

Tokmanni

Company report

3/25/2024



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✓ Inderes corporate customer

This report is a summary translation of the report “Kohti paranevaa tulosta” published on 3/25/2024 at 7:45 am EET.

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Towards improving results

Tokmanni's Q4 report was in line with expectations in terms of operational items. The integration of Dollarstore has progressed well and the company has shown the first concrete signs of synergy benefits. We see a slight reduction in the company's risk level due to a faster-than-expected decrease in the debt position and positive integration news. We raise our target price to EUR 16.0 (was 15.5) and the recommendation back to Accumulate (was Reduce), based on the lower risk profile and our increased cash flow projections. The expected return is driven by strong earnings growth and a good dividend yield.

Good operational quarter, comparable growth below our forecasts

Tokmanni's Finnish operations grew by 4%, of which the share of comparable growth was rather weak at less than one percentage point. In Sweden and Denmark, the company's comparable growth (2%) was disappointing in our view, given the growth potential of Dollarstore. We understand that Christmas sales had started well, but weak demand for non-grocery products limited comparable growth in each market area. The Group's Q4 revenue of 471 MEUR was in line with revised forecasts based on preliminary data. Thanks to increased revenue and good cost discipline, adjusted EBIT reached 46.2 MEUR in Q4, representing 9.8% margin. Earnings per share were EUR 0.44, slightly below expectations due to higher financing costs. The company maintained the dividend (EUR 0.76) at the same level as the previous year, while we had expected a slight increase. The company's IFRS 16 adjusted leverage ratio (1.6x net debt/EBITDA) improved nicely thanks to the excellent operating cash flow, the release of working capital and the sale of the logistics center.

Outlook cautiously positive, but gray clouds looming in the near future

As with other preliminary data, Tokmanni had already announced its guidance indicating growth in 2024 (revenue 1660-1760 MEUR and adjusted EBIT 110-130 MEUR). Much of the improvement implied by the guidance will come from the inorganic growth still expected in H1, but Tokmanni has announced plans to open several new stores, which will contribute to the group's sales growth. Disruptions in the supply chain are increasing cost pressure, but management believes that the risk of product unavailability we expected for the spring season has been reduced. Spring sales will be supported by factors such as lower purchase prices (and, consequently, lower sales prices), but the consumer environment in the Nordic countries remains uncertain.

Our revenue forecasts remained virtually unchanged, while we have slightly increased our cost forecasts for both operational items and financing costs. Our EPS level forecasts for the near future have been reduced by around 8%.

Valuation level neutral, earnings growth the main driver of expected return

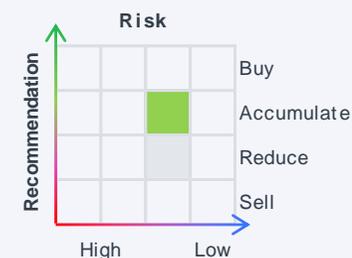
We see Tokmanni's valuation level as quite neutral (P/E 2024e 14x). The multiples are slightly below historical levels, but we believe this is justified by the higher interest rate environment, which pushes up the required return. With trailing 12-month P/E ratio of 15x, the company is priced at the upper end of the acceptable valuation range, so the multiples are more of a headwind to the expected return. Therefore, we see strong earnings growth as the main driver of the share's expected return. In addition, the EUR 16.6 value implied by our DCF model suggests that there is still room for upside.

Recommendation

Accumulate
(previous Reduce)

EUR 16.00
(previous EUR 15.50)

Share price:
14.96



Key figures

	2023	2024e	2025e	2026e
Revenue	1392.7	1673.0	1790.8	1878.9
growth-%	19%	20%	7%	5%
EBIT adj.	100.2	119.0	143.0	155.4
EBIT-% adj.	7.2 %	7.1 %	8.0 %	8.3 %
Net Income	54.1	61.5	81.0	91.6
EPS (adj.)	1.04	1.10	1.43	1.61

P/E (adj.)	14.8	13.6	10.5	9.3
P/B	3.4	3.1	2.8	2.4
Dividend yield-%	4.9 %	5.1 %	5.3 %	6.2 %
EV/EBIT (adj.)	16.4	13.5	11.0	9.9
EV/EBITDA	8.6	6.7	5.9	5.5
EV/S	1.2	1.0	0.9	0.8

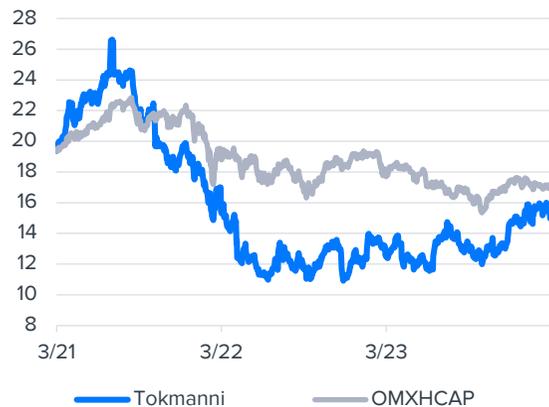
Source: Inderes

Guidance

(New guidance)

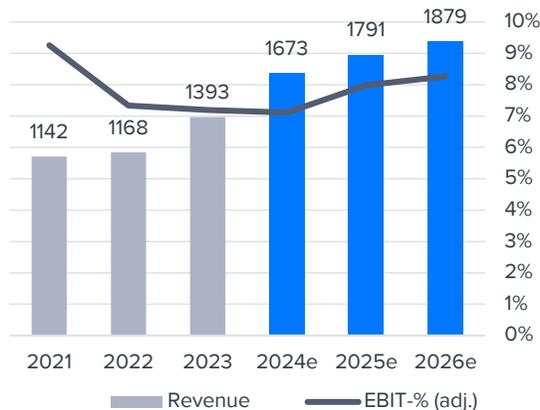
In 2024, Tokmanni expects its revenue to be 1,660-1,760 MEUR (2023: 1393 MEUR). Comparable EBIT is expected to be EUR 110-130 million (2023: 99 MEUR).

