

North Media

Looking forward with new 2022/23 ambitions

- Ending 2020 with solid growth and DPS of DKK 5/share
- New ambitions include DKK 200m investment option
- Changes of board and ownership structure

Solid YE'20, guidance for '21e in line with our estimates

This evening, North Media announced Q4 revenue of DKK 274m (11% vs. ABGSC at DKK 247m), EBIT (bsi.) of DKK 58m (-2% vs. ABGSC at DKK 59m) along with return on securities of DKK 56m (15% vs. ABGSC at DKK 49m) and thus EBT of DKK 111m (9% vs. ABGSC at DKK 102m). Revenue and EBIT were thus at the high end of its 2020 guidance, as we expected. The company has also provided guidance for 2021e, with revenue of DKK 985-1025m (ABGSCe DKK 1bn) and EBIT of DKK 230-255m (DKK 248m), thus in line with our estimates. Following a strong year, the management proposes DPS of DKK 5/share (ABGSCe DKK 4.5). Management also flags that the firm's guidance is considered back-end loaded due to the ongoing COVID-19 pandemic.

New 2022-23 ambitions with new investment programme

In addition to the 2021 guidance, the company has provided ambitions for 2022-23e (see page 2). These include ~3% org. growth, maintaining an EBIT margin of ~24% along with launching an investment/acquisitions programme of up to DKK 200m (in total), which will likely be targeted at digital service options. If these targets are achieved, the company will aim to pay a dividend of DKK 5/share a year. FK distribution targets flat growth development (stable volume decreases with ongoing price adjustments) and an EBIT margin stable at ~24% with potential for international expansion. The digital service businesses aim for ~20% sales growth with the EBIT margin growing to 25% by 2023 (excl. M&A). We estimate -1 to 2% sales growth for 2022/23 with an EBIT margin of ~25%. As a result, we believe the new targets are aligned with our estimates.

Investor conference call tomorrow at 09:00 CET with ABGSC

The board of directors recommends lawyer Ole Borch, to replace Mads Dahl Andersen as Chairman, who will remain as board member. The majority owner Richard Bunck (~55% ownership) will seek to transfer his positions to a foundation securing the LT strategic direction. ABGSC will host an investor conference call tomorrow at CET 09:00 with the management.

Fast comment

Company-sponsored research: Not rated

Share price (DKK)	09/02/2021	93.8
Media, Denmark		
NORTHM.COF/NORTHM:DC		
MCap (DKKm)		1,684
MCap (EURm)		226
Net debt (EURm)		-92
No. of shares (m)		18.0
Free float (%)		36
Av. daily volume (k)		22
Next event		Q4 report: 11 Feb

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Q4 deviation table + ambitions for 2022-23

Deviation table	ABGSCe						Dev.
	Q4'19	Q1'20	Q2'20	Q3'20	Q4'20	Q4'20e	
Revenue	315	257	254	261	274	247	11%
Gross profit	175	155	151	154	160	156	2%
EBITDA	73	73	65	68	65	70	-8%
EBIT (bsi.)	65	66	56	60	58	59	-2%
EBIT	64	66	56	60	58	59	-2%
Return on securities	43	-45	102	42	56	49	15%
EBT	100	20	156	101	111	102	9%
Profit	75	16	120	81	91	80	14%
<hr/>							
Sales growth (total)	2%	-3%	-12%	0%	-13%	-22%	9%p
Gross profit margin	55%	60%	60%	59%	58%	63%	-5%p
EBITDA margin	23%	28%	26%	26%	24%	28%	-5%p
EBIT (bsi.) margin	20%	26%	22%	23%	21%	24%	-3%p
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Segments (Revenue)							
FK Distribution	259	223	221	228	239	219	9%
NM Online	22	24	26	27	27	23	16%
Bekey	10	8	6	6	9	5	85%
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Segments (EBIT bsi.)							
FK Distribution	65	64	54	59	57	53	6%
NM Online	3	4	7	6	6	5	14%
Bekey	-2	-1	-2	-2	-2	-2	-38%

Ambitions for 2022-2023

The Group

- Revenue: About 3% annual organic growth.
- EBIT margin: About 24% by 2023.
- Investments/acquisitions: Up to DKK 200m during the period. Investments are primarily made in companies where there are positive synergies and scaling potential that match the Group's activities and competencies.
- Provided the above ambitions are achieved and assuming no other matters have a material impact on the Group's operations and financial position, our ambition is to pay dividends of DKK 5 per share for each of the 2021-2023 financial years.

