

21 March 2023

Commissioned research: Investors House – CMD highlights transformation to more stable operations and no hurry into new investments or M&A

Marketing material commissioned by Investors House

Investors House hosted a webcast CMD on 20 March. The company gave an update on current operations of e.g. businesses acquired over the past two years, including Juhola Asset Management and Infonia. The company has gone through a significant transformation over the last two years as a EUR 56m office portfolio and a EUR 15m residential portfolio were divested. Investors House has strengthened its balance sheet (equity ratio 60%) and invested into property services businesses so that today ~60% of revenue is derived from services. According to the company, nearly 90% of revenue comes from recurring revenues (rents and fixed service fees) and slightly over 10% from commission-related income. The recurring revenue stream exceeds 20% of all costs, including net financials. Investors House has a large cash position and ample room to increase leverage (covenant: equity ratio 45%) but is in no hurry to find new investment or acquisition targets given the uncertain market outlook within real estate. Going forward, the company will focus on adding predictable cash flow acquisitions and at the same time ensuring that it can continue to pay a steadily increasing dividend. We estimate a dividend yield of 6.2-6.9% for 2023E-25E. The share is currently trading at a 15% discount to EPRA NRV and our fair value range is EUR 4.4-6.8, based on a combination of valuation methods, with the greatest emphasis being on EPRA NRV. The information provided at the CMD does not lead to any estimate changes.

SUMMARY TABLE - KEY FIGURES

EURt	2020	2021	2022	2023E	2024E	2025E
Total revenue	9,465	8,043	7,603	8,080	8,412	8,680
EBITDA (adj)	333	4,149	2,260	2,633	2,783	2,901
EBIT (adj)	333	4,149	2,260	2,633	2,783	2,901
EBIT (adj) margin	3.5%	51.6%	29.7%	32.6%	33.1%	33.4%
EPS (adj, EUR)	-0.18	0.53	0.27	0.31	0.34	0.35
EPS (adj) growth	-137.3%	396.5%	-49.0%	15.3%	9.3%	4.3%
DPS (ord, EUR)	0.27	0.29	0.31	0.33	0.35	0.37
EV/Sales	5.9	6.4	5.7	5.8	5.7	5.6
EV/EBIT (adj)	17.9	22.6	25.5	23.0	22.1	21.6
P/E (adj)	n.m.	10.5	17.8	17.2	15.8	15.1
P/BV	0.9	1.0	1.0	1.1	1.1	1.1
Dividend yield (ord)	4.7%	5.2%	6.5%	6.2%	6.5%	6.9%
FCF Yield bef A&D, lease adj	2.3%	-2.1%	1.9%	5.1%	3.6%	3.7%
Net debt	19,505	4,383	12,205	12,442	13,318	14,275
Net debt/EBITDA	n.m.	n.m.	2.9	4.7	4.8	4.9
ROIC after tax	0.4%	n.a.	4.1%	4.6%	4.7%	4.8%

Source: Company data and Nordea estimates

Completion date: 21/03/2023 08:11:21 CET

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