

# CapMan

## Company report

2/3/2022 20:20



**Sauli Vilén**  
+358 44 025 8908  
sauli.vilen@inderes.fi



**Matias Arola**  
+358 40 935 3632  
matias.arola@inderes.fi

✓ Inderes Corporate customer

This report is a summary translation of the report "Vahva kehitys jatkuu" published on 2/3/2022 at 08:20 pm

inde  
res.

# Strong development continues

We reiterate our EUR 3.3 target price and Accumulate recommendation for CapMan. Although the Q4 result was very good, the impact of beating the expectations remains rather limited as it came wholly from investment income. Our estimate adjustments are relatively small, and we expect the company's result to remain at a strong level in the coming years. Relative to the estimates, the share isn't particularly expensive and this together with a strong dividend yield keeps the share's return/risk ratio sufficient.

## Result clearly exceeded expectations thanks to investment income

CapMan's turnover totaled EUR 14.7 million in Q4 and exceeded our EUR 13.7 million estimate. This is mainly explained by the Management Company business, where management fees and carried interest income exceeded our expectations. Assets under management (AUM) were EUR 4.5 billion, below the EUR 4.8 billion we expected. Contrary to our expectations, the company didn't close the Infra 2 fund while sales for other funds fell short of expectations. Operating profit was EUR 12.2 million and clearly exceeded our EUR 9.0 million estimate. This was purely a result of higher investment income, which was EUR 10.1 million, while we expected EUR 6.5 million. Operating profit for the Management Company business was EUR 3.2 million and this slight surpass (Q4'21e; 2.9 MEUR) is explained by the low carried interest income. The level of expenses was again higher than we expected, which was one of the few concerns in the report. The proposed dividend was EUR 0.15 as we anticipated.

## In the next few years, the result will not grow, but the mix will improve

As per usual, CapMan didn't provide official guidance in the report, but the comments were very positive and indicated that the strong performance would continue. We have made some adjustments to our estimates and decreased our 2023–2023 earnings forecasts by 6%. In turn, we raised our 2024–2025 earnings forecasts slightly. However, in the big picture, the forecasts are unchanged and we expect CapMan's result to remain at EUR 40-50 million in the next few years. Investors should pay particular attention to the quality of the result, as the earnings mix is crucial to CapMan's value. For 2021, the earnings mix was weak and due to the major role of investment income, the mix should improve clearly between 2022 and 2024. In our opinion, the conditions for improving the earnings of the Management Company business are good, as the growth outlook of AUM is very strong. In practice, it's primarily a question of successful cost control. With strong earnings development, dividend can easily be kept on a stable growth path and the risk associated with dividend is very low.

## Dividend and moderate multiples keep the return/risk ratio sufficient

Thanks to a significant earnings improvement CapMan's realized figures finally offer a solid footing to support the valuation. The P/E ratio based on the 2021 result is around 14x, which we consider a relatively neutral level taking into account the weakness of the earnings mix. We don't expect substantial earnings growth from CapMan in 2022-2024, and the corresponding P/E ratios are around 13-15x. The level is at the bottom of our accepted valuation range, and thus, not particularly high in neither absolute nor relative terms. Furthermore, dividend yield remains strong at ~5% and the risk associated with it is very moderate. Therefore, we see that dividend, moderate multiples and potential for longer-term earnings growth continue to offer a sufficiently attractive return/risk ratio at the current share price level.

## Recommendation

**Accumulate**

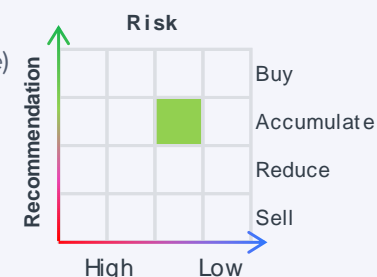
(previous Accumulate)

**EUR 3.30**

(previous EUR 3.30)

**Share price:**

2.97



## Key figures

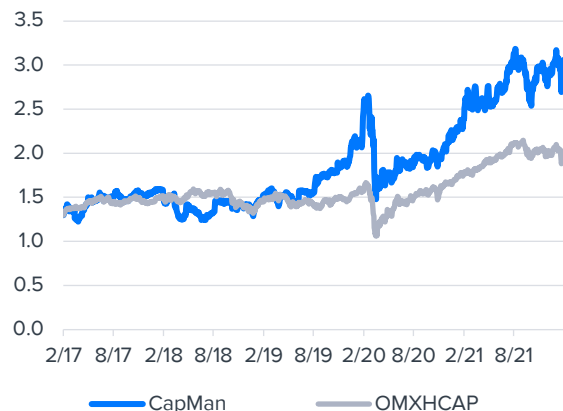
	2021	2022e	2023e	2024e
<b>Revenue</b>	52.8	81.4	77.4	84.2
<b>growth-%</b>	23%	54%	-5%	9%
<b>EBIT adj.</b>	44.6	50.1	43.6	47.4
<b>EBIT-% adj.</b>	84.6 %	61.5 %	56.3 %	56.2 %
<b>Net Income</b>	34.3	37.0	31.3	34.2
<b>EPS (adj.)</b>	0.22	0.23	0.20	0.22
<b>P/E (adj.)</b>	14.1	12.6	15.0	13.8
<b>P/B</b>	3.9	3.4	3.2	3.1
<b>Dividend yield-%</b>	4.8 %	5.4 %	5.7 %	6.1 %
<b>EV/EBIT (adj.)</b>	11.5	9.8	11.2	10.2
<b>EV/EBITDA</b>	11.1	9.5	10.9	9.9
<b>EV/S</b>	9.7	6.0	6.3	5.7

