

15 November 2021

Commissioned research: Investors House – Q3 operationally stable y/y and mix continues to improve

Marketing material commissioned by Investors House

Investors House reported Q3 revenues of EUR 2.4m, compared to our EUR 2.6m estimate. Net operating income was EUR 1.1m versus our EUR 1.3m estimate. The Q3 operative result was EUR 0.9m, up 2% y/y. Reported EBIT of EUR 0.1m included e.g. EUR 0.9m of negative fair value changes due to the sale of a EUR 15.5m residential portfolio below accounted value. The 2021 guidance is reiterated: operating result will improve. On divisional level, Real Estate top line was slightly below our estimates while Services fell short most likely owing to lower AUM in Fund management. EPRA NRV was EUR 8.55 per share, up from EUR 8.11 at the end of Q2 2021. EPRA NRV increased from EUR 8.30 y/y and it is worth keeping in mind that EUR 0.8 dividend (0.27 cash and 0.53 Ovaro shares) has been distributed over the past 12 months. The Services business accounted for 54% of sales and Real Estate for 46% compared to 36% and 64% a year ago, respectively. The increase in Service share of sales comes from e.g. the acquisition of Juhola Asset Management. Investors House's EUR 46m JV in Jyväskylä is progressing and will start generating rental income during Q4, although more focus will be on developing the area over the years to come Solidity remained strong at 49%. Investors House trades at a 33% discount to EPRA NRV. We expect a neutral to slightly positive share price reaction on Investors House's Q3 report, mainly owing to the increased EPRA NRV, stable y/y performance and maintained positive guidance for 2021.

Investors House: Deviation table

	Actual	NDA est.	Deviation		Actual		Actual	
EURt	Q3 2021	Q3 2021E	vs. actual		Q2 2021	q/q	Q3 2020	y/y
Sales	2,438	2,646	-208	-8%	2,487	-2%	1,460	67%
EBIT adj.	1,190	1,664	-474	-28%	1,156	3%	591	101%
Net operating income	1,089	1,307	-218	-17%	1,050	4%	794	37%
EPS, EUR	0.00	0.24		-100%	0.12	-99%	0.02	-96%

Source: Investors House and Nordea

SUMMARY TABLE - KEY FIGURES

EURt	2018	2019	2020	2021E	2022E	2023E
Total revenue	8,276	11,461	9,465	9,122	10,885	11,353
EBITDA (adj)	3,611	5,273	333	4,020	5,516	5,778
EBIT (adj)	3,611	5,273	333	4,020	5,516	5,778
EBIT (adj) margin	43.6%	46.0%	3.5%	44.1%	50.7%	50.9%
EPS (adj, EUR)	0.17	0.48	-0.18	0.39	0.59	0.61
EPS (adj) growth	-68.4%	176.0%	-137.3%	315.9%	52.1%	3.2%
DPS (ord, EUR)	0.23	0.25	0.27	0.29	0.31	0.33
EV/Sales	9.0	5.0	5.9	6.5	6.2	6.6
EV/EBIT (adj)	25.3	9.8	17.9	23.7	16.9	17.9
P/E (adj)	34.6	13.5	n.m.	14.9	9.8	9.5
P/BV	0.8	0.9	0.9	0.9	0.9	0.9
Dividend yield (ord)	3.8%	3.9%	4.7%	5.0%	5.4%	5.7%
FCF Yield bef A&D, lease adj	0.7%	3.9%	2.3%	4.8%	9.8%	7.5%
Net debt	35,017	16,081	19,505	21,953	28,331	34,809
Net debt/EBITDA	7.5	4.1	n.m.	5.5	5.1	6.0
ROIC after tax	3.6%	5.7%	0.4%	5.2%	6.4%	5.9%

Source: Company data and Nordea estimates

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