

# Key figures & definitions

23-10-2018

## Basis for key ratios

The basis for key financial ratios that Wihlborgs present in the Interim Report Jan-Mar 2018 are shown below. Recalculation for share split 2:1 in May 2018 has been made.

The following financial targets have been established by the Board:

- A return on equity that exceeds the risk-free interest rate\* by not less than six percentage points, which for January-September 2018 corresponds to 6.1 percent.
- The loan-to-value ratio is not to exceed 60 percent.
- An equity/assets ratio of no less than 30 percent.
- An interest coverage ratio of no less than 2.0.

\*) Risk-free interest rate is defined as the rate on a 5-year Swedish government bond.

Unless otherwise stated, amounts are in SEK million.

	30-09-2018	30-09-2017	31-12-2017
<b>Return on equity</b>			
Profit for the period	1,469	1,495	2,568
Annualized	1,959	1,993	2,568
Equity, opening balance	13,592	11,463	11,463
Equity, closing balance	14,600	12,513	13,592
Average equity	14,096	11,988	12,528
<b>Return on equity, %</b>	<b>13.9,%</b>	<b>16.6,%</b>	<b>20.5,%</b>
<b>Return on capital employed</b>			
Profit before tax	1,636	1,918	3,231
Interest expense (incl value changes interest derivatives)	246	186	294
Total	1,882	2,104	3,525
Annualized	2,509	2,805	3,525
Total assets, opening balance	39,217	33,414	33,414
Total assets, closing balance	40,883	37,580	39,217
Non-interest bearing debt, opening balance	-4,957	-4,383	-4,383
Non-interest bearing debt, closing balance	-4,933	-4,761	-4,957
Average capital employed	35,105	30,925	31,646
<b>Return on capital employed, %</b>	<b>7.1,%</b>	<b>9.1%</b>	<b>11.1,%</b>
<b>Equity/assets ratio</b>			
Equity	14,600	12,513	13,592
Total assets	40,883	37,580	39,217
<b>Equity/assets ratio, %</b>	<b>35.7,%</b>	<b>33.3,%</b>	<b>34.7,%</b>
<b>Interest coverage ratio</b>			
Income from property management	1,051	884	1,179
Interest expense	373	362	495
Total	1,424	1,246	1,674
Interest expense	373	362	495
<b>Interest coverage ratio, multiple</b>	<b>3.8</b>	<b>3.4</b>	<b>3.4</b>
<b>Leverage properties</b>			
Borrowings	21,336	20,291	20,653
Net value investement properties	40,260	36,928	38,612
<b>Leverage properties %</b>	<b>53.0,%</b>	<b>54.9,%</b>	<b>53.5,%</b>
<b>Debt/equity ratio</b>			
Interest-bearing liabilities	21,336	20,291	20,653
Equity	14,600	12,513	13,592
<b>Debt/equity ratio, multiple</b>	<b>1.5</b>	<b>1.6</b>	<b>1.5</b>

<b>Earnings per share</b>			
Profit for the period	1,469	1,495	2,568
Average number of shares, thousands	153,713	153,713	153,713
<b>Earnings per share, SEK</b>	<b>9.56</b>	<b>9.73</b>	<b>16.71</b>
<b>Earnings per share before tax</b>			
Profit before tax	1,636	1,918	3,231
Average number of shares, thousands	153,713	153,713	153,713
<b>Earnings per share before tax, SEK</b>	<b>10.64</b>	<b>12.48</b>	<b>21.02</b>
<b>EPRA EPS</b>			
Income from property management	1,051	884	1,179
Tax depreciation, direct tax deductions etc	-565	-449	-598
Taxable income from property management	486	436	581
Current tax on the above	-107	-96	-128
Income from property management after deduction of current tax	944	788	1,051
Average number of shares, thousands	153,713	153,713	153,713
<b>EPRA EPS, SEK</b>	<b>6.14</b>	<b>5.13</b>	<b>6.84</b>
<b>Operating cash flow per share</b>			
Operating cash flow	991	952	1,299
Average number of shares, thousands	153,713	153,713	153,713
<b>Operating cash flow per share, SEK</b>	<b>6.45</b>	<b>6.19</b>	<b>8.45</b>
<b>Equity per share I</b>			
Equity	14,600	12,513	13,592
Average number of shares, thousands	153,713	153,713	153,713
<b>Eget kapital per aktie I, kr</b>	<b>94.98</b>	<b>81.40</b>	<b>88.42</b>
<b>Equity per share II</b>			
Equity	14,600	12,513	13,592
Deferred tax liability	3,119	2,769	2,989
Total	17,719	15,282	16,581
Average number of shares, thousands	153,713	153,713	153,713
<b>Equity per share I, SEK</b>	<b>115.27</b>	<b>99.42</b>	<b>107.87</b>
<b>EPRA NAV per share</b>			
Equity	14,600	12,513	13,592
Deferred tax liability	3,119	2,769	2,989
Derivatives	816	968	943
Total	18,535	16,250	17,524
Average number of shares, thousands	153,713	153,713	153,713
<b>EPRA NAV per share, SEK</b>	<b>120.58</b>	<b>105.72</b>	<b>114.00</b>
<b>Dividend yield per share</b>			
Proposed dividend, SEK			3.13
Market price per share at year end			98.15
<b>Dividend yield per share, %</b>			<b>3.2%</b>
<b>Total yield per share</b>			
Market price per share at year start			84.70
Market price per share at year end			98.15
Change in market price during the year, SEK			13.45
Dividend paid during the year, SEK			2.88
<b>Total yield per share, %</b>			<b>19.3%</b>
<b>P/E ratio I</b>			
Market price at period end	106.92	99.60	98.15
Profit per share	9.56	9.73	16.71
Annualized, per share	12.75	12.97	16.71
<b>P/E ratio I, multiple</b>	<b>8.4</b>	<b>7.7</b>	<b>5.9</b>
<b>P/E ratio II</b>			
Market price at period end	106.92	99.60	98.15
EPRA EPS	6.14	5.13	6.84
Annualized, per share	8.19	6.84	6.84
<b>P/E ratio II, multiple</b>	<b>13.1</b>	<b>14.6</b>	<b>14.4</b>

Some of the financial metrics that Wihlborgs presents in the interim report are not defined in accordance with IFRS. Wihlborgs is of the opinion that these metrics provide valuable complementary information to investors and the company's management, since they enable evaluation of the company's performance.

