

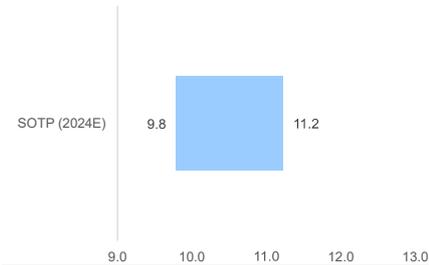
KEY DATA

Stock country	Finland
Bloomberg	TAALA.FH
Reuters	TAALA.HE
Share price (close)	EUR 8.50
Free float	72%
Market cap. (bn)	EUR 0.24/EUR 0.24
Website	taaleri.com
Next report date	14 Feb 2024

PERFORMANCE



VALUATION APPROACH (EUR/SHARE)



ESTIMATE CHANGES

Year	2023E	2024E	2025E
Sales	-3%	-2%	-1%
EBIT (adj)	-2%	-5%	-1%

Source: Nordea estimates

Uneventful Q3 ahead of strategy update

Taaleri's Q3 came in ahead of our expectations, mainly due to investment gains. Recurring revenues fell short of our estimate, due to lower-than-anticipated revenue from Private asset management. However, the company expects strong demand for its new flagship fund to continue. Garantia's performance remains at a strong level, while a cooling real estate market could slow down growth in 2024. Taaleri will update its strategy and will host a CMD event on 22 November. We expect to hear more about the ramp-up of the funds and capital allocation going forward. We derive a slightly lower SOTP-based fair value of EUR 9.8-11.2 (10.1-11.6).

Garantia continues to perform

Taaleri's Q3 segment revenue of EUR 13.1m was 5% above our forecast. However, this was driven by a EUR 0.9m pass-through effect, EUR 0.7m in purchase price revisions and EUR 0.3m in positive exchange rate changes. Recurring revenues came in 10% below our expectation, mainly due to lower-than-anticipated revenue from Renewable energy. Segment EBIT beat our estimate by 16%, owing to lower costs. The company continues its fundraising in SolarWind III (EUR 286m first close in Q3), with next closing in H1 2024. In addition, Taaleri launched preparations to exit the Wind II and III funds. We expect EUR 7m carry in Q4 and EUR 10m in 2024. Taaleri will host its CMD on 22 November and aims to release a strategy update ahead of the event. We expect to hear more about the ramp-up of funds and capital allocation at the CMD. Given the challenging real estate market, we believe the company could direct its focus even more towards renewable energy and bioindustries. In addition, we believe it could target faster growth in Garantia through a wider product or geographical offering.

We trim segment EBIT by 1-4% for 2023E-25E

Based on segment reporting, we trim EBIT by 1-4% for 2023E-25E. We take a slightly more cautious view on the development of recurring revenues, due to a more challenging fundraising market. In addition, we lower insurance revenues due to the slowdown in the real estate market.

Fair value range of EUR 9.8-11.2

We derive a slightly lower SOTP-based fair value range of EUR 9.8-11.2 (10.1-11.6). Due to the current ramping up, Taaleri should reach its full earnings potential after 2024, in our view. We note lower valuation multiples for the peer group, while Garantia currently represents around two-thirds of our SOTP-based enterprise value.

Nordea IB & Equity - Analysts

Joni Sandvall
AnalystSvante Krokfors
Director

SUMMARY TABLE - KEY FIGURES

EURm	2019	2020	2021	2022	2023E	2024E	2025E
Total revenue	67	69	73	56	70	69	63
EBITDA (adj)	23	24	32	30	38	32	25
EBIT (adj)	21	21	32	29	37	32	25
EBIT (adj) margin	30.8%	30.3%	43.6%	52.0%	53.6%	45.8%	39.6%
EPS (adj, EUR)	0.41	0.46	4.81	0.81	1.08	0.89	0.69
EPS (adj) growth	n.a.	11.8%	947.1%	-83.2%	34.2%	-17.9%	-22.7%
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	5.0	2.9	2.7	3.0
EV/EBIT (adj)	13.4	12.4	8.6	9.5	5.4	5.8	7.5
P/E (adj)	20.5	17.7	2.3	13.8	7.8	9.5	12.2
P/BV	1.9	1.7	1.4	1.6	1.1	1.1	1.1
Dividend yield (ord)	1.9%	16.3%	3.6%	4.0%	5.3%	5.9%	6.5%
FCF Yield bef A&D, lease adj	3.0%	0.0%	40.3%	11.5%	8.2%	9.9%	8.9%
Net debt	38	32	-44	-38	-37	-53	-52
Net debt/EBITDA	1.6	1.4	-1.4	-1.2	-1.0	-1.6	-2.1
ROIC after tax	14.8%	7.4%	10.5%	9.4%	11.8%	9.9%	7.9%

