CapMan

Extensive report

2/2021

Inderes Corporate customer

This report is a summary translation of the report “Lupausten lunastuksen aika” published on 02/19/2021 at 20:12

Time to deliver on promises

We reiterate our EUR 2.8 target price and Accumulate recommendation for CapMan. We are still positive about the company's growth story and find the long-term earnings expectation attractive. In the short term, the name of the game is clear, the company must bring its result to the next level this year. After an aggressive share price rise, the share is no longer cheap but if our estimates become reality, the share still offers a relatively good earnings expectation.

Financial services company that focuses on alternative investment products

CapMan has three business areas: 1) Management Company, 2) Services and 3) investments made from its own balance sheet. The segment Others includes CapMan's administration. Management Company forms the hard core of CapMan's business and at the end of 2020 the company had EUR 3,827 million in assets under management. Around 64% of the AUM are in Real Estate funds and mandates, some 26% in Private equity and Credit investment area funds, and around 9% in Infra funds and mandates.

The company has renewed itself considerably

CapMan has renewed itself strongly in recent years. After the growth strategy launched in 2016, the company's ownership base and key personnel have renewed strongly, and both the product selection and customer base have expanded. The main factor is the improved performance of the company's funds. As a result of these factors, the company's business has started growing strongly and the profitability level has improved clearly. The company's strategy has undoubtedly taken the company in the right direction and the company has implemented the strategy successfully. The earnings level has still been subdued and the fruits of the strategy should be reflected in the result in full in coming years.

Time for a level adjustment in the result

The name of the game is clear in our estimates, we expect a clear level adjustment in CapMan's result this year (2021e EBIT: EUR 38 million). The drivers for the earnings improvement are profitable growth in the Management Company business, considerable carried interest, recovering investment income, and successful cost control. In our view, an operating profit level of around EUR 40 million should be the so-called "new normal" for CapMan over the next few years. Thanks to successful implementation of the strategy, the building blocks are ready and there is no room for explanations. Our confidence in an earnings improvement has increased clearly, and the key risks are the general market situation and the company's success in cost control.

Earnings expectation still attractive as long as earnings improvement materializes

Thanks to a strong price increase, CapMan's share is no longer cheap and the current share price level relies on the assumption that the company's result will rise to new levels in 2021. The share is neutrally priced with 2021 multiples but if the earnings improvement materializes and the company continues growing, the share's long-term return expectation is still good. Our various valuation methods (sum of parts, DCF and peer group valuation) also support our view of a relatively neutral pricing in the short term. Also, a high and secure dividend offers good base income for the share.

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Recommendation

Accumulate
(previous Accumulate)

EUR 2.8
(previous EUR 2.8)

Share price:
2.67

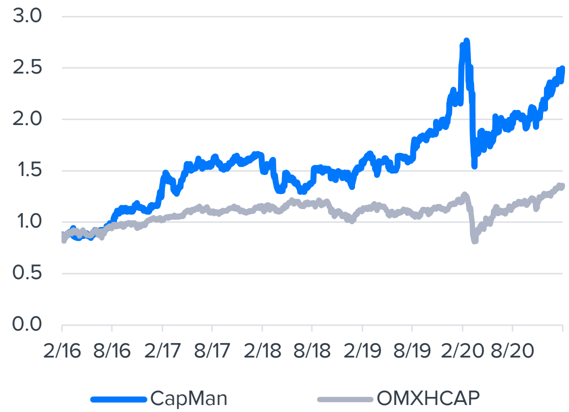
Key indicators

	2020	2021e	2022e	2023e
Turnover	43.0	60.1	64.3	68.9
Growth %	-12%	40%	7%	7%
EBIT adjusted	12.3	37.8	42.0	44.3
EBIT % adjusted	28.7%	63.0%	65.3%	64.3%
Net profit	5.1	28.0	31.0	32.4
EPS (adjusted)	0.03	0.18	0.20	0.20

P/E (adjusted)	70.3	15.1	13.7	13.1
P/B	3.2	3.6	3.4	3.2
Dividend yield %	6.0%	5.6%	6.0%	6.4%
EV/EBIT (adjusted)	32.0	12.4	11.2	10.7
EV/EBITDA	28.7	12.0	10.9	10.4
EV/Turnover	9.2	7.8	7.3	6.9

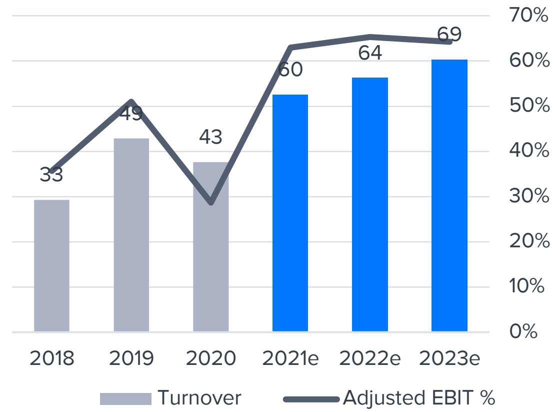
Source: Inderes

Share price



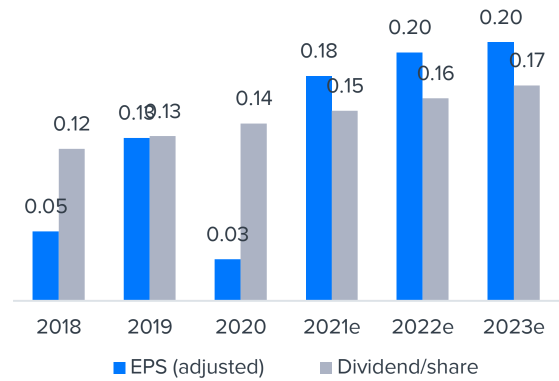
Source: Thomson Reuters

Turnover and EBIT %



Source: Inderes

EPS and dividend



Source: Inderes

MCAP
423
EUR million

Dividend %
5.6%
2021e

P/B
3.6
2021e

P/E (adjusted)
15
2021e

Value drivers

- New products
- Increase in carried interest
- New customer segments
- Growth in Service business
- Improving cost efficiency
- Funds' successful investment operations

Risk factors

- Investment income below expectations especially in Infra and Private Equity
- Maintaining cost level and materialization of earnings potential
- Market situation
- Increase in interest rates

Valuation

- Dividend gives the share good base income
- Current share price level requires a clear level adjustment in the result in 2021
- Tightened share price level leaves no room for errors in the short term
- In the long term, the return expectation is still attractive if the growth story progresses as planned

Contents

CapMan in brief

CapMan is a leading Nordic private assets management and investment company.

1989
Established

2001
Listing

EUR 43 million
Turnover 2020

EUR 12.3 million
Operating profit 2020

EUR 3,827 million
Assets under management at the end of 2020

146
Average number of personnel in 2020

EUR 175 million
Investment portfolio

Years of expansion
CapMan expands to Sweden, Denmark and Norway and the company becomes a Nordic player

CapMan expands, e.g. to Real Estate and Public Market investment areas

The company achieves excellent investment income and collects record amounts of new capital during the "super cycle"

Financial crisis
The financial crisis hits CapMan hard and costs jump through the roof due to too fast expansion

The income from the funds collected at the top of the super cycle are weak

Restructuring starts

Rebuilding
With the Norvestia acquisition CapMan's investment profile takes a step towards an investment company

Service business is separated into its own unit

New CEO, new strategy, and new investment teams

The company establishes several new investment areas, fund raising works for the most part

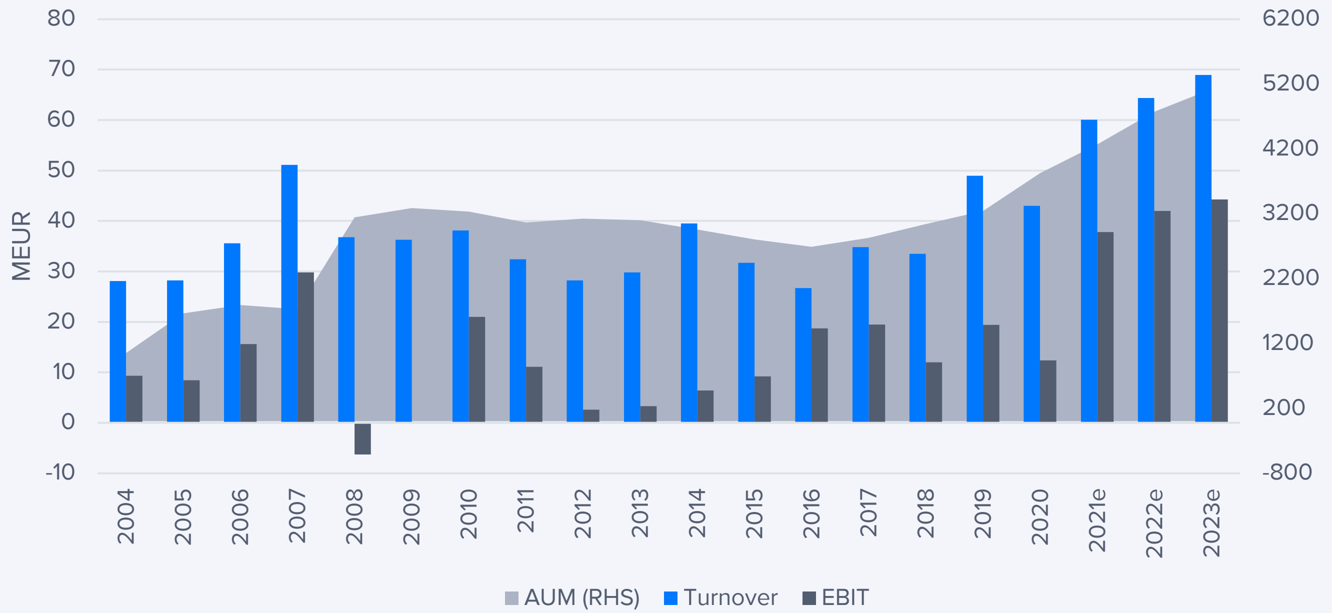
Management Company shows first signs of its full potential

Time for harvest
Continuing strong organic growth and systematically implementing the strategy

Continued profitability improvement in Management Company

Carried interests raise the result to the next level

M&A transactions likely in the medium term



Source: Inderes, CapMan

Company description and business model 1/3

Company description

CapMan is one of the first domestic Private equity fund managers. CapMan was established in 1989 and over the last three decades it has become a Nordic asset manager that focuses on private assets. During 2020, the company employed an average of 146 persons.

Three business areas

CapMan has three business areas: 1) Management Company, 2) Services and 3) investments made from its own balance sheet. The segment Others includes CapMan's administration.

Management Company forms the hard core of CapMan's business and at the end of 2020 the company had EUR 3,827 million in assets under management. Around 64% of the AUM are in Real Estate funds and mandates, some 26% in Private equity and Credit investment area funds and around 9% in Infra funds and mandates.

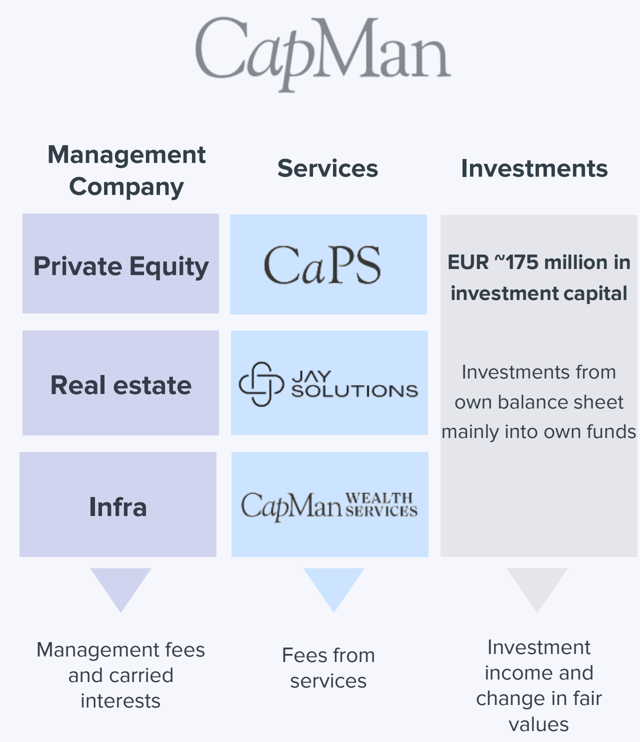
CapMan's Service business includes the procurement services company CaPS, JAY Solutions that focuses on reporting services, and CapMan Wealth Service that focuses on wealth advisory services for wealthy individuals, smaller institutions, and family offices.

As a result of the 2015 to 2016 Norvestia acquisition, CapMan also has a considerable investment portfolio built on its own balance sheet and the company's investment capacity at the end of 2020 was some EUR 175 million. Most of the investment portfolio was invested in CapMan's own and external funds at the end of 2020.

Asset manager focusing solely on private assets

Unlike other asset managers on Nasdaq Helsinki, CapMan focuses solely on private assets. In addition, CapMan is a so-called "product house", so the company focuses on products instead of asset management services. Investing in unlisted assets in practice means making direct, primarily majority investments in, for example, unlisted companies and real estate. The investments are typically made through closed-end funds that collect capital from institutional investors, like pension insurance companies and foundations. Closed funds are, as a rule, unattainable to private investors due to the high minimum investment requirements (typically millions). Through CapMan's new Wealth Services service area other investors can also invest in these products.

The funds' investment teams try to actively develop their target investments together with the target company's management and/or the tenants of the real estate. The aim is to raise the value of the target company, for example, by honing the strategy, improving operational efficiency, and accelerating growth, e.g., through acquisitions. Gearing also plays an important role in investment operations. Private equity investment are, by nature, long and the target companies are typically developed for 4 to 7 years and the average life span of the fund is typically around 10 years. The logic of the business model is explained in more detail on the following page.



Company description and business model 2/3

Typical life span of an unlisted closed-end fund

Fund raising

Investment phase
Years 1 to 3

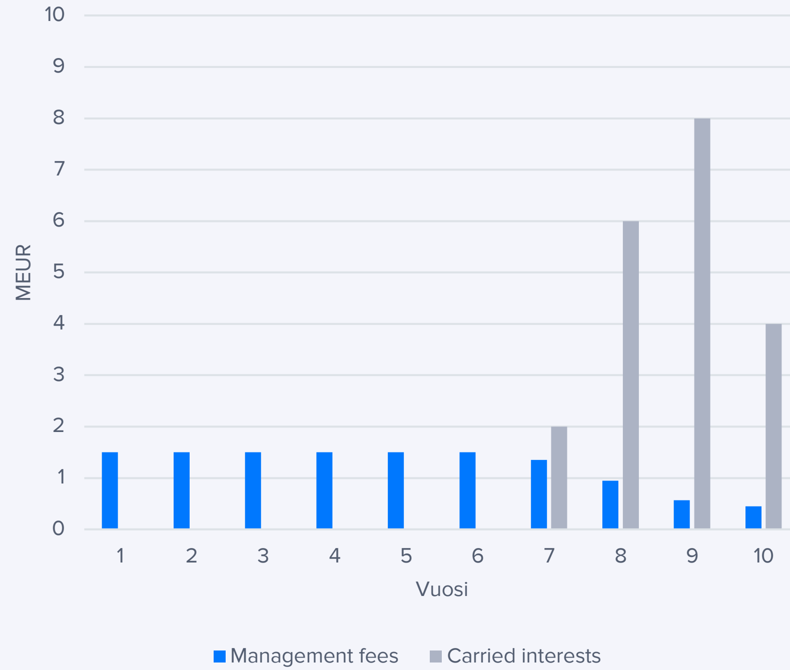
The fund typically makes 10 to 15 target investments. The investment phase typically lasts 1 to 3 years but the duration depends, e.g., on the overall market situation.

Value creation
Years 3 to 10

Value creation can typically be divided into three stages: 1) operational development, 2) using debt leverage, and 3) raising valuation multiples. Thanks to zero interest rates and increased valuation levels, an increasing share of the value comes from operative development.

