

Talenom

Company report

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Juha Kinnunen
+358 40 778 1368
juha.kinnunen@inderes.fi

✓ Inderes corporate customer

This report is a summary translation of the report “Tarina etenee odotuksien mukaisesti” published on 04/27/2022 at 6:43 am.

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res.**

The story progresses as expected

We reiterate our Buy recommendation for Talenom with a EUR 12.0 target price after its Q1 report. The Q1 result exceeded expectations by a reasonable margin but estimates for the next few years remained largely unchanged. In terms of fundamentals, Talenom's growth story seems to be progressing in line with our expectations, despite the ongoing in the surrounding world. We consider the share's valuation moderate (2023e P/E 29x and EV/EBIT 24x), but in the short term the rise in interest rates and concerns about the overall pricing of the stock market can still depress the share. However, we find the risk/return ratio of the share attractive for a long-term investor.

Q1 growth was more subdued than we expected, but profitability surprised positively

Talenom's net sales increased by 24% to EUR 25.2 million in Q1 but was slightly below our estimate (25.7 MEUR). Two-thirds of the growth was inorganic, which was a slightly higher share than we expected. On the other hand, profitability was better than expected and Q1 EBIT was EUR 4.9 million, while our estimate was EUR 4.3 million. The EBIT margin (19.3%) decreased from a strong comparison period (Q1'21: 21.7%), due to the sharp increase in depreciation on investments and acquisitions. The EBITDA margin (35.2%) was almost in line with the comparison period (Q1'21: 35.4%) and the core business in Finland continues to improve its performance as automation progresses. Profitability also improved significantly in Sweden from the comparison period, as the fixed costs of the country organization are spread over wider shoulders thanks to new acquisitions. As a whole, the result exceeded expectations.

No significant changes in outlook or estimates

As expected, Talenom repeated its guidance expecting EUR 100-110 million net sales and EUR 15-18 million operating profit. The guidance includes the company's assessment of possible acquisitions during 2022. The company has carried out several acquisitions during Q1, so the share of unexecuted transactions has decreased in the estimates. We only fine-tuned our estimates slightly for the next few years: Earnings estimates for 2022 rose by a few per cent but was mainly due to the Q1 earnings overshoot. Sweden's profitability development is under scrutiny as Talenom will introduce its own software in the country in the fall. To reap the benefits of increased efficiency from software, Talenom must also succeed in new sales and organic growth. At least slight confirmation of this was received in Q1, when the company said that sales were progressing well and openly spoke of increasing selling power. Next year, organic growth is expected to be strong in Sweden if the company's plans in the country succeed. At the same time, Finland's business progresses steadily on its own path, but focus is shifting clearly more toward organic growth in Finland (no larger acquisitions).

No significant changes in valuation since the last checkpoint

The fall in valuation levels for growth stocks has been strongly reflected in Talenom, which was just going all-in on growth and temporarily sacrificed earnings development. At the same time, the drop in the share price has made the valuation attractive: With the 2023 forecasts, Talenom's P/E is 29x and EV/EBIT is 24x, which are moderate, considering the expected annual growth rate of about 20% (PEG under 1.5x). Relative to peers, Talenom's valuation is still challenging, but we do not think that the "built-in" significant increase in earnings through acquisitions is considered in it. We believe that the greatest risks relate to the development in Sweden and the pressure that might still be directed at the valuation as interest rates rise further.

Recommendation

Buy
(previous Buy)

EUR 12.00
(previous EUR 12.00)

Share price:
10.00



Key figures

| | 2021 | 2022e | 2023e | 2024e |
|--------------------|--------|--------|--------|--------|
| Revenue | 83 | 103 | 120 | 138 |
| growth-% | 27% | 24% | 16% | 15% |
| EBIT adj. | 14.8 | 16.9 | 20.1 | 26.2 |
| EBIT-% adj. | 17.8 % | 16.5 % | 16.8 % | 19.0 % |
| Net Income | 10.8 | 12.9 | 15.3 | 20.0 |
| EPS (adj.) | 0.25 | 0.29 | 0.34 | 0.45 |

| | | | | |
|-------------------------|-------|-------|-------|-------|
| P/E (adj.) | 47.5 | 34.7 | 29.3 | 22.4 |
| P/B | 11.5 | 8.8 | 7.8 | 6.6 |
| Dividend yield-% | 1.5 % | 1.9 % | 2.2 % | 2.9 % |
| EV/EBIT (adj.) | 37.4 | 28.7 | 24.0 | 18.2 |
| EV/EBITDA | 19.9 | 14.5 | 12.8 | 10.9 |
| EV/S | 6.7 | 4.7 | 4.0 | 3.5 |

Source: Inderes

Guidance

(Unchanged)

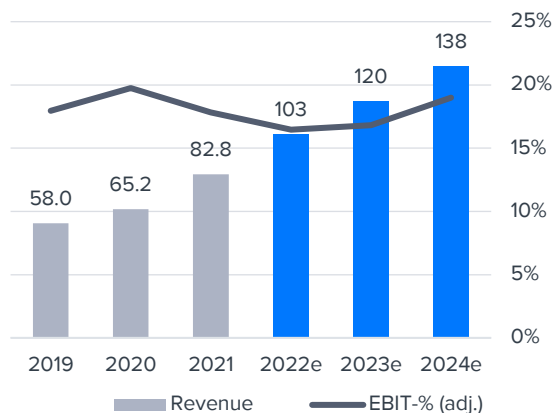
Talenom expects 2022 net sales to be EUR 100-110 million and operating profit to be EUR 15-18 million.

