

Food & Staples Retailing/Finland, October 30, 2020 Company update

### 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

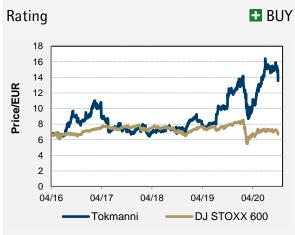
Tokmanni's Q3 revenue outpaced the expectations but adj. EBIT was below our and consensus estimates. Revenue grew by  $\sim\!13\%$  y/y, amounting to EUR 262m (vs. EUR 253m/255m Evli/cons). Growth was good especially in sales of yard and garden furniture, sports and leisure, detergents and home cleaning, 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  $\sim\!155\%$ , though the share of online sales is still marginal ( $\sim\!1\%$  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.



Share price, EUR (Last trading day's closing price)	13.56
Target price, EUR	18.4
Latest change in rating	31-0ct-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
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■ BUY □ HOLD ■ SELL

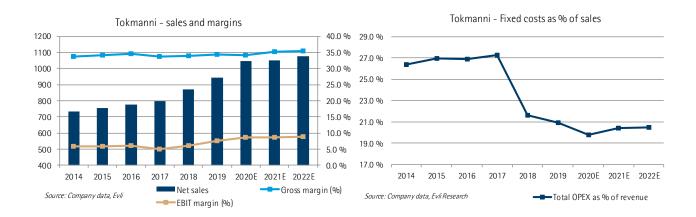
KEY FIGL	KEY FIGURES										
	Sales EURm	EBIT EURm	EBIT %	FCF EURm	EPS EUR	P/E (x)	EV/Sales (x)	EV/EBIT (x)	FCF yield %	DPS EUR	
2018	870.4	52.0	6.0%	10.1	0.56	12.9	0.9	15.4	2.4	0.50	
2019	944.3	70.4	7.5%	28.3	0.82	15.4	1.2	16.0	3.8	0.62	
2020E	1,046.2	89.3	8.5%	53.7	1.08	12.6	1.1	13.0	6.7	0.75	
2021E	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 ca	p, EURm		798 G	earing 2020E,	0/0		2, %	11.4			
Net debt 2	2020E, EURm		363 P	rice/book 2020	)E		3.8 CAGR	sales 2019-	22, %	4.5	
Enterprise	value, EURm		1,161 D	ividend yield 2	2020E, %		5.5 ROE 2	020E, %		32.1	
Total asset	ts 2020E, EURn	n	772 Ta	ax rate 2020E,	0/0	19.8 ROCE 2020E, %				14.8	
Goodwill 2	2020E, EURm		135 E	quity ratio 202	20E, %			4.0			

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### **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
Growth-%	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
Growth-%	-	2.6 %	2.1 %	2.2 %	4.0 %	8.9 %	7.6 %	11.4 %	-1.3 %	2.4 %
% of sales	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
Gross margin (%)	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
Growth-%	-	4.8 %	5.0 %	2.4 %	4.1 %	-12.7 %	4.4 %	4.5 %	3.7 %	3.0 %
% of sales	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
EBITDA margin (%)	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
EBIT margin (%)	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
EBIT margin (%)	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
Tax rate (%)	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
Payout ratio (%)				111 %	92 %	<i>86</i> %	<i>77 %</i>	70 %	70 %	70 %

