Corporate Research

Cibus

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Costs elevated temporarily

Cibus' Q3 profit from property management was lower than we estimated due to temporarily elevated costs. However, the results did not change our investment thinking. Cibus is a consolidator of grocery retail properties with stable and relatively safe cash flow that gives it scope for 5% dividend growth in 2019-21 and the highest dividend yield in Nordic the property sector at 6.7-7.4% for that period. We calculate fair value for the shares of SEK 123-138.

Q3 costs were elevated

Q3 profit from property management of EUR 7.3m was clearly below our EUR 8.8m estimate. The result was burdened by higher admin costs (EUR 0.3m), higher net financials (EUR 0.8m) and lower NRI (EUR 0.4m). Of these costs, admin costs will remain elevated in Q4 because the company is insourcing operations; however, net financials should normalise in Q4 and the rental trend should normalise in Q1 2020. We have cut our EPS estimate by 7% in 2019 (Q3 deviation, admin costs raised for Q4) whereas 2020 and 2021 are almost unchanged.

Acquisitions still very much on the agenda

Cibus executed EUR 45m worth of acquisitions in H1 2019 but no deals were announced in Q3. According to the company, this mostly due to timing and there seem to be transactions in the pipeline. Currently, all the assets are in Finland but the company is increasingly looking other Nordic markets. We think that expansion into Sweden is on the cards as there are management and offices already in that market. The growth story through new properties is very much intact.

We calculate fair value of SEK 123-138

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 translates into a strong dividend yield of 6-7-7.4% in 2019-21E.

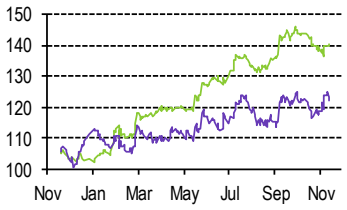
Key Data (2019E)

Price (SEK)	140.50
Reuters	CIBUS.ST
Bloomberg	CIBUS SS
Market cap (SEKm)	4,370
Market cap (USDm)	453
Market cap (EURm)	410
Net debt (EURm)	504
Net gearing	150%
Net debt/EBITDA (x)	11.3
Shares fully dil. (m)	31.1
Avg daily turnover (m)	0.0
Free float	59%

Estimate Revisions (%)

	2019E	2020E	2021E
Revenues	1	1	1
Adj. EBIT	(2)	(1)	(1)
Adj. EPS	(7)	(0)	(0)

Share Price (12M)



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

Marketing communication commissioned by:
Cibus

Financials (EUR)

Year end: Dec	2017	2018	2019E	2020E	2021E
Revenues (m)	18	29	60	63	65
Operating profit (m)	13	23	45	48	48
Pre-tax profit (m)	38	16	38	47	47
EPS (reported)	1.06	0.43	1.05	1.22	1.24
EPS (adjusted)	0.21	0.38	0.76	0.87	0.89
CEPS	0.26	0.52	0.92	1.02	1.01
DPS	0.80	0.84	0.88	0.93	0.97
Revenue growth (%)	n.m.	65.1	108.3	5.3	2.0
Operating profit growth (%)	0.0	80.6	95.0	6.9	1.5
EPS (adjusted) growth (%)	n.m.	79.0	102.6	14.2	2.2
Operating margin (%)	72.3	79.1	74.1	75.2	74.9
ROE (%)	19.7	4.0	9.8	11.2	11.0
ROCE (%)	3.3	2.9	5.3	5.5	5.5
PER (x)		27.1	17.3	15.1	14.8
CEM (x)		19.7	14.3	13.0	13.1
Free cash flow yield (%)		4.2	6.4	7.1	7.1
Dividend yield (%)		8.2	6.7	7.0	7.4
P/NAV (x)		0.94	1.19	1.14	1.09
EV/Sales (x)		26.92	15.18	14.39	14.10
EBITDA/EV (%)		2.9	4.9	5.2	5.3
EV/GAV (%)		97	108	106	104

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

Q3 and estimate changes

Q3 rental trends remained stable but costs were elevated

Cibus' Q3 rents were stable but costs were higher than we expected. Administration costs will be elevated in H2 2019 due to the double burden from insourcing the operations. Also, net financials were elevated due to EUR 0.4m costs that were Q3-related.

Occupancy rate remains historically low – should improve in Q1 2020

The economic occupancy rate in Q3 was 94.5%, close to 94.4% in Q2. This is on the lower side from historical perspective. One reason affecting this is a tenant change in one of the properties – the new tenant should be in place by Q1 2020. Net rental income was EUR 12.5m versus our EUR 12.9m estimate.

Admin and net financial costs were elevated – admin costs are likely to stay high in Q4

Admin costs were EUR 1.2m versus our estimate of EUR 0.9m. This, as well as slightly lower NRI, pushed EBITDA to EUR 11.3m compared with our EUR 12.0m estimate. Also, net financials were EUR 4.0m versus our estimate of EUR 3.2m and thus profit from the property management of EUR 7.3m was clearly below our estimate of EUR 8.8m. We think that the miss was mainly due to temporary costs and thus there is limited impact on the company's ability to generate profits. Unrealised fair value bookings from properties was negative EUR 0.8m due to investments into properties and thus EPS of EUR 0.18 was clearly below our estimate of EUR 0.28.

EPRA NAV of EUR 11.36 met our estimates but IFRS 16 impacted earnings capacity

EPRA NAV stood at EUR 11.36 at the end of Q3, which was in line with our estimate. Rental capacity was intact as expected (NRI EUR 49.9m) but higher net financials decreased the operating income capacity - EUR 32.7m in Q3 versus EUR 33.3m in Q2. This is mainly due to IFRS 16 impact now included in the calculation.

We have cut our estimates mainly in 2019 due to Q3 deviation and higher admin costs in Q4

On the back of Q3, we have slightly cut our operational estimates leading to a 7% EPS cut in 2019, but 0% in 2020-21. Our 2019 estimates are impacted mostly due to higher net financials and admin costs whereas the rental trends have been stable and estimates are close to unchanged on that side.

Earnings revision

(EUR)	2019E	2020E	2021E
Revenues (m)			
Old	59	63	64
New	60	63	65
Change (%)	1	1	1
Operating profit (m)			
Old	46	48	49
New	45	48	48
Change (%)	(2)	(1)	(1)
Pre-tax profit (m)			
Old	45	47	48
New	38	47	47
Change (%)	(14)	(0)	(0)
EPS (adjusted)			
Old	0.82	0.88	0.90
New	0.76	0.87	0.89
Change (%)	(7)	(0)	(0)

