

Christmas is almost here

Tokmanni delivered relatively good Q3 result. Revenue growth of 13% y/y outpaced our and the consensus estimates but adj. EBIT (EUR 24.0m) fell short of expectations due to decline in gross margin. We have made only small adjustments into our estimates and keep our rating "BUY" with TP of EUR 18.4.

Strong growth in revenue but decrease in adj. gross margin

Tokmanni's Q3 revenue outpaced the expectations but adj. EBIT was below our and consensus estimates. Revenue grew by ~13% y/y, amounting to EUR 262m (vs. EUR 253m/255m Evli/cons). Growth was good especially in sales of yard and garden furniture, sports and leisure, detergents and home cleaning, paper products and groceries. Apparel sales have faced headwind due to the coronavirus and the company decided to boost apparel sales with discount sales in Q3. This impacted negatively on adj. gross margin which was 34.0% (35.4% in Q3'19). Tokmanni's Q3 adj. EBIT totaled EUR 24.0m vs. EUR 25.8m/27.3m Evli/cons. Adj. EBIT was weighed down by weakened gross margin but on the other hand, strong revenue growth and strict cost control had a positive impact on profitability.

Towards the most important quarter

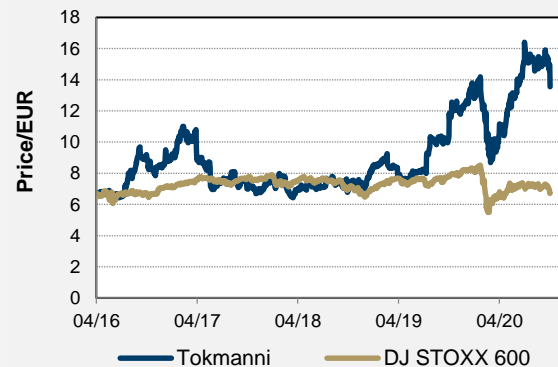
Tokmanni has benefited from the uncertain times as low prices and broad product assortment attract consumers. Despite of the current situation, customer numbers have increased in stores (LFL, Jan-Sep'20: +2.8%) and at the same time the size of average basket has increased (LFL, Jan-Sep'20: +8.7%). During Q3, Tokmanni's online sales increased by ~155%, though the share of online sales is still marginal (~1% of revenue). We expect the growth in online sales to continue during Q4E, driven by the campaign season. The final quarter is the most important for Tokmanni in terms of both, revenue and profitability. In retail, the Christmas season has started earlier than normally this year and Tokmanni is also well prepared for the upcoming season as the Christmas products have arrived and some of those are already in stores.

"BUY" with TP of EUR 18.4 intact

Tokmanni expects strong growth in revenue and LFL revenue in 20E. Adj. EBIT margin is expected to improve from '19. We have made only small adjustments into our estimates. We expect 20E revenue to grow by 11% y/y (EUR 1046m) and adj. EBIT of EUR 89m. On our estimates, the company trades at 20E-21E EV/EBIT multiple of 13.0x and 12.4x which translates into ~30% discount compared to the int. discount peers. We keep our rating "BUY" with TP of EUR 18.4.

Rating

BUY



Share price, EUR (Last trading day's closing price) 13.56

Target price, EUR 18.4

Latest change in rating 31-Oct-19

Latest report on company 30-Jul-20

Research paid by issuer: YES

No. of shares outstanding, '000's 58,862

No. of shares fully diluted, '000's 58,862

Market cap, EURm 798

Free float, % 78.8

Exchange rate 1.000

Reuters code TOKMAN.HE

Bloomberg code TOKMAN FH

Average daily volume, EURm na.

