

Cibus

Construction and Real Estate
Sweden

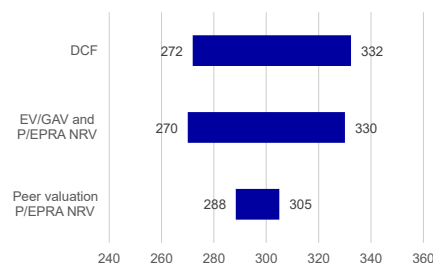
KEY DATA

| | |
|---------------------|---------------------|
| Stock country | Sweden |
| Bloomberg | CIBUS.SS |
| Reuters | CIBUS.ST |
| Share price (close) | SEK 290.0 |
| Free Float | 100% |
| Market cap. (bn) | EUR 1.24/SEK 12.76 |
| Website | www.cibusnordic.com |
| Next report date | 24 Feb 2022 |

PERFORMANCE



VALUATION APPROACH



Source: Nordea estimates

ESTIMATE CHANGES

| Year | 2021E | 2022E | 2023E |
|------------|-------|-------|-------|
| Sales | 0% | 1% | 3% |
| EBIT (adj) | 0% | 1% | 3% |

Source: Nordea estimates

Nordea Markets - Analysts

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Senior Analyst, Sector Coordinator

Well positioned to execute on growth targets

Cibus invested over EUR 600m in acquiring properties in 2020-21 and aims to increase this to EUR 1-1.5bn in 2022-23. Trading at a substantial EPRA NRV premium and an implied yield below 4% puts Cibus in a favourable position to finance 40% of the growth with new equity, while its aim of meeting Investment Grade (IG) rating criteria by 2023 should further lower the company's cost of debt. Assuming Cibus can acquire properties at a net yield of 5.5% on average in 2022-23, we forecast a potential adjusted EPS uplift of 40-60% and a dividend capacity of around EUR 1.5 per share after 2023. We raise our fair value range to SEK 270-330 per share.

Significant earnings upside from potential M&A and IG rating

On 1 December, Cibus announced that, based on strong transaction flow for potential M&A, it intends to double its portfolio size to EUR 2.5-3bn by 2023 and is also targeting an IG credit rating. We estimate that Cibus will require EUR 400-600m in equity (and hybrid bonds) financing to achieve its targets, assuming LTV remains around 60%. Issuing new equity at a substantial EPRA NRV premium will itself be EPRA-NRV-accretive, as Cibus is currently trading at a 125% EPRA NRV premium and an implied yield of ~3.8%. Assuming Cibus can acquire targets at a net yield of 5.5% on average, we estimate that Cibus could increase its cash earnings by over 40% at its current cost of debt and by over 60% assuming the lower cost that would follow an IG rating. Assuming Cibus meets its growth targets, we envision dividend capacity of EUR ~1.5 after 2023.

We raise 2023E adjusted EPS by 5% after recent M&A

We estimate that 2023 net operating income will increase by 3% following the acquisitions announced in December. We raise 2023E adjusted EPS by 5%. We do not factor any unannounced M&A into our estimates.

Fair value range up to SEK 270-330 per share

We raise our fair value range to SEK 270-330 (220-260), based on a combination of peer group, P/EPRA NRV and DCF valuations. Our fair value corresponds to a 2023E adjusted P/E of 20.6-25.2x, a P/EPRA NRV of 1.66-2.02x (including dividends) and a 2023E dividend yield of 3.4-4.2%. Its stable and growing dividend with a high and sustainable yield should offer downside protection. The share is trading at a ~125% premium to EPRA NRV, which implies a ~50% asset premium and an implied yield of ~3.8% versus our estimated average valuation yield of 5.7%. However, we note that in our M&A scenario the P/EPRA NRV premium declines to 59% and 2023E cash earnings multiples decline to 16.8-18.5x, depending on the cost of debt.

SUMMARY TABLE - KEY FIGURES

| EURm | 2017 | 2018 | 2019 | 2020 | 2021E | 2022E | 2023E |
|----------------------|------|-------|--------|--------|--------|--------|--------|
| Total revenue | n.a. | 29 | 60 | 74 | 93 | 102 | 107 |
| NOI margin | n.a. | 81.0% | 80.8% | 82.5% | 81.4% | 84.8% | 85.3% |
| EPS (adj, EUR) | n.a. | 0.40 | 0.88 | 0.92 | 1.12 | 1.19 | 1.27 |
| EPS (adj) growth | n.a. | n.a. | 120.2% | 5.0% | 22.0% | 6.0% | 7.3% |
| P/E (adj) | n.a. | 25.4 | 15.9 | 18.1 | 25.1 | 23.7 | 22.1 |
| DPS, EUR | 0.00 | 0.84 | 0.89 | 0.94 | 0.99 | 1.04 | 1.10 |
| NAV per share | 0 | 11 | 11 | 11 | 13 | 14 | 16 |
| NAV growth | n.a. | n.a. | 1.9% | -2.1% | 21.8% | 10.9% | 10.8% |
| NOI/EV (adj) | n.a. | 3.0% | 5.1% | 4.2% | 3.6% | 4.1% | 4.3% |
| P/NAV | n.a. | 94.8% | 128.0% | 156.5% | 217.7% | 196.3% | 177.1% |
| P/EPRA NAV | n.a. | 92.9% | 124.7% | 152.9% | 213.0% | 192.1% | 177.6% |
| Dividend yield | n.a. | 8.3% | 6.4% | 5.7% | 3.5% | 3.7% | 3.9% |
| Loan-to-value (adj) | n.m. | 56.4% | 58.7% | 61.3% | 57.7% | 57.7% | 56.4% |
| Net debt/EBITDA(adj) | n.m. | 21.9 | 11.9 | 14.3 | 12.4 | 11.1 | 10.3 |

Source: Company data and Nordea estimates

Estimate revisions after acquisitions

Cibus announced acquisitions of EUR 257m during 2021, of which EUR 214m closed in 2021 and EUR 43m will close in 2022. We update our estimates and raise rental income by 1% for 2022E and by 3% for 2023E, while raising adjusted EPS by 1% for 2022E and 5% for 2023E.

