Professional Business Support Services

Talenom

Looking to double its topline over the next three years

Key data

Price (EUR)*	9.39
Country	Finland
Bloomberg	TNOM FH
Reuters	TNOM.HE
Free float	59.6%
Market cap (EURm)	421
Net debt (current Y/E) (EURm)	47
No. of shares (m)	44.9
Next event	Q4: 7-Feb

* Price as at close on 25 October 2022

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 1000 employees and 55 locations, and provides accounting through its proprietary in-house software. The company is headquartered in Oulu, Finland.

Ownership structure

Harri Tahkola	17.7%
Markus Tahkola	10.8%
SEB Funds	6.6%
Allianz Vie S.A.	5.0%
Danske Invest	4.2%

Source: Company data (25 October 2022)

Estimate changes

	22E	23E	24E
Sales	-1.4%	6.3%	20.1%
EBITDA	-2.4%	-6.5%	-3.8%
EBIT (adj.)	-2.9%	-10.4%	-10.1%
EPS (adj.)	n.m.	n.m.	n.m.

Source: Danske Bank Equity Research estimates

Analyst(s)

Daniel Lepistö

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https://research.danskebank.com

Important disclosures and certifications are contained from page 11 of this report

Talenom's Q3 22 results were below FactSet consensus expectations. The focus was, however, on the company's newly announced medium-term targets, which envision >30% topline growth and >15% EBITDA growth for 2023-25. The new targets were above our expectations in terms of steepness of growth, which indicates much trust in current business model. We trim our 12M FV range to EUR9.5-11.5 (EUR10.0-12.0 previously).

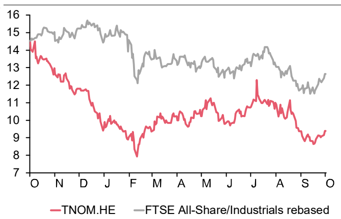
- **Impact on the investment case.** Long term positive. Despite the soft Q3 numbers, the new medium-term financial targets (>30% sales growth, >15% EBITDA growth, growing absolute EBIT and growing dividend) indicate high confidence in the company's currently unique (software+service) business model in the accounting industry. The announced targets also emphasise the perceived defensiveness of the accounting services market, as Talenom continues to see near-term growth opportunities (both organic and inorganic) despite the worsening economic conditions. The growth during the strategy period is set to be mainly inorganic, supported by underlying high single-digit to low double-digit organic growth, we estimate. However, the caveat here is the notably lower relative profitability than we would see in a purely organic scenario. As over 90% of Talenom's revenues are recurring with on average 10-year customer relationships, the choice to accelerate growth to capture higher market share in both Sweden and Spain at this point seems sensible to us. The market for acquisition targets remains very fragmented and the company has been paying around 4-7x EBITDA for its acquisitions historically, depending on country and size.
- **Estimates.** We modify our estimates alongside the company's new medium-term targets, staying somewhat below on growth for 2024-25 due to moderate uncertainty regarding sustained acquisition-driven growth abroad.
- **Valuation.** We trim our 12M fair value range of to EUR9.5-11.5 (EUR10.0-12.0 previously) on the back of lower near-term profitability estimates, but note that on a longer-term investment horizon the company looks more attractive now than previously. Talenom trades currently at 17.6x EV/EBITA for 2024E and our DCF indicates EUR15.5/per share (EUR13.5 previously).

Key financials

Year-end Dec (EUR)	2020	2021	2022E	2023E	2024E
Revenues (m)	65.2	82.8	104	136	171
Revenues growth	12.4%	27.1%	25.6%	30.9%	25.6%
EBITDA (m)	23.3	27.7	32.9	38.5	45.5
EBIT adj. (m)	12.9	14.8	16.0	17.5	22.2
EBIT growth	23.7%	14.6%	8.6%	9.2%	27.0%
Pre-tax profit (m)	12.0	14.0	15.1	15.7	20.4
EPS adj.	0.22	0.25	0.27	0.28	0.36
DPS	0.15	0.17	0.18	0.19	0.20
Dividend yield	1.0%	1.5%	1.9%	2.0%	2.1%
FCFE yield (pre-IFRS16)	0.9%	0.3%	0.4%	-0.2%	1.3%
EBIT margin (adj.)	19.8%	17.8%	15.4%	12.9%	13.0%
Net debt/EBITDA (x)	1.2	1.4	1.4	1.5	1.4
ROIC	18.2%	16.1%	13.9%	13.2%	14.8%
EV/sales (x)	10.4	6.7	4.5	3.5	2.8
EV/EBITDA (adj.) (x)	29.2	20.0	14.2	12.4	10.6
EV/EBITA (adj.) (x)	52.7	32.7	24.2	21.7	17.6
EV/EBIT (adj.) (x)	52.7	37.4	29.2	27.4	21.8
P/E (adj.) (x)	67.9	47.2	34.4	33.5	25.8