23-10-2018

As all companies do not apply the same approach to calculating these financial metrics, they are not always comparable to metrics used by other companies. Accordingly, these metrics should not be viewed as replacements for metrics defined under IFRS. On this page, definitions of metrics are presented that, with a few exceptions, are not defined in accordance with IFRS.

## Definitions

### Key financial ratios

**The key ratios are based on the statements of income, financial position, changes in equity and cash flow. Some of the historic data is compiled from the historical summary on page 16 In Wihlborgs' Interim Report January-March 2018.**

#### *Return on equity*

Profit for the period as a percentage of average equity, excluding non-controlling interests. Average equity refers to the average of the opening and closing values for the respective period. In interim reports, the return is converted to its annualised value without taking account of seasonal variations. The ratio comprises a measure of the profitability in relation to shareholders' equity.

#### *Return on capital employed (ROCE)*

Earnings before interest expense, derivatives and taxes (EBIT) as a percentage of average capital employed. Capital employed is defined as total assets less non-interest-bearing liabilities and provisions. Average capital employed refers to the average of the opening and closing balances for each period. In interim reports, the return is converted to its annualised value without taking account of seasonal variations. The metric shows the return on the capital provided by shareholders and lenders without regard to interest.

#### *Equity/assets ratio*

Equity as a percentage of total assets at the end of the period. The ratio provides a measure of the financial strength of the company.

#### *Interest coverage ratio*

Income from property management, plus interest expense, divided by interest expense. The ratio measures the degree to which earnings can decline without jeopardising interest payments or, alternatively, how much interest expense can increase before income from property management becomes negative.

#### *Loan-to-value ratio, properties*

Borrowings as a percentage of the properties' carrying amounts. The ratio shows the degree of borrowing on the property portfolio.

#### *Debt/equity ratio*

Interest-bearing liabilities relative to equity. Interest-bearing liabilities correspond to borrowings in the balance sheet. The ratio illustrates the relationship between borrowings and equity and, thereby, the gearing and financial strength.

#### *Surplus ratio*

The operating surplus, shown as a percentage of rental income. The ratio illustrates the proportion of rental income that remains after deducting property management costs.

#### *Investment yield*

The operating surplus shown as a percentage of the properties' average carrying amount. The average carrying amount refers to the average of the opening and closing values for the respective period. In interim reports, the yield is converted to its annualised value without taking account of seasonal variations. The ratio illustrates the yield on the property portfolio without taking account of its financing costs.

### Share-related key ratios

#### *Earnings per share for the period*

Earnings for the period divided by the average number of shares outstanding. Definition according to IFRS.

#### *Earnings per share before tax*

Earnings per share before tax divided by the average number of shares outstanding.

#### *EPRA EPS*

Income from property management less the estimated tax payable on taxable income from property management divided by the average number of shares outstanding. Taxable income from property management is defined as income from property management less fiscal depreciation/amortisation and direct deductions. The effect of loss carryforwards is not taken into consideration.

#### *Cash flows from operating activities per share*

Cash flows from operating activities divided by the average number of shares outstanding.

#### *Equity per share I*

The relationship between the closing balances for equity and the number of shares at the end of the period.

#### *Equity per share II*

Calculated as Equity per share I, but not charged with deferred tax. Equity is increased by the addition of the carrying amount for deferred tax liabilities.

#### *EPRA NAV (long-term net asset value) per share*

Equity per share following the reversal of interest-rate derivatives and deferred tax according to the balance sheet.

#### *Dividend yield per share*

Proposed dividend as a percentage of the year-end share price.

#### *Total yield per share*

Share price performance plus actual dividend relative to the share price at the start of the year.

#### *P/E ratio I, multiple*

Market price per share divided by earnings per share. In interim reports, the ratio is converted to its annualised value without taking account of seasonal variations.

#### *P/E ratio II, multiple*

Market price per share divided by EPRA RPS per share. In interim reports, the ratio is converted to its annualised value without taking account of seasonal variations.

#### *Property-related key figures\**

These key figures are based on the property table on page 10. The table shows the estimated rental value, rental income and property expenses on an annualised basis with an unchanged property portfolio, rental income and lettings portfolio compared with the end of the last quarter.

#### *Rental value*

Rental income plus estimated market-level rents for unlet space.

#### *Estimated investment yield*

Operating surplus as a percentage of the carrying amount for the properties at the end of the period.

#### *Rental income per m<sup>2</sup>*

Rental income on an annualised basis divided by lettable area.

#### *Operating surplus per m<sup>2</sup>*

Operating surplus divided by lettable area.

#### *Economic occupancy rate*

Rental income as a percentage of rental value.

#### *Estimated surplus ratio*

Operating surplus as a percentage of rental income.

\*) These key figures are operational and are not regarded as alternative key ratios according to ESMA's guidelines.