

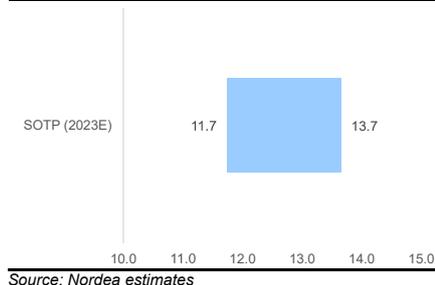
KEY DATA

Stock country	Finland
Bloomberg	TAALA.FH
Reuters	TAALA.HE
Share price (close)	EUR 9.92
Free Float	72%
Market cap. (bn)	EUR 0.28/EUR 0.28
Website	taaleri.com
Next report date	19 Aug 2022

PERFORMANCE



VALUATION APPROACH (EUR/SHARE)



ESTIMATE CHANGES

Year	2022E	2023E	2024E
Sales	5%	-2%	-1%
EBIT (adj)	10%	-4%	-3%

Source: Nordea estimates

Nordea Markets - Analysts

Joni Sandvall
AnalystSvante Krokfors
Director

Announcement that new flagship is closing

Based on segment reporting, Taaleri reported Q1 sales of EUR 7.2m and operating profit of EUR -0.7m, clearly above Refinitiv consensus expectations. Investment operations had a negative impact on the Q1 top line and earnings, although not to the extent we had anticipated. The company is advancing its SolarWind II projects, while the new SolarWind III fund could start fundraising already this autumn with first close in 2023. Earnouts from Finsilva and divestment of Ficolo will support Q2-Q3, while Wind funds' carry will most likely be booked in Q4. Garantia's outlook remains positive and we expect the company to continue to report a strong combined ratio. In addition, Garantia's high solvency ratio could offer a dividend surprise for Taaleri. We derive a fair value range of EUR 11.7-13.7 (11.4-13.6) per Taaleri share.

Q1 was better than feared – underlying largely in line

Based on segment reporting, Taaleri reported EBIT of EUR -0.7m and total income of EUR 7.2m, well above Refinitiv consensus. Recurring revenues amounted to EUR 9.3m, missing our estimate by 6%. Fair value changes for investments amounted to EUR -2.8m, while we had anticipated EUR -9.8m. Hence, when adjusting for the deviation in fair value changes, underlying operations were in line with our estimates. Private asset management EBIT beat our estimate due to EUR 0.5m in carry. Garantia's loan losses remained close to zero and net premiums increased by 3% y/y. The combined ratio was strong at 31.3%. Private asset management assets under management (AuM) increased by 1.5% q/q to EUR 2.3bn (versus EUR 1.7bn a year ago).

SolarWind III to support 2023-24 growth

We make only minor revisions to our underlying estimates. We lower 2023E-24E revenue by 1-2% and EBIT by 3-4%. We take a more cautious view on Garantia's underlying growth and investment operations. Our top-line estimates for private asset management are intact for 2023-24, while we lower our EBIT estimates by 2%. We note that SolarWind III could start fundraising this autumn as SolarWind II is currently making final investments. In addition, Bioindustry I will have first closing in May.

Fair value range of EUR 11.7-13.7

We derive a fair value range of EUR 11.7-13.7 (11.4-13.3), which is based on an SOTP valuation using our 2023 estimates. Due to the current ramping up, Taaleri should reach its full earnings potential after 2023.

SUMMARY TABLE - KEY FIGURES

EURm	2019	2020	2021	2022E	2023E	2024E
Total revenue	67	69	73	72	68	71
EBITDA (adj)	23	24	32	35	31	33
EBIT (adj)	21	21	32	34	30	32
EBIT (adj) margin	30.8%	30.3%	43.6%	47.3%	44.2%	45.0%
EPS (adj, EUR)	0.41	0.46	4.81	0.99	0.87	0.93
EPS (adj) growth	n.a.	11.8%	947.1%	-79.4%	-12.0%	6.4%
DPS (ord, EUR)	0.16	1.32	0.40	0.40	0.50	0.55
EV/Sales	4.1	3.8	3.8	3.3	3.6	3.2
EV/EBIT (adj)	13.4	12.4	8.6	7.0	8.1	7.2
P/E (adj)	20.5	17.7	2.3	10.0	11.4	10.7
P/BV	1.9	1.7	1.4	1.3	1.3	1.3
Dividend yield (ord)	1.9%	16.3%	3.6%	4.0%	5.0%	5.5%
FCF Yield bef A&D, lease adj	3.0%	0.0%	40.3%	13.5%	8.9%	8.9%
Net debt	38	32	-44	-43	-39	-52
Net debt/EBITDA	1.6	1.4	-1.4	-1.2	-1.3	-1.6
ROIC after tax	14.8%	7.4%	10.5%	10.9%	9.7%	10.4%

Source: Company data and Nordea estimates

Q1 results and deviation

Taaleri reported EBIT of EUR -0.6m, well above Refinitiv consensus of EUR -4.3m. Total income from segment reporting was EUR 7.2m, well above our estimate of EUR 0m. Recurring revenue amounted to EUR 9.3m, missing our estimate by 6%. Fair value changes for investments amounted to EUR -2.8m, while we had anticipated EUR -9.8m. Hence, when adjusting for the deviation in fair value changes, underlying operations were in line with our estimates. Private asset management EBIT beat our estimate due to EUR 0.5m in carry, while we had not expected any. Garantia's loan losses remained at a low level and net premiums increased by 3% y/y, while we had anticipated 25% growth. The combined ratio was 31.3%, beating our estimate of 34.1%. Private asset management assets under management (AuM) increased by 1.5% q/q to EUR 2.3bn (versus EUR 1.7bn a year ago).

