

MANDATUM

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INDERES CORPORATE CUSTOMER

COMPANY REPORT



We account for the dividend payout

We have updated our target price for Mandatum to account for the dividend payout. Our estimates and view of the company remain unchanged. Despite the strong growth outlook, we still consider the stock highly priced, so we reiterate the Reduce recommendation. Our updated target price is EUR 5.5 per share (was EUR 6.4).

Profit distribution to remain abundant for a long time

We have not made any changes to the estimates we updated in connection with the Q1 earnings or to our view of the company. The latest company update can be read [here](#). However, we have factored in the dividend of EUR 0.85 per share, which was distributed on May 13, 2026, and was significantly higher than the earnings accrual of EUR 0.31 per share for the last financial year. The significantly higher profit distribution than earnings per share is explained by the unwinding of the balance sheet, as Mandatum has sold several significant investments from its balance sheet in recent years (the largest being Saxo Bank and Enento), which it inherited from Sampo in connection with the demerger. In addition, the contraction of the with-profit insurance portfolio increases the amount of distributable assets. We therefore expect Mandatum's profit distribution to exceed its earnings accruals for several years to come. Additionally, it should be noted that the funds from the sale of Saxo Bank have not yet been distributed, so we anticipate an above-average dividend for 2026 as well (estimated at EUR 0.85).

Asset management is the group's long-term earnings driver

Overall, we expect Mandatum's group-level profit to bottom out in 2026. For 2027, we expect strong earnings growth as investment income normalizes and fee income continues its robust growth. Going forward, we expect the group's earnings to continue growing, but at a more moderate rate. While we anticipate a significant increase in Mandatum's wealth and asset

management earnings, the decline in the investment portfolio will impede earnings growth, maintaining a moderate earnings growth rate for the group in our forecasts. However, the earnings mix is continuously improving as the share of wealth and asset management increases.

The flip side of the reduction in the investment portfolio is that profit distribution will remain generous, as Mandatum will return the funds released from this to its shareholders. In the coming years, the focus of dividend distribution will be strongly on returning excess capital, with accumulated earnings playing a smaller role. Consequently, our estimates indicate that the dividend per share will exceed earnings per share by a significant margin.

Expectations for the stock are too demanding

Mandatum's expected return relies heavily on high dividend returns. We have gauged the value of Mandatum first and foremost by using the dividend discount model as it best reflects the company's high payout ratio and the unwinding of its overcapitalized balance sheet. Our DDM model indicates a value of some EUR 5.5 for Mandatum (was EUR 6.4). This decrease from our previous update is solely due to the dividend payment (EUR 0.85). According to our dividend model, the value is below the share price, so we consider the share to be fully priced. Also, when looking at the sum-of-the-parts, Mandatum's asset management is priced at a significant premium relative to its domestic peers, which sets an extremely high bar for performance. However, the high dividend yield also limits the share's downside, and, with excellent operational performance continuing, there are no clear downward drivers for the share.

Recommendation

Reduce

(was Reduce)

Target price:

EUR 5.50

(was EUR 6.40)

Share price:

EUR 5.69

Business risk



Valuation risk



	2025	2026e	2027e	2028e
PTP	182.0	127.8	187.0	192.1
Net income	110.7	153.3	157.5	160.1
EPS (adj.)	0.31	0.22	0.30	0.31
DPS	0.85	0.85	0.57	0.56
Payout ratio	274%	387%	187%	179%
ROE-%	10.3%	8.7%	15.7%	20.4%

P/E (adj.)	22.2	25.9	18.7	18.2
P/B	2.4	2.6	3.4	4.1
Dividend yield-%	12.4 %	14.9 %	10.0 %	9.8 %

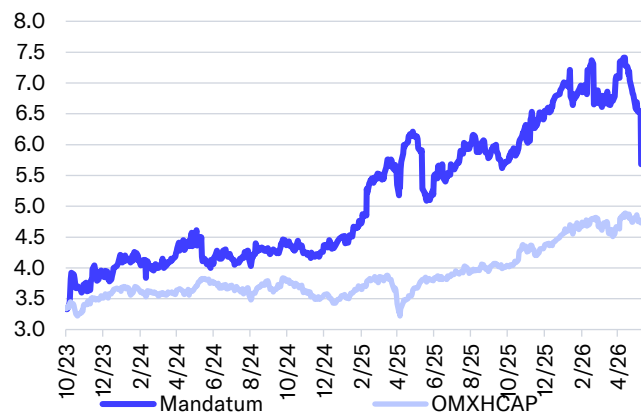
Source: Inderes

Guidance

(Unchanged)

