

Expecting growth in revenue, earnings and dividend

Tokmanni will report its seasonally strong Q4 earnings on Feb 8th. As usual LFL growth and margins are of interest. We expect revenue and earnings to grow with continued LFL growth and stable gross margin. We foresee the dividend at EUR 0.45, which corresponds to 70% EPS payout and yields 5.6%. Our rating and target price ("Buy", TP EUR 9) remain intact ahead of Q4 earnings.

Store network approaching 200 stores with acquisitions

Tokmanni acquired 4 stores in Northern Finland in December with combined revenue of some EUR 9m in 2017. The stores were transferred to Tokmanni at the beginning of 2019. These together with the earlier Ale-Makasiini acquisition (9 stores, revenue EUR 20m in 2017) put Tokmanni's store count at 190 vs. the target of about 200 stores. At the targeted opening pace of ~5 stores per year, Tokmanni is set to reach its 200 store target in the next couple of years. Growth beyond this was not addressed at the CMD in December, but plans are likely to receive increased attention going forward.

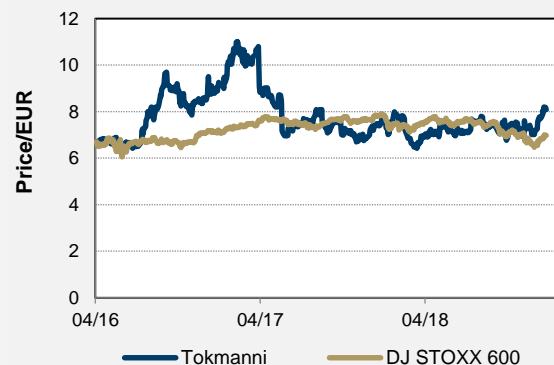
Expecting continued LFL growth and stable GM in Q4

Tokmanni's LFL growth has surprised positively in Q1-Q3 (+6%), considering the company has had zero or slightly negative LFL growth in recent years. Solid LFL growth has been supported by weak comparables, better weather, assortment improvements and somewhat more active take on campaigning. Revenue guidance was raised to reflect good LFL performance with Q3 earnings. We expect LFL growth to continue at solid 4% level in Q4, but for 2019E we maintain a more conservative 1% LFL growth assumption. We foresee the gross margin at 34.8% in Q4, which is in line with the average level of Q4s in 2015-2017.

Expecting growth in revenue, earnings and dividend

We expect Q4 revenue of EUR 267m (7.5% growth y/y, of which LFL 4.0%) and adj. EBITDA of EUR 31.0m (EUR 28.6m y/y). We expect a dividend of EUR 0.45, which corresponds to ~70% EPS payout and yields 5.6%. Our rating and target price ("Buy", TP EUR 9) remain intact ahead of Q4 earnings.

Rating + BUY



| | |
|---|---|
| Share price, EUR (Last trading day's closing price) | 8.08 |
| Target price, EUR | 9.0 |
| Latest change in recommendation | 18-Apr-17 |
| Latest report on company | 5-Dec-18 |
| Research paid by issuer: | Yes |
| No. of shares outstanding, '000's | 58,869 |
| No. of shares fully diluted, '000's | 58,869 |
| Market cap, EURm | 476 |
| Free float, % | 100.0 |
| Exchange rate | 1.000 |
| Reuters code | TOKMAN.HE |
| Bloomberg code | TOKMAN FH |
| Average daily volume, EURm | na. |
| Next interim report | 8-Feb-19 |
| Web site | https://yrittys.tokmanni.fi/ |
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+ BUY + HOLD - SELL

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 | 776 | 48 | 6.1% | 33 | 0.44 | 19.5 | 0.8 | 7.2 | 12.9 | 0.51 |
| 2017 | 797 | 41 | 5.1% | 35 | 0.48 | 15.2 | 0.7 | 13.0 | 13.8 | 0.41 |
| 2018E | 869 | 51 | 5.9% | 46 | 0.62 | 13.1 | 0.7 | 11.8 | 12.2 | 0.45 |
| 2019E | 921 | 58 | 6.3% | 54 | 0.74 | 11.0 | 0.7 | 8.3 | 10.5 | 0.51 |
| 2020E | 954 | 68 | 7.1% | 65 | 0.89 | 9.1 | 0.6 | 7.0 | 8.7 | 0.62 |
| Market cap, EURm | | 476 | BV per share 2018E, EUR | | | 3.0 | CAGR EPS 2017-20, % | | | 22.9 |
| Net debt 2018E, EURm | | 150 | Price/book 2018E | | | 2.7 | CAGR sales 2017-20, % | | | 6.2 |
| Enterprise value, EURm | | 626 | Dividend yield 2018E, % | | | 5.6 | ROE 2018E, % | | | 21.4 |
| Total assets 2018E, EURm | | 507 | Tax rate 2018E, % | | | 20.7 | ROCE 2018E, % | | | 14.3 |
| Goodwill 2018E, EURm | | 129 | Equity ratio 2018E, % | | | 34.7 | PEG, P/E 18/CAGR | | | 0.9 |

