

## Trianon

Construction and Real Estate  
Sweden

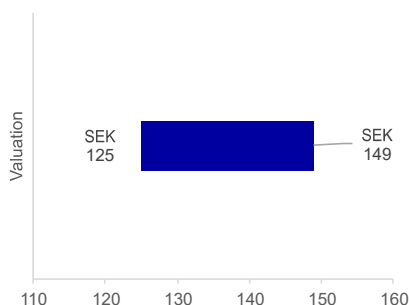
## KEY DATA

Stock country	Sweden
Bloomberg	TRIANB.SS
Reuters	TRIANB.ST
Share price (close)	SEK 133.5
Free Float	
Market cap. (bn)	EUR 0.47/SEK 4.87
Website	www.trianon.se
Next report date	19 Feb 2021

## PERFORMANCE



## VALUATION APPROACH



## ESTIMATE CHANGES

Year	2020E	2021E	2022E
Sales	-1%	-1%	0%
EBIT (adj)	-1%	0%	2%

Source: Nordea estimates

## Nordea Markets - Analysts

David Flemmich  
Senior Analyst, Sector CoordinatorSvante Krokfors  
Analyst

## Asset stability pays off in uncertain times

Trianon reported a property value increase of SEK 217.2m for Q3, up 2.5% q/q, implying sequential NAV growth of 9.1%. While Trianon took a 10 bp yield contraction in its internal valuation of residential assets in Q3, we still consider its valuation prudent given a net yield of 4.3%. We expect its portfolio to be externally valued in Q4, and hence do not rule out more yield contraction; we pencil in a 1.6% rise in its property value and see NAV rising by 5.4% q/q to SEK 99.6 in Q4. We lift our NAV-based fair value range to SEK 125-149 (115-142) per share, owing to the ~6% NAV beat in Q3 and reflecting the increased investment capacity that this implies.

## Several sources of growth with plenty of investment headroom

Acquisitions boost cash earnings and lead to additional investment opportunities over time, while we view renovations and new construction as key sources of long-term NAV growth. With about 550 apartments planned for construction within the next 12 months, we see good potential for Trianon to grow via project investments. We also see additional potential for value growth from the renovation programme, given that more than 60% of the portfolio is yet to be renovated. We estimate 2020-22 adjusted EPS growth of 16-35%, although we see a good opportunity for the company to deliver well above this via M&A, as we do not include unannounced acquisitions in our estimates. In total, we calculate that Trianon has investment capacity of SEK ~2.3bn until Q4 2021. Assuming acquisitions in line with the current residential yield of 4.3%, SEK 2.3bn of acquisitions could add 24% to Q3 earnings capacity (NOI). Adding to this, Trianon has been able to issue shares at a significant NAV premium in order to finance investments historically, which we also consider a possibility to further accelerate growth, given the demand we see for resilient assets such as rent-regulated apartments in Sweden.

## Decreased cost of debt in 2021E

We expect Trianon's average interest rate to decline, partly because its 2018/21 senior unsecured bond matures in Q2 2021, with a coupon of 3M Stibor + 4.5%. We pencil in a 1.9% average interest rate from Q2 2021, versus 2.3% as of Q3 2020, although it could be argued the stability of its assets should render even better financing terms as it grows.

## Valuation and estimate changes

We lift our 2020-22 EPRA NAV estimates by 3-4% and only make minor tweaks to our adjusted EPS estimates. After strong property value growth of 2.5% and EPRA NAV 5.4% above our estimate for Q3, we increase our NAV-based fair value range to SEK 125-149 (115-142) per share.

## SUMMARY TABLE - KEY FIGURES

SEKm	2016	2017	2018	2019	2020E	2021E	2022E
Total revenue	176	264	348	453	553	620	657
NOI margin	63.8%	62.0%	61.1%	63.0%	65.8%	66.7%	67.2%
EPS (adj, SEK)	4.47	2.97	2.71	3.80	4.36	5.91	6.85
EPS (adj) growth	74.8%	-33.5%	-8.6%	39.8%	14.9%	35.5%	16.0%
P/E (adj)	n.a.	17.1	23.5	27.3	30.6	22.6	19.5
DPS, SEK	0.00	1.00	1.15	0.00	1.60	1.90	2.20
NAV per share	46	56	63	72	91	105	120
NAV growth	51.3%	21.6%	12.5%	15.6%	26.0%	15.0%	14.2%
NOI/EV (adj)	n.a.	3.9%	3.8%	3.4%	3.5%	4.0%	4.3%
P/NAV	n.a.	91.2%	102.0%	143.1%	146.4%	127.4%	111.5%
P/EPRA NAV	n.a.	82.0%	91.4%	126.5%	134.0%	117.1%	102.9%
Dividend yield	n.a.	2.0%	1.8%	0.0%	1.2%	1.4%	1.6%
Loan-to-value (adj)	51.4%	52.0%	56.4%	56.0%	55.1%	52.4%	49.4%
Net debt/EBITDA(adj)	12.3	16.7	18.1	18.3	16.8	14.3	13.1

