

North Media

Launching strategic ambition targets for 2023

- New 2022-23 ambitions with a focus on online growth...
- ...and acquisitions for upwards of DKK 200m
- Following our CC, we reiterate FVR DKK 75-105/share

2021e will be back-end loaded

Today we hosted a conference call with the group executive director, the CEO of FK Distribution and CEO of NM Online. In light of its guidance for 2021e and a new strategic plan with targeted ambitions for '22-'23e, we raise our sales estimates to ~3% (-1%) given the 20% growth ambition in the smaller Digital Services businesses. However, we lower our expected earnings in FK Distribution by 1-3%, offsetting the positive online revisions. For '23e, North Media now targets 3% organic growth, an EBIT margin of ~24%, investments of up to DKK 200m and DPS of DKK 5. The firm said that it plans to acquire up to DKK 200m worth of digital services companies within its field of expertise, including scaling current operations in international markets or other services that require high volumes, but price and fit are essential. North Media has capital resources of DKK 739m (excluding the upcoming DKK 100m dividend).

All of FK's companies are seeking ways to expand

FK Distribution is seeking new ways to utilise the expertise gained from collaborations to work on direct mail services for e.g. YouSee and potentially magazines. It sees an ESG trend towards paper packaging (vs. plastic) and has begun to collaborate with Deutsche Post. It also hopes to engage in similar relationships over the next few years. During 2020, supermarkets performed well in light of the lockdowns, as did click-and-collect retailers, where leaflets won a share of marketing spend. The company is currently analysing ways to expand its service primarily in Denmark, or possibly within the Nordics. Following years of competition with PostNord and after the solid price increases seen in recent years (~2.5% in 2020), FK now believes that a fair market price has been established, therefore we can expect only minor price adjustments for the next years with stabilised volumes. BoligPortalen (Digital Services), is launching a new subscription-based SaaS service towards landlords in H1'21, guiding for a back-end loaded year.

Organic targets in line with our estimates

We reiterate our FVR of 75-105/share in light of today's report.

Analyst(s): laurits.kjaergaard@abgsc.dk, +45 35 46 30 12

DKKm	2019	2020	2021e	2022e	2023e
Sales	1,130	1,045	1,020	1,049	1,082
EBITDA	191	270	273	284	297
EBITDA margin (%)	16.9	25.9	26.8	27.1	27.4
EBIT adj	160	240	244	254	265
EBIT adj margin (%)	14.2	23.0	23.9	24.2	24.5
Pretax profit	266	388	278	291	305
EPS rep	11.33	17.22	12.09	12.64	13.26
EPS adj	6.23	10.42	10.40	10.84	11.33
Sales growth (%)	-1.3	-7.5	-2.4	2.8	3.2
EPS growth (%)	192.4	52.0	-29.8	4.6	4.9

Source: ABG Sundal Collier, Company data

Reason: Post-results comment

Company sponsored research

Not rated

Estimate changes (%)

	2021e	2022e	2023e
Sales	2.0%	6.2%	10.9%
EBIT (rep)	-1.8%	0.2%	2.8%
EPS (rep)	-0.1%	1.7%	3.8%

Source: ABG Sundal Collier

Share price (DKK)	10/02/2021	93.8
Fair value range (per share)		75-105

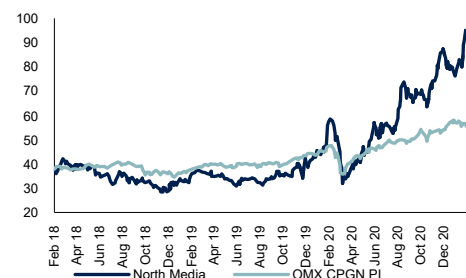
Media, Denmark
NORTHM.COF/NORTHM:DC

MCap (DKKm)	1,684
MCap (EURm)	226
Net debt (EURm)	-114

No. of shares (m)	18.0
Free float (%)	36
Av. daily volume (k)	22

Next event AGM: 26 Mar

Performance



	1m	3m	12m
Absolute (%)	17.8	31.7	63.5

Source: FactSet

	2021e	2022e	2023e
P/E (x)	7.8	7.4	7.1
P/E adj (x)	9.0	8.7	8.3
P/BVPS (x)	1.53	1.26	1.07
EV/EBITDA (x)	3.0	2.0	1.0
EV/EBIT adj (x)	3.3	2.2	1.2
EV/sales (x)	0.79	0.54	0.29
ROE adj (%)	18.9	16.0	14.0
Dividend yield (%)	5.3	5.3	5.3
FCF yield (%)	10.9	11.6	12.1
Lease adj. FCF yld (%)	10.9	11.6	12.1
Net IB debt/EBITDA	-3.1	-3.9	-4.6
Lease adj. ND/EBITDA	-3.1	-3.9	-4.6

Please refer to important disclosures at the end of this report

This research product is commissioned and paid for by the company covered in this report. As such, this report is deemed to constitute an acceptable minor non-monetary benefit (i.e. not investment research) as defined in MiFID II.

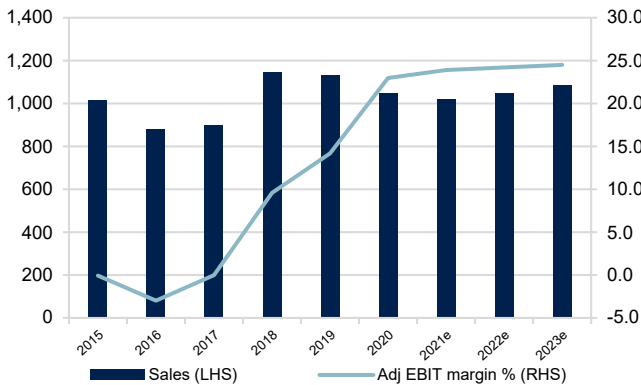
Company description

North Media's history dates back to 1965, when the distribution of unaddressed printed advertisements and newspapers was its main activity. The company has since diversified its product offering to include advertisement-funded internet distribution activities. North Media is the only media company listed on the OMX Copenhagen Stock Exchange. It operates three segments: FK Distribution, North Media Online and BEKEY.

Risks

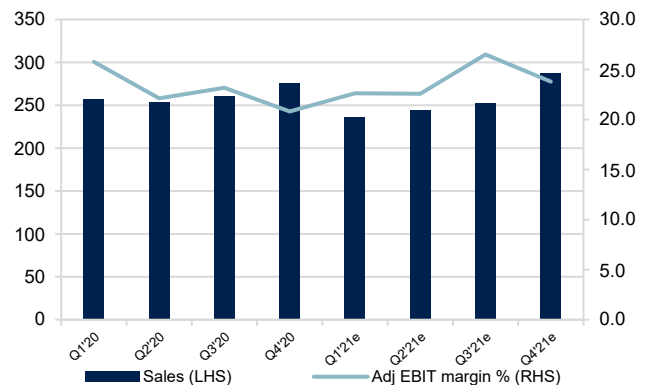
There are three main risks to the business: 1) the implementation of regulations against physical advertisements and/or an increased negative perception of offline advertisements, 2) increased penetration of online marketing from competitors and its market share versus print media, and 3) difficulties finding growth opportunities in the three smaller segments of the company.