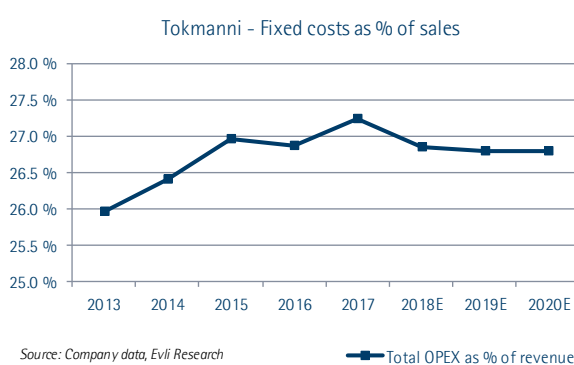
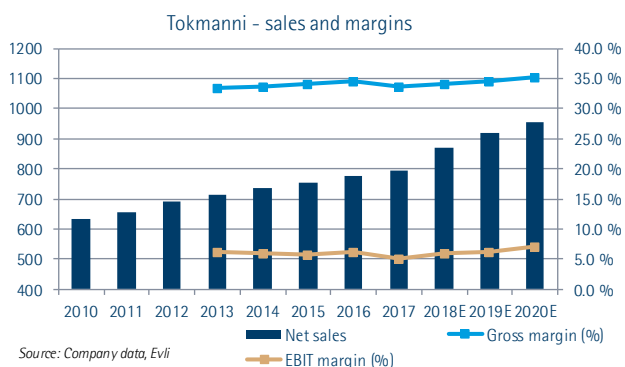
All the important disclosures can be found on the last pages of this report.

Estimates

Our estimates do not yet reflect upcoming IFRS 16 changes.

| Tokmanni | 2013 | 2014 | 2015 | 2016 | 2017 | 2018E | 2019E | 2020E |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Key sales assumptions | | | | | | | | |
| Sales space increase, 1000m2 (organic) | 11 | 18 | 7 | 8 | 24 | 10 | 12 | 12 |
| # of stores at year-end | 145 | 149 | 156 | 162 | 175 | 186 | 191 | 196 |
| LFL growth (%) | 0.0% | -0.3% | -0.6% | -0.1% | -1.3% | 4.7% | 1.0% | 1.0% |
| Net sales | 712.8 | 734.3 | 755.3 | 775.8 | 796.5 | 869.5 | 921.1 | 954.2 |
| Growth-% | 3.3 % | 3.0 % | 2.9 % | 2.7 % | 2.7 % | 9.2 % | 5.9 % | 3.6 % |
| Materials and services (adj.) | -474.6 | -486.8 | -497.2 | -507.9 | -528.4 | -573.7 | -603.3 | -617.4 |
| Growth-% | - | 2.6 % | 2.1 % | 2.2 % | 4.0 % | 8.6 % | 5.2 % | 2.3 % |
| % of sales | 66.6 % | 66.3 % | 65.8 % | 65.5 % | 66.3 % | 66.0 % | 65.5 % | 64.7 % |
| Gross profit (adj.) | 238.2 | 247.5 | 258.1 | 267.9 | 268.1 | 295.9 | 317.8 | 336.8 |
| Gross margin (%) | 33.4 % | 33.7 % | 34.2 % | 34.5 % | 33.7 % | 34.0 % | 34.5 % | 35.3 % |
| Fixed costs (adj.) | -185.1 | -193.9 | -203.7 | -208.5 | -217.0 | -233.5 | -246.8 | -255.7 |
| Growth-% | - | 4.8 % | 5.0 % | 2.4 % | 4.1 % | 7.6 % | 5.7 % | 3.6 % |
| % of sales | 26.0 % | 26.4 % | 27.0 % | 26.9 % | 27.2 % | 26.9 % | 26.8 % | 26.8 % |
| Other income | 3.5 | 3.6 | 4.0 | 3.4 | 3.8 | 3.7 | 3.7 | 3.7 |
| Share of profits in associated comp. | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Depreciation and amortization | -12.6 | -13.5 | -14.8 | -15.2 | -14.3 | -14.6 | -16.6 | -16.7 |
| EBITDA (adj.) | 56.7 | 57.1 | 58.4 | 62.8 | 54.9 | 66.1 | 74.7 | 84.9 |
| EBITDA margin (%) | 8.0 % | 7.8 % | 7.7 % | 8.1 % | 6.9 % | 7.6 % | 8.1 % | 8.9 % |
| EBIT (adj.) | 44.1 | 43.6 | 43.6 | 47.7 | 40.6 | 51.5 | 58.1 | 68.2 |
| EBIT margin (%) | 6.2 % | 5.9 % | 5.8 % | 6.1 % | 5.1 % | 5.9 % | 6.3 % | 7.1 % |
| NRIs in reported gross profit | 0.0 | 1.1 | -0.6 | 0.5 | -0.9 | 0.4 | 0.0 | 0.0 |
| NRIs in reported fixed costs | -1.1 | -1.8 | -4.0 | 1.0 | -0.8 | 0.9 | 0.0 | 0.0 |
| EBIT (reported) | 43.0 | 43.0 | 39.0 | 49.2 | 38.9 | 52.8 | 58.1 | 68.2 |
| EBIT margin (%) | 6.0 % | 5.9 % | 5.2 % | 6.3 % | 4.9 % | 6.1 % | 6.3 % | 7.1 % |
| Net financials | -23.0 | -22.2 | -20.9 | -15.3 | -5.9 | -5.7 | -4.0 | -3.0 |
| Profit before taxes (reported) | 20.1 | 20.8 | 18.1 | 33.9 | 33.0 | 47.1 | 54.1 | 65.2 |
| Taxes | -4.8 | -4.2 | -3.4 | -6.8 | -6.6 | -9.5 | -10.8 | -13.0 |
| Tax rate (%) | 23.9 % | 20.1 % | 18.8 % | 20.1 % | 20.0 % | 20.1 % | 20.0 % | 20.0 % |
| Minorities | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Net income (reported) | 15.3 | 16.6 | 14.7 | 27.1 | 26.4 | 37.6 | 43.3 | 52.2 |
| Average number of shares (million) | 58.9 | 58.9 | 58.9 | 58.9 | 58.9 | 58.9 | 58.9 | 58.9 |
| EPS (reported) | 0.26 | 0.28 | 0.25 | 0.46 | 0.45 | 0.64 | 0.74 | 0.89 |
| Dividend and capital return | - | - | - | 0.51 | 0.41 | 0.45 | 0.51 | 0.62 |
| Payout ratio (%) | | | | 111% | 92% | 70% | 70% | 70% |

