



★ NORTH MEDIA A/S

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INVESTMENT CASE



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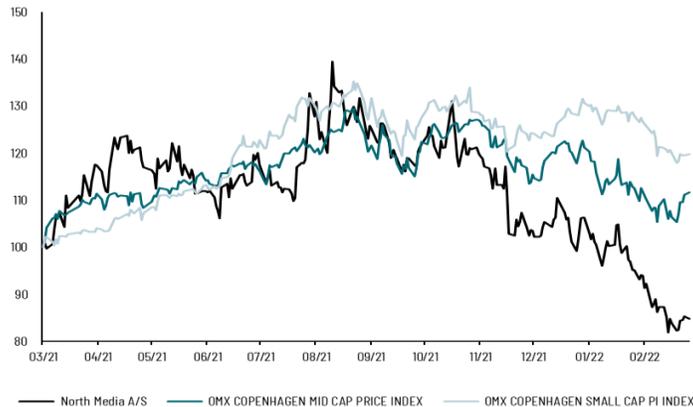
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NORTH MEDIA A/S

North Media A/S provides platforms for connecting businesses with customers physically and digitally. Its company FK Distribution packs and distributes printed matter to households, while BoligPortal and Ofir provide marketplaces for the rental and employment markets respectively. Additionally, its company Bekey offers secure digital access solutions.

Ticker: NORTHM
Share Price (DKK): 83.0
Market Capitalisation (DKK): 1.66bn.



KEY FINANCIALS (DKKm)

	2019	2020	2021	2022E (Guidance)
Revenue	1,045.6	1,045.4	1,033.6	1,010-1,045
EBITDA	193.2	270.4	292.2	N/A
EBIT	165.9	240.2	244.4	190-220

DISCLAIMER

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INVESTMENT CASE

- Investment case: North Media offers investors positive cash flows through its last mile packing and distribution company, FK Distribution, which can be used to invest in its digital services. Valuations in digital companies have generally fallen ytd, as demonstrated in our peer valuation; and as a result opportunities for acquisitions may exist.
- North Media plans to pay a healthy dividend for the financial year 2021. The scheduled payout of DKK 5 per share, will return DKK 91m to investors, with a dividend yield of 6.0% given the share price on 14.03.22. North Media intends to repeat this pay-out for financial years 2022-24. Its strong balance sheet demonstrates an ability to support and sustain these payouts.
- North Media trades at a large discount to its peers, based on multiples analysis. Some of the discount can be explained by North Media's capital structure, the risk of a governmental policy change towards actively subscribing "JaTAK" to printed ads against actively unsubscribing "NejTAK", and by the lack of a close peer to FK Distribution. However, the defined peer group includes publishing peers with declining revenues from printed matter and has been weighted 90:10 publishing:digital to reflect North Media's EBIT split, therefore conclusions can be drawn nonetheless.
- North Media's executive management team has been a stable feature of the company since 2018; under their combined leadership the company has experienced its EBIT increase from DKK 94.0 in 2018 to DKK 244.4 in 2021. Efficiency improvements in FK Distribution and earnings growth in North Media's digital services has been the primary drivers. With a recent record of success, the continuity of the management team provides a stable platform as the company targets growth towards 2023-2024.

KEY INVESTMENT REASONS

- Positive cash flows from FK Distribution can be used to support investment in its digital services that can become engines for earnings growth in the future.
- North Media targets strong dividend payouts of DKK 5 per share for the financial years 2021-2024, supported by a strong balance sheet.
- North Media trades at a large discount compared to its peers.

KEY INVESTMENT RISKS

- North Media's Digital Services may not develop as forecast leading to low or negative growth for the North Media Group.
- North Media's managed securities portfolio may generate negative returns affecting North Media's share price.
- Implementation of a YesAds policy in Denmark would reduce the demand for printed matter, negatively impacting FK Distribution.

NORTH MEDIA IN BRIEF

North Media began as a distribution centre for unaddressed printed advertisements and has since diversified, building digital services such as marketplaces and access solutions.

Company History: North Media A/S was founded by Richard Bunck in 1965. The company began as a distribution centre of unaddressed printed advertisements and local newspapers named Forbruger-Kontakt. The company launched a free weekly newspaper, Søndagsavisen, in 1977, creating parent company Søndagsavisen A/S in 1990 that was listed on the Nasdaq Copenhagen in 1996. North Media was born by a name change in 2010 to better reflect the digital platforms developed by the company post IPO. Ofir was developed in 2000, BoligPortal was acquired in 2005, and Bekey was developed in 2010.

Modern North Media: North Media is organised in two business areas, Last Mile and Digital Services, and four business segments, one for each of its companies. Last Mile is characterised by North Media's packing and distribution activities via FK Distribution. North Media's Digital Services comprises the digital platforms BoligPortal and Ofir, as well as Bekey, North Media's secure digital access solution. The Last Mile segment is North Media's earnings engine, providing steady but gradually declining profits. Meanwhile, its Digital Services segment is North Media's growth engine; North Media targets 20% annual revenue growth in this segment with ambitions towards an 18% profit margin for 2024. Operating profit in both segments has increased in recent years, with the Digital Services segment realising its first positive EBIT in 2020

North Media's Future Strategy: North Media targets continued development of its digital services and retains its ambitions of double-digit revenue growth yoy towards 2024. In its Last mile segment, North Media targets supporting FK Distribution's revenue in the face of declining printed matter volumes by targeting efficiency and retains ambitions of increasing its packing services coverage for Deutsche Post.

Shareholder Information: North Media A/S has only one major shareholder, Baunegård ApS, that owns 55.75% of the share capital. Baunegård ApS is wholly owned and controlled by North Media's original founder Richard Bunck. The second-largest shareholder is North Media A/S itself, owning 1,909,000 treasury shares, corresponding to 9.52% of the share capital.

