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Company Update

Property

Sweden

18 May 2020

From Finnish to Nordic, growth continues

Profit from property management was lower than we estimated mainly due to unrealised currency loss impacting the quarter. The result did not change the case though. Cibus is a consolidator of grocery retail properties enabling stable and relatively safe cash flow which enables the highest dividend yield in Nordic properties of 6.4% on 2019 earnings and a target to grow dividend by at least 5% per year. We see fair value for the shares of SEK 119-139.

Key Data (2020E)

Price (SEK)	122.40
Reuters	CIBUS.ST
Bloomberg	CIBUS SS
Market cap (SEKm)	4,568
Market cap (USDm)	466
Market cap (EURm)	429
Net debt (EURm)	614
Net gearing	145%
Net debt/EBITDA (x)	11.6
Shares fully dil. (m)	37.3
Avg daily turnover (m)	0.0
Free float	59%

EBITDA in line but financial costs on the high side

Q1 profit from property management of EUR 6.8m was clearly below our EUR 8.0m estimate. The result was burdened by higher admin costs (EUR 0.4m) and higher net financials (EUR 1.1m). Of these costs, admin costs will be elevated ahead whereas net financials are affected by a EUR 0.9m unrealised currency loss and should be normalised in Q2 and onwards. We have cut our EPS estimates by 5% for 2020 (financial and admin costs) whereas 2021-22 are down 4% driven by administrative costs only.

Opening up new hunting ground

Cibus executed EUR 175m worth of acquisitions in Q1 2020 adding 114 properties of which 111 related to the acquisition of a portfolio from Coop consolidated during March. With that as a platform Cibus is now open for small add-on acquisitions in both Sweden and Finland and the growth story through new properties is very much intact.

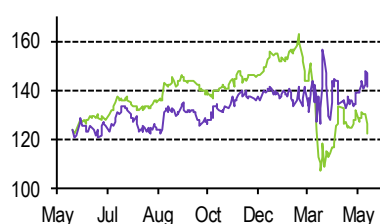
We estimate fair value of SEK 119-139

Our approach to Cibus' fair value is EV/GAV range of 0.95-1.00x with the current portfolio. This reflects the steady business outlook and low group costs. The relatively high required yield for Cibus assets enables a strong 6.4-7.4% (and growing) dividend yield in 2019-22E.

Estimate Revisions (%)

	2020E	2021E	2022E
Revenues	0	0	0
Adj. EBIT	(3)	(3)	(3)
Adj. EPS	(5)	(4)	(4)

Share Price (12M)



Absolute (green) / Relative to 4040. Real Estate (purple).

**Marketing communication
 commissioned by:
 Cibus**

Financials (EUR)

Year end: Dec	2018	2019	2020E	2021E	2022E
Revenues (m)	29	60	72	77	78
Operating profit (m)	23	43	53	57	58
Pre-tax profit (m)	16	35	41	47	50
EPS (reported)	0.43	0.97	0.94	1.03	1.09
EPS (adjusted)	0.38	0.75	0.84	0.87	0.89
CEPS	0.52	0.94	0.99	1.00	1.01
DPS	0.84	0.89	0.93	0.98	1.03
Revenue growth (%)	65.1	108.3	19.8	6.4	2.0
Operating profit growth (%)	80.6	90.1	22.1	7.0	1.7
EPS (adjusted) growth (%)	79.0	98.0	12.2	3.7	2.0
Operating margin (%)	79.1	72.2	73.6	74.0	73.8
ROE (%)	4.0	9.1	8.9	9.0	9.5
ROCE (%)	2.9	5.2	5.5	5.4	5.4
PER (x)	27.1	18.5	13.7	13.2	13.0
CEM (x)	19.7	14.7	11.6	11.5	11.3
Free cash flow yield (%)	4.2	6.0	8.0	8.2	8.3
Dividend yield (%)	8.2	6.4	8.1	8.5	9.0
P/NAV (x)	0.94	1.26	0.98	0.96	1.00
EV/Sales (x)	26.92	15.63	14.47	13.60	13.34
EBITDA/EV (%)	2.9	4.6	5.1	5.4	5.5
EV/GAV (%)	97	110	99	99	100

Source for all data on this page: SEB (estimates) and Millstream/Thomson Reuters (prices)

Nordic ambitions

Further expansion in Sweden

Coop property portfolio created a platform for growth

With the acquisition of Coop properties in Sweden, Cibus is opening up for growth in a second market. Previously Cibus was a Finnish company, but after the Coop deal Finland represents 83% of the property value and Sweden 17%. We expect Cibus to continue to acquire properties in Sweden as well as adding on the occasional Finnish property.

Cibus had 142 properties at the end of Q4 2019 and since then it has added 111 properties in the Coop deal during Q1. Although the properties acquired have one tenant, it is important to remember that the tenant is Coop, one of the largest and strongest food retailers in Sweden, and the 111 properties are spread out at some 80 locations. In addition, there are 10-year leases signed on the properties, which is significantly higher than the 4.9 years Cibus had in WAULT before the deal. After the deal WAULT increases to 5.5 years. To further add to lowering the risk, the properties are modern as around 80% were built or fully renovated in the last 15 years.

Operating earnings in line

EPS estimates revised down by around 4% per year

Cibus reported net rental income 3% above our expectation, EBITDA in line and operating income capacity 2% above. Due to larger than expected financial costs, explained by unrealised currency changes, profit from property management was 14% below us. Fair value changes were higher than expected at EUR 1.6m resulting net profit in line with expectations.

