

Towards new milestones

Tokmanni's Q4 result outpaced the expectations. The company was also able to reach its adj. EBIT margin target of 9% and sales target of EUR 1bn in 2020. New strategic targets are introduced in March. We keep our rating "BUY" with TP of EUR 20 (18.4).

Result outpaced the expectations

Tokmanni reported extremely strong Q4 figures. Revenue increased by 14.6% y/y to EUR 327m (vs. 315m Evli & cons.). LFL growth was 13.4% y/y. Sales development was at good level in all product categories. Online sales grew by 134% y/y and accounted for 1.4% of total revenue. Adj. gross profit amounted EUR 120m (36.8% margin) vs. EUR 110m Evli & consensus. Adj. EBIT totaled EUR 45m (38m/37m Evli/cons.). Dividend proposal was also clearly above expectations as it was EUR 0.85 per share vs. EUR 0.78 our view and EUR 0.74 consensus.

Financial targets met – new ones to come

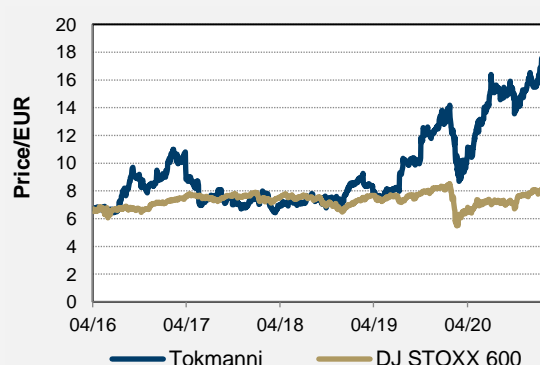
Tokmanni's target was to reach adj. EBIT margin of 9% which was exceeded last year. The company also exceeded sales of EUR 1bn. Tokmanni will introduce its revised strategic targets in connection with the CMD which takes place in March. We see that there is still gross margin improvement potential as the company aims constantly to increase the share of direct import and private labels. This boosts profitability development. We expect further growth in online sales, though the share is still expected to remain relatively low compared to the total sales (online sales grew by 124% in 2020). The company's low price image combined with broad product assortment has paid off and the company has been able attract new customers. The share of new customers was 20% in 2020. Tokmanni has also launched a review on the possibilities of expanding the logistics center in Mäntsälä and we hope to get more color on that later during the year.

"BUY" with TP of EUR 20 (18.4)

Tokmanni expects slight growth in revenue in 2021. Adj. EBIT is expected to be at the same level as in the previous year. We have increased our 21E sales expectation by ~4% and expect sales of EUR 1089m (+1.5% y/y). We expect adj. EBIT of EUR 99m (9.1% margin). On our estimates the company trades with 21E-22E EV/EBIT multiple of 13.7x and 12.8x which is 7-8% discount compared to the Nordic non-grocery peers. We keep our rating "BUY" with TP of EUR 20 (18.4).

Rating

BUY



Share price, EUR (Last trading day's closing price) 17.56

Target price, EUR 20.0

Latest change in rating	31-Oct-19
Latest report on company	05-Feb-21
Research paid by issuer:	YES
No. of shares outstanding, '000's	58,762
No. of shares fully diluted, '000's	58,762
Market cap, EURm	1,032
Free float, %	100.0
Exchange rate	1.000
Reuters code	TOKMAN.HE
Bloomberg code	TOKMAN FH
Average daily volume, EURm	na.
Next interim report	29-Apr-21
Web site	tokmanni.fi/investors

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BUY HOLD SELL

KEY FIGURES

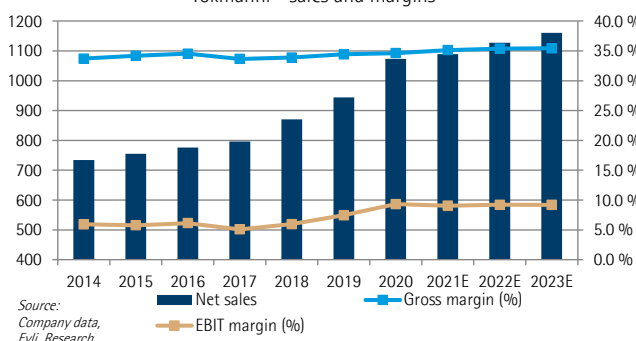
	Sales EURm	EBIT EURm	EBIT %	FCF EURm	EPS EUR	P/E (x)	EV/Sales (x)	EV/EBIT (x)	FCF yield %	DPS EUR
2019	944.3	70.4	7.5%	28.3	0.82	15.4	1.2	16.0	3.8	0.62
2020	1,073.2	100.2	9.3%	86.2	1.23	14.3	1.3	13.6	8.3	0.85
2021E	1,089.2	98.6	9.1%	61.8	1.20	14.7	1.2	13.7	6.0	0.85
2022E	1,127.2	103.9	9.2%	70.6	1.26	13.9	1.2	12.8	6.8	0.90
2023E	1,160.9	106.9	9.2%	75.5	1.29	13.6	1.1	12.3	7.3	0.94
Market cap, EURm		1,032	Gearing 2021E, %			135.1	CAGR EPS 2020-23, %			1.6
Net debt 2021E, EURm		321	Price/book 2021E			4.3	CAGR sales 2020-23, %			2.7
Enterprise value, EURm		1,353	Dividend yield 2021E, %			4.8	ROE 2021E, %			30.9
Total assets 2021E, EURm		770	Tax rate 2021E, %			20.0	ROCE 2021E, %			16.0
Goodwill 2021E, EURm		136	Equity ratio 2021E, %			30.8	PEG, P/E 21/CAGR			-3.2

