

## Discount retail reflects the uncertain times

Tokmanni had a successful Q2 as sales grew by 19.2% y/y to EUR 286m. Adj. EBIT amounted to EUR 30.6m (~64% y/y). The good momentum is expected to continue throughout 20E. We keep our rating "BUY" with TP of EUR 18.4 (16.4).

### Benefiting from the lockdown

Tokmanni continued its solid growth in Q2 with sales totaling EUR 286m, growth of 19.2% y/y (LFL growth of 17.5% y/y). This also beat the revenue growth of department store and hypermarket chains (10.7%, FGTA). Revenue was driven by attractive pricing and growth was strong especially in leisure, gardening, home improvement products and food products, reflecting the situation where people are spending more time at home. At the same time, the demand in clothing was weaker. Tokmanni's adj. gross margin was 34.5% (35.2% in Q2'19) vs. our 34.1%. The drop was due to cheaper prices and unusual structure of sales. Adj. EBIT totaled EUR 30.6m vs. EUR 30.9m/28.5m Evli/cons.

### The success story expected to continue in H2E

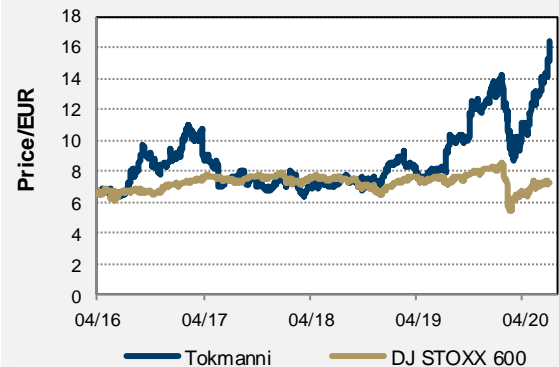
Supported by the broad product assortment, attractive pricing and a wide store network, Tokmanni benefited from the situation where people are spending more time at home. On the other hand, the sales structure has been different compared to the normal conditions and the weaker share of Tokmanni's private labels weighed down adj. gross margin. As the situation is now recovering and people are likely to return back to the offices we expect somewhat normalizing growth in H2E. We expect the sales structure to move closer to normal which supports margin development. The cost control has been successful and this is expected to continue. Tokmanni has also taken precautions to secure its most important season, Christmas (import from China has a key role) and some products are already being shipped to Finland, which is earlier than normally. The company reduced its investments during Q2 but these will continue relatively normally in H2E. Capex in 20E is expected to be EUR ~15m.

### "BUY" with TP of EUR 18.4 (16.4)

Tokmanni expects strong growth in revenue and LFL revenue in 20E. Adj. EBIT margin is expected to increase from 2019. We have further increased our estimates and we expect 20E sales growth of 9.5% y/y (EUR 1034m) and adj. EBIT margin of 8.8% (EUR 90.6m). On our estimates, Tokmanni trades at 20E-21E EV/EBIT multiple of 14.7x and 14.0x, which translates into 22-25% discount compared to the int. discount peers. We keep our rating "BUY" with TP of EUR 18.4 (16.4).

## Rating

BUY



Share price, EUR (Last trading day's closing price) 16.40

Target price, EUR 18.4

Latest change in rating	31-Oct-19
Latest report on company	10-Jul-20
Research paid by issuer:	YES
No. of shares outstanding, '000's	58,862
No. of shares fully diluted, '000's	58,862
Market cap, EURm	965
Free float, %	78.8
Exchange rate	1.000
Reuters code	TOKMAN.HE
Bloomberg code	TOKMAN FH
Average daily volume, EURm	na.
Next interim report	29-Oct-20
Web site	ir.tokmanni.fi/en/investors