Source: Company data, Danske Bank Equity Research estimates

Price performance



	1M	3M	12M	5Y
Absolute	0%	-13%	-35%	368%
Rel. local market	n.m.	n.m.	n.m.	n.m.
Rel. EU sector	-7%	-10%	-26%	411%

Source: FactSet

Not for US distribution

Q3 key conclusions

Even though Talenom's Q3 22 figures were soft, with sales 5% below FactSet consensus (only two estimates) and EBIT 14% below, the focus was on the company's newly announced medium term targets. The new targets indicate >30% sales growth, >15% EBITDA growth, growing EBIT in euro and growing dividend per share. In comparison to our previous estimates, the steepness of the growth envisioned surprised us, but consequently the margins will remain suppressed for longer, as the growth will be mainly driven by M&A focusing on Sweden and Spain. Reflecting the management discussion, the underlying organic growth is set to remain at high single-digit to low double-digit, mainly driven by Finland, with inorganic growth affecting the topline in the beginning of the strategy period (2023-2025) relatively more.

Moreover, as the high M&A activity is set to slightly dilute Talenom's industry leading margins initially, we have lowered our estimates in terms of absolute EBIT(DA) 3-10% for 2023-24E. As the acquisitions Talenom makes are typically converted to Talenom's own profitability within three years, the full positive impact from the inorganic track will come with a lag. However, in the table below we illustrate why the new strategy emphasising inorganic growth will be preferable longer term, looking at the absolute company size and EBITDA beyond 2025. We pencil in our new estimates slightly below the company's new ambitions (of >30% sales growth) due to moderate uncertainty regarding the M&A activity abroad.

Table 1. New base scenario vs organic growth scenario

New Base Scenario	2021	2022E	2023E	2024E	2025E	2026E
Sales (EURm)	**82.8**	**104.0**	**136.2**	**171.1**	**205.6**	**219.9**
Sales growth %	27.1%	25.6%	30.9%	25.6%	20.2%	7.0%
EBITDA (EURm)	27.7	32.9	38.5	45.5	54.5	65.5
EBITDA-margin	**33.4%**	**31.6%**	**28.3%**	**26.6%**	**26.5%**	**29.8%**
EBITDA growth %	18.8%	18.9%	17.1%	18.2%	19.7%	20.3%
Organic Scenario	**2021**	**2022E**	**2023E**	**2024E**	**2025E**	**2026E**
Sales (EURm)	**82.8**	**104.0**	**114.5**	**124.8**	**134.7**	**144.2**
Sales growth %	27.1%	25.6%	10.0%	9.0%	8.0%	7.0%
EBITDA (EURm)	27.7	32.9	39.5	46.6	52.6	57.9
EBITDA-margin	**33.4%**	**31.6%**	**34.5%**	**37.3%**	**39.1%**	**40.2%**
EBITDA growth %	18.8%	18.9%	20.0%	18.0%	13.0%	10.0%
EBITDA difference -%	0%	0%	-2%	-2%	4%	13%

Source: Danske Bank Equity Research estimates, EBITDA difference Base vs Organic scenario

Table 2. Estimate deviation

EURm	Actual Q3 22	Danske Q3 22E	Diff %	Consensus (FactSet) Q3 22E	Consensus (FactSet) Diff %	Q3 21
Sales	**23.6**	**25.0**	**-6%**	**24.8**	**-5%**	**19.4**
EBITDA	7.3	7.8	-6%	7.9	-8%	6.7
EBIT	**3.1**	**3.4**	**-9%**	**3.6**	**-14%**	**3.4**
Net profit or loss	2.2	2.4	-10%	2.6	-15%	2.5
Basic EPS	0.05	0.06	-10%	0.06	-17%	0.06
						0
Sales growth	21.9%	29.0%		27.8%		16.5%
EBIT growth	-10.0%	-1.4%		4.5%		34.1%
EBIT-margin	13.1%	13.6%		14.5%		17.8%

