

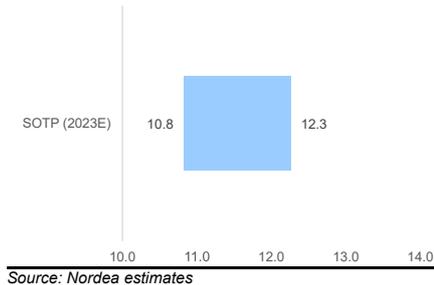
## KEY DATA

Stock country	Finland
Bloomberg	TAALA.FH
Reuters	TAALA.HE
Share price (close)	EUR 9.91
Free Float	72%
Market cap. (bn)	EUR 0.28/EUR 0.28
Website	taaleri.com
Next report date	17 Feb 2023

## PERFORMANCE



## VALUATION APPROACH



## ESTIMATE CHANGES

Year	2022E	2023E	2024E
Sales	-12%	-1%	1%
EBIT (adj)	3%	-2%	1%

Source: Nordea estimates

## Good performance in Q3

Based on segment reporting, Taaleri reported Q3 sales of EUR 26.9m and operating profit of EUR 18.5m, clearly above Refinitiv consensus. More importantly, underlying operations continued to perform well, with recurring revenues up 14% y/y and Garantia again offering a strong set of operational figures. The company launched its new flagship fund, SolarWind III, and targets first close in early 2023. The current market turmoil creates some uncertainty over the timeline of possible exits of non-strategic investments, while underlying operations are performing well. We derive a fair value range of EUR 10.8-12.3 (11.1-12.5) per Taaleri share.

## Recurring revenues 5% above our expectation in Q3

Based on segment reporting, Taaleri reported EBIT of EUR 18.5m, well above the Refinitiv consensus expectation of EUR 14m. Recurring revenues of EUR 10.5m were 5% above our estimate, driven by private asset management fees. Private asset management EBIT of EUR 7m was supported by EUR 6.5m of carry and EUR 0.7m in investment gains. When adjusting for these, underlying EBIT was EUR -0.2m, above our estimate of EUR -0.6m. Strategic investments EBIT was supported by EUR 1.6m in investment gains; adjusting for these, underlying profitability came in slightly ahead of our forecast. Garantia's combined ratio was strong, at 29%, while solvency improved to 246%. We thus expect a dividend of at least EUR 11m from Garantia to Taaleri in 2022, which would keep solvency well above 200% and not put solvency or the credit rating at risk, in our view. In addition, we note that some 90% of Garantia's investment portfolio is in fixed income products (mainly Investment Grade products).

## Limited estimate revisions – fair value of EUR 10.8-12.3

We raise recurring revenues by 0-1% for 2022E-24E, while we lift adjusted EBIT from segments by 3% for 2022E, lower it by 2% for 2023E and raise it by 1% for 2024E. We note high uncertainty related to investment income due to market volatility but believe Taaleri can continue on the positive recurring revenue trajectory given its new flagship fund and Bio ramp-up. For first close in H1, we expect EUR 200m in commitments to SolarWind III and raise our total commitment expectation to EUR 700m by the end of 2024. In addition, the company will book carried interest from old wind funds in Q4 and we would not be surprised if it surpasses our EUR 5m assumption for Q4. We derive a fair value range of EUR 11.1-12.5 (11.0-12.5), based on an SOTP valuation using our 2023 estimates.

## SUMMARY TABLE - KEY FIGURES

EURm	2019	2020	2021	2022E	2023E	2024E
Total revenue	67	69	73	59	69	71
EBITDA (adj)	23	24	32	28	31	32
EBIT (adj)	21	21	32	27	30	31
EBIT (adj) margin	30.8%	30.3%	43.6%	46.5%	43.3%	43.3%
EPS (adj, EUR)	0.41	0.46	4.81	0.69	0.87	0.90
EPS (adj) growth	n.a.	11.8%	947.1%	-85.6%	25.2%	3.5%
DPS (ord, EUR)	0.16	1.32	0.40	0.40	0.50	0.55
EV/Sales	4.1	3.8	3.8	4.0	3.5	3.3
EV/EBIT (adj)	13.4	12.4	8.6	8.7	8.2	7.5
P/E (adj)	20.5	17.7	2.3	13.6	10.9	10.5
P/BV	1.9	1.7	1.4	1.3	1.3	1.3
Dividend yield (ord)	1.9%	16.3%	3.6%	4.2%	5.3%	5.8%
FCF Yield bef A&D, lease adj	3.0%	0.0%	40.3%	9.7%	8.1%	9.1%
Net debt	38	32	-44	-31	-24	-36
Net debt/EBITDA	1.6	1.4	-1.4	-1.1	-0.8	-1.1
ROIC after tax	14.8%	7.4%	10.5%	8.7%	9.5%	9.8%

Source: Company data and Nordea estimates

## Nordea IB &amp; Equity - Analysts

Joni Sandvall  
AnalystSvante Krokfors  
Director

## Q3 2022 results and deviation

Taaleri reported Q3 EBIT of EUR 18.5m, clearly above Refinitiv consensus of EUR 14.0m. Based on segment reporting, Q3 total income was EUR 26.9m, 6% above our estimate of EUR 25.3m. Recurring revenues were EUR 10.5m, beating our estimate by 5%. Fair value changes of investments were EUR -3.5m, while we had anticipated EUR +1.5m. Investment operations income of EUR 9.9m was clearly below our estimate of EUR 15.3m. Taaleri posted EUR 14m in total income from the exit of Ficolo. As the company recorded EUR 6.5m of carry in Q3 (we had not anticipated any carry), private asset management EBIT beat our estimates clearly. If we adjust for carry, private asset management EBIT was EUR -0.2m versus our EUR -0.6m estimate. Private asset management recurring revenues came in 9% above our estimate. Hence, underlying operations performed well in Q3. It is worth noting that income from the Ficolo exit was, on an aggregate level, in line with previous announcements and our estimate, while the company merely recorded it on two separate lines (as carried interest and investment income). Garantia's loan losses remained at a low level (2.7%), while net premiums increased by 15% y/y, versus our expectation of 14% growth. The combined ratio was strong at 29.0%, beating our estimate of 30.9%. Solvency increased to 245.5%. Private asset management AuM was up 4% q/q to EUR 2.5bn (EUR 2.2bn in 2021). The launch of SolarWind III was announced on 3 November and the company aims to reach first closing in early 2023 with a final target of EUR 700m of commitments.

