Cibus

Construction and Real Estate
Sweden

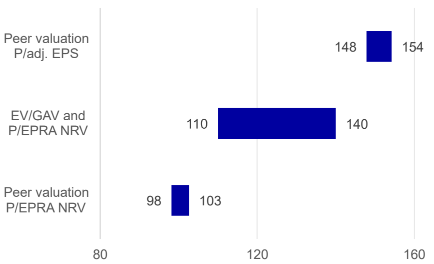
KEY DATA

Stock country	Sweden
Bloomberg	CIBUS SS
Reuters	CIBUS.ST
Share price (close)	SEK 112.7
Free float	100%
Market cap. (bn)	EUR 0.55/SEK 6.45
Website	www.cibusnordic.com
Next report date	18 Jul 2023

PERFORMANCE

Source: Refinitiv

VALUATION APPROACH



Source: Nordea estimates

ESTIMATE CHANGES

Year	2023E	2024E	2025E
Sales	0%	0%	0%
EBIT (adj)	0%	0%	0%

Source: Nordea estimates

Nordea IB & Equity - Analysts
Svante Krokfors
Director

David Flemmich
Associate Director

Active bond repurchases and increased hedging

Ahead of Cibus' Q2 report, we trim our estimates to reflect changes in interest rates, as well as taking into account its recent bond repurchases. We cut our income from property management (IFPM) estimates by 6-9% for 2023-25 and adjusted EPS by 7-10% due to higher net financials. We believe Cibus will focus on securing its balance sheet metrics and conduct limited, if any, M&A in the medium term. As yields in the grocery-anchored real estate segment have been stable in recent years, we see limited risk of significant yield expansion. We keep our EPRA NRV-based fair value range of SEK 110-140 unchanged. Cibus is currently trading at a 35% EPRA NRV discount and an implied yield of ~7%.

Bond repurchases active and hedging increased

Cibus used the SEK ~800m rights issue completed in Q2 to repay the remaining EUR 61.8m of the bond maturing in September. In addition, Cibus conducted repurchases of all of its three outstanding bonds on the market to the amount of EUR ~30m up until 21 June 2023. As a consequence, Cibus currently has EUR ~150m of outstanding bonds, while secured bank loans amounted to EUR 876m at the end of Q1. Cibus holds interest rate hedges corresponding to 100% of the bank loans with a maximum interest rate of 4.55% when all hedges become effective, valid until mid-2025. The average interest rate was 4.3% at the end of Q1, and we expect it to be ~5% at the end of 2023, when we model in the disclosed hedges and assume reference interest rates at the current level.

We expect Q2 2023 IFPM to decline by 15% y/y

Cibus reports its Q2 results on 18 July. We are in line with post-Q1 Infront consensus on rental income and operating income (NOI), but 11% below on income from property management (IFPM), due to higher net financials. We expect rental income and NOI to grow by ~10% y/y, mainly thanks to CPI indexation, while we expect IFPM to decline 15% y/y.

Fair value range unchanged at SEK 110-140

We keep our EPRA NRV-based fair value range at SEK 110-140 per share, based on peer group valuations and P/EPRA NRV. Our fair value range equals a 2024E adjusted P/E of 11-13x, a P/EPRA NRV of 0.6-0.8x (including dividends) and a 2024E dividend yield of 7.6-9.7%.

SUMMARY TABLE - KEY FIGURES

EURm	2019	2020	2021	2022	2023E	2024E	2025E
Total revenue	60	74	94	124	137	142	146
NOI margin	80.8%	82.5%	81.4%	80.3%	82.6%	83.0%	83.3%
EPS (adj, EUR)	0.88	0.92	1.18	1.12	0.87	0.88	0.86
EPS (adj) growth	120.2%	5.0%	28.8%	-5.5%	-22.4%	0.9%	-2.0%
P/E (adj)	15.9	18.1	24.0	11.5	11.0	10.9	11.1
DPS, EUR	0.89	0.94	0.99	0.90	0.90	0.90	0.90
NAV per share	11	11	12	12	14	15	16
NAV growth	1.9%	-2.1%	10.7%	2.4%	16.1%	6.2%	7.2%
NOI/EV (adj)	5.1%	4.2%	3.6%	5.8%	7.2%	7.5%	7.8%
P/NAV	128.0%	156.5%	241.4%	107.1%	68.2%	64.2%	59.9%
P/EPRA NAV	124.7%	152.9%	213.3%	87.9%	66.4%	62.6%	58.4%
Dividend yield	6.4%	5.7%	3.5%	7.0%	9.4%	9.4%	9.4%
Loan-to-value (adj)	58.7%	61.3%	58.0%	59.1%	55.2%	55.2%	54.8%
Net debt/EBITDA(adj)	11.9	14.3	12.5	12.1	9.7	9.3	9.0

Source: Company data and Nordea estimates

Estimate revisions and consensus

CIBUS: ESTIMATE REVISIONS (EURm; EPS AND DPS IN EUR)

