

Cibus

Construction and Real Estate
Sweden

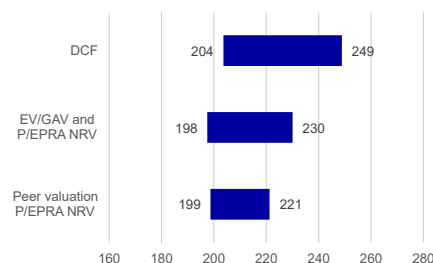
KEY DATA

Stock country	Sweden
Bloomberg	CIBUS.SS
Reuters	CIBUS.ST
Share price (close)	SEK 221.4
Free Float	100%
Market cap. (bn)	EUR 0.89/SEK 8.86
Website	www.cibusnordic.com
Next report date	11 Nov 2021

PERFORMANCE



VALUATION APPROACH



Source: Nordea estimates

ESTIMATE CHANGES

Year	2021E	2022E	2023E
Sales	1%	2%	2%
EBIT (adj)	1%	3%	3%

Source: Nordea estimates

Nordea Markets - Analysts

Svante Krokfors
DirectorDavid Flemmich
Senior Analyst, Sector Coordinator

Acquisition activity level expected to remain high

Cibus will report its Q3 results on 11 November. We expect net operating income (NOI) of EUR 19.0m, up 3% q/q and 15% y/y, owing to acquisitions conducted in the past year. We expect income from property management (IFPM) of EUR 11.6m, up 7% q/q and up 22% y/y. Cibus is currently trading at a 75% premium to Q2 2021E EPRA NRV. Cibus has become an attractive real estate compounder within Nordic real estate that should be able to continue making value-accretive acquisitions in the Nordics. We lower our fair value range to SEK 200-240 (210-250), based on a combination of P/EPRA NRV, peer group and DCF valuations. The decrease is driven by a lower valuation for Cibus's compounder peers, and the fair value range implies a 2022E P/EPRA NRV of 1.27-1.52x (including dividends).

Infrastructure-like daily goods assets ensure a stable dividend

Cibus owns grocery- and daily-goods-anchored real estate in Finland and Sweden, and it has signed a deal to enter Norway. We find the threat from e-commerce limited, as Nordic population density is low and the grocery market has oligopolistic features. Existing grocery retailers also have countrywide store networks from which to meet rising online grocery demand. The company's rental income is stable and earnings growth has been supported by the successful refinancing of bank loans and bonds. Cibus has grown into one of the most attractive real estate compounders in the Nordics; its optimally structured balance sheet ensures high and growing dividends. Even trading at a substantial premium to EPRA NRV, the company's dividend yield is attractive at 4.5-5.0% for 2021E-23E.

Estimates raised to reflect recent acquisitions

Following Cibus's first acquisition in Norway (eight properties bought for EUR 27.6m) and a smaller EUR 5.2m acquisition in Finland, we raise our 2022-23 NOI estimates by 2% and IFPM estimates by 4%.

Fair value range trimmed to SEK 200-240 per share

We trim our fair value range to SEK 200-240 (210-250) per share, based on a combination of peer group, P/EPRA NRV, and DCF valuations. Our fair value corresponds to a 2022E adjusted P/E of 16.7-20.0x, a P/EPRA NRV of 1.27-1.52x (including dividends), and a 2022E dividend yield of 4.3-5.2%. Its stable and growing dividend with a high and sustainable yield should offer downside protection. The share is trading at a 75% premium to EPRA NRV, which implies a ~30% asset premium and an implied yield of ~4.5%.

SUMMARY TABLE - KEY FIGURES

EURm	2017	2018	2019	2020	2021E	2022E	2023E
Total revenue	n.a.	29	60	74	93	99	99
NOI margin	n.a.	81.0%	80.8%	82.5%	82.6%	84.3%	84.4%
EPS (adj, EUR)	n.a.	0.40	0.88	0.92	1.10	1.20	1.20
EPS (adj) growth	n.a.	n.a.	120.2%	5.0%	20.0%	8.6%	0.3%
P/E (adj)	n.a.	25.4	15.9	18.1	20.1	18.5	18.4
DPS, EUR	0.00	0.84	0.89	0.94	0.99	1.04	1.10
NAV per share	0	11	11	11	14	15	17
NAV growth	n.a.	n.a.	1.9%	2.6%	25.9%	10.3%	9.7%
NOI/EV (adj)	n.a.	3.0%	5.1%	4.2%	4.3%	4.7%	4.7%
P/NAV	n.a.	94.8%	128.0%	149.3%	157.9%	143.2%	130.6%
P/EPRA NAV	n.a.	92.9%	124.7%	145.9%	154.9%	140.5%	130.6%
Dividend yield	n.a.	8.3%	6.4%	5.7%	4.5%	4.7%	5.0%
Loan-to-value (adj)	n.m.	56.4%	58.7%	61.3%	59.7%	58.5%	57.4%
Net debt/EBITDA(adj)	n.m.	21.9	11.9	14.3	12.3	11.0	10.7