Estimates

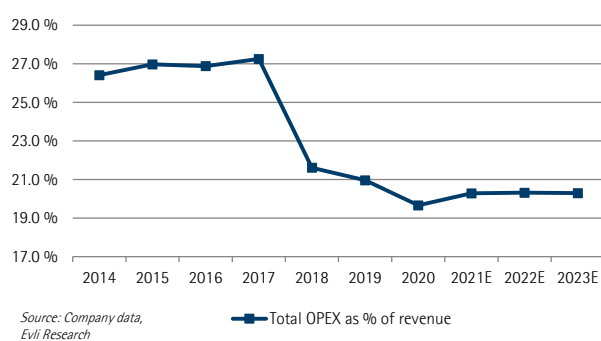
Tokmanni	2013	2014	2015	2016	2017	2018	2019	2020	2021E	2022E	2023E
Net sales	712.8	734.3	755.3	775.8	796.5	870.5	944.3	1073.2	1089.2	1127.2	1160.9
<i>Growth-%</i>	3.3 %	3.0 %	2.9 %	2.7 %	2.7 %	9.3 %	8.5 %	13.7 %	1.5 %	3.5 %	3.0 %
Materials and services (adj.)	-474.6	-486.8	-497.2	-507.9	-528.4	-575.2	-619.1	-701.5	-706.6	-728.4	-749.5
<i>Growth-%</i>	-	2.6 %	2.1 %	2.2 %	4.0 %	8.9 %	7.6 %	13.3 %	0.7 %	3.1 %	2.9 %
<i>% of sales</i>	66.6 %	66.3 %	65.8 %	65.5 %	66.3 %	66.1 %	65.6 %	65.4 %	64.9 %	64.6 %	64.6 %
Gross profit (adj.)	238.2	247.5	258.1	267.9	268.1	295.0	325.2	371.7	382.6	398.8	411.3
<i>Gross margin (%)</i>	33.4 %	33.7 %	34.2 %	34.5 %	33.7 %	33.9 %	34.4 %	34.6 %	35.1 %	35.4 %	35.4 %
Fixed costs (adj.)	-185.1	-193.9	-203.7	-208.5	-217.0	-189.5	-197.9	-211.0	-220.9	-229.0	-235.6
<i>Growth-%</i>	-	4.8 %	5.0 %	2.4 %	4.1 %	-12.7 %	4.4 %	6.6 %	4.7 %	3.6 %	2.9 %
<i>% of sales</i>	26.0 %	26.4 %	27.0 %	26.9 %	27.2 %	21.8 %	21.0 %	19.7 %	20.3 %	20.3 %	20.3 %
Other income	3.5	3.6	4.0	3.4	3.8	4.1	4.3	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	0.0	0.0
Depreciation and amortization	-12.6	-13.5	-14.8	-15.2	-14.3	-57.5	-61.2	-64.7	-67.2	-70.0	-73.0
EBITDA (adj.)	56.7	57.1	58.4	62.8	54.9	109.5	131.6	164.8	165.8	173.9	179.9
<i>EBITDA margin (%)</i>	8.0 %	7.8 %	7.7 %	8.1 %	6.9 %	12.6 %	13.9 %	15.4 %	15.2 %	15.4 %	15.5 %
EBIT (adj.)	44.1	43.6	43.6	47.7	40.6	52.0	70.4	100.2	98.6	103.9	106.9
<i>EBIT margin (%)</i>	6.2 %	5.9 %	5.8 %	6.1 %	5.1 %	6.0 %	7.5 %	9.3 %	9.1 %	9.2 %	9.2 %
NRIs in reported gross profit	0.0	1.1	-0.6	0.5	-0.9	0.2	-0.1	-0.7	0.0	0.0	0.0
NRIs in reported fixed costs	-1.1	-1.8	-4.0	1.0	-0.8	1.4	-1.0	-0.5	0.0	0.0	0.0
EBIT (reported)	43.0	43.0	39.0	49.2	38.9	53.6	69.4	98.9	98.6	103.9	106.9
<i>EBIT margin (%)</i>	6.0 %	5.9 %	5.2 %	6.3 %	4.9 %	6.2 %	7.3 %	9.2 %	9.1 %	9.2 %	9.2 %
Net financials	-23.0	-22.2	-20.9	-15.3	-5.9	-10.5	-10.4	-10.0	-10.8	-11.3	-11.9
Profit before taxes (reported)	20.1	20.8	18.1	33.9	33.0	43.1	59.0	88.9	87.8	92.6	95.0
Taxes	-4.8	-4.2	-3.4	-6.8	-6.6	-8.9	-11.8	-17.7	-17.6	-18.5	-19.0
<i>Tax rate (%)</i>	23.9 %	20.1 %	18.8 %	20.1 %	20.0 %	20.7 %	20.0 %	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	0.0
Net income (reported)	15.3	16.6	14.7	27.1	26.4	34.1	47.2	71.1	70.2	74.1	76.0
Average number of shares (million)	58.9	58.9	58.9	58.9	58.9	58.9	58.9	58.8	58.8	58.8	58.8
EPS (reported)	0.26	0.28	0.25	0.46	0.45	0.58	0.80	1.21	1.20	1.26	1.29
Dividend and capital return	-	-	-	0.51	0.41	0.50	0.62	0.85	0.85	0.90	0.94
<i>Payout ratio (%)</i>				111 %	92 %	86 %	77 %	70 %	71 %	71 %	73 %

