

North Media

Reason: Preview of results

Commissioned research

Not rated

Weaker demand and cost inflation to weigh

- We expect Q3 rev. of DKK 236m & a ~19% EBIT margin
- Downgrade of FY'22 guidance not unlikely
- Unlikely to raise dividends and initiate share buybacks

FY'22 guidance downgrade not unlikely

North Media reports its Q3 results on 2 November. We expect group revenue of DKK 236m (vs. DKK 260m in Q2), as we note that Q3 has historically been a weak quarter in the important Last Mile segment. With a gloomy macroeconomic outlook and high inflation, we expect weaker demand in both the Last Mile segment and Ofir. Conversely, BoligPortal may benefit from a recession encouraging rental housing. With the Danish CPI up 10% y-o-y in September, however, we expect cost inflation to weigh on all four segments, but particularly the Last Mile segment where our estimates are 2% below the lower end of the company's FY'22 EBIT guidance range. On the group level, we expect FY'22 revenue of DKK 1,018m and an EBIT margin of ~19%, which are both in the lower end of the FY'22 guidance range.

Sustained portfolio losses, likely no increase in dividends

On top of the weaker demand and cost inflation, Q3 is likely to have seen sustained losses to the company's equity portfolio (we estimate a loss of DKK 94m in the quarter). This results in a negative pre-tax profit of DKK 50m in Q3, forcing FY'22 EPS into negative territory. Adjusting for the portfolio loss yields a positive pre-tax profit of DKK 44m. In light of management's firm view on the company's payout policy, we do not expect a raise to the planned annual DPS of DKK 5.0, nor do we expect the company to initiate share buybacks given the uncertainty ahead.

Lower one-year fwd. FVR of DKK 49-111 (56-137)

Our DCF yields DKK 111 (137) per share on lower estimates and a higher discount rate. The lower end of DKK 49 (56) per share is derived from an assumption of zero cash flows post '23 following a complete ban to printed matter in Denmark and no future cash flows from the Digital Services segments; note that we consider both scenarios unlikely. The company's net cash position of DKK 551m at YE'22e corresponds to DKK 29 per share. We lower our one-year fwd. FVR to DKK 49-111 (56-137) per share.

Analyst(s): mikkell.rasmussen@abgsc.no, +47 97 33 82 41
morten.larsen@abgsc.dk, +45 35 46 30 13

| DKKm | 2020 | 2021 | 2022e | 2023e | 2024e |
|---------------------|-------|-------|--------|-------|-------|
| Sales | 1,045 | 1,034 | 1,018 | 1,016 | 1,032 |
| EBITDA | 270 | 292 | 225 | 215 | 230 |
| EBITDA margin (%) | 25.9 | 28.3 | 22.1 | 21.1 | 22.3 |
| EBIT adj | 240 | 244 | 198 | 186 | 201 |
| EBIT adj margin (%) | 23.0 | 23.6 | 19.4 | 18.3 | 19.5 |
| Pretax profit | 388 | 347 | -101 | 207 | 225 |
| EPS rep | 16.70 | 14.70 | -4.16 | 8.43 | 9.19 |
| EPS adj | 10.11 | 10.38 | 8.33 | 7.65 | 8.38 |
| Sales growth (%) | -0.0 | -1.1 | -1.5 | -0.2 | 1.5 |
| EPS growth (%) | 51.8 | -12.0 | -128.3 | 302.9 | 9.0 |

Source: ABG Sundal Collier, Company data

Estimate changes (%)

| | 2022e | 2023e | 2024e |
|------------|-------|--------|--------|
| Sales | -0.8% | -2.6% | -3.0% |
| EBIT (rep) | -5.3% | -11.4% | -9.7% |
| EPS (rep) | n.m. | -13.1% | -11.7% |

Source: ABG Sundal Collier

| | | |
|------------------------------|------------|--------|
| Share price (DKK) | 18/10/2022 | 64.8 |
| Fair value range (per share) | | 49-111 |

Media, Denmark
NORTHM.COF/NORTHM DC

| | |
|-----------------|-------|
| MCap (DKKkm) | 1,199 |
| MCap (EURm) | 161 |
| Net debt (EURm) | -74 |

| | |
|----------------------|------|
| No. of shares (m) | 18.5 |
| Free float (%) | 34 |
| Av. daily volume (k) | 5 |

Next event Q3 report: 02 Nov

Performance



| | 1m | 3m | 12m |
|--------------|------|------|-------|
| Absolute (%) | -2.1 | -7.6 | -46.4 |

Source: FactSet

| | 2022e | 2023e | 2024e |
|------------------------|-------|-------|-------|
| P/E (x) | -15.6 | 7.7 | 7.0 |
| P/E adj (x) | 7.8 | 8.5 | 7.7 |
| P/BVPS (x) | 1.32 | 1.25 | 1.15 |
| EV/EBITDA (x) | 2.9 | 2.8 | 2.2 |
| EV/EBIT adj (x) | 3.3 | 3.2 | 2.6 |
| EV/sales (x) | 0.65 | 0.59 | 0.50 |
| ROE adj (%) | 22.4 | 15.0 | 15.3 |
| Dividend yield (%) | 7.7 | 7.7 | 7.7 |
| FCF yield (%) | 13.9 | 11.3 | 12.2 |
| Lease adj. FCF yld (%) | 13.9 | 11.3 | 12.2 |
| Net IB debt/EBITDA | -2.4 | -2.8 | -3.0 |
| Lease adj. ND/EBITDA | -2.5 | -2.9 | -3.0 |

Please refer to important disclosures at the end of this report

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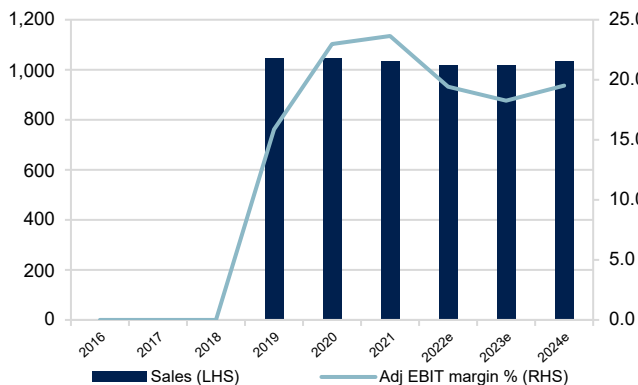
Company description

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

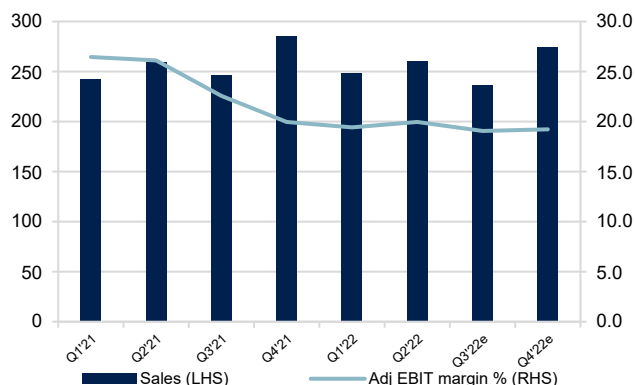
There are three main risks to the company: 1) the implementation of regulations or bans against physical advertisements on the back of environmental concerns, which in the worst case could put the Last Mile segment almost completely out of business, 2) stiff competition facing the Digital Services segments,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

Annual sales & adj. EBIT margin, DKKm



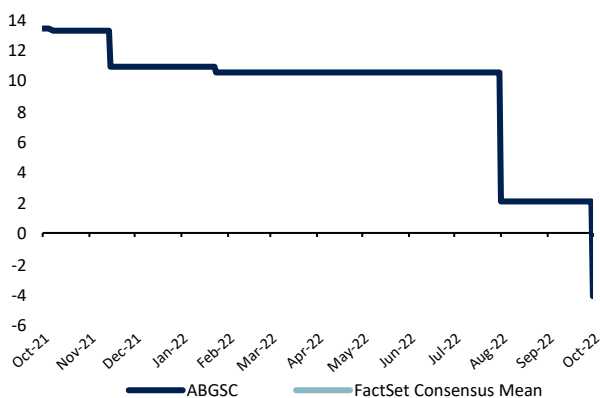
Source: ABG Sundal Collier, Company data

