

The background of the slide is a close-up, high-resolution image of brown leather with a tufted pattern. The leather is arranged in a grid of diamond-shaped sections, each with a central button or tuft. The lighting is warm, highlighting the texture and grain of the leather.

# **FINANCIAL STATEMENTS 2016**

## **TAALERI PLC**

**TAALERI**

**JUHANI ELOMAA**  
**CEO**  
**28 FEBRUARY 2017**

*Ownership*  
IS FOR EVERYONE.

# TAALERI'S MISSION IS TO INVEST ITS CLIENTS' FUNDS IN ATTRACTIVE GROWTH OPPORTUNITIES GLOBALLY

- Taaleri is a Finnish financial group founded in 2007. Taaleri plc, the parent company, is listed on the Nasdaq Helsinki stock exchange. Members of the Board of Directors and employees own directly or indirectly over 50% of the company's shares.
- Three business segments:
  - Wealth Management
  - Financing
  - Energy
- 180 staff provide services to institutional investors, corporates and private individuals from 7 offices.
- At the end of 2016, Taaleri had 4.8 EUR billion of assets under management.
- The operations of Taaleri are supervised by the Finnish Financial Supervisory Authority.

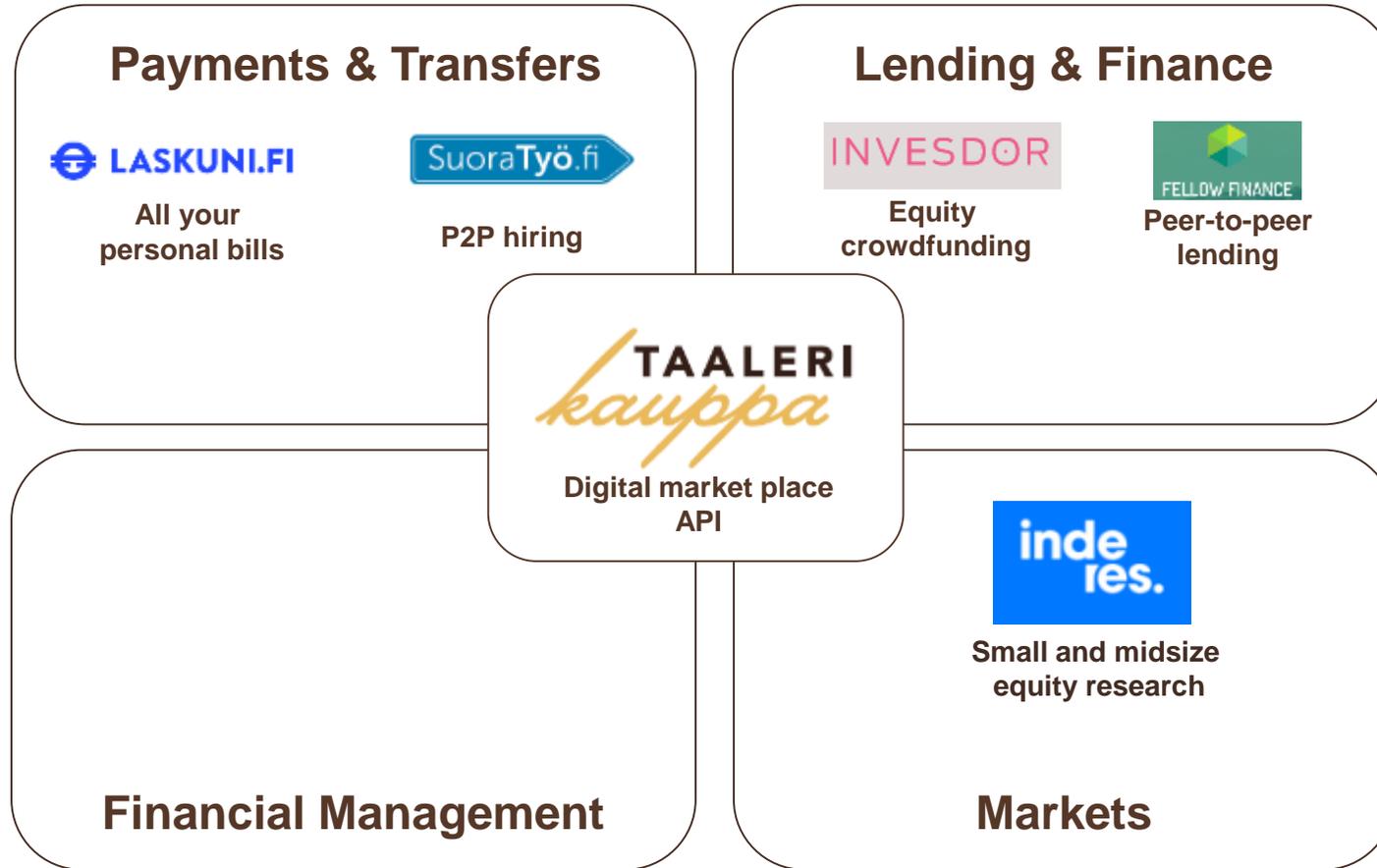
ASSETS UNDER MANAGEMENT



# TAALERI'S STRUCTURE



# TAALERI FINTECH



## RESULT OVERVIEW

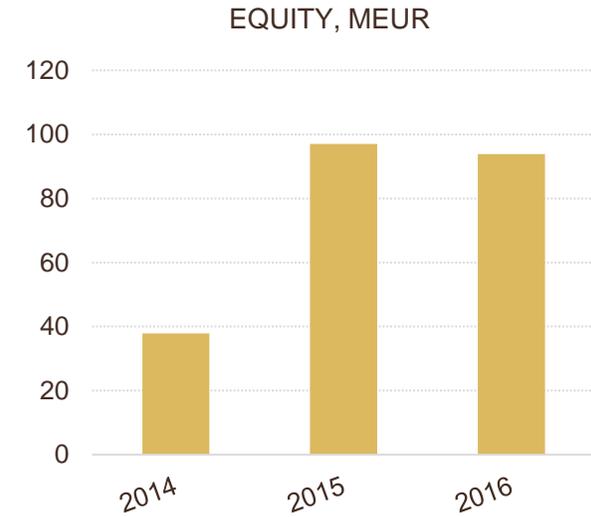
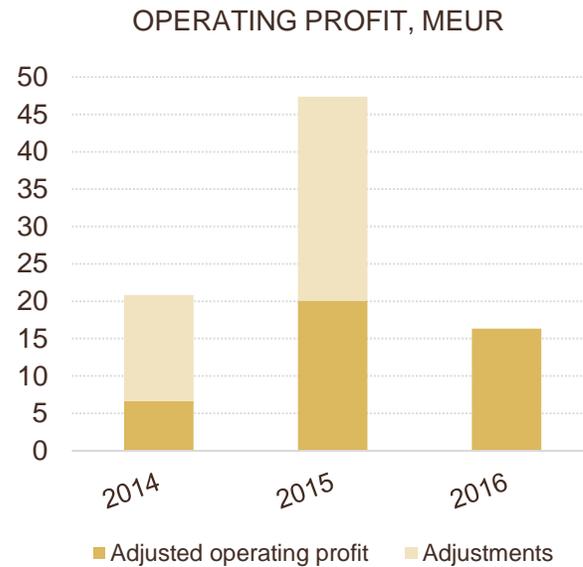
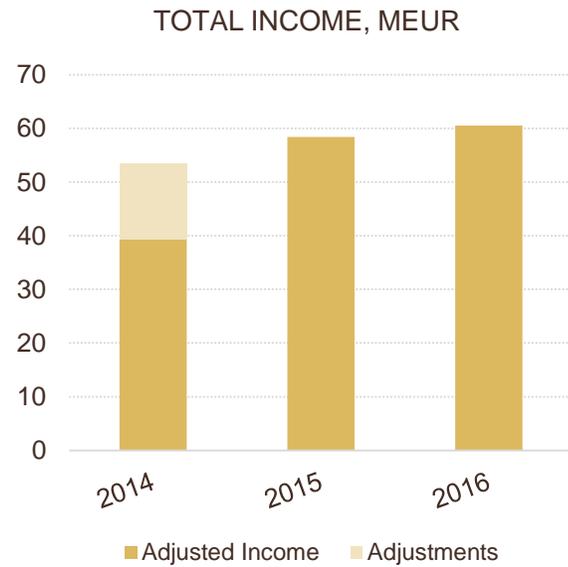
- Income grew by 3.7 percent to EUR 60.6 million
- Adjusted operating profit EUR 16.3 million (2015: 20.1). EUR 2.5 million costs related to rebranding, stock exchange listing and sale of Finsilva affect the financial comparability
- Operating profit 27.0 percent
- Assets under management grew by 22.7 percent to EUR 4.8 billion (3.9)
- Assets under management in private equity funds grew by more than 40 percent
- Growth in personnel and administrative costs halted in H2
- Earned premiums in Financing segment grew by 22 percent, up to EUR 12.2 million
- A new energy company and business segment as of 1 July 2016
- A EUR 35 million bond issue targeted at institutions was significantly oversubscribed.