Source: Tokmanni, Evli Research



| VALUATION RESULTS | BASE CASE DETAILS | VALUATION ASSUMPTIONS | ASSUMPTIONS FOR WACC | |
|--------------------------|----------------------------|-------------------------|--------------------------------|------|
| Current share price | 8.08 PV of Free Cash Flow | 349 Long-term growth, % | 2.0 Risk-free interest rate, % | 2.25 |
| DCF share value | 11.44 PV of Horizon value | 487 WACC, % | 7.6 Market risk premium, % | 5.8 |
| Share price potential, % | 41.6 Unconsolidated equity | 0 Spread, % | 0.5 Debt risk premium, % | 3.3 |
| Maximum value | 12.8 Marketable securities | 52 Minimum WACC, % | 7.1 Equity beta coefficient | 0.90 |
| Minimum value | 10.3 Debt - dividend | -202 Maximum WACC, % | 8.1 Target debt ratio, % | 20 |
| Horizon value, % | 58.3 Value of stock | 678 Nr of shares, Mn | 58.9 Effective tax rate, % | 25 |

| DCF valuation, EURm | 2017 | 2018E | 2019E | 2020E | 2021E | 2022E | 2023E | 2024E | 2025E | 2026E | 2027E | Horizon |
|-----------------------------|------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|---------|
| Net sales | 797 | 869 | 921 | 954 | 973 | 993 | 1,013 | 1,033 | 1,054 | 1,075 | 1,096 | 1,118 |
| <i>Sales growth, %</i> | 2.7 | 9.1 | 6.0 | 3.6 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 |
| Operating income (EBIT) | 41 | 51 | 58 | 68 | 73 | 74 | 76 | 77 | 68 | 70 | 71 | 73 |
| <i>EBIT margin, %</i> | 5.1 | 5.9 | 6.3 | 7.1 | 7.5 | 7.5 | 7.5 | 7.5 | 6.5 | 6.5 | 6.5 | 6.5 |
| + Depreciation+amort. | 14 | 15 | 17 | 17 | 16 | 16 | 16 | 17 | 17 | 17 | 17 | 18 |
| - Income taxes | -8 | -11 | -12 | -14 | -15 | -15 | -15 | -15 | -14 | -14 | -14 | -14 |
| - Change in NWC | -14 | -15 | -6 | -4 | -2 | -2 | -2 | -2 | -2 | -2 | -2 | -2 |
| <i>NWC/Sales, %</i> | 10.3 | 11.2 | 11.2 | 11.2 | 11.2 | 11.2 | 11.1 | 11.1 | 11.1 | 11.1 | 11.1 | |
| + Change in other liabs | -1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| - Capital Expenditure | -13 | -29 | -14 | -15 | -16 | -17 | -18 | -19 | -19 | -20 | -21 | -22 |
| <i>Investments/Sales, %</i> | 1.7 | 3.3 | 1.6 | 1.6 | 1.6 | 1.7 | 1.7 | 1.8 | 1.8 | 1.9 | 2.0 | 2.0 |
| - Other items | -1 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| = Unlevered Free CF (FCF) | 18 | 12 | 43 | 53 | 57 | 57 | 57 | 58 | 50 | 50 | 51 | 935 |
| = Discounted FCF (DFCF) | | 12 | 40 | 46 | 46 | 43 | 40 | 37 | 30 | 28 | 27 | 487 |
