Trianon

Construction and Real Estate
Sweden

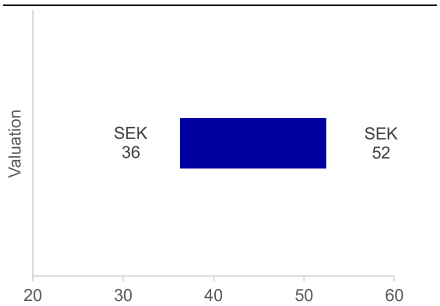
KEY DATA

Stock country	Sweden
Bloomberg	TRIANB SS
Reuters	TRIANb.ST
Share price (close)	SEK 29.00
Free Float	26%
Market cap. (bn)	EUR 0.41/SEK 4.35
Website	www.trianon.se
Next report date	10 Nov 2022

PERFORMANCE

Source: Refinitiv

VALUATION APPROACH



Source: Nordea estimates

ESTIMATE CHANGES

Year	2022E	2023E	2024E
Sales	0%	0%	0%
EBIT (adj)	-2%	0%	0%

Source: Nordea estimates

Nordea Markets - Analysts
Katja Melnikova
Analyst

Staffan Bülow
Analyst

Lower average interest rate is not likely to stay

Trianon reported a mixed set of numbers for Q2. On the negative side, IFPM fell 10% short of our estimates, burdened by higher energy and property costs. On the positive side, the average interest rate decreased by 15 bp to 1.75%, which we see as a favourable development given the current market conditions. Earnings capacity improved by 6% q/q, mainly due to lower vacancies and lower interest costs. We argue, however, that the average interest rate is likely to increase (we assume a ~1pp increase over our 2022-24 forecast period), which will negatively affect adjusted EPS growth. We estimate an adjusted EPS CAGR of 9% for 2021-24 (17% previously). Despite a less favourable adjusted EPS growth outlook, we still see good prospects for continued NAV gains through project profits and value-enhancing investments. We estimate a NAV CAGR of 10% for 2021-24, not including potential acquisitions.

Q2 outcome

Trianon reported IFPM of SEK 62m, up 6% y/y and 10% below our forecast. The deviation is mainly explained by higher energy and property costs related to earlier acquisitions. Asset revaluations of SEK 37m, or 0.3% of asset value, was below our estimate of 0.8%. Value uplifts were mainly driven by project profits of SEK 28m (75% of total value revisions). The valuation yield was unchanged q/q, at 3.9%. NAV per share of SEK 37 was up 29% y/y and 2% above our estimates. The main positive highlight of the report, in our view, was the 15 bp lower interest rate and 1% better occupancy rate, positively affecting earnings capacity (up 6% q/q).

Uncertain interest rate environment remains

In Q2, Trianon managed to lower its average interest rate by 15 bp to 1.75%. We believe, however, that interest rates are likely to increase based on the guidance from the Swedish central bank. In our estimates, we assume that the average interest rate will gradually increase to 2.75% by the end of 2024, resulting in muted average adjusted EPS growth of 9% for 2021-24E (previously, we expected ~17%).

Valuation and estimate revisions

Our estimate revisions mainly relate to the miss on IFPM and the higher average interest rate assumption, as mentioned above. Thus, we lower our adjusted EPS estimates by 3-21% and NAV by 1% for 2022-24. We keep our target valuation range multiples of 0.9-1.3x to 2022E NAV, which results in a valuation range of SEK 36-52 (37-53).

SUMMARY TABLE - KEY FIGURES

SEKm	2018	2019	2020	2021	2022E	2023E	2024E
Total revenue	348	453	556	624	695	752	823
NOI margin	61.1%	63.0%	66.3%	63.5%	62.3%	65.3%	66.1%
EPS (adj, SEK)	0.66	0.93	1.02	1.17	1.34	1.36	1.51
EPS (adj) growth	-5.4%	39.2%	10.5%	14.4%	14.6%	1.3%	10.9%
P/E (adj)	24.0	28.0	33.5	50.8	21.6	21.3	19.2
DPS, SEK	0.29	0.00	1.80	2.00	0.55	0.60	0.60
NAV per share	17	21	25	36	40	44	49
NAV growth	12.8%	22.5%	16.4%	45.3%	11.6%	10.0%	9.7%
NOI/EV (adj)	3.8%	3.4%	3.5%	2.5%	3.8%	4.1%	4.3%
P/NAV	91.4%	121.0%	137.6%	164.5%	71.8%	65.3%	59.6%
P/EPRA NAV	91.4%	121.0%	137.6%	164.5%	71.8%	65.3%	59.6%
Dividend yield	1.8%	0.0%	5.3%	3.4%	1.9%	2.1%	2.1%
Loan-to-value (adj)	56.4%	56.0%	55.9%	52.4%	50.6%	50.5%	50.2%
Net debt/EBITDA(adj)	18.1	18.3	17.1	19.4	17.7	16.7	15.9