Source: Inderes

**Guidance**

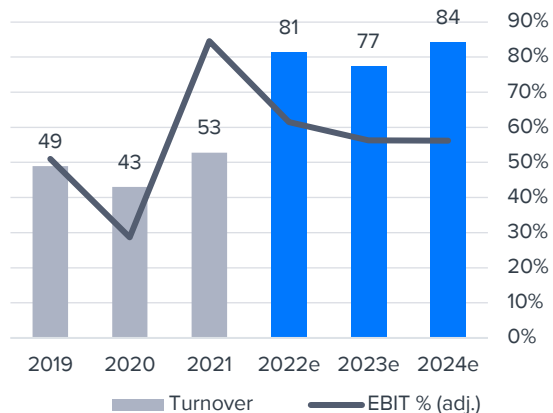
(No guidance)

## Share price



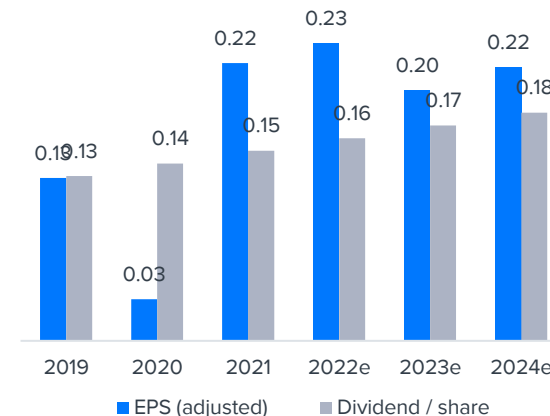
Source: Thomson Reuters

## Turnover 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
<b>Market cap</b>	468	468	468
<b>EV</b>	489	490	484
<b>P/E (adj.)</b>	12.6	15.0	13.8
<b>P/E</b>	12.6	15.0	13.8
<b>P/FCF</b>	13.6	16.0	12.6
<b>P/B</b>	3.4	3.2	3.1
<b>P/S</b>	5.7	6.0	5.5
<b>EV/Sales</b>	6.0	6.3	5.7
<b>EV/EBITDA</b>	9.5	10.9	9.9
<b>EV/EBIT (adj.)</b>	9.8	11.2	10.2
<b>Payout ratio (%)</b>	68%	86%	83%
<b>Dividend yield %</b>	5.4 %	5.7 %	6.1 %

Source: Inderes

# Estimates and estimate revisions

Estimates MEUR / EUR	Q4'20	Q4'21	Q4'21e	Q4'21e	Consensus		Difference (%)	2021
	Comparator	Actualized	Inderes	Consensus	Low	High	Act. vs. Inderes	Inderes
Revenue	13.4	14.7	13.7				7%	52.8
EBIT (adj.)	9.7	12.2	9.0				36%	44.6
PTP	8.6	11.1	8.2				35%	40.6
EPS (adj.)	0.04	0.06	0.05				15%	0.22
DPS	0.14	0.15	0.15				0%	0.15
Revenue growth-%	-19.5 %	10.1 %	2.5 %				7.6 pp	22.8 %
EBIT-% (adj.)	72.8 %	83.2 %	65.7 %				17.5 pp	84.6 %

Source: Inderes

Estimate revisions MEUR / EUR	2021	2021	Change	2022e	2022e	Change	2023e	2023e	Change
	Old	New	%	Old	New	%	Old	New	%
Revenue	51.8	52.8	2%	80.8	81.4	1%	78.2	77.4	-1%
EBIT (exc. NRIs)	41.4	44.6	8%	51.7	50.1	-3%	45.2	43.6	-4%
EBIT	41.4	44.6	8%	51.7	50.1	-3%	45.2	43.6	-4%
PTP	37.7	40.6	8%	48.9	46.1	-6%	42.4	39.9	-6%
EPS (excl. NRIs)	0.21	0.22	6%	0.25	0.23	-6%	0.21	0.20	-6%
DPS	0.15	0.15	0%	0.16	0.16	0%	0.17	0.17	0%