Next interim report 12-Feb-21

Web site ir.tokmanni.fi/investors

Analyst Anna-Liisa Rissanen

E-mail annaliisa.rissanen@evli.com

Telephone +358401579919

BUY HOLD SELL

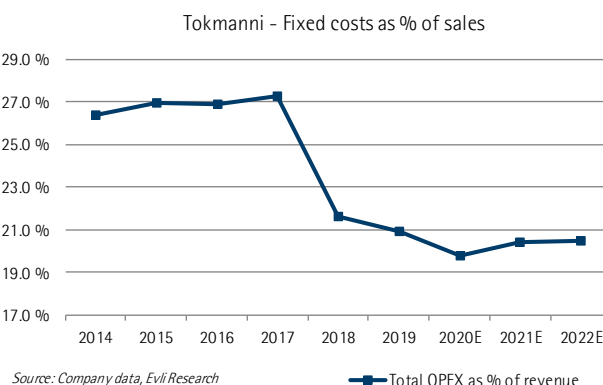
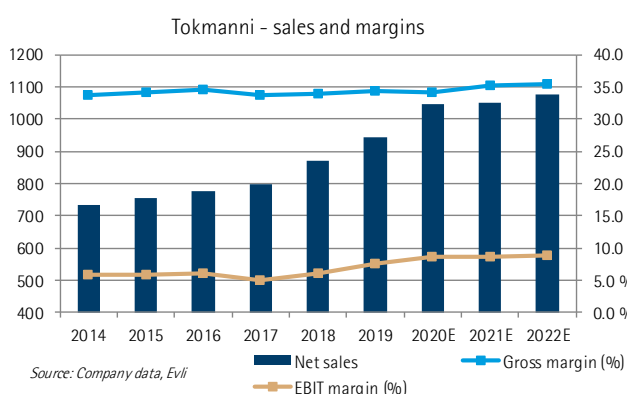
KEY FIGURES

	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	52.0	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	1,046.2	89.3	8.5%	53.7	1.08	12.6	1.1	13.0	6.7	0.75
2021E	1,049.8	91.3	8.7%	72.7	1.09	12.4	1.1	12.4	9.1	0.77
2022E	1,078.6	94.5	8.8%	64.1	1.13	12.0	1.0	11.8	8.0	0.79
Market cap, EURm		798	Gearing 2020E, %			171.9	CAGR EPS 2019-22, %			11.4
Net debt 2020E, EURm		363	Price/book 2020E			3.8	CAGR sales 2019-22, %			4.5
Enterprise value, EURm		1,161	Dividend yield 2020E, %			5.5	ROE 2020E, %			32.1
Total assets 2020E, EURm		772	Tax rate 2020E, %			19.8	ROCE 2020E, %			14.8
Goodwill 2020E, EURm		135	Equity ratio 2020E, %			27.3	PEG, P/E 20/CAGR			4.0