EUR 257m of acquisitions announced in 2021

Cibus has a target of acquiring properties worth EUR 50-100m annually. After making no acquisitions during Q1 last year, during Q2 it announced acquisitions for a total of EUR ~128m, comprising 89 assets with a total lettable area of 82,200 m². The majority of these assets are in Finland. During H2, an additional EUR 128m in acquisitions were announced, comprising 29 assets in Finland, Sweden and Norway. One of the acquisitions announced in H2 will close in early 2022 and two transactions will close in H2 2022, as those are properties under construction.

CIBUS: ANNOUNCED ACQUISITIONS IN 2021

| Portfolio | Announced | Closing | Deal size EURm | Number of assets | Lettable area m ² | Price/sqm EUR |
|---------------------------------------|------------|---------------|-------------------|---------------------|---------------------------------|------------------|
| ICA Sverige, Sweden | 14/04/2021 | 14/04/2021 | 3.4 | 3 | 2,800 | 1,220 |
| Rauma, Finland | 29/04/2021 | 29/04/2021 | 5.3 | 1 | 4,600 | 1,152 |
| Jyväskylä, Turku and Mikkeli, Finland | 14/05/2021 | 17/05/2021 | 25.5 | 3 | 16,000 | 1,594 |
| Eastern Finland | 28/05/2021 | May/June 2021 | 15.9 | 5 | 10,700 | 1,486 |
| ICA Fastigheter, Sweden | 01/06/2021 | 01/06/2021 | 4.5 | 4 | 4,100 | 1,098 |
| Helsinki, Finland | 15/06/2021 | 15/06/2021 | 2.2 | 1 | 2,000 | 1,100 |
| Sagax portfolio, Finland | 16/06/2021 | Q4/2021 | 71.6 | 72 | 42,000 | 1,705 |
| Three Swedish properties | 01/07/2021 | Q3/2021 | 4.1 | 3 | 4,500 | 911 |
| Five properties in Finland | 24/09/2021 | Q4/2021 | 5.2 | 5 | 5,000 | 1,040 |
| Eight properties in Norway | 30/09/2021 | Q4/2021 | 27.6 | 8 | 8,700 | 3,172 |
| Six properties in Finland | 18/11/2021 | Q4/2021 | 6.8 | 1 | 2,900 | 2,345 |
| One property in Sweden | 29/11/2021 | Q3/2022 | 11.5 | 1 | 3,200 | 3,594 |
| Two properties in Sweden | 29/11/2021 | Q4/2021 | 28.3 | 2 | 14,000 | 2,021 |
| Two properties in Norway | 21/12/2021 | 23/12/2021 | 13.4 | 2 | 5,400 | 2,481 |
| Six property in Norway | 23/12/2021 | 12/01/2022 | 15.8 | 6 | 6,900 | 2,290 |
| One property in Sweden | 29/12/2021 | Q4/2022 | 15.7 | 1 | 4,100 | 3,829 |
| Total | | | 257 | 118 | 136,900 | 1,876 |

Source: Company data and Nordea estimates

The acquisition of grocery stores from Sagax will grow the portfolio by ~5%, making Sagax a significant shareholder

The largest of the acquisitions is from Sagax, through which Cibus acquires 72 grocery stores in Finland, of which 71 are leased to Kesko and one to S-Group. The total deal size, including transaction costs, amounted to EUR 71.6m. Slightly more than half of the acquisition price was paid with a directed share issue of 2,000,000 shares to Sagax; Sagax became a significant shareholder in Cibus with a 4.8% stake after the transaction. The transaction closed on 30 November 2021 and the share count in Cibus increased to 42,000,000. In December 2021, Cibus issued 2,000,000 additional shares through an accelerated book building, at SEK 246, taking the share count to 44,000,000. We estimate that the EPRA NRV has increased from EUR 12.4 (SEK 128) to EUR 13.2 (SEK 136) following the equity raises made at a significant premium to the reported EPRA NRV.

Adjusted EPS up 1-5% for 2022E-23E following acquisitions

We update our estimates after the recent acquisitions announced during December. We raise our rental income estimates by 1-3% and our adjusted EPS estimates by 1-5% for 2022-23.

ESTIMATE REVISIONS AFTER RECENT ACQUISITIONS (EPS/DPS IN EUR)

| | New estimates | | | Old estimates | | | Change | | |
|----------------------------------|---------------|-------|-------|---------------|-------|-------|--------|-------|-------|
| | 2021E | 2022E | 2023E | 2021E | 2022E | 2023E | 2021E | 2022E | 2023E |
| EURm | | | | | | | | | |
| Rental income | 80.4 | 92.0 | 97.0 | 80.3 | 91.2 | 94.2 | 0% | 1% | 3% |
| Net operating income | 76.0 | 86.5 | 91.3 | 76.0 | 85.7 | 88.6 | 0% | 1% | 3% |
| Profit from property mgmt | 46.7 | 56.4 | 61.0 | 46.7 | 55.6 | 58.3 | 0% | 1% | 5% |
| Adj. EPS | 1.12 | 1.19 | 1.27 | 1.12 | 1.17 | 1.22 | 0% | 1% | 5% |
| DPS | 0.99 | 1.04 | 1.10 | 0.99 | 1.04 | 1.10 | 0% | 0% | 0% |

Source: Company data and Nordea estimates

We expect earnings-capacity-based profit from property management to increase to EUR 1.27 per share by the end of 2021...

Based on the disclosed earnings capacity as of 30 September 2021, income per share from property management (before taxes) suggests pre-tax operating income of EUR 1.18 per share, unchanged from Q2. Please note that the EUR 1.18 per share takes into consideration the hybrid bond coupon of EUR 1.28m, which is not included in the net financial costs line. We expect the earnings capacity by the end of 2021, including the recently announced acquisitions, to show rental income of EUR 90.2m and net operating income of EUR 84.7m.

