

Professional Business Support Services

Key data

Price (EUR)	9.07
Country	Finland
Bloomberg	TNOM.FH
Reuters	TNOM.HE
Free float	59.6%
Market cap (EURm)	407
Net debt (current Y/E) (EURm)	59
No. of shares (m)	44.9
Next event	Q1: 20-Apr

* Price as at 16:15 CET on 31 January 2023

CEO	Otto-Pekka Huhtala
CFO	Matti Eilonen

Company description

Talenom is an accounting services company operating in Finland, Sweden and Spain. Talenom offers a wide range of accountancy and other services including tax and legal advisory, banking services and financial management tools for SMEs. Talenom has over 1300 employees and 55 locations, and provides accounting through its proprietary in-house software. The company is headquartered in Oulu, Finland.

Ownership structure

Harri Tahkola	17.7%
Markus Tahkola	10.8%
SEB Funds	6.7%
Allianz Vie S.A.	5.0%
Danske Invest	4.8%

Source: Company data (31 January 2023)

Estimate changes

	23E	24E	25E
Sales	-6.0%	-9.4%	-11.1%
EBITDA	-0.4%	-1.6%	-2.1%
EBIT (adj.)	-4.3%	-4.2%	-1.9%
EPS (adj.)	n.m.	n.m.	n.m.

Source: Danske Bank Equity Research estimates

Analyst(s)

Daniel Lepistö

Find our research here:

<https://research.danskebank.com>

Important disclosures and certifications are contained from page 10 of this report

Talenom

Long-term growth case intact, despite soft Q4

Talenom's Q4 22 report was soft on both organic growth and margins. Temporary headwinds in volume-linked revenues, such as invoicing and high-end consulting, contributed to the weaker-than-expected growth. FY23 guidance indicates EUR120m-130m in sales, with EBITDA and EBIT growing. We reiterate our positive long-term view and adjust our 12M fair value range to EUR9.0-11.0/share (EUR9.5-11.5 previously).

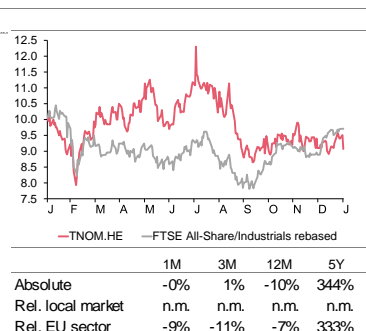
- Impact on the investment case.** Near-term negative, long-term neutral. Talenom reported Q4 22 numbers below our and FactSet consensus estimates. Sales missed by 5% due to lower than anticipated organic growth (some 4%, our expectation 8%), which we attribute to temporary headwinds in volume-linked revenues (invoicing, payslips) and high-end consultancy. Also, there was a small uptick in bankruptcies (churn), where the general trend seems to be moderately upwards. We continue to expect high single-digit organic growth for FY23, as the recently implemented 9% price hikes are set to provide a tailwind to growth from Q2 onwards and commentary on new sales activity remained upbeat. FY23 guidance indicates EUR120m-130m sales with growing EBITDA and EBIT.
- Software localisation in Sweden is progressing.** Talenom communicated that it has introduced its own software to some 800 clients (our estimate 5k-6k clients in Sweden) since the beginning of the project. The company can already see initial process-side benefits, but on the customers fully adopting the tools and gaining the full efficiencies, more work needs to be done on educating customers and building the Talenom brand further. We also expect the company to start its organic sales growth efforts with the full Talenom model (service+software) in Sweden during Q2 23.
- Estimate changes.** We adjust our estimates according to the Q4 22 miss, and set a slightly more cautious stance on our growth (M&A driven and organic) estimates for coming years.
- Valuation.** We adjust our 12M fair value range to EUR9.0-11.0/share (previously EUR9.5-11.5) on the back of lower estimates. Talenom trades at 17.8x EV/EBITA for 2024 on our estimates. It is valued some 30% below Nordic SaaS peers on EV/EBITDA, but just 4-7% below on EV/EBIT for 23-24E.

