

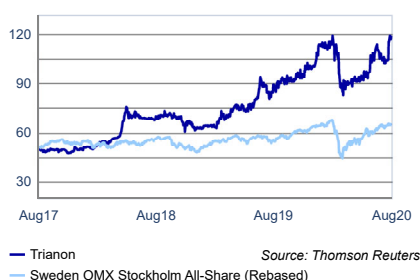
Trianon

Construction and Real Estate
Sweden

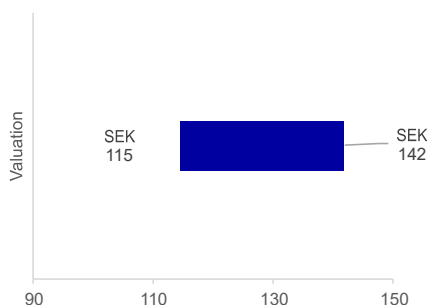
KEY DATA

Stock country	Sweden
Bloomberg	TRIANB.SS
Reuters	TRIANB.ST
Share price (close)	SEK 120.0
Free Float	
Market cap. (bn)	EUR 0.42/SEK 4.38
Website	www.trianon.se
Next report date	04 Nov 2020

PERFORMANCE



VALUATION APPROACH



ESTIMATE CHANGES

Year	2020E	2021E	2022E
Sales	3%	8%	11%
EBIT (adj)	4%	12%	16%

Source: Nordea estimates

Nordea Markets - Analysts

David Flemmich
Senior Analyst, Sector CoordinatorSvante Krokfors
Analyst

A compounder in the making

Trianon reported net operating income 2% ahead of our estimate despite a SEK 4.4m negative impact owing to COVID-19. While near-term results confirm solid operational performance, we find Trianon's long-term prospects more significant. With 73% of its portfolio exposed to residential and community service properties and almost 700 apartments in its project portfolio due for construction start within 12 months assuming regulatory approvals, we see good potential for Trianon to continue its low-risk growth journey. We estimate 2020-22 EPS growth of 13-23%, driven by decreased cost of debt, renovation and acquisitions, with corresponding NAV growth of 12.9-15.4%. We see the main share price triggers as: 1) project starts, 2) acquisitions, 3) asset revaluation. After a change of analyst, we increase our NAV-based fair value range to SEK 115-142 (95-133) per share.

Undemanding asset valuation

Trianon's residential assets, comprising 3,490 apartments with a total lettable area of 255,000 sqm, have a book value of SEK 5.74bn. This corresponds to a valuation of SEK 21,463 per sqm, which we view as undemanding, not least given an average rental value in the portfolio of SEK 1,413/sqm, corresponding to an initial yield of 4.4%. To put this into perspective, peer company Hembla's valuation yield was 3.58% at the 2019 annual report. Despite Hembla's assets being more tilted towards "million-programme areas" in Stockholm and Gothenburg, we view Trianon's geographical exposure as equally attractive given that a large share of the assets are in the centre of Malmö city, underpinned by its 99% occupancy rate. In a scenario where we assume 3.58% yield for Trianon's residential assets, we find an excess value of SEK 1.3bn lifting the valuation to SEK 26,600 per sqm and adding SEK 35 per share in NAV, turning the current 38% NAV premium into a discount. Such revaluation would also strengthen the balance sheet, taking Q2 LTV of 56.8% down to 49%, creating room for further acquisitions and project investments to fuel growth.

Valuation and estimate changes

While we see potential for a revaluation of Trianon's residential assets, we do not include such valuation in our estimates out of prudence. However, its portfolio will be externally valued in Q4 2020, and so we do not rule out a larger positive revaluation. From a cash earnings perspective, we see good potential for Trianon's average interest rate to decrease ahead, owing to maturity of its 2018/21 senior unsecured bond, priced at 3m Stibor + 4.5% when issued. We pencil in 1.9% average interest rate from Q2 2021 compared to 2.2% as of Q2 2020. Following a change of analyst, we increase our NAV-based fair value range to SEK 115-142 (95-133) per share.

