

# Sampo

## Company report

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This report is a summary translation of the report “Pysymme vielä kyydissä” published on 05/04/2022 at 10:20 pm.

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# Still not hopping off

Sampo's Q1 result exceeded our forecast thanks to strong development in If P&C and Mandatum. However, the beat came through certain non-recurring factors and investment income. Thus, the report didn't cause major estimate revisions. The share is still priced below its sum of the parts without a reason and Sampo offers a very strong dividend stream for the next few years. The company's risk level is one of the lowest on the stock exchange and it still offers a sufficient return/risk ratio. We revise our target price to EUR 48.0 (previously 49.0) with the sum of the parts and we reiterate our Accumulate recommendation.

## Q1 result exceeded consensus expectations

In Q1, Sampo's PTP amounted to EUR 566 million and exceeded both our and consensus forecasts by a large margin. Contrary to expectations, If P&C was able to improve its result in Q1 from the comparison period and PTP settled at EUR 283 million, exceeding both our and consensus expectations. If P&C's strong result was based on a very good insurance-technical result and better-than-expected investment income. Insurance-technical profitability was supported by offloading liability values of previous years, which had a positive impact of about 3.9 percentage points on the combined ratio (Q1'22: 80.8%). Mandatum's result was about EUR 80 million in Q1 (Q1'22e: 26 MEUR). Mandatum's result was supported by investment activity, where the result remained almost stable despite the challenging market environment.

## Topdanmark won't be purchased at the current price

Last fall, Sampo acquired Topdanmark shares for the first time in a long time and during Q1 Sampo increased its position by a minimal amount. In the Q1 conference call, the company's management said that Sampo won't make an offer for the company at the current price level (~380 DKK). Taking into account the current high valuation level of Topdanmark (consensus estimates for 2023 P/E: 22x) and the premium required for the completion of the tender offer, we think Sampo would have to pay a very high price for Topdanmark even when considering the synergies. Therefore, we believe that the refraining from making an offer at the current price level is the right play for the shareholders.

## No major changes in estimates

Sampo's result will make a clear downward adjustment after the exit from Nordea and subsequently from PE investments. We estimate that Sampo's new earnings capacity will be slightly over EUR 2 per share with the current number of shares. This will grow in the next few years with the purchase of own shares and a slight earnings growth, and in 2024 we forecast it to be about EUR 2.3-2.4 per share. We note that although the level is very good and it's growing steadily, there is no point waiting for large level leaps. The dividend capacity will be very close to the EPS, since after the rationalization of the capital structure Sampo can distribute most of its profits to the owners.

## Expected return that relies on dividend stream is still sufficient

We have revised our view of the sum of the parts to EUR 48 (previously 49). We can't see any sensible reasons for a discount in relation to the sum of the parts and we expect share pricing to be close to the sum of the parts in the next 12 months, when the company's transformation into a pure insurance company is now practically complete. We note that the sums of the parts includes all future dividends and share repurchases from Q2'22 onwards. According to our calculations, the return for the next few years will rely heavily on dividends. The return potential isn't particularly high, but given Sampo's low risk level, we believe that it's sufficient.

## Recommendation

**Accumulate**

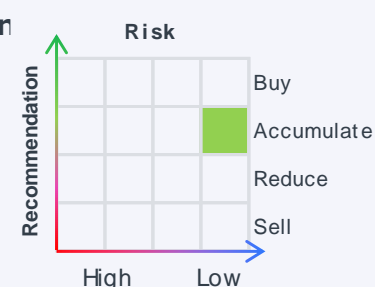
(previous Accumulate)

**EUR 48.00**

(previous EUR 49.00)

**Share price:**

45.85



## Key figures

	2021	2022e	2023e	2024e
<b>PTP</b>	3172	1835	1593	1653
<b>growth-%</b>	735%	-42%	-13%	4%
<b>Net Income</b>	2568	1306	1148	1192
<b>EPS (adj.)</b>	2.86	2.46	2.25	2.36
<b>Equity/share</b>	23.1	22.3	23.6	23.4
<b>Dividend/share</b>	4.10	1.80	2.89	2.00

<b>P/E (adj.)</b>	15.4	18.7	20.4	19.4
<b>P/B</b>	1.9	2.0	2.0	2.0
<b>Dividend yield-%</b>	9.3 %	3.9 %	6.2 %	4.3 %
<b>Dividend/earnings-%</b>	143%	73%	129%	85%

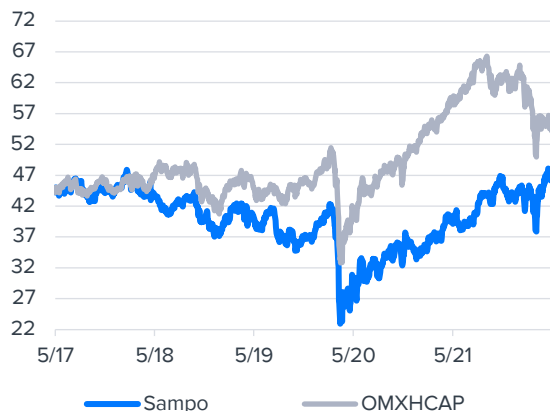
Source: Inderes

## Guidance

(Improved)

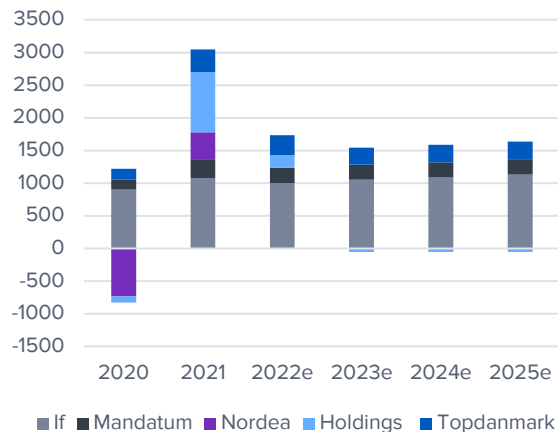
Sampo Group's P&C insurance operations are expected to achieve underwriting margins that meet the annual targets set for 2021-2023. At Group level, Sampo targets a combined ratio of below 86%, while the target for its largest subsidiary, If P&C, is below 85%. Hastings targets an operating ratio of below 88%. Following strong performance in the first quarter, the outlook for If P&C's 2022 combined ratio has been improved to 82-84%.

