

## Strong Q4 bodes well for 2021

CapMan posted strong and clearly better than expected Q4 results, ending the slightly challenging year on a clear positive note. In our view most importantly management fees increased clearly, providing good support for fee-based profitability in 2021. We have raised our 2021-2022E EBIT estimates by some 20%.

### Strong fourth quarter beating our expectations

CapMan's Q4 results were strong and clearly better than expected. Revenue amounted to EUR 13.4m (Evli/cons. EUR 10.6m/10.7m) and the operating profit to EUR 9.7m (Evli/cons. 4.4m/5.1m). The earnings beat was mainly attributable to higher than expected fair value changes (act./Evli EUR 7.0m/3.4m). More importantly and frankly also quite surprisingly management fees also grew clearly from previous quarters. Management fees grew to EUR 9.7m (Evli EUR 7.5m) and the Management Company business EBIT as such beat our expectations (act./Evli EUR 3.6m/2.0m). CapMan expectedly proposed a dividend distribution of EUR 0.14 per share, to be paid in two instalments.

### 2021-2022E EBIT estimates raised by some 20%

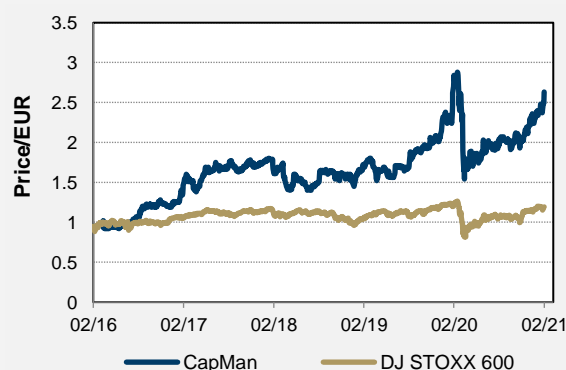
We have made larger revisions to our estimates and raised our 2021-2022E EBIT estimates by some 20%. We have clearly raised our estimates for management fees, with clear momentum being gained, and as such also fee-based profitability. Our investment business return estimates remain somewhat conservative given the solid Q4 returns (without larger exits), as we are not yet convinced of a clear level shift. We still assume that carried interest will be earned during 2021E, although COVID-19 has had a dent on the progress and timing is still highly uncertain. On Group level in 2021 we expect CapMan to post much stronger results than in 2020 with across the board improvements. Our 2021 EBIT estimate is at EUR 38.2m (2019: EUR 12.3m).

### HOLD with a target price of EUR 2.70 (2.40)

Based on our estimates revisions we adjust our target price to EUR 2.70 (2.40). Current valuation still leaves some upside potential, but we still see some need for more evidence on higher earnings levels. We retain our HOLD-rating.

Rating

HOLD



Share price, EUR (Last trading day's closing price) 2.63

Target price, EUR 2.7

Latest change in recommendation 02-Feb-21

Latest report on company 02-Feb-21

Research paid by issuer: YES

No. of shares outstanding, '000's 156,459

No. of shares fully diluted, '000's 156,459

Market cap, EURm 411

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-Apr-21

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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
2019	49.0	19.4	39.6%	-6.8	0.09	25.4	7.7	19.4	-1.9	0.13
2020	43.0	12.3	28.7%	9.9	0.03	70.6	9.1	31.7	2.7	0.14
2021E	59.5	38.2	64.3%	12.7	0.19	13.9	7.5	11.7	3.1	0.15
2022E	71.5	50.1	70.1%	27.5	0.26	10.3	6.2	8.9	6.7	0.16
2023E	69.6	47.3	67.9%	37.8	0.24	11.0	6.2	9.1	9.2	0.18
Market cap, EURm			411	Gearing 2021E, %		28.7	CAGR EPS 2020-23, %			93.9
Net debt 2021E, EURm			35	Price/book 2021E		3.4	CAGR sales 2020-23, %			17.4
Enterprise value, EURm			449	Dividend yield 2021E, %		5.7	ROE 2021E, %			25.4
Total assets 2021E, EURm			237	Tax rate 2021E, %		10.0	ROCE 2021E, %			18.9
Goodwill 2021E, EURm			15	Equity ratio 2021E, %		50.9	PEG, P/E 21/CAGR			3.1