Share Information: North Media A/S was listed on the Nasdaq Copenhagen stock exchange in 1996. As at year-end 2021, North Media had 4,168 registered shareholders, up from 2,015 at year-end 2020. The 30 largest shareholders held 83.44% of the shares at year-end 2021.

As at 14.03.22, North Media shares trade at DKK 83.0 per share, giving North Media a market cap of DKK 1.66bn.

Indexed Share Price Development (100 = March 2021)



NORTH MEDIA COMPANY SEGMENT – FK DISTRIBUTION

FK Distribution is North Media’s legacy business segment, related to the distribution of retail leaflets and local newspapers, both physically and digitally.

Business Overview: FK Distribution is Denmark’s leading distributor of advertising material and information from retailers to consumers, specialising in last-mile delivery of direct mail, leaflets and free weekly newspapers. Other services include digital distribution of discounts/offers via digital platform and app “Minetilbud” and logistical services, including packing leaflets for Danish retail clients and Deutsche Post. Its last-mile distribution reaches 80% of private households (2.3 million) across Denmark, with 511,000 engaged in its NoAds+ scheme, which allows consumers to choose which ads they receive. Additionally, Minetilbud has over 1 million downloads and over 500,000 high-frequency users.

Business Model: Advertising via leaflets and printed matter remains the primary advertising channel for brick and mortar stores in Denmark. FK Distribution uses an automated process to sort, pack and distribute individualised bundles of printed matter to Danish households, generating customers for its customers. Its NoAds+ scheme allows households to choose which leaflets they receive, and its digital distribution platform “Minetilbud” allows stores to share discounts. FK Distribution also provides packing services for Danish clients and Deutsche Post.

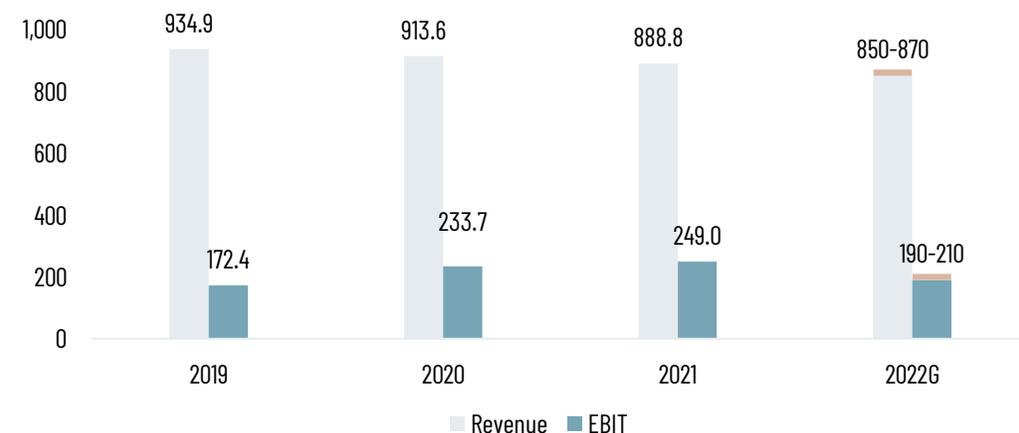
FK Distribution in 2021: In 2021, FK Distribution realised revenue and EBIT of DKK 888.8m and DKK 249m, respectively; where 90% of revenue was driven by packing and distributing services. Revenue fell 3% resulting from reduced earnings from Minetilbud and declining volumes of printed matter, which fell 5.1% in 2021, less than the 10yr average of 5.7%. However, efficiency improvements contributed to an overall improvement in EBIT of 6.5%.

FK Distribution in 2022: Revenue and EBIT are guided at DKK 850-870m and DKK 190-210m for 2022, representing falls of 3.2% and 19.7%, (using midpoint). Rising costs of fuel, paper and wages, and projected printed matter volume declines of 4% result in EBIT margin expectations declining to 23% from 28% for 2022. However, FK Distribution has signed agreements covering 95.5% of its expected printed matter volumes. More positively, FK distribution expanded its agreement to pack leaflets for Deutsche Post, in July 2021, taking volume to 475,000 German households, up from 143,000 in H1. The agreement with Deutsche Post has upside potential, with potential for future expansion; however, currently, it represents only limited revenue.

Market Overview: FK Distribution’s primary drivers are the demand for printed matter/printed advertising and the distribution network’s size. In Denmark, c. 80% of households (~2,325,000) receive local newspapers; while 66% receive leaflets, resulting in a large and stable network. However, in Denmark, the annual volume of printed matter has steadily declined at a rate of c. 5.7% p.a, since 2010; as digitalisation has reduced the demand for printed materials. North Media’s management believes the rate of decline is stabilising; at closer to 4%

Future Market Outlook: The management of FK Distribution believes a permanent market for local newspapers exists and references the national media subsidy scheme as demonstrating broad political support for using local newspapers as a cohesive force in local communities. Additionally, DataIntelligence research, suggests leaflets account for 41% of media-driven sales in brick-and-mortar stores and are their strongest driver of sales. From 2018-20, leaflet’s ROI was estimated at 2.0x, with FK Distributions NoAds+ scheme adding further value still. However, there is a risk the current NoAds, policy, whereby households must unsubscribe to receiving ads, could face a regulatory shift to a “JaTAK” advertising model, where households must actively subscribe. This would create a negative demand shock.

FK Distribution Revenue & EBIT Development (DKKm)



NORTH MEDIA SEGMENT OVERVIEW - BOLIGPORTAL



BoligPortal is Denmark's largest digital rentals platform, facilitating thousands of rental agreements annually and leveraging data insights to deliver a SaaS solution to landlords.