| = DFCF min WACC | | 12 | 40 | 46 | 46 | 43 | 41 | 39 | 31 | 29 | 28 | 558 |
| = DFCF max WACC | | 12 | 40 | 45 | 45 | 42 | 39 | 36 | 29 | 27 | 26 | 429 |

INTERIM FIGURES

| EVLI ESTIMATES, EURm | 2017Q1 | 2017Q2 | 2017Q3 | 2017Q4 | 2017 | 2018Q1 | 2018Q2 | 2018Q3 | 2018Q4E | 2018E | 2019E | 2020E |
|--------------------------------------|--------|--------|--------|--------|------|--------|--------|--------|---------|-------|-------|-------|
| Net sales | 157 | 196 | 195 | 249 | 797 | 174 | 218 | 211 | 267 | 869 | 921 | 954 |
| EBITDA | -1 | 12 | 16 | 29 | 55 | 1 | 16 | 18 | 31 | 66 | 75 | 85 |
| EBITDA margin (%) | -1.0 | 5.9 | 8.3 | 11.5 | 6.9 | 0.5 | 7.3 | 8.6 | 11.6 | 7.6 | 8.1 | 8.9 |
| EBIT | -5 | 8 | 13 | 25 | 41 | -3 | 12 | 15 | 27 | 51 | 58 | 68 |
| EBIT margin (%) | -3.3 | 4.1 | 6.5 | 10.1 | 5.1 | -1.6 | 5.7 | 6.9 | 10.2 | 5.9 | 6.3 | 7.1 |
| Net financial items | -1 | -1 | -2 | -2 | -6 | -1 | -1 | -1 | -1 | -6 | -4 | -3 |
| Pre-tax profit | -6 | 7 | 11 | 23 | 35 | -4 | 11 | 13 | 26 | 46 | 54 | 65 |
| Tax | 2 | -1 | -2 | -5 | -7 | 1 | -3 | -2 | -5 | -9 | -11 | -13 |
| Tax rate (%) | 26.2 | 16.4 | 21.7 | 20.5 | 19.0 | 19.3 | 23.5 | 19.1 | 20.0 | 20.7 | 20.0 | 20.0 |
| Net profit | -5 | 6 | 9 | 19 | 28 | -3 | 8 | 11 | 21 | 36 | 43 | 52 |
| EPS | -0.08 | 0.10 | 0.15 | 0.32 | 0.48 | -0.06 | 0.14 | 0.18 | 0.35 | 0.62 | 0.74 | 0.89 |
| EPS adjusted (diluted no. of shares) | -0.08 | 0.10 | 0.15 | 0.32 | 0.48 | -0.06 | 0.14 | 0.18 | 0.35 | 0.62 | 0.74 | 0.89 |
| Dividend per share | 0.00 | 0.00 | 0.00 | 0.00 | 0.41 | 0.00 | 0.00 | 0.00 | 0.00 | 0.45 | 0.51 | 0.62 |
| SALES, EURm | | | | | | | | | | | | |
| Group | 157 | 196 | 195 | 249 | 797 | 174 | 218 | 211 | 267 | 869 | 921 | 954 |
| Total | 157 | 196 | 195 | 249 | 797 | 174 | 218 | 211 | 267 | 869 | 921 | 954 |
| SALES GROWTH, Y/Y % | | | | | | | | | | | | |
| Group | -1.1 | 1.9 | 4.5 | 4.4 | 2.7 | 10.9 | 11.0 | 7.8 | 7.5 | 9.1 | 6.0 | 3.6 |
| Total | -1.1 | 1.9 | 4.5 | 4.4 | 2.7 | 10.9 | 11.0 | 7.8 | 7.5 | 9.1 | 6.0 | 3.6 |
| EBIT, EURm | | | | | | | | | | | | |
| Group | -5 | 8 | 13 | 25 | 41 | -3 | 12 | 15 | 27 | 51 | 58 | 68 |
| Total | -5 | 8 | 13 | 25 | 41 | -3 | 12 | 15 | 27 | 51 | 58 | 68 |
| EBIT margin, % | | | | | | | | | | | | |
| Group | -3.3 | 4.1 | 6.5 | 10.1 | 5.1 | -1.6 | 5.7 | 6.9 | 10.2 | 5.9 | 6.3 | 7.1 |
| Total | -3.3 | 4.1 | 6.5 | 10.1 | 5.1 | -1.6 | 5.7 | 6.9 | 10.2 | 5.9 | 6.3 | 7.1 |