Annual sales and adj. EBIT marginDKKm



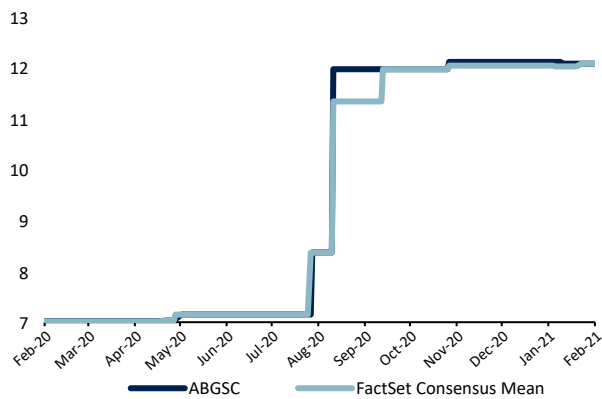
Source: ABG Sundal Collier, Company data

Quarterly sales and adj. EBIT margin



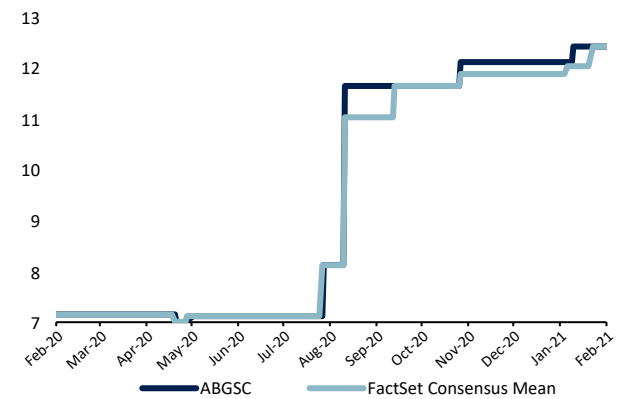
Source: ABG Sundal Collier, Company data

EPS estimate changes, 2021e, DKK



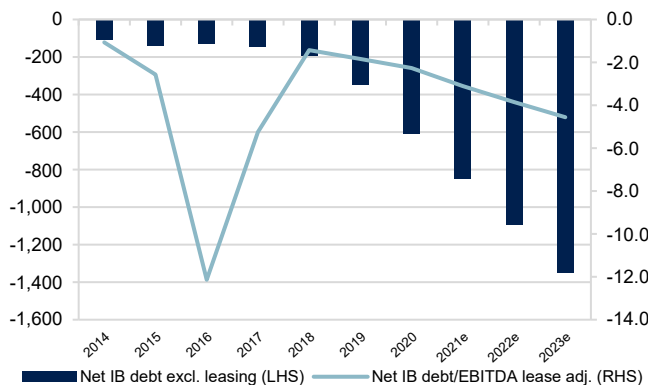
Source: ABG Sundal Collier, FactSet

EPS estimate changes, 2022e, DKK



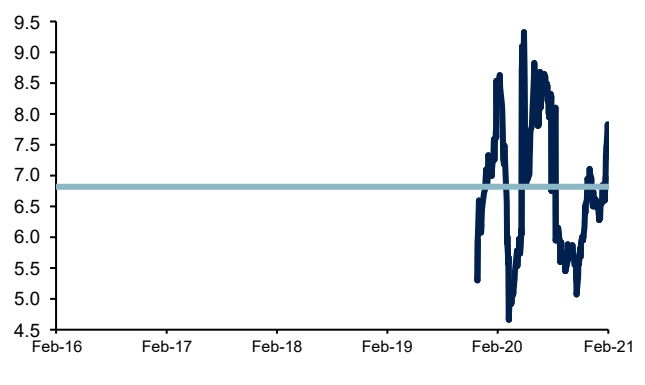
Source: ABG Sundal Collier, FactSet

Lease adj. net debt and ND/EBITDA



Source: ABG Sundal Collier, Company data

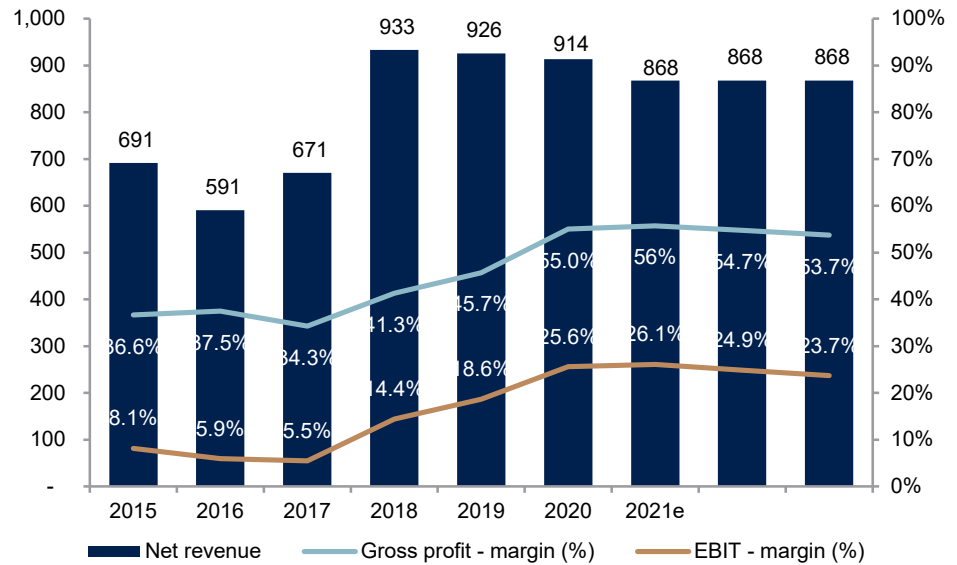
12-month forward-looking P/E



Source: ABG Sundal Collier, Company data

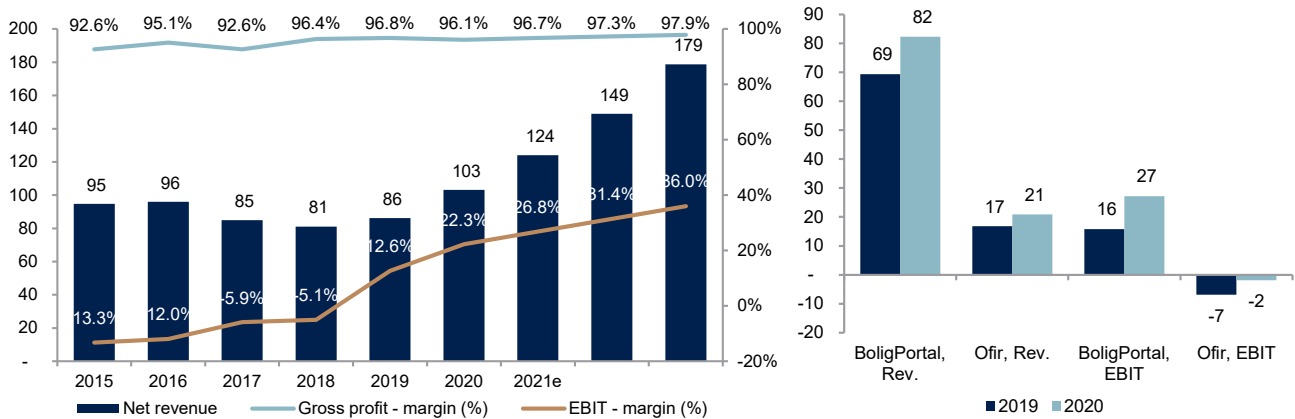
New 2022-23 ambitions

FK Distribution targets flat revenue and EBIT margins of ~24%



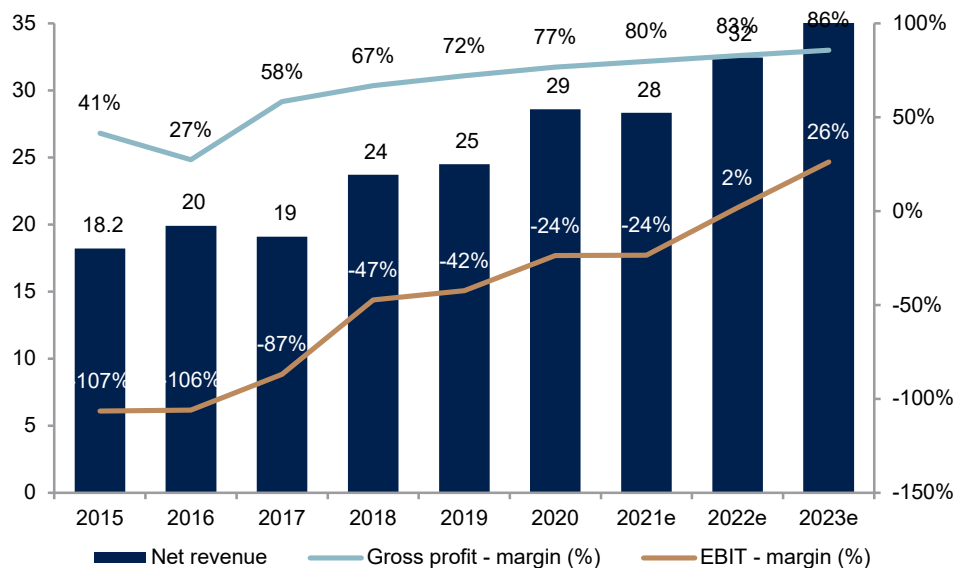
Source: ABG Sundal Collier, company data

Digital Services targets +20% growth and EBIT margins of ~25% for 2023 with room for M&A