EARNINGS CAPACITY

| EURm | 30 Jun 2020 | 31 Jul 2020 | 30 Sep 2020 | 31 Dec 2020 | 31-Mar-21 | 30-Sep-21 | 31 Dec 2021E | 31 Dec 2022E | 31 Dec 2023E |
|---------------------|-------------|-------------|-------------|-------------|-----------|-----------|--------------|--------------|--------------|
| Rental income | 69.4 | 70.5 | 70.6 | 76.6 | 76.6 | 81.5 | 91.1 | 93.8 | 97.0 |
| Property expenses | -5.3 | -5.4 | -5.0 | -4.0 | -4.0 | -5.2 | -5.6 | -5.9 | -6.1 |
| Net rental income | 64.1 | 65.1 | 65.6 | 72.6 | 72.6 | 76.3 | 85.5 | 87.9 | 90.9 |
| Central admin. | -3.9 | -3.9 | -4.3 | -4.9 | -4.9 | -5.3 | -5.7 | -5.7 | -5.8 |
| Net financial costs | -19.9 | -20.4 | -20.4 | -21.8 | -21.8 | -22.4 | -24.5 | -24.5 | -24.5 |
| Operating income | 40.3 | 40.8 | 41.0 | 45.9 | 45.9 | 48.5 | 55.3 | 57.8 | 60.7 |
| - per share | 1.08 | 1.09 | 1.10 | 1.15 | 1.15 | 1.18 | 1.23 | 1.28 | 1.35 |

Source: Company data and Nordea estimates

...and it should grow in line with inflation over the next few years, assuming no M&A

We expect income from property management to amount to EUR 1.23 per share by the end of 2021, and to increase to EUR 1.35 in 2023, based on three acquisitions closing in 2022 and rents increasing in line with inflation. We also expect the occupancy rate to improve to 95% in 2023, from 94.3% at the end of Q3 2021. We only update our estimates for earnings capacity to reflect announced deals; we do not try to predict acquisition activity.

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, Sweden and Norway. Unlike its retail real estate peers, which mainly focus on shopping centres, Cibus is less dependent on macroeconomic fluctuations and competition from e-commerce. Its portfolio is diversified, featuring 310 properties with a broad geographical spread across Finland and Sweden, and as of 15 October also in Norway. In addition to the 310 properties as of 30 September 2021, Cibus has agreed to acquire 72 properties from Sagax and the deal closed on 30 November 2021. Furthermore, Cibus acquired six properties in Finland, ten in Norway and three in Sweden during Q4, taking the total property count to 401 as of the end of 2021. In addition, Cibus signed agreements during 2021 for eight properties where the transactions will close during 2022, taking the property count to 409. In our view, stable cash flows from solid daily goods tenants combined with financial leverage and a high payout ratio make Cibus an attractive proposition for investors who want a high and predictable dividend distributed on a monthly basis.

The second-largest Nordic player in a segment dominated by pension funds

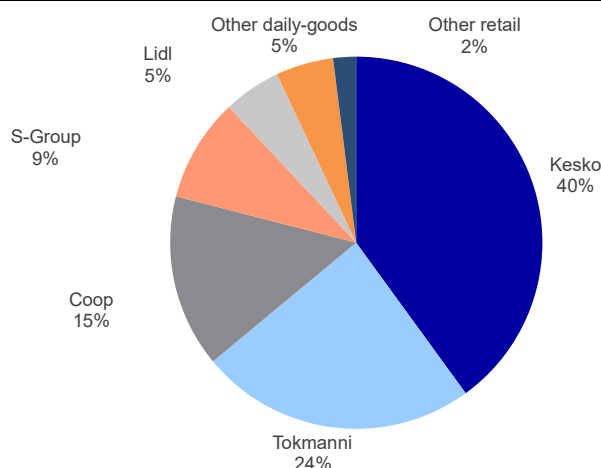
Cibus is now a truly Nordic and leading owner of daily goods properties

Cibus has established a strong presence in the Nordic real estate sector with its focus on properties anchored by grocery and daily goods merchants. The current portfolio consists of Finnish, Swedish and Norwegian 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 ~1.5bn, following the recently announced acquisitions, second only to Trophi Fastighets AB, with a Q3 2021 property value of EUR ~1.6bn.

Highly diversified property portfolio with a market value of EUR ~1.5bn

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 had 310 properties in its portfolio with a leasable area of ~789,000 m² as of 30 September 2021 and, including the deals closed in Q4 and those to be closed in 2022, 409 properties with a lettable area of ~881,000 m². The portfolio will have a market value of EUR ~1.5bn after the announced acquisitions. The portfolio is diversified, with no single property accounting for more than 2% of the value. On an individual basis, more than 70% of Cibus' properties do not account for more than 1% of total rental income.

RENTAL INCOME PER TENANT AS OF SEPTEMBER 2021



Source: Company data

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

Over 90% of rental income comes from properties for which either Kesko, Tokmanni, Coop, S-Group or Lidl are the anchor tenants. The portfolio is diversified in terms of property type, including 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. |
| Grocery and daily goods sales are 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. |
| Barriers to entry are high for players focusing purely on online grocery operations | We find this true for the Nordic region, where population density is low outside the largest cities. In Sweden and Finland, the grocery market is concentrated among 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 with countrywide store coverage. |
| 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 Q3 2021, and we estimate the weighted average total cost of debt was roughly 2.5%. 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' IPO. The bank financing has an average interest rate of 1.7% plus 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 842m at the end of Q3 2021, with bank debt of EUR 648m and bonds totalling EUR 194m. |
| EUR 30m hybrid bond issued in June 2021 | On 17 June 2021, 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 % | 698 | 2.0 % |
| 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 % | 892 | 2.5 % |
| Debt cost/year | -13.6 | | -13.6 | | -13.6 | | -14.1 | | -20.4 | | -22.4 | |