Source: Company data and Nordea estimates

## Q3 2020 outcome and estimate changes

Trianon delivered Q3 income from property management of SEK 61.7m, adjusted for realised derivative value changes and one-offs (compared with the reported SEK 67.8m). This was 5% below our forecast, with higher NOI offset by higher central costs, lower turnover-based rent, and higher net financials. We trim our IFPM estimates marginally for 2020-22. More importantly for the long-term case, in our view, EPRA NAV was up 9.1% q/q at SEK 94.5 per share, 6% above our estimate, supported by a higher contribution from revaluation (2.5% versus our estimate of 0.8% q/q). This was related mainly to a 10 bp yield contraction on residential assets, while the group yield requirement was unchanged at 4.5%.

TRIANON: Q3 2020 DEVIATION TABLE (SEKm)

SEKm	Actual	NDA est.	Deviation		Actual	Actual		
	Q3 20A	Q3 20	vs. actual		Q2 20	q/q	Q3 19	y/y
Rental revenue	142.4	146.0	-4	-2%	134.4	6%	117.2	22%
Operational costs and maintenance	-40.1	-44.0	4	-9%	-42.5	-6%	-39	3%
<b>NOI</b>	<b>102.3</b>	<b>102.0</b>	<b>0</b>	<b>0%</b>	<b>91.9</b>	<b>11%</b>	<b>80.7</b>	<b>27%</b>
Surplus ratio, %	71.8%	69.9%			68%		69%	
Central and admin	-11.0	-7.9	-3.1	39%	-12.4	-11%	-6.9	59%
Joint ventures	-0.4	0.0			0.1		0	
Interest costs adj for realised derivative	-29.4	-27.4	-2.0	7%	-27.4	7%	-25.2	17%
Leasing costs	-1.6	-1.6	0		-1.6	0%	-1.7	
<b>Income from Property Management (IFPM)</b>	<b>59.9</b>	<b>65.1</b>	<b>-5.2</b>	<b>-8%</b>	<b>50.6</b>	<b>18%</b>	<b>47</b>	<b>27%</b>
<b>IFPM adjusted for non-recurring</b>	<b>61.7</b>	<b>65.1</b>	<b>-3.4</b>	<b>-5%</b>	<b>50.6</b>			
Changes to property value	217.2	70.0	147	210%	50.0	334%	85.7	153%
of which unrealised	217.2	70.0	147	210%	50.0	334%	85.7	153%
Changes to derivative value	-2.6	0.0	-3		-14.4	-82%	-45.2	-94%
Pretax profits	282.0	135.0	147	109%	86.2	227%	87.5	222%
Reported tax	-52.0	-29.0	-23	79%	-13.5	285%	-15.2	242%
of which paid tax	0.0	0.0	0	0%	0.0	0%	0	0%
Net income	230.0	106.0	124	117%	72.7	216%	72.3	218%
<b>EPRA NAV</b>	<b>94.5</b>	<b>89.4</b>	<b>5.1</b>	<b>5.7%</b>	<b>86.6</b>	<b>9.1%</b>	<b>78</b>	<b>22%</b>

