TOKMANNI GROUP

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INDERES CORPORATE CUSTOMER

COMPANY REPORT

Dollarstore as a big question mark

Tokmanni's Q3 result weakened due to Dollarstore's poor performance, and the good development in Finland was not enough to compensate for this. The second installment of the dividend was not paid to strengthen the balance sheet, which was a disappointment. We lower the target price to EUR 7.7 (was EUR 10.0) and reiterate our Reduce recommendation as forecasts have decreased and risks regarding Dollarstore's future development have increased.

Finland's performance good and Dollarstore's very weak

The Group's Q3 revenue grew by 4% to 433 MEUR. Despite top-line growth, the Group's adjusted EBIT declined to 26.4 MEUR (Q3'24: 29.5 MEUR), which was also clearly below our forecast of 30.7 MEUR. Finland's result was strong given the circumstances, with adjusted EBIT rising to 26.3 MEUR (Q3'24: 25.2 MEUR), with especially strict cost control supporting the result. In the big picture, the segment's improved EBIT margin (8.4% vs. Q3'24: 8.3%) was good news, and the erosion of competitiveness in Finland is not as acute a concern as before.

However, Dollarstore's performance was very weak, as the segment's adjusted EBIT was only 1.1 MEUR (Q3'24: 5.1 MEUR). Concerns were raised particularly by the comparable decline in Dollarstore's customer numbers (-4.9%) as Tokmanni renewed the chain's assortment, and the increased average purchase value (+3.6%) was not enough to compensate for the development. The company explained the customer churn by the removal of low-price-point products from the selection, which has also led to some customers leaving. In the longer term, however, the company sees the assortment changes as the right strategy, provided that the company's own products increase their recognition and attract new consumers. We believe that the high customer churn still surprised the company, and without the realized acquisition synergies exceeding expectations (21.7 MEUR/year run rate), Dollarstore would have been firmly in the red at the operating profit level. Communication has also clearly changed from two years ago, when the acquisition multiples were justified by the chain's 2022 EBIT (16 MEUR) and additional synergies of over 15 MEUR.

The company's main focus is on profitability

Tokmanni revised its earnings guidance towards the lower end of the previous range. The company now anticipates 2025 adjusted EBIT to be 85–95 MEUR (2024: 99.7 MEUR). We lowered our forecast to 85 MEUR and still expect slight earnings growth from Q4. A second profit warning looms on the horizon, and avoiding it will require a successful Christmas quarter. The company justified its guidance by stating that it sees preliminary, but still faint, signals that the market might be improving. The company also stressed that it had shifted its strategic focus towards profitability at least for the rest of the year and H1'26 before the new management takes over. It aims to achieve this through comparable growth, by improving gross margin and with strict cost control. The company continues to strive for more efficient working hours and marketing, in which it succeeded well in Finland during Q3.

Dollarstore will also open 5 new stores in Q4, so the pedal remains to the metal for that part of the business. However, the chain's like-for-like growth must turn positive, which requires the current assortment strategy to work. Our expectations for earnings growth in the coming years and in the long term have clearly decreased, but we still expect earnings growth to improve, driven by the target market and Dollarstore's expansion.

Risk/reward slightly tilted to the former

Tokmanni's low valuation compared to its own history and peers (2025e P/E 11x and EV/EBITDA 6x) is already starting to attract us. However, we do not yet see a rush to buy, as Dollarstore's development raised too many questions and the risk of an earnings warning for the rest of the year is evident. The expected return would be supported by a 6% dividend yield, but there is also uncertainty about its sustainability if the earnings level continues to weaken, e.g., if Dollarstore's challenges continue. The value indicated by the DCF model (8.2e) suggests an upside, but this is also very sensitive to the company's long-term profitability level.

Recommendation
Reduce
(was Reduce)

Target price:
EUR 7.70
(was EUR 10.00)

