

North Media

Focus on business, but slow markets in Q3

- Slow Q3 with rev. -4% and EBIT -15% vs. ABGSCe
- ... however, FK Distributions is set for a strong Q4'21e
- As expected, guidance narrowed to the high end for '21e

Reasonable but slightly disappointing Q3

North Media reports Q3 revenue of DKK 246m (-4% vs. ABGSC at DKK 257m), EBIT (bsi.) of DKK 56m (-15% vs. ABGSC at DKK 65m), return on securities of DKK 15m (Pos% vs. ABGSC at DKK 0m) and EBT of DKK 71m (10% vs. ABGSC at DKK 65m). In FK Distribution, the company delivered an EBIT margin of 24% (-2pp vs. ABGSC), as it has continued negatively impacted by smaller customer's cutting back (4-5% of sales impact) and steady sales among large customers on physical leaflet distribution. FK faces higher labor cost increases due to the tight labor market but limited material impact so far. BoligPortal sees a sharp drop-in activity (biggest y-o-y in 10 years) for rental properties along with delays in the upgrade of the new portal persisting, however says that demand traction for their new products is increasing. In addition, FK Distribution will install Rolls-Royce Solutions' solar panels (DKK 15m in CAPEX) on its Taastrup facility reducing power consumption by 39%, a similar solution in Tilst will be announced as the company prepares to include an ESG report with objectives in its FY'21 report.

As expected, narrowing guidance to the high end

North Media narrows its revenue guidance to DKK 1,020-1,035 (DKK 1,015-1,035m) (ABGSCe: 1,039m) and EBIT (bsi) to DKK 255-265m (250-265m) (ABGSCe: 262m). The guidance is raised in FK Distribution and Ofir who will deliver an improved y-o-y profit for FY'21e with an implicitly strong Q4'21e. Guidance for BoligPortal is lowered and Bekey is narrowed. BoligPortal expects FY'21e EBIT in-line with last year, despite a drop-in activity on the danish rental housing market in H2'21e. In Bekey, higher license and service revenue is expected to offset the delayed onboard of new home care customers, announced last quarter. We're satisfied with the confidence for the FY'21 guidance.

Conference call tomorrow at CET 11:00

Our estimates are in the high end of the now narrowed guidance. The company will host a conference call tomorrow (Thursday at CET 11:00): Dial-in: +4578150107 / +443333009272.

Fast comment

Company-sponsored research: Not rated

Share price (DKK)	02/11/2021	124.6
Media, Denmark		
NORTHM.COF/NORTHM:DC		
MCap (DKKm)		2,237
MCap (EURm)		301
Net debt (EURm)		-120
No. of shares (m)		18.0
Free float (%)		36
Av. daily volume (k)		35

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Deviation table from Q3 report

Deviation table								ABGSCe	
DKKm	Q1'20	Q2'20	Q3'20	Q4'20	Q1'21	Q2'21	Q3'21	Q3'21e	Dev.
Revenue	257	254	261	276	243	259	246	257	-4%
Gross profit	155	151	154	162	149	157	143	157	-9%
EBITDA	73	65	68	67	72	75	63	73	-15%
EBIT (bsi.)	66	56	60	58	64	68	56	65	-15%
EBIT	66	56	60	58	64	68	56	65	-15%
Return on securities	-45	102	42	56	1	61	15	0	pos%
EBT	20	156	101	111	64	128	71	65	10%
Profit	16	120	80	88	52	98	56	50	12%
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Sales growth (total)	-3%	-12%	0%	-12%	-6%	2%	-6%	-2%	-4%p
Gross profit margin	60%	60%	59%	59%	61%	60%	58%	61%	-3%p
EBITDA margin	28%	26%	26%	24%	29%	29%	25%	29%	-3%p
EBIT (bsi.) margin	26%	22%	23%	21%	27%	26%	23%	25%	-3%p
Segments (Revenue)									
FK Distribution	223	221	228	241	209	223	210	217	-3%
NM Online	24	26	27	27	28	31	30	35	-13%
Bekey	8	6	6	9	6	6	6	5	17%
Segments (EBIT bsi.)									
FK Distribution	64	54	59	48	62	62	51	57	-10%
NM Online	4	7	6	6	7	10	6	10	-40%
Bekey	-1	-2	-2	-2	-2	-2	-2.0	-1.78	-11%
Segments (EBIT bsi. margin)									
FK Distribution	29%	24%	26%	20%	29%	28%	24%	26%	-2%p
NM Online	18%	27%	22%	21%	24%	31%	21%	30%	-9%p
Bekey	-18%	-31%	-35%	-17%	-25%	-34%	-33%	-35%	1%p

Source: ABG Sundal Collier, company data

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North Media

DKKm	2019	2020	2021e	2022e	2023e
Sales	1,130	1,045	1,039	1,068	1,101
<i>Sales growth (%)</i>	-1.3	-7.5	-0.7	2.8	3.1
EBITDA	191	270	292	303	316
<i>EBITDA margin (%)</i>	16.9	25.9	28.1	28.4	28.7
EBIT adj	160	240	262	272	284
<i>EBIT adj margin (%)</i>	14.2	23.0	25.2	25.5	25.8
Pretax profit	266	388	339	306	326
EPS rep	11.33	17.22	14.72	13.30	14.20
<i>EPS growth (%)</i>	192.4	52.0	-14.5	-9.7	6.8
EPS adj	6.23	10.42	11.25	11.63	12.15
DPS	2.00	5.00	5.00	5.00	5.00
EV/EBITDA (x)	2.0	2.9	4.5	3.5	2.5
EV/EBIT adj (x)	2.4	3.3	5.0	3.9	2.8
P/E (x)	3.7	4.6	8.5	9.4	8.8
P/E adj (x)	6.8	7.7	11.1	10.7	10.3
EV/sales (x)	0.3	0.8	1.3	1.0	0.7
<i>FCF yield (%)</i>	15.8	12.3	8.4	9.4	9.8
<i>Dividend yield (%)</i>	4.7	6.3	4.0	4.0	4.0
Net IB debt/EBITDA	-1.8	-2.3	-3.1	-3.8	-4.5
<i>Lease adj. FCF yld (%)</i>	15.8	12.3	8.4	9.4	9.8
Lease adj. ND/EBITDA	-1.8	-2.3	-3.1	-3.8	-4.5

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Production of report: 11/03/2021 15:00 CET.

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