Professional Business Support Services

Talenom

Stronger than expected organic growth should be a relief

Talenom reported mixed Q1 23 figures, with sales growth (+24% y/y) and especially organic growth (+10% y/y) surprising on the upside, but profitability clearly missing consensus expectations. We had expected Q1 to be difficult once again in terms of margins, as high salary inflation will only be compensated by price hikes from Q2. We see current guidance as achievable, and reiterate our EUR8.5-10.5 12M fair value range.

- **Impact on the investment case.** Neutral to slightly positive. Despite reporting a 19% miss against FactSet consensus EBIT estimates, organic growth surprising on the upside was a clear positive factor in the report. High salary inflation, front-loaded growth investments continuing in Sweden and some 'one-off' costs burdened margins in the first quarter. In clear contrast to Q4 22, organic growth jumped back to almost 10%, with new customer acquisitions and upselling bearing fruit in Finland, even with the headwinds from lower volume-based items, softer high-end consultancy demand and bankruptcies continuing. From Q2 23, over 9% price hikes to end-customers should support further growth and enable higher profitability as, simultaneously, front-loaded growth investments and the impact of salary inflation gradually wanes. FY guidance was reiterated as EUR120m-130m sales with EBITDA & EBIT growing. We consider the guidance achievable, despite EBITDA & EBIT declining in Q1; in fact, we find the current sales guidance range even somewhat cautious given the recently reported solid organic growth and current potential M&A funnel.
- **Estimate changes.** We make only minor estimate revisions for FY23 despite the earnings miss in Q1, and make some D&A related changes to 24-25E.
- **Valuation.** We reiterate our 12M fair value range of EUR8.5-10.5. Talenom trades at 20.7x EV/EBIT, but only at 9.6x EV/EBITDA for 2024E. Talenom is valued some 40-50% below Nordic SaaS peers on EV/EBITDA, and at some 20% discount on EV/EBIT for 2023-24, based on FactSet estimates, which we believe is unwarranted.

Key data

Price (EUR)	7.99
Country	Finland
Bloomberg	TNOM FH
Reuters	TNOM.HE
Free float	59.6%
Market cap (EURm)	361
Net debt (current Y/E) (EURm)	58
No. of shares (m)	45.2
Next event	Q2: 21-Jul

** Price as at 13:50 CET on 20 April 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	17.6%
Markus Tahkola	10.7%
SEB Funds	7.0%
Danske Invest	5.4%
Allianz Vie S.A.	5.0%

Source: Company data (30 March 2023)

Estimate changes

	23E	24E	25E
Sales	1.2%	1.0%	0.8%
EBITDA	-1.7%	1.0%	0.8%
EBIT (adj.)	-1.2%	4.9%	3.6%
EPS (adj.)	n.m.	n.m.	n.m.

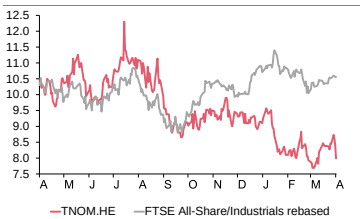
Source: Danske Bank Equity Research estimates

Key financials

Year-end Dec (EUR)	2021	2022	2023E	2024E	2025E
Revenues (m)	82.8	102	127	153	180
Revenues growth	27.1%	23.3%	24.6%	20.2%	17.9%
EBITDA (m)	27.7	32.4	36.9	43.8	53.4
EBIT adj. (m)	14.8	15.3	15.9	20.3	28.9
EBIT growth	14.6%	3.4%	4.3%	27.5%	42.3%
Pre-tax profit (m)	14.0	14.6	12.9	16.9	25.4
EPS adj.	0.25	0.27	0.23	0.30	0.45
DPS	0.17	0.18	0.19	0.20	0.21
Dividend yield	1.5%	2.0%	2.4%	2.5%	2.6%
FCFE yield (pre-IFRS16)	0.3%	-0.0%	1.4%	2.9%	5.1%
EBIT margin (adj.)	17.8%	15.0%	12.5%	13.3%	16.0%
Net debt/EBITDA (x)	1.4	1.7	1.6	1.3	1.0
ROIC	16.1%	12.4%	11.0%	13.3%	18.2%
EV/sales (x)	6.7	4.5	3.3	2.7	2.3
EV/EBITDA (adj.) (x)	20.0	14.3	11.4	9.6	7.7
EV/EBITA (adj.) (x)	32.7	27.2	22.9	18.1	12.9
EV/EBIT (adj.) (x)	37.4	30.2	26.3	20.7	14.3
P/E (adj.) (x)	47.2	34.2	35.3	26.8	17.7