	New estimates			Old estimates			Change		
EURm	**2023E**	**2024E**	**2025E**	**2023E**	**2024E**	**2025E**	**2023E**	**2024E**	**2025E**
Rental income	121.0	126.1	129.9	121.0	126.1	129.9	0%	0%	0%
Net operating income	113.2	118.0	121.6	113.2	118.0	121.6	0%	0%	0%
Profit from property mgmt	51.7	56.0	55.5	54.9	59.4	61.1	-6%	-6%	-9%
Adj. EPS	0.87	0.88	0.86	0.93	0.94	0.96	-7%	-7%	-10%
DPS	0.90	0.90	0.90	0.90	0.90	0.90	0%	0%	0%

Source: Nordea estimates

CIBUS: OUR ESTIMATES VERSUS CONSENSUS (EURm; EPRA NRV AND DPS IN EUR)

	Nordea estimates				Consensus estimates				Difference %			
EURm	**Q2 2023E**	**2023E**	**2024E**	**2025E**	**Q2 2023E**	**2023E**	**2024E**	**2025E**	**Q2 2023E**	**2023E**	**2024E**	**2025E**
Rental income	30.0	121.0	126.1	129.9	30.0	121.0	126.0	130.0	0%	0%	0%	0%
Net operating income	28.0	113.2	118.0	121.6	28.0	113.0	118.0	121.0	0%	0%	0%	0%
Profit from property mgmt	11.6	51.7	56.0	55.5	13.0	50.0	57.0	61.0	-11%	3%	-2%	-9%
EPRA NRV		14.4	15.2	16.3		13.5	13.8	14.3		6%	10%	14%
DPS		0.90	0.90	0.90		0.90	0.90	0.90		0%	0%	0%

Source: Nordea estimates and Infront

Factors to consider when investing in Cibus

Cibus is a Nordic real estate company focused on grocery and daily goods retail assets. The company owns assets in Finland, Sweden and Norway – and it has gained a significant presence in Denmark since Q2 2022. Unlike its retail real estate peers, which mainly focus on shopping centres, Cibus is less dependent on macroeconomic fluctuations and competition from e-commerce. Its portfolio is diversified, featuring 454 properties with a broad geographical spread. In our view, stable cash flows from solid daily goods tenants – combined with strong financial leverage and a high payout ratio – make Cibus an attractive proposition for investors who want a high and predictable dividend distributed on a monthly basis.

Cibus is a truly Nordic owner of daily goods properties

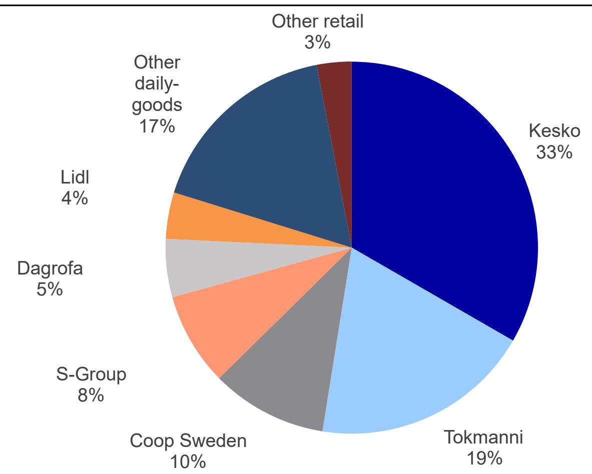
The largest Nordic player in a segment dominated by pension funds

Cibus has established a strong presence in the Nordic real estate sector with its focus on properties anchored by grocery and daily goods merchants. Its portfolio consists of Finnish, Swedish and Norwegian assets. On 6 April 2022, the company also entered Denmark. In a segment dominated by Swedish and Finnish pension funds, Cibus has rapidly become the largest Nordic investor in the field, with a total property value of approximately EUR 1.8bn.

Highly diversified property portfolio with a market value of EUR ~1.8bn

Cibus targets stable cash flow from established grocery and daily goods tenants. Combined with its balanced use of leverage, this creates high dividend capacity. As of 31 March 2023, Cibus had 454 properties in its portfolio with a leasable area of ~981,000 m^2. The portfolio is diversified, with no single property accounting for more than 2.0% of the portfolio's total net operating income, thus eliminating dependence on any individual property. Only one property accounts for more than 1.5% of the portfolio's total rental income.

RENTAL INCOME PER TENANT AS OF 31 MARCH 2023



Source: Company data

Cibus's anchor tenants include the largest grocery and daily goods players in Finland and Sweden

About 97% of net operating income is derived from grocery and daily goods tenants. Cibus' portfolio is diversified in terms of property type, however, as it includes supermarkets, discount stores, hypermarkets, smaller markets and other retail assets. Including the Danish acquisition, approximately 69% of the portfolio's net operating income on an annual basis stems from properties in Finland, 14% from Denmark, 13% from properties in Sweden and 4% from properties in Norway. Supermarkets account for the majority of grocery sales in Finland, Sweden and Norway, and represent the dominant type of store property in the company's portfolio.