Key financials

Year-end Dec (EUR)	2021	2022	2023E	2024E	2025E
Revenues (m)	82.8	102	126	152	180
Revenues growth	27.1%	23.3%	23.4%	20.6%	18.2%
EBITDA (m)	27.7	32.4	37.8	44.1	52.8
EBIT adj. (m)	14.8	15.3	16.3	20.6	28.3
EBIT growth	14.6%	3.4%	6.6%	26.8%	37.3%
Pre-tax profit (m)	14.0	14.6	14.0	18.0	25.7
EPS adj.	0.25	0.27	0.25	0.32	0.46
DPS	0.17	0.18	0.19	0.20	0.21
Dividend yield	1.5%	2.0%	2.1%	2.2%	2.3%
FCFE yield (pre-IFRS16)	0.3%	-0.0%	1.0%	2.6%	4.3%
EBIT margin (adj.)	17.8%	15.0%	12.9%	13.6%	15.8%
Net debt/EBITDA (x)	1.4	1.7	1.6	1.3	1.0
ROIC	16.1%	12.4%	11.2%	13.3%	17.3%
EV/sales (x)	6.7	4.5	3.7	3.1	2.6
EV/EBITDA (adj.) (x)	20.0	14.3	12.3	10.6	8.7
EV/EBITA (adj.) (x)	32.7	24.8	22.0	17.8	13.3
EV/EBIT (adj.) (x)	37.4	30.2	28.7	22.6	16.3
P/E (adj.) (x)	47.2	34.2	36.5	28.3	19.8

Source: Company data, Danske Bank Equity Research estimates

Price performance



Source: FactSet

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Q4 22 key conclusions

Weak organic growth. Organic sales growth came in at 4% at group level, vs our expectation of 8%, with the weakness stemming mainly from volume-based items (invoices and payslips, around 20-25% of total revenues) and high-end consulting, which saw a dip during Q4. Also, bankruptcies (and churn) were slightly up and caused an additional headwind, while a weak SEK contributed negatively on Swedish sales and group top line. We see these headwinds as temporary, and somewhat Q4 specific, with easier comparison figures giving support to organic growth accelerating again in Q1 23E.

Soft Q4 22 margins. We were cautious on Q4 22 margins (we forecast a 10% EBIT margin, vs 8% reported) prior to the report due to apparent growth investments and expenses related to software localisation kick-off in Sweden. Looking at the realised opex in Q4, salary costs especially were higher than we had anticipated. The company commented that there have been clear salary hikes for all personnel to retain seniors and IT developers in a tightening talent market, and it has consequently pushed some 9% customer price hikes to compensate, which will become visible mainly from Q2 onwards and naturally support organic growth in FY23E.

Swedish software localisation. In Sweden, Talenom has onboarded some 800 clients (of some 5k-6k total, on our estimates) to its own internal software, and the work on its Swedish client base continues to replicate the accounting process done in Finland. However, we do not expect sudden visible margin benefits given a long tail of very small ARPU customers, where Talenom has started the software rollout. Moreover, the company is planning to start organic sales growth efforts with the full Talenom service model (service+software) during Q2 23 in Sweden.

Faster improvement in profitability among acquisition targets. Talenom also eventually expects more rapid improvement of profitability in its acquired assets, as in the best case (at this point, in the local Finnish office), the company technically can get its own software implemented in just three months, but the current slowness comes from customers first adopting the new services. Historically, Talenom has indicated that it takes some two to three years to bring acquired entities up to Talenom's core profitability.

Overall, we maintain a positive long-term view on Talenom, despite the weaker than expected Q4 22 figures. We believe the company will be able to show mid-to-high single digit organic sales growth in FY23, where its sales guidance (EUR120m-130m) suggests 22% growth. EBITDA and EBIT are also expected to grow, albeit EBIT potentially more moderately because of higher pressure from D&A.

Table 1 : Q4 22 estimate deviation

EURm	Actual	DBER	Diff %	Consensus (FactSet)		Q4 21
	Q4 22	Q4 22E		Q4 22E	Diff %	
Sales	26.3	27.7	-5%	27.7	-5%	21.8
EBITDA	7.0	7.4	-6%	7.8	-11%	6.6
EBIT	2.2	2.9	-24%	3.4	-35%	2.8
Basic EPS	0.04	0.05	-15%	0.05	-20%	0.04
						0
Sales growth	21.1%	27.5%		27.3%		16.5%
EBIT growth	-20.6%	4.0%		22.8%		34.1%
EBIT margin	8.3%	10.4%		12.3%		12.7%

Source: Company data, FactSet consensus, Danske Bank Equity Research (DBER) estimates

