

# Talenom

## Company report

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This report is a summary translation of the report “Yritystovetoisella kasvulla myös ensi vuoteen” published on 8/3/2022 at 7:33 am

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# Acquisition-driven growth continues next year

We raise our target price for Talenom to EUR 12.5 (previously EUR 12.0) but lower our recommendation to Reduce (previously Buy). The Q2 result was excellent considering the circumstances and the company's earnings growth story is progressing on track. We have raised our earnings estimates slightly and exceptionally included new unimplemented acquisitions. Talenom is expected to continue its acquisition-driven growth strategy in the coming years, which is why our estimates now better reflect the future. However, following a strong share price rise, we believe that the share is almost fully priced (2023e P/E 35x and EV/EBIT 28x). Long-term investors can well stay on board the attractive equity story, but in the short term we do not see sufficient upside in the share.

## Excellent Q2 result considering the circumstances

Talenom's net sales increased by a nice 26% to EUR 27.0 million in Q2 and was slightly above our estimate (26.6 MEUR). Close on one-half of net sales growth was organic, which was surprisingly high. The positive surprise came especially from strong organic growth in Finland, which was driven by the growth in customer numbers and good sales of value-added services. Profitability was also better than expected and Q2 EBIT was EUR 5.1 million, while our estimate was EUR 4.5 million. The EBIT margin (19.0%) decreased slightly from the comparison period (Q2'21: 19.4%) but considering strong increases in depreciation on investments and several acquisitions, profitability was very strong (EBITDA margin 34.4%). The core business in Finland continues to improve its performance as automation progresses, but profitability in Sweden was also acceptable considering the circumstances. Sweden's profitability (EBITDA 15.7%) was acceptable considering the growth investments, but the level is naturally far from Finland's (~40%).

## Acquisitions included in estimates as the growth strategy continues

As expected, Talenom reiterated its guidance and the company expects 2022 net sales to be EUR 100-110 million and operating profit to be EUR 15-18 million. After a strong Q2, we raised our earnings estimates by some 4%, and our EBIT estimate (17.6 MEUR) is now at the top of the guidance range. We expect Talenom to continue its strong acquisition-driven growth in the coming years and probably its previous guidance style (2022 guidance includes unimplemented acquisitions). Therefore, we have exceptionally included unimplemented acquisitions in our estimates also in the longer term, which has led to an increase in our growth estimates for the next few years, but a decrease in the EBIT margin. In the lower lines the 'structural changes' of the estimates do not cause any material changes, but the estimates are now likely to be more in line with the future. We are still expecting an average earnings growth of about 20% from the company over the next few years.

## The share is fully priced in the short term

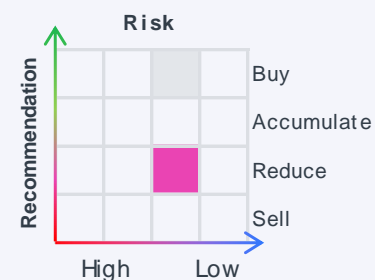
Talenom's share price has risen by 25% in a month, with long-term interest rates calming down and economic growth slowing down significantly. The current environment supports the valuation of defensive growth, and Talenom fits perfectly in the category. On the other hand, the valuation of the share has increased significantly: 2023e P/E is 35x and EV/EBIT about 29x, which are quite painful with low overall stock market valuation. At the same time, the long-term PEG ratio is again close to 2x, where we feel valuation risks are elevated. In addition, Talenom is currently expensive relative to its peers, but we do not think that the company's significant 'built-in' earnings growth from acquisitions is considered here. As a whole, we feel the share is fully priced in the short term and do not see additional purchases as justified despite a very attractive long-term story.

## Recommendation

**Reduce**  
(previous Buy)

**EUR 12.50**  
(previous EUR 12.00)

**Share price:**  
12.30



## Key figures

	2021	2022e	2023e	2024e
<b>Revenue</b>	83	104	128	153
<b>growth-%</b>	27%	25%	23%	20%
<b>EBIT adj.</b>	14.8	17.6	20.9	26.8
<b>EBIT-% adj.</b>	17.8 %	16.9 %	16.4 %	17.5 %
<b>Net Income</b>	10.8	13.5	15.9	20.5
<b>EPS (adj.)</b>	0.25	0.30	0.35	0.45

<b>P/E (adj.)</b>	47.5	41.0	35.1	27.6
<b>P/B</b>	11.5	10.8	9.6	8.3
<b>Dividend yield-%</b>	1.5 %	1.6 %	1.9 %	2.4 %
<b>EV/EBIT (adj.)</b>	37.4	33.7	28.5	22.3
<b>EV/EBITDA</b>	19.9	17.2	15.3	13.2
<b>EV/S</b>	6.7	5.7	4.7	3.9

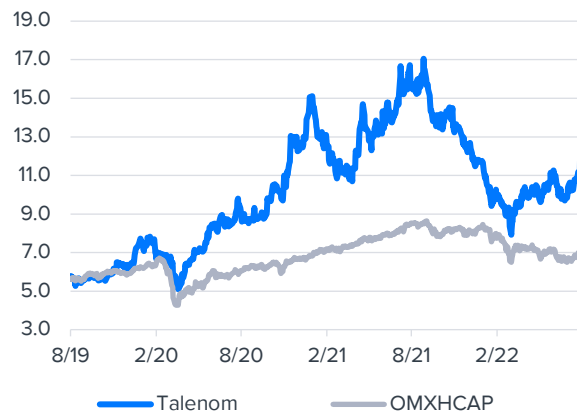
Source: Inderes

## Guidance

(Unchanged)

