

Mandatum

Company report

02/14/2024 07:50



Sauli Vilén
+358 44 025 8908
sauli.vilen@inderes.fi



Kasper Mellas
+358 45 6717 150
kasper.mellas@inderes.fi

✓ Inderes corporate customer

This report is a summary translation of the report “Tarina etenee raiteillaan” published on 2/14/2024 at 7:53

**inde
res.**

The story is on track

Mandatum published a rather good operational Q4 result on Tuesday. The result was below our forecasts, but this was due to accounting technical issues, and we do not think the underperformance should be given substantial weight. In the capital-light businesses that are important for growth, the development was better than we expected. After the report, our earnings forecasts increased slightly, but this is mainly due to non-recurring items. The valuation of the share is still very attractive, and we have raised our target price to EUR 4.4 (was 4.2) to match the value of our dividend model. We reiterate our Buy recommendation.

Q4 result miss is explained by changes in insurance liability

Mandatum's reported result fell short of expectations, but once again the surprise was based on the difficult-to-predict result from investment activities, as the company recorded larger-than-expected negative items from the revaluation of insurance liability. In the capital-light businesses (investment products and risk insurance), earnings development was stronger than we expected and new sales were good in late 2024, especially to institutional customers (Group's net subscriptions +210 MEUR). Mandatum's PTP was 46.3 MEUR in Q4, while we expected 61 MEUR. EPS for the quarter (EUR 0.08) was burdened by higher taxes than we expected. The dividend proposal for the financial year was fully in line with our expectations at EUR 0.33 per share.

Mandatum's solvency decreased clearly from the previous quarter, as, e.g., the inclusion of the Saxo holding and the increased equity risk raised the capital requirement. At the same time, the dividend proposal and the loan transferred from Sampo in connection with the demerger decreased own assets in the solvency calculation. The weaker solvency has no impact on our profit distribution forecasts, as the balance sheet remains strong and the systematic ramping down of the with-profit portfolio reduces capital requirements and increases the surplus assets in the balance sheet.

Small upward adjustments to forecasts, mainly from non-recurring income

The guidance provided by Mandatum in its Q4 report expects commission income to increase from 2023. The information value of the guidance was only a tad richer than our expectations and corresponded to our forecasts. We only made small revisions to our earnings forecasts after the Q4 report. We added the non-recurring income from transferring the portfolio to If to this year in our forecasts. We expect this to be around 7 MEUR, which corresponds to the remaining insurance service margin in the balance sheet. Our earnings expectations for other capital-light businesses have remained almost unchanged. We made small upward adjustments to our earnings forecasts for the insurance business. We still expect the structural return on the portfolio to be 5-6% per annum. As a whole, our earnings forecasts for the coming years rose by 1-7%, with non-recurring income accounting for a significant share. We expect the result to remain at approximately 200 MEUR in the next few years, but the quality of the result will gradually improve as the focus shifts to capital-light business.

The share is cheap by all measures

We have estimated Mandatum's fair value through the sum of the parts, relative valuation multiples and an absolute dividend model. In our research, we focus in particular on the dividend model (value EUR 4.4 per share), as it best considers the high payout ratio and the unwinding of the overcapitalized balance sheet. Mandatum's expected return is largely based on a high dividend yield (~9% at the current share price), as achieving earnings growth will be challenging in the future due to the structural decline in investment income in the balance sheet (gradual ramp-down of the with-profit portfolio).

Recommendation

Buy
(previous Buy)

EUR 4.40
(previous EUR 4.20)

Share price:
3.84



Key figures

	2023	2024e	2025e	2026e
PTP	210.4	216.8	208.1	195.6
Net result	173.4	166.5	156.4	151.9
EPS (adj.)	0.32	0.35	0.33	0.31
DPS	0.33	0.35	0.35	0.35
Payout ratio	103%	101%	105%	112%
ROE-%	9.8%	10.8%	10.4%	9.8%

P/E (adj.)	12.7	11.1	11.6	12.3
P/B	1.3	1.2	1.2	1.2
Dividend yield-%	8.1%	9.1%	9.1%	9.1%

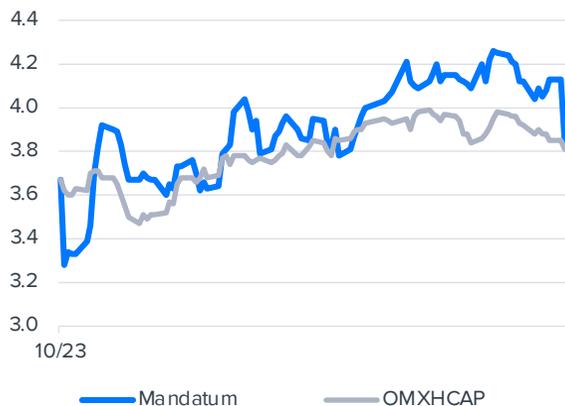
Source: Inderes

Guidance

(New guidance)

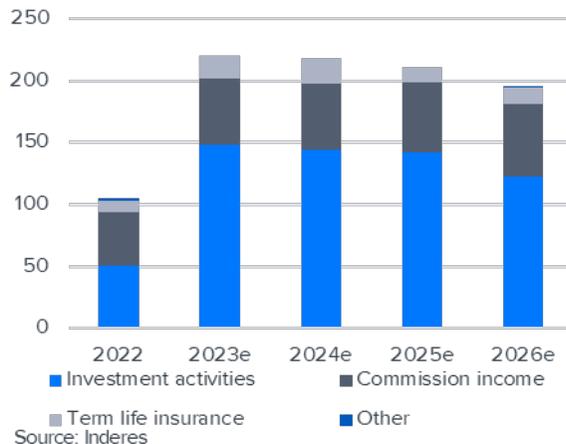
The commission income is expected to increase from 2023, assuming stable market conditions. The with-profit portfolio is expected to decline further.

