

Food & Staples Retailing/Finland, July 10, 2020 Company update

Positive surprise with Q2 sales

Tokmanni's Q2'20 sales increased by 19.1% y/y to EUR 286m which is a positive surprise after the company withdrew its guidance in March due to the COVID-19. Tokmanni will report its Q2 result on 29th of July. We keep our rating "BUY" with TP of EUR 16.4 (13.5).

Q2 sales increased by 19.1% y/y

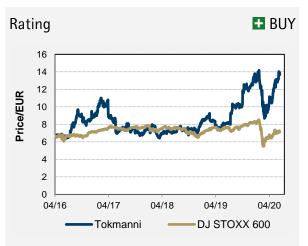
Tokmanni published its Q2 sales beforehand (Q2 result will be published on 29th of July) as its April-June sales increased by 19.1% y/y (EUR 286m). The exceptional jump in sales came as a surprise as the company withdrew its guidance in March, due to the coronavirus situation and the consensus expectation indicated decrease in sales. According to the company, the customer numbers decreased towards the end of March but have since recovered. LFL growth was 17.4% y/y and online sales accounted for 1.4% of sales. Our previous Q2E sales expectation was EUR 191m. Tokmanni expects comparable gross margin in Q2E to decrease by ~1ppt y/y, resulting from the active measures to increase sales and the structure of sales.

Restrictions impacting positively on consumer behavior

Due to the movement restrictions caused by the COVID-19, Finns have spent more time at home and at their summer cottages and domestic tourism has become more popular. Therefore, the demand of leisure, gardening and home improvement products has strongly increased. Also, the demand of food products has been strong during $\Omega 2$. On the other hand, clothing sales decreased y/y. We don't expect a significant increase in customer numbers during the quarter but rather in the average basket size. We expect that Tokmanni's cost base has remained stable despite of the increase in sales, resulting in improved profitability. We expect $\Omega 2$ '20E adj. gross margin of 34.1% and adj. EBIT of EUR 30.9m.

"BUY" with TP or EUR 16.4 (13.5)

As result of the latest information, we return back to our view prior the COVID-19 and expect Tokmanni to reach sales of over EUR 1bn in 20E. We expect 20E sales of EUR 1026m and adj. EBIT of EUR 90m. As the significant increase in Q2'20 revenue was exceptional, we expect normalized sales during H2'20E and sales to remain in the same level also in 21E. Our view of Tokmanni's 21E-22E hasn't changed. On our estimates, Tokmanni trades at 20E-21E EV/EBIT multiple of 13.0x and 13.1x, which translates into 25-31% discount compared to the international discount peers. We keep our rating "BUY" with TP of EUR 16.4 (13.5).



Share price, EUR (Last trading day's closing price) Target price, EUR	13.66 16.4
Latest change in rating Latest report on company Research paid by issuer: No. of shares outstanding, '000's No. of shares fully diluted, '000's Market cap, EURm Free float, % Exchange rate Reuters code Bloomberg code Average daily volume, EURm Next interim report Web site	31-Oct-19 30-Apr-20 YES 58,869 58,869 804 78.8 1.000 TOKMAN.HE TOKMAN FH na. 29-Jul-20 ir.tokmanni.fi/en/investors
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■ BUY □ HOLD ■ SELL

KEY FIGL	JRES									
	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	1,025.9	90.1	8.8%	53.3	1.08	12.7	1.1	13.0	6.6	0.75
2021E	1,029.3	87.0	8.4%	69.1	1.02	13.3	1.1	13.1	8.6	0.72
2022E	1,057.6	92.7	8.8%	61.3	1.09	12.5	1.1	12.1	7.6	0.77
Market ca	p, EURm		804 G	earing 2020E,	0/0		2, %	10.2		
Net debt 2	2020E, EURm		363 P	rice/book 2020)E		3.8 CAGR	sales 2019-	22, %	3.9
Enterprise	value, EURm		1,168 D	ividend yield 2	2020E, %		5.5 ROE 2	020E, %		32.0
Total asse	ts 2020E, EURm	ı	769 Ta	ax rate 2020E,	0/0			14.9		
Goodwill 2	2020E, EURm		135 E	quity ratio 202	20E, %	27.4 PEG, P/E 20/CAGR				5.9

Telephone

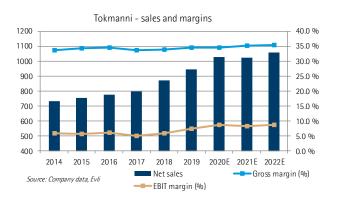
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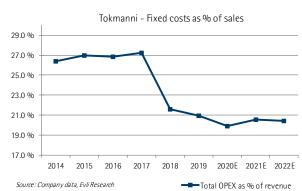
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Estimates

Tokmanni	2013	2014	2015	2016	2017	2018	2019	2020E	2021E	2022E
Net sales	712.8	734.3	755.3	775.8	796.5	870.5	944.3	1025.9	1029.3	1057.6
Growth-%	3.3 %	3.0 %	2.9 %	2.7 %	2.7 %	9.3 %	8.5 %	8.6 %	0.3 %	2.8 %
Materials and services (adj.)	-474.6	-486.8	-497.2	-507.9	-528.4	-575.2	-619.1	-671.5	-668.1	-683.5
Growth-%	-	2.6 %	2.1 %	2.2 %	4.0 %	8.9 %	7.6 %	8.5 %	-0.5 %	2.3 %
% of sales	66.6 %	66.3 %	65.8 %	65.5 %	66.3 %	66.1 %	65.6 %	65.5 %	64.9 %	64.6 %
Gross profit (adj.)	238.2	247.5	258.1	267.9	268.1	295.0	325.2	354.4	361.2	374.2
Gross margin (%)	33.4 %	33.7 %	34.2 %	34.5 %	33.7 %	33.9 %	34.4 %	34.5 %	35.1 %	35.4 %
Fixed costs (adj.)	-185.1	-193.9	-203.7	-208.5	-217.0	-189.5	-197.9	-204.5	-210.7	-216.4
Growth-%	-103.1	-193.9 4.8 %		-206.5 2.4 %	-217.0 4.1 %	-105.5 -12.7 %			-210.7 3.1 %	-210.4 2.7 %
% of sales	- 26.0 %	4.8 % 26.4 %	5.0 % 27.0 %	2.4 % 26.9 %	4.1 % 27.2 %	-12.7 % 21.8 %	4.4 % 21.0 %	3.3 % 19.9 %	3.1 % 20.5 %	2.7 % 20.5 %
40 UI Sales	20.0 %	20.4 %	27.0 %	20.9 %	27.2 %	21.0 %	21.0 %	13.3 %	20.5 %	20.5 %
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	-64.1	-67.8	-69.4
·F										
EBITDA (adj.)	56.7	57.1	58.4	62.8	54.9	109.5	131.6	154.2	154.8	162.0
EBITDA margin (%)	8.0 %	7.8 %	7.7 %	8.1 %	6.9 %	12.6 %	13.9 %	15.0 %	15.0 %	15.3 %
EBIT (adj.)	44.1	43.6	43.6	47.7	40.6	52.0	70.4	90.1	87.0	92.7
EBIT margin (%)	6.2 %	5.9 %	5.8 %	6.1 %	5.1 %	6.0 %	7.5 %	8.8 %	8.4 %	8.8 %
NRIs in reported gross profit	0.0	1.1	-0.6	0.5	-0.9	0.2	-0.1	0.4	0.0	0.0
NRIs in reported fixed costs	-1.1	-1.8	-4.0	1.0	-0.8	1.4	-1.0	-1.0	0.0	0.0
Titlis iii reported fixed costs	***	1.0	1.0	1.0	0.0		1.0	1.0	0.0	0.0
EBIT (reported)	43.0	43.0	39.0	49.2	38.9	53.6	69.4	89.5	87.0	92.7
EBIT margin (%)	6.0 %	5.9 %	5.2 %	6.3 %	4.9 %	6.2 %	7.3 %	8.7 %	8.4 %	8.8 %
Net financials	-23.0	-22.2	-20.9	-15.3	-5.9	-10.5	-10.4	-11.2	-11.6	-12.2
Profit before taxes (reported)	20.1	20.8	18.1	33.9	33.0	43.1	59.0	78.3	75.4	80.5
Taxes	-4.8	-4.2	-3.4	-6.8	-6.6	-8.9	-11.8	-15.6	-15.1	-16.1
Tax rate (%)	23.9 %	20.1 %	18.8 %	20.1 %	20.0 %	20.7 %	20.0 %	20.0 %	20.0 %	20.0 %
Minorities	0.0	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	34.1	47.2	62.7	60.3	64.4
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
EPS (reported)	0.26	0.28	0.25	0.46	0.45	0.58	0.80	1.07	1.02	1.09
Dividend and capital return	-	-	-	0.51	0.41	0.50	0.62	0.75	0.72	0.77
Payout ratio (%)				111%	92%	86 %	77 %	70 %	70 %	70 %