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

CapMan	2019	Q1/'20	Q2/'20	Q3/'20	Q4/'20	2020	Q1/'21E	Q2/'21E	Q3/'21E	Q4/'21E	2021E	2022E	2023E
Management fees	24.9	6.9	5.9	6.6	9.7	29.0	8.9	8.0	9.0	11.6	37.7	41.4	43.1
Sale of services	17.2	5.0	2.5	2.2	3.5	13.1	3.4	3.6	3.3	4.6	14.8	16.8	19.1
Carried interest	6.9	0.1	0.4	0.1	0.3	0.9	0.2	0.2	2.8	3.8	7.0	13.3	7.4
Dividend and interest 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
<b>Revenue</b>	<b>49.0</b>	<b>12.0</b>	<b>8.7</b>	<b>8.9</b>	<b>13.4</b>	<b>43.0</b>	<b>12.5</b>	<b>11.9</b>	<b>15.1</b>	<b>20.0</b>	<b>59.5</b>	<b>71.5</b>	<b>69.6</b>
<i>change, %</i>	<i>36.1%</i>	<i>28.7%</i>	<i>-34.8%</i>	<i>-8.2%</i>	<i>-19.2%</i>	<i>-12.2%</i>	<i>4.7%</i>	<i>36.4%</i>	<i>69.3%</i>	<i>48.9%</i>	<i>38.3%</i>	<i>20.2%</i>	<i>-2.7%</i>
Other operating income	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.1	0.1
Personnel expenses	-24.2	-6.3	-5.2	-4.9	-7.5	-23.9	-5.5	-5.6	-5.1	-8.8	-25.2	-26.5	-27.8
Other operating expenses	-12.1	-2.8	-2.2	-1.9	-2.8	-9.7	-2.4	-2.4	-2.1	-3.1	-10.0	-10.5	-11.0
Depreciation and amortisation	-5.6	-0.3	-0.4	-0.3	-0.4	-1.5	-0.4	-0.4	-0.4	-0.5	-1.6	-1.7	-1.7
Fair value changes	12.3	-8.4	3.2	2.6	7.0	4.4	3.5	4.0	3.4	4.3	15.4	17.2	18.1
<b>Operating profit</b>	<b>19.4</b>	<b>-6.0</b>	<b>4.1</b>	<b>4.5</b>	<b>9.7</b>	<b>12.3</b>	<b>7.8</b>	<b>7.5</b>	<b>11.0</b>	<b>11.9</b>	<b>38.2</b>	<b>50.1</b>	<b>47.3</b>
<i>Operating profit margin, %</i>	<i>39.6%</i>	<i>-50.1%</i>	<i>47.5%</i>	<i>50.0%</i>	<i>72.5%</i>	<i>28.7%</i>	<i>62.3%</i>	<i>63.5%</i>	<i>72.7%</i>	<i>59.7%</i>	<i>64.3%</i>	<i>70.1%</i>	<i>67.9%</i>
Items affecting comparability	5.7	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>Adj. operating profit</b>	<b>25.0</b>	<b>-6.0</b>	<b>4.1</b>	<b>4.5</b>	<b>9.7</b>	<b>12.3</b>	<b>7.8</b>	<b>7.5</b>	<b>11.0</b>	<b>11.9</b>	<b>38.2</b>	<b>50.1</b>	<b>47.3</b>
Net financials	-1.8	-0.6	-0.7	-0.7	-1.1	-3.1	-0.8	-0.8	-0.9	-1.1	-3.6	-3.8	-3.6