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	1046.2	1049.8	1078.6
<i>Growth-%</i>	3.3 %	3.0 %	2.9 %	2.7 %	2.7 %	9.3 %	8.5 %	10.8 %	0.3 %	2.7 %
Materials and services (adj.)	-474.6	-486.8	-497.2	-507.9	-528.4	-575.2	-619.1	-689.7	-681.0	-697.4
<i>Growth-%</i>	-	2.6 %	2.1 %	2.2 %	4.0 %	8.9 %	7.6 %	11.4 %	-1.3 %	2.4 %
<i>% of sales</i>	66.6 %	66.3 %	65.8 %	65.5 %	66.3 %	66.1 %	65.6 %	65.9 %	64.9 %	64.7 %
Gross profit (adj.)	238.2	247.5	258.1	267.9	268.1	295.0	325.2	356.5	368.8	381.2
<i>Gross margin (%)</i>	33.4 %	33.7 %	34.2 %	34.5 %	33.7 %	33.9 %	34.4 %	34.1 %	35.1 %	35.3 %
Fixed costs (adj.)	-185.1	-193.9	-203.7	-208.5	-217.0	-189.5	-197.9	-206.9	-214.4	-220.9
<i>Growth-%</i>	-	4.8 %	5.0 %	2.4 %	4.1 %	-12.7 %	4.4 %	4.5 %	3.7 %	3.0 %
<i>% of sales</i>	26.0 %	26.4 %	27.0 %	26.9 %	27.2 %	21.8 %	21.0 %	19.8 %	20.4 %	20.5 %
Other income	3.5	3.6	4.0	3.4	3.8	4.1	4.3	4.2	4.2	4.2
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	-64.6	-67.2	-70.0
EBITDA (adj.)	56.7	57.1	58.4	62.8	54.9	109.5	131.6	153.9	158.5	164.5
<i>EBITDA margin (%)</i>	8.0 %	7.8 %	7.7 %	8.1 %	6.9 %	12.6 %	13.9 %	14.7 %	15.1 %	15.3 %
EBIT (adj.)	44.1	43.6	43.6	47.7	40.6	52.0	70.4	89.3	91.3	94.5
<i>EBIT margin (%)</i>	6.2 %	5.9 %	5.8 %	6.1 %	5.1 %	6.0 %	7.5 %	8.5 %	8.7 %	8.8 %
NRIs in reported gross profit	0.0	1.1	-0.6	0.5	-0.9	0.2	-0.1	-0.1	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
EBIT (reported)	43.0	43.0	39.0	49.2	38.9	53.6	69.4	88.7	91.3	94.5
<i>EBIT margin (%)</i>	6.0 %	5.9 %	5.2 %	6.3 %	4.9 %	6.2 %	7.3 %	8.5 %	8.7 %	8.8 %
Net financials	-23.0	-22.2	-20.9	-15.3	-5.9	-10.5	-10.4	-10.1	-10.8	-11.3
Profit before taxes (reported)	20.1	20.8	18.1	33.9	33.0	43.1	59.0	78.6	80.5	83.2
Taxes	-4.8	-4.2	-3.4	-6.8	-6.6	-8.9	-11.8	-15.7	-16.1	-16.6
<i>Tax rate (%)</i>	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	62.9	64.4	66.5
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	1.09	1.13
Dividend and capital return	-	-	-	0.51	0.41	0.50	0.62	0.75	0.77	0.79
<i>Payout ratio (%)</i>	-	-	-	111 %	92 %	86 %	77 %	70 %	70 %	70 %