Share price



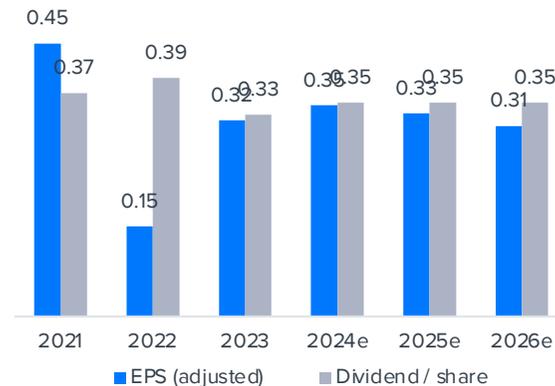
Source: Millstream Market Data AB

Mandatum's PTP breakdown (MEUR)



Source: Inderes

EPS and dividend



*From 2022 in accordance with IFRS 17
Source: Inderes



Value drivers

- Growth in capital-light asset management
- Relative profitability has clear improvement potential with revenue growth
- With the rise in interest rates, the with-profit business has become clearly more attractive than before
- Release of capital from the with-profit portfolio and from PE investments
- Value creating acquisitions in the domestic asset management sector



Risk factors

- The company's result remains highly dependent on investment returns
- A fall in interest rates would weaken solvency and make it more difficult to manage with-profit business
- Life insurance risks (especially biometric risks)
- Maintaining good return levels for funds
- Adverse changes in the tax legislation on investment insurance

Valuation	2024e	2025e	2026e
Share price	3.84	3.84	3.84
Number of shares, millions	501.8	501.8	501.8
Market cap	1925	1925	1925
P/E (adj.)	11.1	11.6	12.3
P/E	11.1	11.6	12.3
P/B	1.2	1.2	1.2
Payout ratio (%)	101.3 %	105.5 %	112.3 %
Dividend yield-%	9.1 %	9.1 %	9.1 %

Source: Inderes

Q4 result miss is explained by changes in insurance liability

Mandatum published its Q4 result on Tuesday. The Group's reported result fell short of expectations, but once again the surprise was based on the difficult-to-predict result from investment activities, as the company recorded larger-than-expected negative items from the revaluation of insurance liability. In capital-light businesses, earnings development was stronger than we expected. Mandatum's PTP was 46.3 MEUR in Q4, while we expected 61 MEUR.

In addition, EPS was burdened by higher taxes relative to operating profit than we expected, which was explained by applied accounting standards. Group companies pay their taxes based on Finnish accounting standards, while the result is reported according to IFRS. The differences between the two are mainly due to the treatment of investment income.

The dividend proposal for the financial year was fully in line with our expectations and the company's previous guidance at EUR 0.33 per share.

The guidance provided by Mandatum in its Q4 report expects its commission income to increase from 2023. The information value of the guidance was only a tad richer than our expectations and corresponded to our forecasts.

Capital-light businesses

Mandatum's commission income continued to grow from the comparison period in Q4 with AUM. The Group's AUM at the end of the quarter amounted to 11.9 BNEUR (Q3'23: 11.2 BNEUR). Mandatum's commission income from capital-light businesses totaled 13.4 MEUR (estimate 11.6 MEUR), which consisted of 4.7 MEUR from investment agreements and 8.7 MEUR in insurance service result. The result of term life insurance was also stronger than our expectations at 8.0 MEUR (3.6 MEUR forecast).

With-profit portfolio

The result miss in the report was explained by the result of investment activities, which fell well short of our expectations (24.9 MEUR vs. 50.7 MEUR estimate). Although the portfolio performed better

than we expected, this was buried under the increase in financing costs. Financing costs were raised by discount rates, which increased the insurance liability recorded at the present value in the balance sheet. The negative result impact of the change in the discount rate was 116 MEUR in the quarter.

Solvency decreased more than expected

Solvency fell clearly from the previous quarter (Solvency II ratio 221% in Q4), as, e.g., the inclusion of the Saxo holding and the increased equity risk raised the capital requirement. At the same time, the dividend proposal and the loan transferred from Sampo in connection with the demerger decreased own assets in the solvency calculation. The weaker solvency has no impact on our profit distribution forecasts, as the balance sheet remains strong and the systematic ramping down of the with-profit portfolio reduces capital requirements and increases the surplus assets in the balance sheet. Exits from Saxo and Enento will also clearly strengthen the balance sheet.

Estimates MEUR / EUR	Q4'22	Q4'23	Q4'23e	Q4'23e	Consensus		Difference (%)	2023
	Comparison	Actualized	Inderes	Consensus	Low	High	Act. vs. inderes	Toteuma
PTP	-	46.3	61.0				-24%	210
EPS (adj.)	-	0.06	0.10				-40%	0.32
DPS	-	0.33	0.33				0%	0.33

Source: Inderes

Watch Sampo's Q4 webcast:



No changes in the big picture

Estimate changes:

- In Q4, the growth in insurance savings and changes in Mandatum's internal cash flow models increased the insurance service margin for the capital-light businesses in the balance sheet. As a result, the earnings impact for the coming years should be higher than we previously expected, which increased our commission income forecast by some 2 MEUR per year.
- Our AUM growth forecast has increased moderately due to strong new sales at the end of the year. However, we revised our assumption on commission accrual downward, as the increased weight of interest rate products weakened the average commission level at the end of the year. As a result, the earnings forecasts for capital-light businesses remained almost unchanged.
- We have added the non-recurring income generated by the portfolio transfer to If to this year's forecasts. We expect this to be around 7 MEUR, which corresponds to the remaining insurance service margin in the balance sheet. This increased our earnings forecast for risk insurance for the current year.
- We only made marginal estimate changes to the earnings forecasts for investment activities. We still expect the structural return on the portfolio to be around 6% per annum.
- Overall, our earnings forecasts for the next few years rose by 2-8%.
- In our recent [extensive report](#), we explain the forecasts in greater detail.

Operational earnings drivers:

- Investment income still plays the key role in Mandatum's earnings development, but ramping down the with-profit portfolio will gradually reduce the weight of balance sheet investments. However, this will also contribute to the Group's earnings.
- The result from asset management will continue to grow markedly. We expect growth to mainly come from institutional asset management in Finland and in other Nordic countries. We also expect moderate growth in investment solutions for private and corporate customers (unit-linked pension and insurance products).
- The development of term life insurance is expected to continue as stable, as market growth is modest and the market shares of key players are quite stable. The importance of term life insurance in the current Group structure is also quite low.
- Overall, we expect that Mandatum's PTP will remain at approximately 200 MEUR in the next few years.

