

Expecting a good finish to the year

CapMan will report Q4 results on January 30th. We expect the operating profit to remain on par with the quarterly average earnings during 2019 and expect an operating profit of EUR 4.7m. CapMan should record higher carried interest (Evli est. EUR 2.0m) in Q4, aided by the Hotels I fund, while we expect higher personnel costs and lower investment returns to offset the positive impact. Our DPS estimate is at EUR 0.13 (2018: EUR 0.12). We retain our HOLD-rating and TP of EUR 2.1 intact ahead of the results.

Q4 operating profit estimate at EUR 4.7m

We expect Q4 revenue of EUR 12.5m (Q4/18: 8.9m) and an operating profit of EUR 4.7m (Q4/18: -2.9m). Pre-Q4 we have made downward adjustments to our estimates mainly due to increases in personnel expenses relating to expected bonuses and minor downward adjustments to revenue estimates. We have also lowered our investment return estimates based on the news flow on exits during Q4. We expect carried interest to increase clearly q/q (Evli est. EUR 2.0m) due to continuation of the Hotels I fund and thereto related realization of carried interest.

Expect continued solid earnings growth in 2020

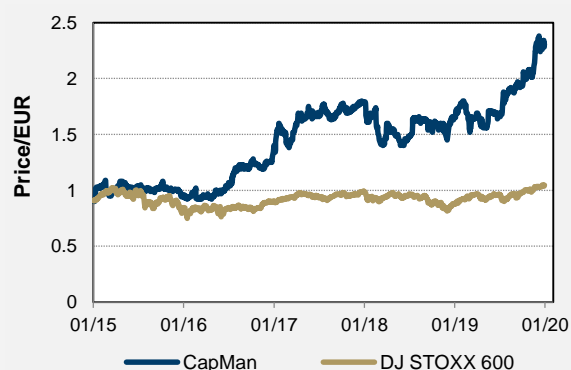
Our estimates imply a y/y improvement of 73% in operating profit during 2019. CapMan has not given any guidance for 2020 but expects significant growth in capital under management and we expect continued solid growth in operating profit of around 40% in 2020 driven by earnings growth across the board. The continuation of the Hotels I fund during Q4 will have a clear positive impact on both management fees and operating profit following an expected limited impact on costs.

HOLD with a target price of EUR 2.1

We expect CapMan to propose a dividend of EUR 0.13 per share, translating into a dividend yield of 5.6% on previous closing price. We keep our HOLD-rating and target price of EUR 2.1 intact ahead of the Q4 results.

Rating

■ HOLD



Share price, EUR (Last trading day's closing price) 2.31

Target price, EUR 2.1

Latest change in recommendation 25-Oct-19

Latest report on company 1-Nov-19

Research paid by issuer: Yes

No. of shares outstanding, '000's 153,270

No. of shares fully diluted, '000's 153,270

Market cap, EURm 354

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 30-Jan-20

Web site www.capman.com

Analyst Jerker Salokivi

E-mail jerker.salokivi@evli.com

Telephone +358 9 4766 9149

■ 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 |
|--------------------------|---------------|--------------|-----------|-------------------------|------------|------------|-----------------|-----------------------|----------------|------------|
| 2017 | 34.8 | 19.5 | 55.9% | -4.3 | 0.10 | 13.1 | 8.1 | 14.5 | -1.7 | 0.11 |
| 2018 | 36.0 | 12.0 | 33.2% | -2.8 | 0.05 | 26.8 | 6.3 | 18.9 | -1.3 | 0.12 |
| 2019E | 44.9 | 20.7 | 46.1% | -1.5 | 0.09 | 25.7 | 8.4 | 18.3 | -0.4 | 0.13 |
| 2020E | 50.7 | 29.0 | 57.2% | 19.6 | 0.14 | 16.4 | 7.5 | 13.1 | 5.5 | 0.14 |
| 2021E | 55.1 | 33.1 | 60.1% | 15.0 | 0.16 | 14.2 | 7.0 | 11.6 | 4.2 | 0.15 |
| Market cap, EURm | | | 354 | Gearing 2019E, % | | | 17.8 | CAGR EPS 2018-21, % | | 43.8 |
| Net debt 2019E, EURm | | | 21 | Price/book 2019E | | | 3.0 | CAGR sales 2018-21, % | | 15.2 |
| Enterprise value, EURm | | | 378 | Dividend yield 2019E, % | | | 5.6 | ROE 2019E, % | | 11.6 |
| Total assets 2019E, EURm | | | 214 | Tax rate 2019E, % | | | 13.1 | ROCE 2019E, % | | 11.2 |
| Goodwill 2019E, EURm | | | 20 | Equity ratio 2019E, % | | | 55.4 | PEG, P/E 19/CAGR | | 1.1 |