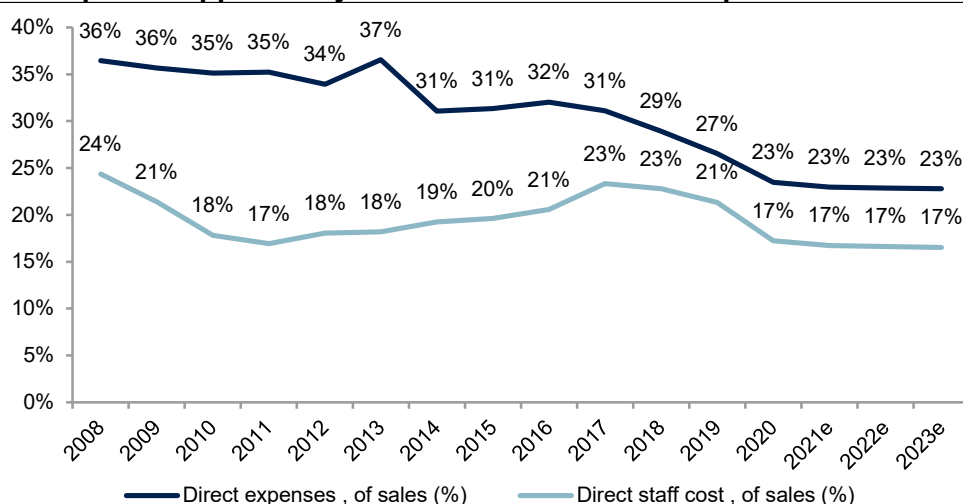
Source: ABG Sundal Collier, company data

Break-even is expected during 2022 for Bekey



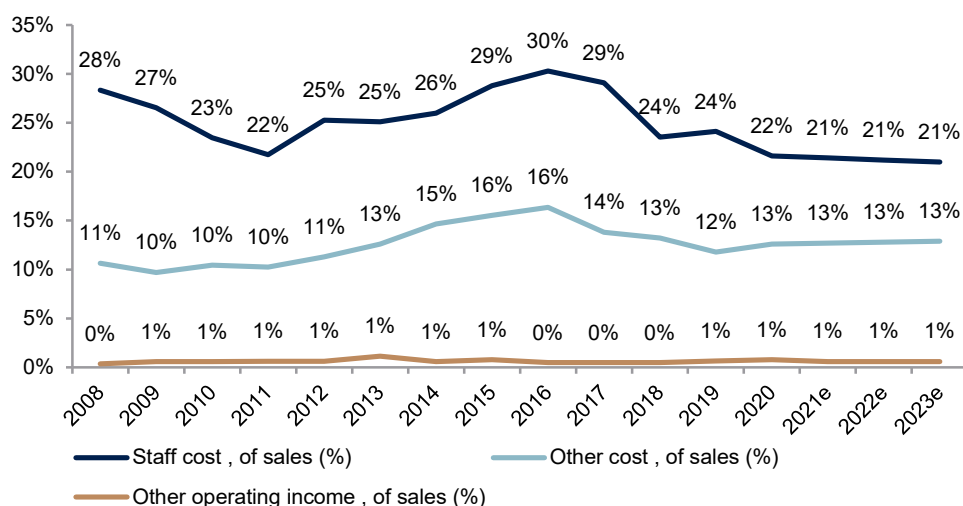
Source: ABG Sundal Collier, company data

Gross profit supported by an overall more efficient operation



Source: ABG Sundal Collier, company data

EBITDA supported by staff cost efficiencies and digital product mix



Source: ABG Sundal Collier, company data

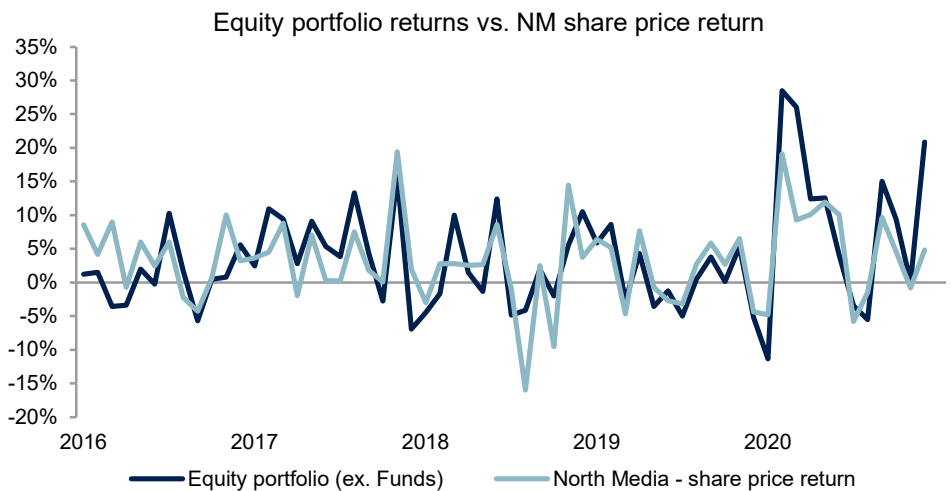
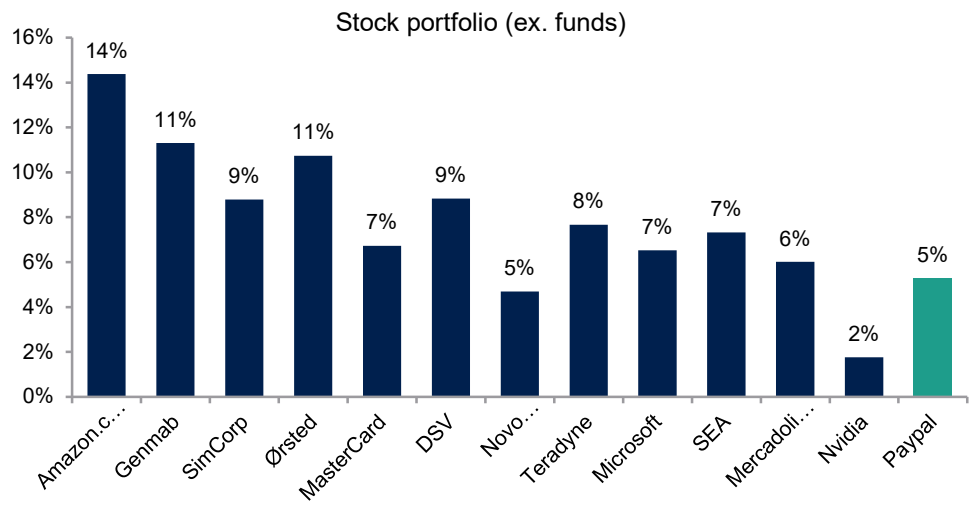
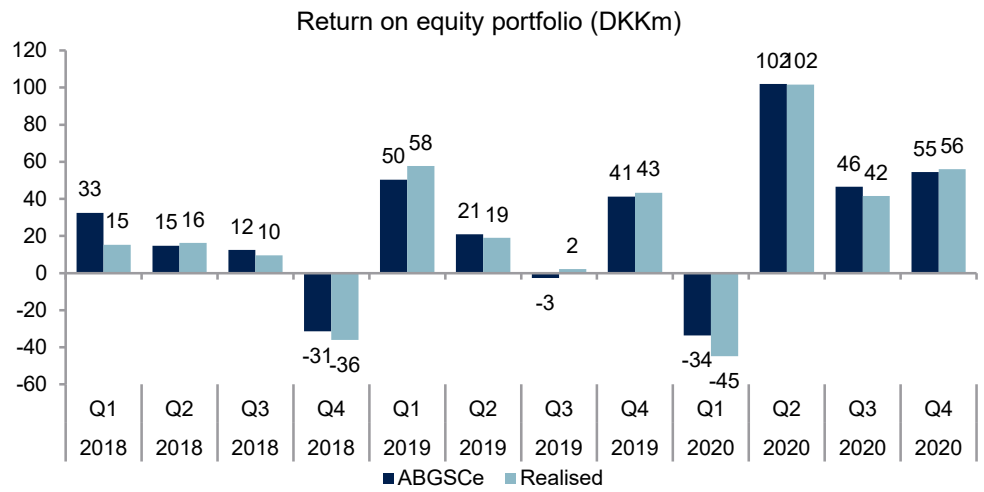
Estimate revisions in this report