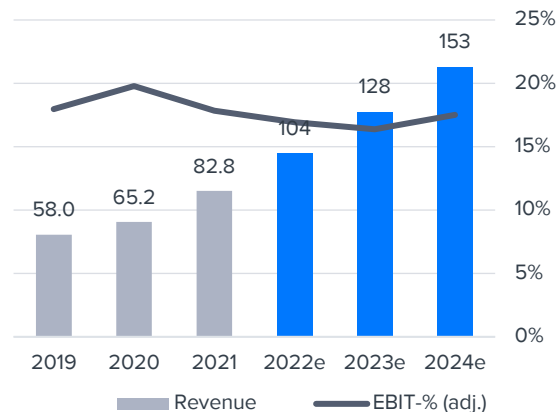
Talenom expects 2022 net sales to be EUR 100-110 million and operating profit to be EUR 15-18 million.

## Share price



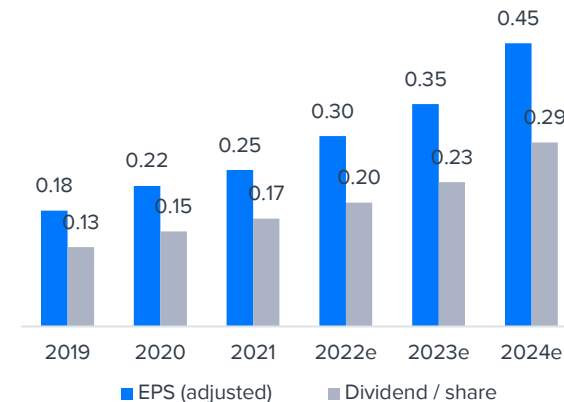
Source: Millstream Market Data AB

## Revenue and EBIT %



Source: Inderes

## EPS and dividend



Source: Inderes



## Value drivers

- We expect the company's average earnings growth will be above 20% p.a. over the next few years
- Clear competitive advantages will continue to contribute to increasing market share
- Strengthening Sweden's market position and international expansion
- Fragmented market is transforming, which opens up new opportunities
- Business model that utilizes economies of scale will strengthen with growth
- TiliJaska small customer concept
- Expansion in Spain and elsewhere in Europe



## Risk factors

- Failure in improving Sweden's profitability
- Failure in internationalization
- Earnings disappointments and decline of acceptable valuation multiples
- Competitive edge relies on technology, whose development tends to be fast
- Potential drop in customer retention
- Potential tightening competition in digital financial management
- Transformation can bring new challengers to the industry

Valuation	2022e	2023e	2024e
Share price	12.3	12.3	12.3
Number of shares, millions	45.0	45.5	46.0
Market cap	553	559	566
EV	592	596	599
P/E (adj.)	41.0	35.1	27.6
P/E	41.0	35.1	27.6
P/FCF	65.7	49.4	39.2
P/B	10.8	9.6	8.3
P/S	5.3	4.4	3.7
EV/Sales	5.7	4.7	3.9
EV/EBITDA	17.2	15.3	13.2
EV/EBIT (adj.)	33.7	28.5	22.3
Payout ratio (%)	65.0 %	65.0 %	65.0 %
Dividend yield-%	1.6 %	1.9 %	2.4 %

Source: Inderes

# Excellent Q2 result considering the circumstances

## Net sales continued to grow strongly

Talenom's net sales increased by a nice 26.2% to EUR 27.0 million in Q2 which was slightly above expectations. Close on one-half of net sales growth was organic, which was surprisingly high and the rest came from several acquisitions. In recent years Talenom has accelerated heavily with acquisitions and also made four acquisitions during Q2.

The positive surprise in terms of net sales came, however, from Finland's organic growth, which accelerated significantly in Q2. In Finland, Talenom's net sales grew by 16.4%, of which 85% was organic. This would indicate organic growth of about 14%, which according to the company is based on growth in customer numbers and sales of value-added services. However, price increases in the current high inflation environment probably also had a considerable effect. If the strong organic growth continued it would probably push Talenom's growth curve well beyond our estimates, but we are not yet convinced that such strong growth will continue.

In Sweden, net sales grew by about 77% in Q2 driven by acquisitions. Talenom is now in a sensible size

class also in Sweden with quarterly net sales of about EUR 5.3 million. So far, organic growth is still below acquisitions in Sweden, but the company reported again that new sales exceeded its expectations. This is very important for the future. The net sales of other countries (EUR 267,000) are insignificant so far, but investments in Spain are continuing and the company is likely to soon open a new 'bridgehead' in a new country.

## Profitability exceeded expectations

Talenom's Q2 EBIT was EUR 5.1 million, which clearly exceeded our EUR 4.5 million estimate (consensus 4.4 MEUR). EBIT increased by 24% from the comparison period, while the EBIT margin (19.0%) remained approximately at the level of the comparison period (19.4%). After an acquisition-driven growth spurt relative profitability has understandably been under pressure and the depreciation level has risen sharply this year. The EBITDA margin that eliminates the effects of depreciation was 34.4%, i.e. improved slightly from the comparison period (Q2'21: 33.7%). Overall, profitability was at a very good level despite weaker profitability in the acquired

businesses than in other Talenom units, the integration costs and increased depreciation. This reflects the excellent profitability of the core business. Sweden's profitability level (EBITDA 15.7%) was acceptable considering the growth investments, but the level is naturally far from Finland's (~40%).

