

04 November 2022

## Commissioned research: Taaleri – Improving underlying performance

*Marketing material commissioned by Taaleri*

Taaleri reported Q3 EBIT of EUR 18.5m, coming clearly below Refinitiv consensus at EUR 14.0m. Based on segment reporting, Q3 total income was EUR 26.9m, 6% above Nordea estimate of EUR 25.3m. Recurring revenues were EUR 10.5m in Q3, beating our estimate by 5%. Fair value changes of investments were EUR -3.5m in Q3, while we had anticipated EUR +1.5m. Investment operations income of EUR 9.9m came clearly below our estimate of EUR 15.3m. Taaleri recorder EUR 14m total income from exit of Ficolo. As the company recorded EUR 6.5m carry in Q3 (we did not anticipate any carry), private asset management EBIT beat our estimates clearly. When adjusting for carry, private assets management EBIT was EUR -0.2m versus our EUR -0.6m estimate. Private asset management recurring revenues came 9% above our estimate. Hence, underlying operations have performed well in Q3. Garantia's loan losses continued at a low level (2.7%) while net premiums increased by 15% y/y, while we had anticipated 14% growth. Combined ratio was strong at 29.0% in Q3 and beat our estimate of 30.9%. Solvency was up at 245.5%. Private asset management AuM was up 4% q/q to EUR 2.5bn (EUR 2.2bn in 2021). The launch of SolarWind III was announced yesterday on 3 November and the company aims to reach first closing early 2023 with target of EUR 700m of commitments. On initial take, we expect consensus to make slightly positive underlying estimate revision. We have a fair value range of EUR 11.1-12.5 per Taaleri share

### Private asset management slightly above our estimate when adjusting for carry and investment gains

Taaleri's private asset management total income was EUR 12.6m and came 151% above our estimate. Recurring revenues of EUR 5.3m came 9% above our estimate of EUR 4.9m. Private asset management EBIT came at EUR 7.0m, clearly above our estimate of EUR -0.6m, driven by carry (EUR 6.5m, while we had EUR 0m) and EUR 0.7m investment gains. AuM increased 4% q/q to EUR 2.5bn from EUR 2.4bn in Q2 2022 and EUR 2.2bn in 2021. Renewable energy operating income was 3.7m (Nordea EUR 3.6m), while EBIT was 1.5m (Nordea EUR 0.2m). Income was boosted by EUR 0.8m from investment operations (we expected EUR 0m). Hence, underlying profitability of private asset management came above our estimate. Other private asset management operating income was EUR 8.1m (Nordea EUR 1.5m), while EBIT was EUR 5.5m (Nordea EUR -0.8m). Other private asset management benefited from EUR 6.5m carry (we had modelled EUR 0m).

### Garantia's combined ratio continued at a strong level – high solvency

Taaleri's guarantee insurance company Garantia reported EUR 5.5m total income, driven by EUR 4.4m recurring revenues (Nordea EUR 4.4m) and EUR 1.1m investment gains (we expected EUR 1m). Earned net premiums increased by 15% y/y (-8% in Q2 and +4% in Q1) to EUR 4.6m in Q3,

above our estimate of EUR 4.5m. Strategic investments EBIT of EUR 4.9m came above our EUR 4.1m estimate. Aktia shareholdings had EUR 0.5m positive impact in Q3. Combined ratio was strong at 29% (we had 30.9%). Solvency ratio improved to 245.5%, well in line with our estimate of 244.1%. Guaranty insurance portfolio was up 5% y/y to EUR 1,799m (Nordea EUR 1,766m) driven by 16% increase in consumer exposure.

## Guidance and fund pipeline

Taaleri does not provide a short term outlook. The company expects strong demand for private equity funds to continue. SolarWind II advanced its projects, while the company had had 17 development projects for SolarWind III at the end of Q3 (14 at the end of Q2 and 12 projects at the end of Q1).

## We expect slightly positive underlying estimate revisions

On the back of underlying operations performance, we believe consensus will make slightly positive estimate revisions to its underlying estimates. It appears that private asset management is proceeding well in line with our expectations, while Garantia's earned premiums continued to increase despite more challenging housing market. In addition, we note the announcement for SolarWind III (3 November), which is an important fee driver. We have expected SolarWind III to reach full commitments at the end of 2024 (EUR 600m, while the company targets EUR ~700m).