Exit phase
Years 8 to 12

Illustrating example of the fee flow a fund produces during its life span



Assumptions:
Size of the fund: EUR 100 million
Management fee: 1.5%
Hurdle rate: 8%
IRR: 15%
CapMan's share of carried interests: 10%

Outcome:
Management fees EUR 12.5 million
Carried interests: EUR 20 million

Company description and business model 3/3

Extensive capital base	Own balance sheet			
	International investors	Nordic Tier I investors	Nordic Tier II And Tier III investors	
New products	Open funds	Closed funds	Mandates and club deals	Services
Extensive product offering of unlisted asset types	Private Equity and Credit	Real estate	Infra	CaPS
Active value creation	Buyout funds	Value add funds (NRE)	Infra I	Wealth Services
	Growth funds	Hotels	Mandates	
	Credit funds	NPI		Jay Solutions
	Other funds	BVK’s mandate		

Strategy and financial objectives 1/3

Cornerstones of the strategy

New products	Broader investor base	Excellent investment income	Improved cost efficiency
• CapMan tries to increase its product offering by bringing entirely new investment strategies and expanding the offering in existing strategies	• In future, the company will also try to expand it historically relatively limited customer base that focuses on large domestic institutions (now ~50% of customers international investors). • The company expands the customer base both internationally and domestically towards smaller institutions	• As a manager relying on value creation strategies CapMan must systematically generate good income with its funds	• CapMan's cost efficiency has historically been weak and in recent years the company has systematically tried to improve it

Inderes' comment on CapMan's strategic focus areas

New products	Broader investor base	Excellent investment income	Improved cost efficiency
• We feel expanding the product offering is absolutely the right strategy as with strategies that focus on value added the size-classes of the company's funds have a limited growth potential • Wider product offering disperses the company's turnover flows and creates a base for new growth. • A bigger number of products also stabilizes the company's rather cyclical carried interests.	• In the company's history, the highly concentrated customer base has been a clear risk and expanding the base is the right choice strategically • A wider customer base makes it easier to launch new products, supports the company's pricing, and lowers the overall risk level	• Polarization between good and bad managers will continue • CapMan has to redeem its place among the best managers • The biggest burden of proof the company has is in Private Equity and Infra, as the current real estate team already has a strong track record • Good income supports business growth through product sizes and pricing, and offer considerable potential through carried interests	• Cost efficiency has improved clearly in recent years • Continued improvement of cost efficiency requires success in other cornerstones of the strategy • Improving cost efficiency is crucial in terms of the investor story as the profitability of the Management Company is the main individual driver for the share

Source: Inderes

Strategy and financial objectives 2/3

Financial objectives

Objectives are realistic and track record is good

The growth of Management Company and Service business play a crucial role in CapMan's investor story as growth of continuous earnings is a precondition for sustainable earnings improvement in Management Company and Service business. 10% growth target is, in our opinion, realistic and under the new management the company has reached this target (average for 2017 to 2020: 16%). The target requires continuous growth of assets under management and maintaining a healthy price level for the funds. These are fully dependent on the company's ability to create competitive products and income. CapMan's track record has improved clearly and most funds established since 2013 have performed well for the investors. In addition, the company has constantly expanded its product offering and investor base as a result of which management fees have good preconditions to grow in double digits also in the future. In the Service business success of the new Wealth Services business would give clear support to reaching the growth target.

We feel the **return on equity target** is also realistic but in addition to the profitability of the Management Company business and investment income it also requires carried interests. Due to weak carried interests the company has fallen short of this target in recent years (average for 2017 to 2020: 11%). As carried interests change in coming years into clearly more continuous, the company should have the preconditions to reach its average return on equity target in the next five years.

The equity ratio at the end of 2020 was 52% and below the company's target level of 60%. In our view, the 60% level is extremely high and in practice means a net debt free balance sheet. Due to the considerable size class and nature of investment operations from the own balance sheet the company must maintain a very strong balance sheet. In our view, the current slight gearing (2020: net gearing 23%) is not a problem and we do not feel it raises the company's risk level. More important than gearing is the company's liquidity and management of commitments. On average, CapMan's balance sheet seems over liquid as the company must maintain an excellent liquidity with capital calls in mind.

CapMan has raised its **dividend** for eight years in a row and the dividend is an essential part of the company's investor story. In early 2021, CapMan also moved to distributing dividends twice per year. In our view, the company has good preconditions to keep up the dividend growth in coming years, as long as the earnings improvement we estimate materializes. We emphasize that at the current level, CapMan's balance sheet cannot take considerable financing of dividends from the balance sheet as raising the gearing in the balance sheet to pay dividends would not be in the interest of shareholders. In future, the result must be in line with the dividend in order to maintain current type growth.

Financial objectives

CapMan has four financial objectives:

- Growth of Management Company and Service business > 10%
- Return on equity > 20%
- Equity ratio > 60%
- Annually increasing dividend

Strategy and financial objectives 3/3

	2017	2018	2019	2020	2021e onwards
Growth of Management Company and Service business %	-3%	24%	29%	-1%	+10%
ROE %	11%	7%	11%	4%	+20%
Equity ratio %	60%	59%	60%	52%	< 50%
Growing dividend	EUR 0.11 (+22%)	EUR 0.12 (+9%)	EUR 0.13 (+8%)	EUR 0.14 (+8%)	+7%
Comment	The current CEO takes over and the company launches its new strategy	The company launches new products and growth in the Service business accelerates	The strategy continues progressing and the first signs of the strategy being successful is also reflected in the result	Investment income that has lowered as a result of the COVID crisis depresses the result, fund raising is going well and AUM raises to record level	Good preconditions for a considerable level adjustment in the result as the fruits of the strategy start to become reflected in the result

2013 - 2016

2017 - 2020

2021

The company stays stagnate

- The company's business relies on old strategies
- The company is highly dependent on a small group of large domestic institutions
- Management Company is not profitable
- Fund performance is unsatisfactory
- Investors' income rely on returns from the own balance sheet and carried interests

Time of renewal

- Change in ownership base and combining of share series in connection with the Norvestia transaction
- High staff turnover among key personnel and new CEO starts
- Launching of new growth strategy and its systematic implementation
- The company's product offering expands and becomes more versatile
- The company's customer base grows and JAM Advisors acquisition opens up a channel to private customers
- Fund performance has improved

Realizing earnings potential

- Continuing strong organic growth and systematically implementing the strategy
- Continued profitability improvement in Management Company
- Carried interests raise the result to the next level
- M&A transactions likely in the medium term

Investment profile

1. **Organic growth**
2. **Good positioning with industry trends**
3. **Improvement potential in cost efficiency**
4. **High and predictable dividend flow**
5. **M&A option**

Potential

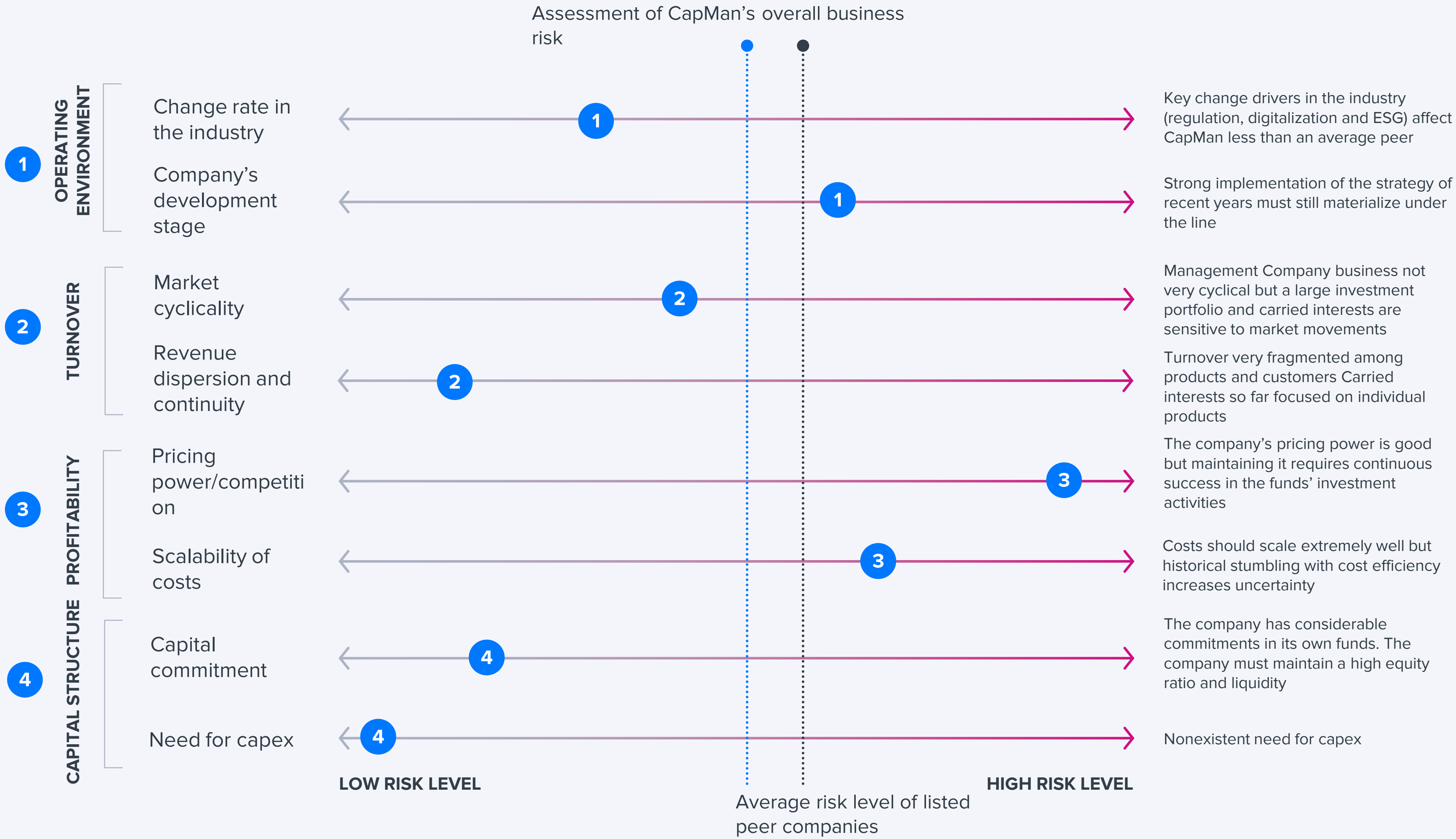
- New products in current and new strategies
- Growing product sizes
- Growth in service business
- Growing carried interests and own investment income as a result of good investment income
- Improved cost efficiency through growth
- Company actively seeks M&A transaction opportunities

Risks

- Investment income being below expectations especially in Infra and Private Equity
- Maintaining cost level and materialization of earnings potential
- Increase in interest rates
- General market situation

Source: Inderes

Risk profile of the business model



Source: Inderes

Management Company 1/4

Core of the company

Management Company business focuses solely on unlisted asset types and it is one of Finland's leading institutional asset managers. At the end of 2020, the assets under CapMan's management amounted to EUR 3,827 million and most of this capital is in closed funds. CapMan has three investment areas, which are Buyout, Real Estate and Infra (more details on page 8).

Private equity

PE funds cover target company investments, and the investment areas is the old core of CapMan. Target company investments are divided into three areas: Buyout, Growth and Credit. Measured by the assets under management, the biggest investment area is Buyout, and we estimate that of the AUM at the end of 2020 (EUR 998 million) some EUR 600 million came from Buyout funds. CapMan currently has 7 active PE funds of which 3 are Buyout funds, 2 Credit funds and 2 Growth funds. In addition, CapMan raises funds for a new Buyout 11 fund and the company has also announced that it will start raising funds for a new Special Situations fund in early 2021. CapMan's target company investments used to also include a Russia investment area but CapMan sold this business in 2019 due to the challenging fund raising and operating environment and weak investment success.

The average management fee of PE funds is according to our calculations at a healthy 1.0 to 1.2% level. Investors should note that fee levels vary considerably, e.g., depending on the size calls of the investor and commitments, as well as the product profile. In addition to management fees, the funds can offer CapMan carried interest potential which typically can be considerable if the fund's investment activities are successful. Fund raising for the Growth II fund established in 2020 proceeded well and the fund exceeded its target level.

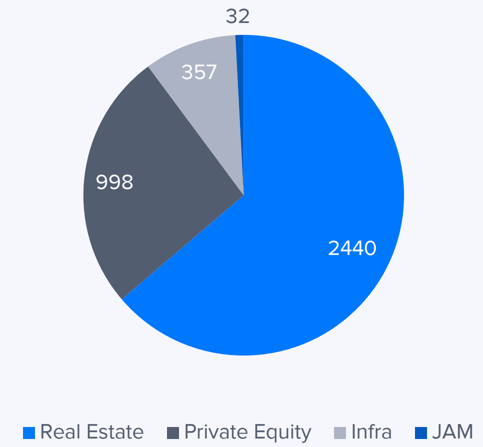
Infra

Infra that CapMan established in 2017 is the company's newest investment area and AUM were EUR 357 million at the end of 2020. The assets under management include CapMan first Infra fund (EUR 190 million), as well as investment mandates and club investments (EUR 167 million). Fund raising for the first fund was clearly weaker than we expected, and the fund was clearly below the target level of EUR 300 million. The fund raising that we feel was harder than expected is explained by the fact that this was a completely new product area for CapMan and the fund was the investment team's first. CapMan has announced that it will start fund raising for the Infra II fund during 2021.

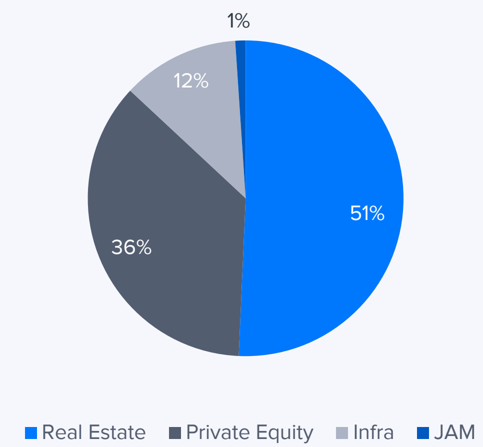
Real Estate

The share of real estate funds and mandates in CapMan's assets under management stood at EUR 2,440 million at the end of 2020. CapMan currently has 6 real estate funds and BVK's investment mandate. The fee levels vary considerably between the funds and, for example, we estimate the average management fee to be around 1% in NRE funds while in BVK's mandate we estimate the fee level to be below 0.5%.

Assets under management (Q4'20)



Distribution of management fees 2020 (Inderes' estimate)



Management Company 2/4

CapMan has managed to increase its real estate product offering in recent years and the company has been able to bring new so-called evergreen products (BVK, Kokoelmakeskus, Hotels) next to the conventional closed real estate funds. Real estate has become CapMan's most important business and its share of management fees is over half according to our estimates.

Cost structure

The cost structure of the Management Company business is very simple for the investor. The costs of the segment consist of personnel costs, other operating costs, depreciations, and general cost directed at the segment. The total costs of Management Company business was around EUR 21.9 million in 2020.

The biggest cost item in Management Company business was personnel costs, which were some EUR 12.9 million in 2020. According to our estimate an average of 75 people worked in the Management Company business in 2020 and, thus, the average personnel cost was roughly EUR 170,000/employee. The level is clearly higher than that of domestic asset management peers (2019: EUR 122,000/employee). The higher salary level than among peers is largely explained by the employee mix (longer career and larger share of personnel working abroad where the salary levels are higher than in Finland).

We expect personnel turnover to remain low in the Management Company business and we do not expect considerable changes to average personnel costs in coming years. Wage inflation pressure is also partly subdued by the fact that the average personnel costs are already above the market level.

Other costs in the Management Company business amounted to EUR 9 million in 2020 of which the share of general costs was EUR 2.8 million and that of depreciations EUR 0.6 million. We see no clear upside pressure in other costs, and we expect the costs to remain relatively stable at around the current EUR 9 million in coming years.

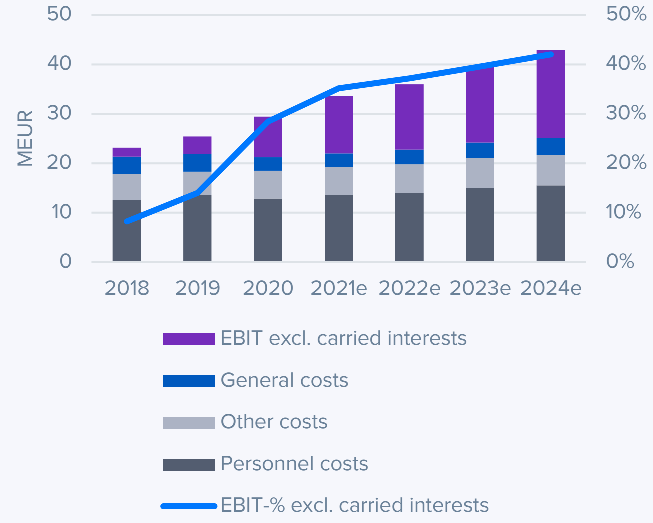
Cost structure highly scalable

The cost structure of CapMan's Management Company business was heavy in the early 2010s and the profitability of the Management Company business that relies on continuous income was therefore weak.