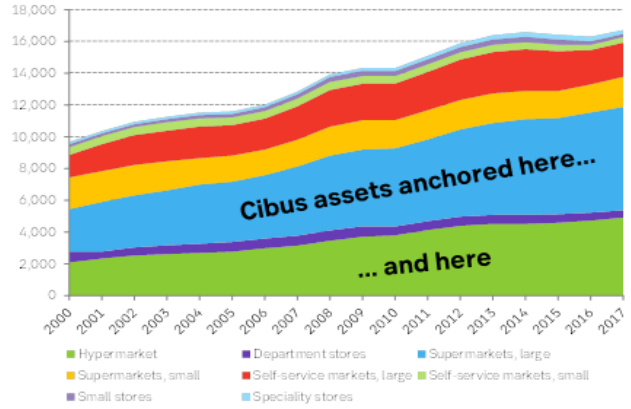
Source: SEB

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The investment case

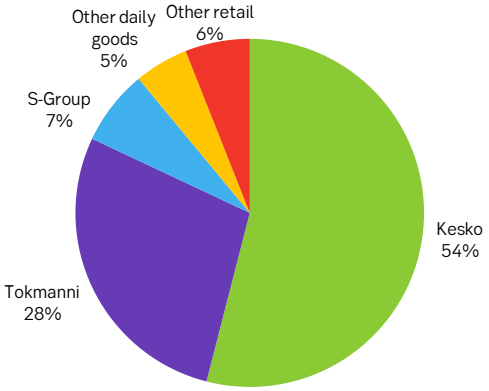
Cibus owns 139 properties in Finland, anchored by daily grocery goods retailers. The end segment is defensive – historical growth has been steady low-single digit per year and Cibus' rents are indexed in a way that rents for tenants are growing at a slower pace than the market growth – this should mean rental income being sustainable. Also, grocery stores are least affected by the online retail trend. The trend towards grocery stores being the pickup points for online retail packages is supporting customer flow. WAULT is 5.0 years and the contract base is steady with large share of triple-net and net contracts. The largest players in Finnish grocery and daily goods segment account for 89% of all tenants: Kesko, Tokmanni and S-Group.

Revenue in Finnish grocery market – split by store type



Source: SEB, PTY

Cibus net rental income by customer

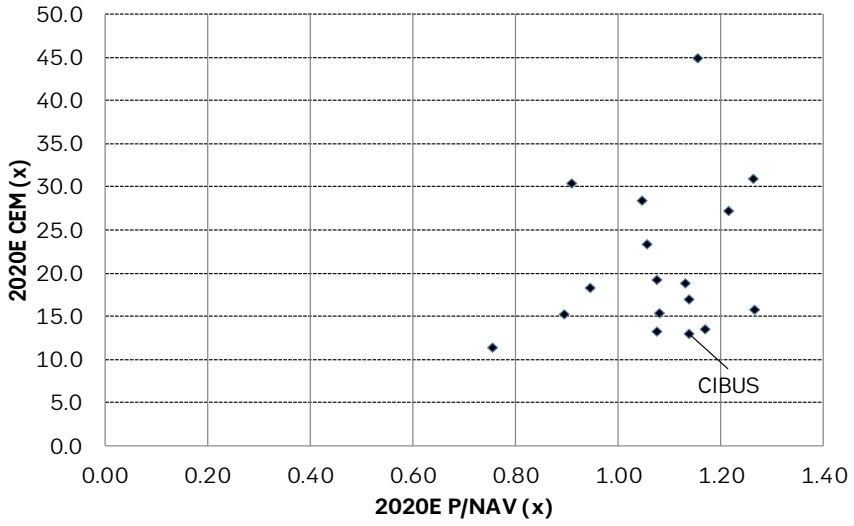


Source: SEB, Cibus

Core of Cibus' strategy is to consolidate the grocery retail property market – its large portfolio decreases the risks in the business whereas the returns are the same as owning only one asset

Cibus' business concept is based on consolidating the grocery retail property market. Owning a small number of such assets creates a high risk of concentration, puts the landlord in a weak negotiating position with tenants, and results in volatile returns. Owning 139 properties diversifies the risk, improves the landlord's negotiating position reduces the cost of debt, spreads the risk and stabilises returns. This basically enables relatively high cash generation as the required yield is higher.

P/NAV and cash earnings multiple, Nordic property companies



Source: SEB

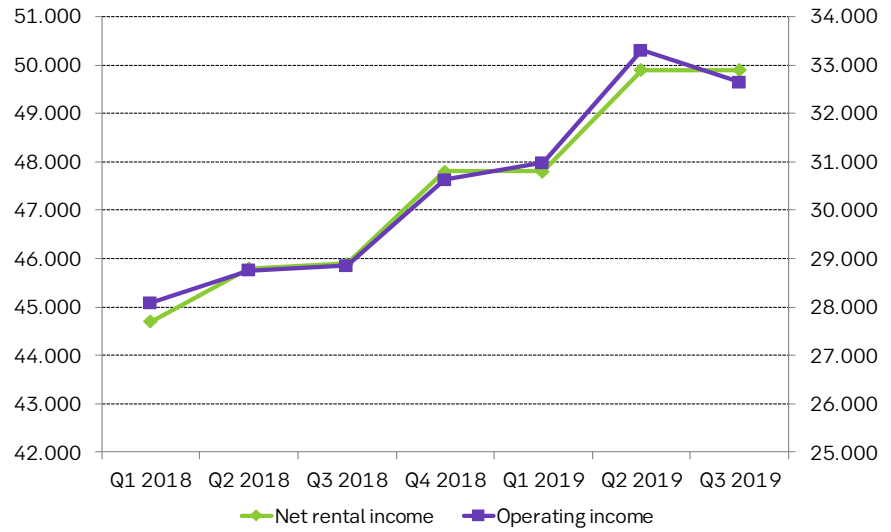
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Earnings capacity is growing with acquisitions whereas costs are stable

Cibus has been able to increase its earnings capacity since the IPO by acquiring new properties and increasing rental income. At the same time, admin costs and financial costs have remained stable – operating income capacity has grown 16% in a year and a half. The additional potential comes from refinancing the outstanding bond (we estimate EUR 2.0m potential) and further acquisitions. LTV stands at 59% versus the target level of EUR 55-65%.

We see the fair value for the shares at SEK 123-138.

Earnings capacity



Source: SEB

Earnings capacity

(EURm)	Q1/18	Q2/18	Q3/18	Q4/18	Q1/19	Q2/19	Q3/19	2019E	SEB 2020E	SEB 2021E
		CIBUS est				CIBUS est.			SEB Estimate	
Rental income	**47.900**	**49.050**	**49.150**	**51.100**	**51.100**	**53.350**	**53.350**			
Property expenses	-3.200	-3.250	-3.250	-3.300	-3.300	-3.450	-3.450			
Net rental income	**44.700**	**45.800**	**45.900**	**47.800**	**47.800**	**49.900**	**49.900**	**49.101**	**51.491**	**52.221**
Central admin	-3.500	-3.541	-3.545	-3.620	-3.620	-3.700	-3.700	-4.500	-3.800	-3.800
Net financial costs	-13.113	-13.500	-13.500	-13.550	-13.194	-12.900	-13.550	-14.872	-13.742	-13.713
Operating income	**28.087**	**28.759**	**28.855**	**30.630**	**30.986**	**33.300**	**32.650**	**29.729**	**33.949**	**34.708**
Operating income/share	**0.90**	**0.92**	**0.93**	**0.98**	**1.00**	**1.07**	**1.05**	**0.96**	**1.09**	**1.12**

Source: SEB

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Valuation

We see fair value for Cibus' shares at SEK 123-138

We calculate a fair value range for Cibus of SEK 123-138. The main attraction of the shares is the company's strong and stable cash flow which is a product of the relatively high required yield. Cibus' cash earnings multiple is 13.0-14.2x, a 36-38% discount to the Nordic property sector which is trading at 20.2-22.5x. This is despite Cibus' exposure to the relatively stable grocery trade. On the other hand, Cibus' indexed rents cap the upside. On our current estimates, Cibus' cash earnings still improves in line with the sector but the valuation is significantly lower.

Strong cash flow translates into dividend yield of 6.7-7.4% in 2019-21E

The attractively priced cash flow also enables strong dividend yield of 6.7-7.4% 2019-21E with high predictability. The company has ambitions to increase the dividend by 5% per year.

