

Investment Services

**Key data**

Price (EUR)*	6.76
Country	Finland
Bloomberg	TAALA.FH
Reuters	TAALA.HE
Free float	45.0%
Market cap (EURm)	192
No. of shares (m)	28.4
Next event	H1: 13-Aug

\* Price as at close on 7 August 2020

CEO Robin Lindahl  
CFO Minna Smedsten

Company description

Taaleri is a Finnish financial services company. It offers wealth management services and guaranty insurance through its subsidiary Garantia. Taaleri group consists of three divisions: Wealth Management, Financing and Energia.

Ownership structure

Veikko Laine Oy	10.2%
Hermitage Oy	10.0%
Juhani Elomaa excl. related parties	6.1%

Source: Company data

Estimate changes

	20E	21E	22E
Tot inc	-21.8%	-4.7%	1.9%
Op prof	-52.9%	-4.8%	11.5%
EPS (adj.)	-53.0%	-5.6%	8.6%

Source: Danske Bank Equity Research estimates

Analyst(s)

Olli Eloranta  
Antti Koskivuori

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Important disclosures and certifications are contained from page 14 of this report

# Taaleri

## Earnings slump in H1 is only temporary

**We are cutting our 2020E estimates significantly prior to the H1 results because of COVID-19-related impacts mainly on Garantia's investment income and Fellow Finance's mark-to-market loss, as well as the postponement of capital gain from the Texas wind farm sale. However, given strong market recovery since March, the outlook is positive for earnings recovery in H2 and 2021E. Taaleri reports H1 20 on 13 August.**

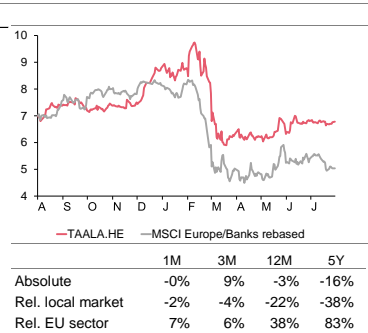
- H1 an exceptional period.** Financial markets in H1 were affected by heavy volatility as market turmoil in Q1 turned to a strong recovery in Q2. Overall, we expect H1 to be Taaleri's weakest half-year report since it was listed, with operating profit at EUR1m (EUR6.4m in H1 19). We estimate that the exceptional market turmoil hit mostly Garantia's investment operations and to a smaller extent management fees, given decreased assets under management (AuM). However, the strong market recovery means Garantia's investment income is not as bad as we had feared in March, and also that operations are set to normalise in H2, provided financial markets are stable. As the earnings slump is only temporary and the fundamentals for natural resource alternative investments, Taaleri's core expertise, are intact, we do not read too much into the weak figures expected in H1.
- Focus on AuM recovery.** Our focus in the H1 result will be on AuM recovery, which is the key driver for Taaleri's continuing earnings. We estimate Taaleri's AuM decreased only 4% h/h from EUR7.1bn to EUR6.8bn, supported by market recovery.
- Estimate changes.** We cut our operating profit estimate for 2020E by 52% from EUR26.1m to EUR12.4m because of 1) Garantia's investment income due to financial market turmoil 2) Fellow Finance's mark-to-market loss (share -37% in H1), 3) lower management fee estimates and 4) deferral of the capital gain from the sale of the Texas wind farm from 2020E to 2022E. We expect earnings to recover in 2021E to EUR24.9m, driven by normalising performance and management fees, as well as Garantia's investment operations.
- Valuation.** Taaleri's shares are down 20% YTD and are trading at a 22% discount to Finnish asset management peers at a 2021E P/E of 9.8x on our estimates. We set our fair value range at EUR7.5-9.0 (EUR9.0-11.0). The lower end of the range implies a 2021E P/E of 11.2x, which is 14% below Taaleri's five-year average P/E 13x. The upper end of the range, on the other hand, implies a 2021E P/E of 14.2x, 9% above the historical average.

### Key financials

Year-end Dec (EUR)	2018	2019	2020E	2021E	2022E
Total income (m)	72.5	67.2	64.2	78.9	97.5
Total income growth	-10.5%	-7.4%	-4.4%	22.8%	23.7%
Total expenses (m)	-48.5	-50.1	-51.8	-54.0	-56.9
Operating profit (m)	23.9	17.0	12.4	24.9	40.6
Operating profit growth	-13.6%	-28.6%	-27.2%	n.m.	63.4%
Operating profit margin	32.9%	25.4%	19.3%	31.5%	41.7%
EPS (adj.)	0.83	0.50	0.34	0.69	1.10
DPS	0.30	0.32	0.34	0.40	0.45
Dividend yield	4.2%	3.8%	5.0%	5.9%	6.7%
ROE	18.9%	8.9%	6.8%	13.4%	19.3%
P/E (adj.) (x)	8.5	16.8	20.1	9.8	6.1
P/BV	1.64	1.70	1.36	1.27	1.12

Source: Company data, Danske Bank Equity Research estimates

### Price performance



Source: FactSet

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*H1 preview*

We have cut our 2020E total income estimate by 22% and operating profit estimate by 53% before the H1 results. We estimate Taaleri's income decreased 30% h/h and 16% y/y to EUR25.9m in H1 due to the COVID-19 pandemic. We expect the company's H1 to be the weakest half-year period in terms of operating profit since Taaleri was listed. We estimate an operating profit of EUR1m in H1, compared to EUR6.4m in H1 19 and EUR10.1m in H2 19. We summarize the impact of COVID-19 on each segment as follows.

- **Wealth Management.** We estimate that the income of the Wealth Management segment has decreased by 25% h/h to EUR17.8m. We expect that COVID-19 took its toll mostly on performance fees in the segment. Moreover, management fees are also set to decrease in H1 compared to H2 19 as AuM was down 8% in Q1, according to Taaleri's trading statement given in April. However, the strong market recovery in Q2 means management fees are set to recover in H2, provided that financial markets are stable. Although inherently difficult to forecast, we also expect market environment for performance fees to be more favourable in H2 at this point.
- **Financing.** For Garantia, the market turmoil hits mainly investment income, which we estimate at EUR-2m in H1. Operations-wise, the key question is how much crisis-related guarantees (e.g. pension loan guarantees) offset the negative impact from the overall slowdown of Finnish economy on the demand for residential mortgage guarantees, commercial bonds and corporate loan guarantees. We do not expect any significant impact from the pandemic on incurred claims in H1.
- **Energia.** COVID-19's impact on the Energia segment is set to be small as management fees are based on either invested or committed capital. However, it is likely that the pandemic has slowed down the sales of SolarWind II fund due to travel restrictions. At this point, we still expect the fund to reach its EUR400m target size by the end of 2020E, although the risk of the fund falling short of its target has increased. Moreover, Taaleri also announced in H1 that it has sold 93% of the Texas wind farm project. The profit impact of the sale will be booked later at a point when Taaleri sells the remaining 7% stake. This means we have postponed our capital gain estimate from the sale from 2020E to 2022E, and also increased our estimate from EUR3.5m to EUR5m.
- **Other operations.** We estimate a EUR-2.9 write-down from the Fellow Finance ownership, as the shares were down 37% in H1 20.