Deviation from estimates

(EURm)	Actual	SEB	Q1/20 Abs	Rel (%)	Q1/19	y/y (%)	Q4/19	q/q (%)
Rental & service income	16.3	16.1	0	1.3	15.3	6.6	15.6	4.7
Property expenses	-3.3	-3.5	0	4.4	-3.2	-3.9	-3.1	-9.3
Net rental income	13.0	12.6	0	2.8	12.1	7.2	12.6	3.5
Administration costs & other	-1.5	-1.1	0	-41.8	-1.0	-56.4	-2.0	24.1
EBITDA	11.5	11.6	0	-0.7	11.2	3.1	10.6	8.6
Net financials	-4.7	-3.6	-1	-28.4	-3.5	-31.7	-3.6	-29.3
Profit from property manag.	6.8	8.0	-1	-14.0	7.6	-10.3	7.0	-2.1
Fair value changes	1.7	1.0	1	66.8	2.3	-28.9	-0.3	736.6
Pre-tax profit	8.5	9.0	0	-5.0	10.0	-14.7	6.7	26.6
Taxes	-1.4	-1.9	1	27.6	-1.1	-33.1	-1.1	-30.9
Net profit	7.1	7.0	0	1.4	8.9	-20.4	5.6	25.7
EPS (EUR)	0.23	0.19	0.04	21.6	0.29	-20.4	0.18	25.7
DPS (EUR)	0.89	0.93	-0.04	-4.8	0.89	0.0	0.89	0.0
Net rental income capacity	64.6	62.9	2	2.7	47.8	35.1	50.9	26.9
Operating income capacity	39.6	38.1	2	3.9	31.0	27.8	33.1	19.6
EPRA NAV/share (EUR)	11.6	11.7	0	-0.7	11.2	3.9	11.4	1.9
EPRA NAV per share (SEK)	123	123	0	-0.3	118	3.8	119	2.8

Source: Cibus, SEB

On the back of the higher than expected financial and administration costs we have reduced our estimates for 2020 and onwards. Our EPS estimates are lowered by 4-5% for 2020-22.

Earnings revision			
(EUR)	2020E	2021E	2022E
Revenues (m)			
Old	72	77	78
New	72	77	78
Change (%)	0	0	0
Operating profit (m)			
Old	55	58	59
New	53	57	58
Change (%)	(3)	(3)	(3)
Pre-tax profit (m)			
Old	50	55	56
New	41	47	50
Change (%)	(17)	(15)	(11)
EPS (reported)			
Old	1.13	1.21	1.22
New	0.94	1.03	1.09
Change (%)	(17)	(15)	(11)
EPS (adjusted)			
Old	0.89	0.91	0.92
New	0.84	0.87	0.89
Change (%)	(5)	(4)	(4)

Source: SEB

Financials

Defensive growth with a high dividend yield

Interim financial statement												
(EURm)	Q1/19	Q2/19	Q3/19	Q4/19	Q1/20	Q2/20E	Q3/20E	Q4/20E	2019	2020E	2021E	2022E
Rental & service income	15.3	14.2	15.1	15.6	16.3	18.2	18.7	18.9	60.2	72.1	76.7	78.3
Property expenses	(3.2)	(2.7)	(2.6)	(3.1)	(3.3)	(3.0)	(3.0)	(3.8)	(11.6)	(13.2)	(14.1)	(14.7)
Net rental income	12.1	11.5	12.5	12.6	13.0	15.2	15.7	15.1	48.6	58.9	62.6	63.6
Central administration	(1.0)	(1.0)	(1.2)	(2.0)	(1.5)	(1.3)	(1.4)	(1.6)	(5.1)	(5.8)	(5.8)	(5.8)
EBITDA	11.2	10.5	11.3	10.6	11.5	13.9	14.3	13.5	43.5	53.1	56.8	57.8
Net interest	(3.5)	(3.7)	(4.0)	(3.6)	(4.7)	(3.7)	(3.6)	(3.6)	(14.8)	(15.6)	(16.2)	(16.4)
Op. income/profit from property management	7.6	6.8	7.3	7.0	6.8	10.2	10.7	9.9	28.7	37.5	40.6	41.4
JV income - profit from property management	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other income and expenses	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Profit from property management	7.6	6.8	7.3	7.0	6.8	10.2	10.7	9.9	28.7	37.5	40.6	41.4
JV income - other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Realised value changes - property	0.0	0.4	0.0	(0.0)	0.0	0.0	0.0	0.0	0.4	0.0	0.0	0.0
Unrealised value changes - property	2.8	5.0	(0.8)	(0.3)	1.6	1.0	1.0	0.0	7.0	3.6	6.5	8.6
Value changes - derivatives	(0.4)	0.1	(0.1)	0.0	0.1	0.0	0.0	0.0	(0.7)	0.0	0.0	0.0
Pre-tax profit	10.0	12.3	6.4	6.7	8.5	11.2	11.7	9.9	35.4	41.1	47.0	50.0
Pre-tax cash earnings	7.6	6.8	7.3	7.0	6.8	10.2	10.7	9.9	28.7	37.5	40.6	41.4
Tax paid	(0.5)	(0.9)	0.8	0.2	(0.3)	(0.7)	(0.7)	(0.6)	(0.5)	(2.1)	(3.3)	(3.5)
Tax deferred	(0.5)	(1.2)	(1.6)	(1.2)	(1.2)	(1.8)	(1.9)	(1.7)	(4.6)	(5.6)	(5.4)	(5.8)
Total tax	(1.1)	(2.1)	(0.9)	(1.1)	(1.4)	(2.5)	(2.6)	(2.4)	(5.1)	(7.6)	(8.7)	(9.3)
Net profit	8.9	10.2	5.5	5.6	7.1	8.7	9.2	7.5	30.3	33.4	38.3	40.7
EPS (EUR)	0.29	0.33	0.18	0.18	0.19	0.23	0.25	0.20	0.97	0.90	1.03	1.09
Net profit to ordinary shareholders	8.9	10.2	5.5	5.6	7.1	8.7	9.2	7.5	30.3	33.4	38.3	40.7
Adjusted net profit to ordinary shareholders	6.6	4.7	6.4	5.9	5.4	7.7	8.2	7.5	23.3	30.0	32.4	33.1
Cash earnings	7.1	5.9	8.0	7.1	6.6	9.5	10.0	9.3	28.1	35.4	37.3	37.9
Adjusted EPS (EUR)	0.21	0.15	0.21	0.19	0.15	0.21	0.22	0.20	0.75	0.80	0.87	0.89
CEPS pre-tax (EUR)	0.25	0.22	0.23	0.22	0.18	0.27	0.29	0.27	0.92	1.00	1.09	1.11
CEPS (EUR)	0.23	0.19	0.26	0.23	0.18	0.26	0.27	0.25	0.90	0.95	1.00	1.01
Current earnings capacity (Net rental income)	47.8	49.9	49.9	50.7	60.6							
DPS (EUR)	0.20	0.21	0.21	0.22	0.22	0.22	0.22	0.23	0.89	0.93	0.98	1.03
DPS (SEK)	2.12	2.27	2.25	2.31	2.33	2.32	2.32	2.43	8.95	9.40	10.39	10.91
P&L ratios (%)												
Surplus ratio (%)	79.0	81.0	82.7	80.4	79.5	83.7	84.2	79.9	80.7	81.6	81.6	81.2
EBITDA margin (%)	72.8	73.9	74.7	67.8	70.4	76.6	76.7	71.4	72.2	73.6	74.0	73.8
Operating profit margin (%)	49.7	47.9	48.3	44.7	41.8	56.2	57.4	52.2	47.6	52.0	52.9	52.9
Growth, revenues (%)			3.2	9.3	6.6	28.3	23.9	21.3	108.3	19.8	6.4	2.0
Growth, operating costs (%)			2	4	4	10	13	24	111.0	14.1	6.8	4.1
Growth, operating profit (%)			4	11	7	33	26	21	107.6	21.2	6.3	1.5
Growth, profit before value changes (%)			1	(7)	(10)	51	47	42	95.4	30.7	8.2	2.0
Growth, cash earnings(%)			1	(7)	(10)	51	47	42	95.4	30.7	8.2	2.0