## OTHER MILESTONES IN 2016

- Corporate rebranding
- Combination of shares
- Listing from First North to Helsinki main market
- Purchase of minority interest of private equity funds
- Sale of Biofactory (biogas chain) to energy company Gasum
- Sale of forestry business Finsilva to insurance company Etera for EUR 48 million
- Acquisition of 40 percent stake in Inderes
- Wind power fund and Loiste invested EUR 75 million in wind power plants
- Mutual funds performed excellently
- 1 000 new Taaleri shareholders



# GOOD RESULTS AND GROWTH CONTINUES



■ Non-operative items, which in 2014 relate to the Finsilva fair value change and in 2015 to the Garantia acquisition, are shown in a different colour.

# FINANCIAL PERFORMANCE

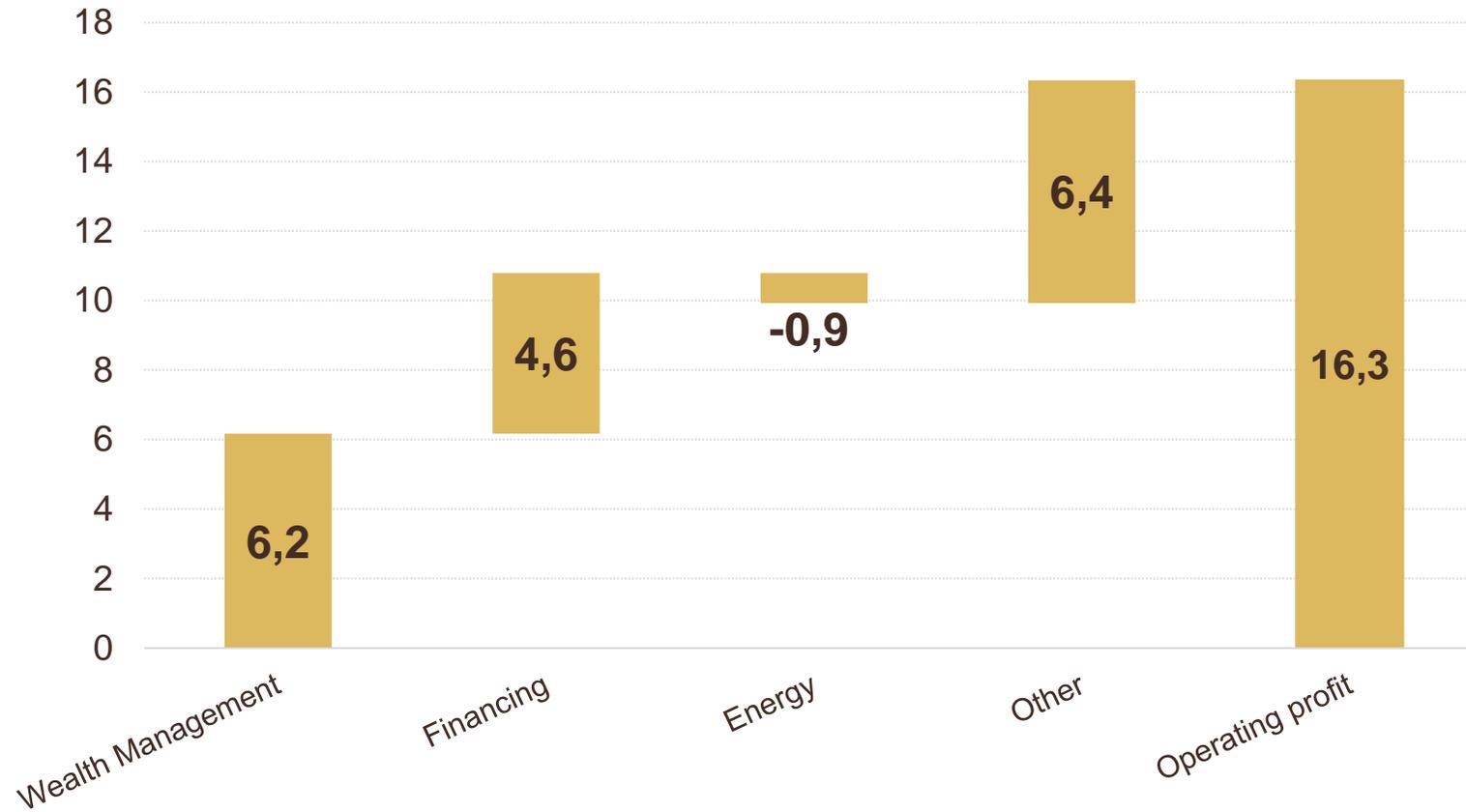


# KEY FIGURES

| TAALERI<br>EUR million               | FY 2016      | FY 2015 | Change % | H2 2016 | H2 2015 | Change % |
|--------------------------------------|--------------|---------|----------|---------|---------|----------|
| Income                               | <b>60.6</b>  | 58.4    | 3.7      | 26.9    | 28.5    | -5.4     |
| Expenses                             | <b>-44.5</b> | -39.6   | 12.2     | 22.4    | 20.2    | 10.6     |
| Adjusted Operating profit*           | <b>16.3</b>  | 20.1    | -18.7    | 4.6     | 8.3     | -44.4    |
| Adjusted net profit for the period*  | <b>12.8</b>  | 16.8    | -24.0    | 3.6     | 6.9     | -48.2    |
| Adjusted Return on equity*, %        | <b>13.4</b>  | 24.9    | -46.3    | 7.9     | 14.8    | -46.5    |
| Assets under management, EUR billion | <b>4.8</b>   | 3.9     | 22.7     | 4.8     | 3.9     | 22.7     |

\* In the adjusted key figures, the impact of EUR 27.3 million resulting from the Garantia acquisition has been deducted in 2015 figures.