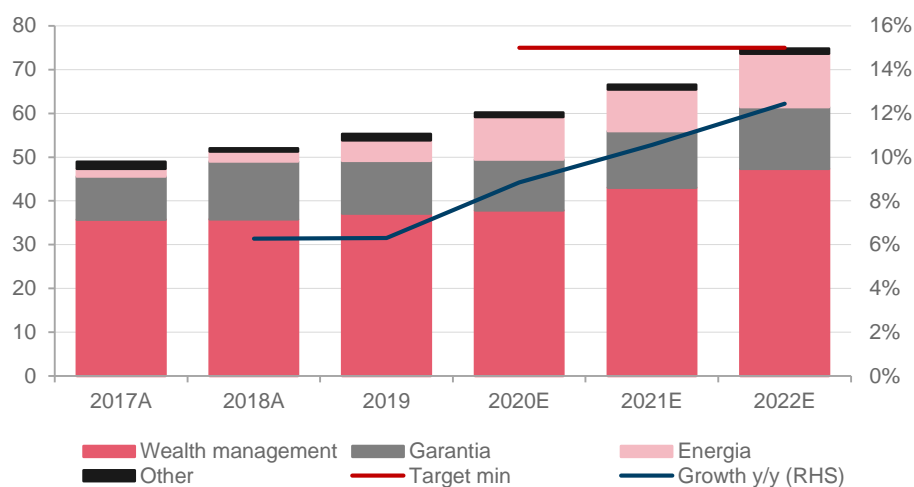
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Table 1: Summary tables

EURm	H1 17A	H2 17A	H1 18A	H2 18A	H1 19A	H2 19A	H1 20E	H2 20E	H1 21E	H2 21E
Total income	36.2	44.8	35.2	37.3	30.9	36.8	25.9	38.3	38.9	40.0
Growth h/h	24.6%	23.8%	-21.4%	5.9%	-17.2%	19.3%	-29.7%	48.1%	1.4%	2.8%
Total expenses	-20.8	-33.2	-23.1	-25.4	-24.5	-25.6	-24.8	-27.0	-26.5	-27.5
Operating profit	15.6	12.0	12.4	11.5	6.4	10.6	1.0	11.4	12.4	12.5
Operating margin	43.1%	26.8%	35.1%	30.8%	20.6%	28.8%	4.0%	29.6%	31.9%	31.1%
<b>Segment revenues</b>										
Wealth Management	23.9	30.7	29.7	19.0	17.2	25.7	19.3	22.5	23.5	24.5
Financing	11.5	10.7	6.8	7.4	10.5	10.8	5.3	8.8	9.5	9.6
Energia	0.8	1.0	1.1	1.2	1.4	3.2	3.7	6.0	4.8	4.8
Other	2.6	0.9	-1.5	10.3	1.8	-3.4	-2.4	1.0	1.1	1.1
<b>Total</b>	<b>38.7</b>	<b>43.3</b>	<b>36.1</b>	<b>37.9</b>	<b>30.9</b>	<b>36.2</b>	<b>25.9</b>	<b>38.3</b>	<b>38.9</b>	<b>40.0</b>
<b>Segment operating profit</b>										
Wealth Management	7.9	8.8	14.1	2.7	2.1	9.7	4.1	6.0	6.4	7.4
Financing	7.9	6.0	2.4	2.5	6.1	6.6	1.0	4.7	6.0	5.7
Energia	-0.7	-0.9	-0.9	-1.4	-1.6	-1.0	0.2	2.2	1.0	1.0
Other	0.5	-1.9	-3.3	7.7	-0.1	-5.3	-4.3	-1.5	-1.0	-1.6
<b>Total</b>	<b>15.6</b>	<b>12.0</b>	<b>12.4</b>	<b>11.5</b>	<b>6.4</b>	<b>10.1</b>	<b>1.0</b>	<b>11.4</b>	<b>12.4</b>	<b>12.5</b>
<b>Operating profit margin</b>										
Wealth Management	32.9%	28.6%	47.6%	14.0%	11.9%	37.9%	21.2%	26.7%	27.2%	30.3%
Financing	68.7%	56.0%	35.4%	34.5%	58.1%	61.7%	18.9%	52.9%	63.3%	58.8%
Energia	-87.1%	-86.0%	-84.3%	-118.6%	-116.5%	-30.3%	6.1%	36.7%	20.0%	20.0%
Other	19.6%	-222.0%	220.1%	75.0%	-5.6%	155.7%	178.4%	-151.0%	-92.0%	-143.9%
<b>Total</b>	<b>40.3%</b>	<b>27.8%</b>	<b>34.3%</b>	<b>30.4%</b>	<b>20.7%</b>	<b>27.8%</b>	<b>4.0%</b>	<b>29.6%</b>	<b>31.9%</b>	<b>31.1%</b>
Reported EPS (EUR)	0.44	0.32	0.32	0.44	0.18	0.23	0.03	0.31	0.35	0.35
Adjusted EPS (EUR)	0.44	0.32	0.32	0.38	0.22	0.29	0.03	0.31	0.35	0.35
<b>AuM</b>										
Mutual funds	1,012	1,083	1,048	911	945	1,023	950	998	1,047	1,079
Private equity funds	957	1,052	1,067	1,024	1,238	1,223	1,220	1,281	1,345	1,412
Wealth management*	3,205	3,316	3,755	3,676	4,138	4,469	4,200	4,400	4,500	4,600
Energia	0	44	44	49	49	272	327	452	452	452
<b>Total AuM</b>	<b>5,300</b>	<b>5,600</b>	<b>6,000</b>	<b>5,700</b>	<b>6,600</b>	<b>7,100</b>	<b>6,837</b>	<b>7,281</b>	<b>7,505</b>	<b>7,703</b>

\*Consists of discretionary and consultative wealth management AuM  
Source: Company data, Danske Bank Equity Research estimates

Chart 1: Continuing earnings 2016-22E (EURm)



Source: Company data, Danske Bank Equity Research estimates

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## Investment case

Taaleri is a Finnish wealth management and insurance group founded in 2007. Taaleri (name derived from the Finnish spelling of 'thaler', an old European silver coin) has 230 employees and was listed on Nasdaq Helsinki First North in 2013 and on the main list in 2016. The company has three divisions: Wealth Management, Financing and Energia. It also makes investments from its own balance sheet, which it reports under Other Operations.