Source: Company data and Nordea estimates

Q3 2023 results and deviation

Taaleri reported Q3 EBIT of EUR 5.7m, coming in slightly below Refinitiv consensus of EUR 6.3m. Based on segment reporting, Q3 total income was EUR 13.1m, 5% above our estimate. Recurring revenues were EUR 10.3m in Q3, 10% below our estimate, driven by Private asset management. Investment operations income of EUR 2.8m came in well above our estimate of EUR 1.0m, due to EUR 0.9m in invoicing related to renewable energy projects, with corresponding costs recognised in operating expenses. In addition, the company recorded EUR 0.7m in positive purchase price revisions and a EUR 0.3m positive impact from FX (US wind project). Garantia's loan losses remained at a low level, while insurance service revenue was flat y/y at EUR 4.6m versus our estimate of EUR 4.7m. Insurance service expenses were down 26% y/y. The combined ratio remained strong at 22% in Q3 (27.1% in Q2). Private asset management AuM were flat q/q at EUR 2.6bn (EUR 2.5bn in Q3 2022), 4% below our estimate. SolarWind III had its first closing in Q2 with EUR 286m of commitments and the company expects continued strong demand, due to the significant number of investors in active due diligence.

Private asset management recurring revenues came in 10% below our estimate, while costs were lower than we expected

Private asset management recurring revenues slightly below our estimate

Taaleri's private asset management income was EUR 8.4m, 16% above our estimate. Recurring revenues of EUR 6.5m came in 10% below our estimate.

Private asset management EBIT was EUR 2.7m, 94% above our estimate, driven by investment operations and lower costs than we had anticipated.

AuM were flat q/q at EUR 2.6bn, 4% below our estimate of EUR 2.8bn, and up 4.5% y/y from EUR 2.5bn in Q3 2022.

Renewable energy recurring revenues were EUR 5.1m (our estimate: EUR 5.6m), up 36% y/y. Q3 EBIT came in at EUR 2.8m (EUR 2.0m). Personnel expenses were up 29% y/y, while direct expenses were up clearly, due to costs related to renewable energy projects (with similar top-line booking). Other private asset management operating income was EUR 1.4m (EUR 1.7m), while EBIT was EUR -0.1m (EUR -0.6m).

Garantia had a strong combined ratio of 22%

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

Taaleri's guarantee insurance company Garantia reported EUR 3.6m in insurance service, slightly above our estimate of EUR 3.5m. Insurance revenues were flat y/y, while costs were down 26% y/y to EUR 0.9m. Investment gains were EUR 0.7m (we expected EUR 1.0m) with a EUR -0.2m impact from the Aktia shareholding.

The combined ratio was strong at 22%, slightly better than our estimate of 26.3%, while the solvency ratio was 271%. The guaranty insurance portfolio was down 1% y/y to EUR 1,848m (our estimate: EUR 1,879m).

Taaleri is preparing for Wind II and III exits

Guidance and fund pipeline

Taaleri does not provide a short-term outlook. SolarWind III had its first closing in Q2 with EUR 286m of commitments, while the company targets EUR 700m of commitments at the final close. The company expects strong demand for the fund to continue, as there are a significant number of investors in active due diligence. We expect EUR 700m of commitments in 2025. In addition, the company is preparing to exit the Taaleri Wind II and Taaleri Wind III funds, which will likely boost carry bookings, we believe.

