

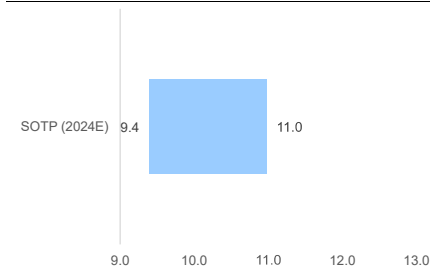
KEY DATA

Stock country	Finland
Bloomberg	TAALA.FH
Reuters	TAALA.HE
Share price (close)	EUR 8.70
Free float	72%
Market cap. (bn)	EUR 0.25/EUR 0.25
Website	taaleri.com
Next report date	20 Aug 2024

PERFORMANCE



VALUATION APPROACH



ESTIMATE CHANGES

Year	2024E	2025E	2026E
Sales	2%	-1%	-1%
EBIT (adj)	4%	-1%	-2%

Source: Nordea estimates

Nordea IB & Equity - Analysts

Joni Sandvall
AnalystSvante Krokfors
Director

Strong Q1 boosted by investment gains

Taaleri's Q1 2024 results were well above LSEG Data & Analytics consensus and our expectations, driven by positive fair value changes within the Strategic Investments segment. Recurring from private asset management rose by 6% y/y and we model an improving recurring revenue trajectory from Q3. We make only minor estimate revisions on an underlying basis. We derive a fair value range of EUR 9.4-11.0 (9.7-11.3) per Taaleri share, based on an SOTP model.

EBIT above expectations, boosted by fair value changes

Taaleri's Q1 2024 EBIT of EUR 9.6m was well above LSEG Data & Analytics consensus at EUR 4.5m, boosted by positive fair value changes in the Strategic Investments segment. Total income based on segment reporting was EUR 17.0m (+84% y/y and 18% ahead of our estimate), while continuing earnings of EUR 10.3m (+4% y/y) were 2% above our forecast. Garantia's recurring revenues grew by 1% y/y. Private asset management continuing earnings grew by 6% y/y, but landed 7% below our estimate. Taaleri did not book any carry in Q1 and will now evaluate the carry potential of funds on a quarterly basis, rather than biannually. We believe there is good carry potential in Wind II-III funds, due for exits this year, despite slowness in the capital markets. According to the updated strategy, Taaleri is increasing its costs in the Other private asset management business in order to create a platform for new product launches, although the exact timeline remains unclear.

We raise our 2024 estimates due to fair value changes

We raise our top-line estimate for 2024 by 2% due to higher fair value change expectations within Strategic investments, translating to a 4% higher EBIT estimate for the year. We also factor in higher personnel cost forecasts for Other private asset management and softer growth expectations for Garantia's continuing earnings, due to the slow mortgage market. We therefore trim sales and EBIT by 1% and 1-2%, respectively, for 2025E-26E.

Fair value range of EUR 9.4-11.0

We derive a SOTP-based fair value range of EUR 9.4-11.0 (9.7-11.3) based on 2024E numbers. Due to the ramping up of flagship funds and new products, we believe that Taaleri's earnings potential will be closer to the full potential of the current platform during 2025.

SUMMARY TABLE - KEY FIGURES

EURm	2020	2021	2022	2023	2024E	2025E	2026E
Total revenue	69	73	57	66	75	60	57
EBITDA (adj)	24	32	28	33	38	23	19
EBIT (adj)	21	32	27	32	38	22	19
EBIT (adj) margin	30.3%	43.6%	47.9%	49.5%	50.5%	37.4%	32.7%
EPS (adj, EUR)	0.46	4.81	0.73	0.81	1.06	0.61	0.50
EPS (adj) growth	11.8%	947.1%	-84.9%	11.5%	31.3%	-42.2%	-18.1%
DPS (ord, EUR)	1.32	0.40	0.45	1.00	0.45	0.40	0.45
EV/Sales	3.8	3.8	4.9	3.4	2.7	3.3	3.4
EV/EBIT (adj)	12.4	8.6	10.3	7.0	5.4	8.7	10.4
P/E (adj)	17.7	2.3	15.4	11.1	8.2	14.1	17.3
P/BV	1.7	1.4	1.6	1.2	1.2	1.2	1.1
Dividend yield (ord)	16.3%	3.6%	4.0%	11.1%	5.2%	4.6%	5.2%
FCF Yield bef A&D, lease adj	0.0%	40.3%	11.5%	3.2%	13.2%	8.9%	5.6%
Net debt	32	-44	-38	-29	-43	-52	-53
Net debt/EBITDA	1.4	-1.4	-1.3	-0.9	-1.1	-2.2	-2.8
ROIC after tax	7.4%	10.5%	8.7%	10.3%	12.0%	7.3%	6.0%