Source: Company data, Danske Bank Equity Research estimates

Price performance



	1M	3M	12M	5Y
Absolute	2%	-14%	-22%	279%
Rel. local market	n.m.	n.m.	n.m.	n.m.
Rel. EU sector	-2%	-12%	-24%	303%

Source: FactSet

Analyst(s)

Daniel Lepistö

Find our research here:
https://research.danskebank.com

Important disclosures and certifications are contained from page 9 of this report

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Q1 23 – key conclusions

Organic growth surprised on the upside in Q1, despite trends and commentary post Q4 suggesting still muted activity. Total growth was some 24% y/y, with organic growth close to 10% (>9% price hikes come into effect from Q2). Q1 profitability was burdened by higher salaries and front-loaded growth investments, especially in Sweden (continuum from Q4), as well as some 'one-offs' such as the acquired Nomo platform, which created EUR0.5m in costs for the quarter (target is to change end-customer mix and seek to mitigate losses during this year), and some -EUR0.5m contingent considerations regarding past acquisitions.

There was a steep change in organic growth trend from Q4 22, with price hikes supporting growth and consequently margins from the end of the year, and we see no risks in terms of Talenom not being able to deliver within its current financial guidance (EUR120m-130m sales with EBITDA & EBIT growing y/y).

Table 1 : Estimate deviation

EURm	Actual	DBER		Consensus (FactSet)		
	Q1 23	Q1 23E	Diff %	Q1 23E	Diff %	Q1 22
Sales	**31.3**	**30.3**	**3%**	**30.8**	**2%**	**25.2**
EBITDA	8.4	8.9	-5%	9.1	-8%	8.9
EBIT	**3.5**	**3.8**	**-9%**	**4.3**	**-19%**	**4.9**
Basic EPS	0.05	0.06	-14%	0.07	-29%	0.09
	.					
Sales growth	**24.2%**	**20.0%**		**22.2%**		**16.5%**
EBIT growth	-28.0%	-21.1%		-11.5%		34.1%
EBIT-margin	11.2%	12.7%		14.0%		19.3%

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 23	Q2 23E	Q3 23E	Q4 23E	2023E	2024E
Sales	**82.8**	**25.2**	**27.0**	**23.6**	**26.3**	**102.1**	**31.3**	**34.1**	**30.2**	**31.6**	**127.2**	**153.0**
Growth y/y	27.1%	24.1%	26.2%	21.7%	21.1%	23.3%	24.2%	26.5%	28.0%	20.0%	24.6%	20.2%
Personnel costs	-44.6	-13.4	-14.2	-12.2	-15.9	-55.7	-18.1	-19.0	-16.4	-18.4	-71.8	-85.5
% of sales	-53.9%	-53.2%	-52.6%	-51.7%	-60.2%	-54.5%	-57.8%	-55.6%	-54.2%	-58.2%	-56.5%	-55.9%
Materials and services	-3.1	-0.9	-0.9	-1.3	-0.8	-4.0	-0.9	-1.4	-1.2	-1.3	-4.8	-6.1
Other costs	-8.2	-2.6	-2.6	-2.8	-3.8	-11.7	-4.1	-3.8	-3.3	-3.2	-14.4	-17.6
EBITDA	**27.7**	**8.9**	**9.3**	**7.3**	**7.0**	**32.4**	**8.4**	**10.2**	**9.4**	**8.9**	**36.9**	**43.8**
EBITDA margin	33.4%	35.2%	34.4%	30.8%	26.5%	31.7%	26.7%	29.8%	31.2%	28.3%	29.0%	28.6%
D&A	-12.9	-4.0	-4.2	-4.2	-4.8	-17.1	-4.9	-5.2	-5.4	-5.6	-21.0	-23.5
EBIT	**14.8**	**4.9**	**5.1**	**3.1**	**2.2**	**15.3**	**3.5**	**5.0**	**4.1**	**3.4**	**15.9**	**20.3**
EBIT margin	17.8%	19.3%	19.0%	13.0%	8.4%	15.0%	11.0%	14.7%	13.5%	10.7%	12.5%	13.3%
Net financials	-0.8	-0.1	-0.1	-0.3	-0.2	-0.7	-0.7	-0.7	-0.8	-0.8	-3.0	-3.4
Pre-tax profit	14.0	4.7	5.1	2.8	2.0	14.6	2.7	4.3	3.3	2.6	12.9	16.9
Taxes	-3.2	-1.0	-1.0	-0.6	-0.1	-2.8	-0.7	-0.9	-0.7	-0.5	-2.7	-3.4
Tax rate	22.9%	20.6%	20.0%	22.4%	7.3%	18.9%	25.2%	20.0%	20.0%	20.0%	21.1%	20.0%
Net income	**10.8**	**3.7**	**4.1**	**2.2**	**1.8**	**11.8**	**2.1**	**3.4**	**2.7**	**2.1**	**10.2**	**13.5**

