

# TOKMANNI GROUP

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## INDERES CORPORATE CUSTOMER COMPANY REPORT



# Theme for the rest of the year is profitability

Tokmanni's Q2 result weakened, driven by both segments. The company has turned its attention to improving profitability, which is essential for the balance sheet position and thus dividend payout. Neutral valuation leaves the stock's expected return to rely on a solid 5% dividend yield, which in itself is not enough to cover our required return. Therefore, we reiterate our Reduce recommendation. Also, our target price remains at EUR 10 due to broadly unchanged forecasts.

## Burdensome cost structure weakened profitability

The Group's Q2 revenue grew by 5% to 443 MEUR, largely due to store expansion and comparable growth in the Dollarstore segment. In Finland, sales in the Tokmanni segment grew slightly due to an expanded store network and mild comparable revenue growth. Despite top-line growth, the Group's Q2 adjusted EBIT weakened to 21 MEUR (Q2'24: 28 MEUR), which represented 4.8% of revenue. The Group-level earnings decline is explained by a lower gross margin compared to the comparison period, as well as fixed costs growing faster than revenue. The gross margin was particularly weakened by the sales mix in the Tokmanni segment shifting towards lower-margin daily consumer goods. Fixed costs, in turn, grew due to rising personnel costs and high marketing costs relative to the volume level. Tokmanni issued a negative profit warning in the summer, meaning that the Q2 operational figures were already known to us, and therefore the report did not offer any major surprises.

## Eyes on profitability

In its Q2 report, the company emphasized that it had shifted its focus towards profitability at least for the rest of the year. It aims to achieve this through comparable growth, by improving its gross margin and with strict cost control. In addition, the company aims to improve the efficiency of working hours and marketing, areas where the company failed in Q2. Margin improvement is crucial for short-term development, as a weak year-end would lead to weak cash flow development. As a result, leverage would remain at an

elevated level, and servicing it might take precedence over profit distribution in line with the dividend policy (70% of net profit). For this reason, optimizing inventory levels is also a key theme during the rest of the year, which, if successful, would support cash flow through the release of working capital.

In the long term, a potential earnings growth component is improved efficiency through Dollarstore's growth (especially comparable growth). In addition, the company must ensure the attractiveness and competitiveness of the Tokmanni segment, so that its recent volatile development does not continue and thus undermine the earnings improvement enabled by Dollarstore.

## Expected return is at an insufficient level

We believe the stock's short-term valuation is elevated (2025e P/E 13x and IFRS-15-adj. EV/EBIT 13x), and our earnings growth forecast puts it at a fairly neutral level (2026e P/E 10x and IFRS-16-adj. EV/EBIT 10x). We especially examine EV multiples that take into account the leveraged balance sheet. Considering a neutral valuation that factors in earnings growth, the stock's expected return is dependent on a dividend yield of just over 5%, which itself is not enough to meet our required return (10%). In addition, the level of dividend is subject to slight uncertainty if the performance level and thus the balance sheet position cannot be improved during the rest of the year. The share is priced at a discount to its peers, but this is justified by their superior return on capital. The limited upside is also reflected in the value indicated by the DCF model (EUR 10.2), which is based on our strong forecasted earnings growth (12% p.a. for 2024-27e) and cash flow generation capacity. The stock's neutral valuation does not encourage taking on the risks associated with the competitiveness of the Tokmanni segment, the earnings potential of the Dollarstore concept, and consequently, the earnings growth driver. We remain on the sidelines regarding the company, as we currently see the share's risk/reward ratio as unattractive.

## Recommendation

### Reduce

(was Reduce)

## Target price:

**EUR 10.00**

(was EUR 10.00)

## Share price:

EUR 9.08

## Business risk



## Valuation risk



	2024	2025e	2026e	2027e
<b>Revenue</b>	1674.9	1752.3	1858.6	1961.3
<b>growth-%</b>	20%	5%	6%	6%
<b>EBIT adj.</b>	102.3	92.4	111.4	127.4
<b>EBIT-% adj.</b>	6.1 %	5.3 %	6.0 %	6.5 %
<b>Net income</b>	48.8	39.6	53.4	68.5
<b>EPS (adj.)</b>	0.87	0.72	0.96	1.21
<b>P/E (adj.)</b>	13.9	12.5	9.5	7.5
<b>P/B</b>	2.7	2.0	1.9	1.7
<b>Dividend yield-%</b>	5.6 %	5.5 %	7.2 %	8.8 %
<b>EV/EBIT (adj.)</b>	14.9	14.7	12.2	10.7
<b>EV/EBITDA</b>	6.7	6.1	5.7	5.3
<b>EV/S</b>	0.9	0.8	0.7	0.7

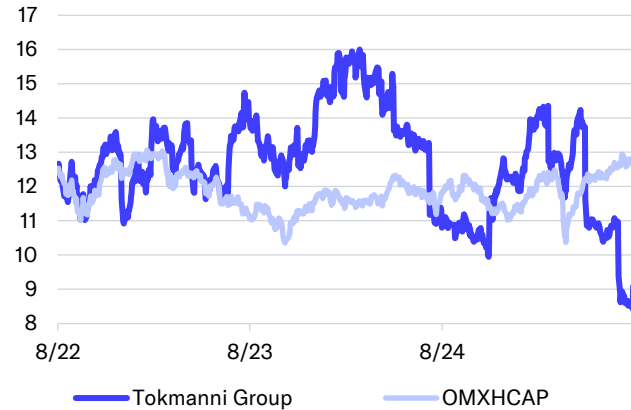
Source: Inderes

## Guidance

(Unchanged)

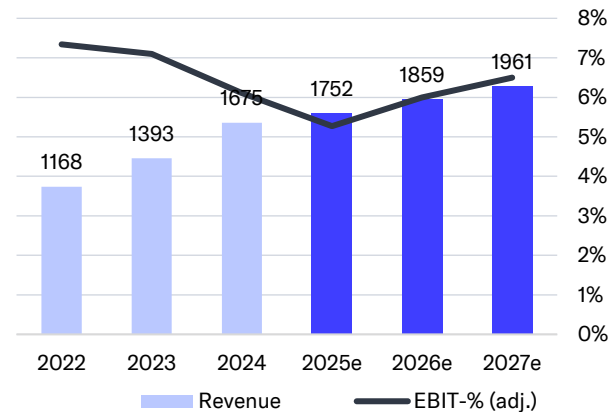
In 2025, Tokmanni expects its revenue to be 1,700-1,790 MEUR (2024: 1,670 MEUR) and comparable EBIT to be 85-105 MEUR (was 99.7 MEUR).