Source: Tokmanni, Evli Research

Tokmanni - sales and margins



Tokmanni - Fixed costs as % of sales



Valuation

TOKMANNI PEERS	MCAP local FX	EV/EBITDA 20	EV/EBITDA 21	EV/EBITDA 22	EV/EBIT 20	EV/EBIT 21	EV/EBIT 22	EV/FCF 20	EV/FCF 21	EV/FCF 22	P/E 20	P/E 21	P/E 22
Nordic non-grocery focused retailers													
Byggmax Group AB	3148	4.2x	5.7x	5.7x	7.2x	12.8x	13.5x	6.7x	7.7x	21.2x	6.0x	10.0x	10.8x
Clas Ohlson AB Class B	4722	4.7x	4.3x	4.1x	9.6x	8.8x	8.3x	8.0x	7.7x	7.5x	9.8x	9.9x	9.9x
Europris ASA	7787	6.0x	6.7x	6.3x	8.8x	10.7x	10.0x	7.4x	12.7x	13.3x	9.9x	12.7x	12.2x
Stockmann Oyj Abp Class B	88	6.6x	5.9x	5.6x	429.3x	32.5x	28.7x	12.2x		99.7x			
Verkkokauppa.com Oyj	379	12.2x	14.0x	13.0x	14.7x	17.5x	16.1x	25.4x	21.8x	20.7x	24.6x	25.5x	24.0x
XXL ASA	4945	7.0x	6.2x	5.7x	21.6x	16.9x	14.0x	5.2x	15.1x	11.9x	40.4x	17.5x	14.5x
Nordic grocery focused retailers													
Axfood AB	41923	9.5x	9.6x	9.6x	18.0x	18.3x	18.3x	15.8x	23.1x	27.3x	22.2x	21.9x	21.7x
ICA Gruppen AB	82933	9.4x	9.3x	9.0x	18.0x	18.2x	17.7x	26.1x	24.8x	20.6x	20.0x	19.8x	19.4x
Kesko Oyj Class B	8538	10.0x	10.3x	10.2x	18.7x	19.4x	19.0x	15.7x	30.4x	24.1x	19.7x	21.7x	21.4x
International discount retailers													
B&M European Value Retail SA	5584	7.6x	9.0x	8.4x	11.0x	13.8x	12.7x	15.1x	20.7x	17.3x	15.0x	17.1x	15.6x
Big Lots, Inc.	2426	2.1x	2.9x	5.0x	2.6x	7.5x	7.6x	2.3x	12.9x	13.6x	8.9x	11.8x	10.2x
Costco Wholesale Corporation	156252	21.7x	18.7x	17.1x	28.5x	24.3x	22.0x	37.9x	33.4x	30.4x	36.6x	34.7x	32.2x
Dollar General Corporation	48657	13.8x	14.1x	13.0x	16.0x	16.9x	15.5x	21.5x	26.9x	23.0x	18.7x	19.7x	17.8x
Dollar Tree, Inc.	25489	11.4x	10.7x	9.8x	15.6x	14.4x	13.0x	25.4x	23.6x	21.9x	19.3x	17.5x	15.8x
Dollarama Inc.	15122	15.8x	13.4x	11.3x	20.6x	17.0x	14.7x	28.6x	23.3x	37.5x	26.4x	21.3x	18.7x
Pan Pacific International Holdings Corpora	1672653	17.6x	17.6x	15.8x	23.7x	23.7x	20.9x	56.8x	75.3x	43.6x	33.0x	29.9x	26.5x
Five Below, Inc.	10745	46.6x	28.8x	23.4x	69.6x	37.3x	30.0x	111.1x	68.0x	68.0x	91.3x	47.6x	38.8x
Ollie's Bargain Outlet Holdings Inc	6119	17.7x	21.3x	17.8x	19.5x	23.9x	20.1x	24.5x	82.4x	34.5x	30.7x	33.2x	28.9x
Target Corporation	95863	10.6x	12.3x	11.8x	14.5x	17.1x	16.1x	20.5x	28.6x	26.4x	20.8x	22.0x	20.0x
Walmart Inc.	408748	12.6x	12.6x	12.1x	18.6x	18.5x	17.6x	23.4x	27.9x	25.2x	25.9x	25.1x	23.5x
Nordic non-grocery peers median	4945	6.3x	6.1x	5.7x	12.1x	14.9x	13.8x	7.7x	13.9x	17.0x	9.9x	12.7x	12.2x
Nordic grocery focused retailers		9.5x	9.6x	9.6x	18.0x	18.3x	18.3x	15.8x	24.8x	24.1x	20.0x	21.7x	21.4x