Share price:
EUR 7.29

Business risk
●●●○○

Valuation risk
●●○○○

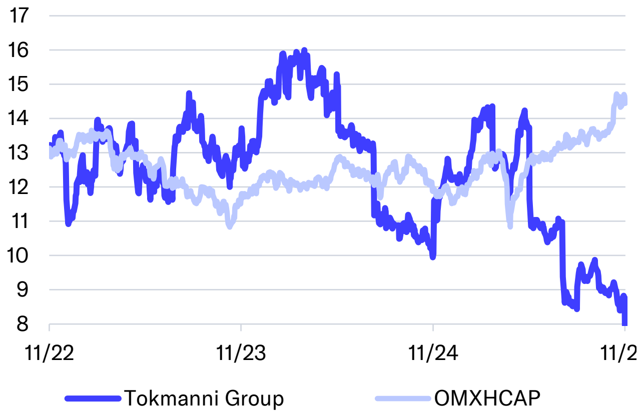
	2024	2025e	2026e	2027e
Revenue	1674.9	1736.3	1837.5	1932.5
growth-%	20%	4%	6%	5%
EBIT adj.	102.3	85.0	100.3	114.9
EBIT-% adj.	6.1 %	4.9 %	5.5 %	5.9 %
Net Income	48.8	37.1	44.6	58.3
EPS (adj.)	0.87	0.65	0.81	1.04
P/E (adj.)	13.9	11.2	9.0	7.0
P/B	2.7	1.5	1.4	1.3
Dividend yield-%	2.8 %	6.0 %	7.3 %	9.5 %
EV/EBIT (adj.)	14.9	14.5	12.3	10.8
EV/EBITDA	6.7	5.7	5.4	5.0
EV/S	0.9	0.7	0.7	0.6

Source: Inderes

Guidance (Adjusted)

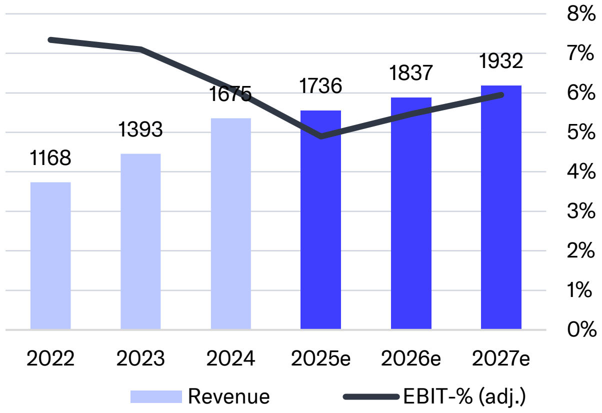
In 2025, Tokmanni expects its revenue to be 1,710-1,750 MEUR (2024: 1,670 MEUR) and comparable EBIT to be 85-95 MEUR (was 99.7 MEUR).

Share price



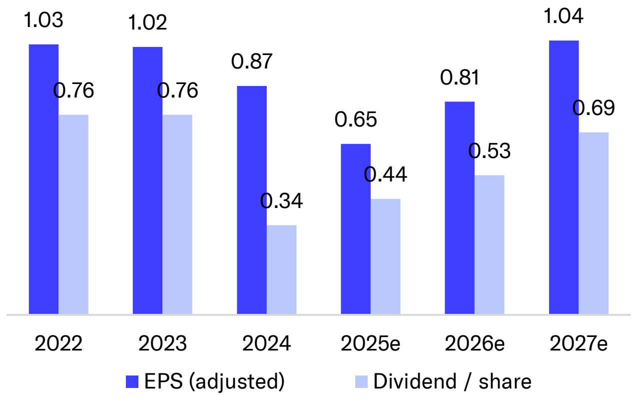
Source: Millistream Market Data AB

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 (Dollarstore)
- 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	7.29	7.29	7.29
Number of shares, millions	58.9	58.9	58.9
Market cap	429	429	429
EV	1230	1237	1236
P/E (adj.)	11.2	9.0	7.0
P/E	11.6	9.6	7.4
P/B	1.5	1.4	1.3
P/S	0.2	0.2	0.2
EV/Sales	0.7	0.7	0.6
EV/EBITDA	5.7	5.4	5.0
EV/EBIT (adj.)	14.5	12.3	10.8
Payout ratio (%)	69.8 %	70.0 %	70.0 %
Dividend yield-%	6.0 %	7.3 %	9.5 %

Source: Inderes

Comparable sales were below our expectations for Dollarstore

Tokmanni performed well in Finland

The Tokmanni segment grew by 3.5% to 315 MEUR, which was close to our forecast of 317 MEUR. The segment's comparable sales grew by 1.5%, of which customer volume growth accounted for 1.3% and average purchase growth for 0.2%. Growth was achieved in both daily consumer goods sales (2.5%) and durable goods sales (4.3%).

Dollarstore sales missed our expectations clearly

Dollarstore segment sales grew by 6% to 119 MEUR (our estimate 126 MEUR). Dollarstore's sales were boosted by new store openings (145 stores vs. Q3'24: 137 stores), but comparable revenue simultaneously decreased by 1.4% in local currencies. This was a clear disappointment, especially as it was driven by a 4.9% decrease in customer numbers, while the average purchase increased by 3.6%. The 4.3% growth in consumer goods sales was, as expected, driven by a wider range of private label products.