Share price



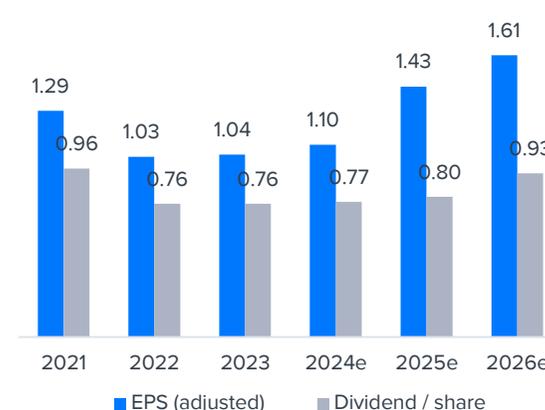
Source: Millstream Market Data AB

Revenue and EBIT-%



Source: Inderes

EPS and dividend



Source: Inderes



Value drivers

- New store openings
- Increase in private label share
- Increasing the number of SKU and expanding into new product categories
- Untapped potential of loyal customers
- Increasing B2B sales
- Smart buying becoming more popular
- Economies of scale through volumes, e.g., in purchasing and negotiating lease terms
- Dollarstore and international expansion
- Exploiting own online store as a potential platform for third party products



Risk factors

- Decreasing consumer purchasing power as inflation runs rampant
- Decreasing consumer confidence
- Tighter competition and new international challengers
- Failure in acquisitions or international expansion
- Dependence on the central warehouse in Mäntsälä
- 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	15.0	15.0	15.0
Number of shares, million:	58.8	58.8	58.8
Market cap	880	880	880
EV	1603	1579	1545
P/E (adj.)	13.6	10.5	9.3
P/E	14.3	10.9	9.6
P/B	3.1	2.8	2.4
P/S	0.5	0.5	0.5
EV/Sales	1.0	0.9	0.8
EV/EBITDA	6.7	5.9	5.5
EV/EBIT (adj.)	13.5	11.0	9.9
Payout ratio (%)	73.6 %	58.1 %	60.0 %
Dividend yield-%	5.1 %	5.3 %	6.2 %

Source: Inderes

A good operational performance

Comparable growth sluggish, but moderate compared to the market

Tokmanni's Finnish operations grew by 4%, of which the share of comparable growth was rather weak at less than one percentage point. In Sweden and Denmark, the company's comparable growth (2%) was disappointing in our view, given the growth potential of Dollarstore. Christmas sales had started well, but weak demand for non-grocery products limited comparable growth in each market area. The Group's Q4 revenue of 471 MEUR was in line with revised forecasts based on preliminary data.

Profitability supported by successful cost discipline and revenue growth

The group's gross profit increased to a good level of around 36%. The improvement was mostly driven by the integration of Dollarstore, which has a structurally higher margin. However, the margin potential was limited by the lower relative gross margin in Finland, which was affected by the sales mix (sales of the most profitable non-grocery products declined). The

company was very successful in controlling fixed costs in Finland. Adjusted EBIT of 46.2 MEUR in Q4 was in line with the recently revised forecasts and represented 9.8% of revenue. Earnings per share were EUR 0.44 (Inderes EUR 0.51 and consensus EUR 0.50), slightly below our forecasts due to higher financing costs.

The company maintained the dividend at the same level as the previous year, while we had expected a slight increase. Tokmanni's board proposes to the Annual General Meeting to pay a dividend of EUR 0.76 per share. This represents approximately 83% of net profit, slightly above the company's target of 70%. The company's IFRS 16 adjusted leverage ratio (1.6x net debt/EBITDA) improved nicely thanks to the excellent operating cash flow, the release of working capital and the sale of the logistics center (cash impact of 50+ MEUR).

Outlook cautiously positive, but gray clouds looming in the near future

As with other preliminary data, Tokmanni had already announced its guidance indicating growth in 2024 (revenue 1660-1760 MEUR and adjusted EBIT 110-130 MEUR). Much of the improvement implied by the guidance will come from the inorganic growth still expected in H1, but Tokmanni has announced plans to open several new stores, which will contribute to the group's sales growth. Disruptions in the supply chain (freight containers going around Africa plus strikes in Finland) are increasing cost pressure, but management believes that the risk of product unavailability we expected for the spring season has been reduced. Spring sales will be supported by factors such as lower import prices (and the consequently lower sales prices), but the consumer environment in the Nordic countries remains uncertain. Although the non-grocery market has continued to be volatile in Finland, we believe that improving consumer purchasing power and lower sales prices are likely to lead to a return to growth.

