

## Upgrade to BUY

CapMan will report Q1 results on April 23<sup>rd</sup>. We expect weak earnings on paper due to negative fair value changes (non-cash) as a result of implications of the Coronavirus pandemic. CapMan was heading into a year of major AUM growth potential, which is now put at some risk due to plausible fundraising challenges. We adjust our target price to EUR 1.95 (2.50) following revised estimates and upgrade to BUY (HOLD).

### Negative fair value changes to burden Q1 results

We expect CapMan to report weak Q1 results due to negative fair value changes, although these are non-cash items. The largest relative hit will come from portfolio companies due to peer valuation declines. We currently estimate fair value changes of EUR -14.2m in 2020. We estimate a Q1 adj. EBIT of EUR -7.5m. Apart from the fair value changes, the Coronavirus pandemic will not yet have had a significant impact on other business areas and we expect decent results from the Management Company and Service businesses, not expecting significant carry or success fees in the quarter.

### 2020 growth outlook more challenging

CapMan was heading into a year of major AUM growth potential with on-going projects as well as significant new fundraising projects announced in late 2019. COVID-19 will in our view have a detrimental effect on fundraising and we will be looking for any comments implying the magnitude of the impact from the Q1 results. Although growth expectations are pointing downwards, the Management Company business enjoys a healthy base of recurring fees that for now remain unaffected. We expect the Services business revenue and profits to decline in 2020, as Scala in particular would be affected by any possible dry-up of new fundraising projects.

### (BUY) HOLD with a target price of EUR 1.95 (2.50)

Following estimates revisions and the increased uncertainty we adjust our TP to EUR 1.95 (2.50) based on our SOTP and peer multiples and upgrade to BUY (HOLD) due to share price declines.

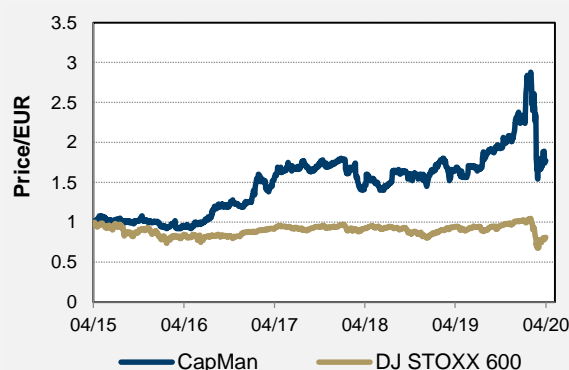
#### KEY FIGURES

	Sales EURm	EBIT EURm	EBIT %	FCF EURm	EPS EUR	P/E (x)	EV/Sales (x)	EV/EBIT (x)	FCF yield %	DPS EUR
2018	36.0	12.0	33.2%	-11.2	0.05	26.8	6.3	18.9	-5.2	0.12
2019	49.0	19.4	39.6%	-6.8	0.09	25.4	7.7	19.4	-1.9	0.13
2020E	43.5	-7.7	-17.8%	-2.5	-0.06	-28.3	7.3	-40.9	-0.9	0.14
2021E	53.8	29.1	54.1%	17.0	0.15	11.9	6.0	11.0	6.2	0.15
2022E	57.7	32.9	57.0%	20.7	0.17	10.4	5.6	9.8	7.6	0.16
Market cap, EURm			272	Gearing 2020E, %		38.4	CAGR EPS 2019-22, %			23.1
Net debt 2020E, EURm			38	Price/book 2020E		2.8	CAGR sales 2019-22, %			5.6
Enterprise value, EURm			316	Dividend yield 2020E, %		7.9	ROE 2020E, %			-8.5
Total assets 2020E, EURm			196	Tax rate 2020E, %		7.0	ROCE 2020E, %			-4.3
Goodwill 2020E, EURm			15	Equity ratio 2020E, %		51.1	PEG, P/E 20/CAGR			0.0