Source: Company data, Danske Bank Equity Research estimates

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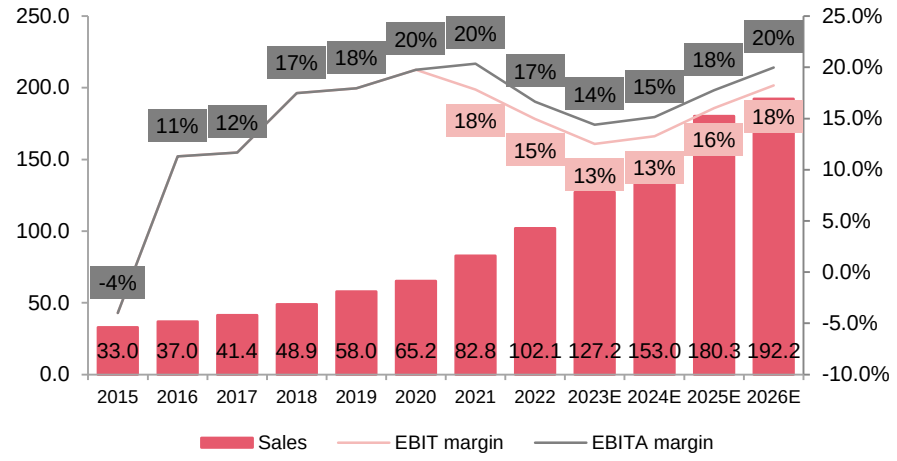
Executive summary

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 volume-linked component. We expect the company to show organic sales growth of 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.

In our view, Talenom will continue to acquire smaller accounting firms, mostly for their existing customer bases, which is set to 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.

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Valuation

We reiterate our 12M valuation range for Talenom of EUR8.5-10.5. On a longer investment horizon, we believe the case looks highly attractive, as indicated by our DCF valuation of EUR13.6/share (unchanged) with a WACC of 8.4% (unchanged) 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	**7.5**	**8.5**	**9.5**	**10.5**	**11.5**
EV/Sales (x)	3.1	3.5	3.8	4.2	4.5
EV/EBITDA (x)	10.8	12.0	13.2	14.4	15.7
EV/EBIT (x)	25.0	27.8	30.6	33.5	36.3
P/E (x)	33.2	37.7	42.1	46.5	50.9
2024E	**7.5**	**8.5**	**9.5**	**10.5**	**11.5**
EV/Sales (x)	2.6	2.9	3.2	3.5	3.8
EV/EBITDA (x)	9.1	10.1	11.2	12.2	13.2
EV/EBIT (x)	19.6	21.8	24.0	26.3	28.5
P/E (x)	25.1	28.5	31.8	35.2	38.6