SUMMARY TABLE - KEY FIGURES

SEKm	2016	2017	2018	2019	2020E	2021E	2022E
Total revenue	176	264	348	453	560	629	657
NOI margin	63.8%	62.0%	61.1%	63.0%	65.2%	66.0%	66.6%
EPS (adj, SEK)	4.47	2.97	2.71	3.80	4.63	6.03	6.82
EPS (adj) growth	74.8%	-33.5%	-8.6%	39.8%	21.9%	30.2%	13.1%
P/E (adj)	n.a.	17.1	23.5	27.3	25.9	19.9	17.6
DPS, SEK	0.00	1.00	1.15	0.00	1.60	1.90	2.20
NAV per share	46	56	63	73	87	101	115
NAV growth	51.3%	21.6%	12.5%	16.6%	19.4%	15.6%	14.6%
NOI/EV (adj)	n.a.	3.9%	3.8%	3.4%	3.7%	4.2%	4.4%
P/NAV	n.a.	91.2%	102.0%	141.9%	137.7%	119.1%	103.9%
P/EPRA NAV	n.a.	82.0%	91.4%	125.6%	125.7%	109.2%	95.7%
Dividend yield	n.a.	2.0%	1.8%	0.0%	1.3%	1.6%	1.8%
Loan-to-value (adj)	51.4%	52.0%	56.4%	56.0%	56.3%	53.5%	50.4%
Net debt/EBITDA(adj)	12.3	16.7	18.1	18.3	16.7	14.4	13.4

Source: Company data and Nordea estimates

Q2 2020 outcome and estimate changes

Trianon delivered Q2 income from property management of SEK 50.6m, adjusted for realised derivative value changes (compared with the reported SEK 56.8m), a touch below our forecast, with higher NOI offset by higher central costs. Earnings capacity was 2% above our expectations, however, which we attribute to a stronger contribution from M&A. The company had limited impact from COVID-19 in Q2 of SEK 4.4m, and says that the impact will be materially lower in Q3. Following a change of analyst, we make substantial estimate changes. We raise our IFPM estimates by 5-35% for 2020-22, partly owing to M&A. EPRA NAV was up 3% q/q at SEK 87.6 per share, 1.9% above our estimate, supported by a higher contribution from revaluation (0.6% versus our estimate of 0.3% q/q). This was related to higher earnings from renovations and signed leases, while the yield requirement was unchanged (4.7%), despite the better net operating income.

TRIANON: Q2 2020 DEVIATION TABLE (SEKm)

SEKm	Actual Q2 20A	NDA est. Q2 20E	Deviation		Actual Q1 20	Actual q/q	Actual Q2 19	Actual y/y
			vs. actual					
Rental revenue	134.4	134	0	0%	129.2	4%	112.2	20%
Operational costs and maintenance	-43	-45	3	-6%	-54.7	-22%	-38	11%
NOI	91.9	90	2	2%	75.4	22%	74.4	24%
Surplus ratio, %	68.4%	66.8%			58%		66%	
Central and admin	-12.4	-10	-2.4	23%	-9.2	35%	-9.7	28%
Joint ventures	0.1	0			0.1		0.1	0%
Interest costs adj for realised derivative	-27.4	-27	-0.4	2%	-26	5%	-23.8	15%
Leasing costs	-1.6	-2	0		-1.6	0%	-1.5	
Income from Property Management (IFPM)	50.6	51	-0.7	-1%	38.8	30%	39.5	28%
Changes to property value	50	26	24	93%	53.6	-7%	100.9	-50%
of which unrealised	50	26	24	93%	53.6	-7%	100.9	-50%
Changes to derivative value	-14.4	10	-24		-42.4	-66%	-41.3	-65%
Pretax profits	86.2	87	-1	-1%	50	72%	99.1	-13%
Reported tax	-13.5	-15	2	-12%	-7.8	73%	-16.6	-19%
of which paid tax	0	-3	3	-100%	0	#DIV/0!	0	#DIV/0!
Net income	72.6	69	3	5%	42.2	72%	82.5	-12%
EPRA NAV	87.6	86	1.6	1.9%	85	3.4%	74	19%
Earnings Capacity	233.6	229	4	2%	222.5	5%	173.2	35%

Source: Company data and Nordea estimates

Estimate changes

Following a change of analyst, we raise 2020E-22E IFPM by 5-35%. Our EPRA NAV per share for 2020E-22E is up by 9-22% following higher estimates for revaluations owing to projects and increased revaluation of the prudently valued residential portfolio.

