4 October 2024

Commissioned research: CapMan – Divests service business CaPS for EUR 75m

Marketing material commissioned by CapMan

CapMan announced today that it has signed an agreement to sell its ownership of CapMan Procurement Services (CaPS) together with CaPS' minority shareholders for EUR 75m, including EUR 5m earnout. CapMan's ownership of CaPS is currently 92.7% and the deal is expected to close 31 October 2024. CaPS had EBIT of EUR 5.9m in 2023, and the full debt free purchase price corresponds to 2023 EV/EBIT of 12.7x (11.1x on our 2024E estimates, while CapMan was trading at 10.9x for 2024E on yesterday's close price). CapMan will realise an immediate cash flow effect of EUR ~60m and plans to use the proceeds to grow the private asset fund management business, decrease interest bearing debt and enable strong dividend distribution during the coming years. CapMan's BoD is expecting to propose a dividend of EUR 0.14 per share, while we had previously estimated EUR 0.11 per share for 2024. Based on our talks with the company, CapMan will focus its capital to its core strategy, growing the management company business and CaPS being non-core business would have required significant investments going forward (e.g. for further international expansion). We view the transaction positively as it allows CapMan to invest in the growth of its management company business and supports dividend payment.

CaPS divestment summary

- Debt free cash purchase price of EUR 75m, including EUR 5m earnout subject to certain 2025 operating targets. CapMan owns 92.7% of CaPS. (2023 EV/EBIT of 12.7x, 2024E EV/EBIT of 11.1x)
- Deal is expected to close on 31 October with no conditions precedent to closing.
- Immediate cash flow impact of EUR 60m, positive EPS impact of EUR ~0.33
- Funds will be used to grow the private asset fund management business, decrease interest bearing debt and enable strong dividend distribution.
- CapMan's BoD expects to propose a total dividend of EUR 0.14 per share for the AGM in 2025
- **About CaPS:** CaPS is a centralised procurement service business, aiming to decrease costs on non-strategic products and services for its more than 300 member companies in Finland, Sweden and the Baltics. CaPS had a 2023 revenue of EUR 10.2m and operating profit of EUR 5.9m (58% margin).
- **Grounds for divestment:** Based on our talks with the company, CaPS has reached its peak under CapMan's ownership and would have required significant investments to grow further

(despite being non-core business), e.g. through further international expansion. The deal allows CapMan to focus its capital on its core business and to fuel growth of its management company business, which we see positively.

SUMMARY TABLE - KEY FIGURES

EURm	2018	2019	2020	2021	2022	2023	2024E	2025E	2026E
Total revenue	36.0	49.0	43.0	52.8	67.5	59.4	72.0	79.2	81.5
EBIT (adj)	12.0	25.1	12.3	44.6	55.7	6.7	32.3	41.5	42.0
EBIT (adj) margin	33.2%	51.1%	28.7%	84.6%	82.5%	11.3%	44.8%	52.4%	51.5%
EPS (adj), EUR	0.05	0.12	0.03	0.22	0.27	0.02	0.11	0.17	0.17
EPS (adj) growth	-49.7%	127.1%	-72.2%	564.4%	22.6%	-92.0%	418.4%	51.8%	1.6%
DPS (ord), EUR	0.12	0.13	0.14	0.15	0.17	0.10	0.11	0.12	0.13
EV/Sales	6.2	7.7	9.0	9.4	6.9	7.0	4.9	4.0	3.5
EV/EBIT (adj)	18.6	15.0	31.3	11.1	8.3	61.9	10.9	7.7	6.8
P/E (adj)	28.2	19.8	70.2	13.8	10.1	107.1	16.1	10.6	10.4
P/BV	1.9	2.8	3.2	3.7	3.0	3.5	2.0	1.9	1.8
Dividend yield (ord)	8.2%	5.5%	6.0%	4.9%	6.3%	4.4%	6.2%	6.7%	7.3%
Net debt	5	16	25	18	37	53	49	36	25
Net debt/EBITDA	0.4	0.8	2.7	1.5	1.8	4.3	1.5	0.8	0.6

Source: Company data and Nordea estimates

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