

Investors House

Construction and Real Estate
Finland

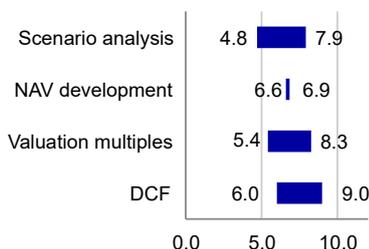
KEY DATA

Stock country	Finland
Bloomberg	INVEST.FH
Reuters	INVEST.HE
Share price (close)	EUR 5.85
Free Float	
Market cap. (bn)	EUR 0.04/EUR 0.04
Website	www.investorshouse.fi
Next report date	

PERFORMANCE



VALUATION APPROACH (EUR/SHARE)



ESTIMATE CHANGES

Year	2020E	2021E	2022E
Sales	-5%	-22%	-28%
EBIT (adj)	-13%	-13%	-19%

Source: Nordea estimates

Nordea Markets - Analysts

Svante Krokfors
AnalystDavid Flemmich
Senior Analyst, Sector Coordinator

Making a final exit from Ovaro

Investors House posted net operating income of EUR 0.8m for Q3, 12% below our EUR 0.9m estimate. EPRA earnings of EUR 0.9m were largely in line with our expectation. In conjunction with the Q3 report, Investors House announced it that it had exited the majority of its 20.4% holding in Ovaro in three transactions, using Ovaro shares as payment. The remaining Ovaro shares, approximately 740,000, will be distributed to Investors House shareholders in December. This should clarify the company's structure and we view it as a positive move given the difficulties the company has had with the transformation of Ovaro.

Q3 was operationally somewhat weak, burdened by one-offs

Net operating income declined 52% to EUR 0.8m owing to the fact that Q3 was the first quarter with IVH Kampus no longer consolidated but treated as an associated company. The operating result improved 16% y/y to EUR 0.9m. The results in 2020 have been burdened by costs associated with growth initiatives and higher property taxes, the total effect being around EUR 0.7m for the first nine months. In addition, EUR 0.5m in costs was booked in Q3 relating to an options programme. Investors House disclosed that in total it has lost around EUR 0.09m in rental income owing to COVID-19. The equity ratio remains strong at 59% and the margin to covenants level of 45% is wide. EPRA NRV, which includes the EUR 0.8 fair value of the Service business, was EUR 8.3 at the end of Q3.

Flexible approach to property investments

One of Investors House's strengths is that it can adapt to changing market conditions quite quickly. The focus now seems to be more on residential development, as the office segment will likely be less attractive in the medium term. Earlier this year, Investors House announced that it would develop a 11,000 m² residential project in Tikkurila, Vantaa. The company estimates the project value at EUR 45-55m and we calculate that it could add some EUR 1.5 per share to EPRA NRV, assuming a 15% development margin.

Our valuation range is EUR 5.7-8.0 per share

We base our fair value range on a combination of valuation methods, with the greatest emphasis on an NAV approach. Due to the company's focus on non-prime locations and its mixed residential and commercial portfolio, we believe the share will trade at a discount to EPRA NRV.

SUMMARY TABLE - KEY FIGURES

EURt	2016	2017	2018	2019	2020E	2021E	2022E
Total revenue	3,134	6,449	8,276	11,461	9,413	6,654	7,163
EBITDA (adj)	2,699	3,394	3,611	5,273	4,373	5,554	6,001
EBIT (adj)	2,699	3,394	3,611	5,273	4,373	5,554	6,001
EBIT (adj) margin	86.1%	52.6%	43.6%	46.0%	46.5%	83.5%	83.8%
EPS (adj, EUR)	0.57	0.55	0.17	0.48	0.47	0.61	0.64
EPS (adj) growth	589.3%	-3.2%	-68.4%	176.0%	-1.6%	28.6%	6.0%
DPS (ord, EUR)	0.19	0.21	0.23	0.25	0.27	0.30	0.35
EV/Sales	n.a.	n.a.	9.0	5.0	6.7	10.1	10.7
EV/EBIT (adj)	n.a.	n.a.	25.3	9.8	18.3	20.6	21.1
P/E (adj)	n.a.	n.a.	34.6	13.5	12.4	9.7	9.1
P/BV	n.a.	n.a.	0.8	0.9	0.8	0.8	0.8
Dividend yield (ord)	n.a.	n.a.	3.8%	3.9%	4.6%	5.1%	6.0%
FCF Yield bef A&D, lease	n.a.	n.a.	0.7%	3.9%	-12.9%	1.3%	5.0%
Net debt	19,023	24,266	35,017	16,081	25,284	28,966	37,019
Net debt/EBITDA	4.2	4.1	7.5	4.1	6.9	5.2	6.2
ROIC after tax	6.1%	4.8%	3.6%	5.7%	5.3%	6.0%	5.8%

Source: Company data and Nordea estimates

Factors to consider when investing in Investors House

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. This new area has good upside potential, as it is scalable and requires less capital than the real estate business. The company has a strong balance sheet, which bodes well for acquisitions or the expansion of existing business areas in the future.

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 Service segment (formerly Management). The company has historically bought and sold properties efficiently and streamlined its portfolio, especially during 2019.

