

North Media

***NORTH MEDIA A/S**

Market: OMXC Mid Cap

Ticker: NORTHM

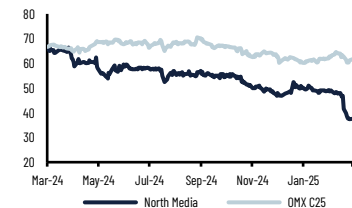
Share price (DKK): 37.5

Market cap (DKK): 676m

Net debt (DKK): -683m

Enterprise value (DKK): -7m

Share information



| | | | |
|----------|--------|---------|--------|
| Ytd | -22.2% | 1 year: | -44.4% |
| 1 month: | -23.8% | 3 year: | -56.5% |

Note: We apply the closing price from 17 March 2025. Index rebased to 15 March 2024. Source: S&P Capital IQ

Financials

| DKKm | 2023 | 2024 | 2025E* |
|-------------------|-------|---------|-------------|
| Revenue | 949.1 | 1,301.4 | 1,280-1,337 |
| Revenue growth | -4.6% | 37.1% | -2% to 5% |
| EBITDA | 181.9 | 153.5 | 80-115 |
| EBITDA margin | 18.6% | 11.8% | 6-9% |
| EBIT | 149.9 | -74.9 | 25-60 |
| EBIT margin | 15.8% | -5.8% | 2-5% |
| Net income | 264.4 | 61.7 | N/A |
| Net income margin | 27.9% | 4.7% | N/A |
| Net cash | 658.5 | 737.1 | N/A |

Note: *North Media's own 2025 guidance. North Media guides for absolute numbers, growth/margins are implied.

Valuation multiples

| | 2023 | 2024 | 2025E* |
|---------------|------|------|--------|
| P/S (x) | 1.2 | 0.7 | 0.9 |
| EV/Sales (x) | 0.5 | 0.1 | 0.0 |
| EV/EBITDA (x) | 2.8 | 0.9 | -0.1 |
| EV/EBIT (x) | 3.4 | N/A | -0.2 |
| P/E (x) | 4.4 | 14.1 | N/A |
| P/B (x) | 1.0 | 0.8 | N/A |
| P/CF (x) | 9.3 | 9.3 | N/A |

Note: Multiples for 2023 and 2024 are based on historical numbers *Multiples in 2025 are based on North Media's own guidance

Company description

North Media connects businesses with customers through its Last Mile packing and distribution network and Digital Services. Its Last Mile segment (FK Distribution and SDR Svensk Direktreklam) packs and distributes printed matter e.g., leaflets and newspapers, reaching 80% of Danish and 90% of Swedish Households. Its Digital Services include BoligPortal, MineTilbud and Bekey. BoligPortal is a leading Danish rental platform, while MineTilbud is a platform for online retail discounts, and Bekey provides digital access solutions. Furthermore, Karman Connect (a 50% owned fintech company) matches borrowers and lenders.

Investment case

North Media's FK Distribution maintains a market-leading position and continues to generate strong cash flows relative to North Media's valuation despite the structural decline in print distribution. While dividends were paused in 2024, cash flow may support future payouts, investments in digital services, or further acquisitions, helping to offset the declines in the Last Mile segment.

2024 was a challenging year, with a DKK 155m write-down of SDR due to issues integrating automated packing and lower customer volumes, continued losses from Bekey, and the sale of Ofir for DKK 20m as part of a strategic refocus. In 2025 lower volumes due to weaker customer demand and investments to automate the packing of SDR in Sweden will weigh on EBIT, but management expects the investments will result in a positive EBIT for SDR from 2026 onwards. Platforms MineTilbud and BoligPortal offer digital growth potential, while the business case for Bekey remains unclear. 2025 is expected to be another turnaround year but to set a foundation for greater profitability from Last Mile operations from 2026 and beyond.

North Media continues generating significant operating cash flows, with the single analyst estimate for a 13% cash flow from operations yield FY2025E. Valuation multiples trade significantly below its peer group average, particularly on an EV basis.

Key investment reasons

FK Distribution maintains strong cash flow despite a declining market. The integration of SDR Svensk Direktreklam (Sweden's largest distributor of unaddressed leaflets) with mutual development of products and infrastructure could drive medium-term earnings despite near-term integration challenges.

North Media trades at a very low valuation with the market value currently at a similar level to its cash and securities value. Therefore, the current earnings power of the business is almost completely discounted by the market despite significant cash flow. A historical dividend payout ratio of 45-60% can also give investors significant dividends if earnings improve.

North Media can use its strong capital reserves to invest in Digital Services and/or acquire businesses to generate long-term growth and help offset Last Mile declines. Despite acquisition challenges in 2024, future acquisitions may increase earnings.

Key investment risks

North Media's Last Mile segment will likely continue facing structural decline due to digitalization. While its Digital Services offer the potential to partially offset the decline, Bekey struggles to reach profitability and drags on the segment's performance. Additionally, realizing synergies in SDR may take longer than expected, and the impairment of DKK 155m in 2024 relating to lower future volumes suggests challenges to integrate are ongoing.

North Media holds most of its liquid reserves in a securities portfolio, worth DKK 800m as of 28.02.2025. While the portfolio value has appreciated significantly since 2015, the direct link to external equity prices deters some investors.

Denmark's ruling to maintain its Nej Tak scheme for receiving leaflets eliminates tail risk of large volume declines from a Ja Tak scheme. However, the environmental impact of leaflets remains a discussed topic and may resurface as a debate in the future.

