CapMan Plc 1–9/2018 result

CapMan's growth continues

Joakim Frimodig, CEO

Helsinki, 1 November 2018

CapMan

Statements regarding future development and disclaimer

The following concerns this document, the related oral presentation by either CapMan Plc (hereinafter the "Company") or a representative of the Company as well as the subsequent Q&A sessions.

This document published by the Company constitutes the written material of the presentation for potential investors regarding the possible offering of the Company's securities ("Securities"). The material set forth herein is not, and should not be construed as an offer to sell or a solicitation of an offer to subscribe or purchase any Securities, or a part of such offer. Nothing in this material shall form the basis of any contract and nothing in this should be relied upon in connection with any contract or commitment, and nothing in this constitutes a recommendation regarding the Securities. The decision to purchase Securities should be made only on the basis of the offer document (or similar document) that has been prepared in connection with the offering of the Securities. The offer document (or similar document) contains more detailed information concerning the Company and the Securities than set forth in this material, and potential investors should re-view the offer document (or similar document) to conduct an independent research and evaluation of the Company's business, financial standing and nature of the Securities before making an investment decision regarding the Securities.

Certain statements presented that are not historical facts, including, among others, estimates of the overall economic development and the market situation, expectations concerning the growth and profitability of the combined group, the realisation of synergy benefits and cost savings, as well as statements that contain the expressions "expects", "estimates", "forecasts", "aims", "believes", "pursues", "intends", "could", "anticipates" "plans", "seeks", "will", "may", "likely", and "would" and other corresponding expressions or their negative variations identify forward-looking statements. Forward-looking statements are based on the Company's current expectations, estimates, decisions and plans as well as on the currently available facts regarding, among others, the Company's financial standing, results of operations, plans, objectives, future results and operations. Such statements involve inherent risks and uncertainties that, if materialized, may cause the actual results of operations of the combined group to be materially different than currently expected.

These factors include the overall economic conditions, including currency and interest rate fluctuations impacting the operating environment and profitability of clients and thereby the orders and margins on them received by the combined group; competition; the combined group's business conditions and continuous development and improvement thereof; and the success of possible future acquisitions. Forward-looking statements are further based on numerous assumptions concerning the Company's current and future strategy and the Company's future business environment.

No liability is accepted and no explicit or implicit guarantee or warranty is given with regard to this material, and no undue reliance should be placed on the truthfulness, accuracy or completeness of the material or the opinions expressed herein. Portions of this material are in draft form. The information contained in this material has not been independently verified nor will it be updated. The information contained in this material, including forward-looking statements, applies only on the date of this material and is not intended to be a guarantee of the future results. Any unsourced market data used in the material is an estimate made by the Company and has not been independently verified. The Company does not undertake to update any forward-looking statements except in circumstances specified by law and explicitly waives any liability for the material.

We are building a modern and growth-oriented

CapMan

”New doers”	”New direction”	”New attitude”
Renewed management and strengthened investment teams	Clarified vision and new strategic direction	New ways of working and company culture

CapMan

Value Builder

Building sustainable value for the enrichment of society

Our objective is to offer attractive returns and innovative solutions to investors

CapMan today

AUM
EUR 2.8 bn

110
portfolio companies and real estate assets

>120
LPs as customers

CapMan

Management Company business

- REAL ESTATE
- CREDIT
- BUYOUT
- GROWTH EQUITY
- RUSSIA
- INFRA

Service business

- CaPS
- SCALA FUND ADVISORY

Investments from our own balance sheet

CapMan invests in the private equity asset class from its own balance sheet, primarily in our own funds and, on a diversified basis, in listed markets.

