

TOKMANNI

Food & Staples Retailing/Finland, October 29, 2020 Earnings Flash

Strong revenue growth in Q3

Tokmanni's Q3 revenue increased by ~13% y/y (LFL growth of 11.6%) and was EUR 262m vs. EUR 253m/255m Evli/cons. Tokmanni's adj. EBIT was EUR 24.0m vs. EUR 25.8m/27.3m Evli/cons. Adj. gross margin was 34.0%. The company expects strong growth in revenue and LFL revenue in 20E. Comparable EBIT margin is expected to improve on the previous year.

- Q3 revenue growth outpaced the expectations as revenue increased by 13% y/y and was EUR 262m vs. our EUR 253m and consensus of EUR 255m. LFL growth was 11.6%. Growth was good especially in sales of yard and garden furniture, sports and leisure, detergents and home cleaning, paper products and groceries. Online sales grew by ~155%.
- Q3 adj. gross profit was EUR 89.0m (34.0% margin) vs. EUR 89.3m (35.3%) Evli expectation. Gross margin was impacted by discount sales and different sales structure.
- Q3 adj. EBITDA was EUR 40.3m vs. EUR 41.9m our view.
- Q3 adj. EBIT was EUR 24.0m (9.2% margin) vs. EUR 25.8m (10.2%) our expectation and EUR 27.3m (10.7%) consensus. Strong growth in revenue and strict cost control had a positive impact on adj. EBIT despite of the decrease in gross margin.
- Q3 eps was EUR 0.29 vs EUR 0.32/0.33 Evli/consensus.
- Guidance for 20E: strong growth in revenue and likefor-like revenue. Profitability (comparable EBIT margin) is expected to improve on the previous year.

Rating					- 1	■ BUY	
Tokmanni					Act vs.	Act vs.	
Q3'20	Actual	Evli	Cons.*	Year ago	Evli	cons	
Net sales	262	253	255	232	3 %	3 %	
Gross profit (adj.)	89.0	89.3	na.	82.0	0 %	na.	
Gross margin (adj.) EBIT (adj.)	34.0 % 24.0	35.3 % 25.8	na. 27.3	35.4 % 21.9	-4 % -7 %	na. -12 %	
EBIT margin (adj.)	9.2 %	10.2 %	10.7 %	9.5 %	-10 %	-14 %	
EPS	0.29	0.32	0.33	0.27	-9 %	-12 %	
		*Source	: Infront (7 e	st. mean.)			
Share price, closing price)	EUR(Last	trading da	ay's			14.84	
Target price,	EUR					18.4	
Latest change	e in ratir	ng			31	1-0ct-19	
Latest report		30-Jul-20					
. ,				YFS			
Research paid by issuer:				. 25			
No. of shares outstanding, '000's				58,862			
No. of shares	No. of shares fully diluted, '000's			58,862			
	arket cap, EURm				874		
• • • • • • • • • • • • • • • • • • • •	.011111					0,	
Free float, %						78.8	
Exchange rat	e					1.000	
Reuters code					TOK	(MAN.HI	
Plaambara	a da				TOP	/N/ANI EI	
Bloomberg code				TOKMAN FH			
Average daily	volume	, EURm				na	
Next interim	report				29	9-0ct-20	
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■ BUY □ HOLD ■ SELL

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PRE-REP	ORT KEY FIGI	URES								
	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	13.6	1.2	13.7	6.2	0.76
2021E	1,050.8	92.9	8.8%	72.5	1.12	13.3	1.2	13.0	8.3	0.78
2022E	1,079.7	96.3	8.9%	65.5	1.16	12.8	1.1	12.3	7.5	0.81
Market ca	p, EURm		874 B	V per share 20	20E, EUR		171.1 CAGR	EPS 2019-2	2, %	12.2
Net debt 2	2020E, EURm		363 P	rice/book 2020	E		4.1 CAGR	sales 2019-	22, %	4.6
Enterprise	value, EURm		1,236 D	ividend yield 2	020E, %		5.2 ROE 2	020E, %		32.5
Total asset	ts 2020E, EURn	n	771 T	ax rate 2020E,	0/0		19.8 ROCE	2020E, %		15.0
Goodwill 2	2020E, EURm		135 E	quity ratio 202	OE, %		27.5 PEG, P	P/E 20/CAGR		5.1

Telephone

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

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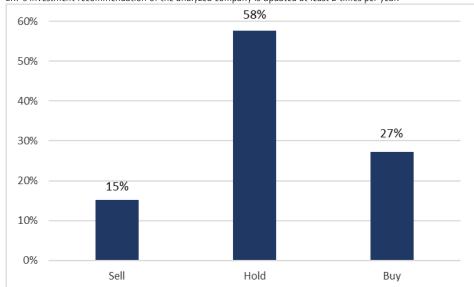
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Target price compared to share price Recommendation

< -10 % SELL -10 - (+10) % HOLD > 10 % BUY

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