

13 February 2023

Commissioned research: Investors House – Q4 earnings boosted by development gains – 2023 result guided to be flat

Marketing material commissioned by Investors House

Investors House reported Q4 revenues of EUR 2.1m, +4% versus our estimate. Net operating income was EUR 0.7m, -18% versus our EUR 0.8m estimate as the Real Estate segment net operating income was below our estimates. Services segment EBIT of EUR 0.2m exceeded our estimates. The Q4 reported operative result (EPRA) was EUR 0.4m, down 60% y/y and was a result of significant disposals in the Real Estate-segment in Q4 2021. Reported EBIT of EUR 3.0m included EUR 2.6m of fair value changes, of which the Tikkurila zoning contributed positively while property value declined. The 2023 guidance is as follows: earnings will remain at the same level as in 2022. The company will not guide for EPRA earnings anymore as the company structure has shifted more towards services. We have expected a slight increase in earnings in 2023. EPRA NRV was EUR 6.23 per share. EPRA NRV declined 25% from EUR 8.27 a year ago as e.g. an extra dividend of EUR 1.0 was distributed. The Services business accounted for 59% of sales and Real Estate for 41%, versus 56% and 44% a year ago, respectively. Equity ratio improved further to 60%. The company has a very strong cash position following Real Estate divestments and is patiently waiting for new investment opportunities. It appears that no new transactions will be made in the short-term as the CEO believes it will take time for prices and yields to stabilise in the market. We expect a neutral to slightly negative share price reaction on Investors House's Q4 report.

INVESTORS HOUSE: DEVIATION TABLE

	Actual	NDA est.	Deviation		Actual		Actual	
EURt	Q4 2022	Q4 2022E	vs. actual		Q3 2022	q/q	Q4 2021	y/y
Sales	2,059	1,973	86	4%	1,886	9%	3,015	-32%
EBIT adj.	437	795	-358	-45%	700	-38%	3,087	-86%
Net operating income	654	794	-140	-18%	929	-30%	2,370	-72%
EPS, EUR	0.04	0.08		-50%	0.04	1%	0.08	-48%

Source: Investors House and Nordea

SUMMARY TABLE - KEY FIGURES

EURt	2019	2020	2021	2022E	2023E	2024E
Total revenue	11,461	9,465	8,043	7,517	8,351	8,691
EBITDA (adj)	5,273	333	4,149	2,703	3,152	3,335
EBIT (adj)	5,273	333	4,149	2,703	3,152	3,335
EBIT (adj) margin	46.0%	3.5%	51.6%	36.0%	37.7%	38.4%
EPS (adj, EUR)	0.48	-0.18	0.53	0.32	0.37	0.39
EPS (adj) growth	176.0%	-137.3%	396.5%	-39.0%	15.5%	5.8%
DPS (ord, EUR)	0.25	0.27	0.29	0.31	0.33	0.35
EV/Sales	5.0	5.9	6.4	8.4	7.8	7.4
EV/EBIT (adj)	9.8	17.9	22.6	30.4	26.0	24.1
P/E (adj)	13.5	n.m.	10.5	17.4	15.0	14.2
P/BV	0.9	0.9	1.0	1.2	1.2	1.2
Dividend yield (ord)	3.9%	4.7%	5.2%	5.5%	5.9%	6.3%
FCF Yield bef A&D, lease adj	3.9%	2.3%	-2.1%	5.8%	5.2%	8.3%
Net debt	16,081	19,505	4,383	13,227	15,237	14,240
Net debt/EBITDA	4.1	n.m.	n.m.	6.2	4.8	4.3
ROIC after tax	5.7%	0.4%	n.a.	4.9%	5.2%	5.3%

Source: Company data and Nordea estimates

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