Private asset management was in line with our underlying estimates

Taaleri's private asset management total income was EUR 5.3m, 14% above our estimate. Recurring revenue of EUR 4.9m was 1% below our estimate of EUR 5.0m.

Private asset management EBIT totalled EUR 0.0m, above our estimate of EUR -0.3m, driven by EUR 0.5m of carry (we had anticipated EUR 0m). Hence, underlying EBIT was slightly below our estimate.

AuM increased to EUR 2.3bn, from EUR 1.7bn a year ago and EUR 2.2bn in 2021.

Renewable energy operating income totalled EUR 3.5m (Nordea: EUR 3.7m), while EBIT was EUR 0.6m (Nordea: EUR 0.2m), boosted by EUR 0.3m in fair value changes (Nordea: EUR 0m). Hence, the profitability of underlying operations slightly exceeded our expectations.

Other Private asset management operating income totalled EUR 1.5m (Nordea: EUR 1m), while EBIT was EUR -0.6m (Nordea: EUR -1m), driven by EUR 0.5m of carry (Nordea: EUR 0m) and EUR -0.3m in fair value changes (Nordea: EUR -0.3m). Carry was booked following the sale of the Taaleri Daycare Properties fund units.

Garantia's combined ratio was strong – high solvency

Garantia, Taaleri's guarantee insurance company, reported EUR 1.5m in total income, driven by EUR 3.9m in recurring revenue (Nordea: EUR 4.6m) and EUR -2.4m in investment gains.

Earned net premiums increased by 3% y/y (following a 50% increase in Q4) to EUR 4.0m in Q1, below our estimate of EUR 4.8m.

The combined ratio was strong at 31.3% (Nordea: 34.1%). The solvency ratio improved to 223.1%, above our estimate of 205.8%. Garantia's insurance portfolio decreased by 1.7% to EUR 1,667m (Nordea: EUR 1,697m) due to the strategic decision to reduce corporate exposure (as expected).

Strategic investments EBIT of EUR -1.0m clearly exceeded our EUR -6.3m estimate and was driven by better-than-anticipated investment operations (EUR -3.7m versus our estimate of EUR -9.5m). Aktia shareholdings had a EUR 1.7m negative impact.

Guidance and fund pipeline

Taaleri has not provided a short-term outlook. The company expects strong demand for private equity funds to continue. Taaleri commenced Bioindustry I fund sales at the end of February and decided to invest in a torrefied biomass plant to be built in Joensuu, Finland. SolarWind II advanced projects had 12 projects at the end of Q1.

Q1 DEVIATION TABLE

EURm	Actual	NDA est.	Deviation		Consensus	Deviation		Actual	Actual		
	Q1 2022	Q1 2022E	vs. actual		Q1 2022E	vs. actual		Q4 2021	q/q	Q1 2021	y/y
Sales	8.1	0.6	7.5	1181%	3.0	5.1	169%	30.2	-73%	12.1	-33%
EBIT	-0.6	-7.8	7.2	-92%	(4.3)	3.7	-85%	14.7	-104%	5.5	-112%
EBIT margin	-8.0%	-1241.8%	n.m.		-144.4%	n.m.		48.5%	-56.5pp	45.1%	-53.1pp
PTP	-0.3	-8.1	7.8	-96%	(8.0)	7.7	-96%	14.4	-102%	4.7	-107%
PTP margin	-4.2%	-1281.4%	n.m.		-266.7%	n.m.		47.7%	-51.8pp	38.8%	-43.0pp
Adj. EPS	-0.05	-0.24	0.19	-79%	(0.03)	-0.21	50%	0.42	-112%	0.24	-121%
EPS	-0.05	-0.24	0.19	-79%	(0.03)	-0.21	50%	0.42	-112%	0.24	-121%
Segment reporting											
Recurring revenues											
Private asset management	4.9	5.0	-0.1	-1%				5.4	-10%	4.2	16%
Strategic investments	3.9	4.6	-0.7	-15%				5.5	-30%	3.6	7%
Other	0.5	0.3	0.2	78%				0.5	15%	1.1	-51%
TOTAL	9.3	9.8	-0.5	-6%				11.4	-19%	8.9	4%
Total income											
Private asset management	5.3	4.7	0.7	14%				16.2	-67%	5.2	3%
Strategic investments	0.2	-4.9	5.1	-104%				9.4	-98%	7.0	-97%
Other	1.7	0.3	1.4	452%				3.8	-56%	1.5	13%
TOTAL	7.2	0.0	7.1	n.m.				29.4	-76%	13.7	-48%
EBIT											
Private asset management	0.0	-0.3	0.3	-99%				7.3	-100%	0.4	-100%
Strategic investments	-1.0	-6.3	5.4	-85%				7.3	-113%	5.8	-116%
Other	0.3	-1.2	1.4	-126%				0.0	n.m.	-0.4	-171%
TOTAL	-0.7	-7.8	7.2	-92%				14.7	-104%	5.8	-111%
EBIT margin											
Private asset management	0.0%	-7.2%	7.2pp					45.3%	-45.4pp	8.5%	-8.6pp
Strategic investments	-531.1%	128.4%	n.m.					77.8%	n.m.	82.6%	n.m.
Other	18.0%	-383.3%	n.m.					0.0%	18.0pp	-28.7%	47pp
TOTAL	-9.2%	-78803.1%	n.m.					49.9%	-59.2pp	42.7%	-51.9pp