Share price



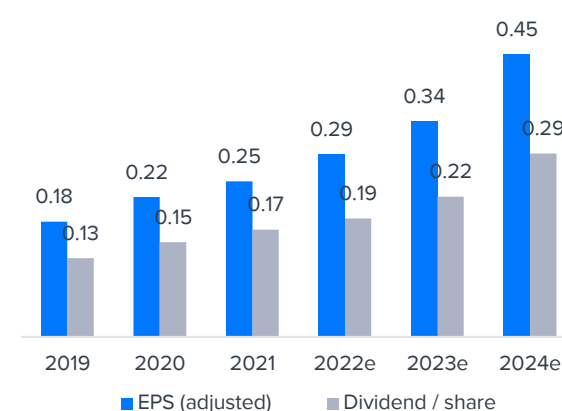
Source: Thomson Reuters

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 | 10.0 | 10.0 | 10.0 |
| Number of shares, millions | 44.7 | 44.9 | 44.9 |
| Market cap | 447 | 449 | 449 |
| EV | 486 | 484 | 475 |
| P/E (adj.) | 34.7 | 29.3 | 22.4 |
| P/E | 34.7 | 29.3 | 22.4 |
| P/FCF | 57.9 | 34.7 | 23.1 |
| P/B | 8.8 | 7.8 | 6.6 |
| P/S | 4.3 | 3.7 | 3.3 |
| EV/Sales | 4.7 | 4.0 | 3.5 |
| EV/EBITDA | 14.5 | 12.8 | 10.9 |
| EV/EBIT (adj.) | 28.7 | 24.0 | 18.2 |
| Payout ratio (%) | 65.0 % | 65.0 % | 65.0 % |
| Dividend yield-% | 1.9 % | 2.2 % | 2.9 % |

Source: Inderes

Result exceeded our expectations

Growth slightly more subdued than expected

In Q1, Talenom's net sales grew by 24.1% to EUR 25.2 million, which was slightly below our EUR 25.7 million estimate. One-third of the growth was organic and two-thirds inorganic, which was a slight disappointment in terms of organic growth. Thirteen acquisitions contributed to inorganic growth, reflecting the company's active role in the acquisition field.

Net sales naturally grew most strongly in Sweden (+73%), where the company has reached a new size class through acquisitions. We feel a small churn can be detected after the acquisitions, which is, however, natural in the industry. The company management's comments on new customer acquisitions developing better than expected was positive and creates confidence that active sales is working on the large Swedish market. This was also confirmed by the company's plans to continue to accelerate organic growth and invest in selling power. This will also entail front-loaded costs, but if successful, the investments will be very profitable.

Finland's net sales grew by 16,5%, half of which was organic and half inorganic. Organic growth was

driven by new customer acquisition and sales of value-added services. The company said it would focus acquisitions on Sweden and other countries in the future, while in Finland the transition caused by removing Tikon has occurred and the competition for acquisition targets has tightened. This will partly put pressure on success in the small customer segment, where the company is increasing its marketing investments.

Profitability remained at a good level despite several acquisitions

Talenom's profitability in Q1 was a positive surprise. Q1 EBIT was EUR 4.9 million, while our and the consensus estimate was EUR 4.3 million. The EBIT margin was strong at 19.3%, although it deteriorated as expected from the comparison period (Q1'21: 21.7%). The EBITDA margin was in practice in line with the comparison period at 35.2% (Q1'21: 35.4%). This was a good performance, considering that the company has made several acquisitions that depress profitability in the short term (lower profitability and integration costs of acquisition targets). EPS was EUR 0.09 (Q1' 21: EUR 0.08) while our estimate was EUR 0.07.

Finland's EBITDA margin was 40.1% (Q1'21: 39.4%), depicting that the excellent development of the company's core business has continued through automation. Thus, the company was able to reverse the negative impact of acquisitions in Finland. Profitability in Sweden also developed favorably in Q1 with an EBITDA margin of 13.0% (Q1'21: 4.5%), as fixed costs (country organization) no longer increased and were spread over a broader base with new acquisitions. The current profitability level is neutral in the Swedish accounting services market, but the aim is to gradually improve profitability in the future with the introduction of own software in fall 2022.