Business Overview: BoligPortal hosts Denmark's leading home rentals platform and app, BoligPortal.dk; bringing home seekers and landlords together and leveraging data to facilitate the rental process. In 2021, BoligPortal was used to arrange over 110,000 home rentals. The platform hosted 729,000 visitors and over 21,000 landlords on the platform in 2021. BoligPortal represents a medium maturity level with stable and improving profitability.

Recent Developments: BoligPortal currently undergoes a transformation from a home rentals marketplace to a home rentals platform. Its Jan 2022 acquisition of Boligmanager Aps, a company developing property management software solutions on SaaS terms, supports BoligPortal's vision to add additional revenue streams and expand deeper into the home rental value chain. BoligPortal switched technology platforms in 2021 to enable faster development and integration of new services, supporting its transition towards a SaaS business model. New services added in 2021 include a data insights product informing interested parties of real-time developments within the Danish rental market, free digital services to encourage new landlords to the platform, and additional landlord services for facilitating tenant relationships.

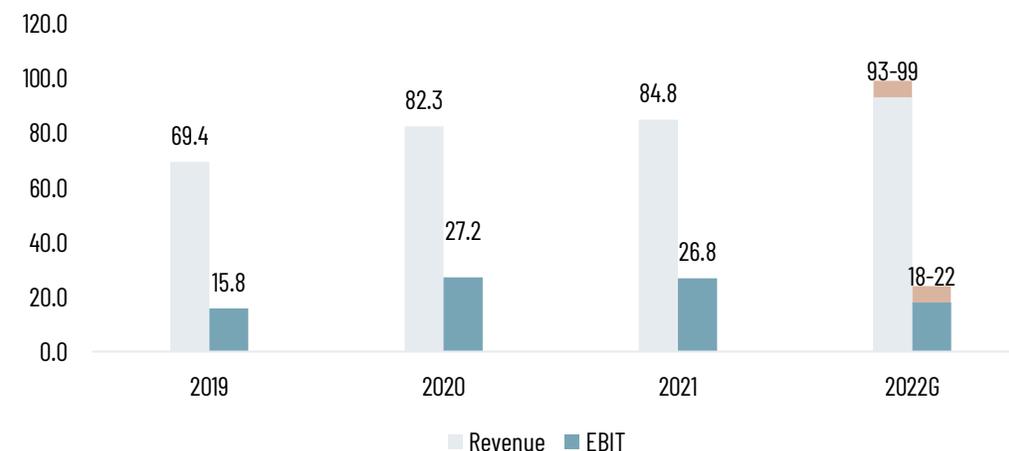
BoligPortal in 2021: In 2021, BoligPortal realised revenue and EBIT of DKK 84.8m and DKK 26.8m, respectively. Revenue grew by 4% in Denmark, as it was negatively impacted by launch delays of its new technology platform, delaying expansion of the business model, and by unexpected declines in the market supply of rental units. In Sweden revenue fell slightly as competition increased. BoligPortal's EBIT margin decreased slightly from 33% in 2020 to 31% in 2021.

BoligPortal in 2022: BoligPortal anticipates another year of transformation in 2022 as the company executes its transformation from marketplace to platform. The company has acquired Boligmanager in line with this ambition, which it expects to have a negative EBIT effect of DKK -8m and generate only modest revenues in 2022. BoligPortal expects increased sales of its new products and services throughout 2022. However, it also expects the supply of rental units to remain dampened while short times on the market reduce demand for additional advertising. Rising IT and salary costs also weigh on expectations.

Market Overview: Demand for BoligPortal's platform is connected to conditions in the Danish rental market, with the supply of new rental properties on the market impacting BoligPortal's revenue. During 2020, properties available for lease dramatically increased; however, in 2021, due to the pandemic, the effect was reversed. Covid-19 decreased mobility, reduced overseas immigration, and delayed new-build projects, contributing to the market's most significant supply drop of rental units for over ten years. Extenuation of the supply drop is expected into 2022. BoligPortal accesses additional rental supply through its position in the Swedish market; however, market share remains low and international expansion is inherently challenging and risky; its future trajectory in the region is as yet uncertain.

Future Market Outlook: Reduced supply of rental properties will weigh on the market in 2022. Some normalisation of labour mobility throughout 2022 could provide a lift. In addition, BoligPortal will likely benefit from a general trend of digitalisation, which will grow the share of lease agreements made via digital market places. BoligPortal's new SaaS platform establishes revenue growth potential, monitoring its annual recurring revenue (ARR) development throughout the year will be interesting.

BoligPortal Revenue & EBIT Development (DKKm)



NORTH MEDIA SEGMENT OVERVIEW - OFIR

Ofir operates a Danish jobs platform, posting over 42,000 job vacancies in 2021. Ofir achieved its first positive EBIT in 2021 after steadily improving earnings over recent years.

Business Overview: Ofir operates a jobs platform, bringing job-seekers and employers together. Ofir targets both active and passive job seekers by posting job adverts on job-seeker platforms and social media such as LinkedIn and Facebook. In 2021, Ofir was used to post 42,000 job vacancies, a 29% gain year on year. Ofir has been profitable since September 2020 and represents a low/medium maturity level, having recently achieved profitability.

Recent Developments: Ofir has undergone significant infrastructure investment and cost trimming, which has pointed the company towards profitable growth. The platform has benefitted from economies of scale, and higher prices for job postings improving its EBIT margin. In April 2021, Ofir secured a partnership with Google's jobs platform to become Google's largest jobs partner in Denmark. The company continues to expand its private and public partners and is investing in strengthening its data, research and marketing capabilities.

