

Towards EUR 1bn of sales

Tokmanni's Q4 result was in line with expectations and the company executed well its strategy to improve profitability. We expect further improvement in profitability, driven by gross margin increase. We expect Tokmanni to reach EUR 1bn (6.2% y/y) of sales in 20E and adj. EBIT increase of ~17% y/y (EUR 82m). We keep our rating "BUY" with TP of EUR 16 intact.

Good performance continued

Tokmanni's Q4 result was broadly in line with expectations with revenue of EUR 284.8 (+6.1% y/y) vs. our EUR 287.7m (cons. 287.0m). Revenue was driven by successful campaigns whereas the timing of tax refunds, late winter in certain areas and the postal strike weighed down sales. Gross margin increased to 35.2% (Q4'18:34.4%) vs. our 35.5%, reflecting the increase in direct import (28.6% vs 26.4% of total sales in Q4'18). Costs were well controlled and the decreased relative share of operating expenses (18.9% vs. 19.8% in Q4'18) impacted positively on adj. EBIT, which improved by ~26.5% y/y to EUR 32.0m vs. our EUR 32.7m (cons. 31.8m). Proposed '19 dividend is EUR 0.62 (EUR 0.62/0.60 Evli/cons).

Expecting profitability to further improve and sales of EUR 1bn

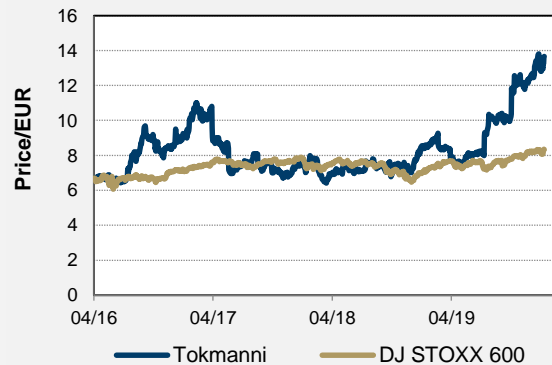
Tokmanni successfully executed its strategy to improve profitability in '19 as adj. EBIT margin rose from 6.0% (2018) to 7.5%. In our view, there is still potential for further profitability improvement, especially through gross margin improvement. The company targets to increase its adj. EBIT margin gradually to ~9% and indicated that gross margin improvement potential is some 0.5-1.5% while the operating expenses improvement potential is ~0.5-1.0%. We expect gross margin (34.4% in '19) to improve to 34.8% in '20E and to 35.1% in '21E, boosted by increased share of direct import (and own products). We expect the relative share of operating expenses to decrease by 30-40bps in '20E-21E, driven by more efficient supply chain. Tokmanni targets to reach revenue of EUR 1bn (timeline not specified) which we expect to be reached during 20E, as increased customer flows and new store openings are boosting revenue growth. We expect LFL sales growth of 2.0% and 1.7% in 20E-21E.

"BUY" with TP of EUR 16 intact

Tokmanni expects good revenue growth in '20E and slight growth in LFL sales. The adj. EBIT margin is expected to increase from the previous year. We have slightly increased our estimates and expect 20E sales of EUR 1bn (6.2% y/y) and adj. EBIT of EUR 82.1 (~17% y/y), resulting in adj. EBIT margin of 8.2%. On our estimates, Tokmanni trades at 20E-21E EV/EBIT multiple of 14.6x and 13.7x which is on par with its Nordic non-grocery peers and 25-27% discount compared to the international peer group. We keep our rating "BUY" with TP of EUR 16.

Rating

BUY



Share price, EUR (Last trading day's closing price)	13.66
Target price, EUR	16.0

Latest change in rating	31-Oct-19
Latest report on company	31-Jan-20
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	804
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-20
Web site	ir.tokmanni.fi/en/investors

