



The growth journey continues, undisturbed

Profits in the quarter were higher than we estimated, mainly due to lower than expected non-recurring items related to refinancing and M&A. Cibus is a consolidator in grocery retail properties, enabling stable, safe, and relatively strong cash flow, which enables the highest dividend yield in Nordic properties of 6.4% on 2019 earnings and a target to increase dividend by at least 5% per year. We estimate a fair value for the shares of SEK 120-140.

Key Data (2020E)

Price (SEK)	145.60
Reuters	CIBUS.ST
Bloomberg	CIBUS.SS
Market cap (SEKm)	5,434
Market cap (USDm)	624
Market cap (EURm)	527
Net debt (EURm)	683
Net gearing	161%
Net debt/EBITDA (x)	12.5
Shares fully dil. (m)	37.3
Avg daily turnover (m)	0.0
Free float	59%

Strong earnings

Q2 profit from property management of EUR 7.8m was above our estimate of EUR 6.5m. Administrative costs were not as high as we had expected. Included was a non-recurring advisory fee of EUR 0.2m, while we expected EUR 0.5m. In the financial net there was a non-recurring item related to the refinancing which took place during the quarter of EUR 2.8m, where we expected EUR 3m. A large part of the earnings beat was explained by lower than expected non-recurring items and the impact on the long-term estimates is small, and therefore our estimates are largely unchanged following the report.

Continues the hunt for more targets

Cibus executed EUR 50m worth of acquisitions in Q2 2020 adding 18 properties in Finland and in the first day of Q3 2020 another five properties, also in Finland, worth EUR 14.5m were acquired. With a platform in both Sweden and Finland, Cibus is now open for add-on acquisitions in two markets and the growth story through new properties is very much intact.

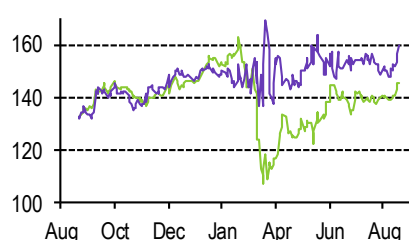
We estimate a fair value of SEK 120-140

Our approach to Cibus' fair value is EV/GAV range of 1.00-1.05x with the current portfolio. This reflects the steady business outlook and low group costs. The relatively high required yield for Cibus' assets enables strong and growing dividend yield in 2020-22E.

Estimate Revisions (%)

	2020E	2021E	2022E
Revenues	0	0	0
Adj. EBIT	0	0	0
Adj. EPS	0	0	0

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	75	82	84
Operating profit (m)	23	43	55	62	63
Pre-tax profit (m)	16	35	44	54	55
EPS (reported)	0.43	0.97	1.01	1.18	1.20
EPS (adjusted)	0.38	0.75	0.76	0.89	0.90
CEPS	0.52	0.94	0.88	1.01	1.03
DPS	0.84	0.89	0.93	0.98	1.03
Revenue growth (%)	65.1	108.3	24.5	10.0	2.0
Operating profit growth (%)	80.6	90.1	25.9	13.9	1.3
EPS (adjusted) growth (%)	79.0	98.0	1.3	17.0	2.0
Operating margin (%)	79.1	72.2	73.0	75.5	75.1
ROE (%)	4.0	9.1	9.5	10.3	10.2
ROCE (%)	2.9	5.2	5.5	5.5	5.5
PER (x)	27.1	18.5	18.7	15.9	15.6
CEM (x)	19.7	14.7	16.0	14.0	13.8
Free cash flow yield (%)	4.2	6.0	5.7	6.7	6.9
Dividend yield (%)	8.2	6.4	6.6	6.9	7.3
P/NAV (x)	0.94	1.26	1.20	1.16	1.19
EV/Sales (x)	26.92	15.63	16.15	14.67	14.39
EBITDA/EV (%)	2.9	4.6	4.5	5.1	5.2
EV/GAV (%)	97	110	108	106	107

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

No impact from COVID-19

Continues to expand

Acquisitions on two fronts, both Sweden and Finland

Cibus had 275 properties at the of end Q2 2020. During Q2 2020 Cibus added 18 properties in Finland worth around EUR 50m and in the first day of Q3 2020 Cibus added another five properties in Finland worth EUR 14.5m.

Operating earnings beat estimates

EPS unchanged

Cibus reported net rental income 2% above expectation, EBITDA 7% above, and operating income capacity 1% above. The quarter included some extraordinary costs associated with the refinancing of the company and M&A activities, which were slightly lower than we had expected, explaining the stronger than expected result. The impact on our long-term estimates are therefore small, and our estimates are largely unchanged following the report.

