

Weaker finish to otherwise solid year

CapMan will report Q4 results on January 31st. We expect Q4 to be based on earnings be a weaker end to an otherwise solid year, driven by the impact of the market volatility on CapMan's trading portfolio. Our revised Q4 estimates for revenue and operating profit are at EUR 8.2m and EUR -2.8m respectively. We expect a dividend of EUR 0.12 per share. We retain our BUY-rating with a target price of EUR 1.80 (1.75).

Market volatility to weigh on Q4

We expect CapMan to report weaker Q4 earnings due to the effect of market volatility on the trading portfolio during the quarter. CapMan has been shifting funds from the trading portfolio to own funds, with some EUR 20m transferred during H1/18, but was still at near EUR 60m at the end of Q3. As to our understanding some 60% of the portfolio is hedged, we expect an EUR 3m fair value loss. We also do not expect any notable carried interest or success fees for the quarter. We have revised our Q4 revenue and operating profit estimates to EUR 8.2m (10.0m) and EUR -2.8m (5.0m) respectively. Although we anticipate a weaker result in 2018 compared to 2017, we expect CapMan to increase dividends to EUR 0.12 (2017: 0.11) per share.

BVK mandate addition to support management fee growth

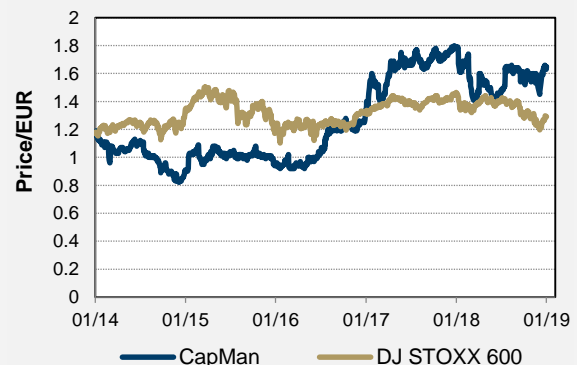
During Q4 CapMan reported the increase of the BVK mandate to EUR 820m (prev. 500m), which we expect to have an additional earnings contribution of around EUR 1.5m p.a. The whole mandate is to our understanding close to being fully invested and will boost management fees from 2019 forward.

BUY-rating with a target price of EUR 1.80 (1.75)

Looking at 2019E and 2020E P/E multiples, coupled with the high dividend yield, valuation in our view does not yet appear challenging, with a ~15% discount to peers on P/E. We retain our BUY-rating with a target price of EUR 1.80 (1.75).

Rating

BUY



Share price, EUR (Last trading day's closing price) 1.65

Target price, EUR 1.8

Latest change in recommendation 27-Apr-18

Latest report on company 24-Jan-19

Research paid by issuer: YES

No. of shares outstanding, '000's 146,923

No. of shares fully diluted, '000's 146,923

Market cap, EURm 242

Free float, % 75.0

Exchange rate EUR 1.000

Reuters code CAPMAN.HE

Bloomberg code CAPMAN FH

Average daily volume, EURm 0.2

Next interim report 31-Jan-19

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BUY **HOLD** **SELL**

KEY FIGURES

	Sales EURm	EBIT EURm	EBIT %	Ptx profit EURm	EPS EUR	P/E (x)	EV/Sales (x)	P/CF (x)	EV/EBIT (x)	DPS EUR
2016	27	19	70.0%	16	0.16	10.9	5.5	-35.4	7.9	0.09
2017	35	19	55.9%	16	0.10	13.1	8.1	9.1	14.5	0.11
2018E	35	12	34.2%	9	0.05	30.8	7.7	7.4	22.4	0.12
2019E	42	24	57.8%	22	0.14	12.0	6.3	5.6	10.9	0.13
2020E	44	27	62.1%	25	0.16	10.5	5.9	9.0	9.5	0.14
Market cap, EURm	242		BV per share 2018E, EUR		0.8		CAGR EPS 2017-20, %		5.1	
Net debt 2018E, EURm	28		Price/book 2018E		2.0		CAGR sales 2017-20, %		8.1	
Enterprise value, EURm	271		Dividend yield 2018E, %		7.3		ROE 2018E, %		6.4	
Total assets 2018E, EURm	216		Tax rate 2018E, %		9.5		ROCE 2018E, %		7.0	
Goodwill 2018E, EURm	5		Equity ratio 2018E, %		55.0		PEG, P/E 18/CAGR		0.7	

All the important disclosures can be found on the last pages of this report.