| INCOME STATEMENT, EURm | 2013 | 2014 | 2015 | 2016 | 2017 | 2018E | 2019E | 2020E |
|--|------|------|------|------|------|-------|-------|-------|
| Sales | 713 | 734 | 755 | 776 | 797 | 869 | 921 | 954 |
| Sales growth (%) | 0.0 | 3.0 | 2.9 | 2.7 | 2.7 | 9.1 | 6.0 | 3.6 |
| Costs | -656 | -677 | -697 | -713 | -742 | -803 | -846 | -869 |
| Reported EBITDA | 57 | 57 | 58 | 63 | 55 | 66 | 75 | 85 |
| Extraordinary items in EBITDA | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| EBITDA margin (%) | 7.9 | 7.8 | 7.7 | 8.1 | 6.9 | 7.6 | 8.1 | 8.9 |
| Depreciation | -13 | -13 | -15 | -15 | -14 | -15 | -17 | -17 |
| EBITA | 44 | 44 | 44 | 48 | 41 | 51 | 58 | 68 |
| Goodwill amortization / writedown | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Reported EBIT | 44 | 44 | 44 | 48 | 41 | 51 | 58 | 68 |
| EBIT margin (%) | 6.2 | 5.9 | 5.8 | 6.1 | 5.1 | 5.9 | 6.3 | 7.1 |
| Net financials | -23 | -22 | -21 | -15 | -6 | -6 | -4 | -3 |
| Pre-tax profit | 21 | 21 | 23 | 33 | 35 | 46 | 54 | 65 |
| Extraordinary items | -1 | -2 | -5 | 2 | -1 | 1 | 0 | 0 |
| Taxes | -5 | -4 | -3 | -7 | -7 | -9 | -11 | -13 |
| Minority shares | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Net profit | 15 | 15 | 15 | 27 | 27 | 37 | 43 | 52 |
| BALANCE SHEET, EURm | | | | | | | | |
| Assets | | | | | | | | |
| Fixed assets | 93 | 93 | 97 | 95 | 94 | 108 | 106 | 104 |
| % of sales | 13 | 13 | 13 | 12 | 12 | 12 | 12 | 11 |
| Goodwill | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 |
| % of sales | 18 | 18 | 17 | 17 | 16 | 15 | 14 | 13 |
| Inventory | 147 | 151 | 160 | 155 | 170 | 191 | 203 | 210 |
| % of sales | 21 | 21 | 21 | 20 | 21 | 22 | 22 | 22 |
| Receivables | 15 | 16 | 16 | 18 | 22 | 22 | 23 | 24 |
| % of sales | 2 | 2 | 2 | 2 | 3 | 3 | 3 | 2 |
| Liquid funds | 47 | 52 | 49 | 58 | 43 | 52 | 55 | 57 |
| % of sales | 7 | 7 | 6 | 7 | 5 | 6 | 6 | 6 |
| Total assets | 435 | 446 | 455 | 459 | 462 | 507 | 521 | 529 |
| Liabilities | | | | | | | | |
| Equity | 16 | 33 | 48 | 167 | 163 | 176 | 193 | 215 |
| % of sales | 2 | 5 | 6 | 21 | 20 | 20 | 21 | 23 |
| Deferred taxes | 5 | 6 | 6 | 5 | 5 | 5 | 5 | 5 |
| % of sales | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Interest bearing debt | 315 | 306 | 294 | 174 | 177 | 202 | 192 | 175 |
| % of sales | 44 | 42 | 39 | 22 | 22 | 23 | 21 | 18 |
| Non-interest bearing current liabilities | 83 | 84 | 91 | 104 | 107 | 113 | 120 | 124 |
| % of sales | 12 | 11 | 12 | 13 | 13 | 13 | 13 | 13 |
| Other interest free debt | 15 | 18 | 16 | 10 | 11 | 11 | 11 | 11 |
| % of sales | 2 | 2 | 2 | 1 | 1 | 1 | 1 | 1 |
| Total liabilities | 435 | 446 | 455 | 459 | 463 | 507 | 521 | 529 |
| CASH FLOW, EURm | | | | | | | | |
| + EBITDA | 57 | 57 | 58 | 63 | 55 | 66 | 75 | 85 |
| - Net financial items | -23 | -22 | -21 | -15 | -6 | -6 | -4 | -3 |
| - Taxes | -4 | -4 | -3 | -7 | -7 | -9 | -11 | -13 |
| - Increase in Net Working Capital | -79 | -3 | -3 | 17 | -14 | -15 | -6 | -4 |
| +/- Other | -1 | -2 | -5 | 2 | -1 | 1 | 0 | 0 |
| = Cash flow from operations | -51 | 26 | 27 | 59 | 27 | 37 | 54 | 65 |
| - Capex | -235 | -13 | -18 | -13 | -13 | -14 | -14 | -15 |
| - Acquisitions | 0 | 0 | 0 | 0 | 0 | -15 | 0 | 0 |
| + Divestments | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| = Net cash flow | -285 | 13 | 8 | 46 | 14 | 8 | 40 | 50 |
| +/- Change in interest-bearing debt | 315 | -9 | -12 | -120 | 3 | 26 | -10 | -18 |
| +/- New issues/buybacks | 1 | 1 | 0 | 91 | -1 | 0 | 0 | 0 |
| - Paid dividend | 0 | 0 | 0 | 0 | -30 | -24 | -26 | -30 |
| +/- Change in loan receivables | 15 | 0 | 0 | -8 | -1 | 0 | 0 | 0 |
| Change in cash | 46 | 5 | -3 | 9 | -15 | 9 | 3 | 2 |

