

North Media

Feedback from ABGSC's Investor Day

- Strong fundamentals intact for three-year strategy
- Aims to increase digital services by DKK 200m in M&A
- Bekey's stairwell segment is now increasingly interesting

2020: a solid milestone with North Media's highest EBIT ever

North Media was represented by the group executive director/CFO and the CEO of FK Distribution and NM Online at ABGSC's Investor Day. 2020 was a year of contrast with a particularly negative COVID-19 impact in Q2'20 where volumes decreased by 15%. However, with the company's adjustment from twice weekly deliveries to deliveries once a week, the group delivered its highest EBIT performance ever. As a result, the company paid a dividend of DKK 5/share (~6% yield) and remains to have an equity position of ~DKK 600m. In connection with the recent annual report and three-year strategy, the company reserved DKK 200m to invest in new digital service ventures. This will be concentrated on digital services, as it seems consolidation opportunities or potential to add new services to FK Distribution are currently limited. The company also reiterated that the agreement with Deutsche Post is not a 'game changer' but an opportunity to explore new revenue streams by expanding its geographical presence. FK Distribution is thus expected to deliver originally stable/flat revenue and earnings in its three-year strategy.

Aims to become a Nordic full-service rental platform

At the seminar, management said that it is looking businesses that are complementary to its digital services in order to deepen the company's value chain (e.g. towards subscription businesses) in its domestic market or new operations outside Denmark. With a focus on transforming its Danish BoligPortalen company to a subscription-based service, the company also revealed its particular interest in scaling its Swedish operations (Bostadsportal.se that grew ~60% in 2020) with add-on tenant/landlord services. In addition, the management said we will likely before Q2-21, learn about the new collaborative partner(s) for the Bekey company, which now covers 200,000 (~50%) of Copenhagen's multi-story stairwells. This is likely a packaging delivery company.

Fast comment

Company-sponsored research: Not rated

Share price (DKK)	08/03/2021	90.0
Media, Denmark		
NORTHM.COF/NORTHM:DC		
MCap (DKKm)		1,616
MCap (EURm)		217
Net debt (EURm)		-114
No. of shares (m)		18.0
Free float (%)		36
Av. daily volume (k)		27
Next event		AGM: 26 Mar

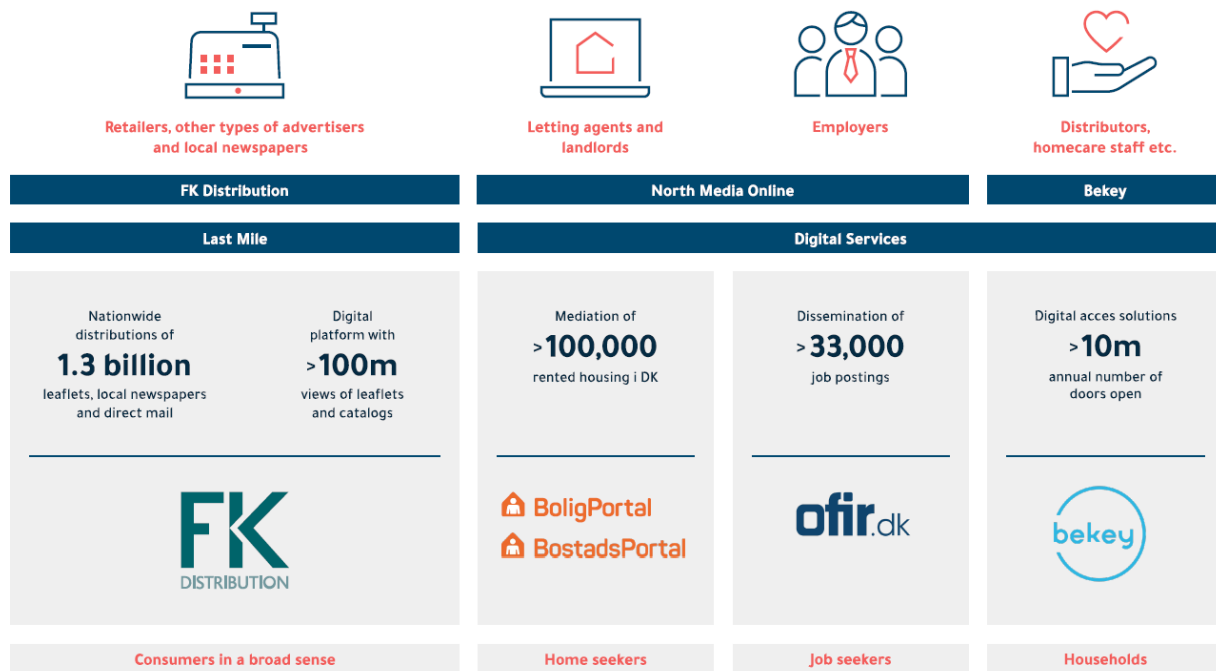
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Selected slides from North Media's presentation

