

Professional Business Support Services

Talenom

Double-digit growth likely to continue for many years

Talenom continued to show double-digit revenue growth in Q2 20, although COVID-19 had a temporary negative impact. We maintain our positive view on Talenom because we believe it can continue increasing market shares in Finland and particularly Sweden for many years. The share has performed well (+60% in 12M) and at 33x 2020E EV/EBIT, investing in Talenom requires a long-term horizon, in our view.

- **Impact on the investment case.** Q2 did not change our positive view on Talenom: we see it as a growth case that still has room to grow in Finland, where it has a 5-6% share of the total market and 10-15% of the current addressable market. Entry to even smaller customer segments increases the addressable market and the concept for targeting small customers is due to be launched in October. In Sweden, Talenom has <1% market share and it did another bolt-on acquisition in Q2 20. We expect more to follow and Sweden is likely to become a meaningful contributor to growth over time. On the negative side, demand for Financing services had not picked up in Q2 as Talenom expected earlier.
- **Q2 review.** Sales growth was 12% compared with 15% expected by us and 17% in Q1. Talenom said that volume-based revenue was lower, deriving e.g. from less payroll-related services (temporary lay-offs in Finland). On the positive side, new customer acquisition has proceeded better than expected and customer bankruptcies have been as expected (i.e. relatively low, we understand). The unchanged FY20 guidance implies a strong H2 20 with 13% y/y revenue growth and almost 50% EBIT growth at mid-point of range.
- **Estimate changes.** We have cut our EBIT estimates by 3% for 2020-21E and revenues by 2-4%. The cuts derive from lower Q2 revenues than we had estimated.
- **Valuation.** The share price is up 24% YTD, even though we have cut our estimates due to COVID-19. Multiples are high at 33x 2020E EBIT and 27x 2021E, but for a good reason we argue (defensive business combined with high growth) and not totally out of line compared with our chosen peers (Enento trades at 30x 2020E; Nordic SaaS companies' median at 48x). We do not expect the valuation multiples to de-rate given the good outlook for growth. We lift our 12M fair value range to EUR8-10 (EUR7-9), applying higher multiples.

Key data

Price (EUR)*	9.20
Country	Finland
Bloomberg	TNOM.FH
Reuters	TNOM.HE
Free float	59.6%
Market cap (EURm)	393
Net debt (current Y/E) (EURm)	29
No. of shares (m)	42.8
Next event	Q3: 26-Oct

* Price as at 17:00 on 3 August 2020

CEO Otto-Pekka Huhtala
CFO Antti Aho

Company description

Talenom is an accountancy company operating in Finland and since 2019 also in Sweden. Talenom offers a wide range of accountancy and other services including tax and legal advisory and financial management tools for SMEs. Talenom has ca. 700 employees and 40 locations. Talenom has ca. 5% market share in the fragmented Finnish market. In June 2015, Talenom was listed on the Helsinki First North Growth Market and in June 2017 to the main list of Nasdaq Helsinki.

Ownership structure

Harri Tahkola	20.3%
Markus Tahkola	11.8%
Immarinen Mutual Pension Insurance Co	5.1%
Danske Invest Finnish Equity Fund	4.4%
Conficap	4.3%

Source: Company data (31 July 2020)

Estimate changes

	20E	21E	22E
Sales	-2.4%	-4.0%	-3.2%
EBITDA	0.0%	0.0%	0.0%
EBIT (adj.)	-2.8%	-2.8%	-1.2%
EPS (adj.)	n.m.	n.m.	n.m.

Source: Danske Bank Equity Research estimates

Analyst(s)

Panu Laitinmäki

Find our research here:
<https://research.danskebank.com>

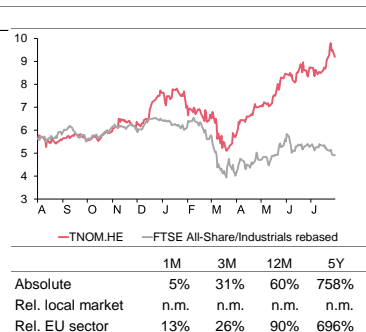
Important disclosures and certifications are contained from page 12 of this report

