2 February 2023

Commissioned research: CapMan – EBIT in line with expectations when adjusting for write-down – DPS above expectations

Marketing material commissioned by CapMan

CapMan reported Q4 EBIT of 7.5m, 26% below Refinitiv consensus. However, the deviation is fully explained by EUR 2.6m write-down related to sale of JAY Solutions. Investment business EBIT was EUR 3.7m (fair value changes EUR +4.1m) in Q4 and came above Nordea estimate of EUR 2.7m (EUR +3.2m fair value changes). Management Company EBIT of EUR 7.6m came 36% above Nordea estimate driven by EUR 4.1m carry booking (we had modelled EUR 2m). When excluding carry, management fees came 10% above our estimate, while EBIT came 3% below our estimate. Service Business EBIT of EUR -1.9m came clearly below Nordea estimate, burdened by EUR 2.6m write-down related to sale of JAY Solutions. CapMan sold JAY Solutions with EUR 8.5m debt and cash free total consideration. AuM increased to EUR 5.0bn (EUR 4.9bn in Q3 and up 3% y/y) and the company expects growth to continue in AuM in 2023. CapMan has around 30% of capital raised waiting to be deployed, which could open attractive capital allocation opportunities. The company has multiple funds close to carry and it expects some of these to enter carry in next 12-months. Dividend proposal of EUR 0.17 came ahead of our and consensus expectation of EUR 0.16, to be paid in two instalments. In addition, the company announced that the current CEO Joakim Frimodig is set to become full-time Chairman of the Board, while the current managing partner of CapMan Buyout, Pia Kåll will take the helm on 15 March. We believe the consensus to make only minor estimate revisions, while we note higher-than-expected DPS, corresponding to a 6% yield.

CAPMAN: DEVIATION TABLE												
	Actual	NDA est.	Deviation		Consensus	Deviation		Actual		Actual		
EURm	Q4/22	Q4 2022E	vs. actual		Q4 2022E	vs. actual		Q3 2022	q/q	Q4 2021	y/y
Sales	**19.7**	**17.2**	**2.6**	**15%**	**19.1**	**0.7**	**3%**	**15.9**	**24%**	**14.7**	**34%**
Adj. EBIT	**10.1**	**8.3**	**1.7**	**21%**	**10.1**	**0.0**	**0%**	**12.7**	**-21%**	**12.2**	**-18%**
Adj. EBIT margin	51.0%	48.6%		2.4pp	52.9%		-2.0pp	79.7%	-29pp	83.2%	-32.2pp
EPS, EUR	**0.028**	**0.033**	**-0.01**	**-15%**	**0.048**	**-0.02**	-41%	**0.068**	-59%	**0.058**	-51%
DPS	**0.17**	**0.16**	**0.01**	**6%**	**0.16**	**0.01**	6%			**0.150**	13%
Sales											
Management company business	17.1	13.8	3.3	24%				12.6	36%	11.8	45%
- excluding carried interest	12.9	11.8	1.2	10%				11.6	12%	11.5	13%
- carried interest	4.1	2.0	2.1	105%				1.0	302%	0.3	1169%
Services	2.4	3.1	-0.7	-24%				3.1	-24%	2.4	-3%
Other	0.3	0.3	0.0	-3%				0.2	51%	0.5	-36%
Adj. EBIT											
Management company business	7.6	5.6	2.0	36%				4.2	79%	3.2	136%
- excluding carried interest	3.5	3.6	-0.1	-3%				3.2	7%	2.9	20%
- carried interest	4.1	2.0	2.1	105%				1.0	302%	0.3	1169%
Services	0.7	1.4	-0.7	-50%				1.8	-60%	1.2	-38%
Fair value changes, Investments	3.7	2.7	0.9	35%				7.9	-54%	9.6	-62%
Other	-1.9	-1.4	-0.5	35%				-1.3	42%	-1.7	12%

Source: Nordea estimates, Refinitiv 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	65.0	78.8	79.0
EBIT (adj)	18.7	19.5	12.0	25.1	12.3	44.6	54.0	41.5	46.2
EBIT (adj) margin	70.0%	55.9%	33.2%	51.1%	28.7%	84.6%	83.1%	52.7%	58.5%
EPS (adj), EUR	0.16	0.10	0.05	0.12	0.03	0.22	0.26	0.19	0.22
EPS (adj) growth	174.6%	-35.8%	-49.7%	127.1%	-72.2%	564.4%	17.2%	-25.0%	12.6%
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	6.5	5.0	4.5
EV/EBIT (adj)	10.7	14.5	18.6	15.0	31.3	11.1	7.9	9.4	7.7
P/E (adj)	7.7	17.0	28.2	19.8	70.2	13.8	11.1	14.8	13.1
P/BV	1.3	2.2	1.9	2.8	3.2	3.7	3.1	3.0	2.8
Dividend yield (ord)	7.2%	6.2%	8.2%	5.5%	6.0%	4.9%	5.6%	6.0%	6.3%
Net debt	21	25	5	16	25	18	0	-6	-13
Net debt/EBITDA	1.1	1.2	0.4	0.8	2.7	1.5	0.0	-0.2	-0.3

Source: Company data and Nordea estimates

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Nordea analyst: Joni Sandvall

Joni Sandvall
Analyst, Consumer Goods and Retail, Food and Beverages, Investment companies

Nordea | Investment Banking & Equities | Equity Research FI
Visit me: Aleksis Kiven katu 7, 00500 HELSINKI
Write to me: Fleminginkatu 27, 00020 Nordea
Tel: +358 9 5300 5484 | Mob: +358 445460855
E-mail: joni.sandvall@nordea.com
Web: nordeamarkets.com

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