Quarterly sales and adj. EBIT margin



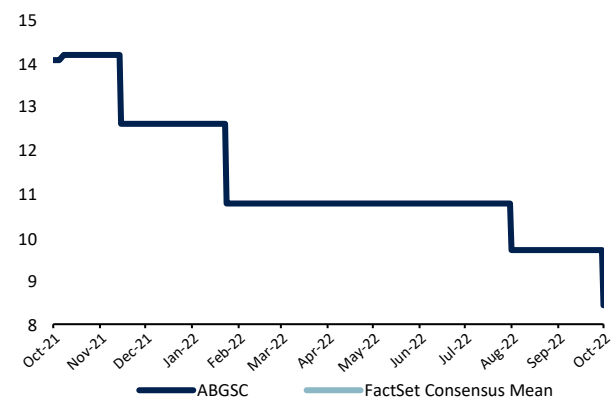
Source: ABG Sundal Collier, Company data

EPS estimate changes, 2022e, DKK



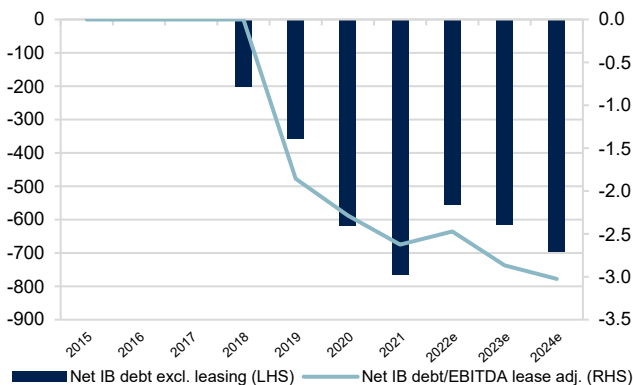
Source: ABG Sundal Collier, FactSet

EPS estimate changes, 2023e, DKK



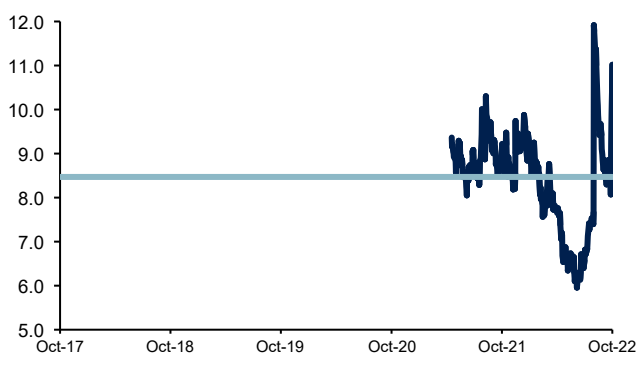
Source: ABG Sundal Collier, FactSet

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

FY'22 guidance may be too stretched

North Media narrowed its FY'22 group guidance at the Q2 announcement in August. As we expect cost inflation to weigh across all four segments alongside weaker demand in the Last Mile segment and Ofir, we have adjusted our group estimates toward the lower end of North Media's FY'22 guidance. Note that we are below EBIT guidance in the Last Mile segment (ABGSCe at DKK 189m vs. guidance range at DKK 192m-208m). To leave more leeway for the rest of H2'22, we suspect that North Media may adjust its FY'22 guidance range lower in connection with the Q3 announcement on 2 November.

Company guidance

| | | Group | | | | Last Mile | | | | Bolgiportal | | | | 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 | 1018 | | 198 | | 852 | | 189 | | 96 | | 24 | | 43 | | 5 | | 27 | | -14 | |
| Actual | | | | | | | | | | | | | | | | | | | | | |

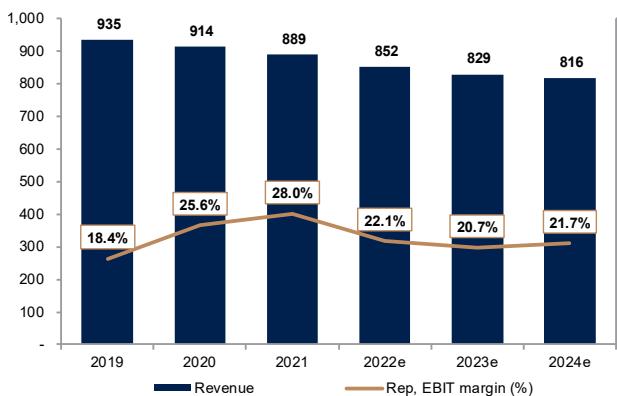
Source: ABG Sundal Collier, company data

Last Mile: FY'22 EBIT guidance looks optimistic

While the Last Mile segment's top line will continue to decline on structural volume contraction (which management estimates to be stabilising at 4% annually), we believe all-time high newsprint prices will force customers to continue choosing thinner and fewer pages, further impacting the segment's top line.

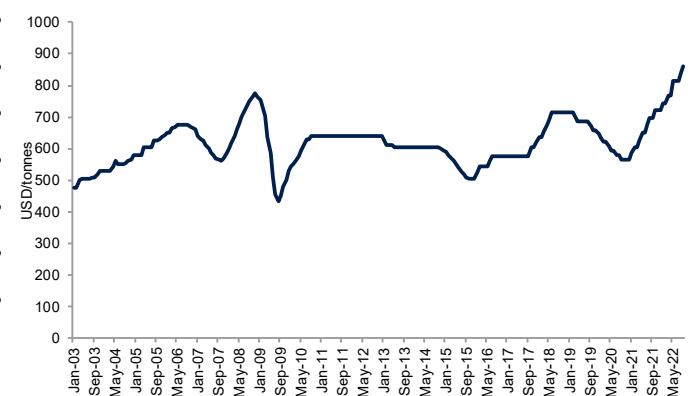
Given the declining top line, cost control and efficiency improvements are the two keys to continue delivering satisfying margins in the segment. However, with Danish CPI (which may act as a leading indicator for wage inflation) up 10% y-o-y in September, we think the '22 EBIT guidance of ~23% is a tad too optimistic. We estimate Last Mile FY'22 revenue of DKK 852m (vs. guidance of DKK 851m-866m) and an EBIT of DKK 189m (vs. guidance of DKK 192m-208m), equivalent to an EBIT margin of ~22%.

Last Mile: revenue and EBIT margin



Source: ABG Sundal Collier, company data

Newsprint prices (USD/tonne)

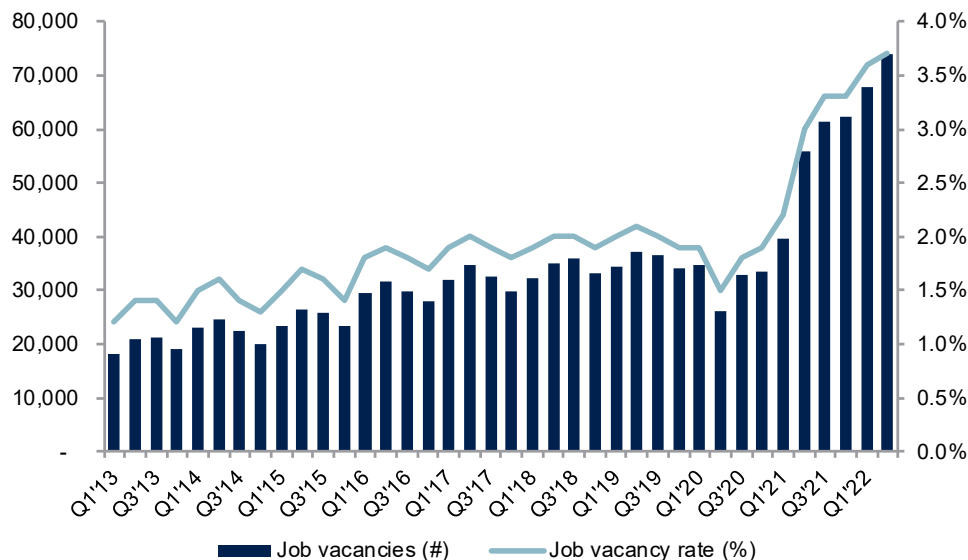


Source: ABG Sundal Collier, Bloomberg

Ofir: Lower demand from a weakening Danish labour market

During the Q2 presentation in August, management mentioned that they are seeing signs of the Danish job market reaching its peak. Given the gloomy outlook for the Danish economy, we expect a significantly weaker labour market ahead. This should impact Ofir's top line via: 1) fewer job ads and 2) less pricing power.

