

TOKMANNI GROUP

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INDERES CORPORATE CUSTOMER COMPANY REPORT



Confidence in earnings turnaround strengthened

Tokmanni's Q3 results exceeded expectations and reinforced our confidence in the 2025 earnings growth turnaround. Increased consumer confidence was reflected in higher footfall in the Group's stores, which we believe sets the stage for a successful holiday season. With positive forecast changes, our target price rises to EUR 14.0 (was EUR 13.0). At the same time, we raise our recommendation to Buy (was Accumulate) on the back of the low valuation of the stock and a stronger earnings growth outlook.

Stronger than expected quarter

Tokmanni Group's Q3 revenue grew faster than expected (14%) to 416 MEUR, supported by the acquisition of Dollarstore, new stores and slight like-for-like growth (0.8%). Customer volumes increased in both segments (Group 2.6% and comparable stores 1.4%), reflecting the success of the company's promotional and marketing activities. However, the positive impact of customer volume growth on revenue was limited by price-sensitive consumer spending, which reduced the Group's average shopping basket. The Group's Q3 EBIT of 29.5 MEUR exceeded expectations and represented a reasonably good margin of 7.1%. The increase in EBIT was driven by higher volumes and costs growing at a slower rate than revenue. Tokmanni's EBIT margin was flat year-on-year at 8.3%, while Dollarstore's (acquired mid-Q3'2023) profitability improved to 4.6%, which we estimate would have been better without the discount campaigns on discontinued products.

Guidance revised as expected, earnings growth outlook slightly improved

In connection with the report, the company revised its guidance for the fiscal year. Tokmanni expects its revenue to be 1,650-1,700 MEUR (prev. 1,650-1,730) and comparable EBIT to be 98-110 MEUR (prev. 98-118) for the financial year 2024. We believe the guidance ranges are achievable, but this will require a

successful holiday season. We believe that the conditions for successful holiday sales are created by increased customer activity due to increased consumer confidence and Tokmanni's active measures to improve its marketing and price image. With the completion of the acquisition integration, Tokmanni will introduce direct sourcing and private label products in its Dollarstore stores, which, together with the market recovery, we believe will drive sales growth in Q4 and stronger in 2025. Longer term, the main growth driver will be the expansion of the Dollarstore store network, which the company expects to remain strong in the coming years (~15 openings in 2025). In terms of value creation, the positive trend in sales needs to be translated into relative profitability, where we see the most upside potential outside Finland. In the report, we raised our profitability assumptions for Dollarstore, which is reflected in our 2025-26 net income forecasts as an increase of 2-3%. With the gradual increase in revenue, we expect the Group's adjusted EPS to grow at a CAGR of just over 7% (2023-26e).

We believe the valuation of the stock is low

We believe Tokmanni's valuation is very moderate (2025e P/E 10x and IFRS16 adjusted EV/EBIT 9x) relative to the company's earnings growth prospects. The expected return is higher than the required return and consists of strong earnings growth, a good dividend yield and a gradual increase in valuation multiples. In our view, the current valuation of the stock would be justified if margins were to remain at their current level of around 6% and if revenue growth were to stagnate at the 1,800 MEUR set out in the financial targets. However, we believe the company should be able to improve relative profitability to 7% in the short term and 8% in the long term and continue to grow through the expansion of the Dollarstore network and comparable segment growth. Looking at the overall picture, we see significant upside in the stock. Our view is also supported by our cash flow model, which suggests a value of around EUR 14.5 per share and a valuation level that is significantly lower than that of peers.

Recommendation

Buy
(was Accumulate)

EUR 14.00
(was EUR 13.00)

Share price:
11.60

Business risk



Valuation risk



	2023	2024e	2025e	2026e
Revenue	1392.6	1666.9	1765.9	1848.3
growth-%	19%	20%	6%	5%
EBIT adj.	98.8	103.7	121.7	128.0
EBIT-% adj.	7.1 %	6.2 %	6.9 %	6.9 %
Net income	54.0	50.1	65.7	71.1
EPS (adj.)	1.02	0.91	1.17	1.26
P/E (adj.)	15.2	12.8	9.9	9.2
P/B	3.4	2.5	2.2	2.1
Dividend yield-%	4.9 %	4.9 %	6.5 %	6.9 %
EV/EBIT (adj.)	16.6	14.0	11.8	11.1
EV/EBITDA	8.6	6.3	5.4	5.2
EV/S	1.2	0.9	0.8	0.8

Source: Inderes

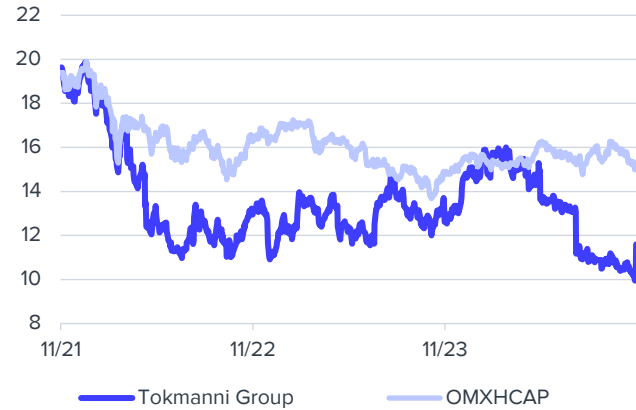
Guidance

(Adjusted)

In 2024, Tokmanni expects its revenue to be 1,650-1,700 MEUR (2023: 1,393 MEUR) and comparable EBIT to be 98-110 MEUR (was 99 MEUR).