Source: Tokmanni, Evli Research





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Valuation

TOWALLIN DEEDS	MCAP			EV/EBITDA		EV/EBIT	EV/EBIT	EV/FCF	EV/FCF	EV/FCF	P/E	P/E	P/E
TOKMANNI PEERS	local FX	20	21	22	20	21	22	20	21	22	20	21	22
Nordic non-grocery focused retailers Byggmax Group AB	2868	5.3x	6.6x	6.2x	10.2x	16.9x	15.8x	7.3x	12.3x	14.2x	7.7x	13.5x	12.8x
Clas Ohlson AB Class B	6669	6.1x	6.0x	5.6x	12.2x	12.0x	11.0x	12.6x	13.5x	9.4x	13.6x	13.5x	13.0x
Europris ASA	8208	7.8x	8.0x	7.5x	12.2x	13.7x	12.5x	17.6x	17.5x	16.7x	14.4x	15.8x	14.4x
Stockmann Oyj Abp Class B	67	9.6x	7.1x	7.2x	12.0%	36.2x	29.7x	17.0%	17.0%	10.77		10.0%	
Verkkokauppa.com Oyj	230	11.4x	10.4x	9.4x	15.4x	13.9x	12.3x	21.2x	17.0x	15.3x	23.4x	21.2x	18.7x
XXL ASA "	5660	13.5x	9.0x	8.3x	2 681.0x	29.3x	24.3x	18.7x	13.0x	11.1x		37.7x	29.4x
Nordic grocery focused retailers													
Axfood AB	42069	10.1x	10.0x	10.0x	19.8x	19.6x	19.6x	17.6x	23.5x	29.7x	23.9x	23.4x	23.0x
ICA Gruppen AB	89450	10.3x	10.2x	10.0x	20.0x	20.1x	19.7x	30.3x	26.0x	24.6x	21.6x	21.7x	21.2x
Kesko Oyj Class B	6320	9.8x	9.4x	9.1x	20.9x	19.2x	18.2x	22.3x	25.1x	21.0x	22.5x	20.9x	19.8x
International discount retailers	4047	7.0	7.0	7.4	40.7	10.5	11.0	00.5	00.7	01.4	10.4	100	447
B&M European Value Retail SA Big Lots, Inc.	4317 1607	7.6x 2.3x	7.6x 2.8x	7.1x 2.5x	12.7x 3.2x	12.5x 4.5x	11.6x 4.1x	20.5x 1.3x	20.7x 7.3x	21.4x	16.4x 6.4x	16.3x 8.3x	14.7x 10.5x
Costco Wholesale Corporation	143734	20.6x	2.ox 18.7x	2.5x 17.1x	27.4x	4.5x 24.9x	22.4x	47.8x	7.3x 40.0x	23.4x	38.3x	35.2x	32.0x
Dollar General Corporation	47762	14.7x	15.0x	13.8x	17.6x	18.1x	16.4x	28.7x	30.4x	26.9x	21.5x	21.4x	19.0x
Dollar Tree, Inc.	21668	10.7x	9.7x	9.1x	15.0x	13.4x	12.4x	25.2x	21.3x	24.9x	18.1x	16.3x	14.8x
Dollarama Inc.	14264	15.1x	12.8x	• • • • • • • • • • • • • • • • • • • •	19.7x	16.4x	. =	26.8x	22.5x		26.4x	20.8x	17.5x
Pan Pacific International Holdings Corporati		19.6x	17.9x	16.0x	26.5x	23.8x	20.7x	42.1x	49.9x	41.6x	33.7x	29.8x	26.0x
Five Below, Inc.	5602	33.3x	17.5x	14.1x	52.8x	22.9x	18.0x	408.8x	321.0x	39.9x	64.6x	27.6x	22.2x
Ollie's Bargain Outlet Holdings Inc	6595	29.0x	24.0x	21.3x	32.7x	26.9x	23.4x	119.8x	61.8x	37.6x	43.2x	36.2x	31.5x
Target Corporation	58952	11.2x	9.6x	9.3x	18.8x	14.6x	13.8x	28.0x	27.2x	17.5x	23.8x	17.5x	15.8x
Walmart Inc.	361782	12.3x	11.8x	11.4x	18.6x	17.5x	16.9x	25.0x	25.3x	23.2x	25.5x	23.5x	22.0x
Nordic non-grocery peers median	6320	8.7x	7.5x	7.3x	12.6x	15.4x	14.1x	17.6x	13.5x	14.2x	14.0x	15.8x	14.4x
Nordic grocery focused retailers	4=6	10.1x	10.0x	10.0x	20.0x	19.6x	19.6x	22.3x	25.1x	24.6x	22.5x	21.7x	21.2x
Discount retailers median	17966	13.5x	12.3x	11.4x	18.8x	17.5x	16.7x	28.0x	27.2x	24.9x	25.5x	21.4x	19.0x
Tokmanni (Evli est.)	804	7.6x	7.4x	6.9x	13.0x	13.1x	12.1x	9.8x	8.8x	9.1x	12.7x	13.3x	12.5x
Tokmanni premium vs. Nordic non-grocery focuse Tokmanni premium vs. Nordic grocery focused per		-13 % -25 %	-2 % -27 %	-5 % -31 %	3 % -35 %	-15 % -33 %	-14 % -38 %	-44 % -56 %	-35 % -65 %	-36 % -63 %	-9 % -44 %	-15 % -38 %	-13 % -41 %
Tokmanni premium vs. Nordic grocery focused ped Tokmanni premium vs. int. discount peers	LIS	-25 % -44 %	-27 % -40 %	-31 % -39 %	-35 % -31 %	-33 % -25 %	-38 % -27 %	-56 % -65 %	-65 % -68 %	-63 % -63 %	-44 % -50 %	-38 % -38 %	-41 % -34 %
iokinanii prennum vs. mt. discount peers			-40 % Dividend vie			-25 % EBIT margin		-00 W	ROCE-%	-03 90	-30 90	-38 % ROE-%	-34 90
TOKMANNI PEERS	Ticker	20	21	22	20	21	22	20	21	22	20	21	22
Nordic non-grocery focused retailers													
Byggmax Group AB	BMAX-SE	7.4%	3.3%	3.6%	7.6%	5.0%	5.0%	13.0%	7.7%	7.8%	20.2%	11.6%	11.6%
Clas Ohlson AB Class B	CLAS.B-SE	6.0%	5.9%	6.0%	8.1%	7.9%	8.2%	17.1%	17.1%	18.3%	23.6%	22.5%	19.8%
Europris ASA	EPR-NO	4.3%	4.4%	4.8%	12.1%	11.0%	11.5%	15.6%	13.5%	13.9%	25.6%	21.5%	21.5%
Stockmann Oyj Abp Class B	STCBV-FI	0.0%	0.0%	0.0%	-1.7%	3.5%	4.4%	-0.8%	1.9%	2.5%	-10.9%	-4.8%	-4.4%
Verkkokauppa.com Oyj	VERK-FI	4.3%	4.5%	4.8%	2.6%	2.8%	3.1%	23.4%	25.4%	27.6%	27.1%	29.0%	31.2%
XXL ASA	XXL-NO	0.0%	0.0%	0.7%	0.0%	3.1%	3.6%	0.0%	4.3%	5.0%	-2.8%	3.4%	4.2%
Nordic grocery focused retailers	AV/E0 CE				. =0/				04.00		45.00	4.5.004	
Axfood AB	AXFO-SE	3.6%	3.6%	3.7%	4.5%	4.4%	4.4%	21.6%	21.3%	20.5%	45.9%	45.2%	44.0%
ICA Gruppen AB	ICA-SE KESKOB-FI	2.7%	2.8%	2.8%	4.5%	4.5%	4.4%	9.1% 9.0%	8.9%	8.4%	11.7%	11.2%	10.9%
Kesko Oyj Class B	KESKUB-FI	3.9%	4.1%	4.2%	4.1%	4.4%	4.5%	9.0%	9.6%	9.8%	14.4%	14.9%	15.0%
International discount retailers B&M European Value Retail SA	BME-GB	2.2%	2.3%	2.6%	9.0%	8.5%	8.6%	14.1%	13.9%	15.0%	33.4%	28.6%	32.5%
Big Lots, Inc.	BIG-US	2.9%	3.0%	3.3%	6.0%	4.2%	4.0%	15.5%	10.5%	13.0%	19.6%	15.2%	7.9%
Costco Wholesale Corporation	COST-US	0.8%	0.8%	0.8%	3.1%	3.2%	3.3%	18.5%	18.6%	17.7%	21.1%	20.2%	19.1%