Ofir in 2021: In 2021, Ofir realised revenue and EBIT of DKK 36.0m and DKK 5.6m, respectively. Revenue grew +72% in 2021, driven by increased job vacancy posting volume and higher unit prices. The largest share of revenue growth was from private-sector job posting which grew 138%. Ofir has sustained profitability since September 2020 delivering an EBIT margin of 15.6%, in 2021, up from a negative 9.6% in 2020.

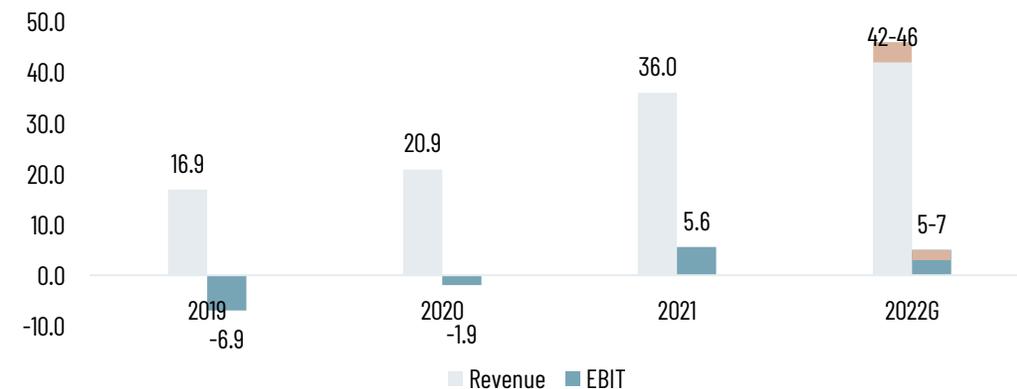
Ofir in 2022: Ofir targets double-digit revenue growth again for 2022, driven by more job postings by new and existing customers, and more upselling to larger advertising campaigns. The scale-up will boost earnings, however, they will be largely offset by investments for growth and development costs for a new platform which will be gradually rolled out over coming years.

Future Strategy: Ofir views job posting as a marketing discipline, where the objective is to help employers market a job to the right target group. Ofir's strategic focus is to strengthen its data and research capabilities to aid the execution of this strategy. At the same time, the business focuses on winning market share through enhanced sales efforts targeting private-sector companies in particular.

Market Overview: The job site market is primarily driven by labour market conditions. Revenue is related to the number of jobs vacancies Ofir hosts; when the labour market is strong, there are more job vacancies, and competition for skilled labour is higher; therefore, Ofir can raise the unit price for a job advert on its platform. If the labour market weakens, Ofir can maintain unit prices; however, job vacancy volumes would decrease. In 2021, Denmark experienced a strengthening labour market as the economy recovered from the pandemic. The unemployment rate has reached a low 2.7% as at Jan 2022. However, increasing energy prices threaten economic conditions in Europe, which could reverse the recent unemployment trend.

Future Market Outlook: Ofir's future market outlook depends on labour market conditions and its market penetration. The labour market will develop in accordance with the global recovery from the pandemic, which has thus far been positive; however, there is a risk the recovery may turn. Ofir's market penetration will hinge on the execution of its growth strategy. While the company's recent development has been positive, challenges may arise relating to Denmark's relatively mature job search market. Its most significant peer JobIndex, boasts a substantially higher market share and generated comparatively higher revenues of DKK 428m in 2021. While low market share bears a risk, especially in the event of an economic downturn, it also accommodates a larger growth potential.

Ofir Revenue & EBIT Development (DKKm)



NORTH MEDIA SEGMENT OVERVIEW - BEKEY

Bekey provides digital access solutions for stairwells and home care. Delays and high installation costs prevent profitability; however, total contracts continue to increase.

Business Overview: Bekey develops and supplies digital access solutions, for multi-storey buildings and private homes. Bekey systems provide caregivers secure access to homes, and delivery workers access to stairwells without needing a physical key. Users are allocated an encrypted digital key through a smartphone app; that they can use in combination with Bluetooth to access buildings. Bekey prevents digital keys from being copied and improves building safety by keeping a log of all activity.

Recent Developments: Bekey underperformed expectations this year as new sales in the stairwells business lagged behind initial guidance. In addition, Covid-19 caused delays in agreed projects with municipalities within the home care segment. The business wrote off development costs of DKK 20m relating to installations and IT infrastructure for the period 2019-21, which were previously capitalised. The move was made as the path to profitability within the stairwells segment became less clear. There were, however, some positives in 2021 as recurring license and service revenue increased, driven by increased business activity among existing customers.

Bekey in 2021: In 2021, Bekey realised revenue of DKK 24.0m and EBIT of DKK -29.3m. Revenue fell by 16%, driven by lower non-recurring income from the sale of installation of SmartLocks. The fall in EBIT was amplified by the one-off write-down of DKK 20m. However, the negative momentum in EBIT reverses the positive trend from 2019-2020. Bekey's business within Danish municipalities remained profitable, with its stairwells segment responsible for the losses.