Deviation from estimates

(EURm)	Q2/20				Q2/19		Q1/20	
	Actual	SEB	Abs	Rel (%)	Actual	y/y (%)	Actual	q/q (%)
Rental & service income	18.2	17.9	0	1.8	14.2	28.5	16.3	11.2
Property expenses	-3.1	-3.2	0	3.8	-2.7	-14.4	-3.3	8.0
Net rental income	15.1	14.7	0	3.1	11.5	31.8	13.0	16.1
Administration costs & other	-1.5	-2.0	0	23.4	-1.0	-53.2	-1.5	-2.9
EBITDA	13.6	12.7	1	7.2	10.5	29.7	11.5	17.8
Net financials	-5.8	-6.1	0	6.1	-3.7	-56.5	-4.7	-23.4
Profit from property manag.	7.8	6.5	1	19.9	6.8	15.2	6.8	14.0
Fair value changes	2.8	3.0	0	-7.7	5.6	-50.3	1.7	66.0
Pre-tax profit	10.6	9.5	1	11.2	12.3	-14.4	8.5	24.2
Taxes	-1.7	-1.6	0	-5.8	-2.1	19.6	-1.4	-19.6
Net profit	8.9	7.9	1	12.3	10.2	-13.3	7.1	25.1
EPS (EUR)	0.29	0.21	0.07	34.7	0.33	-13.3	0.19	50.2
DPS (EUR)	0.89	0.93	-0.04	-4.8	0.89	0.0	0.93	-4.8
Net rental income capacity	70.5	69.6	1	1.3	47.8	47.4	60.6	16.3
Operating income capacity	40.8	40.6	0	0.6	31.0	31.8	39.6	3.1
EPRA NAV/share (EUR)	11.8	11.9	0	-0.9	11.2	5.7	11.9	-0.9
EPRA NAV per share (SEK)	122	124	-2	-1.6	118	2.7	126	-3.6

Source: SEB

Financials

Interim financial statement												
(EURm)	Q1/19	Q2/19	Q3/19	Q4/19	Q1/20	Q2/20	Q3/20E	Q4/20E	2019	2020E	2021E	2022E
Rental & service income	15.3	14.2	15.1	15.6	16.3	18.2	19.6	20.9	60.2	75.0	82.5	84.1
Property expenses	(3.2)	(2.7)	(2.6)	(3.1)	(3.3)	(3.1)	(3.4)	(4.5)	(11.6)	(14.2)	(15.8)	(16.4)
Net rental income	12.1	11.5	12.5	12.6	13.0	15.1	16.2	16.4	48.6	60.7	66.7	67.7
Central administration	(1.0)	(1.0)	(1.2)	(2.0)	(1.5)	(1.5)	(1.2)	(1.8)	(5.1)	(6.0)	(4.4)	(4.6)
EBITDA	11.2	10.5	11.3	10.6	11.5	13.6	15.1	14.6	43.5	54.7	62.3	63.1
Net interest	(3.5)	(3.7)	(4.0)	(3.6)	(4.7)	(5.8)	(5.0)	(5.5)	(14.8)	(20.9)	(21.0)	(21.0)
Op. income/profit from property management	7.6	6.8	7.3	7.0	6.8	7.8	10.1	9.1	28.7	33.8	41.3	42.2
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	7.8	10.1	9.1	28.7	33.8	41.3	42.2
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	3.0	3.0	3.0	7.0	10.6	12.9	12.9
Value changes - derivatives	(0.4)	0.1	(0.1)	0.0	0.1	(0.2)	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	10.6	13.1	12.1	35.4	44.4	54.3	55.1
Pre-tax cash earnings	7.6	6.8	7.3	7.0	6.8	7.8	10.1	9.1	28.7	33.8	41.3	42.2
Tax paid	(0.5)	(0.9)	0.8	0.2	(0.3)	(0.5)	(0.7)	(0.8)	(0.5)	(2.2)	(3.8)	(3.9)
Tax deferred	(0.5)	(1.2)	(1.6)	(1.2)	(1.2)	(1.2)	(1.8)	(1.9)	(4.6)	(6.0)	(6.3)	(6.4)
Total tax	(1.1)	(2.1)	(0.9)	(1.1)	(1.4)	(1.7)	(2.4)	(2.7)	(5.1)	(8.3)	(10.1)	(10.2)
Net profit	8.9	10.2	5.5	5.6	7.1	8.9	10.7	9.4	30.3	36.2	44.2	44.9
EPS (EUR)	0.29	0.33	0.18	0.18	0.19	0.24	0.29	0.25	0.97	0.97	1.18	1.20
Net profit to ordinary shareholders	8.9	10.2	5.5	5.6	7.1	8.9	10.7	9.4	30.3	36.2	44.2	44.9
Adjusted net profit to ordinary shareholders	6.6	4.7	6.4	5.9	5.4	6.1	7.7	6.4	23.3	27.1	33.1	33.7
Cash earnings	7.1	5.9	8.0	7.1	6.6	7.3	9.4	8.3	28.1	31.6	37.5	38.3
Adjusted EPS (EUR)	0.21	0.15	0.21	0.19	0.15	0.16	0.21	0.17	0.75	0.73	0.89	0.90
CEPS pre-tax (EUR)	0.25	0.22	0.23	0.22	0.18	0.21	0.27	0.24	0.92	0.91	1.11	1.13
CEPS (EUR)	0.23	0.19	0.26	0.23	0.18	0.20	0.25	0.22	0.90	0.85	1.01	1.03
Current earnings capacity (Net rental income)	47.8	49.9	49.9	50.7	60.6	64.1						
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	83.1	82.9	78.6	80.7	81.0	80.9	80.5
EBITDA margin (%)	72.8	73.9	74.7	67.8	70.4	74.6	77.0	69.8	72.2	73.0	75.5	75.1
Operating profit margin (%)	49.7	47.9	48.3	44.7	41.8	42.9	51.6	43.6	47.6	45.1	50.1	50.1
Growth, revenues (%)			3.2	9.3	6.6	28.5	29.8	33.6	108.3	24.5	10.0	2.0
Growth, operating costs (%)			2	4	4	14	29	46	111.0	22.8	10.8	3.9
Growth, operating profit (%)			4	11	7	32	30	31	107.6	25.0	9.9	1.6
Growth, profit before value changes (%)			1	(7)	(10)	15	39	30	95.4	18.0	22.1	2.0
Growth, cash earnings (%)			1	(7)	(10)	15	39	30	95.4	18.0	22.1	2.0