Source: Danske Bank Equity Research estimates

Table 4 : Peer group multiples

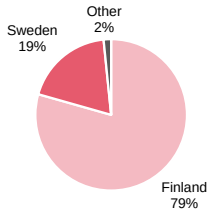
		Mkt cap	Price	EV/Sales			EV/EBITDA			EV/EBIT			P/E		
Company	**Ticker**	**EURm**	**lcl ccy**	**23E**	**24E**	**25E**	**23E**	**24E**	**25E**	**23E**	**24E**	**25E**	**23E**	**24E**	**25E**
Nordic Information services															
Enento Group Oyj	ENENTO FH	386	16.08	3.2	3.1	2.9	8.7	8.2	7.8	13.7	12.4	11.2	15.7	13.6	12.4
Karnov Group AB	KAR SS	496	52.10	3.2	3.1	3.0	13.0	11.3	10.3	14.9	13.1	23.7	16.1	13.5	11.8
ECIT AS	ECIT AS	284	7.28	1.1	1.0	0.9	7.3	6.2	5.3	11.9	9.7	8.1	19.7	15.2	12.1
Nordic SaaS software															
Admicom Oyj	ADMCM FH	216	43.30	6.3	5.8	5.2	16.4	15.2	13.0	18.8	17.0	14.5	25.2	23.1	19.6
Heeros Oyj	HEEROS FH	25	4.87	2.4	2.2	2.0	11.2	9.6	8.3	35.0	23.3	17.5	41.5	27.1	19.8
Fortnox AB	FNOX SS	3,641	67.70	24.5	18.5	14.5	49.9	36.2	27.9	60.9	44.3	33.7	77.7	56.3	42.8
Lemonsoft Oyj	LEMON FH	161	8.68	5.8	5.3	4.9	19.6	16.7	14.7	20.6	17.7	15.4	27.1	23.1	20.4
Lime Technologies AB	LIME SS	264	225.00	5.7	5.1	4.5	18.7	17.0	14.8	29.8	25.7	21.7	33.3	29.4	26.4
Efecte Oyj	EFECTE FI	65	10.25	2.5	2.2	1.8	496.1	30.5	16.9	n.a.	66.6	22.9	n.a.	53.9	25.5
Vitec Software	VIT.B SS	1,734	520.50	7.6	6.6	5.7	20.7	17.8	15.0	36.7	31.6	28.4	52.1	42.7	39.2
Nordic SaaS software				**5.8**	**5.3**	**4.9**	**19.6**	**17.0**	**14.8**	**32.4**	**25.7**	**21.7**	**37.4**	**29.4**	**25.5**
Nordic Information services				3.2	3.1	2.9	8.7	8.2	7.8	13.7	12.4	11.2	16.1	13.6	12.1
Peer group median				4.5	4.1	3.7	17.6	15.9	13.9	20.6	20.5	19.6	27.1	25.1	20.1
Talenom	**TNOM FH**	**359**	**7.91**	**3.3**	**2.7**	**2.3**	**11.3**	**9.6**	**7.7**	**26.3**	**20.6**	**14.2**	**35.1**	**26.7**	**17.7**
Vs Nordic SaaS software				**-43%**	**-49%**	**-53%**	**-42%**	**-44%**	**-48%**	**-19%**	**-20%**	**-34%**	**-6%**	**-9%**	**-31%**
Vs Nordic Information services				4%	-10%	-22%	30%	16%	-1%	92%	67%	27%	119%	96%	46%
Vs Peer group median				-27%	-33%	-39%	-35%	-40%	-44%	28%	1%	-27%	30%	6%	-12%

Prices at 16:40 EEST 20/04/2023. Sources: FactSet, Danske Bank Equity Research estimates for Talenom

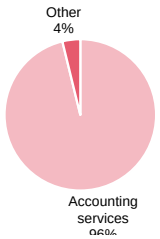
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Company summary