## Operating cash flow is invested in growth

Finland is Talenom's performance engine that constantly produces solid cash flow in addition to the result. The company can allocate this to international growth and conquering the small customer segment. In H1, operating net cash flow was EUR 15.7 million (H1'21: 13.0 MEUR), which the company as expected invested mainly in acquisitions, technology and growth in general. Net cash flow from investments was EUR -13 million in H1. At the same time, the company's balance sheet has grown strongly and the balance sheet total at the end of Q2 was EUR 144 million (Q2'21: 108 MEUR). On the other hand, the equity ratio (34.9%) and net gearing (87%) were at a neutral level for the company, and there was plenty of 'extra' cash (25.6 MEUR).

Estimates MEUR / EUR	Q2'21	Q2'22	Q2'22e	Q2'22e	Consensus		Difference (%)	2022e
	Comparison	Actualized	Inderes	Consensus	Low	High	Act. vs. inderes	Inderes
Revenue	21.4	27.0	26.6	26.6	26.3	- 27.0	1%	104
EBITDA	7.2	9.3	8.7	8.6	8.5	- 8.7	6%	34.3
EBIT	4.1	5.1	4.5	4.4	4.3	- 4.5	13%	17.6
EPS (adj.)	0.07	0.09	0.08	0.08	0.08	- 0.08	17%	0.30
Revenue growth-%	29.6 %	26.2 %	24.5 %	24.6 %	23.0 %	- 26.3 %	1.7 pp	25.4 %
EBIT-% (adj.)	19.4 %	19.0 %	17.0 %	16.6 %	16.3 %	- 16.7 %	2 pp	16.9 %

Source: Inderes & Infront (5/4/2022) (consensus, 3 estimates)

# Acquisitions included in estimates as the growth strategy continues

## 2022 estimates raised slightly

As expected, Talenom reiterated its guidance and the company expects 2022 net sales to be EUR 100-110 million and operating profit to be EUR 15-18 million. The guidance has included unimplemented acquisitions, and it is impossible to predict them particularly in terms of timing from outside the company. As the year progresses Talenom has, however, already made enough acquisitions to reach the estimate range, which has effectively eliminated the uncertainty surrounding these acquisitions. At the same time, profitability has developed better than expected, considering the negative impact of acquisitions and the strong increase in the depreciation level on relative profitability. Although the EBIT margin will fall clearly to around 17% this year (2021: 17.8%), the EBITDA margin will remain almost stable at 33% and will improve in Finland. The core business will therefore continue to roll forward convincingly.

We have raised 2022 earnings estimates by some 4%. The company has already generated EUR 10 million in EBIT in H1, so despite the clear seasonality

we expect EBIT to be at the top of the guidance range. With the new acquisitions, the company has also climbed upward in the net sales range, but we estimate that seasonality of acquisitions is stronger than in Talenom. The 2022 performance is already firmly within the guidance range thanks to the good visibility of the business.

## Acquisition-driven growth continues also next year

In principle, we do not include unimplemented acquisitions in our estimates, because it is extremely difficult to predict and properly consider these in investments. Because of Talenom's exceptional guidance we made an exception when we expect acquisitions for this year, but they were not included for the coming years (excl. tail ends from the ongoing year). As a result, our growth estimates for the next few years have been too low (acquisitions will continue) and, on the other hand, our profitability estimates have been too high (acquisitions dilute relative profitability, especially in the short term). However, their net impact has been small at net profit level, as the effects are very mutually offsetting.

According to our estimates, Talenom will continue its strong acquisition-driven growth also next year and will probably also continue its previous guidance style. We have, therefore, now included new, unimplemented acquisitions in our estimates, which have resulted in our earnings estimates for the next few years increasing (2023e: 16% -> 23%) but a lower EBIT margin (2023e: 16.8% -> 16.4%). Profitability would have decreased even more without the strong Q2 profitability. The impact is even greater for 2024, where visibility is naturally limited also for Talenom.

Investors should note that our 2023 estimates now include unimplemented acquisitions whose net sales are estimated to be EUR 10 million (partly visible only in 2024). As you can see from the table below, the estimate changes are small at net profit level. This is more of a structural change that we believe helps our estimates to be more in line with future development as the strategy continues. We have tried to take acquisitions into account in investments, but the uncertainty surrounding these is very high because it is very difficult to assess the profile and valuation of future acquisitions.

Estimate revisions	2022e	2022e	Change	2023e	2023e	Change	2024e	2024e	Change
	Old	New		Old	New		Old	New	
MEUR / EUR			%			%			%
Revenue	103	104	1%	120	128	7%	138	153	11%
EBITDA	33.6	34.3	2%	37.7	38.9	3%	43.7	45.5	4%
EBIT (excl. NRIs)	16.9	17.6	4%	20.1	20.9	4%	26.2	26.8	3%
EBIT	16.9	17.6	4%	20.1	20.9	4%	26.2	26.8	3%
PTP	16.1	16.9	5%	19.1	19.9	4%	25.1	25.6	2%
EPS (excl. NRIs)	0.29	0.30	4%	0.34	0.35	3%	0.45	0.45	0%
DPS	0.19	0.20	4%	0.22	0.23	3%	0.29	0.29	0%

# Fully priced in the short term

## The pricing environment seeks its form

Talenom's share has recovered strongly lately (+25% per month), as long-term interest rates have calmed down following a significant slowdown in economic growth. The potential passing of the interest rate spike and a difficult economic environment particularly support the valuation of defensive growth and Talenom fits this category very well. Despite the recent recovery, Talenom's share has fallen by over 25% from last year's peak, as acceptable valuation levels for growth stocks have fallen. In the longer term, we see much more opportunities than threats in the share, but when the pricing environment seeks its form, there is a lot of uncertainty about short-term valuation.

