

Upgraded to "BUY"

Tokmanni's Q3 sales were in line with our expectation and the company was able to deliver strong earnings. The outlook for future earnings development looks positive. We have increased our estimates for 20E-21E. We upgrade to "BUY" with TP of EUR 13.5 (prev. EUR 10.2).

Solid Q3 performance

Tokmanni's upswing continued in Q3 as the company beat the already high Q3 expectations. Sales grew by 9.9% (of which LFL growth of 4.9% vs. our 3.0%) to EUR 231.5m vs. EUR 231.3/228.4m Evli/consensus. Tokmanni's adj. gross profit was EUR 82.0m (35.4%) vs. EUR 82.1m (35.5%) our view. Gross margin improvement was driven by the structure of sales, private labels and increased direct import. Improved profit margin and lower relative share of costs reflected to the company's operating result as Tokmanni's adj. EBIT increased to EUR 21.9m vs. EUR 19.4m/18.7m Evli/consensus.

Positive earnings outlook – estimates upgraded

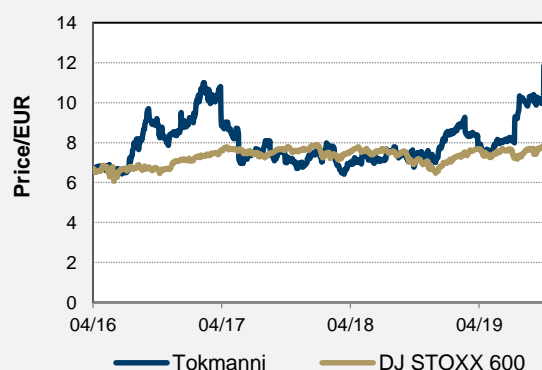
We expect 2019E revenue to grow by 8.8% to EUR 947m and EBIT to improve to EUR 71m resulting in EBIT margin of 7.5% (2018: 6.0%). In our view, Tokmanni has succeeded in appealing more customers by wide selection of products and low prices and the actions taken towards improved profitability are working, creating positive outlook for the earnings development also in the future. We have increased our 2020E-2021E revenue expectation by 0.5%-1% adj. EBIT expectation by 3-4%. We expect 2020E-2021E LFL growth of 1.5% and EBIT margins of 8.2% and 8.6%.

Upgraded to "BUY" with TP of EUR 13.5 (prev. EUR 10.2)

Tokmanni's EBIT margin levels in 19E-20E are at the same level with the company's international discount peers. On our estimates, Tokmanni trades at 19E-20E EV/EBIT multiple of 15.0x and 13.1x which translates into 16-25% discount compared to the international discount peers and to ~10% premium compared to the Nordic peers. The company also offers attractive dividend yield (~6%) in 19E-20E. Based on our estimates increase, we upgrade to "BUY" with TP of EUR 13.5 (prev. EUR 10.2).

Rating

BUY



Share price, EUR (Last trading day's closing price) 11.84

Target price, EUR 13.5

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 697

Free float, % 100.0

Exchange rate 1.000

Reuters code TOKMAN.HE

Bloomberg code TOKMAN FH

Average daily volume, EURm na.

Next interim report 07-Feb-20

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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
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	947.2	71.1	7.5%	36.6	0.82	14.4	1.1	15.0	5.3	0.62
2020E	988.5	80.8	8.2%	49.4	0.94	12.6	1.1	13.1	7.1	0.71
2021E	1,023.6	88.3	8.6%	56.3	1.05	11.3	1.0	11.8	8.1	0.73
Market cap, EURm	697			Gearing 2019E, %	199.9		CAGR EPS 2018-21, %		23.1	
Net debt 2019E, EURm	372			Price/book 2019E	3.8		CAGR sales 2018-21, %		5.6	
Enterprise value, EURm	1,069			Dividend yield 2019E, %	5.3		ROE 2019E, %		27.5	
Total assets 2019E, EURm	753			Tax rate 2019E, %	20.0		ROCE 2019E, %		12.0	
Goodwill 2019E, EURm	135			Equity ratio 2019E, %	24.7		PEG, P/E 19/CAGR		4.5	

