

THE SOCIAL INFRASTRUCTURE CHAMPION IN EUROPE

July, 2022



 **SUSTAINALYTICS**

a Morningstar company

**ESG
REGIONAL
TOP RATED**



Apx. 2 PERCENT OF THE SWEDISH POPULATION IS NOW A SHAREHOLDER IN THE SOCIAL INFRASTRUCTURE CHAMPION IN EUROPE

SBB RESPONSE TO VICEROY REPORT

On the 22nd June 2022, Viceroy published a research paper stating that “SBB’s cash flow is unreconcilable to its balance sheet movements.”

In order to aid key stakeholders, SBB has decided to provide a cash flow analysis provided on a net basis, with regards to acquisitions that are completed via a corporate structure. The complemented cash flow statements have been independently examined by PwC

Importantly SBB would like to state that the presentation format of the cash flow statement **has no effect on the statement of the financial position, net cash flow position or income statement of SBB**

We hope that this further information will aid key stakeholders in SBB to conduct their own due diligence

This presentation includes tables showing the current and alternative presentation format for 2021 and reconciliation tables acquired investment properties in corporate structures between gross and net presentation of the cash flow statement and a breakdown of the corporate acquisition that comprise the 2021 numbers.

COMPARATIVE REPRESENTATION OF CASH FLOW (INVESTMENT ACTIVITIES)

Amounts in SEKm	Current	Adjustments	Revised
Operating activities			
Cash flow from operating activities	4 620	-52	4 568
Investment activities			
Investment in properties	-55 899	51 205	1 -4 694
Property sales	20 241	-20 103	2 138
Acquisition of subsidiaries, net effect on liquidity	-	-26 883	3 -26 883
Disposal of subsidiaries, net effect on liquidity	-	17 982	17 982
Investments / divestments in equipment, machinery and installations	-31	45	14
Investments in associated companies / joint ventures	-9 234	-1 428	-10 662
Investments in intangible fixed assets	-	-	-
Change in receivables in associated companies / joint ventures	-3 049	-	-3 049
Change in financial assets	180	-864	-684
Change in other long-term receivables	-169	115	-54
Cash flow from investment activities	-47 962	20 069	-27 893
Financing activities			
Cash flow from financing activities	39 546	-20 017	19 529
Cash flow for the period	-3 796	0	-3 796
Cash and cash equivalents at the beginning of the period	13 606	-	13 606
Exchange rate change in cash and cash equivalents	27	-	27
Cash and cash equivalents at the end of the period	9 837	-	9 837

- The current presentation format of the cash flow statement focused on the changes in relation to **different balance sheet items**.
- SBB has decided to provide stakeholders with an alternative presentation of the cash flow statement by presenting properties acquired or divested through a corporate wrapper on a net rather than gross basis, i.e. the direct cash flow from the transactions in a single line item for acquisitions and disposals respectively
 - i.e. as a consideration is paid or received for the net assets acquired or disposed of. The direct cash flow is the net amount of the cash paid or received less cash acquired or divested and in addition any settled debt as part of the transactions.

① Removal of investments that were acquired via the purchase of a company

② Removal of investments that were sold via the sale of a company

③ Please see further details on slide 6.

Both methodologies result in the same net cash position generated by SBB over the period

COMPARATIVE REPRESENTATION OF CASH FLOW (FINANCING ACTIVITIES)

Amounts in SEKm	Current	Adjustments	Revised	
Operating activities				
Cash flow from operating activities	4 620	-52	4 568	
				Adjustments made to financing activities
Investment activities				
Cash flow from investment activities	-47 962	20 069	-27 893	
				<ul style="list-style-type: none"> The net approach means that assumed liabilities, hybrid instruments and minority interest are netted towards the assets acquired when presenting the cash flow for the acquisitions. In addition any settled assumed debt as part of the transactions are presented as part of the cash flow from investing activities.
Financing activities				
New share issue	-	-	-	
Issue hybrid bonds	4 975	-	4 975	
Issue mandatory convertible bonds	-	-	-	
Issue warrants	58	-	58	
Acquired hybrid bonds	305	-305	-	
Redemption of hybrid bonds	-3 263	-270	-3 533	
Redemption of mandatory convertible	-125	-	-125	
Redeemed preference shares	-20	-	-20	
Dividend paid	-1 846	-	-1 846	
Acquired minority interests	4 140	-4 140	-	
Redeemed minority interests	-1 612	-2 199	-3 811	
Borrowings	75 773	-14 212	61 561	
Repayment of loans	-43 418	1 195	-42 223	
Change in cash collateral	5 607	-	5 607	
Change in other long-term liabilities	-1 028	-86	-1 114	
Cash flow from financing activities	39 546	-20 017	19 529	
Cash flow for the period	-3 796	0	-3 796	
Cash and cash equivalents at the beginning of the period	13 606	-	13 606	
Exchange rate change in cash and cash equivalents	27	-	27	
Cash and cash equivalents at the end of the period	9 837	-	9 837	

Both methodologies result in the same net cash position generated by SBB over the period

ADDITION DISCLOSURE ON ACQUISITIONS

Acquired Investment properties in corporate structure	Amasten	Offentliga Hus	Others	Total
Investment properties	16 937	10 189	24 646	51 772
Other tangible assets	67	51	35	153
Financial assets	89	-	42	131
Other assets	779	91	232	1 102
Cash and cash equivalents	352	254	74	680
Interest bearing debt	-7 905	-5 388	-3 774	-17 067
Other liabilities	-386	-555	-9 023	-9 964
Acquired net assets	9 933	4 642	12 232	26 807
Consideration for 100% of net assets	9 933	4 642	12 232	26 807
Less minority share	-4 180	-1 103	-1 056	-6 339
Less Hybrid Instrument		-575		-575
Less previously held interest	-882	-1 444		-2 326
Total consideration for SBB	4 871	1 520	11 176	17 567
Less share consideration	-258	-388	-250	-896
Cash Consideration SBB	4 613	1 132	10 926	16 671
Cash in acquired companies	-352	-254	-74	-680
Cash flow related to the acquisition	-4 261	-878	-10 852	-15 991
Settlement of debt in relation to the acquisitions	-	-	-10 892	-10 892
Total cash flow from acquisitions net	-4 261	-878	-21 744	-26 883

Value of acquired properties including transaction costs

Assumed interest bearing debt as part of the acquisition of the corporate structure

Cash consideration paid by SBB

Liabilities contractually required to be settled as part of the transaction

- The table reflects the acquired net assets of the acquired entities and then a reconciliation of to the consideration that SBB has paid in order to get control over the entities.
- In addition it shows what was paid in cash what was other types of consideration, for full transparency
- The debt that was settled as an integrated part of the transactions is also disclosed as part of the total cash flow of the acquisitions

The combination of these items results in the 26,883 that is reflected in the alternative cash flow representation, under *Acquisition of subsidiaries, net effect on liquidity*

THANK YOU!



Samhällsbyggnadsbolaget