Job vacancies and job vacancy rate in Denmark

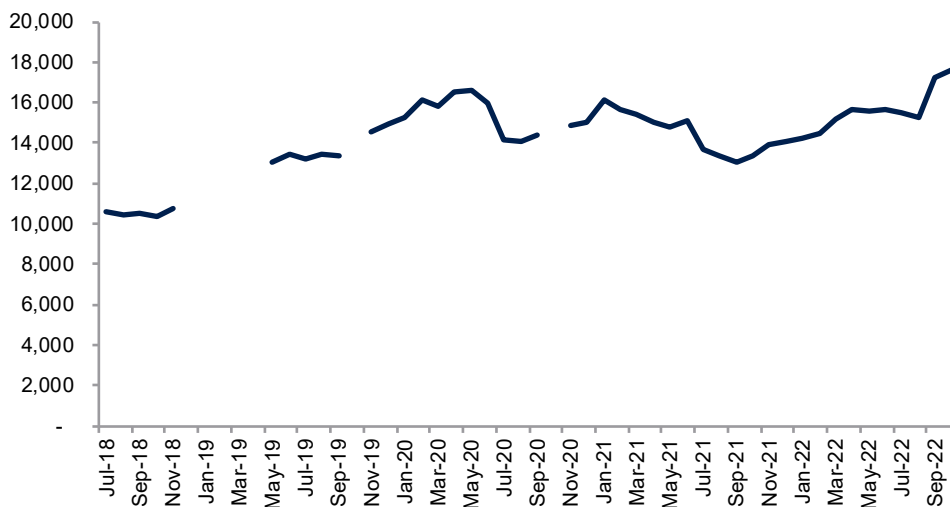


Source: ABG Sundal Collier, Danmarks Statistik

BoligPortal: Likely a beneficiary in a recession

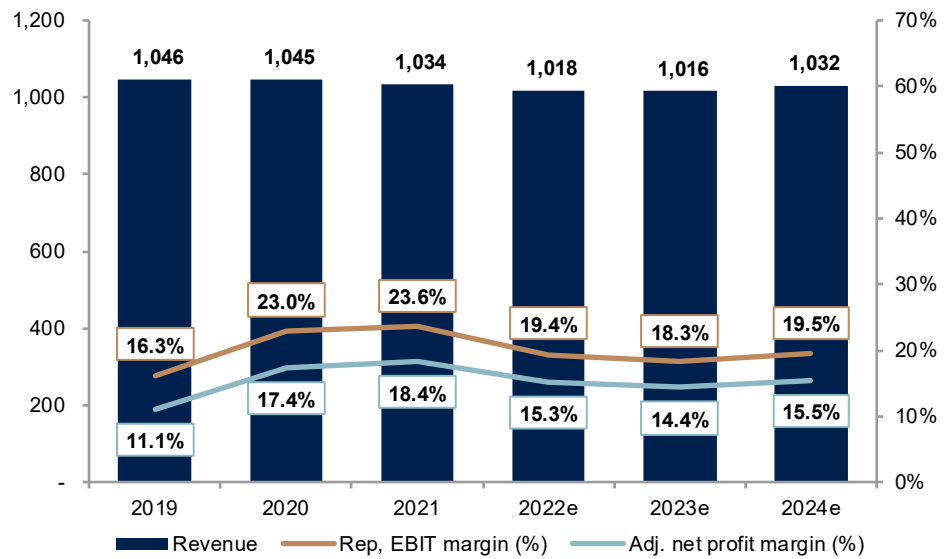
We find support for continued strong demand for rental housing when looking at the number of listings on BoligPortal, which has remained high throughout Q3. In fact, we believe BoligPortal could even benefit from a recession, as we assume that more people will turn to rental housing rather than becoming homeowners.

Number of listings on BoligPortal



Source: ABG Sundal Collier, BoligPortal

Group: Revenue, EBIT margin, and adj. net profit margin



Source: ABG Sundal Collier, company data

Estimate revisions

We have cut our '22e-'24e revenue estimates by 1% to 3%. Adding cost inflation to the lower revenue estimates means that we are 5% to 11% lower on EBIT for '22e-'24e.

Estimate revisions

| DKKm | New estimates | | | Old estimates | | | Estimate changes (%) | | |
|---|---------------|-------------|-------------|---------------|-------------|-------------|----------------------|---------------|---------------|
| | 2022e | 2023e | 2024e | 2022e | 2023e | 2024e | 2022e | 2023e | 2024e |
| Revenue | 1018 | 1016 | 1032 | 1027 | 1044 | 1064 | -0.8% | -2.6% | -3.0% |
| Y/Y revenue growth (%) | -1.5% | -0.2% | 1.5% | -0.6% | 1.7% | 1.9% | -0.8pp | -1.8pp | -0.4pp |
| Cost of services | -441 | -433 | -420 | -435 | -428 | -424 | -1.2% | -1.2% | 0.9% |
| Gross profit | 578 | 583 | 612 | 592 | 616 | 640 | -2.4% | -5.3% | -4.4% |
| Gross margin (%) | 56.7% | 57.4% | 59.3% | 57.6% | 59.0% | 60.2% | -0.9pp | -1.6pp | -0.9pp |
| Other income and costs | -358 | -374 | -387 | -360 | -382 | -392 | 0.6% | 2.2% | 1.4% |
| Other operating income | 6 | 5 | 6 | 6 | 6 | 6 | -0.8% | -2.6% | -3.0% |
| Rep. EBITDA | 225 | 215 | 230 | 237 | 240 | 253 | -5.1% | -10.4% | -9.1% |
| Adj. EBITDA | 225 | 215 | 230 | 237 | 240 | 253 | -5.1% | -10.4% | -9.1% |
| Adj. EBITDA margin (%) | 22.1% | 21.1% | 22.3% | 23.1% | 22.9% | 23.8% | -1.0pp | -1.8pp | -1.5pp |
| D&A and impairments | -28 | -29 | -29 | -28 | -30 | -30 | 3.3% | 3.3% | 5.0% |
| Rep. EBIT | 198 | 186 | 201 | 209 | 209 | 223 | -5.3% | -11.4% | -9.7% |
| Adj. EBIT | 198 | 186 | 201 | 209 | 209 | 223 | -5.3% | -11.4% | -9.7% |
| Adj. EBIT margin (%) | 19.4% | 18.3% | 19.5% | 20.3% | 20.1% | 21.0% | -0.9pp | -1.8pp | -1.5pp |
| Share of profit/loss in associates | 5 | 6 | 8 | 6 | 8 | 10 | -22.6% | -21.6% | -23.8% |
| Return on securities | -300 | 19 | 20 | -161 | 25 | 26 | -22.9% | -22.9% | -22.9% |
| Net financials | -3 | -4 | -4 | -3 | -4 | -4 | 0.1% | 0.1% | -0.2% |
| Rep. pre-tax profit | -101 | 207 | 225 | 51 | 238 | 255 | | -13.1% | -11.7% |
| Adj. pre-tax profit | 199 | 188 | 205 | 212 | 213 | 230 | -5.9% | -12.0% | -10.5% |
| Adj. pre-tax margin (%) | 19.6% | 18.5% | 19.9% | 20.6% | 20.4% | 21.6% | -1.1pp | -2.0pp | -1.7pp |
| Tax on profit/loss for the period | 23 | -47 | -51 | -12 | -54 | -58 | 15.1% | 13.3% | 13.3% |
| Rep. net profit to equ. hol. | -78 | 159 | 174 | 39 | 183 | 197 | | -13.1% | -11.7% |
| Basic EPS | -4.25 | 8.62 | 9.39 | 2.12 | 9.92 | 10.64 | | -13.1% | -11.7% |
| Diluted EPS | -4.16 | 8.43 | 9.19 | 2.07 | 9.71 | 10.42 | | -13.1% | -11.7% |
| Adj. EPS | 8.33 | 7.65 | 8.38 | 10.67 | 8.40 | 9.06 | -22.0% | -8.9% | -7.5% |
| Adj. net profit to equ. hol. | 155 | 146 | 160 | 200 | 159 | 171 | -22.3% | -7.9% | -6.4% |
| Adj. net profit margin to equ. hol. (%) | 15.3% | 14.4% | 15.5% | 19.5% | 15.2% | 16.1% | -4.2pp | -0.8pp | -0.6pp |