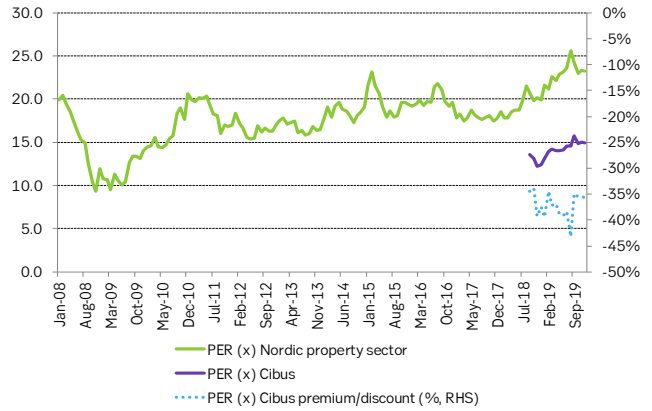
Valuation overview

	Q3/18	Q4/18	Q1/19	Q2/19	Q3/19	Q4/19E	FY/17/18 (Nov-June)	H2/18	2019E	2020E	2021E
Total value of properties	**784.2**	**816.5**	**820.6**	**862.2**	**862.3**	**864.1**	**767.9**	**816.5**	**864.1**	**876.8**	**889.6**
Fair value of properties	784.2	816.5	820.6	862.2	862.3	864.1	767.9	816.5	864.1	876.8	889.6
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
Cash	25.2	25.5	24.4	17.7	18.5	18.5	17.4	25.5	25.5	25.5	25.5
EPRA NAV (EURm)	**346.1**	**344.5**	**347.3**	**352.5**	**353.4**	**351.7**	**340.7**	**344.5**	**345.7**	**361.0**	**375.0**
Deferred tax liabilities	7.4	9.2	9.8	11.0	12.7	14.0	7.3	9.2	14.0	20.4	25.9
Undisclosed reserves	5.5	15.8	9.7	19.8	16.7	16.7	36.6	15.8	16.7	16.7	16.7
Equity (EURm)	**340.6**	**328.7**	**337.6**	**321.7**	**327.2**	**335.2**	**304.1**	**328.7**	**335.2**	**345.7**	**355.6**
Net debt (EURm)	**431.6**	**460.6**	**462.7**	**505.8**	**505.0**	**503.6**	**422.6**	**460.6**	**503.6**	**501.8**	**501.4**
Hybrid (EURm)	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)	**814.1**	**847.7**	**857.9**	**891.5**	**982.6**	**907.9**	**438.3**	**847.7**	**907.9**	**923.2**	**938.2**
Shares (m)	31.1	31.1	31.1	31.1	31.1	31.1	31.1	31.1	31.1	31.1	31.1
Equity/share	**11.0**	**10.6**	**10.9**	**10.3**	**10.5**	**10.8**	**9.8**	**10.6**	**10.8**	**11.1**	**11.4**
EPRA NAV/share (EUR)	**11.13**	**11.08**	**11.17**	**11.33**	**11.36**	**11.31**	**10.95**	**11.08**	**11.11**	**11.61**	**12.06**
Net LTV (%)	**55.0**	**56.4**	**56.4**	**58.7**	**58.6**	**58.3**	**55.0**	**56.4**	**58.3**	**57.2**	**56.4**
Equity ratio (%)	**41.8**	**38.8**	**39.3**	**36.1**	**33.3**	**36.9**	**69.4**	**38.8**	**36.9**	**37.5**	**37.9**
Net debt per share (EUR)	**13.9**	**14.8**	**14.9**	**16.3**	**16.2**	**16.2**	**13.6**	**14.8**	**16.2**	**16.1**	**16.1**
Mcap at fair value mid-point (EURm)	**333.8**	**333.3**	**336.6**	**337.8**	**335.0**	**344.1**	**328.6**	**333.3**	**344.1**	**360.7**	**375.6**
Net debt (EURm)	**431.6**	**460.6**	**462.7**	**505.8**	**505.0**	**503.6**	**422.6**	**460.6**	**503.6**	**501.8**	**501.4**
EV at fair value mid-point (EURm)	**765.4**	**793.9**	**799.3**	**843.6**	**840.0**	**847.7**	**751.2**	**793.9**	**847.7**	**862.5**	**877.0**
GAV (EURm)	785	814	820	865	862	869	771	814	869	885	899
Implied yield at FV mid-point (%)	**6.3**	**5.7**	**6.1**	**5.4**	**5.9**	**6.1**	**7.5**	**5.7**	**5.8**	**6.0**	**6.0**
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**
Per share FV mid-point EV/GAV (EUR)	**10.7**	**10.7**	**10.8**	**10.9**	**10.8**	**11.1**	**10.6**	**10.7**	**11.1**	**11.6**	**12.1**
Per share FV mid-point EV/GAV (SEK)	**111**	**109**	**115**	**117**	**116**	**119**	**110**	**109**	**119**	**125**	**130**
P/NAV FV mid-point (EUR)	**0.96**	**0.97**	**0.97**	**0.96**	**0.95**	**0.98**	**0.4**	**0.97**	**1.00**	**1.00**	**1.00**
Annualized DPS (EUR)	0.80	0.80	0.80	0.84	0.84	0.88		0.84	0.88	0.93	0.97
Implied dividend yield at FV mid-point (%)	**7.5**	**7.5**	**7.4**	**7.7**	**7.8**	**8.0**		**7.8**	**8.0**	**8.0**	**8.1**
Cash earnings (EURm)	6.6	7.3	7.1	5.9	8.0	7.7		16.1	28.7	31.6	31.4
Cash EPS (EUR)	0.21	0.23	0.23	0.19	0.26	0.25		0.52	0.92	1.02	1.01
EUR/SEK applied	10.3	10.2	10.60	10.80	10.73	10.80	10.45	10.15	10.80	10.80	10.80

Source: SEB

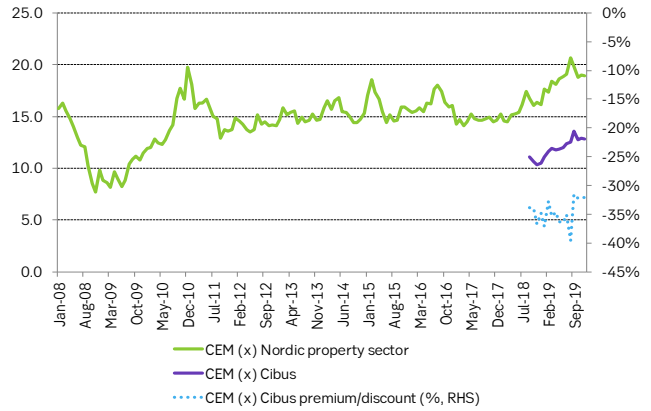
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12M forward PER (x)



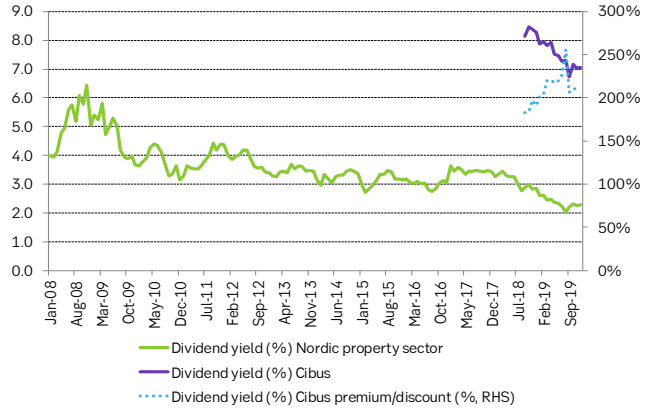
Source: SEB

12M forward CEM (x)



