Perfect time to Buy

After seven years of holding back on major acquisitions, EfTEN sees attractive opportunities as local investors lack capital and foreign investors want to exit. If successful, the ongoing equity offer could enable EfTEN to make dividend accretive acquisitions.

Tight-Aggressive strategy
Management has applied the “Tight-Aggressive” strategy perfectly, proved by its seven years average property holding period and NOI yield of 7.5% (comfortably above the weighted average interest rate expense of 5.4%). Since 2021 until today, only 7% of the portfolio was acquired while 77% was bought in 2008-16.

Time to Buy
Local real estate funds have no money and foreign funds want to exit the Baltics i.e., it is a perfect time to buy. This is also reflected in the yields that have come up to pre-2016 levels (7-8%). The EUR 19m (base offer) from the ongoing equity issue shall be used to acquire properties with an estimated NOI yield ~8%, which could increase the dividend by an estimated ~5% (after dilution).

Fair value and Dividends estimate reiterated
We reiterate our Base case Fair value of EUR 22.51/shr. and our 2024E dividend of 1.00/shr., indicating a yield of 5.2%. The company has paid dividends throughout the recession and now has an excellent opportunity to grow when others are forced to pull back.

Key figures (MEUR)

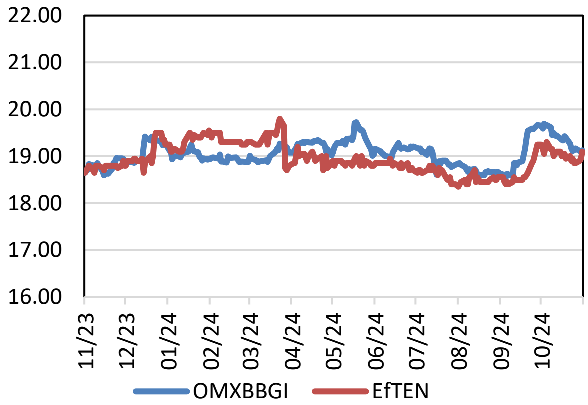
	2022	2023	2024E	2025E	2026E
Rental income	13.5	30.6	31.0	32.1	32.9
Rental inc. growth	10.9%	126.9%	1.2%	3.7%	2.4%
EBITDA	11.8	26.2	26.8	27.9	28.7
EBITDA margin	87.6%	85.5%	86.5%	87.0%	87.4%
EBIT	11.8	26.1	26.7	27.8	28.6
EBIT margin	87.3%	85.2%	86.1%	86.6%	87.1%
EV/Sales	11.6	11.4	10.7	10.2	9.8
EV/EBITDA	13.3	13.3	12.4	11.7	11.1
EV/EBIT	13.3	13.4	12.4	11.7	11.2
P/E adj.	8.8	204.5	15.2	11.2	10.7
P/BV	1.0	0.9	0.9	0.9	0.9
EPS adj.	2.25	0.09	1.25	1.70	1.77
EPS growth adj.	-19.32%	-95.89%	1251.97%	35.77%	4.60%
Div. per share	1.15	1.00	1.00	1.08	1.14
Dividend yield	5.84%	5.29%	5.24%	5.66%	5.98%

Source: Company data, Enlight Research estimates

Fair value range (EUR)	
Bull (term. EBIT marg. 1.2x)	24.55
Base (term. EBIT marg. 1.1x)	22.51
Bear (term. EBIT marg. 1.0x)	20.46

Key Data	
Price (EUR)	19.05
Ticker	EFT1T
Country	Estonia
Listed	Tallinn
Market Cap (EURm)	206
Net debt (EURm)*	124
Shares (m)	10.8
Free float	80%