Source: Company data, Danske Bank Equity Research estimates

Table 3. Quarterly estimates

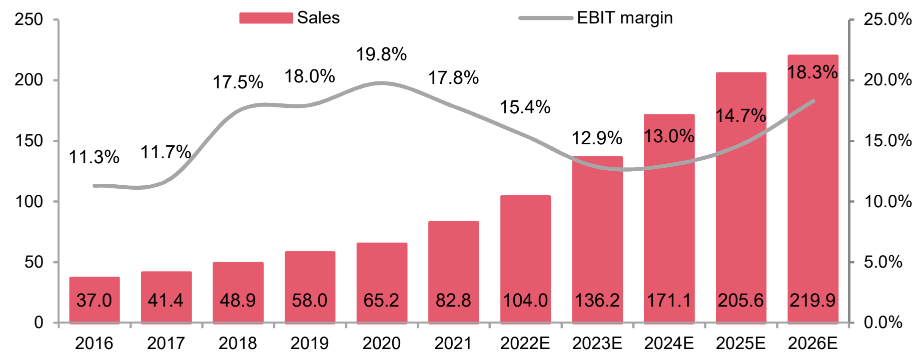
EURm	2020	Q1 21	Q2 21	Q3 21	Q4 21	2021	Q1 22	Q2 22	Q3 22E	Q4 22E	2022E	2023E
Sales	**65.2**	**20.3**	**21.4**	**19.4**	**21.8**	**82.8**	**25.2**	**27.0**	**23.6**	**28.3**	**104.0**	**136.2**
Growth y/y	12.4%	17.0%	29.6%	30.4%	32.2%	27.1%	24.1%	26.2%	21.7%	30.0%	25.6%	30.9%
Personnel costs	-33.9	-10.8	-11.5	-10.1	-12.2	-44.6	-13.4	-14.2	-12.2	-15.9	-55.7	-73.6
% of sales	-52.1%	-53.2%	-54.0%	-52.1%	-56.1%	-53.9%	-53.2%	-52.6%	-51.7%	-56.1%	-53.5%	-54.0%
Materials and services	-2.5	-0.5	-0.8	-0.8	-0.9	-3.1	-0.9	-0.9	-1.3	-1.6	-4.7	-6.8
Other costs	-5.6	-1.9	-2.0	-2.1	-2.3	-8.2	-2.6	-2.6	-2.8	-3.4	-11.4	-17.7
EBITDA	**23.3**	**7.2**	**7.2**	**6.7**	**6.6**	**27.7**	**8.9**	**9.3**	**7.3**	**7.5**	**32.9**	**38.5**
EBITDA margin	35.7%	35.4%	33.7%	34.5%	30.3%	33.4%	35.2%	34.4%	30.8%	26.4%	31.6%	28.3%
D&A	-10.4	-2.5	-2.6	-2.7	-2.6	-2.8	-2.8	-3.1	-3.2	-3.8	-12.9	-16.9
EBIT	**12.9**	**4.4**	**4.1**	**3.4**	**2.8**	**14.8**	**4.9**	**5.1**	**3.1**	**3.0**	**16.0**	**17.5**
EBIT margin	19.8%	21.7%	19.4%	17.8%	12.7%	17.8%	19.3%	19.0%	13.0%	10.5%	15.4%	12.9%
Net financials	-0.9	-0.2	-0.3	-0.2	-0.2	-0.8	-0.1	-0.1	-0.3	-0.4	-0.9	-1.8
Pre-tax profit	**12.0**	**4.2**	**3.8**	**3.3**	**2.6**	**14.0**	**4.7**	**5.1**	**2.8**	**2.6**	**15.1**	**15.7**
Taxes	-2.4	-0.7	-0.7	-0.6	-0.4	-3.2	-1.0	-1.0	-0.6	-0.4	-3.0	-3.1
Tax rate	20.3%	16.6%	18.6%	18.9%	15.6%	22.9%	20.6%	20.0%	22.4%	16.3%	20.0%	20.0%
Net income	**9.6**	**3.5**	**3.1**	**2.7**	**2.2**	**10.8**	**3.7**	**4.1**	**2.2**	**2.1**	**12.1**	**12.6**

Source: Company data, Danske Bank Equity Research estimates

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 and Spain. Over 90% of Talenom's revenue is recurring and we expect the company to show organic sales growth of around 7-10% 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. In our view, Talenom will continue to acquire smaller accounting firms, mostly from its 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 *Talenom - Industry pioneer set to keep the growth high*, 12 October 2022.

