

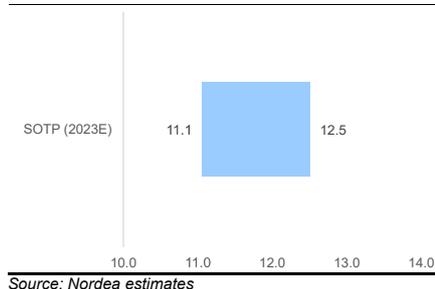
## KEY DATA

Stock country	Finland
Bloomberg	TAALA FH
Reuters	TAALA.HE
Share price (close)	EUR 10.16
Free Float	72%
Market cap. (bn)	EUR 0.29/EUR 0.29
Website	taaleri.com
Next report date	04 Nov 2022

## PERFORMANCE



## VALUATION APPROACH (EUR/SHARE)



## ESTIMATE CHANGES

Year	2022E	2023E	2024E
Sales	-4%	3%	0%
EBIT (adj)	-14%	2%	-4%

Source: Nordea estimates

## Solid underlying performance

Based on segment reporting, Taaleri reported Q2 sales of EUR 11.9m and operating profit of EUR 2.4m, clearly below Refinitiv consensus expectations. Fair value changes burdened income and earnings, while the EUR 6.7m earn-out from Finsilva supported development. The underlying private asset management operations developed largely in line with our expectations, while Garantia's combined ratio remained strong. SolarWind III will launch in H2 and we expect first closing in H1 2023. We derive a fair value range of EUR 11.1-12.5 (11.0-12.5) per Taaleri share.

## Private asset management largely in line with expectations

Based on segment reporting, Taaleri reported EBIT of EUR 2.4m, short of Refinitiv consensus expectation of EUR 5m. Recurring revenues of EUR 11.9m were 4% below our expectations, driven by lower-than-anticipated premiums in Garantia. However, this was due to a change in the provision for unearned premiums, and we were left with impression that underlying demand has remained strong. Private asset management EBIT of EUR -0.7m was slightly off our EUR -0.5m estimate, while we note EUR 0.9m of costs of a one-off nature. Strategic investments EBIT was burdened by higher-than-anticipated negative investment income. Garantia's combined ratio remained strong at 31.0%, while solvency improved to 238%. We thus expect a dividend of at least EUR 10m from Garantia to Taaleri in 2022, which would not put solvency or the credit rating at risk, we believe. In addition, we note slightly eased credit spreads, which could support H2 income as some 70% of Garantia's investment portfolio is in fixed income products.

## Limited underlying estimate revisions

We lower 2022E income from segment reporting by 4% and make minor revisions for 2023E-24E. Similarly, we cut 2022E EBIT by 13%, raise 2023E by 2% and lower 2024E by 4%. We now expect the US divestment in 2023 (previously, 2022). We trim 2022E-24E recurring revenues by 0-2%, owing to discontinued Infra and slightly higher bioindustry expectations. We maintain our DPS forecast and expect EUR 1.0 in total DPS in 2022E.

## Fair value range of EUR 11.1-12.5

We derive a fair value range of EUR 11.1-12.5 (11.0-12.5), based on an SOTP valuation using our 2023 estimates. Due to the current ramping up, Taaleri should reach its full earnings potential after 2023.

## Nordea Markets - Analysts

Joni Sandvall  
AnalystSvante Krokfors  
Director

## SUMMARY TABLE - KEY FIGURES

EURm	2019	2020	2021	2022E	2023E	2024E
Total revenue	67	69	73	66	70	71
EBITDA (adj)	23	24	32	28	31	31
EBIT (adj)	21	21	32	27	30	31
EBIT (adj) margin	30.8%	30.3%	43.6%	40.1%	43.8%	43.1%
EPS (adj, EUR)	0.41	0.46	4.81	0.75	0.89	0.89
EPS (adj) growth	n.a.	11.8%	947.1%	-84.5%	18.6%	0.3%
DPS (ord, EUR)	0.16	1.32	0.40	0.40	0.50	0.55
EV/Sales	4.1	3.8	3.8	3.8	3.7	3.4
EV/EBIT (adj)	13.4	12.4	8.6	9.4	8.4	8.0
P/E (adj)	20.5	17.7	2.3	13.6	11.5	11.4
P/BV	1.9	1.7	1.4	1.4	1.4	1.4
Dividend yield (ord)	1.9%	16.3%	3.6%	3.9%	4.9%	5.4%
FCF Yield bef A&D, lease adj	3.0%	0.0%	40.3%	11.6%	8.3%	8.4%
Net debt	38	32	-44	-38	-33	-45
Net debt/EBITDA	1.6	1.4	-1.4	-1.4	-1.1	-1.4
ROIC after tax	14.8%	7.4%	10.5%	8.6%	9.9%	10.0%

Source: Company data and Nordea estimates

## Q2 results and deviation

Taaleri reported Q2 EBIT of EUR 2.4m, coming in clearly below Refinitiv consensus of EUR 5.0m. Based on segment reporting, Q2 total income was EUR 11.9m, 13% below our estimate of EUR 13.6m. Recurring revenues were EUR 9.6m in Q2, missing our forecast by 4%. Fair value changes of investments were EUR -7.0m in Q2, while we had anticipated EUR -1.5m. Investment operations' income of EUR 2.3m was below our estimate of EUR 3.5m. Hence, when adjusting for the deviation in investment operations, underlying operations' EBIT came in 30% below our expectations. Private asset management EBIT missed our estimates mainly due to higher costs that can be viewed as one-off in nature. Garantia's loan losses continued at a low level (-0.2%) and net premiums decreased by 8% y/y, while we had anticipated 8% growth. Its combined ratio was 31.0% in Q2 and beat our estimate of 31.8%. Private asset management AuM was up 4.7% q/q, to EUR 2.4bn (EUR 2.2bn in 2021). SolarWind III will be launched in autumn, while Bio I is expected to start investments in Q3.

