

Quite in line with expectations

Talenom's net sales in Q4 grew 10.4% to EUR 16.5m, in line with our and consensus estimates (EUR 16.8m Evli/cons.). EBIT amounted to EUR 2.4m, slightly below our and consensus estimates (EUR 2.6m Evli/cons.). Net sales for 2021 are expected to amount to EUR 75-80m and operating profit to EUR 14-16m.

- Net sales in Q4 amounted to EUR 16.5m (EUR 14.9m in Q4/19), in line with our and consensus estimates (EUR 16.8m Evli/Cons.). Growth in Q4 amounted to 10.4% y/y.
- Operating profit in Q4 amounted to EUR 2.4m (EUR 1.5m in Q4/19), slightly below our and consensus estimates (EUR 2.6m Evli/cons.), at a margin of 14.7%.
- EPS in Q4 amounted to EUR 0.04 (EUR 0.02 in Q4/19), in line with our and consensus estimates (EUR 0.04/0.05 Evli/cons.).
- Net investments during 2020 amounted to EUR 20.3m (2019: EUR 15.4m).
- Talenom's BoD proposes a dividend distribution of EUR 0.15 per share (0.15 Evli/cons.).
- **Guidance for 2021:** Net sales in 2021 are expected to amount to EUR 75-80m and operating profit to EUR 14-16m. Our 2021 net sales and operating profit estimates are EUR 77.3m and EUR 15.5m respectively.

Rating ■ SELL

Q4/20	Actual	Evli	Consensus	Year ago
Net sales	16.5	16.8	16.8	14.9
EBIT	2.4	2.6	2.6	1.5
EPS	0.04	0.04	0.05	0.02
DPS 2020	0.15	0.15	0.15	0.13

Deviation	Actual	Evli	Consensus	Year ago
Net sales		-2%	-2%	10%
EBIT		-7%	-7%	66%
EPS		-9%	-11%	66%
DPS 2020		0%	0%	20%

**Consensus by FactSet*

 Share price, EUR (Last trading day's closing price) 12.55

 Target price, EUR 11.5

Latest change in recommendation	04-Feb-21
Latest report on company	04-Feb-21
Research paid by issuer:	YES
No. of shares outstanding, '000's	43,352
No. of shares fully diluted, '000's	43,352
Market cap, EURm	544
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	08-Feb-21
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%	2.8	0.15	20.6	3.2	18.4	2.1	0.09
2019	58.0	10.4	18.0%	2.6	0.18	41.2	5.9	32.9	0.8	0.13
2020E	65.5	13.1	19.9%	0.9	0.22	56.2	8.8	43.9	0.2	0.15
2021E	77.3	15.5	20.0%	-1.0	0.27	47.1	7.5	37.6	-0.2	0.18
2022E	88.1	17.6	20.0%	2.7	0.30	41.4	6.7	33.3	0.5	0.20

Market cap, EURm	544	BV per share 2020E, EUR	93.3	CAGR EPS 2019-22, %	18.6
Net debt 2020E, EURm	29	Price/book 2020E	17.2	CAGR sales 2019-22, %	15.0
Enterprise value, EURm	574	Dividend yield 2020E, %	1.2	ROE 2020E, %	35.1
Total assets 2020E, EURm	84	Tax rate 2020E, %	20.5	ROCE 2020E, %	19.9
Goodwill 2020E, EURm	24	Equity ratio 2020E, %	37.8	PEG, P/E 20/CAGR	3.9

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

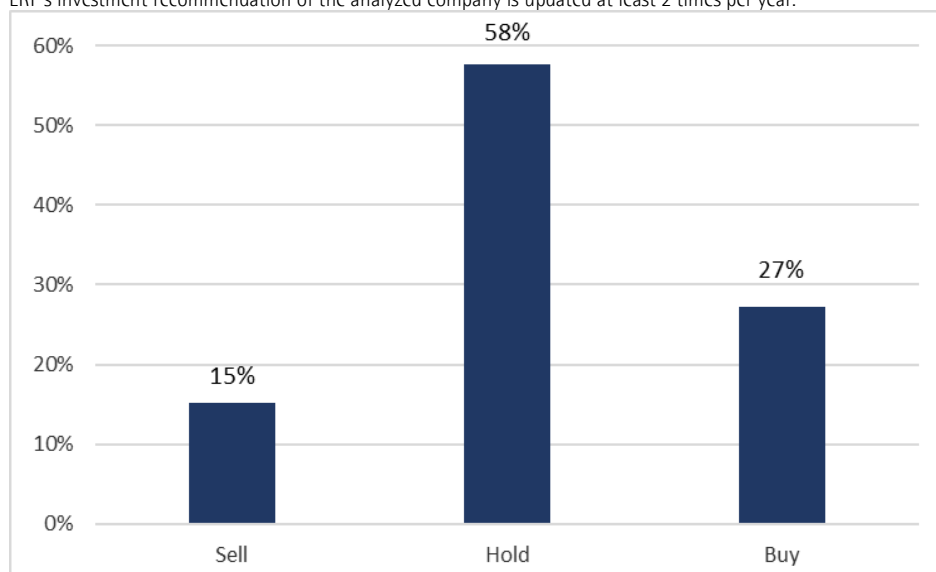
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Investment recommendations are defined as follows:

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

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The graph above shows the distribution of ERP's recommendations of companies under coverage in 11th of May 2020. If recommendation is not given, it is not mentioned here.

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

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