Source: Inderes

# Summary of estimates

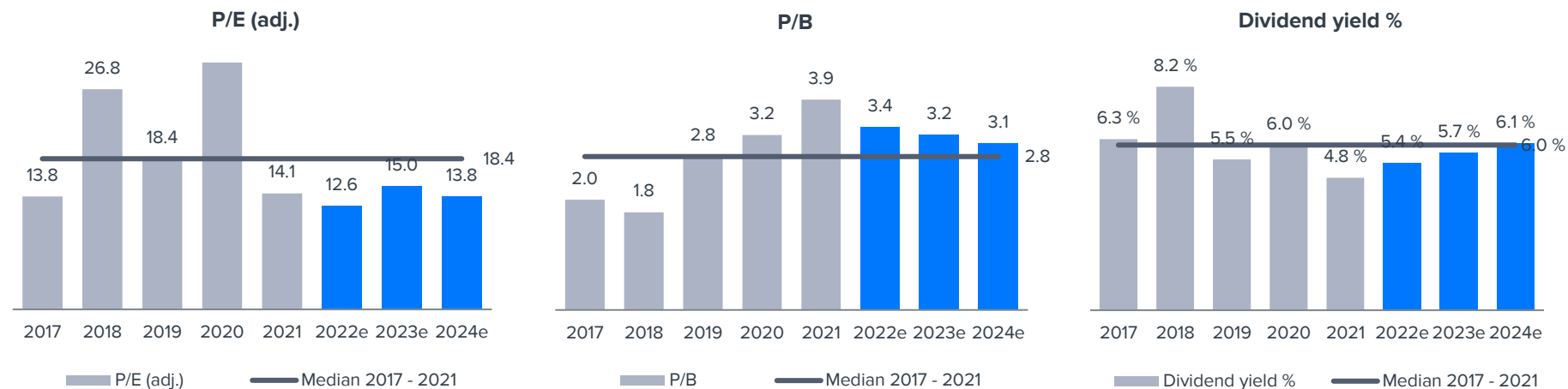
MEUR	2018	2019	2020	2021	2022e	2023e	2024e	2025e
<b>Turnover</b>	<b>33.5</b>	<b>49.0</b>	<b>43.0</b>	<b>52.8</b>	<b>81.4</b>	<b>77.4</b>	<b>84.2</b>	<b>85.9</b>
<i>Recurring fees from funds</i>	22.1	24.7	29.0	36.6	40.8	43.1	47.7	52.7
<i>Growth %</i>	13%	12%	17%	26%	11%	6%	11%	10%
<i>Private Equity*</i>	12.8	10.3	10.5	11.4	11.0	11.3	11.8	12.4
<i>Real Estate*</i>	8.8	11.3	14.6	20.8	24.1	25.2	28.0	30.8
<i>Infra*</i>	0.6	2.6	3.5	4.0	5.4	6.3	7.6	9.2
<i>Other income from Management Company</i>	1.1	1.2	3.9	4.2	5.9	8.2	9.2	10.3
<i>Services</i>	8.7	15.7	8.6	8.6	9.5	10.9	11.8	12.5
<i>Carried interest income</i>	1.0	6.9	0.9	2.9	24.7	14.8	15.0	10.0
<b>Operating profit</b>	<b>12.0</b>	<b>19.4</b>	<b>12.3</b>	<b>44.6</b>	<b>50.1</b>	<b>43.6</b>	<b>47.4</b>	<b>46.1</b>
<i>Management Company business</i>	2.8	10.4	9.5	13.2	38.8	31.6	35.1	33.7
<i>Services</i>	4.4	9.1	4.6	4.2	4.7	5.7	6.2	6.5
<i>Investments</i>	6.5	10.7	4.0	32.7	12.1	12.1	12.1	0.0
<i>Group costs</i>	-1.7	-5.9	-5.7	-5.4	-5.5	-5.8	-6.0	-6.3
<i>EBIT adjusted for investments and profit distribution</i>	4.5	1.8	7.5	9.1	13.3	16.7	20.3	36.1
EPS	0.05	0.09	0.03	0.22	0.23	0.20	0.22	0.21
Dividend	0.12	0.13	0.14	0.15	0.16	0.18	0.19	0.18
Profit distribution %	219%	142%	424%	68%	68%	91%	88%	87%
ROE %	6.5%	11.3%	4.3%	28.8%	27.9%	22.0%	23.0%	21.2%
Equity per share	0.84	0.72	0.80	0.88	0.92	0.96	0.99	1.00
<b>AUM</b>	<b>3,043</b>	<b>3,245</b>	<b>3,827</b>	<b>4,516</b>	<b>5,181</b>	<b>5,881</b>	<b>6,631</b>	<b>7,382</b>
<i>Growth %</i>	8%	7%	18%	18%	15%	14%	13%	11%
<i>Private Equity</i>	943	973	998	991	1000	1050	1100	1150
<i>Real Estate</i>	1896	1931	2440	3060	3400	3800	4200	4600
<i>Infra</i>	204	293	357	355	550	650	800	950
<i>Other</i>	0	48	32	110	231	381	531	682
Return on equity %	6.0%	9.9%	3.8%	26.0%	10.0%	10.0%	10.0%	10.0%

\* Historical figures are also Inderes' forecasts

# Valuation table

Valuation	2017	2018	2019	2020	2021	2022e	2023e	2024e	2025e
Market cap	256	216	359	361	486	468	468	468	468
EV	281	222	385	395	513	489	490	484	480
P/E (adj.)	13.8	26.8	18.4	70.3	14.1	12.6	15.0	13.8	14.4
P/E	16.9	26.8	25.7	70.3	14.1	12.6	15.0	13.8	14.4
P/FCF	11.1	5.9	neg.	neg.	8.5	13.6	16.0	12.6	12.7
P/B	2.0	1.8	2.8	3.2	3.9	3.4	3.2	3.1	3.0
P/S	7.4	6.5	7.3	8.4	9.2	5.7	6.0	5.5	5.4
EV/Sales	8.1	6.6	7.9	9.2	9.7	6.0	6.3	5.7	5.6
EV/EBITDA	12.3	16.6	15.4	28.7	11.1	9.5	10.9	9.9	10.1
EV/EBIT (adj.)	12.2	18.6	15.4	32.0	11.5	9.8	11.2	10.2	10.4
Payout ratio (%)	105.9 %	219.0 %	141.7 %	424.1 %	68.5 %	68.1 %	85.9 %	83.4 %	92.0 %
Dividend yield-%	6.3 %	8.2 %	5.5 %	6.0 %	4.8 %	5.4 %	5.7 %	6.1 %	6.5 %