Source: Company data, Refinitiv and Nordea estimates

Takeaways from the conference call

We make the following remarks following the conference call:

- Demand for Taaleri's Bioindustry I fund is now good, including from institutional investors, after a difficult start at the end of February. First closing is at the end of May. We were left with the impression that it will take three years to deploy funds.
- Taaleri's US wind project is ready and, depending on the ramp-up phase, divestment could take place at the end of 2022. However, 2023 seems more likely.
- The company noted that IFRS-related fair value changes do not have an impact on Garantia's dividend capacity. Garantia uses FAS accounting, which requires fair value changes only if fair value drops below the acquisition price.
- SolarWind II is currently making last investments. Hence, SolarWind III fund marketing and fund raising could start in autumn. We estimate EUR 200m of investment commitments in 2023 and note that the timeline appears to support this.
- The company appeared more confident about the Aktia collaboration following the progress made on the Bioindustry I fund. The recently appointed head of sales is responsible for increasing institutional sales and the Aktia collaboration.

Estimate revisions

ESTIMATE REVISIONS AFTER THE Q1 2022 REPORT (EPS/DPS IN EUR)

EURm	New estimates				Old estimates				Difference %			
	Q2 2022E	2022E	2023E	2024E	Q2 2022E	2022E	2023E	2024E	Q2 2022E	2022E	2023E	2024E
Sales	16.8	71.8	67.8	70.8	19.0	68.6	69.0	71.7	-11%	5%	-2%	-1%
EBIT	7.9	34.0	30.0	31.8	10.3	30.8	31.2	32.8	-23%	10%	-4%	-3%
EBIT margin	47%	47.3%	44.2%	45.0%	54.2%	44.9%	45.2%	45.7%	-7pp	2.4pp	-1.0pp	-0.7pp
PTP	7.7	32.9	28.9	30.8	10.0	29.8	30.2	31.8	-23%	11%	-4%	-3%
PTP margin	46%	45.8%	42.7%	43.5%	52.9%	43.4%	43.7%	44.3%	-7pp	2.4pp	-1.0pp	-0.7pp
Adj. EPS	0.23	0.99	0.87	0.93	0.30	0.90	0.91	0.96	-23%	11%	-4%	-3%
EPS	0.23	0.99	0.87	0.93	0.30	0.9	0.9	1.0	-23%	11%	-4%	-3%
DPS		1.00	0.90	0.95		1.00	0.90	0.95		0%	0%	0%
Segment reporting	Q2 2022E	2022E	2023E	2024E	Q2 2022E	2022E	2023E	2024E	Q2 2022E	2022E	2023E	2024E
Recurring revenues												
Private asset management	5.0	20.3	26.8	30.0	4.9	20.3	26.8	30.0	2%	0%	0%	0%
Strategic investments	4.6	18.0	18.5	19.6	5.0	19.9	20.2	21.1	-8%	-9%	-9%	-7%
Other	0.5	2.5	2.5	2.7	0.5	2.2	2.2	2.4	0%	14%	14%	13%
TOTAL	10.0	40.8	47.8	52.3	10.3	42.3	49.2	53.4	-3%	-4%	-3%	-2%
Total income												
Private asset management	4.8	28.1	38.3	39.8	4.7	27.3	38.3	39.8	2%	3%	0%	0%
Strategic investments	3.6	15.0	22.6	23.8	6.0	14.4	24.3	25.3	-40%	4%	-7%	-6%
Other	7.7	25.7	4.5	4.7	7.7	24.4	4.2	4.4	0%	5%	7%	7%
TOTAL	16.1	68.8	65.3	68.3	18.4	66.1	66.7	69.4	-13%	4%	-2%	-2%
Operating profit												
Private asset management	-0.4	5.8	15.6	16.2	-0.4	5.3	15.9	16.6	11%	9%	-2%	-2%
Strategic investments	2.2	9.2	16.6	17.7	4.7	8.5	18.2	19.1	-52%	9%	-9%	-7%
Other	6.0	18.7	-2.2	-2.1	6.0	17.0	-2.9	-2.8	0%	10%	-25%	-26%
TOTAL	7.8	33.6	30.0	31.9	10.3	30.7	31.2	32.8	-24%	10%	-4%	-3%
Operating profit margin												
Private asset management	-8.4%	20.6%	40.7%	40.8%	-7.8%	19.4%	41.5%	41.6%	-0.7pp	1.2pp	-0.8pp	-0.9pp
Strategic investments	62.4%	61.2%	73.6%	74.4%	77.4%	58.7%	75.0%	75.4%	-15.0pp	2pp	-1.4pp	-1.0pp
Other	77.9%	72.7%	-48.4%	-44.7%	77.9%	69.6%	-68.9%	-64.2%	0pp	3pp	21pp	19pp
TOTAL	48.9%	48.9%	46.0%	46.7%	56.1%	46.5%	46.8%	47.3%	-7pp	2pp	-0.8pp	-0.6pp