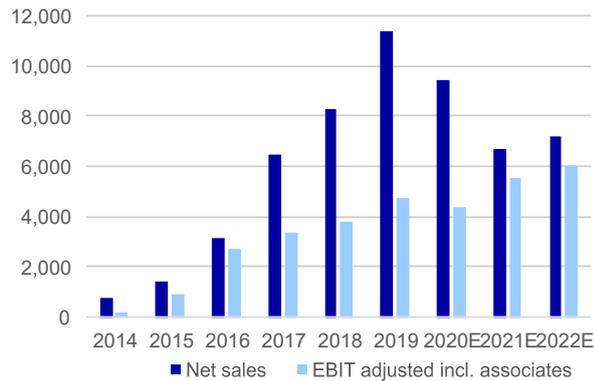
The company has grown quite aggressively since mid-2015, when the current CEO, Chairman, and Vice Chairman became owners. After this, the Real Estate and Service segments have expanded mainly through acquisitions. We expect the good pace of growth to continue, especially in the Service segment where the company has already raised around EUR 60m for its new real estate fund, in cooperation with the fund management company Dividend House. Investors House has decided to distribute its 20.4% stake in Ovaro (former Orava REIT) to its shareholders, which should increase transparency for Investors House's operations. Investors House has completed the first step of lowering its stake in Ovaro, as it already has distributed 4.8%, taking down its ownership from 25.2%. After Q3, Investors House also decided to divest 12% ownership in conjunction with a property acquisition paid with Ovaro shares. The remaining shares will be distributed to Investors House shareholders during Q4.

EPRA NRV CALCULATION

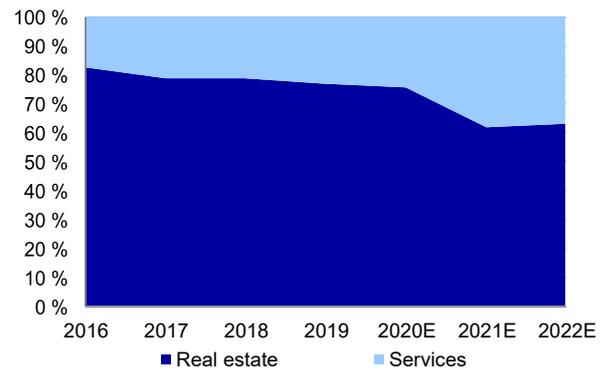
EURm	30.9.2020
EPRA NAV	44.8
Fair value of services	4.5
EPRA NRV	49.4
EPRA NRV per share (EUR)	8.30

Source: Company data

The Service 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 Service segment has good earnings potential and provides stability, as its revenues come from the services and fund management fees of Dividend House. An external evaluator has valued the Service business at EUR 4.5m, ie EUR 0.8 per share, and this valuation is included in the EPRA NRV valuation.

SALES AND ADJUSTED EBIT (EUR THOUSANDS)

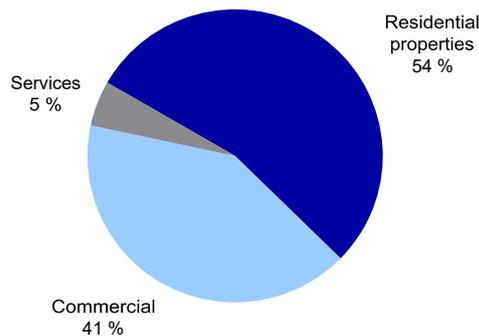
Source: Company data and Nordea estimates

SPLIT OF NET SALES BY DIVISION

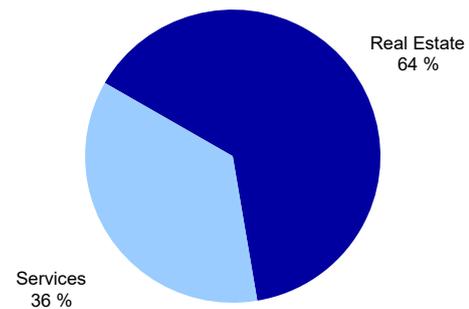
Source: Company data and Nordea estimates

Balanced investment portfolio

The company's investment portfolio comprises 54% residential and 41% commercial properties, with 5% allocated to the Service segment. Roughly 64% of group sales came from the Real Estate business in Q3 and 36% from the Service segment after IVH Kampus was no longer consolidated but treated as an associated company.

SPLIT OF THE INVESTMENT PORTFOLIO, Q3 2020

Source: Company data and Nordea

SALES BY SEGMENT, Q3 2020

Source: Company data and Nordea

Strong financial position

Investors House has a strong balance sheet, with an equity ratio of 59%, which was strengthened when IVH Kampus Ky was no longer consolidated (as of 23 June) but treated as an associated company. The equity ratio is clearly above the company's target of 45%. We believe the company will fund its expansion with new debt and we expect the equity ratio to remain clearly above the long-term target.

Clear discount to NAV and stable dividend

In the past three years, Investors House has traded at a discount of around 15% to its EPRA NAV, but now the discount has widened to ~30% (to EPRA NRV), which we believe is partly explained by the prolonged turnaround of the subsidiary Ovaro and also the downward evolution of the Nordic real estate sector after COVID-19. The company has paid a stable, increasing dividend, with yields of 2.5-3.1% during the past two years. We expect a dividend of EUR 0.27-0.35 per share for 2020-22, which corresponds to a dividend yield of 4.7-6.0%.

