

Professional Business Support Services

Key data

Price (EUR)*	6.60
Country	Finland
Bloomberg	TNOM.FH
Reuters	TNOM.HE
Free float	59.6%
Market cap (EURm)	276
Net debt (current Y/E) (EURm)	30
No. of shares (m)	41.9
Next event	Q1: 27-Apr

* Price as at close on 20 April 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	20.4%
Markus Tahkola	12.9%
Ilmarinen Mutual Pension Insurance	5.2%
Danske Invest Finnish Equity Fund	4.4%
Conficap	4.3%

Source: Company data (20 April 2020)

Estimate changes

	20E	21E	22E
Sales	-9.0%	-11.4%	-10.6%
EBITDA	-11.8%	-10.6%	-8.9%
EBIT (adj.)	-8.3%	-10.5%	-10.5%
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 11 of this report

Talenom

Defensive business but slower growth likely

We believe Talenom's revenues from existing customers will be resilient in 2020-21E, but new customer acquisition is likely to slow down temporarily. We have cut our growth estimates but still expect Talenom to report positive y/y growth in 2020-21E. The longer-term attractions of the case are intact in our view. We expect that Q1 20 was strong.

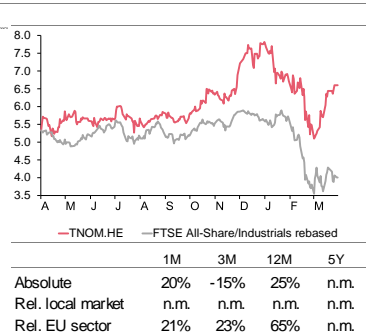
- Defensive business but slower growth likely.** Talenom's business historically has been defensive because bookkeeping is regulated and needs to be done even in tough times. Around 90% of revenues are recurring but in extreme times (Q2 20) we expect some temporary impact from a lower number of invoices. The main downside risk is customer bankruptcies, which in normal times represent some 2-3% of revenues, we estimate, but are likely to grow in 2020-21. Talenom's strong revenue growth (18-19% in 2018-19) was driven by new customer acquisition, which is likely to be more difficult at least in Q2 20, even though remote meetings probably partly compensate for the lack of physical client meetings.
- Q1 20 probably strong.** We expect 14% y/y sales growth because new customer acquisition probably proceeded normally until mid-March. We believe that demand for advisory services has increased, as Talenom is helping its customers to manage through the exceptional situation. In addition, Talenom's CEO has commented that demand for its financing services has grown sharply year on year. Talenom has not disclosed much about the financing services, except that it has a commission model (partners provide financing) and in H1 19 the volume was EUR31m. It should be a high-gross margin business for Talenom and could have a meaningful impact on EBIT.
- Estimate changes.** We have cut 2020E EBIT by 8% and 2021-22E by 10% each. The cuts derive from lowered revenue growth assumptions due to more headwind from bankruptcies and slower new customer intake during 2020. We now expect 8% growth in 2020E (was 18%) and 13% in 2021E (was 16%).
- Valuation.** The share price is down 13% YTD, outperforming the local market. We estimate 2020E EV/EBIT of 22x and 2021E of 18x. We see Talenom as a growth case that has a long way to go given the just 5% market share in Finland and almost zero in Sweden. We set our 12M fair value range to EUR 6-7, where the mid-point indicates 2020-21E EV/EBIT multiples roughly in line with Asiakastiето.

