

## Earnings improvement story still strong

CapMan's Q2 results were better than expected on bottom-line figures. AUM growth is seen to pick up with the establishment of the NRE III (target EUR 500m) and Growth II funds (target EUR 85m). We have revised our 2020 EBIT estimate to EUR 9.4m (prev. 1.2m), with the solid 2021 earnings prospects intact.

### EBIT beat from higher investment returns

CapMan's delivered an upbeat Q2 earnings report. Q2 EBIT of EUR 4.1m beat our expectations (Evli EUR 2.6m) following a clear recovery in investment returns. Revenue amounted to EUR 8.7m, short of our expectations (Evli EUR 10.4m) due to continued weaker Services business sales and somewhat soft management fees given no new fund closings. AUM (EUR 3.2bn) continued to stall at near previous quarter levels. AUM is seen to grow during H2 following the establishment of the NRE III and Growth II funds, which combined could bring in near EUR 600m in equity commitments. Investor demand for the new funds has according to CapMan been strong.

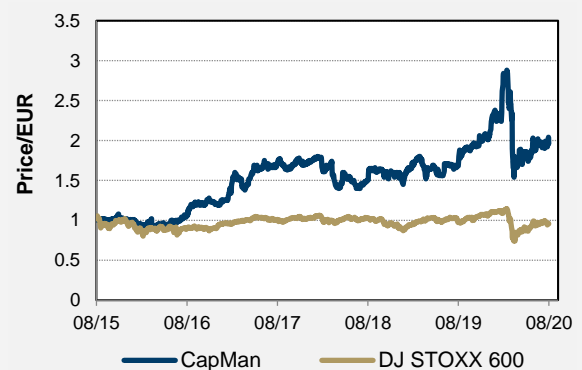
### Solid 2021 earnings prospects despite weak 2020

We continue to expect 2020 to be somewhat of a gap-year due to the weak start but have raised our EBIT estimate to EUR 9.4m (prev. EUR 1.2m) mainly due to higher expectations for investment returns. We expect a clear increase in fee-based profitability in 2021 due to an increase in management fees from fundraising during H2/20. Investment returns are also set to pick up clearly after the challenging 2020. CapMan will re-organize its Service business (no changes to CaPS) and Scala's private placement business will be discontinued, but the earnings impact is not seen to be notable. All in all, we see a clear improvement in 2021 and expect an EBIT of EUR 33.7m.

### BUY with a target price of EUR 2.20 (1.95)

The Q2 report in our view served to prove that CapMan remains on a healthy track despite the elevated uncertainty of Q1 and with the solid earnings outlook 2021E P/E of ~11x is not particularly challenging. We retain our BUY-rating with a TP of EUR 2.20 (1.95).

Rating + BUY



Share price, EUR (Last trading day's closing price) 1.96

Target price, EUR 2.2

Latest change in recommendation 21-Apr-20

Latest report on company 21-Apr-20

Research paid by issuer: YES

No. of shares outstanding, '000's 156,338

No. of shares fully diluted, '000's 156,338

Market cap, EURm 306

Free float, % 64.0

Exchange rate EUR 1.000

Reuters code CAPMAN.HE

Bloomberg code CAPMAN FH

Average daily volume, EURm 0.25

Next interim report 29-Oct-20

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+ BUY + HOLD - SELL

## 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	44.1	9.4	21.3%	11.8	0.03	71.2	7.6	35.5	3.8	0.14
2021E	55.2	33.7	61.1%	20.9	0.17	11.4	6.0	9.9	6.8	0.15
2022E	59.2	37.8	63.8%	24.9	0.19	10.1	5.6	8.8	8.1	0.16
Market cap, EURm			306	Gearing 2020E, %		20.9	CAGR EPS 2019-22, %			28.7
Net debt 2020E, EURm			24	Price/book 2020E		2.7	CAGR sales 2019-22, %			6.5
Enterprise value, EURm			333	Dividend yield 2020E, %		7.1	ROE 2020E, %			3.6
Total assets 2020E, EURm			207	Tax rate 2020E, %		27.7	ROCE 2020E, %			5.1
Goodwill 2020E, EURm			15	Equity ratio 2020E, %		54.9	PEG, P/E 20/CAGR			0.8