Q3 2023 DEVIATION TABLE (EURm; EPS IN EUR)

EURm	Actual	NDA est.	Deviation		Consensus	Deviation		Actual	Actual		
	Q3 2023	Q3 2023E	vs. actual		Q3 2023E	vs. actual		Q2 2023	q/q	Q3 2022	y/y
Sales	13.5	12.9	0.6	5%	12.5	1.0	8%	23.8	-43%	18.8	-28%
EBIT	5.7	4.6	1.1	23%	6.3	-0.6	-10%	17.8	-68%	18.1	-69%
EBIT margin	42.2%	36.1%	6.1pp		50.7%	-8.4pp		74.7%	-32.5pp	96.7%	-54.5pp
PTP	5.5	4.2	1.3	31%	4.0	1.5	37%	17.3	-68%	18.1	-70%
PTP margin	40.7%	32.6%	8.1pp		32.0%	8.7pp		72.5%	-31.8pp	96.5%	-55.8pp
Adj. EPS	0.16	0.13	0.03	27%	0.15	-0.03	4%	0.49	-67%	0.51	-69%
EPS		0.13	-0.13	-100%	0.15	-0.03	-100%	0.49	-100%	0.51	-100%
Segment reporting											
Recurring revenues											
Private asset management	6.5	7.2	-0.8	-10%				5.6	15%	5.3	22%
Strategic investments	3.4	3.5	0.0	-1%				3.5	-2%	3.3	4%
Other	0.4	0.7	-0.4	-48%				0.7	-48%	0.7	-49%
TOTAL	10.3	11.4	-1.1	-10%				9.9	4%	9.4	10%
Total income											
Private asset management	8.4	7.2	1.1	16%				16.1	-48%	12.6	-33%
Strategic investments	3.9	4.5	-0.5	-12%				5.4	-27%	4.9	-20%
Other	0.8	0.7	0.1	8%				4.8	-84%	8.3	-90%
TOTAL	13.1	12.4	0.7	5%				26.3	-50%	25.8	-49%
EBIT											
Private asset management	2.7	1.4	1.3	94%				9.0	-70%	7.0	-61%
Strategic investments	3.7	4.2	-0.6	-13%				5.1	-28%	4.7	-22%
Other	-0.7	-0.7	0.0	-5%				3.7	-118%	6.6	-110%
TOTAL	5.7	4.9	0.8	16%				17.8	-68%	18.3	-69%
EBIT margin											
Private asset management	32.3%	19.3%	13.0pp					55.9%	-23.6pp	55.7%	-23.4pp
Strategic investments	93.1%	94.7%	-2pp					94.9%	-1.8pp	95.7%	-3pp
Other	-85.4%	-97.5%	12pp					75.5%	-161pp	79.8%	-165pp
TOTAL	43.5%	39.5%	4.0pp					67.5%	-24.0pp	71.1%	-27.6pp

Source: Company data, Refinitiv and Nordea estimates

Estimate revisions

ESTIMATE REVISIONS AFTER THE Q3 2023 REPORT (EPS/DPS IN EUR)