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

| CapMan | 2017 | Q1/'18 | Q2/'18 | Q3/'18 | Q4/'18 | 2018 | Q1/'19 | Q2/'19 | Q3/'19 | Q4/'19E | 2019E | 2020E | 2021E |
|------------------------------------|--------------|---------------|---------------|---------------|---------------|--------------|---------------|---------------|---------------|----------------|--------------|--------------|--------------|
| Management fees | 19.6 | 5.6 | 5.7 | 5.2 | 5.6 | 22.1 | 6.1 | 5.4 | 6.0 | 6.5 | 24.0 | 26.9 | 29.1 |
| Sale of services | 7.1 | 1.6 | 4.1 | 1.7 | 2.9 | 10.3 | 3.0 | 7.3 | 3.0 | 4.0 | 17.3 | 18.9 | 20.7 |
| Carried interest | 4.4 | 0.1 | 0.6 | 0.2 | 0.1 | 1.0 | 0.1 | 0.7 | 0.7 | 2.0 | 3.5 | 4.8 | 5.3 |
| Dividend and interest income | 3.7 | 1.1 | 1.0 | 0.2 | 0.2 | 2.5 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Revenue | 34.8 | 8.5 | 11.4 | 7.2 | 8.9 | 36.0 | 9.3 | 13.4 | 9.7 | 12.5 | 44.9 | 50.7 | 55.1 |
| <i>change, %</i> | <i>30.6%</i> | <i>12.7%</i> | <i>25.8%</i> | <i>-23.3%</i> | <i>0.5%</i> | <i>3.3%</i> | <i>9.8%</i> | <i>17.0%</i> | <i>34.1%</i> | <i>40.7%</i> | <i>24.6%</i> | <i>12.9%</i> | <i>8.7%</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 | -21.4 | -4.7 | -5.5 | -4.7 | -5.0 | -19.9 | -5.3 | -5.5 | -5.2 | -6.5 | -22.5 | -23.4 | -24.7 |
| Other operating expenses | -9.9 | -2.2 | -2.6 | -1.6 | -2.8 | -9.1 | -3.2 | -3.3 | -2.5 | -3.2 | -12.2 | -11.7 | -11.9 |
| Depreciation and amortisation | -1.7 | -0.1 | -0.1 | 0.0 | 0.0 | -0.2 | -0.3 | -0.4 | -0.3 | -0.4 | -1.4 | -1.5 | -1.5 |
| Fair value changes | 17.6 | 2.5 | 2.7 | 3.9 | -4.0 | 5.1 | 4.2 | 1.7 | 3.8 | 2.3 | 11.9 | 14.9 | 16.2 |
| Operating profit | 19.5 | 4.1 | 6.0 | 4.8 | -2.9 | 12.0 | 4.7 | 5.8 | 5.5 | 4.7 | 20.7 | 29.0 | 33.1 |
| <i>Operating profit margin, %</i> | <i>55.9%</i> | <i>48.0%</i> | <i>52.6%</i> | <i>66.8%</i> | <i>-33.2%</i> | <i>33.2%</i> | <i>50.7%</i> | <i>43.3%</i> | <i>56.4%</i> | <i>37.7%</i> | <i>46.1%</i> | <i>57.2%</i> | <i>60.1%</i> |
| Net financials | -3.2 | -0.5 | -1.0 | -0.5 | -0.7 | -2.7 | -0.6 | -0.7 | -0.7 | -0.7 | -2.6 | -2.7 | -3.0 |
| Pre-tax profit | 16.2 | 3.5 | 5.1 | 4.3 | -3.6 | 9.3 | 4.1 | 5.1 | 4.8 | 4.1 | 18.1 | 26.3 | 30.1 |
| Income taxes | -0.8 | -0.2 | -0.8 | -0.2 | 0.4 | -0.8 | -0.1 | -0.9 | -0.3 | -0.5 | -1.9 | -2.9 | -3.3 |
| Minority interest | 0.0 | 0.0 | -0.6 | -0.1 | 0.2 | -0.4 | -0.4 | -1.2 | -0.2 | -0.2 | -2.0 | -1.8 | -1.8 |
| Profit for the period | 15.5 | 3.3 | 3.7 | 4.0 | -3.0 | 8.1 | 3.6 | 3.0 | 4.2 | 3.3 | 14.2 | 23.4 | 26.8 |
| EPS, EUR | 0.10 | 0.02 | 0.03 | 0.03 | -0.02 | 0.05 | 0.02 | 0.02 | 0.03 | 0.02 | 0.09 | 0.15 | 0.17 |
| Assets under management | 2800 | 2799 | 2758 | 2681 | 3043 | 3043 | 3196 | 3270 | 3240 | | 3 250 | 3 700 | 3 900 |
| Management Company business | 2017 | Q1/'18 | Q2/'18 | Q3/'18 | Q4/'18 | 2018 | Q1/'19 | Q2/'19 | Q3/'19 | Q4/'19E | 2019E | 2020E | 2021E |
| Revenue | 25.1 | 5.9 | 6.5 | 5.5 | 6.2 | 24.2 | 6.4 | 6.4 | 7.0 | 8.7 | 28.5 | 32.7 | 35.3 |
| Operating profit | 2.7 | 0.8 | 0.7 | 0.8 | 0.5 | 2.8 | 0.8 | 0.9 | 1.9 | 2.9 | 6.5 | 10.0 | 12.0 |
| Investment business | 2017 | Q1/'18 | Q2/'18 | Q3/'18 | Q4/'18 | 2018 | Q1/'19 | Q2/'19 | Q3/'19 | Q4/'19E | 2019E | 2020E | 2021E |
| Revenue | 3.7 | 1.1 | 1.0 | 0.2 | 0.2 | 2.5 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Operating profit | 17.3 | 3.2 | 3.4 | 3.8 | -4.0 | 6.5 | 3.9 | 1.0 | 3.2 | 1.6 | 9.7 | 12.6 | 14.0 |
| Services business | 2017 | Q1/'18 | Q2/'18 | Q3/'18 | Q4/'18 | 2018 | Q1/'19 | Q2/'19 | Q3/'19 | Q4/'19E | 2019E | 2020E | 2021E |
| Revenue | 5.6 | 1.4 | 3.8 | 1.5 | 2.0 | 8.7 | 2.9 | 6.9 | 2.7 | 3.4 | 15.9 | 17.5 | 19.3 |
| Operating profit | 2.3 | 0.6 | 2.4 | 0.6 | 0.8 | 4.4 | 1.8 | 4.9 | 1.6 | 1.2 | 9.4 | 10.4 | 11.4 |
| Other | 2017 | Q1/'18 | Q2/'18 | Q3/'18 | Q4/'18 | 2018 | Q1/'19 | Q2/'19 | Q3/'19 | Q4/'19E | 2019E | 2020E | 2021E |
| Revenue | 0.5 | 0.0 | 0.2 | 0.0 | 0.4 | 0.6 | 0.0 | 0.0 | 0.0 | 0.4 | 0.5 | 0.5 | 0.5 |
| Operating profit | -2.7 | -0.4 | -0.6 | -0.4 | -0.3 | -1.7 | -1.7 | -1.0 | -1.2 | -1.0 | -4.9 | -4.1 | -4.3 |