Source: Company data and Nordea estimates

Factors to consider when investing in Cibus

Cibus is a Nordic real estate company focusing on grocery and daily goods retail assets. Currently, the company owns assets in Finland and Sweden. Cibus has also signed a deal to enter the Norwegian market in October 2021. Unlike its retail real estate peers, Cibus is less dependent on macroeconomic fluctuations and competition from e-commerce. Its portfolio is diversified, featuring 307 properties with broad geographical diversification across Finland and Sweden. In addition to the 307 properties (as of 30 June 2021), Cibus has agreed to acquire 72 properties from Sagax and the deal is expected to close in Q4 2021. Cibus has also acquired five assets in Finland and signed an agreement to buy eight assets in Norway. In our view, stable cash flow from solid daily goods tenants, good financial leverage and a high payout ratio make Cibus an attractive proposition for investors who want a high and predictable dividend.

Second-largest Nordic player in a segment dominated by pension funds

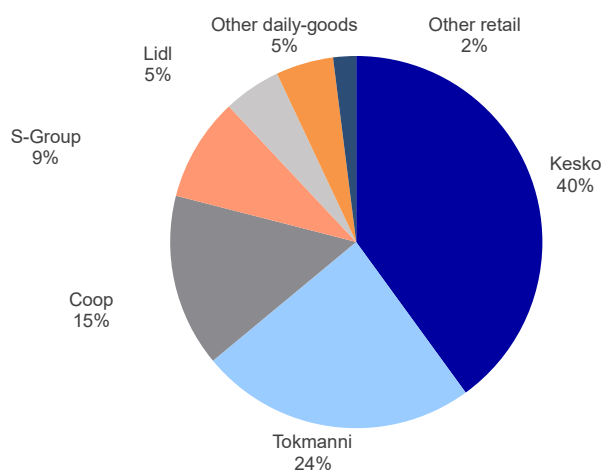
On its way to becoming the largest Nordic owner of daily goods assets

Cibus has established a strong presence in the Nordic real estate sector, with its focus on grocery- and daily-goods-anchored properties. The current portfolio consists of Finnish assets and Swedish assets. In a segment dominated by Swedish and Finnish pension funds, Cibus has rapidly become the second-largest Nordic investor in the field, with a property value of EUR ~1.4bn after the recently announced acquisitions, second only to Trophi Fastighets AB, with a Q1 2021 property value of EUR ~1.5bn.

Highly diversified property portfolio with a market value of EUR ~1.4bn

Cibus targets stable cash flow from established grocery and daily goods tenants. Combined with its balanced use of leverage, this results in a company with high dividend capacity. Cibus has 307 properties in its portfolio, with a lettable area of ~784,000 m² as of 30 June 2021 and, including the Sagax deal (379 properties with a lettable area of ~826,000 m²). The portfolio will have a market value of EUR 1.4bn after the announced acquisitions. The portfolio is diversified, with no single property accounting for more than 2% of the value. On an individual basis, over 70% of Cibus's properties do not account for more than 1% of total rental income.

RENTAL INCOME PER TENANTS, JUNE 2021



Source: Company data

The largest grocery and daily goods players in Finland and Sweden are Cibus's anchor tenants

Roughly 90% of rental income comes from properties where either Kesko, Tokmanni, Coop, or S-Group are the anchor tenants. The portfolio is diversified in terms of property type and includes supermarkets, discount stores, hypermarkets, smaller markets and other retail assets.

Minimal dependence on macroeconomic factors

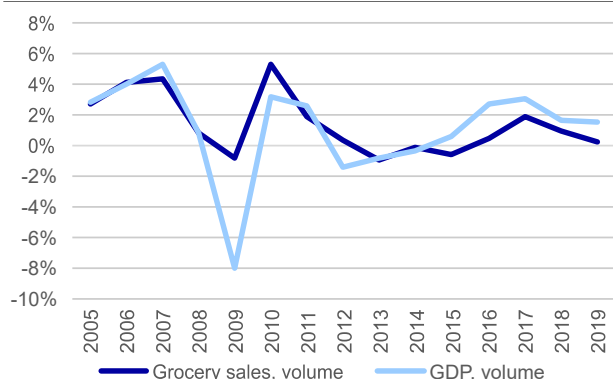
Grocery and daily goods tenants are resilient

Grocery and daily goods sales, for obvious reasons, have been highly resilient to macroeconomic swings, as we illustrate for Finland in the chart below on the left.

