

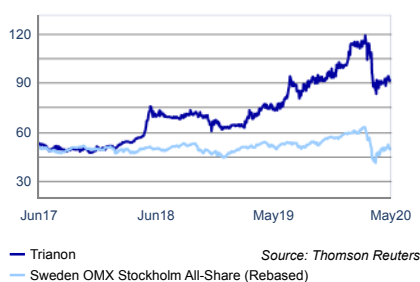
Trianon

Construction and Real Estate
Sweden

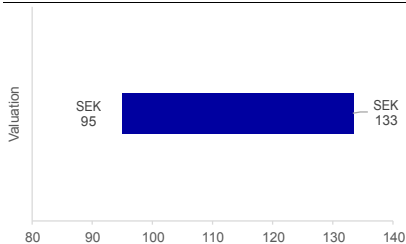
KEY DATA

Stock country	Sweden
Bloomberg	TRIANB.SS
Reuters	TRIANB.ST
Share price (close)	SEK 93.00
Free Float	
Market cap. (bn)	EUR 0.32/SEK 3.39
Website	www.trianon.se
Next report date	21 Aug 2020

PERFORMANCE



VALUATION APPROACH (SEK PER SHARE)



ESTIMATE CHANGES

Year	2020E	2021E	2022E
Sales	-1%	2%	2%
EBIT (adj)	-1%	2%	2%

Source: Nordea estimates

Nordea Markets - Analysts

Niclas Höglund
Senior Analyst, Sector Coordinator

Svante Krokfors
Analyst

Strong NAV growth and earnings capacity

Trianon reported earnings that were a touch below our expectations but with a better contribution from revaluations (renovation and NOI) and higher earnings capacity than we expected. With more than 70% of Trianon's total portfolio comprised of rental apartments and community service properties, we argue that its low average rents and attractive project portfolio cushion it against the tougher economic growth outlook. COVID-19 effects on rental levels in Q2 will be limited to SEK 4-6m according to the company, a sign of strength given its above-sector retail exposure. Our NAV-based fair value range is SEK 95-133 (104-150) per share, which is down owing to multiple contraction in the sector.

Q1 2020 outcome

Trianon reported Q1 income from property management of SEK 38.8m (SEK 45.7m, excluding realised changes from derivatives), up 56% y/y and a bit below our expectations. Lower rental revenues and higher financial costs were partly balanced by higher NOI margin and lower central costs. Earnings capacity of SEK 222.6m was up 13% q/q, well above our SEK 215.1m forecast, driven by higher rental value from M&A. Asset values were up 0.7% q/q versus our estimate of 0.3%, supporting EPRA NAV, up 3% q/q and 20% y/y (adjusted for dividends). Average financing costs were down q/q at 2.2% (2.4%). No units were started in the quarter, while some larger pending projects are still waiting for permits to be granted. Trianon expects to be able to start 923 units in 2020-22. We argue that project starts should further increase visibility for NAV growth in 2020-22 and hence will act as an important driver for the share. COVID-19 effects from rental discounts will be SEK -4-6m in Q2, according to the company, which represents 3-5% of Q2 rental revenues, a sign of strength we argue, considering its above-sector exposure to retail.

Valuation and estimates

We add 3-6% to adjusted EPS for 2020E-22E, in part supported by lower paid taxes and minority costs. We raise property management income by 3-4%, mainly due to the higher rents from earnings capacity. We do not include future acquisitions in our estimates but see further potential opportunities. We argue that a peer valuation needs to be complemented with estimated project and renovation upside to capture Trianon's fair value. Using a NAV-based approach, we reach a fair value range of SEK 95-133 (SEK 104-150) – including revaluation scenarios and project portfolio potential – assuming P/EPRA NAV of 90-115% (100-125%), which is down in line with sector peers. The company intends to change its listing to the Nasdaq main market during 2020. This could broaden its shareholder base and limit downside risk in the share.

SUMMARY TABLE - KEY FIGURES

SEKm	2016	2017	2018	2019	2020E	2021E	2022E
Total revenue	176	264	348	453	544	581	594
NOI margin	63.8%	62.0%	61.1%	63.0%	64.1%	64.1%	64.1%
EPS (adj)	4.47	2.97	2.71	3.80	3.82	4.10	4.51
EPS (adj) growth	74.8%	-33.5%	-8.6%	39.8%	0.7%	7.2%	10.1%
P/E (adj)	n.a.	17.1	23.5	27.3	24.3	22.7	20.6
DPS	0.00	1.00	1.15	1.45	1.55	1.63	1.63
NAV per share	46	56	63	73	80	88	96
NAV growth	51.3%	21.6%	12.5%	16.6%	9.7%	9.8%	9.5%
NOI/EV (adj)	n.a.	3.9%	3.8%	3.4%	4.2%	4.5%	4.7%
P/NAV	n.a.	91.2%	102.0%	141.9%	116.2%	105.8%	96.7%
P/EPRA NAV	n.a.	82.0%	91.4%	125.6%	103.3%	96.1%	88.0%
Dividend yield	n.a.	2.0%	1.8%	1.4%	1.7%	1.8%	1.8%
Loan-to-value (adj)	51.4%	52.0%	56.4%	56.0%	54.9%	52.8%	50.9%
Net debt/EBITDA(adj)	12.3	16.7	18.1	18.3	15.2	14.0	13.6

Source: Company data and Nordea estimates

Q1 2020 outcome and estimate changes

Trianon delivered Q1 income from property management of SEK 38.8m, adjusted for realised derivative value changes (compared with the reported SEK 45.7m), a touch below our forecast, with lower rental income and higher financial costs partly offset by lower central costs.

Earnings capacity was well above our expectations, however, which we attribute to a stronger contribution from M&A. We raise our adjusted EPS estimates by 3-6% for 2020-22. EPRA NAV was up 3% q/q at SEK 84.9 per share, 1.8% above our estimate, supported by a higher contribution from revaluation (0.7% versus our estimate of 0.3% q/q). This was related to higher earnings from renovations, while the yield requirement was unchanged (4.7%), despite the better earnings result. The company has had limited impact from COVID-19, which is expected to limit net rental income by SEK 4-6m in Q4 owing to discounts and periodisation.

TRIANON: Q1 2020 DEVIATION TABLE (SEKm)

SEKm	Actual	NDA est.	Deviation		Actual	Actual		
	Q1 20A	Q1 020	vs. actual		Q4 19	q/q	Q1 19	y/y
Rental revenue	129.2	133.3	-4	-3%	121.1	7%	95.9	35%
Operational costs and maintenance	-54	-57	3	-5%	-49.5	9%	-41	32%
NOI	75.4	77.3	-2	-2%	75.3	0%	55.1	37%
Surplus ratio, %	58%	58%			62%		57%	
Central and admin	-9.2	-10.1	0.9	-8%	-11.4	-19%	-7.8	18%
Joint ventures	0.1	0.075			-0.2		-0.3	-133%
Interest costs adj for realised derivative	-27.5	-26.3	-1.2	4%	-23.7	16%	-21.3	29%
Leasing costs	-1.6	-1.6	0		-1.6	0%	-1	
Income from Property Management (IFPM)	38.8	39.5	-0.7	-2%	38.3	1%	24.8	56%
Changes to property value	53.6	25.9	28	107%	70.6	-24%	35.1	53%
of which unrealised	53.6	25.9	28	107%	70.6	-24%	35.1	53%
Changes to derivative value	-42.7	10	-53		58.3	-173%	-33.3	28%
Pretax profits	50	75	-25	-34%	167.4	-70%	26.6	88%
Reported tax	-7.8	-14	6	-42%	-43.7	-82%	-5	56%
of which paid tax	0	-2.0	2		0		0	
Net income	42.2	60	-18	-29%	123.7	-66%	21.6	95%
EPRA NAV	84.9	83.4	1.5	1.8%	82	3.0%	71	20%
Earnings Capacity	222.6	215.1	7.5	3%	196.3	13%	151.4	47%

Source: Company data and Nordea estimates

Estimate changes

Due to the better earnings capacity and lower minority share, we raise our IFPM by 1-3% and adjusted EPS estimates by 3-6%. Our EPRA NAV per share is up by 2% following higher revaluations in Q1.

