25 June 2024

Commissioned research: Investors House – Sells its 1/3 stake in development JV at a substantial gain and raises 2024 guidance

Marketing material commissioned by Investors House

Investors House announced today that it has divested its 1/3 stake in Jyväskylän Kukkulan Kehitys Oy (JKK) to its JV partner Ovaro for EUR 5m. Additionally, JKK will pay back a loan of EUR 3m to Investors House in 2024. The gain from the sale will be booked in Q2 2024 and the purchase price will be paid to Investors House in three instalments; EUR 1m in 2024, EUR 2m in 2025 and EUR 2m in 2026 with an interest component of 5% on outstanding payments. Investors House will keep its 2/3 ownership in Apitaire, where Investors House increased its ownership in March from 1/3. Hence, Investors House keeps its 2/3 ownership in Kukkula-project phase I (triple-net net rental income lease agreement until 2041) and cuts the ties to Kukkula-project phase II and III (development projects). The gain from the transaction is not disclosed (will be reported in Q2 2024 report on 14 August), but we believe it could be roughly EUR 2-3m in 2024 as Investors House raised its net profit guidance for 2024 in conjunction with the announcement. Earlier, Investors House guided for flat net profit in 2024 (2023: EUR 3.5m, our estimate EUR 3.3m) while it now expects a "significant" improvement from 2023. We view the news as positive as it de-risks the balance sheet materially and leaves room for value-accretive acquisitions going forward. In addition, it supports the company's ambition to keep growing its dividends annually.

SUMMARY TABLE - KEY FIGURES

EURt	2021	2022	2023	2024E	2025E	2026E
Total revenue	8,043	7,603	6,857	9,527	10,617	10,830
EBITDA (adj)	4,149	2,260	3,897	4,892	4,964	5,097
EBIT (adj)	4,149	2,260	3,897	4,892	4,964	5,097
EBIT (adj) margin	51.6%	29.7%	56.8%	51.4%	46.7%	47.1%
EPS (adj, EUR)	0.53	0.27	0.54	0.43	0.41	0.43
EPS (adj) growth	396.5%	-49.0%	100.3%	-20.5%	-3.8%	4.6%
DPS (ord, EUR)	0.29	0.31	0.33	0.35	0.37	0.39
EV/Sales	6.4	5.7	6.0	8.9	8.1	7.9
EV/EBIT (adj)	22.6	25.5	n.m.	17.8	17.2	16.9
P/E (adj)	10.5	17.8	9.4	12.3	12.8	12.2
P/BV	1.0	1.0	1.0	1.0	1.0	1.0
Dividend yield (ord)	5.2%	6.5%	6.5%	6.6%	7.0%	7.4%
FCF Yield bef A&D, lease adj	-2.1%	1.9%	-2.9%	6.6%	7.8%	7.9%
Net debt	4,383	12,205	8,273	37,124	36,726	36,418
Net debt/EBITDA	n.m.	2.9	2.1	7.6	7.4	7.1
ROIC after tax	n.a.	4.1%	6.9%	6.3%	4.9%	5.0%

Source: Company data and Nordea estimates

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