Key financials

Year-end Dec (EUR)	2018	2019	2020E	2021E	2022E
Revenues (m)	49	58	66	75	87
Revenues growth	18.0%	18.6%	13.2%	14.0%	16.0%
EBITDA (m)	14	19	23	27	30
EBIT adj. (m)	9	10	13	15	18
EBIT growth	65.9%	21.8%	22.5%	21.0%	18.1%
Pre-tax profit (m)	8	10	12	15	18
EPS adj.	0.16	0.18	0.22	0.28	0.33
DPS	0.09	0.13	0.13	0.14	0.15
Dividend yield	2.9%	1.7%	1.4%	1.5%	1.6%
FCFE yield (pre-IFRS16)	2.5%	1.7%	1.7%	2.3%	2.7%
EBIT margin (adj.)	17.5%	18.0%	19.4%	20.6%	21.0%
Net debt/EBITDA (x)	1.3	1.5	1.3	1.0	0.8
ROIC	20.0%	18.5%	18.3%	20.5%	22.2%
EV/sales (x)	3.0	5.9	6.4	5.6	4.8
EV/EBITDA (adj.) (x)	10.9	18.2	18.2	15.5	13.8
EV/EBITA (adj.) (x)	17.4	33.1	32.2	26.6	22.7
EV/EBIT (adj.) (x)	17.4	33.1	33.2	27.3	23.0
P/E (adj.) (x)	20.5	40.9	41.7	33.4	28.1

Source: Company data, Danske Bank Equity Research estimates

Price performance



Source: FactSet

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Q2 20 review

Talenom's Q2 was slightly below our estimates. Revenue grew by 12% y/y, of which around half was organic and half was driven by acquisitions, according to Talenom. Talenom indicates that M&A will continue to be a significant driver of growth for the company that previously focused almost entirely on organic growth. We understand that the reasons are partially opportunistic (Talenom sees more targets becoming available as smaller companies struggle with the need to upgrade their software) and partly because Talenom wants to maintain a high pace of revenue growth at a time when its organic growth is slowing down somewhat.

EBIT margin increased to 21.8% from 21.4% y/y, which was slightly above our estimates and a positive indication of Talenom's scalable business model and ability to control cost (also helped by temporary cost savings e.g. from travel, we believe).

Table 1: Q2 20 deviation table

EURm	Actual	Danske	Diff %	Consensus	FactSet	Q2 19
	Q2 20	Q2 20		Q2 20	Diff %	
Sales	16.5	17.1	-3%	17.2	-4%	14.8
EBITDA	6.1	6.2	-2%	6.1	0%	5.1
EBIT	3.6	3.7	-2%	3.7	-3%	3.2
Pre-tax profit	3.4	3.5	-4%	3.5	-4%	3.0
Net profit	2.7	2.8	-5%	2.8	-5%	2.3
Sales growth	11.8%	15.5%		16.5%		16.5%
EBITDA growth	20.1%	22.3%		20.2%		34.1%
EBITDA margin	36.9%	36.4%		35.5%		34.4%
EBIT-margin	21.8%	21.6%		21.5%		21.4%

Source: Company data, FactSet and Danske Bank Equity Research estimates

Key comments in the Q2 conference call were as follows:

- Positives: new customer acquisition proceeded better than Talenom expected in the spring. Customer bankruptcies appear to be at a low level. The solution for targeting even smaller customers with less than EUR0.4m in revenues will be launched in October and increases Talenom's addressable market in Finland.
- Negatives: COVID-19 had more impact on volume-based revenue in Q2 than Talenom had earlier expected. About 30% of Talenom's revenue is volume-based and the main negative impact came from payroll-related services. The volume of payslips sent was lower due to significant temporary lay-offs in Finland. We see this as a temporary issue. In addition, demand for Talenom's new Financing services solution had not picked up in Q2 as Talenom earlier expected, apparently because its SME customers had plenty of financing available from other sources, such as government support measures. This has no impact on our estimates; because we have not included Financing Services in our estimates (it is very difficult to estimate the impact from an early-stage service). However, it means that Financing Services will not become a significant driver for the investment case soon, in our view.

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Estimate changes

We have cut our estimates slightly based on Q2 20 being below our estimates. However, the unchanged guidance limits our estimate changes. Talenom still sees EUR64-68m in revenue and EUR12-14m of EBIT in 2020. Our estimates are close to the mid-points of these ranges.