<b>Pre-tax profit</b>	<b>17.6</b>	<b>-6.5</b>	<b>3.4</b>	<b>3.7</b>	<b>8.6</b>	<b>9.2</b>	<b>7.0</b>	<b>6.7</b>	<b>10.1</b>	<b>10.8</b>	<b>34.7</b>	<b>46.3</b>	<b>43.6</b>
Income taxes	-1.7	-0.9	-0.3	-0.4	-1.4	-2.9	-0.7	-0.7	-1.0	-1.1	-3.5	-4.6	-4.4
Minority interest	-1.9	-0.9	0.2	-0.1	-0.4	-1.1	-0.3	-0.3	-0.5	-0.5	-1.6	-1.8	-1.8
<b>Profit for the period</b>	<b>13.9</b>	<b>-8.3</b>	<b>3.3</b>	<b>3.3</b>	<b>6.8</b>	<b>6.3</b>	<b>6.0</b>	<b>5.8</b>	<b>8.6</b>	<b>9.3</b>	<b>29.6</b>	<b>39.9</b>	<b>37.5</b>
EPS, EUR	0.09	-0.05	0.02	0.02	0.04	0.04	0.04	0.04	0.06	0.06	0.19	0.26	0.24
<b>Assets under management</b>	<b>3245</b>	<b>3225</b>	<b>3151</b>	<b>3577</b>	<b>3827</b>	<b>3827</b>					<b>4 100</b>	<b>4 250</b>	<b>4 300</b>
<b>Management Company business</b>	<b>2019</b>	<b>Q1/'20</b>	<b>Q2/'20</b>	<b>Q3/'20</b>	<b>Q4/'20</b>	<b>2020</b>	<b>Q1/'21E</b>	<b>Q2/'21E</b>	<b>Q3/'21E</b>	<b>Q4/'21E</b>	<b>2021E</b>	<b>2022E</b>	<b>2023E</b>
Revenue	32.8	7.2	6.5	7.0	10.3	30.9	9.4	8.5	12.1	15.7	45.7	55.7	51.5
Operating profit	6.0	1.9	1.6	2.1	3.6	9.1	3.9	3.1	6.8	8.0	21.7	30.3	24.8
<b>Investment business</b>	<b>2019</b>	<b>Q1/'20</b>	<b>Q2/'20</b>	<b>Q3/'20</b>	<b>Q4/'20</b>	<b>2020</b>	<b>Q1/'21E</b>	<b>Q2/'21E</b>	<b>Q3/'21E</b>	<b>Q4/'21E</b>	<b>2021E</b>	<b>2022E</b>	<b>2023E</b>
Revenue	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
Operating profit	10.2	-8.4	2.8	2.6	7.0	4.0	3.4	3.9	3.3	4.2	14.8	16.8	17.7
<b>Services business</b>	<b>2019</b>	<b>Q1/'20</b>	<b>Q2/'20</b>	<b>Q3/'20</b>	<b>Q4/'20</b>	<b>2020</b>	<b>Q1/'21E</b>	<b>Q2/'21E</b>	<b>Q3/'21E</b>	<b>Q4/'21E</b>	<b>2021E</b>	<b>2022E</b>	<b>2023E</b>
Revenue	15.7	4.8	2.2	1.8	2.6	11.4	3.1	3.4	2.9	3.7	13.1	15.0	17.2
Operating profit	9.1	3.0	0.5	0.6	1.0	5.0	1.3	1.5	1.6	1.7	6.0	7.7	9.6
<b>Other</b>	<b>2019</b>	<b>Q1/'20</b>	<b>Q2/'20</b>	<b>Q3/'20</b>	<b>Q4/'20</b>	<b>2020</b>	<b>Q1/'21E</b>	<b>Q2/'21E</b>	<b>Q3/'21E</b>	<b>Q4/'21E</b>	<b>2021E</b>	<b>2022E</b>	<b>2023E</b>
Revenue	0.5	0.0	0.0	0.1	0.6	0.7	0.0	0.0	0.1	0.6	0.7	0.8	0.8
Operating profit	-5.9	-2.4	-0.7	-0.8	-1.8	-5.7	-0.9	-0.9	-0.7	-1.9	-4.4	-4.6	-4.8