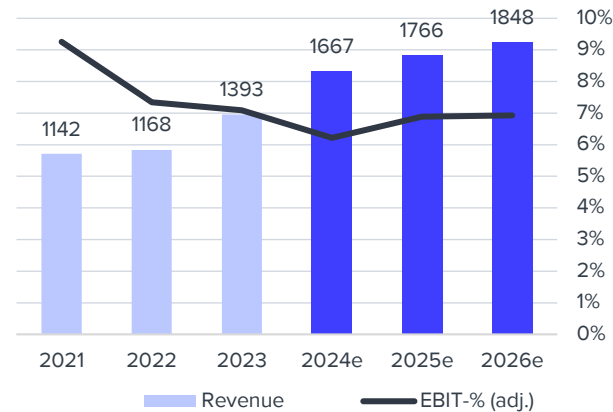


Share price



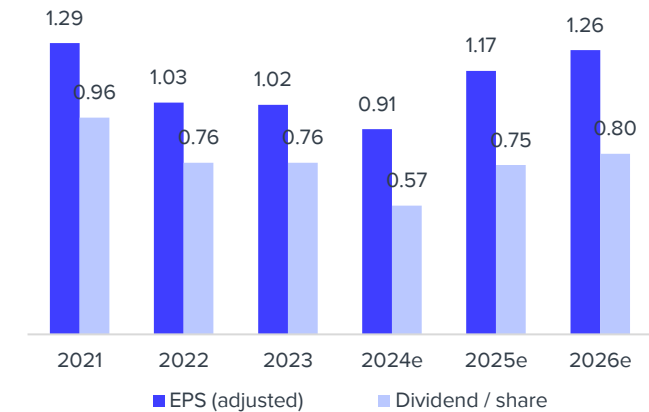
Source: Millstream Market Data AB

Revenue and EBIT-%



Source: Inderes

EPS and dividend



Source: Inderes

Value drivers

- Dollarstore and internationalization
- New store openings
- Increase in private label share
- Smart buying becoming more popular
- Economies of scale through volumes, e.g., in purchasing and negotiating lease terms
- Exploiting own online store as a potential platform for third party products

Risk factors

- Tighter competition and new international challengers
- Failure in acquisitions or international expansion
- Dependence on central stocks
- Reputation and price impression risks
- Disruptions in product availability and sector's dependence on manufacturing in the Far East

Valuation	2024e	2025e	2026e
Share price	11.6	11.6	11.6
Number of shares, millions	58.9	58.9	58.9
Market cap	683	683	683
EV	1447	1434	1426
P/E (adj.)	12.8	9.9	9.2
P/E	13.6	10.4	9.6
P/B	2.5	2.2	2.1
P/S	0.4	0.4	0.4
EV/Sales	0.9	0.8	0.8
EV/EBITDA	6.3	5.4	5.2
EV/EBIT (adj.)	14.0	11.8	11.1
Payout ratio (%)	67.0 %	67.2 %	66.2 %
Dividend yield-%	4.9 %	6.5 %	6.9 %

Source: Inderes



A good quarter considering the market situation

Stronger than expected growth

Tokmanni Group's Q3 revenue grew faster than expected (14%) to 416 MEUR, supported by the acquisition of Dollarstore and slight like-for-like growth (0.8%). The Group's sales of grocery products rose as consumer spending continued to be price-driven. In line with the trend, sales of consumer durables declined, as predicted by market statistics. Revenue in the Tokmanni segment increased 1.3% (0% like-for-like) versus the prior year period, reflecting the addition of one store to the network. Dollarstore revenue grew 16% thanks to the inorganic effect (only August-September included in the comparison), comparable store sales growth (3.1%) and new store openings (+4 units year-on-year). Customer volumes increased in both segments (Group 2.6% and comparable stores 1.4%), reflecting the success of the company's promotional and marketing activities. According to the company, the positive development of customer volumes was also driven by increased consumer confidence, which we believe sets the stage for an increase in revenue levels also in the fourth quarter.

Good profitability and better results

The Group's Q3 EBIT of 29.5 MEUR exceeded expectations and represented a reasonably good margin of 7.1%. Tokmanni's EBIT margin remained flat at 8.3%, while Dollarstore's profitability improved to 4.6% (acquired in the middle of the comparison period). We estimate that Dollarstore's profitability would have been better without the discounts on outgoing products. In terms of profitability drivers, gross margin (35.6%) exceeded our expectations by 0.5 percentage points, supported by successful product acquisitions and realized synergies. On the other hand, the margin was negatively impacted by the clearance sales at Dollarstore in Q3. In the future, Dollarstore's assortment will include more products sourced directly through Tokmanni's sourcing channels, as well as its own brands. This should result in higher product margins, some of which we expect to be absorbed by lower customer prices as part of the concept. Fixed costs only slightly exceeded our expectations. Thus, earnings per share of EUR 0.28 exceeded expectations and were supported by higher-than-expected profitability and lower financing costs.

Cash flow and balance sheet to strengthen as year progresses

Tokmanni's inventories increased 18% year-on-year due to seasonal preparations and increased sourcing from Dollarstore in Asia. In Q3'23, inventory levels were minimized due to factors such as weak demand and overstocking during the COVID period. The uptick in inventories weakened the cash flow from operating activities, which amounted to 12 MEUR (Q1-Q3'23 104 MEUR) for the current year. At the end of Q3, IFRS16 adjusted net debt was at flat year-on-year at 271 MEUR. This was equivalent to 2.6x EBITDA, which we think is still a little high. The company's goal is to bring the ratio below 2.25x, which we expect to happen in Q4, with earnings and cash flow heavily weighted to Q4.

The company said that it will begin renegotiating its financial debt, which matures in just over a year, and expects to complete the renegotiations during Q1'25. Already in line with our previous forecasts, this will reduce the cost of bank financing, as the company will quickly get access to the reference rates, which have fallen quite significantly.

Estimates MEUR / EUR	Q3'23	Q3'24	Q3'24e	Q3'24e	Consensus		Difference (%)	2024e
	Comparison	Actualized	Inderes	Consensus	Low	High	Act. vs. inderes	Inderes
Revenue	364	416	402	410	402	- 416	4%	1667
EBIT (adj.)	27.1	29.5	26.8	27.0	24.2	- 30.0	10%	104
PTP	16.2	20.4	16.0	17.8	15.9	- 20.0	28%	62.8
EPS (reported)	0.22	0.28	0.22	0.24	0.21	- 0.27	27%	0.85
Revenue growth-%	23.5 %	14.3 %	10.3 %	12.5 %	10.3 %	- 14.2 %	3.9 pp	19.7 %
EBIT-% (adj.)	7.4 %	7.1 %	6.7 %	6.6 %	6.0 %	- 7.2 %	0.4 pp	6.2 %

Source: Inderes & Bloomberg (consensus, 7)



Forecast changes driven by increased confidence in performance improvement of concepts

Expected revision of guidance

Tokmanni lowered the upper end of its guidance range in the report based on Q3 performance and Q4 expectations. Tokmanni expects its revenue to be 1,650-1,700 MEUR (prev. 1,650-1,730) and comparable EBIT to be 98-110 MEUR (prev. 98-118) for the financial year 2024. For Q4, this requires at least 472 MEUR in revenue and an EBIT of 46 MEUR. We believe the company will achieve its adjusted EBIT guidance at 104 MEUR, supported by successful holiday sales.