Sales breakdown by geographical area



Sales breakdown by division



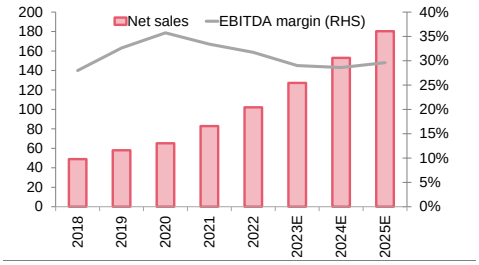
Company information

Talenom
Yrttipellontie 2, 90230 Oulu
Finland
www.talenom.fi

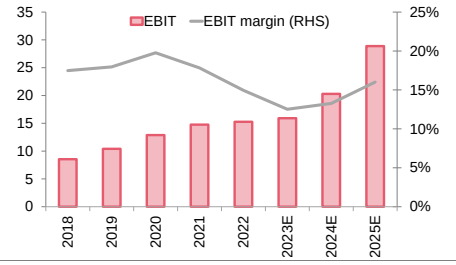
Main shareholders

Name	Votes (%)	Capital (%)
Harri Tahkola	17.6%	17.6%
Markus Tahkola	10.7%	10.7%
SEB Funds	7.0%	7.0%
Danske Invest	5.4%	5.4%
Allianz Vie S.A.	5.0%	5.0%

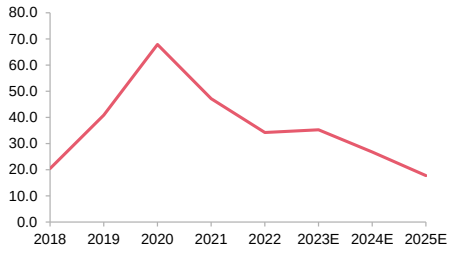
Net sales and EBITDA margin (EURm)



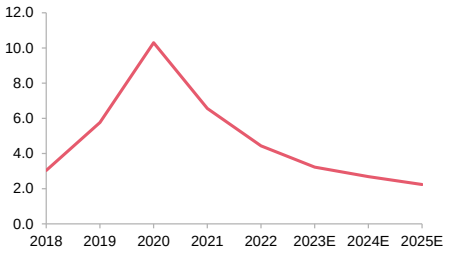
EBIT and EBIT margin (EURm)



P/E NTM (x)



EV/sales NTM (x)



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

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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	127	153	180
Cost of sales & operating costs	-30.5	-32.3	-35.9	-39.4	-42.0	-55.9	-71.3	-91.0	-109	-127
EBITDA	**6.8**	**9.5**	**13.7**	**18.9**	**23.3**	**27.7**	**32.4**	**36.9**	**43.8**	**53.4**
EBITDA, adj.	6.8	9.5	13.7	18.9	23.3	27.7	32.4	36.9	43.8	53.4
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**	**17.0**	**18.3**	**23.2**	**32.0**
EBIT incl. EO, bef. ass.	**4.2**	**4.8**	**8.5**	**10.4**	**12.9**	**14.8**	**15.3**	**15.9**	**20.3**	**28.9**
EBIT, adj.	4.2	5.2	8.5	10.4	12.9	14.8	15.3	15.9	20.3	28.9
Financial items, net	-0.6	-0.5	-0.6	-0.8	-0.9	-0.8	-0.7	-3.0	-3.4	-3.4
Pre-tax profit	**3.6**	**4.3**	**8.0**	**9.6**	**12.0**	**14.0**	**14.6**	**12.9**	**16.9**	**25.4**
Taxes	-0.7	-0.9	-1.6	-2.0	-2.4	-3.2	-2.8	-2.7	-3.4	-5.1
Net profit, rep.	**2.9**	**3.4**	**6.4**	**7.6**	**9.6**	**10.8**	**11.8**	**10.2**	**13.5**	**20.4**
Net profit, adj.	2.9	3.7	6.4	7.6	9.6	10.8	11.8	10.2	13.5	20.4

