

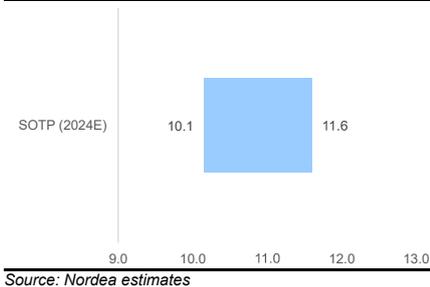
KEY DATA

Stock country	Finland
Bloomberg	TAALA.FH
Reuters	TAALA.HE
Share price (close)	EUR 9.65
Free float	72%
Market cap. (bn)	EUR 0.27/EUR 0.27
Website	taaleri.com
Next report date	01 Nov 2023

PERFORMANCE



VALUATION APPROACH (EUR/SHARE)



ESTIMATE CHANGES

Year	2023E	2024E	2025E
Sales	4%	1%	1%
EBIT (adj)	15%	0%	1%

Source: Nordea estimates

Nordea IB & Equity - Analysts

Joni Sandvall
AnalystSvante Krokfors
Director

Investment operations topped expectations

Taaleri's Q2 EBIT of EUR 17.8m came in clearly ahead of our estimate and Refinitiv consensus, driven by EUR 15m investment operations income. Recurring revenues were in line with our expectations, and the company should benefit in Q3 from a catch-up in SolarWind III after the first close with EUR 286m of commitments. Garantia continued its strong performance with a 27.1% combined ratio, which combined with the 260% solvency ratio should secure a strong dividend stream for Taaleri. Interest in SolarWind III appears to be strong, and the company expects strong demand in future closings, with a EUR 700m fund size target. We derive an unchanged SOTP-based fair value range of EUR 10.1-11.6 per Taaleri share.

Underlying performance in line with expectations

Taaleri's Q2 EBIT of EUR 17.8m came in 47% above our expectation, driven by investment operations. The company booked a EUR 3.3m positive change in Turun Toriparkki and EUR 0.9m from the exit of Infra I. In addition, Garantia's investment gains were EUR 1.1m above our forecast. Private asset management recurring revenues were up 17% y/y, in line with our estimate. Hence, when adjusting for investment operations, underlying operations were in line with our expectation. Taaleri will likely benefit from the first close of SolarWind III (SW III) in Q3 through a catch-up effect, while carry from old Wind funds could support Q4 earnings. Following the first close of SW III, we expect Private asset management EBIT excluding investment gains and performance fees to turn positive. Garantia continued its strong performance with a 27.1% combined ratio and a EUR 3.5m insurance service result (we had modelled EUR 3.6m). The strong combined ratio of 260% should secure an increasing dividend stream for Taaleri. Garantia's CEO will change at the year-end, with the current CEO as a candidate for Garantia's board of directors as a chairperson. The new CEO has acted as Chief Financial and Risk Officer since 2019 and as deputy CEO since 2021.

Slightly positive estimate revisions beyond 2023

Based on segment reporting, we raise 2023E EBIT by 16%, while we nudge it up for 2024E-25E by 4-5%. We take a slightly more conservative view on Private asset management due to slightly higher costs, while we raise Garantia and Other segment estimates. We maintain our fair value range of EUR 10.1-11.6, based on a SOTP valuation using our 2024 estimates. Due to the current ramping up, Taaleri should reach its full earnings potential after 2024, in our view. We note the 3 pp increased minority share in Renewable energy.

SUMMARY TABLE - KEY FIGURES

EURm	2019	2020	2021	2022	2023E	2024E	2025E
Total revenue	67	69	73	57	72	70	63
EBITDA (adj)	23	24	32	31	39	34	26
EBIT (adj)	21	21	32	30	38	33	25
EBIT (adj) margin	30.8%	30.3%	43.6%	52.5%	53.3%	47.2%	39.8%
EPS (adj, EUR)	0.41	0.46	4.81	0.83	1.10	0.93	0.69
EPS (adj) growth	n.a.	11.8%	947.1%	-82.8%	32.7%	-15.3%	-25.7%
DPS (ord, EUR)	0.16	1.32	0.40	0.45	0.45	0.50	0.55
EV/Sales	4.1	3.8	3.8	4.9	3.2	3.0	3.4
EV/EBIT (adj)	13.4	12.4	8.6	9.4	6.1	6.5	8.6
P/E (adj)	20.5	17.7	2.3	13.5	8.7	10.2	13.8
P/BV	1.9	1.7	1.4	1.6	1.3	1.2	1.2
Dividend yield (ord)	1.9%	16.3%	3.6%	4.0%	4.7%	5.3%	5.8%
FCF Yield bef A&D, lease adj	3.0%	0.0%	40.3%	11.5%	7.2%	9.4%	8.0%
Net debt	38	32	-44	-38	-36	-54	-54
Net debt/EBITDA	1.6	1.4	-1.4	-1.2	-0.9	-1.6	-2.1
ROIC after tax	14.8%	7.4%	10.5%	9.5%	12.0%	10.3%	7.9%