Discount retailers median	20306	13.2x	13.0x	11.9x	18.6x	17.1x	16.1x	24.5x	27.9x	28.4x	25.9x	22.0x	20.0x
Tokmanni (Evli est.)	974	8.3x	8.2x	7.7x	13.6x	13.7x	12.8x	9.7x	11.0x	10.1x	14.3x	14.7x	13.9x
<i>Tokmanni premium vs. Nordic non-grocery focused peers</i>		<i>31%</i>	<i>34%</i>	<i>35%</i>	<i>12%</i>	<i>-8%</i>	<i>-7%</i>	<i>27%</i>	<i>-21%</i>	<i>-41%</i>	<i>43%</i>	<i>15%</i>	<i>14%</i>
<i>Tokmanni premium vs. Nordic grocery focused peers</i>		<i>-13%</i>	<i>-15%</i>	<i>-20%</i>	<i>-24%</i>	<i>-25%</i>	<i>-30%</i>	<i>-38%</i>	<i>-56%</i>	<i>-58%</i>	<i>-29%</i>	<i>-32%</i>	<i>-35%</i>
<i>Tokmanni premium vs. int. discount peers</i>		<i>-37%</i>	<i>-37%</i>	<i>-36%</i>	<i>-27%</i>	<i>-20%</i>	<i>-21%</i>	<i>-60%</i>	<i>-61%</i>	<i>-65%</i>	<i>-45%</i>	<i>-33%</i>	<i>-30%</i>
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	5.3%	5.3%	5.3%	9.8%	6.0%	5.5%	19.8%	11.2%	10.1%	26.6%	15.1%	13.5%
Clas Ohlson AB Class B	CLAS-B-SE	8.4%	8.4%	8.4%	8.0%	8.0%	7.9%	16.6%	16.8%	17.8%	21.5%	20.4%	19.6%
Europris ASA	EPR-NO	5.6%	5.1%	5.3%	14.5%	12.1%	12.3%	23.0%	16.2%	16.0%	36.8%	26.2%	24.3%
Stockmann Oyj Abp Class B	STCBV-FI	0.0%	0.0%	0.0%	0.3%	3.3%	3.7%	0.1%	1.8%	2.1%	-8.6%	-4.0%	-2.9%
Verkkokauppa.com Oyj	VERK-FI	4.0%	2.9%	3.1%	3.7%	3.6%	3.7%	30.6%	31.4%	31.1%	37.1%	33.9%	32.2%
XXL ASA	XXL-NO	0.0%	0.9%	2.6%	3.5%	4.3%	4.9%	4.6%	5.8%	6.5%	2.8%	6.2%	7.0%
Nordic grocery focused retailers													
Axfood AB	AXFO-SE	3.7%	3.8%	3.8%	4.7%	4.6%	4.6%	22.4%	22.1%	21.2%	43.4%	41.5%	39.6%
ICA Gruppen AB	ICA-SE	3.1%	3.1%	3.2%	4.6%	4.5%	4.5%	9.4%	8.8%	8.4%	11.8%	11.4%	11.1%
Kesko Oyj Class B	KESKOB-FI	3.4%	3.6%	3.7%	5.3%	5.3%	5.3%	12.6%	12.0%	11.8%	19.8%	17.2%	17.0%
International discount retailers													
B&M European Value Retail SA	BME-GB	10.8%	2.2%	2.5%	11.3%	10.0%	10.0%	22.4%	18.9%	19.0%	47.8%	39.1%	40.0%
Big Lots, Inc.	BIG-US	1.8%	1.9%	2.1%	6.4%	4.5%	4.7%	14.3%	9.8%	10.8%	22.5%	12.6%	12.9%
Costco Wholesale Corporation	COST-US	0.7%	0.8%	0.9%	3.3%	3.4%	3.4%	18.0%	20.9%	19.5%	22.4%	27.6%	24.9%
Dollar General Corporation	DG-US	0.7%	0.7%	0.8%	10.6%	9.5%	9.6%	17.7%	15.6%	16.4%	36.8%	31.3%	30.2%
Dollar Tree, Inc.	DLTR-US	0.0%	0.0%	0.0%	7.4%	7.7%	7.9%	11.4%	11.6%	11.3%	18.2%	17.3%	16.7%
Dollarama Inc.	DOL-CA	0.4%	0.4%	0.0%	21.7%	23.3%	22.9%	24.5%	25.9%	29.7%			
Pan Pacific International Holdings Corpora	7532-JP	0.6%	0.6%	0.7%	4.5%	4.8%	5.0%	7.8%	8.2%	8.9%	13.5%	13.3%	13.3%
Five Below, Inc.	FIVE-US	0.0%	0.0%	0.0%	7.3%	11.7%	12.0%	8.4%	14.4%	15.8%	14.0%	22.1%	21.4%