Solid Q3 performance

Tokmanni's upswing continued in Q3 as the company beat the already high Q3 expectations. Sales grew by 9.9% (of which LFL growth of 4.9% vs. our 3.0%) to EUR 231.5m vs. EUR 231.3/228.4m Evli/consensus. Sales were supported by increased number of customer visits and higher average purchases but also by tax refunds. Tokmanni's adj. gross profit was EUR 82.0m (35.4%) vs. EUR 82.1m (35.5%) our view. Gross margin improvement was driven by the structure of sales, private labels and increased direct import. Improved profit margin and lower relative share of costs reflected to the company's operating result as Tokmanni's adj. EBIT increased to EUR 21.9m vs. EUR 19.4m/18.7m Evli/consensus.

Positive earnings outlook – estimates upgraded

Tokmanni updated its 2019E outlook for revenue and 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 LFL revenue (prev. Tokmanni expects good 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 slight growth in LFL revenue.). The company reiterated its guidance for profitability and expects comparable EBIT margin to improve from the previous year. We expect 2019E revenue to grow by 8.8% to EUR 947m and EBIT to improve to EUR 71m (prev. estimate of EUR 68m) resulting in EBIT margin of 7.5% (2018: 6.0%). In our view, Tokmanni has succeeded in appealing more customers by wide selection of products and low prices and the actions taken towards improved profitability are working, creating positive outlook for the earnings development also in the future. The company's long-term comparable EBIT margin target is about 9% which we believe to be achievable. We have increased our 2020E-2021E revenue expectation by 0.5%-1% and adj. EBIT expectation by 3-4%. We expect 2020E-2021E LFL growth of 1.5% and EBIT margins of 8.2% and 8.6 %.

Seasonally strong final quarter ahead

Tokmanni will open two new stores during Q4'19 in Vääksy and Virrat, which will increase the store network to 191 stores (Tokmanni targets to increase its store network to above 200 stores). The new store openings as well as Christmas sales should support the sales growth in the last quarter of the year, which is normally the strongest quarter of the year for Tokmanni. The company indicated that many of the "easy" ways of improving profitability have already been used but the company continues to take actions towards improved operational efficiency for example by continuing profitability improvements of its supply chain. Margin expansion is also supported by increasing the share of direct import and private labels (the current private label's share of sales is 31.8%).

Upgraded to "BUY" with TP of EUR 13.5 (10.2)

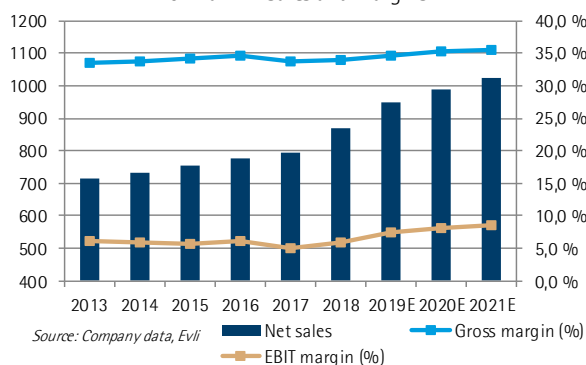
Tokmanni's EBIT margin levels in 19E-20E are at the same level with the company's international discount peers. We see that Tokmanni is able to achieve and maintain higher margins than the Nordic peers, which justifies higher multiples similar to our international discount peer group median. On our estimates, Tokmanni trades at 19E-20E EV/EBIT multiple of 15.0x and 13.1x which translates into 16-25% discount compared to the international discount peers and to ~10% premium compared to the Nordic peers. Our target price translates into EV/EBIT of 16.4x and 14.3x on our 19E and 20E estimates, which still are below the EV/EBIT multiples of Tokmanni's international discount peers. The company also offers attractive dividend yield (~6%) in 19E-20E. Based on our estimates increase, we upgrade to "BUY" with TP of EUR 13.5 (prev. EUR 10.2).

