

# CapMan Plc 2019 Financial Statements Bulletin

CapMan Plc Stock Exchange Release / Financial Statement Release 30 January 2020 at 8:30 a.m. EET

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#### Results and significant events in 2019:

- Group turnover was MEUR 49.0 1 Jan-31 Dec 2019 (MEUR 33.5 1 Jan-31 Dec 2018), growth was 46 per cent from the comparison period.
- Operating profit was MEUR 19.4 (MEUR 12.0). Operating profit excluding items affecting comparability was MEUR 25.0 (MEUR 12.0), growth was 110 per cent from the comparison period.
- Diluted earnings per share were 9.0 cents (5.4 cents). Diluted earnings per share excluding items affecting comparability were 11.6 cents (5.4 cents), growth was 115 per cent from the comparison period.
- CapMan established CapMan Hotels II Fund with MEUR 368 in equity.
- The Board of Directors proposes a total of 13 cents/share to be distributed for 2019, consisting of a dividend of 4 cents/share and equity repayment of 9 cents/share.

This stock exchange release is a summary of CapMan Plc's 2019 Financial Statements Bulletin. The complete report is available in pdf-format as an attachment to this release and on the company's website at <a href="https://www.capman.com/shareholders/financial-reports/">https://www.capman.com/shareholders/financial-reports/</a>.

#### Joakim Frimodig, CEO:

"CapMan's results in 2019 were a strong message that our strategy focused on the Nordic private assets market bears fruit. Group turnover grew by almost 50 per cent. Correspondingly, comparable operating profit grew by more than 110 per cent from the comparison period to MEUR 25. Comparable earnings per share was approx. 12 cents.

We have made progress in all aspects of our strategy. Demand for our funds remains solid and our fundraising projects proceed as planned. At the end of 2019, we established a new hotel real estate fund with equity of approx. MEUR 370 at establishment. The fund has a semi-open-ended structure. Our objective is to grow the fund significantly. Fundraising continues also to our newest Buyout and Infra funds. We have also commenced new fundraising projects, including the next fund in our Credit-strategy and our third Nordic Real Estate fund

We expect significant growth in capital under management as our ongoing fundraisings progress in 2020. Our management fee-based profitability improved significantly during 2019 and we expect continued improvement this year.

Our Service business has grown by more than 80 per cent and the segment's operating profit exceeded MEUR 9 in 2019. All three service businesses – CaPS, Scala and JAM Advisors – have performed well and their growth outlook remains good.

Following the strong development of our Management Company and Service businesses our fee-based profitability has grown more than three years in a row and the combined operating profit excluding carried interest income and items affecting comparability reached a new record level at MEUR 12 in 2019.

Last year, we received a total of MEUR 7 in carried interest income from our previous hotels real estate fund following the sale of its portfolio to the new fund, as well as from CapMan Mezzanine V and Access Capital funds. Several other funds are approaching carry.

Our funds have actively invested and conducted exits in 2019. Value creation work continues strong and our own fund investments returned 10 per cent last year.

The fundraising and operating environment in Russia is challenging. Following a strategic review, we have agreed on the sale of our Russia business to the investment team responsible for it. At the end of 2019, we wrote down the entire goodwill associated with the Russia business, MEUR 4.2. The measure has no impact on cash flow. Russia represented less than 3 per cent of CapMan's turnover in 2019 and the operations were slightly loss-making in 2019.

Total return of CapMan's share was strong in 2019 at approx. 64 per cent. The development significantly beat the Nasdaq Helsinki general index. CapMan's Board of Directors proposes to the AGM to be held in spring that a total of 13 cents per share is distributed to shareholders. Continued strong growth and improved profitability support the implementation of our long-term dividend policy. Our objective is to distribute an annually growing dividend to our shareholders."

## Financial objectives and outlook estimate for 2020

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

The combined growth objective for the Management Company and Service businesses 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 an annual basis considering the nature of the business. CapMan expects management fees and fees from services to continue growing in aggregate in 2020. Our objective is to improve the aggregate profitability of Management Company and Service businesses before carried interest income and any possible items affecting comparability.

Carried interest income from funds managed by CapMan and the return on CapMan's investments have a substantial impact on CapMan's overall result. In addition to portfolio company and asset-specific development and exits from portfolio companies and assets, various factors outside of the portfolio's and CapMan's control influence fair value development of CapMan's overall investments as well as the magnitude and timing of carried interest.

CapMan's objective is to improve results in the longer term, taking into consideration annual fluctuations related to the nature of the business. For these and other above-mentioned reasons, CapMan does not provide numeric estimates for 2020.

Items affecting comparability are described in the Tables section of this report.

# **Key figures**

MEUR	1-12/19	1-12/18
Operating profit	19.4	12.0
Items affecting comparability		
Acquisition related costs	1.1	
Donations	0.3	
Impairment of goodwill	4.2	
Items affecting comparability, total	5.7	
Adjusted operating profit	25.0	12.0
Profit for the period	15.9	8.5
Items affecting comparability		
Acquisition related costs	1.0	
Donations	0.3	
Impairment of goodwill and other writedowns	2.8	
Items affecting comparability, total	4.1	
Adjusted profit for the period	20.0	8.5
Earnings per share, cents	9.2	5.5
Items affecting comparability, cents	2.7	
Adjusted earnings per share, cents	11.9	5.5
Earnings per share, diluted, cents	9.0	5.4
Items affecting comparability, cents	2.6	
Adjusted earnings per share, diluted, cents	11.6	5.4
%	31.12.2019	31.12.2018
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Return on equity, %*	12.7	6.8
Return on equity, comparable, %*	16.0	6.8
Equity ratio, %	59.9	58.7

<sup>\*</sup>CapMan has changed the calculation of Return on equity (ROE) as of Q2 2019. Return on equity is calculated as annualised profit for the period divided by average total equity (incl. non-controlling interests). Previously, ROE was calculated as annualised profit attributable to equity holders of the parent divided by average equity attributable to equity holders of the parent. The figures for the comparison periods have been restated accordingly.

#### Press, analyst and institutional investor conference and webcast today at 10.00 a.m. EEST

CapMan's management will present the result for the review period to press, analysts and institutional investors in a press conference to be held at 10.00 a.m. EET at CapMan's head office in Helsinki, address Ludviginkatu 6. To join the conference in person, please register with linda.tierala@capman.com. The conference is also accessible over a live webcast at <a href="https://capman.videosync.fi/2019-q4-results">https://capman.videosync.fi/2019-q4-results</a>. The conference will be held in English. A replay of the webcast will be available on the company's website after the event. Welcome!

Helsinki, 30 January 2020

CAPMAN PLC Board of Directors

### Further information:

Niko Haavisto, CFO, CapMan Plc, tel. +358 50 465 4125

#### Distribution:

Nasdaq Helsinki Ltd Principal media www.capman.com

Appendix: CapMan Plc 2019 Financial Statements Bulletin

CapMan is a leading Nordic private asset expert with an active approach to value creation. We offer a wide selection of investment products and services. As one of the Nordic private equity pioneers, we have developed hundreds of companies and real estate assets and created substantial value in these businesses and assets over the past 30 years. With over €3 billion in assets under management, our objective is to provide attractive returns and innovative solutions to investors. We have a broad presence in the unlisted market through our local and specialised teams. Our investment strategies cover Private Equity, Real Estate and Infra. We also have a growing service business that includes procurement services, fundraising advisory, and analysis, reporting and wealth management services. Altogether, CapMan employs 140 people in Helsinki, Stockholm, Copenhagen, London and Luxembourg. www.capman.com