## Share price

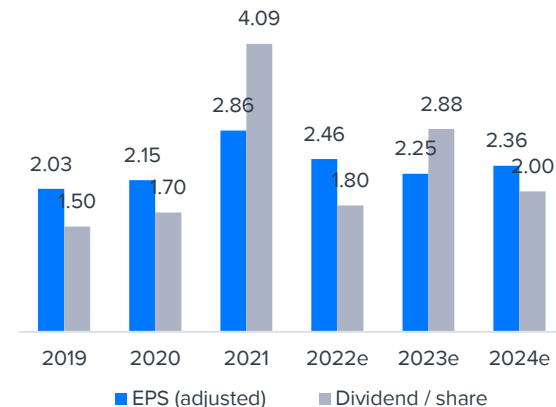


Source: Thomson Reuters

## Sampo's PTP breakdown (MEUR)



## EPS and dividend



Source: Inderes



## Value drivers

- Profitable growth in insurance activities
- Capital freed up from non-core business activities
- Higher interest rates would improve investment income
- Purchase of Topdanmark
- Other M&A arrangements



## Risk factors

- Low interest rates increase insurance liabilities and reduce investment income
- Interest rates going up would weaken the insurance-technical results and weigh the acceptable multiples for insurance companies
- Tightening competition in the Nordic insurance market

Valuation	2022e	2023e	2024e
Share price	45.9	45.9	45.9
Number of shares, millions	531.7	510.9	505.2
Market cap	23685	23685	23685
P/E (adj.)	18.7	20.4	19.4
P/E	18.7	20.4	19.4
P/B	2.0	2.0	2.0
Payout ratio (%)	71.2 %	127.1 %	84.7 %
Dividend yield-%	3.9 %	6.2 %	4.3 %

Source: Inderes

# Q1 result exceeded consensus expectations

## Q1 result exceeded consensus expectations

On Wednesday, Sampo reported a Q1 result that was stronger than consensus expectations. The company's profit before tax (PTP) totaled EUR 566 million and exceeded both our and consensus forecasts (Inderes: 443 MEUR and consensus: 477 MEUR). The earnings beat came from If P&C and Mandatum, both of which reported clearly higher-than-expected figures.

## If P&C's result improved compared year-on-year, contrary to expectations

Contrary to expectations, If P&C was able to improve its result year-on-year and PTP settled at EUR 283 million, exceeding both our and consensus expectations (Inderes: 197 MEUR and consensus: 206 MEUR). If P&C's strong result was based on a very good insurance-technical result and better-than-expected investment income. The good technical

result was driven by a brisk increase in premiums written and the combined ratio that improved year-on-year. In Q1, If P&C reported an increase in premium income of about 7% in local currencies, which was a very strong accomplishment in the light of the weak development of the Nordic car trade (sales volume of new cars in Q1 -20% y-o-y). The development of premiums written in Q1 was supported by, among other things, price increases and growth in customer volumes.

In Q1, If P&C's combined cost ratio improved unexpectedly by 0.7% year-on-year to 80,8% and was clearly stronger than the expectations (Inderes: 83.5%, consensus: 82.8%). However, it should be noted that profitability received significant support from the offload of liability values of recent years, which had a positive impact on the combined cost ratio of about 3.9% in Q1. Similarly, the known elimination of positive COVID effects weakened the

combined cost ratio by about 3.0 percentage points, according to If P&C's estimate.

## Mandatum's result was clearly better than expected, Hastings's result fell a little short

Another factor behind the Q1 earnings beat was life insurance company Mandatum that made a profit before tax of about EUR 80 million in Q1 (Q1'22e: 26 MEUR). Mandatum's result was supported by investment activity, where the result remained almost stable despite the challenging market environment.

For other result units, the result of British insurer Hastings was very low in Q1 (EUR 2 million) and clearly below market expectations. Other than that, the result lines didn't bear any surprises and the Q1 result of Sampo's subsidiary Topdanmark had already been reported.

Estimates MEUR / EUR	Q1'21	Q1'22	Q1'22e	Q1'22e	Consensus		Difference (%)	2022e
	Comparison	Actualized	Inderes	Consensus	Low	High	Act. vs. inderes	Inderes
Profit before taxes	632	566	443	477	342	- 594	28%	1835
If	257	283	197	206	133	- 267	44%	999
Mandatum	76	80	26	35	-16	- 64	208%	236
Hastings	46	2	16	18	4	- 35	-88%	102
Holdings	116	164	160	158	143	- 180	2%	193
Topdanmark	137	37	43	59	34	- 94	-14%	305
EPS (rep.)	0.82	0.86	0.64	0.69	0.55	- 0.85	34%	2.46

Source: Inderes & Vara (consensus)

# Topdanmark won't be purchased at the current price

## If P&C's guidance revised upwards

Sampo's outlook didn't contain any great surprises. The guide range for If P&C's combined ratio was revised to 82-84% (below 85% in the past). The 88% operating ratio target for Hastings was reiterated.

## At the current price level, Topdanmark won't be subject to tender offer

Last fall, for the first time in a long time Sampo acquired shares of its subsidiary Topdanmark (estimated price level: DKK 330-340) and during Q1, the holding was minimally increased (about 16,000 shares). In the Q1 conference call and our video interview, the company's management said that Sampo won't make an offer for the company at the current price level (~380 DKK).

