


Clear earnings beat

Talenom earnings were clearly better than expected. Net sales in Q3 were in line with our estimates, at EUR 11.1m (EUR 10.9m/11.0m Evli/cons.). Profitability beat both our and consensus estimates, with EBITDA at EUR 3.1m compared to EUR 2.2m/2.3m Evli/cons.

- Talenom's net sales in Q3 amounted to EUR 11.1m, compared to EUR 10.9m/11.0m Evli/cons. Sales growth amounted to 19.8 % y/y.
- The revenue from additional services during Jan-Sep 18 amounted to EUR 2.4m, with growth of 66 % to the comparison period.
- EBITDA in Q3 was EUR 3.1m compared to EUR 2.2m/2.3m Evli/cons. EBITDA improved 59 % y/y. The EBITDA-margin in Q3 was 27 %.
- EBIT in Q3 was EUR 1.9m compared to EUR 1.0m/1.1m Evli/cons. The EBIT-margin in Q3 was 16.6 %.
- Net investments in Q3 were EUR 1.6m compared to EUR 1.6m in Q3/17.
- Talenom's guidance was kept intact, expecting sales to grow clearly faster than in 2017 (12.1 %) and the EBIT to be between EUR 7.4-8.0m.

Rating

 **HOLD**

Q3/18	Actual	Evli	Consensus	Year ago	Q2/18
Net sales	11.1	10.9	11.0	9.3	12.5
EBITDA	3.1	2.2	2.3	1.9	3.9
EBIT	1.9	1.0	1.1	0.8	2.6
EPS	0.21	0.10	0.11	0.07	0.29

Deviation	Actual	Evli	Consensus	Year ago	Q2/18
Net sales		2%	1%	20%	-11%
EBITDA		37%	33%	59%	-21%
EBIT		86%	68%	136%	-28%
EPS adj.		119%	91%	201%	-28%

**Consensus by Bloomberg*

Share price, EUR (Last trading day's closing price) **18.40**

Target price, EUR **18.0**

Latest change in recommendation **27-Apr-18**

Latest report on company **18-Sep-18**

Research paid by issuer: **YES**

No. of shares outstanding, '000's **6,872**

No. of shares fully diluted, '000's **6,872**

Market cap, EURm **126**

Free float, % **55.7**

Exchange rate **0.000**

Reuters code **TNOM.HE**

Bloomberg code **TNOM FH**

Average daily volume, EURm **0.071**

Next interim report **25-Oct-18**

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 BUY  HOLD  SELL

PRE-REPORT KEY FIGURES

	Sales EURm	EBIT EURm	EBIT %	Ptx profit EURm	EPS EUR	P/E (x)	EV/Sales (x)	P/CF (x)	EV/EBIT (x)	DPS EUR
2016	37	4	11.3%	4	0.43	16.9	1.8	7.2	16.1	0.20
2017	41	5	11.7%	4	0.50	23.4	2.5	9.0	21.6	0.32
2018E	49	8	15.6%	7	0.81	22.8	3.0	12.1	19.2	0.39
2019E	55	9	16.0%	8	0.94	19.5	2.6	11.0	16.5	0.46
2020E	61	10	16.2%	9	1.06	17.4	2.4	9.7	14.7	0.64

Market cap, EURm	126	BV per share 2018E, EUR	2.5	CAGR EPS 2017-20, %	24.7
Net debt 2018E, EURm	19	Price/book 2018E	7.2	CAGR sales 2017-20, %	13.5
Enterprise value, EURm	145	Dividend yield 2018E, %	2.1	ROE 2018E, %	35.4
Total assets 2018E, EURm	51	Tax rate 2018E, %	20.2	ROCE 2018E, %	19.6
Goodwill 2018E, EURm	18	Equity ratio 2018E, %	34.3	PEG, P/E 18/CAGR	1.7

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

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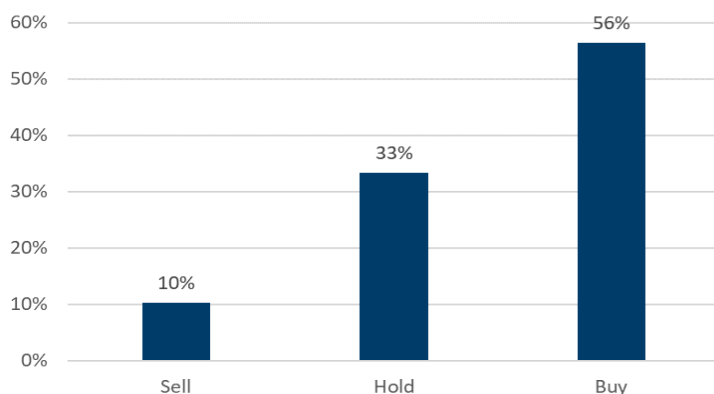
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Investment recommendations are defined as follows:

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

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

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