

# MANDATUM

06/10/2025 8:30 EEST

This is a translated version of the "Tasetta aletaan keventää urakalla" report, published on 06/10/2025



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INDERES CORPORATE CUSTOMER  
**COMPANY REPORT**



# The balance sheet will be heavily reduced

We have raised our earnings estimates following Mandatum's CMD, as the profitability outlook for asset management is stronger than before. In addition, our profit distribution forecasts increased clearly. The share remains quite tightly priced at its current level, so we reiterate our Reduce recommendation. We revise our target price to EUR 5.3 (was EUR 4.9) in line with our dividend model.

## Cost control offers scalability for profitability

We made estimate upgrades based on the CMD. The greatest need for updates was in our profitability forecasts, as the company provided better visibility into its expected cost development. In the coming years, the decline in IT costs, in particular, should keep operating costs under control, which will continue to lead to clearly scalable profitability in capital-light businesses. Our AUM growth forecasts, on the other hand, are practically unchanged, so the roughly 4-5% increase in our earnings forecasts for the next few years is purely due to the improved profitability outlook.

In our estimates, the company will reach its ROE target (>20%) at the end of the target period, when the balance sheet's excess capitalization has been unwound and the wealth management business with attractive return on capital has grown significantly larger. In addition, we expect Mandatum to barely reach its targeted average earnings growth of 10% in capital-light businesses, but a better level would require faster growth in AUM than we expect. Our previous comments on the key findings of the CMD can be read [here](#).

In our forecasts, Mandatum's earnings have reached their peak for now, but we expect earnings to develop steadily in the coming years. Wealth management earnings will continue to grow strongly, but the decline in the with-profit portfolio will gradually reduce the net finance result. In our forecasts, growth in wealth management will fully compensate for the earnings impact of the declining interest

rate base already by the end of the strategy period, but even after that, declining investment income will somewhat hamper the Group's earnings development.

## The profit distribution outlook is clearer than before

Our profit distribution forecasts increased significantly, as we now expect the company to distribute all the capital released from the sale of Saxon Bank shares to its owners next spring, which would make the total profit distribution for 2025 EUR 1.0 per share. Mandatum also lowered its solvency target level, which supports the profit distribution outlook. The dividend flow will remain strong even after next spring as the company steers its solvency towards the new target level (Solvency 2 ratio of 160-180%). Mandatum's profit distribution can be seen as consisting of net profit and the share from the sale of investment assets on the balance sheet. In the coming years, the focus of dividend distribution will be strongly on returning excess capital, with accumulated earnings playing a smaller role. Mandatum's goal is to distribute a total of over 1 BNEUR in dividends in 2025-2028. The estimate, like the previous target, seems fairly conservative, and we believe that the final profit distribution will be closer to 1.5 BNEUR, which is also required by the ROE target.

## Valuation is the only problem

The value of Mandatum's stock according to our dividend model, which considers the earnings generated by the business and the additional capital on the balance sheet, has risen to around EUR 5.3 (was EUR 4.9). Half of the increase is explained by the rise in earnings growth forecasts and the rest by the increased estimate of excess capital accumulation. Although the business outlook is excellent, the current share price already fully prices this in. We see the stock as fully priced and consider the expected return to be inadequate, even though the high dividend yield limits the downside of the stock.

## Recommendation

**Reduce**

(was Reduce)

## Target price:

**EUR 5.30**

(was EUR 4.90)

## Share price:

EUR 5.51

## Business risk



## Valuation risk



## Key indicators

	2024	2025e	2026e	2027e
PTP	202.9	190.9	186.0	180.4
Net income	152.7	148.8	144.3	150.1
EPS (adj.)	0.33	0.30	0.30	0.29
DPS	0.66	1.00	0.75	0.58
Payout ratio	201%	329%	254%	202%
ROE-%	10.3%	10.1%	12.0%	15.2%

P/E (adj.)	16.5	18.1	18.6	19.2
P/B	1.7	1.9	2.6	3.3
Dividend yield-%	12.2 %	18.1 %	13.6 %	10.5 %

