

North Media

The Last Mile cash cow is set to continue

- Q2 EBIT of DKK 52m in line with ABGSCe
- No shift to JaTak expected – cash cow set to continue
- New 1Y forward FVR of 56-137 (90-140)

Q2 EBIT in line with ABGSCe, revenues slightly higher

North Media reported Q2 revenues of DKK 260m (2.4% vs. ABGSCe at DKK 254m) and EBIT of DKK 52m (0.0% vs. ABGSCe at DKK 52m). EBT came in at DKK -62m (-202% vs. ABGSCe at DKK 61m), heavily impacted by a DKK 116m loss (vs. ABGSCe gain of DKK 10m) on the securities portfolio in Q2. The report offered no indications of increased dividends or share buybacks.

With no shift to JaTak expected, the cash cow continues

We generally like North Media's mix of value and growth businesses. We see clear disadvantages of a shift to JaTak or a complete ban on printed matter in Denmark, allowing the Last Mile segment to continue being a cash cow. The segment will thus continue to constitute an important source of funding for the Digital Services segment in the years ahead and for potential M&A. We are generally positive on the performances in BoligPortal and Ofir, while we also see improvement in the underperforming segment Bekey. At group level, we expect generally flat revenues in '21-'24e and the EBIT margin to average 20% in '22e-'24e. We remain unconvinced by the company's capital allocation strategy and estimate the net cash position to reach DKK ~862m in '24e.

New 1-year forward FVR of DKK 56-137 per share (90-140)

Following a change of analyst, we have altered our valuation approach and now estimate a 1-year forward FVR of DKK 56-137 per share (90-140). We derive the high end of our FVR using a DCF valuation based on our '22e-'25e estimates. The lower end of our FVR assumes an extreme case of a complete ban on printed matter in Denmark after '23, resulting in zero subsequent cash flows. We also aim to shed some light on the potential combined value of the Digital Services segments BoligPortal and Ofir using multiples from online classifieds peers, resulting in a fair value for the two segments of DKK 362m.

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DKKm	2020	2021	2022e	2023e	2024e
Sales	1,045	1,034	1,027	1,044	1,064
EBITDA	270	292	237	240	253
EBITDA margin (%)	25.9	28.3	23.1	22.9	23.8
EBIT adj	240	244	209	209	223
EBIT adj margin (%)	23.0	23.6	20.3	20.1	21.0
Pretax profit	388	347	51	238	255
EPS rep	16.70	14.70	2.07	9.71	10.42
EPS adj	8.11	9.16	10.59	8.40	9.06
Sales growth (%)	-0.0	-1.1	-0.6	1.7	1.9
EPS growth (%)	51.8	-12.0	-85.9	368.7	7.3

Source: ABG Sundal Collier, Company data

Reason: Post-results comment

Commissioned research

Not rated

Estimate changes (%)

	2022e	2023e	2024e
Sales	-0.2%	0.3%	0.4%
EBIT (rep)	-0.2%	-1.3%	3.4%
EPS (rep)	-80.4%	-9.9%	-5.5%

Source: ABG Sundal Collier

Share price (DKK)	18/08/2022	81.9
Fair value range (per share)		56-137

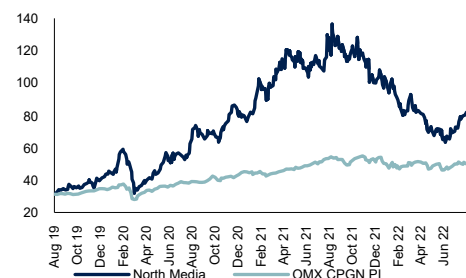
Media, Denmark
 NORTHM.COF/NORTHM DC

MCap (DKK m)	1,515
MCap (EUR m)	204
Net debt (EUR m)	-91

No. of shares (m)	18.5
Free float (%)	34
Av. daily volume (k)	7

Next event Q3 report: 02 Nov

Performance



	1m	3m	12m
Absolute (%)	16.8	15.7	-33.8

Source: FactSet

	2022e	2023e	2024e
P/E (x)	39.6	8.4	7.9
P/E adj (x)	7.7	9.7	9.0
P/BVPS (x)	1.47	1.36	1.24
EV/EBITDA (x)	3.6	3.2	2.6
EV/EBIT adj (x)	4.1	3.7	3.0
EV/sales (x)	0.84	0.74	0.62
ROE adj (%)	nm	nm	nm
Dividend yield (%)	6.1	6.1	6.1
FCF yield (%)	10.1	10.0	10.7
Lease adj. FCF yld (%)	10.1	10.0	10.7
Net IB debt/EBITDA	-2.8	-3.2	-3.4
Lease adj. ND/EBITDA	-2.9	-3.2	-3.4

Please refer to important disclosures at the end of this report

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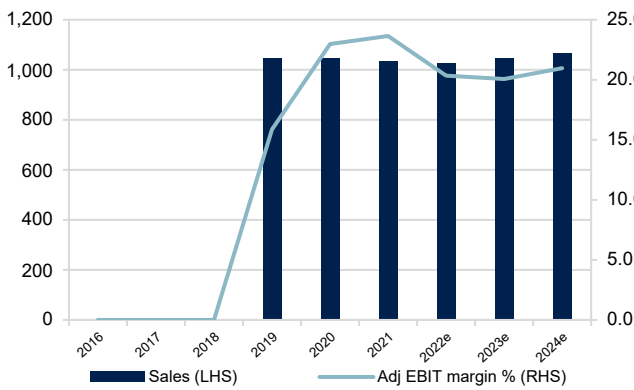
Company description

North Media is the only media company listed on the OMX Copenhagen Stock Exchange. While the company started as a distributor of unaddressed printed advertisements and newspapers in 1965, the company is today considered both a value and a growth company. The company's Last Mile segment (86% of '21 sales) is its cash cow, but it is operating in an industry with structurally declining volumes. Its Digital Services segments (14% of '21 sales) consists of BoligPortal (home rentals platform), Ofir (job portal), and Bekey (digital access solutions).

Risks

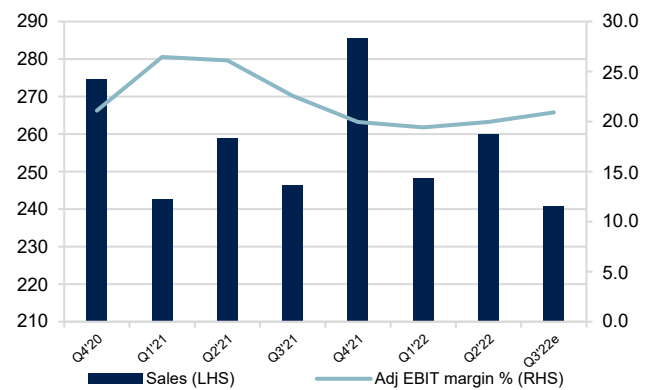
There are three main risks to the company: 1) the implementation of regulations or bans against physical advertisements on the back of environmental concerns, which in the worst case could put the Last Mile segment almost completely out of business, 2) stiff competition facing the Digital Services segments, and 3) difficulties in finding new growth opportunities in the Digital Services segments.

Annual sales and adj. EBIT margin



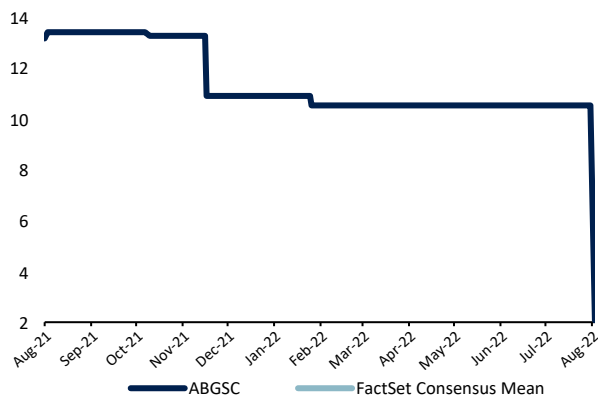
Source: ABG Sundal Collier, Company data

Quarterly sales and adj. EBIT margin



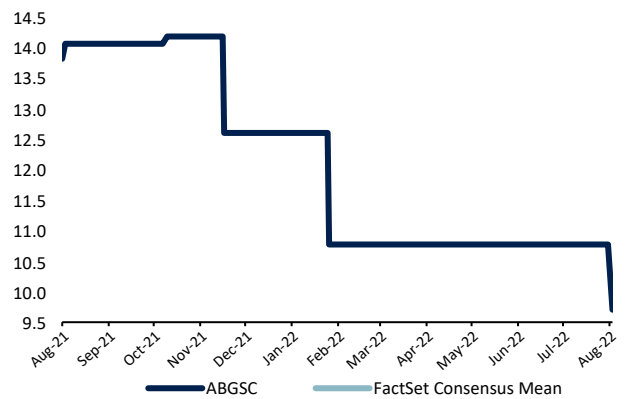
Source: ABG Sundal Collier, Company data

EPS estimate changes, 2022e, DKK



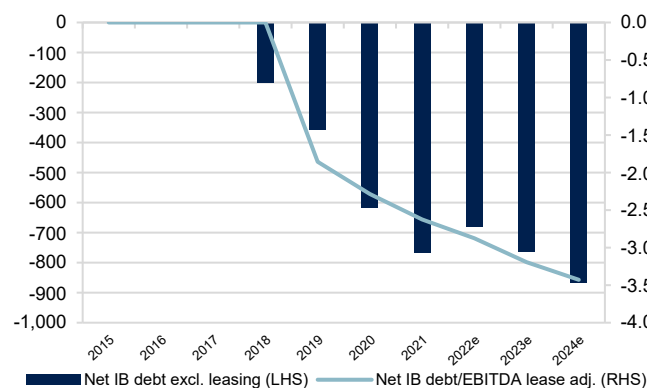
Source: ABG Sundal Collier, FactSet

EPS estimate changes, 2023e, DKK



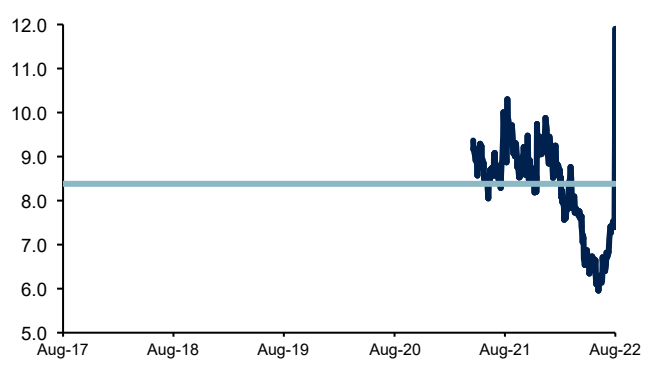
Source: ABG Sundal Collier, FactSet

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

Q2 – a quarter with no real surprises

Below, we outline the main points from Q2'22.

