

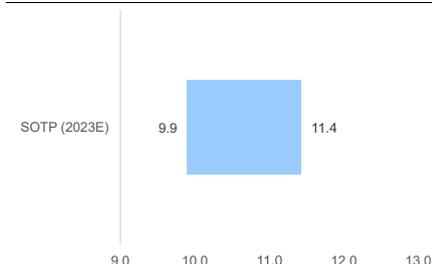
KEY DATA

Stock country	Finland
Bloomberg	TAALA FH
Reuters	TAALA.HE
Share price (close)	EUR 10.34
Free Float	72%
Market cap. (bn)	EUR 0.29/EUR 0.29
Website	taaleri.com
Next report date	16 Aug 2023

PERFORMANCE



VALUATION APPROACH (EUR/SHARE)



ESTIMATE CHANGES

Year	2023E	2024E	2025E
Sales	-1%	0%	0%
EBIT (adj)	-3%	-2%	-3%

Source: Nordea estimates

Demand for renewables holding up

Taaleri's Q1 was underpinned by the strong performance of Garantia, but higher-than-expected costs within renewable energy. Garantia's insurance service result was up 44% y/y, with insurance revenue up 13% y/y. Renewable energy earnings continued on a positive trajectory and were up 12% y/y, but the cost base increased notably y/y, partly due to a EUR 0.4m higher variable pay reservation. SolarWind III should have its first close in Q2, although the company did not specify a target for this. The final target remains at EUR 700m, double the size of SolarWind II. In addition, Taaleri announced preparations for a next Bio fund, for investing in startups. We maintain our fair value range of EUR 9.9-11.4 per share.

Undramatic Q1 – SolarWind III first closing in Q2

Taaleri's total Q1 income was EUR 9.3m according to segment reporting, bang in line with our estimate. Continuing earnings came in 11% above our estimate and grew 24% y/y, driven by the strong performance in Garantia. Insurance service was up by 44% y/y, although this is partly explained by a EUR 0.4m contract loss in the comparison period. Insurance revenue was up 13% y/y, leading to 20% higher total income from Strategic investments than we had modelled. Private asset management continuing earnings came in 1% above our estimate and grew 14% y/y. However, the cost base was larger than we had estimated, partly explained by a EUR 0.4m y/y higher variable pay reservation. Private asset management EBIT was EUR -0.8m, while we anticipated EUR -0.1m. SolarWind III should have its first close in Q2, for which we expect EUR 200m in commitments. Bioindustry started to prepare for a new startup fund in Q1, although its size is likely to remain below EUR 50m if the company proceeds with its plans.

Underlying estimates largely intact

We lower 2023E-25E EBIT by 2-3% owing to higher-than-anticipated costs. We note Garantia's strong performance, although we expect growth to ease and the combined ratio to increase slightly in Q2-Q4. We model a 26.1% combined ratio for 2023.

Fair value range of EUR 9.9-11.4

We maintain our fair value range of EUR 9.9-11.4, based on a SOTP valuation using our 2023 estimates. Due to the current ramping up, Taaleri should reach its full earnings potential after 2023, in our view.

Nordea IB & Equity - Analysts

Joni Sandvall
AnalystSvante Krokfors
Director

SUMMARY TABLE - KEY FIGURES

EURm	2019	2020	2021	2022	2023E	2024E	2025E
Total revenue	67	69	73	57	66	70	62
EBITDA (adj)	23	24	32	31	31	34	26
EBIT (adj)	21	21	32	30	30	33	25
EBIT (adj) margin	30.8%	30.3%	43.6%	52.5%	45.8%	47.3%	39.9%
EPS (adj, EUR)	0.41	0.46	4.81	0.83	0.84	0.93	0.69
EPS (adj) growth	n.a.	11.8%	947.1%	-82.8%	2.2%	10.5%	-25.6%
DPS (ord, EUR)	0.16	1.32	0.40	0.45	0.45	0.50	0.55
EV/Sales	4.1	3.8	3.8	4.9	3.9	3.4	3.8
EV/EBIT (adj)	13.4	12.4	8.6	9.4	8.5	7.3	9.6
P/E (adj)	20.5	17.7	2.3	13.5	12.2	11.1	14.9
P/BV	1.9	1.7	1.4	1.6	1.4	1.4	1.4
Dividend yield (ord)	1.9%	16.3%	3.6%	4.0%	4.4%	4.8%	5.3%
FCF Yield bef A&D, lease adj	3.0%	0.0%	40.3%	11.5%	6.4%	8.1%	7.8%
Net debt	38	32	-44	-38	-36	-52	-53
Net debt/EBITDA	1.6	1.4	-1.4	-1.2	-1.2	-1.5	-2.1
ROIC after tax	14.8%	7.4%	10.5%	9.5%	9.6%	10.5%	8.1%