EURm	New estimates				Old estimates				Difference %			
	Q4 2023E	2023E	2024E	2025E	Q4 2023E	2023E	2024E	2025E	Q4 2023E	2023E	2024E	2025E
Sales	22.3	69.7	69.3	62.6	24.9	71.7	70.4	63.0	-10%	-3%	-2%	-1%
EBIT	12.3	37.3	31.7	24.8	14.2	38.2	33.2	25.1	-13%	-2%	-5%	-1%
EBIT margin	55%	53.6%	45.8%	39.6%	57.1%	53.3%	47.2%	39.8%	-1.9pp	0.3pp	-1.4pp	-0.2pp
PTP	12.1	36.1	30.5	23.6	13.8	36.5	31.8	23.7	-12%	-1%	-4%	0%
PTP margin	54%	51.8%	44.1%	37.7%	55.4%	50.9%	45.2%	37.6%	-1.2pp	0.9pp	-1.2pp	0.1pp
Adj. EPS	0.42	1.08	0.89	0.69	0.47	1.10	0.93	0.69	-11%	-1%	-4%	0%
EPS	0.42	1.08	0.89	0.69	0.47	1.1	0.93	0.69	-11%	-1%	-4%	0%
DPS		0.70	0.75	0.80		0.70	0.75	0.80		0%	0%	0%
Segment reporting	Q4 2023E	2023E	2024E	2025E	Q4 2023E	2023E	2024E	2025E	Q4 2023E	2023E	2024E	2025E
Recurring revenues												
Private asset management	7.1	24.7	29.2	30.4	7.3	25.8	29.5	30.7	-4%	-4%	-1%	-1%
Strategic investments	3.3	14.1	14.8	16.0	5.0	15.8	16.3	16.8	-34%	-11%	-9%	-5%
Other	0.8	2.4	2.6	2.6	0.5	2.4	2.6	2.6	71%	0%	0%	0%
TOTAL	11.2	41.2	46.6	49.0	12.8	44.0	48.4	50.0	-13%	-6%	-4%	-2%
Total income												
Private asset management	14.8	44.5	42.6	36.5	16.4	44.9	42.9	36.8	-10%	-1%	-1%	-1%
Strategic investments	3.8	17.3	18.9	20.3	5.0	19.0	20.4	21.1	-24%	-9%	-8%	-4%
Other	2.3	7.9	4.6	2.6	2.4	7.9	4.6	2.6	-3%	0%	0%	0%
TOTAL	21.0	69.6	66.1	59.3	23.8	71.8	67.9	60.4	-12%	-3%	-3%	-2%
Operating profit												
Private asset management	8.5	19.5	16.6	10.4	9.7	19.3	17.1	10.4	-12%	1%	-3%	1%
Strategic investments	3.6	16.1	17.6	19.0	4.8	17.8	19.2	19.8	-25%	-10%	-8%	-4%
Other	0.1	1.7	-1.7	-3.8	-0.4	1.2	-2.2	-4.3	-130%	41%	-23%	-12%
TOTAL	12.2	37.2	32.6	25.6	14.1	38.3	34.1	25.9	-13%	-3%	-4%	-1%
Operating profit margin												
Private asset management	57.8%	43.7%	39.0%	28.6%	59.2%	42.9%	39.8%	28.2%	-1.4pp	0.8pp	-0.8pp	0.4pp
Strategic investments	93.3%	93.0%	93.4%	93.7%	94.2%	93.7%	93.9%	93.9%	-0.9pp	-0.6pp	-0.5pp	-0.2pp
Other	4.6%	21.9%	-37.1%	-147.3%	-15.0%	15.6%	-48.3%	-167.6%	20pp	6pp	11pp	20pp
TOTAL	58.4%	53.5%	49.3%	43.2%	59.2%	53.4%	50.2%	42.8%	-0.8pp	0.1pp	-0.9pp	0.4pp

Source: Nordea estimates

Valuation

We calculate a SOTP-derived fair value range of EUR 9.8-11.2 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 a EUR 9.8-11.2 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 to Taaleri, due to its high dependence 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	45.1	1,042	-110	9.0	7.1	5.0	11.1	10.2	7.3	0.0 %	0.0 %	
Abo Wind Ag	Germany	44.6	410	155	13.8	13.3	11.9	16.6	16.2	14.5	1.2 %	1.2 %	
Capman Oyj	Finland	2.0	316	48	19.5	9.1	7.5	22.9	10.2	8.3	6.8 %	7.8 %	
Eq4 Ab	Sweden	202.9	20,419		19.5	13.5	11.9	19.0	13.8	12.2	1.7 %	2.1 %	
Acciona Sa	UK	119.0	6,551	8,802	11.8	12.2	11.3	12.6	13.6	11.8	3.9 %	4.1 %	
Energiekontor Ag	UK	69.7	973	292	14.2	12.8	11.3	19.3	17.4	15.5	1.4 %	1.5 %	
Eolus Vind Ab (Publ)	UK	86.2	173	-68	1.8	3.0	3.2	3.8	6.7	7.0	2.5 %	3.3 %	
Pne Ag	UK	12.0	918	517	108.7	56.9	44.7		114.1	108.9	0.3 %	0.3 %	
Scatec Asa	Norway	56.3	760	1,914	14.0	11.5	9.7	18.7	17.3	12.6	3.0 %	2.3 %	
Median			918	223	14.0	12.2	11.3	17.6	13.8	12.2	1.7 %	2.1 %	
Average			3,507	1,444	23.6	15.5	13.0	15.5	24.4	22.0	2.3 %	2.5 %	
Nordea													
Taaleri Oyj	Finland	8.4	240	32	5.4	5.8	7.5	7.8	9.5	12.2	8.3 %	8.9 %	
Discount/premium					-61%	-52%	-34%	-56%	-31%	0%	375%	325%	

