Nordea

Commissioned Equity Research

Flash comment

26 October 2023

Commissioned research: CapMan – Underlying operations largely in line with our expectations – new distribution policy and an indication of 2023 dividend

Marketing material commissioned by CapMan

CapMan reported Q3 EBIT of EUR 4.8m, clearly below Refinitiv consensus at EUR 7m. The deviation is likely explained to some extent by fair value changes and carry. Management company business fee income came in 5% below our estimate. Investment business EBIT was EUR 0.9m (fair value changes EUR 0.9m) in Q3 and was in line with Nordea estimate of EUR 0.9m (EUR +1m fair value changes). We calculate that fair value changes in own funds were negative of EUR 1m, while negative fair value changes of external funds reversed in Q3. Management Company EBIT of EUR 3.6m came 12% below Nordea estimate driven solely by EUR 0.3m carry booking (we had modelled EUR 1m). When excluding carry, management fees came 5% below our estimate and flat q/q (down 6% y/y), while EBIT came 8% above our estimate. Service Business EBIT of EUR 1.4m came below Nordea estimate of EUR 1.7m. AuM remained flat at EUR 5.0bn (EUR 5.0bn in Q2 and EUR 5bn in 2022) and the company expects growth to continue in AuM in 2023. CapMan has raised EUR 60m in new capital during Q3 and expects new commitments into several ongoing fundraising projects during the remaining months of the year. The company has several exits ongoing from funds that are in carry or are approaching carry. In addition, the company revised its dividend policy and expects to distribute at least 70% of profit to shareholders. The board of directors expects to propose 8-12 cents per share distribution for 2023, which is clearly below EUR 0.18 expected by us and consensus. We expect consensus to make only minor estimate changes to its underlying estimates, while dividend expectations are likely to be slashed following the new distribution policy.

CAPMAN: DEVIATION TABLE

	Actual	NDA est.	Deviation		Consensus	Deviation		Actual		Actual	
EURm	**Q3/22**	**Q3 2023E**	**vs. actual**		**Q3 2023E**	**vs. actual**		**Q2 2023**	**q/q**	**Q3 2022**	**y/y**
Sales	**13.7**	**15.4**	**-1.7**	**-11%**	**16.3**	**-2.6**	**-16%**	**16.5**	**-17%**	**15.9**	**-14%**
Adj. EBIT	**4.8**	**5.4**	**-0.6**	**-12%**	**7.0**	**-2.2**	**-31%**	**4.2**	**15%**	**12.7**	**-62%**
Adj. EBIT margin	35.1%	35.3%		-0.3pp	42.9%		-7.8pp	25.3%	10pp	79.7%	-45pp
EPS, EUR	**0.021**	**0.021**	**0.00**	**1%**	**0.033**	**-0.01**	-37%	**0.02**	-1%	**0.07**	-68%
Sales											
Management company business	11.1	12.4	-1.4	-11%				13.7	-19%	12.6	-12%
- excluding carried interest	10.8	11.4	-0.6	-5%				10.9	0%	11.6	-6%
- carried interest	0.3	1.0	-0.7	-74%				2.8	-91%	1.0	-75%
Services	2.5	2.7	-0.2	-9%				2.7	-8%	3.1	-19%
Other	0.1	0.2	-0.1	-47%				0.1	4%	0.2	-45%
Adj. EBIT											
Management company business	3.6	4.1	-0.5	-12%				5.0	-28%	4.2	-16%
- excluding carried interest	3.3	3.1	0.2	8%				2.2	53%	3.2	3%
- carried interest	0.3	1.0	-0.7	-74%				2.8	-91%	1.0	-75%
Services	1.4	1.7	-0.3	-17%				1.5	-7%	1.8	-23%
Fair value changes, Investments	0.9	0.9	-0.1	-6%				-0.4	-315%	7.9	-89%
Other	-1.1	-1.3	0.2	-17%				-1.9	-45%	-1.3	-22%

Source: Nordea estimates, Refinitiv consenus and company data

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Nordea analyst: Joni Sandvall

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

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

Web: For disclosures and disclaimers, please click this link

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