Taking into account the current rather high valuation

level of Topdanmark (consensus estimates for 2023 P/E: 22x) and the premium required for the completion of the tender offer, we think Sampo would have to pay a very high price for Topdanmark even when considering the synergies. At the current price level, we therefore consider the decision to refrain from making an offer a smart decision for shareholders.

## Nordea was a reasonable investment for Sampo, but it didn't create significant shareholder value

Sampo and Nordea's co-existence of about 15 years came to an end last week when the company sold its last Nordea shares in an accelerated tender procedure. Sampo acquired the first blocks of Nordea initially after the sale of Sampo Bank in 2007 and increased its holding to over 20% during 2008-2011. Sampo paid about EUR 5.6 billion for a position

of just over one fifth.

The company started divesting Nordea in 2020 and received ca. EUR 7.3 billion for the sales in total. In addition, the company distributed Nordea shares worth over EUR 300 million to shareholders in 2019 for solvency reasons. Over the years, Sampo received about EUR 4.9 million in dividends from Nordea.

Considering the dividends received from Nordea, Sampo's total return on the Nordea investment was a bit over 120%, which corresponds to a ca. 9% annual return. In view of Sampo's relatively low cost of equity, the rate of return can be considered reasonable. However, we don't believe that the Nordea investment created significant added value.

## Watch the CEO's interview:



# Estimate changes

## Estimate changes 2022e-2024e

- No significant changes in our operational earnings forecasts after the Q1 report
- If P&C's earnings forecasts increased slightly with the better-than-expected Q1 report.
- Topdanmark's consensus estimates updated and now consider the sale of Life.
- Hastings profit forecasts were lowered with the weak Q1
- Our 2022 earnings forecasts have increased proportionally more than the PTP forecasts at EPS level, which is explained by the fact that we have no longer treated Nordea sales profits as one-off items. This is in line with Sampo's own reporting.

## Operational result drivers 2022e-2024e:

- After the Nordea exit Sampo's EPS slightly over EUR 2/share.
- This figure will grow in the next few years with the purchase of own shares and a slight earnings growth, and in 2024 we forecast it to be about EUR 2.3-2.4 per share
- This level is growing steadily driven by operational earnings growth, but there is no reason to expect higher level corrections
- Following the extraordinary dividend and the rearrangement of the balance sheet, Sampo's dividend capacity is very close to EPS level
- The new Sampo is a low but highly predictable cash flow machine whose value creation capacity is mainly limited to excellent operational performance. We don't think this is a bad thing, but it's important for investors to be aware that this company and investor story are very different from the previous Sampo, which was a M&A-seeking financial conglomerate.

Estimate revisions	2022e	2022e	Change	2023e	2023e	Change	2024e	2024e	Change
MEUR / EUR	Old	New	%	Old	New	%	Old	New	%
If	972	999	3%	1049	1054	1%	1081	1086	1%
Mandatum	217	236	9%	225	230	2%	230	230	0%
Nordea	0	0		0	0		0	0	
Holdings	215	193	-10%	-52	-52	0%	-54	-54	0%
Topdanmark	253	305	20%	292	261	-11%	304	271	-11%
Hastings	116	102	-12%	160	100	-38%	180	120	-33%
<b>PTP</b>	<b>1774</b>	<b>1835</b>	<b>3%</b>	<b>1674</b>	<b>1593</b>	<b>-5%</b>	<b>1740</b>	<b>1653</b>	<b>-5%</b>
<b>EPS (adjusted)</b>	<b>2.27</b>	<b>2.46</b>	<b>8%</b>	<b>2.35</b>	<b>2.25</b>	<b>-4%</b>	<b>2.49</b>	<b>2.36</b>	<b>-5%</b>
Dividend / share	3.29	1.80	-45%	1.90	2.89	52%	2.00	2.00	0%

Source: Inderes

*Nordea has been treated as part of Holdings*

# Cash flow estimates

## Cash flow and balance sheet estimates

- The Nordea exit that was completed last week was considered in the cash flow estimates
- PE investments are sold between 2022 and 2024 and, due to the prudence principle, we don't expect significant sales profit from them
- The balance sheet has been overcapitalized due to the Nordea sales, and the company will still have net cash after the major dividend distribution
- Solvency will be very strong at the end of Q2 when exit from Nordea increases the solvency ratio by 30%

## Profit distribution estimates

- In line with previous comments, we expect the company to launch a new EUR 750 million share repurchase program in Q2 after the Annual General Meeting
- After that, we estimate that there will be additional capital of about EUR 3-4 per share, some of which will still be tied to PE investments, exiting from which will take time
- Sampo has two options for the remaining surplus capital: Either 1) to purchase Topdanmark or 2) to return the capital to the shareholders
- The probability of buying Topdanmark has increased as the company purchases its shares last fall, but the share price must come down before a possible bid. If Sampo were to acquire the whole of Topdanmark, we estimate that the company wouldn't return additional capital to its shareholders after the new repurchase program in spring
- Our forecasts so far include the expectation of a new share repurchase program of EUR 500 million (2023) and an additional dividend of EUR 500 million (2024), but it's possible that this capital will eventually be channeled into the acquisition of Topdanmark.