Estimates

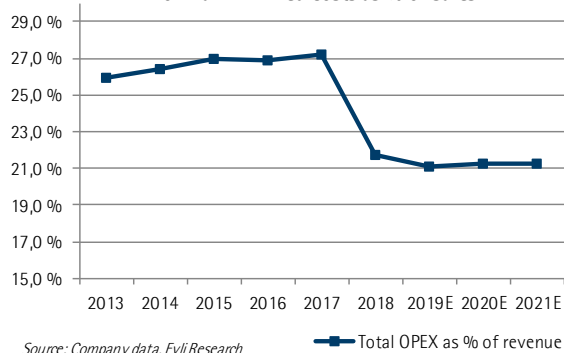
Tokmanni	2013	2014	2015	2016	2017	2018	2019E	2020E	2021E
Net sales	712.8	734.3	755.3	775.8	796.5	870.5	947.2	988.5	1023.6
<i>Growth-%</i>	<i>3.3 %</i>	<i>3.0 %</i>	<i>2.9 %</i>	<i>2.7 %</i>	<i>2.7 %</i>	<i>9.3 %</i>	<i>8.8 %</i>	<i>4.4 %</i>	<i>3.5 %</i>
Materials and services (adj.)	-474.6	-486.8	-497.2	-507.9	-528.4	-575.2	-620.0	-640.6	-660.2
<i>Growth-%</i>	-	<i>2.6 %</i>	<i>2.1 %</i>	<i>2.2 %</i>	<i>4.0 %</i>	<i>8.9 %</i>	<i>7.8 %</i>	<i>3.3 %</i>	<i>3.1 %</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>65.5 %</i>	<i>64.8 %</i>	<i>64.5 %</i>
Gross profit (adj.)	238.2	247.5	258.1	267.9	268.1	295.3	327.2	348.0	363.4
<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>34.5 %</i>	<i>35.2 %</i>	<i>35.5 %</i>
Fixed costs (adj.)	-185.1	-193.9	-203.7	-208.5	-217.0	-189.5	-199.7	-210.2	-217.7
<i>Growth-%</i>	-	<i>4.8 %</i>	<i>5.0 %</i>	<i>2.4 %</i>	<i>4.1 %</i>	<i>-12.7 %</i>	<i>5.4 %</i>	<i>5.3 %</i>	<i>3.5 %</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>21.1 %</i>	<i>21.3 %</i>	<i>21.3 %</i>
Other income	3.5	3.6	4.0	3.4	3.8	4.1	4.1	4.1	4.1
Share of profits in associated comp.	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	-60.6	-61.1	-61.5
EBITDA (adj.)	56.7	57.1	58.4	62.8	54.9	109.9	131.7	141.8	149.8
<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>14.3 %</i>	<i>14.6 %</i>
EBIT (adj.)	44.1	43.6	43.6	47.7	40.6	52.4	71.1	80.8	88.3
<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>8.2 %</i>	<i>8.6 %</i>
NRIs in reported gross profit	0.0	1.1	-0.6	0.5	-0.9	0.2	0.3	0.0	0.0
NRIs in reported fixed costs	-1.1	-1.8	-4.0	1.0	-0.8	1.4	0.2	0.0	0.0
EBIT (reported)	43.0	43.0	39.0	49.2	38.9	54.0	71.6	80.8	88.3
<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>7.6 %</i>	<i>8.2 %</i>	<i>8.6 %</i>
Net financials	-23.0	-22.2	-20.9	-15.3	-5.9	-10.5	-10.5	-11.6	-11.2
Profit before taxes (reported)	20.1	20.8	18.1	33.9	33.0	43.5	61.1	69.2	77.1
Taxes	-4.8	-4.2	-3.4	-6.8	-6.6	-8.9	-12.1	-13.8	-15.4
<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>20.5 %</i>	<i>19.8 %</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
Net income (reported)	15.3	16.6	14.7	27.1	26.4	34.6	49.0	55.3	61.7
Average number of shares (million)	58.9	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	0.59	0.83	0.94	1.05
Dividend and capital return	-	-	-	0.51	0.41	0.50	0.62	0.71	0.79
<i>Payout ratio (%)</i>	-	-	-	<i>111 %</i>	<i>92 %</i>	<i>85 %</i>	<i>75 %</i>	<i>75 %</i>	<i>75 %</i>

