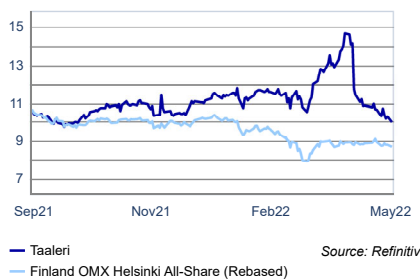


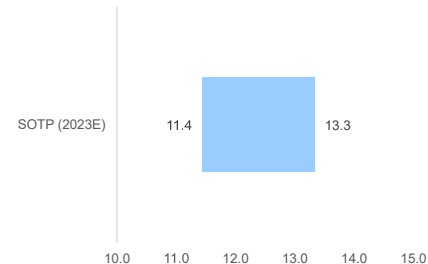
KEY DATA

Stock country	Finland
Bloomberg	TAALA.FH
Reuters	TAALA.HE
Share price (close)	EUR 10.04
Free Float	72%
Market cap. (bn)	EUR 0.28/EUR 0.28
Website	taaleri.com
Next report date	06 May 2022

PERFORMANCE



VALUATION APPROACH



ESTIMATE CHANGES

Year	2022E	2023E	2024E
Sales	21%	0%	0%
EBIT (adj)	59%	-1%	0%

Source: Nordea estimates

Q1 will be affected by investment operations

We believe Q1 will be negatively affected by Garantia's investment operations, given the current market turmoil and its relatively high exposure to fixed-income products. Garantia's underlying business, however, likely continued to develop favourably – hence we model significantly improved underlying earnings. After the announced earn-outs and divestment of Ficolo, the top line and earnings for Q2 and Q3 should increase and the company should record substantial carry from old wind-power funds in Q4. Based on our SOTP valuation model, we derive a fair value range of EUR 11.4-13.3 (11.7-13.6) per Taaleri share.

We expect a favourable underlying development for Q1

We note the recently announced earn-outs related to the sale of Finsilva in 2016 and the divestment of the stake in Ficolo. The company will include a EUR 6.7m earn-out from Finsilva in its Q2 report, while the divestment of Ficolo will result in EUR 14m total profit for Q3. Given recent market turmoil, we expect clearly negative fair value changes for Garantia's investment portfolio, which could leave its top line and EBIT in negative territory. The decline of the Aktia share price will also have a slightly negative impact on Strategic investments EBIT for Q1. We expect Garantia to continue performing well, however, and we model 25% y/y growth in earned premiums and a 34% combined ratio for Q1.

Underlying estimates largely intact for 2023-24

We hike our 2022E top line by 21% and EBIT by 59% following the announced earn-outs and divestment, but our 2023-24 estimates remain mostly intact. The company is ramping up its latest real estate fund and SolarWind II, with the next uplift in recurring revenue expected in 2023. We model a 9% recurring revenue CAGR for 2021-24, driven mainly by private asset management.

Fair value range of EUR 11.4-13.3

We derive a fair value range of EUR 11.4-13.3 (11.7-13.6), which is based on an SOTP valuation using our 2023 estimates. Due to the current ramping up, Taaleri should reach its full earnings potential after 2023.

Nordea Markets - Analysts

Joni Sandvall
Analyst

Svante Krokfors
Director

SUMMARY TABLE - KEY FIGURES

EURm	2019	2020	2021	2022E	2023E	2024E
Total revenue	67	69	73	69	69	72
EBITDA (adj)	23	24	32	32	32	34
EBIT (adj)	21	21	32	31	31	33
EBIT (adj) margin	30.8%	30.3%	43.6%	44.9%	45.2%	45.7%
EPS (adj, EUR)	0.41	0.46	4.81	0.90	0.91	0.96
EPS (adj) growth	n.a.	11.8%	947.1%	-81.4%	1.3%	5.3%
DPS (ord, EUR)	0.16	1.32	0.40	0.40	0.50	0.55
EV/Sales	4.1	3.8	3.8	3.6	3.6	3.3
EV/EBIT (adj)	13.4	12.4	8.6	7.9	7.9	7.1
P/E (adj)	20.5	17.7	2.3	11.2	11.0	10.5
P/BV	1.9	1.7	1.4	1.3	1.3	1.3
Dividend yield (ord)	1.9%	16.3%	3.6%	4.0%	5.0%	5.5%
FCF Yield bef A&D, lease adj	3.0%	0.0%	40.3%	9.1%	8.8%	9.1%
Net debt	38	32	-44	-41	-37	-50
Net debt/EBITDA	1.6	1.4	-1.4	-1.3	-1.1	-1.5
ROIC after tax	14.8%	7.4%	10.5%	9.7%	9.7%	10.3%