Deviation table

DKKm	Q3'21	Q4'21	Q1'22	ABGSCe Q2'22e	Actual Q2'22	Deviation %
Revenue	246	286	248	254	260	2.4%
Y/Y revenue growth (%)	-5%	4%	2%	-2%	0.4%	2.4pp
Cost of services	-103	-113	-106	-105	-113	7.7%
Gross profit	143	172	142	149	147	-1.4%
Gross margin (%)	58%	60%	57%	59%	57%	-2.3pp
Other income and costs	-82	-89	-88	-92	-89	-2.8%
Other operating income	1	1	1	1	1	40.0%
Rep. EBITDA	63	84	55	58	59	1.6%
EBITDA margin (%)	25%	29%	22%	23%	23%	-0.2pp
D&A and impairments	-7	-27	-7	-7	-7	0.0%
Rep. EBIT	56	57	48	52	52	-0.2%
EBIT margin (%)	23%	20%	19%	21%	20%	-0.6pp
Share of profit/loss in associates	2	2	2	0	2	-1257.0%
Return on securities	15	26	-95	10	-116	-60.0%
Net financials	-1	-1	-1	-1	0	-60.0%
Rep. pre-tax profit	71	84	-46	61	-62	-202.0%
Pre-tax margin (%)	23%	20%	20%	24%	-24%	-47.9pp
Tax on profit/loss for the period	-15	-17	10	-13	14	-207.7%
Rep. net profit to equ. hol.	56	67	-35	48	-48	-200.0%
Net profit margin to equ. hol. (%)	17%	14%	24%	19%	-18%	-37.4pp

Source: ABG Sundal Collier, company data

Group revenue came in at DKK 260m, an improvement of 0.4% y-o-y, while the group EBIT margin declined to 20%. However, this decline was expected. A loss of DKK 116m on the securities portfolio played a key part in the DKK 48m loss on the bottom line. Adjusted diluted EPS came in at DKK 3.60, up from DKK 2.00 in Q2'21.

The Last Mile segment saw revenues decline 1.7% y-o-y, partly due to the structural decline in printed matter (which is nothing new), but also to high paper prices, which have led customers to reduce page counts. On the other hand, North Media says that high inflation has raised consumer interest in leaflets, while retail chains have stepped up their focus on discount and low-cost products. We consider this a positive for the segment. We also note that the online leaflets (Minetilbud.dk) saw a pick-up in activity, and management considers this a hedge against the structural decline in printed matter. The lower EBIT margin of 22.7% for the segment was expected, and primarily resulted from higher distribution, packing, and transportation costs.

Digital Services saw revenues increase by 13.5% y-o-y and recorded an EBIT margin of 10%. BoligPortal saw 9% growth y-o-y, driven by new products and growing income from advertising of rental units in its marketplace. In addition, BoligPortal has seen a recovering market since H2'21. The segment's EBIT was impacted by the acquisition of Boligmanager (a negative effect of DKK 1.6m) but it still managed to achieve a margin of 26%. Ofir grew revenues 20% y-o-y, driven by job ads growing 27%. EBIT fell as expected from an increase in development costs and a new data platform, with the margin coming in at ~13%.

Bekey grew revenues by 20% after winning and initiating contracts with local authorities in Denmark. The Homecare segment reached profitability, while Distributors continued to grow, albeit from a lower starting point. The EBIT margin came in lower at -50% from the decision to expense development and installations costs, which were previously capitalised.

The 50%-owned fintech company Lead Supply changed name to Karman Connect and continued its strong growth momentum, posting Q2 EBIT of 25%. The company expects to continue its strong growth in '22 and expects earnings to improve.

'22 group guidance was narrowed to revenues of DKK 1,015-1,040m, from DKK 1,010-1,045m, and EBIT of DKK 195-220m, from DKK 190-220m. Last Mile '22 revenue guidance was narrowed to DKK 851-866m, from DKK 850-870m, while the segment's EBIT guidance was narrowed to DKK 192-208m, from DKK 190-210m. '22 revenue guidance for the Digital Services segment was narrowed to DKK 164-174m, from DKK 160-175m, while its EBIT guidance was raised from DKK 9-17m to DKK 12-20m.

Company guidance

		Group				Last Mile				Bolgportal				Ofir				Bekey			
		Revenue		EBIT		Revenue		EBIT		Revenue		EBIT		Revenue		EBIT		Revenue		EBIT	
		Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High
FY'21 guidance	AR'20	985	1,025	230	255	840	870	210	230	93	97	31	33	24	27	1	2	28	31	-7	-5
	Q1'21	995	1,025	235	255	850	870	215	230	93	97	31	33	24	27	1	2	28	31	-7	-5
	Q2'21	1,015	1,035	250	265	865	880	235	245	90	94	29	31	31	34	3	5	26	30	-7	-6
	Q3'21	1,020	1,035	255	265	875	885	240	245	85	87	26	28	34	36	4	5	26	27	-7	-7
	Realised		1034		244		889		249		85		27		36		6		24		-29
FY'22 guidance	AR'21	1,010	1,045	190	220	850	870	190	210	93	99	18	22	42	46	5	7	25	30	-14	-12
	Q1'22	1,010	1,045	190	220	850	870	190	210	93	99	18	22	42	46	5	7	25	30	-14	-12
	Q2'22	1,015	1,040	195	220	851	866	192	208	94	98	21	25	43	46	5	7	27	30	-14	-12
	Q3'22																				
	ABGSce		1027		209		860		199		95		23		44		6		27		-13
	Actual																				

Source: ABG Sundal Collier, company data

Summary

We like North Media’s mix of value and growth segments. Despite digitalisation and sustainability concerns, we see clear disadvantages of a shift to JaTak or a complete ban on printed matter, leading us to believe that the Last Mile segment will continue to be a cash cow. We like the recent developments in BoligPortal, building new income streams, and in Ofir, which is set to remain profitable despite investments in further growth capabilities. While management says it currently does not know the best way to play the Bekey segment, we still believe it will grow and improve its margins in '22e-'25e. Following a change of analyst, we have thoroughly revised our estimates. We expect flat revenue in '21-'24e and an average group EBIT margin in '22e-'24e of 20%. We derive a 1-year forward FVR of 56-137 per share, while we calculate a combined value for BoligPortal and Ofir of DKK 362m.

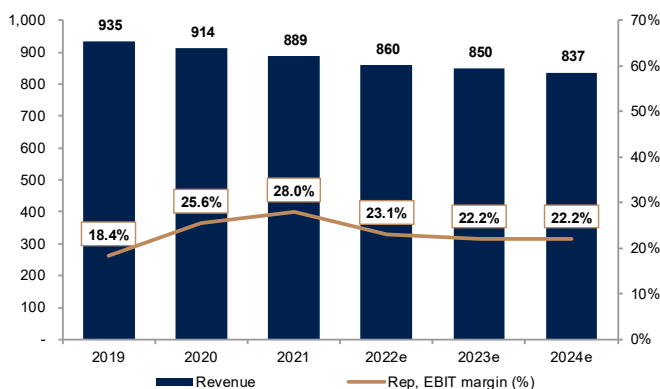
Last Mile – the cash cow is set to continue

The Last Mile segment is by far the largest distributor of physical leaflets and local newspapers in Denmark. Despite digitalisation and concerns about the sustainability of printed leaflets, advertising via physical leaflets and printed matter remains the most popular channel for advertising due to its high attention rate and low irritation rate.

While the market is in structural decline, North Media’s management still sees a future for printed matter. Management estimates that the volume decline is stabilising at 4% annually after years of higher declines amid PostNord’s exit from the market in '17. We expect revenues to decline from DKK 889m in '21 to DKK 837m in '24, representing a CAGR '21-'24e of -2%. FK Distribution is currently also packing for Deutsche Post, but after talking to the company, we do not expect the collaboration to be a game changer for the segment in terms of growth but merely a contributor to higher utilisation.

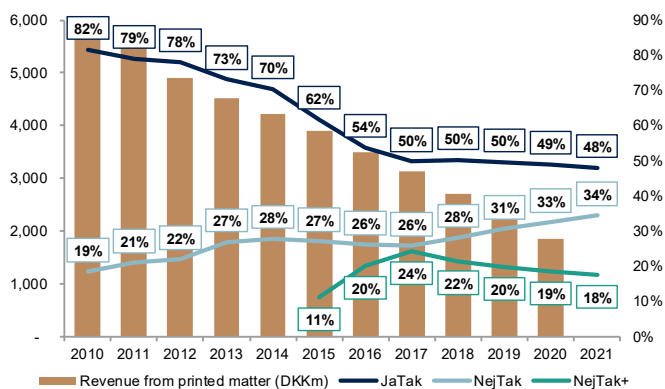
We foresee higher costs in '22, mainly due to higher prices of paper and a significant increase in distribution costs from higher fuel prices and higher wages. This leaves us with an EBIT margin of 23% in '22e, down from the record-high 28% in '21. Despite a continued slight decline in revenues, we believe the EBIT margin can be sustained at ~22% in '23e-'24e thanks to efficiency improvements.

