

Staple and stable

Cibus performed strong. The fundamentals are solid as before, yet wider property valuations are subject to higher uncertainty. We retain our SEK 150 TP and BUY rating.

There's little reason to expect performance to be impaired

Cibus' portfolio performed as expected with Q1 rental income at EUR 14.0m vs our EUR 13.9m estimate, while net rental income amounted to EUR 13.0m (vs our EUR 13.0m expectation). We did expect temporarily elevated administration costs due to the Coop acquisition, as the company suggested, and estimated the Q1 figure at EUR 1.1m. The figure came in at EUR 1.5m and thus the EUR 11.5m Q1 operating income missed our EUR 11.9m estimate. Meanwhile we overestimated financial costs (excluding currency losses) since net operating income excluding currency losses was EUR 7.7m, compared to our EUR 7.6m estimate. In terms of earnings capacity, the updated property expenses line is higher than we expected while the administration cost line is slightly lower. We make only small revisions to our estimates.

Cash flow is solid, yet valuation is not immune to macro

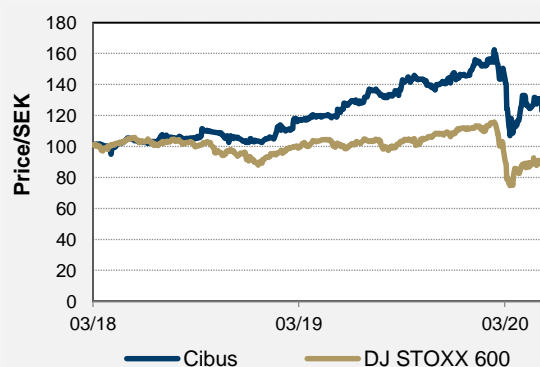
In our view Cibus' figures and comments prove the pandemic will have little impact operationally. While in the big picture retail rents are likely to be under pressure (mainly due to shopping centers) in our opinion there's no valid reason to expect this will apply to daily-goods stores. Cibus hasn't noticed changes to deal flow and bank financing prospects. We see the daily-goods property market remaining stable and would not expect distressed sellers to surface in any meaningful numbers. Even though the pandemic will provide strong tailwind for online grocery sales the fact remains that such operations still struggle profit-wise in the Nordics. We expect Cibus will continue to generate robust cash flow as before. We view wider property valuation trends as the main risk for Cibus' shareholders: uncertainty runs high and it remains to be seen how exactly e.g. telecommuting practices will affect office vacancy rates.

We reiterate our SEK 150 TP and BUY rating

Cibus continues to scan e.g. the Norwegian market, but for now the focus is on Finland and Sweden. The purchased Swedish properties are being converted into Coop stores (Coop purchased them from Netto last year); Cibus says the conversion is progressing well. We retain our SEK 150 TP and BUY rating.

Rating

BUY



Share price, SEK (Last trading day's closing price) 127.00

Target price, SEK 150.0

Latest change in recommendation 12-May-20

Latest report on company 12-May-20

Research paid by issuer: YES

No. of shares outstanding, '000's 37,320

No. of shares fully diluted, '000's 37,320

Market cap, EURm 444

Free float, % 91.4

Exchange rate EUR/SEK 10.60

Reuters code CIBUS.ST

Bloomberg code CIBUS SS

Average daily volume, EURm 1.0

Next interim report 20-Aug-20

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BUY HOLD SELL

KEY FIGURES

	Sales EURm	EBIT EURm	EBIT %	FCF EURm	EPS EUR	P/E (x)	EV/Sales (x)	EV/EBIT (x)	FCF yield %	DPS EUR
2018	39.8	33.7	84.7%	17.8	0.54	19.6	19.8	23.4	5.5	0.84
2019	51.5	43.5	84.5%	-17.5	0.76	18.8	18.5	21.9	-3.9	0.89
2020E	62.7	54.2	86.5%	-150.4	0.78	15.2	16.7	19.3	-33.9	0.93
2021E	65.6	57.6	87.8%	33.3	0.90	13.2	16.0	18.2	7.5	0.98
2022E	66.4	58.8	88.5%	34.1	0.92	13.0	15.8	17.9	7.7	1.03
Market cap, EURm	444			Gearing 2020E, %	143.8			CAGR EPS 2019-22, %	6.5	
Net debt 2020E, EURm	604			Price/book 2020E	1.1			CAGR sales 2019-22, %	8.8	
Enterprise value, EURm	1,049			Dividend yield 2020E, %	7.9			ROE 2020E, %	7.8	
Total assets 2020E, EURm	1,099			Tax rate 2020E, %	20.2			ROCE 2020E, %	5.6	
Goodwill 2020E, EURm	0			Equity ratio 2020E, %	38.2			PEG, P/E 20/CAGR	2.6	