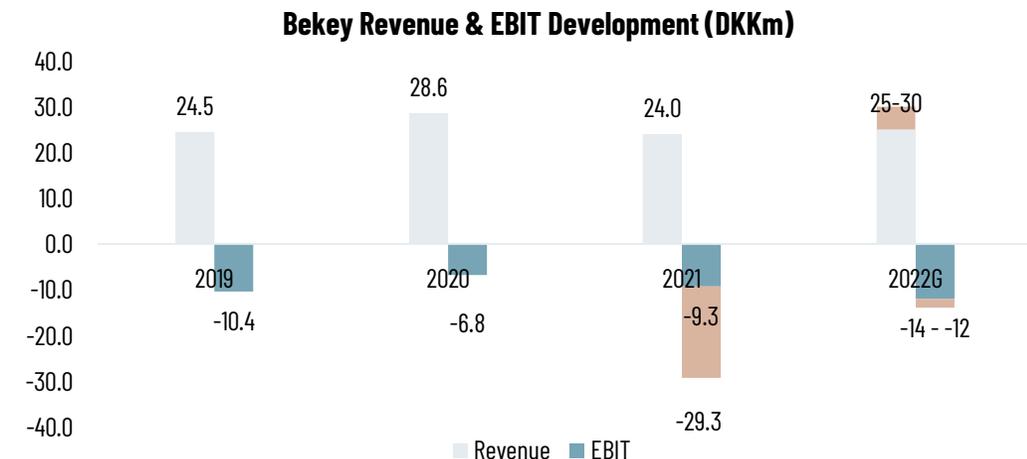
Bekey in 2022: In 2022, Bekey expects its homecare segment to generate the largest share of its revenue and targets growth in the segment, through additional sales to existing customers and new municipal contracts. The business also has objectives to extend its coverage of secured stairwells and has ambitions to generate double-digit annual revenue growth by 2024. However, for 2022 an EBIT is guided at a loss of DKK -14m to -12m. Negative EBIT is expected resulting from higher installation costs as they are no longer capitalised and from wider inflation-related cost pressures.

Market Segmentation: Bekey's market is segmented by homecare and stairwells, with stairwells further split into distributors and properties.

Home Care Market Outlook: Bekey's homecare sector is driven by an ageing demographic in its Nordic region municipal market, with elderly people living longer and staying in their own homes longer. Denmark is Bekey's most mature market where it has 30 municipal contracts that reflects almost a third of its market using its digital access solutions. In Norway, agents have sold Bekey's access solutions to 41 of the country's 356 municipalities.

Stairwells Market Outlook: The stairwells sector is driven by demand for safety from residents and demand for easy access by distributors and workmen e.g. meal delivery services or janitors. Distributors save time on deliveries and guaranteeing access enables efficient route planning. Bekey's value proposition benefits from network effects, increasing in value as its coverage increases. Coverage in the Capital Region is 53%, however, coverage growth has slowed and was significantly below initial expectations for the year.

Note: Write down of DKK 20m in 2021, relates to costs that occurred for the period 2019-21.



NORTH MEDIA'S CAPITAL STRUCTURE AND INVESTMENTS

North Media' holds a significant portion of its excess capital in a securities portfolio as part of its capital management strategy.

Capital Structure: Since the financial crisis of 2008, North Media has minimised debt and prioritised capital reserves to ensure The Group has a resilient financial foundation, enabling maximum flexibility and independence. Investing capital in a securities portfolio has been a part of its strategy to build a capital buffer since 2010. After fulfilling its financial resilience requirements, North Media returns excess capital to shareholders through dividends and occasional share buy-backs. From 2017-2021 North Media returned DKK 386m to shareholders including the proposed dividend for 2021.

North Media Debt: North Media targets independence from bank debt, and thus the company owns only long-term mortgage debt secured against properties, primarily in relation to its head offices. As at 31.12.21 its properties had a carrying amount of DKK 246.4m, with an outstanding mortgage debt of DKK 118.1m. North Media held cash of DKK 129.7 at year-end 2021.

North Media's Equity Portfolio: North Media has managed a securities portfolio since its initial investment of DKK48.8m in 2010. Since 2016 the securities portfolio has appreciated from DKK 196 to an estimated DKK 589.2m. About 63.5% or DKK 246.7m, was driven by capital accumulation, with DKK 143.7m from net asset purchases. However, as can be seen from the figure to the right, capital can also be lost, as seen by the portfolio's depreciation in value since 31.12.21.

Portfolio Management and Purpose: The portfolio is managed by Richard Bunck, the company's founder and majority shareholder. The portfolio's purpose is to build a capital buffer and allow the company to finance its growth independent of bank debt. However, North Media receives critique for its securities portfolio on the grounds excess capital should be returned to shareholders to be invested as per personal preference.

Critique also stems from the securities portfolio comprising a significant proportion of North Media's market cap – estimated at 35.5% of its market cap as at 14.03.22. Resultantly, North Media's share price depends on market developments, as demonstrated by an estimated 21.8% drop in the portfolio's value since 31.12.21.

Other Strategic Investments: North Media owns 50% of a company called Lead Supply, which operates a digital platform to assist consumers to find the right loans by connecting them with banks and other loan providers. Lead Supply's core markets are Denmark, Sweden and Finland. Lead Supply reported an EBIT of DKK 10.8m in 2021, up from DKK -2.4m in 2020. North Media recognised DKK 4.2m profit from Lead Supply in 2021.

Company Name	Market Value of Holdings (DKKm)				
	Value as at 31.12.2020	Value as at 31.12.2021	Value as at 31.01.2022	Est value as at 14.03.22	Est. number of shares
Amazon	78.5	43.8	39.9	38.6	2,000
DSV	51.0	76.4	66.9	60.6	50,000
Genmab	61.8	66.0	56.0	55.6	25,000
Sea	36.2	44.0	30.1	17.9	30,000
SimCorp	54.3	42.9	36.8	32.4	60,000
Microsoft	33.7	55.2	51.8	47.0	25,000
Ørsted	62.2	41.8	34.9	42.8	50,000
MasterCard	40.8	23.6	25.8	22.3	10,000
Teradyne	43.6	64.4	47.0	43.1	60,000
NVIDIA Corp.	9.5	57.9	49.0	43.5	30,000
Novo Nordisk	25.6	73.5	65.6	69.9	100,000
Mercado Libre	30.4	26.5	22.7	18.0	3,000
EQT AB	0.0	23.3	16.6	13.9	65,000
Apple	0.0	34.9	35.0	30.7	30,000
Infinion Technology	0.0	24.2	21.6	16.7	80,000
Meta Platforms Inc	0.0	26.5	25.1	15.2	12,000
Fundamental Invest ABC	12.3	14.2	12.3	9.2	40,000
Fundamental Invest ABD	12.4	14.0	12.2	11.2	40,000
Total	585.4	753.1	649.3	588.6	
Change DKKm		167.7	-103.8	-164.5	
Change % from previous year end		28.6%	-13.8%	-21.8%	



*NORTH MEDIA AS

INVESTMENT CASE

NORTH MEDIA FINANCIALS



North Media targets stable earnings from FK Distribution from 2022, coupled with increasing earnings from its digital services.