Source: Company data and Nordea estimates

Estimate revisions

ESTIMATE REVISIONS AFTER THE Q1 2024 REPORT (EPS/DPS IN EUR)

EURm	New estimates				Old estimates				Difference %			
	Q2 2024E	2024E	2025E	2026E	Q2 2024E	2024E	2025E	2026E	Q2 2024E	2024E	2025E	2026E
Sales	11.4	74.8	59.7	56.6	11.6	73.3	60.0	57.0	-2%	2%	-1%	-1%
EBIT	2.6	37.8	22.3	18.5	3.0	36.1	22.6	18.8	-14%	4%	-1%	-2%
EBIT margin	23%	50.5%	37.4%	32.7%	25.9%	49.3%	37.7%	33.1%	-3.1pp	1.1pp	-0.3pp	-0.3pp
PTP	2.2	36.5	21.1	17.3	2.7	34.9	21.4	17.6	-16%	5%	-1%	-2%
PTP margin	20%	48.8%	35.4%	30.5%	22.9%	47.6%	35.6%	30.9%	-3.2pp	1.2pp	-0.3pp	-0.4pp
Adj. EPS	0.07	1.06	0.61	0.50	0.08	1.02	0.62	0.51	-16%	5%	-1%	-2%
EPS	0.07	1.06	0.61	0.50	0.08	1.0	0.62	0.51	-16%	5%	-1%	-2%
DPS		0.45	0.40	0.45		0.45	0.40	0.45		0%	0%	0%
Segment reporting	Q2 2024E	2024E	2025E	2026E	Q2 2024E	2024E	2025E	2026E	Q2 2024E	2024E	2025E	2026E
Recurring revenues												
Private asset management	6.3	25.6	29.0	30.5	6.6	26.3	29.0	30.5	-5%	-3%	0%	0%
Strategic investments	3.4	13.8	15.6	16.1	3.3	14.8	16.0	16.5	3%	-7%	-3%	-3%
Other	0.5	2.0	2.0	2.0	0.5	2.0	2.0	2.0	0%	0%	0%	0%
TOTAL	10.1	41.4	46.7	48.6	10.3	43.1	47.1	49.0	-2%	-4%	-1%	-1%
Total income												
Private asset management	6.3	46.4	35.2	31.5	6.6	47.0	35.2	31.5	-5%	-1%	0%	0%
Strategic investments	4.1	21.7	19.7	20.3	4.0	19.6	20.1	20.7	3%	11%	-2%	-2%
Other	0.5	4.0	2.0	2.0	0.5	4.0	2.0	2.0	0%	0%	0%	0%
TOTAL	10.8	72.1	56.9	53.8	11.0	70.6	57.3	54.2	-2%	2%	-1%	-1%
Operating profit												
Private asset management	-0.5	19.8	8.4	4.2	0.1	20.5	8.6	4.3	n.m.	-4%	-2%	-4%
Strategic investments	3.8	20.4	18.4	18.9	3.6	18.1	18.5	19.1	4%	13%	-1%	-1%
Other	-0.6	-1.5	-3.6	-3.7	-0.5	-1.5	-3.6	-3.7	10%	0%	0%	0%
TOTAL	2.8	38.6	23.2	19.4	3.2	37.0	23.5	19.7	-13%	4%	-1%	-2%
Operating profit margin												
Private asset management	-7.3%	42.6%	24.0%	13.2%	0.9%	43.7%	24.5%	13.8%	-8.1pp	-1.0pp	-0.5pp	-0.6pp
Strategic investments	93.2%	94.0%	93.2%	93.3%	91.9%	92.2%	92.2%	92.2%	1.3pp	1.8pp	1.1pp	1.1pp
Other	-122.2%	-38.4%	-179.0%	-183.0%	-111.1%	-38.4%	-179.0%	-183.0%	-11pp	0pp	0pp	0pp
TOTAL	25.8%	53.6%	40.8%	36.0%	29.1%	52.5%	41.1%	36.4%	-3.3pp	1.1pp	-0.3pp	-0.3pp