TRIANON: ESTIMATE CHANGES (SEKm)

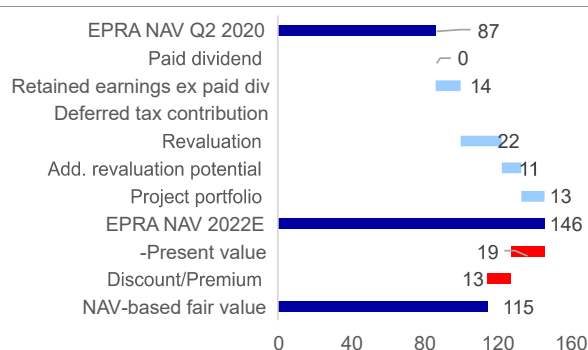
SEKm	New estimates			Old estimates			Diff (%)		
	2020E	2021E	2022E	2020E	2021E	2022E	2020E	2021E	2022E
Rental revenue	562	631	659	542	579	592	4%	9%	11%
Operational costs and maintenance	-197	-216	-222	-193	-207	-211	2%	5%	5%
NOI	365	415	437	349	372	381	5%	11%	15%
Surplus ratio, %	65%	66%	66%	64%	64%	64%			
Central and admin	-43	-43	-44	-39.35	-40.2	-42.21	8%	8%	5%
Other income	0	0	0	0.4	0.4	0.42			
Interest costs	-109	-101	-93	-106	-116	-115	2%	-12%	-19%
Income from Property Management (IFPM)	207	263	293	197	210	217	5%	25%	35%
Changes to property value	285	313	327	199	174	179	43%	80%	83%
of which unrealised	285	313	327	199	174	179	43%	80%	83%
Changes to derivative value	-56.8	0	0	-12.4	40	0	358%	-100%	0%
Pretax profits	435	576	620	383	424	396	13%	36%	57%
Reported tax	-85	-119	-128	-76	-87	-82	12%	36%	57%
of which paid tax	0	0	0	-8	-11	-17	-100%	-100%	-100%
Net income	349	458	492	307	337	314	14%	36%	57%
Hybrid dividend	-29	-32	-32	-30	-31	-31	-3%	2%	2%
Minority	-7.1	-6.3	-6	-6.6	-6.3	-6.3			
NI Ord shareholders	313	420	454	258	287	265	21%	46%	71%
NI Ord shareholders ex value changes	85	107	127	71	74	87	20%	44%	47%
Cash earnings to ordinary shareholders	171	225	255	140	151	151	22%	50%	69%
-per share	4.6	6.0	6.8	3.8	4.0	4.0	22%	50%	69%
EPRA NAV	3,577	4,116	4,698	3,283	3,530	3,856	9%	17%	22%
Per share	95.5	109.9	125.4	90.0	96.8	105.7	6%	13%	19%

Source: Nordea estimates

Valuation

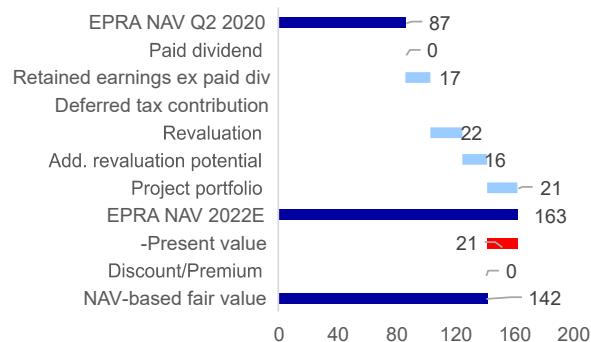
Our valuation of Trianon is based on net asset value. Trianon currently trades at a premium to EPRA NAV of 35%, and we believe the premium valuation is attributable to income stability and low vacancy risks related to its rental apartment portfolio and potential in its project portfolio that is not reflected in the current NAV, combined with what we argue is a prudent valuation of its assets. We consider Trianon's successful M&A-driven strategy – in combination with reinvesting in its existing portfolio – to be key for maintaining a premium valuation. We see upside potential related to increased visibility in projects and investments in its existing portfolio with short-term risks owing to its above-sector exposure to retail properties, although a majority of its retail assets are food retail (47%). Ultimately, we derive a fair value range of SEK 115-142 (95-133) for the Trianon share.