Chart 1 : Sales (EURm) and EBIT-margin



Source: Company data, Danske Bank Equity Research estimates

Differentiating model in a conservative industry

Talenom is a Finnish accounting service provider whose strategy comprises the following three elements: (1) it aims to provide easy and automated financial accounting for customers, which are mainly smaller companies, (2) it 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 and (3) with increased automation, it 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, 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.

Valuation

We trim our 12M valuation range for Talenom to EUR9.5-11.5 (EUR10.00-12.00 previously), on the back of lower near-term (2022-24E) profitability estimates. On a longer-term investment horizon, we note that the case looks more attractive now than previously, indicated by our DCF valuation of EUR15.5/share (EUR13.5/share previously) with WACC of 7.9% and long-term growth assumptions between 5-10%. We believe that the fast-growing and highly scalable Nordic SaaS peers continue to provide a good, aspirational valuation framework for Talenom.

Fundamentally, Talenom operates in the highly defensive accounting services industry, with >90% recurring revenues and 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 the potential tail-risk 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 4. Valuation range

EUR	Share price				
2023E	**8.5**	**9.5**	**10.5**	**11.5**	**12.5**
EV/sales (x)	3.0	3.4	3.7	4.0	4.4
EV/EBITDA (x)	10.8	11.9	13.1	14.2	15.4
EV/EBIT (x)	23.6	26.2	28.8	31.3	33.9
P/E (x)	30.3	33.9	37.5	41.0	44.6
2024E	**8.5**	**9.5**	**10.5**	**11.5**	**12.5**
EV/sales (x)	2.4	2.7	2.9	3.2	3.5
EV/EBITDA (x)	9.0	10.0	11.0	12.0	13.0
EV/EBIT (x)	18.5	20.5	22.5	24.5	26.5
P/E (x)	23.3	26.1	28.8	31.5	34.3

Source: Danske Bank Equity Research estimates

Table 5. Peer group summary

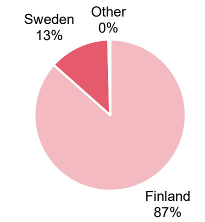
Company	Ticker	Mkt cap EURm	*Price (lcl ccy)	EV/sales 2022E	EV/sales 2023E	EV/sales 2024E	EV/EBITDA 2022E	EV/EBITDA 2023E	EV/EBITDA 2024E	EV/EBIT 2022E	EV/EBIT 2023E	EV/EBIT 2024E	P/E 2022E	P/E 2023E	P/E 2024E
Nordic Information services															
Enento Group Oyj	ENENTO FH	468	19.48	3.7	3.5	3.4	10.3	9.7	8.5	16.4	14.7	11.7	17.5	15.6	12.7
Karnov Group AB	KAR SS	559	56.70	5.2	2.8	2.7	14.3	9.5	8.4	16.6	11.3	9.7	20.7	13.9	11.7
ECIT AS	ECIT AS	289	6.66	1.2	1.0	0.8	8.3	6.6	5.2	14.5	10.7	8.3	20.2	14.8	14.2
Nordic SaaS software															
Admicom Oyj	ADMCM FH	215	43.15	6.8	6.0	5.6	14.8	13.5	12.0	15.3	14.4	12.9	19.0	17.4	15.6
cBrain A/S	CBRAIN DC	425	158.10	15.4	11.9	9.2	60.3	41.0	29.3	57.2	39.0	29.6	75.3	51.0	36.8
Fortnox AB	FNOX SS	2,699	48.44	23.1	17.4	13.4	50.6	36.5	27.3	63.2	43.4	31.5	83.3	55.6	40.4
Lemonsoft Oyj	LEMON FH	198	10.76	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	35.9	26.9	22.4
Lime Technologies AB	LIME SS	248	204.40	6.1	5.4	4.7	19.3	17.3	14.9	32.6	27.1	23.3	32.8	26.1	24.7
Simcorp A/S	SIM DC	2,420	444.40	4.4	4.1	3.8	18.5	16.2	14.2	20.4	17.1	14.7	24.9	21.3	19.1
Upsales Technology AB	UPSALE SS	104	67.80	8.5	6.3	5.0	36.8	23.0	18.4	47.9	29.0	23.0	61.6	37.7	29.5
Nordic SaaS software				**7.7**	**6.2**	**5.3**	**28.0**	**20.1**	**16.6**	**40.3**	**28.1**	**23.1**	**35.9**	**26.9**	**24.7**
Nordic Information services				3.7	2.8	2.7	10.3	9.5	8.4	16.4	11.3	9.7	20.2	14.8	12.7
Peer group median				6.1	5.4	4.7	18.5	16.2	14.2	20.4	17.1	14.7	28.9	23.7	20.7
Talenom	**TNOM FH**	**421**	**9.39**	**4.5**	**3.5**	**2.8**	**14.2**	**12.4**	**10.6**	**29.2**	**27.4**	**21.8**	**34.4**	**33.5**	**25.8**
Vs Nordic SaaS software				**-41%**	**-43%**	**-46%**	**-49%**	**-38%**	**-36%**	**-27%**	**-2%**	**-6%**	**-4%**	**25%**	**4%**
Vs Nordic Information services				22%	24%	4%	38%	31%	27%	78%	143%	124%	70%	126%	103%
Vs Peer group median				-26%	-34%	-40%	-23%	-23%	-25%	43%	60%	48%	19%	41%	24%