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BUY HOLD SELL

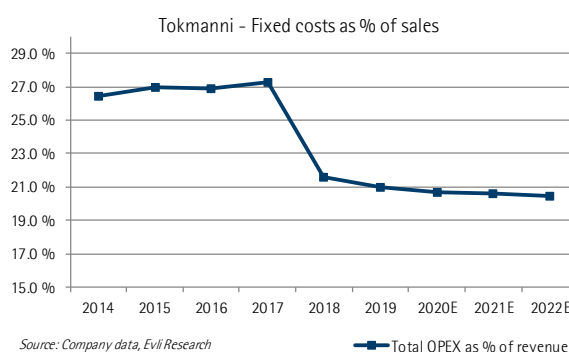
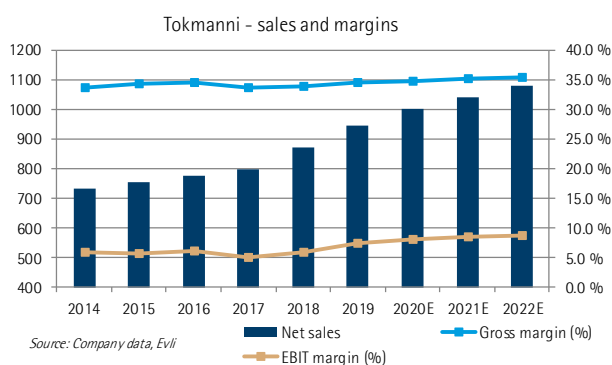
KEY FIGURES

	Sales EURm	EBIT EURm	EBIT %	FCF EURm	EPS EUR	P/E (x)	EV/Sales (x)	EV/EBIT (x)	FCF yield %	DPS EUR
2018	870.4	52.3	6.0%	10.1	0.56	12.8	0.9	15.3	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	1,003.0	82.1	8.2%	22.7	0.96	14.2	1.2	14.6	2.8	0.67
2021E	1,040.6	89.6	8.6%	14.1	1.06	12.9	1.2	13.7	1.7	0.74
2022E	1,078.8	95.0	8.8%	21.0	1.12	12.1	1.2	13.1	2.6	0.79
Market cap, EURm		804	Gearing 2020E, %			192.4	CAGR EPS 2019-22, %			11.2
Net debt 2020E, EURm		394	Price/book 2020E			3.9	CAGR sales 2019-22, %			4.5
Enterprise value, EURm		1,198	Dividend yield 2020E, %			4.9	ROE 2020E, %			29.1
Total assets 2020E, EURm		799	Tax rate 2020E, %			19.7	ROCE 2020E, %			13.2
Goodwill 2020E, EURm		135	Equity ratio 2020E, %			25.6	PEG, P/E 20/CAGR			-28.7