Source: Company data and Nordea estimates

Q1 2023 results and deviation

Taaleri reported Q1 EBIT of EUR 1.6m, 6% below Refinitiv consensus of EUR 1.7m. We note Taaleri's adoption of IFRS 17, which consensus might not yet fully reflect (visible mainly in the top line). Based on segment reporting, Q1 total income was EUR 9.3m, bang in line with our estimate. Recurring revenues were EUR 9.8m in Q1, beating our estimate by 11% and driven by a strong performance in Garantia. Investment operations income of EUR -0.6m was clearly below our estimate of EUR 0.4m. There was no carry in Q1 (in line with our assumption). Private asset management EBIT was clearly below our estimate due to higher personnel and direct costs in Renewable energy. Private asset management recurring revenues were 1% above our estimate while, due to negative fair value changes, total income was 5% below our forecast (driven by a negative FX impact from the US wind power project). Garantia's loan losses continued to be at a low level (2.5%), while insurance service revenue was up by 44% y/y (we had anticipated a 20% y/y increase). Insurance revenues were up by 13% y/y, while insurance service expenses were down by 33% y/y. The combined ratio continued to strengthen and was 24.3% in Q1. Solvency was at 235%. Private asset management AuM was flat q/q, at EUR 2.5bn (EUR 2.3bn in Q1 2022). SolarWind III is expected to reach first closing in Q2 2023 with a final target of EUR 700m in commitments.

Private asset management below our estimate due to higher costs

Taaleri's private asset management total income was EUR 5.2m and came in 5% below our estimate.

Recurring revenues of EUR 5.6m were 1% above our estimate of EUR 5.5m.

Private asset management EBIT came in at EUR -0.8m, below our estimate of EUR -0.1m, driven by higher costs and EUR -0.3m in investment losses (our estimate: EUR 0m).

AuM was flat q/q, at EUR 2.5bn, slightly below our estimate of EUR 2.6bn and up 7% y/y from EUR 2.3bn in Q1 2022.

Renewable energy recurring revenues were EUR 3.9m (our forecast: EUR 3.8m), up 12% y/y. Q1 EBIT was EUR -0.3m (our estimate: EUR 0.6m). Income was burdened by EUR -0.3m from investment operations (we expected EUR 0m), related to FX in the holding of the US wind project. Personnel expenses were up 21% y/y.

Other private asset management operating income was EUR 1.6m (our forecast: EUR 1.7m), while EBIT was EUR -0.5m (our estimate: EUR -0.7m).

Garantia's combined ratio continues to strengthen – high solvency

Taaleri's guarantee insurance company, Garantia, reported a EUR 3.8m insurance service result, 27% above our estimate. Insurance revenues were up 13% y/y while costs were down 33% y/y. Investment gains were EUR 0.3m (we expected EUR 0.4m), with a EUR -0.7m impact from the Aktia shareholding. We note the transition to IFRS 17, which has decreased Garantia's total income and other operating expenses.

The combined ratio was strong, at 24.3%. The solvency ratio was 235%.

Garantia's insurance portfolio was down 1% y/y, to EUR 1,838m (our estimate: EUR 1,842m), driven by a 1% y/y decline in consumer and corporate exposures.

Guidance and fund pipeline

Taaleri does not provide a short-term outlook. The company expects SolarWind III to have first closing in Q1 2023. SolarWind III will be based on the project development portfolio, with 35 targeted projects at the end of Q1. The company targets a size of EUR 700m for SolarWind III in final close.

Q1 2023 DEVIATION TABLE (EURm; EPS IN EUR)

EURm	Actual	NDA est.	Deviation		Consensus	Deviation		Actual		Actual	
	Q1 2023	Q1 2023E	vs. actual	2%	Q1 2023E	vs. actual	Q4 2022	q/q	Q1 2022	y/y	
Sales	10.1	10.0	0.2	2%	12.0	-1.9	-15%	19.1	-47%	6.8	50%
EBIT	1.6	2.1	-0.6	-27%	1.7	-0.1	-6%	7.2	-78%	-1.0	-251%
EBIT margin	15.4%	21.3%	n.m.		13.9%	n.m.		37.9%	-22.5pp	-15.3%	30.7pp
PTP	0.6	1.9	-1.3	-67%	2.0	-1.4	-69%	7.0	-91%	-1.3	-148%
PTP margin	6.2%	18.8%	n.m.		16.7%	n.m.		36.6%	-30.5pp	-19.2%	25.3pp
Adj. EPS	0.02	0.06	-0.04	-65%	0.06	0.00	-64%	0.20	-90%	-0.03	-176%
EPS	0.02	0.06	-0.04	-65%	0.06	0.00	-64%	0.20	-90%	-0.03	-176%
Segment reporting											
Recurring revenues											
Private asset management	5.6	5.5	0.1	1%				5.7	-2%	4.9	14%
Strategic investments	3.9	3.1	0.8	27%				4.6	-15%	2.5	52%
Other	0.4	0.4	0.1	17%				0.4	17%	0.5	-22%
TOTAL	9.8	8.9	1.0	11%				10.6	-7%	8.0	24%
Total income											
Private asset management	5.2	5.5	-0.3	-5%				18.9	-72%	5.3	-2%
Strategic investments	4.1	3.5	0.7	20%				1.8	127%	-1.2	-458%
Other	-0.1	0.4	-0.4	-125%				-4.5	-98%	1.7	-105%
TOTAL	9.3	9.3	0.0	0%				16.2	-43%	5.8	59%
EBIT											
Private asset management	-0.8	-0.1	-0.7	824%				12.3	-106%	0.0	79700%
Strategic investments	3.7	3.3	0.5	14%				1.7	115%	-1.3	-376%
Other	-1.4	-1.0	-0.3	33%				-6.8	-80%	0.3	-560%
TOTAL	1.6	2.1	-0.6	-27%				7.2	-78%	-1.1	-248%
EBIT margin											
Private asset management	-15.3%	-1.6%	-13.7pp					65.3%	-80.7pp	0.0%	-15.3pp
Strategic investments	90.3%	94.2%	-4pp					95.0%	n.m.	116.8%	-27pp
Other	1575.9%	-289.3%	1865pp					152.9%	1423pp	18.0%	1558pp
TOTAL	16.8%	23.1%	-6.2pp					44.6%	-27.7pp	-18.1%	34.9pp

