Nordea

Commissioned Equity Research

Flash comment

27 October 2022

Commissioned research: CapMan – Strong underlying performance

Marketing material commissioned by CapMan

CapMan reported Q3 EBIT of 12.7m, 7% above Refinitiv consensus. Investment business EBIT was EUR 7.9m (fair value changes EUR +8.0m) in Q3 and came above Nordea estimate of EUR 4.0m (EUR +4.2m fair value changes). Management Company EBIT of EUR 4.2m came 52% below Nordea estimate while Service Business EBIT of EUR 1.8m came 4% above Nordea estimate. CapMan recorded EUR 1.0m carry in Q3 (Nordea EUR 6m, after EUR 3.2m in Q2). Hence, if we adjust for lower quality carry, the more important underlying management company business EBIT came 15% above our estimate, with 6% higher-than-anticipated fees. We believe the company has been conservative with its carry bookings due to multiple exits left in the two funds in the carry (NRE and Growth). We note positive development in underlying businesses. Services continue good performance bodes well for CapMan due to high operating leverage. AuM increased to EUR 4.9bn (EUR 4.8bn in Q2 and up 14% 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 entered carry in Q2. In addition, the company has multiple funds close to carry and it expects some of these to enter carry in next 12-months. EPS of EUR 0.064 came above consensus of EUR 0.055 and in line with our estimate. We believe the consensus will make slightly positive estimate revisions to underlying estimates due to Management Company business and Services.

CAPMAN: DEVIATION TABLE

	Actual	NDA est.	Deviation		Consensus	Deviation		Actual		Actual	
EURm	**Q3/22**	**Q3 2022E**	**vs. actual**		**Q3 2022E**	**vs. actual**		**Q2 2022**	**q/q**	**Q3 2021**	**y/y**
Sales	**15.9**	**19.8**	**-3.9**	**-20%**	**19.0**	**-3.1**	**-16%**	**17.7**	**-10%**	**14.9**	**7%**
Adj. EBIT	**12.7**	**13.1**	**-0.4**	**-3%**	**11.8**	**0.8**	**7%**	**14.1**	**-10%**	**10.9**	**16%**
Adj. EBIT margin	79.7%	66.1%		13.6pp	62.3%		17.4pp	79.8%	0pp	73.4%	6.3pp
EPS, EUR	**0.064**	**0.064**	**0.00**	**0%**	**0.055**	**0.01**	16%	**0.075**	-15%	**0.058**	11%
Sales											
Management company business	12.6	16.9	-4.3	-26%				14.5	-13%	12.9	-3%
- excluding carried interest	11.6	10.9	0.6	6%				11.4	2%	10.7	8%
- carried interest	1.0	6.0	-5.0	-83%				3.2	-68%	2.2	-54%
Services	3.1	2.9	0.2	6%				3.2	-2%	1.9	60%
Other	0.2	0.0	0.2	1938%				-0.1	-252%	-0.2	-201%
Adj. EBIT											
Management company business	4.2	8.8	-4.6	-52%				6.1	-30%	5.1	-16%
- excluding carried interest	3.2	2.8	0.4	15%				2.9	10%	2.8	13%
- carried interest	1.0	6.0	-5.0	-83%				3.2	-68%	2.2	-54%
Services	1.8	1.8	0.1	4%				1.7	11%	1.1	72%
Fair value changes, Investments	7.9	4.0	3.9	98%				9.6	-18%	5.9	35%
Other	-1.3	-1.5	0.1	-9%				-3.3	-59%	-1.1	26%

Source: Nordea estimates, Refinitiv consenus and company data

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