

## Upbeat Q1 report

Talenom's net sales in Q1 amounted to EUR 17.4m, slightly above our and consensus estimates (EUR 16.9m/17.0m Evli/cons.). EBIT amounted to EUR 3.7m, slightly above our and consensus estimates (EUR 3.5m/3.5m Evli/cons.). Net sales for 2020 are expected to amount to EUR 64–68m and operating profit to EUR 12–14m.

- Net sales in Q1 were EUR 17.4m (EUR 14.8m in Q1/19), slightly above our estimates and consensus estimates (EUR 16.9m/17.0m Evli/Cons.). Growth in Q1 amounted to 17.4 % y/y.
- Operating profit in Q1 amounted to EUR 3.7m (EUR 3.4m in Q1/19), above our estimates and consensus estimates (EUR 3.5m/3.5m Evli/cons.), at a margin of 21.4 %.
- EPS in Q1 amounted to EUR 0.07 (EUR 0.06 in Q1/19), above our and consensus estimates (EUR 0.06/0.06 Evli/cons.).
- Sales team has changed over to a distance sales model and sales still almost in line with plans despite the coronavirus pandemic.
- An additional loan of EUR 10m has been negotiated, that can be used for acquisitions and for other projects in support of growth in Finland and Sweden.
- **Guidance 2020:** Net sales for 2020 are expected to amount to EUR 64–68m and operating profit to EUR 12–14m (Evli 2020E: 68.8m and 12.6m respectively). Previous guidance: 2020 is expected to be in line with 2019 in terms of relative growth in net sales and relative profitability.

**Rating** 🟡 HOLD

Q1/20	Actual	Evli	Cons.	Q1/19
Net sales	17.4	16.9	17.0	14.8
EBIT	3.7	3.5	3.5	3.4
EPS	0.07	0.06	0.06	0.06
Deviation	Actual	Evli	Cons.	Q1/19
Net sales		3%	2%	18%
EBIT		6%	6%	9%
EPS		11%	17%	17%

\*Consensus by FactSet

 Share price, EUR (Last trading day's closing price) **6.66**

 Target price, EUR **6.7**

 Latest change in recommendation **04-Feb-20**

 Latest report on company **04-Feb-20**

 Research paid by issuer: **YES**

 No. of shares outstanding, '000's **41,836**

 No. of shares fully diluted, '000's **41,836**

 Market cap, EURm **279**

 Free float, % **58.5**

 Exchange rate **0.000**

 Reuters code **TNOM.HE**

 Bloomberg code **TNOM FH**

 Average daily volume, EURm **0.28**

 Next interim report **27-Apr-20**

 Web site **talenom.fi/en/investors**

 Analyst **Jerker Salokivi**

 E-mail **jerker.salokivi@evli.com**

 Telephone **+358 9 4766 9149**
+ BUY + HOLD - SELL

### PRE-REPORT KEY FIGURES

	Sales EURm	EBIT EURm	EBIT %	FCF EURm	EPS EUR	P/E (x)	EV/Sales (x)	EV/EBIT (x)	FCF yield %	DPS EUR
2018	48.9	8.5	17.5%	3.3	0.15	20.6	3.2	18.4	2.5	0.09
2019	58.0	10.4	18.0%	3.2	0.18	41.2	5.9	32.9	1.0	0.13
2020E	68.8	12.6	18.3%	3.6	0.23	29.5	4.5	24.5	1.3	0.15
2021E	79.8	14.9	18.7%	6.3	0.27	24.7	3.9	20.7	2.3	0.18
2022E	91.0	17.5	19.2%	8.2	0.32	21.0	3.4	17.6	3.0	0.21

Market cap, EURm	279	BV per share 2020E, EUR	109.3	CAGR EPS 2019–22, %	20.4
Net debt 2020E, EURm	30	Price/book 2020E	10.0	CAGR sales 2019–22, %	16.2
Enterprise value, EURm	309	Dividend yield 2020E, %	2.3	ROE 2020E, %	36.7
Total assets 2020E, EURm	81	Tax rate 2020E, %	20.0	ROCE 2020E, %	19.8
Goodwill 2020E, EURm	21	Equity ratio 2020E, %	34.5	PEG, P/E 20/CAGR	1.7

All the important disclosures can be found on the last pages of this report.