Dollar General Corporation	DG-US	0.7%	0.8%	0.8%	9.3%	8.9%	9.1%	14.6%	15.1%	14.7%	27.1%	24.6%	24.4%
Dollar Tree, Inc.	DLTR-US	0.0%	0.0%	0.0%	6.8%	7.2%	7.4%	10.4%	10.7%	10.3%	16.3%	15.9%	14.8%
Dollarama Inc.	DOL-CA	0.4%	0.4%		21.5%	23.5%		23.0%	24.9%				
Pan Pacific International Holdings Corporati		0.4%	0.5%	0.5%	4.3%	4.6%	4.9%	7.2%	7.6%	8.3%	12.6%	12.7%	12.9%
Five Below, Inc.	FIVE-US	0.0%	0.0%	0.0%	6.2%	11.1%	11.6%	7.0%	13.8%		11.8%	21.9%	21.3%
Ollie's Bargain Outlet Holdings Inc	OLLI-US	0.0%	0.0%	0.0%	12.7%	13.3%	13.3%	12.8%	14.2%		12.9%	14.2%	14.5%
Target Corporation	TGT-US	2.3%	2.5%	2.6%	4.4%	5.6%	5.8%	12.1%	15.4%	16.2%	20.3%	26.8%	28.0%
Walmart Inc.	WMT-US	1.6%	1.7%	1.9%	4.0%	4.1%	4.2%	11.4%	11.9%	15.7%	18.4%	19.2%	20.3%
Nordic non-grocery peers median Nordic grocery focused retailers		4.3% 3.6%	3.9% 3.6%	4.2% 3.7%	5.1% 4.5%	4.2% 4.4%	4.7% 4.4%	14.3% 9.1%	10.6% 9.6%	10.9% 9.8%	21.9% 14.4%	16.6% 14.9%	15.7% 15.0%
Discount retailers median		0.6%	0.6%	0.8%	6.1%	6.4%	5.8%	12.8%	13.9%	15.0%	19.0%	19.7%	19.7%
Tokmanni (Evli est.)		5.5%	5.2%	5.6%	8.8%	8.4%	8.8%	14.9%	14.2%	15.2%	32.0%	27.5%	27.1%
, ,													
TOWNSHIP DEEDS		Cash con	version (FC	F/FRITDA)						DΛ			
TOKMANNI PEERS Nordic non-grocery focused retailers		-20				CAPEX/sales			t debt/EBIT		-20	Equity ratio	
Byggmax Group AB		20	21	22	20	CAPEX/sales 21	22	20	21	22	20	Equity ratio	22
			21	22	20	21	22	20	21	22		21	22
		72%	21 53 %	22 44 %	20	21 2%	22 2%	20 2.3x	21 2.8x	22 2.6x	33%	33%	22 34%
Clas Ohlson AB Class B		72 % 49 %	53 % 44 %	44 % 60 %	20/ ₀ 4%	2 ⁰ / ₀	20% 20%	20 2.3x 1.2x	2.8x 1.0x	22 2.6x 0.7x	33% 35%	33% 36%	34% 43%
Clas Ohlson AB Class B Europris ASA		72 % 49 % 44 %	53 % 44 % 46 %	44 % 60 % 45 %	20 2% 4% 3%	2% 4% 3%	2% 2% 2% 3%	2.3x 1.2x 1.8x	2.8x 1.0x 1.7x	22 2.6x 0.7x 1.5x	33% 35% 30%	33% 36% 31%	34% 43% 32%
Clas Ohlson AB Class B Europris ASA Stockmann Oyj Abp Class B		72 % 49 %	53 % 44 %	44 % 60 %	20/ ₀ 4%	2 ⁰ / ₀	20% 20%	2.3x 1.2x 1.8x 8.9x	2.8x 1.0x 1.7x 6.6x	22 2.6x 0.7x	33% 35%	33% 36%	34% 43%
Clas Ohlson AB Class B Europris ASA		72 % 49 % 44 % -47 %	53 % 44 % 46 % -7 %	44 % 60 % 45 % -4 %	2% 4% 3% 5%	2% 4% 3% 4%	2% 2% 2% 3% 4%	2.3x 1.2x 1.8x	2.8x 1.0x 1.7x	2.6x 0.7x 1.5x 6.7x	33% 35% 30% 33%	33% 36% 31% 32%	34% 43% 32% 31%
Clas Ohlson AB Class B Europris ASA Stockmann Oyj Abp Class B Verkkokauppa.com Oyj		72 % 49 % 44 % -47 % 54 %	53 % 44 % 46 % -7 % 61 %	44 % 60 % 45 % -4 % 61 %	2% 4% 3% 5% 1%	2% 4% 3% 4% 1%	29% 29% 39% 49% 19%	2.3x 1.2x 1.8x 8.9x -1.0x	2.8x 1.0x 1.7x 6.6x -1.0x	2.6x 0.7x 1.5x 6.7x -1.0x	33% 35% 30% 33% 22%	33% 36% 31% 32% 23%	34% 43% 32% 31% 23%
Clas Ohlson AB Class B Europris ASA Stockmann Oyj Abp Class B Verkkokauppa.com Oyj XXL ASA Nordic grocery focused retailers Axfood AB		72 % 49 % 44 % -47 % 54 % 72 %	53 % 44 % 46 % -7 % 61 % 69 %	44 % 60 % 45 % -4 % 61 % 75 %	20/0 49/0 39/0 59/0 19/0 29/0	2% 4% 3% 4% 1% 2% 4%	29/0 29/0 39/0 49/0 19/0 29/0	2.3x 1.2x 1.8x 8.9x -1.0x 5.6x	2.8x 1.0x 1.7x 6.6x -1.0x 3.6x	22 2.6x 0.7x 1.5x 6.7x -1.0x 3.2x 1.3x	33% 35% 30% 33% 22% 41%	21 33% 36% 31% 32% 23% 43%	22 34% 43% 32% 31% 23% 45%
Clas Ohlson AB Class B Europris ASA Stockmann Oyj Abp Class B Verkkokauppa.com Oyj XXL ASA Nordic grocery focused retailers Axfood AB ICA Gruppen AB		72 % 49 % 44 % -47 % 54 % 72 % 57 % 34 %	53 % 44 % 46 % -7 % 61 % 69 % 43 % 39 %	44 % 60 % 45 % -4 % 61 % 75 % 34 % 41 %	20/0 40/0 30/0 50/0 10/0 20/0 20/0 40/0	29/0 49/0 39/0 49/0 19/0 29/0 49/0 49/0	22 2% 2% 3% 4% 1% 2% 4% 4%	20 2.3x 1.2x 1.8x 8.9x -1.0x 5.6x 1.1x 2.2x	2.8x 1.0x 1.7x 6.6x -1.0x 3.6x 1.2x 2.2x	22 2.6x 0.7x 1.5x 6.7x -1.0x 3.2x 1.3x 2.1x	33% 35% 30% 33% 22% 41%	33% 36% 31% 32% 23% 43% 22% 35%	22 34% 43% 32% 31% 23% 45% 22% 36%
Cías Ohlson AB Class B Europris ASA Stockmann Oyj Abp Class B Verkkokauppa.com Oyj XXL ASA Nordic grocery focused retailers Axfood AB ICA Gruppen AB Kesko Oyj Class B		72 % 49 % 44 % -47 % 54 % 72 %	53 % 44 % 46 % -7 % 61 % 69 %	44 % 60 % 45 % -4 % 61 % 75 %	20/0 49/0 39/0 59/0 19/0 29/0	2% 4% 3% 4% 1% 2% 4%	29/0 29/0 39/0 49/0 19/0 29/0	2.3x 1.2x 1.8x 8.9x -1.0x 5.6x	2.8x 1.0x 1.7x 6.6x -1.0x 3.6x	22 2.6x 0.7x 1.5x 6.7x -1.0x 3.2x 1.3x	33% 35% 30% 33% 22% 41%	21 33% 36% 31% 32% 23% 43%	22 34% 43% 32% 31% 23% 45%
Clas Ohlson AB Class B Europris ASA Stockmann Oyj Abp Class B Verkkokauppa.com Oyj XXL ASA Nordic grocery focused retailers Axfood AB ICA Gruppen AB Kesko Oyj Class B International discount retailers		72 % 49 % 44 % -47 % 54 % 72 % 57 % 34 % 44 %	53 % 44 % 46 % -7 % 61 % 69 % 43 % 39 % 37 %	44 % 60 % 45 % -4 % 61 % 75 % 34 % 41 % 43 %	20/0 49/0 39/0 59/0 19/0 29/0 29/0 49/0 39/0	21 2% 4% 3% 4% 1% 2% 4% 4% 4% 4%	22 2% 2% 3% 4% 1% 2% 4% 4% 4% 3%	20 2.3x 1.2x 1.8x 8.9x -1.0x 5.6x 1.1x 2.2x 3.1x	2.8x 1.0x 1.7x 6.6x -1.0x 3.6x 1.2x 2.2x 3.0x	22 2.6x 0.7x 1.5x 6.7x -1.0x 3.2x 1.3x 2.1x 2.9x	33% 35% 30% 33% 22% 41% 22% 34% 30%	33% 36% 31% 32% 23% 43% 22% 35% 35% 30%	34% 43% 32% 31% 23% 45% 22% 36% 31%