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

CapMan	2018	Q1/'19	Q2/'19	Q3/'19	Q4/'19	2019	Q1/'20	Q2/'20	Q3/'20E	Q4/'20E	2020E	2021E	2022E
Management fees	22.1	6.1	5.4	6.0	7.3	24.9	6.9	5.9	6.8	7.3	26.9	31.2	33.1
Sale of services	10.3	3.0	7.3	3.0	3.9	17.2	5.0	2.5	2.7	4.2	14.3	18.2	19.8
Carried interest	1.0	0.1	0.7	0.7	5.4	6.9	0.1	0.4	0.1	2.2	2.8	5.8	6.3
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>12.0</b>	<b>8.7</b>	<b>9.6</b>	<b>13.8</b>	<b>44.1</b>	<b>55.2</b>	<b>59.2</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>28.7%</i>	<i>-34.8%</i>	<i>-1.1%</i>	<i>-16.8%</i>	<i>-10.0%</i>	<i>25.2%</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	-6.3	-5.2	-4.7	-6.6	-22.9	-24.0	-25.4
Other operating expenses	-9.1	-3.2	-3.3	-2.5	-3.1	-12.1	-2.8	-2.2	-2.0	-2.6	-9.6	-10.1	-10.3
Depreciation and amortisation	-0.2	-0.3	-0.4	-0.3	-4.6	-5.6	-0.3	-0.4	-0.4	-0.4	-1.4	-1.5	-1.6
Fair value changes	5.1	4.2	1.7	3.8	2.6	12.3	-8.4	3.2	2.5	2.0	-0.8	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>-6.0</b>	<b>4.1</b>	<b>5.0</b>	<b>6.2</b>	<b>9.4</b>	<b>33.7</b>	<b>37.8</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>-50.1%</i>	<i>47.5%</i>	<i>52.3%</i>	<i>44.9%</i>	<i>21.3%</i>	<i>61.1%</i>	<i>63.8%</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>-6.0</b>	<b>4.1</b>	<b>5.0</b>	<b>6.2</b>	<b>9.4</b>	<b>33.7</b>	<b>37.8</b>
Net financials	-2.7	-0.6	-0.7	-0.6	0.1	-1.8	-0.6	-0.7	-0.6	-0.6	-2.5	-2.8	-2.9
<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>-6.5</b>	<b>3.4</b>	<b>4.4</b>	<b>5.6</b>	<b>6.9</b>	<b>31.0</b>	<b>34.8</b>
Income taxes	-0.8	-0.1	-0.9	-0.9	0.1	-1.7	-0.9	-0.3	-0.3	-0.4	-1.9	-2.5	-2.8
Minority interest	-0.4	-0.4	-1.2	-0.2	-0.1	-1.9	-0.9	0.2	0.0	0.0	-0.7	-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>-8.3</b>	<b>3.3</b>	<b>4.1</b>	<b>5.2</b>	<b>5.0</b>	<b>26.9</b>	<b>30.3</b>
EPS, EUR	0.05	0.02	0.02	0.03	0.02	0.09	-0.05	0.02	0.03	0.03	0.03	0.17	0.19
<b>Assets under management</b>	<b>3043</b>	<b>3196</b>	<b>3270</b>	<b>3240</b>	<b>3245</b>	<b>3245</b>	<b>3225</b>	<b>3151</b>			<b>3 700</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/'20</b>	<b>Q2/'20</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	7.2	6.5	7.2	9.8	30.7	38.0	40.3
Operating profit	2.8	0.8	0.9	1.9	2.4	6.0	1.9	1.6	2.6	3.9	10.0	15.8	17.5
<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/'20</b>	<b>Q2/'20</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	-8.4	2.8	2.1	1.5	-2.1	12.7	14.3
<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/'20</b>	<b>Q2/'20</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	4.8	2.2	2.4	3.5	12.9	16.7	18.4
Operating profit	4.4	1.8	4.9	1.6	0.9	9.1	3.0	0.5	1.1	1.7	6.3	9.4	10.4
<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/'20</b>	<b>Q2/'20</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	0.5
Operating profit	-1.7	-1.7	-1.0	-1.2	-2.0	-5.9	-2.4	-0.7	-0.8	-1.0	-4.8	-4.2	-4.4