## Share price



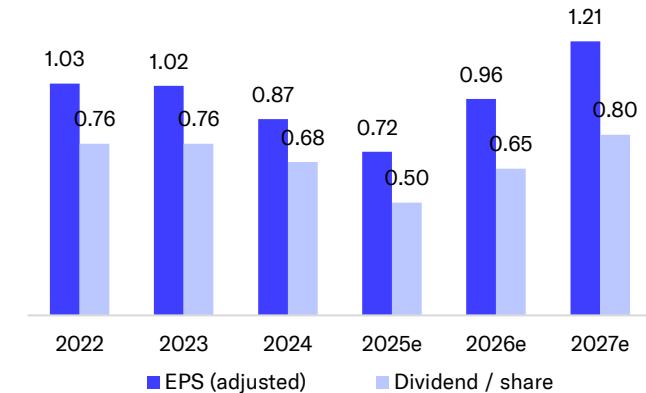
Source: Millstream Market Data AB

## Revenue and EBIT-% (adj.)



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
- Escalation of the trade war could slow economic growth and increase inflation

Valuation	2025e	2026e	2027e
Share price	9.08	9.08	9.08
Number of shares, millions	58.9	58.9	58.9
Market cap	535	535	535
EV	1358	1364	1364
P/E (adj.)	12.5	9.5	7.5
P/E	13.5	10.0	7.8
P/B	2.0	1.9	1.7
P/S	0.3	0.3	0.3
EV/Sales	0.8	0.7	0.7
EV/EBITDA	6.1	5.7	5.3
EV/EBIT (adj.)	14.7	12.2	10.7
Payout ratio (%)	74.3 %	71.6 %	68.8 %
Dividend yield-%	5.5 %	7.2 %	8.8 %

Source: Inderes

# Sales were decent, but earnings development was weak

## Revenue growth was achieved in both segments

Tokmanni Group's Q2 revenue grew by 5 percent to 443 MEUR, largely due to the Dollarstore segment's store expansion and like-for-like growth. In Finland, the Tokmanni segment's sales grew by 2% due to an expanded store network and slight like-for-like revenue growth. Customer traffic, which grew faster than revenue (comparable growth of 3%), in turn indicated a decrease in average basket size, which is explained by the increase in the relative share of grocery sales. Dollarstore segment sales increased 9% in local currencies, and comparable store sales improved by 5%. However, customer numbers in comparable stores grew by only 2%, with growth increasingly stemming from an increase in basket size. This was driven in particular by Tokmanni's new private labels in Dollarstore stores. Tokmanni issued a negative profit warning in the summer, meaning that the Q2 operational figures were already known to us, and therefore the report did not offer any

major surprises.

## Cost structure evolved unfavorably, which was reflected negatively on the bottom line

Despite top-line growth, the Group's Q2 adjusted EBIT weakened to 21 MEUR (Q2'24: 28 MEUR), which represented 4.8% of revenue. The Group-level earnings decline is explained by a lower gross margin compared to the comparison period, as well as fixed costs growing faster than revenue. The gross margin was particularly weakened by the sales mix in the Tokmanni segment shifting towards lower-margin daily consumer goods. Fixed costs, in turn, grew due to rising personnel costs and high marketing costs relative to the volume level. The elevated cost level reflects the company's preparations for the season, which did not commence as expected, as well as certain measures to promote tighter Group integration.

## Stretched balance sheet is being addressed through multiple measures

Tokmanni's relative indebtedness remained at a high level in Q1, with the IFRS 16 adjusted net debt/EBITDA ratio at 3.6x. The company aims to lower its leverage to the target level (2.25x) by the end of 2025, among other things, by optimizing inventory levels and improving profitability. In addition, the sale of three properties will improve the company's liquidity by over 20 MEUR during Q3. The measures already underway were reflected in Q2's operating cash flow, the trend of which reversed from Q1 through a strong release of working capital (Q2'25 73 MEUR vs. Q2'24 44 MEUR). For the full half-year, operational cash flow weakened and was at zero (H1'24: 4 MEUR), whereas free cash flow remained roughly at the comparison period's level at -63 MEUR.

Estimates MEUR / EUR	Q2'24	Q2'25	Q2'25e	Q2'25e	Consensus		Difference (%)	2025e
	Comparison	Actualized	Inderes	Consensus	Low	High	Act. vs. Inderes	Inderes
Revenue	423	443	443	443	-		0%	1752
EBIT (adj.)	27.9	21.4	21.4	22.9	-		0%	92.4
PTP	18.0	10.5	11.0	13.2	-		-5%	49.4
EPS (reported)	0.25	0.17	0.15	0.16	-		13%	0.67
Revenue growth-%	32.5 %	4.8 %	4.8 %	4.7 %	-		0 pp	4.6 %
EBIT-% (adj.)	6.6 %	4.8 %	4.8 %	5.2 %	-		0 pp	5.3 %

Source: Inderes & Bloomberg (consensus, 8 forecasts)



# Forecasts remain virtually unchanged

## Recently changed guidance was reiterated

Tokmanni reiterated its 2025 guidance, which expects 2025 revenue to be 1,700-1,790 MEUR (2024: 1,675 MEUR) and adjusted EBIT to be 85–105 MEUR (2024: 99 MEUR).

## Limited forecast changes

Our estimates remained largely unchanged. We made only minor revisions to our cost estimates, as the margin outlook for the rest of the year, especially for the Dollarstore segment, is more favorable than we anticipated, due to, among other things, the well-advanced private label expansion. Additionally, we incorporated the Q3 real estate transaction into our forecasts, which had a very marginal impact. This, however, improves the company's liquidity amidst an elevated debt situation.

## We forecast earnings decline in 2025

Regarding revenue, we believe the guidance appears

realistic, and achieving the earnings guidance requires successful implementation of the listed measures to improve profitability, as we estimate Q3 will still be somewhat soft due to margin pressure arising from the seasonal inventory reduction in the Tokmanni segment. At the same time, meeting expectations requires a significant improvement in the operating environment compared to Q2, as several companies operating in the consumer interface reported the past quarter to be exceptionally weak. We forecast 92 MEUR EBIT in 2025, which is built on revenue growth, in addition to the Dollarstore segment's gross margin development in H2 being roughly in line with the comparison period, and the Tokmanni segment's successful Q4. We expect both segments' cost structures to remain elevated, but to improve slightly from Q2's level.