Revenue: North Media's consolidated revenue fell by 1% in 2021, with a 3% decline in FK Distribution and a 10% increase in digital services. For 2022, revenue is expected at DKK 1,010-1,045m, with FK Distribution's revenue guided to decline 3% and digital services to grow 16%. Towards 2023-24 North Media's ambitions are for group revenue growth of ~3%, with stable revenue in FK Distribution from 2022 and approx. 20% annual revenue growth in digital services.

EBIT: North Media's consolidated EBIT gained 1.7% with a slight gain of DKK 4m for 2021 compared to 2020. Earnings were positively impacted by efficiency gains in its last mile segment. However, its digital services realised a lower EBIT than in 2020 following write-offs relating to Bekey, despite positive developments within Ofir. Towards 2023-24 North Media's ambitions are for group EBIT margin levels at ~20%, with the EBIT margin of its digital services increasing towards an 18% margin in 2024 (guidance for 7% margin in 2022).

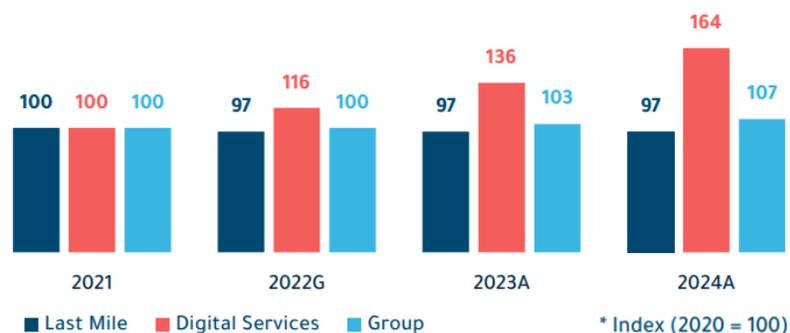
Dividends: North Media paid a high dividend for the financial year 2020, in 2021. The payout of DKK 5 per share, returned DKK 91m to investors, with a dividend yield of 6.0% as at 14.03.22. North Media intends to repeat this pay-out for financial years 2021-24.

North Media A/S Ambitions towards 2023-24: North Media A/S has ambitions for 3% annual revenue growth towards 2023-24, with an EBIT margin of around 20%.

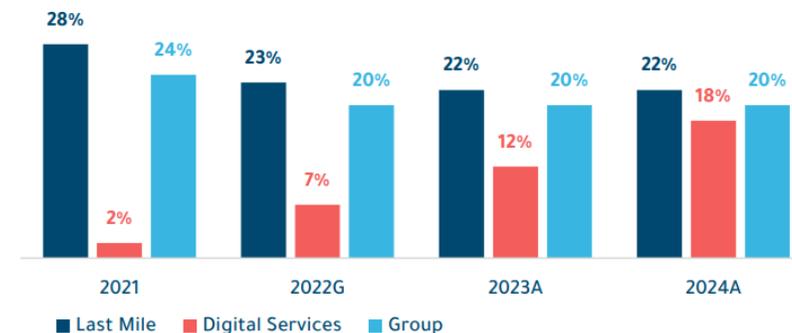
DKKm	2022G	2021	2020	2019	2018
Revenue	1,010-1,045	1,033.6	1,045.4	1,045.6	1,144.9
EBITDA	N/A	292.2	270.4	193.2	137.2
EBIT	190-220	244.4	240.2	170.0	94.0
EBIT Margin	N/A	23.6%	23.0%	16.3%	8.2%
ROIC	N/A	78.6%	75.5%	50.1%	26.4%
Equity Ratio	N/A	81.8%	73.9%	69.4%	65.3%
Mortgage Debt	N/A	-118.1	-122.8	-127.5	-131.1
Free Cash Flow	N/A	224.3	291.3	177.8	108.3
EPS ex return on securities (EPS-adj)	N/A	DKK 10.6	DKK 10.3	DKK 5.9	DKK 2.7

*2022G represents company guidance for 2022.

Indexed revenue growth*



EBIT Margin (%)



NORTH MEDIA'S CLOSEST PEERS

We have identified North Media's peers we feel display the closest resemblance to its business model; three within publishing and three within digital platforms.

Alma Media

2020 Revenue ~ EUR 230m



Alma Media is a digital media company focusing on digital services and journalistic content. Previously, Alma Media operated a printed newspaper publishing business, however, it has since successfully divested these business activities retaining only its digital media arm. Alma Media hosts digital marketplaces for the jobs, automotive and real estate markets.

Alma Media is listed on the Nasdaq Helsinki.

Adevinta

2020 Revenue ~ EUR 673m



Adevinta provides digital services to connect buyers and sellers across multiple platforms including jobs, real estate, consumer goods and more. Adevinta operates digital marketplaces in 11 countries and attracts over 1.3 billion monthly visits to its platforms. Adevinta is a peer to North Media's digital platforms.