Investment capital
>MEUR 200

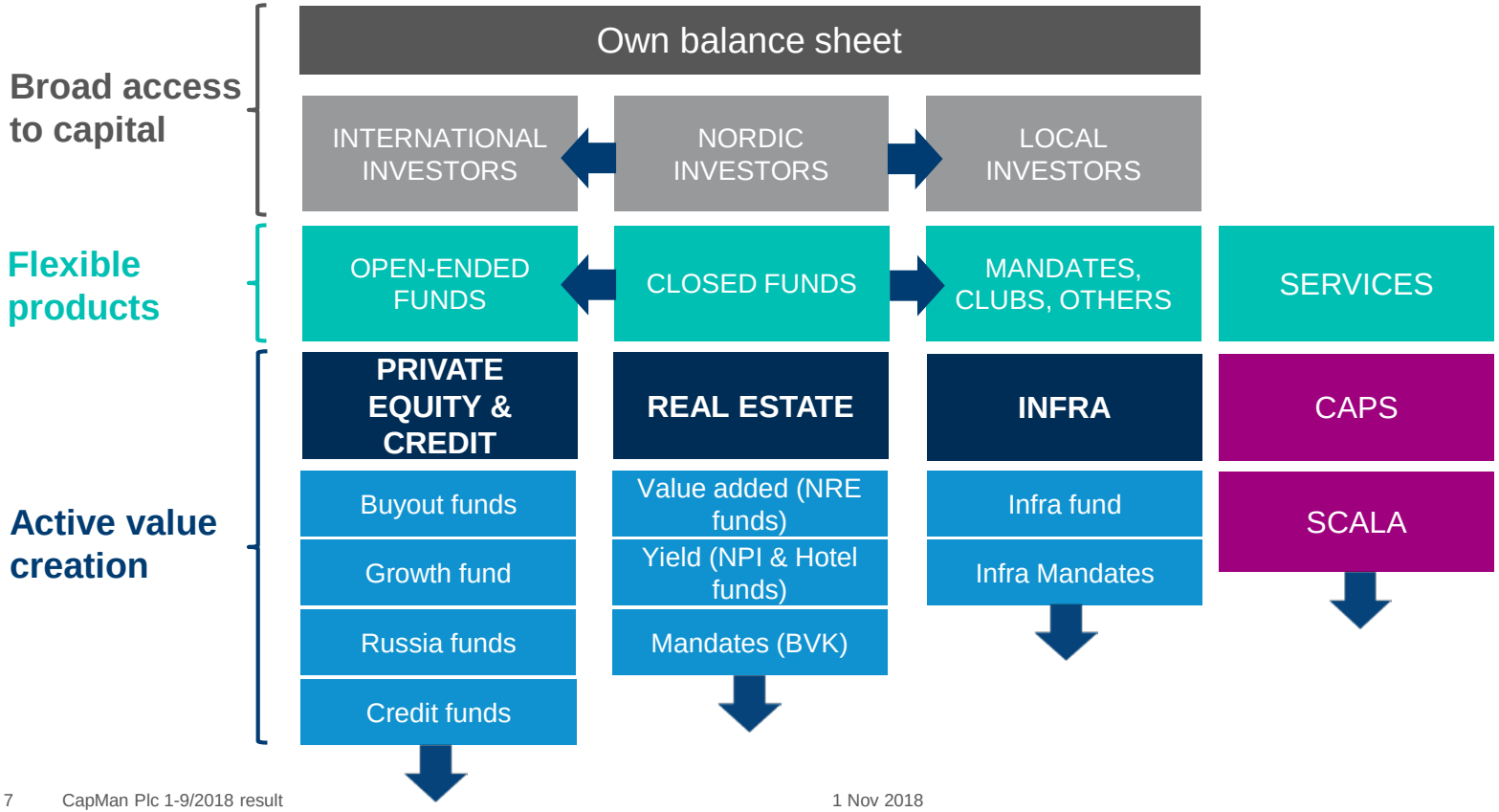
CapMan

Agenda

- **Strategy and financial objectives**
- Growth initiatives and value creation
- 1-9/2018 result

CapMan

CapMan's strategic direction



We are building CapMan into a leading Nordic private asset manager

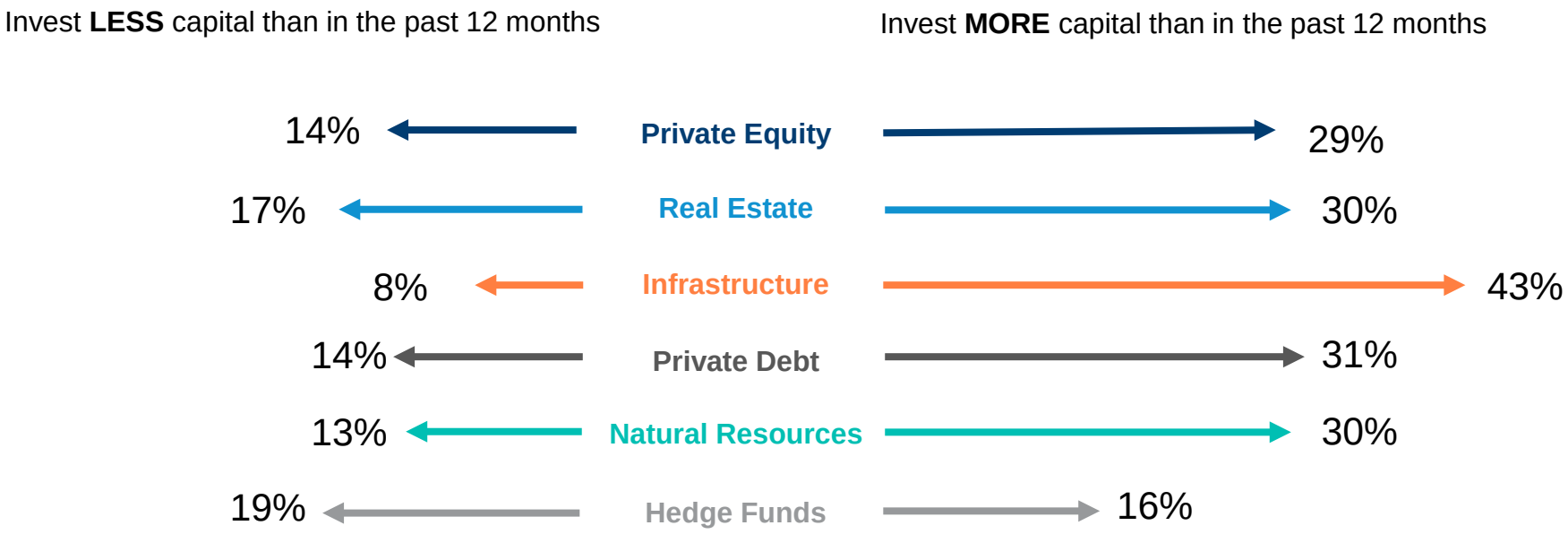
Active approach to value-creation

Increasingly flexible and diverse investment products

Expanding investor base

Alternative investments interest:

Institutional investor plans for the coming 12 months



Source: Preqin Investor Update Alternative Assets H2 2018

Agenda

- Strategy and financial objectives
- **Growth initiatives and value creation**
- 1-9/2018 result