Source: CapMan, Evli Research estimates

**VALUATION**

SOTP	Implied value (EURm)	Per share (EUR)	Notes
Management Company (excl. carry)	251	1.60	17x 2021E EBIT EUR 14.8m
Services business	60	0.39	10x 2021E EBIT EUR 6m
Investment business	175	1.12	Q4/20
Carried interest	33	0.21	DCF
Corporate functions	-44	-0.28	10x 2021E EBIT EUR -4.4m
<b>Total debt</b>	<b>-85</b>	<b>-0.54</b>	<b>Q4/20</b>
<b>Equity value (SOTP)</b>	<b>391</b>	<b>2.50</b>	
<b>Peer multiples</b>			
EV/EBIT 2021E		3.80	
P/E 2021E		3.30	
Div. yield 2021E		3.20	
<b>Target price</b>		<b>2.70</b>	

Source: Evli Research, Factset (peer multiples)

Investment Management Companies	MCAP MEUR	EV/EBIT			P/E			Div. yield		
		20	21	22	20	21	22	20	21	22
Institut de Developpement	295	14.2x	12.9x	12.7x	15.1x	14.1x	12.4x	4.6 %	4.6 %	4.6 %
Deutsche Beteiligungs	556		11.5x	7.8x		11.7x	7.8x	2.4 %	3.1 %	3.6 %
Mutares	248	6.4x	1.3x	19.8x	31.3x		21.0x	7.4 %	7.0 %	6.2 %
3i Group Plc	12435	8.5x	6.4x	6.1x	8.2x	6.6x	6.4x	3.2 %	3.6 %	3.9 %
Eurazeo	4440	45.1x	15.7x	14.7x	349.8x	16.4x	9.6x	2.4 %	2.5 %	2.7 %
Ratos	1240							2.7 %	2.2 %	3.2 %
Partners Group Holding	26131	33.9x	27.6x	24.0x	41.3x	30.9x	27.0x	2.4 %	2.5 %	2.7 %
Peer Group Average	3612	<b>21.6x</b>	<b>12.6x</b>	<b>14.2x</b>	<b>89.1x</b>	<b>15.9x</b>	<b>14.0x</b>	<b>3.6 %</b>	<b>3.6 %</b>	<b>3.8 %</b>
Peer Group Median	367	<b>14.2x</b>	<b>12.2x</b>	<b>13.7x</b>	<b>31.3x</b>	<b>14.1x</b>	<b>11.0x</b>	<b>2.7 %</b>	<b>3.1 %</b>	<b>3.6 %</b>
CapMan (Evli est.)	<b>411</b>	<b>11.7x</b>	<b>8.8x</b>	<b>9.1x</b>	<b>13.9x</b>	<b>10.3x</b>	<b>11.0x</b>	<b>5.7 %</b>	<b>6.1 %</b>	<b>6.8 %</b>

CapMan prem./disc. to peer median -18% -28% -33% -56% -27% 0% 110% 99% 92%

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	680	22.4x	17.8x	17.1x	28.0x	21.7x	20.9x	3.6 %	4.7 %	4.8 %
Taaleri Plc	232	16.9x	12.4x	9.2x	17.6x	12.2x	9.3x	4.1 %	4.6 %	5.1 %
Evli Bank	367	3.4x	5.1x	4.6x	17.6x	14.9x	12.7x	4.7 %	6.3 %	7.5 %
United Bankers Oyj	139	12.3x	16.4x	14.1x	18.8x	20.7x	17.9x	4.1 %	4.1 %	4.5 %
EAB Group	44	93.0x	18.0x	13.8x	158.0x	20.4x	14.8x	0.5 %	2.8 %	3.5 %
Titanium Oyj	147				15.4x	13.6x	12.4x	5.6 %	6.3 %	6.6 %
Peer Group Average	<b>268</b>	<b>29.6x</b>	<b>14.0x</b>	<b>11.8x</b>	<b>42.6x</b>	<b>17.2x</b>	<b>14.7x</b>	<b>3.8 %</b>	<b>4.8 %</b>	<b>5.3 %</b>
Peer Group Median	<b>189</b>	<b>16.9x</b>	<b>16.4x</b>	<b>13.8x</b>	<b>18.2x</b>	<b>17.6x</b>	<b>13.8x</b>	<b>4.1 %</b>	<b>4.7 %</b>	<b>5.0 %</b>
CapMan (Evli est.)	<b>411</b>	<b>11.7x</b>	<b>8.8x</b>	<b>9.1x</b>	<b>13.9x</b>	<b>10.3x</b>	<b>11.0x</b>	<b>5.7 %</b>	<b>6.1 %</b>	<b>6.8 %</b>

CapMan prem./disc. to peer median -31% -46% -34% -24% -42% -20% 39% 30% 37%

Source FactSet, Evli Research

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC	
Current share price	2.63 PV of Free Cash Flow	252 Long-term growth, %	2.0 Risk-free interest rate, %	2.25
DCF share value	3.73 PV of Horizon value	360 WACC, %	7.9 Market risk premium, %	5.8
Share price potential, %	41.9 Unconsolidated equity	-3 Spread, %	0.5 Debt risk premium, %	2.8
Maximum value	4.1 Marketable securities	58 Minimum WACC, %	7.4 Equity beta coefficient	1.10
Minimum value	3.4 Debt - dividend	-84 Maximum WACC, %	8.4 Target debt ratio, %	30
Horizon value, %	58.8 Value of stock	584 Nr of shares, Mn	156.5 Effective tax rate, %	20