Payout ratio (%)
Source: Tokmanni, Evli Research



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### Valuation

	MCAP			EV/EBITDA		EV/EBIT	EV/EBIT	EV/FCF	EV/FCF	EV/FCF	P/E	P/E	P/E
TOKMANNI PEERS	local FX	20	21	22	20	21	22	20	21	22	20	21	22
Nordic non-grocery focused retailers Byggmax Group AB	2685	4.9x	6.8x	6.6x	7.4x	13.7x	13.2x	6.1x	11.2x	11.7x	5.6x	10.7x	10.4x
Clas Ohlson AB Class B	4992	4.6x	4.5x	4.1x	9.0x	9.0x	8.0x	9.6x	9.3x	7.4x	9.5x	10.0x	9.7x
Europris ASA	7767	7.1x	7.5x	7.2x	11.2x	12.8x	12.0x	14.0x	14.2x	15.2x	12.1x	14.0x	13.0x
Stockmann Oyj Abp Class B	57	7.3x	6.3x	6.0x		48.2x	33.0x	69.8x					
Verkkokauppa.com Oyj XXL ASA	226 5412	8.3x 9.7x	8.4x 7.5x	7.8x 6.6x	10.4x 36.6x	10.8x 19.0x	9.7x 15.1x	14.7x 7.5x	13.0x 13.6x	11.9x 10.4x	15.3x 65.8x	16.4x 21.0x	15.2x 16.8x
Nordic grocery focused retailers	3412	3.7 X	7.58	0.00	30.00	13.00	13.13	7.58	13.00	10.41	03.01	21.00	10.01
Axfood AB	43053	10.3x	10.2x	10.1x	19.4x	19.2x	19.5x	17.6x	23.0x	29.2x	23.2x	23.1x	22.9x
ICA Gruppen AB	83416	9.6x	9.6x	9.5x	18.7x	18.9x	18.5x	28.9x	24.1x	23.1x	20.0x	20.1x	19.7x
Kesko Oyj Class B	8617	10.8x	11.0x	10.7x	20.7x	21.5x	20.7x	24.9x	27.3x	24.0x	24.0x	24.6x	23.8x
International discount retailers B&M European Value Retail SA	4941	7.3x	7.7x	6.9x	11.3x	12.3x	10.6x	17.7x	17.6x	14.7x	15.1x	16.6x	14.8x
Big Lots, Inc.	1973	2.8x	3.7x	3.9x	3.3x	5.5x	5.8x	1.6x	9.3x	8.5x	6.4x	8.3x	8.4x
Costco Wholesale Corporation	160986	22.0x	20.4x	18.5x	28.8x	26.6x	23.8x	39.1x	50.0x	37.0x	39.4x	37.9x	34.3x
Dollar General Corporation	52479	14.8x	15.7x	14.5x	17.3x	18.6x	17.2x	26.6x	31.4x	28.4x	20.8x	21.7x	19.6x
Dollar Tree, Inc. Dollarama Inc.	21811 14447	10.6x 15.6x	9.6x 13.2x	9.0x 12.5x	14.7x 20.7x	13.2x 16.9x	12.4x	23.2x 30.8x	20.3x 23.0x	42.4x	17.6x 26.9x	15.9x 20.9x	14.6x 17.5x
Pan Pacific International Holdings Corporati		17.7x	16.1x	14.4x	23.7x	21.9x	18.9x	50.6x	42.9x	40.3x	30.0x	27.1x	23.6x
Five Below, Inc.	7488	38.6x	21.2x	17.9x	59.5x	27.7x	23.0x		103.3x		71.4x	35.2x	29.0x
Ollie's Bargain Outlet Holdings Inc	5901	20.5x	19.5x	16.7x	22.5x	21.9x	18.5x				30.0x	30.2x	25.9x
Target Corporation	77220	11.1x	10.9x	10.4x	16.5x	15.9x	15.0x	22.0x	23.7x	19.7x	21.2x	20.1x	18.6x
Walmart Inc. Nordic non-grocery peers median	396498 <b>5412</b>	12.9x <b>7.2</b> x	12.5x 7.1x	12.1x <b>6.6x</b>	19.2x 10.4x	18.4x 13.3x	17.8x 12.6x	24.0x 11.8x	25.7x 13.0x	24.4x 11.7x	26.2x 12.1x	25.0x 14.0x	23.1x 13.0x
Nordic grocery focused retailers	V.12	10.3x	10.2x	10.1x	19.4x	19.2x	19.5x	24.9x	24.1x	24.0x	23.2x	23.1x	22.9x
Discount retailers median	18129	14.8x	13.2x	12.5x	19.2x	18.4x	17.5x	24.0x	24.7x	26.4x	26.2x	21.7x	19.6x