*Estimated end of 2024



Price range	
52-week high	19.80
52-week low	18.35

Analyst

ResearchTeam@enlightresearch.net

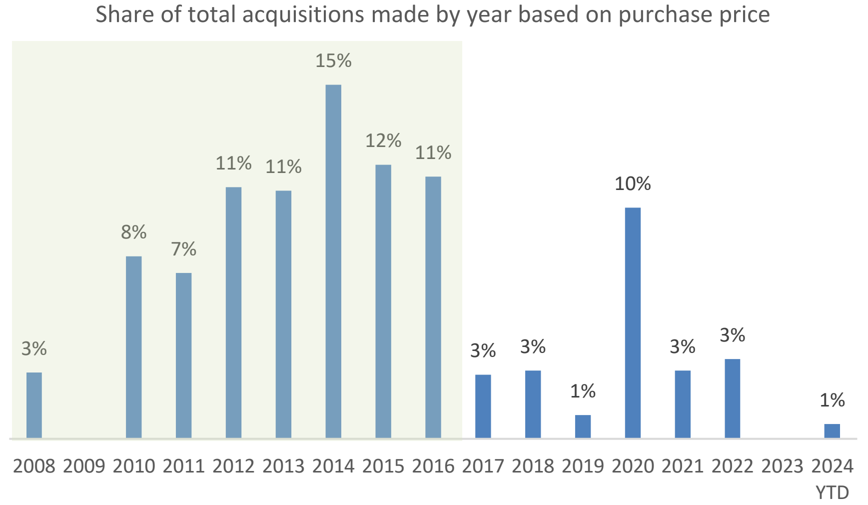
Coverage frequency

2x per year

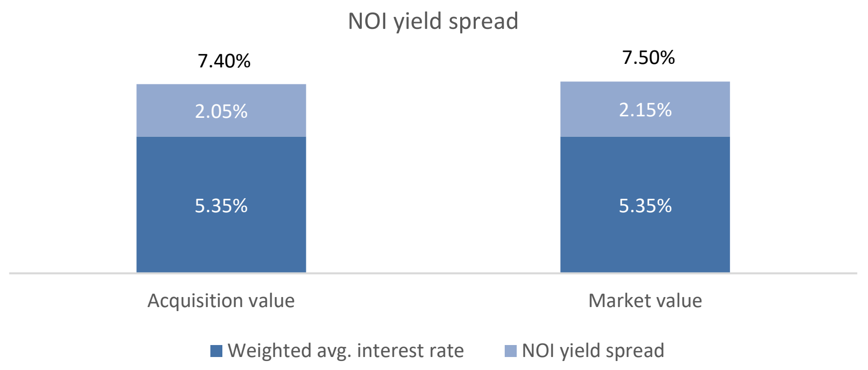
Key takeaways

Tight aggressive

In poker, a “tight-aggressive” strategy is where a player is extremely picky in which hands to play, but once it is played, there is no hesitation. In our view, EfTEN has applied this strategy perfectly in the Baltics – buying when yields were attractive (2008-16) and holding back when valuations were too high (2017-24). Based on acquisition price, 77% of the portfolio was bought in 2008-2016 when yields were attractive in the aftermath of the financial crisis (original acquisition dates assumed for merged EfTEN Kinnisvarafond AS). From 2017 until today, EfTEN has been very tight with acquisitions, especially in the last 3-4 years. Since 2021 until today, only 7% of the portfolio was acquired. Consequently, the acquisition price weighted average holding period is about 7 years corresponding to the year 2015 (first acquisition was made in 2008 by the recently merged fund, EfTEN Kinnisvarafond AS). The low entry prices mean the acquisition yield (NOI divided by acquisition value) was an attractive 7.4% at the end of Q3/24. A conservative property re-valuation approach means the market based yield is also attractive at 7.5% (NOI divided by market value). Both the acquisition and the market value yield are comfortably higher than EfTEN’s weighted average interest rate of 5.35% (end of Q3/24), which enables EfTEN to buy when others are under pressure (struggling with thin or negative yield to cost of capital spread).



Source: Company



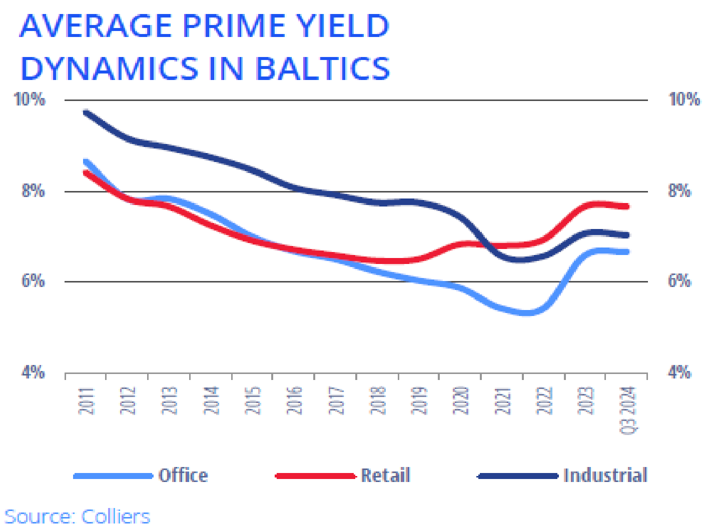
Source: Company

Perfect time to Buy

Local real estate funds have no money and foreign funds want to exit the Baltics. In other words, it is a perfect time to buy, which is what EfTEN's aims to do with the proceeds from the ongoing EUR 19.0m (28.5m incl. upsize option) equity capital raise (SPO). The issue price of the new shares is EUR 19.00, which is around the current market price. We believe acquisitions can be made at higher NOI yields (assume 7.9%) compared to the current NOI yield (7.5%), and higher LTV (assume 50%) vs. current LTV (41%), as well as lower interest rate (assume 4.54%) vs. the current weighted average interest rate (5.35%). Assuming EUR 19m is raised (base offer), the equity is estimated to increase by around 10%, while the Free Cash Flow is estimated to increase by around 14%. Given that the dividend payout is directly tied to the Free Cash Flow (80% of Free Cash Flow should be paid as dividend), it is fair to assume that the dividend per share could increase by 5% from EUR 1.00 to EUR 1.05 adjusted for dilution (increased number of shares). This implies ta yield improvement of 30 basis points from 5.2% to 5.5% based on a share price of EUR 19.05. Furthermore, it is very likely that buying at today's yield could result in positive value changes once the recession is over. Worth noting is that we do not include any acquisitions in our current forecast. We will do so when the capital raise is completed, and acquisitions are closed. To summarize, it is finally a buyer's market as yields have increased in Q3/24 and EfTEN is in a perfect position to buy.