Note: prices as at close on 25 October 2022

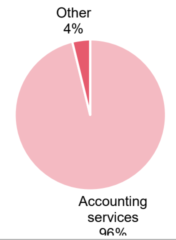
Source: FactSet, Danske Bank Equity Research (estimates for Talenom)

Company summary

Sales breakdown by geographical area



Sales breakdown by division



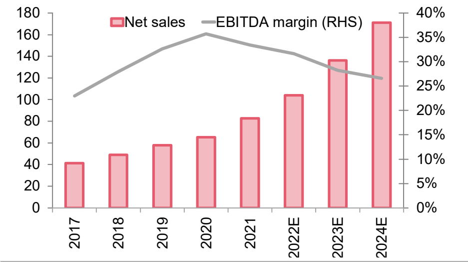
Company information

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

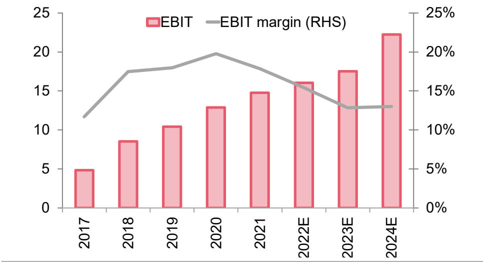
Main shareholders

Name	Votes (%)	Capital (%)
Harri Tahkola	17.7%	17.7%
Markus Tahkola	10.8%	10.8%
SEB Funds	6.6%	6.6%
Allianz Vie S.A.	5.0%	5.0%
Danske Invest	4.2%	4.2%

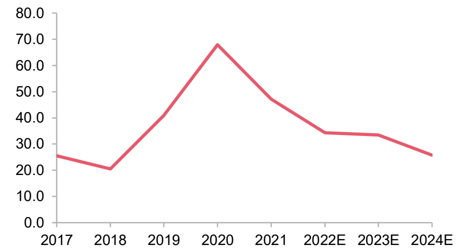
Net sales and EBITDA margin (EURm)



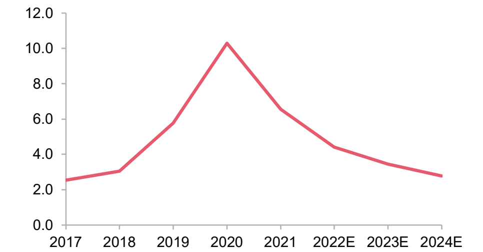
EBIT and EBIT margin (EURm)



P/E NTM (x)



EV/sales NTM (x)