Source: Company data, Refinitiv and Nordea estimates

Estimate revisions

ESTIMATE REVISIONS AFTER THE Q1 2023 REPORT (EPS/DPS IN EUR)

EURm	New estimates				Old estimates				Difference %			
	Q2 2023E	2023E	2024E	2025E	Q2 2023E	2023E	2024E	2025E	Q2 2023E	2023E	2024E	2025E
Sales	12.5	65.7	69.9	62.5	12.3	66.2	70.1	62.6	2%	-1%	0%	0%
EBIT	4.1	30.1	33.1	24.9	3.9	31.2	33.8	25.7	5%	-3%	-2%	-3%
EBIT margin	33%	45.8%	47.3%	39.9%	32.1%	47.1%	48.3%	41.0%	0.8pp	-1.3pp	-1.0pp	-1.1pp
PTP	3.9	29.0	32.0	23.8	3.7	30.1	32.7	24.6	5%	-4%	-2%	-3%
PTP margin	31%	44.1%	45.8%	38.1%	30.1%	45.4%	46.7%	39.3%	0.9pp	-1.3pp	-1.0pp	-1.1pp
Adj. EPS	0.12	0.84	0.93	0.69	0.11	0.90	0.98	0.74	5%	-6%	-5%	-6%
EPS	0.12	0.84	0.93	0.69	0.11	0.9	1.0	0.7	5%	-6%	-5%	-6%
DPS		0.70	0.75	0.80		0.75	0.80	0.85		-7%	-6%	-6%
Segment reporting	Q2 2023E	2023E	2024E	2025E	Q2 2023E	2023E	2024E	2025E	Q2 2023E	2023E	2024E	2025E
Recurring revenues												
Private asset management	6.8	26.3	29.5	30.7	6.7	26.3	29.5	30.7	1%	0%	0%	0%
Strategic investments	3.6	14.7	15.3	15.8	3.5	14.8	15.5	16.0	3%	-1%	-1%	-1%
Other	0.4	1.9	2.1	2.1	0.4	1.9	2.1	2.1	17%	0%	0%	0%
TOTAL	10.8	42.8	46.9	48.5	10.6	42.9	47.1	48.7	2%	0%	0%	0%
Total income												
Private asset management	6.8	40.7	42.9	36.8	6.7	40.7	42.9	36.8	1%	0%	0%	0%
Strategic investments	4.6	18.1	19.4	20.0	4.5	18.2	19.7	20.3	2%	-1%	-1%	-1%
Other	0.4	3.4	4.1	2.1	0.4	3.9	4.1	2.1	17%	-13%	0%	0%
TOTAL	11.8	62.2	66.4	58.9	11.6	62.8	66.6	59.1	2%	-1%	0%	0%
Operating profit												
Private asset management	1.0	16.5	17.7	11.0	0.9	16.9	18.0	11.4	4%	-2%	-2%	-3%
Strategic investments	4.4	17.2	18.5	19.1	4.4	17.5	18.9	19.6	2%	-2%	-2%	-3%
Other	-1.3	-3.8	-3.3	-5.4	-1.3	-3.3	-3.3	-5.4	-5%	15%	0%	0%
TOTAL	4.1	29.9	32.9	24.7	4.0	31.1	33.7	25.6	5%	-4%	-2%	-3%
Operating profit margin												
Private asset management	14.1%	40.6%	41.2%	29.9%	13.7%	41.5%	42.0%	30.9%	0.4pp	-0.9pp	-0.9pp	-1.0pp
Strategic investments	96.4%	94.9%	95.1%	95.1%	96.5%	96.2%	96.4%	96.4%	-0.1pp	-1.3pp	-1.3pp	-1.3pp
Other	-305.8%	-113.7%	-80.2%	-259.7%	-375.5%	-86.0%	-80.2%	-259.7%	70pp	-28pp	0pp	0pp
TOTAL	35.0%	48.1%	49.5%	41.9%	34.1%	49.5%	50.6%	43.2%	0.9pp	-1.4pp	-1.1pp	-1.3pp