Key value drivers for NAV are rental growth, retained earnings, projects and yield changes	<p>Valuation summary</p> <p>We use a NAV-based approach 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, project investments 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 NNNNAV and use both in our valuation approach. In our view, EPRA NAV captures the long-term potential and NNNNAV estimates the current potential, adjusting for differences in deferred tax and derivative holdings.</p>
100-150 apartment renovations annually	<p>NAV-based fair value</p> <p>We estimate a NAV-based fair value range for Trianon by estimating a 2022 EPRA NAV per share for a bull and a bear case and then calculating the cases' respective present values, assuming a 10.0% return requirement (equity).</p> <p>Trianon has guided for approximately 100-150 apartment renovations per year, which is underpinned by 116 apartment renovations on a rolling 12-month basis. We estimate that this gives revaluation effects of around SEK 23-35m per year between 2020 and 2022. 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 Q2 2020 than we expected, as well as larger potential for renovations following the acquisition announced in H1 2020.</p>
Prudent valuation of residential assets, in our view	<p>Trianon's residential assets, consisting of 3,490 apartments with a total lettable area of 255,000 sqm, are booked at a value of SEK 5.74bn. This corresponds to SEK 21,463 per sqm, which we view very undemanding, not least given an average rental value in the portfolio of SEK 1,413/sqm – corresponding to a yield of 4.4%. To put this into perspective, Hembla's valuation yield in its portfolio was 3.58% as of the 2019 annual report. In a scenario where we assume 3.58% actual yield for Trianon's residential assets, we find an excess value of SEK 1.3bn, lifting the valuation per sqm to SEK 26,600 and adding SEK 35 per share in NAV, turning the current 38% premium valuation into a slight discount. Such revaluation would also strengthen the balance sheet, taking the reported Q2 LTV of 56.8% down to 49%, creating plenty of headroom for acquisitions and project investments. This potential is only partly reflected in our estimates for 2020-22.</p>
We estimate projects could add SEK 13-21 per share	<p>We estimate that the project portfolio has the potential to add SEK 13-21 per share. Furthermore, we assume a 10% P/EPRA NAV discount in the bear case and a par valuation in the bull case, which is a prudent approach, in our view. Ultimately, we derive a NAV-based fair value range of SEK 115-142 (95-133) per share.</p>

TRIANON: EPRA NAV SOTP FOR Q2 2020-22E, BEAR CASE (SEK)

Note: 2022E EPRA NAV discounted to present value with 10.0% cost of equity

Source: Company data and Nordea estimates

TRIANON: EPRA NAV SOTP FOR Q2 2020-22E, BULL CASE (SEK)

Note: 2022E EPRA NAV discounted to present value with 10.0% cost of equity

Source: Company data and Nordea estimates

Project portfolio

923 potential apartments in its project portfolio

Besides acquiring residential properties, Trianon produces new rental apartments. As of Q2 2020, the company's project portfolio constituted projects with a total of 923 rental apartments to be started during 2020-22, of which some 700 in the next 12 months. We argue that the potential in Trianon's project portfolio should be taken into account when valuing the company. Trianon's project portfolio accounted for around 1% of its total property portfolio value as of Q2 2020. 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% according to our calculations. 700 apartments could hence add SEK 76m to rental value, and increase Q2 2020 earnings capacity rental income by 13%.

We estimate that 700 starts could add SEK 474-752m to EPRA NAV

We estimate 700 production starts in the coming 12 months have the potential to add SEK 474-752m to EPRA NAV, estimating a completion yield of 3.75-4.25%.