Source: ABG Sundal Collier, company data

Valuation

Upper end of FVR derived from a DCF valuation (DKK 111 per share)

Our DCF relies on the following assumptions:

- ABGSCe '22e-'25e estimates.
- WACC of 8.7%.
- Last Mile revenue CAGR '22e-'34e of -5%.
- Last Mile EBITDA margin relatively stable, averaging 21% from '22e-'34e.
- Last Mile terminal growth rate of 0%.
- Digital Services growth rate declining towards 3% annually from '30e.
- Digital Services EBITDA margin increasing to 20% in '30e from scale.
- Digital Services terminal growth rate of 2%.
- Group revenue CAGR '22e-'34e of -2%.
- Group avg. EBITDA margin of 21% from '22e-'34e.
- Capex as a % of revenue converging to 5% in '34e.
- NWC as a % of revenue of ~3%.
- Tax rate of 22%.

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 | 1,018 | 1,016 | 1,032 | 1,051 | 1,060 | 1,056 | 1,039 | 1,009 | 967 | 929 | 895 | 865 | 839 | Revenues | 839 | 847 |
| Group revenue growth | -1% | 0% | 2% | 2% | 1% | 0% | -2% | -3% | -4% | -4% | -4% | -3% | -3% | Group revenue growth | -3% | 1% |
| Last Mile | 852 | 829 | 816 | 804 | 781 | 749 | 709 | 661 | 608 | 560 | 515 | 474 | 436 | Last Mile | 436 | 436 |
| Last Mile revenue growth | -4% | -3% | -2% | -2% | -3% | -4% | -5% | -7% | -8% | -8% | -8% | -8% | -8% | Last Mile revenue growth | -8% | 0% |
| Digital Services | 167 | 188 | 216 | 248 | 279 | 307 | 330 | 348 | 358 | 369 | 380 | 392 | 403 | Digital Services | 403 | 412 |
| Digital Services revenue growth | 15% | 13% | 15% | 15% | 12% | 10% | 8% | 5% | 3% | 3% | 3% | 3% | 3% | Digital Services revenue growth | 3% | 2% |
| EBITDA | 225 | 215 | 230 | 242 | 234 | 223 | 211 | 198 | 183 | 176 | 170 | 164 | 159 | EBITDA | 159 | 161 |
| Group EBITDA margin | 22% | 21% | 22% | 23% | 22% | 21% | 20% | 20% | 19% | 19% | 19% | 19% | 19% | Group EBITDA margin | 19% | 19% |
| Last Mile | 202 | 186 | 192 | 193 | 178 | 162 | 145 | 127 | 109 | 101 | 93 | 85 | 78 | Last Mile | 78 | 78 |
| Last Mile EBITDA margin (%) | 24% | 23% | 24% | 24% | 23% | 22% | 20% | 19% | 18% | 18% | 18% | 18% | 18% | Last Mile EBITDA margin (%) | 18% | 18% |
| Digital Services | 20 | 23 | 33 | 44 | 51 | 57 | 63 | 68 | 72 | 74 | 76 | 78 | 81 | Digital Services | 81 | 82 |
| Digital Services EBITDA margin (%) | 12% | 12% | 15% | 18% | 18% | 19% | 19% | 20% | 20% | 20% | 20% | 20% | 20% | Digital Services EBITDA margin (%) | 20% | 20% |
| Other op. income (not allocated) | 6 | 5 | 6 | 6 | 5 | 4 | 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 | -29 | -29 | -30 | -30 | -30 | -29 | -28 | -27 | -26 | -26 | -25 | -25 | D&A | -25 | -25 |
| 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 | 198 | 186 | 201 | 213 | 204 | 193 | 181 | 169 | 155 | 149 | 143 | 138 | 134 | EBIT | 134 | 135 |
| Group EBIT margin (%) | 19% | 18% | 20% | 20% | 19% | 18% | 17% | 17% | 16% | 16% | 16% | 16% | 16% | Group EBIT margin (%) | 16% | 16% |
| Tax on EBIT | -44 | -41 | -44 | -47 | -45 | -42 | -40 | -37 | -34 | -33 | -32 | -30 | -29 | Tax on EBIT | -29 | -30 |
| NOPAT | 154 | 145 | 157 | 166 | 159 | 151 | 142 | 132 | 121 | 116 | 112 | 108 | 104 | NOPAT | 104 | 106 |
| D&A | 28 | 29 | 29 | 30 | 30 | 30 | 29 | 28 | 27 | 26 | 26 | 25 | 25 | D&A | 25 | 25 |
| Net working capital | -33 | -34 | -34 | -34 | -34 | -34 | -33 | -32 | -30 | -29 | -27 | -26 | -25 | Net working capital | -25 | -25 |
| 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 | 0 | 1 | 0 | 0 | -1 | -1 | -2 | -1 | -1 | -1 | -1 | Delta net working capital | -1 | 0 |
| Non-cash adjustments | 23 | -10 | -11 | -11 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | Non-cash adjustments | 0 | 0 |
| Capex | -28 | -25 | -26 | -26 | -29 | -32 | -35 | -36 | -38 | -39 | -40 | -41 | -42 | Capex | -42 | -42 |
| Capex in % of revenues | -3% | -3% | -3% | -3% | -3% | -3% | -4% | -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 | 170 | 138 | 150 | 158 | 159 | 148 | 136 | 123 | 110 | 103 | 97 | 92 | 87 | Free cash flow | 87 | 89 |
| Discounted free cash flow | 170 | 127 | 127 | 123 | 114 | 98 | 83 | 69 | 57 | 49 | 42 | 37 | 32 | Terminal value | 1,160 | |

| Valuation summary | |
|-------------------|--------------|
| PV DCF | 1,128 |
| PV TV | 394 |
| EV | 1,522 |

| | |
|--|--------------|
| Net debt | -551 |
| Associates | 12 |
| Equity value | 2,084 |
| Dividends | -92 |
| Equity value (1Y from today) | 2,103 |
| Number of shares (fully diluted) | 19 |
| 1Y forward share price from today | 111 |

| 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 | 8.7% |
| Cost of equity | 9.0% |
| After-tax cost of debt | 3.1% |
| Equity beta | 0.9 |

| Growth rates and margins | |
|---|-----|
| Group revenue CAGR '22-'34 | -2% |
| 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 | 18% |

Source: ABG Sundal Collier, company data

This values North Media at a '22e EV/adjusted EBIT of 7.7x and a '22e adjusted P/E of 13.4x.