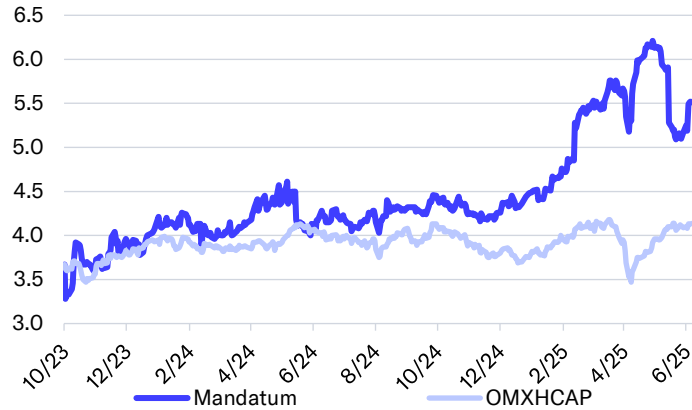
Source: Inderes

## Guidance

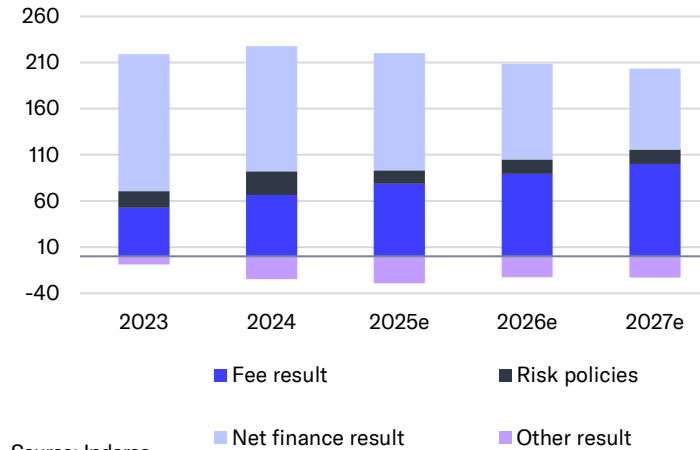
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The fee result is expected to increase from 2024, assuming stable market conditions. The with-profit portfolio is expected to decline further.

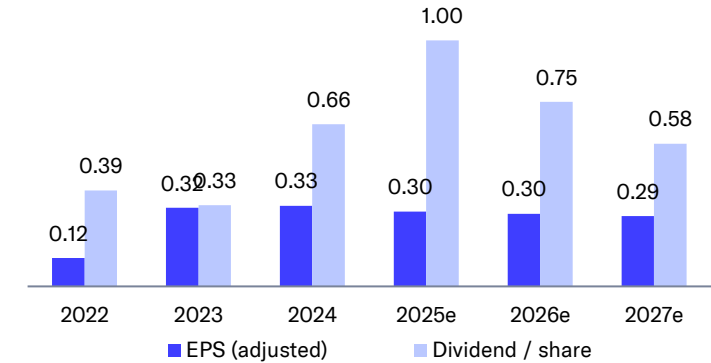
## Share price



## Mandatum's PTP breakdown (MEUR)



## EPS and dividend



\*Under IFRS17 since 2022  
Source: Inderes

## Value drivers

- Growth in capital-light Wealth management
- Relative profitability has 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 earnings are highly dependent on investment returns  
Life insurance risks (especially biometric risks)
- Maintaining good return levels for funds
- Adverse changes in the tax legislation on investment insurance

Valuation	2025e	2026e	2027e
<b>Share price</b>	5.51	5.51	5.51
<b>Number of shares, millions</b>	502.7	503.2	503.7
<b>Market cap</b>	2770	2773	2775
<b>P/E (adj.)</b>	18.1	18.6	19.2
<b>P/E</b>	18.1	18.6	19.2
<b>P/B</b>	1.9	2.6	3.3
<b>Payout ratio (%)</b>	329.1 %	253.6 %	202.4 %
<b>Dividend yield-%</b>	18.1 %	13.6 %	10.5 %