In Spain, examination continues

In Spain (other countries), net sales were EUR 0.3 million and the EBITDA margin -24.1%. Talenom has progressed slowly in Spain, conducting market research and exploring the best way to expand in a market that is in early stages of digitalization. So far, the role of Spain is extremely small but in coming quarters first indications of how digital marketing is working should be received from the country.

| Estimates MEUR / EUR | Q1'21 | Q1'22 | Q1'22e | Q1'22e | Consensus | | Difference (%) | 2022e |
|-------------------------|------------|------------|---------|-----------|-----------|--------|------------------|---------|
| | Comparison | Actualized | Inderes | Consensus | Low | High | Act. vs. Inderes | Inderes |
| Revenue | 20.3 | 25.2 | 25.7 | 25.6 | 25.4 | 25.7 | -2% | 103 |
| EBITDA | 7.2 | 8.9 | 8.5 | 8.4 | 8.1 | 8.5 | 4% | 33.6 |
| EBIT | 4.4 | 4.9 | 4.3 | 4.3 | 4.1 | 4.5 | 13% | 16.9 |
| EPS (adj.) | 0.08 | 0.09 | 0.07 | 0.07 | 0.07 | 0.08 | 18% | 0.29 |
| Revenue growth-% | 17.0 % | 24.1 % | 26.7 % | 26.1 % | 25.1 % | 26.6 % | -2.6 pp | 24.4 % |
| EBIT-% (adj.) | 21.7 % | 19.3 % | 16.6 % | 16.8 % | 16.1 % | 17.5 % | 2.6 pp | 16.5 % |

Source: Inderes & Infront (consensus)

Slight fine-tuning of estimates

Guidance unchanged as expected

As expected, Talenom repeated its guidance expecting EUR 100-110 million net sales and EUR 15-18 million operating profit. The guidance includes acquisitions that have not been completed yet, and it is impossible to predict them particularly in terms of timing. However, in Q1 Talenom has already carried out several acquisitions, and the role of unannounced ones has decreased in the estimates. However, our estimates include two new acquisitions, whose net sales we have assumed to be EUR 2 million per year. In our modeling, we expect the acquisitions to take place at the beginning of Q3'22 and Q4'22. As a result, the quarterly estimates will be revised in the light of actual acquisitions.

Slight fine-tuning of estimates

We made no significant changes to our estimates for the next few years based on the report. Earnings estimates for 2022 rose by a few per cent, mainly due to the Q1 earnings overshoot. We did, however, lower our net sales estimate a smidgen. Talenom's

earnings growth in 2022 is subdued considering the company's scale, as profitability decreases weighted by acquisition-driven growth and high investments in recent years. Both of these raise depreciation heavily, so the company's EBIT margin is under pressure. Internationalization also takes its toll, but at the same time, the profitability of Talenom's core business progresses with automation. We, therefore, expect an EBITDA margin of around 33% in 2022 (2021: 33.4%), which depicts the excellent profitability of the business in Finland.

Development in Sweden is crucial

We believe that Talenom's long-term growth drivers are very strong and expect that the company will be able to achieve an average annual growth rate of over 20% (EPS) in 2022-2025. Here, the critical element is the development in Sweden in particular, which involves significantly more uncertainty than Finland's steady development. We have, therefore, paid particular attention to the signals from Sweden, which we found positive in Q1. To reap the benefits of

increased efficiency from implementing own software, Talenom must also succeed in new sales and organic growth. A slight confirmation of this was seen in Q1, and next year, organic growth can be expected to be strong in Sweden. This will also help improve profitability, which is critical in terms of earnings growth estimates for the next few years.

More detailed estimates in the extensive report

We have published an extensive report on Talenom, where we discuss our estimates more extensively (the report is available [here](#)). Based on management comments, our conclusions have been in the right ballpark and growth focus is shifting towards organic growth. However, the company wants to keep growing in coming years and is ready to invest heavily in increasing its sales personnel in Sweden. This will also entail front-loaded costs, but investments can be gradual.

| Estimate revisions | 2022e | 2022e | Change | 2023e | 2023e | Change | 2024e | 2024e | Change |
|--------------------|-------|-------|--------|-------|-------|--------|-------|-------|--------|
| | Old | New | | Old | New | | Old | New | |
| MEUR / EUR | | | % | | | % | | | % |
| Revenue | 104 | 103 | -1% | 120 | 120 | 0% | 138 | 138 | 0% |
| EBITDA | 33.4 | 33.6 | 0% | 38.0 | 37.7 | -1% | 43.6 | 43.7 | 0% |
| EBIT (excl. NRIs) | 16.6 | 16.9 | 2% | 20.4 | 20.1 | -1% | 26.2 | 26.2 | 0% |
| EBIT | 16.6 | 16.9 | 2% | 20.4 | 20.1 | -1% | 26.2 | 26.2 | 0% |
| PTP | 15.7 | 16.1 | 3% | 19.4 | 19.1 | -1% | 25.1 | 25.1 | 0% |
| EPS (excl. NRIs) | 0.28 | 0.29 | 3% | 0.35 | 0.34 | -1% | 0.45 | 0.45 | 0% |
| DPS | 0.18 | 0.19 | 3% | 0.22 | 0.22 | -1% | 0.29 | 0.29 | 0% |

No material changes to the valuation

Pricing environment has changed dramatically

Despite the recent recovery, Talenom's share has fallen by nearly 40% from last year's peak, as acceptable valuation levels for growth stocks have fallen sharply. The rise in interest rates has raised investors' required returns and the value of cash flows long in the future has also decreased significantly. At least temporarily, value is given especially to current performance, which has been reflected strongly in Talenom, especially as the company's profitability is under pressure this year. This weighs on earnings growth when the focus of the market has shifted from growth to result. As the stock market horizon may be further shortened, falling multiples is still a considerable risk in the short term. In the longer term, however, we see much more opportunities than threats in the share.