PROJECT PORTFOLIO AS OF 30 JUNE 2020

Area	Plan Status	Nr of apartments	BTA	Est. start
Concordia 14	Yes	8	1,050	2020
Hyllie	Yes	73	5,725	2020
Rosengård Library	Yes	0	2,000	2020
Entré-Rolf 6	Yes	0	7,000	2020
Kvarteret Hanna, Burlöv*	No	150	14,500	2021
Norra Sorgenfri, phase 1**	No	256	16,000	2021
Norra Sorgenfri, phase 2**	No	200	10,000	2021
Rosengård C, phase 1 South*	No	80	5,400	2021
Sege park	Yes	76	6,785	2021
Rosengård C, phase 1 North*	No	80	6,000	2022
Total		923	74,460	

*Dependent on detailed development plan

**Accessible when detailed development plan receives approval

Source: Company data and Nordea

REVALUATION POTENTIAL FROM PROJECTS, SEKm

Valuation yield	Number of started units per year						
	100	200	300	400	500	600	700
5.75%	-52	-62	-66	-67	-69	-70	-70
5.25%	57	68	72	74	75	76	77
4.75%	188	224	238	245	249	252	255
4.25%	350	418	443	456	465	470	474
3.75%	555	663	703	724	737	746	752
3.25%	823	983	1,043	1,074	1,094	1,107	1,116
2.75%	1,189	1,420	1,507	1,552	1,580	1,599	1,612

Source: Company data and Nordea estimates

Detailed estimates

QUARTERLY ESTIMATES (SEKm)

	2019				2020			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3E	Q4E
Rental revenue	96	112	117	121	130	134	146	151
Operational costs and maintenance	-41	-38	-37	-46	-55	-43	-44	-56
NOI	55	74	81	75	75	92	102	96
Surplus ratio, %	57%	66%	69%	62%	58%	68%	70%	63%
Central and admin	-7.8	-9.7	-6.9	-11.4	-9.2	-12.4	-7.9	-13.1
Other costs	0	0	0	0	0	0	0	0
Other income	-0.3	0.1	0	-0.2	0.1	0	0	0
Operating income ex value changes	47	65	74	64	66	80	94	83
Interest costs	-21	-24	-25	-24	-26	-27	-27	-28
Leasing costs	-1	-2	-2	-2	-2	-2	-2	-2
Income from property management (IFPM)	25	40	47	39	39	51	65	53
Changes to property value	35	101	86	71	54	50	70	111
of which unrealised	0	0	0	0	0	0	0	0
Changes to derivative value	-33	-41	-45	58	-42	-14	0	0
Pretax profits	27	99	88	167	50	86	135	164
Reported tax	-5	-17	-15	-44	-8	-14	-29	-35
of which paid tax	0	0	0	0	0.0	0.0	0.0	0.0
Net income	22	83	72	124	42	73	106	129
Hybrid dividend	0	-7	-7	-7	-7.1	-7	-7	-8
Minority	-2	-1	-3	-1	-2	-2	-2	-2
NI Ord shareholders	20	74	63	126	33	63	97	119
NI Ord shareholders ex value changes	18	14	22	-3	22	28	28	8
Cash earnings to ordinary shareholders	23	31	37	30	30	41	56	43
-per share	0.7	0.9	1.1	0.8	0.8	1.1	1.5	1.2
EPRA NAV per share	71	74	78	82	85	87	89	94

Source: Company data and Nordea estimates

ANNUAL ESTIMATES (SEKm)