Tokmanni's operating result was good

The Tokmanni segment's adjusted EBIT rose to 26.3 MEUR (Q3'24: 25.2 MEUR), while we had anticipated it to be 23.7 MEUR. The segment's performance was at a good level as the difficult consumer market continued. The comparable gross margin decreased as expected to 33.9% (Q3’25: 34.9%), which was particularly affected by clearance sales of summer and spring season products. However, in Finland, successful efforts had now been made to address the problem areas of the last quarter, namely marketing efficiency and personnel cost management. Comparable costs were 61.1 MEUR, down 0.6 MEUR from the comparison period, while we had expected an increase, which explained the earnings beat relative to our expectations.

Dollarstore's operating result was weak

However, the Dollarstore segment's performance was disappointing, with adjusted EBIT reaching only 1.1 MEUR (Q3'24: 5.1 MEUR), while we expected it to improve to 6.9 MEUR. The comparable gross margin was 36.8% (Q3'24: 37.6%), while we expected a performance in line with the comparison period. Comparable operating expenses of 25.2% of revenue (Q3'24: 22.7%) also clearly exceeded our forecasts, which was naturally due to negative comparable growth that clearly fell short of our expectations.

Overall, adjusted EBIT decreased by 10% to 26.4 MEUR (Q3'24: 29.5 MEUR), while we expected it to have increased slightly to 30.7 MEUR. Earnings per share dropped to EUR 0.24 (Q3’24: EUR 0.28), while our estimate was 0.26 MEUR. Net debt to LTM EBITDA (excluding IFRS 16) was 3.6x, remaining at the previous quarter's level despite the decline in earnings. This was explained by good cash flow from operating activities, which was now 31.8 MEUR (Q3'24: 8.1 MEUR). This was mainly due to seasonal products that remained unsold from June having been sold in Q3.

Estimates	Q3'24	Q3'25	Q3'25e	Q3'25e	Consensus		Difference (%)	2025e
MEUR / EUR	Comparison	Actualized	Inderes	Consensus	Low	High	Act. vs. inderes	Inderes
Revenue	416	433	443				-2%	1736
EBIT (adj.)	29.5	26.4	30.7				-14%	85.0
PTP	20.4	17.9	19.1				-6%	46.2
EPS (reported)	0.28	0.24	0.26				-8%	0.63
Revenue growth-%	14.3 %	4.0 %	6.3 %				-2.4 pp	3.7 %
EBIT-% (adj.)	7.1 %	6.1 %	6.9 %				-0.8 pp	4.9 %

Source: Inderes

We significantly lowered our estimates, especially for Dollarstore

EBIT guidance was trimmed to the lower end of the range

Tokmanni revised its guidance towards the lower end of the previous ranges. In 2025, the company now expects its revenue to increase to 1710-1750 MEUR (2024: 1675 MEUR) and adjusted EBIT EUR 85– 95 million (2024: 99.7 MEUR). We have now lowered our EBIT forecast to the very bottom of the range, and a profit warning is not out of the question if the important Christmas quarter does not go well for the company. Reaching the guidance requires slight earnings growth in Q4. The company justified its guidance by stating that it sees preliminary, but still faint, signals that the market might be improving. The company also reiterated that it has shifted its strategic focus towards profitability at least for the rest of the year and H1'26 before the new management takes over.

It aims to achieve this through comparable growth, by improving the gross margin % and with tight cost control. The company continues to strive for more efficient working hours and marketing, in which it succeeded in Finland during Q3.

In the long term, Dollarstore acts as a potential earnings growth component, opening another 5 new stores in Q4, so the pedal remains to the metal in that regard. However, the chain's like-for-like growth must turn positive, which requires the current assortment strategy to work.

The dividend was retroactively cut for 2024

The company also announced that the Board had decided not to use its authorization to pay a second dividend installment. This is understandable, so that the company can move towards the target level of indebtedness (2.25x). We also lowered our dividend forecasts, as the company's target is to pay out approximately 70% of its net profit as dividends, and the reduction in our earnings forecasts also led to a cut in dividend forecasts.