Last Mile: Revenue and EBIT margin (DKK, %)



Source: ABG Sundal Collier, company data

Denmark: Print revenue and ads statistics



Source: ABG Sundal Collier, IRM, company data

The Last Mile segment faces an overhanging risk of a regulatory shift to JaTak (“Yes, thanks”), an event that would force consumers to actively register to continue receiving physical leaflets. Talks of a potential shift have come in waves in recent

years, making it nearly impossible to predict when, and if, a regulatory shift to JaTak will materialise. An even more severe matter would be a complete ban on printed matter in Denmark. However, we do not believe that either will happen soon, and we feel fairly certain that they won't happen in '23-'24.

According to management, ~98% of the Danish population are aware of the possibility of receiving no leaflets, i.e. NejTak ("No thanks") or NejTak+ (only receiving leaflets from selected brick-and-mortar stores). However, the percentages that opt for NejTak and NejTak+ seem to be stabilising at levels around 50% in recent years. In addition, we understand that there are several disadvantages of a shift to JaTak, including the likelihood of less transparency in consumer prices, more expensive printed matter (which will likely cause the distribution of local newspapers to decrease as well, harming local communities), and the risk of thousands of young employees (most deliverers are teenagers) losing their first "real" job. From talking to the company, management seems eager to reduce the segment's environmental footprint by using more sustainable paper and says the company sees a possibility to use electrical trucks in the future. We believe this may help the case in favour of no regulatory change.

Apart from the above, a recession is another potential risk to the Last Mile cash cow, but we do not think this would have a negative impact on the segment. While some grocery chains (e.g. Coop Denmark) have said that costs need to go down to protect margins, we do not believe they will look to cut marketing spend first. Firstly, leaflets are a key revenue driver for brick-and-mortar stores, with North Media estimating that physical leaflets result in 20-25% more direct revenue. Secondly, consumers tend to prefer discounts during recessions, boosting demand for leaflets. This has already been partly proven, with North Media saying that they are seeing increased interest in leaflets among consumers, as well as retail chains upping their focus on special offers.

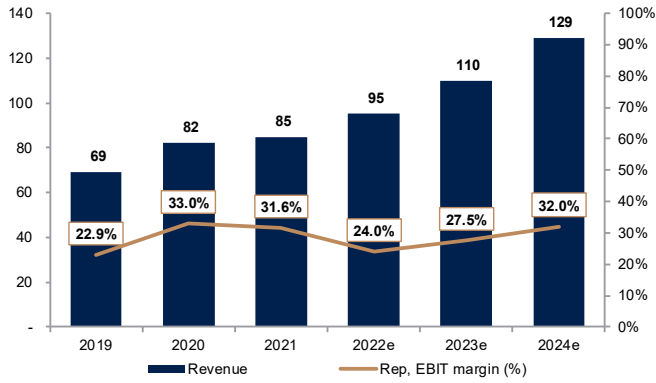
Digital Services – improving margins on higher growth

BoligPortal – building new income streams

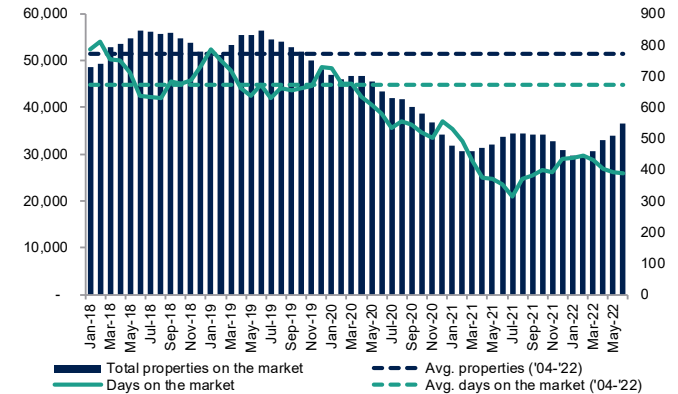
BoligPortal is the leading home rentals platform in Denmark, arranging ~110,000 home rentals (over 50% of the total) in '21. The segment is currently undergoing a transformation from a home marketplace to a home rentals platform. As part of this process, it acquired a 51% stake in SaaS property management developer Boligmanager in January '22, enabling landlords to digitally handle contracts, payments, etc. BoligPortal has the option to acquire the remaining 49% in '27 at 1.5x Boligmanager's '26 sales. In addition, BoligPortal has developed a data insights platform, providing unique data about the rental housing market for property developers, landlords, banks, etc. using data collected from website users and rental transactions.

We view the ongoing developments in BoligPortal as a clear positive. We believe it has been important to create new income sources to allow for continued growth after achieving a market-leading position in terms of transaction volume in Denmark, which after all is limited. A higher proportion of SaaS revenues is also a clear positive, driving higher revenue visibility and higher customer stickiness, in our view. While the segment only grew revenues by 3% to DKK 85m in '21 due to a lower supply of rental units, launch delays, and freemium products, we foresee stronger growth ahead. The segment says it sees market conditions improving. We pencil in a revenue CAGR '21e-'24e of 15%. We expect the EBIT margin to take a dip to 24% in '22e from a negative impact of DKK 8m from the Boligmanager acquisition and the last step of the transition to becoming a home rentals platform. Following this, we expect the EBIT margin to improve to 32% in '24e.

BoligPortal: Revenue and EBIT margin (DKK, %) Denmark: Properties and days on the market



Source: ABG Sundal Collier, company data



Source: ABG Sundal Collier, Danmarks Statistik

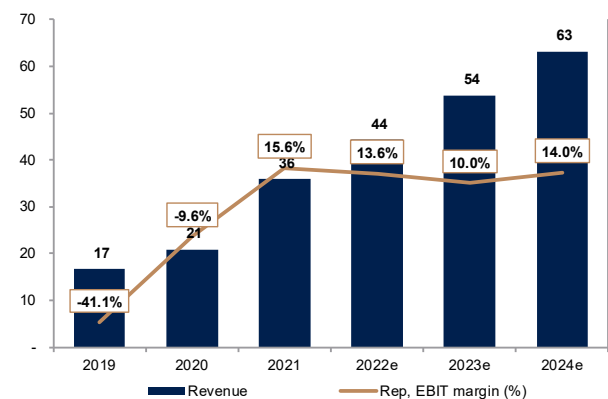
Ofir – growth initiatives set to weigh on margins

Ofir is the group’s jobs universe segment and has a ~7-8% market share in Denmark, according to North Media’s management. This implies a total Danish market of DKK ~450-515m. To our understanding, what differentiates Ofir from competitors, e.g. JobIndex, is its so-called “recruitment marketing”, implying that it targets both active and passive job seekers. This increases the number of candidates to the benefit of both the companies and the job seekers. We believe this should drive higher stickiness.

Ofir’s revenues correlate with the strength of the labour market, with a strong labour market meaning more listings and an ability to charge higher prices. Hence, we believe the very strong Danish labour market in ‘21 has been key in explaining the 72% revenue growth to DKK 36m in ‘21. The segment also reached full-year profitability for the first time in ‘21 when it posted an EBIT margin of ~16%. According to the company, much of this should be attributed to scale advantages.

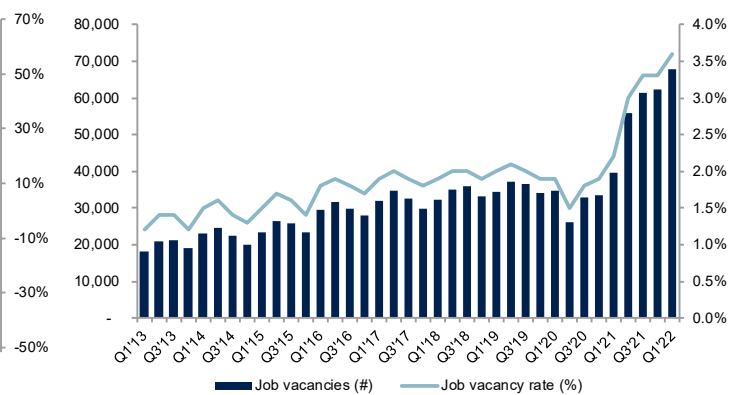
Despite the Danish labour market continuing to look strong with a high number of job vacancies and high vacancy rate, we expect Ofir’s revenue growth to moderate based on the company’s ‘22 guidance, growing at a CAGR ‘21-‘24e of 21%. We also foresee higher costs from investments in growth and a new data platform to weigh on margins, with an average EBIT margin of ~13% in ‘22e-‘24e.

Ofir: Revenue and EBIT margin (DKK, %)



Source: ABG Sundal Collier, company data

Denmark: Job vacancies and job vacancy rate



Source: ABG Sundal Collier, Danmark Statistik

Bekey – a clear underperformer and with years to profitability

Bekey is a provider of secure access solutions for locked stairwells and homecare, serving the Danish and Norwegian markets. However, Bekey is the clear underperformer among North Media’s segments and is currently far from reaching

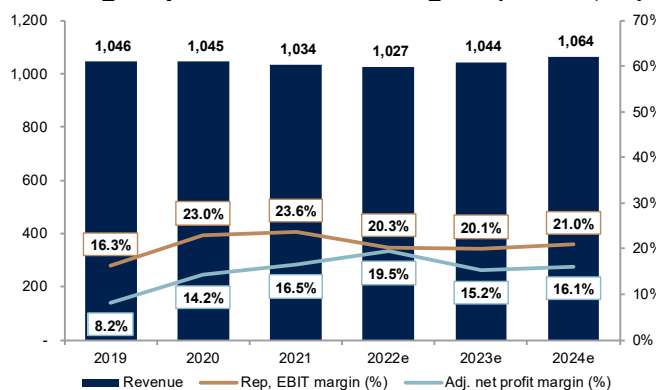
profitability, on our estimates. '21 was a particularly bad year, with a 16% y-o-y revenue decline from a failed commercial breakthrough due to delays in projects with Danish municipalities and contracts being extended beyond the original timeline within the Distributor segment. The failure also caused Bekey to write off DKK 20m of capitalised expenses, resulting in an EBIT margin of -122% (adjusted EBIT margin was -39%).