Platforms for transactions



Group strategy 2021-23

Creating value by investing in digital transformation and profitable growth

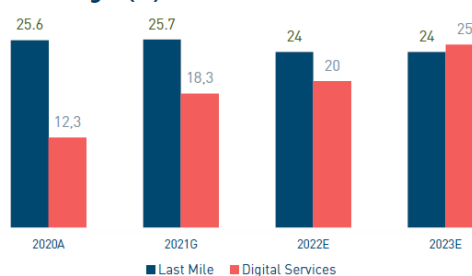


Ambitions 2022-23

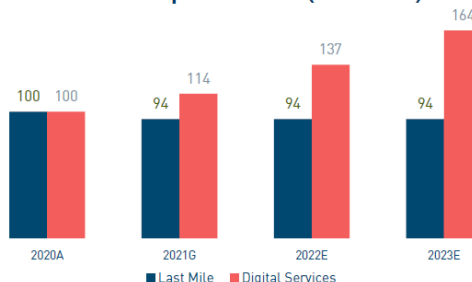
North Media A/S

- Revenue: ~3% annual organic growth rate
 - Stable revenue in Last Mile
 - ~20% growth in Digital Services
- EBIT margin: ~24% by 2023 (ex. acquisitions)
- Investments/acquisitions: Up to DKK 200m
- Ambition to pay dividend of DKK 5 per share for each financial year 2021–2023

Profit margin (%)



Indexed revenue performance (2020=100)



Digital Services

BolgPortal

- Develop integrated services as supplement to marketplace
- Secure stable income via recurring revenue
- Roll out service concepts and service agreements in Sweden

ofir.dk

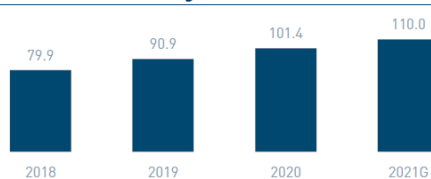
- Win market share, build new customer groups
- Strengthen sales efforts and branding
- Optimise platform and use of data

bekey

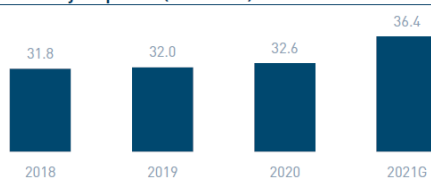
- Win contracts with distributors and home delivery services
- Increase coverage in Greater Copenhagen, market entry in other major cities
- Internationalisation: Agent concept in homecare segment and analyse Stairwells concept

Source: ABG Sundal Collier, company data

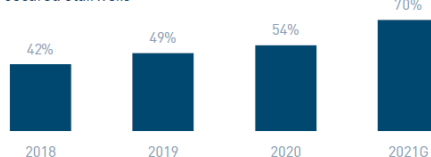
BolgPortal: Home rentals arranged (thousands)



Ofir: Number of jobs posted (thousands)



Bekey: Coverage in Greater Cph – percentage of stairwells with SmartRelay
~45,000 secured stairwells



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North Media

DKKm	2019	2020	2021e	2022e	2023e
Sales	1,130	1,045	1,020	1,049	1,082
<i>Sales growth (%)</i>	-1.3	-7.5	-2.4	2.8	3.2
EBITDA	191	270	273	284	297
<i>EBITDA margin (%)</i>	16.9	25.9	26.8	27.1	27.4
EBIT adj	160	240	244	254	265
<i>EBIT adj margin (%)</i>	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
<i>EPS growth (%)</i>	192.4	52.0	-29.8	4.6	4.9
EPS adj	6.23	10.42	10.40	10.84	11.33
DPS	2.00	5.00	5.00	5.00	5.00
EV/EBITDA (x)	2.0	2.9	2.7	1.8	0.8
EV/EBIT adj (x)	2.4	3.3	3.0	2.0	0.9
P/E (x)	3.7	4.6	7.4	7.1	6.8
P/E adj (x)	6.8	7.7	8.7	8.3	7.9
EV/sales (x)	0.3	0.8	0.7	0.5	0.2
<i>FCF yield (%)</i>	15.8	12.3	11.3	12.1	12.6
<i>Dividend yield (%)</i>	4.7	6.3	5.6	5.6	5.6
Net IB debt/EBITDA	-1.8	-2.3	-3.1	-3.9	-4.6
<i>Lease adj. FCF yld (%)</i>	15.8	12.3	11.3	12.1	12.6
Lease adj. ND/EBITDA	-1.8	-2.3	-3.1	-3.9	-4.6

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