CapMan

Extensive report

11/13/2022

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Inderes corporate customer

This report is a summary translation of the report "Strategia etenee mallikkaasti" published on 11/13/2022 at 01:20 pm.

Making good progress with the strategy

We reiterate our EUR 3.0 target price and Accumulate recommendation for CapMan. Despite the challenging market situation, we expect strong performance from the company. Relative to this, the share valuation is not high. If our estimates materialize, low multiples and high dividend yield already offer a strong return on investment.

The asset management house of alternative investment products

CapMan has three business areas: 1) Management Company, 2) Services and 3) Investments (on-balance sheet) The Other segment includes CapMan's group management. The management business forms the hard core of CapMan's business, and the company had EUR 4,927 million in assets under management (AUM) at the end of Q3'22. Roughly 67% of the AUM are in real estate, 21 % in private equity, 10% in infrastructure and 2% in other assets. The company is focused on alternative investment products and, unlike many listed asset managers, most of its AUM come from international investors.

The strategy has been successfully implemented

Since the launch of the growth strategy in 2016, the company's ownership base and key personnel have largely changed and the product offering, and customer base have expanded. The most important factor of all is the improved performance of the company's funds. As a result, the company's business has turned to strong growth and the profitability level has clearly improved. The company's strategy has undoubtedly taken the company in the right direction and has been well executed, as evidenced by the 18% annual return on the share over the strategy period. The company updated its strategy in fall 2022. Its key objective is to continue its strong growth and profitability improvement based on recurring management fees will also play a more prominent role. This is important, as the earnings mix remains relatively weak, with a strong focus on investments and carried interest income.

In the next few years, the earnings will not grow, but the mix will improve significantly

In our view, CapMan is excellently positioned in its sector (asset management + alternative asset classes) and the execution of its strategy has been very convincing in recent years. We have made only marginal changes to our estimates and expect the company's earnings to remain in the range of EUR 40-50 million in the coming years. Earnings won't grow in the coming years due to exceptionally strong investment returns in 2022. However, the earnings mix will improve significantly as the result of the Management Company business will grow strongly. Investors should pay particular attention to the quality of the result, as the earnings mix is crucial to CapMan's value. The company has no problem continuing to steadily increase its dividend and the risk associated with dividend projections is very moderate.

The valuation is not high and dividend yield supports total return

We have estimated CapMan's fair value through the value of its parts, relative and absolute multiple-based valuation and cash flow calculations. Our different valuation methods are reasonably well aligned, with a fair value of EUR 2.6-3.2. The share's earnings-based valuation is not high and, as the earnings mix continues to improve, we feel there is clear upside in the multiples. A very safe dividend yield of over 6% provides a good base return for the stock. In our view, the combination of low multiples and dividends could justify even a stronger view. However, we want to see more signs of the company navigating a difficult market environment, especially with new sales and carried interest income materializing.

Recommendation

Accumulate
(previous Accumulate)

3.00 EUR
(previous EUR 3.00)

Share price:
2.58

Key figures

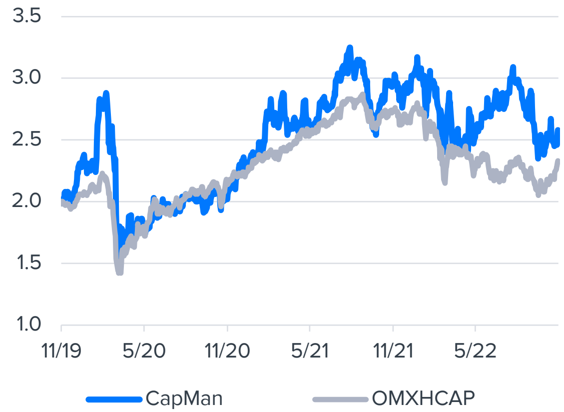
	2021	2022e	2023e	2024e
Revenue	52.8	66.8	79.5	83.5
growth-%	23%	26%	19%	5%
EBIT adj.	44.6	54.9	41.3	51.0
EBIT-% adj.	84.6 %	82.3 %	52.0 %	61.0 %
Net Income	34.3	41.8	29.5	35.6
EPS (adj.)	0.22	0.26	0.19	0.22
P/E (adj.)	14.1	9.8	13.9	11.6
P/B	3.9	2.8	2.8	2.6
Dividend yield-%	4.8 %	6.2 %	6.6 %	7.0 %
EV/EBIT (adj.)	11.5	8.4	11.2	9.0
EV/EBITDA	11.1	8.1	10.8	8.7
EV/S	9.7	6.9	5.8	5.5

Source: Inderes

Guidance

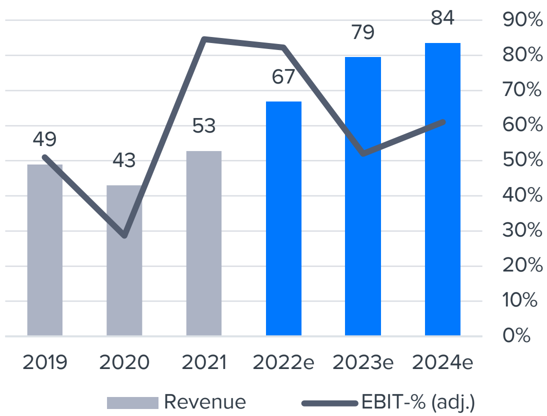
(No guidance)

Share price



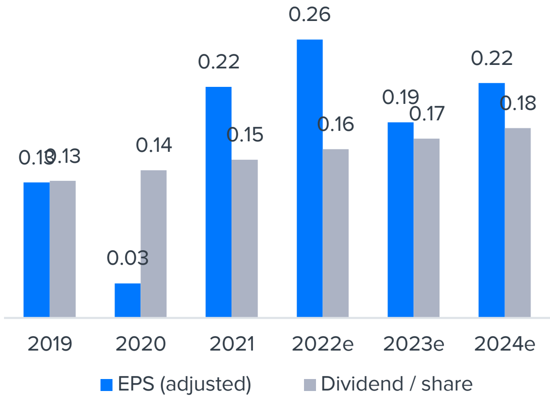
Source: Millistream Market Data AB

Revenue and EBIT %



Source: Inderes

EPS and dividend



Source: Inderes

Value drivers

- New products
- Growth in open-end products
- Increase in carried interest income
- Ramping up CWS
- Growth in Service business
- Improving cost efficiency

Risk factors

- Sustainability of cost level
- Funds' ability to generate good returns for investors
- Investment portfolio's share of result still significant
- Market situation

Valuation	2022e	2023e	2024e
Market cap	409	409	409
EV	459	464	457
P/E (oik.)	9.8	13.9	11.6
P/E	9.8	13.9	11.6
P/FCF	>100	16.6	10.1
P/B	2.8	2.8	2.6
P/S	6.1	5.1	4.9
EV/Sales	6.9	5.8	5.5
EV/EBITDA	8.1	10.8	8.7
EV/EBIT (adj.)	8.4	11.2	9.0
Payout ratio (%)	61%	92%	81%
Osinkotuotto-%	6.2 %	6.6 %	7.0 %

Source: Inderes

Contents

CapMan in brief

CapMan is a Nordic asset manager focused on unlisted assets, founded in 1989.

1989
Year of establishment

2001
IPO (Nasdaq Helsinki)

EUR 52.8 million
Revenue 2021

EUR 44.6 million
EBIT 2021

EUR 4.5 billion
Assets under management at the end of 2021

161
Average number of employees in 2021

Years of expansion (2000–2008)

CapMan expands to Sweden, Denmark and Norway and becomes a Nordic player

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

The company achieves excellent investment returns and raises record amounts of new capital during the "super-cycle"

Financial crisis (2009–2015)

The financial crisis hits CapMan hard and costs spiral out of control as it expands too fast

Returns on funds raised at the peak of the super-cycle remain weak

The company starts major restructuring

Rebuilding (2016–2020)

Norvestia acquisition changes CapMan's ownership structure and combines the share series

New CEO, new strategy and new investment teams

Service business is be separated into a separate unit

The company establishes several new investment areas, fundraising is mainly going well

Management Company business shows first signs of earnings potential

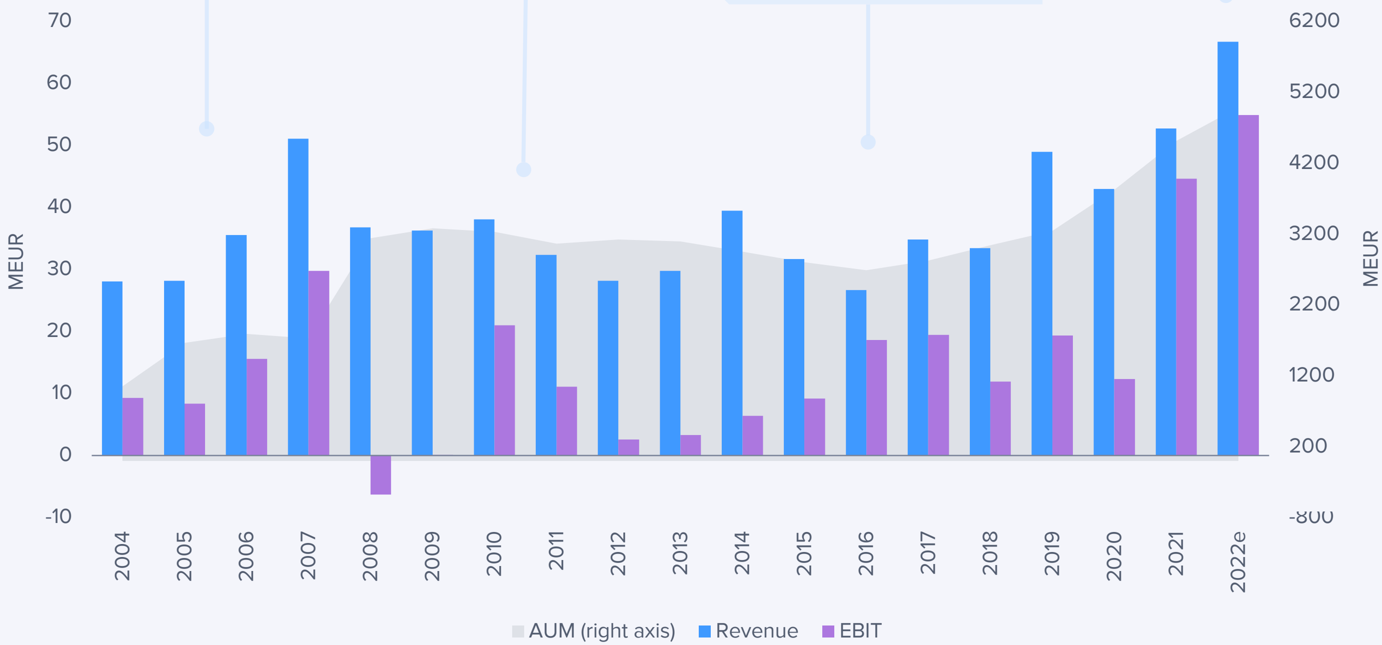
Reaping the results (2021–)

Continued strong organic growth and systematic implementation of strategy

Continuing the profitability improvement of the Management Company business

Carried interest income brings the result to the next level

M&A transactions likely to occur in the medium term



Source: Inderes, CapMan

Company description and business model

CapMan is one of the first Nordic private equity fund managers. Unlike other asset managers on Nasdaq Helsinki, the company has focused purely on unlisted asset classes, which include private equity funds, real estate funds, debt funds and infrastructure funds.

Group management (Other and eliminations segment in reporting)

BUSINESS SEGMENTS

Management Company business	Services	Investments
Alternative funds (PE, real estate, infra)	**CaPS** (procurement services)	**Own funds**
Wealth Services	**Jay Solutions** (analysis and reporting services)	**Other investments**
Management fees **Performance fees from funds**	**Management fees** **Other fees**	**Investment income**

The Management Company business forms the core of CapMan's business (>60% of turnover), with real estate funds being the most significant product area in the segment. The segment also includes CapMan Wealth Service, whose service offering consists mainly of private equity and allocation mandates.

The Service business includes CaPS, a procurement services company, and Jay Solutions, a reporting services company. On a group scale, the importance of the segment is still relatively small, and it accounts for 15-20% of the group's annual turnover.

The Investment business consists of CapMan's fund investments. Most of the investment portfolio (~65% at the end of Q3'22) is invested in the company's own funds. In recent years, revenue from investment in weapons has formed the majority of the Group's earnings.

CapMan

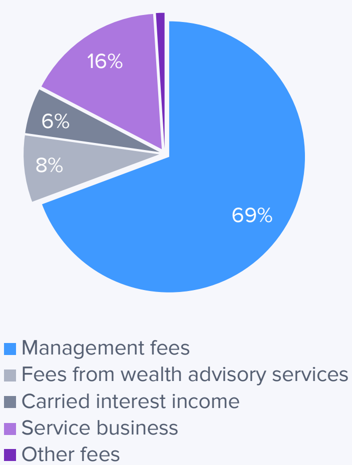
CapMan's AUM at the end of Q3'22 were EUR 4.9 billion.

The customer base is strongly focused on institutional investors.

The company currently has 18 alternative fund products and several investment mandates.

The most significant component of turnover is management fees, of which the company's real estate funds account for the largest share.

Turnover distribution (2021)



Management Company business 1/6

The core of the group

CapMan's management business is focused on fully unlisted asset classes and professional investors. Q3'22 at the end, CapMan's assets under management (AUM) were EUR 4,927 million. The management business comprises three investment areas: Private Equity, Real Estate and Infra. In addition, the wealth management unit CapMan Wealth Services complements the management business offering.

Asset manager focused purely on unlisted assets

Investing in unlisted assets means in practice making direct, mainly majority-owned investments, for example in unlisted limited companies or real estate. Investments are typically made through closed-end private equity funds, which raise capital from institutional investors such as pension companies and foundations. Closed-end funds are generally inaccessible to retail investors due to high investment requirements (typically millions). Through the company's new CapMan Wealth Services, non-large institutional investors can also invest in these products through a range of wealth management programs.

The funds' investment teams actively seek to develop their target investments together with the management of the target company and/or the tenants of the property. The aim is to increase the value of the target company by, for example, streamlining the strategy, improving operational efficiency and accelerating growth through acquisitions. Debt leverage also often plays an important role in investment activities.

Fund structure reduces the impact of the market

In addition to new sales, changes in value affect the AUM of companies in the industry. Funds can be divided into three categories in this review: 1) Traditional open-ended funds (equity, fixed income) whose value is determined daily on the listed markets, 2) open-ended alternative funds and 3) closed-ended alternative funds.

The assets held in open-ended alternative funds are not subject to continuous public trading. For these, valuations are based on international valuation principles, but also involve management judgment in certain respects, which means that the volatility of the fund is typically more moderate than the general market. Several real estate funds operate on this principle.

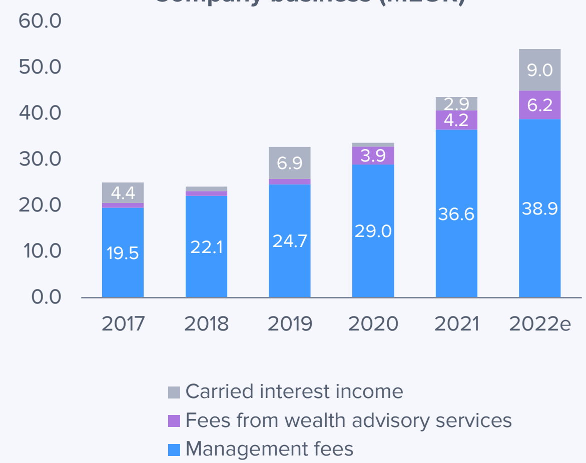
Closed-end alternative funds (e.g. private equity funds) operate for a limited period of time (typically 10 years) and it's generally not possible to redeem capital. While CapMan and many other operators also calculate fair values for their closed-end alternative funds throughout the lifecycle of the fund, management fees are still linked to the capital raised for the fund. Therefore, general market developments have no impact on the recurring fees of the funds.

Roughly half of CapMan's AUM are in closed-end funds and the other half in open-end alternative funds. CapMan doesn't have any traditional fund capital, so the variation in management fees is small and the risk associated with their level comes in practice from the company's new sales, which are of course affected by the performance of the funds in the long term.

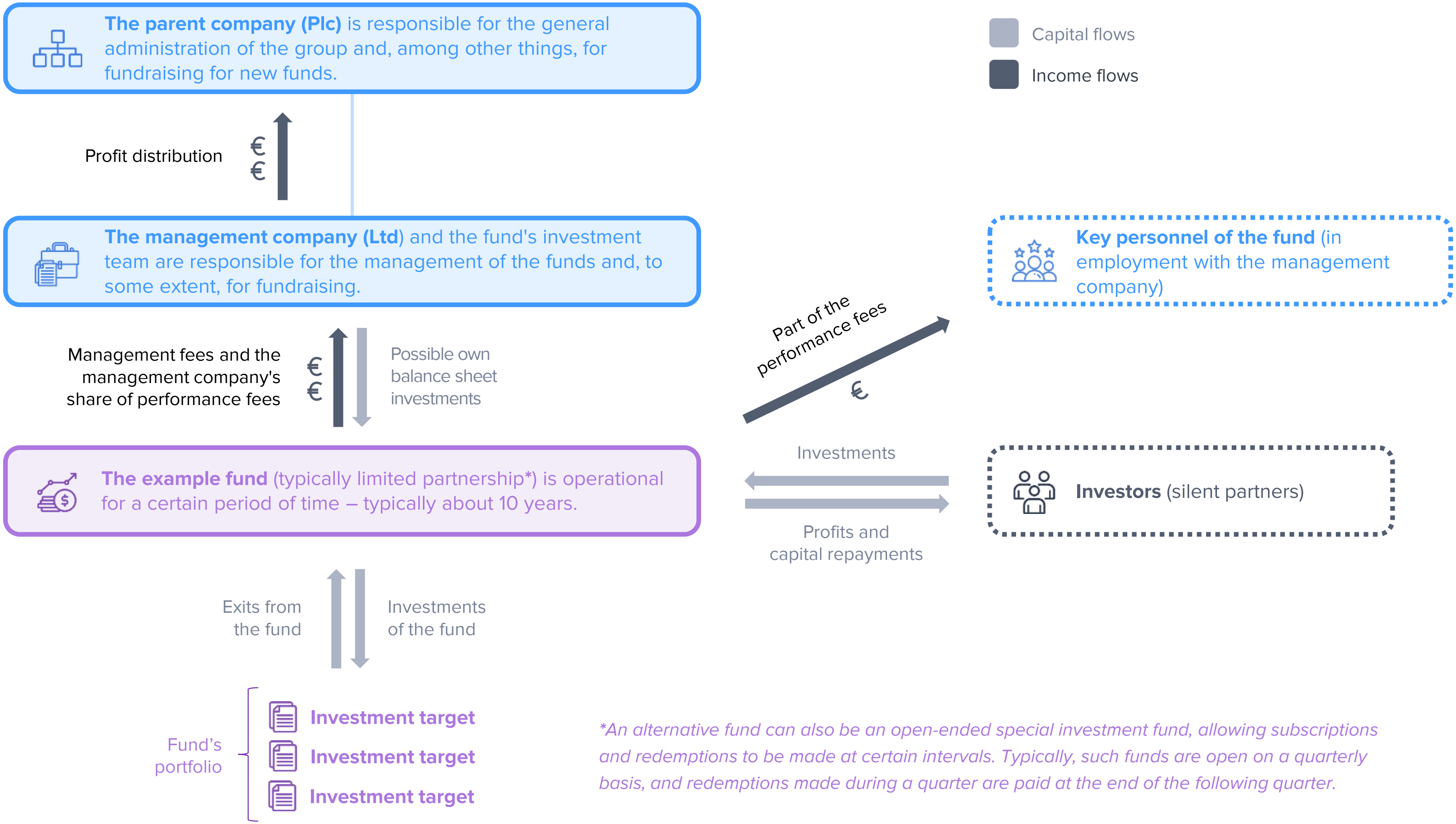
Management Business: Components of turnover

- **Management fees** are recurring revenues that CapMan charges its clients for the management of fund capital and asset management.
- **Carried interest income:** CapMan receives a performance fee on its funds if the returns exceed a specified hurdle rate. Therefore, these are fundamentally rewards for successful investments.
- **Fees from wealth advisory services** mainly include management fees for the properties managed by CapMan's real estate funds and transaction fees for the CapMan Wealth Service business area.