Despite the negatives, management says it has good patience with Bekey, claiming it has not yet figured out how to play the segment in terms of pricing and how to get a grip in the Distributor segment. With learnings from the Q2 report in mind, we adopt a slightly more optimistic view, estimating a revenue CAGR '21-'24e of 13% and an EBIT margin improvement to -26% in '24e. We are also optimistic about the segment's longer-term potential due to what we understand to be a unique product offering with limited competition in Denmark.

Group estimates and capital allocation strategy

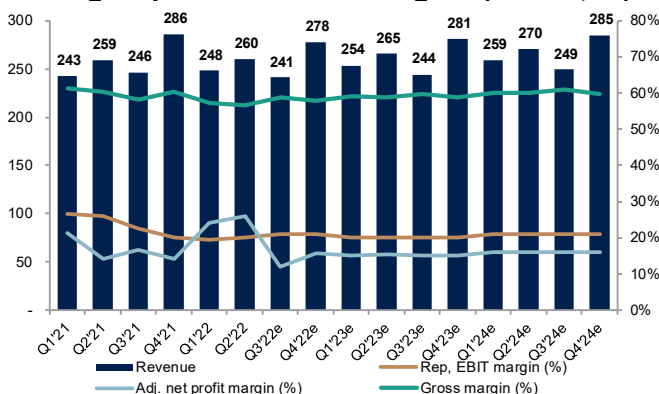
Our group estimates now point to roughly flat revenues in '21-'24e, following a pick-up in growth in the Digital Services segment but continued declines in the Last Mile segment. We estimate an average EBIT margin of 20% in '22e-'24e, down from ~24% in '21 on higher costs.

Annual group revenue and margins (DKKm, %)



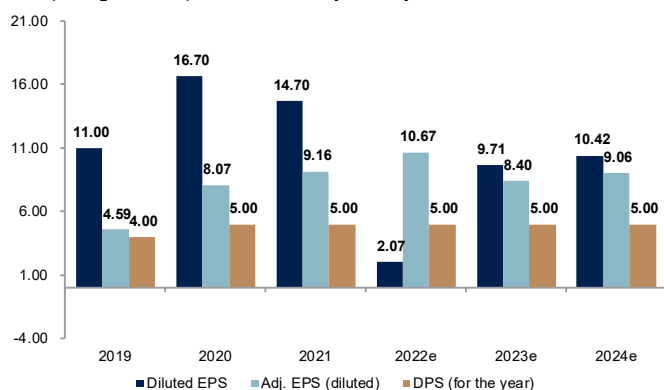
Source: ABG Sundal Collier, company data

Quart. group revenue and margins (DKKm, %)



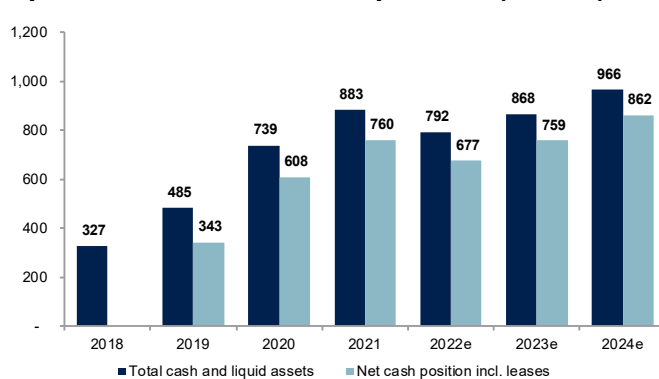
Source: ABG Sundal Collier, company data

EPS, adj. EPS, and DPS (DKK)



Source: ABG Sundal Collier, company data

Liquid assets and net cash position (DKKm)



Source: ABG Sundal Collier, company data

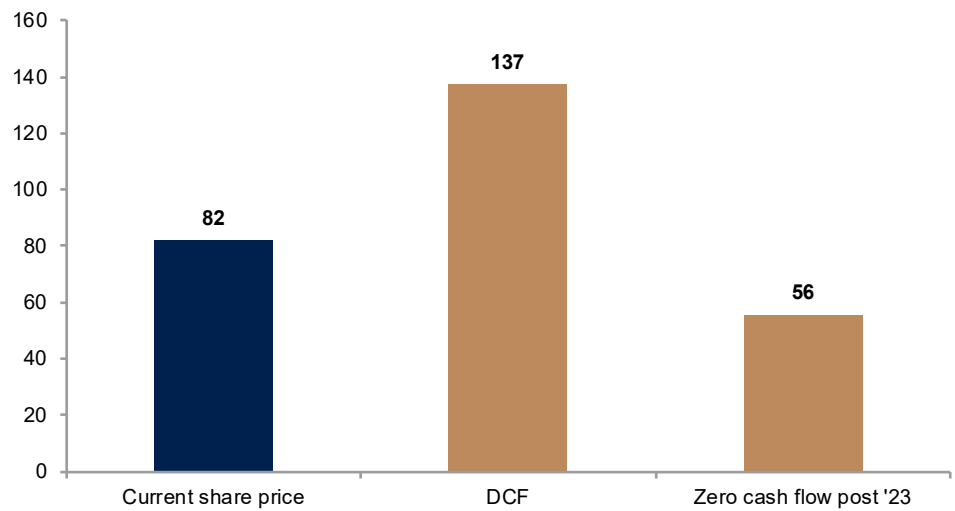
With the Last Mile segment looking set to continue as a cash cow, albeit in decline, we estimate the company's net cash position to grow to DKK ~862m in '24e. The majority of the cash position will be part of a securities portfolio managed by the company's founder and majority shareholder, Richard Bunck. We are not convinced

about this form of governance, arguing that investors would be better off investing on their own. However, management seems eager to retain the capital allocation strategy and has also said it will not raise dividends further from the planned DKK 100m annually for '22-'24.

Valuation

We derive the upper end of our 1-year forward FVR of DKK 56-137 (90-140) per share from a DCF valuation. We base the lower end on what we consider an unlikely scenario of a complete ban on printed matter in Denmark with zero free cash flow post '23e.

Valuation summary



Source: ABG Sundal Collier, company data, FactSet

With its mix of value and growth segments, North Media is a unique case with no publicly listed comparable companies on group basis. While we refrain from including it in our FVR, we estimate a potential combined value of BoligPortal and Ofir using '23e EV/EBITDA and EV/EBIT multiples from online classifieds peers. This results in a 1-year forward combined value of DKK 362m.

Estimate revisions

Following a change of analyst, we have thoroughly revised our estimates. Comparing with our previous estimates, we are in line on '22e-'24e revenues but -1% to +3% on EBIT from higher costs. We are significantly lower on pre-tax profit and net profit in '22e due to significantly higher expected losses on the securities portfolio YTD, while we are ~2-6% lower in '23e-'24e from expectations of lower returns on the securities portfolio ahead.

Estimate revisions

DKKkm	New estimates			Old estimates			Estimate changes (%)		
	2022e	2023e	2024e	2022e	2023e	2024e	2022e	2023e	2024e
Revenue	1027	1044	1064	1030	1041	1059	-0.3%	0.3%	0.4%
<i>Y/Y revenue growth (%)</i>	-0.6%	1.7%	1.9%	-0.4%	1.1%	1.8%	-0.2pp	0.6pp	0.1pp
Cost of services	-435	-428	-424	-427	-432	-440	1.9%	-0.9%	-3.7%
Gross profit	592	616	640	602	609	620	-1.7%	1.2%	3.2%
<i>Gross margin (%)</i>	57.6%	59.0%	60.2%	58.5%	58.5%	58.5%	-0.9pp	0.5pp	1.7pp
Other income and costs	-360	-382	-392	-370	-373	-381	-2.7%	2.4%	3.0%
Other operating income	6	6	6	4	4	4	39.8%	40.5%	43.2%
Rep. EBITDA	237	240	253	232	236	239	2.3%	1.5%	6.0%
Adj. EBITDA	237	240	253						
<i>Adj. EBITDA margin (%)</i>	23.1%	22.9%	23.8%				23.1pp	22.9pp	23.8pp
D&A and impairments	-28	-30	-30	-28	-28	-28	1.6%	7.4%	8.3%
Rep. EBIT	209	209	223	209	212	216	0.0%	-1.2%	3.2%
Adj. EBIT	209	209	223						
<i>Adj. EBIT margin (%)</i>	20.3%	20.1%	21.0%				20.3pp	20.1pp	21.0pp
Share of profit/loss in associates	6	8	10	0	0	0			
Return on securities	-161	25	26	41	43	45	-493.4%	-42.7%	-43.1%
Net financials	-3	-4	-4	-5	-5	-5	-34.0%	-19.5%	-24.6%
Rep. pre-tax profit	51	238	255	245	250	256	-79.4%	-4.9%	-0.3%
Adj. pre-tax profit	212	213	230						
<i>Adj. pre-tax margin (%)</i>	20.6%	20.4%	21.6%				20.6pp	20.4pp	21.6pp
Tax on profit/loss for the period	-12	-54	-58	-54	-55	-56	-78.2%	-1.3%	4.0%
Rep. net profit to equ. hol.	39	183	197	191	195	200	-79.7%	-5.9%	-1.6%
Adj. net profit to equ. hol.	200	159	171						
<i>Adj. net profit margin to equ. hol. (%)</i>	19.5%	15.2%	16.1%				19.5pp	15.2pp	16.1pp
Basic EPS	2.12	9.92	10.64						
Diluted EPS	2.07	9.71	10.42	10.55	10.78	11.02	-80.4%	-10.0%	-5.5%
Adj. EPS	10.67	8.40	9.06	11.32	11.55	11.80	-5.7%	-27.2%	-23.2%

Source: ABG Sundal Collier, company data

Valuation

Following a change of analyst, we have altered our valuation methodology. We derive the upper end of our FVR using a DCF, and the lower end using an extreme case that assumes a complete ban on printed matter in Denmark after '23 and zero subsequent cash flows. We calculate a 1-year forward FVR of DKK 56-137 per share. While not including it in our FVR, we also aim to shed some light on the combined value of BoligPortal and Ofir using valuation multiples from online classifieds peers, resulting in a 1-year forward combined value of DKK 362m.