Source: Tokmanni, Evli Research



INTERIM FIGURES

EVLI ESTIMATES, EURm	2019Q1	2019Q2	2019Q3	2019Q4	2019	2020Q1	2020Q2	2020Q3	2020Q4E	2020E	2021E	2022E
Net sales	188.1	239.9	231.5	284.8	944.3	199.0	286.0	261.7	299.5	1,046.2	1,049.8	1,078.6
EBITDA	12.8	34.0	37.2	47.6	131.6	16.3	46.7	40.3	50.6	153.9	158.5	164.5
<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>8.2</i>	<i>16.3</i>	<i>15.4</i>	<i>16.9</i>	<i>14.7</i>	<i>15.1</i>	<i>15.3</i>
EBIT	-2.2	18.7	21.9	32.0	70.4	0.3	30.6	24.0	34.4	89.3	91.3	94.5
<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>0.2</i>	<i>10.7</i>	<i>9.2</i>	<i>11.5</i>	<i>8.5</i>	<i>8.7</i>	<i>8.8</i>
Net financial items	-2.6	-2.6	-2.6	-2.6	-10.4	-2.5	-2.5	-2.5	-2.6	-10.1	-10.8	-11.3
Pre-tax profit	-4.8	16.1	19.3	29.4	60.0	-2.2	28.1	21.5	31.8	79.2	80.5	83.2
Tax	1.0	-3.1	-4.0	-5.7	-11.8	0.6	-5.6	-4.3	-6.4	-15.7	-16.1	-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>27.3</i>	<i>19.9</i>	<i>20.0</i>	<i>20.0</i>	<i>19.8</i>	<i>20.0</i>	<i>20.0</i>
Net profit	-3.8	13.0	15.3	23.7	48.2	-1.6	22.5	17.2	25.4	63.5	64.4	66.5
EPS	-0.06	0.22	0.26	0.40	0.82	-0.03	0.38	0.29	0.43	1.08	1.09	1.13
EPS adjusted (diluted no. of shares)	-0.06	0.22	0.26	0.40	0.82	-0.03	0.38	0.29	0.43	1.08	1.09	1.13
Dividend per share	0.00	0.00	0.00	0.00	0.62	0.00	0.00	0.00	0.00	0.75	0.77	0.79
SALES, EURm												
Group	188.1	239.9	231.5	284.8	944.3	199.0	286.0	261.7	299.5	1,046.2	1,049.8	1,078.6
Total	188.1	239.9	231.5	284.8	944.3	199.0	286.0	261.7	299.5	1,046.2	1,049.8	1,078.6
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>5.8</i>	<i>19.2</i>	<i>13.0</i>	<i>5.2</i>	<i>10.8</i>	<i>0.3</i>	<i>2.7</i>
Total	<i>8.3</i>	<i>10.2</i>	<i>9.9</i>	<i>6.1</i>	<i>8.5</i>	<i>5.8</i>	<i>19.2</i>	<i>13.0</i>	<i>5.2</i>	<i>10.8</i>	<i>0.3</i>	<i>2.7</i>
EBIT, EURm												
Group	-2.2	18.7	21.9	32.0	70.4	0.3	30.6	24.0	34.4	89.3	91.3	94.5
Total	-2.2	18.7	21.9	32.0	70.4	0.3	30.6	24.0	34.4	89.3	91.3	94.5
EBIT margin, %												
Group	<i>-1.2</i>	<i>7.8</i>	<i>9.5</i>	<i>11.2</i>	<i>7.5</i>	<i>0.2</i>	<i>10.7</i>	<i>9.2</i>	<i>11.5</i>	<i>8.5</i>	<i>8.7</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>0.2</i>	<i>10.7</i>	<i>9.2</i>	<i>11.5</i>	<i>8.5</i>	<i>8.7</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	1,046.2	1,049.8	1,078.6
<i>Sales growth (%)</i>	2.9	2.7	2.7	9.3	8.5	10.8	0.3	2.7
EBITDA	58.4	62.8	54.9	109.3	131.6	153.9	158.5	164.5
<i>EBITDA margin (%)</i>	7.7	8.1	6.9	12.6	13.9	14.7	15.1	15.3
Depreciation	-14.8	-15.1	-14.3	-57.3	-61.2	-64.6	-67.2	-70.0
EBITA	43.6	47.7	40.6	52.0	70.4	89.3	91.3	94.5
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	89.3	91.3	94.5
<i>EBIT margin (%)</i>	5.8	6.1	5.1	6.0	7.5	8.5	8.7	8.8
Reported EBIT	39.0	49.2	39.8	53.6	69.4	88.7	91.3	94.5
<i>EBIT margin (reported) (%)</i>	5.2	6.3	5.0	6.2	7.4	8.5	8.7	8.8
Net financials	-20.9	-15.2	-5.9	-10.6	-10.4	-10.1	-10.8	-11.3
Pre-tax profit	22.7	32.5	34.7	41.4	60.0	79.2	80.5	83.2
Taxes	-3.4	-6.8	-6.6	-8.6	-11.8	-15.7	-16.1	-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	34.4	47.2	62.9	64.4	66.5
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	40	39	38
Goodwill	129	129	129	135	135	135	135	135
Right of use assets	0	0	0	234	279	289	291	291
Inventory	160	155	170	191	223	241	231	237
Receivables	16	18	22	22	19	25	25	26
Liquid funds	49	58	43	38	29	42	42	43
Total assets	455	459	462	721	731	772	765	772
Liabilities								
Shareholder's equity	48	167	163	167	185	211	232	253
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	291
Deferred taxes	6	5	5	6	0	0	0	0
Interest bearing debt	294	174	177	173	100	116	85	67
Non-interest bearing current liabilities	91	104	107	123	127	146	147	151
Other interest-free debt	16	10	11	10	10	10	10	10
Total liabilities	455	459	463	721	731	772	765	772
CASH FLOW, EURm								
+ EBITDA	58	63	55	109	132	154	159	165
- Net financial items	-21	-15	-6	-11	-10	-10	-11	-11
- Taxes	-3	-4	-8	-7	-12	-16	-16	-17
- Increase in Net Working Capital	-3	15	-13	-5	-24	-4	10	-3
+/- Other	-5	4	0	-42	-1	-1	0	0
= Cash flow from operations	27	63	27	45	84	123	142	134
- Capex	-18	-10	-12	-20	-56	-69	-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	54	73	64
+/- New issues/buybacks	0	91	-1	-6	0	0	0	0
- Paid dividend	0	0	-30	-24	-29	-36	-44	-45
+/- Other	-12	-135	0	16	-8	-4	-29	-18
Change in cash	-4	9	-15	-5	-9	13	0	1