Table 2 : Quarterly estimates

EURm	2018	Q1 19	Q2 19	Q3 19	Q4 19	2019	Q1 20	Q2 20	Q3 20E	Q4 20E	2020E	2021E
Sales	48.9	14.8	14.8	13.5	14.9	58.0	17.4	16.5	15.0	16.8	65.6	74.8
Growth y/y	18.0%	16.1%	17.7%	21.1%	19.6%	18.5%	17.4%	11.8%	11.0%	12.5%	13.2%	14.0%
Personnel costs	-26.2	-7.3	-7.7	-7.1	-7.8	-29.9	-8.6	-8.8	-7.7	-8.6	-33.6	-37.2
% of sales	-53.6%	-49.7%	-52.2%	-52.3%	-52.4%	-51.6%	-49.5%	-53.0%	-51.5%	-51.0%	-51.2%	-49.7%
Materials and services	-2.6	-0.8	-0.8	-0.8	-1.3	-3.6	-1.0	-0.3	-0.6	-1.2	-3.1	-4.1
Other costs	-7.1	-1.4	-1.3	-1.4	-1.8	-5.9	-1.5	-1.3	-1.3	-2.0	-6.1	-7.0
EBITDA	13.7	5.4	5.1	4.5	4.0	19.0	6.2	6.2	5.5	5.1	23.1	26.7
EBITDA margin	28.0%	36.4%	34.4%	33.0%	27.1%	32.7%	36.0%	37.5%	36.7%	30.6%	35.1%	35.7%
D&A	-5.1	-1.9	-1.9	-2.1	-2.5	-8.5	-10.3	-11.3	-12.9	-15.0	-10.3	-11.3
EBIT	8.5	3.4	3.2	2.4	1.5	10.4	3.7	3.6	2.9	2.5	12.8	15.4
EBIT margin	17.5%	23.3%	21.4%	17.4%	10.1%	18.0%	21.4%	21.8%	19.4%	15.1%	19.4%	20.6%
Net financials	-0.6	-0.2	-0.2	-0.2	-0.2	-0.8	-0.2	-0.2	-0.2	-0.2	-0.9	-0.7
Pre-tax profit	8.0	3.2	3.0	2.2	1.3	9.6	3.5	3.4	2.7	2.3	11.9	14.7
Taxes	-1.6	-0.6	-0.7	-0.5	-0.2	-2.0	-0.7	-0.7	-0.5	-0.5	-2.4	-2.9
Tax rate	20.1%	18.5%	23.1%	20.9%	17.3%	20.4%	20.1%	21.2%	20.0%	20.0%	20.4%	20.0%
Net income	6.4	2.6	2.3	1.7	1.0	7.6	2.8	2.7	2.1	1.8	9.4	11.8

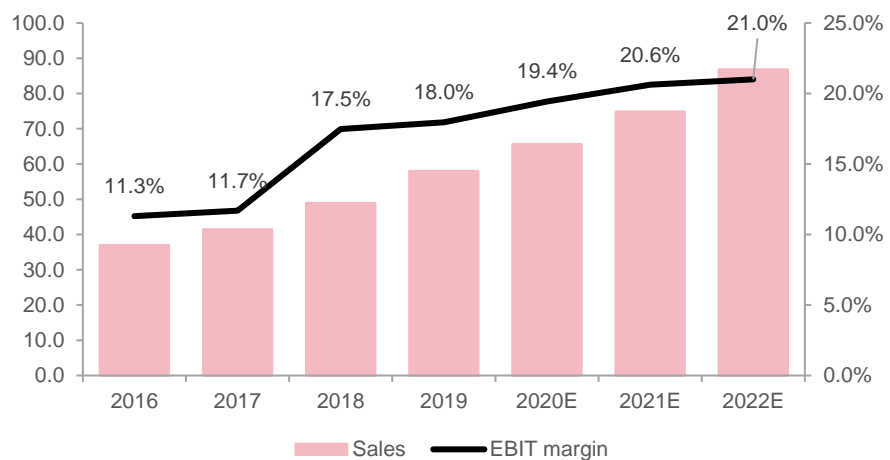
Source: Company data and Danske Bank Equity Research estimates

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Executive summary

We see Talenom as a growth case driven by market share gains in fragmented and non-cyclical end-markets in accounting services. The company operates in Finland and, since 2019, in Sweden and has a high share of recurring revenues and a scalable business model. Talenom has shown accelerating growth recently and we expect this to continue in the coming years. Despite the strong growth phase, the EBIT margin increased to 18.5% in 2019. Although the shares have performed well, valuation multiples for 2020-21E still look reasonable compared to companies with similar characteristics, in our view. We discussed our view on Talenom in detail in our recent report, *Talenom – A winning growth model in accounting services, 16 January 2020*.

Chart 1: Talenom sales (EURm) and EBIT margin



Source: Company data, Danske Bank Equity Research estimates

Unique model in a conservative industry

Talenom is a Finnish accounting services provider whose strategy has the following three elements. 1) Talenom aims to provide easy and automated financial processes for customers, which are mainly smaller companies. 2) Talenom has automated the bookkeeping process, which improves profitability. 3) Talenom aims to provide more value-added services to its existing customers, including tax, legal and other advisory services.

The underlying logic is that through highly automated and efficient processes in basic service production, Talenom can offer more value-added services with existing resources, providing additional revenues and better customer satisfaction.