Source: Nordea estimates

Valuation

We calculate a SOTP-derived fair value range of EUR 9.0-11.4 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 9.9-11.4 fair value range

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

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

We derive two different peer groups for Taaleri: one for renewable energy and another for other private asset management. Although there are multiple Finnish peers for Taaleri, we are hesitant to use a broad peer group due to insufficient coverage of these names. Hence, our peer group for other private asset management consists of 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	
Ox2 Ab (Publ)	Sweden	79.5	1,912	-373	33.3	15.2	18.3	58.2	19.5	29.1	0.0 %	0.0 %	
Abo Wind Ag	Germany	72.2	666	89	36.0	19.7	19.8	48.1	27.0	28.2	0.7 %	0.7 %	
Capman Oyj	Finland	2.6	414	45	10.3	8.6	12.1	12.5	10.5	14.6	5.7 %	6.1 %	
Eq2 Ab	Sweden	209.7	21,938		54.2	31.6	17.1	18.3	29.2	18.1	2.2 %	1.6 %	
Acciona Sa	UK	167.6	9,174	6,681	16.3	11.9	12.6	27.6	20.8	17.7	2.4 %	2.6 %	
Energiekontor Ag	UK	71.7	1,003	272	20.4	15.7	14.3	28.5	22.7	20.3	1.1 %	1.2 %	
Eolus Vind Ab (Publ)	UK	78.7	164	-18		30.4	6.8			9.8	2.0 %	2.4 %	
Pne Ag	UK	14.3	1,094	446	116.5	248.9	52.4	43.3	71.4		0.3 %	0.3 %	
Scatec Asa	Norway	68.1	917	1,919	19.9	46.5	14.2	23.5		18.1	2.6 %	3.7 %	
Median			1,003	180	26.8	19.7	14.3	28.0	22.7	18.1	2.0 %	1.6 %	
Average			4,142	1,133	38.4	47.6	18.6	32.5	28.7	19.5	1.9 %	2.1 %	
Nordea													
Taaleri Oyj	Finland	10.4	295	32	8.6	9.4	8.6	2.3	13.5	12.3	10.7 %	6.3 %	
Discount/premium					-68%	-53%	-40%	-92%	-40%	-32%	437%	286%	

Note: share prices as of 2 May

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	2.6	414	45	10.3	8.6	12.1	12.5	10.5	14.6	5.7 %	6.1 %	
Eq Oyj	Finland	18.9	762	5	20.2	23.9	16.2	20.3	21.7	20.3	5.2 %	5.5 %	
Aktia Bank Abp	Finland	9.2	665					9.7	12.8	8.6	5.9 %	4.9 %	
Median			665	25	15.3	16.3	14.1	12.5	12.8	14.6	5.7 %	5.5 %	
Average			614	25	15.3	16.3	14.1	14.2	15.0	14.5	5.6 %	5.5 %	
Nordea													
Taaleri Oyj	Finland	10.4	295	32	8.6	9.4	8.6	2.3	13.5	12.3	10.7 %	6.3 %	
Discount/premium					-44%	-43%	-39%	-81%	6%	-15%	88%	14%	

Note: share prices as of 2 May

Source: Refinitiv and Nordea estimates

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

Based on our 2023 EBIT estimate for renewable energy excluding performance fees (EUR 7m) and accepted valuation multiples of 13-16x, we derive a fair value range of EUR 48-59m for renewable energy. In addition, we derive a fair value range of EUR 22-33m 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 70-92m.

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 that Garantia could pay all of its annual profits to Taaleri. We model a EUR 11m dividend from Garantia to Taaleri in 2023 and an annual EUR 1m increase in dividends until 2026, after which we expect a 1.5-3.0% annual dividend increase for terminal value. We use a 9.8% cost of equity as a discount factor. Based on this approach, we arrive at a fair value range of EUR 152-176m for Garantia. We note that Garantia paid a EUR 10m dividend to Taaleri from 2022.

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

We also deduct group costs and add investments at book value (as of Q1 2023), Aktia shares (0.97 million) at the current market value (EUR 9.2 as of 2 May), 2023E net cash (EUR 36m) and 2023E dividends (EUR 20m) to derive our equity fair value range of EUR 280-323m for Taaleri. As there are 28.3 million shares outstanding, we derive a fair value range of EUR 9.9-11.4 per Taaleri share.