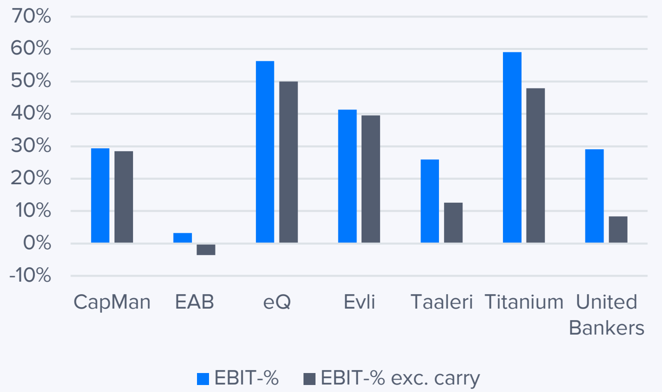
The restructuring and reorganization in 2013 to 2015 helped clearly lower the cost level and under the new management since 2017 the company has gone through a transformation and the company has been able to improve the profitability of the Management Company business that is based on continuous income. Profitability based on continuous income is still under the company's key peers (see graph on right) and we do not feel the Management Company has yet shown its full profitability potential.

Investors should note that carried interests play a larger role for CapMan than among its peers and considering return-based fees the company's profitability potential is clearly higher than continuous operations.

Development of cost structure



Asset management profitability of peers 2020



- NB! eQ burdened by group costs.
- UB's asset management segment, depreciation equalized to asset management relative to the turnover of operating segments.
- Titanium and EAB at group level
- Titanium Inderes' 2020 estimate.
- EBIT % excluding carry does not consider bonus provision.

Management Company 3/4

Considerable carried interests expected in coming years

In recent years, the carried interests from CapMan's Management Company business have, apart from 2019 (EUR 6.9 million) been at relatively modest levels due to the weak performance of funds after the financial crisis. The investment success of the funds has, however, improved considerably since 2013 and thanks to good performance several of CapMan's funds will move to profit distribution in the next few years.

We except the NRE1 fund to move to profit distribution this year and we expect the fund to generate some EUR 11 million in carried interests for CapMan. In addition to the NRE1 fund, we expect CapMan to gain smaller (EUR ~1 million) carried interests from the Mezza V fund this year. In our 2022 estimates, the Buyout 10 fund moves to profit distribution. We believe the return level of the fund is good (Inderes' estimate: IRR ~13%) and in our view it has the preconditions to generate around EUR 11 million in carried interests for CapMan just like the NRE1 fund if the last exits are successful.

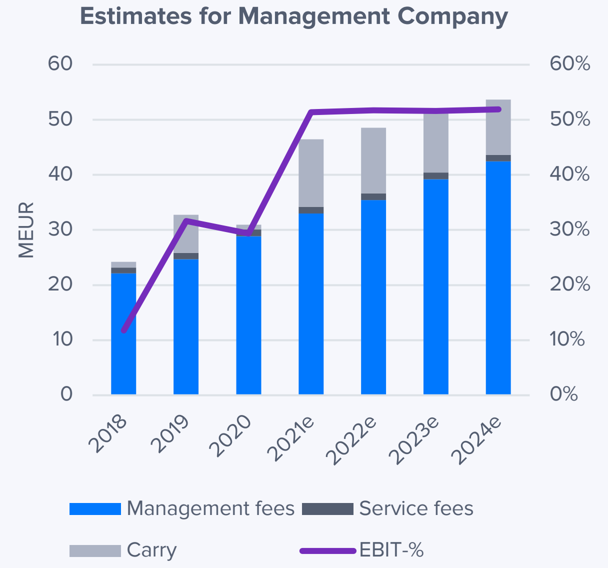
We point out that in terms of carried interests estimating the exact timing is impossible and investors should focus on the big picture as the company has several funds between 2021 and 2025 with considerable carried interest potential (NRE1, Buyout 10, Growth, Infra, NRE 2). Thus, in coming years carried interest income will be clearly higher than in the previous 10 years and their nature will change from extraordinary income to more continuous income.

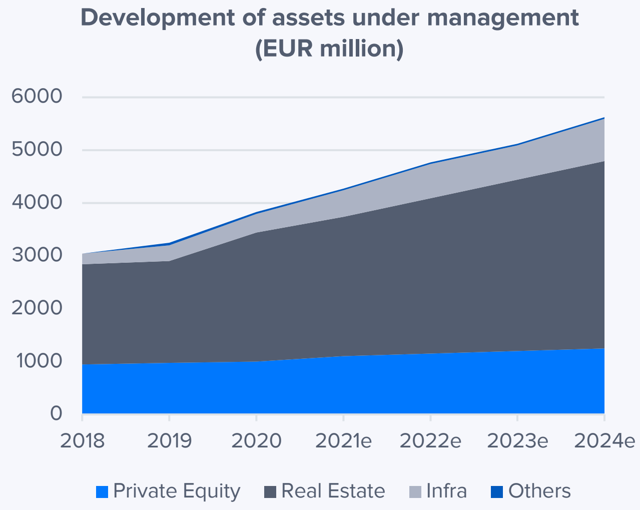
Estimates

Even though we expect carried interests to play a considerable role in the Management Company's earnings performance in coming years, we recommend that investors focus above all on the profitability of the Management Company based on continuous management fees as it is absolutely crucial for the segment's value and value development in coming years.

We expect Management Company business' continuous management fees to grow by an annual level of some 10% in coming years. The growth is based on successful fund raising last year and the new products we expect from Real estate and Infra investment areas in the next few years. For PE funds we do not expect considerable growth in assets under management as we expect the growth generated from new products (SS and Credit III) will be buried under old funds in the exit stage. In the big picture, the average age of CapMan's assets under management has between 2017 and 2020 dropped from some 8 years to around 4 years and as a result the company will suffer less from a drop in the income from older funds.

As a result of strong growth in management fees and improving cost efficiency, profitability based on continuous income will make a clear level adjustment in next few years and we estimate the EBIT margin adjusted for carried interest income to rise to over 40% by 2024 (2020: 28.5%).





Management Company 4/4

Value of Management Company business

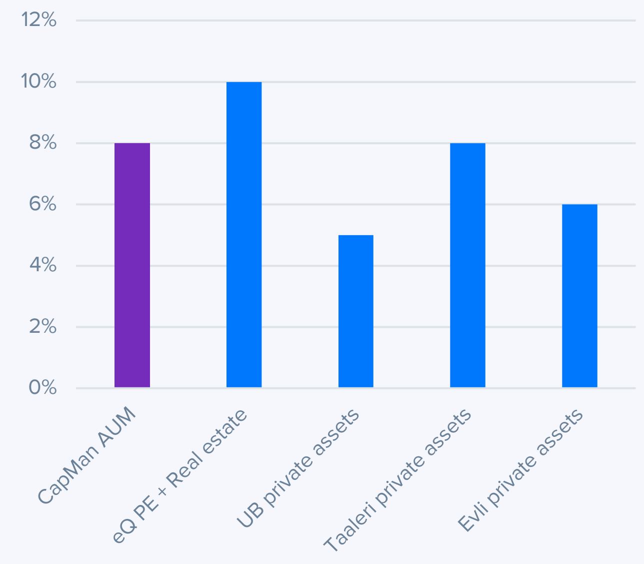
CapMan's Management Company business is positioned very well to the industry's trends (page 28) and as a result, the company should be priced at a premium relative to domestic peers. We have considered an EV/EBIT ratio of 10 to 14x to be acceptable for companies in the asset management sector depending on the company's quality and market position. The main variables in the background are: Stability of AUM, growth outlook of the product portfolio, quality of products, predictability of earnings level, fee potential of products, and operational efficiency. The performance of the Management Company business has improved clearly in recent years as the profitability based on continuous fees has increased clearly (2018: EUR 1.8 million vs. 2020: EUR 8.2 million) and visibility into carried interest income has increased clearly. The role of carried interests is very big in the result of the next few years (~50%) and this depresses the acceptable valuation somewhat. We have applied a 14x multiple to asset management, but we see upside potential in this over the next two years if the development continues in line with our estimates (better income mix and further improved visibility). With a 14x multiple and 2021 result the value of the segment is **EUR 321 million**.

Another way to examine CapMan's value would be to separate continuous asset management and carried interest income. In our opinion this is quite artificial as both are in the end income that belongs to shareholders and, thus, the mix is taken into account in the multiple we accept for the segment. In our view, a multiple of at least 16x could be justified for the profitability based on Management Company business' continuous income, which would mean its value would be EUR 186 million. By discounting carried interest income with a 10% return requirement their net present value is EUR 98 million. With this separation the value of the Management Company business would be EUR 284 million, which is below our other estimate due to the higher return requirements for carried interests. We do not give this rather artificial calculation any weight in our estimate as in our view the result of the segment should be examined as a whole and changes in the mix should be reflected in the acceptable valuation multiples for the segment.

The price paid on AUM is high but justified

The second value determination model we used is the assets under management. The value of AUM varies considerably depending on the fee levels it produces and stability of the capital. An alternative fund that produces high fee flow can be priced at very high multiples, while the multiple for transaction driven money in consultative asset management is low. As a rough generalization we can say that a majority of the AUM is priced at 1 to 5% and, e.g., a 10% level would require an exceptionally great product. The good EUR 3.8 billion AUM at the end of 2020 is with our value determination of EUR 321 million priced at around 8%. The level is high in absolute terms but in CapMan's case it is justified, due to the high quality of AUM, the AUM distribution that has become clearly younger in recent years, and good return potential.

Value of alternative AUM for companies we follow



Summary of CapMan's funds

Fund	Established	Collected (EUR mn)	Status
Private equity funds			
Buyout 8	2006	440	Exit phase
Buyout 9	2009	295	Exit phase
Buyout 10	2013	244	Exit phase
Buyout 11	2019	175	Fund raising/investment phase
Mezzazine V	2010	95	In profit distribution
Nest Capital 2015	2016	100	Investment phase
Growth I	2017	86	Exit phase
Growth II	2020	97	Investment phase
Real estate funds			
Nordic Real Estate I	2013	273	Exit phase
Kokoelmakeskus	206	47	Invested
Nordic Property Income	2017	89,8	Open fund
Nordic Real Estate II	2017	425	Exit phase
Hotels II	2019	392	Open fund
Nordic Real Estate III	2020	535	Fund raising/investment phase
Infra			
Infra I	2018	190	Investment phase
Infra mandate	2020	167	Invested

Fund	Profit distribution	IRR-% *
Buyout 8	No	< 8 %
Buyout 9	No	< 8 %
Buyout 10	Yes	10-15%
Buyout 11	Fund raising/investment phase	-
Mezzazine V	In profit distribution	>10%
Nest Capital 2015	Investment phase	-
Growth I	Yes	>25%
Growth II	Investment phase	-
Nordic Real Estate I	Yes	13-15%
Kokoelmakeskus	Invested	-
Nordic Property Income	Open fund	~7 %
Nordic Real Estate II	Yes	13-15%
Hotels II	Investment phase	-
Nordic Real Estate III	Fund raising/investment phase	-
Infra I	Investment phase	>10 %
Infra mandate	Invested	-

* Inderes' estimate

Services 1/2

CapMan reorganized its Service segment in 2020 so that JAM Advisors that focus on reporting services and fund-raising company Scala were combined into one new CapMan Wealth Services service area. As a result of the reorganization, the three service areas of the segment are CaPS, Jay Solutions and CapMan Wealth Services.

CaPS

CaPS is a procurement services company established in 2010 that is responsible pooling procurement of non-strategic products and services for over 200 member companies. CapMan's holding in the company is 95%. CaPS has developed excellently in the past few years and it has been a key growth engine in the Service business. CaPS currently employs 10 people, and we estimate its turnover in 2020 was around EUR 6 million. In our view, CaPS is the most valuable part of the Service segment due to the continuous nature of its activities and the high profitability profile (our estimate of normalized EBIT % is around 50 to 60%).

In September 2020, CaPS announced its expansion into the Baltics by establishing a Baltics joint venture with private equity fund manager BaltCap, and CaPS currently has operations in Finland, Sweden, and the Baltics. We believe the growth outlook for the business is excellent for the next few years and CapMan has announced it is charting new market areas where it could take its business concept.

Jay Solutions

Jay Solutions is a company that offers reporting and analyzing services to asset management and investor customers. The roots of the current Jay Solutions as part of CapMan are in 2019 when CapMan acquired a 60% share in JAM Advisors in January 2019. As a result of the reorganization in 2020, part of the old JAM Advisors forms the current Jay Solutions and part offers asset management services to the customers of the new CapMan Wealth Services service area.

In 2019, CapMan paid some EUR 7.5 million for the JAM Advisors acquisition, which corresponded with an EUR 13 million debt-free purchase price. The acquisition price was high (EV/S 4x) and the logic behind the acquisition was, in our view, based on the strategic synergies of the purchase. With the JAM acquisition CapMan tried to strengthen its presence in tier 2 and tier 3 institutional customers where CapMan's presence has historically been quite weak. CapMan has a buy option for the remaining minority share in 2023 and we are relatively sure this will be carried out.

Jay Solutions' reporting services cover some EUR 12 billion of assets under management (EUR 9 billion at time of acquisition) but these AUM are not covered by asset management agreements, so they do not generate much fee flow for CapMan. To our understanding Jay Solutions earnings are based on fixed charges and turnover is fully continuous. According to the company, Jay Solutions has developed well under CapMan's ownership and its customer base and turnover have grown considerably.

CapMan Wealth Services

The new CapMan Wealth Services service are in the Service segment focuses on wealth advisory services for wealthy individuals, smaller institutions, and family offices. We estimate that CWS' target group consists mainly of investors with customer assets of some EUR 10 to 100 million.

The spearhead of the service model is CapMan's own funds that are, in our opinion, complemented with products from selected cooperation partners. In terms of listed investment objects and reporting, CWS utilizes Jay Solutions' solutions. With CWS CapMan takes a small step towards asset management even though the focus remains tightly as a product house. Especially at the start, the aim is to get a larger share of alternative investments to CapMan's management and make all customer's assets covered by the reporting service.

CWS' employs around 10 people and the business is naturally still in a ramp-up stage. As a whole, we feel CWS is an interesting concept that takes CapMan in the right direction strategically. We believe the key in CWS's success will be successful recruitment, the pricing strategy, and the ability to modify the service concept in its initial stages (clearly different from a conventional asset management concept). Even in the best-case scenario ramp-up will take time and CWS will become visible in figures in 2022 at the earliest.

Services 2/2

Estimates

We expect that the Service segment will continue its healthy growth in the near term, and we estimate that turnover will grow by some 13% per year (CAGR-%) in 2020 to 2024. In our estimates, turnover is driven by continued strong growth in CaPS and relatively well progressing ramp-up in the Wealth Services service area.

We expect the cost structure to scale clearly in the next couple of years and, especially as a result of the growth from CaPS with high profitability potential, the EBIT margin of the Service segment rises above 55% in our estimates by 2024.

Value of the Service business

Even though CapMan reports its Service business as one segment we feel the valuation must be done by business area. CaPS is by far the most valuable pat of the Service business. Already at its current size, it is extremely valuable, it has strong proof of profitable growth and the growth outlook is still good. According to our estimate, CaPS operating profit was some EUR 3 to 4 million in 2020 and the profit level for the next few years should be above EUR 4 million. The acceptable valuation level is supported by the continuous nature of the business and a strong track record. Correspondingly, the acceptable valuation is depressed by weak visibility and the small size of the business. We have valued CaPS with a 13x EV/EBIT ratio that can be considered rather conservative. By applying the EUR 4 million operating profit level the value is **EUR 52 million**. In our view, CaPS' value would be higher than this if CapMan were to sell it.

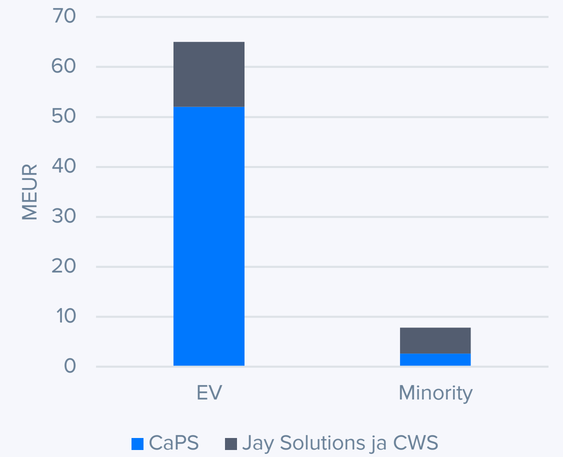
We do, however, consider a cautious approach justified as we do not consider a scenario where CapMan would exit from CaPS in the short term realistic.