### Private asset management slightly above our estimate adjusted for carry and investment gains

Taaleri's private asset management total income was EUR 12.6m and came in 151% above our estimate. Recurring revenues of EUR 5.3m were 9% above our estimate of EUR 4.9m.

Private asset management EBIT amounted to EUR 7.0m, clearly above our estimate of EUR -0.6m, driven by carry (EUR 6.5m, whereas we had estimated EUR 0m) and EUR 0.7m of investment gains. AuM increased 4% q/q to EUR 2.5bn from EUR 2.4bn in Q2 2022 and EUR 2.2bn in 2021.

Renewable energy operating income was EUR 3.7m (our estimate: EUR 3.6m), while EBIT was EUR 1.5m (our estimate: EUR 0.2m). Income was boosted by EUR 0.8m from investment operations (FX impact, whereas we had expected EUR 0m). Hence, the underlying profitability of private asset management was above our estimate. Other private asset management operating income was EUR 8.1m (our estimate: EUR 1.5m), while EBIT was EUR 5.5m (our estimate: EUR -0.8m). Other private asset management benefitted from EUR 6.5m carry (we had modelled EUR 0m). A EUR 14m gain from the Ficolo exit was booked as carry and an investment gain in the Other segment, whereas we had expected it all to be booked in the Other segment.

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

Taaleri's guarantee insurance company Garantia reported total income of EUR 5.5m, driven by EUR 4.4m in recurring revenues (our estimate: EUR 4.4m) and EUR 1.1m in investment gains (we expected EUR 1m).

Earned net premiums increased by 15% y/y (-8% in Q2 and +4% in Q1) to EUR 4.6m in Q3, above our estimate of EUR 4.5m. Strategic investments EBIT of EUR 4.9m came in above our EUR 4.1m estimate. Aktia shareholdings had a EUR 0.5m positive impact in the quarter.

The combined ratio was strong at 29% (we had expected 30.9%). The solvency ratio improved to 245.5%, well in line with our estimate of 244.1%. The Guaranty insurance portfolio was up 5% y/y to EUR 1,799m (our estimate: EUR 1,766m), driven by a 16% increase in consumer exposure.

## Guidance and fund pipeline

Taaleri does not provide a short-term outlook. SolarWind II advanced its projects, while the company had 17 development projects for SolarWind III at the end of Q3 (14 at the end of Q2 and 12 at the end of Q1).

### Q3 2022 DEVIATION TABLE

EURm	Actual	NDA est.	Deviation		Consensus	Deviation		Actual		Actual	
	Q3 2022	Q3 2022E	vs. actual		Q3 2022E	vs. actual		Q2 2022	q/q	Q3 2021	y/y
Sales	19.9	26.3	-6.4	-24%	24.3	-4.4	-18%	12.9	55%	13.2	51%
EBIT	18.5	16.6	1.9	11%	14.0	4.5	32%	2.5	651%	4.9	280%
EBIT margin	92.8%	63.0%		n.m.	57.5%		n.m.	19.1%	73.7pp	36.8%	56.0pp
PTP	18.3	16.4	1.9	12%	15.0	3.3	22%	2.2	727%	4.6	299%
PTP margin	91.7%	62.1%		n.m.	61.6%		n.m.	17.1%	74.6pp	34.6%	57.1pp
Adj. EPS	0.53	0.50	0.03	7%	0.39	0.11	36%	0.00	11013%	0.11	386%
EPS	0.53	0.50	0.03	7%	0.39	0.11	36%	0.00	11013%	0.11	386%
<b>Segment reporting</b>											
<b>Recurring revenues</b>											
Private asset management	5.3	4.9	0.4	9%				4.8	10%	4.8	10%
Strategic investments	4.4	4.4	0.0	0%				4.0	11%	3.9	14%
Other	0.7	0.7	0.0	6%				0.7	1%	0.5	63%
TOTAL	10.5	10.0	0.5	5%				9.6	10%	9.2	14%
<b>Total income</b>											
Private asset management	12.6	5.0	7.6	151%				5.8	117%	4.3	192%
Strategic investments	6.1	5.4	0.6	12%				-1.1	-663%	6.6	-8%
Other	8.3	14.9	-6.6	-44%				7.1	16%	1.4	478%
TOTAL	26.9	25.3	1.6	6%				11.9	127%	12.3	119%
<b>EBIT</b>											
Private asset management	7.0	-0.6	7.6	-1267%				-0.7	-1095%	-0.2	-3731%
Strategic investments	4.9	4.1	0.7	18%				-2.3	-309%	5.2	-6%
Other	6.6	13.0	-6.4	-49%				5.5	21%	-0.1	-6706%
TOTAL	18.5	16.5	2.0	12%				2.4	660%	4.9	280%
<b>EBIT margin</b>											
Private asset management	55.7%	-12.0%		67.7pp				-12.1%	67.9pp	-4.5%	60.2pp
Strategic investments	80.2%	75.9%		4pp				215.8%	n.m.	78.6%	2pp
Other	79.8%	87.2%		-7.5pp				76.5%	3.3pp	-7.0%	87pp
TOTAL	68.6%	65.2%		3.4pp				20.5%	48.1pp	39.6%	29.1pp

