

Something more to chew over

Cibus' portfolio remains unaffected by the pandemic and additional acquisitions are imminent despite already busy H1'20. Our TP is now SEK 160 (150) per share, rating BUY.

Certain exceptional transactions burdened Q2 bottom line

Cibus was largely immune to the pandemic (shared certain small Finnish tenants' troubles to the tune of EUR 0.2m). Property figures were as expected with rental income at EUR 16.4m vs our EUR 16.2m estimate. Property expenses remained in check and so net rental income amounted to EUR 15.1m i.e. same as our estimate. Administration costs were elevated by some EUR 0.5m due to bond transactions as well as the restructuring of Finnish books. The EUR 13.6m in operating income thus fell short of our EUR 14.2m estimate. Net financial costs were driven high, to EUR 5.8m, by a one-off EUR 2.9m item attributable to bond redemption premiums and arrangement fees. Net operating income was thus EUR 7.8m vs our EUR 9.9m estimate.

Both existing portfolio and prospects basically unchanged

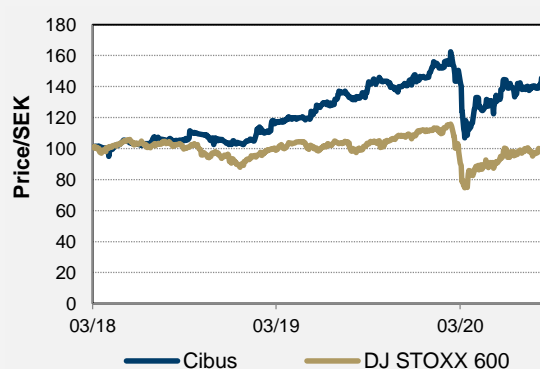
The daily-goods property market remains stable and the pandemic hasn't discernibly altered deal flow. This means Cibus is in a strong position to add to its property mass through smaller portfolio acquisitions and thus scale the current organization. Yields are still attractive as Cibus can buy assets at some 100-150bps pick-up relative to its own book valuation. In addition to the EUR 180m Swedish entry, Cibus is well ahead of its annual EUR 50m acquisition target since Finnish purchases total over EUR 70m YTD. With EUR 85m in cash and long-term financing in place further additions might well happen in H2'20. Cibus is also instituting additional shareholder-friendly effects in the near term, namely the transitioning to monthly dividend payments as well as switching to the Nasdaq Stockholm main list.

We see scope for further valuation rerating

In our opinion some tightening in valuation relative to the wider Nordic property sector is warranted since the pandemic has very limited direct bearing on Cibus. The situation is different for the bulk of commercial real estate e.g. offices. Cibus' yield spread relative to other listed Nordic entities has indeed tightened a bit recently, however in our view there's still room to go with Cibus yielding ca. 5% vs some 4% for a typical Nordic portfolio. Our TP is now SEK 160 (150) per share. We retain our BUY rating.

Rating

BUY



Share price, SEK (Last trading day's closing price)	144.00
Target price, SEK	160.0

Latest change in recommendation	12-May-20
Latest report on company	18-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	519
Free float, %	98.4
Exchange rate EUR/SEK	10.3
Reuters code	CIBUS.ST
Bloomberg code	CIBUS.SS
Average daily volume, EURm	1.5
Next interim report	12-Nov-20
Web site	www.cibusnordic.com

Analyst	Joonas Ilvonen
E-mail	joonas.ilvonen@evli.com
Telephone	+358 44 430 9071

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	65.5	55.7	85.0%	-218.9	0.76	18.4	18.2	21.4	-42.2	0.93
2021E	71.1	62.0	87.2%	32.9	0.90	15.4	16.8	19.3	6.3	0.98
2022E	71.9	63.7	88.5%	34.5	0.93	15.0	16.6	18.8	6.7	1.03
Market cap, EURm	519		Gearing 2020E, %	159.4		CAGR EPS 2019-22, %		6.9		
Net debt 2020E, EURm	673		Price/book 2020E	1.2		CAGR sales 2019-22, %		11.8		
Enterprise value, EURm	1,192		Dividend yield 2020E, %	6.7		ROE 2020E, %		7.5		
Total assets 2020E, EURm	1,171		Tax rate 2020E, %	20.1		ROCE 2020E, %		5.6		
Goodwill 2020E, EURm	0		Equity ratio 2020E, %	36.0		PEG, P/E 20/CAGR		1.7		