## Earnings growth should accelerate in the coming years

We forecast Tokmanni Group's earnings to improve starting from the very next year, thanks to revenue growth

(improving economic situation, Dollarstore segment store openings) and Dollarstore's improving gross margin (private labels and more efficient sourcing). In addition, we expect the fixed cost structure of both segments to become more flexible from the rather inflated 2025 level. Scaling is supported by the growth of Dollarstore's comparable stores and cost savings achieved through integration work. Consequently, we forecast Tokmanni's earnings to grow by 12% per year (2024-27e CAGR).

Key forecast risks relate to the integration work, which may shift earnings growth prospects in either direction. In addition, there are still question marks regarding the Tokmanni segment's competitive position due to volatile development and increased competition.

Estimate revisions	2025e	2025e	Change	2026e	2026e	Change	2027e	2027e	Change
MEUR / EUR	Old	New	%	Old	New	%	Old	New	%
Revenue	1753	1752	0%	1859	1859	0%	1961	1961	0%
EBIT (exc. NRIs)	91	92	2%	109	111	2%	126	127	1%
EBIT	88	89	2%	106	108	2%	123	124	1%
PTP	48	49	3%	66	67	2%	83	84	1%
EPS (excl. NRIs)	0.68	0.72	7%	0.94	0.96	2%	1.21	1.21	1%
DPS	0.50	0.50	0%	0.65	0.65	0%	0.80	0.80	0%

Source:  
Inderes

# Neutral valuation leaves the expected return narrow

## Absolute valuation neutral

Historically, Tokmanni has been priced at around 15x P/E and 13x IFRS-16-adj. EV/EBIT multiples based on the next 12 months' earnings. The multiples for the current fiscal year (2025e P/E 13x and IFRS-16-adj. EV/EBIT 13x) are at these levels, although the rising interest rate environment and weaker return-on-capital outlook due to downward forecast revisions argue for a slight downside in multiples relative to history. With the earnings growth we are forecasting, we believe the multiples will fall to a neutral level (2026e P/E 11x and IFRS-16-adj. EV/EBIT 10x).

## Share is correctly priced relative to peers

The peer group of retail companies is valued at around 20-16x P/E and 17-15x EV/EBIT (2025-26e). We consider the median valuation of peers to be moderately high, although it includes companies with excellent returns on capital. Tokmanni is priced at a discount to its peers (P/E ~30% discount), however with the EV/EBIT ratio (incl. IFRS 16) that considers the balance sheet, the discount is milder (~15%). We consider this discount justified, as the return on capital of the peers is better than Tokmanni's. Thus, the peer analysis suggests that Tokmanni's share is quite fairly priced.

## Balance-sheet-based valuation more or less there

Tokmanni is priced at a premium (2025e EV/IC 1.4x) over its balance sheet value. Given the inflated and leveraged balance sheet, our projections for the return on invested capital in the near term (2025-27e ROIC 7-9%) are roughly in line with our required return (WACC 9%). In this case, the share price should align with the balance sheet value, though the return on invested capital (10-12% in 2028-30e)

will rise above the expected return in the long run. Thus, premium pricing is somewhat justified, though we see no upside in the multiples for the time being.

## DCF model indicates limited upside

We consider the cash flow model to be a valid valuation tool for Tokmanni because the business generates reasonably predictable cash flows with somewhat limited earnings volatility and a relatively stable investment outlook. While changes in working capital levels cause minor variations from year to year, we believe that, in the long term, the model provides good support for the valuation of the stock.

The EUR 10.2 value indicated by our cash flow model suggests limited upside potential for the stock. This is based on our planned long-term growth (Dollarstore expansion) and profitability improvement towards an EBIT margin of 7% (scaling of per-store sales, acquisition synergies, increasing private label share and cost savings, including logistics).

## Limited expected return

The earnings growth we are forecasting will largely be used to absorb the elevated multiples. In this case, the dividend yield remains the sole driver supporting the stock's expected return, which, however, does not in itself compensate for our required return (10%). In addition, we see the dividend as being at a more volatile level historically, considering the stretched balance sheet and recent earnings challenges. The stock's risk/reward profile appears poor to us, supporting a negative view on the stock.

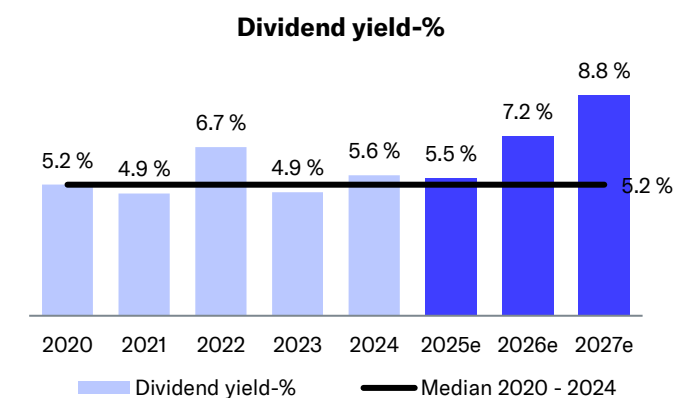
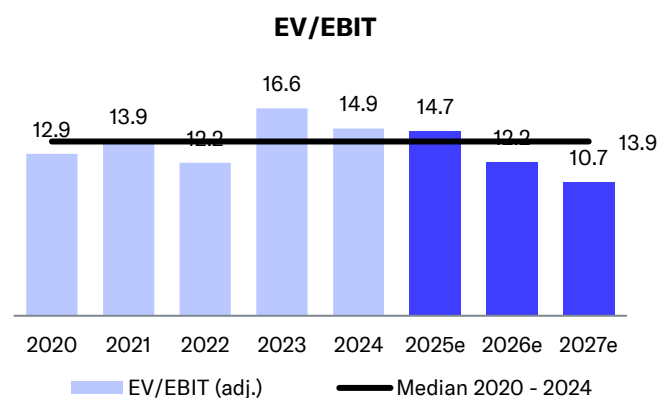
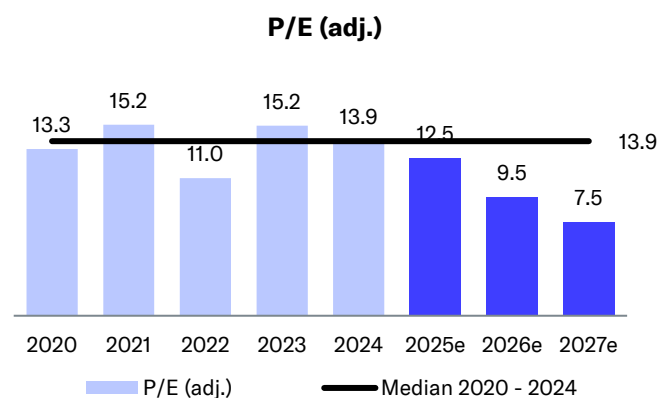
Valuation	2025e	2026e	2027e
Share price	9.08	9.08	9.08
Number of shares, millions	58.9	58.9	58.9
Market cap	535	535	535
EV	1358	1364	1364
P/E (adj.)	12.5	9.5	7.5
P/E	13.5	10.0	7.8
P/B	2.0	1.9	1.7
P/S	0.3	0.3	0.3
EV/Sales	0.8	0.7	0.7
EV/EBITDA	6.1	5.7	5.3
EV/EBIT (adj.)	14.7	12.2	10.7
Payout ratio (%)	74.3 %	71.6 %	68.8 %
Dividend yield-%	5.5 %	7.2 %	8.8 %