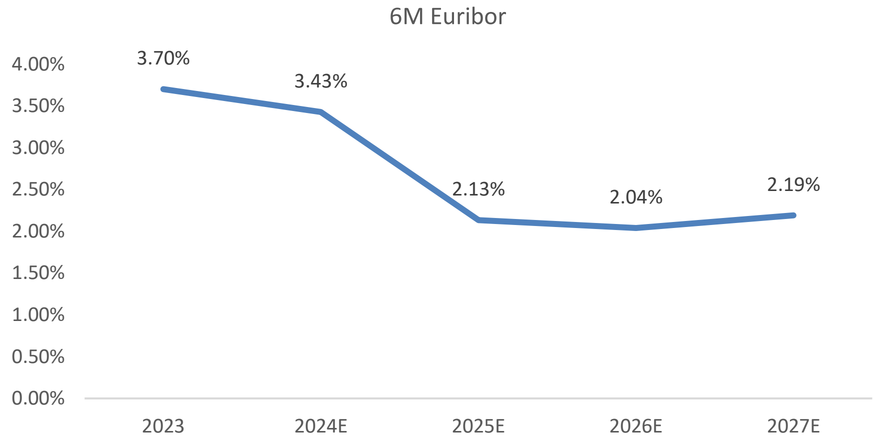
	Ongoing capital raise (EURm)		
Impact of acquisitions	10m Raised	19m Raised	28.5m Raised
Current 2024 DPS forecast (EUR) non-diluted	1.00	1.00	1.00
Est. Dividend increase from acquisitions (EUR) non-diluted	0.08	0.15	0.23
Est. Dividend post-acquisitions (EUR) diluted	1.02	1.05	1.08
Est. Dividend growth from acquisitions diluted	2%	5%	8%
Current 2024 Dividend yield non-diluted	5.2%	5.2%	5.2%
Est. Dividend yield post-acquisitions diluted	5.4%	5.5%	5.7%
Est. yield improvement (bps) diluted	20	30	50
Share price (EUR)	19.00	19.00	19.00

Source: Enlight Research

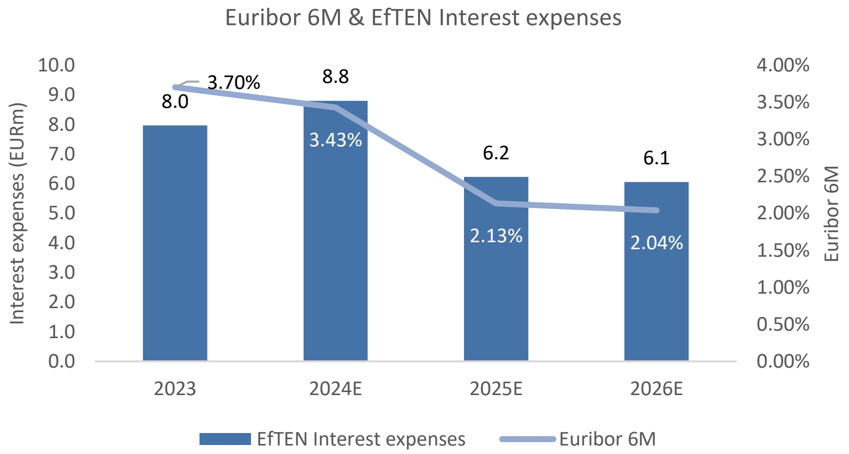


Favourable bank financing market

Banks are well capitalized and doing well i.e., there is plenty of capital willing to lend to stable borrowers like EfTEN (the banks' problem is demand rather than lack of capital). In our view, the competition among banks for limited objects could lead to lower interest rate margins, which is currently around 200-220 basis points (+Euribor) for EfTEN. Furthermore, lower expected Euribor rates in 2025 and 2026 should lower interest expenses on both existing and new loans. According to the Chatham Euribor Forward curve, the 6M Euribor is set to decline from an average of 3.43% in 2024 (currently 2.78%) to an average of 2.13% in 2025, followed by another decline to 2.04% in 2026. In 2027, an increase to 2.19% is indicated by the forward curve. Accordingly, we estimate EfTEN's interest expenses to decline by EUR 2.6m next year to EUR 6.2m from an estimated EUR 8.8m this year. In 2026, we forecast a minor interest expense decline to EUR 6.1m. To summarize, the lower euribor rates seen in H2/24 should have significantly positive effect on EfTEN's profits starting next year (most of EfTEN's loans are tied to the 1 and 3M Euribor).



Source: Chatham



Source: Chatham (6M Euribor), Company report (Interest expenses, historic), Enlight Research (Interest expenses, historic)

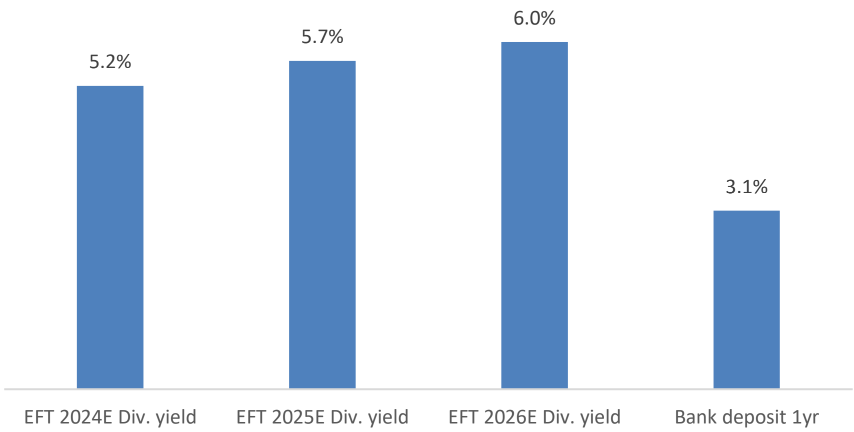
Attractive dividend yield compared to bank deposits