Source: Nordea estimates

Valuation

We calculate a SOTP-derived fair value range of EUR 9.4-11.0 (9.7-11.3) per Taaleri share. We use peer group multiples to value Taaleri's private equity business. Due to the solid and stable outlook for Garantia, we also use a dividend discount model to value the guarantee insurance part of Taaleri. We derive two different peer groups, one for renewable energy and another for private asset management.

SOTP valuation yields a EUR 9.4-11.0 fair value range

We think an SOTP valuation is most relevant for Taaleri. We use different valuation methods for the company's asset management business and Garantia, however, 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 suitable for Taaleri, due to its high dependence on unannounced funds.

Two peer groups for Taaleri in renewable energy and private asset management

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, as there is insufficient coverage of these names. Hence, our peer group for other private asset management consists of three companies. For renewable energy, we use a broader peer group of European asset managers and companies exposed to renewable energy infrastructure. Our peer group for renewable energy consists of nine European companies.

RENEWABLE ENERGY PEER GROUP

	Country	Price		Mcap		Net Debt				EV/EBIT			P/E			Div yield %	
		Local	EURm	2023	2024E	2025E	2026E	2024E	2025E	2026E	2024E	2025E	2026E	2024E	2025E		
Renewable energy peers																	
Ox2 Ab (Publ)	Sweden	41.5	973	-256	7.0	4.6	3.9	10.6	7.2	6.3	0.0 %	0.0 %					
Abo Wind Ag	Germany	54.4	483	156	13.4	12.1	10.4	17.4	16.2	14.0	1.1 %	1.2 %					
Capman Oyj	Finland	2.0	354	48	12.8	9.1	8.4	15.4	10.9	10.0	5.5 %	6.5 %					
Eq2 Ab	Sweden	316.0	33,816		24.7	20.5	16.6	24.0	19.6	16.2	1.3 %	1.5 %					
Acciona Sa	UK	116.2	6,374	8,398	13.9	12.2	11.9	15.7	13.6	13.0	4.3 %	4.4 %					
Energiekontor Ag	UK	66.8	932	228	13.2	8.7	9.5	19.5	13.0	12.9	1.8 %	1.9 %					
Eolus Vind Ab (Publ)	UK	75.0	152	17	5.2	4.9	5.3	6.7	6.3	6.7	3.6 %	4.0 %					
Pne Ag	UK	13.4	1,028	674	93.1	52.1	49.3			125.8	0.3 %	0.3 %					
Scatec Asa	Norway	77.2	1,053	2,285	15.3	13.6	11.7	19.8	20.6	17.5	0.0 %	0.0 %					
Median			973	192	13.4	12.1	10.4	16.5	13.3	13.0	1.3 %	1.5 %					
Average			5,018	1,444	22.1	15.3	14.1	16.1	13.4	24.7	2.0 %	2.2 %					
Nordea																	
Taaleri Oyj	Finland	8.7	247	-29	5.4	8.7	10.4	8.2	14.1	17.3	5.2 %	4.6 %					
Discount/premium					-60%	-28%	0%	-51%	6%	33%	286%	201%					

Note: share prices as of 7 May

Source: LSEG Data & Analytics and Nordea estimates

OTHER PRIVATE ASSET MANAGEMENT PEERS

	Country	Price		Mcap		Net Debt				EV/EBIT			P/E			Div yield %	
		Local	EURm	2023	2024E	2025E	2026E	2024E	2025E	2026E	2024E	2025E	2026E	2024E	2025E		
Finnish peers																	
Capman Oyj	Finland	2.0	354	48	12.8	9.1	8.4	15.4	10.9	10.0	5.5 %	6.5 %					
Eq Oyj	Finland	14.0	575	5	15.3	12.9	11.1	18.9	16.0	14.2	5.4 %	6.5 %					
Aktia Bank Abp	Finland	9.8	710						7.2	7.7	8.1	8.4 %	8.1 %				
Median			575	26	14.1	11.0	9.8	15.4	10.9	10.0	5.5 %	6.5 %					
Average			546	26	14.1	11.0	9.8	13.8	11.6	10.8	6.4 %	7.0 %					
Nordea																	
Taaleri Oyj	Finland	8.7	247	-29	5.4	8.7	10.4	8.2	14.1	17.3	5.2 %	4.6 %					
Discount/premium					-62%	-21%	7%	-47%	29%	72%	-6%	-30%					