TRIANON: ESTIMATE CHANGES (SEKm)

SEKm	New estimates			Old estimates			Diff (%)		
	2020E	2021E	2022E	2020E	2021E	2022E	2020E	2021E	2022E
Rental revenue	542	579	592	548	570	583	-1%	2%	2%
Operational costs and maintenance	-193	-207	-211	-196	-204	-209	-2%	1%	1%
NOI	349	372	381	352	366	374	-1%	2%	2%
Surplus ratio, %	64%	64%	64%	64%	64%	64%			
Central and admin	-39	-40	-42	-40.2	-40.2	-42.21	-2%	0%	0%
Other income	0.4	0.4	0.42	0.3	0.3	0.315			
Interest costs	-107	-117	-116	-111	-116	-116	-4%	1%	1%
Income from Property Management (IFPM)	196	209	216	195	204	210	1%	3%	3%
Changes to property value	199	174	179	170	173	178	17%	0%	0%
of which unrealised	199	174	179	170	173	178	17%	0%	0%
Changes to derivative value	-12.4	40	0	40	40	0	-131%	0%	0%
Pretax profits	383	423	395	405	417	388	-6%	1%	2%
Reported tax	-76	-87	-81	-83	-86	-80	-9%	1%	2%
of which paid tax	-8	-10	-17	-10	-10	-17	-19%	3%	3%
Net income	306	336	313	322	331	308	-5%	1%	2%
Hybrid dividend	-28	-28	-28	-28	-28	-28	0%	0%	0%
Minority	-20.8	-21.2	-6	-25.2	-20.16	0			
NI Ord shareholders	257	286	264	268	283	260	-4%	1%	2%
NI Ord shareholders ex value changes	71	73	86	58	70	82	22%	5%	4%
Cash earnings to ordinary shareholders	139	149	150	132	145	145	6%	3%	3%
-per share	3.8	4.1	4.1	3.6	4.0	4.0	6%	3%	3%
EPRA NAV	3,283	3,530	3,856	3,234	3,477	3,804	2%	2%	1%
Per share	90.0	96.8	105.7	88.7	95.4	104.3	2%	2%	1%
EPRA NNNNAV	2,918	3,204	3,509	2,929	3,211	3,517	0%	0%	0%
Per share	80.0	87.9	96.2	80.3	88.1	96.4	0%	0%	0%

Source: Nordea estimates

Factors to consider

Through the combination of its M&A-intensive strategy, investments in its existing portfolio, and projects, Trianon has successfully grown its property portfolio and rental income while maintaining solid earnings. We believe its strategy of acquiring properties that need renovation (or where it sees potential to improve NOI) is one of Trianon's key strengths. We argue that Trianon has defensive characteristics due to the improvements in its occupancy ratio and we believe it could withstand a potential downturn in the housing market through its residential portfolio, which solely comprises rental apartments. We consider the risks of higher interest rates and yield requirements to be the principal risks to future success, although higher rents due to higher inflation should partly offset any negative effect from rising interest rates.

Trianon's property portfolio

The company's properties are all located in Malmö, with 30% of the property value in Malmö City and the rest spread across the wider Municipality of Malmö. The areas differ in characteristics, which we believe provides diversified exposure to different tenants, supply and demand etc. The total property portfolio had a market value of SEK 8.4bn in Q1 2020, up from SEK 3.3bn in 2016.

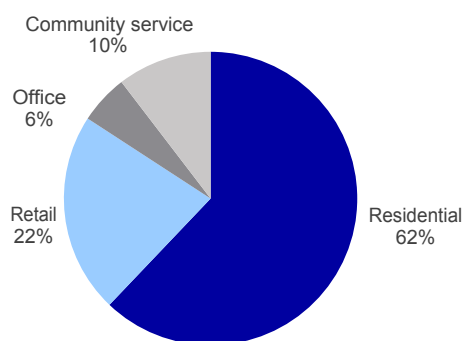
Trianon's property portfolio is divided into four segments; as of Q4 2019, residential properties constituted the largest share (64%), followed by retail properties (19%). The company also owns office and community service properties, each representing about 11% of the total portfolio value. In addition to existing properties, Trianon has a project portfolio. The project portfolio represents approximately 1% of its total portfolio value as of Q1, and Trianon plans to commence production of 923 apartments during 2020-22.

Strategy of acquiring and renovating properties is a key strength, in our view

Trianon's strategy involves acquiring properties in need of renovation and maintenance work, particularly properties located in the Million Programme areas. The idea is to invest and renovate these properties to improve net operating income and in turn increase the value of its property portfolio. We believe this is one of Trianon's key strengths. The company asserts that its focus lies in residential and community service properties, for which Trianon believes there is strong demand. The company's long-term goal is for these two property classes to account for at least 80% of its portfolio (72% as of Q1 2020).

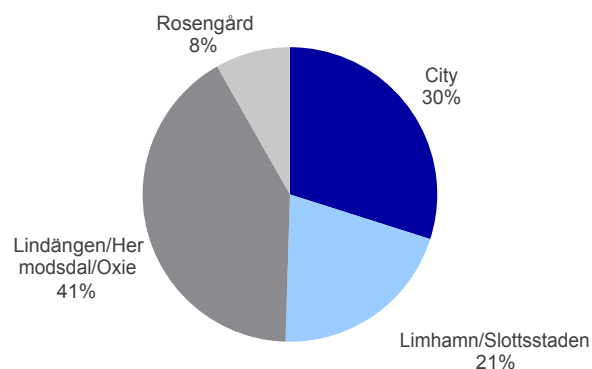
Furthermore, we argue that property management is another one of the group's key strengths, which is supported by Trianon's long track record of renovation and strong local presence.

PROPERTY VALUE BY SEGMENT AS OF Q1 2020



Source: Company data and Nordea

PROPERTY VALUE BY GEOGRAPHICAL AREA AS OF Q1 2020



Source: Company data and Nordea

Despite any worries about Trianon's exposure to the residential rental market...

Low average rents provide resilience against vacancy risk

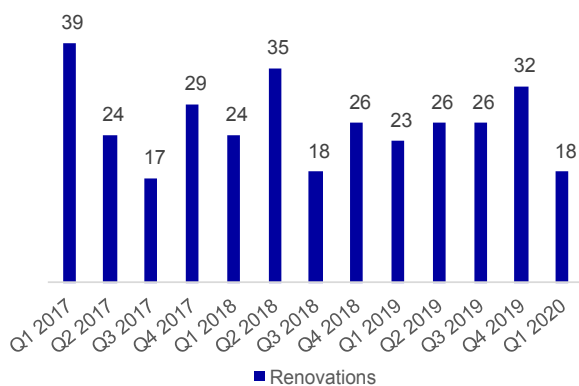
The prevailing uncertainty in the residential market worries some investors. As Trianon has substantial exposure to this segment, and given its target of increasing the share of residential properties in its portfolio, some could view this as a risk. As shown below, however, Trianon has a portfolio with relatively low rents. Almost the entire portfolio, 94% of the apartments, have rents below SEK 2,000 per m², and approximately 80% are below SEK 1,500 per m². We think this makes Trianon's portfolio fairly resilient to vacancy risk if uncertainty in the residential market persists.

Value-enhancing renovations

As mentioned, Trianon continuously works on adding value to its portfolio by renovating its existing apartments in connection with tenant relocation. The company has renovated around 100 apartments per year, and, as can be seen in the chart below on the right, ~65% of its existing portfolio has not been renovated, which constitutes great potential for value-enhancing renovations.

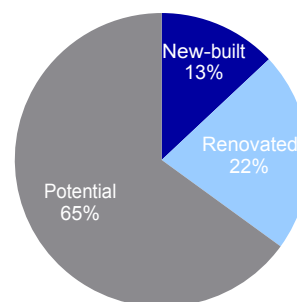
Trianon has three renovation models. The most common one, Renovation Low, accounts for 70% of renovations (Trianon's estimate). This model entails an average investment of SEK 190,000 per apartment and leads to an average annual rental increase of SEK 13,000, implying an average return of 6.8%.

TRIANON HAS RENOVATED ~100 APARTMENTS ANNUALLY...



Source: Company data and Nordea

...AND SEES LARGE POTENTIAL GOING FORWARD AS WELL



Source: Company data and Nordea

Interesting project portfolio

Trianon's project portfolio accounted for around 1% of its total property portfolio as of Q1 2020. The portfolio comprises new production of rental apartments. According to Trianon's current estimates, it will commence production of around 300 new apartments per year between 2020 and 2022. Based on management's estimates and previously completed projects, each apartment requires investments of around SEK 1.8-2.0m, which gives an average rental yield of 5.5-6.0%. With the company's cautious guidance of 200-300 starts per year, this would add approximately SEK 20-40m to the rental value, thus highlighting the great potential in Trianon's project portfolio.