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

#### Rating

BUY



Share price, EUR (Last trading day's closing price) 1.77

Target price, EUR 1.95

Latest change in recommendation 21-Apr-20

Latest report on company 31-Jan-20

Research paid by issuer: YES

No. of shares outstanding, '000's 153,755

No. of shares fully diluted, '000's 153,755

Market cap, EURm 272

Free float, % 64.0

Exchange rate EUR 1.000

Reuters code CAPMAN.HE

Bloomberg code CAPMAN FH

Average daily volume, EURm 0.74

Next interim report 23-Apr-20

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BUY HOLD SELL

CapMan	2018	Q1/'19	Q2/'19	Q3/'19	Q4/'19	2019	Q1/'20E	Q2/'20E	Q3/'20E	Q4/'20E	2020E	2021E	2022E
Management fees	22.1	6.1	5.4	6.0	7.3	24.9	6.7	6.7	6.6	7.0	26.8	30.3	32.2
Sale of services	10.3	3.0	7.3	3.0	3.9	17.2	3.8	3.4	2.7	4.2	14.1	17.9	19.5
Carried interest	1.0	0.1	0.7	0.7	5.4	6.9	0.2	0.0	0.0	2.2	2.4	5.6	6.0
Dividend and interest income	2.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Revenue</b>	<b>36.0</b>	<b>9.3</b>	<b>13.4</b>	<b>9.7</b>	<b>16.6</b>	<b>49.0</b>	<b>10.7</b>	<b>10.2</b>	<b>9.2</b>	<b>13.4</b>	<b>43.5</b>	<b>53.8</b>	<b>57.7</b>
<i>change, %</i>	<i>3.3%</i>	<i>9.8%</i>	<i>17.0%</i>	<i>34.1%</i>	<i>86.9%</i>	<i>36.1%</i>	<i>15.2%</i>	<i>-24.0%</i>	<i>-4.9%</i>	<i>-19.1%</i>	<i>-11.1%</i>	<i>23.5%</i>	<i>7.3%</i>
Other operating income	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
Personnel expenses	-19.9	-5.3	-5.5	-5.2	-8.2	-24.2	-5.2	-5.4	-5.2	-8.1	-23.9	-25.3	-26.8
Other operating expenses	-9.1	-3.2	-3.3	-2.5	-3.1	-12.1	-3.1	-3.2	-2.4	-3.0	-11.7	-11.9	-12.2
Depreciation and amortisation	-0.2	-0.3	-0.4	-0.3	-4.6	-5.6	-0.4	-0.4	-0.4	-0.4	-1.5	-1.5	-1.6
Fair value changes	5.1	4.2	1.7	3.8	2.6	12.3	-9.7	-4.6	0.0	0.0	-14.2	14.1	15.8
<b>Operating profit</b>	<b>12.0</b>	<b>4.7</b>	<b>5.8</b>	<b>5.5</b>	<b>3.4</b>	<b>19.4</b>	<b>-7.5</b>	<b>-3.6</b>	<b>1.2</b>	<b>2.3</b>	<b>-7.7</b>	<b>29.1</b>	<b>32.9</b>
<i>Operating profit margin, %</i>	<i>33.2%</i>	<i>50.7%</i>	<i>43.3%</i>	<i>56.4%</i>	<i>20.6%</i>	<i>39.6%</i>	<i>-70.4%</i>	<i>-35.8%</i>	<i>12.5%</i>	<i>16.9%</i>	<i>-17.8%</i>	<i>54.1%</i>	<i>57.0%</i>
Items affecting comparability	0.0	0.9	0.5	0.0	4.2	5.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Adj. operating profit</b>	<b>12.0</b>	<b>5.6</b>	<b>6.3</b>	<b>5.5</b>	<b>7.7</b>	<b>25.0</b>	<b>-7.5</b>	<b>-3.6</b>	<b>1.2</b>	<b>2.3</b>	<b>-7.7</b>	<b>29.1</b>	<b>32.9</b>
Net financials	-2.7	-0.6	-0.7	-0.6	0.1	-1.8	-0.6	-0.6	-0.6	-0.6	-2.4	-2.8	-3.1
<b>Pre-tax profit</b>	<b>9.3</b>	<b>4.1</b>	<b>5.1</b>	<b>4.9</b>	<b>3.5</b>	<b>17.6</b>	<b>-8.1</b>	<b>-4.2</b>	<b>0.6</b>	<b>1.7</b>	<b>-10.1</b>	<b>26.3</b>	<b>29.8</b>
Income taxes	-0.8	-0.1	-0.9	-0.9	0.1	-1.7	0.6	0.3	0.0	-0.1	0.7	-1.8	-2.1
Minority interest	-0.4	-0.4	-1.2	-0.2	-0.1	-1.9	-0.2	0.0	0.0	0.0	-0.2	-1.6	-1.8
<b>Profit for the period</b>	<b>8.1</b>	<b>3.6</b>	<b>3.0</b>	<b>3.8</b>	<b>3.5</b>	<b>13.9</b>	<b>-7.6</b>	<b>-3.9</b>	<b>0.5</b>	<b>1.6</b>	<b>-9.4</b>	<b>24.4</b>	<b>27.7</b>
EPS, EUR	0.05	0.02	0.02	0.03	0.02	0.09	-0.05	-0.03	0.00	0.01	-0.06	0.16	0.18
<b>Assets under management</b>	<b>3043</b>	<b>3196</b>	<b>3270</b>	<b>3240</b>	<b>3245</b>	<b>3245</b>					<b>3 500</b>	<b>4 000</b>	<b>4 250</b>
<b>Management Company business</b>	<b>2018</b>	<b>Q1/'19</b>	<b>Q2/'19</b>	<b>Q3/'19</b>	<b>Q4/'19</b>	<b>2019</b>	<b>Q1/'20E</b>	<b>Q2/'20E</b>	<b>Q3/'20E</b>	<b>Q4/'20E</b>	<b>2020E</b>	<b>2021E</b>	<b>2022E</b>
Revenue	24.2	6.4	6.4	7.0	13.0	32.8	7.1	7.0	6.8	9.5	30.4	36.9	39.1
Operating profit	2.8	0.8	0.9	1.9	2.4	6.0	1.4	1.4	1.6	2.9	7.3	13.1	14.7
<b>Investment business</b>	<b>2018</b>	<b>Q1/'19</b>	<b>Q2/'19</b>	<b>Q3/'19</b>	<b>Q4/'19</b>	<b>2019</b>	<b>Q1/'20E</b>	<b>Q2/'20E</b>	<b>Q3/'20E</b>	<b>Q4/'20E</b>	<b>2020E</b>	<b>2021E</b>	<b>2022E</b>
Revenue	2.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Operating profit	6.5	3.9	1.0	3.2	2.1	10.2	-10.0	-5.2	-0.6	-0.5	-16.4	11.8	13.4
<b>Services business</b>	<b>2018</b>	<b>Q1/'19</b>	<b>Q2/'19</b>	<b>Q3/'19</b>	<b>Q4/'19</b>	<b>2019</b>	<b>Q1/'20E</b>	<b>Q2/'20E</b>	<b>Q3/'20E</b>	<b>Q4/'20E</b>	<b>2020E</b>	<b>2021E</b>	<b>2022E</b>
Revenue	8.7	2.9	6.9	2.7	3.2	15.7	3.5	3.2	2.4	3.5	12.6	16.4	18.0
Operating profit	4.4	1.8	4.9	1.6	0.9	9.1	2.0	1.3	1.1	1.4	5.9	9.0	9.9
<b>Other</b>	<b>2018</b>	<b>Q1/'19</b>	<b>Q2/'19</b>	<b>Q3/'19</b>	<b>Q4/'19</b>	<b>2019</b>	<b>Q1/'20E</b>	<b>Q2/'20E</b>	<b>Q3/'20E</b>	<b>Q4/'20E</b>	<b>2020E</b>	<b>2021E</b>	<b>2022E</b>
Revenue	0.6	0.0	0.0	0.0	0.4	0.5	0.0	0.0	0.0	0.4	0.5	0.5	0.6
Operating profit	-1.7	-1.7	-1.0	-1.2	-2.0	-5.9	-1.0	-1.1	-1.0	-1.5	-4.6	-4.8	-5.1

