

Strong tailwind expected to continue

Tokmanni reports its Q4 result on next week's Friday, 12th of Feb. Despite the weakened COVID-19 situation, we expect a strong quarter. We have increased our Q4E estimates and keep our rating "BUY" with TP of EUR 18.4.

Expecting sales growth of ~10%

Despite the weakened COVID-19 situation and new regional restrictions, we expect Tokmanni to reach strong figures in Q4E, driven by campaigns and Christmas sales as well as new store openings. We have increased our Q4'20E sales expectation by ~5% and our adj. EBIT expectation by ~10%. We expect Oct-Dec sales to grow by 10.4% y/y to EUR 314.5m and adj. EBIT of EUR 38m (margin of 12.1%). We expect 20E dividend of EUR 0.78 per share.

The final quarter is driven by campaigns and Christmas

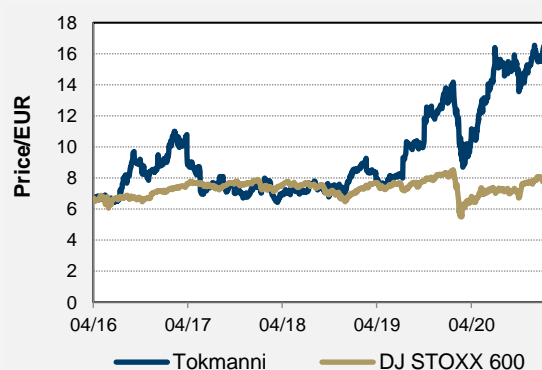
The household consumption has been focused on domestic purchases during the pandemic which has benefited Tokmanni throughout the year. Even though the virus situation weakened towards the end of the year and fears of the new virus variants rose we expect only limited impacts on customer flows. As consumers have continued to spend more time at home, we expect the demand of e.g. leisure, sport, and home products has been strong. The company's increasing online presence should also boost sales during campaigns such as Black Friday. We don't expect similar discount sales as seen in Q3 with apparel sales which should support gross margin.

"BUY" with TP of EUR 18.4 intact

We expect FY20E sales of EUR 1061m (12.4% y/y) and adj. EBIT of EUR 92.9m. We haven't made significant changes to our 21E-22E estimates. On our estimates, the company trades with 20E-21E EV/EBIT multiple of 14.4x and 14.3x, which is similar compared to the Nordic non-grocery peers and ~20% discount compared to the int. discount peers. We keep our rating "BUY" with TP of EUR 18.4 intact ahead the Q4 result.

Rating

BUY



Share price, EUR (Last trading day's closing price) 16.54

Target price, EUR 18.4

Latest change in rating 31-Oct-19

Latest report on company 30-Oct-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 974