Source: Company data and Nordea estimates

Estimate revisions

ESTIMATE REVISIONS AHEAD OF THE Q1 REPORT (EPS/DPS IN EUR)

EURm	New estimates				Old estimates				Difference %			
	Q1 2022E	2022E	2023E	2024E	Q1 2022E	2022E	2023E	2024E	Q1 2022E	2022E	2023E	2024E
Sales	0.6	68.6	69.0	71.7	10.2	56.6	69.2	71.5	-94%	21%	0%	0%
EBIT	-7.8	30.8	31.2	32.8	1.8	19.4	31.6	32.8	-543%	59%	-1%	0%
EBIT margin	-1242%	44.9%	45.2%	45.7%	17.3%	34.3%	45.6%	45.8%	-1259pp	10.6pp	-0.4pp	-0.1pp
PTP	-8.1	29.8	30.2	31.8	1.5	18.3	30.5	31.7	-632%	62%	-1%	0%
PTP margin	-1281%	43.4%	43.7%	44.3%	14.8%	32.4%	44.1%	44.4%	-1296pp	11.0pp	-0.4pp	-0.1pp
Adj. EPS	-0.24	0.90	0.91	0.96	0.04	0.55	0.92	0.96	-645%	62%	-1%	0%
EPS	-0.24	0.90	0.91	0.96	0.04	0.6	0.9	1.0	-645%	62%	-1%	0%
DPS		1.00	0.90	0.95		1.00	0.90	0.95		0%	0%	0%
Segment reporting	Q1 2022E	2022E	2023E	2024E	Q1 2022E	2022E	2023E	2024E	Q1 2022E	2022E	2023E	2024E
Recurring revenues												
Private asset management	5.0	20.3	26.8	30.0	5.0	20.3	26.8	30.0	0%	0%	0%	0%
Strategic investments	4.6	19.9	20.2	21.1	4.8	19.5	20.1	20.9	-4%	2%	1%	1%
Other	0.3	2.2	2.2	2.4	0.7	2.7	2.5	2.3	-57%	-19%	-12%	4%
TOTAL	9.8	42.3	49.2	53.4	10.4	42.5	49.4	53.2	-6%	0%	0%	0%
Total income												
Private asset management	4.7	27.3	38.3	39.8	4.7	27.3	38.3	39.8	0%	0%	0%	0%
Strategic investments	-4.9	14.4	24.3	25.3	4.3	22.1	24.2	25.2	-216%	-35%	0%	0%
Other	0.3	24.4	4.2	4.4	0.7	4.7	4.5	4.3	-57%	423%	-7%	2%
TOTAL	0.0	66.1	66.7	69.4	9.6	54.1	67.0	69.2	-100%	22%	0%	0%
Operating profit												
Private asset management	-0.3	5.3	15.9	16.6	-0.3	5.3	15.9	16.6	0%	0%	0%	0%
Strategic investments	-6.3	8.5	18.2	19.1	2.9	16.1	18.2	19.0	-322%	-48%	0%	1%
Other	-1.2	17.0	-2.9	-2.8	-0.8	-2.1	-2.4	-2.7	53%	n.m.	18%	3%
TOTAL	-7.8	30.7	31.2	32.8	1.8	19.3	31.6	32.8	-541%	59%	-1%	0%
Operating profit margin												
Private asset management	-7.2%	19.4%	41.5%	41.6%	-7.2%	19.4%	41.5%	41.6%	0.0pp	0.0pp	0.0pp	0.0pp
Strategic investments	128.4%	58.7%	75.0%	75.4%	67.1%	73.1%	74.9%	75.4%	61.4pp	-14pp	0.1pp	0.1pp
Other	-383.3%	69.6%	-68.9%	-64.2%	-107.1%	-45.9%	-54.4%	-63.9%	-276pp	115pp	-14pp	0pp
TOTAL	-78803%	46.5%	46.8%	47.3%	18.5%	35.7%	47.2%	47.4%	-78822pp	11pp	-0.4pp	-0.1pp

Source: Nordea estimates

Valuation

We calculate an SOTP-derived fair value range of EUR 11.4-13.3 per Taaleri share. We use peer group multiples to value Taaleri's private equity business. In addition, due to the solid and stable outlook for Garantia, we use a dividend discount model to value the guarantee insurance part of Taaleri. We derive two different peer groups, one for renewable energy and another for private asset management.

SOTP valuation yields EUR 11.4-13.3 fair value range

We think an SOTP valuation is most relevant for Taaleri. However, we use different valuation methods for the company's asset management business and Garantia due to their different characteristics. We believe peer multiples are the logical means of valuing the company's private asset management business, despite it being in a ramp-up phase, while we are inclined to use a dividend discount model to value Garantia due to its stable business model and fairly stable dividend outlook.