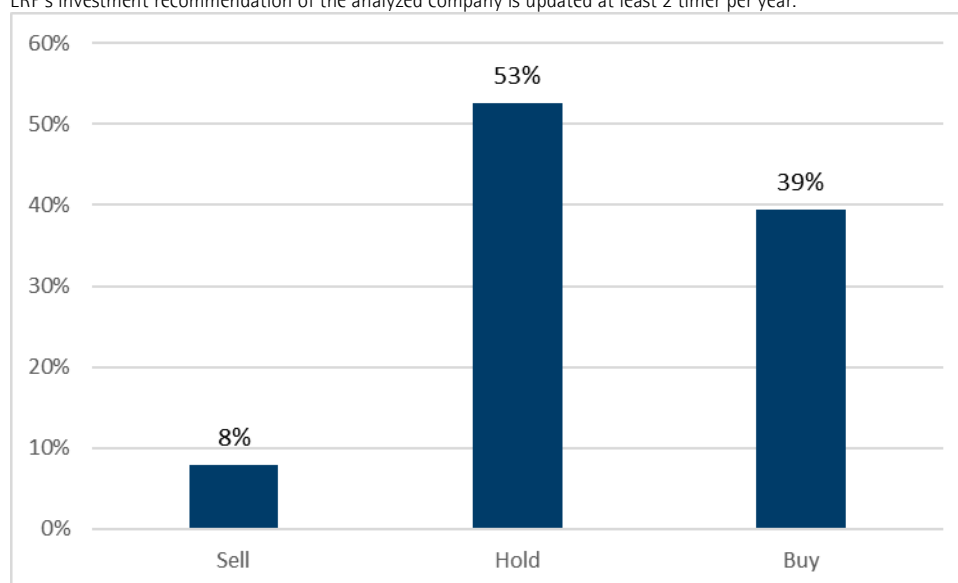
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Investment recommendations are defined as follows:

Target price compared to share price	Recommendation
< -10 %	SELL
-10 – (+10) %	HOLD
> 10 %	BUY

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Name(s) of the analyst(s): Salokivi

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**Contact information**

**SALES, TRADING AND RESEARCH**

**Equity Sales**

Ari Laine +358 9 4766 9115  
Lauri Ahokanto +358 9 4766 9117  
Niclas Henelius +358 9 4766 9116

**Trading**

Lauri Vehkaluoto (Head) +358 9 4766 9120  
Pasi Väisänen +358 9 4766 9120  
Antti Kässi +358 9 4766 9120  
Miika Ronkanen +358 9 4766 9120

**ETFs and Derivatives**

Joachim Dannberg +358 9 4766 9123  
Kimmo Lijja +358 9 4766 9130

**Structured Investments**

Heikki Savijoki +358 9 4766 9726  
Aki Lakkisto +358 9 4766 9123

**Equity Research**

Jonas Forslund +358 9 4766 9314  
Joonas Ilvonen +358 44 430 9071  
Jerker Salokivi +358 9 4766 9149  
Anna-Liisa Rissanen +358 40 157 9919

**Evli Investment Solutions**

Johannes Asuja +358 9 4766 9205  
Markku Reinikainen +358 9 4766 9669



**EVLI BANK PLC**  
Aleksanterinkatu 19 A  
P.O. Box 1081  
FIN-00101 Helsinki, FINLAND  
Phone +358 9 476 690  
Fax +358 9 634 382  
Internet [www.evli.com](http://www.evli.com)  
E-mail [firstname.lastname@evli.com](mailto:firstname.lastname@evli.com)

**EVLI BANK PLC,  
STOCKHOLMSFILIAL**  
Regeringsgatan 67 P.O. Box 16354  
SE-103 26 Stockholm  
Sverige  
[stockholm@evli.com](mailto:stockholm@evli.com)  
Tel +46 (0)8 407 8000  
Fax +46 (0)8 407 8001