Adevinta is listed on the Nasdaq Nordic

Puna Musta Media

2020 Revenue ~ EUR 102.8m



Puna Musta Media is a Finland-based communications group that owns companies primarily engaged in publishing and printing newspapers in eastern Finland. Companies owned by the group include Pohjois-Karjalan Ilmoitusvalmistus Oy, which provides advertisements for newspapers, and PunaMusta Oy and Punamusta Tampere Oy, which operate printing plants.

Puna Musta Media is listed on the Nasdaq Helsinki.

Job Index

2020 Revenue ~ DKK 279.9m ~ EUR 37.6m



Job Index is Denmark's largest job search platform, hosting over 20,000 jobs, 140,000 CVs and c. 800,000 users per month. Job Index competes directly with North Media's Ofir. Job index was founded in 1996 and was present during the dot.com era and has grown to become Denmark's household name for recruitment.

Job Index is listed on the Danish First North Growth Market.

TX Group AG

2020 Revenue ~ CHF 934.7m ~ EUR 917m



TX Group AG is a Switzerland-based media company that is active within both paid and free newspaper and magazine segments, in addition to hosting a network of digital platforms. TX Group drives advertising revenue for the printed matter it produces. Its digital platforms include Homegate, a real estate platform, JobCloud, a jobs portal, and Car For You, a car marketplace that it 50% owns.

TX Group AG is listed on the SIX Swiss Exchange.

Scout 24

2020 Revenue ~ EUR 353.8m



Scout24 operates a digital marketplace for the German residential and commercial real estate markets, through its ImmoScout24 platform. Scout24 is a peer with North Media's BoligPortal and seeks to facilitate transactions in the real estate market. Scout24 is present in the German and Austrian markets.

Scout24 is listed on the Frankfurt Stock Exchange.



PEER GROUP ANALYSIS

North Media trades at a relative discount to its peer group, given a weighing of 90:10 of publishing:digital peers. Investors should be aware of structural differences among peers.

Valuation: North Media's business is unique, generating challenges when defining a peer group. By weighting peer group's within publishing and digital platforms/services against North Media's EBIT distribution, average peer multiples can be extrapolated for comparison with North Media.

When analysing EV/EBITDA and EV/EBIT and P/E, North Media trades a relatively high discount to its peer group. Across all three metrics, North Media displays a discount of over 50%. It must be acknowledged there are structural differences between North Media and its peers, inherently affecting the valuations. In addition, some discount on North Media can be expected, resulting from its smaller size, its portfolio, and risks related to "Ja Tak" schemes and decreasing demand for printed matter.

However, because the publishing peer group generally exhibits declining revenues from printed advertising, and is heavily weighted, comparisons are appropriate.

Estimates and Assumptions: The multiples in the table below are based on estimates from Refinitiv. Estimates are the consensus figures from the analyst coverage on each share. Some peers lack analyst coverage resulting in no estimates. By calculating a peer group average we can draw comparisons between North Media and its peers. However, investors should understand no peers perfectly mirror North Media and independent research should also be conducted.

Key Assumptions: When calculating average peer group estimates, we have used a 90%:10% weighting of the publishing peers and the digital peers. This reflects the 2021 EBIT split of North Media's business (ex write down) and is our best assessment using the data available. However, we acknowledge investors may prefer a different weighting according to personal beliefs regarding North Media's growth strategy.

North Media Peer Group

Company	Price (local)	Total return YtD	Market Cap. (EURm)	Latest Net Debt (EURm)	EV/EBITDA		EV/EBIT		P/E	
					2022E	2022E	2022E	2023E	2022E	2023E
Alma Media Oyj	EUR 10.4	-2%	860	183	11.39	11.04	14.07	13.51	14.96	14.34
PunaMusta Media Oyj	EUR 5.7	2%	71	4	9.85	9.85	32.83	32.83	31.67	30.00
Sanoma Oyj	EUR 13.1	-5%	2,146	616	7.12	6.87	14.68	13.82	15.12	14.50
TX Group AG	CHF 152.8	-4%	1,589	-311	11.93	11.31	14.06	NULL	57.34	NULL
Average of publishers		-2%	1,167	123	10.07	9.77	18.91	20.05	29.77	19.61
Adevinta ASA	NOK 91.3	-22%	10,839	2,225	22.39	20.36	24.72	19.51	31.22	25.45
Seek Ltd	AUD 28.5	-15%	6,748	877	10.20	NULL	28.32	25.62	39.48	34.66
Scout24 SE	EUR 51.7	-16%	4,145	NULL	14.06	12.34	16.92	14.02	24.31	20.10
Ziprecruiter Inc	USD 18.9	-21%	2,061	-224	0.00	0.00	33.68	21.74	77.99	54.27
Average of digital companies		-19%	5,948	959	11.66	10.90	25.91	20.22	43.25	33.62
Weighted peers (90% / 10%)					10.22	9.88	19.58	20.07	31.05	20.95
North Media A/S	DKK 83	-23%	224	-102	3.93	3.87	4.45	4.37	7.70	7.53
Premium (+) / Discount (-) to peers					-62%	-61%	-77%	-78%	-75%	-64%

*NORTH MEDIA A/S

MANAGEMENT TEAM AND MEMBERS OF THE BOARD OF DIRECTORS

North Media's executive management team has led the company since 2018, guiding the company's EBIT to increase from DKK 94.0m in 2018 to DKK 244.4m in 2021.