Source: Company data and Nordea estimates

### Estimate changes

We trim our 2020E IFPM by 3% owing to the slightly lower result in Q3, although we lift 2022E IFPM by 2%, as we estimate a higher NOI margin. We increase our EPRA NAV per share estimates by 3-4% for 2020-22 following higher estimates for revaluations owing to projects and the 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	554	621	659	562	631	659	-1%	-1%	0%
Operational costs and maintenance	-190	-208	-217	-197	-216	-222	-3%	-4%	-2%
<b>NOI</b>	<b>364</b>	<b>413</b>	<b>442</b>	<b>365</b>	<b>415</b>	<b>437</b>	<b>0%</b>	<b>0%</b>	<b>1%</b>
Surplus ratio, %	66%	66%	67%	65%	66%	66%			
Central and admin	-44	-40	-41	-43	-43	-44	4%	-8%	-8%
Other income	0.1	0	0	0	0	0			
Interest costs	-112	-104	-96	-109	-101	-93	3%	3%	3%
<b>Income from Property Management (IFPM)</b>	<b>201</b>	<b>262</b>	<b>298</b>	<b>207</b>	<b>263</b>	<b>293</b>	<b>-3%</b>	<b>0%</b>	<b>2%</b>
Changes to property value	471	319	333	285	313	327	66%	2%	2%
of which unrealised	471	319	333	285	313	327	66%	2%	2%
Changes to derivative value	-52.1	0	0	-56.8	0	0	-8%	0%	0%
<b>Pretax profits</b>	<b>620</b>	<b>581</b>	<b>631</b>	<b>435</b>	<b>576</b>	<b>620</b>	<b>43%</b>	<b>1%</b>	<b>2%</b>
Reported tax	-116	-120	-130	-85	-119	-128	36%	1%	2%
of which paid tax	0	0	0	0	0	0			
<b>Net income</b>	<b>503</b>	<b>461</b>	<b>501</b>	<b>349</b>	<b>458</b>	<b>492</b>	<b>44%</b>	<b>1%</b>	<b>2%</b>
Hybrid dividend	-32	-35	-35	-29	-32	-32	9%	11%	11%
Minority	-7.4	-6.3	-6	-7.1	-6.3	-6.3			
NI Ord shareholders	464	420	459	313	420	454	48%	0%	1%
NI Ord shareholders ex value changes	45	101	126	85	107	127	-47%	-5%	-1%
<b>Cash earnings to ordinary shareholders</b>	<b>161</b>	<b>221</b>	<b>256</b>	<b>171</b>	<b>225</b>	<b>255</b>	<b>-5%</b>	<b>-2%</b>	<b>1%</b>
<b>-per share</b>	<b>4.4</b>	<b>5.9</b>	<b>6.8</b>	<b>4.6</b>	<b>6.0</b>	<b>6.8</b>	<b>-5%</b>	<b>-2%</b>	<b>1%</b>
<b>EPRA NAV</b>	<b>3,731</b>	<b>4,272</b>	<b>4,862</b>	<b>3,577</b>	<b>4,116</b>	<b>4,698</b>	<b>4%</b>	<b>4%</b>	<b>3%</b>
Per share	99.6	114.0	129.8	95.5	109.9	125.4	4%	4%	3%

Source: Nordea estimates

# Detailed estimates

## QUARTERLY ESTIMATES (SEKm)

	2019				2020			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4E
Rental revenue	96	112	117	121	130	134	142	147
Operational costs and maintenance	-41	-38	-37	-46	-55	-43	-40	-53
NOI	55	74	81	75	75	92	102	94
Surplus ratio, %	57%	66%	69%	62%	58%	68%	72%	64%
Central and admin	-7.8	-9.7	-6.9	-11.4	-9.2	-12.4	-11.0	-11.7
Other costs	0	0	0	0	0	0	0	0
Other income	-0.3	0.1	0	-0.2	0.1	0	0.1	0
Operating income ex value changes	47	65	74	64	66	80	91	82
Interest costs	-21	-24	-25	-24	-26	-27	-29	-30
Leasing costs	-1	-2	-2	-2	-2	-2	-2	-2
<b>Income from property management (IFPM)</b>	<b>25</b>	<b>40</b>	<b>47</b>	<b>39</b>	<b>39</b>	<b>51</b>	<b>60</b>	<b>51</b>
Changes to property value	35	101	86	71	54	50	217	150
of which unrealised	0	0	0	0	0	0	0	0
Changes to derivative value	-33	-41	-45	58	-42	-14	5	0
Pretax profits	27	99	88	167	50	86	282	201
Reported tax	-5	-17	-15	-44	-8	-14	-52	-43
of which paid tax	0	0	0	0	0.0	0.0	0.0	0.0
<b>Net income</b>	<b>22</b>	<b>83</b>	<b>72</b>	<b>124</b>	<b>42</b>	<b>73</b>	<b>230</b>	<b>158</b>
Hybrid dividend	0	-7	-7	-7	-7.1	-7	-9	-9
Minority	-2	-1	-3	-1	-2	-2	-2	-2
NI Ord shareholders	20	74	63	126	33	63	220	148
NI Ord shareholders ex value changes	18	14	22	-3	22	28	-2	-2
<b>Cash earnings to ordinary shareholders</b>	<b>23</b>	<b>31</b>	<b>37</b>	<b>30</b>	<b>30</b>	<b>41</b>	<b>50</b>	<b>41</b>
<b>-per share</b>	<b>0.7</b>	<b>0.9</b>	<b>1.1</b>	<b>0.8</b>	<b>0.8</b>	<b>1.1</b>	<b>1.3</b>	<b>1.1</b>
<b>EPRA NAV per share</b>	<b>71</b>	<b>74</b>	<b>78</b>	<b>82</b>	<b>85</b>	<b>87</b>	<b>94</b>	<b>100</b>