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BUY HOLD SELL

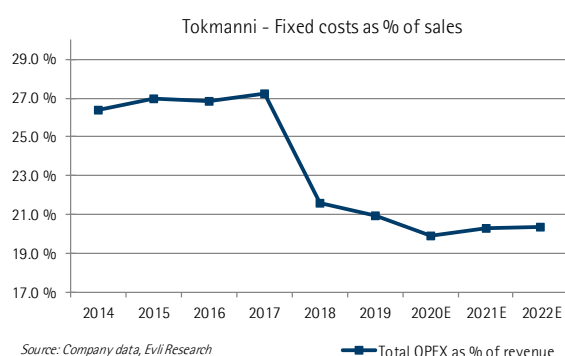
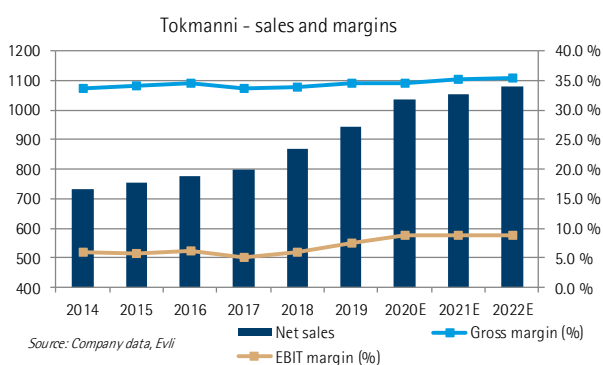
## KEY FIGURES

	Sales EURm	EBIT EURm	EBIT %	FCF EURm	EPS EUR	P/E (x)	EV/Sales (x)	EV/EBIT (x)	FCF yield %	DPS EUR
2018	870.4	52.0	6.0%	10.1	0.56	12.9	0.9	15.4	2.4	0.50
2019	944.3	70.4	7.5%	28.3	0.82	15.4	1.2	16.0	3.8	0.62
2020E	1,034.1	90.6	8.8%	53.8	1.10	15.0	1.3	14.7	5.6	0.76
2021E	1,050.8	92.9	8.8%	72.5	1.12	14.7	1.2	14.0	7.5	0.78
2022E	1,079.7	96.3	8.9%	65.5	1.16	14.2	1.2	13.3	6.8	0.81
Market cap, EURm	965			Gearing 2020E, %	171.1		CAGR EPS 2019-22, %		12.2	
Net debt 2020E, EURm	363			Price/book 2020E	4.6		CAGR sales 2019-22, %		4.6	
Enterprise value, EURm	1,328			Dividend yield 2020E, %	4.7		ROE 2020E, %		32.5	
Total assets 2020E, EURm	771			Tax rate 2020E, %	19.8		ROCE 2020E, %		15.0	
Goodwill 2020E, EURm	135			Equity ratio 2020E, %	27.5		PEG, P/E 20/CAGR		5.6	