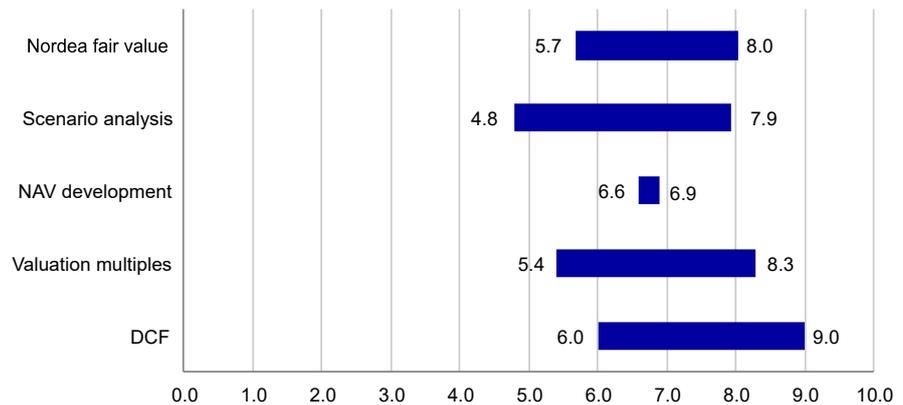
Valuation

Combining our valuation methods, we derive a fair value range of EUR 5.7-8.0. 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 a NAV SOTP to show the short-term NAV development and the value of asset revaluation potential.

In our fair value, we put less focus on the DCF and multiple 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); hence a multiple-based valuation is less reliable. A DCF valuation is easy to understand but also sensitive to changes in the parameters; hence we put less focus on it.

The latest reported EPRA NRV is EUR 8.30, ie above the top end of our fair value range of EUR 5.7-8.0 per share.

VALUATION (EUR/SHARE)



Source: Nordea estimates

Risk exposure

We believe that increasing interest rates are the largest risk to Investors House's operations, along with a slowing transaction market. Other risks for investors to consider include the company's small size and illiquidity, as it can be difficult to sell or buy larger stakes in the company. A broader list of risks is presented in the "Risk factors" section.

Deviation and revision tables

INVESTORS HOUSE: Q3 DEVIATIONS VS OUR ESTIMATES

EURt	Actual Q3 2020	NDA est. Q3 2020E	Deviation vs. actual		Actual Q2 2020	q/q	Actual Q3 2019	y/y
Sales	1,460	1,660	-200	-12 %	2,934	-50 %	2,786	-48 %
EBIT adj.	1,042	1,545	-503	-33 %	1,676	-38 %	1,660	-37 %
Net operating income	794	907	-113	-12 %	1,894	-58 %	1,663	-52 %
EPS, EUR	0.03	0.22		-86 %	0.12	-74 %	0.15	-79 %

Source: Company data and Nordea estimates

INVESTORS HOUSE: OUR ESTIMATE REVISIONS AFTER Q3 REPORT

EUR THOUSANDS	New estimates				Old estimates				Difference %			
	Q4 2019	2020E	2021E	2022E	Q4 2020E	2020E	2021E	2022E	Q4 2020E	2020E	2021E	2022E
Sales	1,676	9,413	6,654	7,163	1,681	9,937	8,511	10,014	0 %	-5 %	-22 %	-28 %
Adj. EBIT	1,381	4,373	5,554	6,001	1,415	5,037	6,357	7,382	-2 %	-13 %	-13 %	-19 %
Net operating income	1,040	4,709	3,734	4,125	763	4,222	4,033	4,839	36 %	12 %	-7 %	-15 %
Adj. EPS, EUR	0.19	0.47	0.61	0.64	0.17	0.60	0.73	0.85	11 %	-21 %	-17 %	-25 %

Source: Company data and Nordea estimates

Detailed estimates

DETAILED ESTIMATES (EPS IN EUR)

