

Solid profitability figures once again

Talenom's net sales grew 10.0% in Q3 to EUR 14.8m, slightly below our and consensus estimates (EUR 15.3/15.2m Evli/cons.). EBIT amounted to EUR 3.1m, above our and consensus estimates (EUR 2.6m/2.8m 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 Q3 amounted to EUR 14.8m (EUR 13.5m in Q3/19), slightly below our and consensus estimates (EUR 15.3m/15.2m Evli/Cons.). Growth in Q3 amounted to 10.0% y/y.
- Operating profit in Q3 amounted to EUR 3.1m (EUR 2.4m in Q3/19), above our and consensus estimates (EUR 2.6m/2.8m Evli/cons.), at a margin of 21.2%.
- EPS in Q3 amounted to EUR 0.05 (EUR 0.04 in Q3/19), in line with our and consensus estimates (EUR 0.04/0.05 Evli/cons.).
- Net sales growth was slightly weakened by the impact of the pandemic on transactional volumes, but cost adjustments aided profitability.
- Talenom launched its new small customer concept, TiliJaska, aimed to be launched also next year in Sweden. Talenom also launched the Talenom Light Entrepreneur service, a service platform catering the needs for customers ranging from part-time light entrepreneurs to listed companies.
- Talenom clarified its long-term vision, seeking to broaden its offering to an increasing extent also towards banking services, supported by digital transformation and legislative changes.
- **Guidance intact:** Net sales for 2020 are expected to amount to EUR 64-68m and operating profit to EUR 12-14m.

 Rating 🟡 HOLD

Q3/20	Actual	Evli	Consensus	Year ago
Net sales	14.8	15.3	15.2	13.5
EBIT	3.1	2.6	2.8	2.4
EPS	0.05	0.04	0.05	0.04
Deviation	Actual	Evli	Consensus	Year ago
Net sales		-3%	-3%	10%
EBIT		18%	11%	32%
EPS		12%	6%	24%

**Consensus by Bloomberg*

 Share price, EUR (Last trading day's closing price) 10.25

 Target price, EUR 8.5

 Latest change in recommendation 04-Feb-20

 Latest report on company 04-Aug-20

 Research paid by issuer: YES

 No. of shares outstanding, '000's 42,758

 No. of shares fully diluted, '000's 42,758

 Market cap, EURm 438

 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 26-Oct-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	66.3	12.4	18.8%	2.6	0.21	47.8	7.1	37.6	0.6	0.15
2021E	76.9	14.8	19.2%	3.7	0.26	39.9	6.1	31.9	0.9	0.18
2022E	87.6	17.1	19.5%	7.4	0.30	34.3	5.4	27.6	1.7	0.19
Market cap, EURm		438		BV per share 2020E, EUR		105.6		CAGR EPS 2019-22, %		18.0
Net debt 2020E, EURm		30		Price/book 2020E		15.3		CAGR sales 2019-22, %		14.8
Enterprise value, EURm		468		Dividend yield 2020E, %		1.5		ROE 2020E, %		35.1
Total assets 2020E, EURm		82		Tax rate 2020E, %		20.4		ROCE 2020E, %		19.3
Goodwill 2020E, EURm		21		Equity ratio 2020E, %		35.1		PEG, P/E 20/CAGR		2.9

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

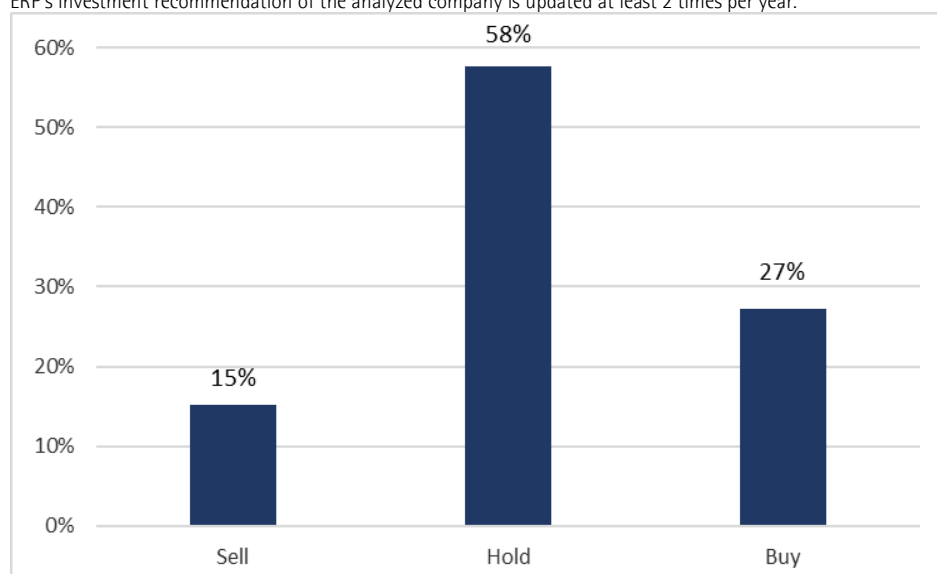
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Investment recommendations are defined as follows:

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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