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	1003.0	1040.6	1078.8
<i>Growth-%</i>	<i>3.3 %</i>	<i>3.0 %</i>	<i>2.9 %</i>	<i>2.7 %</i>	<i>2.7 %</i>	<i>9.3 %</i>	<i>8.5 %</i>	<i>6.2 %</i>	<i>3.8 %</i>	<i>3.7 %</i>
Materials and services (adj.)	-474.6	-486.8	-497.2	-507.9	-528.4	-575.2	-619.1	-654.0	-675.4	-697.5
<i>Growth-%</i>	-	<i>2.6 %</i>	<i>2.1 %</i>	<i>2.2 %</i>	<i>4.0 %</i>	<i>8.9 %</i>	<i>7.6 %</i>	<i>5.6 %</i>	<i>3.3 %</i>	<i>3.3 %</i>
<i>% of sales</i>	<i>66.6 %</i>	<i>66.3 %</i>	<i>65.8 %</i>	<i>65.5 %</i>	<i>66.3 %</i>	<i>66.1 %</i>	<i>65.6 %</i>	<i>65.2 %</i>	<i>64.9 %</i>	<i>64.7 %</i>
Gross profit (adj.)	238.2	247.5	258.1	267.9	268.1	295.0	325.2	349.0	365.2	381.3
<i>Gross margin (%)</i>	<i>33.4 %</i>	<i>33.7 %</i>	<i>34.2 %</i>	<i>34.5 %</i>	<i>33.7 %</i>	<i>33.9 %</i>	<i>34.4 %</i>	<i>34.8 %</i>	<i>35.1 %</i>	<i>35.3 %</i>
Fixed costs (adj.)	-185.1	-193.9	-203.7	-208.5	-217.0	-189.5	-197.9	-207.5	-214.3	-221.0
<i>Growth-%</i>	-	<i>4.8 %</i>	<i>5.0 %</i>	<i>2.4 %</i>	<i>4.1 %</i>	<i>-12.7 %</i>	<i>4.4 %</i>	<i>4.8 %</i>	<i>3.3 %</i>	<i>3.1 %</i>
<i>% of sales</i>	<i>26.0 %</i>	<i>26.4 %</i>	<i>27.0 %</i>	<i>26.9 %</i>	<i>27.2 %</i>	<i>21.8 %</i>	<i>21.0 %</i>	<i>20.7 %</i>	<i>20.6 %</i>	<i>20.5 %</i>
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	-63.7	-65.6	-69.6
EBITDA (adj.)	56.7	57.1	58.4	62.8	54.9	109.5	131.6	145.8	155.2	164.6
<i>EBITDA margin (%)</i>	<i>8.0 %</i>	<i>7.8 %</i>	<i>7.7 %</i>	<i>8.1 %</i>	<i>6.9 %</i>	<i>12.6 %</i>	<i>13.9 %</i>	<i>14.5 %</i>	<i>14.9 %</i>	<i>15.3 %</i>
EBIT (adj.)	44.1	43.6	43.6	47.7	40.6	52.0	70.4	82.1	89.6	95.0
<i>EBIT margin (%)</i>	<i>6.2 %</i>	<i>5.9 %</i>	<i>5.8 %</i>	<i>6.1 %</i>	<i>5.1 %</i>	<i>6.0 %</i>	<i>7.5 %</i>	<i>8.2 %</i>	<i>8.6 %</i>	<i>8.8 %</i>
NRIs in reported gross profit	0.0	1.1	-0.6	0.5	-0.9	0.2	-0.1	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	0.0	0.0	0.0
EBIT (reported)	43.0	43.0	39.0	49.2	38.9	53.6	69.4	82.1	89.6	95.0
<i>EBIT margin (%)</i>	<i>6.0 %</i>	<i>5.9 %</i>	<i>5.2 %</i>	<i>6.3 %</i>	<i>4.9 %</i>	<i>6.2 %</i>	<i>7.3 %</i>	<i>8.2 %</i>	<i>8.6 %</i>	<i>8.8 %</i>
Net financials	-23.0	-22.2	-20.9	-15.3	-5.9	-10.5	-10.4	-11.6	-11.6	-12.2
Profit before taxes (reported)	20.1	20.8	18.1	33.9	33.0	43.1	59.0	70.5	78.0	82.8
Taxes	-4.8	-4.2	-3.4	-6.8	-6.6	-8.9	-11.8	-14.1	-15.6	-16.6
<i>Tax rate (%)</i>	<i>23.9 %</i>	<i>20.1 %</i>	<i>18.8 %</i>	<i>20.1 %</i>	<i>20.0 %</i>	<i>20.7 %</i>	<i>20.0 %</i>	<i>20.0 %</i>	<i>20.0 %</i>	<i>20.0 %</i>
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	56.4	62.4	66.2
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	0.96	1.06	1.12
Dividend and capital return	-	-	-	0.51	0.41	0.50	0.62	0.67	0.74	0.79
<i>Payout ratio (%)</i>	-	-	-	<i>111 %</i>	<i>92 %</i>	<i>86 %</i>	<i>77 %</i>	<i>70 %</i>	<i>70 %</i>	<i>70 %</i>