Estimates

Tokmanni	2013	2014	2015	2016	2017	2018	2019	2020E	2021E	2022E
<b>Net sales</b>	<b>712.8</b>	<b>734.3</b>	<b>755.3</b>	<b>775.8</b>	<b>796.5</b>	<b>870.5</b>	<b>944.3</b>	<b>1034.1</b>	<b>1050.8</b>	<b>1079.7</b>
<i>Growth-%</i>	<i>3.3 %</i>	<i>3.0 %</i>	<i>2.9 %</i>	<i>2.7 %</i>	<i>2.7 %</i>	<i>9.3 %</i>	<i>8.5 %</i>	<i>9.5 %</i>	<i>1.6 %</i>	<i>2.7 %</i>
Materials and services (adj.)	-474.6	-486.8	-497.2	-507.9	-528.4	-575.2	-619.1	-677.8	-681.8	-698.0
<i>Growth-%</i>	-	<i>2.6 %</i>	<i>2.1 %</i>	<i>2.2 %</i>	<i>4.0 %</i>	<i>8.9 %</i>	<i>7.6 %</i>	<i>9.5 %</i>	<i>0.6 %</i>	<i>2.4 %</i>
<i>% of sales</i>	<i>66.6 %</i>	<i>66.3 %</i>	<i>65.8 %</i>	<i>65.5 %</i>	<i>66.3 %</i>	<i>66.1 %</i>	<i>65.6 %</i>	<i>65.5 %</i>	<i>64.9 %</i>	<i>64.7 %</i>
<b>Gross profit (adj.)</b>	<b>238.2</b>	<b>247.5</b>	<b>258.1</b>	<b>267.9</b>	<b>268.1</b>	<b>295.0</b>	<b>325.2</b>	<b>356.4</b>	<b>369.0</b>	<b>381.6</b>
<i>Gross margin (%)</i>	<i>33.4 %</i>	<i>33.7 %</i>	<i>34.2 %</i>	<i>34.5 %</i>	<i>33.7 %</i>	<i>33.9 %</i>	<i>34.4 %</i>	<i>34.5 %</i>	<i>35.1 %</i>	<i>35.3 %</i>
<b>Fixed costs (adj.)</b>	<b>-185.1</b>	<b>-193.9</b>	<b>-203.7</b>	<b>-208.5</b>	<b>-217.0</b>	<b>-189.5</b>	<b>-197.9</b>	<b>-205.7</b>	<b>-213.2</b>	<b>-219.6</b>
<i>Growth-%</i>	-	<i>4.8 %</i>	<i>5.0 %</i>	<i>2.4 %</i>	<i>4.1 %</i>	<i>-12.7 %</i>	<i>4.4 %</i>	<i>4.0 %</i>	<i>3.6 %</i>	<i>3.0 %</i>
<i>% of sales</i>	<i>26.0 %</i>	<i>26.4 %</i>	<i>27.0 %</i>	<i>26.9 %</i>	<i>27.2 %</i>	<i>21.8 %</i>	<i>21.0 %</i>	<i>19.9 %</i>	<i>20.3 %</i>	<i>20.3 %</i>
Other income	3.5	3.6	4.0	3.4	3.8	4.1	4.3	4.3	4.3	4.3
Share of profits in associated comp.	0.0	0.0	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	-57.5	-61.2	-64.4	-67.2	-70.0
<b>EBITDA (adj.)</b>	<b>56.7</b>	<b>57.1</b>	<b>58.4</b>	<b>62.8</b>	<b>54.9</b>	<b>109.5</b>	<b>131.6</b>	<b>155.0</b>	<b>160.1</b>	<b>166.3</b>
<i>EBITDA margin (%)</i>	<i>8.0 %</i>	<i>7.8 %</i>	<i>7.7 %</i>	<i>8.1 %</i>	<i>6.9 %</i>	<i>12.6 %</i>	<i>13.9 %</i>	<i>15.0 %</i>	<i>15.2 %</i>	<i>15.4 %</i>
<b>EBIT (adj.)</b>	<b>44.1</b>	<b>43.6</b>	<b>43.6</b>	<b>47.7</b>	<b>40.6</b>	<b>52.0</b>	<b>70.4</b>	<b>90.6</b>	<b>92.9</b>	<b>96.3</b>
<i>EBIT margin (%)</i>	<i>6.2 %</i>	<i>5.9 %</i>	<i>5.8 %</i>	<i>6.1 %</i>	<i>5.1 %</i>	<i>6.0 %</i>	<i>7.5 %</i>	<i>8.8 %</i>	<i>8.8 %</i>	<i>8.9 %</i>
NRIs in reported gross profit	0.0	1.1	-0.6	0.5	-0.9	0.2	-0.1	-0.1	0.0	0.0
NRIs in reported fixed costs	-1.1	-1.8	-4.0	1.0	-0.8	1.4	-1.0	-0.6	0.0	0.0
<b>EBIT (reported)</b>	<b>43.0</b>	<b>43.0</b>	<b>39.0</b>	<b>49.2</b>	<b>38.9</b>	<b>53.6</b>	<b>69.4</b>	<b>89.9</b>	<b>92.9</b>	<b>96.3</b>
<i>EBIT margin (%)</i>	<i>6.0 %</i>	<i>5.9 %</i>	<i>5.2 %</i>	<i>6.3 %</i>	<i>4.9 %</i>	<i>6.2 %</i>	<i>7.3 %</i>	<i>8.7 %</i>	<i>8.8 %</i>	<i>8.9 %</i>
Net financials	-23.0	-22.2	-20.9	-15.3	-5.9	-10.5	-10.4	-10.2	-10.8	-11.3
<b>Profit before taxes (reported)</b>	<b>20.1</b>	<b>20.8</b>	<b>18.1</b>	<b>33.9</b>	<b>33.0</b>	<b>43.1</b>	<b>59.0</b>	<b>79.7</b>	<b>82.1</b>	<b>85.0</b>
Taxes	-4.8	-4.2	-3.4	-6.8	-6.6	-8.9	-11.8	-15.9	-16.4	-17.0
<i>Tax rate (%)</i>	<i>23.9 %</i>	<i>20.1 %</i>	<i>18.8 %</i>	<i>20.1 %</i>	<i>20.0 %</i>	<i>20.7 %</i>	<i>20.0 %</i>	<i>20.0 %</i>	<i>20.0 %</i>	<i>20.0 %</i>
Minorities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Net income (reported)</b>	<b>15.3</b>	<b>16.6</b>	<b>14.7</b>	<b>27.1</b>	<b>26.4</b>	<b>34.1</b>	<b>47.2</b>	<b>63.7</b>	<b>65.7</b>	<b>68.0</b>
Average number of shares (million)	58.9	58.9	58.9	58.9	58.9	58.9	58.9	58.9	58.9	58.9
<b>EPS (reported)</b>	<b>0.26</b>	<b>0.28</b>	<b>0.25</b>	<b>0.46</b>	<b>0.45</b>	<b>0.58</b>	<b>0.80</b>	<b>1.09</b>	<b>1.12</b>	<b>1.16</b>
<b>Dividend and capital return</b>	-	-	-	<b>0.51</b>	<b>0.41</b>	<b>0.50</b>	<b>0.62</b>	<b>0.76</b>	<b>0.78</b>	<b>0.81</b>
<i>Payout ratio (%)</i>	-	-	-	<i>111 %</i>	<i>92 %</i>	<i>86 %</i>	<i>77 %</i>	<i>70 %</i>	<i>70 %</i>	<i>70 %</i>