Estimates summary

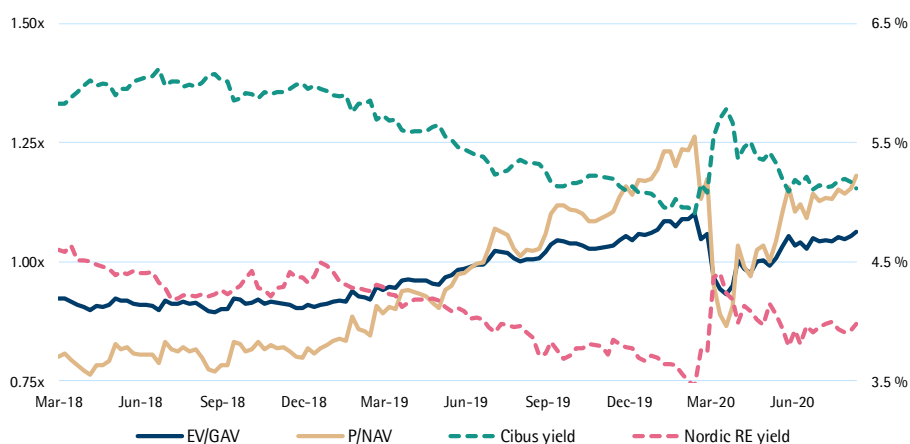
Cibus Nordic	Q1'19	Q2'19	Q3'19	Q4'19	2019	Q1'20	Q2'20	Q3'20e	Q4'20e	2020e	2021e
Rental income	12.7	12.6	13.2	13.2	51.5	14.0	16.4	17.5	17.6	65.5	71.1
Net rental income ¹⁾	12.1	11.5	12.5	12.6	48.6	13.0	15.1	16.2	16.3	60.7	65.9
Operating income ²⁾	11.2	10.5	11.3	10.6	43.5	11.5	13.6	15.3	15.4	55.7	62.0
Net operating income ³⁾	7.6	6.8	7.3	7.0	28.7	6.8	7.8	10.3	10.4	35.4	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	1670				0.7x	0.7x	0.7x	3.8 %	2.9 %	3.8 %
Castellum	4826	25.8x	22.2x	21.5x	1.1x	1.2x	1.1x	3.6 %	3.7 %	3.8 %
Citycon	1184	20.4x	20.3x	19.2x	0.5x	0.6x	0.6x	9.8 %	7.1 %	6.0 %
Entra	2139	22.8x	22.3x	21.9x	1.0x	1.0x	1.0x	3.8 %	3.8 %	3.9 %
Fabege	3490	38.4x	30.7x	29.0x	0.9x	0.9x	0.9x	2.9 %	3.0 %	3.1 %
Hufvudstaden	2337	34.6x	24.8x	23.2x	0.8x	0.8x	0.9x	3.3 %	3.5 %	3.6 %
Klovern	1158	23.5x	23.3x	21.5x	0.9x	0.8x	0.7x	2.3 %	3.3 %	3.5 %
Kojamo	5178	30.3x	34.8x	32.5x	1.4x	1.2x	1.2x	1.6 %	1.7 %	1.9 %
Kungsleden	1546	25.3x	21.3x	20.1x	0.9x	0.9x	0.8x	1.0 %	3.8 %	4.0 %
Pandox	1776	21.1x	30.3x	19.8x	0.6x	0.8x	0.7x	3.6 %	0.2 %	2.1 %
Wallenstam	3569	45.4x	43.6x	40.8x	1.5x	1.4x	1.3x	1.7 %	1.8 %	1.9 %
Wahlborgs Fastigheter	2142	24.8x	21.3x	20.5x	1.2x	1.3x	1.1x	3.1 %	3.3 %	3.5 %
Peer Group Average	2584	28.4x	26.8x	24.6x	1.0x	1.0x	0.9x	3.4 %	3.2 %	3.4 %
Peer Group Median	2140	25.3x	23.3x	21.5x	0.9x	0.9x	0.9x	3.2 %	3.3 %	3.6 %
Cibus (Evli est.)	520	21.9x	21.4x	19.3x	1.2x	1.2x	1.2x	6.2 %	6.7 %	7.0 %