Source: Company data and Nordea estimates

**ANNUAL ESTIMATES (SEKm)**

	Earnings capacity							
	Q3 2020	2016	2017	2018	2019	2020E	2021E	2022E
Rental revenue	610.2	174	262	345	446	554	621	659
Operational costs and maintenance	-204.1	-62	-98	-132	-161	-190	-208	-217
NOI	406.1	112	164	213	286	364	413	442
Surplus ratio, %	67%	64%	63%	62%	64%	66%	66%	67%
Central and admin	<b>-41.6</b>	-19	-26	-34	-36	-44	-40	-41
Other costs		-0.1	0	0	0	0	0	0
Other income	0.4	46	8.7	5.9	-0.4	0.1	0.0	0.0
Operating income ex value changes	365	138	146	184	249	319	373	401
Interest costs	-117.2	-12.6	-22.8	-79.9	-93.7	-112.4	-103.9	-96.3
Leasing costs	-6.7				-5.8	-6.5	-6.8	-6.8
% of net debt	-	0.9%	1.1%	2.8%	2.4%	2.3%	1.9%	1.8%
<b>Income from property management (IFPM)</b>	<b>241</b>	<b>125.7</b>	<b>123.5</b>	<b>104.5</b>	<b>149.8</b>	<b>200.6</b>	<b>262.3</b>	<b>297.6</b>
Changes to property value		421	321	212	292	471	319	333
of which unrealised		421	321	212	292	471	319	333
Changes to derivative value		-44	-12	-17	-62	-52	0	0
Pretax profits		503	432	299	381	620	581	631
Reported tax		-101	-92	-40	-81	-116	-120	-130
of which paid tax		0	0	0	0	0	0	0
<b>Net income</b>		<b>402</b>	<b>340</b>	<b>259</b>	<b>300</b>	<b>503</b>	<b>461</b>	<b>501</b>
Hybrid dividend	-35				-21	-32	-35	-35
Minority	-6	0	-21	-11	3	-7	-6	-6
NI Ord shareholders		402	318	248	282	464	420	459
NI Ord shareholders ex value changes		24	10	54	51	45	101	126
<b>Cash earnings to ordinary shareholders</b>	<b>200</b>	<b>126</b>	<b>102</b>	<b>93</b>	<b>131</b>	<b>161</b>	<b>221</b>	<b>256</b>
<b>-per share</b>	<b>5.33</b>	<b>4.47</b>	<b>2.97</b>	<b>2.71</b>	<b>3.80</b>	<b>4.36</b>	<b>5.90</b>	<b>6.84</b>
<b>Dividend per share</b>		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	2,831	3,510	3,870	4,259
- of which pref/hybrid equity	0	0	0	400	500	500	500
Acc. Dividend added back					0	60	131
Goodwill	0	0	0	0	0	0	0
Derivatives	77	67	79	134	186	186	186
Deferred tax	210	302	341	420	536	656	786
<b>EPRA NAV</b>	<b>1,468</b>	<b>2,126</b>	<b>2,399</b>	<b>2,984</b>	<b>3,731</b>	<b>4,272</b>	<b>4,862</b>
Per share	52	62	70	82	100	114	130
EPRA NAV	1,468	2,126	2,399	2,984	3,731	4,272	4,862
Derivatives	- 77	- 67	- 79	- 134	- 186	- 186	- 186
Deferred tax 5%	- 105	- 148	- 170	- 212	- 130	- 159	- 191
<b>EPRA NNNAV</b>	<b>1,286</b>	<b>1,911</b>	<b>2,150</b>	<b>2,638</b>	<b>3,416</b>	<b>3,927</b>	<b>4,485</b>
Per share	45.7	55.6	62.6	72.3	91.2	104.8	119.7
Investment properties	3,306	4,693	5,905	7,958	9,594	10,024	10,469
Net debt adj	1,698	2,443	3,333	4,561	5,371	5,339	5,249
Loan-to-value	51.4%	52.0%	56.4%	57.3%	56.0%	53.3%	50.1%
Equity ratio	33.9%	36.1%	32.8%	33.6%	34.7%	36.4%	38.1%
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
<b>Total revenue</b>	n.a.	106	114	138	176	264	348	453	553	620	657
Revenue growth	n.a.	n.a.	7.4%	20.9%	27.4%	50.4%	31.8%	30.2%	22.0%	12.2%	6.0%
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	319	373	401
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	319	373	401
Amortisation and impairments	0	0	0	0	0	0	0	0	0	0	0
EBIT	n.a.	28	64	87	138	146	184	249	319	373	401
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	-119	-111	-103
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	419	319	333
<b>Pre-tax profit</b>	<b>0</b>	<b>70</b>	<b>63</b>	<b>200</b>	<b>503</b>	<b>432</b>	<b>299</b>	<b>380</b>	<b>619</b>	<b>582</b>	<b>631</b>
Reported taxes	0	-20	-6	-40	-101	-92	-40	-81	-116	-120	-130
Net profit from continued operations	0	50	56	160	402	340	259	300	503	462	501
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	464	421	460
<b>EPS, SEK</b>	<b>n.a.</b>	<b>1.94</b>	<b>2.21</b>	<b>5.71</b>	<b>14.30</b>	<b>9.27</b>	<b>7.22</b>	<b>8.15</b>	<b>12.55</b>	<b>11.22</b>	<b>12.28</b>
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%	57.8%	60.2%	61.0%
EBITA	n.a.	26.0%	55.7%	62.8%	78.7%	55.4%	53.0%	55.0%	57.8%	60.2%	61.0%
EBIT	n.a.	26.0%	55.7%	62.8%	78.7%	55.4%	53.0%	55.0%	57.8%	60.2%	61.0%