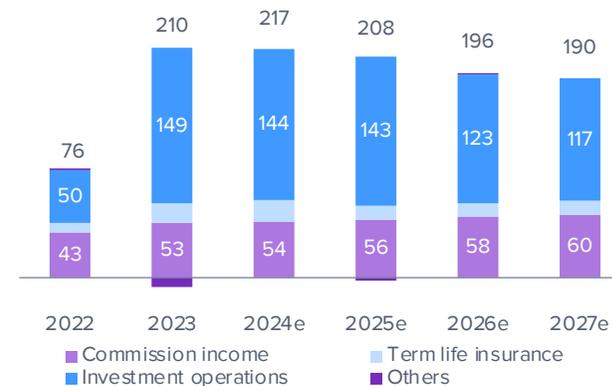
Estimate revisions	2023	2023e	Change	2024e	2024e	Change	2025e	2025e	Change
MEUR / EUR	Inderes	Actualized	%	Old	New	%	Old	New	%
Revenue	133	135	2%	136	140	4%	142	148	4%
PTP	215	210	-2%	203	217	7%	205	208	1%
EPS (excl. NRIs)	0.34	0.32	-7%	0.32	0.35	7%	0.33	0.33	1%
DPS	0.33	0.33	0%	0.35	0.35	0%	0.35	0.35	0%

Source: Inderes

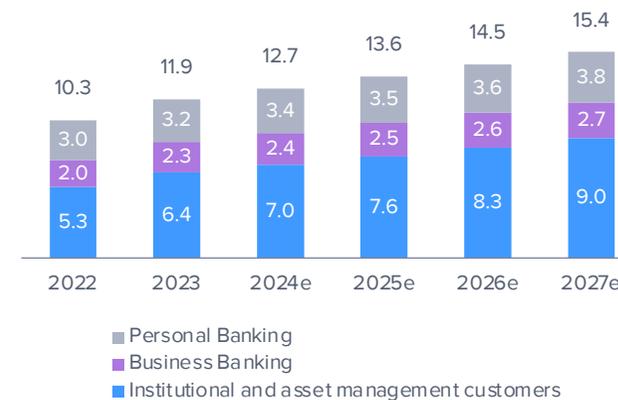
Estimate summary 1/2

Group	2022	2023	2024e	2025e	2026e	2027e
Commission income	43.3	52.6	53.8	55.6	58.3	60.3
Insurance service result	n/a	31.3	28.0	28.0	28.0	28.0
Result from investment contracts	n/a	21.25	25.8	27.6	30.3	32.3
Result from term life insurance	9.2	18.4	20.4	13.0	13.0	13.0
Result from investment activities	50.3	148.7	144.1	142.6	122.7	117.1
Other	1.9	-8.7	0.0	-3.1	1.5	0.0
Mandatum PTP	75.7*	210.4	216.8	208.1	195.6	189.9
EPS	0.15	0.32	0.35	0.33	0.31	0.30
DPS	0.39	0.33	0.35	0.35	0.35	0.35
AUM	2022	2023	2024e	2025e	2026e	2027e
Group AUM(MEUR)	10,302	11,891	12,697	13,588	14,495	15,420
Institutional and asset management customers	5,301	6,400	6,958	7,617	8,285	8,964
Corporate customers	2,019	2,272	2,381	2,483	2,587	2,695
Private customers	2,982	3,219	3,357	3,488	3,622	3,761
Group's commission income (MEUR)	131	135	140	148	154	162
Net growth (AUM)	-798	1589	806	891	908	925
Institutional and asset management customers	201	1099	558	659	669	679
Corporate customers	-181	253	109	101	104	108
Private customers	-818	237	138	131	135	139
Solvency	2022	2023	2024e	2025e	2026e	2027e
Solvency 2 ratio	266%	221%	221%	286%	297%	308%
Equity (MEUR)	2532	2140	2148	2139	2119	2096
Solvency capital requirement (SCR)	943	966	971	748	714	681
Extra solvency capital at the lower limit	n/a	498	497	867	906	938
Extra solvency capital at the upper limit	n/a	208	206	643	692	734
Excess capital per share at the lower limit	n/a	0.99	0.99	1.73	1.81	1.87
Excess capital per share at the upper limit	n/a	0.41	0.41	1.28	1.38	1.46

Madatum's PTP (MEUR)



Development of AUM (BNEUR)



*Also includes items of the comprehensive result with retroactive effect, IFRS 17 comparable

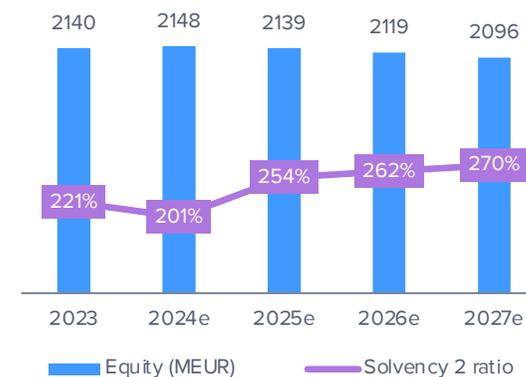
Estimate summary 2/2

Capital-light business	2022	2023	2024e	2025e	2026e	2027e
Result from investment contracts	33.1	21.3	25.8	27.6	30.3	32.3
Insurance service result	10.2	31.3	28.0	28.0	28.0	28.0
Result from term life insurance	n/a	18.4	20.4	13.0	13.0	13.0
Segment's PTP	43.3	71.0	74.2	68.6	71.4	73.3

With-profit business	2022	2023	2024e	2025e	2026e	2027e
Net investment income	-433.3	317.8	223.5	215.8	184.6	175.9
Financing costs of insurance	483.7	-169.1	-79.4	-73.2	-61.9	-58.8
PTP of investment activities	50.3	148.7	144.1	142.6	122.7	117.1

Others	2022	2023	2024e	2025e	2026e	2027e
Net investment income	0.2	10.6	17.3	16.0	14.0	12.0
Other income	1.7	-14.3	-18.8	-19.1	-12.5	-12.5
Segment's PTP	1.9	-3.7	-1.5	-3.1	1.5	-0.5

Solvency development



Valuation 1/2

We have estimated Mandatum's fair value through the sum of the parts, multiple-based valuation and the dividend model. In our research, we focus in particular on the dividend model, as it best considers the company's high payout ratio and the unwinding of the overcapitalized balance sheet. The balance sheet-based sum of the parts analysis is also included in our examination. Mandatum's expected return is slightly exceptionally primarily based on high dividend yields, as it will be challenging to achieve earnings growth in the coming years, and we believe that even maintaining current earnings would be a good performance for the company. However, the earnings distribution should improve clearly as the focus shifts from the structurally declining with-profit business to the growing capital-light business.

