

Guiding continued strong growth

Talenom's fourth quarter results were quite in line with our expectations. Net sales amounted to EUR 12.5m (EUR 12.6m Evli) while the operating profit beat our estimates slightly, at EUR 1.5m (EUR 1.3m Evli). The dividend proposal for 2018 is EUR 0.55 per share (EUR 0.50 Evli). Talenom expects net sales growth to continue at a similar pace as in 2018 (18.0%) and the operating profit margin to improve slightly compared to 2018.

- Net sales in Q4 were EUR 12.5m (EUR 10.7m in Q4/17), in line with our estimates (Evli EUR 12.6m). Growth in Q4 amounted to 16.5% y/y.
- The revenue from additional services in Q4 amounted to EUR 3.4m, with a growth of 62.8%.
- Operating profit in Q4 was EUR 1.5m (EUR 0.9m in Q4/17), above our estimates (Evli EUR 1.3m), at a margin of 11.8 %. Talenom had pre-Q4 guided 2018 operating profit to be in the range of EUR 8.2-8.7m, with actual 2018 figures at EUR 8.5m
- Dividend proposal: Talenom proposes a dividend of EUR 0.55 per share (Evli EUR 0.5).
- **Guidance for 2019:** Talenom expects net sales growth to continue at a similar pace as in 2018 (18.0%) and the operating profit margin to improve slightly compared to 2018.
- Net investments during 2018 amounted to EUR 9.5m compared to EUR 7.4m in 2017.

Rating 🟡 HOLD

Q4/18	Actual	Evli	Year ago	Q3/18
Net sales	12.5	12.6	10.7	11.1
EBIT	1.5	1.3	0.9	1.9
EPS	0.15	0.13	0.09	0.21
DPS 2018	0.55	0.50	0.32	-
Deviation	Actual	Evli	Year ago	Q3/18
Net sales		-1%	17%	12%
EBIT		13%	70%	-21%
EPS		14%	73%	-27%
DPS 2018		10%	72%	-

Share price, EUR (Last trading day's closing price) 21.90

Target price, EUR 19.2

Latest change in recommendation 27-Apr-18

Latest report on company 13-Dec-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 150

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 04-Feb-19

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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	17.1%	8	0.91	24.0	3.4	13.1	20.1	0.50
2019E	56	9	16.3%	9	0.99	22.1	3.0	12.7	18.4	0.55
2020E	62	10	16.5%	10	1.11	19.7	2.7	11.2	16.4	0.61
Market cap, EURm		150	BV per share 2018E, EUR		2.6	CAGR EPS 2017-20, %		26.7		
Net debt 2018E, EURm		18	Price/book 2018E		8.3	CAGR sales 2017-20, %		14.4		
Enterprise value, EURm		168	Dividend yield 2018E, %		2.3	ROE 2018E, %		39.0		
Total assets 2018E, EURm		51	Tax rate 2018E, %		20.0	ROCE 2018E, %		21.7		
Goodwill 2018E, EURm		18	Equity ratio 2018E, %		35.9	PEG, P/E 18/CAGR		2.4		

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

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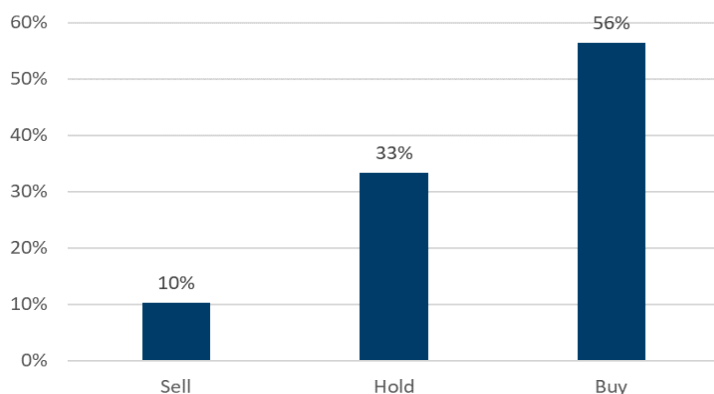
Detailed information about the valuation or methodology and the underlying assumptions is accessible via ERP:

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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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