DCF valuation, EURm	2020	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	Horizon
Net sales	43	59	71	70	71	73	75	77	79	81	82	84
<i>Sales growth, %</i>	-12.2	38.3	20.2	-2.7	2.5	2.5	2.5	2.5	2.5	2.5	2.0	2.0
Operating income (EBIT)	12	38	50	47	43	44	45	46	47	48	49	50
<i>Operating income margin, %</i>	28.7	64.3	70.1	67.9	60.0	60.0	60.0	60.0	60.0	60.0	60.0	60.0
+ Depreciation+amort.	2	0	0	0	0	0	0	0	0	0	0	0
EBITDA	14	38	50	48	43	44	45	46	48	49	50	
- Paid taxes	-2	-4	-5	-5	-4	-4	-4	-5	-5	-5	-5	
- Change in NWC	2	-2	-1	0	0	0	0	0	0	0	0	
<i>NWC / Sales, %</i>	9.6	9.7	10.1	10.0	10.1	10.1	10.1	10.2	10.2	10.3	10.3	
+ Change in other liabs	0	0	0	0	0	0	0	0	0	0	0	
- Operative CAPEX	0	-15	-11	0	0	0	0	0	0	0	0	
<i>opCAPEX / Sales, %</i>	1.8	26.0	15.7	0.3	0.7	0.7	0.7	0.7	0.7	0.7	0.7	
- Acquisitions	0	0	0	0	0	0	0	0	0	0	0	
+ Divestments	0	0	0	0	0	0	0	0	0	0	0	
- Other items	0	0	0	0	0	0	0	0	0	0	0	
= FCFF	14	18	33	43	38	39	40	41	42	43	44	764
= Discounted FCFF		17	29	34	28	27	26	24	23	22	21	360
= DFCF min WACC		17	29	35	29	28	26	25	24	23	22	412
= DFCF max WACC		17	29	34	28	26	25	24	22	21	20	317