Investment Management Companies	MCAP MEUR	EV/EBIT			P/E			Div. yield		
		20	21	22	20	21	22	20	21	22
Institut de Developpement	241	11.1x	10.4x		12.3x	11.5x		5.7 %	5.7 %	
Deutsche Beteiligungs	436	13.1x	9.0x		17.4x	10.1x		5.2 %	5.3 %	
Mutares	165	8.2x	7.9x	6.0x	8.9x	8.0x	6.2x	11.0 %	12.0 %	
3i Group Plc	8498	8.9x	4.5x		9.4x	5.6x		5.0 %	4.9 %	
Eurazeo	3154	317.6x	13.9x	12.3x		8.7x	7.6x	3.4 %	3.3 %	3.4 %
Ratos	642							3.5 %	4.0 %	5.7 %
Partners Group Holding	18445	22.2x	19.1x	16.9x	26.5x	21.7x	19.1x	3.2 %	3.6 %	3.9 %
Peer Group Average	2507	<b>63.5x</b>	<b>10.8x</b>	<b>11.7x</b>	<b>14.9x</b>	<b>10.9x</b>	<b>11.0x</b>	<b>5.3 %</b>	<b>5.5 %</b>	<b>4.3 %</b>
Peer Group Median	241	<b>12.1x</b>	<b>9.7x</b>	<b>12.3x</b>	<b>12.3x</b>	<b>9.4x</b>	<b>7.6x</b>	<b>5.0 %</b>	<b>4.9 %</b>	<b>3.9 %</b>
CapMan (Evli est.)	<b>272</b>	<b>-40.9x</b>	<b>11.0x</b>	<b>9.8x</b>	<b>-28.3x</b>	<b>11.9x</b>	<b>10.4x</b>	<b>7.9 %</b>	<b>8.5 %</b>	<b>9.0 %</b>