Source: Tokmanni, Evli Research



INTERIM FIGURES

EVLI ESTIMATES, EURm	2019Q1	2019Q2	2019Q3	2019Q4	2019	2020Q1E	2020Q2E	2020Q3E	2020Q4E	2020E	2021E	2022E
Net sales	188.1	239.9	231.5	284.8	944.3	198.2	256.5	248.1	300.1	1,003.0	1,040.6	1,078.8
EBITDA	12.8	34.0	37.2	47.6	131.6	14.1	38.1	41.4	52.2	145.8	161.7	164.6
<i>EBITDA margin (%)</i>	<i>6.8</i>	<i>14.2</i>	<i>16.1</i>	<i>16.7</i>	<i>13.9</i>	<i>7.1</i>	<i>14.8</i>	<i>16.7</i>	<i>17.4</i>	<i>14.5</i>	<i>15.5</i>	<i>15.3</i>
EBIT	-2.2	18.7	21.9	32.0	70.4	-1.7	22.2	25.4	36.2	82.1	89.6	95.0
<i>EBIT margin (%)</i>	<i>-1.2</i>	<i>7.8</i>	<i>9.5</i>	<i>11.2</i>	<i>7.5</i>	<i>-0.8</i>	<i>8.6</i>	<i>10.2</i>	<i>12.1</i>	<i>8.2</i>	<i>8.6</i>	<i>8.8</i>
Net financial items	-2.6	-2.6	-2.6	-2.6	-10.4	-2.9	-2.9	-2.9	-2.9	-11.6	-11.6	-12.2
Pre-tax profit	-4.8	16.1	19.3	29.4	60.0	-4.6	19.3	22.5	33.3	70.5	78.0	82.8
Tax	1.0	-3.1	-4.0	-5.7	-11.8	0.9	-3.8	-4.4	-6.5	-13.9	-15.6	-16.6
<i>Tax rate (%)</i>	<i>20.8</i>	<i>19.3</i>	<i>20.7</i>	<i>19.4</i>	<i>19.7</i>	<i>19.7</i>	<i>19.7</i>	<i>19.7</i>	<i>19.7</i>	<i>19.7</i>	<i>20.0</i>	<i>20.0</i>
Net profit	-3.8	13.0	15.3	23.7	48.2	-3.7	15.5	18.1	26.7	56.6	62.4	66.2
EPS	-0.06	0.22	0.26	0.40	0.82	-0.06	0.26	0.31	0.45	0.96	1.06	1.12
EPS adjusted (diluted no. of shares)	-0.06	0.22	0.26	0.40	0.82	-0.06	0.26	0.31	0.45	0.96	1.06	1.12
Dividend per share	0.00	0.00	0.00	0.00	0.62	0.00	0.00	0.00	0.00	0.67	0.74	0.79
SALES, EURm												
Group	188.1	239.9	231.5	284.8	944.3	198.2	256.5	248.1	300.1	1,003.0	1,040.6	1,078.8
Total	188.1	239.9	231.5	284.8	944.3	198.2	256.5	248.1	300.1	1,003.0	1,040.6	1,078.8
SALES GROWTH, Y/Y %												
Group	<i>8.3</i>	<i>10.2</i>	<i>9.9</i>	<i>6.1</i>	<i>8.5</i>	<i>5.4</i>	<i>6.9</i>	<i>7.2</i>	<i>5.4</i>	<i>6.2</i>	<i>3.8</i>	<i>3.7</i>
Total	<i>8.3</i>	<i>10.2</i>	<i>9.9</i>	<i>6.1</i>	<i>8.5</i>	<i>5.4</i>	<i>6.9</i>	<i>7.2</i>	<i>5.4</i>	<i>6.2</i>	<i>3.8</i>	<i>3.7</i>
EBIT, EURm												
Group	-2.2	18.7	21.9	32.0	70.4	-1.7	22.2	25.4	36.2	82.1	89.6	95.0
Total	-2.2	18.7	21.9	32.0	70.4	-1.7	22.2	25.4	36.2	82.1	89.6	95.0
EBIT margin, %												
Group	<i>-1.2</i>	<i>7.8</i>	<i>9.5</i>	<i>11.2</i>	<i>7.5</i>	<i>-0.8</i>	<i>8.6</i>	<i>10.2</i>	<i>12.1</i>	<i>8.2</i>	<i>8.6</i>	<i>8.8</i>
Total	<i>-1.2</i>	<i>7.8</i>	<i>9.5</i>	<i>11.2</i>	<i>7.5</i>	<i>-0.8</i>	<i>8.6</i>	<i>10.2</i>	<i>12.1</i>	<i>8.2</i>	<i>8.6</i>	<i>8.8</i>