Estimates summary

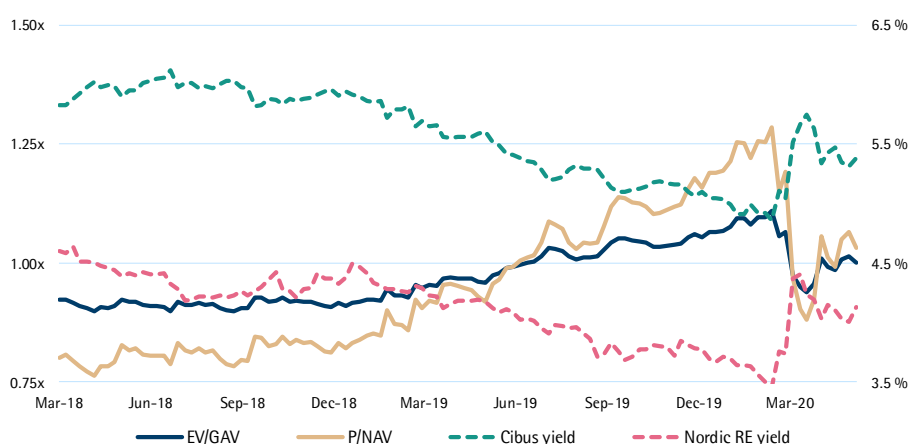
Cibus Nordic	Q1'19	Q2'19	Q3'19	Q4'19	2019	Q1'20	Q2'20e	Q3'20e	Q4'20e	2020e	2021e
Rental income	12.7	12.6	13.2	13.2	51.5	14.0	16.2	16.2	16.3	62.7	65.6
Net rental income ¹⁾	12.1	11.5	12.5	12.6	48.6	13.0	15.1	15.2	15.3	58.6	61.6
Operating income ²⁾	11.2	10.5	11.3	10.6	43.5	11.5	14.2	14.2	14.3	54.2	57.6
Net operating income ³⁾	7.6	6.8	7.3	7.0	28.7	6.8	9.9	10.0	10.0	36.7	41.6

1) Rental income less Property expenses

2) Net rental income less Central administration expenses

3) Operating income less Net financial costs

Source: Evli Research

Cibus Nordic valuation and yield development


Source: Evli Research, Bloomberg, Cibus Nordic

Note: Yields based on NTM earnings estimates before financial expenses

CIBUS PEER GROUP	MCAP MEUR	EV/EBITDA			P/B			Div. yield		
		19	20	21	19	20	21	19	20	21
Atrium Ljungberg	1526				0.7x	0.7x	0.7x	4.0 %	3.4 %	4.1 %
Castellum	4261	25.8x	22.3x	21.3x	1.0x	1.1x	1.1x	3.9 %	4.0 %	4.1 %
Citycon	963	20.4x	19.1x	18.0x	0.4x	0.5x	0.5x	12.0 %	9.5 %	9.1 %
Entra	1939	22.8x	20.9x	20.5x	1.0x	0.9x	0.9x	4.0 %	3.2 %	4.2 %
Fabege	3189	38.4x	29.2x	27.6x	0.8x	0.8x	0.9x	3.1 %	3.2 %	3.3 %
Hufvudstaden	2154	34.6x	24.0x	22.1x	0.7x	0.7x	0.7x	3.5 %	3.6 %	3.7 %
Klovern	974	23.5x	21.4x	20.0x	0.8x	0.7x	0.6x	2.6 %	3.8 %	4.3 %
Kojamo	4093	30.3x	29.2x	27.7x	1.1x	1.0x	1.0x	2.1 %	2.2 %	2.3 %
Kungsleden	1318	25.3x	20.1x	19.2x	0.8x	0.8x	0.8x	1.2 %	4.2 %	4.5 %
Pandex	1478	21.1x	30.7x	18.1x	0.5x	0.6x	0.6x	4.2 %	0.8 %	3.1 %
Wallenstam	3038	45.4x	40.7x	38.9x	1.3x	1.3x	1.2x	1.9 %	2.0 %	2.1 %
Wihlborgs Fastigheter	1915	24.8x	20.7x	20.0x	1.1x	1.1x	1.0x	3.4 %	3.6 %	3.8 %
Peer Group Average	2237	28.4x	25.3x	23.0x	0.9x	0.9x	0.8x	3.8 %	3.6 %	4.1 %
Peer Group Median	1927	25.3x	22.3x	20.5x	0.8x	0.8x	0.8x	3.4 %	3.5 %	3.9 %
Cibus (Evli est.)	448	21.9x	19.4x	18.3x	1.1x	1.1x	1.1x	6.2 %	7.8 %	8.2 %