## Multiples already reflect strong confidence

Our slightly higher estimates reversed the effect of the share price hike somewhat, but Talenom's valuation multiples have increased significantly since the last update. Talenom's 2022e P/E is now 41x and EV/EBIT some 34x. The multiples are high, especially as the general valuation level of the stock market has fallen significantly, but do not tell the whole story about Talenom's valuation. As strong growth continues and profitability gradually improves after the acquisition period, the earnings growth outlook is strong. With 2023 estimates P/E is 35x and EV/EBIT is 29x, which we think are reasonable as Talenom's earnings growth outlook is strong far into the future. If the company can return to the 20% earnings growth path we expect, the long-term PEG ratio is around 2x. For a defensive growth company with significant 'built-in' earnings growth through acquisitions over the next few years this is reasonable in our opinion. Moreover, Talenom has launched several new growth projects in

recent years, whose costs are being borne now, but that will bear fruit far in the future. The biggest uncertainty for the return on investments is related to international growth (especially in Spain), of which the company has no evidence so far.

## Relative valuation is very tight

Talenom is expensive relative to its closest peers. The valuation level of Tilitoimisto Aallon Group is moderate (P/E 2022e 15x), but we consider Talenom's competitive advantage and earnings growth outlook as clearly stronger. Admicom and the Swedish Fortnox are interesting but they are SaaS companies. As a result of the hiccup in Admicom's growth story, its valuation is already significantly cheaper than Talenom's (2022e P/E 26x). Fortnox's (2022e ~ 100x) multiples are much higher, but so are the earnings growth expectations. Administer would also be an interesting addition to the peer group, but there is no consensus estimates available for the company.

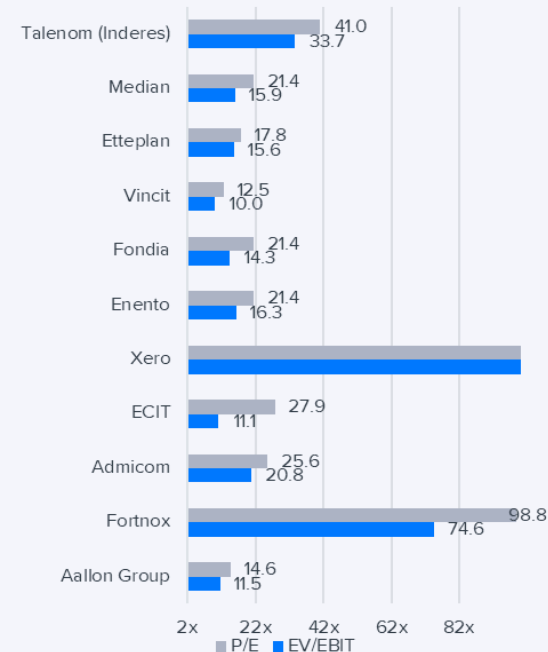
## Attractive long-term story

The investment story of Talenom has many attractive elements and opportunities that few listed companies in Helsinki have. Most of the business is recurring, defensive, profitability is partially scalable, and competitive advantages strong. The company already has a strong position in the growing, defensive and transforming accounting services industry, and we estimate Talenom to be one of the future winners at least in Finland. Add the new opportunities in the small customer segment and on international markets to this and you have a highly attractive equity story. The story requires time, however, and we believe that you can board it later with a better risk/return ratio.

Valuation	2022e	2023e	2024e
Share price	12.3	12.3	12.3
Number of shares, millions	45.0	45.5	46.0
Market cap	553	559	566
EV	592	596	599
P/E (adj.)	41.0	35.1	27.6
P/E	41.0	35.1	27.6
P/FCF	65.7	49.4	39.2
P/B	10.8	9.6	8.3
P/S	5.3	4.4	3.7
EV/Sales	5.7	4.7	3.9
EV/EBITDA	17.2	15.3	13.2
EV/EBIT (adj.)	33.7	28.5	22.3
Payout ratio (%)	65.0 %	65.0 %	65.0 %
Dividend yield-%	1.6 %	1.9 %	2.4 %