Tokmanni (Evli est.)	798	7.5x	7.1x	6.8x	13.0x	12.4x	11.8x	9.8x	8.5x	8.9x	12.6x	12.4x	12.0x
Tokmanni premium vs. Nordic non-grocery focuse Tokmanni premium vs. Nordic grocery focused pe		5 % -27 %	0 % -30 %	3 % -33 %	25 % -33 %	-7 % -36 %	-6 % -40 %	-17 % -61 %	-35 % -65 %	-24 % -63 %	4 % -46 %	-12 % -46 %	-8 % -48 %
Tokmanni premium vs. int. discount peers		-27 % -49 %	-30 % -46 %	-33 % -46 %	-33 % -32 %	-36 % -33 %	-40 % -33 %	-51 % -59 %	-65 %	-63 % -66 %	-46 % -52 %	-46 % -43 %	-48 % -39 %
			ividend yie			EBIT margin			ROCE-%			ROE-%	
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	6.3%	6.4%	6.5%	9.1%	5.3%	5.3%	18.2%	9.4%	9.5%	24.8%	12.5%	12.5%
Clas Ohlson AB Class B	CLAS.B-SE	8.0%	7.8%	8.0%	8.5%	8.1%	8.3%	17.7%	17.1%	18.5%	23.1%	21.0%	20.1%
Europris ASA	EPR-NO	5.3%	4.7%	5.1%	12.7%	11.4%	11.7%	18.3%	14.9%	15.2%	28.2%	22.2%	21.7%
Stockmann Oyj Abp Class B	STCBV-FI	0.0%	0.0%	0.0%	-0.7%	2.4%	3.5%	-0.4%	1.3%	2.0%	-9.0%	-4.1%	-2.7%
Verkkokauppa.com Oyj	VERK-FI	4.5%	4.9%	5.2%	3.6%	3.4%	3.5%	30.9%	28.0%	28.8%	35.7%	30.4%	30.2%
XXL ASA Nordic grocery focused retailers	XXL-NO	0.0%	0.6%	1.4%	2.2%	4.1%	4.7%	3.2%	5.6%	6.5%	1.8%	5.5%	6.5%
Axfood AB	AXFO-SE	3.5%	3.6%	3.6%	4.6%	4.5%	4.4%	21.6%	21.0%	20.0%	42.6%	40.8%	39.2%
ICA Gruppen AB	ICA-SE	2.9%	3.0%	3.0%	4.5%	4.5%	4.4%	9.2%	8.9%	8.4%	11.8%	11.3%	10.9%
Kesko Oyj Class B	KESKOB-FI	3.2%	3.2%	3.4%	5.2%	5.0%	5.0%	10.8%	10.3%	10.3%	16.8%	15.7%	15.9%
International discount retailers	DME OD	2.20/-	2.20/-	2.20/-	10.00/	0.20/-	0.70/-	10.70/	1.4.40/-	1 5 40%	22.20/-	25 60/-	25 10/
B&M European Value Retail SA Big Lots, Inc.	BME-GB BIG-US	2.3% 2.4%	2.2% 2.5%	3.2% 2.7%	10.8% 6.8%	9.3% 4.9%	9.7% 4.9%	16.7% 14.9%	14.4% 10.0%	15.4% 12.4%	32.3% 19.1%	25.6% 12.8%	25.1% 9.6%
Costco Wholesale Corporation	COST-US	0.7%	0.8%	0.8%	3.3%	3.3%	3.4%	18.0%	17.5%	17.3%	22.4%	20.2%	19.3%
Dollar General Corporation	DG-US	0.7%	0.7%	0.7%	10.2%	9.4%	9.4%	16.9%	15.3%	16.4%	34.6%	29.3%	28.6%
Dollar Tree, Inc.	DLTR-US	0.0%	0.0%	0.0%	6.9%	7.3%	7.5%	10.5%	10.8%	10.6%	16.8%	16.2%	14.9%
Dollarama Inc. Pan Pacific International Holdings Corporati	DOL-CA	0.4% 0.7%	0.4% 0.7%	0.4% 0.8%	20.6% 4.5%	23.1% 4.6%	5.0%	27.1% 7.8%	30.8% 8.0%	8.8%	13.5%	12.9%	13.1%
Five Below, Inc.	FIVE-US	0.0%	0.7%	0.0%	6.9%	11.4%	11.6%	7.9%	14.2%	0.0%	12.9%	20.8%	19.5%
Ollie's Bargain Outlet Holdings Inc	OLLI-US	0.0%	0.0%	0.0%	14.9%	14.0%	14.3%	15.5%	14.4%		15.8%	13.9%	13.3%
Target Corporation	TGT-US	1.8%	2.0%	2.0%	5.8%	6.2%	6.2%	15.9%	16.4%	17.0%	27.0%	27.6%	26.4%