2022 multiples do not tell the whole story

Talenom's 2022e P/E is around 35x and EV/EBIT some 29x. These ratios cannot be considered particularly attractive, but if you believe in the company's ability to significantly raise the profitability of acquisition targets, the 2022 earnings level does not correctly reflect Talenom's performance. With 2023 estimates P/E is already below 30x and EV/EBIT is 24x, which we think are attractive 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 PEG ratio would be below 1.5x. For a defensive growth company with significant "built-in" earnings growth through acquisitions over the next few years (possibly +20%) this is attractive 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, of which the company has no evidence so far.

Relative valuation is tight

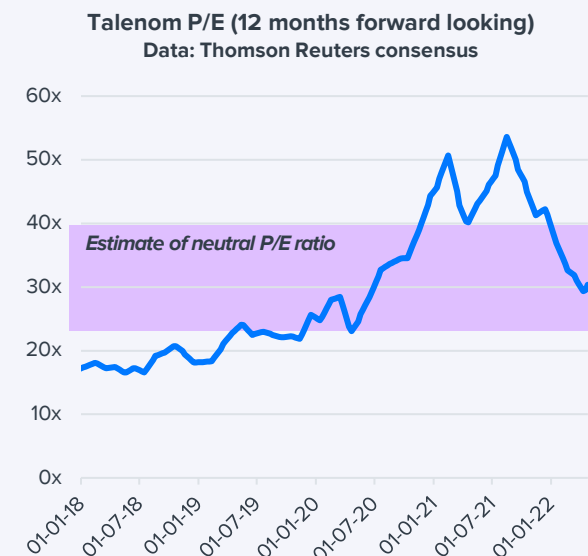
Talenom's valuation relative to the nearest peer is not an indication of undervaluation, as valuation levels have been widely under pressure. The valuation level of Tilitoimisto Aallon Group is moderate (P/E 2022e 15x), but we consider Talenom's competitive advantage and earnings growth outlook as clearly stronger. Admicom and the Swedish Fortnox are interesting but they are SaaS companies. Admicom's valuation is in the same size class as Talenom (2022e P/E 29x). Fortnox's (2022e 87x) multiples are much higher, but so are the earnings growth expectations. Recently listed 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 (Tilijaska) and on international markets to this and you have a highly attractive investment story. We also discussed the valuation in more detail in our recent [extensive report](#).

| Valuation | 2022e | 2023e | 2024e |
|----------------------------|--------|--------|--------|
| Share price | 10.0 | 10.0 | 10.0 |
| Number of shares, millions | 44.7 | 44.9 | 44.9 |
| Market cap | 447 | 449 | 449 |
| EV | 486 | 484 | 475 |
| P/E (adj.) | 34.7 | 29.3 | 22.4 |
| P/E | 34.7 | 29.3 | 22.4 |
| P/FCF | 57.9 | 34.7 | 23.1 |
| P/B | 8.8 | 7.8 | 6.6 |
| P/S | 4.3 | 3.7 | 3.3 |
| EV/Sales | 4.7 | 4.0 | 3.5 |
| EV/EBITDA | 14.5 | 12.8 | 10.9 |
| EV/EBIT (adj.) | 28.7 | 24.0 | 18.2 |
| Payout ratio (%) | 65.0 % | 65.0 % | 65.0 % |
| Dividend yield-% | 1.9 % | 2.2 % | 2.9 % |

