

Key figures & definitions

Basis for key ratios

The basis for key financial ratios that Wihlborgs present in the Interim report January–June 2020, page 19, are shown below.

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–June 2020 corresponds to 5.7 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.

	30-06-2020	30-06-2019	31-12-2019
Return on equity			
Profit for the period	708	927	2,923
Annualized	1,416	1,854	2,923
Equity, opening balance	17,887	15,530	15,530
Equity, closing balance	17,907	15,905	17,887
Average equity	17,897	15,718	16,709
Return on equity, %	7.9	11.8	17.5
Return on capital employed			
Profit before tax	905	934	3,267
Interest expense (incl value changes interest derivatives)	277	377	323
Total	1,182	1,311	3,590
Annualized	2,364	2,622	3,590
Total assets, opening balance	46,558	42,742	42,742
Total assets, closing balance	47,616	45,330	46,558
Non-interest bearing debt, opening balance	-4,856	-4,383	-4,383
Non-interest bearing debt, closing balance	-5,131	-4,588	-4,856
Average capital employed	42,094	39,551	40,031
Return on capital employed, %	5.6	6.6	9.0
Equity/assets ratio			
Equity	17,907	15,905	17,887
Total assets	47,616	45,330	46,558
Equity/assets ratio, %	37.6	35.1	38.4
Interest coverage ratio			
Income from property management	934	873	1,775
Interest expense	164	164	341
Total	1,098	1,037	2,116
Interest expense	164	164	341
Interest coverage ratio, multiple	6.7	6.3	6.2
Leverage properties			
Borrowings	24,350	24,667	23,628
Net value investement properties	46,392	44,455	45,519
Leverage properties, %	52.5	55.5	51.9
Debt/equity ratio			
Interest-bearing liabilities	24,531	24,837	23,816
Equity	17,907	15,905	17,887
Debt/equity ratio, multiple	1.4	1.6	1.3

	30-06-2020	30-06-2019	31-12-2019
Earnings per share			
Profit for the period	708	927	2,923
Average number of shares, thousands	153,713	153,713	153,713
Earnings per share, SEK	4.61	6.03	19.02
Earnings per share before tax			
Profit before tax	905	934	3,267
Average number of shares, thousands	153,713	153,713	153,713
Earnings per share before tax, SEK	5.89	6.08	21.25
EPRA EPS			
Income from property management	934	873	1,775
Tax depreciation, direct tax deductions etc	-532	-580	-1,047
Taxable income from property management	402	293	728
Current tax on the above	-86	-63	-156
Income from property management after deduction of current tax	848	810	1,619
Average number of shares, thousands	153,713	153,713	153,713
EPRA EPS, SEK	5.52	5.27	10.53
Operating cash flow per share			
Operating cash flow	886	708	1,684
Average number of shares, thousands	153,713	153,713	153,713
Operating cash flow per share, SEK	5.76	4.61	10.96
Equity per share I			
Equity	17,907	15,905	17,887
Number of shares at year end, thousands	153,713	153,713	153,713
Equity per share I, SEK	116.50	103.47	116.37
Equity per share II			
Equity	17,907	15,905	17,887
Deferred tax liability	3,756	3,266	3,582
Total	21,663	19,171	21,469
Number of shares at year end, thousands	153,713	153,713	153,713
Equity per share II, SEK	140.93	124.72	139.67
EPRA NAV per share			
Equity	17,907	15,905	17,887
Deferred tax liability	3,756	3,266	3,582
Derivatives	193	242	81
Total	21,856	19,413	21,550
Average number of shares, thousands	153,713	153,713	153,713
EPRA NAV per share, SEK	142.19	126.29	140.20
Dividend yield per share			
Proposed dividend, SEK			4.5
Market price per share at year end			172.5
Dividend yield per share, %			2.6
Total yield per share			
Market price per share at year start			102.4
Market price per share at year end			172.5
Change in market price during the year, SEK			70.10
Dividend paid during the year, SEK			3.75
Total return per share, %			72.1
P/E ratio I			
Market price per share at year end	152.50	134.60	172.50
Earnings per share	4.61	6.03	19.02
Annualized, per share	9.22	12.06	19.02
P/E ratio I, multiple	16.5	11.2	9.1
P/E ratio II			
Market price at year end	152.50	134.60	172.50
EPRA EPS	5.52	5.27	10.53
Annualized, per share	11.04	10.54	10.53
P/E ratio II, multiple	13.8	12.8	16.4

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.

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 17 in Wihlborgs' Interim Report.

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 include borrowings, lease liabilities and any other interest-bearing liabilities. 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 manage-

ment 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.

Average fixed interest period

Time remaining until the interest on all interest bearing debts in average has been adjusted.

Average loan maturity

Time remaining until an average of all interest bearing debts has been refinanced.

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 m²

Rental income on an annualised basis divided by lettable area.

Operating surplus per m²

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.