Grocery and daily goods tenants are resilient

Minimal dependence on macroeconomic factors

Grocery and daily goods sales have for obvious reasons remained highly resilient to macroeconomic swings.

Grocery and daily goods sales are less affected by e-commerce

In recent years, retail real estate has fallen out of favour among investors, mainly due to fears about the impact of e-commerce on demand for physical stores in fashion, consumer electronics, etc. Online sales of groceries and daily goods have increased in recent years, albeit from a low level. In countries and areas with low population density, however, we believe it is especially difficult to make online ordering and home delivery for grocery and daily goods profitable.

Barriers to entry are high for players focusing purely on online grocery operations

We find this true for the Nordic region, where population density is low outside of the largest cities. In Sweden and Finland, the grocery market is concentrated among a few players, which might lower the barriers to entry for pure online players, as the traditional players are not keen to invest in large-scale grocery online offerings and services. Traditional grocery and daily goods players, however, have the infrastructure in place to respond quickly if e-commerce competition intensifies. One advantage for Kesko and S-Group in Finland and Coop in Sweden is that same-day local pickup is already provided by existing grocery players with countrywide store coverage.

LTV lowered through EUR ~71m directed share issue in March

The average cost of debt was 4.3% at the end of Q1 2023

Net LTV was 59.8% at the end of Q1 2023; the weighted average total cost of debt was roughly 4.3% at the end of Q1 including unsecured bonds as well as margins and expenses for interest rate hedging. Cibus has bank loans of EUR 876m and bonds outstanding of EUR ~150m (EUR and SEK bonds) in total when taking into account recent repayments and buyback activity. The company also has a EUR 30m hybrid bond, with the first call date on 24 September 2026 and an interest rate of 3M Euribor + 475 bp.

8.8 million new shares issued in March...

On 23 March 2023, Cibus announced it had issued 8.8 million new shares at SEK 92 per share, raising gross proceeds of SEK 810m (EUR ~72m). The proceeds from the directed share issue was mainly used to repay the outstanding EUR 61.8m of the bond maturing on 18 September 2023.

...enabling the company to redeem the bond maturing in September

As of Q1 2023, Cibus had secured bank loans of EUR 876m with a weighted average floating interest rate margin of 1.6% and a weighted average loan maturity of 2.7 years. 100% of the bank loans are interest-hedged, either by interest rate caps or by fixed interest rates. The maximum interest rate for the bank loans, once all purchased interest hedges have taken effect, is 4.55% until mid-2025.

- Cibus has issued an unsecured green bond of EUR 50m. The bond matures on 29 December 2024 and carries a floating coupon rate of 3M Euribor + 4.00%. Cibus has conducted buybacks in the market, and as of 21 June the outstanding amount was EUR 32m.
- Cibus issued an unsecured green bond of SEK 700m on 26 August 2022. The bond matures on 3 September 2025 with a floating coupon rate of 3M Stibor + 5.95%. Cibus has conducted buybacks in the market, and as of 21 June the outstanding amount was SEK 679m.
- Cibus has issued an unsecured bond of EUR 70m. The bond matures on 1 December 2025 and carries a floating coupon rate of 3M Euribor + 7.50%. Cibus has conducted buybacks in the market, and as of 21 June the outstanding amount was EUR 59.5m.
- On 17 June 2021, Cibus issued hybrid bonds totalling EUR 30m. The hybrid bonds have a perpetual maturity, with the first opportunity for redemption occurring after 5.25 years, and maturing with an interest rate of 3M Euribor + 4.75%.

Cibus discloses interest rate sensitivity

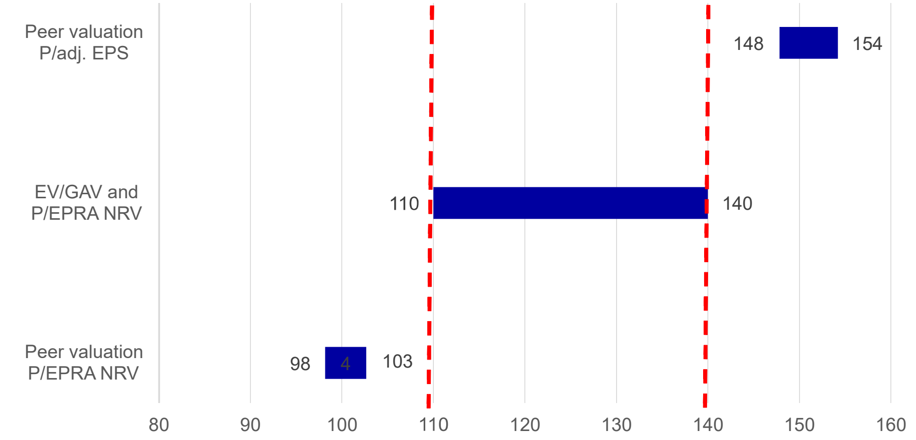
Based on current earnings capacity – and taking interest rate ceilings and fixed rates into account – the company discloses that an increase of 1 pp to the average interest rate would have a EUR -6.7m effect on income from property management on an annual basis, compared to the level reported at the end of March 2023. An increase of 2 pp would have a EUR -9.8m effect on income from property management on an annual basis.