Source: Inderes

# Valuation table

Valuation	2020	2021	2022	2023	2024	2025e	2026e	2027e	2028e
Share price	16.2	19.7	11.3	15.4	12.1	<b>9.08</b>	<b>9.08</b>	<b>9.08</b>	<b>9.08</b>
Number of shares, millions	58.8	58.9	58.9	58.8	58.8	<b>58.9</b>	<b>58.9</b>	<b>58.9</b>	<b>58.9</b>
Market cap	956	1157	665	907	713	<b>535</b>	<b>535</b>	<b>535</b>	<b>535</b>
EV	1288	1471	1048	1638	1529	<b>1358</b>	<b>1364</b>	<b>1364</b>	<b>1360</b>
P/E (adj.)	13.3	15.2	11.0	15.2	13.9	<b>12.5</b>	<b>9.5</b>	<b>7.5</b>	<b>6.4</b>
P/E	13.4	14.8	11.3	16.8	14.6	<b>13.5</b>	<b>10.0</b>	<b>7.8</b>	<b>6.6</b>
P/B	4.4	4.7	2.7	3.4	2.7	<b>2.0</b>	<b>1.9</b>	<b>1.7</b>	<b>1.5</b>
P/S	0.9	1.0	0.6	0.7	0.4	<b>0.3</b>	<b>0.3</b>	<b>0.3</b>	<b>0.3</b>
EV/Sales	1.2	1.3	0.9	1.2	0.9	<b>0.8</b>	<b>0.7</b>	<b>0.7</b>	<b>0.7</b>
EV/EBITDA	7.9	8.4	6.7	8.6	6.7	<b>6.1</b>	<b>5.7</b>	<b>5.3</b>	<b>4.9</b>
EV/EBIT (adj.)	12.9	13.9	12.2	16.6	14.9	<b>14.7</b>	<b>12.2</b>	<b>10.7</b>	<b>9.6</b>
Payout ratio (%)	70.2 %	72.5 %	76.1 %	82.8 %	82.1 %	<b>74.3 %</b>	<b>71.6 %</b>	<b>68.8 %</b>	<b>75.0 %</b>
Dividend yield-%	5.2 %	4.9 %	6.7 %	4.9 %	5.6 %	<b>5.5 %</b>	<b>7.2 %</b>	<b>8.8 %</b>	<b>11.3 %</b>

Source: Inderes



The market cap and enterprise value in the table consider the expected change in the number of shares and net debt for the forecast years.

# Peer group valuation

Peer group valuation Company	Market cap MEUR	EV MEUR	EV/EBIT		EV/EBITDA		EV/S		P/E		Dividend yield-%		P/B
			2025e	2026e	2025e	2026e	2025e	2026e	2025e	2026e	2025e	2026e	2025e
Europris ASA	1354	1800	15.9	13.3	9.1	8.1	1.5	1.4	18.4	14.8	3.6	4.0	3.7
Bygghem Group AB	305	499	19.2	14.9	5.8	5.6	0.9	0.8	20.4	14.4	2.0	3.2	1.4
Clas Ohlson AB	2031	2093	20.3	17.2	12.1	10.7	2.0	1.9	25.4	21.4	2.3	2.3	8.6
Axfood AB	5883	7258	21.7	19.0	10.2	9.4	0.9	0.9	26.5	22.1	3.0	3.2	9.4
Dollar General Corp	21189	25368	15.5	15.5	10.4	10.1	0.7	0.7	19.7	19.6	2.1	2.1	3.3
Kesko Oyj	7725	11183	16.7	15.2	8.9	8.2	0.9	0.9	17.5	15.4	4.8	5.2	2.8
Musti Group Oyj	674	867	16.1	14.0	9.1	8.3	1.8	1.7	17.0	15.0	4.0	4.5	3.3
B&M European Value Retail	2602	5145	7.8	7.8	5.4	5.3	0.8	0.8	6.6	6.9	11.0	9.4	3.5
Puulo Oyj	1133	1247	19.5	15.3	15.0	11.8	3.3	2.7	23.9	18.6	3.4	4.4	11.2
Verkkokauppa.com Oyj	162	189	14.2	14.6	9.7	9.5	0.4	0.4	19.3	17.9	2.5	3.2	4.4
Kamux Oyj	86	143	16.9	10.3	6.0	4.9	0.2	0.1	29.6	10.4	1.9	4.3	0.8
Rusta	1041	1538	19.7	16.2	9.4	8.2	1.5	1.3	22.7	17.4	1.9	2.6	5.1
<b>Tokmanni Group (Inderes)</b>	<b>535</b>	<b>1358</b>	<b>14.7</b>	<b>12.2</b>	<b>6.1</b>	<b>5.7</b>	<b>0.8</b>	<b>0.7</b>	<b>12.5</b>	<b>9.5</b>	<b>5.5</b>	<b>7.2</b>	<b>2.0</b>
<b>Average</b>			<b>16.9</b>	<b>14.4</b>	<b>9.3</b>	<b>8.3</b>	<b>1.2</b>	<b>1.1</b>	<b>20.6</b>	<b>16.2</b>	<b>3.5</b>	<b>4.0</b>	<b>4.8</b>
<b>Median</b>			<b>16.8</b>	<b>15.0</b>	<b>9.2</b>	<b>8.3</b>	<b>0.9</b>	<b>0.9</b>	<b>20.0</b>	<b>16.4</b>	<b>2.8</b>	<b>3.6</b>	<b>3.6</b>
<b>Diff-% to median</b>			<b>-13%</b>	<b>-19%</b>	<b>-34%</b>	<b>-31%</b>	<b>-14%</b>	<b>-15%</b>	<b>-37%</b>	<b>-42%</b>	<b>100%</b>	<b>99%</b>	<b>-43%</b>