Source: Company data and Nordea estimates

| | |
|---|--|
| Cibus now intends to grow its portfolio to EUR 2.5-3bn by the end of 2023... | Aiming to double its portfolio by 2023 On 1 December 2021, Cibus announced a strong transaction flow for potential acquisitions and therefore updated its growth targets in the short to medium term. Cibus now estimates that the portfolio should double by the end of 2023 to EUR 2.5-3bn from EUR 1,336m as of Q3 2021. Earlier, Cibus had raised its acquisition target from EUR 50m to EUR 50-100m annually, while it carried out acquisitions of EUR 369m in 2020 and EUR 257m in 2021. |
| ...implying annual acquisitions of EUR 500-750m | The new target implies acquisitions of EUR 1-1.5bn in 2022-23, or EUR 500-750m annually. This is materially higher than the EUR 257-369m acquisitions in 2020-21 and is ambitious, in our view. We do not have visibility into the transaction market to verify the availability of acquisition targets. We note that the acquisitions could be a combination of smaller transactions and larger portfolio transactions. |
| Trading at a substantial EPRA NRV premium, Cibus has a clear advantage over institutional investors | The new growth targets imply significant additional equity needs for 2022-23. Assuming Cibus keeps its LTV around 60%, the equity need for the coming two years would be EUR 400-600m. Trading at a ~125% premium to Q3 2021 EPRA NRV makes equity-based M&A financing highly attractive, as equity issuance above EPRA NRV in itself increases the EPRA NRV. Cibus is currently trading at an implied yield of ~3.8%, which in our view implies that Cibus will be able to outbid competition in many |

potential larger portfolio transactions. Most competitors are Nordic institutions that have the disadvantage of not being able to use equity priced in the market at a premium. On the other hand, if the institutions' return-on-equity requirement is below 3.8%, they might be able to pay similar prices.

Assumptions for M&A scenario analysis

The table below illustrates a simple scenario analysis where we assume that Cibus would be able to grow its portfolio to EUR 2.75bn by the end of 2023, i.e. to the mid-point of the targeted EUR 2.5-3bn portfolio size. We make the following assumptions:

- Cibus will acquire properties for EUR 1,414m in total between Q3 2021 and 2023, taking the portfolio size to EUR 2.75bn by the end of 2023.
- The net yield assumption for acquisitions is 5.5%, an assumption that might be conservative when it comes to smaller acquisitions and optimistic for larger portfolio acquisitions.
- All acquisitions will be financed with a 60% LTV. As a consequence, gross debt would increase to EUR 1,690m at the end of 2023.
- EUR 566m of new equity would be issued. We assume equity to be issued at SEK 290 per share, i.e. the current share price. This would increase the share count from 40 million at the end of Q3 2021 to 60 million by the end of 2023.
- Central administration costs would increase by 50% to EUR 7.9m in 2023 from EUR 5.3m annually as of Q3 2021.
- In our 2023 scenario, we assume the average cost of debt to be ~2.6%, as presented in the Q3 earnings capacity calculations disclosed by the company.
- In the IG 2023 scenario, we assume Cibus will achieve an Investment Grade rating, as disclosed as a target for the company. In our IG 2023 scenario, we assume the average cost of debt will decline to 1.8%. We believe it is unlikely that the IG rating will be achieved during 2023 but find it relevant to present the impact from an IG rating on cost of debt. We believe it is realistic to assume an IG rating during 2024.
- In calculating taxes on operations, we assume a 6% tax rate on income from property management. This is used to calculate the cash earnings per share.

M&A SCENARIO

| EURm | Q3 2021 | Add M&A | 2023E | IG 2023E |
|--|---------|---------|-------|----------|
| Property value | 1,336 | 1,414 | 2,750 | 2,750 |
| Gross debt | 842 | 848 | 1,690 | 1,690 |
| Cash and cash equivalents | 39 | | 39 | 39 |
| Net debt | 803 | 848 | 1,652 | 1,652 |
| Net LTV (%) | 60.1% | | 60.1% | 60.1% |
| Number of shares (m) | 40 | 20 | 60 | 60 |
| New shares issued at (SEK) | | 290 | | |
| Equity issued | | 564 | | |
| EPRA NRV | 497 | 564 | 1,061 | 1,061 |
| EPRA NRV per share (SEK) | 126.0 | | 182.3 | 182.3 |
| Rental income | 81.5 | 83.1 | 164.6 | 164.6 |
| Property expenses | -5.2 | -5.3 | -10.6 | -10.6 |
| Net operating income | 76.3 | 77.8 | 154.0 | 154.0 |
| Central administration | -5.3 | -2.6 | -7.9 | -7.9 |
| Net financial expenses | -22.4 | -22.6 | -45.0 | -30.4 |
| Income from property management (IFPM) | 48.5 | 52.5 | 101.1 | 115.7 |
| Expenses, hybrid bond | -1.3 | | -1.3 | -1.3 |
| IFPM including hybrid bond | 47.3 | 52.5 | 99.8 | 114.4 |
| IFPM including hybrid bond per share (EUR) | 1.18 | | 1.66 | 1.90 |
| Cash earnings per share after 6% tax (EUR) | 1.11 | | 1.56 | 1.79 |

Source: Company data and Nordea estimates

EPRA NRV would increase by 44% based solely on new share issuance...

...while IFPM per share would increase by 41-61%

EPRA NRV would increase to SEK 182 per share from SEK 126 per share based solely on the new equity (EUR 566m) raised at a premium to EPRA NRV.

As presented in the scenario analysis above, we note that under our assumptions, income from property management (IFPM) per share, including the impact from the hybrid bond, would increase by 41% from EUR 1.18 to EUR 1.69. In our IG 2023 scenario, IFPM per share would increase by 61% to EUR 1.90 per share.

Based on the current share price, cash earnings multiples would decline to 16.8-18.5x in our scenario analysis

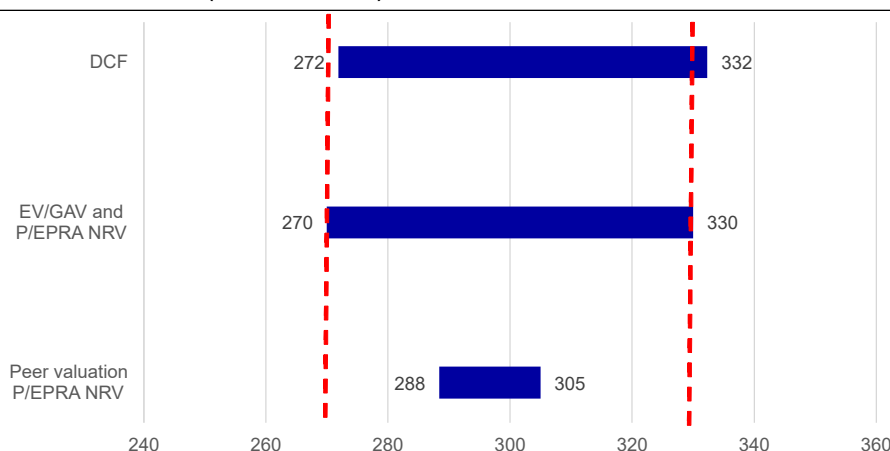
Our fair value range is SEK 270-330 per share