Trianon expects roughly 300 unit starts per year from 2020 to 2022

CURRENT PROJECT PORTFOLIO, Q1 2020

Area	Plan Status	Nr of apartments	BTA	Start date
Concordia 14	Yes	8	1050	2020
Hyllie	Yes	73	5725	2020
Rosengård Library	Yes	0	2000	2020
Entré-Rolf 6	Yes	0	7000	2020
Kvarteret Hanna, Burlöv*	No	150	14500	2021
Norra Sorgenfri, phase 1**	No	256	16000	2021
Norra Sorgenfri, phase 2**	No	200	10000	2021
Rosengård C, phase 1 South*	No	80	5400	2021
Sege park	Yes	76	6785	2021
Rosengård C, phase 1 North*	No	80	6000	2022
Total		923	74,460	

*Dependent on detailed development plan

**Accessible when detailed development plan receives approval

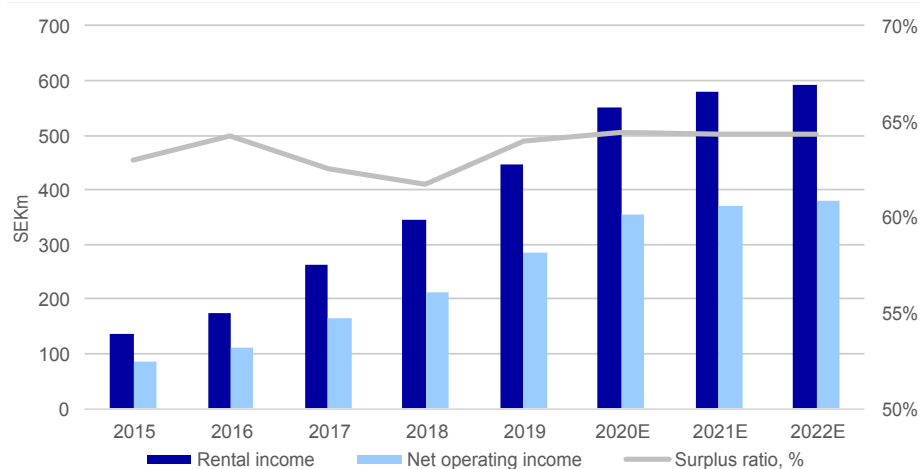
Source: Company data and Nordea

Strong rental growth with a stable surplus ratio

Trianon's rental income has increased significantly over the years, with a 2013-19 CAGR

of 27%, amounting to SEK 446m in 2019. Net operating income has followed the same trajectory, and Trianon has maintained a stable surplus ratio despite its aggressive growth strategy. We expect Trianon to continue increasing its rental income and to increase its surplus ratio slightly.

STRONG RENTAL GROWTH WITH A STABLE SURPLUS RATIO (SEKm AND %)



Source: Company data and Nordea estimates

Committed owners, board, and management

Trianon's CEO Olof Andersson and board member Jan Barchan are the main owners of the company, with a total share of votes of around 67%. They have been part of the company for a long time. We believe their commitment and their active interest in the company are positive factors for Trianon. The company's chairman of the board, Mats Cederholm, also owned 3.68% of the votes as of 31 December 2019. We argue that the strong commitment and conviction of management and the board of directors are also positive.

Valuation

We use a mix of NAV- and multiple-based approaches in our valuation of Trianon. The multiples used are P/EPRA NAV, P/NNNAV, adjusted P/E (cash earnings multiple), implied yield (EBITDA/enterprise value), EV/GAV and dividend yield.

We conclude that in a peer comparison, Trianon's implied valuation appears fairly low. We argue, however, that the different characteristics of Trianon's and the peers' property holdings make it difficult to use a peer comparison to derive a fair value for Trianon's share.

We calculate a NAV-based fair value range for Trianon by estimating a 2022E EPRA NAV per share in bull and bear scenarios. Then we calculate the scenarios' respective present values assuming an 8.0% return requirement (equity), including revaluation and project portfolio potential (illustrated in the table below). Based on this, we arrive at a fair value range of SEK 104-150 (104-150 previously) per share.

PROJECT PORTFOLIO: EPRA NAV PER SHARE SENSITIVITY ESTIMATES

Valuation yield	Number of started units per year							
	100	200	300	400	500	600	700	
5.75%	-9%	-12%	-13%	-14%	-15%	-15%	-15%	
5.25%	-3%	-4%	-5%	-5%	-5%	-5%	-6%	
4.75%	3%	5%	5%	6%	6%	6%	6%	
4.25%	12%	16%	18%	19%	20%	20%	21%	
3.75%	22%	31%	34%	36%	38%	38%	39%	
3.25%	36%	50%	56%	59%	61%	62%	63%	
2.75%	54%	76%	84%	89%	92%	94%	96%	

Note: The figures in the table are our estimated percentage changes of Trianon's EPRA NAV given different scenarios for production output and valuation yield.

Source: Company data and Nordea estimates

Risk factors

Below, we assess some of the key risks associated with investing in Trianon. For a more comprehensive list, see the 'Risk factors' section.

We argue the following risk factors are important to consider:

- **Concentrated geographical exposure:** As 100% of Trianon's property portfolio is in Malmö, there could be risks to the company's performance if the region's macro economy were to perform poorly or if the Malmö real estate market were to be hit harder than other parts of Sweden during a possible downturn. Currently, we see no signs of tougher times in Malmö in the near term, but we advise investors to pay attention to macroeconomic and sector-specific trends related to Malmö when investing in Trianon.
- **Rate increases:** If the Swedish central bank were to raise interest rates, this could put upward pressure on interest costs (interest costs accounted for ~35% of Trianon's total costs in 2019) and lower the fundamental value of Swedish real estate stocks in general.
- **Higher yield requirements:** The principal factors affecting valuation yields include the availability and cost of financing. If yield requirements increase, that could lead to lower NAV growth.
- **Access to credit market and leverage:** Like most real estate companies, Trianon is financed through the credit market. If risk appetite were to decrease, the credit market could become less liquid and increase Trianon's refinancing risks. In our view, Trianon has a relatively stable financial position, with an LTV of 57% and an equity ratio of around 34% as of Q1 2020. Trianon is focused, however, on expanding through acquisitions – with this strategy, the company will likely need to obtain debt capital to finance its acquisitions.

Valuation

Our valuation of Trianon is based on NAV and other key metrics, both in absolute terms and relative to peers. Trianon currently trades at a discount to EPRA NAV of 95%. We find this fair, as we believe the company is compensating for its above-sector financial risk with lower operational risk, in turn due to lower vacancy risks related to its rental apartment portfolio and potential in its project portfolio that is not reflected in the share price. We consider Trianon's successful M&A-driven strategy – in combination with reinvesting in its existing portfolio – to be key for maintaining a valuation around par with NAV in the future. We see upside potential related to increased visibility in ongoing projects and investments in its existing portfolio with short-term risks owing to its above-sector exposure to retail properties. Ultimately, we derive a fair value range of SEK 95-133 (104-150) for Trianon's share.

Valuation summary

We combine NAV- and multiples-based approaches for valuing the Trianon share. We believe the key value drivers for NAV growth in the sector are rental growth, M&A, vacancy rates/costs, retained earnings, financing and yield requirements. We consider NAV to be a decent measure of a real estate company's current break-up potential. When analysing NAV growth, however, we favour EPRA NAV and NNNAV and use both in our valuation approach. In our view, EPRA NAV captures the long-term potential and NNNAV estimates the current potential, adjusting for differences in deferred tax and derivative holdings.

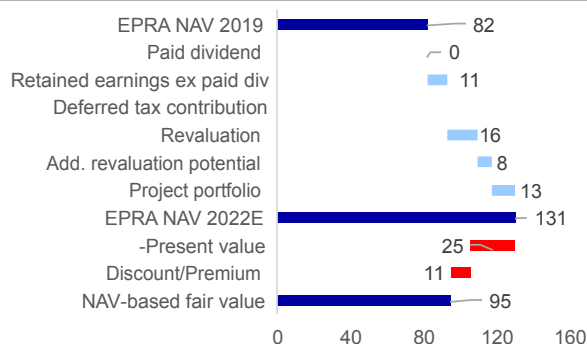
The multiples we use in our valuation are P/EPRA NAV, adjusted P/E (cash earnings multiple), implicit yield (EBITDA/enterprise value) and dividend yield. As P/E ratios vary in the sector depending on factors such as yield requirements, paid tax and financial risk, we believe that adjusted P/E (price to EPS excluding non-recurring earnings and adjusted for paid tax) serves as a better multiple. In our view, the implied property yield provides a debt-free return perspective on the portfolio. EV/GAV or enterprise value/gross asset value is a way of comparing companies with different levels of leverage, and adjusts for debt levels, which P/EPRA NAV does not.