Source: Company data and Nordea estimates

Q2 outcome and estimate changes

Trianon reported EPRA NAV of SEK 37 per share, up 1% q/q and 29% y/y, 2% above our estimate. NAV growth was supported by revaluations that were below our estimates, contributing 0.3% q/q to asset values, whereas we expected 0.8%. The revaluations were driven by project profits, value-enhancing investments and new letting. Income from property management (IFPM) was SEK 62m, up ~6% y/y but 10% below our estimate due to higher energy and property costs. Despite its IFPM miss, Trianon's earnings capacity improved 6% q/q due to lower vacancies and lower interest cost. We argue, however, that interest rates are likely to increase so we assume that the average interest rate will gradually increase to 2.75% in 2024. We therefore lower our adjusted EPS estimate by 3-21% for 2022-24. Meanwhile, we make minor NAV estimate revisions for the same period.

TRIANON: DAVIATION TABLE

	Actual	NDA estimates				Actual		
SEKm	**Q2 22A**	**Q2 22E**		**vs. actual**	**Q1 22**	**q/q**	**Q2 21**	**y/y**
Rental revenue	171	172	0	0%	171	1%	154	12%
Operational costs and maintenance	-64	-55	-9	17%	-70	-9%	-53	22%
NOI	**107**	**117**	**-10**	**-8%**	**100**	**7%**	**101**	**6%**
Surplus ratio, %	63%	68%	-	-5%	59%	4%	66%	-3%
Central and admin	-17	-14	-4	28%	-15	15%	-13	30%
Joint ventures (IFPM)	5	4	1	32%	4	32%	0	-
Interest costs adj for realised derivative	-32	-37	5	-14%	-34	-7%	-28	16%
Leasing costs	-2	-2	0	0%	-2	0%	-2	-12%
Income from Property Management (IFPM)	**62**	**69**	**-7**	**-10%**	**54**	**14%**	**59**	**6%**
IFPM adjusted for non-recurring	**62**	**69**	**-7**	**-10%**	**54**	**14%**	**59**	**6%**
Changes to property value	37	99	-62	-63%	93	-60%	208	-82%
of which unrealised	37	99	-62	-63%	93	-60%	208	-82%
Changes to property value in JV	0	0	0	-	-1	-	0	-
Changes to derivative value	71	0	71	-	135	-47%	5	-
Pretax profits	171	168	3	2%	282	-39%	272	-37%
Reported tax	-26	-35	8	-24%	-55	-52%	-51	-48%
of which paid tax	0	0	0	-	0	0%	0	-
Net income	145	134	11	8%	227	-36%	221	-35%
EPRA NAV	**37.3**	**36.6**	**1**	**2%**	**37**	**1%**	**29**	**29%**