Free float, % 100.0

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 tokmanni.fi/investors

Analyst Anna-Liisa Rissanen

E-mail annaliisa.rissanen@evli.com

Telephone +358401579919

BUY HOLD SELL

KEY FIGURES

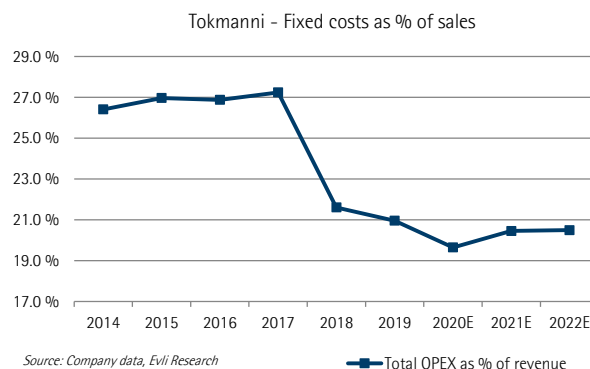
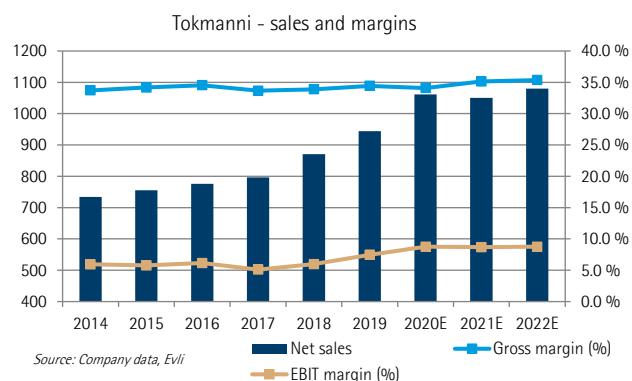
	Sales EURm	EBIT EURm	EBIT %	FCF EURm	EPS EUR	P/E (x)	EV/Sales (x)	EV/EBIT (x)	FCF yield %	DPS EUR
2018	870.4	52.0	6.0%	10.1	0.56	12.9	0.9	15.4	2.4	0.50
2019	944.3	70.4	7.5%	28.3	0.82	15.4	1.2	16.0	3.8	0.62
2020E	1,061.2	92.9	8.7%	54.9	1.13	14.7	1.3	14.4	5.6	0.78
2021E	1,050.5	91.2	8.7%	74.3	1.09	15.1	1.2	14.3	7.6	0.78
2022E	1,079.6	94.5	8.8%	64.0	1.13	14.6	1.2	13.6	6.6	0.80
Market cap, EURm	974			Gearing 2020E, %	169.1			CAGR EPS 2019-22, %	11.4	
Net debt 2020E, EURm	362			Price/book 2020E	4.5			CAGR sales 2019-22, %	4.6	
Enterprise value, EURm	1,335			Dividend yield 2020E, %	4.7			ROE 2020E, %	33.3	
Total assets 2020E, EURm	777			Tax rate 2020E, %	19.8			ROCE 2020E, %	15.3	
Goodwill 2020E, EURm	135			Equity ratio 2020E, %	27.5			PEG, P/E 20/CAGR	8.8	

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

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	1061.2	1050.5	1079.6
<i>Growth-%</i>	<i>3.3 %</i>	<i>3.0 %</i>	<i>2.9 %</i>	<i>2.7 %</i>	<i>2.7 %</i>	<i>9.3 %</i>	<i>8.5 %</i>	<i>12.4 %</i>	<i>-1.0 %</i>	<i>2.8 %</i>
Materials and services (adj.)	-474.6	-486.8	-497.2	-507.9	-528.4	-575.2	-619.1	-699.4	-681.4	-698.0
<i>Growth-%</i>	-	<i>2.6 %</i>	<i>2.1 %</i>	<i>2.2 %</i>	<i>4.0 %</i>	<i>8.9 %</i>	<i>7.6 %</i>	<i>13.0 %</i>	<i>-2.6 %</i>	<i>2.4 %</i>
<i>% of sales</i>	<i>66.6 %</i>	<i>66.3 %</i>	<i>65.8 %</i>	<i>65.5 %</i>	<i>66.3 %</i>	<i>66.1 %</i>	<i>65.6 %</i>	<i>65.9 %</i>	<i>64.9 %</i>	<i>64.7 %</i>
Gross profit (adj.)	238.2	247.5	258.1	267.9	268.1	295.0	325.2	361.8	369.1	381.6