Source: Inderes

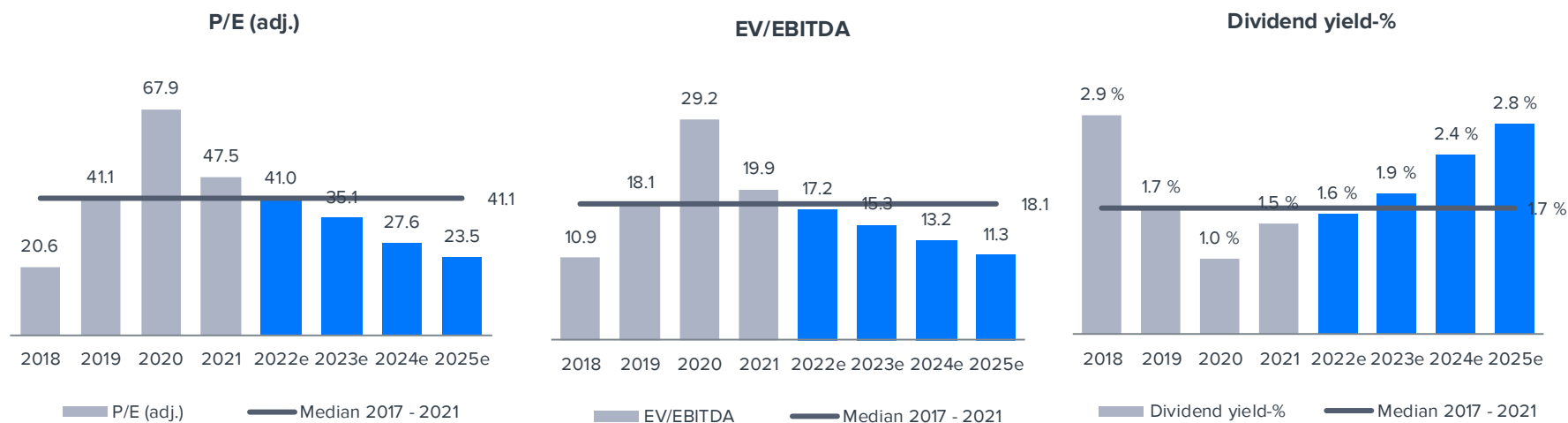
Peer group valuation multiples (2022e)



# Valuation table

Valuation	2017	2018	2019	2020	2021	2022e	2023e	2024e	2025e
Share price	2.13	3.18	7.50	15.1	11.7	12.3	12.3	12.3	12.3
Number of shares, millions	40.9	41.2	41.7	43.2	43.8	45.0	45.5	46.0	46.5
Market cap	87	131	313	650	512	553	559	566	572
EV	105	149	342	679	552	592	596	599	600
P/E (adj.)	23.4	20.6	41.1	67.9	47.5	41.0	35.1	27.6	23.5
P/E	25.5	20.6	41.1	67.9	47.5	41.0	35.1	27.6	23.5
P/FCF	40.3	90.2	neg.	>100	neg.	65.7	49.4	39.2	29.9
P/B	6.2	7.0	13.3	20.2	11.5	10.8	9.6	8.3	7.2
P/S	2.1	2.7	5.4	10.0	6.2	5.3	4.4	3.7	3.2
EV/Sales	2.5	3.1	5.9	10.4	6.7	5.7	4.7	3.9	3.4
EV/EBITDA	11.0	10.9	18.1	29.2	19.9	17.2	15.3	13.2	11.3
EV/EBIT (adj.)	20.3	17.5	32.8	52.7	37.4	33.7	28.5	22.3	18.9
Payout ratio (%)	63.9 %	59.4 %	68.4 %	67.7 %	69.0 %	65.0 %	65.0 %	65.0 %	65.0 %
Dividend yield-%	2.5 %	2.9 %	1.7 %	1.0 %	1.5 %	1.6 %	1.9 %	2.4 %	2.8 %

Source: Inderes



# Peer group valuation

Peer group valuation	Market cap	EV	EV/EBIT		EV/EBITDA		EV/S		P/E		Dividend yield-%	
Company	MEUR	MEUR	2022e	2023e	2022e	2023e	2022e	2023e	2022e	2023e	2022e	2023e
Aallon Group	38	37	11.5	9.6	10.0	8.3	1.3	1.2	14.6	13.9	2.2	2.9
Fortnox	3346	3352	74.6	51.2	58.9	42.6	27.5	20.5	98.8	68.0	0.2	0.2
Admicom	296	296	20.8	18.6	20.1	18.3	9.3	8.0	25.6	22.9	2.2	2.7
ECIT	243	284	11.1	8.7	6.5	5.2	0.9	0.8	27.9	19.4	1.2	1.7
Xero	9513	9513	326.6	173.5	77.6	50.0	14.2	10.9	2185.5	258.1		
Enento	565	718	16	15	12	11	4.3	4.1	21	18	4.5	4.7
Fondia	26	23	14.3	10.0	10.4	7.2	1.0	0.8	21.4	16.0	4.2	5.1
Vincit	106	93	10.0	7.2	10.2	6.8	1.1	0.8	12.5	10.8	3.4	3.7
Gofore	361	339	16.5	14.5	15.3	12.9	2.4	2.1	21.4	19.4	1.5	1.7
Etteplan	426	489	15.6	13.6	9.7	8.4	1.4	1.2	17.8	16.6	2.8	3.0
<b>Talenom (Inderes)</b>	<b>553</b>	<b>592</b>	<b>33.7</b>	<b>28.5</b>	<b>17.2</b>	<b>15.3</b>	<b>5.7</b>	<b>4.7</b>	<b>41.0</b>	<b>35.1</b>	<b>1.6</b>	<b>1.9</b>
<b>Average</b>			<b>51.7</b>	<b>32.2</b>	<b>23.0</b>	<b>17.1</b>	<b>6.3</b>	<b>5.0</b>	<b>244.7</b>	<b>46.3</b>	<b>2.5</b>	<b>2.9</b>
<b>Median</b>			<b>15.9</b>	<b>14.1</b>	<b>11.1</b>	<b>9.7</b>	<b>1.9</b>	<b>1.7</b>	<b>21.4</b>	<b>18.7</b>	<b>2.2</b>	<b>2.9</b>
<b>Diff-% to median</b>			<b>111%</b>	<b>103%</b>	<b>55%</b>	<b>58%</b>	<b>204%</b>	<b>181%</b>	<b>91%</b>	<b>87%</b>	<b>-29%</b>	<b>-35%</b>

Source: Refinitiv / Inderes. NB: The market cap Inderes uses does not consider own shares held by the company.



