

Trianon

Construction and Real Estate
Sweden

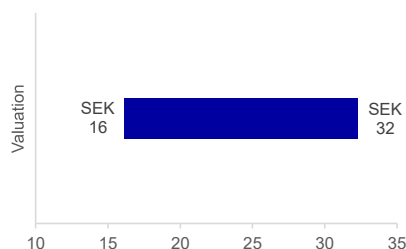
KEY DATA

Stock country	Sweden
Bloomberg	TRIANB.SS
Reuters	TRIANB.ST
Share price (close)	SEK 18.80
Free Float	26%
Market cap. (bn)	EUR 0.26/SEK 2.82
Website	www.trianon.se
Next report date	17 Feb 2023

PERFORMANCE



VALUATION APPROACH



Source: Nordea estimates

ESTIMATE CHANGES

Year	2022E	2023E	2024E
Sales	2%	5%	2%
EBIT (adj)	0%	0%	-3%

Source: Nordea estimates

Nordea IB & Equity - Analysts

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Senior Analyst, Sector Coordinator

Growth target out of reach in the short term

The Q3 results showed relatively minor deviations from our estimates and IFPM fell 2% y/y. Going forward, we expect increasing interest rates to render a continued negative trend in IFPM for both 2023 (-5%) and 2024 (-4%). Even though we foresee good rental income growth in 2022-24 (8-12%), we expect higher interest rates to exceed rental growth. The company has close to 100% of interest maturing in 2022. However, we highlight that its financing mainly stems from bank funding (93%) and that bank margins have been stable, according to the company. The share trades at a spot NAV discount of 50%, in line with the sector.

Q3 results, revisions and outlook

Income from property management (IFPM) was down 2% y/y, 4% below our estimate, due to slightly higher admin costs and interest cost, while NOI was slightly better. The average interest rate was up 43 bp q/q to 2.18%, while we had expected 2.1% ahead of the results. However, we forecast an average interest rate gradually increasing in the coming years. Earnings capacity (IFPM) is down 8% q/q and down 3% y/y due to increased interest cost, while NOI is flat. We make minor estimate revisions following the Q3 report. However, in our recent sector report we made significant revisions relating to interest cost and value changes, which we also apply for Trianon. We assume a higher average interest rate, increasing gradually from 2.2% in Q3 2022 to 3.5% in 2025E. Meanwhile, we expect a yield expansion of 20% between Q3 2022 and Q4 2023 (8% in H2 2022 and 12% in 2023). Project profit and LFL rental growth render a total value revision of 0.7% for 2022E and -8.4% for 2023E. Longer term, we estimate a 3% NAV CAGR and 1% adjusted EPS CAGR in 2021-25.

93% bank financing but high share of floating interest rates

Trianon is mainly bank financed with a net LTV of 54% (55% in Q2) versus its financial policy of 60%. The ICR stands at 3.0x (3.0x in Q2). We expect Trianon to balance close to its financial policy as we expect LTV to peak in Q4 2023 at 61% while we calculate a falling ICR reaching 1.8x in 2024. As of Q3, Trianon effectively has all interest maturing in 2022 as it realised its swap portfolio in the quarter with a profit of SEK 127m. Consequently, its interest fixing period decreased from 1.4 years in Q2 to almost 0 in Q3.

Valuation

Trianon's valuation has declined from a spot NAV of ~2x at the beginning of the year to 0.5x today. Sector valuation has also dropped to a spot NAV of 0.5x, while residential peers are trading at 0.6x. To reflect the current market valuation and estimate revisions, we lower our valuation range to SEK 16-32 (36-52), which corresponds to a 2022E EPRA NAV of 0.5-1.0x.