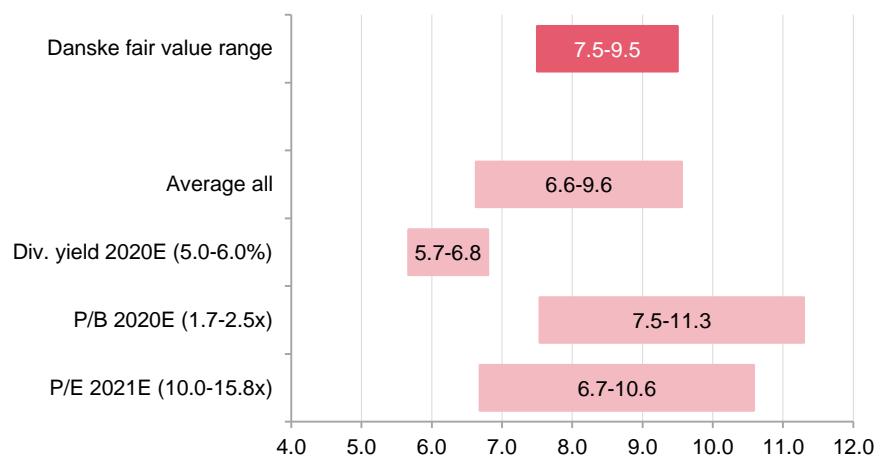
The core of the franchise and key value drivers of the Taaleri Group are wealth management and alternative investments, in particular. The group's key growth and value driver focuses on different property, forest and wind power funds, among others, with AuM of more than EUR1.3bn in Finland.

Throughout its fairly short history, Taaleri has been opportunistic in its business rather than following a clear strategy. The acquisition of guarantee insurance company Garantia in 2016, in particular, demonstrates this. This acquisition had virtually no synergies with the rest of the group. In addition, Taaleri has several minority holdings in different kinds of unlisted companies.

For further details see our report of 27 January 2020: [Taaleri: Alternative investment growth case with a large M&A option](#).

Taaleri's shares have underperformed those of key peers, especially since 2018. We set our fair value range at EUR7.5-9.5 (EUR9.0-11). The range is wide given the very different value of insurance arm Garantia in different scenarios. We believe that a potential larger buyer could leverage the business significantly. The uncertainty is whether it can and will be sold. In this respect, we see Taaleri as an M&A-driven event case.

Chart 2: Taaleri fair value range



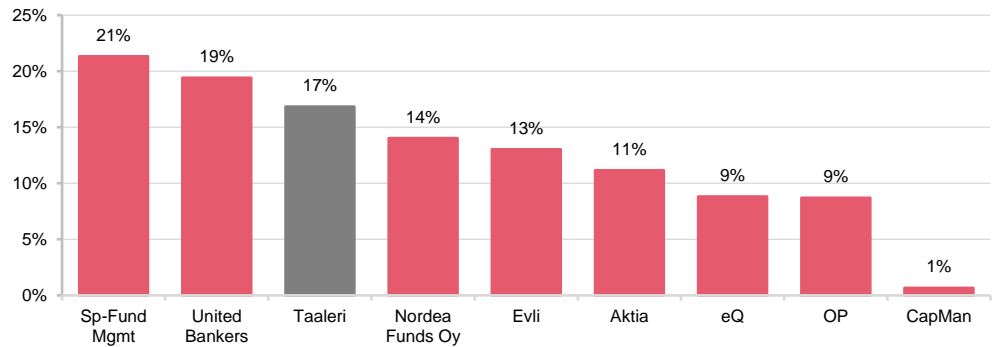
Source: Danske Bank Equity Research estimates

In our opinion, the key positives in the investment case are as follows.

- **Strong record of organic growth in high net worth individual (HNWI) asset management and alternative investment funds, in particular.** Taaleri has a proven record and had the third highest AuM growth (17% CAGR) among Finnish asset managers over 2012-H1 19. Finnish business magazine *Arvopaperi* chose Taaleri as the best wealth manager in Finland in 2019.

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Chart 3: Finnish medium-sized asset managers – assets under management CAGR 2012-H1 19

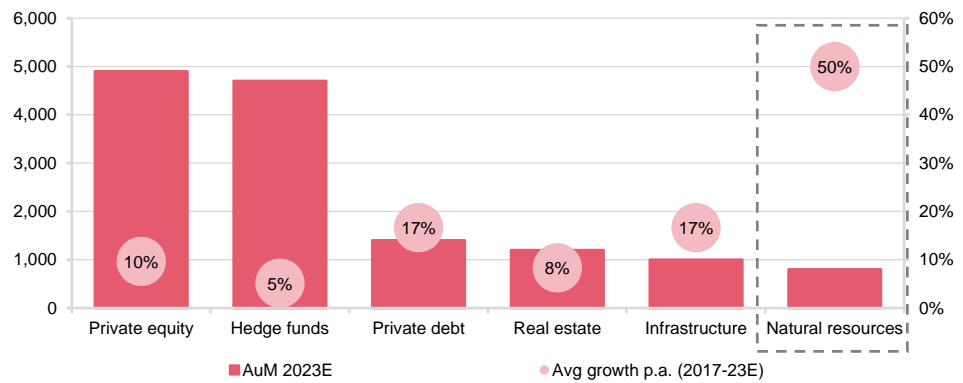


Source: Company data, Danske Bank Equity Research

Taaleri's competitive advantage is in wind and solar alternative investments; Bloomberg expects these assets to have the highest growth globally until 2023E

- Wind and solar funds creating new, sustainable business opportunities.** Taaleri's Energy division has one of the largest dedicated wind and solar investment teams in Europe and is the largest private equity owner-operator in the Finnish wind market, with 110 turbines producing approximately 1% of all the country's electricity. Infrastructure investments in wind and solar power are the main drivers of Taaleri's asset and revenue growth. This is a fairly new asset sub-class, where we see strong growth as Taaleri is now able to attract institutional money but is still small enough not to be competing with the larger global payers and is able to invest in smaller assets. In addition, as many of these are relatively new, we believe funds will start to generate carry in coming years, which will drive earnings.