Grocery and daily goods segment less affected by e-commerce

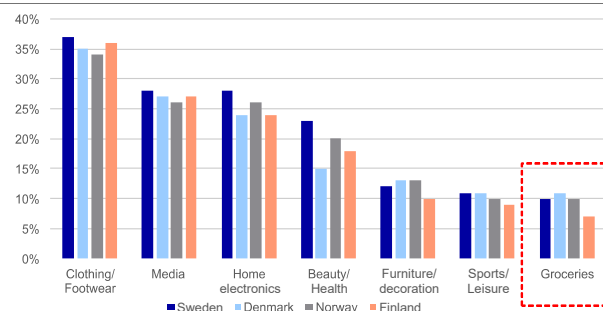
In recent years, retail real estate has fallen out of favour among investors, mainly due to fears about the impact of e-commerce on demand for physical stores in fashion, consumer electronics, etc. Online sales of groceries and daily goods have increased in recent years, albeit from a low level. In countries and areas with low population density, however, we believe it is especially difficult to make online ordering and home delivery for grocery and daily goods profitable.

GROCERY SALES IN FINLAND VS GDP GROWTH, 2005-19



Source: Macrobond

GROCERY CONSTITUTED A SMALL SHARE OF NORDIC E-COMMERCE IN 2017



Source: PostNord 2018 and Nordea

Barriers to entry are high for players focusing purely on online grocery operations

We find this true for the Nordics, where population density is low outside the largest cities. In Sweden and Finland, the grocery market is concentrated to a few players, which might lower the barriers to entry for pure online players, as the traditional players are not keen to invest in large-scale grocery online offerings and services. Traditional grocery and daily goods players, however, have the infrastructure in place to respond quickly if e-commerce competition intensifies. One advantage for Kesko and S-Group in Finland and Coop in Sweden is that same-day local pickup is already provided by existing grocery players that have countrywide store coverage.

Nordic consumers do not buy groceries online at a large scale

As illustrated in the chart above on the right, the share of consumers who have bought groceries online is low in the Nordics and particularly low in Finland.

In the near term, we expect a limited earnings boost from a lower cost of debt

Cibus has refinanced both bank loans and bonds

Cibus operates with an appropriate level of debt considering its stable cash flow profile, in our view. Net LTV was 60.1% at the end of Q2 2021, and we estimate the weighted average total cost of debt was roughly 2.6%. Cibus refinanced one of its three loan facilities at the end of 2018 and the other two during H1 2019. All refinancing rounds resulted in longer debt maturity and lower interest rates, partly explained by the fact that all initial loan facilities were negotiated before Cibus's IPO. The bank financing has an average interest rate of 1.7% plus the three-month Euribor (with floor). The EUR 135m bond that would have matured in 2021 was refinanced at an unchanged coupon of 4.5%. In conjunction with the EUR 102m acquisition in Q4 2020, Cibus established a new senior loan facility. Gross debt was EUR 839m at the end of Q2 2021, with bank debt of EUR 645m and bonds totalling EUR 194m.

EUR 30m hybrid bond issued

On 17 June, Cibus announced that it had successfully issued EUR 30m of hybrid bonds, with the first call date on 24 September 2026. The hybrid bond has an interest rate of three-month Euribor plus 475 bp.

COST OF DEBT FORECASTS

	30 Sep 2018		5 Nov 2018		31 Dec 2018		31 Dec 2019		Coop acquisition		Latest estimated	
	EURm	Cost (%)	EURm	Cost (%)	EURm	Cost (%)	EURm	Cost (%)	EURm	Cost (%)	EURm	Cost (%)
Bank loans	324	2.3 %	354	2.1 %	354	2.1 %	403	2.0 %	551	2.1 %	645	2.1 %
Bond	135	4.5 %	135	4.5 %	135	4.5 %	135	4.5 %	193	4.6 %	194	4.6 %
Group total	459	3.0 %	489	2.8 %	489	2.8 %	538	2.6 %	744	2.7 %	839	2.6 %
Debt cost/year	-13.6		-13.6		-13.6		-14.1		-20.4		-22.2	

Source: Company data and Nordea estimates

The current balance sheet enables minor bolt-on acquisitions, but larger ones would likely require an equity component