Forecast changes for the current and future years

Our EPS forecast for the current year rose 8% on the back of a stronger-than-expected Q3 result. The 2-3% increase in EPS forecasts for the next two years was driven by both slightly higher revenue expectations and increased confidence in Dollarstore's earnings improvement. A new feature of the report is the segment-specific forecasts that we have already shadow modeled, with quarterly counterfactuals now available.

Several store openings in 2025-26

During the quarter, the company provided more information on its store opening plans for the coming years, which will focus mainly on Sweden and Denmark. Based on current information, the company plans to open ~15 new stores abroad during 2025. One new store in Finland has been confirmed for 2026, but we expect this number to increase as negotiations on the Swedish and Danish store locations are finalized. We emphasize that Dollarstore's business model enables strong store growth through a scalable concept model and low capital requirements. Overall, the company expects its store network (Tokmanni, Dollarstore and Big Dollar concepts) to exceed 360 by 2025. We expect the company to reach exactly 360 stores in 2025.

We forecast buoyant earnings growth

The main driver of the Group's revenue is the expansion of the store network. It is also the biggest risk to our forecasts if the company is unable to open the number of new stores it says it

will. We expect Group revenue to increase by an average of 5.3% in 2025 and 2026 as a result of Dollarstore store openings. Revenue growth is also supported by Dollarstore's comparable sales growth, which is driven by an increase in basket size due to a more attractive assortment and scaling (i.e. increasing) marketing through volume. We expect Tokmanni segment growth to be moderate (2-3%/year) due to the mature nature of the business.

We forecast the group's stronger earnings improvement to start in 2025 and continue in 2026, driven by revenue growth and efficiency gains. Thus, we expect the company to achieve an EBIT margin of ~7% in 2026. The relative improvement is mainly due to Dollarstore, although we expect the relative profitability of the Finnish businesses to improve slightly as the market environment improves. As a result of the above factors, we expect Tokmanni's adjusted EPS to grow at a CAGR of just over 7% (2023-26e).

Estimate revisions	2024e	2024e	Change	2025e	2025e	Change	2026e	2026e	Change
MEUR / EUR	Old	New	%	Old	New	%	Old	New	%
Revenue	1652	1667	1%	1761	1766	0%	1846	1848	0%
EBIT (exc. NRIs)	101	104	3%	119	122	3%	126	128	2%
EBIT	98	100	2%	116	119	3%	123	125	2%
PTP	59	63	7%	81	83	3%	88	90	2%
EPS (excl. NRIs)	0.84	0.91	8%	1.13	1.17	3%	1.23	1.26	2%
DPS	0.52	0.57	10%	0.70	0.75	7%	0.77	0.80	4%

Source: Inderes



Moderate valuation relative to earnings growth prospects

Moderate valuation on several indicators

Historically, Tokmanni has been priced at around 15x P/E and 14x EV/EBIT multiples based on the next 12 months' earnings. The multiples for the current fiscal year (2024e P/E 14x and IFRS16 adjusted EV/EBIT 12x) are fairly in line with history, but our forecast earnings growth already pushes the multiples to very moderate levels (2025e P/E 10x and IFRS16 adjusted EV/EBIT 9x). From this perspective, we see considerable upside potential in the valuation of the stock.

Peer discount has become too high

Tokmanni's peer group of high-quality retail companies is valued at around 15x P/E and 14x EV/EBIT (2025e). We view the median peer valuation level as fairly neutral given the group's growth prospects and capital return potential. Tokmanni is priced at a fairly steep discount compared to its peers. In terms of the P/E ratio of the peers, the difference is more than 30%, while in terms of the EV/EBIT ratio, which is not very comparable due to differences in IFRS16, the discount is in the order of 25%. We think the slight reduction is justified by the peer group's better return on capital, but we think the gap has widened too much. Thus, the peer analysis also supports the upside potential of Tokmanni's stock.

Long-term growth and earnings expectations pushed low

We believe that the Group has good long-term growth prospects in its younger markets in Sweden and Denmark. Dollarstore's store network is younger than Tokmanni's (Tokmanni's sales per store 6 MEUR vs. Dollarstore's 3 MEUR) and there is still potential in the concept's product range to be cashed out through own brands. In addition, we see clear upside potential in

Dollarstore's profitability profile as sales per store increase with increased awareness of the concept. The synergies realized through the Dollarstore acquisition should improve the Group's profitability or, alternatively, provide another way (lower prices, increased marketing) to increase customer flow without sacrificing relative profitability. In our view, the current share price does not take this earnings growth potential into account. In the third quarter, Dollarstore's relative profitability increased despite heavy discounting (excluding clearance sales, profitability would have been well above 5%) and Tokmanni's customer flow recovered (thanks to successful marketing and pricing measures), while profitability remained at a moderately good level, flat year-on-year. As such, our confidence in a positive turnaround in the Group's relative profitability has increased, which we believe will be supported by more profitable sales growth in consumer durables in the coming years, encouraged by the improving economic environment. As a result, we see considerable upside potential in the stock and an attractive expected return for the investor. On the other hand, if the company fails to improve margins and growth stalls at the 1,800 MEUR revenue level it is targeting, there is no significant upside for the stock, leaving the expected return largely dependent on the dividend.

DCF model indicates an upside in the stock

The per-share value of around EUR 14.5, as indicated by our cash flow model, suggests that the potential of the business is higher than the current share price. This is based on our planned long-term growth (Dollarstore expansion) and profitability improvement towards an EBIT margin of 8% (acquisition synergies, increasing private label share and cost savings, including logistics).