## INTERIM FIGURES

EVLI ESTIMATES, EURm	2020Q1	2020Q2	2020Q3	2020Q4	2020	2021Q1E	2021Q2E	2021Q3E	2021Q4E	2021E	2022E	2023E
Net sales	12.0	8.7	8.9	13.4	43.0	12.5	11.9	15.1	20.0	59.5	71.5	69.6
EBITDA	-5.6	4.5	4.8	10.2	13.9	7.9	7.6	11.0	12.0	38.5	50.4	47.6
<i>EBITDA margin (%)</i>	<i>-47.2</i>	<i>51.9</i>	<i>53.9</i>	<i>75.9</i>	<i>32.2</i>	<i>62.7</i>	<i>63.9</i>	<i>73.0</i>	<i>60.0</i>	<i>64.7</i>	<i>70.6</i>	<i>68.4</i>
EBIT	-6.0	4.1	4.5	9.7	12.3	7.8	7.5	11.0	11.9	38.2	50.1	47.3
<i>EBIT margin (%)</i>	<i>-50.1</i>	<i>47.5</i>	<i>50.0</i>	<i>72.5</i>	<i>28.7</i>	<i>62.3</i>	<i>63.5</i>	<i>72.7</i>	<i>59.7</i>	<i>64.3</i>	<i>70.1</i>	<i>67.9</i>
Net financial items	-0.6	-0.7	-0.7	-1.1	-3.1	-0.8	-0.8	-0.9	-1.1	-3.6	-3.8	-3.6
Pre-tax profit	-6.5	3.4	3.8	8.6	9.2	7.0	6.7	10.1	10.8	34.7	46.3	43.6
Tax	-0.9	-0.3	-0.4	-1.4	-2.9	-0.7	-0.7	-1.0	-1.1	-3.5	-4.6	-4.4
<i>Tax rate (%)</i>	<i>-13.4</i>	<i>9.6</i>	<i>9.5</i>	<i>16.1</i>	<i>31.9</i>	<i>10.0</i>	<i>10.0</i>	<i>10.0</i>	<i>10.0</i>	<i>10.0</i>	<i>10.0</i>	<i>10.0</i>
Net profit	-8.3	3.3	3.3	6.8	5.1	6.0	5.8	8.6	9.3	29.6	39.9	37.5
EPS	-0.05	0.02	0.02	0.04	0.03	0.04	0.04	0.06	0.06	0.19	0.26	0.24
EPS adjusted (diluted no. of shares)	-0.05	0.02	0.02	0.04	0.03	0.04	0.04	0.06	0.06	0.19	0.26	0.24
Dividend per share	0.00	0.00	0.00	0.00	0.14	0.00	0.00	0.00	0.00	0.15	0.16	0.18
<b>SALES, EURm</b>												
Management Company business	7.2	6.5	7.0	10.3	30.9	9.4	8.5	12.1	15.7	45.7	55.7	51.5
Service business	4.8	2.2	1.8	2.6	11.4	3.1	3.4	2.9	3.7	13.1	15.0	17.2
Other & eliminations	0.0	0.0	0.1	0.6	0.7	0.0	0.0	0.1	0.6	0.7	0.8	0.8
Total	12.0	8.7	8.9	13.4	43.0	12.5	11.9	15.1	20.0	59.5	71.5	69.6
<b>SALES GROWTH, Y/Y %</b>												
Management Company business	12.2	1.5	0.3	-21.1	-5.6	30.5	30.7	72.9	53.2	47.7	22.0	-7.5
Service business	66.1	-68.2	-33.6	-18.7	-27.6	-34.1	53.4	58.8	41.8	14.9	14.9	14.9
Other & eliminations	-69.6	-41.7	0.0	30.9	41.2	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Total	28.7	-34.8	-8.2	-19.3	-12.2	4.7	36.4	69.3	48.9	38.3	20.2	-2.7
<b>EBIT, EURm</b>												
Management Company business	1.9	1.6	2.1	3.6	9.1	3.9	3.1	6.8	8.0	21.7	30.3	24.8
Investment business	-8.4	2.8	2.6	7.0	4.0	3.4	3.9	3.3	4.2	14.8	16.8	17.7
Service business	3.0	0.5	0.6	1.0	5.0	1.3	1.5	1.6	1.7	6.0	7.7	9.6
Other & eliminations	-2.4	-0.7	-0.8	-1.8	-5.7	-0.9	-0.9	-0.7	-1.9	-4.4	-4.6	-4.8
Total	-6.0	4.1	4.5	9.7	12.3	7.8	7.5	11.0	11.9	38.2	50.1	47.3
<b>EBIT margin, %</b>												
Management Company business	25.9	24.5	29.7	34.7	29.4	41.8	36.2	56.0	50.7	47.6	54.3	48.2
Service business	62.2	20.5	35.9	37.2	44.2	42.7	43.0	55.6	45.2	46.3	51.2	55.5
Other & eliminations	-33,814.3	-3,300.0	-850.0	-322.4	-824.9	-12,144.9	-3,981.6	-661.9	-319.2	-597.9	-597.9	-597.9
Total	-50.1	47.5	50.0	72.5	28.7	62.3	63.5	72.7	59.7	64.3	70.1	67.9