In our view, EfTEN's recession and interest rate resilient properties enables an attractive dividend yield despite the current real estate slump, proven by the 2022 and 2023 dividend yield of 5.8%, and 5.3%, respectively (based on year-end closing prices). EfTEN's dividend policy is to pay out at least 80% of the annual free cash flow after debt repayments and interest expenses. In addition, positive cash flow effects from loan re-financing can be used for dividends (see Potential incremental cash flow and Income tax on incremental cash flow in table below). We reiterate our 2024 dividend forecast, which means an unchanged dividend in 2024 vs. 2023 at EUR 1.00/shr. For 2025, we raise our dividend per share by EUR 0.03 to EUR 1.08 (prev. 1.05), while our 2026 dividend per share forecast is raised by EUR 0.02 to EUR 1.14 (prev. 1.12). The raised dividend forecast is manly a result of lower interest expenses. In our view, the forecast dividend yield of 5-6% is attractively above the current 1-year deposit rate of 3.10%, even considering the higher risk of equities (see chart below). Worth noting is that our dividend forecast does not include the ongoing capital raise nor any acquisitions.

Dividend yield calculation (EURm)	2022	2023	2024E	2025E	2026E
Adj. Free cash flow for Dividend calculation	**6.2**	**11.3**	**12.0**	**14.8**	**15.7**
80% of free cash flow	4.9	9.1	9.6	11.9	12.6
Gross dividend adj.	0.0	1.1	0.0	0.6	0.6
Dividend tax expense	-0.3	-1.2	-1.3	-1.6	-1.7
Potential net dividend according to policy	**4.6**	**8.9**	**8.3**	**10.9**	**11.5**
Potential incremental cash flow	1.0	2.2	3.1	1.0	1.0
Income tax on incremental cash flow	-0.2	-0.3	-0.6	-0.2	-0.2
Potential net dividend w/ incremental cash flow	**5.4**	**10.8**	**10.8**	**11.7**	**12.3**
Potential net dividend w/ incremental cash flow & merged fund	**12.5**	**10.8**	**10.8**	**11.7**	**12.3**
Shares end of period (m)	10.8	10.8	10.8	10.8	10.8
Potential net dividend per share	**1.15**	**1.00**	**1.00**	**1.08**	**1.14**
Share price (EUR)	19.75	18.90	19.00	19.00	19.00
Dividend yield	5.8%	5.3%	5.2%	5.7%	6.0%

Source: EfTEN (historic), Enlight Research (estimates)

EfTEN Dividend Yield vs. 1-yr Bank Deposit Yield



Source: Enlight Research (estimated dividend yield), Swedbank (bank deposit)

Valuation

P/BV motivated share price

We believe a reasonable long-term P/BV multiple for EfTEN is 1.1x. The annualized Net rental income yield is 8.23% (Q3/24 net rental income annualized divided by end of Q3/24 reported property value), which we believe is conservative considering EastNine and Baltic Horizon corresponding yields of 6.08%, and 4.87%, respectively. Consequently, we see upside potential in EfTEN's property portfolio in the forecast period 2024-26 as short-term Euribor rates are expected to decrease. Applying our Base case P/BV of 1.1x to our 2024 estimated Book value per share of EUR 20.46 indicates a Fair value of EUR 22.51 per share (unchanged). The only difference in our Bear (EUR 20.46/shr.) and Bull (EUR 24.55/shr.) case Fair values is that we apply a P/BV of 1.0x and 1.2x, respectively.

EfTEN Fair value scenarios	Bear	Base	Bull
Book value per share 2024E (EUR)	20.46	20.46	20.46
Fair P/BV multiple	1.0	1.1	1.2
Fair value per share (EUR)	20.46	22.51	24.55
Share price (EUR)	19.05	19.05	19.05
Upside/Downside	7%	18%	29%

Source: Enlight Research (Estimates)

Peer comparison

We believe EfTEN's premium P/BV multiple (0.95x) vs. EastNine (0.84) and BalticHorizon (0.36x) is well backed by its superior occupancy rate (96.8% vs. 94.4% for EastNine and 80.5% for BHG), conservative Net rental income yield (8.2% vs. 6.1% for EastNine, and 4.9% for BHG), and superior 2024 estimated dividend yield (5.2% vs. 2.9%* for EastNine and most likely zero for BHG). We do not regard Baltic Horizon Group's (BHG) P/BV of 0.36x as attractive, mainly due to its low occupancy rate, future challenges with regards to re-financing, and aggressive valuation yield. In our view, EfTEN has established itself as the benchmark for listed Baltic real estate companies, which motivates a premium.

Peer comparison based on 9M/24	EFT	EAST	BHG
Occupancy rate, last reported	96.8%	94.4%	80.5%
Investment property value, last reported (EURm)	361	654	242
Net rental income, annualized (EURm)	30	40	12
Net rental income yield (annualized)	8.23%	6.08%	4.87%
LTV, last reported	41%	35%	61%
Book value per share, last reported (EUR)	20.15	4.46	0.71
Share price, latest (EUR)	19.05	3.75	0.25
P/BV	0.95	0.84	0.36

Source: Company reports
*2024 estimated dividend yield, according to ABG Sundal Collier commissioned research

Estimate deviations

The Q3/24 Rental income was 2.0% or EUR 0.2m above our estimate as all segments were roughly inline (minor deviations in absolute euro terms). The Q3/24 Income from property mgmt. (profit before property value changes) was 4.6% or EUR 0.2m above estimate (EUR 4.5m vs. est. 4.3m) as Operating expenses were EUR 0.2m lower than expected. The Q3/24 Pre-tax profit was EUR 0.2m below our forecast mainly due to a small EUR 0.4m downward adjustment in property fair value (we expected zero). The Q3/24 EPS was 11.0% or EUR 0.04 above forecast (EUR 0.36 vs. est. 0.32). Excluding the property value adjustment, the Q3/24 EPS was 22.9% or EUR 0.07 above forecast.

