

Earnings beat through success fees

CapMan's net sales in Q2 amounted to EUR 13.4m, above our estimates (Evli EUR 10.8m), with EBIT also above our estimates (Evli EUR 4.5m), at EUR 5.8m. Scala recorded significant success fees in the quarter, larger than we had anticipated, contributing strongly to the earnings beat.

- Revenue in Q2 was EUR 13.4m (EUR 11.4m in Q2/18), above our estimates (Evli EUR 10.8m). Growth in Q2 amounted to 18 % y/y.
- Operating profit in Q2 amounted to EUR 5.8m (EUR 6m in Q2/18), clearly beating our estimates (Evli EUR 4.5m).
- Management Company business: Revenue in Q2 was EUR 6.4m vs. EUR 6.7m Evli. Operating profit in Q2 amounted to EUR 0.9m vs. EUR 0.8m Evli.
- Investment business: Revenue in Q2 was EUR 0m vs. EUR 0m Evli. Operating profit in Q2 amounted to EUR 1m vs. EUR 2.3m Evli.
- Services business: Revenue in Q2 was EUR 6.9m vs. EUR 3.9m Evli. Operating profit in Q2 amounted to EUR 4.9m vs. EUR 2.1m Evli.
- Capital under management by the end of Q2 was EUR 3.3b. Of the capital under management EUR 1.9bn was attributable to Real Estate, EUR 1.0bn to Private Equity & Credit and EUR 0.3bn to Infra and other.

Rating

 **BUY**

Q2/19	Actual	Evli	Cons.	Year ago	Q1/19
Net sales	13.4	10.8	11.0	11.4	9.3
EBIT	5.8	4.5	4.2	6.0	4.7
PTP	5.1	3.9	3.6	5.1	4.1
EPS	0.02	0.02	0.02	0.03	0.04

Deviation	Actual	Evli	Cons.	Year ago	Q1/19
Net sales		24%	21%	17%	44%
EBIT		28%	38%	-3%	23%
PTP		32%	42%	1%	24%
EPS		-16%	0%	-20%	-49%

*Consensus by Bloomberg

Share price, EUR (Last trading day's closing price) 1.70

Target price, EUR 1.85

Latest change in recommendation 27-Apr-18

Latest report on company 26-Apr-19

Research paid by issuer: YES

No. of shares outstanding, '000's 152,454

No. of shares fully diluted, '000's 152,454

Market cap, EURm 259

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 08-Aug-19

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 BUY  HOLD  SELL

PRE-REPORT 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
2017	35	19	55.9%	16	0.10	13.1	8.1	9.1	14.5	0.11
2018	36	12	33.2%	9	0.05	26.8	6.3	6.7	18.9	0.12
2019E	45	23	52.5%	21	0.13	13.3	6.3	4.0	11.9	0.13
2020E	49	30	61.5%	28	0.17	10.1	5.7	6.7	9.2	0.14
2021E	53	34	64.9%	31	0.19	8.9	5.3	7.6	8.2	0.15
Market cap, EURm		259	BV per share 2019E, EUR		0.8	CAGR EPS 2018-21, %				51.6
Net debt 2019E, EURm		18	Price/book 2019E		2.1	CAGR sales 2018-21, %				13.5
Enterprise value, EURm		278	Dividend yield 2019E, %		7.6	ROE 2019E, %				16.1
Total assets 2019E, EURm		225	Tax rate 2019E, %		6.1	ROCE 2019E, %				12.6
Goodwill 2019E, EURm		20	Equity ratio 2019E, %		54.6	PEG, P/E 19/CAGR				0.9

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

Important Disclosures

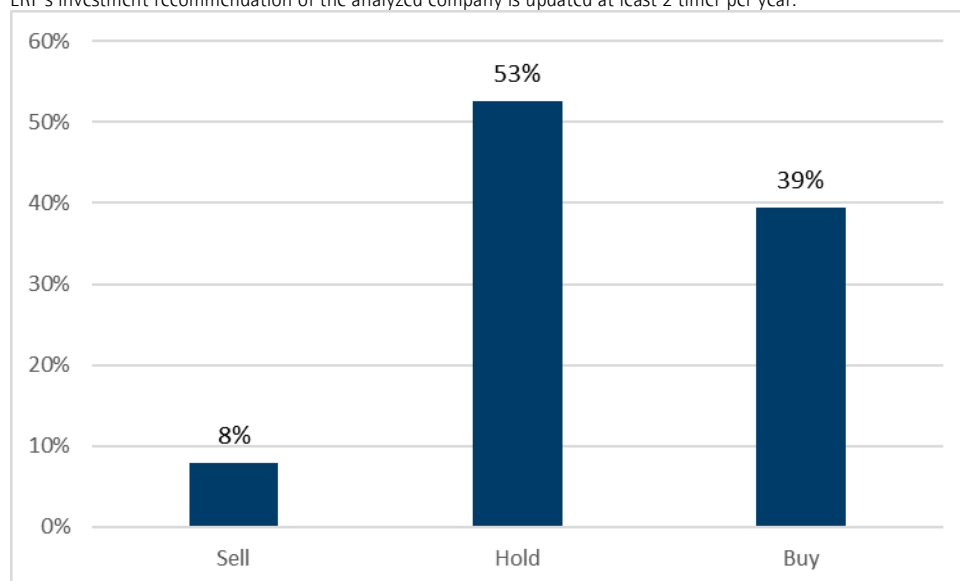
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Investment recommendations are defined as follows:

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.



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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