Source: SEB

Valuation

We estimate a fair value of SEK 120-140 for Cibus

We estimate a fair value for Cibus of SEK 120-140. Our valuation approach is based on EV/GAV multiples of 1.00-1.05x. Cibus is trading above the Nordic property industry with an EV/GAV of 0.9x. 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, from a NAV creation perspective Cibus is a laggard due to fewer fair value changes and equity generation.

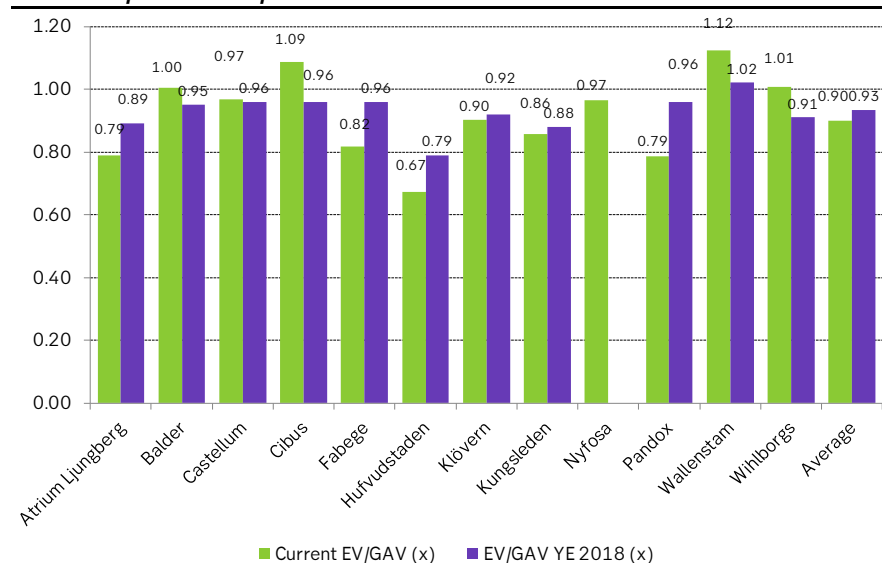
The Nordic property sector is valued at 2020E P/NAV of 0.9x. Assuming fair value gains in the future are similar to 2016-19 (constantly EUR 4.0-4.5bn on aggregate), the valuation implies that the market is discounting the fair value gains for the next two to three years. Furthermore, the dividend yield for the sector has fallen to 2%. From a dividend perspective Cibus stands out from the crowd.