We have valued JAY Solutions and CWS that were built from parts of JAM Advisors with JAM Advisors' acquisition price (**EUR 13 million**). We believe this to be justified as visibility into the development of the business is weak and CWS's concept is still unproven. If CWS is successful, there would be clear upside in the value, but at this point, a cautious approach is still called for.

As a whole, the value of the Service business is **EUR 65 million** of which the minority share is around **EUR 8 million** (CaPS EUR 2.6 million and JAM EUR 5.2 million).

Estimates for Service business

Value of Service segment's parts



Investments 1/2

CapMan's current investment portfolio is partially a remnant of both the Norvestia acquisition (2015 to 2016) and CapMan's own previous balance sheet investments. Own balance sheet investment activities play a key role in CapMan's result, and own balance sheet investments have formed a majority of the group's result in recent years.

Composition of the investment portfolio

Around EUR 86 million (~50%) of CapMan's investment assets were invested in the company's own funds at year end. Because CapMan has renewed its investment teams as a result of the transformation in recent years, the company has, in order to gain investor trust, had to act as an anchor investor in almost all of its newest funds. For example, in Buyout 11 and Infra funds CapMan had to make over EUR 30 million investment commitments, which are clearly above the company's own long-term target level (1 to 5% of the fund).

Other fund investments in the investment portfolio (EUR 29.8 million) mainly consist of investments in cooperation partners' private equity funds.

A few years ago, CapMan's balance sheet contained a considerable market portfolio consisting of listed shares that came as part of the Norvestia acquisition EUR 77.1 million). In line with its strategy, the company has sold holdings in the trading portfolio and allocated the funds received from them mainly to own funds. At the end of 2020, the share of the market portfolio was minuscule (EUR 0.3 million).

At the end of 2020, CapMan had some EUR 58 million in liquid assets. The relatively high cash weight is explained by the company's high investment commitments (EUR 109 million) in its own funds. We believe that CapMan's management wants to maintain a sufficient liquidity buffer also in light of possible acquisitions.

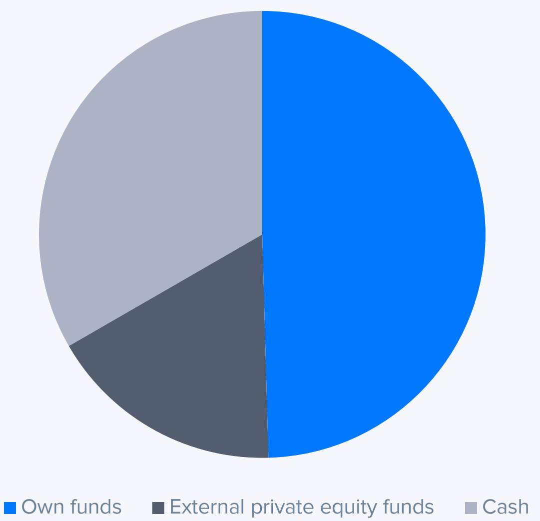
Estimates

We expect CapMan's investment operations to reach an annual yield of some 7 to 8% in coming years. The income level is depressed to some extent by the cash weight that remains relatively high in the estimate period (~30%) due to investment commitments. Adjusted by cash, the income level of the portfolio is 10% in our estimates, which is slightly below the weighted income target of funds in the company's balance sheet. Our conservative estimate is justified, especially in the current situation, where valuation levels are high throughout various asset classes. In the medium term, the income level of the portfolio should rise from the 7 to 8% level as investment commitments decrease and the company can dissolve its excessive cash weight.

Value of the investment portfolio

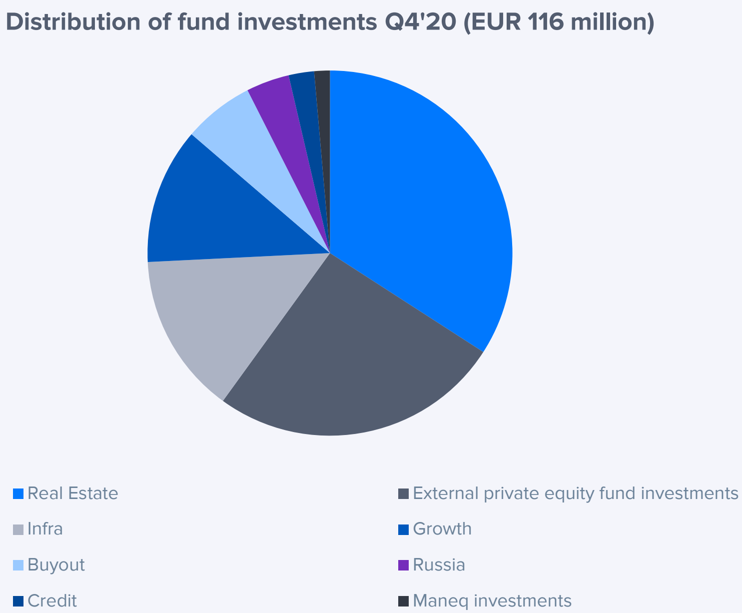
Even though the investment portfolio has a clear strategic value for CapMan (funding of possible M&A transactions and cash investment with customers in own funds), the portfolio should in our view be valued based on its (Q4'20: EUR 178 million) fair value.

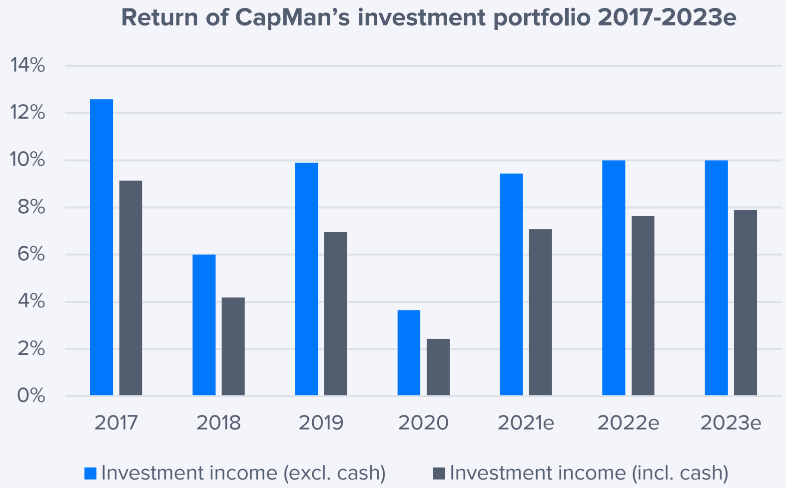
Investment portfolio Q4'20 (EUR 175 million)

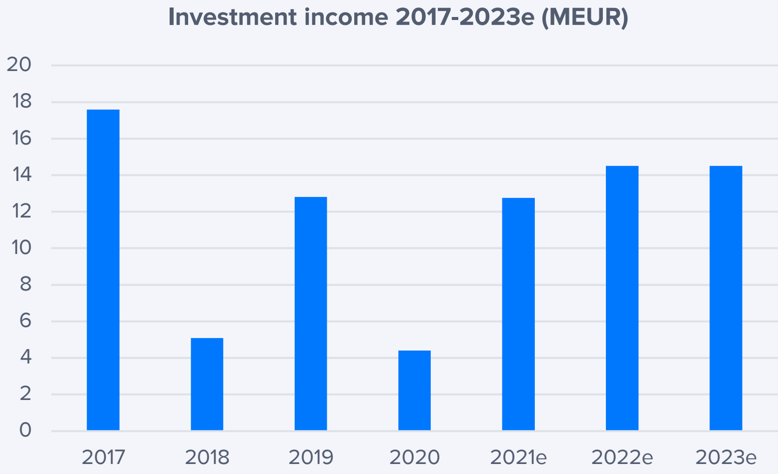


Allocation of investment portfolio

Investments 2/2







Market overview 1/2

The market for unlisted asset types has grown exponentially over the past 20 years as the size of the market has grown more than tenfold since 1999. Hamilton Lane estimates that the global market size for unlisted asset types was around USD 5.7 trillion in June 2019. Even though the growth of unlisted asset types has been exponential in the past two decades, the market size of unlisted asset types represents some 12% of the entire global stock market.

Capital has flown to unlisted asset types in recent year especially due to zero interest level that has prevailed for a long time and investor's desire to seek income sources that do not correlate with the stock markets. Even the COVID pandemic did not stop the triumphal progress of unlisted asset types, and based on an investor survey carried out by Preqin, that carries out market research on unlisted asset types, in June 2020, a majority of investors were either going to maintain or increase their allocation in all key unlisted asset types (Private equity, Private debt, Real estate and Infra).

Private equity

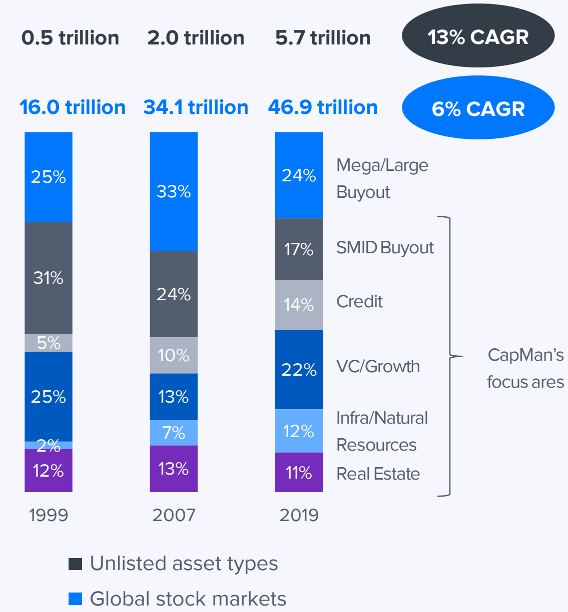
The role of Private Equity funds as part of institutional investors' portfolios has increased in recent years and PE investments have historically yielded better than listed share investments. For example, PE investments of domestic pension insurance companies have in the past 10 years generated on average 18.1% p.a. while the average annual yield of the global stock market has been 7.1% over the same period.

Private equity investments have raised a lot of new capital to be invested in recent years and an all-time high was seen in fund raising in 2019 when globally more than USD 700 billion in new capital was raised and divided between 1,800 different funds.

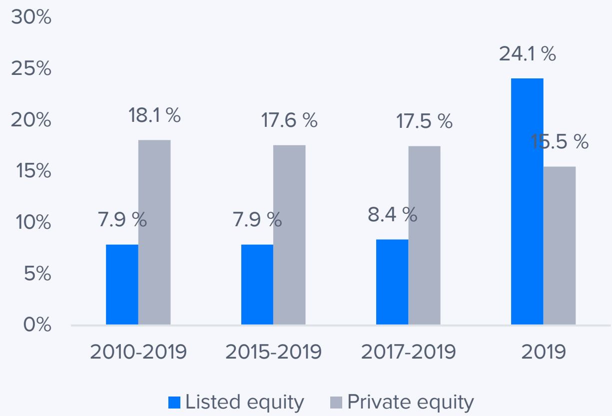
Thanks to growing investor demand and a massive capital landslide, the competition between PE funds for good investment objects has tightened, which is also reflected in the valuation of buyout transactions. According to McKinsey, the average valuation levels of buyout transactions in the US rose to record levels of the past 15 years in 2019. Increased valuation levels have also been reflected in how funds use debt leverage and the average net debt/EBITDA ratio of buyout transactions in the US rose to some 6.6x in 2019, which exceeded the level seen prior to the 2007 financial crisis (6.5x).

In our view, the increased valuation levels will probably cause pressure on the funds' income levels in the short term and in coming years, the development between good and bad funds will become more polarized. We feel the longer-term demand outlook for Private Equity funds is still very bright as a whole because we believe investors will increase the share of PEs together with other alternative asset types in their base allocation.

Development of unlisted asset types



Equity investment returns of Finnish pension companies



Source: CapMan, Hamilton Lane, TELA, McKinsey

Market overview 2/2

Nordic real estate markets

Real estate transaction activity has been exceptionally lively in recent years and transaction volumes have in practice doubled in the Nordic countries over the past decade. Increased demand for real estate investments is a European phenomenon. The real estate investment markets have, just like other alternative investment objects, been supported by historically low interest rate levels, which have made real estate a more attractive investment object for investors in recent years. Sensible revenue has not been available on interest markets and investors' money has moved from the interest markets to real estate that is considered relatively safe.

The zero-interest environment has raised real estate demand and lowered their return requirements. The situation has become emphasized especially on prime real estate markets that are considered stable, and safe and in safe real estate types like apartments, where the return requirements have dropped to absolute low levels. As a result of the drop in income level seen in prime targets, investor demand has in the Nordic countries increasingly been directed at so-called secondary targets in recent years, which has made the income differences between prime and secondary targets narrower.

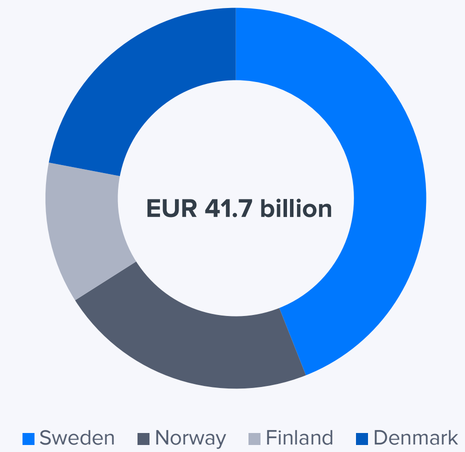
Investor demand continues as strong

According to a market review published by Pangea Property Partners in 1/2021 transaction volumes decreased as a result of the COVID19 pandemic in the Nordic countries in 2020 by some 8% to EUR 41.7 billion. Transaction activity did, however, pick up clearly in the second half of the year and despite travel limitations a lot of new capital flowed into the Nordic real estate investment markets in late 2020. The positive trend is expected to continue also in 2021 and Pangea Property Partners expects investor demand to be strong especially in apartments, public sector buildings and logistics buildings that benefit from the e-commerce revolution.

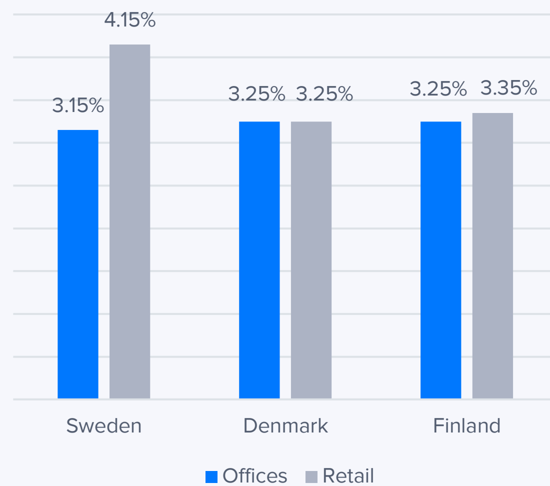
The development of office rental markets was according to Pangea Property Partners relatively stable last year despite the layoffs and increased telecommuting caused by the COVID pandemic, and, for example, rent losses were low in general. Even though considerable uncertainty is directed at office work in future due to the COVID pandemic, Pangea estimates that transaction volumes will recover in office real estate as well, as the worst short-term uncertainty factors disperse. Pangea expects the return requirements of office real estate to remain stable.

In commercial real estate, development is expected to become polarized as a result of the revolution in the retail sector accelerated by the COVID pandemic and according to Pangea Property Partners especially brick-and-mortar stores located downtown, shopping malls and restaurants will be in the weakest position. The outlook is also weak for hotels that have suffered a lot from the pandemic and where the recovery of customer demand is expected to last as long as 2 to 3 years.