Valuation conclusion

Our fair value range is SEK 110-140

Our main valuation approach is based on 2024E P/EPRA NRV of 0.61-0.78x, which results in a fair value range of SEK 110-140. A peer group EPRA/NRV valuation suggests a range of SEK 98-103, while the peer adjusted P/E range is SEK 148-154. Of all our valuation approaches, we assign the greatest weight to P/EPRA NRV, backed by peer valuation. We arrive at a fair value range of SEK 110-140, corresponding to a 2024E adjusted P/E of 10.7-13.6x.

VALUATION APPROACH (SEK PER SHARE)



Source: Company data and Nordea estimates

Our peer group of Swedish real estate compounders is trading at adjusted P/E multiples of 4.7-20.2x for 2024E with a median of 14.9x, while Cibus is trading at 11.5x.

PEER GROUP VALUATION: SWEDISH REAL ESTATE COMPOUNDERS

		Adj. P/E			P/EPRA NAV/NRV			Dividend yield (%)		
Company	**Price**	**2022**	**2023E**	**2024E**	**2022**	**2023E**	**2024E**	**2022**	**2023E**	**2024E**
Fastighets AB Trianon	16.80	14.8	18.3	20.2	44%	50%	48%	3.1%	0.7%	1.1%
Nyfosa AB	60.55	6.8	10.5	9.6	58%	66%	66%	5.0%	5.0%	5.5%
Sagax AB	220.00	36.0	21.4	20.1	207%	202%	181%	0.0%	0.0%	0.0%
Samhallsbyggnadsbolaget I Norden AB	4.14	- 1.1	4.6	4.7	12%	22%	21%	8.3%	32.2%	22.0%
Average		**14.1**	**13.7**	**13.7**	**80%**	**85%**	**79%**	**4.1%**	**9.5%**	**7.1%**
Median		**10.8**	**14.4**	**14.9**	**51%**	**58%**	**57%**	**4.0%**	**2.9%**	**3.3%**
Cibus (Nordea estimates)	**108.30**	**10.9**	**8.2**	**11.5**	**75%**	**68%**	**69%**	**10.0%**	**10.5%**	**11.1%**

Note: Share prices updated as of 3 July 2023

Source: Refinitiv, company data and Nordea estimates

Dividend yield does not directly impact valuation, but a high dividend yield should offer downside protection

Cibus focuses on creating a portfolio of grocery and daily goods assets that generate stable cash flows, and it enhances returns for shareholders by using an optimal level of debt. Therefore, the company's main objective is to maximise its dividend capacity and distribute a significant share of earnings as dividends. Our dividend yield forecast of 9.7% for 2023 should offer downside protection for the share.

The dividend yield should not have an impact on its valuation, but if Cibus can maintain or increase its dividend, we reason that the dividend yield should offer downside protection and an attractive stable dividend play. Our fair value range of SEK 110-140 per share corresponds to a 2024E dividend yield of 7.6-9.7%. Currently, Cibus is trading at a 9.7% dividend yield for 2024E.

VALUATION TABLE

Share price	Share price	EV/GAV (x)		P/EPRA NRV (x)		Adj. PE		NOI/EV (%)		Dividend yield (%)	
(SEK)	(EUR)	2023E	2024E	2023E	2024E	2023E	2024E	2023E	2024E	2023E	2024E
40.00	3.38	0.64	0.64	0.24	0.22	3.9	3.9	9.3	9.7	26.6	26.6
50.00	4.23	0.67	0.66	0.29	0.28	4.9	4.8	9.0	9.4	21.3	21.3
60.00	5.07	0.69	0.69	0.35	0.33	5.8	5.8	8.6	9.0	17.7	17.7
70.00	5.92	0.72	0.72	0.41	0.39	6.8	6.8	8.3	8.7	15.2	15.2
80.00	6.77	0.74	0.74	0.47	0.44	7.8	7.7	8.0	8.4	13.3	13.3
90.00	7.61	0.77	0.77	0.53	0.50	8.8	8.7	7.8	8.1	11.8	11.8
100.00	8.46	0.79	0.79	0.59	0.56	9.7	9.7	7.5	7.9	10.6	10.6
110.00	9.30	0.82	0.82	0.65	0.61	10.7	10.6	7.3	7.6	9.7	9.7
120.00	10.15	0.84	0.84	0.71	0.67	11.7	11.6	7.1	7.4	8.9	8.9
130.00	10.99	0.87	0.87	0.77	0.72	12.7	12.6	6.9	7.2	8.2	8.2
140.00	11.84	0.89	0.89	0.82	0.78	13.6	13.5	6.7	7.0	7.6	7.6
150.00	12.69	0.92	0.92	0.88	0.83	14.6	14.5	6.5	6.8	7.1	7.1
160.00	13.53	0.95	0.94	0.94	0.89	15.6	15.5	6.3	6.6	6.7	6.7
170.00	14.38	0.97	0.97	1.00	0.94	16.6	16.4	6.1	6.4	6.3	6.3
180.00	15.22	1.00	1.00	1.06	1.00	17.5	17.4	6.0	6.2	5.9	5.9
190.00	16.07	1.02	1.02	1.12	1.06	18.5	18.4	5.8	6.1	5.6	5.6
200.00	16.91	1.05	1.05	1.18	1.11	19.5	19.3	5.7	5.9	5.3	5.3
210.00	17.76	1.07	1.07	1.24	1.17	20.5	20.3	5.6	5.8	5.1	5.1