KEY FIGURES	2016	2017	2018	2019	2020E	2021E	2022E
M-cap	500	427	423	743	798	798	798
Net debt (excl. convertibles)	116	134	379	380	363	334	315
Enterprise value	616	561	801	1,123	1,161	1,132	1,114
Sales	776	797	870	944	1,046	1,050	1,079
EBITDA	63	55	109	132	154	159	165
EBIT	48	41	52	70	89	91	94
Pre-tax	33	35	41	60	79	81	83
Earnings	26	28	33	48	64	64	67
Equity book value (excl. minorities)	167	163	167	185	211	232	253
Valuation multiples							
EV/sales	0.8	0.7	0.9	1.2	1.1	1.1	1.0
EV/EBITDA	9.8	10.2	7.3	8.5	7.5	7.1	6.8
EV/EBITA	12.9	13.8	15.4	16.0	13.0	12.4	11.8
EV/EBIT	12.9	13.8	15.4	16.0	13.0	12.4	11.8
EV/OCF	9.9	20.7	17.8	13.3	9.4	8.0	8.3
EV/FCFF	9.3	24.4	24.1	8.8	9.8	8.5	8.9
P/FCFE	9.5	27.7	41.8	26.3	14.9	11.0	12.5
P/E	19.5	15.2	12.9	15.4	12.6	12.4	12.0
P/B	3.0	2.6	2.5	4.0	3.8	3.4	3.2
Target EV/EBITDA	0.0	0.0	0.0	0.0	9.4	8.9	8.5
Target EV/EBIT	0.0	0.0	0.0	0.0	16.2	15.5	14.8
Target EV/FCF	0.0	0.0	0.0	0.0	26.9	19.5	21.8
Target P/B	0.0	0.0	0.0	0.0	5.1	4.7	4.3
Target P/E	0.0	0.0	0.0	0.0	17.1	16.8	16.3
Per share measures							
Number of shares	58,869	58,869	58,869	58,869	58,862	58,862	58,862
Number of shares (diluted)	58,869	58,869	58,869	58,869	58,862	58,862	58,862
EPS	0.44	0.48	0.56	0.82	1.08	1.09	1.13
Operating cash flow per share	1.06	0.46	0.76	1.43	2.09	2.41	2.27
Free cash flow per share	0.89	0.26	0.17	0.48	0.91	1.24	1.09
Book value per share	2.83	2.77	2.83	3.14	3.59	3.93	4.30
Dividend per share	0.51	0.41	0.50	0.62	0.75	0.77	0.79
Dividend payout ratio, %	116.8	86.0	89.7	75.8	69.3	70.0	70.0
Dividend yield, %	6.0	5.7	7.0	4.9	5.5	5.7	5.8
FCF yield, %	10.5	3.6	2.4	3.8	6.7	9.1	8.0
Efficiency measures							
ROE	23.9	17.0	19.9	27.4	32.1	29.1	27.5
ROCE	14.1	12.1	11.3	12.0	14.8	14.9	15.5
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	6.6	6.6	6.4
CAPEX/sales (incl. acquisitions), %	1.3	1.5	0.6	5.9	6.6	6.6	6.4
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	2.1	1.9
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	27.3	30.3	32.7
Gearing, %	69.6	82.3	227.0	205.8	171.9	144.4	124.7