Source: Cibus, SEB

Valuation

We estimate a fair value of SEK 119-139

Our valuation approach is based on EV/GAV multiples of 0.95-1.00x. Cibus is trading in line with Nordic property P/NAV of close to 1.0x. In our view, Cibus offers stronger characteristics from a dividend perspective with capital allocation tilted towards paying-out almost the whole cash flow to shareholders. However, in terms of NAV creation, Cibus is a laggard due to more limited fair value changes and equity generation.

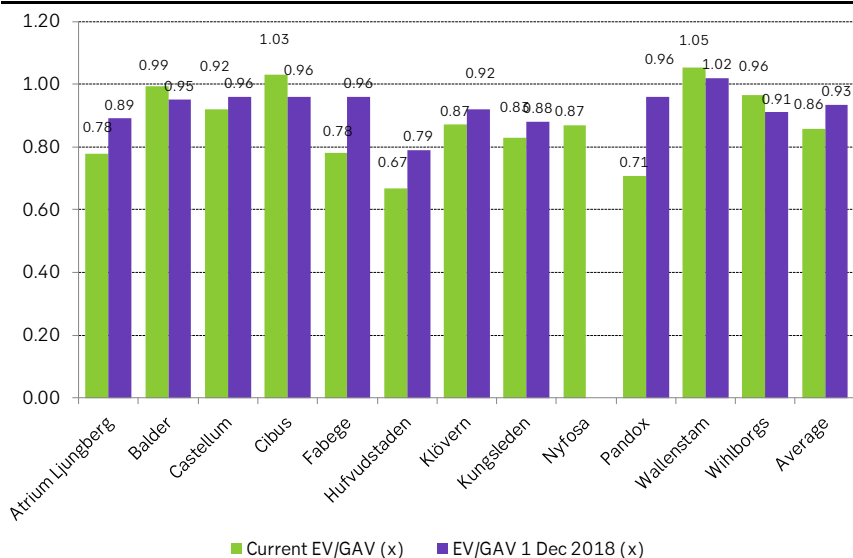
The Nordic property sector is currently valued at 2020E P/NAV of 0.8x. Assuming future fair value gains are similar to 2016-19 (constantly EUR 4.0-4.5bn on aggregate), the valuation implies that the market is discounting the fair value gains for the next two to three years. The dividend yield for the sector has declined to 1.6% – an all-time low. From a dividend perspective, Cibus stands out clearly from the crowd.