Note: share prices as of 31 October

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	2.0	316	48	19.5	9.1	7.5	22.9	10.2	8.3	6.8 %	7.8 %	
Eq Oyj	Finland	14.6	598	5	14.4	12.7	11.3	18.1	15.8	14.3	5.6 %	6.6 %	
Aktia Bank Abp	Finland	8.9	649					7.5	6.9	6.8	8.1 %	9.5 %	
Median			598	27	16.9	10.9	9.4	18.1	10.2	8.3	6.8 %	7.8 %	
Average			521	27	16.9	10.9	9.4	16.1	11.0	9.8	6.8 %	8.0 %	
Nordea													
Taaleri Oyj	Finland	8.4	240	32	5.4	5.8	7.5	7.8	9.5	12.2	8.3 %	8.9 %	
Discount/premium					-68%	-46%	-20%	-57%	-7%	47%	22%	14%	

Note: share prices as of 31 October

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 10-13x, we derive a fair value range of EUR 41-53m 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 72-100m.

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 until the 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 Q3 2023), Aktia shares (0.97 million) at the current market value (EUR 8.9 as of 31 October), 2023E net cash (EUR 37m) and 2023E dividends (EUR 20m) to derive our equity fair value range of EUR 277-318m for Taaleri. As there are 28.3 million shares outstanding, we derive a fair value range of EUR 9.8-11.2 per Taaleri share.

SOTP VALUATION FOR TAALERI (EURm AND EUR)

Based on 2024 estimates	Share	Sales	EBIT	Valuation method	EV Range
Private asset management		44.5	14.6	EV/EBIT 4.6x - 6.3x	67 - 92
Renewable energy (excl. performance fees and investments)	76%	36.8	5.4	EV/EBIT 10x - 13x	41 - 53
Performance fees	76%		10.4	EV/EBIT 4x - 6x	32 - 47
Other private asset management (ex. performance fees)	100%	7.7	-1.1	EV/EBIT 5x - 7x	-6 - -8
Performance fees	100%		0.0	EV/EBIT 4x - 6x	0 - 0
Strategic investments (Garantia)	100%	17.3	17.6	DDM	144 - 164
Other excl. investment operations	100%	7.9	-3.7	EV/EBIT 7.4x - 8.8x	-27 to -33
Investments	100%			Book value Q3 23	29
TOTAL			28.6	EV/EBIT 7.4x - 8.8x	212 - 253
Aktia shares				As of 31 October 2023	9
Net cash 2023E					37
2023E dividends					20
Equity value					277 - 318
Number of shares (m)					28.3
Equity per share, EUR					9.8 - 11.2