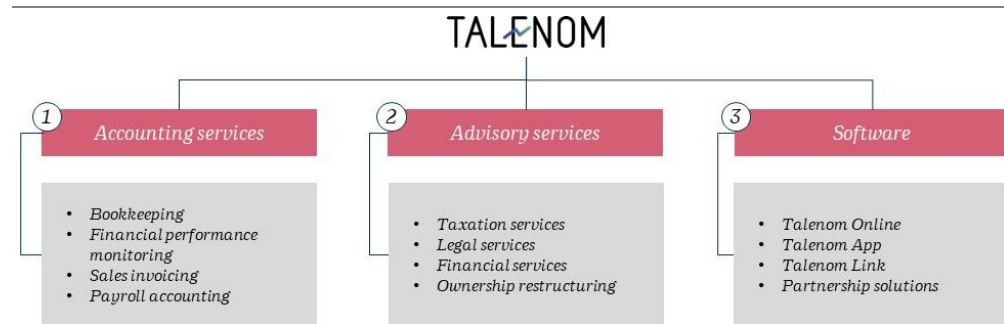
Talenom's main strategic choices include separation of service production and sales force (which is not typical in this industry) as well as focus on organic growth instead of M&A. Talenom produces most of its services in two centralised service centres. It has invested heavily in own software development and automation of operations and has developed a scalable bookkeeping production line. This has improved profitability and releases personnel resources for value-added advisory services. Organic growth is seen by management as a better way to grow due to lower total cost and lower risks, but the significant sales force (up to 15% of personnel) burdens the cash flow (the costs are partly capitalised so they are not fully visible in the income statement). Talenom's core business is stable with >90% recurring revenues, low customer churn and long contracts.

Talenom's service offering is described below. Traditional accounting services, including bookkeeping, represented 96% of sales as of H1 19. The value-added services, including

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advisory and financial services, represented 4% of sales. Talenom has developed its own software but it does not sell it separately. The software is used by Talenom's own customers and Talenom internally. Therefore, Talenom has no revenues related to software sales. The main advantage of own software is better service for customers (easy-to-use tools) and better efficiency for Talenom that receives most of the accounting material in digital form.

Figure 1. Overview of Talenom's service offering

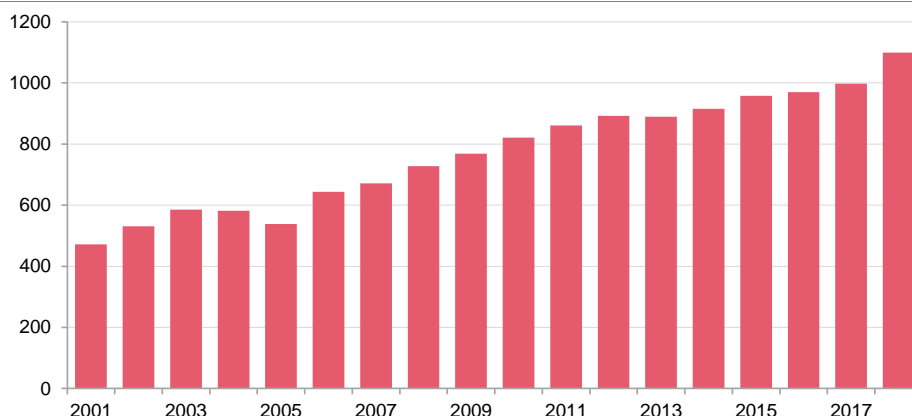


Source: Company data, Danske Bank Equity Research

Defensive but growing market

The Finnish accounting services market has shown healthy growth (4.3% CAGR from 2003 to 2018) and low cyclicality. Demand has been resilient even in economic downturns, because bookkeeping is regulated and companies need to report their finances even in tough times. The market is highly fragmented with >4,000 companies and the top-5 having less than 30% of the market. The market is likely to consolidate as digitalisation puts pressure on smaller providers. In particular, the upcoming software upgrade cycles may drive many smaller entrepreneurs to retire or exit the business, which would be beneficial for Talenom's new customer acquisition.

Chart 2. Value of Finnish accounting services market (EURm), 2001-18E



Source: Statistics Finland

Sweden is a long-term opportunity

Talenom entered Sweden in April 2019 through a small acquisition (5% of group sales). We believe that the Swedish accounting services market offers similar growth potential as Finland, as it is fragmented and not very advanced in digitalisation. We believe that Talenom is still in a 'learning phase' and Sweden's contribution to growth in the next one to two years is likely to remain small. However, it remains a long-term option and we view it as positive that Talenom has taken its first steps in internationalisation early, long before the limits of growth in Finland

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have been reached. We believe that news related to Sweden (more M&A or acceleration of organic growth) is a potential share price driver.