Turnover development in Management Company business (MEUR)



Simplified business model for an alternative fund



An alternative fund can also be an open-ended special investment fund, allowing subscriptions and redemptions to be made at certain intervals. Typically, such funds are open on a quarterly basis, and redemptions made during a quarter are paid at the end of the following quarter.

Management Company business 2/6

Private equity funds

Private equity (PE) funds comprise investments in unlisted companies. PE funds are divided into four areas: Buyout, Growth, Credit, and Special Situations. Assets under management in PE funds stood at EUR 1,040 million at the end of Q3'22. As is typical of the industry, all of the company's PE funds are closed-end alternative investment funds.

Buyout funds invest equity in unlisted companies. The target companies are typically profitable and cash-flow generative, and the value creation of the fund is based, among other things, on the operational development of the targets. The use of debt leverage to increase returns is also important in this type of fund. Growth funds also invest in unlisted companies on an equity basis, with the difference that the companies are typically at an earlier stage than Buyout funds and the use of debt leverage is lower. The role of Growth funds is to support companies in their growth objectives. Credit funds invest mainly in unlisted corporate loans. In turn, the Special Situations area invests in equity or debt in companies undergoing processes such as transformation, restructuring or reorganization.

CapMan currently has nine active PE funds, including four Buyout funds, two Credit funds, two Growth funds and one Special Situations fund. CapMan's target company investments previously included the Russia investment area. However, CapMan sold this business in 2019 to an operating team due to the challenging fundraising and operating environment in Russia and poor investment performance. CapMan has struggled to grow the PE side and the AUM have flatlined in recent years.

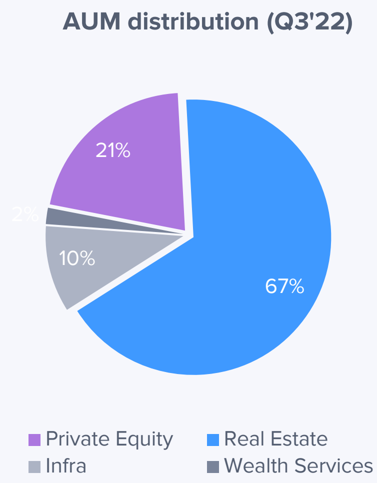
According to our calculations, the average management fee for PE funds is a healthy 1.0%-1.2%. Investors should note that fee levels vary significantly depending on the size of the investor, the size of the commitments and the profile of the product. In addition to management fees, the funds can provide CapMan with significant carried interest potential if the funds' investment activities are successful. Private equity investments are long-term in nature, typically taking 4-7 years to develop the target companies. The average life cycle of a fund is therefore around 10 years (described in more detail on the next page).

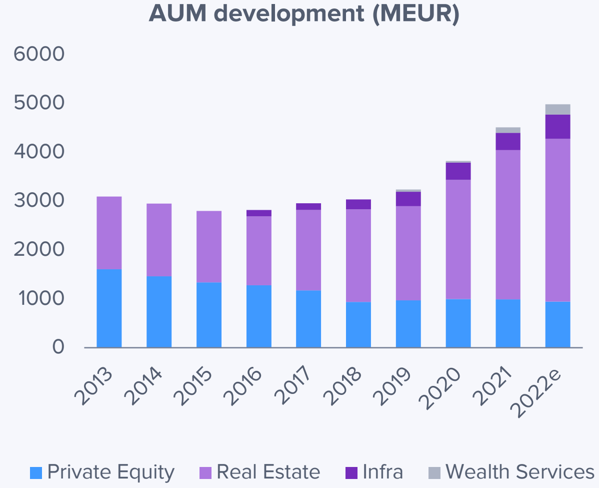
Real estate funds

Real estate funds and mandates accounted for EUR 3,295 million of CapMan's assets under management at the end of Q3'22. CapMan currently manages six real estate funds and the BVK investment mandate.

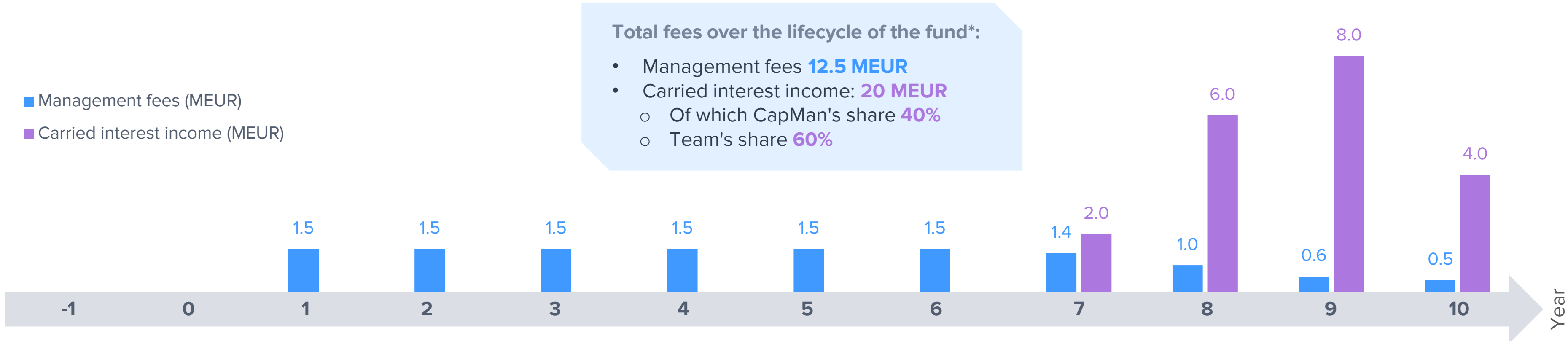
CapMan has succeeded in expanding its real estate product offering in recent years and has been able to introduce several new open-ended real estate funds (Hotels, Residential, Social, Nordic Property Income) alongside the traditional closed-end real estate funds (Nordic Real Estate funds). Real estate has become by far the most important product group for CapMan, accounting for more than half of management fees, according to our estimates.

Fee levels vary significantly between funds and, for example, in the Nordic Real Estate (NRE) funds we estimate the average management fee to be around 1%, while in the BVK mandate we estimate it to be less than 0.5%.





Typical life cycle of an unlisted closed-end fund



Fundraising
(years 0–1)

- In the first stage, the management company raises the capital to be invested in the fund from investors.
- Third-party sales agents can also be used for fundraising.
- Fundraising can also continue in the early part of the investment phase.

Investment phase
(years 1–3)

- In the investment phase, the capital raised by the fund is allocated to investment targets.
- The funds are quite concentrated and, depending on the type of fund, the number of targets is usually between 10 and 15.
- The final duration of the phase will depend, among other things, on the general market situation and the availability of targets.

Value creation
(years 3–8)

- The value creation of a fund can typically be divided into three channels: 1) operational development of assets, 2) use of leverage, and 3) increases in asset valuation multiples relative to the time of acquisition.
- The increase in valuation multiples is the value driver most dependent on overall market performance. Thus, in times of significant uncertainty, it's the operational performance of the assets and the use of leverage that will determine the ultimate success of the investment.

Exit
(years 8–10)

- At the end of the fund's lifecycle, the fund sells its investments, for example to an industrial buyer or another investor.
- If the fund's investment activities are successful, the management company receives its share of the profits in the form of performance fees.
- There is, of course, uncertainty about the performance fees, and by no means all funds exceed the hurdle rate.
- The duration of this phase depends, among other things, on the operational development of the targets and the general activity of the market.

**Assumptions: Fund size EUR 100 million, CapMan management fee 1.5%, hurdle rate 8%, IRR 15%, fund's share of return exceeding the hurdle rate 20%.*

Management Company business 3/6

Infrastructure funds

Infra, established by CapMan in 2017, is the company's newest investment area and had EUR 500 million in assets under management at the end of Q3'22. The AUM consist of two CapMan infrastructure funds (~340 MEUR in total), the latter of which is still fundraising, as well as mandates and club investments. Fundraising for the first fund was below our expectations and the fund fell well short of its target size of EUR 300 million. We believe that the slower-than-expected fundraising is explained by the fact that this was a completely new product area for CapMan, and the fund was the investment team's first.

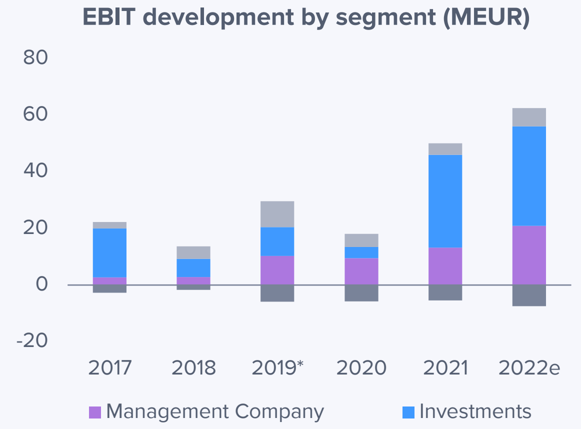
Despite the difficult market situation, the second fund's fundraising has progressed well and had a capital of EUR 150 million at the end of Q3'22. The target size of the Infra II fund is EUR 400 million and we consider this to be realistic, provided that the market doesn't deteriorate substantially further. Infra is set to become an increasingly strong pillar for CapMan in the coming years and we believe the company will seek to expand its infrastructure product offering in the coming years. We see clear room for growth in infrastructure products, as the size of the market allows for further increases in fund sizes from current levels.

CapMan Wealth Services

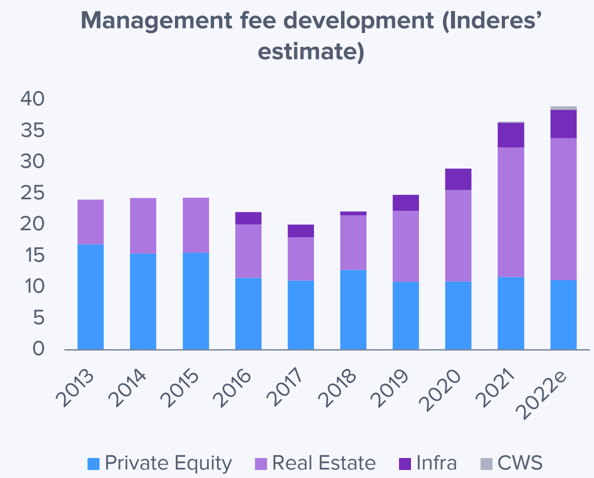
The CapMan Wealth Services service area within the Management Company segment focuses on serving high net worth individuals, smaller institutions and family investment companies. The core of the CWS service portfolio consists of private equity programs and allocation mandates.

In private equity programs, CWS currently invests in selected US mid-cap buyout funds alongside one of the world's largest private equity investors, AlpInvest. In the future, the programs may also include AlpInvest's other types of private equity funds. The programs enable a diversified private equity portfolio for smaller professional investors than CapMan's typical client, as CWS's investment programs combine different types of PE funds. We estimate the number of funds per investment program to be around of 8-10. On the other hand, the programs offer domestic investors access to the unlisted market outside the Nordic countries. We estimate that CWS is particularly targeted at investors with investment assets of around EUR 10-100 million.

The first program was launched in 2021 and CapMan has stated that it aims to raise a new program every year. In our view, private equity programs will play a key role in achieving CapMan's strategic private equity growth target, which we believe can't realistically be achieved by increasing the size of the existing fund products. The company itself has indicated that it aims to increase PE capital by around EUR 1.5 billion by the end of 2026. CapMan charges a management fee for these programs, but there is no performance-related component.



* Excludes 4.2 MEUR goodwill write-down



Management Company business 4/6

In addition to private equity programs, CWS's services include allocation mandates derived from the wealth management business of JAM Advisors. In allocation mandates, CapMan carries out the fund selection on behalf of the client. The service is aimed at clients who wish to invest in listed markets either through actively managed funds or passive funds. CapMan constantly monitors and analyses many fund managers, from which it selects the most suitable ones for its clients. The service area also includes advisory wealth management.

Investors should note that while allocation mandates and advisory wealth management contracts currently generate the majority of CWS's fee streams, we believe that investment programs will play a much larger role in the future. We expect CapMan to raise around EUR 150 million of capital for its programs each year. For these, the company charges a recurring management fee, which we estimate to be around 0.7% of assets under management.

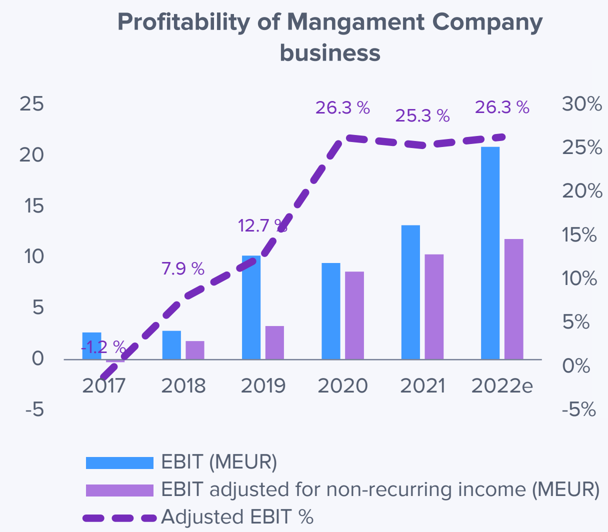
Client base is concentrated in large institutions

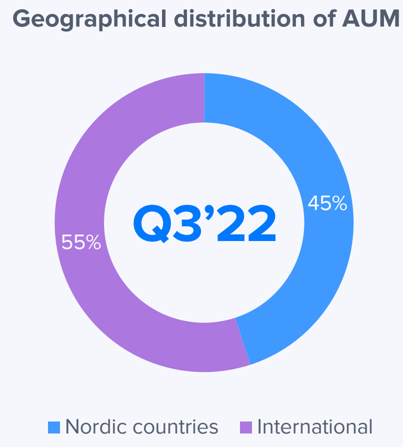
CapMan's current and potential client base can be roughly divided into four categories: large institutions, medium-sized institutions, small institutions and retail clients. We understand that most of the company's fund capital under management comes from domestic and foreign institutional investors, which are considered large. For example, pension companies invest in alternative products mainly through third-party funds (such as CapMan). This differs, for example, from the fixed income and equity investments of pension funds, which are typically managed from start to finish by their own investment teams. In addition to pension companies, large institutional clients include international investment companies. We understand that these so-called Tier I clients provide the majority of the company's AUM.

The second important group of clients are medium-sized and small institutional clients (Tier II & Tier III clients), including foundations and smaller pension funds. The new CapMan Wealth Service will also target high net worth individuals.

CapMan does not have many retail investors as clients, and the distribution of products to these clients is handled through partners. In practice, this means a fund (NPI) through Nordea. However, this is of little importance for a company of this size.

The geographical distribution of the clientele is heavily weighted outside Finland and international clients currently account for around 55% of the funds' AUM. This share has risen significantly in recent years (~10% share of international customers in 2016), and the company itself estimates that around 75% of new sales in the strategy period will be outside the Finnish market. We estimate that sales of Real Estate and Infra in particular will focus mainly on international markets, while sales of PE and CWS will be concentrated in Finland.





Source: CapMan CMD 2022

Management Company business 5/6

Growth requires strong new sales

CapMan's new sales have made a clear upward level adjustment over the past five years. In 2021, the company's fundraising achieved a new record when the funds raised new capital totaling EUR 830 million. Success in continuous new sales is critical for the company as, in line with the lifecycle of closed-end funds, they are constantly returning capital to investors, which reduces the AUM.

In the coming years, we expect CapMan's new sales to continue at an excellent level and even accelerate slightly from recent years. This is driven by new product and service launches, with infrastructure products being the most important for growth, and CWS's private equity programs, with which the company is seeking stronger growth in Sweden and elsewhere. However, as has historically been the case, the company's real estate fund business is the mainstay of growth.

Significant carried interest income is expected in the coming years

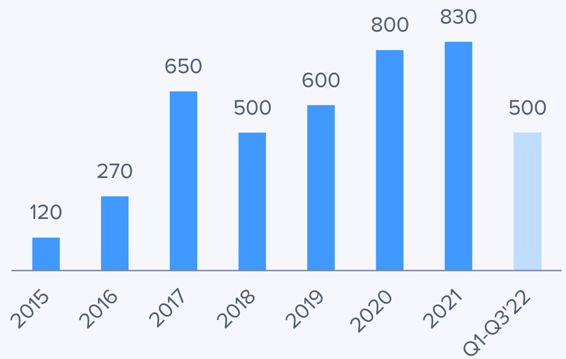
As is typical for private equity, CapMan's own funds include a performance-linked component (carried interest income), which generates significant fees for the management company if the investment is successful. Depending on the type of fund, the typical hurdle rate varies between 7% and 10%, and the company is entitled to carried interest income on annual returns above this.

The carried interest income of CapMan's Management Company business has been relatively modest in recent years (apart from 2019) due to the poor performance of the funds following the financial crisis. However, the investment performance of the funds has improved significantly since 2013. Around 40% of funds set up before 2017 exceeded the hurdle rate, while for funds set up since then the figure is already 80%. Although the very favorable cycle has contributed to the rise in return levels, the figures also reflect the company's change in strategy (high turnover in teams, etc.). Currently, the company's own funds Nordic Real Estate and Growth I are in carry.

We note that the exact timing and amount of carried interest income is impossible to predict due to several factors affecting the timing and size of the final divestments. Investors should therefore focus on the big picture when looking at the carried interest income, as CapMan has several funds entering the exit phase between 2022-2025 (e.g. NRE 2, Buyout 10, Infra I). These funds have significant distribution potential due to their strong performance, so in the coming years the distribution yields will be significantly higher than in the previous ten-year period.

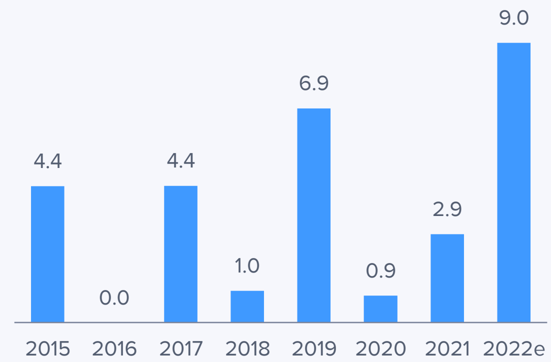
At the same time, the nature of these fees is changing from non-recurring returns to recurring, as the company simultaneously manages several funds that come to the end of their lifecycles in different years. In addition, the returns of the different strategies aren't fully correlated, which should contribute to smoothing out the year-to-year variation in carried interest income. More detailed forecasts on the development of carried interest income can be found in the Estimates section of the report.