Estimate Revisions	New estimates			Old estimates		Revision	
	2021e	2022e	2023e	2021e	2022e	2021e	2022e
Revenue	1020	1049	1082	1000	988	2%	6%
Gross profit	615	635	657	614	611	0%	4%
EBITDA	273	284	297	280	285	-3%	0%
EBIT (bsi.)	244	254	265	248	253	-2%	0%
EBIT	244	254	265	248	253	-2%	0%
EBT	278	291	305	279	286	0%	2%
Sales growth	-2%	3%	3%	-2%	-1%	-1%p	4%p
Gross profit margin	60%	60%	61%	61%	62%	-1.2%p	-1.4%p
EBITDA margin	27%	27%	27%	28%	29%	-1.3%p	-1.8%p
EBIT margin	24%	24%	25%	25%	26%	-0.9%p	-1.4%p
Segments (Revenue)							
Last Mile	868	868	868	879	853	-1.3%	1.7%
Digital Services	155	183	217	139	151	12.2%	21.5%
Segments (EBIT)							
Last Mile	226	216	206	228	224	-0.8%	-3.5%
Digital Services	27	47	74	22	31	18.7%	52.2%

Source: ABG Sundal Collier, company data

Equity portfolio performance

Updated forecast on equity portfolio (incl. PayPal added in Q4'20)



Source: ABG Sundal Collier, Factset

Full-year estimates

Profit / Loss	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021e	2022e	2023e
	FY	FY	FY	FY	FY	FY	FY	FY	FY	FY	FY	FY	FY
Revenues	1,212	1,105	1,077	1,074	1,012	881	899	1,145	1,130	1,045	1,020	1,049	1,082
Direct expenses	-427	-375	-394	-334	-317	-282	-280	-331	-300	-245	-234	-240	-247
Direct staff cost	-205	-199	-196	-207	-199	-181	-210	-261	-241	-180	-171	-175	-179
Gross profit	580	530	488	533	497	418	410	553	589	620	615	635	657
Staff cost	-263	-279	-271	-279	-292	-267	-262	-270	-272	-226	-218	-222	-227
Other cost	-124	-125	-136	-157	-157	-144	-124	-151	-133	-132	-130	-134	-140
Other operating income	7.4	7.0	12.2	6.2	7.9	4.3	4.4	5.5	7.3	8.1	6.1	6.3	6.5
Distribution & Admin. costs (incl. depr.)	-380	-397	-394	-430	-441	-407	-381	-415	-398	-349	-342	-350	-360
- of sales (%)	31.4%	35.9%	36.6%	40.0%	43.6%	46.2%	42.4%	36.3%	35.3%	33.4%	33.5%	33.4%	33.3%
EBITDA	200	134	94	103	56	11	28	137	191	270	273	284	297
- margin (%)	16.5%	12.1%	8.7%	9.6%	5.5%	1.2%	3.2%	12.0%	16.9%	25.9%	26.8%	27.1%	27.4%
Amortisation and depreciation	-33	-33	-36	-48	-56	-37	-29	-28	-30	-30	-29	-30	-31
- of sales (%)	2.7%	3.0%	3.3%	4.5%	5.6%	4.2%	3.2%	2.4%	2.7%	2.9%	2.9%	2.9%	2.9%
EBIT b. special items	167	101	58	55	-1	-26	0	110	160	240	244	254	265
Special items, net	0	-7	-20	-8	-19	-41	0	-16	2	0	0	0	0
EBIT	167	93	38	48	-20	-67	0	94	162	240	244	254	265
- margin (%)	13.7%	8.5%	3.5%	4.4%	-2.0%	-7.6%	-0.1%	8.2%	14.3%	23.0%	23.9%	24.2%	24.5%
Share of profit/loss in associates	-1	-2	-2	-1	0	25	-2	1	-5	-1	-1	-1	-1
Return on securities	0	0	0	0	13	-6	35	5	122	154	40	43	46
Net financial income	-4	5	-8	-7	-8	-21	-3	-27	-12	-6	-5	-5	-5
financial income	7	16	3	18	1	0	5	0	1	0	0	0	0
financial expenses	-11	-11	-12	-25	-8	-21	-8	-27	-12	-6	-5	-5	-6
Pre-tax profit	162	97	27	40	-15	-70	29	73	268	388	278	291	305
- margin (%)	13.4%	8.8%	2.5%	3.7%	-1.5%	-7.9%	3.2%	6.4%	23.7%	37.1%	27.2%	27.7%	28.2%
Tax for the year	-41	-21	-11	-17	3	6	-1	-17	-62	-85	-61	-64	-67
Net profit for the year (ex. disc.)	121	76	16	23	-12	-64	28	56	205	303	217	227	238
Segments													
Revenue													
Last Mile					691	591	671	933	926	914	868	868	868
Digital Services					113	116	104	105	111	132	152	181	215
EBIT													
Last Mile					56	35	37	135	172	234	226	216	206
Digital Services					-32	-33	-22	-15	0	16	27	47	74
EBIT margin %													
Last Mile					8%	6%	5%	14%	19%	26%	26%	25%	24%
Digital Services					-28%	-28%	-21%	-15%	0%	12%	17%	26%	34%

Source: ABG Sundal Collier, company data

Quarterly estimates

Profit / Loss	2019				2020e				2021e			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1e	Q2e	Q3e	Q4e
Revenues	264	289	262	315	257	254	261	276	237	245	252	287
Direct expenses	-74	-75	-72	-80	-59	-57	-61	-68	-58	-60	-52	-64
Direct staff cost	-59	-63	-58	-61	-44	-46	-45	-46	-39	-41	-42	-49
Gross profit	131	151	132	175	155	151	154	162	139	144	158	174
Staff cost	-64	-71	-67	-71	-55	-57	-56	-58	-50	-53	-54	-62
Other cost	-36	-34	-30	-33	-30	-31	-32	-39	-30	-30	-31	-38
Other operating income	1.7	1.7	1.8	2.1	3.5	1.9	1.3	1.4	1.5	1.5	1.5	1.5
Distribution & Admin. costs (incl. depr.)	-98	-103	-95	-102	-81	-86	-87	-95	-78	-82	-83	-99
- of sales (%)	37.2%	35.7%	36.4%	32.3%	31.7%	33.9%	33.3%	34.5%	33.0%	33.4%	33.1%	34.4%
EBITDA	33	48	37	73	73	65	68	67	61	63	74	76
- margin (%)	12.5%	16.6%	14.1%	23.1%	28.5%	25.6%	25.9%	24.2%	25.7%	25.6%	29.4%	26.4%
Amortisation and depreciation	-8	-8	-8	-7	-7	-9	-7	-7	-7	-7	-7	-7
- of sales (%)	2.9%	2.6%	2.9%	2.4%	2.7%	3.5%	2.7%	2.6%	3.1%	3.0%	2.9%	2.6%
EBIT b. special items	25	40	29	65	66	56	60	58	54	55	67	68
Special items, net	3	0	0	-1	0	0	0	0	0	0	0	0
EBIT	28	40	29	64	66	56	60	58	54	55	67	68
- margin (%)	10.6%	13.9%	11.2%	20.4%	25.8%	22.1%	23.2%	20.8%	22.6%	22.6%	26.5%	23.8%
Share of profit/loss in associates	0	0	0	-5	0	-1	0	-1	0	0	0	0
Return on securities	58	19	2	43	-45	102	42	56	10	10	10	10
Net financial income	1	-2	-8	-3	-2	-2	-1	-2	-1	-1	-1	-1
financial income	2	0	0	-1	0	0	0	0	0	0	0	0
financial expenses	-1	-2	-8	-1	-2	-2	-1	-2	-2	-2	-2	-1
Pre-tax profit	86	58	24	100	20	156	101	111	62	63	76	77
- margin (%)	32.7%	19.9%	9.1%	31.7%	7.7%	61.4%	38.8%	40.2%	26.2%	26.0%	30.0%	26.8%
Tax for the year	-19	-13	-5	-25	-4	-36	-21	-24	-14	-14	-17	-17
Net profit for the year (ex. disc.)	67	45	19	75	16	120	81	87	48	49	59	60
Segments												
Revenue												
Last Mile	215	238	214	259	223	221	228	241	203	210	212	243
Digital Services	27	26	28	32	32	32	33	35	34	34	40	44
EBIT												
Last Mile	29.8	43.8	33.6	65.2	63.6	53.9	59.0	47.8	51.1	51.8	60.0	63.5
Digital Services	-0.6	-2.3	-1.4	2.8	2.9	5.1	4.0	4.2	4.4	5.4	8.9	8.0
EBIT margin %												
Last Mile	14%	18%	16%	25%	29%	24%	26%	20%	25%	25%	28%	26%
Digital Services	-2%	-9%	-5%	9%	9%	16%	12%	12%	13%	16%	22%	18%