Deviation by Segment Segment Sales	Estimate Q3/24	Outcome Q3/24	Diff EURm	Diff % or %-pts
Office premises	1.8	1.9	0.0	2.0%
National institutions	0.2	0.2	0.0	0.4%
Retail premises	3.1	3.0	-0.1	-3.0%
Logistics premises	2.2	2.4	0.2	8.2%
Care home premises	0.2	0.1	-0.1	-39.8%
Other assets & Rental income	0.1	0.2	na	na
Total rental income	**7.6**	**7.7**	**0.2**	**2.0%**
Growth y-on-y (%)	-1.4%	1.9%	0.0	-240.9%

Deviation for Group Income statement	Estimate Q3/24	Outcome Q3/24	Diff EURm	Diff % or %-pts
Rental income	**7.6**	**7.7**	**0.2**	**2.0%**
Other operating income	0.3	0.3	0.0	1.7%
Total income	**7.9**	**8.0**	**0.2**	**2.0%**
Cost of services sold	-0.3	-0.5	-0.1	40.1%
Net operating income (NOI)	**7.5**	**7.5**	**0.0**	**0.3%**
Sales, General & Admin. Expenses	-1.0	-1.0	0.0	-0.3%
Other operating expenses	0.0	0.0	0.0	nm
Other operating income	0.0	0.0	-0.1	nm
Interest income	0.0	0.1	0.1	0.0%
Interest expense	-2.3	-2.2	0.1	-5.6%
Other financial income/expense	0.0	0.1	0.1	0.0%
Total operating expenses	*-3.2*	-3.0	*0.2*	*-5.5%*
Income from property mgmt.	**4.3**	**4.5**	**0.2**	**4.6%**
Value changes Properties	0.0	-0.4	-0.4	nm
Value changes Fin. Instruments	0.0	0.0	0.0	nm
Other value changes	0.0	0.0	0.0	nm
Total value changes	*0.0*	-0.4	*-0.4*	*nm*
Pre-tax profit	**4.3**	**4.1**	**-0.2**	**-5.1%**
Current tax	-0.1	0.0	0.1	-100.0%
Deferred tax	-0.7	-0.2	0.5	-67.8%
Minorities/Other	0.0	0.0	0.0	nm
Net profit	**3.5**	**3.9**	**0.4**	**11.0%**
EPS - basic	0.32	0.36	0.04	11.0%
EPS - diluted	0.32	0.36	0.04	11.0%
Net profit excl. value changes	3.5	4.3	0.80	22.9%
EPS - basic excl. value changes	0.32	0.39	0.07	22.9%
EPS - diluted excl. value changes	0.32	0.39	0.07	22.9%

Growth	Q3/24	Q3/24	Diff EURm	Diff % or %-pts
Rental income - y-on-y	-2.6%	0.5%	na	-119.5%
Total income - y-on-y	-2.4%	-0.9%	na	-62.8%

Margins	Q3/24	Q3/24	Diff EURm	Diff % or %-pts
Net operating margin (NOI)	95.7%	94.1%	na	-1.7%
Property mgmt. margin	54.6%	56.0%	na	2.6%
Pre-tax profit margin	54.6%	50.8%	na	-6.9%
Net profit margin	44.2%	48.1%	na	8.8%

Source: Company report (outcome), Enlight Research (estimates)

Estimate changes

Our 2024-26E Rental income estimates are roughly unchanged. Our EBITDA and EBIT estimates are increased by about 1% in the forecast period 2024-26. Our 2024 Pre-tax Profit is roughly unchanged, while 2025-26 is raised by 3-4%, mainly due to lower estimated interest expenses. Our 2024 Dividend per share estimate is unchanged at EUR 1.00, while 2025 is raised by EUR 0.03 to EUR 1.08, and 2026 is raised by EUR 0.02 to EUR 1.14. Worth noting is that we do not include any acquisition in our estimates.

Estimate changes

Rental income (EURm)	2024E	2025E	2026E
Old estimate	30.9	32.1	32.6
New estimate	31.0	32.1	32.9
Change (EURm)	0.0	0.0	0.2
Change	0.1%	0.1%	0.7%

EBITDA (EURm)	2024E	2025E	2026E
Old estimate	26.6	27.7	28.3
New estimate	26.8	27.9	28.7
Change (EURm)	0.2	0.2	0.5
Change	0.9%	0.8%	1.6%

EBIT (EURm)	2024E	2025E	2026E
Old estimate	26.5	27.6	28.2
New estimate	26.7	27.8	28.6
Change (EURm)	0.2	0.2	0.4
Change	0.7%	0.7%	1.5%

Pre-tax profit (EURm)	2024E	2025E	2026E
Old estimate	16.0	20.8	22.0
New estimate	16.0	21.6	22.6
Change (EURm)	0.0	0.8	0.6
Change	0.2%	3.8%	2.7%

EPS (EUR)	2024E	2025E	2026E
Old estimate	1.25	1.63	1.73
New estimate	1.25	1.70	1.77
Change (EUR)	0.00	0.06	0.05
Change	0.2%	3.8%	2.7%