NAV-based fair value

We estimate a NAV-based fair value range for Trianon by estimating a 2022E EPRA NAV per share for a bull and a bear case and then calculating the cases' respective present values, assuming an 8.0% return requirement (equity).

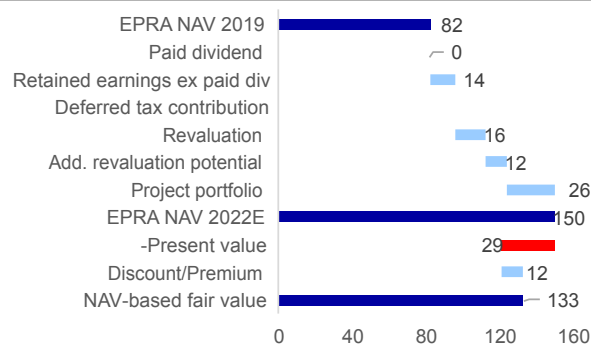
Trianon has guided for approximately 100-150 renovations per year. We estimate that this gives revaluation effects of around SEK 23-35m per year between 2020 and 2024. With a large stock of its portfolio not yet renovated, we see upside potential in the company's ability to add value through renovations that we have not yet factored into our valuation. As such, we vary the amount of additional revaluation potential in the bull and the bear cases but see stronger potential following the better NAV growth momentum in Q1 2020 than we expected, as well as larger potential for renovations following the acquisition announced earlier this spring.

We estimate that the project portfolio will add SEK 13-26 per share (we illustrate how we reach these values at the end of this section). Furthermore, we assume a 10% P/EPRA NAV discount in the bear case and a 15% premium in the bull case, based on P/EPRA NAV for the peer group. Ultimately, we derive a NAV-based fair value range of SEK 95-133 per share.

TRIANON: EPRA NAV SOTP FOR 2019-22E, BEAR CASE (SEK)

Note: 2022E EPRA NAV discounted to present value with 8.0% cost of equity

Source: Company data and Nordea estimates

TRIANON: EPRA NAV SOTP FOR 2019-22E, BULL CASE (SEK)

Note: 2022E EPRA NAV discounted to present value with 8.0% cost of equity

Source: Company data and Nordea estimates

Peer multiple approach

The peers used in this report are listed in the table below; we use a focused peer group and a broader one.

The focused peers are chosen based on their Malmö exposure, property type, and more general business characteristics. This focused peer group consists of Wihlborgs, Sagax, SBB and Balder.

Our broader peer group includes four other listed Nordic real estate companies under our coverage – Klöver, Kungsleden, Castellum and Atrium Ljungberg.

In the table below, we provide what we consider to be the most relevant multiples for Trianon and its peers for 2019 (current share prices), as well as our estimates for 2020. We highlight a few of the multiples below. In terms of cash earnings or adjusted P/E, Trianon is valued above the two peer groups' medians, both for 2019 and 2020E. Trianon was valued at a slightly premium to the peer groups' medians in 2019, however, in terms of P/EPRA NAV, at ~112% versus ~104% (focused peer group) and 86% (total peer group). Multiples in the sector have contracted, which we attribute to uncertain outlook for the general economy and higher bond market spreads in the light of COVID-19 uncertainty.

MULTIPLES FOR TRIANON AND ITS PEERS

	Per Share	Market Cap	P/E adj.		P/EPRA NAV			LTV	Implicit yield		EV/GAV	
			2019A	2020E	2018A	2019A	2020E		2020E	2018A	2019A	2018A
Focus peers												
Wihlborgs	133.9	19,853	12.2	12.8	83%	96%	88%	54%	4.9%	4.7%	77.2%	73.7%
Sagax	104.0	35,674	20.0	18.5	146%	183%	170%	54%	4.9%	4.5%	68.2%	63.0%
SBB	19.0	23,523	91.1	14.0	88%	95%	89%	55%	4.3%	1.5%	69.3%	64.7%
Balder	376.6	62,522	18.3	19.5	93%	112%	102%	56%	4.3%	3.9%	60.9%	61.2%
Broader peers												
Klöver	12.9	16,490	11.5	14.7	62%	58%	62%	62%	4.9%	4.4%	104.0%	93.1%
Kungsleden	69.1	15,077	12.4	12.1	69%	63%	69%	47%	4.9%	4.6%	93.4%	88.3%
Castellum	168.1	45,352	15.4	15.7	83%	78%	83%	45%	4.5%	4.5%	90.4%	82.7%
Atrium Ljungberg	128.4	16,276	14.3	15.4	78%	60%	59%	41%	4.0%	4.3%	86.8%	82.3%
Focused												
		High	91.1	19.5	146%	183%	170%	56%	4.9%	4.7%	77.2%	73.7%
		Low	12.2	12.8	83%	95%	88%	54%	4.3%	1.5%	60.9%	61.2%
		Median	19.2	16.2	91%	104%	96%	55%	4.3%	4.2%	68.8%	63.8%
Total												
		High	91.1	19.5	146%	183%	170%	62%	4.9%	4.7%	104.0%	93.1%
		Low	11.5	12.1	62%	58%	59%	41%	4.0%	1.5%	60.9%	61.2%
		Median	14.9	15.0	83%	86%	86%	54%	4.5%	4.5%	82.0%	78.0%
Trianon	92.4	3,219	24.3	24.2	91%	112%	103%	57%	3.3%	3.1%	86.3%	84.1%

Note: Implicit yield = EBITDA/Enterprise value. Data as of market close on 4 May 2020.

Source: Company data, Thomson Reuters and Nordea

Trianon differs from its peers due to its relatively high leverage – at the higher end of the spectrum in terms of LTV and net debt/EBITDA. We argue that Trianon's above-sector financial risk is compensated for by lower operational risk, however, which in turn is related to lower vacancy risks, as its residential property portfolio solely comprises rental apartments.

Summary of peer comparison

We base our peer valuation on the three multiples listed in the table below, using actual numbers for 2019 and our estimates for 2020. A straightforward peer comparison results in an implied fair value for Trianon's share below its current trading value measured on adjusted P/E, but above its current trading value measured on NAV, as illustrated in the 'Implied value per share' chart below.

SELECTED MULTIPLE SUMMARY FOR TRIANON AND ITS PEERS

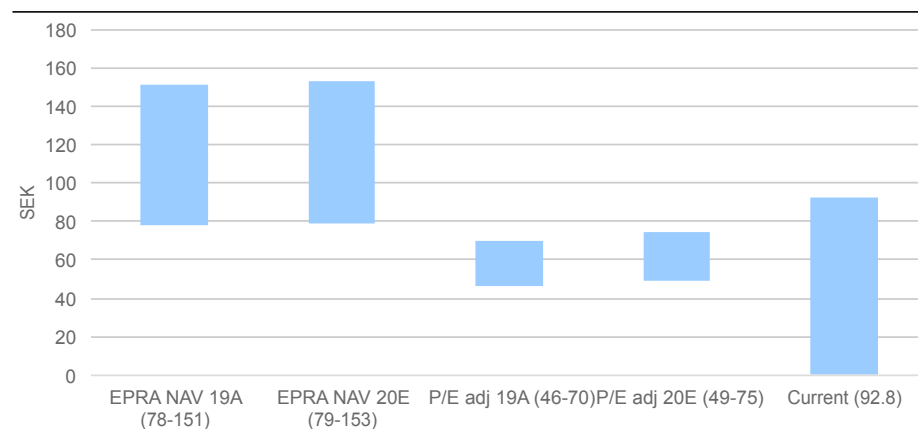
	LOW	HIGH	MEDIAN	Trianon
P/EPRA NAV multiple				
Focused peers* 19A	95%	183%	104%	91%
Focused peers* 20E	87%	170%	96%	112%
Total peers** 19A	58%	183%	86%	91%
Total peers** 20E	59%	170%	85%	112%
P/E adj multiple				
Focused peers* 19A	12.2	18.3	19.2	24.3
Focused peers* 20E	12.7	19.5	16.2	24.2
Total peers** 19A	11.5	91.1	14.9	24.3
Total peers** 20E	12.1	19.5	15.1	24.2

*Focused peers: Wihlborgs, Sagax, SBB and Balder.