New fund sales (MEUR)



Source: CapMan, Inderes estimate

Development of carried interest income (MEUR)



Management Company business 6/6

Cost structure

The cost structure of the Management Company business is very simple for the investor. Segment expenses consist of personnel expenses, other operating expenses, depreciation and amortization and overheads allocated to the segment. The total costs of the Management Company business in 2021 was around EUR 31 million.

The largest cost item in the Management Company business is personnel costs, which amounted to around EUR 20 million in 2021. In the administration business, we estimate that an average of 95 people were employed last year, giving an average personnel cost of roughly EUR 200,000 per employee. The level is well above that of Finnish asset manager peers (2021: EUR 150,000/employee). The higher wage level is largely explained by the mix of employees (seniority and a higher share of staff working abroad, where the wage level is higher than in Finland).

We expect personnel turnover in the Management Company business to remain low and don't expect a significant change in average personnel costs in the coming years. Wage inflationary pressures are also partly mitigated by the fact that average personnel costs are already above the current market level.

Other expenses in the Management Company business amounted to ca. EUR 11 million last year, of which the group's overheads accounted for EUR 3.7 million and depreciation for EUR 0.9 million. We see no material upward pressure on other expenses and expect other expenses to grow at a slower pace than revenue.

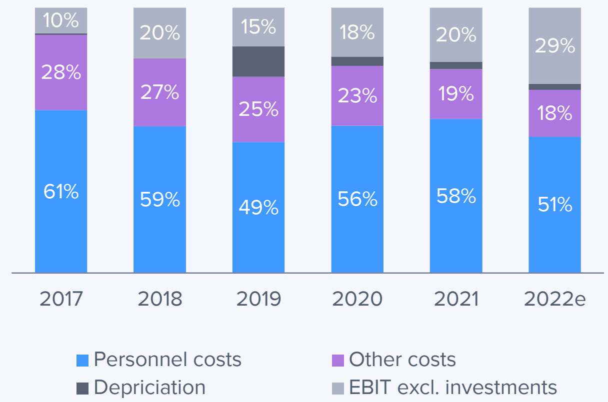
Cost structure is highly scalable

The cost structure of CapMan's Management Company business was heavy in the early 2010s and therefore its profitability that is based on recurring revenues was weak.

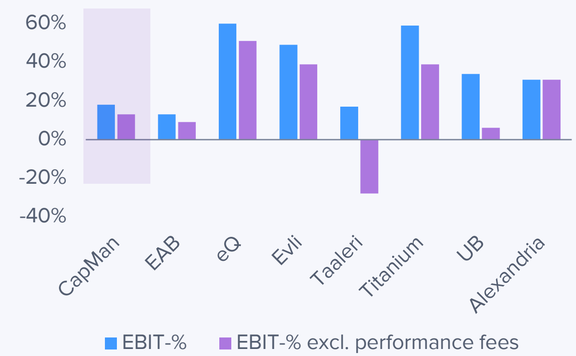
However, restructuring and reorganization between 2013 and 2015 brought cost levels down significantly and under the new management (since 2017) the company has undergone a major transformation and has been able to improve the profitability of the Management Company business significantly. However, profitability is still below the company's main peers (see graph on the right), and in our view the Management Company business has yet to show its full profitability potential. In particular, growth in wage costs has consistently outpaced our expectations and partly undermined scalability. We note that CapMan's group expenses are fully taken into account in the graph, which is why the profitability of the graph is slightly lower than the actual figure (services are more important than to other competitors). In the current strategic period, it's therefore crucial that the cost structure scales up. The company itself has set a profitability target of +40% for the Management Company and Service business that are based on recurring fees, which reflects the scalability potential of the business.

Investors should note that carried interest income plays a larger role to CapMan than to its peers, and when performance fees are considered, the company's profitability potential is clearly higher than that of a business based on recurring fees.

Development of CapMan's cost structure



Profitability of peers' Asset Management operations



Inderes' comments:

- The profitability of UB's Asset Management burdened by group costs and depreciation
- Titanium and Alexandria have no goodwill depreciation at group level
- CapMan's Management Business burdened by all group function costs
- EAB at group level
- Asset Management of eQ burdened by group costs
- Evli's profitability takes into account the group's allocations

Summary of CapMan funds*

Private equity funds	Established	Funds raised (EUR)	Profit distribution*	IRR-%**
CapMan Buyout VIII	2006	440	Will not achieve	< 8%
CapMan Buyout IX	2009	295	Will not achieve	< 8%
CapMan Buyout X	2013	244	Likely to achieve	10–15 %
CapMan Growth Equity Fund 2017	2017	86	In carry	>25%
CapMan Buyout XI	2019	190	In investment phase	-
CapMan Growth II Fund	2020	97	In investment phase	-
CapMan Special Situations Fund	2021	70	In investment phase	-
Debt funds				
Nest Capital 2015	2016	100	Will achieve	~10 %
Nest Capital III Fund	2021	82	In investment phase	-
Real estate funds				
CapMan Nordic Real Estate I	2013	273	In carry	13–15 %
Kokoelmakeskus	2016	47	Likely to achieve	>10%
CapMan Nordic Property Income	2017	119	Open-ended fund	-
CapMan Nordic Real Estate II	2017	425	Likely to achieve	~15 %
CapMan Hotels II	2019	392	Open-ended fund	-
CapMan Nordic Real Estate III	2020	564	In investment phase	-
CapMan Residential Fund	2021	300	Open-ended fund	-
Infra funds				
CapMan Nordic Infrastructure I	2018	190	Will achieve	~10 %
CapMan Nordic Infrastructure II	2022	150***	In investment phase	-

** Doesn't include investment mandates managed by CapMan*

*** Inderes' estimate*

**** Fundraising in progress: target size 400 MEUR*

Services

In 2020, CapMan reorganized the Services segment by partially merging JAM Advisors, which focuses on reporting services, and Scala, a fundraising company, into a new CapMan Wealth Services segment. Following the reorganization, the segment's current service areas are CaPS and Jay Solutions.

CaPS (CapMan Procurement Services)

Founded in 2010, CaPS is a procurement service company responsible for centralizing the non-strategic procurement of products and services for its more than 300 member companies. CaPS puts its member companies' purchases out to tender in order to achieve savings through economies of scale.

Caps has developed very well in recent years and has been the most significant growth engine in the Services segment. CaPS currently employs 11 people and last year had a turnover of around EUR 6.8 million. In our view, CaPS is the most valuable part of CapMan's Service business due to the continuous nature of its business and its high profitability profile (we estimate a normalized EBIT margin of around 60-70%). CapMan's holding in the company is 95%.

CaPS currently has operations in Finland, Sweden and the Baltics, where the company announced that it will expand in 2020 through its CaPS Baltics joint venture with private equity investor BaltCap. We believe that business growth outlook for the coming years is excellent and CapMan has announced that it's exploring new markets where the company's business concept could be taken.

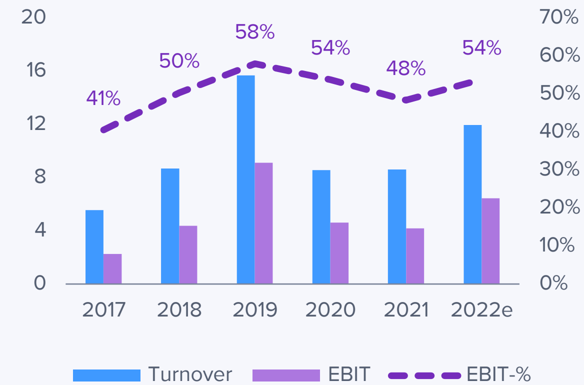
Jay Solutions

Jay Solutions' roots as part of CapMan date back to early 2019, when CapMan acquired a 60% stake in JAM Advisors. Following the reorganization in 2020, the reporting and analytics business of JAM Advisors forms the current Jay Solutions, and the wealth management business is part of CWS. Today, Jay Solutions provides reporting and analysis services to asset manager and investor clients. The company's solutions provide clients with an up-to-date view of their portfolio's risks, returns and costs, among other things.

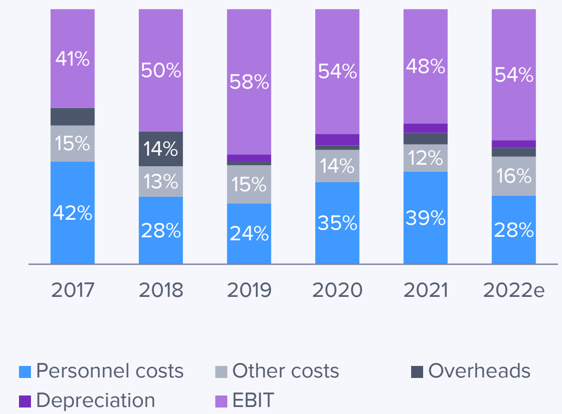
The AUM covered by Jay Solutions' reporting services aren't subject to asset management agreements and therefore don't generate a material fee stream for CapMan. We understand that Jay Solutions earns on a flat-fee basis and has a fully recurring turnover. According to the company, Jay Solutions has developed positively after the initial challenges during CapMan's ownership, and its customer base and turnover have grown significantly (2021 turnover: 1.6 MEUR).

CapMan paid approximately EUR 7.5 million for the acquisition of JAM Advisors in 2019, corresponding to a debt-free price of EUR 13 million. The purchase price was high (EV/S 4x) and the logic of the acquisition was, in our view, based on strategic synergies and the value of JAY's technology. CapMan has an option to buy the remaining 40% minority stake in 2023 and we consider this happening quite certainly.

Turnover and profitability developmnet in services (MEUR)



Cost structure in services



Investment business 1/ 2

Balance sheet investment activity plays a key role in CapMan's results and own balance sheet investments have accounted for most the group's total results in recent years.

The structure of the portfolio

At the end of Q3'22, roughly EUR 107 million (~65%) of CapMan's investment assets were invested in the company's own funds. Other fund investments in the investment portfolio (58 MEUR) consist mainly of investments in partner private equity funds.

In its previous strategy period, CapMan had to act as an anchor investor in almost all of its new funds to strengthen investor confidence as it underwent a major transformation and reorganized its investment teams. For example, for the Buyout XI and Infra I funds, CapMan had to make investment commitments of more than EUR 30 million, well above the company's own long-term target level (1-5% of the fund). Going forward, we don't expect balance sheet investments to play a significant role in fund launches, so we expect the portfolio to grow only slightly from the current level of around EUR 170 million.

A few years ago, CapMan had a significant market portfolio of listed equities on its balance sheet that came with the Norvestia acquisition (2017: 77.1 MEUR). However, in recent years, in line with its strategy, the company has sold off holdings in its trading portfolio and allocated the proceeds mainly to its own funds. CapMan previously had a small number of investments in Russia in its portfolio (3.4 MEUR), but these were fully written down during Q1'22.

At the end of Q3'22, CapMan had cash position of ca. EUR 53 million. The relatively high cash balance is explained by the company's large investment commitments (88 MEUR) to its own funds (see page 35 for details). We believe that the company wants to maintain a sufficient liquidity buffer also in view of possible M&A.

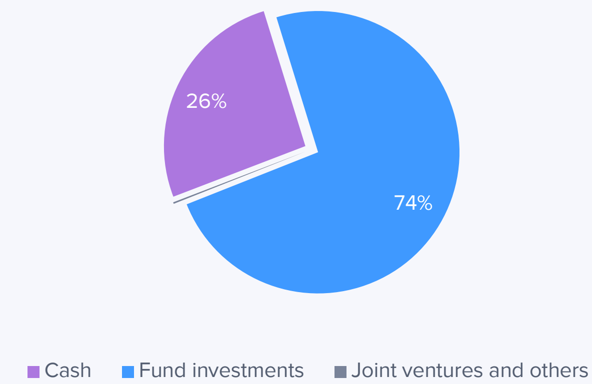
We expect a return of about 10% for the portfolio

PE funds have the highest value creation potential in CapMan's investment portfolio, and the company's own target is to achieve an annual return of 15% for these funds. At the other end of the scale are infrastructure funds and lower yielding real estate funds, where we believe the target annual return is around 10%. We don't take cash weight into account in our calculations, so we only look at the expected return on invested capital.

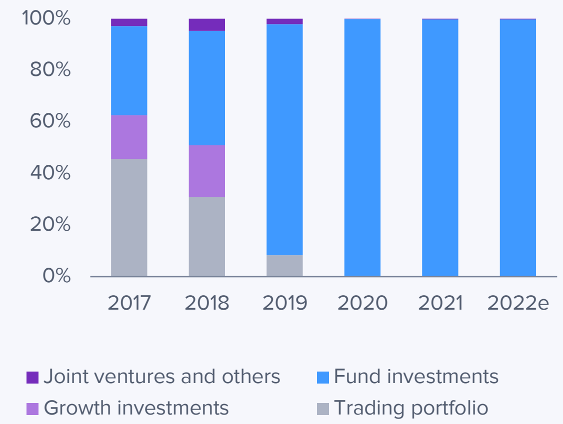
The company's own target range for annual investment returns is therefore 10-15%. However, we estimate that CapMan's investment performance remains at an average annual return of around 10% over the estimate period, which is at the lower end of the target range.

Since 2016, the average annual change in the fair value of CapMan's investment portfolio has been around 12%. However, we believe our conservative view is justified, especially in the current environment, where valuation levels have risen sharply across asset classes in recent years. In addition, the distribution of investments will be more strongly weighted towards infrastructure and real estate funds.

Investment portfolio distribution

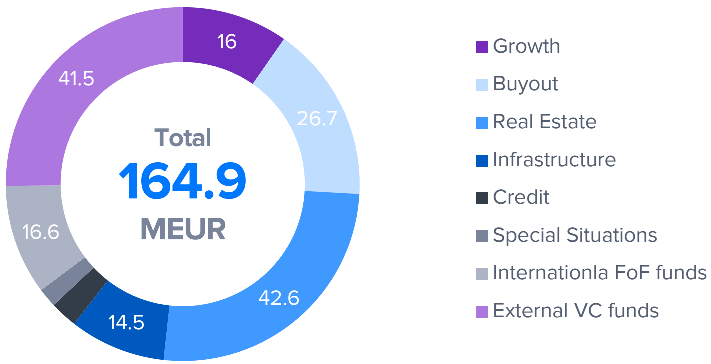


Development of investment portfolio allocation (excl. cash)

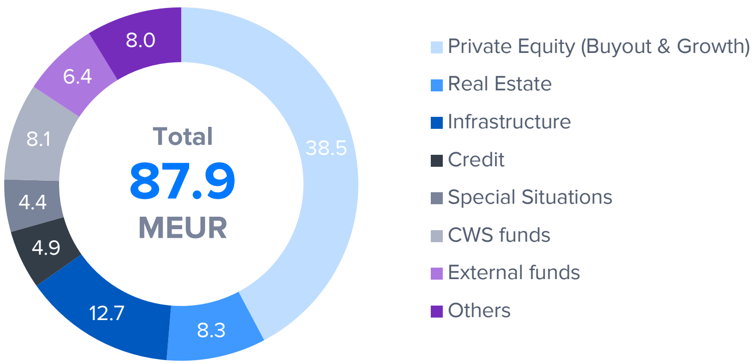


Investment business 2/2

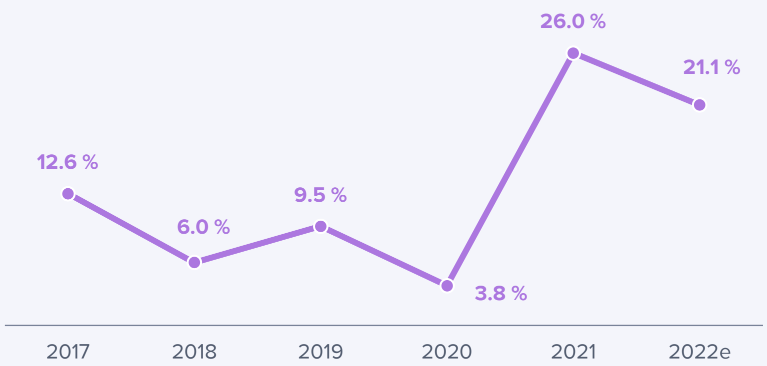
Fund investment distribution Q3’22 (MEUR)



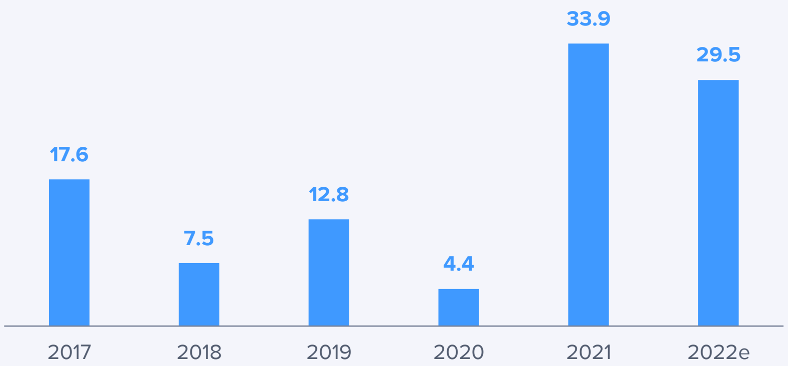
Distribution of investment commitments Q3’22 (MEUR)



Development of investment income (%)



Development of investment income in balance sheet (MEUR)



Business model summary

MANAGEMENT COMPANY BUSINESS

Own balance sheet

Broad capital base

- International investors
- Nordic Tier I investors
- Nordic Tier II and Tier III investors

New products with different fund structures

- Open-ended funds
- Closed-ended funds
- Mandates and club deals

A wide range of non-listed assets

Active value creation through different strategies

CapMan PRIVATE EQUITY AND CREDIT
- Buyout funds
- Growth funds
- Credit funds
- Special Situations fund

CapMan REAL ESTATE
- Value add funds (Nordic Real Estate)
- Residential
- Income
- Social
- Hotels

CapMan INFRA
- Infra funds
- Mandates

CapMan WEALTH
- Wealth Services

Management fees

Carried interest income

INVESTMENTS

Investments in own funds and other non-listed assets

Income from balance sheet investments

Changes in fair value

SERVICES

- CaPS
- Jay Solutions

Strategy and financial objectives 1/3

	2017	2018	2019	2020	2021
Growth rate of the Management Company and Service business	-3%	24%	29%	-1%	20%
ROE-%	11%	7%	11%	4%	29%
Equity ratio %	60%	59%	60%	52%	53%
Growing dividend	**€0.11** (+22 %)	**€0.12** (+9 %)	**€0.13** (+8 %)	**€0.14** (+8 %)	**€0.15** (+7 %)
Comment	*The current CEO starts and the company launches a new strategy.*	*The company launches new products and the growth in Services accelerates.*	*The strategy continues to make progress and the first signs of its success are also reflected in the results.*	*Earnings are weighed down by lower investment returns due to the COVID crisis, fundraising is good and AUM reaches a record high.*	*Earnings make a significant level adjustment driven by investment returns. AUM' growth is strong and product range is expanding significantly.*

2011–2016

The company is stagnating

- The company's business is based on old strategies
- The company is very dependent on a small number of large Finnish institutions
- The Management Company business is not profitable
- The performance of the funds is unsatisfactory
- Investors' returns are based on own-balance sheet returns and carried interest income

2017–2021

Time for renewal

- Change of ownership and combining of share series with the Norvestia transaction
- High turnover of key staff and new CEO starts
- Launch and systematic implementation of the new growth strategy. The company's product range expands and diversifies significantly
- Fund performance clearly improves
- The company's client base is growing, and the acquisition of JAM Advisors opens a channel to smaller institutions and high net worth individuals
- Earnings largely rely on investment income

2022–

Materializing earnings potential

- Continued strong organic growth and systematic implementation of strategy
- Continuing to improve the profitability of the Management Company business
- Carried interest income brings the result to the next level
- M&A likely in the current strategic period

Strategy and financial objectives 2/3

Cornerstones of CapMan's current strategy

Expanding and scaling the product range

- Growth in the coming years will focus on scaling up existing product areas and new products. Acquisitions are also a stronger part of growth.