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

Summary tables

INCOME STATEMENT										
Year end Dec, EURm	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022E**	**2023E**	**2024E**
Net sales	33.0	37.0	41.4	48.9	58.0	65.2	82.8	104	136	171
Cost of sales & operating costs	-28.4	-30.5	-32.3	-35.9	-39.4	-42.0	-55.9	-71.7	-98.0	-126
EBITDA	**4.9**	**6.8**	**9.5**	**13.7**	**18.9**	**23.3**	**27.7**	**32.9**	**38.5**	**45.5**
EBITDA, adj.	4.9	6.8	9.5	13.7	18.9	23.3	27.7	32.9	38.5	45.5
Depreciation	-6.2	-2.6	-0.7	-0.7	-2.5	-2.9	-3.6	-3.9	-4.1	-4.3
EBITA	**-1.3**	**4.2**	**4.8**	**8.5**	**10.4**	**12.9**	**16.9**	**19.3**	**22.1**	**27.5**
EBIT incl. EO, bef. ass.	**-1.3**	**4.2**	**4.8**	**8.5**	**10.4**	**12.9**	**14.8**	**16.0**	**17.5**	**22.2**
EBIT, adj.	-0.3	4.2	5.2	8.5	10.4	12.9	14.8	16.0	17.5	22.2
Financial items, net	-1.1	-0.6	-0.5	-0.6	-0.8	-0.9	-0.8	-0.9	-1.8	-1.8
Pre-tax profit	**-2.5**	**3.6**	**4.3**	**8.0**	**9.6**	**12.0**	**14.0**	**15.1**	**15.7**	**20.4**
Taxes	0.0	-0.7	-0.9	-1.6	-2.0	-2.4	-3.2	-3.0	-3.1	-4.1
Net profit, rep.	**-2.4**	**2.9**	**3.4**	**6.4**	**7.6**	**9.6**	**10.8**	**12.1**	**12.6**	**16.4**
Net profit, adj.	-1.5	2.9	3.7	6.4	7.6	9.6	10.8	12.1	12.6	16.4

CASH FLOW										
EURm	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022E**	**2023E**	**2024E**
EBITDA	4.9	6.8	9.5	13.7	18.9	23.3	27.7	32.9	38.5	45.5
Change in working capital	0.1	-0.1	0.5	-0.5	1.4	1.4	-0.2	0.7	2.6	2.8
Net interest paid	-0.8	0.0	0.1	0.1	0.1	0.1	0.1	-0.9	-1.8	-1.8
Taxes paid	0.0	0.0	-0.4	-1.1	-2.4	-1.9	-2.9	-3.0	-3.1	-4.1
Other operating cash items	0.0	0.1	0.1	0.1	0.3	0.6	0.9	0.6		
Cash flow from operations	**4.1**	**6.8**	**9.9**	**12.2**	**18.3**	**23.4**	**25.6**	**30.3**	**36.1**	**42.4**
Capex	-8.4	-5.2	-7.4	-8.4	-11.3	-15.4	-16.8	-18.2	-19.7	-21.0
Div to min										
Free cash flow	**-4.3**	**1.6**	**2.4**	**3.8**	**7.1**	**8.1**	**8.8**	**12.1**	**16.4**	**21.4**
Disposals/(acquisitions)		-0.4		-0.5	-1.8	-2.2	-7.6	-10.8	-17.4	-16.1
Free cash flow to equity	**-4.3**	**1.2**	**2.4**	**3.3**	**5.2**	**5.9**	**1.2**	**1.3**	**-1.0**	**5.3**
Dividend paid		-0.5	-1.4	-2.2	-3.8	-5.4	-6.6	-7.6	-8.1	-8.5
Share buybacks	0.0									
New issue common stock	6.6			-0.2		1.9				
Incr./(decr.) in debt	2.1	-1.0		1.0			10.0	20.8	17.4	16.1
Minorities & other financing CF	-0.6	-0.7	-0.5	-0.9	0.4	-1.0	-3.6	-2.0	-1.8	-1.8
Cash flow from financing	**8.1**	**-2.2**	**-1.9**	**-2.3**	**-3.4**	**-4.6**	**-0.2**	**11.2**	**7.6**	**5.8**
Disc. ops & other										
Incr./(decr.) in cash	**3.8**	**-1.0**	**0.5**	**1.0**	**1.9**	**1.3**	**1.0**	**12.5**	**6.6**	**11.1**