Ollie's Bargain Outlet Holdings Inc	OLLI-US	0.0%	0.0%	0.0%	15.0%	13.4%	13.8%	15.4%	13.2%	14.7%	15.3%	12.7%	14.0%
Target Corporation	TGT-US	1.4%	1.6%	1.6%	7.0%	6.7%	6.9%	19.9%	18.0%	19.0%	32.3%	29.0%	29.4%
Walmart Inc.	WMT-US	1.4%	1.5%	1.5%	4.3%	4.3%	4.4%	14.3%	14.3%	15.2%	18.8%	18.6%	19.0%
Nordic non-grocery peers median		4.7%	4.0%	4.2%	5.8%	5.2%	5.2%	18.2%	13.7%	13.1%	24.1%	17.8%	16.6%
Nordic grocery focused retailers		3.4%	3.6%	3.7%	4.7%	4.6%	4.6%	12.6%	12.0%	11.8%	19.8%	17.2%	17.0%
Discount retailers median		0.6%	0.7%	0.8%	7.2%	7.2%	7.4%	15.4%	14.4%	15.8%	20.6%	20.4%	20.2%
Tokmanni (Evli est.)		4.8%	4.8%	5.1%	9.3%	9.1%	9.2%	16.4%	16.0%	17.2%	36.0%	30.9%	29.7%
TOKMANNI PEERS		Cash conversion (FCF/EBITDA) 20 21 22	CAPEX/sales 20 21 22	Net debt/EBITDA 20 21 22	Equity ratio 20 21 22								
Nordic non-grocery focused retailers													
Byggmax Group AB		63%	-4%	27%				1.5x	2.1x	2.0x	40%	42%	42%
Clas Ohlson AB Class B		56%	56%	55%	2%	2%	2%	1.0x	0.8x	0.5x	37%	39%	42%
Europris ASA		79%	52%	48%	1%	2%	2%	1.1x	1.1x	0.9x	30%	33%	35%
Stockmann Oyj Abp Class B		55%	-18%	6%	6%	13%	13%	6.0x	5.4x	5.0x	34%	34%	35%
Verkkokauppa.com Oyj		58%	64%	63%	1%	1%	1%	-0.9x	-1.2x	-1.2x	23%	25%	27%
XXL ASA		138%	41%	48%	2%	2%	2%	2.7x	2.2x	1.9x	45%	47%	48%
Nordic grocery focused retailers													
Axfood AB		62%	42%	35%	2%	4%	5%	1.0x	1.0x	1.2x	24%	24%	24%
ICA Gruppen AB		36%	38%	44%	5%	3%	3%	1.9x	1.8x	1.7x	34%	35%	36%
Kesko Oyj Class B		65%	34%	42%	3%	4%	3%	2.2x	2.3x	2.2x	33%	34%	34%
International discount retailers													
B&M European Value Retail SA		55%	43%	48%	2%	2%	2%	1.1x	1.2x	1.2x	23%	29%	32%
Big Lots, Inc.		162%	38%	37%	2%	3%	3%	-0.9x	-1.2x	-0.8x	32%	34%	35%
Costco Wholesale Corporation		56%	56%	56%	2%	2%	2%	-0.6x	-0.7x	-1.0x	34%	32%	34%
Dollar General Corporation		61%	53%	57%	3%	3%	3%	1.4x	1.6x	1.4x	29%	30%	31%
Dollar Tree, Inc.		45%	45%	45%	4%	4%	4%	1.6x	1.3x	0.9x	37%	40%	41%
Dollarama Inc.		53%	58%	30%	4%	3%	2%	2.0x	1.8x	0.5x	10%	19%	24%
Pan Pacific International Holdings Corporation		34%	23%	36%	2%	3%	3%	2.9x	2.6x	2.2x	29%	32%	34%
Five Below, Inc.		-1%	26%	34%	10%	8%	7%	1.0x	0.7x	0.4x	42%	48%	46%
Ollie's Bargain Outlet Holdings Inc		84%	26%	52%	2%	3%	3%	-0.3x	-0.7x	-0.9x	68%	69%	68%
Target Corporation		56%	43%	45%	3%	4%	3%	0.7x	0.9x	0.9x	29%	31%	31%
Walmart Inc.		55%	45%	48%	2%	2%	2%	1.1x	1.0x	1.0x	35%	36%	36%
Nordic non-grocery peers median		60%	47%	48%	2%	2%	2%	1.3x	1.6x	1.4x	36%	37%	38%
Nordic grocery focused retailers		62%	38%	42%	3%	4%	3%	1.9x	1.8x	1.7x	33%	34%	34%
Discount retailers median		55%	<										