Peer group

| Company | Price (local) | Total return YTD | Market cap (EURm) | EV (EURm) | EV/EBITDA FY2024 FY2025 | EV/EBIT FY2024 FY2025 | P/E FY2024 FY2025 | EBIT margin 3-yr avg LTM |
|------------------------------|-----------------|------------------|-------------------|-------------|-------------------------|-----------------------|-------------------|--------------------------|
| Median of publishers | | 7.7% | 1,181 | 1,537 | 9.1 7.3 | 25.5 14.1 | 33.1 17.0 | 11.9% 3.8% |
| Median of platform companies | | 11.0% | 6,730 | 6,801 | 21.0 18.2 | 22.0 19.8 | 30.8 26.6 | 71.9% 68.1% |
| Weighted peers (90% / 10%) | | | | | 10.3 8.4 | 25.2 14.7 | 32.9 18.0 | 15.5% 7.7% |
| North Media A/S | DKK 37.5 | -22.2% | 91 | -0.9 | 0.6 -0.1 | 1.0 -0.2 | 3.4 N/A | 6.0% -5.8% |

Note: Data from 14/03/2025

Source: S&P Capital IQ



Disclaimer: HC Andersen Capital receives payment from North Media for a Digital IR/Corporate visibility subscription agreement. The authors, Rasmus Køjborg and Philip Coombes do not own shares in North Media. This is not a piece of advice to buy, not to buy, sell, or not to sell shares. HC Andersen Capital assumes no responsibility for the correctness of the contents of the material. Published 14:00 18.03.2025, updated Rasmus Køjborg and Philip Coombes, HC Andersen Capital.

Investment Case
One-pager

Appendix – Peer Group

Estimates and Assumptions: Data in the peer group has not been calculated by HC Andersen Capital but is instead composed of consensus analyst estimates from S&P Capital IQ. Some peers have no or limited analyst cover; hence N/A shows for some data points. HC Andersen Capital assumes no responsibility for the correctness of the numbers in the peer group; however, considers S&P Capital IQ a credible source of information. It is worth noting that no perfect peers for North Media exist, and therefore, direct comparisons may not be appropriate.

Weighting Assumptions: The peer group has been weighted with a 94% to 6% split between publishing and platform peers, to reflect North Media's FY 2023 EBIT split between its Last Mile (publishing) and Digital Services.

Selected publishing and platform companies overview:

Alma Media: is a Finland-based digital media company focusing on digital services and journalistic content. Alma Media has divested its printed newspaper publishing business and has only its digital media arm now.

Rebl Group: is a Finland-based communications group that owns companies engaged in publishing and printing newspapers in Eastern Finland, including one company that operates printing plants. The company also provides services in graphic design and is a suitable peer to FK Distribution.

Sanoma Oyj: is a Finnish media group with physical and digital media brands. The company also develops printed and digital learning materials for teachers.

TX Group AG: is a Swiss media group that hosts the largest editorial network in Switzerland, publishing and printing Sunday newspapers and magazines, as well as hosting digital marketplaces and digital media brands.

Rightmove plc: is the UK's leading online real estate portal, providing property listings, market insights, and digital advertising solutions for estate agents, landlords, and homebuyers. The company is listed on the London Stock Exchange (LSE) and is a constituent of the FTSE 100 Index.

Scout24 SE: is a German-based digital marketplace for residential and commercial real estate. It has also launched activities in Austria and is a suitable peer to North Media's BoligPortal.

| Company | Price | Total return | Market cap | EV | EV/EBITDA | | EV/EBIT | | P/E | | EBIT margin | |
|--------------------------------|-----------------|---------------|--------------|--------------|-------------|-------------|-------------|-------------|-------------|-------------|--------------|--------------|
| | (local) | YTD | (EURm) | (EURm) | FY2024 | FY2025 | FY2024 | FY2025 | FY2024 | FY2025 | 3-yr avg | LTM |
| Alma Media Oyj | EUR 11.9 | 8.2% | 977 | 1,120 | 11.5 | 11.6 | 14.2 | 14.1 | 18.3 | 17.0 | 24.1% | 23.3% |
| Rebl Group Oyj | EUR 1.2 | 7.1% | 15 | 42 | 3.0 | 5.3 | NM | NM | 2.3 | NM | -1.3% | -1.9% |
| Sanoma Oyj | EUR 8.5 | 10.7% | 1,384 | 1,954 | 8.0 | 5.2 | 25.5 | 11.2 | 47.9 | 15.0 | 13.4% | 8.2% |
| TX Group AG | CHF 185.6 | 2.1% | 2,045 | 2,136 | 10.2 | 9.3 | 28.4 | 15.1 | 54.2 | 26.0 | 10.4% | -0.5% |
| Median publishing peers | | 7.7% | 1,181 | 1,537 | 9.1 | 7.3 | 25.5 | 14.1 | 33.1 | 17.0 | 11.9% | 3.8% |
| Rightmove plc | GBP 6.9 | 7.0% | 6,372 | 6,330 | 19.0 | 17.6 | 19.3 | 18.0 | 26.0 | 23.7 | 71.9% | 68.1% |
| Scout24 SE | EUR 97.9 | 15.0% | 7,088 | 7,272 | 23.0 | 18.7 | 24.7 | 21.6 | 35.5 | 29.5 | 47.7% | 51.1% |
| Median platform peers | | 11.0% | 6,730 | 6,801 | 21.0 | 18.2 | 22.0 | 19.8 | 30.8 | 26.6 | 59.8% | 59.6% |
| North Media A/S | DKK 37.5 | -22.2% | 91 | -0.9 | 0.6 | -0.1 | 1.0 | -0.2 | 3.4 | N/A | 6.0% | -5.8% |

Note: Data from 14/03/2025

Note: No adjustments made for Seek Ltd skewed reporting season which runs from 1 July 2023 – 30 June 2024

Source: S&P Capital IQ