| VALUATION RESULTS | BASE CASE DETAILS | VALUATION ASSUMPTIONS | ASSUMPTIONS FOR WACC |
|--------------------------|----------------------------|-------------------------|--------------------------------|
| Current share price | 2.31 PV of Free Cash Flow | 197 Long-term growth, % | 2.0 Risk-free interest rate, % |
| DCF share value | 3.17 PV of Horizon value | 317 WACC, % | 7.9 Market risk premium, % |
| Share price potential, % | 37.2 Unconsolidated equity | -3 Spread, % | 0.5 Debt risk premium, % |
| Maximum value | 3.5 Marketable securities | 45 Minimum WACC, % | 7.4 Equity beta coefficient |
| Minimum value | 2.9 Debt - dividend | -66 Maximum WACC, % | 8.4 Target debt ratio, % |
| Horizon value, % | 61.7 Value of stock | 485 Nr of shares, Mn | 153.3 Effective tax rate, % |

| DCF valuation, EURm | 2018 | 2019E | 2020E | 2021E | 2022E | 2023E | 2024E | 2025E | 2026E | 2027E | 2028E | Horizon |
|-----------------------------------|-------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|-------------|
| Net sales | 36 | 45 | 51 | 55 | 56 | 58 | 59 | 61 | 62 | 64 | 65 | 66 |
| <i>Sales growth, %</i> | <i>3.3</i> | <i>24.6</i> | <i>12.9</i> | <i>8.7</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) | 12 | 21 | 29 | 33 | 35 | 35 | 36 | 36 | 37 | 38 | 39 | 40 |
| <i>Operating income margin, %</i> | <i>33.2</i> | <i>46.1</i> | <i>57.2</i> | <i>60.1</i> | <i>62.0</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. | 0 | 1 | 1 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| EBITDA | 12 | 22 | 30 | 35 | 37 | 36 | 37 | 38 | 39 | 40 | 41 | |
| - Paid taxes | -3 | -4 | -3 | -4 | -4 | -4 | -4 | -4 | -4 | -4 | -4 | -4 |
| - Change in NWC | -7 | 33 | 8 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| <i>NWC / Sales, %</i> | <i>96.8</i> | <i>3.5</i> | <i>-13.0</i> | <i>-12.2</i> | <i>-12.0</i> | <i>-11.8</i> | <i>-11.6</i> | <i>-11.4</i> | <i>-11.2</i> | <i>-11.0</i> | <i>-10.8</i> | |
| + Change in other liabs | 40 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| - Operative CAPEX | 2 | -50 | -10 | -10 | 0 | 0 | 0 | 0 | 0 | -1 | -1 | |
| <i>opCAPEX / Sales, %</i> | <i>-5.2</i> | <i>113.1</i> | <i>23.1</i> | <i>21.1</i> | <i>3.0</i> | <i>3.0</i> | <i>3.0</i> | <i>3.0</i> | <i>3.0</i> | <i>3.0</i> | <i>3.0</i> | |
| - Acquisitions | 0 | 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 | 3 | 2 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| = FCFF | 46 | 4 | 25 | 21 | 32 | 32 | 33 | 34 | 35 | 35 | 36 | 625 |
| = Discounted FCFF | | 4 | 23 | 18 | 26 | 24 | 23 | 21 | 20 | 19 | 18 | 317 |
| = DFCF min WACC | | 4 | 23 | 18 | 26 | 24 | 23 | 22 | 21 | 20 | 19 | 361 |
| = DFCF max WACC | | 4 | 23 | 18 | 26 | 23 | 22 | 21 | 20 | 19 | 18 | 280 |