Cías Ohlson AB Class B Europris ASA Stockmann Oyj Abp Class B Verkkokauppa.com Oyj XXL ASA Nordic grocery focused retailers Axfood AB ICA Gruppen AB Kesko Oyj Class B International discount retailers BEtM European Value Retail SA		72 % 49 % 44 % -47 % 54 % 72 % 57 % 34 % 44 %	53 % 44 % 46 % -7 % 61 % 69 % 43 % 39 % 37 % 37 %	22 44 % 60 % 45 % -4 % 61 % 75 % 34 % 41 % 43 % 33 %	20 2% 4% 3% 5% 1% 2% 2% 4% 3%	21 2% 4% 3% 4% 1% 2% 4% 4% 4% 4% 2%	22 2% 2% 3% 4% 1% 2% 4% 4% 3% 2%	20 2.3x 1.2x 1.8x 8.9x -1.0x 5.6x 1.1x 2.2x 3.1x	2.8x 1.0x 1.7x 6.6x -1.0x 3.6x 1.2x 2.2x 3.0x 0.7x	22 2.6x 0.7x 1.5x 6.7x -1.0x 3.2x 1.3x 2.1x 2.9x 0.7x	33% 35% 30% 33% 22% 41% 22% 34% 30%	21 33% 36% 31% 32% 23% 43% 22% 35% 30%	22 34% 43% 32% 31% 23% 45% 22% 36%
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Clas Ohlson AB Class B Europris ASA Stockmann Oyj Abp Class B Verkkokauppa.com Oyj XXL ASA Nordic grocery focused retailers Axfood AB ICA Gruppen AB Kesko Oyj Class B International discount retailers BetM European Value Retail SA Big Lots, Inc. Costco Wholesale Corporation Dollar General Corporation Dollar Tree, Inc. Dollarama Inc. Ollie's Bargain Outlet Holdings Corporati Five Below, Inc. Ollie's Bargain Outlet Holdings Inc Target Corporation Walmart Inc. Nordic non-grocery peers median Nordic grocery focused retailers	on	72 % 49 % 44 % -47 % 54 % 72 % 34 % 44 % 37 % 175 % 43 % 43 % 42 % 56 % 47 % 8 % 24 % 40 % 49 % 51 % 44 9%	21 53 % 44 % 46 % 61 % 69 % 43 % 33 % 37 % 37 % 37 % 37 % 37 % 50 % 45 % 50 % 50 % 50 % 46 % 57 % 39 % 46 % 59 %	22 44 % 60 % 45 % 61 % 75 % 34 % 41 % 43 % 33 % na. 73 % 36 % na. 73 % 36 % 18 % 35 % 57 % 49 % 49 % 41 %	200 296 496 396 596 196 296 496 396 296 296 296 296 296 296 296 396 306 496 339 1096 296 397 37 386 396 396 396 396 396 396	21 2% 4% 4% 1% 2% 4% 4% 4% 4% 4% 2% 3% 4% 3% 4% 3% 4% 3% 4% 3% 4% 3% 4% 3% 4% 4% 4% 4% 4%	22 2% 2% 3% 4% 1% 2% 4% 4% 3% 2% 3% 2% 3% 4% 3% 2% 3% 4% 3% 2% 3% 4% 3% 4% 3% 4% 3% 4% 3% 4% 3% 4% 4% 3% 4% 3% 4% 3% 4% 3% 4% 3% 4% 3% 4% 4% 3% 3% 4% 4% 3% 4% 4% 4% 3% 4% 4% 4% 4% 4% 4% 4% 4% 4% 4	20 2.3x 1.2x 1.8x 8.9x -1.0x 5.6x 1.1x 2.2x 3.1x 0.8x -1.0x -0.4x 1.6x 2.0x 2.0x 1.5x 1.3x 2.2x 2.2x 2.2x 2.2x 2.2x	21 2.8x 1.0x 1.7x 6.6x -1.0x 3.6x 1.2x 2.2x 3.0x 0.7x -1.4x -0.6x 1.5x 1.6x 2.8x 1.4x -0.2x 2.2x 2.2x 2.2x	22 2.6x 0.7x 1.5x 6.7x -1.0x 3.2x 1.3x 2.1x 2.9x 0.7x -1.9x -0.7x 1.1x 2.3x 1.1x 2.4x 1.4x 1.2x 2.0x 2.1x	33% 35% 30% 33% 22% 41% 22% 34% 30% 28% 35% 37% 796 28% 37% 68% 27% 22% 33% 33% 33% 33% 33% 33% 33% 33% 33	33% 36% 31% 32% 32% 23% 43% 43% 35% 35% 35% 35% 30% 41% 69% 41% 69% 30% 33% 41% 69% 33% 43% 30% 33% 43% 40% 30% 30% 30% 30% 30% 30% 30% 30% 30% 3	34% 43% 32% 45% 36% 31% 23% 45% 36% 31% 32% 44% 32% 44% 32% 32% 34% 33% 31%
Clas Ohlson AB Class B Europris ASA Stockmann Oyj Abp Class B Verkkokauppa.com Oyj XXL ASA Nordic grocery focused retailers Axfood AB ICA Gruppen AB Kesko Oyj Class B International discount retailers BEtM European Value Retail SA Big Lots, Inc. Costco Wholesale Corporation Dollar General Corporation Dollar Tree, Inc. Dollarama Inc. Pan Pacific International Holdings Corporatifive Below, Inc. Ollie's Bargain Outlet Holdings Inc Target Corporation Walmart Inc. Nordic non-grocery peers median	on	72 % 49 % 44 % -47 % 54 % 72 % 57 % 34 % 44 % 37 % 175 % 175 % 43 % 51 % 42 % 40 % 40 % 49 %	53 % 44 % 46 % 69 % 61 % 69 % 39 % 37 % 39 % 47 % 50 % 46 % 39 % 39 % 35 % 46 % 57 % 50 % 50 % 50 % 50 % 50 % 50 % 50	22 44 % 60 % 45 % 61 % 75 % 34 % 41 % 43 % 73 % 73 % 73 % 73 % 73 % 73 % 73 % 7	20 2%6 4%6 3%6 5%6 1%6 2%6 2%6 2%6 2%6 2%6 3%6 3%6 3%6 3%6 3%6 3%6 3%6 3	21 2% 4% 4% 3% 4% 1% 2% 4% 4% 4% 4% 4% 4% 2% 3% 4% 3% 4% 3% 4% 3% 3% 4% 3% 3% 3% 4% 3% 3% 3% 3% 4% 3% 3% 3% 4% 3% 3% 3% 4% 3% 3% 3% 3% 3% 4% 3% 3% 3% 3% 3% 3% 3% 3% 3% 3% 3% 3% 3%	22 2%6 2%6 3%6 3%6 1%6 2%6 4%6 4%6 3%6 3%6 2%6 3%6 2%6 3%6 2%6 3%6 2%6 3%6 2%6 3%6 2%6 3%6 2%6 2%6 3%6 2%6 3%6 4%6 4%6 4%6 4%6 4%6 4%6 4%6 4%6 4%6 4	20 2.3x 1.2x 1.8x 8.9x -1.0x 5.6x 1.1x 2.2x 3.1x 0.8x -1.0x -0.4x 1.4x 1.6x 2.0x 3.3x 2.2x 1.5x 1.3x	21 2.8x 1.0x 1.7x 6.6x -1.0x 3.6x 1.2x 2.2x 3.0x 0.7x -1.4x -0.6x 1.5x 1.3x 1.6x 2.8x 1.4x -1.2x -1.4x -1.2x	22 2.6x 0.7x 1.5x 6.7x -1.0x 3.2x 1.3x 2.1x 2.9x 0.7x -1.9x -0.7x 1.3x 1.1x 2.1x	33% 35% 30% 33% 22% 41% 22% 34% 30% 34% 36% 32% 37% 7% 28% 37% 68% 27% 29% 233 6 %	33% 36% 31% 32% 23% 43% 22% 35% 30% 30% 35% 39% 40% 41% 69% 28% 30% 30% 31%	34% 43% 32% 31% 23% 45% 22% 36% 31% 32% 44% 35% 41% 32% 44% 35% 41% 32%