Source: Tokmanni, Evli Research





## INTERIM FIGURES

EVLI ESTIMATES, EURm	2019Q1	2019Q2	2019Q3	2019Q4	2019	2020Q1	2020Q2	2020Q3E	2020Q4E	2020E	2021E	2022E
Net sales	188.1	239.9	231.5	284.8	944.3	199.0	286.0	252.5	296.6	1,034.1	1,050.8	1,079.7
EBITDA	12.8	34.0	37.2	47.6	131.6	16.3	46.7	41.9	50.0	155.0	160.1	166.4
<i>EBITDA margin (%)</i>	<i>6.8</i>	<i>14.2</i>	<i>16.1</i>	<i>16.7</i>	<i>13.9</i>	<i>8.2</i>	<i>16.3</i>	<i>16.6</i>	<i>16.9</i>	<i>15.0</i>	<i>15.2</i>	<i>15.4</i>
EBIT	-2.2	18.7	21.9	32.0	70.4	0.3	30.6	25.8	33.8	90.6	92.9	96.3
<i>EBIT margin (%)</i>	<i>-1.2</i>	<i>7.8</i>	<i>9.5</i>	<i>11.2</i>	<i>7.5</i>	<i>0.2</i>	<i>10.7</i>	<i>10.2</i>	<i>11.4</i>	<i>8.8</i>	<i>8.8</i>	<i>8.9</i>
Net financial items	-2.6	-2.6	-2.6	-2.6	-10.4	-2.5	-2.5	-2.6	-2.6	-10.2	-10.8	-11.3
Pre-tax profit	-4.8	16.1	19.3	29.4	60.0	-2.2	28.1	23.2	31.2	80.4	82.1	85.0
Tax	1.0	-3.1	-4.0	-5.7	-11.8	0.6	-5.6	-4.6	-6.2	-15.9	-16.4	-17.0
<i>Tax rate (%)</i>	<i>20.8</i>	<i>19.3</i>	<i>20.7</i>	<i>19.4</i>	<i>19.7</i>	<i>27.3</i>	<i>19.9</i>	<i>20.0</i>	<i>20.0</i>	<i>19.8</i>	<i>20.0</i>	<i>20.0</i>
Net profit	-3.8	13.0	15.3	23.7	48.2	-1.6	22.5	18.6	25.0	64.5	65.7	68.0
EPS	-0.06	0.22	0.26	0.40	0.82	-0.03	0.38	0.32	0.42	1.10	1.12	1.16
EPS adjusted (diluted no. of shares)	-0.06	0.22	0.26	0.40	0.82	-0.03	0.38	0.32	0.42	1.10	1.12	1.16
Dividend per share	0.00	0.00	0.00	0.00	0.62	0.00	0.00	0.00	0.00	0.76	0.78	0.81
<b>SALES, EURm</b>												
Group	188.1	239.9	231.5	284.8	944.3	199.0	286.0	252.5	296.6	1,034.1	1,050.8	1,079.7
Total	188.1	239.9	231.5	284.8	944.3	199.0	286.0	252.5	296.6	1,034.1	1,050.8	1,079.7
<b>SALES GROWTH, Y/Y %</b>												
Group	8.3	10.2	9.9	6.1	8.5	5.8	19.2	9.1	4.1	9.5	1.6	2.7
Total	8.3	10.2	9.9	6.1	8.5	5.8	19.2	9.1	4.1	9.5	1.6	2.7
<b>EBIT, EURm</b>												
Group	-2.2	18.7	21.9	32.0	70.4	0.3	30.6	25.8	33.8	90.6	92.9	96.3
Total	-2.2	18.7	21.9	32.0	70.4	0.3	30.6	25.8	33.8	90.6	92.9	96.3
<b>EBIT margin, %</b>												
Group	-1.2	7.8	9.5	11.2	7.5	0.2	10.7	10.2	11.4	8.8	8.8	8.9
Total	-1.2	7.8	9.5	11.2	7.5	0.2	10.7	10.2	11.4	8.8	8.8	8.9