Note: share prices as of 7 May

Source: LSEG Data & Analytics and Nordea estimates

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

Based on our 2024 EBIT estimate for renewable energy, excluding performance fees (EUR 18.5m), and accepted valuation multiples of 10-13x, we derive a fair value range of EUR 17-21m for renewable energy. We derive a fair value range of EUR 54-81m for expected performance fees from renewable energy. Our valuation takes into account the minority share of renewable energy (24%).

In principle, we believe that Garantia could pay all of its annual profits to Taaleri

In principle, we believe that Garantia could pay all of its annual profits to Taaleri. We model a EUR 15m dividend from Garantia to Taaleri in 2024 and flat dividends until 2026, after which we expect a 1.5-3.0% annual dividend increase for the terminal value. We use a 10.3% cost of equity as a discount factor. Based on this approach, we arrive at a fair value range of EUR 157-178m for Garantia. Garantia's proposed dividend for 2023 was EUR 15m.

Garantia uses FAS accounting as a basis for solvency calculations, hence the company does not book fair value changes until the fair value is lower than the acquisition price. Technically, increasing interest rates should also lower future insurance liabilities due to the discount factor, thereby increasing the solvency ratio.

We deduct group costs and add investments at book value (as of Q1 2023), Aktia shares (0.97 million pcs.) at the current market value (EUR 9.6/share as of 6 May), and 2024E net cash (EUR 43m) to derive our equity fair value range of EUR 266-311m for Taaleri. As there are 28.3 million shares outstanding, we derive a fair value range of EUR 9.4-11.0 per Taaleri share.

SOTP VALUATION FOR TAALERI (EURm AND EUR)

Based on 2024 estimates	Share	Sales	EBIT	Valuation method	EV Range
Private asset management		42.3	17.8	EV/EBIT 3.4x - 4.9x	60 - 87
Renewable energy (excl. performance fees and investments)	76%	35.4	2.2	EV/EBIT 10x - 13x	17 - 21
Performance fees	76%		17.7	EV/EBIT 4x - 6x	54 - 81
Other private asset management (ex. performance fees)	100%	7.0	-2.2	EV/EBIT 5x - 7x	-11 - -15
Performance fees	100%		0.0	EV/EBIT 4x - 6x	0 - 0
Strategic investments (Garantia)	100%	17.9	20.4	DDM	157 - 178
Other excl. investment operations	100%	6.1	-3.5	EV/EBIT 6.2x - 7.4x	-22 to -26
Investments	100%			Book value Q1 24	19
TOTAL			34.6	EV/EBIT 6.2x - 7.4x	213 - 258
Aktia shares				As of 6 May	9
Net cash 2024E					43
Equity value					266 - 311
Number of shares (m)					28.3
Equity per share, EUR					9.4 - 11