Table 2 : Quarterly estimates

EURm	2021	Q1 22	Q2 22	Q3 22	Q4 22	2022	Q1 23E	Q2 23E	Q3 23E	Q4 23E	2023E	2024E
Sales	82.8	25.2	27.0	23.6	26.3	102.1	30.5	34.3	30.2	31.1	126.0	151.9
Growth y/y	27.1%	24.1%	26.2%	21.7%	21.1%	23.3%	21.0%	27.0%	28.0%	18.0%	23.4%	20.6%
Personnel costs	-44.6	-13.4	-14.2	-12.2	-15.9	-55.7	-17.0	-18.7	-16.2	-17.9	-69.9	-82.8
% of sales	-53.9%	-53.2%	-52.6%	-51.7%	-60.2%	-54.5%	-55.7%	-54.6%	-53.7%	-57.7%	-55.4%	-54.5%
Materials and services	-3.1	-0.9	-0.9	-1.3	-0.8	-4.0	-1.2	-1.4	-1.2	-1.2	-5.0	-6.1
Other costs	-8.2	-2.6	-2.6	-2.8	-3.8	-11.7	-3.4	-3.8	-3.3	-3.4	-13.9	-19.0
EBITDA	27.7	8.9	9.3	7.3	7.0	32.4	9.1	10.6	9.6	8.6	37.8	44.1
EBITDA margin	33.4%	35.2%	34.4%	30.8%	26.5%	31.7%	29.8%	30.8%	31.7%	27.8%	30.0%	29.0%
D&A	-10.4	-2.5	-2.6	-2.7	-2.6	-2.8	-2.8	-3.1	-3.2	-3.8	-12.9	-17.1
EBIT	14.8	4.9	5.1	3.1	2.2	15.3	4.1	5.3	4.1	2.9	16.3	20.6
EBIT margin	17.8%	19.3%	19.0%	13.0%	8.4%	15.0%	13.3%	15.4%	13.5%	9.2%	12.9%	13.6%
Net financials	-0.8	-0.1	-0.1	-0.3	-0.2	-0.7	-0.6	-0.6	-0.6	-0.6	-2.3	-2.6
Pre-tax profit	14.0	4.7	5.1	2.8	2.0	14.6	3.5	4.7	3.5	2.3	14.0	18.0
Taxes	-3.2	-0.7	-0.7	-0.6	-0.4	-2.8	-1.0	-1.0	-0.6	-0.1	-2.8	-3.6
Tax rate	22.9%	14.9%	14.1%	22.2%	20.5%	18.9%	27.9%	21.5%	17.9%	6.3%	20.0%	20.0%
Net income	10.8	4.0	4.3	2.2	1.6	11.8	2.5	3.7	2.9	2.1	11.2	14.4

Source: Company data, Danske Bank Equity Research estimates

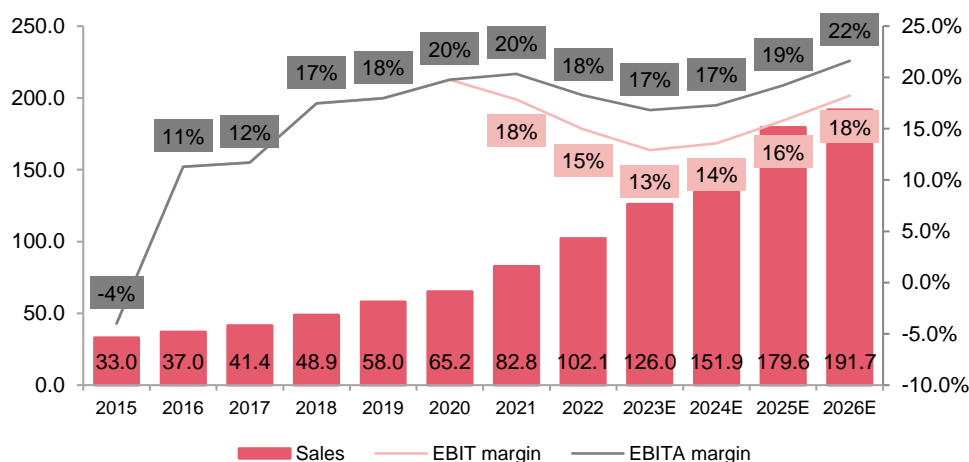
Executive summary

We see Talenom as a profitable growth case driven by market share gains and M&A in fragmented and non-cyclical end-markets in accounting services. The company operates in Finland, Sweden, Spain and Italy. Over 90% of Talenom's revenue is recurring, with some 25-30% of revenues having a volume-linked component. We expect the company to show organic sales growth of a high single digit pace for the coming years. The company's current appetite for M&A is driven by both its international expansion strategy and its ability to convert acquired local (Finnish) businesses to its current profitability level, due to its largely automated in-house accounting software.

Fundamentally, Talenom operates in the highly defensive accounting services industry, with a scalable business model that should provide high resiliency if Europe is heading into a recession. Accounting and tax reports are government-regulated, inevitable recurring tasks for firms that cannot be dispensed with even in corporate distress. This makes the end market demand very resilient, and mass SME bankruptcies or layoffs are the potential tail-risks for Talenom.