<i>Gross margin (%)</i>	<i>33.4 %</i>	<i>33.7 %</i>	<i>34.2 %</i>	<i>34.5 %</i>	<i>33.7 %</i>	<i>33.9 %</i>	<i>34.4 %</i>	<i>34.1 %</i>	<i>35.1 %</i>	<i>35.3 %</i>
Fixed costs (adj.)	-185.1	-193.9	-203.7	-208.5	-217.0	-189.5	-197.9	-208.5	-214.9	-221.3
<i>Growth-%</i>	-	<i>4.8 %</i>	<i>5.0 %</i>	<i>2.4 %</i>	<i>4.1 %</i>	<i>-12.7 %</i>	<i>4.4 %</i>	<i>5.4 %</i>	<i>3.1 %</i>	<i>3.0 %</i>
<i>% of sales</i>	<i>26.0 %</i>	<i>26.4 %</i>	<i>27.0 %</i>	<i>26.9 %</i>	<i>27.2 %</i>	<i>21.8 %</i>	<i>21.0 %</i>	<i>19.7 %</i>	<i>20.5 %</i>	<i>20.5 %</i>
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	157.5	158.4	164.5
<i>EBITDA margin (%)</i>	<i>8.0 %</i>	<i>7.8 %</i>	<i>7.7 %</i>	<i>8.1 %</i>	<i>6.9 %</i>	<i>12.6 %</i>	<i>13.9 %</i>	<i>14.8 %</i>	<i>15.1 %</i>	<i>15.2 %</i>
EBIT (adj.)	44.1	43.6	43.6	47.7	40.6	52.0	70.4	92.9	91.2	94.5
<i>EBIT margin (%)</i>	<i>6.2 %</i>	<i>5.9 %</i>	<i>5.8 %</i>	<i>6.1 %</i>	<i>5.1 %</i>	<i>6.0 %</i>	<i>7.5 %</i>	<i>8.7 %</i>	<i>8.7 %</i>	<i>8.8 %</i>
NRIs in reported gross profit	0.0	1.1	-0.6	0.5	-0.9	0.2	-0.1	-0.1	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	92.3	91.2	94.5
<i>EBIT margin (%)</i>	<i>6.0 %</i>	<i>5.9 %</i>	<i>5.2 %</i>	<i>6.3 %</i>	<i>4.9 %</i>	<i>6.2 %</i>	<i>7.3 %</i>	<i>8.7 %</i>	<i>8.7 %</i>	<i>8.8 %</i>
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	82.2	80.4	83.2
Taxes	-4.8	-4.2	-3.4	-6.8	-6.6	-8.9	-11.8	-16.4	-16.1	-16.6
<i>Tax rate (%)</i>	<i>23.9 %</i>	<i>20.1 %</i>	<i>18.8 %</i>	<i>20.1 %</i>	<i>20.0 %</i>	<i>20.7 %</i>	<i>20.0 %</i>	<i>20.0 %</i>	<i>20.0 %</i>	<i>20.0 %</i>
Minorities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net income (reported)	15.3	16.6	14.7	27.1	26.4	34.1	47.2	65.8	64.3	66.6
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	1.12	1.09	1.13
Dividend and capital return	-	-	-	0.51	0.41	0.50	0.62	0.78	0.78	0.80
<i>Payout ratio (%)</i>				<i>111 %</i>	<i>92 %</i>	<i>86 %</i>	<i>77 %</i>	<i>70 %</i>	<i>71 %</i>	<i>71 %</i>