Cibus prem./disc. to peer median

-13 % -8 % -10 % 39 % 42 % 42 % 93 % 103 % 97 %

Source FactSet, Evli Research

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC
Current share price	144.00 PV of Free Cash Flow	169 Long-term growth, %	1.2 Risk-free interest rate, %
DCF share value	14.92 PV of Horizon value	926 WACC, %	5.0 Market risk premium, %
Share price potential, %	7.3 Unconsolidated equity	0 Spread, %	0.5 Debt risk premium, %
Maximum value	20.2 Marketable securities	25 Minimum WACC, %	4.5 Equity beta coefficient
Minimum value	10.9 Debt - dividend	-563 Maximum WACC, %	5.5 Target debt ratio, %
Horizon value, %	84.5 Value of stock	557 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	66	71	72	73	74	75	75	76	77	78	79
<i>Sales growth, %</i>	<i>29.4</i>	<i>27.2</i>	<i>8.5</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	56	62	64	64	65	66	67	68	68	69	70
<i>Operating income margin, %</i>	<i>84.5</i>	<i>85.0</i>	<i>87.2</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	56	62	64	64	65	66	67	68	68	69	
- Paid taxes	-3	-11	-12	-13	-13	-13	-13	-13	-14	-14	-14	
- Change in NWC	-1	0	0	0	0	0	0	0	0	0	0	
<i>NWC / Sales, %</i>	<i>-33.1</i>	<i>-25.8</i>	<i>-23.7</i>	<i>-23.4</i>	<i>-23.1</i>	<i>-22.9</i>	<i>-22.6</i>	<i>-22.3</i>	<i>-22.0</i>	<i>-21.8</i>	<i>-21.5</i>	
+ Change in other liabs	6	0	0	0	0	0	0	0	0	0	0	
- Operative CAPEX	-51	-250	0	0	0	0	0	0	0	0	0	
<i>opCAPEX / Sales, %</i>	<i>99.7</i>	<i>383.9</i>	<i>0.9</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	5	0	0	0	0	0	0	0	0	0	
= FCFF	1	-201	50	51	52	52	53	53	54	55	55	1,463
= Discounted FCFF		-198	47	45	44	42	41	39	38	36	35	926
= DFCF min WACC		-198	47	46	44	43	42	40	39	38	37	1,113
= DFCF max WACC		-197	46	45	43	41	40	38	36	35	33	783