INTERIM FIGURES

EVLI ESTIMATES, EURm	2020Q1	2020Q2	2020Q3	2020Q4	2020	2021Q1E	2021Q2E	2021Q3E	2021Q4E	2021E	2022E	2023E
Net sales	199.0	286.0	261.7	326.5	1,073.2	222.3	284.0	260.2	322.8	1,089.2	1,127.2	1,160.9
EBITDA	16.3	46.7	40.3	61.5	164.8	22.7	45.7	42.4	54.9	165.8	173.9	179.9
<i>EBITDA margin (%)</i>	<i>8.2</i>	<i>16.3</i>	<i>15.4</i>	<i>18.8</i>	<i>15.4</i>	<i>10.2</i>	<i>16.1</i>	<i>16.3</i>	<i>17.0</i>	<i>15.2</i>	<i>15.4</i>	<i>15.5</i>
EBIT	0.3	30.6	24.0	45.3	100.2	5.9	28.9	25.6	38.1	98.6	103.9	106.9
<i>EBIT margin (%)</i>	<i>0.2</i>	<i>10.7</i>	<i>9.2</i>	<i>13.9</i>	<i>9.3</i>	<i>2.7</i>	<i>10.2</i>	<i>9.8</i>	<i>11.8</i>	<i>9.1</i>	<i>9.2</i>	<i>9.2</i>
Net financial items	-2.5	-2.5	-2.5	-2.5	-10.0	-2.7	-2.7	-2.7	-2.7	-10.8	-11.3	-11.9
Pre-tax profit	-2.2	28.1	21.5	42.8	90.2	3.2	26.2	22.9	35.4	87.8	92.6	95.0
Tax	0.6	-5.6	-4.3	-8.4	-17.7	-0.6	-5.2	-4.6	-7.1	-17.6	-18.5	-19.0
<i>Tax rate (%)</i>	<i>27.3</i>	<i>19.9</i>	<i>20.0</i>	<i>19.6</i>	<i>19.6</i>	<i>20.0</i>	<i>20.0</i>	<i>20.0</i>	<i>20.0</i>	<i>20.0</i>	<i>20.0</i>	<i>20.0</i>
Net profit	-1.6	22.5	17.2	34.4	72.5	2.6	21.0	18.3	28.3	70.2	74.1	76.0
EPS	-0.03	0.38	0.29	0.58	1.23	0.04	0.36	0.31	0.48	1.20	1.26	1.29
EPS adjusted (diluted no. of shares)	-0.03	0.38	0.29	0.58	1.23	0.04	0.36	0.31	0.48	1.20	1.26	1.29
Dividend per share	0.00	0.00	0.00	0.00	0.85	0.00	0.00	0.00	0.00	0.85	0.90	0.94
SALES, EURm												
Group	199.0	286.0	261.7	326.5	1,073.2	222.3	284.0	260.2	322.8	1,089.2	1,127.2	1,160.9
Total	199.0	286.0	261.7	326.5	1,073.2	222.3	284.0	260.2	322.8	1,089.2	1,127.2	1,160.9
SALES GROWTH, Y/Y %												
Group	<i>5.8</i>	<i>19.2</i>	<i>13.0</i>	<i>14.6</i>	<i>13.7</i>	<i>11.7</i>	<i>-0.7</i>	<i>-0.6</i>	<i>-1.1</i>	<i>1.5</i>	<i>3.5</i>	<i>3.0</i>
Total	<i>5.8</i>	<i>19.2</i>	<i>13.0</i>	<i>14.6</i>	<i>13.7</i>	<i>11.7</i>	<i>-0.7</i>	<i>-0.6</i>	<i>-1.1</i>	<i>1.5</i>	<i>3.5</i>	<i>3.0</i>
EBIT, EURm												
Group	0.3	30.6	24.0	45.3	100.2	5.9	28.9	25.6	38.1	98.6	103.9	106.9
Total	0.3	30.6	24.0	45.3	100.2	5.9	28.9	25.6	38.1	98.6	103.9	106.9
EBIT margin, %												
Group	<i>0.2</i>	<i>10.7</i>	<i>9.2</i>	<i>13.9</i>	<i>9.3</i>	<i>2.7</i>	<i>10.2</i>	<i>9.8</i>	<i>11.8</i>	<i>9.1</i>	<i>9.2</i>	<i>9.2</i>
Total	<i>0.2</i>	<i>10.7</i>	<i>9.2</i>	<i>13.9</i>	<i>9.3</i>	<i>2.7</i>	<i>10.2</i>	<i>9.8</i>	<i>11.8</i>	<i>9.1</i>	<i>9.2</i>	<i>9.2</i>