EUR THOUSANDS	Q1/19	Q2/19	Q3/19	Q4/19	Q1/20	Q2/20	Q3/20	Q4/20E	2018	2019	2020E	2021E	2022E
Net sales	2,608	2,746	2,786	3,321	3,343	2,934	1,460	1,676	8,276	11,374	9,413	6,654	7,163
Sales growth %	42 %	37 %	40 %	36 %	28 %	7 %	-48 %	-50 %	28 %	37 %	-17 %	-29 %	8 %
Maintenance expenses (Real estate)	-1,182	-933	-720	-805	-2,096	-906	-270	-316	-3,271	-4,150	-3,588	-1,200	-1,311
Direct operating expenses (Services)	-428	-449	-403	-538	-488	-254	-398	-440	-1,334	-2,087	-1,735	-1,721	-1,727
Net operating income	1,098	1,364	1,663	1,979	982	1,894	794	1,040	3,920	5,137	4,709	3,734	4,125
margin %	0 %	0 %	0 %	0 %	0 %	0 %	0 %	0 %	47 %	45 %	50 %	56 %	58 %
Net gains on sale of properties	-13	-180	13	0	-11	0	-85	0	-38	-180	-96	0	0
Net fair value changes	353	-462	-249	0	-108	-331	-200	0	929	-358	-639	0	0
Selling, marketing and admin expenses	-270	-188	-144	-194	-253	-182	-657	-200	-962	-796	-1,292	-466	-501
Other operating income	-7	-23	1	0	21	-15	0	0	181	-29	6	0	0
Associates	-61	49	140	-712	-18	-21	454	541	653	423	956	2,286	2,377
EBIT	1,100	560	1,424	1,072	613	1,345	306	1,381	4,683	4,197	3,644	5,554	6,001
margin %	42 %	20 %	51 %	32 %	18 %	46 %	21 %	82 %	57 %	37 %	39 %	83 %	84 %
EBIT adjusted incl. associates	760	1,202	1,660	1,072	732	1,676	591	1,381	3,792	4,735	4,379	5,554	6,001
margin %	31 %	42 %	55 %	54 %	22 %	58 %	9 %	50 %	38 %	38 %	36 %	49 %	51 %
Financial income	0	10	8	19	0	10	15	12	37	37	37	37	37
Financial expenses	-313	-448	-340	-64	-377	-460	-147	-140	-628	-1,165	-1,124	-584	-719
Profit before taxes	787	122	1,092	1,027	236	895	174	1,253	4,092	3,069	2,556	5,007	5,319
Taxes	-142	-183	-193	211	-142	-183	-22	-62	-1,948	-307	-409	-601	-638
Net profit	645	-61	899	1,238	94	712	152	1,191	2,144	2,762	2,147	4,406	4,681
Cash flow hedges	0	0	0	0	0	0	0	0	0	0	0	0	0
Net profit of the period	645	-61	899	1,238	94	712	152	1,191	2,144	2,762	2,147	4,406	4,681
EPS	0.10	-0.01	0.15	0.20	0.02	0.12	0.02	0.19	0.35	0.45	0.35	0.71	0.76
Minority interest	-3	-70	282	-488	0	0	0	0	-87	-279	0	-938	-1,001
Net profit attributable to shareholders	648	9	617	1,726	94	712	152	1,191	2,057	2,483	2,147	3,469	3,681
EPS attributable to shareholders	0.11	0.00	0.10	0.28	0.05	0.18	0.07	0.17	0.33	0.40	0.47	0.61	0.64

Source: Company data and Nordea estimates

DIVISIONAL ESTIMATES

EUR THOUSANDS	Q1/19	Q2/19	Q3/19	Q4/19	Q1/20	Q2/20	Q3/20	Q4/20E	2018	2019	2020E	2021E	2022E
Real estate													
Net sales	1,859	2,351	2,368	2,741	2,962	2,581	935	996	6,731	9,319	7,474	4,124	4,506
Net sales growth %	15 %	40 %	40 %	38 %	59 %	10 %	-61 %	-64 %	30 %	38 %	-25 %	-45 %	9 %
Net fair value changes	331	-466	-249	-195	-108	-331	-200	0	931	-579	-639	0	0
Associate income	-61	49	140	-712	-18	-21	454	541	653	423	956	2,286	2,377
EBIT	927	822	1,346	720	729	1,323	834	1,221	5,006	4,834	4,108	5,210	5,572
margin %	50 %	35 %	57 %	26 %	25 %	51 %	89 %	123 %	74 %	52 %	55 %	126 %	124 %
EBIT adj. incl. associates	616	1,467	1,578	924	848	1,654	1,119	1,221	4,113	6,187	5,567	5,972	6,374
margin %	0 %	0 %	0 %	0 %	0 %	0 %	0 %	0 %	61 %	66 %	74 %	145 %	141 %
Services													
Net sales	849	539	628	793	604	599	527	680	1,794	2,809	2,410	2,531	2,657
Net sales growth %	200 %	7 %	30 %	51 %	-29 %	11 %	-16 %	-14 %	27 %	57 %	-14 %	5 %	5 %
EBIT	443	70	222	356	137	204	129	240	1,121	1,059	675	810	930
margin %	52 %	13 %	35 %	45 %	23 %	34 %	24 %	35 %	62 %	38 %	28 %	32 %	35 %

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.

COVID-19 related risks

The pandemic could have short- and long-term impacts on Investors House. In the short term, tenants' ability to pay rent could be affected. We estimate, however, that less than 5% of the rental income comes from tenants with exposure to hotels or restaurants. It could become more difficult to increase rents in the short term and rental reductions on new contracts might also be necessary. In the long term, demand for office space could decline if distance working were to become more widespread among office workers.

Changes in interest rates

Rising interest rates would make financial costs higher, which would have a significant impact on real estate companies. Higher interest rates would also likely slow down the transaction market as funding becomes more expensive, which in turn would lower the value of properties and make divestments more difficult. This would hamper Investors House's ability to pursue value-creative investments in the future.

Small size

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

Dependent on a few key people

The current strategy and growth has 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, however we find this very unlikely.

Competition

Investors House is still a small player, but when it grows it will start competing against larger players, making it harder for the company to differentiate itself. Also, by expanding into real estate funds, the company partly exposes itself to a new business.

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 the GDP development, inflation, and the level of housing production can affect real estate companies like 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. Lower inflation would also slow down rental development.

Risk of value dilution

The company has grown rapidly and partly funded its expansion through share issues, which have had a dilutive effect if looking the historical EPS development. Additional share issues could hence have a value-dilutive effect 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 effects for Investors House.