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Food & Staples Retailing/Finland, July 10, 2020 Company update

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INTERIM FIGURES												
EVLI ESTIMATES, EURm	2019Q1	2019Q2	2019Q3	2019Q4	2019	2020Q1	2020Q2E	2020Q3E	2020Q4E	2020E	2021E	2022E
Net sales	188.1	239.9	231.5	284.8	944.3	199.0	285.8	243.8	297.3	1,025.9	1,029.3	1,057.6
EBITDA	12.8	34.0	37.2	47.6	131.6	16.3	46.9	39.9	51.2	154.2	154.9	162.0
EBITDA margin (%)	6.8	14.2	16.1	16.7	13.9	8.2	16.4	16.4	17.2	15.0	15.0	15.3
EBIT	-2.2	18.7	21.9	32.0	70.4	0.3	30.9	23.9	35.1	90.1	87.0	92.7
EBIT margin (%)	-1.2	7.8	9.5	11.2	7.5	0.2	10.8	9.8	11.8	8.8	8.4	8.8
Net financial items	-2.6	-2.6	-2.6	-2.6	-10.4	-2.5	-2.9	-2.9	-2.9	-11.2	-11.6	-12.2
Pre-tax profit	-4.8	16.1	19.3	29.4	60.0	-2.2	28.0	21.0	32.2	78.9	75.4	80.5
Tax	1.0	-3.1	-4.0	-5.7	-11.8	0.6	-5.6	-4.2	-6.4	-15.6	-15.1	-16.1
Tax rate (%)	20.8	19.3	20.7	19.4	19.7	27.3	20.0	20.0	20.0	19.8	20.0	20.0
Net profit	-3.8	13.0	15.3	23.7	48.2	-1.6	22.4	16.8	25.7	63.3	60.3	64.4
EPS	-0.06	0.22	0.26	0.40	0.82	-0.03	0.38	0.29	0.44	1.08	1.02	1.09
EPS adjusted (diluted no. of shares)	-0.06	0.22	0.26	0.40	0.82	-0.03	0.38	0.29	0.44	1.08	1.02	1.09
Dividend per share	0.00	0.00	0.00	0.00	0.62	0.00	0.00	0.00	0.00	0.75	0.72	0.77
SALES, EURm												
Group	188.1	239.9	231.5	284.8	944.3	199.0	285.8	243.8	297.3	1,025.9	1,029.3	1,057.6
Total	188.1	239.9	231.5	284.8	944.3	199.0	285.8	243.8	297.3	1,025.9	1,029.3	1,057.6
SALES GROWTH, Y/Y %												
Group	8.3	10.2	9.9	6.1	8.5	5.8	19.1	5.3	4.4	8.6	0.3	2.8
Total	8.3	10.2	9.9	6.1	8.5	5.8	19.1	5.3	4.4	8.6	0.3	2.8
EBIT, EURm												
Group	-2.2	18.7	21.9	32.0	70.4	0.3	30.9	23.9	35.1	90.1	87.0	92.7
Total	-2.2	18.7	21.9	32.0	70.4	0.3	30.9	23.9	35.1	90.1	87.0	92.7
EBIT margin, %		•		•		•		•				
Graup	12	7.0	0.5	112	7.	0.2	10.0	0.0	110	0.0	0.1	0.0

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INCOME STATEMENT, EURm	2015	2016	2017	2018	2019	2020E	2021E	2022E
Sales	755.3	775.8	796.5	870.4	944.3	1,025.9	1,029.3	1,057.6
Sales growth (%)	2.9	2.7	2.7	9.3	8.5	8.6	0.3	2.8
EBITDA	58.4	62.8	54.9	109.3	131.6	154.2	154.9	162.0
EBITDA margin (%)	7.7	8.1	6.9	12.6	13.9	15.0	15.0	15.3
Depreciation	-14.8	-15.1	-14.3	-57.3	-61.2	-64.1	-67.9	-69.4
EBITA	43.6	47.7	40.6	52.0	70.4	90.1	87.0	92.7
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	90.1	87.0	92.7
EBIT margin (%)	5.8	6.1	5.1	6.0	7.5	8.8	8.4	8.8
Reported EBIT	39.0	49.2	39.8	53.6	69.4	89.5	87.0	92.7
EBIT margin (reported) (%)	5.2	6.3	5.0	6.2	7.4	8.7	8.4	8.8
Net financials	-20.9	-15.2	-5.9	-10.6	-10.4	-11.2	-11.6	-12.2
Pre-tax profit	22.7	32.5	34.7	41.4	60.0	78.9	75.4	80.5
Taxes	-3.4	-6.8	-6.6	-8.6	-11.8	-15.6	-15.1	-16.1
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	62.7	60.3	64.4
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
BALANCE SHEET, EURm								
Assets								
Fixed assets	97	95	94	95	44	42	41	40
Goodwill	129	129	129	135	135	135	135	135
Right of use assets	0	0	0	234	279	289	291	292
Inventory	160	155	170	191	223	236	226	233
Receivables	16	18	22	22	19	24	24	25
Liquid funds	49	58	43	38	29	41	41	42
Total assets	455	459	462	721	731	769	761	769
Liabilities								
Shareholder's equity	48	167	163	167	185	211	227	249
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	291	292
Deferred taxes	6	5	5	6	0	0	0	0
Interest bearing debt	294	174	177	173	100	116	89	70
Non-interest bearing current liabilities	91	104	107	123	127	144	144	148
Other interest-free debt	16	10	11	10	10	10	10	10
Total liabilities	455	459	463	721	731	769	761	769
CASH FLOW, EURm								
+ EBITDA	58	63	55	109	132	154	155	162
- Net financial items	-21	-15	-6	-11	-10	-11	-12	-12
- Taxes	-3	-4	-8	-7	-12	-16	-15	-16
- Increase in Net Working Capital	-3	15	-13	-5	-24	-2	10	-3
+/- Other	-5	4	0	-42	-1	-1	0	0
= Cash flow from operations	27	63	27	45	84	125	138	131
- 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	53	69	61
+/- New issues/buybacks	0	91	-1	-6	0	0	0	0
- Paid dividend	0	0	-30	-24	-29	-36	-44	-42
+/- Other	-12	-135	0	16	-8	-5	-25	-18
Change in cash	-4	9	-15	-5	-9	12	0	1