# OPERATING PROFIT BY SEGMENTS



# WEALTH MANAGEMENT SEGMENT

2016

# TRULY PERSONALISED WEALTH MANAGEMENT SERVICES

## TRADITIONAL WEALTH MANAGEMENT

Each one of our customers has unique circumstances and objectives. It's part of our professional expertise to care for our customers' wealth based on their exact goals.

- Asset management
- Mutual funds (Value driven)
- Securities brokerage
- Structured investments
- Gold
- Tax planning
- ECM / DCM

## OWNERSHIP - DIRECT PRIVATE INVESTMENTS

We give our clients access to private investments through funds and structured direct deals.

- Forestry
- Wind and solar energy
- Circular economy
- Finnish real estate
- African real estate

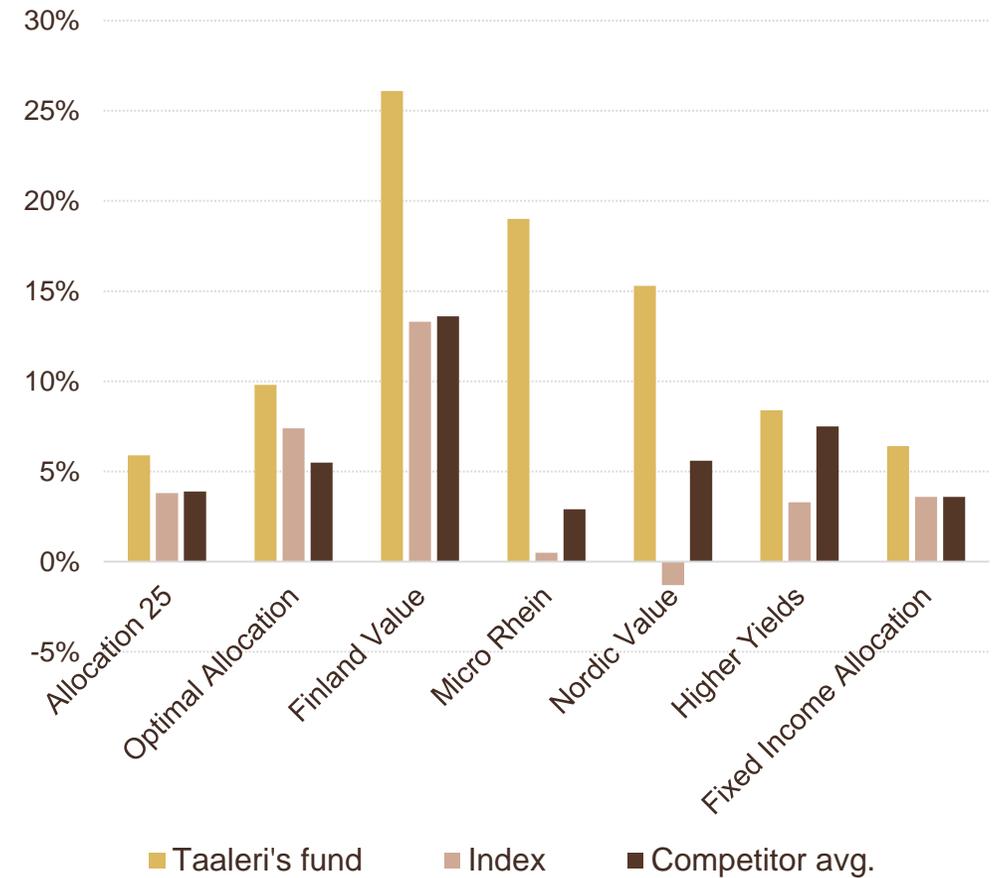
## WEALTH MANAGEMENT 2016

- Wealth Management segment consists of Taaleri Wealth Management Ltd. and its subsidiaries as well as Taaleri Private Equity Funds Group and Taaleri Kapitaali
- Number of customers grew to 3 900
- Assets under management grew by 23 percent to EUR 4.7 billion (3.8)
- Strong growth in assets under management in private equity funds and discretionary wealth management
- Growth in personnel and administrative costs halted in H2
- EUR 1.1 million impairment of private equity performance fees in H2
- New private equity funds
  - World's first private equity fund focusing on circular economy
  - Third wind power fund
  - Solar Wind fund: First equity fund in Finland to invest internationally in renewable energy
  - Fund for residential rental housing, targeted at socially driven institutions
- Already EUR 900 million invested in real asset projects in Finland through Taaleri's private equity funds

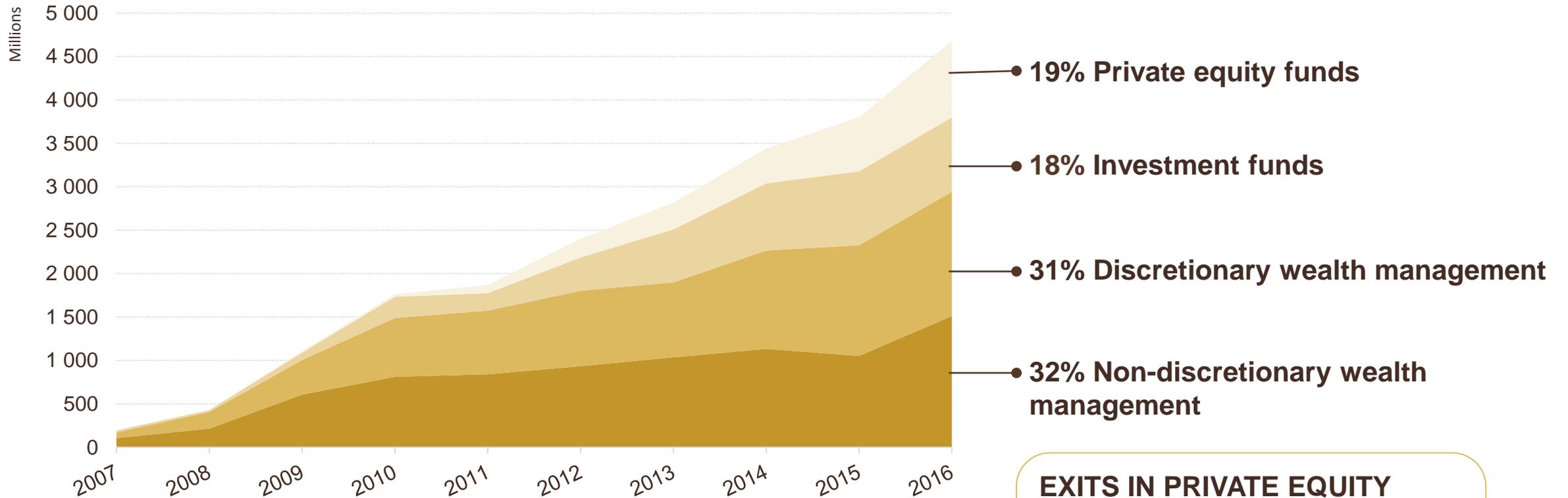
## THE SUCCESS OF OUR MUTUAL FUNDS

- 15 out of Taaleri's 19 mutual funds beat their indices
- Morningstar ratings of Taaleri's best funds:
  - Taaleri Allocation 25 \*\*\*\*\*
  - Taaleri Micro Markka \*\*\*\*\*
  - Taaleri Allocation 50 \*\*\*\*
  - Taaleri Fixed Income Allocation \*\*\*\*
  - Taaleri Optimal Allocation \*\*\*\*

