

## Investors House

Construction and Real Estate  
Finland

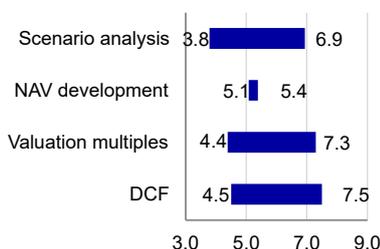
## KEY DATA

Stock country	Finland
Bloomberg	INVEST.FH
Reuters	INVEST.HE
Share price (close)	EUR 4.98
Free Float	
Market cap. (bn)	EUR 0.03/EUR 0.03
Website	www.investorhouse.fi
Next report date	13 Feb 2023

## PERFORMANCE



## VALUATION APPROACH (EUR)



Source: Nordea estimates

## ESTIMATE CHANGES

Year	2022E	2023E	2024E
Sales	-9%	-7%	-6%
EBIT (adj)	-6%	3%	5%

Source: Nordea estimates

## Nordea IB &amp; Equity - Analysts

Svante Krokfors  
DirectorDavid Flemmich  
Senior Analyst, Sector Coordinator

## Awaiting M&amp;A opportunities in current market

Investors House reported Q3 revenue of EUR 1.9m, 1% above our estimate, and net operating income (NOI) of EUR 0.9m, 47% above our EUR 0.6m forecast, as Real Estate posted clearly lower property costs, explained by a significantly increased share of net leases. Adjusted EBIT including associates was EUR 0.7m in Q3, 37% above our EUR 0.5m estimate. The Q3 EPRA result was EUR 0.7m and declined by 21% y/y, owing to divestments conducted in Q4 2021. The share of revenue from Services was 54%. Investors House has succeeded in streamlining its operations and balance sheet by distributing Ovaro shares and an extra dividend of EUR 1 per share, which has reduced the EPRA NRV discount further to 12%, from 40% at the end of 2021. The company is waiting for the market to stabilise before it enters new investments, as it sees further downside to valuations.

## Real Estate solid on lower costs, Services slightly weaker

NOI of EUR 0.9m in Q3 was 47% above our estimate, boosted mainly by lower property costs in Real Estate. The NOI margin was a strong 84% versus 64% a year ago, mostly explained by an increased share of net rents. Services' EBIT declined by 77% y/y, but quarterly variations are significant depending on factors such as success fees. EPRA NRV declined by 12% q/q in Q3 to EUR 5.70, as the valuation for the Services business was lowered further. The equity ratio improved 3 pp to 58%, which is important given the growing JV development pipeline. This leaves room for M&A, especially within the Services business. The company has a EUR 8m cash position, which we estimate enables M&A of close to EUR 30m.

## Top-line estimates lowered to reflect new structure, EBIT raised

Investors House reiterated that its operating result will decline significantly in 2022 following large divestments in Q4 2021. We forecast a ~40% decline in adjusted EPS for 2022. We raise our EBIT estimates for 2023-24 by 3-5% due to rent CPI indexation, which is mitigated by lowered estimates for the Services business.

## Fair value range lowered slightly to EUR 4.4-6.8 (4.7-7.0)

We base our fair value range of EUR 4.4-6.8 (4.7-7.0) per share on a combination of valuation methods, with the greatest emphasis being on EPRA NRV. Development projects (e.g. Vantaa and Jyväskylä) contain hidden value, which could defend a valuation even above EPRA NRV and the high end of our valuation range.

## SUMMARY TABLE - KEY FIGURES

EURt	2018	2019	2020	2021	2022E	2023E	2024E
Total revenue	8,276	11,461	9,465	8,043	7,517	8,351	8,691
EBITDA (adj)	3,611	5,273	333	4,149	2,703	3,152	3,335
EBIT (adj)	3,611	5,273	333	4,149	2,703	3,152	3,335
EBIT (adj) margin	43.6%	46.0%	3.5%	51.6%	36.0%	37.7%	38.4%
EPS (adj, EUR)	0.17	0.48	-0.18	0.53	0.32	0.37	0.39
EPS (adj) growth	-68.4%	176.0%	-137.3%	396.5%	-39.0%	15.5%	5.8%
DPS (ord, EUR)	0.23	0.25	0.27	0.29	0.31	0.33	0.35
EV/Sales	9.0	5.0	5.9	6.4	7.8	7.3	6.9
EV/EBIT (adj)	25.3	9.8	17.9	22.6	28.4	24.4	22.6
P/E (adj)	34.6	13.5	n.m.	10.5	15.4	13.4	12.6
P/BV	0.8	0.9	0.9	1.0	1.1	1.1	1.1
Dividend yield (ord)	3.8%	3.9%	4.7%	5.2%	6.2%	6.6%	7.0%
FCF Yield bef A&D, lease	0.7%	3.9%	2.3%	-2.1%	6.5%	5.8%	9.3%
Net debt	35,017	16,081	19,505	4,383	13,227	15,237	14,240
Net debt/EBITDA	7.5	4.1	n.m.	n.m.	6.2	4.8	4.3
ROIC after tax	3.6%	5.7%	0.4%	n.a.	4.9%	5.2%	5.3%