SUMMARY TABLE - KEY FIGURES

SEKm	2018	2019	2020	2021	2022E	2023E	2024E
Total revenue	348	453	556	624	707	787	841
NOI margin	61.1%	63.0%	66.3%	63.5%	61.5%	61.9%	62.1%
EPS (adj, SEK)	0.66	0.93	1.02	1.17	1.27	1.19	1.14
EPS (adj) growth	-5.4%	39.2%	10.5%	14.4%	8.1%	-6.3%	-4.2%
P/E (adj)	24.0	28.0	33.5	50.8	14.9	15.9	16.6
DPS, SEK	0.29	0.00	0.45	0.50	0.55	0.60	0.60
NAV per share	17	21	25	36	39	33	37
NAV growth	12.8%	22.5%	16.4%	45.3%	7.5%	-15.0%	11.2%
NOI/EV (adj)	3.8%	3.4%	3.5%	2.5%	4.5%	4.7%	4.8%
P/NAV	91.4%	121.0%	137.6%	164.5%	48.4%	56.9%	51.2%
P/EPRA NAV	91.4%	121.0%	137.6%	164.5%	48.4%	56.9%	51.2%
Dividend yield	1.8%	0.0%	1.3%	0.8%	2.9%	3.2%	3.2%
Loan-to-value (adj)	56.4%	56.0%	55.9%	52.4%	49.6%	55.5%	55.3%
Net debt/EBITDA(adj)	18.1	18.3	17.1	19.4	17.3	16.2	16.3

Source: Company data and Nordea estimates

Q3 outcome and estimate changes

IFPM was down 2% y/y, 4% below our estimate, due to slightly higher admin and interest costs, while NOI was slightly better. The average interest rate was up 43 bp q/q to 2.18%, while we had expected 2.1% ahead of the results. However, we forecast the average interest rate to gradually increase in the coming years. Earnings capacity (IFPM) is down 8% q/q and declined 3% y/y. The earnings capacity is down due to increased interest costs, while NOI is flat. NAV came in at SEK 38.8 per share, up 1% q/q and 26% y/y, and 1% above our forecast. Revaluations were above our expectations and contributed 0.4% to asset values q/q, whereas we had expected 0%. Revaluations were driven by project profits, which accounted for ~90% of total value revisions in the quarter, although the actual yield was unchanged at 3.9%.

TRIANON: DEVIATION TABLE

SEKm	Actual	NDA estimates				Actual		
	Q3 22A	Q3 22E	vs. actual		Q2 22	q/q	Q3 21	y/y
Rental revenue	173	173	0	0%	171	1%	156	11%
Operational costs and maintenance	-56	-58	2	-4%	-64	-13%	-50	12%
NOI	117	115	2	2%	107	9%	106	11%
Surplus ratio, %	68%	67%	-	1%	63%	5%	68%	0%
Central and admin	-16	-15	-1	5%	-17	-7%	-15	7%
Joint ventures (IFPM)	3	5	-3	-48%	5	-48%	2	-
Interest costs adj for realised derivative	-39	-38	-1	3%	-31	27%	-27	49%
Leasing costs	-2	-2	0	0%	-2	0%	-2	-6%
Income from Property Management (IFPM)	63	66	-3	-4%	63	0%	65	-2%
IFPM adjusted for non-recurring	63	66	-3	-4%	63	0%	65	-2%
Changes to property value	47	-4	51	-1239%	37	27%	215	-78%
of which unrealised	47	-4	51	-1239%	37	27%	215	-78%
Changes to property value in JV	15	0	15	-	0	-	21	-
Changes to derivative value	7	0	7	-	71	-90%	19	-
Pretax profits	133	61	71	116%	171	-23%	319	-58%
Reported tax	-21	-13	-8	63%	-26	-21%	-61	-66%
of which paid tax	0	0	0	-	0	0%	0	-
Net income	112	49	63	129%	145	-23%	259	-57%
EPRA NAV	38.8	38.5	0	1%	37	4%	31	26%
Earnings Capacity (IFPM)	291.4				316	-8%	283	3%