# Income statement

Income statement	2020	Q1'21	Q2'21	Q3'21	Q4'21	2021	Q1'22	Q2'22	Q3'22e	Q4'22e	2022e	2023e	2024e	2025e
Revenue	65.2	20.3	21.4	19.4	21.8	82.8	25.2	27.0	24.5	27.2	104	128	153	176
EBITDA	23.3	7.2	7.2	6.7	6.6	27.7	8.9	9.3	8.0	8.2	34.3	38.9	45.5	53.3
Depreciation	-10.4	-2.8	-3.1	-3.2	-3.8	-12.9	-4.0	-4.2	-4.3	-4.3	-16.8	-18.0	-18.7	-21.6
EBIT (excl. NRI)	12.9	4.4	4.1	3.4	2.8	14.8	4.9	5.1	3.7	3.9	17.6	20.9	26.8	31.7
EBIT	12.9	4.4	4.1	3.4	2.8	14.8	4.9	5.1	3.7	3.9	17.6	20.9	26.8	31.7
Net financial items	-0.9	-0.2	-0.3	-0.2	-0.2	-0.8	-0.1	-0.1	-0.2	-0.2	-0.7	-1.0	-1.2	-1.3
PTP	12.0	4.2	3.8	3.3	2.6	14.0	4.7	5.1	3.4	3.7	16.9	19.9	25.6	30.5
Taxes	-2.4	-0.9	-0.8	-0.8	-0.8	-3.2	-1.0	-1.0	-0.7	-0.7	-3.4	-4.0	-5.1	-6.1
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net earnings	9.6	3.3	3.1	2.5	1.9	10.8	3.7	4.1	2.8	3.0	13.5	15.9	20.5	24.4
EPS (adj.)	0.22	0.08	0.07	0.06	0.04	0.25	0.09	0.09	0.06	0.07	0.30	0.35	0.45	0.52
EPS (rep.)	0.22	0.08	0.07	0.06	0.04	0.25	0.09	0.09	0.06	0.07	0.30	0.35	0.45	0.52
<b>Key figures</b>	<b>2020</b>	<b>Q1'21</b>	<b>Q2'21</b>	<b>Q3'21</b>	<b>Q4'21</b>	<b>2021</b>	<b>Q1'22</b>	<b>Q2'22</b>	<b>Q3'22e</b>	<b>Q4'22e</b>	<b>2022e</b>	<b>2023e</b>	<b>2024e</b>	<b>2025e</b>
Revenue growth-%	12.4 %	17.0 %	29.6 %	30.4 %	32.2 %	27.1 %	24.1 %	26.2 %	26.5 %	25.0 %	25.4 %	23.0 %	20.0 %	15.0 %
Adjusted EBIT growth-%	23.7 %	18.7 %	15.2 %	9.6 %	14.1 %	14.6 %	10.2 %	24.0 %	6.4 %	41.5 %	19.0 %	19.0 %	28.3 %	18.3 %
EBITDA-%	35.7 %	35.4 %	33.7 %	34.5 %	30.3 %	33.4 %	35.2 %	34.4 %	32.5 %	30.2 %	33.1 %	30.5 %	29.7 %	30.3 %
Adjusted EBIT-%	19.8 %	21.7 %	19.4 %	17.8 %	12.7 %	17.8 %	19.3 %	19.0 %	15.0 %	14.4 %	16.9 %	16.4 %	17.5 %	18.0 %
Net earnings-%	14.7 %	16.5 %	14.3 %	13.1 %	8.5 %	13.0 %	14.9 %	15.0 %	11.2 %	10.9 %	13.0 %	12.5 %	13.4 %	13.8 %

Source: Inderes

# Balance sheet

Assets	2020	2021	2022e	2023e	2024e
<b>Non-current assets</b>	<b>66.1</b>	<b>96.0</b>	<b>103</b>	<b>109</b>	<b>116</b>
Goodwill	24.0	37.3	37.3	37.3	37.3
Intangible assets	31.3	46.4	53.2	59.1	65.4
Tangible assets	2.5	2.8	2.7	2.9	3.8
Associated companies	0.0	0.0	0.0	0.0	0.0
Other investments	0.3	0.9	0.9	0.9	0.9
Other non-current assets	8.0	8.6	8.7	8.8	8.9
Deferred tax assets	0.1	0.1	0.1	0.1	0.1
<b>Current assets</b>	<b>16.2</b>	<b>20.0</b>	<b>25.0</b>	<b>29.7</b>	<b>35.6</b>
Inventories	0.0	0.0	0.0	0.0	0.0
Other current assets	0.0	0.0	0.0	0.0	0.0
Receivables	7.1	9.8	12.3	14.1	16.9
Cash and equivalents	9.1	10.1	12.7	15.6	18.7
<b>Balance sheet total</b>	<b>84.9</b>	<b>118</b>	<b>130</b>	<b>143</b>	<b>158</b>

