Nordea | Commissioned Equity Research

Flash comment

11 April 2022

Cibus – Commissioned research: The Board withdraws the proposal to issue class D shares – dividend returned to EUR 0.99 per existing shares

Marketing material commissioned by Cibus

Cibus announced on 11 April that the board of directors has decided to withdraw its proposal to issue class D shares through a bonus issue to existing shareholders. According to Cibus, discussions with the larger shareholders indicate that there is currently not sufficient support for the introduction of class D shares, nor the bonus issue. As a consequence, the dividend proposal for existing shares is returned to EUR 0.99 per share versus the combination of EUR 0.75 per class A share and EUR 0.96 per D share (four A shares would have entitled to on D share in the bonus issue). We had expected the introduction of class D shares to increase the financing flexibility for Cibus in its ambitious growth targets and would also have been a tool for the company to reach its investment grade (IG) readiness by the end of 2023. D shares have a fixed dividend and are thus priced as a bond while they are treated as 100% equity by rating agencies. Hence, without the option of D shares, Cibus will need to finance the equity part of its growth through common equity issuance, in which it has been successful in recent years by issuing shares at a substantial premium to EPRA NRV. D shares would have been a good tool to use in the case that Cibus' share price would have been momentarily at a lower level as D shares would incur less dilution if common shares are trading at a low price. We do not need to change our estimates following today's announcement as we have not included any unannounced M&A or the issuance of common or D shares in our estimates. Our fair value range is SEK 260-320 per Cibus share.

SUMMARY TABLE - KEY FIGURES

EURm	2019	2020	2021	2022E	2023E	2024E
Total revenue	60	74	94	115	123	125
NOI margin	80.8%	82.5%	81.4%	85.7%	86.1%	86.3%
EPS (adj, EUR)	0.88	0.92	1.18	1.28	1.38	1.40
EPS (adj) growth	120.2%	5.0%	28.8%	8.3%	7.4%	1.7%
P/E (adj)	15.9	18.1	24.0	18.1	16.9	16.6
DPS, EUR	0.89	0.94	0.99	1.04	1.10	1.16
NAV per share	11	11	12	15	17	18
NAV growth	1.9%	-2.1%	10.7%	28.5%	10.5%	9.7%
NOI/EV (adj)	5.1%	4.2%	3.6%	4.5%	4.8%	5.0%
P/NAV	128.0%	156.5%	241.2%	153.7%	139.1%	126.8%
P/EPRA NAV	124.7%	152.9%	213.3%	150.3%	136.1%	124.2%
Dividend yield	6.4%	5.7%	3.5%	4.5%	4.7%	5.0%
Loan-to-value (net debt)	58.7%	61.3%	58.0%	58.8%	57.5%	56.3%
Net debt/EBITDA(adj)	11.9	14.3	12.5	11.8	10.7	10.4

Source: Company data and Nordea estimates

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Nordea has no market-making obligations in Cibus shares.

As of 10/04/2022, Nordea Abp holds no positions of 0.5% or more of shares issued by Cibus.

As of the publication of this report, the issuer does not hold a position exceeding 5% of the total shares issued in Nordea Abp.

Investment banking transactions

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