Source: Company data and Nordea estimates

Q2 2023 results and deviation

Taaleri reported Q2 EBIT of EUR 17.8m, coming in well above Refinitiv consensus of EUR 8.3m. We note Taaleri's announcement of carry from Forest Fund III and a gain from the project development portfolio might not be fully reflected in consensus numbers. In addition, the company made EUR 3.3m positive fair value changes, from Turun Toriparkki. Based on segment reporting, Q2 total income was EUR 26.3m, 32% above our estimate. Recurring revenue was EUR 9.9m in Q2, 1% above our estimate. Fair value changes of investments were EUR -0.1m in Q2, while we had anticipated EUR 1.0m. Investment operations income of EUR 15m came in well above our estimate of EUR 8.8m, driven by higher investment operations income in all segments. The company booked EUR 1.5m of carry in Q2 (we modelled EUR 1.4m).

Private asset management recurring revenues were in line with our estimate

Private asset management recurring revenues in line with our estimates

Taaleri's private asset management total income was EUR 16.1m and came in 6% above our estimate

Recurring revenue of EUR 5.6m was 1% below our estimate

Private asset management EBIT came in at EUR 9.0m, 1% below our estimate, driven by better investment operations, while costs were higher than we had anticipated

AuM was up 5% q/q, to EUR 2.6bn, slightly below our estimate of EUR 2.7bn, and 12% y/y, from EUR 2.4bn in Q2 2022

Renewable energy recurring revenue was EUR 4.0m (our estimate: EUR 4.1m), up 11% y/y. Q2 EBIT was EUR 8.1m (we expected EUR 8.4m). Personnel expenses were up 42% y/y, while direct expenses were up 33%. We believe the higher cost base to relate, at least partially, to the first closing of SolarWind III.

Other private asset management operating income was EUR 3.2m (our estimate: EUR 1.6m), while EBIT was EUR 0.9m (EUR 0.8m). In line with previous announcements, the company booked EUR 1.5m in fair value changes related to Forest III.

Garantia's combined ratio continues at strong level – high solvency

Taaleri's guarantee insurance company, Garantia, reported a EUR 3.5m insurance service result, slightly below our estimate of EUR 3.6m. Insurance revenue was up 7% y/y, while costs were up 50% y/y, to EUR 1.2m. Investment gains were EUR 1.7m (we expected EUR 0.8m), with EUR -0.2m impact from the Aktia shareholding.

The combined ratio was strong, at 271%. The solvency ratio was 260%.

The guaranty insurance portfolio was flat y/y, at EUR 1,856m (we forecast EUR 1,818m)

Guidance and fund pipeline

Taaleri did not provide a short-term outlook. The company notes that it has strengthened its international and institutional sales and has entered into, or is in the process of negotiating, distribution partnerships for its funds in Europe, North America and Asia. SolarWind III had its first closing in Q2, with EUR 286m of commitments while the company targets EUR 700m of commitments in the final close. The company expects strong demand for the fund to continue as there is a significant number of investors in active due diligence. We model EUR 700m of commitments for 2025E.

Q2 2023 DEVIATION TABLE (EURm; EPS IN EUR)

EURm	Actual	NDA est.	Deviation		Consensus	Deviation		Actual		Actual	
	Q2 2023	Q2 2023E	vs. actual		Q2 2023E	vs. actual		Q1 2023	q/q	Q2 2022	y/y
Sales	23.8	20.6	3.2	15%	20.0	3.8	19%	10.1	135%	12.2	95%
EBIT	17.8	12.0	5.7	47%	8.3	9.4	113%	1.6	1033%	2.8	523%
EBIT margin	74.6%	58.4%	n.m.		41.7%	n.m.		15.4%	59.1pp	23.4%	51.2pp
PTP	17.3	11.8	5.5	46%	11.0	6.3	57%	1.3	1240%	2.6	565%
PTP margin	72.5%	57.1%	n.m.		55.0%	n.m.		12.7%	59.8pp	21.3%	51.2pp
Adj. EPS	0.49	0.35	0.14	38%	0.22	0.14	126%	0.02	2112%	0.07	601%
EPS	0.49	0.35	0.14	38%	0.22	0.14	126%	0.02	2112%	0.07	601%
Segment reporting											
Recurring revenues											
Private asset management	5.6	5.7	-0.1	-1%				5.6	2%	4.8	17%
Strategic investments	3.5	3.6	-0.1	-3%				3.9	-10%	3.3	6%
Other	0.7	0.4	0.3	75%				0.4	75%	0.7	-1%
TOTAL	9.9	9.7	0.1	1%				9.8	0%	8.9	11%
Total income											
Private asset management	16.1	15.2	0.9	6%				5.2	209%	5.8	178%
Strategic investments	5.4	4.4	1.0	23%				4.1	30%	-1.8	-402%
Other	4.8	0.4	4.4	1065%				-0.1	-5672%	7.1	-32%
TOTAL	26.3	19.9	6.4	32%				9.3	184%	11.1	136%
EBIT											
Private asset management	9.0	9.1	-0.1	-1%				-0.8	-1229%	-0.7	-1378%
Strategic investments	5.1	4.2	0.9	21%				3.7	37%	-1.9	-363%
Other	3.7	-1.3	4.9	-388%				-1.4	-367%	5.5	-33%
TOTAL	17.8	12.1	5.7	47%				1.6	1040%	2.8	530%
EBIT margin											
Private asset management	55.9%	60.2%	-4.3pp					-15.3%	71.2pp	-12.1%	68.1pp
Strategic investments	94.9%	96.2%	-1pp					90.2%	4.6pp	108.6%	-14pp
Other	75.5%	-305.8%	381pp					1575.9%	-1500pp	76.5%	-1pp
TOTAL	67.5%	60.5%	7.0pp					16.8%	50.6pp	25.3%	42.2pp