SOTP VALUATION FOR TAALERI (EURm AND EUR)

Based on 2023 estimates	Share	Sales	EBIT	Valuation method	EV Range
Private asset management		40.7	14.5	EV/EBIT 5.4x - 7.3x	79 - 107
Renewable energy (excl. performance fees and investments)	79%	28.5	4.7	EV/EBIT 13x - 16x	48 - 59
Performance fees	79%		7.0	EV/EBIT 4x - 6x	22 - 33
Other private asset management (ex. performance fees)	100%	12.2	-2.6	EV/EBIT 5x - 7x	-13 - -18
Performance fees	100%		5.4	EV/EBIT 4x - 6x	22 - 33
Strategic investments (Garantia)	100%	18.1	17.2	DDM	152 - 176
Other excl. investment operations	100%	3.4	-5.3	EV/EBIT 7.7x - 9.2x	-41 to -49
Investments	100%			Book value Q1 23	25
TOTAL			26.4	EV/EBIT 8.2x - 9.8x	216 - 259
Aktia shares				As of 2 May 2023	9
Net cash 2023E					36
2023E dividends					20
Equity value					280 - 323
Number of shares (m)					28.3
Equity per share, EUR					9.9 - 11.4

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	Q122	Q222	Q322	Q422	Q123	Q223E	Q323E	Q423E	2021	2022	2023E	2024E	2025E
Income													
Recurring revenues													
Private asset management	4.9	4.8	5.3	5.7	5.6	6.8	6.8	7.1	20.1	20.7	26.3	29.5	30.7
Renewable energy	3.5	3.6	3.7	3.8	3.9	5.2	5.2	5.2	15.2	14.6	19.5	23.1	24.2
Other private asset management	1.4	1.3	1.6	1.9	1.6	1.6	1.6	1.9	4.9	6.1	6.8	6.4	6.4
Strategic investments (Garantia)	2.5	3.3	3.3	4.6	3.9	3.6	3.5	3.8	17.6	13.7	14.7	15.3	15.8
Other	0.5	0.7	0.7	0.4	0.4	0.4	0.4	0.6	3.0	2.4	1.9	2.1	2.1
TOTAL	8.0	8.9	9.4	10.6	9.8	10.8	10.7	11.5	40.7	36.8	42.8	46.9	48.5
Recurring revenues growth y/y													
Private asset management	16%	-14%	10%	4%	14%	40%	28%	26%	9%	3%	27%	12%	4%
Renewable energy	10%	-17%	4%	-10%	12%	45%	40%	38%	6%	-4%	34%	18%	5%
Other private asset management	33%	-5%	28%	48%	19%	27%	0%	2%	17%	25%	10%	-5%	0%
Strategic investments (Garantia)	-29%	-28%	-16%	-17%	52%	10%	5%	-18%	20%	-22%	7%	4%	3%
Other	-51%	-23%	63%	-24%	-22%	-43%	-44%	74%	9%	-20%	-21%	11%	0%
TOTAL	-11%	-21%	2%	-7%	24%	22%	14%	9%	13%	-10%	17%	9%	3%
Total income													
Private asset management	5.3	5.8	12.6	18.9	5.2	6.8	6.8	21.9	31.0	42.6	40.7	42.9	36.8
Renewable energy	3.8	4.3	4.5	13.1	3.6	5.2	5.2	14.5	22.0	25.8	28.5	35.5	29.2
Other private asset management	1.5	1.5	8.1	5.8	1.6	1.6	1.6	7.4	9.0	16.8	12.2	7.4	7.5
Strategic investments (Garantia)	-1.2	-1.8	4.9	1.8	4.1	4.6	4.5	4.9	30.3	3.8	18.1	19.4	20.0
Other	1.7	7.1	8.3	-4.5	-0.1	0.4	0.4	2.6	8.4	12.6	3.4	4.1	2.1
TOTAL	5.8	11.1	25.8	16.2	9.3	11.8	11.7	29.5	69.7	58.9	62.2	66.4	58.9
Income growth y/y													
Private asset management	3%	9%	192%	16%	-2%	17%	-46%	16%	41%	37%	-4%	5%	-14%
Renewable energy	-5%	1%	26%	29%	-5%	19%	15%	11%	27%	17%	11%	25%	-18%
Other private asset management	28%	41%	998%	-5%	5%	11%	-80%	28%	98%	87%	-27%	-39%	2%
Strategic investments (Garantia)	-116%	-125%	-25%	-81%	-458%	-359%	-9%	171%	76%	-87%	378%	7%	3%
Other	13%	313%	478%	-219%	-105%	-94%	-95%	-159%	819%	50%	-73%	21%	-49%
TOTAL	-57%	-22%	109%	-45%	59%	6%	-55%	82%	74%	-15%	6%	7%	-11%
EBIT													
Private asset management	0.0	-0.7	7.0	12.3	-0.8	1.0	1.1	15.3	7.5	18.6	16.5	17.7	11.0
Renewable energy	0.6	0.4	1.5	9.0	-0.3	1.6	1.8	10.6	7.6	11.5	13.7	19.9	13.5
Other private asset management	-0.6	-1.1	5.5	3.3	-0.5	-0.7	-0.7	4.7	-0.2	7.1	2.9	-2.3	-2.5
Strategic investments (Garantia)	-1.3	-1.9	4.7	1.7	3.7	4.4	4.2	4.8	24.4	3.1	17.2	18.5	19.1
Other	0.3	5.5	6.6	-6.8	-1.4	-1.3	-1.2	0.0	-1.0	5.5	-3.8	-3.3	-5.4
TOTAL	-1.1	2.8	18.3	7.2	1.6	4.1	4.1	20.1	30.8	27.3	29.9	32.9	24.7
EBIT margin													
Private asset management	0.0%	-12.1%	55.7%	65.3%	-15.3%	14.1%	16.4%	69.6%	24.0%	43.8%	40.6%	41.2%	29.9%
Renewable energy	17.0%	8.7%	33.4%	68.7%	-8.3%	31.3%	34.3%	72.9%	34.5%	44.7%	48.0%	56.2%	46.0%
Other private asset management	-43%	-74.3%	68.2%	57.9%	-31.3%	-41.1%	-41.1%	63.3%	-1.7%	42.3%	23.5%	-30.4%	-32.7%
Strategic investments (Garantia)	117%	109%	95.7%	95.0%	90.2%	96.4%	95.1%	97.2%	80.5%	82.9%	94.9%	95.1%	95.1%
Other	18%	76.5%	79.8%	153%	1576%	-306%	-293%	1%	-12.0%	43.9%	-114%	-80.2%	-260%
TOTAL	-18%	25.3%	71.1%	44.6%	16.8%	35.0%	35.4%	68.2%	44.2%	46.3%	48.1%	49.5%	41.9%
EBIT excluding investments and performance fees													
Private asset management	-0.4	-1.7	-0.2	-0.9	-0.5	1.0	1.1	0.5	-3.4	-3.2	2.1	4.3	4.9
Renewable energy	0.4	-0.4	0.7	-0.4	0.0	1.6	1.8	1.2	0.8	0.3	4.7	7.5	8.5
Other private asset management	-0.8	-1.3	-0.9	-0.5	-0.5	-0.7	-0.7	-0.8	-4.2	-3.5	-2.6	-3.3	-3.6
Strategic investments (Garantia)	2.4	3.1	3.1	4.5	3.5	3.4	3.2	3.6	11.7	13.1	13.8	14.4	14.8
Other	-0.8	-0.9	-0.9	-2.0	-0.9	-1.3	-1.2	-2.0	-6.4	-4.7	-5.3	-5.3	-5.4
TOTAL	1.1	0.5	1.9	1.6	2.1	3.1	3.1	2.1	1.8	5.1	10.5	13.4	14.3