INCOME STATEMENT, EURm	2016	2017	2018	2019	2020	2021E	2022E	2023E
Sales	775.8	796.5	870.4	944.3	1,073.2	1,089.2	1,127.2	1,160.9
<i>Sales growth (%)</i>	<i>2.7</i>	<i>2.7</i>	<i>9.3</i>	<i>8.5</i>	<i>13.7</i>	<i>1.5</i>	<i>3.5</i>	<i>3.0</i>
EBITDA	62.8	54.9	109.3	131.6	164.8	165.8	173.9	179.9
<i>EBITDA margin (%)</i>	<i>8.1</i>	<i>6.9</i>	<i>12.6</i>	<i>13.9</i>	<i>15.4</i>	<i>15.2</i>	<i>15.4</i>	<i>15.5</i>
Depreciation	-15.1	-14.3	-57.3	-61.2	-64.6	-67.2	-70.0	-73.0
EBITA	47.7	40.6	52.0	70.4	100.2	98.6	103.9	106.9
Goodwill amortization / writedown	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	47.7	40.6	52.0	70.4	100.2	98.6	103.9	106.9
<i>EBIT margin (%)</i>	<i>6.1</i>	<i>5.1</i>	<i>6.0</i>	<i>7.5</i>	<i>9.3</i>	<i>9.1</i>	<i>9.2</i>	<i>9.2</i>
Reported EBIT	49.2	39.8	53.6	69.4	98.9	98.6	103.9	106.9
<i>EBIT margin (reported) (%)</i>	<i>6.3</i>	<i>5.0</i>	<i>6.2</i>	<i>7.4</i>	<i>9.2</i>	<i>9.1</i>	<i>9.2</i>	<i>9.2</i>
Net financials	-15.2	-5.9	-10.6	-10.4	-10.0	-10.8	-11.3	-11.9
Pre-tax profit	32.5	34.7	41.4	60.0	90.2	87.8	92.6	95.0
Taxes	-6.8	-6.6	-8.6	-11.8	-17.7	-17.6	-18.5	-19.0
Minority shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net profit	27.2	27.3	34.4	47.2	71.2	70.2	74.1	76.0
Cash NRIs	1.5	-0.8	1.6	-1.0	-1.3	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	95	94	95	44	44	42	39	38
Goodwill	129	129	135	135	136	136	136	136
Right of use assets	0	0	234	279	279	283	285	283
Inventory	155	170	191	223	226	240	248	255
Receivables	18	22	22	19	21	25	26	27
Liquid funds	58	43	38	29	78	44	45	46
Total assets	459	462	721	731	785	770	781	787
Liabilities								
Shareholder's equity	167	163	167	185	217	238	262	285
Minority interest	0	0	0	0	0	0	0	0
Convertibles	0	0	0	0	0	0	0	0
Lease liabilities	0	0	244	310	311	283	285	283
Deferred taxes	5	5	6	0	0	0	0	0
Interest bearing debt	174	177	173	100	100	82	61	41
Non-interest bearing current liabilities	104	107	123	127	141	152	158	163
Other interest-free debt	10	11	10	10	16	16	16	16
Total liabilities	459	463	721	731	785	770	781	787
CASH FLOW, EURm								
+ EBITDA	63	55	109	132	165	166	174	180
- Net financial items	-15	-6	-11	-10	-10	-11	-11	-12
- Taxes	-4	-8	-7	-12	-18	-18	-19	-19
- Increase in Net Working Capital	15	-13	-5	-24	15	-7	-4	-3
+/- Other	4	0	-42	-1	-1	0	0	0
= Cash flow from operations	63	27	45	84	151	131	140	145
- Capex	-10	-12	-20	-56	-64	-69	-70	-70
- Acquisitions	0	0	-15	0	0	0	0	0
+ Divestments	0	0	0	0	0	0	0	0
= Free cash flow	53	15	10	28	86	62	71	75
+/- New issues/buybacks	91	-1	-6	0	-2	0	0	0
- Paid dividend	0	-30	-24	-29	-36	-50	-50	-53
+/- Other	-135	0	16	-8	1	-46	-19	-22
Change in cash	9	-15	-5	-9	49	-35	2	1