INTERIM FIGURES

EVLI ESTIMATES, EURm	2019Q1	2019Q2	2019Q3	2019Q4	2019	2020Q1	2020Q2	2020Q3E	2020Q4E	2020E	2021E	2022E
Net sales	12.7	12.5	13.2	13.1	51.5	14.0	16.4	17.5	17.6	65.5	71.1	71.9
EBITDA	11.2	10.4	11.3	10.6	43.5	11.5	13.6	15.3	15.4	55.7	62.0	63.7
<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>82.9</i>	<i>87.2</i>	<i>87.2</i>	<i>85.0</i>	<i>87.2</i>	<i>88.5</i>
EBIT	11.2	10.4	11.3	10.6	43.5	11.5	13.6	15.3	15.4	55.7	62.0	63.7
<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>82.9</i>	<i>87.2</i>	<i>87.2</i>	<i>85.0</i>	<i>87.2</i>	<i>88.5</i>
Net financial items	-3.5	-3.6	-4.0	-3.6	-14.8	-4.7	-5.7	-5.0	-5.0	-20.4	-20.4	-20.4
Pre-tax profit	7.7	6.8	7.3	7.0	28.7	6.8	7.9	10.3	10.4	35.4	41.6	43.3
Tax	-1.1	-2.1	-0.8	-1.1	-5.1	-1.4	-1.7	-2.0	-2.0	-7.1	-8.0	-8.7
<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>21.5</i>	<i>19.4</i>	<i>19.3</i>	<i>20.1</i>	<i>19.2</i>	<i>20.0</i>
Net profit	6.6	4.7	6.5	5.9	23.6	5.4	6.2	8.3	8.4	28.3	33.6	34.6
EPS	0.21	0.15	0.21	0.19	0.76	0.14	0.17	0.22	0.22	0.76	0.90	0.93
EPS adjusted (diluted no. of shares)	0.21	0.15	0.21	0.19	0.76	0.14	0.17	0.22	0.22	0.76	0.90	0.93
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	16.4	17.5	17.6	65.5	71.1	71.9
Total	12.7	12.5	13.2	13.1	51.5	14.0	16.4	17.5	17.6	65.5	71.1	71.9
SALES GROWTH, Y/Y %												
Cibus Nordic	308.2	7.6	5.2	4.8	29.4	10.6	30.7	32.6	34.6	27.2	8.5	1.2
Total	308.2	7.6	5.2	4.8	29.4	10.6	30.7	32.6	34.6	27.2	8.5	1.2
EBIT, EURm												
Cibus Nordic	11.2	10.4	11.3	10.6	43.5	11.5	13.6	15.3	15.4	55.7	62.0	63.7
Total	11.2	10.4	11.3	10.6	43.5	11.5	13.6	15.3	15.4	55.7	62.0	63.7
EBIT margin, %												
Cibus Nordic	88.5	82.9	85.6	80.9	84.5	82.1	82.9	87.2	87.2	85.0	87.2	88.5
Total	88.5	82.9	85.6	80.9	84.5	82.1	82.9	87.2	87.2	85.0	87.2	88.5

INCOME STATEMENT, EURm	2015	2016	2017	2018	2019	2020E	2021E	2022E
Sales	0.0	0.0	0.0	39.8	51.5	65.5	71.1	71.9
<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>27.2</i>	<i>8.5</i>	<i>1.2</i>
EBITDA	0.0	0.0	0.0	33.7	43.5	55.7	62.0	63.7
<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>85.0</i>	<i>87.2</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	55.7	62.0	63.7
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	55.7	62.0	63.7
<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>85.0</i>	<i>87.2</i>	<i>88.5</i>
Reported EBIT	0.0	0.0	0.0	65.7	50.2	60.2	62.0	63.7
<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>91.9</i>	<i>87.2</i>	<i>88.5</i>
Net financials	0.0	0.0	0.0	-10.0	-14.8	-20.4	-20.4	-20.4
Pre-tax profit	0.0	0.0	0.0	23.7	28.7	35.4	41.6	43.3
Taxes	0.0	0.0	0.0	-7.0	-5.1	-7.1	-8.0	-8.7
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	32.8	33.6	34.6
Cash NRIs	0.0	0.0	0.0	32.0	6.7	4.5	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	1,125	1,125	1,125
Goodwill	0	0	0	0	0	0	0	0
Right of use assets	0	0	0	0	6	7	8	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	31	34	35
Total assets	0	0	792	848	913	1,171	1,175	1,175
Liabilities								
Shareholder's equity	0	0	334	329	333	422	421	419
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	8	8
Deferred taxes	0	0	7	9	14	14	14	14
Interest bearing debt	0	0	440	486	535	697	701	703
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	1,171	1,175	1,175
CASH FLOW, EURm								
+ EBITDA	0	0	0	34	44	56	62	64
- Net financial items	0	0	0	-10	-15	-20	-20	-20
- 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	5	0	0
= Cash flow from operations	0	0	10	21	34	33	34	35
- Capex	0	0	-768	-4	-51	-252	-1	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	-219	33	35
+/- 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	169	5	3
Change in cash	0	0	17	8	-1	7	3	0