**Total peers: Wihlborgs, Sagax, SBB, Balder, Klövern, Kungsleden, Atrium Ljungberg and Castellum

Source: Company data and Nordea estimates

IMPLIED VALUE PER SHARE



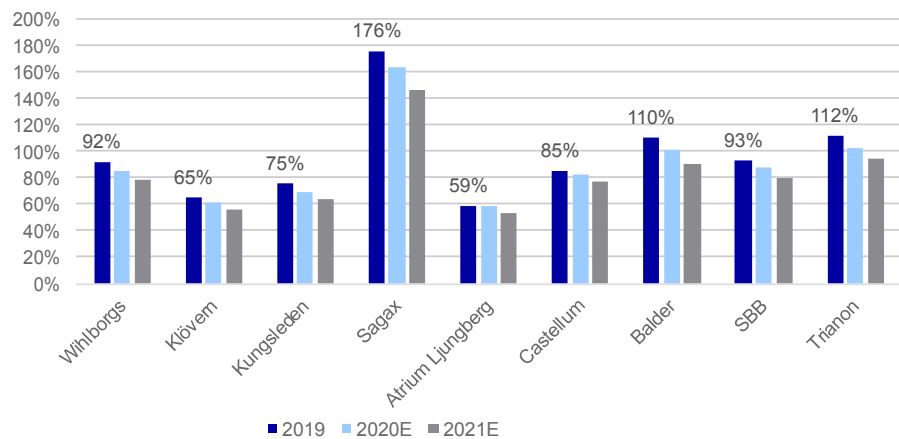
Note: The multiples are based on the focus peer groups.

Source: Company data, Thomson Reuters and Nordea estimates

As Trianon's property portfolio differs from those of its peers, we find a peer valuation insufficient for deriving a fair valuation for the company. It is difficult to reflect the project portfolio value in a peer valuation, as the companies' project portfolios differ materially from each other.

NAV focus

Peers on average traded at a small discount to EPRA NAV, ie around 90%, during 2017-19.

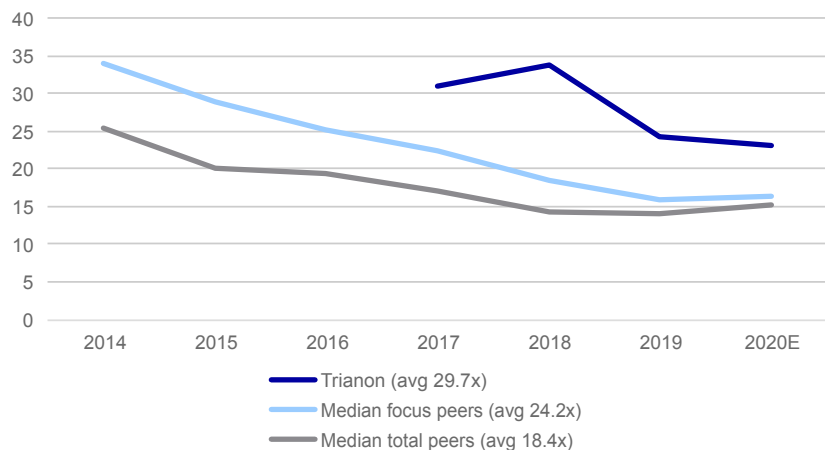
P/EPRA NAV

Source: Company data and Nordea estimates

Cash earnings focus

Cash earnings are a vital driver of NAV growth for real estate companies, but the level varies in size depending on property type. Due to higher tenant risk, cash earnings for residential properties tend to be lower than for office and retail properties. Cash earnings metrics generally neglect the potential of companies' project portfolios, as a project often lacks cash flows before completion. Therefore, these metrics may not reflect the full potential of the companies.

In the chart below, we provide a peer comparison for adjusted P/E. The focused peer group and the total peer group saw valuations drop from over 25x in 2014 to around 16-18x in 2018, according to reported figures and share prices. We expect further multiples contraction in 2020, albeit only marginally. Trianon was valued higher than the two peer groups in 2017-19, and we expect the company's adjusted P/E to be slightly below 30x for 2020E.

ADJUSTED P/E FOR TRIANON AND ITS PEERS, 2014-20E

Source: Company data and Nordea estimates

Project portfolio

Besides acquiring residential properties, Trianon produces new rental apartments. As of Q1 2020, the company's project portfolio constituted projects with a total of 923 rental apartments to be started during 2020-22. We argue that the potential in Trianon's project portfolio should be taken into account when valuing the company.

CURRENT PROJECT PORTFOLIO

Area	Plan Status	Nr of apartments	BTA	Start date
Concordia 14	Yes	8	1050	2020
Hyllie	Yes	73	5725	2020
Rosengård Library	Yes	0	2000	2020
Entré-Rolf 6	Yes	0	7000	2020
Kvarteret Hanna, Burlöv*	No	150	14500	2021
Norra Sorgenfri, phase 1**	No	256	16000	2021
Norra Sorgenfri, phase 2**	No	200	10000	2021
Rosengård C, phase 1 South*	No	80	5400	2021
Sege park	Yes	76	6785	2021
Rosengård C, phase 1 North*	No	80	6000	2022
Total		923	74,460	

*Dependent on detailed development plan

**Accessible when detailed development plan receives approval

Source: Company data and Nordea

Revaluation potential

To value the project portfolio, we estimate its revaluation potential and estimate to what extent revaluation could add value to Trianon's EPRA NAV. From a sample computation of new production (displayed in the section "Property portfolio") and disclosed figures from a previous project called Vårsången, we assume that Trianon invests approximately SEK 1.85m per apartment in its new production projects. According to the company, Trianon builds new production at a yield of 4.25% and completed projects are valued at a rental yield of around 6%.

In the table below, we provide the present value of the estimated revaluation potential of the existing project portfolio, given different scenarios for the number of annual unit starts and valuation yields assuming a required return of 8%.

We argue that it is reasonable to assume Trianon can start 200-400 apartments annually, with a valuation yield of 3.75-4.25%, which would add SEK 120-893m to EPRA NAV. In the second table, we illustrate the percentage increase of EPRA NAV per share, given the different scenarios. Consequently, we estimate that the project portfolio could increase EPRA NAV per share by 5-36%, ie SEK 3-26 per share. This estimate is not very sensitive to differing levels of production output but rather to a change in the valuation yield. We thus highlight changes in the valuation yield as the main downside risk to our valuation of the project portfolio.

PROJECT PORTFOLIO: ESTIMATED REVALUATION POTENTIAL (SEKm)

		Number of started units per year						
		100	200	300	400	500	600	700
Valuation yield	5.75%	-213	-296	-331	-349	-361	-369	-375
	5.25%	-78	-108	-121	-128	-132	-135	-137
	4.75%	86	119	133	141	146	149	151
	4.25%	288	401	447	473	489	500	507
	3.75%	544	757	845	893	923	944	959
	3.25%	878	1,222	1,365	1,442	1,491	1,524	1,548
	2.75%	1,334	1,857	2,074	2,192	2,265	2,316	2,353

Source: Company data and Nordea estimates

PROJECT PORTFOLIO: EPRA NAV PER SHARE SENSITIVITY ESTIMATES

		Number of started units per year						
		100	200	300	400	500	600	700
Valuation yield	5.75%	-9%	-12%	-13%	-14%	-15%	-15%	-15%
	5.25%	-3%	-4%	-5%	-5%	-5%	-5%	-6%
	4.75%	3%	5%	5%	6%	6%	6%	6%
	4.25%	12%	16%	18%	19%	20%	20%	21%
	3.75%	22%	31%	34%	36%	38%	38%	39%
	3.25%	36%	50%	56%	59%	61%	62%	63%
	2.75%	54%	76%	84%	89%	92%	94%	96%

Note: The figures in the table are our estimated percentage changes of Trianon's EPRA NAV given different scenarios for production output and valuation yield.