Valuation

We have increased our 12M valuation range for Talenom to EUR8.00-10.00 (was EUR7.00-9.00). We apply higher multiples due to higher market multiples for Talenom's peers and growth stocks in general in a low-interest rate environment. Given Talenom's good outlook for continued growth, we do not see triggers for de-rating of multiples, even though valuation looks high relative to Talenom's own history.

At the mid-point of the range, Talenom would be valued at ca. 10% premium to Enento (formerly known as Asiakastieto) on 2020-21E EV/EBIT. As we have discussed earlier, there are no perfect peers for Talenom, which shares some similarities with Nordic SaaS software companies like Admicom, but deserves a discount to those companies due to lower scalability as Talenom is a services company, not software provider. Asiakastieto and its peer Karnov are our preferred valuation benchmarks, combining stability of business and high margins. Asiakastieto's growth is much lower than Talenom's, but its cash flow is stronger while cash flow and high investments can be seen as Talenom's main disadvantage, at least near term when the company is in a rapid growth phase. In our view, the following characteristics support relatively high multiples for Talenom.

- High revenue growth rate and a favourable long-term outlook for further growth (only 5-6% market share in a fragmented market).
- High margins with potential to improve further along with higher revenue.
- Low risks in current customer base (>90% recurring revenues, on average 10-year customer contracts, low churn) and non-cyclical end-markets.

Table 3: Valuation range

		Share price, EUR				
	7.0	8.0	9.0	10.0	11.0	
2020E	7.0	8.0	9.0	10.0	11.0	
EV/Sales (x)	5.0	5.7	6.3	7.0	7.6	
EV/EBITDA (x)	14.3	16.1	18.0	19.8	21.7	
EV/EBIT (x)	25.8	29.1	32.5	35.9	39.2	
P/E (x)	31.7	36.2	40.8	45.3	49.8	
2021E	7.0	8.0	9.0	10.0	11.0	
EV/Sales (x)	4.4	4.9	5.5	6.1	6.7	
EV/EBITDA (x)	12.2	13.8	15.4	17.0	18.6	
EV/EBIT (x)	21.2	23.9	26.7	29.5	32.3	
P/E (x)	25.4	29.1	32.7	36.3	40.0	
2022E	7.0	8.0	9.0	10.0	11.0	
EV/Sales (x)	3.7	4.2	4.7	5.2	5.7	
EV/EBITDA (x)	10.8	12.2	13.6	15.0	16.5	
EV/EBIT (x)	17.8	20.1	22.5	24.8	27.2	
P/E (x)	21.4	24.4	27.5	30.5	33.6	

Source: Danske Bank Equity Research estimates

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Table 4: Relative valuation (1 of 2)

Ticker	Price Local	Mcap Local	EV/Sales			EV/EBITDA			
			2019	2020E	2021E	2019	2020E	2021E	
Nordic information services									
Enento	ATG1V FH	36.0	864	6.2	6.8	6.1	17.7	19.2	16.0
Karnov	KAR SS	52.3	5,108	8.2	7.6	7.0	21.5	17.0	15.5
Nordic SaaS software									
Admicom	ADMCM FH	76.4	376	19.1	16.5	12.9	41.4	39.0	29.8
Fortnox	FNOX SS	258.5	15,545	18.3	21.7	17.4	54.3	49.2	40.1
Lime	LIME SS	301.0	3,998	7.0	11.8	10.0	24.1	36.8	31.5
SimCorp	SIM DC	736.0	29,222	9.0	8.8	7.8	28.8	33.6	25.5
Median, Information services				7.2	7.2	6.6	19.6	18.1	15.8
Median, Software				13.7	14.2	11.4	35.1	37.9	30.7
Talenom	TNOM FH	9.20	393	5.8	6.4	5.6	18.2	18.6	15.9

Prices as at close on 31 July 2020, except for Talenom as at close 3 August 2020

Source: Company data and Danske Bank Equity Research estimates

Table 5: Relative valuation (2 of 2)

Ticker	Price Local	Mcap Local	EV/EBIT			P/E			
			2019	2020E	2021E	2019	2020E	2021E	
Nordic information services									
Enento	ATG1V FH	36.0	864	27.5	29.9	23.6	38.7	35.3	27.6
Karnov	KAR SS	52.3	5,108	54.1	40.0	34.1	50.5	22.2	20.8
Nordic SaaS software									
Admicom	ADMCM FH	76.4	376	44.5	41.3	30.1	69.3	53.1	39.2
Fortnox	FNOX SS	258.5	15,545	55.8	60.7	47.7	111.2	79.6	63.3
Lime	LIME SS	301.0	3,998	38.9	55.3	45.5	86.4	62.3	52.0
SimCorp	SIM DC	736.0	29,222	32.1	38.1	28.4	40.7	48.2	36.8
Median, Information services				40.8	34.9	28.9	44.6	28.8	24.2
Median, Software				41.7	48.3	37.8	77.8	57.7	45.6
Talenom	TNOM FH	9.20	393	33.1	33.6	27.6	40.9	41.7	33.4