INCOME STATEMENT, EURm	2015	2016	2017	2018	2019	2020E	2021E	2022E
Sales	755.3	775.8	796.5	870.4	944.3	1,003.0	1,040.6	1,078.8
<i>Sales growth (%)</i>	2.9	2.7	2.7	9.3	8.5	6.2	3.8	3.7
EBITDA	58.4	62.8	54.9	109.9	131.6	145.8	161.7	164.6
<i>EBITDA margin (%)</i>	7.7	8.1	6.9	12.6	13.9	14.5	15.5	15.3
Depreciation	-14.8	-15.1	-14.3	-57.6	-61.2	-63.7	-72.1	-69.6
EBITA	43.6	47.7	40.6	52.3	70.4	82.1	89.6	95.0
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	52.3	70.4	82.1	89.6	95.0
<i>EBIT margin (%)</i>	5.8	6.1	5.1	6.0	7.5	8.2	8.6	8.8
Reported EBIT	39.0	49.2	39.8	53.3	69.4	82.1	89.6	95.0
<i>EBIT margin (reported) (%)</i>	5.2	6.3	5.0	6.1	7.4	8.2	8.6	8.8
Net financials	-20.9	-15.2	-5.9	-10.6	-10.4	-11.6	-11.6	-12.2
Pre-tax profit	22.7	32.5	34.7	41.7	60.0	70.5	78.0	82.8
Taxes	-3.4	-6.8	-6.6	-8.6	-11.8	-13.9	-15.6	-16.6
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	34.1	47.2	56.6	62.4	66.2
Cash NRIs	-4.6	1.5	-0.8	1.0	-1.0	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	97	95	94	95	44	43	43	42
Goodwill	129	129	129	135	135	135	135	135
Right of use assets	0	0	0	234	279	325	370	412
Inventory	160	155	170	191	223	221	229	237
Receivables	16	18	22	22	19	24	25	26
Liquid funds	49	58	43	38	29	50	52	54
Total assets	455	459	462	721	731	799	855	907
Liabilities								
Shareholder's equity	48	167	163	167	185	205	228	250
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	325	370	412
Deferred taxes	6	5	5	6	0	0	0	0
Interest bearing debt	294	174	177	173	100	120	102	84
Non-interest bearing current liabilities	91	104	107	123	127	140	146	151
Other interest-free debt	16	10	11	10	10	10	10	10
Total liabilities	455	459	463	721	731	799	855	907
CASH FLOW, EURm								
+ EBITDA	58	63	55	110	132	146	162	165
- Net financial items	-21	-15	-6	-11	-10	-12	-12	-12
- Taxes	-3	-4	-8	-7	-12	-14	-16	-17
- Increase in Net Working Capital	-3	15	-13	-5	-24	10	-4	-4
+/- Other	-5	4	0	-42	-1	0	0	0
= Cash flow from operations	27	63	27	45	84	131	131	132
- Capex	-18	-10	-12	-20	-56	-108	-117	-111
- 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	23	14	21
+/- New issues/buybacks	0	91	-1	-6	0	0	0	0
- Paid dividend	0	0	-30	-24	-29	-36	-39	-44
+/- Other	-12	-135	0	16	-8	35	27	25
Change in cash	-4	9	-15	-5	-9	21	2	2

KEY FIGURES	2016	2017	2018	2019	2020E	2021E	2022E
M-cap	500	427	423	743	804	804	804
Net debt (excl. convertibles)	116	134	379	380	394	419	442
Enterprise value	616	561	801	1,123	1,198	1,224	1,246
Sales	776	797	870	944	1,003	1,041	1,079
EBITDA	63	55	110	132	146	162	165
EBIT	48	41	52	70	82	90	95
Pre-tax	33	35	42	60	70	78	83
Earnings	26	28	33	48	57	62	66
Equity book value (excl. minorities)	167	163	167	185	205	228	250
Valuation multiples							
EV/sales	0.8	0.7	0.9	1.2	1.2	1.2	1.2
EV/EBITDA	9.8	10.2	7.3	8.5	8.2	7.6	7.6
EV/EBITA	12.9	13.8	15.3	16.0	14.6	13.7	13.1
EV/EBIT	12.9	13.8	15.3	16.0	14.6	13.7	13.1
EV/OCF	9.9	20.7	17.8	13.3	9.2	9.4	9.4
EV/FCFF	9.3	24.4	24.6	8.8	9.7	10.0	10.0
P/FCFE	9.5	27.7	41.8	26.3	35.4	57.2	38.4
P/E	19.5	15.2	12.8	15.4	14.2	12.9	12.1
P/B	3.0	2.6	2.5	4.0	3.9	3.5	3.2
Target EV/EBITDA	0.0	0.0	0.0	0.0	9.2	8.4	8.4
Target EV/EBIT	0.0	0.0	0.0	0.0	16.3	15.2	14.6
Target EV/FCF	0.0	0.0	0.0	0.0	58.8	96.8	66.0
Target P/B	0.0	0.0	0.0	0.0	4.6	4.1	3.8
Target P/E	0.0	0.0	0.0	0.0	16.6	15.1	14.2
Per share measures							
Number of shares	58,869	58,869	58,869	58,869	58,869	58,869	58,869
Number of shares (diluted)	58,869	58,869	58,869	58,869	58,869	58,869	58,869
EPS	0.44	0.48	0.56	0.82	0.96	1.06	1.12
Operating cash flow per share	1.06	0.46	0.76	1.43	2.22	2.22	2.24
Free cash flow per share	0.89	0.26	0.17	0.48	0.39	0.24	0.36
Book value per share	2.83	2.77	2.83	3.14	3.48	3.87	4.25
Dividend per share	0.51	0.41	0.50	0.62	0.67	0.74	0.79
Dividend payout ratio, %	116.8	86.0	88.9	75.8	69.7	70.0	70.0
Dividend yield, %	6.0	5.7	7.0	4.5	4.9	5.4	5.8
FCF yield, %	10.5	3.6	2.4	3.8	2.8	1.7	2.6
Efficiency measures							
ROE	23.9	17.0	20.1	27.4	29.1	28.8	27.7
ROCE	14.1	12.1	11.3	12.0	13.2	13.3	13.1
Financial ratios							
Inventories as % of sales	20.0	21.4	21.9	23.6	22.0	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	10.0	10.0	10.0
Operative CAPEX/sales, %	1.3	1.5	2.3	5.9	10.8	11.2	10.3
CAPEX/sales (incl. acquisitions), %	1.3	1.5	0.6	5.9	10.8	11.2	10.3
FCFF/EBITDA	1.1	0.4	0.3	1.0	0.9	0.8	0.8
Net debt/EBITDA, book-weighted	1.8	2.4	3.4	2.9	2.7	2.6	2.7
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	25.6	26.6	27.6
Gearing, %	69.6	82.3	227.0	205.8	192.4	184.2	176.6

