

Customer flows hampered by COVID-19

Tokmanni withdrew its 20E guidance as there is a clear decline in customer flows due to the coronavirus. New guidance will be given at a later point when the visibility is more clear. We expect 20E sales of EUR 919m (-2.7% y/y) and adj. EBIT of EUR 55.3m (-21% y/y). We note that there are significant uncertainties with our short-term estimates. We keep our rating "BUY" with TP of EUR 12.5 (16).

Coronavirus hampering customer flows

Tokmanni withdrew its guidance for 20E due to the situation around coronavirus. According to the company, after the emergency restrictions that came into force in March, the customer flows have clearly declined in stores. At the current stage, the company doesn't give a guidance for the year 20E but expects that the coronavirus and the restrictions on movement will affect at least Q2'20E sales. As stated by the company, it is very challenging to estimate the development in H2'20E. Based on the guidance given in February, Tokmanni expected good revenue growth and slight growth in LFL-sales for 20E and profitability (adj. EBIT margin) to increase from the previous year.

Expecting declining sales in Q2'20E

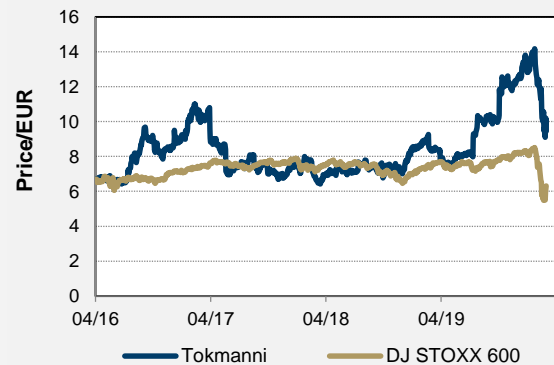
We expect a clear decline in Q2'20E sales (-27% y/y) as the movement restrictions are likely to last for several weeks. Tokmanni aims to keep all the stores open during this unexpected time. We expect the consumer demand for grocery to remain stable but at the same time demand for non-grocery products is expected to decline. We expect online sales to increase but the contribution to the total sales is still expected to remain marginal. As the visibility is very weak it is difficult to estimate the total impacts on H2'20E sales. We expect the lockdowns in China, occurred in Q1'20, to have a negative impact on Tokmanni's direct import, which will hamper gross margin development. As most of Tokmanni's employees work in stores (85%), the company should be able to adjust its workforce in some level. We expect only limited adjustment possibilities in other operations, hampering profitability in Q2'20E.

"BUY" with TP of EUR 12.5 (16)

We have decreased our 20E sales expectation by ~8% and adj. EBIT estimate by ~30%. We now expect 20E sales to decline by 2.7% y/y (EUR 919m) and adj. EBIT of EUR 55.3m (-21% y/y), resulting in adj. EBIT margin of 6.0%. We note that there are significant uncertainties with our short-term estimates. We expect the customer flows and demand to normalize relatively fast after the situation and expect Tokmanni is able to return back to its growth path. On our estimates, Tokmanni trades at 20E-21E EV/EBIT multiple of 16.7x and 10.4x, which translates into 4% premium in 20E and 29% discount in 21E compared to the int. discount peers. We keep our rating "BUY" with TP of EUR 12.5 (16).