INCOME STATEMENT, EURm	2015	2016	2017	2018	2019	2020E	2021E	2022E
Sales	755.3	775.8	796.5	870.4	944.3	1,034.1	1,050.8	1,079.7
<i>Sales growth (%)</i>	2.9	2.7	2.7	9.3	8.5	9.5	1.6	2.7
EBITDA	58.4	62.8	54.9	109.3	131.6	155.0	160.1	166.4
<i>EBITDA margin (%)</i>	7.7	8.1	6.9	12.6	13.9	15.0	15.2	15.4
Depreciation	-14.8	-15.1	-14.3	-57.3	-61.2	-64.4	-67.2	-70.0
EBITA	43.6	47.7	40.6	52.0	70.4	90.6	92.9	96.3
Goodwill amortization / writedown	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	43.6	47.7	40.6	52.0	70.4	90.6	92.9	96.3
<i>EBIT margin (%)</i>	5.8	6.1	5.1	6.0	7.5	8.8	8.8	8.9
Reported EBIT	39.0	49.2	39.8	53.6	69.4	90.0	92.9	96.3
<i>EBIT margin (reported) (%)</i>	5.2	6.3	5.0	6.2	7.4	8.7	8.8	8.9
Net financials	-20.9	-15.2	-5.9	-10.6	-10.4	-10.2	-10.8	-11.3
Pre-tax profit	22.7	32.5	34.7	41.4	60.0	80.4	82.1	85.0
Taxes	-3.4	-6.8	-6.6	-8.6	-11.8	-15.9	-16.4	-17.0
Minority shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net profit	14.7	27.2	27.3	34.4	47.2	63.9	65.7	68.0
Cash NRIs	-4.6	1.5	-0.8	1.6	-1.0	-0.6	0.0	0.0
Non-cash NRIs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>BALANCE SHEET, EURm</b>								
<b>Assets</b>								
Fixed assets	97	95	94	95	44	42	41	39
Goodwill	129	129	129	135	135	135	135	135
Right of use assets	0	0	0	234	279	289	292	292
Inventory	160	155	170	191	223	238	231	238
Receivables	16	18	22	22	19	25	25	26
Liquid funds	49	58	43	38	29	41	42	43
Total assets	455	459	462	721	731	771	767	775
<b>Liabilities</b>								
Shareholder's equity	48	167	163	167	185	212	233	255
Minority interest	0	0	0	0	0	0	0	0
Convertibles	0	0	0	0	0	0	0	0
Lease liabilities	0	0	0	244	310	289	292	292
Deferred taxes	6	5	5	6	0	0	0	0
Interest bearing debt	294	174	177	173	100	116	86	67
Non-interest bearing current liabilities	91	104	107	123	127	145	147	151
Other interest-free debt	16	10	11	10	10	10	10	10
Total liabilities	455	459	463	721	731	771	767	775
<b>CASH FLOW, EURm</b>								
+ EBITDA	58	63	55	109	132	155	160	166
- Net financial items	-21	-15	-6	-11	-10	-10	-11	-11
- Taxes	-3	-4	-8	-7	-12	-16	-16	-17
- Increase in Net Working Capital	-3	15	-13	-5	-24	-3	9	-3
+/- Other	-5	4	0	-42	-1	-1	0	0
= Cash flow from operations	27	63	27	45	84	125	141	135
- Capex	-18	-10	-12	-20	-56	-71	-69	-70
- Acquisitions	0	0	0	-15	0	0	0	0
+ Divestments	0	0	0	0	0	0	0	0
= Free cash flow	8	53	15	10	28	54	72	66
+/- New issues/buybacks	0	91	-1	-6	0	0	0	0
- Paid dividend	0	0	-30	-24	-29	-36	-45	-46
+/- Other	-12	-135	0	16	-8	-5	-27	-18
Change in cash	-4	9	-15	-5	-9	12	1	1