We do not believe a traditional DCF-based valuation is well suited for Taaleri due to its high dependency on unannounced funds.

We derive two different peer groups for Taaleri: one for renewable energy and another for other private asset management. Although there are multiple Finnish peers for Taaleri, we are hesitant to use a broad peer group due to insufficient coverage of these names. Hence, our peer group for other private asset management consists of four companies. For renewable energy, we use a broader peer group of European asset managers and companies exposed to renewable energy infrastructure. Our peer group for renewable energy consists of nine European companies.

RENEWABLE ENERGY PEER GROUP

Renewable energy peers	Country	Price		Mcap		Net Debt				EV/EBIT			P/E			Div yield %	
		Local	EURm	2020	2021	2022E	2023E	2021	2022E	2023E	2021	2022E	2023E	2021	2022E		
Ox2 Ab (Publ)	Sweden	72.9	1,907	-228	43.4	34.5	18.5	58.4	46.8	26.7	0.0 %	0.0 %					
Abo Wind Ag	Germany	63.0	581	68	30.9	26.5	18.8	42.0	40.1	27.2	0.8 %	0.9 %					
Capman Oyj	Ireland	2.8	430	26	10.2	10.4	9.9	13.1	10.1	12.5	5.4 %	5.8 %					
Eq4 Ab	Sweden	284.4	27,152		54.2	28.5	17.6	27.2	30.6	21.0	1.5 %	1.1 %					
Acciona Sa	UK	187.5	10,240	5,599	19.2	17.9	16.3	30.8	23.8	20.7	2.1 %	2.2 %					
Energiekontor Ag	UK	91.2	1,288	291	25.5	21.4	19.1	36.2	32.4	28.6	0.9 %	1.0 %					
Eolus Vind Ab (Publ)	UK	104.6	237	-15		8.2	4.6		12.3	6.8	1.4 %	1.6 %					
Pne Ag	UK	12.1	925	361	116.5	260.7	59.5	36.6		232.3	0.3 %	0.3 %					
Scatec Asa	Norway	115.5	1,849	1,567	19.9	16.1	13.1	48.0	37.6	28.1	1.3 %	2.1 %					
Median			1,288	179	28.2	21.4	17.6	36.4	31.5	26.7	1.3 %	1.1 %					
Average			4,957	959	40.0	47.1	19.7	36.5	29.2	44.9	1.5 %	1.7 %					
Nordea																	
Taaleri Oyj	Finland	10.4	292	32	8.6	8.2	8.2	2.3	11.5	11.4	10.7 %	9.7 %					
Discount/premium					-69%	-62%	-53%	-94%	-63%	-57%	734%	756%					

Note: share prices as of 29 April

Source: Refinitiv and Nordea estimates

OTHER PRIVATE ASSET MANAGEMENT PEERS

Finnish peers	Country	Price		Mcap		Net Debt		EV/EBIT			P/E		Div yield %	
		Local	EURm	2020	2021	2022E	2023E	2021	2022E	2023E	2021	2022E		
Capman Oyj	Finland	2.8	430	26	10.2	10.4	9.9	13.1	10.1	12.5	5.4 %	5.8 %		
Eq Oyj	Finland	23.5	925	5	20.2	30.2	16.3	25.2	23.3	20.7	4.2 %	4.4 %		
Eab Group Oyj	Finland	3.3	45	5	15.3	11.7	7.5	22.0	13.8	9.4	2.9 %	4.5 %		
Aktia Bank Abp	Finland	9.7	695					10.2	9.6	8.4	5.6 %	6.3 %		
Median			562	5	15.3	11.7	9.9	17.6	11.9	11.0	4.8 %	5.2 %		
Average			524	12	15.3	17.4	11.3	17.6	14.2	12.8	4.5 %	5.3 %		
Nordea														
Taaleri Oyj	Finland	10.4	292	32	8.6	8.2	8.2	2.3	11.5	11.4	10.7 %	9.7 %		
Discount/premium					-44%	-30%	-17%	-87%	-3%	4%	123%	86%		

Note: share prices as of 29 April

Source: Refinitiv and Nordea estimates

As mentioned, we use different peer groups for renewable energy and other private asset management. In addition, we assign lower multiples for performance fees.

Based on our 2023 EBIT estimate for renewable energy excluding performance fees (EUR 5.2m) and accepted valuation multiples of 13-16x, we derive a fair value range of EUR 54-66m for renewable energy. In addition, we derive a fair value range of EUR 16-24m for expected performance fees from renewable energy. Our valuation takes into account the minority share of renewable energy (21%). In total, our fair value range for renewable energy is EUR 69-90m.