INCOME STATEMENT, EURm	2016	2017	2018	2019	2020	2021E	2022E	2023E
Sales	26.7	34.8	36.0	49.0	43.0	59.5	71.5	69.6
<i>Sales growth (%)</i>	<i>-16.0</i>	<i>30.6</i>	<i>3.3</i>	<i>36.1</i>	<i>-12.2</i>	<i>38.3</i>	<i>20.2</i>	<i>-2.7</i>
EBITDA	18.9	21.2	12.2	25.0	13.9	38.5	50.4	47.6
<i>EBITDA margin (%)</i>	<i>71.0</i>	<i>61.0</i>	<i>33.8</i>	<i>51.0</i>	<i>32.2</i>	<i>64.7</i>	<i>70.6</i>	<i>68.4</i>
Depreciation	-0.3	-0.3	-0.2	-1.4	-1.5	-0.2	-0.3	-0.4
EBITA	18.7	21.0	12.0	23.6	12.3	38.2	50.1	47.3
Goodwill amortization / writedown	0.0	-1.5	0.0	-4.2	0.0	0.0	0.0	0.0
EBIT	18.7	19.5	12.0	19.4	12.3	38.2	50.1	47.3
<i>EBIT margin (%)</i>	<i>70.0</i>	<i>55.9</i>	<i>33.2</i>	<i>39.6</i>	<i>28.7</i>	<i>64.3</i>	<i>70.1</i>	<i>67.9</i>
Reported EBIT	18.7	19.5	12.0	19.4	12.3	38.2	50.1	47.3
<i>EBIT margin (reported) (%)</i>	<i>70.0</i>	<i>55.9</i>	<i>33.2</i>	<i>39.6</i>	<i>28.7</i>	<i>64.3</i>	<i>70.1</i>	<i>67.9</i>
Net financials	-3.1	-3.3	-2.7	-1.8	-3.1	-3.6	-3.8	-3.6
Pre-tax profit	15.5	16.2	9.3	17.6	9.2	34.7	46.3	43.6
Taxes	-0.2	-0.8	-0.8	-1.7	-2.9	-3.5	-4.6	-4.4
Minority shares	0.0	0.0	-0.4	-1.9	-1.1	-1.6	-1.8	-1.8
Net profit	14.3	15.3	8.1	14.0	5.1	29.6	39.9	37.5
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	95	93	88	120	117	132	142	142
Goodwill	6	5	5	15	15	15	15	15
Right of use assets	0	0	3	3	2	3	4	4
Inventory	0	0	0	0	0	0	0	0
Receivables	101	89	57	31	23	32	38	37
Liquid funds	45	23	55	44	58	53	64	62
Total assets	253	211	209	217	219	237	266	263
<b>Liabilities</b>								
Shareholder's equity	128	127	121	127	113	120	137	149
Minority interest	0	0	0	2	1	1	1	1
Convertibles	15	0	0	0	0	0	0	0
Lease liabilities	0	0	3	3	2	3	4	4
Deferred taxes	10	9	3	2	3	3	3	3
Interest bearing debt	66	48	60	57	81	84	90	76
Non-interest bearing current liabilities	33	27	17	20	18	25	30	29
Other interest-free debt	0	1	5	5	1	1	1	1
Total liabilities	253	211	209	217	219	237	266	263
<b>CASH FLOW, EURm</b>								
+ EBITDA	19	21	12	25	14	38	50	48
- Net financial items	-3	-3	-3	-2	-3	-4	-4	-4
- Taxes	0	-2	-3	-5	-1	-3	-5	-4
- Increase in Net Working Capital	5	-2	-7	-3	2	-2	-1	0
+/- Other	-23	-18	-4	-16	-1	-2	-2	-2
= Cash flow from operations	-3	-4	-5	0	11	28	39	38
- Capex	-2	-1	2	-6	-1	-15	-11	0
- Acquisitions	0	0	-8	-1	0	0	0	0
+ Divestments	0	0	0	0	0	0	0	0
= Free cash flow	-5	-4	-11	-7	10	13	28	38
+/- New issues/buybacks	70	-4	2	12	-1	0	0	0
- Paid dividend	-6	-13	-16	-18	-20	-22	-23	-25
+/- Other	-35	-1	56	1	26	4	7	-14
Change in cash	23	-22	31	-11	14	-5	11	-2