| KEY FIGURES | 2014 | 2015 | 2016 | 2017 | 2018E | 2019E | 2020E |
|--------------------------------------|--------|--------|--------|--------|--------|--------|--------|
| M-cap | 0 | 0 | 500 | 427 | 476 | 476 | 476 |
| Net debt | 254 | 245 | 116 | 134 | 150 | 137 | 117 |
| Enterprise value | 254 | 245 | 616 | 561 | 626 | 613 | 593 |
| Sales | 734 | 755 | 776 | 797 | 869 | 921 | 954 |
| EBITDA | 57 | 58 | 63 | 55 | 66 | 75 | 85 |
| EBIT | 44 | 44 | 48 | 41 | 51 | 58 | 68 |
| Pre-tax | 21 | 23 | 33 | 35 | 46 | 54 | 65 |
| Earnings | 17 | 19 | 26 | 28 | 36 | 43 | 52 |
| Book value | 33 | 48 | 167 | 163 | 176 | 193 | 215 |
| Valuation multiples | | | | | | | |
| EV/sales | 0.3 | 0.3 | 0.8 | 0.7 | 0.7 | 0.7 | 0.6 |
| EV/EBITDA | 4.4 | 4.2 | 9.8 | 10.2 | 9.5 | 8.2 | 7.0 |
| EV/EBITA | 5.8 | 5.6 | 12.9 | 13.8 | 12.2 | 10.5 | 8.7 |
| EV/EBIT | 5.8 | 5.6 | 12.9 | 13.8 | 12.2 | 10.5 | 8.7 |
| EV/operating cash flow | 5.6 | 5.0 | 8.9 | 17.1 | 15.6 | 10.7 | 8.8 |
| EV/cash earnings | 8.1 | 7.2 | 15.3 | 13.3 | 12.3 | 10.2 | 8.6 |
| P/E | 0.0 | 0.0 | 19.5 | 15.2 | 13.1 | 11.0 | 9.1 |
| P/E excl. goodwill | 0.0 | 0.0 | 19.5 | 15.2 | 13.1 | 11.0 | 9.1 |
| P/B | 0.0 | 0.0 | 3.0 | 2.6 | 2.7 | 2.5 | 2.2 |
| P/sales | 0.0 | 0.0 | 0.6 | 0.5 | 0.5 | 0.5 | 0.5 |
| P/CF | 0.0 | 0.0 | 7.2 | 13.0 | 11.8 | 8.3 | 7.0 |
| Target EV/EBIT | 0.0 | 0.0 | 0.0 | 0.0 | 13.2 | 11.5 | 9.5 |
| Target P/E | 0.0 | 0.0 | 0.0 | 0.0 | 14.6 | 12.2 | 10.2 |
| Target P/B | 0.0 | 0.0 | 0.0 | 0.0 | 3.0 | 2.7 | 2.5 |
| Per share measures | | | | | | | |
| Number of shares | 22,274 | 22,274 | 58,869 | 58,869 | 58,869 | 58,869 | 58,869 |
| Number of shares (diluted) | 22,274 | 22,274 | 58,869 | 58,869 | 58,869 | 58,869 | 58,869 |
| EPS | 0.78 | 0.87 | 0.44 | 0.48 | 0.62 | 0.74 | 0.89 |
| EPS excl. goodwill | 0.78 | 0.87 | 0.44 | 0.48 | 0.62 | 0.74 | 0.89 |
| Cash EPS | 1.40 | 1.53 | 0.69 | 0.71 | 0.87 | 1.02 | 1.17 |
| Operating cash flow per share | 2.05 | 2.21 | 1.18 | 0.56 | 0.68 | 0.97 | 1.15 |
| Capital employed per share | 12.87 | 13.14 | 4.80 | 5.04 | 5.54 | 5.60 | 5.64 |
| Book value per share | 1.49 | 2.16 | 2.83 | 2.77 | 2.99 | 3.28 | 3.65 |
| Book value excl. goodwill | -4.28 | -3.61 | 0.65 | 0.58 | 0.81 | 1.09 | 1.46 |
| Dividend per share | 0.00 | 0.00 | 0.51 | 0.41 | 0.45 | 0.51 | 0.62 |
| Dividend payout ratio, % | 0.0 | 0.0 | 116.8 | 86.0 | 72.9 | 70.0 | 70.0 |
| Dividend yield, % | 0.0 | 0.0 | 6.0 | 5.7 | 5.6 | 6.4 | 7.7 |
| Efficiency measures | | | | | | | |
| ROE | 69.6 | 47.5 | 23.9 | 17.0 | 21.4 | 23.5 | 25.6 |
| ROCE | 13.0 | 12.9 | 14.1 | 12.1 | 14.3 | 15.2 | 17.6 |
| Financial ratios | | | | | | | |
| Capex/sales, % | 1.8 | 2.4 | 1.7 | 1.7 | 3.3 | 1.6 | 1.6 |
| Capex/depreciation excl. goodwill, % | 96.9 | 124.1 | 86.0 | 94.4 | 198.6 | 87.4 | 90.1 |
| Net debt/EBITDA, book-weighted | 4.4 | 4.2 | 1.8 | 2.4 | 2.3 | 1.8 | 1.4 |
| Debt/equity, market-weighted | 0.0 | 0.0 | 0.3 | 0.4 | 0.4 | 0.4 | 0.4 |
| Equity ratio, book-weighted | 7.4 | 10.9 | 36.3 | 35.2 | 34.7 | 37.0 | 40.6 |
| Gearing | 7.63 | 5.10 | 0.70 | 0.82 | 0.85 | 0.71 | 0.55 |
| Number of employees, average | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Sales per employee, EUR | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| EBIT per employee, EUR | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