Real estate transaction volume in the Nordic countries 2020



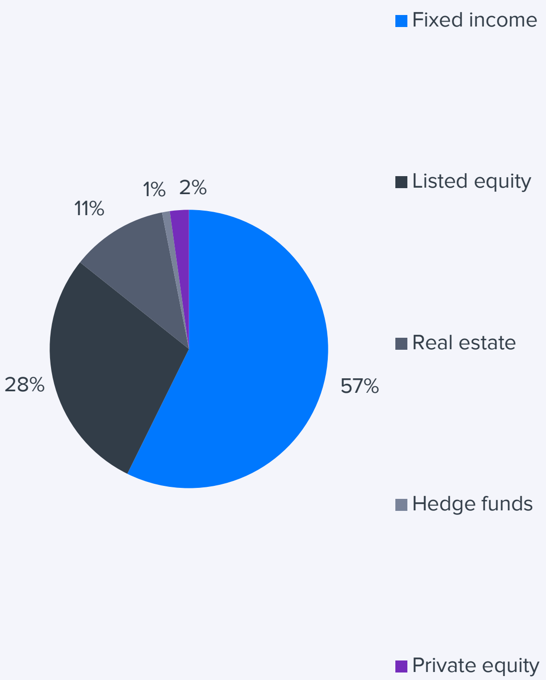
Nordic prime yields Q2'20



Source: Pangea Property Partners, CapMan

Industry drivers and trends

Allocation of employment pension institutions 2004



Allocation of employment pension institutions 2019

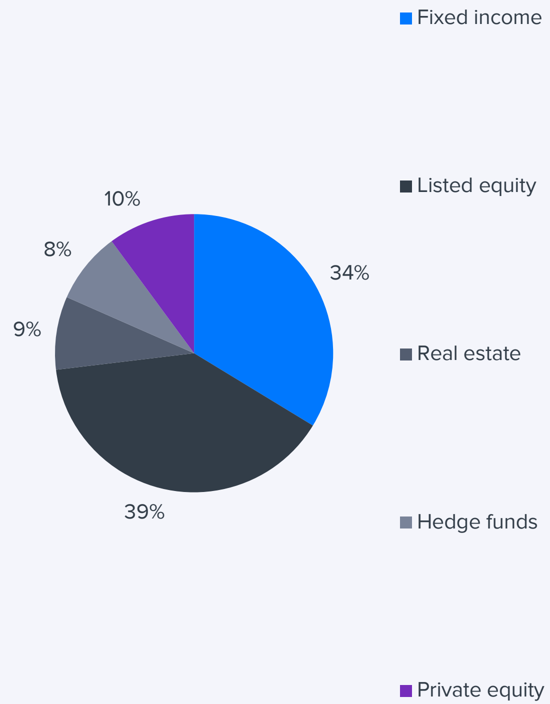
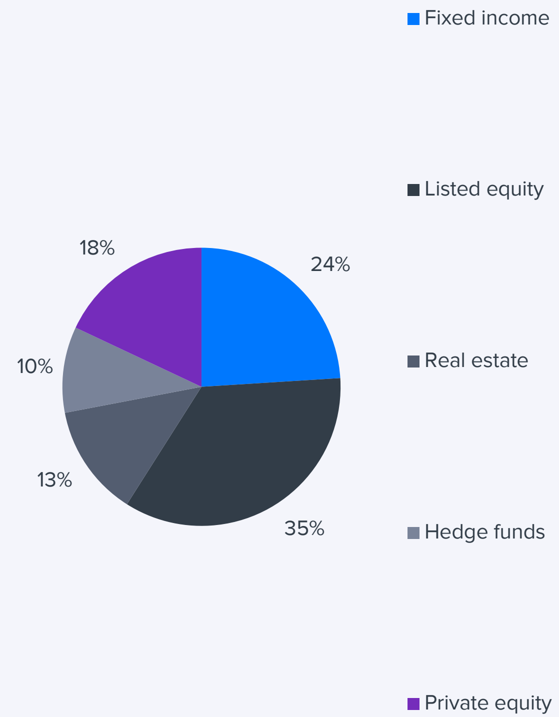


Illustration of possible allocation of employment pension institutions 2029*



**Inderes' estimate of pension insurance companies' possible allocation in 2029 if current interest rate environment prevails*

Source: TELA

Industry drivers and trends

Digitalization

Digitalization enables more efficient services for new customer groups and a considerable efficiency improvement in companies' internal operations.

Increased regulation

Increased regulation increases the administrative burden of players and makes the position of small players difficult. In addition to small players regulation hits banks heavily.

Permanently lower interest rate levels

The interest rate level has globally fallen permanently due to the actions by central banks after the financial and euro crisis. The definition of risk-free interest rate has also changed as the debt sustainability of countries that used to be considered risk-free has become questionable.

Responsibility (ESG)

ESG has become an important trend as investors have begun demanding that financial sector companies take more of a stand on ESG themes. For investors this is a question of risk management since as a result of digitalization and improved transparency shortcomings become more visible.

Investors' changing needs

- New asset types fill the gap left by the interest market
- The number of real property products will grow considerably
- Products must be more transparent (ESG)
- Investors increasingly demand individually tailored asset management
- Risk is redefined
- Regulation, digitalization and ESG raise the threshold for entering the industry

Investors demand more

- Demand for passive investment products will continue growing due to their incomparable cost/income ratio.
- Conventional asset management will face increasing price pressure
- Asset managers must be able to create added value for their customers

Consolidation can be expected in the industry

Competitive field of the asset management market

Banks
Nordea, OP, S-Pankki, Ålandsbanken, SEB, Aktia, Danske Bank, Oma Säästöpankki, POP Pankki

Medium-sized investment service companies
Evli, CapMan, eQ, Elite Alfred Berg, Taaleri, UB United Bankers, Titanium, Icecapital, Seligson & Co

Small investment service companies
AIM Capital (Alternative Investment Management), Finlandia, Fourton, Fondita, PYN Elite, Dasos Capital

Consolidation drivers

Trends

Digitalization
Low interest rate level
Responsibility (ESG)

Regulation
Alternative asset types

Sales strategies

Expanding product and service offering
Increasing distribution power
Growth in AUM

Cost synergies

IT costs
Administrative expenses
Personnel costs

There are clear drivers for consolidation and consolidation development will accelerate

Completed transactions

- eQ → Advium
- eQ → Icecapital
- Evli → Kelonia (Ab Kelonia Oy)
- UB → Suomen Pankkiiriliike
- UB → KJK Capital
- CapMan → Norvestia
- CapMan → jam advisors
- S-Pankki → FIM
- Elite → Alfred Berg
- Titanium → Investium
- Taaleri → Garantia
- Taaleri → evervest

Source: Inderes

Company's positioning with industry trends

Scale: ✓ — ✓✓✓

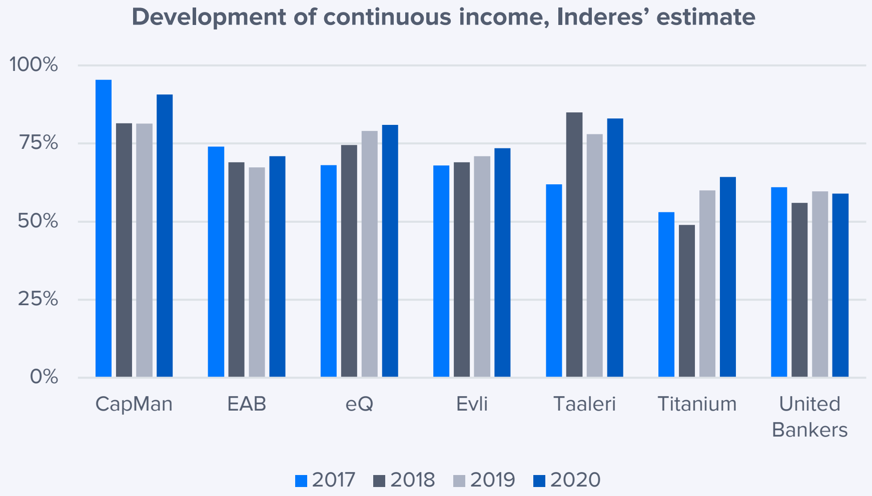
Trend	Company position	Comment
Regulation	✓✓✓	CapMan has not had any real challenges with the new regulation. As CapMan's product offering is rather narrow and because its customer base is purely professional investors the regulation has not caused much grief for the company.
Demand level increases	✓✓	The investment income from CapMan's funds has increased clearly since the financial crisis and the track record is especially strong in real estate funds. The weak income development in old funds has made fund raising for some new funds difficult to some extent (especially Buyout XI) and CapMan has been forced to make considerable investment commitments to some funds (Infra and Buyout).
Low interest rate level	✓✓✓	CapMan has benefited considerably from the current zero interest rate environment as in recent years capital has increasingly been directed from conventional interest investments to unlisted asset types. CapMan has also been able to capitalize on the current interest environment more efficiently in recent years by introducing entirely new investment areas and expanding its offering from closed funds to open so-called evergreen funds (Hotels, NPI).
Digitalization	✓✓	The importance of digitalization for CapMan has thus far been smaller than for its key peers as the company's distribution is not yet dependent on digitalization. Digitalization has mainly meant improved internal efficiency for CapMan. As a result of the JAM acquisition, the company acquired a very functional IT system on top of which the CWS service is being built.
Alternative asset types	✓✓✓	The company's entire strategy leans on fully alternative asset types and with the track record that has improved in recent years, the company's position in the unlisted field has improved.
Continuous pressure on price levels	✓✓✓	CapMan has not suffered from considerable price pressure thanks to the product offering that focuses on unlisted asset types and an improved track record. The company must, however, be successful in its investment operations also in future to maintain its current fee levels.
Responsibility	✓✓✓	At CapMan, ESG is integrated as part of investment processes and reporting. Responsibility issues have higher weight for CapMan that for its key peers on average due to the company's focus area (active value creation in the unlisted field) and customer base (large institutional customers).

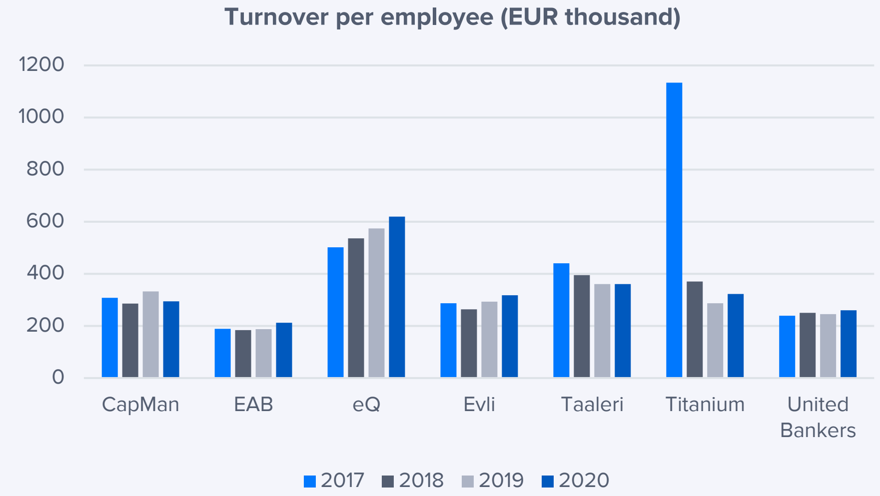
Summary of listed peer companies

	eQ	Taaleri	Titanium	Evli	EAB Group	CapMan	United Bankers	Aktia
MCAP (EUR million)	**750**	**270**	**160**	**400**	**45**	**450**	**140**	**720**
Total return from the share	Since 2011 overall return from the share ~1,300%. IRR +30%.	Since 2013 IPO overall return +450%. Adjusted by IPOs IRR ~30%.	Since 2017 listing overall return ~190%. IRR ~40%.	Since 2015 IPO overall return ~200%. IRR ~25%.	Since 2015 listing overall return ~-30%. IRR ~-7%.	Since 2014 overall return ~200%. IRR ~ 20%.	Since 2014 listing return ~120%. IRR ~15%.	Since 2009 IPO overall return ~180%. IRR ~10%.
Actual profitability	EBIT +50%. Excellent profitability level even without performance fees	EBIT +25%. Relatively good profitability but importance of performance fees/sales gains large	EBIT % (adjusted) +50% Excellent profitability, income & transaction deals play important role	EBIT +35%. Very good profitability and basically fully based on continuous income	2020 profitability subdued Restructuring has helped push cost level to sensible level and in future profitability should be clearly scaled with growth.	Profitability based on continuous income from the Management Company business has improved clearly in recent years. Still improvement potential in cost efficiency, however.	EBIT (adjusted) 20% Relatively good profitability, clearly improved mix.	Return on equity has been satisfactory in recent years ~8% (adjusted).
Track record	2014 to 2020 EPS CAGR-% +20%. The company's track record for organic growth is exceptionally strong for the past few years. Shareholder value has grown rapidly.	2014 to 2020e EPS +5.0e. The company has created considerable shareholder value with M&A transactions. Operative earnings development more varied due to cost challenges.	2014 to 2020e EBIT (adjusted CAGR 50% Track record extremely strong due to Hoivarahasto's exceptionally attractive fee structure.	2014 to 2020 EPS CAGR 18%. Result grown clearly as a result of improved cost efficiency and excellent new sales.	The company has grown quickly but profitability has constantly been weak. Unclear whether growth has been profitable.	Track record under new CEO very strong, considerable result improvement still not proven.	New sales has developed strongly but result development below expectations. Right strategy but progress has been slower than we expected.	Strong track record in asset management. In conventional bank business growth has been weak and profitability challenging.
Strengths/weaknesses	Strong institutional sales & excellent products. Dependency on real estate funds is a weakness.	HNW customer base that enables healthy pricing. Strong track record in private equity funds. Challenges with cost control.	Hoivarahasto is an exceptionally good product for fund investors. Dependency on one fund is a weakness.	Excellent institutional sales. International sales and low price level clear strengths. Dependency on bond funds and cost efficiency as weaknesses.	Strong sales to retail customers but weaker position in institutions. Cost efficiency has been clearly behind peers in recent years.	Position on PE field as a strength. Modest profitability and dependency on balance sheet income in Management Company business are weaknesses.	Real property strategy and wide sales power are strengths. Varying product quality and cost level after SPL merger.	EM interest products have performed excellently. New sales has been strong. Dependency on bond funds and room for improvement in cost efficiency.
Strategic direction	Continues strong growth in real estate and PE funds and maintains exceptional cost efficiency. Acquisitions are possible.	Continues strong organic and inorganic business growth. In asset management focus on private equity funds. M&A transactions part of the company's story also in future.	Continues strong growth in Hoivarahasto and brings new products to the market.	Increasing capital in asset management, sales focus increasingly on international markets. Aim to further improve cost efficiency. Acquisitions unlikely.	Continues strong growth in asset management. In the short term, focus on sustainable result turnaround and ramping up alternative funds.	Continues profitable growth in Management Company business. Acquisitions are possible.	Focus on growth and continuous income. Growth in real property products and private equity funds. Acquisitions likely.	During the strategy period the company seeks growth especially in asset management and new customers in Finnish growth centers.

Data collected 2/17/2021

CapMan relative to domestic peers





NB! Continuous income is Inderes' estimate. Turnover by employee calculated using the average number of personnel. Titanium 2020 Inderes' estimate.

Financial position

Financially sound and very liquid balance sheet

CapMan's balance sheet is strong as a whole and the company's equity ratio was 52% at the end of 2020 and net gearing at 22.5%. The company's financial target is to maintain a level of over 60% for the equity ratio.

CapMan's balance sheet total at the end of 2020 was some EUR 219 million. The biggest asset item in the balance sheet is the company's investment portfolio the value of which stood at EUR 116.6 million at the end of 2020. We discuss CapMan's investment portfolio in more detail on pages 21 to 22. In addition to the investment portfolio, CapMan also had a strong cash position at the end of the year, EUR 58 million. The balance sheet seems liquid but due to considerable off-balance-sheet investment commitments we find the overly strong balance sheet fully justified.

CapMan's balance sheet is very capital light apart from the investment portfolio. CapMan has EUR 15.3 million goodwill in its balance sheet of which the majority (EUR 14.8 million) consists of the JAM Advisors acquisition in 2019.

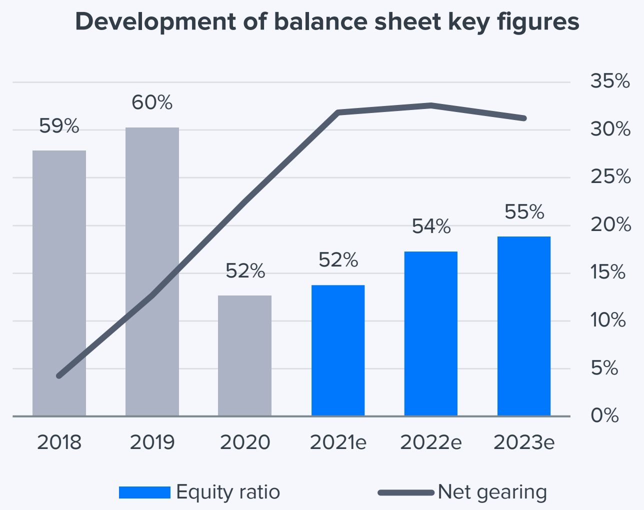
Other assets in the balance sheet mainly consist of items related to company operations like receivables (EUR 9.1 million) and deferred tax receivables (EUR 2.4 million). Tangible fixed assets (EUR 2.6 million) in the balance sheet mainly consist of IFRS16 capital asset items.