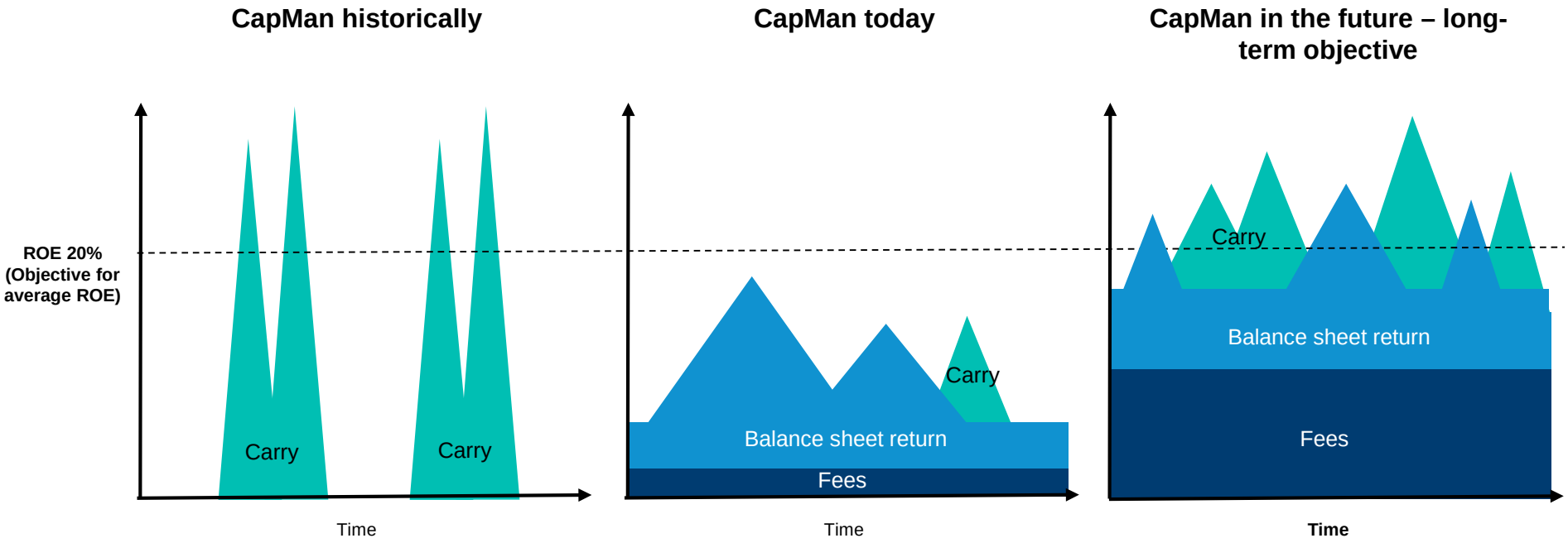
CapMan

CapMan's earnings model

Management Company business	Services business	Investment business
Buyout	Procurement	Fund investments
Growth	Fund advisory services	Market portfolio
Russia		
Credit		
Real Estate		
Infra		
Fees (incl. management fees and performance fees)	Fees	Realised returns and changes in fair value
Carried interest income		

CapMan

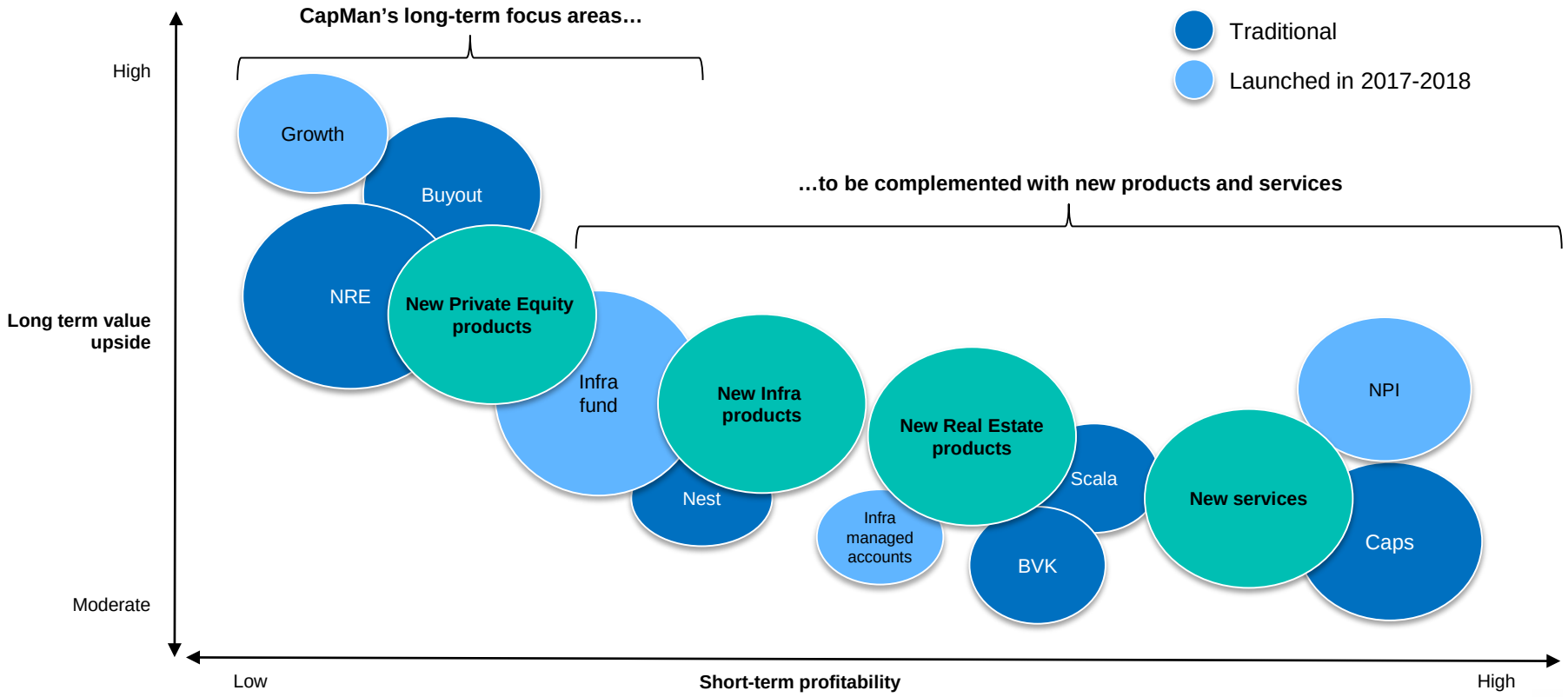
The strategic direction impacts the earnings model:
More stability and predictability



Illustrative, guidance for 2018 is provided on slide 32

Current business portfolio complemented with new products

Higher fee income, more stability, reduced market risk



Growth strategy progress

2017

Significant investments in to growth:

Real Estate

- CMNRE II fund establishment
- CMNPI fund establishment
- BVK mandate increase
- **Growth Equity** fund establishment
- **Infra** business area establishment
- **Service** business strong growth

2018 →

The effect of year 2017 growth investments

Additional investments:

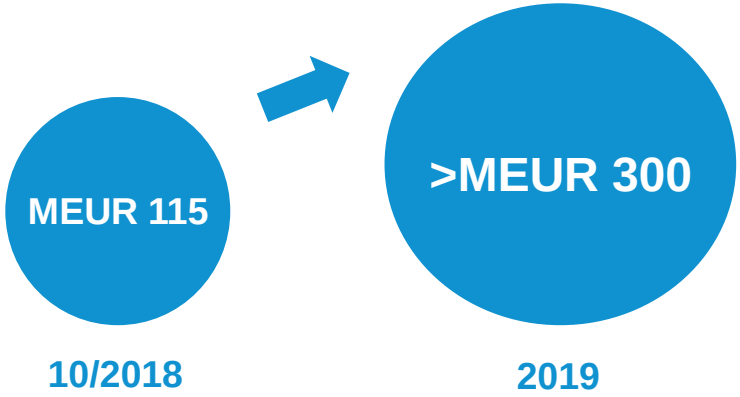
- Infra fund first close, fundraising continues
- Preparations for next Buyout fund
- Mandates
- Strong growth of Service business
- New products and services
- Strengthening distribution channels

Target >10% annual growth

CapMan

CapMan establishes infrastructure fund

CapMan Nordic Infrastructure I



The fund invests especially in core/core+ infrastructure in the energy, transportation and telecommunications sectors

CapMan's commitment to the fund is MEUR 30 million

CapMan Infra Managing Partner
Ville Poukka
nominated to the Management Group as of 1 November 2018

Growth efforts continue

Key near term growth projects

Fundraising of Infra fund

- First close, fundraising proceeding well
- Target size of the fund is above MEUR 300 (2019)

New Buyout fund

- Launching fundraising in 2018

Mandates

- New, tailor-made mandates for limited investor groups
- MEUR 500 BVK mandate and MEUR 70 investment in Elenia are examples

New products

- Launching new investment products
- Renewal of current products

Growth of Service business

- Continuing the strong growth of current services
- Developing new services

Strengthening the distribution

- Strengthening CapMan's distribution channels organically
- Potential distribution partnerships

Agenda

- Strategy and financial objectives
- Growth initiatives and value creation
- **1-9/2018 result**