Rating

BUY



Share price, EUR (Last trading day's closing price) 9.45

Target price, EUR 12.5

Latest change in rating 31-Oct-19

Latest report on company 06-Feb-20

Research paid by issuer: YES

No. of shares outstanding, '000's 58,863

No. of shares fully diluted, '000's 58,863

Market cap, EURm 556

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-Apr-20

Web site ir.tokmanni.fi/investors

Analyst Anna-Liisa Rissanen

E-mail annaliisa.rissanen@evli.com

Telephone +358401579919

BUY **HOLD** **SELL**

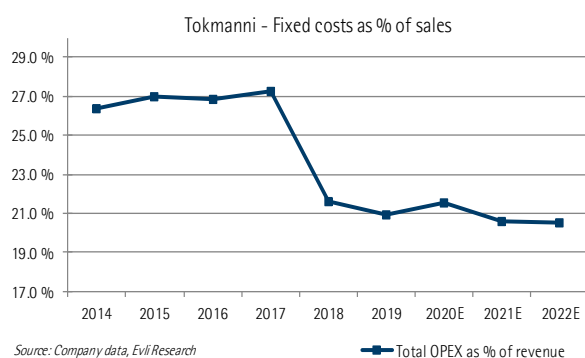
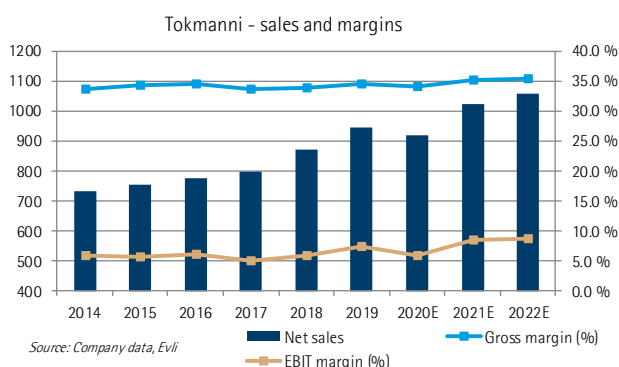
KEY FIGURES

	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	918.5	55.3	6.0%	49.7	0.60	15.8	1.0	16.7	8.9	0.42
2021E	1,021.2	86.4	8.5%	45.8	1.02	9.3	0.9	10.4	8.2	0.71
2022E	1,058.6	91.9	8.7%	59.7	1.08	8.7	0.8	9.6	10.7	0.76
Market cap, EURm	556			Gearing 2020E, %	200.2			CAGR EPS 2019-22, %	9.8	
Net debt 2020E, EURm	367			Price/book 2020E	3.0			CAGR sales 2019-22, %	3.9	
Enterprise value, EURm	923			Dividend yield 2020E, %	4.5			ROE 2020E, %	19.1	
Total assets 2020E, EURm	726			Tax rate 2020E, %	19.7			ROCE 2020E, %	9.4	
Goodwill 2020E, EURm	135			Equity ratio 2020E, %	25.3			PEG, P/E 20/CAGR	0.7	

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	918.5	1021.2	1058.6
<i>Growth-%</i>	3.3 %	3.0 %	2.9 %	2.7 %	2.7 %	9.3 %	8.5 %	-2.7 %	11.2 %	3.7 %
Materials and services (adj.)	-474.6	-486.8	-497.2	-507.9	-528.4	-575.2	-619.1	-605.6	-662.9	-684.5
<i>Growth-%</i>	-	2.6 %	2.1 %	2.2 %	4.0 %	8.9 %	7.6 %	-2.2 %	9.5 %	3.3 %
<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	312.9	358.3	374.1
<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	-198.2	-210.6	-217.2
<i>Growth-%</i>	-	4.8 %	5.0 %	2.4 %	4.1 %	-12.7 %	4.4 %	0.1 %	6.3 %	3.1 %
<i>% of sales</i>	26.0 %	26.4 %	27.0 %	26.9 %	27.2 %	21.8 %	21.0 %	21.6 %	20.6 %	20.5 %
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	-69.3
EBITDA (adj.)	56.7	57.1	58.4	62.8	54.9	109.5	131.6	119.0	152.0	161.2
<i>EBITDA margin (%)</i>	8.0 %	7.8 %	7.7 %	8.1 %	6.9 %	12.6 %	13.9 %	13.0 %	14.9 %	15.2 %
EBIT (adj.)	44.1	43.6	43.6	47.7	40.6	52.0	70.4	55.3	86.4	91.9
<i>EBIT margin (%)</i>	6.2 %	5.9 %	5.8 %	6.1 %	5.1 %	6.0 %	7.5 %	6.0 %	8.5 %	8.7 %
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	55.3	86.4	91.9
<i>EBIT margin (%)</i>	6.0 %	5.9 %	5.2 %	6.3 %	4.9 %	6.2 %	7.3 %	6.0 %	8.5 %	8.7 %
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	43.7	74.8	79.7
Taxes	-4.8	-4.2	-3.4	-6.8	-6.6	-8.9	-11.8	-8.7	-15.0	-15.9
<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	35.0	59.8	63.8
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	0.60	1.02	1.08
Dividend and capital return	-	-	-	0.51	0.41	0.50	0.62	0.42	0.71	0.76
<i>Payout ratio (%)</i>				111 %	92 %	86 %	77 %	70 %	70 %	70 %