Source: Refinitiv / Inderes



# Income statement

Income statement	2023	Q1'24	Q2'24	Q3'24	Q4'24	2024	Q1'25	Q2'25	Q3'25e	Q4'25e	2025e	2026e	2027e	2028e
<b>Revenue</b>	<b>1393</b>	<b>339</b>	<b>423</b>	<b>416</b>	<b>497</b>	<b>1675</b>	<b>342</b>	<b>443</b>	<b>443</b>	<b>525</b>	<b>1752</b>	<b>1859</b>	<b>1961</b>	<b>2052</b>
Group	-0.1	-0.1	-0.2	0.0	-0.9	-1.2	0.0	-0.3	-0.1	-0.1	-0.6	-0.6	-0.6	-0.6
Tokmanni	1209	248	316	304	366	1234	243	322	317	373	1255	1317	1377	1426
Dollarstore	184	91.1	107	112	132	442	99.2	121	126	152	498	542	585	626
<b>EBITDA</b>	<b>190</b>	<b>27.0</b>	<b>59.5</b>	<b>60.8</b>	<b>80.3</b>	<b>228</b>	<b>20.5</b>	<b>53.5</b>	<b>63.1</b>	<b>84.8</b>	<b>222</b>	<b>239</b>	<b>259</b>	<b>277</b>
Depreciation	-96.8	-31.9	-31.7	-31.9	-32.2	-127.7	-32.9	-33.2	-33.2	-33.2	-132.5	-131.0	-134.8	-138.7
<b>EBIT (excl. NRI)</b>	<b>98.8</b>	<b>-4.3</b>	<b>28.5</b>	<b>30.3</b>	<b>47.8</b>	<b>102</b>	<b>-11.6</b>	<b>21.0</b>	<b>30.7</b>	<b>52.3</b>	<b>92.4</b>	<b>111</b>	<b>127</b>	<b>141</b>
<b>EBIT</b>	<b>93.0</b>	<b>-4.9</b>	<b>27.8</b>	<b>28.9</b>	<b>48.1</b>	<b>99.9</b>	<b>-12.4</b>	<b>20.3</b>	<b>29.9</b>	<b>51.6</b>	<b>89.4</b>	<b>108</b>	<b>124</b>	<b>138</b>
Group	-0.6	-0.4	-0.8	-0.8	-1.1	-3.1	-0.9	-1.1	-0.7	-0.7	-3.4	-3.4	-3.4	-3.4
Tokmanni	83.8	-1.7	26.5	25.2	37.8	87.8	-3.7	20.1	23.7	38.1	78.2	90.4	98.4	104
Dollarstore	9.8	-2.8	2.1	5.1	10.4	14.8	-7.8	1.3	6.9	14.1	14.5	21.4	29.4	37.9
Net financial items	-24.7	-9.1	-9.8	-8.5	-11.4	-38.8	-8.7	-9.8	-10.8	-10.8	-40.0	-41.6	-40.5	-39.3
<b>PTP</b>	<b>68.4</b>	<b>-14.0</b>	<b>18.0</b>	<b>20.4</b>	<b>36.7</b>	<b>61.1</b>	<b>-21.1</b>	<b>10.5</b>	<b>19.1</b>	<b>40.8</b>	<b>49.4</b>	<b>66.8</b>	<b>83.9</b>	<b>99</b>
Taxes	-14.3	2.1	-3.3	-3.9	-7.3	-12.3	2.5	-0.3	-3.8	-8.2	-9.7	-13.4	-15.4	-18.2
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
<b>Net earnings</b>	<b>54.0</b>	<b>-12.0</b>	<b>14.8</b>	<b>16.6</b>	<b>29.4</b>	<b>48.8</b>	<b>-18.6</b>	<b>10.2</b>	<b>15.3</b>	<b>32.6</b>	<b>39.6</b>	<b>53.4</b>	<b>68.5</b>	<b>80.5</b>
<b>EPS (adj.)</b>	<b>1.02</b>	<b>-0.19</b>	<b>0.26</b>	<b>0.31</b>	<b>0.49</b>	<b>0.87</b>	<b>-0.30</b>	<b>0.19</b>	<b>0.27</b>	<b>0.57</b>	<b>0.72</b>	<b>0.96</b>	<b>1.21</b>	<b>1.42</b>
<b>EPS (rep.)</b>	<b>0.92</b>	<b>-0.20</b>	<b>0.25</b>	<b>0.28</b>	<b>0.50</b>	<b>0.83</b>	<b>-0.32</b>	<b>0.17</b>	<b>0.26</b>	<b>0.55</b>	<b>0.67</b>	<b>0.91</b>	<b>1.16</b>	<b>1.37</b>

Key figures	2023	Q1'24	Q2'24	Q3'24	Q4'24	2024	Q1'25	Q2'25	Q3'25e	Q4'25e	2025e	2026e	2027e	2028e
<b>Revenue growth-%</b>	19.2 %	42.4 %	32.5 %	14.3 %	5.5 %	20.3 %	0.8 %	4.8 %	6.3 %	5.6 %	4.6 %	6.1 %	5.5 %	4.6 %
<b>Adjusted EBIT growth-%</b>	15.2 %	92%	0.2 %	11.6 %	5.2 %	3.6 %	169.8 %	-26.3 %	1.3 %	9.3 %	-9.7 %	20.6 %	14.4 %	10.7 %
<b>EBITDA-%</b>	13.6 %	8.0 %	14.1 %	14.6 %	16.2 %	13.6 %	6.0 %	12.1 %	14.3 %	16.2 %	12.7 %	12.9 %	13.2 %	13.5 %
<b>Adjusted EBIT-%</b>	7.1 %	-1.3 %	6.7 %	7.3 %	9.6 %	6.1 %	-3.4 %	4.7 %	6.9 %	10.0 %	5.3 %	6.0 %	6.5 %	6.9 %
<b>Net earnings-%</b>	3.9 %	-3.5 %	3.5 %	4.0 %	5.9 %	2.9 %	-5.4 %	2.3 %	3.5 %	6.2 %	2.3 %	2.9 %	3.5 %	3.9 %