INTERIM FIGURES

| EVLI ESTIMATES, EURm | 2018Q1 | 2018Q2 | 2018Q3 | 2018Q4 | 2018 | 2019Q1 | 2019Q2 | 2019Q3 | 2019Q4E | 2019E | 2020E | 2021E |
|--------------------------------------|-----------------|---------------|-----------------|-----------------|---------------|-----------------|-----------------|--------------|---------------|-----------------|---------------|---------------|
| Net sales | 8.5 | 11.4 | 7.2 | 8.9 | 36.0 | 9.3 | 13.4 | 9.7 | 12.5 | 44.9 | 50.7 | 55.1 |
| EBITDA | 4.1 | 6.1 | 4.9 | -2.9 | 12.2 | 5.0 | 6.2 | 5.8 | 5.1 | 22.1 | 30.4 | 34.6 |
| <i>EBITDA margin (%)</i> | <i>48.7</i> | <i>53.2</i> | <i>67.6</i> | <i>-32.9</i> | <i>33.8</i> | <i>53.7</i> | <i>46.2</i> | <i>60.1</i> | <i>40.9</i> | <i>49.3</i> | <i>60.1</i> | <i>62.9</i> |
| EBIT | 4.1 | 6.0 | 4.8 | -2.9 | 12.0 | 4.7 | 5.8 | 5.5 | 4.7 | 20.7 | 29.0 | 33.1 |
| <i>EBIT margin (%)</i> | <i>48.0</i> | <i>52.6</i> | <i>66.8</i> | <i>-33.2</i> | <i>33.2</i> | <i>50.7</i> | <i>43.3</i> | <i>56.4</i> | <i>37.7</i> | <i>46.1</i> | <i>57.2</i> | <i>60.1</i> |
| Net financial items | -0.5 | -1.0 | -0.5 | -0.7 | -2.7 | -0.6 | -0.7 | -0.6 | -0.6 | -2.5 | -2.7 | -3.0 |
| Pre-tax profit | 3.5 | 5.1 | 4.3 | -3.6 | 9.3 | 4.1 | 5.1 | 4.9 | 4.1 | 18.2 | 26.3 | 30.1 |
| Tax | -0.2 | -0.8 | -0.2 | 0.4 | -0.8 | -0.1 | -0.9 | -0.9 | -0.5 | -2.4 | -2.9 | -3.3 |
| <i>Tax rate (%)</i> | <i>5.7</i> | <i>15.9</i> | <i>5.5</i> | <i>12.2</i> | <i>8.6</i> | <i>2.6</i> | <i>17.5</i> | <i>17.5</i> | <i>13.0</i> | <i>13.1</i> | <i>11.0</i> | <i>11.0</i> |
| Net profit | 3.3 | 3.7 | 4.0 | -3.0 | 8.1 | 3.6 | 3.0 | 3.8 | 3.3 | 13.8 | 21.6 | 25.0 |
| EPS | 0.02 | 0.03 | 0.03 | -0.02 | 0.05 | 0.02 | 0.02 | 0.02 | 0.02 | 0.09 | 0.14 | 0.16 |
| EPS adjusted (diluted no. of shares) | 0.02 | 0.03 | 0.03 | -0.02 | 0.05 | 0.02 | 0.02 | 0.02 | 0.02 | 0.09 | 0.14 | 0.16 |
| Dividend per share | 0.00 | 0.00 | 0.00 | 0.00 | 0.12 | 0.00 | 0.00 | 0.00 | 0.00 | 0.13 | 0.14 | 0.15 |
| SALES, EURm | | | | | | | | | | | | |
| Management Company business | 5.9 | 6.5 | 5.5 | 6.2 | 24.2 | 6.4 | 6.4 | 7.0 | 8.7 | 28.5 | 32.7 | 35.3 |
| Investment business | 1.1 | 1.0 | 0.2 | 0.2 | 2.5 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Service business | 1.4 | 3.8 | 1.5 | 2.0 | 8.7 | 2.9 | 6.9 | 2.7 | 3.4 | 15.9 | 17.5 | 19.3 |
| Other & eliminations | 0.0 | 0.2 | 0.0 | 0.4 | 0.6 | 0.0 | 0.0 | 0.0 | 0.4 | 0.5 | 0.5 | 0.5 |
| Total | 8.5 | 11.4 | 7.2 | 8.9 | 36.0 | 9.3 | 13.4 | 9.7 | 12.5 | 44.9 | 50.7 | 55.1 |
| SALES GROWTH, Y/Y % | | | | | | | | | | | | |
| <i>Management Company business</i> | <i>11.7</i> | <i>28.8</i> | <i>-30.7</i> | <i>-7.2</i> | <i>-3.5</i> | <i>8.1</i> | <i>-2.1</i> | <i>25.9</i> | <i>40.0</i> | <i>17.6</i> | <i>14.7</i> | <i>8.0</i> |
| <i>Investment business</i> | <i>-3.0</i> | <i>-55.9</i> | <i>21.8</i> | <i>5.7</i> | <i>-32.8</i> | <i>-100.0</i> | <i>-100.0</i> | <i>-99.9</i> | <i>-100.0</i> | <i>-100.0</i> | <i>0.0</i> | <i>0.0</i> |
| <i>Service business</i> | <i>35.1</i> | <i>112.6</i> | <i>17.8</i> | <i>35.7</i> | <i>56.0</i> | <i>107.1</i> | <i>84.3</i> | <i>83.4</i> | <i>66.3</i> | <i>83.5</i> | <i>10.0</i> | <i>10.0</i> |
| <i>Other & eliminations</i> | <i>32.1</i> | <i>416.7</i> | <i>64.7</i> | <i>-5.7</i> | <i>25.4</i> | <i>-37.8</i> | <i>-76.8</i> | <i>-99.6</i> | <i>5.0</i> | <i>-23.5</i> | <i>5.0</i> | <i>5.0</i> |
| Total | 12.7 | 25.8 | -23.3 | 0.5 | 3.3 | 9.8 | 17.0 | 34.1 | 40.7 | 24.6 | 12.9 | 8.7 |
| EBIT, EURm | | | | | | | | | | | | |
| Management Company business | 0.8 | 0.7 | 0.8 | 0.5 | 2.8 | 0.8 | 0.9 | 1.9 | 2.9 | 6.5 | 10.0 | 12.0 |
| Investment business | 3.2 | 3.4 | 3.8 | -4.0 | 6.5 | 3.9 | 1.0 | 3.2 | 1.6 | 9.7 | 12.6 | 14.0 |
| Service business | 0.6 | 2.4 | 0.6 | 0.8 | 4.4 | 1.8 | 4.9 | 1.6 | 1.2 | 9.4 | 10.4 | 11.4 |
| Other & eliminations | -0.4 | -0.6 | -0.3 | -0.3 | -1.7 | -1.7 | -1.0 | -1.2 | -1.0 | -4.9 | -4.1 | -4.3 |
| Total | 4.1 | 6.0 | 4.8 | -2.9 | 12.0 | 4.7 | 5.8 | 5.5 | 4.7 | 20.7 | 29.0 | 33.1 |
| EBIT margin, % | | | | | | | | | | | | |
| <i>Management Company business</i> | <i>12.8</i> | <i>11.4</i> | <i>14.5</i> | <i>8.7</i> | <i>11.7</i> | <i>12.4</i> | <i>14.5</i> | <i>27.1</i> | <i>33.3</i> | <i>22.9</i> | <i>30.8</i> | <i>34.0</i> |
| <i>Investment business</i> | <i>285.0</i> | <i>350.5</i> | <i>2,130.2</i> | <i>-1,625.9</i> | <i>257.0</i> | | | | | | | |
| <i>Service business</i> | <i>41.0</i> | <i>64.8</i> | <i>38.0</i> | <i>39.2</i> | <i>50.4</i> | <i>61.3</i> | <i>70.6</i> | <i>57.1</i> | <i>35.7</i> | <i>59.2</i> | <i>59.2</i> | <i>59.2</i> |
| <i>Other & eliminations</i> | <i>-1,205.4</i> | <i>-375.5</i> | <i>-1,250.0</i> | <i>-87.2</i> | <i>-283.9</i> | <i>-7,543.5</i> | <i>-2,894.4</i> | | <i>-248.1</i> | <i>-1,069.9</i> | <i>-847.1</i> | <i>-847.1</i> |
| Total | 48.0 | 52.6 | 66.8 | -33.2 | 33.2 | 50.7 | 43.3 | 56.4 | 37.7 | 46.1 | 57.2 | 60.1 |