Given 2023E EBIT of EUR 0.2m (excluding performance fees) and EUR 5.4m of performance fees for other private asset management, we derive a fair value range of EUR 23-34m for other private asset management. We assign accepted valuation multiples of 6-8x for other private asset management and 4-6x for performance fees.

In principle, we believe Garantia could pay all of its annual profits to Taaleri. We model a EUR 10m dividend from Garantia to Taaleri in 2022, EUR 13m in 2023E and an annual EUR 1m increase in dividends until 2025, after which we expect a 0-2% annual dividend increase for terminal value. We use a 9.3% cost of equity as a discount factor. Based on this approach, we arrive at a fair value range of EUR 162-192m for Garantia. We note that Garantia paid a EUR 15m dividend to Taaleri from 2021.

We also deduct group costs and add investments at book value (as of Q4 2021), Aktia shares (0.97m) at the current market value (EUR 9.67 as of 29 April), 2022E net cash (EUR 41m) and 2022E dividends (EUR 34m) to derive our equity fair value range of EUR 324-378m for Taaleri. As there are 28.3 million shares outstanding, we derive a fair value range of EUR 11.4-13.3 per Taaleri share.

SOTP VALUATION FOR TAALERI (EURm AND EUR)

Based on 2023 estimates	Share	Sales	EBIT	Valuation method	EV Range
Private asset management		38.3	15.9	EV/EBIT 5.8x - 7.8x	92 - 124
Renewable energy (excl. performance fees)	79%	24.2	5.2	EV/EBIT 13x - 16x	54 - 66
Performance fees	79%		5.0	EV/EBIT 4x - 6x	16 - 24
Other private asset management (ex. performance fees)	100%	14.1	0.2	EV/EBIT 6x - 8x	1 - 2
Performance fees	100%		5.4	EV/EBIT 4x - 6x	22 - 33
Strategic investments (Garantia)	100%	24.3	18.2	DDM	162 - 192
Other excl. investment operations	100%	4.2	-4.9	EV/EBIT 7.8x - 9.5x	-38 to -46
Investments	100%		2.0	Book value Q4 21	24
TOTAL			31.2	EV/EBIT 7.7x - 9.4x	240 - 294
Aktia shares				As of 15 Feb 2022	9
Net cash 2022E					41
2022E dividends					34
Equity value					324 - 378
Number of shares (m)					28.3
Equity per share, EUR					11.4 - 13.3

Source: Nordea estimates

We note that Taaleri's full earnings potential should be visible after 2023, while we are slightly hesitant to push our valuation approach beyond 2023 due to uncertainties related to fund sizes and the ramping up of the current funds.