Source: Inderes

# Balance sheet

Assets	2023	2024	2025e	2026e	2027e
<b>Non-current assets</b>	<b>900</b>	<b>901</b>	<b>890</b>	<b>907</b>	<b>926</b>
Goodwill	218	217	217	217	217
Intangible assets	45.8	42.4	40.2	38.2	36.4
Tangible assets	633	639	632	651	672
Associated companies	0.0	0.3	0.0	0.0	0.0
Other investments	0.6	0.2	0.2	0.2	0.2
Other non-current assets	2.3	1.7	0.0	0.0	0.0
Deferred tax assets	0.0	0.0	0.0	0.0	0.0
<b>Current assets</b>	<b>510</b>	<b>476</b>	<b>604</b>	<b>613</b>	<b>623</b>
Inventories	343	428	447	474	500
Other current assets	2.6	2.4	2.4	2.4	2.4
Receivables	31.0	29.1	30.4	32.3	34.1
Cash and equivalents	134	15.9	125	105	86.8
<b>Balance sheet total</b>	<b>1410</b>	<b>1376</b>	<b>1494</b>	<b>1521</b>	<b>1549</b>

Source: Inderes

Liabilities & equity	2023	2024	2025e	2026e	2027e
<b>Equity</b>	<b>265</b>	<b>263</b>	<b>263</b>	<b>287</b>	<b>317</b>
Share capital	0.1	0.1	0.1	0.1	0.1
Retained earnings	147	151	151	175	205
Hybrid bonds	0.0	0.0	0.0	0.0	0.0
Revaluation reserve	-0.7	0.0	0.0	0.0	0.0
Other equity	119	112	112	112	112
Minorities	0.0	0.0	0.0	0.0	0.0
<b>Non-current liabilities</b>	<b>743</b>	<b>717</b>	<b>858</b>	<b>844</b>	<b>828</b>
Deferred tax liabilities	12.9	10.3	0.0	0.0	0.0
Provisions	0.0	0.0	0.0	0.0	0.0
Interest bearing debt	726	703	854	841	824
Convertibles	0.0	0.0	0.0	0.0	0.0
Other long term liabilities	4.3	3.8	3.8	3.8	3.8
<b>Current liabilities</b>	<b>402</b>	<b>397</b>	<b>374</b>	<b>390</b>	<b>404</b>
Interest bearing debt	138	130	94.9	93.4	91.6
Payables	260	267	279	296	312
Other current liabilities	3.6	0.3	0.3	0.3	0.3
<b>Balance sheet total</b>	<b>1410</b>	<b>1376</b>	<b>1494</b>	<b>1521</b>	<b>1549</b>

# DCF calculation

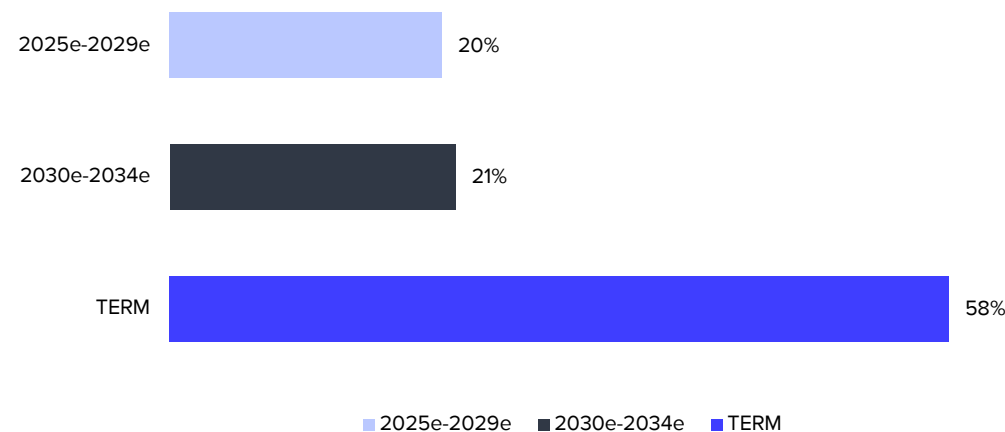
DCF model	2024	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	2034e	TERM
Revenue growth-%	20.3 %	4.6 %	6.1 %	5.5 %	4.6 %	4.0 %	4.0 %	3.5 %	3.5 %	3.0 %	2.0 %	2.0 %
EBIT-%	6.0 %	5.1 %	5.8 %	6.3 %	6.7 %	7.0 %	7.5 %	7.5 %	7.5 %	7.0 %	7.0 %	7.0 %
<b>EBIT (operating profit)</b>	<b>99.9</b>	<b>89.4</b>	<b>108</b>	<b>124</b>	<b>138</b>	<b>149</b>	<b>166</b>	<b>172</b>	<b>178</b>	<b>171</b>	<b>175</b>	
+ Depreciation	128	133	131	135	139	143	147	151	156	159	162	
- Paid taxes	-14.9	-20.0	-13.4	-15.4	-18.2	-19.7	-22.9	-24.1	-25.2	-23.9	-24.7	
- Tax, financial expenses	-7.8	-7.9	-8.3	-7.5	-7.2	-7.8	-7.7	-7.6	-7.6	-7.6	-7.5	
+ 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	-80.0	-7.5	-12.0	-11.6	-10.2	-9.3	-9.7	-8.8	-9.1	-8.1	-5.5	
<b>Operating cash flow</b>	<b>125</b>	<b>186</b>	<b>206</b>	<b>225</b>	<b>241</b>	<b>255</b>	<b>273</b>	<b>283</b>	<b>292</b>	<b>291</b>	<b>299</b>	
+ 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	-128	-122	-148	-153	-158	-163	-167	-171	-171	-171	-165	
<b>Free operating cash flow</b>	<b>-3.5</b>	<b>64.2</b>	<b>57.5</b>	<b>71.5</b>	<b>82.9</b>	<b>92.3</b>	<b>106</b>	<b>112</b>	<b>121</b>	<b>120</b>	<b>134</b>	
+/- Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
FCFF	-3.5	64.2	57.5	71.5	82.9	92.3	106	112	121	120	134	1921
<b>Discounted FCFF</b>		<b>62.2</b>	<b>51.1</b>	<b>58.1</b>	<b>61.8</b>	<b>63.1</b>	<b>66.5</b>	<b>64.3</b>	<b>63.5</b>	<b>57.6</b>	<b>59.2</b>	<b>848</b>
Sum of FCFF present value		1455	1393	1342	1284	1222	1159	1093	1028	965	907	848
<b>Enterprise value DCF</b>		<b>1455</b>										
- Interest bearing debt		-832.2										
+ Cash and cash equivalents		15.9										
-Minorities		0.0										
-Dividend/capital return		-40.0										
<b>Equity value DCF</b>		<b>599</b>										
<b>Equity value DCF per share</b>		<b>10.2</b>										