Our different valuation methods indicate that the share is clearly undervalued, and we find the current price level attractive to the investor. We have revised our target price upward to EUR 4.4 per share (was 4.2) in the wake of our dividend model. This is also in line with our view of the fair value of the share.

Dividend model (DDM)

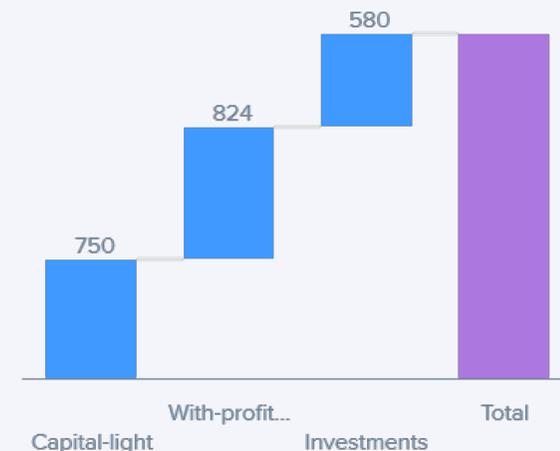
We believe that the dividend model works very well for Mandatum due to the company's modest investment needs (and thus high payout ratio) and the overly strong balance sheet that the company intends to unwind as the with-profit portfolio gradually decreases and when it exits from investments. In addition to cash flow from operating businesses and unwinding of the balance sheet, our model considers the time value related to the return of capital, as even with current management estimates, the ramp-down of the with-profit portfolio will take well over a decade. Thus, we feel this method gives a rather good picture

of Mandatum's fair value. We consider the dividend model to be Mandatum's primary valuation method, for which the sum of the parts calculation provides support.

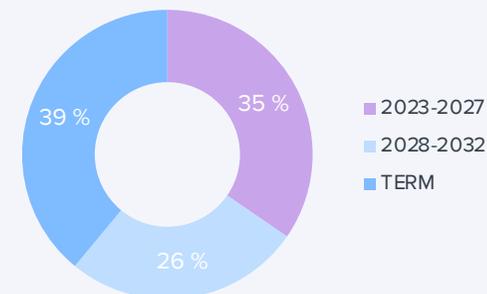
We note that our current balance sheet estimates do not include return of capital to shareholders from the ramp-down of the with-profit portfolio and investment exits in full. Therefore, the assumptions of the dividend model can be considered quite conservative. We feel this is justified considering the considerable market risk related to the result of the with-profit portfolio and the uncertainty surrounding the timing of the return of balance sheet capital.

With our current estimates, our DDM model indicates a value of some EUR 4.4 (was 4.2) per share for Mandatum. In the long-term, we expect the company's PTP to remain around 200 MEUR. In 2027-2031, we expect the company's payout ratio to be 150%, so that model better reflects the unwinding of the company's significant overcapitalization. Our terminal growth assumption is 0%, as the company still has a significant structurally decreasing with-profit portfolio in our estimates in 2031. The ROE requirement we apply is 8.7%, which is the lowest among domestic asset manager peers.

Sum-of-the-parts calculation



Cash flow distribution of the dividend model



Valuation 2/2

Sum of the parts

The sum of the parts calculation describes the value that can be released from the company's balance sheet if the company exits from non-operational items (with-profit portfolio and PE investments) and the excess profits are returned to shareholders. However, the liquidation of significant balance sheet items is highly unlikely, as the company has communicated its objective of steadily reducing the with-profit portfolio. The method does not take a position on the timing of unwinding the balance sheet, which means the time value of money is ignored. However, the sum of the parts provides a fairly relevant perspective on the value committed to the Group's balance sheet items.

The value for Mandatum according to our sum of the parts calculation is EUR 4.3 per share (was 4.5). In the parts, the value of the with-profit portfolio decreased as a result of the drop in net assets seen in Q4. At the same time, we have raised the value of capital-light businesses from 650 MEUR to 750 MEUR. This corresponds to an EV/EBIT ratio of some 11x and a P/E ratio of 14x with our 2024 forecasts. We find these levels moderate for a high-quality asset manager with a good outlook and growth tying up limited capital.

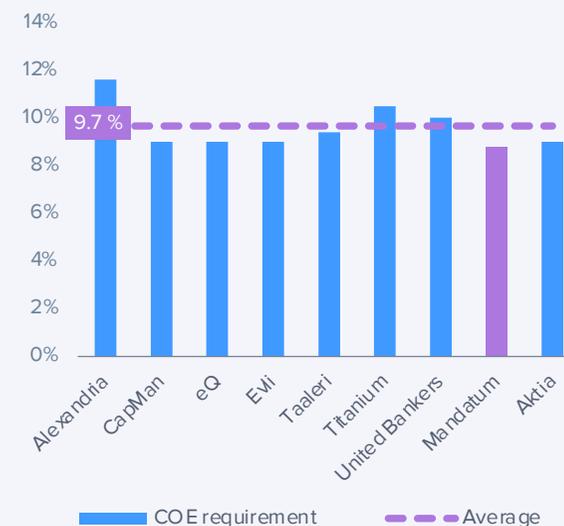
Most of the value is still committed to the with-profit portfolio. As a whole, we do not see such value in the sum of the parts that would not be realized within the company's current strategy. We, therefore, consider it reasonably unlikely that Mandatum would carry out significant balance sheet arrangements (excl. possible acquisitions).

A more detailed description of the valuation principle of the parts is found in our recently published extensive report, which can be found [here](#).