We would expect Talenom to continue to acquire smaller accounting firms, mostly for their existing customer bases, which we expect will drive revenues near term but keep the company's profitability expansion modest. We discussed the company's business model and motivation for M&A in our latest long report: [Industry pioneer set to keep the growth high](#).

Chart 1 : Sales (EURm) EBITA & EBIT-margin



Source: Company data, Danske Bank Equity Research estimates

Differentiating model in a conservative industry

Talenom is a Finnish accounting service provider that has the following three elements to its strategy. 1) Talenom aims to provide easy and automated financial accounting for customers, which are mainly smaller companies. 2) Talenom has its own in-house software, which has largely automated the bookkeeping process, improving profitability and eliminating Talenom's dependency on third-party accounting software firms. 3) With increased automation, Talenom aims to provide more value-added services to its existing customers, including hourly-paid financial consulting and other tax, legal and advisory services. We believe that the in-house software (not sold separately from the service, and used only by Talenom's own accountants and customers), has become a clear economic moat in favour of Talenom.

Talenom's own accounting software has been developed for over 10 years and the high automation increases process efficiency, which significantly improves accountant productivity,

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enabling faster processes and a higher capacity for taking on new clients for the accountants to advise. Moreover, the streamlined accounting process enables Talenom to create value through M&A, as the company is able to convert acquired local companies to Talenom's own profitability within three years, according to management estimates. This allows Talenom to purchase recurring revenue with low risk and maintain its sales growth even in times of weakening organic growth.

Talenom's main strategic choices include investing heavily in own software development and automation of operations, and it has developed a scalable bookkeeping production line, with dedicated teams for different industries. This has improved company profitability and releases people for value-added consultancy work. Organic growth is seen by management as the best way to grow due to lower total cost, but the significant salesforce (up to 15% of personnel) burdens the cash flow (costs are partly capitalised and depreciated over 10 years so they are not immediately visible in the income statement). Talenom's core business is stable with >90% recurring revenues, low customer churn and long contracts.

Valuation

We adjust our 12M valuation range for Talenom to EUR9.0-11.0 (EUR9.5-11.5 previously). On a longer investment horizon, we believe the case looks highly attractive, as indicated by our DCF valuation of EUR13.7/share (EUR15.2/share previously) with WACC of 8.4% (7.9% previously) and long-term growth assumptions between 5 and 10%. We believe that the fast-growing and highly scalable Nordic SaaS peers continue to provide a good, aspirational valuation framework for Talenom.

The following key factors support the relatively high multiples for Talenom, in our view:

- High revenue growth rate and a favourable long-term outlook for further growth (only 5-7% market share in a fragmented market in Finland and under 1% in Sweden).
- High margins with potential to improve further along with higher revenue.
- Low risks in the current customer base (>90% recurring revenues, on average 10-year customer contracts, low churn) and non-cyclical end-markets.

Table 3: Valuation range

EUR	Share price				
2023E	8.0	9.0	10.0	11.0	12.0
EV/Sales (x)	3.3	3.7	4.0	4.4	4.7
EV/EBITDA (x)	11.1	12.2	13.4	14.6	15.8
EV/EBIT (x)	25.7	28.5	31.2	34.0	36.8
P/E (x)	32.2	36.2	40.2	44.2	48.2
2024E	8.0	9.0	10.0	11.0	12.0
EV/Sales (x)	2.8	3.1	3.3	3.6	3.9
EV/EBITDA (x)	9.5	10.5	11.5	12.6	13.6
EV/EBIT (x)	20.3	22.5	24.7	26.8	29.0
P/E (x)	25.0	28.1	31.2	34.3	37.5