| INCOME STATEMENT, EURm | 2014 | 2015 | 2016 | 2017 | 2018 | 2019E | 2020E | 2021E |
|--|-------------|--------------|--------------|-------------|-------------|-------------|-------------|-------------|
| Sales | 39.5 | 31.8 | 26.7 | 34.8 | 36.0 | 44.9 | 50.7 | 55.1 |
| <i>Sales growth (%)</i> | <i>32.6</i> | <i>-19.5</i> | <i>-16.0</i> | <i>30.6</i> | <i>3.3</i> | <i>24.6</i> | <i>12.9</i> | <i>8.7</i> |
| EBITDA | 6.8 | 9.6 | 18.9 | 21.2 | 12.2 | 22.1 | 30.4 | 34.6 |
| <i>EBITDA margin (%)</i> | <i>17.2</i> | <i>30.2</i> | <i>71.0</i> | <i>61.0</i> | <i>33.8</i> | <i>49.3</i> | <i>60.1</i> | <i>62.9</i> |
| Depreciation | -0.4 | -0.3 | -0.3 | -0.3 | -0.2 | -1.4 | -1.5 | -1.6 |
| EBITA | 6.4 | 9.3 | 18.7 | 21.0 | 12.0 | 20.7 | 29.0 | 33.1 |
| Goodwill amortization / writedown | 0.0 | 0.0 | 0.0 | -1.5 | 0.0 | 0.0 | 0.0 | 0.0 |
| EBIT | 6.4 | 9.3 | 18.7 | 19.5 | 12.0 | 20.7 | 29.0 | 33.1 |
| <i>EBIT margin (%)</i> | <i>16.2</i> | <i>29.2</i> | <i>70.0</i> | <i>55.9</i> | <i>33.2</i> | <i>46.1</i> | <i>57.2</i> | <i>60.1</i> |
| Reported EBIT | 6.4 | 9.3 | 18.7 | 19.5 | 12.0 | 20.7 | 29.0 | 33.1 |
| <i>EBIT margin (reported) (%)</i> | <i>16.2</i> | <i>29.2</i> | <i>70.0</i> | <i>55.9</i> | <i>33.2</i> | <i>46.1</i> | <i>57.2</i> | <i>60.1</i> |
| Net financials | -1.5 | -2.8 | -3.1 | -3.3 | -2.7 | -2.5 | -2.7 | -3.0 |
| Pre-tax profit | 4.9 | 6.5 | 15.5 | 16.2 | 9.3 | 18.2 | 26.3 | 30.1 |
| Taxes | -1.0 | -0.4 | -0.2 | -0.8 | -0.8 | -2.4 | -2.9 | -3.3 |
| Minority shares | 0.0 | 0.0 | 0.0 | 0.0 | -0.4 | -2.0 | -1.8 | -1.8 |
| Net profit | 3.0 | 5.1 | 14.3 | 15.3 | 8.1 | 13.8 | 21.6 | 25.0 |
| 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 |
| BALANCE SHEET, EURm | | | | | | | | |
| Assets | | | | | | | | |
| Fixed assets | 65 | 104 | 95 | 93 | 88 | 115 | 126 | 136 |
| Goodwill | 6 | 6 | 6 | 5 | 5 | 20 | 20 | 20 |
| Right of use assets | 0 | 0 | 0 | 0 | 3 | 3 | 3 | 3 |
| Inventory | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Receivables | 10 | 13 | 101 | 89 | 57 | 29 | 24 | 26 |
| Liquid funds | 29 | 22 | 45 | 23 | 55 | 45 | 51 | 55 |
| Total assets | 114 | 150 | 253 | 211 | 209 | 214 | 225 | 241 |
| Liabilities | | | | | | | | |
| Shareholder's equity | 50 | 50 | 128 | 127 | 121 | 118 | 119 | 123 |
| Minority interest | 0 | 0 | 0 | 0 | 0 | 1 | 1 | 1 |
| Convertibles | 15 | 15 | 15 | 0 | 0 | 0 | 0 | 0 |
| Lease liabilities | 0 | 0 | 0 | 0 | 3 | 3 | 3 | 3 |
| Deferred taxes | 2 | 2 | 10 | 9 | 3 | 2 | 2 | 2 |
| Interest bearing debt | 32 | 69 | 66 | 48 | 60 | 63 | 69 | 80 |
| Non-interest bearing current liabilities | 14 | 13 | 33 | 27 | 17 | 22 | 25 | 28 |
| Other interest-free debt | 0 | 0 | 0 | 1 | 5 | 5 | 5 | 5 |
| Total liabilities | 114 | 150 | 253 | 211 | 209 | 214 | 225 | 241 |
| CASH FLOW, EURm | | | | | | | | |
| + EBITDA | 7 | 10 | 19 | 21 | 12 | 22 | 30 | 35 |
| - Net financial items | 12 | -7 | -3 | -3 | -3 | -2 | -3 | -3 |
| - Taxes | -1 | -1 | 0 | -2 | -3 | -4 | -3 | -3 |
| - Increase in Net Working Capital | 2 | -3 | 5 | -2 | -7 | 33 | 8 | 0 |
| +/- Other | -9 | 0 | -23 | -18 | -4 | 0 | -2 | -2 |
| = Cash flow from operations | 11 | -2 | -3 | -4 | -5 | 49 | 31 | 27 |
| - Capex | 0 | -2 | -2 | -1 | 2 | -51 | -12 | -12 |
| - Acquisitions | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| + Divestments | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| = Free cash flow | 10 | -4 | -5 | -4 | -3 | -2 | 20 | 15 |
| +/- New issues/buybacks | 1 | 0 | 70 | -4 | 2 | 1 | 0 | 0 |
| - Paid dividend | -3 | -5 | -6 | -13 | -16 | -18 | -20 | -21 |
| +/- Other | 4 | 2 | -35 | -1 | 48 | 8 | 6 | 11 |
| Change in cash | 12 | -7 | 23 | -22 | 31 | -10 | 6 | 4 |