BALANCE SHEET										
EURm	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022E**	**2023E**	**2024E**
Cash & cash equivalents	5.4	4.3	4.9	5.9	7.8	9.1	10.1	22.6	29.2	40.3
Inventory										
Trade receivables	4.4	4.8	5.5	5.5	6.5	7.1	9.8	11.4	15.0	18.8
Other current assets		0.1	0.0	0.0						
Goodwill	18.4	18.4	18.4	18.4	20.7	24.0	37.3	41.6	48.6	55.0
Other intangible assets	9.8	6.7	7.8	10.5	14.9	22.9	36.3	45.4	55.4	64.0
Fixed tangible assets	2.1	2.5	2.5	2.2	2.6	2.5	2.8	3.2	4.1	4.7
Associated companies										
Other non-current assets	0.4	5.2	6.8	8.7	10.4	11.4	12.7	12.2	12.2	12.2
Total assets	**40.5**	**42.0**	**45.9**	**51.2**	**71.3**	**84.9**	**118**	**145**	**173**	**204**
Shareholders' equity	**9.9**	**11.7**	**13.9**	**18.7**	**23.6**	**32.2**	**44.7**	**49.2**	**53.7**	**61.5**
Of which minority interests										
Current liabilities	7.1	7.5	8.9	8.6	10.7	13.3	19.7	22.0	28.2	34.8
Interest-bearing debt	23.5	22.7	22.6	23.6	28.1	30.0	40.2	61.0	78.4	94.5
Pension liabilities										
Oth non-curr. liabilities		0.4	0.4	0.3	0.5	1.3	4.2	4.2	4.2	4.2
Total liabilities	**30.6**	**30.6**	**32.0**	**32.5**	**47.8**	**52.8**	**73.0**	**95.9**	**120**	**142**
Total liabilities and equity	**40.5**	**42.3**	**45.9**	**51.2**	**71.3**	**84.9**	**118**	**145**	**173**	**204**
Net debt	18.1	18.4	17.8	17.7	20.3	20.9	30.1	38.3	49.2	54.2

Source: Company data, Danske Bank Equity Research estimates

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Summary tables

PER SHARE DATA	2015	2016	2017	2018	2019	2020	2021	2022E	2023E	2024E
No. of shares, fully diluted (y.e.) (m)	40.9	40.9	40.9	41.2	41.8	43.2	43.9	44.9	44.9	44.9
No. of shares, fully diluted (avg.) (m)	40.9	40.9	40.9	41.1	41.5	43.2	43.5	44.4	44.9	44.9
EPS (EUR)	-0.06	0.07	0.08	0.16	0.18	0.22	0.25	0.27	0.28	0.36
EPS adj. (EUR)	-0.04	0.07	0.09	0.16	0.18	0.22	0.25	0.27	0.28	0.36
DPS (EUR)	0.01	0.03	0.05	0.09	0.13	0.15	0.17	0.18	0.19	0.20
CFFO/share (EUR)	0.1	0.2	0.2	0.3	0.4	0.5	0.6	0.7	0.8	0.9
Book value/share (EUR)	0.24	0.29	0.34	0.45	0.56	0.74	1.02	1.10	1.20	1.37

MARGINS AND GROWTH	2015	2016	2017	2018	2019	2020	2021	2022E	2023E	2024E
EBITDA margin	14.8%	18.5%	23.0%	28.0%	32.6%	35.7%	33.4%	31.6%	28.3%	26.6%
EBITA margin	-4.0%	11.3%	11.7%	17.5%	18.0%	19.8%	20.4%	18.6%	16.2%	16.1%
EBIT margin	-4.0%	11.3%	11.7%	17.5%	18.0%	19.8%	17.8%	15.4%	12.9%	13.0%
EBIT adj margin	-1.0%	11.3%	12.4%	17.5%	18.0%	19.8%	17.8%	15.4%	12.9%	13.0%
Sales growth		12.0%	12.1%	18.0%	18.6%	12.4%	27.1%	25.6%	30.9%	25.6%
EBITDA growth		39.9%	39.4%	43.8%	38.3%	23.1%	18.8%	18.9%	17.1%	18.2%
EBITA growth		n.m.	15.9%	76.5%	21.8%	23.7%	30.8%	14.6%	14.4%	24.5%
EPS adj growth		n.m.	28.3%	70.2%	18.3%	20.9%	11.9%	10.1%	2.6%	30.1%

PROFITABILITY	2015	2016	2017	2018	2019	2020	2021	2022E	2023E	2024E
ROIC (after tax, incl. GW, adj.)	-1.9%	11.5%	13.3%	20.0%	19.0%	18.2%	16.1%	13.9%	13.2%	14.8%
ROIC (after tax, excl. GW, adj.)	-5.5%	31.2%	32.7%	43.3%	33.8%	29.7%	27.3%	24.0%	22.6%	25.6%
ROE (adj.)	-29.4%	26.8%	29.0%	39.0%	36.0%	34.4%	28.1%	25.8%	24.4%	28.4%
ROIC (adj.) - WACC	-9.7%	3.6%	5.4%	12.1%	11.1%	10.3%	8.3%	6.1%	5.3%	6.9%