Valuation overview

	Q1/19	Q2/19	Q3/19	Q4/19	Q1/20	Q2/20	Q3/20E	Q4/20E	2019	2020E	2021E	2022E
Total value of properties	820.6	862.2	862.3	874.8	1,052.7	1,124.0	1,127.0	1,130.0	874.8	1,065.4	1,078.3	1,091.3
Fair value of properties	820.6	862.2	862.3	874.8	1,052.7	1,124.0	1,127.0	1,130.0	874.8	1,065.4	1,078.3	1,091.3
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	84.5	84.5	24.7	24.7	24.7	24.7	24.7
EPRA NAV (EURm)	347.3	352.5	353.4	354.1	444.4	450.7	456.5	460.4	354.1	460.4	454.1	467.2
Deferred tax liabilities	9.8	11.0	12.7	13.6	14.8	16.4	18.1	19.6	13.6	19.6	25.9	32.3
Undisclosed reserves	9.7	19.8	16.7	11.1	14.7	16.2	18.2	20.2	11.1	20.2	20.2	20.2
Equity (EURm)	337.6	321.7	327.2	332.9	418.5	422.2	424.7	425.4	332.9	425.4	434.7	443.0
Net debt (EURm)	462.7	505.8	505.0	510.5	607.1	675.5	678.8	683.4	510.5	683.4	683.2	683.6
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	1,222.2	1,117.0	1,184.3	912.7	1,184.3	1,199.7	1,214.7
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	11.3	11.4	11.4	10.7	11.4	11.6	11.9
EPRA NAV/share (EUR)	11.17	11.33	11.36	11.39	11.91	12.08	12.23	12.34	11.39	12.34	12.17	12.52
EPRA NAV/share (SEK)	118	122	122	119	126	127	129	130	119	131	129	133
Net LTV (%)	56.4	58.7	58.6	58.4	57.7	60.1	60.2	60.5	58.4	64.1	63.4	62.6
Equity ratio (%)	39.3	36.1	33.3	36.5	37.4	34.5	38.0	35.9	36.5	35.9	36.2	36.5
Net debt per share (EUR)	14.9	16.3	16.2	16.4	16.3	18.1	18.2	18.3	16.4	18.3	18.3	18.3
Mcap at fair value mid-point (EURm)	336.6	337.8	335.0	335.8	421.7	426.6	432.6	436.5	335.8	436.5	451.8	466.0
Net debt (EURm)	462.7	505.8	505.0	510.5	607.1	675.5	678.8	683.4	510.5	683.4	683.2	683.6
EV at fair value mid-point (EURm)	799.3	843.6	840.0	846.3	1,028.8	1,102.1	1,111.3	1,119.9	846.3	1,119.9	1,134.9	1,149.6
GAV (EURm)	820	865	862	868	1,055	1,130	1,140	1,149	868	1,149	1,164	1,179
Implied yield at FV mid-point (%)	6.1	5.4	5.9	5.9	5.1	5.5	5.8	5.9	5.7	5.4	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	11.6	11.7	10.8	11.7	12.1	12.5
Per share FV mid-point EV/GAV (SEK)	115	117	116	113	120	121	122	123	113	124	128	132
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	0.99	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	8.1	8.3
Cash earnings (EURm)	7.1	5.9	8.0	7.1	6.6	7.3	9.4	8.3	29.4	31.6	37.5	38.3
Cash EPS (EUR)	0.23	0.19	0.26	0.23	0.18	0.20	0.25	0.22	0.94	0.88	1.01	1.03