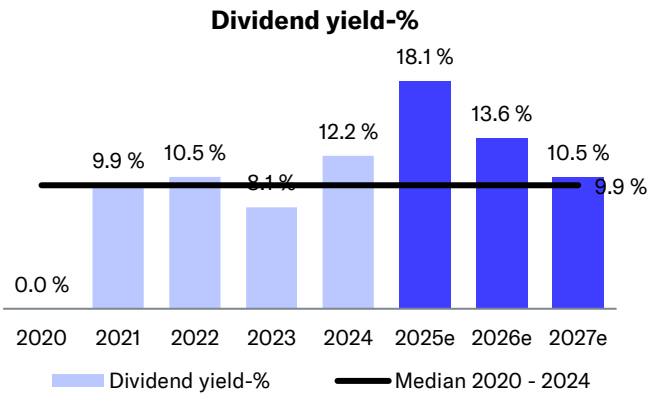
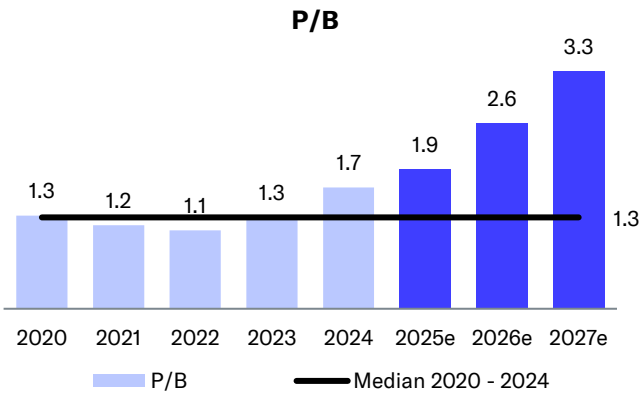
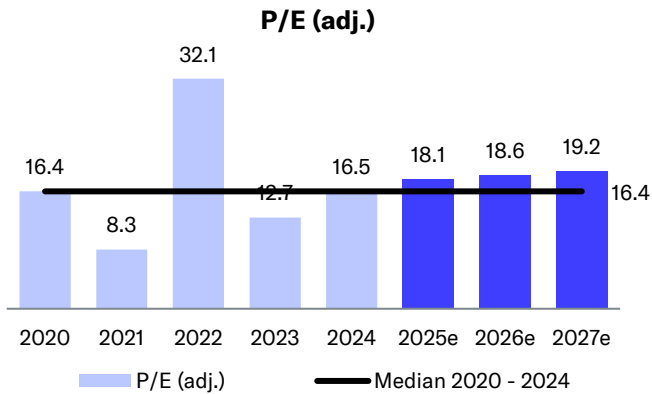
Source: Inderes

# Valuation table

Valuation	2020	2021	2022	2023	2024	2025e	2026e	2027e	2028e
Share price	3.70	3.70	3.70	4.07	5.40	5.51	5.51	5.51	5.51
Number of shares, millions	556.6	548.0	501.8	501.8	502.7	502.7	503.2	503.7	504.2
Market cap	2059	2028	1857	2042	2715	2770	2773	2775	2778
P/E (adj.)	16.4	8.3	32.1	12.7	16.5	18.1	18.6	19.2	18.5
P/E	16.4	8.3	32.1	12.7	16.5	18.1	18.6	19.2	18.5
P/B	1.3	1.2	1.1	1.3	1.7	1.9	2.6	3.3	4.0
Payout ratio (%)	0.0 %	81.7 %	338.6 %	103.4 %	201.2 %	329.1 %	253.6 %	202.4 %	171.3 %
Dividend yield-%	0.0 %	9.9 %	10.5 %	8.1 %	12.2 %	18.1 %	13.6 %	10.5 %	9.3 %

Source: Inderes

NB! Historical share price used is the closing price on teh first trading day.