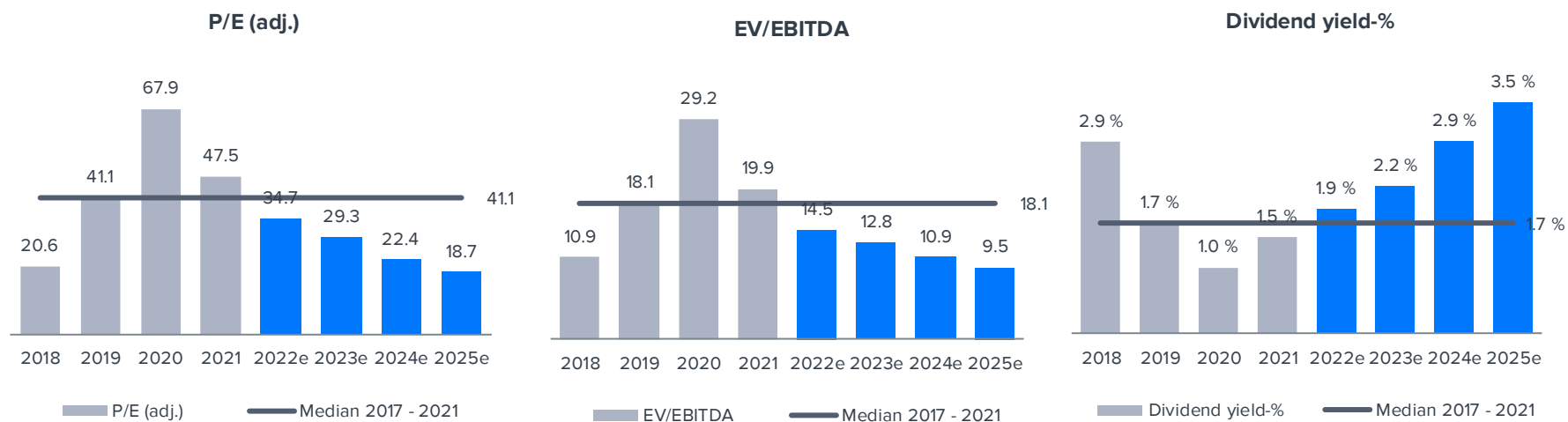
Source: Inderes



Valuation table

| Valuation | 2017 | 2018 | 2019 | 2020 | 2021 | 2022e | 2023e | 2024e | 2025e |
|----------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Share price | 2.13 | 3.18 | 7.50 | 15.1 | 11.7 | 10.0 | 10.0 | 10.0 | 10.0 |
| Number of shares, millions | 40.9 | 41.2 | 41.7 | 43.2 | 43.8 | 44.7 | 44.9 | 44.9 | 44.9 |
| Market cap | 87 | 131 | 313 | 650 | 512 | 447 | 449 | 449 | 449 |
| EV | 105 | 149 | 342 | 679 | 552 | 486 | 484 | 475 | 468 |
| P/E (adj.) | 23.4 | 20.6 | 41.1 | 67.9 | 47.5 | 34.7 | 29.3 | 22.4 | 18.7 |
| P/E | 25.5 | 20.6 | 41.1 | 67.9 | 47.5 | 34.7 | 29.3 | 22.4 | 18.7 |
| P/FCF | 40.3 | 90.2 | neg. | >100 | neg. | 57.9 | 34.7 | 23.1 | 21.5 |
| P/B | 6.2 | 7.0 | 13.3 | 20.2 | 11.5 | 8.8 | 7.8 | 6.6 | 5.7 |
| P/S | 2.1 | 2.7 | 5.4 | 10.0 | 6.2 | 4.3 | 3.7 | 3.3 | 2.9 |
| EV/Sales | 2.5 | 3.1 | 5.9 | 10.4 | 6.7 | 4.7 | 4.0 | 3.5 | 3.0 |
| EV/EBITDA | 11.0 | 10.9 | 18.1 | 29.2 | 19.9 | 14.5 | 12.8 | 10.9 | 9.5 |
| EV/EBIT (adj.) | 20.3 | 17.5 | 32.8 | 52.7 | 37.4 | 28.7 | 24.0 | 18.2 | 15.1 |
| 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 % | 1.9 % | 2.2 % | 2.9 % | 3.5 % |

Source: Inderes



Peer group valuation

| Peer group valuation Company | Share price | Market cap MEUR | EV MEUR | EV/EBIT | | EV/EBITDA | | EV/S | | P/E | | Dividend yield-% | |
|---------------------------------|--------------|--------------------|------------|-------------|-------------|-------------|-------------|-------------|-------------|--------------|-------------|------------------|-------------|
| | | | | 2022e | 2023e | 2022e | 2023e | 2022e | 2023e | 2022e | 2023e | 2022e | 2023e |
| Aallon | 10.35 | 41 | 38 | 19.2 | 9.6 | 9.6 | 9.6 | 1.3 | 1.3 | 15.6 | 14.7 | 2.1 | 2.7 |
| Fortnox | 46.04 | 2864 | 2875 | 69.7 | 45.7 | 54.4 | 37.6 | 24.0 | 17.9 | 87.1 | 57.0 | 0.2 | 0.2 |
| Admicom | 64.80 | 327 | 307 | 25.6 | 22.0 | 22.0 | 19.8 | 10.1 | 8.9 | 31.6 | 27.1 | 2.0 | 2.5 |
| ECIT | 7.10 | 253 | 287 | 11.1 | 8.7 | 6.5 | 5.2 | 0.9 | 0.8 | 27.2 | 19.7 | | |
| Xero | 96.29 | 9649 | 9562 | 331 | 155 | 79 | 59 | 14.4 | 11.6 | 2083 | 226 | | 0.0 |
| Enento | 23.15 | 564 | 702 | 14.3 | 13.0 | 10.9 | 10.1 | 4.1 | 3.8 | 18.4 | 16.1 | 4.6 | 4.9 |
| Fondia | 6.30 | 25 | 22 | 21.7 | 10.8 | 10.8 | 7.2 | 0.9 | 0.8 | 21.3 | 15.2 | 4.4 | 5.3 |
| Vincit | 5.73 | 72 | 64 | 10.6 | 9.1 | 7.1 | 6.4 | 0.9 | 0.8 | 15.8 | 12.3 | 3.9 | 4.2 |
| Gofore | 23.85 | 369 | 342 | 20.7 | 17.5 | 15.5 | 13.4 | 2.4 | 2.2 | 25.8 | 21.4 | 1.4 | 1.6 |
| Etteplan | 15.25 | 384 | 429 | 14.3 | 12.9 | 8.8 | 8.1 | 1.2 | 1.2 | 16.5 | 15.0 | 3.0 | 3.3 |
| Talenom (Inderes) | 10.00 | 447 | 486 | 28.7 | 24.0 | 14.5 | 12.8 | 4.7 | 4.0 | 34.7 | 29.3 | 1.9 | 2.2 |
| Average | | | | 53.8 | 30.5 | 22.4 | 17.7 | 6.0 | 4.9 | 234.2 | 42.4 | 2.7 | 2.7 |
| Median | | | | 20.0 | 12.9 | 10.9 | 9.9 | 1.9 | 1.7 | 23.6 | 17.9 | 2.5 | 2.7 |
| Diff-% to median | | | | 44% | 86% | 33% | 30% | 151% | 133% | 47% | 64% | -26% | -17% |