Dividend (EUR)	2024E	2025E	2026E
Old estimate	1.00	1.05	1.12
New estimate	1.00	1.08	1.14
Change (EUR)	0.00	0.03	0.02
Change	0.0%	2.9%	2.0%

Source: Enlight Research

Forecast

EfTEN Forecast

Key ratios	Q1/24	Q2/24	Q3/24	Q4/24E	2023	2024E	2025E	2026E
Net leasable area (m2 thous.)	339	339	338	341	339	341	348	354
Growth y-on-y	0.8%	0.2%	0.1%	0.5%	129.8%	0.5%	2.0%	2.0%
Occupancy rate	97%	97%	97%	96%	97%	96%	97%	98%
Leased Net area (m2 thous.)	329	329	327	325	330	325	337	347
Growth y-on-y	-1.1%	-0.7%	-1.2%	-1.5%	123.9%	-1.5%	3.6%	3.1%
Rent per m2 Net area (EUR)	23.21	23.42	23.54	24.39	92.69	95.21	95.27	94.65
Growth y-on-y	3.0%	0.6%	3.1%	-0.5%	1.4%	2.7%	0.1%	-0.7%

Income statement (EURm)	Q1/24	Q2/24	Q3/24	Q4/24E	2023	2024E	2025E	2026E
Rental income	7.6	7.7	7.7	7.9	30.6	31.0	32.1	32.9
Other operating income	0.3	0.3	0.3	0.3	1.2	1.2	1.3	1.4
Total income	**8.0**	**8.0**	**8.0**	**8.3**	**31.8**	**32.2**	**33.4**	**34.3**
Cost of services sold	-0.4	-0.3	-0.5	-0.3	-1.6	-1.5	-1.5	-1.5
Net operating income (NOI)	**7.5**	**7.6**	**7.5**	**8.0**	**30.2**	**30.7**	**31.9**	**32.8**
Sales, General & Admin. Expenses	-1.1	-1.1	-1.0	-1.0	-4.1	-4.2	-4.3	-4.4
Other operating expenses	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other operating income	0.0	0.0	0.0	0.1	0.0	0.2	0.2	0.2
Interest income	0.1	0.1	0.1	0.0	0.2	0.3	0.0	0.0
Interest expense	-2.2	-2.2	-2.2	-2.2	-8.0	-8.8	-6.2	-6.1
Other financial income/expense	-0.1	-0.2	0.1	0.0	-0.5	-0.2	0.0	0.0
Total operating expenses	*-3.3*	*-3.4*	*-3.0*	*-3.0*	*-12.4*	*-12.7*	*-10.3*	*-10.2*
Income from property mgmt.	**4.3**	**4.2**	**4.5**	**5.0**	**17.8**	**17.9**	**21.6**	**22.6**
Value changes, Properties	0.0	-1.5	-0.4	0.0	-13.9	-1.9	0.0	0.0
Value changes, Fin. Inst.	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other value changes	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total value changes	0.0	-1.5	-0.4	0.0	-13.9	-1.9	0.0	0.0
Pre-tax profit	**4.3**	**2.8**	**4.1**	**5.0**	**3.9**	**16.1**	**21.6**	**22.6**
Current tax	0.0	-0.3	0.0	-0.2	-0.5	-0.4	-0.6	-0.6
Deferred tax	-0.4	-0.1	-0.2	-1.3	-2.3	-2.0	-2.7	-2.8
Minorities/Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net profit	**3.8**	**2.4**	**3.9**	**3.5**	**1.0**	**13.6**	**18.4**	**19.2**

Growth	Q1/24	Q2/24	Q3/24	Q4/24E	2023	2024E	2025E	2026E
Rental income - q-on-q	-2.5%	0.9%	-0.1%	3.1%	na	na	na	na
Rental income - y-on-y	2.2%	-0.1%	0.5%	2.1%	126.9%	1.2%	3.7%	2.4%
Total income - q-on-q	-1.8%	-0.1%	0.6%	3.4%	na	na	na	na
Total income - y-on-y	2.0%	0.2%	-0.9%	4.8%	122.5%	1.2%	3.8%	2.6%

Margins	Q1/24	Q2/24	Q3/24	Q4/24E	2023	2024E	2025E	2026E
Net operating margin (NOI)	94.7%	95.7%	94.1%	96.2%	94.9%	95.2%	95.5%	95.7%
Property mgmt. margin	53.5%	53.1%	56.0%	60.1%	55.9%	55.7%	64.6%	65.9%
Pre-tax profit margin	53.5%	34.8%	50.8%	60.1%	12.1%	49.9%	64.6%	65.9%
Net profit margin	47.8%	30.7%	48.1%	42.0%	3.1%	42.2%	54.9%	56.0%

Source: Company (historical), Enlight Research (estimates)

Risk factors

Below are the risk factors we find the most relevant given the current environment. For additional risk factors, we recommend reading the company reports and listing documents.

Interest rate risk

Interest expenses has a great impact on the feasibility of cash flow assets. The sharp increase in the Euribor rates have pressured real estate valuations. A further increase in the interest rate could hurt the fund's net income and pressure the valuation of its property portfolio.