# Estimate revisions

Estimate revisions	2025e	2025e	Change	2026e	2026e	Change	2027e	2027e	Change
MEUR / EUR	Old	New	%	Old	New	%	Old	New	%
Fee result	76.5	78.6	3%	83.0	89.3	8%	89.7	100	12%
Result from term life insurance	14.6	14.6	0%	15.5	15.5	0%	15.5	15.5	0%
Net financial result	127.5	127.0	0%	103.7	103.8	0%	90.1	87.8	-3%
Other result	-29.3	-29.3	0%	-22.6	-22.6	0%	-23.0	-23.0	0%
PTP	189.3	190.8	1%	179.6	186.0	4%	172.3	180.4	5%
EPS (adjusted)	0.30	0.30	1%	0.29	0.30	4%	0.27	0.29	5%
DPS	0.47	1.00	113%	0.44	0.75	70%	0.40	0.58	45%

Source: Inderes

# Peer group valuation

Peer group valuation Company	Market cap MEUR	EV MEUR	EV/EBIT		EV/EBITDA		EV/S		P/E		Dividend yield-%		P/B 2025e
			2025e	2026e	2025e	2026e	2025e	2026e	2025e	2026e	2025e	2026e	
Alexandria	106	101	8.2	7.3	6.9	6.3	2.0	1.8	11.3	10.4	8.5	8.8	3.1
Aktia	697								8.7	8.5	8.7	10.4	1.0
CapMan	328	310	10.4	7.7	9.9	7.4	5.0	4.4	15.6	12.1	8.1	8.7	1.7
Evli	484	487	11.9	10.2	10.9	9.5	4.5	4.2	17.0	14.4	6.6	6.8	3.3
eQ	437	405	13.4	10.5	12.8	10.1	6.5	5.5	18.2	14.5	5.5	6.9	5.8
Taaleri	201	174	7.6	6.1	7.3	6.0	3.1	2.8	13.8	9.7	4.4	6.2	0.9
Titanium	71	59	8.5	9.4	7.8	8.5	2.9	2.9	13.1	14.2	8.0	7.4	4.6
United Bankers	189	175	11.7	9.5	10.0	8.4	3.3	2.9	17.0	13.9	6.7	7.0	3.1
<b>Mandatum (Inderes)</b>	<b>2770</b>	<b>2355</b>	<b>12.3</b>	<b>14.6</b>	<b>12.3</b>	<b>14.6</b>	<b>14.1</b>	<b>15.2</b>	<b>18.1</b>	<b>18.6</b>	<b>18.1</b>	<b>13.6</b>	<b>1.9</b>
<b>Average</b>			<b>10.2</b>	<b>8.7</b>	<b>9.4</b>	<b>8.0</b>	<b>3.9</b>	<b>3.5</b>	<b>14.3</b>	<b>12.2</b>	<b>7.0</b>	<b>7.8</b>	<b>2.9</b>
<b>Median</b>			<b>10.4</b>	<b>9.4</b>	<b>9.9</b>	<b>8.4</b>	<b>3.3</b>	<b>2.9</b>	<b>14.7</b>	<b>13.0</b>	<b>7.3</b>	<b>7.2</b>	<b>3.1</b>
<b>Diff-% to median</b>			<b>19%</b>	<b>54%</b>	<b>24%</b>	<b>73%</b>	<b>335%</b>	<b>423%</b>	<b>23%</b>	<b>43%</b>	<b>148%</b>	<b>90%</b>	<b>-37%</b>