Source: Company data, Refinitiv and Nordea estimates

Estimate revisions

ESTIMATE REVISIONS AFTER THE Q2 2023 REPORT (EPS/DPS IN EUR)

EURm	New estimates				Old estimates				Difference %			
	Q3 2023E	2023E	2024E	2025E	Q3 2023E	2023E	2024E	2025E	Q3 2023E	2023E	2024E	2025E
Sales	12.9	71.7	70.4	63.0	12.7	69.0	69.9	62.5	2%	4%	1%	1%
EBIT	4.6	38.2	33.2	25.1	4.4	33.1	33.1	24.9	5%	15%	0%	1%
EBIT margin	36%	53.3%	47.2%	39.8%	34.8%	48.0%	47.3%	39.9%	1.3pp	5.3pp	-0.1pp	-0.1pp
PTP	4.2	36.5	31.8	23.7	4.2	32.0	32.0	23.8	1%	14%	-1%	-1%
PTP margin	33%	50.9%	45.2%	37.6%	32.8%	46.4%	45.8%	38.1%	-0.2pp	4.5pp	-0.5pp	-0.6pp
Adj. EPS	0.13	1.10	0.93	0.69	0.12	0.93	0.93	0.69	1%	17%	-1%	-1%
EPS	0.13	1.10	0.93	0.69	0.12	0.9	0.93	0.69	1%	17%	-1%	-1%
DPS		0.70	0.75	0.80		0.70	0.75	0.80		0%	0%	0%
Segment reporting	Q3 2023E	2023E	2024E	2025E	Q3 2023E	2023E	2024E	2025E	Q3 2023E	2023E	2024E	2025E
Recurring revenues												
Private asset management	7.2	25.8	29.5	30.7	7.1	25.8	29.5	30.7	2%	0%	0%	0%
Strategic investments	3.5	15.8	16.3	16.8	3.5	14.7	15.3	15.8	0%	8%	6%	6%
Other	0.7	2.4	2.6	2.6	0.4	1.9	2.1	2.1	75%	27%	24%	24%
TOTAL	11.4	44.0	48.4	50.0	11.0	42.3	46.9	48.5	4%	4%	3%	3%
Total income												
Private asset management	7.2	44.9	42.9	36.8	7.1	44.2	42.9	36.8	2%	2%	0%	0%
Strategic investments	4.5	19.0	20.4	21.1	4.5	17.9	19.4	20.0	0%	6%	5%	5%
Other	0.7	7.9	4.6	2.6	0.4	3.4	4.1	2.1	75%	134%	12%	24%
TOTAL	12.4	71.8	67.9	60.4	12.0	65.5	66.4	58.9	4%	10%	2%	3%
Operating profit												
Private asset management	1.4	19.3	17.1	10.4	1.4	19.8	17.7	11.0	0%	-3%	-3%	-6%
Strategic investments	4.2	17.8	19.2	19.8	4.2	17.0	18.5	19.1	0%	5%	4%	4%
Other	-0.7	1.2	-2.2	-4.3	-1.2	-3.8	-3.3	-5.4	-42%	-132%	-32%	-20%
TOTAL	4.9	38.3	34.1	25.9	4.4	33.0	32.9	24.7	11%	16%	4%	5%
Operating profit margin												
Private asset management	19.3%	42.9%	39.8%	28.2%	19.7%	44.9%	41.2%	29.9%	-0.4pp	-1.9pp	-1.4pp	-1.6pp
Strategic investments	94.7%	93.7%	93.9%	93.9%	95.1%	94.8%	95.1%	95.1%	-0.4pp	-1.2pp	-1.2pp	-1.2pp
Other	-97.5%	15.6%	-48.3%	-167.6%	-293.3%	-113.7%	-80.2%	-259.7%	196pp	129pp	32pp	92pp
TOTAL	39.5%	53.4%	50.2%	42.8%	36.9%	50.4%	49.5%	41.9%	2.6pp	3.0pp	0.6pp	0.9pp

Source: Nordea estimates

Valuation

We calculate a SOTP-derived fair value range of EUR 10.1-11.6 per Taaleri share. We use peer group multiples to value Taaleri's private equity business. In addition, due to the solid and stable outlook for Garantia, we use a dividend discount model to value the guarantee insurance part of Taaleri. We derive two different peer groups, one for renewable energy and another for private asset management.