Share price sensitivities of Last Mile

| 1Y fwd. share price sensitivity | | Last Mile growth rate ('30-'34) | | | | |
|---------------------------------|-------|---------------------------------|------|-------|--------|--------|
| | | 12.0% | 2.0% | -8.0% | -18.0% | -28.0% |
| WACC | 6.7% | 201 | 157 | 131 | 116 | 108 |
| | 7.7% | 176 | 140 | 120 | 108 | 101 |
| | 7.4% | 157 | 128 | 111 | 101 | 96 |
| | 9.7% | 143 | 119 | 105 | 96 | 91 |
| | 10.7% | 132 | 112 | 100 | 92 | 88 |

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% | 0.0% | -3.0% |
| WACC | 6.7% | 143 | 137 | 131 | 126 | 122 |
| | 7.7% | 129 | 124 | 120 | 116 | 113 |
| | 7.4% | 119 | 115 | 111 | 108 | 106 |
| | 9.7% | 111 | 108 | 105 | 102 | 100 |
| | 10.7% | 105 | 102 | 100 | 97 | 96 |

Source: ABG Sundal Collier, company data

Lower end of FVR assumes a ban on print (DKK 59 per share)

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 from an assumption of zero cash flows post-'23e following a complete ban on printed matter in Denmark. We estimate a '22e net cash position of DKK 551m at YE'22e and discounted free cash flows of DKK 170m in '22e and DKK 127m in '23e. A complete stop to printed matter would also likely 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, given the presence of the Digital Services segments. To our understanding, there have been no material discussions about a shift to JaTak since our last report, adding to our thesis that no change to JaTak or ban on printed matter will take place in the short term. Nevertheless, it still yields a one-year forward share price of DKK 49 after paying '22e dividends of DKK 5.0 per share.

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 | 170 | 9 |
| 23e | 127 | 7 |
| Net cash position | 551 | 29 |
| Last Mile sites (assuming disposal at YE'23 carrying amount) | 116 | 6 |
| Equity value (YE'22) | 964 | 51 |
| Dividends | 92 | 5 |
| 1Y fair share from today | 920 | 49 |

Source: ABG Sundal Collier, company data

Estimate tables

Annual P&L

| P&L DKKm | 2019 | 2020 | 2021 | 2022e | 2023e | 2024e |
|---|-------------|-------------|-------------|-------------|-------------|-------------|
| Revenue | 1046 | 1045 | 1034 | 1018 | 1016 | 1032 |
| Y/Y revenue growth (%) | -8.7% | 0.0% | -1.1% | -1.5% | -0.2% | 1.5% |
| Cost of services | -523 | -426 | -413 | -441 | -433 | -420 |
| Gross profit | 523 | 620 | 621 | 578 | 583 | 612 |
| Gross margin (%) | 50.0% | 59.3% | 60.0% | 56.7% | 57.4% | 59.3% |
| Other income and costs | -343 | -358 | -333 | -358 | -374 | -387 |
| Other operating income | 13 | 8 | 5 | 6 | 5 | 6 |
| Rep. EBITDA | 193 | 270 | 292 | 225 | 215 | 230 |
| Adj. EBITDA | 193 | 270 | 292 | 225 | 215 | 230 |
| Adj. EBITDA margin (%) | 18.5% | 25.9% | 28.3% | 22.1% | 21.1% | 22.3% |
| D&A and impairments | -27 | -30 | -48 | -28 | -29 | -29 |
| Rep. EBIT | 170 | 240 | 244 | 198 | 186 | 201 |
| Adj. EBIT | 166 | 240 | 244 | 198 | 186 | 201 |
| Adj. EBIT margin (%) | 15.9% | 23.0% | 23.6% | 19.4% | 18.3% | 19.5% |
| Share of profit/loss in associates | -5 | -1 | 4 | 5 | 6 | 8 |
| Return on securities | 122 | 155 | 103 | -300 | 19 | 20 |
| Net financials | -12 | -6 | -5 | -3 | -4 | -4 |
| Rep. pre-tax profit | 276 | 388 | 347 | -101 | 207 | 225 |
| Adj. pre-tax profit | 149 | 234 | 244 | 199 | 188 | 205 |
| Adj. pre-tax margin (%) | 14.3% | 22.3% | 23.6% | 19.6% | 18.5% | 19.9% |
| Tax on profit/loss for the period | -64 | -85 | -73 | 23 | -47 | -51 |
| Rep. net profit to equ. hol. | 205 | 307 | 274 | -78 | 159 | 174 |
| Adj. net profit to equ. hol. | 117 | 182 | 190 | 155 | 146 | 160 |
| Adj. net profit margin to equ. hol. (%) | 11.1% | 17.4% | 18.4% | 15.3% | 14.4% | 15.5% |
| Basic EPS | 11.00 | 16.90 | 15.00 | -4.25 | 8.62 | 9.39 |
| Diluted EPS | 11.00 | 16.70 | 14.70 | -4.16 | 8.43 | 9.19 |
| Adj. EPS | 5.92 | 10.11 | 10.38 | 8.33 | 7.65 | 8.38 |

Source: ABG Sundal Collier, company data

Quarterly P&L

| 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 | 236 | 274 | 246 | 259 | 237 | 274 | 251 | 263 | 241 | 278 |
| Y/Y revenue growth (%) | -5.5% | 2.1% | -5.4% | 4.0% | 2.3% | 0.4% | -4.2% | -4.0% | -0.7% | -0.5% | 0.4% | 0.0% | 1.7% | 1.5% | 1.6% | 1.2% |
| Cost of services | -94 | -102 | -103 | -113 | -106 | -113 | -101 | -120 | -105 | -111 | -100 | -118 | -102 | -108 | -96 | -114 |
| Gross profit | 149 | 157 | 143 | 172 | 142 | 147 | 135 | 154 | 141 | 148 | 138 | 156 | 149 | 155 | 145 | 163 |
| Gross margin (%) | 61.3% | 60.4% | 58.0% | 60.3% | 57.2% | 56.5% | 57.1% | 56.2% | 57.4% | 57.2% | 58.0% | 57.0% | 59.3% | 59.1% | 60.0% | 58.9% |
| Other income and costs | -79 | -83 | -82 | -89 | -88 | -89 | -85 | -96 | -91 | -95 | -89 | -100 | -94 | -98 | -92 | -103 |
| Other operating income | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Rep. EBITDA | 71 | 74 | 63 | 84 | 55 | 59 | 51 | 60 | 52 | 55 | 50 | 58 | 56 | 59 | 54 | 62 |
| Adj. EBITDA | 71 | 74 | 63 | 84 | 55 | 59 | 51 | 60 | 52 | 55 | 50 | 58 | 56 | 59 | 54 | 62 |
| Adj. EBITDA margin (%) | 29.4% | 28.7% | 25.4% | 29.4% | 22.2% | 22.7% | 21.8% | 21.8% | 21.1% | 21.2% | 21.1% | 21.1% | 22.3% | 22.4% | 22.3% | 22.3% |
| D&A and impairments | -7 | -7 | -7 | -27 | -7 | -7 | -6 | -7 | -7 | -7 | -7 | -8 | -7 | -7 | -7 | -8 |
| Rep. EBIT | 64 | 68 | 56 | 57 | 48 | 52 | 45 | 53 | 45 | 47 | 43 | 50 | 49 | 51 | 47 | 54 |
| Adj. EBIT | 64 | 68 | 56 | 57 | 48 | 52 | 45 | 53 | 45 | 47 | 43 | 50 | 49 | 51 | 47 | 54 |
| Adj. EBIT margin (%) | 26.5% | 26.1% | 22.6% | 20.0% | 19.4% | 20.0% | 19.1% | 19.2% | 18.2% | 18.3% | 18.3% | 18.3% | 19.5% | 19.6% | 19.5% | 19.5% |
| Share of profit/loss in associates | 0 | 1 | 2 | 2 | 2 | 2 | 0 | 0 | 1 | 1 | 1 | 1 | 2 | 2 | 2 | 2 |
| Return on securities | 1 | 61 | 15 | 26 | -95 | -116 | -94 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 |
| 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 | -50 | 57 | 50 | 53 | 49 | 56 | 55 | 57 | 53 | 60 |
| Adj. pre-tax profit | 64 | 66 | 56 | 57 | 49 | 54 | 44 | 52 | 45 | 48 | 44 | 51 | 50 | 52 | 48 | 55 |
| Adj. pre-tax margin (%) | 26.2% | 25.6% | 22.9% | 20.1% | 19.9% | 20.6% | 18.8% | 19.0% | 18.4% | 18.5% | 18.5% | 18.5% | 19.9% | 19.9% | 19.9% | 19.9% |
| Tax on profit/loss for the period | -12 | -29 | -15 | -17 | 10 | 14 | 11 | -13 | -11 | -12 | -11 | -13 | -12 | -13 | -12 | -14 |
| Rep. net profit to equ. hol. | 53 | 98 | 56 | 67 | -35 | -48 | -38 | 44 | 39 | 41 | 37 | 43 | 42 | 44 | 41 | 46 |
| Adj. net profit to equ. hol. | 50 | 52 | 44 | 45 | 38 | 42 | 35 | 41 | 35 | 37 | 34 | 40 | 39 | 41 | 37 | 43 |
| Adj. net profit margin to equ. hol. (%) | 20.4% | 20.0% | 17.9% | 15.7% | 15.5% | 16.1% | 14.7% | 14.8% | 14.3% | 14.4% | 14.4% | 14.4% | 15.5% | 15.6% | 15.5% | 15.5% |
| Basic EPS | 2.90 | 5.40 | 3.10 | 3.66 | -1.90 | -2.60 | -2.07 | 2.37 | 2.08 | 2.19 | 2.03 | 2.32 | 2.28 | 2.39 | 2.21 | 2.51 |
| Diluted EPS | 2.90 | 5.30 | 3.00 | 3.59 | -1.90 | -2.60 | -2.03 | 2.32 | 2.04 | 2.14 | 1.98 | 2.27 | 2.23 | 2.34 | 2.16 | 2.46 |
| Adj. EPS | 2.82 | 2.71 | 2.39 | 2.48 | 2.06 | 2.24 | 1.85 | 2.13 | 1.85 | 1.95 | 1.79 | 2.07 | 2.03 | 2.14 | 1.96 | 2.25 |