Source: Tokmanni, Evli Research

Tokmanni - sales and margins



Tokmanni - Fixed costs as % of sales



INTERIM FIGURES

EVLI ESTIMATES, EURm	2018Q1	2018Q2	2018Q3	2018Q4	2018	2019Q1	2019Q2	2019Q3	2019Q4E	2019E	2020E	2021E
Net sales	173.7	217.6	210.7	268.4	870.4	188.1	239.9	231.5	287.7	947.2	988.5	1,023.6
EBITDA	1.7	37.9	29.8	40.5	109.9	12.8	34.0	37.2	47.7	131.7	141.8	149.8
<i>EBITDA margin (%)</i>	<i>1.0</i>	<i>17.4</i>	<i>14.1</i>	<i>15.1</i>	<i>12.6</i>	<i>6.8</i>	<i>14.2</i>	<i>16.1</i>	<i>16.6</i>	<i>13.9</i>	<i>14.3</i>	<i>14.6</i>
EBIT	-1.9	13.1	15.5	25.6	52.3	-2.2	18.7	21.9	32.7	71.1	80.8	88.3
<i>EBIT margin (%)</i>	<i>-1.1</i>	<i>6.0</i>	<i>7.4</i>	<i>9.5</i>	<i>6.0</i>	<i>-1.2</i>	<i>7.8</i>	<i>9.5</i>	<i>11.4</i>	<i>7.5</i>	<i>8.2</i>	<i>8.6</i>
Net financial items	-2.8	-2.4	-2.8	-2.6	-10.6	-2.6	-2.6	-2.6	-2.7	-10.5	-11.6	-11.2
Pre-tax profit	-4.7	10.7	12.7	23.0	41.7	-4.8	16.1	19.3	30.0	60.6	69.2	77.1
Tax	0.9	-2.5	-2.4	-4.6	-8.6	1.0	-3.1	-4.0	-6.0	-12.1	-13.8	-15.4
<i>Tax rate (%)</i>	<i>19.1</i>	<i>23.4</i>	<i>18.9</i>	<i>20.0</i>	<i>20.6</i>	<i>20.8</i>	<i>19.3</i>	<i>20.7</i>	<i>20.0</i>	<i>20.0</i>	<i>20.0</i>	<i>20.0</i>
Net profit	-3.8	8.2	10.3	18.4	33.1	-3.8	13.0	15.3	24.0	48.5	55.4	61.7
EPS	-0.06	0.14	0.17	0.31	0.56	-0.06	0.22	0.26	0.41	0.82	0.94	1.05
EPS adjusted (diluted no. of shares)	-0.06	0.14	0.17	0.31	0.56	-0.06	0.22	0.26	0.41	0.82	0.94	1.05
Dividend per share	0.00	0.00	0.00	0.00	0.50	0.00	0.00	0.00	0.00	0.62	0.71	0.73
SALES, EURm												
Group	173.7	217.6	210.7	268.4	870.4	188.1	239.9	231.5	287.7	947.2	988.5	1,023.6
Total	173.7	217.6	210.7	268.4	870.4	188.1	239.9	231.5	287.7	947.2	988.5	1,023.6
SALES GROWTH, Y/Y %												
Group	10.9	11.0	7.8	8.0	9.3	8.3	10.2	9.9	7.2	8.8	4.4	3.5
Total	10.9	11.0	7.8	8.0	9.3	8.3	10.2	9.9	7.2	8.8	4.4	3.5
EBIT, EURm												
Group	-1.9	13.1	15.5	25.6	52.3	-2.2	18.7	21.9	32.7	71.1	80.8	88.3
Total	-1.9	13.1	15.5	25.6	52.3	-2.2	18.7	21.9	32.7	71.1	80.8	88.3
EBIT margin, %												
Group	-1.1	6.0	7.4	9.5	6.0	-1.2	7.8	9.5	11.4	7.5	8.2	8.6
Total	-1.1	6.0	7.4	9.5	6.0	-1.2	7.8	9.5	11.4	7.5	8.2	8.6