Based on the scenario analysis, Cibus is currently trading at a 59% premium to 2023E EPRA NRV, while we expect EPRA NRV to increase to SEK 182 per share as a consequence of share issuances at a premium to EPRA NRV. Cash earnings multiples decline to 18.5x in our 2023 scenario and to 16.8x in the IG 2023 scenario based on a share price of SEK 290. We also note that if Cibus were to distribute 90% of its cash earnings in dividends, the dividend yield based on a share price of SEK 290 would be 4.9% in our 2023 scenario and 5.4% in the IG 2023 scenario.

Valuation conclusion

Our main valuation approach is based on 2023E P/EPRA NRV of 1.66-2.02x, which results in a fair value range of SEK 270-330 (220-260) per share. A peer group EPRA/ NRV valuation suggests a narrow range of SEK 288-305, while the DCF range is wider at SEK 272-332 per share. In terms of our various valuation approaches, we assign the greatest weight to P/EPRA NRV, backed by DCF and peer valuation. We arrive at a fair value range of SEK 270-330 per share, corresponding to 2023E adjusted P/E of 20.6-25.2x.

VALUATION APPROACH (SEK PER SHARE)



Source: Company data and Nordea estimates

Our peer group of Swedish real estate compounders are trading at higher adjusted P/E multiples than our range of 20.6-25.2x

PEER GROUP VALUATION: SWEDISH REAL ESTATE COMPOUNDERS

| Company | Price | Adj. P/E | | | P/EPRA NAV/NRV | | | Dividend yield (%) | | |
|-------------------------------------|---------------|-------------|-------------|-------------|----------------|-------------|-------------|--------------------|-------------|-------------|
| | | 2021E | 2022E | 2023E | 2021E | 2022E | 2023E | 2021E | 2022E | 2023E |
| Fastighets AB Trianon | 246.00 | 46.5 | 33.8 | 28.9 | 196% | 170% | 148% | 0.8% | 1.0% | 1.0% |
| Nyfosa AB | 154.10 | 25.2 | 22.5 | 19.2 | 168% | 156% | 145% | 2.1% | 2.3% | 2.5% |
| Sagax AB | 305.00 | 37.3 | 33.4 | 30.0 | 360% | 304% | 257% | | | |
| Samhallsbyggnadsbolaget i Norden AB | 65.58 | 51.2 | 33.2 | 26.4 | 200% | 171% | 150% | 1.9% | 2.2% | 2.4% |
| Average | | 40.0 | 30.7 | 26.1 | 231% | 200% | 175% | 1.6% | 1.8% | 2.0% |
| Median | | 41.9 | 33.3 | 27.6 | 198% | 170% | 149% | 1.9% | 2.2% | 2.4% |
| Cibus (Nordea estimates) | 286.00 | 23.8 | 22.6 | 21.1 | 209% | 188% | 170% | 3.6% | 3.7% | 4.0% |

Note: Share prices updated as of 4 January 2022

Source: Refinitiv, 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 flows, 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 3.5% for 2021 should offer solid downside protection for Cibus's shares. The dividend yield should therefore not have an impact on 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 270-330 per share corresponds to a 2023E dividend yield of 3.4-4.2%.

VALUATION TABLE

| Share price (SEK) | Share price (EUR) | EV/GAV (x) | | P/EPRA NRV (x) | | Adj. PE | | NOI/EV (%) | | Dividend yield (%) | |
|----------------------|----------------------|------------|-------|----------------|-------|---------|-------|------------|-------|--------------------|-------|
| | | 2022E | 2023E | 2022E | 2023E | 2022E | 2023E | 2022E | 2023E | 2022E | 2023E |
| 200.00 | 19.45 | 1.11 | 1.08 | 1.33 | 1.23 | 16.4 | 15.3 | 4.9 | 5.2 | 5.3 | 5.7 |
| 210.00 | 20.42 | 1.14 | 1.11 | 1.39 | 1.29 | 17.2 | 16.0 | 4.8 | 5.1 | 5.1 | 5.4 |
| 220.00 | 21.39 | 1.16 | 1.14 | 1.46 | 1.35 | 18.0 | 16.8 | 4.7 | 5.0 | 4.9 | 5.1 |
| 230.00 | 22.36 | 1.19 | 1.16 | 1.53 | 1.41 | 18.8 | 17.5 | 4.6 | 4.9 | 4.7 | 4.9 |
| 240.00 | 23.34 | 1.22 | 1.19 | 1.59 | 1.47 | 19.6 | 18.3 | 4.5 | 4.8 | 4.5 | 4.7 |
| 250.00 | 24.31 | 1.24 | 1.22 | 1.66 | 1.53 | 20.5 | 19.1 | 4.4 | 4.6 | 4.3 | 4.5 |
| 260.00 | 25.28 | 1.27 | 1.24 | 1.72 | 1.59 | 21.3 | 19.8 | 4.3 | 4.5 | 4.1 | 4.4 |
| 270.00 | 26.25 | 1.30 | 1.27 | 1.79 | 1.66 | 22.1 | 20.6 | 4.2 | 4.5 | 4.0 | 4.2 |
| 280.00 | 27.23 | 1.33 | 1.30 | 1.86 | 1.72 | 22.9 | 21.4 | 4.1 | 4.4 | 3.8 | 4.0 |
| 290.00 | 28.20 | 1.35 | 1.32 | 1.92 | 1.78 | 23.7 | 22.1 | 4.1 | 4.3 | 3.7 | 3.9 |
| 300.00 | 29.17 | 1.38 | 1.35 | 1.99 | 1.84 | 24.6 | 22.9 | 4.0 | 4.2 | 3.6 | 3.8 |
| 310.00 | 30.14 | 1.41 | 1.38 | 2.06 | 1.90 | 25.4 | 23.6 | 3.9 | 4.1 | 3.5 | 3.6 |
| 320.00 | 31.12 | 1.43 | 1.40 | 2.12 | 1.96 | 26.2 | 24.4 | 3.8 | 4.0 | 3.3 | 3.5 |
| 330.00 | 32.09 | 1.46 | 1.43 | 2.19 | 2.02 | 27.0 | 25.2 | 3.8 | 4.0 | 3.2 | 3.4 |
| 340.00 | 33.06 | 1.49 | 1.46 | 2.25 | 2.08 | 27.8 | 25.9 | 3.7 | 3.9 | 3.1 | 3.3 |
| 350.00 | 34.03 | 1.52 | 1.48 | 2.32 | 2.15 | 28.6 | 26.7 | 3.6 | 3.8 | 3.1 | 3.2 |
| 360.00 | 35.00 | 1.54 | 1.51 | 2.39 | 2.21 | 29.5 | 27.5 | 3.6 | 3.7 | 3.0 | 3.1 |
| 370.00 | 35.98 | 1.57 | 1.54 | 2.45 | 2.27 | 30.3 | 28.2 | 3.5 | 3.7 | 2.9 | 3.1 |
| 380.00 | 36.95 | 1.60 | 1.56 | 2.52 | 2.33 | 31.1 | 29.0 | 3.4 | 3.6 | 2.8 | 3.0 |
| 390.00 | 37.92 | 1.62 | 1.59 | 2.59 | 2.39 | 31.9 | 29.7 | 3.4 | 3.6 | 2.7 | 2.9 |
| 400.00 | 38.89 | 1.65 | 1.62 | 2.65 | 2.45 | 32.7 | 30.5 | 3.3 | 3.5 | 2.7 | 2.8 |