CapMan	2016	Q1/'17	Q2/'17	Q3/'17	Q4/'17	2017	Q1/'18	Q2/'18	Q3/'18	Q4/'18E	2018E	2019E	2020E
Management fees	26.6	5.0	4.8	4.6	5.2	19.6	5.6	5.7	5.2	5.8	22.3	25.3	26.6
Sale of services	0.0	1.4	2.1	1.5	2.1	7.1	1.6	4.1	1.7	2.3	9.7	10.9	11.4
Carried interest	0.0	0.0	0.0	3.1	1.3	4.4	0.1	0.6	0.2	0.0	0.9	4.5	5.6
Dividend and interest income	0.0	1.1	2.2	0.1	0.2	3.7	1.1	1.0	0.2	0.2	2.4	1.4	0.5
Revenue	26.7	7.5	9.1	9.4	8.8	34.8	8.5	11.4	7.2	8.2	35.3	42.1	44.0
<i>change, %</i>	<i>-16.0%</i>	<i>-0.5%</i>	<i>15.2%</i>	<i>42.2%</i>	<i>90.8%</i>	<i>30.6%</i>	<i>12.7%</i>	<i>25.8%</i>	<i>-23.3%</i>	<i>-6.9%</i>	<i>1.4%</i>	<i>19.2%</i>	<i>4.6%</i>
Other operating income	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Personnel expenses	-18.3	-5.0	-5.0	-4.0	-7.4	-21.4	-4.7	-5.5	-4.7	-5.5	-20.3	-21.0	-21.3
Other operating expenses	-12.2	-2.2	-2.4	-2.3	-3.0	-9.9	-2.2	-2.6	-1.6	-2.5	-8.8	-8.9	-9.0
Depreciation and amortisation	-0.3	-0.1	-0.1	-0.1	-1.5	-1.7	-0.1	-0.1	0.0	-0.1	-0.2	-0.2	-0.2
Fair value changes	22.6	10.3	5.6	2.0	-0.3	17.6	2.5	2.7	3.9	-3.0	6.1	12.3	13.8
Operating profit	18.7	10.5	7.3	5.1	-3.4	19.5	4.1	6.0	4.8	-2.8	12.1	24.4	27.3
<i>Operating profit margin, %</i>	<i>70.0%</i>	<i>>100%</i>	<i>80.0%</i>	<i>54.4%</i>	<i>-39.0%</i>	<i>55.9%</i>	<i>48.0%</i>	<i>52.6%</i>	<i>66.8%</i>	<i>-34.3%</i>	<i>34.2%</i>	<i>57.8%</i>	<i>62.1%</i>
Net financials	-3.1	-0.9	-0.8	-0.7	-0.8	-3.2	-0.5	-1.0	-0.5	-0.7	-2.7	-2.6	-2.5
Profit before taxes	15.5	9.6	6.4	4.5	-4.3	16.2	3.5	5.1	4.3	-3.5	9.4	21.7	24.8
Income taxes	-0.2	-0.6	-0.6	-0.6	1.1	-0.8	-0.2	-0.8	-0.2	0.4	-0.9	-1.5	-1.7
Profit for the period	15.3	9.1	5.8	3.8	-3.2	15.5	3.3	4.3	4.1	-3.2	8.5	20.2	23.1
EPS, EUR	0.16	0.06	0.04	0.03	-0.02	0.10	0.02	0.03	0.03	-0.02	0.05	0.14	0.16
Management Company business	2016*	Q1/'17	Q2/'17	Q3/'17	Q4/'17	2017	Q1/'18	Q2/'18	Q3/'18	Q4/'18E	2018E	2019E	2020E
Revenue	26.7	5.3	5.1	8.0	6.7	25.1	5.9	6.5	5.5	6.0	24.0	30.8	33.2
Operating profit	-1.5	0.4	0.1	3.7	-1.6	2.7	0.8	0.7	0.8	-0.1	2.2	8.5	10.5
Investment business	2016	Q1/'17	Q2/'17	Q3/'17	Q4/'17	2017	Q1/'18	Q2/'18	Q3/'18	Q4/'18E	2018E	2019E	2020E
Revenue	0.0	1.1	2.2	0.1	0.2	3.7	1.1	1.0	0.2	0.2	2.4	1.4	0.5
Operating profit	20.2	10.3	7.0	1.2	-1.2	17.3	3.2	3.4	3.8	-3.2	7.3	12.5	13.0
Services business	2016	Q1/'17	Q2/'17	Q3/'17	Q4/'17	2017	Q1/'18	Q2/'18	Q3/'18	Q4/'18E	2018E	2019E	2020E
Revenue		1.0	1.8	1.3	1.5	5.6	1.4	3.8	1.5	2.0	8.6	9.5	10.0
Operating profit		0.3	0.7	0.4	0.8	2.3	0.6	2.4	0.6	1.0	4.5	5.3	5.7
Other	2016	Q1/'17	Q2/'17	Q3/'17	Q4/'17	2017	Q1/'18	Q2/'18	Q3/'18	Q4/'18E	2018E	2019E	2020E
Revenue		0.0	0.0	0.0	0.4	0.5	0.0	0.2	0.0	0.1	0.3	0.4	0.4
Operating profit		-0.4	-0.6	-0.2	-1.5	-2.7	-0.4	-0.6	-0.4	-0.5	-1.9	-1.9	-1.9