Walmart Inc. Nordic non-grocery peers median	WMT-US	1.4% <b>4.9%</b>	1.5% 4.8%	1.7% <b>5.1%</b>	4.1% <b>6.0%</b>	4.3% 4.7%	4.3% <b>5.0%</b>	14.1% 18.0%	14.4% 12.1%	15.3% 12.3%	18.6% 23.9%	18.9% 16.7%	19.9% 16.3%
Nordic grocery focused retailers		3.2%	3.2%	3.4%	4.6%	4.5%	4.4%	10.8%	10.3%	10.3%	16.8%	15.7%	15.9%
Discount retailers median		0.7%	0.7%	0.8%	6.9%	6.8%	6.2%	15.5%	14.4%	15.3%	18.8%	19.6%	19.4%
Tokmanni (Evli est.)		5.5%	5.7%	5.8%	8.5%	8.7%	8.8%	14.8%	14.9%	15.5%	32.1%	29.1%	27.5%
		Cash con	version (FC	F/EBITDA)		CAPEX/sales	5	Ne	et debt/EBIT	DA		Equity ratio	1
TOKMANNI PEERS		20	21	22	20	21	22	20	21	22	20	21	22
Nordic non-grocery focused retailers		80 %	61 %	56 %	2%	2%	2%	2.0	27	2 5	38%	39%	40%
Byggmax Group AB Clas Ohlson AB Class B		80 % 48 %	61 % 49 %	56 % 55 %	2% 5%	2% 5%	2% 2%	2.0x 1.0x	2.7x 0.8x	2.5x 0.4x	38% 37%	39% 38%	40%
Europris ASA		51 %	53 %	47 %	2%	2%	2%	1.9x	1.8x	1.7x	31%	32%	34%
Stockmann Oyj Abp Class B		10 %	-31%	-6 %	13%	15%	15%	6.8x	5.9x	5.7x	34%	34%	35%
Verkkokauppa.com Oyj		57 %	65 %	65 %	1%	1%	1%	-0.9x	-1.1x	-1.1x	24%	25%	26%
XXL ASA Nordic grocery focused retailers		129 %	55 %	64 %	1%	2%	2%	3.6x	2.6x	2.1x	46%	47%	48%
Axfood AB		59 %	44 %	35 %	2%	3%	4%	1.0x	1.1x	1.2x	24%	24%	24%
ICA Gruppen AB		33 %	40 %	41 %	4%	4%	3%	2.1x	2.1x	2.1x	34%	35%	36%
Kesko Oyj Class B		44 %	40 %	45 %	3%	3%	3%	2.5x	2.6x	2.4x	32%	33%	33%
International discount retailers		41.0/-	4.4.0/-	47.0/-	20/-	20/-	20/-	0.5	0.5	0.2	200/-	2.10/-	270/
B&M European Value Retail SA Big Lots, Inc.		41 % 180 %	44 % 40 %	47 % 45 %	2% 2%	2% 3%	2% 3%	0.5x -1.2x	0.5x -1.1x	0.2x -0.9x	28% 36%	31% 34%	37% 39%
Costco Wholesale Corporation		56 %	41 %	50 %	2%	2%	2%	-0.6x	-0.7x	-0.9x -0.8x	34%	38%	40%
Dollar General Corporation		55 %	50 %	51 %	3%	3%	3%	1.5x	1.6x	1.5x	28%	30%	32%
Dollar Tree, Inc.		46 %	47 %	21 %	4%	4%	4%	1.7x	1.3x	1.2x	37%	40%	42%
Dollarama Inc.	on	51 % 34 %	57 % 38 %	na. 36 %	3% 2%	3% 3%	3% 3%	2.2x	1.9x	2.1x	9% 29%	15% 31%	34%
Pan Pacific International Holdings Corporati Five Below, Inc.	UII	-2 %	38 % 21 %	36 % na.	2% 10%	3% 9%	3% 7%	2.9x 1.1x	2.7x 0.7x	2.2x 0.9x	29% 39%	31% 43%	34%0
Ollie's Bargain Outlet Holdings Inc		na.	0 %	0 %	2%	2%	. 70	0.3x	-0.1x	-0.5x	69%	70%	
Target Corporation		51 %	46 %	53 %	3%	4%	3%	1.0x	1.1x	1.0x	28%	29%	30%
Walmart Inc.		54 %	49 %	50 %	2%	2%	2%	1.2x	1.1x	1.1x	34%	35%	36%
Nordic non-grocery peers median Nordic grocery focused retailers		54 % 44 %	54 % 40 %	56 % 41 %	2% 3%	2% 3%	2% 3%	1.9x 2.1x	2.2x 2.1x	1.9x 2.1x	36% 32%	36% 33%	37% 33%
Discount retailers median		51 %	42 %	46 %	2%	3%	3%	1.1x	1.1x	1.0x	31%	33%	36%
Tokmanni (Evli est.)		77 %	84 %	76 %	7%	7%	6%	2.4x	2.1x	1.9x	27%	30%	33%