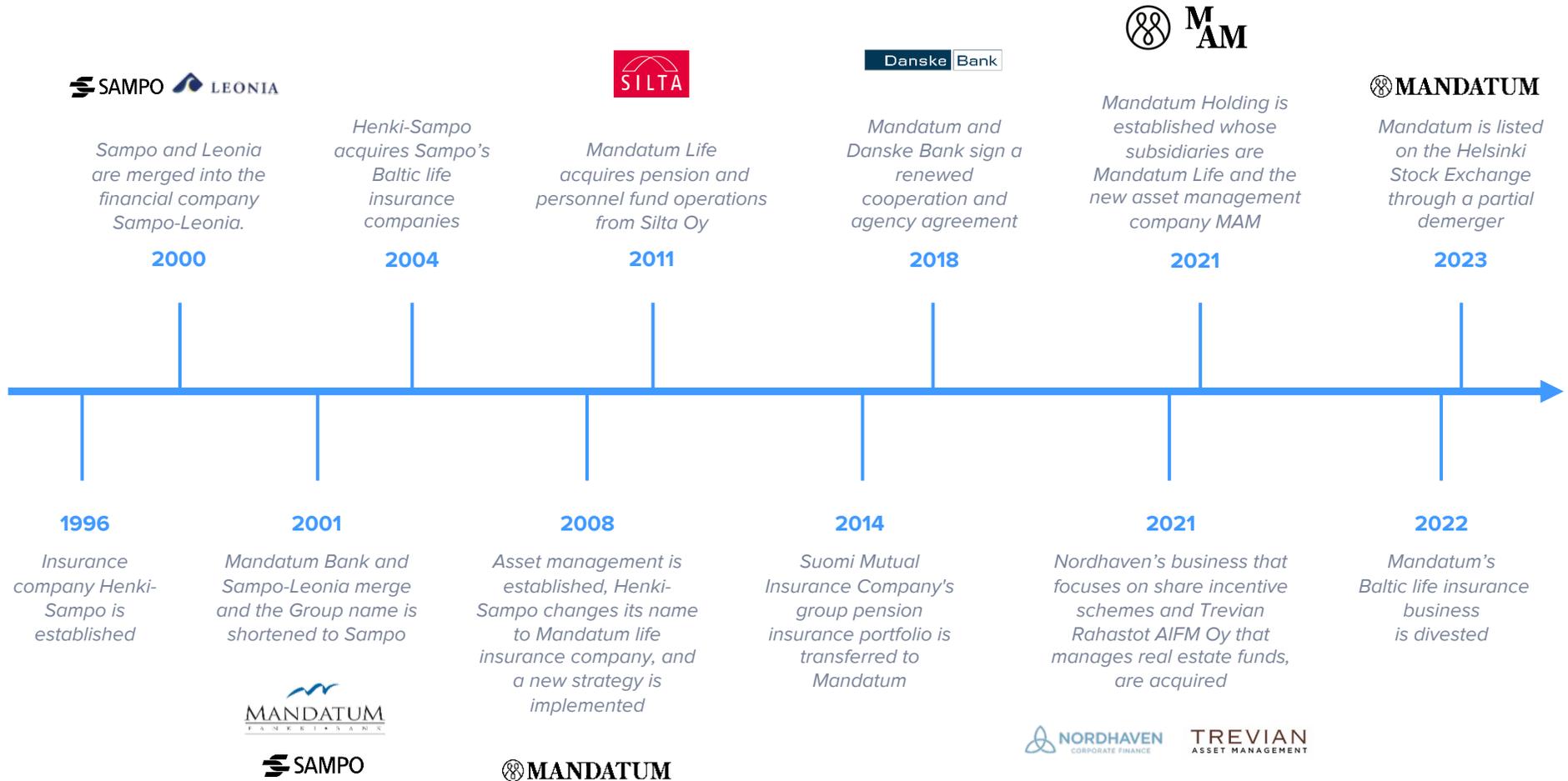
Valuation multiples are also attractive

From an earnings-based perspective, Mandatum's share seems very affordable. The P/E ratios for the coming years are at an absolute low level of around 11x. Although the company's earnings do not increase in our forecasts, the earnings distribution improves gradually, which should support the valuation level and provide a gradual upside for the share price. In the components of the share's expected return, dividends play the key role with the dividend yield being over 9% at the current share price. The long-term (5-10 years) dividend growth is modest, as the reduction in the with-profit portfolio affects the Group's net result negatively. Correspondingly, the ramp-down of the portfolio supports the dividend yield as assets are accumulated in the balance sheet so in our calculations the net effect from these is close to zero.

Peers' cost of equity



Mandatum's history



Mandatum's strategy

The cornerstones of Mandatum's strategy and their link to value creation

Increase in recurring income and AUM



Value driver 1:

Increase in commission income

- Growth in Finland's wealthy individuals and in institutions both in Finland and internationally.
- New funds and growth in the size of funds.
- A gradual expansion of the product offering would be justified as the company's offering is quite focused.
- Systematic growth of product sizes is key to scalability.
- We feel systematic strengthening of distribution in other Nordic countries is more than justified, considering the company's excellent track record in these markets.
- As a manager that relies on value creating strategies, Mandatum has to systemically offer its investors good returns. Good returns support business growth through new sales, product size growth and pricing power, and offer potential for performance fees.

Improving cost-efficiency



Value driver 2:

Rising operational profitability

- In recent years, the company has invested a lot in building its platform, and as is typical for the industry, fixed costs should offer more scalability in profitability than before.
- In asset management that is key for Mandatum's growth strategy, cost efficiency should be clearly scalable as AUM continues to grow. Here the company still has to prove itself in the coming years.
- The company should also succeed in general cost control.