Source: Tokmanni, Evli Research



Valuation

TOKMANNI PEERS	MCAP local FX	EV/EBITDA 20	EV/EBITDA 21	EV/EBITDA 22	EV/EBIT 20	EV/EBIT 21	EV/EBIT 22	EV/FCF 20	EV/FCF 21	EV/FCF 22	P/E 20	P/E 21	P/E 22
Nordic non-grocery focused retailers													
Bygghmax Group AB	1296	5.1x	4.8x	4.5x	14.8x	13.4x	12.6x	10.6x	9.6x	20.8x	6.6x	6.3x	6.0x
Clas Ohlson AB Class B	4434	4.7x	4.6x		9.6x	9.3x		8.7x	9.4x		9.2x	9.2x	
Europris ASA	4543	5.9x	5.4x	5.0x	10.8x	9.5x	8.6x	13.0x	10.6x	9.9x	10.6x	9.3x	8.4x
Stockmann Oyj Abp Class B	100	6.7x	6.5x		29.3x	25.9x							
Verkkokauppa.com Oyj	157	7.7x	6.9x	6.3x	10.6x	9.1x	8.1x	7.7x	10.4x	9.3x	18.3x	15.2x	13.6x
XXL ASA	719	6.0x	4.7x	3.5x	62.1x	19.3x		9.8x	9.4x	7.7x	10.6x	10.6x	7.4x
Nordic grocery focused retailers													
Axfood AB	38992	9.5x	9.5x	9.5x	18.6x	18.6x	18.9x	17.0x	22.7x	24.3x	22.5x	22.1x	21.9x
ICA Gruppen AB	79956	9.5x	9.4x	9.4x	18.9x	18.6x	18.4x	27.2x	23.1x	19.4x	20.0x	19.7x	19.5x
Kesko Oyj Class B	4877	8.3x	7.9x	7.7x	17.6x	16.2x	15.6x	21.2x	20.6x	16.8x	18.1x	16.3x	15.6x
International discount retailers													
B&M European Value Retail SA	2873	8.9x	7.8x		11.1x	9.5x		17.7x	15.1x		13.1x	11.4x	
Big Lots, Inc.	525	2.4x	2.3x		4.3x	4.3x		7.7x	8.7x		4.3x	4.2x	3.7x
Costco Wholesale Corporation	129074	18.4x	16.8x	15.6x	24.0x	22.2x	20.3x	42.5x	38.8x	29.3x	33.2x	31.1x	28.7x
Dollar General Corporation	35403	13.1x	12.2x	11.3x	15.9x	14.8x	13.7x	26.4x	24.2x	21.7x	18.9x	17.0x	15.4x
Dollar Tree, Inc.	18504	9.3x	8.5x	8.1x	13.2x	11.9x	11.2x	24.9x	21.1x	23.7x	15.6x	14.1x	13.2x
Dollarama Inc.	13160	13.2x	11.3x		16.8x	14.7x		23.3x	19.4x		21.4x	18.4x	
Pan Pacific International Holdings Corporati	1287876	16.6x	15.0x	13.5x	22.1x	19.6x	17.3x	60.0x	38.1x	31.3x	26.6x	23.4x	20.8x
Five Below, Inc.	4343	18.7x	13.5x	11.0x	23.8x	16.8x	14.1x	387.8x	99.7x	28.1x	31.0x	20.6x	17.9x
Ollie's Bargain Outlet Holdings Inc	2699	13.8x	10.7x	10.5x	16.3x	12.2x	11.9x	84.7x	44.8x		23.0x	17.6x	19.9x
Target Corporation	48127	7.7x	7.5x	7.1x	11.8x	11.2x	10.6x	20.3x	17.4x	13.8x	14.2x	13.1x	12.0x
Walmart Inc.	311041	10.7x	10.3x	10.1x	16.1x	15.4x	14.9x	21.7x	21.4x	18.5x	21.4x	20.2x	18.7x
Nordic non-grocery peers median	4434	5.9x	5.1x	4.7x	12.8x	11.4x	10.5x	9.8x	9.6x	9.6x	9.9x	9.3x	7.9x
Nordic grocery focused retailers		9.5x	9.4x	9.4x	18.6x	18.6x	18.4x	21.2x	22.7x	19.4x	20.0x	19.7x	19.5x
Discount retailers median	15832	11.9x	10.7x	10.8x	16.1x	14.7x	13.9x	24.9x	21.4x	23.7x	21.4x	17.6x	17.9x
Tokmanni (Evli est.)	556	7.8x	5.9x	5.5x	16.7x	10.4x	9.6x	8.3x	8.4x	7.3x	15.8x	9.3x	8.7x
<i>Tokmanni premium vs. Nordic non-grocery focused peers</i>		30%	17%	16%	30%	-9%	-9%	-15%	-13%	-24%	60%	0%	10%
<i>Tokmanni premium vs. Nordic grocery focused peers</i>		-19%	-37%	-42%	-10%	-44%	-48%	-61%	-63%	-63%	-21%	-53%	-55%
<i>Tokmanni premium vs. int. discount peers</i>		-35%	-45%	-49%	4%	-29%	-31%	-67%	-61%	-69%	-26%	-47%	-51%
TOKMANNI PEERS	Ticker	Dividend yield			EBIT margin			ROCE-%			ROE-%		
Nordic non-grocery focused retailers													
Bygghmax Group AB	BMAX-SE	6.0%	6.5%	8.1%	4.5%	4.6%	4.6%	7.2%	7.5%	7.8%	12.4%	12.3%	12.2%
Clas Ohlson AB Class B	CLAS.B-SE	9.0%	9.0%		7.8%	7.7%		17.6%	18.0%		25.3%	24.1%	
Europris ASA	EPR-NO	7.2%	7.9%	8.5%	10.0%	10.6%	11.1%	11.9%	12.7%	13.2%	20.4%	21.6%	22.1%
Stockmann Oyj Abp Class B	STCBV-FI	0.0%	0.0%	0.0%	4.1%	4.7%	5.2%	2.3%	2.7%		-3.0%	-3.7%	
Verkkokauppa.com Oyj	VERK-FI	6.0%	6.4%	6.9%	2.4%	2.7%	2.8%	20.2%	23.0%	24.8%	24.1%	27.9%	29.1%
XXL ASA	XXL-NO	0.0%	3.6%	4.8%	0.8%	2.4%	2.8%	1.0%	2.9%	3.5%	-1.5%	1.7%	2.5%
Nordic grocery focused retailers													