Source: Company data and Nordea estimates

# Deviation and revision tables

## INVESTORS HOUSE: Q3 DEVIATION FROM OUR ESTIMATES

EURt	Actual	NDA est.	Deviation		Actual	Actual	Actual	
	Q3 2022	Q3 2022E	vs. actual		Q2 2022	q/q	Q3 2021	y/y
Sales	1,886	1,862	24	1%	1,862	1%	2,348	-20%
EBIT adj.	700	510	190	37%	510	37%	1,190	-41%
Net operating income	929	632	297	47%	632	47%	1,089	-15%
EPS, EUR	0.04	0.07			0.07	-39%	(0.00)	-1061%

Source: Company data and Nordea estimates

## INVESTORS HOUSE: OUR ESTIMATE REVISIONS AFTER THE Q3 REPORT

EUR THOUSANDS	New estimates			Old estimates			Difference %		
	2022E	2023E	2024E	2022E	2023E	2024E	2022E	2023E	2024E
Sales	7,517	8,351	8,691	8,232	8,947	9,226	-9%	-7%	-6%
Adj. EBIT	2,703	3,152	3,335	2,861	3,066	3,189	-6%	3%	5%
Net operating income	3,046	3,579	3,780	3,297	3,570	3,703	-8%	0%	2%
Adj. EPS, EUR	0.32	0.37	0.39	0.33	0.36	0.37	-2%	3%	5%

Source: Nordea estimates

## Factors to consider

Investors House is a real estate investment company with a focus on residential and office properties. It mainly operates in the regional growth centres of Finland. The company also provides services and expanded its business into real estate funds during 2018. The company has a strong balance sheet, which bodes well for acquisitions or the expansion of existing business areas in the future. After the acquisition of Juhola Asset Management, announced on 26 February 2021, services are becoming an increasingly important part of Investors House, accounting for 54% of sales in Q3 2022. In June, Investors House acquired Infonia Oy, a service company within real estate asset management with annual net sales of EUR 0.7-1.1m and earnings of EUR 0.2-0.5m in 2018-21.

### Diversified business model

Investors House is a real estate company that deals in residential and office properties, with an increasing focus on services and investment products through its Services segment. The company has historically bought and sold properties efficiently and streamlined its portfolio, especially during 2019, and this continued in H2 2021 with the divestment of residential properties and IVH Kampus.

The company has grown quite aggressively since mid-2015, when the current CEO, chairman and vice chairman became owners. The Real Estate and Services segments have expanded, mainly through acquisitions. We expect the good growth pace to continue, especially in the Services segment. Investors House decided to distribute its 20.4% stake in Ovaro (formerly Orava REIT) to its shareholders, which was completed at the end of 2020. EPRA NRV declined from EUR 8.27 at the end of 2021 to EUR 5.70 at the end of Q3 2022. Investors House distributed an EUR 1 extra dividend after the end of 2021, which explains the majority of the decline in EPRA NRV. Investors House is currently trading at a ~12% EPRA NRV discount, down from 16% after the Q2 report.

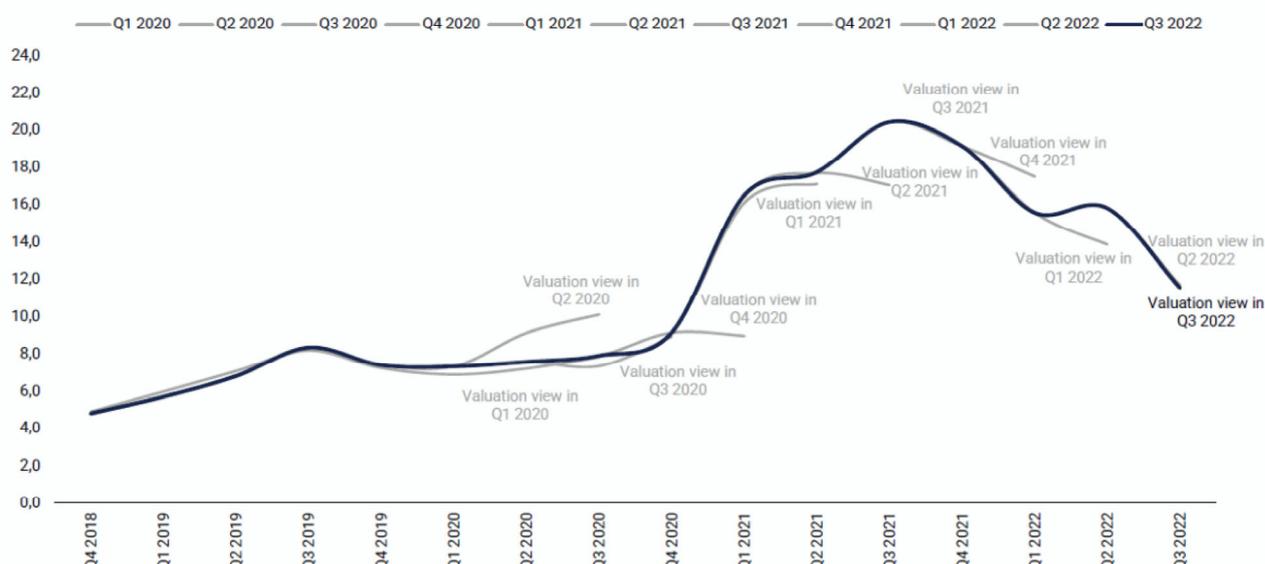
### EPRA NRV CALCULATION

EURm	30/09/2022
EPRA NTA	23.7
Fair value of services and other	12.9
EPRA NRV	36.3
EPRA NRV per share (EUR)	5.70