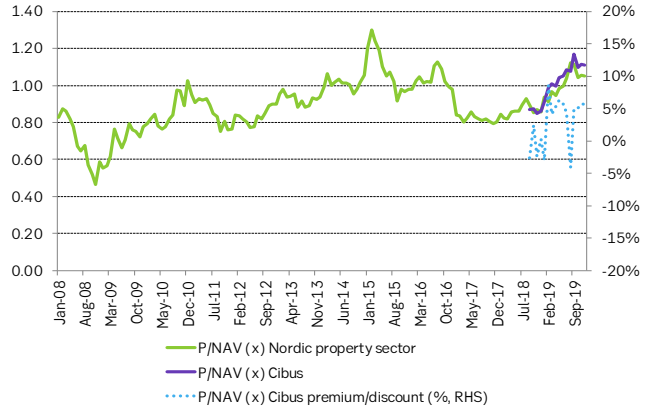
Source: SEB

12M forward dividend yield (%)



Source: SEB

12M forward P/NAV (x)



Source: SEB

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Nordic property companies valuation I

	Share price	Rec.	Target price	Potential to target (%)	PER (x) 2019E	PER (x) 2020E	PER (x) 2021E	CEM (x) 2019E	CEM (x) 2020E	CEM (x) 2021E
Atrium Ljungberg	205	Sell	175	-15	28.6	28.8	28.2	25.3	23.1	22.4
Balder	378.6	Sell	300	-21	23.1	23.5	23.0	19.6	18.8	18.6
Castellum	200	Sell	180	-10	21.6	21.9	22.3	19.2	19.0	18.7
Cibus	140	CR	CR	CR	17.1	15.0	14.7	14.2	12.9	13.0
Citycon	9.425	Hold	9.7	3	15.2	12.4	12.0	11.5	11.5	11.1
Entra ASA	137.6	Hold	145	5	22.4	25.8	23.3	18.0	18.1	16.2
Fabege	143.45	Hold	138	-4	39.7	36.3	37.7	30.9	28.4	28.8
Hembla	215	Sell	215	0	66.8	56.2	57.1	55.7	45.0	44.5
Hemfosa	102.8	Sell	0	-100	17.5	17.2	17.2	14.6	14.0	13.7
Hufvudstaden	168.4	Hold	171	2	35.9	34.0	34.0	36.3	30.5	29.2
Kojamo	15.72	Buy	17	8	26.7	27.2	25.7	27.7	26.9	25.4
Klövern	17.2	Sell	14	-19	18.4	19.4	20.0	14.8	14.9	14.9
Kungsleden	90.15	Hold	82	-9	21.0	19.4	19.4	16.5	15.3	15.3
Nyfosa	66.9	Hold	62	-7	17.1	15.4	13.9	14.7	13.0	12.4
Pandox	200.5	Hold	190	-5	20.0	21.3	21.9	16.1	16.9	17.1
Wallenstam	106.7	Hold	105	-2	42.2	39.4	37.9	32.9	30.7	29.6
Wihlborgs	155.6	Hold	138	-11	17.4	16.7	16.8	14.2	13.4	13.5
Average				**-12**	**26.5**	**25.3**	**25.0**	**22.5**	**20.7**	**20.2**
Median				**-6**	**21.6**	**21.9**	**22.3**	**18.0**	**18.1**	**17.1**

Source: SEB

Nordic property companies valuation II

	Share price	Rec.	Target price	Potential to target (%)	P/NAV 2019E	P/NAV 2020E	P/NAV 2021E	P/NAV 10y average	NAV discount to 10y ave. (%)	EV/GAV (x) 2019E	EV/GAV (x) 2020E	EV/GAV (x) 2021E
Atrium Ljungberg	205	Sell	175	-15	1.07	1.05	1.05	0.93	14	1.04	1.03	1.02
Balder	378.6	Sell	300	-21	1.21	1.12	1.05	0.99	22	1.09	1.05	1.02
Castellum	200	Sell	180	-10	1.09	1.06	1.07	0.91	20	1.05	1.03	1.04
Cibus	140	CR	CR	CR	1.18	1.13	1.09	0.99	19	1.07	1.05	1.04
Citycon	9.425	Hold	9.7	3	0.77	0.76	0.75	0.74	4	0.88	0.87	0.87
Entra ASA	137.6	Hold	145	5	0.95	0.93	0.89	0.91	5	0.97	0.96	0.94
Fabege	143.45	Hold	138	-4	1.07	1.04	1.06	0.93	14	1.04	1.03	1.04
Hembla	215	Sell	215	0	1.20	1.16	1.16	1.09	9	1.10	1.08	1.08
Hemfosa	102.8	Sell	0	-100	1.18	1.12	1.09	0.71	67	1.08	1.05	1.04
Hufvudstaden	168.4	Hold	171	2	0.92	0.91	0.91	0.95	-3	0.93	0.93	0.93
Kojamo	15.72	Buy	17	8	1.24	1.20	1.17	1.18	4	1.14	1.11	1.09
Klövern	17.2	Sell	14	-19	0.89	0.87	0.87	0.89	0	0.96	0.95	0.95
Kungsleden	90.15	Hold	82	-9	1.12	1.07	1.04	0.84	33	1.06	1.04	1.02
Nyfosa	66.9	Hold	62	-7	1.15	1.05	0.99	0.98	17	1.08	1.03	1.00
Pandox	200.5	Hold	190	-5	1.17	1.13	1.10	1.04	13	1.10	1.08	1.06
Wallenstam	106.7	Hold	105	-2	1.30	1.25	1.22	1.06	22	1.16	1.13	1.12
Wihlborgs	155.6	Hold	138	-11	1.22	1.16	1.11	1.01	20	1.10	1.08	1.06
Average				**-12**	**1.10**	**1.06**	**1.04**	**0.95**	**16**	**1.05**	**1.03**	**1.02**
Median				**-6**	**1.15**	**1.07**	**1.06**	**0.95**	**14**	**1.07**	**1.04**	**1.04**