Source: Company data and Nordea estimates

We value Trianon's current project portfolio at **SEK 13-26** per share. We find that a limiting factor for the valuation of Trianon's project portfolio is its LTV target of below 60%, as it implies that financing new production projects with debt could potentially be

difficult if the company wants to remain within the range of its target level. With the issuance of the hybrid bond (which counts as equity), however, Trianon's LTV decreases and makes room for taking on more debt without exceeding an LTV of 60%.

Detailed estimates

QUARTERLY ESTIMATES (SEKm)

	2019				2020			
	Q1	Q2	Q3	Q4	Q1	Q2E	Q3E	Q4E
Rental revenue	96	112	117	121	129	134	137	140
Operational costs and maintenance	-41	-38	-37	-46	-54	-45	-42	-52
NOI	55	74	81	75	75	90	95	88
Surplus ratio, %	57%	66%	69%	62%	58%	67%	69%	63%
Central and admin	-7.8	-9.7	-6.9	-11.4	-9.2	-10.05	-10.05	-10.05
Other costs	0	0	0	0	0	0	0	0
Other income	-0.3	0.1	0	-0.2	0.1	0.1	0.1	0.1
Operating income ex value changes	47	65	74	64	66	80	85	78
Interest costs	-21	-24	-25	-24	-26	-27	-27	-27
Leasing costs	-1	-2	-2	-2	-2	-2	-2	-2
Income from property management (IFPM)	25	40	47	39	39	51	57	50
Changes to property value	35	101	86	71	54	26	26	93
of which unrealised	0	0	0	0	0	0	0	0
Changes to derivative value	-33	-41	-45	58	-42	10	10	10
Pretax profits	27	99	88	167	50	87	93	153
Reported tax	-5	-17	-15	-44	-8	-18	-19	-31
of which paid tax	0	0	0	0	0.0	-2.6	-2.8	-2.5
Net income	22	83	72	124	42	67	71	119
Hybrid dividend	0	-7	-7	-7	-7.1	-7	-7	-7
NI Ord shareholders	20	74	63	126	33	56	60	108
NI Ord shareholders ex value changes	18	14	22	-3	22	20	24	5
Cash earnings to ordinary shareholders	18	14	22	-3	22	23	27	7
-per share	0.5	0.4	0.6	-0.1	0.6	0.6	0.7	0.2
EPRA NAV per share	71	74	78	82	85	85	86	90

Source: Company data and Nordea estimates

ANNUAL ESTIMATES (SEKm)

	Earnings capacity							
	Q1 2020	2016	2017	2018	2019	2020E	2021E	2022E
Rental revenue	561.8	174	262	345	446	542	579	592
Operational costs and maintenance	-187.3	-62	-98	-132	-161	-193	-207	-211
NOI	374.5	112	164	213	286	349	372	381
Surplus ratio, %	67%	64%	63%	62%	64%	64%	64%	64%
Central and admin	-40.2	-19	-26	-34	-36	-39	-40	-42
Other costs		-0.1	0	0	0	0	0	0
Other income	0.4	46	8.7	5.9	-0.4	0.4	0.4	0.4
Operating income ex value changes	335	138	146	184	249	310	332	339
Interest costs	-105.5	-12.6	-22.8	-79.9	-93.7	-106.8	-116.8	-116.4
Leasing costs					-5.8	-6.4	-6.4	-6.4
% of net debt	-	0.9%	1.1%	2.8%	2.4%	2.3%	2.5%	2.5%
Income from property management (IFPM)	229.2	125.7	123.5	104.5	149.8	196.5	209.1	216.2
Changes to property value		421	321	212	292	199	174	179
of which unrealised		421	321	212	292	199	174	179
Changes to derivative value		-44	-12	-17	-62	-12	40	0
Pretax profits		503	432	299	381	383	423	395
Reported tax		-101	-92	-40	-81	-76	-87	-81
of which paid tax		0	0	0	0	-8	-10	-17
Net income		402	340	259	300	306	336	313
Hybrid dividend					-21	-28	-28	-28
Minority		0	-21	-11	3	-21	-21	-6
NI Ord shareholders		402	318	248	282	257	286	264
NI Ord shareholders ex value changes		24	10	54	51	71	73	86
Cash earnings to ordinary shareholders		126	102	93	131	139	149	150
-per share		4.47	2.97	2.71	3.80	3.82	4.10	4.10
Dividend per share		0.00	1.00	1.15	1.45	1.55	1.63	1.63

Source: Company data and Nordea estimates

NAV CALCULATIONS (SEKm)

	2016	2017	2018	2019	2020E	2021E	2022E
Equity total	1,181	1,757	1,978	2,831	3,035	3,265	3,485
- of which pref/hybrid equity	0	0	0	378	378	378	378
Acc. Dividend added back					53	109	169
Goodwill	0	0	0	0	0	0	0
Derivatives	77	67	79	134	146	106	106
Deferred tax	210	302	341	420	428	428	474
EPRA NAV	1,468	2,126	2,399	3,006	3,283	3,530	3,856
Per share	52.2	61.9	69.8	82.4	90.0	96.8	105.7
EPRA NAV	1,468	2,126	2,399	3,006	3,283	3,530	3,856
Derivatives	- 77	- 67	- 79	- 134	- 146	- 106	- 106
Deferred tax 5%	- 105	- 148	- 170	- 212	- 220	- 220	- 241
EPRA NNAV	1,286	1,911	2,150	2,660	2,918	3,204	3,509
Per share	45.7	55.6	62.6	72.9	80.0	87.9	96.2
Investment properties	3,306	4,693	5,905	7,958	8,600	8,843	9,090
Net debt adj	1,698	2,443	3,333	4,561	4,714	4,661	4,616
Loan-to-value	51.4%	52.0%	56.4%	57.3%	54.8%	52.7%	50.8%
Equity ratio	33.9%	36.1%	32.8%	33.6%	33.8%	35.4%	36.8%
Implicit yield							
Shares ordinary (millions)	28.1155	34.3655	34.3655	36.4655	36.4655	36.4655	36.4655
Average shares (P&L)	28.1155	34.3655	34.3655	34.5405	36.4655	36.4655	36.4655

Source: Company data and Nordea estimates

Risk factors

Below we list and describe what we believe are the most relevant risks relating to Trianon. The purpose of this is not to provide a comprehensive picture of all the risks that affect the company, but rather to highlight those that we find the most important. This is an integral part of the factors to consider when investing in Trianon. The main risks we identify are key personnel leaving, rate hikes from higher credit spreads, reputational risks, and possible conflicts of interest.

<p>A general economic downturn would pose a risk – residential real estate has seen headwinds in Sweden lately</p>	<p>Economic activity in Sweden slowing</p> <p>Trianon is to some extent exposed to the general economy, and in particular to the Swedish market where the company operates. A downturn in the economy could affect the company's prospects and could impact customers' financial positions as well. The real estate market may be hampered by economic uncertainty and a corresponding slowdown in GDP growth, unemployment, household income, consumer confidence and measures affecting housing prices.</p>
<p>We consider Trianon to be fairly sensitive to rate hikes relative to peers</p>	<p>Rate hikes from the Swedish Central Bank</p> <p>As Trianon is largely financed with debt, potential further rate hikes from the Swedish Central Bank would increase Trianon's financial costs, which in turn could put pressure on the company's results, as interest costs accounted for approximately 24% of Trianon's total costs (excluding taxes) in fiscal year 2019. With an above-sector-average LTV, we consider Trianon to be fairly sensitive to rate hikes relative to peers. Should there be a substantial structural increase in interest rates, yields could increase as a result, and this could in turn have a negative impact on NAV.</p> <p>It is also worth highlighting that the Swedish FSA will implement higher risk weights for Swedish banks related to commercial real estate exposure. The rules will be implemented in 2021 but the FSA points out that the banks need to amend their models in 2020 to meet the requirements. It estimates higher costs of 15-30 bp that are the burden of banks or real estate companies; hence there is a risk for higher funding costs.</p>
<p>Increased competition owing to the strong historical performance?</p>	<p>Increased competition</p> <p>The Swedish market for real estate development is highly competitive and has become more so in recent years, given the historically strong performance. The strong performance and headwinds in real estate segments where Trianon is not active may attract new competitors, putting pressure on profitability. There is also a potential risk that more foreign competitors could enter the market.</p>
<p>Olof Andersson is CEO, member of the board and main owner</p>	<p>Possible conflicts of interest</p> <p>Olof Andersson, the CEO, is also on the board of directors and is one of the main owners of Trianon. Together with Jan Barchan, he owned ~67% of the votes in the company as of Q1 2020. There could be a risk that the company prioritises the largest owner's interests ahead of those of the other shareholders. However, we consider their commitment and active engagement in the company to be positive, as highlighted earlier in this report.</p>
<p>Lower risk appetite could make it harder for Trianon to secure refinancing</p>	<p>Access to the credit market and level of leverage</p> <p>Like most property companies, Trianon is financed through the credit market. If risk willingness decreases, the credit market becomes less liquid and there is a potential risk that Trianon will have problems refinancing itself. In our view, Trianon has a relatively stable financial position with a LTV of 57% and an equity ratio of around 34% as of Q4 2019. However, Trianon is focused on expanding through acquisitions, and the company will inevitably need to obtain debt capital to finance these acquisitions.</p>
<p>A continued downturn in the residential real estate market could hinder developments</p>	<p>Downturn in the residential real estate market</p> <p>If prices in the Swedish residential market continue to decrease, this could affect the company negatively, with residential properties constituting a large part of Trianon's property portfolio. However, Trianon's average rents in its portfolio are quite low, thereby limiting the risk of increasing vacancies, in our opinion.</p>