CapMan prem./disc. to peer median

-386% -1% -7% -262% 9% -6% 58% 59% 43%

Source FactSet, Evli Research

Finnish financial services peers	MCAP MEUR	EV/EBIT			P/E			Div. yield		
		20	21	22	20	21	22	20	21	22
eQ	456	16.1x	13.6x	12.5x	19.5x	16.8x	15.5x	5.3 %	6.1 %	6.5 %
Taaleri Plc	174	15.5x	12.0x	10.1x	14.4x	10.6x	9.3x	5.5 %	5.8 %	6.3 %
Evli Bank	194	-3.7x	-2.4x	-2.3x	19.2x	11.3x	11.1x	4.9 %	7.3 %	8.5 %
United Bankers Oyj	79	19.8x	12.3x	10.6x	24.4x	15.1x	13.1x	4.1 %	5.3 %	6.6 %
EAB Group	26	91.8x	18.6x	14.1x	209.1x	16.2x	12.0x	0.3 %	3.4 %	4.2 %
Titanium Oyj	80	6.3x	5.8x	5.3x	9.8x	9.1x	8.4x	9.5 %	10.1 %	10.7 %
Peer Group Average	<b>168</b>	<b>24.3x</b>	<b>10.0x</b>	<b>8.4x</b>	<b>49.4x</b>	<b>13.2x</b>	<b>11.6x</b>	<b>4.9 %</b>	<b>6.3 %</b>	<b>7.1 %</b>
Peer Group Median	<b>127</b>	<b>15.8x</b>	<b>12.1x</b>	<b>10.3x</b>	<b>19.4x</b>	<b>13.2x</b>	<b>11.6x</b>	<b>5.1 %</b>	<b>5.9 %</b>	<b>6.5 %</b>
CapMan (Evli est.)	<b>272</b>	<b>-40.9x</b>	<b>11.0x</b>	<b>9.8x</b>	<b>-28.3x</b>	<b>11.9x</b>	<b>10.4x</b>	<b>7.9 %</b>	<b>8.5 %</b>	<b>9.0 %</b>

CapMan prem./disc. to peer median

Source FactSet, Evli Research

## VALUATION

SOTP	Implied value (EURm)	Per share (EUR)	Notes
Management Company (excl. carry)	106	0.69	14x 2021E EBIT EUR 7.6m
Services business	81	0.52	9x 2021E EBIT EUR 9m
Investment business	160	1.04	2020E NAV
Carried interest	27	0.18	DCF
Corporate functions	-48	-0.31	10x 2021E EBIT EUR -4.8m
Total debt	-50	-0.33	Senior bond
Equity value (SOTP)	275	1.79	
Peer multiples			
EV/EBIT 2021E		1.95	
P/E 2021E		1.93	
Div. yield 2021E		2.52	
<b>Target price</b>		<b>1.95</b>	