Source: Company data and Nordea estimates

ESTIMATE REVISIONS

	New estimates			Old estimates			Difference (%)		
SEKm	**2022E**	**2023E**	**2024E**	**2022E**	**2023E**	**2024E**	**2022E**	**2023E**	**2024E**
Rental revenue	695	752	827	696	752	827	0%	0%	0%
Operational costs and maintenance	-262	-261	-283	-253	-261	-283	4%	0%	0%
NOI	**433**	**491**	**544**	**443**	**491**	**544**	**-2%**	**0%**	**0%**
Surplus ratio, %	62%	65%	66%	64%	65%	66%			
Central and admin	-64	-65	-66	-60	-61	-62	6%	6%	6%
Other income	21.7	21.6	21.6	17.1	16.4	16.4	27%	32%	32%
Interest costs	-140	-193	-222	-141	-151	-159	-1%	28%	40%
Income From Property Management (IFPM)	**246**	**248**	**272**	**253**	**289**	**333**	**-3%**	**-14%**	**-18%**
Changes to property value	293	419	439	409	436	442	-28%	-4%	-1%
of which unrealised	293	419	439	409	436	442	-28%	-4%	-1%
Changes to derivative value	206	0	0	135	0	0	0%	0%	0%
Changes to property value JV	0	0	0	-	-	-			
Pretax profits	**745**	**667**	**711**	**797**	**726**	**775**	**-7%**	**-8%**	**-8%**
Reported tax	-142	-137	-146	-162	-149	-160	-12%	-8%	-9%
of which paid tax	0	0	0	0	0	0			
Net income	**602**	**530**	**564**	**635**	**576**	**616**	**-5%**	**-8%**	**-8%**
Hybrid dividend	-35	-35	-35	-35	-35	-35	0%	0%	0%
Minority	0.0	0.0	0.0	0	0	0			
NI Ord shareholders	567	495	529	600	541	581	-5%	-9%	-9%
NI Ord shareholders ex value changes	68	76	90	56	105	138	22%	-28%	-35%
Cash earnings to ordinary shareholders	**211**	**213**	**237**	**218**	**254**	**298**	**-3%**	**-16%**	**-21%**
-per share	**1.3**	**1.4**	**1.5**	**1.4**	**1.6**	**1.9**	**-1%**	**-16%**	**-21%**
EPRA NAV	**6,337**	**6,970**	**7,645**	**6,376**	**7,044**	**7,745**	**-1%**	**-1%**	**-1%**
Per share	**40**	**44**	**49**	**41**	**45**	**49**	**-1%**	**-1%**	**-1%**

Source: Company data and Nordea estimates

Detailed estimates

QUARTERLY ESTIMATES (SEKm)

	2021				2022			
	Q1	**Q2**	**Q3**	**Q4**	**Q1**	**Q2**	**Q3E**	**Q4E**
Total revenue	151	154	156	163	173	174	176	179
Operational costs and maintenance	-63	-53	-50	-62	-73	-67	-56	-66
NOI	88	101	106	102	100	107	119	113
Surplus ratio, %	58%	66%	68%	62%	58%	62%	68%	63%
Central and admin	-11.6	-13.3	-15.0	-15.6	-15	-17	-15	-16
Other costs	0	0	0	0	0	0	0	0
Other income	0.3	0.3	3.1	5	5	6	5	5
Operating income ex value changes	76	88	94	91	90	96	110	102
Interest costs	-30	-28	-28	-35	-34	-32	-34	-40
Leasing costs	-2	-2	-2	-1	-2	-2	-2	-2
Income from property management (IFPI	**44**	**59**	**65**	**55**	**54**	**63**	**74**	**61**
Changes to property value	279	208	215	609	93	37	74	88
of which unrealised	0	0	0	0	0	0	0	0
Changes to derivative value	50	5	19	23	135	71	0	0
Changes to property value JV	0	0	21	15	-1	0	0	0
Pretax profits	373	272	299	686	283	171	148	149
Reported tax	-75	-51	-61	-169	-55	-26	-30	-31
of which paid tax	0.0	0.0	0.0	-3.0	0	0	0	0
Net income	**298**	**221**	**238**	**514**	**228**	**145**	**117**	**119**
Hybrid dividend	-9	-9	-9	-9	-9	-9	-9	-9
Minority	-5	-2	-1	-1	0	0	0	0
NI Ord shareholders	284	211	229	505	219	136	109	110
NI Ord shareholders ex value changes	-45	-2	-5	-127	-9	28	34	22
Cash earnings to ordinary shareholders	**31**	**49**	**55**	**42**	**46**	**54**	**65**	**52**
-per share	**0.2**	**0.3**	**0.4**	**0.3**	**0.3**	**0.3**	**0.4**	**0.3**
EPRA NAV per share	**27**	**29**	**31**	**36**	**37**	**37**	**39**	**40**

Source: Company data and Nordea estimates

ANNUAL ESTIMATES (SEKm)