CapMan

Highlights for 1-9/2018

Fee growth from the comparable period
24%

Fee profitability
MEUR 5

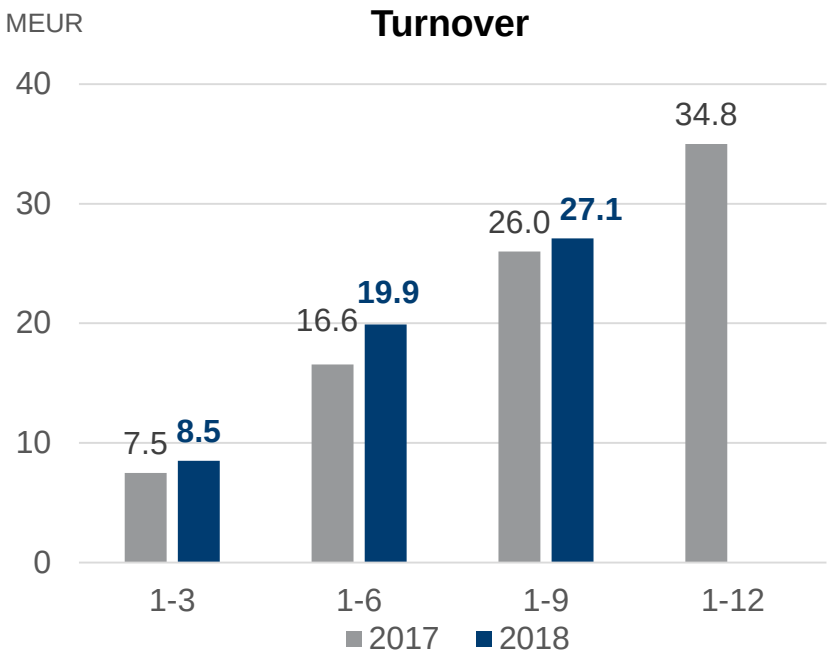
EPS
7.5 cents

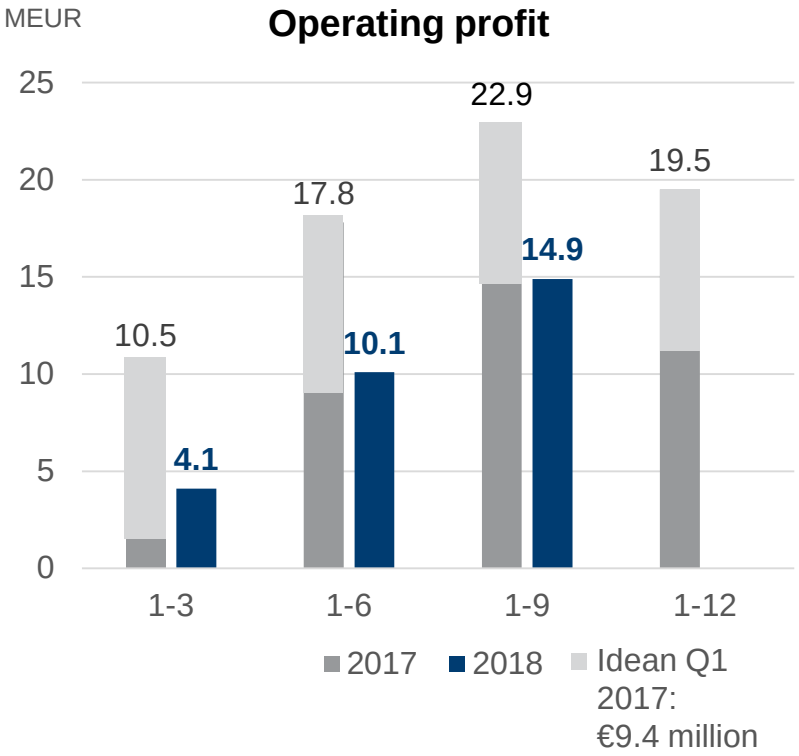
Very successful exit from
Fluido

15
exits in total

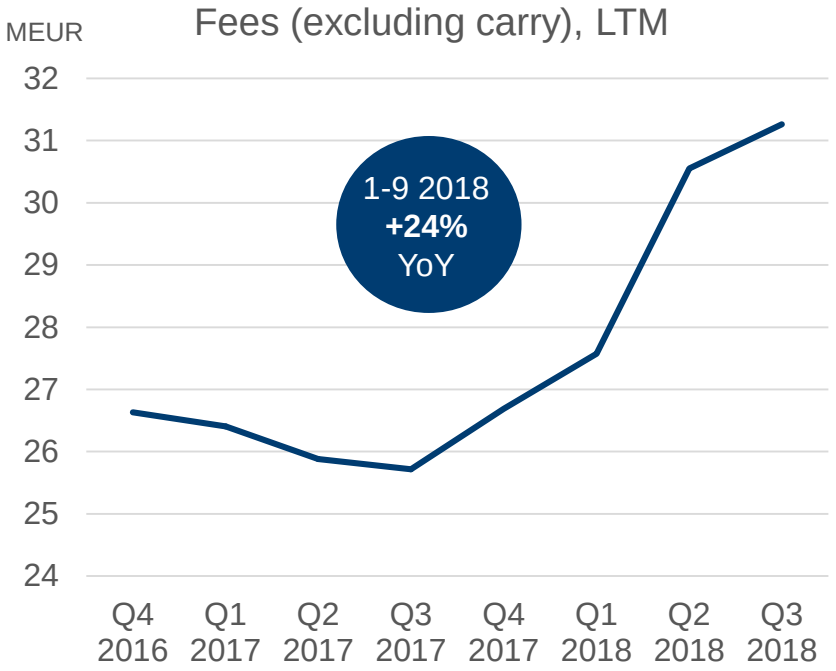
MEUR 115
raised for the Infra fund

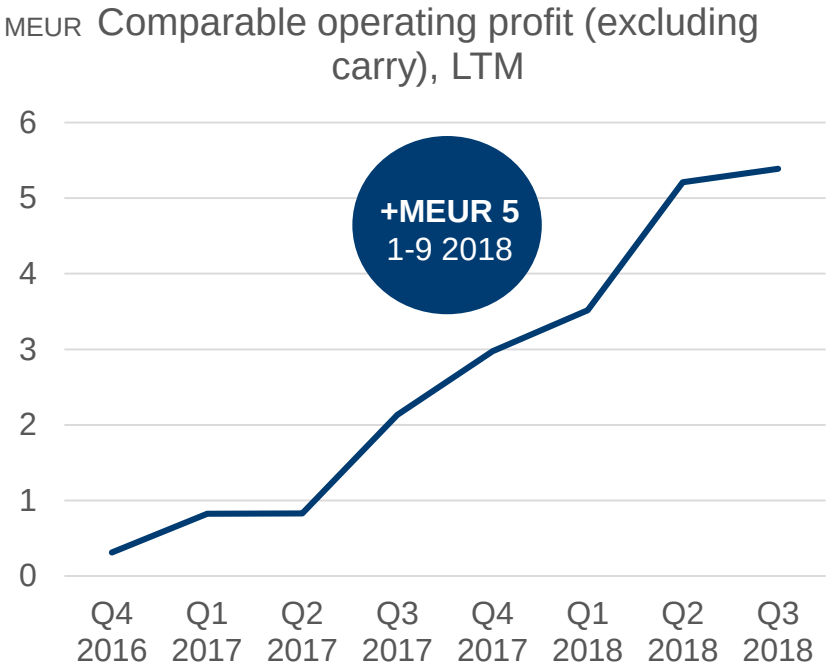
Turnover and operating profit





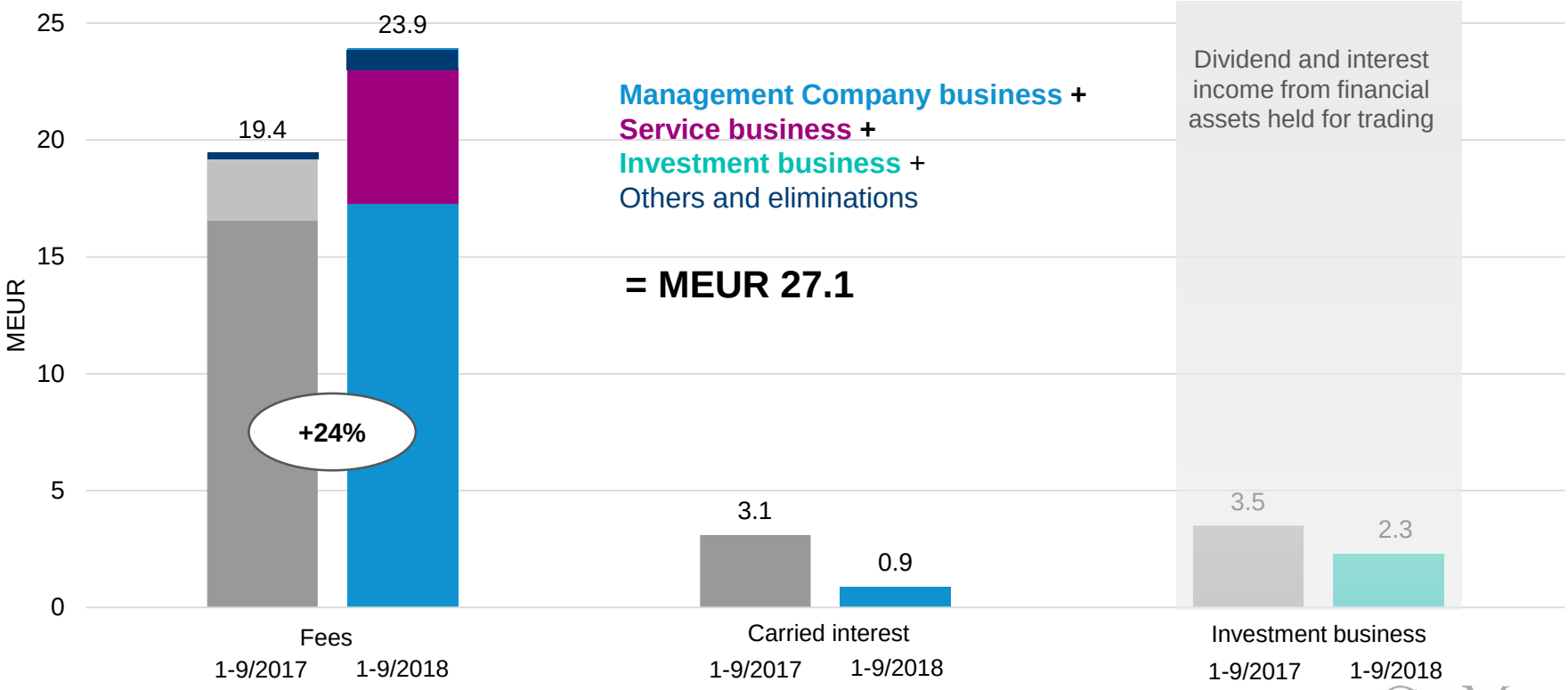
Fee development and development of fee based profitability