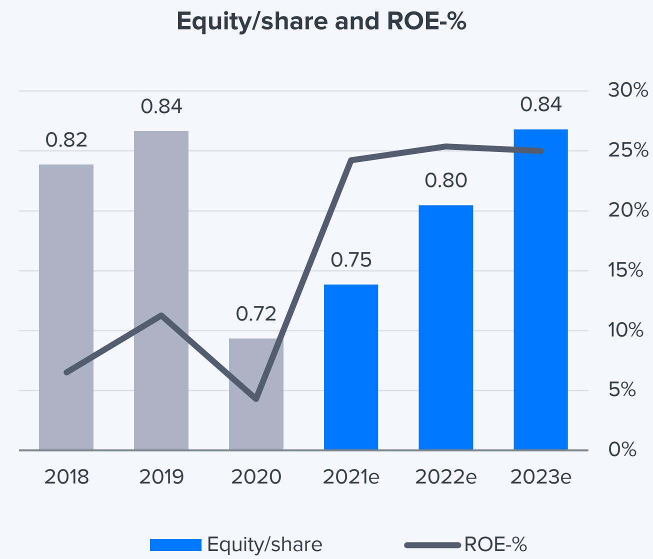
CapMan's equity at the end of 2020 stood at EUR 113 million and the company had EUR 83.5 million in interest-bearing liabilities in its balance sheet. Other liabilities in the balance sheet consist mainly of account payables and other liabilities.

Off-balance-sheet liabilities

CapMan has some EUR 109 million in off-balance-sheet investment commitments in its own funds (see page 22). The biggest investment commitments (EUR 38.9 million) were directed at the Buyout fund at the end of the year.

In practice, investment commitments mean that CapMan is committed to invest in its funds that are in the fund-raising phase. Investments made in own funds are in line with CapMan's strategy and the company's long-term target is to make investments in the size class of 1 to 5% of the fund's value. Even though CapMan could technically avoid these investment commitments it would be interpreted as a vote of no confidence towards the future investment performance of the funds and this in turn could make it harder to raise capital for the fund. Thus, we consider it likely that CapMan will have to fulfill these investment commitments and we feel they can be classified as liabilities.





Group-level estimates 1/3

Basis for the estimates

In this section we discuss group level result estimates in brief. More detailed segment-specific result estimates can be found in the sections discussing the segments.

As a result of the strong development on the capital markets, the entire financial sector sets out from an excellent starting point to 2021 as the strong stock market development supported the development of asset values and raised the AUM and income flow based on continuous fees to record levels. We expect the market situation to remain positive for the sector but cool down a bit from the current level. We do not however, expect a clear weakening on the markets from the current level and the main theme on the markets will in coming years be the recovery of real economies from the COVID crisis and a strongly accommodative monetary and finance policy.

CapMan is excellently positioned in the current market situation due to its product offering that focuses on unlisted asset types. We expect the demand for unlisted asset types to continue as strong in coming years, as investors will raise their share in their allocation and increasingly look for alternative income sources in the current market environment to complement conventional security and interest investments.

The key risk directed at our estimates is connected to the durability of the current market situation. Even though due to its product offering that focuses on unlisted asset types CapMan is less susceptible to swings on the capital markets than the rest of the sector, the company is not, however, immune to the market situation and a clear weakening on the market would become visible in the company's result, especially through investment income.

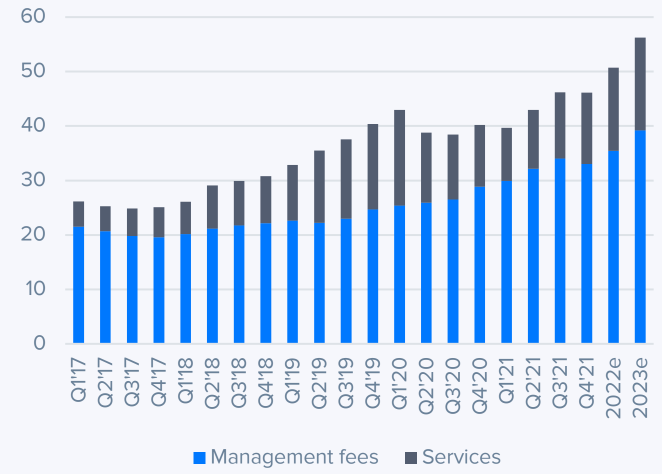
Another key risk is in our view connected to CapMan's success in the funds' investment activities. The company's entire business leans on the success of the funds' investment activities and if the funds' income would remain weaker than we are expecting, the bottom of the company's investor story would fall out.

2021: Time for harvest

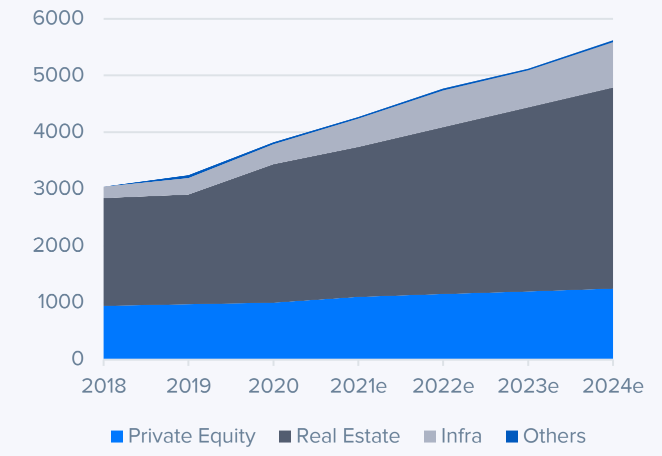
CapMan's fund raising was excellent last year and the company sets out to 2021 from excellent preconditions. We estimate that fund raising will continue as lively also this year and we expect assets under management to rise to EUR 4.3 billion this year (2020: 3.8 billion). The growth in assets under management is in our estimates driven in particular by the fund raising for the new real estate and Infra II funds starting in 2021.

We expect the company's determined strategy implementation in recent years will finally materialize fully in the company's figures and we expect the company's operating profit to rise to EUR 37.8 million in 2021 (2020: EUR 12.3 million). The drivers for a considerable result improvement are continued profitable growth in Management Company business and clearly improving investment income from 2020 (EUR 12.8 million vs. EUR 4.0 million) and the carried interests (EUR ~11 million) from the NRE1 fund that we estimate will materialize in late 2021.

Rolling 12mo development of continuous fees (EUR million)



Development of assets under management (EUR million)



Group-level estimates 2/3

We estimate that EPS will rise to EUR 0.18 in 2021 (2020: EUR 0.03). As a result of the result improvement, CapMan has the preconditions to keep its dividend on a growth path and we estimate that the dividend per share will rise to EUR 0.15 (2020: EUR 0.14).

2022 to 2023: Result mix improves, we also except considerable carried interests

We expect the quality of CapMan's result to improve in coming years, and by 2023 some 43% of the group's operating profit consist of fee flow based on continuous income flow (2021e: 34%). The improved result mix is based on the growing continuous management fees that grow in line with the growing AUM and the growth of the Service business driven by the ramp-up of CaPS' Wealth Service. Our 2022 to 2023 result estimates are also supported by considerable carried interests of which the biggest come from the Buyout 10 fund (2022e: EUR ~11 million) and Growth I fund (2023e: EUR ~10 million). We also point out that when carried interests move from extraordinary to more continuous, the predictability of the result also improves.

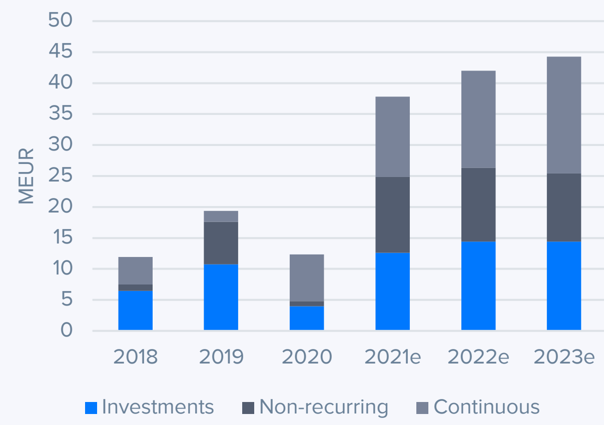
As a whole, we estimate CapMan's operating profit to be around EUR 42 to 44 million in 2022 to 2023 and we see an operating profit level of around EUR 40 million to be the "new normal" for CapMan. The 2022 to 2023 operating profit level corresponds with an EPS of some EUR 0.20 in our estimates.

In 2022 to 2023 we expect that CapMan will continue raising its dividend with one cent (2022e: EUR 0.16 and 2023e: EUR 0.17), which corresponds with a payout ratio of 82 to 83%.

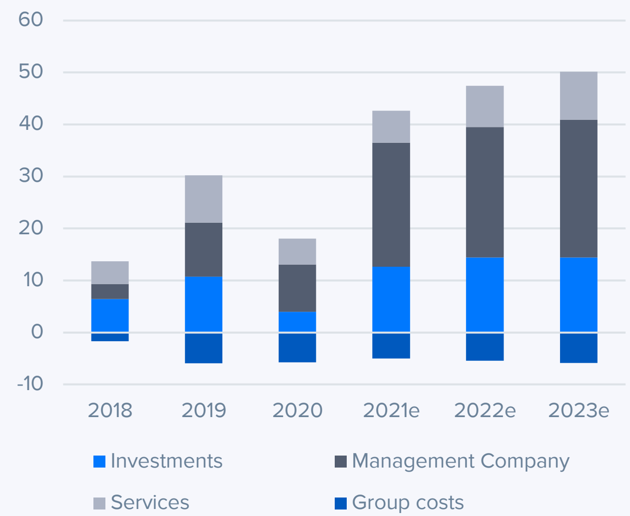
Long-term result growth outlook is good

In our view, CapMan has good preconditions to continue its healthy earnings growth supported by strong new sales and gradually improving cost efficiency also in the longer term. CapMan is excellently positioned to the key trends of the industry, which in part supports the company's fund raising and earnings growth outlook in the long term. Sustainable earnings growth in the long term requires, in our view, that investment teams succeed in value creation. Without good investment performance new sales of funds will become more difficult and clear pressure will be directed at fee levels and carried interests.

Change in result mix 2018-2023e



Operating profit development (EUR million)



Group-level estimates 3/3

EUR million	2018	2019	2020	2021e	2022e	2023e	2024e
Turnover	**33.5**	**49.0**	**43.0**	**60.1**	**64.3**	**68.9**	**73.6**
Management Company	22.1	24.7	28.9	33.0	35.4	39.2	42.4
Growth %	13%	12%	17%	14%	7%	11%	8%
*Private Equity**	*12.8*	*10.3*	*10.5*	*11.4*	*11.8*	*12.3*	*12.9*
*Real Estate**	*8.8*	*11.3*	*14.6*	*16.9*	*18.1*	*20.1*	*22.0*
*Infra**	*0.6*	*2.6*	*3.5*	*4.4*	*5.2*	*6.5*	*7.3*
Services	8.7	15.7	11.4	13.1	15.3	17.0	18.5
Carried interests	1.0	6.9	0.9	12.2	11.9	11.0	10.0
Operating profit	**12.0**	**19.4**	**12.3**	**37.8**	**42.0**	**44.3**	**46.8**
Management Company	2.8	10.4	9.1	23.9	25.1	26.5	27.8
Services	4.4	9.1	5.0	6.2	7.9	9.2	10.3
Investments	6.5	10.7	4.0	12.6	14.4	14.4	14.4
Group costs	-1.7	-5.9	-5.7	-5.0	-5.4	-5.9	-5.7
*EBIT adjusted for investments carried interests**	4.5	1.8	7.5	13.0	15.7	18.9	22.4
EPS	0.05	0.09	0.03	0.18	0.20	0.20	0.22
Dividend	0.12	0.13	0.14	0.15	0.16	0.17	0.19
Payout ratio %	219%	142%	424%	85%	82%	83%	90%
ROE-%	6.5%	11.3%	4.3%	24.2%	25.4%	25.0%	25.1%
Equity per share	0.82	0.84	0.72	0,75	0.80	0.84	0.88
Assets under management	**3,043**	**3,245**	**3,827**	**4,270**	**4,770**	**5,120**	**5,620**
Growth %	8%	7%	18%	12%	12%	7%	10%
Private Equity	943	973	998	1,100	1,150	1,200	1,250
Real Estate	1,896	1,931	2,440	2,640	2,940	3,240	3,540
Infra	204	293	357	500	650	650	800
Others	0	48	32	30	30	30	30
Return on own investments%	6.0%	9.9%	3.6%	9.4%	10.0%	10.0%	10.0%

* Historical figures are also Inderes' estimates

Value determination 1/5

Valuation summary

We have determined CapMan's fair value through sum of parts, relative and absolute valuation, as well as cash flow calculation. In our analysis we give most weight to the sum of parts calculation as it takes CapMan's considerable investment portfolio best into account. In addition, we do not see any hidden value in CapMan's parts whose materialization would not be realistic in the next few years.

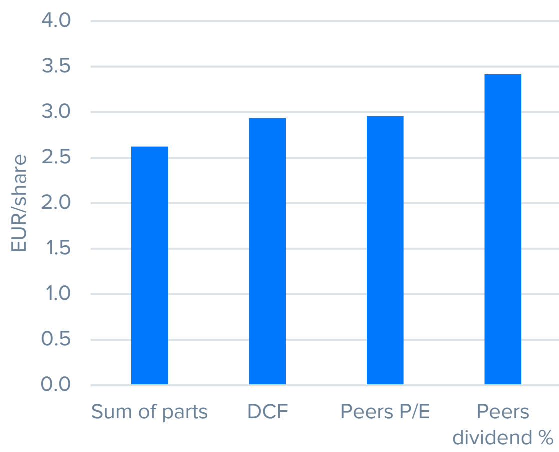
There is also an excellent peer group available for CapMan on Nasdaq Helsinki. These domestic investment service companies compete on the same markets with similar products for the same customers and the same professionals. Even though CapMan differs from this group somewhat, we feel the peer group offers good preconditions for an acceptable valuation level.

Our various valuation methods are well in line with each other and the fair value they indicate varies between EUR 2.6 and 3.4. Our EUR 2.8 target price is in line with the key methods.

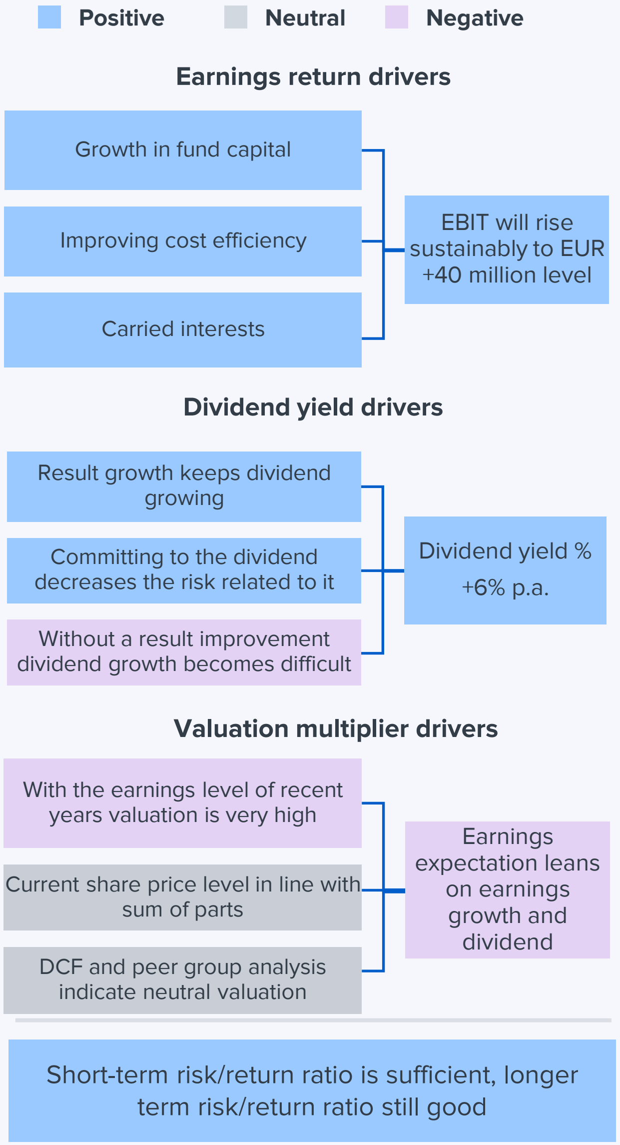
Level adjustment must be seen in the result for the share price to continue rising

After a steep price rise CapMan's valuation level cannot be justified with historical earnings levels and sustainability of the current share price level requires a clear level adjustment in the result. The current share price level reflects in our opinion a sustainable rise in the earnings level to a EUR ~40 million operating profit level. Our sum of parts calculation is in line with the current share price and it supports our view that there is no upside in the share without a result improvement. If the result improvement materializes as we expect, and the company continues growing profitably, the share's long-term earnings expectation is still good and it is supported by strong dividend yield.