Source: Nordea estimates

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

Detailed estimates

DETAILED ESTIMATES: SEGMENT REPORTING

Segment reporting, EURm	Q123	Q223	Q323	Q423	Q124	Q224E	Q324E	Q424E	2022	2023	2024E	2025E	2026E
Income													
Recurring revenues													
Private asset management	5.6	5.6	6.5	6.7	5.9	6.3	6.5	7.0	20.7	24.4	25.6	29.0	30.5
Renewable energy	3.9	4.0	5.1	5.2	4.6	4.7	4.9	5.3	14.6	18.1	19.5	22.9	24.0
Other private asset management	1.6	1.7	1.4	1.5	1.3	1.6	1.6	1.7	6.1	6.2	6.2	6.2	6.5
Strategic investments (Garantia)	3.9	3.5	3.4	2.8	3.9	3.4	3.5	3.0	13.7	13.6	13.8	15.6	16.1
Other	0.4	0.7	0.4	0.4	0.5	0.5	0.5	0.7	2.4	1.9	2.0	2.0	2.0
TOTAL	9.8	9.9	10.3	9.9	10.3	10.1	10.4	10.7	36.8	39.9	41.4	46.7	48.6
Recurring revenues growth y/y													
Private asset management	14%	17%	22%	18%	6%	11%	0%	4%	3%	18%	5%	13%	5%
Renewable energy	12%	11%	36%	38%	16%	18%	-3%	3%	-4%	25%	7%	18%	5%
Other private asset management	19%	32%	-12%	-19%	-18%	-7%	12%	11%	25%	2%	-1%	0%	5%
Strategic investments (Garantia)	52%	6%	4%	-39%	1%	-4%	1%	9%	-22%	-1%	1%	13%	3%
Other	-22%	-1%	-49%	14%	14%	-38%	19%	61%	-20%	-19%	5%	0%	0%
TOTAL	24%	11%	10%	-7%	4%	2%	1%	8%	-10%	8%	4%	13%	4%
Total income													
Private asset management	5.2	16.1	8.4	12.7	6.7	6.3	11.5	21.9	42.6	42.3	46.4	35.2	31.5
Renewable energy	3.6	12.9	7.0	11.9	5.3	4.7	9.9	19.3	25.8	35.4	39.2	27.9	24.0
Other private asset management	1.6	3.2	1.4	0.8	1.4	1.6	1.6	2.7	16.8	7.0	7.2	7.3	7.5
Strategic investments (Garantia)	4.1	5.4	3.9	4.5	9.3	4.1	4.2	4.2	3.8	17.9	21.7	19.7	20.3
Other	-0.1	4.8	0.8	0.5	1.1	0.5	0.5	2.1	12.6	6.1	4.0	2.0	2.0
TOTAL	9.3	26.3	13.1	17.7	17.0	10.8	16.2	28.2	58.9	66.3	72.1	56.9	53.8
Income growth y/y													
Private asset management	-2%	178%	-33%	-33%	28%	-61%	37%	73%	37%	-1%	10%	-24%	-10%
Renewable energy	-5%	198%	54%	-9%	47%	-64%	42%	62%	17%	37%	11%	-29%	-14%
Other private asset management	5%	118%	-82%	-86%	-15%	-51%	12%	239%	87%	-58%	3%	2%	3%
Strategic investments (Garantia)	-458%	-402%	-20%	148%	125%	-25%	7%	-7%	-88%	374%	21%	-9%	3%
Other	-105%	-32%	-90%	-111%	n.m.	-91%	-43%	305%	50%	-52%	-34%	-50%	0%
TOTAL	59%	136%	-49%	9%	84%	-59%	23%	59%	-15%	13%	9%	-21%	-5%
EBIT													
Private asset management	-0.8	9.0	2.7	4.0	0.5	-0.5	4.9	14.8	18.6	14.9	19.8	8.4	4.2
Renewable energy	-0.3	8.1	2.8	5.7	1.4	0.3	5.5	14.8	11.5	16.3	21.9	10.8	6.7
Other private asset management	-0.5	0.9	-0.1	-1.7	-0.9	-0.7	-0.6	0.0	7.1	-1.4	-2.2	-2.4	-2.5
Strategic investments (Garantia)	3.7	5.1	3.7	4.0	9.1	3.8	3.9	3.7	3.1	16.5	20.4	18.4	18.9
Other	-1.4	3.7	-0.7	-1.1	0.0	-0.6	-0.9	-0.2	5.5	0.5	-1.5	-3.6	-3.7
TOTAL	1.6	17.8	5.7	6.9	9.6	2.8	8.0	18.3	27.3	31.9	38.6	23.2	19.4
EBIT margin													
Private asset management	-15.3%	55.9%	32.3%	31.7%	7.0%	-7.3%	42.6%	67.7%	43.8%	35.2%	42.6%	24.0%	13.2%
Renewable energy	-8.3%	62.7%	40.5%	48.1%	25.6%	5.8%	55.3%	76.8%	44.7%	46.2%	55.9%	38.8%	27.8%
Other private asset management	-31.3%	28.4%	-7.4%	-216%	-66.3%	-46.8%	-36.0%	1.8%	42.3%	-20.1%	-30.0%	-32.3%	-33.5%
Strategic investments (Garantia)	90.2%	94.9%	93.1%	88.2%	97.7%	93.2%	93.5%	87.4%	82.9%	91.7%	94.0%	93.2%	93.3%
Other	1576%	75.5%	-85.3%	-219%	4.4%	-122%	-189%	-9.4%	43.9%	8.3%	-38.4%	-179%	-183%
TOTAL	16.8%	67.5%	43.5%	38.9%	56.2%	25.8%	49.4%	65.0%	46.3%	48.1%	53.6%	40.8%	36.0%
EBIT excluding investments and performance fees													
Private asset management	-0.5	-1.4	0.8	-1.9	-0.3	-0.5	-0.1	-0.1	-3.2	-3.0	-1.0	2.3	3.2
Renewable energy	0.0	-0.8	0.9	-1.0	0.6	0.3	0.5	0.8	0.3	-0.9	2.2	5.8	6.7
Other private asset management	-0.5	-0.6	-0.1	-1.0	-0.9	-0.7	-0.6	-0.9	-3.5	-2.1	-3.2	-3.5	-3.5
Strategic investments (Garantia)	3.5	3.2	3.2	2.2	3.7	3.1	3.2	2.5	13.1	12.1	12.5	14.3	14.7
Other	-0.9	-0.5	-1.1	-1.2	-0.5	-0.6	-0.9	-1.6	-4.7	-3.6	-3.5	-3.6	-3.7
TOTAL	2.1	1.3	2.9	-0.9	2.8	2.1	2.2	0.8	5.1	5.4	7.9	13.0	14.1