KEY FIGURES	2016	2017	2018	2019	2020E	2021E	2022E
M-cap	0	0	327	443	519	519	519
Net debt (excl. convertibles)	0	423	461	510	673	675	677
Enterprise value	0	423	787	954	1,192	1,194	1,196
Sales	0	0	40	52	66	71	72
EBITDA	0	0	34	44	56	62	64
EBIT	0	0	34	44	56	62	64
Pre-tax	0	0	24	29	35	42	43
Earnings	0	0	17	24	28	34	35
Equity book value (excl. minorities)	0	334	329	333	422	421	419
Valuation multiples							
EV/sales	0.0	0.0	19.8	18.5	18.2	16.8	16.6
EV/EBITDA	0.0	0.0	23.4	21.9	21.4	19.3	18.8
EV/EBITA	0.0	0.0	23.4	21.9	21.4	19.3	18.8
EV/EBIT	0.0	0.0	23.4	21.9	21.4	19.3	18.8
EV/OCF	0.0	42.7	36.8	28.2	36.5	35.6	34.6
EV/FCFF	0.0	-0.6	-4.4	1,142.0	-5.9	23.9	23.5
P/FCFE	0.0	0.0	1.8	-2.5	-24.5	163.3	155.7
P/E	0.0	0.0	19.6	18.8	18.4	15.4	15.0
P/B	0.0	0.0	1.0	1.3	1.2	1.2	1.2
Target EV/EBITDA	0.0	0.0	0.0	0.0	119.2	107.2	104.4
Target EV/EBIT	0.0	0.0	0.0	0.0	119.2	107.2	104.4
Target EV/FCF	0.0	0.0	0.0	0.0	-30.3	202.0	192.6
Target P/B	0.0	0.0	0.0	0.0	14.1	14.2	14.3
Target P/E	0.0	0.0	0.0	0.0	211.2	177.8	172.5
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	0.76	0.90	0.93
Operating cash flow per share	0.00	0.32	0.69	1.09	0.87	0.90	0.93
Free cash flow per share	0.00	-24.38	0.57	-0.56	-5.87	0.88	0.92
Book value per share	0.00	10.74	10.57	10.70	11.31	11.28	11.22
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	123.4	109.0	111.1
Dividend yield, %	0.0	0.0	8.0	6.2	6.7	7.1	7.4
FCF yield, %	0.0	0.0	5.5	-3.9	-42.2	6.3	6.7
Efficiency measures							
ROE	0.0	0.0	5.0	7.1	7.5	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	8.9	8.3	8.2
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	-25.8	-23.7	-23.4
Operative CAPEX/sales, %	0.0	0.0	9.0	99.7	383.9	0.9	0.1
CAPEX/sales (incl. acquisitions), %	0.0	0.0	9.0	99.7	383.9	0.9	0.1
FCFF/EBITDA	0.0	0.0	-5.3	0.0	-3.6	0.8	0.8
Net debt/EBITDA, book-weighted	0.0	0.0	13.7	11.7	12.1	10.9	10.6
Debt/equity, market-weighted	0.0	0.0	1.5	1.2	1.3	1.4	1.4
Equity ratio, book-weighted	0.0	42.2	38.8	36.5	36.0	35.8	35.6
Gearing, %	0.0	126.5	140.1	153.4	159.4	160.3	161.6