### Private asset management slightly above our estimate when adjusting for one-offs

Taaleri's private asset management total income was EUR 5.8m and came in 22% above our estimate. Recurring revenues of EUR 4.8m were 2% below our forecast of EUR 5.0m.

Private asset management EBIT was EUR -0.7m, slightly below our estimate of EUR -0.5m, driven by higher costs. There were no carried interest bookings in Q2 (in line with our expectation). AuM increased 4.7% q/q, to EUR 2.4bn from EUR 2.3bn in Q1 2022 and EUR 2.2bn in 2021.

Renewable energy's operating income was EUR 4.3m (our forecast was for EUR 3.6m), while EBIT was EUR 0.4m (Nordea EUR 0.4m). Income was boosted by EUR 0.8m from investment operations (we had EUR 0m). In addition, we note EUR 0.2m in non-recurring personnel costs (buying out the management-fee profit-sharing agreements) and EUR 0.2m in Q2 writedowns. Hence, underlying profitability for private asset management came in above our estimate.

Other private asset management operating income was EUR 1.5m (Nordea EUR 1.2m), while EBIT was EUR -1.1m (Nordea EUR -0.9m). Other private asset management benefitted from EUR 0.2m in investment operations (we had modelled EUR 0m). The deviation to our estimate related mainly to D&A, as the company posted a EUR 0.3m writedown for the winding up of the infrastructure business.

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

Taaleri's guarantee insurance company, Garantia, reported EUR 4.0m total income, driven by EUR 4.0m recurring revenues (Nordea: EUR 4.6m) and EUR -3.9m investment gains (we expected EUR -4.5m). Earned net premiums decreased by 8% y/y (+4% in Q1) to EUR 4.0m in Q2, below our estimate of EUR 4.7m.

Strategic investments' EBIT of EUR -2.3m was clearly below our EUR -0.3m estimate and was owing to weaker-than-anticipated investment operations (EUR -5.1m versus our estimate of EUR -3.5m). Aktia shareholdings had a EUR 1.2m negative impact.

Garantia's combined ratio was strong at 31.0% (we had 31.8%). Its solvency ratio improved to 237.8%, above our estimate of 217.1%. Guaranty insurance portfolio was up 3% y/y to EUR 1,742m (Nordea EUR 1,715m) driven by a 10% increase in consumer exposure.

## Guidance and fund pipeline

Taaleri does not provide a short-term outlook. The company expects strong demand for private equity funds to continue. It also expects to start investments in Bio I in Q3 and to launch SolarWind III in autumn. SolarWind II advanced its projects, while Taaleri had 14 projects in its development portfolio at the end of Q2 (12 projects at the end of Q1). We expect these projects to be transferred to upcoming SolarWind III. This portfolio could speed up the investment phase and, on the other hand, act as proof of concept for fundraising.

### Q2 DEVIATION TABLE

EURm	Actual Q2 2022	NDA est. Q2 2022E	Deviation vs. actual		Consensus Q2 2022E	Deviation vs. actual		Actual Q1 2022	q/q	Actual Q2 2021	y/y
Sales	12.9	14.3	-1.4	-10%	13.5	-0.6	-5%	8.1	59%	17.0	-24%
EBIT	2.4	5.4	-2.9	-54%	5.0	-2.6	-51%	-0.6	-481%	6.7	-63%
EBIT margin	18.9%	37.4%	n.m.		37.0%	n.m.		-7.9%	26.8pp	39.2%	-20.2pp
PTP	2.2	5.1	-5.1	-57%	4.0	-4.0	-45%	-0.9	-344%	2.7	-19%
PTP margin	-0.3%	35.7%	n.m.		29.6%	n.m.		-11.2%	10.8pp	16.1%	-16.4pp
Adj. EPS	0.00	0.15	-0.15	-100%	0.15	0.00	-100%	-0.03	-100%	4.04	-100%
EPS	0.00	0.15	-0.15	-100%	0.15	0.00	-100%	-0.03	-100%	4.04	-100%
<b>Segment reporting</b>											
<b>Recurring revenues</b>											
Private asset management	4.8	5.0	-0.1	-2%				4.9	-1%	5.6	-14%
Strategic investments	4.0	4.6	-0.6	-12%				3.9	3%	4.6	-12%
Other	0.7	0.5	0.2	47%				0.5	38%	1.0	-23%
TOTAL	9.6	10.0	-0.4	-4%				9.3	3%	11.2	-14%
<b>Total income</b>											
Private asset management	5.8	4.8	1.0	22%				5.3	9%	5.3	9%
Strategic investments	-1.1	1.1	-2.2	-197%				0.2	-698%	7.3	-115%
Other	7.1	7.7	-0.6	-7%				1.7	331%	1.7	313%
TOTAL	11.9	13.6	-1.7	-13%				7.2	66%	14.3	-17%
<b>EBIT</b>											
Private asset management	-0.7	-0.5	-0.2	47%				0.0	70400%	-0.1	400%
Strategic investments	-2.3	-0.3	-2.1	824%				-1.0	143%	6.1	-138%
Other	5.5	6.0	-0.5	-9%				0.3	1731%	-0.5	-1225%
TOTAL	2.4	5.3	-2.8	-54%				-0.7	-469%	5.5	-56%
<b>EBIT margin</b>											
Private asset management	-12.2%	-10.1%	-2.1pp					0.0%	-12.1pp	-2.6%	-9.5pp
Strategic investments	215.7%	-22.8%	238pp					-531.1%	n.m.	83.7%	132pp
Other	76.5%	77.9%	-1.4pp					18.0%	58.5pp	-28.1%	105pp
TOTAL	20.5%	38.9%	-18.4pp					-9.2%	29.7pp	38.1%	-17.6pp