Source: CapMan, Evli Research estimates

Investment Management Companies	MCAP MEUR	EV/EBIT			P/E			Div. yield		
		20	21	22	20	21	22	20	21	22
Institut de Developpement	284									
Deutsche Beteiligungs Mutares	471	75.0x	9.9x		442.5x	11.4x		1.9 %	3.9 %	
3i Group Plc	150	6.2x	15.8x	9.3x	3.8x	8.3x	6.7x	10.2 %	10.4 %	10.2 %
Eurazeo	9810	9.2x	6.8x	6.0x	11.3x	7.7x	6.7x	3.9 %	4.2 %	4.4 %
Ratos	3385	101.7x	16.5x	15.1x		12.5x	8.0x	3.0 %	3.0 %	3.1 %
Partners Group Holding	991							2.1 %	2.7 %	
	21896	29.4x	23.8x	20.2x	35.3x	26.6x	22.8x	2.7 %	3.0 %	3.3 %
Peer Group Average	2932	<b>44.3x</b>	<b>14.6x</b>	<b>12.6x</b>	<b>123.2x</b>	<b>13.3x</b>	<b>11.1x</b>	<b>4.0 %</b>	<b>4.5 %</b>	<b>5.2 %</b>
Peer Group Median	284	<b>29.4x</b>	<b>15.8x</b>	<b>12.2x</b>	<b>23.3x</b>	<b>11.4x</b>	<b>7.4x</b>	<b>2.9 %</b>	<b>3.4 %</b>	<b>3.8 %</b>
CapMan (Evli est.)	<b>306</b>	<b>35.5x</b>	<b>9.9x</b>	<b>8.8x</b>	<b>71.2x</b>	<b>11.4x</b>	<b>10.1x</b>	<b>7.1 %</b>	<b>7.7 %</b>	<b>8.2 %</b>

CapMan prem./disc. to peer median 21% -37% -28% 205% 0% 38% 148% 122% 113%

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	511	17.9x	15.0x	13.6x	21.7x	18.3x	16.7x	4.8 %	5.6 %	6.0 %
Taaleri Plc	190	29.3x	12.1x	9.2x	29.7x	11.4x	8.9x	4.9 %	5.4 %	5.8 %
Evli Bank	213	1.4x	1.1x	1.0x	14.5x	10.8x	10.5x	5.6 %	7.2 %	8.3 %
United Bankers Oyj	93	10.4x	12.2x	11.3x	12.9x	15.1x	14.1x	5.6 %	5.0 %	5.6 %
EAB Group	29	61.7x	16.4x	11.3x	62.4x	13.4x	9.0x	0.0 %	5.2 %	5.7 %
Titanium Oyj	88									
Peer Group Average	<b>187</b>	<b>24.1x</b>	<b>11.4x</b>	<b>9.3x</b>	<b>28.2x</b>	<b>13.8x</b>	<b>11.8x</b>	<b>4.2 %</b>	<b>5.7 %</b>	<b>6.3 %</b>
Peer Group Median	<b>141</b>	<b>17.9x</b>	<b>12.2x</b>	<b>11.3x</b>	<b>21.7x</b>	<b>13.4x</b>	<b>10.5x</b>	<b>4.9 %</b>	<b>5.4 %</b>	<b>5.8 %</b>
CapMan (Evli est.)	<b>306</b>	<b>35.5x</b>	<b>9.9x</b>	<b>8.8x</b>	<b>71.2x</b>	<b>11.4x</b>	<b>10.1x</b>	<b>7.1 %</b>	<b>7.7 %</b>	<b>8.2 %</b>

CapMan prem./disc. to peer median 98% -19% -22% 228% -15% -3% 45% 42% 40%

Source FactSet, Evli Research

**VALUATION**

SOTP	Implied value (EURm)	Per share (EUR)	Notes
Management Company (excl. carry)	150	0.96	15x 2021E EBIT EUR 10m
Services business	85	0.54	9x 2021E EBIT EUR 9.4m
Investment business	156	1.00	Q2/20
Carried interest	30	0.19	DCF
Corporate functions	-42	-0.27	10x 2021E EBIT EUR -4.2m
Total debt	-70	-0.45	Q2/20
Equity value (SOTP)	309	1.98	
Peer multiples			
EV/EBIT 2021E		2.38	
P/E 2021E		2.21	
Div. yield 2021E		2.79	
<b>Target price</b>		<b>2.20</b>	

Source: Evli Research, Factset (peer multiples)