Source: Company data, Refinitiv and Nordea estimates

# Estimate revisions

## ESTIMATE REVISIONS AFTER THE Q3 2022 REPORT (EPS/DPS IN EUR)

EURm	New estimates				Old estimates				Difference %			
	Q4 2022E	2022E	2023E	2024E	Q4 2022E	2022E	2023E	2024E	Q4 2022E	2022E	2023E	2024E
Sales	17.7	58.6	68.9	71.2	19.0	66.3	69.5	70.8	-7%	-12%	-1%	1%
EBIT	7.1	27.2	29.8	30.8	8.1	26.6	30.4	30.5	-12%	3%	-2%	1%
EBIT margin	40%	46.5%	43.3%	43.3%	42.8%	40.1%	43.8%	43.1%	-2pp	6.5pp	-0.5pp	0.2pp
<b>PTP</b>	<b>6.9</b>	<b>26.5</b>	<b>28.8</b>	<b>29.8</b>	<b>7.8</b>	<b>25.5</b>	<b>29.4</b>	<b>29.5</b>	<b>-11%</b>	<b>4%</b>	<b>-2%</b>	<b>1%</b>
PTP margin	39%	45.3%	41.8%	41.9%	41.1%	38.4%	42.3%	41.7%	-2pp	6.9pp	-0.5pp	0.2pp
Adj. EPS	0.20	0.69	0.87	0.90	0.23	0.75	0.89	0.89	-13%	-7%	-2%	1%
EPS	0.20	0.69	0.87	0.90	0.23	0.7	0.9	0.9	-13%	-7%	-2%	1%
DPS		1.00	0.90	0.95		1.00	0.90	0.95		0%	0%	0%
<b>Segment reporting</b>	<b>Q4 2022E</b>	<b>2022E</b>	<b>2023E</b>	<b>2024E</b>	<b>Q4 2022E</b>	<b>2022E</b>	<b>2023E</b>	<b>2024E</b>	<b>Q4 2022E</b>	<b>2022E</b>	<b>2023E</b>	<b>2024E</b>
<b>Recurring revenues</b>												
Private asset management	5.5	20.6	26.6	30.1	5.6	20.2	26.3	29.7	-1%	2%	1%	1%
Strategic investments	5.2	17.5	18.1	19.2	5.6	17.9	18.0	19.1	-7%	-2%	1%	1%
Other	0.7	2.7	2.7	2.9	0.7	2.7	2.7	2.9	-6%	0%	0%	0%
<b>TOTAL</b>	<b>11.4</b>	<b>40.8</b>	<b>47.4</b>	<b>52.2</b>	<b>11.8</b>	<b>40.7</b>	<b>46.9</b>	<b>51.6</b>	<b>-4%</b>	<b>0%</b>	<b>1%</b>	<b>1%</b>
<b>Total income</b>												
Private asset management	10.5	34.2	39.0	39.9	10.7	26.8	39.7	39.5	-2%	28%	-2%	1%
Strategic investments	5.8	11.0	21.8	23.0	6.8	11.3	21.7	23.0	-14%	-3%	0%	0%
Other	0.7	17.8	4.7	4.9	1.2	24.9	4.7	4.9	-41%	-29%	0%	0%
<b>TOTAL</b>	<b>17.0</b>	<b>62.9</b>	<b>65.5</b>	<b>67.8</b>	<b>18.7</b>	<b>63.0</b>	<b>66.1</b>	<b>67.3</b>	<b>-9%</b>	<b>0%</b>	<b>-1%</b>	<b>1%</b>
<b>Operating profit</b>												
Private asset management	4.3	10.6	15.7	15.5	4.3	3.0	16.3	15.2	0%	254%	-4%	2%
Strategic investments	4.1	5.7	16.2	17.3	4.9	5.7	16.0	17.1	-15%	0%	2%	1%
Other	-1.2	11.2	-2.1	-2.0	-0.8	18.0	-1.9	-1.8	51%	-38%	11%	11%
<b>TOTAL</b>	<b>7.2</b>	<b>27.5</b>	<b>29.8</b>	<b>30.8</b>	<b>8.4</b>	<b>26.6</b>	<b>30.4</b>	<b>30.5</b>	<b>-14%</b>	<b>3%</b>	<b>-2%</b>	<b>1%</b>
<b>Operating profit margin</b>												
Private asset management	41.1%	31.0%	40.2%	38.9%	40.3%	11.2%	41.1%	38.5%	0.8pp	19.9pp	-1.0pp	0.3pp
Strategic investments	70.6%	51.8%	74.4%	75.2%	71.1%	50.2%	73.4%	74.3%	-0.6pp	2pp	1.0pp	0.9pp
Other	-173.9%	62.8%	-44.2%	-40.8%	-67.5%	72.2%	-39.9%	-36.6%	-106pp	-9pp	-4pp	-4pp
<b>TOTAL</b>	<b>42.5%</b>	<b>43.6%</b>	<b>45.6%</b>	<b>45.5%</b>	<b>44.8%</b>	<b>42.3%</b>	<b>46.0%</b>	<b>45.3%</b>	<b>-2pp</b>	<b>1pp</b>	<b>-0.5pp</b>	<b>0.2pp</b>

Source: Nordea estimates

# Valuation

We calculate an SOTP-derived fair value range of EUR 10.8-12.3 per Taaleri share. We use peer group multiples to value Taaleri's private equity business. In addition, due to the solid and stable outlook for Garantia, we use a dividend discount model to value the guarantee insurance part of Taaleri. We derive two different peer groups, one for renewable energy and another for private asset management.