Wider investor base

- The company's investor base has changed significantly and now more than half of its capital comes from international investors. International fundraising remains the company's spearhead, although growth is also sought in Finland.

Excellent investment returns

- As a manager that relies on value creation strategies, CapMan has to systemically make good profits with funds.

Improving cost-efficiency

- CapMan's cost efficiency has historically been poor and the company has systematically tried to improve this in recent years.

Inderes' comments on CapMan's strategic focus areas

- Product scaling is critical to the strategy, as it clearly improves profitability per product. To scale up to the next size, the performance of previous products must be very strong.
- A considered expansion of the product range is still justified, especially for Infra and Real Estate. Higher product volume also offsets the otherwise quite cyclical carried interest income.
- We treat M&A as a positive option and discuss it in more detail on page 23.

- The expansion of the customer base has been very successful and international growth has been very strong. We think the international focus is right, as it's difficult to scale up products with domestic capital.
- In Finland, the focus is on smaller institutions and wealthy individuals through CWS. This is a relatively new field for CapMan and there is still uncertainty about its success.

- The polarization between good and bad managers will continue. CapMan must prove to be among the best managers.
- The company's biggest burden of proof is in Private Equity and Infra, as the current Real Estate team already has a strong track-record.
- Good earnings support the growth of the business through product sizes and pricing and offer a significant potential with carried interest income.

- Cost-efficiency has clearly improved in recent years.
- Continuous improvements in cost-efficiency require success in other cornerstone areas.
- Improving cost-efficiency is pivotal to the investment story, as the profitability of the Management Company business is the single most important driver of the stock.

Strategy and financial objectives 3/3

Financial objectives are realistic and the company has a good track-record

The growth of the Management Company and Service businesses is pivotal to CapMan's investment story, as growth in recurring revenues is a prerequisite for sustainable profit improvement for the two business areas. We believe that the 15% growth target is ambitious, as although the company reached its target in its previous strategic period (average 2017-2021: +15%), this requires a clear acceleration of new sales as the comparative figures increase. In addition to new sales, the company's price level must be sustainable. These factors are entirely dependent on the company's ability to create competitive products and profits. CapMan's track-record has clearly improved and most of the funds established since 2013 have performed well for investors. In addition, the company has continued to expand its product range and investor base, which means that management fees are well placed to continue to grow significantly in the future. However, our estimates are below the company's targets, as the acceleration of new sales is likely to require not only the company's own strong performance but also favorable market conditions and possibly acquisitions.

Doubling assets under management to EUR 10 billion over the strategy period is in line with the company's growth objective. Organically, we don't consider this a realistic target and the company itself said that part of this growth will come through acquisitions. We estimate that our estimate is quite close to the company's own target, excluding acquisitions.

We believe that the **return on equity target** is realistic, but it requires a contribution from all three performance components (Management Company business, investment income and carried interest). In recent years, the company has missed the target (average 2017-2021: 12%) mainly due to weak carried interest income. As carried interest income becomes more constant in the coming years, the company should be able to reach its average return on equity target over the next five years.

The equity ratio was 51% at the end of Q3'22, in line with the company's target of 50%. The company lowered the target from 60% to 50% in its fall 2022 CMD. We believe this is justified, as the 60% level effectively meant a net debt-free level. The 50% target gives the company a little more room for maneuver on its balance sheet, but in the big picture the balance sheet is still very strong. This is justified as the company has significant investment commitments in its funds. This is also reflected in the high liquidity of the balance sheet. Although the new target gives the company a little more room for maneuver, the current balance sheet doesn't allow, for example, for major acquisitions, but requires the use of own stock as a trading asset.

CapMan has now increased its dividend for nine years in a row and dividends are still an essential part of the company's investor story. In early 2021, CapMan also switched to a twice-yearly dividend. In our view, the company is well positioned to maintain dividend growth in the coming years, as we estimate that the company's earnings have made a sustainable level adjustment well above the current dividend level.

Financial objectives

CapMan's financial objectives 2022-2026:

- Growth of Management Company and Services **>15 %**
- AUM **+10 billion**
- Return on equity **>20 %**
- Equity ratio **>50 %**
- Annually **growing dividend**

Inderes' estimates 2022–2026:

- Growth of Management Company and Services **+10% p.a.**
- Average return on equity: **24%**
- AUM 2026: **~8.2 billion**
- Equity ratio average: **49%**
- Average dividend growth: **6%**

The recording of the CMD can be viewed at the link below:

Acquisitions as part of the growth strategy

Strong track-record of creating shareholder value

In connection with its strategy update, CapMan announced that acquisitions will continue to be an essential part of its growth strategy. The company's EUR 10 billion AUM target also relies on inorganic growth, and we believe it is highly likely that the company will make acquisitions during its current strategic period.

Consolidation in the Finnish financial sector will continue to be rapid, and we continue to see a need for a next size player in the market. In such an arrangement, the synergies would be obvious and the industrial logic very clear. The main challenges are likely to be differences of view on business unit values, the allocation of management positions in the new company and cultural factors. However, we think it's clear that in the longer term, M&A offers CapMan an attractive channel to accelerate shareholder value growth.

In our view, logical targets for CapMan could be either 1) product houses, where the company could scale up its expertise through its own distribution system, or 2) an acquisition to expand its current investor base. Nor can we rule out the possibility of the company being part of a larger, probably domestic, financial conglomerate. We will now consider all relevant options one by one.

Acquisition of a product house

In our view, the most logical path for CapMan's expansion would be to broaden its product offering through the acquisition of a product house. Ideally, the acquisition of a product house would also expand the company's customer base, but this is not mandatory, as the company is also capable of scaling new products itself. In our view, the interesting gaps in CapMan's product offering are at least forest and energy. In addition, expanding the debt funds could be a realistic option, as the current Credit business is small in size and difficult to scale up organically.

Of the domestic players, Taaleri's Energy would be a very good fit for CapMan. At least in our own papers, thius would be a dream alliance in many ways. Taaleri's Energy has had some challenges with sales, but at the same time the products have been very successful, and the team is large even by European standards. However, it would require a major change in Taaleri's strategy, as Energy is at the heart of the company's current strategy. Among domestic players, forest asset manager Dasos Capital could also be of interest to CapMan due to its client base and international investment activities. A product house may well, even probably, be found in other Nordic countries, but we don't know the players in these markets well enough to guess at individual names.

Expanding the investor base

In terms of expanding the investor base, we don’t see any relevant Finnish acquisition targets for the company, as the best way to expand into the segments the company wants is through individual recruitments. The company will not go after the masses. As the investor base expands, the focus automatically turns to the other Nordic countries.

Major mergers

We understand that CapMan is also open to larger merger arrangements. Of the domestic players, CapMan would be an interesting partner, at least on paper, for eQ and Evli. In addition, a merger with Taaleri could make sense, although it would require the separation of Garantia into a separate listed company.

Naturally, CapMan could also find interesting partners in other Nordic countries with which to take the new company to the next size.

To our understanding, CapMan's owners have no particular emotional attachment to the company and a potential takeover bid for CapMan's shares would be based purely on shareholder value. We think the most likely buyer would be a foreign entity that would like to expand into the Nordic countries, as it is difficult for us to find domestic buyers for CapMan.

Market overview 1/2

In the last 20 years, the non-listed asset market has grown exponentially, with market cap becoming over tenfold since 1999. Global alternative investment data service Preqin estimates the global market size of unlisted assets to be around USD 10,000 billion at the end of 2021. Although unlisted assets have grown exceptionally fast over the past two decades, they are expected to continue to grow strongly in the future.

In recent years, capital has been channeled into non-listed asset classes, in particular because of the long-standing zero interest rate environment and the willingness of investors to seek income sources that don't correlate with the stock market. Neither the interest rate pandemic nor rising interest rates have put the brakes on demand for unlisted asset classes in any material way: according to Preqin's investor survey conducted in June 2022, the majority of investors intended to either maintain or increase their allocations to all major unlisted asset classes (private equity, private debt, real estate, and infrastructure).

Private equity

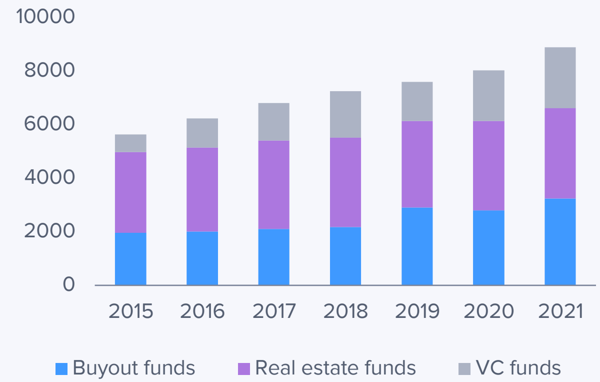
The role of private equity funds as part of institutional investors' portfolios has grown in recent years and many investors have enjoyed excellent returns. For example, over the past 10 years, PE investments in Finnish occupational pension funds have returned an average of 16.1% per year, compared to an annual return of 12.5% for equity investments over the same period.

Private equity investments have attracted a huge amount of new capital in recent years and 2021 saw an all-time record in fundraising, with around USD 900 billion raised globally (source: Preqin). The massive capital influx has intensified competition between PE funds for good investment opportunities, which in turn has also been reflected in valuation levels for buyout transactions, among other things. According to McKinsey, the average valuation levels of US buyout transactions in recent years have been well above the average of the last 15 years. Higher valuation levels have also been reflected in the leverage of funds, which in 2021 already rose above pre-financial crisis levels. These factors have contributed to the excellent performance of funds over the past decade.

In our view, elevated valuation levels are likely to put pressure on fund returns in the short term. In the coming years, performance between good and bad funds will become more polarized as rising risk-free rates raise the opportunity cost of investing and a weakening economy complicates the business environment. However, PE funds at the investment stage still have a huge amount of capital to invest, which should help to keep the market active.

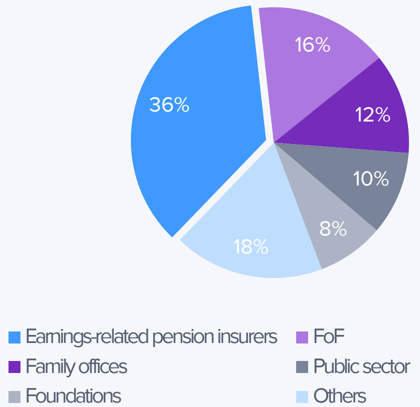
Overall, we continue to see a bright long-term demand outlook for PE funds, as we expect investors to increase their allocation to these funds along with other alternative asset classes.

Alternative fund capital in Finland (MEUR)



Source: Bank of Finland

Distribution of new sales in Buyout & Growth funds (2021)



Source: Finnish Venture Capital Association

Market overview 2/2

Nordic real estate market

Real estate transaction activity has been exceptionally buoyant in recent years, with transaction volumes in the Nordic countries doubling in the last decade. Increased demand for real estate investments is a European phenomenon. Like other alternative investments, the real estate investment market has been supported in recent years by historically low interest rates, which have made real estate a more attractive investment in recent years. There have been no reasonable returns available in the interest rate market and investors' money has shifted from fixed income to real estate, which is seen as relatively safe, which has also pushed up asset prices. The zero interest rate environment has thus increased investor demand for real estate and lowered their required rates of return. According to a market review published by Pangea Property Partners on 1/2022, transaction volumes in the Nordic real estate market reached a record high in 2021, with the total value of completed transactions rising to over EUR 72 billion.

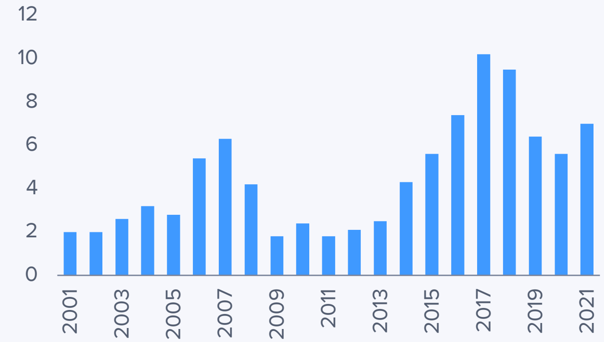
This year, however, activity in the market has fallen sharply from the previous year, as the war in Ukraine and rising interest rates have increased uncertainty and put pressure on property valuation levels. Given the sharply changed outlook for interest rates, we think it's likely that the busiest period of real estate transaction activity is now behind us and we expect to see a further decline in transaction volumes over the next 12-18 months.

Short-term risks are elevated

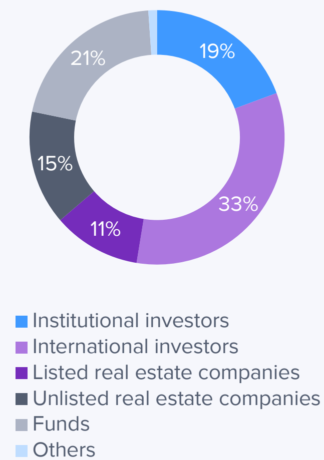
In the Nordic real estate market, the majority of transaction volume is investor-driven, creating a link between transaction activity and investor demand, which is essential for CapMan. In our view, a significant pick-up in the real estate market would require either 1) a repricing of properties to bring expected returns in line with rising interest rates or 2) the current rate hike cycle proving to be shorter than expected for one reason or another.

We note that the current period of rising interest rates and high inflation treats different property classes very differently, so the impact on demand for different funds is also likely to vary significantly. While the macroeconomic downturn may clearly cool investment demand, especially in the short term, we believe that in the big picture, investors' allocations to real estate products will continue to grow. For example, Preqin expects the AUM of real estate funds to grow at an average annual rate of more than 8% over the next five years, despite the slowdown in fundraising. Therefore, we believe that the long-term outlook for real estate funds remains good, although the near-term risks of moderating growth in capital under management are clearly elevated.

Real estate transaction volume in Finland (EUR bn)



Investor distribution on Finnish real estate market (2021)



Source: KTI Finnish Property Market Report 2022

Industry drivers and trends

Victory march of alternative assets

The share of active funds in the AUM has decreased, particularly as a result of passive and non-listed products growing in popularity

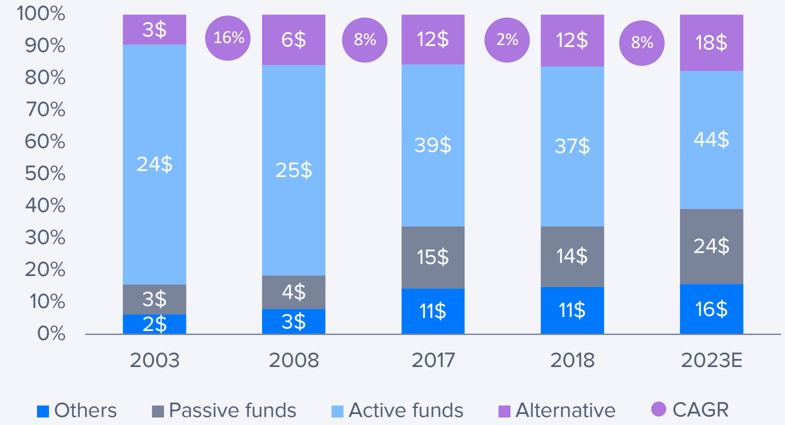
Passive products don't represent a significant source of income for investment service companies due to low fee levels, although they account for a significant share of total assets

The average fee levels for active investment funds have fallen clearly

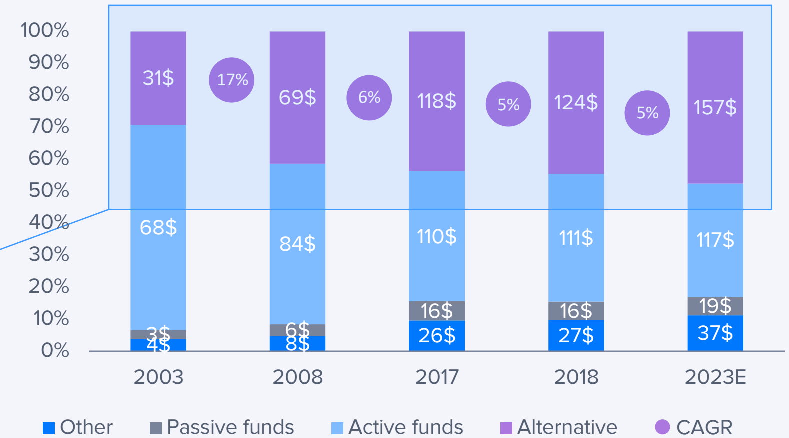
The fee levels of alternative assets significantly better than traditional funds

The share of alternative assets of global commission income has risen to almost half

Distribution of global AUM (USD bn)



Global turnover distribution (USD bn)



Source: BCG Global Asset Management 2019

Industry drivers and trends

Digitalization

Digitalization enables a more efficient service for new customer groups and a significant improvement in efficiency in the companies' internal operations.

Increasing regulations

The increasing number of regulations grow the administrative burden of the field and weakens the position of small players in particular In addition to the small players, the regulations hit banks hard

Reduced level of real interest rate

Real interest rates (market interest rate inflation) have fallen in Europe due to expansionary monetary policies and the structural challenges facing economies (e.g. shrinking working-age population).

Responsibility (ESG)

ESG has become an important trend, when investors have started to demand the companies of the finance sector to address ESG questions more actively and bear the responsibility that the capital brings.

Evolving needs of investors

New asset classes meet the demand created by low real interest rates	The number of real property products will grow	The products must be more transparent than before (ESG)
Investors are looking for more and more individual wealth management	Risk is being re-defined	Regulation, digitalization and ESG raise the barrier to entry

Investors' requirements are growing

Demand for passive investment products continues to grow thanks to their superior cost/return ratio	Traditional wealth management will face even more aggressive price pressure	Wealth managers must find ways to generate genuine additional value to their customers

Industry drivers and trends

Investment income in a critical role

Investment assets play a pivotal role in the Finnish pension system and the sustainability of the system depends to a large extent on the long-term returns of pension assets. According to the calculations of the Finnish Center for Pensions, private sector employment pension contributions can be kept under control until the 2050s, provided that the underlying assumptions (real return 2.5% per year until 2028 and then 3.5% per year until 2050) are correct.