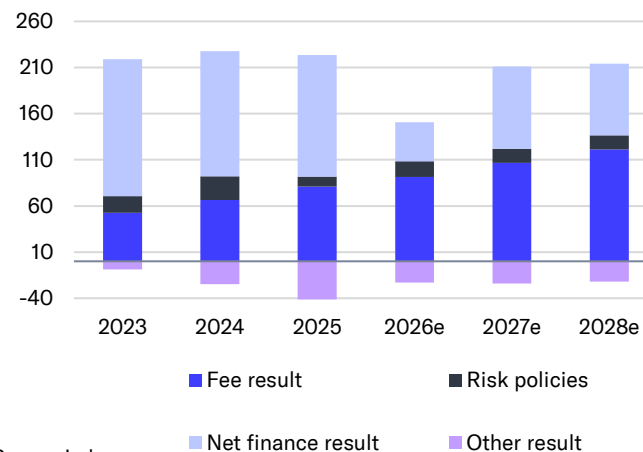
The fee result is expected to increase from 2025, assuming stable market conditions. The with-profit portfolio is expected to decline further.

Share price



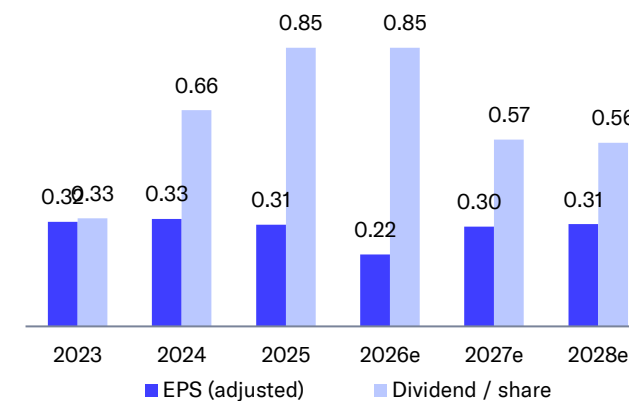
Source: Millstream Market Data AB

Mandatum's PTP breakdown (MEUR)



Source: Inderes

EPS and dividend



* Under IFRS17 since 2022

Source: Inderes

Value drivers

- Growth in capital-light wealth and asset 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 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	2026e	2027e	2028e
Share price	5.69	5.69	5.69
Number of shares, millions	503.7	504.2	504.7
Market cap	2866	2869	2872
P/E (adj.)	25.9	18.7	18.2
P/E	25.9	18.7	18.2
P/B	2.6	3.4	4.1
Payout ratio (%)	386.9 %	187.5 %	179.4 %
Dividend yield-%	14.9 %	10.0 %	9.8 %

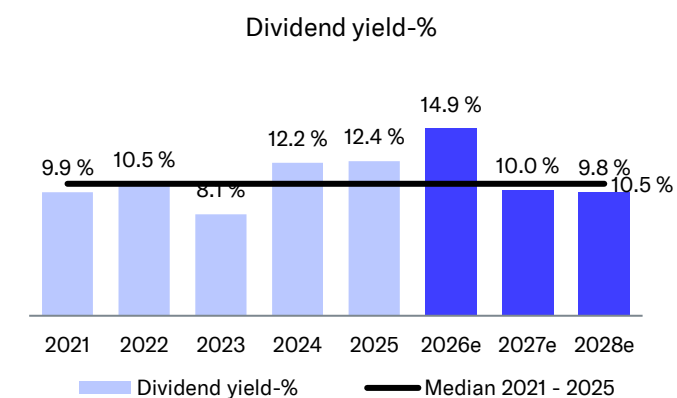
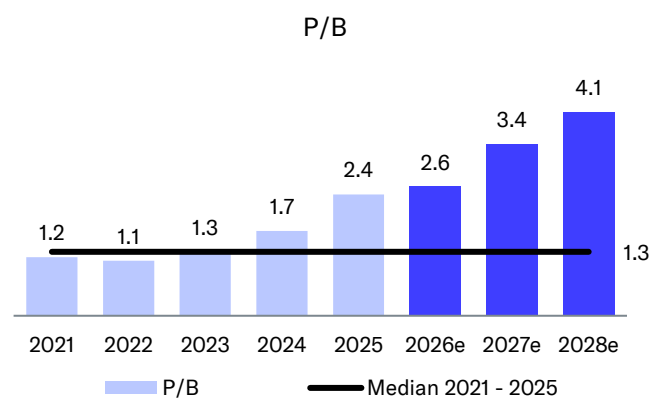
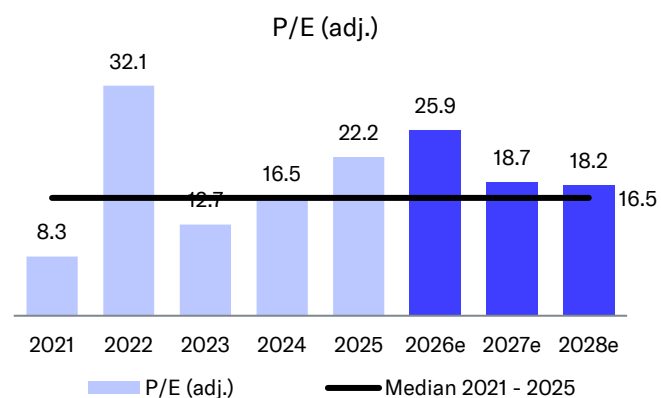
Source: Inderes

