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Company Comment	Property	Sweden	27 August 2019
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Heads-up before the Q2 2019 results on 30 August

Cibus will report its Q2 results on Friday. We expect NRI and operating income to increase from Q1 and earnings capacity to grow with acquisitions worth of EUR 45m announced this year. The case is unchanged - Cibus offers the highest dividend yield in our Nordic property sector. The company's target is to grow its dividend 5% a year which we think is realistic given its growing earnings capacity. We see fair value for the shares at SEK 125-140.

Q2 expectations - growing operational results on the cards

We expect Cibus to report steadily improving results compared with Q1 2019. Our Q2 NRI estimate is for EUR 12.5m, growing slightly from EUR 12.1m in Q1. We expect operating income to be EUR 8.2m also up from EUR 7.6m in Q1. We have calculated EUR 2.9m in positive fair value bookings for Q2 and thus our EPS estimate is EUR 0.30 per share. We expect EPRA NAV/share to remain stable q-o-q at EUR 11.15 and LTV at 57%. It seems that our expectations for Q2 do not deviate much from consensus expectations.

Earnings capacity to grow with acquisitions

During 2019, Cibus has announced EUR 45m of acquisitions that are likely to increase NRI by some EUR 2.5m or 5% compared with the end of 2018. At the same time, the company has been refinancing its loan portfolio so that its interest expenses have not increased. We expect Cibus to indicate EUR 50.3m net rental income capacity (after the acquisitions) translating into EUR 33.0m operating income capacity, up 8% during H1 2019. The company's ambition is to grow by acquiring EUR 50m of assets per year and it is very likely the company will exceed its target this year.

Case - consolidator providing highest dividend yield in Nordic properties

We see fair value for Cibus' shares at SEK 125-140 per share. This reflects EV/GAV of 0.95-1.00x that is in our view fair given the inflation-protected stable business with core operations tied to grocery retail. Cibus is the consolidator in grocery retail property market in Finland. It offers a highly predictable and growing dividend. Cibus' growth target for the dividend is 5% per year - we think that this is realistic with growing earnings capacity.

Earnings capacity - Cibus Q2 2019 estimate provided in connection with Q1 result

EURm	Q1 2018 CIBUS est.	Q2 2018 CIBUS est.	Q3 2018 CIBUS est.	Q4 2018 CIBUS est.	Q1 2019 CIBUS est.	Q2 2019 CIBUS est.	2019E SEB estimate	SEB 2020E SEB estimate	SEB 2021E SEB estimate
Rental income	47.900	49.050	49.150	51.100	51.100	52.700			
Property expenses	-3.200	-3.250	-3.250	-3.300	-3.300	-3.400			
Net rental income	44.700	45.800	45.900	47.800	47.800	49.300	50.150	51.471	52.200
Central admin	-3.500	-3.541	-3.545	-3.620	-3.620	-3.700	-3.650	-3.700	-3.700
Net financial costs	-13.113	-13.500	-13.500	-13.550	-13.194	-13.600	-13.611	-13.937	-13.905
Operating income	28.087	28.759	28.855	30.630	30.986	32.000	32.889	33.834	34.595
Operating income/share	0.90	0.92	0.93	0.98	1.00	1.03	1.06	1.09	1.11