MEUR	Q1'21	Q2'21	Q3'21	Q4'21	Q1'22	Q2'22e	Q3'22e	Q4'22e	2023e	2024e
If dividend				723				711	791	815
Mandatum dividend	200				165				165	165
Nordea dividend	45			293	138					
Topdanmark dividend	113					201			307	101
Hastings dividend						0			0	70
Nordea sales		1369	745	1725	183	2107				
Fintech sales								402	402	402
Regular dividend		-945				-930			-930	-960
Share repurchases				-380	-379	-300	-300	-300	-500	
Extraordinary dividend						-1272				-500
Hastings acquisition				-806						
Net cash	-2093	-1659	-914	680	546	352	52	864	1100	1193
<b>Net profit dist. cumul. (MEUR)</b>		<b>945</b>	<b>945</b>	<b>1325</b>	<b>1704</b>	<b>4206</b>	<b>4506</b>	<b>4806</b>	<b>6236</b>	<b>7696</b>
<b>Profit dist./share cumul. (EUR)</b>		1.7	1.7	2.4	3.2	7.9	8.6	9.3	12.3	15.2
<b>Number of shares (millions)</b>			555.4	546.8	537.0	530.2	523.4	516.6	505.2	505.2

# Expected return remains sufficient

## Sum of the parts

We have revised our view of Sampo's sum of the parts to EUR 48 (previously EUR 49). The slight decrease in the sum of the parts is mainly explained by PE investments, for which we have taken a slightly more cautious view due to the prudence principle. If P&C's value has remained stable at 15.5 billion (P/E 19-20x) and its share of Sampo's value is dominant. Drivers for higher than the current sum of the parts would be:

- Organic profit growth in insurance activities
- Synergies arising from Topdanmark acquisition
- Successful PE exit
- Other M&A arrangements

In the big picture, we find it difficult to see that the sum of the parts will increase significantly from the current level without significant new M&A arrangements that aren't already on the company's agenda (excluding any subsequent Topdanmark purchase offer).

The discount to the sum of parts has become slightly smaller since our previous update. It's difficult for us to any sensible reasons for a discount in relation to the sum of the parts and we expect share pricing to be close to the sum of the parts in the next 12 months, when the company's transformation into a pure insurance company is now practically complete.

We note that the sums of the parts includes **all future dividends** and share repurchases from Q2'22 onwards. Therefore, our sum of the parts value would decrease by EUR 4.1 if the ex-dividend date were tomorrow (actual ex-dividend date 5/19/2022). Of course, the sum of the parts will still live for a while

after the present and the ex-dividend date (the share price of Topdanmark swings, the multiples of If P&C's peers change etc.).

## Expected return still sufficient

According to our estimate, Sampo's EPS will be to 2.3-2.4e/share in 2024. EPS receive clear support from share repurchases and, consequently, from a significantly reduced number of shares. In our view, Sampo's acceptable P/E factor as a pure insurance company could be 15-20x, probably closer to the top where the main peers are valued. This would mean that at this stage Sampo's rate could be EUR 35-48 at the beginning of 2024. Therefore, Sampo shareholders' profits will largely be based on the dividend flow paid by the company in the next few years.

Over the next three years, we predict that Sampo will distribute a total of ca. EUR 11 in dividends per share, which would mean a return of about 25% at the current price. If the share price remained at roughly the current level, this would mean an annual return of about 8%. The level isn't particularly high, but given Sampo's low risk level, we believe that it's sufficient.

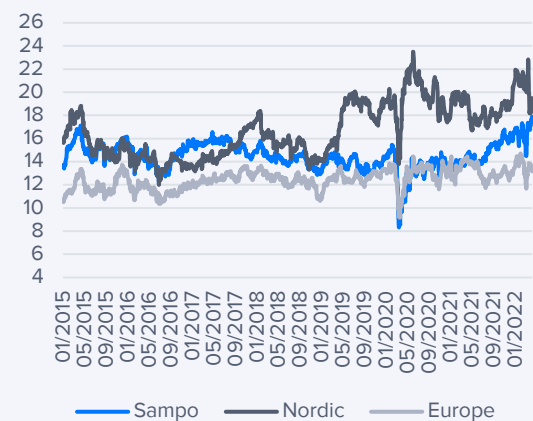
A higher expected return would either require an increase in earnings forecasts or the market to start pricing the new pure insurance company Sampo as a 'TINA' company. In particular, the case of TINA company valuation has deteriorated considerably in recent months due to the rise in interest rates.

Valuation	2022e	2023e	2024e
Share price	45.9	45.9	45.9
Number of shares, millions	531.7	510.9	505.2
Market cap	23685	23685	23685
P/E (adj.)	18.7	20.4	19.4
P/E	18.7	20.4	19.4
P/B	2.0	2.0	2.0
Payout ratio (%)	71.2 %	127.1 %	84.7 %
Dividend yield-%	3.9 %	6.2 %	4.3 %

Source: Inderes

Sum of the parts	New	Old
If	15500	15500
Mandatum	2200	2200
Nordea	0	2656
Topdanmark	2272	2167
Hastings	2300	2300
Net debt (incl. other investments)	3871	2193
<b>Total (MEUR)</b>	<b>26143</b>	<b>27016</b>
Per share (EUR)	47.8	49.4

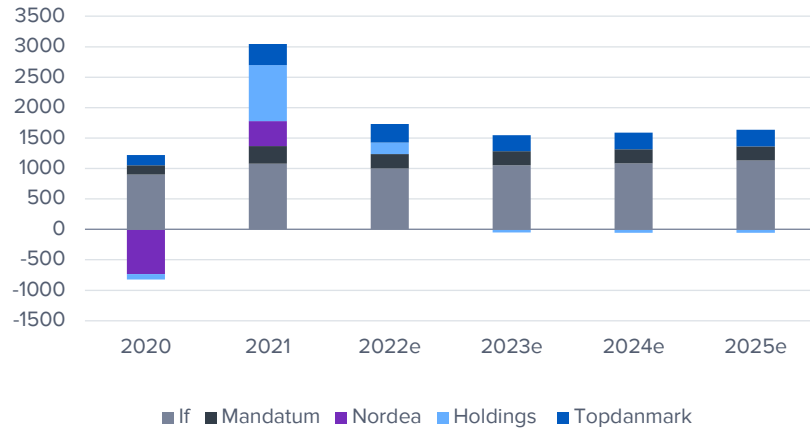
## Peer group valuation (P/E)