Source: Evli Research

## INTERIM FIGURES

EVLI ESTIMATES, EURm	2019Q1	2019Q2	2019Q3	2019Q4	2019	2020Q1E	2020Q2E	2020Q3E	2020Q4E	2020E	2021E	2022E
Net sales	9.3	13.4	9.7	16.6	49.0	10.7	10.2	9.2	13.4	43.5	53.8	57.7
EBITDA	5.0	6.2	5.8	8.0	25.0	-7.2	-3.3	1.5	2.6	-6.3	30.4	34.5
<i>EBITDA margin (%)</i>	<i>53.7</i>	<i>46.2</i>	<i>60.1</i>	<i>48.0</i>	<i>51.0</i>	<i>-67.0</i>	<i>-32.2</i>	<i>16.5</i>	<i>19.6</i>	<i>-14.4</i>	<i>56.5</i>	<i>59.8</i>
EBIT	4.7	5.8	5.5	3.4	19.4	-7.5	-3.6	1.2	2.3	-7.7	29.1	32.9
<i>EBIT margin (%)</i>	<i>50.7</i>	<i>43.3</i>	<i>56.4</i>	<i>20.6</i>	<i>39.6</i>	<i>-70.4</i>	<i>-35.8</i>	<i>12.5</i>	<i>16.9</i>	<i>-17.8</i>	<i>54.1</i>	<i>57.0</i>
Net financial items	-0.6	-0.7	-0.6	0.1	-1.8	-0.6	-0.6	-0.6	-0.6	-2.4	-2.8	-3.1
Pre-tax profit	4.1	5.1	4.9	3.5	17.6	-8.1	-4.2	0.6	1.7	-10.1	26.3	29.8
Tax	-0.1	-0.9	-0.9	0.1	-1.7	0.6	0.3	0.0	-0.1	0.7	-1.8	-2.1
<i>Tax rate (%)</i>	<i>2.6</i>	<i>17.5</i>	<i>17.5</i>	<i>-1.7</i>	<i>7.9</i>	<i>7.0</i>	<i>7.0</i>	<i>7.0</i>	<i>7.0</i>	<i>7.0</i>	<i>7.0</i>	<i>7.0</i>
Net profit	3.6	3.0	3.8	3.5	14.0	-7.8	-3.9	0.5	1.6	-9.6	22.8	26.1
EPS	0.02	0.02	0.02	0.02	0.09	-0.05	-0.03	0.00	0.01	-0.06	0.15	0.17
EPS adjusted (diluted no. of shares)	0.02	0.02	0.02	0.02	0.09	-0.05	-0.03	0.00	0.01	-0.06	0.15	0.17
Dividend per share	0.00	0.00	0.00	0.00	0.13	0.00	0.00	0.00	0.00	0.14	0.15	0.16
<b>SALES, EURm</b>												
Management Company business	6.4	6.4	7.0	13.0	32.8	7.1	7.0	6.8	9.5	30.4	36.9	39.1
Service business	2.9	6.9	2.7	3.2	15.7	3.5	3.2	2.4	3.5	12.6	16.4	18.0
Other & eliminations	0.0	0.0	0.0	0.4	0.5	0.0	0.0	0.0	0.4	0.5	0.5	0.6
Total	9.3	13.4	9.7	16.6	49.0	10.7	10.2	9.2	13.4	43.5	53.8	57.7
<b>SALES GROWTH, Y/Y %</b>												
Management Company business	8.1	-2.1	25.9	109.5	35.5	11.5	9.0	-2.2	-27.2	-7.3	21.3	6.1
Investment business	-100.0	-100.0	-99.9	-100.0	-100.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Service business	107.1	84.3	83.4	54.9	80.8	22.8	-54.6	-11.6	11.3	-19.7	29.7	10.0
Other & eliminations	-37.8	-76.8	-99.6	13.3	-18.2	80.1	15.0	0.0	0.2	5.0	5.0	5.0
Total	9.8	17.0	34.1	87.1	36.1	15.2	-24.0	-4.9	-19.2	-11.1	23.5	7.3
<b>EBIT, EURm</b>												
Management Company business	0.8	0.9	1.9	2.4	6.0	1.4	1.4	1.6	2.9	7.3	13.1	14.7
Investment business	3.9	1.0	3.2	2.1	10.2	-10.0	-5.2	-0.6	-0.5	-16.4	11.8	13.4
Service business	1.8	4.9	1.6	0.9	9.1	2.0	1.3	1.1	1.4	5.9	9.0	9.9
Other & eliminations	-1.7	-1.0	-1.2	-2.0	-5.9	-1.0	-1.1	-1.0	-1.5	-4.6	-4.8	-5.1
Total	4.7	5.8	5.5	3.4	19.4	-7.5	-3.6	1.2	2.3	-7.7	29.1	32.9
<b>EBIT margin, %</b>												
Management Company business	12.4	14.5	27.1	18.2	18.2	19.9	20.1	23.9	30.5	24.2	35.6	37.5
Service business	61.3	70.6	57.1	27.9	57.9	58.0	42.4	46.9	39.0	46.7	54.8	54.8
Other & eliminations	-7,543.5	-2,894.4	-453.6	-1,197.6	-1,197.6	-2,492.7	-2,739.6	-340.8	-340.8	-892.5	-887.7	-887.7
Total	50.7	43.3	56.4	20.6	39.6	-70.4	-35.8	12.5	16.9	-17.8	54.1	57.0

