

Actions taken in Q2 were successful

Tokmanni's Q2 revenue increased by 19.2% (LFL growth of 17.5%) and was EUR 286m. Tokmanni's adj. EBIT was EUR 30.6m vs. EUR 30.9m/28.5m Evli/cons. Adj. gross margin was 34.5%. The company expects strong growth in revenue and LFL revenue in 20E. Comparable EBIT margin is expected to improve on the previous year.

- Q2 revenue grew by 19.2% and was EUR 286m. The preliminary figures were already given earlier thus there were no surprises with the sales development. The increase in sales of leisure, gardening and home improvement products and food products was particularly strong in Q2.
- Q2 adj. gross profit was EUR 98.6m (34.5% margin) vs. EUR 97.5m (34.1%) Evli expectation. Adj. gross margin fell from last year due to strong sales program and unusual sales structure.
- Q2 adj. EBITDA was EUR 46.7m vs EUR 46.9m our view.
- Q2 adj. EBIT was EUR 30.6m (10.7% margin) vs. EUR 30.9m (10.8%) our expectation and EUR 28.5m (10.0%) consensus.
- Q2 eps was EUR 0.38 vs EUR 0.38/0.35 Evli/consensus
- Guidance for 20E: strong growth in revenue and like-for-like revenue. Profitability (comparable EBIT margin) is expected to improve on the previous year.

Rating

 **BUY**

Tokmanni Q2'20	Actual	Evli	Cons.*	Year ago	Act vs. Evli	Act vs. cons
Net sales	286	286	286	240	0 %	0 %
Gross profit (adj.)	98.6	97.5	na.	84.5	1 %	na.
Gross margin (adj.)	34.5 %	34.1 %	na.	35.2 %	1 %	na.
EBIT (adj.)	30.6	30.9	28.5	18.7	-1 %	7 %
EBIT margin (adj.)	10.7 %	10.8 %	10.0 %	7.8 %	-1 %	7 %
EPS	0.38	0.38	0.35	0.21	0 %	9 %

*Source: Bloomberg (5-7 est. avg.)

Share price, EUR (Last trading day's closing price) 15.08

Target price, EUR 16.4

Latest change in rating 31-Oct-19

Latest report on company 10-Jul-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 888

Free float, % 78.8

Exchange rate 1.000

Reuters code TOKMAN.HE

Bloomberg code TOKMAN FH

Average daily volume, EURm na.

Next interim report 29-Jul-20

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 BUY  HOLD  SELL

PRE-REPORT 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	1,025.9	90.1	8.8%	53.3	1.08	14.0	1.2	13.9	6.0	0.75
2021E	1,029.3	87.0	8.4%	69.1	1.02	14.7	1.2	14.1	7.8	0.72
2022E	1,057.6	92.7	8.8%	61.3	1.09	13.8	1.1	13.0	6.9	0.77

Market cap, EURm	888	BV per share 2020E, EUR	172.3	CAGR EPS 2019-22, %	10.2
Net debt 2020E, EURm	363	Price/book 2020E	4.2	CAGR sales 2019-22, %	3.9
Enterprise value, EURm	1,251	Dividend yield 2020E, %	5.0	ROE 2020E, %	32.0
Total assets 2020E, EURm	769	Tax rate 2020E, %	19.8	ROCE 2020E, %	14.9
Goodwill 2020E, EURm	135	Equity ratio 2020E, %	27.4	PEG, P/E 20/CAGR	6.6

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

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Investment recommendations are defined as follows:

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

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

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