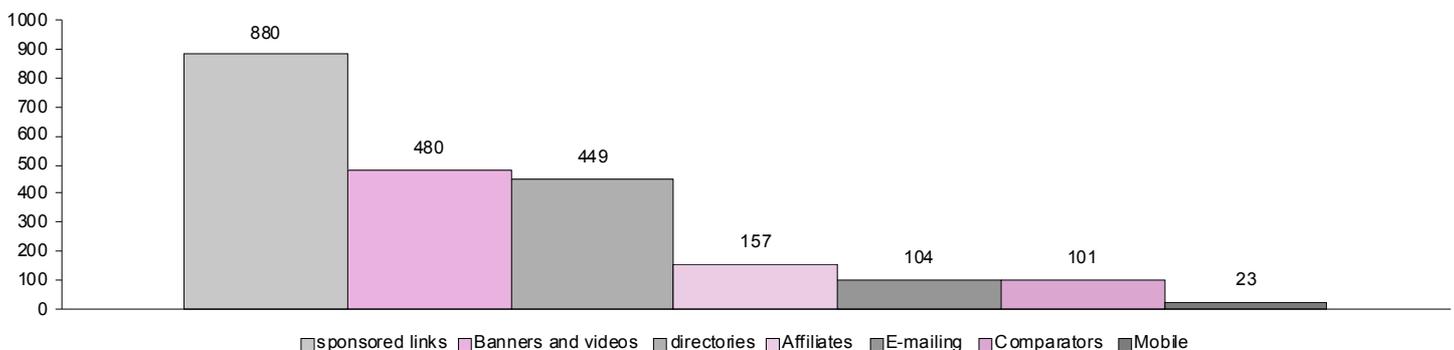
In 2007, the European internet advertising market grew by 40%. In 2008, the market sharply decelerated (+20%) and reached EUR12.9bn in 19 European countries. The European market is gradually catching up with the US, which totalled about EUR16.6bn in 2008.

In Europe, the most promising markets remain eastern European countries such as Poland and Slovenia, which experienced growth largely above 50% in 2008.

The internet advertising market in France (Rentabiliweb's main market) reached EUR2.11bn in 2009, up about 6% over 2008. While still growing in 2009, the French market nevertheless sharply decelerated over 2008 (the market grew 23% in 2008).

The largest segment of the internet advertising market in France is incontestably sponsored links. While its value almost totalled EUR900m in 2009, 75% of this segment is still controlled by Google. Banners and videos remain a major part of the market. According to SRI/Cap-Gemini, French internet users are exposed to more than 60bn banners every month, by either navigating on websites or watching videos.

Internet advertising market in France in 2009 (EURm)



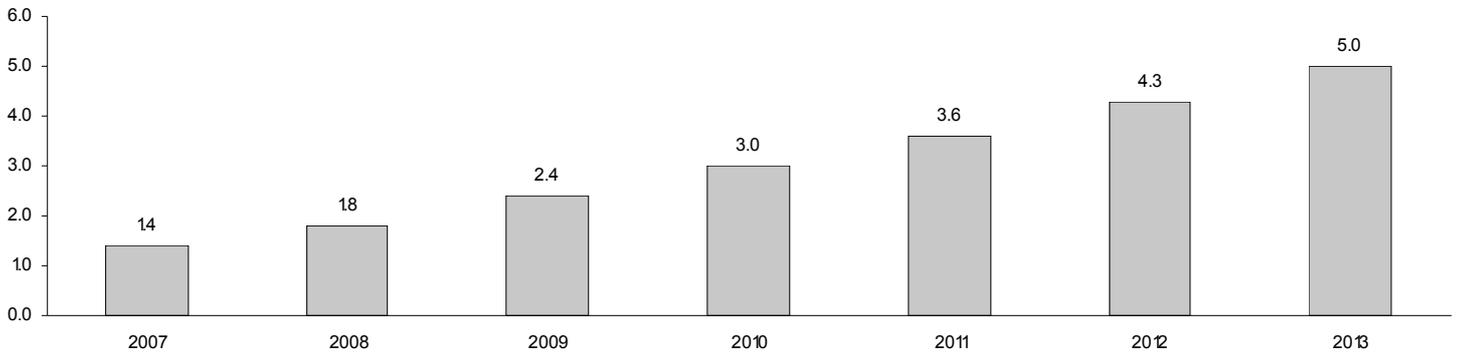
Source: SRI/Cap-Gemini

In recent years, we have witnessed a big increase in the number of websites offering paid exclusive content. Websites gradually became places where you could buy high value-added content. New business models appeared close to Minitel services. These business models gradually standardised and became keys to content editors profitability. As we have observed a sharp slowdown in the internet advertising market, digital content editors are generating more and more revenue from subscriptions and pay per view.

The electronic payment market

As one of Rentabiliweb's activities is payment solutions for internet content (micropayment business), the performance of the paying content market is crucial.

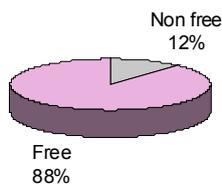
Total paid content spending in Europe 2007-13E (EURbn)



Source: Forrester

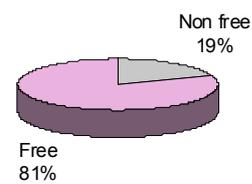
According to Forrester, total paid content spending in Europe could climb to EUR5bn by 2013 (currently EUR1.8bn). By 2013, 19% of European internet users will have paid to access online content (12% in 2007).

European online audience 2007



Source: Forrester

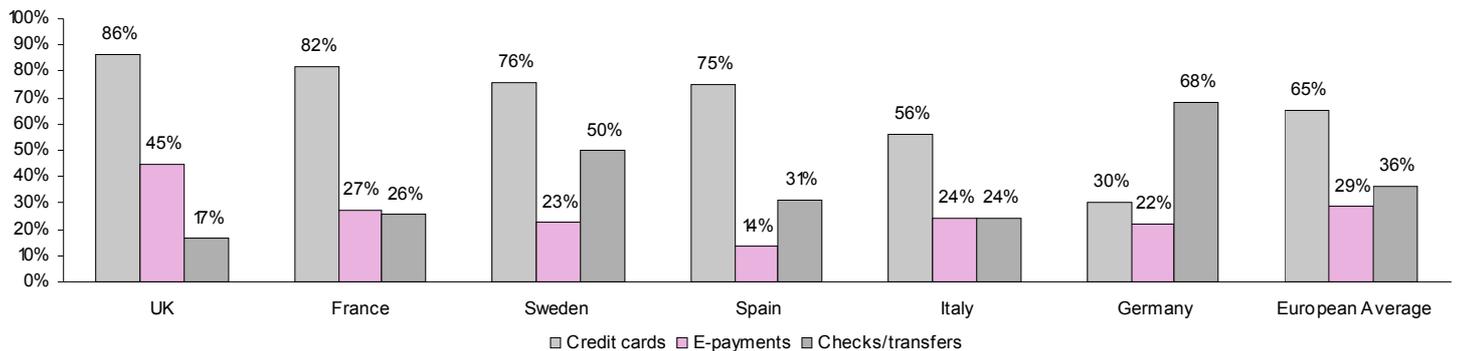
European online audience 2013



Source: Forrester

Credit cards are by far the most convenient and most widely used means of payment on the internet. In Europe, two-thirds of internet buyers use them for online purchases.