INCOME STATEMENT, EURm	2015	2016	2017	2018	2019	2020E	2021E	2022E
Sales	31.8	26.7	34.8	36.0	49.0	43.5	53.8	57.7
<i>Sales growth (%)</i>	<i>-19.5</i>	<i>-16.0</i>	<i>30.6</i>	<i>3.3</i>	<i>36.1</i>	<i>-11.1</i>	<i>23.5</i>	<i>7.3</i>
EBITDA	9.6	18.9	21.2	12.2	25.0	-6.3	30.4	34.5
<i>EBITDA margin (%)</i>	<i>30.2</i>	<i>71.0</i>	<i>61.0</i>	<i>33.8</i>	<i>51.0</i>	<i>-14.4</i>	<i>56.5</i>	<i>59.8</i>
Depreciation	-0.3	-0.3	-0.3	-0.2	-1.4	-1.5	-1.3	-1.6
EBITA	9.3	18.7	21.0	12.0	23.6	-7.7	29.1	32.9
Goodwill amortization / writedown	0.0	0.0	-1.5	0.0	-4.2	0.0	0.0	0.0
EBIT	9.3	18.7	19.5	12.0	19.4	-7.7	29.1	32.9
<i>EBIT margin (%)</i>	<i>29.2</i>	<i>70.0</i>	<i>55.9</i>	<i>33.2</i>	<i>39.6</i>	<i>-17.8</i>	<i>54.1</i>	<i>57.0</i>
Reported EBIT	9.3	18.7	19.5	12.0	19.4	-7.7	29.1	32.9
<i>EBIT margin (reported) (%)</i>	<i>29.2</i>	<i>70.0</i>	<i>55.9</i>	<i>33.2</i>	<i>39.6</i>	<i>-17.8</i>	<i>54.1</i>	<i>57.0</i>
Net financials	-2.8	-3.1	-3.3	-2.7	-1.8	-2.4	-2.8	-3.1
Pre-tax profit	6.5	15.5	16.2	9.3	17.6	-10.1	26.3	29.8
Taxes	-0.4	-0.2	-0.8	-0.8	-1.7	0.7	-1.8	-2.1
Minority shares	0.0	0.0	0.0	-0.4	-1.9	-0.2	-1.6	-1.6
Net profit	5.1	14.3	15.3	8.1	14.0	-9.6	22.8	26.1
Cash NRIs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Non-cash NRIs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>BALANCE SHEET, EURm</b>								
<b>Assets</b>								
Fixed assets	104	95	93	88	120	119	129	134
Goodwill	6	6	5	5	15	15	15	15
Right of use assets	0	0	0	3	3	3	3	4
Inventory	0	0	0	0	0	0	0	0
Receivables	13	101	89	57	31	23	22	24
Liquid funds	22	45	23	55	44	33	40	43
Total assets	150	253	211	209	217	196	214	224
<b>Liabilities</b>								
Shareholder's equity	50	128	127	121	127	98	99	102
Minority interest	0	0	0	0	2	2	2	2
Convertibles	15	15	0	0	0	0	0	0
Lease liabilities	0	0	0	3	3	3	3	4
Deferred taxes	2	10	9	3	2	2	2	2
Interest bearing debt	69	66	48	60	57	68	80	85
Non-interest bearing current liabilities	13	33	27	17	20	18	22	24
Other interest-free debt	0	0	1	5	5	5	5	5
Total liabilities	150	253	211	209	217	196	214	224
<b>CASH FLOW, EURm</b>								
+ EBITDA	10	19	21	12	25	-6	30	35
- Net financial items	-7	-3	-3	-3	-2	-2	-3	-3
- Taxes	-1	0	-2	-3	-5	1	-2	-2
- Increase in Net Working Capital	-3	5	-2	-7	-3	6	5	0
+/- Other	0	-23	-18	-4	-16	0	-2	-2
= Cash flow from operations	-2	-3	-4	-5	0	-2	29	28
- Capex	-2	-2	-1	2	-6	0	-12	-7
- Acquisitions	0	0	0	-8	-1	0	0	0
+ Divestments	0	0	0	0	0	0	0	0
= Free cash flow	-4	-5	-4	-11	-7	-2	17	21
+/- New issues/buybacks	0	70	-4	2	12	0	0	0
- Paid dividend	-5	-6	-13	-16	-18	-20	-22	-23
+/- Other	2	-35	-1	56	1	11	12	5
Change in cash	-7	23	-22	31	-11	-11	8	3