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													
Byggmax Group AB	3279	4.2x	5.8x	5.9x	7.2x	13.1x	13.9x	6.9x	8.0x	21.7x	6.2x	10.5x	11.2x
Clas Ohlson AB Class B	4922	4.7x	4.5x	4.3x	9.6x	9.1x	8.6x	8.2x	8.0x	7.8x	10.3x	10.3x	10.3x
Europris ASA	8355	6.2x	7.1x	6.8x	9.2x	11.5x	11.0x	8.7x	14.2x	14.5x	10.8x	13.6x	13.1x
Stockmann Oyj Abp Class B	86	6.6x	5.9x	5.6x	429.3x	32.4x	28.6x	12.2x		99.4x			
Verkkokauppa.com Oyj	332	12.0x	12.6x	11.6x	14.9x	15.9x	14.7x	21.9x	19.2x	17.7x	22.1x	23.4x	21.4x
XXL ASA	5932	8.0x	7.3x	6.5x	33.4x	20.8x	16.5x	11.2x	14.4x	11.1x	74.8x	23.1x	18.4x
Nordic grocery focused retailers													
Axfood AB	42969	9.5x	10.0x	9.8x	18.0x	18.8x	18.8x	17.8x	23.7x	28.1x	22.6x	22.4x	22.1x
ICA Gruppen AB	84059	9.3x	9.4x	9.1x	17.8x	18.3x	17.7x	27.8x	22.1x	21.1x	20.0x	20.3x	19.9x
Kesko Oyj Class B	8760	10.0x	10.6x	10.4x	18.7x	19.8x	19.4x	17.2x	28.1x	24.5x	20.3x	22.5x	22.1x
International discount retailers													
B&M European Value Retail SA	5658	7.6x	9.1x	8.5x	11.1x	14.0x	12.9x	15.5x	20.3x	17.7x	15.2x	17.4x	15.9x
Big Lots, Inc.	2035	2.1x	3.9x	4.1x	2.8x	5.9x	6.2x	1.8x	10.3x	11.0x	7.5x	9.9x	8.6x
Costco Wholesale Corporation	157626	21.7x	18.9x	17.3x	28.5x	24.6x	22.2x	38.3x	33.7x	30.7x	37.4x	34.9x	32.4x
Dollar General Corporation	47952	13.6x	14.0x	12.9x	15.8x	16.7x	15.4x	21.2x	26.6x	22.7x	18.4x	19.5x	17.6x
Dollar Tree, Inc.	24963	11.3x	10.5x	9.6x	15.4x	14.1x	12.8x	24.9x	23.2x	21.5x	18.9x	17.1x	15.5x
Dollarama Inc.	15879	15.8x	13.9x	11.8x	20.5x	17.7x	15.4x	29.9x	24.3x	39.3x	27.6x	22.3x	19.5x
Pan Pacific International Holdings Corporati	1528721	17.6x	16.3x	14.6x	23.7x	22.0x	19.3x	52.7x	43.3x	40.4x	30.4x	27.4x	24.2x
Five Below, Inc.	10423	46.1x	27.9x	22.7x	68.8x	36.2x	29.1x		107.8x	66.0x	88.5x	46.1x	37.7x
Ollie's Bargain Outlet Holdings Inc	6022	17.5x	21.0x	17.5x	19.3x	23.5x	19.8x	24.1x	162.0x	67.8x	30.2x	32.7x	28.4x
Target Corporation	94441	10.4x	12.1x	11.5x	14.3x	16.8x	15.8x	20.0x	27.9x	25.3x	20.6x	21.7x	19.7x
Walmart Inc.	403259	12.5x	12.4x	11.9x	18.4x	18.2x	17.5x	23.1x	27.5x	24.8x	25.6x	24.8x	23.2x
Nordic non-grocery peers median	5932	6.4x	6.5x	6.2x	12.3x	14.5x	14.3x	10.0x	14.3x	16.1x	10.8x	13.6x	13.1x
Nordic grocery focused retailers median		9.5x	10.0x	9.8x	18.0x	18.8x	18.8x	17.8x	23.7x	24.5x	20.3x	22.4x	22.1x
Discount retailers median	20421	13.4x	13.2x	11.9x	18.4x	17.7x	15.8x	24.1x	27.7x	28.0x	25.6x	22.3x	19.7x