Online payments in Europe in 2008



Source: Forrester

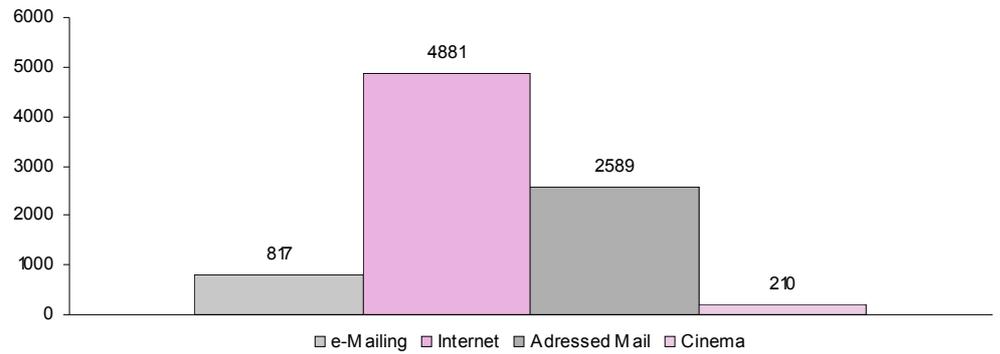
Direct marketing

In 2008, the total amount of French advertisers' investments in emailing reached EUR142m (TNS Media Intelligence & National Association of Direct Communication). Although investments in emailing are still far behind internet advertising's, they are gradually catching up with investments in cinema advertising.

Emailing went the same way as internet advertising in 2008. There were two spending peaks, in Q2 and Q4 (Christmas and New Year's Eve). November is also the most important month for emailing, with a market value of about EUR19m. This market is

highly seasonal, with gross investments in prospecting emailing increasing by 29% between H1 and H2 2008.

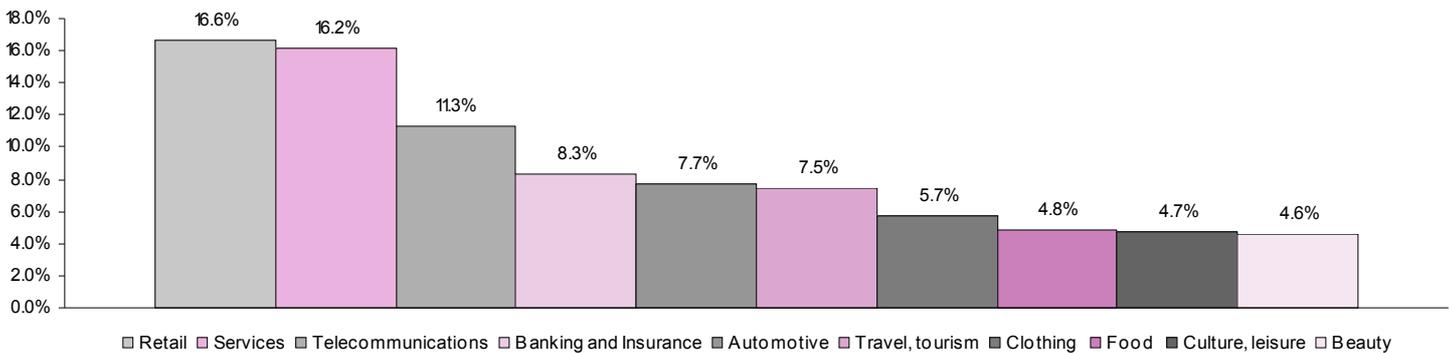
Number of advertisers by media channel in 2008



Source: TNS Media Intelligence

While emailing does not exceed cinema in terms of advertising investment, this situation could change. With 817 advertisers in 2008, prospecting emailing has four times more advertisers than cinema.

Weight of emailing investments for ten main sectors in 2008



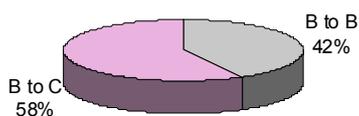
Source: TNS Media Intelligence

Retail is the most important emailing user, with 16.6% advertising budget devoted to emailing. However, these figures are only related to prospecting campaigns. This partly explains the minor weight of tourism, where emailing is still prevalent.

Well-balanced business mix between B to B and B to C

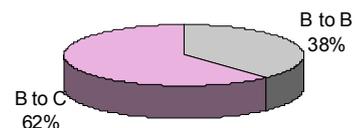
The group is one of the leading European multimedia companies targeting two different segments: audience monetisation (business to business division) as well as the building of its own audience by creating dedicated websites (business to consumer division).

Sales by division 2008



Source: Rentabiliweb

Sales by division 2009E



Source: Kepler Capital Markets

The B to B division (38% of sales in 2009E) includes:

1. Payment and micropayment (audiotel and SMS services).
2. Card processing.
3. Online advertising agency.
4. Direct marketing.

B to B websites

Activity	Websites
Micropayment	www.rentabiliweb.com, www.takepass.com
Payment	www.rentabiliweb-multimedia.com
Advertising agency	www.128b.com, www.0instant.com
Direct marketing	www.mailorama.fr, www.topoffres.com

Source: Rentabiliweb

The B to C division (62% of sales in 2009E) includes publishing activities:

1. Live.
2. Dating.
3. Games.
4. Social networking sites.

B to C websites

Activity	Websites
Live	www.eurolive.com, www.mykocam.com
Dating	www.yes-messenger.com, www.mykodial.com, www.purflirt.com
Games	www.toox.com, www.jeu.org, www.coinche-gratuit.com
Social networking	www.handicap-information.com, www.justiceprivee.com, www.eboulot.com

Source: Rentabiliweb

While the B to C division could represent about 62% of sales in 2009 (58% in 2008), growing significantly over 2008, there is stronger potential in the B to B division (only 38% of sales in 2009E vs. 42% in 2008). Mid-term, we believe the B to B division could represent close to half of the business.

In terms of profitability, the group generates the bulk of its profits in the B to C division with close to 26% operating margin in 2008 (the B to B division delivered an operating margin of less than 8%).