KEY FIGURES	2017	2018	2019	2020	2021E	2022E	2023E
M-cap	427	423	743	1,033	1,032	1,032	1,032
Net debt (excl. convertibles)	134	379	380	333	321	300	277
Enterprise value	561	801	1,123	1,366	1,353	1,332	1,309
Sales	797	870	944	1,073	1,089	1,127	1,161
EBITDA	55	109	132	165	166	174	180
EBIT	41	52	70	100	99	104	107
Pre-tax	35	41	60	90	88	93	95
Earnings	28	33	48	72	70	74	76
Equity book value (excl. minorities)	163	167	185	217	238	262	285
Valuation multiples							
EV/sales	0.7	0.9	1.2	1.3	1.2	1.2	1.1
EV/EBITDA	10.2	7.3	8.5	8.3	8.2	7.7	7.3
EV/EBITA	13.8	15.4	16.0	13.6	13.7	12.8	12.3
EV/EBIT	13.8	15.4	16.0	13.6	13.7	12.8	12.3
EV/OCF	20.7	17.8	13.3	9.1	10.3	9.5	9.0
EV/FCFF	24.4	24.1	8.8	9.7	11.0	10.1	9.5
P/FCFE	27.7	41.8	26.3	12.0	16.7	14.6	13.7
P/E	15.2	12.9	15.4	14.3	14.7	13.9	13.6
P/B	2.6	2.5	4.0	4.8	4.3	3.9	3.6
Target EV/EBITDA	0.0	0.0	0.0	0.0	9.0	8.5	8.1
Target EV/EBIT	0.0	0.0	0.0	0.0	15.2	14.2	13.6
Target EV/FCF	0.0	0.0	0.0	0.0	24.2	20.9	19.3
Target P/B	0.0	0.0	0.0	0.0	4.9	4.5	4.1
Target P/E	0.0	0.0	0.0	0.0	16.7	15.9	15.5
Per share measures							
Number of shares	58,869	58,869	58,869	58,825	58,762	58,762	58,762
Number of shares (diluted)	58,869	58,869	58,869	58,825	58,762	58,762	58,762
EPS	0.48	0.56	0.82	1.23	1.20	1.26	1.29
Operating cash flow per share	0.46	0.76	1.43	2.56	2.23	2.38	2.48
Free cash flow per share	0.26	0.17	0.48	1.46	1.05	1.20	1.28
Book value per share	2.77	2.83	3.14	3.69	4.04	4.46	4.85
Dividend per share	0.41	0.50	0.62	0.85	0.85	0.90	0.94
Dividend payout ratio, %	86.0	89.7	75.8	69.0	71.0	71.0	73.0
Dividend yield, %	5.7	7.0	4.9	4.8	4.8	5.1	5.4
FCF yield, %	3.6	2.4	3.8	8.3	6.0	6.8	7.3
Efficiency measures							
ROE	17.0	19.9	27.4	36.0	30.9	29.7	27.8
ROCE	12.1	11.3	12.0	16.4	16.0	17.2	17.6
Financial ratios							
Inventories as % of sales	21.4	21.9	23.6	21.0	22.0	22.0	22.0
Receivables as % of sales	2.8	2.5	2.0	1.9	2.3	2.3	2.3
Non-interest bearing liabilities as % of sales	13.5	14.1	13.4	13.1	14.0	14.0	14.0
NWC/sales, %	10.3	10.0	11.7	8.9	9.4	9.4	9.4
Operative CAPEX/sales, %	1.5	2.3	5.9	6.0	6.3	6.2	6.0
CAPEX/sales (incl. acquisitions), %	1.5	0.6	5.9	6.0	6.3	6.2	6.0
FCFF/EBITDA	0.4	0.3	1.0	0.9	0.7	0.8	0.8
Net debt/EBITDA, book-weighted	2.4	3.5	2.9	2.0	1.9	1.7	1.5
Debt/equity, market-weighted	0.4	0.4	0.1	0.1	0.1	0.1	0.0
Equity ratio, book-weighted	35.2	23.1	25.3	27.7	30.8	33.5	36.2
Gearing, %	82.3	227.0	205.8	153.1	135.1	114.7	97.2

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	185.165	17.9%
Keskinäinen työeläkevakuutusyhtiö Varma	2,810,526	49.353	4.8%
Keskinäinen työeläkevakuutusyhtiö Elo	2,294,354	40.289	3.9%
Keskinäinen Eläkevakuutusyhtiö Ilmarinen	1,732,534	30.423	2.9%
OP-Suomi Arvo -sijoitusrahasto	1,198,437	21.045	2.0%
Eläkevakuutusosakeyhtiö Veritas	690,000	12.116	1.2%
Sijoitusrahasto Evli Suomi Pienyhtiöt	621,000	10.905	1.1%
Säästöpankki Kotimaa-sijoitusrahasto	611,527	10.738	1.0%
Nordea Fennia Fund	509,178	8.941	0.9%
Kirkon Eläkerahasto	451,531	7.929	0.8%
Ten largest	21,463,775	376.904	37%
Residual	37,298,510	654.962	63%
Total	58,762,285	1,031.866	100%

EARNINGS CALENDAR

April 29, 2021	Q1 report
July 29, 2021	Q2 report
October 29, 2021	Q3 report

OTHER EVENTS**COMPANY MISCELLANEOUS**

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CFO: Markku Pirskanen

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

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 [Analysts' recommendations and ratings revisions](#).

Investment recommendations are defined as follows:

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

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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

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