Source: Refinitiv / Inderes

# Income statement

Income statement	2023	Q1'24	Q2'24	Q3'24	Q4'24	2024	Q1'25	Q2'25e	Q3'25e	Q4'25e	2025e	2026e	2027e	2028e
Fee result	52.5	15.2	14.7	18.1	18.6	66.6	18.8	19.1	20.1	20.6	78.6	89.3	100.1	110.0
Result related to risk policies	18.0	2.2	11.9	9.1	2.2	25.4	2.3	4.1	4.1	4.1	14.6	15.5	15.5	15.5
Net finance result	148.6	29.9	55.1	27.0	23.7	135.7	51.8	27.5	25.7	22.0	127.0	103.8	87.8	78.4
Other result	-8.8	-0.6	-5.8	-9.0	-9.4	-24.8	-10.9	-7.1	-5.4	-5.9	-29.3	-22.6	-23.0	-20.9
PTP	210.4	46.7	75.8	45.2	35.1	202.9	61.9	43.6	44.5	40.8	190.8	186.0	180.4	183.1
Taxes	-50.0	-9.1	-18.1	-8.7	-2.2	-38.0	-12.4	-8.7	-8.9	-8.2	-38.2	-37.2	-36.1	-33.0
Net profit	160.4	37.9	57.8	36.4	32.9	164.9	49.6	34.9	35.6	32.6	152.7	148.8	144.3	150.1
EPS	0.32	0.08	0.12	0.07	0.07	0.33	0.10	0.07	0.07	0.06	0.30	0.30	0.29	0.30
Organic capital creation per share	0.54	0.14	0.09	0.11	0.10	0.44	0.17	0.06	0.18	0.10	0.51	0.45	0.50	0.44
DPS	0.33	-	-	-	-	0.66	-	-	-	-	1.00	0.75	0.58	0.51
Equity (IFRS)	1599	-	-	-	-	1601	-	-	-	-	1422	1068	835	693
ROE	10.0 %	-	-	-	-	10.3 %	-	-	-	-	10.7 %	13.9 %	17.3 %	21.7 %
AUM	2023	Q1'24	Q2'24	Q3'24	Q4'24	2024	Q1'25	Q2'25e	Q3'25e	Q4'25e	2025e	2026e	2027e	2028e
Griup AUM (BNEUR)	11.9	12.5	13.0	13.3	14.0	14.0	14.0	14.4	14.6	15.0	15.0	16.2	17.6	19.0
Institutional and wealth management clients	6.4	6.7	7.0	7.2	7.8	7.8	8.0	8.2	8.4	8.6	8.6	9.6	10.6	11.6
Corporate clients	2.3	2.4	2.5	2.5	2.6	2.6	2.7	2.7	2.7	2.8	2.8	3.0	3.2	3.5
Retail clients	3.2	3.4	3.5	3.5	3.5	3.5	3.4	3.5	3.5	3.5	3.5	3.7	3.8	4.0
Group's fee result (MEUR)	135	36.6	39.2	37.9	39.3	153.0	40.4	41.2	42.0	42.9	166.5	177.8	191.2	203.1
Solvency	2023	Q1'24	Q2'24	Q3'24	Q4'24	2024	Q1'25	Q2'25e	Q3'25e	Q4'25e	2025e	2026e	2027e	2028e
Solvency 2 ratio	221%	216%	224%	224%	210%	210%	207%	205%	211%	207%	207%	187%	178%	171%
Solvency 2 own funds (MEUR)	2140	2158	2173	2198	2048	2048	2041	2032	2032	1682	1682	1454	1306	1199
Solvency capital requirement (SCR)	966	997	970	980	973	973	984	991	965	814	814	776	734	702
Excess capital at target level*	353	314	379	383	249	249	222	198	248	176	298	135	58	6
Excess capital per share at target level*	0.70	0.62	0.75	0.76	0.49	0.49	0.44	0.39	0.49	0.35	0.59	0.27	0.12	0.01

\*The midpoint of the company's solvency target (160-180%)

# Balance sheet

Assets	2023	2024	2025e	2026e	2027e
<b>Non-current assets</b>	<b>15437</b>	<b>16999</b>	<b>16997</b>	<b>16994</b>	<b>16991</b>
Goodwill	41.2	41.2	41.2	41.2	41.2
Intangible assets	12.9	12.9	12.9	12.9	12.9
Tangible assets	27.4	25.1	22.6	19.9	17.0
Associated companies	1.4	0.5	0.5	0.5	0.5
Other investments	15354	16920	16920	16920	16920
Other non-current assets	0.0	0.0	0.0	0.0	0.0
Deferred tax assets	0.0	0.0	0.0	0.0	0.0
<b>Current assets</b>	<b>906</b>	<b>1054</b>	<b>1020</b>	<b>670</b>	<b>420</b>
Inventories	0.0	0.0	0.0	0.0	0.0
Other current assets	167	163	163	163	163
Receivables	0.0	0.0	0.0	0.0	0.0
Cash and equivalents	738	890	857	507	256
<b>Balance sheet total</b>	<b>16343</b>	<b>18053</b>	<b>18017</b>	<b>17664</b>	<b>17411</b>