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC	
Current share price	1.96 PV of Free Cash Flow	227 Long-term growth, %	2.0 Risk-free interest rate, %	2.25
DCF share value	3.39 PV of Horizon value	341 WACC, %	7.9 Market risk premium, %	5.8
Share price potential, %	72.8 Unconsolidated equity	-3 Spread, %	0.5 Debt risk premium, %	2.8
Maximum value	3.7 Marketable securities	44 Minimum WACC, %	7.4 Equity beta coefficient	1.10
Minimum value	3.1 Debt - dividend	-80 Maximum WACC, %	8.4 Target debt ratio, %	30
Horizon value, %	60.0 Value of stock	530 Nr of shares, Mn	156.3 Effective tax rate, %	20

DCF valuation, EURm	2019	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	Horizon
Net sales	49	44	55	59	61	62	64	65	67	69	70	71
<i>Sales growth, %</i>	<i>36.1</i>	<i>-10.0</i>	<i>25.2</i>	<i>7.3</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	9	34	38	36	37	38	39	40	41	42	43
<i>Operating income margin, %</i>	<i>39.6</i>	<i>21.3</i>	<i>61.1</i>	<i>63.8</i>	<i>60.0</i>	<i>60.0</i>	<i>60.0</i>	<i>60.0</i>	<i>60.0</i>	<i>60.0</i>	<i>60.0</i>	<i>60.0</i>
+ Depreciation+amort.	6	1	1	2	2	2	2	2	2	2	2	2
EBITDA	25	11	35	39	38	39	40	41	42	43	44	
- Paid taxes	-5	-2	-3	-3	-3	-3	-3	-3	-3	-3	-3	-3
- Change in NWC	-3	6	5	0	0	0	0	0	0	0	0	0
<i>NWC / Sales, %</i>	<i>12.9</i>	<i>1.3</i>	<i>-8.0</i>	<i>-7.5</i>	<i>-7.3</i>	<i>-7.1</i>	<i>-7.0</i>	<i>-6.8</i>	<i>-6.6</i>	<i>-6.5</i>	<i>-6.3</i>	
+ Change in other liabs	18	0	0	0	0	0	0	0	0	0	0	0
- Operative CAPEX	-5	1	-10	-5	0	0	0	0	0	0	0	0
<i>opCAPEX / Sales, %</i>	<i>12.0</i>	<i>0.3</i>	<i>22.3</i>	<i>11.8</i>	<i>3.1</i>	<i>3.1</i>	<i>3.1</i>	<i>3.1</i>	<i>3.1</i>	<i>3.1</i>	<i>3.1</i>	<i>3.1</i>
- Acquisitions	-1	0	0	0	0	0	0	0	0	0	0	0
+ Divestments	0	0	0	0	0	0	0	0	0	0	0	0
- Other items	-14	0	0	0	0	0	0	0	0	0	0	0
= FCFF	16	15	27	31	35	36	37	38	39	40	40	697
= Discounted FCFF		15	24	26	27	26	24	23	22	21	20	341
= DFCF min WACC		15	24	26	27	26	25	24	23	22	21	389
= DFCF max WACC		15	24	26	27	25	24	22	21	20	19	301

