

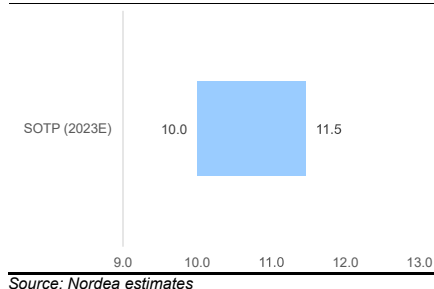
## KEY DATA

Stock country	Finland
Bloomberg	TAALA.FH
Reuters	TAALA.HE
Share price (close)	EUR 11.34
Free Float	72%
Market cap. (bn)	EUR 0.32/EUR 0.32
Website	taaleri.com
Next report date	03 May 2023

## PERFORMANCE



## VALUATION APPROACH (EUR/SHARE)



## ESTIMATE CHANGES

Year	2023E	2024E	2025E
Sales	2%	4%	0%
EBIT (adj)	5%	9%	-1%

Source: Nordea estimates

## Waiting for SolarWind III

Taaleri's Q4 was a mixed bag with higher-than-anticipated carry, while investment operations fell short of our expectations. Recurring revenue from private asset management was 2% above our expectations; underlying EBIT fell slightly short of our expectations. Taaleri has two funds that are expected to have closings during H1. We expect SolarWind III to have its first close in Q2, boosting recurring revenue, while we assume Bio I to have its final close in Q2. Garantia continued its strong underlying performance with a healthy combined ratio of 23.9%. The dividend proposal fell short of expectations and we believe the company is maintaining high liquidity to conduct M&A if potential targets emerge. We derive a fair value range of EUR 10.0-11.5 (10.8-12.3) per Taaleri share.

## No drama in underlying operations

Based on segment reporting, Taaleri reported EBIT of EUR 7.1m, 24% below Refinitiv consensus at EUR 9.3m. Recurring revenues of EUR 11.7m were 3% above our estimate, driven by private asset management fees and a robust performance from Garantia. Private asset management EBIT of EUR 12.3m was supported by EUR 12.4m of carry and EUR 0.8m in investment gains. When adjusting for these, underlying EBIT was EUR -0.9m, slightly below our estimate of EUR -0.7m. Strategic investments EBIT was burdened by EUR 2.8m in investment losses; adjusting for these, underlying profitability was well above our forecast. Garantia's combined ratio was solid, at 23.9%, while solvency improved to 231% from 219% a year ago. Garantia's dividend of EUR 10m to Taaleri was below our expectation of EUR 11m. The dividend proposal of EUR 0.70 was also well below consensus at EUR 0.99. We believe the company is maintaining higher liquidity for M&A if potential targets emerge.

## Limited underlying estimate revisions – upping carry

We lower recurring revenues by 1-2% for 2023E-25E, while we lift adjusted EBIT from segments by 4-8% for 2023E-24E and lower it by 1% for 2025E. We acknowledge the high uncertainty related to investment income due to market volatility, but we believe Taaleri can stay on its positive recurring revenue trajectory owing to its new flagship fund and Bio ramp-up. For first close in H1, we expect EUR 200m in commitments to SolarWind III and maintain our total commitment estimate of EUR 700m by the end of 2024. We also raise carried interest expectations from old wind funds. We derive a fair value range of EUR 10.0-11.5 (10.8-12.3), based on an SOTP valuation using our 2023 estimates.

## SUMMARY TABLE - KEY FIGURES

EURm	2019	2020	2021	2022	2023E	2024E	2025E
Total revenue	67	69	73	61	71	74	67
EBITDA (adj)	23	24	32	32	32	34	26
EBIT (adj)	21	21	32	30	31	34	25
EBIT (adj) margin	30.8%	30.3%	43.6%	49.9%	44.2%	45.2%	38.0%
EPS (adj, EUR)	0.41	0.46	4.81	0.85	0.91	0.97	0.73
EPS (adj) growth	n.a.	11.8%	947.1%	-82.3%	6.4%	7.5%	-25.1%
DPS (ord, EUR)	0.16	1.32	0.40	0.45	0.50	0.55	0.60
EV/Sales	4.1	3.8	3.8	4.6	4.3	3.9	4.3
EV/EBIT (adj)	13.4	12.4	8.6	9.1	9.8	8.6	11.4
P/E (adj)	20.5	17.7	2.3	13.1	13.4	12.5	16.6
P/BV	1.9	1.7	1.4	1.6	1.6	1.6	1.6
Dividend yield (ord)	1.9%	16.3%	3.6%	4.0%	4.1%	4.5%	5.0%
FCF Yield bef A&D, lease adj	3.0%	0.0%	40.3%	11.5%	5.9%	7.3%	6.8%
Net debt	38	32	-44	-38	-37	-54	-54
Net debt/EBITDA	1.6	1.4	-1.4	-1.2	-1.2	-1.6	-2.1
ROIC after tax	14.8%	7.4%	10.5%	9.7%	9.9%	10.6%	8.2%

Source: Company data and Nordea estimates

## Nordea IB &amp; Equity - Analysts

Joni Sandvall  
AnalystSvante Krokfors  
Director

## Q4 2022 results and deviation

Taaleri reported Q4 EBIT of EUR 7.1m, which was 24% below Refinitiv consensus of EUR 9.3m. Based on segment reporting, Q4 total income was EUR 17.3m, 2% above our estimate of EUR 17.0m. Recurring revenues were EUR 11.7m, beating our estimate by 3%. Fair value changes of investments were EUR +2.4m, while we had anticipated EUR +1.5m. Investment operations income of EUR -6.7m came in clearly below our estimate of EUR 0.6m. As the company recorded EUR 12.4m in carry for Q4 (we expected EUR 5m), private asset management EBIT beat our estimate clearly. If we adjust for carry, private asset management EBIT was EUR 0.0m versus our EUR -0.6m estimate. The dividend proposal was EUR 0.70 (consensus: EUR 0.99). Private asset management recurring revenues came in 2% above our estimate. Thus, underlying operations continued to perform well in Q4. Garantia's loan losses remained at a low level (0.9%), while net premiums were flat y/y, whereas we had anticipated a 6% decline against tough comps. The combined ratio remained at a strong level at 23.9%, beating our estimate of 34.6%. Solvency was 231.3%, including a EUR 10m dividend received (we had anticipated EUR 11m). Private asset management AuM were up 13% y/y to EUR 2.5bn (EUR 2.2bn in 2021). SolarWind III is expected to reach first closing in early 2023 with a target of EUR 700m in commitments.