Source: Inderes



# Peer group valuation

Peer group valuation	Share price	Market cap	EV	EV/EBIT		EV/EBITDA		EV/S		P/E		Dividend yield-%		P/B
Company		MEUR	MEUR	2021	2022e	2021	2022e	2021	2022e	2021	2022e	2021	2022e	2021
Evli	23.10	559	559	11.6	12.0	10.6	10.8	5.3	5.0	17.3	18.3	4.0	10.2	5.3
Taaleri	11.75	331	346	5.6	18.2	4.0	16.5	5.5	6.4	2.5	21.4	7.9	6.3	1.4
United Bankers	14.00	146	150	11.5	10.7	10.7	10.0	3.5	3.4	15.7	14.6	5.0	5.7	3.4
eQ	24.60	996	1000	21.5	21.2	20.8	20.7	12.9	12.5	26.8	26.5	3.9	4.0	12.8
EAB Group	2.95	43	48	16.0	12.0	9.6	7.4	2.2	2.0	22.0	12.6	3.1	4.4	2.1
Titanium	14.85	152	139	12.6	9.9	10.7	8.7	6.3	5.1	18.0	14.1	5.9	7.0	6.7
Aktia	11.74	856								12.5	10.3	4.6	5.9	1.2
Alexandria	8.58	86	93	10.4	11.7	7.8	8.5	2.1	2.2	10.6	14.3	5.2	5.8	3.6
Wisdom Tree Investments	5.61	720	882	11.5	11.4	11.7	10.4	3.3	3.1	15.2	14.9	2.1	2.1	2.3
River and Mercantile Group	285.00	297	264	21.3	17.2	13.7	12.6	3.0	2.8	23.3	22.5	3.6	5.0	4.2
IDI SCA	51.00	368	424	15.6	14.7			75.3	70.6	19.9	17.7	4.0	4.0	0.7
Liontrust Asset Management	1670.00	1229	1136	18.4	10.7	14.6	9.7	5.8	4.2	19.9	14.8	2.7	3.8	6.0
Deutsche Beteiligungs	36.65	693	641	3.5	9.1	3.5	8.5	3.0	5.7	3.8	9.3	3.4	3.8	1.0
AGF Management	7.30	361	344	10.0	6.7	4.1	4.0	1.1	1.0	13.8	8.4	4.6	5.2	0.5
<b>CapMan (Inderes)</b>	<b>2.97</b>	<b>468</b>	<b>489</b>	<b>11.5</b>	<b>9.8</b>	<b>11.1</b>	<b>9.5</b>	<b>9.7</b>	<b>6.0</b>	<b>14.1</b>	<b>12.6</b>	<b>4.8</b>	<b>5.4</b>	<b>3.9</b>
<b>Average</b>				<b>13.1</b>	<b>12.7</b>	<b>10.1</b>	<b>10.6</b>	<b>9.9</b>	<b>9.5</b>	<b>15.8</b>	<b>15.7</b>	<b>4.3</b>	<b>5.2</b>	<b>3.6</b>
<b>Median</b>				<b>11.6</b>	<b>11.7</b>	<b>10.6</b>	<b>9.8</b>	<b>3.5</b>	<b>4.2</b>	<b>16.5</b>	<b>14.7</b>	<b>4.0</b>	<b>5.1</b>	<b>2.9</b>
<b>Diff-% to median</b>				<b>-1%</b>	<b>-16%</b>	<b>5%</b>	<b>-3%</b>	<b>179%</b>	<b>43%</b>	<b>-14%</b>	<b>-14%</b>	<b>21%</b>	<b>6%</b>	<b>35%</b>