*Reporting changed for 2017 onwards, includes Services business and Other

Source: CapMan, Evli estimates

CAPMAN PEER GROUP	MCAP MEUR	EV/EBIT			P/E			P/B			Div. yield		
		18	19	20	18	19	20	18	19	20	18	19	20
Institut de Developpement	295	13.3x	11.6x	9.9x	17.4x	15.4x	13.6x	0.6x	0.6x	0.6x	3.9 %	3.9 %	3.9 %
Deutsche Beteiligungs mutares	515	13.2x	13.1x	9.9x	15.6x	14.5x	10.6x	1.1x	1.1x	1.0x	4.2 %	4.3 %	4.4 %
3i Group	143	6.3x	7.0x	4.9x	9.5x	10.1x	10.2x	0.9x	0.7x	0.6x	9.5 %	6.5 %	6.9 %
Eurazeo	9001	5.7x	5.8x	5.3x	6.2x	6.7x	6.4x	1.0x	0.9x	0.8x	3.8 %	4.1 %	4.2 %
Ratos	4773	12.2x	11.4x	10.4x	15.4x	14.2x	13.1x	1.0x	1.0x	0.9x	2.0 %	2.1 %	2.2 %
Ratos	819	13.2x	14.8x	11.1x	19.0x	16.7x	13.2x	0.8x	0.8x	0.8x	7.6 %	7.6 %	7.6 %
Panostaja	57				2.8x	13.8x	13.5x	1.1x	1.1x	1.0x	4.5 %	4.5 %	4.7 %
eQ	309	13.2x	11.0x	10.2x	17.8x	15.0x	14.1x	5.1x	5.1x	5.0x	6.3 %	6.5 %	6.6 %
Taaleri	207				9.5x	10.9x	11.8x	1.7x	1.6x	1.5x	4.1 %	4.5 %	4.8 %
Jupiter Fund Management	1657	6.8x	8.2x	7.5x	10.2x	12.4x	11.6x	2.4x	2.4x	2.3x	7.7 %	6.8 %	7.2 %
Liontrust Asset Mgmt	331	9.1x	8.4x	7.2x	12.6x	12.1x	10.9x	5.2x	4.6x	4.0x	4.0 %	4.4 %	4.9 %
Partners Group Holding	15986	20.2x	18.9x	16.7x	23.6x	22.1x	20.1x	8.3x	7.5x	0.0x	3.1 %	3.3 %	3.7 %
Peer Group Average	2841	11.3x	11.0x	9.3x	13.3x	13.7x	12.4x	2.4x	2.3x	1.6x	5.1 %	4.9 %	5.1 %
Peer Group Median	423	12.7x	11.2x	9.9x	14.0x	14.0x	12.4x	1.1x	1.1x	1.0x	4.2 %	4.5 %	4.7 %
CapMan (Evli est.)	242	22.4x	10.9x	9.5x	30.8x	12.0x	10.5x	2.0x	2.0x	1.9x	7.3 %	7.9 %	8.5 %

CapMan prem./disc. to peer median

Source FactSet, Evli Research

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC	
Current share price	1.65 PV of Free Cash Flow	197 Long-term growth, %	2.0 Risk-free interest rate, %	2.25
DCF share value	2.89 PV of Horizon value	273 WACC, %	7.9 Market risk premium, %	5.8
Share price potential, %	75.1 Unconsolidated equity	0 Spread, %	0.5 Debt risk premium, %	2.8
Maximum value	3.2 Marketable securities	25 Minimum WACC, %	7.4 Equity beta coefficient	1.10
Minimum value	2.6 Debt - dividend	-53 Maximum WACC, %	8.4 Target debt ratio, %	30
Horizon value, %	58.0 Value of stock	429 Nr of shares, Mn	146.9 Effective tax rate, %	20