Source: 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	0.70	17.2	25.7	15.0	3.9	3.3	4.4	3.2	2.2	3.8
Balder	0.95	1.30	0.98	14.9	22.1	15.8		3.7	4.1	0.0	0.0	0.0
Castellum	0.96	1.19	0.93	16.0	20.2	15.7	4.4	3.9	4.6	3.7	3.0	3.4
Cibus	0.94	1.26	1.20	19.7	14.7	16.0	2.9	4.6	4.5	8.2	6.4	6.6
Faberge	0.97	1.13	0.74	25.0	32.4	22.9	2.6	2.6	3.4	2.2	2.1	3.0
Hufvudstaden	0.79	1.00	0.60	27.5	34.9	19.9	3.7	3.0	4.6	2.7	2.1	3.6
Klöver	0.59	1.14	0.68	9.1	22.3	15.0	4.5	4.2	4.5	4.5	1.1	3.7
Kungsleden	0.80	1.11	0.76	12.3	18.1	12.0	4.9	3.9	5.0	3.8	0.0	3.8
Nyfosa	0.85	1.39	0.98	10.7	17.2	10.6	6.9	5.4	5.1	0.0	0.0	0.0
Pandox	0.94	1.24	0.59	13.0	16.7	18.2	5.6	4.7	4.2	3.2	0.0	0.0
Wallenstam	1.07	1.35	1.23	27.4	34.2	32.4	2.5	2.1	2.2	2.3	0.4	1.8
Wihlborgs	0.88	1.31	1.00	9.1	15.7	12.1	4.9	4.2	4.8	3.7	2.6	3.4
Average	0.81	1.10	0.78	15.9	21.4	16.3	4.3	3.8	4.3	3.1	1.7	2.8

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 (%)
Atrium Ljungberg	Q2 2020	132	192	205	0.69	0.64	0.79	41	45	4.5	5.7
Balder	Q2 2020	358	332	355	1.08	1.01	1.00	53	34	4.5	4.5
Castellum	Q2 2020	183	182	194	1.01	0.94	0.97	43	43	5.1	5.3
Cibus	Q1 2020	143	124	119	1.16	1.20	1.09	58	37	5.8	5.3
Faberge	Q2 2020	109	143	150	0.76	0.73	0.82	34	53	3.9	4.8
Hufvudstaden	Q1 2020	114	179	188	0.63	0.60	0.67	17	62	3.7	5.5
Klöver	Q2 2020	14.1	19.4	21.8	0.73	0.65	0.90	60	33	5.3	5.9
Kungsleden	Q2 2020	70	92	94	0.76	0.74	0.86	45	44	5.2	6.1
Nyfosa	Q2 2020	68	75	73	0.90	0.93	0.97	53	42	6.2	6.4
Pandox	Q2 2020	105	189	177	0.56	0.59	0.79	48	38	5.5	7.0
Wallenstam	Q2 2020	115	92	94	1.25	1.23	1.12	46	42	3.7	3.3
Wihlborgs	Q2 2020	144	135	142	1.06	1.01	1.01	52	38	5.3	5.3
Average					0.86	0.82	0.90	45	45	4.8	5.4

Source: SEB

Valuation snapshot in Q2 2020

Cibus	Q2 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)	1,053	5.80	1,071	5.70	1,100	5.55	1,152	5.30	1,272	4.80
Net other assets	52									
Value change from										
Yield compression (EURm)			18		47		99		219	
EPRA NAV (EURm)	444		462		489		539		653	
Equity (EURm)	419		433		455		496		590	
Gross debt (EURm)	659		659		659		659		659	
Pref shares (EURm)	0		0		0		0		0	
Total assets (EURm)	1,118		1,137		1,166		1,218		1,338	
Shares (m)	37		37		37		37		37	
Equity/share (EUR)	11.2		12		12		13		16	
EPRA NAV/share (EUR)	11.9		12		13		14		17	
Net LTV (%)	58		62		60		57		52	
Equity ratio (%)	37		38		39		41		44	
Value change from										
Rental growth 1% (EURm)			13		13		13		13	
Total value change (EURm)			31		60		112		232	