Liquidity risk

A high interest rate environment can affect the liquidity of real estate, as transaction volumes usually decline. In Baltic markets, commercial real estate liquidity is lower than in e.g., Scandinavia and Western Europe

Operational risk (occupancy change)

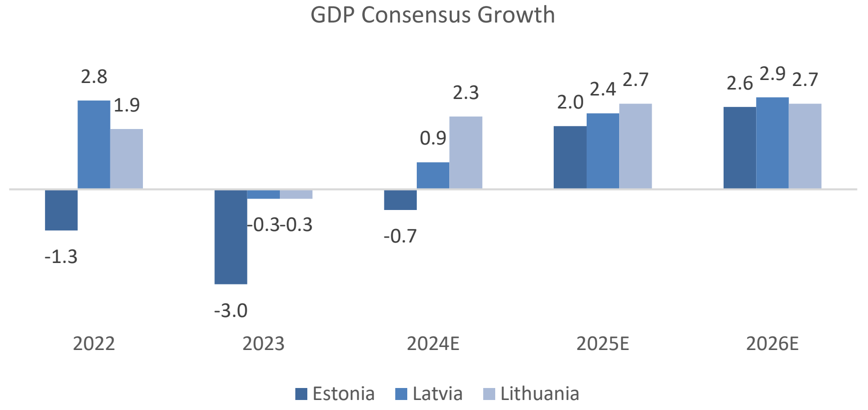
A significant downturn in the economy could lead to declining occupancy levels. This means less rental revenue for the fund. A lower occupancy rate could also lead to a breach of bank covenants.

New work habits

The work from home trend might hurt the occupancy rate as it could lower the demand for office space.

GDP growth

Decreased Baltic States GDP growth can result in lower tenants' income and reduce their ability to pay currently set rent levels.



Source: SEB, Bank of Lithuania, IMF, Swedbank

Properties development

Property development entails risk of delays and higher costs. These risks can result in delayed rental income and longer property payback time.

Tax risk

EfTEN owns real estate assets in Estonia, Latvia, and Lithuania where each country has its own tax system. Higher taxes could potentially decrease profits.

Income Statement	2022	2023	2024E	2025E	2026E
Rental income	13.5	30.6	31.0	32.1	32.9
Total operating costs	-1.7	-4.5	-4.2	-4.2	-4.1
EBITDA	11.8	26.2	26.8	27.9	28.7
Depreciation & Amort.	0.0	-0.1	-0.1	-0.1	-0.1
One-off EBIT items	0.0	0.0	0.0	0.0	0.0
EBIT	11.8	26.1	26.7	27.8	28.6
Financial net	1.4	-22.2	-10.7	-6.2	-6.1
Pre-tax profit	13.2	3.9	16.0	21.6	22.6
Taxes	-1.8	-2.9	-2.5	-3.2	-3.4
Minority interest	0.0	0.0	0.0	0.0	0.0
Other items	0.0	0.0	0.0	0.0	0.0
Net profit	11.4	1.0	13.5	18.4	19.2

Balance Sheet	2022	2023	2024E	2025E	2026E
Cash and cash equivalent	11	18	18	19	19
Receivables	2	2	2	2	3
Inventories	0	0	0	0	0
Other current assets	0	0	0	0	0
Current assets	13	21	21	22	22
Tangible assets	169	358	355	357	359
Goodwill & intangible assets	0	0	0	0	0
Lease & Investment properties	0	0	0	0	0
Investments	0	0	0	0	0
Associated companies	0	2	2	2	2
Other non-current assets	0	0	0	0	0
Total fixed assets	169	360	357	359	361
Total Assets	182	381	378	381	383
Non-interest bearing current liabilities	0	0	0	0	0
Short-term debt	22	17	16	16	15
Other current liabilities	1	3	3	3	3
Total current liabilities	24	20	20	19	19
Long-term debt	46	131	126	122	117
Convertibles & Lease liab.	0	0	0	0	0
Deferred tax liabilities	7	9	9	9	9
Provisions	0	0	0	0	0
Other long-term liabilities	1	2	2	2	2
Total long-term liab.	54	142	137	133	128
Total Liabilities	78	162	157	152	147
Minority interest (BS)	0	0	0	0	0
Shareholders' equity	104	219	221	229	236
Total liabilities and equity	182	381	378	381	383

DCF valuation		Cash flow, mEUR	
WACC (%)	7.36 %	NPV FCF (2023-2025)	65
Assumptions 2023-2029 (%)		NPV FCF (2026-2032)	100
Sales CAGR	2.67 %	NPV FCF (2033-)	220
Avg. EBIT margin	86.00 %	Non-operating assets	5
Fair value per share (EUR)	22.51	Interest-bearing debt	-148
Share price (EUR)	19.00	Fair value estimate	244

Free Cash Flow	2022	2023	2024E	2025E	2026E
Operating profit	11.8	26.1	26.7	27.8	28.6
Depreciation & Amort.	0.0	0.1	0.1	0.1	0.1
Working capital chg.	-0.4	1.1	0.0	-0.1	-0.1
Other Operating CF items	-0.8	-2.2	-3.7	-4.2	-4.3
Operating Cash Flow	10.7	25.1	23.0	23.7	24.4
Net investments	-7.0	-189.3	3.1	-2.0	-2.0
Other items	0.0	207.3	0.0	0.0	0.0
Free Cash Flow	3.7	43.0	26.1	21.7	22.4

Capital structure	2022	2023	2024E	2025E	2026E
Equity ratio	57.3%	57.4%	58.6%	60.1%	61.7%
Debt / Equity ratio	65.2%	67.6%	64.2%	59.9%	55.9%
Gearing %	54.3%	59.3%	55.9%	51.6%	47.6%
Net debt/EBITDA	4.8	5.0	4.6	4.2	3.9