Food & Staples Retailing/Finland, July 10, 2020 Company update

Medical part Medi	KEY FIGURES	2016	2017	2018	2019	2020E	2021E	2022E
Enterprise value	M-cap	500	427	423	743	804	804	804
Sales 776 776 977 970 940 10,026 10,298 10,208 <th< td=""><td>Net debt (excl. convertibles)</td><td>116</td><td>134</td><td>379</td><td>380</td><td>363</td><td>339</td><td>319</td></th<>	Net debt (excl. convertibles)	116	134	379	380	363	339	319
ENITOA 63 55 000 132 154 155 122 ERIT 48 44 52 70 90 75 00 Enrings 28 28 33 44 60 79 75 00 Equity book value (excl. minorities) 167 783 167 88 21 22 24 Valuation multiples very very very very 11 1.1 <	Enterprise value	616	561	801	1,123	1,168	1,143	1,124
FBIT	Sales	776	797	870	944	1,026	1,029	1,058
Pe-1sa 33 35 41 60 79 75 80 Earnings 26 28 33 48 63 60 64 Earnings 26 28 33 48 63 60 64 Earnings 26 28 33 48 63 60 64 Earnings 26 27 28 28 28 28 28 28 28	EBITDA	63	55	109	132	154	155	162
Emminy 167 163 167 163 167 165 161 127 279	EBIT	48	41	52	70	90	87	93
	Pre-tax	33	35	41	60	79	75	80
Pulsation multiples	Earnings	26	28	33	48	63	60	64
Valuation multiples Vision Vision	Equity book value (excl. minorities)	167	163	167	185	211	227	249
EVEBITA 9.8 10.2 7.3 8.5 7.6 7.4 6.9 EVEBITA 12.9 13.8 15.4 16.0 13.0 13.1 12.1 EVIGOT 9.9 20.7 17.8 13.3 9.4 8.3 8.6 EVICOT 9.9 20.7 17.8 13.3 9.4 8.3 8.6 EVICOT 9.9 20.7 17.8 13.3 9.4 8.3 8.6 EVICOT 9.9 20.7 17.8 13.3 9.4 8.3 8.6 PIFOT 9.5 2.7.7 41.8 26.3 15.1 11.6 31.1 PIFOT 9.0 0.0 0.0 0.0 4.0 3.8 3.5 3.2 PIR 1.0 0.0 0.0 0.0 4.0 4.0 4.0 2.0 2.0 4.0 4.0 4.0 4.0 4.0 4.0 4.0 4.0 4.0 4.0 4.0 4.0	•							
EVEBITA 9.8 10.2 7.3 8.5 7.6 7.4 6.9 EVEBITA 12.9 13.8 15.4 16.0 13.0 13.1 12.1 EVIGOT 9.9 20.7 17.8 13.3 9.4 8.3 8.6 EVICOT 9.9 20.7 17.8 13.3 9.4 8.3 8.6 EVICOT 9.9 20.7 17.8 13.3 9.4 8.3 8.6 EVICOT 9.9 20.7 17.8 13.3 9.4 8.3 8.6 PIFOT 9.5 2.7.7 41.8 26.3 15.1 11.6 31.1 PIFOT 9.0 0.0 0.0 0.0 4.0 3.8 3.5 3.2 PIR 1.0 0.0 0.0 0.0 4.0 4.0 4.0 2.0 2.0 4.0 4.0 4.0 4.0 4.0 4.0 4.0 4.0 4.0 4.0 4.0 4.0		0.8	0.7	0.9	1.2	1.1	1.1	1.1
FM/FBITA								
EV/EBIT 12.9 13.8 15.4 16.0 13.0 13.1 12.1 EV/ICCF 9.9 20.7 17.8 13.3 9.4 8.8 9.8 EV/ECF 9.3 24.4 24.1 8.8 9.8 8.8 9.1 P/FCF 9.5 27.7 41.8 26.3 15.1 11.6 13.1 12.1 P/E 19.5 15.2 12.9 15.4 12.7 13.3 12.5 P/B 3.0 2.6 2.5 4.0 3.8 3.5 3.2 Target EV/EBIT 0.0 0.0 0.0 0.0 2.0 4.6 4.2 3.9 Target EV/EB 0.0 0.0 0.0 0.0 2.0 4.6 4.2 3.9 Target EV/EBT 0.0 0.0 0.0 0.0 2.0 2.0 4.8 4.2 3.9 Target EV/EBT 0.0 0.0 0.0 0.0 5.8 8.8 8.8								
PUPCEF 9.3 24.4 24.1 8.8 9.8 8.8 9.8 8.8 9.9 9.0	·							
EV/FCFF 9.3 2.44 2.41 8.8 9.8 8.8 9.1 P/FCFF 9.5 2.7.7 4.18 2.63 15.1 11.6 13.3 P/B 19.5 15.2 12.9 15.4 12.7 13.3 12.5 P/B 3.0 2.6 2.5 40 3.8 3.5 3.2 Target EV/EBIT 0.0 0.0 0.0 0.0 14.7 15.0 13.9 Target EV/FCF 0.0 0.0 0.0 0.0 14.7 15.0 13.9 Target P/B 0.0 0.0 0.0 0.0 4.6 4.3 3.3 Target P/B 0.0 0.0 0.0 0.0 4.6 4.3 3.9 Per share 0.0 0.0 0.0 0.0 58,869 58,869 58,869 58,869 58,869 58,869 58,869 58,869 58,869 58,869 58,869 58,869 58,869 58,869 58,869								
PFCFE 9.5 2.7.7 41.8 2.6.3 15.1 11.6 13.1 PIE 19.5 15.2 12.9 15.4 12.7 13.3 12.5 PIB 3.0 2.6 2.5 4.0 3.8 3.5 3.25 Target EVL/BITDA 0.0 0.0 0.0 0.0 0.0 4.6 8.4 7.9 Target EVL/FIET 0.0 0.0 0.0 0.0 2.0 24.9 18.9 27.0 Target PIP 0.0 0.0 0.0 0.0 2.0 4.6 4.3 3.9 Target PIP 0.0 0.0 0.0 0.0 2.0 4.6 4.3 3.9 Target PIP 0.0 0.0 0.0 0.0 2.0 4.6 4.3 3.9 Target PIP 0.0 0.0 0.0 0.0 0.0 2.0 2.0 4.6 4.3 3.9 2.0 Parate SIL PIP 0.0 0.0 0.0	·							
F/E 19.5 15.2 12.9 15.4 12.7 13.3 12.5 P/B 3.0 2.6 2.5 4.0 3.8 3.5 3.2 Target EV/EBITDA 0.0 0.0 0.0 0.0 0.0 14.7 15.0 13.9 Target EV/FCF 0.0 0.0 0.0 0.0 24.9 18.9 21.0 Target EV/FB 0.0 0.0 0.0 0.0 4.6 4.3 3.9 Target EV/FB 0.0 0.0 0.0 0.0 4.6 4.3 3.9 Target EV/FB 0.0 0.0 0.0 0.0 4.6 4.3 3.9 Target EV/FB 0.0 0.0 0.0 0.0 15.3 16.0 16.0 Per share measures 0.0 0.0 0.0 0.0 58.869 58.869 58.869 58.869 58.869 58.869 58.869 58.869 58.869 58.869 58.869 58.869 58.869 <th< td=""><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></th<>								
P/B rayer EV/EBITDA 3.0 2.6 2.5 4.0 3.8 3.5 3.2 Target EV/EBITDA 0.0 0.0 0.0 0.0 0.0 8.6 8.4 7.9 Target EV/FCF 0.0 0.0 0.0 0.0 4.6 4.3 3.9 Target P/B 0.0 0.0 0.0 0.0 4.6 4.3 3.9 Fer share 0.0 0.0 0.0 0.0 15.3 16.0 15.0 Per share measures 0.0 0.0 0.0 0.0 0.0 15.3 16.0 15.0 Per share measures 0.0 0.0 0.0 0.0 0.0 15.3 16.0 15.0 Per share segulated 0.889 58,869								
Target EV/EBITDA 0.0 0.0 0.0 0.0 1.47 1.50 1.3.9 Target EV/ECF 0.0 0.0 0.0 0.0 2.49 18.9 2.10 Target EV/ECF 0.0 0.0 0.0 0.0 4.6 4.3 3.3 Target EV/E 0.0 0.0 0.0 0.0 4.6 4.3 3.9 Target EV/E 0.0 0.0 0.0 0.0 4.6 4.3 3.9 Fer share 0.0 0.0 0.0 0.0 15.3 16.0 15.0 Per share 0.0 0.0 0.0 0.0 15.3 16.0 15.6 Number of shares 58,869 58,86								
Target EV/EBIT 0.0 0.0 0.0 0.0 14.7 15.0 13.9 Target EV/FCP 0.0 0.0 0.0 0.0 24.9 18.9 27.0 Target F/B 0.0 0.0 0.0 0.0 4.6 4.3 3.9 Target F/E 0.0 0.0 0.0 0.0 15.3 16.0 15.0 Per share measures 58,869	•							
Target EV/FCF 0.0 0.0 0.0 0.0 24.9 18.9 21.0 Target P/B 0.0 0.0 0.0 0.0 4.6 4.3 3.9 Target P/E 0.0 0.0 0.0 0.0 15.3 16.0 15.0 Per share measures 1.0 0.0 0.0 0.0 0.0 15.3 16.0 15.0 Number of shares 58,869								
Target P/B 0.0 0.0 0.0 0.0 0.0 15.3 16.0 15.0 Per share measures 15.0 15.0 15.0 15.0 15.0 15.0 Number of shares 58,869 <th< td=""><td>3 ,</td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></th<>	3 ,							
Per share measures								
Per share measures Number of shares 58,869 58,222 67 70 66								
Number of shares 58,869		0.0	0.0	0.0	0.0	70.0	70.0	70.0
Number of shares (diluted) 58,869 58,62 59,07 50,77 67,70	Number of shares	58,869	58,869	58,869	58,869	58,869	58,869	58,869
EPS 0.44 0.48 0.56 0.82 1.08 1.02 1.09 Operating cash flow per share 1.06 0.46 0.76 1.43 2.12 2.35 2.22 Free cash flow per share 0.89 0.26 0.17 0.48 0.90 1.17 1.04 Book value per share 0.51 0.41 0.50 0.62 0.75 0.72 0.77 Dividend per share 0.51 0.41 0.50 0.62 0.75 0.72 0.77 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 5.5 5.2 5.6 FCF yield, % 10.5 3.6 2.4 3.8 6.6 8.7 7.0 BOE 2.3 17.0 19.9 27.4 32.0 27.5 27.5 ROE 13.1 12.1 11.1 11.3 12.0 14.9 14.2	Number of shares (diluted)							