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	Q323	Q423E	2021	2022	2023E	2024E	2025E
Income													
Recurring revenues													
Private asset management	4.9	4.8	5.3	5.7	5.6	5.6	6.5	7.1	20.1	20.7	24.7	29.2	30.4
Renewable energy	3.5	3.6	3.7	3.8	3.9	4.0	5.1	5.6	15.2	14.6	18.6	23.1	24.2
Other private asset management	1.4	1.3	1.6	1.9	1.6	1.7	1.4	1.5	4.9	6.1	6.2	6.2	6.2
Strategic investments (Garantia)	2.5	3.3	3.3	4.6	3.9	3.5	3.4	3.3	17.6	13.7	14.1	14.8	16.0
Other	0.5	0.7	0.7	0.4	0.4	0.7	0.4	0.8	3.0	2.4	2.4	2.6	2.6
TOTAL	8.0	8.9	9.4	10.6	9.8	9.9	10.3	11.2	40.7	36.8	41.2	46.6	49.0
Recurring revenues growth y/y													
Private asset management	16%	-14%	10%	4%	14%	17%	22%	25%	9%	3%	20%	18%	4%
Renewable energy	10%	-17%	4%	-10%	12%	11%	36%	49%	6%	-4%	28%	24%	5%
Other private asset management	33%	-5%	28%	48%	19%	32%	-12%	-23%	17%	25%	0%	0%	0%
Strategic investments (Garantia)	-29%	-28%	-16%	-17%	52%	6%	4%	-28%	20%	-22%	3%	5%	8%
Other	-51%	-23%	63%	-24%	-22%	-1%	-49%	138%	9%	-20%	0%	8%	0%
TOTAL	-11%	-21%	2%	-7%	24%	11%	10%	6%	13%	-10%	12%	13%	5%
Total income													
Private asset management	5.3	5.8	12.6	18.9	5.2	16.1	8.4	14.8	31.0	42.6	44.5	42.6	36.5
Renewable energy	3.8	4.3	4.5	13.1	3.6	12.9	7.0	13.3	22.0	25.8	36.8	35.5	29.2
Other private asset management	1.5	1.5	8.1	5.8	1.6	3.2	1.4	1.5	9.0	16.8	7.7	7.2	7.3
Strategic investments (Garantia)	-1.2	-1.8	4.4	1.8	4.1	5.4	3.9	3.8	30.3	3.3	17.3	18.9	20.3
Other	1.7	7.1	8.3	-4.5	-0.1	4.8	0.8	2.3	8.4	12.6	7.9	4.6	2.6
TOTAL	5.8	11.1	25.2	16.2	9.3	26.3	13.1	21.0	69.7	58.4	69.6	66.1	59.3
Income growth y/y													
Private asset management	3%	9%	192%	16%	-2%	178%	-33%	-22%	41%	37%	5%	-4%	-14%
Renewable energy	-5%	1%	26%	29%	-5%	198%	54%	1%	27%	17%	43%	-4%	-18%
Other private asset management	28%	41%	998%	-5%	5%	118%	-82%	-74%	98%	87%	-54%	-7%	2%
Strategic investments (Garantia)	-116%	-125%	-33%	-81%	-458%	-402%	-10%	111%	76%	-89%	428%	9%	7%
Other	13%	313%	478%	-219%	-105%	-32%	-90%	-152%	819%	50%	-38%	-42%	-44%
TOTAL	-57%	-22%	105%	-45%	59%	136%	-48%	29%	74%	-16%	19%	-5%	-10%
EBIT													
Private asset management	0.0	-0.7	7.0	12.3	-0.8	9.0	2.7	8.5	7.5	18.6	19.5	16.6	10.4
Renewable energy	0.6	0.4	1.5	9.0	-0.3	8.1	2.8	9.2	7.6	11.5	19.8	17.8	11.7
Other private asset management	-0.6	-1.1	5.5	3.3	-0.5	0.9	-0.1	-0.6	-0.2	7.1	-0.3	-1.1	-1.3
Strategic investments (Garantia)	-1.3	-1.9	4.2	1.7	3.7	5.1	3.7	3.6	24.4	2.6	16.1	17.6	19.0
Other	0.3	5.5	6.6	-6.8	-1.4	3.7	-0.7	0.1	-1.0	5.5	1.7	-1.7	-3.8
TOTAL	-1.1	2.8	17.8	7.2	1.6	17.8	5.7	12.2	30.8	26.8	37.2	32.6	25.6
EBIT margin													
Private asset management	0.0%	-12.1%	55.7%	65.3%	-15.3%	55.9%	32.3%	57.8%	24.0%	43.8%	43.7%	39.0%	28.6%
Renewable energy	17.0%	8.7%	33.4%	68.7%	-8.3%	62.7%	40.5%	68.9%	34.5%	44.7%	53.8%	50.0%	40.1%
Other private asset management	-43%	-74.3%	68.2%	57.9%	-31.3%	28.4%	-7.4%	-39.7%	-1.7%	42.3%	-4.0%	-15.6%	-17.6%
Strategic investments (Garantia)	117%	109%	95.2%	95.0%	90.2%	94.9%	93.1%	93.3%	80.5%	80.2%	93.0%	93.4%	93.7%
Other	18%	76.5%	79.8%	153%	1576%	76%	-85%	5%	-12.0%	43.9%	22%	-37.1%	-147%
TOTAL	-18%	25.3%	70.5%	44.6%	16.8%	67.5%	43.5%	58.4%	44.2%	45.8%	53.5%	49.3%	43.2%
EBIT excluding investments and performance fees													
Private asset management	-0.4	-1.7	-0.2	-0.9	-0.5	-1.4	0.8	0.8	-3.4	-3.2	-0.3	3.2	4.3
Renewable energy	0.4	-0.4	0.7	-0.4	0.0	-0.8	0.9	1.5	0.8	0.3	1.6	5.4	6.7
Other private asset management	-0.8	-1.3	-0.9	-0.5	-0.5	-0.6	-0.1	-0.7	-4.2	-3.5	-1.8	-2.1	-2.4
Strategic investments (Garantia)	2.4	3.1	3.1	4.5	3.5	3.2	3.2	3.0	11.7	13.1	12.9	13.5	14.7
Other	-0.8	-0.9	-0.9	-2.0	-0.9	-0.5	-1.1	-1.4	-6.4	-4.7	-3.8	-3.7	-3.8
TOTAL	1.1	0.5	1.9	1.6	2.1	1.3	2.9	2.5	1.8	5.1	8.8	13.1	15.3