Source: Company data and Nordea estimates

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

IFRS reporting, EURm	Q123	Q223	Q323	Q423	Q124	Q224E	Q324E	Q424E	2022	2023	2024E	2025E	2026E
Total income	10.1	23.8	13.5	18.2	17.2	11.4	16.8	29.5	56.7	65.6	74.8	59.7	56.6
growth y/y	50%	95%	-28%	-5%	69%	-52%	25%	62%	-22%	16%	14%	-20%	-5%
Costs	-8.9	-6.5	-8.0	-11.5	-7.8	-9.2	-9.4	-10.9	-30.4	-35.0	-38.3	-38.6	-39.3
growth y/y	10%	-32%	1126%	-5%	-12%	40%	17%	-5%	-34%	15%	10%	1%	2%
Operating profit	1.3	17.3	5.5	6.7	9.4	2.2	7.4	18.6	26.4	30.7	36.5	21.1	17.3
margin %	13%	73%	41%	37%	55%	20%	44%	63%	46%	47%	49%	35%	31%
Taxes	-0.7	-1.3	-0.6	-1.6	-1.9	-0.4	-1.3	-2.8	-5.1	-4.1	-6.4	-3.7	-3.0
Profit (continuing operations)	0.5	13.8	4.6	4.1	7.4	1.9	6.1	15.7	20.6	23.0	30.1	17.4	14.3
Profit (discontinued operations)	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
Profit for the period	0.5	13.8	4.6	4.1	7.4	1.9	6.1	15.7	20.6	23.0	30.1	17.4	14.3
EPS (continuing operations), EUR	0.02	0.49	0.16	0.14	0.26	0.07	0.22	0.56	0.73	0.81	1.06	0.61	0.50
EPS, EUR	0.02	0.57	0.17	0.18	0.27	0.07	0.22	0.56	0.73	0.81	1.06	0.61	0.50
DPS (ordinary)									0.45	1.00	0.45	0.40	0.45
DPS (extra)									0.25	0.00	0.00	0.00	0.00
DPS (total)									0.70	1.00	0.45	0.40	0.45