KEY FIGURES	2016	2017	2018	2019	2020E	2021E	2022E
M-cap	500	427	423	743	965	965	965
Net debt (excl. convertibles)	116	134	379	380	363	335	316
Enterprise value	616	561	801	1,123	1,328	1,301	1,281
Sales	776	797	870	944	1,034	1,051	1,080
EBITDA	63	55	109	132	155	160	166
EBIT	48	41	52	70	91	93	96
Pre-tax	33	35	41	60	80	82	85
Earnings	26	28	33	48	64	66	68
Equity book value (excl. minorities)	167	163	167	185	212	233	255
<b>Valuation multiples</b>							
EV/sales	0.8	0.7	0.9	1.2	1.3	1.2	1.2
EV/EBITDA	9.8	10.2	7.3	8.5	8.6	8.1	7.7
EV/EBITA	12.9	13.8	15.4	16.0	14.7	14.0	13.3
EV/EBIT	12.9	13.8	15.4	16.0	14.7	14.0	13.3
EV/OCF	9.9	20.7	17.8	13.3	10.6	9.2	9.5
EV/FCFF	9.3	24.4	24.1	8.8	11.2	9.8	10.1
P/FCFE	9.5	27.7	41.8	26.3	17.9	13.3	14.7
P/E	19.5	15.2	12.9	15.4	15.0	14.7	14.2
P/B	3.0	2.6	2.5	4.0	4.6	4.1	3.8
Target EV/EBITDA	0.0	0.0	0.0	0.0	9.3	8.9	8.4
Target EV/EBIT	0.0	0.0	0.0	0.0	16.0	15.3	14.5
Target EV/FCF	0.0	0.0	0.0	0.0	26.9	19.6	21.3
Target P/B	0.0	0.0	0.0	0.0	5.1	4.7	4.3
Target P/E	0.0	0.0	0.0	0.0	16.8	16.5	15.9
<b>Per share measures</b>							
Number of shares	58,869	58,869	58,869	58,869	58,862	58,862	58,862
Number of shares (diluted)	58,869	58,869	58,869	58,869	58,862	58,862	58,862
EPS	0.44	0.48	0.56	0.82	1.10	1.12	1.16
Operating cash flow per share	1.06	0.46	0.76	1.43	2.13	2.40	2.29
Free cash flow per share	0.89	0.26	0.17	0.48	0.91	1.23	1.11
Book value per share	2.83	2.77	2.83	3.14	3.60	3.95	4.33
Dividend per share	0.51	0.41	0.50	0.62	0.76	0.78	0.81
Dividend payout ratio, %	116.8	86.0	89.7	75.8	69.9	70.0	70.0
Dividend yield, %	6.0	5.7	7.0	4.9	4.7	4.8	4.9
FCF yield, %	10.5	3.6	2.4	3.8	5.6	7.5	6.8
<b>Efficiency measures</b>							
ROE	23.9	17.0	19.9	27.4	32.5	29.5	27.9
ROCE	14.1	12.1	11.3	12.0	15.0	15.2	15.7
<b>Financial ratios</b>							
Inventories as % of sales	20.0	21.4	21.9	23.6	23.0	22.0	22.0
Receivables as % of sales	2.3	2.8	2.5	2.0	2.4	2.4	2.4
Non-interest bearing liabilities as % of sales	13.3	13.5	14.1	13.4	14.0	14.0	14.0
NWC/sales, %	8.7	10.3	10.0	11.7	11.0	10.0	10.0
Operative CAPEX/sales, %	1.3	1.5	2.3	5.9	6.9	6.6	6.4
CAPEX/sales (incl. acquisitions), %	1.3	1.5	0.6	5.9	6.9	6.6	6.4
FCFF/EBITDA	1.1	0.4	0.3	1.0	0.8	0.8	0.8
Net debt/EBITDA, book-weighted	1.8	2.4	3.5	2.9	2.3	2.1	1.9
Debt/equity, market-weighted	0.3	0.4	0.4	0.1	0.1	0.1	0.1
Equity ratio, book-weighted	36.3	35.2	23.1	25.3	27.5	30.3	32.9
Gearing, %	69.6	82.3	227.0	205.8	171.1	144.1	124.0