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	3,389,521	47.134	9.1%
Marjan Dragicevic	1,804,000	25.086	4.8%
BMO Global Asset Management	1,574,137	21.889	4.2%
Länsförsäkringar Funds	1,509,575	20.992	4.0%
Dragfast AB	1,370,000	19.051	3.7%
Svenska Handelsbanken AB for PB	1,299,826	18.075	3.5%
Avanza Pension	980,439	13.634	2.6%
Sensor Funds	906,000	12.599	2.4%
Säästöpankki Funds	771,900	10.734	2.1%
Nuveen Asset Management	749,129	10.417	2.0%
Ten largest	14,354,527	199.609	38%
Residual	22,965,473	319.350	62%
Total	37,320,000	518.959	100%

EARNINGS CALENDAR

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, %	$\frac{\text{Profit before extraordinary items and taxes} - \text{income taxes}}{\text{Shareholder's equity} + \text{minority interest} + \text{taxed provisions (average)}}$		

Important Disclosures

Evli Research Partners Plc ("ERP") uses 12-month target prices. Target prices are defined by utilizing analytical techniques based on financial theory including (but not limited to) discounted cash flow analysis and comparative valuation. The selection of valuation methods depends on different circumstances. Target prices may be altered on the basis of new information coming to light in the underlying company or changes in interest rates, changes in foreign exchange rates, other securities prices or market indices or outlook for the aforementioned factors or other factors that may change the conditions of financial markets. Recommendations and changes by analysts are available at [Analysts' recommendations and ratings revisions](#).

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 times per year.

Recommendation	Percentage
Sell	15%
Hold	58%
Buy	27%

The graph above shows the distribution of ERP's recommendations of companies under coverage in 11th of May 2020. If recommendation is not given, it is not mentioned here.

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

This research report has been prepared by Evli Research Partners Plc ("ERP" or "Evli Research"). ERP is a subsidiary of Evli Bank Plc. Production of the investment recommendation has been concluded on [21.8.2020, 9:00]. This report has been published on [21.8.2020, 9:15].

None of the analysts contributing to this report, persons under their guardianship or corporations under their control have a position in the shares of the company or related securities.

The date and time for any price of financial instruments mentioned in the recommendation refer to the previous trading day's closing price(s) unless otherwise stated in the report.

Each analyst responsible for the content of this report assures that the expressed views accurately reflect the personal views of each analyst on the covered companies and securities. Each analyst assures that (s)he has not been, nor are or will be, receiving direct or indirect compensation related to the specific recommendations or views contained in this report.

Companies in the Evli Group, affiliates or staff of companies in the Evli Group, may perform services for, solicit business from, hold long or short positions in, or otherwise be interested in the investments (including derivatives) of any company mentioned in the publication or report.

Neither ERP nor any company within the Evli Group have managed or co-managed a public offering of the company's securities during the last 12 months prior to, received compensation for investment banking services from the company during the last 12 months prior to the publication of the research report.

ERP has signed an agreement with the issuer of the financial instruments mentioned in the recommendation, which includes production of research reports. This assignment has a limited economic and financial impact on ERP and/or Evli. Under the assignment ERP performs services including, but not limited to, arranging investor meetings or –events, investor relations communication advisory and production of research material.

ERP or another company within the Evli Group does not have an agreement with the company to perform market making or liquidity providing services.

For the prevention and avoidance of conflicts of interests with respect to this report, there is an information barrier (Chinese wall) between Investment

Research and Corporate Finance units concerning unpublished investment banking services to the company. The remuneration of the analyst(s) is not tied directly or indirectly to investment banking transactions or other services performed by Evli Bank Plc or any company within Evli Group.

This report has not been disclosed to the company prior to its dissemination.

This report is provided and intended for informational purposes only and may not be used or considered under any circumstances as an offer to sell or buy any securities or as advice to trade any securities.