Reported numbers and forecasts

INCOME STATEMENT

EURt	2012	2013	2014	2015	2016	2017	2018	2019	2020E	2021E	2022E
Total revenue	n.a.	n.a.	752	1,438	3,134	6,449	8,276	11,461	9,413	6,654	7,163
Revenue growth	n.a.	n.a.	n.a.	91.2%	117.9%	105.8%	28.3%	38.5%	-17.9%	-29.3%	7.6%
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	764	4,325	4,505	5,981	4,683	3,953	3,644	5,554	6,001
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	764	4,325	4,505	5,981	4,683	3,953	3,644	5,554	6,001
Amortisation and impairments	0	0	0	0	0	0	0	0	0	0	0
EBIT	n.a.	n.a.	764	4,325	4,505	5,981	4,683	3,953	3,644	5,554	6,001
of which associates	0	0	0	0	1,356	1,056	653	-584	956	2,286	2,377
Associates excluded from EBIT	0	0	0	0	0	0	0	0	0	0	0
Net financials	0	0	37	48	-281	-422	-591	-1,213	-1,087	-547	-682
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
Pre-tax profit	0	0	801	4,373	4,224	5,559	4,092	2,740	2,556	5,007	5,319
Reported taxes	0	0	-107	-886	-457	-512	-1,948	-657	-409	-601	-638
Net profit from continued operations	0	0	694	3,487	3,767	5,047	2,144	2,083	2,147	4,406	4,681
Discontinued operations	0	0	0	0	0	0	0	0	0	0	0
Minority interests	0	0	0	0	0	0	0	-433	0	-938	-1,001
Net profit to equity	0	0	694	3,487	3,767	5,047	2,144	1,650	2,147	3,469	3,681
EPS, EUR	n.a.	n.a.	0.46	1.48	1.14	1.12	0.35	0.27	0.35	0.56	0.60
DPS, EUR	0.00	0.00	0.10	0.17	0.19	0.21	0.23	0.25	0.27	0.30	0.35
of which ordinary	0.00	0.00	0.10	0.17	0.19	0.21	0.23	0.25	0.27	0.30	0.35
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.	101.6%	300.8%	143.7%	92.7%	56.6%	34.5%	38.7%	83.5%	83.8%
EBITA	n.a.	n.a.	101.6%	300.8%	143.7%	92.7%	56.6%	34.5%	38.7%	83.5%	83.8%
EBIT	n.a.	n.a.	101.6%	300.8%	143.7%	92.7%	56.6%	34.5%	38.7%	83.5%	83.8%

Adjusted earnings

EBITDA (adj)	0	0	155	584	2,699	3,394	3,611	5,273	4,373	5,554	6,001
EBITA (adj)	0	0	155	584	2,699	3,394	3,611	5,273	4,373	5,554	6,001
EBIT (adj)	0	0	155	584	2,699	3,394	3,611	5,273	4,373	5,554	6,001
EPS (adj, EUR)	n.a.	n.a.	0.06	-0.12	0.57	0.55	0.17	0.48	0.47	0.61	0.64

Adjusted profit margins in percent

EBITDA (adj)	n.a.	n.a.	20.6%	40.6%	86.1%	52.6%	43.6%	46.0%	46.5%	83.5%	83.8%
EBITA (adj)	n.a.	n.a.	20.6%	40.6%	86.1%	52.6%	43.6%	46.0%	46.5%	83.5%	83.8%
EBIT (adj)	n.a.	n.a.	20.6%	40.6%	86.1%	52.6%	43.6%	46.0%	46.5%	83.5%	83.8%

Performance metrics

CAGR last 5 years											
Net revenue	n.a.	72.4%	45.6%	16.3%	2.1%						
EBITDA	n.m.	38.9%	-3.4%	4.3%	0.1%						
EBIT	n.a.	38.9%	-3.4%	4.3%	0.1%						
EPS	n.a.	-10.2%	-25.2%	-13.2%	-11.9%						
DPS	n.m.	20.1%	9.7%	9.6%	10.8%						
Average last 5 years											
Average EBIT margin	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.m.	76.2%	58.8%	56.4%	55.5%
Average EBITDA margin	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.m.	76.2%	58.8%	56.4%	55.5%

VALUATION RATIOS - ADJUSTED EARNINGS

EURt	2012	2013	2014	2015	2016	2017	2018	2019	2020E	2021E	2022E
P/E (adj)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	34.6	13.5	12.4	9.7	9.1
EV/EBITDA (adj)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	20.7	10.8	14.3	12.1	12.7
EV/EBITA (adj)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	20.7	10.8	14.3	12.1	12.7
EV/EBIT (adj)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	25.3	9.8	18.3	20.6	21.1

VALUATION RATIOS - REPORTED EARNINGS

EURt	2012	2013	2014	2015	2016	2017	2018	2019	2020E	2021E	2022E
P/E	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	17.3	24.2	16.8	10.4	9.8
EV/Sales	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	9.04	4.99	6.66	10.11	10.65
EV/EBITDA	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	18.6	12.6	23.3	20.6	21.1
EV/EBITA	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	18.6	12.6	23.3	20.6	21.1
EV/EBIT	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	18.6	12.6	23.3	20.6	21.1
Dividend yield (ord.)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	3.8%	3.9%	4.6%	5.1%	6.0%
FCF yield	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	-13.2%	-28.8%	-21.2%	-5.6%	-17.1%
FCF Yield bef A&D, lease adj	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0.7%	3.9%	-12.9%	1.3%	5.0%
Payout ratio	n.a.	n.a.	21.9%	11.5%	16.7%	18.7%	66.3%	93.7%	77.7%	53.5%	58.8%