Source: Company data

### FAIR VALUE DEVELOPMENT OF INVESTORS HOUSE'S SERVICES BUSINESS

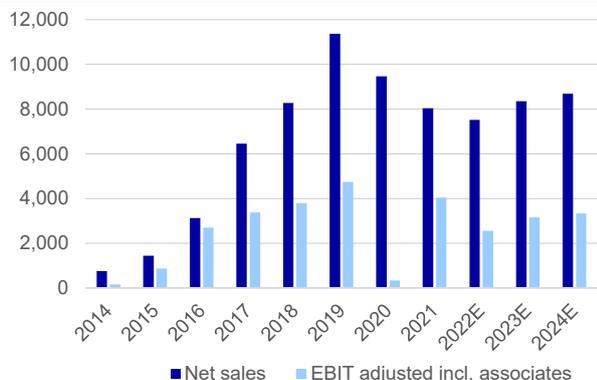
#### Service business fair value (EURm)



Source: Company data

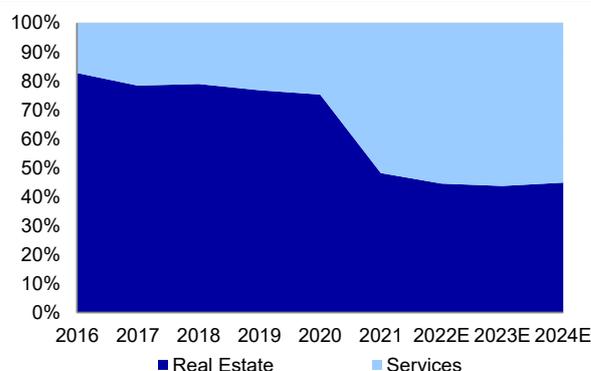
The Services segment has low capital needs and good scalability, as the company intends to expand into real estate funds, where it hopes to utilise its existing real estate investor base of around 10,000 clients. We believe the Services segment has good earnings potential and provides stability, as its revenues come from the services and fund management fees. An external evaluator has valued the Services business at EUR 11.5m, down from EUR 15.8m in Q2 2022 and down from EUR 20.4m a year ago.

**SALES AND ADJUSTED EBIT (EUR THOUSANDS)**



Source: Company data and Nordea estimates

**SPLIT OF NET SALES BY DIVISION**

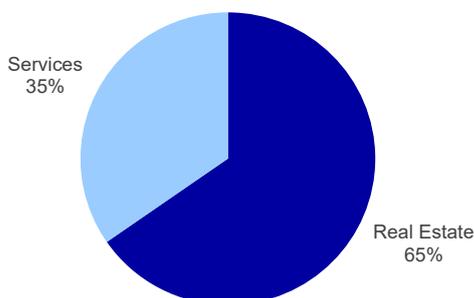


Source: Company data and Nordea estimates

**Balanced investment portfolio**

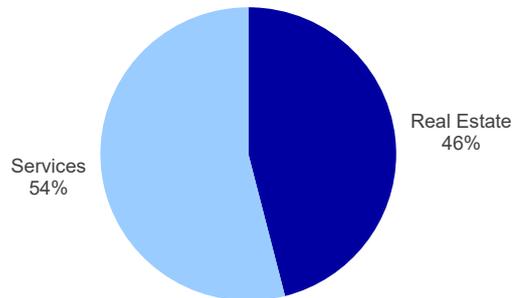
Since IVH Kampus is no longer consolidated but treated as an associated company, 46% of group sales came from the Real Estate business in Q2 and 54% from Services.

**EPRA NRV CONTRIBUTION, Q3 2022**



Source: Company data and Nordea

**SALES BY SEGMENT, Q3 2022**



Source: Company data and Nordea

**Robust financial position**

Investors House has a strong balance sheet, with a Q3 2022 equity ratio of 58% following several divestments in H2 2021. The equity ratio is above the company's target of 45%, a level at which, to our understanding, the covenants on bank loans stand. We believe the company will fund its expansion with new debt and we expect the equity ratio to remain above the long-term target. Investors House had a gross cash position of EUR ~8m at the end of Q3 2022.

**Clear discount to NAV and stable dividend**

Investors House is currently trading at a 12% discount to EPRA NRV, and the discount narrowed somewhat after the Ovaro share distribution and after the distribution of the EUR 1 extra dividend. At the end of Q2 2022, the discount was 16%. The company has paid a stable, increasing dividend, with yields of 4.7-5.2% for the past two years. We expect an annual dividend of EUR 0.31-0.35 per share for 2022-24, which corresponds to a dividend yield of 6.2-7.0%.

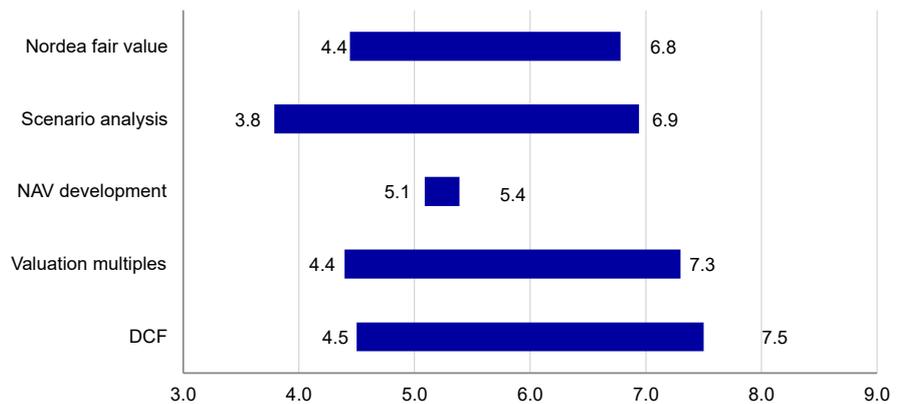
## Valuation

When combining our valuation methods, we derive a fair value range of EUR 4.7-7.0. As the company is in the midst of a transformation process, we emphasise a scenario-based sum-of-the-parts (SOTP) approach to give a better picture of where value will come from in the future and how each part of the company is valued. We also use an NRV SOTP to show the short-term NAV development and asset revaluation potential.

