

Market volatility visible in segment results

Taaleri's group income in H2/2018 amounted to EUR 37.3m (Evli 37.9m) and EBIT to EUR 11.5m (Evli EUR 10.7m). EBIT in Wealth Management declined largely due to declines in performance fees while the market volatility affected investment income in Financing. Group EBIT was aided by the listing of Fellow Finance.

- Income in H2 amounted to EUR 37.3m (EUR 42.3m in H2/17), in line with our estimates (Evli EUR 37.9m). The group's continuing earnings grew 5.4 per cent.
- EBIT in H2 was EUR 11.5m (EUR 11.6m in H2/17), slightly above our estimates (Evli EUR 10.7m). Taaleri had pre-announced the EBIT -margin in 2018 to be at similar levels to 2017.
- The Wealth Management segments income in H2 was EUR 19m (H2/17 EUR 30.7) and EBIT EUR 2.7m (H2/17 EUR 8.8m). EBIT was affected by declines in performance fees.
- The Financing segments income in H2 was EUR 6.3m (H2/17 EUR 10.1m) and EBIT EUR 2.5m (H2/17 EUR 6.0m). EBIT was affected by weaker income from investment activities.
- The Energy segments income in H2 was EUR 1.2m (H2/17 EUR 1.0m) and EBIT EUR -1.4m (H2/17 EUR -0.9m).
- Income from other operations in H2 amounted to EUR 10.3m (H2/17 EUR 0.9m) and EBIT EUR 7.7m (H2/17 EUR -1.9m). EBIT positively impacted by the listing of Fellow Finance (EUR 13.8m) and negatively impacted by the write-off on a geothermal project (EUR -3.1m)-
- Assets under management at the end of H2/18 amounted to EUR 5.7bn
- **Dividend:** Taaleri's BoD proposes a dividend of EUR 0.30 per share (Evli EUR 0.29)

Rating BUY

H2/18	Actual	Evli	H2/17
Income	37.3	37.9	42.3
EBIT	11.5	10.7	11.6
EPS	0.44	0.30	0.33
DPS	0.30	0.29	0.26

Deviation	Actual	Evli	H2/17
Income		-2%	-12%
EBIT		7%	-1%
EPS		45%	35%
DPS		3%	15%

Share price, EUR (Last trading day's closing price) 7.90

Target price, EUR 11.4

Latest change in recommendation	28-May-18
Latest report on company	17-Aug-18
Research paid by issuer:	YES
No. of shares outstanding, '000's	28,351
No. of shares fully diluted, '000's	28,351
Market cap, EURm	224
Free float, %	45.0
Exchange rate	0.000
Reuters code	TAALA.HE
Bloomberg code	TAALA FH
Average daily volume, EURm	0.07
Next interim report	14-Feb-19
Web site	www.taaleri.com

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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
2016	61	16	26.7%	16	0.45	18.3	4.2	8.2	15.6	0.22
2017	81	27	33.4%	28	0.77	13.5	4.0	10.2	11.9	0.26
2018E	73	23	31.6%	23	0.64	12.4	3.4	11.2	10.7	0.29
2019E	83	29	35.6%	29	0.83	9.5	2.9	9.9	8.2	0.32
2020E	91	36	39.5%	36	1.02	7.8	2.5	8.0	6.4	0.34
Market cap, EURm		224	BV per share 2018E, EUR		4.1	CAGR EPS 2017-20, %		9.7		
Net debt 2018E, EURm		23	Price/book 2018E		1.9	CAGR sales 2017-20, %		4.0		
Enterprise value, EURm		248	Dividend yield 2018E, %		3.7	ROE 2018E, %		16.2		
Total assets 2018E, EURm		230	Tax rate 2018E, %		22.2	ROCE 2018E, %		13.7		
Goodwill 2018E, EURm		1	Equity ratio 2018E, %		50.8	PEG, P/E 18/CAGR		0.7		

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

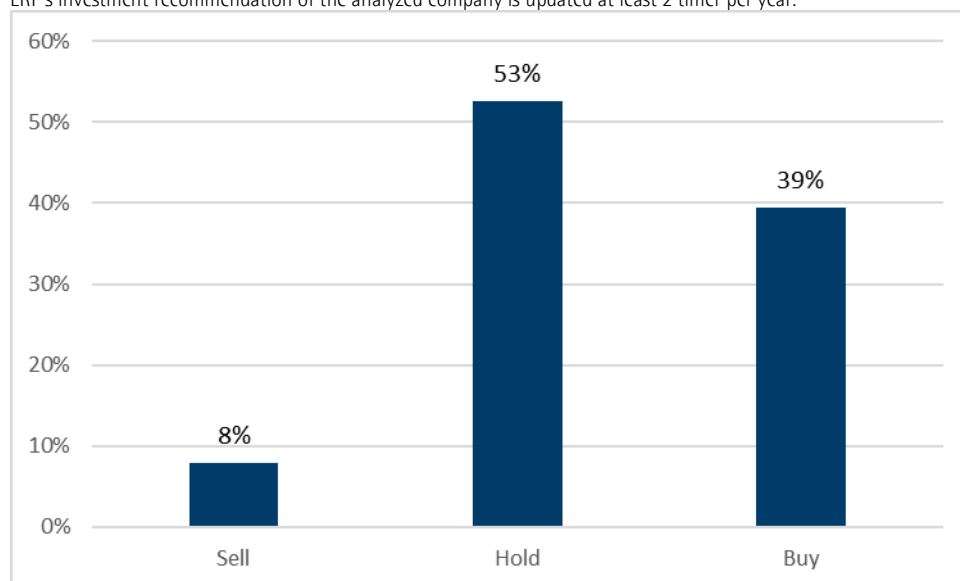
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Investment recommendations are defined as follows:

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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