Source: Company data and Nordea estimates

ESTIMATE REVISIONS (PER SHARE IN SEK)

SEKm	New estimates			Old estimates			Difference (%)		
	2022E	2023E	2024E	2022E	2023E	2024E	2022E	2023E	2024E
Rental revenue	707	787	841	695	752	827	2%	5%	2%
Operational costs and maintenance	-273	-300	-319	-262	-261	-283	4%	15%	13%
NOI	435	487	522	433	491	544	0%	-1%	-4%
Surplus ratio, %	61%	62%	62%	62%	65%	66%			
Central and admin	-65	-66	-67	-64	-65	-66	2%	2%	2%
Other income	20.3	26.5	27.9	21.7	21.6	21.6	-7%	23%	29%
Interest costs	-151	-220	-263	-140	-193	-222	8%	14%	18%
Income From Property Management (IFPM)	234	221	213	246	248	272	-5%	-11%	-21%
Changes to property value	87	-1101	403	293	419	439	-70%	-363%	-8%
of which unrealised	87	-1101	403	293	419	439	-70%	-363%	-8%
Changes to derivative value	214	0	0	206.3	0	0	0%	0%	0%
Changes to property value JV	15	0	0	-	-	-			
Pretax profits	549	-880	616	745	667	711	-26%	-232%	-13%
Reported tax	-94	181	-127	-142	-137	-146	-34%	-232%	-13%
of which paid tax	0	0	0	0	0	0			
Net income	455	-699	489	602	530	564	-24%	-232%	-13%
Hybrid dividend	-35	-35	-35	-35	-35	-35	0%	0%	0%
Minority	0.0	0.0	0.0	0	0	0			
NI Ord shareholders	420	-734	454	567	495	529	-26%	-248%	-14%
NI Ord shareholders ex value changes	119	367	51	68	76	90	74%	385%	-43%
Cash earnings to ordinary shareholders	199	186	178	211	213	237	-6%	-13%	-25%
-per share	1.3	1.2	1.1	1.3	1.4	1.5	-6%	-13%	-25%
EPRA NAV	6,117	5,202	5,783	6,337	6,970	7,645	-3%	-25%	-24%
Per share	39	33	37	40	44	49	-4%	-26%	-25%

Source: Company data and Nordea estimates

Detailed estimates

QUARTERLY ESTIMATES (SEKm, PER SHARE IN SEK)

	2021				2022			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4E
Total revenue	151	154	156	163	173	174	182	179
Operational costs and maintenance	-63	-53	-50	-62	-73	-67	-65	-69
NOI	88	101	106	102	100	107	117	110
Surplus ratio, %	58%	66%	68%	62%	58%	62%	65%	62%
Central and admin	-11.6	-13.3	-15.0	-15.6	-15	-17	-16	-16
Other costs	0	0	0	0	0	0	0	0
Other income	0.3	0.3	3.1	5	5	6	3	7
Operating income ex value changes	76	88	94	91	90	96	104	100
Interest costs	-30	-28	-28	-35	-34	-32	-39	-45
Leasing costs	-2	-2	-2	-1	-2	-2	-2	-2
Income from property management	44	59	65	55	54	63	63	54
Changes to property value	279	208	215	609	93	37	47	-90
of which unrealised	0	0	0	0	0	0	0	0
Changes to derivative value	50	5	19	23	135	71	7	0
Changes to property value JV	0	0	21	15	-1	0	15	0
Pretax profits	373	272	299	686	283	171	118	-37
Reported tax	-75	-51	-61	-169	-55	-26	-21	8
of which paid tax	0.0	0.0	0.0	-3.0	0	0	0	0
Net income	298	221	238	514	228	145	97	-29
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	88	-38
NI Ord shareholders ex value changes	-45	-2	-5	-127	-9	28	34	52
Adjusted earnings	31	49	55	42	46	54	54	45
-per share	0.2	0.3	0.4	0.3	0.3	0.3	0.3	0.3
EPRA NAV per share	27	29	31	36	37	37	39	39