Source: Nordea estimates

Detailed estimates

ANNUAL ESTIMATES

EURm	2021	2022	2023E	2024E	2025E
Rental income	**81**	**107**	**121**	**126**	**130**
Rental income growth	24.6%	31.7%	13.4%	4.2%	3.0%
Property expenses	-4	-4	-8	-8	-8
Net rental income	**76**	**100**	**113**	**118**	**122**
NRI margin %	94.2%	93.3%	93.6%	93.6%	93.6%
Administrative expenses	-6	-9	-8	-9	-9
Other operating income	13	17	16	16	16
Other operating expenses	-14	-20	-16	-16	-16
Profit/loss on sales of investment properties	0	0	0	0	0
Profit/loss on sales of trading properties	0	0	0	0	0
Fair value changes of investment properties	11	28	-11	-3	11
Depreciation, amortisation and impairment losses	0	0	0	0	0
Operating profit/loss	**79**	**116**	**94**	**106**	**123**
Financial income	0	0	0	0	0
Financial expenses	-22	-36	-53	-53	-57
Net financials	**-22**	**-36**	**-53**	**-53**	**-57**
Share of result from associated companies	0	0	0	0	0
Profit before taxes	**57**	**81**	**41**	**53**	**66**
Current tax expense	0	0	-2	-3	-4
Change in deferred tax	-8	-17	2	1	-2
Profit/loss for the period	**49**	**63**	**40**	**50**	**60**
Funds from operations	**47**	**52**	**50**	**53**	**52**

Source: Company data and Nordea estimates

INTERIM ESTIMATES

EURm	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1 2023	Q2 2023E	Q3 2023E	Q4 2023E
Rental income	**23**	**27**	**28**	**28**	**30**	**30**	**31**	**31**
Rental income growth	20.7%	37.4%	37.3%	31.0%	26.5%	10.3%	9.7%	9.1%
Property expenses	-1	-1	-1	-1	-1	-2	-2	-3
Net rental income	**22**	**26**	**27**	**27**	**28**	**28**	**29**	**28**
NRI margin %	95.8%	96.1%	95.6%	96.1%	95.8%	93.3%	93.4%	91.8%
Administrative expenses	-2	-2	-2	-3	-2	-2	-2	-2
Other operating income	5	3	5	5	5	4	4	3
Other operating expenses	-5	-4	-5	-5	-6	-4	-4	-2
Profit/loss on sales of investment properties	0	0	0	0	0	0	0	0
Profit/loss on sales of trading properties	0	1	2	3	0	1	2	3
Fair value changes of investment properties	27	17	9	-25	-8	0	0	-2
Depreciation, amortisation and impairment losses	2	7	5	0	-2	0	0	0
Operating profit/loss	**46**	**42**	**35**	**2**	**17**	**27**	**28**	**28**
Financial income	0	0	0	0	0	0	0	0
Financial expenses	-5	-10	-10	-11	-14	-14	-12	-13
Net financials	**-5**	**-10**	**-10**	**-11**	**-14**	**-14**	**-12**	**-13**
Share of result from associated companies	0	1	2	3	0	1	2	3
Profit before taxes	**41**	**32**	**26**	**-9**	**3**	**13**	**16**	**15**
Current tax expense	0	0	0	0	0	0	0	-2
Change in deferred tax	-7	-7	-4	1	1	0	0	0
Profit/loss for the period	**34**	**25**	**21**	**-8**	**5**	**13**	**16**	**13**
Funds from operations	**14**	**14**	**15**	**12**	**12**	**12**	**14**	**12**

Source: Company data and Nordea estimates

SUMMARY TABLE: KEY FIGURES

EURm	2019	2020	2021	2022	2023E	2024E	2025E
Rental income	52	65	81	107	121	126	130
- rental income growth growth	106%	26%	25%	32%	13%	4%	3%
Net operating income (NOI)	49	61	76	100	113	118	122
Pre-tax profit	35	40	57	81	41	53	66
IFPM (pretax ex value gains)	27	33	47	52	52	56	56
FFO	28	33	47	52	50	53	52
-FFO growth	148%	20%	41%	12%	-5%	6%	-2%
Dividend	-26	-30	-38	-44	-44	-52	-52
Shareholder equity	333	458	583	698	765	763	772
EPRA NRV (incl. div not paid)	346	435	585	710	822	871	933
-EPRA NRV growth	3%	26%	35%	21%	16%	6%	7%
Net debt	517	785	876	1,101	1,021	1,019	1,018
Net debt/EBITDA	11.9x	14.3x	12.5x	12.1x	9.7x	9.3x	9.0x
Loan-to-value (net)	59%	62%	58%	59%	55%	55%	55%