Tokmanni (Evli est.)	974	8.5x	8.3x	7.8x	14.4x	14.3x	13.6x	11.2x	9.7x	10.3x	14.7x	15.1x	14.6x
<i>Tokmanni premium vs. Nordic non-grocery focused peers</i>		32%	27%	27%	17%	-1%	-5%	12%	-32%	-36%	36%	12%	12%
<i>Tokmanni premium vs. Nordic grocery focused peers</i>		-11%	-18%	-20%	-20%	-24%	-27%	-37%	-59%	-58%	-28%	-33%	-34%
<i>Tokmanni premium vs. int. discount peers</i>		-37%	-37%	-34%	-22%	-19%	-14%	-54%	-65%	-63%	-43%	-32%	-26%
TOKMANNI PEERS	Ticker	Dividend yield			EBIT margin			ROCE-%			ROE-%		
Nordic non-grocery focused retailers													
Byggmax Group AB	BMAX-SE	5.1%	5.1%	5.1%	9.8%	6.0%	5.5%	19.8%	11.2%	10.1%	26.6%	15.1%	13.5%
Clas Ohlson AB Class B	CLAS.B-SE	8.0%	8.0%	8.0%	8.0%	8.0%	7.9%	16.6%	16.8%	17.8%	21.5%	20.4%	19.6%
Europris ASA	EPR-NO	5.2%	4.7%	4.8%	14.3%	12.1%	12.1%	21.7%	16.0%	15.7%	34.5%	24.9%	23.0%
Stockmann Oyj Abp Class B	STCBV-FI	0.0%	0.0%	0.0%	0.3%	3.3%	3.7%	0.1%	1.8%	2.1%	-8.6%	-4.0%	-2.9%
Verkkokauppa.com Oyj	VERK-FI	3.1%	3.4%	3.5%	3.7%	3.4%	3.5%	31.4%	28.7%	28.9%	36.1%	30.9%	30.7%
XXL ASA	XXL-NO	0.0%	0.8%	2.1%	2.3%	4.0%	4.7%	3.2%	5.4%	6.3%	1.7%	5.4%	6.4%
Nordic grocery focused retailers													
Axfood AB	AXFO-SE	3.6%	3.7%	3.7%	4.7%	4.6%	4.6%	22.0%	22.1%	21.2%	44.0%	41.6%	39.9%
ICA Gruppen AB	ICA-SE	2.9%	3.0%	3.0%	4.6%	4.5%	4.5%	9.4%	8.9%	8.5%	11.9%	11.2%	10.9%
Kesko Oyj Class B	KESKOB-FI	3.3%	3.4%	3.6%	5.3%	5.3%	5.3%	12.6%	12.0%	11.8%	19.8%	17.1%	16.9%
International discount retailers													
B&M European Value Retail SA	BME-GB	10.7%	2.2%	2.5%	11.3%	9.9%	10.0%	22.4%	18.9%	18.9%	47.8%	37.8%	37.3%
Big Lots, Inc.	BIG-US	2.2%	2.3%	2.5%	6.4%	4.5%	4.7%	14.3%	9.8%	10.8%	22.4%	12.6%	12.9%
Costco Wholesale Corporation	COST-US	0.7%	0.8%	0.9%	3.3%	3.4%	3.4%	18.0%	20.8%	19.5%	22.4%	27.7%	24.9%
Dollar General Corporation	DG-US	0.7%	0.8%	0.8%	10.6%	9.5%	9.6%	17.7%	15.6%	16.4%	36.8%	31.3%	30.2%
Dollar Tree, Inc.	DLTR-US	0.0%	0.0%	0.0%	7.4%	7.7%	7.9%	11.4%	11.6%	11.3%	18.2%	17.3%	16.7%
Dollarama Inc.	DOL-CA	0.4%	0.4%		21.7%	23.2%	22.8%	24.5%	25.9%	29.7%			
Pan Pacific International Holdings Corporati	7532-JP	0.6%	0.7%	0.8%	4.5%	4.8%	5.0%	7.8%	8.2%	8.9%	13.5%	13.3%	13.3%
Five Below, Inc.	FIVE-US	0.0%	0.0%	0.0%	7.3%	11.7%	12.0%	8.4%	14.4%	15.8%	14.0%	22.1%	21.4%
Ollie's Bargain Outlet Holdings Inc	OLLI-US	0.0%	0.0%	0.0%	15.0%	13.4%	13.8%	15.4%	13.2%	14.7%	15.3%	12.7%	14.0%
Target Corporation	TGT-US	1.4%	1.6%	1.6%	7.0%	6.7%	6.9%	19.9%	18.1%	19.1%	32.3%	29.0%	29.3%