Source: SEB

Nordic property companies valuation III

	Share price	Rec.	Target price	Potential to target (%)	EV/EBITDA (x) 2019E	EV/EBITDA (x) 2020E	EV/EBITDA (x) 2021E	EV/EBIT (x) 2019E	EV/EBIT (x) 2020E	EV/EBIT (x) 2021E	FCF/mcap (%, excl. acq.) 2019E	FCF/mcap (%, excl. acq.) 2020E	FCF/mcap (%, excl. acq.) 2021E	Dividend yield (%) 2019E	Dividend yield (%) 2020E	Dividend yield (%) 2021E
Atrium Ljungberg	205	Sell	175	-15	28.6	30.0	29.4	28.6	30.0	29.4	-1.7	-4.8	-1.0	2.4	2.4	2.4
Balder	378.6	Sell	300	-21	24.7	25.1	24.8	24.7	25.1	24.8	-6.2	-4.2	0.3	0.0	0.0	0.0
Castellum	200	Sell	180	-10	24.0	23.3	22.9	24.0	23.3	22.9	0.8	1.7	3.1	3.1	3.3	3.3
Cibus	140	CR	CR	CR	20.4	19.1	18.8	20.4	19.1	18.8	6.4	7.2	7.2	6.7	7.1	7.4
Citycon	9.425	Hold	9.7	3	19.8	18.8	18.5	19.8	18.8	18.5	3.9	5.4	5.7	6.9	6.9	6.9
Entra ASA	137.6	Hold	145	5	19.8	22.1	21.0	19.8	22.1	21.0	-0.1	-4.7	-4.4	3.3	3.3	3.6
Fabege	143.45	Hold	138	-4	36.9	34.4	33.7	36.9	34.4	33.7	-2.2	0.0	-0.2	1.9	2.1	2.1
Hembla	215	Sell	215	0	46.2	42.7	42.5	46.2	42.7	42.5	-5.5	-4.7	-3.4	0.0	0.0	0.0
Hemfosa	102.8	Sell	0	-100	19.7	18.9	18.7	19.7	18.9	18.7	2.4	3.8	3.9	2.9	2.9	2.9
Hufvudstaden	168.4	Hold	171	2	30.5	29.0	28.4	30.5	29.0	28.4	2.7	1.7	1.8	2.3	2.4	2.4
Kojamo	15.72	Buy	17	8	28.9	29.4	29.2	29.0	29.7	29.4	-1.6	-4.7	-6.6	2.3	2.4	2.6
Klövern	17.2	Sell	14	-19	21.6	21.7	21.1	21.6	21.7	21.1	0.7	2.1	2.8	2.8	2.9	2.9
Kungsleden	90.15	Hold	82	-9	23.2	21.8	21.0	23.2	21.8	21.0	3.0	3.5	3.4	2.8	2.9	2.8
Nyfosa	66.9	Hold	62	-7	19.7	19.4	18.5	19.7	19.4	18.5	9.4	5.3	5.3	0.0	0.0	0.0
Pandox	200.5	Hold	190	-5	18.8	18.5	18.7	20.0	19.8	19.9	3.5	3.6	3.6	2.4	2.5	2.5
Wallenstam	106.7	Hold	105	-2	45.9	41.2	38.8	45.9	41.2	38.8	-3.2	-1.7	-1.6	1.9	1.9	1.9
Wihlborgs	155.6	Hold	138	-11	22.2	20.7	19.8	22.2	20.7	19.8	3.4	4.3	4.1	2.5	2.6	2.2
Average				**-12**	**26.5**	**25.7**	**25.0**	**26.6**	**25.8**	**25.1**	**0.9**	**0.8**	**1.4**	**2.6**	**2.7**	**2.7**
Median				**-6**	**23.2**	**22.1**	**21.1**	**23.2**	**22.1**	**21.1**	**0.8**	**1.7**	**2.8**	**2.4**	**2.5**	**2.5**

Source: SEB

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Valuation snapshot

Cibus	Q3 2019		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)	862	5.80	877	5.70	901	5.55	944	5.30	1,042	4.80
Net other assets	18									
Value change from										
Yield compression (EURm)			15		39		81		180	
EPRA NAV (EURm)	353		368		390		431		524	
Equity (EURm)	327		339		357		391		467	
Gross debt (EURm)	523		523		523		523		523	
Pref shares (EURm)	0		0		0		0		0	
Total assets (EURm)	983		998		1,021		1,064		1,162	
Shares (m)	31		31		31		31		31	
Equity/share (EUR)	10.5		11		11		13		15	
EPRA NAV/share (EUR)	11.4		12		13		14		17	
Net LTV (%)	59		60		58		55		50	
Equity ratio (%)	33		34		35		37		40	
Value change from										
Rental growth 1% (EURm)			10		10		10		10	
Total value change (EURm)			**26**		**49**		**92**		**190**	

Source: SEB

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Yield sensitivity

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	-231	-203	-172	-140	-104	-65	-23	24	76
-7.5	-205	-177	-146	-114	-78	-39	3	50	102
-5.0	-179	-151	-120	-88	-52	-13	29	76	128
-2.5	-153	-125	-94	-62	-26	13	55	102	154
Rental growth (%) 0.0	-127	-99	-68	-36	0	39	81	128	180
2.5	-101	-73	-42	-10	26	65	107	154	206
5.0	-75	-47	-16	16	52	91	133	180	232
7.5	-49	-21	9	42	78	117	159	206	258
10.0	-23	5	35	68	104	143	185	232	284
12.5	3	31	61	94	130	169	211	258	310
15.0	29	57	87	120	156	195	237	284	335

EPRA NAV (EUR)	1.00	0.75	0.50	0.25	0.00	-0.25	-0.50	-0.75	-1.00
-10.0	4.8	5.5	6.3	7.2	8.2	9.2	10.4	11.6	13.0
-7.5	5.5	6.2	7.1	8.0	9.0	10.1	11.2	12.5	14.0
-5.0	6.1	6.9	7.8	8.8	9.8	10.9	12.1	13.5	14.9
-2.5	6.8	7.6	8.5	9.5	10.6	11.7	13.0	14.4	15.9
0.0	7.5	8.3	9.3	10.3	11.4	12.5	13.8	15.3	16.8
2.5	8.2	9.0	10.0	11.0	12.2	13.4	14.7	16.2	17.8
5.0	8.8	9.8	10.7	11.8	12.9	14.2	15.6	17.1	18.8
7.5	9.5	10.5	11.5	12.6	13.7	15.0	16.5	18.0	19.7
10.0	10.2	11.2	12.2	13.3	14.5	15.9	17.3	18.9	20.7
12.5	10.9	11.9	12.9	14.1	15.3	16.7	18.2	19.8	21.6
15.0	11.5	12.6	13.7	14.8	16.1	17.5	19.1	20.7	22.6

Equity ratio (%)	1.00	0.75	0.50	0.25	0.00	-0.25	-0.50	-0.75	-1.00
-10.0	21	23	24	26	28	30	32	34	36
-7.5	22	24	26	28	29	31	33	35	37
-5.0	24	26	27	29	31	33	34	36	38
-2.5	25	27	29	30	32	34	36	37	39
0.0	27	28	30	32	33	35	37	38	40
2.5	28	30	31	33	34	36	38	39	41
5.0	29	31	32	34	36	37	39	40	42
7.5	30	32	33	35	37	38	40	41	43
10.0	31	33	35	36	38	39	41	42	44
12.5	33	34	36	37	39	40	42	43	45
15.0	34	35	36	38	39	41	42	44	45

LTV (%)	1.00	0.75	0.50	0.25	0.00	-0.25	-0.50	-0.75	-1.00
-10.0	78	75	72	69	67	64	61	58	55
-7.5	75	73	70	67	64	62	59	56	53
-5.0	73	70	68	65	62	60	57	54	52
-2.5	71	68	66	63	60	58	55	53	50
0.0	69	66	64	61	59	56	54	51	48
2.5	67	64	62	59	57	54	52	49	47
5.0	65	62	60	58	55	53	50	48	46
7.5	63	61	58	56	54	51	49	47	44
10.0	61	59	57	55	52	50	48	46	43
12.5	60	57	55	53	51	49	47	44	42
15.0	58	56	54	52	50	47	45	43	41