Free cash flow per share 0.89 0.26 0.17 0.48 0.90 1.17 1.04 Book value per share 2.83 2.77 2.83 3.14 3.58 3.85 4.23 Dividend per share 0.51 0.41 0.50 0.62 0.75 0.72 0.77 Dividend payout ratio, % 116.8 86.0 89.7 75.8 69.9 70.0 70.0 FCF yield, % 6.0 5.7 7.0 4.9 5.5 5.2 5.6 FCF yield, % 10.5 3.6 2.4 3.8 6.6 8.6 7.6 Efficiency measures 23.9 17.0 19.9 27.4 32.0 27.5 27.1 ROCE 23.1 17.0 19.9 27.4 32.0 27.5 27.1 ROCE Intercept Seas Seas 23.2 23.2 23.2 23.2 23.2 23.2 23.2 23.2 23.2 23.2 23.2 23.2 23.2 23.2 23.2 2								
Free cash flow per share 0.89 0.26 0.17 0.48 0.90 1.17 1.04 Book value per share 2.83 2.77 2.83 3.14 3.58 3.85 4.23 Dividend per share 0.51 0.41 0.50 0.62 0.75 0.72 0.77 Dividend payout ratio, % 116.8 86.0 89.7 75.8 69.9 70.0 70.0 FCF yield, % 6.0 5.7 7.0 4.9 5.5 5.2 5.6 FCF yield, % 10.5 3.6 2.4 3.8 6.6 8.6 7.6 Efficiency measures 23.9 17.0 19.9 27.4 32.0 27.5 27.1 ROCE 23.1 17.0 19.9 27.4 32.0 27.5 27.1 ROCE Intercept Seas Seas 23.2 23.2 23.2 23.2 23.2 23.2 23.2 23.2 23.2 23.2 23.2 23.2 23.2 23.2 23.2 2	Operating cash flow per share	1.06	0.46	0.76	1.43	2.12	2.35	2.22
Dividend per share 0.51 0.41 0.50 0.62 0.75 0.72 0.77	Free cash flow per share	0.89	0.26	0.17	0.48	0.90	1.17	1.04
Dividend per share 0.51 0.41 0.50 0.62 0.75 0.72 0.77	Book value per share	2.83	2.77	2.83	3.14	3.58	3.85	4.23
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 5.5 5.2 5.6 FCF yield, % 10.5 3.6 2.4 3.8 6.6 8.6 7.6 Efficiency measures ROE 23.9 17.0 19.9 27.4 32.0 27.5 27.1 ROCE 14.1 12.1 11.3 12.0 14.9 14.2 15.2 Financial ratios 1 1.1 21.9 23.6 23.0 22.0 22.0 Receivables as % of sales 2.0 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, % 1.3 1.5 2.3	·	0.51		0.50	0.62			0.77
Dividend yield, % 6.0 5.7 7.0 4.9 5.5 5.2 5.6 FCF yield, % 10.5 3.6 2.4 3.8 6.6 8.6 7.6 Efficiency measures ROE 23.9 17.0 19.9 27.4 32.0 27.5 27.1 ROCE 14.1 12.1 11.3 12.0 14.9 14.2 15.2 Financial ratios 20.0 21.4 21.9 23.6 23.0 22.0 22.0 Receivables 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 NWC/sales, % 3.3 13.5 14.1 13.4 14.0 14.0 14.0 NWC/sales, % 3.7 10.3 10.0 11.7 11.0 10.0 10.0 Operative CAPEX/sales, % 1.3 1.5 2.3 5.9 7.0 <td>•</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td>	•							
FCF yield, % 10.5 3.6 2.4 3.8 6.6 8.6 7.6 Efficiency measures Efficiency measures ROE 23.9 17.0 19.9 27.4 32.0 27.5 27.1 ROCE 14.1 12.1 11.3 12.0 14.9 14.2 15.2 Financial ratios 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 7.0 6.7 6.6 CAPEX/sales (incl. acquisitions), % 1.3 1.5 0.6 5.9 7.0 6.7 6.6		6.0	5.7	7.0	4.9	5.5	5.2	5.6
Efficiency measures ROE 23.9 17.0 19.9 27.4 32.0 27.5 27.1 ROCE 14.1 12.1 11.3 12.0 14.9 14.2 15.2 Financial ratios 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 7.0 6.7 6.6 CAPEX/sales (incl. acquisitions), % 1.3 1.5 0.6 5.9 7.0 6.7 6.6 FCFF/EBITDA 1.1 0.4 0.3 1.0 0.8 0.8 0.8 Net debt/EBITDA, book-	, .	10.5	3.6	2.4		6.6	8.6	7.6
ROCE 14.1 12.1 11.3 12.0 14.9 14.2 15.2 Financial ratios 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 7.0 6.7 6.6 CAPEX/sales (incl. acquisitions), % 1.3 1.5 0.6 5.9 7.0 6.7 6.6 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 2.4 2.2 2.0 Debt/equity, market-weighted 0.3 36.3	Efficiency measures							
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 7.0 6.7 6.6 CAPEX/sales (incl. acquisitions), % 1.3 1.5 0.6 5.9 7.0 6.7 6.6 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 2.4 2.2 2.0 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 27.4 29.8 32.4 Sales (incl. acquisitions) 2.5 2.5 2.5 2.5 2.5 2.5 CAPEX/sales (incl. acquisitions) 2.5 2.5 2.5 2.5 CAPEX/sales (incl. acquisitions) 2.5 2.5 2.5 CAPEX/sales (incl. acquisitions) 2.5 2.5 2.5 CAPEX/sales (incl. acquisitions) 2.5 CAPEX/sales (incl. ac	ROE	23.9	17.0	19.9	27.4	32.0	27.5	27.1
Inventories as % of sales 20.0 21.4 21.9 23.6 23.0 22.0 22.0	ROCE	14.1	12.1	11.3	12.0	14.9	14.2	15.2
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 7.0 6.7 6.6 CAPEX/sales (incl. acquisitions), % 1.3 1.5 0.6 5.9 7.0 6.7 6.6 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 2.4 2.2 2.0 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 27.4 29.8 32.4	Financial ratios							
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 7.0 6.7 6.6 CAPEX/sales (incl. acquisitions), % 1.3 1.5 0.6 5.9 7.0 6.7 6.6 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 2.4 2.2 2.0 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 27.4 29.8 32.4	Inventories as % of sales	20.0	21.4	21.9	23.6	23.0	22.0	22.0
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 7.0 6.7 6.6 CAPEX/sales (incl. acquisitions), % 1.3 1.5 0.6 5.9 7.0 6.7 6.6 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 2.4 2.2 2.0 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 27.4 29.8 32.4	Receivables as % of sales	2.3	2.8	2.5	2.0	2.4	2.4	2.4
Operative CAPEX/sales, % 1.3 1.5 2.3 5.9 7.0 6.7 6.6 CAPEX/sales (incl. acquisitions), % 1.3 1.5 0.6 5.9 7.0 6.7 6.6 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 2.4 2.2 2.0 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 27.4 29.8 32.4	Non-interest bearing liabilities as % of sales	13.3	13.5	14.1	13.4	14.0	14.0	14.0
CAPEX/sales (incl. acquisitions), % 1.3 1.5 0.6 5.9 7.0 6.7 6.6 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 2.4 2.2 2.0 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 27.4 29.8 32.4	NWC/sales, %	8.7	10.3	10.0	11.7	11.0	10.0	10.0
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 2.4 2.2 2.0 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 27.4 29.8 32.4	Operative CAPEX/sales, %	1.3	1.5	2.3	5.9	7.0	6.7	6.6
Net debt/EBITDA, book-weighted 1.8 2.4 3.5 2.9 2.4 2.2 2.0 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 27.4 29.8 32.4	CAPEX/sales (incl. acquisitions), %	1.3	1.5	0.6	5.9	7.0	6.7	6.6
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 27.4 29.8 32.4	FCFF/EBITDA	1.1	0.4	0.3	1.0	0.8	0.8	0.8
Equity ratio, book-weighted 36.3 35.2 23.1 25.3 27.4 29.8 32.4	Net debt/EBITDA, book-weighted	1.8	2.4	3.5	2.9	2.4	2.2	2.0
	Debt/equity, market-weighted	0.3	0.4	0.4	0.1	0.1	0.1	0.1
Gearing, % 69.6 82.3 227.0 205.8 172.3 149.2 128.2	Equity ratio, book-weighted	000	25.0		0.50	07.4	00.0	22.4
		36.3	35.2	23.1	25.3	27.4	29.8	32.4

