

Adj. EBITDA misses due to one-offs; dividend beats; guidance in line

Tokmanni's revenue grew broadly as expected, with LFL still strong at 4.7% vs. our 4.0% expectation. Adj. EBITDA misses estimates (EUR 28.2m vs. EUR ~31m Evli and cons), driven by one-off costs due to a product recall in the quarter (impact EUR -1.4m) and other costs related to integration of Ale-Makasiini and by preparations related to the purchase of stores in Northern Finland. Dividend is a bit better than expected, while guidance for 2019E is unsurprising. Tokmanni updated its financial targets to reflect IFRS 16, and now targets "above" 200 stores vs. "about" 200 stores previously. Overall, the report looks just fine.

- Q4 revenue was EUR 268m vs. EUR 267/269m Evli/cons. Revenue grew by 8.0% y/y, driven by 4.7% LFL growth (Evli exp. 4.0%) and new openings.
- Q4 adj. EBITDA was EUR 28.2m (10.5% margin) vs. EUR 31.0m (11.6%) Evli and EUR 31.3m (11.7%) consensus. The miss is driven by one-off costs due to a product recall in the quarter (impact EUR -1.4m) and other costs related to integration of Ale-Makasiini and by preparations related to the purchase of stores in Northern Finland.
- 2018 dividend: EUR 0.50 vs. EUR 0.45/0.47 Evli/cons.
- 2019 guidance is unsurprising: 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. Group profitability (comparable EBIT margin) is expected to improve on the previous year.

Rating + BUY

Tokmanni Q4'18	Actual	Evli	Cons.*	Year ago
Net sales	268.4	267.2	268.5	248.5
Gross profit (adj.)	92.3	93.0	na.	86.1
Gross margin (adj.)	34.4 %	34.8 %	na.	34.6 %
EBITDA (adj.)	28.2	31.0	31.3	28.6
EBITDA margin (adj.)	10.5 %	11.6 %	11.7 %	11.5 %
EPS	0.32	0.35	0.35	0.33
DPS	0.50	0.45	0.47	0.41

*Source: Bloomberg (5-6 est. avg.)

Share price, EUR (Last trading day's closing price)	8.43
Target price, EUR	9.0
Latest change in recommendation	18-Apr-17
Latest report on company	23-Jan-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	496
Free float, %	100.0
Exchange rate	1.000
Reuters code	TOKMAN.HE
Bloomberg code	TOKMAN FH
Average daily volume, EURm	na.
Next interim report	-
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+ BUY + HOLD - SELL

PRE-REPORT KEY FIGURES

	Sales EURm	EBIT EURm	EBIT %	Ptx profit EURm	EPS EUR	P/E (x)	EV/Sales (x)	P/CF (x)	EV/EBIT (x)	DPS EUR
2016	776	48	6.1%	33	0.44	19.5	0.8	7.2	12.9	0.51
2017	797	41	5.1%	35	0.48	15.2	0.7	13.0	13.8	0.41
2018E	869	51	5.9%	46	0.62	13.7	0.7	12.3	12.6	0.45
2019E	921	58	6.3%	54	0.74	11.5	0.7	8.7	10.9	0.51
2020E	954	68	7.1%	65	0.89	9.5	0.6	7.3	9.0	0.62

Market cap, EURm	496	BV per share 2018E, EUR	3.0	CAGR EPS 2017-20, %	22.9
Net debt 2018E, EURm	150	Price/book 2018E	2.8	CAGR sales 2017-20, %	6.2
Enterprise value, EURm	647	Dividend yield 2018E, %	5.3	ROE 2018E, %	21.4
Total assets 2018E, EURm	507	Tax rate 2018E, %	20.7	ROCE 2018E, %	14.3
Goodwill 2018E, EURm	129	Equity ratio 2018E, %	34.7	PEG, P/E 18/CAGR	1.0

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

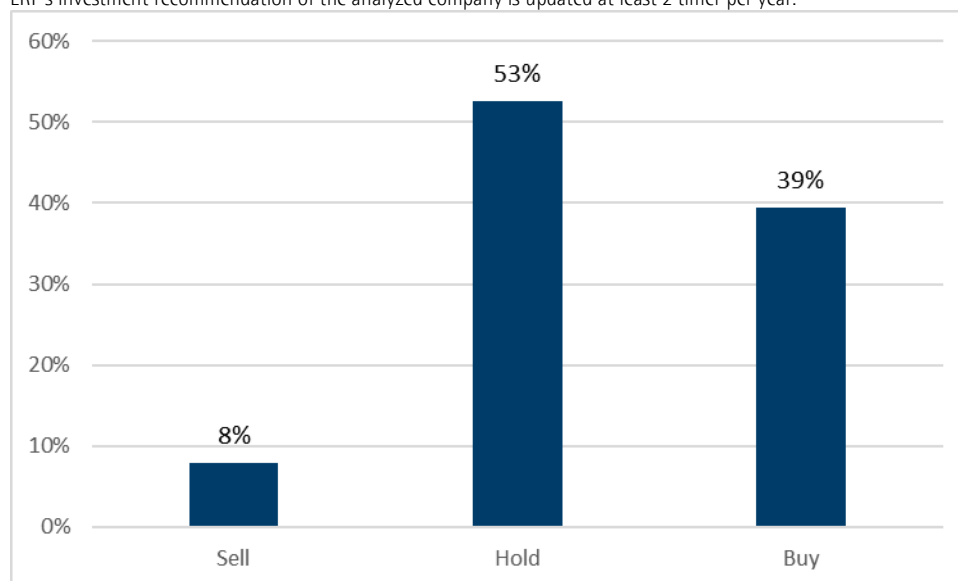
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Investment recommendations are defined as follows:

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

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The graph above shows the distribution of ERP's recommendations of companies under coverage in 1st of February 2019. If recommendation is not given, it is not mentioned here.

Name(s) of the analyst(s): Häyhä

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February 8, 2019

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