English speaking webcast will be held on 11:00 EET and can followed through the following link:

<https://taaleri.videosync.fi/results-q3-2022>

### TAALERI: DEVIATION TABLE

EURm	Actual Q3 2022	NDA est. Q3 2022E	Deviation vs. actual		Consensus Q3 2022E	Deviation vs. actual		Actual Q2 2022	q/q	Actual Q3 2021	y/y
Sales	19.9	26.3	-6.4	-24%	24.3	-4.4	-18%	12.9	55%	13.2	51%
EBIT	18.5	16.6	1.9	11%	14.0	4.5	32%	2.5	651%	4.9	280%
EBIT margin	92.8%	63.0%		n.m.	57.5%		n.m.	19.1%	73.7pp	36.8%	56.0pp
PTP	18.3	16.4	1.9	12%	15.0	3.3	22%	2.2	727%	4.6	299%
PTP margin	91.7%	62.1%		n.m.	61.6%		n.m.	17.1%	74.6pp	34.6%	57.1pp
Adj. EPS	0.53	0.50	0.03	7%	0.39	0.11	36%	0.00	11013%	0.11	386%
EPS	0.53	0.50	0.03	7%	0.39	0.11	36%	0.00	11013%	0.11	386%
<b>Segment reporting</b>											
<b>Recurring revenues</b>											
Private asset management	5.3	4.9	0.4	9%				4.8	10%	4.8	10%
Strategic investments	4.4	4.4	0.0	0%				4.0	11%	3.9	14%
Other	0.7	0.7	0.0	6%				0.7	1%	0.5	63%
TOTAL	10.5	10.0	0.5	5%				9.6	10%	9.2	14%
<b>Total income</b>											
Private asset management	12.6	5.0	7.6	151%				5.8	117%	4.3	192%
Strategic investments	6.1	5.4	0.6	12%				-1.1	-663%	6.6	-8%
Other	8.3	14.9	-6.6	-44%				7.1	16%	1.4	478%
TOTAL	26.9	25.3	1.6	6%				11.9	127%	12.3	119%
<b>EBIT</b>											
Private asset management	7.0	-0.6	7.6	-1267%				-0.7	-1095%	-0.2	-3731%
Strategic investments	4.9	4.1	0.7	18%				-2.3	-309%	5.2	-6%
Other	6.6	13.0	-6.4	-49%				5.5	21%	-0.1	-6706%
TOTAL	18.5	16.5	2.0	12%				2.4	660%	4.9	280%
<b>EBIT margin</b>											
Private asset management	55.7%	-12.0%		67.7pp				-12.1%	67.9pp	-4.5%	60.2pp
Strategic investments	80.2%	75.9%		4pp				215.8%	n.m.	78.6%	2pp
Other	79.8%	87.2%		-7.5pp				76.5%	3.3pp	-7.0%	87pp
TOTAL	68.6%	65.2%		3.4pp				20.5%	48.1pp	39.6%	29.1pp

Source: Company data, Refinitiv and Nordea estimates

## SUMMARY TABLE - KEY FIGURES

EURm	2019	2020	2021	2022E	2023E	2024E
Total revenue	67	69	73	66	70	71
EBITDA (adj)	23	24	32	28	31	31
EBIT (adj)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
EBIT (adj) margin	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
EPS (adj, EUR)	0.41	0.46	4.81	0.75	0.89	0.89
EPS (adj) growth	n.a.	11.8%	947.1%	-84.5%	18.6%	0.3%
DPS (ord, EUR)	0.16	1.32	0.40	0.40	0.50	0.55
EV/Sales	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
EV/EBIT (adj)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
P/E (adj)	n.a.	n.a.	2.3	12.6	10.7	10.6
P/BV	n.a.	n.a.	1.4	1.3	1.3	1.3
Dividend yield (ord)	n.a.	n.a.	3.6%	4.2%	5.3%	5.8%
FCF Yield bef A&D, lease adj	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Net debt	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Net debt/EBITDA	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
ROIC after tax	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.

Source: Company data and Nordea estimates

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