SUCCESS IN EVERY INVESTMENT SOLUTIONS CATEGORY



# DEVELOPMENT OF ASSETS UNDER MANAGEMENT

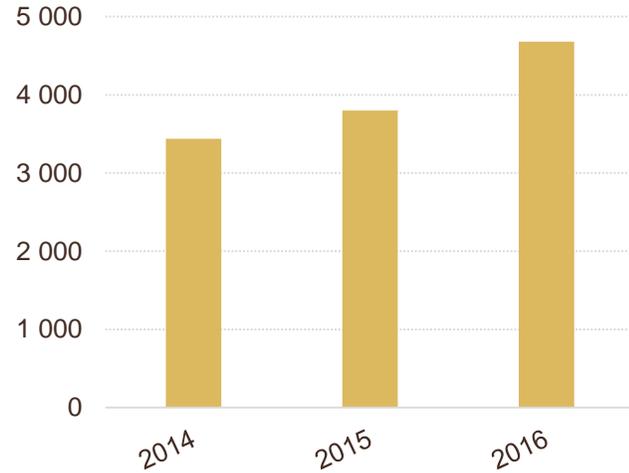


## EXITS IN PRIVATE EQUITY FUNDS

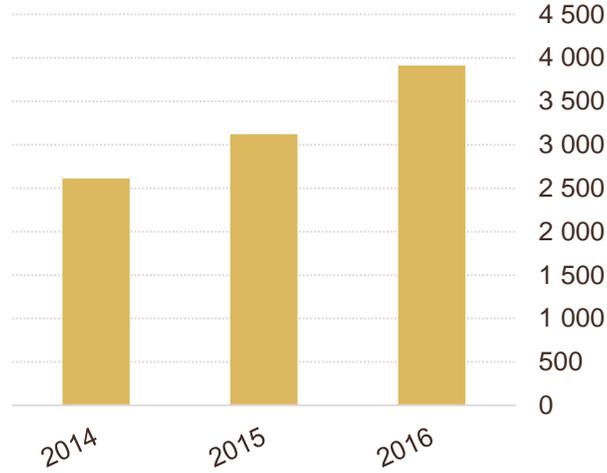
- Wind energy 38 EUR million
- Biogas 50 EUR million
- Housing 144 EUR million

# WEALTH MANAGEMENT KEY FIGURES

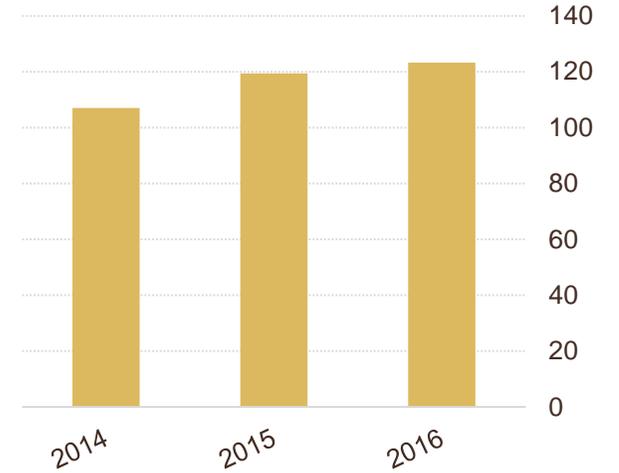
ASSETS UNDER MANAGEMENT, MEUR



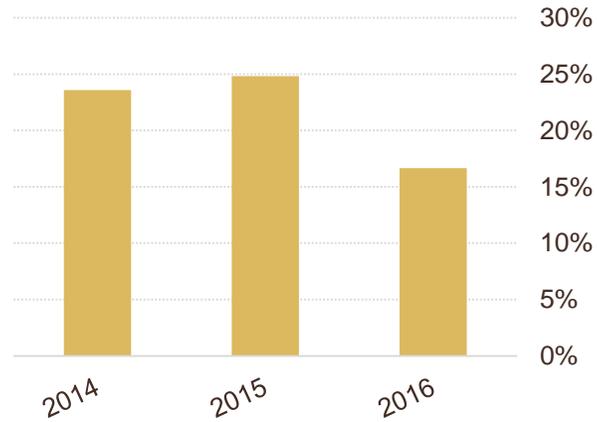
CUSTOMERS



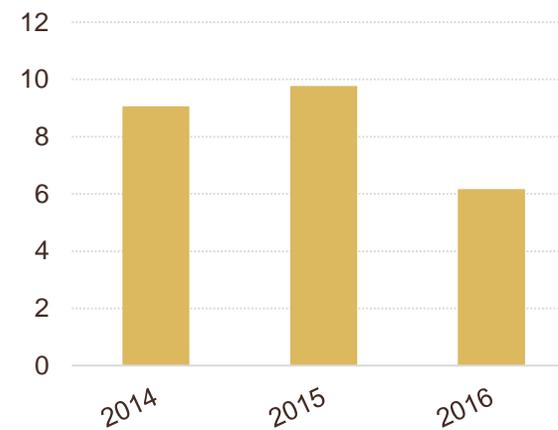
EMPLOYEES



OPERATING PROFIT, %



OPERATING PROFIT, MEUR



# FINANCING SEGMENT

2016

## FINANCING SEGMENT 2016

- The segment consists of Garantia Insurance Company Ltd
- Earned premiums grew by 22% to EUR 12.2 million (10.0) and insurance exposure by 13% to EUR 1.3 billion
- Margin covering technical provisions was good. Claims ratio was 12% (15) and combined cost ratio was 65% (64)
- The return on investments at fair value was excellent 5.8%
- Capital adequacy remained steady and solvency ratio was 435% (506)
- S&P confirmed Garantia's rating A- and changed the rating outlook to stable in December
- Guaranteed wind power fund (Tuulitehdas III) as joint product with Taaleri Wealth Management
- Co-operation in guaranties for housing loans with Aktia Pankki initiated in December
- Co-operation agreement signed with Nordic Investment Bank on loan program for SMEs and midcap companies