Profitability	2022	2023	2024E	2025E	2026E
ROE	11.3%	0.6%	6.1%	8.2%	8.3%
FCF yield	3.7%	21.1%	12.7%	10.5%	10.9%
EBITDA margin	87.6%	85.5%	86.5%	87.0%	87.4%
EBIT margin	87.3%	85.2%	86.1%	86.6%	87.1%
PTP margin	97.9%	12.6%	51.7%	67.3%	68.7%
Net margin	84.6%	3.3%	43.6%	57.2%	58.4%

Valuation	2022	2023	2024E	2025E	2026E
P/E	8.8	204.5	15.2	11.2	10.7
P/E, adjusted	8.8	204.5	15.2	11.2	10.7
P/Sales	7.4	6.7	6.7	6.4	6.3
EV/Sales	11.6	11.4	10.7	10.2	9.8
EV/EBITDA	13.3	13.3	12.4	11.7	11.2
EV/EBIT	13.3	13.4	12.4	11.7	11.2
P/BV	1.0	0.9	0.9	0.9	0.9
P/BV tangible	1.0	0.9	0.9	0.9	0.9

Per share ratios	2022	2023	2024E	2025E	2026E
EPS	2.25	0.09	1.25	1.70	1.77
EPS, adjusted	2.25	0.09	1.25	1.70	1.77
Operating CF/share	2.10	2.32	2.13	2.19	2.25
Free Cash Flow/share	0.73	3.98	2.42	2.00	2.07
BV/share	20.55	20.21	20.46	21.16	21.86
Tangible BV/share	20.55	20.21	20.46	21.16	21.86
Div. per share	1.15	1.00	1.00	1.08	1.14
Div. payout ratio	51.3%	1,082.0%	80.0%	63.5%	64.2%
Dividend yield	5.8%	5.3%	5.2%	5.7%	6.0%

Shareholders	Capital	Votes
LHV Pension Fund	24.478	11.88 %
REF Aktsiad OÜ	21.939	10.64 %
OÜ HOIUKONTO	21.816	10.58 %
Altiuse KVI OÜ	20.819	10.10 %
Vello Kunman	12.042	5.84 %
Ivard OÜ	8.252	4.00 %

Key people	
CEO	Kristjan Tamla
CFO	Marilin Hein
IR	Kristjan Tamla
Chairman	Viljar Arakas

P/E $\frac{\text{Price per share}}{\text{Earnings per share}}$	**EPS** $\frac{\text{Profit before extraordinary items and taxes – income taxes + minority interest}}{\text{Number of shares}}$
P/Sales $\frac{\text{Market cap}}{\text{Sales}}$	**DPS** Dividend for financial period per share
P/BV $\frac{\text{Price per share}}{\text{Shareholders' equity + taxed provisions per share}}$	**CEPS** $\frac{\text{Gross cash flow from operations}}{\text{Number of shares}}$
P/CF $\frac{\text{Price per share}}{\text{Operating cash flow per share}}$	**EV/Share** $\frac{\text{Enterprise value}}{\text{Number of shares}}$
EV (Enterprise value) Market cap + Net debt + Minority interest at market value – share of associated companies at market value	**Sales/Share** $\frac{\text{Sales}}{\text{Number of shares}}$
Net debt Interest-bearing debt – financial assets	**EBITDA/Share** $\frac{\text{Earnings before interest, tax, depreciation and amortization}}{\text{Number of shares}}$
EV/Sales $\frac{\text{Enterprise value}}{\text{Sales}}$	**EBIT/Share** $\frac{\text{Operating profit}}{\text{Number of shares}}$
EV/EBITDA $\frac{\text{Enterprise value}}{\text{Earnings before interest, tax, depreciation and amortization}}$	**EAFI/Share** $\frac{\text{Pre-tax profit}}{\text{Number of shares}}$
EV/EBIT $\frac{\text{Enterprise value}}{\text{Operating profit}}$	**Capital employed/Share** $\frac{\text{Total assets – non-interest-bearing debt}}{\text{Number of shares}}$
Div yield, % $\frac{\text{Dividend per share}}{\text{Price per share}}$	**Total assets** Balance sheet total
Payout ratio, % $\frac{\text{Total dividends}}{\text{Earnings before extraordinary items and taxes – income taxes + minority interest}}$	**Interest coverage (x)** $\frac{\text{Operating profit}}{\text{Financial items}}$
Net cash/Share $\frac{\text{Financial assets – interest-bearing debt}}{\text{Number of shares}}$	**Asset turnover (x)** $\frac{\text{Turnover}}{\text{Balance sheet total (average)}}$
ROA, % $\frac{\text{Operating profit + financial income + extraordinary items}}{\text{Balance sheet total – interest-free short-term debt – long-term advances received and accounts payable (average)}}$	**Debt/Equity, %** $\frac{\text{Interest-bearing debt}}{\text{Shareholders' equity + minority interest + taxed provisions}}$
ROCE, % $\frac{\text{Profit before extraordinary items + interest expenses + other financial costs}}{\text{Balance sheet total – non-interest-bearing debt (average)}}$	**Equity ratio, %** $\frac{\text{Shareholders' equity + minority interest + taxed provisions}}{\text{Total assets – interest-free loans}}$
ROE, % $\frac{\text{Profit before extraordinary items – income taxes}}{\text{Shareholders' equity + minority interest + taxed provisions (average)}}$	**CAGR, %** Cumulative annual growth rate = Average growth rate per year

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