	2017	**2018**	**2019**	**2020**	**2021**	**2022E**	**2023E**	**2024E**
Rental revenue	262	345	446	556	624	695	752	827
Operational costs and maintenance	-98	-132	-161	-187	-228	-262	-261	-283
NOI	164	213	286	369	396	433	491	544
Surplus ratio, %	63%	62%	64%	66%	64%	62%	65%	66%
Central and admin	-26	-34	-36	-53	-56	-64	-65	-66
Other costs	0	0	0	0	0	0	0	0
Other income	9	6	0	0	9	22	22	22
Operating income ex value changes	146	184	249	316	349	392	447	500
Interest costs	-23	-80	-94	-114	-120	-140	-193	-222
Leasing costs			-6	-6	-6	-6	-6	-6
% of net debt	1%	3%	2%	2%	2%	2%	3%	3%
Income from property management (IFPM)	**124**	**105**	**150**	**195**	**223**	**246**	**248**	**272**
Changes to property value	321	212	292	490	1,311	293	419	439
of which unrealised	321	212	292	490	1,311	293	419	439
Changes to derivative value	-12	-17	-62	-34	97	206	0	0
Changes to property value JV	0	0	0	0	36	0	0	0
Pretax profits	432	299	381	651	1,666	745	667	711
Reported tax	-92	-40	-81	-114	-356	-142	-137	-146
of which paid tax	0	0	0	0	-3	0	0	0
Net income	**340**	**259**	**300**	**537**	**1,311**	**602**	**530**	**564**
Hybrid dividend			-14	-32	-35	-35	-35	-35
Minority	-3	-4	-8	-18	-8	0	0	0
NI Ord shareholders	318	248	282	488	1,268	567	495	529
NI Ord shareholders ex value changes	10	54	51	32	-176	68	76	90
Cash earnings to ordinary shareholders	**121**	**100**	**128**	**146**	**177**	**211**	**213**	**237**
-per share	**0.9**	**0.7**	**0.9**	**1.0**	**1.2**	**1.3**	**1.4**	**1.5**

Source: Company data and Nordea estimates

NAV CALCULATIONS (SEKm)

	2017	2018	2019	2020	2021	2022E	2023E	2024E
Equity total	1,757	1,978	2,831	3,532	5,217	5,471	5,879	6,314
- of which pref/hybrid equity	0	0	400	500	413	413	413	413
Acc. Dividend added back				0	0	314	400	495
Goodwill	0	0	0	0	0	0	0	0
Derivatives	67	79	134	167	71	25	25	25
Deferred tax	302	341	420	529	802	940	1,077	1,224
EPRA NAV	**2,126**	**2,399**	**2,984**	**3,729**	**5,678**	**6,337**	**6,970**	**7,645**
Per share	15	17	21	25	36	40	44	49