## Adjusted earnings

EBITDA (adj)	0	28	64	87	138	146	184	249	319	373	401
EBITA (adj)	0	28	64	87	138	146	184	249	319	373	401
EBIT (adj)	0	28	64	87	138	146	184	249	319	373	401
EPS (adj, SEK)	n.a.	0.32	1.91	2.56	4.47	2.97	2.71	3.80	4.36	5.91	6.85

## Adjusted profit margins in percent

EBITDA (adj)	n.a.	26.0%	55.7%	62.8%	78.7%	55.4%	53.0%	55.0%	57.8%	60.2%	61.0%
EBITA (adj)	n.a.	26.0%	55.7%	62.8%	78.7%	55.4%	53.0%	55.0%	57.8%	60.2%	61.0%
EBIT (adj)	n.a.	26.0%	55.7%	62.8%	78.7%	55.4%	53.0%	55.0%	57.8%	60.2%	61.0%

## Performance metrics

CAGR last 5 years												
Net revenue	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	26.8%	31.8%	32.0%	28.7%	20.0%	
EBITDA	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	46.1%	31.4%	29.8%	22.0%	22.3%	
EBIT	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	46.1%	31.4%	29.8%	22.0%	22.3%	
EPS	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	30.1%	29.8%	17.1%	-4.7%	5.8%	
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%	56.9%	58.1%
Average EBITDA margin	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	57.9%	59.5%	58.4%	57.8%	56.9%	58.1%

## 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	30.6	22.6	19.5
EV/EBITDA (adj)	n.a.	n.a.	n.a.	n.a.	n.a.	29.0	30.4	33.8	32.8	28.0	25.8
EV/EBITA (adj)	n.a.	n.a.	n.a.	n.a.	n.a.	29.0	30.4	33.8	32.8	28.0	25.8
EV/EBIT (adj)	n.a.	n.a.	n.a.	n.a.	n.a.	30.8	31.4	33.8	32.8	28.0	25.8

## 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	10.6	11.9	10.9
EV/Sales	n.a.	n.a.	n.a.	n.a.	n.a.	16.05	16.12	18.59	18.94	16.84	15.76
EV/EBITDA	n.a.	n.a.	n.a.	n.a.	n.a.	30.8	31.4	33.8	32.8	28.0	25.8
EV/EBITA	n.a.	n.a.	n.a.	n.a.	n.a.	30.8	31.4	33.8	32.8	28.0	25.8
EV/EBIT	n.a.	n.a.	n.a.	n.a.	n.a.	30.8	31.4	33.8	32.8	28.0	25.8
Dividend yield (ord.)	n.a.	n.a.	n.a.	n.a.	n.a.	2.0%	1.8%	0.0%	1.2%	1.4%	1.6%
FCF yield	n.a.	n.a.	n.a.	n.a.	n.a.	-48.1%	-25.8%	-25.1%	-18.8%	2.5%	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%	-16.0%	2.5%	3.9%
Payout ratio	n.a.	0.0%	0.0%	0.0%	0.0%	10.8%	15.9%	0.0%	12.8%	16.9%	17.9%