INCOME STATEMENT, EURm	2014	2015	2016	2017	2018	2019E	2020E	2021E
Sales	734.3	755.3	775.8	796.5	870.4	947.2	988.5	1,023.6
<i>Sales growth (%)</i>	<i>3.0</i>	<i>2.9</i>	<i>2.7</i>	<i>2.7</i>	<i>9.3</i>	<i>8.8</i>	<i>4.4</i>	<i>3.5</i>
EBITDA	57.1	58.4	62.8	54.9	109.9	131.7	141.8	149.8
<i>EBITDA margin (%)</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>14.3</i>	<i>14.6</i>
Depreciation	-13.5	-14.8	-15.1	-14.3	-57.6	-15.2	-15.3	-14.9
EBITA	43.6	43.6	47.7	40.6	52.3	71.1	80.8	88.3
Goodwill amortization / writedown	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	43.6	43.6	47.7	40.6	52.3	71.1	80.8	88.3
<i>EBIT margin (%)</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>8.2</i>	<i>8.6</i>
Reported EBIT	41.8	39.0	49.2	39.8	53.3	71.1	80.8	88.3
<i>EBIT margin (reported) (%)</i>	<i>5.7</i>	<i>5.2</i>	<i>6.3</i>	<i>5.0</i>	<i>6.1</i>	<i>7.5</i>	<i>8.2</i>	<i>8.6</i>
Net financials	-22.2	-20.9	-15.2	-5.9	-10.6	-10.5	-11.6	-11.2
Pre-tax profit	21.5	22.7	32.5	34.7	41.7	60.6	69.2	77.1
Taxes	-4.2	-3.4	-6.8	-6.6	-8.6	-12.1	-13.8	-15.4
Minority shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net profit	15.5	14.7	27.2	27.3	34.1	48.5	55.4	61.7
Cash NRIs	-1.8	-4.6	1.5	-0.8	1.0	0.0	0.0	0.0
Non-cash NRIs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
BALANCE SHEET, EURm								
Assets								
Fixed assets	93	97	95	94	95	95	94	93
Goodwill	129	129	129	129	135	135	135	135
Right of use assets	0	0	0	0	234	237	240	243
Inventory	151	160	155	170	191	208	217	225
Receivables	16	16	18	22	22	23	24	25
Liquid funds	52	49	58	43	38	47	49	51
Total assets	446	455	459	462	721	753	766	778
Liabilities								
Shareholder's equity	33	48	167	163	167	186	204	225
Minority interest	0	0	0	0	0	0	0	0
Convertibles	0	0	0	0	0	0	0	0
Lease liabilities	0	0	0	0	244	237	240	243
Deferred taxes	6	6	5	5	6	6	6	6
Interest bearing debt	306	294	174	177	173	182	168	153
Non-interest bearing current liabilities	84	91	104	107	123	133	138	143
Other interest-free debt	18	16	10	11	10	10	10	10
Total liabilities	446	455	459	463	721	753	766	778
CASH FLOW, EURm								
+ EBITDA	57	58	63	55	110	132	142	150
- Net financial items	-22	-21	-15	-6	-11	-10	-12	-11
- Taxes	-4	-3	-7	-7	-10	-12	-14	-15
- Increase in Net Working Capital	-3	-3	17	-14	-5	-9	-4	-4
+/- Other	-2	-5	2	-1	1	0	0	0
= Cash flow from operations	26	27	59	27	85	100	112	120
- Capex	-13	-18	-13	-13	-50	-63	-63	-63
- Acquisitions	0	0	0	0	-15	0	0	0
+ Divestments	0	0	0	0	0	0	0	0
= Free cash flow	13	8	46	14	20	37	49	56
+/- New issues/buybacks	1	0	91	-1	-6	0	0	0
- Paid dividend	0	0	0	-30	-24	-29	-37	-42
+/- Other	-8	-12	-128	2	6	2	-11	-13
Change in cash	6	-4	9	-15	-5	9	2	2