## INTERIM FIGURES

EVLI ESTIMATES, EURm	2019Q1	2019Q2	2019Q3	2019Q4	2019	2020Q1	2020Q2	2020Q3E	2020Q4E	2020E	2021E	2022E
Net sales	9.3	13.4	9.7	16.6	49.0	12.0	8.7	9.6	13.8	44.1	55.2	59.2
EBITDA	5.0	6.2	5.8	8.0	25.0	-5.6	4.5	5.4	6.6	10.8	35.0	39.4
<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>-47.2</i>	<i>52.0</i>	<i>56.1</i>	<i>47.5</i>	<i>24.6</i>	<i>63.5</i>	<i>66.6</i>
EBIT	4.7	5.8	5.5	3.4	19.4	-6.0	4.1	5.0	6.2	9.4	33.7	37.8
<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>-50.1</i>	<i>47.5</i>	<i>52.3</i>	<i>44.9</i>	<i>21.3</i>	<i>61.1</i>	<i>63.8</i>
Net financial items	-0.6	-0.7	-0.6	0.1	-1.8	-0.6	-0.7	-0.6	-0.6	-2.5	-2.8	-2.9
Pre-tax profit	4.1	5.1	4.9	3.5	17.6	-6.5	3.4	4.4	5.6	6.9	31.0	34.8
Tax	-0.1	-0.9	-0.9	0.1	-1.7	-0.9	-0.3	-0.3	-0.4	-1.9	-2.5	-2.8
<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>-13.4</i>	<i>9.6</i>	<i>7.0</i>	<i>7.0</i>	<i>27.7</i>	<i>8.0</i>	<i>8.0</i>
Net profit	3.6	3.0	3.8	3.5	14.0	-8.3	3.3	4.1	5.2	4.3	26.9	30.3
EPS	0.02	0.02	0.02	0.02	0.09	-0.05	0.02	0.03	0.03	0.03	0.17	0.19
EPS adjusted (diluted no. of shares)	0.02	0.02	0.02	0.02	0.09	-0.05	0.02	0.03	0.03	0.03	0.17	0.19
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	7.2	6.5	7.2	9.8	30.7	38.0	40.3
Service business	2.9	6.9	2.7	3.2	15.7	4.8	2.2	2.4	3.5	12.9	16.7	18.4
Other & eliminations	0.0	0.0	0.0	0.4	0.5	0.0	0.0	0.0	0.4	0.5	0.5	0.5
Total	9.3	13.4	9.7	16.6	49.0	12.0	8.7	9.6	13.8	44.1	55.2	59.2
<b>SALES GROWTH, Y/Y %</b>												
Management Company business	8.1	-2.1	25.9	109.5	35.5	12.2	1.5	3.1	-24.4	-6.4	23.6	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	66.1	-68.2	-11.6	11.3	-17.8	29.7	10.0
Other & eliminations	-37.8	-76.8	-99.6	13.3	-18.2	-69.6	-41.7	0.0	0.2	-6.1	5.0	5.0
Total	9.8	17.0	34.1	87.1	36.1	28.7	-34.8	-1.1	-16.9	-10.0	25.2	7.3
<b>EBIT, EURm</b>												
Management Company business	0.8	0.9	1.9	2.4	6.0	1.9	1.6	2.6	3.9	10.0	15.8	17.5
Investment business	3.9	1.0	3.2	2.1	10.2	-8.4	2.8	2.1	1.5	-2.1	12.7	14.3
Service business	1.8	4.9	1.6	0.9	9.1	3.0	0.5	1.1	1.7	6.3	9.4	10.4
Other & eliminations	-1.7	-1.0	-1.2	-2.0	-5.9	-2.4	-0.7	-0.8	-1.0	-4.8	-4.2	-4.4
Total	4.7	5.8	5.5	3.4	19.4	-6.0	4.1	5.0	6.2	9.4	33.7	37.8
<b>EBIT margin, %</b>												
Management Company business	12.4	14.5	27.1	18.2	18.2	25.9	24.5	36.1	40.1	32.5	41.6	43.3
Service business	61.3	70.6	57.1	27.9	57.9	62.2	20.5	46.9	48.9	48.6	56.4	56.4
Other & eliminations	-7,543.5	-2,894.4	-453.6	-1,197.6	-1,197.6	-33,814.3	-3,300.0	-222.0	-222.0	-1,042.5	-868.4	-868.4
Total	50.7	43.3	56.4	20.6	39.6	-50.1	47.5	52.3	44.9	21.3	61.1	63.8