Source: Company data and Nordea estimates

Reported numbers and forecasts

INCOME STATEMENT

SEKm	2014	2015	2016	2017	2018	2019	2020	2021	2022E	2023E	2024E
Total revenue	**114**	**138**	**176**	**264**	**348**	**453**	**556**	**624**	**695**	**752**	**823**
Revenue growth	7.4%	20.9%	27.4%	50.4%	31.8%	30.2%	22.7%	12.2%	11.5%	8.1%	9.6%
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	64	87	138	146	184	249	316	347	390	447	500
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	64	87	138	146	184	249	316	347	390	447	500
Amortisation and impairments	0	0	0	0	0	0	0	0	0	0	0
EBIT	64	87	138	146	184	249	316	347	390	447	500
of which associates	6	14	46	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	-15	-15	-13	-47	-89	-100	-120	-124	-144	-199	-228
of which lease interest	0	0	0	0	0	0	-6	-6	-6	-6	-6
Changes in value, net	14	129	378	332	211	238	456	1,443	499	419	439
Pre-tax profit	**63**	**200**	**503**	**432**	**306**	**387**	**651**	**1,666**	**745**	**667**	**711**
Reported taxes	-6	-40	-101	-92	-40	-81	-114	-356	-142	-137	-146
Net profit from continued operations	56	160	402	340	267	307	537	1,311	602	530	564
Discontinued operations	0	0	0	0	0	0	0	0	0	0	0
Minority interests	0	0	0	-3	-4	-8	-18	-8	0	0	0
Net profit to equity	57	160	402	337	262	285	488	1,268	567	495	529
EPS, SEK	**0.55**	**1.43**	**3.57**	**2.45**	**1.91**	**2.07**	**3.43**	**8.40**	**3.61**	**3.15**	**3.37**
DPS, SEK	0.00	0.00	0.00	1.00	1.15	0.00	1.80	2.00	0.55	0.60	0.60
of which ordinary	0.00	0.00	0.00	1.00	1.15	0.00	1.80	2.00	0.55	0.60	0.60
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	55.7%	62.8%	78.7%	55.3%	53.0%	55.0%	56.8%	55.6%	56.1%	59.5%	60.7%
EBITA	55.7%	62.8%	78.7%	55.3%	53.0%	55.0%	56.8%	55.6%	56.1%	59.5%	60.7%
EBIT	55.7%	62.8%	78.7%	55.3%	53.0%	55.0%	56.8%	55.6%	56.1%	59.5%	60.7%
Adjusted earnings											
EBITDA (adj)	64	87	138	146	184	249	316	347	390	447	500
EBITA (adj)	64	87	138	146	184	249	316	347	390	447	500
EBIT (adj)	64	87	138	146	184	249	316	347	390	447	500
EPS (adj, SEK)	0.48	0.64	1.12	0.70	0.66	0.93	1.02	1.17	1.34	1.36	1.51
Adjusted profit margins in percent											
EBITDA (adj)	55.7%	62.8%	78.7%	55.3%	53.0%	55.0%	56.8%	55.6%	56.1%	59.5%	60.7%
EBITA (adj)	55.7%	62.8%	78.7%	55.3%	53.0%	55.0%	56.8%	55.6%	56.1%	59.5%	60.7%
EBIT (adj)	55.7%	62.8%	78.7%	55.3%	53.0%	55.0%	56.8%	55.6%	56.1%	59.5%	60.7%
Performance metrics											
CAGR last 5 years											
Net revenue	n.a.	n.a.	n.a.	n.a.	26.8%	31.8%	32.1%	28.8%	21.4%	16.6%	12.7%
EBITDA	n.m.	n.m.	n.m.	n.m.	46.1%	31.4%	29.5%	20.2%	21.7%	19.4%	14.9%
EBIT	n.a.	n.a.	n.a.	n.a.	46.1%	31.4%	29.5%	20.2%	21.7%	19.4%	14.9%
EPS	n.a.	n.a.	n.a.	n.a.	31.5%	30.1%	19.1%	18.6%	8.1%	10.6%	10.3%
DPS	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	17.1%	15.9%	n.m.
Average last 5 years											
Average EBIT margin	n.a.	n.a.	n.a.	57.9%	59.5%	58.4%	57.5%	55.3%	55.5%	56.8%	58.0%
Average EBITDA margin	n.a.	n.a.	n.a.	57.9%	59.5%	58.4%	57.5%	55.3%	55.5%	56.8%	58.0%

VALUATION RATIOS - ADJUSTED EARNINGS

SEKm	2014	2015	2016	2017	2018	2019	2020	2021	2022E	2023E	2024E
P/E (adj)	n.a.	n.a.	n.a.	18.1	24.0	28.0	33.5	50.8	21.6	21.3	19.2
EV/EBITDA (adj)	n.a.	n.a.	n.a.	29.0	30.4	33.8	33.7	46.5	29.5	26.9	25.1
EV/EBITA (adj)	n.a.	n.a.	n.a.	29.0	30.4	33.8	33.7	46.5	29.5	26.9	25.1
EV/EBIT (adj)	n.a.	n.a.	n.a.	29.0	30.4	33.8	33.7	46.5	29.5	26.9	25.1