KEY FIGURES	2015	2016	2017	2018	2019E	2020E	2021E
M-cap	0	500	427	423	697	697	697
Net debt (excl. convertibles)	245	116	134	379	372	359	344
Enterprise value	245	616	561	801	1,069	1,056	1,041
Sales	755	776	797	870	947	989	1,024
EBITDA	58	63	55	110	132	142	150
EBIT	44	48	41	52	71	81	88
Pre-tax	23	33	35	42	61	69	77
Earnings	19	26	28	33	48	55	62
Equity book value (excl. minorities)	48	167	163	167	186	204	225
Valuation multiples							
EV/sales	0.3	0.8	0.7	0.9	1.1	1.1	1.0
EV/EBITDA	4.2	9.8	10.2	7.3	8.1	7.4	7.0
EV/EBITA	5.6	12.9	13.8	15.3	15.0	13.1	11.8
EV/EBIT	5.6	12.9	13.8	15.3	15.0	13.1	11.8
EV/OCF	9.2	10.5	20.6	9.4	10.7	9.4	8.7
EV/FCFF	9.3	12.4	31.6	28.9	11.5	9.8	9.1
P/FCFE	0.0	11.0	31.2	21.2	19.0	14.1	12.4
P/E	0.0	19.5	15.2	12.8	14.4	12.6	11.3
P/B	0.0	3.0	2.6	2.5	3.8	3.4	3.1
Target EV/EBITDA	0.0	0.0	0.0	0.0	8.9	8.1	7.6
Target EV/EBIT	0.0	0.0	0.0	0.0	16.4	14.3	12.9
Target EV/FCF	0.0	0.0	0.0	0.0	31.9	23.4	20.2
Target P/B	0.0	0.0	0.0	0.0	4.3	3.9	3.5
Target P/E	0.0	0.0	0.0	0.0	16.4	14.4	12.9
Per share measures							
Number of shares	22,274	58,869	58,869	58,869	58,869	58,869	58,869
Number of shares (diluted)	22,274	58,869	58,869	58,869	58,869	58,869	58,869
EPS	0.87	0.44	0.48	0.56	0.82	0.94	1.05
Operating cash flow per share	1.20	1.00	0.46	1.44	1.70	1.91	2.03
Free cash flow per share	0.38	0.78	0.23	0.34	0.62	0.84	0.96
Book value per share	2.16	2.83	2.77	2.83	3.16	3.47	3.82
Dividend per share	0.00	0.51	0.41	0.50	0.62	0.71	0.73
Dividend payout ratio, %	0.0	116.8	86.0	88.9	75.8	75.0	70.0
Dividend yield, %	0.0	6.0	5.7	7.0	5.3	6.0	6.2
FCF yield, %	0.0	9.1	3.2	4.7	5.3	7.1	8.1
Efficiency measures							
ROE	47.5	23.9	17.0	20.1	27.5	28.4	28.8
ROCE	12.9	14.1	12.1	11.3	12.0	13.3	14.3
Financial ratios							
Inventories as % of sales	21.2	20.0	21.4	21.9	22.0	22.0	22.0
Receivables as % of sales	2.1	2.3	2.8	2.5	2.5	2.5	2.4
Non-interest bearing liabilities as % of sales	12.1	13.3	13.5	14.1	14.0	14.0	14.0
NWC/sales, %	11.2	8.7	10.3	10.0	10.2	10.2	10.2
Operative CAPEX/sales, %	2.4	1.7	1.7	5.7	6.7	6.4	6.2
CAPEX/sales (incl. acquisitions), %	2.4	1.7	1.7	4.0	6.7	6.4	6.2
FCFF/EBITDA	0.5	0.8	0.3	0.3	0.7	0.8	0.8
Net debt/EBITDA, book-weighted	4.2	1.8	2.4	3.4	2.8	2.5	2.3
Debt/equity, market-weighted	0.0	0.3	0.4	0.4	0.3	0.2	0.2
Equity ratio, book-weighted	10.9	36.3	35.2	23.1	24.7	26.7	28.9
Gearing, %	509.6	69.6	82.3	227.0	199.9	175.5	153.2