Kåre Stausø Wigh
Group Executive Director



Group Executive Director & CFO North Media, Kåre Stausø Wigh, joined the executive board in 2006. He has a background in accounting and financial management, an Executive MBA from CBS and previous experience as assistant CEO at Plumrose Latinoamericana C.A.. He is also CEO of North Media Ejendomme ApS and board member at Travelmarket A/S, and Bedrebillist.dk ApS. Ownership share: ~0.5%

Henrik Løvig Jensen
Director of acquisitions
and Business Development



Executive Director of Acquisitions & Business Development in North Media A/S, Henrik Løvig Jensen, joined the executive board in 2016. He has a Master of Arts from the University of Aarhus and a strong background in project management. He joined BoligPortal in 2008 as COO, becoming CEO from 2017 onwards. He is now CEO of North Media Online. External from North Media, he is the Chairman of Lead Supply A/S. Ownership share: ~0.12%

Lasse Ingemann Brodt
CEO of FK A/S



CEO of Forbruger-Kontakt A/S, Lasse Ingemann Brodt, joined the executive board in 2018. He has a master's in Economics and business administration from CBS. He is CEO of FK Distribution, having previously been its sales director for six years. Ownership share: ~0.08%

Jannik Bray Christensen
CEO of Bekey A/S



Executive Director of Bekey A/S, Jannik Bray Christensen, joined the executive board in 2018. He has a Master's in Finance and Accounting and bachelor's in Economics and Business Administration from CBS. His professional history is within finance and in 2017 he became CFO of Bekey A/S, assuming the CEO position in 2018. Ownership share: ~0.08%

Ole Elverdam Borch
Chairman of the Board



Chairman of the Board, Ole Elverdam Borch, joined the Board of Directors in 2020. He has a background as a lawyer and is currently partner at Borch & Elverdam lawyers. He has in-depth knowledge of good corporate governance, acquired through years of directorships, which dates back to his first board membership in 1983. Ownership share: ~0.03%.

Other Directorships: Ole Elverdam Borch holds other directorships both inside and outside of North Media. Inside North Media, he is the Chairman of all North Media subsidiaries. Externally he is Chairman of FFH Invest A/S, LHFO A/S, LHFO B P/S. He is also a board member and director at LHFO D P/S, director at LHFO K ApS, Vice President at Sirena A/S, Vice Chairman at Sirena Group A/S, and Board Member at Jazzhus-Montmartre Foundation.

Vice Chairman of the Board, Richard Bunck, joined the Board of Directors in 1981 and has been Vice Chairman since 2018. Bunck is not considered independent as he is the principal shareholder of the company. He is an Entrepreneur and founded Reklame Distribution in 1965, which later became Forbruger-Kontakt. In 1978 Bunck published the first edition of Søndagsavisen and took the company public in 1996. Ownership share ~55.75%

Other Directorships: holds other directorships both inside and outside of North Media. Inside North Media, he is Vice Chairman of all subsidiaries. Externally he is the CEO at Baunegård ApS, and Bunck Invest 1 ApS, and Board Member at LeanLinking ApS.

RISK FACTORS POTENTIALLY AFFECTING THE INVESTMENT CASE

We have identified general risks associated with the investment case of which we believe investors should be aware.

Share Price Development: The market price of the North Media share may develop negatively depending on several factors, including financial results varying from expectations, economic downturns, changes in expectations, changes in geopolitical conditions, and the risk of declining global stock markets.

Market Development: Advertising demand is related to economic conditions; if Denmark had a recession, reduced demand for advertising from brick and mortar stores would likely ensue, and FK Distribution revenues would be negatively impacted.

Digitalisation: Increased digitalisation may intensify the volume decline for printed matter—the result; a steeper deceleration in FK Distributions top line. North Media are hedging against this trend by developing digital services; however, FK Distribution remains the primary revenue driver. Additionally, the Danish e-commerce market may develop ahead of expectations putting brick and mortar stores out of business, and reducing demand for printed advertising.

NoAds Scheme Regulation Change: There is a risk Denmark's current NoAds, policy, whereby households must unsubscribe to receiving ads, could face a regulatory shift to a "JaTAK" policy, requiring households to instead actively subscribe. Demand for printed matter would drop in response and create costs as FK Distribution raise awareness for the new scheme.

Portfolio Risk: North Media's securities portfolio amplifies its risk of a downturn in global markets. With a significant share of its market cap attributed to its portfolio. A global economic downturn would see the portfolio's value decrease.

Rising Costs: North Media relies on human capital to operate its distribution routes. Its distributors are typically young or unskilled. During the Covid-19 pandemic competition for this demographic increased because of testing centre demand and created wage pressures. More recently costs of raw materials (paper), energy, and wages have arisen resulting from inflation. Rising costs could negatively affect North Media's EBIT margin, particularly in FK Distribution.

International Expansion: North Media targets international expansion, with BoligPortal in Sweden, and Bekey in Norway. BoligPortal has a small market share in Sweden, which has demonstrated growth potential; however, there are risks associated with overseas expansion that makes its future trajectory overseas uncertain. Bekey has developed a customer base in Norway; however, the business has pursued growth in Norway for multiple years and struggled thus far with delays; its future growth trajectory overseas is also uncertain.

Governance: Vice Chairman of the Board Richard Bunck holds a controlling stake in North Media, which could potentially give rise to governance issues. As the company's founder, he owns 55.75% of North Media's share capital through Baunegård ApS, which he 100% controls. However, Bunck's interests are largely aligned with shareholder interests.

Key Employees: North Media is reliant on key employees. The North Media Online segment is in a growth phase and the subsidiaries rely on key employees to create and execute the strategies necessary to execute the strategies. Losing these employees could see North Media fail to realise growth strategies.

Cyber Attack: North Media has a growing dependence on technology. It relies on its digital platforms, and if they went down for a significant period, it could result in lost revenue, lost users or data breach penalties.

Financing: There is a risk North Media could realise insufficient cash or financing to conduct business or execute its growth strategy. Given North Media's strong cash position we consider this unlikely, but black swan events can occur, that would affect the market broadly.

COVID-19: A new strain of Covid-19 may arise which could negatively impact North Media's business due to the partial shutdown of some business activities.

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