Chart 4: Global AuM in 2023E (EURbn) and average growth rate p.a. of different alternative investment classes over 2017-23E



Source: Bloomberg Intelligence

Bloomberg expects natural resource investments, such as wind and solar, to be the fastest growing asset class, with 50% CAGR over 2017-23

- Environmental, social and governance (ESG) focus and impact investing should expand valuation multiples.** We believe the increasing focus on ESG among all investors will benefit companies such as Taaleri, which promote sustainability in their strategy and operations. As an example, Taaleri's renewable energy funds have reduced 1.2m tonnes of CO<sub>2</sub> emissions. In our view, the current valuation of Taaleri's shares does not reflect this.
- Large value creation opportunity in the divestment of Garantia.** In the current group set-up, Taaleri's credit guarantee insurance arm Garantia has virtually no synergies with the rest of the group and requires far too much solvency capital to generate a high return on capital. We estimate that Garantia's ROE for IFRS capital is around 10% versus the group target of >15% but an industrial buyer could leverage the operations and optimise capital better than Garantia can currently. We estimate that the value range for Garantia could be EUR150-180m (4.4-6.5 per share) compared with our base-case range of EUR90-109m

Divesting guarantee insurance arm Garantia is a key trigger for the revaluation of Taaleri, as it would significantly improve asset returns and extra dividend potential

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*We expect Taaleri's first alternative investment funds to mature and start generating significantly more carry, or performance fees, in FY 2022-24E*

*Complex reporting and accounting and non-transparent assets*

*Taaleri's subsidiary Garantia is a problem from a regulatory solvency perspective and it generates too little return on the capital it requires in the current set-up, so, in our opinion, divesting it would create value*

(EUR2.8–4.1 per share). We also believe that the divestment of Garantia would increase the probability of M&A for the rest of Taaleri Group.

- **Earnings boost from carried interest from existing alternative investments in 2021-24E.** Taaleri has in total over 20 alternative investment funds, consisting of real estate, energy infrastructure and private equity funds. The AuM of these funds were some EUR1.2bn at the end of H1 19. As the funds mature, Taaleri could earn significant performance fees, or carried interest, in fund exits. In successful funds, carry could be larger than the total fund management fees. We estimate that carries are set to increase after 2019-21E, to EUR9-12m in 2022-24E, driven by exits of larger funds.
- **M&A opportunities in the Finnish wealth management business.** There are several medium-sized asset managers in Finland, with both complementary and overlapping operations. These players include companies such as CapMan, eQ and Evli. We believe that we will see mergers and acquisitions in Finland and see Taaleri taking part in this activity, especially if, and when, it divests Garantia.
- **Insiders buying.** Several insiders have bought Taaleri's shares lately. These include Chairman of the Board Peter Fagernäs, through his family investment company Oy Hermitage Ab, and CEO Robin Lindahl.

In our view, the key negatives/risks in the investment case are as follows.

- **Complicated structure and non-transparent assets.** While the different operations provide diversification, we believe investors could diversify themselves and the different operations complicate the case as well. In particular, the insurance company and the group's financial investments are difficult to value from the outside and, in our opinion, add to the risk premium in the shares. In addition, Taaleri reports only half-year earnings, so disclosure is not at the same level as that of most other listed peers.
- **High earnings volatility.** While Taaleri's operations are not very cyclical by nature, the group's reported earnings have been volatile. This is due largely to performance fees in the Wealth Management division and the group's own investments, as well as the insurance company profit volatility in IFRS reporting.
- **Suboptimal capital structure and capital uncertainty.** Taaleri is regulated both as a financial conglomerate (FiCo) and as a bank and insurance company. This means Taaleri has to comply with both the bank (Basel III) and insurance (Solvency II) rules. We note that a structure with both a bank and insurance company is seldom optimal, especially if a credit institution owns an insurance company. Currently, Taaleri has permission from the Finnish FSA not to deduct the Garantia insurance investment from its own funds but rather to use a risk weighting until 31 December 2020. If the FSA does not extend this, we believe Taaleri's CET1 ratio would fall from 29.1% in H1 19 to around 18%. However, in our opinion, it would not have an impact on the financial conglomerate solvency or be a risk for dividends.
- **Small size and illiquid shares.** Taaleri has very limited institutional ownership currently, as either current or previous employees or related close-party institutions hold most of the shares. One could view this as negative from a governance point of view. At the same time, we note that several insiders have been buying the shares in recent months.

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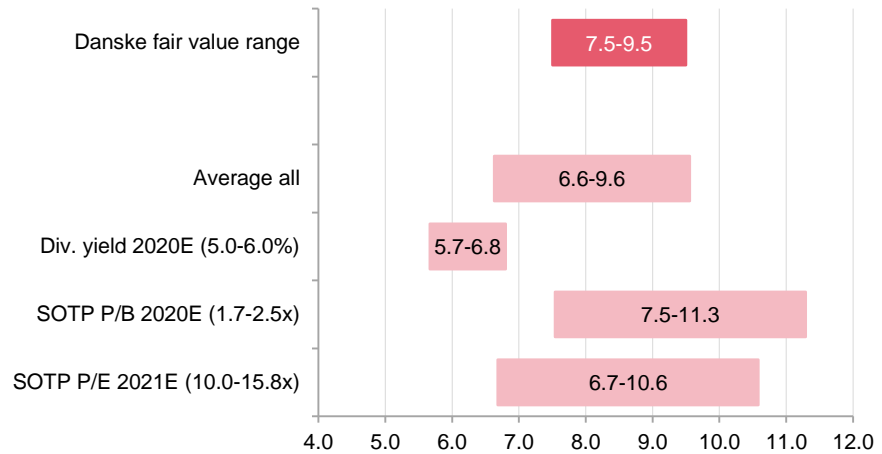