FVR derived from a DCF valuation

In arriving at the upper end of our FVR, we apply a DCF valuation based on our '22e-'25e estimates and calculate a 1-year forward value of DKK 137 per share after paying '22e dividends. We use a WACC of 7.2%, computed from a risk-free rate of 1.5%, an after-tax cost of debt of 2.0%, an equity beta of 0.9, and a cost of equity of 7.5%.

In our DCF, we assume that the Last Mile segment will see a revenue CAGR '22e-'34e of -5%, resulting from an increasing rate of volume decline after our initial '22e-'25e estimates due to digitalisation and sustainability concerns. Online leaflets (Minetilbud.dk) will continue to gain traction over the years, but not enough to fully compensate. However, with a high proportion of variable costs and the higher scale of online leaflets, we assume the EBITDA margin to remain relatively stable and average 21% from '22e-'34e. We assume a terminal growth rate of 0% for the Last Mile segment from the assumption that growth from Minetilbud.dk will exactly offset further declines in printed matter. For the Digital Services segment, we assume that growth will mature due to a lack of new growth opportunities, converging towards 3% annually from '30e and grow at 2% in the terminal period. We expect the EBITDA margin in the Digital Services segment to increase to 20% in '30e, resulting from scale. At group level, these assumptions correspond to a revenue CAGR '22e-'34e of -1% and an average EBITDA margin in '22e-'34e of 21%. This values North Media at a '22e EV/adjusted EBIT of 9.0x and a '22e adjusted P/E of 12.9x.

DCF valuation

DCF model														Terminal value		
NOKm	ABGSC estimates				Extrapolated									Terminal value		
	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	NOKm	2034	2035
Group revenues	1,027	1,044	1,064	1,085	1,095	1,092	1,075	1,045	1,001	962	928	897	871	Revenues	871	879
Group revenue growth	2%	2%	2%	2%	1%	0%	-2%	-3%	-4%	-4%	-4%	-3%	-3%	Group revenue growth	-3%	1%
Last Mile	860	850	837	825	803	770	729	680	626	576	530	487	448	Last Mile	448	448
Last Mile revenue growth	-3%	-1%	-2%	-1%	-3%	-4%	-5%	-7%	-8%	-8%	-8%	-8%	-8%	Last Mile revenue growth	-8%	0%
Digital Services	167	194	227	260	292	321	346	364	375	386	398	410	422	Digital Services	422	431
Digital Services revenue growth	15%	16%	17%	15%	12%	10%	8%	5%	3%	3%	3%	3%	3%	Digital Services revenue growth	3%	2%
EBITDA	237	240	253	270	259	245	229	210	190	183	176	170	165	EBITDA	165	167
Group EBITDA margin	23%	23%	24%	25%	24%	22%	21%	20%	19%	19%	19%	19%	19%	Group EBITDA margin	19%	19%
Last Mile	213	204	201	198	183	166	149	131	113	104	95	88	81	Last Mile	81	81
Last Mile EBITDA margin (%)	25%	24%	24%	24%	23%	22%	20%	19%	18%	18%	18%	18%	18%	Last Mile EBITDA margin (%)	18%	18%
Digital Services	21	30	47	66	71	74	76	77	75	77	80	82	84	Digital Services	84	86
Digital Services EBITDA margin (%)	13%	15%	21%	25%	24%	23%	22%	21%	20%	20%	20%	20%	20%	Digital Services EBITDA margin (%)	20%	20%
Other op. income (not allocated)	6	6	6	6	5	5	4	3	2	2	1	1	0	Other op. income (not allocated)	-	-
Other op. income of total revenues (%)	1%	1%	1%	1%	0%	0%	0%	0%	0%	0%	0%	0%	0%	Other op. income of total revenues (%)	0%	0%
D&A	-28	-30	-30	-31	-32	-32	-31	-31	-29	-28	-28	-27	-26	D&A	-26	-26
D&A in % of sales	-3%	-3%	-3%	-3%	-3%	-3%	-3%	-3%	-3%	-3%	-3%	-3%	-3%	D&A in % of sales	-3%	-3%
EBIT	209	209	223	238	227	214	198	180	161	154	148	143	139	EBIT	139	140
Group EBIT margin (%)	20%	20%	21%	22%	21%	20%	18%	17%	16%	16%	16%	16%	16%	Group EBIT margin (%)	16%	16%
Tax on EBIT	-46	-46	-49	-52	-50	-47	-44	-40	-35	-34	-33	-32	-31	Tax on EBIT	-31	-31
NOPAT	163	163	174	186	177	167	154	140	125	120	112	108	110	NOPAT	108	110
D&A	28	30	30	31	32	32	31	31	29	28	28	27	26	D&A	26	26
Net working capital	-34	-34	-35	-35	-35	-35	-34	-33	-31	-30	-28	-27	-26	Net working capital	-26	-26
Net working capital in % of revenues	-3%	-3%	-3%	-3%	-3%	-3%	-3%	-3%	-3%	-3%	-3%	-3%	-3%	Net working capital in % of revenues	-3%	-3%
Delta net working capital	-1	0	1	1	0	0	-1	-1	-2	-1	-1	-1	-1	Delta net working capital	-1	0
Non-cash adjustments	2	-12	-13	-14	0	0	0	0	0	0	0	0	0	Non-cash adjustments	0	0
Capex	-31	-26	-27	-27	-30	-33	-36	-38	-39	-40	-41	-42	-44	Capex	-44	-44
Capex in % of revenues	-3%	-3%	-3%	-3%	-3%	-3%	-3%	-4%	-4%	-4%	-4%	-5%	-5%	Capex in % of revenues	-5%	-5%
Acquisitions and disposals	-5	0	0	0	0	0	0	0	0	0	0	0	0	Acquisitions and disposals	0	0
Free cash flow	156	155	165	177	179	165	149	132	114	107	101	95	90	Free cash flow	90	92
Discounted free cash flow	156	145	144	144	135	116	98	81	66	57	50	44	39	Terminal value	1,494	

Valuation summary	
PV DCF	1,277
PV TV	607
EV	1,884
Net debt	-677
Associates	12
Equity value	2,573
Dividends	-92
Equity value (1Y from today)	2,595
Number of shares (fully diluted)	19
1Y forward share price from today	137

Assumptions	
Tax rate on EBIT	22.0%
Terminal growth (Last Mile)	0.0%
Terminal growth (Digital Services)	2.0%
Last Mile growth rate ('30-'34)	-8.0%
Digital Services growth rate ('30-'34)	3.0%
Last Mile EBITDA marg. ('30-'34)	18.0%
Digital Services EBITDA marg. ('30-'34)	20.0%
WACC	7.2%
Cost of equity	7.5%
After-tax cost of debt	2.0%
Equity beta	0.9

Growth rates and margins	
Group revenue CAGR '22-'34	-1%
Last Mile revenue CAGR '22-'34	-5%
Digital Services revenue CAGR '22-'34	8%
Group avg. EBITDA margin '22-'34	21%
Last Mile avg. EBITDA margin '22-'34	21%
Digital Services avg. EBITDA margin '22-'34	20%

Source: ABG Sundal Collier, company data

We acknowledge the inherent difficulty in predicting the future rate of decline in printed matter and the earnings potential of the Digital Services segment. Thus, we present sensitivities for the '30e-'34e growth rates of the two segments and WACC below.

Share price sensitivities of Last Mile

1Y fwd. share price sensitivity	Last Mile growth rate ('30-'34)					
	12.0%	2.0%	-8.0%	-28.0%		
WACC	5.2%	280	211	171	150	138
	6.2%	233	181	151	134	125
	7.4%	201	161	137	124	116
	8.2%	179	146	127	116	110
	9.2%	162	136	120	110	105

Source: ABG Sundal Collier, company data

Share price sensitivities of Digital Services

1Y fwd. share price sensitivity	Digital Services growth rate ('30-'34)					
	9.0%	6.0%	3.0%	-3.0%		
WACC	5.2%	191	180	171	164	158
	6.2%	165	158	151	146	141
	7.4%	149	142	137	133	129
	8.2%	136	131	127	124	121
	9.2%	127	123	120	117	114

Source: ABG Sundal Collier, company data

Lower end of FVR assumes a complete ban on print

We note the differing views about North Media's future earnings potential, much of which, in our view, can be explained by the risk of a regulatory shift to JaTak or a complete ban on printed matter.

As a result, we derive the lower end of our FVR assuming a case of zero cash flows post '23e following a complete ban on printed matter in Denmark. We estimate a '22e net cash position of DKK 677m and discounted free cash flows of DKK 156m in '22e and DKK 145m in '23e. A complete stop to printed matter should also lead to

the disposal of the Last Mile sites in Taastrup and Tilst, which had a carrying amount of DKK 134m in '21. The setups are highly efficient and can, to our understanding, also serve other purposes.

However, remember that this scenario excludes any cash flows from North Media post '23e. We consider this scenario highly unlikely. Nevertheless, it still yields a 1-year forward share price of DKK 56 after paying '22e dividends.

Fair share price given assumption of no cash flows post '23

Lower bound of FVR - assuming zero free cash flow after '24	ABGSCe	
	Total	Per share
Free cash flow (discounted)		
22e	156	8
23e	145	8
Net cash position	677	36
Last Mile sites (assuming disposal at YE'23 carrying amount)	117	6
Equity value (YE'22)	1095	58
Dividends	92	5
1Y fair share from today	1049	56

Source: ABG Sundal Collier, company data

With North Media's securities portfolio (which mainly consists of equities) seeing large losses YTD in '22, we also include sensitivities of the net cash position from changes in the value of the portfolio. A decrease or increase of 20% takes off or adds DKK ~6 per share.