In our fair value, we put less focus on the DCF and multiples valuation methods, as they are sensitive to changes. Peer multiples can give a broad valuation range, but there is no direct competitor with a similar business structure (residential, office, service and investment-company aspects), so a multiples-based valuation is less reliable. A DCF valuation is easy to understand but sensitive to changes in the parameters, hence we put less focus on it.

The latest reported EPRA NRV was EUR 5.7, i.e. below the midpoint of our fair value range of EUR 4.4-6.8 (previously EUR 4.7-7.0) per share. We lower the valuation range slightly due to a decline in valuation multiples. The low end of our range corresponds to a 23% discount to the latest reported adjusted EPRA NRV, and the high end to a premium of 19%. We see limited risk of asset writedowns in Investors House's high-yielding assets, as there has been, to our understanding, next to no yield compression in the portfolio over the past years.

### VALUATION (EUR/SHARE)



Source: Nordea estimates

# Detailed estimates

## DETAILED ESTIMATES (EUR THOUSANDS; EPS IN EUR)

EUR THOUSANDS	Q1/21	Q2/21	Q3/21	Q4/21	Q1/22	Q2/22	Q3/22	Q4/22E	2020	2021	2022E	2023E	2024E
Net sales	1,914	2,487	2,348	3,015	1,796	1,862	1,886	1,973	9,465	8,043	7,517	8,351	8,691
Sales growth %	-43%	-15%	61%	80%	-6%	-25%	-20%	-35%	-17%	-15%	-7%	11%	4%
Maintenance expenses (Real estate)	-1,002	-333	-386	-497	-273	-425	-137	-219	-3,788	-2,218	-1,054	-919	-981
Direct operating expenses (Services)	-556	-1,123	-873	-97	-831	-805	-820	-960	-1,796	-2,649	-3,416	-3,853	-3,930
Net operating income	356	1,050	1,089	2,370	692	632	929	794	4,499	3,175	3,046	3,579	3,780
margin %	19%	42%	46%	79%	39%	34%	49%	40%	48%	39%	41%	43%	43%
Net gains on sale of properties	-11	2	-71	-1,608	0	0	-136	0	7	-1,688	-136	0	0
Net fair value changes	-583	-84	-1,025	-1,491	0	0	-294	0	-850	-3,183	-294	0	0
Selling, marketing and admin expenses	-262	-206	-270	-340	-267	-220	-276	-214	-1,384	-885	-977	-1,086	-1,130
Other operating income	-96	-20	4	0	0	-49	-97	0	6	-112	-146	0	0
Associates	102	332	367	1,057	127	147	144	216	-2,782	1,858	634	659	685
EBIT	-494	1,074	94	-12	552	510	270	795	-504	-834	2,127	3,152	3,335
margin %	-26%	43%	4%	0%	31%	27%	14%	40%	-5%	-10%	28%	38%	38%
EBIT adjusted incl. associates	100	1,156	1,190	3,087	552	510	700	795	339	4,037	2,557	3,152	3,335
margin %	0%	33%	35%	67%	24%	19%	29%	29%	33%	27%	26%	30%	30%
Financial income	0	8	11	55	57	57	59	57	23	84	230	230	230
Financial expenses	-167	-159	-160	-213	-105	-119	-52	-269	-1,139	-699	-545	-610	-632
Profit before taxes	-661	923	-55	-170	504	448	277	584	-1,620	-1,449	1,812	2,772	2,933
Taxes	-142	-202	29	643	-163	-32	-25	-70	91	446	-276	-333	-352
Net profit	-803	721	-26	473	341	416	252	514	-1,529	-1,003	1,537	2,439	2,581
Cash flow hedges	0	0	0	0	0	0	0	0	0	0	0	0	0
Net profit of the period	-803	721	-26	473	341	416	252	514	-1,529	-1,003	1,537	2,439	2,581
EPS	-0.13	0.12	0.00	0.08	0.06	0.07	0.04	0.08	-0.25	-0.16	0.24	0.38	0.41
Minority interest	-100	-100	-200	-538	0	0	0	0	0	-137	0	0	0
Net profit attributable to shareholders	-703	821	174	1,011	341	416	252	514	-1,529	-1,140	1,537	2,439	2,581
EPS attributable to shareholders	-0.03	0.14	0.13	0.39	0.06	0.07	0.11	0.08	-0.18	0.51	0.30	0.37	0.39