Key financials

Year-end Dec (EUR)	2018	2019	2020E	2021E	2022E
Revenues (m)	49	58	62	71	81
Revenues growth	18.0%	18.6%	7.8%	13.0%	15.0%
EBITDA (m)	14	19	21	25	28
EBIT adj. (m)	9	10	12	15	17
EBIT growth	65.9%	21.8%	13.1%	24.4%	19.1%
Pre-tax profit (m)	8	10	11	14	16
EPS adj.	0.16	0.18	0.21	0.26	0.32
DPS	0.09	0.13	0.13	0.14	0.15
Dividend yield	2.9%	1.7%	2.0%	2.1%	2.3%
FCF yield (incl. recurr capex)	2.9%	2.3%	2.0%	2.8%	3.5%
EBIT margin (adj.)	17.5%	18.0%	18.8%	20.7%	21.5%
Net debt/EBITDA (x)	1.3	1.2	1.0	0.8	0.7
ROIC	20.0%	22.3%	19.8%	22.8%	24.6%
EV/sales (x)	3.0	5.8	4.8	4.2	3.6
EV/EBITDA (adj.) (x)	10.9	17.8	14.1	11.8	10.4
EV/EBIT (x)	17.4	27.7	22.0	18.1	15.3
EV/EBIT (adj.) (x)	17.4	27.7	22.0	18.1	15.3
P/E (adj.) (x)	20.5	40.9	31.9	25.2	20.9

Source: Company data, Danske Bank Equity Research estimates

Price performance



Source: FactSet

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Estimate changes due to COVID-19

We have cut our estimates based on the following assumptions.

- Revenues from Talenom's existing customer base of c. 10,000 customers remain relatively unchanged in 2020-21, but in the short term, there may be some negative impacts from a lower number of invoices sent by customers. Even though Talenom's revenues are c. 90% recurring, there is also a transaction-based component, which may become visible in extreme times like Q2 20 when the business completely stops in some customer industries.
- Talenom's customer churn in normal times is somewhat above 5% consisting of 2-3% impact from customer bankruptcies and the rest from other reasons, i.e. customers leaving or being acquired. We believe the number of customer bankruptcies could go up 2-3x from normal levels in 2020-21. The impact will be seen with a lag of c. 6 months to Talenom, because the books of bankruptcy estates need to be done. Hence, the headwind from bankruptcies is set to be seen mostly in H2 20 and 2021.
- New customer acquisition takes a pause due to COVID-19 related restrictions. Even though Talenom's CEO commented to us in March 2020 that it has been able to win new customers remotely, we believe the situation will take its toll on the customer acquisition process in Q2 20 and Q3 20. We expect that Q1 20 was almost according to plan and Talenom grew by 14%. Its guidance for 2020 was for the year to be similar to 2019, when revenues grew 19%.
- We expect growth to slow to only 3% in Q2 20E due to a lower number of invoices, not many new customers coming in and some bankruptcies. We expect growth to improve to 7% in H2 20 (normalised new customer acquisition but bankruptcies having more impact), resulting in 8% growth for FY20. We expect new customer acquisition to accelerate in 2021E but the headwind from bankruptcies to keep growth at 'only' 13% year on year.
- Talenom has commented that demand for both advisory services and financing services has increased. The advisory services were 5% of sales in 2019 and financing services a negligible amount, but the growth in these services should come at high gross margins (especially financing services) and support earnings.