INCOME STATEMENT, EURm	2015	2016	2017	2018	2019	2020E	2021E	2022E
Sales	31.8	26.7	34.8	36.0	49.0	44.1	55.2	59.2
<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>-10.0</i>	<i>25.2</i>	<i>7.3</i>
EBITDA	9.6	18.9	21.2	12.2	25.0	10.8	35.0	39.4
<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>24.6</i>	<i>63.5</i>	<i>66.6</i>
Depreciation	-0.3	-0.3	-0.3	-0.2	-1.4	-1.5	-1.3	-1.7
EBITA	9.3	18.7	21.0	12.0	23.6	9.4	33.7	37.8
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	9.4	33.7	37.8
<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>21.3</i>	<i>61.1</i>	<i>63.8</i>
Reported EBIT	9.3	18.7	19.5	12.0	19.4	9.4	33.7	37.8
<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>21.3</i>	<i>61.1</i>	<i>63.8</i>
Net financials	-2.8	-3.1	-3.3	-2.7	-1.8	-2.5	-2.8	-2.9
Pre-tax profit	6.5	15.5	16.2	9.3	17.6	6.9	31.0	34.8
Taxes	-0.4	-0.2	-0.8	-0.8	-1.7	-1.9	-2.5	-2.8
Minority shares	0.0	0.0	0.0	-0.4	-1.9	-0.7	-1.6	-1.8
Net profit	5.1	14.3	15.3	8.1	14.0	4.3	26.9	30.3
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	117	128	133
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	23	24
Liquid funds	22	45	23	55	44	44	49	53
Total assets	150	253	211	209	217	207	222	233
<b>Liabilities</b>								
Shareholder's equity	50	128	127	121	127	112	117	124
Minority interest	0	0	0	0	2	1	1	1
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	3	3	3
Interest bearing debt	69	66	48	60	57	65	70	72
Non-interest bearing current liabilities	13	33	27	17	20	18	23	24
Other interest-free debt	0	0	1	5	5	5	5	5
Total liabilities	150	253	211	209	217	207	222	233
<b>CASH FLOW, EURm</b>								
+ EBITDA	10	19	21	12	25	11	35	39
- Net financial items	-7	-3	-3	-3	-2	-2	-3	-3
- Taxes	-1	0	-2	-3	-5	-2	-2	-3
- Increase in Net Working Capital	-3	5	-2	-7	-3	6	5	0
+/- Other	0	-23	-18	-4	-16	-1	-2	-2
= Cash flow from operations	-2	-3	-4	-5	0	12	33	32
- 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	12	21	25
+/- 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	9	6	2
Change in cash	-7	23	-22	31	-11	0	5	4

KEY FIGURES	2016	2017	2018	2019	2020E	2021E	2022E
M-cap	179	258	216	354	306	306	306
Net debt (excl. convertibles)	21	25	8	16	24	25	23
Enterprise value	215	283	225	377	333	334	332
Sales	27	35	36	49	44	55	59
EBITDA	19	21	12	25	11	35	39
EBIT	19	19	12	19	9	34	38
Pre-tax	16	16	9	18	7	31	35
Earnings	14	15	8	14	4	27	30
Equity book value (excl. minorities)	128	127	121	127	112	117	124
<b>Valuation multiples</b>							
EV/sales	8.1	8.1	6.3	7.7	7.6	6.0	5.6
EV/EBITDA	11.4	13.3	18.5	15.1	30.7	9.5	8.4
EV/EBITA	11.5	13.5	18.9	15.9	35.5	9.9	8.8
EV/EBIT	11.5	14.5	18.9	19.4	35.5	9.9	8.8
EV/OCF	-68.8	-78.0	-48.1	-1,037.5	28.0	10.1	10.4
EV/FCFF	1.9	10.8	4.9	23.7	22.0	12.4	10.7
P/FCFE	-34.2	-60.0	-19.3	-52.3	26.1	14.7	12.3
P/E	17.6	13.1	26.8	25.4	71.2	11.4	10.1
P/B	1.4	2.0	1.8	2.8	2.7	2.6	2.5
Target EV/EBITDA	0.0	0.0	0.0	0.0	34.0	10.5	9.3
Target EV/EBIT	0.0	0.0	0.0	0.0	39.3	11.0	9.8
Target EV/FCF	0.0	0.0	0.0	0.0	31.3	17.7	14.8
Target P/B	0.0	0.0	0.0	0.0	3.1	2.9	2.8
Target P/E	0.0	0.0	0.0	0.0	79.9	12.8	11.4
<b>Per share measures</b>							
Number of shares	143,287	145,600	147,116	153,755	156,338	156,338	156,338
Number of shares (diluted)	143,287	145,600	147,116	153,755	156,338	156,338	156,338
EPS	0.10	0.10	0.05	0.09	0.03	0.17	0.19
Operating cash flow per share	-0.02	-0.02	-0.03	0.00	0.08	0.21	0.20
Free cash flow per share	-0.04	-0.03	-0.08	-0.04	0.08	0.13	0.16
Book value per share	0.89	0.87	0.82	0.83	0.72	0.75	0.79
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	508.5	87.2	82.7
Dividend yield, %	7.2	6.2	8.2	5.6	7.1	7.7	8.2
FCF yield, %	-2.9	-1.7	-5.2	-1.9	3.8	6.8	8.1
<b>Efficiency measures</b>							
ROE	16.1	12.0	6.5	11.3	3.6	23.4	25.0
ROCE	10.9	10.1	6.7	10.4	5.1	18.1	19.2
<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	52.6	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	-8.0	-7.5
Operative CAPEX/sales, %	7.9	1.9	-5.2	12.0	0.3	22.3	11.8
CAPEX/sales (incl. acquisitions), %	7.9	1.9	-28.6	10.9	0.3	22.3	11.8
FCFF/EBITDA	6.0	1.2	3.8	0.6	1.4	0.8	0.8
Net debt/EBITDA, book-weighted	1.1	1.2	0.7	0.7	2.2	0.7	0.6
Debt/equity, market-weighted	0.4	0.2	0.3	0.2	0.2	0.2	0.2
Equity ratio, book-weighted	56.6	60.0	57.8	59.8	54.9	53.3	53.8
Gearing, %	14.7	19.7	6.9	12.6	20.9	20.8	18.6