Source: ABG Sundal Collier, company data

North Media

| Income Statement (DKKm) | Q1 2021 | Q2 2021 | Q3 2021 | Q4 2021 | Q1 2022 | Q2 2022 | Q3 2022e | Q4 2022e |
|-------------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|-----------------|-----------------|
| Sales | 243 | 259 | 246 | 286 | 248 | 260 | 236 | 274 |
| COGS | -94 | -102 | -103 | -113 | -106 | -113 | -101 | -120 |
| Gross profit | 149 | 157 | 143 | 172 | 142 | 147 | 135 | 154 |
| Other operating items | -78 | -82 | -81 | -88 | -87 | -88 | -83 | -94 |
| EBITDA | 71 | 74 | 63 | 84 | 55 | 59 | 51 | 60 |
| Depreciation and amortisation | 0 | 0 | 0 | 0 | -7 | -7 | -6 | -7 |
| EBITA | 64 | 68 | 56 | 57 | 48 | 52 | 45 | 53 |
| EO items | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Impairment and PPA amortisation | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| EBIT | 64 | 68 | 56 | 57 | 48 | 52 | 45 | 53 |
| Net financial items | -1 | -2 | -1 | -1 | -1 | -0 | -1 | -1 |
| Pretax profit | 65 | 128 | 71 | 84 | -46 | -62 | -50 | 57 |
| Tax | -12 | -29 | -15 | -17 | 10 | 14 | 11 | -13 |
| Net profit | 53 | 98 | 56 | 67 | -35 | -48 | -38 | 44 |
| Minority interest | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Net profit discontinued | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Net profit to shareholders | 53 | 98 | 56 | 67 | -35 | -48 | -38 | 44 |
| EPS | 2.90 | 5.30 | 3.00 | 3.59 | -1.90 | -2.60 | -2.03 | 2.32 |
| EPS Adj | 2.82 | 2.71 | 2.39 | 2.48 | 2.06 | 2.24 | 1.85 | 2.13 |
| Total extraordinary items after tax | 1 | 61 | 15 | 26 | -95 | -116 | -94 | 5 |
| Tax rate (%) | 18.1 | 23.0 | 21.4 | 20.5 | 22.4 | 22.8 | 22.8 | 22.8 |
| Gross margin (%) | 61.3 | 60.4 | 58.0 | 60.3 | 57.2 | 56.5 | 57.1 | 56.2 |
| EBITDA margin (%) | 29.4 | 28.7 | 25.4 | 29.4 | 22.2 | 22.7 | 21.8 | 21.8 |
| EBITA margin (%) | 26.5 | 26.1 | 22.6 | 20.0 | 19.4 | 20.0 | 19.1 | 19.2 |
| EBIT margin (%) | 26.5 | 26.1 | 22.6 | 20.0 | 19.4 | 20.0 | 19.1 | 19.2 |
| Pretax margin (%) | 26.5 | 49.1 | 28.0 | 28.8 | -19.1 | -24.7 | -21.2 | 20.5 |
| Net margin (%) | 21.7 | 37.8 | 21.9 | 22.8 | -15.0 | -19.2 | -16.4 | 15.8 |
| Growth rates Y/Y | Q1 2021 | Q2 2021 | Q3 2021 | Q4 2021 | Q1 2022 | Q2 2022 | Q3 2022e | Q4 2022e |
| Sales growth (%) | -5.5 | 2.1 | -5.4 | 4.0 | 2.3 | 0.4 | -4.2 | -4.0 |
| EBITDA growth (%) | -2.1 | 14.5 | -7.4 | 29.0 | -22.6 | -20.8 | -17.7 | -28.8 |
| EBIT growth (%) | -2.4 | 20.5 | -7.9 | -1.6 | -24.9 | -23.2 | -19.1 | -7.6 |
| Net profit growth (%) | 245.1 | -17.7 | -30.6 | -24.1 | -chg | -chg | -chg | -34.3 |
| EPS growth (%) | 245.1 | -17.7 | -30.6 | -24.1 | -chg | -chg | -chg | -34.3 |
| Adj earnings numbers | Q1 2021 | Q2 2021 | Q3 2021 | Q4 2021 | Q1 2022 | Q2 2022 | Q3 2022e | Q4 2022e |
| EBITDA Adj | 71 | 74 | 63 | 84 | 55 | 59 | 51 | 60 |
| EBITDA Adj margin (%) | 29.4 | 28.7 | 25.4 | 29.4 | 22.2 | 22.7 | 21.8 | 21.8 |
| EBITA Adj | 64 | 68 | 56 | 57 | 48 | 52 | 45 | 53 |
| EBITA Adj margin (%) | 26.5 | 26.1 | 22.6 | 20.0 | 19.4 | 20.0 | 19.1 | 19.2 |
| EBIT Adj | 64 | 68 | 56 | 57 | 48 | 52 | 45 | 53 |
| EBIT Adj margin (%) | 26.5 | 26.1 | 22.6 | 20.0 | 19.4 | 20.0 | 19.1 | 19.2 |
| Pretax profit Adj | 64 | 66 | 56 | 58 | 49 | 54 | 44 | 52 |
| Net profit Adj | 52 | 37 | 41 | 40 | 60 | 68 | 56 | 39 |
| Net profit to shareholders Adj | 52 | 37 | 41 | 40 | 60 | 68 | 56 | 39 |
| Net Adj margin (%) | 21.3 | 14.1 | 15.9 | 13.6 | 23.2 | 25.3 | 23.4 | 14.1 |