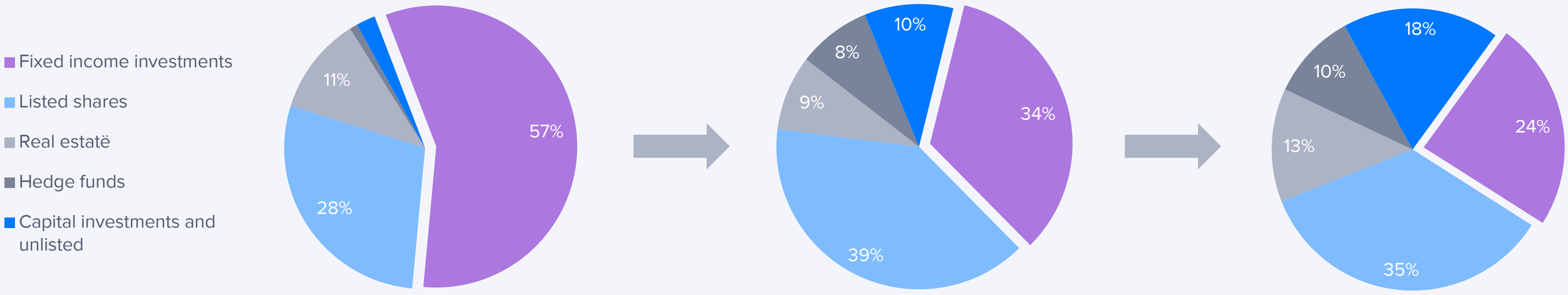
Increasing risk-taking

With the decline in interest rates, pension companies have increasingly had to seek out non-traditional investments and face different and higher risks. This has significantly decreased the weight of fixed income investments in the portfolio.

Sustainability gap is threatening

The fall in real interest rates appears to be more permanent than was thought a few years ago. At the same time, the population is aging, which will continue to increase the pressure on raising pension contributions. In the light of recent developments and discussions, the share of stocks and alternative investments in the portfolios of pension companies will continue to grow as one of the means to address these challenges.

Allocation of employee pension institutions 2004 | **Allocation of employee pension institutions 2019** | **Illustration of possible allocation of employee pension institutions 2029***



Source: Tela, Inderes

Consolidation in the cards for the industry

Wealth management competition

Banks: Nordea, OP, S-Pankki, Ålandsbanken, SEB, Aktia, Danske Bank, Oma Säästöpankki (omaSp – Lähellä ja läsnä)

Medium-sized investment service companies: Evli, CapMan, Elite Alfred Berg, LähiTapiola, United Bankers, Taaleri, Titanium, eQ, Alexandria

Small investment service companies: Icecapital, Finlandia, Fourton, Fondita, PYN Elite, Dasos Capital

Consolidation drivers

Trends

Digitalization
Low interest rate level
Responsibility (ESG)

Regulation
Alternative asset classes

Sale synergies

Growing the product and service range
Increasing distribution capacity
Increasing the assets under management

Cost synergies

IT costs
Administrative expenses
Personnel costs

Drivers for consolidation are clear and we believe that the rate of consolidation will further accelerate

Finalized M&A transactions

- eQ → Advium, Icecapital
- Evli → Kelonia (Ab Kelonia Oy)
- UB (United Bankers) → Suomen Pankkiiriliike, KJK Capital
- CapMan → Norvestia (Norvestia Oyj), jam advisors
- Elite → Alfred Berg
- Titanium → Investium
- Taaleri → Garantia, Taaleri Varainhoito
- Aktia → Taaleri Varainhoito
- Evli → Elite Alfred Berg

Source: Inderes

CapMan's positioning in regard to industry trends

Scale: ✓ — ✓✓✓

Trend	Company's position	Comment
Regulation	✓✓✓	As CapMan's product range is relatively narrow and its client base consists entirely of professional investors, regulation has not been a major headache for the company.
Growing requirements	✓✓	The investment returns of CapMan's funds have clearly improved since the financial crisis and the company has a strong track-record especially in Real Estate funds. However, in Private Equity, Infra and the new CWS funds, the company still must prove itself.
Low interest rate level	✓✓✓	The company has benefited significantly from the zero interest rate environment of recent years, as capital has increasingly been diverted from traditional fixed income investments to unlisted asset classes. CapMan has also introduced entirely new investment areas and expanded its offering from closed-end funds to open-ended evergreen funds (Hotels, NPI), which has supported this development.
Digitalization	✓	The importance of digitalization for CapMan has so far been lower than for its main peers, as the company's distribution isn't dependent on it. For CapMan, digitalization has mainly meant improving internal efficiency. With the JAM acquisition, the company gained a lot of systems expertise, which has been used to build the new CWS service.
Alternative asset classes	✓✓✓	The company's strategy hinges completely on alternative asset classes and with the improvements in track-record in the past few years, Taaleri's position has improved in the unlisted field.
Constant pressure on pricing	✓✓✓	CapMan hasn't suffered material price pressure due to a product range focused on unlisted assets and an improved track-record. However, the company must continue to perform well in its investment activities in order to maintain its current fee levels.
Responsibility	✓✓✓	At CapMan, ESG is integrated into investment processes and reporting. Sustainability issues are more important to CapMan than to its main peers due to the company's focus area (active value creation in the unlisted sector) and client base (large institutional clients).

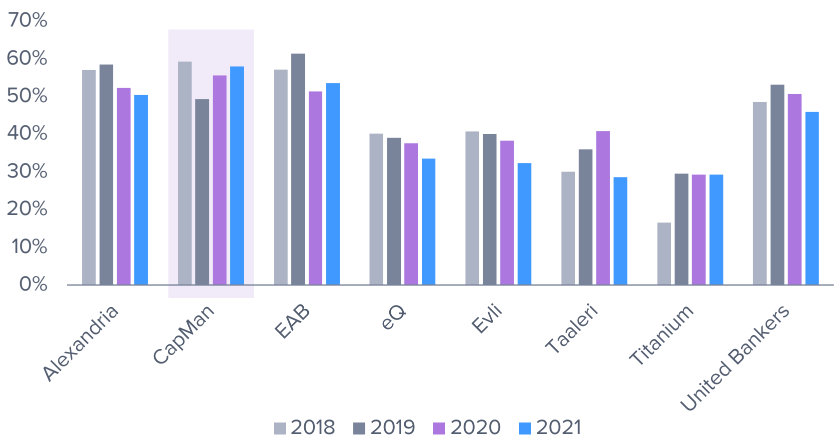
Summary of listed peer companies

	eQ	TAALERI	TITANIUM	EVLI	ELITE ALFRED BERG	CapMan	UB UNITED BANKERS	Aktia	ALEXANDRIA
MCAP (EUR million)	**880**	**320**	**150**	**450**	**–**	**410**	**140**	**710**	**70**
Actual profitability	EBIT in recent years +50%. Profitability at excellent level already without performance fees.	The profitability of Garantia has been very good, but the profitability of private equity funds has been poor, especially in terms of recurring income.	EBIT % (adjusted) +50%. Exellent profitability, performance and transaction fees play an important role	EBIT 30–40%. Very good profitability and practically based largely on continuing earnings.	In 2021 profitability made a clear level adjustment. However, EBIT-% is still well below the peer group.	Profitability based on continuing earnings from management business has improved clearly in recent years. Still much improvement potential in cost efficiency,	EBIT (adj.) +30%. Similar to peers, profitability rose heavily in 2021 and the result mix (share of continuing earnings) improved clearly in recent years.	ROE has been satisfactory in recent years.	Profitability improved clearly with the increase in revenue, and 2021 was a record year by far. The share of structured products in turnover remains dominant (>50%).
Track-record	The company's track-record of organic earnings growth is exceptionally strong in recent years. Shareholder value has grown rapidly.	The company has created considerable shareholder value with M&A transactions. Operational earnings development has been more subdued due to cost challenges.	Very strong track-record due to the exceptionally attractive fee structure of Hoivarahasto.	Result has grown clearly thanks to improved cost efficiency and excellent new sales.	The company has grown but profitability has historically been weak. In recent years, the company hasn't been able to create shareholder value.	Track-record under the current management (from 2017) is very strong.	New sales have developed strongly and profitability has clearly improved. The implementation of the strategy has become significantly more efficient.	The track-record of asset management is good. Growth has been weak and profitability challenging in conventional banking. More challenges with the Taaleri integration than was expected.	The company's historically weak development has taken a clear level adjustment upwards in the last two years.
Strengths / weaknesses	Strong institutional sales & excellent products. Weakness is dependency on individual products.	Strong track-record in private equity funds. Cost control is challenging.	Hoivarahasto is an exceptionally good product for the fund manager. Significant dependence on a single fund is a weakness.	Excellent institutional sales. International sales and low price level clear strengths. Dependence on traditional asset management is a key weakness.	Strong sales to retail customers but weaker position in institutions. Cost efficiency has clearly fallen behind peers in recent years.	Position in alternative investments is a strength. Weaknesses include the sluggish profitability of the management business based on recurring fees and the dependence of the result on own-balance sheet revenues.	Real asset strategy and extensive sales power are strengths. Varying product quality and cost level after the SPL merger have been challenging.	As a result of the Taaleri deal the company has excellent conventional asset management. Lack of alternative investment products and cost efficiency are key challenges.	Extensive distribution network in the less competed private investor segment is a strength. Weaker business scalability than that of peers and risk of price erosion are weaknesses.
Strategic direction	Continues growing strongly in real estate and PE funds and maintains exceptional cost efficiency. M&A transactions possible.	Continue strong organic and inorganic growth of the business. M&A transactions part of the company's story also in future.	Ramp-up of Baltia fund and expansion of product offering. Acquisitions highly possible.	Growth in alternative investment products and international sales. M&A transactions unlikely.	The company merged with Evli this fall.	Continued profitable growth of the management business. Acquisitions possible.	Focus on growth and continuing earnings. Growth in real asset products and private equity funds. Acquisitions probable.	Company seeks strong growth especially in asset management with which profitability should also be able to scale.	Focus on increasing continuing earnings and customer-specific size class. Here funds and new asset management service are in focus.

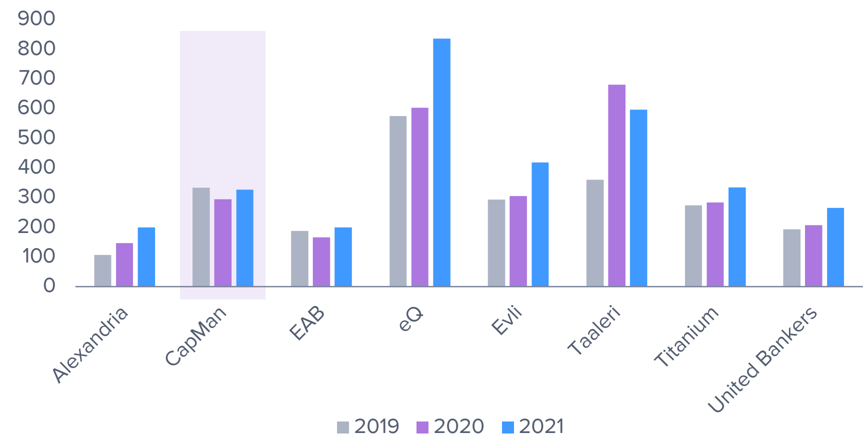
Source: Inderes Data collected on 11/11/2022

CapMan compared to domestic peers

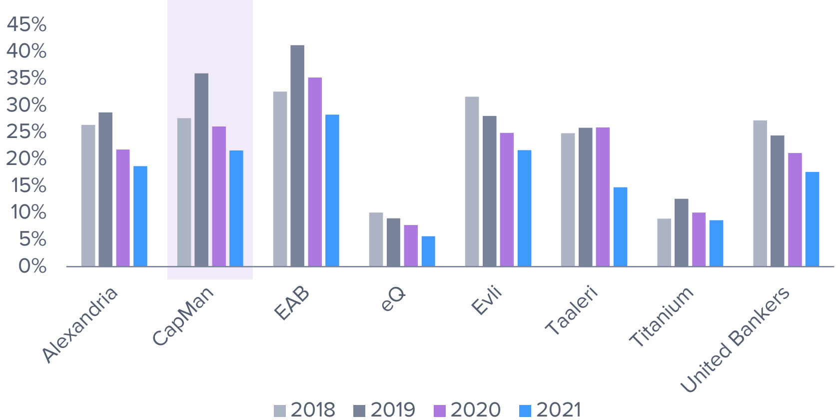
Personnel costs relative to turnover (Group)



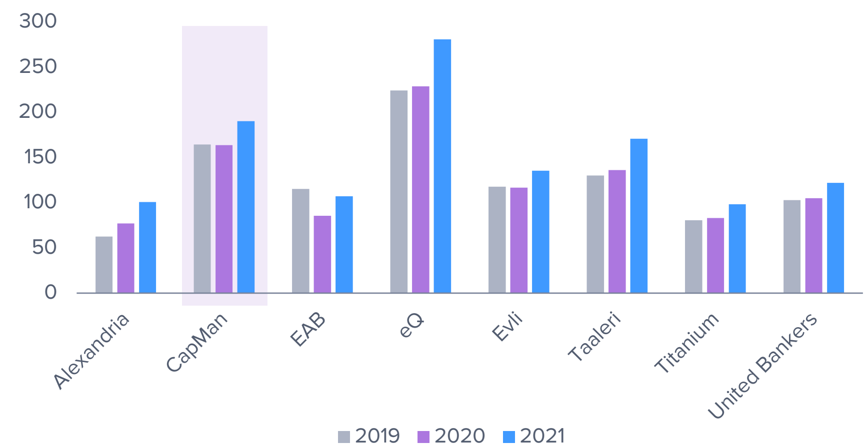
Turnover per employee (TEUR)



Administrative expenses, other expenses and depreciation relative to turnover (Group)



Personnel costs per employee



Inderes' comments:

- Revenue per employee calculated with average number of employees.
- Agents were included in personnel and personnel costs
- Taaleri's 2020–2021 figures adjusted for divested Wealth Management business.

Investment profile

1. Organic growth

2. Good positioning in regard to industry trends

3. Improving cost-efficiency

4. High and predictable dividend flow

5. M&A transaction option

Potential

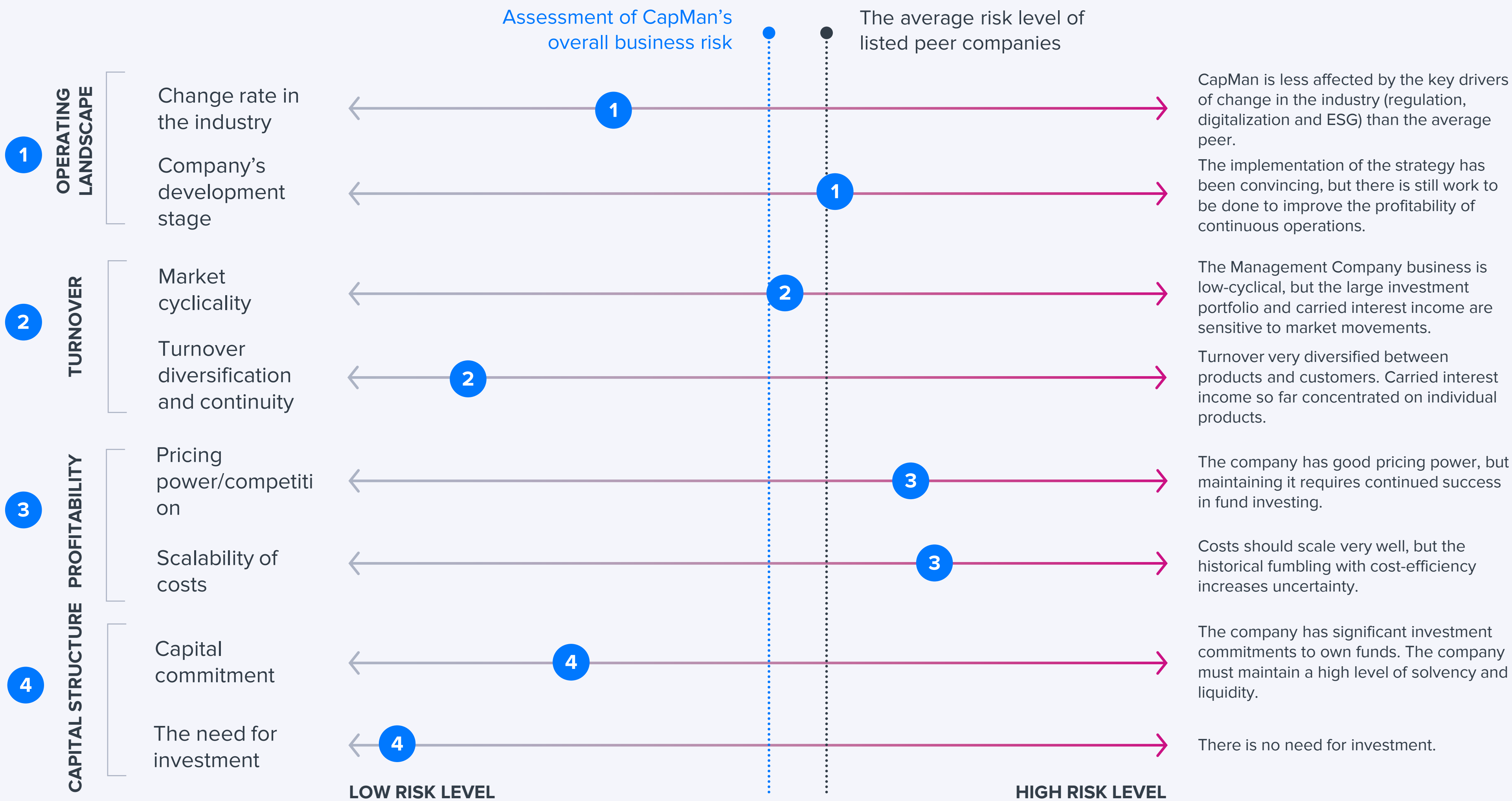
- New products in existing and new strategies
- Growth in product sizes
- Growth in Service business
- Good investment returns will be accompanied by rising carried interest income and on-balance sheet investment income
- Improving cost-efficiency through growth
- The company is actively looking for M&A opportunities

Risks

- Investment returns falling short of expectations, especially in Infra and Private Equity
- Cost level sustainability and realization of earnings potential
- Rising interest rates may undermine the attractiveness of alternative asset classes and weigh on returns on existing products
- General market situation

Source: Inderes

Risk profile of the business model



Source: Inderes

Financial position 1/2

Solvent and liquid balance sheet

CapMan's overall balance sheet is strong, with an equity ratio of 51.3% and a net gearing ratio of 29.7% at the end of Q3'22. The company's financial objective is to maintain an equity ratio above 50%.

CapMan's balance sheet total at the end of Q3'22 was ca. EUR 273 million. The company's investment portfolio, worth EUR 165 million (60% of the balance sheet total), represents the largest part of the balance sheet assets. We have discussed CapMan's investment portfolio in more detail on pages 17–18. In addition to the investment portfolio, CapMan also had a strong cash position of EUR 58 million at the end of the year. Although CapMan's balance sheet appears over-liquid, we believe this is justified by the significant off-balance sheet investment commitments.

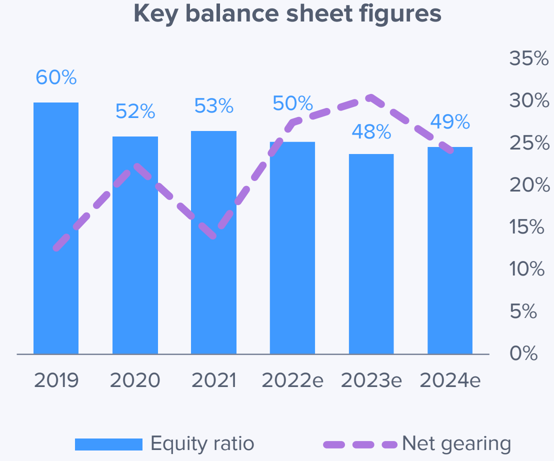
Today, CapMan's own balance sheet investments no longer play a significant role in the launch of new funds, so growth doesn't tie up much capital. CapMan's balance sheet is therefore very capital-light apart from the investment portfolio. The company has EUR 15.3 million of goodwill on its balance sheet, of which the majority (14.8 MEUR) consists of the acquisition of JAM Advisors completed in 2019. Other assets on the balance sheet mainly consist of items related to operational activities, such as receivables (long-term receivables 6.2 MEUR + short-term receivables 20.7 MEUR) and deferred tax assets (3.1 MEUR). Tangible fixed assets on the balance sheet (3.5 MEUR) mainly consist of IFRS 16 lease liabilities.