Source: SEB

Yield sensitivity

Share price (EUR)	14.4									
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	-282	-247	-210	-170	-127	-79	-28	30	92	
-7.5	-250	-216	-179	-139	-95	-48	4	61	124	
-5.0	-218	-184	-147	-107	-63	-16	36	93	156	
-2.5	-187	-152	-115	-75	-32	16	68	125	188	
Rental growth (%)	0.0	-155	-121	-84	-44	0	47	99	156	219
2.5	-123	-89	-52	-12	32	79	131	188	251	
5.0	-91	-57	-20	20	63	111	163	220	283	
7.5	-60	-25	12	52	95	143	194	251	314	
10.0	-28	6	43	83	127	174	226	283	346	
12.5	4	38	75	115	159	206	258	315	378	
15.0	35	70	107	147	190	238	290	347	410	
EPRA NAV (EUR)	1.00	0.75	0.50	0.25	0.00	-0.25	-0.50	-0.75	-1.00	
-10.0	5.2	6.0	6.8	7.7	8.7	9.7	10.9	12.2	13.6	
-7.5	5.9	6.7	7.6	8.5	9.5	10.6	11.8	13.1	14.6	
-5.0	6.6	7.4	8.3	9.3	10.3	11.4	12.7	14.0	15.5	
-2.5	7.3	8.1	9.0	10.0	11.1	12.3	13.6	15.0	16.5	
0.0	8.0	8.8	9.8	10.8	11.9	13.1	14.4	15.9	17.5	
2.5	8.7	9.6	10.5	11.6	12.7	14.0	15.3	16.8	18.5	
5.0	9.3	10.3	11.3	12.3	13.5	14.8	16.2	17.7	19.4	
7.5	10.0	11.0	12.0	13.1	14.3	15.6	17.1	18.7	20.4	
10.0	10.7	11.7	12.8	13.9	15.1	16.5	18.0	19.6	21.4	
12.5	11.4	12.4	13.5	14.7	15.9	17.3	18.9	20.5	22.4	
15.0	12.1	13.1	14.2	15.4	16.7	18.2	19.7	21.4	23.3	
Equity ratio (%)	1.00	0.75	0.50	0.25	0.00	-0.25	-0.50	-0.75	-1.00	
-10.0	25	27	29	30	32	34	36	38	40	
-7.5	27	28	30	32	34	35	37	39	41	
-5.0	28	30	32	33	35	37	38	40	42	
-2.5	30	31	33	35	36	38	40	41	43	
0.0	31	33	34	36	37	39	41	42	44	
2.5	32	34	35	37	39	40	42	43	45	
5.0	33	35	36	38	40	41	43	44	46	
7.5	35	36	38	39	41	42	44	45	47	
10.0	36	37	39	40	42	43	45	46	48	
12.5	37	38	40	41	42	44	45	47	48	
15.0	38	39	40	42	43	45	46	48	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	52	
-5.0	72	69	67	64	61	59	56	53	51	
-2.5	70	67	65	62	59	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	57	55	53	51	48	46	44	
10.0	60	58	56	54	51	49	47	45	43	
12.5	59	57	54	52	50	48	46	44	41	
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.

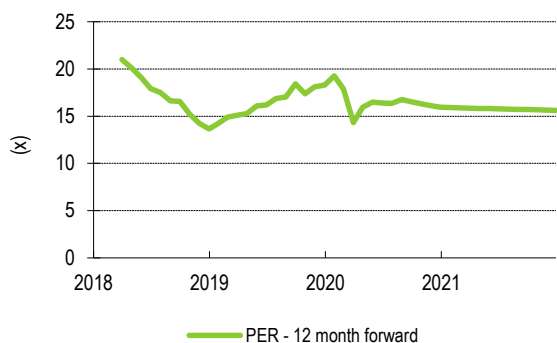
Valuation approach

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

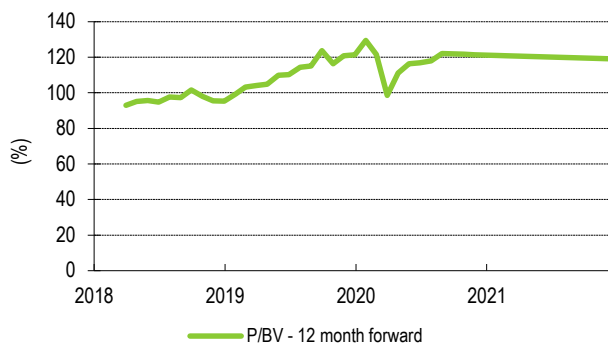
The main risk to our investment case is the direction of interest rates because a higher cost of debt will hamper earnings and dividend capacity. Rising interest rates could affect valuation yields and thus NAV growth negatively.