Source: ABG Sundal Collier, company data

Valuation considerations

Valuation sensitivity with front-loaded FCF in stage 1 DCF

Sensitivity	Low	Mid	High	Share of FCF
PV FCF, stg. 1, 3y	389	506	813	79%
PV FCF, stg. 2, 3-10y	106	138	221	21%
PV FCF, stg. 3, 10y+	0	0	0	0%
EV	495	645	1,034	100%
Net debt/cash (+/-)	849	849	849	
- Stock portfolio (ex. costs)	565	565	565	
- RE portfolio (ex. debt/costs)	127	127	127	
Dividend	5	5	5	
Equity value	1,348	1,498	1,888	
Time adj.	1.01	1.01	1.01	
Total no. Shares (m)	20	20	20	
NM owned shares (m)	2.1	2.1	2.1	
No. Shares (m)	18.0	18.0	18.0	
Share value	75	80	105	

Source: ABG Sundal Collier, company data

DCF sensitivity

Year	WACC	EV/Sales			EV/EBITDA			EV/EBIT		
		EBITDA margin			EBITDA margin			EBITDA margin		
		-10.0%	10.0%	30.0%	-10.0%	10.0%	30.0%	-10.0%	10.0%	30.0%
2021e	8%	.63x	.65x	.67x	2.4x	2.5x	2.6x	2.7x	2.8x	2.9x
	9%	.61x	.63x	.65x	2.4x	2.4x	2.5x	2.7x	2.7x	2.8x
	10%	.60x	.62x	.64x	2.3x	2.4x	2.5x	2.6x	2.7x	2.8x
	11%	.58x	.60x	.62x	2.3x	2.3x	2.4x	2.5x	2.6x	2.7x
	12%	.57x	.59x	.61x	2.2x	2.3x	2.3x	2.5x	2.6x	2.6x
2022e	8%	.64x	.66x	.68x	2.4x	2.5x	2.6x	2.7x	2.8x	2.9x
	9%	.63x	.65x	.67x	2.3x	2.4x	2.5x	2.6x	2.7x	2.8x
	10%	.61x	.63x	.65x	2.3x	2.4x	2.4x	2.6x	2.6x	2.7x
	11%	.60x	.62x	.64x	2.2x	2.3x	2.4x	2.5x	2.6x	2.7x
	12%	.59x	.60x	.62x	2.2x	2.3x	2.3x	2.5x	2.5x	2.6x
2023e	8%	.62x	.64x	.67x	2.3x	2.4x	2.5x	2.6x	2.7x	2.7x
	9%	.61x	.63x	.65x	2.2x	2.3x	2.4x	2.5x	2.6x	2.7x
	10%	.60x	.61x	.63x	2.2x	2.3x	2.3x	2.5x	2.5x	2.6x
	11%	.58x	.60x	.62x	2.2x	2.2x	2.3x	2.4x	2.5x	2.6x
	12%	.57x	.59x	.60x	2.1x	2.2x	2.2x	2.4x	2.4x	2.5x

Valuation sensitivity									
WACC	LT Sales growth			Valuation range	Value range: DKK 75-105	WACC	EBITDA margin (%)		
	-100%	-50%	0%				-10.0%	10.0%	40.0%
8%	69	76	122	High 105	Value range: DKK 75-105	8%	75	76	78
9%	69	75	116	Mid 80		9%	74	75	77
10%	68	75	110	Low 75		10%	73	75	76
11%	68	74	106			11%	73	74	75
12%	67	73	102			12%	72	73	74

Source: ABG Sundal Collier, company data

Peer estimates and valuation

	Market cap (EurM)	P/E				EV/EBITDA				EV/EBIT			
		2019	2020e	2021e	2022e	2019	2020e	2021e	2022e	2019	2020e	2021e	2022e
Online													
Alphabet	1,184,244	35.5x	33.6x	28.2x	24.0x	13.8x	16.7x	13.5x	11.2x	23.6x	28.4x	22.4x	18.4x
Facebook	716,744	39.1x	26.9x	23.9x	19.4x	13.4x	16.3x	13.0x	10.1x	22.1x	23.4x	17.5x	13.5x
Amazon	1,588,489	137.6x	91.4x	70.9x	50.4x	20.5x	29.8x	22.6x	17.6x	60.8x	78.8x	52.8x	36.6x
eBay	38,403	19.7x	16.4x	15.0x	13.3x	9.3x	10.1x	10.0x	9.2x	11.3x	12.0x	11.9x	10.7x
Median	950,494	37.3x	30.2x	26.0x	21.7x	13.6x	16.5x	13.2x	10.6x	22.9x	25.9x	19.9x	16.0x
Print													
Alma Media	783	18.6x	26.0x	22.9x	21.3x	8.8x	11.1x	11.3x	10.2x	11.7x	14.7x	14.6x	12.9x
Schibsted	74,856	53.7x	80.5x	53.7x	42.4x	16.4x	29.6x	31.4x	27.8x	30.2x	50.9x	38.7x	24.8x
Adevinta	89,043					32.6x	53.6x	19.8x	13.8x	52.9x	75.9x	23.5x	15.6x
Sanoma Wsoy	2,352	26.6x	22.3x	18.7x	17.5x	8.0x	7.9x	8.4x	7.9x	21.0x	18.3x	17.6x	15.6x
Daily Mail & Gen	1,646	20.5x	29.9x	30.9x	23.2x	8.7x	10.6x	10.6x	8.8x	11.6x	15.8x	15.5x	12.4x
New York Timers	8,006	52.3x	54.7x	42.6x	33.4x	21.1x	34.7x	24.8x	19.8x	28.1x	48.2x	29.9x	23.6x
Median	5,179	26.6x	29.9x	30.9x	23.2x	12.6x	20.3x	15.5x	12.0x	24.6x	33.2x	20.6x	15.6x
North Media	225	5.6x	5.5x	9.0x	8.7x	1.6x	1.7x	3.3x	2.2x	1.3x	1.5x	3.0x	2.0x

Source: ABG Sundal Collier, Factset

North Media

Income Statement (DKKm)	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021e	Q2 2021e	Q3 2021e	Q4 2021e
Sales	257	254	261	276	237	245	252	287
COGS	-102	-103	-106	-114	-98	-100	-94	-113
Gross profit	155	151	154	162	139	144	158	174
Other operating items	-81	-87	-86	-97	-78	-81	-83	-99
EBITDA	74	64	68	65	61	63	74	75
Depreciation and amortisation	-8	-8	-8	-8	-8	-8	-8	-7
EBITA	66	56	60	58	54	55	67	68
EO items	0	0	0	0	0	0	0	0
Impairment and PPA amortisation	0	0	0	0	0	0	0	0
EBIT	66	56	60	58	54	55	67	68
Net financial items	-2	-2	-1	-2	-2	-2	-2	-1
Pretax profit	20	156	101	111	62	63	75	77
Tax	-4	-36	-21	-24	-14	-14	-17	-17
Net profit	16	120	81	87	48	49	59	61
Minority interest	0	0	0	0	0	0	0	0
Net profit discontinued	-3	6	0	3	0	0	0	0
Net profit to shareholders	12	126	81	91	48	49	59	61
EPS	0	0	0	0	0	0	0	0
EPS Adj	0	0	0	0	0	0	0	0
Total extraordinary items after tax	0	0	0	0	0	0	0	0
Tax rate (%)	22.1	23.3	20.5	21.3	22.1	22.0	22.1	21.6
Gross margin (%)	60.1	59.5	59.2	58.6	58.7	59.0	62.5	60.7
EBITDA margin (%)	28.7	25.1	26.1	23.5	25.8	25.7	29.5	26.2
EBITA margin (%)	25.8	22.1	23.2	20.8	22.6	22.6	26.5	23.8
EBIT margin (%)	25.8	22.1	23.2	20.8	22.6	22.6	26.5	23.8
Pretax margin (%)	25.2	21.5	22.8	20.3	22.0	22.0	25.9	23.6
Net margin (%)	23.5	7.2	14.9	11.7	16.2	16.3	19.3	17.8
Growth rates Y/Y	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021e	Q2 2021e	Q3 2021e	Q4 2021e
Sales growth (%)	-2.7	-12.2	-0.5	-12.4	-7.9	-3.6	-3.3	3.9
EBITDA growth (%)	124.2	32.9	83.6	-10.6	-17.2	-1.4	9.5	15.5
EBIT growth (%)	161.7	39.2	105.4	-11.9	-19.1	-1.6	10.6	18.8
Net profit growth (%)	-77.0	166.1	335.1	17.2	210.8	-58.6	-27.0	-30.5
EPS growth (%)	-77.0	166.1	335.1	17.2	210.8	-58.6	-27.0	-30.5
Adj earnings numbers	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021e	Q2 2021e	Q3 2021e	Q4 2021e
EBITDA Adj	74	64	68	65	61	63	74	75
EBITDA Adj margin (%)	28.7	25.1	26.1	23.5	25.8	25.7	29.5	26.2
EBITA Adj	66	56	60	58	54	55	67	68
EBITA Adj margin (%)	25.8	22.1	23.2	20.8	22.6	22.6	26.5	23.8
EBIT Adj	66	56	60	58	54	55	67	68
EBIT Adj margin (%)	25.8	22.1	23.2	20.8	22.6	22.6	26.5	23.8
Pretax profit Adj	20	156	101	111	62	63	75	77
Net profit Adj	16	120	81	87	48	49	59	61
Net profit to shareholders Adj	16	120	81	87	48	49	59	61
Net Adj margin (%)	23.5	7.2	14.9	11.7	16.2	16.3	19.3	17.8