Quarterly estimates

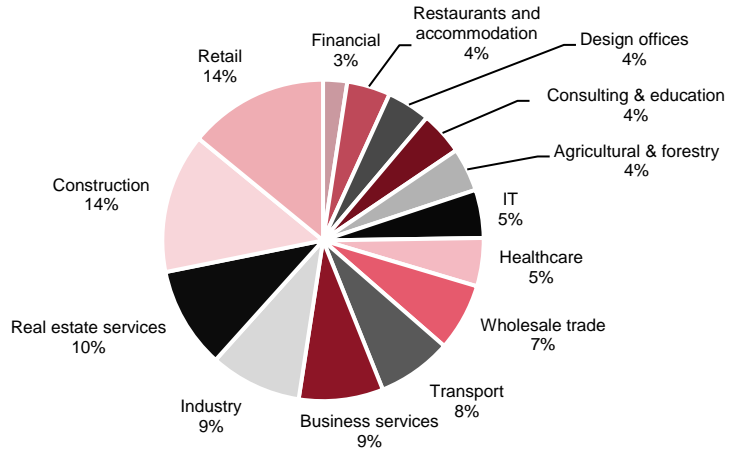
EURm	2018	Q1 19	Q2 19	Q3 19	Q4 19	2019	Q1 20E	Q2 20E	Q3 20E	Q4 20E	2020E
Sales	48.9	14.8	14.8	13.5	14.9	58.0	16.9	15.2	14.4	16.0	62.5
Growth y/y	18.0%	16.1%	17.7%	21.1%	19.6%	18.5%	14.0%	3.0%	7.0%	7.0%	7.8%
Personnel costs	-26.2	-7.3	-7.7	-7.1	-7.8	-29.9	-8.3	-7.6	-7.2	-8.0	-31.1
% of sales	-53.6	-49.7	-52.2	-52.3	-52.4	-51.6	-49.3	-50.0	-50.0	-50.0	-49.8
Materials & services	-2.6	-0.8	-0.8	-0.8	-1.3	-3.6	-0.9	-0.8	-0.9	-1.4	-3.9
Other costs	-7.1	-1.4	-1.3	-1.4	-1.8	-5.9	-1.8	-1.5	-1.6	-1.8	-6.7
EBITDA	13.7	5.4	5.1	4.5	4.0	19.0	6.0	5.4	4.9	4.9	21.2
EBITDA margin	28.0%	36.4%	34.4%	33.0%	27.1%	32.7%	35.8%	35.7%	33.7%	30.4%	33.9%
D&A	-5.1	-1.9	-1.9	-2.1	-2.5	-8.5	-9.4	-10.5	-11.9	-13.9	-9.4
EBIT	8.5	3.4	3.2	2.4	1.5	10.4	3.5	3.1	2.6	2.6	11.8
EBIT margin	17.5%	23.3%	21.4%	17.4%	10.1%	18.0%	20.9%	20.5%	17.8%	16.0%	18.8%
Net financials	-0.6	-0.2	-0.2	-0.2	-0.2	-0.8	-0.2	-0.2	-0.2	-0.2	-1.0
Pre-tax profit	8.0	3.2	3.0	2.2	1.3	9.6	3.3	2.9	2.3	2.3	10.8
Taxes	-1.6	-0.6	-0.7	-0.5	-0.2	-2.0	-0.7	-0.6	-0.5	-0.5	-2.2
Tax rate	20.1%	18.5%	23.1%	20.9%	17.3%	20.4%	20.0%	20.0%	20.0%	20.0%	20.0%
Net income	6.4	2.6	2.3	1.7	1.0	7.6	2.6	2.3	1.9	1.9	8.7

Source: Company data, Danske Bank Equity Research estimates

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Talenom's customers according to industry are shown below. We believe the biggest risk for bankruptcies is in restaurant and accommodation, which is c. 4% of Talenom's customer base. Retail is 14%, which is also at risk.

Talenom number of customers by industry



Source: Company data, Danske Bank Equity Research estimates

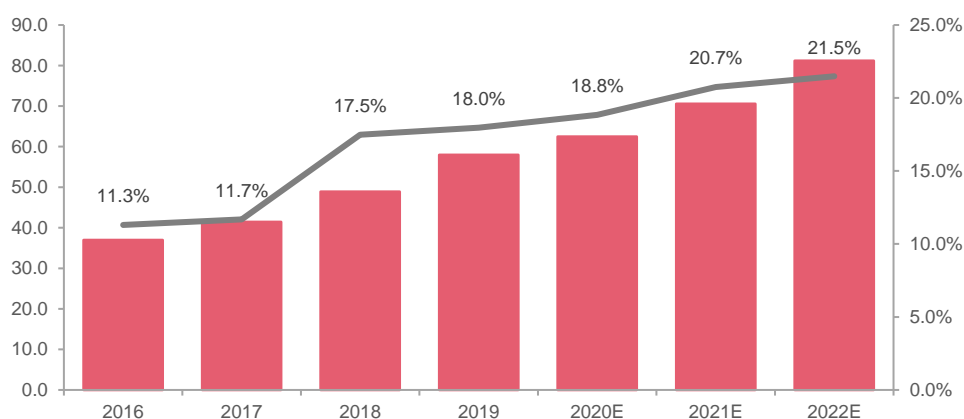
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Executive summary

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*.