Estimates MEUR / EUR	Q4'22	Q4'23	Q4'23e	Q4'23e	Consensus		Difference (%)	2023
	Comparator	Actualized	Inderes	Consensus	Low	High	Act. vs. Inderes	Toteutunut
Revenue	339	472	472	472	462	- 479	0%	1393
EBIT (adj.)	35.8	46.2	46.5	46.2	44.0	- 49.6	-1%	99.0
PTP	30.1	33.1	37.5	37.2	33.5	- 41.2	-12%	68.4
EPS (reported)	0.41	0.44	0.51	0.50	0.46	- 0.53	-13%	0.92
DPS	0.76	0.76	0.78	0.75	0.60	- 0.80	-3%	0.76
Revenue growth-%	1.5 %	39.1 %	39.1 %	39.2 %	36.3 %	- 41.3 %	0 pp	0.0 %
EBIT-% (adj.)	10.6 %	9.8 %	9.9 %	9.8 %	9.5 %	- 10.4 %	-0.1 pp	7.1 %

Source: Inderes & Bloomberg (consensus)

Higher cost forecasts lowered our EPS forecasts

We maintained our operational forecasts for the next few years

There was little or no change in our revenue forecast. We made marginal cost adjustments to reflect the strike situation in Finland and rising freight costs. We adjusted our operating profit for the first-time PPA depreciation (intangible assets identified in the acquisition) reported by Tokmanni, which left our adjusted EBIT forecast unchanged.

Pressure on financing costs

Tokmanni's financing costs were well above our expectations, which led us to revise them slightly upwards, resulting in an 8% decline in (adjusted) earnings per share.

Brisk earnings growth in our forecasts

Our annual earnings growth forecast for 2023-26 is just over 10%. In addition to revenue growth, this is supported by a gradual improvement in the gross margin (acquisition synergies and private label

growth). Later in 2025-26, we expect Tokmanni's average interest rate to fall, which will be reflected in a gradual reduction in interest costs. In addition, the company has announced that it will reduce its financial liabilities by 30 MEUR per year. On the other hand, interest costs will be raised by the interest component of IFRS 16 liabilities, which will increase as the store network expands.

Strong cash flow puts debt position on a healthy footing

We have viewed Tokmanni's rising debt burden as a risk to a certain extent, but the company gave strong indications at the end of 2023 that it would ease. We expect the balance sheet position to continue to improve thanks to growing earnings and shrinking net debt (strong cash flow + debt repayments). As a result, we believe that the debt risk has been reduced.

Forecast risks weighted towards external factors

In our view, the risks to our forecasts are mainly related to factors external to the company, such as general economic activity and supply chain problems. The interest rate cuts predicted for the spring have been pushed well into the second half of the year, and the closure of the Suez Canal and a potentially prolonged export/import strike in Finland are creating uncertainty in the supply chain. It is our understanding that the company has been able to manage its Asian freight traffic in such a way that this should not have a significant impact on product availability. As a result of the strike, some containers are stuck in the ports, but we see this as a relatively short-term inconvenience that will not impact on Tokmanni's medium-term performance.

Estimate revisions	2023	2023e	Change	2024e	2024e	Change	2025e	2025e	Change
MEUR / EUR	Inderes	Actualized	%	Old	New	%	Old	New	%
Revenue	1393	1393	0%	1673	1673	0%	1790	1791	0%
EBIT (exc. NRIs)	100	100	0%	119	119	0%	143	143	0%
EBIT	96	93	-3%	119	116	-2%	143	140	-2%
PTP	73	68	-6%	89	77	-13%	116	103	-12%
EPS (excl. NRIs)	1.05	1.04	-1%	1.19	1.10	-8%	1.56	1.43	-8%
DPS	0.78	0.76	-3%	0.80	0.77	-4%	0.94	0.80	-14%

Source: Inderes

Earnings growth as the main driver of expected return

Reduced level of risk in our view

We believe that the risks related to the integration of the acquisition and the company's debt position have diminished, which makes us willing to assess Tokmanni from a valuation perspective further ahead. In the short term, external factors (economic activity and supply chain disruptions) add some uncertainty, but in the longer term we see Tokmanni as a value-creating investment with a profitable growth profile and good return on capital. We raise our target price to EUR 16.0 (was 15.5), mainly as a result of a lower risk level (increased the range of acceptable valuation multiples) and a higher DCF value due to improved cash flow projections.

Earnings growth driving expected return

We see Tokmanni's valuation level as quite neutral (P/E 2024e 14x). The multiples are slightly below historical levels, but we believe this is justified by the increased interest rate environment, which pushes up the required return. With trailing 12-month P/E ratio of 15x, the company is priced at the upper end of the acceptable valuation range, so the multiples are more of a headwind to the expected return. Therefore, we see strong earnings growth as the main driver of the share's expected return.

Valuation below peers

When gauging the relative valuation, we give main weight to the P/E ratio and dividend yield. The comparability of EV-based multiples within the peer group is weakened by differences in the length of IFRS 16 leases affecting net debt between companies.

Throughout its history, Tokmanni has been valued below its peers. The discount to the peer group

remains unchanged, although the difference has widened by about 10 percentage points since our last update. The company's P/E-valuation is at a 20-30 % discount to its retail peers. In our view, the gap is too wide, which contributes to the argument for increasing Tokmanni's acceptable valuation range.