Axfood AB	AXFO-SE	3.9%	4.0%	3.9%	4.4%	4.4%	4.3%	20.8%	20.4%	19.4%	42.2%	41.8%	42.1%
ICA Gruppen AB	ICA-SE	3.1%	3.1%	3.1%	4.5%	4.4%	4.4%	8.9%	8.8%	8.1%	11.4%	11.1%	10.7%
Kesko Oyj Class B	KESKOB-FI	5.1%	5.3%	5.4%	4.2%	4.4%	4.5%	8.7%	9.4%	9.4%	13.2%	14.3%	14.3%
International discount retailers													
B&M European Value Retail SA	BME-GB	3.1%	3.5%		7.3%	7.7%		14.8%	17.1%		22.3%	23.8%	
Big Lots, Inc.	BIG-US	8.9%	8.9%		3.3%	3.0%		7.3%	6.6%		13.4%	12.7%	
Costco Wholesale Corporation	COST-US	0.9%	1.0%	1.0%	3.2%	3.2%	3.3%	20.3%	19.7%	18.8%	21.5%	20.2%	18.7%
Dollar General Corporation	DG-US	1.0%	1.1%	1.1%	8.4%	8.4%	8.5%	13.1%	15.1%	14.7%	25.9%	25.9%	25.7%
Dollar Tree, Inc.	DLTR-US	0.0%	0.0%	0.0%	6.9%	7.1%	7.2%	10.3%	10.8%	10.0%	16.5%	15.7%	14.1%
Dollarama Inc.	DOL-CA	0.4%			23.2%	22.9%		33.1%	37.0%				
Pan Pacific International Holdings Corporati	7532-JP	0.6%	0.6%	0.7%	4.4%	4.6%	4.9%	7.4%	7.9%	8.5%	12.8%	12.9%	12.9%
Five Below, Inc.	FIVE-US	0.0%	0.0%	0.0%	10.0%	11.4%	11.2%	11.6%	14.6%		17.6%	20.3%	19.0%
Ollie's Bargain Outlet Holdings Inc	OLL-US	0.1%	0.1%	0.0%	11.2%	12.4%	12.0%	11.0%	14.3%		10.5%	12.8%	9.3%
Target Corporation	TGT-US	2.9%	3.1%	3.2%	6.0%	6.1%	6.2%	16.5%	16.9%	16.1%	26.8%	27.8%	26.7%
Walmart Inc.	WMT-US	1.9%	1.9%	2.2%	4.1%	4.1%	4.2%	15.1%	15.6%	15.3%	18.2%	18.6%	19.6%
Nordic non-grocery peers median		6.0%	6.5%	6.9%	4.3%	4.7%	4.6%	9.6%	10.1%	10.5%	16.4%	17.0%	17.2%
Nordic grocery focused retailers		3.9%	4.0%	3.9%	4.4%	4.4%	4.4%	8.9%	9.4%	9.4%	13.2%	14.3%	14.3%
Discount retailers median		0.7%	1.0%	0.8%	6.4%	7.1%	6.7%	13.1%	15.1%	15.0%	17.9%	19.4%	18.8%
Tokmanni (Evli est.)		4.5%	7.5%	8.0%	6.0%	8.5%	8.7%	9.4%	14.5%	15.1%	19.1%	29.8%	27.8%
TOKMANNI PEERS		Cash conversion (FCF/EBITDA)			CAPEX/sales			Net debt/EBITDA			Equity ratio		
Nordic non-grocery focused retailers													
Bygghmax Group AB		48%	49%	21%	2%	2%	2%	3.3x	3.0x	2.8x	30%	30%	32%
Clas Ohlson AB Class B		54%	49%	na.	4%	4%		1.4x	1.3x		30%	33%	
Europris ASA		46%	50%	51%	3%	2%	2%	2.0x	1.7x	1.6x	28%	29%	30%
Stockmann Oyj Abp Class B		-4%	-3%	na.	14%	14%		6.0x	5.8x		33%	33%	36%
Verkkokauppa.com Oyj		100%	66%	68%	1%	1%	1%	-1.5x	-1.4x	-1.3x	22%	21%	21%
XXL ASA		61%	50%	46%	2%	2%	2%	5.1x	3.9x	2.8x	38%	39%	39%
Nordic grocery focused retailers													
Axfood AB		56%	42%	39%	2%	4%	4%	1.1x	1.2x	1.3x	23%	23%	23%
ICA Gruppen AB		35%	41%	49%	4%	4%	3%	2.2x	2.1x	2.1x	35%	36%	36%
Kesko Oyj Class B		39%	39%	46%	4%	4%	3%	3.1x	3.0x	2.9x	30%	30%	31%
International discount retailers													
B&M European Value Retail SA		50%	52%	na.	2%	2%		1.4x	1.2x		36%	37%	
Big Lots, Inc.		30%	26%	na.	3%	4%		0.7x	0.5x		27%	27%	
Costco Wholesale Corporation		43%	43%	53%	2%	2%	2%	-0.4x	-0.5x	-0.5x	36%	39%	43%
Dollar General Corporation		50%	50%	52%	3%	3%	3%	1.5x	1.4x	1.4x	31%	34%	33%
Dollar Tree, Inc.		37%	41%	34%	5%	4%	4%	1.5x	1.2x	1.1x	37%	41%	41%
Dollarama Inc.		57%	58%	na.	3%	3%		2.2x	1.2x		1%	4%	
Pan Pacific International Holdings Corporation		28%	39%	43%	3%	2%	2%	3.4x	2.9x	2.4x	28%	30%	33%
Five Below, Inc.		5%	14%	39%	11%	9%	7%	1.2x	1.1x	0.8x	38%	43%	
Ollie's Bargain Outlet Holdings Inc		16%	24%	na.	2%	2%		0.2x	-0.1x	-0.3x	67%	66%	
Target Corporation		38%	43%	52%	4%	4%	3%	1.2x	1.2x	1.1x	29%	29%	31%
Walmart Inc.		49%	48%	54%	2%	2%	2%	1.4x	1.3x	1.2x	35%	35%	33%
Nordic non-grocery peers median		51%	50%	48%	3%	2%	2%	2.7x	2.4x	2.2x	30%	32%	32%
Nordic grocery focused retailers		39%	41%	46%	4%	4%	3%	2.2x	2.1x	2.1x	30%	30%	31%
Discount retailers median		38%	43%	52%	3%	3%	3%	1.4x	1.2x	1.1x	35%	35%	33%
Tokmanni (Evli est.)		94%	70%	76%	7%	7%	7%	3.1x	2.3x	2.0x	25%	29%	31%