VALUATION RATIOS - REPORTED EARNINGS

SEKm	2014	2015	2016	2017	2018	2019	2020	2021	2022E	2023E	2024E
P/E	n.a.	n.a.	n.a.	5.2	8.4	12.5	10.0	7.1	8.0	9.2	8.6
EV/Sales	n.a.	n.a.	n.a.	16.05	16.12	18.59	19.13	25.81	16.54	16.01	15.24
EV/EBITDA	n.a.	n.a.	n.a.	29.0	30.4	33.8	33.7	46.5	29.5	26.9	25.1
EV/EBITA	n.a.	n.a.	n.a.	29.0	30.4	33.8	33.7	46.5	29.5	26.9	25.1
EV/EBIT	n.a.	n.a.	n.a.	29.0	30.4	33.8	33.7	46.5	29.5	26.9	25.1
Dividend yield (ord.)	n.a.	n.a.	n.a.	2.0%	1.8%	0.0%	5.3%	3.4%	1.9%	2.1%	2.1%
FCF yield	n.a.	n.a.	n.a.	-48.1%	-25.8%	-25.1%	-35.1%	-20.9%	-1.1%	-9.0%	-8.4%
FCF Yield bef A&D, lease adj	n.a.	n.a.	n.a.	-7.2%	-4.2%	-1.6%	-17.8%	-11.4%	-1.1%	-9.0%	-8.4%
Payout ratio	0.0%	0.0%	0.0%	35.6%	43.3%	0.0%	176.0%	170.9%	41.0%	44.2%	39.8%

Source: Company data and Nordea estimates

BALANCE SHEET

SEKm	2014	2015	2016	2017	2018	2019	2020	2021	2022E	2023E	2024E
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	1,567	2,197	3,306	4,693	5,905	8,149	9,657	12,829	13,684	14,772	15,881
of which leased assets	0	0	0	0	0	191	194	164	164	164	164
Shares associates	0	0	0	0	0	0	0	0	0	1	1
Interest bearing assets	18	62	106	29	13	8	95	244	244	244	244
Deferred tax assets	20	19	22	23	32	48	57	56	56	56	56
Other non-IB non-current assets	0	0	0	0	0	0	0	0	0	0	0
Other non-current assets	2	0	1	1	1	2	138	169	169	169	169
Total non-current assets	1,608	2,278	3,435	4,746	5,951	8,207	9,947	13,298	14,153	15,242	16,351
Inventory	0	0	0	0	0	0	0	0	0	0	0
Accounts receivable	34	20	21	71	60	36	76	179	200	216	236
Short-term leased assets	0	0	0	0	0	0	0	0	0	0	0
Other current assets	0	0	0	0	0	0	0	17	19	21	23
Cash and bank	28	1	23	44	30	178	280	87	398	367	154
Total current assets	62	22	44	115	90	213	356	284	616	603	413
Assets held for sale	0	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Total assets	**1,669**	**2,300**	**3,479**	**4,861**	**6,041**	**8,420**	**10,303**	**13,581**	**14,769**	**15,845**	**16,764**
Shareholders equity	580	799	1,181	1,757	1,978	2,831	3,532	5,217	5,471	5,879	6,314
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	400	500	413	413	413	413
Minority interest	0	0	0	53	86	86	103	27	27	27	27
Total Equity	580	799	1,181	1,811	2,064	2,917	3,635	5,244	5,497	5,906	6,341
Deferred tax	89	129	232	325	373	467	587	857	1,000	1,137	1,283
Long term interest bearing debt	807	1,228	1,795	2,473	3,284	4,442	4,060	3,466	7,284	7,784	8,084
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	71	56	77	67	79	134	167	119	369	369	369
Non-current lease debt	0	0	0	0	0	191	194	164	164	164	164
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	1,043	1,426	2,157	2,906	3,757	5,272	5,007	4,605	8,816	9,454	9,900
Short-term provisions	0	0	0	0	0	0	0	0	0	0	0
Accounts payable	0	0	0	0	0	0	0	0	0	0	0
Current lease debt	0	0	0	0	0	0	0	0	0	0	0
Other current liabilities	31	60	107	101	157	147	174	331	369	399	437
Short term interest bearing debt	15	15	32	43	63	85	1,487	3,401	87	87	87
Total current liabilities	46	75	139	144	219	231	1,661	3,732	456	485	524
Liabilities for assets held for sale	0	0	0	0	0	0	0	0	0	0	0
Total liabilities and equity	**1,669**	**2,300**	**3,477**	**4,861**	**6,041**	**8,420**	**10,303**	**13,581**	**14,769**	**15,845**	**16,764**
Balance sheet and debt metrics											
Net debt	776	1,180	1,698	2,443	3,333	4,561	5,395	6,729	6,923	7,454	7,966
of which lease debt	0	0	0	0	0	191	194	164	164	164	164
Working capital	3	-39	-86	-30	-97	-111	-98	-135	-150	-162	-178
Invested capital	1,610	2,239	3,349	4,716	5,854	8,096	9,849	13,163	14,003	15,080	16,173
Capital employed	1,402	2,042	3,008	4,327	5,411	7,634	9,376	12,274	13,032	13,940	14,675
ROE	10.1%	23.3%	40.6%	22.9%	14.0%	11.9%	15.3%	29.0%	10.6%	8.7%	8.7%
ROIC	3.4%	3.6%	3.9%	2.9%	2.8%	2.8%	2.8%	2.4%	2.3%	2.4%	2.5%
ROCE	4.8%	5.1%	5.5%	4.0%	3.8%	3.8%	3.7%	3.2%	3.1%	3.3%	3.5%
Net debt/EBITDA	12.2	13.6	12.3	16.7	18.1	18.3	17.1	19.4	17.7	16.7	15.9
Interest coverage	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
Equity ratio	34.7%	34.7%	34.0%	36.1%	32.8%	33.6%	34.3%	38.4%	37.0%	37.1%	37.7%
Net gearing	133.8%	147.7%	143.8%	134.9%	161.5%	156.4%	148.4%	128.3%	125.9%	126.2%	125.6%