## SOTP valuation yields EUR 10.8-12.3 fair value range

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

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

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

### RENEWABLE ENERGY PEER GROUP

Renewable energy peers	Country	Price		Mcap		Net Debt				EV/EBIT			P/E			Div yield %	
		Local	EURm	2020	2021	2022E	2023E	2021	2022E	2023E	2021	2022E	2023E	2021	2022E		
Ox2 Ab (Publ)	Sweden	81.6	2,055	-286	33.3	16.6	20.2	62.2	22.8	30.0	0.0 %	0.0 %					
Abo Wind Ag	Germany	56.2	518	104	29.7	25.5	18.0	37.5	35.7	24.2	0.9 %	1.0 %					
Capman Oyj	Finland	2.5	390	42	9.6	7.6	8.8	11.7	9.0	11.0	6.1 %	6.5 %					
Eq4 Ab	Sweden	212.5	23,131		54.2	29.5	16.1	19.3	26.3	16.9	2.1 %	1.5 %					
Acciona Sa	UK	182.5	10,079	6,449	16.3	14.4	14.3	30.0	24.0	19.9	2.2 %	2.3 %					
Energiekontor Ag	UK	89.8	1,256	314	25.5	20.8	17.4	35.6	30.7	25.1	0.9 %	1.0 %					
Eolus Vind Ab (Publ)	UK	134.2	293	-51		14.4	6.8		39.7	9.2	1.1 %	1.3 %					
Pne Ag	UK	19.6	1,500	397	116.5	156.8	58.7	59.3		1728.2	0.2 %	0.2 %					
Scatec Asa	Norway	84.0	1,309	1,889	19.9	35.3	13.9	33.4		27.4	1.8 %	3.0 %					
<b>Median</b>			1,309	209	27.6	20.8	16.1	34.5	26.3	24.2	1.1 %	1.3 %					
<b>Average</b>			4,504	1,107	38.1	35.6	19.3	36.1	26.9	210.2	1.7 %	1.9 %					
Nordea																	
<b>Taaleri Oyj</b>	Finland	9.5	270	32	8.6	8.7	8.2	2.3	13.6	10.9	10.7 %	10.6 %					
Discount/premium					-69%	-58%	-49%	-93%	-48%	-55%	853%	698%					

Note: share prices as of 3 November

Source: Refinitiv and Nordea estimates

## OTHER PRIVATE ASSET MANAGEMENT PEERS

Finnish peers	Country	Price	Mcap Net Debt		EV/EBIT			P/E			Div yield %	
		Local	EURm	2020	2021	2022E	2023E	2021	2022E	2023E	2021	2022E
Capman Oyj	Finland	2.5	390	42	9.6	7.6	8.8	11.7	9.0	11.0	6.1 %	6.5 %
Eq Oyj	Finland	20.5	834	6	20.2	16.3	15.0	22.0	19.8	18.6	4.8 %	5.1 %
Eab Group Oyj	Finland	3.0	42	4	15.3			20.1			3.2 %	0.0 %
Aktia Bank Abp	Finland	9.8	714					10.3	11.3	8.3	5.5 %	5.2 %
<b>Median</b>			<b>552</b>	<b>6</b>	<b>15.3</b>	<b>12.0</b>	<b>11.9</b>	<b>15.9</b>	<b>11.3</b>	<b>11.0</b>	<b>5.1 %</b>	<b>5.2 %</b>
Average			495	17	15.1	12.0	11.9	16.0	13.4	12.6	4.9 %	4.2 %
Nordea												
<b>Taaleri Oyj</b>	<b>Finland</b>	<b>9.5</b>	<b>270</b>	<b>32</b>	<b>8.6</b>	<b>8.7</b>	<b>8.2</b>	<b>2.3</b>	<b>13.6</b>	<b>10.9</b>	<b>10.7 %</b>	<b>10.6 %</b>
Discount/premium					-44%	-27%	-31%	-85%	21%	-1%	108%	105%

Note: share prices as of 3 November

Source: Refinitiv and Nordea estimates

As mentioned, we use different peer groups for renewable energy and other private asset management. In addition, we assign lower multiples for performance fees.

Based on our 2023 EBIT estimate for renewable energy excluding performance fees (EUR 5.9m) and accepted valuation multiples of 13-16x, we derive a fair value range of EUR 60-74m for renewable energy. In addition, we derive a fair value range of EUR 16-24m for expected performance fees from renewable energy. Our valuation takes into account the minority share of renewable energy (21%). In total, our fair value range for renewable energy is EUR 76-98m.

Given 2023E EBIT of EUR -2.6m (excluding performance fees) and EUR 5.4m of performance fees for other private asset management, we derive a fair value range of EUR 9-15m for other private asset management. We assign accepted valuation multiples of 5-7x for other private asset management and 4-6x for performance fees.

In principle, we believe Garantia could pay all of its annual profits to Taaleri. We model a EUR 11m dividend from Garantia to Taaleri in 2022 and an annual EUR 1m increase in dividends until 2025, after which we expect a 0.5-2% annual dividend increase for terminal value. We use a 9.8% cost of equity as a discount factor. Based on this approach, we arrive at a fair value range of EUR 151-170m for Garantia. We note that Garantia paid a EUR 15m dividend to Taaleri from 2021.

We note that Garantia is using FAS accounting as a base for solvency calculations. Hence, the company does not book fair value changes before fair value is lower than the acquisition price. In addition, technically, increasing interest rates should lower future insurance liabilities due to the discount factor and thereby increase the solvency ratio. Taking these factors into consideration, we would not be surprised if Garantia were to pay above EUR 11m in dividends to Taaleri from 2022.

We also deduct group costs and add investments at book value (as of Q3 2022), Aktia shares (0.97 million) at the current market value (EUR 9.81 as of 3 November), 2022E net cash (EUR 31m) and 2022E dividends (EUR 34m) to derive our equity fair value range of EUR 306-347m for Taaleri. As there are 28.3 million shares outstanding, we derive a fair value range of EUR 10.8-12.3 (11.1-12.5) per Taaleri share.