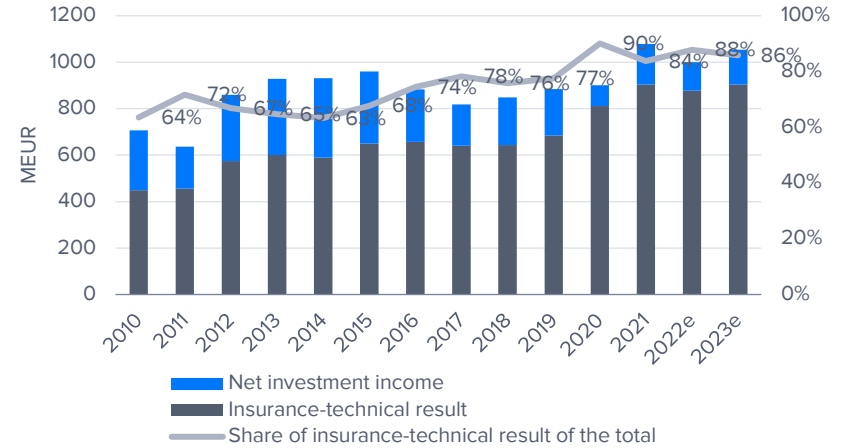


# Valuation in graphs

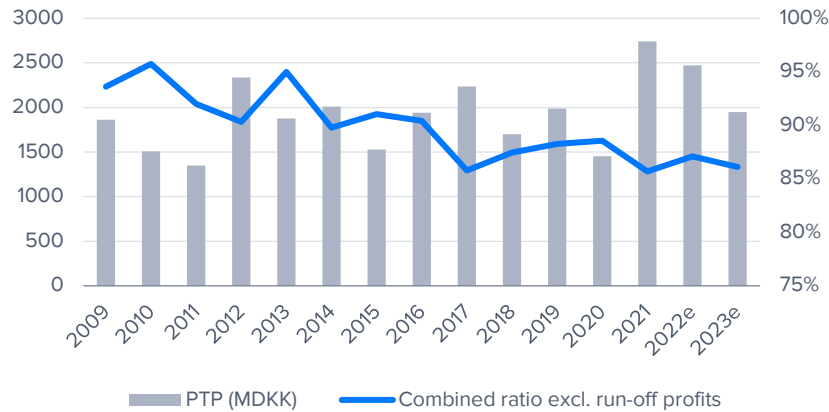
### Sampo's PTP breakdown (MEUR)