### Private asset management slightly below our estimate adjusted for carry and investment gains

Taaleri's private asset management total income was EUR 18.9m, clearly above our estimate.

Recurring revenues of EUR 5.7m came in 2% above our estimate of EUR 5.5m.

Private asset management EBIT was EUR 12.3m, clearly above our estimate of EUR 4.3m, driven by carry (EUR 12.4m, versus our forecast of EUR 5m) and EUR 0.8m in investment gains.

AuM increased 13% y/y to EUR 2.5bn after EUR 2.5bn in Q3 2022 and EUR 2.2bn in Q4 2021.

Renewable energy recurring revenues were EUR 3.7m (our estimate: EUR 3.6m), while EBIT was EUR 9.0m (our estimate: EUR 4.9m). Income was burdened by EUR -1m from investment operations (we expected EUR -0.1m) and EUR 10.3m from carry (we estimated EUR 5m).

Other private asset management operating income was EUR 5.8m (our forecast: EUR 1.9m), while EBIT was EUR 3.3m (our estimate: EUR -0.6m). Other private asset management benefitted from EUR 2.0m in carry and EUR 1.8m in investment gains (we had modelled EUR 0m).

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

Taaleri's guarantee insurance company Garantia reported total income of EUR 2.9m, consisting of EUR 5.7m in recurring revenues (our estimate: EUR 5.2m) and EUR -3.3m in investment gains (we expected EUR 0.7m).

Earned net premiums were flat y/y (+15% in Q3, -8% in Q2 and +4% in Q1) at EUR 5.7m in Q4, above our estimate of EUR 5.3m.

Strategic investments EBIT of EUR 1.6m came in below our EUR 4.1m estimate due to a EUR -2.8m investment loss. Aktia shareholdings had a EUR 0.5m positive impact in Q4.

The combined ratio was strong at 23.9% (our forecast: 34.6%). The solvency ratio was 231%, above our estimate of 218%.

The guarantee insurance portfolio was up 10% y/y to EUR 1,862m (our estimate: EUR 1,831m), driven by a 19% y/y increase in consumer exposure.

### Guidance and fund pipeline

Taaleri does not provide a short-term outlook. The company expects SolarWind III to reach first closing in H1 2023.

#### Q4 2022 DEVIATION TABLE

EURm	Actual Q4 2022	NDA est. Q4 2022E	Deviation vs. actual		Consensus Q4 2022E	Deviation vs. actual		Actual Q3 2022	q/q	Actual Q4 2021	y/y
Sales	20.1	17.7	2.5	14%	19.3	0.8	4%	19.9	1%	30.2	-33%
EBIT	7.1	7.1	0.0	0%	9.3	-2.2	-24%	18.3	-61%	14.7	-52%
EBIT margin	35.2%	40.3%		n.m.	48.3%		n.m.	91.9%	-56.7pp	48.5%	-13.3pp
PTP	6.8	6.9	-0.1	-1%	10.0	-3.2	-32%	18.3	-63%	14.4	-53%
PTP margin	34.0%	39.3%		n.m.	51.7%		n.m.	91.7%	-57.8pp	47.7%	-13.7pp
Adj. EPS	0.25	0.20	0.05	23%	0.24	-0.04	4%	0.55	-55%	0.42	-41%
EPS	0.25	0.20	0.05	23%	0.24	-0.04	4%	0.55	-55%	0.42	-41%
DPS	0.70	1.00	-0.30	-30%	0.99	0.01	-29%			1.20	-42%
<b>Segment reporting</b>											
<b>Recurring revenues</b>											
Private asset management	5.7	5.5	0.1	2%				5.3	6%	5.4	4%
Strategic investments	5.7	5.2	0.5	9%				4.4	27%	5.5	2%
Other	0.4	0.7	-0.3	-45%				0.7	-52%	0.5	-24%
TOTAL	11.7	11.4	0.3	3%				10.5	11%	11.4	2%
<b>Total income</b>											
Private asset management	18.9	10.5	8.4	80%				12.6	50%	16.2	16%
Strategic investments	2.9	5.8	-2.9	-50%				6.1	-52%	9.4	-69%
Other	-4.5	0.7	-5.2	-748%				8.3	-154%	3.8	-219%
TOTAL	17.3	17.0	0.3	2%				26.9	-36%	29.4	-41%
<b>EBIT</b>											
Private asset management	12.3	4.3	8.0	186%				7.0	76%	7.3	68%
Strategic investments	1.6	4.1	-2.5	-61%				4.9	-67%	7.3	-78%
Other	-6.8	-1.2	-5.6	470%				6.6	-203%	0.0	#####
TOTAL	7.1	7.2	-0.1	-2%				18.5	-62%	14.7	-52%
<b>EBIT margin</b>											
Private asset management	65.3%	41.1%		24.3pp				55.7%	9.6pp	45.3%	20.0pp
Strategic investments	54.7%	70.6%		-16pp				80.2%	n.m.	77.8%	-23pp
Other	152.9%	-173.9%		327pp				79.8%	73.1pp	0.0%	153pp
TOTAL	41.0%	42.5%		-1.5pp				68.6%	-27.7pp	49.9%	-9.0pp