SOTP valuation yields EUR 10.1-11.6 fair value range

We think a 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 three 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	2022	2023E	2024E	2025E	2023E	2024E	2025E	2023E	2024E	
Ox2 Ab (Publ)	Sweden	56.6	1,314	-184	13.1	8.0	5.3	17.5	11.9	7.9	0.0 %	0.0 %	
Abo Wind Ag	Germany	54.0	491	89	14.1	13.7	12.2	20.1	19.7	17.6	1.0 %	1.0 %	
Capman Oyj	Finland	2.4	388	53	15.1	9.4	8.4	18.1	11.0	9.6	7.4 %	7.8 %	
Eq2 Ab	Sweden	236.8	23,905		22.1	15.5	13.9	21.6	15.9	14.1	1.5 %	1.8 %	
Acciona Sa	UK	128.6	7,055	8,802	12.2	13.1	12.4	13.1	15.0	13.9	3.7 %	3.8 %	
Energiekontor Ag	UK	78.7	1,099	292	15.8	13.8	12.0	22.3	19.0	16.7	1.3 %	1.3 %	
Eolus Vind Ab (Publ)	UK	67.0	135	1	7.3	4.3	4.0	9.5	5.4	5.1	3.3 %	4.3 %	
Pne Ag	UK	12.8	981	517	113.4	59.3	46.7		121.9	116.4	0.3 %	0.3 %	
Scatec Asa	Norway	79.0	1,097	1,800	13.3	12.0	10.2	17.9	21.6	16.1	2.4 %	1.5 %	
Median			1,097	190	14.1	13.1	12.0	18.0	15.9	14.1	1.5 %	1.5 %	
Average			4,051	1,421	25.2	16.6	13.9	17.5	26.8	24.2	2.3 %	2.4 %	
Nordea													
Taaleri Oyj	Finland	9.5	269	32	6.1	6.5	8.6	8.7	10.2	13.8	7.4 %	7.9 %	
Discount/premium					-57%	-51%	-28%	-52%	-36%	-2%	385%	415%	

Note: share prices as of 15 August

Source: Refinitiv and Nordea estimates

OTHER PRIVATE ASSET MANAGEMENT PEERS

Finnish peers	Country	Price		Mcap Net Debt		EV/EBIT			P/E			Div yield %	
		Local	EURm	2022	2023E	2024E	2025E	2023E	2024E	2025E	2023E	2024E	
Capman Oyj	Finland	2.4	388	53	15.1	9.4	8.4	18.1	11.0	9.6	7.4 %	7.8 %	
Eq Oyj	Finland	17.5	712	5	16.5	13.5	12.2	20.5	16.8	15.3	5.3 %	6.1 %	
Aktia Bank Abp	Finland	9.2	664					7.6	7.0	7.0	7.9 %	9.3 %	
Median			664	29	15.8	11.5	10.3	18.1	11.0	9.6	7.4 %	7.8 %	
Average			588	29	15.8	11.5	10.3	15.4	11.6	10.6	6.8 %	7.7 %	
Nordea													
Taaleri Oyj	Finland	9.5	269	32	6.1	6.5	8.6	8.7	10.2	13.8	7.4 %	7.9 %	
Discount/premium					-61%	-44%	-17%	-52%	-7%	44%	0%	2%	

Note: share prices as of 2 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 2024 EBIT estimate for renewable energy excluding performance fees (EUR 10m), and accepted valuation multiples of 12-15x, we derive a fair value range of EUR 59-74m for renewable energy. In addition, we derive a fair value range of EUR 32-47m for expected performance fees from renewable energy. Our valuation takes into account the minority share of renewable energy (24%). In total, our fair value range for renewable energy is EUR 91-122m.

In principle, we believe that Garantia could pay all of its annual profits to Taaleri. We model a EUR 11m dividend from Garantia to Taaleri in 2023 and an annual EUR 1m increase in dividends until 2026, after which we expect a 1.5-3.0% annual dividend increase for terminal value. We use a 10.3% cost of equity as a discount factor. Based on this approach, we arrive at a fair value range of EUR 144-164m for Garantia. We note that Garantia paid a EUR 10m dividend to Taaleri for 2022.

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

We also deduct group costs and add investments at book value (as of Q2 2023), Aktia shares (0.97 million) at the current market value (EUR 9.2 as of 15 August), 2023E net cash (EUR 36m) and 2023E dividends (EUR 20m) to derive our equity fair value range of EUR 287-328m for Taaleri. As there are 28.3 million shares outstanding, we derive a fair value range of EUR 10.1-11.6 per Taaleri share.