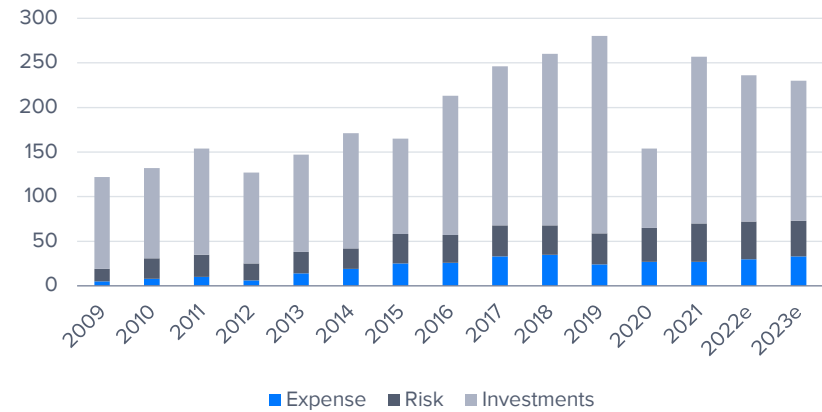
### Change in If P&C's result mix



### Topdanmark's result development



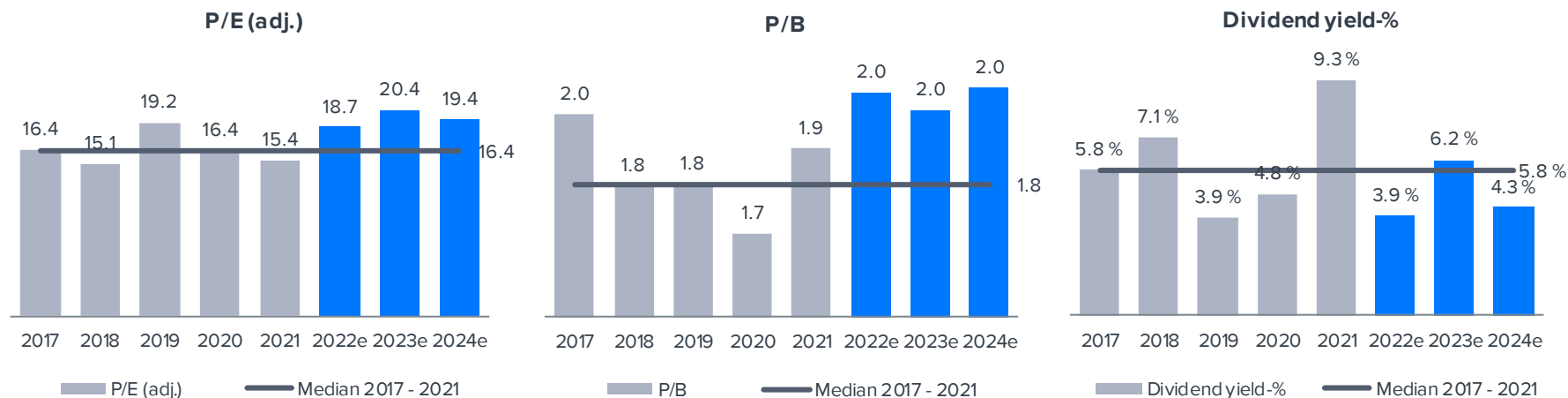
### Mandatum's result development



# Arvostustaulukko

Valuation	2017	2018	2019	2020	2021	2022e	2023e	2024e	2025e
Share price	45.2	40.4	38.9	35.3	44.1	45.9	45.9	45.9	45.9
Number of shares, millions	556.6	556.6	556.6	556.6	554.3	531.7	510.9	505.2	506.4
Market cap	25091	22436	21609	19593	24109	23685	23685	23685	23685
P/E (adj.)	16.4	15.1	19.2	16.4	15.4	18.7	20.4	19.4	18.8
P/E	11.2	13.3	19.2	>100	9.5	18.7	20.4	19.4	18.8
P/B	2.0	1.8	1.8	1.7	1.9	2.0	2.0	2.0	2.0
Payout ratio (%)	64.5 %	93.8 %	73.7 %	2484.5 %	87.3 %	71.2 %	127.1 %	84.7 %	85.8 %
Dividend yield-%	5.8 %	7.1 %	3.9 %	4.8 %	9.3 %	3.9 %	6.2 %	4.3 %	4.5 %

Source: Inderes



# Verrokkiryhmän arvostus

Peer group valuation	Share price	Market cap	EV	P/E		Dividend yield-%		P/B
Company		MEUR	MEUR	2022e	2023e	2022e	2023e	2022e
Tryg	166.75	14857	16655	26.8	19.9	3.9	4.6	2.3
Gjensidige	205.00	10406	10608	18.4	18.4	4.4	4.5	4.1
Topdanmark	391.20	4813	5191	15.2	23.8	10.7	4.3	5.5
ALM	11.94	2473	2699	26.1	20.7	3.7	4.6	1.3
Protector	103.40	885	1001	15.4	10.8		8.4	3.0
Storebrand	84.20	3882	7616	11.6	11.1	5.1	5.8	1.0
Admiral	2470.00	9119	9606	17.2	17.5	7.0	5.3	5.8
Direct Line	238.40	4011	4070	9.9	9.3	9.3	9.3	1.3
Linea Directa Aseguradora	1.37	1489	1530	14.2	12.6	6.5	6.9	3.7
Zurich Insurance Group	446.20	65332	74437	12.7	11.7	5.6	5.9	1.8
Allianz	215.20	88500	102203	10.5	9.0	5.3	5.6	1.1
Assicurazioni Generali	18.23	28998	39707	9.8	9.1	6.1	6.5	1.0
Intact Financial Corp	175.15	22818	27167	15.6	14.1	2.3	2.5	2.0
Baloise Holding	162.40	7283	5691	12.2	11.6	4.6	4.9	1.0
Hannover Re	149.50	17677	21563	12.6	10.4	4.2	4.4	1.5
Munich Re	225.10	31516	33064	10.5	8.2	5.1	5.4	1.0
<b>Sampo (Inderes)</b>	<b>45.85</b>	<b>23685</b>	<b>22986</b>	<b>18.7</b>	<b>20.4</b>	<b>3.9</b>	<b>6.2</b>	<b>2.0</b>
<b>Average</b>				<b>14.9</b>	<b>13.6</b>	<b>5.6</b>	<b>5.5</b>	<b>2.3</b>
<b>Median</b>				<b>13.4</b>	<b>11.7</b>	<b>5.1</b>	<b>5.3</b>	<b>1.6</b>
<b>Diff-% to median</b>				<b>39%</b>	<b>75%</b>	<b>-23%</b>	<b>15%</b>	<b>25%</b>

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

# Tuloslaskelma

Income statement	2020	Q1'21	Q2'21	Q3'21	Q4'21	2021	Q1'22	Q2'22e	Q3'22e	Q4'22e	2022e	2023e	2024e	2025e
<b>Insurance premium income</b>	<b>8412</b>	<b>2354</b>	<b>2618</b>	<b>2527</b>	<b>2247</b>	<b>9746</b>	<b>3342</b>	<b>2348</b>	<b>2183</b>	<b>2376</b>	<b>10248</b>	<b>9577</b>	<b>9971</b>	<b>10331</b>
If	4589	1152	1189	1467	1047	4855	1750	1248	1262	1290	5551	5168	5323	5482
Mandatun	1051	269	433	258	407	1367	480	476	283	448	1687	1771	1860	1953
Topdanmark	2709	695	680	714	605	2694	961	338	338	338	1975	1387	1437	1437
Hastings	63.0	238	316	88.0	188	830	151	285	300	300	1036	1252	1352	1460
<b>EBIT (excl. NRI)</b>	<b>1541</b>	<b>632</b>	<b>617</b>	<b>488</b>	<b>453</b>	<b>2190</b>	<b>566</b>	<b>408</b>	<b>425</b>	<b>437</b>	<b>1835</b>	<b>1593</b>	<b>1653</b>	<b>1713</b>
<b>EBIT</b>	<b>380</b>	<b>632</b>	<b>710</b>	<b>632</b>	<b>1198</b>	<b>3172</b>	<b>566</b>	<b>408</b>	<b>425</b>	<b>437</b>	<b>1835</b>	<b>1593</b>	<b>1653</b>	<b>1713</b>
If	901	257	309	252	259	1077	283	214	256	246	999	1054	1086	1130
Mandatun	154	76	65	60	90	291	80	17	61	78	236	230	230	235
Nordea	-734	121	146	114	28	409	0	0	0	0	0	0	0	0
Holdings	-92	-6	81	128	719	922	164	62	-16	-17	193	-52	-54	-54
Topdanmark	167	137	71	48	90	346	37	89	89	89	305	261	271	271
Hastings	-16	46	38	30	12	127	2	25	35	40	102	100	120	130
<b>PTP</b>	<b>380</b>	<b>632</b>	<b>710</b>	<b>632</b>	<b>1198</b>	<b>3172</b>	<b>566</b>	<b>408</b>	<b>425</b>	<b>437</b>	<b>1835</b>	<b>1593</b>	<b>1653</b>	<b>1713</b>
Taxes	-267	-106	-124	-83	-110	-423	-84	-75	-96	-96	-350	-342	-355	-368
Minority interest	-75	-72	-39	-32	-38	-181	-16	-54	-54	-54	-179	-102	-105	-109
<b>Net earnings</b>	<b>38.0</b>	<b>454</b>	<b>547</b>	<b>517</b>	<b>1050</b>	<b>2568</b>	<b>467</b>	<b>278</b>	<b>274</b>	<b>286</b>	<b>1306</b>	<b>1148</b>	<b>1192</b>	<b>1236</b>
<b>EPS (adj.)</b>	<b>2.15</b>	<b>0.82</b>	<b>0.82</b>	<b>0.67</b>	<b>0.55</b>	<b>2.86</b>	<b>0.86</b>	<b>0.52</b>	<b>0.52</b>	<b>0.54</b>	<b>2.46</b>	<b>2.25</b>	<b>2.36</b>	<b>2.44</b>
<b>EPS (rep.)</b>	<b>0.07</b>	<b>0.82</b>	<b>0.99</b>	<b>0.93</b>	<b>1.89</b>	<b>4.63</b>	<b>0.86</b>	<b>0.52</b>	<b>0.52</b>	<b>0.54</b>	<b>2.46</b>	<b>2.25</b>	<b>2.36</b>	<b>2.44</b>