DCF valuation, EURm	2017	2018E	2019E	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E	Horizon
Net sales	35	35	42	44	45	46	47	49	50	51	52	53
<i>Sales growth, %</i>	<i>30.6</i>	<i>1.4</i>	<i>19.2</i>	<i>4.6</i>	<i>2.5</i>	<i>2.5</i>	<i>2.5</i>	<i>2.5</i>	<i>2.5</i>	<i>2.5</i>	<i>2.0</i>	<i>2.0</i>
Operating income (EBIT)	19	12	24	27	29	30	30	31	31	32	33	33
<i>EBIT margin, %</i>	<i>55.9</i>	<i>34.2</i>	<i>57.8</i>	<i>62.1</i>	<i>64.0</i>	<i>64.0</i>	<i>64.0</i>	<i>63.0</i>	<i>63.0</i>	<i>63.0</i>	<i>63.0</i>	<i>63.0</i>
+ Depreciation+amort.	2	0	0	0	0	0	0	0	0	0	0	
- Income taxes	1	-1	-2	-2	-2	-2	-2	-2	-2	-2	-2	
- Change in NWC	6	22	20	1	1	1	1	1	1	1	1	
<i>NWC / Sales, %</i>	<i>176.1</i>	<i>112.3</i>	<i>45.7</i>	<i>40.8</i>	<i>38.2</i>	<i>35.7</i>	<i>33.2</i>	<i>30.8</i>	<i>28.4</i>	<i>26.1</i>	<i>24.3</i>	
+ Change in other liabs	0	0	0	0	0	0	0	0	0	0	0	
- Capital Expenditure	2	-22	-18	0	0	0	0	0	0	0	0	0
<i>Investments / Sales, %</i>	<i>-6.0</i>	<i>62.7</i>	<i>43.1</i>	<i>0.3</i>	<i>0.4</i>	<i>0.3</i>	<i>0.3</i>	<i>0.3</i>	<i>0.3</i>	<i>0.3</i>	<i>0.3</i>	<i>0.3</i>
- Other items	-6	7	2	0	0	0	0	0	0	0	0	
= Unlevered Free CF (FCF)	24	17	27	27	28	28	29	29	30	31	31	539
= Discounted FCF (DFCF)		17	25	23	22	21	20	19	18	17	16	273
= DFCF min WACC		17	25	23	22	21	20	19	18	17	16	311
= DFCF max WACC		17	25	23	22	21	19	18	17	16	15	241