Valuation	2024e	2025e	2026e
Share price	11.6	11.6	11.6
Number of shares, millions	58.9	58.9	58.9
Market cap	683	683	683
EV	1447	1434	1426
P/E (adj.)	12.8	9.9	9.2
P/E	13.6	10.4	9.6
P/B	2.5	2.2	2.1
P/S	0.4	0.4	0.4
EV/Sales	0.9	0.8	0.8
EV/EBITDA	6.3	5.4	5.2
EV/EBIT (adj.)	14.0	11.8	11.1
Payout ratio (%)	67.0 %	67.2 %	66.2 %
Dividend yield-%	4.9 %	6.5 %	6.9 %

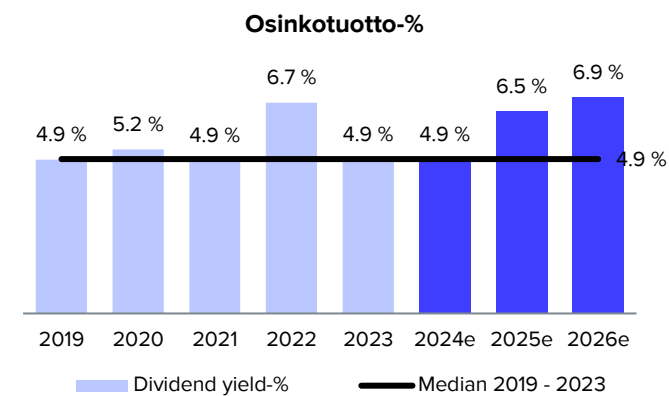
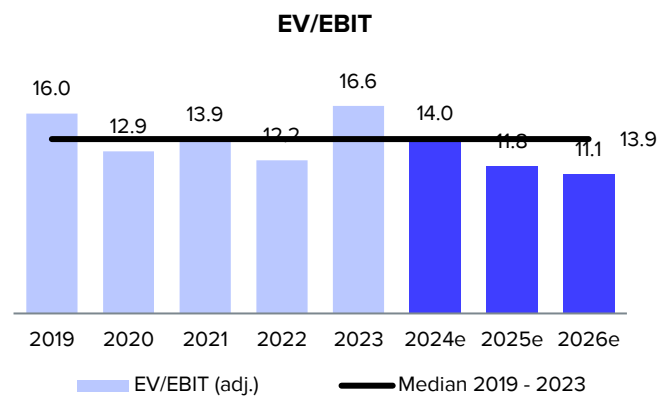
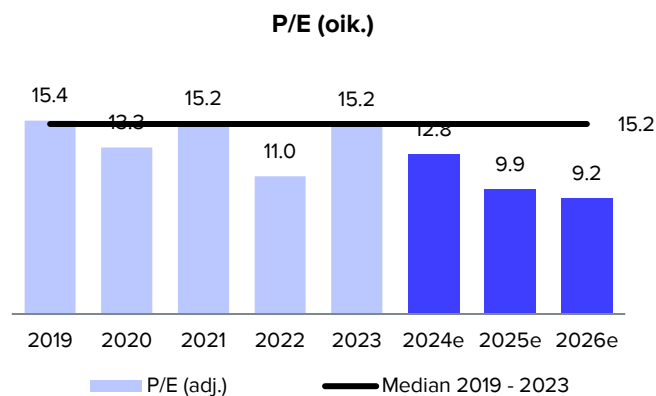
Source: Inderes



Valuation table

Valuation	2019	2020	2021	2022	2023	2024e	2025e	2026e	2027e
Share price	12.6	16.2	19.7	11.3	15.4	11.6	11.6	11.6	11.6
Number of shares, millions	58.9	58.8	58.9	58.9	58.8	58.9	58.9	58.9	58.9
Market cap	743	956	1157	665	907	683	683	683	683
EV	1123	1288	1471	1048	1638	1447	1434	1426	1404
P/E (adj.)	15.4	13.3	15.2	11.0	15.2	12.8	9.9	9.2	8.0
P/E	15.8	13.4	14.8	11.3	16.8	13.6	10.4	9.6	8.3
P/B	4.0	4.4	4.7	2.7	3.4	2.5	2.2	2.1	1.9
P/S	0.8	0.9	1.0	0.6	0.7	0.4	0.4	0.4	0.4
EV/Sales	1.2	1.2	1.3	0.9	1.2	0.9	0.8	0.8	0.7
EV/EBITDA	8.6	7.9	8.4	6.7	8.6	6.3	5.4	5.2	4.7
EV/EBIT (adj.)	16.0	12.9	13.9	12.2	16.6	14.0	11.8	11.1	10.0
Payout ratio (%)	77.5 %	70.2 %	72.5 %	76.1 %	82.8 %	67.0 %	67.2 %	66.2 %	60.0 %
Dividend yield-%	4.9 %	5.2 %	4.9 %	6.7 %	4.9 %	4.9 %	6.5 %	6.9 %	7.2 %

Source: Inderes



Peer group valuation

Peer group valuation Company	Market cap MEUR	EV MEUR	EV/EBIT		EV/EBITDA		EV/S		P/E		Dividend yield-%		P/B
			2024e	2025e	2024e	2025e	2024e	2025e	2024e	2025e	2024e	2025e	2024e
Europris ASA	936	1376	13.2	12.0	7.6	6.8	1.3	1.2	13.1	12.0	4.8	5.2	2.8
Bygghem AB	222	422	27.2	15.5	5.7	5.1	0.8	0.8	38.1	13.1	1.3	3.3	1.1
Clas Ohlson AB	1076	1190	18.4	13.2	8.3	7.5	1.4	1.2	22.7	15.7	2.6	3.1	6.6
Axfood AB	4458	5387	17.9	16.2	9.2	8.2	0.7	0.7	21.3	19.1	3.5	3.6	6.9
Dollar General Corp	15840	21328	9.2	11.4	6.9	7.8	0.6	0.6	10.2	13.0	3.1	3.2	2.5
Kesko Oyj	7684	10551	16.3	15.0	8.6	8.2	0.9	0.9	17.7	15.9	5.0	5.1	2.8
Musti Group Oyj	699	850	19.8	15.5	10.2	9.0	1.8	1.7	23.7	17.5	3.4	3.8	3.6
B&M European Value Retail	4553	7048	9.7	9.7	6.9	6.7	1.1	1.0	10.0	10.2	5.8	6.3	5.0
Puuhonka Oyj	758	852	15.1	13.7	11.7	10.5	2.4	2.2	18.2	16.9	4.5	5.2	8.3
Verkkokauppa.com Oyj	71	87		12.4	13.6	6.2	0.2	0.2		14.2		3.7	2.7
Kamux Oyj	133	208	15.6	9.2	7.5	5.7	0.2	0.2	18.8	8.5	4.7	7.3	1.2
Rusta	886	1327	19.7	15.8	8.4	7.8	1.3	1.3	16.0	17.3	2.8	2.5	5.1
Tokmanni Group (Inderes)	683	1447	14.0	11.8	6.3	5.4	0.9	0.8	12.8	9.9	4.9	6.5	2.5
Average			16.6	13.3	8.7	7.5	1.1	1.0	19.1	14.4	3.8	4.4	4.0
Median			16.3	13.5	8.3	7.7	1.0	0.9	18.2	14.9	3.5	3.8	3.2
Diff-% to median			-14%	-12%	-24%	-29%	-12%	-13%	-30%	-33%	42%	71%	-21%