Source: Thomson Reuters / 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	Q1'22e	Q2'22e	Q3'22e	Q4'22e	2022e	2023e	2024e	2025e
<b>Turnover</b>	<b>43.0</b>	<b>11.3</b>	<b>11.9</b>	<b>14.9</b>	<b>14.7</b>	<b>52.8</b>	<b>18.6</b>	<b>19.0</b>	<b>19.1</b>	<b>24.7</b>	<b>81.4</b>	<b>77.4</b>	<b>84.2</b>	<b>85.9</b>
Management Company business	30.9	9.0	9.9	12.9	11.8	43.6	16.2	16.7	16.8	21.7	71.4	66.0	71.9	72.9
Service business	11.4	2.3	2.0	1.9	2.4	8.6	2.4	2.3	2.3	2.5	9.5	10.9	11.8	12.5
Investments	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	0.0	0.5	0.5	0.5	0.5	0.5
<b>EBITDA</b>	<b>13.7</b>	<b>10.5</b>	<b>11.7</b>	<b>11.3</b>	<b>12.6</b>	<b>46.1</b>	<b>11.8</b>	<b>11.8</b>	<b>12.1</b>	<b>15.8</b>	<b>51.5</b>	<b>44.8</b>	<b>48.8</b>	<b>47.6</b>
Depreciation	-1.4	-0.4	-0.4	-0.4	-0.4	-1.5	-0.4	-0.4	-0.4	-0.4	-1.4	-1.2	-1.5	-1.6
<b>EBIT (excl. NRI)</b>	<b>12.3</b>	<b>10.1</b>	<b>11.4</b>	<b>10.9</b>	<b>12.2</b>	<b>44.6</b>	<b>11.4</b>	<b>11.5</b>	<b>11.7</b>	<b>15.4</b>	<b>50.1</b>	<b>43.6</b>	<b>47.4</b>	<b>46.1</b>
<b>EBIT</b>	<b>12.3</b>	<b>10.1</b>	<b>11.4</b>	<b>10.9</b>	<b>12.2</b>	<b>44.6</b>	<b>11.4</b>	<b>11.5</b>	<b>11.72</b>	<b>15.4</b>	<b>50.1</b>	<b>43.6</b>	<b>47.4</b>	<b>46.1</b>
Management Company business	9.1	2.5	2.4	5.1	3.2	13.2	8.5	8.6	8.8	12.9	38.8	31.6	35.1	33.7
Service business	5.0	1.2	0.7	1.1	1.2	4.2	1.2	1.0	1.2	1.2	4.7	5.7	6.2	6.5
Investments	4.0	7.9	9.4	5.9	9.6	32.7	3.0	3.0	3.0	2.9	12.1	12.1	12.1	12.1
Other	-5.7	-1.4	-1.2	-1.1	-1.7	-5.4	-1.4	-1.2	-1.4	-1.7	-5.5	-5.8	-6.0	-6.3
Net financial items	-3.1	-0.9	-1.3	-0.8	-1.1	-4.0	-1.0	-1.0	-1.0	-1.0	-4.0	-3.7	-3.5	-3.3
<b>PTP</b>	<b>9.2</b>	<b>9.3</b>	<b>10.1</b>	<b>10.2</b>	<b>11.1</b>	<b>40.6</b>	<b>10.4</b>	<b>10.5</b>	<b>10.72</b>	<b>14.4</b>	<b>46.1</b>	<b>39.9</b>	<b>43.9</b>	<b>42.8</b>
Taxes	-2.9	-1.5	-1.2	-0.7	-1.7	-5.2	-1.7	-1.7	-1.7	-2.5	-7.6	-7.0	-7.9	-8.1
Minority interest	-1.1	-0.3	0.0	-0.4	-0.3	-1.0	-0.4	-0.3	-0.4	-0.4	-1.5	-1.6	-1.7	-1.8
<b>Net earnings</b>	<b>5.1</b>	<b>7.5</b>	<b>8.8</b>	<b>9.0</b>	<b>9.0</b>	<b>34.3</b>	<b>8.4</b>	<b>8.5</b>	<b>8.6</b>	<b>11.5</b>	<b>37.0</b>	<b>31.3</b>	<b>34.2</b>	<b>32.9</b>
<b>EPS (adj.)</b>	<b>0.03</b>	<b>0.05</b>	<b>0.06</b>	<b>0.06</b>	<b>0.06</b>	<b>0.22</b>	<b>0.05</b>	<b>0.05</b>	<b>0.05</b>	<b>0.07</b>	<b>0.23</b>	<b>0.20</b>	<b>0.22</b>	<b>0.21</b>
<b>EPS (rep.)</b>	<b>0.03</b>	<b>0.05</b>	<b>0.06</b>	<b>0.06</b>	<b>0.06</b>	<b>0.22</b>	<b>0.05</b>	<b>0.05</b>	<b>0.05</b>	<b>0.07</b>	<b>0.23</b>	<b>0.20</b>	<b>0.22</b>	<b>0.21</b>

Key figures	2020	Q1'21	Q2'21	Q3'21	Q4'21	2021	Q1'22e	Q2'22e	Q3'22e	Q4'22e	2022e	2023e	2024e	2025e
<b>Turnover growth-%</b>	-12.2 %	-5.3 %	36.4 %	66.0 %	10.1 %	22.8 %	64.8 %	59.7 %	28.6 %	67.7 %	54.3 %	-4.9 %	8.8 %	2.0 %
<b>Adjusted EBIT growth-%</b>	-50.6 %	-269.4 %	174.4 %	144.8 %		261.8 %	12.8 %	1.0 %	7.5 %	26.2 %	12.2 %	-13.0 %	8.8 %	-2.8 %
<b>EBITDA-%</b>	31.9 %	92.8 %	98.6 %	75.8 %	85.8 %	87.4 %	63.2 %	62.3 %	63.1 %	64.0 %	63.2 %	57.8 %	58.0 %	55.4 %
<b>Adjusted EBIT-%</b>	28.7 %	89.6 %	95.6 %	73.3 %	83.2 %	84.6 %	61.4 %	60.5 %	61.3 %	62.6 %	61.5 %	56.3 %	56.2 %	53.6 %
<b>Net earnings-%</b>	12.0 %	65.9 %	74.3 %	60.5 %	61.4 %	65.0 %	44.8 %	44.7 %	44.9 %	46.8 %	45.4 %	40.4 %	40.6 %	38.3 %

Source: Inderes



# Balance sheet

Assets	2020	2021	2022e	2023e	2024e
<b>Non-current assets</b>	<b>138</b>	<b>150</b>	<b>150</b>	<b>157</b>	<b>157</b>
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	1.9	2.1	2.3
Associated companies	0.0	0.0	0.0	0.0	0.0
Other investments	117	130	130	130	130
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
<b>Current assets</b>	<b>81.1</b>	<b>90.5</b>	<b>110</b>	<b>108</b>	<b>110</b>
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	40.7	38.7	42.1
Cash and equivalents	58.0	65.2	69.7	69.1	67.4
<b>Balance sheet total</b>	<b>219</b>	<b>240</b>	<b>260</b>	<b>265</b>	<b>267</b>