| KEY FIGURES | 2015 | 2016 | 2017 | 2018 | 2019E | 2020E | 2021E |
|--|--------|---------|---------|---------|---------|---------|---------|
| M-cap | 86 | 179 | 258 | 216 | 354 | 354 | 354 |
| Net debt (excl. convertibles) | 48 | 21 | 25 | 8 | 21 | 21 | 28 |
| Enterprise value | 149 | 215 | 283 | 225 | 378 | 378 | 385 |
| Sales | 32 | 27 | 35 | 36 | 45 | 51 | 55 |
| EBITDA | 10 | 19 | 21 | 12 | 22 | 30 | 35 |
| EBIT | 9 | 19 | 19 | 12 | 21 | 29 | 33 |
| Pre-tax | 6 | 16 | 16 | 9 | 18 | 26 | 30 |
| Earnings | 5 | 14 | 15 | 8 | 14 | 22 | 25 |
| Equity book value (excl. minorities) | 50 | 128 | 127 | 121 | 118 | 119 | 123 |
| Valuation multiples | | | | | | | |
| EV/sales | 4.7 | 8.1 | 8.1 | 6.3 | 8.4 | 7.5 | 7.0 |
| EV/EBITDA | 15.5 | 11.4 | 13.3 | 18.5 | 17.1 | 12.4 | 11.1 |
| EV/EBITA | 16.1 | 11.5 | 13.5 | 18.9 | 18.3 | 13.1 | 11.6 |
| EV/EBIT | 16.1 | 11.5 | 14.5 | 18.9 | 18.3 | 13.1 | 11.6 |
| EV/OCF | -70.2 | -68.8 | -78.0 | -48.1 | 7.7 | 12.1 | 14.4 |
| EV/FCFF | -2.7 | 1.9 | 10.8 | 4.9 | 101.5 | 15.1 | 18.6 |
| P/FCFE | -23.5 | -34.2 | -60.0 | -77.1 | -230.4 | 18.1 | 23.5 |
| P/E | 14.7 | 17.6 | 13.1 | 26.8 | 25.7 | 16.4 | 14.2 |
| P/B | 1.7 | 1.4 | 2.0 | 1.8 | 3.0 | 3.0 | 2.9 |
| Target EV/EBITDA | 0.0 | 0.0 | 0.0 | 0.0 | 15.6 | 11.3 | 10.1 |
| Target EV/EBIT | 0.0 | 0.0 | 0.0 | 0.0 | 16.6 | 11.9 | 10.6 |
| Target EV/FCF | 0.0 | 0.0 | 0.0 | 0.0 | -223.8 | 17.6 | 23.3 |
| Target P/B | 0.0 | 0.0 | 0.0 | 0.0 | 2.7 | 2.7 | 2.6 |
| Target P/E | 0.0 | 0.0 | 0.0 | 0.0 | 23.4 | 14.9 | 12.9 |
| Per share measures | | | | | | | |
| Number of shares | 86,317 | 143,287 | 145,600 | 147,116 | 153,270 | 153,270 | 153,270 |
| Number of shares (diluted) | 86,317 | 143,287 | 145,600 | 147,116 | 153,270 | 153,270 | 153,270 |
| EPS | 0.06 | 0.10 | 0.10 | 0.05 | 0.09 | 0.14 | 0.16 |
| Operating cash flow per share | -0.02 | -0.02 | -0.02 | -0.03 | 0.32 | 0.20 | 0.17 |
| Free cash flow per share | -0.04 | -0.04 | -0.03 | -0.02 | -0.01 | 0.13 | 0.10 |
| Book value per share | 0.58 | 0.89 | 0.87 | 0.82 | 0.77 | 0.78 | 0.80 |
| Dividend per share | 0.07 | 0.09 | 0.11 | 0.12 | 0.13 | 0.14 | 0.15 |
| Dividend payout ratio, % | 118.6 | 90.0 | 104.9 | 218.9 | 144.6 | 99.4 | 92.1 |
| Dividend yield, % | 7.0 | 7.2 | 6.2 | 8.2 | 5.6 | 6.1 | 6.5 |
| FCF yield, % | -4.2 | -2.9 | -1.7 | -1.3 | -0.4 | 5.5 | 4.2 |
| Efficiency measures | | | | | | | |
| ROE | 10.1 | 16.1 | 12.0 | 6.5 | 11.6 | 18.2 | 20.6 |
| ROCE | 8.0 | 10.9 | 10.1 | 6.7 | 11.2 | 15.4 | 16.6 |
| Financial ratios | | | | | | | |
| Inventories as % of sales | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Receivables as % of sales | 40.9 | 379.6 | 255.5 | 157.6 | 64.8 | 47.0 | 47.0 |
| Non-interest bearing liabilities as % of sales | 41.3 | 125.0 | 77.0 | 46.7 | 50.0 | 50.0 | 50.0 |
| NWC/sales, % | -0.3 | 253.4 | 176.1 | 96.8 | 3.5 | -13.0 | -12.2 |
| Operative CAPEX/sales, % | 4.9 | 7.9 | 1.9 | -5.2 | 113.1 | 23.1 | 21.1 |
| CAPEX/sales (incl. acquisitions), % | 4.9 | 7.9 | 1.9 | -5.2 | 113.1 | 23.1 | 21.1 |
| FCFF/EBITDA | -5.8 | 6.0 | 1.2 | 3.8 | 0.2 | 0.8 | 0.6 |
| Net debt/EBITDA, book-weighted | 5.0 | 1.1 | 1.2 | 0.7 | 1.0 | 0.7 | 0.8 |
| Debt/equity, market-weighted | 0.8 | 0.4 | 0.2 | 0.3 | 0.2 | 0.2 | 0.2 |
| Equity ratio, book-weighted | 43.6 | 56.6 | 60.0 | 57.8 | 55.4 | 53.5 | 51.2 |
| Gearing, % | 73.3 | 14.7 | 19.7 | 6.9 | 17.8 | 17.8 | 22.5 |

