

North Media

ABGSC's DK small/mid cap seminar feedback

- Guides for DKK 5/share in dividends until 2023/24e
- FK distribution was busy during Easter, despite lock-down
- BoligPortal increasing to 5 (2) revenue streams in H1'21e

Shareholder distributions seem low given fundamentals

North Media was represented by its group director, along with directors of FK distribution and NM Online. The company finished 2020 with DKK 740m in capital resources and paid a dividend of DKK 5/share (DKK ~100m), a level it expects to maintain during its strategic period until 2023e-2024e. The company has earmarked DKK 200m for M&A within the online space, where it hopes to add volume businesses that connect consumers to company service. With North Media's expectations of generating high FCF for the strategic period, the investor distributions seem low in-line of the large capital reserves. However, the group director mentioned at today's seminar, that will allow a strong independence of banks along with stable dividends.

Guiding for a back-end loaded revenue for 2021

As a result of COVID-19, FK distribution faced decreases in revenue from the German/Danish border shop, along with general declines in announcements in its distribution of weekly newspapers. However, revenue only decreased 2% as the company was able to gain wallet share among its customers versus other digital channels: proof of the strong ROI of its product offering. The COVID-19 impacted volumes are normalizing and Easter is generally busy. The company said that underlying volumes had been strong despite consolidations on the physical market. In terms of digital services, BoligPortal is currently adding subscription-based services to its marketplace platform (going from 2 to 5 revenue streams). Due to the platform maintenance, the company guides for back-end loaded revenue performance. Lastly, Bekey aims to increase its coverage in Copenhagen to 70% (55%) of apartment stairwells, where Bekey services FK Distribution itself and Måltidskasserne, expecting to announce further collaborative partners soon.

Fast comment

Company-sponsored research: Not rated

Share price (DKK)	06/04/2021	108.6
Media, Denmark		
NORTHM.COF/NORTHM:DC		
MCap (DKKm)		1,950
MCap (EURm)		262
Net debt (EURm)		-114
No. of shares (m)		18.0
Free float (%)		36
Av. daily volume (k)		32
Next event	Q1 report: 05 May	

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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	3.9	2.9	1.9
EV/EBIT adj (x)	2.4	3.3	4.4	3.3	2.2
P/E (x)	3.7	4.6	9.0	8.6	8.2
P/E adj (x)	6.8	7.7	10.4	10.0	9.6
EV/sales (x)	0.3	0.8	1.1	0.8	0.5
<i>FCF yield (%)</i>	15.8	12.3	9.4	10.0	10.5
<i>Dividend yield (%)</i>	4.7	6.3	4.6	4.6	4.6
Net IB debt/EBITDA	-1.8	-2.3	-3.1	-3.9	-4.6
<i>Lease adj. FCF yld (%)</i>	15.8	12.3	9.4	10.0	10.5
Lease adj. ND/EBITDA	-1.8	-2.3	-3.1	-3.9	-4.6

Analyst certification

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