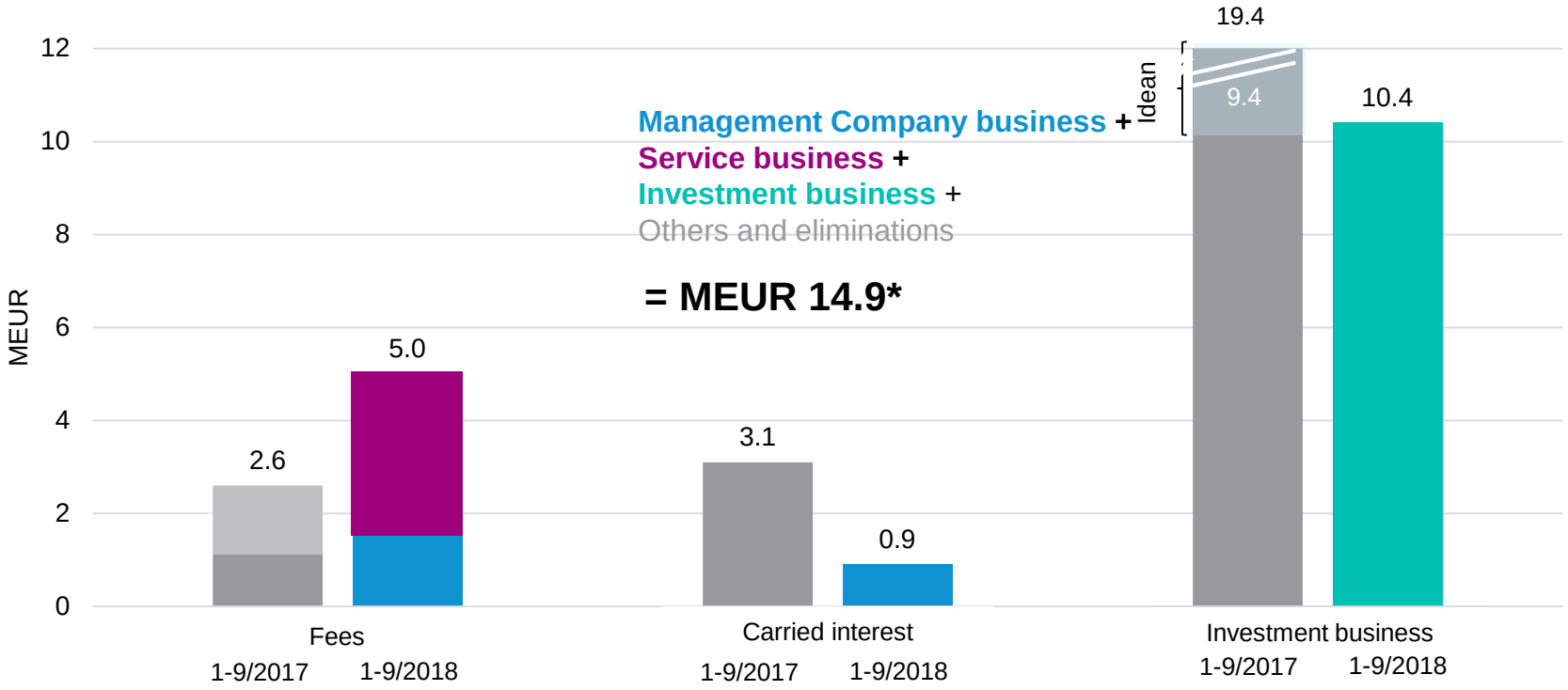


Fees include management fees and service fees on group level. Operating profit includes Management Company and Service Business without carried interest.

Turnover development by segment



Operating profit development by segment



Excluding items affecting comparability Liikevoitto sisältää konsernifunktioiden kulut.*

Management Company business:
Management fees grew from the comparable period

Private Equity	Real Estate	Infra & Credit
• Buyout • Growth • Russia • Others AUM: MEUR 800	• NRE funds • NPI fund • Hotel fund • BVK mandate • Others AUM: MEUR 1 700	• Mezzanine funds (Nest Capital) • Infra mandate • Infra fund AUM: MEUR 300
Total AUM: MEUR 2 800		

15% Management fees grew 15% from the comparable period and were MEUR 16.5.