Source: Factset, 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	196.6	176.0	245.7	300.1	918.5	1,021.2	1,058.6
EBITDA	12.8	34.0	37.2	47.6	131.6	13.6	12.6	40.6	52.2	119.0	151.8	161.2
<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>6.9</i>	<i>7.2</i>	<i>16.5</i>	<i>17.4</i>	<i>13.0</i>	<i>14.9</i>	<i>15.2</i>
EBIT	-2.2	18.7	21.9	32.0	70.4	-2.2	-3.3	24.6	36.2	55.3	86.4	91.9
<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>-1.1</i>	<i>-1.9</i>	<i>10.0</i>	<i>12.1</i>	<i>6.0</i>	<i>8.5</i>	<i>8.7</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	-5.1	-6.2	21.7	33.3	43.7	74.8	79.7
Tax	1.0	-3.1	-4.0	-5.7	-11.8	1.0	1.2	-4.3	-6.5	-8.6	-15.0	-15.9
<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	-4.1	-5.0	17.4	26.7	35.1	59.8	63.8
EPS	-0.06	0.22	0.26	0.40	0.82	-0.07	-0.08	0.30	0.45	0.60	1.02	1.08
EPS adjusted (diluted no. of shares)	-0.06	0.22	0.26	0.40	0.82	-0.07	-0.08	0.30	0.45	0.60	1.02	1.08
Dividend per share	0.00	0.00	0.00	0.00	0.62	0.00	0.00	0.00	0.00	0.42	0.71	0.76
SALES, EURm												
Group	188.1	239.9	231.5	284.8	944.3	196.6	176.0	245.7	300.1	918.5	1,021.2	1,058.6
Total	188.1	239.9	231.5	284.8	944.3	196.6	176.0	245.7	300.1	918.5	1,021.2	1,058.6
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>4.5</i>	<i>-26.6</i>	<i>6.1</i>	<i>5.4</i>	<i>-2.7</i>	<i>11.2</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>4.5</i>	<i>-26.6</i>	<i>6.1</i>	<i>5.4</i>	<i>-2.7</i>	<i>11.2</i>	<i>3.7</i>
EBIT, EURm												
Group	-2.2	18.7	21.9	32.0	70.4	-2.2	-3.3	24.6	36.2	55.3	86.4	91.9
Total	-2.2	18.7	21.9	32.0	70.4	-2.2	-3.3	24.6	36.2	55.3	86.4	91.9
EBIT margin, %												
Group	<i>-1.2</i>	<i>7.8</i>	<i>9.5</i>	<i>11.2</i>	<i>7.5</i>	<i>-1.1</i>	<i>-1.9</i>	<i>10.0</i>	<i>12.1</i>	<i>6.0</i>	<i>8.5</i>	<i>8.7</i>
Total	<i>-1.2</i>	<i>7.8</i>	<i>9.5</i>	<i>11.2</i>	<i>7.5</i>	<i>-1.1</i>	<i>-1.9</i>	<i>10.0</i>	<i>12.1</i>	<i>6.0</i>	<i>8.5</i>	<i>8.7</i>

