

## Minor earnings beat

Talenom's first quarter results were quite in line with our expectations. Net sales amounted to EUR 14.8m (EUR 14.7m Evli) while the operating profit was slightly above our estimates, at EUR 3.4m (EUR 3.2m Evli). The guidance was revised already earlier during Q1 and Talenom expects net sales growth to be greater than in 2018 and the operating profit margin to improve compared to 2018.

- Talenom's net sales in Q1 amounted to EUR 14.8m (EUR 12.7m in Q1/18), in line with our estimates (Evli EUR 14.7m). Q1 revenue growth was at 16.1% y/y.
- The operating profit in Q1 was EUR 3.4m (EUR 2.6m in Q1/18), above our estimates (Evli EUR 3.2m), at a margin of 23.3%.
- Talenom revised its guidance after the acquisition of Wakers Consulting during Q1, now expecting the net sales growth rate to be greater than (prev. same rate) in 2018 and the operating profit margin to improve (prev. improve slightly) compared to 2018
- Net investments during Q1 increased to EUR 10.5m due to adoption of IFRS 16, with the adjusted net investments (excl. IFRS 16) at EUR 2.3m compared to 3.3m in Q1/18.

Rating					+ BUY
Q1/19	Actual	Evli	Year ago	Q4/18	
Net sales	14.8	14.7	12.7	12.4	
EBIT	3.4	3.2	2.6	1.5	
EPS	0.38	0.36	0.29	0.15	
Deviation	Actual	Evli	Year ago	Q4/18	
Net sales		1%	16%	19%	
EBIT		8%	30%	135%	
EPS		7%	32%	161%	
Share price, EUR (Last trading day's closing price)					31.60
Target price, EUR					24.5
Latest change in recommendation					05-Feb-19
Latest report on company					05-Feb-19
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					217
Free float, %					57.0
Exchange rate					0.000
Reuters code					TNOM.HE
Bloomberg code					TNOM FH
Average daily volume, EURm					0.07
Next interim report					23-Apr-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
2017	41	5	11.7%	4	0.50	23.4	2.5	9.0	21.6	0.32
2018	49	9	17.5%	8	0.93	20.6	3.0	11.1	17.4	0.55
2019E	58	11	18.4%	10	1.16	27.1	4.1	14.7	22.1	0.70
2020E	66	12	18.7%	12	1.37	23.1	3.5	13.1	18.9	0.82
2021E	73	14	19.0%	13	1.54	20.6	3.2	11.7	16.8	0.92
Market cap, EURm	217		BV per share 2019E, EUR		3.3		CAGR EPS 2018-21, %		18.4	
Net debt 2019E, EURm	17		Price/book 2019E		9.5		CAGR sales 2018-21, %		14.2	
Enterprise value, EURm	234		Dividend yield 2019E, %		2.2		ROE 2019E, %		38.5	
Total assets 2019E, EURm	64		Tax rate 2019E, %		20.0		ROCE 2019E, %		23.8	
Goodwill 2019E, EURm	18		Equity ratio 2019E, %		35.7		PEG, P/E 19/CAGR		2.1	

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

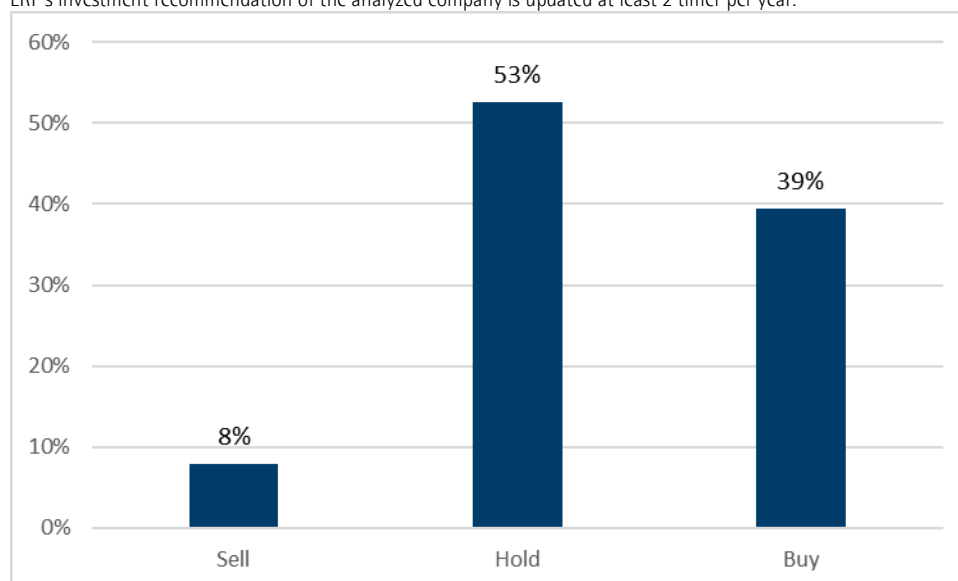
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Investment recommendations are defined as follows:

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

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The graph above shows the distribution of ERP's recommendations of companies under coverage in 1st of February 2019. If recommendation is not given, it is not mentioned here.

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

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