PER - 12 month forward



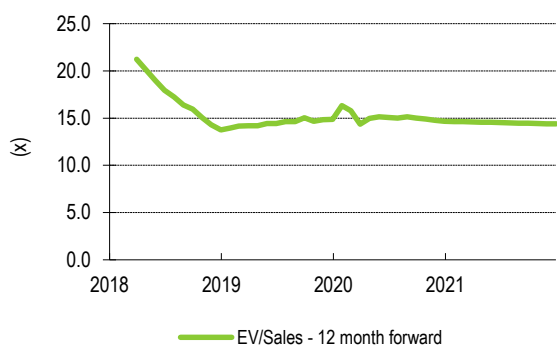
Source: SEB

P/BV - 12 month forward



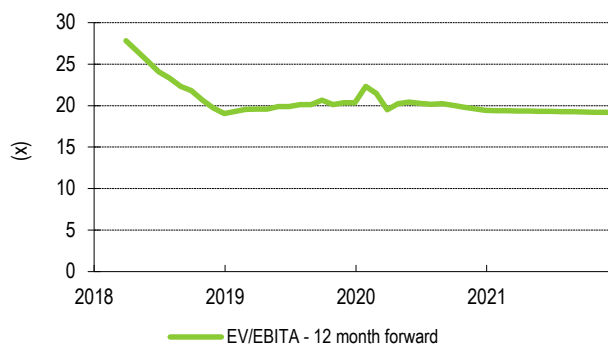
Source: SEB

EV/Sales - 12 month forward



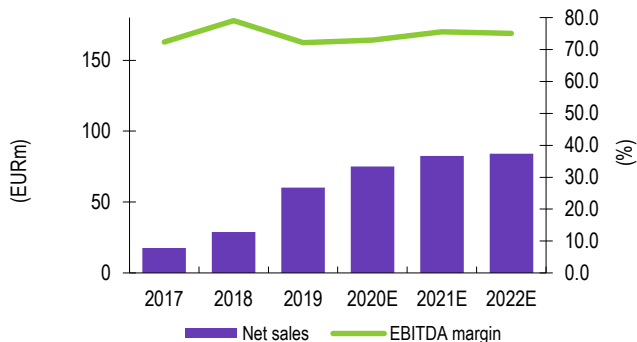
Source: SEB

EV/EBITA - 12 month forward



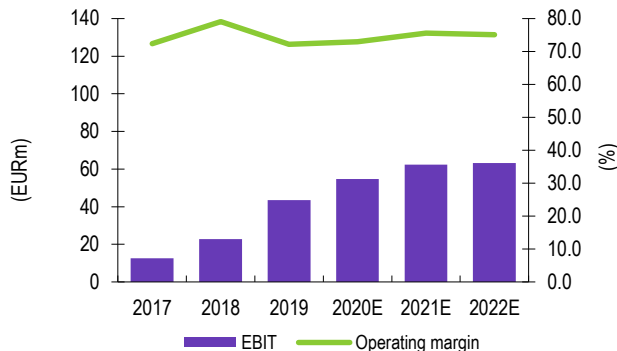
Source: SEB

Net sales & EBITDA margin



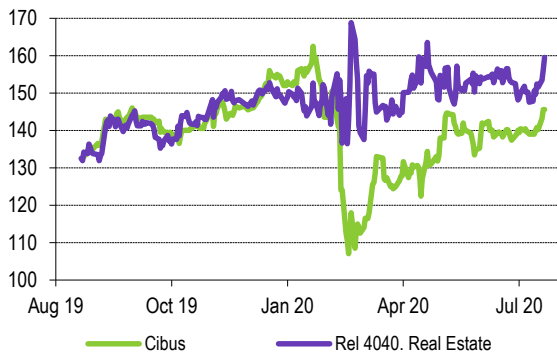
Source: SEB

EBIT & Operating margin



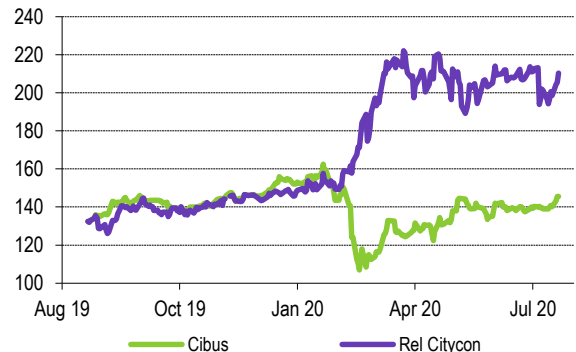
Source: SEB

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	75	82	84
Other revenues	0	0	0	0	0	0
Total revenues	18	29	60	75	82	84
Total expenses	(5)	(6)	(17)	(20)	(20)	(21)
Profit before depreciation	13	23	43	55	62	63
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	55	62	63
Net interest expenses	(4)	(8)	(15)	(21)	(21)	(21)
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	11	13	13
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	44	54	55
Minority interests	0	0	0	0	0	0
Total taxes	(5)	(3)	(5)	(8)	(10)	(10)
Reported profit after tax	33	13	30	36	44	45
Discontinued operations	0	0	0	0	0	0
Extraordinary items	0	0	0	0	0	0
Net Profit	33	13	30	36	44	45
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)	(11)	(13)	(13)
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)	1	2	2
Adjusted profit after tax	7	12	23	27	33	34
Margins, tax & returns						
Operating margin	72.3	79.1	72.2	73.0	75.5	75.1
Pre-tax margin	218.7	56.8	58.8	59.3	65.8	65.5
Tax rate	14.0	18.6	14.5	18.6	18.6	18.6
ROE	19.7	4.0	9.1	9.5	10.3	10.2
ROCE	3.3	2.9	5.2	5.5	5.5	5.5
Growth rates y-o-y (%)						
Total revenues	n.a.	65.1	108.3	24.5	10.0	2.0
Operating profit	n.m.	80.6	90.1	25.9	13.9	1.3
Pre-tax profit	n.m.	(57.1)	115.5	25.6	22.1	1.5
EPS (adjusted)	0.0	79.0	98.0	1.3	17.0	2.0
Cash flow						
(EURm)	2017	2018	2019	2020E	2021E	2022E
Net profit	33	13	30	36	44	45
Non-cash adjustments	(25)	3	(1)	(5)	(7)	(7)
Cash flow before work cap	8	16	29	32	38	38
Ch. in working capital / Other	5	0	(2)	(1)	(0)	(0)
Operating cash flow	13	16	27	31	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)	(258)	0	0
Free cash flow	(202)	(9)	(24)	(229)	35	36
Net loan proceeds	(74)	24	49	173	(0)	0
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	32	38	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	32	38	38
Per share information						