Valuation overview

	Q1/19	Q2/19	Q3/19	Q4/19	Q1/20	Q2/20E	Q3/20E	Q4/20E	2019	2020E	2021E	2022E
Total value of properties	820.6	862.2	862.3	874.8	1,052.7	1,053.7	1,054.7	1,054.7	874.8	1,058.4	1,064.8	1,073.5
Fair value of properties	820.6	862.2	862.3	874.8	1,052.7	1,053.7	1,054.7	1,054.7	874.8	1,058.4	1,064.8	1,073.5
Properties held for sale	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Cash	24.4	17.7	18.5	24.7	51.8	51.8	51.8	51.8	24.7	24.7	24.7	24.7
EPRA NAV (EURm)	347.3	352.5	353.4	354.1	444.4	448.2	452.6	457.8	354.1	457.8	444.5	453.0
Deferred tax liabilities	9.8	11.0	12.7	13.6	14.8	16.7	18.5	19.1	13.6	19.1	24.6	30.4
Undisclosed reserves	9.7	19.8	16.7	11.1	14.7	16.7	18.7	20.7	11.1	20.7	20.7	20.7
Equity (EURm)	337.6	321.7	327.2	332.9	418.5	419.0	419.9	422.7	332.9	422.7	426.1	430.2
Net debt (EURm)	462.7	505.8	505.0	510.5	607.1	610.5	614.3	614.4	510.5	614.4	614.3	615.1
Hybrid (EURm)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total assets (EURm)	857.9	891.5	982.6	912.7	1,118.4	1,115.0	1,117.0	1,112.1	912.7	1,112.1	1,120.9	1,131.6
Shares (m)	31.1	31.1	31.1	31.1	37.3	37.3	37.3	37.3	31.1	37.3	37.3	37.3
Equity/share	10.9	10.3	10.5	10.7	11.2	11.2	11.3	11.3	10.7	11.3	11.4	11.5
EPRA NAV/share (EUR)	11.17	11.33	11.36	11.39	11.91	12.01	12.13	12.27	11.39	12.27	11.91	12.14
EPRA NAV/share (SEK)	118	122	122	119	126	127	128	129	119	130	126	129
Net LTV (%)	56.4	58.7	58.6	58.4	57.7	57.9	58.2	58.3	58.4	58.1	57.7	57.3
Equity ratio (%)	39.3	36.1	33.3	36.5	37.4	37.6	37.6	38.0	36.5	38.0	38.0	38.0
Net debt per share (EUR)	14.9	16.3	16.2	16.4	16.3	16.4	16.5	16.5	16.4	16.5	16.5	16.5
Mcap at fair value mid-point (EURm)	336.6	337.8	335.0	335.8	421.7	425.8	430.4	435.6	335.8	435.6	444.3	453.9
Net debt (EURm)	462.7	505.8	505.0	510.5	607.1	610.5	614.3	614.4	510.5	614.4	614.3	615.1
EV at fair value mid-point (EURm)	799.3	843.6	840.0	846.3	1,028.8	1,036.3	1,044.7	1,050.0	846.3	1,050.0	1,058.5	1,069.0
GAV (EURm)	820	865	862	868	1,055	1,063	1,072	1,077	868	1,077	1,086	1,096
Implied yield at FV mid-point (%)	6.1	5.4	5.9	5.9	5.1	5.9	6.0	5.8	5.7	5.6	5.9	5.9
Fair value mid-point EV/GAV	0.975	0.975	0.975	0.975	0.975	0.975	0.975	0.975	0.975	0.975	0.975	0.975
Per share FV mid-point EV/GAV (EUR)	10.8	10.9	10.8	10.8	11.3	11.4	11.5	11.7	10.8	11.7	11.9	12.2
Per share FV mid-point EV/GAV (SEK)	115	117	116	113	120	120	122	123	113	124	126	129
P/NAV FV mid-point (EUR)	0.97	0.96	0.95	0.95	0.95	0.95	0.95	0.95	0.95	0.95	1.00	1.00
Annualized DPS (EUR)	0.80	0.84	0.84	0.88	0.88	0.88	0.88	0.92	0.89	0.93	0.98	1.03
Implied dividend yield at FV mid-point (%)	7.4	7.7	7.8	8.2	7.8	7.7	7.6	7.9	8.2	8.0	8.2	8.5
Cash earnings (EURm)	7.1	5.9	8.0	7.1	6.6	9.5	10.0	9.3	29.4	35.4	37.3	37.9
Cash EPS (EUR)	0.23	0.19	0.26	0.23	0.18	0.26	0.27	0.25	0.94	0.99	1.00	1.01
EUR/SEK applied	10.60	10.80	10.73	10.49	10.59	10.55	10.55	10.55	10.49	10.59	10.59	10.59

Source: Cibus, SEB

Current EV/GAV and EV/GA Dec 1st 2018



Source: SEB

Peer group

	P/NAV (x)			CEM (x)			EBITDA/EV (%)			Dividend yield (%)		
	2018	2019	2020	2018	2019	2020	2018	2019	2020	2018	2019	2020
Atrium Ljungberg	0.84	1.16	0.67	17.2	25.7	13.8	3.9	3.3	4.6	3.2	2.2	4.1
Balder	0.95	1.30	0.97	14.9	22.1	16.2	3.7	3.7	4.1	0.0	0.0	0.0
Castellum	0.96	1.19	0.88	16.0	20.2	15.3	4.4	3.9	4.6	3.7	3.0	3.6
Cibus	0.94	1.26	0.98	19.7	14.7	11.6	2.9	4.6	5.1	8.2	6.4	8.1
Fabege	0.97	1.13	0.71	25.0	32.4	22.1	2.6	2.6	3.4	2.2	2.1	3.1
Hufvudstaden	0.79	1.00	0.60	27.5	34.9	20.0	3.7	3.0	4.6	2.7	2.1	3.6
Klöver	0.59	1.14	0.59	9.1	22.3	10.9	4.5	4.2	5.2	4.5	1.1	4.2
Kungsleden	0.80	1.11	0.70	12.3	18.1	10.9	4.9	3.9	5.2	3.8	0.0	4.2
Nyfosa	0.85	1.39	0.82	10.7	17.2	9.5	6.9	5.4	5.6	0.0	0.0	0.0
Pandox	0.94	1.24	0.49	13.0	16.7	15.1	5.6	4.7	4.5	3.2	0.0	0.0
Wallenstam	1.07	1.35	1.12	27.4	34.2	29.1	2.5	2.1	2.4	2.3	0.0	2.0
Wihlborgs	0.88	1.31	0.95	9.1	15.7	11.5	4.9	4.2	5.0	3.7	2.6	3.6
Average	0.88	1.21	0.79	16.8	22.9	15.5	4.3	3.8	4.5	3.1	1.6	3.0