Source: Company data and Nordea estimates

Main risks

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

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

Reported numbers and forecasts

INCOME STATEMENT

EURm	2020	2021	2022	2023	2024E	2025E	2026E
Total revenue	69	73	57	66	75	60	57
Revenue growth	3.3%	4.6%	-21.9%	15.6%	14.0%	-20.3%	-5.1%
of which organic	n.a.	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.	n.a.
EBITDA	24	32	28	33	38	23	19
Depreciation and impairments PPE	-3	-1	-1	-1	-1	-1	-1
of which leased assets	0	0	0	0	0	0	0
EBITA	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Amortisation and impairments	0	0	0	0	0	0	0
EBIT	21	32	27	32	38	22	19
of which associates	0	-1	4	3	0	0	0
Associates excluded from EBIT	0	0	0	0	0	0	0
Net financials	-3	-2	-1	-1	-1	-1	-1
of which lease interest	0	0	0	0	0	0	0
Changes in value, net	0	-3	0	-1	0	0	0
Pre-tax profit	18	26	26	31	37	21	17
Reported taxes	-4	-5	-5	-4	-6	-4	-3
Net profit from continued operations	13	21	21	27	30	17	14
Discontinued operations	0	115	0	0	0	0	0
Minority interests	0	0	-1	-4	0	0	0
Net profit to equity	13	136	21	23	30	17	14
EPS, EUR	0.46	4.81	0.73	0.81	1.06	0.61	0.50
DPS, EUR	1.32	1.20	0.70	1.00	0.45	0.40	0.45
of which ordinary	1.32	0.40	0.45	1.00	0.45	0.40	0.45
of which extraordinary	0.00	0.80	0.25	0.00	0.00	0.00	0.00
Profit margin in percent							
EBITDA	34.0%	44.7%	50.0%	50.3%	51.3%	38.5%	33.8%
EBITA	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
EBIT	30.3%	43.6%	47.9%	49.5%	50.5%	37.4%	32.7%
Adjusted earnings							
EBITDA (adj)	24	32	28	33	38	23	19
EBITA (adj)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
EBIT (adj)	21	32	27	32	38	22	19
EPS (adj, EUR)	0.46	4.81	0.73	0.81	1.06	0.61	0.50
Adjusted profit margins in percent							
EBITDA (adj)	34.0%	44.7%	50.0%	50.3%	51.3%	38.5%	33.8%
EBITA (adj)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
EBIT (adj)	30.3%	43.6%	47.9%	49.5%	50.5%	37.4%	32.7%
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.	40.4%	44.4%	45.8%	43.6%
Average EBITDA margin	n.a.	n.a.	n.a.	42.7%	46.0%	46.9%	44.8%

VALUATION RATIOS - ADJUSTED EARNINGS

EURm	2020	2021	2022	2023	2024E	2025E	2026E
P/E (adj)	17.7	2.3	15.4	11.1	8.2	14.1	17.3
EV/EBITDA (adj)	11.1	8.4	9.8	6.8	5.3	8.5	10.1
EV/EBITA (adj)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
EV/EBIT (adj)	12.4	8.6	10.3	7.0	5.4	8.7	10.4

VALUATION RATIOS - REPORTED EARNINGS

EURm	2020	2021	2022	2023	2024E	2025E	2026E
P/E	17.7	2.3	15.4	11.1	8.2	14.1	17.3
EV/Sales	3.8	3.8	4.9	3.4	2.7	3.3	3.4
EV/EBITDA	11.1	8.4	9.8	6.8	5.3	8.5	10.1
EV/EBITA	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
EV/EBIT	12.4	8.6	10.3	7.0	5.4	8.7	10.4
Dividend yield (ord.)	16.3%	3.6%	4.0%	11.1%	5.2%	4.6%	5.2%
FCF yield	0.0%	36.9%	8.6%	5.5%	17.6%	7.9%	4.4%
FCF Yield bef A&D, lease adj	0.0%	40.3%	11.5%	3.2%	13.2%	8.9%	5.6%
Payout ratio	287.1%	24.9%	96.3%	123.3%	42.3%	65.0%	89.3%