Key figures	2020	Q1'21	Q2'21	Q3'21	Q4'21	2021	Q1'22	Q2'22e	Q3'22e	Q4'22e	2022e	2023e	2024e	2025e
<b>Revenue growth-%</b>	-3.8 %	-17.4 %	37.6 %	51.0 %	13.3 %	15.9 %	42.0 %	-10.3 %	-13.6 %	5.7 %	5.2 %	-6.5 %	4.1 %	3.6 %
<b>Adjusted EBIT growth-%</b>	0.0 %	289.1 %	51.7 %	0.6 %	-7.0 %	42.1 %	-10.5 %	-34.0 %	-12.9 %	-3.6 %	-16.2 %	-13.2 %	3.8 %	3.6 %
<b>EBITDA-%</b>	4.5 %	26.9 %	27.1 %	25.0 %	53.3 %	32.5 %	16.9 %	17.4 %	19.5 %	18.4 %	17.9 %	16.6 %	16.6 %	16.6 %
<b>Adjusted EBIT-%</b>	18.3 %	26.9 %	23.6 %	19.3 %	20.2 %	22.5 %	16.9 %	17.4 %	19.5 %	18.4 %	17.9 %	16.6 %	16.6 %	16.6 %
<b>Net earnings-%</b>	0.5 %	19.3 %	20.9 %	20.4 %	46.7 %	26.3 %	14.0 %	11.9 %	12.6 %	12.0 %	12.7 %	12.0 %	12.0 %	12.0 %

Source: Inderes

# Tase

Assets	2020	2021	2022e	2023e	2024e
<b>Non-current assets</b>	<b>49474</b>	<b>50970</b>	<b>48344</b>	<b>47882</b>	<b>47920</b>
Goodwill	0.0	0.0	0.0	0.0	0.0
Intangible assets	3761	3794	3827	3862	3897
Tangible assets	371	375	378	381	384
Associated companies	5370	777	500	0.0	0.0
Other investments	25086	26274	23889	23889	23889
Other non-current assets	14837	19711	19711	19711	19711
Deferred tax assets	49.0	39.0	39.0	39.0	39.0
<b>Current assets</b>	<b>7055</b>	<b>10091</b>	<b>9485</b>	<b>9059</b>	<b>9308</b>
Inventories	0.0	0.0	0.0	0.0	0.0
Other current assets	2714	2977	2977	2977	2977
Receivables	1821	2295	2408	2251	2343
Cash and equivalents	2520	4819	4099	3831	3988
<b>Balance sheet total</b>	<b>56529</b>	<b>61061</b>	<b>57829</b>	<b>56941</b>	<b>57228</b>

Source: Inderes

Liabilities & equity	2020	2021	2022e	2023e	2024e
<b>Equity</b>	<b>12258</b>	<b>13464</b>	<b>12528</b>	<b>12747</b>	<b>12479</b>
Share capital	98.0	98.0	98.0	98.0	98.0
Retained earnings	9282	9952	9016	9235	8967
Hybrid bonds	0.0	0.0	0.0	0.0	0.0
Revaluation reserve	0.0	0.0	0.0	0.0	0.0
Other equity	2038	2738	2738	2738	2738
Minorities	840	676	676	676	676
<b>Non-current liabilities</b>	<b>41903</b>	<b>45129</b>	<b>42833</b>	<b>41726</b>	<b>42281</b>
Deferred tax liabilities	717	855	855	855	855
Provisions	20.0	9.0	9.0	9.0	9.0
Long term debt	4925	4346	2050	943	1498
Convertibles	0.0	0.0	0.0	0.0	0.0
Other long term liabilities	36241	39919	39919	39919	39919
<b>Current liabilities</b>	<b>2368</b>	<b>2468</b>	<b>2468</b>	<b>2468</b>	<b>2468</b>
Short term debt	0.0	0.0	0.0	0.0	0.0
Payables	0.0	0.0	0.0	0.0	0.0
Other current liabilities	2368	2468	2468	2468	2468
<b>Balance sheet total</b>	<b>56529</b>	<b>61061</b>	<b>57829</b>	<b>56941</b>	<b>57228</b>