CapMan's equity at the end of Q3'22 was EUR 136.9 million and the company had EUR 92.2 million of interest-bearing debt on its balance sheet. Other liabilities in the balance sheet consist mainly of trade and other payables related to operational business.

Off-balance sheet liabilities

At the end of Q3'22, CapMan had off-balance sheet investment commitments to its own funds totaling ca. EUR 88 million. The largest commitments (25.6 MEUR) were to the Buyout fund. In practice, investment commitments mean that CapMan is also committed to investing its own funds that are in the fundraising stage. Investments in own funds are in line with CapMan's strategy and the company's long-term objective is to invest between 1% and 5% of the value of the new fund.

Even if CapMan were in principle able to avoid these investment commitments, this could be interpreted as a clear vote of no confidence in the future investment performance of the funds, which in turn could make it more difficult for the funds to raise money. Consequently, we consider it likely that CapMan will have to meet these investment commitments. In our view, these can be classified as mandatory investments or liabilities.



Financial position 2/2

The company has significant interest-bearing debt

At the end of Q3'22, the company had total interest-bearing debt of EUR ~90 million. Of the current interest-bearing debt, EUR 50 million matures at the end of 2025 and EUR 40 million at the end of 2027. Thus, the maturity distribution is good for the company. The company pays a fixed interest rate on its loans, so a change in interest rates has no immediate impact on the company's profitability and cash flows.

Although the company has a high equity ratio and a strong balance sheet, the amount of interest-bearing debt can't be considered insignificant in relation to the size of the company. The net debt to EBITDA ratio, often used in debt ratio analysis, was around 1.8x in 2021, which can still be considered quite moderate. Considering the cash needs created by investment commitments, we believe that the ratio should be viewed in terms of gross debt, which doesn't deduct cash from liabilities. Excluding investment income, the interest-bearing debt/ EBITDA ratio is already high (almost 7x), reflecting the importance of investment income for CapMan's current business. From this perspective as well, profitability based on recurring fees should improve over the current strategy period.

Although the level of debt appears high relative to adjusted earnings, in our view this doesn't represent a significant financial risk for the company, as the substantial investments on the balance sheet provide collateral for the loan capital if needed. While the company's debt isn't cheap in absolute terms (~4% nominal interest rate in a zero interest rate environment), we believe that with its strong balance sheet and improved recurring fee-based profitability, the company should be able to refinance its maturing debt obligations without any difficulty.

We note that we don't believe that CapMan will even seek to repay its debt (at least not in full). This, given the current level of profitability and the objective of a growing dividend, would probably not even be possible in the current timeframe. However, investors should note that unlike other asset management companies on Nasdaq Helsinki, CapMan also requires investors to bear a moderate amount of financial risk. However, the risk has declined over the past couple of years, as evidenced by the company's listed bonds, where the risk premium (the spread over the risk-free rate) has narrowed relative to comparable debt securities.

The cash conversion of investment income is good

In addition to the accounting result, the development of cash flows should be examined in connection with dividend estimates, as a significant part of CapMan's income consists of investment income, which is mainly non-cash items. This is because balancing investments are valued at fair value on a quarterly basis and their impact on profit or loss is recognized immediately upon revaluation, rather than when the assets are sold.

CapMan's cumulative operating cash flow for the last strategic period (2017-2021) was weak (-7 MEUR), so CapMan financed its dividend mainly with the investment income. Although the company's accounting investment income is partly based on unrealized changes in value, as described above, the cash conversion is good over a few years. To our understanding, this is because the largest revaluations are typically made when a fund is already selling its investments towards the end of its lifecycle. Large capital gains made in the early stages of a fund could lead to a cash shortfall if the entire accounting profit were to be distributed as dividends, with investment income being recognized in profit or loss several years before the company receives it in cash.

Profitability development of recurring fees supports dividend paying capacity

In the current strategy period, we expect a clear leap in CapMan's profitability that's based on recurring fees, which best serves as an estimate for operating cash flow. This, in turn, offsets the negative impact of the normalization of investment returns on the ability to pay dividends in the coming years. CapMan's annual investment requirements are also very low, so in practice the company will be able to continue to distribute all its profits to its shareholders. Thus, the company's net income is the main driver of dividend payments, and we don't consider the challenge of timing cash flows from investment income to be significant. In our view, the company naturally still has some debt capacity left if needed but given the rising cost of money (based on market pricing, the interest rate on CapMan's potential new 5-year bonds is around ~8%), we wouldn't consider additional debt to pay dividends a very sensible solution. In addition, the company already has an unused liquidity facility of EUR 20 million.

Group level estimates 1/4

Summary of estimates

We expect the market situation to remain at least reasonable for CapMan in the coming years. Although capital markets have weakened markedly during 2022 as a result of the economic slowdown, heightened geopolitical tensions and rising interest rates, we don't see any change in the major trends in the industry. Despite the rise in interest rates, real interest rates have remained low, maintaining demand for alternative investment products. While improved nominal yields on fixed income products are likely to at least slow the long decline in fixed income weights, we don't believe this will come at the expense of alternative products, which we believe have become a permanent and essential part of the modern investment portfolio.

With a strategy focused on alternative products and improved product quality, CapMan has positioned itself in today's very challenging market. In addition, the company has significant income potential in its funds that comes with relatively limited risk, especially for the coming years, as a large part of the value creation in the funds has already been done.

However, CapMan's absolute earnings growth will be modest in the coming years, as the level of investment returns on the company's own balance sheet will inevitably fall from the current abnormally high level. This buries a large part of the growth in earnings based on recurring fees and carried interest income.

We expect stronger scalability

Although earnings will grow modestly in absolute terms, the mix will improve significantly as the focus shifts to recurring fees and carried interest income. The continuity of the carried interest income will also improve as the company should have more and more funds in carry in the coming years. An improvement in the earnings mix is pivotal for the stock, as earnings based on recurring fees are significantly more valuable than one-off earnings. Improving profitability based on recurring fees is therefore one of the company's key objectives for the current strategy period. Improvement comes through two channels, which are: 1) growth in turnover and 2) much greater scalability of costs. The company has a clear track-record of profitability based on recurring fees, as in the previous strategy period profitability remained relatively weak (especially when considering the increased group costs shown under "Other and eliminations") and the company's history of cost control is nothing to write home about. Given the growth investments made in recent years and the good growth prospects, the Management Company business is well placed to scale up significantly in the coming years.

CapMan's market risk is clearly lower than that of its domestic peers, with returns coming entirely from alternative investments and to a large extent from value creation strategies. However, we want to note that alternative investments are of course not immune to the overall market situation and as the weak market situation continues, the impact will eventually be increasingly reflected in alternative investments.

EPS and dividend estimates

Group level estimates 2/4

2022: Investment returns propel CapMan to staggering results

CapMan has had a very good start to the year, despite the market headwinds. During the first half of the year, the company's turnover has increased by 26% to EUR 47.8 million and operating profit by 41% to EUR 45.6 million. The key drivers of turnover growth have been the level adjustment seen in carried interest income (5.5 vs. 2.5 MEUR), excellent development of Services (+42%) and management fees (+14%) due to increased AUM. New fund sales have underperformed our expectations in the first half of the year, and in Q2 and Q3 AUM growth remained at around EUR 80 million per quarter. Although the company's new sales fluctuate significantly between quarters due to fundraising cycles and large one-off investments, we think the Q2 and Q3 numbers also reflect an increase in overall market uncertainty.

In terms of operating profit, the result continues to be very strongly weighted towards investment income, which has accounted for around 70% of the result during the first half of the year. Investment income has been significantly stronger than expected, despite the weak market. We estimate that this is explained by the strong development of the portfolio companies and successful exits, which have more than compensated for the declines in the multiples of the portfolio companies. We also note that individual funds in the company's investment portfolio (e.g. Growth 1, Buyout X and Infra 1) have a very high weight and therefore the performance of individual assets can have a large impact on CapMan's own investment returns.

The Service business has continued its strong earnings improvement (Q1-Q3'22 EBIT: 4.9 vs. comparison period of 3.0 MEUR), while CaPS has continued its highly profitable growth and JAY is close to break-even, according to our estimates.

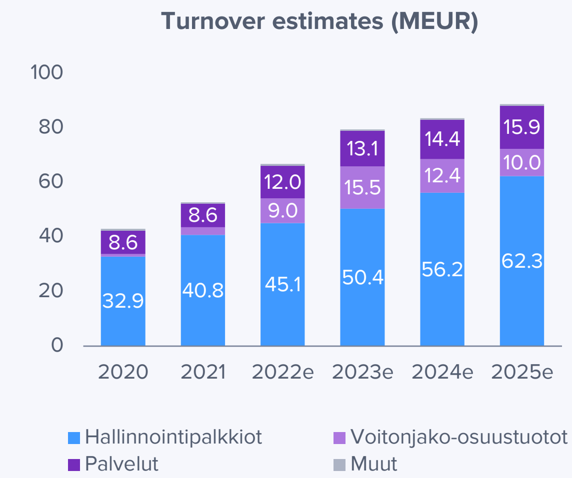
The result of the Management Company business has also increased significantly (14.7 vs. 10.0 MEUR), but the majority of this is explained by carried interest income. Absolute and relative profitability based on recurring fees have also continued to improve (9.2 vs. 7.5 MEUR). Like the rest of the business, group expenses have increased significantly (6.0 vs. 3.7 MEUR), but most of this is explained by the early payment of the stock option plan in Q2.

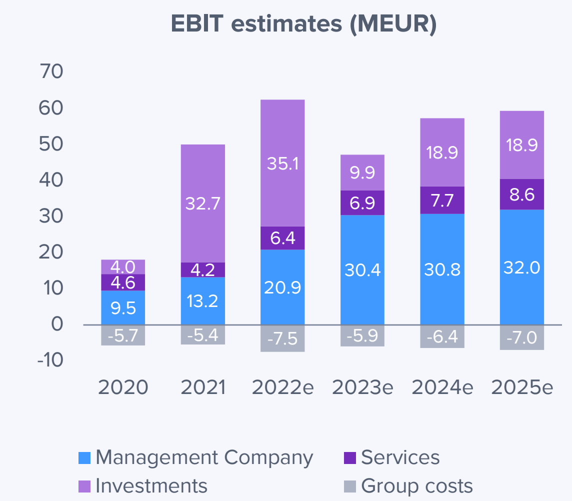
We also expect the rest of the year to be strong

We expect a strong performance in Q4 despite a difficult market. In Q4, we forecast carried interest income from the Growth and NRE 1 funds. Investment income should also continue to have a positive impact on the result, as the company only revalues its NRE fund once a year.

The key question mark for Q4 is new sales. After sluggish Q2 and Q3 sales, the company has a lot to catch up in Q4 and should be able to sell the next generation of the CWS PE asset management program (100-150 MEUR of new sales), do the next closing of the Infra 2 fund (~100 MEUR) and possibly start fundraising for the new Social Real Estate fund.

All in all, we expect this year's EPS to rise to a whopping EUR 0.26. The company will continue to steadily increase its dividend and we forecast the dividend per share to increase by one cent to EUR 0.16. Even if the company could afford a larger increase in terms of earnings, the stable level of earnings in the coming years and the uncertain market situation don't provide an incentive for doing so.





Group level estimates 3/4

2023: Result down from exceptional comparison level

We expect market conditions to remain challenging in H1'23 and this will have a negative impact on CapMan's performance in terms of investment returns. Otherwise, we expect CapMan to continue its good performance despite the difficult market.

In 2023, the company's turnover will increase by 19% to around EUR 80 million. A key driver will be carried interest income, where we expect a clear increase (15.5 vs. 9.0 MEUR) as most of the carried interest income from the NRE 1 and Growth 1 funds will be realized. We also expect a small carried interest income from the Nest 1 fund.

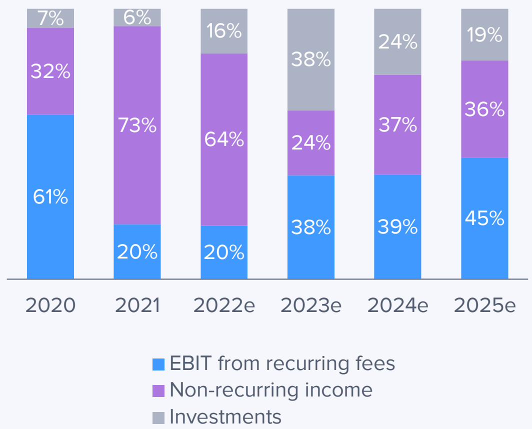
AUM continues to grow healthily, and we expect net sales of EUR 700 million. The level is very good and requires a strong performance, especially if market conditions remain challenging. Key drivers for AUM are the growth of Infra 2, Social Real Estate, Open Real Estate Funds and the next generation PE program in CWS. With the increase in AUM, management fees will increase by 14%. The real acid test will be seen in the profitability of the Managament Company business, where the company's cost growth should slow down significantly in line with its strategy. Growth should scale significantly better than before, and we expect an improvement of more than 3 percentage points in the segment's profitability margin based on recurring fees.

We forecast operating profit to decrease to EUR 41 million from EUR 55 million year-on-year. This is particularly due to investment income, which we expect to fall sharply (10 vs. 35 MEUR). This is explained by the wild level of the comparison period and our estimate of zero profit in H1'23. We are aware that our estimate is conservative, but we want to leave a clear margin of safety while the market situation remains weak. The result of the Management Company business will increase significantly (30 vs. 20 MEUR) due to growth in recurring fees and large carried interest income. In services, we expect CaPS to continue its excellent performance, but we are much more cautious about JAY, to which we have lower visibility.

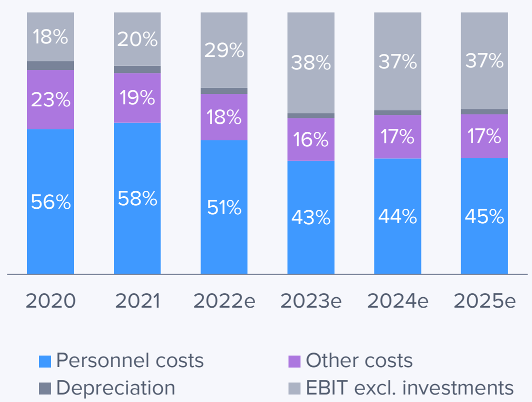
Group expenses are set for another acid test next year, as their level should fall significantly from 2022, when the one-off costs associated with the termination of the long-term share incentive plan will be eliminated. It's important for investors to monitor the development of the Other and eliminations segment in addition to the continued improvement in the performance of the Management Company business, as the importance of the performance improvement would be substantially diluted if a significant part of this performance growth were buried by group expenses.

The earnings mix improves markedly in our estimates, but its focus remains very much on one-off revenues. Overall, we forecast EPS of EUR 0.19 and a one cent increase in the dividend (EUR 0.17) for 2023.

EBIT distribution (%)



Cost structure development



Group level estimates 4/4

Longer-term earnings growth outlook is good

We expect CapMan's results to return to clear growth from 2024 onwards. This will be driven by the normalization of investment returns and growth in the Management Company business.

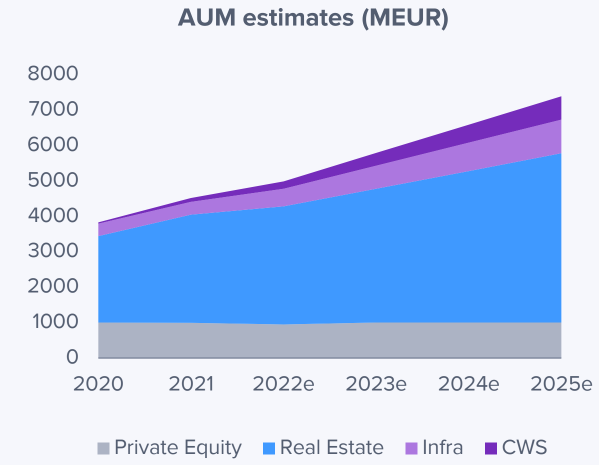
Overall, we expect the company to generate annual net fund sales of around EUR 700 million through the strategy period until 2026. This would mean that by 2026 AUM would rise to more than EUR 8 billion, which we estimate is relatively well aligned with the company's own organic growth target. At the fall CMD, the company announced an AUM target of EUR 10 billion but admitted that achieving this will also require M&A activities. The main drivers of AUM growth are real estate products (NRE family, existing open-ended funds and individual new products), infrastructure (new fund and mandates) and the annual program of CWS. For CWS in particular, we are relatively cautious in our estimates and expect new sales of EUR 150 million (company target +EUR 200 million). In the case of CWS, the company operates in a relatively new customer segment (small domestic institutions and high net worth individuals) and its track-record in this segment is still thin.

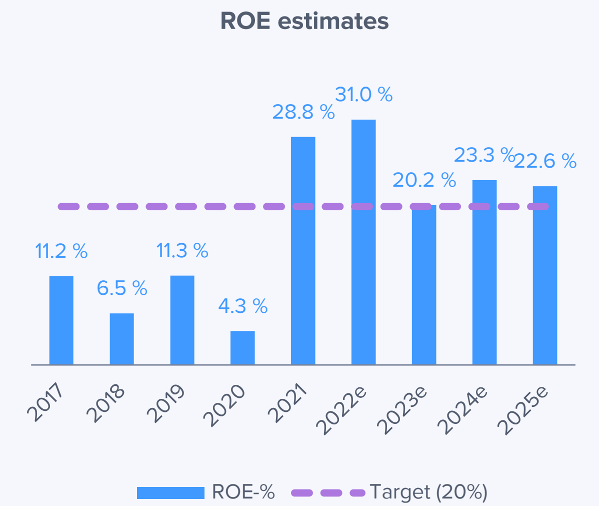
Overall, recurring fees in the Management Company business are forecast to grow at an annual rate of around 12%. Carried interest income will stabilize at around EUR 10 million, which we believe is justified for the coming years given the current AUM level. On investment income, we expect a return of just over 10% per year and don't expect the company's investment portfolio to grow further from the level at the end of 2022, as the company's level of investment commitments will fall significantly from the previous strategy period.

Even if earnings return to growth, they won't reach the record levels seen in 2022 by the end of the strategy period. However, the earnings mix has changed significantly and by the end of the strategy period it's already starting to be quite good. The share of earnings based on recurring fees will be significant and carried interest income will also be much more recurring in nature than in the past. At the same time, the role of investment income will be reduced to supporting the whole from its current dominant role.

We expect the dividend to grow steadily by one cent a year. However, we see a clear possibility that by the end of the strategy period the increases will be higher than this, as the result mix and hence predictability has improved. We believe that the total payout ratio for the whole strategy period should be high (80-90%), as the company doesn't need additional capital for its own operations anymore, as the investment portfolio won't be increased.

In general, the company's strategy is taking it in the right direction, and we believe the company has positioned itself well in relation to industry trends. The success of the strategy period comes down to the company's ability to generate good investment returns on its products and its ability to control costs.