DCF model indicates upside potential

Our long-term cash flow projections went up alongside other forecast changes, raising the fair value as indicated by DCF to around EUR 16.6 (was EUR 16.0). This suggests an upside of around 10% at the current share price. We consider the cash flow model suitable for the valuation of Tokmanni and use it as part of the valuation of the stock.

Current share price offers a good dividend yield

We forecast an increasing dividend for 2024-25. At the current share price, the dividend yield remains at a good level of around 5-6%, which supports the overall expected return on the stock. Tokmanni's share also offers a much better dividend yield compared to its peers.

Valuation	2024e	2025e	2026e
Share price	15.0	15.0	15.0
Number of shares, million:	58.8	58.8	58.8
Market cap	880	880	880
EV	1603	1579	1545
P/E (adj.)	13.6	10.5	9.3
P/E	14.3	10.9	9.6
P/B	3.1	2.8	2.4
P/S	0.5	0.5	0.5
EV/Sales	1.0	0.9	0.8
EV/EBITDA	6.7	5.9	5.5
EV/EBIT (adj.)	13.5	11.0	9.9
Payout ratio (%)	73.6 %	58.1 %	60.0 %
Dividend yield-%	5.1 %	5.3 %	6.2 %

Source: Inderes

ESG

Tokmanni's business remains mainly outside taxonomy

According to Tokmanni, activities typical to the retail sector are not currently specifically mentioned in taxonomy, since the sale of goods is not covered by taxonomy. Therefore, Tokmanni does not report any taxonomy-eligible figures at all.

Thus, we do not see taxonomy as having any impact on Tokmanni's business, and, e.g., on the financial situation or financing costs. As taxonomy expands, retail trade may be included, e.g. in criteria covering the circular economy.

Promotion of direct climate targets was successful

In terms of climate targets, Tokmanni was the third of the Nordic retail company that set its Science Based Targets. The company aims to be carbon neutral in 2025 for its own operations (Scope 1 and 2). In addition, the company is committed to ensuring that 80% of its suppliers meet Science Based Targets.

As a means of achieving these goals, Tokmanni calls for efficient use of resources and discusses factors that promote environmental friendliness, such as Science Based Targets, with its suppliers in high-risk countries. During 2022, Tokmanni increased the use of solar panels and all the electricity it consumed was carbon neutral. The company achieved most of its 2022 sustainability targets (CDP result B, Scope 1 and 2 emissions -2%, biodiversity roadmap planned, and CO2 emission targets for transport).

In addition to other targets, Tokmanni's biggest targets is to achieve a recycling and reuse rate of 85% in 2023 (2022: 82%), A or better CDP, and reducing Scope 1 and 2 emissions by 2% from the previous year.

From the starting levels in 2018, Tokmanni has reduced Scope 1 and 2 emissions by over 60%, with the largest drop in Scope 2 emissions (70%). The

development of indirect value chain emissions (Scope 3) has been contrary to the above, rising by 18% from 2020 levels. The biggest challenges lie in managing the emission targets in the value chain due to their significant contribution. At the beginning of 2023, about 100 Tokmanni suppliers had set themselves Science Based Targets. This is still a low level compared to the thousands of suppliers.

The company has succeeded in cutting its own emissions and we estimate that it has a good chance of achieving its targets in terms of its own operations. Reducing total emissions requires considerable work on Scope 3 emissions, which we consider to be more challenging to reduce than own emissions. Climate education in the value chain plays an important role in this respect and must be successful.

Taxonomy eligibility	2021*	2022
Revenue	-	-
OPEX	-	-
CAPEX	-	-

Taxonomy alignment	2021*	2022
Revenue	-	-
OPEX	-	-
CAPEX	-	-

Climate

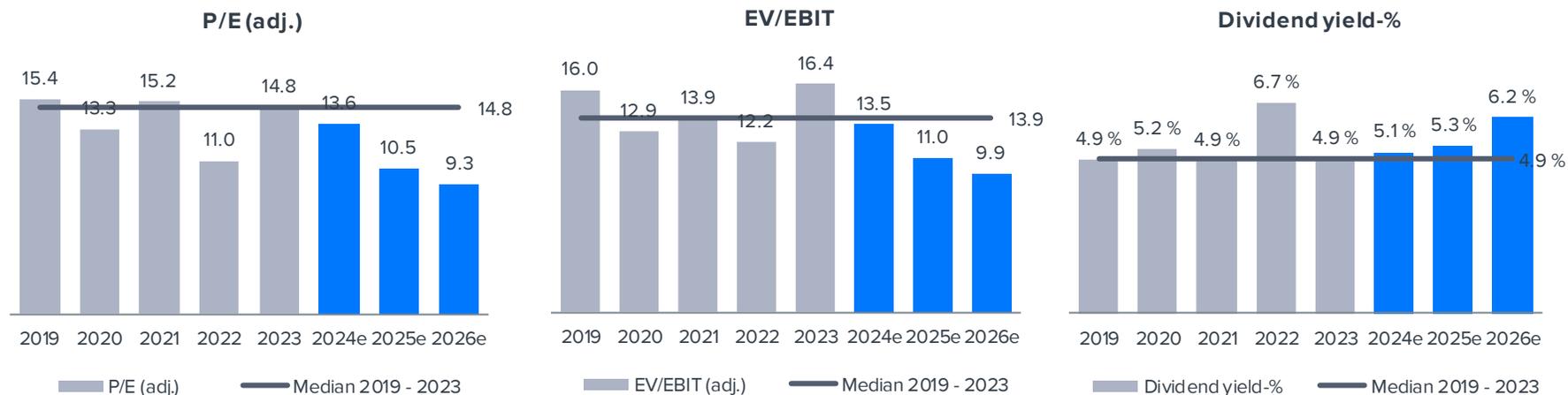
Climate target	Yes	Yes
Target according to the Paris Agreement (1.5 °C warming scenario)	Yes	Yes