Walmart Inc.	WMT-US	1.4%	1.5%	1.5%	4.3%	4.3%	4.4%	14.3%	14.3%	15.0%	18.7%	18.5%	19.0%
Nordic non-grocery peers median		4.1%	4.0%	4.2%	5.8%	5.0%	5.1%	18.2%	13.6%	12.9%	24.1%	17.8%	16.6%
Nordic grocery focused retailers median		3.3%	3.4%	3.6%	4.7%	4.6%	4.6%	12.6%	12.0%	11.8%	19.8%	17.1%	16.9%
Discount retailers median		0.7%	0.7%	0.8%	7.2%	7.2%	7.4%	15.4%	14.4%	15.8%	20.6%	20.3%	20.2%
Tokmanni (Evli est.)		4.7%	4.7%	4.9%	8.7%	8.7%	8.8%	15.3%	14.9%	15.5%	33.3%	28.8%	27.4%
TOKMANNI PEERS		Cash conversion (FCF/EBITDA)			CAPEX/sales			Net debt/EBITDA			Equity ratio		
Nordic non-grocery focused retailers													
Byggmax Group AB		63%	-4%	27%				1.5x	2.1x	2.0x	40%	42%	42%
Clas Ohlson AB Class B		56%	56%	55%	2%	2%	2%	1.0x	0.8x	0.5x	37%	39%	42%
Europris ASA		73%	50%	47%	2%	2%	2%	1.2x	1.1x	1.0x	32%	34%	36%
Stockmann Oyj Abp Class B		55%	-18%	6%	6%	13%	13%	6.0x	5.4x	5.0x	34%	34%	35%
Verkkokauppa.com Oyj		57%	66%	65%	1%	1%	0%	-0.9x	-1.1x	-1.1x	24%	26%	27%
XXL ASA		81%	51%	59%	1%	2%	2%	3.1x	2.3x	1.9x	47%	48%	49%
Nordic grocery focused retailers													
Axfood AB		56%	42%	35%	2%	4%	5%	1.0x	1.0x	1.2x	24%	24%	24%
ICA Gruppen AB		34%	43%	43%	4%	3%	3%	1.8x	1.8x	1.7x	34%	35%	36%
Kesko Oyj Class B		60%	38%	43%	3%	3%	3%	2.2x	2.3x	2.2x	33%	34%	34%
International discount retailers													
B&M European Value Retail SA		54%	45%	48%	2%	2%	2%	1.1x	1.2x	1.2x	24%	31%	35%
Big Lots, Inc.		162%	38%	37%	2%	3%	3%	-0.9x	-1.2x	-0.8x	32%	34%	35%
Costco Wholesale Corporation		56%	56%	56%	2%	2%	2%	-0.6x	-0.7x	-1.0x	34%	32%	34%
Dollar General Corporation		61%	53%	57%	3%	3%	3%	1.4x	1.6x	1.4x	29%	30%	31%
Dollar Tree, Inc.		45%	45%	45%	4%	4%	4%	1.6x	1.3x	0.9x	37%	40%	41%
Dollarama Inc.		53%	57%	30%	4%	3%	2%	1.9x	1.8x	0.5x	10%	19%	24%
Pan Pacific International Holdings Corporation		34%	38%	36%	2%	3%	3%	2.9x	2.6x	2.2x	29%	32%	34%
Five Below, Inc.		-1%	26%	34%	10%	8%	7%	1.0x	0.7x	0.4x	39%	42%	46%
Ollie's Bargain Outlet Holdings Inc		84%	13%	26%	2%	3%	3%	-0.3x	-0.7x	-0.9x	68%	69%	68%
Target Corporation		57%	43%	45%	3%	4%	3%	0.7x	0.9x	0.8x	29%	31%	31%
Walmart Inc.		55%	45%	48%	2%	2%	2%	1.1x	1.0x	1.0x	35%	36%	36%
Nordic non-grocery peers median		60%	51%	51%	2%	2%	2%	1.4x	1.6x	1.4x	36%	37%	39%
Nordic grocery focused retailers median		56%	42%	43%	3%	3%	3%	1.8x	1.8x	1.7x	33%	34%	34%
Discount retailers median		54%	44%	41%	2%	3%	3%	1.1x	1.1x	0.9x	31%	32%	34%
Tokmanni (Evli est.)		76%	85%	76%	7%	7%	6%	2.3x	2.1x	1.9x	28%	30%	33%