Source: Company data and Nordea estimates

RATIOS RELATED TO BALANCE SHEET

	2019	2020	2021	2022	2023E	2024E	2025E
Investment properties, fair value EURm	875	1,273	1,500	1,851	1,840	1,837	1,847
Net investments, EURm	57	369	206	323	0	0	0
Net debt, EURm	517	785	876	1,101	1,021	1,019	1,018
Average interest rate	2.6%	2.7%	3.2%	3.2%	5.2%	5.2%	5.6%
Equity ratio	35%	37%	36%	40%	40%	40%	40%
Payout ratio (dividend / FFO)	102%	84%	80%	104%	103%	105%	110%

Source: Company data and Nordea estimates

NRV CALCULATION (EURm AND EUR PER SHARE)

EURm	2019	2020	2021	2022	2023E	2024E	2025E
Equity (less hybrid, incl. value changes)	333	458	554	668	735	733	742
Acc. dividend added back	0	0	0	0	44	95	147
Deferred tax and derivatives	14	20	31	42	44	43	45
EPRA NRV	**346**	**478**	**585**	**710**	**822**	**871**	**933**
- per share	11.1	10.9	13.3	14.7	14.4	15.2	16.3
EPRA NRV	346	478	585	710	822	871	933
Derivatives	-2	-1	0	0	0	0	0
Deferred tax 10% -tax	-7	-10	-16	-21	-22	-21	-23
EPRA NNNRV (Nordea est.)	**337**	**467**	**569**	**689**	**800**	**850**	**911**
- per share	10.9	10.6	11.8	12.0	14.0	14.8	15.9

Source: Company data and Nordea estimates

Reported numbers and forecasts

INCOME STATEMENT

EURm	2015	2016	2017	2018	2019	2020	2021	2022	2023E	2024E	2025E
Total revenue	**n.a.**	**n.a.**	**n.a.**	**29**	**60**	**74**	**94**	**124**	**137**	**142**	**146**
Revenue growth	n.a.	n.a.	n.a.	n.a.	108.3%	23.6%	26.1%	32.3%	10.5%	3.7%	2.7%
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	0	0	0	21	43	55	70	91	105	109	113
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	0	0	0	21	43	55	70	91	105	109	113
Amortisation and impairments	0	0	0	0	0	0	0	0	0	0	0
EBIT	n.a.	n.a.	n.a.	21	43	55	70	91	105	109	113
of which associates	0	0	0	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	0	0	0	-8	-15	-21	-22	-36	-53	-53	-57
of which lease interest	0	0	0	0	0	0	0	0	0	0	0
Changes in value, net	0	0	0	4	7	6	12	42	-13	-3	11
Pre-tax profit	**0**	**0**	**0**	**17**	**35**	**40**	**59**	**97**	**38**	**53**	**66**
Reported taxes	0	0	0	-3	-5	-5	-8	-17	0	-3	-6
Net profit from continued operations	0	0	0	14	30	35	51	80	38	50	60
Discontinued operations	0	0	0	0	0	0	0	0	0	0	0
Minority interests	0	0	0	0	0	0	0	0	0	0	0
Net profit to equity	0	0	0	14	30	35	51	80	38	50	60
EPS, EUR	**n.a.**	**n.a.**	**n.a.**	**0.44**	**0.97**	**0.96**	**1.27**	**1.69**	**0.70**	**0.88**	**1.05**
DPS, EUR	0.00	0.00	0.00	0.84	0.89	0.94	0.99	0.90	0.90	0.90	0.90
of which ordinary	0.00	0.00	0.00	0.84	0.89	0.94	0.99	0.90	0.90	0.90	0.90
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	n.a.	n.a.	n.a.	72.8%	72.0%	73.8%	74.6%	73.4%	76.5%	76.9%	77.1%
EBITA	n.a.	n.a.	n.a.	72.8%	72.0%	73.8%	74.6%	73.4%	76.5%	76.9%	77.1%
EBIT	n.a.	n.a.	n.a.	72.8%	72.0%	73.8%	74.6%	73.4%	76.5%	76.9%	77.1%
Adjusted earnings											
EBITDA (adj)	0	0	0	21	43	55	70	91	105	109	113
EBITA (adj)	0	0	0	21	43	55	70	91	105	109	113
EBIT (adj)	0	0	0	21	43	55	70	91	105	109	113
EPS (adj, EUR)	n.a.	n.a.	n.a.	0.40	0.88	0.92	1.18	1.12	0.87	0.88	0.86
Adjusted profit margins in percent											
EBITDA (adj)	n.a.	n.a.	n.a.	72.8%	72.0%	73.8%	74.6%	73.4%	76.5%	76.9%	77.1%
EBITA (adj)	n.a.	n.a.	n.a.	72.8%	72.0%	73.8%	74.6%	73.4%	76.5%	76.9%	77.1%
EBIT (adj)	n.a.	n.a.	n.a.	72.8%	72.0%	73.8%	74.6%	73.4%	76.5%	76.9%	77.1%
Performance metrics											
CAGR last 5 years											
Net revenue	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	36.5%	18.8%	14.4%
EBITDA	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	37.9%	20.3%	15.5%
EBIT	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	37.9%	20.3%	15.5%
EPS	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	9.6%	-2.1%	1.8%
DPS	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	1.4%	0.2%	-0.9%
Average last 5 years											
Average EBIT margin	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	73.5%	74.4%	75.3%	75.9%
Average EBITDA margin	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	73.5%	74.4%	75.3%	75.9%