## Valuation

We set our fair value range to EUR7.5-9.5 (EUR9.0-11.0) before the H1 20 report

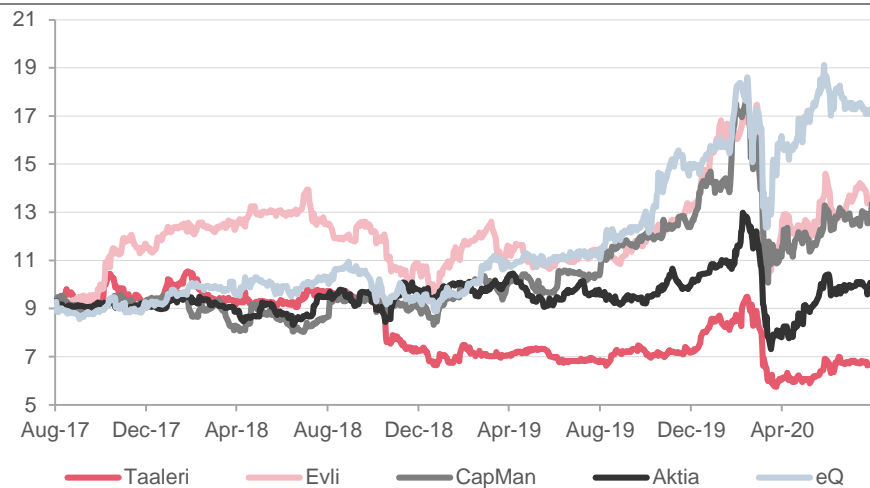
We set our fair value range for Taaleri's shares at EUR7.5-9.5 (EUR9.0-11.0). The lower end of the range implies a 2021E P/E of 11.2x, which is 14% below Taaleri's five-year average P/E 13x. The upper end of the range, on the other hand, implies a 2021E P/E of 14.2x, 9% above the historical average. The range is very wide given the very different value of insurance arm Garantia in different scenarios. We believe that a potential larger buyer could leverage the business significantly. The uncertainty is whether Taaleri can, and will, sell Garantia.

Chart 5: Taaleri fair value range (EUR per share)



Source: Danske Bank Equity Research estimates

Chart 6: Total return of Finnish asset management companies - rebased to Taaleri

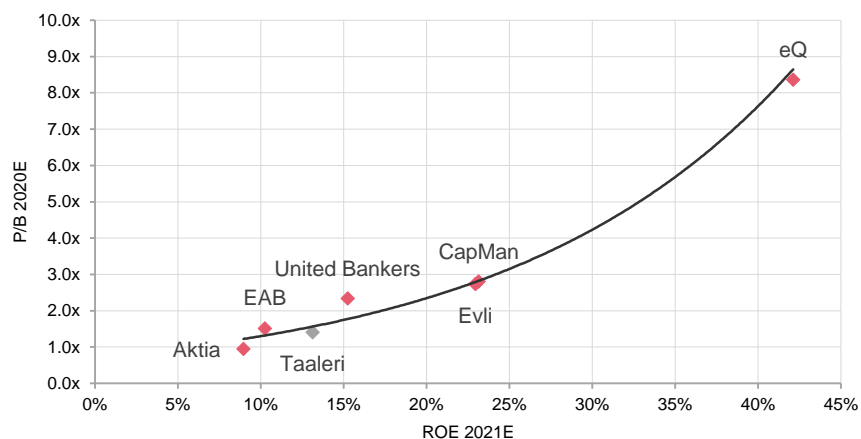


Source: FactSet, Danske Bank Equity Research

Taaleri's shares performed largely in line with the Finnish asset management peer group until August 2018 and have not recovered since.

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Chart 7: Value map – Nordic asset management companies



Source: FactSet consensus

Taaleri's FY 2021E ROE of 13% is below the 2021E Finnish peer median of 19.1%. Thus, Taaleri is trading at a 45% discount to its peers at P/BV 2020E of 1.4x. The Finnish asset management company with the highest ROE and P/BV is eQ trading at 2021E ROE of 42%, with 2020E P/BV of 8.4x.



Table 2: Key ratios for international and Finnish asset management companies

Company	Ticker	Price Market cap		P/B (x)		P/E (x)		Div. yield		ROE	
		lcl ccy	lcl ccy	2020E	2021E	2020E	2021E	2020E	2021E	2020E	2021E
Affiliated Managers Group	AMG US	72.14	3,358	1.2	1.2	6.0	5.6	0.5%	0.1%	20.0%	22.2%
AGF Management	AGF/B CN	5.25	417	0.4	0.5	12.7	13.6	6.1%	6.1%	3.5%	3.3%
Azimut Holding Spa	AZM IM	16.60	2,420	2.8	2.6	11.0	10.8	6.0%	6.6%	25.9%	24.3%
BlackRock	BLK US	588.19	89,676	2.7	2.5	19.6	18.0	2.5%	2.6%	13.5%	13.9%
Blackstone	BX US	52.52	62,067	6.0	5.8	26.2	17.7	3.3%	4.9%	22.8%	33.1%
CI Financial	CIX CN	19.19	4,157	2.4	2.0	8.2	7.7	3.8%	3.8%	29.4%	25.7%
DWS Group	DWS GR	31.40	6,279	0.9	0.9	12.3	10.8	5.4%	6.2%	7.3%	8.0%
Eaton Vance	EV US	38.15	4,365	3.4	3.3	12.1	12.5	4.0%	4.2%	27.7%	26.6%
EQT	EQT SS	222.40	211,944	18.4	15.0	91.5	40.8	1.1%	1.6%	20.1%	36.8%
Federated Investors	FII US	26.44	2,649	2.5	2.4	9.5	10.0	4.1%	4.3%	25.7%	24.5%
GAM Holding	GAM SW	2.06	329	0.5	0.5	29.4	0.0%	2.4%	-1.2%	1.6%	
IGM Financial	IGM CN	33.08	7,883	1.7	1.5	10.6	9.5	6.8%	6.8%	15.6%	16.4%
Invesco	IVZ US	10.78	4,950	0.4	0.3	6.9	6.5	7.2%	5.8%	5.2%	5.4%
Janus Henderson	JHG US	21.18	3,894	0.9	0.8	8.6	8.7	6.8%	6.8%	10.2%	9.7%
Legg Mason	LM US	49.99				16.2	14.0	3.2%	3.4%		
Man Group	EMG LN	1.32	1,946	1.6	1.5	13.6	9.9	5.2%	5.2%	11.6%	14.9%
Manning & Napier	MN US	3.29	54	0.8	0.4	27.4	7.8	2.4%	2.4%	3.0%	4.9%
Rathbone Brothers	RAT LN	16.16	927	1.9	2.0	15.8	14.4	4.3%	4.4%	12.3%	13.8%
Schroders	SDR LN	29.75	7,897	2.1	2.0	17.1	16.0	3.8%	3.8%	12.1%	12.3%
T. Rowe Price	TROW US	139.63	31,694	4.4	4.1	16.3	14.7	2.6%	2.7%	26.9%	27.6%
Waddell & Reed Financial	WDR US	15.34	1,000	1.3	1.2	11.1	12.0	6.5%	6.5%	11.6%	10.2%
WisdomTree Investments	WETF US	4.29	643	1.6	1.5	20.4	19.5	2.8%	2.8%	7.7%	7.8%
CapMan	CAPMAN FH	2.00	312.7	2.8	2.7	100.0	11.8	7.0%	7.5%	2.8%	23.2%
EAB	EABGB FH	2.08	28.8	1.5	1.4	61.8	13.3	0.0%	5.3%	2.5%	10.3%
eQ	EQV1V FH	14.00	536.3	8.4	8.1	22.8	19.2	4.5%	5.3%	36.7%	42.1%
Evli	EVLI FH	9.04	213.8	2.7	2.5	14.6	10.9	5.5%	7.2%	18.8%	23.0%
United Bankers	UNIAV FH	8.90	92.9	2.3	2.3	12.8	15.0	5.6%	5.1%	18.3%	15.2%
Titanium	TITAN FH	8.58	87.7								
Aktia	AKTIA-FI	8.77	615.8	1.0	0.9	14.4	10.4	5.1%	6.8%	6.6%	8.9%
<b>Average</b>				<b>2.8</b>	<b>2.6</b>	<b>22.2</b>	<b>13.9</b>	<b>4.2%</b>	<b>4.7%</b>	<b>14.7%</b>	<b>17.2%</b>
<b>Median</b>				<b>1.9</b>	<b>2.0</b>	<b>14.4</b>	<b>12.2</b>	<b>4.2%</b>	<b>5.0%</b>	<b>12.3%</b>	<b>14.9%</b>
<b>Finnish average</b>				<b>3.1</b>	<b>3.0</b>	<b>37.7</b>	<b>13.4</b>	<b>4.6%</b>	<b>6.2%</b>	<b>14.3%</b>	<b>20.4%</b>
<b>Finnish median</b>				<b>2.5</b>	<b>2.4</b>	<b>18.7</b>	<b>12.5</b>	<b>5.3%</b>	<b>6.1%</b>	<b>12.4%</b>	<b>19.1%</b>
<b>Taaleri</b>	<b>TAALA FH</b>	<b>6.76</b>	<b>192</b>	<b>1.4</b>	<b>1.5</b>	<b>29.4</b>	<b>11.5</b>	<b>4.9%</b>	<b>5.3%</b>	<b>4.8%</b>	<b>13.1%</b>
<b>Taaleri vs. median</b>				<b>-28%</b>	<b>-24%</b>	<b>104%</b>	<b>-6%</b>				
<b>Taaleri vs. Finnish median</b>				<b>-45%</b>	<b>-37%</b>	<b>57%</b>	<b>-9%</b>				