INCOME STATEMENT, EURm	2015	2016	2017	2018	2019	2020E	2021E	2022E
Sales	755.3	775.8	796.5	870.4	944.3	918.5	1,021.2	1,058.6
<i>Sales growth (%)</i>	2.9	2.7	2.7	9.3	8.5	-2.7	11.2	3.7
EBITDA	58.4	62.8	54.9	109.3	131.6	119.0	151.8	161.2
<i>EBITDA margin (%)</i>	7.7	8.1	6.9	12.6	13.9	13.0	14.9	15.2
Depreciation	-14.8	-15.1	-14.3	-57.3	-61.2	-63.7	-65.4	-69.3
EBITA	43.6	47.7	40.6	52.0	70.4	55.3	86.4	91.9
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	55.3	86.4	91.9
<i>EBIT margin (%)</i>	5.8	6.1	5.1	6.0	7.5	6.0	8.5	8.7
Reported EBIT	39.0	49.2	39.8	53.6	69.4	55.3	86.4	91.9
<i>EBIT margin (reported) (%)</i>	5.2	6.3	5.0	6.2	7.4	6.0	8.5	8.7
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	41.4	60.0	43.7	74.8	79.7
Taxes	-3.4	-6.8	-6.6	-8.6	-11.8	-8.6	-15.0	-15.9
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	35.1	59.8	63.8
Cash NRIs	-4.6	1.5	-0.8	1.6	-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	285	289	290
Inventory	160	155	170	191	223	202	225	233
Receivables	16	18	22	22	19	22	24	25
Liquid funds	49	58	43	38	29	37	41	42
Total assets	455	459	462	721	731	726	758	769
Liabilities								
Shareholder's equity	48	167	163	167	185	183	218	240
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	285	289	290
Deferred taxes	6	5	5	6	0	0	0	0
Interest bearing debt	294	174	177	173	100	119	98	81
Non-interest bearing current liabilities	91	104	107	123	127	129	143	148
Other interest-free debt	16	10	11	10	10	10	10	10
Total liabilities	455	459	463	721	731	726	758	769
CASH FLOW, EURm								
+ EBITDA	58	63	55	109	132	119	152	161
- Net financial items	-21	-15	-6	-11	-10	-12	-12	-12
- Taxes	-3	-4	-8	-7	-12	-9	-15	-16
- Increase in Net Working Capital	-3	15	-13	-5	-24	19	-11	-4
+/- Other	-5	4	0	-42	-1	0	0	0
= Cash flow from operations	27	63	27	45	84	118	115	129
- Capex	-18	-10	-12	-20	-56	-68	-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	50	46	60
+/- New issues/buybacks	0	91	-1	-6	0	0	0	0
- Paid dividend	0	0	-30	-24	-29	-36	-25	-42
+/- Other	-12	-135	0	16	-8	-6	-17	-16
Change in cash	-4	9	-15	-5	-9	8	4	1