Changes in regulations or tax rules would affect Trianon's ability to operate its business

Legal, tax and political risks

Changes in regulations or tax rules would affect Trianon's ability to operate its business. These could include new amortisation rules or raising household taxes. Other political regulations affecting how rents are set also represent a risk outside the company's control. Furthermore, Trianon has been benefiting from the governmental investment subsidy when developing residential properties. The outlook for this investment subsidy is uncertain and could affect Trianon adversely, but more details should be announced by the government later this year.

Concentrated geographical exposure

As 100% of Trianon's property portfolio is located in Malmö, this could pose a risk should the region do poorly in macroeconomic terms or if the real estate market in Malmö is hit harder by a potential downturn than other parts of Sweden. Currently, we see no signs of tougher times in Malmö in the near term but believe investors should pay attention to macroeconomic and sector-specific trends related to Malmö when investing in Trianon.

Negative media attention

Trianon has a share of its property holdings located in areas where gang violence and other criminal activity are present, and these have received negative media attention during the last couple of years. We note that this poses a risk for Trianon, but according to the company, it works closely with the local police force and the negative public image of some of the areas is exaggerated.

Reported numbers and forecasts

INCOME STATEMENT

SEKm	2012	2013	2014	2015	2016	2017	2018	2019	2020E	2021E	2022E
Total revenue	n.a.	106	114	138	176	264	348	453	544	581	594
Revenue growth	n.a.	n.a.	7.4%	20.9%	27.4%	50.4%	31.8%	30.2%	20.1%	6.7%	2.3%
of which organic	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
of which FX	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
EBITDA	0	28	64	87	138	146	184	249	309	332	339
Depreciation and impairments PPE	0	0	0	0	0	0	0	0	0	0	0
of which leased assets	0	0	0	0	0	0	0	0	0	0	0
EBITA	0	28	64	87	138	146	184	249	309	332	339
Amortisation and impairments	0	0	0	0	0	0	0	0	0	0	0
EBIT	n.a.	28	64	87	138	146	184	249	309	332	339
of which associates	0	2	6	14	46	9	6	0	0	0	0
Associates excluded from EBIT	0	0	0	0	0	0	0	0	0	0	0
Net financials	0	-19	-15	-15	-13	-23	-80	-100	-113	-123	-123
of which lease interest	0	0	0	0	0	0	0	-6	-6	-6	-6
Changes in value, net	0	62	14	129	378	308	195	231	186	214	179
Pre-tax profit	0	70	63	200	503	432	299	380	382	423	395
Reported taxes	0	-20	-6	-40	-101	-92	-40	-81	-76	-87	-81
Net profit from continued operations	0	50	56	160	402	340	259	300	306	336	313
Discontinued operations	0	0	0	0	0	0	0	0	0	0	0
Minority interests	0	0	0	0	0	-21	-11	3	-21	-21	-6
Net profit to equity	0	50	57	160	402	318	248	281	257	286	279
EPS	n.a.	1.94	2.21	5.71	14.30	9.27	7.22	8.15	7.06	7.86	7.65
DPS	0.00	0.00	0.00	0.00	0.00	1.00	1.15	1.45	1.55	1.63	1.63
of which ordinary	0.00	0.00	0.00	0.00	0.00	1.00	1.15	1.45	1.55	1.63	1.63
of which extraordinary	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Profit margin in percent

EBITDA	n.a.	26.0%	55.7%	62.8%	78.7%	55.4%	53.0%	55.0%	56.9%	57.2%	57.1%
EBITA	n.a.	26.0%	55.7%	62.8%	78.7%	55.4%	53.0%	55.0%	56.9%	57.2%	57.1%
EBIT	n.a.	26.0%	55.7%	62.8%	78.7%	55.4%	53.0%	55.0%	56.9%	57.2%	57.1%

Adjusted earnings

EBITDA (adj)	0	28	64	87	138	146	184	249	309	332	339
EBITA (adj)	0	28	64	87	138	146	184	249	309	332	339
EBIT (adj)	0	28	64	87	138	146	184	249	309	332	339
EPS (adj)	n.a.	0.32	1.91	2.56	4.47	2.97	2.71	3.80	3.82	4.10	4.51

Adjusted profit margins in percent

EBITDA (adj)	n.a.	26.0%	55.7%	62.8%	78.7%	55.4%	53.0%	55.0%	56.9%	57.2%	57.1%
EBITA (adj)	n.a.	26.0%	55.7%	62.8%	78.7%	55.4%	53.0%	55.0%	56.9%	57.2%	57.1%
EBIT (adj)	n.a.	26.0%	55.7%	62.8%	78.7%	55.4%	53.0%	55.0%	56.9%	57.2%	57.1%

Performance metrics

CAGR last 5 years											
Net revenue	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	26.8%	31.8%	31.6%	27.0%	17.6%
EBITDA	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	46.1%	31.4%	29.0%	19.2%	18.3%
EBIT	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	46.1%	31.4%	29.0%	19.2%	18.3%
EPS	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	30.1%	29.8%	4.3%	-11.3%	-3.7%
DPS	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	10.3%
Average last 5 years											
Average EBIT margin	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	57.9%	59.5%	58.4%	57.6%	55.8%
Average EBITDA margin	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	57.9%	59.5%	58.4%	57.6%	55.8%

VALUATION RATIOS - ADJUSTED EARNINGS

SEKm	2012	2013	2014	2015	2016	2017	2018	2019	2020E	2021E	2022E
P/E (adj)	n.a.	n.a.	n.a.	n.a.	n.a.	17.1	23.5	27.3	24.3	22.7	20.6
EV/EBITDA (adj)	n.a.	n.a.	n.a.	n.a.	n.a.	29.0	30.4	33.8	26.5	24.6	24.0
EV/EBITA (adj)	n.a.	n.a.	n.a.	n.a.	n.a.	29.0	30.4	33.8	26.5	24.6	24.0
EV/EBIT (adj)	n.a.	n.a.	n.a.	n.a.	n.a.	30.8	31.4	33.8	26.6	24.6	24.0

VALUATION RATIOS - REPORTED EARNINGS

SEKm	2012	2013	2014	2015	2016	2017	2018	2019	2020E	2021E	2022E
P/E	n.a.	n.a.	n.a.	n.a.	n.a.	5.5	8.8	12.7	13.2	11.8	12.2
EV/Sales	n.a.	n.a.	n.a.	n.a.	n.a.	16.05	16.12	18.59	15.10	14.09	13.70
EV/EBITDA	n.a.	n.a.	n.a.	n.a.	n.a.	30.8	31.4	33.8	26.6	24.6	24.0
EV/EBITA	n.a.	n.a.	n.a.	n.a.	n.a.	30.8	31.4	33.8	26.6	24.6	24.0
EV/EBIT	n.a.	n.a.	n.a.	n.a.	n.a.	30.8	31.4	33.8	26.6	24.6	24.0
Dividend yield (ord.)	n.a.	n.a.	n.a.	n.a.	n.a.	2.0%	1.8%	1.4%	1.7%	1.8%	1.8%
FCF yield	n.a.	n.a.	n.a.	n.a.	n.a.	-48.1%	-25.8%	-25.1%	-1.8%	2.9%	3.9%
FCF Yield bef A&D, lease adj	n.a.	n.a.	n.a.	n.a.	n.a.	-7.2%	-4.2%	-1.6%	2.4%	2.9%	3.9%
Payout ratio	n.a.	0.0%	0.0%	0.0%	0.0%	10.8%	15.9%	17.8%	21.9%	20.8%	21.3%