Source: Nordea estimates

Valuation

We calculate an SOTP-derived fair value range of EUR 11.7-13.7 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 11.7-13.7 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	75.9	2,015	-228	44.9	35.7	19.2	60.1	48.1	27.5	0.0 %	0.0 %					
Abo Wind Ag	Germany	61.0	562	68	30.1	25.8	18.2	40.7	38.8	26.3	0.8 %	0.9 %					
Capman Oyj	Ireland	2.6	406	26	9.7	8.8	9.4	12.2	9.4	11.8	5.8 %	6.2 %					
Eq4 Ab	Sweden	256.9	24,874		54.2	26.2	16.1	24.3	27.5	18.7	1.7 %	1.3 %					
Acciona Sa	UK	181.7	10,044	5,599	18.8	17.5	15.9	29.9	23.0	20.0	2.2 %	2.3 %					
Energiekontor Ag	UK	88.0	1,243	291	24.8	20.8	18.6	34.9	31.2	27.6	0.9 %	1.0 %					
Eolus Vind Ab (Publ)	UK	109.8	253	-15		8.5	4.8		12.8	7.0	1.3 %	1.6 %					
Pne Ag	UK	12.2	936	361	116.5	262.9	60.0	37.0		235.0	0.3 %	0.3 %					
Scatec Asa	Norway	111.6	1,821	1,567	19.9	15.9	13.4	45.7	35.9	28.7	1.3 %	2.2 %					
Median			1,243	179	27.4	20.8	16.1	36.0	29.4	26.3	1.3 %	1.3 %					
Average			4,684	959	39.9	46.9	19.5	35.6	28.4	44.7	1.6 %	1.8 %					
Nordea																	
Taaleri Oyj	Finland	10.1	290	32	8.6	7.2	8.3	2.3	10.2	11.6	10.7 %	9.9 %					
Discount/premium					-69%	-66%	-49%	-94%	-65%	-56%	710%	680%					

Note: share prices as of 5 May

Source: Refinitiv and Nordea estimates

OTHER PRIVATE ASSET MANAGEMENT PEERS

	Country	Price	Mcap Net Debt		EV/EBIT			P/E			Div yield %	
		Local	EURm	2020	2021	2022E	2023E	2021	2022E	2023E	2021	2022E
Finnish peers												
Capman Oyj	Finland	2.6	406	26	9.7	8.8	9.4	12.2	9.4	11.8	5.8 %	6.2 %
Eq Oyj	Finland	22.1	883	5	20.2	28.5	15.4	23.8	22.0	19.5	4.4 %	4.7 %
Eab Group Oyj	Finland	3.2	45	5	15.3	11.5	7.4	21.5	13.5	9.2	2.9 %	4.6 %
Aktia Bank Abp	Finland	9.6	697					10.1	9.5	8.4	5.6 %	6.4 %
Median			552	5	15.3	11.5	9.4	16.9	11.5	10.5	5.0 %	5.5 %
Average			508	12	15.1	16.3	10.7	16.9	13.6	12.2	4.7 %	5.5 %
Nordea												
Taaleri Oyj	Finland	10.1	290	32	8.6	7.2	8.3	2.3	10.2	11.6	10.7 %	9.9 %
Discount/premium					-44%	-37%	-12%	-86%	-11%	10%	113%	80%

Note: share prices as of 5 May

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 5.5m) and accepted valuation multiples of 13-16x, we derive a fair value range of EUR 56-69m for renewable energy. In addition, we derive a fair value range of EUR 16-24m 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 72-93m.

Given 2023E EBIT of EUR -0.3m (excluding performance fees) and EUR 5.4m of performance fees for other private asset management, we derive a fair value range of EUR 20-30m for other private asset management. We assign accepted valuation multiples of 6-8x 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 10m dividend from Garantia to Taaleri in 2022, EUR 13m in 2023E and an annual EUR 1m increase in dividends until 2025, after which we expect a 0-2% annual dividend increase for terminal value. We use a 9.3% cost of equity as a discount factor. Based on this approach, we arrive at a fair value range of EUR 162-192m for Garantia. We note that Garantia paid a EUR 15m dividend to Taaleri from 2021.