Source: Inderes

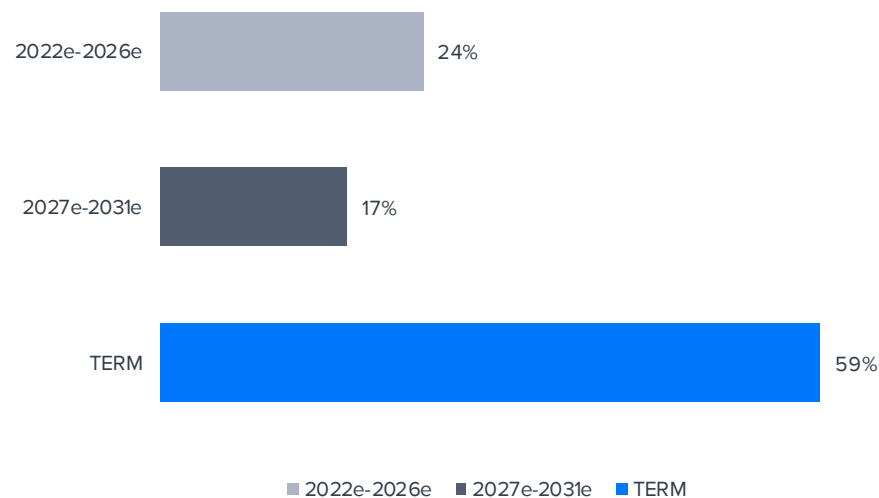
Liabilities & equity	2020	2021	2022e	2023e	2024e
<b>Equity</b>	<b>113</b>	<b>127</b>	<b>141</b>	<b>147</b>	<b>154</b>
Share capital	0.8	0.8	0.8	0.8	0.8
Retained earnings	1.6	33.6	47.1	53.2	60.6
Hybrid bonds	0.0	0.0	0.0	0.0	0.0
Revaluation reserve	39.0	39.0	39.0	39.0	39.0
Other equity	71.2	52.4	52.4	52.4	52.4
Minorities	0.7	1.6	1.6	1.6	1.6
<b>Non-current liabilities</b>	<b>92.3</b>	<b>94.2</b>	<b>93.7</b>	<b>93.7</b>	<b>85.0</b>
Deferred tax liabilities	2.7	4.6	4.6	4.6	4.6
Provisions	0.0	0.0	0.0	0.0	0.0
Long term debt	82.6	82.0	81.5	81.5	72.9
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
<b>Current liabilities</b>	<b>13.3</b>	<b>18.7</b>	<b>25.4</b>	<b>24.2</b>	<b>27.4</b>
Short term debt	0.9	1.0	0.0	0.0	1.2
Payables	11.1	16.7	24.4	23.2	25.3
Other current liabilities	1.3	1.0	1.0	1.0	1.0
<b>Balance sheet total</b>	<b>219</b>	<b>240</b>	<b>260</b>	<b>265</b>	<b>267</b>

# DCF calculation

DCF model	2021	2022e	2023e	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	TERM
<b>EBIT (operating profit)</b>	<b>44.6</b>	<b>50.1</b>	<b>43.6</b>	<b>47.4</b>	<b>46.1</b>	<b>45.1</b>	<b>42.2</b>	<b>43.9</b>	<b>45.2</b>	<b>46.6</b>	<b>47.8</b>	
+ Depreciation	1.5	1.4	1.2	1.5	1.6	1.6	1.7	1.7	1.7	1.7	1.7	
- Paid taxes	-2.7	-7.6	-7.0	-7.9	-8.1	-7.9	-7.4	-7.7	-7.9	-8.2	-8.9	
- Tax, financial expenses	-0.5	-0.7	-0.6	-0.6	-0.6	-0.6	-0.6	-0.7	-0.7	-0.6	-0.7	
+ 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	-7.7	0.8	-1.4	-0.3	-0.9	-0.7	-0.8	-0.6	-0.6	-0.5	
<b>Operating cash flow</b>	<b>46.0</b>	<b>35.5</b>	<b>37.9</b>	<b>38.9</b>	<b>38.5</b>	<b>37.3</b>	<b>35.1</b>	<b>36.5</b>	<b>37.7</b>	<b>38.8</b>	<b>39.4</b>	
+ 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	-1.2	-8.7	-1.7	-1.7	-1.7	-1.7	-1.7	-1.7	-1.7	-2.1	
<b>Free operating cash flow</b>	<b>32.5</b>	<b>34.3</b>	<b>29.2</b>	<b>37.2</b>	<b>36.8</b>	<b>35.6</b>	<b>33.4</b>	<b>34.8</b>	<b>36.0</b>	<b>37.1</b>	<b>37.3</b>	
+/- Other	24.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
FCFF	57.2	34.3	29.2	37.2	36.8	35.6	33.4	34.8	36.0	37.1	37.3	732
<b>Discounted FCFF</b>		<b>32.1</b>	<b>25.4</b>	<b>30.0</b>	<b>27.6</b>	<b>24.7</b>	<b>21.6</b>	<b>20.8</b>	<b>20.0</b>	<b>19.1</b>	<b>17.9</b>	<b>350</b>
Sum of FCFF present value		589	557	532	502	474	450	428	407	387	368	350
<b>Enterprise value DCF</b>		<b>589</b>										
- Interesting bearing debt		-83.0										
+ Cash and cash equivalents		65.2										
-Minorities		-10.0										
-Dividend/capital return		0.0										
<b>Equity value DCF</b>		<b>562</b>										
<b>Equity value DCF per share</b>		<b>3.6</b>										