Valuation table

Valuation	2021	2022	2023	2024	2025	2026e	2027e	2028e	2029e
Share price	3.70	3.70	4.07	5.40	6.88	5.69	5.69	5.69	5.69
Number of shares, millions	548.0	501.8	501.8	502.7	502.7	503.7	504.2	504.7	505.2
Market cap	2028	1857	2042	2715	3459	2866	2869	2872	2875
P/E (adj.)	8.3	32.1	12.7	16.5	22.2	25.9	18.7	18.2	18.0
P/E	8.3	32.1	12.7	16.5	22.2	25.9	18.7	18.2	18.0
P/B	1.2	1.1	1.3	1.7	2.4	2.6	3.4	4.1	4.9
Payout ratio (%)	81.7 %	338.6 %	103.4 %	201.2 %	274.1 %	386.9 %	187.5 %	179.4 %	135.7 %
Dividend yield-%	9.9 %	10.5 %	8.1 %	12.2 %	12.4 %	14.9 %	10.0 %	9.8 %	7.6 %

Source: Inderes

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



Peer group valuation

Peer group valuation Company	Market cap MEUR	EV MEUR	EV/EBIT		EV/EBITDA		EV/S		P/E		Dividend yield-%		P/B 2026e
			2026e	2027e	2026e	2027e	2026e	2027e	2026e	2027e	2026e	2027e	
Alexandria	121	107	7.6	7.3	6.6	6.2	1.9	1.8	11.9	11.4	7.8	8.2	3.1
Aktia	835								10.6	9.5	6.2	6.6	1.2
CapMan	304	307	8.9	6.6	8.7	6.5	4.2	3.5	12.8	9.9	7.6	8.2	1.6
Evli	579	551	9.9	9.0	9.4	8.6	4.3	4.0	14.8	13.1	6.0	6.5	3.4
eQ	390	363	11.3	11.2	10.9	10.8	5.4	5.2	15.4	15.1	6.5	6.8	5.4
Taaleri	213	170	7.2	5.5	6.9	5.4	2.8	2.6	13.9	9.3	5.3	5.9	0.9
Titanium	64	52	8.6	11.3	7.8	9.8	2.6	2.7	13.0	16.3	7.4	5.9	4.2
United Bankers	209	209	11.8	9.9	10.1	8.7	3.4	3.1	15.9	13.1	6.3	6.9	3.3
Mandatum (Inderes)	2866	2792	21.8	16.4	21.8	16.4	15.7	15.8	25.9	18.7	14.9	10.0	2.6
Average			9.3	8.7	8.6	8.0	3.5	3.3	13.5	12.2	6.6	6.9	2.9
Median			8.9	9.0	8.7	8.6	3.4	3.1	13.5	12.2	6.4	6.7	3.2
Diff-% to median			145%	82%	151%	90%	361%	414%	92%	53%	133%	49%	-19%

Source: Refinitiv / Inderes

Income statement

Income statement	2024	Q1'25	Q2'25	Q3'25	Q4'25	2025	Q1'26	Q2'26e	Q3'26e	Q4'26e	2026e	2027e	2028e	2029e
Fee result	66.6	18.8	18.5	21.7	21.9	80.9	20.6	22.4	24.0	24.3	91.3	106.8	121.2	132.0
Result related to risk policies	25.4	2.3	2.0	2.6	4.0	10.9	6.2	3.7	3.7	3.7	17.2	15.0	15.2	15.3
Net finance result	135.7	51.8	21.7	39.4	18.8	131.7	-46.8	29.7	30.2	29.3	42.3	89.1	77.7	69.7
Other result	-24.8	-10.9	-8.0	-8.0	-14.4	-41.3	-6.1	-5.4	-5.7	-6.0	-23.1	-24.0	-21.9	-21.8
PTP	202.9	61.9	34.2	55.7	30.3	182.1	-26.1	50.3	52.2	51.3	127.7	187.0	192.1	195.3
Taxes	-38.0	-12.4	-4.9	-9.0	0.2	-26.1	13.6	-10.1	-10.4	-10.3	-17.2	-33.7	-34.6	-35.1
Net profit	164.9	49.6	29.2	46.8	30.3	155.9	-12.4	40.2	41.8	41.0	110.7	153.3	157.5	160.1
Earnings per share (EPS)	0.33	0.10	0.06	0.09	0.06	0.31	-0.02	0.08	0.08	0.08	0.22	0.30	0.31	0.32
Organic capital creation per share	0.44	0.17	0.17	0.14	0.12	0.60	0.10	0.14	0.13	0.14	0.51	0.49	0.54	0.43
Dividend per share	0.66	-	-	-	-	0.85	-	-	-	-	0.85	0.57	0.56	0.43
Equity (IFRS)	1601	-	-	-	-	1430	-	-	-	-	1113	838	708	585
ROE	10.3 %	-	-	-	-	10.9 %	-	-	-	-	9.9 %	18.3 %	22.3 %	27.4 %

