28 April 2022

Commissioned research: CapMan – Strong fair value changes in Q1

Marketing material commissioned by CapMan

CapMan reported Q1 EBIT of 18.9m, 244% above Infront consensus. Investment business EBIT was EUR 14.5m (fair value changes EUR +14.7m) in Q1 and came above Nordea estimate of EUR 11.6m. Management Company EBIT of EUR 4.4m came 30% below Nordea estimate while Service Business EBIT of EUR 1.4m came 11% above Nordea estimate. CapMan recorded EUR 1.3m of carry during Q1 (Nordea EUR 2.5m, after EUR 0.3m in Q4). Hence, if we adjust for lower quality carry, underlying management company business EBIT came 18% below our estimate, burdened by lower than anticipated fees. AuM increased to EUR 4.7bn (EUR 4.5bn in Q4 and up 22% y/y) and the company expects growth to continue in AuM in 2022. Nordic Real Estate fund started to generate carry in Q1, while Growth Equity 2017 fund is approaching carry during Q2. In addition, the company expects some other funds to enter carry during 2022. The company made EUR 4.7m write-down to its old Russia investments and does not longer have any exposure there. EPS of EUR 0.083 came well above consensus of EUR 0.02. We believe the consensus will make only minor estimate revisions to underlying estimates as Management Company business cost overruns seem to level off.

CAPMAN: DEVIATION TABLE

EURm	Actual Q1/22	NDA est. Q1 2022E	Deviation vs. actual		Consensus Q1 2022E	Deviation vs. actual		Actual Q4 2021	q/q	Actual Q1 2021	y/y
Sales	**14.2**	**16.3**	**-2.1**	**-13%**	**17.7**	**-3.5**	**-20%**	**14.7**	**-4%**	**11.3**	**26%**
Adj. EBIT	**18.9**	**4.1**	**14.8**	**361%**	**5.5**	**13.4**	**244%**	**12.2**	**54%**	**10.1**	**86%**
Adj. EBIT margin	133.1%	25.1%		108.0pp	31.1%		102.0pp	83.2%	50pp	89.6%	43.5pp
EPS, EUR	**0.083**	**0.016**	**0.07**	**428%**	**0.020**	**0.06**	315%	**0.058**	44%	**0.048**	74%
Sales											
Management company business	11.7	13.9	-2.2	-16%				11.8	-1%	9.0	29%
- excluding carried interest	10.4	11.4	-1.0	-9%				11.5	-9%	9.0	16%
- carried interest	1.3	2.5	-1.2	-48%				0.3	300%	0.0	2728%
Services	2.5	2.4	0.1	6%				2.4	3%	2.3	11%
Other	0.0	0.0	0.0	-39%				0.2	-97%	-0.2	-104%
Adj. EBIT											
Management company business	4.4	6.3	-1.9	-30%				3.2	37%	2.5	77%
- excluding carried interest	3.1	3.8	-0.7	-18%				2.9	7%	2.4	27%
- carried interest	1.3	2.5	-1.2	-48%				0.3	300%	0.0	2728%
Services	1.4	1.2	0.1	11%				1.2	16%	1.2	15%
Fair value changes, Investments	14.5	-2.0	16.5	-815%				9.6	51%	7.9	84%
Other	-1.4	-1.4	0.0	-1%				-1.7	-19%	-1.4	-3%

Source: Nordea estimates, Infront consenus and company data

SUMMARY TABLE - KEY FIGURES									
EURm	**2016**	**2017**	**2018**	**2019**	**2020**	**2021E**	**2022E**	**2023E**	**2024E**
Total revenue	26.7	34.8	36.0	49.0	43.0	52.8	74.0	72.8	77.4
EBIT (adj)	18.7	19.5	12.0	25.1	12.3	44.6	38.0	41.5	44.2
EBIT (adj) margin	70.0%	55.9%	33.2%	51.1%	28.7%	84.6%	51.4%	56.9%	57.1%
EPS (adj), EUR	0.16	0.10	0.05	0.12	0.03	0.22	0.18	0.19	0.20
EPS (adj) growth	174.6%	-35.8%	-49.7%	127.1%	-72.2%	564.4%	-17.6%	4.7%	7.5%
DPS (ord), EUR	0.09	0.11	0.12	0.13	0.14	0.15	0.16	0.17	0.18
EV/Sales	7.5	8.1	6.2	7.7	9.0	9.4	5.0	4.6	3.9
EV/EBIT (adj)	10.7	14.5	18.6	15.0	31.3	11.1	9.7	8.1	6.9
P/E (adj)	7.7	17.0	28.2	19.8	70.2	13.8	13.4	12.8	11.9
P/BV	1.3	2.2	1.9	2.8	3.2	3.7	2.9	2.8	2.7
Dividend yield (ord)	7.2%	6.2%	8.2%	5.5%	6.0%	4.9%	6.6%	7.0%	7.5%
Net debt	21	25	5	16	25	18	12	8	3
Net debt/EBITDA	1.1	1.2	0.4	0.8	2.7	1.5	0.4	0.3	0.1

Source: Company data and Nordea estimates

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