B to B division**Micropayment**

Rentabiliweb has developed a complete payment platform covering a broad range payment solutions including micropayment with credit cards, subscriptions, SMS, audiotel in over 40 countries.

Rentabiliweb has one of the market's largest payment platforms with:

1. Audiotel.
2. SMS+.
3. PayPal.
4. W-HA, InternetPlus, MaLigne.
5. MonyBooker.
6. Paynova.
7. Egold.
8. TicketSurf.
9. Bancontact/Mistercash.
10. Néosurf.
11. Onet.

The group generates the bulk of its revenues through audiotel (a telephone-based payment system where the internet user calls an extra-fee number and receives a code to access the related service) and SMS+ services (the internet user sends an SMS to receive a code and the cost of the service is directly billed to the user's mobile phone invoice).

Payment

On top its micropayment platform, the group has also developed internally a payment platform for its own websites. Clients can therefore securely pay with Visa or MasterCard cards. Rentabiliweb's payment platform is also certified PCI DSS, a security standard for payment cards.

Advertising agency

Rentabiliweb developed its own online advertising agency, *128b.com*, in 2004 to benefit from its huge client/affiliate base. *128b.com* is able to efficiently screen advertising campaigns and propose the most suitable websites (to reach the largest audience). The

128b network includes over 4,000 websites and the client base is relatively evenly spread among finance, insurance, health, gaming, e-commerce, trips, etc.

At end-2005, the group also launched *Oinstant.com*, an auction website for unsold media buying space, where webmasters and advertisers can deal with each other directly. Oinstant.com targets advertising campaigns below EUR1,000, offering access to 120,000 websites. With oinstant.com, websites can potentially increase advertising revenues by more than 40%, while semi-professionals, households, and craftsmen can access the advertising market for relatively little. Rentabiliweb is taking about 10-15% commission fees, paying back websites that have published adverts.

Direct marketing

Rentabiliweb also has a direct marketing and loyalty programme on its websites www.mailorama.fr and www.topoffres.com.

Mailorama.fr is a free loyalty programme with a broad base of 700,000 qualified members. With mailorama, members have access to special discount offers on the internet targeting their specific interests.

Mailorama.fr offers two services:

1. **Mailorama emailer:** mailorama.fr pays users to read emails, click on banners and eventually visit advertisers' sites. Users could earn EUR0.01 per email, for instance.
2. **Mailorama cashback:** members are paid when they buy something on a specific website. Mailorama usually pays members a percentage/fixed bonus on their purchase on specific websites. The main partners include well-known brands such as La Redoute, PMU, 3 Suisses, Orange, Yves Rocher, Dell, and Fnac.

B to C division

Games

Toox was launched in 2006 and is a community site dedicated to the gaming market. Toox provides access to about 45 free games including multi-player games (Yams, poker, pool, etc.) and solo games (mahjong, sudoku, bricks, etc.).

While Toox is a free gaming site, the group allows members to access a premium version (extra features) for EUR6 a month.

Thanks to its large audience (500,000 members and 300,000 viewers a month) Toox has also developed a specific B to B model to monetise its audience:

1. Online advertising on website.
2. Monetisation of Toox database by selling email lists to advertisers.

Rentabiliweb also launched *jeu.org*, another gaming site offering access to more than 150 games. The group generates revenue using traditional banners, games with advertising included at the start, advertising games as well as try-and-buy games.

Live

The Eurolive service (www.eurolive.com) was launched in 2006 and offers clients a one-to-one live show room where they can chat with the dancer. To access private shows, the clients can subscribe to the service either through payment on demand or with a subscription. The website is available in four languages (French, English, Italian, and Spanish) and payments are made by credit card. Most of the business is from the French-speaking market, mainly in France.

Dating

Rentabiliweb has developed two dating sites targeting the heterosexual (Yes!Messenger) and homosexual communities (MykoDial).

Yes!Messenger is a dating site which is largely adult-oriented and has been built with an instant messaging interface. The site was launched in April 2007 and now has over 3m subscribers. The business model is built on monthly subscription fees (about EUR60 for two months).

MykoDial is a dating site dedicated to the homosexual community where clients can communicate by chat and webcam. The service is split into two types of room: 'friendship' and 'sexy'. MykoDial also offers a video-on-demand service as well as an e-commerce site. Launched in October 2007, the website has over 500,000 members.

Social networking sites

Rentabiliweb also has several social networking sites with large audiences, including:

1. www.handicap-informations.com: providing information for handicapped people and relatives.
2. www.justiceprivee.com: dedicated to the law and arbitrage.
3. www.eboulot.com: connecting people to facilitate home services (cleaning, babysitting, etc.).

On track for about 10% organic growth mid-term

Initially created in 2001, Rentabiliweb has seen impressive growth over the last few years, partly achieved through organic growth and acquisitions.

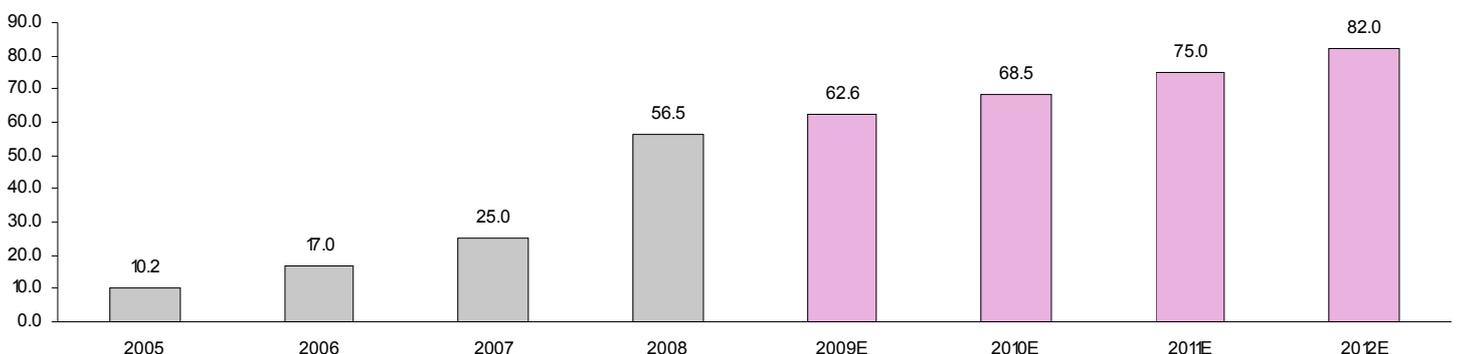
In terms of external growth, the largest and most significant move was the acquisition at end-2007 of Groupe Montorgueil, a leading player in the dating and adult market in Europe. Montorgueil operated the dating site Yes!Messenger as well as the live show site Eurolive and others adult sites under the brand name Carpe Diem (closed last year).