## GARANTIA KEY FIGURES

**12.2 M€**

Earned premiums  
2016

**1.3 Bn €**

Insurance exposure  
2016

**100.9 M€**

Own basic assets  
2016

**435%**

Solvency ratio  
2016

**64.9%**

Combined ratio  
2016

**A-**

Credit rating  
Standard&Poors



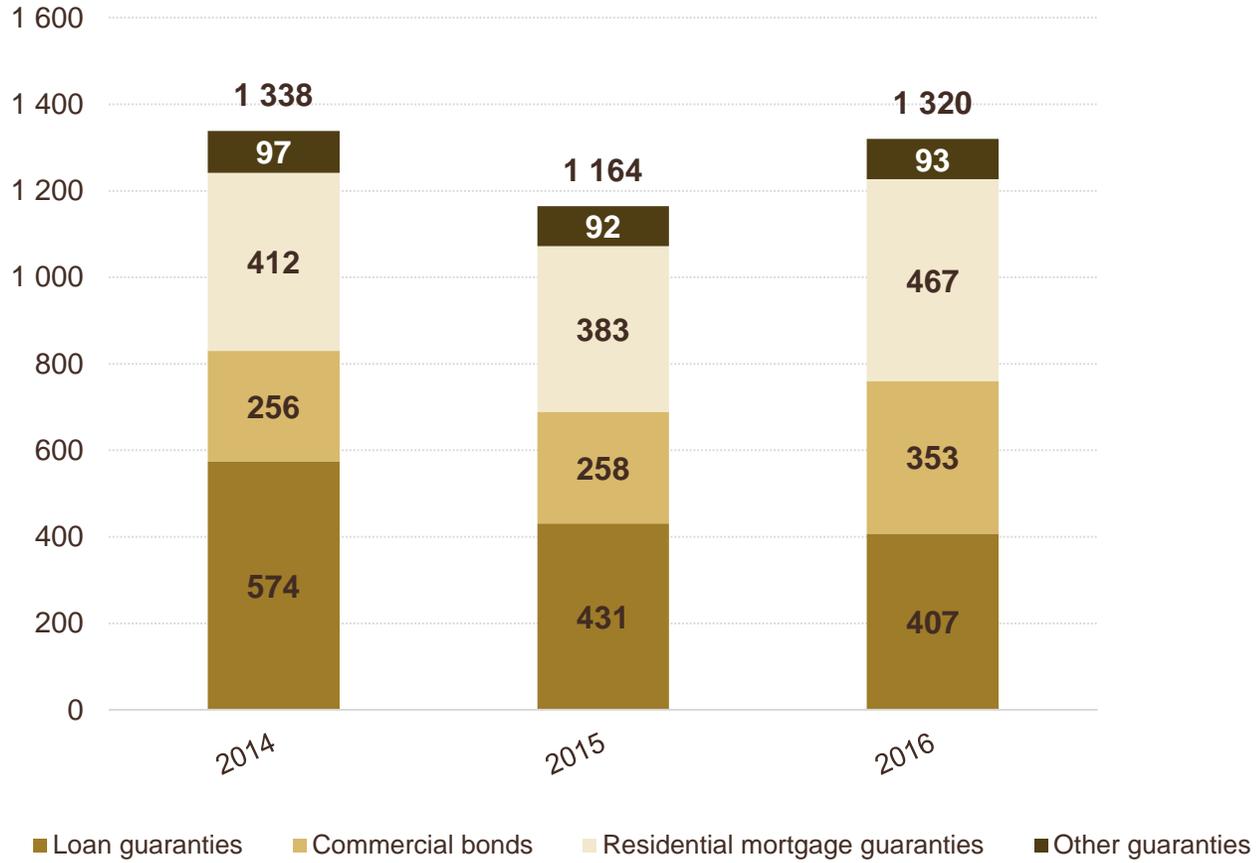
**GARANTIA**

OMISTAMISEN TUKENA

Garantia is a Finnish growth company operating in the finance sector and specialising in guaranty services. We are part of the Taaleri Group which drives and advocates Finnish ownership. Garantia makes investments and deals happen and enables the accumulation of wealth. Our solutions help to secure financing and improve capital efficiency.

# INSURANCE EXPOSURE

INSURANCE PORTFOLIO BY PRODUCT TYPE, EUR MILLION



## FINANCING SEGMENT

- The segment consists of Garantia Insurance Company Ltd
- Major part of Financing income derives from guaranty insurance and investment operations

| FINANCING  | FY 2016     | FY 2015     |
|--|-------------|-------------|
| EUR million  |             |             |
| Net income from guaranty insurance operations      | 8.7         | 6.4         |
| Net income from investment operations              | 3.6         | 6.1         |
| Other income                                       | 0.0         | 0.7         |
| <b>Total income</b>                                | <b>12.3</b> | <b>13.2</b> |
| Adjusted operating profit before valuations        | 4.6         | 8.0         |
| Adjusted operating profit at fair value before tax | 7.7         | 2.4         |
| Number of employees, avg.                          | 21          | 24          |

| FINANCING                      | 2016  | 2015  |
|--------------------------------|-------|-------|
| EUR million                    |       |       |
| Investment assets, fair values | 123.5 | 114.1 |
| Insurance exposure             | 1 320 | 1 164 |

# ENERGY SEGMENT

2016

## TAALERI EXPLOITS MAJOR CHANGES IN GLOBAL ENERGY MARKET AND INITIATES INTERNATIONAL CO-OPERATION IN THE SECTOR

- New energy segment founded 1 July 2016
- Taaleri is Finland's second largest wind power producer
- Taaleri's private equity funds have invested EUR 600 million in renewable energy
- Aiming to increase international energy investments to over EUR 1.5 billion in 3 years
- Solar power as new enhancement
- Global cooperation agreements with Wärtsilä and ABB on energy projects.
- Due to the business start-up of the segment, the segment's result was EUR -0.9 million