Cibus prem./disc. to peer median

-13 % -13 % -11 % 32 % 33 % 34 % 82 % 123 % 107 %

Source FactSet, Evli Research

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC
Current share price	127.00 PV of Free Cash Flow	201 Long-term growth, %	1.2 Risk-free interest rate, %
DCF share value	12.24 PV of Horizon value	794 WACC, %	5.2 Market risk premium, %
Share price potential, %	2.9 Unconsolidated equity	0 Spread, %	0.5 Debt risk premium, %
Maximum value	16.6 Marketable securities	25 Minimum WACC, %	4.7 Equity beta coefficient
Minimum value	8.8 Debt - dividend	-563 Maximum WACC, %	5.7 Target debt ratio, %
Horizon value, %	79.8 Value of stock	457 Nr of shares, Mn	37.3 Effective tax rate, %

DCF valuation, EURm	2019	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	Horizon
Net sales	52	63	66	66	67	68	69	70	70	71	72	73
<i>Sales growth, %</i>	<i>29.4</i>	<i>21.7</i>	<i>4.8</i>	<i>1.2</i>	<i>1.2</i>	<i>1.2</i>	<i>1.2</i>	<i>1.2</i>	<i>1.2</i>	<i>1.2</i>	<i>1.2</i>	<i>1.2</i>
Operating income (EBIT)	44	54	58	59	59	60	61	62	62	63	64	65
<i>Operating income margin, %</i>	<i>84.5</i>	<i>86.5</i>	<i>87.8</i>	<i>88.5</i>	<i>88.5</i>	<i>88.5</i>	<i>88.5</i>	<i>88.5</i>	<i>88.5</i>	<i>88.5</i>	<i>88.5</i>	<i>88.5</i>
+ Depreciation+amort.	0	0	0	0	0	0	0	0	0	0	0	0
EBITDA	44	54	58	59	59	60	61	62	62	63	64	
- Paid taxes	-3	-11	-11	-12	-12	-12	-12	-12	-12	-13	-13	
- Change in NWC	-1	0	0	0	0	0	0	0	0	0	0	
<i>NWC / Sales, %</i>	<i>-33.1</i>	<i>-27.0</i>	<i>-25.8</i>	<i>-25.4</i>	<i>-25.1</i>	<i>-24.8</i>	<i>-24.5</i>	<i>-24.2</i>	<i>-23.9</i>	<i>-23.7</i>	<i>-23.4</i>	
+ Change in other liabs	6	0	0	0	0	0	0	0	0	0	0	
- Operative CAPEX	-51	-180	0	0	0	0	0	0	0	0	0	
<i>opCAPEX / Sales, %</i>	<i>99.7</i>	<i>289.3</i>	<i>0.5</i>	<i>0.1</i>	<i>0.1</i>	<i>0.1</i>	<i>0.1</i>	<i>0.1</i>	<i>0.1</i>	<i>0.1</i>	<i>0.1</i>	
- Acquisitions	0	0	0	0	0	0	0	0	0	0	0	
+ Divestments	0	0	0	0	0	0	0	0	0	0	0	
- Other items	7	2	0	0	0	0	0	0	0	0	0	
= FCFF	1	-135	47	47	48	48	49	49	50	50	51	1,292
= Discounted FCFF		-131	43	41	40	38	37	35	34	33	31	794
= DFCF min WACC		-131	43	42	40	39	38	36	35	34	33	951
= DFCF max WACC		-131	43	41	39	37	36	34	33	31	30	675