INTERIM FIGURES

EVLI ESTIMATES, EURm	2017Q1	2017Q2	2017Q3	2017Q4	2017	2018Q1	2018Q2	2018Q3	2018Q4E	2018E	2019E	2020E
Net sales	8	9	9	9	35	8	11	7	8	35	42	44
EBITDA	11	7	5	-2	21	4	6	5	-3	12	24	27
<i>EBITDA margin (%)</i>	<i>141.3</i>	<i>80.7</i>	<i>55.2</i>	<i>-21.4</i>	<i>61.0</i>	<i>48.7</i>	<i>53.2</i>	<i>67.6</i>	<i>-33.5</i>	<i>34.9</i>	<i>58.1</i>	<i>62.4</i>
EBIT	11	7	5	-3	19	4	6	5	-3	12	24	27
<i>EBIT margin (%)</i>	<i>140.6</i>	<i>80.0</i>	<i>54.4</i>	<i>-39.0</i>	<i>55.9</i>	<i>48.0</i>	<i>52.6</i>	<i>66.8</i>	<i>-34.3</i>	<i>34.2</i>	<i>57.8</i>	<i>62.1</i>
Net financial items	-1	-1	-1	-1	-3	-1	-1	-1	-1	-3	-3	-3
Pre-tax profit	10	6	4	-4	16	4	5	4	-4	9	22	25
Tax	-1	-1	-1	1	-1	0	-1	0	0	-1	-2	-2
<i>Tax rate (%)</i>	<i>6.1</i>	<i>9.7</i>	<i>14.5</i>	<i>40.6</i>	<i>4.3</i>	<i>5.7</i>	<i>15.9</i>	<i>5.5</i>	<i>10.0</i>	<i>9.5</i>	<i>7.0</i>	<i>7.0</i>
Net profit	9	6	4	-3	15	3	4	4	-3	8	20	23
EPS	0.06	0.04	0.03	-0.02	0.10	0.02	0.03	0.03	-0.02	0.05	0.14	0.16
EPS adjusted (diluted no. of shares)	0.06	0.04	0.03	0.00	0.14	0.02	0.03	0.03	-0.02	0.05	0.14	0.16
Dividend per share	0.00	0.00	0.00	0.00	0.11	0.00	0.00	0.00	0.00	0.12	0.13	0.14
SALES, EURm												
Management Company business	5	5	8	7	25	6	7	6	6	24	31	33
Investment business	1	2	0	0	4	1	1	0	0	2	1	1
Service business	1	2	1	2	6	1	4	1	2	9	9	10
Other & eliminations	0	0	0	0	0	0	0	0	0	0	0	0
Total	8	9	9	9	35	8	11	7	8	35	42	44
SALES GROWTH, Y/Y %												
<i>Management Company business</i>	<i>-29.7</i>	<i>-35.7</i>	<i>20.7</i>	<i>44.6</i>	<i>-6.0</i>	<i>11.7</i>	<i>28.8</i>	<i>-30.7</i>	<i>-10.7</i>	<i>-4.4</i>	<i>28.6</i>	<i>7.6</i>
<i>Investment business</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>-3.0</i>	<i>-55.9</i>	<i>21.8</i>	<i>-34.8</i>	<i>-35.3</i>	<i>-42.1</i>	<i>-64.3</i>
<i>Service business</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>35.1</i>	<i>112.6</i>	<i>17.8</i>	<i>32.8</i>	<i>55.2</i>	<i>10.0</i>	<i>5.0</i>
<i>Other & eliminations</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>32.1</i>	<i>416.7</i>	<i>64.7</i>	<i>-75.4</i>	<i>-33.5</i>	<i>25.0</i>	<i>0.0</i>
Total	-0.5	15.2	42.2	90.8	30.6	12.7	25.8	-23.3	-6.9	1.4	19.2	4.6
EBIT, EURm												
Management Company business	0	0	4	-2	3	1	1	1	0	2	8	11
Investment business	10	7	1	-1	17	3	3	4	-3	7	12	13
Service business	0	1	0	1	2	1	2	1	1	5	5	6
Other & eliminations	0	-1	0	-1	-3	0	-1	0	0	-2	-2	-2
Total	11	7	5	-3	19	4	6	5	-3	12	24	27
EBIT margin, %												
<i>Management Company business</i>	<i>8.1</i>	<i>2.7</i>	<i>46.2</i>	<i>-23.7</i>	<i>10.7</i>	<i>12.8</i>	<i>11.4</i>	<i>14.5</i>	<i>-2.0</i>	<i>9.1</i>	<i>27.5</i>	<i>31.7</i>
<i>Investment business</i>	<i>895.1</i>	<i>316.4</i>	<i>827.2</i>	<i>-533.9</i>	<i>462.2</i>	<i>285.0</i>	<i>350.5</i>	<i>2,130.2</i>	<i>-2,100.0</i>	<i>300.0</i>	<i>890.5</i>	<i>2,601.9</i>
<i>Service business</i>	<i>24.5</i>	<i>42.1</i>	<i>33.9</i>	<i>55.4</i>	<i>40.6</i>	<i>41.0</i>	<i>64.8</i>	<i>38.0</i>	<i>47.5</i>	<i>52.4</i>	<i>55.6</i>	<i>57.1</i>
<i>Other & eliminations</i>	<i>-1,500.0</i>	<i>-2,046.7</i>	<i>-1,270.6</i>	<i>-361.1</i>	<i>-564.7</i>	<i>-1,205.4</i>	<i>-375.5</i>	<i>-1,250.0</i>	<i>-500.0</i>	<i>-586.9</i>	<i>-463.8</i>	<i>-471.2</i>
Total	140.6	80.0	54.4	-39.0	55.9	48.0	52.6	66.8	-34.3	34.2	57.8	62.1