SOTP VALUATION FOR TAALERI (EURm AND EUR)

Based on 2024 estimates	Share	Sales	EBIT	Valuation method	EV Range
Private asset management		44.9	15.1	EV/EBIT 5.4x - 7.2x	82 - 109
Renewable energy (excl. performance fees and investments)	76%	36.6	6.5	EV/EBIT 12x - 15x	59 - 74
Performance fees	76%		10.4	EV/EBIT 4x - 6x	32 - 47
Other private asset management (ex. performance fees)	100%	8.3	-1.8	EV/EBIT 5x - 7x	-9 - -13
Performance fees	100%		0.0	EV/EBIT 4x - 6x	0 - 0
Strategic investments (Garantia)	100%	19.0	19.2	DDM	144 - 164
Other excl. investment operations	100%	7.9	-4.2	EV/EBIT 7.7x - 9.1x	-32 to -38
Investments	100%			Book value Q2 23	29
TOTAL			30.1	EV/EBIT 7.4x - 8.8x	222 - 263
Aktia shares				As of 15 August 2023	9
Net cash 2023E					36
2023E dividends					20
Equity value					287 - 328
Number of shares (m)					28.3
Equity per share, EUR					10.1 - 11.6

Source: Nordea estimates

We note that Taaleri's full earnings potential should be visible after 2024, while we are slightly hesitant to push our valuation approach beyond 2024 due to uncertainties related to fund sizes and the ramping up of the current funds. Given the positive first close of SolarWind III, however, we note the possibility of an improving outlook for recurring revenues.

Detailed estimates

DETAILED ESTIMATES: SEGMENT REPORTING

Segment reporting, EURm	Q122	Q222	Q322	Q422	Q123	Q223	Q323E	Q423E	2021	2022	2023E	2024E	2025E
Income													
Recurring revenues													
Private asset management	4.9	4.8	5.3	5.7	5.6	5.6	7.2	7.3	20.1	20.7	25.8	29.5	30.7
Renewable energy	3.5	3.6	3.7	3.8	3.9	4.0	5.6	5.5	15.2	14.6	19.0	23.1	24.2
Other private asset management	1.4	1.3	1.6	1.9	1.6	1.7	1.7	1.8	4.9	6.1	6.8	6.4	6.4
Strategic investments (Garantia)	2.5	3.3	3.3	4.6	3.9	3.5	3.5	5.0	17.6	13.7	15.8	16.3	16.8
Other	0.5	0.7	0.7	0.4	0.4	0.7	0.7	0.5	3.0	2.4	2.4	2.6	2.6
TOTAL	8.0	8.9	9.4	10.6	9.8	9.9	11.4	12.8	40.7	36.8	44.0	48.4	50.0
Recurring revenues growth y/y													
Private asset management	16%	-14%	10%	4%	14%	17%	36%	30%	9%	3%	24%	14%	4%
Renewable energy	10%	-17%	4%	-10%	12%	11%	50%	47%	6%	-4%	30%	22%	5%
Other private asset management	33%	-5%	28%	48%	19%	32%	3%	-3%	17%	25%	10%	-5%	0%
Strategic investments (Garantia)	-29%	-28%	-16%	-17%	52%	6%	5%	10%	20%	-22%	16%	3%	3%
Other	-51%	-23%	63%	-24%	-22%	-1%	-2%	40%	9%	-20%	0%	8%	0%
TOTAL	-11%	-21%	2%	-7%	24%	11%	22%	21%	13%	-10%	20%	10%	3%
Total income													
Private asset management	5.3	5.8	12.6	18.9	5.2	16.1	7.2	16.4	31.0	42.6	44.9	42.9	36.8
Renewable energy	3.8	4.3	4.5	13.1	3.6	12.9	5.6	14.5	22.0	25.8	36.6	35.5	29.2
Other private asset management	1.5	1.5	8.1	5.8	1.6	3.2	1.7	1.9	9.0	16.8	8.3	7.4	7.5
Strategic investments (Garantia)	-1.2	-1.8	4.9	1.8	4.1	5.4	4.5	5.0	30.3	3.8	19.0	20.4	21.1
Other	1.7	7.1	8.3	-4.5	-0.1	4.8	0.7	2.4	8.4	12.6	7.9	4.6	2.6
TOTAL	5.8	11.1	25.8	16.2	9.3	26.3	12.4	23.8	69.7	58.9	71.8	67.9	60.4
Income growth y/y													
Private asset management	3%	9%	192%	16%	-2%	178%	-42%	-13%	41%	37%	6%	-4%	-14%
Renewable energy	-5%	1%	26%	29%	-5%	198%	23%	11%	27%	17%	42%	-3%	-18%
Other private asset management	28%	41%	998%	-5%	5%	118%	-79%	-67%	98%	87%	-50%	-11%	2%
Strategic investments (Garantia)	-116%	-125%	-25%	-81%	-458%	-402%	-9%	177%	76%	-87%	402%	7%	3%
Other	13%	313%	478%	-219%	-105%	-32%	-91%	-153%	819%	50%	-38%	-42%	-44%
TOTAL	-57%	-22%	109%	-45%	59%	136%	-52%	47%	74%	-15%	22%	-5%	-11%
EBIT													
Private asset management	0.0	-0.7	7.0	12.3	-0.8	9.0	1.4	9.7	7.5	18.6	19.3	17.1	10.4
Renewable energy	0.6	0.4	1.5	9.0	-0.3	8.1	2.0	10.2	7.6	11.5	19.9	18.9	12.4
Other private asset management	-0.6	-1.1	5.5	3.3	-0.5	0.9	-0.6	-0.5	-0.2	7.1	-0.6	-1.8	-2.0
Strategic investments (Garantia)	-1.3	-1.9	4.7	1.7	3.7	5.1	4.2	4.8	24.4	3.1	17.8	19.2	19.8
Other	0.3	5.5	6.6	-6.8	-1.4	3.7	-0.7	-0.4	-1.0	5.5	1.2	-2.2	-4.3
TOTAL	-1.1	2.8	18.3	7.2	1.6	17.8	4.9	14.1	30.8	27.3	38.3	34.1	25.9
EBIT margin													
Private asset management	0.0%	-12.1%	55.7%	65.3%	-15.3%	55.9%	19.3%	59.2%	24.0%	43.8%	42.9%	39.8%	28.2%
Renewable energy	17.0%	8.7%	33.4%	68.7%	-8.3%	62.7%	35.1%	70.1%	34.5%	44.7%	54.4%	53.3%	42.4%
Other private asset management	-43%	-74.3%	68.2%	57.9%	-31.3%	28.4%	-33.5%	-24.4%	-1.7%	42.3%	-7.4%	-24.6%	-26.8%
Strategic investments (Garantia)	117%	109%	95.7%	95.0%	90.2%	94.9%	94.7%	94.2%	80.5%	82.9%	93.7%	93.9%	93.9%
Other	18%	76.5%	79.8%	153%	1576%	76%	-98%	-15%	-12.0%	43.9%	16%	-48.3%	-168%
TOTAL	-18%	25.3%	71.1%	44.6%	16.8%	67.5%	39.5%	59.2%	44.2%	46.3%	53.4%	50.2%	42.8%
EBIT excluding investments and performance fees													
Private asset management	-0.4	-1.7	-0.2	-0.9	-0.5	-1.4	1.4	0.7	-3.4	-3.2	0.1	3.7	4.3
Renewable energy	0.4	-0.4	0.7	-0.4	0.0	-0.8	2.0	1.2	0.8	0.3	2.3	6.5	7.4
Other private asset management	-0.8	-1.3	-0.9	-0.5	-0.5	-0.6	-0.6	-0.5	-4.2	-3.5	-2.2	-2.8	-3.1
Strategic investments (Garantia)	2.4	3.1	3.1	4.5	3.5	3.2	3.2	4.7	11.7	13.1	14.6	15.1	15.5
Other	-0.8	-0.9	-0.9	-2.0	-0.9	-0.5	-0.7	-2.2	-6.4	-4.7	-4.3	-4.2	-4.3
TOTAL	1.1	0.5	1.9	1.6	2.1	1.3	3.9	3.1	1.8	5.1	10.5	14.5	15.5