Source: Thomson Reuters / 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 | Q2'22e | Q3'22e | Q4'22e | 2022e | 2023e | 2024e | 2025e |
|------------------------|-------------|--------------|--------------|--------------|--------------|-------------|--------------|---------------|---------------|---------------|--------------|--------------|--------------|--------------|
| Revenue | 65.2 | 20.3 | 21.4 | 19.4 | 21.8 | 82.8 | 25.2 | 26.6 | 24.4 | 26.8 | 103 | 120 | 138 | 156 |
| EBITDA | 23.3 | 7.2 | 7.2 | 6.7 | 6.6 | 27.7 | 8.9 | 8.7 | 8.0 | 8.0 | 33.6 | 37.7 | 43.7 | 49.2 |
| Depreciation | -10.4 | -2.8 | -3.1 | -3.2 | -3.8 | -12.9 | -4.0 | -4.2 | -4.2 | -4.2 | -16.6 | -17.6 | -17.5 | -18.1 |
| EBIT (excl. NRI) | 12.9 | 4.4 | 4.1 | 3.4 | 2.8 | 14.8 | 4.9 | 4.5 | 3.8 | 3.8 | 16.9 | 20.1 | 26.2 | 31.1 |
| EBIT | 12.9 | 4.4 | 4.1 | 3.4 | 2.8 | 14.8 | 4.9 | 4.5 | 3.8 | 3.8 | 16.9 | 20.1 | 26.2 | 31.1 |
| Net financial items | -0.9 | -0.2 | -0.3 | -0.2 | -0.2 | -0.8 | -0.1 | -0.2 | -0.2 | -0.2 | -0.8 | -1.0 | -1.1 | -1.1 |
| PTP | 12.0 | 4.2 | 3.8 | 3.3 | 2.6 | 14.0 | 4.7 | 4.3 | 3.6 | 3.6 | 16.1 | 19.1 | 25.1 | 30.0 |
| Taxes | -2.4 | -0.9 | -0.8 | -0.8 | -0.8 | -3.2 | -1.0 | -0.9 | -0.7 | -0.7 | -3.3 | -3.8 | -5.0 | -6.0 |
| 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 | 3.4 | 2.8 | 2.8 | 12.9 | 15.3 | 20.0 | 24.0 |
| EPS (adj.) | 0.22 | 0.08 | 0.07 | 0.06 | 0.04 | 0.25 | 0.09 | 0.08 | 0.06 | 0.06 | 0.29 | 0.34 | 0.45 | 0.54 |
| EPS (rep.) | 0.22 | 0.08 | 0.07 | 0.06 | 0.04 | 0.25 | 0.09 | 0.08 | 0.06 | 0.06 | 0.29 | 0.34 | 0.45 | 0.54 |
| Key figures | 2020 | Q1'21 | Q2'21 | Q3'21 | Q4'21 | 2021 | Q1'22 | Q2'22e | Q3'22e | Q4'22e | 2022e | 2023e | 2024e | 2025e |
| Revenue growth-% | 12.4 % | 17.0 % | 29.6 % | 30.4 % | 32.2 % | 27.1 % | 24.1 % | 24.5 % | 26.0 % | 23.0 % | 24.4 % | 16.2 % | 15.0 % | 13.0 % |
| Adjusted EBIT growth-% | 23.7 % | 18.7 % | 15.2 % | 9.6 % | 14.1 % | 14.6 % | 10.2 % | 9.4 % | 9.7 % | 36.8 % | 14.8 % | 18.8 % | 29.9 % | 18.9 % |
| EBITDA-% | 35.7 % | 35.4 % | 33.7 % | 34.5 % | 30.3 % | 33.4 % | 35.2 % | 32.8 % | 32.7 % | 29.8 % | 32.6 % | 31.5 % | 31.7 % | 31.7 % |
| Adjusted EBIT-% | 19.8 % | 21.7 % | 19.4 % | 17.8 % | 12.7 % | 17.8 % | 19.3 % | 17.0 % | 15.5 % | 14.1 % | 16.5 % | 16.8 % | 19.0 % | 20.0 % |
| Net earnings-% | 14.7 % | 16.5 % | 14.3 % | 13.1 % | 8.5 % | 13.0 % | 14.9 % | 12.9 % | 11.7 % | 10.6 % | 12.5 % | 12.8 % | 14.6 % | 15.4 % |