More efficient use of the balance sheet

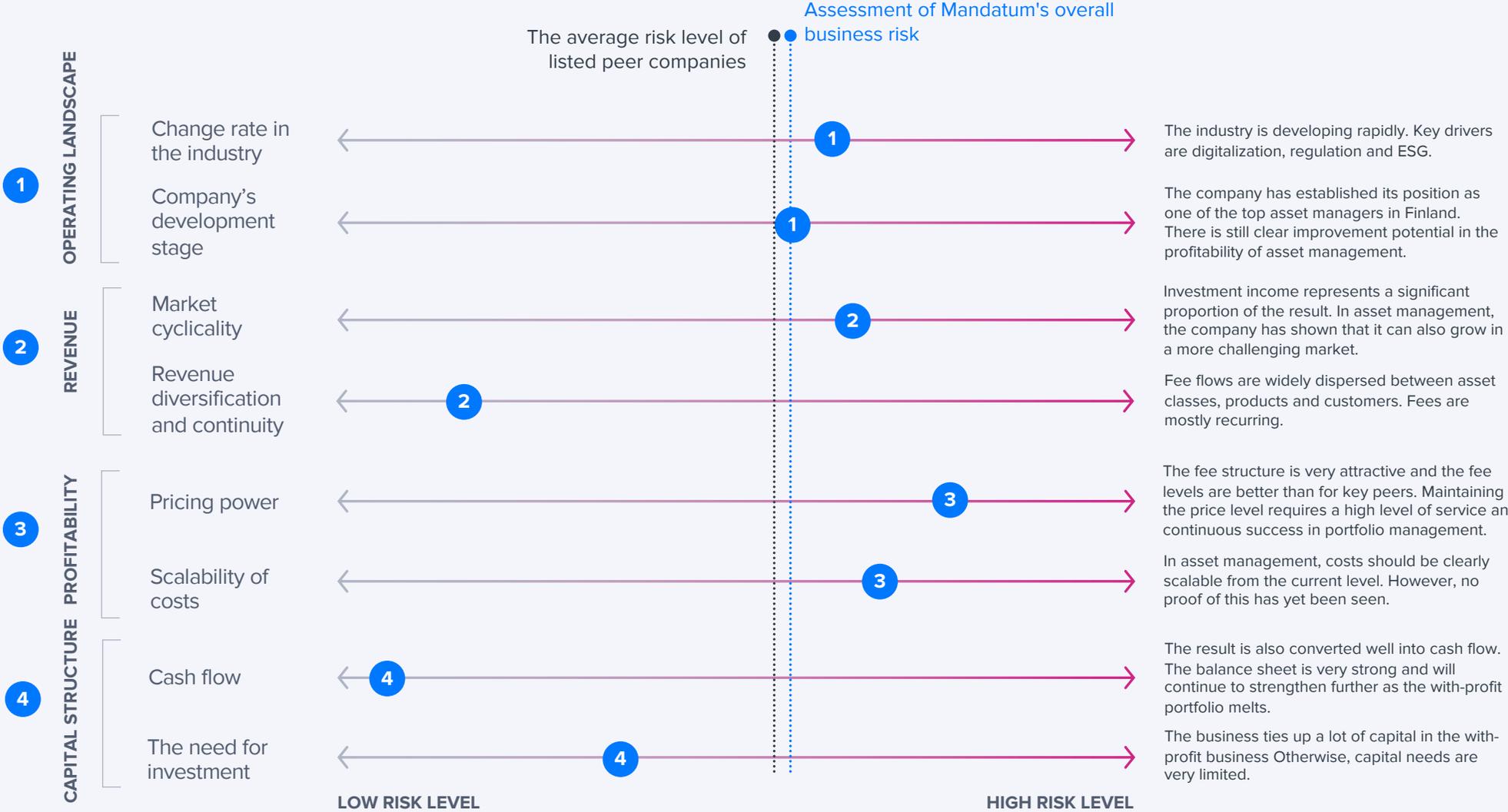


Value driver 3:

Release of capital

- The company's balance sheet is clearly overcapitalized and will strengthen further in the coming years.
- The balance sheet will be unwound through additional profit distribution and possible acquisitions.
- However, the company is likely to want to maintain a very strong balance sheet position in the coming years in view of acquisitions. We see acquisitions as a very interesting path for Mandatum to accelerate growth in asset management and create shareholder value.
- Growth in the operational business will only tie up limited capital.
- In our opinion, systematic unwinding of the overcapitalized (and continuously strengthening) balance sheet is the only correct solution, and the company has indicated it intends to do so.

Risk profile of the business model



Source: Inderes

Investment profile

1.

Great growth potential in asset management

2.

The balance sheet is very strong and significant capital will be released in coming years

3.

An active player in the consolidation of the Finnish asset management market

4.

Capital-light business enables simultaneous dividend distribution and operational business growth

5.

The reduction in the with-profit portfolio makes it difficult to increase the result from the current level

Potential



- Growth in capital-light asset management
- Relative profitability has clear improvement potential with business growth
- With the rise in interest rates, the with-profit business has become clearly more attractive than before
- Capital is released from the with-profit portfolio and PE investments
- Value creating acquisitions in the domestic asset management sector

Risks



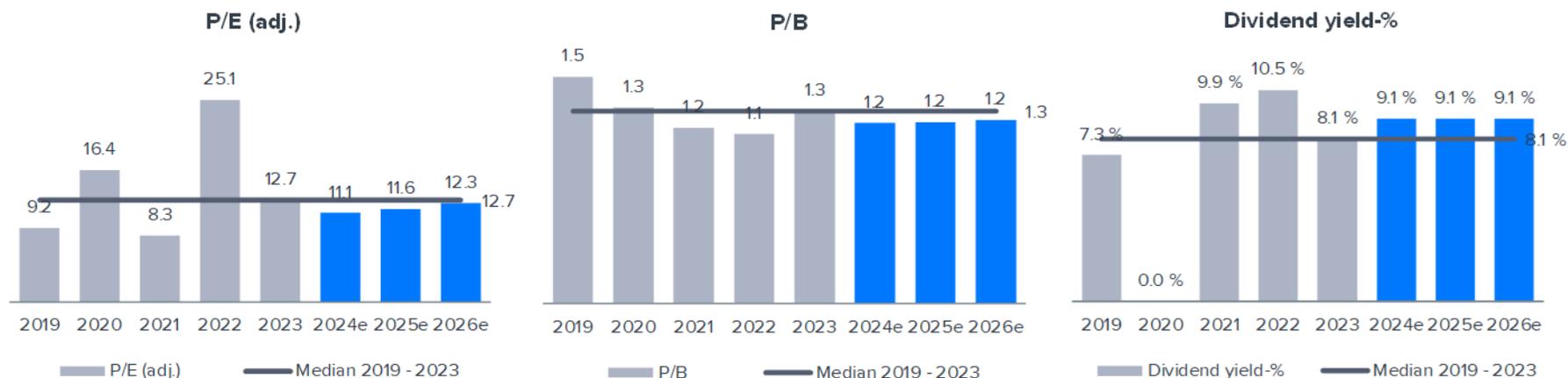
- The company's result remains highly dependent on investment returns
- A fall in interest rates would weaken solvency and make it more difficult to manage with-profit business
- Life insurance risks (especially biometric risks)
- Maintaining good return levels for funds
- Adverse changes in the tax legislation on investment insurance