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 into consideration, we would not be surprised if Garantia were to pay above EUR 10m in dividends to Taaleri from 2022.

We also deduct group costs and add investments at book value (as of Q1 2022), Aktia shares (0.97m) at the current market value (EUR 9.58 as of 5 May), 2022E net cash (EUR 43m) and 2022E dividends (EUR 34m) to derive our equity fair value range of EUR 332-387m for Taaleri. As there are 28.3 million shares outstanding, we derive a fair value range of EUR 11.7-13.7 per Taaleri share.

SOTP VALUATION FOR TAALERI (EURm AND EUR)

Based on 2023 estimates	Share	Sales	EBIT	Valuation method	EV Range
Private asset management		38.3	15.6	EV/EBIT 5.9x - 7.9x	92 - 123
Renewable energy (excl. performance fees)	79%	24.2	5.5	EV/EBIT 13x - 16x	56 - 69
Performance fees	79%		5.0	EV/EBIT 4x - 6x	16 - 24
Other private asset management (ex. performance fees)	100%	14.1	-0.3	EV/EBIT 6x - 8x	-2 - -3
Performance fees	100%		5.4	EV/EBIT 4x - 6x	22 - 33
Strategic investments (Garantia)	100%	22.6	16.6	DDM	162 - 192
Other excl. investment operations	100%	4.5	-4.2	EV/EBIT 7.8x - 9.5x	-33 to -40
Investments	100%		2.0	Book value Q1 22	25
TOTAL			30.0	EV/EBIT 8.2x - 10x	246 - 301
Aktia shares				As of 5 May 2022	9
Net cash 2022E					43
2022E dividends					34
Equity value					332 - 387
Number of shares (m)					28.3
Equity per share, EUR					11.7 - 13.7

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.