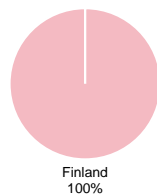
Note: Prices as at close on 7 August 2020

Source: FactSet prices and consensus

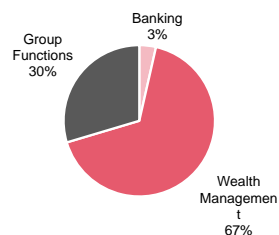
Taaleri is currently trading at a P/E 2021E of 11.5x based on FactSet consensus, which is 12% below the five-year average (13x) and 9% below the Finnish peer median.

## Company summary

### Income breakdown by geographical area



### Income breakdown by segment



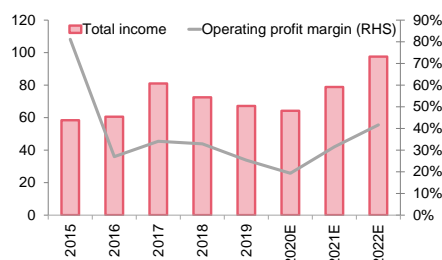
### Company information

Taaleri plc  
 Kasarmikatu 21, 00130 Helsinki  
 Finland  
 www.taaleri.com

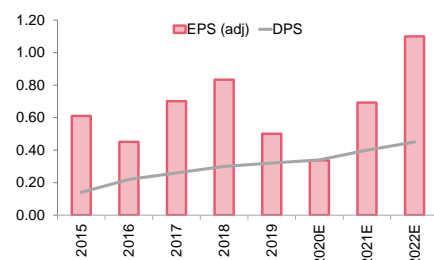
### Main shareholders

Name	Votes (%)	Capital (%)
Veikko Laine Oy	10.2%	10.2%
Hermitage Oy	10.0%	10.0%
Juhani Elomaa excl. related parties	6.1%	6.1%

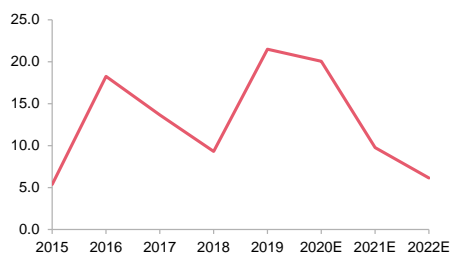
### Total income and operating profit margin (EURm)



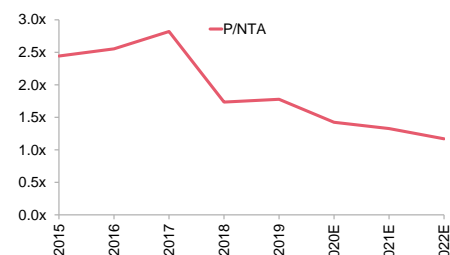
### EPS (adjusted) and DPS (EURm)