This report is based on sources ERP considers to be correct and reliable. The sources include information providers Reuters and Bloomberg, stock-exchange releases from the companies and other company news, Statistics Finland and articles in newspapers and magazines. However, ERP does not guarantee the materialization, correctness, accuracy or completeness of the information, opinions, estimates or forecasts expressed or implied in the report. In addition, circumstantial changes may have an influence on opinions and estimates presented in this report. The opinions and estimates presented are valid at the moment of their publication and they can be changed without a separate announcement. Neither ERP nor any company within the Evli Group are responsible for amending, correcting or updating any information, opinions or estimates contained in this report. Neither ERP nor any company within the Evli Group will compensate any direct or consequential loss caused by or derived from the use of the information represented in this publication.

All information published in this report is for the original recipient's private and internal use only. ERP reserves all rights to the report. No part of this publication may be reproduced or transmitted in any form or by any means, electronic, mechanical, photocopying, recording or otherwise, or stored in any retrieval system of any nature, without the written permission of ERP.

This report or its copy may not be published or distributed in Australia, Canada, Hong Kong, Japan, New Zealand, Singapore or South Africa. The publication or distribution of this report in certain other jurisdictions may also be restricted by law. Persons into whose possession this report comes are required to inform themselves about and to observe any such restrictions.

Evli Bank Plc is not registered as a broker-dealer with the U. S. Securities and Exchange Commission ("SEC"), and it and its analysts are not subject to SEC rules on securities analysts' certification as to the currency of their views reflected in the research report. Evli Bank is not a member of the Financial Industry Regulatory Authority ("FINRA"). It and its securities analysts are not subject to FINRA's rules on Communications with the Public and Research Analysts and Research Reports and the attendant requirements for fairness, balance and disclosure of potential conflicts of interest. This research report is only being offered in U.S. by Auerbach Grayson & Company, LLC (Auerbach Grayson) to Major U.S. Institutional Investors and is not available to, and should not be used by, any U.S. person or entity that is not a Major U.S. Institutional Investor. Auerbach Grayson is a broker-dealer registered with the U.S. Securities and Exchange Commission and is a member of the FINRA. U.S. entities seeking more information about any of the issuers or securities discussed in this report should contact Auerbach Grayson. The securities of non-U.S. issuers may not be registered with or subject to SEC reporting and other requirements.

ERP is not a supervised entity but its parent company Evli Bank Plc is supervised by the Finnish Financial Supervision Authority.

Contact information**SALES, TRADING AND RESEARCH****Equity Sales**

Ari Laine +358 9 4766 9115
Lauri Ahokanto +358 9 4766 9117
Niclas Henelius +358 9 4766 9116

Trading

Lauri Vehkaluoto (Head) +358 9 4766 9120
Pasi Väisänen +358 9 4766 9120
Antti Kässi +358 9 4766 9120
Miika Roankanen +358 9 4766 9120

ETFs and Derivatives

Joachim Dannberg +358 9 4766 9123
Kimmo Lijja +358 9 4766 9130

Structured Investments

Heikki Savijoki +358 9 4766 9726
Aki Lakkisto +358 9 4766 9123

Equity Research

Jonas Forslund +358 9 4766 9314
Joonas Ilvonen +358 44 430 9071
Jerker Salokivi +358 9 4766 9149
Anna-Liisa Rissanen +358 40 157 9919

Evli Investment Solutions

Johannes Asuja +358 9 4766 9205
Markku Reinikainen +358 9 4766 9669



EVLI BANK PLC
Aleksanterinkatu 19 A
P.O. Box 1081
FIN-00101 Helsinki, FINLAND
Phone +358 9 476 690
Fax +358 9 634 382
Internet www.evli.com
E-mail firstname.lastname@evli.com

**EVLI BANK PLC,
STOCKHOLMSFILIAL**
Regeringsgatan 67 P.O. Box 16354
SE-103 26 Stockholm
Sverige
stockholm@evli.com
Tel +46 (0)8 407 8000
Fax +46 (0)8 407 8001