## Food & Staples Retailing/Finland, October 30, 2020 Company update

### 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
EBITDA margin (%)	6.8	14.2	16.1	16.7	13.9	8.2	16.3	15.4	16.9	14.7	15.1	15.3
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
EBIT margin (%)	-1.2	7.8	9.5	11.2	7.5	0.2	10.7	9.2	11.5	8.5	8.7	8.8
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
Tax rate (%)	20.8	19.3	20.7	19.4	19.7	27.3	19.9	20.0	20.0	19.8	20.0	20.0
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	8.3	10.2	9.9	6.1	8.5	5.8	19.2	13.0	5.2	10.8	0.3	2.7
Total	8.3	10.2	9.9	6.1	8.5	5.8	19.2	13.0	5.2	10.8	0.3	2.7
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	-1.2	7.8	9.5	11.2	7.5	0.2	10.7	9.2	11.5	8.5	8.7	8.8
Total	-1.2	7.8	9.5	11.2	7.5	0.2	10.7	9.2	11.5	8.5	8.7	8.8

## Food & Staples Retailing/Finland, October 30, 2020 Company update

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
Sales growth (%)	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
EBITDA margin (%)	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
EBIT margin (%)	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
EBIT margin (reported) (%)	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					400	454	450	
+ 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 -4	-16	-17
- Increase in Net Working Capital	-3	15	-13	-5	-24		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 0	-10 0	-12 0	-20 -15	-56 0	-69 0	-69 0	-70 0
- Acquisitions								
+ Divestments = Free cash flow	0	0 53	0 15	0 10	0 28	0 54	0 73	0 64
	0	91	-1			0	/3 0	
+/- New issues/buybacks - Paid dividend	0	0	-30	-6 -24	0 -29	-36	-44	0 -45
+/- Other	-12	-135	-30 0	-24 16	-29 -8	-36 -4	-44 -29	-45 -18
Change in cash	-12 -4	-135 9	-15	-5	-o -9	13	-29 0	-10
Change III Casii	-4	J	-10	-5	-5	13	U	