INTERIM FIGURES

EVLI ESTIMATES, EURm	2019Q1	2019Q2	2019Q3	2019Q4	2019	2020Q1	2020Q2E	2020Q3E	2020Q4E	2020E	2021E	2022E
Net sales	12.7	12.5	13.2	13.1	51.5	14.0	16.2	16.2	16.3	62.7	65.6	66.4
EBITDA	11.2	10.4	11.3	10.6	43.5	11.5	14.2	14.2	14.3	54.2	57.6	58.8
<i>EBITDA margin (%)</i>	<i>88.5</i>	<i>82.9</i>	<i>85.6</i>	<i>80.9</i>	<i>84.5</i>	<i>82.1</i>	<i>87.8</i>	<i>87.8</i>	<i>87.8</i>	<i>86.5</i>	<i>87.8</i>	<i>88.5</i>
EBIT	11.2	10.4	11.3	10.6	43.5	11.5	14.2	14.2	14.3	54.2	57.6	58.8
<i>EBIT margin (%)</i>	<i>88.5</i>	<i>82.9</i>	<i>85.6</i>	<i>80.9</i>	<i>84.5</i>	<i>82.1</i>	<i>87.8</i>	<i>87.8</i>	<i>87.8</i>	<i>86.5</i>	<i>87.8</i>	<i>88.5</i>
Net financial items	-3.5	-3.6	-4.0	-3.6	-14.8	-4.7	-4.2	-4.3	-4.3	-17.5	-16.0	-16.0
Pre-tax profit	7.7	6.8	7.3	7.0	28.7	6.8	9.9	9.9	10.0	36.7	41.6	42.8
Tax	-1.1	-2.1	-0.8	-1.1	-5.1	-1.4	-2.0	-2.0	-2.0	-7.4	-8.0	-8.6
<i>Tax rate (%)</i>	<i>13.9</i>	<i>31.1</i>	<i>11.5</i>	<i>15.7</i>	<i>17.8</i>	<i>20.6</i>	<i>20.1</i>	<i>20.1</i>	<i>20.0</i>	<i>20.2</i>	<i>19.2</i>	<i>20.0</i>
Net profit	6.6	4.7	6.5	5.9	23.6	5.4	7.9	7.9	8.0	29.3	33.6	34.2
EPS	0.21	0.15	0.21	0.19	0.76	0.14	0.21	0.21	0.21	0.78	0.90	0.92
EPS adjusted (diluted no. of shares)	0.21	0.15	0.21	0.19	0.76	0.14	0.21	0.21	0.21	0.78	0.90	0.92
Dividend per share	0.00	0.00	0.00	0.00	0.89	0.00	0.00	0.00	0.00	0.93	0.98	1.03
SALES, EURm												
Cibus Nordic	12.7	12.5	13.2	13.1	51.5	14.0	16.2	16.2	16.3	62.7	65.6	66.4
Total	12.7	12.5	13.2	13.1	51.5	14.0	16.2	16.2	16.3	62.7	65.6	66.4
SALES GROWTH, Y/Y %												
Cibus Nordic	308.2	7.6	5.2	4.8	29.4	10.6	28.7	22.9	24.3	21.7	4.8	1.2
Total	308.2	7.6	5.2	4.8	29.4	10.6	28.7	22.9	24.3	21.7	4.8	1.2
EBIT, EURm												
Cibus Nordic	11.2	10.4	11.3	10.6	43.5	11.5	14.2	14.2	14.3	54.2	57.6	58.8
Total	11.2	10.4	11.3	10.6	43.5	11.5	14.2	14.2	14.3	54.2	57.6	58.8
EBIT margin, %												
Cibus Nordic	88.5	82.9	85.6	80.9	84.5	82.1	87.8	87.8	87.8	86.5	87.8	88.5
Total	88.5	82.9	85.6	80.9	84.5	82.1	87.8	87.8	87.8	86.5	87.8	88.5