Source: Company data and Nordea estimates

ANNUAL ESTIMATES (SEKm, PER SHARE IN SEK)

	2017	2018	2019	2020	2021	2022E	2023E	2024E
Rental revenue	262	345	446	556	624	707	787	841
Operational costs and maintenance	-98	-132	-161	-187	-228	-273	-300	-319
NOI	164	213	286	369	396	435	487	522
Surplus ratio, %	63%	62%	64%	66%	64%	61%	62%	62%
Central and admin	-26	-34	-36	-53	-56	-65	-66	-67
Other costs	0	0	0	0	0	0	0	0
Other income	9	6	0	0	9	20	27	28
Operating income ex value changes	146	184	249	316	349	390	447	482
Interest costs	-23	-80	-94	-114	-120	-151	-220	-263
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	234	221	213
Changes to property value	321	212	292	490	1,311	87	-1,101	403
of which unrealised	321	212	292	490	1,311	87	-1,101	403
Changes to derivative value	-12	-17	-62	-34	97	214	0	0
Changes to property value JV	0	0	0	0	36	15	0	0
Pretax profits	432	299	381	651	1,666	549	-880	616
Reported tax	-92	-40	-81	-114	-356	-94	181	-127
of which paid tax	0	0	0	0	-3	0	0	0
Net income	340	259	300	537	1,311	455	-699	489
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	420	-734	454
NI Ord shareholders ex value changes	10	54	51	32	-176	104	367	51
Adjusted earnings	121	100	128	146	177	199	186	178
-per share	0.9	0.7	0.9	1.0	1.2	1.3	1.2	1.1
Dividend per share	1.0	1.2	0.0	0.5	0.5	0.6	0.6	0.6

Source: Company data and Nordea estimates

NAV CALCULATIONS (SEKm, PER SHARE IN SEK)

	2017	2018	2019	2020	2021	2022E	2023E	2024E
Equity total	1,757	1,978	2,831	3,532	5,217	5,559	4,739	5,099
- of which pref/hybrid equity	0	0	400	500	413	413	413	413
Acc. Dividend added back				0	0	79	165	260
Goodwill	0	0	0	0	0	0	0	0
Derivatives	67	79	134	167	71	0	0	0
Deferred tax	302	341	420	529	802	892	710	837
EPRA NAV	2,126	2,399	2,984	3,729	5,678	6,117	5,202	5,783
Per share	15	17	21	25	36	39	33	37

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	707	787	841
Revenue growth	7.4%	20.9%	27.4%	50.4%	31.8%	30.2%	22.7%	12.2%	13.5%	11.2%	6.8%
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	389	447	482
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	389	447	482
Amortisation and impairments	0	0	0	0	0	0	0	0	0	0	0
EBIT	64	87	138	146	184	249	316	347	389	447	482
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	-155	-226	-269
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	1,479	316	-1,101	403
Pre-tax profit	63	200	503	432	306	387	651	1,702	549	-880	616
Reported taxes	-6	-40	-101	-92	-40	-81	-114	-356	-94	181	-127
Net profit from continued operations	56	160	402	340	267	307	537	1,346	455	-699	489
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	1,303	420	-734	454
EPS, SEK	0.55	1.43	3.57	2.45	1.91	2.07	3.43	8.63	2.67	-4.67	2.89
DPS, SEK	0.00	0.00	0.00	1.00	1.15	0.00	0.45	0.50	0.55	0.60	0.60
of which ordinary	0.00	0.00	0.00	1.00	1.15	0.00	0.45	0.50	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%	55.0%	56.9%	57.4%
EBITA	55.7%	62.8%	78.7%	55.3%	53.0%	55.0%	56.8%	55.6%	55.0%	56.9%	57.4%
EBIT	55.7%	62.8%	78.7%	55.3%	53.0%	55.0%	56.8%	55.6%	55.0%	56.9%	57.4%