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	142.986	17.9%
Keskinäinen työeläkevakuutusyhtiö Varma	2,810,526	38.111	4.8%
Keskinäinen työeläkevakuutusyhtiö Elo	2,364,354	32.061	4.0%
Keskinäinen Eläkevakuutusyhtiö Ilmarinen	1,732,539	23.493	2.9%
OP-Suomi Arvo -sijoitusrahasto	898,910	12.189	1.5%
Eläkevakuutusosakeyhtiö Veritas	690,000	9.356	1.2%
Sijoitusrahasto Evli Suomi Pienyhtiöt	625,000	8.475	1.1%
Säästöpankki Kotimaa-sijoitusrahasto	611,527	8.292	1.0%
Nordea Fennia Fund	533,931	7.240	0.9%
Kirkon Eläkerahasto	435,303	5.903	0.7%
Ten largest	21,246,778	288.106	36%
Residual	37,615,689	510.069	64%
Total	58,862,467	798.175	100%

EARNINGS CALENDAR

February 12, 2021	FY 2020 Results
April 29, 2021	Q1 report
July 29, 2021	Q2 report
October 29, 2021	Q3 report

OTHER EVENTS**COMPANY MISCELLANEOUS**

CEO: Mika Rautiainen

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

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

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 [30.10.2020, 08:00]. This report has been published on [30.10.2020, 08:40].

None of the analysts contributing to this report, persons under their guardianship or corporations under their control have a position in the shares of the company or related securities.

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.

Each analyst responsible for the content of this report assures that the expressed views accurately reflect the personal views of each analyst on the covered companies and securities. Each analyst assures that (s)he has not been, nor are or will be, receiving direct or indirect compensation related to the specific recommendations or views contained in this report.

Companies in the Evli Group, affiliates or staff of companies in the Evli Group, may perform services for, solicit business from, hold long or short positions in, or otherwise be interested in the investments (including derivatives) of any company mentioned in the publication or report.

Neither ERP nor any company within the Evli Group have managed or co-managed a public offering of the company's securities during the last 12 months prior to, received compensation for investment banking services from the company during the last 12 months prior to the publication of the research report.

ERP has signed an agreement with the issuer of the financial instruments mentioned in the recommendation, which includes production of research reports. This assignment has a limited economic and financial impact on ERP and/or Evli. Under the assignment ERP performs services including, but not limited to, arranging investor meetings or –events, investor relations communication advisory and production of research material.

ERP or another company within the Evli Group does not have an agreement with the company to perform market making or liquidity providing services. months prior to, received compensation for investment banking services from the company during the last 12 months prior to the publication of the. For the prevention and avoidance of conflicts of interests with respect to this report, there is an information barrier (Chinese wall) between Investment

Research and Corporate Finance units concerning unpublished investment banking services to the company. The remuneration of the analyst(s) is not tied directly or indirectly to investment banking transactions or other services performed by Evli Bank Plc or any company within Evli Group.

This report has not been disclosed to the company prior to its dissemination.

This report is provided and intended for informational purposes only and may not be used or considered under any circumstances as an offer to sell or buy any securities or as advice to trade any securities.