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	36.9	43.8	53.4
Change in working capital	-0.1	0.5	-0.5	1.4	1.4	-0.2	0.5	2.3	2.4	2.6
Net interest paid	0.0	0.1	0.1	0.1	0.1	0.1	-0.7	-3.0	-3.4	-3.4
Taxes paid	0.0	-0.4	-1.1	-2.4	-1.9	-2.9	-4.7	-2.7	-3.4	-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**	**33.5**	**39.4**	**47.4**
Capex	-5.2	-7.4	-8.4	-11.3	-15.4	-16.8	-15.6	-18.3	-18.6	-18.9
Div to min										
Free cash flow	**1.6**	**2.4**	**3.8**	**7.1**	**8.1**	**8.8**	**11.8**	**15.3**	**20.7**	**28.5**
Disposals/(acquisitions)	-0.4		-0.5	-1.8	-2.2	-7.6	-12.3	-10.5	-10.5	-10.5
Free cash flow to equity	**1.2**	**2.4**	**3.3**	**5.2**	**5.9**	**1.2**	**-0.5**	**4.7**	**10.2**	**18.0**
Dividend paid	-0.5	-1.4	-2.2	-3.8	-5.4	-6.6	-7.6	-8.1	-8.6	-9.0
Share buybacks										
New issue common stock			-0.2		1.9					
Incr./(decr.) in debt	-1.0		1.0			10.0	20.0	10.5	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**	**0.6**	**0.1**	**-0.3**
Disc. ops & other										
Incr./(decr.) in cash	**-1.0**	**0.5**	**1.0**	**1.9**	**1.3**	**1.0**	**5.8**	**5.3**	**10.4**	**17.7**

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	21.3	31.6	49.3
Inventory										
Trade receivables	4.8	5.5	5.5	6.5	7.1	9.8	14.2	17.7	21.2	25.0
Other current assets	0.1	0.0	0.0							
Goodwill	18.4	18.4	18.4	20.7	24.0	37.3	55.0	59.2	63.4	67.6
Other intangible assets	6.7	7.8	10.5	14.9	22.9	36.3	45.8	51.6	55.1	57.6
Fixed tangible assets	2.5	2.5	2.2	2.6	2.5	2.8	2.8	2.4	2.1	2.1
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**	**174**	**195**	**223**
Shareholders' equity	**11.7**	**13.9**	**18.7**	**23.6**	**32.2**	**44.7**	**56.0**	**58.1**	**63.0**	**74.3**
Of which minority interests										
Current liabilities	7.5	8.9	8.6	10.7	13.3	19.7	24.3	30.2	36.1	42.5
Interest-bearing debt	22.7	22.6	23.6	28.1	30.0	40.2	60.1	70.6	81.1	91.6
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**	**115**	**132**	**149**
Total liabilities and equity	**42.3**	**45.9**	**51.2**	**71.3**	**84.9**	**118**	**156**	**174**	**195**	**223**
Net debt	18.4	17.8	17.7	20.3	20.9	30.1	44.2	49.4	49.5	42.3

Source: Company data, Danske Bank Equity Research estimates

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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	45.2	45.2	45.2
No. of shares, fully diluted (avg.)	40.9	40.9	41.1	41.5	43.2	43.5	44.4	45.1	45.2	45.2
EPS (EUR)	0.07	0.08	0.16	0.18	0.22	0.25	0.27	0.23	0.30	0.45
EPS adj. (EUR)	0.07	0.09	0.16	0.18	0.22	0.25	0.27	0.23	0.30	0.45
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	0.7	0.9	1.0
Book value/share (EUR)	0.29	0.34	0.45	0.56	0.74	1.02	1.25	1.28	1.39	1.64

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%	29.0%	28.6%	29.6%
EBITA margin	11.3%	11.7%	17.5%	18.0%	19.8%	20.4%	16.6%	14.4%	15.1%	17.8%
EBIT margin	11.3%	11.7%	17.5%	18.0%	19.8%	17.8%	15.0%	12.5%	13.3%	16.0%
EBIT adj margin	11.3%	12.4%	17.5%	18.0%	19.8%	17.8%	15.0%	12.5%	13.3%	16.0%
Sales growth	12.0%	12.1%	18.0%	18.6%	12.4%	27.1%	23.3%	24.6%	20.2%	17.9%
EBITDA growth	39.9%	39.4%	43.8%	38.3%	23.1%	18.8%	17.1%	13.9%	18.6%	22.0%
EBITA growth	n.m.	15.9%	76.5%	21.8%	23.7%	30.8%	0.8%	7.9%	26.5%	38.3%
EPS adj growth	n.m.	28.3%	70.2%	18.3%	20.9%	11.9%	7.2%	-14.8%	31.7%	50.9%