Source: Inderes

Balance sheet

| Assets | 2020 | 2021 | 2022e | 2023e | 2024e |
|----------------------------|-------------|-------------|-------------|-------------|-------------|
| Non-current assets | 66.1 | 96.0 | 103 | 108 | 110 |
| Goodwill | 24.0 | 37.3 | 37.3 | 37.3 | 37.3 |
| Intangible assets | 31.3 | 46.4 | 53.4 | 57.7 | 60.1 |
| Tangible assets | 2.5 | 2.8 | 2.7 | 2.9 | 2.8 |
| 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 |
| Current assets | 16.2 | 20.0 | 24.8 | 27.8 | 35.3 |
| 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 | 12.2 | 13.2 | 15.1 |
| Cash and equivalents | 9.1 | 10.1 | 12.6 | 14.6 | 20.2 |
| Balance sheet total | 84.9 | 118 | 130 | 139 | 149 |

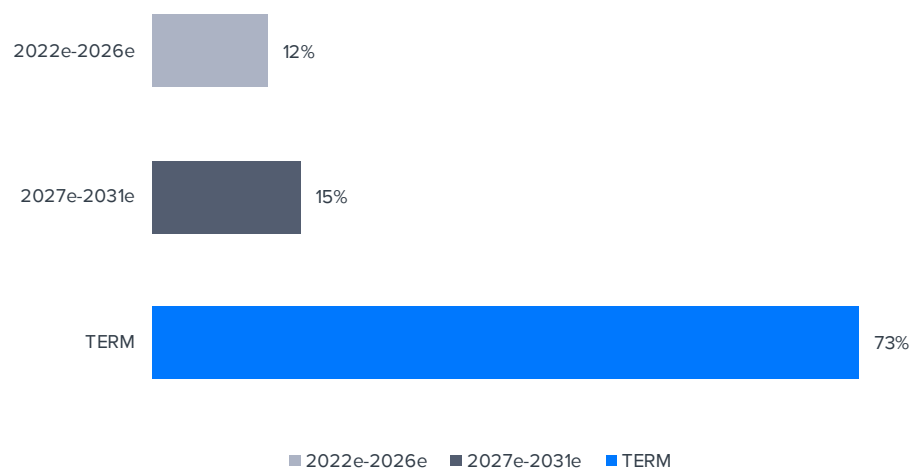
Source: Inderes

| Liabilities & equity | 2020 | 2021 | 2022e | 2023e | 2024e |
|--------------------------------|-------------|-------------|-------------|-------------|-------------|
| Equity | 32.2 | 44.7 | 50.5 | 57.5 | 67.6 |
| Share capital | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 |
| Retained earnings | 17.3 | 23.1 | 28.5 | 35.4 | 45.5 |
| 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 |
| Non-current liabilities | 37.1 | 50.4 | 52.1 | 50.7 | 44.2 |
| 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 | 47.8 | 46.5 | 40.0 |
| 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 |
| Current liabilities | 15.6 | 22.6 | 27.4 | 30.4 | 37.4 |
| Short term debt | 2.3 | 3.2 | 4.0 | 3.6 | 7.0 |
| Payables | 12.1 | 16.6 | 20.6 | 23.9 | 27.5 |
| Other current liabilities | 1.2 | 2.9 | 2.9 | 2.9 | 2.9 |
| Balance sheet total | 84.9 | 118 | 130 | 139 | 149 |

DCF calculation

| DCF model | 2021 | 2022e | 2023e | 2024e | 2025e | 2026e | 2027e | 2028e | 2029e | 2030e | 2031e | TERM |
|---|--------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|------------|
| EBIT (operating profit) | 14.8 | 16.9 | 20.1 | 26.2 | 31.1 | 34.5 | 37.6 | 39.3 | 40.6 | 42.6 | 43.9 | |
| + Depreciation | 12.9 | 16.6 | 17.6 | 17.5 | 18.1 | 19.9 | 21.6 | 23.1 | 24.5 | 25.7 | 26.0 | |
| - Paid taxes | -1.9 | -3.3 | -3.8 | -5.0 | -6.0 | -6.7 | -7.3 | -7.6 | -7.9 | -8.3 | -8.5 | |
| - Tax, financial expenses | -0.2 | -0.2 | -0.2 | -0.2 | -0.2 | -0.2 | -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 | 1.6 | 2.4 | 1.6 | 1.6 | 3.3 | 1.6 | 1.3 | 1.2 | 1.1 | 0.7 | |
| Operating cash flow | 28.9 | 31.8 | 36.1 | 40.1 | 44.6 | 50.8 | 53.3 | 55.9 | 58.2 | 60.8 | 61.9 | |
| + 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 | -23.2 | -20.6 | -23.7 | -25.3 | -26.1 | -27.3 | -28.7 | -26.0 | -27.6 | |
| Free operating cash flow | -11.3 | 7.7 | 12.9 | 19.5 | 20.9 | 25.5 | 27.2 | 28.5 | 29.5 | 34.8 | 34.3 | |
| +/- 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 | 7.7 | 12.9 | 19.5 | 20.9 | 25.5 | 27.2 | 28.5 | 29.5 | 34.8 | 34.3 | 846 |
| Discounted FCFF | | 7.4 | 11.5 | 16.1 | 16.1 | 18.3 | 18.1 | 17.7 | 17.1 | 18.8 | 17.2 | 425 |
| Sum of FCFF present value | | 583 | 576 | 564 | 548 | 532 | 514 | 496 | 478 | 461 | 442 | 425 |
| Enterprise value DCF | | 583 | | | | | | | | | | |
| - Interesting bearing debt | | -49.3 | | | | | | | | | | |
| + Cash and cash equivalents | | 10.1 | | | | | | | | | | |
| -Minorities | | 0.0 | | | | | | | | | | |
| -Dividend/capital return | | -7.4 | | | | | | | | | | |
| Equity value DCF | | 536 | | | | | | | | | | |
| Equity value DCF per share | | 12.0 | | | | | | | | | | |