Prices as at close on 31 July 2020, except for Talenom as at close 3 August 2020

Source: Company data and Danske Bank Equity Research estimates

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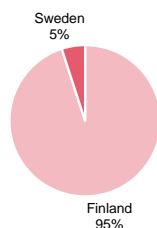
Risks

- **COVID-19.** The impacts could be bigger and longer-lasting than we estimate.
- **Competition and organic growth.** The market is fragmented and barriers to entry are low, because provision of bookkeeping services is not regulated. This could result in price erosion and make it more difficult for Talenom to continue to grow organically through new customer acquisition, if competitors are willing to accept lower prices to keep their customers.
- **Technology risk.** Talenom's competitive advantage in our view is the proprietary software enabling efficiency of operations. Competitors could catch up with Talenom's technology or new competitors could enter the market with disruptive solutions that could reduce bookkeeping companies' share of the total value chain.
- **Balance sheet risk.** Talenom has capitalised significant amounts of its customer acquisition and development costs to the balance sheet. If it needs to write down these assets, loan covenants could be at risk (the company has equity ratio-based covenants, in addition to net debt / EBITDA covenant). We believe the risk of write-downs is low, however.

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Company summary

Sales breakdown by geographical area



Sales breakdown by division

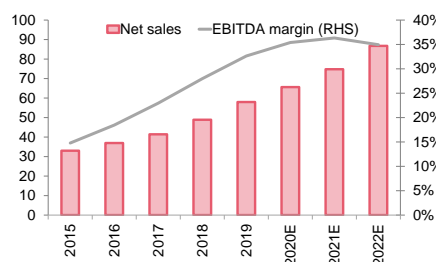
Company information

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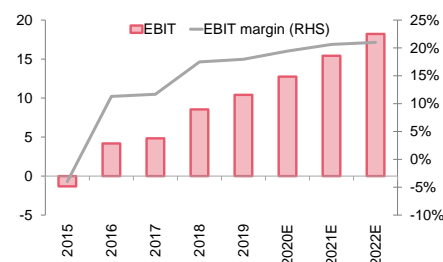
Main shareholders

Name	Votes (%)	Capital (%)
Harri Tahkola	20.3%	20.3%
Markus Tahkola	11.8%	11.8%
Ilmarinen Mutual Pension Insurance Compa	5.1%	5.1%
Danske Invest Finnish Equity Fund	4.4%	4.4%
Conficap	4.3%	4.3%

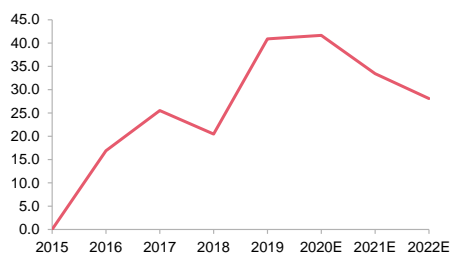
Net sales and EBITDA margin (EURm)



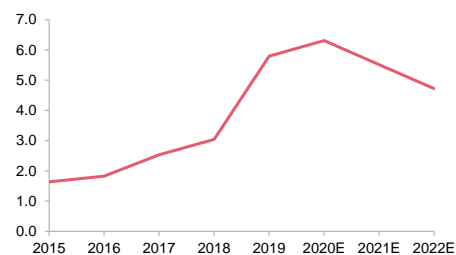
EBIT and EBIT margin (EURm)



P/E NTM (x)



EV/sales NTM (x)