Talenom sales (EURm) and EBIT margin (RHS)



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 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 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

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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.

Overview of Talenom's service offering

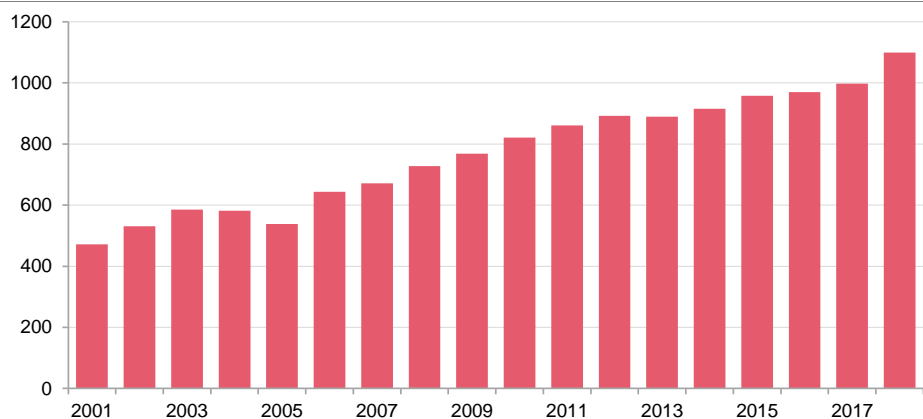


Source: Company data, Danske Bank Equity Research

Defensive but growing market

The Finnish accounting services market has shown healthy growth (4.3% CAGR from 2003 to 2018) and low cyclicity. 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.

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

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Valuation

We have reduced our 12M valuation range for Talenom to EUR6-7 (was EUR42.5-47.5 before the 1:5 stock split in February 2020) due to estimate cuts. Our range is still based on similar estimates as previously, i.e. at mid-point, Talenom would be valued in line with Asiakastieto on 2020-21E EV/EBIT and P/E multiples. 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% 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.

Valuation range

	Share price				
	5.5	6.0	6.50	7.0	7.5
2020E	5.5	6.0	6.50	7.0	7.5
EV/Sales (x)	4.2	4.5	4.80	5.2	5.5
EV/EBITDA (x)	12.3	13.3	14.3	15.3	16.3
EV/EBIT (x)	22.1	23.9	25.7	27.5	29.2
P/E (x)	26.6	29.0	31.4	33.8	36.3
2021E	5.5	6.0	6.5	7.0	7.5
EV/Sales (x)	3.7	4.0	4.3	4.6	4.9
EV/EBITDA (x)	10.4	11.2	12.0	12.9	13.7
EV/EBIT (x)	17.8	19.2	20.6	22.1	23.5
P/E (x)	21.0	22.9	24.8	26.7	28.7
2022E	5.5	6.0	6.5	7.0	7.5
EV/Sales (x)	3.2	3.4	3.7	4.0	4.2
EV/EBITDA (x)	8.8	9.5	10.2	10.9	11.6
EV/EBIT (x)	14.8	16.0	17.2	18.4	19.6
P/E (x)	17.4	19.0	20.6	22.2	23.8