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	144.040	17.9%
Keskinäinen Työeläkevakuutusyhtiö Elo	5,050,000	68.983	8.6%
Keskinäinen työeläkevakuutusyhtiö Varma	3,150,526	43.036	5.4%
Keskinäinen Eläkevakuutusyhtiö Ilmarinen	2,045,767	27.945	3.5%
OP-Suomi Arvo -sijoitusrahasto	1,026,075	14.016	1.7%
Sijoitusrahasto Evli Suomi Pienyhtiöt	900,000	12.294	1.5%
Eläkevakuutusosakeyhtiö Veritas	690,000	9.425	1.2%
Kirkon Eläkerahasto	628,458	8.585	1.1%
Nordea Fennia Fund	591,254	8.077	1.0%
Säästöpankki Kotimaa-sijoitusrahasto	586,527	8.012	1.0%
Ten largest	25,213,295	344.414	43%
Residual	33,655,457	459.734	57%
Total	58,868,752	804.147	100%

EARNINGS CALENDAR

April 29, 2020	Q1 report
July 29, 2020	Q2 report
October 29, 2020	Q3 report

OTHER EVENTS**COMPANY MISCELLANEOUS**

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CFO: Markku Pirskanen

IR: Maarit Mikkonen

Tel: +358 300 472 220

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

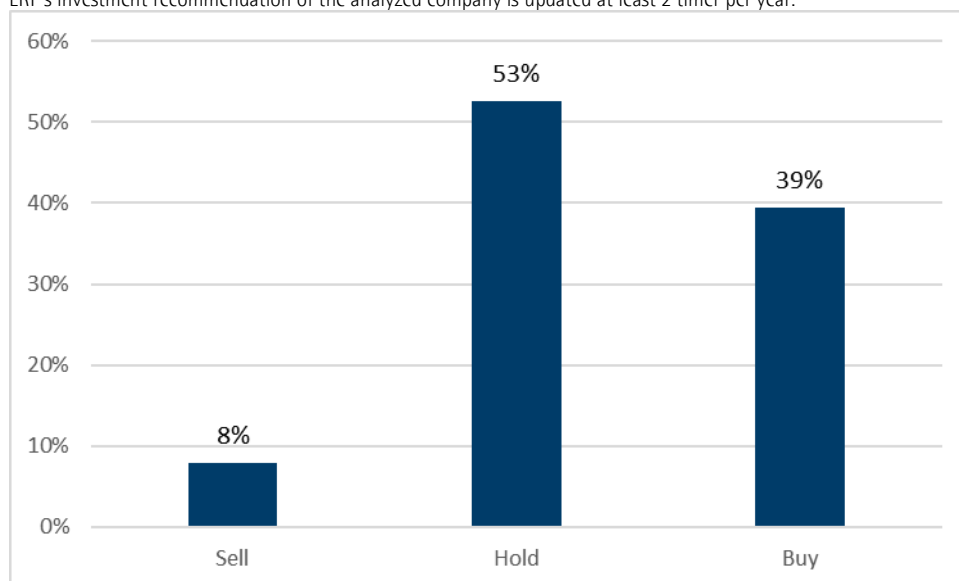
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Investment recommendations are defined as follows:

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

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

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