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 | 37.483 | 10.6% |
| Ilmarinen Mutual Pension Insurance Company | 10,464,415 | 24.173 | 6.8% |
| Laakkonen Mikko Kalervo | 6,378,320 | 14.734 | 4.2% |
| Oy Inventiainvest AB | 4,723,703 | 10.912 | 3.1% |
| Varma Mutual Pension Insurance Company | 3,675,215 | 8.490 | 2.4% |
| Joensuun Kauppa ja Kone Oy | 3,511,853 | 8.112 | 2.3% |
| Vesasco Oy | 3,088,469 | 7.134 | 2.0% |
| The State Pension Fund | 2,500,000 | 5.775 | 1.6% |
| Heiwes Oy | 2,094,480 | 4.838 | 1.4% |
| Momea Invest Oy | 2,079,222 | 4.803 | 1.4% |
| Ten largest | 54,742,196 | 126.454 | 36% |
| Residual | 98,527,860 | 227.599 | 64% |
| Total | 153,270,056 | 354.054 | 100% |

EARNINGS CALENDAR

January 30, 2020

FY 2019 Results

OTHER EVENTS

March 11, 2020

AGM

COMPANY MISCELLANEOUS

CEO: Joakim Frimodig

Ludviginkatu 6, 4 fl. 01300 Helsinki

CFO: Niko Haavisto

Tel: +358 207 207 500

IR: Linda Tierala

DEFINITIONS

| | | | |
|-----------------------|--|---------------------------|---|
| P/E | $\frac{\text{Price per share}}{\text{Earnings per share}}$ | EPS | $\frac{\text{Profit before extraord. items and taxes} - \text{income taxes} + \text{minority interest}}{\text{Number of shares}}$ |
| 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, % | $\frac{\text{Profit before extraordinary items and taxes} - \text{income taxes}}{\text{Shareholder's equity} + \text{minority interest} + \text{taxed provisions (average)}}$ | | |

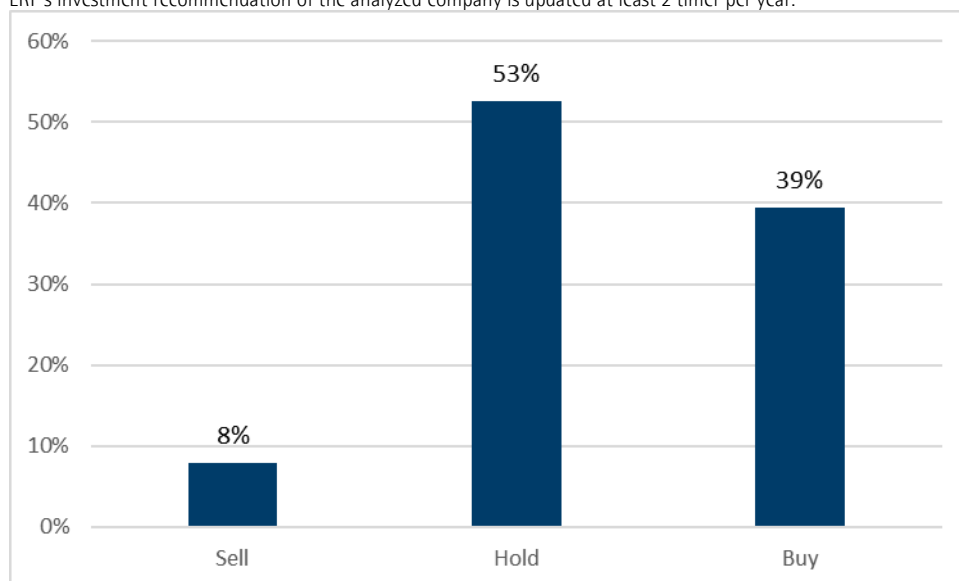
Important Disclosures

Evli Research Partners Plc ("ERP") uses 12-month target prices. Target prices are defined by utilizing analytical techniques based on financial theory including (but not limited to) discounted cash flow analysis and comparative valuation. The selection of valuation methods depends on different circumstances. Target prices may be altered on the basis of new information coming to light in the underlying company or changes in interest rates, changes in foreign exchange rates, other securities prices or market indices or outlook for the aforementioned factors or other factors that may change the conditions of financial markets. Recommendations and changes by analysts are available at [Analysts' recommendations and ratings revisions](#).

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

This research report has been prepared by Evli Research Partners Plc ("ERP" or "Evli Research"). ERP is a subsidiary of Evli Bank Plc. Production of the investment recommendation has been concluded on 27.1.2020, 8:45. This report has been published on 27.1.2020, 9:15.