Source: Company data and Nordea estimates

DETAILED ESTIMATES: IFRS REPORTING (EURm; EPS AND DPS IN EUR)

IFRS reporting, EURm	Q122	Q222	Q322	Q422	Q123	Q223	Q323E	Q423E	2021	2022	2023E	2024E	2025E
Total income	6.8	12.2	18.8	19.1	10.1	23.8	12.9	24.9	72.6	56.8	71.7	70.4	63.0
growth y/y	-44%	-28%	42%	-37%	50%	95%	-31%	30%	5%	-22%	26%	-2%	-11%
Costs	-8.0	-9.6	-0.7	-12.1	-8.9	-6.5	-8.7	-11.1	-46.2	-27.8	-35.2	-38.6	-39.3
growth y/y	8%	-33%	-92%	-24%	10%	-32%	1229%	-8%	-11%	-40%	27%	10%	2%
Operating profit	-1.3	2.6	18.1	7.0	1.3	17.3	4.2	13.8	26.4	29.0	36.5	31.8	23.7
margin %	-19%	21%	97%	37%	13%	73%	33%	55%	36%	51%	51%	45%	38%
Taxes	0.2	-0.7	-3.4	-1.3	-0.7	-1.3	-0.6	-2.9	-5.2	-5.1	-5.5	-5.6	-4.1
Profit (continuing operations)	-1.4	1.9	14.4	5.7	0.5	13.8	3.6	13.2	21.2	23.4	31.0	26.3	19.5
Profit (discontinued operations)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	114.9	0.0	0.0	0.0	0.0
Profit for the period	-1.4	1.9	14.4	5.7	0.5	13.8	3.6	13.2	136.1	23.4	31.0	26.3	19.5
EPS (continuing operations), EUR	-0.05	0.07	0.51	0.20	0.02	0.49	0.13	0.47	0.75	0.83	1.10	0.93	0.69
EPS, EUR	-0.04	0.07	0.52	0.20	0.02	0.57	0.13	0.38	4.81	0.83	1.10	0.93	0.69
DPS (ordinary)									0.40	0.45	0.45	0.50	0.55
DPS (extra)									0.80	0.25	0.25	0.25	0.25
DPS (total)									1.20	0.70	0.70	0.75	0.80