Source: Company data, Refinitiv and Nordea estimates

# Estimate revisions

## ESTIMATE REVISIONS AFTER THE Q4 2022 REPORT (EPS/DPS IN EUR)

EURm	New estimates				Old estimates				Difference %			
	Q1 2023E	2023E	2024E	2025E	Q1 2023E	2023E	2024E	2025E	Q1 2023E	2023E	2024E	2025E
Sales	11.6	70.6	74.2	66.8	n.a.	68.9	71.2	66.8	n.a.	2%	4%	0%
EBIT	2.8	31.2	33.5	25.4	n.a.	29.8	30.8	25.6	n.a.	5%	9%	-1%
EBIT margin	24%	44.2%	45.2%	38.0%	n.a.	43.3%	43.3%	38.3%	n.a.	0.9pp	1.9pp	-0.4pp
<b>PTP</b>	<b>2.5</b>	<b>30.1</b>	<b>32.4</b>	<b>24.3</b>	<b>n.a.</b>	<b>28.8</b>	<b>29.8</b>	<b>24.5</b>	<b>n.a.</b>	<b>5%</b>	<b>9%</b>	<b>-1%</b>
PTP margin	22%	42.7%	43.7%	36.3%	n.a.	41.8%	41.9%	36.8%	n.a.	0.9pp	1.9pp	-0.4pp
Adj. EPS	0.08	0.91	0.97	0.73	n.a.	0.87	0.90	0.74	n.a.	4%	8%	-2%
EPS	0.08	0.91	0.97	0.73	n.a.	0.9	0.9	0.7	n.a.	4%	8%	-2%
DPS		0.75	0.80	0.85		0.90	0.95	0.60		-17%	-16%	42%
<b>Segment reporting</b>	<b>Q1 2023E</b>	<b>2023E</b>	<b>2024E</b>	<b>2025E</b>	<b>Q1 2023E</b>	<b>2023E</b>	<b>2024E</b>	<b>2025E</b>	<b>Q1 2023E</b>	<b>2023E</b>	<b>2024E</b>	<b>2025E</b>
<b>Recurring revenues</b>												
Private asset management	0.0	26.3	29.5	30.7	n.a.	26.6	30.1	n.a.	n.a.	-1%	-2%	n.a.
Strategic investments	0.0	18.8	19.7	20.2	n.a.	18.1	19.2	n.a.	n.a.	4%	2%	n.a.
Other	0.0	1.9	2.1	2.1	n.a.	2.7	2.9	n.a.	n.a.	-30%	-28%	n.a.
<b>TOTAL</b>	<b>0.0</b>	<b>47.0</b>	<b>51.2</b>	<b>53.0</b>	<b>n.a.</b>	<b>47.4</b>	<b>52.2</b>	<b>n.a.</b>	<b>n.a.</b>	<b>-1%</b>	<b>-2%</b>	<b>n.a.</b>
<b>Total income</b>												
Private asset management	0.0	40.7	42.9	36.8	n.a.	39.0	39.9	n.a.	n.a.	4%	8%	n.a.
Strategic investments	0.0	22.6	23.8	24.5	n.a.	21.8	23.0	n.a.	n.a.	4%	3%	n.a.
Other	0.0	3.9	4.1	2.1	n.a.	4.7	4.9	n.a.	n.a.	-17%	-16%	n.a.
<b>TOTAL</b>	<b>0.0</b>	<b>67.2</b>	<b>70.7</b>	<b>63.4</b>	<b>n.a.</b>	<b>65.5</b>	<b>67.8</b>	<b>n.a.</b>	<b>n.a.</b>	<b>3%</b>	<b>4%</b>	<b>n.a.</b>
<b>Operating profit</b>												
Private asset management	0.0	16.9	18.0	11.4	n.a.	15.7	15.5	n.a.	n.a.	8%	16%	n.a.
Strategic investments	0.0	17.6	18.6	19.2	n.a.	16.2	17.3	n.a.	n.a.	8%	7%	n.a.
Other	0.0	-3.3	-3.3	-5.4	n.a.	-2.1	-2.0	n.a.	n.a.	61%	64%	n.a.
<b>TOTAL</b>	<b>0.0</b>	<b>31.2</b>	<b>33.4</b>	<b>25.2</b>	<b>n.a.</b>	<b>29.8</b>	<b>30.8</b>	<b>n.a.</b>	<b>n.a.</b>	<b>4%</b>	<b>8%</b>	<b>n.a.</b>
<b>Operating profit margin</b>												
Private asset management	#DIV/0!	41.5%	42.0%	30.9%	n.a.	40.2%	38.9%	n.a.	n.a.	1.3pp	3.2pp	n.a.
Strategic investments	#DIV/0!	77.7%	78.3%	78.5%	n.a.	74.4%	75.2%	n.a.	n.a.	3.3pp	3.1pp	n.a.
Other	#DIV/0!	-86.0%	-80.2%	-259.7%	n.a.	-44.2%	-40.8%	n.a.	n.a.	-42pp	-39pp	n.a.
<b>TOTAL</b>	<b>#DIV/0!</b>	<b>46.4%</b>	<b>47.2%</b>	<b>39.8%</b>	<b>n.a.</b>	<b>45.6%</b>	<b>45.5%</b>	<b>n.a.</b>	<b>n.a.</b>	<b>0.8pp</b>	<b>1.7pp</b>	<b>n.a.</b>

Source: Nordea estimates

# Valuation

We calculate an SOTP-derived fair value range of EUR 10.0-11.5 per Taaleri share. We use peer group multiples to value Taaleri's private equity business. In addition, due to the solid and stable outlook for Garantia, we use a dividend discount model to value the guarantee insurance part of Taaleri. We derive two different peer groups, one for renewable energy and another for private asset management.

## SOTP valuation yields EUR 10.0-11.5 fair value range

We think an SOTP valuation is most relevant for Taaleri. However, we use different valuation methods for the company's asset management business and Garantia due to their different characteristics. We believe peer multiples are the logical means of valuing the company's private asset management business, despite it being in a ramp-up phase, while we are inclined to use a dividend discount model to value Garantia due to its stable business model and fairly stable dividend outlook.

We do not believe a traditional DCF-based valuation is well suited for Taaleri due to its high dependency on unannounced funds.

We derive two different peer groups for Taaleri: one for renewable energy and another for other private asset management. Although there are multiple Finnish peers for Taaleri, we are hesitant to use a broad peer group due to insufficient coverage of these names. Hence, our peer group for other private asset management consists of four companies. For renewable energy, we use a broader peer group of European asset managers and companies exposed to renewable energy infrastructure. Our peer group for renewable energy consists of nine European companies.