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 % |
| Cost of equity | 8.0 % |
| Weighted average cost of capital (WACC) | 7.4 % |

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 | 103.0 | 119.7 | EPS (reported) | 0.18 | 0.22 | 0.25 | 0.29 | 0.34 |
| EBITDA | 18.9 | 23.3 | 27.7 | 33.6 | 37.7 | EPS (adj.) | 0.18 | 0.22 | 0.25 | 0.29 | 0.34 |
| EBIT | 10.4 | 12.9 | 14.8 | 16.9 | 20.1 | OCF / share | 0.44 | 0.54 | 0.66 | 0.71 | 0.80 |
| PTP | 9.6 | 12.0 | 14.0 | 16.1 | 19.1 | FCF / share | -0.18 | 0.04 | -0.26 | 0.17 | 0.29 |
| Net Income | 7.6 | 9.6 | 10.8 | 12.9 | 15.3 | Book value / share | 0.57 | 0.74 | 1.02 | 1.13 | 1.28 |
| Extraordinary items | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | Dividend / share | 0.13 | 0.15 | 0.17 | 0.19 | 0.22 |
| Balance sheet | 2019 | 2020 | 2021 | 2022e | 2023e | Growth and profitability | 2019 | 2020 | 2021 | 2022e | 2023e |
| Balance sheet total | 71.3 | 84.9 | 117.7 | 130.0 | 138.6 | Revenue growth-% | 19% | 12% | 27% | 24% | 16% |
| Equity capital | 23.6 | 32.2 | 44.7 | 50.5 | 57.5 | EBITDA growth-% | 38% | 23% | 19% | 21% | 12% |
| Goodwill | 20.7 | 24.0 | 37.3 | 37.3 | 37.3 | EBIT (adj.) growth-% | 22% | 24% | 15% | 15% | 19% |
| Net debt | 29.2 | 29.0 | 39.2 | 39.2 | 35.5 | EPS (adj.) growth-% | 18% | 21% | 11% | 17% | 18% |
| Cash flow | 2019 | 2020 | 2021 | 2022e | 2023e | EBITDA-% | 32.6 % | 35.7 % | 33.4 % | 32.6 % | 31.5 % |
| EBITDA | 18.9 | 23.3 | 27.7 | 33.6 | 37.7 | EBIT (adj.)-% | 18.0 % | 19.8 % | 17.8 % | 16.5 % | 16.8 % |
| Change in working capital | 1.2 | 2.4 | 3.3 | 1.6 | 2.4 | EBIT-% | 18.0 % | 19.8 % | 17.8 % | 16.5 % | 16.8 % |
| Operating cash flow | 18.3 | 23.5 | 28.9 | 31.8 | 36.1 | ROE-% | 36.0 % | 34.4 % | 28.1 % | 27.0 % | 28.3 % |
| CAPEX | -25.7 | -22.2 | -41.9 | -24.1 | -23.2 | ROI-% | 20.2 % | 19.8 % | 18.0 % | 17.3 % | 19.2 % |
| Free cash flow | -7.6 | 1.8 | -11.3 | 7.7 | 12.9 | Equity ratio | 33.2 % | 38.1 % | 38.2 % | 39.2 % | 41.8 % |
| | | | | | | Gearing | 123.9 % | 90.3 % | 87.7 % | 77.6 % | 61.7 % |
| Valuation multiples | 2019 | 2020 | 2021 | 2022e | 2023e | | | | | | |
| EV/S | 5.9 | 10.4 | 6.7 | 4.7 | 4.0 | | | | | | |
| EV/EBITDA (adj.) | 18.1 | 29.2 | 19.9 | 14.5 | 12.8 | | | | | | |
| EV/EBIT (adj.) | 32.8 | 52.7 | 37.4 | 28.7 | 24.0 | | | | | | |
| P/E (adj.) | 41.1 | 67.9 | 47.5 | 34.7 | 29.3 | | | | | | |
| P/E | 13.3 | 20.2 | 11.5 | 8.8 | 7.8 | | | | | | |
| Dividend-% | 1.7 % | 1.0 % | 1.5 % | 1.9 % | 2.2 % | | | | | | |

Source: Inderes

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Accumulate The 12-month risk-adjusted expected shareholder return of the share is attractive

Reduce The 12-month risk-adjusted expected shareholder return of the share is weak

Sell The 12-month risk-adjusted expected shareholder return of the share is very weak

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Recommendation history (>12 mo)

| 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 € |



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