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	Q323	Q423E	2021	2022	2023E	2024E	2025E
Total income	6.8	12.2	18.2	19.1	10.1	23.8	13.5	22.3	72.6	56.2	69.7	69.3	62.6
growth y/y	-44%	-28%	38%	-37%	50%	95%	-26%	17%	5%	-23%	24%	-1%	-10%
Costs	-8.0	-9.6	-0.7	-12.1	-8.9	-6.5	-8.0	-10.2	-46.2	-27.8	-33.6	-38.8	-39.0
growth y/y	8%	-33%	-92%	-24%	10%	-32%	1126%	-15%	-11%	-40%	21%	15%	1%
Operating profit	-1.3	2.6	17.6	7.0	1.3	17.3	5.5	12.1	26.4	28.5	36.1	30.5	23.6
margin %	-19%	21%	96%	37%	13%	73%	41%	54%	36%	51%	52%	44%	38%
Taxes	0.2	-0.7	-3.4	-1.3	-0.7	-1.3	-0.6	-2.9	-5.2	-5.1	-5.4	-5.3	-4.1
Profit (continuing operations)	-1.4	1.9	13.9	5.7	0.5	13.8	4.6	11.8	21.2	22.9	30.7	25.2	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	13.9	5.7	0.5	13.8	4.6	11.8	136.1	22.9	30.7	25.2	19.5
EPS (continuing operations), EUR	-0.05	0.07	0.49	0.20	0.02	0.49	0.16	0.42	0.75	0.81	1.08	0.89	0.69
EPS, EUR	-0.04	0.07	0.50	0.20	0.02	0.57	0.17	0.32	4.81	0.81	1.08	0.89	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	<p>General economy</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 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.</p>
A cooling of the housing market could affect the real estate operations negatively	<p>Housing market</p> <p>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.</p>
Low interest rates have supported alternative investments	<p>Interest rates</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. Higher interest rates could also hamper the valuation of investments and the project pipeline.</p>
Key personnel are important for customer relationships	<p>Key personnel</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>Sales channels</p> <p>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.</p>
Overall economic activity could affect investment values	<p>Investments</p> <p>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.</p>
If not executed well, M&A activity may increase costs	<p>Potential M&A</p> <p>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.</p>
A tightening competitive environment could hamper Taaleri's growth prospects	<p>Competitive environment</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	2022	2023E	2024E	2025E
Total revenue	67	69	73	56	70	69	63
Revenue growth	n.a.	3.3%	4.6%	-22.6%	24.0%	-0.6%	-9.7%
of which organic	n.a.						
of which FX	n.a.						
EBITDA	23	24	32	30	38	32	25
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	29	37	32	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	-1	-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	28	36	31	24
Reported taxes	-5	-4	-5	-5	-5	-5	-4
Net profit from continued operations	12	13	21	23	31	25	19
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	25	19
EPS, EUR	0.41	0.46	4.81	0.81	1.08	0.89	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%	54.1%	54.3%	46.6%	40.6%
EBITA	n.a.						
EBIT		30.3%	43.6%	52.0%	53.6%	45.8%	39.6%
Adjusted earnings							
EBITDA (adj)	23	24	32	30	38	32	25
EBITA (adj)	n.a.						
EBIT (adj)	21	21	32	29	37	32	25
EPS (adj, EUR)	0.41	0.46	4.81	0.81	1.08	0.89	0.69
Adjusted profit margins in percent							
EBITDA (adj)	34.8%	34.0%	44.7%	54.1%	54.3%	46.6%	40.6%
EBITA (adj)	n.a.						
EBIT (adj)	30.8%	30.3%	43.6%	52.0%	53.6%	45.8%	39.6%
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%	45.1%	46.9%
Average EBITDA margin	n.a.	n.a.	n.a.	n.a.	44.4%	46.7%	48.1%
VALUATION RATIOS - ADJUSTED EARNINGS							
EURm	2019	2020	2021	2022	2023E	2024E	2025E
P/E (adj)	20.5	17.7	2.3	13.8	7.8	9.5	12.2
EV/EBITDA (adj)	11.8	11.1	8.4	9.2	5.3	5.7	7.3
EV/EBITA (adj)	n.a.						
EV/EBIT (adj)	13.4	12.4	8.6	9.5	5.4	5.8	7.5
VALUATION RATIOS - REPORTED EARNINGS							
EURm	2019	2020	2021	2022	2023E	2024E	2025E
P/E	20.5	17.7	2.3	13.8	7.8	9.5	12.2
EV/Sales	4.1	3.8	3.8	5.0	2.9	2.7	3.0
EV/EBITDA	11.8	11.1	8.4	9.2	5.3	5.7	7.3
EV/EBITA	n.a.						
EV/EBIT	13.4	12.4	8.6	9.5	5.4	5.8	7.5
Dividend yield (ord.)	1.9%	16.3%	3.6%	4.0%	5.3%	5.9%	6.5%
FCF yield	-1.2%	0.0%	36.9%	8.6%	7.1%	14.5%	7.8%
FCF Yield bef A&D, lease adj	3.0%	0.0%	40.3%	11.5%	8.2%	9.9%	8.9%
Payout ratio	38.9%	287.1%	24.9%	86.6%	64.6%	84.3%	116.2%