Source: Company data and Nordea estimates

DETAILED ESTIMATES: IFRS REPORTING

IFRS reporting, EURm	Q122	Q222	Q322	Q422	Q123	Q223E	Q323E	Q423E	2021	2022	2023E	2024E	2025E
Total income	6.8	12.2	18.8	19.1	10.1	12.5	12.4	30.7	72.6	56.8	65.7	69.9	62.5
growth y/y	-44%	-28%	42%	-37%	50%	3%	-34%	61%	5%	-22%	16%	6%	-11%
Costs	-8.0	-9.6	-0.7	-12.1	-8.9	-8.6	-8.5	-11.1	-46.2	-27.8	-36.7	-37.9	-38.6
growth y/y	8%	-33%	-92%	-24%	10%	-10%	1203%	-8%	-11%	-40%	32%	3%	2%
Operating profit	-1.3	2.6	18.1	7.0	1.3	3.9	3.9	19.6	26.4	29.0	29.0	32.0	23.8
margin %	-19%	21%	97%	37%	13%	31%	31%	64%	36%	51%	44%	46%	38%
Taxes	0.2	-0.7	-3.4	-1.3	-0.7	-0.6	-0.6	-2.9	-5.2	-5.1	-5.1	-5.6	-4.2
Profit (continuing operations)	-1.4	1.9	14.4	5.7	0.6	3.3	3.3	16.7	21.2	23.4	23.9	26.4	19.7
Profit (discontinued operations)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	114.9	0.0	0.0	0.0	0.0
Profit for the period	-1.4	1.9	14.4	5.7	0.6	3.3	3.3	16.7	136.1	23.4	23.9	26.4	19.7
EPS (continuing operations), EUR	-0.05	0.07	0.51	0.20	0.02	0.12	0.12	0.59	0.75	0.83	0.84	0.93	0.69
EPS, EUR	-0.04	0.07	0.52	0.20	0.02	0.12	0.12	0.59	4.81	0.83	0.84	0.93	0.69
DPS (ordinary)									0.40	0.45	0.45	0.50	0.55
DPS (extra)									0.80	0.25	0.25	0.25	0.25
DPS (total)									1.20	0.70	0.70	0.75	0.80