## WACC

Tax-% (WACC)	18.5 %
Target debt ratio (D/(D+E))	20.0 %
Cost of debt	5.0 %
Equity Beta	1.30
Market risk premium	4.75%
Liquidity premium	1.70%
Risk free interest rate	2.5 %
<b>Cost of equity</b>	<b>10.4 %</b>
<b>Weighted average cost of capital (WACC)</b>	<b>9.1 %</b>

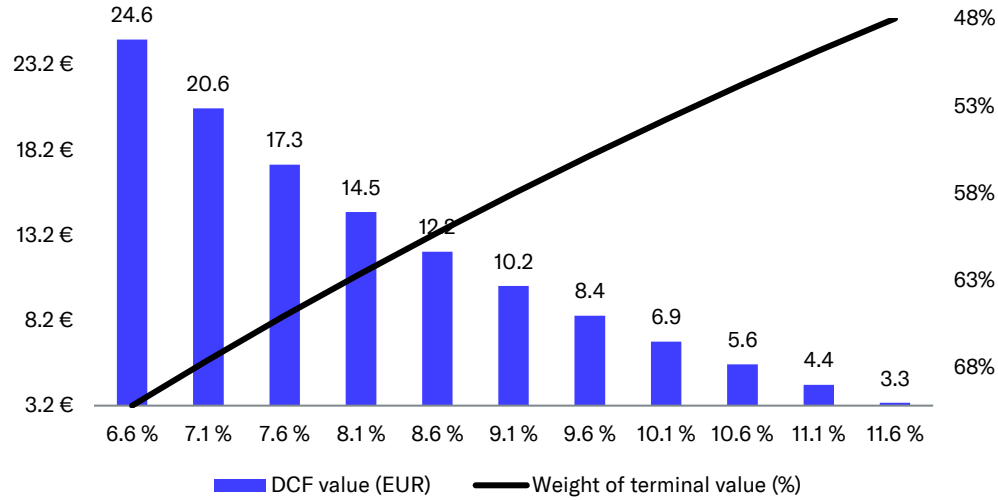
Source: Inderes

## Cash flow distribution

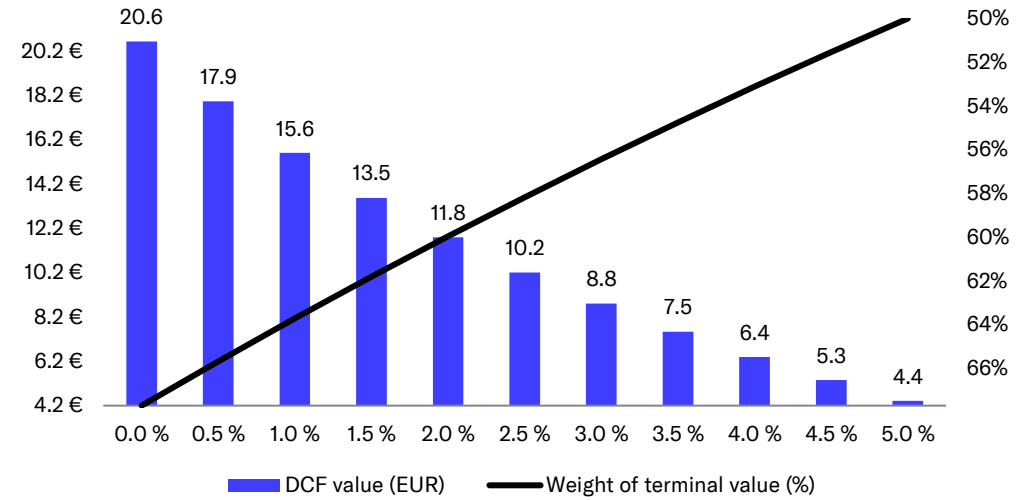


# DCF sensitivity calculations and key assumptions in graphs

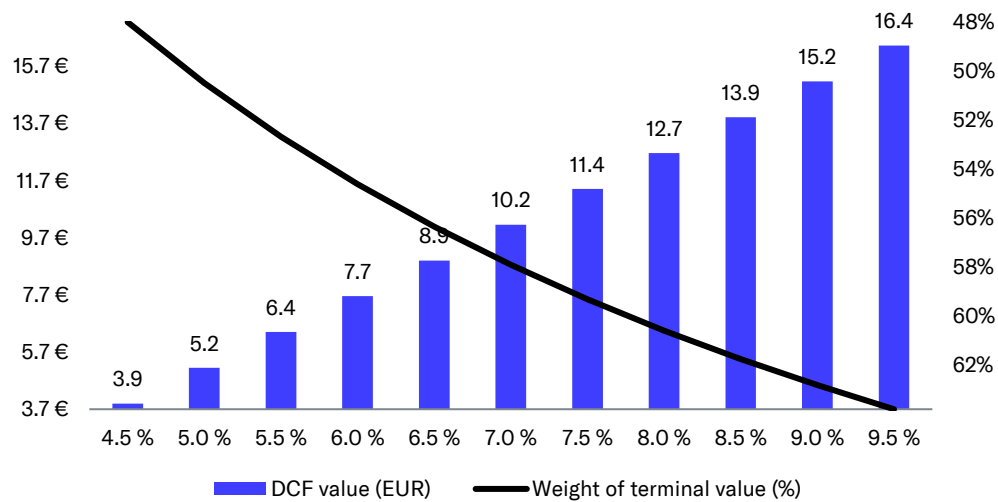
Sensitivity of DCF to changes in the WACC-%