Source: Inderes

Liabilities & equity	2023	2024	2025e	2026e	2027e
<b>Equity</b>	<b>1599</b>	<b>1601</b>	<b>1422</b>	<b>1068</b>	<b>835</b>
Share capital	0.1	0.1	0.1	0.1	0.1
Retained earnings	437	440	261	-92.9	-326.0
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	1163	1161	1161	1161	1161
Minorities	-0.3	0.2	0.0	0.0	0.0
<b>Non-current liabilities</b>	<b>14439</b>	<b>15982</b>	<b>16125</b>	<b>16126</b>	<b>16106</b>
Deferred tax liabilities	141	134	134	134	134
Provisions	0.0	0.0	0.0	0.0	0.0
Interest bearing debt	250	299	442	443	423
Convertibles	0.0	0.0	0.0	0.0	0.0
Other long term liabilities	14049	15549	15549	15549	15549
<b>Current liabilities</b>	<b>304</b>	<b>470</b>	<b>470</b>	<b>470</b>	<b>470</b>
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	304	470	470	470	470
<b>Balance sheet total</b>	<b>16343</b>	<b>18053</b>	<b>18017</b>	<b>17664</b>	<b>17411</b>

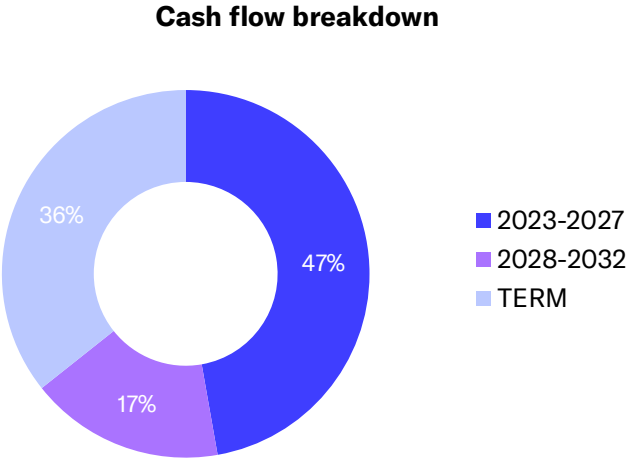


# Dividend model (DDM)

DDM valuation (MEUR)	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	TERM
Mandatum's net profit	153	149	144	150	152	148	150	151	153	
Dividend paid by Mandatum	503	377	292	257	177	157	152	142	137	1916
Payout ratio	329%	254%	202%	171%	116%	106%	101%	94%	89%	
Dividend growth-%	51.5 %	-24.9 %	-22.6 %	-12.0 %	-31.3 %	-11.3 %	-3.1 %	-6.6 %	-3.5 %	1.5 %
Discounted dividend	465	321	228	185	117	95	85	73	65	906
Discounted cumulative dividend	2540	2075	1754	1526	1341	1224	1129	1044	971	906
Excess capital	130									
Equity value, DDM	2670									
Per share EUR	5.3									

## Cost of capital

Risk-free interest	2.5%
Market risk premium	4.8%
Beta	1.3
Liquidity premium	0.0%
Cost of equity	8.7%



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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