Source: Company data and Nordea estimates

Main risks

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

A slowdown in economic activity could hamper Taaleri's performance	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 an economic slowdown, both Garantia's and fund companies' performances could be negatively affected. Changes in the market environment could affect Taaleri's ability to raise fund commitments, and a slowing transaction market could hinder its ability to make new investments and exit assets.
A cooling of the housing market could affect the real estate operations negatively	Housing market	The 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. Higher interest rates could also 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 the sale of its funds. In order to reach targeted fund sizes, the recently announced cooperation plays a crucial role. Taaleri is also ramping up its institutional sales channel. If the company cannot ramp up its institutional sales channel or if it 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 around EUR 30m of non-strategic investments that it aims to divest. The market value of these investments could vary greatly depending on the general economic situation.
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. It is therefore 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

INCOME STATEMENT

EURm	2019	2020	2021	2022	2023E	2024E	2025E
Total revenue	67	69	73	57	72	70	63
Revenue growth	n.a.	3.3%	4.6%	-21.9%	26.3%	-1.8%	-10.6%
of which organic	n.a.						
of which FX	n.a.						
EBITDA	23	24	32	31	39	34	26
Depreciation and impairments PPE	-3	-3	-1	-1	-1	-1	-1
of which leased assets	0	0	0	0	0	0	0
EBITA	n.a.						
Amortisation and impairments	0	0	0	0	0	0	0
EBIT	21	21	32	30	38	33	25
of which associates	0	0	-1	6	3	0	0
Associates excluded from EBIT	0	0	0	0	0	0	0
Net financials	-3	-3	-2	-1	-2	-1	-1
of which lease interest	0	0	0	0	0	0	0
Changes in value, net	-1	0	-3	0	0	0	0
Pre-tax profit	17	18	26	29	37	32	24
Reported taxes	-5	-4	-5	-5	-5	-6	-4
Net profit from continued operations	12	13	21	24	31	26	20
Discontinued operations	0	0	115	0	0	0	0
Minority interests	0	0	0	-1	0	0	0
Net profit to equity	12	13	136	23	31	26	20
EPS, EUR	0.41	0.46	4.81	0.83	1.10	0.93	0.69
DPS, EUR	0.16	1.32	1.20	0.70	0.70	0.75	0.80
of which ordinary	0.16	1.32	0.40	0.45	0.45	0.50	0.55
of which extraordinary	0.00	0.00	0.80	0.25	0.25	0.25	0.25
Profit margin in percent							
EBITDA	34.8%	34.0%	44.7%	54.6%	54.1%	48.1%	40.7%
EBITA	n.a.						
EBIT		30.3%	43.6%	52.5%	53.3%	47.2%	39.8%
Adjusted earnings							
EBITDA (adj)	23	24	32	31	39	34	26
EBITA (adj)	n.a.						
EBIT (adj)	21	21	32	30	38	33	25
EPS (adj, EUR)	0.41	0.46	4.81	0.83	1.10	0.93	0.69
Adjusted profit margins in percent							
EBITDA (adj)	34.8%	34.0%	44.7%	54.6%	54.1%	48.1%	40.7%
EBITA (adj)	n.a.						
EBIT (adj)	30.8%	30.3%	43.6%	52.5%	53.3%	47.2%	39.8%
Performance metrics							
CAGR last 5 years							
Net revenue	n.a.						
EBITDA	n.a.						
EBIT	n.a.						
EPS	n.a.						
DPS	n.m.						
Average last 5 years							
Average EBIT margin	n.a.	n.a.	n.a.	n.a.	42.1%	45.4%	47.3%
Average EBITDA margin	n.a.	n.a.	n.a.	n.a.	44.4%	47.1%	48.4%
VALUATION RATIOS - ADJUSTED EARNINGS							
EURm	2019	2020	2021	2022	2023E	2024E	2025E
P/E (adj)	20.5	17.7	2.3	13.5	8.7	10.2	13.8
EV/EBITDA (adj)	11.8	11.1	8.4	9.0	6.0	6.3	8.4
EV/EBITA (adj)	n.a.						
EV/EBIT (adj)	13.4	12.4	8.6	9.4	6.1	6.5	8.6
VALUATION RATIOS - REPORTED EARNINGS							
EURm	2019	2020	2021	2022	2023E	2024E	2025E
P/E	20.5	17.7	2.3	13.5	8.7	10.2	13.8
EV/Sales	4.1	3.8	3.8	4.9	3.2	3.0	3.4
EV/EBITDA	11.8	11.1	8.4	9.0	6.0	6.3	8.4
EV/EBITA	n.a.						
EV/EBIT	13.4	12.4	8.6	9.4	6.1	6.5	8.6
Dividend yield (ord.)	1.9%	16.3%	3.6%	4.0%	4.7%	5.3%	5.8%
FCF yield	-1.2%	0.0%	36.9%	8.6%	6.2%	13.5%	7.1%
FCF Yield bef A&D, lease adj	3.0%	0.0%	40.3%	11.5%	7.2%	9.4%	8.0%
Payout ratio	38.9%	287.1%	24.9%	84.7%	63.9%	80.8%	116.0%