Source: Company data, Refinitiv and Nordea estimates

## Takeaways from the conference call

We make the following remarks following the conference call:

- The high tax rate is due to FAS accounting, where fair value changes in Garantia do not have impact on earnings.
- Garantia's strong solvency ratio is partly thanks to lower capital requirements owing to changes in risk positions (higher consumer exposure with longer run times). We were left with an impression that solvency is at least as an important factor as earnings when considering dividend payments.
- In total, Q2 had EUR 0.9m in costs that can be regarded as one-offs.
- Taaleri's US wind project is ready and we believe divestment could happen in 2023.
- SolarWind III will start fundraising in autumn. We continue to believe in at least EUR 200m's worth of investment commitments in first closing in 2023.
- Regarding the current high electricity prices, we were left with the impression that higher PPAs and spot prices had more than offset higher construction and interest expenses. Hence, we believe the company could add as much as EUR 20m in expected carry from Wind II and III at a later stage.

# Estimate revisions

## ESTIMATE REVISIONS AFTER THE Q2 2022 REPORT (EPS/DPS IN EUR)

EURm	New estimates				Old estimates				Difference %			
	Q3 2022E	2022E	2023E	2024E	Q3 2022E	2022E	2023E	2024E	Q3 2022E	2022E	2023E	2024E
Sales	26.3	66.3	69.5	70.8	25.8	68.8	67.6	70.6	2%	-4%	3%	0%
EBIT	16.6	26.6	30.4	30.5	16.6	31.0	29.8	31.7	0%	-14%	2%	-4%
EBIT margin	63%	40.1%	43.8%	43.1%	64.4%	45.0%	44.1%	44.9%	-1pp	-5.0pp	-0.3pp	-1.8pp
<b>PTP</b>	<b>16.4</b>	<b>25.5</b>	<b>29.4</b>	<b>29.5</b>	<b>16.4</b>	<b>29.9</b>	<b>28.8</b>	<b>30.7</b>	<b>0%</b>	<b>-15%</b>	<b>2%</b>	<b>-4%</b>
PTP margin	62%	38.4%	42.3%	41.7%	63.5%	43.5%	42.6%	43.5%	-1pp	-5.1pp	-0.3pp	-1.8pp
Adj. EPS	0.50	0.75	0.89	0.89	0.49	0.90	0.87	0.93	1%	-17%	2%	-4%
EPS	0.50	0.75	0.89	0.89	0.49	0.9	0.9	0.9	1%	-17%	2%	-4%
DPS		1.00	0.90	0.95		1.00	0.90	0.95		0%	0%	0%
<b>Segment reporting</b>	<b>Q3 2022E</b>	<b>2022E</b>	<b>2023E</b>	<b>2024E</b>	<b>Q3 2022E</b>	<b>2022E</b>	<b>2023E</b>	<b>2024E</b>	<b>Q3 2022E</b>	<b>2022E</b>	<b>2023E</b>	<b>2024E</b>
<b>Recurring revenues</b>												
Private asset management	4.9	20.2	26.3	29.7	5.0	20.3	26.8	30.0	-1%	-1%	-2%	-1%
Strategic investments	4.4	17.9	18.0	19.1	4.4	18.0	18.5	19.6	0%	-1%	-3%	-3%
Other	0.7	2.7	2.7	2.9	0.7	2.5	2.5	2.7	0%	8%	8%	8%
<b>TOTAL</b>	<b>10.0</b>	<b>40.7</b>	<b>46.9</b>	<b>51.6</b>	<b>10.1</b>	<b>40.8</b>	<b>47.8</b>	<b>52.3</b>	<b>0%</b>	<b>0%</b>	<b>-2%</b>	<b>-1%</b>
<b>Total income</b>												
Private asset management	5.0	26.8	39.7	39.5	5.0	28.1	38.3	39.8	1%	-5%	4%	-1%
Strategic investments	5.4	11.3	21.7	23.0	4.9	12.0	22.4	23.7	10%	-6%	-3%	-3%
Other	14.9	24.9	4.7	4.9	15.2	25.7	4.5	4.7	-2%	-3%	4%	4%
<b>TOTAL</b>	<b>25.3</b>	<b>63.0</b>	<b>66.1</b>	<b>67.3</b>	<b>25.1</b>	<b>65.8</b>	<b>65.1</b>	<b>68.2</b>	<b>1%</b>	<b>-4%</b>	<b>1%</b>	<b>-1%</b>
<b>Operating profit</b>												
Private asset management	-0.6	3.0	16.3	15.2	-0.3	5.8	15.6	16.2	135%	-48%	5%	-6%
Strategic investments	4.1	5.7	16.0	17.1	3.5	6.2	16.5	17.6	18%	-8%	-3%	-3%
Other	13.0	18.0	-1.9	-1.8	13.3	18.7	-2.2	-2.1	-2%	-4%	-14%	-15%
<b>TOTAL</b>	<b>16.5</b>	<b>26.6</b>	<b>30.4</b>	<b>30.5</b>	<b>16.5</b>	<b>30.6</b>	<b>29.9</b>	<b>31.8</b>	<b>0%</b>	<b>-13%</b>	<b>2%</b>	<b>-4%</b>
<b>Operating profit margin</b>												
Private asset management	-12.0%	11.2%	41.1%	38.5%	-5.2%	20.6%	40.7%	40.8%	-6.8pp	-9.4pp	0.5pp	-2.2pp
Strategic investments	75.9%	50.2%	73.4%	74.3%	71.4%	51.5%	73.4%	74.3%	4.6pp	-1pp	0.0pp	0.0pp
Other	87.2%	72.2%	-39.9%	-36.6%	87.5%	72.7%	-48.4%	-44.7%	0pp	0pp	9pp	8pp
<b>TOTAL</b>	<b>65.2%</b>	<b>42.3%</b>	<b>46.0%</b>	<b>45.3%</b>	<b>66.0%</b>	<b>46.6%</b>	<b>45.8%</b>	<b>46.6%</b>	<b>-1pp</b>	<b>-4pp</b>	<b>0.2pp</b>	<b>-1.3pp</b>