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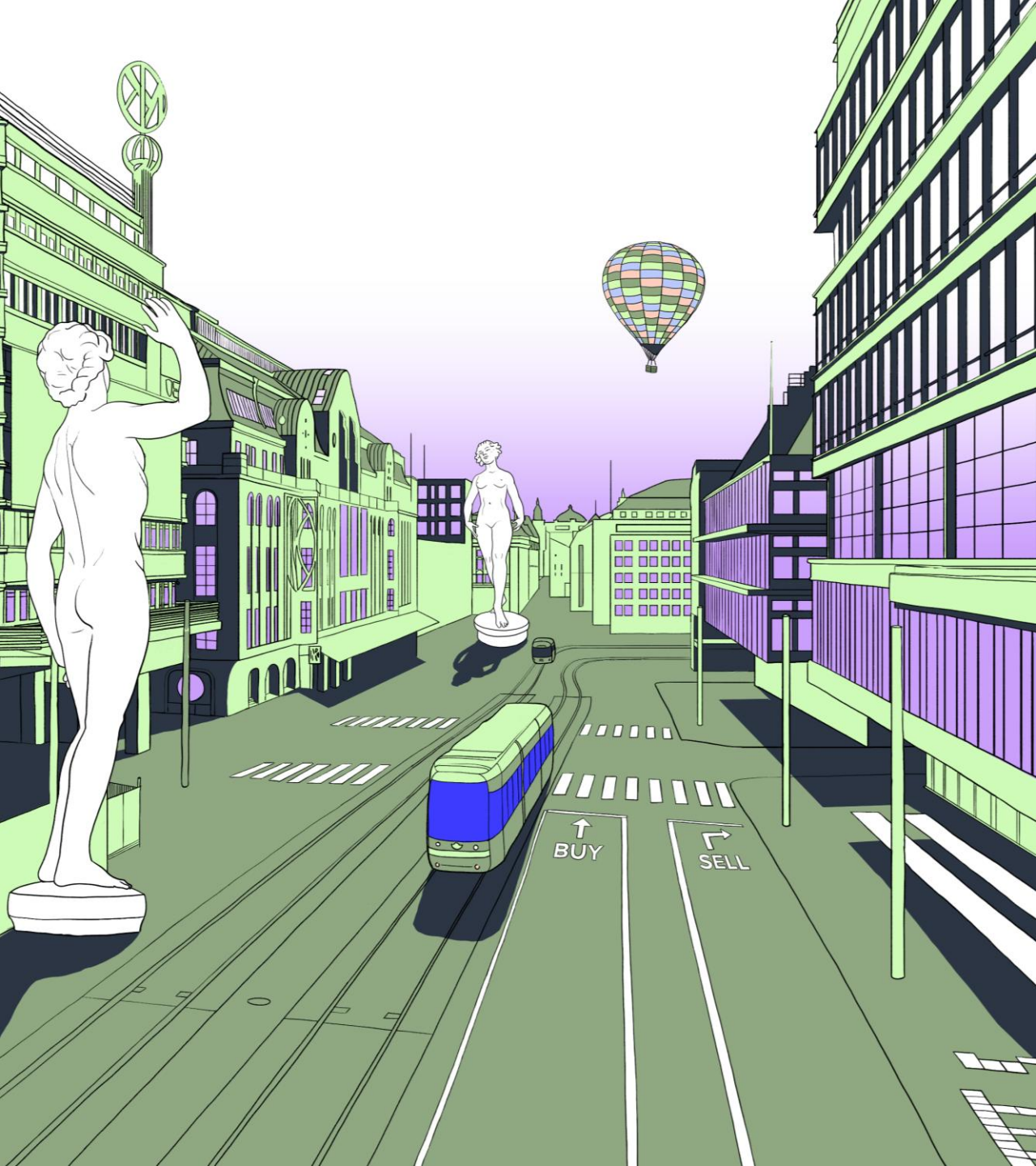
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## Recommendation history (>12 mo)

Date	Recommendation	Target	Share price
10/12/2023	Buy	4.20 €	3.70 €
11/8/2023	Osta	4.20 €	3.62 €
2/14/2024	Buy	4.40 €	3.84 €
5/10/2024	Accumulate	4.50 €	4.36 €
8/14/2024	Reduce	4.50 €	4.38 €
11/13/2024	Accumulate	4.50 €	4.16 €
2/14/2025	Reduce	4.80 €	5.28 €
4/11/2025	Reduce	5.40 €	5.61 €
5/9/2025	Reduce	5.60 €	6.09 €
5/19/2025	Reduce	4.90 €	5.28 €
6/10/2025	Reduce	5.30 €	5.51 €



# CONNECTING INVESTORS AND COMPANIES.

Inderes connects investors and listed companies.

We serve over 400 Nordic listed companies that want to better serve investors. The Inderes community is home to over 70,000 active investors.

We provide listed companies with solutions that enable seamless and effective investor relations. The Inderes service is built on four cornerstones for high-quality investor relations: Equity Research, Events, IR Software, and Annual General Meetings (AGM).

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

Inderes was created by investors, for investors.

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