Small or large acquisitions likely in the medium to long term

Cibus's current portfolio and earnings will not grow at a pace significantly higher than inflation, as the upside potential in lease agreements comes from CPI indexation. With its current balance sheet, Cibus can make minor acquisitions, but larger portfolio acquisitions would likely need an equity component to avoid raising group LTV too much. For example, if Cibus were to buy a portfolio for EUR 100m, we calculate that it would need new equity of roughly EUR 40m to leave its balance sheet metrics unchanged. We believe Cibus could pay for part of an acquisition through a directed share issue to the selling party. Obviously, this means that it is important for the shares to trade relatively close to EPRA NRV, or preferably at a premium, as they do now (75% above EPRA NRV), so that new shares would not be issued at a significant discount to EPRA NRV. The SEK 1.9bn (EUR 180m) acquisition of the Coop portfolio in March 2020 was financed in a similar way, as was the EUR 102m acquisition in Finland in Q4 2020, while the recent acquisition from Sagax was financed partly by a targeted share issue.

Growth target raised in 2020

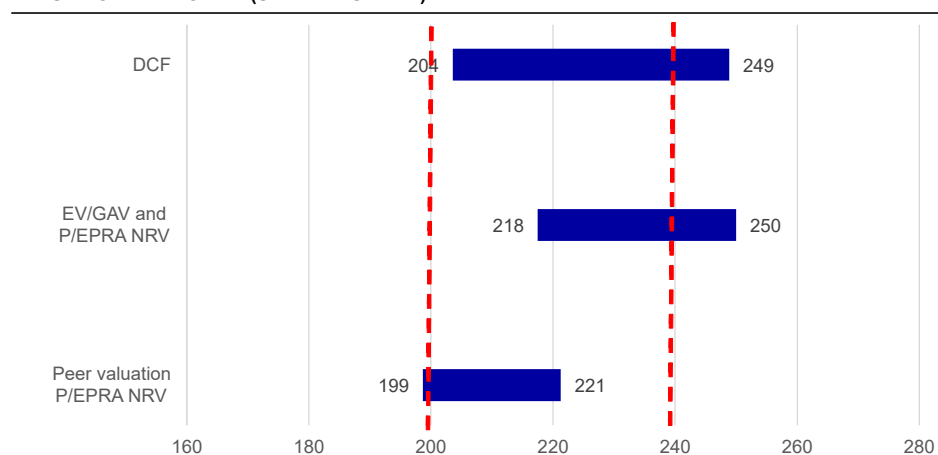
Cibus previously aimed to grow its portfolio by EUR 50m per year, but it raised this target to EUR 50-100m, reflecting annual additions to the portfolio. In our view, this implies that Cibus will continue growing by issuing new shares, which is advantageous given that the shares are currently trading at a 75% premium to EPRA NRV. In 2021, Cibus has already made acquisitions amounting to EUR 165m, although the Sagax transaction has not closed yet, which is included in the EUR 165m number.

Our fair value range is SEK 200-240 per share

Valuation conclusion

Our main valuation approach is based on a 2022E P/EPRA NRV of 1.27-1.52x, which results in a fair value range of SEK 200-240 per share, down from the earlier SEK 210-250 range. The reason for the lower range relates purely to the peer group valuation. A peer group EPRA/NRV valuation suggests a narrow range of SEK 199-221, while the DCF range is wider at SEK 204-249 per share. In terms of our various valuation approaches, we assign the biggest weight to P/EPRA NRV, backed by DCF and peer valuations. Our fair value range corresponds to a 2022E adjusted P/E of 16.7-20.0x.

VALUATION APPROACH (SEK PER SHARE)



Source: Company data and Nordea estimates

Dividend yield does not directly impact valuation, but a high dividend yield should offer downside protection

Cibus focuses on creating a portfolio of grocery and daily goods assets that generate stable cash flow and it enhances returns for shareholders by using an optimal level of debt. Hence, the company's main objective is to maximise its dividend capacity and distribute a significant share of earnings as dividends. Our dividend yield forecast of 4.3% for 2021 should offer solid downside protection for Cibus's shares. The dividend yield should therefore not have an impact on the valuation, but if Cibus can maintain or grow the dividend, we reason that the dividend yield should offer downside protection and an attractive stable dividend play. Our fair value range of SEK 200-240 per share corresponds to a 2022E dividend yield of 4.3-5.2%.