Source: Nordea estimates

# Valuation

We calculate an SOTP-derived fair value range of EUR 11.1-12.5 per Taaleri share. We use peer group multiples to value Taaleri's private equity business. In addition, due to the solid and stable outlook for Garantia, we use a dividend discount model to value the guarantee insurance part of Taaleri. We derive two different peer groups, one for renewable energy and another for private asset management.

## SOTP valuation yields EUR 11.1-12.5 fair value range

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

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

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

### RENEWABLE ENERGY PEER GROUP

Renewable energy peers	Country	Price		Mcap		Net Debt				EV/EBIT			P/E			Div yield %	
		Local	EURm	2020	2021	2022E	2023E	2021	2022E	2023E	2021	2022E	2023E	2021	2022E		
Ox2 Ab (Publ)	Sweden	95.6	2,491	-302	33.3	39.9	22.8	74.9	52.2	33.8	0.0 %	0.0 %					
Abo Wind Ag	Germany	56.4	520	68	28.0	24.1	17.0	37.6	35.9	24.3	0.9 %	1.0 %					
Capman Oyj	Ireland	2.9	470	48	11.5	8.6	10.9	14.0	10.2	13.5	5.1 %	5.4 %					
Eq1 Ab	Sweden	270.7	25,404		54.2	32.2	17.4	25.3	33.3	21.2	1.6 %	1.2 %					
Acciona Sa	UK	205.6	11,381	6,449	16.3	17.2	17.2	33.8	24.8	22.3	1.9 %	2.1 %					
Energiekontor Ag	UK	96.5	1,350	314	27.0	21.9	19.5	38.3	32.4	28.6	0.8 %	0.9 %					
Eolus Vind Ab (Publ)	UK	114.9	259	1			8.6			7.0	1.3 %	1.5 %					
Pne Ag	UK	16.9	1,296	397	116.5	128.3	58.3	51.3		505.1	0.2 %	0.2 %					
Scatec Asa	Norway	107.4	1,745	1,732	19.9	46.0	15.8	44.9		35.4	1.4 %	2.4 %					
<b>Median</b>			1,350	191	27.5	28.1	17.2	37.9	32.9	24.3	1.3 %	1.2 %					
<b>Average</b>			4,991	1,088	38.3	39.8	20.8	40.0	31.5	76.8	1.5 %	1.6 %					
Nordea																	
<b>Taaleri Oyj</b>	Finland	10.5	300	32	8.6	9.7	8.7	2.3	14.1	11.9	10.7 %	9.5 %					
Discount/premium					-69%	-65%	-49%	-94%	-57%	-51%	739%	685%					

Note: share prices as of 18 August

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	2021	2022E	
<b>Finnish peers</b>															
Capman Oyj	Finland	2.9	470	48	11.5	8.6	10.9	14.0	10.2	13.5	5.1 %	5.4 %			
Eq Oyj	Finland	23.5	957	5	20.2	19.0	16.9	25.2	23.3	21.0	4.2 %	4.5 %			
Eab Group Oyj	Finland	3.5	49	4	15.3	8.6	8.6	23.2	10.9	12.0	2.7 %	4.3 %			
Aktia Bank Abp	Finland	10.3	753					10.9	11.3	8.8	5.2 %	5.4 %			
<b>Median</b>			<b>611</b>	<b>5</b>	<b>15.3</b>	<b>8.6</b>	<b>10.9</b>	<b>18.6</b>	<b>11.1</b>	<b>12.8</b>	<b>4.6 %</b>	<b>5.0 %</b>			
Average			557	19	15.7	12.1	12.2	18.3	13.9	13.8	4.3 %	4.9 %			
<b>Nordea</b>															
<b>Taaleri Oyj</b>	<b>Finland</b>	<b>10.5</b>	<b>300</b>	<b>32</b>	<b>8.6</b>	<b>9.7</b>	<b>8.7</b>	<b>2.3</b>	<b>14.1</b>	<b>11.9</b>	<b>10.7 %</b>	<b>9.5 %</b>			
Discount/premium					-44%	13%	-20%	-87%	27%	-7%	131%	92%			

Note: share prices as of 18 August

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 57-70m 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 73-94m.