# DDM calculation

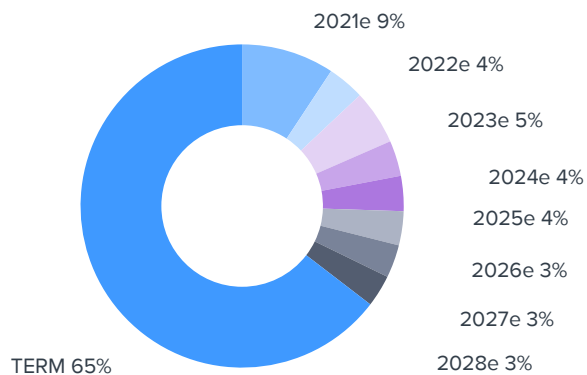
DDM valuation (MEUR)	2021e	2022e	2023e	2024e	2025e	2026e	2027e	2028e	TERM
<b>Sampo's result</b>	<b>2568</b>	<b>1306</b>	<b>1148</b>	<b>1192</b>	<b>1236</b>	<b>1129</b>	<b>1151</b>	<b>1172</b>	<b>1196</b>
<b>Sampo's dividend</b>	<b>2242</b>	<b>930</b>	<b>1460</b>	<b>1010</b>	<b>1061</b>	<b>1093</b>	<b>1126</b>	<b>1159</b>	<b>24895</b>
Payout ratio-%	87%	71%	127%	85%	86%	97%	98%	99%	
Dividend growth-%	137.5 %	-58.5 %	57.0 %	-30.8 %	5.0 %	3.0 %	3.0 %	3.0 %	2.0 %
Disc. dividend	2242	893	1319	859	849	822	797	772	15597
Disc. cumul. dividend	24150	21908	21015	19696	18837	17988	17166	16369	15597

Equity, DDM	24150
<b>Per share EUR</b>	<b>44.2</b>

## Cost of equity

Risk-free debt	2.0%
Market risk premium	4.8%
Company Beta	1.00
Liquidity premium	0.0%
<b>Cost of capital</b>	<b>6.8%</b>
WACC-%	6.3%

## Cash flow breakdown



# Yhteenveto

Income statement	2019	2020	2021	2022e	2023e	Per share data	2019	2020	2021	2022e	2023e
Insurance premium income	8748	8412	9746	<b>10248</b>	<b>9577</b>	EPS (reported)	2.03	0.07	4.63	<b>2.46</b>	<b>2.25</b>
PTP	1541	380	3172	<b>1835</b>	<b>1593</b>	EPS (adj.)	2.03	2.15	2.86	<b>2.46</b>	<b>2.25</b>
Net profit	1130	38	2568	<b>1306</b>	<b>1148</b>	Dividend / share	1.50	1.70	4.10	<b>1.80</b>	<b>2.89</b>
Extraordinary items	0	-1161	982	<b>0</b>	<b>0</b>	Book value / share	21.4	20.5	23.1	<b>22.3</b>	<b>23.6</b>
Balance sheet	2019	2020	2021	2022e	2023e	If key figures	2019	2020	2021	2022e	2023e
Balance sheet total	51939	56529	61061	<b>57829</b>	<b>56941</b>	Insurance premium income	4325	4388	4589	<b>4772</b>	<b>5017</b>
Equity capital	12542	12258	13464	<b>12528</b>	<b>12747</b>	Insurance income growth-%	-0.8 %	1.5 %	4.6 %	<b>6.0 %</b>	<b>5.1 %</b>
Net debt	2117	2405	-473	<b>-2050</b>	<b>-2888</b>	Investment income	229	242	90	<b>174</b>	<b>122</b>
ROE-%	9.3 %	0.3 %	21.2 %	<b>10.6 %</b>	<b>9.6 %</b>	Combined ratio-%	85.2 %	84.5 %	82.1 %	<b>81.3 %</b>	<b>82.7 %</b>
						Risk ratio-%	63.3 %	62.7 %	60.7 %	<b>59.9 %</b>	<b>61.6 %</b>
						Cost ratio-%	21.9 %	21.8 %	21.5 %	<b>21.4 %</b>	<b>21.1 %</b>

Source: Inderes

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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.

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## Recommendation history (>12 mo)

Date	Recommendation	Target price	Share price
3/17/2020	Buy	30.00 €	23.83 €
4/30/2020	Buy	34.00 €	30.85 €
5/7/2020	Accumulate	33.00 €	30.40 €
6/16/2020	Buy	34.00 €	30.40 €
8/6/2020	Buy	35.00 €	30.30 €
10/9/2020	Buy	38.00 €	35.20 €
11/5/2020	Buy	38.00 €	34.14 €
1/20/2021	Buy	38.00 €	35.28 €
2/12/2021	Buy	41.00 €	36.04 €
2/25/2021	Buy	41.00 €	36.95 €
4/7/2021	Buy	43.00 €	39.23 €
5/6/2021	Buy	44.00 €	39.85 €
8/5/2021	Buy	45.00 €	42.39 €
9/24/2021	Buy	46.00 €	43.35 €
11/4/2021	Accumulate	48.00 €	46.73 €
12/9/2021	Accumulate	48.00 €	44.09 €
2/10/2022	Accumulate	49.00 €	45.35 €
5/5/2022	Accumulate	48.00 €	45.85 €



Inderesin tehtävä on yhdistää pörssiyhtiöt ja sijoittajat. Tuotamme laadukasta analyysiä ja sisältöjä laajan sijoittajayhteisömmen tarpeisiin.

Me Inderesillä uskomme, että avoin tieto on jokaisen sijoittajan perusoikeus. Takaamme sijoittajille pääsyn palkitun analyysin, näkemyksellisten videosisältöjen ja aktiivisen sijoittajayhteisön pariin.

Pörssiyhtiöille varmistamme, että yhtiöstä on jatkuvasti sijoittajien ja omistajien saatavilla laadukasta tietoa päätöksentekoon, ja että sijoittajilta kerätty tieto on yhtiöiden hyödynnettävissä.

Jo yli 100 suomalaista pörssiyhtiötä haluaa palvella omistajiaan ja sijoittajia kauttamme hyödyntämällä tarjoamiamme yhtiöseurantapalveluita, datapohjaisia sijoittajaviestinnän palveluita, sisältötuotantoa ja konsultointia.

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