Source: Company data and Nordea estimates

## DIVISIONAL ESTIMATES

EUR THOUSANDS	Q1/21	Q2/21	Q3/21	Q4/21	Q1/22	Q2/22	Q3/22	Q4/22E	2020	2021	2022E	2023E	2024E
<b>Real estate</b>													
Net sales	1,203	2,581	935	996	798	796	876	881	7,523	3,877	3,351	3,652	3,898
Net sales growth %	-59%	10%	-61%	-64%	-34%	-25%	-19%	64%	-25%	-48%	-14%	9%	7%
Net fair value changes	-583	-331	-200	0	-68	0	-294	0	-850	-2,483	-362	0	0
Associate income	102	-21	454	-3,197	127	147	144	216	-2,782	1,858	634	659	685
EBIT	-372	1,323	834	-2,717	536	518	453	877	111	-731	2,384	3,392	3,602
margin %	-31%	51%	89%	-273%	67%	65%	52%	100%	1%	-19%	71%	93%	92%
EBIT adj. incl. associates	303	1,654	1,119	-2,717	652	518	883	877	1,678	3,517	2,930	3,392	3,602
margin %	0%	0%	0%	0%	0%	0%	0%	0%	22%	91%	87%	93%	92%
<b>Services</b>													
Net sales	743	599	527	680	998	1,066	1,010	1,092	2,459	4,166	4,166	4,699	4,793
Net sales growth %	23%	11%	-16%	-14%	-31%	-16%	-58%	-81%	-12%	5%	5%	5%	5%
EBIT	91	204	129	240	167	212	93	132	764	700	604	846	863
margin %	12%	34%	24%	35%	17%	20%	9%	12%	31%	17%	14%	18%	18%

Source: Company data and Nordea estimates

# Risk factors

In this section, we highlight the main risks that we find relevant for Investors House. We list the risks according to their relevance, with the most relevant at the top. The following is not an exhaustive list but rather our view of some key risks for the company.

## **Changes in interest rates**

Rising interest rates will eventually push financial costs higher, which would have a significant impact on real estate companies. Investors House has a strong balance sheet, but rising interest rates will have an impact on earnings. The company does not disclose its hedging strategy, which means forecasting increasing financial costs is difficult. Higher interest rates will also likely slow down the transaction market as funding becomes more expensive, which in turn could lower the value of properties and make divestments more difficult. This could hamper Investors House's ability to pursue value-creative investments in the future.

## **Small size**

The small size of the company adds volatility to future earnings, both on the downside and the upside. The company's low liquidity could also pose a risk for investors, as it can be difficult to buy or sell a large stake in the company.

## **Dependent on a few key people**

The current strategy and growth have been driven by a few key people (CEO, chairman and vice chairman), making them crucial to the company. It could significantly impact the development of Investors House if these key people were to leave the company, although we find this unlikely.

## **Competition**

Investors House is still a small player, but it will start competing against larger players as it grows, making it harder for the company to differentiate itself. Investors House has over the past 12 to 18 months increased the share of service business, which will make it more vulnerable to competition from service providers and less so to competition from real estate players.

## **Strong transaction focus**

Investors House has grown its property portfolio rapidly and is expected to continue rotating its assets in the future. The currently strong transaction market has supported property prices and favoured property divestments. If the transaction market slows down and property prices face downward pressure, it would make asset disposals slower or more challenging, and it could also reduce gains on disposals.

## **Macroeconomic factors**

Changes in economic factors such as GDP development, inflation and the level of housing production have already started to affect real estate companies such as Investors House. A downturn in the economy would have an adverse effect on the Finnish housing market and thus impact Investors House's operations. An economic downturn would likely make homebuyers more cautious and thus put pressure on prices, as well as increase vacancy risk.

## **Risk of value dilution**

The company has grown rapidly, funding part of its expansion through share issues. This has a dilutive effect on EPS development. Additional share issues could further dilute value and pose the risk of a lower dividend per share.

## **Legal, tax and political risks**

Changes in regulations, tax rules or development restrictions could have negative ramifications for Investors House.

# Reported numbers and forecasts

## INCOME STATEMENT

EURt	2014	2015	2016	2017	2018	2019	2020	2021	2022E	2023E	2024E
<b>Total revenue</b>	<b>752</b>	<b>1,438</b>	<b>3,134</b>	<b>6,449</b>	<b>8,276</b>	<b>11,461</b>	<b>9,465</b>	<b>8,043</b>	<b>7,517</b>	<b>8,351</b>	<b>8,691</b>
Revenue growth	n.a.	91.2%	117.9%	105.8%	28.3%	38.5%	-17.4%	-15.0%	-6.5%	11.1%	4.1%
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	764	4,325	4,505	5,981	4,683	3,953	-504	-834	2,127	3,152	3,335
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	764	4,325	4,505	5,981	4,683	3,953	-504	-834	2,127	3,152	3,335
Amortisation and impairments	0	0	0	0	0	0	0	0	0	0	0
EBIT	764	4,325	4,505	5,981	4,683	3,953	-504	-834	2,127	3,152	3,335
of which associates	0	0	1,356	1,056	653	-584	-2,782	1,858	634	659	685
Associates excluded from EBIT	0	0	0	0	0	0	0	n.a.	0	0	0
Net financials	37	48	-281	-422	-591	-1,213	-1,116	-615	-315	-380	-402
of which lease interest	0	0	0	0	0	0	0	0	0	0	0
Changes in value, net	0	0	0	0	0	0	0	0	0	0	0
<b>Pre-tax profit</b>	<b>801</b>	<b>4,373</b>	<b>4,224</b>	<b>5,559</b>	<b>4,092</b>	<b>2,740</b>	<b>-1,620</b>	<b>-1,449</b>	<b>1,812</b>	<b>2,772</b>	<b>2,933</b>
Reported taxes	-107	-886	-457	-512	-1,948	-657	91	446	-276	-333	-352
Net profit from continued operations	694	3,487	3,767	5,047	2,144	2,083	-1,529	-1,003	1,537	2,439	2,581
Discontinued operations	0	0	0	0	0	0	0	0	0	0	0
Minority interests	0	0	0	0	0	-433	0	-137	0	0	0
Net profit to equity	694	3,487	3,767	5,047	2,144	1,650	-1,529	-1,140	1,537	2,439	2,581
<b>EPS, EUR</b>	<b>0.46</b>	<b>1.48</b>	<b>1.14</b>	<b>1.12</b>	<b>0.35</b>	<b>0.27</b>	<b>-0.25</b>	<b>-0.18</b>	<b>0.23</b>	<b>0.37</b>	<b>0.39</b>
DPS, EUR	0.10	0.17	0.19	0.21	0.23	0.25	0.27	1.29	0.31	0.33	0.35
of which ordinary	0.10	0.17	0.19	0.21	0.23	0.25	0.27	0.29	0.31	0.33	0.35
of which extraordinary	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.00	0.00	0.00	0.00