### RENEWABLE ENERGY PEER GROUP

Renewable energy peers	Country	Price		Mcap		Net Debt				EV/EBIT			P/E			Div yield %	
		Local	EURm	2020	2021	2022E	2023E	2021	2022E	2023E	2021	2022E	2023E	2021	2022E		
Ox2 Ab (Publ)	Sweden	78.0	1,908	-286	33.3	15.3	19.0	58.1	24.5	29.0	0.0 %	0.0 %					
Abo Wind Ag	Germany	87.8	810	104	43.6	29.5	25.3	58.5	40.8	34.6	0.6 %	0.6 %					
Capman Oyj	Finland	3.0	472	39	11.5	9.6	11.3	14.2	11.9	14.0	5.0 %	5.4 %					
Eq1 Ab	Sweden	250.0	26,615		54.2	31.6	20.6	22.2	35.4	21.2	1.8 %	1.3 %					
Acciona Sa	UK	183.3	10,055	6,449	16.3	13.5	13.4	30.1	23.2	19.1	2.2 %	2.4 %					
Energiekontor Ag	UK	70.8	990	314	21.1	18.5	14.5	28.1	26.5	19.9	1.1 %	1.2 %					
Eolus Vind Ab (Publ)	UK	101.1	215	-32		25.6	6.9			10.7	1.5 %	1.8 %					
Pne Ag	UK	17.0	1,305	449	116.5	317.0	43.7	51.6	284.0	335.8	0.2 %	0.2 %					
Scatec Asa	Norway	70.8	1,032	1,919	19.9	46.5	15.1	26.6		20.2	2.3 %	3.3 %					
<b>Median</b>			1,032	209	27.2	25.6	15.1	29.1	26.5	20.2	1.5 %	1.3 %					
Average			4,822	1,119	39.6	56.4	18.9	36.2	63.8	56.1	1.6 %	1.8 %					
Nordea																	
<b>Taaleri Oyj</b>	Finland	11.3	321	32	8.6	9.1	9.8	2.3	13.1	13.4	10.7 %	6.3 %					
Discount/premium					-68%	-64%	-35%	-92%	-50%	-34%	602%	369%					

Note: share prices as of 16 February

Source: Refinitiv and Nordea estimates

### OTHER PRIVATE ASSET MANAGEMENT PEERS

Finnish peers	Country	Price		Mcap		Net Debt				EV/EBIT			P/E			Div yield %	
		Local	EURm	2020	2021	2022E	2023E	2021	2022E	2023E	2021	2022E	2023E	2021	2022E		
Capman Oyj	Finland	3.0	472	39	11.5	9.6	11.3	14.2	11.9	14.0	5.0 %	5.4 %					
Eq Oyj	Finland	22.6	914	6	20.2	23.9	17.5	24.3	26.0	21.9	4.3 %	4.6 %					
Aktia Bank Abp	Finland	10.9	790					11.5	14.4	9.6	5.0 %	4.1 %					
<b>Median</b>			790	23	15.8	16.8	14.4	14.2	14.4	14.0	5.0 %	4.6 %					
Average			725	23	15.8	16.8	14.4	16.7	17.4	15.2	4.8 %	4.7 %					
Nordea																	
<b>Taaleri Oyj</b>	Finland	11.3	321	32	8.6	9.1	9.8	2.3	13.1	13.4	10.7 %	6.3 %					
Discount/premium					-46%	-45%	-32%	-84%	-9%	-5%	116%	37%					

Note: share prices as of 16 February

Source: Refinitiv and Nordea estimates

As mentioned, we use different peer groups for renewable energy and other private asset management. In addition, we assign lower multiples for performance fees.

Based on our 2023 EBIT estimate for renewable energy excluding performance fees (EUR 5.4m) and accepted valuation multiples of 13-16x, we derive a fair value range of EUR 55-68m for renewable energy. In addition, we derive a fair value range of EUR 22-33m for expected performance fees from renewable energy. Our valuation takes into account the minority share of renewable energy (21%). In total, our fair value range for renewable energy is EUR 78-101m.

Given 2023E EBIT of EUR -3m (excluding performance fees) and EUR 5.4m of performance fees for other private asset management, we derive a fair value range of EUR 7-12m for other private asset management. We assign accepted valuation multiples of 5-7x for other private asset management and 4-6x for performance fees.

In principle, we believe Garantia could pay all of its annual profits to Taaleri. We model a EUR 11m dividend from Garantia to Taaleri in 2023 and an annual EUR 1m increase in dividends until 2026, after which we expect a 1-2.5% annual dividend increase for terminal value. We use a 9.8% cost of equity as a discount factor. Based on this approach, we arrive at a fair value range of EUR 146-167m for Garantia. We note that Garantia paid a EUR 10m dividend to Taaleri from 2022.

We note that Garantia is using FAS accounting as a base for solvency calculations. Hence, the company does not book fair value changes before fair value is lower than the acquisition price. In addition, technically, increasing interest rates should lower future insurance liabilities due to the discount factor and thereby increase the solvency ratio. Taking these factors into consideration, we would not be surprised if Garantia were to pay above EUR 11m in dividends to Taaleri from 2023.

We also deduct group costs and add investments at book value (as of Q4 2022), Aktia shares (0.97 million) at the current market value (EUR 10.9 as of 16 February), 2023E net cash (EUR 37m) and proposed 2022 dividends (EUR 20m) to derive our equity fair value range of EUR 283-324m for Taaleri. As there are 28.3 million shares outstanding, we derive a fair value range of EUR 10.0-11.5 (10.8-12.3) per Taaleri share.

#### SOTP VALUATION FOR TAALERI (EURm AND EUR)

Based on 2023 estimates	Share	Sales	EBIT	Valuation method	EV Range
<b>Private asset management</b>		<b>40.7</b>	<b>14.9</b>	<b>EV/EBIT 5.7x - 7.6x</b>	<b>85 - 113</b>
Renewable energy (excl. performance fees and investments)	79%	28.5	5.4	EV/EBIT 13x - 16x	55 - 68
Performance fees	79%		7.0	EV/EBIT 4x - 6x	22 - 33
Other private asset management (ex. performance fees)	100%	12.2	-3.0	EV/EBIT 5x - 7x	-15 - -21
Performance fees	100%		5.4	EV/EBIT 4x - 6x	22 - 33
<b>Strategic investments (Garantia)</b>	<b>100%</b>	<b>22.6</b>	<b>17.6</b>	<b>DDM</b>	<b>146 - 167</b>
<b>Other excl. investment operations</b>	<b>100%</b>	<b>3.9</b>	<b>-5.3</b>	<b>EV/EBIT 7.7x - 9.2x</b>	<b>-41 to -49</b>
Investments	100%			Book value Q4 22	25
<b>TOTAL</b>			<b>27.2</b>	<b>EV/EBIT 7.9x - 9.4x</b>	<b>215 - 257</b>
Aktia shares				As of 16 February 2023	11
Net cash 2023E					37
2022E dividends					20
Equity value					283 - 324
Number of shares (m)					28.3
<b>Equity per share, EUR</b>					<b>10 - 11.5</b>

Source: Nordea estimates

We note that Taaleri's full earnings potential should be visible after 2023, while we are slightly hesitant to push our valuation approach beyond 2023 due to uncertainties related to fund sizes and the ramping up of the current funds. Given the upcoming first close of SolarWind III, however, we note the possibility of an improving outlook for recurring revenues.