Valuation table

Valuation	2019	2020	2021	2022	2023	2024e	2025e	2026e	2027e
Share price	3.70	3.70	3.70	3.70	4.07	3.84	3.84	3.84	3.84
Number of shares, millions	556.6	556.6	548.0	514.5	501.8	501.8	501.8	501.8	501.8
Market cap	2059	2059	2028	1904	2042	1925	1925	1925	1925
P/E (adj.)	9.2	16.4	8.3	25.1	12.7	11.1	11.6	12.3	12.7
P/E	9.2	16.4	8.3	25.1	12.7	11.1	11.6	12.3	12.7
P/B	1.5	1.3	1.2	1.1	1.3	1.2	1.2	1.2	1.2
Payout ratio (%)	67.1 %	0.0 %	81.7 %	265.1 %	103.0 %	101.3 %	105.5 %	112.3 %	115.6 %
Dividend yield-%	7.3 %	0.0 %	9.9 %	10.5 %	8.1 %	9.1 %	9.1 %	9.1 %	9.1 %

Source: Inderes

NB! The closing price of the first trading day used as historical share price



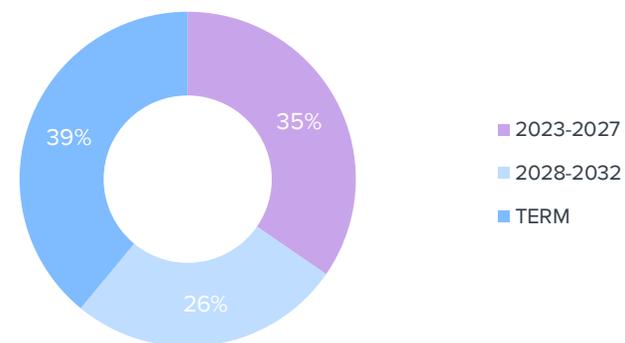
DDM calculation

DDM valuation (MEUR)	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	TERM
Mandatum's result	161	173	166	156	152	160	158	156	160	160	160
Dividend distributed by Mandatum	166	176	176	176	228	240	237	234	160	160	1850
-Dividend distribution-%	103%	101%	105%	112%	150%	150%	150%	150%	100%	100%	
Growth in Mandatum's dividend-%	-17.5 %	6.1 %	0.0 %	0.0 %	29.8 %	5.5 %	-1.3 %	-1.5 %	-31.3 %	0.0 %	0.0 %
Discounted dividend	164	160	147	135	162	157	142	129	82	75	866
Discounted cumulative dividend	2219	2055	1895	1748	1613	1451	1294	1152	1022	941	866
Equity value, DDM	2219										
Per share EUR	4.4										

Cost of equity

Risk-free interest rate	2.5%
Market risk premium	4.8%
Company Beta	1.30
Liquidity premium	0.0%
Cost of equity	8.7%
WACC-%	8.7%

Cash flow distribution by period



Peer group valuation

Peer group valuation	Market cap	EV	EV/EBIT		EV/EBITDA		EV/S		P/E		Dividend yield-%		P/B
Company	MEUR	MEUR	2024e	2025e	2024e	2025e	2024e	2025e	2024e	2025e	2024e	2025e	2024e
Alexandria	72	57	6.2	5.4	4.9	4.4	1.3	1.2	10.7	9.4	7.7	8.1	2.3
Aktia	657								7.1	7.2	9.2	9.1	0.9
CapMan	295	363	12.4	8.3	11.9	8.1	5.6	4.8	16.3	9.8	6.5	12.2	2.3
Evli	499	451	9.7	8.4	8.5	7.7	3.9	3.5	14.9	12.8	7.6	9.0	3.7
eQ	586	554	13.8	11.8	13.4	11.5	7.9	6.8	18.4	15.9	5.7	6.6	7.5
Taaleri	270	212	7.5	6.5	7.4	6.3	3.6	3.2	13.6	11.1	4.4	5.4	1.2
Titanium	162	142	8.3	7.9	8.0	7.6	4.6	4.3	11.9	11.3	8.5	8.8	6.4
United Bankers	148	134	7.7	6.7	6.9	5.9	2.4	2.2	11.7	10.3	8.0	8.7	2.7
Mandatum (Inderes)	1925	1739	8.0	6.9	7.7	6.7	12.4	9.7	11.1	11.6	9.1	9.1	1.2
Average			9.4	7.8	8.7	7.4	4.2	3.7	13.1	11.0	7.2	8.5	3.4
Median			8.3	7.9	8.0	7.6	3.9	3.5	12.7	10.7	7.6	8.7	2.5
Diff-% to median			-3%	-13%	-3%	-13%	222%	175%	-13%	8%	19%	4%	-53%

Source: Refinitiv / Inderes

Balance sheet

Assets	2022	2023	2024e	2025e	2026e
Non-current assets	13961	15437	15746	15435	15434
Goodwill	41.2	41.2	41.2	41.2	41.2
Intangible assets	13.9	12.9	11.6	10.6	9.8
Tangible assets	25.6	27.4	27.3	27.4	27.8
Associated companies	4.3	1.4	1.4	1.4	1.4
Other investments	13876	15354	15354	15354	15354
Other non-current assets	0.0	0.0	310	0.0	0.0
Deferred tax assets	0.0	0.0	0.0	0.0	0.0
Current assets	894	906	888	1047	888
Inventories	0.0	0.0	0.0	0.0	0.0
Other current assets	168	167	167	167	167
Receivables	1.5	0.0	1.4	1.5	1.5
Cash and equivalents	725	738	719	878	720
Balance sheet total	14854	16343	16634	16482	16323

Source: Inderes

Liabilities & equity	2022	2023	2024e	2025e	2026e
Equity	1692	1599	1607	1598	1579
Share capital	5.0	0.1	0.1	0.1	0.1
Retained earnings	534	437	445	435	416
Hybrid bonds	0.0	0.0	0.0	0.0	0.0
Revaluation reserve	0.0	0.0	0.0	0.0	0.0
Other equity	1153	1163	1163	1163	1163
Minorities	0.0	-0.3	0.0	0.0	0.0
Non-current liabilities	12937	14439	14722	14580	14440
Deferred tax liabilities	160	141	141	141	141
Provisions	0.0	0.0	0.0	0.0	0.0
Interest bearing debt	350	250	533	390	250
Convertibles	0.0	0.0	0.0	0.0	0.0
Other long term liabilities	12427	14049	14049	14049	14049
Current liabilities	226	304	304	304	304
Interest bearing debt	0.0	0.0	0.0	0.0	0.0
Payables	0.0	0.0	0.0	0.0	0.0
Other current liabilities	226	304	304	304	304
Balance sheet total	14854	16343	16634	16482	16323