Source: SEB

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Financials

Interim financial statement

(EURm)	Q3/18 (Q1/18/19)	Q4/18 (Q2/18/19)	Q1/19	Q2/19	Q3/19	Q4/19E	FY/17/18	(Nov-June) H2/18	2019E	2020E	2021E
Rental & service income	14.6	14.3	15.3	14.2	15.1	15.6	17.5	28.9	60.2	63.4	64.7
Property expenses	(2.6)	(2.9)	(3.2)	(2.7)	(2.6)	(2.6)	(3.4)	(5.5)	(11.1)	(11.9)	(12.4)
Net rental income	**12.1**	**11.4**	**12.1**	**11.5**	**12.5**	**13.0**	**14.1**	**23.4**	**49.1**	**51.5**	**52.2**
Central administration	(1.0)	0.4	(1.0)	(1.0)	(1.2)	(1.3)	(1.5)	(0.2)	(4.5)	(3.8)	(3.8)
EBITDA	**11.1**	**11.8**	**11.2**	**10.5**	**11.3**	**11.7**	**12.7**	**23.2**	**44.6**	**47.7**	**48.4**
Net interest	(3.9)	(4.3)	(3.5)	(3.7)	(4.0)	(3.7)	(4.5)	(8.6)	(14.9)	(13.7)	(13.7)
Op. income/profit from property management	**7.2**	**7.5**	**7.6**	**6.8**	**7.3**	**8.0**	**8.2**	**14.7**	**29.7**	**33.9**	**34.7**
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
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
Profit from property management	**7.2**	**7.5**	**7.6**	**6.8**	**7.3**	**8.0**	**8.2**	**14.7**	**29.7**	**33.9**	**34.7**
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
Realised value changes - property	0.0	(0.2)	0.0	0.4	0.0	0.0	0.0	(0.2)	0.4	0.0	0.0
Unrealised value changes - property	(0.0)	2.0	2.8	5.0	(0.8)	1.8	30.3	2.0	8.8	12.8	12.8
Value changes - derivatives	0.1	(0.2)	(0.4)	0.1	(0.1)	0.0	(0.2)	(0.1)	(0.3)	0.0	0.0
Pre-tax profit	**7.3**	**9.1**	**10.0**	**12.3**	**6.4**	**9.8**	**38.3**	**16.4**	**38.5**	**46.7**	**47.5**
Pre-tax cash earnings	**7.2**	**7.5**	**7.6**	**6.8**	**7.3**	**8.0**	**8.2**	**14.7**	**29.7**	**33.9**	**34.7**
Tax paid	*(0.6)*	*(0.2)*	*(0.5)*	*(0.9)*	*0.8*	*(0.3)*	*(0.1)*	*(0.8)*	*(1.0)*	*(2.3)*	*(3.3)*
Tax deferred	*(0.1)*	*(2.2)*	*(0.5)*	*(1.2)*	*(1.6)*	*(1.4)*	*(5.3)*	*(2.3)*	*(4.8)*	*(6.3)*	*(5.5)*
Total tax	(0.7)	(2.4)	(1.1)	(2.1)	(0.9)	(1.8)	(5.4)	(3.1)	(5.8)	(8.7)	(8.8)
Net profit	**6.6**	**6.8**	**8.9**	**10.2**	**5.5**	**8.0**	**32.9**	**13.4**	**32.6**	**38.0**	**38.6**
EPS (EUR)	**0.21**	**0.22**	**0.29**	**0.33**	**0.18**	**0.26**	**1.06**	**0.43**	**1.05**	**1.22**	**1.24**
Net profit to ordinary shareholders	6.6	6.8	8.9	10.2	5.5	8.0	32.9	13.4	32.6	38.0	38.6
Adjusted net profit to ordinary shareholders	6.5	5.1	6.6	4.7	6.4	6.3	2.8	11.6	23.7	27.2	27.8
Cash earnings	**6.6**	**7.3**	**7.1**	**5.9**	**8.0**	**7.7**	**8.1**	**13.9**	**28.7**	**31.6**	**31.4**
Adjusted EPS (EUR)	0.21	0.16	0.21	0.15	0.21	0.20	0.09	0.37	0.76	0.87	0.89
CEPS pre-tax (EUR)	0.23	0.24	0.25	0.22	0.23	0.26	0.26	0.47	0.96	1.09	1.12
CEPS (EUR)	**0.21**	**0.23**	**0.23**	**0.19**	**0.26**	**0.25**	**0.26**	**0.45**	**0.92**	**1.02**	**1.01**
Current earnings capacity (Net rental income)	**45.9**	**47.8**	**47.8**	**49.9**	**49.9**						
DPS (EUR)	**0.2**	**0.2**	**0.20**	**0.21**	**0.21**	**0.22**		**0.84**	**0.88**	**0.93**	**0.97**
DPS (SEK)	**2.06**	**2.03**	**2.12**	**2.27**	**2.25**	**2.38**		**8.53**	**9.02**	**10.00**	**10.50**
P&L ratios (%)											
Surplus ratio (%)	*82.5*	*79.5*	*79.0*	*81.0*	*82.7*	*83.3*	*80.6*	*81.0*	*81.6*	*81.2*	*80.8*
EBITDA margin (%)	*75.8*	*82.5*	*72.8*	*73.9*	*74.7*	*75.0*	*72.3*	*80.4*	*74.1*	*75.2*	*74.9*
Operating profit margin (%)	*49.3*	*52.3*	*49.7*	*47.9*	*48.3*	*51.5*	*46.8*	*50.8*	*49.4*	*53.6*	*53.7*
Growth, revenues (%)					*3.2*	*9.2*	*n.m*	*65.1*	*108.3*	*5.3*	*2.0*
Growth, operating costs (%)					*2*	*(11)*	*n.m*	*62*	*101.9*	*7.2*	*4.5*
Growth, operating profit (%)					*4*	*14*	*n.m*	*66*	*109.8*	*4.9*	*1.4*
Growth, profit before value changes (%)					*1*	*8*	*n.m*	*79*	*102.6*	*14.2*	*2.2*
Growth, cash earnings(%)					*1*	*8*	*n.m.*	*79*	*102.6*	*14.2*	*2.2*

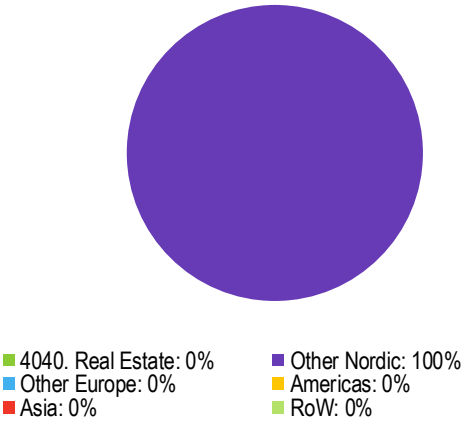
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Overview

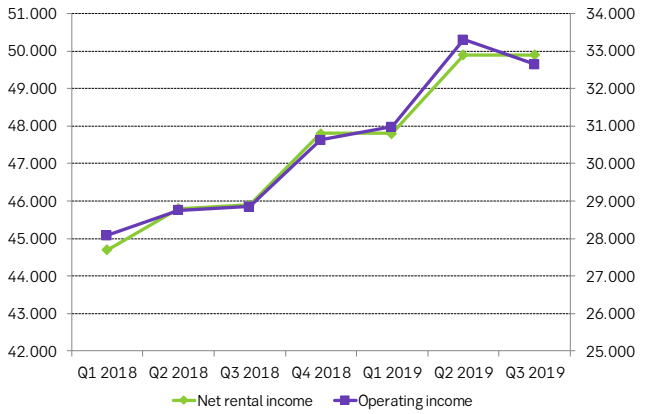
Investment case	Cibus' main focus is on maintaining a high and stable cash flow from current tenants and appropriate leverage for the asset class. Organic growth is likely to be limited and growth will come mainly from add-on acquisitions, either from single assets or from portfolios. The high and sustainable dividend pay-out should offer downside protection for the shares. Additional yield compression should follow from continued institutional demand for the segment. 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. 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. We do not factor acquisitions into our forecasts, but believe add-on acquisitions will be an important element for NAV growth.
Target price 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