**TARGET:  
1.5 MRD €  
TO ENERGY  
FUNDS**

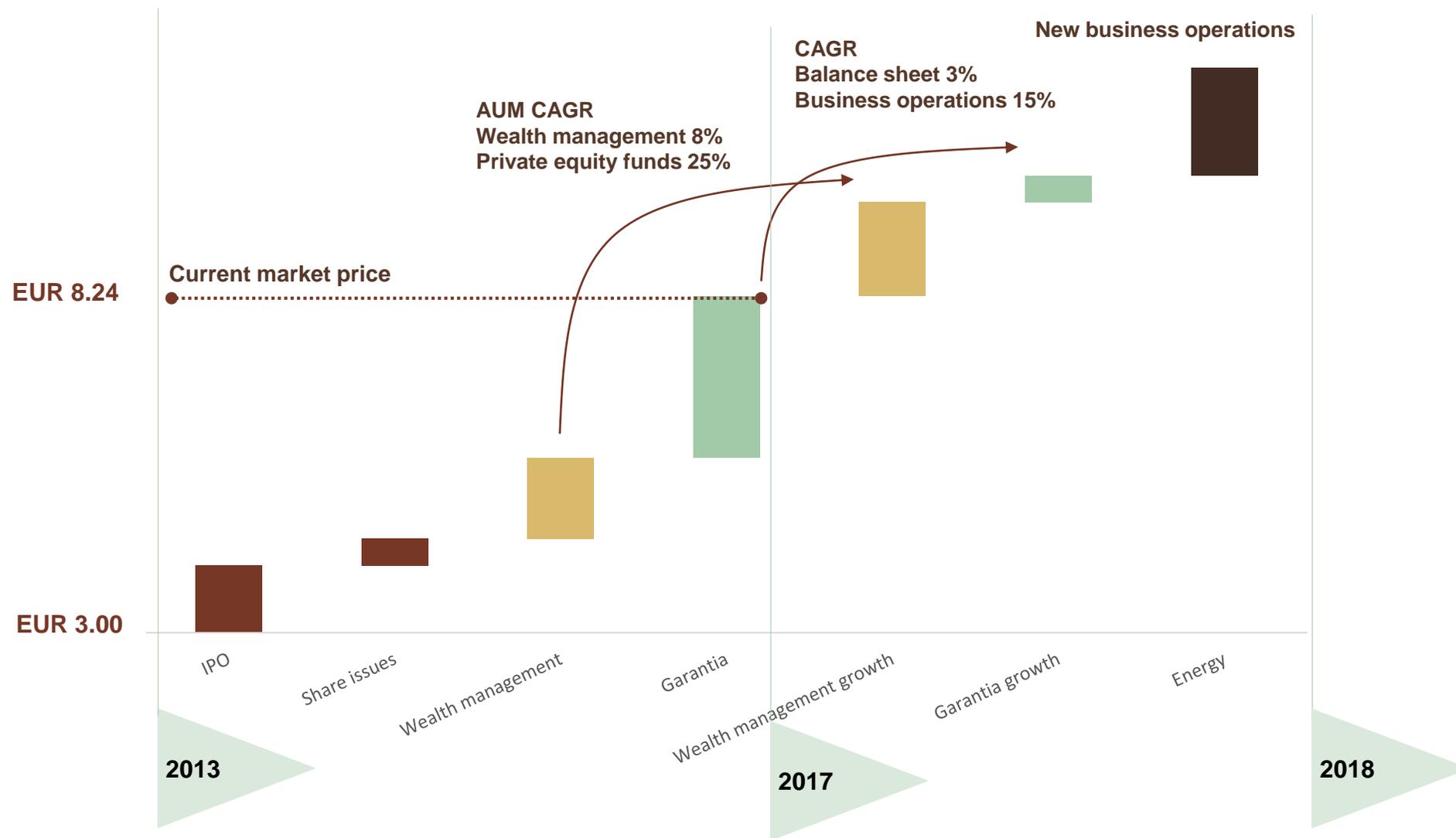


**INTERNATIONAL  
PROJECTS OF  
20-100 M€**

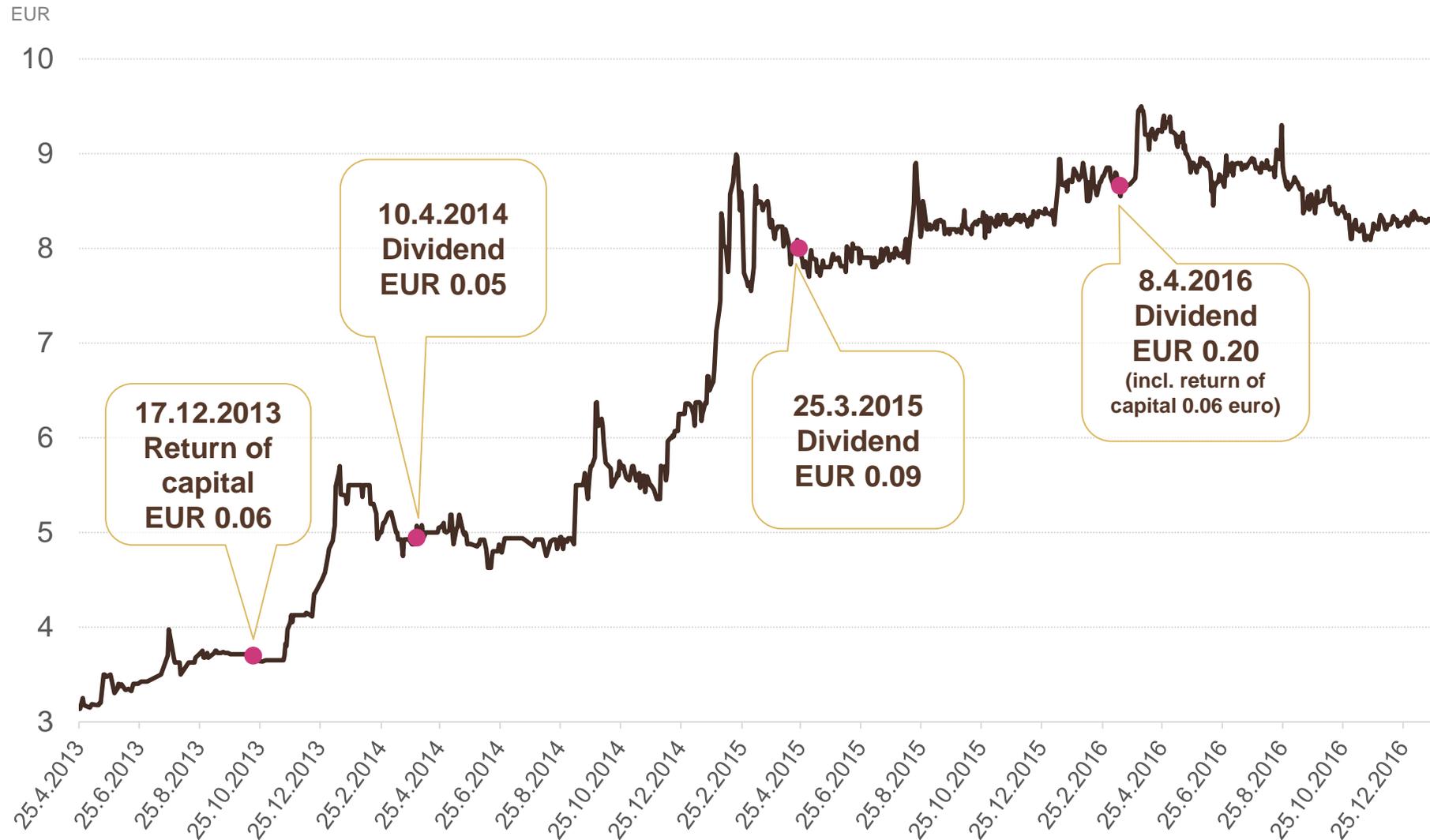
# TAALERI SHARE

2016

# SHARE PRICE VALUE CREATION



# TAALERI SHARE PRICE DEVELOPMENT



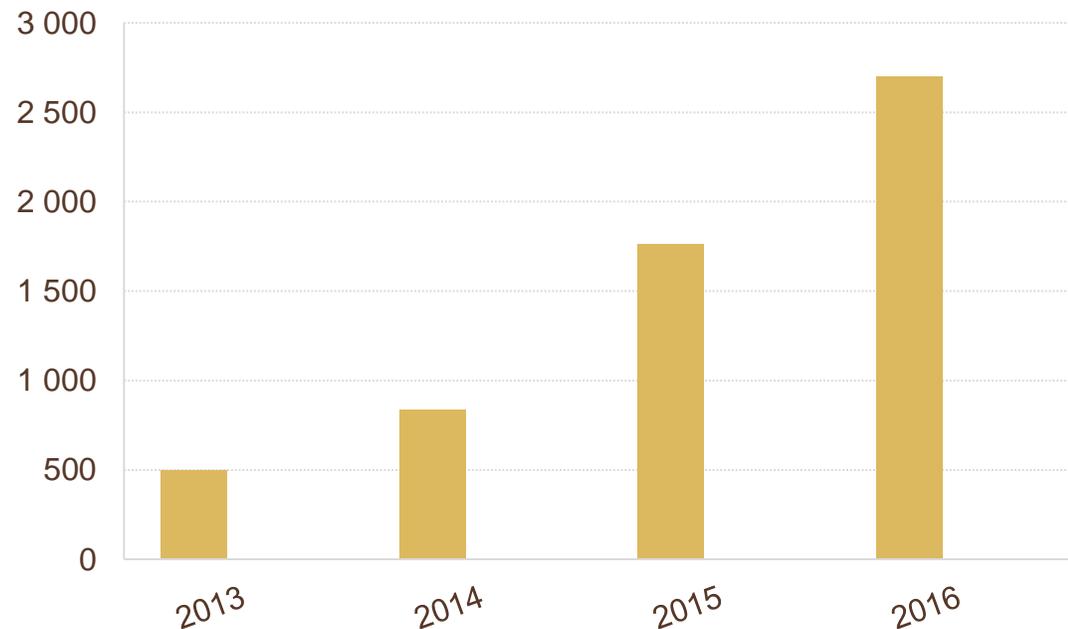
Market cap  
31 December  
2016:  
**232**  
EUR  
million