### P/E NTM (x)



### P/NTA NTM (x)



Source: FactSet, Company data, Danske Bank Equity Research estimates

Not for US distribution

## Summary tables

<b>INCOME STATEMENT</b>										
<b>Year end Dec, EURm</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020E</b>	<b>2021E</b>
Commissions			27.7	31.8	33.2	53.0	45.6	46.1	51.5	57.5
<b>Total income</b>			<b>46.6</b>	<b>58.4</b>	<b>60.6</b>	<b>81.0</b>	<b>72.5</b>	<b>67.2</b>	<b>64.2</b>	<b>78.9</b>
Costs			-25.8	-39.6	-44.5	-54.0	-48.5	-50.1	-51.8	-54.0
<b>Operating profit</b>			<b>20.8</b>	<b>47.4</b>	<b>16.3</b>	<b>27.6</b>	<b>23.9</b>	<b>17.0</b>	<b>12.4</b>	<b>24.9</b>
Taxes			-4.0	-3.0	-3.6	-5.8	-2.3	-5.0	-2.5	-5.0
<b>Pre-tax profit</b>			<b>20.8</b>	<b>47.4</b>	<b>16.3</b>	<b>27.6</b>	<b>23.9</b>	<b>17.0</b>	<b>12.4</b>	<b>24.9</b>
<b>Net profit</b>			<b>16.8</b>	<b>44.1</b>	<b>12.8</b>	<b>21.4</b>	<b>21.6</b>	<b>11.7</b>	<b>9.5</b>	<b>19.6</b>
<b>Net profit (adj.)</b>			<b>16.8</b>	<b>17.3</b>	<b>12.8</b>	<b>19.9</b>	<b>23.6</b>	<b>14.2</b>	<b>9.5</b>	<b>19.6</b>
<b>BALANCE SHEET</b>										
<b>EURm</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020E</b>	<b>2021E</b>
Insurance assets			0.0	0.0	126	136	134	153	151	156
Other interest bearing assets			0.0	0.0	55.1	34.6	26.1	29.1	30.3	31.5
Goodwill			0.0	0.0	2.5	2.2	6.6	6.5	6.7	6.9
<b>Total assets</b>			<b>0.0</b>	<b>0.0</b>	<b>213</b>	<b>229</b>	<b>238</b>	<b>270</b>	<b>262</b>	<b>267</b>
Insurance liabilities			0.0	13.1	15.0	20.3	23.3	32.3	33.6	35.0
Wholesale funding			29.8	29.9	64.7	54.8	54.8	34.9	34.9	34.9
Equity			37.9	97.1	93.9	106	122	141	141	151
<b>NTA</b>			<b>37.9</b>	<b>97.1</b>	<b>91.3</b>	<b>104</b>	<b>116</b>	<b>134</b>	<b>134</b>	<b>144</b>
<b>PER SHARE DATA</b>										
	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020E</b>	<b>2021E</b>
No. of shares, fully diluted YE (m)			25.2	28.3	28.3	28.3	28.3	28.3	28.3	28.3
No. of shares, fully diluted avg. (m)			25.2	28.3	28.3	28.3	28.3	28.3	28.3	28.3
EPS (reported) (EUR)			0.67	1.56	0.45	0.76	0.76	0.39	0.34	0.69
EPS (adj.) (EUR)			0.67	0.61	0.45	0.70	0.83	0.50	0.34	0.69
DPS (EUR)			0.09	0.14	0.22	0.26	0.30	0.32	0.34	0.40
Book value per share (EUR)			1.51	3.43	3.32	3.75	4.32	4.97	4.98	5.33
NTA per share (EUR)			1.51	3.43	3.23	3.67	4.09	4.73	4.75	5.09
<b>MARGINS AND GROWTH</b>										
	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020E</b>	<b>2021E</b>	<b>2022E</b>
C/I, adjusted	55.3%	67.8%	73.4%	66.6%	66.6%	74.6%	80.7%	68.5%	58.3%	
Op profit marg	44.7%	81.1%	27.0%	34.1%	32.9%	25.4%	19.3%	31.5%	41.7%	
Op profit grth		n.m.	-65.51%	69.0%	-13.59%	-28.61%	-27.21%	n.m.	63.4%	
Tot inc growth		25.2%	3.7%	33.7%	-10.5%	-7.4%	-4.4%	22.8%	23.7%	
Cost growth		-53.5%	-12.2%	-21.4%	10.2%	-3.5%	-3.3%	-4.2%	-5.4%	
PPP growth		-9.8%	-14.2%	67.8%	-11.0%	-29.2%	-27.2%	100.5%	63.4%	
EPS (adj.) growth		-8.4%	-26.1%	55.5%	18.8%	-39.9%	-32.8%	n.m.	58.9%	
<b>PROFITABILITY</b>										
	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020E</b>	<b>2021E</b>
ROE, reported profits			44.3%	65.3%	13.4%	21.5%	18.9%	8.9%	6.8%	13.4%
RONTA, adj. profits			44.3%	25.6%	13.6%	20.3%	21.5%	11.4%	7.1%	14.1%
<b>VALUATION</b>										
	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020E</b>	<b>2021E</b>
Share price (EUR)			6.36	8.38	8.24	10.4	7.10	8.42	6.76	6.76
Market cap (EURm)			160	237	233	293	201	238	191	191
P/E (reported) (x)			9.5	5.4	18.3	13.7	9.3	21.5	20.1	9.8
P/E (adj.) (x)			9.5	13.7	18.3	14.8	8.5	16.8	20.1	9.8
P/BV (x)			4.23	2.44	2.49	2.76	1.64	1.70	1.36	1.27
P/NTA (x)			4.23	2.44	2.55	2.82	1.74	1.78	1.42	1.33
Dividend yield			1.4%	1.7%	2.7%	2.5%	4.2%	3.8%	5.0%	5.9%
Total yield (incl. buybacks)			1.4%	1.7%	2.7%	2.5%	4.2%	3.8%	5.0%	5.9%