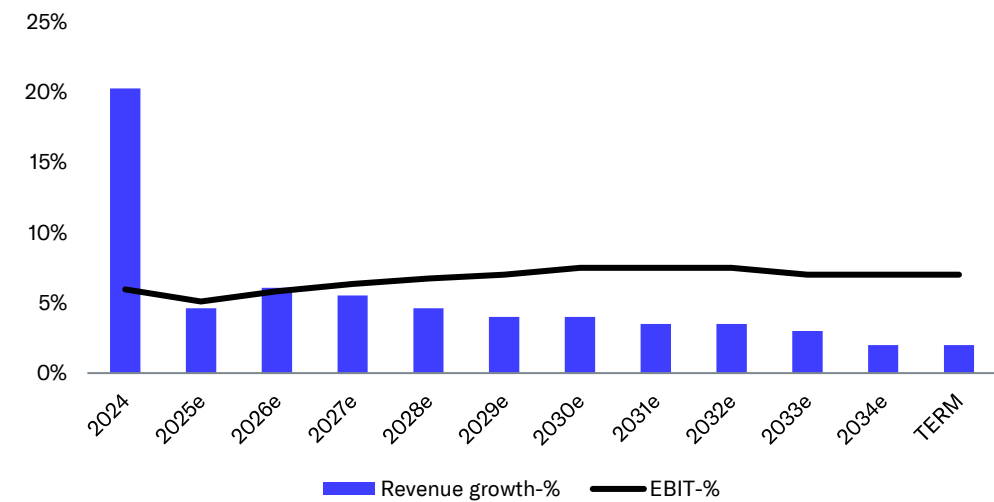
Sensitivity of DCF to changes in the risk-free rate



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	2022	2023	2024	2025e	2026e	Per share data	2022	2023	2024	2025e	2026e
Revenue	1168.0	1392.6	1674.9	<b>1752.3</b>	<b>1858.6</b>	EPS (reported)	1.00	0.92	0.83	<b>0.67</b>	<b>0.91</b>
EBITDA	157.2	189.8	227.6	<b>221.9</b>	<b>239.5</b>	EPS (adj.)	1.03	1.02	0.87	<b>0.72</b>	<b>0.96</b>
EBIT	84.0	93.0	99.9	<b>89.4</b>	<b>108.4</b>	OCF / share	1.62	3.95	2.12	<b>3.17</b>	<b>3.49</b>
PTP	73.3	68.4	61.1	<b>49.4</b>	<b>66.8</b>	OFCF / share	-0.07	-4.97	-0.06	<b>1.09</b>	<b>0.98</b>
Net Income	58.8	54.0	48.8	<b>39.6</b>	<b>53.4</b>	Book value / share	4.20	4.51	4.47	<b>4.46</b>	<b>4.87</b>
Extraordinary items	-1.7	-5.8	-2.4	<b>-3.0</b>	<b>-3.0</b>	Dividend / share	0.76	0.76	0.68	<b>0.50</b>	<b>0.65</b>
Balance sheet	2022	2023	2024	2025e	2026e	Growth and profitability	2022	2023	2024	2025e	2026e
Balance sheet total	793.8	1410.3	1376.3	<b>1494.3</b>	<b>1520.5</b>	Revenue growth-%	2%	19%	20%	<b>5%</b>	<b>6%</b>
Equity capital	247.0	265.4	263.1	<b>262.7</b>	<b>286.7</b>	EBITDA growth-%	-10%	21%	20%	<b>-3%</b>	<b>8%</b>
Goodwill	136.2	218.1	217.3	<b>217.3</b>	<b>217.3</b>	EBIT (adj.) growth-%	-19%	15%	4%	<b>-10%</b>	<b>21%</b>
Net debt	383.3	730.5	816.3	<b>823.9</b>	<b>829.1</b>	EPS (adj.) growth-%	-20%	-1%	-15%	<b>-17%</b>	<b>32%</b>
Cash flow	2022	2023	2024	2025e	2026e	EBITDA-%	13.5 %	13.6 %	13.6 %	<b>12.7 %</b>	<b>12.9 %</b>
EBITDA	157.2	189.8	227.6	<b>221.9</b>	<b>239.5</b>	EBIT (adj.)-%	7.3 %	7.1 %	6.1 %	<b>5.3 %</b>	<b>6.0 %</b>
Change in working capital	-44.9	47.6	-80.0	<b>-7.5</b>	<b>-12.0</b>	EBIT-%	7.2 %	6.7 %	6.0 %	<b>5.1 %</b>	<b>5.8 %</b>
Operating cash flow	95.4	232.4	124.8	<b>186.5</b>	<b>205.7</b>	ROE-%	23.9 %	21.1 %	18.4 %	<b>15.1 %</b>	<b>19.4 %</b>
CAPEX	-98.8	-524.3	-127.8	<b>-122.3</b>	<b>-148.2</b>	ROI-%	13.1 %	10.5 %	9.0 %	<b>7.7 %</b>	<b>8.9 %</b>
Free cash flow	-3.9	-292.3	-3.5	<b>64.2</b>	<b>57.5</b>	Equity ratio	31.1 %	18.8 %	19.1 %	<b>17.6 %</b>	<b>18.9 %</b>
Valuation multiples	2022	2023	2024	2025e	2026e	Gearing	155.2 %	275.3 %	310.3 %	<b>313.6 %</b>	<b>289.2 %</b>
EV/S	0.9	1.2	0.9	<b>0.8</b>	<b>0.7</b>						
EV/EBITDA	6.7	8.6	6.7	<b>6.1</b>	<b>5.7</b>						
EV/EBIT (adj.)	12.2	16.6	14.9	<b>14.7</b>	<b>12.2</b>						
P/E (adj.)	11.0	15.2	13.9	<b>12.5</b>	<b>9.5</b>						
P/B	2.7	3.4	2.7	<b>2.0</b>	<b>1.9</b>						
Dividend-%	6.7 %	4.9 %	5.6 %	<b>5.5 %</b>	<b>7.2 %</b>						

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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## 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>Analysts 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 €
3/3/2025	Accumulate	15.50 €	13.76 €
3/10/2025	Accumulate	14.50 €	12.73 €
5/19/2025	Reduce	11.50 €	11.65 €
7/21/2025	Reduce	10.00 €	9.38 €
8/18/2025	Reduce	10.00 €	9.08 €



# CONNECTING INVESTORS AND COMPANIES.

Inderes democratizes financial information by connecting investors and listed companies. For investors, we are an investing community and a trusted source of financial information and equity research. For listed companies, we are a partner in delivering high-quality investor relations. Over 500 listed companies in Europe use our investor relations products and equity research services to provide better investor communications to their shareholders.

Our goal is to be the most investor-minded company in finance. Inderes was founded in 2009 by investors, for investors. As a Nasdaq First North-listed company, we understand the day-to-day reality of our customers.

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