05 May 2022

Commissioned research: Cibus – Q1 report largely as expected, the company now eyes also markets outside of the Nordics

Marketing material commissioned by Cibus

Cibus posted Q1 net operating income of EUR 21.8m, up 20% y/y on the back of acquisitions and 2% above our and 0% above Infront consensus estimates. Income from property management (IFPM) was EUR 14.6m, up 26% y/y and 3% above our estimate and 4% above consensus. IFPM included EUR 0.9m of positive exchange rate differences and adjusting for this, IFPM was 2% below consensus and 4% below our estimate. Fair value changes were EUR 27m positive (~2% of portfolio). Earnings capacity-based IFPM per share increased from EUR 1.25 at the end of Q4 2021 to EUR 1.34 at the end of Q1 owing announced M&A. Cibus is currently trading at a ~40% premium to EPRA NRV, which we find more than justified given the stable operations and strong dividend focus. Cibus has an edge to its mainly unlisted peers in that it can pay with its own shares, which makes Cibus an attractive compounder case in Nordic real estate, justifying the premium valuation. We conclude that the report was largely in line with expectations and Cibus is well-positioned to execute on its growth targets to increase its portfolio to EUR 2.5-3bn by the end of 2023. However, the increased volatility in the Swedish real estate credit market could continue to weigh on the shares.

Q1 IFPM slightly below expectations adjusting for FX gains

- Net operating income of EUR 21.8m, up 20% y/y on the back of acquisitions and 2% above our and 0% above Infront consensus estimates.

- Income from property management (IFPM) was EUR 14.6m, up 26% y/y and 3% above our estimate and 4% above consensus. IFPM included EUR 0.9m in positive exchange rate differences and adjusting for this, IFPM was 2% below consensus and 4% below our estimate.

- EPS of EUR 0.79 was clearly better than our EUR 0.30 estimate (no consensus) as positive fair value changes amounted to an unprecedented EUR 27m and was due to rent indexation mainly but also slightly lower yield requirements in Finland, Sweden and Norway. We had expected fair value changes of EUR +6.3m.

- ERPA NRV was EUR 14.7 (SEK 152 on current FX rate). Cibus is trading at a ~40% premium to the Q1 EPRA NRV

- Earnings capacity-based IFPM per share increased from EUR 1.25 at the end of 2021 to EUR 1.34 at the end of Q1 following several conducted acquisitions

- Net LTV was 52.0%, down from 57.8% in Q4 2021.

We expect a neutral share price reaction

In the CEO comment, it is mentioned that Cibus has a strong M&A pipeline in all four Nordic countries and the company told for the first time it is also looking at markets outside of the Nordics, although the Nordics remain the first priority. Operationally, the Q1 report was broadly in line with expectations and we would expect a neutral share price reaction, although the increased volatility in the Swedish real estate credit market could continue to weigh on the shares.

Cibus: Deviation table

	Actual	NDA est.	Deviation		Cons est.	Deviation		Actual		Actual	
EURm	**Q1 2022**	**Q1 2022E**	**vs. actual**		**Q1 2022E**	**vs. actual**		**Q1 2021**	**y/y**	**Q4 2021**	**q/q**
Rental income	**23.5**	**23.0**	**0**	**2%**	**23.2**	**0**	**1%**	**19.4**	**21%**	**21.6**	**9%**
Net operating income	**21.8**	**21.4**	**0**	**2%**	**21.7**	**0**	**0%**	**18.2**	**20%**	**20.4**	**7%**
NOI margin	92.8%	93.0%		-0.2pp	93.5%	-0.8pp	-0.8pp	93.7%	-1.0pp	94.4%	-1.6pp
Income from property mgmt	**14.6**	**14.2**	**0**	**3%**	**14.0**	**1**	**4%**	**11.6**	**26%**	**12.8**	**14%**
EPS	**0.79**	**0.31**	**0.48**	**156%**	**-**	**0.79**	**n.a.**	**0.26**	**205%**	**0.29**	**172%**

Source: Infront and Nordea estimates

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	1.29	1.38	1.40
EPS (adj) growth	120.2%	5.0%	28.8%	8.6%	7.1%	1.7%
P/E (adj)	15.9	18.1	24.0	16.1	15.0	14.8
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%	28.6%	10.5%	9.7%
NOI/EV (adj)	5.1%	4.2%	3.6%	4.7%	5.1%	5.3%
P/NAV	128.0%	156.5%	241.2%	136.9%	123.9%	113.0%
P/EPRA NAV	124.7%	152.9%	213.3%	133.9%	121.3%	110.7%
Dividend yield	6.4%	5.7%	3.5%	5.0%	5.3%	5.6%
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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