VALUATION RATIOS - ADJUSTED EARNINGS

EURm	2015	2016	2017	2018	2019	2020	2021	2022	2023E	2024E	2025E
P/E (adj)	n.a.	n.a.	n.a.	25.4	15.9	18.1	24.0	11.5	11.0	10.9	11.1
EV/EBITDA (adj)	n.a.	n.a.	n.a.	36.8	21.9	26.4	30.4	18.9	14.9	14.3	13.9
EV/EBITA (adj)	n.a.	n.a.	n.a.	36.8	21.9	26.4	30.4	18.9	14.9	14.3	13.9
EV/EBIT (adj)	n.a.	n.a.	n.a.	36.8	21.9	26.4	30.4	18.9	14.9	14.3	13.9

VALUATION RATIOS - REPORTED EARNINGS

EURm	2015	2016	2017	2018	2019	2020	2021	2022	2023E	2024E	2025E
P/E	n.a.	n.a.	n.a.	22.9	14.3	17.3	22.4	7.6	13.6	10.9	9.1
EV/Sales	n.a.	n.a.	n.a.	26.80	15.76	19.50	22.66	13.91	11.43	11.00	10.71
EV/EBITDA	n.a.	n.a.	n.a.	36.8	21.9	26.4	30.4	18.9	14.9	14.3	13.9
EV/EBITA	n.a.	n.a.	n.a.	36.8	21.9	26.4	30.4	18.9	14.9	14.3	13.9
EV/EBIT	n.a.	n.a.	n.a.	36.8	21.9	26.4	30.4	18.9	14.9	14.3	13.9
Dividend yield (ord.)	n.a.	n.a.	n.a.	8.3%	6.4%	5.7%	3.5%	7.0%	9.4%	9.4%	9.4%
FCF yield	n.a.	n.a.	n.a.	-2.9%	-8.9%	-53.7%	-10.3%	-41.4%	9.8%	9.9%	9.7%
FCF Yield bef A&D, lease adj	n.a.	n.a.	n.a.	5.1%	3.0%	5.3%	4.1%	10.4%	9.8%	9.9%	9.7%
Payout ratio	n.a.	n.a.	n.a.	211.3%	101.7%	102.3%	83.6%	80.5%	103.7%	102.8%	104.9%