Source: Refinitiv / Inderes



Income statement

Income statement	2022	Q1'23	Q2'23	Q3'23	Q4'23	2023	Q1'24	Q2'24	Q3'24	Q4'24e	2024e	2025e	2026e	2027e
Revenue	1168	238	319	364	471	1393	339	423	416	489	1667	1766	1848	1931
Group	0.0	0.0	0.0	0.0	-0.1	-0.1	-0.1	-0.2	0.0	0.0	-0.3	-0.5	-0.5	-0.5
Tokmanni	1168	238	319	300	352	1209	248	316	304	359	1227	1267	1306	1347
Dollarstore	0.0	0.0	0.0	64.3	120	184	91.1	107	112	130	440	499	542	585
EBITDA	157	17.5	48.4	49.6	74.3	190	27.0	59.5	60.8	81.4	229	263	273	296
Depreciation	-73.2	-19.5	-19.8	-26.6	-30.9	-96.8	-31.9	-31.7	-31.9	-32.9	-128.4	-144.6	-147.8	-158.2
EBIT (excl. NRI)	85.7	-2.2	28.4	27.1	45.5	98.8	-4.3	28.5	30.3	49.2	104	122	128	141
EBIT	84.0	-2.0	28.6	23.0	43.4	93.0	-4.9	27.8	28.9	48.5	100	119	125	138
Group	0.0	0.0	0.0	0.0	-0.6	-0.6	-0.4	-0.8	-0.8	-0.6	-2.6	-2.8	-2.8	-2.8
Tokmanni	84.0	-2.0	28.6	22.2	35.0	83.8	-1.7	26.5	25.2	37.1	87.1	92.9	93.1	96.3
Dollarstore	0.0	0.0	0.0	0.8	9.0	9.8	-2.8	2.1	5.1	11.9	16.3	28.5	34.7	44.4
Net financial items	-10.7	-3.2	-4.3	-6.8	-10.4	-24.7	-9.1	-9.8	-8.5	-10.0	-37.4	-35.5	-35.0	-34.3
PTP	73.3	-5.3	24.4	16.2	33.1	68.4	-14.0	18.0	20.4	38.5	62.8	83.2	90.0	104
Taxes	-14.6	1.0	-4.8	-3.5	-7.0	-14.3	2.1	-3.3	-3.9	-7.7	-12.7	-17.5	-18.9	-21.8
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net earnings	58.8	-4.3	19.5	12.7	26.1	54.0	-12.0	14.8	16.6	30.8	50.1	65.7	71.1	81.8
EPS (adj.)	1.03	-0.08	0.33	0.29	0.48	1.02	-0.19	0.26	0.30	0.53	0.91	1.17	1.26	1.44
EPS (rep.)	1.00	-0.07	0.33	0.22	0.44	0.92	-0.20	0.25	0.28	0.52	0.85	1.12	1.21	1.39

Key figures	2022	Q1'23	Q2'23	Q3'23	Q4'23	2023	Q1'24	Q2'24	Q3'24	Q4'24e	2024e	2025e	2026e	2027e
Revenue growth-%	2.3 %	4.7 %	4.0 %	23.5 %	39.0 %	19.2 %	42.4 %	32.5 %	14.3 %	3.8 %	19.7 %	5.9 %	4.7 %	4.5 %
Adjusted EBIT growth-%	-18.9 %	348%	5.5 %	15.5 %	27.0 %	15.2 %	92.0 %	0.2 %	11.6 %	8.1 %	4.9 %	17.4 %	5.2 %	10.1 %
EBITDA-%	13.5 %	7.3 %	15.2 %	13.6 %	15.8 %	13.6 %	8.0 %	14.1%	14.6 %	16.6 %	13.7 %	14.9 %	14.8 %	15.3 %
Adjusted EBIT-%	7.3 %	-0.9 %	8.9 %	7.4 %	9.6 %	7.1 %	-1.3 %	6.7 %	7.3 %	10.1 %	6.2 %	6.9 %	6.9 %	7.3 %
Net earnings-%	5.0 %	-1.8 %	6.1 %	3.5 %	5.5 %	3.9 %	-3.5 %	3.5 %	4.0 %	6.3 %	3.0 %	3.7 %	3.8 %	4.2 %

Source: Inderes



Balance sheet

Assets	2022	2023	2024e	2025e	2026e
Non-current assets	475	900	920	931	944
Goodwill	136	218	218	218	218
Intangible assets	4.0	45.8	42.9	39.9	36.9
Tangible assets	330	633	657	672	688
Associated companies	0.2	0.0	0.0	0.0	0.0
Other investments	0.7	0.6	0.6	0.6	0.6
Other non-current assets	2.1	2.3	0.0	0.0	0.0
Deferred tax assets	1.6	0.0	1.0	1.0	1.0
Current assets	319	510	518	550	565
Inventories	281	343	395	419	438
Other current assets	2.5	2.6	2.6	2.6	2.6
Receivables	26.4	31.0	37.1	39.3	41.1
Cash and equivalents	9.1	134	82.9	89.3	82.9
Balance sheet total	794	1410	1437	1481	1509

Source: Inderes

Liabilities & equity	2022	2023	2024e	2025e	2026e
Equity	247	265	271	304	331
Share capital	0.1	0.1	0.1	0.1	0.1
Retained earnings	138	147	153	185	212
Hybrid bonds	0.0	0.0	0.0	0.0	0.0
Revaluation reserve	-0.8	-0.7	0.0	0.0	0.0
Other equity	110	119	119	119	119
Minorities	0.0	0.0	0.0	0.0	0.0
Non-current liabilities	328	743	767	760	747
Deferred tax liabilities	0.0	12.9	0.0	0.0	0.0
Provisions	0.0	0.0	0.0	0.0	0.0
Interest bearing debt	323	726	762	756	743
Convertibles	0.0	0.0	0.0	0.0	0.0
Other long term liabilities	4.8	4.3	4.3	4.3	4.3
Current liabilities	219	402	399	417	431
Interest bearing debt	69.7	138	84.7	84.0	82.6
Payables	149	260	311	330	345
Other current liabilities	1.1	3.6	3.6	3.6	3.6
Balance sheet total	794	1410	1437	1481	1509