Source: Company data, Danske Bank Equity Research estimates

*Summary tables*

<b>EUR m</b>	<b>H 1 17A</b>	<b>H 2 17A</b>	<b>H 1 18A</b>	<b>H 2 18A</b>	<b>H 1 19A</b>	<b>H 2 19A</b>	<b>H 1 20E</b>	<b>H 2 20E</b>	<b>H 1 21E</b>	<b>H 2 21E</b>
Total income	36.2	44.8	35.2	37.3	30.9	36.8	25.9	38.3	38.9	40.0
<i>Growth h/h</i>	3.5%	4.6%	4.5%	4.8%	4.6%	4.3%	0.0%	0.0%	17.0%	13.5%
Total expenses	-20.8	-33.2	-23.1	-25.4	-24.5	-25.6	-24.8	-27.0	-26.5	-27.5
Operating profit	15.6	12.0	12.4	11.5	6.4	10.6	10	11.4	12.4	12.5
Operating margin	43.1%	26.8%	35.1%	30.8%	20.6%	28.8%	4.0%	29.6%	31.9%	31.1%
<b>Segment revenues</b>										
Wealth Management	23.9	30.7	29.7	19.0	17.2	25.7	19.3	22.5	23.5	24.5
Financing	11.5	10.7	6.8	7.4	10.5	10.8	5.3	8.8	9.5	9.6
Energia	0.8	1.0	1.1	1.2	1.4	3.2	3.7	6.0	4.8	4.8
Other	2.6	0.9	-1.5	10.3	1.8	-3.4	-2.4	1.0	1.1	1.1
<b>Total</b>	<b>38.7</b>	<b>43.3</b>	<b>36.1</b>	<b>37.9</b>	<b>30.9</b>	<b>36.2</b>	<b>25.9</b>	<b>38.3</b>	<b>38.9</b>	<b>40.0</b>
<b>Segment operating profit</b>										
Wealth Management	7.9	8.8	14.1	2.7	2.1	9.7	4.1	6.0	6.4	7.4
Financing	7.9	6.0	2.4	2.5	6.1	6.6	1.0	4.7	6.0	5.7
Energia	-0.7	-0.9	-0.9	-1.4	-1.6	-1.0	0.2	2.2	1.0	1.0
Other	0.5	-1.9	-3.3	7.7	-0.1	-5.3	-4.3	-1.5	-1.0	-1.6
<b>Total</b>	<b>15.6</b>	<b>12.0</b>	<b>12.4</b>	<b>11.5</b>	<b>6.4</b>	<b>10.1</b>	<b>1.0</b>	<b>11.4</b>	<b>12.4</b>	<b>12.5</b>
<b>Operating profit margin</b>										
Wealth Management	32.9%	28.6%	47.6%	14.0%	11.9%	37.9%	21.2%	26.7%	27.2%	30.3%
Financing	68.7%	56.0%	35.4%	34.5%	58.1%	61.7%	18.9%	52.9%	63.3%	58.8%
Energia	-87.1%	-86.0%	-84.3%	-118.6%	-116.5%	-30.3%	6.1%	36.7%	20.0%	20.0%
Other	19.6%	-222.0%	220.1%	75.0%	-5.6%	155.7%	178.4%	-1510%	-92.0%	-143.9%
<b>Total</b>	<b>40.3%</b>	<b>27.8%</b>	<b>34.3%</b>	<b>30.4%</b>	<b>20.7%</b>	<b>27.8%</b>	<b>4.0%</b>	<b>29.6%</b>	<b>31.9%</b>	<b>31.1%</b>
Reported EPS	0.44	0.32	0.32	0.44	0.18	0.23	0.03	0.31	0.35	0.35
Adjusted EPS	0.44	0.32	0.32	0.38	0.22	0.29	0.03	0.31	0.35	0.35
<b>A u M</b>										
Mutual funds	1012	1083	1048	911	945	1023	950	998	1047	1079
Private equity funds	957	1052	1067	1024	1238	1223	1220	1281	1345	1412
Wealth management	3,205	3,316	3,755	3,676	4,138	4,469	4,200	4,400	4,500	4,600
Energia	0	44	44	49	49	272	327	452	452	452
<b>Total AuM</b>	<b>5,300</b>	<b>5,600</b>	<b>6,000</b>	<b>5,700</b>	<b>6,600</b>	<b>7,100</b>	<b>6,837</b>	<b>7,281</b>	<b>7,505</b>	<b>7,703</b>

*Source: Company data, Danske Bank Equity Research estimates*

*Summary tables*

<b>EURm</b>	<b>2015A</b>	<b>2016A</b>	<b>2017A</b>	<b>2018A</b>	<b>2019A</b>	<b>2020E</b>	<b>2021E</b>
Total income	58.4	60.6	81.0	72.5	67.2	64.2	78.9
<i>Growth y/y</i>	25.2%	3.7%	33.7%	-10.5%	-7.4%	-4.4%	22.8%
Total expenses	-39.6	-44.5	-54.0	-48.5	-50.1	-51.8	-54.0
Operating profit	47.4	16.3	27.6	23.9	16.5	12.4	24.9
Operating margin	81.1%	27.0%	34.1%	32.9%	24.5%	19.3%	31.5%
<b>Segment revenues</b>							
Wealth Management	39.4	37.1	54.6	48.7	42.9	41.8	48.0
Financing	13.2	12.3	22.1	14.2	21.3	14.1	19.2
Energia	0.0	0.3	1.8	2.3	4.6	9.7	9.5
Other	6.1	11.0	3.4	8.8	-1.6	-1.4	2.2
<b>Total</b>	<b>58.4</b>	<b>60.7</b>	<b>81.9</b>	<b>73.9</b>	<b>67.2</b>	<b>64.2</b>	<b>78.9</b>
<b>Segment operating profit</b>							
Wealth Management	9.8	6.2	16.6	16.8	11.8	10.1	13.8
Financing	6.7	4.6	13.9	4.9	12.7	5.7	11.7
Energia	0.0	-0.9	-1.5	-2.3	-2.6	2.4	1.9
Other	2.3	6.4	-1.4	4.4	-5.4	-5.8	-2.6
<b>Total</b>	<b>18.8</b>	<b>16.4</b>	<b>27.6</b>	<b>23.9</b>	<b>16.5</b>	<b>12.4</b>	<b>24.9</b>
<b>Operating profit margin</b>							
Wealth Management	24.8%	16.6%	30.4%	34.5%	27.4%	24.2%	28.8%
Financing	51.1%	37.5%	62.9%	34.6%	59.9%	40.2%	61.1%
Energia		-258%	-84.0%	-100.9%	-56.5%	25.0%	20.0%
Other	37.8%	58.4%	-40.8%	50.1%	334.7%	413.7%	-118.3%
<b>Total</b>	<b>32.2%</b>	<b>26.9%</b>	<b>33.7%</b>	<b>32.3%</b>	<b>24.5%</b>	<b>19.3%</b>	<b>31.5%</b>
Reported EPS (EUR)	1.56	0.45	0.76	0.76	0.39	0.34	0.69
Adj. EPS (EUR)	0.61	0.45	0.70	0.83	0.50	0.34	0.69
<i>Growth y/y</i>	-8%	-26%	55%	19%	-40%	-33%	105%
DPS (EUR)	0.14	0.22	0.26	0.30	0.32	0.34	0.40
<i>Growth y/y</i>	56%	57%	18%	15%	7%	6%	18%
Dividend payout ratio	23%	49%	37%	36%	64%	101%	58%
ROE	63.1%	7.8%	21.5%	18.9%	8.4%	6.8%	13.4%
ROE (adj.)	24.7%	13.4%	19.9%	20.7%	10.8%	6.8%	13.4%
<b>AuM</b>							
Mutual funds	850	857	1,083	911	1,023	998	1,079
Private equity funds	623	880	1,052	1,024	1,223	1,281	1,412
Wealth management	0	2,942	3,316	3,676	4,469	4,400	4,600
Energia	0	0	44	49	272	452	452
<b>Total AuM</b>	<b>3,900</b>	<b>4,800</b>	<b>5,600</b>	<b>5,700</b>	<b>7,100</b>	<b>7,281</b>	<b>7,703</b>

*Source: Company data, Danske Bank Equity Research estimates*

*Not for US distribution*

## Disclosures

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