Detailed estimates

ESTIMATE REVISIONS

EURm	New estimates			Old estimates			Change		
	2021E	2022E	2023E	2021E	2022E	2023E	2021E	2022E	2023E
Rental income	81.0	88.6	89.5	80.5	86.4	87.3	1%	3%	3%
Net operating income	76.5	83.1	84.0	75.8	81.1	82.0	1%	2%	2%
Profit from property mgmt	47.1	55.6	56.4	46.4	53.6	54.4	1%	4%	4%
Adj. EPS	1.10	1.20	1.20	1.08	1.15	1.16	2%	4%	4%
DPS	0.99	1.04	1.10	0.99	1.04	1.10	0%	0%	0%

Source: Nordea estimates

ANNUAL ESTIMATES

EURm	2019	2020	2021E	2022E	2023E
Rental income	52	65	81	89	89
Rental income growth	106.3%	26.2%	24.5%	9.4%	1.0%
Property expenses	-3	-3	-4	-5	-6
Net rental income	49	61	77	83	84
NRI margin %	94.3%	94.4%	94.5%	93.8%	93.8%
Administrative expenses	-5	-7	-6	-5	-5
Other operating income	9	9	12	10	10
Other operating expenses	-9	-10	-12	-10	-10
Profit/loss on sales of investment properties	1	0	0	0	0
Profit/loss on sales of trading properties	0	0	0	0	0
Fair value changes of investment properties	7	6	9	10	12
Depreciation, amortisation and impairment losses	-1	0	0	0	0
Operating profit/loss	50	61	79	87	91
Financial income	0	0	0	0	0
Financial expenses	-15	-21	-23	-22	-22
Net financials	-15	-21	-23	-22	-22
Share of result from associated companies	0	0	0	0	0
Profit before taxes	35	39	56	65	69
Current tax expense	-1	0	-2	-4	-5
Change in deferred tax	-5	-5	-3	-2	-2
Profit/loss for the period	30	34	51	59	62
Funds from operations	28	33	45	52	52

Source: Company data and Nordea estimates

INTERIM ESTIMATES

EURm	Q1/2020	Q2/2020	Q3/2020	Q4/2020	Q1/2021	Q2/2021	Q3/2021E	Q4/2021E
Rental income	14	16	17	18	19	20	20	22
Rental income growth	11.9%	24.4%	29.2%	33.8%	18.7%	16.4%	14.1%	23.0%
Property expenses	-1	-1	-1	-1	-1	-1	-1	-1
Net rental income	13	16	16	17	19	19	19	20
NRI margin %	92.6%	95.1%	95.2%	96.0%	95.3%	95.5%	94.5%	93.6%
Administrative expenses	-1	-2	-2	-2	-2	-2	-1	-1
Other operating income	2	2	3	3	4	3	3	3
Other operating expenses	-2	-2	-2	-3	-4	-3	-3	-2
Profit/loss on sales of investment properties	0	0	0	0	0	0	0	0
Profit/loss on sales of trading properties	0	0	0	0	0	0	0	0
Fair value changes of investment properties	2	3	1	1	0	2	2	4
Depreciation, amortisation and impairment losses	0	0	0	0	0	0	0	0
Operating profit/loss	13	17	15	16	17	19	20	24
Financial income	0	0	0	0	0	0	0	0
Financial expenses	-5	-6	-5	-6	-5	-6	-6	-6
Net financials	-5	-6	-5	-6	-5	-6	-6	-6
Share of result from associated companies	0	0	0	0	0	0	0	0
Profit before taxes	8	11	10	11	12	13	14	18
Current tax expense	0	-1	0	1	-1	0	-1	0
Change in deferred tax	-1	-1	-1	-2	0	-2	0	-1
Profit/loss for the period	7	9	9	9	11	12	13	16
Funds from operations	7	7	10	10	11	11	11	13

Source: Company data and Nordea estimates

SUMMARY TABLE: KEY FIGURES

EURm	2017	2018	2019	2020	2021E	2022E	2023E
Rental income	n.a.	25	52	65	81	89	89
- rental income growth growth	n.a.	n.a.	106%	26%	25%	9%	1%
Net operating income (NOI)	n.a.	23	49	61	77	83	84
Pre-tax profit	n.a.	16	35	39	56	65	69
IFPM (pretax ex value gains)	n.a.	12	27	33	47	56	56
FFO	n.a.	11	28	33	45	52	52
-FFO growth	n.a.	n.a.	148%	20%	36%	15%	0%
Dividend	n.a.	-6	-26	-30	-38	-42	-44
Shareholder equity	n.a.	329	333	458	539	557	575
EPRA NRV (incl. div not paid)	n.a.	338	346	456	600	661	712
-EPRA NRV growth	n.a.	n.a.	3%	31%	32%	10%	8%
Net debt	n.a.	461	517	785	864	852	844
Net debt/EBITDA	n.a.	21.9x	11.9x	14.3x	12.3x	11.0x	10.7x
Loan-to-value (net)	n.a.	56%	59%	62%	60%	59%	58%