MEUR 1.4 Fee-based operating income was MEUR 1.4, which increased due to growth in fees

MEUR 0.9 Exit from InfoCare and Access Capital fund contributed to MEUR 0.9 in carried interest income.

New capital raised during the last 18 months

Fund	AUM, MEUR	Established
CM NRE II	425	9/17
CM NPI	55	10/17
Growth Equity	86	12/17
Investment in Elenia	70	6/18
Infra fund	115 raised (300 target)	10/18

Service business:
Turnover +64% and strong profitability

Events 1-9/2018:

CaPS

SCALA

MEUR 6.6

Turnover from Service business was MEUR 6.6.

64%

Turnover growth was fuelled by strong growth in net sales of CaPS and success fees of Scala Fund Advisory.

CaPS

Contract volumes of CaPS reached MEUR 130, 23% growth compared to the corresponding period last year.

150%

The operating profit of the segment grew more than 150% compared to the corresponding period last year to MEUR 3.6.

Investment business:
Continued strong activity during the review period

New exits and investments during the review period:

Growth Equity

CapMan Growth fund successfully exited Fluido and invested in two fast growing Finnish companies during the review period.

Buyout

CapMan Buyout has completed already six exits during the review period.

More exits are expected in the coming months.

Real Estate

CapMan Real Estate completed eight new investments and nine exits in the Nordic countries.

The lease maturity of the Hotel fund has been extended to over 19 years.

Events 1-9/2018:

MEUR 10.4

The operating profit of the investment business was MEUR 10.4 during the review period. Successful exits from Fluido and Walki contributed significantly.

MEUR 20

We reduced the size of our trading portfolio as planned by approx. MEUR 20. The assets were allocated mainly to our own new funds.

2018-2019

The funds from our trading portfolio will be further allocated to new products in 2018 and 2019, of which the MEUR 30 commitment to the Infrastructure fund is an example.

Strong investment activity during the review period

New investments

ELENIA (Infra)

RealMachinery (Growth Equity)

Arctic Security (Growth Equity)

kotisun Huolettomampaa asumista (Buyout)

BEEPER COMMUNICATION CENTER (Russia)

CapMan REAL ESTATE

8 deals across the Nordics

Exits

Fluido (Growth Equity)

HARVIA (Buyout)

walki (Buyout)

mpt (Buyout)

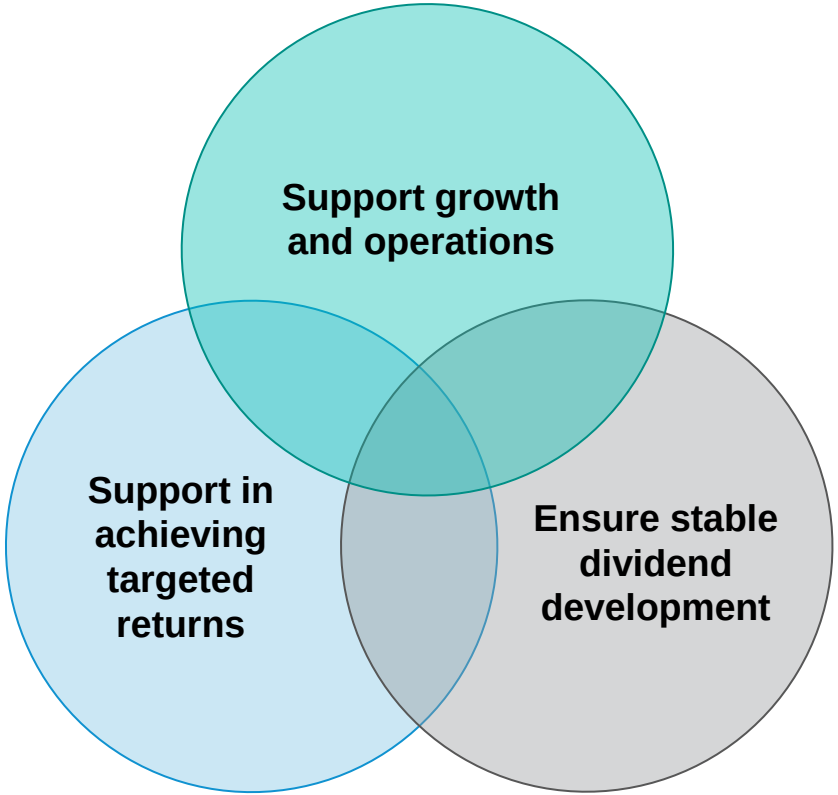
N°A THE NORTH ALLIANCE (Buyout)

The Art of Service INFOCARE Information Technology Services (Buyout)

CapMan REAL ESTATE

9 deals across Finland

The role of CapMan's balance sheet

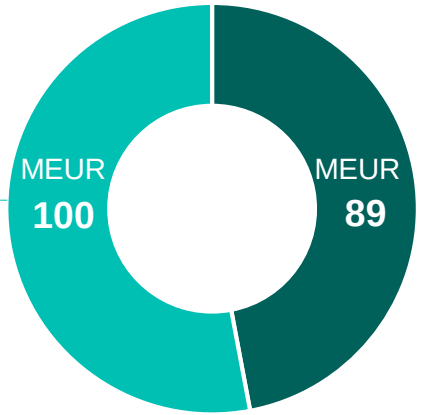


CapMan's own investments 30 September 2018

The trading portfolio was reduced by MEUR 20 as planned during the review period.

Funds from the trading portfolio were mainly allocated to new, own funds.

Capman has made a MEUR 30 commitment to the Infra fund after the end of the review period.



- Private Assets
- Cash and market investments

Private Assets in total
47%

Target allocation
80%

By the end of 2019.