Earnings capacity								
	Q2 2020	2016	2017	2018	2019	2020E	2021E	2022E
Rental revenue	589.7	174	262	345	446	562	631	659
Operational costs and maintenance	-197.9	-62	-98	-132	-161	-197	-216	-222
NOI	391.8	112	164	213	286	365	415	437
Surplus ratio, %	66%	64%	63%	62%	64%	65%	66%	66%
Central and admin	-41.6	-19	-26	-34	-36	-43	-43	-44
Other costs		-0.1	0	0	0	0	0	0
Other income	0.4	46	8.7	5.9	-0.4	0.0	0.0	0.0
Operating income ex value changes	351	138	146	184	249	322	371	393
Interest costs	-110.3	-12.6	-22.8	-79.9	-93.7	-108.7	-101.2	-93.2
Leasing costs	-6.7				-5.8	-6.6	-6.8	-6.8
% of net debt	-	0.9%	1.1%	2.8%	2.4%	2.2%	1.9%	1.8%
Income from property management (IFPM)	233.6	125.7	123.5	104.5	149.8	207.0	263.2	292.8
Changes to property value		421	321	212	292	285	313	327
of which unrealised		421	321	212	292	285	313	327
Changes to derivative value		-44	-12	-17	-62	-57	0	0
Pretax profits		503	432	299	381	435	576	620
Reported tax		-101	-92	-40	-81	-85	-119	-128
of which paid tax		0	0	0	0	0	0	0
Net income		402	340	259	300	349	458	492
Hybrid dividend					-21	-29	-32	-32
Minority		0	-21	-11	3	-7	-6	-6
NI Ord shareholders		402	318	248	282	313	420	454
NI Ord shareholders ex value changes		24	10	54	51	85	107	127
Cash earnings to ordinary shareholders		126	102	93	131	171	225	255
-per share		4.47	2.97	2.71	3.80	4.62	6.02	6.81
Dividend per share		0.00	1.00	1.15	0.00	1.60	1.90	2.20

Source: Company data and Nordea estimates

NAV CALCULATIONS (SEKm)

	2016	2017	2018	2019	2020E	2021E	2022E
Equity total	1,181	1,757	1,978	2,853	3,331	3,692	4,075
- of which pref/hybrid equity	0	0	0	400	450	450	450
Acc. Dividend added back					0	60	131
Goodwill	0	0	0	0	0	0	0
Derivatives	77	67	79	134	190	190	190
Deferred tax	210	302	341	420	505	624	752
EPRA NAV	1,468	2,126	2,399	3,006	3,577	4,116	4,698
Per share	52	62	70	82	95	110	125
EPRA NAV	1,468	2,126	2,399	3,006	3,577	4,116	4,698
Derivatives	- 77	- 67	- 79	- 134	- 190	- 190	- 190
Deferred tax 5%	- 105	- 148	- 170	- 212	- 123	- 151	- 182
EPRA NNAV	1,286	1,911	2,150	2,660	3,264	3,774	4,326
Per share	45.7	55.6	62.6	72.9	87.1	100.7	115.5
Investment properties	3,306	4,693	5,905	7,958	9,419	9,843	10,282
Net debt adj	1,698	2,443	3,333	4,561	5,373	5,336	5,250
Loan-to-value	51.4%	52.0%	56.4%	57.3%	57.0%	54.2%	51.1%
Equity ratio	33.9%	36.1%	32.8%	33.9%	34.0%	35.8%	37.6%
Implicit yield							
Shares ordinary (millions)	28.1155	34.3655	34.3655	36.4655	37.465	37.465	37.465
Average shares (P&L)	28.1155	34.3655	34.3655	34.5405	36.965	37.465	37.465

Source: Company data and Nordea estimates

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	560	629	657
Revenue growth	n.a.	n.a.	7.4%	20.9%	27.4%	50.4%	31.8%	30.2%	23.6%	12.2%	4.5%
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	323	372	393
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	323	372	393
Amortisation and impairments	0	0	0	0	0	0	0	0	0	0	0
EBIT	n.a.	28	64	87	138	146	184	249	323	372	393
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	-115	-108	-100
of which lease interest	0	0	0	0	0	0	0	-6	-7	-7	-7
Changes in value, net	0	62	14	129	378	308	195	231	228	313	327
Pre-tax profit	0	70	63	200	503	432	299	380	435	577	620
Reported taxes	0	-20	-6	-40	-101	-92	-40	-81	-85	-119	-128
Net profit from continued operations	0	50	56	160	402	340	259	300	350	458	493
Discontinued operations	0	0	0	0	0	0	0	0	0	0	0
Minority interests	0	0	0	0	0	-21	-11	3	-7	-6	-6
Net profit to equity	0	50	57	160	402	318	248	281	314	420	455
EPS, SEK	n.a.	1.94	2.21	5.71	14.30	9.27	7.22	8.15	8.48	11.21	12.14
DPS, SEK	0.00	0.00	0.00	0.00	0.00	1.00	1.15	0.00	1.60	1.90	2.20
of which ordinary	0.00	0.00	0.00	0.00	0.00	1.00	1.15	0.00	1.60	1.90	2.20
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%	57.6%	59.1%	59.9%
EBITA	n.a.	26.0%	55.7%	62.8%	78.7%	55.4%	53.0%	55.0%	57.6%	59.1%	59.9%
EBIT	n.a.	26.0%	55.7%	62.8%	78.7%	55.4%	53.0%	55.0%	57.6%	59.1%	59.9%