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	9,751	10,181	10,625
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	9,818	10,249	10,694
Inventory	0	0	0	0	0	0	0	0	0	0	0
Accounts receivable	0	27	34	20	21	71	60	36	43	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	18	50	139
Total current assets	0	46	62	22	44	115	90	213	61	99	191
Assets held for sale	0	0	0	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
<b>Total assets</b>	<b>0</b>	<b>1,427</b>	<b>1,669</b>	<b>2,300</b>	<b>3,479</b>	<b>4,861</b>	<b>6,041</b>	<b>8,420</b>	<b>9,879</b>	<b>10,347</b>	<b>10,885</b>
Shareholders equity	0	538	580	799	1,181	1,757	1,978	2,831	3,510	3,870	4,259
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	500	500	500
Minority interest	0	0	0	0	0	53	86	86	93	100	106
Total Equity	0	538	580	799	1,181	1,811	2,064	2,917	3,603	3,970	4,365
Deferred tax	0	67	89	129	232	325	373	467	584	703	833
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	6,013	6,090	6,220
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	179	201	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	263	288	300
Liabilities for assets held for sale	0	0	0	0	0	0	0	0	0	0	0
<b>Total liabilities and equity</b>	<b>0</b>	<b>1,427</b>	<b>1,669</b>	<b>2,300</b>	<b>3,477</b>	<b>4,861</b>	<b>6,041</b>	<b>8,420</b>	<b>9,879</b>	<b>10,347</b>	<b>10,885</b>
<b>Balance sheet and debt metrics</b>											
Net debt	0	702	776	1,180	1,698	2,443	3,333	4,561	5,371	5,339	5,249
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	-136	-152	-161
Invested capital	0	1,333	1,610	2,239	3,349	4,716	5,854	8,096	9,682	10,096	10,532
Capital employed	0	1,277	1,402	2,042	3,008	4,327	5,411	7,634	8,971	9,337	9,732
ROE	n.m.	18.4%	10.1%	23.3%	40.6%	21.7%	13.3%	11.7%	14.6%	11.4%	11.3%
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%	3.8%	4.1%	4.2%
Net debt/EBITDA	n.m.	25.4	12.2	13.6	12.3	16.7	18.1	18.3	16.8	14.3	13.1
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%	35.5%	37.4%	39.1%
Net gearing	n.m.	130.5%	133.8%	147.7%	143.8%	134.9%	161.5%	156.4%	149.1%	134.5%	120.3%

Source: Company data and Nordea estimates

**CASH FLOW STATEMENT**

SEKm	2012	2013	2014	2015	2016	2017	2018	2019	2020E	2021E	2022E
<b>EBITDA (adj) for associates</b>	<b>0</b>	<b>26</b>	<b>58</b>	<b>73</b>	<b>93</b>	<b>138</b>	<b>179</b>	<b>250</b>	<b>319</b>	<b>373</b>	<b>401</b>
Paid taxes	0	0	0	0	0	0	0	0	0	0	0
Net financials	0	-19	-15	-15	-13	-23	-49	-99	-119	-111	-103
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.
<b>Funds from operations (FFO)</b>	<b>0</b>	<b>31</b>	<b>38</b>	<b>42</b>	<b>59</b>	<b>93</b>	<b>101</b>	<b>151</b>	<b>165</b>	<b>222</b>	<b>298</b>
Change in NWC	0	19	-22	26	13	-7	51	-2	24	17	9
<b>Cash flow from operations (CFO)</b>	<b>0</b>	<b>50</b>	<b>16</b>	<b>68</b>	<b>73</b>	<b>86</b>	<b>152</b>	<b>149</b>	<b>190</b>	<b>239</b>	<b>307</b>
Capital expenditure	0	0	0	0	-250	-211	-244	-208	-988	-111	-111
<b>Free cash flow before A&amp;D</b>	<b>0</b>	<b>50</b>	<b>16</b>	<b>68</b>	<b>-177</b>	<b>-125</b>	<b>-93</b>	<b>-59</b>	<b>-799</b>	<b>127</b>	<b>195</b>
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	-941	127	195
Free cash flow bef A&D, lease adj	0	50	16	68	-177	-125	-93	-59	-799	127	195
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	387	284	298
Other non-cash adjustments	0	18	-3	0	250	210	398	-95	-471	-319	-333
Change in cash	0	20	8	-26	22	21	-14	148	-160	32	89
<b>Cash flow metrics</b>											
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.	18.0%	17.0%
<b>Key information</b>											
Share price year end (/current)	n.a.	n.a.	n.a.	n.a.	n.a.	51	64	104	134	134	134
Market cap.	n.a.	n.a.	n.a.	n.a.	n.a.	1,744	2,193	3,774	5,002	5,002	5,002
Enterprise value	n.a.	n.a.	n.a.	n.a.	n.a.	4,240	5,612	8,421	10,466	10,440	10,357
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



# Disclaimer and legal disclosures

## Origin of the report

This publication or report originates from: Nordea Bank Abp, including its branches Nordea Danmark, Filial af Nordea Bank Abp, Finland, Nordea Bank Abp, filial i Norge and Nordea Bank Abp, filial i Sverige (together "Nordea") acting through their unit Nordea Markets.