Montorgueil generated about EUR30m sales in 2007 with an operating margin slightly below 11%. Rentabiliweb paid EUR22m, of which EUR15m in cash plus EUR7m in shares as well as additional earn-outs of up to EUR5m. In all, the group paid less than 1x sales (including earn-outs), a very good price to acquire a leading position in the highly lucrative adult market.

Two years after having completed the acquisition of Montorgueil, it is fair to say that it was a very good deal for the group. Sales in B to B should reach more than EUR39m in 2009, sharply up over 2008 (+19% YOY) with an operating margin around 29%. Montorgueil still represent a very high proportion of the B to B revenues.

While the group could generate solid FCF over 2009-10, we estimate it is likely to have paid back the acquisition by mid-2010. It could generate about EUR31m cumulative FCF over 2008-11, which compares favourably with an acquisition price of around EUR27m (including earn-outs).

Sales 2005-12E (EURm)



Source: Rentabiliweb, Kepler Capital Markets

Despite the economic crisis, Rentabiliweb is likely to have seen a solid performance in 2009 with 10.8% sales growth largely driven by the B to C division, where we expect 18.5% growth. On the other hand, the B to B division may have been more muted, with flattish sales hit by a soft advertising market.

Moving into 2010, we believe the group could continue to grow rapidly (+9.4%) driven by a sharp acceleration in the B to B division (+23%). Following an impressive performance in the B to C division in 2009, we believe sales could stabilise in 2010 (+1%) and we do not expect further significant growth in that business.

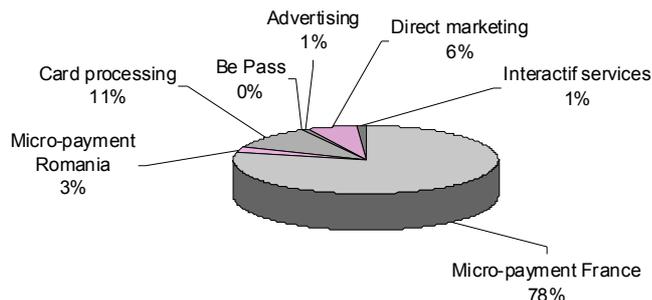
Sales by division 2005-12E (EURm)

	2006	2007	2008	2009E	2010E	2011E	2012E
B to B	17.0	20.9	23.7	23.8	29.2	34.6	40.0
Change (%)	-	23.6%	13.1%	0.2%	22.9%	18.5%	15.6%
B to C	0.0	4.0	32.8	38.9	39.3	40.4	42.0
Change (%)	-	-	721.6%	18.5%	1.1%	2.8%	4.0%
Group	17.0	24.9	56.5	62.6	68.5	75.0	82.0
Change (%)	-	47.1%	126.5%	10.8%	9.4%	9.5%	9.3%

Source: Rentabiliweb, Kepler Capital Markets

B to B division: mid-term growth driver

While the B to B division could be relatively muted in 2009, management is definitely bullish on its mid-term outlook. The division could grow about 18-20% a year on average over 2010-12E.

B to B division sales 2009E

Source: Kepler Capital Markets

We expect sales to be largely flat in 2009 (+13% in 2008) with:

1. Low single-digit decline in the micropayment segment.
2. Sharp sales growth in advertising and direct marketing.

Moving into 2010, we expect sales growth to sharply accelerate (+23%) with:

1. Mid-single-digit growth in micropayment.
2. Explosive sales growth in direct marketing and interactive services.

Micropayment segment could return to growth in 2010 and then accelerate

The micropayment segment includes micropayment activity in France (audiotel, SMS) and Romania as well as the card processing business and BePass, a new audiotel service targeting the adult website market.

The segment still represents the bulk of the B to B division (82% of 2009E sales).

While the micropayment market could grow about 10% a year over the coming years, we expect Rentabiliweb to see a relatively weak performance in 2009 (low single-digit sales decline).

The company may have been hit in 2009 by the loss of a key client in 2008 (Prizee, a website dedicated to the gaming market) and low marketing push in H1 2009 translating into market share decline (Hi Media has been highly aggressive in H1). On the positive side, momentum could start to improve in Q4, with the gain of new business with Dofus (a website also dedicated to the gaming market) and better market share as a whole following a big commercial push from the end of Q2.

Moving into 2010, sales could return to mid-single digit growth thanks to:

1. A big marketing push to gain new clients (prices could suffer somewhat in 2010).
2. The possibility for Illiad's clients (free) to access audiotel numbers from December 2009 (audiotel numbers were blacklisted previously).
3. International expansion in LatAm and Romania.

In the card processing business, sales could sharply grow mid-term as the company could obtain CECEI certification before the end of Q1 (a banking agreement needed to carry out card processing activity in France). The group could benefit from its large client base in micropayment (about 500 clients) to rapidly boost revenues in card processing.

The company is working on two large bids that could translate into significant business in the coming weeks, when it expects to receive its CECEI agreement.

Last summer, the company successfully launched BePass, an audiotel offer dedicated to the adult website market directly competing with AlloPass (Hi Media's offer). While Hi Media has close to 100% market share in this specific market, Rentabiliweb believes it could rapidly gain significant share. Since its launch last summer, BePass has significantly boosted its monthly revenues, and we see very strong growth ahead. The adult website market is big, representing about 15% of the entire micropayment market.

Advertising, direct marketing and interactive services set to take off

While advertising, direct marketing and interactive service are only likely to represent about 3% of B to B sales in 2009, the outlook for the coming years is rather bullish:

1. Strong growth potential in direct marketing with Mailorama (25-30% sales growth a year over 2010-11E).
2. Explosive growth in interactive services thanks to contracts with Europe 1 (Rentabiliweb launched a specific number, 3921, dedicated to the radio's gaming activity) and MCM galaxy.

Close to 20% organic growth already secured for B to B division in 2010

While the B to B division may have been relatively muted in 2009 (sales likely to have been flattish), management looks clearly confident it can return to significant growth in early 2010 and generate full-year growth of over 20%. The company has already secured contracts that could start to contribute to sales in early 2010:

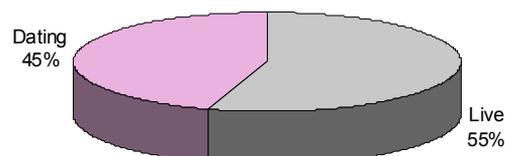
1. In card processing, the company could easily increase sales by EUR1.5m in 2010 (even if only one of the two contracts is signed).
2. In direct marketing, it could lift sales by at least EUR500,000 based on the current client portfolio (contracts won with Marianne and Liberation in early 2010).
3. In interactive services, the contracts won with Europe 1 and MCM galaxy could generate revenues of at least EUR2m in 2010.
4. The BePass offer is rapidly gaining market share and could generate revenues of at least EUR1m in 2010.