Source: Company data and Nordea estimates

BALANCE SHEET

EURm	2015	2016	2017	2018	2019	2020	2021	2022	2023E	2024E	2025E
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	0	0	0	816	881	1,281	1,509	1,861	1,850	1,847	1,858
of which leased assets	0	0	0	0	6	8	10	10	10	10	10
Shares associates	0	0	0	0	0	0	0	0	0	0	0
Interest bearing assets	0	0	0	0	0	0	0	0	0	0	0
Deferred tax assets	0	0	0	2	1	4	5	2	2	2	2
Other non-IB non-current assets	0	0	0	0	0	0	0	15	15	15	15
Other non-current assets	0	0	0	1	0	0	0	0	0	0	0
Total non-current assets	0	0	0	819	882	1,284	1,514	1,878	1,867	1,864	1,875
Inventory	0	0	0	0	0	0	0	0	0	0	0
Accounts receivable	0	0	0	2	4	1	2	1	1	1	1
Short-term leased assets	0	0	0	0	0	0	0	0	0	0	0
Other current assets	0	0	0	1	2	2	3	4	5	5	5
Cash and bank	0	0	0	26	25	37	51	46	49	52	53
Total current assets	0	0	0	29	30	39	56	52	55	58	59
Assets held for sale	0	0	0	0	0	0	0	0	0	0	0
Total assets	**0**	**0**	**0**	**848**	**913**	**1,324**	**1,571**	**1,930**	**1,923**	**1,922**	**1,934**
Shareholders equity	0	0	0	329	333	458	583	698	765	763	772
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	0	29	30	30	30	30
Minority interest	0	0	0	0	0	0	0	0	0	0	0
Total Equity	0	0	0	329	333	458	583	698	765	763	772
Deferred tax	0	0	0	9	14	20	31	45	44	43	45
Long term interest bearing debt	0	0	0	486	535	810	911	1,053	1,057	1,057	1,057
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	0	0	0	2	2	1	0	0	0	0	0
Non-current lease debt	0	0	0	0	6	9	13	14	14	14	14
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	0	0	0	498	557	841	956	1,111	1,114	1,113	1,115
Short-term provisions	0	0	0	0	0	0	0	0	0	0	0
Accounts payable	0	0	0	0	0	0	1	1	1	1	1
Current lease debt	0	0	0	0	0	0	0	0	0	0	0
Other current liabilities	0	0	0	21	23	22	28	39	43	45	46
Short term interest bearing debt	0	0	0	0	0	3	2	80	0	0	0
Total current liabilities	0	0	0	21	23	25	31	120	44	46	47
Liabilities for assets held for sale	0	0	0	0	0	0	0	0	0	0	0
Total liabilities and equity	**0**	**0**	**0**	**848**	**913**	**1,324**	**1,571**	**1,930**	**1,923**	**1,922**	**1,934**
Balance sheet and debt metrics											
Net debt	0	0	0	461	517	785	876	1,101	1,021	1,019	1,018
of which lease debt	0	0	0	0	6	9	13	14	14	14	14
Working capital	0	0	0	-18	-17	-20	-24	-34	-38	-39	-40
Invested capital	0	0	0	801	865	1,265	1,491	1,844	1,829	1,825	1,834
Capital employed	0	0	0	815	874	1,280	1,510	1,845	1,835	1,834	1,842
ROE	n.m.	n.m.	n.m.	8.4%	9.2%	8.7%	9.9%	12.5%	5.2%	6.6%	7.8%
ROIC	n.m.	n.m.	n.m.	4.2%	4.2%	4.1%	4.1%	4.4%	4.6%	4.8%	4.9%
ROCE	n.m.	n.m.	n.m.	5.3%	5.1%	5.1%	5.0%	5.4%	5.7%	6.0%	6.1%
Net debt/EBITDA	n.m.	n.m.	n.m.	21.9	11.9	14.3	12.5	12.1	9.7	9.3	9.0
Interest coverage	n.a.	n.a.	n.a.	2.6	2.9	2.6	3.1	2.5	2.0	2.1	2.0
Equity ratio	n.m.	n.m.	n.m.	38.8%	36.5%	34.6%	37.1%	36.2%	39.8%	39.7%	39.9%
Net gearing	n.m.	n.m.	n.m.	140.1%	155.2%	171.5%	150.2%	157.7%	133.6%	133.5%	131.9%

Source: Company data and Nordea estimates

CASH FLOW STATEMENT											
EURm	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023E**	**2024E**	**2025E**
EBITDA (adj) for associates	**0**	**0**	**0**	**21**	**43**	**55**	**70**	**91**	**105**	**109**	**113**
Paid taxes	0	0	0	-1	-2	-1	-1	-1	-2	-3	-4
Net financials	0	0	0	-4	-15	-21	-22	-33	-53	-53	-57
Change in provisions	0	0	0	0	0	0	0	0	0	0	0
Change in other LT non-IB	0	0	0	0	1	-4	-1	-13	0	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	0	0	0	0	-1	2	1	13	0	0	0
Funds from operations (FFO)	**0**	**0**	**0**	**16**	**26**	**31**	**46**	**58**	**50**	**53**	**52**
Change in NWC	0	0	0	0	-13	4	5	7	4	1	1
Cash flow from operations (CFO)	**0**	**0**	**0**	**16**	**13**	**35**	**51**	**65**	**53**	**54**	**53**
Capital expenditure	0	0	0	0	0	0	0	0	0	0	0
Free cash flow before A&D	**0**	**0**	**0**	**16**	**13**	**35**	**51**	**65**	**53**	**54**	**53**
Proceeds from sale of assets	0	0	0	0	2	0	0	0	0	0	0
Acquisitions	0	0	0	-25	-53	-392	-180	-323	0	0	0
Free cash flow	0	0	0	-9	-39	-357	-129	-258	53	54	53
Free cash flow bef A&D, lease adj	0	0	0	16	13	35	51	65	53	54	53
Dividends paid	0	0	0	-6	-26	-30	-38	-44	-44	-52	-52
Equity issues / buybacks	0	0	0	0	0	123	85	92	72	0	0
Net change in debt	0	0	0	24	24	24	24	24	-76	0	0
Other financing adjustments	0	0	0	0	12	7	10	68	-13	-3	11
Other non-cash adjustments	0	0	0	17	28	245	32	112	11	3	-11
Change in cash	0	0	0	26	-1	12	14	-5	3	3	1
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	n.a.	n.a.	n.a.	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Key information											
Share price year end (/current)	n.a.	n.a.	n.a.	10	14	17	28	13	10	10	10
Market cap.	n.a.	n.a.	n.a.	314	432	665	1,249	624	545	545	545
Enterprise value	n.a.	n.a.	n.a.	775	949	1,450	2,125	1,725	1,567	1,564	1,563
Diluted no. of shares, year-end (m)	0.0	0.0	0.0	31.1	31.1	40.0	44.0	48.4	57.2	57.2	57.2

Source: Company data and Nordea estimates

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This report has not been reviewed by the Issuer prior to publication.

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