Detailed estimates

DETAILED ESTIMATES: SEGMENT REPORTING

Segment reporting, EURm	Q121	Q221	Q321	Q421	Q122	Q222E	Q322E	Q422E	2020	2021	2022E	2023E	2024E
Income													
Recurring revenues													
Private asset management	4.2	5.6	4.8	5.4	4.9	5.0	5.0	5.6	18.5	20.1	20.3	26.8	30.0
Renewable energy	3.2	4.3	3.6	4.2	3.5	3.6	3.6	3.6	14.3	15.2	14.2	19.2	22.7
Other private asset management	1.0	1.3	1.3	1.3	1.4	1.4	1.4	2.0	4.2	4.9	6.1	7.7	7.3
Strategic investments (Garantia)	3.6	4.6	3.9	5.5	3.9	4.6	4.4	5.2	14.6	17.6	18.0	18.5	19.6
Other	1.1	1.0	0.5	0.5	0.5	0.5	0.7	0.7	2.7	3.0	2.5	2.5	2.7
TOTAL	8.9	11.2	9.2	11.4	9.3	10.0	10.1	11.5	35.9	40.7	40.8	47.8	52.3
Recurring revenues growth y/y													
Private asset management	-8%	37%	6%	3%	16%	-12%	2%	2%		9%	1%	32%	12%
Renewable energy	-8%	36%	2%	0%	10%	-18%	1%	-14%		6%	-6%	34%	18%
Other private asset management	-5%	41%	20%	13%	33%	5%	7%	54%		17%	24%	26%	-5%
Strategic investments (Garantia)	9%	25%	0%	46%	7%	0%	13%	-6%		20%	3%	3%	6%
Other	88%	-6%	24%	-38%	-51%	-48%	54%	56%		9%	-17%	0%	8%
TOTAL	6%	27%	4%	16%	4%	-10%	9%	0%	-35%	13%	0%	17%	9%
Total income													
Private asset management	5.2	5.3	4.3	16.2	5.3	4.8	5.0	13.1	21.9	31.0	28.1	38.3	39.8
Renewable energy	4.0	4.3	3.6	10.2	3.8	3.6	3.6	10.6	17.4	22.0	21.5	24.2	30.9
Other private asset management	1.2	1.0	0.7	6.1	1.5	1.2	1.4	2.5	4.5	9.0	6.6	14.1	8.9
Strategic investments (Garantia)	7.0	7.3	6.6	9.4	0.2	3.6	4.9	6.3	17.2	30.3	15.0	22.6	23.8
Other	1.5	1.7	1.4	3.8	1.7	7.7	15.2	1.1	0.9	8.4	25.7	4.5	4.7
TOTAL	18.8	19.7	16.6	45.6	12.5	20.8	30.0	33.6	40.0	69.7	68.8	65.3	68.3
Income growth y/y													
Private asset management	-5%	29%	-20%	132%	3%	-11%	15%	-19%		41%	-9%	36%	4%
Renewable energy	-9%	36%	-17%	83%	-5%	-18%	1%	4%		27%	-2%	12%	28%
Other private asset management	10%	6%	-30%	321%	28%	17%	84%	-58%		98%	-27%	114%	-37%
Strategic investments (Garantia)	-270%	-6%	7%	26%	-97%	-50%	-25%	-33%		76%	-50%	50%	6%
Other	-169%	50%	103%	219%	13%	345%	961%	-71%		819%	206%	-83%	4%
TOTAL	n.m.	15%	-5%	101%	-34%	6%	81%	-26%		74%	-1%	-5%	5%
EBIT													
Private asset management	0.4	-0.1	-0.2	7.3	0.0	-0.4	-0.2	6.4	6.2	7.5	5.8	15.6	16.2
Renewable energy	0.7	0.8	0.8	5.3	0.6	0.5	0.5	6.3	6.6	7.6	8.0	10.5	16.6
Other private asset management	-0.2	-1.0	-1.0	2.0	-0.6	-0.9	-0.7	0.1	-0.4	-0.2	-2.2	5.1	-0.4
Strategic investments (Garantia)	5.8	6.1	5.2	7.3	-1.0	2.2	3.5	4.4	11.9	24.4	9.2	16.6	17.7
Other	-0.4	-0.5	-0.1	0.0	0.3	6.0	13.3	-0.9	-5.8	-1.0	18.7	-2.2	-2.1
TOTAL	5.8	5.5	4.9	14.7	-0.7	7.8	16.6	9.8	12.3	30.8	33.6	30.0	31.9
EBIT margin													
Private asset management	8.5%	-2.6%	-4.5%	45.3%	0.0%	-8.4%	-3.5%	48.5%	28.3%	24.0%	20.6%	40.7%	40.8%
Renewable energy	16.5%	18.8%	22.4%	52.6%	17.0%	14.6%	15.1%	59.4%	37.8%	34.5%	37.1%	43.3%	53.8%
Other private asset management	-18.5%	-92%	-135%	33.1%	-43%	-76.7%	-53.3%	2.8%	-8.4%	-1.7%	-33.7%	36.1%	-4.4%
Strategic investments (Garantia)	82.6%	83.7%	78.6%	77.8%	-531%	62.4%	71.4%	69.4%	69.3%	80.5%	61.2%	73.6%	74.4%
Other	-28.7%	-28.1%	-7.0%	0.0%	18%	77.9%	87.5%	-85%	-632%	-12.0%	72.7%	-48.4%	-44.7%
TOTAL	31.0%	27.8%	29.3%	32.2%	-5%	37.7%	55.4%	29.2%	30.8%	44.2%	48.9%	46.0%	46.7%
EBIT excluding investments and performance fees													
Private asset management	-0.5	0.2	0.3	-3.4	-0.4	-0.2	-0.2	-1.2	2.8	-3.4	-2.0	4.1	6.4
Renewable energy	-0.1	0.8	0.8	-0.7	0.4	0.5	0.5	-0.7	3.5	0.8	0.7	5.5	8.4
Other private asset management	-0.4	-0.6	-0.5	-2.8	-0.8	-0.7	-0.7	-0.5	-0.7	-4.2	-2.7	-1.3	-2.0
Strategic investments (Garantia)	2.4	3.4	2.5	3.4	2.7	3.2	3.0	3.3	9.4	11.7	12.2	12.6	13.6
Other	-0.8	-1.3	-1.1	-3.3	-0.8	-1.2	-1.2	-1.3	-4.0	-6.4	-4.5	-4.2	-4.1
TOTAL	1.1	2.3	1.8	-3.3	1.5	1.8	1.6	0.8	8.2	1.8	5.7	12.5	15.9

Source: Company data and Nordea estimates

DETAILED ESTIMATES: IFRS REPORTING

IFRS reporting, EURm	Q121	Q221	Q321	Q421	Q122	Q222E	Q322E	Q422E	2020	2021	2022E	2023E	2024E
Total income	12.1	17.0	13.2	30.2	8.1	16.8	25.8	21.1	69.4	72.6	71.8	67.8	70.8
growth y/y	-646%	41%	29%	119%	-33%	-1%	95%	-30%	3%	5%	-1%	-6%	4%
Costs	-7.4	-14.3	-8.6	-15.8	-9.0	-9.1	-9.4	-11.4	-51.9	-46.2	-38.9	-38.8	-39.9
growth y/y	26%	122%	31%	87%	21%	-36%	8%	-28%	2%	-11%	-16%	0%	3%
Operating profit	4.7	2.7	4.6	14.4	-0.9	7.7	16.5	9.7	17.5	26.4	32.9	28.9	30.8
margin %	39%	16%	35%	48%	-11%	46%	64%	46%	25%	36%	46%	43%	44%
Taxes	-1.0	-0.4	-1.4	-2.3	-0.3	-1.2	-2.5	-1.5	-4.4	-5.2	-4.9	-4.3	-4.6
Profit (continuing operations)	3.7	2.3	3.2	12.2	-1.5	6.6	14.0	8.6	13.0	21.2	28.1	24.7	26.3
Profit (discontinued operations)	3.2	111.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	114.9	0.0	0.0	0.0
Profit for the period	6.8	114.1	3.2	12.2	-1.5	6.6	14.0	8.6	13.0	136.1	28.1	24.7	26.3
EPS (continuing operations), EUR	0.13	0.08	0.11	0.43	-0.05	0.23	0.50	0.30	0.46	0.75	0.99	0.87	0.93
EPS, EUR	0.24	4.03	0.11	0.43	-0.04	0.23	0.49	0.29	0.46	4.81	0.99	0.87	0.93
DPS (ordinary)									1.32	0.40	0.40	0.50	0.55
DPS (extra)										0.80	0.60	0.40	0.40
DPS (total)									1.32	1.20	1.00	0.90	0.95