Given 2023E EBIT of EUR -1.7m (excluding performance fees) and EUR 5.4m of performance fees for other private asset management, we derive a fair value range of EUR 12-20m 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 and an annual EUR 1m increase in dividends until 2025, after which we expect a 0.5-2% annual dividend increase for terminal value. We use a 9.8% cost of equity as a discount factor. Based on this approach, we arrive at a fair value range of EUR 141-159m 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 Q2 2022), Aktia shares (0.97m) at the current market value (EUR 10.3 as of 18 August), 2022E net cash (EUR 38m) and 2022E dividends (EUR 34m) to derive our equity fair value range of EUR 313-354m for Taaleri. As there are 28.3 million shares outstanding, we derive a fair value range of EUR 11.1-12.5 (11.0-12.5) per Taaleri share.

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

Based on 2023 estimates	Share	Sales	EBIT	Valuation method	EV Range
<b>Private asset management</b>		<b>39.7</b>	<b>14.3</b>	<b>EV/EBIT 5.9x - 7.9x</b>	<b>85 - 113</b>
Renewable energy (excl. performance fees and investments)	79%	26.2	5.5	EV/EBIT 13x - 16x	57 - 70
Performance fees	79%		5.0	EV/EBIT 4x - 6x	16 - 24
Other private asset management (ex. performance fees)	100%	13.6	-1.7	EV/EBIT 6x - 8x	-10 - -13
Performance fees	100%		5.4	EV/EBIT 4x - 6x	22 - 33
<b>Strategic investments (Garantia)</b>	<b>100%</b>	<b>21.7</b>	<b>16.0</b>	<b>DDM</b>	<b>141 - 159</b>
<b>Other excl. investment operations</b>	<b>100%</b>	<b>4.7</b>	<b>-3.9</b>	<b>EV/EBIT 7.9x - 9.4x</b>	<b>-30 to -36</b>
Investments	100%		2.0	Book value Q2 22	36
<b>TOTAL</b>			<b>28.4</b>	<b>EV/EBIT 8.1x - 9.6x</b>	<b>231 - 272</b>
Aktia shares				As of 19 August 2022	10
Net cash 2022E					38
2022E dividends					34
Equity value					313 - 354
Number of shares (m)					28.3
<b>Equity per share, EUR</b>					<b>11.1 - 12.5</b>

Source: Nordea estimates

We note that Taaleri's full earnings potential should be visible after 2023, while we are slightly hesitant to push our valuation approach beyond 2023 due to uncertainties related to fund sizes and the ramping up of the current funds.