While the company has already secured additional revenues of about EUR5m for 2010 in the B to B division, we are clearly confident the division could grow at least 20% this year.

B to C division could remain relatively stable in years ahead

While the B to C division may have seen an impressive performance in 2009 (about 18.5% sales growth), the outlook for 2010-12 looks rather mixed (we expect low single-digit growth over 2010-12).

Chart 1: B to C division sales 2009E



Source: Kepler Capital Markets

We expect 18.5% sales growth in 2009, largely due to the favourable impact of the economic crisis (it seems the adult market is rather countercyclical), but also some market share gains due to the company's very good technical capacity.

Moving into 2010, we expect sales to be roughly flat (+1% YOY), as we believe the adult website market may have reached a plateau.

Mid-term, management sees some growth potential with its gaming website Toox. With a large subscriber basis (Toox has 200,000 viewers a month, 700,000 a year), management believe they can monetise Toox's database (sell the database to advertisers) and generate a couple of million euros in the future.

Margins well on track to stabilise at high level

Following a big jump in profitability in 2008 (18.1% operating margin, up 560bp) thanks to progress in the B to C division, we expect margins to stabilise at a high level in the coming years. Rentabiliweb did an excellent job in the B to C division in 2008, pushing margins to about 25.5% (around 11% for Montorgueil in 2007).

Operating results and margins by division (EURm)

	2006	2007	2008	2009E	2010E	2011E	2012E
B to B operating result	2.7	1.9	1.9	0.5	1.8	2.9	4.2
B to B operating margin (%)	15.8%	9.2%	7.9%	2.1%	6.1%	8.4%	10.4%
B to C operating result	0.0	n.s.	8.4	11.4	11.4	11.7	12.2
B to C operating margin (%)	n.s.	n.s.	25.5%	29.2%	28.9%	29.0%	29.0%
Group operating results	2.7	3.1	10.2	11.9	13.1	14.6	16.4
Group operating margins (%)	15.7%	12.5%	18.1%	18.9%	19.2%	19.5%	19.9%

Source: Rentabiliweb, Kepler Capital Markets

We expect operating margins to reach 18.9% in 2009 (+80bp YOY) largely thanks to a favourable mix with strong growth in the highly profitable B to C division (29.2% operating margin, up 370bp YOY).

Profitability in the B to B division may have been sharply down in 2009 (with a 2.1% operating margin, down 570bp YOY) due to investments in: 1) technical activities (micropayment and card processing businesses); 2) commercial resources to push the BePass offer as well as interactive services (with Europe 1 and MCM galaxy). In 2009, the company hired about 15 highly skilled staff in the B to B segment, pushing the division's headcount to 80 by end-2009 (65 in early 2009). We estimate it has invested about EUR1m in the B to B division in 2009 (margins of over 400bp).

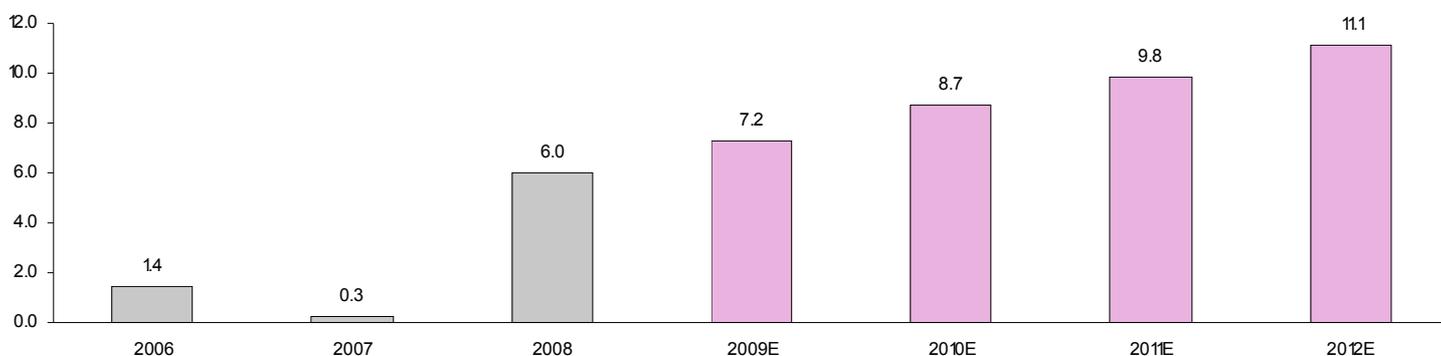
For 2010, we believe operating margins could grow slightly to 19.2% (+30bp YOY) with:

1. Resilient margins in the B to C division (28.9% margin, only down 30bp YOY).
2. Sharp recovery in the B to B division (6.1% margin, up 400bp YOY) thanks to top-line leverage and overall lower start-up costs in emerging activities.

Solid FCF generation and huge net cash pile

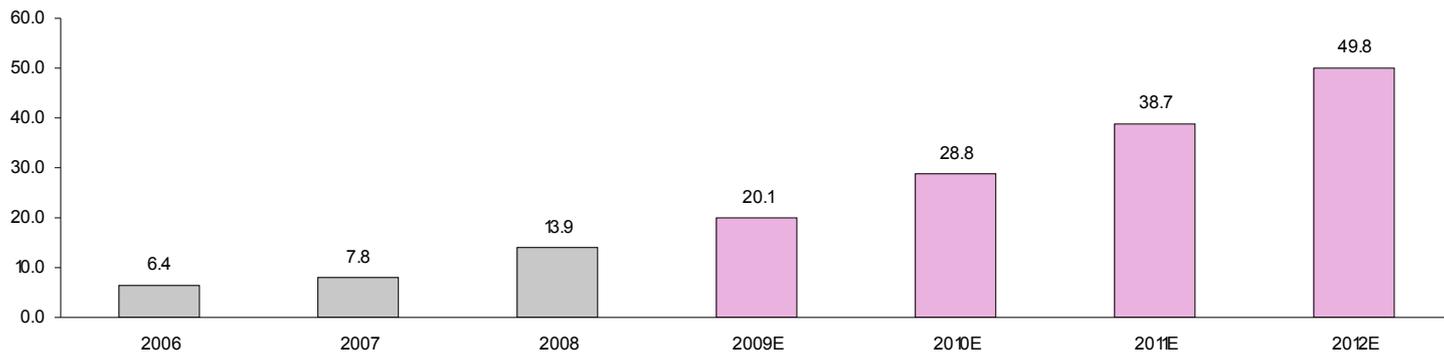
With a business model requiring extremely low capex (usually 1-1.5% of sales), the company has a solid free cash flow generation profile. On top of that, Rentabiliweb carefully manages working capital, meaning 60-70% of the operating result is converted into FCF each year.