Adjusted earnings

EBITDA (adj)	64	87	138	146	184	249	316	347	389	447	482
EBITA (adj)	64	87	138	146	184	249	316	347	389	447	482
EBIT (adj)	64	87	138	146	184	249	316	347	389	447	482
EPS (adj, SEK)	0.48	0.64	1.12	0.70	0.66	0.93	1.02	1.17	1.27	1.19	1.14

Adjusted profit margins in percent

EBITDA (adj)	55.7%	62.8%	78.7%	55.3%	53.0%	55.0%	56.8%	55.6%	55.0%	56.9%	57.4%
EBITA (adj)	55.7%	62.8%	78.7%	55.3%	53.0%	55.0%	56.8%	55.6%	55.0%	56.9%	57.4%
EBIT (adj)	55.7%	62.8%	78.7%	55.3%	53.0%	55.0%	56.8%	55.6%	55.0%	56.9%	57.4%

Performance metrics

CAGR last 5 years											
Net revenue	n.a.	n.a.	n.a.	n.a.	26.8%	31.8%	32.1%	28.8%	21.8%	17.7%	13.2%
EBITDA	n.m.	n.m.	n.m.	n.m.	46.1%	31.4%	29.5%	20.2%	21.6%	19.4%	14.1%
EBIT	n.a.	n.a.	n.a.	n.a.	46.1%	31.4%	29.5%	20.2%	21.6%	19.4%	14.1%
EPS	n.a.	n.a.	n.a.	n.a.	31.5%	30.1%	19.1%	19.3%	1.8%	n.m.	7.0%
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%	55.2%	55.9%	56.4%
Average EBITDA margin	n.a.	n.a.	n.a.	57.9%	59.5%	58.4%	57.5%	55.3%	55.2%	55.9%	56.4%

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	14.9	15.9	16.6
EV/EBITDA (adj)	n.a.	n.a.	n.a.	29.0	30.4	33.8	33.7	46.5	24.9	22.9	22.5
EV/EBITA (adj)	n.a.	n.a.	n.a.	29.0	30.4	33.8	33.7	46.5	24.9	22.9	22.5
EV/EBIT (adj)	n.a.	n.a.	n.a.	29.0	30.4	33.8	33.7	46.5	25.0	22.9	22.5

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	6.9	7.0	n.m.	6.5
EV/Sales	n.a.	n.a.	n.a.	16.05	16.12	18.59	19.13	25.81	13.71	13.03	12.89
EV/EBITDA	n.a.	n.a.	n.a.	29.0	30.4	33.8	33.7	46.5	25.0	22.9	22.5
EV/EBITA	n.a.	n.a.	n.a.	29.0	30.4	33.8	33.7	46.5	25.0	22.9	22.5
EV/EBIT	n.a.	n.a.	n.a.	29.0	30.4	33.8	33.7	46.5	25.0	22.9	22.5
Dividend yield (ord.)	n.a.	n.a.	n.a.	2.0%	1.8%	0.0%	1.3%	0.8%	2.9%	3.2%	3.2%
FCF yield	n.a.	n.a.	n.a.	-48.1%	-25.8%	-25.1%	-35.1%	-20.9%	-3.5%	-14.6%	-15.0%
FCF Yield bef A&D, lease adj	n.a.	n.a.	n.a.	-7.2%	-4.2%	-1.6%	-17.8%	-11.4%	-3.5%	-14.6%	-15.0%
Payout ratio	0.0%	0.0%	0.0%	35.6%	43.3%	0.0%	44.0%	42.7%	43.5%	50.6%	52.9%