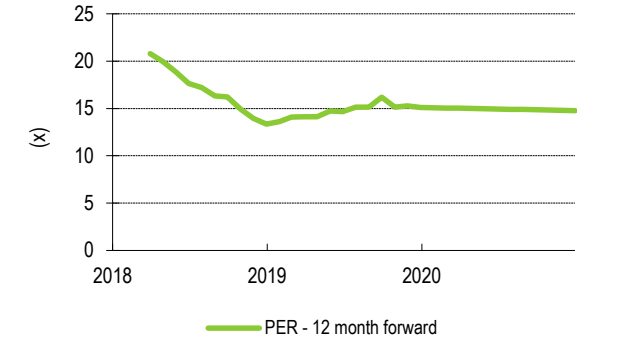
Earnings capacity



Source: SEB

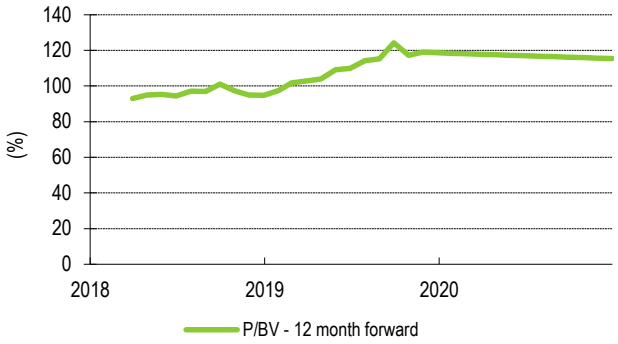
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PER - 12 month forward



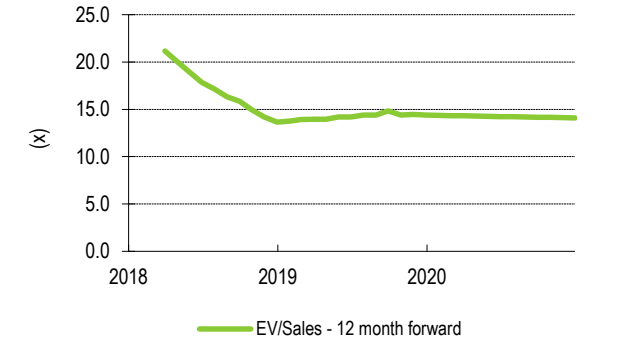
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P/BV - 12 month forward