Cash earnings	0.26	0.52	0.94	0.88	1.01	1.03
Operating cash flow	0.41	0.52	0.87	0.86	0.99	1.02
Free cash flow	(6.5)	(0.29)	(0.78)	(6.41)	0.94	0.97
Investment cover						
Capex/sales (%)	1,228.0	10.5	2.5	2.7	2.4	2.4
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	1,145	1,160	1,175
Other fixed assets	2	2	2	2	2	2
Fixed assets	770	819	882	1,153	1,168	1,183
Total assets	792	848	913	1,184	1,200	1,215
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	708	708	708
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	20	26	32
Long term liabilities	449	498	557	736	742	749
Minority interests	0	0	0	0	0	0
Shareholders' equity	334	329	333	425	435	443
Total liabilities and equity	792	848	913	1,184	1,200	1,215
Net debt (m)	423	461	510	683	683	684
Working capital (m)	(5)	(18)	(17)	(16)	(16)	(16)
Capital employed (m)	774	815	868	1,134	1,143	1,151
Net debt/equity (%)	127	140	153	161	157	154
Net debt/EBITDA (x)	33.4	20.1	11.7	12.5	11.0	10.8
Equity/total assets (%)	42	39	36	36	36	36
Interest cover	2.7	2.7	2.9	2.6	2.9	3.0

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	145.6	145.6	145.6
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	138.5		
EPS (reported)	1.06	0.43	0.97	1.01	1.18	1.20
EPS (adjusted)	0.21	0.38	0.75	0.76	0.89	0.90
Cash earnings/share	0.26	0.52	0.94	0.88	1.01	1.03
Dividend/share	0.80	0.84	0.89	0.93	0.98	1.03
Enterprise value/share		25	30	32	32	32
Book value/share	10.7	10.6	10.7	11.4	11.6	11.9
Adjusted equity/share	10.9	10.9	11.0	11.8	12.2	11.9
PER (adjusted)		27.1	18.5	18.7	15.9	15.6
CEM		19.7	14.7	16.0	14.0	13.8
Dividend yield		8.2	6.4	6.6	6.9	7.3
EV/EBITDA		34.0	21.6	22.1	19.4	19.2
EV/EBITA		34.0	21.6	22.1	19.4	19.2
EV/EBIT		34.0	21.6	22.1	19.4	19.2
EV/Sales (x)		26.92	15.63	16.15	14.67	14.39
Price/Book value		0.97	1.29	1.24	1.21	1.19
Price/adjusted equity		0.94	1.26	1.20	1.16	1.19
Free cash flow/Market cap (%)		4.2	6.0	5.7	6.7	6.9
Operating cash flow/EV (%)		2.1	2.9	2.5	3.1	3.2
EV/Capital employed (x)		1.0	1.1	1.1	1.1	1.1

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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The analyst(s) responsible for this research report (jointly with their closely related persons) hold(s) 0 shares in Cibus and do(es) not have holdings in other instruments related to the company.

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