This report is based on sources ERP considers to be correct and reliable. The sources include information providers Reuters and Bloomberg, stock-exchange releases from the companies and other company news, Statistics Finland and articles in newspapers and magazines. However, ERP does not guarantee the materialization, correctness, accuracy or completeness of the information, opinions, estimates or forecasts expressed or implied in the report. In addition, circumstantial changes may have an influence on opinions and estimates presented in this report. The opinions and estimates presented are valid at the moment of their publication and they can be changed without a separate announcement. Neither ERP nor any company within the Evli Group are responsible for amending, correcting or updating any information, opinions or estimates contained in this report. Neither ERP nor any company within the Evli Group will compensate any direct or consequential loss caused by or derived from the use of the information represented in this publication.

All information published in this report is for the original recipient's private and internal use only. ERP reserves all rights to the report. No part of this publication may be reproduced or transmitted in any form or by any means, electronic, mechanical, photocopying, recording or otherwise, or stored in any retrieval system of any nature, without the written permission of ERP.

This report or its copy may not be published or distributed in Australia, Canada, Hong Kong, Japan, New Zealand, Singapore or South Africa. The publication or distribution of this report in certain other jurisdictions may also be restricted by law. Persons into whose possession this report comes are required to inform themselves about and to observe any such restrictions.

Evli Bank Plc is not registered as a broker-dealer with the U. S. Securities and Exchange Commission ("SEC"), and it and its analysts are not subject to SEC rules on securities analysts' certification as to the currency of their views reflected in the research report. Evli Bank is not a member of the Financial Industry Regulatory Authority ("FINRA"). It and its securities analysts are not subject to FINRA's rules on Communications with the Public and Research Analysts and Research Reports and the attendant requirements for fairness, balance and disclosure of potential conflicts of interest. This research report is only being offered in U.S. by Auerbach Grayson & Company, LLC (Auerbach Grayson) to Major U.S. Institutional Investors and is not available to, and should not be used by, any U.S. person or entity that is not a Major U.S. Institutional Investor. Auerbach Grayson is a broker-dealer registered with the U.S. Securities and Exchange Commission and is a member of the FINRA. U.S. entities seeking more information about any of the issuers or securities discussed in this report should contact Auerbach Grayson. The securities of non-U.S. issuers may not be registered with or subject to SEC reporting and other requirements.

ERP is not a supervised entity but its parent company Evli Bank Plc is supervised by the Finnish Financial Supervision Authority.

Contact information**SALES, TRADING AND RESEARCH****Equity Sales**

Ari Laine +358 9 4766 9115
Lauri Ahokanto +358 9 4766 9117
Niclas Henelius +358 9 4766 9116

Trading

Lauri Vehkaluoto (Head) +358 9 4766 9120
Pasi Väisänen +358 9 4766 9120
Antti Kässi +358 9 4766 9120
Miika Ronkanen +358 9 4766 9120

ETFs and Derivatives

Joachim Dannberg +358 9 4766 9123
Kimmo Lijja +358 9 4766 9130

Structured Investments

Heikki Savijoki +358 9 4766 9726
Aki Lakkisto +358 9 4766 9123

Equity Research

Jonas Forslund +358 9 4766 9314
Joonas Ilvonen +358 44 430 9071
Jerker Salokivi +358 9 4766 9149
Anna-Liisa Rissanen +358 40 157 9919

Evli Investment Solutions

Johannes Asuja +358 9 4766 9205
Markku Reinikainen +358 9 4766 9669



EVLI BANK PLC
Aleksanterinkatu 19 A
P.O. Box 1081
FIN-00101 Helsinki, FINLAND
Phone +358 9 476 690
Fax +358 9 634 382
Internet www.evli.com
E-mail firstname.lastname@evli.com

**EVLI BANK PLC,
STOCKHOLMSFILIAL**
Regeringsgatan 67 P.O. Box 16354
SE-103 26 Stockholm
Sverige
stockholm@evli.com
Tel +46 (0)8 407 8000
Fax +46 (0)8 407 8001