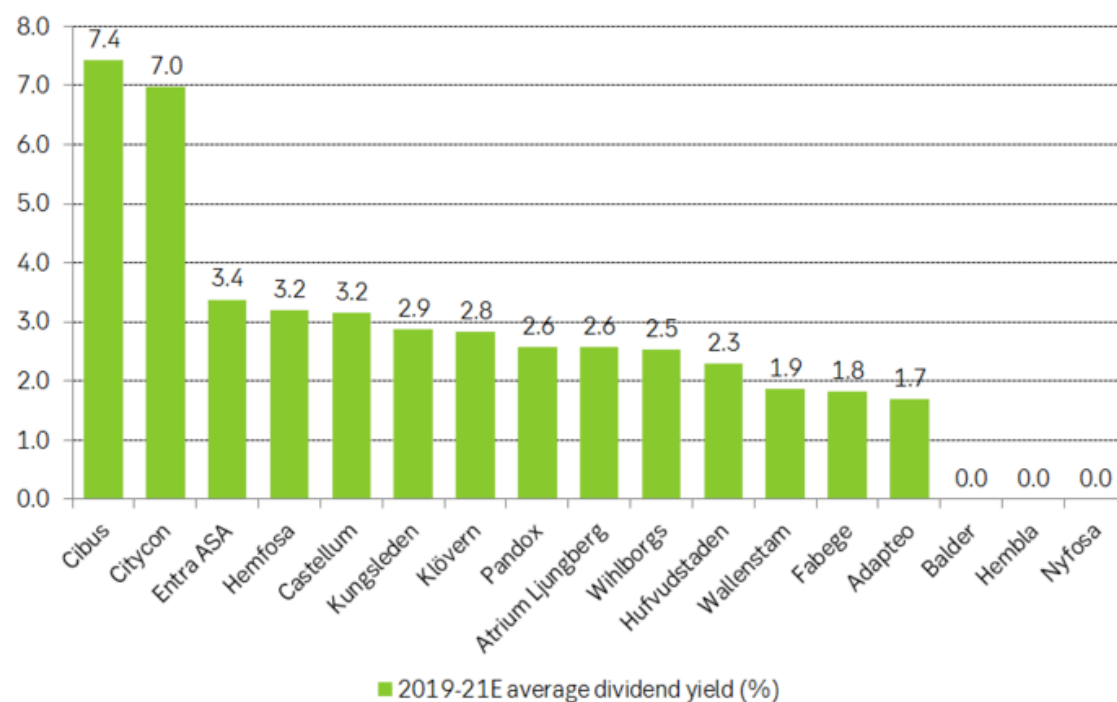
Source: SEB, Cibus

Cibus Q2 2019 expectations - SEB estimates

(EURm)	Q3/18 (Q1 18/19)	Q4/18 (Q2 18/19)	Q1/19	Q2/19E
Rental & service income	14.6	14.3	15.3	14.6
Property expenses	(2.6)	(2.9)	(3.2)	(2.1)
Net rental income	12.1	11.4	12.1	12.5
Central administration	(1.0)	0.4	(1.0)	(0.9)
EBITDA	11.1	11.8	11.2	11.6
Net interest	(3.9)	(4.3)	(3.5)	(3.4)
Operating income/profit from property management	7.2	7.5	7.6	8.2
JV income - profit from property management	0.0	0.0	0.0	0.0
Other income and expenses	0.0	0.0	0.0	0.0
Profit from property management	7.2	7.5	7.6	8.2
JV income - other	0.0	0.0	0.0	0.0
Realised value changes - property	0.0	(0.2)	0.0	0.0
Unrealised value changes - property	(0.0)	2.0	2.8	2.9
Value changes - derivatives	0.1	(0.2)	(0.4)	0.0
Pre-tax profit	7.3	9.1	10.0	11.2
Pre-tax cash earnings	7.2	7.5	7.6	8.2
Tax paid	(0.6)	(0.2)	(0.5)	(0.3)
Tax deferred	(0.1)	(2.2)	(0.5)	(1.6)
Total tax	(0.7)	(2.4)	(1.1)	(2.0)
Net profit	6.6	6.8	8.9	9.2
EPS (EUR)	0.21	0.22	0.29	0.30
Net profit to ordinary shareholders	6.6	6.8	8.9	9.2
Adjusted net profit to ordinary shareholders	6.5	5.1	6.6	6.3
Cash earnings	6.6	7.3	7.1	7.9
Adjusted EPS (EUR)	0.21	0.16	0.21	0.20
CEPS pre-tax (EUR)	0.23	0.24	0.25	0.26
CEPS (EUR)	0.21	0.23	0.23	0.25
Current earnings capacity (Net rental income)	45.9	47.8	47.8	49.3
DPS (EUR)	0.2	0.2	0.20	0.21
DPS (SEK)	2.06	2.03	2.12	2.27
P&L ratios (%)				
Surplus ratio (%)	82.5	79.5	79.0	85.7
EBITDA margin (%)	75.8	82.5	72.8	79.4
Operating profit margin (%)	49.3	52.3	49.7	56.4

Source: SEB

Nordic property sector - dividend yield 2019-21E



Source: SEB

Key figures

(EURm)	2018	2019E	2020E	2021E
Revenues (m)	29	60	61	63
Adj. EBIT	23	47	48	49
PTP (m)	16	44	45	46
EPS	0.43	1.19	1.19	1.21
EPS (adjusted)	0.38	0.85	0.87	0.89
DPS	0.84	0.88	0.93	0.97
Revenue growth (%)	65.1	105.9	3.3	2.0
EPS growth (%)	79.0	124.1	2.9	2.3
Operating margin (%)	79.1	78.1	77.7	77.3
ROCE (%)	2.9	5.6	5.6	5.7
Net Debt/EBITDA (x)	20.1	10.4	10.1	10.0
PER (adjusted)	27.1	14.7	14.3	14.0
Dividend yield (%)	8.2	7.1	7.4	7.8
P/BV (x)	1.0	1.1	1.1	1.1
EV/EBIT (x)	34.0	18.8	18.3	18.0
EV/Sales (x)	26.92	14.69	14.18	13.90

Source: SEB

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