Detailed estimates

DETAILED ESTIMATES: SEGMENT REPORTING

Segment reporting, EURm	Q121	Q221	Q321	Q421	Q122E	Q222E	Q322E	Q422E	2020	2021	2022E	2023E	2024E
Income													
Recurring revenues													
Private asset management	4.2	5.6	4.8	5.4	5.0	4.9	4.9	5.6	18.5	20.1	20.3	26.8	30.0
Renewable energy	3.2	4.3	3.6	4.2	3.7	3.6	3.6	3.4	14.3	15.2	14.2	19.2	22.7
Other private asset management	1.0	1.3	1.3	1.3	1.3	1.3	1.3	2.2	4.2	4.9	6.1	7.7	7.3
Strategic investments (Garantia)	3.6	4.6	3.9	5.5	4.6	5.0	4.7	5.6	14.6	17.6	19.9	20.2	21.1
Other	1.1	1.0	0.5	0.5	0.3	0.5	0.7	0.7	2.7	3.0	2.2	2.2	2.4
TOTAL	8.9	11.2	9.2	11.4	9.8	10.3	10.3	11.9	35.9	40.7	42.3	49.2	53.4
Recurring revenues growth y/y													
Private asset management	-8%	37%	6%	3%	17%	-14%	1%	4%		9%	1%	32%	12%
Renewable energy	-8%	36%	2%	0%	14%	-18%	1%	-17%		6%	-6%	34%	18%
Other private asset management	-5%	41%	20%	13%	28%	-3%	3%	70%		17%	24%	26%	-5%
Strategic investments (Garantia)	9%	25%	0%	46%	27%	9%	20%	1%		20%	13%	2%	4%
Other	88%	-6%	24%	-38%	-72%	-48%	54%	42%		9%	-27%	0%	9%
TOTAL	6%	27%	4%	16%	10%	-8%	12%	4%	-35%	13%	4%	16%	9%
Total income													
Private asset management	5.2	5.3	4.3	16.2	4.7	4.7	4.9	13.1	21.9	31.0	27.3	38.3	39.8
Renewable energy	4.0	4.3	3.6	10.2	3.7	3.6	3.6	10.4	17.4	22.0	21.2	24.2	30.9
Other private asset management	1.2	1.0	0.7	6.1	1.0	1.1	1.3	2.7	4.5	9.0	6.1	14.1	8.9
Strategic investments (Garantia)	7.0	7.3	6.6	9.4	-4.9	6.0	5.7	7.6	17.2	30.3	14.4	24.3	25.3
Other	1.5	1.7	1.4	3.8	0.3	7.7	15.2	1.2	0.9	8.4	24.4	4.2	4.4
TOTAL	18.8	19.7	16.6	45.6	4.7	23.0	30.7	35.0	40.0	69.7	66.1	66.7	69.4
Income growth y/y													
Private asset management	-5%	29%	-20%	132%	-10%	-13%	14%	-19%		41%	-12%	40%	4%
Renewable energy	-9%	36%	-17%	83%	-9%	-18%	1%	3%		27%	-4%	14%	28%
Other private asset management	10%	6%	-30%	321%	-15%	7%	77%	-56%		98%	-32%	132%	-37%
Strategic investments (Garantia)	-270%	-6%	7%	26%	-170%	-17%	-13%	-19%		76%	-53%	69%	4%
Other	-169%	50%	103%	219%	-79%	345%	961%	-69%		819%	191%	-83%	5%
TOTAL	n.m.	15%	-5%	101%	-75%	17%	85%	-23%		74%	-5%	1%	4%
EBIT													
Private asset management	0.4	-0.1	-0.2	7.3	-0.3	-0.4	-0.1	6.1	6.2	7.5	5.3	15.9	16.6
Renewable energy	0.7	0.8	0.8	5.3	0.6	0.5	0.5	5.8	6.6	7.6	7.5	10.2	16.4
Other private asset management	-0.2	-1.0	-1.0	2.0	-1.0	-0.9	-0.7	0.3	-0.4	-0.2	-2.2	5.7	0.2
Strategic investments (Garantia)	5.8	6.1	5.2	7.3	-6.3	4.7	4.3	5.8	11.9	24.4	8.5	18.2	19.1
Other	-0.4	-0.5	-0.1	0.0	-1.2	6.0	13.3	-1.2	-5.8	-1.0	17.0	-2.9	-2.8
TOTAL	5.8	5.5	4.9	14.7	-7.8	10.3	17.5	10.8	12.3	30.8	30.7	31.2	32.8
EBIT margin													
Private asset management	8.5%	-2.6%	-4.5%	45.3%	-7.2%	-7.8%	-2.8%	46.7%	28.3%	24.0%	19.4%	41.5%	41.6%
Renewable energy	16.5%	18.8%	22.4%	52.6%	17.4%	14.4%	14.9%	55.5%	37.8%	34.5%	35.2%	42.3%	53.1%
Other private asset management	-18.5%	-92%	-135%	33.1%	-97%	-79.1%	-51.5%	12.6%	-8.4%	-1.7%	-35.7%	40.1%	2.1%
Strategic investments (Garantia)	82.6%	83.7%	78.6%	77.8%	128%	77.4%	75.4%	76.7%	69.3%	80.5%	58.7%	75.0%	75.4%
Other	-28.7%	-28.1%	-7.0%	0.0%	-383%	77.9%	87.5%	-102%	-632%	-12.0%	69.6%	-68.9%	-64.2%
TOTAL	31.0%	27.8%	29.3%	32.2%	-168%	44.7%	56.9%	30.8%	30.8%	44.2%	46.5%	46.8%	47.3%
EBIT excluding investments and performance fees													
Private asset management	-0.5	0.2	0.3	-3.4	0.0	-0.2	-0.1	-1.4	2.8	-3.4	-1.7	4.4	6.8
Renewable energy	-0.1	0.8	0.8	-0.7	0.6	0.5	0.5	-1.2	3.5	0.8	0.5	5.2	8.2
Other private asset management	-0.4	-0.6	-0.5	-2.8	-0.7	-0.7	-0.7	-0.2	-0.7	-4.2	-2.2	-0.8	-1.4
Strategic investments (Garantia)	2.4	3.4	2.5	3.4	3.2	3.6	3.3	3.8	9.4	11.7	13.9	14.2	14.9
Other	-0.8	-1.3	-1.1	-3.3	-1.2	-1.2	-1.2	-1.7	-4.0	-6.4	-5.2	-4.9	-4.8
TOTAL	1.1	2.3	1.8	-3.3	2.0	2.2	2.0	0.8	8.2	1.8	7.0	13.7	16.8