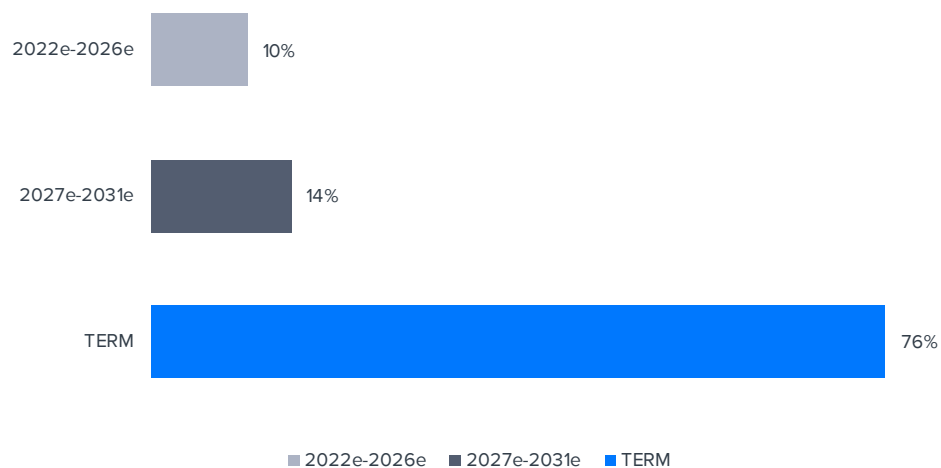
Source: Inderes

Liabilities & equity	2020	2021	2022e	2023e	2024e
<b>Equity</b>	<b>32.2</b>	<b>44.7</b>	<b>51.2</b>	<b>58.3</b>	<b>68.5</b>
Share capital	0.1	0.1	0.1	0.1	0.1
Retained earnings	17.3	23.1	29.1	36.3	46.4
Hybrid bonds	0.0	0.0	0.0	0.0	0.0
Revaluation reserve	0.0	0.0	0.0	0.0	0.0
Other equity	14.8	21.6	22.0	22.0	22.0
Minorities	0.0	0.0	0.0	0.0	0.0
<b>Non-current liabilities</b>	<b>37.1</b>	<b>50.4</b>	<b>51.5</b>	<b>52.5</b>	<b>48.4</b>
Deferred tax liabilities	0.7	2.0	2.0	2.0	2.0
Provisions	0.0	0.0	0.0	0.0	0.0
Long term debt	35.9	46.2	47.3	48.2	44.2
Convertibles	0.0	0.0	0.0	0.0	0.0
Other long term liabilities	0.6	2.2	2.2	2.2	2.2
<b>Current liabilities</b>	<b>15.6</b>	<b>22.6</b>	<b>27.5</b>	<b>32.5</b>	<b>41.6</b>
Short term debt	2.3	3.2	3.8	4.1	8.1
Payables	12.1	16.6	20.8	25.6	30.7
Other current liabilities	1.2	2.9	2.9	2.9	2.9
<b>Balance sheet total</b>	<b>84.9</b>	<b>118</b>	<b>130</b>	<b>143</b>	<b>158</b>

# DCF calculation

DCF model	2021	2022e	2023e	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	TERM
<b>EBIT (operating profit)</b>	<b>14.8</b>	<b>17.6</b>	<b>20.9</b>	<b>26.8</b>	<b>31.7</b>	<b>35.5</b>	<b>39.1</b>	<b>42.2</b>	<b>44.8</b>	<b>47.0</b>	<b>48.5</b>	
+ Depreciation	12.9	16.8	18.0	18.7	21.6	24.3	26.8	29.5	32.1	33.8	34.6	
- Paid taxes	-1.9	-3.4	-4.0	-5.1	-6.1	-6.9	-7.5	-8.2	-8.7	-9.1	-9.4	
- Tax, financial expenses	-0.2	-0.1	-0.2	-0.2	-0.3	-0.3	-0.3	-0.3	-0.3	-0.3	-0.3	
+ Tax, financial income	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Change in working capital	3.3	1.7	3.1	2.3	2.1	1.9	1.8	1.6	1.3	1.1	0.8	
<b>Operating cash flow</b>	<b>28.9</b>	<b>32.5</b>	<b>37.8</b>	<b>42.4</b>	<b>49.1</b>	<b>54.7</b>	<b>59.9</b>	<b>64.8</b>	<b>69.1</b>	<b>72.5</b>	<b>74.1</b>	
+ Change in other long-term liabilities	1.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Gross CAPEX	-41.9	-24.1	-26.5	-28.0	-29.9	-31.9	-35.5	-38.3	-37.8	-36.6	-36.5	
<b>Free operating cash flow</b>	<b>-11.3</b>	<b>8.4</b>	<b>11.3</b>	<b>14.4</b>	<b>19.1</b>	<b>22.8</b>	<b>24.3</b>	<b>26.6</b>	<b>31.3</b>	<b>35.8</b>	<b>37.7</b>	
+/- Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
FCFF	-11.3	8.4	11.3	14.4	19.1	22.8	24.3	26.6	31.3	35.8	37.7	930
<b>Discounted FCFF</b>		<b>8.2</b>	<b>10.2</b>	<b>12.2</b>	<b>15.0</b>	<b>16.6</b>	<b>16.6</b>	<b>16.8</b>	<b>18.5</b>	<b>19.7</b>	<b>19.3</b>	<b>476</b>
Sum of FCFF present value		629	621	611	599	584	567	550	533	515	495	476
<b>Enterprise value DCF</b>		<b>629</b>										
- Interesting bearing debt		-49.3										
+ Cash and cash equivalents		10.1										
-Minorities		0.0										
-Dividend/capital return		-7.4										
<b>Equity value DCF</b>		<b>582</b>										
<b>Equity value DCF per share</b>		<b>12.9</b>										