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%	11.0%	13.3%	18.2%
ROIC (after tax, excl. GW, adj.)	31.2%	32.7%	43.3%	33.8%	29.7%	27.3%	22.8%	21.4%	26.3%	37.0%
ROE (adj.)	26.8%	29.0%	39.0%	36.0%	34.4%	28.1%	23.4%	17.9%	22.3%	29.7%
ROIC (adj.) - WACC	3.0%	4.8%	11.5%	10.5%	9.7%	7.7%	3.9%	2.6%	4.9%	9.7%

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	7.99	7.99	7.99
No. shares reduced by buybacks	40.9	40.9	41.2	41.8	43.2	43.9	44.9	45.2	45.2	45.2
Mkt cap used in EV (m)	**49**	**87**	**131**	**314**	**650**	**513**	**409**	**361**	**361**	**361**
Net debt, year-end (m)	18	18	18	29	29	39	53	58	58	51
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**	**419**	**420**	**413**

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	3.30	2.74	2.29
EV/EBITDA (x)	9.9	11.0	10.9	18.1	29.2	20.0	14.3	11.4	9.6	7.7
EV/EBITA (x)	16.1	21.7	17.4	32.9	52.7	32.7	27.2	22.9	18.1	12.9
EV/EBIT (x)	16.1	20.4	17.4	32.9	52.7	37.4	30.2	26.3	20.7	14.3
P/E (reported) (x)	16.9	25.5	20.5	40.9	67.9	47.2	34.2	35.3	26.8	17.7
P/E (adj.) (x)	16.9	23.4	20.5	40.9	67.9	47.2	34.2	35.3	26.8	17.7
P/BV (x)	4.19	6.25	7.00	13.3	20.2	11.5	7.30	6.22	5.74	4.86
EV/invested capital (x)	5.7	7.8	8.2	10.7	17.8	11.0	7.8	6.8	6.7	6.5
Dividend yield	2.78%	2.50%	2.89%	1.67%	1.00%	1.45%	1.98%	2.38%	2.50%	2.63%
Total yield (incl. buybacks)	2.78%	2.50%	2.89%	1.67%	1.00%	1.45%	1.98%	2.38%	2.50%	2.63%
FCFE-yield	3.27%	2.79%	2.90%	2.26%	1.24%	1.71%	2.89%	4.22%	5.74%	7.90%

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%	83.9%	67.0%	46.6%
Interest coverage (x)	7.2	8.1	13.5	12.4	15.0	19.2	21.4	5.3	5.9	8.4
Cash conversion (FCF/net profit)	55.3%	71.2%	59.8%	93.0%	84.3%	81.2%	100.0%	149.4%	153.7%	140.1%
Capex/sales	14.1%	17.9%	17.2%	19.4%	23.6%	20.3%	15.3%	14.4%	12.2%	10.5%
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 23	Q2 23E	Q3 23E	Q4 23E
Sales (m)	25.2	27.0	23.6	26.3	31.3	34.1	30.2	31.6
EBITDA (m)	8.9	9.3	7.3	7.0	8.4	10.2	9.4	8.9
EBIT before non-recurring items (m)	4.9	5.1	3.1	2.2	3.5	5.0	4.1	3.4
Net profit (adj.) (m)	3.7	4.1	2.2	1.8	2.1	3.4	2.7	2.1
EPS (adj.) (EUR)	0.09	0.09	0.05	0.04	0.05	0.08	0.06	0.05
EBITDA margin	35.2%	34.4%	30.8%	26.5%	26.7%	29.8%	31.2%	28.3%
EBIT margin (adj.)	19.3%	19.0%	13.0%	8.4%	11.0%	14.7%	13.5%	10.7%

Source: Company data, Danske Bank Equity Research estimates

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