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	2.0 %
<b>Cost of equity</b>	<b>8.2 %</b>
<b>Weighted average cost of capital (WACC)</b>	<b>7.7 %</b>

Source: Inderes



# Summary

Income statement	2019	2020	2021	2022e	2023e	Per share data	2019	2020	2021	2022e	2023e
Revenue	49.0	43.0	52.8	<b>81.4</b>	<b>77.4</b>	EPS (reported)	0.09	0.03	0.22	<b>0.23</b>	<b>0.20</b>
EBITDA	25.0	13.7	46.1	<b>51.5</b>	<b>44.8</b>	EPS (adj.)	0.13	0.03	0.22	<b>0.23</b>	<b>0.20</b>
EBIT	19.4	12.3	44.6	<b>50.1</b>	<b>43.6</b>	OCF / share	0.14	-0.05	0.29	<b>0.23</b>	<b>0.24</b>
PTP	17.6	9.2	40.6	<b>46.1</b>	<b>39.9</b>	FCF / share	-0.03	-0.01	0.37	<b>0.22</b>	<b>0.18</b>
Net Income	14.0	5.1	34.3	<b>37.0</b>	<b>31.3</b>	Book value / share	0.84	0.72	0.80	<b>0.88</b>	<b>0.92</b>
Extraordinary items	-5.6	0.0	0.0	<b>0.0</b>	<b>0.0</b>	Dividend / share	0.13	0.14	0.15	<b>0.16</b>	<b>0.17</b>
Balance sheet	2019	2020	2021	2022e	2023e	Growth and profitability	2019	2020	2021	2022e	2023e
Balance sheet total	216.5	218.8	240.3	<b>259.9</b>	<b>264.9</b>	Revenue growth-%	46%	-12%	23%	<b>54%</b>	<b>-5%</b>
Equity capital	129.5	113.3	127.4	<b>140.9</b>	<b>147.0</b>	EBITDA growth-%	87%	-45%	236%	<b>12%</b>	<b>-13%</b>
Goodwill	15.3	15.3	15.3	<b>15.3</b>	<b>22.3</b>	EBIT (adj.) growth-%	109%	-51%	262%	<b>12%</b>	<b>-13%</b>
Net debt	16.4	25.5	17.8	<b>11.8</b>	<b>12.4</b>	EPS (adj.) growth-%	135%	-74%	564%	<b>7%</b>	<b>-16%</b>
Cash flow	2019	2020	2021	2022e	2023e	EBITDA-%	51.1 %	31.9 %	87.4 %	<b>63.2 %</b>	<b>57.8 %</b>
EBITDA	25.0	13.7	46.1	<b>51.5</b>	<b>44.8</b>	EBIT (adj.)-%	51.0 %	28.7 %	84.6 %	<b>61.5 %</b>	<b>56.3 %</b>
Change in working capital	4.5	-19.4	3.1	<b>-7.7</b>	<b>0.8</b>	EBIT-%	39.6 %	28.7 %	84.6 %	<b>61.5 %</b>	<b>56.3 %</b>
Operating cash flow	20.8	-7.4	46.0	<b>35.5</b>	<b>37.9</b>	ROE-%	11.3 %	4.3 %	28.8 %	<b>27.9 %</b>	<b>22.0 %</b>
CAPEX	-27.1	16.5	-14.2	<b>-1.2</b>	<b>-8.7</b>	ROI-%	10.5 %	6.4 %	21.9 %	<b>23.1 %</b>	<b>19.3 %</b>
Free cash flow	-4.0	-1.2	57.2	<b>34.3</b>	<b>29.2</b>	Equity ratio	59.8 %	51.8 %	53.0 %	<b>54.2 %</b>	<b>55.5 %</b>
						Gearing	12.6 %	22.5 %	14.0 %	<b>8.4 %</b>	<b>8.4 %</b>
Valuation multiples	2019	2020	2021	2022e	2023e						
EV/S	7.9	9.2	9.7	<b>6.0</b>	<b>6.3</b>						
EV/EBITDA (adj.)	15.4	28.7	11.1	<b>9.5</b>	<b>10.9</b>						
EV/EBIT (adj.)	15.4	32.0	11.5	<b>9.8</b>	<b>11.2</b>						
P/E (adj.)	18.4	70.3	14.1	<b>12.6</b>	<b>15.0</b>						
P/E	2.8	3.2	3.9	<b>3.4</b>	<b>3.2</b>						
Dividend-%	5.5 %	6.0 %	4.8 %	<b>5.4 %</b>	<b>5.7 %</b>						

Source: Inderes

# Disclaimer and recommendation history

The information presented in Inderes reports is obtained from several different public sources that Inderes considers to be reliable. Inderes aims to use reliable and comprehensive information, but Inderes does not guarantee the accuracy of the presented information. Any opinions, estimates and forecasts represent the views of the authors. Inderes is not responsible for the content or accuracy of the presented information. Inderes and its employees are also not responsible for the financial outcomes of investment decisions made based on the reports or any direct or indirect damage caused by the use of the information. The information used in producing the reports may change quickly. Inderes makes no commitment to announcing any potential changes to the presented information and opinions.