Source: Danske Bank Equity Research estimates

Table 4: Peer group summary

Company	Ticker	Mkt cap		*Price	EV/Sales			EV/EBITDA			EV/EBIT			P/E		
		EURm	(1cl ccy)		2022E	2023E	2024E	2022E	2023E	2024E	2022E	2023E	2024E	2022E	2023E	2024E
Nordic Information services																
Enento Group Oyj	ENENTO FH	517	21.50		3.9	3.8	3.7	10.9	10.7	9.9	17.6	16.6	14.8	19.5	17.8	15.6
Karnov Group AB	KAR SS	572	60.10		6.1	2.9	2.8	17.7	11.6	9.6	18.7	13.4	11.6	20.5	15.0	13.0
ECIT AS	ECIT AS	298	7.16		1.3	1.1	0.9	9.2	7.0	5.7	16.0	11.1	8.7	20.5	14.8	11.6
Nordic SaaS software																
Admicom Oyj	ADMCM FH	217	43.45		7.3	6.1	5.5	16.3	15.8	14.4	19.0	18.4	16.5	20.2	21.4	19.6
Heeros Oyj	HEEROS FH	31	5.86		2.9	2.7	2.5	16.4	13.8	11.6	109.3	927.7	109.4	293.0	65.0	38.7
Fortnox AB	FNOX SS	2,823	52.50		22.7	19.5	15.1	48.7	39.9	30.2	61.6	48.6	35.6	88.9	61.7	47.7
Lemonsoft Oyj	LEMON FH	134	7.30		6.1	4.7	4.2	19.9	14.2	12.1	21.1	15.2	12.8	26.2	19.6	16.7
Lime Technologies AB	LIME SS	271	231.40		6.8	6.0	5.2	21.5	19.3	16.6	36.5	31.0	25.9	37.4	30.1	28.1
Simcorp A/S	SIM DC	2,609	479.30		4.7	4.4	4.1	19.9	17.8	15.6	22.2	18.8	16.9	26.6	23.7	21.3
Upsales Technology AB	UPSAL SS	110	74.00		9.1	7.1	5.5	33.5	24.6	19.1	43.4	30.9	23.7	59.2	40.0	30.3
Nordic SaaS software					6.8	6.0	5.2	19.9	17.8	15.6	36.5	30.9	23.7	37.4	30.1	28.1
Nordic Information services					3.9	2.9	2.8	10.9	10.7	9.6	17.6	13.4	11.6	20.5	15.0	13.0
Peer group median					6.1	4.6	4.2	18.8	15.0	13.2	21.7	18.6	16.7	26.4	22.5	20.5
Talenom	TNOM FH	409	9.11		4.5	3.7	3.1	14.3	12.4	10.6	30.2	28.8	22.7	34.2	36.6	28.4
Vs Nordic SaaS software					-33%	-38%	-41%	-28%	-30%	-32%	-17%	-7%	-4%	-8%	22%	1%
Vs Nordic Information services					16%	28%	10%	31%	16%	11%	72%	115%	96%	67%	144%	119%
Vs Peer group median					-26%	-19%	-26%	-24%	-18%	-20%	40%	55%	36%	30%	62%	39%

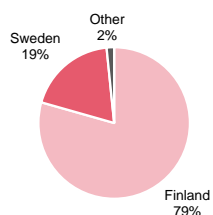
Note: prices at 16:40 CET on 31 January 2023

Source: FactSet, Danske Bank Equity Research (estimates for Talenom)

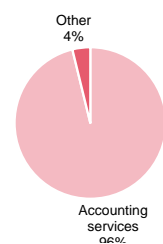
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Company summary

Sales breakdown by geographical area



Sales breakdown by division



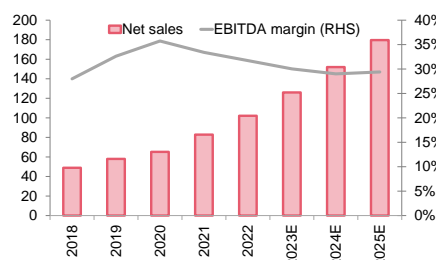
Company information

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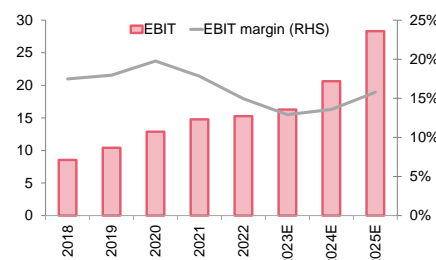
Main shareholders

Name	Votes (%)	Capital (%)
Harri Tahkola	17.7%	17.7%
Markus Tahkola	10.8%	10.8%
SEB Funds	6.7%	6.7%
Allianz Vie S.A.	5.0%	5.0%
Danske Invest	4.8%	4.8%

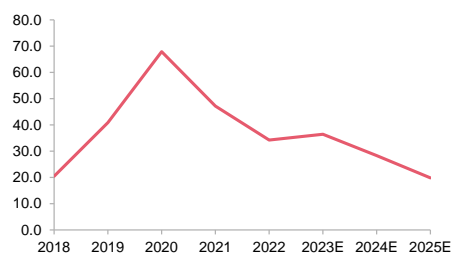
Net sales and EBITDA margin (EURm)