Source: Company data and Nordea estimates

BALANCE SHEET

EURm	2019	2020	2021	2022	2023E	2024E	2025E
Intangible assets	7	7	1	0	0	1	1
of which R&D	0	0	0	0	0	0	0
of which other intangibles	1	2	0	0	0	0	0
of which goodwill	5	5	1	0	0	0	0
Tangible assets	4	3	1	0	0	0	0
of which leased assets	0	0	0	0	0	0	0
Shares associates	16	31	50	48	54	43	46
Interest bearing assets	0	0	0	0	0	0	0
Deferred tax assets	2	2	2	3	3	3	3
Other non-IB non-current assets	155	162	167	153	155	156	158
Other non-current assets	18	14	14	13	13	13	13
Total non-current assets	202	219	235	218	226	217	222
Inventory	0	0	0	0	0	0	0
Accounts receivable	23	11	17	28	36	35	32
Short-term leased assets	0	0	0	0	0	0	0
Other current assets	0	0	0	0	0	0	0
Cash and bank	37	32	59	53	52	70	69
Total current assets	60	44	76	82	88	105	101
Assets held for sale	8	5	5	0	0	0	0
Total assets	270	268	317	300	313	322	322
Shareholders equity	126	132	227	200	213	221	221
Of which preferred stocks	0	0	0	0	0	0	0
Of which equity part of hybrid debt	0	0	0	0	0	0	0
Minority interest	0	1	1	0	0	0	0
Total Equity	126	133	228	201	213	221	221
Deferred tax	16	15	16	17	17	17	17
Long term interest bearing debt	76	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Pension provisions	0	0	0	0	0	0	0
Other long-term provisions	32	35	41	47	47	48	48
Other long-term liabilities	20	20	17	21	21	21	21
Non-current lease debt	0	0	0	0	0	0	0
Convertible debt	0	0	0	0	0	0	0
Shareholder debt	0	0	0	0	0	0	0
Hybrid debt	0	0	0	0	0	0	0
Total non-current liabilities	144	135	89	99	100	100	101
Short-term provisions	0	0	0	0	0	0	0
Accounts payable	0	0	0	0	0	0	0
Current lease debt	0	0	0	0	0	0	0
Other current liabilities	0	0	0	0	0	0	0
Short term interest bearing debt	0	0	0	0	0	0	0
Total current liabilities	0	0	0	0	0	0	0
Liabilities for assets held for sale	0	0	0	0	0	0	0
Total liabilities and equity	270	268	317	300	313	322	322
Balance sheet and debt metrics							
Net debt	38	32	-44	-38	-36	-54	-54
of which lease debt	0	0	0	0	0	0	0
Working capital	23	11	17	28	36	35	32
Invested capital	225	230	252	247	262	252	253
Capital employed	201	198	242	216	229	237	237
ROE	18.5%	10.1%	75.9%	11.0%	15.0%	12.1%	8.8%
ROIC	7.4%	10.5%	9.5%	12.0%	10.3%	7.9%	4.3%
ROCE	20.6%	10.6%	14.4%	13.0%	17.2%	14.3%	10.6%
Net debt/EBITDA	1.6	1.4	-1.4	-1.2	-0.9	-1.6	-2.1
Interest coverage	n.m.						
Equity ratio	46.6%	49.3%	71.6%	66.7%	68.0%	68.7%	68.6%
Net gearing	30.5%	24.4%	-19.6%	-18.9%	-17.1%	-24.6%	-24.4%

Source: Company data and Nordea estimates

CASH FLOW STATEMENT

EURm	2019	2020	2021	2022	2023E	2024E	2025E
EBITDA (adj) for associates	23	23	34	25	36	33	25
Paid taxes	-3	0	-4	-2	-5	-6	-4
Net financials	0	0	-2	-1	-2	-1	-1
Change in provisions	0	0	0	0	0	0	0
Change in other LT non-IB	-122	-1	-1	22	-1	-1	-1
Cash flow to/from associates	0	0	0	0	0	0	0
Dividends paid to minorities	-1	0	0	0	0	0	0
Other adj to reconcile to cash flow	118	-23	104	-8	0	0	0
Funds from operations (FFO)	15	0	130	36	28	25	19
Change in NWC	-7	0	-1	-8	-7	1	4
Cash flow from operations (CFO)	9	0	129	28	20	26	22
Capital expenditure	-2	0	-2	8	-1	-1	-1
Free cash flow before A&D	7	0	128	36	19	25	22
Proceeds from sale of assets	0	0	0	0	3	11	0
Acquisitions	-10	0	-11	-9	-6	0	-3
Free cash flow	-3	0	117	27	17	36	19
Free cash flow bef A&D, lease adj	7	0	128	36	19	25	22
Dividends paid	-8	0	-37	-34	-20	-20	-21
Equity issues / buybacks	0	0	0	0	0	0	0
Net change in debt	14	0	-50	0	0	0	0
Other financing adjustments	0	0	0	0	2	2	2
Other non-cash adjustments	35	-5	-3	1	0	0	0
Change in cash	37	-5	27	-6	-1	18	-1
Cash flow metrics							
Capex/D&A	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
Capex/Sales	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
Key information							
Share price year end (/current)	8	8	11	11	10	10	10
Market cap.	238	230	317	316	249	228	205
Enterprise value	277	263	273	279	213	174	152
Diluted no. of shares, year-end (m)	28.3	28.3	28.3	28.3	28.3	28.3	28.3

Source: Company data and Nordea estimates

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