OWNERSHIP STRUCTURE	SHARES	EURm	%
Takoa Invest	10,544,688	124.849	17.9%
Keskinäinen Työeläkevakuutusyhtiö Elo	5,050,000	59.792	8.6%
Keskinäinen työeläkevakuutusyhtiö Varma	3,150,526	37.302	5.4%
Keskinäinen Eläkevakuutusyhtiö Ilmarinen	2,074,000	24.556	3.5%
OP-Suomi Arvo -sijoitusrahasto	1,343,910	15.912	2.3%
Sijoitusrahasto Evli Suomi Pienyhtiöt	927,178	10.978	1.6%
Eläkevakuutusosakeyhtiö Veritas	690,000	8.170	1.2%
Kirkon Eläkerahasto	628,458	7.441	1.1%
Säästöpankki Kotimaa-sijoitusrahasto	586,527	6.944	1.0%
Nordea Fennia Fund	578,490	6.849	1.0%
Ten largest	25,573,777	302.794	43%
Residual	33,294,975	394.213	57%
Total	58,868,752	697.006	100%

EARNINGS CALENDAR	
February 07, 2020	FY 2019 Results
April 29, 2020	Q1 report
July 29, 2020	Q2 report
October 29, 2020	Q3 report
OTHER EVENTS	

COMPANY MISCELLANEOUS	
CEO: Mika Rautiainen	
CFO: Markku Pirskanen	Tel: +358 300 472 220
IR: Maarit Mikkonen	

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, %	$\frac{\text{Profit before extraordinary items and taxes} - \text{income taxes}}{\text{Shareholder's equity} + \text{minority interest} + \text{taxed provisions (average)}}$		

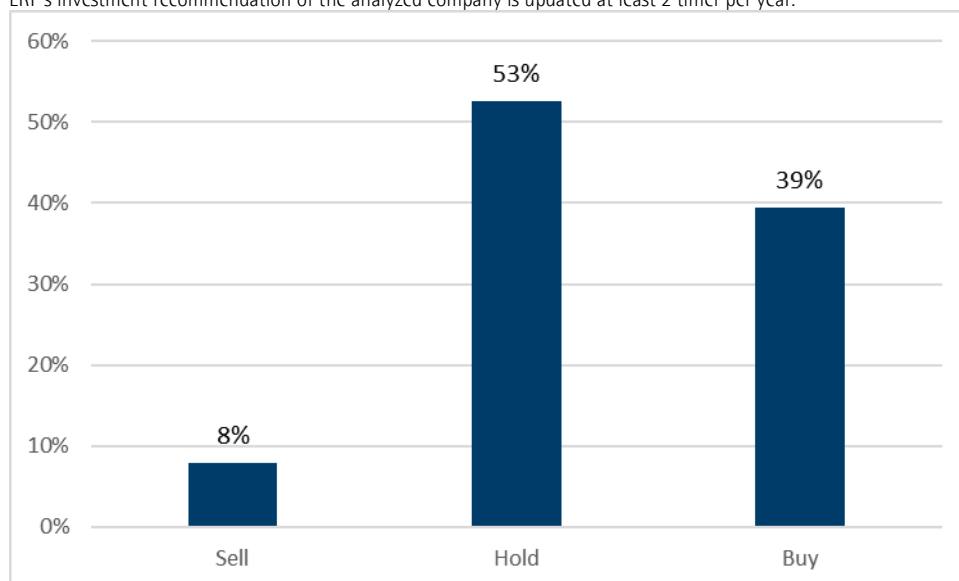
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Target price compared to share price	Recommendation
< -10 %	SELL
-10 – (+10) %	HOLD
> 10 %	BUY

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

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