Nordea Bank Abp is supervised by the European Central Bank and the Finnish Financial Supervisory Authority and the branches are supervised by the European Central Bank and the Finnish Financial Supervisory Authority and the Financial Supervisory Authorities in their respective countries.

## Content of report

This report has been prepared solely by Nordea Markets.

Opinions or suggestions from Nordea Markets credit and equity research may deviate from one another or from opinions presented by other departments in Nordea. This may typically be the result of differing time horizons, methodologies, contexts or other factors.

The information provided herein is not intended to constitute and does not constitute investment advice nor is the information intended as an offer or solicitation for the purchase or sale of any financial instrument. The information contained herein has no regard to the specific investment objectives, the financial situation or particular needs of any particular recipient. Relevant and specific professional advice should always be obtained before making any investment or credit decision.

Opinions or ratings are based on one or more methods of valuation, for instance cash flow analysis, use of multiples, behavioural technical analyses of underlying market movements in combination with considerations of the market situation and the time horizon. Key assumptions of forecasts or ratings in research cited or reproduced appear in the research material from the named sources. The date of publication appears from the research material cited or reproduced. Opinions and estimates may be updated in subsequent versions of the report, provided that the relevant company/issuer is treated anew in such later versions of the report.

## Validity of the report

All opinions and estimates in this report are, regardless of source, given in good faith, and may only be valid as of the stated date of this report and are subject to change without notice.

## No individual investment or tax advice

The report is intended only to provide general and preliminary information to investors and shall not be construed as the basis for any investment decision. This report has been prepared by Nordea Markets as general information for private use of investors to whom the report has been distributed, but it is not intended as a personal recommendation of particular financial instruments or strategies and thus it does not provide individually tailored investment advice, and does not take into account the individual investor's particular financial situation, existing holdings or liabilities, investment knowledge and experience, investment objective and horizon or risk profile and preferences. The investor must particularly ensure the suitability of an investment as regards his/her financial and fiscal situation and investment objectives. The investor bears the risk of losses in connection with an investment.

Before acting on any information in this report, it is recommendable to consult (without being limited to) one's financial, legal, tax, accounting, or regulatory advisor in any relevant jurisdiction.

The information contained in this report does not constitute advice on the tax consequences of making any particular investment decision. Each investor shall make his/her own appraisal of the tax and other financial merits of his/her investment.

## Sources

This report may be based on or contain information, such as opinions, estimates and valuations which emanate from: Nordea Markets' analysts or representatives, publicly available information, information from other units of Nordea, or other named sources.

To the extent this publication or report is based on or contain information emanating from other sources ("Other Sources") than Nordea Markets ("External Information"), Nordea Markets has deemed the Other Sources to be reliable but neither Nordea, others associated or affiliated with Nordea nor any other person, do guarantee the accuracy, adequacy or completeness of the External Information.

## Limitation of liability

Nordea or other associated and affiliated companies assume no liability as regards to any investment, divestment or retention decision taken by the investor on the basis of this report. In no event will Nordea or other associated and affiliated companies be liable for direct, indirect or incidental, special or consequential damages (regardless of whether being considered as foreseeable or not) resulting from the information in this report.

## Risk information

The risk of investing in certain financial instruments, including those mentioned in this report, is generally high, as their market value is exposed to a lot of different factors such as the operational and financial conditions of the relevant company, growth prospects, change in interest rates, the economic and political environment, foreign exchange rates, shifts in market sentiments etc. Where an investment or security is denominated in a different currency to the investor's currency of reference, changes in rates of exchange may have an adverse effect on the value, price or income of or from that investment to the investor. Past performance is not a guide to future performance. Estimates of future performance are based on assumptions that may not be realized. When investing in individual shares, the investor may lose all or part of the investments.

## Conflicts of interest

Readers of this document should note that Nordea Markets has received remuneration from the company mentioned in this document for the production of the report. The remuneration is not dependent on the content of the report.

Nordea, affiliates or staff in Nordea, may perform services for, solicit business from, hold long or short positions in, or otherwise be interested in the investments (including derivatives) of any company mentioned in the report.