Source: Nordea estimates

Detailed estimates

| ANNUAL ESTIMATES | | | | | |
|--|------------|------------|------------|------------|------------|
| EURm | 2019 | 2020 | 2021E | 2022E | 2023E |
| Rental income | 52 | 65 | 80 | 92 | 97 |
| Rental income growth | 106.3% | 26.2% | 23.6% | 14.5% | 5.4% |
| Property expenses | -3 | -3 | -4 | -6 | -6 |
| Net rental income | 49 | 61 | 76 | 86 | 91 |
| NRI margin % | 94.3% | 94.4% | 94.5% | 94.0% | 94.1% |
| Administrative expenses | -5 | -7 | -6 | -6 | -6 |
| Other operating income | 9 | 9 | 13 | 10 | 10 |
| Other operating expenses | -9 | -10 | -14 | -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 | 10 | 10 | 12 |
| Depreciation, amortisation and impairment losses | -1 | 0 | 0 | 0 | 0 |
| Operating profit/loss | 50 | 61 | 79 | 90 | 98 |
| Financial income | 0 | 0 | 0 | 0 | 0 |
| Financial expenses | -15 | -21 | -22 | -24 | -24 |
| Net financials | -15 | -21 | -22 | -24 | -24 |
| Share of result from associated companies | 0 | 0 | 0 | 0 | 0 |
| Profit before taxes | 35 | 39 | 57 | 66 | 73 |
| Current tax expense | -1 | 0 | -1 | -3 | -4 |
| Change in deferred tax | -5 | -5 | -5 | -2 | -2 |
| Profit/loss for the period | 30 | 34 | 50 | 61 | 67 |
| Funds from operations | 28 | 33 | 45 | 54 | 57 |

Source: Company data and Nordea estimates

INTERIM ESTIMATES

| EURm | Q1/2020 | Q2/2020 | Q3/2020 | Q4/2020 | Q1/2021 | Q2/2021 | Q3/2021 | Q4/2021E |
|--|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Rental income | 14 | 16 | 17 | 18 | 19 | 20 | 20 | 21 |
| Rental income growth | 11.9% | 24.4% | 29.2% | 33.8% | 38.4% | 21.0% | 19.0% | 18.6% |
| 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% | 95.4% | 95.9% |
| Administrative expenses | -1 | -2 | -2 | -2 | -2 | -2 | -1 | -1 |
| Other operating income | 2 | 2 | 3 | 3 | 4 | 3 | 3 | 4 |
| Other operating expenses | -2 | -2 | -2 | -3 | -4 | -3 | -3 | -4 |
| 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 | 6 |
| 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 | -5 | -6 |
| Net financials | -5 | -6 | -5 | -6 | -5 | -6 | -5 | -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 | 0 | 0 |
| Change in deferred tax | -1 | -1 | -1 | -2 | 0 | -2 | -2 | -1 |
| Profit/loss for the period | 7 | 9 | 9 | 9 | 11 | 12 | 12 | 17 |
| Funds from operations | 7 | 7 | 10 | 10 | 11 | 11 | 12 | 12 |

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 | 80 | 92 | 97 |
| - rental income growth | n.a. | n.a. | 106% | 26% | 24% | 15% | 5% |
| Net operating income (NOI) | n.a. | 23 | 49 | 61 | 76 | 86 | 91 |
| Pre-tax profit | n.a. | 16 | 35 | 39 | 57 | 66 | 73 |
| IFPM (pretax ex value gains) | n.a. | 12 | 27 | 33 | 47 | 56 | 61 |
| FFO | n.a. | 11 | 28 | 33 | 45 | 54 | 57 |
| -FFO growth | n.a. | n.a. | 148% | 20% | 37% | 18% | 7% |
| Dividend | n.a. | -6 | -26 | -30 | -38 | -44 | -46 |
| Shareholder equity | n.a. | 329 | 333 | 458 | 587 | 604 | 626 |
| EPRA NRV (incl. div not paid) | n.a. | 338 | 346 | 435 | 582 | 645 | 698 |
| -EPRA NRV growth | n.a. | n.a. | 3% | 26% | 34% | 11% | 8% |
| Net debt | n.a. | 461 | 517 | 785 | 864 | 894 | 881 |
| Net debt/EBITDA | n.a. | 21.9x | 11.9x | 14.3x | 12.4x | 11.1x | 10.3x |
| Loan-to-value (net) | n.a. | 56% | 59% | 62% | 58% | 58% | 57% |