# Detailed estimates

## DETAILED ESTIMATES: SEGMENT REPORTING

Segment reporting, EURm	Q122	Q222	Q322	Q422	Q123E	Q223E	Q323E	Q423E	2021	2022	2023E	2024E	2025E
<b>Income</b>													
<b>Recurring revenues</b>													
Private asset management	4.9	4.8	5.3	5.7	5.5	6.7	6.8	7.3	20.1	20.7	26.3	29.5	30.7
Renewable energy	3.5	3.6	3.7	3.8	3.8	5.0	5.1	5.6	15.2	14.6	19.5	23.1	24.2
Other private asset management	1.4	1.3	1.6	1.9	1.7	1.7	1.7	1.7	4.9	6.1	6.8	6.4	6.4
Strategic investments (Garantia)	3.9	4.0	4.4	5.7	4.0	4.1	4.8	5.9	17.6	18.0	18.8	19.7	20.2
Other	0.5	0.7	0.7	0.4	0.4	0.4	0.4	0.8	3.0	2.4	1.9	2.1	2.1
<b>TOTAL</b>	<b>9.3</b>	<b>9.6</b>	<b>10.5</b>	<b>11.7</b>	<b>9.9</b>	<b>11.1</b>	<b>11.9</b>	<b>14.0</b>	<b>40.7</b>	<b>41.0</b>	<b>47.0</b>	<b>51.2</b>	<b>53.0</b>
<b>Recurring revenues growth y/y</b>													
Private asset management	16%	-14%	10%	4%	12%	39%	28%	29%	9%	3%	27%	12%	4%
Renewable energy	10%	-17%	4%	-10%	7%	40%	38%	50%	6%	-4%	34%	18%	5%
Other private asset management	33%	-5%	28%	48%	26%	34%	5%	-12%	17%	25%	10%	-5%	0%
Strategic investments (Garantia)	7%	-12%	14%	2%	4%	1%	7%	5%	20%	2%	5%	4%	3%
Other	-51%	-23%	63%	-24%	-34%	-52%	-52%	126%	9%	-20%	-21%	11%	0%
<b>TOTAL</b>	<b>4%</b>	<b>-14%</b>	<b>14%</b>	<b>2%</b>	<b>6%</b>	<b>16%</b>	<b>13%</b>	<b>20%</b>	<b>13%</b>	<b>1%</b>	<b>14%</b>	<b>9%</b>	<b>3%</b>
<b>Total income</b>													
Private asset management	5.3	5.8	12.6	18.9	5.5	6.7	6.8	21.7	31.0	42.6	40.7	42.9	36.8
Renewable energy	3.8	4.3	4.5	13.1	3.8	5.0	5.1	14.6	22.0	25.8	28.5	35.5	29.2
Other private asset management	1.5	1.5	8.1	5.8	1.7	1.7	1.7	7.1	9.0	16.8	12.2	7.4	7.5
Strategic investments (Garantia)	0.2	-1.1	6.1	2.9	5.0	5.1	5.8	6.8	30.3	8.1	22.6	23.8	24.5
Other	1.7	7.1	8.3	-4.5	0.4	0.4	0.4	2.8	8.4	12.6	3.9	4.1	2.1
<b>TOTAL</b>	<b>7.2</b>	<b>11.9</b>	<b>26.9</b>	<b>17.3</b>	<b>10.9</b>	<b>12.1</b>	<b>12.9</b>	<b>31.3</b>	<b>69.7</b>	<b>63.2</b>	<b>67.2</b>	<b>70.7</b>	<b>63.4</b>
<b>Income growth y/y</b>													
Private asset management	3%	9%	192%	16%	3%	16%	-46%	15%	41%	37%	-4%	5%	-14%
Renewable energy	-5%	1%	26%	29%	-1%	15%	13%	12%	27%	17%	11%	25%	-18%
Other private asset management	28%	41%	998%	-5%	13%	17%	-79%	24%	98%	87%	-27%	-39%	2%
Strategic investments (Garantia)	-97%	-115%	-8%	-69%	2704%	-570%	-5%	132%	76%	-73%	181%	5%	3%
Other	13%	313%	478%	-219%	-79%	-95%	-96%	-163%	819%	50%	-69%	5%	-49%
<b>TOTAL</b>	<b>-48%</b>	<b>-17%</b>	<b>119%</b>	<b>-41%</b>	<b>52%</b>	<b>2%</b>	<b>-52%</b>	<b>81%</b>	<b>74%</b>	<b>-9%</b>	<b>6%</b>	<b>5%</b>	<b>-10%</b>
<b>EBIT</b>													
Private asset management	0.0	-0.7	7.0	12.3	-0.1	0.9	1.2	14.9	7.5	18.6	16.9	18.0	11.4
Renewable energy	0.6	0.4	1.5	9.0	0.6	1.6	1.8	10.4	7.6	11.5	14.4	20.7	14.2
Other private asset management	-0.6	-1.1	5.5	3.3	-0.7	-0.7	-0.7	4.5	-0.2	7.1	2.5	-2.6	-2.8
Strategic investments (Garantia)	-1.0	-2.3	4.9	1.6	3.9	3.8	4.5	5.4	24.4	3.2	17.6	18.6	19.2
Other	0.3	5.5	6.6	-6.8	-1.0	-1.3	-1.3	0.3	-1.0	5.5	-3.3	-3.3	-5.4
<b>TOTAL</b>	<b>-0.7</b>	<b>2.4</b>	<b>18.5</b>	<b>7.1</b>	<b>2.8</b>	<b>3.3</b>	<b>4.4</b>	<b>20.6</b>	<b>30.8</b>	<b>27.3</b>	<b>31.2</b>	<b>33.4</b>	<b>25.2</b>
<b>EBIT margin</b>													
Private asset management	0.0%	-12.1%	55.7%	65.3%	-1.6%	13.7%	17.1%	68.5%	24.0%	43.8%	41.5%	42.0%	30.9%
Renewable energy	17.0%	8.7%	33.4%	68.7%	15.6%	31.9%	36.0%	71.0%	34.5%	44.7%	50.6%	58.3%	48.6%
Other private asset management	-43%	-74.3%	68.2%	57.9%	-39.7%	-39.7%	-39.7%	63.4%	-1.7%	42.3%	20.4%	-35.5%	-37.8%
Strategic investments (Garantia)	-531%	216%	80.2%	54.8%	76.7%	74.4%	78.7%	80.2%	80.5%	39.3%	77.7%	78.3%	78.5%
Other	18%	76.5%	79.8%	153%	-289%	-375%	-361%	11%	-12.0%	43.9%	-86.0%	-80.2%	-260%
<b>TOTAL</b>	<b>-9%</b>	<b>20.5%</b>	<b>68.6%</b>	<b>41.0%</b>	<b>25.3%</b>	<b>27.6%</b>	<b>34.2%</b>	<b>65.9%</b>	<b>44.2%</b>	<b>43.2%</b>	<b>46.4%</b>	<b>47.2%</b>	<b>39.8%</b>
<b>EBIT excluding investments and performance fees</b>													
Private asset management	-0.4	-1.7	-0.2	-0.9	-0.1	0.9	1.2	0.5	-3.4	-3.2	2.5	4.6	5.2
Renewable energy	0.4	-0.4	0.7	-0.4	0.6	1.6	1.8	1.4	0.8	0.3	5.4	8.3	9.2
Other private asset management	-0.8	-1.3	-0.9	-0.5	-0.7	-0.7	-0.7	-0.9	-4.2	-3.5	-3.0	-3.6	-4.0
Strategic investments (Garantia)	2.7	2.8	3.2	4.3	2.9	2.8	3.5	4.6	11.7	13.1	13.8	14.5	15.0
Other	-0.8	-0.9	-0.9	-2.0	-1.0	-1.3	-1.3	-1.7	-6.4	-4.7	-5.3	-5.3	-5.4
<b>TOTAL</b>	<b>1.5</b>	<b>0.1</b>	<b>2.1</b>	<b>1.5</b>	<b>1.8</b>	<b>2.3</b>	<b>3.4</b>	<b>3.4</b>	<b>1.8</b>	<b>5.2</b>	<b>10.9</b>	<b>13.9</b>	<b>14.8</b>