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 | 1,018 | 1,016 | 1,032 |
| COGS | 0 | 0 | 0 | 0 | -523 | -426 | -413 | -441 | -433 | -420 |
| Gross profit | 0 | 0 | 0 | 0 | 523 | 620 | 621 | 578 | 583 | 612 |
| Other operating items | 0 | 0 | 0 | 0 | -330 | -349 | -328 | -353 | -369 | -382 |
| EBITDA | 0 | 0 | 0 | 0 | 193 | 270 | 292 | 225 | 215 | 230 |
| Depreciation and amortisation | 0 | 0 | 0 | 0 | -27 | -30 | -48 | -28 | -29 | -29 |
| Of which leasing depreciation | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| EBITA | 0 | 0 | 0 | 0 | 166 | 240 | 244 | 198 | 186 | 201 |
| 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 | 198 | 186 | 201 |
| Net financial items | 0 | 0 | 0 | 0 | -12 | -6 | -5 | -3 | -4 | -4 |
| Pretax profit | 0 | 0 | 0 | 0 | 276 | 388 | 347 | -101 | 207 | 225 |
| Tax | 0 | 0 | 0 | 0 | -64 | -85 | -73 | 23 | -47 | -51 |
| Net profit | 0 | 0 | 0 | 0 | 212 | 303 | 274 | -78 | 159 | 174 |
| 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 | -78 | 159 | 174 |
| EPS | 0 | 0 | 0 | 0 | 11.00 | 16.70 | 14.70 | -4.16 | 8.43 | 9.19 |
| EPS Adj | 0 | 0 | 0 | 0 | 5.92 | 10.11 | 10.38 | 8.33 | 7.65 | 8.38 |
| Total extraordinary items after tax | 0 | 0 | 0 | 0 | 122 | 155 | 103 | -300 | 19 | 20 |
| Leasing payments | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Tax rate (%) | ns | ns | ns | ns | 23.3 | 21.9 | 21.2 | 22.6 | 22.8 | 22.8 |
| Gross margin (%) | nm | nm | nm | nm | 50.0 | 59.3 | 60.0 | 56.7 | 57.4 | 59.3 |
| EBITDA margin (%) | nm | nm | nm | nm | 18.5 | 25.9 | 28.3 | 22.1 | 21.1 | 22.3 |
| EBITA margin (%) | nm | nm | nm | nm | 15.9 | 23.0 | 23.6 | 19.4 | 18.3 | 19.5 |
| EBIT margin (%) | nm | nm | nm | nm | 16.3 | 23.0 | 23.6 | 19.4 | 18.3 | 19.5 |
| Pretax margin (%) | nm | nm | nm | nm | 26.8 | 37.2 | 33.2 | -10.4 | 19.7 | 21.1 |
| Net margin (%) | nm | nm | nm | nm | 20.7 | 29.1 | 26.1 | -8.1 | 15.1 | 16.1 |
| 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 | -1.5 | -0.2 | 1.5 |
| EBITDA growth (%) | na | na | na | na | high | 40.0 | 8.1 | -22.9 | -4.7 | 7.2 |
| EBIT growth (%) | na | na | na | na | high | 41.3 | 1.7 | -19.1 | -6.2 | 8.5 |
| Net profit growth (%) | na | na | na | na | high | 43.3 | -9.7 | -128.5 | 304.5 | 9.0 |
| EPS growth (%) | na | na | na | na | high | 51.8 | -12.0 | -128.3 | 302.9 | 9.0 |
| Profitability | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022e | 2023e | 2024e |
| ROE (%) | nm | nm | nm | 0 | 33.9 | 39.5 | 27.9 | -7.9 | 17.1 | 17.3 |
| ROE Adj (%) | nm | nm | nm | 0 | 14.1 | 19.2 | 17.4 | 22.4 | 15.0 | 15.3 |
| ROCE (%) | nm | nm | nm | 0 | 37.7 | 43.1 | 31.7 | -8.7 | 20.1 | 20.6 |
| ROCE Adj (%) | nm | nm | nm | 0 | 20.7 | 26.1 | 22.4 | 18.2 | 18.3 | 18.8 |
| ROIC (%) | na | na | na | nm | 38.4 | 60.5 | 64.0 | 44.9 | 39.6 | 43.0 |
| ROIC Adj (%) | na | na | na | nm | 37.5 | 60.5 | 64.0 | 44.9 | 39.6 | 43.0 |
| Adj earnings numbers | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022e | 2023e | 2024e |
| EBITDA Adj | 0 | 0 | 0 | 0 | 193 | 270 | 292 | 225 | 215 | 230 |
| EBITDA Adj margin (%) | nm | nm | nm | nm | 18.5 | 25.9 | 28.3 | 22.1 | 21.1 | 22.3 |
| EBITDA lease Adj | 0 | 0 | 0 | 0 | 193 | 270 | 292 | 225 | 215 | 230 |
| EBITDA lease Adj margin (%) | nm | nm | nm | nm | 18.5 | 25.9 | 28.3 | 22.1 | 21.1 | 22.3 |
| EBITA Adj | 0 | 0 | 0 | 0 | 166 | 240 | 244 | 198 | 186 | 201 |
| EBITA Adj margin (%) | nm | nm | nm | nm | 15.9 | 23.0 | 23.6 | 19.4 | 18.3 | 19.5 |
| EBIT Adj | 0 | 0 | 0 | 0 | 166 | 240 | 244 | 198 | 186 | 201 |
| EBIT Adj margin (%) | nm | nm | nm | nm | 15.9 | 23.0 | 23.6 | 19.4 | 18.3 | 19.5 |
| Pretax profit Adj | 0 | 0 | 0 | 0 | 149 | 234 | 244 | 199 | 188 | 205 |
| Net profit Adj | 0 | 0 | 0 | 0 | 85 | 149 | 170 | 222 | 140 | 154 |
| Net profit to shareholders Adj | 0 | 0 | 0 | 0 | 85 | 149 | 170 | 222 | 140 | 154 |
| Net Adj margin (%) | nm | nm | nm | nm | 8.6 | 14.3 | 16.1 | 21.3 | 13.2 | 14.2 |