Owners  
31 December  
2016:  
**2 700**

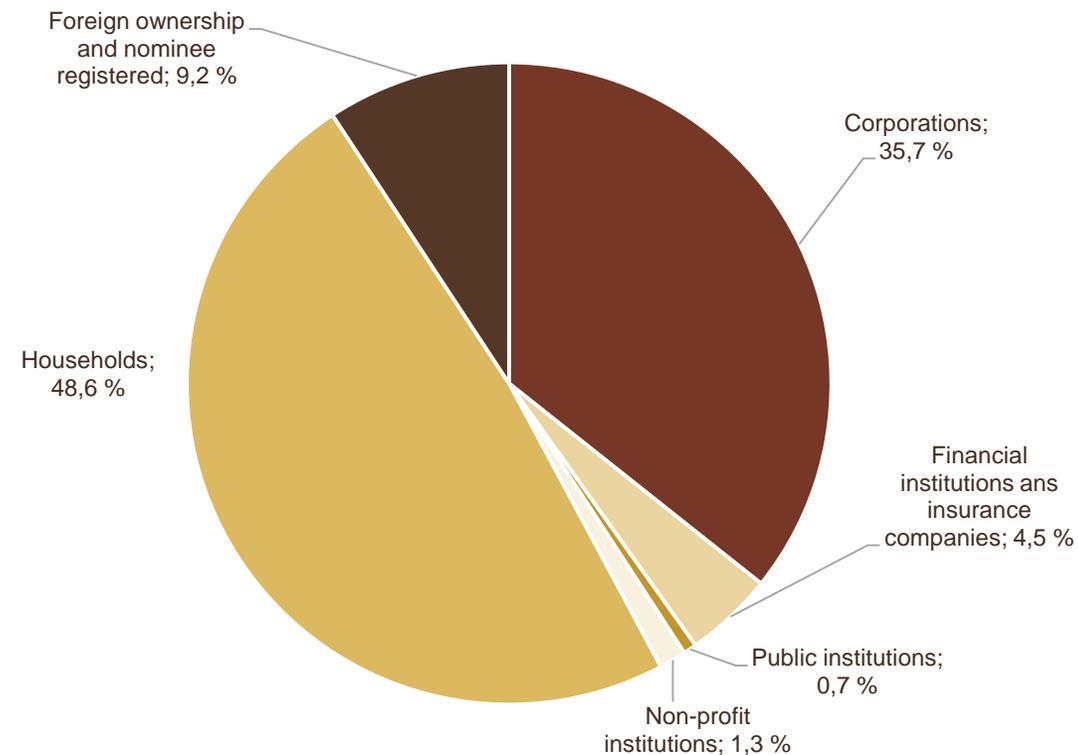
Share price  
31 December  
2016:  
**8.24€**

# TAALERI SHAREHOLDERS

SHAREHOLDERS



SHAREHOLDERS BY SECTOR



# FINANCIAL OBJECTIVES AND OUTLOOK

- New target for operating profit at least 20 percent.
  - Wealth Management segment: Growth of more than 15 percent per annum in assets under management
  - Financing segment: Growth of more than 15 percent per annum in gross premiums written
- Taaleri's target for return on equity over a long period is more than 15 percent
- Taaleri's target for equity ratio is at least 30 percent
- In addition, the company aims to increase the amount of dividend distributed, and each year to distribute a competitive dividend, taking into consideration the company's financial and financing situation and as well as capital adequacy requirements and future investment plans.

# UPDATED LONG-TERM OBJECTIVES FOR THE GROUP

## STRATEGIC OBJECTIVES

- Strong but controlled growth
  - Growth in AuM and clientele
  - Profitable growth in insurance premiums
  - Strong growth in investments in energy projects
  - Increasing profitability

## FINANCIAL OBJECTIVES

- Growth of company's market cap
- >20% profit margin
- >15% ROE over a long period
- >30% equity ratio
- Growing and competitive dividend
- Segment specific growth targets

# KEY FUTURE SHARE PRICE DRIVERS

| Organic growth  | Increasing of shareholder value   | Sound financial position and excellence in profitability   | Opportunistic view on acquisitions   | Growing dividend  |
|---|---|--|--|---|
| <ul style="list-style-type: none"> <li>• Shift towards institutional clients</li> <li>• Build up of international client base</li> <li>• Increase cross selling opportunities</li> <li>• Launching new private equity funds</li> <li>• Steady growth in recurring business</li> </ul> | <ul style="list-style-type: none"> <li>• Growth in AUM and gross premiums written &gt; 15% annually</li> <li>• Increasing revenues from performance fees</li> <li>• Automated processes, no demand for new recruitments in Wealth Management</li> <li>• Growth opportunities in energy segment</li> </ul> | <ul style="list-style-type: none"> <li>• High equity ratio and solid financial position give opportunities to act proactively in market</li> <li>• Exceptionally loyal customer position with long term commitments</li> </ul> | <ul style="list-style-type: none"> <li>• Opportunities in M&amp;A</li> <li>• Creating optimum ecosystem for Taaleri clients</li> </ul> | <ul style="list-style-type: none"> <li>• Growing and competitive dividend in absolute terms in line with financial and finance situation and capital adequacy and investment plans</li> </ul> |

# 2016 FIGURES

TAALERI GROUP

## TAALERI CONSOLIDATED INCOME STATEMENT

| EUR 1 000  | FY2016        | FY2015        | H2/2016       | H2/2015       |
|--|---------------|---------------|---------------|---------------|
| Continuing earnings                                      | 43 486        | 47 393        | 22 012        | 21 480        |
| Performance fees   | 5 781         | 4 495         | 1 983         | 3 517         |
| Sales profits  | 11 471        | 6 771         | 2 961         | 3 696         |
| <b>Total income</b>                                      | <b>60 738</b> | <b>58 659</b> | <b>26 956</b> | <b>28 693</b> |
| Fee and commission expense                               | -4 323        | -3 901        | -2 188        | -1 916        |
| Interest expense   | -2 307        | -2 906        | -1 095        | -1 421        |
| Personnel costs  | -22 383       | -19 251       | -11 778       | -9 490        |
| Direct expenses  | -10 588       | -9 457        | -5 238        | -5 336        |
| Depreciation, amortisation and impairment                | -1 148        | -622          | -1 025        | -384          |
| Impairment losses on receivables                         | 60            | -228          | -             | -228          |
| <b>Operating profit before overhead costs</b>            | <b>20 050</b> | <b>22 294</b> | <b>5 632</b>  | <b>9 917</b>  |
| Overhead costs   | -3 710        | -3 482        | -1 041        | -1 665        |
| <b>Operating profit before valuations</b>                | <b>16 340</b> | <b>18 812</b> | <b>4 592</b>  | <b>8 252</b>  |
| Recognition of negative goodwill                         | -             | 28 567        | -             | -             |
| Change in fair value of investments                      | 3 887         | -5 497        | 3 843         | -296          |
| <b>Profit before taxes and non-controlling interests</b> | <b>20 226</b> | <b>41 882</b> | <b>8 435</b>  | <b>7 956</b>  |