KEY FIGURES	2016	2017	2018	2019	2020E	2021E	2022E
M-cap	179	258	216	354	272	272	272
Net debt (excl. convertibles)	21	25	8	16	38	43	45
Enterprise value	215	283	225	377	316	321	323
Sales	27	35	36	49	44	54	58
EBITDA	19	21	12	25	-6	30	35
EBIT	19	19	12	19	-8	29	33
Pre-tax	16	16	9	18	-10	26	30
Earnings	14	15	8	14	-10	23	26
Equity book value (excl. minorities)	128	127	121	127	98	99	102
<b>Valuation multiples</b>							
EV/sales	8.1	8.1	6.3	7.7	7.3	6.0	5.6
EV/EBITDA	11.4	13.3	18.5	15.1	-50.3	10.6	9.4
EV/EBITA	11.5	13.5	18.9	15.9	-40.9	11.0	9.8
EV/EBIT	11.5	14.5	18.9	19.4	-40.9	11.0	9.8
EV/OCF	-68.8	-78.0	-48.1	-1,037.5	-131.5	11.0	11.7
EV/FCFF	1.9	10.8	4.9	23.7	371.7	14.0	12.0
P/FCFE	-34.2	-60.0	-19.3	-52.3	-110.2	16.1	13.1
P/E	17.6	13.1	26.8	25.4	-28.3	11.9	10.4
P/B	1.4	2.0	1.8	2.8	2.8	2.7	2.7
Target EV/EBITDA	0.0	0.0	0.0	0.0	-54.1	11.3	10.1
Target EV/EBIT	0.0	0.0	0.0	0.0	-44.0	11.9	10.6
Target EV/FCF	0.0	0.0	0.0	0.0	-137.8	20.3	16.7
Target P/B	0.0	0.0	0.0	0.0	3.1	3.0	2.9
Target P/E	0.0	0.0	0.0	0.0	-31.1	13.1	11.5
<b>Per share measures</b>							
Number of shares	143,287	145,600	147,116	153,755	153,755	153,755	153,755
Number of shares (diluted)	143,287	145,600	147,116	153,755	153,755	153,755	153,755
EPS	0.10	0.10	0.05	0.09	-0.06	0.15	0.17
Operating cash flow per share	-0.02	-0.02	-0.03	0.00	-0.02	0.19	0.18
Free cash flow per share	-0.04	-0.03	-0.08	-0.04	-0.02	0.11	0.13
Book value per share	0.89	0.87	0.82	0.83	0.64	0.65	0.67
Dividend per share	0.09	0.11	0.12	0.13	0.14	0.15	0.16
Dividend payout ratio, %	90.0	104.9	218.9	143.1	-223.6	101.0	94.3
Dividend yield, %	7.2	6.2	8.2	7.3	7.9	8.5	9.0
FCF yield, %	-2.9	-1.7	-5.2	-1.9	-0.9	6.2	7.6
<b>Efficiency measures</b>							
ROE	16.1	12.0	6.5	11.3	-8.5	23.1	25.8
ROCE	10.9	10.1	6.7	10.4	-4.3	16.3	17.4
<b>Financial ratios</b>							
Inventories as % of sales	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Receivables as % of sales	379.6	255.5	157.6	63.2	52.7	41.2	41.2
Non-interest bearing liabilities as % of sales	125.0	77.0	46.7	41.2	41.2	41.2	41.2
NWC/sales, %	253.4	176.1	96.8	12.9	1.3	-8.3	-7.7
Operative CAPEX/sales, %	7.9	1.9	-5.2	12.0	0.1	22.7	12.0
CAPEX/sales (incl. acquisitions), %	7.9	1.9	-28.6	10.9	0.1	22.7	12.0
FCFF/EBITDA	6.0	1.2	3.8	0.6	-0.1	0.8	0.8
Net debt/EBITDA, book-weighted	1.1	1.2	0.7	0.7	-6.1	1.4	1.3
Debt/equity, market-weighted	0.4	0.2	0.3	0.2	0.3	0.3	0.3
Equity ratio, book-weighted	56.6	60.0	57.8	59.8	51.1	47.5	46.7
Gearing, %	14.7	19.7	6.9	12.6	38.4	42.4	43.4

**COMPANY DESCRIPTION:** CapMan is a leading Nordic asset management and investment company. CapMan manages over EUR 3 billion in assets. The company mainly manages investors' assets but also makes direct investments from its balance sheet, mainly into own funds. Current investments strategies cover Buyout, Growth Equity, Real Estate, Infra, Russia, and Credit. CapMan also has a growing service business that includes fundraising advisory, procurement activities, reporting and analysis services and fund management services.

