

## Quite in line with expectations

Talenom's net sales in Q2 amounted to EUR 16.5m, slightly below our and consensus estimates (EUR 17.2m Evli/cons.). EBIT amounted to EUR 3.6m, in line with our and consensus estimates (EUR 3.7m Evli/cons.). Guidance remains intact, net sales for 2020 are expected to amount to EUR 64-68m and operating profit to EUR 12-14m.

- Net sales in Q2 were EUR 16.5m (EUR 14.8m in Q2/19), slightly below our and consensus estimates (EUR 17.2m Evli/Cons.). Growth in Q2 amounted to 11.8% y/y.
- Operating profit in Q2 amounted to EUR 3.6m (EUR 3.2m in Q2/19), in line with our and consensus estimates (EUR 3.7m Evli/cons.), at a margin of 21.8%.
- EPS in Q2 amounted to EUR 0.06 (EUR 0.05 in Q2/19), in line with our and consensus estimates (EUR 0.06/0.07 Evli/cons.).
- Sales and relative profitability in Q2 were affected by lower transaction-based invoicing and lower relative profitability of acquired businesses.
- New sales have continued in the upper range of company expectations but below targets set before the coronavirus pandemic. Customer business defaults during Q2 developed as expected while transaction-based invoicing has been in the lower range of company estimates.
- **Guidance intact:** Net sales for 2020 are expected to amount to EUR 64-68m and operating profit to EUR 12-14m.

 Rating 🟡 HOLD

Q2/20	Actual	Evli	Consensus	Year ago
Net sales	16.5	17.2	17.2	14.8
EBIT	3.6	3.7	3.7	3.2
EPS	0.06	0.06	0.07	0.05
Deviation	Actual	Evli	Consensus	Year ago
Net sales		-4%	-4%	12%
EBIT		-2%	-3%	14%
EPS		-7%	-8%	10%

*\*Consensus by Bloomberg*

 Share price, EUR (Last trading day's closing price) 9.50

 Target price, EUR 7.0

Latest change in recommendation	04-Feb-20
Latest report on company	28-Apr-20
Research paid by issuer:	YES
No. of shares outstanding, '000's	42,608
No. of shares fully diluted, '000's	42,608
Market cap, EURm	405
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	03-Aug-20
Web site	talenom.fi/en/investors

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+ 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	67.3	12.5	18.6%	0.9	0.22	43.7	6.5	34.9	0.2	0.15
2021E	78.0	14.6	18.7%	5.2	0.25	37.5	5.6	30.0	1.3	0.18
2022E	88.9	17.1	19.2%	7.3	0.30	31.7	4.9	25.7	1.8	0.19
Market cap, EURm	405		BV per share 2020E, EUR		111.1		CAGR EPS 2019-22, %		18.1	
Net debt 2020E, EURm	32		Price/book 2020E		14.1		CAGR sales 2019-22, %		15.3	
Enterprise value, EURm	437		Dividend yield 2020E, %		1.6		ROE 2020E, %		35.4	
Total assets 2020E, EURm	90		Tax rate 2020E, %		20.0		ROCE 2020E, %		18.3	
Goodwill 2020E, EURm	21		Equity ratio 2020E, %		31.9		PEG, P/E 20/CAGR		2.6	

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

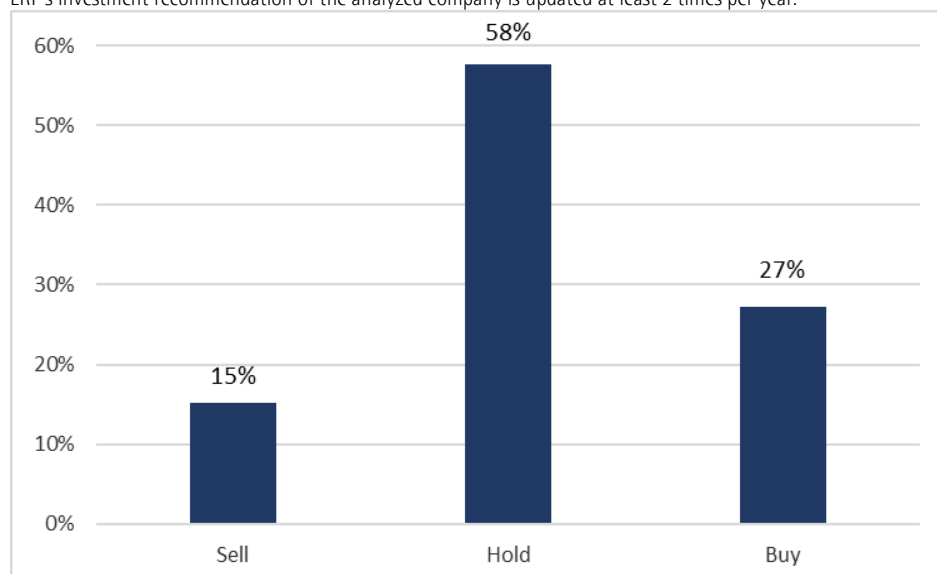
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Investment recommendations are defined as follows:

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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