# Detailed estimates

## DETAILED ESTIMATES: SEGMENT REPORTING

Segment reporting, EURm	Q121	Q221	Q321	Q421	Q122	Q222	Q322E	Q422E	2020	2021	2022E	2023E	2024E
<b>Income</b>													
<b>Recurring revenues</b>													
Private asset management	4.2	5.6	4.8	5.4	4.9	4.8	4.9	5.6	18.5	20.1	20.2	26.3	29.7
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	1.3	1.4	2.0	4.2	4.9	5.9	7.1	7.0
Strategic investments (Garantia)	3.6	4.6	3.9	5.5	3.9	4.0	4.4	5.6	14.6	17.6	17.9	18.0	19.1
Other	1.1	1.0	0.5	0.5	0.5	0.7	0.7	0.7	2.7	3.0	2.7	2.7	2.9
<b>TOTAL</b>	<b>8.9</b>	<b>11.2</b>	<b>9.2</b>	<b>11.4</b>	<b>9.3</b>	<b>9.6</b>	<b>10.0</b>	<b>11.8</b>	<b>35.9</b>	<b>40.7</b>	<b>40.7</b>	<b>46.9</b>	<b>51.6</b>
<b>Recurring revenues growth y/y</b>													
Private asset management	-8%	37%	6%	3%	16%	-14%	1%	3%		9%	0%	30%	13%
Renewable energy	-8%	36%	2%	0%	10%	-17%	-1%	-13%		6%	-6%	34%	18%
Other private asset management	-5%	41%	20%	13%	33%	-5%	7%	53%		17%	21%	20%	-2%
Strategic investments (Garantia)	9%	25%	0%	46%	7%	-12%	13%	0%		20%	1%	1%	6%
Other	88%	-6%	24%	-38%	-51%	-23%	54%	48%		9%	-10%	0%	8%
<b>TOTAL</b>	<b>6%</b>	<b>27%</b>	<b>4%</b>	<b>16%</b>	<b>4%</b>	<b>-14%</b>	<b>9%</b>	<b>3%</b>	<b>-35%</b>	<b>13%</b>	<b>0%</b>	<b>15%</b>	<b>10%</b>
<b>Total income</b>													
Private asset management	5.2	5.3	4.3	16.2	5.3	5.8	5.0	10.7	21.9	31.0	26.8	39.7	39.5
Renewable energy	4.0	4.3	3.6	10.2	3.8	4.3	3.6	8.6	17.4	22.0	20.3	26.2	30.9
Other private asset management	1.2	1.0	0.7	6.1	1.5	1.5	1.5	2.0	4.5	9.0	6.4	13.6	8.6
Strategic investments (Garantia)	7.0	7.3	6.6	9.4	0.2	-1.1	5.4	6.8	17.2	30.3	11.3	21.7	23.0
Other	1.5	1.7	1.4	3.8	1.7	7.1	14.9	1.2	0.9	8.4	24.9	4.7	4.9
<b>TOTAL</b>	<b>13.7</b>	<b>14.3</b>	<b>12.3</b>	<b>29.4</b>	<b>7.2</b>	<b>11.9</b>	<b>25.3</b>	<b>18.7</b>	<b>40.0</b>	<b>69.7</b>	<b>63.0</b>	<b>66.1</b>	<b>67.3</b>
<b>Income growth y/y</b>													
Private asset management	-5%	29%	-20%	132%	3%	9%	16%	-34%		41%	-14%	48%	-1%
Renewable energy	-9%	36%	-17%	83%	-5%	1%	-1%	-15%		27%	-8%	29%	18%
Other private asset management	10%	6%	-30%	321%	28%	41%	98%	-67%		98%	-28%	110%	-37%
Strategic investments (Garantia)	-270%	-6%	7%	26%	-97%	-115%	-17%	-28%		76%	-63%	92%	6%
Other	-169%	50%	103%	219%	13%	313%	940%	-69%		819%	197%	-81%	4%
<b>TOTAL</b>	<b>n.m.</b>	<b>-16%</b>	<b>-30%</b>	<b>30%</b>	<b>-48%</b>	<b>-17%</b>	<b>106%</b>	<b>-37%</b>		<b>74%</b>	<b>-10%</b>	<b>5%</b>	<b>2%</b>
<b>EBIT</b>													
Private asset management	0.4	-0.1	-0.2	7.3	0.0	-0.7	-0.6	4.3	6.2	7.5	3.0	16.3	15.2
Renewable energy	0.7	0.8	0.8	5.3	0.6	0.4	0.2	5.1	6.6	7.6	6.4	12.5	16.7
Other private asset management	-0.2	-1.0	-1.0	2.0	-0.6	-1.1	-0.8	-0.8	-0.4	-0.2	-3.4	3.8	-1.5
Strategic investments (Garantia)	5.8	6.1	5.2	7.3	-1.0	-2.3	4.1	4.9	11.9	24.4	5.7	16.0	17.1
Other	-0.4	-0.5	-0.1	0.0	0.3	5.5	13.0	-0.8	-5.8	-1.0	18.0	-1.9	-1.8
<b>TOTAL</b>	<b>5.8</b>	<b>5.5</b>	<b>4.9</b>	<b>14.7</b>	<b>-0.7</b>	<b>2.4</b>	<b>16.5</b>	<b>8.4</b>	<b>12.3</b>	<b>30.8</b>	<b>26.6</b>	<b>30.4</b>	<b>30.5</b>
<b>EBIT margin</b>													
Private asset management	8.5%	-2.6%	-4.5%	45.3%	0.0%	-12.1%	-12.0%	40.3%	28.3%	24.0%	11.2%	41.1%	38.5%
Renewable energy	16.5%	18.8%	22.4%	52.6%	17.0%	8.7%	6.2%	59.5%	37.8%	34.5%	31.4%	48.0%	54.1%
Other private asset management	-18.5%	-92%	-135%	33.1%	-43%	-74.3%	-56.6%	-41.8%	-8.4%	-1.7%	-52.7%	27.9%	-17.3%
Strategic investments (Garantia)	82.6%	83.7%	78.6%	77.8%	-531%	215.8%	75.9%	71.1%	69.3%	80.5%	50.2%	73.4%	74.3%
Other	-28.7%	-28.1%	-7.0%	0.0%	18%	76.5%	87.2%	-68%	-632%	-12.0%	72.2%	-39.9%	-36.6%
<b>TOTAL</b>	<b>42.7%</b>	<b>38.1%</b>	<b>39.6%</b>	<b>49.9%</b>	<b>-9%</b>	<b>20.5%</b>	<b>65.2%</b>	<b>44.8%</b>	<b>30.8%</b>	<b>44.2%</b>	<b>42.3%</b>	<b>46.0%</b>	<b>45.3%</b>
<b>EBIT excluding investments and performance fees</b>													
Private asset management	-0.5	0.2	0.3	-3.4	-0.4	-1.7	-0.7	-0.8	2.8	-3.4	-3.6	2.9	5.4
Renewable energy	-0.1	0.8	0.8	-0.7	0.4	-0.4	0.2	0.1	3.5	0.8	0.3	5.5	8.5
Other private asset management	-0.4	-0.6	-0.5	-2.8	-0.8	-1.3	-0.9	-0.9	-0.7	-4.2	-3.9	-2.7	-3.1
Strategic investments (Garantia)	2.4	3.4	2.5	3.4	2.7	2.8	3.1	3.6	9.4	11.7	12.2	12.2	13.2
Other	-0.8	-1.3	-1.1	-3.3	-0.8	-0.9	-1.2	-1.3	-4.0	-6.4	-4.2	-3.9	-3.8
<b>TOTAL</b>	<b>1.1</b>	<b>2.3</b>	<b>1.8</b>	<b>-3.3</b>	<b>1.5</b>	<b>0.1</b>	<b>1.2</b>	<b>1.5</b>	<b>8.2</b>	<b>1.8</b>	<b>4.4</b>	<b>11.2</b>	<b>14.8</b>