**INVESTMENT CASE:** CapMan is set to continue to grow its earnings and increase earnings stability. An important driver is the increase in fee-based profitability through growth in capital under management, while still being able to maintain a sound cost structure. Additional earnings potential in the upcoming years is offered by the outlook of several of CapMans funds approaching carry. Good cash flows and a healthy balance sheet support continued high dividend payouts.

OWNERSHIP STRUCTURE	SHARES	EURm	%
Silvertärnan Ab	16,226,519	28.721	10.6%
Ilmarinen Mutual Pension Insurance Company	10,318,326	18.263	6.7%
Laakkonen Mikko Kalervo	6,378,320	11.290	4.1%
Oy Inventiainvest AB	4,723,703	8.361	3.1%
Varma Mutual Pension Insurance Company	3,675,215	6.505	2.4%
Joensuun Kauppa ja Kone Oy	3,160,553	5.594	2.1%
Vesasco Oy	3,088,469	5.467	2.0%
The State Pension Fund	2,500,000	4.425	1.6%
Momea Invest Oy	2,150,000	3.805	1.4%
Laakkonen Hannu	1,992,742	3.527	1.3%
Ten largest	54,213,847	95.959	35%
Residual	99,540,801	176.187	65%
Total	153,754,648	272.146	100%

EARNINGS CALENDAR	
April 23, 2020	Q1 report
August 06, 2020	Q2 report
October 29, 2020	Q3 report
OTHER EVENTS	
March 11, 2020	AGM

COMPANY MISCELLANEOUS	
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## DEFINITIONS

P/E	$\frac{\text{Price per share}}{\text{Earnings per share}}$	EPS	$\frac{\text{Profit before extraord. items and taxes} - \text{income taxes} + \text{minority interest}}{\text{Number of shares}}$
P/BV	$\frac{\text{Price per share}}{\text{Shareholders' equity} + \text{taxed provisions per share}}$	DPS	Dividend for the financial period per share
Market cap	Price per share * Number of shares	OCF (Operating cash flow)	EBITDA – Net financial items – Taxes – Increase in working capital – Cash NRIs ± Other adjustments
EV (Enterprise value)	Market cap + net debt + minority interest at market value – share of associated companies at market value	FCF (Free cash flow)	Operating cash flow – operative CAPEX – acquisitions + divestments
EV/Sales	$\frac{\text{Enterprise value}}{\text{Sales}}$	FCF yield, %	$\frac{\text{Free cash flow}}{\text{Market cap}}$
EV/EBITDA	$\frac{\text{Enterprise value}}{\text{Earnings before interest, tax, depreciation and amortization}}$	Operative CAPEX/sales	$\frac{\text{Capital expenditure} - \text{divestments} - \text{acquisitions}}{\text{Sales}}$
EV/EBIT	$\frac{\text{Enterprise value}}{\text{Operating profit}}$	Net working capital	Current assets – current liabilities
Net debt	Interest bearing debt – financial assets	Capital employed/Share	$\frac{\text{Total assets} - \text{non-interest bearing debt}}{\text{Number of shares}}$
Total assets	Balance sheet total	Gearing	$\frac{\text{Net debt}}{\text{Equity}}$
Div yield, %	$\frac{\text{Dividend per share}}{\text{Price per share}}$	Debt/Equity, %	$\frac{\text{Interest bearing debt}}{\text{Shareholders' equity} + \text{minority interest} + \text{taxed provisions}}$
Payout ratio, %	$\frac{\text{Total dividends}}{\text{Earnings before extraordinary items and taxes} - \text{income taxes} + \text{minority interest}}$	Equity ratio, %	$\frac{\text{Shareholders' equity} + \text{minority interest} + \text{taxed provisions}}{\text{Total assets} - \text{interest-free loans}}$
ROCE, %	$\frac{\text{Profit before extraordinary items} + \text{interest expenses} + \text{other financial costs}}{\text{Balance sheet total} - \text{non-interest bearing debt (average)}}$	CAGR, %	Cumulative annual growth rate = Average growth per year
ROE, %	$\frac{\text{Profit before extraordinary items and taxes} - \text{income taxes}}{\text{Shareholder's equity} + \text{minority interest} + \text{taxed provisions (average)}}$		



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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 updated at least 2 times per year.

Recommendation	Percentage
Sell	8%
Hold	53%
Buy	39%

The graph above shows the distribution of ERP's recommendations of companies under coverage in 1st of February 2019. If recommendation is not given, it is not mentioned here.

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

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