Source: Factset, 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	314.5	1,061.2	1,050.5	1,079.6
EBITDA	12.8	34.0	37.2	47.6	131.6	16.3	46.7	40.3	54.2	157.5	158.4	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>17.2</i>	<i>14.8</i>	<i>15.1</i>	<i>15.2</i>
EBIT	-2.2	18.7	21.9	32.0	70.4	0.3	30.6	24.0	38.0	92.9	91.2	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>12.1</i>	<i>8.7</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	35.4	82.8	80.4	83.2
Tax	1.0	-3.1	-4.0	-5.7	-11.8	0.6	-5.6	-4.3	-7.1	-16.4	-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	28.3	66.4	64.3	66.6
EPS	-0.06	0.22	0.26	0.40	0.82	-0.03	0.38	0.29	0.48	1.13	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	0.48	1.13	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	0.78	0.78	0.80
SALES, EURm												
Group	188.1	239.9	231.5	284.8	944.3	199.0	286.0	261.7	314.5	1,061.2	1,050.5	1,079.6
Total	188.1	239.9	231.5	284.8	944.3	199.0	286.0	261.7	314.5	1,061.2	1,050.5	1,079.6
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>10.4</i>	<i>12.4</i>	<i>-1.0</i>	<i>2.8</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>10.4</i>	<i>12.4</i>	<i>-1.0</i>	<i>2.8</i>
EBIT, EURm												
Group	-2.2	18.7	21.9	32.0	70.4	0.3	30.6	24.0	38.0	92.9	91.2	94.5
Total	-2.2	18.7	21.9	32.0	70.4	0.3	30.6	24.0	38.0	92.9	91.2	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>12.1</i>	<i>8.7</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>12.1</i>	<i>8.7</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	1,061.2	1,050.5	1,079.6
<i>Sales growth (%)</i>	2.9	2.7	2.7	9.3	8.5	12.4	-1.0	2.8
EBITDA	58.4	62.8	54.9	109.3	131.6	157.5	158.4	164.5
<i>EBITDA margin (%)</i>	7.7	8.1	6.9	12.6	13.9	14.8	15.1	15.2
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	92.9	91.2	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	92.9	91.2	94.5
<i>EBIT margin (%)</i>	5.8	6.1	5.1	6.0	7.5	8.7	8.7	8.8
Reported EBIT	39.0	49.2	39.8	53.6	69.4	92.3	91.2	94.5
<i>EBIT margin (reported) (%)</i>	5.2	6.3	5.0	6.2	7.4	8.7	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	82.8	80.4	83.2
Taxes	-3.4	-6.8	-6.6	-8.6	-11.8	-16.4	-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	65.8	64.3	66.6
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	244	231	238
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	777	765	773
Liabilities								
Shareholder's equity	48	167	163	167	185	214	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	149	147	151
Other interest-free debt	16	10	11	10	10	10	10	10
Total liabilities	455	459	463	721	731	777	765	773
CASH FLOW, EURm								
+ EBITDA	58	63	55	109	132	157	158	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	-6	12	-3
+/- Other	-5	4	0	-42	-1	-1	0	0
= Cash flow from operations	27	63	27	45	84	124	143	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	55	74	64
+/- New issues/buybacks	0	91	-1	-6	0	0	0	0
- Paid dividend	0	0	-30	-24	-29	-36	-46	-46
+/- Other	-12	-135	0	16	-8	-5	-29	-17
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	974	974	974
Net debt (excl. convertibles)	116	134	379	380	362	334	315
Enterprise value	616	561	801	1,123	1,335	1,307	1,289
Sales	776	797	870	944	1,061	1,050	1,080
EBITDA	63	55	109	132	157	158	165
EBIT	48	41	52	70	93	91	95
Pre-tax	33	35	41	60	83	80	83
Earnings	26	28	33	48	66	64	67
Equity book value (excl. minorities)	167	163	167	185	214	232	253
Valuation multiples							
EV/sales	0.8	0.7	0.9	1.2	1.3	1.2	1.2
EV/EBITDA	9.8	10.2	7.3	8.5	8.5	8.3	7.8
EV/EBITA	12.9	13.8	15.4	16.0	14.4	14.3	13.6
EV/EBIT	12.9	13.8	15.4	16.0	14.4	14.3	13.6
EV/OCF	9.9	20.7	17.8	13.3	10.7	9.1	9.7
EV/FCFF	9.3	24.4	24.1	8.8	11.2	9.7	10.3
P/FCFE	9.5	27.7	41.8	26.3	17.7	13.1	15.2
P/E	19.5	15.2	12.9	15.4	14.7	15.1	14.6
P/B	3.0	2.6	2.5	4.0	4.5	4.2	3.8
Target EV/EBITDA	0.0	0.0	0.0	0.0	9.2	8.9	8.5
Target EV/EBIT	0.0	0.0	0.0	0.0	15.6	15.5	14.8
Target EV/FCF	0.0	0.0	0.0	0.0	26.3	19.1	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	16.3	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	1.13	1.09	1.13
Operating cash flow per share	1.06	0.46	0.76	1.43	2.11	2.43	2.27
Free cash flow per share	0.89	0.26	0.17	0.48	0.93	1.26	1.09
Book value per share	2.83	2.77	2.83	3.14	3.64	3.95	4.30
Dividend per share	0.51	0.41	0.50	0.62	0.78	0.78	0.80
Dividend payout ratio, %	116.8	86.0	89.7	75.8	69.3	71.0	71.0
Dividend yield, %	6.0	5.7	7.0	4.9	4.7	4.7	4.9
FCF yield, %	10.5	3.6	2.4	3.8	5.6	7.6	6.6
Efficiency measures							
ROE	23.9	17.0	19.9	27.4	33.3	28.8	27.4
ROCE	14.1	12.1	11.3	12.0	15.3	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	6.5	6.6	6.4
CAPEX/sales (incl. acquisitions), %	1.3	1.5	0.6	5.9	6.5	6.6	6.4
FCFF/EBITDA	1.1	0.4	0.3	1.0	0.8	0.9	0.8
Net debt/EBITDA, book-weighted	1.8	2.4	3.5	2.9	2.3	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	27.5	30.4	32.8
Gearing, %	69.6	82.3	227.0	205.8	169.1	143.6	124.5