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 of 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	General economy	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 economic slowdown, both Garantia's and fund companies' performances could be negatively affected. Changes in the market environment could affect the company's ability to raise fund commitments, and a slowing transaction market could hinder Taaleri's ability to make new investments and exit assets.
A cooling of the housing market could affect the real estate operations negatively	Housing market	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.
Low interest rates have supported alternative investments	Interest rates	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.
Key personnel are important for customer relationships	Key personnel	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.
Cooperation with Aktia plays a crucial role for Taaleri	Sales channels	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.
Overall economic activity could affect investment values	Investments	Taaleri has close to EUR 25m of non-strategic investments that it aims to divest. The market value of these investments could vary greatly depending on the general economic situation.
If not executed well, M&A activity may increase costs	Potential M&A	After divesting its wealth management arm, Taaleri has an overcapitalised balance sheet. M&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&A execution plans so as not to hamper earnings.
A tightening competitive environment could hamper Taaleri's growth prospects	Competitive environment	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.

Reported numbers and forecasts

EURm	2019	2020	2021	2022E	2023E	2024E
Total revenue	67	69	73	72	68	71
Revenue growth	n.a.	3.3%	4.6%	-1.1%	-5.6%	4.4%
of which organic	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.
EBITDA	23	24	32	35	31	33
Depreciation and impairments PPE	-3	-3	-1	-1	-1	-1
of which leased assets	0	0	0	0	0	0
EBITA	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Amortisation and impairments	0	0	0	0	0	0
EBIT	21	21	32	34	30	32
of which associates	0	0	-1	-1	-1	-1
Associates excluded from EBIT	0	0	0	0	0	0
Net financials	-3	-3	-2	-1	-1	-1
of which lease interest	0	0	0	0	0	0
Changes in value, net	-1	0	-3	0	0	0
Pre-tax profit	17	18	26	33	29	31
Reported taxes	-5	-4	-5	-5	-4	-5
Net profit from continued operations	12	13	21	28	25	26
Discontinued operations	0	0	115	0	0	0
Minority interests	0	0	0	0	0	0
Net profit to equity	12	13	136	28	25	26
EPS, EUR	0.41	0.46	4.81	0.99	0.87	0.93
DPS, EUR	0.16	1.32	1.20	1.00	0.90	0.95
of which ordinary	0.16	1.32	0.40	0.40	0.50	0.55
of which extraordinary	0.00	0.00	0.80	0.60	0.40	0.40
Profit margin in percent						
EBITDA	34.8%	34.0%	44.7%	48.4%	45.4%	46.1%
EBITA	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
EBIT	30.8%	30.3%	43.6%	47.3%	44.2%	45.0%
Adjusted earnings						
EBITDA (adj)	23	24	32	35	31	33
EBITA (adj)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
EBIT (adj)	21	21	32	34	30	32
EPS (adj, EUR)	0.41	0.46	4.81	0.99	0.87	0.93
Adjusted profit margins in percent						
EBITDA (adj)	34.8%	34.0%	44.7%	48.4%	45.4%	46.1%
EBITA (adj)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
EBIT (adj)	30.8%	30.3%	43.6%	47.3%	44.2%	45.0%
Performance metrics						
CAGR last 5 years						
Net revenue	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.
EBIT	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.
DPS	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.	39.3%	42.1%
Average EBITDA margin	n.a.	n.a.	n.a.	n.a.	41.5%	43.7%
VALUATION RATIOS - ADJUSTED EARNINGS						
EURm	2019	2020	2021	2022E	2023E	2024E
P/E (adj)	20.5	17.7	2.3	10.0	11.4	10.7
EV/EBITDA (adj)	11.8	11.1	8.4	6.8	7.9	7.0
EV/EBITA (adj)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
EV/EBIT (adj)	13.4	12.4	8.6	7.0	8.1	7.2
VALUATION RATIOS - REPORTED EARNINGS						
EURm	2019	2020	2021	2022E	2023E	2024E
P/E	20.5	17.7	2.3	10.0	11.4	10.7
EV/Sales	4.1	3.8	3.8	3.3	3.6	3.2
EV/EBITDA	11.8	11.1	8.4	6.8	7.9	7.0
EV/EBITA	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
EV/EBIT	13.4	12.4	8.6	7.0	8.1	7.2
Dividend yield (ord.)	1.9%	16.3%	3.6%	4.0%	5.0%	5.5%
FCF yield	-1.2%	0.0%	36.9%	14.3%	8.0%	12.8%
FCF Yield bef A&D, lease adj	3.0%	0.0%	40.3%	13.5%	8.9%	8.9%
Payout ratio	38.9%	287.1%	24.9%	100.8%	103.1%	102.3%