Source: Company data and Nordea estimates

RATIOS RELATED TO THE BALANCE SHEET

	2017	2018	2019	2020	2021E	2022E	2023E
Investment properties, fair value EURm	n.a.	816	875	1,273	1,439	1,449	1,461
Net investments, EURm	n.a.	0	57	369	158	0	0
Net debt, EURm	n.a.	461	517	785	864	852	844
Average interest rate	n.a.	2.8%	2.6%	2.7%	2.6%	2.6%	2.6%
Equity ratio	n.a.	36%	35%	37%	38%	38%	39%
Payout ratio (dividend / FFO)	n.a.	102%	102%	90%	87%	92%	94%

Source: Company data and Nordea estimates

NRV CALCULATION

EURm	2017	2018	2019	2020	2021E	2022E	2023E
Equity (incl. future fair value changes)	n.a.	329	333	458	539	557	575
Acc. dividend added back		0	0	0	38	79	123
Deferred tax	n.a.	9	14	20	23	25	28
EPRA NRV	n.a.	338	346	478	600	661	726
- per share		10.9	11.1	11.4	14.3	15.7	17.3
EPRA NRV	n.a.	338	346	478	600	661	726
Derivatives	n.a.	-2	-2	-1	0	0	0
Deferred tax 10% -tax	n.a.	-5	-7	-10	-12	-13	-14
EPRA NNNRV (Nordea est.)	n.a.	331	337	467	589	649	712
- per share		10.7	10.9	11.1	14.0	15.4	16.9

Source: Company data and Nordea estimates

Reported numbers and forecasts

INCOME STATEMENT

EURm	2013	2014	2015	2016	2017	2018	2019	2020	2021E	2022E	2023E
Total revenue	n.a.	n.a.	n.a.	n.a.	n.a.	29	60	74	93	99	99
Revenue growth	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	108.3%	23.6%	24.5%	6.5%	0.9%
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	0	0	0	0	21	43	55	70	78	79
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	0	0	0	0	21	43	55	70	78	79
Amortisation and impairments	0	0	0	0	0	0	0	0	0	0	0
EBIT	n.a.	n.a.	n.a.	n.a.	n.a.	21	43	55	70	78	79
of which associates	0	0	0	0	0	0	0	0	0	0	0
Associates excluded from EBIT	0	0	0	0	0	0	0	0	0	0	0
Net financials	0	0	0	0	0	-8	-15	-21	-23	-22	-22
of which lease interest	0	0	0	0	0	0	0	0	0	0	0
Changes in value, net	0	0	0	0	0	4	7	6	9	10	12
Pre-tax profit	0	0	0	0	0	17	35	40	56	65	69
Reported taxes	0	0	0	0	0	-3	-5	-5	-5	-6	-7
Net profit from continued operations	0	0	0	0	0	14	30	35	51	59	62
Discontinued operations	0	0	0	0	0	0	0	0	0	0	0
Minority interests	0	0	0	0	0	0	0	0	0	0	0
Net profit to equity	0	0	0	0	0	14	30	35	51	59	62
EPS, EUR	n.a.	n.a.	n.a.	n.a.	n.a.	0.44	0.97	0.96	1.27	1.41	1.47
DPS, EUR	0.00	0.00	0.00	0.00	0.00	0.84	0.89	0.94	0.99	1.04	1.10
of which ordinary	0.00	0.00	0.00	0.00	0.00	0.84	0.89	0.94	0.99	1.04	1.10
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.	n.a.	n.a.	n.a.	n.a.	72.8%	72.0%	73.8%	75.9%	78.9%	79.0%
EBITA	n.a.	n.a.	n.a.	n.a.	n.a.	72.8%	72.0%	73.8%	75.9%	78.9%	79.0%
EBIT	n.a.	n.a.	n.a.	n.a.	n.a.	72.8%	72.0%	73.8%	75.9%	78.9%	79.0%
Adjusted earnings											
EBITDA (adj)	0	0	0	0	0	21	43	55	70	78	79
EBITA (adj)	0	0	0	0	0	21	43	55	70	78	79
EBIT (adj)	0	0	0	0	0	21	43	55	70	78	79
EPS (adj, EUR)	n.a.	n.a.	n.a.	n.a.	n.a.	0.40	0.88	0.92	1.10	1.20	1.20
Adjusted profit margins in percent											
EBITDA (adj)	n.a.	n.a.	n.a.	n.a.	n.a.	72.8%	72.0%	73.8%	75.9%	78.9%	79.0%
EBITA (adj)	n.a.	n.a.	n.a.	n.a.	n.a.	72.8%	72.0%	73.8%	75.9%	78.9%	79.0%
EBIT (adj)	n.a.	n.a.	n.a.	n.a.	n.a.	72.8%	72.0%	73.8%	75.9%	78.9%	79.0%
Performance metrics											
CAGR last 5 years											
Net revenue	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	28.0%
EBITDA	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	30.1%
EBIT	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	30.1%
EPS	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	27.2%
DPS	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	5.5%
Average last 5 years											
Average EBIT margin	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	75.4%	76.4%
Average EBITDA margin	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	75.4%	76.4%