Source: Company data and Nordea estimates

**DETAILED ESTIMATES: IFRS REPORTING**

IFRS reporting, EURm	Q121	Q221	Q321	Q421	Q122	Q2022	Q322E	Q422E	2020	2021	2022E	2023E	2024E
Total income	12.1	17.0	13.2	30.2	8.1	12.9	26.3	19.0	69.4	72.6	66.3	69.5	70.8
growth y/y	-646%	41%	29%	119%	-33%	-24%	99%	-37%	3%	5%	-9%	5%	2%
Costs	-7.4	-14.3	-8.6	-15.8	-9.0	-10.7	-10.0	-11.2	-51.9	-46.2	-40.9	-40.1	-41.3
growth y/y	26%	122%	31%	87%	21%	-25%	16%	-29%	2%	-11%	-12%	-2%	3%
Operating profit	4.7	2.7	4.6	14.4	-0.9	2.2	16.4	7.8	17.5	26.4	25.5	29.4	29.5
margin %	39%	16%	35%	48%	-11%	17%	62%	41%	25%	36%	38%	42%	42%
Taxes	-1.0	-0.4	-1.4	-2.3	-0.3	-2.1	-2.5	-1.2	-4.4	-5.2	-3.8	-4.4	-4.4
Profit (continuing operations)	3.7	2.3	3.2	12.2	-1.5	0.0	13.8	6.6	13.0	21.2	21.2	25.1	25.2
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	0.0	13.8	6.6	13.0	136.1	21.2	25.1	25.2
EPS (continuing operations), EUR	0.13	0.08	0.11	0.43	-0.05	0.00	0.49	0.23	0.46	0.75	0.75	0.89	0.89
EPS, EUR	0.24	4.03	0.11	0.43	-0.04	0.00	0.49	0.23	0.46	4.81	0.75	0.89	0.89
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	<p><b>General economy</b></p> <p>Taaleri has benefitted from a favourable macroeconomic environment, which combined with low interest rates has supported housing prices and hence Garantia's business. In addition, demand for alternative investments has fared well in the positive market environment. In the event of 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.</p>
A cooling of the housing market could affect the real estate operations negatively	<p><b>Housing market</b></p> <p>The recent positive development in the Finnish housing market has benefitted Garantia through high housing market activity, while Taaleri's housing funds have benefitted from lower yield requirements. If the housing transaction market were to cool down, Taaleri's operations in Garantia and real estate funds could be negatively affected.</p>
Low interest rates have supported alternative investments	<p><b>Interest rates</b></p> <p>Low interest rates have supported Taaleri's business through low financing costs and easy funding access. If interest rates were to rise, the availability of funding could become more difficult. In addition, higher interest rates could hamper the valuation of investments and the project pipeline.</p>
Key personnel are important for customer relationships	<p><b>Key personnel</b></p> <p>As a financial player, key personnel play a crucial role in Taaleri's customer relationships. If any key personnel were to leave the company, there could be a risk of customer outflow from Taaleri's funds.</p>
Cooperation with Aktia plays a crucial role for Taaleri	<p><b>Sales channels</b></p> <p>Taaleri cooperates with Aktia on sales of its funds. In order to reach targeted fund sizes, the recently announced cooperation plays a crucial role. In addition, Taaleri is ramping up its institutional sales channel. If the company is not able to ramp up its institutional sales channel or fails in its cooperation with Aktia, the funds' performance could be negatively affected through lower AuM.</p>
Overall economic activity could affect investment values	<p><b>Investments</b></p> <p>Taaleri has close to EUR 35m of non-strategic investments that it aims to divest. The market value of these investments could vary greatly depending on the general economic situation.</p>
If not executed well, M&A activity may increase costs	<p><b>Potential M&amp;A</b></p> <p>After divesting its wealth management arm, Taaleri has an overcapitalised balance sheet. M&amp;A could increase costs temporarily, or even longer term in a worst-case scenario if acquisitions were to fail or integration is executed poorly. Hence, it is important for the company to maintain good cost control and clear M&amp;A execution plans so as not to hamper earnings.</p>
A tightening competitive environment could hamper Taaleri's growth prospects	<p><b>Competitive environment</b></p> <p>If the competitive environment regarding alternative investments were to intensify, it could hamper Taaleri's growth and earnings through lower management fees and hinder the company's ability to find investments.</p>