Cash flow distribution



Wacc	
Tax-% (WACC)	20.0 %
Target debt ratio (D/(D+E))	10.0 %
Cost of debt	2.5 %
Equity Beta	1.10
Market risk premium	4.75%
Liquidity premium	0.75%
Risk free interest rate	2.0 %
<b>Cost of equity</b>	<b>8.0 %</b>
<b>Weighted average cost of capital (WACC)</b>	<b>7.4 %</b>

Source: Inderes

# Summary

Income statement	2019	2020	2021	2022e	2023e	Per share data	2019	2020	2021	2022e	2023e
Revenue	58.0	65.2	82.8	103.9	127.8	EPS (reported)	0.18	0.22	0.25	0.30	0.35
EBITDA	18.9	23.3	27.7	34.3	38.9	EPS (adj.)	0.18	0.22	0.25	0.30	0.35
EBIT	10.4	12.9	14.8	17.6	20.9	OCF / share	0.44	0.54	0.66	0.72	0.83
PTP	9.6	12.0	14.0	16.9	19.9	FCF / share	-0.18	0.04	-0.26	0.19	0.25
Net Income	7.6	9.6	10.8	13.5	15.9	Book value / share	0.57	0.74	1.02	1.14	1.28
Extraordinary items	0.0	0.0	0.0	0.0	0.0	Dividend / share	0.13	0.15	0.17	0.20	0.23
Balance sheet	2019	2020	2021	2022e	2023e	Growth and profitability	2019	2020	2021	2022e	2023e
Balance sheet total	71.3	84.9	117.7	130.1	143.2	Revenue growth-%	19%	12%	27%	25%	23%
Equity capital	23.6	32.2	44.7	51.2	58.3	EBITDA growth-%	38%	23%	19%	24%	13%
Goodwill	20.7	24.0	37.3	37.3	37.3	EBIT (adj.) growth-%	22%	24%	15%	19%	19%
Net debt	29.2	29.0	39.2	38.4	36.7	EPS (adj.) growth-%	18%	21%	11%	22%	17%
Cash flow	2019	2020	2021	2022e	2023e	EBITDA-%	32.6 %	35.7 %	33.4 %	33.1 %	30.5 %
EBITDA	18.9	23.3	27.7	34.3	38.9	EBIT (adj.)-%	18.0 %	19.8 %	17.8 %	16.9 %	16.4 %
Change in working capital	1.2	2.4	3.3	1.7	3.1	EBIT-%	18.0 %	19.8 %	17.8 %	16.9 %	16.4 %
Operating cash flow	18.3	23.5	28.9	32.5	37.8	ROE-%	36.0 %	34.4 %	28.1 %	28.2 %	29.1 %
CAPEX	-25.7	-22.2	-41.9	-24.1	-26.5	ROI-%	20.2 %	19.8 %	18.0 %	17.9 %	19.7 %
Free cash flow	-7.6	1.8	-11.3	8.4	11.3	Equity ratio	33.2 %	38.1 %	38.2 %	39.6 %	41.1 %
						Gearing	123.9 %	90.3 %	87.7 %	75.0 %	62.9 %
Valuation multiples	2019	2020	2021	2022e	2023e						
EV/S	5.9	10.4	6.7	5.7	4.7						
EV/EBITDA (adj.)	18.1	29.2	19.9	17.2	15.3						
EV/EBIT (adj.)	32.8	52.7	37.4	33.7	28.5						
P/E (adj.)	41.1	67.9	47.5	41.0	35.1						
P/E	13.3	20.2	11.5	10.8	9.6						
Dividend-%	1.7 %	1.0 %	1.5 %	1.6 %	1.9 %						

Source: Inderes

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## Recommendation history (>12 mo)

A 1/5 split was made on 2/25/2020, share and target prices adjusted

Date	Recommendation	Target price	Share price
05-02-19	Accumulate	4.17 €	3.83 €
25-02-19	Accumulate	4.42 €	3.97 €
05-04-19	Accumulate	5.33 €	4.82 €
24-04-19	Accumulate	6.00 €	5.33 €
05-06-19	Reduce	6.00 €	5.85 €
24-07-19	Accumulate	6.00 €	5.68 €
30-07-19	Accumulate	6.33 €	6.02 €
22-10-19	Accumulate	6.33 €	5.67 €
08-01-20	Reduce	7.33 €	7.42 €
04-02-20	Reduce	7.00 €	6.97 €
26-02-20	Accumulate	6.80 €	6.40 €
01-04-20	Reduce	6.00 €	5.88 €
28-04-20	Accumulate	7.50 €	7.14 €
15-06-20	Reduce	8.20 €	8.20 €
04-08-20	Reduce	9.00 €	9.32 €
27-10-20	Reduce	10.00 €	10.20 €
19-11-20	Reduce	12.00 €	12.20 €
09-02-21	Reduce	12.00 €	12.50 €
02-03-21	Accumulate	12.00 €	11.15 €
27-04-21	Reduce	14.00 €	14.12 €
03-08-21	Reduce	16.00 €	16.72 €
01-10-21	Accumulate	15.00 €	13.98 €
02-11-21	Accumulate	15.50 €	14.50 €
17-12-21	Accumulate	13.50 €	11.92 €
09-02-22	Buy	12.00 €	9.84 €
13-04-22	Buy	12.00 €	9.99 €
27-04-22	Buy	12.00 €	10.00 €
03-08-22	Reduce	12.50 €	12.30 €



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