KEY FIGURES	2017	2018	2019	2020	2021E	2022E	2023E
M-cap	258	216	354	363	411	411	411
Net debt (excl. convertibles)	25	8	16	26	35	31	18
Enterprise value	283	225	377	391	449	444	431
Sales	35	36	49	43	59	71	70
EBITDA	21	12	25	14	38	50	48
EBIT	19	12	19	12	38	50	47
Pre-tax	16	9	18	9	35	46	44
Earnings	15	8	14	5	30	40	37
Equity book value (excl. minorities)	127	121	127	113	120	137	149
<b>Valuation multiples</b>							
EV/sales	8.1	6.3	7.7	9.1	7.5	6.2	6.2
EV/EBITDA	13.3	18.5	15.1	28.2	11.7	8.8	9.1
EV/EBITA	13.5	18.9	15.9	31.7	11.7	8.9	9.1
EV/EBIT	14.5	18.9	19.4	31.7	11.7	8.9	9.1
EV/OCF	-78.0	-48.1	-1,037.5	36.6	15.9	11.5	11.3
EV/FCFF	10.8	4.9	23.7	28.1	24.3	13.3	10.1
P/FCFE	-60.0	-19.3	-52.3	36.7	32.3	14.9	10.9
P/E	13.1	26.8	25.4	70.6	13.9	10.3	11.0
P/B	2.0	1.8	2.8	3.2	3.4	3.0	2.8
Target EV/EBITDA	0.0	0.0	0.0	0.0	11.9	9.0	9.3
Target EV/EBIT	0.0	0.0	0.0	0.0	12.0	9.0	9.3
Target EV/FCF	0.0	0.0	0.0	0.0	35.9	16.5	11.7
Target P/B	0.0	0.0	0.0	0.0	3.5	3.1	2.8
Target P/E	0.0	0.0	0.0	0.0	14.3	10.6	11.3
<b>Per share measures</b>							
Number of shares	145,600	147,116	153,755	156,459	156,459	156,459	156,459
Number of shares (diluted)	145,600	147,116	153,755	156,459	156,459	156,459	156,459
EPS	0.10	0.05	0.09	0.03	0.19	0.26	0.24
Operating cash flow per share	-0.02	-0.03	0.00	0.07	0.18	0.25	0.24
Free cash flow per share	-0.03	-0.08	-0.04	0.06	0.08	0.18	0.24
Book value per share	0.87	0.82	0.83	0.72	0.77	0.87	0.95
Dividend per share	0.11	0.12	0.13	0.14	0.15	0.16	0.18
Dividend payout ratio, %	104.9	218.9	143.1	426.1	79.3	62.7	75.0
Dividend yield, %	6.2	8.2	5.6	5.3	5.7	6.1	6.8
FCF yield, %	-1.7	-5.2	-1.9	2.7	3.1	6.7	9.2
<b>Efficiency measures</b>							
ROE	12.0	6.5	11.3	4.3	25.4	31.1	26.2
ROCE	10.1	6.7	10.4	6.4	18.9	22.8	20.5
<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	255.5	157.6	63.2	54.5	53.7	53.7	53.7
Non-interest bearing liabilities as % of sales	77.0	46.7	41.2	41.9	41.9	41.9	41.9
NWC/sales, %	176.1	96.8	12.9	9.6	9.7	10.1	10.0
Operative CAPEX/sales, %	1.9	-5.2	12.0	1.8	26.0	15.7	0.3
CAPEX/sales (incl. acquisitions), %	1.9	-28.6	10.9	1.8	26.0	15.7	0.3
FCFF/EBITDA	1.2	3.8	0.6	1.0	0.5	0.7	0.9
Net debt/EBITDA, book-weighted	1.2	0.7	0.7	1.8	0.9	0.6	0.4
Debt/equity, market-weighted	0.2	0.3	0.2	0.2	0.2	0.2	0.2
Equity ratio, book-weighted	60.0	57.8	59.8	51.8	50.9	51.7	57.0
Gearing, %	19.7	6.9	12.6	22.5	28.7	22.3	11.9

**COMPANY DESCRIPTION:** CapMan is a leading Nordic asset management and investment company. CapMan manages over EUR 3.5 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	42.676	10.4%
Ilmarinen Mutual Pension Insurance Company	10,318,326	27.137	6.6%
Laakkonen Mikko Kalervo	6,378,320	16.775	4.1%
Oy Inventiainvest AB	4,723,703	12.423	3.0%
Varma Mutual Pension Insurance Company	3,675,215	9.666	2.3%
Kyösti Kakkonen	3,289,502	8.651	2.1%
Vesasco Oy	3,088,469	8.123	2.0%
The State Pension Fund	2,500,000	6.575	1.6%
Nordea Funds	2,155,574	5.669	1.4%
Momea Invest Oy	2,150,000	5.655	1.4%
Ten largest	54,505,628	143.350	35%
Residual	101,953,342	268.137	65%
Total	156,458,970	411.487	100%

EARNINGS CALENDAR	
April 29, 2021	Q1 report
August 05, 2021	Q2 report
October 27, 2021	Q3 report
OTHER EVENTS	
March 17, 2021	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	15%
Hold	58%
Buy	27%

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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