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

Based on 2023 estimates	Share	Sales	EBIT	Valuation method	EV Range
<b>Private asset management</b>		<b>39.0</b>	<b>13.7</b>	<b>EV/EBIT 6.2x - 8.2x</b>	<b>85 - 112</b>
Renewable energy (excl. performance fees and investments)	79%	26.5	5.9	EV/EBIT 13x - 16x	60 - 74
Performance fees	79%		5.0	EV/EBIT 4x - 6x	16 - 24
Other private asset management (ex. performance fees)	100%	12.6	-2.6	EV/EBIT 5x - 7x	-13 - -18
Performance fees	100%		5.4	EV/EBIT 4x - 6x	22 - 33
<b>Strategic investments (Garantia)</b>	<b>100%</b>	<b>21.8</b>	<b>16.2</b>	<b>DDM</b>	<b>151 - 170</b>
<b>Other excl. investment operations</b>	<b>100%</b>	<b>4.7</b>	<b>-4.1</b>	<b>EV/EBIT 8.3x - 9.8x</b>	<b>-34 to -40</b>
Investments	100%		2.0	Book value Q3 22	30
<b>TOTAL</b>			<b>27.8</b>	<b>EV/EBIT 8.3x - 9.8x</b>	<b>232 - 272</b>
Aktia shares				As of 3 November 2022	10
Net cash 2022E					31
2022E dividends					34
Equity value					306 - 347
Number of shares (m)					28.3
<b>Equity per share, EUR</b>					<b>10.8 - 12.3</b>

Source: Nordea estimates

We note that Taaleri's full earnings potential should be visible after 2023, while we are slightly hesitant to push our valuation approach beyond 2023 due to uncertainties related to fund sizes and the ramping up of the current funds. Given the upcoming first close of SolarWind III, however, we note the possibility of an improving outlook for recurring revenues.

# Detailed estimates

## DETAILED ESTIMATES: SEGMENT REPORTING

Segment reporting, EURm	Q121	Q221	Q321	Q421	Q122	Q222	Q322	Q422E	2020	2021	2022E	2023E	2024E
<b>Income</b>													
<b>Recurring revenues</b>													
Private asset management	4.2	5.6	4.8	5.4	4.9	4.8	5.3	5.5	18.5	20.1	20.6	26.6	30.1
Renewable energy	3.2	4.3	3.6	4.2	3.5	3.6	3.7	3.6	14.3	15.2	14.4	19.5	23.1
Other private asset management	1.0	1.3	1.3	1.3	1.4	1.3	1.6	1.9	4.2	4.9	6.1	7.1	7.0
Strategic investments (Garantia)	3.6	4.6	3.9	5.5	3.9	4.0	4.4	5.2	14.6	17.6	17.5	18.1	19.2
Other	1.1	1.0	0.5	0.5	0.5	0.7	0.7	0.7	2.7	3.0	2.7	2.7	2.9
<b>TOTAL</b>	<b>8.9</b>	<b>11.2</b>	<b>9.2</b>	<b>11.4</b>	<b>9.3</b>	<b>9.6</b>	<b>10.5</b>	<b>11.4</b>	<b>35.9</b>	<b>40.7</b>	<b>40.8</b>	<b>47.4</b>	<b>52.2</b>
<b>Recurring revenues growth y/y</b>													
Private asset management	-8%	37%	6%	3%	16%	-14%	10%	2%		9%	2%	29%	13%
Renewable energy	-8%	36%	2%	0%	10%	-17%	4%	-12%		6%	-5%	35%	18%
Other private asset management	-5%	41%	20%	13%	33%	-5%	28%	48%		17%	25%	16%	-2%
Strategic investments (Garantia)	9%	25%	0%	46%	7%	-12%	14%	-6%		20%	-1%	4%	6%
Other	88%	-6%	24%	-38%	-51%	-23%	63%	39%		9%	-10%	0%	8%
<b>TOTAL</b>	<b>6%</b>	<b>27%</b>	<b>4%</b>	<b>16%</b>	<b>4%</b>	<b>-14%</b>	<b>14%</b>	<b>0%</b>	<b>-35%</b>	<b>13%</b>	<b>0%</b>	<b>16%</b>	<b>10%</b>
<b>Total income</b>													
Private asset management	5.2	5.3	4.3	16.2	5.3	5.8	12.6	10.5	21.9	31.0	34.2	39.0	39.9
Renewable energy	4.0	4.3	3.6	10.2	3.8	4.3	4.5	8.6	17.4	22.0	21.2	26.5	31.3
Other private asset management	1.2	1.0	0.7	6.1	1.5	1.5	8.1	1.9	4.5	9.0	12.9	12.6	8.6
Strategic investments (Garantia)	7.0	7.3	6.6	9.4	0.2	-1.1	6.1	5.8	17.2	30.3	11.0	21.8	23.0
Other	1.5	1.7	1.4	3.8	1.7	7.1	8.3	0.7	0.9	8.4	17.8	4.7	4.9
<b>TOTAL</b>	<b>13.7</b>	<b>14.3</b>	<b>12.3</b>	<b>29.4</b>	<b>7.2</b>	<b>11.9</b>	<b>26.9</b>	<b>17.0</b>	<b>40.0</b>	<b>69.7</b>	<b>62.9</b>	<b>65.5</b>	<b>67.8</b>
<b>Income growth y/y</b>													
Private asset management	-5%	29%	-20%	132%	3%	9%	192%	-35%		41%	10%	14%	2%
Renewable energy	-9%	36%	-17%	83%	-5%	1%	26%	-16%		27%	-4%	25%	18%
Other private asset management	10%	6%	-30%	321%	28%	41%	998%	-68%		98%	44%	-3%	-31%
Strategic investments (Garantia)	-270%	-6%	7%	26%	-97%	-115%	-8%	-38%		76%	-64%	98%	6%
Other	-169%	50%	103%	219%	13%	313%	478%	-82%		819%	112%	-74%	4%
<b>TOTAL</b>	<b>n.m.</b>	<b>-16%</b>	<b>-30%</b>	<b>30%</b>	<b>-48%</b>	<b>-17%</b>	<b>119%</b>	<b>-42%</b>		<b>74%</b>	<b>-10%</b>	<b>4%</b>	<b>3%</b>
<b>EBIT</b>													
Private asset management	0.4	-0.1	-0.2	7.3	0.0	-0.7	7.0	4.3	6.2	7.5	10.6	15.7	15.5
Renewable energy	0.7	0.8	0.8	5.3	0.6	0.4	1.5	4.9	6.6	7.6	7.4	12.9	16.9
Other private asset management	-0.2	-1.0	-1.0	2.0	-0.6	-1.1	5.5	-0.6	-0.4	-0.2	3.2	2.8	-1.5
Strategic investments (Garantia)	5.8	6.1	5.2	7.3	-1.0	-2.3	4.9	4.1	11.9	24.4	5.7	16.2	17.3
Other	-0.4	-0.5	-0.1	0.0	0.3	5.5	6.6	-1.2	-5.8	-1.0	11.2	-2.1	-2.0
<b>TOTAL</b>	<b>5.8</b>	<b>5.5</b>	<b>4.9</b>	<b>14.7</b>	<b>-0.7</b>	<b>2.4</b>	<b>18.5</b>	<b>7.2</b>	<b>12.3</b>	<b>30.8</b>	<b>27.5</b>	<b>29.8</b>	<b>30.8</b>
<b>EBIT margin</b>													
Private asset management	8.5%	-2.6%	-4.5%	45.3%	0.0%	-12.1%	55.7%	41.1%	28.3%	24.0%	31.0%	40.2%	38.9%
Renewable energy	16.5%	18.8%	22.4%	52.6%	17.0%	8.7%	33.4%	56.7%	37.8%	34.5%	34.8%	48.6%	54.2%
Other private asset management	-18.5%	-92%	-135%	33.1%	-43%	-74.3%	68.2%	-29.4%	-8.4%	-1.7%	24.8%	22.4%	-17.0%
Strategic investments (Garantia)	82.6%	83.7%	78.6%	77.8%	-531%	216%	80.2%	70.6%	69.3%	80.5%	51.8%	74.4%	75.2%
Other	-28.7%	-28.1%	-7.0%	0.0%	18%	76.5%	79.8%	-174%	-632%	-12.0%	62.8%	-44.2%	-40.8%
<b>TOTAL</b>	<b>42.7%</b>	<b>38.1%</b>	<b>39.6%</b>	<b>49.9%</b>	<b>-9%</b>	<b>20.5%</b>	<b>68.6%</b>	<b>42.5%</b>	<b>30.8%</b>	<b>44.2%</b>	<b>43.6%</b>	<b>45.6%</b>	<b>45.5%</b>
<b>EBIT excluding investments and performance fees</b>													
Private asset management	-0.5	0.2	0.3	-3.4	-0.4	-1.7	-0.2	-0.6	2.8	-3.4	-3.0	3.2	5.7
Renewable energy	-0.1	0.8	0.8	-0.7	0.4	-0.4	0.7	-0.1	3.5	0.8	0.6	5.9	8.8
Other private asset management	-0.4	-0.6	-0.5	-2.8	-0.8	-1.3	-0.9	-0.6	-0.7	-4.2	-3.6	-2.6	-3.1
Strategic investments (Garantia)	2.4	3.4	2.5	3.4	2.7	2.8	3.2	3.5	9.4	11.7	12.2	12.6	13.5
Other	-0.8	-1.3	-1.1	-3.3	-0.8	-0.9	-0.9	-1.2	-4.0	-6.4	-3.9	-4.1	-4.0
<b>TOTAL</b>	<b>1.1</b>	<b>2.3</b>	<b>1.8</b>	<b>-3.3</b>	<b>1.5</b>	<b>0.1</b>	<b>2.1</b>	<b>1.6</b>	<b>8.2</b>	<b>1.8</b>	<b>5.3</b>	<b>11.7</b>	<b>15.3</b>