Source: Company data and Nordea estimates

BALANCE SHEET

EURm	2020	2021	2022	2023E	2024E	2025E	2026E
Intangible assets	7	1	0	1	1	1	1
of which R&D	0	0	0	0	0	0	0
of which other intangibles	2	0	0	0	0	0	1
of which goodwill	5	1	0	0	0	0	0
Tangible assets	3	1	0	2	2	2	2
of which leased assets	0	0	0	0	0	0	0
Shares associates	31	50	48	52	41	44	47
Interest bearing assets	0	0	0	0	0	0	0
Deferred tax assets	2	2	3	3	3	3	3
Other non-IB non-current assets	162	167	153	161	155	156	158
Other non-current assets	14	14	13	13	13	13	13
Total non-current assets	219	235	218	232	215	220	225
Inventory	0	0	0	0	0	0	0
Accounts receivable	11	17	28	27	30	24	23
Short-term leased assets	0	0	0	0	0	0	0
Other current assets	0	0	0	0	0	0	0
Cash and bank	32	59	53	43	58	66	68
Total current assets	44	76	82	70	89	91	91
Assets held for sale	5	5	0	0	0	0	0
Total assets	268	317	300	302	304	311	316
Shareholders equity	132	227	200	211	207	213	218
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	1	1	0	-3	-3	-3	-3
Total Equity	133	228	201	209	204	211	215
Deferred tax	15	16	17	16	16	16	16
Long term interest bearing debt	n.a.	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	35	41	47	47	48	48	49
Other long-term liabilities	20	17	21	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	135	89	99	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	268	317	300	308	304	311	316
Balance sheet and debt metrics							
Net debt	32	-44	-38	-29	-43	-52	-53
of which lease debt	0	0	0	0	0	0	0
Working capital	11	17	28	27	30	24	23
Invested capital	230	252	247	259	246	244	248
Capital employed	198	242	216	224	219	226	230
ROE	10.1%	75.9%	9.6%	11.2%	14.4%	8.3%	6.6%
ROIC	10.5%	8.7%	10.3%	12.0%	7.3%	6.0%	4.1%
ROCE	10.6%	14.4%	11.9%	14.8%	17.1%	10.0%	8.1%
Net debt/EBITDA	1.4	-1.4	-1.3	-0.9	-1.1	-2.2	-2.8
Interest coverage	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
Equity ratio	49.3%	71.6%	66.7%	69.9%	68.1%	68.6%	69.0%
Net gearing	24.4%	-19.6%	-18.9%	-13.5%	-20.9%	-24.2%	-24.3%

Source: Company data and Nordea estimates

CASH FLOW STATEMENT

EURm	2020	2021	2022	2023E	2024E	2025E	2026E
EBITDA (adj) for associates	23	34	25	30	38	23	19
Paid taxes	0	-4	-2	-4	-6	-4	-3
Net financials	0	-2	-1	-1	-1	-1	-1
Change in provisions	0	0	0	0	0	0	0
Change in other LT non-IB	-1	-1	22	-7	7	-1	-1
Cash flow to/from associates	0	0	0	0	0	0	0
Dividends paid to minorities	0	0	0	0	0	0	0
Other adj to reconcile to cash flow	-23	104	-8	0	0	0	0
Funds from operations (FFO)	0	130	36	18	37	16	13
Change in NWC	0	-1	-8	-11	-4	6	1
Cash flow from operations (CFO)	0	129	28	6	33	23	14
Capital expenditure	0	-2	8	2	-1	-1	-1
Free cash flow before A&D	0	128	36	8	32	22	14
Proceeds from sale of assets	0	0	0	3	11	0	0
Acquisitions	0	-11	-9	3	0	-3	-3
Free cash flow	0	117	27	14	43	19	11
Free cash flow bef A&D, lease adj	0	128	36	8	32	22	14
Dividends paid	0	-37	-34	-20	-28	-13	-11
Equity issues / buybacks	0	0	0	0	0	0	0
Net change in debt	0	-50	0	0	0	0	0
Other financing adjustments	0	0	0	2	0	2	2
Other non-cash adjustments	-5	-3	1	-5	0	0	0
Change in cash	-5	27	-6	-10	15	8	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	11	11	9	9	9	9
Market cap.	230	317	316	254	234	222	209
Enterprise value	263	273	279	223	188	168	154
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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Nordea has no market-making obligations in Taaleri shares.

As of 06/05/2024, Nordea Abp holds no positions of 0.5% or more of shares issued by Taaleri.

As of the publication of this report, the issuer does not hold a position exceeding 5% of the total shares issued in Nordea Abp.

Investment banking transactions and/or services

In view of Nordea's position in its markets, readers should assume that the bank may currently or may in the coming three months and beyond be providing or seeking to provide confidential investment banking and/or ancillary services to the company/ companies.

Issuer Review

This report has not been reviewed by the Issuer prior to publication.

Completion Date

07 May 2024, 22:22 CET

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