Value determination summary



TSR drivers 2020 to 2023



Value determination 2/5

Sum of parts

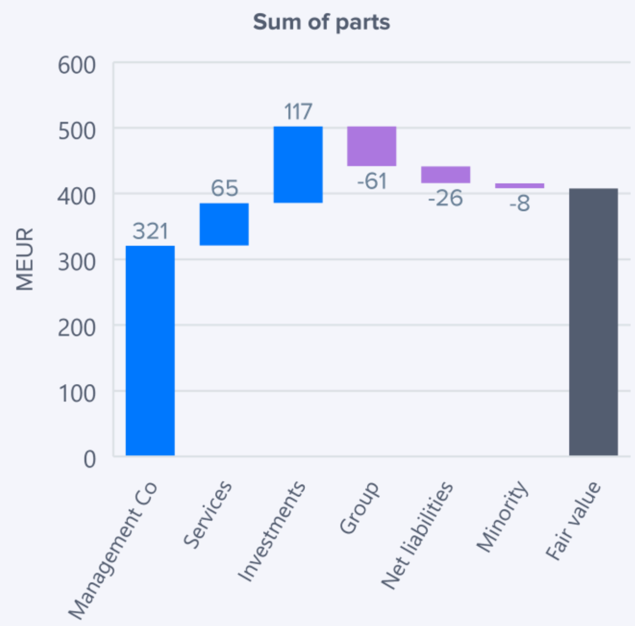
In our view, sum of parts offers a good basis for CapMan's valuation as it is realistic to expect the value of parts to be dissolved over the next two years through the result improvement and we do not see any hidden value in the parts whose materialization would be realistic in the next few years.

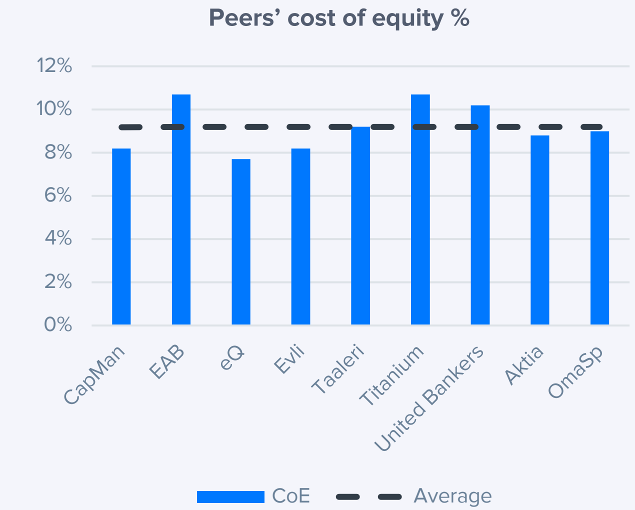
We have discussed the valuation of the parts of CapMan's segments earlier in this report. With our estimates the value of the Management Company business is EUR 321 million (page 17), Service business EUR 65 million (page 20) and Investments EUR 117 million (not including cash in hand, page 21). Net liabilities in Q4'20: EUR -25.5 million and the minority share EUR 8 million (page 20). We have discounted group costs (2020e: EUR 5.0 million) with the DCF's return requirement (8.2%) and their net present value was EUR -61 million.

With our sum of parts calculation, CapMan's sum of part is EUR 408 million or EUR 2.62 per share. The value has risen considerably since our previous extensive report (EUR 1.77 per share) due to the extremely strong development in the Management Company business. Sum of parts is in line with the current share price.

DCF valuation

Our DCF model gives CapMan a value of EUR 2.9 per share. The model is relatively poorly suited for CapMan due to the considerable investment portfolio and sensitivity being unusually high. Thus, one should consider the DCF model primarily as supporting other valuation methods. Our current DCF model (page 41) leans on our expectation that CapMan's sustainable earnings level is over EUR 40 million p.a. from now on and it also reflects the expectations that are loaded into the current share price. In practice, a clearly higher share price than currently would require a clear road map to higher earnings levels. A more detailed DCF model can be found in the appendix.





Value determination 3/5

Relative valuation and peers

When determining the relative valuation, we have primarily used result-based P/E ratios as they take the peers' accounting (FAS/IFRS) and structural business best into account. We have also used dividend yield because dividend yield is in our view a key cornerstone of the investor story in investment service companies.

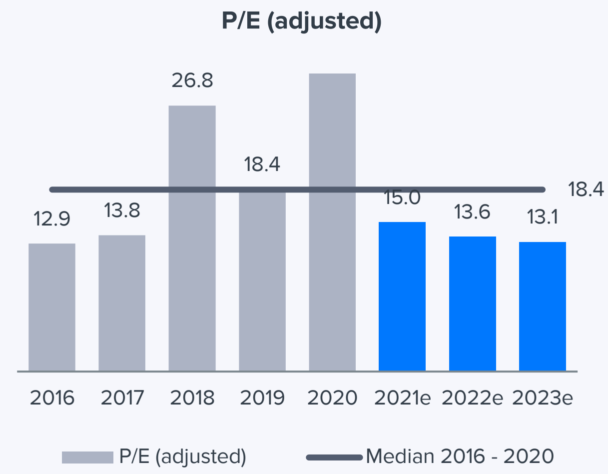
We have used all asset management companies listed on Nasdaq Helsinki that we follow as peers and complemented this group with a few good international peers. As a whole, we feel this group gives a rather good and reliable picture of CapMan's acceptable valuation level during normal times. In our view, a premium valuation relative to its peers could be justified for CapMan in a situation where the considerable earnings improvement promises are fulfilled. However, in the current situation where talk comes before proof, the peer group valuation offers a good basis for an acceptable valuation level.

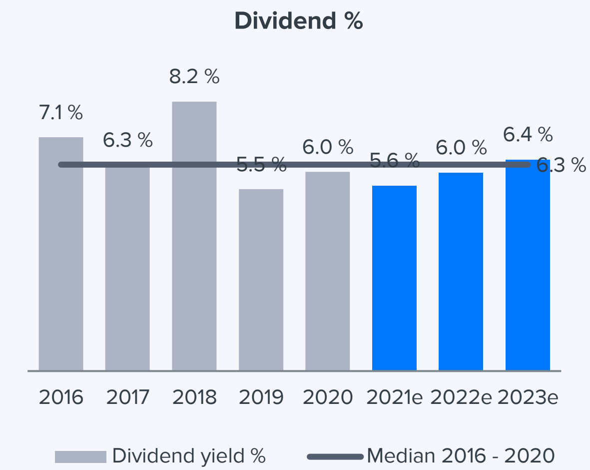
With result-based valuation CapMan is valued at a discount compared to its peers with 2021 multiples. We feel this is justified as CapMan's 2021 earnings estimate includes clearly higher earnings growth expectations that the peers on average. With 2022 estimates the valuation drops to peer group level.

In absolute terms the 2021 P/E 15x is in our opinion neutral for CapMan and in line with our acceptable level for the company (fwd 15 to 16x). By applying the peers' 2021 and 2022 P/E ratios CapMan's fair value is EUR 3.0.

Investors should note that unlike for most of its peers CapMan's valuation gets no support from historical earnings levels (2017 to 2020 P/E +20x with best result) and valuation relies fully on the realization of a strong earnings improvement.

Measured by dividend yield (2021 to 2022), CapMan is valued at a discount compared to its peers. The company's dividend is among the top of the Finnish peer group and calculated with the peer group's dividend yield in 2021 and 2022 the fair value is EUR 3.4. Because like the result CapMan's dividend is dependent on the earnings improvement materializing the higher dividend than for its peers is, in our opinion, justified for the time being.





Value determination 4/5

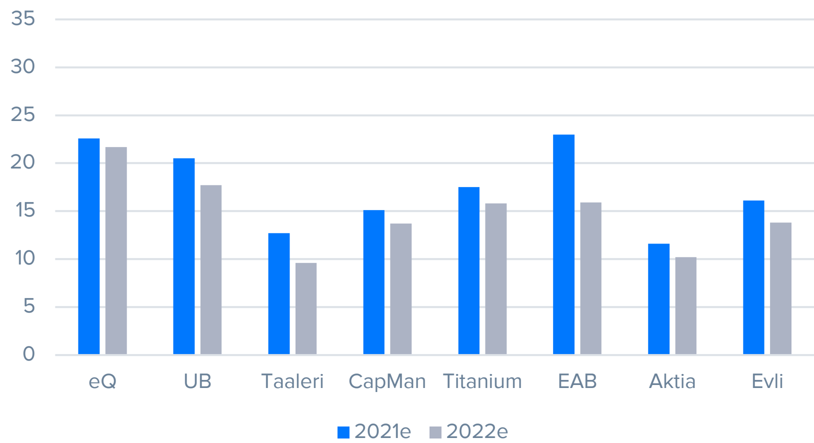
Peer group valuation	Share price	Market cap	EV	EV/EBIT		EV/EBITDA		EV/S		P/E		Dividend yield-%		P/B
Company		**MEUR**	**MEUR**	**2021e**	**2022e**	**2021e**	**2022e**	**2021e**	**2022e**	**2021e**	**2022e**	**2021e**	**2022e**	**2021e**
Evli	16.80	407								16.1	13.8	5.8	6.9	4.1
Taaleri	8.64	241	316	12.9	9.6	11.7	9.6	4.0	3.7	12.7	9.6	4.4	4.9	1.7
United Bankers	12.80	138	142	15.8	14.2	14.2	11.8	4.1	3.7	20.5	17.7	4.1	4.5	3.5
eQ	18.80	699	704	17.8	17.2	17.4	16.8	10.3	9.9	22.6	21.7	4.5	4.6	9.8
EAB Group	3.28	46	52	17.2	12.9	9.4	8.0	2.4	2.2	23.0	15.9	2.7	3.3	2.2
Titanium	15.80	159	147	12.2	11.3	10.5	9.8	6.4	5.9	17.5	15.8	5.8	6.1	6.8
Aktia	9.50	672								11.6	10.2	6.4	7.3	1.0
AGF Management	6.87	319	302	8.4	6.9	4.3	4.4	1.1	1.0	11.9	9.0	4.6	4.6	0.5
Wisdom Tree Investments	5.76	700	858	15.5	14.1	16.5	14.0	3.6	3.4	19.3	17.2	2.1	2.1	2.3
River and Mercantile Group	229.00	219	196	21.2	14.8	12.0	9.3	2.4	2.1	20.3	15.9	4.0	5.1	3.5
IDI SCA	42.10	306	405	13.5	13.1			67.5	57.8	14.6	12.8	4.5	4.5	0.6
Liontrust Asset Management	1270.00	884	783	12.6	9.5	11.8	10.2	4.6	3.8	18.1	13.5	3.0	3.8	5.1
Deutsche Beteiligungs	38.80	571	544	12.7	8.3	13.3	7.8	6.9	5.4	13.4	9.3	2.8	3.3	1.3
CapMan (Inderes)	**2.67**	**421**	**467**	**12.4**	**11.2**	**11.9**	**10.9**	**7.8**	**7.3**	**15.0**	**13.6**	**5.6**	**6.0**	**3.5**
Average				**14.5**	**12.0**	**12.1**	**10.2**	**10.3**	**9.0**	**17.0**	**14.0**	**4.2**	**4.7**	**3.3**
Median				**13.5**	**12.9**	**11.9**	**9.7**	**4.1**	**3.7**	**17.5**	**13.8**	**4.4**	**4.6**	**2.3**
Diff-% to median				***-8%***	***-13%***	***0%***	***13%***	***92%***	***96%***	***-14%***	***-1%***	***26%***	***30%***	***54%***