Summary of estimates

MEUR	2020	2021	2022e	2023e	2024e	2025e
Turnover	**43.0**	**52.8**	**66.8**	**79.5**	**83.5**	**88.7**
Management fees from funds	29.0	36.6	38.9	44.1	49.6	55.4
Carried interest income	0.9	2.9	9.0	15.5	12.4	10.0
Fees from wealth advisory services	3.9	4.2	6.2	6.3	6.6	6.9
Service business	8.6	8.6	12.0	13.1	14.4	15.9
Other and eliminations	0.7	0.5	0.7	0.5	0.5	0.5
Personnel costs	-23.9	-30.6	-34.3	-34.5	-37.0	-39.5
Other expenses	-9.7	-10.0	-11.8	-13.0	-13.9	-14.8
Depreciation	-1.5	-1.5	-1.5	-1.5	-1.5	-1.8
Changes in fair value	4.4	33.9	35.9	10.8	19.8	19.8
EBIT	**12.3**	**44.6**	**55.0**	**41.3**	**51.0**	**52.5**
Management Company business	9.5	13.2	20.9	30.4	30.8	32.0
Services	4.6	4.2	6.4	6.9	7.7	8.6
Investments	4.0	32.7	35.1	9.9	18.9	18.9
Group costs	-5.7	-5.4	-7.5	-5.9	-6.4	-7.0
EBIT adjusted for investments and profit distribution	**7.5**	**9.1**	**10.9**	**15.9**	**19.7**	**23.6**

Assets under management (MEUR)	**3827**	**4516**	**4991**	**5791**	**6591**	**7391**
Growth %	*18%*	*18%*	*11%*	*16%*	*14%*	*12%*
Private Equity	998	991	950	1000	1000	1000
Real Estate	2440	3060	3330	3780	4280	4780
Infra	357	355	500	650	800	950
Other	32	110	211	361	511	661

EBIT %	*28.7%*	*84.6%*	*82.4%*	*52.0%*	*61.0%*	*59.2%*
EBIT % without investments and profit distribution	*17.5%*	*17.2%*	*16.3%*	*20.0%*	*23.5%*	*26.6%*
EPS	*0.03*	*0.22*	*0.26*	*0.19*	*0.22*	*0.23*
Dividend/share	*0.14*	*0.15*	*0.16*	*0.17*	*0.18*	*0.19*
Profit distribution %	*424%*	*68%*	*61%*	*92%*	*81%*	*84%*
ROE-%	*4.3%*	*28.8%*	*31.0%*	*20.2%*	*23.3%*	*22.6%*
Equity per share	*0.72*	*0.80*	*0.91*	*0.93*	*0.98*	*1.02*
Income from balance sheet investments %	*3.8%*	*26.0%*	*21.1%*	*6.0%*	*11.0%*	*11.0%*

Estimate revisions

Estimate revisions	2022e	2022e	Change	2023e	2023e	Change	2024e	2024e	Change
MEUR / EUR	Old	New	%	Old	New	%	Old	New	%
Revenue	66.8	66.8	0%	78.7	79.5	1%	82.5	83.5	1%
EBIT (exc. NRIs)	54.8	54.9	0%	40.5	41.3	2%	50.0	51.0	2%
EBIT	54.8	54.9	0%	40.5	41.3	2%	50.0	51.0	2%
PTP	49.7	49.8	0%	36.5	37.3	2%	44.4	45.4	2%
EPS (excl. NRIs)	0.26	0.26	0%	0.18	0.19	2%	0.22	0.22	2%
DPS	0.16	0.16	0%	0.17	0.17	0%	0.18	0.18	0%

Source: Inderes

Valuation 1/4

Valuation summary

In our view, CapMan is excellently positioned in its sector (asset management + alternative asset classes) and the execution of its strategy has been very convincing in recent years. Our confidence in the company's earnings performance is quite high, which in our view lowers the risk level of the stock to an extent.

We have gauged CapMan's fair value through the value of its parts, relative and absolute multiple-based valuation and cash flow calculations. Our different valuation methods are reasonably well aligned and the indicated fair value for CapMan's share ranges between EUR 2.6 and EUR 3.2. Therefore, our target price of EUR 3.0 is in line with these.

Upside potential in the multiples

In our view, the expected return for the coming years is driven by dividend yield and rising multiples, as the EPS growth we forecast for the period under review (2021-2025e) remains close to zero. The quality of earnings will remain very poor for the next few years, with the focus on investment income and carried interest income. Although the nature of carried interest income will become more continuous in the coming years, they are still much less valuable to investors than income based on recurring fees. As the result mix improves, we see clear upside to the company's acceptable multiples, especially as the current market uncertainty eases.

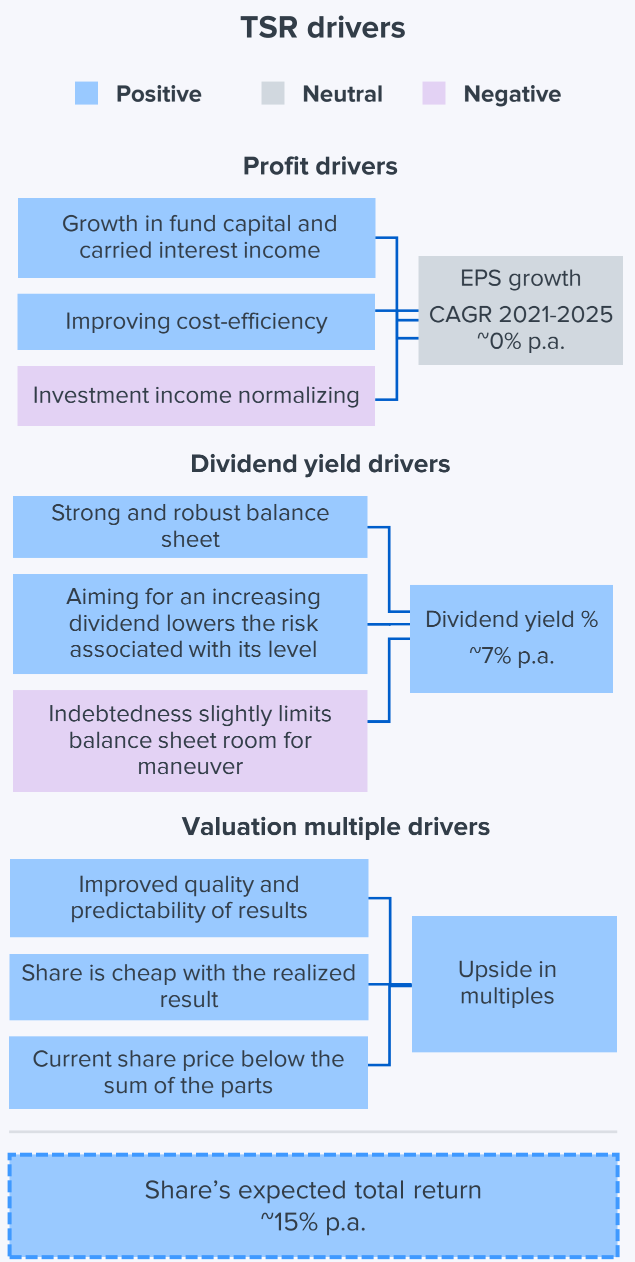
If the improvement in earnings continues in line with our expectations, the long-term return outlook is attractive. At the same time, the dividend yield provides support to the share price. However, we note that our dividend estimates are subordinate to the long-term success of the strategy and continued profitable growth.

Factors supporting CapMan's valuation:

- Improved profitability based on recurring fees
- Good long-term earnings growth outlook
- Strong position in alternative funds
- High dividend yield

Factors negatively affecting UB's valuation:

- Results for the coming years weighted towards investment income and carried interest income
- Market situation



Valuation 2/4

Sum of the parts

The sum of the parts provides a good starting point for the valuation of CapMan, as different parts of the company should be approached with different valuation methods.

We have set the value of the Management Company business at EUR 295 million. The value is split between the business generated by recurring fees and carried interest income. In our view, it is justified to consider them separately, as carried interest income is clearly less valuable to investors than income based on recurring fees.

We have valued the business that generates recurring fees at 15x EV/EBIT and 2022-2023e average earnings. The level is high in absolute terms, but justifiable given the strong fundamentals of the business. The key factors influencing the acceptable level of valuation in the industry are: AUM stability, product portfolio growth prospects, product quality, profit predictability, product fee potential and operational efficiency. For payout ratios, we have applied a multiplier of 8x and an average of the 2022-2025e carried interest income. On a weighted average basis, we arrive at an acceptable valuation for the segment of around EV/EBIT 12x. In our view, the level is relatively neutral given the stock market and the generally lower valuation of the sector. The valuation is weighed down by the softness of the earnings mix. If the mix improves, there would be upside to the acceptable valuation level.

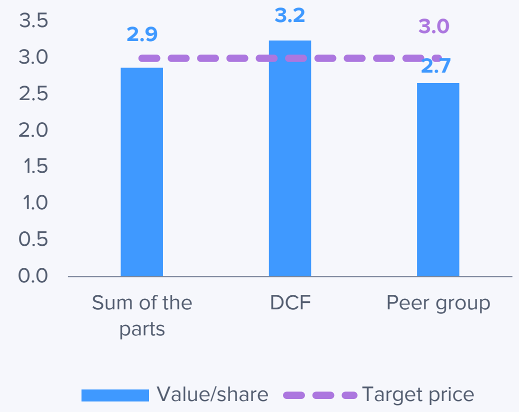
In relation to AUM (Q3'22: 4,927 MEUR), the value of the Management Company business represents a price of about 6%. This level is not particularly demanding given the quality and fee potential of AUM and is quite in line with the AUMs we apply to other asset managers. This figure would also have upside potential if the company's profitability based on recurring fees improved from current levels.

We have valued the highly profitable Services segment at 15x EV/EBIT. Most of the value comes from CaPS, as it's by far the larger business and accounts for virtually all of the segment's result. In our view, the acceptable valuation multiple for CaPS is relatively high due to the recurring nature of the business and its strong track-record. For JAY, the valuation is much more difficult, as the valuation of a fast-growing technology company could be very high in the eyes of the right buyer. However, at this stage, we don't believe that investors should give JAY's valuation any significant weight. In our view, the value of around EUR 100 million that we have calculated for Services could therefore be justified in practice on the basis of CaPS alone. We have estimated the value of minority interests at around EUR -11 million.

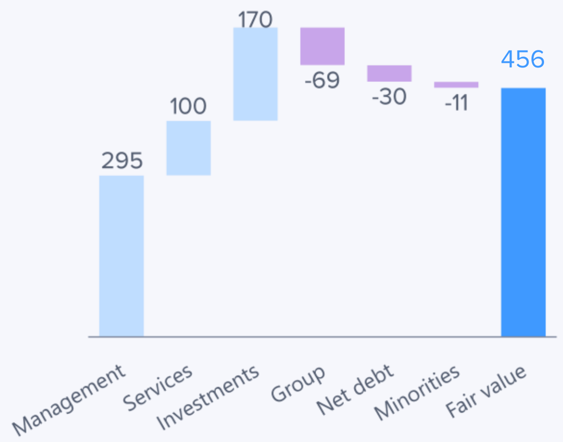
We have valued the investments at their fair value (170 MEUR). At the end of Q3'22, net debt was around EUR 30 million and the present value of group expenses in our calculations is around EUR -70 million.

The value to CapMan indicated by our sum of the parts calculation is therefore EUR 456 million or EUR 2.9 per share. The value has increased slightly from our previous extensive report (EUR 2.62/share), especially due to the growth of the investment portfolio and the good performance of the Service business.

Valuation summary (EUR/share)



Sum of the parts calculation (MEUR)



Valuation 3/4

Peer group

CapMan has a broad and high-quality peer group on Nasdaq Helsinki. We have used all listed asset managers as domestic peers. Although the other listed asset managers operate mainly in different markets from CapMan and are therefore not direct competitors, the valuation framework is very similar for all of them. Therefore, we believe that the usefulness of the peer group for CapMan's valuation is quite good.

In forking the relative valuation, we have mainly used P/E ratio of earnings-based multiples, as they best reflect the accounting (FAS/IFRS) and structural differences between peers. For companies reporting under FAS accounting standards, goodwill amortization has been adjusted to improve comparability. We have also used dividend yield in our analysis, as we believe it is one of the key cornerstones of the investment story for asset management and investment services companies.

With the projected results for the current year, the company is valued at a clear discount to its peer group in terms of P/E. However, we estimate earnings to fall in 2023, by which time the company's earnings-based valuation will already be in line with its peers. Also from a dividend yield perspective, the company is relatively well in line with its peer group.

In our view, CapMan should be priced at a premium to its key domestic peers, as 1) the company's growth prospects are better than average peers due to a better market position and 2) the company's track-record under the current management is very strong. Thus, as the result mix improves, the premium should gradually narrow. Relative to the peer group, we believe the stock is currently undervalued. We stress that the 2022 result, with exceptionally high investment income, gives an overly positive picture of the company's current performance. Therefore, looking at next year's earnings multiples gives a better picture of the relative valuation of the company.

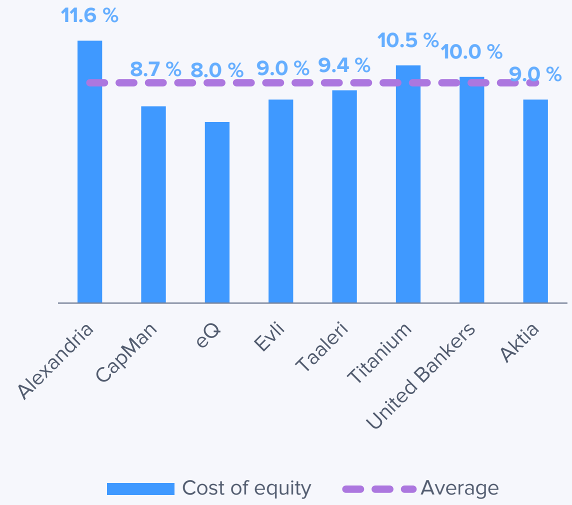
Absolute valuation multiples

Investors should note that, unlike most of its peers, CapMan's valuation is hardly supported by historical earnings. This is due to the fact that investment income has had a strong impact on the accounting result on an annual basis.

Based on the current year's results, CapMan's valuation looks very cheap in absolute terms (2022e P/E 10x), but looking ahead to next year, we expect the P/E ratio to rise to around 14x. We don't consider this level particularly demanding for the company either, as under normal circumstances and with a better earnings mix we consider a P/E multiple of 15-16x to be an acceptable valuation level for CapMan. Going forward, the usefulness of the multiples-based valuation for the company will clearly improve, as we forecast that investment income as a proportion of earnings will fall and the predictability of performance fees will improve (discussed in more detail on page 37).

We forecast a dividend yield of around 7% in the coming years, which we believe is a very good level given the good dividend growth prospects.

Cost of equity of peers



Valuation 4/4

DCF valuation

The DCF model is moderately unsuitable for CapMan because of the exceptionally high sensitivity of the share value to changes in parameters and the size of the company's portfolio. Therefore, the result of the DCF model should mainly be considered as a supporting factor.

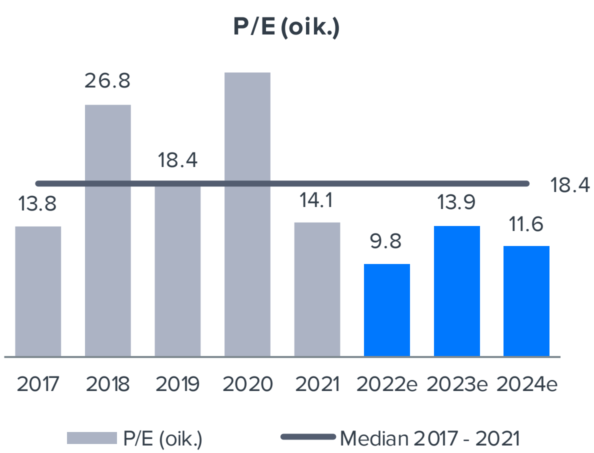
Our current DCF model (p. 51) is based on the expectation that CapMan's sustainable earnings from now on will be above EUR 40 million annually. We have discussed our earnings estimates in more detail in the Estimates section of the report. As a perpetuity assumption for the DCF model, we have used an EBIT level of 45%, which roughly corresponds to the average of the last five years. We note that this assumption isn't very demanding, given the clearly improved performance of the Management Company business and the structurally strong profitability of the Service business.

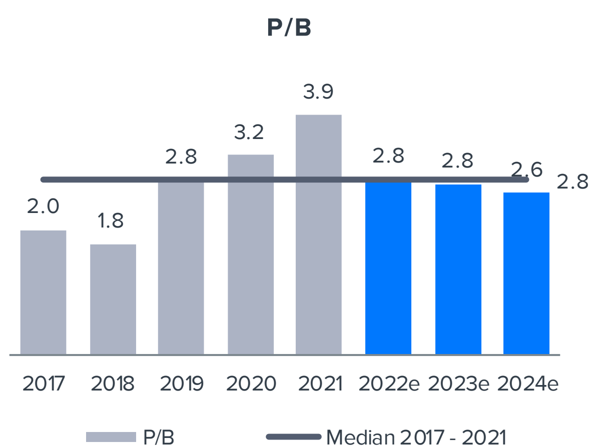
Our cash flow model indicates a value of EUR 3.2, which reflects the company's business potential. The DCF model is moderately unsuitable for CapMan because of the exceptionally high sensitivity of the share value to changes in parameters and the size of the company's portfolio. Therefore, the result of the DCF model should mainly be considered as a supporting factor. We have revised our required return for CapMan upwards to 8.7% (was 8.5%) as part of a broader review of our required returns. The change reflects higher interest rates and the end of the zero interest rate period.