Source: Danske Bank Equity Research estimates

Relative valuation

Ticker	Price Local	Mcap Local	EV/Sales (x)			EV/EBITDA (x)			EV/EBIT (x)			P/E (x)			
			19	20E	21E	19	20E	21E	19	20E	21E	19	20E	21E	
Nordic information services															
Asiakastieto	ATG1V FH	31.9	766	6.2	5.8	5.5	17.7	15.6	14.0	27.5	24.7	20.6	34.3	28.5	24.0
Karnov	KAR SS	57.1	5,577	8.2	8.1	7.6	21.4	18.1	16.6	28.9	28.3	25.1	26.0	23.4	22.4
Nordic software															
Admicom	ADMCM FH	67.0	330	19.1	13.7	10.9	41.4	31.9	24.5	45.2	34.0	25.0	61.5	44.1	32.7
Fortnox	FNOX SS	187.2	11,192	18.3	15.5	12.0	54.3	44.6	34.6	55.8	44.6	33.7	80.6	62.7	48.6
Lime	LIME SS	182.0	2,418	7.0	7.3	6.1	23.5	25.2	20.1	38.9	39.1	29.3	52.2	42.6	33.2
SimCorp	SIM DC	638.0	25,264	9.0	7.6	6.4	28.8	27.0	21.9	32.1	28.3	22.9	35.3	39.3	30.5
Upsales	UPSALE SS	22.3	371	6.7	3.8	2.9	37.2	18.7	13.8	124.1	36.2	20.8	109.6	48.2	31.5
Median, Information services				7.2	6.9	6.5	19.6	16.8	15.3	28.2	26.5	22.9	30.2	25.9	23.2
Median, Software				9.0	7.6	6.4	37.2	27.0	21.9	45.2	36.2	25.0	61.5	44.1	32.7
Talenom				5.8	5.4	4.7	18.2	16.3	13.7	33.1	29.2	23.5	40.9	36.3	28.7

Prices as at close on 17 April, Talenom at at close on 20 April

Source: FactSet, Danske Bank Equity Research estimates

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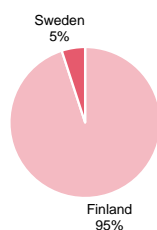
Risks

- **COVID-19.** The impacts could be bigger 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

N.A.

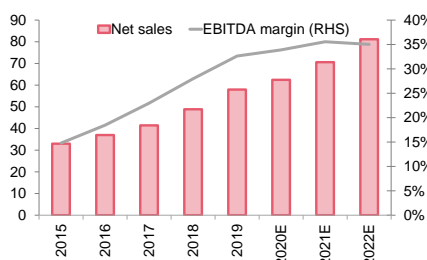
Company information

Talenom
Yrtyipellontie 2, 90230 Oulu
Finland
www.talenom.fi

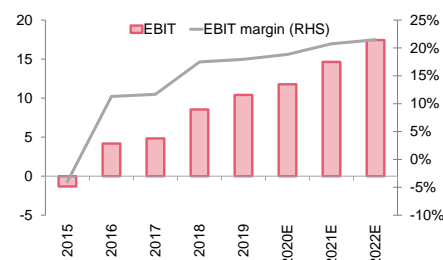
Main shareholders

Name	Votes (%)	Capital (%)
Harri Tahkola	20.4%	20.4%
Markus Tahkola	12.9%	12.9%
Ilmarinen Mutual Pension Insurance Com	5.2%	5.2%
Danske Invest Finnish Equity Fund	4.4%	4.4%
Conficap	4.3%	4.3%

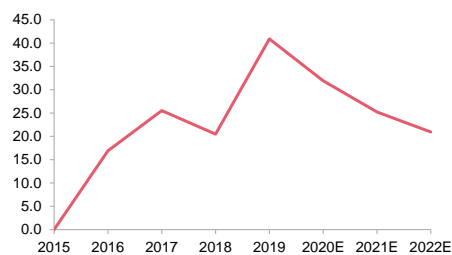
Net sales and EBITDA margin (EURm)



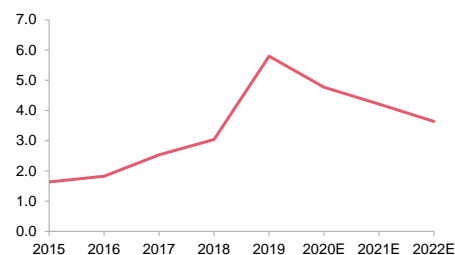
EBIT and EBIT margin (EURm)