Source: Company data and Nordea estimates

Main risks

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

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

Reported numbers and forecasts

INCOME STATEMENT

EURm	2019	2020	2021	2022	2023E	2024E	2025E
Total revenue	67	69	73	57	66	70	62
Revenue growth	n.a.	3.3%	4.6%	-21.9%	15.8%	6.4%	-10.7%
of which organic	n.a.						
of which FX	n.a.						
EBITDA	23	24	32	31	31	34	26
Depreciation and impairments PPE	-3	-3	-1	-1	-1	-1	-1
of which leased assets	0	0	0	0	0	0	0
EBITA	n.a.						
Amortisation and impairments	0	0	0	0	0	0	0
EBIT	21	21	32	30	30	33	25
of which associates	0	0	-1	6	-1	-1	-1
Associates excluded from EBIT	0	0	0	0	0	0	0
Net financials	-3	-3	-2	-1	-1	-1	-1
of which lease interest	0	0	0	0	0	0	0
Changes in value, net	-1	0	-3	0	0	0	0
Pre-tax profit	17	18	26	29	29	32	24
Reported taxes	-5	-4	-5	-5	-5	-6	-4
Net profit from continued operations	12	13	21	24	24	26	20
Discontinued operations	0	0	115	0	0	0	0
Minority interests	0	0	0	-1	0	0	0
Net profit to equity	12	13	136	23	24	26	20
EPS, EUR	0.41	0.46	4.81	0.83	0.84	0.93	0.69
DPS, EUR	0.16	1.32	1.20	0.70	0.70	0.75	0.80
of which ordinary	0.16	1.32	0.40	0.45	0.45	0.50	0.55
of which extraordinary	0.00	0.00	0.80	0.25	0.25	0.25	0.25

Profit margin in percent

EBITDA	34.8%	34.0%	44.7%	54.6%	46.7%	48.2%	40.8%
EBITA	n.a.						
EBIT		30.3%	43.6%	52.5%	45.8%	47.3%	39.9%

Adjusted earnings

EBITDA (adj)	23	24	32	31	31	34	26
EBITA (adj)	n.a.						
EBIT (adj)	21	21	32	30	30	33	25
EPS (adj, EUR)	0.41	0.46	4.81	0.83	0.84	0.93	0.69

Adjusted profit margins in percent

EBITDA (adj)	34.8%	34.0%	44.7%	54.6%	46.7%	48.2%	40.8%
EBITA (adj)	n.a.						
EBIT (adj)	30.8%	30.3%	43.6%	52.5%	45.8%	47.3%	39.9%

Performance metrics

CAGR last 5 years							
Net revenue	n.a.	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.	n.a.
EBIT	n.a.	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.	n.a.
DPS	n.m.	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.	40.6%	43.9%	45.8%
Average EBITDA margin	n.a.	n.a.	n.a.	n.a.	42.9%	45.6%	47.0%

VALUATION RATIOS - ADJUSTED EARNINGS

EURm	2019	2020	2021	2022	2023E	2024E	2025E
P/E (adj)	20.5	17.7	2.3	13.5	12.2	11.1	14.9
EV/EBITDA (adj)	11.8	11.1	8.4	9.0	8.4	7.1	9.4
EV/EBITA (adj)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
EV/EBIT (adj)	13.4	12.4	8.6	9.4	8.5	7.3	9.6

VALUATION RATIOS - REPORTED EARNINGS

EURm	2019	2020	2021	2022	2023E	2024E	2025E
P/E	20.5	17.7	2.3	13.5	12.2	11.1	14.9
EV/Sales	4.1	3.8	3.8	4.9	3.9	3.4	3.8
EV/EBITDA	11.8	11.1	8.4	9.0	8.4	7.1	9.4
EV/EBITA	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
EV/EBIT	13.4	12.4	8.6	9.4	8.5	7.3	9.6
Dividend yield (ord.)	1.9%	16.3%	3.6%	4.0%	4.4%	4.8%	5.3%
FCF yield	-1.2%	0.0%	36.9%	8.6%	5.5%	11.8%	6.9%
FCF Yield bef A&D, lease adj	3.0%	0.0%	40.3%	11.5%	6.4%	8.1%	7.8%
Payout ratio	38.9%	287.1%	24.9%	84.7%	82.9%	80.4%	115.2%