Source: Company data and Nordea estimates

BALANCE SHEET

EURt	2012	2013	2014	2015	2016	2017	2018	2019	2020E	2021E	2022E
Intangible assets	0	0	0	400	1,350	1,389	2,933	3,142	3,142	3,142	3,142
of which R&D	0	0	0	0	0	0	0	0	0	0	0
of which other intangibles	0	0	0	0	0	39	105	329	329	329	329
of which goodwill	0	0	0	400	1,350	1,350	2,828	2,813	2,813	2,813	2,813
Tangible assets	0	0	6,844	28,198	38,559	57,816	71,263	42,124	45,382	48,377	56,918
of which leased assets	0	0	0	0	0	0	0	0	0	0	0
Shares associates	0	0	0	0	1,844	13,583	14,296	24,929	25,885	28,171	30,548
Interest bearing assets	0	0	0	0	0	0	0	0	0	0	0
Deferred tax assets	0	0	0	0	0	0	0	0	0	0	0
Other non-IB non-current assets	0	0	0	6	498	208	232	205	205	205	205
Other non-current assets	0	0	0	0	0	0	0	0	0	0	0
Total non-current assets	0	0	6,844	28,604	42,251	72,996	88,724	70,400	74,614	79,895	90,813
Inventory	0	0	0	0	0	0	0	0	0	0	0
Accounts receivable	0	0	204	440	556	1,187	1,461	1,101	941	665	716
Short-term leased assets	0	0	0	0	0	0	0	0	0	0	0
Other current assets	0	0	690	0	272	10	148	0	0	0	0
Cash and bank	0	0	39	212	509	1,465	2,323	4,844	641	3,459	2,406
Total current assets	0	0	933	652	1,337	2,662	3,932	5,945	1,582	4,124	3,108
Assets held for sale	0	0	0	n.a.							
Total assets	0	0	7,777	29,256	43,588	75,658	92,656	76,345	76,196	84,019	93,903
Shareholders equity	0	0	5,899	17,865	21,695	46,128	46,815	43,477	43,440	45,239	47,065
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	0	0	19	2,671	1,200	1,200	2,138	3,138
Total Equity	0	0	5,899	17,865	21,695	46,147	49,486	44,677	44,640	47,377	50,203
Deferred tax	0	0	403	1,110	1,466	1,490	1,921	925	925	925	925
Long term interest bearing debt	0	0	1,156	7,936	18,273	21,408	28,641	18,017	23,017	29,517	36,517
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	0	0	1,559	9,046	19,739	22,898	30,562	18,942	23,942	30,442	37,442
Short-term provisions	0	0	0	0	0	0	0	0	0	0	0
Accounts payable	0	0	94	533	879	2,041	3,909	9,818	4,707	3,327	3,582
Current lease debt	0	0	0	0	0	0	0	0	0	0	0
Other current liabilities	0	0	0	0	17	249	0	0	0	0	0
Short term interest bearing debt	0	0	225	1,812	1,259	4,323	8,699	2,908	2,908	2,908	2,908
Total current liabilities	0	0	319	2,345	2,155	6,613	12,608	12,726	7,615	6,235	6,415
Liabilities for assets held for sale	0	0	0	0	0	0	0	0	0	0	0
Total liabilities and equity	0	0	7,777	29,256	43,589	75,658	92,656	76,345	76,196	84,019	93,903
Balance sheet and debt metrics											
Net debt	0	0	1,342	9,536	19,023	24,266	35,017	16,081	25,284	28,966	37,019
of which lease debt	0	0	0	0	0	0	0	0	0	0	0
Working capital	0	0	800	-93	-68	-1,093	-2,300	-8,717	-3,765	-2,662	-2,805
Invested capital	0	0	7,644	28,511	42,183	71,903	86,424	61,683	70,849	77,233	87,990
Capital employed	0	0	7,280	27,613	41,227	71,878	86,826	65,602	70,565	79,802	89,628
ROE	n.m.	n.m.	23.5%	29.3%	19.0%	14.9%	4.6%	3.7%	4.9%	7.8%	8.0%
ROIC	n.m.	n.m.	3.2%	2.6%	6.1%	4.8%	3.6%	5.7%	5.3%	6.0%	5.8%
ROCE	n.m.	n.m.	6.3%	4.1%	7.8%	6.1%	4.6%	6.9%	6.5%	7.4%	7.1%
Net debt/EBITDA	n.m.	n.m.	1.8	2.2	4.2	4.1	7.5	4.1	6.9	5.2	6.2
Interest coverage	n.a.	n.a.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
Equity ratio	n.m.	n.m.	75.9%	61.1%	49.8%	61.0%	50.5%	56.9%	57.0%	53.8%	50.1%
Net gearing	n.m.	n.m.	22.7%	53.4%	87.7%	52.6%	70.8%	36.0%	56.6%	61.1%	73.7%