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	13,540	13,109	14,182
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	14,009	13,578	14,652
Inventory	0	0	0	0	0	0	0	0	0	0	0
Accounts receivable	34	20	21	71	60	36	76	179	203	226	241
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	22	23
Cash and bank	28	1	23	44	30	178	280	87	517	514	239
Total current assets	62	22	44	115	90	213	356	284	740	761	503
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	14,749	14,340	15,155
Shareholders equity	580	799	1,181	1,757	1,978	2,831	3,532	5,217	5,559	4,739	5,099
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	5,585	4,765	5,125
Deferred tax	89	129	232	325	373	467	587	857	952	770	897
Long term interest bearing debt	807	1,228	1,795	2,473	3,284	4,442	4,060	3,466	7,198	7,748	8,048
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	389	389	389
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	8,702	9,070	9,497
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	375	417	446
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	462	504	533
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	14,749	14,340	15,155
Balance sheet and debt metrics											
Net debt	776	1,180	1,698	2,443	3,333	4,561	5,395	6,729	6,717	7,270	7,845
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	-153	-170	-182
Invested capital	1,610	2,239	3,349	4,716	5,854	8,096	9,849	13,163	13,857	13,409	14,470
Capital employed	1,402	2,042	3,008	4,327	5,411	7,634	9,376	12,274	13,034	12,763	13,423
ROE	10.1%	23.3%	40.6%	22.9%	14.0%	11.9%	15.3%	29.8%	7.8%	-14.2%	9.2%
ROIC	3.4%	3.6%	3.9%	2.9%	2.8%	2.8%	2.8%	2.4%	2.3%	2.6%	2.7%
ROCE	4.8%	5.1%	5.5%	4.0%	3.8%	3.8%	3.7%	3.2%	3.1%	3.5%	3.7%
Net debt/EBITDA	12.2	13.6	12.3	16.7	18.1	18.3	17.1	19.4	17.3	16.2	16.3
Interest coverage	4.2	5.5	10.0	3.1	2.1	2.5	2.8	2.9	2.6	2.0	1.8
Equity ratio	34.7%	34.7%	34.0%	36.1%	32.8%	33.6%	34.3%	38.4%	37.7%	33.0%	33.6%
Net gearing	133.8%	147.7%	143.8%	134.9%	161.5%	156.4%	148.4%	128.3%	120.3%	152.6%	153.1%

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	389	447	482
Paid taxes	0	0	0	0	0	0	0	0	0	0	0
Net financials	-15	-15	-13	-23	-49	-99	-120	-109	-155	-226	-269
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	270	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	503	221	213
Change in NWC	-22	26	13	-7	51	-2	-2	-2	18	17	12
Cash flow from operations (CFO)	16	68	73	86	152	149	184	477	521	238	224
Capital expenditure	0	0	-250	-211	-244	-208	-1,099	-1,543	-624	-670	-670
Free cash flow before A&D	16	68	-177	-125	-93	-59	-914	-1,066	-103	-432	-445
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	-103	-432	-445
Free cash flow bef A&D, lease adj	16	68	-177	-125	-93	-59	-914	-1,066	-103	-432	-445
Dividends paid	-14	-16	-19	-21	-34	-42	0	-67	-79	-87	-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	418	550	300
Other financing adjustments	0	0	0	0	187	0	424	1,202	280	-1,136	368
Other non-cash adjustments	-3	0	250	210	398	-95	639	88	-87	1,101	-403
Change in cash	8	-26	22	21	-14	148	102	-193	430	-3	-275
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.	88.2%	85.1%	79.7%
Key information											
Share price year end (/current)	n.a.	n.a.	n.a.	13	16	26	34	60	19	19	19
Market cap.	n.a.	n.a.	n.a.	1,744	2,193	3,774	5,133	9,342	2,959	2,959	2,959
Enterprise value	n.a.	n.a.	n.a.	4,240	5,612	8,421	10,631	16,097	9,703	10,256	10,831
Diluted no. of shares, year-end (m)	102.2	112.5	112.5	137.5	137.5	145.9	149.9	157.0	157.4	157.4	157.4

Source: Company data and Nordea estimates

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