*the figures are not comparable due to taxonomy development

Valuation table

Valuation	2019	2020	2021	2022	2023	2024e	2025e	2026e	2027e
Share price	12.6	16.2	19.7	11.3	15.4	15.0	15.0	15.0	15.0
Number of shares, millions	58.9	58.8	58.9	58.9	58.8	58.8	58.8	58.8	58.8
Market cap	743	956	1157	665	907	880	880	880	880
EV	1123	1288	1471	1048	1638	1603	1579	1545	1506
P/E (adj.)	15.4	13.3	15.2	11.0	14.8	13.6	10.5	9.3	8.7
P/E	15.8	13.4	14.8	11.3	16.8	14.3	10.9	9.6	8.9
P/B	4.0	4.4	4.7	2.7	3.4	3.1	2.8	2.4	2.2
P/S	0.8	0.9	1.0	0.6	0.7	0.5	0.5	0.5	0.5
EV/Sales	1.2	1.2	1.3	0.9	1.2	1.0	0.9	0.8	0.8
EV/EBITDA	8.6	7.9	8.4	6.7	8.6	6.7	5.9	5.5	5.2
EV/EBIT (adj.)	16.0	12.9	13.9	12.2	16.4	13.5	11.0	9.9	9.2
Payout ratio (%)	77.5 %	70.2 %	72.5 %	76.1 %	82.6 %	73.6 %	58.1 %	60.0 %	60.0 %
Dividend yield-%	4.9 %	5.2 %	4.9 %	6.7 %	4.9 %	5.1 %	5.3 %	6.2 %	6.7 %

Source: Inderes



Peer group valuation

Peer group valuation	Market cap	EV	EV/EBIT		EV/EBITDA		EV/S		P/E		Dividend yield-%		P/B
Company	MEUR	MEUR	2024e	2025e	2024e	2025e	2024e	2025e	2024e	2025e	2024e	2025e	2024e
Europris ASA	1077	1334	11.3	10.6	7.5	7.2	1.6	1.5	13.2	12.1	4.6	4.7	3.2
Bygghem AB	182	422	19.5	14.1	5.4	4.9	0.8	0.7	13.1	9.1	2.8	4.2	0.8
Clas Ohlson AB	801	921	14.9	11.9	6.8	6.3	1.1	1.0	17.8	14.0	3.5	4.1	4.8
Axfood AB	5742	6565	19.3	18.0	10.3	9.8	0.9	0.9	23.3	21.6	2.8	3.0	8.2
Dollar General Corp	30582	36893	16.3	16.7	12.3	12.1	1.0	1.0	20.2	20.8	1.6	1.6	4.9
Kesko Oyj	6946	9506	14.1	13.2	7.8	7.4	0.8	0.8	14.7	13.8	5.7	6.0	2.5
Musti Group Oyj	816	950	20.1	17.1	11.3	10.2	2.1	1.9	25.6	20.5	2.9	3.4	4.5
B&M European Value Retail	6160	8479	12.0	11.3	8.5	8.0	1.4	1.3	14.1	13.1	3.9	4.5	7.2
Puulo Oyj	746	825	15.4	13.2	12.0	10.3	2.4	2.1	19.0	16.1	4.4	5.1	8.7
Verkkokauppa.com Oyj	106	112	12.2	7.9	7.0	5.4	0.2	0.2	17.5	10.9	3.3	5.5	3.0
Kamux Oyj	229	283	12.1	8.7	7.7	6.1	0.3	0.2	13.9	9.7	3.4	4.8	1.9
Rusta	1104	1572	22.2	17.2	9.5	8.5	1.5	1.4	18.6	16.9	2.7	3.6	6.2
Tokmanni (Inderes)	880	1603	13.5	11.0	6.7	5.9	1.0	0.9	13.6	10.5	5.1	5.3	3.1
Average			15.8	13.3	8.8	8.0	1.2	1.1	17.6	14.9	3.5	4.2	4.6
Median			15.1	13.2	8.2	7.7	1.0	1.0	17.7	13.9	3.4	4.4	4.6
Diff-% to median			-11%	-17%	-18%	-23%	-8%	-10%	-23%	-24%	54%	23%	-33%