## Profit margin in percent

EBITDA	101.6%	300.8%	143.7%	92.7%	56.6%	34.5%	-5.3%	-10.4%	28.3%	37.7%	38.4%
EBITA	101.6%	300.8%	143.7%	92.7%	56.6%	34.5%	-5.3%	-10.4%	28.3%	37.7%	38.4%
EBIT	101.6%	300.8%	143.7%	92.7%	56.6%	34.5%	-5.3%	-10.4%	28.3%	37.7%	38.4%

## Adjusted earnings

EBITDA (adj)	155	584	2,699	3,394	3,611	5,273	333	4,149	2,703	3,152	3,335
EBITA (adj)	155	584	2,699	3,394	3,611	5,273	333	4,149	2,703	3,152	3,335
EBIT (adj)	155	584	2,699	3,394	3,611	5,273	333	4,149	2,703	3,152	3,335
EPS (adj, EUR)	0.06	-0.12	0.57	0.55	0.17	0.48	-0.18	0.53	0.32	0.37	0.39

## Adjusted profit margins in percent

EBITDA (adj)	20.6%	40.6%	86.1%	52.6%	43.6%	46.0%	3.5%	51.6%	36.0%	37.7%	38.4%
EBITA (adj)	20.6%	40.6%	86.1%	52.6%	43.6%	46.0%	3.5%	51.6%	36.0%	37.7%	38.4%
EBIT (adj)	20.6%	40.6%	86.1%	52.6%	43.6%	46.0%	3.5%	51.6%	36.0%	37.7%	38.4%

## Performance metrics

CAGR last 5 years											
Net revenue	n.a.	n.a.	n.a.	n.a.	n.a.	72.4%	45.8%	20.7%	3.1%	0.2%	-5.4%
EBITDA	n.m.	n.m.	n.m.	n.m.	n.m.	38.9%	n.m.	n.m.	-18.7%	-7.6%	-3.3%
EBIT	n.a.	n.a.	n.a.	n.a.	n.a.	38.9%	n.m.	n.m.	-18.7%	-7.6%	-3.3%
EPS	n.a.	n.a.	n.a.	n.a.	n.a.	-10.2%	n.m.	n.m.	-26.9%	1.4%	8.1%
DPS	n.m.	n.m.	n.m.	n.m.	n.m.	20.1%	9.7%	8.8%	8.1%	7.5%	7.0%
Average last 5 years											
Average EBIT margin	n.a.	n.a.	n.a.	n.a.	n.m.	76.2%	48.0%	30.4%	21.1%	17.6%	17.3%
Average EBITDA margin	n.a.	n.a.	n.a.	n.a.	n.m.	76.2%	48.0%	30.4%	21.1%	17.6%	17.3%

## VALUATION RATIOS - ADJUSTED EARNINGS

EURt	2014	2015	2016	2017	2018	2019	2020	2021	2022E	2023E	2024E
P/E (adj)	n.a.	n.a.	n.a.	n.a.	34.6	13.5	n.m.	10.5	15.4	13.4	12.6
EV/EBITDA (adj)	n.a.	n.a.	n.a.	n.a.	20.7	10.8	167.6	12.5	21.8	19.3	17.9
EV/EBITA (adj)	n.a.	n.a.	n.a.	n.a.	20.7	10.8	167.6	12.5	21.8	19.3	17.9
EV/EBIT (adj)	n.a.	n.a.	n.a.	n.a.	25.3	9.8	17.9	22.6	28.4	24.4	22.6

## VALUATION RATIOS - REPORTED EARNINGS

EURt	2014	2015	2016	2017	2018	2019	2020	2021	2022E	2023E	2024E
P/E	n.a.	n.a.	n.a.	n.a.	17.3	24.2	n.m.	n.m.	21.2	13.4	12.6
EV/Sales	n.a.	n.a.	n.a.	n.a.	9.04	4.99	5.90	6.45	7.82	7.28	6.88
EV/EBITDA	n.a.	n.a.	n.a.	n.a.	18.6	12.6	24.5	n.m.	39.4	24.4	22.6
EV/EBITA	n.a.	n.a.	n.a.	n.a.	18.6	12.6	24.5	n.m.	39.4	24.4	22.6
EV/EBIT	n.a.	n.a.	n.a.	n.a.	18.6	12.6	24.5	n.m.	39.4	24.4	22.6
Dividend yield (ord.)	n.a.	n.a.	n.a.	n.a.	3.8%	3.9%	4.7%	5.2%	6.2%	6.6%	7.0%
FCF yield	n.a.	n.a.	n.a.	n.a.	-13.2%	-28.8%	-6.3%	38.5%	-2.7%	-0.3%	9.3%
FCF Yield bef A&D, lease adj	n.a.	n.a.	n.a.	n.a.	0.7%	3.9%	2.3%	-2.1%	6.5%	5.8%	9.3%
Payout ratio	156.6%	n.m.	33.5%	38.3%	132.6%	52.2%	n.m.	243.8%	96.1%	88.6%	88.8%