## Food & Staples Retailing/Finland, October 30, 2020 Company update

M-cap	KEY FIGURES	2016	2017	2018	2019	2020E	2021E	2022E
Enterprise value	M-cap	500	427	423	743	798	798	798
Sales         778         779         870         944         1,046         1,050         1,075           EBITDA         63         55         108         132         154         159         165           EBIT         48         41         52         70         88         91         98           Pre-tax         33         35         41         60         79         81         88           Enutry Sook value (excl. minorities)         167         163         167         185         21         292         252         252           EVISION         18         102         18         21         12         11         1	Net debt (excl. convertibles)	116	134	379	380	363	334	315
ENITOA         63         55         000         112         154         156         165           ENIT         48         44         52         70         80         91         98           Fre-tax         33         35         41         60         79         81         83           Earnings         26         28         83         43         46         64         64         67           Equily book value (excl. minorities)         167         703         167         88         71         120         11         11         10         66         67         68         71         88         71         12         72         88         71         71         68         60         73         88         75         71         68         60         73         88         75         71         68         60         73         88         71         68         60         73         88         71         68         60         73         88         98         88         89         88         89         88         89         88         89         88         89         88         89         88         88	Enterprise value	616	561	801	1,123	1,161	1,132	1,114
Fibra	Sales	776	797	870	944	1,046	1,050	1,079
Pe-lax   Famings   Fami	EBITDA	63	55	109	132	154	159	165
Entrings	EBIT	48	41	52	70	89	91	94
	Pre-tax	33	35	41	60	79	81	83
Full bulban	Earnings	26	28	33	48	64	64	67
	Equity book value (excl. minorities)	167	163	167	185	211	232	253
		0.8	0.7	0.9	1.2	1.1	1.1	1.0
No.     No.								
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/ECF         9.3         24.4         24.1         8.8         9.9         8.5         8.9           PICE         9.5         27.7         41.8         26.3         14.9         11.0         12.5           PE         9.5         27.7         41.8         26.3         14.9         11.0         12.5           PE         9.5         27.7         41.8         26.3         14.9         11.0         12.5           PE         9.0         2.0         2.0         0.0         3.8         3.4         3.2           Target EV/EBIT         0.0         0.0         0.0         0.0         2.0         2.69         19.5         21.8           Target EV/EBIT         0.0         0.0         0.0         0.0         2.0         2.69         19.5         21.8           Target EV/EBIT         0.0         0.0         0.0         0.0         2.0         2.0         19.5         19.5         21.8								
EV/OCF         9.9         2.0,7         17.8         13.3         9.4         8.0         8.3           EV/FCFF         9.3         24.4         24.1         8.8         9.8         6.5         8.8           P/FCFE         9.5         2.7.7         41.8         6.63         14.9         11.0         12.5           P/E         9.5         5.2.7         1.9         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/EBITOA         0.0         0.0         0.0         0.0         9.0         9.9         1.55         1.48           Target EV/EBITOA         0.0         0.0         0.0         0.0         0.0         1.62         1.55         1.48         1.43           Target EV/EBITOA         0.0         0.0         0.0         0.0         0.0         0.0         9.0         1.62         1.55         1.48         1.43         1.20         1.43         1.43         1.43         1.43         1.43         1.43         1.43         1.43         1.43         1.43         1.43         1.43         1.43         1.43	·							
EV/FCFF         9.3         24.4         24.1         8.8         9.8         8.5         8.9           P/FCFF         9.5         27.7         41.8         26.3         14.9         11.0         22.5           P/E         19.5         15.2         12.9         115.4         12.6         12.4         12.0           P/B         3.0         2.6         2.5         40         3.8         3.4         3.2           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         21.4           Target EV/FCF         0.0         0.0         0.0         0.0         26.9         19.5         21.4           Target EV/FCF         0.0         0.0         0.0         26.9         19.5         21.4         3.6           Target EV/FCF         0.0         0.0         0.0         26.9         19.5         21.6         3.1         4.3         3.6         26.9         19.5         21.6         1.6         1.6         1.6         1.6         26.9         1.5         1.6         1.6								
P/FCFE         9.5         2.7.7         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         14.0         3.8         3.4         22.0           Target EV/EBITA         0.0         0.0         0.0         0.0         0.0         9.4         8.8         5.7           Target EV/EBIT         0.0         0.0         0.0         0.0         0.0         0.0         16.2         15.5         14.8         2.1           Target EV/EBIT         0.0         0.0         0.0         0.0         0.0         0.0         5.1         4.7         4.3           Target EV/EB         0.0         0.0         0.0         0.0         0.0         5.1         4.7         4.3           Target EV/FC         0.0         0.0         0.0         0.0         0.0         5.8         5.8         12.8         12.8           Pres share         0.0         5.8,689         58,869         58,869         58,869         58,862         58,862         58,862         58,862         58,862	·							
F/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         0.0         16.2         15.5         14.8           Target EV/EGT         0.0         0.0         0.0         0.0         2.6         15.5         14.8           Target EV/EGT         0.0         0.0         0.0         0.0         5.1         4.7         4.3           Target EV/EGT         0.0         0.0         0.0         0.0         5.1         4.7         4.3           Target EV/EGT         0.0         0.0         0.0         0.0         5.1         4.7         4.3           Target EV/EGT         0.0         0.0         0.0         0.0         5.1         4.7         4.3           Target EV/EGT         0.0         0.0         0.0         0.0         5.1         4.7         4.3           Target EV/EGT         0.0         0.0         0.0         0.0         0.0         5.8         6.8         6.8         6.8         6.8								