Source: Company data and Nordea estimates

DETAILED ESTIMATES: IFRS REPORTING

IFRS reporting, EURm	Q121	Q221	Q321	Q421	Q122E	Q222E	Q322E	Q422E	2020	2021	2022E	2023E	2024E
Total income	12.1	17.0	13.2	30.2	0.6	19.0	26.4	22.5	69.4	72.6	68.6	69.0	71.7
growth y/y	-646%	41%	29%	119%	-95%	11%	100%	-25%	3%	5%	-6%	1%	4%
Costs	-7.4	-14.3	-8.6	-15.8	-8.7	-8.9	-9.2	-11.9	-51.9	-46.2	-38.8	-38.8	-39.9
growth y/y	26%	122%	31%	87%	17%	-37%	7%	-25%	2%	-11%	-16%	0%	3%
Operating profit	4.7	2.7	4.6	14.4	-8.1	10.0	17.2	10.6	17.5	26.4	29.8	30.2	31.8
margin %	39%	16%	35%	48%	-1281%	53%	65%	47%	25%	36%	43%	44%	44%
Taxes	-1.0	-0.4	-1.4	-2.3	1.2	-1.5	-2.6	-1.6	-4.4	-5.2	-4.5	-4.5	-4.8
Profit (continuing operations)	3.7	2.3	3.2	12.2	-6.8	8.6	14.6	9.0	13.0	21.2	25.4	25.7	27.1
Profit (discontinued operations)	3.2	111.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	114.9	0.0	0.0	0.0
Profit for the period	6.8	114.1	3.2	12.2	-6.8	8.6	14.6	9.0	13.0	136.1	25.4	25.7	27.1
EPS (continuing operations), EUR	0.13	0.08	0.11	0.43	-0.24	0.30	0.52	0.32	0.46	0.75	0.90	0.91	0.96
EPS, EUR	0.24	4.03	0.11	0.43	-0.24	0.30	0.52	0.32	0.46	4.81	0.90	0.91	0.96
DPS (ordinary)									1.32	0.40	0.40	0.50	0.55
DPS (extra)										0.80	0.60	0.40	0.40
DPS (total)									1.32	1.20	1.00	0.90	0.95

Source: Company data and Nordea estimates

Main risks

Below, we list the main risk factors we find relevant for Taaleri. The purpose of this is not to provide a comprehensive list of all of the risks that the company may be subject to, but instead to highlight those that we find most relevant. The main risks we identify relate to the overall economic situation, as this will have implications both for the funds and for Garantia.

<p>A slowdown in economic activity could hamper Taaleri's performance</p>	<p>General economy</p> <p>Taaleri has benefitted from a favourable macroeconomic environment, which combined with low interest rates has supported housing prices and hence Garantia's business. In addition, demand for alternative investments has fared well in the positive market environment. In the event of economic slowdown, both Garantia's and fund companies' performances could be negatively affected. Changes in the market environment could affect the company's ability to raise fund commitments, and a slowing transaction market could hinder Taaleri's ability to make new investments and exit assets.</p>
<p>A cooling of the housing market could affect the real estate operations negatively</p>	<p>Housing market</p> <p>The recent positive development in the Finnish housing market has benefitted Garantia through high housing market activity, while Taaleri's housing funds have benefitted from lower yield requirements. If the housing transaction market were to cool down, Taaleri's operations in Garantia and real estate funds could be negatively affected.</p>
<p>Low interest rates have supported alternative investments</p>	<p>Interest rates</p> <p>Low interest rates have supported Taaleri's business through low financing costs and easy funding access. If interest rates were to rise, the availability of funding could become more difficult. In addition, higher interest rates could hamper the valuation of investments and the project pipeline.</p>
<p>Key personnel are important for customer relationships</p>	<p>Key personnel</p> <p>As a financial player, key personnel play a crucial role in Taaleri's customer relationships. If any key personnel were to leave the company, there could be a risk of customer outflow from Taaleri's funds.</p>
<p>Cooperation with Aktia plays a crucial role for Taaleri</p>	<p>Sales channels</p> <p>Taaleri cooperates with Aktia on sales of its funds. In order to reach targeted fund sizes, the recently announced cooperation plays a crucial role. In addition, Taaleri is ramping up its institutional sales channel. If the company is not able to ramp up its institutional sales channel or fails in its cooperation with Aktia, the funds' performance could be negatively affected through lower AuM.</p>
<p>Overall economic activity could affect investment values</p>	<p>Investments</p> <p>Taaleri has close to EUR 25m of non-strategic investments that it aims to divest. The market value of these investments could vary greatly depending on the general economic situation.</p>
<p>If not executed well, M&A activity may increase costs</p>	<p>Potential M&A</p> <p>After divesting its wealth management arm, Taaleri has an overcapitalised balance sheet. M&A could increase costs temporarily, or even longer term in a worst-case scenario if acquisitions were to fail or integration is executed poorly. Hence, it is important for the company to maintain good cost control and clear M&A execution plans so as not to hamper earnings.</p>
<p>A tightening competitive environment could hamper Taaleri's growth prospects</p>	<p>Competitive environment</p> <p>If the competitive environment regarding alternative investments were to intensify, it could hamper Taaleri's growth and earnings through lower management fees and hinder the company's ability to find investments.</p>