Value per share following changes in securities portfolio

Value per share from NIBD following changes in value of securities portfolio					
	-20%	-10%	0%	10%	20%
NIBD	-555	-616	-677	-737	-798
Value per share (YE'22)	29	33	36	39	42

Source: ABG Sundal Collier, company data

BoligPortal & Ofir valued at DKK 362m vs. online classifieds

Due to the lack of comparable companies for the Last Mile segment and Bekey, we refrain from using valuation multiples in the determination of the FVR. However, the online classifieds companies BoligPortal and Ofir have several comparable publicly listed peers, and we believe it is worthwhile to shed some light on the potential value of the two segments combined.

CarGurus and ZipRecruiter have growth and margin profiles that are more comparable to a combined entity consisting of BoligPortal and Ofir. Our peer valuation yields a 1-year forward enterprise value (EV) of DKK 362m based on '23e EV/EBITDA and EV/EBIT multiples. We believe the premium margin outlooks for BoligPortal and Ofir should compensate for the companies' smaller size, thus warranting a valuation neither above nor below peers.

Valuation of BoligPortal and Ofir using peer multiples

Peer group	BoligPortal & Ofir	
	Online classifieds (CarGurus and ZipRecruiter)	
Multiple	'23 EV/EBITDA	'23 EV/EBIT
Peer multiple (median)	9.8x	9.8x
Fair premium/(discount) to peers	0%	0%
Fair multiple	9.8x	9.8x
Combined BoligPortal and Ofir (ABGSCe) EV (YE'23)	41 396	36 349
Total 1Y fwd. unweighted EV of BoligPortal and Ofir	362	

Source: ABG Sundal Collier, FactSet, company data

Value of BoligPortal and Ofir from % above/below peers

Fair 1Y fwd. EV from % above/below online classifieds peers (CarGurus and ZipRecruiter)								
-40%	-30%	-20%	-10%	0%	10%	20%	30%	40%
217	254	290	326	362	399	435	471	507

Source: ABG Sundal Collier, FactSet, company data

BoligPortal and Ofir are currently far from reaching the high combined growth and margin profiles of the rest of the online classifieds peer group (such as Hemnet and Rightmove), but we believe they provide some insight into what would constitute fair multiples if the two segments are successful in raising their growth rates and margins significantly. From the peer table below, the median '23e EV/EBITDA and EV/EBIT multiples are 20.0x and 22.7x, respectively (excluding CarGurus and ZipRecruiter).

Online classifieds peer table

Peer groups	EV (EURm)	EV/Sales			EV/EBITDA			EV/EBIT			Sales CAGR	EBITDA margin (%)			EBIT margin (%)		
		2022e	2023e	2024e	2022e	2023e	2024e	2022e	2023e	2024e	22-24e	2022e	2023e	2024e	2022e	2023e	2024e
Online classifieds																	
Adevinta	11,798	6.6x	5.8x	5.1x	19.9x	15.9x	13.2x	32.0x	22.7x	17.9x	13.3%	33.1%	36.3%	38.7%	20.5%	25.5%	28.6%
CarGurus	2,297	1.2x	0.9x	0.7x	10.6x	9.1x	7.3x	10.6x	9.1x	7.6x	27.5%	11.3%	10.2%	10.1%	11.3%	10.2%	9.7%
carsales.com	4,676	11.4x	9.2x	8.1x	21.3x	16.4x	14.3x	24.7x	19.7x	17.0x	29.3%	53.4%	56.0%	56.6%	46.1%	46.7%	47.6%
Hemnet	1,316	15.6x	13.5x	11.8x	31.7x	26.9x	22.7x	36.0x	29.9x	24.9x	15.1%	49.3%	50.2%	51.8%	43.4%	45.1%	47.3%
REA Group	12,073	13.0x	13.8x	12.4x	22.3x	24.2x	21.2x	25.8x	27.7x	24.2x	11.1%	58.2%	57.0%	58.4%	50.4%	49.7%	51.3%
Rightmove	6,360	16.3x	15.1x	13.8x	21.6x	20.0x	18.1x	22.0x	20.2x	18.4x	8.8%	75.7%	75.7%	76.2%	74.4%	74.8%	74.9%
Scout24	4,364										11.4%	54.4%	55.3%	55.9%	44.4%	46.4%	47.8%
ZipRecruiter	2,066	2.3x	2.1x	1.8x	12.1x	10.5x	7.4x	12.6x	10.5x	7.7x	12.3%	19.1%	20.0%	24.8%	18.2%	19.9%	23.6%
Average		9.5x	8.6x	7.7x	19.9x	17.6x	14.9x	23.4x	20.0x	16.8x	16.1%	44.3%	45.1%	46.6%	38.6%	39.8%	41.4%
Median		11.4x	9.2x	8.1x	21.3x	16.4x	14.3x	24.7x	20.2x	17.9x	12.8%	51.3%	52.7%	53.9%	43.9%	45.7%	47.5%
Average (CarGurus and ZipRecruiter)		1.8x	1.5x	1.3x	11.4x	9.8x	7.4x	11.6x	9.8x	7.7x	19.9%	15.2%	15.1%	17.4%	14.8%	15.0%	16.7%
Median (CarGurus and ZipRecruiter)		1.8x	1.5x	1.3x	11.4x	9.8x	7.4x	11.6x	9.8x	7.7x	19.9%	15.2%	15.1%	17.4%	14.8%	15.0%	16.7%
Average (excl. CarGurus and ZipRecruiter)		12.6x	11.5x	10.2x	23.4x	20.7x	17.9x	28.1x	24.0x	20.5x	14.8%	54.0%	55.1%	56.3%	46.6%	48.0%	49.6%
Median (excl. CarGurus and ZipRecruiter)		13.0x	13.5x	11.8x	21.6x	20.0x	18.1x	25.8x	22.7x	18.4x	12.3%	53.9%	55.6%	56.2%	45.3%	46.5%	47.7%
BoligPortal and Ofir combined (ABGSCe)											17.5%	24.5%	24.8%	28.8%	20.7%	21.7%	26.1%
Combined vs. CarGurus and ZipRecruiter											-2pp	9pp	10pp	11pp	6pp	7pp	9pp
Combined vs. Online classifieds excl. CarGurus and ZipRecruiter											5pp	-29pp	-31pp	-27pp	-25pp	-25pp	-22pp
Combined vs. Online classifieds (all)											5pp	-27pp	-28pp	-25pp	-23pp	-24pp	-21pp
BoligPortal (ABGSCe)											16.5%	29.3%	31.5%	35.5%	24.0%	27.5%	32.0%
Ofir (ABGSCe)											19.5%	14.1%	11.0%	15.0%	13.6%	10.0%	14.0%

Source: ABG Sundal Collier, FactSet, company data

Estimate tables

Quarterly P&L figures and estimates

P&L DKKm	2021				2022e				2023e				2024e			
	Q1'21	Q2'21	Q3'21	Q4'21	Q1'22	Q2'22	Q3'22e	Q4'22e	Q1'23e	Q2'23e	Q3'23e	Q4'23e	Q1'24e	Q2'24e	Q3'24e	Q4'24e
Revenue	243	259	246	286	248	260	241	278	254	265	244	281	259	270	249	285
Y/Y revenue growth (%)	-5.5%	2.1%	-5.4%	4.0%	2.3%	0.4%	-2.2%	-2.7%	2.2%	2.1%	1.4%	1.0%	2.0%	1.9%	2.0%	1.6%
Cost of services	-94	-102	-103	-113	-106	-113	-99	-117	-104	-109	-99	-116	-103	-108	-97	-115
Gross profit	149	157	143	172	142	147	142	161	150	156	146	165	156	162	152	170
Gross margin (%)	61.3%	60.4%	58.0%	60.3%	57.2%	56.5%	58.9%	58.0%	59.0%	58.8%	59.6%	58.6%	60.1%	60.0%	60.9%	59.8%
Other income and costs	-79	-83	-82	-89	-88	-89	-86	-97	-93	-96	-91	-102	-95	-99	-94	-104
Other operating income	1	1	1	1	1	1	1	1	1	1	1	2	1	1	1	2
Rep. EBITDA	71	74	63	84	55	59	57	66	58	61	56	64	62	65	60	68
Adj. EBITDA	71	74	63	84	55	59	57	66	58	61	56	64	62	65	60	68
Adj. EBITDA margin (%)	29.4%	28.7%	25.4%	29.4%	22.2%	22.7%	23.7%	23.8%	22.9%	23.0%	22.9%	22.9%	23.8%	23.9%	23.9%	23.7%
D&A and impairments	-7	-7	-7	-27	-7	-7	-7	-8	-7	-8	-7	-8	-7	-8	-7	-8
Rep. EBIT	64	68	56	57	48	52	50	58	51	53	49	56	54	57	52	60
Adj. EBIT	64	68	56	57	48	52	50	58	51	53	49	56	54	57	52	60
Adj. EBIT margin (%)	26.5%	26.1%	22.6%	20.0%	19.4%	20.0%	20.9%	21.0%	20.0%	20.1%	20.0%	20.0%	20.9%	21.0%	21.0%	20.9%
Share of profit/loss in associates	0	1	2	2	2	2	1	1	2	2	2	2	3	3	3	3
Return on securities	1	61	15	26	-95	-116	43	6	6	6	6	6	6	6	6	7
Net financials	-1	-2	-1	-1	-1	0	-1	-1	-1	-1	-1	-1	-1	-1	-1	-1
Rep. pre-tax profit	65	128	71	84	-46	-62	94	65	58	60	56	63	62	65	60	68
Adj. pre-tax profit	64	66	56	57	49	54	51	59	52	54	50	57	56	58	54	61
Adj. pre-tax margin (%)	26.2%	25.6%	22.9%	20.1%	19.9%	20.6%	21.0%	21.1%	20.4%	20.5%	20.4%	20.4%	21.6%	21.6%	21.7%	21.5%
Tax on profit/loss for the period	-12	-29	-15	-17	10	14	-21	-15	-13	-14	-13	-14	-14	-15	-14	-15
Rep. net profit to equ. hol.	53	98	56	67	-35	-48	72	50	45	47	43	49	48	50	47	52
Adj. net profit to equ. hol.	52	37	41	40	60	68	29	44	39	41	37	43	42	44	40	46
Adj. net profit margin to equ. hol. (%)	21.4%	14.3%	16.7%	14.1%	24.0%	26.0%	12.1%	15.8%	15.2%	15.3%	15.2%	15.2%	16.1%	16.1%	16.1%	16.0%
Basic EPS	2.90	5.40	3.10	3.66	-1.90	-2.60	3.91	2.69	2.41	2.52	2.34	2.65	2.59	2.70	2.52	2.82
Diluted EPS	2.90	5.30	3.00	3.59	-1.90	-2.60	3.83	2.64	2.36	2.47	2.29	2.59	2.54	2.65	2.47	2.76
Adj. EPS	2.81	1.99	2.22	2.17	3.17	3.58	1.54	2.32	2.04	2.14	1.96	2.26	2.20	2.31	2.13	2.42