COMPANY DESCRIPTION:

INVESTMENT CASE:

| OWNERSHIP STRUCTURE | SHARES | EURm | % |
|---|------------|---------|-------|
| Takoa Invest | 10,267,688 | 82.963 | 17.4% |
| Keskinäinen Työeläkevakuutusyhtiö Elo | 4,750,000 | 38.380 | 8.1% |
| Keskinäinen työeläkevakuutusyhtiö Varma | 4,343,252 | 35.093 | 7.4% |
| Sijoitusrahasto Nordea Pro Suomi | 2,670,267 | 21.576 | 4.5% |
| OP-Suomi Arvo -sijoitusrahasto | 1,870,606 | 15.114 | 3.2% |
| Keskinäinen Eläkevakuutusyhtiö Ilmarinen | 1,388,574 | 11.220 | 2.4% |
| Fondita Nordic Small Cap -sijoitusrahasto | 863,000 | 6.973 | 1.5% |
| Eläkevakuutusosakeyhtiö Veritas | 810,000 | 6.545 | 1.4% |
| OP-Suomi Pienyhtiöt -sijoitusrahasto | 802,936 | 6.488 | 1.4% |
| Sijoitusrahasto Nordea Nordic Small Cap | 769,128 | 6.215 | 1.3% |
| Ten largest | 28,535,451 | 230.566 | 48% |
| Residual | 30,333,301 | 245.093 | 52% |
| Total | 58,868,752 | 475.660 | 100% |