Operating profit  
27 %

# TAALERI CONSOLIDATED BALANCE SHEET

## Assets

| 1 000 euroa  | 31.12.2016     | 31.12.2015     |
|--|----------------|----------------|
| Receivables from credit institutions               | 55 148         | 27 983         |
| Receivables from the public and general government | 6 919          | 9 416          |
| Debt securities                                    | 100            | 1 541          |
| Shares and units                                   | 7 353          | 45 154         |
| Participating interests                            | 4 185          | 2 958          |
| Derivative instruments                             | 28             | -              |
| Insurance assets                                   | 126 202        | 116 715        |
| Intangible assets                                  | 2 514          | 2 369          |
| Tangible assets                                    | 503            | 546            |
| Other assets                                       | 4 846          | 4 877          |
| Accrued income and prepayments                     | 4 898          | 4 956          |
| Deferred tax assets                                | 566            | 249            |
|  | <b>213 262</b> | <b>216 764</b> |

## Liabilities

| 1 000 euroa                                      | 31.12.2016     | 31.12.2015     |
|--|----------------|----------------|
| <b>LIABILITIES</b>                               | <b>119 412</b> | <b>119 704</b> |
| Liabilities to credit institutions               | 8 967          | 14 939         |
| Liabilities to the public and general government | -              | 30 250         |
| Debt securities issued to the public             | 64 691         | 29 946         |
| Insurance liabilities                            | 14 998         | 13 071         |
| Other liabilities                                | 1 411          | 3 583          |
| Accrued expenses and deferred income             | 12 494         | 10 186         |
| Deferred tax liabilities                         | 16 852         | 17 729         |
| <b>EQUITY CAPITAL</b>                            | <b>93 850</b>  | <b>97 060</b>  |
|  | <b>213 262</b> | <b>216 764</b> |

# TAALERI KEY FIGURES

| KEY FIGURES                                 | FY 2016 | FY 2015 | H2 2016 | H2 2015 |
|---|---------|---------|---------|---------|
| Earnings per share, EUR                     | 0.45    | 1.53    | 0.12    | 0.21    |
| Adjusted* earnings per share, EUR           | 0.45    | 0.55    | 0.12    | 0.21    |
| Adjusted* return on equity, %               | 13.4    | 24.9    | 7.9     | 14.8    |
| Adjusted* return on equity at fair value, % | 16.5    | 18.2    | 14.4    | 14.2    |
| Adjusted* return on assets, %               | 5.9     | 9.1     | 3.7     | 6.5     |
| Cost/Income ratio, %                        | 73.2    | 67.5    | 83.0    | 70.4    |
| P/E, EUR                                    | 18.4    | 5.5     | 33.1    | 20.4    |
| Number of employees, avg                    | 179     | 175     | 184     | 174     |
| Equity ratio, %                             | 44.0    | 44.8    | 44.0    | 44.8    |
| Equity/share, EUR                           | 3.30    | 3.35    | 3.30    | 3.35    |
| Investments, EUR                            | 135.1   | 163.7   | 135.1   | 163.7   |
| Total assets, EUR                           | 213.3   | 216.8   | 213.3   | 216.8   |
| Net gearing, %                              | 19.7    | 48.6    | 19.7    | 48.6    |
| Share closing price, EUR                    | 8.24    | 8.38    | 8.24    | 8.38    |
| Market capitalization, EUR million          | 233.2   | 237.2   | 233.2   | 237.2   |

\* In the adjusted key figures, the impact of EUR 27.3 million resulting from the Garantia acquisition has been deducted in 2015 figures.

## WEALTH MANAGEMENT – INCOME AND RESULTS

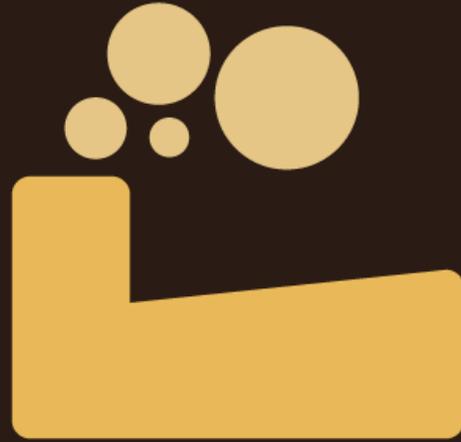
| WEALTH MANAGEMENT FEES              | FY 2016      | FY 2015      | Change %     | H2 2016     | H2 2015     | Change %     |
|-------------------------------------|--------------|--------------|--------------|-------------|-------------|--------------|
| EUR million                         |              |              |              |             |             |              |
| Wealth management fees              | 28.3         | 28.8         | -1.6         | 14.6        | 13.1        | 11.0         |
| Performance fees                    | 5.8          | 4.5          | 28.6         | 2.0         | 3.5         | -43.6        |
| Sales profits                       | 3.0          | 6.1          | -51.2        | 3.0         | 3.7         | -19.8        |
| <b>Total income</b>                 | <b>37.1</b>  | <b>39.4</b>  | <b>-5.8</b>  | <b>19.5</b> | <b>20.3</b> | <b>-4.1</b>  |
| <b>Operating profit</b>             | <b>6.2</b>   | <b>9.8</b>   | <b>-36.8</b> | <b>4.1</b>  | <b>4.9</b>  | <b>-16.0</b> |
| Number of employees, avg.           | 134          | 131          | 2.3          | 136         | 132         | 3.0          |
| ASSETS UNDER MANAGEMENT             |              |              |              |             |             |              |
| EUR, million                        |              |              |              |             |             |              |
| <b>Assets under management</b>      | <b>4 678</b> | <b>3 800</b> | <b>23.1</b>  |             |             |              |
| Investment funds                    | 857          | 850          | 0.8          |             |             |              |
| Private equity funds                | 880          | 623          | 41.1         |             |             |              |
| Discretionary wealth management     | 1 431        | 1 275        | 12.2         |             |             |              |
| Non-discretionary wealth management | 1 511        | 1 052        | 43.7         |             |             |              |

## GARANTIA KEY FIGURES, FAS

| EUR million  | FY 2016     | FY 2015     | CHANGE %       |
|--|-------------|-------------|----------------|
| <b>Premiums written</b>  | <b>12.2</b> | <b>10.0</b> | <b>21.9</b>    |
| Other items*   | -2.8        | -0.2        | 1 518.0        |
| <b>Earned premiums</b>   | <b>9.5</b>  | <b>9.8</b>  | <b>-3.9</b>    |
| Claims incurred  | -1.2        | -1.5        | -21.3          |
| Operating expenses   | -5.0        | -4.8        | 3.9            |
| <b>Balance on technical account before changes in the equalization provision</b> | <b>3.3</b>  | <b>3.6</b>  | <b>-7.1</b>    |
| Change in equalisation provision   | 1.2         | -3.5        | -133.4         |
| <b>Balance on technical account</b>  | <b>4.5</b>  | <b>0.1</b>  | <b>7 105.7</b> |
| Investment income and expenses, net  | 3.2         | 8.5         | -62.0          |
| <b>Earnings before tax</b>   | <b>7.7</b>  | <b>8.5</b>  | <b>-9.5</b>    |
| Combined ratio, %  | 64.9        | 63.7        | 2.0            |
| Return on investments at fair value, %   | 5.8         | 4.6         | 26.1           |
| Solvency ratio (S2), % **  | 435.4       | 505.8       | -13.9          |

\* Reinsurers' share of premiums written, change to provision for unearned premiums and reinsurers' share of change to provision for unearned premiums.

\*\* The Solvency II regulations were not in force during the 2015 financial year and they do not fall within the sphere of statutory auditing under the Insurance Companies Act that entered into force on 1 January 2016. The Solvency II ratios have not been audited.



**TAALERI**

**RICHNESS IS LIFE.**