VALUATION RATIOS - ADJUSTED EARNINGS

EURm	2013	2014	2015	2016	2017	2018	2019	2020	2021E	2022E	2023E
P/E (adj)	n.a.	n.a.	n.a.	n.a.	n.a.	25.4	15.9	18.1	20.1	18.5	18.4
EV/EBITDA (adj)	n.a.	n.a.	n.a.	n.a.	n.a.	36.8	21.9	26.4	25.5	22.9	22.6
EV/EBITA (adj)	n.a.	n.a.	n.a.	n.a.	n.a.	36.8	21.9	26.4	25.5	22.9	22.6
EV/EBIT (adj)	n.a.	n.a.	n.a.	n.a.	n.a.	36.8	21.9	26.4	25.5	22.9	22.6

VALUATION RATIOS - REPORTED EARNINGS

EURm	2013	2014	2015	2016	2017	2018	2019	2020	2021E	2022E	2023E
P/E	n.a.	n.a.	n.a.	n.a.	n.a.	22.9	14.3	17.3	17.4	15.7	15.0
EV/Sales	n.a.	n.a.	n.a.	n.a.	n.a.	26.80	15.76	19.50	19.37	18.07	17.82
EV/EBITDA	n.a.	n.a.	n.a.	n.a.	n.a.	36.8	21.9	26.4	25.5	22.9	22.6
EV/EBITA	n.a.	n.a.	n.a.	n.a.	n.a.	36.8	21.9	26.4	25.5	22.9	22.6
EV/EBIT	n.a.	n.a.	n.a.	n.a.	n.a.	36.8	21.9	26.4	25.5	22.9	22.6
Dividend yield (ord.)	n.a.	n.a.	n.a.	n.a.	n.a.	8.3%	6.4%	5.7%	4.5%	4.7%	5.0%
FCF yield	n.a.	n.a.	n.a.	n.a.	n.a.	-2.9%	-8.9%	-53.7%	-11.6%	5.7%	5.6%
FCF Yield bef A&D, lease adj	n.a.	n.a.	n.a.	n.a.	n.a.	5.1%	3.0%	5.3%	5.3%	5.7%	5.6%
Payout ratio	n.a.	n.a.	n.a.	n.a.	n.a.	190.2%	91.4%	97.9%	77.9%	73.6%	74.8%