Source: ABG Sundal Collier, Company data

North Media

Income Statement (DKK m)	2014	2015	2016	2017	2018	2019	2020	2021e	2022e	2023e
Sales	1,074	1,012	881	899	1,145	1,130	1,045	1,020	1,049	1,082
COGS	-540	-516	-463	-490	-592	-541	-426	-405	-415	-426
Gross profit	533	497	418	410	553	589	620	615	635	657
Other operating items	-430	-441	-407	-381	-415	-398	-349	-342	-350	-360
EBITDA	103	56	11	28	137	191	270	273	284	297
Depreciation and amortisation	-48	-56	-37	-29	-28	-30	-30	-29	-30	-31
Of which leasing depreciation	0	0	0	0	0	0	0	0	0	0
EBITA	55	-1	-26	-0	110	160	240	244	254	265
EO items	0	0	0	0	0	0	0	0	0	0
Impairment and PPA amortisation	0	0	0	0	0	0	0	0	0	0
EBIT	55	-1	-26	-0	110	160	240	244	254	265
Net financial items	-7	-8	-21	-3	-27	-12	-6	-5	-5	-5
Pretax profit	47	4	-29	29	89	266	388	278	291	305
Tax	-17	3	6	-1	-17	-62	-85	-61	-64	-67
Net profit	30	8	-23	28	72	204	303	217	227	238
Minority interest	0	0	0	0	0	0	0	0	0	0
Net profit discontinued	0	0	0	0	0	0	6	0	0	0
Net profit to shareholders	30	8	-23	28	72	204	309	217	227	238
EPS	1.64	0.41	-1.22	1.54	3.87	11.33	17.22	12.09	12.64	13.26
EPS Adj	1.64	-0.05	-0.97	0.13	3.66	6.23	10.42	10.40	10.84	11.33
Total extraordinary items after tax	0	8	-5	26	4	92	116	30	32	35
Leasing payments	0	0	0	0	0	0	0	0	0	0
Tax rate (%)	35.9	78.6	21.0	2.1	19.5	23.4	21.9	21.9	21.9	21.9
Gross margin (%)	49.7	49.1	47.4	45.6	48.3	52.1	59.3	60.3	60.5	60.7
EBITDA margin (%)	9.6	5.5	1.2	3.2	12.0	16.9	25.9	26.8	27.1	27.4
EBITA margin (%)	5.1	-0.1	-3.0	-0.0	9.6	14.2	23.0	23.9	24.2	24.5
EBIT margin (%)	5.1	-0.1	-3.0	-0.0	9.6	14.2	23.0	23.9	24.2	24.5
Pretax margin (%)	4.5	0.4	-6.0	3.5	7.7	24.0	37.2	27.4	27.8	28.3
Net margin (%)	2.9	0.8	-5.3	3.4	6.2	18.5	29.1	21.4	21.7	22.1
Growth rates Y/Y	2014	2015	2016	2017	2018	2019	2020	2021e	2022e	2023e
Sales growth (%)	-0.3	-5.7	-13.0	2.1	27.3	-1.3	-7.5	-2.4	2.8	3.2
EBITDA growth (%)	10.5	-46.2	-80.4	160.6	383.1	38.9	41.9	1.1	4.0	4.3
EBIT growth (%)	-4.2	-101.3	-3,657.1	99.6	109,800.0	46.1	49.8	1.5	4.1	4.4
Net profit growth (%)	-15.4	-75.2	-401.3	225.7	151.8	184.8	48.8	-28.3	4.6	4.9
EPS growth (%)	-15.4	-75.2	-401.3	225.7	151.8	192.4	52.0	-29.8	4.6	4.9
Profitability	2014	2015	2016	2017	2018	2019	2020	2021e	2022e	2023e
ROE (%)	5.8	1.4	-4.6	5.9	13.8	33.7	39.9	21.9	18.7	16.4
ROE Adj (%)	5.8	-0.2	-3.7	0.5	13.0	18.5	24.1	18.9	16.0	14.0
ROCE (%)	10.7	1.9	-1.2	6.0	17.8	37.7	43.5	25.4	22.1	19.7
ROCE Adj (%)	10.7	-0.1	-0.2	0.3	17.0	21.2	26.4	21.8	18.8	16.7
ROIC (%)	7.0	-0.3	-5.5	-0.0	25.0	35.8	60.2	68.8	75.6	83.4
ROIC Adj (%)	7.0	-0.3	-5.5	-0.0	25.0	35.8	60.2	68.8	75.6	83.4
Adj earnings numbers	2014	2015	2016	2017	2018	2019	2020	2021e	2022e	2023e
EBITDA Adj	103	56	11	28	137	191	270	273	284	297
EBITDA Adj margin (%)	9.6	5.5	1.2	3.2	12.0	16.9	25.9	26.8	27.1	27.4
EBITDA lease Adj	103	56	11	28	137	191	270	273	284	297
EBITDA lease Adj margin (%)	9.6	5.5	1.2	3.2	12.0	16.9	25.9	26.8	27.1	27.4
EBITA Adj	55	-1	-26	-0	110	160	240	244	254	265
EBITA Adj margin (%)	5.1	-0.1	-3.0	-0.0	9.6	14.2	23.0	23.9	24.2	24.5
EBIT Adj	55	-1	-26	-0	110	160	240	244	254	265
EBIT Adj margin (%)	5.1	-0.1	-3.0	-0.0	9.6	14.2	23.0	23.9	24.2	24.5
Pretax profit Adj	47	-9	-22	-6	84	144	234	238	248	259
Net profit Adj	30	-1	-18	2	68	112	187	187	195	203
Net profit to shareholders Adj	30	-1	-18	2	68	112	187	187	195	203
Net Adj margin (%)	2.9	-0.1	-4.8	0.5	5.8	10.3	18.0	18.4	18.7	18.9