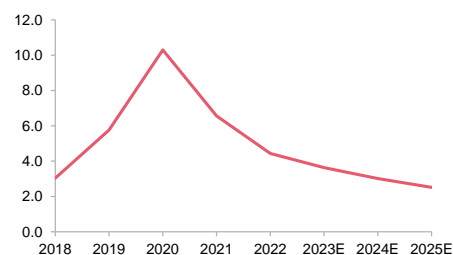
EBIT and EBIT margin (EURm)



P/E NTM (x)



EV/sales NTM (x)



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

Summary tables

INCOME STATEMENT

Year end Dec, EURm	2016	2017	2018	2019	2020	2021	2022	2023E	2024E	2025E
Net sales	37.0	41.4	48.9	58.0	65.2	82.8	102	126	152	180
Cost of sales & operating costs	-30.5	-32.3	-35.9	-39.4	-42.0	-55.9	-71.3	-88.8	-108	-127
EBITDA	6.8	9.5	13.7	18.9	23.3	27.7	32.4	37.8	44.1	52.8
EBITDA, adj.	6.8	9.5	13.7	18.9	23.3	27.7	32.4	37.8	44.1	52.8
Depreciation	-2.6	-0.7	-0.7	-2.5	-2.9	-3.6	-3.9	-3.9	-3.7	-3.3
EBITA	4.2	4.8	8.5	10.4	12.9	16.9	18.6	21.2	26.3	34.5
EBIT incl. EO, bef. ass.	4.2	4.8	8.5	10.4	12.9	14.8	15.3	16.3	20.6	28.3
EBIT, adj.	4.2	5.2	8.5	10.4	12.9	14.8	15.3	16.3	20.6	28.3
Financial items, net	-0.6	-0.5	-0.6	-0.8	-0.9	-0.8	-0.7	-2.3	-2.6	-2.6
Pre-tax profit	3.6	4.3	8.0	9.6	12.0	14.0	14.6	14.0	18.0	25.7
Taxes	-0.7	-0.9	-1.6	-2.0	-2.4	-3.2	-2.8	-2.8	-3.6	-5.1
Net profit, rep.	2.9	3.4	6.4	7.6	9.6	10.8	11.8	11.2	14.4	20.5
Net profit, adj.	2.9	3.7	6.4	7.6	9.6	10.8	11.8	11.2	14.4	20.5

CASH FLOW

EURm	2016	2017	2018	2019	2020	2021	2022	2023E	2024E	2025E
EBITDA	6.8	9.5	13.7	18.9	23.3	27.7	32.4	37.8	44.1	52.8
Change in working capital	-0.1	0.5	-0.5	1.4	1.4	-0.2	0.5	2.2	2.4	2.6
Net interest paid	0.0	0.1	0.1	0.1	0.1	0.1	-0.7	-2.3	-2.6	-2.6
Taxes paid	0.0	-0.4	-1.1	-2.4	-1.9	-2.9	-4.7	-2.8	-3.6	-5.1
Other operating cash items	0.1	0.1	0.1	0.3	0.6	0.9	0.0			
Cash flow from operations	6.8	9.9	12.2	18.3	23.4	25.6	27.4	35.0	40.2	47.6
Capex	-5.2	-7.4	-8.4	-11.3	-15.4	-16.8	-15.6	-18.5	-19.6	-20.0
Div to min										
Free cash flow	1.6	2.4	3.8	7.1	8.1	8.8	11.8	16.4	20.6	27.6
Disposals/(acquisitions)	-0.4		-0.5	-1.8	-2.2	-7.6	-12.3	-12.7	-10.5	-10.5
Free cash flow to equity	1.2	2.4	3.3	5.2	5.9	1.2	-0.5	3.7	10.1	17.1
Dividend paid	-0.5	-1.4	-2.2	-3.8	-5.4	-6.6	-7.6	-8.1	-8.5	-9.0
Share buybacks										
New issue common stock			-0.2		1.9					
Incr./(decr.) in debt	-1.0		1.0			10.0	20.0	12.7	10.5	10.5
Minorities & other financing CF	-0.7	-0.5	-0.9	0.4	-1.0	-3.6	-6.1	-1.8	-1.8	-1.8
Cash flow from financing	-2.2	-1.9	-2.3	-3.4	-4.6	-0.2	6.3	2.8	0.2	-0.3
Disc. ops & other										
Incr./(decr.) in cash	-1.0	0.5	1.0	1.9	1.3	1.0	5.8	6.6	10.3	16.9