Source: Company data and Nordea estimates

CASH FLOW STATEMENT											
SEKm	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022E**	**2023E**	**2024E**
EBITDA (adj) for associates	**58**	**73**	**93**	**146**	**184**	**249**	**316**	**346**	**390**	**447**	**499**
Paid taxes	0	0	0	0	0	0	0	0	0	0	0
Net financials	-15	-15	-13	-23	-49	-99	-120	-109	-144	-199	-228
Change in provisions	0	0	0	0	0	0	0	0	0	0	0
Change in other LT non-IB	119	-75	57	-22	-18	55	-151	-77	250	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	-124	59	-78	-9	-17	-54	142	320	n.a.	n.a.	n.a.
Funds from operations (FFO)	**38**	**42**	**59**	**93**	**101**	**151**	**187**	**480**	**495**	**248**	**271**
Change in NWC	-22	26	13	-7	51	-2	-2	-2	15	12	16
Cash flow from operations (CFO)	**16**	**68**	**73**	**86**	**152**	**149**	**184**	**477**	**511**	**260**	**287**
Capital expenditure	0	0	-250	-211	-244	-208	-1,099	-1,543	-562	-670	-670
Free cash flow before A&D	**16**	**68**	**-177**	**-125**	**-93**	**-59**	**-914**	**-1,066**	**-51**	**-410**	**-383**
Proceeds from sale of assets	4	-31	6	0	0	0	0	0	0	0	0
Acquisitions	-22	-384	-479	-715	-472	-889	-889	-889	0	0	0
Free cash flow	-2	-347	-651	-840	-565	-947	-1,803	-1,954	-51	-410	-383
Free cash flow bef A&D, lease adj	16	68	-177	-125	-93	-59	-914	-1,066	-51	-410	-383
Dividends paid	-14	-16	-19	-21	-34	-42	0	-67	-314	-86	-94
Equity issues / buybacks	0	75	0	278	0	204	115	0	0	0	0
Net change in debt	27	261	442	393	0	627	627	627	505	500	300
Other financing adjustments	0	0	0	0	187	0	424	1,202	464	384	404
Other non-cash adjustments	-3	0	250	210	398	-95	639	88	-293	-419	-439
Change in cash	8	-26	22	21	-14	148	102	-193	310	-31	-212
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	0.0%	0.0%	n.m.	79.8%	70.2%	45.8%	n.m.	n.m.	80.8%	89.1%	81.3%
Key information											
Share price year end (/current)	n.a.	n.a.	n.a.	13	16	26	34	60	29	29	29
Market cap.	n.a.	n.a.	n.a.	1,744	2,193	3,774	5,133	9,342	4,553	4,553	4,553
Enterprise value	n.a.	n.a.	n.a.	4,240	5,612	8,421	10,631	16,097	11,503	12,033	12,546
Diluted no. of shares, year-end (m)	102.2	112.5	112.5	137.5	137.5	145.9	149.9	157.0	157.0	157.0	157.0

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: Grønjordsvej 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			