F/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         0.0         9.4         8.9         8.5           Target EV/FCF         0.0         0.0         0.0         0.0         2.6         19.5         21.8           Target P/P         0.0         0.0         0.0         0.0         0.0         5.7         4.7         4.3           Target P/P         0.0         0.0         0.0         0.0         17.1         1.68         6.63           Per share         58,869								
Target EV/EBITDA								
Target EV/EBIT         0.0         0.0         0.0         0.0         2.0         2.6         15.5         14.8           Target EV/FCP         0.0         0.0         0.0         0.0         2.0         2.6         19.5         27.8           Target FV/B         0.0         0.0         0.0         0.0         17.1         16.8         16.3           Per share measures         8.8	·							
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         5.7         4.7         4.3           Arget P/E         0.0         0.0         0.0         0.0         17.1         16.8         16.3           Per share measures         10.0         8.869         58,869         58,869         58,869         58,862<								
Target P/β         0.0         0.0         0.0         0.0         5.1         4.7         4.8           Target P/β         0.0         0.0         0.0         0.0         17.7         16.8         16.3           Per share measures         58,869         58,869         58,869         58,869         58,869         58,869         58,862	3 ,							
Per share measures								
Per share measures   S8,869   S8,869   S8,869   S8,869   S8,862   S8,862	3 .							
Number of shares   58,869   58,869   58,869   58,869   58,862   58,62		0.0	0.0	0.0	0.0	17.1	10.0	10.5
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         9.91         2.43         3.30           Book value per share         0.81         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           ECF yield, %         10.5         3.6         2.4         3.8         6.7         9.1         2.5           ECF yield, %         10.5         1.1         11.1         11.1         11.1         11.1         11.1         11.1         11.1         11.1         11.1         11.1         11.1         11.1		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         0.81         0.41         0.50         0.62         0.75         0.77         0.79           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           ECF yield, %         10.5         3.6         2.4         3.8         6.7         9.1         8.0           EFT         2.29         17.0         19.9         27.4         32.1         29.1         25.5           ROE         14.1         12.1         11.3         12.0         14.8         14.9         15.5								
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         0.70         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           Efficiency measures           10.5         14.1         12.1         11.3         12.0         14.8         19.1         25.5           ROE         23.9         17.0         19.9         27.4         32.1         29.1         25.5           Effic								
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           FCF 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         2.0         21.4         21.9         23.6         23.0         22.0         22.0         22.0         22.0         22.0         22.0         22.0         22.4         24								
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         23.9         17.0         19.9         27.4         32.1         29.1         27.5           ROCE         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         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								
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         8.7         17.0         19.9         27.4         32.1         29.1         27.5           ROCE         23.9         17.0         19.9         27.4         32.1         29.1         27.5           ROCE         23.0         14.1         12.1         11.3         12.0         14.8         14.9         15.5           Financial ratios         2.0         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	•							
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         20.0         21.4         21.9         23.6         23.0         22.0         22.0           Receivables as % of sales         2.0         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, %         1.3         1.5         2.3	•							
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         8.0         1.0         1.9.9         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         1.1         12.1         11.3         12.0         14.8         14.9         15.5           Financial ratios         20.0         21.4         21.9         23.6         23.0         22.0         22.0           Receivables as % of sales         20.3         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 (incl. acquisitions), %         1.3         1.5         2.3         5.9         6.6	•							
FCF yield, %         10.5         3.6         2.4         3.8         6.7         9.1         8.0           Efficiency measures         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, (incl. acquisitions), %         1.3         1.5         2.3         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								
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 (incl. acquisitions), %         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/EBIT	, .							
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, (incl. acquisitions), %         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		10.0	0.0	2	0.0	0.7	0	0.0
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         3.6.3		23.9	17.0	19.9	27.4	32.1	29.1	27.5
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								
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	Financial ratios							
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	Inventories as % of sales	20.0	21.4	21.9	23.6	23.0	22.0	22.0
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	Receivables as % of sales	2.3	2.8	2.5	2.0	2.4	2.4	2.4
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	Non-interest bearing liabilities as % of sales	13.3	13.5	14.1	13.4	14.0	14.0	14.0
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	NWC/sales, %	8.7	10.3	10.0	11.7	11.0	10.0	10.0
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	Operative CAPEX/sales, %	1.3	1.5	2.3	5.9	6.6	6.6	6.4
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	CAPEX/sales (incl. acquisitions), %	1.3	1.5	0.6	5.9	6.6	6.6	6.4
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	ECEF/ERITDA		0.4	0.3	1.0	0.8	0.8	0.8
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	TCTT/EDITO/	1.1	0.4	0.0				
Equity ratio, book-weighted 36.3 35.2 23.1 25.3 27.3 30.3 32.7						2.4	2.1	1.9
	Net debt/EBITDA, book-weighted	1.8	2.4	3.5	2.9			
	Net debt/EBITDA, book-weighted Debt/equity, market-weighted	1.8 0.3	2.4 0.4	3.5 0.4	2.9 0.1	0.1	0.1	0.1