BALANCE SHEET

EURm	2016	2017	2018	2019	2020	2021	2022	2023E	2024E	2025E
Cash & cash equivalents	4.3	4.9	5.9	7.8	9.1	10.1	16.0	22.5	32.8	49.7
Inventory										
Trade receivables	4.8	5.5	5.5	6.5	7.1	9.8	14.2	17.5	21.1	24.9
Other current assets	0.1	0.0	0.0							
Goodwill	18.4	18.4	18.4	20.7	24.0	37.3	55.0	60.1	64.3	68.5
Other intangible assets	6.7	7.8	10.5	14.9	22.9	36.3	45.8	52.3	56.9	60.5
Fixed tangible assets	2.5	2.5	2.2	2.6	2.5	2.8	2.8	2.6	2.3	2.3
Associated companies										
Other non-current assets	5.2	6.8	8.7	10.4	11.4	12.7	12.7	12.7	12.7	12.7
Total assets	42.0	45.9	51.2	71.3	84.9	118	156	177	199	228
Shareholders' equity	11.7	13.9	18.7	23.6	32.2	44.7	56.0	59.1	65.0	76.5
Of which minority interests										
Current liabilities	7.5	8.9	8.6	10.7	13.3	19.7	24.3	29.9	35.9	42.3
Interest-bearing debt	22.7	22.6	23.6	28.1	30.0	40.2	60.1	72.8	83.3	93.8
Pension liabilities										
Oth non-curr. liabilities	0.4	0.4	0.3	0.5	1.3	4.2	5.9	5.9	5.9	5.9
Total liabilities	30.6	32.0	32.5	47.8	52.8	73.0	100	117	134	151
Total liabilities and equity	42.3	45.9	51.2	71.3	84.9	118	156	177	199	228
Net debt	18.4	17.8	17.7	20.3	20.9	30.1	44.2	50.3	50.5	44.2