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	62	71	81
Cost of sales & operating costs			-28	-30	-32	-36	-39	-41	-45	-53
EBITDA			5	7	10	14	19	21	25	28
EBITDA, adj.			5	7	10	14	19	21	25	28
Depreciation			-6	-3	-5	-5	-9	-9	-10	-11
EBITA			-1	4	5	9	10	12	15	17
EBIT incl. EO, bef. ass.			-1	4	5	9	10	12	15	17
EBIT, adj.			-0	4	5	9	10	12	15	17
Financial items, net	0	0	-1	-1	-1	-1	-1	-1	-1	-1
Pre-tax profit			-2	4	4	8	10	11	14	16
Taxes			0	-1	-1	-2	-2	-2	-3	-3
Net profit, rep.			-2	3	3	6	8	9	11	13
Net profit, adj.			-1	3	4	6	8	9	11	13

CASH FLOW

EURm	2013	2014	2015	2016	2017	2018	2019	2020E	2021E	2022E
EBITDA			5	7	10	14	19	21	25	28
Change in working capital			0	-0	1	-1	1		0	0
Net interest paid			-1	0	0	0	0	-1	-1	-1
Taxes paid			-0	-0	-0	-1	-2	-2	-3	-3
Other operating cash items			0	0	0	0	0			
Cash flow from operations			4	7	10	12	18	18	22	25
Capex			-8	-5	-7	-8	-11	-12	-14	-15
Div to min										
Free cash flow			-4	2	2	4	7	6	8	10
Disposals/(acquisitions)				-0		-1	-2			
Free cash flow to equity			-4	1	2	3	5	6	8	10
Dividend paid				-0	-1	-2	-4	-5	-5	-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	1	2

BALANCE SHEET

EURm	2013	2014	2015	2016	2017	2018	2019	2020E	2021E	2022E
Cash & cash equivalents			5	4	5	6	8	8	9	11
Inventory										
Trade receivables			4	5	5	5	7	7	8	9
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	7	13	18
Associated companies										
Other non-current assets			0	5	7	9	10	10	10	10
Total assets			41	42	46	51	71	78	85	94
Shareholders' equity			10	12	14	19	24	27	33	40
Of which minority interests										
Current liabilities			7	7	9	9	11	10	11	13
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	49	51	53
Total liabilities and equity			41	42	46	51	71	76	83	93
Net debt			18	18	18	18	22	22	21	19