Adjusted earnings

EBITDA (adj)	0	28	64	87	138	146	184	249	323	372	393
EBITA (adj)	0	28	64	87	138	146	184	249	323	372	393
EBIT (adj)	0	28	64	87	138	146	184	249	323	372	393
EPS (adj, SEK)	n.a.	0.32	1.91	2.56	4.47	2.97	2.71	3.80	4.63	6.03	6.82

Adjusted profit margins in percent

EBITDA (adj)	n.a.	26.0%	55.7%	62.8%	78.7%	55.4%	53.0%	55.0%	57.6%	59.1%	59.9%
EBITA (adj)	n.a.	26.0%	55.7%	62.8%	78.7%	55.4%	53.0%	55.0%	57.6%	59.1%	59.9%
EBIT (adj)	n.a.	26.0%	55.7%	62.8%	78.7%	55.4%	53.0%	55.0%	57.6%	59.1%	59.9%

Performance metrics

CAGR last 5 years											
Net revenue	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	26.8%	31.8%	32.3%	29.0%	20.0%
EBITDA	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	46.1%	31.4%	30.1%	21.9%	21.9%
EBIT	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	46.1%	31.4%	30.1%	21.9%	21.9%
EPS	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	30.1%	29.8%	8.2%	-4.7%	5.6%
DPS	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	17.1%
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%	57.8%	57.5%
Average EBITDA margin	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	57.9%	59.5%	58.4%	57.8%	57.5%

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	25.9	19.9	17.6
EV/EBITDA (adj)	n.a.	n.a.	n.a.	n.a.	n.a.	29.0	30.4	33.8	30.9	26.7	25.1
EV/EBITA (adj)	n.a.	n.a.	n.a.	n.a.	n.a.	29.0	30.4	33.8	30.9	26.7	25.1
EV/EBIT (adj)	n.a.	n.a.	n.a.	n.a.	n.a.	30.8	31.4	33.8	30.9	26.8	25.1

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	14.1	10.7	9.9
EV/Sales	n.a.	n.a.	n.a.	n.a.	n.a.	16.05	16.12	18.59	17.79	15.80	15.00
EV/EBITDA	n.a.	n.a.	n.a.	n.a.	n.a.	30.8	31.4	33.8	30.9	26.8	25.1
EV/EBITA	n.a.	n.a.	n.a.	n.a.	n.a.	30.8	31.4	33.8	30.9	26.8	25.1
EV/EBIT	n.a.	n.a.	n.a.	n.a.	n.a.	30.8	31.4	33.8	30.9	26.8	25.1
Dividend yield (ord.)	n.a.	n.a.	n.a.	n.a.	n.a.	2.0%	1.8%	0.0%	1.3%	1.6%	1.8%
FCF yield	n.a.	n.a.	n.a.	n.a.	n.a.	-48.1%	-25.8%	-25.1%	-20.3%	2.9%	4.2%
FCF Yield bef A&D, lease adj	n.a.	n.a.	n.a.	n.a.	n.a.	-7.2%	-4.2%	-1.6%	-17.1%	2.9%	4.2%
Payout ratio	n.a.	0.0%	0.0%	0.0%	0.0%	10.8%	15.9%	0.0%	18.9%	16.9%	18.1%