Source: Company data and Nordea estimates

**BALANCE SHEET**

EURt	2014	2015	2016	2017	2018	2019	2020	2021	2022E	2023E	2024E
Intangible assets	0	400	1,350	1,389	2,933	3,142	2,846	5,391	5,391	5,391	5,391
of which R&D	0	0	0	0	0	0	0	0	0	0	0
of which other intangibles	0	0	0	39	105	329	33	614	614	614	614
of which goodwill	0	400	1,350	1,350	2,828	2,813	2,813	4,777	4,777	4,777	4,777
Tangible assets	6,844	28,198	38,559	57,816	71,263	42,124	45,887	34,094	34,202	34,640	35,108
of which leased assets	0	0	0	0	0	0	0	0	0	0	0
Shares associates	0	0	1,844	13,583	14,296	24,929	15,851	745	1,379	2,038	2,723
Interest bearing assets	0	0	0	0	0	0	10	0	0	0	0
Deferred tax assets	0	0	0	0	0	0	684	665	0	0	0
Other non-IB non-current assets	0	6	498	208	232	205	472	3,728	3,728	3,728	3,728
Other non-current assets	0	0	0	0	0	0	0	0	0	0	0
Total non-current assets	6,844	28,604	42,251	72,996	88,724	70,400	65,750	44,623	44,700	45,797	46,950
Inventory	0	0	0	0	0	0	0	0	0	0	0
Accounts receivable	204	440	556	1,187	1,461	1,101	1,094	1,211	1,132	1,257	1,309
Short-term leased assets	0	0	0	0	0	0	0	0	0	0	0
Other current assets	690	0	272	10	148	0	106	78	73	81	84
Cash and bank	39	212	509	1,465	2,323	4,844	3,181	17,399	10,555	15,545	23,542
Total current assets	933	652	1,337	2,662	3,932	5,945	4,381	18,688	11,909	16,958	25,010
Assets held for sale	0	n.a.									
<b>Total assets</b>	<b>7,777</b>	<b>29,256</b>	<b>43,588</b>	<b>75,658</b>	<b>92,656</b>	<b>76,345</b>	<b>70,131</b>	<b>63,311</b>	<b>60,822</b>	<b>69,926</b>	<b>79,611</b>
Shareholders equity	5,899	17,865	21,695	46,128	46,815	43,477	37,562	36,239	29,506	29,916	30,336
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	0	0	0	0	0
Minority interest	0	0	0	19	2,671	1,200	1,140	475	475	475	475
Total Equity	5,899	17,865	21,695	46,147	49,486	44,677	38,702	36,714	29,981	30,391	30,811
Deferred tax	403	1,110	1,466	1,490	1,921	925	1,005	446	446	446	446
Long term interest bearing debt	1,156	7,936	18,273	21,408	28,641	18,017	18,364	18,512	18,512	18,512	18,512
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	0	0	0	0	0	0	0	0
Non-current lease debt	0	0	0	0	0	0	0	0	0	0	0
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	1,559	9,046	19,739	22,898	30,562	18,942	19,369	19,338	18,958	18,958	18,958
Short-term provisions	0	0	0	0	0	0	0	0	0	0	0
Accounts payable	94	533	879	2,041	3,909	9,818	7,728	3,989	3,728	4,142	4,311
Current lease debt	0	0	0	0	0	0	0	0	0	0	0
Other current liabilities	0	0	17	249	0	0	0	0	0	0	0
Short term interest bearing debt	225	1,812	1,259	4,323	8,699	2,908	4,332	3,270	3,270	3,270	3,270
Total current liabilities	319	2,345	2,155	6,613	12,608	12,726	12,060	7,259	7,458	7,644	7,813
Liabilities for assets held for sale	0	0	0	0	0	0	0	0	0	0	0
<b>Total liabilities and equity</b>	<b>7,777</b>	<b>29,256</b>	<b>43,589</b>	<b>75,658</b>	<b>92,656</b>	<b>76,345</b>	<b>70,131</b>	<b>63,311</b>	<b>60,822</b>	<b>69,926</b>	<b>79,611</b>
<b>Balance sheet and debt metrics</b>											
Net debt	1,342	9,536	19,023	24,266	35,017	16,081	19,505	4,383	13,227	15,237	14,240
of which lease debt	0	0	0	0	0	0	0	0	0	0	0
Working capital	800	-93	-68	-1,093	-2,300	-8,717	-6,528	-2,700	-2,835	-2,961	-3,075
Invested capital	7,644	28,511	42,183	71,903	86,424	61,683	59,222	41,923	46,078	50,007	51,526
Capital employed	7,280	27,613	41,227	71,878	86,826	65,602	61,398	58,496	51,763	52,173	52,593
ROE	23.5%	29.3%	19.0%	14.9%	4.6%	3.7%	-3.8%	-3.1%	4.7%	8.2%	8.6%
ROIC	3.2%	2.6%	6.1%	4.8%	3.6%	5.7%	0.4%	n.a.	4.9%	5.2%	5.3%
ROCE	6.3%	4.1%	7.8%	6.1%	4.6%	6.9%	0.6%	n.a.	5.3%	6.5%	6.8%
Net debt/EBITDA	1.8	2.2	4.2	4.1	7.5	4.1	n.m.	n.m.	6.2	4.8	4.3
Interest coverage	21.5	55.0	15.9	13.1	7.5	3.2	-0.4	-1.1	4.3	5.5	5.6
Equity ratio	75.9%	61.1%	49.8%	61.0%	50.5%	56.9%	53.6%	57.2%	48.5%	42.8%	38.1%
Net gearing	22.7%	53.4%	87.7%	52.6%	70.8%	36.0%	50.4%	11.9%	44.1%	50.1%	46.2%