CapMan’s business and stock market development

	The stock market’s role in CapMan’s result formation	Strategic impact	The impact of market volatility
Management fees + service fees	Fee leveles are pre-defined, no direct impact from the market	●	○
Carried interest	Timing of exits and valuation	●	◔
Fund investments	Fair value development, timing of exits and valuation	●	◑
Trading portfolio	Changes in market value / marked to market	○	◕

- Liquidity management
- Increased private asset / fund allocation
- Effective hedging

CapMan

Financial objectives

Growth of the Management Company and Service business

>10%

Average annual growth objective

Achieved 1-9/2018:
24%*

Return on equity

>20%

On average

Achieved 1-9/2018:
12%

Equity ratio

>60%

Achieved 9/2018:
58%

Dividend distribution objective

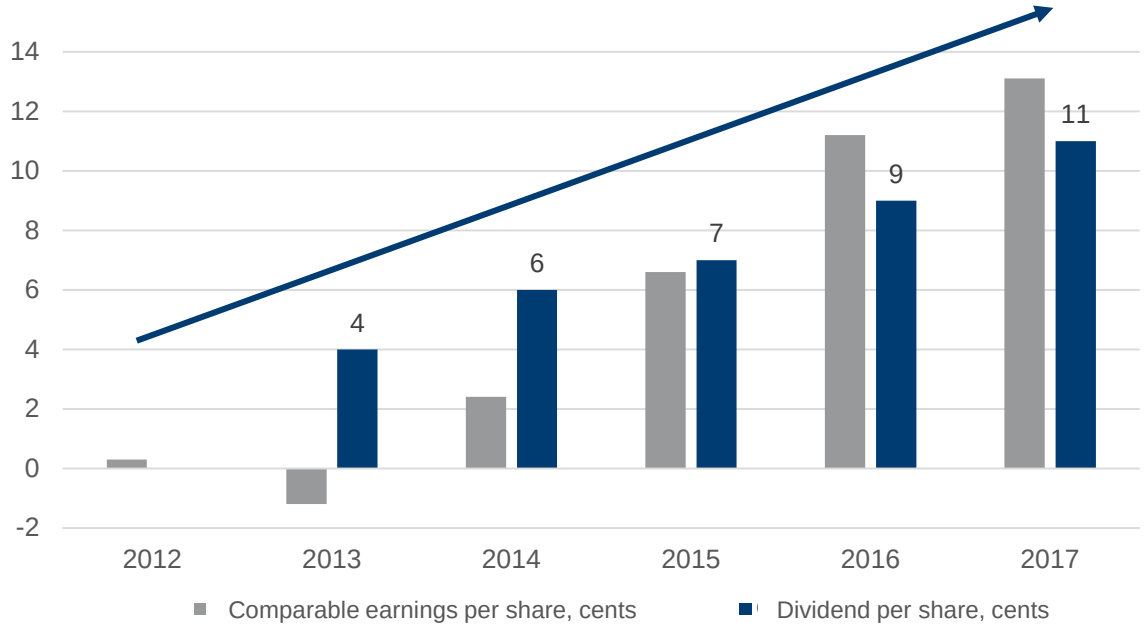
The company's objective is to pay an annually increasing dividend to its shareholders.

Dividend per share has **grown every year since 2012**

*Fees include management fees and service fees on group level and exclude carried interest income and items affecting comparability. Financial objectives are not including items affecting comparability.

CapMan wants to be an even better dividend payer

Updated dividend policy:
CapMan's objective is to pay an **annually increasing dividend** to its shareholders



Ability to pay an increasing dividend:

- Strong result profile and cash flow
- Significant liquid and distributable assets
- Strong balance sheet with equity ratio of approx. 60%

Outlook estimate for 2018

CapMan's objective is to pay an annually increasing dividend to its shareholders.

The combined growth objective for Management Company and Service business is more than 10 per cent p.a. on average. The objective for return on equity is more than 20 per cent p.a. on average. CapMan's equity ratio target is more than 60 per cent.

CapMan expects to achieve these financial objectives gradually and key figures are expected to show fluctuation on annual basis considering the nature of the business. CapMan expects fees from services to continue to grow and have an impact on results from the Management Company and Service business in 2018. Our objective is to improve the profitability of Management Company and Service business before carried interest income and any possible items affecting comparability.

The return on CapMan's investments have a substantial impact on CapMan's overall result. The development of industries and local economies, inflation development, valuation multiples of peer companies, exchange rates and various other factors outside of CapMan's control influence fair value development of CapMan's overall investments in addition to company and real estate specific development.

CapMan's objective is to improve results longer term, taking into account annual fluctuations affecting the business. For these and other above-mentioned reasons, CapMan does not provide numeric estimates for 2018.

Largest shareholders 30 September 2018

	Shareholder	Shares and votes (#)	Share of shares and votes (%)
1	Ilmarinen Mutual Pension Insurance Company	10,737,228	7.31
2	Mandatum Life Insurance Company Limited	10,464,415	7.12
3	OY Inventiainvest AB	7,024,794	4.78
4	Laakkonen Mikko Kalervo	6,378,320	4.34
5	Varma Mutual Pension Insurance Company	3,675,215	2.50
6	Joensuun Kauppa Ja Kone Oy	3,261,853	2.22
7	Vesasco Oy	3,088,469	2.10
8	The State Pension Fund	2,500,000	1.70
9	Heiwes Oy	2,094,480	1.43
10	Winsome Oy	2,076,299	1.41
	10 suurinta yhteensä	51,301,073	**34.9%**
	Johtoryhmä	1,049,066	**0.7%**

>18 000
shareholders

During the review period, Management Group of CapMan have increased their holdings to over 1 million shares.

CapMan

IR calendar and IR team

IR calendar 2018

- **Capital Markets Day 2018**
  28 Nov 2018
  Savoy, Eteläesplanadi 14, Helsinki

IR team

Joakim Frimodig, CEO
tel. +358 50 529 0665
joakim.frimodig@capman.com

Niko Haavisto, CFO
tel. +358 207 207 583
niko.haavisto@capman.com

Linda Tierala, Manager, Communications & IR
tel. +358 40 571 7895
linda.tierala@capman.com