Source: ABG Sundal Collier, company data

Annual P&L figures and estimates

P&L DKKm	2021	2022e	2023e	2024e
Revenue	1034	1027	1044	1064
Y/Y revenue growth (%)	-1.1%	-0.6%	1.7%	1.9%
Cost of services	-413	-435	-428	-424
Gross profit	621	592	616	640
Gross margin (%)	60.0%	57.6%	59.0%	60.2%
Other income and costs	-333	-360	-382	-392
Other operating income	5	6	6	6
Rep. EBITDA	292	237	240	253
Adj. EBITDA	292	237	240	253
Adj. EBITDA margin (%)	28.3%	23.1%	22.9%	23.8%
D&A and impairments	-48	-28	-30	-30
Rep. EBIT	244	209	209	223
Adj. EBIT	244	209	209	223
Adj. EBIT margin (%)	23.6%	20.3%	20.1%	21.0%
Share of profit/loss in associates	4	6	8	10
Return on securities	103	-161	25	26
Net financials	-5	-3	-4	-4
Rep. pre-tax profit	347	51	238	255
Adj. pre-tax profit	244	212	213	230
Adj. pre-tax margin (%)	23.6%	20.6%	20.4%	21.6%
Tax on profit/loss for the period	-73	-12	-54	-58
Rep. net profit to equ. hol.	274	39	183	197
Adj. net profit to equ. hol.	170	200	159	171
Adj. net profit margin to equ. hol. (%)	16.5%	19.5%	15.2%	16.1%
Basic EPS	15.00	2.12	9.92	10.64
Diluted EPS	14.70	2.07	9.71	10.42
Adj. EPS	9.16	10.67	8.40	9.06

Source: ABG Sundal Collier, company data

North Media

Income Statement (DKKm)	Q4 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022e
Sales	275	243	259	246	286	248	260	241
COGS	-114	-94	-102	-103	-113	-106	-113	-99
Gross profit	160	149	157	143	172	142	147	142
Other operating items	-95	-78	-82	-81	-88	-87	-88	-85
EBITDA	65	71	74	63	84	55	59	57
Depreciation and amortisation	0	0	0	0	0	-7	-7	-7
EBITA	58	64	68	56	57	48	52	50
EO items	0	0	0	0	0	0	0	0
Impairment and PPA amortisation	0	0	0	0	0	0	0	0
EBIT	58	64	68	56	57	48	52	50
Net financial items	-2	-1	-2	-1	-1	-1	-0	-1
Pretax profit	112	65	128	71	84	-46	-62	94
Tax	-24	-12	-29	-15	-17	10	14	-21
Net profit	88	53	98	56	67	-35	-48	72
Minority interest	0	0	0	0	0	0	0	0
Net profit discontinued	-9	0	0	0	0	0	0	0
Net profit to shareholders	79	53	98	56	67	-35	-48	72
EPS	4.33	2.90	5.30	3.00	3.59	-1.90	-2.60	3.83
EPS Adj	1.74	2.80	1.99	2.22	2.17	3.15	3.58	1.54
Total extraordinary items after tax	56	1	61	15	26	-95	-116	43
Tax rate (%)	21.2	18.1	23.0	21.4	20.5	22.4	22.8	22.8
Gross margin (%)	58.4	61.3	60.4	58.0	60.3	57.2	56.5	58.9
EBITDA margin (%)	23.7	29.4	28.7	25.4	29.4	22.2	22.7	23.7
EBITA margin (%)	21.1	26.5	26.1	22.6	20.0	19.4	20.0	20.9
EBIT margin (%)	21.1	26.5	26.1	22.6	20.0	19.4	20.0	20.9
Pretax margin (%)	41.0	26.5	49.1	28.0	28.8	-19.1	-24.7	38.5
Net margin (%)	32.3	21.7	37.8	21.9	22.8	-15.0	-19.2	29.6
Growth rates Y/Y	Q4 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022e
Sales growth (%)	1.0	-5.5	2.1	-5.4	4.0	2.3	0.4	-2.2
EBITDA growth (%)	-11.4	-2.1	14.5	-7.4	29.0	-22.6	-20.8	-8.5
EBIT growth (%)	-15.6	-2.4	20.5	-7.9	-1.6	-24.9	-23.2	-9.4
Net profit growth (%)	12.8	245.1	-17.7	-30.6	-24.1	-chg	-chg	29.7
EPS growth (%)	12.8	245.1	-17.7	-30.6	-24.1	-chg	-chg	29.7
Adj earnings numbers	Q4 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022e
EBITDA Adj	65	71	74	63	84	55	59	57
EBITDA Adj margin (%)	23.7	29.4	28.7	25.4	29.4	22.2	22.7	23.7
EBITA Adj	58	64	68	56	57	48	52	50
EBITA Adj margin (%)	21.1	26.5	26.1	22.6	20.0	19.4	20.0	20.9
EBIT Adj	58	64	68	56	57	48	52	50
EBIT Adj margin (%)	21.1	26.5	26.1	22.6	20.0	19.4	20.0	20.9
Pretax profit Adj	56	64	66	56	58	49	54	51
Net profit Adj	32	52	37	41	40	60	68	29
Net profit to shareholders Adj	32	52	37	41	40	60	68	29
Net Adj margin (%)	11.9	21.3	14.1	15.9	13.6	23.2	25.3	11.6

Source: ABG Sundal Collier, Company data

North Media

Income Statement (DKKm)	2015	2016	2017	2018	2019	2020	2021	2022e	2023e	2024e
Sales	0	0	0	0	1,046	1,045	1,034	1,027	1,044	1,064
COGS	0	0	0	0	-523	-426	-413	-435	-428	-424
Gross profit	0	0	0	0	523	620	621	592	616	640
Other operating items	0	0	0	0	-330	-349	-328	-355	-376	-387
EBITDA	0	0	0	0	193	270	292	237	240	253
Depreciation and amortisation	0	0	0	0	-27	-30	-48	-28	-30	-30
Of which leasing depreciation	0	0	0	0	0	0	0	0	0	0
EBITA	0	0	0	0	166	240	244	209	209	223
EO items	0	0	0	0	0	0	0	0	0	0
Impairment and PPA amortisation	0	0	0	0	4	0	0	0	0	0
EBIT	0	0	0	0	170	240	244	209	209	223
Net financial items	0	0	0	0	-12	-6	-5	-3	-4	-4
Pretax profit	0	0	0	0	276	388	347	51	238	255
Tax	0	0	0	0	-64	-85	-73	-12	-54	-58
Net profit	0	0	0	0	212	303	274	39	183	197
Minority interest	0	0	0	0	0	0	0	0	0	0
Net profit discontinued	0	0	0	0	-6	4	0	0	0	0
Net profit to shareholders	0	0	0	0	205	307	274	39	183	197
EPS	0	0	0	0	11.00	16.70	14.70	2.07	9.71	10.42
EPS Adj	0	0	0	0	4.61	8.11	9.16	10.59	8.40	9.06
Total extraordinary items after tax	0	0	0	0	122	155	103	-161	25	26
Leasing payments	0	0	0	0	0	0	0	0	0	0
Tax rate (%)	ns	ns	ns	ns	23.3	21.9	21.2	23.2	22.8	22.8
Gross margin (%)	nm	nm	nm	nm	50.0	59.3	60.0	57.6	59.0	60.2
EBITDA margin (%)	nm	nm	nm	nm	18.5	25.9	28.3	23.1	22.9	23.8
EBITA margin (%)	nm	nm	nm	nm	15.9	23.0	23.6	20.3	20.1	21.0
EBIT margin (%)	nm	nm	nm	nm	16.3	23.0	23.6	20.3	20.1	21.0
Pretax margin (%)	nm	nm	nm	nm	26.8	37.2	33.2	4.3	22.0	23.0
Net margin (%)	nm	nm	nm	nm	20.7	29.1	26.1	3.2	16.8	17.5
Growth rates Y/Y	2015	2016	2017	2018	2019	2020	2021	2022e	2023e	2024e
Sales growth (%)	na	na	na	na	na	-0.0	-1.1	-0.6	1.7	1.9
EBITDA growth (%)	na	na	na	na	high	40.0	8.1	-18.8	0.9	5.8
EBIT growth (%)	na	na	na	na	high	41.3	1.7	-14.5	0.3	6.5
Net profit growth (%)	na	na	na	na	high	43.3	-9.7	-85.8	372.4	7.3
EPS growth (%)	na	na	na	na	high	51.8	-12.0	-85.9	368.7	7.3
Profitability	2015	2016	2017	2018	2019	2020	2021	2022e	2023e	2024e
ROE (%)	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm
ROE Adj (%)	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm
ROCE (%)	nm	nm	nm	0	204.3	285.1	273.2	44.5	209.0	236.1
ROCE Adj(%)	nm	nm	nm	0	112.3	173.1	193.0	177.0	187.7	212.8
ROIC (%)	na	na	na	nm	38.4	60.5	64.0	46.9	44.4	47.2
ROIC Adj (%)	na	na	na	nm	37.5	60.5	64.0	46.9	44.4	47.2
Adj earnings numbers	2015	2016	2017	2018	2019	2020	2021	2022e	2023e	2024e
EBITDA Adj	0	0	0	0	193	270	292	237	240	253
EBITDA Adj margin (%)	nm	nm	nm	nm	18.5	25.9	28.3	23.1	22.9	23.8
EBITDA lease Adj	0	0	0	0	193	270	292	237	240	253
EBITDA lease Adj margin (%)	nm	nm	nm	nm	18.5	25.9	28.3	23.1	22.9	23.8
EBITA Adj	0	0	0	0	166	240	244	209	209	223
EBITA Adj margin (%)	nm	nm	nm	nm	15.9	23.0	23.6	20.3	20.1	21.0
EBIT Adj	0	0	0	0	166	240	244	209	209	223
EBIT Adj margin (%)	nm	nm	nm	nm	15.9	23.0	23.6	20.3	20.1	21.0
Pretax profit Adj	0	0	0	0	149	234	244	212	213	230
Net profit Adj	0	0	0	0	85	149	170	200	159	171
Net profit to shareholders Adj	0	0	0	0	85	149	170	200	159	171
Net Adj margin (%)	nm	nm	nm	nm	8.6	14.3	16.1	18.9	14.5	15.1