MARKET VALUE	2015	2016	2017	2018	2019	2020	2021	2022E	2023E	2024E
Share price (EUR)	0.88	1.20	2.13	3.18	7.50	15.1	11.7	9.39	9.39	9.39
No. shares reduced by buybacks (m)	40.9	40.9	40.9	41.2	41.8	43.2	43.9	44.9	44.9	44.9
Mkt cap used in EV (m)	**36**	**49**	**87**	**131**	**314**	**650**	**513**	**421**	**421**	**421**
Net debt, year-end (m)	18	18	18	18	29	29	39	47	58	63
MV of min/ass and oth (m)	0	0	0	0	0	0	0	0	0	0
Enterprise value (m)	**54**	**67**	**105**	**149**	**343**	**679**	**552**	**468**	**479**	**484**

VALUATION	2015	2016	2017	2018	2019	2020	2021	2022E	2023E	2024E
EV/sales (x)	1.64	1.82	2.53	3.04	5.91	10.42	6.66	4.50	3.52	2.83
EV/EBITDA (x)	11.1	9.9	11.0	10.9	18.1	29.2	20.0	14.2	12.4	10.6
EV/EBITA (x)	n.m.	16.1	21.7	17.4	32.9	52.7	32.7	24.2	21.7	17.6
EV/EBIT (x)	n.m.	16.1	20.4	17.4	32.9	52.7	37.4	29.2	27.4	21.8
P/E (reported) (x)	n.m.	16.9	25.5	20.5	40.9	67.9	47.2	34.4	33.5	25.8
P/E (adj.) (x)	n.m.	16.9	23.4	20.5	40.9	67.9	47.2	34.4	33.5	25.8
P/BV (x)	3.61	4.19	6.25	7.00	13.3	20.2	11.5	8.56	7.84	6.85
EV/invested capital (x)	5.6	5.7	7.8	8.2	10.7	17.8	11.0	8.0	7.1	6.6
Dividend yield	1.33%	2.78%	2.50%	2.89%	1.67%	1.00%	1.45%	1.92%	2.02%	2.13%
Total yield (incl. buybacks)	1.34%	2.78%	2.50%	2.89%	1.67%	1.00%	1.45%	1.92%	2.02%	2.13%
FCFE-yield	-12.13%	3.27%	2.79%	2.90%	2.26%	1.24%	1.71%	2.87%	3.90%	5.08%

FINANCIAL RATIOS	2015	2016	2017	2018	2019	2020	2021	2022E	2023E	2024E
Net debt/EBITDA (x)	3.7	2.7	1.9	1.3	1.5	1.2	1.4	1.4	1.5	1.4
Net debt/equity (x), year-end	1.8	1.6	1.3	0.9	1.2	0.9	0.9	1.0	1.1	1.0
Dividend payout ratio	n.m.	46.9%	63.9%	59.1%	68.2%	67.7%	68.6%	65.9%	67.8%	54.9%
Interest coverage (x)	-1.2	7.2	8.1	13.5	12.4	15.0	19.2	17.9	9.7	12.4
Cash conversion (FCF/net profit)	n.m.	55.3%	71.2%	59.8%	93.0%	84.3%	81.2%	99.8%	130.8%	130.8%
Capex/sales	25.6%	14.1%	17.9%	17.2%	19.4%	23.6%	20.3%	17.5%	14.5%	12.3%
NWC/sales	-8.2%	-7.1%	-8.3%	-6.4%	-7.2%	-9.6%	-11.9%	-10.2%	-9.7%	-9.3%

QUARTERLY P&L	Q1 21	Q2 21	Q3 21	Q4 21	Q1 22	Q2 22	Q3 22	Q4 22E
Sales (m)	20.3	21.4	19.4	21.8	25.2	27.0	23.6	28.3
EBITDA (m)	7.2	7.2	6.7	6.6	8.9	9.3	7.3	7.5
EBIT before non-recurring items (m)	4.4	4.1	3.4	2.8	4.9	5.1	3.1	3.0
Net profit (adj.) (m)	3.3	3.1	2.5	1.9	3.7	4.1	2.2	2.1
EPS (adj.) (EUR)	0.08	0.07	0.06	0.04	0.09	0.09	0.05	0.05
EBITDA margin	35.4%	33.7%	34.5%	30.3%	35.2%	34.4%	30.8%	26.4%
EBIT margin (adj.)	21.7%	19.4%	17.8%	12.7%	19.3%	19.0%	13.0%	10.5%

Source: Company data, Danske Bank Equity Research estimates

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