Source: Company data and Nordea estimates

RATIOS RELATED TO BALANCE SHEET

| | 2017 | 2018 | 2019 | 2020 | 2021E | 2022E | 2023E |
|--|------|------|------|-------|-------|-------|-------|
| Investment properties, fair value EURm | n.a. | 816 | 875 | 1,273 | 1,489 | 1,541 | 1,554 |
| Net investments, EURm | n.a. | 0 | 57 | 369 | 206 | 43 | 0 |
| Net debt, EURm | n.a. | 461 | 517 | 785 | 864 | 894 | 881 |
| Average interest rate | n.a. | 2.8% | 2.6% | 2.7% | 2.7% | 2.7% | 2.7% |
| Equity ratio | n.a. | 36% | 35% | 38% | 38% | 39% | 40% |
| Payout ratio (dividend / FFO) | n.a. | 102% | 102% | 88% | 88% | 86% | 89% |

Source: Company data and Nordea estimates

NRV CALCULATION (EUR PER SHARE)

| EURm | 2017 | 2018 | 2019 | 2020 | 2021E | 2022E | 2023E |
|---|-------------|------------|------------|------------|------------|------------|------------|
| Equity (less hybrid, incl. value changes) | n.a. | 329 | 333 | 458 | 557 | 574 | 596 |
| Acc. dividend added back | | 0 | 0 | 0 | 0 | 44 | 89 |
| Deferred tax | n.a. | 9 | 14 | 20 | 25 | 27 | 30 |
| EPRA NRV | n.a. | 338 | 346 | 478 | 582 | 645 | 715 |
| - per share | | 10.9 | 11.1 | 10.9 | 13.2 | 14.7 | 16.2 |
| EPRA NRV | n.a. | 338 | 346 | 478 | 582 | 645 | 715 |
| Derivatives | n.a. | -2 | -2 | -1 | 0 | 0 | 0 |
| Deferred tax 10% -tax | n.a. | -5 | -7 | -10 | -13 | -14 | -15 |
| EPRA NNNRV (Nordea est.) | n.a. | 331 | 337 | 467 | 569 | 631 | 700 |
| - per share | | 10.7 | 10.9 | 10.6 | 12.9 | 14.4 | 15.9 |

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 | 102 | 107 |
| Revenue growth | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | 108.3% | 23.6% | 25.5% | 9.3% | 4.9% |
| 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 | 81 | 86 |
| 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 | 81 | 86 |
| 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 | 81 | 86 |
| 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 | -22 | -24 | -24 |
| 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 | 10 | 10 | 12 |
| Pre-tax profit | 0 | 0 | 0 | 0 | 0 | 17 | 35 | 40 | 57 | 66 | 73 |
| Reported taxes | 0 | 0 | 0 | 0 | 0 | -3 | -5 | -5 | -7 | -5 | -6 |
| Net profit from continued operations | 0 | 0 | 0 | 0 | 0 | 14 | 30 | 35 | 51 | 61 | 67 |
| 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 | 61 | 67 |
| EPS, EUR | n.a. | n.a. | n.a. | n.a. | n.a. | 0.44 | 0.97 | 0.96 | 1.25 | 1.39 | 1.53 |
| 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% | 74.9% | 79.2% | 79.9% |
| EBITA | n.a. | n.a. | n.a. | n.a. | n.a. | 72.8% | 72.0% | 73.8% | 74.9% | 79.2% | 79.9% |
| EBIT | n.a. | n.a. | n.a. | n.a. | n.a. | 72.8% | 72.0% | 73.8% | 74.9% | 79.2% | 79.9% |

Adjusted earnings

| | | | | | | | | | | | |
|----------------|------|------|------|------|------|------|------|------|------|------|------|
| EBITDA (adj) | 0 | 0 | 0 | 0 | 0 | 21 | 43 | 55 | 70 | 81 | 86 |
| EBITA (adj) | 0 | 0 | 0 | 0 | 0 | 21 | 43 | 55 | 70 | 81 | 86 |
| EBIT (adj) | 0 | 0 | 0 | 0 | 0 | 21 | 43 | 55 | 70 | 81 | 86 |
| EPS (adj, EUR) | n.a. | n.a. | n.a. | n.a. | n.a. | 0.40 | 0.88 | 0.92 | 1.12 | 1.19 | 1.27 |

Adjusted profit margins in percent

| | | | | | | | | | | | |
|--------------|------|------|------|------|------|-------|-------|-------|-------|-------|-------|
| EBITDA (adj) | n.a. | n.a. | n.a. | n.a. | n.a. | 72.8% | 72.0% | 73.8% | 74.9% | 79.2% | 79.9% |
| EBITA (adj) | n.a. | n.a. | n.a. | n.a. | n.a. | 72.8% | 72.0% | 73.8% | 74.9% | 79.2% | 79.9% |
| EBIT (adj) | n.a. | n.a. | n.a. | n.a. | n.a. | 72.8% | 72.0% | 73.8% | 74.9% | 79.2% | 79.9% |

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. | 29.9% |
| EBITDA | n.m. | n.m. | n.m. | n.m. | n.m. | n.m. | n.m. | n.m. | n.m. | n.m. | 32.4% |
| EBIT | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | 32.4% |
| EPS | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | 28.2% |
| 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. | 75.2% | 76.5% |
| Average EBITDA margin | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | 75.2% | 76.5% |

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 | 25.1 | 23.7 | 22.1 |
| EV/EBITDA (adj) | n.a. | n.a. | n.a. | n.a. | n.a. | 36.8 | 21.9 | 26.4 | 30.1 | 26.4 | 24.8 |
| EV/EBITA (adj) | n.a. | n.a. | n.a. | n.a. | n.a. | 36.8 | 21.9 | 26.4 | 30.1 | 26.4 | 24.8 |
| EV/EBIT (adj) | n.a. | n.a. | n.a. | n.a. | n.a. | 36.8 | 21.9 | 26.4 | 30.1 | 26.4 | 24.8 |