EARNINGS CALENDAR

OTHER EVENTS

COMPANY MISCELLANEOUS

CEO: Mika Rautiainen

CFO: Markku Pirskanen

IR: Maarit Mikkonen

Tel: +358 300 472 220

DEFINITIONS

| | | | |
|-----------------------|--|------------------------|---|
| P/E | $\frac{\text{Price per share}}{\text{Earnings per share}}$ | EPS | $\frac{\text{Profit before extraordinary items and taxes} - \text{income taxes} + \text{minority interest}}{\text{Number of shares}}$ |
| P/Sales | $\frac{\text{Market cap}}{\text{Sales}}$ | DPS | Dividend for the financial period per share |
| P/BV | $\frac{\text{Price per share}}{\text{Shareholders' equity} + \text{taxed provisions per share}}$ | CEPS | $\frac{\text{Gross cash flow from operations}}{\text{Number of shares}}$ |
| P/CF | $\frac{\text{Price per share}}{\text{Operating cash flow per share}}$ | EV/Share | $\frac{\text{Enterprise value}}{\text{Number of shares}}$ |
| EV (Enterprise value) | Market cap + net debt + minority interest at market value – share of associated companies at market value | Sales/Share | $\frac{\text{Sales}}{\text{Number of shares}}$ |
| Net debt | Interest bearing debt – financial assets | EBITDA/Share | $\frac{\text{Earnings before interest, tax, depreciation and amortisation}}{\text{Number of shares}}$ |
| EV/Sales | $\frac{\text{Enterprise value}}{\text{Sales}}$ | EBIT/Share | $\frac{\text{Operating profit}}{\text{Number of shares}}$ |
| EV/EBITDA | $\frac{\text{Enterprise value}}{\text{Earnings before interest, tax, depreciation and amortisation}}$ | EAFI/Share | $\frac{\text{Pretax profit}}{\text{Number of shares}}$ |
| EV/EBIT | $\frac{\text{Enterprise value}}{\text{Operating profit}}$ | Capital employed/Share | $\frac{\text{Total assets} - \text{non interest bearing debt}}{\text{Number of shares}}$ |
| Div yield, % | $\frac{\text{Dividend per share}}{\text{Price per share}}$ | Total assets | Balance sheet total |
| Payout ratio, % | $\frac{\text{Total dividends}}{\text{Earnings before extraordinary items and taxes} - \text{income taxes} + \text{minority interest}}$ | Interest coverage (x) | $\frac{\text{Operating profit}}{\text{Financial items}}$ |
| Net cash/Share | $\frac{\text{Financial assets} - \text{interest bearing debt}}{\text{Number of shares}}$ | Asset turnover (x) | $\frac{\text{Turnover}}{\text{Balance sheet total (average)}}$ |
| ROA, % | $\frac{\text{Operating profit} + \text{financial income} + \text{extraordinary items}}{\text{Balance sheet total} - \text{interest free short term debt} - \text{long term advances received and accounts payable (average)}}$ | Debt/Equity, % | $\frac{\text{Interest bearing debt}}{\text{Shareholders' equity} + \text{minority interest} + \text{taxed provisions}}$ |
| ROCE, % | $\frac{\text{Profit before extraordinary items} + \text{interest expenses} + \text{other financial costs}}{\text{Balance sheet total} - \text{non interest bearing debt (average)}}$ | Equity ratio, % | $\frac{\text{Shareholders' equity} + \text{minority interest} + \text{taxed provisions}}{\text{Total assets} - \text{interest free loans}}$ |
| ROE, % | $\frac{\text{Profit before extraordinary items and taxes} - \text{income taxes}}{\text{Shareholders' equity} + \text{minority interest} + \text{taxed provisions (average)}}$ | CAGR, % | Cumulative annual growth rate = Average growth per year |

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<https://research.evli.com/JasperAllModels.action?authParam=key:461&authParam=x:G3rNagWrtf7K&authType=3>

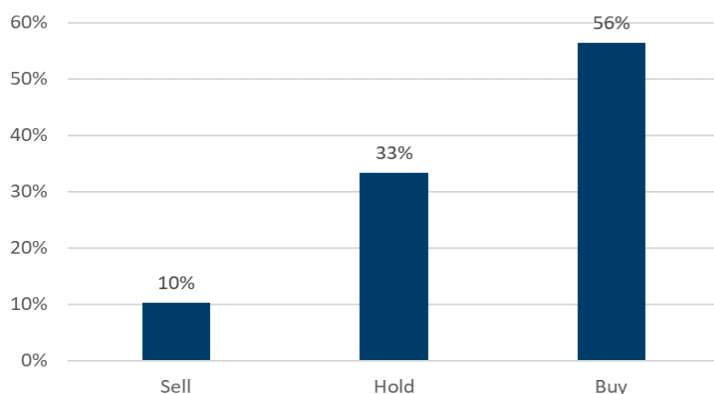
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Investment recommendations are defined as follows:

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

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Name(s) of the analyst(s): Häyhä

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