INCOME STATEMENT, EURm	2015	2016	2017	2018	2019	2020E	2021E	2022E
Sales	0.0	0.0	0.0	39.8	51.5	62.7	65.6	66.4
<i>Sales growth (%)</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>29.4</i>	<i>21.7</i>	<i>4.8</i>	<i>1.2</i>
EBITDA	0.0	0.0	0.0	33.7	43.5	54.2	57.6	58.8
<i>EBITDA margin (%)</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>84.7</i>	<i>84.5</i>	<i>86.5</i>	<i>87.8</i>	<i>88.5</i>
Depreciation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBITA	0.0	0.0	0.0	33.7	43.5	54.2	57.6	58.8
Goodwill amortization / writedown	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	0.0	0.0	0.0	33.7	43.5	54.2	57.6	58.8
<i>EBIT margin (%)</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>84.7</i>	<i>84.5</i>	<i>86.5</i>	<i>87.8</i>	<i>88.5</i>
Reported EBIT	0.0	0.0	0.0	65.7	50.2	55.9	57.6	58.8
<i>EBIT margin (reported) (%)</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>165.1</i>	<i>97.5</i>	<i>89.2</i>	<i>87.8</i>	<i>88.5</i>
Net financials	0.0	0.0	0.0	-10.0	-14.8	-17.5	-16.0	-16.0
Pre-tax profit	0.0	0.0	0.0	23.7	28.7	36.7	41.6	42.8
Taxes	0.0	0.0	0.0	-7.0	-5.1	-7.4	-8.0	-8.6
Minority shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net profit	0.0	0.0	0.0	48.7	30.3	31.0	33.6	34.2
Cash NRIs	0.0	0.0	0.0	32.0	6.7	1.7	0.0	0.0
Non-cash NRIs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
BALANCE SHEET, EURm								
Assets								
Fixed assets	0	0	768	817	875	1,055	1,055	1,055
Goodwill	0	0	0	0	0	0	0	0
Right of use assets	0	0	0	0	6	7	7	8
Inventory	0	0	0	0	0	0	0	0
Receivables	0	0	5	3	6	6	6	6
Liquid funds	0	0	17	26	25	30	32	32
Total assets	0	0	792	848	913	1,099	1,101	1,102
Liabilities								
Shareholder's equity	0	0	334	329	333	420	419	417
Minority interest	0	0	0	0	0	0	0	0
Convertibles	0	0	0	0	0	0	0	0
Lease liabilities	0	0	0	0	0	7	7	8
Deferred taxes	0	0	7	9	14	14	14	14
Interest bearing debt	0	0	440	486	535	627	630	633
Non-interest bearing current liabilities	0	0	0	0	0	0	0	0
Other interest-free debt	0	0	11	24	31	31	31	31
Total liabilities	0	0	792	848	913	1,099	1,101	1,102
CASH FLOW, EURm								
+ EBITDA	0	0	0	34	44	54	58	59
- Net financial items	0	0	0	-10	-15	-18	-16	-16
- Taxes	0	0	5	0	0	-7	-8	-9
- Increase in Net Working Capital	0	0	5	14	-1	0	0	0
+/- Other	0	0	0	-16	7	2	0	0
= Cash flow from operations	0	0	10	21	34	31	34	34
- Capex	0	0	-768	-4	-51	-181	0	0
- Acquisitions	0	0	0	0	0	0	0	0
+ Divestments	0	0	0	0	0	0	0	0
= Free cash flow	0	0	-758	-18	-17	-150	33	34
+/- New issues/buybacks	0	0	334	29	0	84	0	0
- Paid dividend	0	0	0	-25	-26	-28	-35	-37
+/- Other	0	0	442	44	43	99	3	3
Change in cash	0	0	17	8	-1	5	1	0