Source: Company data and Nordea estimates

CASH FLOW STATEMENT

EURt	2012	2013	2014	2015	2016	2017	2018	2019	2020E	2021E	2022E
EBITDA (adj) for associates	0	0	764	4,325	3,149	4,925	4,030	4,537	2,688	3,268	3,624
Paid taxes	0	0	0	-31	-235	-133	-357	-273	-409	-601	-638
Net financials	0	0	0	48	-281	-422	-587	-1,767	-1,087	-547	-682
Change in provisions	0	0	0	0	0	0	0	0	0	0	0
Change in other LT non-IB	0	0	0	-6	-492	290	-24	27	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	-764	-3,906	-1,413	-3,244	-2,330	-649	0	0	0
Funds from operations (FFO)	0	0	0	430	728	1,416	732	1,875	1,191	2,120	2,304
Change in NWC	0	0	0	37	-82	33	310	810	-4,952	-1,104	144
Cash flow from operations (CFO)	0	0	n.a.	467	646	1,449	1,042	2,685	-3,760	982	2,325
Capital expenditure	0	0	0	-282	-386	-578	-773	-1,126	-897	-495	-541
Free cash flow before A&D	0	0	0	185	260	871	269	1,559	-4,657	487	1,802
Proceeds from sale of assets	0	0	0	0	1,231	2,315	833	15,480	2,000	2,500	1,000
Acquisitions	0	0	0	-3,154	-3,869	-737	-6,012	-28,539	-5,000	-5,000	-9,000
Free cash flow	0	0	0	-2,969	-2,378	2,449	-4,910	-11,500	-7,657	-2,013	-6,198
Free cash flow bef A&D, lease adj	0	0	0	185	260	871	269	1,559	-4,657	487	1,802
Dividends paid	0	0	0	-152	-563	-629	-1,298	-1,422	-1,546	-1,669	-1,855
Equity issues / buybacks	0	0	0	0	0	1,167	0	0	0	0	0
Net change in debt	0	0	0	3,355	5,271	-1,138	2,983	15,500	5,000	6,500	7,000
Other financing adjustments	0	0	0	0	0	0	0	0	0	0	0
Other non-cash adjustments	0	0	39	-61	-2,033	-893	4,083	-57	0	0	0
Change in cash	0	0	39	173	297	956	858	2,521	-4,203	2,818	-1,053
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.	0.0%	19.6%	12.3%	9.0%	9.3%	9.8%	9.5%	7.4%	7.5%
Key information											
Share price year end (/current)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	6	6	6	6	6
Market cap.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	37,094	39,876	36,166	36,166	36,166
Enterprise value	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	74,782	57,157	62,650	67,270	76,323
Diluted no. of shares, year-end (t)	0.0	0.0	1,519.5	3,179.9	3,310.8	6,182.3	6,182.3	6,182.3	6,182.3	6,182.3	6,182.3

Source: Company data and Nordea estimates

Disclaimer and legal disclosures

Origin of the report

This publication or report originates from: Nordea Bank Abp, including its branches Nordea Danmark, Filial af Nordea Bank Abp, Finland, Nordea Bank Abp, filial i Norge and Nordea Bank Abp, filial i Sverige (together "Nordea") acting through their unit Nordea Markets.

Nordea Bank Abp is supervised by the European Central Bank and the Finnish Financial Supervisory Authority and the branches are supervised by the European Central Bank and the Finnish Financial Supervisory Authority and the Financial Supervisory Authorities in their respective countries.

Content of report

This report has been prepared solely by Nordea Markets.

Opinions or suggestions from Nordea Markets credit and equity research may deviate from one another or from opinions presented by other departments in Nordea. This may typically be the result of differing time horizons, methodologies, contexts or other factors.

The information provided herein is not intended to constitute and does not constitute investment advice nor is the information intended as an offer or solicitation for the purchase or sale of any financial instrument. The information contained herein has no regard to the specific investment objectives, the financial situation or particular needs of any particular recipient. Relevant and specific professional advice should always be obtained before making any investment or credit decision.

Opinions or ratings are based on one or more methods of valuation, for instance cash flow analysis, use of multiples, behavioural technical analyses of underlying market movements in combination with considerations of the market situation and the time horizon. Key assumptions of forecasts or ratings in research cited or reproduced appear in the research material from the named sources. The date of publication appears from the research material cited or reproduced. Opinions and estimates may be updated in subsequent versions of the report, provided that the relevant company/issuer is treated anew in such later versions of the report.

Validity of the report

All opinions and estimates in this report are, regardless of source, given in good faith, and may only be valid as of the stated date of this report and are subject to change without notice.

No individual investment or tax advice

The report is intended only to provide general and preliminary information to investors and shall not be construed as the basis for any investment decision. This report has been prepared by Nordea Markets as general information for private use of investors to whom the report has been distributed, but it is not intended as a personal recommendation of particular financial instruments or strategies and thus it does not provide individually tailored investment advice, and does not take into account the individual investor's particular financial situation, existing holdings or liabilities, investment knowledge and experience, investment objective and horizon or risk profile and preferences. The investor must particularly ensure the suitability of an investment as regards his/her financial and fiscal situation and investment objectives. The investor bears the risk of losses in connection with an investment.

Before acting on any information in this report, it is recommendable to consult (without being limited to) one's financial, legal, tax, accounting, or regulatory advisor in any relevant jurisdiction.

The information contained in this report does not constitute advice on the tax consequences of making any particular investment decision. Each investor shall make his/her own appraisal of the tax and other financial merits of his/her investment.

Sources

This report may be based on or contain information, such as opinions, estimates and valuations which emanate from: Nordea Markets' analysts or representatives, publicly available information, information from other units of Nordea, or other named sources.

To the extent this publication or report is based on or contain information emanating from other sources ("Other Sources") than Nordea Markets ("External Information"), Nordea Markets has deemed the Other Sources to be reliable but neither Nordea, others associated or affiliated with Nordea nor any other person, do guarantee the accuracy, adequacy or completeness of the External Information.

