


Strong Q2 performance

Tokmanni's Q2 revenue increased by 10.2 % and was EUR 239.9m vs. EUR 236m/234m Evli/consensus. LFL growth continues to be clearly above our estimates at 5.3 % vs. 2.5 % our expectation. Gross margin was 35.2 % vs. 35.6 % our expectation. Tokmanni reiterated its 2019E guidance.

- Q2 revenue grew by 10.2 % and was EUR 239.9m vs. EUR 236m/234m Evli/consensus.
- Q2 adj. gross profit was EUR 84.5m (35.2 % margin) vs. EUR 83.9m (35,6 %) Evli expectation.
- Q2 adj. EBITDA was EUR 34.0m vs EUR 30.8/29.7m Evli/consensus
- Q2 adj. EBIT was EUR 18.7 (7,8 % margin) vs. EUR 15.8m (6.7 %) Evli expectation and EUR 15.0m (6.4 %) consensus
- Q2 eps was EUR 0.21 vs EUR 0.18/0.18 Evli/consensus
- Revenue was driven by the timing of Easter and good sales in spring season. Also, the operational efficiency measures progressed in the right direction during Q2.
- 2019 guidance intact: revenue will grow in 2019 based on the sales from new openings in 2018 and in 2019. Profitability will increase y/y in 2019E.

Rating

 **HOLD**

Tokmanni Q2'19	Actual	Evli	Cons.*	Year ago	Act vs. Evli	Act vs. cons
Net sales	239,9	236,0	234,0	217,7	2 %	3 %
Gross profit (adj.)	84,5	83,9	na.	76,1	1 %	na.
Gross margin (adj.)	35,2 %	35,6 %	35,3 %	35,0 %	na	na.
EBIT (adj.)	18,7	15,8	15,0	13,1	18 %	25 %
EBIT margin (adj.)	7,8 %	6,7 %	6,4 %	6,0 %	na	na.
EPS	0,21	0,18	0,18	0,16	17 %	17 %

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

 Share price, EUR (Last trading day's closing price) **7.98**

 Target price, EUR **9.0**

Latest change in rating	26-Apr-19
Latest report on company	31-Jul-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	470
Free float, %	100.0
Exchange rate	1.000
Reuters code	TOKMAN.HE
Bloomberg code	TOKMAN FH
Average daily volume, EURm	na.
Next interim report	8-Aug-19
Web site	https://yritys.tokmanni.fi/

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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
2017	797	41	5.1%	35	0.48	15.2	0.7	13.0	13.8	0.41
2018	870	52	6.0%	42	0.56	12.8	0.9	4.6	15.3	0.50
2019E	936	62	6.7%	52	0.70	11.3	0.9	4.6	13.5	0.54
2020E	972	72	7.4%	60	0.82	9.8	0.9	4.1	11.6	0.61
2021E	1,002	79	7.9%	68	0.92	8.7	0.8	3.9	10.4	0.64

Market cap, EURm	470	BV per share 2019E, EUR	3.0	CAGR EPS 2018-21, %	17.8
Net debt 2019E, EURm	375	Price/book 2019E	2.6	CAGR sales 2018-21, %	4.8
Enterprise value, EURm	844	Dividend yield 2019E, %	6.7	ROE 2019E, %	24.0
Total assets 2019E, EURm	747	Tax rate 2019E, %	19.9	ROCE 2019E, %	10.5
Goodwill 2019E, EURm	135	Equity ratio 2019E, %	23.9	PEG, P/E 19/CAGR	1.4

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

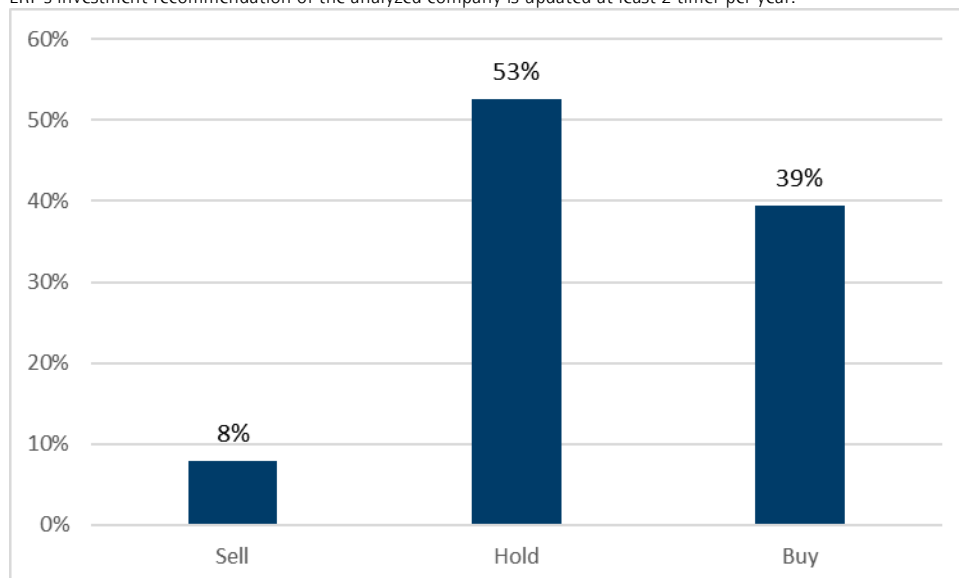
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Investment recommendations are defined as follows:

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

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 1st of February 2019. If recommendation is not given, it is not mentioned here.

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

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