To limit possible conflicts of interest and counter the abuse of inside knowledge, the analysts of Nordea Markets are subject to internal rules on sound ethical conduct, the management of inside information, handling of unpublished research material, contact with other units of Nordea and personal account dealing. The internal rules have been prepared in accordance with applicable legislation and relevant industry standards. The object of the internal rules is for example to ensure that no analyst will abuse or cause others to abuse confidential information. It is the policy of Nordea Markets that no link exists between revenues from capital markets activities and individual analyst remuneration. Nordea and the branches are members of national stockbrokers' associations in each of the countries in which Nordea has head offices. Internal rules have been developed in accordance with recommendations issued by the stockbrokers associations. This material has been prepared following the Nordea Conflict of Interest Policy, which may be viewed at [www.nordea.com/mifid](http://www.nordea.com/mifid).

## Distribution restrictions

The securities referred to in this report may not be eligible for sale in some jurisdictions. This report is not intended for, and must not be distributed to private customers in the UK or the US. This research report is intended only for, and may be distributed only to, accredited investors, expert investors or institutional investors in Singapore who may contact Nordea Bank, Singapore Branch of 138 Market Street, #09-01 CapitaGreen, Singapore 048946.

This publication or report may be distributed by Nordea Bank Abp Singapore Branch, which is subject to the supervision of the European Central Bank, the Finnish Financial Supervisory Authority and the Monetary Authority of Singapore.

This publication or report may be distributed in the UK to institutional investors by Nordea Bank Abp London Branch of 6th Floor, 5 Aldermanbury Square, London, EC2V 7AZ, which is under supervision of the European Central Bank, Finanssivalvonta (Financial Supervisory Authority) in Finland and subject to limited regulation by the Financial Conduct Authority and Prudential Regulation Authority in the United Kingdom. Details about the extent of our regulation by the Financial Conduct Authority and Prudential Regulation Authority are available from us on request.

This report may not be mechanically duplicated, photocopied or otherwise reproduced, in full or in part, under applicable copyright laws.

**Analyst Shareholding**

Nordea Markets analysts do not hold shares in the companies that they cover. No holdings or other affiliations by analysts or associates.

**Fair value and sensitivity**

We calculate our fair values by weighting DCF, DDM, SOTP, asset-based and other standard valuation methods. Our fair values are sensitive to changes in valuation assumptions, of which growth, margins, tax rates, working capital ratios, investment-to-sales ratios and cost of capital are typically the most sensitive. It should be noted that our fair values would change by a disproportionate factor if changes are made to any or all valuation assumptions, owing to the non-linear nature of the standard valuation models applied (mentioned above). As a consequence of the standard valuation models we apply, changes of 1-2 percentage points in any single valuation assumption can change the derived fair value by as much as 30% or more. All research is produced on an ad hoc basis and will be updated when the circumstances require it.

**Marketing Material**

This research report should be considered marketing material, as it has been commissioned and paid for by the subject company, and has not been prepared in accordance with the regulations designed to promote the independence of investment research and it is not subject to any legal prohibition on dealing ahead of the dissemination of the report. However, Nordea Markets analysts are according to internal policies not allowed to hold shares in the companies/sectors that they cover.

**Market-making obligations and other significant financial interest**

Nordea Markets has no market-making obligations in Trianon.

**Investment banking transactions**

Nordea has been lead or co-lead manager in a public disclosed offer of financial instruments issued by Trianon over the previous 12 months.

**Issuer Review**

*This report has not been reviewed by the Issuer prior to publication.*

**Completion Date**

05 Nov 2020, 00:34 CET

Nordea Bank Abp	Nordea Bank Abp, filial i Sverige	Nordea Danmark, Filial af Nordea Bank Abp, Finland	Nordea Bank Abp, filial i Norge
<b>Nordea Markets Division, Research</b> Visiting address: Aleksis Kiven katu 7, Helsinki FI-00020 Nordea Finland  Tel: +358 9 1651 Fax: +358 9 165 59710  Reg.no. 2858394-9 Satamaradankatu 5 Helsinki	<b>Nordea Markets Division, Research</b> Visiting address: Smålandsgatan 17 SE-105 71 Stockholm Sweden  Tel: +46 8 614 7000 Fax: +46 8 534 911 60	<b>Nordea Markets Division, Research</b> Visiting address: Grønjørdsvej 10 DK-2300 Copenhagen S Denmark  Tel: +45 3333 3333 Fax: +45 3333 1520	<b>Nordea Markets Division, Research</b> Visiting address: Essendropsgate 7 N-0107 Oslo Norway  Tel: +47 2248 5000 Fax: +47 2256 8650