Source: Company data and Nordea estimates

BALANCE SHEET

EURm	2019	2020	2021	2022E	2023E	2024E	2025E
Intangible assets	7	7	1	0	0	1	1
of which R&D	0	0	0	0	0	0	0
of which other intangibles	1	2	0	0	0	0	0
of which goodwill	5	5	1	0	0	0	0
Tangible assets	4	3	1	0	0	0	0
of which leased assets	0	0	0	0	0	0	0
Shares associates	16	31	50	48	50	39	41
Interest bearing assets	0	0	0	0	0	0	0
Deferred tax assets	2	2	2	3	3	3	3
Other non-IB non-current assets	155	162	167	153	155	156	158
Other non-current assets	18	14	14	13	13	13	13
Total non-current assets	202	219	235	218	222	212	216
Inventory	0	0	0	0	0	0	0
Accounts receivable	23	11	17	28	33	35	31
Short-term leased assets	0	0	0	0	0	0	0
Other current assets	0	0	0	0	0	0	0
Cash and bank	37	32	59	53	51	68	68
Total current assets	60	44	76	82	84	103	99
Assets held for sale	8	5	5	0	0	0	0
Total assets	270	268	317	300	306	315	315
Shareholders equity	126	132	227	200	206	214	214
Of which preferred stocks	0	0	0	0	0	0	0
Of which equity part of hybrid debt	0	0	0	0	0	0	0
Minority interest	0	1	1	0	0	0	0
Total Equity	126	133	228	201	206	215	215
Deferred tax	16	15	16	17	17	17	17
Long term interest bearing debt	76	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Pension provisions	0	0	0	0	0	0	0
Other long-term provisions	32	35	41	47	47	48	48
Other long-term liabilities	20	20	17	21	21	21	21
Non-current lease debt	0	0	0	0	0	0	0
Convertible debt	0	0	0	0	0	0	0
Shareholder debt	0	0	0	0	0	0	0
Hybrid debt	0	0	0	0	0	0	0
Total non-current liabilities	144	135	89	99	100	100	101
Short-term provisions	0	0	0	0	0	0	0
Accounts payable	0	0	0	0	0	0	0
Current lease debt	0	0	0	0	0	0	0
Other current liabilities	0	0	0	0	0	0	0
Short term interest bearing debt	0	0	0	0	0	0	0
Total current liabilities	0	0	0	0	0	0	0
Liabilities for assets held for sale	0	0	0	0	0	0	0
Total liabilities and equity	270	268	317	300	306	315	315
Balance sheet and debt metrics							
Net debt	38	32	-44	-38	-36	-52	-53
of which lease debt	0	0	0	0	0	0	0
Working capital	23	11	17	28	33	35	31
Invested capital	225	230	252	247	255	247	247
Capital employed	201	198	242	216	222	230	230
ROE	18.5%	10.1%	75.9%	11.0%	11.8%	12.6%	9.2%
ROIC	7.4%	10.5%	9.5%	9.6%	10.5%	8.1%	4.4%
ROCE	20.6%	10.6%	14.4%	13.0%	13.8%	14.7%	10.8%
Net debt/EBITDA	1.6	1.4	-1.4	-1.2	-1.2	-1.5	-2.1
Interest coverage	n.m.						
Equity ratio	46.6%	49.3%	71.6%	66.7%	67.2%	68.0%	67.9%
Net gearing	30.5%	24.4%	-19.6%	-18.9%	-17.4%	-24.4%	-24.7%

Source: Company data and Nordea estimates

CASH FLOW STATEMENT

EURm	2019	2020	2021	2022E	2023E	2024E	2025E
EBITDA (adj) for associates	23	23	34	25	31	34	26
Paid taxes	-3	0	-4	-2	-5	-6	-4
Net financials	0	0	-2	-1	-1	-1	-1
Change in provisions	0	0	0	0	0	0	0
Change in other LT non-IB	-122	-1	-1	22	-1	-1	-1
Cash flow to/from associates	0	0	0	0	0	0	0
Dividends paid to minorities	-1	0	0	0	0	0	0
Other adj to reconcile to cash flow	118	-23	104	-8	0	0	0
Funds from operations (FFO)	15	0	130	36	24	26	20
Change in NWC	-7	0	-1	-8	-4	-2	4
Cash flow from operations (CFO)	9	0	129	28	19	24	23
Capital expenditure	-2	0	-2	8	-1	-1	-1
Free cash flow before A&D	7	0	128	36	19	24	23
Proceeds from sale of assets	0	0	0	0	3	11	0
Acquisitions	-10	0	-11	-9	-6	0	-3
Free cash flow	-3	0	117	27	16	35	20
Free cash flow bef A&D, lease adj	7	0	128	36	19	24	23
Dividends paid	-8	0	-37	-34	-20	-20	-21
Equity issues / buybacks	0	0	0	0	0	0	0
Net change in debt	14	0	-50	0	0	0	0
Other financing adjustments	0	0	0	0	2	2	2
Other non-cash adjustments	35	-5	-3	1	0	0	0
Change in cash	37	-5	27	-6	-2	16	1
Cash flow metrics							
Capex/D&A	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
Capex/Sales	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
Key information							
Share price year end (/current)	8	8	11	11	10	10	10
Market cap.	238	230	317	316	273	252	229
Enterprise value	277	263	273	279	237	200	177
Diluted no. of shares, year-end (m)	28.3	28.3	28.3	28.3	28.3	28.3	28.3

Source: Company data and Nordea estimates

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