Source: FactSet, Company data, Danske Bank Equity Research estimates

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Summary tables

INCOME STATEMENT										
Year end Dec, EURm	2013	2014	2015	2016	2017	2018	2019	2020E	2021E	2022E
Net sales			33	37	41	49	58	66	75	87
Cost of sales & operating costs			-28	-30	-32	-36	-39	-44	-51	-59
EBITDA			5	7	10	14	19	23	27	30
EBITDA, adj.			5	7	10	14	19	23	27	30
Depreciation			-6	-3	-5	-5	-9	-10	-11	-12
EBITA			-1	4	5	9	10	13	16	18
EBIT incl. EO, bef. ass.			-1	4	5	9	10	13	15	18
EBIT, adj.			-0	4	5	9	10	13	15	18
Financial items, net	0	0	-1	-1	-1	-1	-1	-1	-1	-1
Pre-tax profit			-2	4	4	8	10	12	15	18
Taxes			0	-1	-1	-2	-2	-2	-3	-4
Net profit, rep.			-2	3	3	6	8	9	12	14
Net profit, adj.			-1	3	4	6	8	9	12	14
CASH FLOW										
EURm	2013	2014	2015	2016	2017	2018	2019	2020E	2021E	2022E
EBITDA			5	7	10	14	19	23	27	30
Change in working capital			0	-0	1	-1	1		2	1
Net interest paid			-1	0	0	0	0	-1	-1	-1
Taxes paid			-0	-0	-0	-1	-2	-2	-3	-4
Other operating cash items			0	0	0	0	0			
Cash flow from operations			4	7	10	12	18	20	24	27
Capex			-8	-5	-7	-8	-11	-13	-15	-16
Div to min										
Free cash flow			-4	2	2	4	7	7	9	10
Disposals/(acquisitions)				-0		-1	-2	-0		
Free cash flow to equity			-4	1	2	3	5	7	9	10
Dividend paid				-0	-1	-2	-4	-5	-6	-6
Share buybacks			-0							
New issue common stock			7			-0				
Incr./(decr.) in debt			2	-1		1				
Minorities & other financing CF			-1	-1	-1	-1	0	0	-2	-2
Cash flow from financing			8	-2	-2	-2	-3	-5	-7	-8
Disc. ops & other										
Incr./(decr.) in cash			4	-1	1	1	2	1	2	3
BALANCE SHEET										
EURm	2013	2014	2015	2016	2017	2018	2019	2020E	2021E	2022E
Cash & cash equivalents			5	4	5	6	8	9	11	14
Inventory										
Trade receivables			4	5	5	5	7	8	9	10
Other current assets				0	0	0				
Goodwill			18	18	18	18	21	21	21	21
Other intangible assets			10	7	8	10	15	15	15	15
Fixed tangible assets			2	3	3	2	3	8	13	19
Associated companies										
Other non-current assets			0	5	7	9	10	10	10	10
Total assets			41	42	46	51	71	79	88	98
Shareholders' equity			10	12	14	19	24	28	34	42
Of which minority interests										
Current liabilities			7	7	9	9	11	11	14	16
Interest-bearing debt			24	23	23	24	30	30	30	30
Pension liabilities										
Oth non-curr. liabilities				0	0	0	1	1	1	1
Total liabilities			31	31	32	33	48	51	54	56
Total liabilities and equity			41	42	46	51	71	79	88	98
Net debt			18	18	18	18	22	21	19	16