Source: Company data and Nordea estimates

BALANCE SHEET

EURm	2019	2020	2021	2022E	2023E	2024E
Intangible assets	7	7	1	1	1	1
of which R&D	0	0	0	0	0	0
of which other intangibles	1	2	0	0	0	0
of which goodwill	5	5	1	1	1	1
Tangible assets	4	3	1	3	4	5
of which leased assets	0	0	0	0	0	0
Shares associates	16	31	50	47	49	38
Interest bearing assets	0	0	0	0	0	0
Deferred tax assets	2	2	2	2	2	2
Other non-IB non-current assets	155	162	169	161	163	165
Other non-current assets	18	14	14	14	14	14
Total non-current assets	202	219	237	228	233	225
Inventory	0	0	0	0	0	0
Accounts receivable	23	11	17	17	16	16
Short-term leased assets	0	0	0	0	0	0
Other current assets	0	0	0	0	0	0
Cash and bank	37	32	59	58	54	66
Total current assets	60	44	76	75	70	83
Assets held for sale	8	5	5	3	1	0
Total assets	270	268	319	305	304	307
Shareholders equity	126	132	229	215	214	217
Of which preferred stocks	0	0	0	0	0	0
Of which equity part of hybrid debt	0	0	0	0	0	0
Minority interest	0	1	1	1	0	0
Total Equity	126	133	230	216	214	217
Deferred tax	16	15	17	17	17	17
Long term interest bearing debt	76	n.a.	n.a.	n.a.	n.a.	n.a.
Pension provisions	0	0	0	0	0	0
Other long-term provisions	32	35	39	40	40	41
Other long-term liabilities	20	20	18	18	18	18
Non-current lease debt	0	0	0	0	0	0
Convertible debt	0	0	0	0	0	0
Shareholder debt	0	0	0	0	0	0
Hybrid debt	0	0	0	0	0	0
Total non-current liabilities	144	135	89	89	90	90
Short-term provisions	0	0	0	0	0	0
Accounts payable	0	0	0	0	0	0
Current lease debt	0	0	0	0	0	0
Other current liabilities	0	0	0	0	0	0
Short term interest bearing debt	0	0	0	0	0	0
Total current liabilities	0	0	0	0	0	0
Liabilities for assets held for sale	0	0	0	0	0	0
Total liabilities and equity	270	268	319	305	304	307
Balance sheet and debt metrics						
Net debt	38	32	-44	-43	-39	-52
of which lease debt	0	0	0	0	0	0
Working capital	23	11	17	17	16	16
Invested capital	225	230	254	244	249	241
Capital employed	201	198	245	231	229	232
ROE	18.5%	10.1%	75.5%	12.6%	11.5%	12.2%
ROIC	7.4%	10.5%	10.9%	9.7%	10.4%	8.2%
ROCE	20.6%	10.6%	14.3%	14.3%	13.0%	13.8%
Net debt/EBITDA	1.6	1.4	-1.4	-1.2	-1.3	-1.6
Interest coverage	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
Equity ratio	46.6%	49.3%	71.9%	70.5%	70.3%	70.4%
Net gearing	30.5%	24.4%	-19.4%	-19.9%	-18.3%	-23.8%

Source: Company data and Nordea estimates

CASH FLOW STATEMENT

EURm	2019	2020	2021	2022E	2023E	2024E
EBITDA (adj) for associates	23	23	34	36	31	33
Paid taxes	-3	0	-4	-5	-4	-5
Net financials	0	0	-2	-1	-1	-1
Change in provisions	0	0	0	0	0	0
Change in other LT non-IB	-122	-1	-4	8	-1	-1
Cash flow to/from associates	0	0	0	0	0	0
Dividends paid to minorities	-1	0	0	0	0	0
Other adj to reconcile to cash flow	118	-23	107	0	0	0
Funds from operations (FFO)	15	0	130	38	24	26
Change in NWC	-7	0	-1	0	1	-1
Cash flow from operations (CFO)	9	0	129	38	25	25
Capital expenditure	-2	0	-2	0	0	0
Free cash flow before A&D	7	0	128	38	25	25
Proceeds from sale of assets	0	0	0	5	3	11
Acquisitions	-10	0	-11	-3	-6	0
Free cash flow	-3	0	117	40	23	36
Free cash flow bef A&D, lease adj	7	0	128	38	25	25
Dividends paid	-8	0	-37	-34	-28	-25
Equity issues / buybacks	0	0	0	0	0	0
Net change in debt	14	0	-50	0	0	0
Other financing adjustments	0	0	0	-8	2	2
Other non-cash adjustments	35	-5	-3	0	0	0
Change in cash	37	-5	27	-1	-4	12
Cash flow metrics						
Capex/D&A	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.
Key information						
Share price year end (/current)	8	8	11	10	10	10
Market cap.	238	230	317	252	227	200
Enterprise value	277	263	273	210	188	149
Diluted no. of shares, year-end (m)	28.3	28.3	28.3	28.3	28.3	28.3

Source: Company data and Nordea estimates

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