Source: ABG Sundal Collier, Company data

North Media

Cash Flow Statement (DKKkm)	2014	2015	2016	2017	2018	2019	2020	2021e	2022e	2023e
EBITDA	103	56	11	28	137	191	270	273	284	297
Net financial items	-7	-8	-21	-3	-27	-12	-6	-5	-5	-5
Paid tax	-17	3	6	-1	-17	-62	-85	-61	-64	-67
Non-cash items	7	-19	7	-14	0	0	0	0	0	0
Cash flow before change in WC	87	33	3	11	93	117	180	207	215	224
Change in WC	-3	2	-18	12	12	14	15	-7	-1	-1
Operating cash flow	84	35	-14	23	105	130	195	201	214	223
CAPEX tangible fixed assets	-26	-10	-7	-31	-26	-12	-14	-16	-16	-17
CAPEX intangible fixed assets	0	0	0	0	0	0	0	0	0	0
Acquisitions and disposals	-24	-10	23	-11	-9	2	-4	-2	-2	-2
Free cash flow	34	14	2	-19	70	120	177	183	196	204
Dividend paid	4	2	0	0	28	28	72	5	5	5
Share issues and buybacks	0	0	0	0	0	0	0	0	0	0
Lease liability amortisation	0	0	0	0	0	0	0	0	0	0
Other non cash items	35	35	-16	50	-49	-4	-6	49	45	48
Balance Sheet (DKKkm)	2014	2015	2016	2017	2018	2019	2020	2021e	2022e	2023e
Goodwill	72	62	39	39	39	39	39	39	39	39
Other intangible assets	68	53	16	16	14	14	17	8	7	5
Tangible fixed assets	292	275	267	259	247	250	237	225	213	200
Right-of-use asset	0	0	0	0	0	0	0	0	0	0
Total other fixed assets	93	67	63	89	95	86	78	77	76	75
Fixed assets	526	458	385	403	396	389	371	350	335	319
Inventories	0	11	6	6	4	5	4	4	4	5
Receivables	115	93	103	95	99	89	76	80	83	85
Other current assets	0	0	0	0	0	0	0	0	0	0
Cash and liquid assets	248	289	271	281	327	485	739	975	1,221	1,478
Total assets	889	850	766	785	825	968	1,189	1,409	1,642	1,887
Shareholders equity	527	521	460	497	539	671	879	1,101	1,332	1,575
Minority	5	1	0	0	0	0	0	0	0	0
Total equity	532	522	460	498	539	671	879	1,101	1,332	1,575
Long-term debt	132	139	132	125	127	123	118	118	118	118
Pension debt	0	0	0	0	0	0	0	0	0	0
Convertible debt	0	0	0	0	0	0	0	0	0	0
Leasing liability	0	0	0	0	0	0	0	0	0	0
Total other long-term liabilities	51	27	18	11	5	19	18	18	18	18
Short-term debt	6	7	7	7	5	11	8	8	8	8
Accounts payable	61	56	47	54	51	42	43	42	43	44
Other current liabilities	107	99	102	91	100	102	123	123	123	124
Total liabilities and equity	889	850	766	785	825	968	1,189	1,409	1,642	1,887
Net IB debt	-110	-143	-132	-149	-196	-351	-613	-849	-1,094	-1,351
Net IB debt excl. pension debt	-110	-143	-132	-149	-196	-351	-613	-849	-1,094	-1,351
Net IB debt excl. leasing	-110	-143	-132	-149	-196	-351	-613	-849	-1,094	-1,351
Capital invested	473	406	346	359	347	339	284	269	255	241
Working capital	-53	-51	-39	-44	-48	-50	-87	-80	-79	-78
EV breakdown	2014	2015	2016	2017	2018	2019	2020	2021e	2022e	2023e
Market cap. diluted (m)	329	245	229	612	598	757	1,433	1,684	1,684	1,684
Net IB debt Adj	-110	-143	-132	-149	-196	-351	-613	-849	-1,094	-1,351
Market value of minority	0	0	0	0	0	0	0	0	0	0
Reversal of shares and participations	-78	-55	-51	-21	-35	-26	-25	-24	-23	-22
Reversal of conv. debt assumed equity	0	0	0	0	0	0	0	0	0	0
EV	140	47	46	441	367	379	795	811	567	311
Capital efficiency	2014	2015	2016	2017	2018	2019	2020	2021e	2022e	2023e
Total assets turnover (%)	118.6	116.4	109.0	116.0	142.2	126.0	96.9	78.5	68.8	61.3
Working capital/sales (%)	-5.0	-5.2	-5.1	-4.6	-4.0	-4.3	-6.5	-8.2	-7.6	-7.3
Financial risk and debt service	2014	2015	2016	2017	2018	2019	2020	2021e	2022e	2023e
Net debt/equity	-0.21	-0.27	-0.29	-0.30	-0.36	-0.52	-0.70	-0.77	-0.82	-0.86
Net debt/market cap	-0.33	-0.52	-0.55	-0.36	-0.30	-0.56	-0.59	-0.50	-0.65	-0.80
Equity ratio (%)	59.9	61.4	60.1	63.4	65.3	69.4	73.9	78.1	81.1	83.5
Net IB debt adj./equity	-0.21	-0.27	-0.29	-0.30	-0.36	-0.52	-0.70	-0.77	-0.82	-0.86
Current ratio	2.09	2.42	2.45	2.53	2.77	3.74	4.69	6.12	7.49	8.90
EBITDA/net interest	15.43	7.13	0.53	8.88	5.08	16.43	49.16	53.58	54.18	54.78
Net IB debt/EBITDA	-1.07	-2.57	-12.14	-5.25	-1.43	-1.84	-2.27	-3.11	-3.85	-4.56
Net IB debt/EBITDA lease Adj	-1.07	-2.57	-12.14	-5.25	-1.43	-1.84	-2.27	-3.11	-3.85	-4.56
Interest cover	2.96	-0.02	-1.24	0.58	4.05	13.19	42.91	46.97	47.56	48.15

Source: ABG Sundal Collier, Company data

North Media

Valuation and Ratios (DKKm)	2014	2015	2016	2017	2018	2019	2020	2021e	2022e	2023e
Shares outstanding adj.	18	18	18	18	18	18	18	18	18	18
Fully diluted shares Adj	18	18	18	18	18	18	18	18	18	18
EPS	1.64	0.41	-1.22	1.54	3.87	11.33	17.22	12.09	12.64	13.26
Dividend per share Adj	0.2	0.1	0	0	1.5	2.0	5.0	5.0	5.0	5.0
EPS Adj	1.64	-0.05	-0.97	0.13	3.66	6.23	10.42	10.40	10.84	11.33
BVPS	28.57	28.21	24.95	26.95	29.19	37.38	48.96	61.30	74.19	87.70
BVPS Adj	21.20	24.71	22.78	23.96	26.40	34.58	46.22	58.65	71.64	85.24
Net IB debt / share	-6.0	-7.7	-7.2	-8.1	-10.6	-19.5	-34.1	-47.3	-61.0	-75.3
Share price	17.80	13.26	12.41	33.14	32.39	42.14	79.80	93.80	93.80	93.80
Market cap. (m)	329	245	229	612	598	757	1,433	1,684	1,684	1,684
Valuation	2014	2015	2016	2017	2018	2019	2020	2021e	2022e	2023e
P/E	10.9	32.6	-10.1	21.5	8.4	3.7	4.6	7.8	7.4	7.1
EV/sales	0.13	0.05	0.05	0.49	0.32	0.34	0.76	0.79	0.54	0.29
EV/EBITDA	1.4	0.8	4.2	15.5	2.7	2.0	2.9	3.0	2.0	1.0
EV/EBITA	2.5	-66.5	-1.7	-4,414.6	3.3	2.4	3.3	3.3	2.2	1.2
EV/EBIT	2.5	-66.5	-1.7	-4,414.6	3.3	2.4	3.3	3.3	2.2	1.2
Dividend yield (%)	1.2	0.8	0	0	4.8	4.7	6.3	5.3	5.3	5.3
FCF yield (%)	10.3	5.8	1.0	-3.1	11.7	15.8	12.3	10.9	11.6	12.1
Lease adj. FCF yield (%)	10.3	5.8	1.0	-3.1	11.7	15.8	12.3	10.9	11.6	12.1
P/BVPS	0.62	0.47	0.50	1.23	1.11	1.13	1.63	1.53	1.26	1.07
P/BVPS Adj	0.84	0.54	0.54	1.38	1.23	1.22	1.73	1.60	1.31	1.10
P/E Adj	10.9	-276.5	-12.8	257.5	8.8	6.8	7.7	9.0	8.7	8.3
EV/EBITDA Adj	1.4	0.8	4.2	15.5	2.7	2.0	2.9	3.0	2.0	1.0
EV/EBITA Adj	2.5	-66.5	-1.7	-4,414.6	3.3	2.4	3.3	3.3	2.2	1.2
EV/EBIT Adj	2.5	-66.5	-1.7	-4,414.6	3.3	2.4	3.3	3.3	2.2	1.2
EV/cap. employed	0.2	0.1	0.1	0.7	0.5	0.5	0.8	0.7	0.4	0.2
Investment ratios	2014	2015	2016	2017	2018	2019	2020	2021e	2022e	2023e
Capex/sales	2.4	1.0	0.7	3.5	2.2	1.1	1.4	1.6	1.6	1.6
Capex/depreciation	53.7	18.3	17.7	109.8	93.5	40.3	47.4	54.3	54.3	54.3
Capex tangibles/tangible fixed assets	8.9	3.7	2.5	12.1	10.4	4.9	6.0	7.1	7.7	8.5
Capex intangibles/definite intangibles	0	0	0	0	0	0	0	0	0	0
Depreciation on intangibles/definite intai	25.8	1,028.0	1,555.6	49.7	33.9	15.2	16.8	19.6	25.2	35.2
Depreciation on tangibles/tangibles	10.8	11.1	8.7	7.9	9.4	11.4	12.0	12.4	13.4	14.7

Source: ABG Sundal Collier, Company data

Analyst certification

I/We, Laurits Kjærgaard, the author(s) of this report, certify that not withstanding the existence of any such potential conflicts of interests referred to below, the views expressed in this report accurately reflect my/our personal view about the companies and securities covered in this report.