Reported numbers and forecasts

INCOME STATEMENT

EURm	2019	2020	2021	2022E	2023E	2024E
Total revenue	67	69	73	69	69	72
Revenue growth	n.a.	3.3%	4.6%	-5.6%	0.6%	3.9%
of which organic	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
of which FX	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
EBITDA	23	24	32	32	32	34
Depreciation and impairments PPE	-3	-3	-1	-1	-1	-1
of which leased assets	0	0	0	0	0	0
EBITA	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Amortisation and impairments	0	0	0	0	0	0
EBIT	21	21	32	31	31	33
of which associates	0	0	-1	-1	-1	-1
Associates excluded from EBIT	0	0	0	0	0	0
Net financials	-3	-3	-2	-1	-1	-1
of which lease interest	0	0	0	0	0	0
Changes in value, net	-1	0	-3	0	0	0
Pre-tax profit	17	18	26	30	30	32
Reported taxes	-5	-4	-5	-4	-5	-5
Net profit from continued operations	12	13	21	25	26	27
Discontinued operations	0	0	115	0	0	0
Minority interests	0	0	0	0	0	0
Net profit to equity	12	13	136	25	26	27
EPS, EUR	0.41	0.46	4.81	0.90	0.91	0.96
DPS, EUR	0.16	1.32	1.20	1.00	0.90	0.95
of which ordinary	0.16	1.32	0.40	0.40	0.50	0.55
of which extraordinary	0.00	0.00	0.80	0.60	0.40	0.40

Profit margin in percent

EBITDA	34.8%	34.0%	44.7%	46.1%	46.4%	46.9%
EBITA	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
EBIT	30.8%	30.3%	43.6%	44.9%	45.2%	45.7%

Adjusted earnings

EBITDA (adj)	23	24	32	32	32	34
EBITA (adj)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
EBIT (adj)	21	21	32	31	31	33
EPS (adj, EUR)	0.41	0.46	4.81	0.90	0.91	0.96

Adjusted profit margins in percent

EBITDA (adj)	34.8%	34.0%	44.7%	46.1%	46.4%	46.9%
EBITA (adj)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
EBIT (adj)	30.8%	30.3%	43.6%	44.9%	45.2%	45.7%

Performance metrics

CAGR last 5 years						
Net revenue	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
EBITDA	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
EBIT	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
EPS	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
DPS	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
Average last 5 years						
Average EBIT margin	n.a.	n.a.	n.a.	n.a.	39.0%	42.0%
Average EBITDA margin	n.a.	n.a.	n.a.	n.a.	41.2%	43.6%

VALUATION RATIOS - ADJUSTED EARNINGS

EURm	2019	2020	2021	2022E	2023E	2024E
P/E (adj)	20.5	17.7	2.3	11.2	11.0	10.5
EV/EBITDA (adj)	11.8	11.1	8.4	7.7	7.7	7.0
EV/EBITA (adj)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
EV/EBIT (adj)	13.4	12.4	8.6	7.9	7.9	7.1

VALUATION RATIOS - REPORTED EARNINGS

EURm	2019	2020	2021	2022E	2023E	2024E
P/E	20.5	17.7	2.3	11.2	11.0	10.5
EV/Sales	4.1	3.8	3.8	3.6	3.6	3.3
EV/EBITDA	11.8	11.1	8.4	7.7	7.7	7.0
EV/EBITA	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
EV/EBIT	13.4	12.4	8.6	7.9	7.9	7.1
Dividend yield (ord.)	1.9%	16.3%	3.6%	4.0%	5.0%	5.5%
FCF yield	-1.2%	0.0%	36.9%	9.9%	7.9%	12.9%
FCF Yield bef A&D, lease adj	3.0%	0.0%	40.3%	9.1%	8.8%	9.1%
Payout ratio	38.9%	287.1%	24.9%	111.5%	99.0%	99.2%