KEY FIGURES	2016	2017	2018	2019	2020E	2021E	2022E
M-cap	500	427	423	743	556	556	556
Net debt (excl. convertibles)	116	134	379	380	367	346	328
Enterprise value	616	561	801	1,123	923	902	884
Sales	776	797	870	944	919	1,021	1,059
EBITDA	63	55	109	132	119	152	161
EBIT	48	41	52	70	55	86	92
Pre-tax	33	35	41	60	44	75	80
Earnings	26	28	33	48	35	60	64
Equity book value (excl. minorities)	167	163	167	185	183	218	240
Valuation multiples							
EV/sales	0.8	0.7	0.9	1.2	1.0	0.9	0.8
EV/EBITDA	9.8	10.2	7.3	8.5	7.8	5.9	5.5
EV/EBITA	12.9	13.8	15.4	16.0	16.7	10.4	9.6
EV/EBIT	12.9	13.8	15.4	16.0	16.7	10.4	9.6
EV/OCF	9.9	20.7	17.8	13.3	7.8	7.9	6.8
EV/FCFF	9.3	24.4	24.1	8.8	8.3	8.4	7.3
P/FCFE	9.5	27.7	41.8	26.3	11.2	12.1	9.3
P/E	19.5	15.2	12.9	15.4	15.8	9.3	8.7
P/B	3.0	2.6	2.5	4.0	3.0	2.5	2.3
Target EV/EBITDA	0.0	0.0	0.0	0.0	9.3	7.1	6.6
Target EV/EBIT	0.0	0.0	0.0	0.0	19.9	12.5	11.6
Target EV/FCF	0.0	0.0	0.0	0.0	22.2	23.6	17.8
Target P/B	0.0	0.0	0.0	0.0	4.0	3.4	3.1
Target P/E	0.0	0.0	0.0	0.0	21.0	12.3	11.5
Per share measures							
Number of shares	58,869	58,869	58,869	58,869	58,863	58,863	58,863
Number of shares (diluted)	58,869	58,869	58,869	58,869	58,863	58,863	58,863
EPS	0.44	0.48	0.56	0.82	0.60	1.02	1.08
Operating cash flow per share	1.06	0.46	0.76	1.43	2.00	1.95	2.20
Free cash flow per share	0.89	0.26	0.17	0.48	0.84	0.78	1.01
Book value per share	2.83	2.77	2.83	3.14	3.11	3.71	4.08
Dividend per share	0.51	0.41	0.50	0.62	0.42	0.71	0.76
Dividend payout ratio, %	116.8	86.0	89.7	75.8	70.8	70.0	70.0
Dividend yield, %	6.0	5.7	7.0	6.6	4.5	7.5	8.0
FCF yield, %	10.5	3.6	2.4	3.8	8.9	8.2	10.7
Efficiency measures							
ROE	23.9	17.0	19.9	27.4	19.1	29.8	27.8
ROCE	14.1	12.1	11.3	12.0	9.4	14.5	15.1
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	7.4	6.7	6.6
CAPEX/sales (incl. acquisitions), %	1.3	1.5	0.6	5.9	7.4	6.7	6.6
FCFF/EBITDA	1.1	0.4	0.3	1.0	0.9	0.7	0.8
Net debt/EBITDA, book-weighted	1.8	2.4	3.5	2.9	3.1	2.3	2.0
Debt/equity, market-weighted	0.3	0.4	0.4	0.1	0.2	0.2	0.1
Equity ratio, book-weighted	36.3	35.2	23.1	25.3	25.3	28.8	31.2
Gearing, %	69.6	82.3	227.0	205.8	200.2	158.6	136.7