Source: Company data, Danske Bank Equity Research estimates

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	41.8	41.8	41.8
No. of shares, fully diluted (av.g.) (m)			40.9	40.9	40.9	41.1	41.5	41.8	41.8	41.8
EPS (EUR)			-0.06	0.07	0.08	0.16	0.18	0.21	0.26	0.32
EPS adj. (EUR)			-0.04	0.07	0.09	0.16	0.18	0.21	0.26	0.32
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	0.4	0.5	0.6
Book value/share (EUR)			0.24	0.29	0.34	0.45	0.56	0.65	0.78	0.95
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%	33.9%	35.6%	35.0%
EBITA margin			-4.0%	11.3%	11.7%	17.5%	18.0%	18.8%	20.7%	21.5%
EBIT margin			-4.0%	11.3%	11.7%	17.5%	18.0%	18.8%	20.7%	21.5%
EBIT adj margin			-1.0%	11.3%	12.4%	17.5%	18.0%	18.8%	20.7%	21.5%
Sales growth				12.0%	12.1%	18.0%	18.6%	7.8%	13.0%	15.0%
EBITDA growth				39.9%	39.4%	43.8%	38.3%	12.0%	18.6%	13.2%
EBITA growth				n.m.	15.9%	76.5%	21.8%	13.1%	24.4%	19.1%
EPS adj growth				n.m.	28.3%	70.2%	18.3%	12.8%	26.6%	20.4%
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%	22.3%	19.8%	22.8%	24.6%
ROIC (after tax, excl. GW, adj.)			-6.8%	31.2%	32.5%	43.2%	47.3%	35.1%	38.1%	38.8%
ROE (adj.)			-29.4%	26.8%	29.0%	39.0%	36.0%	34.2%	36.8%	36.4%
ROIC (adj.) - WACC			-9.9%	3.9%	5.6%	12.4%	14.8%	12.2%	15.2%	17.1%
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	6.60	6.60	6.60
No. shares reduced by buybacks (m)			40.9	40.9	40.9	41.2	41.8	41.8	41.8	41.8
Mkt cap used in EV (m)			36	49	87	131	314	276	276	276
Net debt, year-end (m)			18	18	18	18	22	22	21	19
MV of min/ass and oth (m)			0	0	0	0	0	0	0	0
Enterprise value (m)			54	67	105	149	336	298	297	295
VALUATION	2013	2014	2015	2016	2017	2018	2019	2020E	2021E	2022E
EV/sales (x)			1.6	1.8	2.5	3.0	5.8	4.8	4.2	3.6
EV/EBITDA (x)			11.1	9.9	11.0	10.9	17.8	14.1	11.8	10.4
EV/EBITA (x)			n.m.	16.1	21.7	17.4	27.7	22.0	18.1	15.3
EV/EBIT (x)			n.m.	16.1	20.4	17.4	27.7	22.0	18.1	15.3
P/E (reported) (x)			n.m.	16.9	25.5	20.5	40.9	31.9	25.2	20.9
P/E (adj.) (x)			n.m.	16.9	23.4	20.5	40.9	31.9	25.2	20.9
P/BV (x)			3.61	4.19	6.25	7.00	13.3	10.2	8.48	6.92
EV/invested capital (x)				-202.8	-489.8	-1,652.1	2,100.9	1,873.4	1,875.4	1,869.0
Dividend yield			1.33%	2.78%	2.50%	2.89%	1.67%	1.97%	2.12%	2.27%
Total yield (incl. buybacks)			1.34%	2.78%	2.50%	2.89%	1.67%	1.97%	2.12%	2.27%
FCFE-yield			-12.13%	3.27%	2.79%	2.90%	2.26%	2.03%	2.81%	3.50%
FINANCIAL RATIOS	2013	2014	2015	2016	2017	2018	2019	2020E	2021E	2022E
Net debt/EBITDA (x)			3.7	2.7	1.9	1.3	1.2	1.0	0.8	0.7
Net debt/equity (x), year-end			1.8	1.6	1.3	0.9	0.9	0.8	0.7	0.5
Dividend payout ratio			n.m.	46.9%	63.9%	59.1%	68.2%	62.9%	53.5%	47.6%
Interest coverage (x)				7.2	8.1	13.5				
Cash conversion (FCF/net profit)			n.m.	55.3%	71.2%	59.8%	93.0%	64.9%	70.8%	73.3%
Capex/sales			25.6%	14.1%	17.9%	17.2%	19.4%	19.9%	19.8%	18.4%
NWC/sales			-8.2%	-7.1%	-8.3%	-6.4%	-7.2%	-4.7%	-4.6%	-4.5%
QUARTERLY P&L			Q1 19	Q2 19	Q3 19	Q4 19	Q1 20E	Q2 20E	Q3 20E	Q4 20E
Sales (m)			15	15	13	15	17	15	14	16
EBITDA (m)			5	5	4	4	6	5	5	5
EBIT before non-recurring items (m)			3	3	2	2	4	3	3	3
Net profit (adj.) (m)			3	2	2	1	3	2	2	2
EPS (adj.) (EUR)			7.36	6.33	4.74	2.07	4.04	3.54	2.86	0.02
EBITDA margin			36.4%	34.4%	33.0%	27.1%	35.8%	35.7%	33.7%	30.4%
EBIT margin (adj.)			23.3%	21.4%	17.4%	10.1%	20.9%	20.5%	17.8%	16.0%

Source: Company data, Danske Bank Equity Research estimates

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