

23 November 2023

## Commissioned research: Taaleri – Takeaways from capital markets day

*Marketing material commissioned by Taaleri*




Taaleri hosted its capital markets day yesterday. The event did not offer any large surprises after the company announced its strategy and financial targets already on 21 November. We make couple of remarks from the event. **1) Growth drivers** for the strategy period starting from 2024 are clearly bioindustry and internationalization. The company aims to ramp-up the bioindustry offering and targets EUR 600m AuM by the end of 2026 (EUR 160m at the end of Q3 2023) while aiming for above EUR 100m, direct investments through balance sheet. We note the company could release some EUR 30m from its non-strategic investments into direct investments within bioindustry. In addition, exit of old wind funds should release some capital in 2024 that can be directed into investment. Taaleri aims to become a meaningful industrial operator in evolving bioindustry ecosystem and noted that EUR 100m investments are dividend into selected targets. Hence, we believe the company is targeting slightly larger (EUR ~20m), more mature targets, that can be scaled up with additional investments. **2)** In total, the company targets EUR 4bn AuM by the end of 2026, which we view ambitious. As part of the target, in addition to Bioindustry, the company aims to reach EUR 1.9bn AuM in Renewable Energy (EUR 1.6bn in Q3) and EUR 1.4bn in Real estate (EUR 700m in Q3). Target AuM requires some mandates in renewable energy. **3)** In order to reach EUR 4bn AuM by 2026, the company aims to further expand its investor base. The company targets more than 50% of the AuM in new funds to be from non-Finnish investors, while the company aims to establish physical presence in its key geographies. **4) In Garantia**, the company aims to improve utilization rates of the existing distribution channels and enter into Nordic corporate credit risk insurance market. We believe the company has capabilities to scale up Garantia business, while expansion to Nordic market likely increases the risk of the operations. **5) Fund pipeline** is built on Bioindustry and Renewable Energy, while the company is also aiming to utilize its expertise within real estate (through M&A and new product offerings). We were left with impression that there would not be any major fund announcements in 2024, while in 2025, Taaleri could launch new Bio funds. Following investments in SolarWind III, new flagship fund could soft launch already in 2026. **As a conclusion**, change in capital allocation could cause some pressure on DPS estimates, while higher level of direct investments likely increases investment income, although not in near-term. LSEG consensus is expecting EUR 0.61 DPS for 2023E, while we have modelled EUR 0.45 dividend and EUR 0.25 extraordinary dividend for 2023E. In addition, we note that AuM target of EUR 4bn requires successful ramp-up of the Bioindustry and recovery in the real estate market. However, we note the stable platform where the company can build its offering, while Garantia is likely to offer solid cash flow that can be funneled into shareholder remuneration and direct investments.

## Taaleri's strategic priorities 2024-

			
<p>1 Grow within our business areas through both funds under management and direct investments</p>	<p>2 Make substantial industrial investments and co-operate with industrial partners especially in the bioindustry ecosystem</p>	<p>3 Expand our investor base outside of Finland and partner with international organisations on investments</p>	<p>4 Develop impact and sustainability in all investments throughout their lifecycle</p>

Source: Company data

## Long-term financial targets

 <p><b>Growth</b> <b>&gt;15%</b></p> <p>Growth in Group continuing earnings and performance fees p.a.</p>	 <p><b>Return on equity</b> <b>&gt;15%</b></p> <p>ROE</p>	 <p><b>Dividend</b> <b>&gt;50%</b></p> <p>Payout of the FY profit</p>
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Source: Company data

## Strategic roadmap for Taaleri

2024	2025	2026	2026 target <b>AUM</b> <b>EUR 4 bn</b>  <b>Direct investments</b> <b>&gt; MEUR 100</b>
<ul style="list-style-type: none"> <li>SolarWind III near final close</li> <li>Exit of Wind II &amp; III funds</li> <li>Build Bioindustry direct investments and team</li> <li>Grow Real Estate business through launch of new products and M&amp;A</li> <li>Establish distribution capabilities globally</li> <li>Garantia entering the Nordic corporate credit risk insurance market through new partnerships</li> </ul>	<ul style="list-style-type: none"> <li>SolarWind III final close</li> <li>Launch new Bioindustry funds</li> <li>Execute Bioindustry direct investments</li> <li>Continue to grow Real Estate business internationally</li> <li>Garantia growing the underwriting volume of corporate credit risk insurance in the Nordics</li> </ul>	<ul style="list-style-type: none"> <li>Exit of SolarWind I fund</li> <li>Prepare launch of SolarWind IV</li> <li>Launch Bioindustry Fund II</li> <li>Expand Bioindustry direct investments</li> <li>Grow Real Estate business</li> <li>Established presence for Garantia in the Nordics</li> </ul>	
<b>Must-haves:</b> Quality in execution, talent attraction & retention and cost-effectiveness			

Source: Company data

## SUMMARY TABLE - KEY FIGURES

EURm	2020	2021	2022	2023E	2024E	2025E
Total revenue	69	73	56	70	69	63
EBITDA (adj)	24	32	30	38	32	25
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)	0.46	4.81	0.81	1.08	0.89	0.69
EPS (adj) growth	11.8%	947.1%	-83.2%	34.2%	-17.9%	-22.7%
DPS (ord, EUR)	1.32	0.40	0.45	0.45	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.	2.3	13.8	8.2	9.9	12.8
P/BV	n.a.	1.4	1.6	1.2	1.1	1.1
Dividend yield (ord)	n.a.	3.6%	4.0%	5.1%	5.7%	6.2%
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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