

14 November 2022

Commissioned research: Investors House – Q3 results strong, in no hurry to engage in new transactions

Marketing material commissioned by Investors House

Investors House reported Q3 revenues of EUR 1.9m, 1% above our estimate. Net operating income was EUR 0.9m, 47% above our EUR 0.6m estimate as Real Estate-segment NOI was stronger than we expected. Services-segment EBIT was weak and there are quarterly fluctuations in the segment depending on e.g. success fees. The Q3 reported operative result (EPRA) was EUR 0.7m, down 21% y/y and was a result of significant disposals in the Real Estate-segment in Q4 2021. Reported EBIT of EUR 0.3m included EUR -0.3m of fair value changes and EUR 0.1m of losses from disposals. The 2022 guidance is intact: the operating result to decline significantly owing to divestments conducted in Q4 2021. EPRA NRV was EUR 5.70 per share, down from EUR 6.46 at the end of Q2 2022. EPRA NRV declined 33% from EUR 8.55 a year ago as an extra dividend of EUR 1.0 was distributed. The Services business accounted for 54% of sales and Real Estate for 46%, same as a year ago. Equity ratio remained strong at 58%. Investors House trades at a 12% discount to EPRA NRV and the discount has declined slightly from 16% after the Q2 report. The company has a very strong cash position following Real Estate divestments and is patiently waiting for new investment opportunities. It appears that no new transactions will be made in the short-term as the CEO believes it will take time for prices and yields to stabilise in the market. We expect a slightly positive share price reaction on Investors House's Q3 report.

INVESTORS HOUSE: DEVIATION TABLE

EURt	Actual	NDA est.	Deviation		Actual	Actual		
	Q3 2022	Q3 2022E	vs. actual		Q2 2022	q/q	Q3 2021	y/y
Sales	1,886	1,862	24	1%	1,862	1%	2,348	-20%
EBIT adj.	700	510	190	37%	510	37%	1,190	-41%
Net operating income	929	632	297	47%	632	47%	1,089	-15%
EPS, EUR	0.04	0.07		-39%	0.07	-39%	(0.00)	-1061%

Source: Investors House and Nordea

SUMMARY TABLE - KEY FIGURES

EURt	2019	2020	2021	2022E	2023E	2024E
Total revenue	11,461	9,465	9,764	8,232	8,947	9,226
EBITDA (adj)	5,273	333	4,586	2,861	3,066	3,189
EBIT (adj)	5,273	333	4,586	2,861	3,066	3,189
EBIT (adj) margin	46.0%	3.5%	47.0%	34.8%	34.3%	34.6%
EPS (adj, EUR)	0.48	-0.18	0.59	0.33	0.36	0.37
EPS (adj) growth	176.0%	-137.3%	432.9%	-44.4%	9.1%	3.8%
DPS (ord, EUR)	0.25	0.27	0.29	0.31	0.33	0.35
EV/Sales	5.0	5.9	5.3	7.1	6.8	6.5
EV/EBIT (adj)	9.8	17.9	19.0	26.3	25.2	23.8
P/E (adj)	13.5	n.m.	9.4	14.9	13.7	13.2
P/BV	0.9	0.9	1.0	1.1	1.1	1.0
Dividend yield (ord)	3.9%	4.7%	5.2%	6.3%	6.7%	7.1%
FCF Yield bef A&D, lease adj	3.9%	2.3%	-0.9%	6.6%	5.9%	9.4%
Net debt	16,081	19,505	4,383	13,227	15,237	14,240
Net debt/EBITDA	4.1	n.m.	n.m.	4.7	5.0	4.5
ROIC after tax	5.7%	0.4%	n.a.	5.2%	5.1%	5.0%

Source: Company data and Nordea estimates

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