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 | 22.5 | 20.2 | 18.4 |
| EV/Sales | n.a. | n.a. | n.a. | n.a. | n.a. | 26.80 | 15.76 | 19.50 | 22.52 | 20.91 | 19.81 |
| EV/EBITDA | n.a. | n.a. | n.a. | n.a. | n.a. | 36.8 | 21.9 | 26.4 | 30.1 | 26.4 | 24.8 |
| EV/EBITA | n.a. | n.a. | n.a. | n.a. | n.a. | 36.8 | 21.9 | 26.4 | 30.1 | 26.4 | 24.8 |
| EV/EBIT | n.a. | n.a. | n.a. | n.a. | n.a. | 36.8 | 21.9 | 26.4 | 30.1 | 26.4 | 24.8 |
| Dividend yield (ord.) | n.a. | n.a. | n.a. | n.a. | n.a. | 8.3% | 6.4% | 5.7% | 3.5% | 3.7% | 3.9% |
| FCF yield | n.a. | n.a. | n.a. | n.a. | n.a. | -2.9% | -8.9% | -53.7% | -12.6% | 1.0% | 4.7% |
| FCF Yield bef A&D, lease adj | n.a. | n.a. | n.a. | n.a. | n.a. | 5.1% | 3.0% | 5.3% | 4.1% | 4.5% | 4.7% |
| Payout ratio | n.a. | n.a. | n.a. | n.a. | n.a. | 211.3% | 101.7% | 102.3% | 88.3% | 87.5% | 86.3% |

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 | 1,497 | 1,550 | 1,562 |
| 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 | 1,501 | 1,553 | 1,565 |
| 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 | 59 | 28 | 41 |
| Total current assets | 0 | 0 | 0 | 0 | 0 | 29 | 30 | 39 | 62 | 32 | 45 |
| 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 | 1,563 | 1,585 | 1,610 |
| Shareholders equity | 0 | 0 | 0 | 0 | 0 | 329 | 333 | 458 | 587 | 604 | 626 |
| 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 | 587 | 604 | 626 |
| Deferred tax | 0 | 0 | 0 | 0 | 0 | 9 | 14 | 20 | 25 | 27 | 30 |
| Long term interest bearing debt | 0 | 0 | 0 | 0 | 0 | 486 | 535 | 810 | 913 | 913 | 913 |
| 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 | 948 | 950 | 952 |
| 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 | 30 | 32 |
| 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 | 31 | 33 |
| 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 | 1,563 | 1,585 | 1,610 |
| Balance sheet and debt metrics | | | | | | | | | | | |
| Net debt | 0 | 0 | 0 | 0 | 0 | 461 | 517 | 785 | 864 | 894 | 881 |
| 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 | -27 | -29 |
| Invested capital | 0 | 0 | 0 | 0 | 0 | 801 | 865 | 1,265 | 1,476 | 1,526 | 1,537 |
| Capital employed | 0 | 0 | 0 | 0 | 0 | 815 | 874 | 1,280 | 1,509 | 1,527 | 1,548 |
| ROE | n.m. | n.m. | n.m. | n.m. | n.m. | 8.4% | 9.2% | 8.7% | 9.7% | 10.3% | 10.9% |
| ROIC | n.m. | n.m. | n.m. | n.m. | n.m. | 4.2% | 4.2% | 4.1% | 4.1% | 4.3% | 4.5% |
| ROCE | n.m. | n.m. | n.m. | n.m. | n.m. | 5.3% | 5.1% | 5.1% | 5.0% | 5.3% | 5.6% |
| Net debt/EBITDA | n.m. | n.m. | n.m. | n.m. | n.m. | 21.9 | 11.9 | 14.3 | 12.4 | 11.1 | 10.3 |
| 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% | 37.5% | 38.1% | 38.9% |
| Net gearing | n.m. | n.m. | n.m. | n.m. | n.m. | 140.1% | 155.2% | 171.5% | 147.2% | 148.0% | 140.8% |

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 | 81 | 86 |
| Paid taxes | 0 | 0 | 0 | 0 | 0 | -1 | -2 | -1 | -1 | -3 | -4 |
| Net financials | 0 | 0 | 0 | 0 | 0 | -4 | -15 | -21 | -22 | -24 | -24 |
| 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 | 54 | 57 |
| Change in NWC | 0 | 0 | 0 | 0 | 0 | 0 | -13 | 4 | 5 | 2 | 1 |
| Cash flow from operations (CFO) | 0 | 0 | 0 | 0 | 0 | 16 | 13 | 35 | 51 | 56 | 59 |
| 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 | 51 | 56 | 59 |
| 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 | -206 | -43 | 0 |
| Free cash flow | 0 | 0 | 0 | 0 | 0 | -9 | -39 | -357 | -156 | 13 | 59 |
| Free cash flow bef A&D, lease adj | 0 | 0 | 0 | 0 | 0 | 16 | 13 | 35 | 51 | 56 | 59 |
| Dividends paid | 0 | 0 | 0 | 0 | 0 | -6 | -26 | -30 | -38 | -44 | -46 |
| Equity issues / buybacks | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 123 | 85 | 0 | 0 |
| Net change in debt | 0 | 0 | 0 | 0 | 0 | 24 | 24 | 24 | 100 | 0 | 0 |
| Other financing adjustments | 0 | 0 | 0 | 0 | 0 | 0 | 12 | 7 | 10 | 10 | 12 |
| Other non-cash adjustments | 0 | 0 | 0 | 0 | 0 | 17 | 28 | 245 | -10 | -10 | -12 |
| Change in cash | 0 | 0 | 0 | 0 | 0 | 26 | -1 | 12 | 22 | -31 | 13 |
| 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 | 28 | 28 | 28 |
| Market cap. | n.a. | n.a. | n.a. | n.a. | n.a. | 314 | 432 | 665 | 1,240 | 1,240 | 1,240 |
| Enterprise value | n.a. | n.a. | n.a. | n.a. | n.a. | 775 | 949 | 1,450 | 2,103 | 2,134 | 2,121 |
| Diluted no. of shares, year-end (m) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 31.1 | 31.1 | 40.0 | 44.0 | 44.0 | 44.0 |

Source: Company data and Nordea estimates

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