Source: Company data and Nordea estimates

**DETAILED ESTIMATES: IFRS REPORTING**

IFRS reporting, EURm	Q121	Q221	Q321	Q421	Q122	Q222	Q322	Q422E	2020	2021	2022E	2023E	2024E
Total income	12.1	17.0	13.2	30.2	8.1	12.9	19.9	17.7	69.4	72.6	58.6	68.9	71.2
growth y/y	-646%	41%	29%	119%	-33%	-24%	51%	-42%	3%	5%	-19%	18%	3%
Costs	-7.4	-14.3	-8.6	-15.8	-9.0	-10.7	-1.6	-10.7	-51.9	-46.2	-32.0	-40.1	-41.4
growth y/y	26%	122%	31%	87%	21%	-25%	-81%	-32%	2%	-11%	-31%	25%	3%
Operating profit	4.7	2.7	4.6	14.4	-0.9	2.2	18.3	6.9	17.5	26.4	26.5	28.8	29.8
margin %	39%	16%	35%	48%	-11%	17%	92%	39%	25%	36%	45%	42%	42%
Taxes	-1.0	-0.4	-1.4	-2.3	-0.3	-2.1	-2.9	-1.0	-4.4	-5.2	-6.4	-4.3	-4.5
Profit (continuing operations)	3.7	2.3	3.2	12.2	-1.5	0.0	15.1	6.1	13.0	21.2	19.6	24.6	25.4
Profit (discontinued operations)	3.2	111.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	114.9	0.0	0.0	0.0
Profit for the period	6.8	114.1	3.2	12.2	-1.5	0.0	15.1	6.1	13.0	136.1	19.6	24.6	25.4
EPS (continuing operations), EUR	0.13	0.08	0.11	0.43	-0.05	0.00	0.53	0.21	0.46	0.75	0.69	0.87	0.90
EPS, EUR	0.24	4.03	0.11	0.43	-0.04	0.00	0.54	0.21	0.46	4.81	0.69	0.87	0.90
DPS (ordinary)									1.32	0.40	0.40	0.50	0.55
DPS (extra)										0.80	0.60	0.40	0.40
DPS (total)									1.32	1.20	1.00	0.90	0.95