Source: Refinitiv / Inderes

Income statement

Income statement	2022	Q1'23	Q2'23	Q3'23	Q4'23	2023	Q1'24e	Q2'24e	Q3'24e	Q4'24e	2024e	2025e	2026e	2027e
Revenue	1168	238	319	364	471	1393	335	432	410	496	1673	1791	1879	1934
Group	1168	238	319	364	471	1393	335	432	410	496	1673	1791	1879	1934
EBITDA	157	17.5	48.5	49.6	74.3	190	30.4	65.3	61.5	83.3	241	266	280	289
Depreciation	-73.2	-19.5	-19.8	-26.6	-30.9	-96.8	-30.8	-31.1	-29.9	-32.9	-124.6	-126.1	-127.3	-128.9
EBIT (excl. NRI)	85.7	-1.8	28.9	26.4	46.7	100	0.5	35.0	32.4	51.1	119	143	155	163
EBIT	84.0	-2.0	28.7	23.0	43.4	93.1	-0.3	34.3	31.6	50.4	116	140	152	160
Group	84.0	-2.0	28.7	23.0	43.4	93.1	-0.3	34.3	31.6	50.4	116	140	152	160
Net financial items	-10.7	-3.2	-4.3	-6.8	-10.4	-24.7	-9.8	-9.8	-9.8	-9.8	-39.1	-37.4	-36.5	-35.6
PTP	73.3	-5.3	24.5	16.2	33.1	68.5	-10.1	24.5	21.8	40.6	76.9	103	116	125
Taxes	-14.6	1.0	-4.8	-3.5	-7.0	-14.3	2.0	-4.9	-4.4	-8.1	-15.4	-21.5	-24.3	-26.2
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
Net earnings	58.8	-4.3	19.6	12.7	26.1	54.1	-8.1	19.6	17.5	32.5	61.5	81.0	91.6	98.5
EPS (adj.)	1.03	-0.07	0.34	0.27	0.50	1.04	-0.12	0.35	0.31	0.56	1.10	1.43	1.61	1.73
EPS (rep.)	1.00	-0.07	0.33	0.22	0.44	0.92	-0.14	0.33	0.30	0.55	1.05	1.38	1.56	1.67
Key figures	2022	Q1'23	Q2'23	Q3'23	Q4'23	2023	Q1'24e	Q2'24e	Q3'24e	Q4'24e	2024e	2025e	2026e	2027e
Revenue growth-%	2.3 %	4.7 %	4.0 %	23.5 %	39.0 %	19.2 %	40.6 %	35.5 %	12.4 %	5.3 %	20.1 %	7.0 %	4.9 %	2.9 %
Adjusted EBIT growth-%	-18.9 %	268%	7.4 %	12.1 %	30.5 %	16.8 %	-126.3 %	20.9 %	22.9 %	9.5 %	18.8 %	20.2 %	8.6 %	5.1 %
EBITDA-%	13.5 %	7.3 %	15.2 %	13.6 %	15.8 %	13.6 %	9.1 %	15.1 %	15.0 %	16.8 %	14.4 %	14.9 %	14.9 %	15.0 %
Adjusted EBIT-%	7.3 %	-0.8 %	9.1 %	7.2 %	9.9 %	7.2 %	0.1 %	8.1 %	7.9 %	10.3 %	7.1 %	8.0 %	8.3 %	8.4 %
Net earnings-%	5.0 %	-1.8 %	6.2 %	3.5 %	5.5 %	3.9 %	-2.4 %	4.5 %	4.3 %	6.6 %	3.7 %	4.5 %	4.9 %	5.1 %

Source: Inderes

Balance sheet

Assets	2022	2023	2024e	2025e	2026e
Non-current assets	475	900	893	896	901
Goodwill	136	218	218	218	218
Intangible assets	4.0	45.8	42.8	39.8	36.8
Tangible assets	330	633	631	637	644
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	594	638	685
Inventories	281	343	393	421	442
Other current assets	2.5	2.6	2.6	2.6	2.6
Receivables	26.4	31.0	37.2	39.9	41.8
Cash and equivalents	9.1	134	161	175	199
Balance sheet total	794	1410	1487	1534	1586

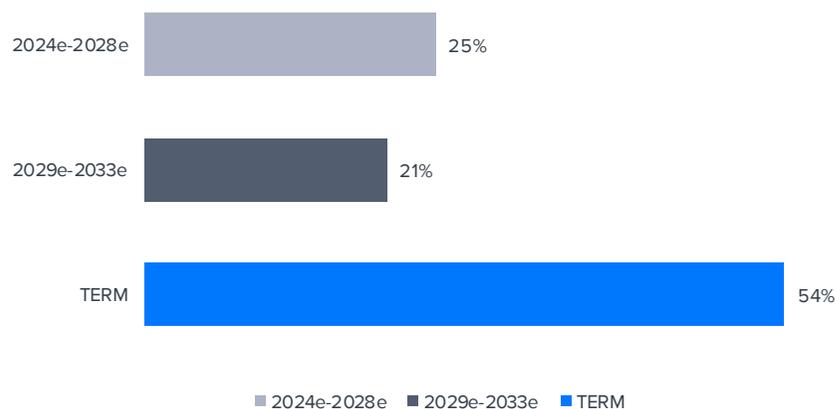
Source: Inderes

Liabilities & equity	2022	2023	2024e	2025e	2026e
Equity	247	265	283	319	363
Share capital	0.1	0.1	0.1	0.1	0.1
Retained earnings	138	147	164	200	244
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	800	791	783
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	795	786	778
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	404	425	441
Interest bearing debt	69.7	138	88.4	87.4	86.5
Payables	149	260	312	334	351
Other current liabilities	1.1	3.6	3.6	3.6	3.6
Balance sheet total	794	1410	1487	1534	1586