None of the analysts contributing to this report, persons under their guardianship or corporations under their control have a position in the shares of the company or related securities.

The date and time for any price of financial instruments mentioned in the recommendation refer to the previous trading day's closing price(s) unless otherwise stated in the report.

Each analyst responsible for the content of this report assures that the expressed views accurately reflect the personal views of each analyst on the covered companies and securities. Each analyst assures that (s)he has not been, nor are or will be, receiving direct or indirect compensation related to the specific recommendations or views contained in this report.

Companies in the Evli Group, affiliates or staff of companies in the Evli Group, may perform services for, solicit business from, hold long or short positions in, or otherwise be interested in the investments (including derivatives) of any company mentioned in the publication or report.

Neither ERP nor any company within the Evli Group have managed or co-managed a public offering of the company's securities during the last 12 months prior to, received compensation for investment banking services from the company during the last 12 months prior to the publication of the research report.

ERP has signed an agreement with the issuer of the financial instruments mentioned in the recommendation, which includes production of research reports. This assignment has a limited economic and financial impact on ERP and/or Evli. Under the assignment ERP performs services including, but not limited to, arranging investor meetings or –events, investor relations communication advisory and production of research material.

ERP or another company within the Evli Group does not have an agreement with the company to perform market making or liquidity providing services.

For the prevention and avoidance of conflicts of interests with respect to this report, there is an information barrier (Chinese wall) between Investment

Research and Corporate Finance units concerning unpublished investment banking services to the company. The remuneration of the analyst(s) is not tied directly or indirectly to investment banking transactions or other services performed by Evli Bank Plc or any company within Evli Group.

This report has been disclosed to the company prior to its dissemination. The company has not made any amendments to its contents. Selected portions of the report were provided to the company for fact checking purposes only.

This report is provided and intended for informational purposes only and may not be used or considered under any circumstances as an offer to sell or buy any securities or as advice to trade any securities.

This report is based on sources ERP considers to be correct and reliable. The sources include information providers Reuters and Bloomberg, stock-exchange releases from the companies and other company news, Statistics Finland and articles in newspapers and magazines. However, ERP does not guarantee the materialization, correctness, accuracy or completeness of the information, opinions, estimates or forecasts expressed or implied in the report. In addition, circumstantial changes may have an influence on opinions and estimates presented in this report. The opinions and estimates presented are valid at the moment of their publication and they can be changed without a separate announcement. Neither ERP nor any company within the Evli Group are responsible for amending, correcting or updating any information, opinions or estimates contained in this report. Neither ERP nor any company within the Evli Group will compensate any direct or consequential loss caused by or derived from the use of the information represented in this publication.

All information published in this report is for the original recipient's private and internal use only. ERP reserves all rights to the report. No part of this publication may be reproduced or transmitted in any form or by any means, electronic, mechanical, photocopying, recording or otherwise, or stored in any retrieval system of any nature, without the written permission of ERP.

This report or its copy may not be published or distributed in Australia, Canada, Hong Kong, Japan, New Zealand, Singapore or South Africa. The publication or distribution of this report in certain other jurisdictions may also be restricted by law. Persons into whose possession this report comes are required to inform themselves about and to observe any such restrictions.

Evli Bank Plc is not registered as a broker-dealer with the U. S. Securities and Exchange Commission ("SEC"), and it and its analysts are not subject to SEC rules on securities analysts' certification as to the currency of their views reflected in the research report. Evli Bank is not a member of the Financial Industry Regulatory Authority ("FINRA"). It and its securities analysts are not subject to FINRA's rules on Communications with the Public and Research Analysts and Research Reports and the attendant requirements for fairness, balance and disclosure of potential conflicts of interest. This research report is only being offered in U.S. by Auerbach Grayson & Company, LLC (Auerbach Grayson) to Major U.S. Institutional Investors and is not available to, and should not be used by, any U.S. person or entity that is not a Major U.S. Institutional Investor. Auerbach Grayson is a broker-dealer registered with the U.S. Securities and Exchange Commission and is a member of the FINRA. U.S. entities seeking more information about any of the issuers or securities discussed in this report should contact Auerbach Grayson. The securities of non-U.S. issuers may not be registered with or subject to SEC reporting and other requirements.

ERP is not a supervised entity but its parent company Evli Bank Plc is supervised by the Finnish Financial Supervision Authority.

Contact information**SALES, TRADING AND RESEARCH****Equity Sales**

Ari Laine +358 9 4766 9115
Lauri Ahokanto +358 9 4766 9117
Niclas Henelius +358 9 4766 9116

Trading

Lauri Vehkaluoto (Head) +358 9 4766 9120
Pasi Väisänen +358 9 4766 9120
Antti Kässi +358 9 4766 9120
Miika Ronkanen +358 9 4766 9120

ETFs and Derivatives

Joachim Dannberg +358 9 4766 9123
Kimmo Lijja +358 9 4766 9130

Structured Investments

Heikki Savijoki +358 9 4766 9726
Aki Lakkisto +358 9 4766 9123

Equity Research

Jonas Forslund +358 9 4766 9314
Joonas Ilvonen +358 44 430 9071
Jerker Salokivi +358 9 4766 9149
Anna-Liisa Rissanen +358 40 157 9919

Evli Investment Solutions

Johannes Asuja +358 9 4766 9205
Markku Reinikainen +358 9 4766 9669



EVLI BANK PLC
Aleksanterinkatu 19 A
P.O. Box 1081
FIN-00101 Helsinki, FINLAND
Phone +358 9 476 690
Fax +358 9 634 382
Internet www.evli.com
E-mail firstname.lastname@evli.com

**EVLI BANK PLC,
STOCKHOLMSFILIAL**
Regeringsgatan 67 P.O. Box 16354
SE-103 26 Stockholm
Sverige
stockholm@evli.com
Tel +46 (0)8 407 8000
Fax +46 (0)8 407 8001