Source: Company data and Nordea estimates

BALANCE SHEET

SEKm	2012	2013	2014	2015	2016	2017	2018	2019	2020E	2021E	2022E
Intangible assets	0	0	0	0	0	0	0	0	0	0	0
of which R&D	0	0	0	0	0	0	0	0	0	0	0
of which other intangibles	0	0	0	0	0	0	0	0	0	0	0
of which goodwill	0	0	0	0	0	0	0	0	0	0	0
Tangible assets	0	1,361	1,567	2,197	3,306	4,693	5,905	8,149	8,583	8,826	9,073
of which leased assets	0	0	0	0	0	0	0	191	191	191	191
Shares associates	0	0	0	0	0	0	0	0	0	1	1
Interest bearing assets	0	17	18	62	106	29	13	8	9	9	9
Deferred tax assets	0	2	20	19	22	23	32	48	57	57	57
Other non-IB non-current assets	0	0	0	0	0	0	0	0	0	0	0
Other non-current assets	0	1	2	0	1	1	1	2	2	2	2
Total non-current assets	0	1,381	1,608	2,278	3,435	4,746	5,951	8,207	8,650	8,893	9,142
Inventory	0	0	0	0	0	0	0	0	0	0	0
Accounts receivable	0	27	34	20	21	71	60	36	43	45	47
Short-term leased assets	0	0	0	0	0	0	0	0	0	0	0
Other current assets	0	0	0	0	0	0	0	0	0	0	0
Cash and bank	0	20	28	1	23	44	30	178	324	378	423
Total current assets	0	46	62	22	44	115	90	213	367	424	470
Assets held for sale	0	0	0	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Total assets	0	1,427	1,669	2,300	3,479	4,861	6,041	8,420	9,017	9,317	9,611
Shareholders equity	0	538	580	799	1,181	1,757	1,978	2,831	3,035	3,265	3,485
Of which preferred stocks	0	0	0	0	0	0	0	0	0	0	0
Of which equity part of hybrid debt	0	0	0	0	0	0	0	378	378	378	378
Minority interest	0	0	0	0	0	53	86	86	107	128	134
Total Equity	0	538	580	799	1,181	1,811	2,064	2,917	3,142	3,393	3,619
Deferred tax	0	67	89	129	232	325	373	467	536	612	676
Long term interest bearing debt	0	727	807	1,228	1,795	2,473	3,284	4,442	4,743	4,740	4,740
Pension provisions	0	0	0	0	0	0	0	0	0	0	0
Other long-term provisions	0	0	0	0	0	0	0	0	0	0	0
Other long-term liabilities	0	9	71	56	77	67	79	134	146	106	106
Non-current lease debt	0	0	0	0	0	0	0	191	191	191	191
Convertible debt	0	0	0	0	0	0	0	0	0	0	0
Shareholder debt	0	0	0	0	0	0	0	0	0	0	0
Hybrid debt	0	0	0	0	0	0	0	0	0	0	0
Total non-current liabilities	0	803	1,043	1,426	2,157	2,906	3,757	5,272	5,615	5,649	5,713
Short-term provisions	0	0	0	0	0	0	0	0	0	0	0
Accounts payable	0	0	0	0	0	0	0	0	0	0	0
Current lease debt	0	0	0	0	0	0	0	0	0	0	0
Other current liabilities	0	74	31	60	107	101	157	147	176	188	193
Short term interest bearing debt	0	12	15	15	32	43	63	85	84	87	87
Total current liabilities	0	86	46	75	139	144	219	231	260	275	279
Liabilities for assets held for sale	0	0	0	0	0	0	0	0	0	0	0
Total liabilities and equity	0	1,427	1,669	2,300	3,477	4,861	6,041	8,420	9,017	9,317	9,611
Balance sheet and debt metrics											
Net debt	0	702	776	1,180	1,698	2,443	3,333	4,561	4,714	4,661	4,616
of which lease debt	0	0	0	0	0	0	0	191	191	191	191
Working capital	0	-48	3	-39	-86	-30	-97	-111	-134	-143	-146
Invested capital	0	1,333	1,610	2,239	3,349	4,716	5,854	8,096	8,517	8,751	8,996
Capital employed	0	1,277	1,402	2,042	3,008	4,327	5,411	7,634	8,159	8,411	8,637
ROE	n.m.	18.4%	10.1%	23.3%	40.6%	21.7%	13.3%	11.7%	8.8%	9.1%	8.3%
ROIC	n.m.	3.3%	3.4%	3.6%	3.9%	2.9%	2.8%	2.8%	3.0%	3.1%	3.0%
ROCE	n.m.	4.7%	4.8%	5.1%	5.5%	4.0%	3.8%	3.8%	3.9%	4.0%	4.0%
Net debt/EBITDA	n.m.	25.4	12.2	13.6	12.3	16.7	18.1	18.3	15.2	14.0	13.6
Interest coverage	n.a.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
Equity ratio	n.m.	37.7%	34.7%	34.7%	34.0%	36.1%	32.8%	33.6%	33.7%	35.0%	36.3%
Net gearing	n.m.	130.5%	133.8%	147.7%	143.8%	134.9%	161.5%	156.4%	150.0%	137.4%	127.5%

Source: Company data and Nordea estimates

CASH FLOW STATEMENT

SEKm	2012	2013	2014	2015	2016	2017	2018	2019	2020E	2021E	2022E
EBITDA (adj) for associates	0	26	58	73	93	138	179	250	309	332	339
Paid taxes	0	0	0	0	0	0	0	0	-8	-10	-17
Net financials	0	-19	-15	-15	-13	-23	-49	-99	-113	-123	-123
Change in provisions	0	0	0	0	0	0	0	0	0	0	0
Change in other LT non-IB	0	6	119	-75	57	-22	-18	55	-35	-40	0
Cash flow to/from associates	0	0	0	0	0	0	0	0	0	0	0
Dividends paid to minorities	0	0	0	0	0	0	0	0	0	0	0
Other adj to reconcile to cash flow	0	18	-124	59	-78	0	-11	-54	n.a.	n.a.	n.a.
Funds from operations (FFO)	0	31	38	42	59	93	101	151	153	158	198
Change in NWC	0	19	-22	26	13	-7	51	-2	22	9	3
Cash flow from operations (CFO)	0	50	16	68	73	86	152	149	175	167	202
Capital expenditure	0	0	0	0	-250	-211	-244	-208	-93	-69	-69
Free cash flow before A&D	0	50	16	68	-177	-125	-93	-59	82	98	133
Proceeds from sale of assets	0	2	4	-31	6	0	0	0	0	0	0
Acquisitions	0	-43	-22	-384	-479	-715	-472	-889	-142	0	0
Free cash flow	0	8	-2	-347	-651	-840	-565	-947	-60	98	133
Free cash flow bef A&D, lease adj	0	50	16	68	-177	-125	-93	-59	82	98	133
Dividends paid	0	-13	-14	-16	-19	-21	-34	-42	-53	-56	-59
Equity issues / buybacks	0	0	0	75	0	278	0	204	0	0	0
Net change in debt	0	5	27	261	442	393	0	627	300	0	0
Other financing adjustments	0	0	0	0	0	0	187	0	158	186	151
Other non-cash adjustments	0	18	-3	0	250	210	398	-73	-199	-174	-179
Change in cash	0	20	8	-26	22	21	-14	148	147	54	45
Cash flow metrics											
Capex/D&A	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
Capex/Sales	n.a.	0.0%	0.0%	0.0%	n.m.	79.8%	70.2%	45.8%	17.1%	11.9%	11.6%
Key information											
Share price year end (/current)	n.a.	n.a.	n.a.	n.a.	n.a.	51	64	104	93	93	93
Market cap.	n.a.	n.a.	n.a.	n.a.	n.a.	1,744	2,193	3,774	3,391	3,391	3,391
Enterprise value	n.a.	n.a.	n.a.	n.a.	n.a.	4,240	5,612	8,421	8,212	8,180	8,141
Diluted no. of shares, year-end (m)	0.0	25.6	25.6	28.1	28.1	34.4	34.4	36.5	36.5	36.5	36.5

Source: Company data and Nordea estimates

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Completion Date

06 May 2020, 03:26 CET

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