INCOME STATEMENT, EURm	2013	2014	2015	2016	2017	2018E	2019E	2020E
Sales	30	39	32	27	35	35	42	44
<i>Sales growth (%)</i>	<i>9.0</i>	<i>32.6</i>	<i>-19.5</i>	<i>-16.0</i>	<i>30.6</i>	<i>1.4</i>	<i>19.2</i>	<i>4.6</i>
Costs	-26	-33	-22	-8	-14	-23	-18	-17
Reported EBITDA	4	7	10	19	21	12	24	27
Extraordinary items in EBITDA	0	0	0	0	0	0	0	0
<i>EBITDA margin (%)</i>	<i>13.5</i>	<i>17.2</i>	<i>30.2</i>	<i>71.0</i>	<i>61.0</i>	<i>34.9</i>	<i>58.1</i>	<i>62.4</i>
Depreciation	-1	0	0	0	0	0	0	0
EBITA	3	6	9	19	21	12	24	27
Goodwill amortization / writedown	0	0	0	0	-1	0	0	0
Reported EBIT	3	6	9	19	19	12	24	27
<i>EBIT margin (%)</i>	<i>11.2</i>	<i>16.2</i>	<i>29.2</i>	<i>70.0</i>	<i>55.9</i>	<i>34.2</i>	<i>57.8</i>	<i>62.1</i>
Net financials	-1	-1	-3	-3	-3	-3	-3	-3
Pre-tax profit	2	5	6	16	16	9	22	25
Extraordinary items	0	0	0	0	0	0	0	0
Taxes	-1	-1	0	0	-1	-1	-2	-2
Minority shares	0	0	0	0	0	-1	0	0
Net profit	-1	3	5	14	15	8	20	23
BALANCE SHEET, EURm								
Assets								
Fixed assets	75	65	104	95	93	110	128	128
<i>% of sales</i>	<i>252</i>	<i>166</i>	<i>329</i>	<i>357</i>	<i>266</i>	<i>310</i>	<i>303</i>	<i>290</i>
Goodwill	6	6	6	6	5	5	5	5
<i>% of sales</i>	<i>21</i>	<i>16</i>	<i>20</i>	<i>23</i>	<i>13</i>	<i>13</i>	<i>11</i>	<i>10</i>
Inventory	0	0	0	0	0	0	0	0
<i>% of sales</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
Receivables	8	10	13	101	89	75	61	62
<i>% of sales</i>	<i>27</i>	<i>24</i>	<i>41</i>	<i>380</i>	<i>255</i>	<i>212</i>	<i>146</i>	<i>141</i>
Liquid funds	17	29	22	45	23	25	29	31
<i>% of sales</i>	<i>57</i>	<i>73</i>	<i>68</i>	<i>169</i>	<i>67</i>	<i>70</i>	<i>70</i>	<i>70</i>
Total assets	110	114	150	253	211	216	225	227
Liabilities								
Equity	50	50	50	128	127	119	121	125
<i>% of sales</i>	<i>167</i>	<i>128</i>	<i>158</i>	<i>480</i>	<i>364</i>	<i>335</i>	<i>288</i>	<i>284</i>
Deferred taxes	2	2	2	10	9	9	9	9
<i>% of sales</i>	<i>6</i>	<i>5</i>	<i>6</i>	<i>37</i>	<i>25</i>	<i>24</i>	<i>20</i>	<i>19</i>
Interest bearing debt	47	47	84	81	48	53	53	49
<i>% of sales</i>	<i>157</i>	<i>120</i>	<i>266</i>	<i>304</i>	<i>138</i>	<i>150</i>	<i>126</i>	<i>111</i>
Non-interest bearing current liabilities	11	14	13	33	27	35	42	44
<i>% of sales</i>	<i>38</i>	<i>35</i>	<i>41</i>	<i>125</i>	<i>77</i>	<i>100</i>	<i>100</i>	<i>100</i>
Other interest free debt	1	0	0	0	1	0	0	0
<i>% of sales</i>	<i>2</i>	<i>1</i>	<i>0</i>	<i>2</i>	<i>3</i>	<i>0</i>	<i>0</i>	<i>0</i>
Total liabilities	110	114	150	253	211	216	225	227
CASH FLOW, EURm								
+ EBITDA	4	7	10	19	21	12	24	27
- Net financial items	-1	-1	-3	-3	-3	-3	-3	-3
- Taxes	-1	-1	-1	0	1	-1	-2	-2
- Increase in Net Working Capital	1	2	-3	5	6	22	20	1
+/- Other	-6	5	-2	-23	-6	6	2	0
= Cash flow from operations	-3	12	1	-3	17	37	43	24
- Capex	5	0	47	-51	2	-22	-18	0
- Acquisitions	0	0	0	0	0	0	0	0
+ Divestments	0	0	0	0	0	0	0	0
= Net cash flow	17	6	-5	47	19	15	25	24
+/- Change in interest-bearing debt	-15	0	37	-3	-33	5	0	-4
+/- New issues/buybacks	1	1	0	70	-9	0	0	0
- Paid dividend	0	-3	-5	-6	-8	-16	-18	-19
+/- Change in loan receivables	-1	0	0	0	0	0	0	0
Change in cash	3	4	27	107	-30	4	7	1