AUM	2024	Q1'25	Q2'25	Q3'25	Q4'25	2025	Q1'26	Q2'26e	Q3'26e	Q4'26e	2026e	2027e	2028e	2029e
Group AUM (BNEUR)	14.0	14.0	14.4	14.9	15.3	15.3	15.4	15.9	16.3	16.8	16.8	18.6	20.4	22.3
Institutional and wealth management clients	7.8	8.0	8.1	8.4	8.7	8.7	8.9	9.2	9.5	9.9	9.9	11.2	12.5	13.8
Corporate clients	2.6	2.7	2.8	2.8	2.9	2.9	2.9	3.0	3.1	3.1	3.1	3.4	3.8	4.1
Retail clients	3.5	3.4	3.5	3.6	3.7	3.7	3.6	3.7	3.7	3.8	3.8	3.9	4.1	4.4

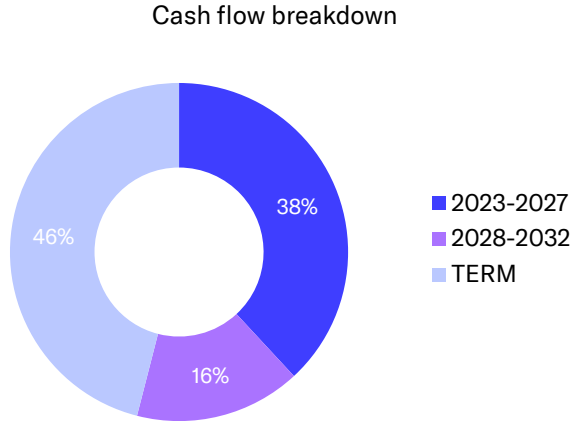
Solvency	2024	Q1'25	Q2'25	Q3'25	Q4'25	2025	Q1'26	Q2'26e	Q3'26e	Q4'26e	2026e	2027e	2028e	2029e
Solvency 2 ratio	210%	207%	209%	206%	183%	184%	203%	198%	196%	194%	194%	184%	178%	174%
Solvency 2 own funds (MEUR)	2048	2041	2012	1996	1825	1825	1648	1625	1604	1531	1531	1397	1272	1215
Solvency capital requirement (SCR)	973	984	965	968	994	994	810	820	819	790	790	758	716	700
Excess capital at target level*	249	222	372	350	135	135	231	190	170	149	189	109	54	25
Excess capital per share at target level*	0.49	0.44	0.74	0.70	0.27	0.27	0.54	0.46	0.42	0.37	0.37	0.22	0.11	0.05

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

Dividend model (DDM)

DDM valuation (MEUR)	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	2034e	TERM
Mandatum's net profit	111	153	158	160	164	168	174	183	189	
Dividend paid by Mandatum	428	287	283	217	142	142	147	157	162	2555
Payout ratio	387%	187%	179%	136%	86%	84%	84%	86%	86%	
Dividend growth-%	0.2 %	-32.9 %	-1.7 %	-23.1 %	-34.8 %	0.1 %	3.7 %	7.0 %	3.3 %	2.0 %
Discounted dividend	395	244	222	157	94	87	83	82	78	1229
Discounted cumulative dividend	2671	2276	2032	1810	1653	1559	1472	1389	1307	1229
Excess capital	110									
Equity value, DDM	2781									
Per share EUR	5.5									

Cost of capital	
Risk-free interest	2.5%
Market risk premium	4.8%
Beta	1.3
Liquidity premium	0.0%
Cost of equity	8.5%



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

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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 €
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 €
8/15/2025	Reduce	5.60 €	5.88 €
11/12/2025	Reduce	6.00 €	6.41 €
2/13/2026	Reduce	6.30 €	6.82 €
5/11/2026	Reduce	6.40 €	6.53 €
5/15/2026	Reduce	5.50 €	5.69 €



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