## Food & Staples Retailing/Finland, October 30, 2020 Company update

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	0/0
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 Tel: +358 300 472 220

IR: Maarit Mikkonen

## Food & Staples Retailing/Finland, October 30, 2020 Company update

### **DEFINITIONS**

P/E	EPS
1,1	LI J
Price per share  Earnings per share	Profit before extraord. items and taxes- income taxes + minority interest  Number of shares
P/BV	DPS
Price per share  Shareholders' equity + taxed provisions per share	Dividend for the financial period per share
Market cap	OCF (Operating cash flow)
Price per share * Number of shares	EBITDA – Net financial items – Taxes – Increase in working capital – Cash NRIs ± Other adjustments
EV (Enterprise value)	FCF (Free cash flow)
Market cap + net debt + minority interest at market value – share of associated companies at market value	Operating cash flow – operative CAPEX – acquisitions + divestments
EV/Sales	FCF yield, %
Enterprise value Sales	Free cash flow Market cap
EV/EBITDA	Operative CAPEX/sales
Enterprise value Earnings before interest, tax, depreciation and amortization	Capital expenditure – divestments – acquisitions Sales
EV/EBIT	Net working capital
Enterprise value Operating profit	Current assets – current liabilities
Net debt	Capital employed/Share
Interest bearing debt – financial assets	Total assets – non-interest bearing debt  Number of shares
Total assets	Gearing
Balance sheet total	<u>Net debt</u> Equity
Div yield, %	Debt/Equity, %
Dividend per share Price per share	Interest bearing debt Shareholders' equity + minority interest + taxed provisions
Payout ratio, %	Equity ratio, %
Total dividends  Earnings before extraordinary items and taxes – income taxes + minority interest	Shareholders' equity + minority interest + taxed provisions  Total assets - interest-free loans
ROCE, %	CAGR, %
Profit before extraordinary items + interest expenses+ other financial costs  Balance sheet total – non-interest bearing debt (average)	Cumulative annual growth rate = Average growth per year
ROE, %	
Profit before extraordinary items and taxes – income taxes  Shareholder's equity + minority interest + taxed provisions (average)	

Food & Staples Retailing/Finland, October 30, 2020 Company update

#### Important Disclosures

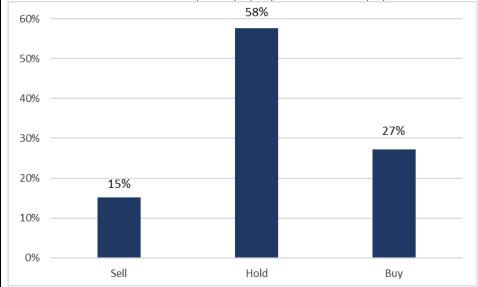
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Investment recommendations are defined as follows:

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 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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### **EVLI EQUITY RESEARCH**

## TOKMANNI

### Food & Staples Retailing/Finland, October 30, 2020 Company update

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## Food & Staples Retailing/Finland, October 30, 2020 Company update

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