KEY FIGURES	2014	2015	2016	2017	2018E	2019E	2020E
M-cap	72	86	111	258	242	242	242
Net debt	19	63	36	25	28	23	18
Enterprise value	90	149	147	283	271	266	261
Sales	39	32	27	35	35	42	44
EBITDA	7	10	19	21	12	24	27
EBIT	6	9	19	19	12	24	27
Pre-tax	5	6	16	16	9	22	25
Earnings	3	5	14	15	8	20	23
Book value	50	50	128	127	119	121	125
Valuation multiples							
EV/sales	2.3	4.7	5.5	8.1	7.7	6.3	5.9
EV/EBITDA	13.2	15.5	7.7	13.3	22.0	10.9	9.5
EV/EBITA	14.1	16.1	7.9	13.5	22.4	10.9	9.5
EV/EBIT	14.1	16.1	7.9	14.5	22.4	10.9	9.5
EV/operating cash flow	7.7	260.7	-46.9	9.9	8.2	6.1	9.7
EV/cash earnings	19.9	24.6	6.4	14.8	31.0	13.1	11.2
P/E	23.8	14.7	10.9	13.1	30.8	12.0	10.5
P/E excl. goodwill	23.8	14.7	10.9	12.2	30.8	12.0	10.5
P/B	1.4	1.7	0.9	2.0	2.0	2.0	1.9
P/sales	1.8	2.7	4.1	7.4	6.9	5.8	5.5
P/CF	6.1	150.9	-35.4	9.1	7.4	5.6	9.0
Target EV/EBIT	0.0	0.0	0.0	0.0	24.2	11.8	10.3
Target P/E	0.0	0.0	0.0	10.9	33.6	13.1	11.5
Target P/B	0.0	0.0	0.0	0.0	2.2	2.2	2.1
Per share measures							
Number of shares	86,164	86,317	88,409	145,626	146,923	146,923	146,923
Number of shares (diluted)	86,164	86,317	88,409	145,626	146,923	146,923	146,923
EPS	0.03	0.06	0.16	0.10	0.05	0.14	0.16
EPS excl. goodwill	0.03	0.07	0.12	0.15	0.05	0.14	0.16
Cash EPS	0.05	0.07	0.26	0.13	0.06	0.14	0.16
Operating cash flow per share	0.14	0.01	-0.04	0.20	0.22	0.29	0.18
Capital employed per share	0.70	0.66	1.79	1.01	1.00	0.98	0.97
Book value per share	0.59	0.58	1.45	0.87	0.81	0.82	0.85
Book value excl. goodwill	0.51	0.51	1.38	0.84	0.78	0.79	0.82
Dividend per share	0.06	0.07	0.09	0.11	0.12	0.13	0.14
Dividend payout ratio, %	172.0	118.6	55.5	104.9	223.9	94.6	89.2
Dividend yield, %	7.2	7.0	7.2	6.2	7.3	7.9	8.5
Efficiency measures							
ROE	6.0	10.1	16.1	12.0	6.4	16.8	18.7
ROCE	6.5	8.0	10.9	10.1	7.0	14.1	15.7
Financial ratios							
Capex/sales, %	1.2	-148.7	190.8	-6.0	62.7	43.1	0.3
Capex/depreciation excl. goodwill,%	116.2	-14,671.1	19,726.7	-753.1	8,867.6	16,305.8	103.8
Net debt/EBITDA, book-weighted	2.7	6.5	1.9	1.2	2.3	1.0	0.7
Debt/equity, market-weighted	0.7	1.0	0.7	0.2	0.2	0.2	0.2
Equity ratio, book-weighted	44.3	33.5	50.6	60.0	55.0	53.9	55.2
Gearing	0.37	1.25	0.28	0.20	0.24	0.19	0.15
Number of employees, average	0	0	0	0	0	0	0
Sales per employee, EUR	0	0	0	0	0	0	0
EBIT per employee, EUR	0	0	0	0	0	0	0

COMPANY DESCRIPTION: CapMan is a leading Nordic investment and specialised asset management company. CapMan has over 100 private equity professionals and manages over EUR 2.7 billion in assets. The company mainly manages the assets of its customers, the investors, but also makes direct investments from balance sheet in areas without an active fund. Current investments strategies cover Buyout, Growth Equity, Real Estate, Russia, Credit, Infrastructure and Tactical Opportunities. CapMan has also a growing service business that includes fundraising advisory, procurement activities and fund management.

INVESTMENT CASE:

OWNERSHIP STRUCTURE	SHARES	EURm	%
Mandatum Life Insurance Company	10,737,228	17.716	7.3%
Ilmarinen Mutual Pension Insurance Company	10,464,415	17.266	7.1%
Oy Inventiainvest AB (Ari Tolppanen)	7,024,794	11.591	4.8%
Laakkonen Mikko Kalervo	6,378,320	10.524	4.3%
Varma Mutual Pension Insurance Company	3,675,215	6.064	2.5%
Joensuun Kauppa ja Kone Oy	3,511,853	5.795	2.4%
Vesasco Oy	3,088,469	5.096	2.1%
The State Pension Fund	2,500,000	4.125	1.7%
Winsome Oy + Tuomo Raasio	2,130,043	3.515	1.4%
Heiwes Oy	2,094,480	3.456	1.4%
Ten largest	51,604,817	85.148	35%
Residual	95,317,951	157.275	65%
Total	146,922,768	242.423	100%

EARNINGS CALENDAR

January 31, 2019	FY 2018 Results
April 25, 2019	Q1 report
August 08, 2019	Q2 report

OTHER EVENTS

March 13, 2019	AGM
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COMPANY MISCELLANEOUS

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CFO: Niko Haavisto	Tel: +358 207 207 500
IR: Linda Tierala	