Source: Company data and Nordea estimates

# Main risks

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

A slowdown in economic activity could hamper Taaleri's performance	<b>General economy</b>	Taaleri has benefitted from a favourable macroeconomic environment, which combined with low interest rates has supported housing prices and hence Garantia's business. In addition, demand for alternative investments has fared well in the positive market environment. In the event of an economic slowdown, both Garantia's and fund companies' performances could be negatively affected. Changes in the market environment could affect Taaleri's ability to raise fund commitments, and a slowing transaction market could hinder its ability to make new investments and exit assets.
A cooling of the housing market could affect the real estate operations negatively	<b>Housing market</b>	The recent positive development in the Finnish housing market has benefitted Garantia through high housing market activity, while Taaleri's housing funds have benefitted from lower yield requirements. If the housing transaction market were to cool down, Taaleri's operations in Garantia and real estate funds could be negatively affected.
Low interest rates have supported alternative investments	<b>Interest rates</b>	Low interest rates have supported Taaleri's business through low financing costs and easy funding access. If interest rates were to rise, the availability of funding could become more difficult. In addition, higher interest rates could hamper the valuation of investments and the project pipeline.
Key personnel are important for customer relationships	<b>Key personnel</b>	As a financial player, key personnel play a crucial role in Taaleri's customer relationships. If any key personnel were to leave the company, there could be a risk of customer outflow from Taaleri's funds.
Cooperation with Aktia plays a crucial role for Taaleri	<b>Sales channels</b>	Taaleri cooperates with Aktia on sales of its funds. In order to reach targeted fund sizes, the recently announced cooperation plays a crucial role. In addition, Taaleri is ramping up its institutional sales channel. If the company is not able to ramp up its institutional sales channel or fails in its cooperation with Aktia, the funds' performance could be negatively affected through lower AuM.
Overall economic activity could affect investment values	<b>Investments</b>	Taaleri has around EUR 30m of non-strategic investments that it aims to divest. The market value of these investments could vary greatly depending on the general economic situation.
If not executed well, M&A activity may increase costs	<b>Potential M&amp;A</b>	After divesting its wealth management arm, Taaleri has an overcapitalised balance sheet. M&A could increase costs temporarily, or even longer term in a worst-case scenario if acquisitions were to fail or integration is executed poorly. Hence, it is important for the company to maintain good cost control and clear M&A execution plans so as not to hamper earnings.
A tightening competitive environment could hamper Taaleri's growth prospects	<b>Competitive environment</b>	If the competitive environment regarding alternative investments were to intensify, it could hamper Taaleri's growth and earnings through lower management fees and hinder the company's ability to find investments.

# Reported numbers and forecasts

## INCOME STATEMENT

EURm	2019	2020	2021	2022E	2023E	2024E
Total revenue	67	69	73	59	69	71
Revenue growth	n.a.	3.3%	4.6%	-19.4%	17.7%	3.3%
of which organic	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
of which FX	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
EBITDA	23	24	32	28	31	32
Depreciation and impairments PPE	-3	-3	-1	-1	-1	-1
of which leased assets	0	0	0	0	0	0
EBITA	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Amortisation and impairments	0	0	0	0	0	0
EBIT	21	21	32	27	30	31
of which associates	0	0	-1	6	-1	-1
Associates excluded from EBIT	0	0	0	0	0	0
Net financials	-3	-3	-2	-1	-1	-1
of which lease interest	0	0	0	0	0	0
Changes in value, net	-1	0	-3	0	0	0
<b>Pre-tax profit</b>	<b>17</b>	<b>18</b>	<b>26</b>	<b>27</b>	<b>29</b>	<b>30</b>
Reported taxes	-5	-4	-5	-6	-4	-4
Net profit from continued operations	12	13	21	20	24	25
Discontinued operations	0	0	115	0	0	0
Minority interests	0	0	0	-1	0	0
Net profit to equity	12	13	136	20	25	25
<b>EPS, EUR</b>	<b>0.41</b>	<b>0.46</b>	<b>4.81</b>	<b>0.69</b>	<b>0.87</b>	<b>0.90</b>
DPS, EUR	0.16	1.32	1.20	1.00	0.90	0.95
of which ordinary	0.16	1.32	0.40	0.40	0.50	0.55
of which extraordinary	0.00	0.00	0.80	0.60	0.40	0.40
<b>Profit margin in percent</b>						
EBITDA	34.8%	34.0%	44.7%	48.6%	44.5%	44.4%
EBITA	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
EBIT	30.8%	30.3%	43.6%	46.5%	43.3%	43.3%
<b>Adjusted earnings</b>						
EBITDA (adj)	23	24	32	28	31	32
EBITA (adj)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
EBIT (adj)	21	21	32	27	30	31
EPS (adj, EUR)	0.41	0.46	4.81	0.69	0.87	0.90
<b>Adjusted profit margins in percent</b>						
EBITDA (adj)	34.8%	34.0%	44.7%	48.6%	44.5%	44.4%
EBITA (adj)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
EBIT (adj)	30.8%	30.3%	43.6%	46.5%	43.3%	43.3%
<b>Performance metrics</b>						
CAGR last 5 years						
Net revenue	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
EBITDA	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
EBIT	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
EPS	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
DPS	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
Average last 5 years						
Average EBIT margin	n.a.	n.a.	n.a.	n.a.	38.9%	41.4%
Average EBITDA margin	n.a.	n.a.	n.a.	n.a.	41.3%	43.2%
<b>VALUATION RATIOS - ADJUSTED EARNINGS</b>						
EURm	2019	2020	2021	2022E	2023E	2024E
P/E (adj)	20.5	17.7	2.3	13.6	10.9	10.5
EV/EBITDA (adj)	11.8	11.1	8.4	8.3	8.0	7.3
EV/EBITA (adj)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
EV/EBIT (adj)	13.4	12.4	8.6	8.7	8.2	7.5
<b>VALUATION RATIOS - REPORTED EARNINGS</b>						
EURm	2019	2020	2021	2022E	2023E	2024E
P/E	20.5	17.7	2.3	13.6	10.9	10.5
EV/Sales	4.1	3.8	3.8	4.0	3.5	3.3
EV/EBITDA	11.8	11.1	8.4	8.3	8.0	7.3
EV/EBITA	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
EV/EBIT	13.4	12.4	8.6	8.7	8.2	7.5
Dividend yield (ord.)	1.9%	16.3%	3.6%	4.2%	5.3%	5.8%
FCF yield	-1.2%	0.0%	36.9%	10.6%	7.1%	13.2%
FCF Yield bef A&D, lease adj	3.0%	0.0%	40.3%	9.7%	8.1%	9.1%
Payout ratio	38.9%	287.1%	24.9%	144.2%	103.7%	105.8%