Source: SEB

Valuation comparison - based on latest reported numbers and current share price

Company	Last report	Share Price (ccy)	Current NAV (ccy)	EPRA NAV (ccy)	P/Current NAV (x)	P/EPRA NAV (x)	EV/GAV (x)	LTV (%)	Equity ratio (%)	Valuation yield (%)	Implied yield (%)	Valuation yield minus Implied
												Implied yield (pp)
Atrium Ljungberg	Q1 2020	123	187	202	0.66	0.61	0.78	43	41	4.6	5.9	-1.3
Balder	Q1 2020	343	327	348	1.05	0.98	0.99	56	33	4.5	4.5	0.0
Castellum	Q1 2020	165	179	193	0.93	0.86	0.92	45	42	5.1	5.5	-0.4
Cibus	Q4 2018	122	118	114	1.03	1.07	1.03	58	36	5.8	5.6	0.2
Fabege	Q1 2020	103	147	152	0.70	0.68	0.78	32	55	3.9	5.0	-1.1
Hufvudstaden	Q1 2020	113	179	188	0.63	0.60	0.67	17	62	3.7	5.5	-1.8
Klöver	Q1 2020	12.0	20.1	22.2	0.60	0.54	0.87	60	34	5.4	6.2	-0.8
Kungsleden	Q1 2020	64	91	93	0.71	0.69	0.83	46	44	5.2	6.3	-1.1
Nyfosa	Q1 2020	54	74	77	0.73	0.70	0.87	55	42	6.0	6.9	-0.9
Pandox	Q1 2020	84	199	187	0.42	0.45	0.71	47	39	5.5	7.8	-2.3
Wallenstam	Q1 2020	101	91	93	1.11	1.09	1.05	46	43	3.7	3.5	0.2
Wihlborgs	Q1 2019	132	137	143	0.96	0.92	0.96	52	38	5.3	5.5	-0.2
Average					0.77	0.74	0.86	45	45	4.8	5.7	-1.0

Source: SEB

Valuation snapshot in Q1 2020

Cibus	Q1 2020		0.1pp yield decline		0.25pp yield decline		0.5pp yield decline		1.0pp yield decline	
	Value (EURm)	Valuation yield (%)	Value (EURm)	Valuation yield (%)	Value (EURm)	Valuation yield (%)	Value (EURm)	Valuation yield (%)	Value (EURm)	Valuation yield (%)
Property value (EURm)	875	5.80	890	5.70	914	5.55	957	5.30	1,057	4.80
Net other assets	25									
Value change from										
Yield compression (EURm)			15		39		83		182	
EPRA NAV (EURm)	354		369		392		433		527	
Equity (EURm)	333		345		364		397		475	
Gross debt (EURm)	530		530		530		530		530	
Pref shares (EURm)	0		0		0		0		0	
Total assets (EURm)	913		928		952		995		1,095	
Shares (m)	31		31		31		31		31	
Equity/share (EUR)	10.7		11		12		13		15	
EPRA NAV/share (EUR)	11.4		12		13		14		17	
Net LTV (%)	58		60		58		55		50	
Equity ratio (%)	36		37		38		40		43	
Value change from										
Rental growth 1% (EURm)			11		11		11		11	
Total value change (EURm)			26		50		93		193	

Source: SEB

Yield sensitivity

Share price (EUR)	14.2									
Surplus ratio	83%									
	Yield change (percentage points)									
Value change (EURm)	1.00	0.75	0.50	0.25	0.00	-0.25	-0.50	-0.75	-1.00	
-10.0	-234	-206	-175	-142	-105	-66	-23	25	77	
-7.5	-208	-179	-148	-115	-79	-40	3	51	103	
-5.0	-181	-153	-122	-89	-53	-13	30	77	130	
-2.5	-155	-127	-96	-62	-26	13	56	104	156	
Rental growth (%)	0.0	-129	-100	-69	-36	0	39	83	130	182
2.5	-102	-74	-43	-10	26	66	109	156	209	
5.0	-76	-47	-17	17	53	92	135	183	235	
7.5	-50	-21	10	43	79	118	162	209	261	
10.0	-23	5	36	69	105	145	188	235	288	
12.5	3	32	62	96	132	171	214	262	314	
15.0	29	58	89	122	158	197	241	288	340	
EPRA NAV (EUR)	1.00	0.75	0.50	0.25	0.00	-0.25	-0.50	-0.75	-1.00	
-10.0	4.7	5.5	6.3	7.2	8.2	9.2	10.4	11.7	13.1	
-7.5	5.4	6.2	7.0	8.0	9.0	10.1	11.3	12.6	14.0	
-5.0	6.1	6.9	7.8	8.7	9.8	10.9	12.1	13.5	15.0	
-2.5	6.8	7.6	8.5	9.5	10.6	11.7	13.0	14.4	16.0	
0.0	7.5	8.3	9.3	10.3	11.4	12.6	13.9	15.4	17.0	
2.5	8.1	9.0	10.0	11.1	12.2	13.4	14.8	16.3	17.9	
5.0	8.8	9.8	10.7	11.8	13.0	14.3	15.7	17.2	18.9	
7.5	9.5	10.5	11.5	12.6	13.8	15.1	16.5	18.1	19.9	
10.0	10.2	11.2	12.2	13.4	14.6	16.0	17.4	19.1	20.8	
12.5	10.9	11.9	13.0	14.1	15.4	16.8	18.3	20.0	21.8	
15.0	11.6	12.6	13.7	14.9	16.2	17.6	19.2	20.9	22.8	
Equity ratio (%)	1.00	0.75	0.50	0.25	0.00	-0.25	-0.50	-0.75	-1.00	
-10.0	23	25	27	29	31	33	35	37	39	
-7.5	25	27	29	31	33	34	36	38	40	
-5.0	27	29	30	32	34	36	38	39	41	
-2.5	28	30	32	33	35	37	39	41	42	
0.0	30	31	33	35	36	38	40	42	43	
2.5	31	33	34	36	38	39	41	43	44	
5.0	32	34	35	37	39	40	42	44	45	
7.5	33	35	37	38	40	41	43	45	46	
10.0	35	36	38	39	41	42	44	45	47	
12.5	36	37	39	40	42	43	45	46	48	
15.0	37	38	40	41	43	44	46	47	49	
LTV (%)	1.00	0.75	0.50	0.25	0.00	-0.25	-0.50	-0.75	-1.00	
-10.0	77	74	71	68	66	63	60	57	54	
-7.5	74	72	69	66	63	61	58	55	53	
-5.0	72	69	67	64	61	59	56	53	51	
-2.5	70	67	65	62	60	57	54	52	49	
0.0	68	65	63	60	58	55	53	50	48	
2.5	66	63	61	58	56	54	51	49	46	
5.0	64	61	59	57	54	52	50	47	45	
7.5	62	60	58	55	53	51	48	46	44	
10.0	60	58	56	54	52	49	47	45	43	
12.5	59	57	54	52	50	48	46	44	42	
15.0	57	55	53	51	49	47	45	43	40	