**COMPANY DESCRIPTION:** Tokmanni is the largest and only nationwide general discount retail chain in Finland with approximately 190 stores across the country. The company operates under one brand and has a wide range of low-priced products for example for home renovation and cleaning, dressing and leisure, as well as interior decoration and gardening. Tokmanni offers a selection of international brands, the company's own private label products and non-branded products.

**INVESTMENT CASE:** Based on a healthy demand for Tokmanni's value proposition in the Finnish market, Tokmanni's growth is based on store network expansion and like-for-like growth, resulting in faster than market growth. Profitability drivers include increasing share of private labels, improved sourcing, and cost efficiency improvements.

OWNERSHIP STRUCTURE	SHARES	EURm	%
Takoa Invest	10,544,688	172.933	17.9%
Keskinäinen työeläkevakuutusyhtiö Varma	3,150,526	51.669	5.4%
Keskinäinen työeläkevakuutusyhtiö Elo	2,486,997	40.787	4.2%
Keskinäinen Eläkevakuutusyhtiö Ilmarinen	1,732,539	28.414	2.9%
OP-Suomi Arvo -sijoitusrahasto	1,223,910	20.072	2.1%
Eläkevakuutusosakeyhtiö Veritas	690,000	11.316	1.2%
Sijoitusrahasto Evli Suomi Pienyhtiöt	668,746	10.967	1.1%
Säästöpankki Kotimaa-sijoitusrahasto	636,527	10.439	1.1%
Nordea Fennia Fund	517,851	8.493	0.9%
Kirkon Eläkerahasto	496,973	8.150	0.8%
Ten largest	22,148,757	363.240	38%
Residual	36,713,710	602.105	62%
Total	58,862,467	965.344	100%