Source: Company data and Nordea estimates

BALANCE SHEET

EURm	2013	2014	2015	2016	2017	2018	2019	2020	2021E	2022E	2023E
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	0	0	0	0	816	881	1,281	1,447	1,457	1,469
of which leased assets	0	0	0	0	0	0	6	8	8	8	8
Shares associates	0	0	0	0	0	0	0	0	0	0	0
Interest bearing assets	0	0	0	0	0	0	0	0	0	0	0
Deferred tax assets	0	0	0	0	0	2	1	4	4	4	4
Other non-IB non-current assets	0	0	0	0	0	0	0	0	0	0	0
Other non-current assets	0	0	0	0	0	1	0	0	0	0	0
Total non-current assets	0	0	0	0	0	819	882	1,284	1,451	1,461	1,473
Inventory	0	0	0	0	0	0	0	0	0	0	0
Accounts receivable	0	0	0	0	0	2	4	1	1	2	2
Short-term leased assets	0	0	0	0	0	0	0	0	0	0	0
Other current assets	0	0	0	0	0	1	2	2	2	2	2
Cash and bank	0	0	0	0	0	26	25	37	8	20	29
Total current assets	0	0	0	0	0	29	30	39	12	24	32
Assets held for sale	0	0	0	0	0	0	0	0	0	0	0
Total assets	0	0	0	0	0	848	913	1,324	1,463	1,484	1,505
Shareholders equity	0	0	0	0	0	329	333	458	539	557	575
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	0	30	30	30
Minority interest	0	0	0	0	0	0	0	0	0	0	0
Total Equity	0	0	0	0	0	329	333	458	539	557	575
Deferred tax	0	0	0	0	0	9	14	20	23	25	28
Long term interest bearing debt	0	0	0	0	0	486	535	810	863	863	863
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	0	0	0	0	2	2	1	0	0	0
Non-current lease debt	0	0	0	0	0	0	6	9	9	9	9
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	0	0	0	0	498	557	841	895	897	900
Short-term provisions	0	0	0	0	0	0	0	0	0	0	0
Accounts payable	0	0	0	0	0	0	0	0	1	1	1
Current lease debt	0	0	0	0	0	0	0	0	0	0	0
Other current liabilities	0	0	0	0	0	21	23	22	28	29	30
Short term interest bearing debt	0	0	0	0	0	0	0	3	0	0	0
Total current liabilities	0	0	0	0	0	21	23	25	28	30	30
Liabilities for assets held for sale	0	0	0	0	0	0	0	0	0	0	0
Total liabilities and equity	0	0	0	0	0	848	913	1,324	1,463	1,484	1,505
Balance sheet and debt metrics											
Net debt	0	0	0	0	0	461	517	785	864	852	844
of which lease debt	0	0	0	0	0	0	6	9	9	9	9
Working capital	0	0	0	0	0	-18	-17	-20	-25	-26	-27
Invested capital	0	0	0	0	0	801	865	1,265	1,426	1,434	1,446
Capital employed	0	0	0	0	0	815	874	1,280	1,412	1,429	1,447
ROE	n.m.	n.m.	n.m.	n.m.	n.m.	8.4%	9.2%	8.7%	10.3%	10.8%	10.9%
ROIC	n.m.	n.m.	n.m.	n.m.	n.m.	4.2%	4.2%	4.1%	4.2%	4.4%	4.4%
ROCE	n.m.	n.m.	n.m.	n.m.	n.m.	5.3%	5.1%	5.1%	5.2%	5.5%	5.5%
Net debt/EBITDA	n.m.	n.m.	n.m.	n.m.	n.m.	21.9	11.9	14.3	12.3	11.0	10.7
Interest coverage	n.a.	n.a.	n.a.	n.a.	n.a.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
Equity ratio	n.m.	n.m.	n.m.	n.m.	n.m.	38.8%	36.5%	34.6%	36.9%	37.5%	38.2%
Net gearing	n.m.	n.m.	n.m.	n.m.	n.m.	140.1%	155.2%	171.5%	160.2%	152.9%	146.7%

Source: Company data and Nordea estimates

CASH FLOW STATEMENT

EURm	2013	2014	2015	2016	2017	2018	2019	2020	2021E	2022E	2023E
EBITDA (adj) for associates	0	0	0	0	0	21	43	55	70	78	79
Paid taxes	0	0	0	0	0	-1	-2	-1	-2	-4	-5
Net financials	0	0	0	0	0	-4	-15	-21	-23	-22	-22
Change in provisions	0	0	0	0	0	0	0	0	0	0	0
Change in other LT non-IB	0	0	0	0	0	0	1	-4	-1	0	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	0	0	0	0	0	-1	2	0	0	0
Funds from operations (FFO)	0	0	0	0	0	16	26	31	45	52	52
Change in NWC	0	0	0	0	0	0	-13	4	5	2	0
Cash flow from operations (CFO)	0	0	0	0	0	16	13	35	50	53	52
Capital expenditure	0	0	0	0	0	0	0	0	0	0	0
Free cash flow before A&D	0	0	0	0	0	16	13	35	50	53	52
Proceeds from sale of assets	0	0	0	0	0	0	2	0	0	0	0
Acquisitions	0	0	0	0	0	-25	-53	-392	-158	0	0
Free cash flow	0	0	0	0	0	-9	-39	-357	-108	53	52
Free cash flow bef A&D, lease adj	0	0	0	0	0	16	13	35	50	53	52
Dividends paid	0	0	0	0	0	-6	-26	-30	-38	-42	-44
Equity issues / buybacks	0	0	0	0	0	0	0	123	37	0	0
Net change in debt	0	0	0	0	0	24	24	24	50	0	0
Other financing adjustments	0	0	0	0	0	0	12	7	9	10	12
Other non-cash adjustments	0	0	0	0	0	17	28	245	-9	-10	-12
Change in cash	0	0	0	0	0	26	-1	12	-28	12	8
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.	n.a.	n.a.	n.a.	n.a.	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Key information											
Share price year end (/current)	n.a.	n.a.	n.a.	n.a.	n.a.	10	14	17	22	22	22
Market cap.	n.a.	n.a.	n.a.	n.a.	n.a.	314	432	665	930	930	930
Enterprise value	n.a.	n.a.	n.a.	n.a.	n.a.	775	949	1,450	1,793	1,782	1,773
Diluted no. of shares, year-end (m)	0.0	0.0	0.0	0.0	0.0	31.1	31.1	40.0	42.0	42.0	42.0

Source: Company data and Nordea estimates

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