Source: Company data and Nordea estimates

**BALANCE SHEET**

EURm	2019	2020	2021	2022E	2023E	2024E
Intangible assets	7	7	1	1	1	1
of which R&D	0	0	0	0	0	0
of which other intangibles	1	2	0	0	0	0
of which goodwill	5	5	1	1	1	1
Tangible assets	4	3	1	2	4	4
of which leased assets	0	0	0	0	0	0
Shares associates	16	31	50	55	57	45
Interest bearing assets	0	0	0	0	0	0
Deferred tax assets	2	2	2	2	2	2
Other non-IB non-current assets	155	162	169	161	163	165
Other non-current assets	18	14	14	14	14	14
Total non-current assets	202	219	237	235	240	232
Inventory	0	0	0	0	0	0
Accounts receivable	23	11	17	14	16	17
Short-term leased assets	0	0	0	0	0	0
Other current assets	0	0	0	0	0	0
Cash and bank	37	32	59	46	39	50
Total current assets	60	44	76	60	55	67
Assets held for sale	8	5	5	3	1	0
<b>Total assets</b>	<b>270</b>	<b>268</b>	<b>319</b>	<b>298</b>	<b>296</b>	<b>299</b>
Shareholders equity	126	132	229	207	205	207
Of which preferred stocks	0	0	0	0	0	0
Of which equity part of hybrid debt	0	0	0	0	0	0
Minority interest	0	1	1	1	1	1
Total Equity	126	133	230	208	206	208
Deferred tax	16	15	17	17	17	17
Long term interest bearing debt	76	n.a.	n.a.	n.a.	n.a.	n.a.
Pension provisions	0	0	0	0	0	0
Other long-term provisions	32	35	39	40	40	41
Other long-term liabilities	20	20	18	18	18	18
Non-current lease debt	0	0	0	0	0	0
Convertible debt	0	0	0	0	0	0
Shareholder debt	0	0	0	0	0	0
Hybrid debt	0	0	0	0	0	0
Total non-current liabilities	144	135	89	89	90	90
Short-term provisions	0	0	0	0	0	0
Accounts payable	0	0	0	0	0	0
Current lease debt	0	0	0	0	0	0
Other current liabilities	0	0	0	0	0	0
Short term interest bearing debt	0	0	0	0	0	0
Total current liabilities	0	0	0	0	0	0
Liabilities for assets held for sale	0	0	0	0	0	0
<b>Total liabilities and equity</b>	<b>270</b>	<b>268</b>	<b>319</b>	<b>298</b>	<b>296</b>	<b>299</b>
<b>Balance sheet and debt metrics</b>						
Net debt	38	32	-44	-31	-24	-36
of which lease debt	0	0	0	0	0	0
Working capital	23	11	17	14	16	17
Invested capital	225	230	254	248	256	248
Capital employed	201	198	245	223	221	223
ROE	18.5%	10.1%	75.5%	9.0%	11.9%	12.3%
ROIC	7.4%	10.5%	8.7%	9.5%	9.8%	8.2%
ROCE	20.6%	10.6%	14.3%	11.7%	13.4%	13.9%
Net debt/EBITDA	1.6	1.4	-1.4	-1.1	-0.8	-1.1
Interest coverage	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
Equity ratio	46.6%	49.3%	71.9%	69.5%	69.3%	69.4%
Net gearing	30.5%	24.4%	-19.4%	-15.1%	-11.6%	-17.2%

Source: Company data and Nordea estimates

**CASH FLOW STATEMENT**

EURm	2019	2020	2021	2022E	2023E	2024E
EBITDA (adj) for associates	23	23	34	22	31	32
Paid taxes	-3	0	-4	-6	-4	-4
Net financials	0	0	-2	-1	-1	-1
Change in provisions	0	0	0	0	0	0
Change in other LT non-IB	-122	-1	-4	8	-1	-1
Cash flow to/from associates	0	0	0	0	0	0
Dividends paid to minorities	-1	0	0	0	0	0
Other adj to reconcile to cash flow	118	-23	107	0	0	0
<b>Funds from operations (FFO)</b>	<b>15</b>	<b>0</b>	<b>130</b>	<b>23</b>	<b>24</b>	<b>25</b>
Change in NWC	-7	0	-1	3	-2	-1
<b>Cash flow from operations (CFO)</b>	<b>9</b>	<b>0</b>	<b>129</b>	<b>26</b>	<b>22</b>	<b>25</b>
Capital expenditure	-2	0	-2	0	0	0
Free cash flow before A&D	7	0	128	26	22	24
Proceeds from sale of assets	0	0	0	5	3	11
Acquisitions	-10	0	-11	-3	-6	0
Free cash flow	-3	0	117	28	19	35
<b>Free cash flow bef A&amp;D, lease adj</b>	<b>7</b>	<b>0</b>	<b>128</b>	<b>26</b>	<b>22</b>	<b>24</b>
Dividends paid	-8	0	-37	-34	-28	-25
Equity issues / buybacks	0	0	0	0	0	0
Net change in debt	14	0	-50	0	0	0
Other financing adjustments	0	0	0	-8	2	2
Other non-cash adjustments	35	-5	-3	0	0	0
Change in cash	37	-5	27	-13	-7	12
<b>Cash flow metrics</b>						
Capex/D&A	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
Capex/Sales	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
<b>Key information</b>						
Share price year end (/current)	8	8	11	9	9	9
Market cap.	238	230	317	239	214	187
Enterprise value	277	263	273	209	191	152
Diluted no. of shares, year-end (m)	28.3	28.3	28.3	28.3	28.3	28.3

Source: Company data and Nordea estimates

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**Completion Date**

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