

North Media

ABGSC's DK small/mid-cap seminar feedback

- Case reaffirmed; mgmt. confident in '22 guidance
- No focus on the risk of JaTak supports our estimates
- Digital Services receiving higher attention

Mgmt. reaffirms confidence in FY'22 guidance

Today we had the pleasure of hosting North Media's CFO, Kåre Stausø Wigh, at our Danish small/mid-cap seminar. Having narrowed the FY'22 guidance in connection with the Q2'22 report in August, the CFO showed high conviction in the company's ability to reach its FY'22 guidance. Targets for '23-'24 were unchanged.

No questions from investors about the risk of JaTak

We were left surprised by the absence of questions relating to a potential shift to JaTak, which we consider the key risk to the company. We consider this supportive for our expectation of the Last Mile segment to continue as a cash cow. Instead, the CFO emphasized the adaptability of the segment, which will continue to be important ahead, particularly in light of the challenging macro environment. He also placed emphasis on ESG, calling attention to the segment's two solar parks at its locations in Taastrup and Tilst.

Higher emphasis on the Digital Services segments

Instead, higher emphasis was placed on the three Digital Services segments (BoligPortal, Ofir, and Bekey), which may seem surprising in light of the three combined segments merely contributing 14% to '21 revenues. Interestingly, in our view, are the subscription-based business models, which will span across the three digital segments. In BoligPortal, the income streams from advertising and references will be the short-term top line drivers, while the Data Insights platform and the services enabled by the acquisition of Boligmanager should drive growth beyond '22. For Ofir, the CFO emphasized how the segment differentiates itself by using data much more actively than competitors. For Bekey, the CFO acknowledged that the Property and Distributor segments develop too slowly and that the company has not yet figured out how to play these segments in terms of pricing. Lastly, we were not surprised by the critical questions concerning the company's strong net cash position of DKK 552m at Q2'22.

Fast comment

Commissioned research: Not rated

Share price (DKK)	20/09/2022	67.1
Media, Denmark		
NORTHM.COF/NORTHM DC		
MCap (DKKm)		1,241
MCap (EURm)		167
Net debt (EURm)		-91
No. of shares (m)		18.5
Free float (%)		34
Av. daily volume (k)		6
Next event		Q3 report: 02 Nov

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DKKm	2020	2021	2022e	2023e	2024e
Sales	1,045	1,034	1,027	1,044	1,064
<i>Sales growth (%)</i>	-0.0	-1.1	-0.6	1.7	1.9
EBITDA	270	292	237	240	253
<i>EBITDA margin (%)</i>	25.9	28.3	23.1	22.9	23.8
EBIT adj	240	244	209	209	223
<i>EBIT adj margin (%)</i>	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
<i>EPS growth (%)</i>	51.8	-12.0	-85.9	368.7	7.3
EPS adj	8.11	9.16	10.59	8.40	9.06
DPS	5.00	5.00	5.00	5.00	5.00
EV/EBITDA (x)	3.1	4.2	2.4	2.1	1.5
EV/EBIT adj (x)	3.5	5.1	2.8	2.4	1.7
P/E (x)	4.8	7.3	32.4	6.9	6.4
P/E adj (x)	9.8	11.8	6.3	8.0	7.4
EV/sales (x)	0.8	1.2	0.6	0.5	0.4
<i>FCF yield (%)</i>	13.7	6.5	12.3	12.3	13.0
<i>Dividend yield (%)</i>	6.3	4.6	7.5	7.5	7.5
Net IB debt/EBITDA	-2.2	-2.6	-2.8	-3.2	-3.4
<i>Lease adj. FCF yld (%)</i>	14.7	7.7	12.3	12.3	13.0
Lease adj. ND/EBITDA	-2.3	-2.6	-2.9	-3.2	-3.4

Analyst certification

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