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	99.647	17.9%
Keskinäinen Työeläkevakuutusyhtiö Elo	4,947,538	46.754	8.4%
Keskinäinen työeläkevakuutusyhtiö Varma	3,150,526	29.772	5.4%
Keskinäinen Eläkevakuutusyhtiö Ilmarinen	1,998,672	18.887	3.4%
OP-Suomi Arvo -sijoitusrahasto	1,023,910	9.676	1.7%
Sijoitusrahasto Evli Suomi Pienyhtiöt	875,000	8.269	1.5%
Eläkevakuutusosakeyhtiö Veritas	690,000	6.520	1.2%
Kirkon Eläkerahasto	628,458	5.939	1.1%
Säästöpankki Kotimaa-sijoitusrahasto	586,527	5.543	1.0%
Nordea Fennia Fund	518,837	4.903	0.9%
Ten largest	24,964,156	235.911	42%
Residual	33,898,529	320.341	58%
Total	58,862,685	556.252	100%

EARNINGS CALENDAR

April 29, 2020	Q1 report
July 29, 2020	Q2 report
October 29, 2020	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, %	$\frac{\text{Profit before extraordinary items and taxes} - \text{income taxes}}{\text{Shareholder's equity} + \text{minority interest} + \text{taxed provisions (average)}}$		

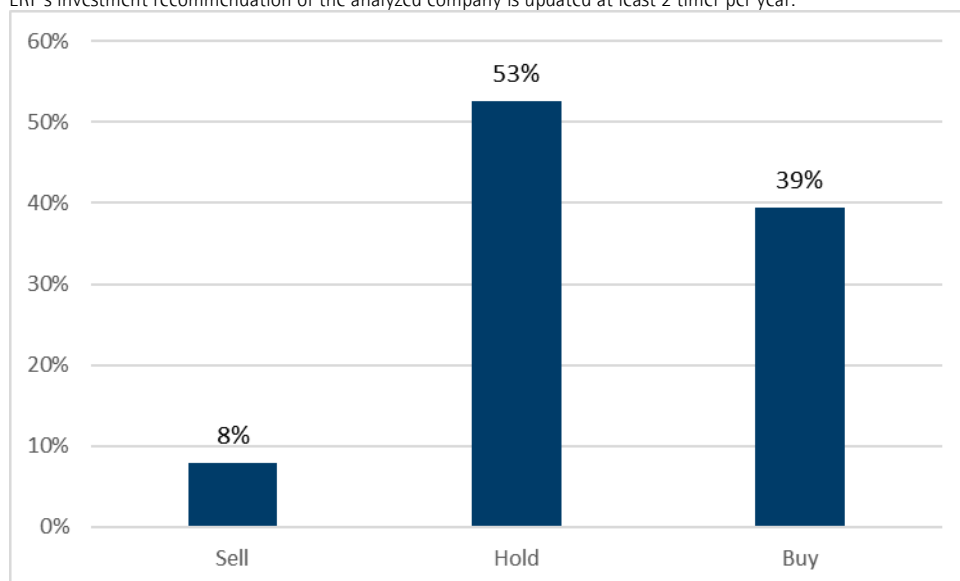
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Target price compared to share price	Recommendation
< -10 %	SELL
-10 – (+10) %	HOLD
> 10 %	BUY

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

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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