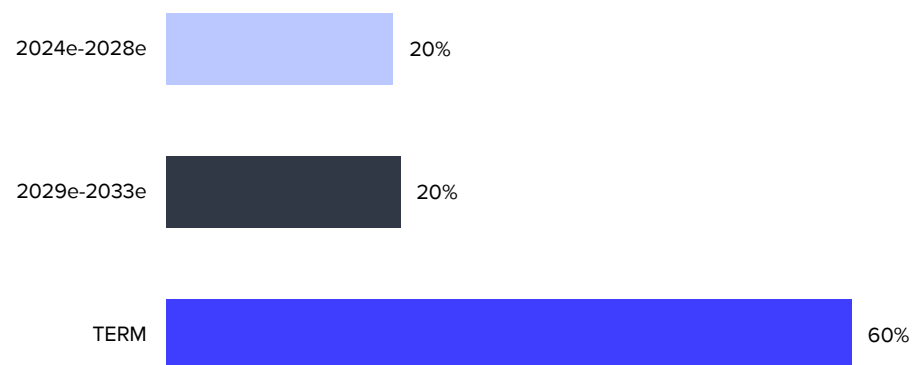
DCF-calculation

DCF model	2023	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	TERM
Revenue growth-%	19.2 %	19.7 %	5.9 %	4.7 %	4.5 %	3.5 %	3.5 %	3.5 %	3.5 %	3.0 %	2.5 %	2.5 %
EBIT-%	6.7 %	6.0 %	6.7 %	6.8 %	7.1 %	7.5 %	8.0 %	8.0 %	8.0 %	7.5 %	7.5 %	7.5 %
EBIT (operating profit)	93.0	100	119	125	138	150	165	171	177	171	175	
+ Depreciation	96.8	128	145	148	158	161	163	167	170	174	177	
- Paid taxes	0.2	-26.6	-17.5	-18.9	-21.8	-26.1	-29.5	-30.9	-32.3	-31.1	-32.1	
- Tax, financial expenses	-5.2	-7.6	-7.5	-7.3	-7.2	-5.4	-5.2	-5.1	-5.0	-4.8	-4.7	
+ Tax, financial income	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Change in working capital	47.6	-7.1	-7.2	-6.0	-6.0	-4.9	-5.1	-5.3	-5.4	-4.8	-4.1	
Operating cash flow	232	187	231	241	261	274	289	297	305	304	311	
+ Change in other long-term liabilities	-0.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Gross CAPEX	-524	-147	-156	-161	-165	-170	-175	-179	-183	-183	-185	
Free operating cash flow	-292.3	40.3	75.0	79.7	95.8	104	114	118	122	121	127	
+/- Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
FCFF	-292.3	40.3	75.0	79.7	95.8	104	114	118	122	121	127	2087
Discounted FCFF		39.9	68.3	66.8	73.9	73.5	74.2	70.5	67.1	61.5	59.1	974
Sum of FCFF present value		1629	1589	1520	1454	1380	1306	1232	1162	1094	1033	974
Enterprise value DCF		1629										
- Interest bearing debt		-864.2										
+ Cash and cash equivalents		134										
-Minorities		0.0										
-Dividend/capital return		-44.7										
Equity value DCF		853										
Equity value DCF per share		14.5										

WACC	
Tax-% (WACC)	20.0 %
Target debt ratio (D/(D+E))	20.0 %
Cost of debt	5.0 %
Equity Beta	1.20
Market risk premium	4.75%
Liquidity premium	1.70%
Risk free interest rate	2.5 %
Cost of equity	9.9 %
Weighted average cost of capital (WACC)	8.7 %