KEY FIGURES	2016	2017	2018	2019	2020E	2021E	2022E
M-cap	0	0	327	443	444	444	444
Net debt (excl. convertibles)	0	423	461	510	604	606	608
Enterprise value	0	423	787	954	1,049	1,050	1,053
Sales	0	0	40	52	63	66	66
EBITDA	0	0	34	44	54	58	59
EBIT	0	0	34	44	54	58	59
Pre-tax	0	0	24	29	37	42	43
Earnings	0	0	17	24	29	34	34
Equity book value (excl. minorities)	0	334	329	333	420	419	417
Valuation multiples							
EV/sales	0.0	0.0	19.8	18.5	16.7	16.0	15.8
EV/EBITDA	0.0	0.0	23.4	21.9	19.3	18.2	17.9
EV/EBITA	0.0	0.0	23.4	21.9	19.3	18.2	17.9
EV/EBIT	0.0	0.0	23.4	21.9	19.3	18.2	17.9
EV/OCF	0.0	42.7	36.8	28.2	34.0	31.2	30.8
EV/FCFF	0.0	-0.6	-4.4	1,142.0	-7.8	22.6	22.4
P/FCFE	0.0	0.0	1.8	-2.5	-31.5	142.4	138.9
P/E	0.0	0.0	19.6	18.8	15.2	13.2	13.0
P/B	0.0	0.0	1.0	1.3	1.1	1.1	1.1
Target EV/EBITDA	0.0	0.0	0.0	0.0	114.4	107.6	105.6
Target EV/EBIT	0.0	0.0	0.0	0.0	114.4	107.6	105.6
Target EV/FCF	0.0	0.0	0.0	0.0	-41.2	186.5	181.9
Target P/B	0.0	0.0	0.0	0.0	13.3	13.4	13.4
Target P/E	0.0	0.0	0.0	0.0	191.3	166.4	163.6
Per share measures							
Number of shares	31,100	31,100	31,100	31,100	37,320	37,320	37,320
Number of shares (diluted)	31,100	31,100	31,100	31,100	37,320	37,320	37,320
EPS	0.00	0.00	0.54	0.76	0.78	0.90	0.92
Operating cash flow per share	0.00	0.32	0.69	1.09	0.83	0.90	0.92
Free cash flow per share	0.00	-24.38	0.57	-0.56	-4.03	0.89	0.91
Book value per share	0.00	10.74	10.57	10.70	11.26	11.23	11.17
Dividend per share	0.00	0.80	0.84	0.89	0.93	0.98	1.03
Dividend payout ratio, %	0.0	0.0	156.4	117.3	119.2	108.9	112.4
Dividend yield, %	0.0	0.0	8.0	6.2	7.9	8.2	8.7
FCF yield, %	0.0	0.0	5.5	-3.9	-33.9	7.5	7.7
Efficiency measures							
ROE	0.0	0.0	5.0	7.1	7.8	8.0	8.2
ROCE	0.0	0.0	4.2	5.2	5.6	5.5	5.6
Financial ratios							
Inventories as % of sales	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Receivables as % of sales	0.0	0.0	8.4	11.2	9.3	8.9	8.8
Non-interest bearing liabilities as % of sales	0.0	0.0	0.0	0.0	0.0	0.0	0.0
NWC/sales, %	0.0	0.0	-45.6	-33.1	-27.0	-25.8	-25.4
Operative CAPEX/sales, %	0.0	0.0	9.0	99.7	289.3	0.5	0.1
CAPEX/sales (incl. acquisitions), %	0.0	0.0	9.0	99.7	289.3	0.5	0.1
FCFF/EBITDA	0.0	0.0	-5.3	0.0	-2.5	0.8	0.8
Net debt/EBITDA, book-weighted	0.0	0.0	13.7	11.7	11.1	10.5	10.4
Debt/equity, market-weighted	0.0	0.0	1.5	1.2	1.4	1.4	1.4
Equity ratio, book-weighted	0.0	42.2	38.8	36.5	38.2	38.1	37.8
Gearing, %	0.0	126.5	140.1	153.4	143.8	144.6	146.0

COMPANY DESCRIPTION: Cibus Nordic Real Estate owns a highly diversified portfolio of daily-goods properties located around Finland and Southern Sweden. With regards to the Finnish portfolio, roughly 90% of rental income is generated by properties where either Kesko, Tokmanni or S-Group is the anchor tenant, and consequently portfolio income is largely attributable to the supermarket and discount store types. Southern Sweden is responsible for some 17% of net rental income following the acquisition of 111 Coop supermarket properties. The portfolio exhibits defensive characteristics and is expected to produce stable cash flows as the lease agreements mostly stipulate the properties' upkeep and renovation costs to be paid by the tenants.

INVESTMENT CASE: Cibus' cash flow profile is very stable and tenant risks manageable. In our view the supermarket segment is a particularly attractive type of daily-goods property. We see Cibus' current net yield level still rather high compared to other listed Nordic real estate companies, implying further upside potential.