Source: ABG Sundal Collier, Company data

North Media

Cash Flow Statement (DKKm)	2015	2016	2017	2018	2019	2020	2021	2022e	2023e	2024e
EBITDA	0	0	0	0	193	270	292	237	240	253
Net financial items	0	0	0	0	-12	-6	-5	-3	-4	-4
Paid tax	0	0	0	0	-61	-82	-90	-41	-54	-58
Non-cash items	0	0	0	0	8	-1	2	0	0	0
Cash flow before change in WC	0	0	0	0	128	182	199	194	181	191
Change in WC	0	0	0	0	2	35	-43	-1	0	1
Operating cash flow	0	0	0	0	130	217	156	193	182	192
CAPEX tangible fixed assets	0	0	0	0	0	0	0	-23	-19	-19
CAPEX intangible fixed assets	0	0	0	0	0	0	0	-8	-7	-8
Acquisitions and disposals	0	0	0	0	2	-2	-1	-5	0	0
Free cash flow	0	0	0	0	133	215	155	156	155	165
Dividend paid	0	0	0	0	-55	-72	-91	-92	-93	-93
Share issues and buybacks	0	0	0	0	-19	-29	7	10	-9	0
Lease liability amortisation	0	0	0	0	0	0	0	0	0	0
Other non cash items	0	0	0	0	-2	-3	9	0	0	0
Balance Sheet (DKKm)	2015	2016	2017	2018	2019	2020	2021	2022e	2023e	2024e
Goodwill	0	0	0	39	39	39	39	40	40	40
Other intangible assets	0	0	0	14	14	17	10	19	23	28
Tangible fixed assets	0	0	0	322	325	306	290	288	280	271
Right-of-use asset	0	0	0	0	0	0	0	0	0	0
Total other fixed assets	0	0	0	20	10	9	12	17	21	26
Fixed assets	0	0	0	396	389	371	351	364	364	365
Inventories	0	0	0	4	5	4	6	5	6	6
Receivables	0	0	0	99	89	76	75	73	74	75
Other current assets	0	0	0	0	0	0	6	38	38	38
Cash and liquid assets	0	0	0	327	485	739	883	792	868	966
Total assets	0	0	0	825	968	1,189	1,321	1,272	1,349	1,450
Shareholders equity	0	0	0	0	0	0	0	0	0	0
Minority	0	0	0	0	0	0	0	0	0	0
Total equity	0	0	0	0	0	0	0	0	0	0
Long-term debt	0	0	0	127	123	118	113	108	102	96
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	16	10	7	6	6	6
Total other long-term liabilities	0	0	0	5	10	11	0	8	8	8
Short-term debt	0	0	0	5	5	5	5	5	5	5
Accounts payable	0	0	0	44	35	34	45	43	44	45
Other current liabilities	0	0	0	107	109	132	71	69	70	71
Total liabilities and equity	0	0	0	287	297	310	241	239	235	230
Net IB debt	0	0	0	-202	-343	-608	-760	-677	-759	-862
Net IB debt excl. pension debt	0	0	0	-202	-343	-608	-760	-677	-759	-862
Net IB debt excl. leasing	0	0	0	-202	-359	-618	-767	-683	-765	-868
Capital invested	0	0	0	342	338	282	320	365	364	365
Working capital	0	0	0	-48	-50	-87	-29	4	4	3
EV breakdown	2015	2016	2017	2018	2019	2020	2021	2022e	2023e	2024e
Market cap. diluted (m)	0	0	0	0	780	1,460	2,009	1,548	1,548	1,548
Net IB debt Adj	0	0	0	-202	-343	-608	-760	-677	-759	-862
Market value of minority	0	0	0	0	0	0	0	0	0	0
Reversal of shares and participations	0	0	0	-13	-7	-6	-8	-12	-16	-21
Reversal of conv. debt assumed equity	0	0	0	0	0	0	0	0	0	0
EV	0	0	0	-214	430	846	1,241	859	773	664
Capital efficiency	2015	2016	2017	2018	2019	2020	2021	2022e	2023e	2024e
Total assets turnover (%)	nm	nm	nm	0	116.6	96.9	82.4	79.2	79.6	76.0
Working capital/sales (%)	nm	nm	nm	nm	-4.7	-6.5	-5.6	-1.2	0.4	0.3
Financial risk and debt service	2015	2016	2017	2018	2019	2020	2021	2022e	2023e	2024e
Net debt/equity	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm
Net debt/market cap	nm	nm	nm	nm	-0.53	-0.59	-0.38	-0.45	-0.50	-0.57
Equity ratio (%)	nm	nm	nm	0	0	0	0	0	0	0
Net IB debt adj./equity	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm
Current ratio	nm	nm	nm	2.77	3.74	4.69	7.82	7.52	8.09	8.77
EBITDA/net interest	na	na	na	na	44.93	54.08	63.52	65.91	59.54	67.18
Net IB debt/EBITDA	nm	nm	nm	nm	-1.78	-2.25	-2.60	-2.85	-3.17	-3.40
Net IB debt/EBITDA lease Adj	nm	nm	nm	nm	-1.86	-2.29	-2.62	-2.88	-3.19	-3.43
Interest cover	nm	nm	nm	nm	36.91	47.12	52.02	57.38	50.81	57.04

Source: ABG Sundal Collier, Company data

North Media

Valuation and Ratios (DKKm)	2015	2016	2017	2018	2019	2020	2021	2022e	2023e	2024e
Shares outstanding adj.	0	0	0	0	19	18	18	19	19	19
Fully diluted shares Adj	0	0	0	0	19	18	19	19	19	19
EPS	0	0	0	0	11.00	16.70	14.70	2.07	9.71	10.42
Dividend per share Adj	0	0	0	0	4.0	5.0	5.0	5.0	5.0	5.0
EPS Adj	0	0	0	0	4.61	8.11	9.16	10.59	8.40	9.06
BVPS	0	0	0	0	36.28	48.83	59.34	55.84	60.27	65.91
BVPS Adj	0	0	0	0	34.00	46.28	57.12	53.08	57.22	62.53
Net IB debt / share	na	na	na	na	-18.5	-33.8	-41.8	-36.6	-41.0	-46.6
Share price	13.26	12.41	33.14	32.39	42.14	79.80	108.00	81.90	81.90	81.90
Market cap. (m)	0	0	0	0	780	1,436	1,966	1,515	1,515	1,515
Valuation	2015	2016	2017	2018	2019	2020	2021	2022e	2023e	2024e
P/E	nm	nm	nm	nm	3.8	4.8	7.3	39.6	8.4	7.9
EV/sales	nm	nm	nm	nm	0.41	0.81	1.20	0.84	0.74	0.62
EV/EBITDA	nm	nm	nm	nm	2.2	3.1	4.2	3.6	3.2	2.6
EV/EBITA	nm	nm	nm	nm	2.6	3.5	5.1	4.1	3.7	3.0
EV/EBIT	nm	nm	nm	nm	2.5	3.5	5.1	4.1	3.7	3.0
Dividend yield (%)	0	0	0	0	9.5	6.3	4.6	6.1	6.1	6.1
FCF yield (%)	0	0	0	0	15.4	13.7	6.5	10.1	10.0	10.7
Lease adj. FCF yield (%)	nm	nm	nm	nm	17.0	14.7	7.7	10.1	10.0	10.7
P/BVPS	nm	nm	nm	nm	1.16	1.63	1.82	1.47	1.36	1.24
P/BVPS Adj	nm	nm	nm	nm	1.24	1.72	1.89	1.54	1.43	1.31
P/E Adj	nm	nm	nm	nm	9.1	9.8	11.8	7.7	9.7	9.0
EV/EBITDA Adj	nm	nm	nm	nm	2.2	3.1	4.2	3.6	3.2	2.6
EV/EBITA Adj	nm	nm	nm	nm	2.6	3.5	5.1	4.1	3.7	3.0
EV/EBIT Adj	nm	nm	nm	nm	2.6	3.5	5.1	4.1	3.7	3.0
EV/cap. employed	nm	nm	nm	-1.6	3.0	6.4	9.9	7.2	6.9	6.2
Investment ratios	2015	2016	2017	2018	2019	2020	2021	2022e	2023e	2024e
Capex/sales	nm	nm	nm	nm	0	0	0	3.1	2.5	2.5
Capex/depreciation	nm	nm	nm	nm	0	0	0	110.2	86.8	87.7
Capex tangibles/tangible fixed assets	nm	nm	nm	0	0	0	0	8.0	6.7	6.9
Capex intangibles/definite intangibles	nm	nm	nm	0	0	0	0	75.1	44.4	35.3
Depreciation on intangibles/definite intai	nm	nm	nm	0	54.8	27.5	957.1	25.9	18.3	13.4
Depreciation on tangibles/tangibles	nm	nm	nm	0	7.9	9.3	11.9	8.9	9.7	10.1

Source: ABG Sundal Collier, Company data

Analyst certification

I/We, Mikkel Kousgaard Rasmussen, Morten Larsen, 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.

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All prices are as of market close on 17 August, 2022 unless otherwise noted.

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