**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	31.804	10.4%
Ilmarinen Mutual Pension Insurance Company	10,318,326	20.224	6.6%
Laakkonen Mikko Kalervo	6,378,320	12.502	4.1%
Oy Inventiainvest AB	4,723,703	9.258	3.0%
Varma Mutual Pension Insurance Company	3,675,215	7.203	2.4%
Joensuun Kauppa ja Kone Oy	3,309,502	6.487	2.1%
Vesasco Oy	3,088,469	6.053	2.0%
The State Pension Fund	2,500,000	4.900	1.6%
Momea Invest Oy	2,150,000	4.214	1.4%
Laakkonen Hannu	1,992,742	3.906	1.3%
Ten largest	54,362,796	106.551	35%
Residual	101,975,624	199.872	65%
Total	156,338,420	306.423	100%

**EARNINGS CALENDAR**

October 29, 2020	Q3 report
February 04, 2021	FY 2020 Results

**OTHER EVENTS**

March 17, 2021	AGM
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**COMPANY MISCELLANEOUS**

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IR: Linda Tierala	



## 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, %	$\frac{\text{Profit before extraordinary items and taxes} - \text{income taxes}}{\text{Shareholder's equity} + \text{minority interest} + \text{taxed provisions (average)}}$		

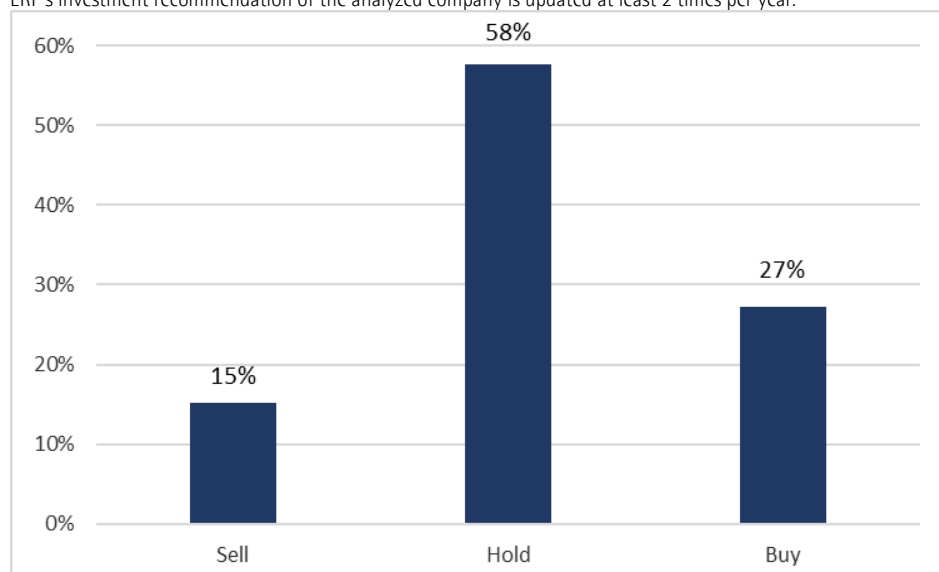
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Investment recommendations are defined as follows:

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

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The graph above shows the distribution of ERP's recommendations of companies under coverage in 11th of May 2020. If recommendation is not given, it is not mentioned here.

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

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