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	174.409	17.9%
Keskinäinen työeläkevakuutusyhtiö Varma	2,810,526	46.486	4.8%
Keskinäinen työeläkevakuutusyhtiö Elo	2,294,354	37.949	3.9%
Keskinäinen Eläkevakuutusyhtiö Ilmarinen	1,732,534	28.656	2.9%
OP-Suomi Arvo -sijoitusrahasto	1,198,437	19.822	2.0%
Eläkevakuutusosakeyhtiö Veritas	690,000	11.413	1.2%
Sijoitusrahasto Evli Suomi Pienyhtiöt	621,000	10.271	1.1%
Säästöpankki Kotimaa-sijoitusrahasto	611,527	10.115	1.0%
Nordea Fennia Fund	509,178	8.422	0.9%
Kirkon Eläkerahasto	451,531	7.468	0.8%
Ten largest	21,463,775	355.011	36%
Residual	37,398,692	618.574	64%
Total	58,862,467	973.585	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, %	$\frac{\text{Profit before extraordinary items and taxes} - \text{income taxes}}{\text{Shareholder's equity} + \text{minority interest} + \text{taxed provisions (average)}}$		

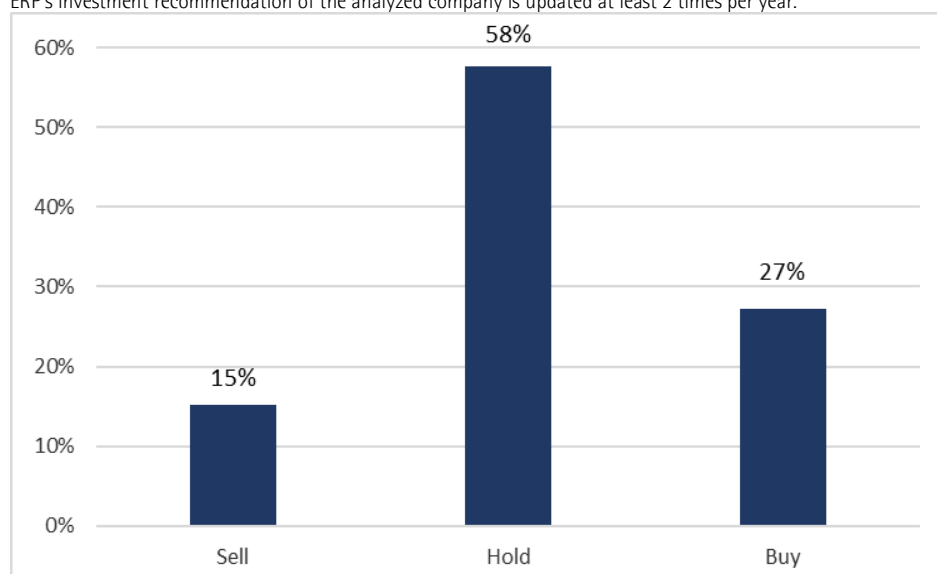
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Investment recommendations are defined as follows:

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

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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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Contact information**SALES, TRADING AND RESEARCH****Equity, ETF and Derivatives Sales**

Joachim Dannberg	+358 9 4766 9123
Ari Laine	+358 9 4766 9115
Kimmo Lilja	+358 9 4766 9130

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

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
Teemu Reiman	+358 40 352 6175

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