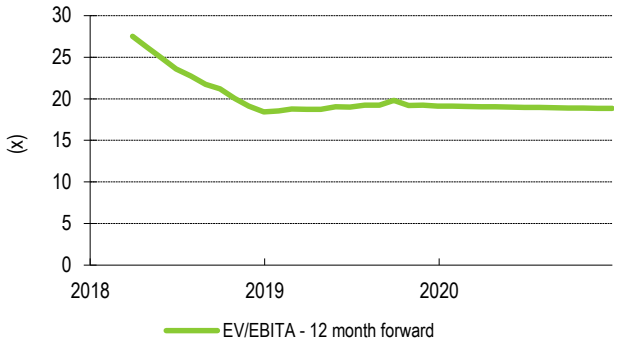
Source: SEB

EV/Sales - 12 month forward



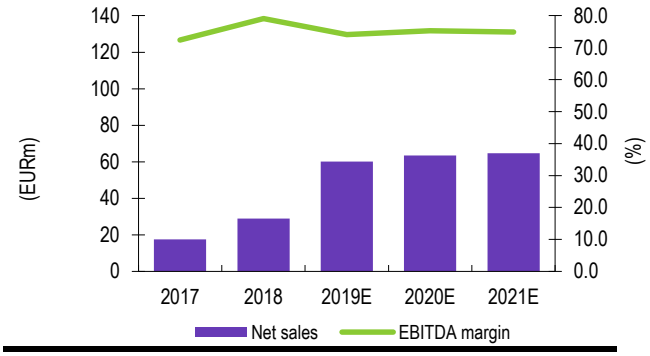
Source: SEB

EV/EBITA - 12 month forward



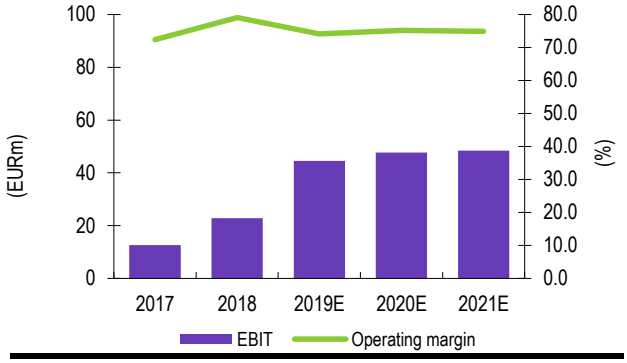
Source: SEB

Net sales & EBITDA margin



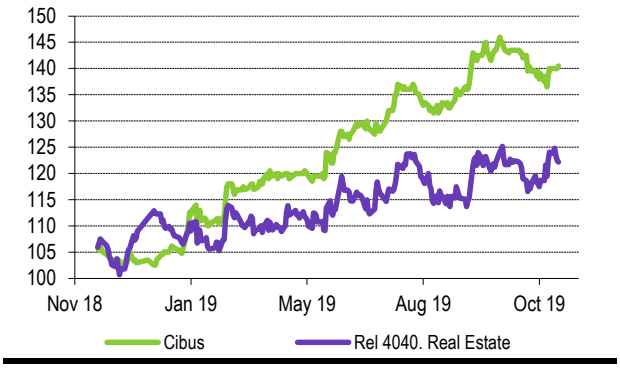
Source: SEB

EBIT & Operating margin



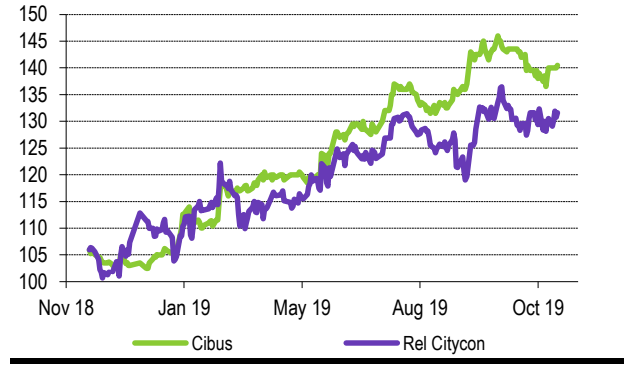
Source: SEB

Comparison with sector index - 1 year



Source: Thomson Datastream

Comparison with Citycon - 1 year



Source: Thomson Datastream

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Profit & loss statement - Cibus					
(EURm)	**2017**	**2018**	**2019E**	**2020E**	**2021E**
Net Sales	18	29	60	63	65
Other revenues	0	0	0	0	0
Total revenues	**18**	**29**	**60**	**63**	**65**
Total expenses	(5)	(6)	(16)	(16)	(16)
Profit before depreciation	**13**	**23**	**45**	**48**	**48**
Depreciation - Fixed assets	0	0	0	0	0
Depreciation - Other assets	0	0	0	0	0
Amortisation - Goodwill	0	0	0	0	0
Amortisation - Other intangibles	0	0	0	0	0
Operating profit	**13**	**23**	**45**	**48**	**48**
Net interest expenses	(4)	(8)	(15)	(14)	(14)
Foreign exchange items	0	0	0	0	0
Other financial items	0	0	0	0	0
Value changes - Fixed assets	30	2	9	13	13
Value changes - Financial assets	(0)	(0)	(0)	0	0
Value changes - Other assets	0	0	0	0	0
Reported pre-tax profit	**38**	**16**	**38**	**47**	**47**
Minority interests	0	0	0	0	0
Total taxes	(5)	(3)	(6)	(9)	(9)
Reported profit after tax	**33**	**13**	**33**	**38**	**39**
Discontinued operations	0	0	0	0	0
Extraordinary items	0	0	0	0	0
Net Profit	**33**	**13**	**33**	**38**	**39**
Adjustments:					
Discontinued operations	0	0	0	0	0
Interest on convertible debt	0	0	0	0	0
Minority interests (IFRS)	0	0	0	0	0
Value changes	(30)	(2)	(9)	(13)	(13)
Goodwill/intangibles amortisations	0	0	0	0	0
Restructuring charges	0	0	0	0	0
Other adjustments	0	0	0	0	0
Tax effect of adjustments	4	0	(0)	2	2
Adjusted profit after tax	**7**	**12**	**24**	**27**	**28**
Margins, tax & returns					
Operating margin	72.3	79.1	74.1	75.2	74.9
Pre-tax margin	218.7	56.8	63.9	73.7	73.4
Tax rate	14.0	18.6	15.2	18.6	18.6
ROE	19.7	4.0	9.8	11.2	11.0
ROCE	3.3	2.9	5.3	5.5	5.5
Growth rates y-o-y (%)					
Total revenues	n.a.	65.1	108.3	5.3	2.0
Operating profit	n.m.	80.6	95.0	6.9	1.5
Pre-tax profit	n.m.	(57.1)	134.1	21.5	1.6
EPS (adjusted)	0.0	79.0	102.6	14.2	2.2

Cash flow					
(EURm)	**2017**	**2018**	**2019E**	**2020E**	**2021E**
Net profit	33	13	33	38	39
Non-cash adjustments	(25)	3	(4)	(6)	(7)
Cash flow before work cap	**8**	**16**	**29**	**32**	**31**
Ch. in working capital / Other	5	0	(1)	(0)	(0)
Operating cash flow	**13**	**16**	**28**	**31**	**31**
Capital expenditures	(215)	(3)	(2)	(2)	(2)
Asset disposals	0	0	2	0	0
L/T financial investments	0	0	0	0	0
Acquisitions / adjustments	0	(22)	(45)	0	0
Free cash flow	**(202)**	**(9)**	**(17)**	**29**	**29**
Net loan proceeds	(74)	24	43	(2)	(0)
Dividend paid	0	(6)	(26)	(27)	(29)
Share issue	311	0	0	0	0
Other	(18)	(1)	0	0	0
Net change in cash	**17**	**8**	**0**	**0**	**0**
Adjustments					
C/flow bef chng in work cap	8	16	29	32	31
Adjustments	0	0	0	0	0
Int on conv debt net of tax	0	0	0	0	0
Cash earnings	8	16	29	32	31
Per share information					
Cash earnings	0.26	0.52	0.92	1.02	1.01
Operating cash flow	0.41	0.52	0.9	1.0	1.0
Free cash flow	(6.5)	(0.29)	(0.54)	0.94	0.94
Investment cover					
Capex/sales (%)	1,228.0	10.5	3.3	3.2	3.1
Capex/depreciation (%)	0	0	0	0	0

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Balance sheet - Cibus					
(EURm)	**2017**	**2018**	**2019E**	**2020E**	**2021E**
Cash and liquid assets	17	26	26	26	26
Debtors	3	2	10	10	11
Inventories	0	0	0	0	0
Other	1	1	0	0	0
Current assets	**22**	**29**	**35**	**36**	**36**
Interest bearing fixed assets	0	0	0	0	0
Other financial assets	0	0	(0)	(0)	(0)
Capitalized development cost	0	0	0	0	0
Goodwill	0	0	0	0	0
Other intangibles	0	0	0	0	0
Fixed tangible assets	768	816	871	885	900
Other fixed assets	2	2	2	2	2
Fixed assets	**770**	**819**	**872**	**887**	**902**
Total assets	**792**	**848**	**908**	**923**	**938**
Creditors	1	0	2	3	3
Other trade financing	0	0	0	0	0
S/T interest bearing debt	0	0	0	0	0
Other	8	21	0	0	0
Current liabilities	**9**	**21**	**2**	**3**	**3**
L/T interest bearing debt	440	486	529	527	527
Other long-term liabilities	1	2	27	27	27
Convertible debt	0	0	0	0	0
Pension provisions	0	0	0	0	0
Other provisions	0	0	0	0	0
Deferred tax	7	9	14	20	26
Long term liabilities	**449**	**498**	**570**	**575**	**580**
Minority interests	0	0	0	0	0
Shareholders' equity	**334**	**329**	**335**	**346**	**356**
Total liabilities and equity	**792**	**848**	**908**	**923**	**938**
Net debt (m)	423	461	504	502	501
Working capital (m)	(5)	(18)	7	8	8
Capital employed (m)	774	815	864	873	882
Net debt/equity (%)	127	140	150	145	141
Net debt/EBITDA (x)	33.4	20.1	11.3	10.5	10.4
Equity/total assets (%)	42	39	37	37	38
Interest cover	2.7	2.7	3.0	3.4	3.5

Valuation					
(EUR)	**2017**	**2018**	**2019E**	**2020E**	**2021E**
No of shares, fully dil. (y/e)	31.1	31.1	31.1	31.1	31.1
No of shares, fully dil. avg.	31.1	31.1	31.1	31.1	31.1
Share price, y/e		103.5	140.5	140.5	140.5
Share price, high		112.9	146.0		
Share price, low		95.0	102.5		
Share price, avg		104.5	126.5		
EPS (reported)	1.06	0.43	1.05	1.22	1.24
EPS (adjusted)	0.21	0.38	0.76	0.87	0.89
Cash earnings/share	0.26	0.52	0.92	1.02	1.01
Dividend/share	0.80	0.84	0.88	0.93	0.97
Enterprise value/share		25	29	29	29
Book value/share	10.7	10.6	10.8	11.1	11.4
Adjusted equity/share	10.9	10.9	11.1	11.6	12.1
PER (adjusted)		27.1	17.3	15.1	14.8
CEM		19.7	14.3	13.0	13.1
Dividend yield		8.2	6.7	7.0	7.4
EV/EBITDA		34.0	20.5	19.1	18.8
EV/EBITA		34.0	20.5	19.1	18.8
EV/EBIT		34.0	20.5	19.1	18.8
EV/Sales (x)		26.92	15.18	14.39	14.10
Price/Book value		0.97	1.22	1.19	1.15
Price/adjusted equity		0.94	1.19	1.14	1.09
Free cash flow/Market cap (%)		4.2	6.4	7.1	7.1
Operating cash flow/EV (%)		2.1	3.1	3.4	3.4
EV/Capital employed (x)		1.0	1.1	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			

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