Source: Company data and Nordea estimates

**DETAILED ESTIMATES: IFRS REPORTING**

IFRS reporting, EURm	Q122	Q222	Q322	Q422	Q123E	Q223E	Q323E	Q423E	2021	2022	2023E	2024E	2025E
Total income	8.1	12.9	19.9	20.1	11.6	12.8	13.6	32.6	72.6	61.0	70.6	74.2	66.8
growth y/y	-33%	-24%	51%	-33%	43%	-1%	-32%	62%	5%	-16%	16%	5%	-10%
Costs	-9.0	-10.7	-1.6	-13.3	-9.1	-9.7	-9.5	-12.3	-46.2	-31.4	-40.5	-41.8	-42.6
growth y/y	21%	-25%	-81%	-16%	1%	-9%	475%	-8%	-11%	-32%	29%	3%	2%
Operating profit	-0.9	2.2	18.3	6.8	2.5	3.1	4.2	20.3	26.4	29.7	30.1	32.4	24.3
margin %	-11%	17%	92%	34%	22%	24%	31%	62%	36%	49%	43%	44%	36%
Taxes	-0.3	-2.1	-2.9	0.3	-0.4	-0.5	-0.6	-3.1	-5.2	-5.1	-4.5	-4.9	-3.6
Profit (continuing operations)	-1.5	0.0	15.1	7.0	2.1	2.6	3.6	17.3	21.2	24.1	25.6	27.6	20.6
Profit (discontinued operations)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	114.9	0.0	0.0	0.0	0.0
Profit for the period	-1.5	0.0	15.1	7.0	2.1	2.6	3.6	17.3	136.1	24.1	25.6	27.6	20.6
EPS (continuing operations), EUR	-0.05	0.00	0.53	0.25	0.08	0.09	0.13	0.61	0.75	0.85	0.91	0.97	0.73
EPS, EUR	-0.04	0.00	0.54	0.25	0.08	0.09	0.13	0.61	4.81	0.85	0.91	0.97	0.73
DPS (ordinary)									0.40	0.45	0.50	0.55	0.60
DPS (extra)									0.80	0.25	0.25	0.25	0.25
DPS (total)									1.20	0.70	0.75	0.80	0.85

Source: Company data and Nordea estimates



# Main risks

Below, we list the main risk factors we find relevant for Taaleri. The purpose of this is not to provide a comprehensive list of all the risks that the company may be subject to, but instead to highlight those that we find most relevant. The main risks we identify relate to the overall economic situation, as this will have implications both for the funds and for Garantia.