DCF calculation

DCF model	2023	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	TERM
Revenue growth-%	19.2 %	20.1 %	7.0 %	4.9 %	2.9 %	3.0 %	2.5 %	2.0 %	2.0 %	2.0 %	2.0 %	2.0 %
EBIT-%	6.7 %	6.9 %	7.8 %	8.1 %	8.3 %	9.0 %	9.0 %	9.0 %	8.5 %	8.5 %	8.5 %	8.5 %
EBIT (operating profit)	93.1	116	140	152	160	179	184	187	181	184	188	
+ Depreciation	96.8	125	126	127	129	129	132	135	137	140	142	
- Paid taxes	0.2	-29.3	-21.5	-24.3	-26.2	-32.0	-33.1	-34.0	-32.7	-33.6	-34.5	
- Tax, financial expenses	-5.2	-7.8	-7.9	-7.7	-7.5	-5.6	-5.5	-5.3	-5.2	-5.1	-4.9	
+ 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	-4.2	-8.3	-6.2	-3.9	-4.1	-3.5	-2.9	-2.9	-3.0	-3.1	
Operating cash flow	233	199	228	241	252	267	274	280	277	282	287	
+ 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	-524.3	-116.7	-129.0	-132.2	-128.9	-138.9	-143.9	-142.0	-147.0	-147.0	-148.2	
Free operating cash flow	-292.2	82.6	99.5	109	123	128	130	138	130	135	139	
+/- Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
FCFF	-292.2	82.6	99.5	109	123	128	130	138	130	135	139	2107
Discounted FCFF		77.4	85.8	86.6	89.6	86.0	80.1	78.4	67.7	64.9	61.3	931
Sum of FCFF present value		1709	1631	1546	1459	1369	1283	1203	1125	1057	992	931
Enterprise value DCF		1709										
- Interest bearing debt		-864.2										
+ Cash and cash equivalents		134										
-Minorities		0.0										
-Dividend/capital return		0.0										
Equity value DCF		978										
Equity value DCF per share		16.6										

Cash flow distribution

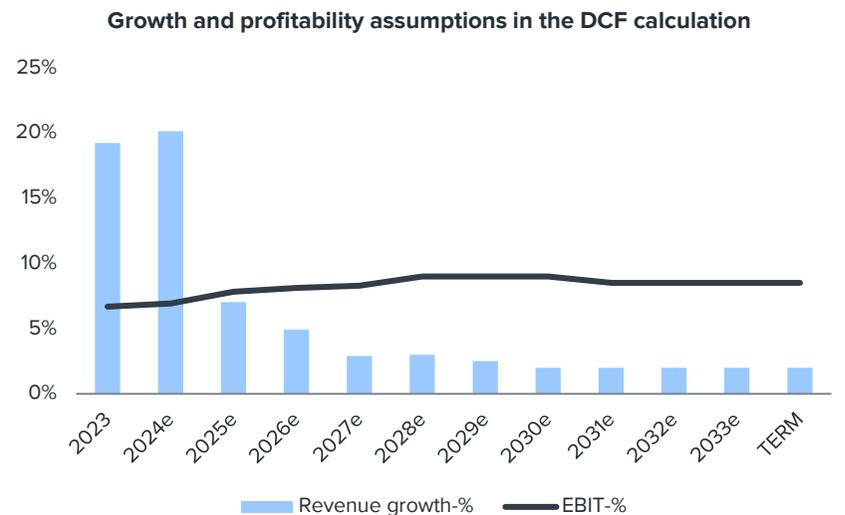
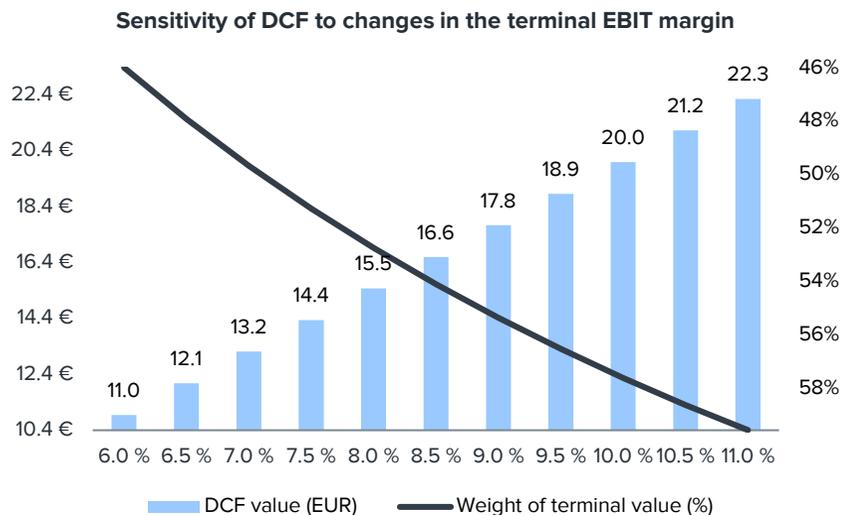
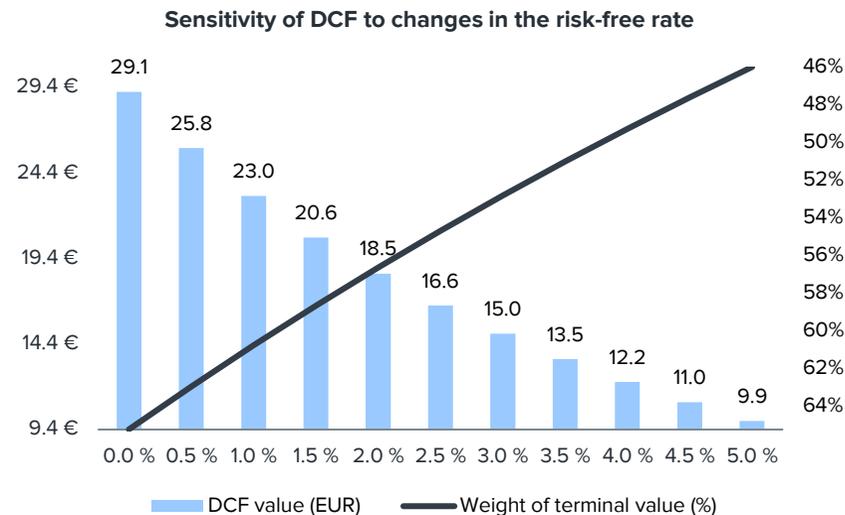
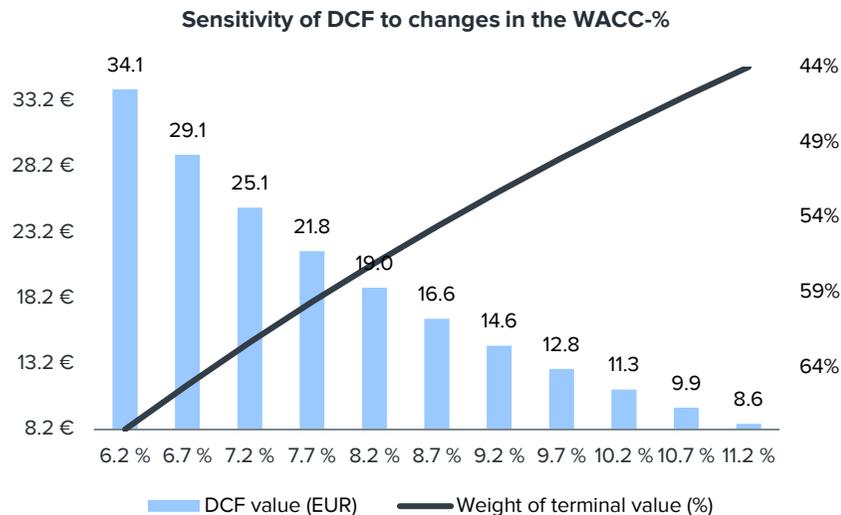


