

## Strong performance continues

Tokmanni's Q3 revenue increased by 9.9% and was EUR 231.5m vs. EUR 231.3m/228.4m Evli/consensus. LFL growth continues to be above our estimates at 4.9% vs. 3.0% our expectation. Tokmanni's adj. EBIT was EUR 21.9m vs. EUR 19.4m/18.7m Evli/cons. Gross margin was 35.4% vs. 35.5%/34.4% Evli/cons. Tokmanni updated its 2019E outlook.

- Q3 revenue grew by 9.9% and was EUR 231.5m vs. EUR 231.3m/228.4m Evli/consensus.
- Q3 adj. gross profit was EUR 82.0m (35.4% margin) vs. EUR 82.1m (35.5%) Evli expectation.
- Q3 adj. EBITDA was EUR 37.2m vs EUR 34.4m/33.9m Evli/consensus
- Q3 adj. EBIT was EUR 21.9m (9.5% margin) vs. EUR 19.4m (8.4%) our expectation and EUR 18.7m (8.2%) consensus.
- Q3 eps was EUR 0.27 vs EUR 0.23/0.22 Evli/consensus
- Revenue was driven by increased customer numbers and customers' average purchases but also due to tax refunds
- Updated 2019E outlook: Tokmanni expects strong revenue growth for 2019, based on the revenue from the new stores acquired and opened in 2018 and new stores to be opened in 2019, as well as on good growth in like-for-like revenue. Group profitability (comparable EBIT margin) is expected to improve on the previous year.

### Rating

 **HOLD**

Tokmanni				
Q3'19	Actual	Evli	Cons.*	Year ago
Net sales	231.5	231.3	228.4	210.7
Gross profit (adj.)	82.0	82.1	na.	72.1
Gross margin (adj.)	35.4 %	35.5 %	34.4 %	34.2 %
EBIT (adj.)	21.9	19.4	18.7	15.5
EBIT margin (adj.)	9.5 %	8.4 %	8.2 %	7.4 %
EPS	0.27	0.23	0.22	0.17

*\*Source: Bloomberg (5-6 est. avg.)*

Share price, EUR (Last trading day's closing price) **10.36**

Target price, EUR **10.2**

Latest change in rating **22-Oct-19**

Latest report on company **22-Oct-19**

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 **610**

Free float, % **100.0**

Exchange rate **1.000**

Reuters code **TOKMAN.HE**

Bloomberg code **TOKMAN FH**

Average daily volume, EURm **na**

Next interim report **-**

Web site **<https://yritys.tokmanni.fi/>**

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 BUY  HOLD  SELL

### PRE-REPORT KEY FIGURES

	Sales EURm	EBIT EURm	EBIT %	FCF EURm	EPS EUR	P/E (x)	EV/Sales (x)	EV/EBIT (x)	FCF yield %	DPS EUR
2017	796.5	40.6	5.1%	13.7	0.48	15.2	0.7	13.8	3.2	0.41
2018	870.4	52.3	6.0%	19.9	0.56	12.8	0.9	15.3	4.7	0.50
2019E	945.9	67.6	7.1%	35.3	0.78	13.3	1.0	14.5	5.8	0.58
2020E	983.9	78.0	7.9%	48.1	0.91	11.4	1.0	12.4	7.9	0.68
2021E	1,013.8	85.3	8.4%	54.6	1.01	10.3	0.9	11.2	9.0	0.71

Market cap, EURm	610	BV per share 2019E, EUR	203.6	CAGR EPS 2018-21, %	21.6
Net debt 2019E, EURm	373	Price/book 2019E	3.3	CAGR sales 2018-21, %	5.2
Enterprise value, EURm	983	Dividend yield 2019E, %	5.6	ROE 2019E, %	26.1
Total assets 2019E, EURm	751	Tax rate 2019E, %	19.7	ROCE 2019E, %	11.4
Goodwill 2019E, EURm	135	Equity ratio 2019E, %	24.4	PEG, P/E 19/CAGR	2.7

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

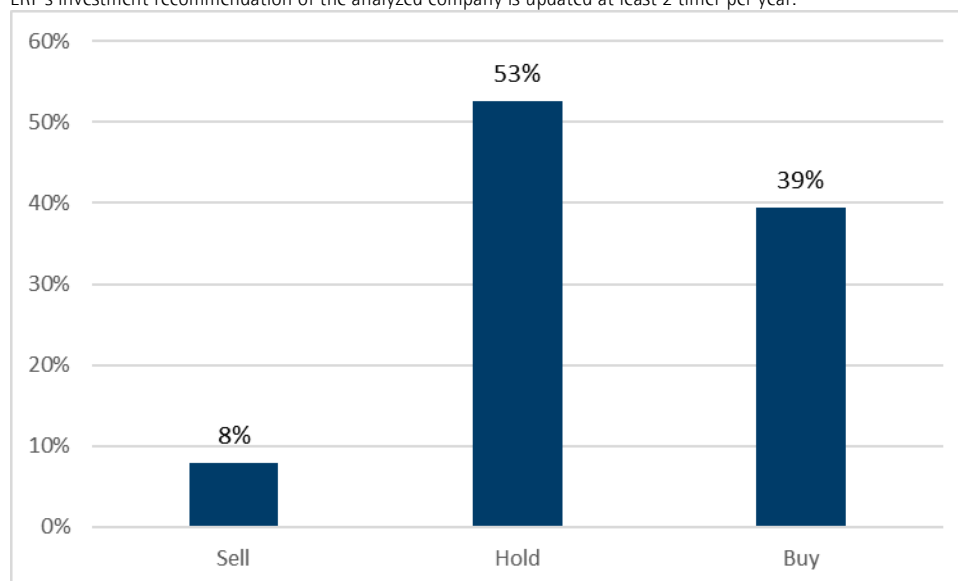
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Investment recommendations are defined as follows:

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

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

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