Source: Thomson Reuters / Inderes

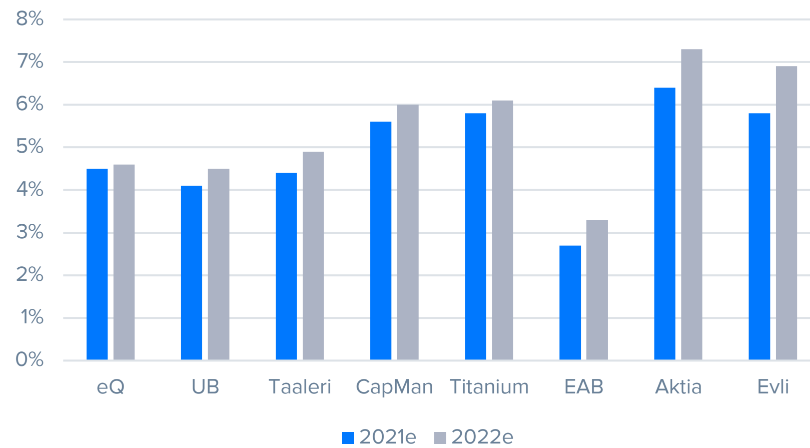
Source: F-Secure

Value determination 5/5

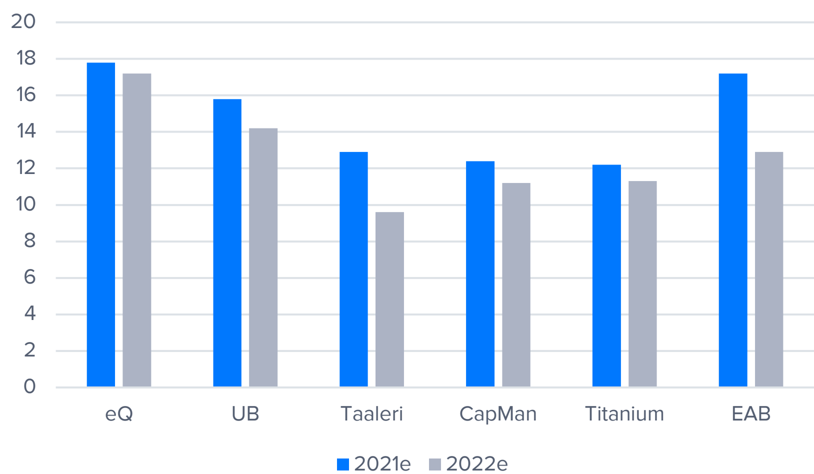
P/E ratios of domestic peers



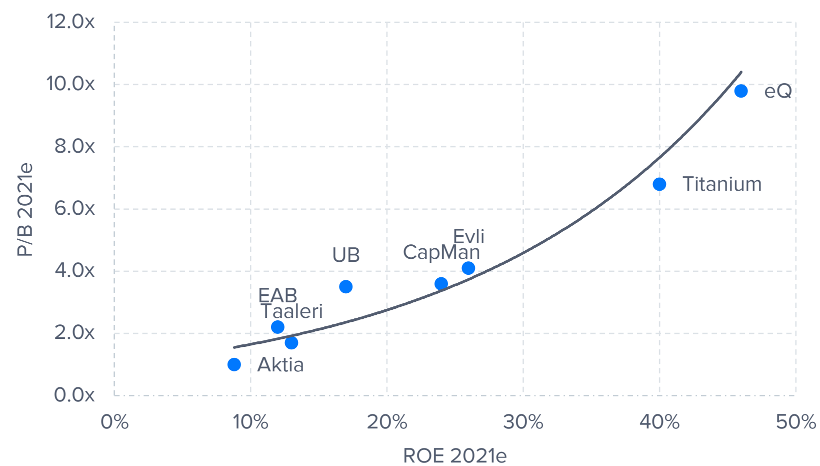
Dividend yields of domestic peers



EV/EBIT ratios of domestic peers



ROE and P/B 2021e



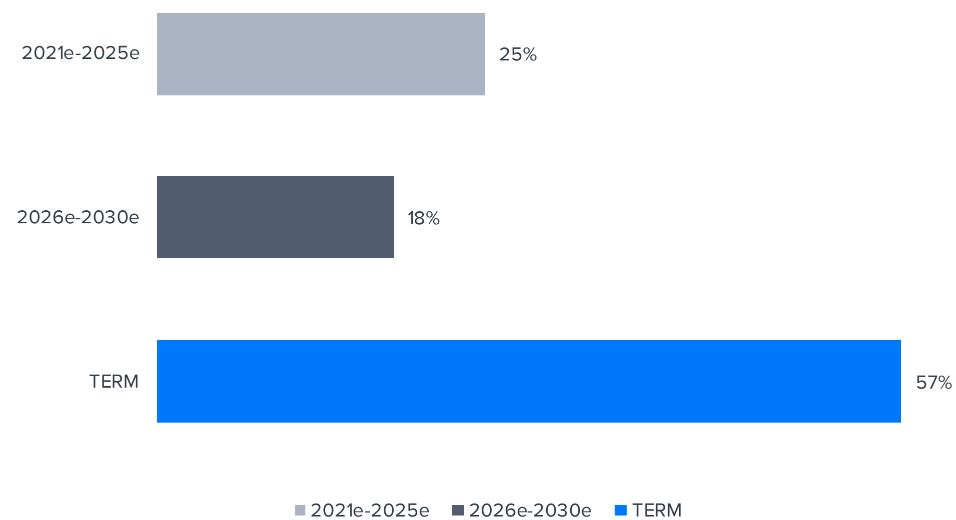
Source: Refinitiv, Inderes

DCF calculation

DCF model	2020	2021e	2022e	2023e	2024e	2025e	2026e	2027e	2028e	2029e	2030e	TERM
EBIT (operating profit)	**12.3**	**37.8**	**42.0**	**44.3**	**46.8**	**41.7**	**38.9**	**39.8**	**40.8**	**41.9**	**42.9**	
+ Depreciation	1.4	1.4	1.2	1.3	1.4	1.5	1.6	1.6	1.6	1.7	1.7	
- Paid taxes	-1.1	-5.6	-6.7	-7.5	-7.9	-7.0	-6.5	-6.7	-6.9	-7.1	-7.7	
- Tax, financial expenses	-0.6	-0.4	-0.5	-0.5	-0.5	-0.5	-0.5	-0.5	-0.5	-0.5	-0.5	
+ Tax, financial income	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Change in working capital	-19.4	-0.1	-0.2	-0.2	-0.2	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	
Operating cash flow	**-7.4**	**33.1**	**35.8**	**37.4**	**39.6**	**35.6**	**33.4**	**34.2**	**35.0**	**35.9**	**36.3**	
+ Change in other long-term liabilities	6.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Gross CAPEX	16.5	-20.0	-11.6	-8.7	-1.7	-1.7	-1.7	-1.7	-1.7	-1.7	-2.0	
Free operating cash flow	**15.9**	**13.1**	**24.2**	**28.7**	**37.9**	**33.9**	**31.7**	**32.5**	**33.3**	**34.2**	**34.4**	
+/- Other	-17.0	18.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
FCFF	-1.2	31.5	24.2	28.7	37.9	33.9	31.7	32.5	33.3	34.2	34.4	615
Discounted FCFF		**29.4**	**20.9**	**22.9**	**27.9**	**23.1**	**19.9**	**18.9**	**17.9**	**17.0**	**15.8**	**282**
Sum of FCFF present value		496	467	446	423	395	372	352	333	315	298	282
Enterprise value DCF		**496**										
- Interesting bearing debt		-83.5										
+ Cash and cash equivalents		58.0										
-Minorities		-7.8										
-Dividend/capital return		0.0										
Equity value DCF		**463**										
Equity value DCF per share		**2.9**										

Wacc	
Tax-% (WACC)	20.0 %
Target debt ratio (D/(D+E)	0.0 %
Cost of debt	4.0 %
Equity Beta	1.10
Market risk premium	4.75%
Liquidity premium	1.00%
Risk free interest rate	2.0 %
Cost of equity	**8.2 %**
Weighted average cost of capital (WACC)	**8.2 %**

Source: Inderes



Income statement

Income statement	2019	Q1'20	Q2'20	Q3'20	Q4'20	2020	Q1'21e	Q2'21e	Q3'21e	Q4'21e	2021e	2022e	2023e	2024e
Revenue	**49.0**	**12.0**	**8.7**	**9.0**	**13.4**	**43.0**	**11.4**	**12.6**	**11.9**	**24.2**	**60.1**	**64.3**	**68.9**	**73.6**
Hallinnointiliiketoiminta	32.8	7.2	6.5	7.0	10.3	30.9	8.2	9.4	8.7	20.2	46.5	48.5	51.4	53.6
Palveluliiketoiminta	15.7	4.8	2.2	1.8	2.6	11.4	3.2	3.2	3.2	3.5	13.1	15.3	17.0	18.5
Sijoitustoiminta	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.0
Muut	0.5	0.0	0.0	0.2	0.5	0.7	0.0	0.0	0.0	0.5	0.5	0.5	0.5	0.5
EBITDA	**25.0**	**-5.6**	**4.5**	**4.8**	**10.1**	**13.7**	**6.1**	**7.9**	**7.8**	**17.5**	**39.2**	**43.2**	**45.6**	**48.2**
Depreciation	-5.6	-0.3	-0.4	-0.4	-0.4	-1.4	-0.4	-0.4	-0.4	-0.4	-1.4	-1.2	-1.3	-1.4
EBIT (excl. NRI)	**25.0**	**-6.0**	**4.1**	**4.5**	**9.7**	**12.3**	**5.7**	**7.6**	**7.4**	**17.1**	**37.8**	**42.0**	**44.3**	**46.8**
EBIT	**19.4**	**-6.0**	**4.1**	**4.5**	**9.7**	**12.3**	**5.7**	**7.6**	**7.42**	**17.1**	**37.8**	**42.0**	**44.3**	**46.8**
Hallinnointiliiketoiminta	6.0	1.9	1.6	2.1	3.6	9.1	2.7	4.1	3.6	13.4	23.9	25.1	26.5	27.8
Palveluliiketoiminta	9.1	3.0	0.5	0.6	1.0	5.0	1.4	1.4	1.7	1.6	6.2	7.9	9.2	10.3
Sijoitustoiminta	10.2	-8.4	2.8	2.6	7.0	4.0	3.0	3.1	3.3	3.4	12.8	14.4	14.4	14.4
Muut	-5.9	-2.4	-0.7	-0.9	-1.8	-5.7	-1.4	-1.1	-1.1	-1.3	-5.0	-5.4	-5.9	-5.7
Net financial items	-1.8	-0.6	-0.7	-0.7	-1.1	-3.1	-0.7	-0.7	-0.7	-0.7	-2.8	-2.8	-2.8	-2.8
PTP	**17.6**	**-6.5**	**3.4**	**3.7**	**8.6**	**9.2**	**5.0**	**6.9**	**6.72**	**16.4**	**35.0**	**39.2**	**41.5**	**44.0**
Taxes	-1.7	-0.9	-0.3	-0.4	-1.4	-2.9	-1.5	-1.0	-1.3	-1.9	-5.6	-6.7	-7.5	-7.9
Minority interest	-1.9	-0.9	0.2	-0.1	-0.4	-1.1	-0.3	-0.3	-0.4	-0.4	-1.4	-1.5	-1.6	-1.7
Net earnings	**14.0**	**-8.3**	**3.3**	**3.3**	**6.8**	**5.1**	**3.2**	**5.6**	**5.0**	**14.1**	**28.0**	**31.0**	**32.4**	**34.4**
EPS (adj.)	**0.13**	**-0.05**	**0.02**	**0.02**	**0.04**	**0.03**	**0.02**	**0.04**	**0.03**	**0.09**	**0.18**	**0.20**	**0.20**	**0.22**
EPS (rep.)	**0.09**	**-0.05**	**0.02**	**0.02**	**0.04**	**0.03**	**0.02**	**0.04**	**0.03**	**0.09**	**0.18**	**0.20**	**0.20**	**0.22**

Key figures	2019	Q1'20	Q2'20	Q3'20	Q4'20	2020	Q1'21e	Q2'21e	Q3'21e	Q4'21e	2021e	2022e	2023e	2024e
Revenue growth-%	46.3 %	28.7 %	-34.9 %	-7.7 %	-19.5 %	-12.2 %	-4.8 %	44.6 %	33.0 %	80.8 %	39.7 %	7.1 %	7.1 %	6.9 %
Adjusted EBIT growth-%	109.1 %	-206.9 %	-34.7 %	-18.4 %		-50.6 %	-195.7 %	82.8 %	66.6 %	75.7 %	206.4 %	11.1 %	5.4 %	5.7 %
EBITDA-%	51.1 %	-47.2 %	51.5 %	53.6 %	75.4 %	31.9 %	53.4 %	62.9 %	65.2 %	72.2 %	65.3 %	67.1 %	66.2 %	65.5 %
Adjusted EBIT-%	51.0 %	-50.1 %	47.5 %	49.7 %	72.8 %	28.7 %	50.3 %	60.1 %	62.2 %	70.7 %	63.0 %	65.3 %	64.3 %	63.6 %
Net earnings-%	28.5 %	-69.4 %	37.6 %	37.0 %	51.2 %	12.0 %	28.3 %	44.6 %	42.2 %	58.4 %	46.6 %	48.2 %	47.0 %	46.7 %

Source: Inderes

Balance sheet

Assets	2019	2020	2021e	2022e	2023e
Non-current assets	**157**	**138**	**156**	**167**	**174**
Goodwill	15.3	15.3	15.3	15.3	22.3
Intangible assets	0.8	0.7	0.8	1.1	1.2
Tangible assets	3.4	2.6	2.7	2.9	3.2
Associated companies	0.0	0.0	0.0	0.0	0.0
Other investments	134	117	135	145	145
Other non-current assets	0.0	0.0	0.0	0.0	0.0
Deferred tax assets	3.7	2.4	2.4	2.4	2.4
Current assets	**59.6**	**81.1**	**72.1**	**68.6**	**71.1**
Inventories	0.0	0.0	0.0	0.0	0.0
Other current assets	5.2	9.1	9.1	9.1	9.1
Receivables	10.8	14.0	18.0	19.3	20.7
Cash and equivalents	43.7	58.0	45.0	40.2	41.4
Balance sheet total	**216**	**219**	**228**	**235**	**245**

Source: Inderes

Liabilities & equity	2019	2020	2021e	2022e	2023e
Equity	**130**	**113**	**119**	**127**	**134**
Share capital	0.8	0.8	0.8	0.8	0.8
Retained earnings	3.2	1.6	7.8	15.2	22.3
Hybrid bonds	0.0	0.0	0.0	0.0	0.0
Revaluation reserve	39.0	39.0	39.0	39.0	39.0
Other equity	84.5	71.2	71.2	71.2	71.2
Minorities	2.1	0.7	0.7	0.7	0.7
Non-current liabilities	**61.4**	**92.3**	**92.6**	**91.1**	**92.7**
Deferred tax liabilities	2.2	2.7	2.7	2.7	2.7
Provisions	0.0	0.0	0.0	0.0	0.0
Long term debt	59.1	82.6	83.0	81.5	83.1
Convertibles	0.0	0.0	0.0	0.0	0.0
Other long term liabilities	0.2	6.9	6.9	6.9	6.9
Current liabilities	**25.6**	**13.3**	**16.4**	**17.4**	**18.6**
Short term debt	0.9	0.9	0.1	0.0	0.1
Payables	20.2	11.1	15.0	16.1	17.2
Other current liabilities	4.5	1.3	1.3	1.3	1.3
Balance sheet total	**217**	**219**	**228**	**235**	**245**

Summary

Income statement	2018	2019	2020	2021e	2022e
Revenue	33.5	49.0	43.0	**60.1**	**64.3**
EBITDA	13.4	25.0	13.7	**39.2**	**43.2**
EBIT	12.0	19.4	12.3	**37.8**	**42.0**
PTP	9.3	17.6	9.2	**35.0**	**39.2**
Net Income	8.1	14.0	5.1	**28.0**	**31.0**
Extraordinary items	0.0	-5.6	0.0	**0.0**	**0.0**

Balance sheet	2018	2019	2020	2021e	2022e
Balance sheet total	206.0	216.5	218.8	**228.4**	**235.3**
Equity capital	121.0	129.5	113.3	**119.5**	**126.8**
Goodwill	4.7	15.3	15.3	**15.3**	**15.3**
Net debt	5.2	16.4	25.5	**38.0**	**41.3**

Cash flow	2018	2019	2020	2021e	2022e
EBITDA	13.4	25.0	13.7	**39.2**	**43.2**
Change in working capital	-11.6	4.5	-19.4	**-0.1**	**-0.2**
Operating cash flow	-4.8	20.8	-7.4	**33.1**	**35.8**
CAPEX	41.2	-27.1	16.5	**-20.0**	**-11.6**
Free cash flow	36.5	-4.0	-1.2	**31.5**	**24.2**

Largest shareholders	% of shares
Silvertärnan Ab	10.4 %
Ilmarinen	6.6 %
Mikko Laakkonen	4.1 %
OY Inventiainvest AB (Ari Tolppanen)	3.0 %
Varma	2.4 %
Kyösti Kakkonen	2.1 %

Source: Inderes

Per share data	2018	2019	2020	2021e	2022e
EPS (reported)	0.05	0.09	0.03	**0.18**	**0.20**
EPS (adj.)	0.05	0.13	0.03	**0.18**	**0.20**
OCF / share	-0.03	0.14	-0.05	**0.21**	**0.23**
FCF / share	0.25	-0.03	-0.01	**0.20**	**0.15**
Book value / share	0.82	0.84	0.72	**0.75**	**0.80**
Dividend / share	0.12	0.13	0.14	**0.15**	**0.16**

Growth and profitability	2018	2019	2020	2021e	2022e
Revenue growth-%	-4%	46%	-12%	**40%**	**7%**
EBITDA growth-%	-41%	87%	-45%	**186%**	**10%**
EBIT (adj.) growth-%	-48%	109%	-51%	**206%**	**11%**
EPS (adj.) growth-%	-57%	135%	-74%	**437%**	**11%**
EBITDA-%	40.1 %	51.1 %	31.9 %	**65.3 %**	**67.1 %**
EBIT (adj.)-%	35.7 %	51.0 %	28.7 %	**63.0 %**	**65.3 %**
EBIT-%	35.7 %	39.6 %	28.7 %	**63.0 %**	**65.3 %**
ROE-%	6.5 %	11.3 %	4.3 %	**24.2 %**	**25.4 %**
ROI-%	6.7 %	10.5 %	6.4 %	**18.9 %**	**20.4 %**
Equity ratio	58.7 %	59.8 %	51.8 %	**52.3 %**	**53.9 %**
Gearing	4.3 %	12.6 %	22.5 %	**31.8 %**	**32.6 %**

Valuation multiples	2018	2019	2020	2021e	2022e
EV/S	6.6	7.9	9.2	**7.8**	**7.3**
EV/EBITDA (adj.)	16.6	15.4	28.7	**11.9**	**10.9**
EV/EBIT (adj.)	18.6	15.4	32.0	**12.4**	**11.2**
P/E (adj.)	26.8	18.4	70.3	**15.0**	**13.6**
P/E	1.8	2.8	3.2	**3.5**	**3.3**
Dividend-%	8.2 %	5.5 %	6.0 %	**5.6 %**	**6.0 %**

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Sell The 12-month risk-adjusted expected shareholder return of the share is very weak

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Recommendation history (>12 mo)

Date	Recommendation	Target price	Share price
10/24/2016	Buy	€ 1.35	€ 1.20
11/03/2016	Accumulate	€ 1.40	€ 1.28
01/18/2017	Accumulate	€ 1.40	€ 1.27
02/05/2017	Accumulate	€ 1.55	€ 1.46
03/08/2017	Accumulate	€ 1.70	€ 1.55
05/05/2017	Accumulate	€ 1.80	€ 1.69
08/11/2017	Accumulate	€ 1.85	€ 1.77
11/02/2017	Accumulate	€ 1.85	€ 1.77
12/19/2017	Accumulate	€ 1.85	€ 1.76
02/02/2018	Reduce	€ 1.80	€ 1.76
04/04/2018	Accumulate	€ 1.65	€ 1.43
04/27/2018	Accumulate	€ 1.70	€ 1.50
08/10/2018	Buy	€ 1.85	€ 1.56
11/02/2018	Buy	€ 1.85	€ 1.58
02/01/2019	Accumulate	€ 1.85	€ 1.71
04/26/2019	Accumulate	€ 1.85	€ 1.67
06/12/2019	Buy	€ 1.85	€ 1.62
08/09/2019	Buy	€ 2.00	€ 1.75
09/26/2019	Accumulate	€ 2.00	€ 1.87
11/01/2019	Reduce	€ 2.10	€ 2.06
01/31/2020	Buy	€ 2.75	€ 2.48
03/20/2020	Buy	€ 2.00	€ 1.52
04/07/2020	Accumulate	€ 1.90	€ 1.70
04/24/2020	Accumulate	€ 1.90	€ 1.76
08/07/2020	Accumulate	€ 2.10	€ 1.96
10/30/2020	Accumulate	€ 2.10	€ 1.93
02/05/2021	Accumulate	€ 2.80	€ 2.63
02/22/2021	Accumulate	€ 2.80	€ 2.67

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