Source: Company data and Nordea estimates

BALANCE SHEET

EURm	2019	2020	2021	2022E	2023E	2024E
Intangible assets	7	7	1	1	1	1
of which R&D	0	0	0	0	0	0
of which other intangibles	1	2	0	0	0	0
of which goodwill	5	5	1	1	1	1
Tangible assets	4	3	1	3	4	5
of which leased assets	0	0	0	0	0	0
Shares associates	16	31	50	48	50	38
Interest bearing assets	0	0	0	0	0	0
Deferred tax assets	2	2	2	2	2	2
Other non-IB non-current assets	155	162	169	171	173	175
Other non-current assets	18	14	14	14	14	14
Total non-current assets	202	219	237	238	243	235
Inventory	0	0	0	0	0	0
Accounts receivable	23	11	17	16	16	17
Short-term leased assets	0	0	0	0	0	0
Other current assets	0	0	0	0	0	0
Cash and bank	37	32	59	55	52	65
Total current assets	60	44	76	71	68	82
Assets held for sale	8	5	5	3	1	0
Total assets	270	268	319	313	312	317
Shareholders equity	126	132	229	222	222	226
Of which preferred stocks	0	0	0	0	0	0
Of which equity part of hybrid debt	0	0	0	0	0	0
Minority interest	0	1	1	1	0	0
Total Equity	126	133	230	223	222	226
Deferred tax	16	15	17	17	17	17
Long term interest bearing debt	76	n.a.	n.a.	n.a.	n.a.	n.a.
Pension provisions	0	0	0	0	0	0
Other long-term provisions	32	35	39	40	40	41
Other long-term liabilities	20	20	18	18	18	18
Non-current lease debt	0	0	0	0	0	0
Convertible debt	0	0	0	0	0	0
Shareholder debt	0	0	0	0	0	0
Hybrid debt	0	0	0	0	0	0
Total non-current liabilities	144	135	89	89	90	90
Short-term provisions	0	0	0	0	0	0
Accounts payable	0	0	0	0	0	0
Current lease debt	0	0	0	0	0	0
Other current liabilities	0	0	0	0	0	0
Short term interest bearing debt	0	0	0	0	0	0
Total current liabilities	0	0	0	0	0	0
Liabilities for assets held for sale	0	0	0	0	0	0
Total liabilities and equity	270	268	319	313	312	317
Balance sheet and debt metrics						
Net debt	38	32	-44	-41	-37	-50
of which lease debt	0	0	0	0	0	0
Working capital	23	11	17	16	16	17
Invested capital	225	230	254	254	260	252
Capital employed	201	198	245	238	237	241
ROE	18.5%	10.1%	75.5%	11.2%	11.6%	12.1%
ROIC	7.4%	10.5%	9.7%	9.7%	10.3%	8.2%
ROCE	20.6%	10.6%	14.3%	12.8%	13.1%	13.7%
Net debt/EBITDA	1.6	1.4	-1.4	-1.3	-1.1	-1.5
Interest coverage	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
Equity ratio	46.6%	49.3%	71.9%	71.2%	71.0%	71.3%
Net gearing	30.5%	24.4%	-19.4%	-18.3%	-16.6%	-22.2%

Source: Company data and Nordea estimates

CASH FLOW STATEMENT

EURm	2019	2020	2021	2022E	2023E	2024E
EBITDA (adj) for associates	23	23	34	32	32	34
Paid taxes	-3	0	-4	-4	-5	-5
Net financials	0	0	-2	-1	-1	-1
Change in provisions	0	0	0	0	0	0
Change in other LT non-IB	-122	-1	-4	-2	-2	-2
Cash flow to/from associates	0	0	0	0	0	0
Dividends paid to minorities	-1	0	0	0	0	0
Other adj to reconcile to cash flow	118	-23	107	0	0	0
Funds from operations (FFO)	15	0	130	25	25	27
Change in NWC	-7	0	-1	1	0	-1
Cash flow from operations (CFO)	9	0	129	26	25	26
Capital expenditure	-2	0	-2	0	0	0
Free cash flow before A&D	7	0	128	26	25	26
Proceeds from sale of assets	0	0	0	5	3	11
Acquisitions	-10	0	-11	-3	-6	0
Free cash flow	-3	0	117	28	22	37
Free cash flow bef A&D, lease adj	7	0	128	26	25	26
Dividends paid	-8	0	-37	-34	-28	-25
Equity issues / buybacks	0	0	0	0	0	0
Net change in debt	14	0	-50	0	0	0
Other financing adjustments	0	0	0	2	2	2
Other non-cash adjustments	35	-5	-3	0	0	0
Change in cash	37	-5	27	-4	-4	13
Cash flow metrics						
Capex/D&A	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
Capex/Sales	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
Key information						
Share price year end (/current)	8	8	11	10	10	10
Market cap.	238	230	317	256	230	204
Enterprise value	277	263	273	216	194	154
Diluted no. of shares, year-end (m)	28.3	28.3	28.3	28.3	28.3	28.3

Source: Company data and Nordea estimates

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Issuer Review

This report has not been reviewed by the Issuer prior to publication.

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