Limitation of liability

Nordea or other associated and affiliated companies assume no liability as regards to any investment, divestment or retention decision taken by the investor on the basis of this report. In no event will Nordea or other associated and affiliated companies be liable for direct, indirect or incidental, special or consequential damages (regardless of whether being considered as foreseeable or not) resulting from the information in this report.

Risk information

The risk of investing in certain financial instruments, including those mentioned in this report, is generally high, as their market value is exposed to a lot of different factors such as the operational and financial conditions of the relevant company, growth prospects, change in interest rates, the economic and political environment, foreign exchange rates, shifts in market sentiments etc. Where an investment or security is denominated in a different currency to the investor's currency of reference, changes in rates of exchange may have an adverse effect on the value, price or income of or from that investment to the investor. Past performance is not a guide to future performance. Estimates of future performance are based on assumptions that may not be realized. When investing in individual shares, the investor may lose all or part of the investments.

Conflicts of interest

Readers of this document should note that Nordea Markets has received remuneration from the company mentioned in this document for the production of the report. The remuneration is not dependent on the content of the report.

Nordea, affiliates or staff in Nordea, 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 report.

To limit possible conflicts of interest and counter the abuse of inside knowledge, the analysts of Nordea Markets are subject to internal rules on sound ethical conduct, the management of inside information, handling of unpublished research material, contact with other units of Nordea and personal account dealing. The internal rules have been prepared in accordance with applicable legislation and relevant industry standards. The object of the internal rules is for example to ensure that no analyst will abuse or cause others to abuse confidential information. It is the policy of Nordea Markets that no link exists between revenues from capital markets activities and individual analyst remuneration. Nordea and the branches are members of national stockbrokers' associations in each of the countries in which Nordea has head offices. Internal rules have been developed in accordance with recommendations issued by the stockbrokers associations. This material has been prepared following the Nordea Conflict of Interest Policy, which may be viewed at www.nordea.com/mifid.

Distribution restrictions

The securities referred to in this report may not be eligible for sale in some jurisdictions. This report is not intended for, and must not be distributed to private customers in the UK or the US. This research report is intended only for, and may be distributed only to, accredited investors, expert investors or institutional investors in Singapore who may contact Nordea Bank, Singapore Branch of 138 Market Street, #09-01 CapitaGreen, Singapore 048946.

This publication or report may be distributed by Nordea Bank Abp Singapore Branch, which is subject to the supervision of the European Central Bank, the Finnish Financial Supervisory Authority and the Monetary Authority of Singapore.

This publication or report may be distributed in the UK to institutional investors by Nordea Bank Abp London Branch of 6th Floor, 5 Aldermanbury Square, London, EC2V 7AZ, which is under supervision of the European Central Bank, Finanssivalvonta (Financial Supervisory Authority) in Finland and subject to limited regulation by the Financial Conduct Authority and Prudential Regulation Authority in the United Kingdom. Details about the extent of our regulation by the Financial Conduct Authority and Prudential Regulation Authority are available from us on request.

This report may not be mechanically duplicated, photocopied or otherwise reproduced, in full or in part, under applicable copyright laws.

Analyst Shareholding

Nordea Markets analysts do not hold shares in the companies that they cover. No holdings or other affiliations by analysts or associates.

Fair value and sensitivity

We calculate our fair values by weighting DCF, DDM, SOTP, asset-based and other standard valuation methods. Our fair values are sensitive to changes in valuation assumptions, of which growth, margins, tax rates, working capital ratios, investment-to-sales ratios and cost of capital are typically the most sensitive. It should be noted that our fair values would change by a disproportionate factor if changes are made to any or all valuation assumptions, owing to the non-linear nature of the standard valuation models applied (mentioned above). As a consequence of the standard valuation models we apply, changes of 1-2 percentage points in any single valuation assumption can change the derived fair value by as much as 30% or more. All research is produced on an ad hoc basis and will be updated when the circumstances require it.

Marketing Material

This research report should be considered marketing material, as it has been commissioned and paid for by the subject company, and has not been prepared in accordance with the regulations designed to promote the independence of investment research and it is not subject to any legal prohibition on dealing ahead of the dissemination of the report. However, Nordea Markets analysts are according to internal policies not allowed to hold shares in the companies/sectors that they cover.

Market-making obligations and other significant financial interest

Nordea Markets has no market-making obligations in Investors House.

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

30 Nov 2020, 22:42 CET

Nordea Bank Abp	Nordea Bank Abp, filial i Sverige	Nordea Danmark, Filial af Nordea Bank Abp, Finland	Nordea Bank Abp, filial i Norge
Nordea Markets Division, Research Visiting address: Aleksis Kiven katu 7, Helsinki FI-00020 Nordea Finland Tel: +358 9 1651 Fax: +358 9 165 59710 Reg.no. 2858394-9 Satamaradankatu 5 Helsinki	Nordea Markets Division, Research Visiting address: Smålandsgatan 17 SE-105 71 Stockholm Sweden Tel: +46 8 614 7000 Fax: +46 8 534 911 60	Nordea Markets Division, Research Visiting address: Grønjørdsvej 10 DK-2300 Copenhagen S Denmark Tel: +45 3333 3333 Fax: +45 3333 1520	Nordea Markets Division, Research Visiting address: Essendropsgate 7 N-0107 Oslo Norway Tel: +47 2248 5000 Fax: +47 2256 8650