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	1	1	1
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	35	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	68	67
Total current assets	60	44	76	82	87	103	99
Assets held for sale	8	5	5	0	0	0	0
Total assets	270	268	317	300	313	320	321
Shareholders equity	126	132	227	200	213	220	220
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	220	220
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	320	321
Balance sheet and debt metrics							
Net debt	38	32	-44	-38	-37	-53	-52
of which lease debt	0	0	0	0	0	0	0
Working capital	23	11	17	28	35	35	32
Invested capital	225	230	252	247	261	252	253
Capital employed	201	198	242	216	228	235	235
ROE	18.5%	10.1%	75.9%	10.7%	14.9%	11.7%	8.9%
ROIC	7.4%	10.5%	9.4%	11.8%	9.9%	7.9%	4.2%
ROCE	20.6%	10.6%	14.4%	12.8%	16.8%	13.7%	10.5%
Net debt/EBITDA	1.6	1.4	-1.4	-1.2	-1.0	-1.6	-2.1
Interest coverage	n.m.						
Equity ratio	46.6%	49.3%	71.6%	66.7%	67.9%	68.5%	68.4%
Net gearing	30.5%	24.4%	-19.6%	-18.9%	-17.2%	-24.2%	-23.8%

Source: Company data and Nordea estimates

CASH FLOW STATEMENT

EURm	2019	2020	2021	2022	2023E	2024E	2025E
EBITDA (adj) for associates	23	23	34	24	35	32	25
Paid taxes	-3	0	-4	-2	-5	-5	-4
Net financials	0	0	-2	-1	-1	-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	-7	0	0	0
Funds from operations (FFO)	15	0	130	36	27	24	18
Change in NWC	-7	0	-1	-8	-7	0	3
Cash flow from operations (CFO)	9	0	129	28	20	24	22
Capital expenditure	-2	0	-2	8	-1	-1	-1
Free cash flow before A&D	7	0	128	36	20	24	21
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	35	19
Free cash flow bef A&D, lease adj	7	0	128	36	20	24	21
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	17	-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	8	8	8
Market cap.	238	230	317	316	219	198	175
Enterprise value	277	263	273	279	183	145	123
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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