Analyst valuation methods

ABG Sundal Collier analysts may publish valuation ranges for stocks covered under Company Sponsored Research. These valuation ranges rely on various valuation methods. One of the most frequently used methods is the valuation of a company by calculation of that company's discounted cash flow (DCF). Another valuation method is the analysis of a company's return on capital employed relative to its cost of capital. Finally, the analysts may analyse various valuation multiples (e.g. the P/E multiples and the EV/EBITDA multiples) relative to global industry peers. In special cases, particularly for property companies and investment companies, the ratio of price to net asset value is considered. Valuation ranges may be changed when earnings and cash flow forecasts are changed. They may also be changed when the underlying value of a company's assets changes (in the cases of investment companies, property companies or insurance companies) or when factors impacting the required rate of return change.

Important Company Specific Disclosure

The following disclosures relate to the relationship between ABG Sundal Collier and its affiliates and the companies covered by ABG Sundal Collier referred to in this research report.

Unless disclosed in this section, ABG Sundal Collier has no required regulatory disclosures to make in relation to an ownership position for the analyst(s) and members of the analyst's household, ownership by ABG Sundal Collier, ownership in ABG Sundal Collier by the company(ies) to whom the report(s) refer(s) to, market making, managed or co-managed public offerings, compensation for provision of certain services, directorship of the analyst, or a member of the analyst's household, or in relation to any contractual obligations to the issuance of this research report.

ABG Sundal Collier has undertaken a contractual obligation to issue this report and receives predetermined compensation from the company covered in this report.

ABG Sundal Collier is engaged in providing liquidity in North Media 's securities at the time of this report's publication.

ABG Sundal Collier is not aware of any other actual, material conflicts of interest of the analyst or ABG Sundal Collier of which the analyst knows or has reason to know at the time of the publication of this report.

Production of report: 11/02/2021 20:18 CET.

All prices are as of market close on 10 February, 2021 unless otherwise noted.

Disclaimer

This document has been prepared by ABG Sundal Collier which is the marketing name referring to all or any of ABG Sundal Collier ASA, ABG Sundal Collier AB or ABG Sundal Collier Partners LLP and any of their affiliated or associated companies and their directors, officers, representatives and employees.

This research product is commissioned and paid for by the company covered in this report. As such, this report is deemed to constitute an acceptable minor non-monetary benefit (i.e. not investment research) as defined in MiFID II.

This research product has not been prepared in accordance with legal requirements designed to promote the independence of investment research and is not subject to any prohibition on dealing ahead of the dissemination.

This report is provided solely for the information and use of professional investors, who are expected to make their own investment decisions without undue reliance on this report. The information contained herein does not apply to, and should not be relied upon by, retail clients. This report is for distribution only under such circumstances as may be permitted by applicable law. Research reports prepared by ABG Sundal Collier are for information purposes only. ABG Sundal Collier accepts no liability whatsoever for any losses arising from any use of this report or its contents. This report is not to be used or considered as an offer to sell, or a solicitation of an offer to buy. The information herein has been obtained from, and any opinions herein are based upon, sources believed reliable, but ABG Sundal Collier makes no representation as to its accuracy or completeness and it should not be relied upon as such. All opinions and estimates herein reflect the judgment of ABG Sundal Collier on the date of this report and are subject to change without notice. Past performance is not indicative of future results.

This research report does not, and does not attempt to contain everything material that there is to be said about North Media.

The compensation of our research analysts is determined exclusively by research management and senior management, but not including investment banking management. Compensation is not based on specific investment banking revenues, however, it is determined from the profitability of the ABG Sundal Collier Group, which includes earnings from investment banking operations and other business. Investors should assume that ABG Sundal Collier is seeking or will seek investment banking or other business relationships with the companies in this report. The research analyst(s) responsible for the preparation of this report may interact with trading desk and sales personnel and other departments for the purpose of gathering, synthesizing and interpreting market information. From time to time, ABG Sundal Collier and its affiliates and any shareholders, directors, officers or employees thereof may (I) have a position in, or otherwise be interested in, any securities directly or indirectly connected to the subject of this report, or (II) perform investment banking or other services for, or solicit investment banking or other services from, a company mentioned in this report. ABG Sundal Collier relies on information barriers to control the flow of information contained in one or more areas of ABG Sundal Collier, into other areas, units, groups or affiliates of ABG Sundal Collier.

Norway: ABG Sundal Collier ASA is regulated by the Financial Supervisory Authority of Norway (Finanstilsynet); Sweden: ABG Sundal Collier AB is regulated by the Swedish Financial Supervisory Authority (Finansinspektionen); UK: This report is a communication made, or approved for communication in the UK, by ABG Sundal Collier Partners LLP, authorised and regulated by the Financial Conduct Authority in the conduct of its business. US: This report is being distributed in the United States in accordance with FINRA Rule 1050(f)(3)(B) by ABG Sundal Collier Inc., a FINRA member which accepts responsibility for its content. Research analysts are not registered/qualified as research analysts with FINRA or the NYSE, and are not associated persons of ABG Sundal Collier Inc. and therefore not subject to FINRA Rule 2241, the research analyst conflict rules. Research reports distributed in the U.S are intended solely for "major institutional investors", as defined under Rule 15a-6 of the Securities Exchange Act of 1934. Each U.S major institutional investor that receives a copy of this research report by its acceptance represents that it agrees it will not distribute this research report to any other person. Any U.S. major institutional investor receiving this report who wishes to effect

transactions in any securities referred to herein should contact ABG Sundal Collier Inc., not its affiliates. Further information on the securities referred to herein may be obtained from ABG Sundal Collier Inc., on request.

Singapore: This report is distributed in Singapore by ABG Sundal Collier Pte Ltd, which is not licensed under the Financial Advisers Act (Chapter 110 of Singapore). In Singapore, this report may only be distributed to institutional investors as defined in Section 4A(1)(c) of the Securities and Futures Act (Chapter 289 of Singapore) ("SFA"), and should not be circulated to any other person in Singapore.

This report may not be reproduced, distributed or published by any recipient for any purpose whatsoever without the prior written express permission of ABG Sundal Collier.

Additional information available upon request. If reference is made in this report to other companies and ABG Sundal Collier provides research coverage for those companies details regarding disclosures may be found on our website www.abgsc.com.

© Copyright 2021 ABG Sundal Collier ASA

Norway	Sweden	Denmark	United Kingdom	USA	Germany	Singapore
Pb. 1444 Vika	Regeringsgatan 25, 8 th floor	Forbindelsesvej 12,	10 Paternoster Row, 5th fl	850 Third Avenue, Suite 9-C	Schillerstrasse 2, 5. OG	10 Collyer Quay
NO-0115 OSLO	SE-111 53 STOCKHOLM	DK-2100 COPENHAGEN	LONDON EC4M 7EJ	NEW YORK, NY 10022	DE-60313 FRANKFURT	Ocean Financial Center
Norway	Sweden	Denmark	UK	USA	Germany	#40-07, Singapore 049315
Tel: +47 22 01 60 00	Tel: +46 8 566 286 00	Tel: +45 35 46 61 00	Tel: +44 20 7905 5600	Tel: +1 212 605 3800	Tel +49 69 96 86 96 0	Tel +65 6808 6082
Fax: +47 22 01 60 60	Fax: +46 8 566 286 01	Fax: +45 35 46 61 10	Fax: +44 20 7905 5601	Fax: +1 212 605 3801	Fax +49 69 96 86 96 99	