WACC

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

DCF sensitivity calculations and key assumptions in graphs



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	1392.7	1673.0	1790.8	EPS (reported)	1.32	1.00	0.92	1.05	1.38
EBITDA	174.6	157.2	189.9	240.6	266.1	EPS (adj.)	1.29	1.03	1.04	1.10	1.43
EBIT	107.7	84.0	93.1	116.0	140.0	OCF / share	2.27	1.62	3.95	3.39	3.88
PTP	97.5	73.3	68.5	76.9	102.6	FCF / share	1.31	-0.07	-4.97	1.40	1.69
Net Income	78.0	58.8	54.1	61.5	81.0	Book value / share	4.16	4.20	4.51	4.81	5.42
Extraordinary items	2.1	-1.7	-7.0	-3.0	-3.0	Dividend / share	0.96	0.76	0.76	0.77	0.80
Balance sheet	2021	2022	2023	2024e	2025e	Growth and profitability	2021	2022	2023	2024e	2025e
Balance sheet total	816.5	793.8	1410.3	1486.8	1534.5	Revenue growth-%	6%	2%	19%	20%	7%
Equity capital	244.7	247.0	265.4	282.9	318.6	EBITDA growth-%	7%	-10%	21%	27%	11%
Goodwill	136.2	136.2	218.1	218.1	218.1	EBIT (adj.) growth-%	6%	-19%	17%	19%	20%
Net debt	314.3	383.3	730.5	723.2	698.6	EPS (adj.) growth-%	6%	-20%	1%	5%	30%
Cash flow	2021	2022	2023	2024e	2025e	EBITDA-%	15.3 %	13.5 %	13.6 %	14.4 %	14.9 %
EBITDA	174.6	157.2	189.9	240.6	266.1	EBIT (adj.)-%	9.3 %	7.3 %	7.2 %	7.1 %	8.0 %
Change in working capital	-20.0	-44.9	47.6	-4.2	-8.3	EBIT-%	9.4 %	7.2 %	6.7 %	6.9 %	7.8 %
Operating cash flow	133.7	95.4	232.6	199.3	228.4	ROE-%	33.8 %	23.9 %	21.1 %	22.4 %	26.9 %
CAPEX	-55.8	-98.8	-524.3	-116.7	-129.0	ROI-%	17.0 %	13.1 %	10.5 %	10.1 %	11.9 %
Free cash flow	77.3	-3.9	-292.2	82.6	99.5	Equity ratio	30.0 %	31.1 %	18.8 %	19.0 %	20.8 %
						Gearing	128.5 %	155.2 %	275.3 %	255.7 %	219.3 %
Valuation multiples	2021	2022	2023	2024e	2025e						
EV/S	1.3	0.9	1.2	1.0	0.9						
EV/EBITDA (adj.)	8.4	6.7	8.6	6.7	5.9						
EV/EBIT (adj.)	13.9	12.2	16.4	13.5	11.0						
P/E (adj.)	15.2	11.0	14.8	13.6	10.5						
P/B	4.7	2.7	3.4	3.1	2.8						
Dividend-%	4.9 %	6.7 %	4.9 %	5.1 %	5.3 %						

Source: Inderes

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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	Lisää	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 €



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