FCF 2006-12E (EURm)



Source: Rentabiliweb, Kepler Capital Markets

We expect the FCF to gradually increase in coming years, reaching EUR7.3m in 2009 (7% yield), EUR8.7m in 2010 (8% yield) and EUR9.8m in 2011 (9% yield).

Net cash position 2006-12E pre capital increase (EURm)

Source: Rentabiliweb, Kepler Capital Markets

With solid FCF generation in the years ahead, we expect the group's net cash position to sharply increase to about EUR50m by end-2012 (EUR20m at end-2009E).

With up to EUR10m capital increase ahead of us, the company will have a huge cash pile to potentially pay dividends and complete acquisitions in the coming years. Since its inception in 2001, the company has completed a major acquisition every two years, usually allowing it to double sales or at least boost them significantly. That said, such moves are difficult to anticipate.

While the company is already targeting the gaming, live, dating and social networking markets through its website editing activity, we believe it could enter new segments like sports and news in the coming months. Accordingly, the company could acquire existing websites to rapidly launch and develop new products. Investments required are usually rather limited and are not expected to significantly hit the group's solid net cash position.

Valuation

DCF: EUR9.1

Taking a 11% WACC, 5.8% mid-term and 2.5% long-term growth and assuming an 18% mid-term margin, our DCF calculation leads to EUR9.1 per share.

DCF valuation (EURm)

Assumptions	
Long term growth	2.5%
Risk free rate	3.6%
Risk premium	5.3%
Beta	1.4
Cost of debt	3.3%
Cost of equity	11.0%
WACC	11.0%
Enterprise value	123
Net debt / (net cash) 2009	-20
Equity value	143
Value per share (EUR)	9.1

Source: Kepler Capital Markets

An implicit valuation at EUR7 per share (based on the same growth and margin assumptions) calls for an implicit WACC of 14.2%, which looks a little bit too high for a company like Rentabiliweb.

SOP: between EUR7.4 and EUR8.2

While a DCF could be a relevant valuation model for Rentabiliweb (given its solid FCF flow profile), we believe an SOP valuation is also efficient.

Our SOP valuation on 2010 estimates leads to EUR7.4 per share, showing limited upside from current share prices.

SOP valuation 2010 (EURm)

Divisions	Sales 2010	EBIT 2010	Margin (%)	EBIT multiple	Valuation
B to B	28.7	1.8	6.2%	12.0	21.2
B to C	39.8	11.4	28.5%	6.0	68.1
Group	68.5	13.1	19.2%		89.8
Net debt/(net cash) 2010	-28.8			1	-28.8
Net asset value					115
Number of shares					16
NAV in EUR					7.4

Source: Kepler Capital Markets

We have put an EV/EBIT target of 12x on the B to B division (pretty much in line with Hi Media's ratios and largely above Jet Multimedia's takeover ratios by SFR (6x EBIT). This would be equivalent to a valuation of 0.67x sales, which for a business capable of generating 12% margin makes sense to us. For the B to C division, we have taken a 6x EV/EBIT ratio, not so far from Dreamnex ratios (around 6x EBIT).

Our SOP valuation on 2011 estimates leads to EUR8.2 per share, showing more attractive upside from current levels.

SOP valuation 2011 (EURm)

Divisions	Sales 2011	EBIT 2011	Margin (%)	EBIT multiple	Valuation
B to B	34.6	2.9	8.4%	8.0	23.2
B to C	40.4	11.7	29.0%	6.0	70.2
Group	75.0	14.6	19.5%		93.4
Net debt / (net cash) 2011	-38.7			1	-38.7
Net asset value					132
Number of shares					16
NAV in EUR					8.2

Source: Kepler Capital Markets

Based on our 2011 SOP valuation, we have taken an EV/EBIT target of 8x for the B to B division and 6x for the B to C division.

Peer group estimates 2009-11E (EURm)

	2009E			2010E			2011E		
	Sales	EBIT	Margin (%)	Sales	EBIT	Margin (%)	Sales	EBIT	Margin (%)
Dreamnex	68	14	21%	72	16	22%	76	16	21%
Hi-Media	172	11	6%	228	23	10%	251	31	12%
Mille Mercis	28	8	29%	31	9	29%	35	10	29%

Source: JCF

Peer group valuation: around EUR8.2

The peer group valuation model shows Rentabiliweb trading at a big discount to peers in terms of EV/sales and EV/EBIT but largely in line in terms of PE (despite being hit by a significant net cash position). We have excluded from our samples internet stocks like leguide.com, Seloger.com or Adenclassified as we believe their business model is too different from the one of Rentabiliweb.

Rentabiliweb's valuation looks rather reasonable, trading on a 13x PE 2010 and 11.5x 2011 with an EV/EBIT at 6.2x in 2010 and 4.9x in 2011.

Peer group valuation

	EV/sales			EV/EBIT			PE		
	2009	2010	2011	2009	2010	2011	2009	2010	2011
Dreamnex	1.49	1.35	1.20	7.2	6.2	5.6	9.3	9.4	9.0
Hi Media	1.50	1.11	0.95	23.5	11.0	7.7	22.5	17.2	12.3
Millemercis	2.71	2.29	1.88	9.5	7.9	6.4	12.3	14.6	13.9
Average	1.90	1.58	1.34	13.4	8.4	6.6	14.7	13.7	11.7
Rentabiliweb	1.26	1.20	0.96	6.7	6.2	4.9	13.0	13.0	11.5
Premium/(discount)	-33.7%	-24.5%	-28.5%	-50.3%	-25.4%	-24.8%	-11.3%	-5.5%	-2.0%

Source: JCF, Kepler Capital Markets

Applying peer group 2010 EV/EBIT and PE multiples to Rentabiliweb gives us EUR8.9 and EUR7.5 per share respectively. The balance sheet structure with a huge pile of cash is clearly inflating the PE multiples. The capital increase (as much as EUR10m) could lead to the issuance of 9% more shares and dilute our EPS forecast by around 7%. Some acquisitions will be necessary to offset this impact.

Blended valuation: EUR8.4 (our target price)

We have used a blended valuation (DCF, SOP, multiples) model to build our target price for Rentabiliweb. The calculation leads to a fair value of EUR8.4 per share, which is our target price.

Target price using blended valuations (EUR)

Methods	Valuation	Weight
DCF	9.1	33%
SOP	7.8	33%
Multiples	8.2	33%
Target price	8.4	100%

Source: Kepler Capital Markets

Catalysts and news flow

Strong organic growth in Q4

While Rentabiliweb reported low single-digit organic growth in H1 2009, sales sharply accelerated in Q3 and are likely to remain fairly strong in Q4.