# Reported numbers and forecasts

## INCOME STATEMENT

EURm	2019	2020	2021	2022E	2023E	2024E
Total revenue	67	69	73	66	70	71
Revenue growth	n.a.	3.3%	4.6%	-8.7%	4.8%	1.8%
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	28	31	31
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	27	30	31
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
<b>Pre-tax profit</b>	<b>17</b>	<b>18</b>	<b>26</b>	<b>25</b>	<b>29</b>	<b>29</b>
Reported taxes	-5	-4	-5	-4	-4	-4
Net profit from continued operations	12	13	21	22	25	25
Discontinued operations	0	0	115	0	0	0
Minority interests	0	0	0	-1	0	0
Net profit to equity	12	13	136	21	25	25
<b>EPS, EUR</b>	<b>0.41</b>	<b>0.46</b>	<b>4.81</b>	<b>0.75</b>	<b>0.89</b>	<b>0.89</b>
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
<b>Profit margin in percent</b>						
EBITDA	34.8%	34.0%	44.7%	41.9%	44.9%	44.3%
EBITA	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
EBIT	30.8%	30.3%	43.6%	40.1%	43.8%	43.1%
<b>Adjusted earnings</b>						
EBITDA (adj)	23	24	32	28	31	31
EBITA (adj)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
EBIT (adj)	21	21	32	27	30	31
EPS (adj, EUR)	0.41	0.46	4.81	0.75	0.89	0.89
<b>Adjusted profit margins in percent</b>						
EBITDA (adj)	34.8%	34.0%	44.7%	41.9%	44.9%	44.3%
EBITA (adj)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
EBIT (adj)	30.8%	30.3%	43.6%	40.1%	43.8%	43.1%
<b>Performance metrics</b>						
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.	37.7%	40.2%
Average EBITDA margin	n.a.	n.a.	n.a.	n.a.	40.0%	41.9%
<b>VALUATION RATIOS - ADJUSTED EARNINGS</b>						
EURm	2019	2020	2021	2022E	2023E	2024E
P/E (adj)	20.5	17.7	2.3	13.6	11.5	11.4
EV/EBITDA (adj)	11.8	11.1	8.4	9.0	8.1	7.7
EV/EBITA (adj)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
EV/EBIT (adj)	13.4	12.4	8.6	9.4	8.4	8.0
<b>VALUATION RATIOS - REPORTED EARNINGS</b>						
EURm	2019	2020	2021	2022E	2023E	2024E
P/E	20.5	17.7	2.3	13.6	11.5	11.4
EV/Sales	4.1	3.8	3.8	3.8	3.7	3.4
EV/EBITDA	11.8	11.1	8.4	9.0	8.1	7.7
EV/EBITA	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
EV/EBIT	13.4	12.4	8.6	9.4	8.4	8.0
Dividend yield (ord.)	1.9%	16.3%	3.6%	3.9%	4.9%	5.4%
FCF yield	-1.2%	0.0%	36.9%	12.4%	7.4%	12.2%
FCF Yield bef A&D, lease adj	3.0%	0.0%	40.3%	11.6%	8.3%	8.4%
Payout ratio	38.9%	287.1%	24.9%	133.8%	101.6%	106.9%

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	2	4	4
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	227	233	224
Inventory	0	0	0	0	0	0
Accounts receivable	23	11	17	15	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	53	48	60
Total current assets	60	44	76	69	64	76
Assets held for sale	8	5	5	3	1	0
<b>Total assets</b>	<b>270</b>	<b>268</b>	<b>319</b>	<b>299</b>	<b>298</b>	<b>300</b>
Shareholders equity	126	132	229	208	207	209
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	1	1
Total Equity	126	133	230	210	208	210
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
<b>Total liabilities and equity</b>	<b>270</b>	<b>268</b>	<b>319</b>	<b>299</b>	<b>298</b>	<b>300</b>
<b>Balance sheet and debt metrics</b>						
Net debt	38	32	-44	-38	-33	-45
of which lease debt	0	0	0	0	0	0
Working capital	23	11	17	15	16	16
Invested capital	225	230	254	243	249	241
Capital employed	201	198	245	225	223	225
ROE	18.5%	10.1%	75.5%	9.7%	12.1%	12.1%
ROIC	7.4%	10.5%	8.6%	9.9%	10.0%	7.8%
ROCE	20.6%	10.6%	14.3%	11.3%	13.6%	13.6%
Net debt/EBITDA	1.6	1.4	-1.4	-1.4	-1.1	-1.4
Interest coverage	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
Equity ratio	46.6%	49.3%	71.9%	69.7%	69.5%	69.5%
Net gearing	30.5%	24.4%	-19.4%	-18.4%	-16.0%	-21.5%

Source: Company data and Nordea estimates

**CASH FLOW STATEMENT**

EURm	2019	2020	2021	2022E	2023E	2024E
EBITDA (adj) for associates	23	23	34	29	32	32
Paid taxes	-3	0	-4	-4	-4	-4
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
<b>Funds from operations (FFO)</b>	<b>15</b>	<b>0</b>	<b>130</b>	<b>32</b>	<b>25</b>	<b>25</b>
Change in NWC	-7	0	-1	1	-1	0
<b>Cash flow from operations (CFO)</b>	<b>9</b>	<b>0</b>	<b>129</b>	<b>34</b>	<b>24</b>	<b>25</b>
Capital expenditure	-2	0	-2	0	0	0
Free cash flow before A&D	7	0	128	33	24	24
Proceeds from sale of assets	0	0	0	5	3	11
Acquisitions	-10	0	-11	-3	-6	0
Free cash flow	-3	0	117	36	21	35
<b>Free cash flow bef A&amp;D, lease adj</b>	<b>7</b>	<b>0</b>	<b>128</b>	<b>33</b>	<b>24</b>	<b>24</b>
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	-6	-5	12
<b>Cash flow metrics</b>						
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.
<b>Key information</b>						
Share price year end (/current)	8	8	11	10	10	10
Market cap.	238	230	317	259	234	207
Enterprise value	277	263	273	222	202	163
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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