Source: SEB

Overview

Investment considerations

Cibus' main focus is on maintaining a high and stable cash flow from current tenants with appropriate leverage for the asset class. Organic growth is likely to be limited and growth will come mainly from add-on acquisitions, either from single assets or from portfolios. The high and sustainable dividend pay-out should offer downside protection for the shares. Additional yield compression should follow from continued institutional demand for the segment.

Company profile

Cibus is a property company focusing on grocery and daily goods premises in Finland. The main tenants are Kesko, Tokmanni and S Group. Cibus owns 132 assets in Finland with a total leasable area of 472,000 square metres and a market value of some EUR 821m. Cibus is the only listed property company in the Nordics focusing on the segment, which is dominated by institutional investors (mainly pension funds). The objective of Cibus is to generate stable cash flow and dividends through leasing property to stable tenants. Grocery and daily goods is resilient both to economic cycles and to increasing e-commerce. Cibus intends to expand its operations in Finland and in other Nordic countries, mainly Sweden.

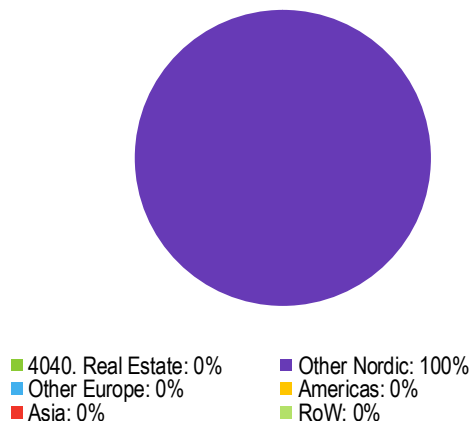
Valuation approach

Our valuation approach is mainly based on EV/GAV with support from NAV, earnings multiples and dividend support. We do not factor acquisitions into our forecasts, but believe add-on acquisitions will be an important element for NAV growth.

Risks

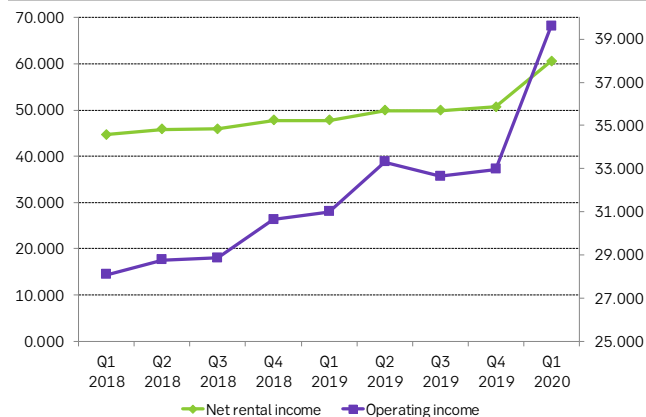
The main risk to our investment case is the direction of interest rates because a higher cost of debt will hamper earnings and dividend capacity. Rising interest rates could affect valuation yields and thus NAV growth negatively.

Revenues by region



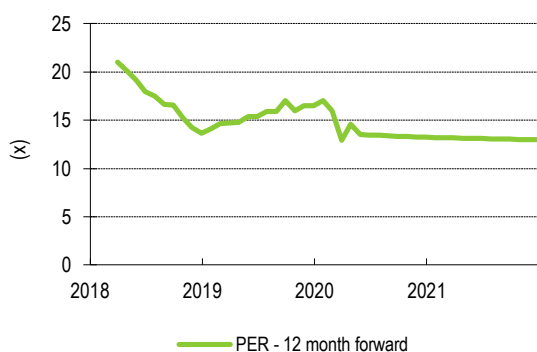
Source: SEB

Earnings capacity as of Q4 2019 (EURm)