Sales were 'only' slightly up by 3.3% in H1 with moderate growth in the B to C division (+6% YOY) and flattish sales in the B to B division.

The B to B division has been hit by the partial loss of a key client in micropayment in France (the gaming website Prizee). On the positive side, the group increased business with existing clients and gained new clients over the period (notably Dofus). While it put a clear focus on profitability in the B to B division, the strategy clearly weighed on business performance in H1.

Sales sharply accelerated in Q3 with 20% organic growth thanks to impressive performance in the B to C division (+33.4%) largely benefiting from favourable market conditions, continuing advertising and promotional investments launched since the start of the year. The B to B division was almost flat in Q3, with the company initiating a big commercial push to regain market share.

Moving into Q4, we expect steady growth (+17.4% YOY) largely thanks to buoyant sales in the B to C division (+29.4%) offsetting relatively slow market conditions in the B to B division (largely flat YOY).

Sales by division 2009E

	H1 09	Chg. YOY (%)	Q3 09	Chg. YOY (%)	Q4 09	Chg. YOY (%)	H2 09	Chg. YOY (%)	FY 09	Chg. YOY (%)
B to B	12.4	0.1%	5.7	0.2%	5.7	0.4%	11.4	0.3%	23.8	0.2%
B to C	17.2	5.4%	11.2	33.4%	10.5	29.4%	21.7	31.4%	38.9	18.5%
Group	29.5	3.1%	16.8	20.1%	16.2	17.4%	33.1	18.8%	62.6	10.8%

Source: Rentabiliweb, Kepler Capital Markets

Risks to our rating

The main risks investing in the stock are linked to potential revenue disappointment. While this is quite unlikely for the next 2-3 quarters, lower volumes in the live and dating businesses are always a risk.

In B to B, tougher competition on prices (through higher reversals to the editors of the service) is seen as the main risk, as it could lead to the potential loss of clients.

We will also carefully monitor the use of cash issued from the capital increase as well as the reinvestment of FCF. However, so far we believe management has been very cautious, and is not planning large acquisitions, but rather a series of small deals.

Additional insights

Highly experienced board

Rentabiliweb's board of directors looks highly experienced for a young company, a clear asset in our view. Descroix-Vernier has a very good network (Messier and Madelin are on the board), a key advantage for a young and fast-growing company.

The board builds the strategy, approves major investments and/or divestments, nominates board members and sets director remuneration.

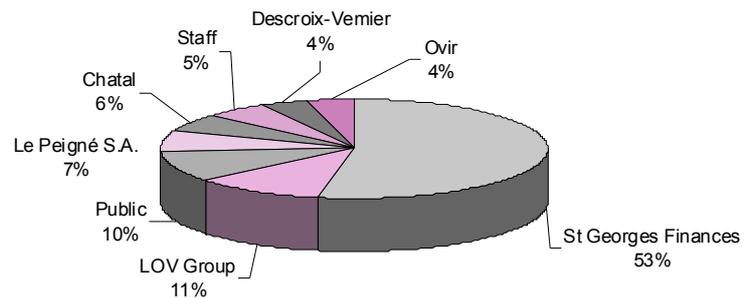
At end-2008, there were 11 people on the board (of which three were independent):

1. Corinne Chatal, administrator, Vice-President.
2. St Georges Finances, administrator.
3. Ovir (Sébastien Boin) administrator.
4. Thibaut Faurès Fustel de Coulanges, administrator, Managing Director.
5. Jean-Marie Messier, Independent Administrator.
6. Alain Madelin, Independent Administrator.
7. Gilles Lioret, Independent Administrator.
8. Jean-Baptiste Descroix-Vernier, President.

Impressive shareholder base

Despite being a young and relatively small company, Rentabiliweb has an impressive shareholder base, including Bernard Arnault and Stéphane Courbit.

Shareholder structure pre-operation



Source: Rentabiliweb

The main shareholders include:

1. St Georges Finances (53% of shares): St Georges Finance is entirely owned by Jean-Baptiste Descroix-Vernier (founder and CEO).
2. Jean-Baptiste Descroix-Vernier (4% of shares)
3. Ovir SPRL (4% of shares): Ovir is entirely controlled by Sebastien Boin, Head of Asia Development
4. Corinne Chatal (6% of shares): Corinne Chatal is Administrator of Rentabiliweb and President of the supervisory board.
5. Le Peigné SA (7% of shares): Le Peigné is directly controlled by Arnault Group, holding of Bernard Arnault, CEO of LVMH.
6. LOV Group (11% of shares): controlled by Stéphane Courbit, former CEO of Endemol France, a top television production company.

Detailed forecasts

P&L 2005-12E (EURm)

	2005	2006	2007	2008	2009E	2010E	2011E	2012E
Sales	10.191	16.959	24.954	56.474	62.600	68.500	75.000	82.000
Growth (%)	-	0.664	0.471	1.263	0.108	0.094	0.095	0.093
Costs of sales	9.021	13.881	20.323	44.906	46.600	51.000	55.500	60.000
Gross margin	1.170	3.078	4.631	11.568	16.000	17.500	19.500	22.000
Margin (%)	11.5%	18.1%	18.6%	20.5%	25.6%	25.5%	26.0%	26.8%
Personal charges	0.266	0.606	1.355	3.194	5.300	6.000	6.500	7.200
Other charges	0.180	0.000	0.076	0.020	0.050	0.080	0.100	0.150
Other revenue	0.000	0.269	1.362	2.436	2.000	2.600	2.700	2.800
EBITDA	0.724	2.741	4.562	10.790	12.650	14.020	15.600	17.450
Margin (%)	7.1%	16.2%	18.3%	19.1%	20.2%	20.5%	20.8%	21.3%
Depreciation & amortization	0.214	0.072	1.450	0.543	0.800	0.900	1.000	1.100
EBITA	0.510	2.669	3.112	10.247	11.850	13.120	14.600	16.350
Margin (%)	5.0%	15.7%	12.5%	18.1%	18.9%	19.2%	19.5%	19.9%
Amortization	0.000	0.000	-3.932	0.000	0.000	0.000	0.000	0.000
EBIT	0.510	2.669	7.044	10.247	11.850	13.120	14.600	16.350
Margin (%)	5.0%	15.7%	28.2%	18.1%	18.9%	19.2%	19.5%	19.9%
Growth (%)	-	n.s.	n.s.	45.5%	15.6%	10.7%	11.3%	12.0%
Net interest paid	-0.002	-0.112	-0.191	-0.216	-0.200	0.000	0.200	0.400
Exceptional	0.016	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Tax	0.181	0.829	2.014	3.361	3.903	4.395	4.958	5.611
Tax rate	34.5%	32.4%	29.4%	33.5%	33.5%	33.5%	33.5%	33.5%
Associates	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Minority interests	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Net earnings	0.343	1.728	4.839	6.670	7.747	8.725	9.842	11.139
Margin (%)	3.4%	10.2%	19.4%	11.8%	12.4%	12.7%	13.1%	13.6%
Growth (%)	-	n.s.	180.0%	37.8%	16.2%	12.6%	12.8%	13.2%
Goodwill amortization	-0.010	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Net earnings before GW	0.343	1.728	0.907	6.670	7.747	8.725	9.842	11.139
Margin (%)	3.4%	10.2%	3.6%	11.8%	12.4%	12.7%	13.1%	13.6%
Growth (%)	-	n.s.	-47.5%	635.4%	16.2%	12.6%	12.8%	13.2%
EPS reported	-	0.291	0.374	0.425	0.493	0.556	0.627	0.709
Growth (%)	-	-	28.7%	13.6%	16.2%	12.6%	12.8%	13.2%
EPS adjusted	-	0.291	0.069	0.416	0.483	0.544	0.614	0.694
Growth (%)	-	-	-76.3%	n.s.	16.2%	12.6%	12.8%	13.2%