Food & Staples Retailing/Finland, July 10, 2020 Company update

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	0/0
Takoa Invest	10,544,688	144.040	17.9%
Keskinäinen työeläkevakuutusyhtiö Varma	3,150,526	43.036	5.4%
Keskinäinen työeläkevakuutusyhtiö Elo	2,486,997	33.972	4.2%
Keskinäinen Eläkevakuutusyhtiö Ilmarinen	1,732,539	23.666	2.9%
OP-Suomi Arvo -sijoitusrahasto	1,223,910	16.719	2.1%
Eläkevakuutusosakeyhtiö Veritas	690,000	9.425	1.2%
Sijoitusrahasto Evli Suomi Pienyhtiöt	668,746	9.135	1.1%
Säästöpankki Kotimaa-sijoitusrahasto	636,527	8.695	1.1%
Nordea Fennia Fund	517,851	7.074	0.9%
Kirkon Eläkerahasto	496,973	6.789	0.8%
Ten largest	22,148,757	302.552	38%
Residual	36,719,995	501.595	62%
Total	58,868,752	804.147	100%

EARNINGS CALENDAR	
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

Food & Staples Retailing/Finland, July 10, 2020 Company update

DEFINITIONS

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

Food & Staples Retailing/Finland, July 10, 2020 Company update

Important Disclosures

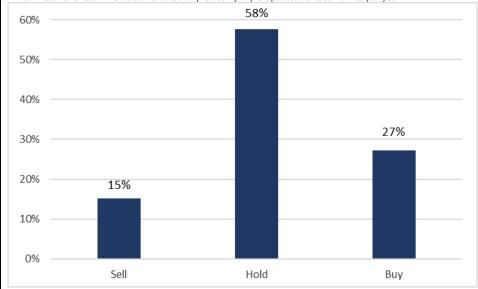
Evli Research Partners Plc ("ERP") uses 12-month target prices. Target prices are defined by utilizing analytical techniques based on financial theory including (but not limited to) discounted cash flow analysis and comparative valuation. The selection of valuation methods depends on different circumstances. Target prices may be altered on the basis of new information coming to light in the underlying company or changes in interest rates, changes in foreign exchange rates, other securities prices or market indices or outlook for the aforementioned factors or other factors that may change the conditions of financial markets. Recommendations and changes by analysts are available at <u>Analysts' recommendations and ratings revisions</u>.

Investment recommendations are defined as follows:

Target price compared to share price Recommendation

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

ERP's investment recommendation of the analyzed company is updated at least 2 times per year.



The graph above shows the distribution of ERP's recommendations of companies under coverage in 11th of May 2020. If recommendation is not given, it is not mentioned here.

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

This research report has been prepared by Evli Research Partners Plc ("ERP" or "Evli Research"). ERP is a subsidiary of Evli Bank Plc. Production of the investment recommendation has been concluded on [10.07.2020, 08:30]. This report has been published on [10.07.2020, 09:30].

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The date and time for any price of financial instruments mentioned in the recommendation refer to the previous trading day's closing price(s) unless otherwise stated in the report.

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Food & Staples Retailing/Finland, July 10, 2020 Company update

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Food & Staples Retailing/Finland, July 10, 2020 Company update

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