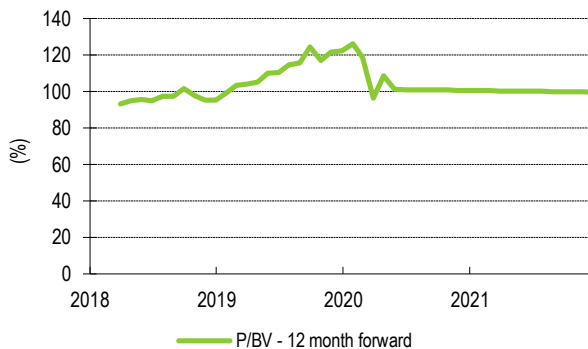
Source: SEB

PER - 12 month forward



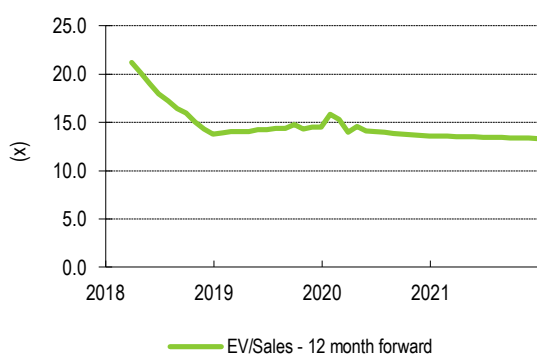
Source: SEB

P/BV - 12 month forward



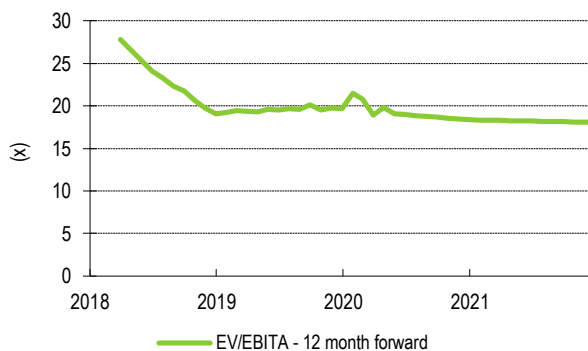
Source: SEB

EV/Sales - 12 month forward



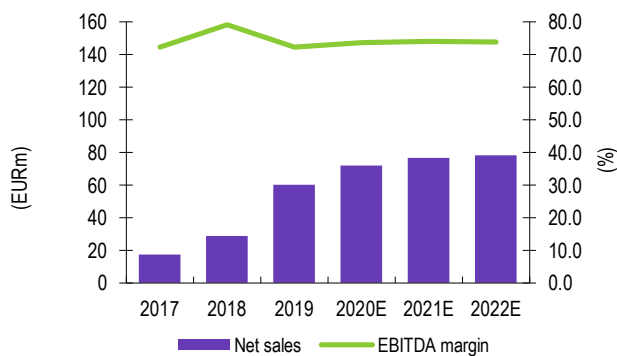
Source: SEB

EV/EBITA - 12 month forward



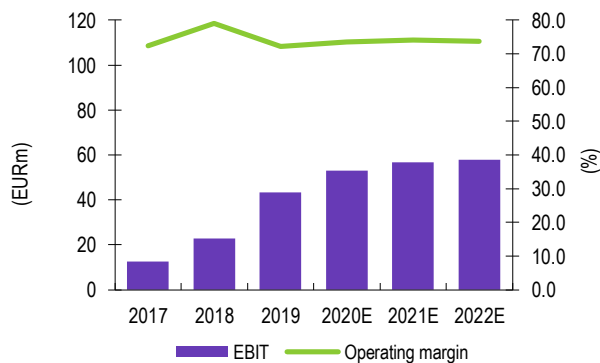
Source: SEB

Net sales & EBITDA margin



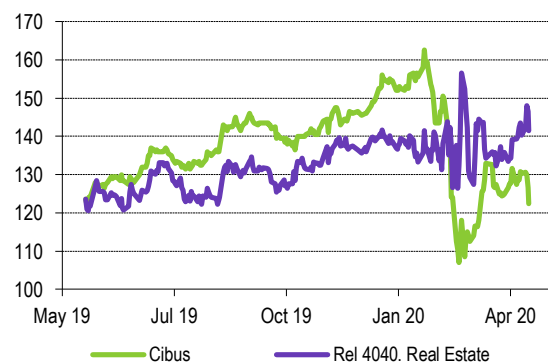
Source: SEB

EBIT & Operating margin



Source: SEB

Comparison with sector index - 1 year



Source: Thomson Datastream

Comparison with Citycon - 1 year



Source: Thomson Datastream

Profit & loss statement - Cibus						
(EURm)	2017	2018	2019	2020E	2021E	2022E
Net Sales	18	29	60	72	77	78
Other revenues	0	0	0	0	0	0
Total revenues	18	29	60	72	77	78
Total expenses	(5)	(6)	(17)	(19)	(20)	(21)
Profit before depreciation	13	23	43	53	57	58
Depreciation - Fixed assets	0	0	0	0	0	0
Depreciation - Other assets	0	0	0	0	0	0
Amortisation - Goodwill	0	0	0	0	0	0
Amortisation - Other intangibles	0	0	0	0	0	0
Operating profit	13	23	43	53	57	58
Net interest expenses	(4)	(8)	(15)	(16)	(16)	(16)
Foreign exchange items	0	0	0	0	0	0
Other financial items	0	0	0	0	0	0
Value changes - Fixed assets	30	2	7	4	6	9
Value changes - Financial assets	(0)	(0)	(1)	0	0	0
Value changes - Other assets	0	0	0	0	0	0
Reported pre-tax profit	38	16	35	41	47	50
Minority interests	0	0	0	0	0	0
Total taxes	(5)	(3)	(5)	(8)	(9)	(9)
Reported profit after tax	33	13	30	33	38	41
Discontinued operations	0	0	0	0	0	0
Extraordinary items	0	0	0	0	0	0
Net Profit	33	13	30	33	38	41
Adjustments:						
Discontinued operations	0	0	0	0	0	0
Interest on convertible debt	0	0	0	0	0	0
Minority interests (IFRS)	0	0	0	0	0	0
Value changes	(30)	(2)	(7)	(4)	(6)	(9)
Goodwill/intangibles amortisations	0	0	0	0	0	0
Restructuring charges	0	0	0	0	0	0
Other adjustments	0	0	0	0	0	0
Tax effect of adjustments	4	0	(0)	0	1	1
Adjusted profit after tax	7	12	23	30	32	33
Margins, tax & returns						
Operating margin	72.3	79.1	72.2	73.6	74.0	73.8
Pre-tax margin	218.7	56.8	58.8	57.0	61.3	63.9
Tax rate	14.0	18.6	14.5	18.6	18.6	18.6
ROE	19.7	4.0	9.1	8.9	9.0	9.5
ROCE	3.3	2.9	5.2	5.5	5.4	5.4
Growth rates y-o-y (%)						
Total revenues	n.a.	65.1	108.3	19.8	6.4	2.0
Operating profit	n.m.	80.6	90.1	22.1	7.0	1.7
Pre-tax profit	n.m.	(57.1)	115.5	16.1	14.5	6.3
EPS (adjusted)	0.0	79.0	98.0	12.2	3.7	2.0
Cash flow						
(EURm)	2017	2018	2019	2020E	2021E	2022E
Net profit	33	13	30	33	38	41
Non-cash adjustments	(25)	3	(1)	2	(1)	(3)
Cash flow before work cap	8	16	29	35	37	38
Ch. in working capital / Other	5	0	(2)	(1)	(0)	(0)
Operating cash flow	13	16	27	35	37	38
Capital expenditures	(215)	(3)	(1)	(2)	(2)	(2)
Asset disposals	0	0	2	0	0	0
L/T financial investments	0	0	0	0	0	0
Acquisitions / adjustments	0	(22)	(52)	(193)	0	0
Free cash flow	(202)	(9)	(24)	(160)	35	36
Net loan proceeds	(74)	24	49	104	(0)	1
Dividend paid	0	(6)	(25)	(28)	(35)	(37)
Share issue	311	0	0	84	0	0
Other	(18)	(1)	(1)	0	0	0
Net change in cash	17	8	(1)	0	0	0
Adjustments						
C/flow bef chng in work cap	8	16	29	35	37	38
Adjustments	0	0	0	0	0	0
Int on conv debt net of tax	0	0	0	0	0	0
Cash earnings	8	16	29	35	37	38
Per share information						
Cash earnings	0.26	0.52	0.94	0.99	1.0	1.01
Operating cash flow	0.41	0.52	0.87	0.97	0.99	1.01
Free cash flow	(6.5)	(0.29)	(0.78)	(4.48)	0.94	0.96
Investment cover						
Capex/sales (%)	1,228.0	10.5	2.5	2.8	2.6	2.6
Capex/depreciation (%)	0	0	0	0	0	0