Source: Rentabilweb, Kepler Capital Markets

Balance sheet 2005-12E (EURm)

	2005	2006	2007	2008	2009E	2010E	2011E
Fixed assets							
Net tangible fixed assets	0.018	0.169	0.183	0.263	0.263	0.263	0.263
Net intangible assets	0.000	0.184	2.211	2.409	2.529	2.656	2.789
Deferred tax assets	0.002	0.074	0.243	0.374	0.393	0.412	0.433
Goodwill	0.000	0.049	27.949	27.949	27.949	27.949	27.949
Financial assets	0.000	0.008	0.042	0.027	0.028	0.030	0.031
Total fixed assets	0.020	0.484	30.628	31.022	31.163	31.310	31.465
Current assets							
Cash & ST investments	1.173	6.445	7.963	13.957	20.147	28.872	38.714
Trade receivables	1.275	3.402	17.375	16.806	18.493	19.739	21.048
Other receivables	0.000	0.000	0.000	0.120	0.793	0.720	0.644
Inventories	0.000	0.001	0.007	0.005	0.005	0.006	0.006
Total current assets	2.448	9.848	25.345	30.888	39.438	49.337	60.411
Total assets	2.468	10.332	55.973	61.910	70.601	80.647	91.876
Shareholder's equity	0.394	6.968	22.834	36.698	44.130	52.855	62.697
Minority interests	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Financial debt	0.000	0.089	0.144	0.043	0.043	0.043	0.043
LT debt	0.000	0.042	0.033	0.020	0.020	0.020	0.020
ST Debt	0.000	0.047	0.111	0.023	0.023	0.023	0.023
Provisions	0.000	0.000	1.122	0.299	0.314	0.330	0.346
Deferred tax liabilities	0.000	0.000	0.524	0.524	0.550	0.578	0.607
ST Debts							
Trade payables	1.353	3.275	31.349	23.738	24.925	26.171	27.480
Others	0.721	0.000	0.000	0.608	0.638	0.670	0.704
Total of ST debt	2.074	3.275	31.349	24.346	25.563	26.841	28.184
Total	2.468	10.332	55.973	61.910	70.601	80.647	91.876

Source: Rentabilweb, Kepler Capital Markets

Cash flow statement 2005-12E (EURm)

	2005	2006	2007	2008	2009E	2010E	2011E	2012E
Cash flow	-3.623	1.735	0.873	6.151	8.547	9.625	10.842	12.239
Change in WCR	0.084	-0.068	0.084	0.455	-0.500	0.350	0.400	0.500
Operating cash flow	-3.539	1.667	0.957	6.606	8.047	9.975	11.242	12.739
Capex	0.684	0.241	0.684	0.635	0.800	0.900	1.000	1.100
% of sales	-	1.4%	2.7%	1.1%	1.3%	1.3%	1.3%	1.3%
Free Operating cash flow	-4.223	1.426	0.273	5.971	7.247	9.075	10.242	11.639
Yield %	-	3.4%	0.3%	5.3%	7.3%			
Acquisitions	14.424	0.384	14.424	0.000	0.000	0.000	0.000	0.000
Disposals	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Financial investments	14.424	0.384	14.424	0.000	0.000	0.000	0.000	0.000
Dividends	0.257	0.000	0.257	0.000	0.315	0.350	0.400	0.500
Capital increase	11.200	4.817	11.200	0.139	-0.703	0.000	0.000	0.000
Others	7.685	-0.700	4.685	-0.021	-0.039	0.000	0.000	0.000
Change in net cash	-0.019	5.159	1.477	6.089	6.190	8.725	9.842	11.139
Change in cash	-0.019	5.259	1.477	5.989	6.190	8.725	9.842	11.139

Source: Rentabiliweb, Kepler Capital Markets

Conclusion

Rentabiliweb appears to be a relatively safe play. We are buyers of the stock between EUR6.75 and EUR7.

The stock is a good proxy to play:

- The strong growth of the internet paid content in Europe over the next four years (market expected to double).
- A way to benefit from the growth of the online advertising market.

The launch of various internet-related activities will also contribute to the growth rate of the company. We believe Rentabiliweb will be a double-digit growth company over the next two years, confirming its strong track record built over recent years (which has driven the stock to double since being floated).

The strong margin and cash flow outlook also makes the case interesting. We believe the group is likely to make a good use of its solid cash situation over the next two years and book some small earning-enhancing acquisitions.

The current valuation (5x EV/EBITA 2011) leaves significant upside for the next two years.

Research ratings and important disclosures

Disclosure checklist - Potential conflict of interests

Stock	ISIN	Disclosure (see below)	Currency	Price
1000mercis	FR0010285965	nothing to disclose	EUR	31.00
Cap Gemini SA	FR0000125338	nothing to disclose	EUR	33.85
Dreamnax SA	FR0010436584	nothing to disclose	EUR	36.35
France Telecom	FR0000133308	11	EUR	16.92
Google Inc	US38259P5089	nothing to disclose	USD	389.28
Hi Media	FR0000075988	nothing to disclose	EUR	5.39
Lagardere	FR0000130213	nothing to disclose	EUR	28.30
Mastercard Inc.	US57636Q1040	nothing to disclose	USD	178.22
NYSE Euronext	US6294911010	nothing to disclose	USD	16.72
Pages Jaunes	FR0010096354	nothing to disclose	EUR	7.67
Rentabiliweb Group	BE0946620946	4	EUR	7.00

Source: Factset closing prices of 22/01/2010

Stock prices: Prices are taken as of the previous day's close (to the date of this report) on the home market unless otherwise stated.

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