Source: Company data, Danske Bank Equity Research estimates

Summary tables

PER SHARE DATA	2016	2017	2018	2019	2020	2021	2022	2023E	2024E	2025E
No. of shares, fully diluted (y.e.) (40.9	40.9	41.2	41.8	43.2	43.9	44.9	44.9	44.9	44.9
No. of shares, fully diluted (avg.)	40.9	40.9	41.1	41.5	43.2	43.5	44.4	44.9	44.9	44.9
EPS (EUR)	0.07	0.08	0.16	0.18	0.22	0.25	0.27	0.25	0.32	0.46
EPS adj. (EUR)	0.07	0.09	0.16	0.18	0.22	0.25	0.27	0.25	0.32	0.46
DPS (EUR)	0.03	0.05	0.09	0.13	0.15	0.17	0.18	0.19	0.20	0.21
CFFO/share (EUR)	0.2	0.2	0.3	0.4	0.5	0.6	0.6	0.8	0.9	1.1
Book value/share (EUR)	0.29	0.34	0.45	0.56	0.74	1.02	1.25	1.32	1.45	1.70
MARGINS AND GROWTH	2016	2017	2018	2019	2020	2021	2022	2023E	2024E	2025E
EBITDA margin	18.5%	23.0%	28.0%	32.6%	35.7%	33.4%	31.7%	30.0%	29.0%	29.4%
EBITA margin	11.3%	11.7%	17.5%	18.0%	19.8%	20.4%	18.2%	16.8%	17.3%	19.2%
EBIT margin	11.3%	11.7%	17.5%	18.0%	19.8%	17.8%	15.0%	12.9%	13.6%	15.8%
EBIT adj margin	11.3%	12.4%	17.5%	18.0%	19.8%	17.8%	15.0%	12.9%	13.6%	15.8%
Sales growth	12.0%	12.1%	18.0%	18.6%	12.4%	27.1%	23.3%	23.4%	20.6%	18.2%
EBITDA growth	39.9%	39.4%	43.8%	38.3%	23.1%	18.8%	17.1%	16.8%	16.4%	19.8%
EBITA growth	n.m.	15.9%	76.5%	21.8%	23.7%	30.8%	10.6%	13.6%	24.0%	31.4%
EPS adj growth	n.m.	28.3%	70.2%	18.3%	20.9%	11.9%	7.2%	-6.4%	28.7%	42.8%
PROFITABILITY	2016	2017	2018	2019	2020	2021	2022	2023E	2024E	2025E
ROIC (after tax, incl. GW, adj.)	11.5%	13.3%	20.0%	19.0%	18.2%	16.1%	12.4%	11.2%	13.3%	17.3%
ROIC (after tax, excl. GW, adj.)	31.2%	32.7%	43.3%	33.8%	29.7%	27.3%	22.8%	21.7%	26.1%	34.9%
ROE (adj.)	26.8%	29.0%	39.0%	36.0%	34.4%	28.1%	23.4%	19.4%	23.2%	29.0%
ROIC (adj.) - WACC	3.0%	4.8%	11.5%	10.5%	9.7%	7.7%	3.9%	2.7%	4.8%	8.9%
MARKET VALUE	2016	2017	2018	2019	2020	2021	2022	2023E	2024E	2025E
Share price (EUR)	1.20	2.13	3.18	7.50	15.1	11.7	9.10	9.07	9.07	9.07
No. shares reduced by buybacks	40.9	40.9	41.2	41.8	43.2	43.9	44.9	44.9	44.9	44.9
Mkt cap used in EV (m)	49	87	131	314	650	513	409	407	407	407
Net debt, year-end (m)	18	18	18	29	29	39	53	59	59	53
MV of min/ass and oth (m)	0	0	0	0	0	0	0	0	0	0
Enterprise value (m)	67	105	149	343	679	552	462	467	467	461
VALUATION	2016	2017	2018	2019	2020	2021	2022	2023E	2024E	2025E
EV/sales (x)	1.82	2.53	3.04	5.91	10.42	6.66	4.52	3.70	3.07	2.57
EV/EBITDA (x)	9.9	11.0	10.9	18.1	29.2	20.0	14.3	12.3	10.6	8.7
EV/EBITA (x)	16.1	21.7	17.4	32.9	52.7	32.7	24.8	22.0	17.8	13.3
EV/EBIT (x)	16.1	20.4	17.4	32.9	52.7	37.4	30.2	28.7	22.6	16.3
P/E (reported) (x)	16.9	25.5	20.5	40.9	67.9	47.2	34.2	36.5	28.3	19.8
P/E (adj.) (x)	16.9	23.4	20.5	40.9	67.9	47.2	34.2	36.5	28.3	19.8
P/BV (x)	4.19	6.25	7.00	13.3	20.2	11.5	7.30	6.89	6.27	5.32
EV/invested capital (x)	5.7	7.8	8.2	10.7	17.8	11.0	7.8	7.4	7.2	7.0
Dividend yield	2.78%	2.50%	2.89%	1.67%	1.00%	1.45%	1.98%	2.09%	2.21%	2.32%
Total yield (incl. buybacks)	2.78%	2.50%	2.89%	1.67%	1.00%	1.45%	1.98%	2.09%	2.21%	2.32%
FCFE-yield	3.27%	2.79%	2.90%	2.26%	1.24%	1.71%	2.89%	4.04%	5.06%	6.78%
FINANCIAL RATIOS	2016	2017	2018	2019	2020	2021	2022	2023E	2024E	2025E
Net debt/EBITDA (x)	2.7	1.9	1.3	1.5	1.2	1.4	1.7	1.6	1.3	1.0
Net debt/equity (x), year-end	1.6	1.3	0.9	1.2	0.9	0.9	1.0	1.0	0.9	0.7
Dividend payout ratio	46.9%	63.9%	59.1%	68.2%	67.7%	68.6%	67.7%	76.4%	62.5%	45.9%
Interest coverage (x)	7.2	8.1	13.5	12.4	15.0	19.2	21.4	7.1	7.8	10.7
Cash conversion (FCF/net profit)	55.3%	71.2%	59.8%	93.0%	84.3%	81.2%	100.0%	147.2%	143.2%	134.6%
Capex/sales	14.1%	17.9%	17.2%	19.4%	23.6%	20.3%	15.3%	14.7%	12.9%	11.1%
NWC/sales	-7.1%	-8.3%	-6.4%	-7.2%	-9.6%	-11.9%	-9.9%	-9.8%	-9.7%	-9.7%
QUARTERLY P&L			Q1 22	Q2 22	Q3 22	Q4 22	Q1 23E	Q2 23E	Q3 23E	Q4 23E
Sales (m)			25.2	27.0	23.6	26.3	30.5	34.3	30.2	31.1
EBITDA (m)			8.9	9.3	7.3	7.0	9.1	10.6	9.6	8.6
EBIT before non-recurring items (m)			4.9	5.1	3.1	2.2	4.1	5.3	4.1	2.9
Net profit (adj.) (m)			3.7	4.1	2.2	1.8	2.8	3.8	2.8	1.8
EPS (adj.) (EUR)			0.09	0.09	0.05	0.04	0.06	0.08	0.06	0.04
EBITDA margin			35.2%	34.4%	30.8%	26.5%	29.8%	30.8%	31.7%	27.8%
EBIT margin (adj.)			19.3%	19.0%	13.0%	8.4%	13.3%	15.4%	13.5%	9.2%

Source: Company data, Danske Bank Equity Research estimates

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Report completed: 31 January 2023 at 18:38 CET

Report disseminated: 31 January 2023 at 18:55 CET

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