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	9,545	9,969	10,408
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	9,612	10,037	10,476
Inventory	0	0	0	0	0	0	0	0	0	0	0
Accounts receivable	0	27	34	20	21	71	60	36	44	49	51
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	16	53	139
Total current assets	0	46	62	22	44	115	90	213	60	102	190
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	9,672	10,139	10,666
Shareholders equity	0	538	580	799	1,181	1,757	1,978	2,853	3,331	3,692	4,075
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	400	450	450	450
Minority interest	0	0	0	0	0	53	86	86	93	99	106
Total Equity	0	538	580	799	1,181	1,811	2,064	2,939	3,424	3,791	4,181
Deferred tax	0	67	89	129	232	325	373	467	553	671	799
Long term interest bearing debt	0	727	807	1,228	1,795	2,473	3,284	4,442	5,093	5,090	5,090
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	5,982	6,058	6,186
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	181	204	213
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	266	290	300
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	8,442	9,672	10,139	10,666
Balance sheet and debt metrics											
Net debt	0	702	776	1,180	1,698	2,443	3,333	4,561	5,373	5,336	5,250
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	-138	-154	-161
Invested capital	0	1,333	1,610	2,239	3,349	4,716	5,854	8,096	9,474	9,882	10,315
Capital employed	0	1,277	1,402	2,042	3,008	4,327	5,411	7,656	8,792	9,158	9,548
ROE	n.m.	18.4%	10.1%	23.3%	40.6%	21.7%	13.3%	11.6%	10.1%	12.0%	11.7%
ROIC	n.m.	3.3%	3.4%	3.6%	3.9%	2.9%	2.8%	2.8%	2.9%	3.0%	3.1%
ROCE	n.m.	4.7%	4.8%	5.1%	5.5%	4.0%	3.8%	3.8%	3.9%	4.1%	4.2%
Net debt/EBITDA	n.m.	25.4	12.2	13.6	12.3	16.7	18.1	18.3	16.7	14.4	13.4
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%	33.8%	34.4%	36.4%	38.2%
Net gearing	n.m.	130.5%	133.8%	147.7%	143.8%	134.9%	161.5%	155.2%	156.9%	140.8%	125.6%

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	322	371	393
Paid taxes	0	0	0	0	0	0	0	0	0	0	0
Net financials	0	-19	-15	-15	-13	-23	-49	-99	-115	-108	-100
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	172	223	293
Change in NWC	0	19	-22	26	13	-7	51	-2	26	17	7
Cash flow from operations (CFO)	0	50	16	68	73	86	152	149	198	240	300
Capital expenditure	0	0	0	0	-250	-211	-244	-208	-969	-111	-111
Free cash flow before A&D	0	50	16	68	-177	-125	-93	-59	-770	129	188
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	-913	129	188
Free cash flow bef A&D, lease adj	0	50	16	68	-177	-125	-93	-59	-770	129	188
Dividends paid	0	-13	-14	-16	-19	-21	-34	-42	0	-60	-71
Equity issues / buybacks	0	0	0	75	0	278	0	204	115	0	0
Net change in debt	0	5	27	261	442	393	0	627	650	0	0
Other financing adjustments	0	0	0	0	0	0	187	0	220	282	296
Other non-cash adjustments	0	18	-3	0	250	210	398	-95	-285	-313	-327
Change in cash	0	20	8	-26	22	21	-14	148	-162	37	86
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%	n.m.	17.7%	17.0%
Key information											
Share price year end (/current)	n.a.	n.a.	n.a.	n.a.	n.a.	51	64	104	120	120	120
Market cap.	n.a.	n.a.	n.a.	n.a.	n.a.	1,744	2,193	3,774	4,496	4,496	4,496
Enterprise value	n.a.	n.a.	n.a.	n.a.	n.a.	4,240	5,612	8,421	9,962	9,931	9,852
Diluted no. of shares, year-end (m)	0.0	25.6	25.6	28.1	28.1	34.4	34.4	36.5	37.5	37.5	37.5

Source: Company data and Nordea estimates

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