Source: Company data and Nordea estimates

**CASH FLOW STATEMENT**

EURt	2014	2015	2016	2017	2018	2019	2020	2021	2022E	2023E	2024E
<b>EBITDA (adj) for associates</b>	<b>764</b>	<b>4,325</b>	<b>3,149</b>	<b>4,925</b>	<b>4,030</b>	<b>4,537</b>	<b>2,278</b>	<b>-2,692</b>	<b>1,493</b>	<b>2,493</b>	<b>2,650</b>
Paid taxes	0	-31	-235	-133	-357	-273	-507	328	-276	-333	-352
Net financials	0	48	-281	-422	-587	-1,767	-1,087	-615	-315	-380	-402
Change in provisions	0	0	0	0	0	0	0	0	0	0	0
Change in other LT non-IB	0	-6	-492	290	-24	27	-951	-2,857	285	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	-764	-3,906	-1,413	-3,244	-2,330	-649	6,910	5,684	0	0	0
<b>Funds from operations (FFO)</b>	<b>0</b>	<b>430</b>	<b>728</b>	<b>1,416</b>	<b>732</b>	<b>1,875</b>	<b>6,643</b>	<b>-153</b>	<b>1,188</b>	<b>1,780</b>	<b>1,896</b>
Change in NWC	0	37	-82	33	310	810	-4,952	-97	135	126	115
<b>Cash flow from operations (CFO)</b>	<b>n.a.</b>	<b>467</b>	<b>646</b>	<b>1,449</b>	<b>1,042</b>	<b>2,685</b>	<b>1,692</b>	<b>-250</b>	<b>2,577</b>	<b>2,390</b>	<b>3,037</b>
Capital expenditure	0	-282	-386	-578	-773	-1,126	-897	-465	-402	-438	-468
<b>Free cash flow before A&amp;D</b>	<b>0</b>	<b>185</b>	<b>260</b>	<b>871</b>	<b>269</b>	<b>1,559</b>	<b>795</b>	<b>-715</b>	<b>2,132</b>	<b>1,906</b>	<b>3,037</b>
Proceeds from sale of assets	0	0	1,231	2,315	833	15,480	2,000	17,500	0	0	0
Acquisitions	0	-3,154	-3,869	-737	-6,012	-28,539	-5,000	-3,500	0	0	0
Free cash flow	0	-2,969	-2,378	2,449	-4,910	-11,500	-2,205	13,285	-868	-94	3,037
Free cash flow bef A&D, lease adj	0	185	260	871	269	1,559	795	-715	2,132	1,906	3,037
Dividends paid	0	-152	-563	-629	-1,298	-1,422	-1,546	-1,669	-7,975	-2,030	-2,161
Equity issues / buybacks	0	0	0	1,167	0	0	0	0	0	0	0
Net change in debt	0	3,355	5,271	-1,138	2,983	15,500	5,000	6,500	0	0	0
Other financing adjustments	0	0	0	0	0	0	0	10	0	0	0
Other non-cash adjustments	39	-61	-2,033	-893	4,083	-57	-2,912	-3,908	0	0	0
Change in cash	39	173	297	956	858	2,521	-1,663	14,218	-6,844	4,989	7,997
<b>Cash flow metrics</b>											
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	0.0%	19.6%	12.3%	9.0%	9.3%	9.8%	9.5%	5.8%	5.3%	5.2%	5.4%
<b>Key information</b>											
Share price year end (/current)	n.a.	n.a.	n.a.	n.a.	6	6	6	6	5	5	5
Market cap.	n.a.	n.a.	n.a.	n.a.	37,094	39,876	35,239	34,497	32,610	32,610	32,610
Enterprise value	n.a.	n.a.	n.a.	n.a.	74,782	57,157	55,884	51,855	58,811	60,822	59,825
Diluted no. of shares, year-end (t)	1,519.5	3,179.9	3,310.8	6,182.3	6,182.3	6,182.3	6,182.3	6,182.3	6,548.2	6,548.2	6,548.2

Source: Company data and Nordea estimates

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As of the publication of this report, the issuer does not hold a position exceeding 5% of the total shares issued in Nordea Abp.

**Investment banking transactions**

In view of Nordea's position in its markets readers should assume that the bank may currently or may in the coming three months and beyond be providing or seeking to provide confidential investment banking services to the company/companies

**Issuer Review**

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

**Completion Date**

15 Nov 2022, 22:34 CET

Nordea Bank Abp	Nordea Bank Abp, filial i Sverige	Nordea Danmark, Filial af Nordea Bank Abp, Finland	Nordea Bank Abp, filial i Norge
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