

# North Media

## Disappointing FY'24 guidance

- Q4 revenues in line, EBIT 6% below ABGSCe
- DKK 4.0 DPS as expected, but disappointing FY'24 guidance
- No comments on synergies; expect cons to cut '24 EBIT by 8-25%

### Q4 revenues largely in line, EBIT 6% below ABGSCe

North Media today announced preliminary Q4 results and its FY'24 guidance. Q4 revenues were DKK 248.3m (-1% vs. ABGSCe at DKK 249.9m), while EBIT came in at DKK 39.3m (-6% vs. ABGSCe at DKK 41.8m). This equates to a ~6% drop in revenues in the Last Mile segment in '23, driven primarily by high paper prices and declining advertising sales for local newspapers (while the volume decline appears to have abated during H2'24). At the same time, Digital Services (BoligPortal, Ofir, and BeKey) grew the top-line by 4%, driven by a very strong performance in BoligPortal, while Ofir and BeKey faced setbacks y-o-y. Group EBIT was also impacted by an increase in unallocated costs (primarily related to the acquisition of SDR). North Media recommends a DPS of DKK 4.0 for '23, in line with our estimate.

### Disappointing FY'24 guidance

North Media guides for group revenues of DKK 1,310m-1,375m, corresponding to 38-45% growth (with the high-end slightly below our DKK 1,392m estimate), driven by the inclusion of SDR and continued growth in BoligPortal. At the same time, it expects revenues in the three other segments (FK Distribution, Ofir, and BeKey) to remain flat y-o-y in '24. North Media guides for FY'24 EBITDA of DKK 170m-210m (below ABGSCe at DKK 227m) and EBIT of DKK 110m-150m (significantly below ABGSCe at DKK 185m). The EBIT guidance implies an EBIT margin of 8-11% in '24 (vs. 15.8% reported in '23), driven primarily by the margin dilutive SDR, while weak results in Ofir and BeKey and higher D&A charges are also expected to contribute.

### Expect cons to cut '24 EBITDA by 8-25%

No comments were made regarding potential synergies between the group's existing segments and the newly acquired SDR. From speaking to management, we understand that they still feel it is too early to quantify such. While today's announcement provided limited information, we think investors (including ourselves) had expected more from the SDR acquisition in light of the very positive outlook and strong financial targets announced at Byggmästerdagen back in May '23 after the main competitor had left the Swedish market (*albeit these have never been confirmed by North Media*). We expect consensus to cut '24 EBITDA by 8-25% on the back of a disappointing FY'24 guidance.

### Deviation table

DKKm	Q4'22	Q1'23	Q2'23	Q3'23	ABGSCe Q4'23	Actual Q4'23	Deviation %	Deviation DKKm
Revenue	259.1	240.0	238.4	222.3	249.9	248.3	-1%	-1.6
YY revenue growth (%)	-9.3%	-3.3%	-8.3%	-2.5%	-3.5%	-4.2%	-0.6pp	
Rep. EBIT	62.3	43.8	37.1	29.8	41.8	39.3	-6%	-2.5
Rep. EBIT margin (%)	24.0%	18.3%	15.6%	13.4%	16.7%	15.8%	-0.9pp	

Source: ABG Sundal Collier, company data

## Fast comment

### Commissioned research

Not rated

## Media

### NORTHM-DK/NORTHM DC

Share price (DKK)	23/2/2024	79.30
MCap (DKKm)		1,590
MCap (EURm)		213
No. of shares (m)		20.1
Free float (%)		34.3
Av. daily volume (k)		24

**Next event** Q4 Report 28 February 2024

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**FY'24 guidance vs. ABGSCe**

<b>'24 guidance DKKm</b>	<b>Guidance</b>	<b>ABGSCe</b>
Revenues	1310-1375	1392
Revenue growth (%)	38-45%	46.4%
EBITDA	170-210	227
EBITDA margin (%)	13-15%	16.3%
EBIT	110-150	185
EBIT margin (%)	8-11%	13.3%

Source: ABG Sundal Collier, company data

## North Media

<b>DKKm</b>	<b>2021</b>	<b>2022</b>	<b>2023e</b>	<b>2024e</b>	<b>2025e</b>
Sales	1,034	995	951	1,392	1,383
<i>Sales growth (%)</i>	-1.1	-3.7	-4.5	46.4	-0.6
EBITDA	292	219	180	227	247
<i>EBITDA margin (%)</i>	28.3	22.0	18.9	16.3	17.8
EBIT adj.	244	192	153	185	205
<i>EBIT adj. margin (%)</i>	23.6	19.2	16.0	13.3	14.8
Pretax profit	347	1	376	229	253
EPS	14.71	0.11	15.47	9.38	10.38
<i>EPS growth (%)</i>	-11.7	-99.2	13,752.0	-39.4	10.7
EPS adj.	10.33	15.61	6.36	7.55	8.45
DPS	5.00	4.00	4.00	4.00	4.00
EV/EBITDA (x)	2.4	3.8	4.4	3.0	2.2
EV/EBIT adj. (x)	2.9	4.4	5.2	3.7	2.7
P/E (x)	5.4	709.9	5.1	8.5	7.6
P/E adj. (x)	7.7	5.1	12.5	10.5	9.4
EV/sales (x)	0.68	0.84	0.83	0.49	0.40
FCF yield (%)	8.8	10.9	8.7	8.8	9.6
Le. adj. FCF yld. (%)	8.8	10.9	8.7	8.8	9.6
Dividend yield (%)	6.3	5.0	5.0	5.0	5.0
Net IB debt/EBITDA (x)	-2.6	-3.0	-4.0	-3.6	-3.8
Le. adj. ND/EBITDA (x)	-2.6	-3.0	-4.0	-3.6	-3.8

Source: ABG Sundal Collier, Company Data

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