Source for all data on this page: SEB

Balance sheet - Cibus						
(EURm)	2017	2018	2019	2020E	2021E	2022E
Cash and liquid assets	17	26	25	25	25	25
Debtors	3	2	4	5	5	5
Inventories	0	0	0	0	0	0
Other	1	1	2	2	2	2
Current assets	22	29	30	31	32	32
Interest bearing fixed assets	0	0	0	0	0	0
Other financial assets	0	0	6	6	6	6
Capitalized development cost	0	0	0	0	0	0
Goodwill	0	0	0	0	0	0
Other intangibles	0	0	0	0	0	0
Fixed tangible assets	768	816	875	1,073	1,082	1,093
Other fixed assets	2	2	2	2	2	2
Fixed assets	770	819	882	1,081	1,089	1,100
Total assets	792	848	913	1,112	1,121	1,132
Creditors	1	0	0	0	0	0
Other trade financing	0	0	0	0	0	0
S/T interest bearing debt	0	0	0	0	0	0
Other	8	21	23	23	23	23
Current liabilities	9	21	23	23	23	23
L/T interest bearing debt	440	486	535	639	639	640
Other long-term liabilities	1	2	2	2	2	2
Convertible debt	0	0	0	0	0	0
Pension provisions	0	0	0	0	0	0
Other provisions	0	0	6	6	6	6
Deferred tax	7	9	14	19	25	30
Long term liabilities	449	498	557	667	672	679
Minority interests	0	0	0	0	0	0
Shareholders' equity	334	329	333	423	426	430
Total liabilities and equity	792	848	913	1,112	1,121	1,132
Net debt (m)	423	461	510	614	614	615
Working capital (m)	(5)	(18)	(17)	(16)	(16)	(16)
Capital employed (m)	774	815	868	1,062	1,065	1,070
Net debt/equity (%)	127	140	153	145	144	143
Net debt/EBITDA (x)	33.4	20.1	11.7	11.6	10.8	10.7
Equity/total assets (%)	42	39	36	38	38	38
Interest cover	2.7	2.7	2.9	3.4	3.5	3.5

Valuation						
(EUR)	2017	2018	2019	2020E	2021E	2022E
No of shares, fully dil. (y/e)	31.1	31.1	31.1	37.3	37.3	37.3
No of shares, fully dil. avg.	31.1	31.1	31.1	35.8	37.3	37.3
Share price, y/e		103.5	145.5	122.4	122.4	122.4
Share price, high		112.9	147.5	162.5		
Share price, low		95.0	102.5	107.0		
Share price, avg		104.5	128.5	138.2		
EPS (reported)	1.06	0.43	0.97	0.94	1.03	1.09
EPS (adjusted)	0.21	0.38	0.75	0.84	0.87	0.89
Cash earnings/share	0.26	0.52	0.94	0.99	1.00	1.01
Dividend/share	0.80	0.84	0.89	0.93	0.98	1.03
Enterprise value/share		25	30	28	28	28
Book value/share	10.7	10.6	10.7	11.3	11.4	11.5
Adjusted equity/share	10.9	10.9	11.0	11.7	11.9	11.5
PER (adjusted)		27.1	18.5	13.7	13.2	13.0
CEM		19.7	14.7	11.6	11.5	11.3
Dividend yield		8.2	6.4	8.1	8.5	9.0
EV/EBITDA		34.0	21.6	19.7	18.4	18.1
EV/EBITA		34.0	21.6	19.7	18.4	18.1
EV/EBIT		34.0	21.6	19.7	18.4	18.1
EV/Sales (x)		26.92	15.63	14.47	13.60	13.34
Price/Book value		0.97	1.29	1.01	1.01	1.00
Price/adjusted equity		0.94	1.26	0.98	0.96	1.00
Free cash flow/Market cap (%)		4.2	6.0	8.0	8.2	8.3
Operating cash flow/EV (%)		2.1	2.9	3.3	3.5	3.6
EV/Capital employed (x)		1.0	1.1	1.0	1.0	1.0

Main shareholders			Management		Company information	
Name	(%)	Votes	Capital	Title	Name	Contact
SFC Holding S.à r.l.		41.3	41.3	COB	Patrick Gylling	Internet www.cibusnordic.com
Amiral Gestion		5.2	5.2	CEO	Sverker Källgården	Phone number +46 8 402 50 00
Carnegie Fonder		4.1	4.1	CFO	Pia-Lena Olofsson	
Foreign owners (total)		72.0	72.0	IR		

Source for all data on this page: SEB

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