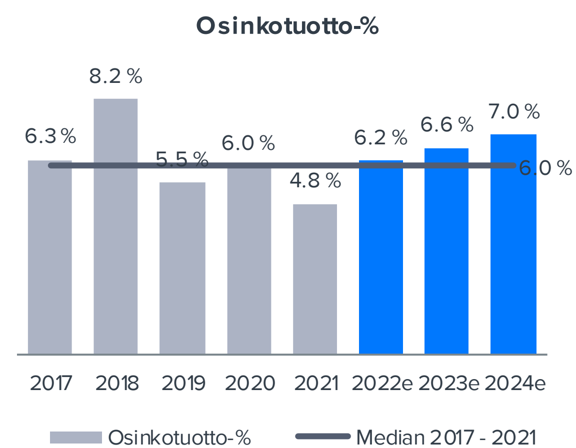
Valuation table

Valuation	2017	2018	2019	2020	2021	2022e	2023e	2024e	2025e
Market cap	256	216	359	361	486	**409**	**409**	**409**	**409**
EV	281	222	385	395	513	**459**	**464**	**457**	**451**
P/E (oik.)	13.8	26.8	18.4	70.3	14.1	**9.8**	**13.9**	**11.6**	**11.4**
P/E	16.9	26.8	25.7	70.3	14.1	**9.8**	**13.9**	**11.6**	**11.4**
P/FCF	11.1	5.9	neg.	neg.	8.1	**>100**	**16.6**	**10.1**	**9.9**
P/B	2.0	1.8	2.8	3.2	3.9	**2.8**	**2.8**	**2.6**	**2.5**
P/S	7.4	6.5	7.3	8.4	9.2	**6.1**	**5.1**	**4.9**	**4.6**
EV/Sales	8.1	6.6	7.9	9.2	9.7	**6.9**	**5.8**	**5.5**	**5.1**
EV/EBITDA	12.3	16.6	15.4	28.7	11.1	**8.1**	**10.8**	**8.7**	**8.3**
EV/EBIT (adj.)	12.2	18.6	15.4	32.0	11.5	**8.4**	**11.2**	**9.0**	**8.6**
Payout ratio (%)	105.9 %	219.0 %	141.7 %	424.1 %	68.5 %	**60.6 %**	**91.6 %**	**80.8 %**	**84.1 %**
Osinkotuotto-%	6.3 %	8.2 %	5.5 %	6.0 %	4.8 %	**6.2 %**	**6.6 %**	**7.0 %**	**7.5 %**

Source: Inderes







Peer group valuation

Peer group valuation	Market cap	EV	EV/EBIT		EV/EBITDA		EV/S		P/E		Dividend yield-%		P/B
Company	**MEUR**	**MEUR**	**2022e**	**2023e**	**2022e**	**2023e**	**2022e**	**2023e**	**2022e**	**2023e**	**2022e**	**2023e**	**2022e**
Alexandria	70	56	8.0	6.6	5.9	5.2	1.4	1.2	13.8	12.0	6.7	7.5	2.5
Aktia	708	708							12.8	8.7	4.7	7.1	1.0
eQ	893	834	16.0	14.6	15.7	14.3	9.7	9.0	21.6	19.6	4.8	5.3	10.7
Evli	450	428	14.1	9.4	11.9	8.2	4.5	3.5	21.9	15.2	6.5	8.9	4.0
Taaleri	322	259	7.9	7.9	7.7	7.7	3.7	3.7	13.9	12.9	9.1	9.3	1.5
Titanium	149	130	7.5	6.9	7.2	6.7	4.6	4.1	10.8	10.1	7.8	8.4	5.2
United Bankers	137	122	9.1	7.9	8.0	7.0	2.7	2.4	13.5	12.3	6.3	7.0	2.9
CapMan (Inderes)	**409**	**459**	**8.4**	**11.2**	**8.1**	**10.8**	**6.9**	**5.8**	**9.8**	**13.9**	**6.2**	**6.6**	**2.8**
Average			**10.4**	**8.9**	**9.4**	**8.2**	**4.4**	**4.0**	**15.5**	**13.0**	**6.6**	**7.6**	**4.0**
Median			**8.6**	**7.9**	**7.8**	**7.3**	**4.1**	**3.6**	**13.8**	**12.3**	**6.5**	**7.5**	**2.9**
Diff-% to median			***-2%***	***43%***	***4%***	***48%***	***67%***	***64%***	***-29%***	***13%***	***-4%***	***-11%***	***-1%***

Source: Refinitiv / Inderes. NB: The market cap Inderes uses does not consider own shares held by the company.

Income statement

Income statement	2020	Q1'21	Q2'21	Q3'21	Q4'21	2021	Q1'22	Q2'22	Q3'22	Q4'22e	2022e	2023e	2024e	2025e
Revenue	**43.0**	**11.3**	**11.9**	**14.9**	**14.7**	**52.8**	**14.2**	**17.7**	**15.9**	**19.0**	**66.8**	**79.5**	**83.5**	**88.7**
Management Company business	30.9	9.0	9.9	12.9	11.8	43.6	11.7	14.5	12.6	15.3	54.1	65.9	68.6	72.3
Service business	11.4	2.3	2.0	1.9	2.4	8.6	2.5	3.2	3.1	3.2	12.0	13.1	14.4	15.9
Investment business	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	0.0
Other	0.7	0.0	0.0	0.0	0.5	0.5	0.0	0.0	0.2	0.5	0.7	0.5	0.5	0.5
EBITDA	**13.7**	**10.5**	**11.7**	**11.3**	**12.6**	**46.1**	**19.2**	**14.5**	**13.1**	**9.6**	**56.5**	**42.8**	**52.5**	**54.2**
Depreciation	-1.4	-0.4	-0.4	-0.4	-0.4	-1.5	-0.4	-0.4	-0.4	-0.4	-1.5	-1.5	-1.5	-1.8
EBIT (excl. NRI)	**12.3**	**10.1**	**11.4**	**10.9**	**12.2**	**44.6**	**18.9**	**14.1**	**12.7**	**9.3**	**54.9**	**41.3**	**51.0**	**52.5**
EBIT	**12.3**	**10.1**	**11.4**	**10.9**	**12.2**	**44.6**	**18.9**	**14.1**	**12.67**	**9.3**	**54.9**	**41.3**	**51.0**	**52.5**
Management Company business	9.1	2.5	2.4	5.1	3.2	13.2	4.4	6.1	4.2	6.2	20.9	30.4	30.8	32.0
Service business	5.0	1.2	0.7	1.1	1.2	4.2	1.4	1.7	1.8	1.6	6.4	6.9	7.7	8.6
Investment business	4.0	7.9	9.4	5.9	9.6	32.7	14.5	9.6	7.9	3.1	35.1	9.9	18.9	18.9
Other	-5.7	-1.4	-1.2	-1.1	-1.7	-5.4	-1.4	-3.3	-1.3	-1.5	-7.5	-5.9	-6.4	-7.0
Net financial items	-3.1	-0.9	-1.3	-0.8	-1.1	-4.0	-2.6	-1.1	-0.5	-1.0	-5.2	-4.0	-5.6	-5.5
PTP	**9.2**	**9.3**	**10.1**	**10.2**	**11.1**	**40.6**	**16.3**	**13.0**	**12.17**	**8.3**	**49.8**	**37.3**	**45.4**	**47.0**
Taxes	-2.9	-1.5	-1.2	-0.7	-1.7	-5.2	-2.9	-1.2	-1.4	-1.2	-6.8	-6.3	-8.2	-8.9
Minority interest	-1.1	-0.3	0.0	-0.4	-0.3	-1.0	-0.1	-0.2	-0.5	-0.4	-1.2	-1.5	-1.7	-1.8
Net earnings	**5.1**	**7.5**	**8.8**	**9.0**	**9.0**	**34.3**	**13.3**	**11.6**	**10.2**	**6.7**	**41.8**	**29.5**	**35.6**	**36.3**
EPS (adj.)	**0.03**	**0.05**	**0.06**	**0.06**	**0.06**	**0.22**	**0.08**	**0.07**	**0.06**	**0.04**	**0.26**	**0.19**	**0.22**	**0.23**
EPS (rep.)	**0.03**	**0.05**	**0.06**	**0.06**	**0.06**	**0.22**	**0.08**	**0.07**	**0.06**	**0.04**	**0.26**	**0.19**	**0.22**	**0.23**

Key figures	2020	Q1'21	Q2'21	Q3'21	Q4'21	2021	Q1'22	Q2'22	Q3'22	Q4'22e	2022e	2023e	2024e	2025e
Revenue growth-%	-12.2 %	-5.3 %	36.4 %	66.0 %	10.1 %	22.8 %	25.7 %	48.8 %	6.9 %	29.0 %	26.5 %	19.0 %	5.1 %	6.2 %
Adjusted EBIT growth-%	-50.6 %	-269.4 %	174.4 %	144.8 %		261.8 %	86.1 %	24.2 %	16.2 %	-24.1 %	23.1 %	-24.8 %	23.4 %	2.9 %
EBITDA-%	31.9 %	92.8 %	98.6 %	75.8 %	85.8 %	87.4 %	135.3 %	82.2 %	82.2 %	50.8 %	84.6 %	53.9 %	62.8 %	61.2 %
Adjusted EBIT-%	28.7 %	89.6 %	95.6 %	73.3 %	83.2 %	84.6 %	132.7 %	79.8 %	79.7 %	49.0 %	82.3 %	52.0 %	61.0 %	59.2 %
Net earnings-%	12.0 %	65.9 %	74.3 %	60.5 %	61.4 %	65.0 %	93.7 %	65.8 %	64.2 %	35.1 %	62.6 %	37.1 %	42.6 %	40.9 %

Source: Inderes

Balance sheet

Assets	2020	2021	2022e	2023e	2024e
Non-current assets	**138**	**150**	**190**	**197**	**198**
Goodwill	15.3	15.3	15.3	22.3	22.3
Intangible assets	0.7	0.5	0.6	0.8	0.9
Tangible assets	2.6	1.8	1.7	2.0	2.3
Associated companies	0.0	0.0	0.0	0.0	0.0
Other investments	117	130	170	170	170
Other non-current assets	0.0	0.0	0.0	0.0	0.0
Deferred tax assets	2.4	1.8	1.8	1.8	1.8
Current assets	**81.1**	**90.5**	**98.8**	**118**	**124**
Inventories	0.0	0.0	0.0	0.0	0.0
Other current assets	0.0	0.0	0.0	0.0	0.0
Receivables	23.1	25.3	32.0	38.1	40.1
Cash and equivalents	58.0	65.2	66.8	79.5	83.5
Balance sheet total	**219**	**240**	**289**	**315**	**321**

Source: Inderes

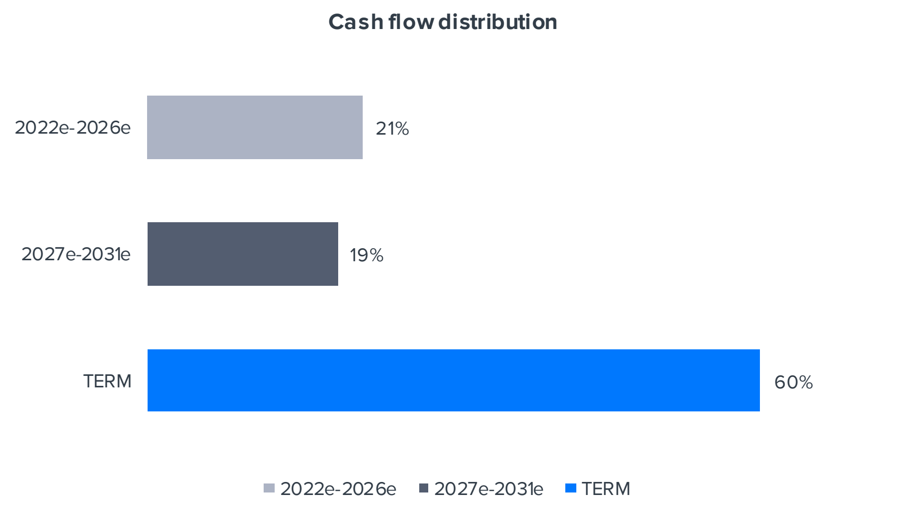
Liabilities & equity	2020	2021	2022e	2023e	2024e
Equity	**113**	**127**	**146**	**150**	**158**
Share capital	0.8	0.8	0.8	0.8	0.8
Retained earnings	1.6	33.6	51.9	56.1	64.6
Hybrid bonds	0.0	0.0	0.0	0.0	0.0
Revaluation reserve	39.0	39.0	39.0	39.0	39.0
Other equity	71.2	52.4	52.4	52.4	52.4
Minorities	0.7	1.6	1.6	1.6	1.6
Non-current liabilities	**92.3**	**97.1**	**121**	**138**	**133**
Deferred tax liabilities	2.7	7.5	7.5	7.5	7.5
Provisions	0.0	0.0	0.0	0.0	0.0
Long term debt	82.6	82.0	106	123	118
Convertibles	0.0	0.0	0.0	0.0	0.0
Other long term liabilities	6.9	7.6	7.6	7.6	7.6
Current liabilities	**13.3**	**18.7**	**22.3**	**27.0**	**29.6**
Short term debt	0.9	1.0	1.3	2.2	3.6
Payables	11.1	16.7	20.0	23.8	25.1
Other current liabilities	1.3	1.0	1.0	1.0	1.0
Balance sheet total	**219**	**243**	**289**	**315**	**321**

DCF calculation

DCF model	2021	2022e	2023e	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	TERM
Revenue growth-%	22.8 %	26.5 %	19.0 %	5.1 %	6.2 %	5.0 %	4.0 %	4.0 %	3.0 %	3.0 %	2.5 %	2.5 %
EBIT-%	84.6 %	82.3 %	52.0 %	61.0 %	59.2 %	50.0 %	45.0 %	45.0 %	45.0 %	45.0 %	45.0 %	45.0 %
EBIT (operating profit)	**44.6**	**54.9**	**41.3**	**51.0**	**52.5**	**46.5**	**43.6**	**45.3**	**46.7**	**48.1**	**49.3**	
+ Depreciation	1.5	1.5	1.5	1.5	1.8	2.0	2.0	2.1	2.2	2.3	2.4	
- Paid taxes	0.2	-6.8	-6.3	-8.2	-8.9	-7.8	-7.2	-7.5	-7.8	-8.0	-8.7	
- Tax, financial expenses	-0.5	-0.7	-0.7	-1.0	-1.0	-1.1	-1.1	-1.1	-1.1	-1.1	-1.2	
+ Tax, financial income	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Change in working capital	3.1	-3.5	-2.3	-0.7	-0.9	-0.8	-0.7	-0.7	-0.5	-0.6	-0.5	
Operating cash flow	**48.9**	**45.5**	**33.6**	**42.6**	**43.3**	**38.9**	**36.7**	**38.1**	**39.4**	**40.7**	**41.3**	
+ Change in other long-term liabilities	0.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Gross CAPEX	-14.2	-41.6	-9.0	-2.0	-2.1	-2.1	-2.2	-2.2	-2.4	-2.4	-2.7	
Free operating cash flow	**35.3**	**3.9**	**24.6**	**40.6**	**41.2**	**36.8**	**34.5**	**35.9**	**37.0**	**38.3**	**38.5**	
+/- Other	24.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
FCFF	60.1	3.9	24.6	40.6	41.2	36.8	34.5	35.9	37.0	38.3	38.5	696
Discounted FCFF		**3.9**	**22.5**	**34.3**	**32.3**	**26.6**	**23.0**	**22.2**	**21.2**	**20.2**	**18.8**	**340**
Sum of FCFF present value		565	561	539	504	472	446	422	400	379	359	340
Enterprise value DCF		**565**										
- Interesting bearing debt		-83.0										
+ Cash and cash equivalents		65.2										
-Minorities		-10.0										
-Dividend/capital return		-23.5										
Equity value DCF		**514**										
Equity value DCF per share		**3.2**										

Wacc	
Tax-% (WACC)	20.0 %
Target debt ratio (D/(D+E)	10.0 %
Cost of debt	4.0 %
Equity Beta	1.10
Market risk premium	4.75%
Liquidity premium	1.00%
Risk free interest rate	2.5 %
Cost of equity	**8.7 %**
Weighted average cost of capital (WACC)	**8.2 %**

Source: Inderes



Summary

Income statement	2019	2020	2021	2022e	2023e
Revenue	49.0	43.0	52.8	**66.8**	**79.5**
EBITDA	25.0	13.7	46.1	**56.5**	**42.8**
EBIT	19.4	12.3	44.6	**54.9**	**41.3**
PTP	17.6	9.2	40.6	**49.8**	**37.3**
Net Income	14.0	5.1	34.3	**41.8**	**29.5**
Extraordinary items	-5.6	0.0	0.0	**0.0**	**0.0**

Per share data	2019	2020	2021	2022e	2023e
EPS (reported)	0.09	0.03	0.22	**0.26**	**0.19**
EPS (adj.)	0.13	0.03	0.22	**0.26**	**0.19**
OCF / share	0.14	-0.05	0.31	**0.29**	**0.21**
FCF / share	-0.03	-0.01	0.38	**0.02**	**0.15**
Book value / share	0.84	0.72	0.80	**0.91**	**0.93**
Dividend / share	0.13	0.14	0.15	**0.16**	**0.17**

Balance sheet	2019	2020	2021	2022e	2023e
Balance sheet total	216.5	218.8	240.3	**288.7**	**314.9**
Equity capital	129.5	113.3	127.4	**145.7**	**149.9**
Goodwill	15.3	15.3	15.3	**15.3**	**22.3**
Net debt	16.4	25.5	17.8	**40.1**	**45.7**

Growth and profitability	2019	2020	2021	2022e	2023e
Revenue growth-%	46%	-12%	23%	**26%**	**19%**
EBITDA growth-%	87%	-45%	236%	**22%**	**-24%**
EBIT (adj.) growth-%	109%	-51%	262%	**23%**	**-25%**
EPS (adj.) growth-%	135%	-74%	564%	**20%**	**-30%**
EBITDA-%	51.1 %	31.9 %	87.4 %	**84.6 %**	**53.9 %**
EBIT (adj.)-%	51.0 %	28.7 %	84.6 %	**82.3 %**	**52.0 %**
EBIT-%	39.6 %	28.7 %	84.6 %	**82.3 %**	**52.0 %**
ROE-%	11.3 %	4.3 %	28.8 %	**31.0 %**	**20.2 %**
ROI-%	10.5 %	6.4 %	21.9 %	**23.7 %**	**15.7 %**
Equity ratio	59.8 %	51.8 %	53.0 %	**50.5 %**	**47.6 %**
Gearing	12.6 %	22.5 %	14.0 %	**27.5 %**	**30.5 %**

Cash flow	2019	2020	2021	2022e	2023e
EBITDA	25.0	13.7	46.1	**56.5**	**42.8**
Change in working capital	4.5	-19.4	3.1	**-3.5**	**-2.3**
Operating cash flow	20.8	-7.4	48.9	**45.5**	**33.6**
CAPEX	-27.1	16.5	-14.2	**-41.6**	**-9.0**
Free cash flow	-4.0	-1.2	60.1	**3.9**	**24.6**

Valuation multiples	2019	2020	2021	2022e	2023e
EV/S	7.9	9.2	9.7	**6.9**	**5.8**
EV/EBITDA (adj.)	15.4	28.7	11.1	**8.1**	**10.8**
EV/EBIT (adj.)	15.4	32.0	11.5	**8.4**	**11.2**
P/E (adj.)	18.4	70.3	14.1	**9.8**	**13.9**
P/E	2.8	3.2	3.9	**2.8**	**2.8**
Dividend-%	5.5 %	6.0 %	4.8 %	**6.2 %**	**6.6 %**

Source: Inderes

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

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Recommendation history (>12 mo)

Date	Recommendation	Target price	Share price
8/9/2019	Buy	2.00 €	1.75 €
9/26/2019	Accumulate	2.00 €	1.87 €
11/1/2019	Reduce	2.10 €	2.06 €
1/31/2020	Buy	2.75 €	2.48 €
3/20/2020	Buy	2.00 €	1.52 €
4/7/2020	Accumulate	1.90 €	1.70 €
4/24/2020	Accumulate	1.90 €	1.76 €
8/7/2020	Accumulate	2.10 €	1.96 €
10/30/2020	Accumulate	2.10 €	1.93 €
2/5/2021	Accumulate	2.80 €	2.63 €
2/22/2021	Accumulate	2.80 €	2.68 €
4/30/2021	Accumulate	3.00 €	2.78 €
8/6/2021	Accumulate	3.30 €	3.04 €
10/28/2021	Accumulate	3.30 €	2.98 €
1/5/2022	Accumulate	3.30 €	3.10 €
2/4/2022	Accumulate	3.30 €	3.00 €
3/21/2022	Accumulate	3.10 €	2.81 €
4/29/2022	Buy	3.10 €	2.62 €
8/5/2022	Accumulate	3.30 €	3.09 €
10/28/2022	Accumulate	3.00 €	2.60 €
11/14/2022	Accumulate	3.00 €	2.58 €

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