A slowdown in economic activity could hamper Taaleri's performance	<p><b>General economy</b></p> <p>Taaleri has benefitted from a favourable macroeconomic environment, which combined with low interest rates has supported housing prices and hence Garantia's business. In addition, demand for alternative investments has fared well in the positive market environment. In the event of an economic slowdown, both Garantia's and fund companies' performances could be negatively affected. Changes in the market environment could affect Taaleri's ability to raise fund commitments, and a slowing transaction market could hinder its ability to make new investments and exit assets.</p>
A cooling of the housing market could affect the real estate operations negatively	<p><b>Housing market</b></p> <p>The recent positive development in the Finnish housing market has benefitted Garantia through high housing market activity, while Taaleri's housing funds have benefitted from lower yield requirements. If the housing transaction market were to cool down, Taaleri's operations in Garantia and real estate funds could be negatively affected.</p>
Low interest rates have supported alternative investments	<p><b>Interest rates</b></p> <p>Low interest rates have supported Taaleri's business through low financing costs and easy funding access. If interest rates were to rise, the availability of funding could become more difficult. In addition, higher interest rates could hamper the valuation of investments and the project pipeline.</p>
Key personnel are important for customer relationships	<p><b>Key personnel</b></p> <p>As a financial player, key personnel play a crucial role in Taaleri's customer relationships. If any key personnel were to leave the company, there could be a risk of customer outflow from Taaleri's funds.</p>
Cooperation with Aktia plays a crucial role for Taaleri	<p><b>Sales channels</b></p> <p>Taaleri cooperates with Aktia on sales of its funds. In order to reach targeted fund sizes, the recently announced cooperation plays a crucial role. In addition, Taaleri is ramping up its institutional sales channel. If the company is not able to ramp up its institutional sales channel or fails in its cooperation with Aktia, the funds' performance could be negatively affected through lower AuM.</p>
Overall economic activity could affect investment values	<p><b>Investments</b></p> <p>Taaleri has around EUR 30m of non-strategic investments that it aims to divest. The market value of these investments could vary greatly depending on the general economic situation.</p>
If not executed well, M&A activity may increase costs	<p><b>Potential M&amp;A</b></p> <p>After divesting its wealth management arm, Taaleri has an overcapitalised balance sheet. M&amp;A could increase costs temporarily, or even longer term in a worst-case scenario if acquisitions were to fail or integration is executed poorly. Hence, it is important for the company to maintain good cost control and clear M&amp;A execution plans so as not to hamper earnings.</p>
A tightening competitive environment could hamper Taaleri's growth prospects	<p><b>Competitive environment</b></p> <p>If the competitive environment regarding alternative investments were to intensify, it could hamper Taaleri's growth and earnings through lower management fees and hinder the company's ability to find investments.</p>

# Reported numbers and forecasts

## INCOME STATEMENT

EURm	2019	2020	2021	2022	2023E	2024E	2025E
Total revenue	67	69	73	61	71	74	67
Revenue growth	n.a.	3.3%	4.6%	-16.0%	15.7%	5.0%	-9.9%
of which organic	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
of which FX	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
EBITDA	23	24	32	32	32	34	26
Depreciation and impairments PPE	-3	-3	-1	-1	-1	-1	-1
of which leased assets	0	0	0	0	0	0	0
EBITA	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Amortisation and impairments	0	0	0	0	0	0	0
EBIT	21	21	32	30	31	34	25
of which associates	0	0	-1	6	-1	-1	-1
Associates excluded from EBIT	0	0	0	0	0	0	0
Net financials	-3	-3	-2	-1	-1	-1	-1
of which lease interest	0	0	0	0	0	0	0
Changes in value, net	-1	0	-3	0	0	0	0
<b>Pre-tax profit</b>	<b>17</b>	<b>18</b>	<b>26</b>	<b>30</b>	<b>30</b>	<b>32</b>	<b>24</b>
Reported taxes	-5	-4	-5	-5	-5	-5	-4
Net profit from continued operations	12	13	21	25	26	28	21
Discontinued operations	0	0	115	0	0	0	0
Minority interests	0	0	0	-1	0	0	0
Net profit to equity	12	13	136	24	26	28	21
<b>EPS, EUR</b>	<b>0.41</b>	<b>0.46</b>	<b>4.81</b>	<b>0.85</b>	<b>0.91</b>	<b>0.97</b>	<b>0.73</b>
DPS, EUR	0.16	1.32	1.20	0.70	0.75	0.80	0.85
of which ordinary	0.16	1.32	0.40	0.45	0.50	0.55	0.60
of which extraordinary	0.00	0.00	0.80	0.25	0.25	0.25	0.25

## Profit margin in percent

EBITDA	34.8%	34.0%	44.7%	51.9%	45.1%	46.0%	38.9%
EBITA	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
EBIT	30.8%	30.3%	43.6%	49.9%	44.2%	45.2%	38.0%

## Adjusted earnings

EBITDA (adj)	23	24	32	32	32	34	26
EBITA (adj)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
EBIT (adj)	21	21	32	30	31	34	25
EPS (adj, EUR)	0.41	0.46	4.81	0.85	0.91	0.97	0.73

## Adjusted profit margins in percent

EBITDA (adj)	34.8%	34.0%	44.7%	51.9%	45.1%	46.0%	38.9%
EBITA (adj)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
EBIT (adj)	30.8%	30.3%	43.6%	49.9%	44.2%	45.2%	38.0%

## Performance metrics

CAGR last 5 years							
Net revenue	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
EBITDA	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
EBIT	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
EPS	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
DPS	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
Average last 5 years							
Average EBIT margin	n.a.	n.a.	n.a.	n.a.	39.8%	42.7%	44.2%
Average EBITDA margin	n.a.	n.a.	n.a.	n.a.	42.1%	44.3%	45.3%

## VALUATION RATIOS - ADJUSTED EARNINGS

EURm	2019	2020	2021	2022	2023E	2024E	2025E
P/E (adj)	20.5	17.7	2.3	13.1	13.4	12.5	16.6
EV/EBITDA (adj)	11.8	11.1	8.4	8.8	9.6	8.5	11.1
EV/EBITA (adj)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
EV/EBIT (adj)	13.4	12.4	8.6	9.1	9.8	8.6	11.4

## VALUATION RATIOS - REPORTED EARNINGS

EURm	2019	2020	2021	2022	2023E	2024E	2025E
P/E	20.5	17.7	2.3	13.1	13.4	12.5	16.6
EV/Sales	4.1	3.8	3.8	4.6	4.3	3.9	4.3
EV/EBITDA	11.8	11.1	8.4	8.8	9.6	8.5	11.1
EV/EBITA	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
EV/EBIT	13.4	12.4	8.6	9.1	9.8	8.6	11.4
Dividend yield (ord.)	1.9%	16.3%	3.6%	4.0%	4.1%	4.5%	5.0%
FCF yield	-1.2%	0.0%	36.9%	8.6%	5.2%	10.5%	6.1%
FCF Yield bef A&D, lease adj	3.0%	0.0%	40.3%	11.5%	5.9%	7.3%	6.8%
Payout ratio	38.9%	287.1%	24.9%	82.3%	82.8%	82.2%	116.6%