Source: ABG Sundal Collier, Company data

North Media

| Cash Flow Statement (DKKkm) | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022e | 2023e | 2024e |
|---------------------------------------|----------|----------|----------|-------------|------------|--------------|--------------|--------------|--------------|--------------|
| EBITDA | 0 | 0 | 0 | 0 | 193 | 270 | 292 | 225 | 215 | 230 |
| Net financial items | 0 | 0 | 0 | 0 | -12 | -6 | -5 | -3 | -4 | -4 |
| Paid tax | 0 | 0 | 0 | 0 | -61 | -82 | -90 | -18 | -47 | -51 |
| 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 | 205 | 164 | 175 |
| Change in WC | 0 | 0 | 0 | 0 | 2 | 35 | -43 | -1 | 0 | 0 |
| Operating cash flow | 0 | 0 | 0 | 0 | 130 | 217 | 156 | 203 | 164 | 175 |
| CAPEX tangible fixed assets | 0 | 0 | 0 | 0 | 0 | 0 | 0 | -21 | -18 | -18 |
| CAPEX intangible fixed assets | 0 | 0 | 0 | 0 | 0 | 0 | 0 | -7 | -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 | 170 | 138 | 150 |
| 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 (DKKkm) | 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 | 18 | 22 | 27 |
| Tangible fixed assets | 0 | 0 | 0 | 322 | 325 | 306 | 290 | 286 | 279 | 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 | 16 | 19 | 23 |
| Fixed assets | 0 | 0 | 0 | 396 | 389 | 371 | 351 | 361 | 360 | 361 |
| Inventories | 0 | 0 | 0 | 4 | 5 | 4 | 6 | 5 | 5 | 5 |
| Receivables | 0 | 0 | 0 | 99 | 89 | 76 | 75 | 72 | 72 | 73 |
| Other current assets | 0 | 0 | 0 | 0 | 0 | 0 | 6 | 38 | 38 | 38 |
| Cash and liquid assets | 0 | 0 | 0 | 327 | 485 | 739 | 883 | 666 | 719 | 794 |
| Total assets | 0 | 0 | 0 | 825 | 968 | 1,189 | 1,321 | 1,143 | 1,195 | 1,271 |
| Shareholders equity | 0 | 0 | 0 | 539 | 671 | 879 | 1,080 | 905 | 963 | 1,044 |
| Minority | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total equity | 0 | 0 | 0 | 539 | 671 | 879 | 1,080 | 905 | 963 | 1,044 |
| 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 | 43 | 43 |
| Other current liabilities | 0 | 0 | 0 | 107 | 109 | 132 | 71 | 68 | 68 | 69 |
| Total liabilities and equity | 0 | 0 | 0 | 825 | 968 | 1,189 | 1,321 | 1,143 | 1,195 | 1,271 |
| Net IB debt | 0 | 0 | 0 | -202 | -343 | -608 | -760 | -551 | -610 | -690 |
| Net IB debt excl. pension debt | 0 | 0 | 0 | -202 | -343 | -608 | -760 | -551 | -610 | -690 |
| Net IB debt excl. leasing | 0 | 0 | 0 | -202 | -359 | -618 | -767 | -557 | -616 | -696 |
| Capital invested | 0 | 0 | 0 | 342 | 338 | 282 | 320 | 362 | 361 | 362 |
| Working capital | 0 | 0 | 0 | -48 | -50 | -87 | -29 | 5 | 5 | 4 |
| 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 | 1,225 | 1,225 | 1,225 |
| Net IB debt Adj | 0 | 0 | 0 | -202 | -343 | -608 | -760 | -551 | -610 | -690 |
| 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 | -15 | -18 |
| 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 | 662 | 601 | 516 |
| 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 | 82.7 | 87.0 | 83.7 |
| Working capital/sales (%) | nm | nm | nm | nm | -4.7 | -6.5 | -5.6 | -1.2 | 0.5 | 0.4 |
| Financial risk and debt service | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022e | 2023e | 2024e |
| Net debt/equity | nm | nm | nm | -0.37 | -0.51 | -0.69 | -0.70 | -0.61 | -0.63 | -0.66 |
| Net debt/market cap | nm | nm | nm | nm | -0.53 | -0.59 | -0.38 | -0.46 | -0.51 | -0.58 |
| Equity ratio (%) | nm | nm | nm | 65.3 | 69.4 | 73.9 | 81.8 | 79.2 | 80.6 | 82.1 |
| Net IB debt adj./equity | nm | nm | nm | -0.37 | -0.51 | -0.69 | -0.70 | -0.61 | -0.63 | -0.66 |
| Current ratio | nm | nm | nm | 2.77 | 3.74 | 4.69 | 7.82 | 6.56 | 7.00 | 7.55 |
| EBITDA/net interest | na | na | na | na | 44.93 | 54.08 | 63.52 | 62.61 | 53.43 | 60.95 |
| Net IB debt/EBITDA | nm | nm | nm | nm | -1.78 | -2.25 | -2.60 | -2.44 | -2.84 | -3.00 |
| Net IB debt/EBITDA lease Adj | nm | nm | nm | nm | -1.86 | -2.29 | -2.62 | -2.47 | -2.87 | -3.02 |
| Interest cover | nm | nm | nm | nm | 36.91 | 47.12 | 52.02 | 54.32 | 45.03 | 51.51 |

Source: ABG Sundal Collier, Company data

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| 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 | -4.16 | 8.43 | 9.19 |
| 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 | 5.92 | 10.11 | 10.38 | 8.33 | 7.65 | 8.38 |
| BVPS | 0 | 0 | 0 | 0 | 36.28 | 48.83 | 59.34 | 48.91 | 52.04 | 56.44 |
| BVPS Adj | 0 | 0 | 0 | 0 | 34.00 | 46.28 | 57.12 | 46.20 | 49.04 | 53.10 |
| Net IB debt / share | na | na | na | na | -18.5 | -33.8 | -41.8 | -29.8 | -32.9 | -37.3 |
| Share price | 13.26 | 12.41 | 33.14 | 32.39 | 42.14 | 79.80 | 108.00 | 64.80 | 64.80 | 64.80 |
| Market cap. (m) | 0 | 0 | 0 | 0 | 780 | 1,436 | 1,966 | 1,199 | 1,199 | 1,199 |
| Valuation | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022e | 2023e | 2024e |
| P/E | nm | nm | nm | nm | 3.8 | 4.8 | 7.3 | -15.6 | 7.7 | 7.0 |
| EV/sales | nm | nm | nm | nm | 0.41 | 0.81 | 1.20 | 0.65 | 0.59 | 0.50 |
| EV/EBITDA | nm | nm | nm | nm | 2.2 | 3.1 | 4.2 | 2.9 | 2.8 | 2.2 |
| EV/EBITA | nm | nm | nm | nm | 2.6 | 3.5 | 5.1 | 3.3 | 3.2 | 2.6 |
| EV/EBIT | nm | nm | nm | nm | 2.5 | 3.5 | 5.1 | 3.3 | 3.2 | 2.6 |
| Dividend yield (%) | 0 | 0 | 0 | 0 | 9.5 | 6.3 | 4.6 | 7.7 | 7.7 | 7.7 |
| FCF yield (%) | 0 | 0 | 0 | 0 | 15.4 | 13.7 | 6.5 | 13.9 | 11.3 | 12.2 |
| Lease adj. FCF yield (%) | nm | nm | nm | nm | 17.0 | 14.7 | 7.7 | 13.9 | 11.3 | 12.2 |
| P/BVPS | nm | nm | nm | nm | 1.16 | 1.63 | 1.82 | 1.32 | 1.25 | 1.15 |
| P/BVPS Adj | nm | nm | nm | nm | 1.24 | 1.72 | 1.89 | 1.40 | 1.32 | 1.22 |
| P/E Adj | nm | nm | nm | nm | 7.1 | 7.9 | 10.4 | 7.8 | 8.5 | 7.7 |
| EV/EBITDA Adj | nm | nm | nm | nm | 2.2 | 3.1 | 4.2 | 2.9 | 2.8 | 2.2 |
| EV/EBITA Adj | nm | nm | nm | nm | 2.6 | 3.5 | 5.1 | 3.3 | 3.2 | 2.6 |
| EV/EBIT Adj | nm | nm | nm | nm | 2.6 | 3.5 | 5.1 | 3.3 | 3.2 | 2.6 |
| EV/cap. employed | nm | nm | nm | -0.3 | 0.5 | 0.8 | 1.0 | 0.6 | 0.6 | 0.4 |
| Investment ratios | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022e | 2023e | 2024e |
| Capex/sales | nm | nm | nm | nm | 0 | 0 | 0 | 2.8 | 2.5 | 2.5 |
| Capex/depreciation | nm | nm | nm | nm | 0 | 0 | 0 | 102.2 | 87.3 | 89.3 |
| Capex tangibles/tangible fixed assets | nm | nm | nm | 0 | 0 | 0 | 0 | 7.2 | 6.6 | 6.7 |
| Capex intangibles/definite intangibles | nm | nm | nm | 0 | 0 | 0 | 0 | 72.4 | 45.5 | 35.7 |
| Depreciation on intangibles/definite intai | nm | nm | nm | 0 | 54.8 | 27.5 | 957.1 | 26.9 | 18.6 | 13.3 |
| Depreciation on tangibles/tangibles | nm | nm | nm | 0 | 7.9 | 9.3 | 11.9 | 8.7 | 9.4 | 9.6 |

Source: ABG Sundal Collier, Company data

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| Ruseløkkveien 26, 8 th floor 0251 Oslo Norway Tel: +47 22 01 60 00 Fax: +47 22 01 60 60 | Regeringsgatan 25, 8 th floor 111 53 Stockholm Sweden Tel: +46 8 566 286 00 Fax: +46 8 566 286 01 | Forbindelsesvej 12 2100 Copenhagen Denmark Tel: +45 35 46 61 00 Fax: +45 35 46 61 10 | 10 Paternoster Row, 5 th floor London EC4M 7EJ UK Tel: +44 20 7905 5600 Fax: +44 20 7905 5601 | 850 Third Avenue, Suite 9-C New York, NY 10022 USA Tel: +1 212 605 3800 Fax: +1 212 605 3801 | Schillerstrasse 2, 5. OG 60313 Frankfurt Germany Tel +49 69 96 86 96 0 Fax +49 69 96 86 96 99 | 10 Collyer Quay Ocean Financial Center #40-07, Singapore 049315 Tel +65 6808 6082 |