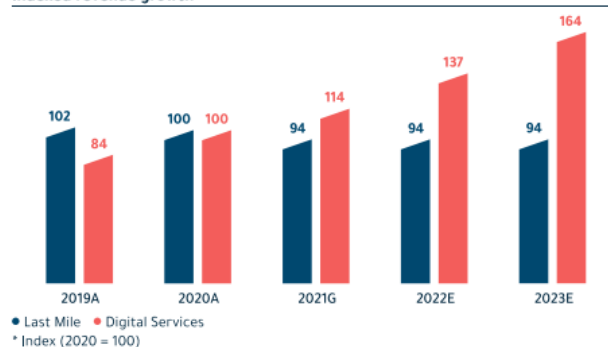
Last Mile

- Revenue: As in 2021.
- EBIT margin: Stable at about 24%.
- Potential for international expansion being explored by way of packing services at terminals in Taastrup/Tilst. Major investments not required.

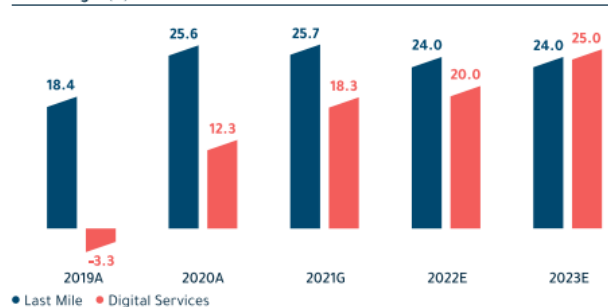
Digital Services

- Revenue: About 20% annual growth (ex. acquisitions).
- EBIT margin: Growing to about 25% by 2023 (ex. acquisitions)

Indexed revenue growth*



EBIT Margin (%)



Source: ABG Sundal Collier, company data

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DKKm	2018	2019	2020e	2021e	2022e
Sales	1,145	1,130	1,016	1,000	988
<i>Sales growth (%)</i>	27.3	-1.3	-10.1	-1.6	-1.2
EBITDA	137	191	274	280	285
<i>EBITDA margin (%)</i>	12.0	16.9	26.9	28.0	28.8
EBIT adj	110	160	241	248	253
<i>EBIT adj margin (%)</i>	9.6	14.2	23.7	24.8	25.6
Pretax profit	89	266	379	279	286
EPS rep	3.87	11.33	16.79	12.10	12.44
<i>EPS growth (%)</i>	151.8	192.4	48.2	-27.9	2.8
EPS adj	3.66	6.23	10.29	10.43	10.65
DPS	1.54	2.00	4.00	4.50	4.50
EV/EBITDA (x)	2.7	2.0	3.6	2.6	1.7
EV/EBIT adj (x)	3.3	2.4	4.0	2.9	1.9
P/E (x)	8.4	3.7	5.6	7.8	7.5
P/E adj (x)	8.8	6.8	9.1	9.0	8.8
EV/sales (x)	0.3	0.3	1.0	0.7	0.5
<i>FCF yield (%)</i>	11.7	16.0	10.0	11.8	12.0
<i>Dividend yield (%)</i>	4.8	4.7	4.3	4.8	4.8
Net IB debt/EBITDA	-1.4	-1.8	-2.5	-3.3	-4.2
<i>Lease adj. FCF yld (%)</i>	11.7	16.1	10.0	11.8	12.0
Lease adj. ND/EBITDA	-1.4	-1.8	-2.5	-3.3	-4.2

Analyst certification

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