Source: Inderes

Cash flow distribution

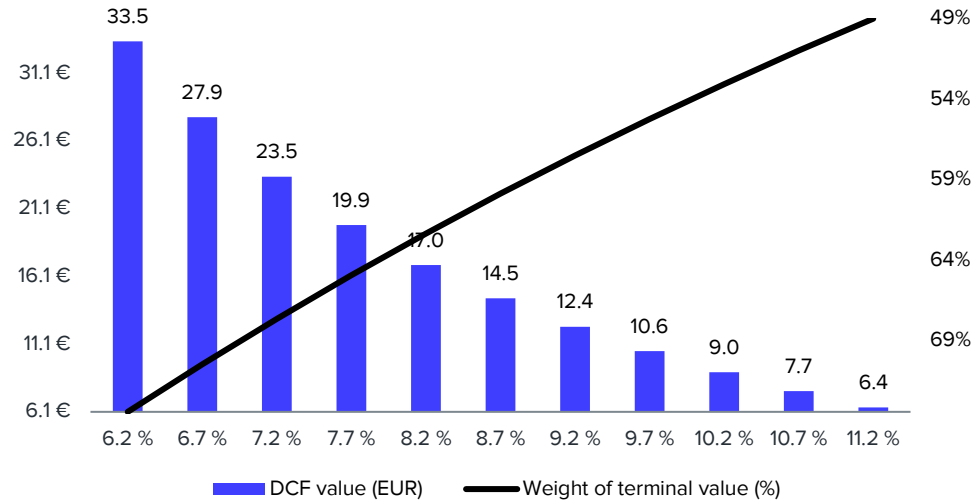


■ 2024e-2028e ■ 2029e-2033e ■ TERM

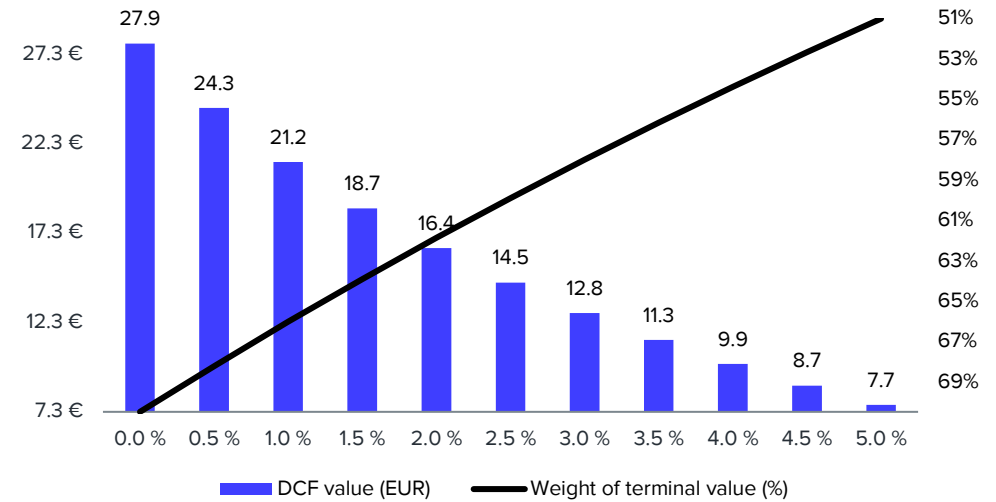


DCF sensitivity calculations and key assumptions in graphs

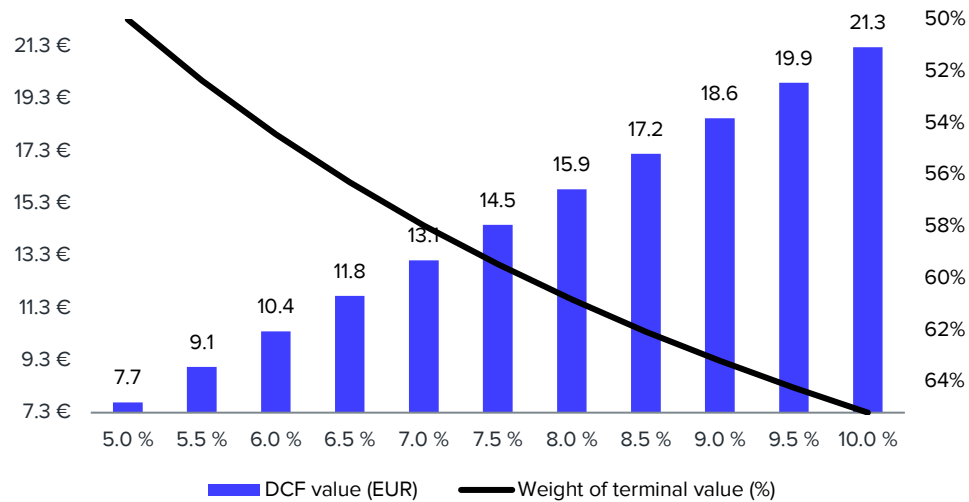
Sensitivity of DCF to changes in the WACC-%



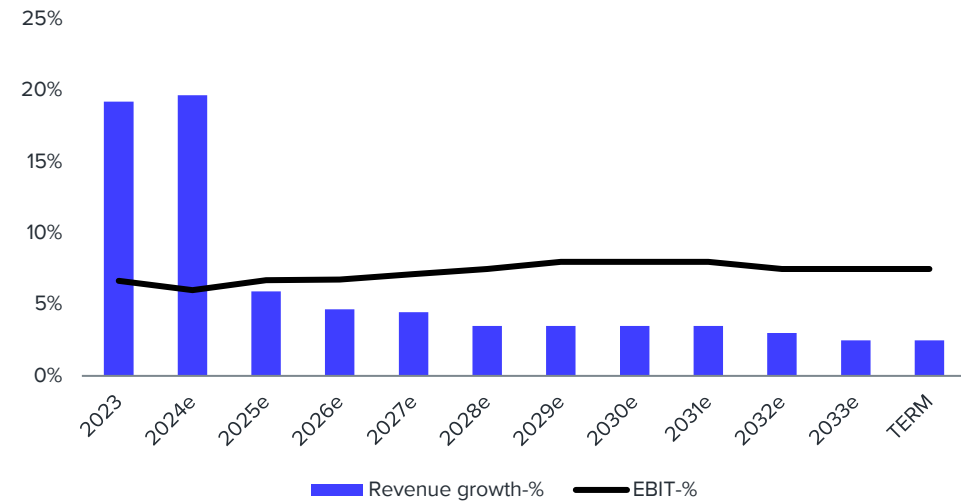
Sensitivity of DCF to changes in the risk-free rate



Sensitivity of DCF to changes in the terminal EBIT margin



Growth and profitability assumptions in the DCF calculation



Source: Inderes. Note that the weight of the terminal value (%) is shown on an inverse scale for clarity.



Summary

Income statement	2021	2022	2023	2024e	2025e	Per share data	2021	2022	2023	2024e	2025e
Revenue	1141.8	1168.0	1392.6	1666.9	1765.9	EPS (reported)	1.32	1.00	0.92	0.85	1.12
EBITDA	174.6	157.2	189.8	228.7	263.3	EPS (adj.)	1.29	1.03	1.02	0.91	1.17
EBIT	107.7	84.0	93.0	100.3	118.7	OCF / share	2.27	1.62	3.95	3.18	3.93
PTP	97.5	73.3	68.4	62.8	83.2	FCF / share	1.31	-0.07	-4.97	0.68	1.27
Net Income	78.0	58.8	54.0	50.1	65.7	Book value / share	4.16	4.20	4.51	4.61	5.16
Extraordinary items	2.1	-1.7	-5.8	-3.4	-3.0	Dividend / share	0.96	0.76	0.76	0.57	0.75
Balance sheet	2021	2022	2023	2024e	2025e	Growth and profitability	2021	2022	2023	2024e	2025e
Balance sheet total	816.5	793.8	1410.3	1437.4	1481.1	Revenue growth-%	6%	2%	19%	20%	6%
Equity capital	244.7	247.0	265.4	271.5	303.6	EBITDA growth-%	7%	-10%	21%	20%	15%
Goodwill	136.2	136.2	218.1	218.1	218.1	EBIT (adj.) growth-%	6%	-19%	15%	5%	17%
Net debt	314.3	383.3	730.5	764.1	750.7	EPS (adj.) growth-%	6%	-20%	-1%	-11%	28%
Cash flow	2021	2022	2023	2024e	2025e	EBITDA-%	15.3 %	13.5 %	13.6 %	13.7 %	14.9 %
EBITDA	174.6	157.2	189.8	228.7	263.3	EBIT (adj.)-%	9.3 %	7.3 %	7.1 %	6.2 %	6.9 %
Change in working capital	-20.0	-44.9	47.6	-7.1	-7.2	EBIT-%	9.4 %	7.2 %	6.7 %	6.0 %	6.7 %
Operating cash flow	133.7	95.4	232.4	187.3	231.2	ROE-%	33.8 %	23.9 %	21.1 %	18.7 %	22.9 %
CAPEX	-55.8	-98.8	-524.3	-147.1	-156.1	ROI-%	17.0 %	13.1 %	10.5 %	8.9 %	10.5 %
Free cash flow	77.3	-3.9	-292.3	40.3	75.0	Equity ratio	30.0 %	31.1 %	18.8 %	18.9 %	20.5 %
						Gearing	128.5 %	155.2 %	275.3 %	281.5 %	247.2 %
Valuation multiples	2021	2022	2023	2024e	2025e						
EV/S	1.3	0.9	1.2	0.9	0.8						
EV/EBITDA	8.4	6.7	8.6	6.3	5.4						
EV/EBIT (adj.)	13.9	12.2	16.6	14.0	11.8						
P/E (adj.)	15.2	11.0	15.2	12.8	9.9						
P/B	4.7	2.7	3.4	2.5	2.2						
Dividend-%	4.9 %	6.7 %	4.9 %	4.9 %	6.5 %						