Source: Company data, Danske Bank Equity Research estimates

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Summary tables

PER SHARE DATA	2013	2014	2015	2016	2017	2018	2019	2020E	2021E	2022E
No. of shares, fully diluted (y.e.) (m)			40.9	40.9	40.9	41.2	41.8	42.8	42.8	42.8
No. of shares, fully diluted (avg.) (m)			40.9	40.9	40.9	41.1	41.5	42.8	42.8	42.8
EPS (EUR)			-0.06	0.07	0.08	0.16	0.18	0.22	0.28	0.33
EPS adj. (EUR)			-0.04	0.07	0.09	0.16	0.18	0.22	0.28	0.33
DPS (EUR)			0.01	0.03	0.05	0.09	0.13	0.13	0.14	0.15
CFFO/share (EUR)			0.1	0.2	0.2	0.3	0.4	0.5	0.6	0.6
Book value/share (EUR)			0.24	0.29	0.34	0.45	0.56	0.65	0.80	0.98
MARGINS AND GROWTH	2013	2014	2015	2016	2017	2018	2019	2020E	2021E	2022E
EBITDA margin			14.8%	18.5%	23.0%	28.0%	32.6%	35.4%	36.3%	34.9%
EBITA margin			-4.0%	11.3%	11.7%	17.5%	18.0%	20.0%	21.2%	21.3%
EBIT margin			-4.0%	11.3%	11.7%	17.5%	18.0%	19.4%	20.6%	21.0%
EBIT adj margin			-1.0%	11.3%	12.4%	17.5%	18.0%	19.4%	20.6%	21.0%
Sales growth				12.0%	12.1%	18.0%	18.6%	13.2%	14.0%	16.0%
EBITDA growth				39.9%	39.4%	43.8%	38.3%	22.8%	17.0%	11.6%
EBITA growth				n.m.	15.9%	76.5%	21.8%	26.0%	21.0%	16.3%
EPS adj growth				n.m.	28.3%	70.2%	18.3%	20.4%	24.6%	19.0%
PROFITABILITY	2013	2014	2015	2016	2017	2018	2019	2020E	2021E	2022E
ROIC (after tax, incl. GW, adj.)			-2.4%	11.5%	13.2%	20.0%	18.5%	18.3%	20.5%	22.2%
ROIC (after tax, excl. GW, adj.)			-6.8%	31.2%	32.5%	43.2%	32.4%	28.9%	31.2%	32.3%
ROE (adj.)			-29.4%	26.8%	29.0%	39.0%	36.0%	36.7%	38.0%	36.8%
ROIC (adj.) - WACC			-9.9%	3.9%	5.6%	12.4%	10.9%	10.7%	13.0%	14.6%
MARKET VALUE	2013	2014	2015	2016	2017	2018	2019	2020E	2021E	2022E
Share price (EUR)			0.88	1.20	2.13	3.18	7.50	9.20	9.20	9.20
No. shares reduced by buybacks (m)			40.9	40.9	40.9	41.2	41.8	42.8	42.8	42.8
Mkt cap used in EV (m)			36	49	87	131	314	393	393	393
Net debt, year-end (m)			18	18	18	18	31	29	28	26
MV of min/ass and oth (m)			0	0	0	0	0	0	0	0
Enterprise value (m)			54	67	105	149	344	423	421	419
VALUATION	2013	2014	2015	2016	2017	2018	2019	2020E	2021E	2022E
EV/sales (x)			1.64	1.82	2.53	3.04	5.94	6.44	5.63	4.83
EV/EBITDA (x)			11.1	9.9	11.0	10.9	18.2	18.2	15.5	13.8
EV/EBITA (x)			n.m.	16.1	21.7	17.4	33.1	32.2	26.6	22.7
EV/EBIT (x)			n.m.	16.1	20.4	17.4	33.1	33.2	27.3	23.0
P/E (reported) (x)			n.m.	16.9	25.5	20.5	40.9	41.7	33.4	28.1
P/E (adj.) (x)			n.m.	16.9	23.4	20.5	40.9	41.7	33.4	28.1
P/BV (x)			3.61	4.19	6.25	7.00	13.3	14.1	11.6	9.36
EV/invested capital (x)			5.6	5.7	7.8	8.2	10.2	11.3	9.9	8.6
Dividend yield			1.33%	2.78%	2.50%	2.89%	1.67%	1.41%	1.52%	1.63%
Total yield (incl. buybacks)			1.34%	2.78%	2.50%	2.89%	1.67%	1.41%	1.52%	1.63%
FCFE-yield			-12.13%	3.27%	2.79%	2.90%	2.26%	1.69%	2.24%	2.65%
FINANCIAL RATIOS	2013	2014	2015	2016	2017	2018	2019	2020E	2021E	2022E
Net debt/EBITDA (x)			3.7	2.7	1.9	1.3	1.5	1.3	1.0	0.8
Net debt/equity (x), year-end			1.8	1.6	1.3	0.9	1.2	1.1	0.8	0.6
Dividend payout ratio			n.m.	46.9%	63.9%	59.1%	68.2%	58.9%	50.9%	45.8%
Interest coverage (x)				7.2	8.1	13.5				
Cash conversion (FCF/net profit)			n.m.	55.3%	71.2%	59.8%	93.0%	70.4%	74.9%	74.5%
Capex/sales			25.6%	14.1%	17.9%	17.2%	19.4%	20.3%	20.0%	18.5%
NWC/sales			-8.2%	-7.1%	-8.3%	-6.4%	-7.2%	-6.0%	-7.9%	-7.5%
QUARTERLY P&L			Q1 19	Q2 19	Q3 19	Q4 19	Q1 20	Q2 20	Q3 20E	Q4 20E
Sales (m)			15	15	13	15	17	17	15	17
EBITDA (m)			5	5	4	4	6	6	5	5
EBIT before non-recurring items (m)			3	3	2	2	4	4	3	3
Net profit (adj.) (m)			3	2	2	1	3	3	2	2
EPS (adj.) (EUR)			0.76	0.33	0.25	0.15	0.07	0.06	0.05	0.04
EBITDA margin			36.4%	34.4%	33.0%	27.1%	36.0%	37.5%	36.7%	30.6%
EBIT margin (adj.)			23.3%	21.4%	17.4%	10.1%	21.4%	21.8%	19.4%	15.1%

Source: Company data, Danske Bank Equity Research estimates

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Report completed: 3 August 2020 at 20:44 CEST
Report disseminated: 3 August 2020 at 22:45 CEST

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