Disclaimer and recommendation history

The information presented in Inderes reports is obtained from several different public sources that Inderes considers to be reliable. Inderes aims to use reliable and comprehensive information, but Inderes does not guarantee the accuracy of the presented information. Any opinions, estimates and forecasts represent the views of the authors. Inderes is not responsible for the content or accuracy of the presented information. Inderes and its employees are also not responsible for the financial outcomes of investment decisions made based on the reports or any direct or indirect damage caused by the use of the information. The information used in producing the reports may change quickly. Inderes makes no commitment to announcing any potential changes to the presented information and opinions.

The reports produced by Inderes are intended for informational use only. The reports should not be construed as offers or advice to buy, sell or subscribe investment products. Customers should also understand that past performance is not a guarantee of future results. When making investment decisions, customers must base their decisions on their own research and their estimates of the factors that influence the value of the investment and take into account their objectives and financial position and use advisors as necessary. Customers are responsible for their investment decisions and their financial outcomes.

Reports produced by Inderes may not be edited, copied or made available to others in their entirety, or in part, without Inderes' written consent. No part of this report, or the report as a whole, shall be transferred or shared in any form to the United States, Canada or Japan or the citizens of the aforementioned countries. The legislation of other countries may also lay down restrictions pertaining to the distribution of the information contained in this report. Any individuals who may be subject to such restrictions must take said restrictions into account.

Inderes issues target prices for the shares it follows. The recommendation methodology used by Inderes is based on the share's 12-month expected total shareholder return (including the share price and dividends) and takes into account Inderes' view of the risk associated with the expected returns. The recommendation policy consists of four tiers: Sell, Reduce, Accumulate and Buy. As a rule, Inderes' investment recommendations and target prices are reviewed at least 2–4 times per year in connection with the companies' interim reports, but the recommendations and target prices may also be changed at other times depending on the market conditions. The issued recommendations and target prices do not guarantee that the share price will develop in line with the estimate. Inderes primarily uses the following valuation methods in determining target prices and recommendations: Cash flow analysis (DCF), valuation multiples, peer group analysis and sum of parts analysis. The valuation methods and target price criteria used are always company-specific and they may vary significantly depending on the company and (or) industry.

Inderes' recommendation policy is based on the following distribution relative to the 12-month risk-adjusted expected total shareholder return.

Buy	The 12-month risk-adjusted expected shareholder return of the share is very attractive
Accumulate	The 12-month risk-adjusted expected shareholder return of the share is attractive
Reduce	The 12-month risk-adjusted expected shareholder return of the share is weak
Sell	The 12-month risk-adjusted expected shareholder return of the share is very weak

The assessment of the 12-month risk-adjusted expected total shareholder return based on the above-mentioned definitions is company-specific and subjective. Consequently, similar 12-month expected total shareholder returns between different shares may result in different recommendations, and the recommendations and 12-month expected total shareholder returns between different shares should not be compared with each other. The counterpart of the expected total shareholder return is Inderes' view of the risk taken by the investor, which varies considerably between companies and scenarios. Thus, a high expected total shareholder return does not necessarily lead to positive performance when the risks are exceptionally high and, correspondingly, a low expected total shareholder return does not necessarily lead to a negative recommendation if Inderes considers the risks to be moderate.

The analysts who produce Inderes' research and Inderes employees cannot have 1) shareholdings that exceed the threshold of significant financial gain or 2) shareholdings exceeding 1% in any company subject to Inderes' research activities. Inderes Oyj can only own shares in the target companies it follows to the extent shown in the company's model portfolio investing real funds. All of Inderes Oyj's shareholdings are presented in itemised form in the model portfolio. Inderes Oyj does not have other shareholdings in the target companies analysed. The remuneration of the analysts who produce the analysis are not directly or indirectly linked to the issued recommendation or views. Inderes Oyj does not have investment bank operations.

Inderes or its partners whose customer relationships may have a financial impact on Inderes may, in their business operations, seek assignments with various issuers with respect to services provided by Inderes or its partners. Thus, Inderes may be in a direct or indirect contractual relationship with an issuer that is the subject of research activities. Inderes and its partners may provide investor relations services to issuers. The aim of such services is to improve communication between the company and the capital markets. These services include the organisation of investor events, advisory services related to investor relations and the production of investor research reports.

More information about research disclaimers can be found at www.inderes.fi/research-disclaimer.

Inderes has made an agreement with the issuer and target of this report, which entails compiling a research report.

Recommendation history (>12 mo)

Date	Recommendation	Target	Share price
10/12/2023	Buy	4.20 €	3.70 €
11/8/2023	Buy	4.20 €	3.62 €
2/14/2024	Buy	4.40 €	3.84 €



Inderes democratizes investor information by connecting investors and listed companies.

We help over 400 listed companies better serve investors. Our investor community is home to over 70,000 active members.

We build solutions for listed companies that enable frictionless and effective investor relations. For listed companies, we offer Commissioned Research, IR Events, AGMs, and IR Software.

Inderes is listed on the Nasdaq First North growth market and operates in Finland, Sweden, Norway, and Denmark.

Inderes Oyj

Itämerentori 2

FI-00180 Helsinki, Finland

+358 10 219 4690

Award-winning research at [inderes.fi](https://www.inderes.fi)



**STARMINE
ANALYST AWARDS
FROM REFINITIV**



THOMSON REUTERS
ANALYST AWARDS



Juha Kinnunen
2012, 2016, 2017, 2018, 2019, 2020



Mikael Rautanen
2014, 2016, 2017, 2019



Sauli Vilén
2012, 2016, 2018, 2019, 2020



Antti Viikainen
2014, 2015, 2016, 2018, 2019, 2020



Olli Koponen
2020



Joni Grönqvist
2019, 2020



Erkki Vesola
2018, 2020



Petri Gostowski
2020



Atte Riikola
2020

**Connecting investors
and listed companies.**