Source: Inderes



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Accumulate	The 12-month risk-adjusted expected shareholder return of the share is attractive
Reduce	The 12-month risk-adjusted expected shareholder return of the share is weak
Sell	The 12-month risk-adjusted expected shareholder return of the share is very weak

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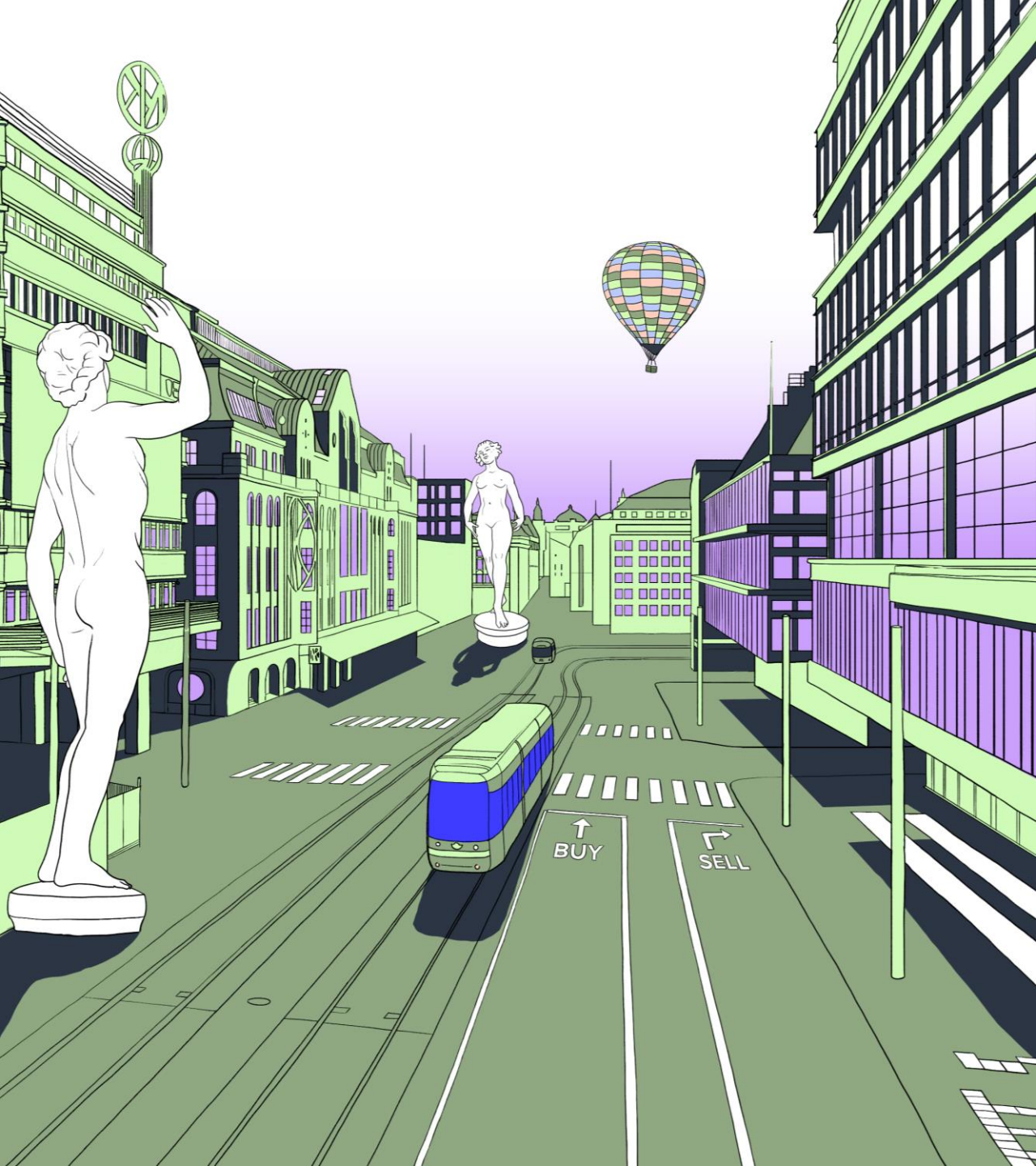
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Recommendation history (>12 mo)

Date	Recommendation	Target	Share price
5/8/2021	Buy	25.00 €	21.68 €
7/29/2021	Accumulate	27.00 €	24.66 €
10/31/2021	Buy	25.00 €	19.68 €
<i>Analyst changed</i>			
2/14/2022	Buy	20.00 €	17.90 €
4/27/2022	Buy	17.00 €	14.78 €
5/2/2022	Buy	15.00 €	12.40 €
5/27/2022	Accumulate	13.50 €	12.17 €
8/1/2022	Accumulate	14.00 €	12.82 €
9/30/2022	Accumulate	12.50 €	11.04 €
10/31/2022	Accumulate	12.50 €	11.83 €
12/19/2022	Accumulate	12.50 €	11.63 €
2/13/2023	Accumulate	14.00 €	12.98 €
4/13/2023	Accumulate	14.20 €	13.20 €
5/2/2023	Accumulate	13.50 €	12.41 €
8/7/2023	Accumulate	14.50 €	13.73 €
<i>Analyst changed</i>			
11/20/2023	Accumulate	14.00 €	12.61 €
2/14/2024	Reduce	15.50 €	15.42 €
3/25/2024	Accumulate	16.00 €	14.96 €
5/20/2024	Accumulate	15.00 €	13.63 €
6/13/2024	Accumulate	15.00 €	13.35 €
8/8/2024	Accumulate	13.00 €	11.16 €
8/19/2024	Accumulate	13.00 €	10.80 €
11/18/2024	Buy	14.00 €	11.60 €





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