Source: Company data and Nordea estimates

**BALANCE SHEET**

EURm	2019	2020	2021	2022E	2023E	2024E	2025E
Intangible assets	7	7	1	0	0	1	1
of which R&D	0	0	0	0	0	0	0
of which other intangibles	1	2	0	0	0	0	0
of which goodwill	5	5	1	0	0	0	0
Tangible assets	4	3	1	0	0	0	0
of which leased assets	0	0	0	0	0	0	0
Shares associates	16	31	50	48	50	39	41
Interest bearing assets	0	0	0	0	0	0	0
Deferred tax assets	2	2	2	3	3	3	3
Other non-IB non-current assets	155	162	169	154	156	157	159
Other non-current assets	18	14	14	13	13	13	13
Total non-current assets	202	219	237	219	223	213	217
Inventory	0	0	0	0	0	0	0
Accounts receivable	23	11	17	29	33	35	31
Short-term leased assets	0	0	0	0	0	0	0
Other current assets	0	0	0	0	0	0	0
Cash and bank	37	32	59	53	53	69	69
Total current assets	60	44	76	82	86	104	100
Assets held for sale	8	5	5	0	0	0	0
<b>Total assets</b>	<b>270</b>	<b>268</b>	<b>319</b>	<b>301</b>	<b>309</b>	<b>317</b>	<b>317</b>
Shareholders equity	126	132	229	202	210	218	217
Of which preferred stocks	0	0	0	0	0	0	0
Of which equity part of hybrid debt	0	0	0	0	0	0	0
Minority interest	0	1	1	0	0	0	0
Total Equity	126	133	230	203	210	218	218
Deferred tax	16	15	17	17	17	17	17
Long term interest bearing debt	76	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Pension provisions	0	0	0	0	0	0	0
Other long-term provisions	32	35	39	44	44	45	45
Other long-term liabilities	20	20	18	21	21	21	21
Non-current lease debt	0	0	0	0	0	0	0
Convertible debt	0	0	0	0	0	0	0
Shareholder debt	0	0	0	0	0	0	0
Hybrid debt	0	0	0	0	0	0	0
Total non-current liabilities	144	135	89	98	99	99	100
Short-term provisions	0	0	0	0	0	0	0
Accounts payable	0	0	0	0	0	0	0
Current lease debt	0	0	0	0	0	0	0
Other current liabilities	0	0	0	0	0	0	0
Short term interest bearing debt	0	0	0	0	0	0	0
Total current liabilities	0	0	0	0	0	0	0
Liabilities for assets held for sale	0	0	0	0	0	0	0
<b>Total liabilities and equity</b>	<b>270</b>	<b>268</b>	<b>319</b>	<b>301</b>	<b>309</b>	<b>317</b>	<b>317</b>
<b>Balance sheet and debt metrics</b>							
Net debt	38	32	-44	-38	-37	-54	-54
of which lease debt	0	0	0	0	0	0	0
Working capital	23	11	17	29	33	35	31
Invested capital	225	230	254	248	256	248	248
Capital employed	201	198	245	218	225	233	233
ROE	18.5%	10.1%	75.5%	11.2%	12.4%	12.9%	9.5%
ROIC	7.4%	10.5%	9.7%	9.9%	10.6%	8.2%	4.5%
ROCE	20.6%	10.6%	14.3%	13.2%	14.1%	14.6%	10.9%
Net debt/EBITDA	1.6	1.4	-1.4	-1.2	-1.2	-1.6	-2.1
Interest coverage	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
Equity ratio	46.6%	49.3%	71.9%	67.3%	67.9%	68.6%	68.5%
Net gearing	30.5%	24.4%	-19.4%	-18.7%	-17.9%	-24.8%	-24.7%

Source: Company data and Nordea estimates

**CASH FLOW STATEMENT**

EURm	2019	2020	2021	2022E	2023E	2024E	2025E
EBITDA (adj) for associates	23	23	34	25	32	35	26
Paid taxes	-3	0	-4	-2	-5	-5	-4
Net financials	0	0	-2	-1	-1	-1	-1
Change in provisions	0	0	0	0	0	0	0
Change in other LT non-IB	-122	-1	-4	23	-1	-1	-1
Cash flow to/from associates	0	0	0	0	0	0	0
Dividends paid to minorities	-1	0	0	0	0	0	0
Other adj to reconcile to cash flow	118	-23	107	-9	0	0	0
<b>Funds from operations (FFO)</b>	<b>15</b>	<b>0</b>	<b>130</b>	<b>36</b>	<b>26</b>	<b>28</b>	<b>21</b>
Change in NWC	-7	0	-1	-8	-4	-2	3
<b>Cash flow from operations (CFO)</b>	<b>9</b>	<b>0</b>	<b>129</b>	<b>28</b>	<b>21</b>	<b>26</b>	<b>24</b>
Capital expenditure	-2	0	-2	8	-1	-1	-1
Free cash flow before A&D	7	0	128	36	20	25	23
Proceeds from sale of assets	0	0	0	0	3	11	0
Acquisitions	-10	0	-11	-9	-6	0	-3
Free cash flow	-3	0	117	27	18	36	21
<b>Free cash flow bef A&amp;D, lease adj</b>	<b>7</b>	<b>0</b>	<b>128</b>	<b>36</b>	<b>20</b>	<b>25</b>	<b>23</b>
Dividends paid	-8	0	-37	-34	-20	-21	-23
Equity issues / buybacks	0	0	0	0	0	0	0
Net change in debt	14	0	-50	0	0	0	0
Other financing adjustments	0	0	0	0	2	2	2
Other non-cash adjustments	35	-5	-3	1	0	0	0
Change in cash	37	-5	27	-6	0	17	0
<b>Cash flow metrics</b>							
Capex/D&A	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
Capex/Sales	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
<b>Key information</b>							
Share price year end (/current)	8	8	11	11	12	12	12
Market cap.	238	230	317	316	322	299	275
Enterprise value	277	263	273	279	285	246	222
Diluted no. of shares, year-end (m)	28.3	28.3	28.3	28.3	28.3	28.3	28.3

Source: Company data and Nordea estimates

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**Completion Date**

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