**EARNINGS CALENDAR**

October 29, 2020

Q3 report

**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	$\frac{\text{Profit before extraord. items and taxes} - \text{income taxes} + \text{minority interest}}{\text{Number of shares}}$
P/BV	$\frac{\text{Price per share}}{\text{Shareholders' equity} + \text{taxed provisions per share}}$	DPS	Dividend for the financial period per share
Market cap	Price per share * Number of shares	OCF (Operating cash flow)	EBITDA – Net financial items – Taxes – Increase in working capital – Cash NRIs ± Other adjustments
EV (Enterprise value)	Market cap + net debt + minority interest at market value – share of associated companies at market value	FCF (Free cash flow)	Operating cash flow – operative CAPEX – acquisitions + divestments
EV/Sales	$\frac{\text{Enterprise value}}{\text{Sales}}$	FCF yield, %	$\frac{\text{Free cash flow}}{\text{Market cap}}$
EV/EBITDA	$\frac{\text{Enterprise value}}{\text{Earnings before interest, tax, depreciation and amortization}}$	Operative CAPEX/sales	$\frac{\text{Capital expenditure} - \text{divestments} - \text{acquisitions}}{\text{Sales}}$
EV/EBIT	$\frac{\text{Enterprise value}}{\text{Operating profit}}$	Net working capital	Current assets – current liabilities
Net debt	Interest bearing debt – financial assets	Capital employed/Share	$\frac{\text{Total assets} - \text{non-interest bearing debt}}{\text{Number of shares}}$
Total assets	Balance sheet total	Gearing	$\frac{\text{Net debt}}{\text{Equity}}$
Div yield, %	$\frac{\text{Dividend per share}}{\text{Price per share}}$	Debt/Equity, %	$\frac{\text{Interest bearing debt}}{\text{Shareholders' equity} + \text{minority interest} + \text{taxed provisions}}$
Payout ratio, %	$\frac{\text{Total dividends}}{\text{Earnings before extraordinary items and taxes} - \text{income taxes} + \text{minority interest}}$	Equity ratio, %	$\frac{\text{Shareholders' equity} + \text{minority interest} + \text{taxed provisions}}{\text{Total assets} - \text{interest-free loans}}$
ROCE, %	$\frac{\text{Profit before extraordinary items} + \text{interest expenses} + \text{other financial costs}}{\text{Balance sheet total} - \text{non-interest bearing debt (average)}}$	CAGR, %	Cumulative annual growth rate = Average growth per year
ROE, %	$\frac{\text{Profit before extraordinary items and taxes} - \text{income taxes}}{\text{Shareholder's equity} + \text{minority interest} + \text{taxed provisions (average)}}$		



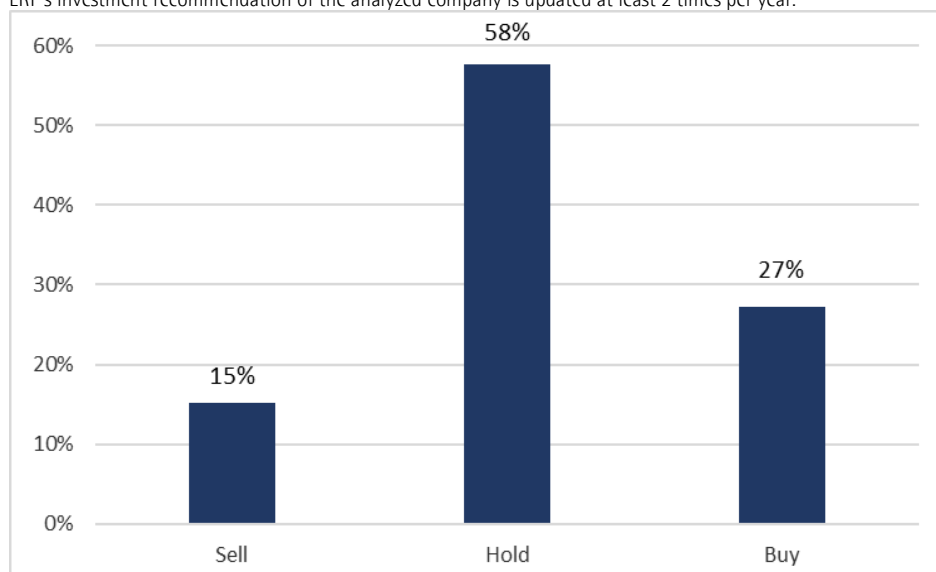
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Investment recommendations are defined as follows:

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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