DEFINITIONS

P/E	$\frac{\text{Price per share}}{\text{Earnings per share}}$	EPS	$\frac{\text{Profit before extraordinary items and taxes} - \text{income taxes} + \text{minority interest}}{\text{Number of shares}}$
P/Sales	$\frac{\text{Market cap}}{\text{Sales}}$	DPS	Dividend for the financial period per share
P/BV	$\frac{\text{Price per share}}{\text{Shareholders' equity} + \text{taxed provisions per share}}$	CEPS	$\frac{\text{Gross cash flow from operations}}{\text{Number of shares}}$
P/CF	$\frac{\text{Price per share}}{\text{Operating cash flow per share}}$	EV/Share	$\frac{\text{Enterprise value}}{\text{Number of shares}}$
EV (Enterprise value)	Market cap + net debt + minority interest at market value – share of associated companies at market value	Sales/Share	$\frac{\text{Sales}}{\text{Number of shares}}$
Net debt	Interest bearing debt – financial assets	EBITDA/Share	$\frac{\text{Earnings before interest, tax, depreciation and amortisation}}{\text{Number of shares}}$
EV/Sales	$\frac{\text{Enterprise value}}{\text{Sales}}$	EBIT/Share	$\frac{\text{Operating profit}}{\text{Number of shares}}$
EV/EBITDA	$\frac{\text{Enterprise value}}{\text{Earnings before interest, tax, depreciation and amortisation}}$	EAFI/Share	$\frac{\text{Pretax profit}}{\text{Number of shares}}$
EV/EBIT	$\frac{\text{Enterprise value}}{\text{Operating profit}}$	Capital employed/Share	$\frac{\text{Total assets} - \text{non interest bearing debt}}{\text{Number of shares}}$
Div yield, %	$\frac{\text{Dividend per share}}{\text{Price per share}}$	Total assets	Balance sheet total
Payout ratio, %	$\frac{\text{Total dividends}}{\text{Earnings before extraordinary items and taxes} - \text{income taxes} + \text{minority interest}}$	Interest coverage (x)	$\frac{\text{Operating profit}}{\text{Financial items}}$
Net cash/Share	$\frac{\text{Financial assets} - \text{interest bearing debt}}{\text{Number of shares}}$	Asset turnover (x)	$\frac{\text{Turnover}}{\text{Balance sheet total (average)}}$
ROA, %	$\frac{\text{Operating profit} + \text{financial income} + \text{extraordinary items}}{\text{Balance sheet total} - \text{interest free short term debt} - \text{long term advances received and accounts payable (average)}}$	Debt/Equity, %	$\frac{\text{Interest bearing debt}}{\text{Shareholders' equity} + \text{minority interest} + \text{taxed provisions}}$
ROCE, %	$\frac{\text{Profit before extraordinary items} + \text{interest expenses} + \text{other financial costs}}{\text{Balance sheet total} - \text{non interest bearing debt (average)}}$	Equity ratio, %	$\frac{\text{Shareholders' equity} + \text{minority interest} + \text{taxed provisions}}{\text{Total assets} - \text{interest free loans}}$
ROE, %	$\frac{\text{Profit before extraordinary items and taxes} - \text{income taxes}}{\text{Shareholders' equity} + \text{minority interest} + \text{taxed provisions (average)}}$	CAGR, %	Cumulative annual growth rate = Average growth per year

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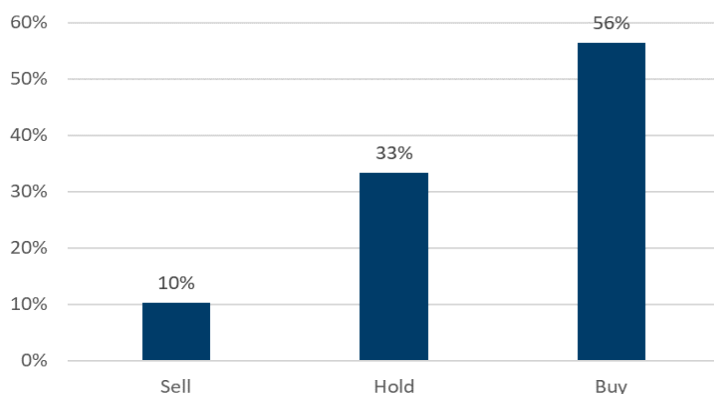
Detailed information about the valuation or methodology and the underlying assumptions is accessible via ERP:

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Investment recommendations are defined as follows:

Target price compared to share price	Recommendation
< -10 %	SELL
-10 – (+10) %	HOLD
> 10 %	BUY

ERP's investment recommendation of the analyzed company is in general updated 2 – 4 per year.



The graph above shows the distribution of ERP's recommendations of companies under coverage in 16th of April 2018. If recommendation is not given, it is not mentioned here.

Name(s) of the analyst(s): Salokivi

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