OWNERSHIP STRUCTURE	SHARES	EURm	%
Fourth Swedish National Pension Fund	3,304,462	39.333	8.9%
SFC Holding S.à r.l.	3,200,000	38.090	8.6%
Amiral Gestion	1,806,879	21.507	4.8%
Marjan Dragicevic	1,604,000	19.093	4.3%
Länsförsäkringar Funds	1,509,575	17.969	4.0%
Talomon Capital Limited	1,087,176	12.941	2.9%
Dragfast AB	1,000,000	11.903	2.7%
BMO Global Asset Management	894,434	10.647	2.4%
Avanza Pension	882,623	10.506	2.4%
Svenska Handelsbanken AB for PB	871,276	10.371	2.3%
Ten largest	16,160,425	192.359	43%
Residual	21,159,575	251.864	57%
Total	37,320,000	444.223	100%

EARNINGS CALENDAR

August 20, 2020	Q2 report
November 12, 2020	Q3 report

OTHER EVENTS

COMPANY MISCELLANEOUS

CEO: Sverker Källgård	Kungsgatan 56, 111 22 Stockholm
CFO: Pia-Lena Olofsson	Tel:
IR:	

DEFINITIONS

P/E	$\frac{\text{Price per share}}{\text{Earnings per share}}$	EPS	$\frac{\text{Profit before extraord. items and taxes} - \text{income taxes} + \text{minority interest}}{\text{Number of shares}}$
P/BV	$\frac{\text{Price per share}}{\text{Shareholders' equity} + \text{taxed provisions per share}}$	DPS	Dividend for the financial period per share
Market cap	Price per share * Number of shares	OCF (Operating cash flow)	EBITDA – Net financial items – Taxes – Increase in working capital – Cash NRIs ± Other adjustments
EV (Enterprise value)	Market cap + net debt + minority interest at market value – share of associated companies at market value	FCF (Free cash flow)	Operating cash flow – operative CAPEX – acquisitions + divestments
EV/Sales	$\frac{\text{Enterprise value}}{\text{Sales}}$	FCF yield, %	$\frac{\text{Free cash flow}}{\text{Market cap}}$
EV/EBITDA	$\frac{\text{Enterprise value}}{\text{Earnings before interest, tax, depreciation and amortization}}$	Operative CAPEX/sales	$\frac{\text{Capital expenditure} - \text{divestments} - \text{acquisitions}}{\text{Sales}}$
EV/EBIT	$\frac{\text{Enterprise value}}{\text{Operating profit}}$	Net working capital	Current assets – current liabilities
Net debt	Interest bearing debt – financial assets	Capital employed/Share	$\frac{\text{Total assets} - \text{non-interest bearing debt}}{\text{Number of shares}}$
Total assets	Balance sheet total	Gearing	$\frac{\text{Net debt}}{\text{Equity}}$
Div yield, %	$\frac{\text{Dividend per share}}{\text{Price per share}}$	Debt/Equity, %	$\frac{\text{Interest bearing debt}}{\text{Shareholders' equity} + \text{minority interest} + \text{taxed provisions}}$
Payout ratio, %	$\frac{\text{Total dividends}}{\text{Earnings before extraordinary items and taxes} - \text{income taxes} + \text{minority interest}}$	Equity ratio, %	$\frac{\text{Shareholders' equity} + \text{minority interest} + \text{taxed provisions}}{\text{Total assets} - \text{interest-free loans}}$
ROCE, %	$\frac{\text{Profit before extraordinary items} + \text{interest expenses} + \text{other financial costs}}{\text{Balance sheet total} - \text{non-interest bearing debt (average)}}$	CAGR, %	Cumulative annual growth rate = Average growth per year
ROE, %	$\frac{\text{Profit before extraordinary items and taxes} - \text{income taxes}}{\text{Shareholder's equity} + \text{minority interest} + \text{taxed provisions (average)}}$		

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Investment recommendations are defined as follows:

Target price compared to share price	Recommendation
< -10 %	SELL
-10 – (+10) %	HOLD
> 10 %	BUY

ERP's investment recommendation of the analyzed company is updated at least 2 timer per year.

Recommendation	Percentage
Sell	8%
Hold	53%
Buy	39%

The graph above shows the distribution of ERP's recommendations of companies under coverage in 1st of February 2019. If recommendation is not given, it is not mentioned here.

Name(s) of the analyst(s): Ilvonen

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