The reports produced by Inderes are intended for informational use only. The reports should not be construed as offers or advice to buy, sell or subscribe investment products. Customers should also understand that past performance is not a guarantee of future results. When making investment decisions, customers must base their decisions on their own research and their estimates of the factors that influence the value of the investment and take into account their objectives and financial position and use advisors as necessary. Customers are responsible for their investment decisions and their financial outcomes.

Reports produced by Inderes may not be edited, copied or made available to others in their entirety, or in part, without Inderes' written consent. No part of this report, or the report as a whole, shall be transferred or shared in any form to the United States, Canada or Japan or the citizens of the aforementioned countries. The legislation of other countries may also lay down restrictions pertaining to the distribution of the information contained in this report. Any individuals who may be subject to such restrictions must take said restrictions into account.

Inderes issues target prices for the shares it follows. The recommendation methodology used by Inderes is based on the share's 12-month expected total shareholder return (including the share price and dividends) and takes into account Inderes' view of the risk associated with the expected returns. The recommendation policy consists of four tiers: Sell, Reduce, Accumulate and Buy. As a rule, Inderes' investment recommendations and target prices are reviewed at least 2–4 times per year in connection with the companies' interim reports, but the recommendations and target prices may also be changed at other times depending on the market conditions. The issued recommendations and target prices do not guarantee that the share price will develop in line with the estimate. Inderes primarily uses the following valuation methods in determining target prices and recommendations: Cash flow analysis (DCF), valuation multiples, peer group analysis and sum of parts analysis. The valuation methods and target price criteria used are always company-specific and they may vary significantly depending on the company and (or) industry.

Inderes' recommendation policy is based on the following distribution relative to the 12-month risk-adjusted expected total shareholder return.

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

The assessment of the 12-month risk-adjusted expected total shareholder return based on the above-mentioned definitions is company-specific and subjective. Consequently, similar 12-month expected total shareholder returns between different shares may result in different recommendations, and the recommendations and 12-month expected total shareholder returns between different shares should not be compared with each other. The counterpart of the expected total shareholder return is Inderes' view of the risk taken by the investor, which varies considerably between companies and scenarios. Thus, a high expected total shareholder return does not necessarily lead to positive performance when the risks are exceptionally high and, correspondingly, a low expected total shareholder return does not necessarily lead to a negative recommendation if Inderes considers the risks to be moderate.

The analysts who produce Inderes' research and Inderes employees cannot have 1) shareholdings that exceed the threshold of significant financial gain or 2) shareholdings exceeding 1% in any company subject to Inderes' research activities. Inderes Oyj can only own shares in the target companies it follows to the extent shown in the company's model portfolio investing real funds. All of Inderes Oyj's shareholdings are presented in itemised form in the model portfolio. Inderes Oyj does not have other shareholdings in the target companies analysed. The remuneration of the analysts who produce the analysis are not directly or indirectly linked to the issued recommendation or views. Inderes Oyj does not have investment bank operations.

Inderes or its partners whose customer relationships may have a financial impact on Inderes may, in their business operations, seek assignments with various issuers with respect to services provided by Inderes or its partners. Thus, Inderes may be in a direct or indirect contractual relationship with an issuer that is the subject of research activities. Inderes and its partners may provide investor relations services to issuers. The aim of such services is to improve communication between the company and the capital markets. These services include the organisation of investor events, advisory services related to investor relations and the production of investor research reports.

More information about research disclaimers can be found at [www.inderes.fi/research-disclaimer](http://www.inderes.fi/research-disclaimer).

Inderes has made an agreement with the issuer and target of this report, which entails compiling a research report.

## 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 €	2.97 €



Inderes' mission is to connect listed companies and investors. We produce high-quality research and content for the needs of our extensive investor community.

At Inderes we believe that open data is every investor's fundamental right. We guarantee investors' access to award-winning research, insightful video content and an active investor community.

For listed companies we ensure that there is always high-quality information available on the company for investors and shareholders for decision making, and that data collected from investors can be utilized by the companies.

Over 100 Finnish listed companies want to serve their shareholders and investors through us by utilizing our company research services, data driven IR services, content creation and consulting.

### Inderes Oyj

Itämerentori 2

FI-00180 Helsinki, Finland

+358 10 219 4690

Award-winning research at [inderes.fi](https://www.inderes.fi)



STARMINE  
ANALYST AWARDS  
FROM REFINITIV



THOMSON REUTERS  
ANALYST AWARDS



Juha Kinnunen  
2012, 2016, 2017, 2018, 2019, 2020



Mikael Rautanen  
2014, 2016, 2017, 2019



Sauli Vilén  
2012, 2016, 2018, 2019, 2020



Antti Viljakainen  
2014, 2015, 2016, 2018, 2019, 2020



Petri Kajaani  
2017, 2019, 2020



Joni Grönqvist  
2019, 2020



Erkki Vesola  
2018, 2020



Petri Gostowski  
2020



Atte Riikola  
2020



Olli Koponen  
2020

**Research belongs  
to everyone.**