The company also stated that at the beginning of the new strategy period starting in 2026, the focus will remain on improving profitability, and in both segments, the company will focus on margins and cost discipline in addition to sales. At the same time, it continues to integrate Dollarstore into the Tokmanni Group and develop its store network in Finland, Sweden and Denmark. Optimizing inventory levels is also a key theme for the rest of the year, which, if successful, would strengthen the balance sheet. Normally, cash flow in Q4 is strong, as goods acquired for Christmas are sold to consumers, and thus net debt (Q3'25: 323 MEUR excluding IFRS 16) should melt significantly from the current level towards the end of the year.

We also lowered our long-term margin estimate

Our forecast cuts for the coming years are shown in the table. We also lowered our long-term estimate for the Group's EBIT margin to 6.5% (prev. 7%). We no longer believe that Dollarstore's EBIT margin (LTM 1.3%) can be raised close to Tokmanni Finland's levels (LTM 6.6%), although we expect both to improve from their current levels.

Estimate revisions MEUR / EUR	2025e Old	2025e New	Change %	2026e Old	2026e New	Change %	2027e Old	2027e New	Change %
Revenue	1752	1736	-1%	1859	1837	-1%	1961	1932	-1%
EBIT (exc. NRIs)	92	85	-8%	111	100	-10%	127	115	-10%
EBIT	89	84	-6%	108	97.3	-10%	124	112	-10%
PTP	49	46	-7%	67	56	-16%	84	71	-15%
EPS (excl. NRIs)	0.72	0.65	-10%	0.96	0.81	-16%	1.21	1.04	-14%
DPS	0.50	0.44	-12%	0.65	0.53	-18%	0.80	0.69	-13%

Source: Inderes

The valuation would be attractive, but the risks are elevated

Absolute valuation favorable relative to history

Historically, Tokmanni has been valued at around 14x P/E and 8x EV/EBITDA multiples based on the last 12 months' earnings. The current financial year's multiples (2025e P/E 11x and EV/EBITDA 6x) are clearly below these levels. However, it should be noted that the increased interest rate environment supports a downside for multiples relative to history. Also, in 2023, Dollarstore introduced a more uncertain component to forecasting, which, in our opinion, has a downward effect on the company's acceptable multiples.

The share is priced significantly below its peers

The peer group of retail companies is valued at approximately 18-15x P/E and 9-8x EV/EBITDA (2025-26e). Tokmanni is priced at a large discount on a net income basis compared to its peers (P/E ~40%). With the EV/EBITDA factor (incl. IFRS 16) that takes into account the stretched balance sheet, the discount is slightly less severe (~30%). We see the discount pricing as partly justified, as, for example, the peers' return on capital is currently better than Tokmanni's.We consider this discount justified, as the return on capital of the peers is better than Tokmanni's.

DCF assumptions involve more uncertainty than usual

Tokmanni's business generally generates predictable cash flow, and the investment outlook is relatively stable. However, changes in working capital levels cause slight fluctuations between years. With financing costs currently consuming roughly half of EBIT, the model is, on the other hand, very sensitive to the profitability level achieved by the company. This is shown in the graph on page 12. Our DCF model now indicates a value of EUR 8.2 (was EUR 10.2) after lowering both our short- and long-term forecasts. Despite our significantly lowered forecasts, we still expect earnings growth in the coming years, driven by an improving target market (especially supporting sales of more expensive consumer goods) and Dollarstore's expansion. We now estimate the company to achieve an EBIT margin of 6.5% in the terminal period (LTM 4.9%).

Risk/reward slightly tilted to the former

The current year's valuation multiples are so low that we do not see any further downside in them. However, without realized earnings growth, the share also lacks upward drivers. If the earnings growth we forecast materializes, we believe it will also drive the stock upwards. If earnings growth materializes, the expected return would also be supported by a good dividend yield in the coming years. However, we emphasize that the dividend is at a more volatile level compared to history, considering the stretched balance sheet and recent earnings challenges, and the dividend would not withstand a prolonged earnings decline.

However, the potential returns are counterbalanced by exceptionally high risks related to the realization of earnings growth, as, for example, There is clear uncertainty regarding the success of Dollarstore's concept changes after a weak Q3. The risk of a profit warning for the rest of the year is also evident, as even the lower end of the earnings guidance requires a successful Christmas season and slight earnings growth in Q4. We believe that a profit warning would make the market even more concerned about future cash flows and the share price reaction would be negative, despite the fact that the share already fell by 17% on Friday. On the other hand, the improved EBIT margin of the Tokmanni segment (8.4% vs. 8.3%) somewhat alleviated the risks of weakening competitiveness in Finland as competitors continue their aggressive expansion. This contributes to the stability of cash flows.

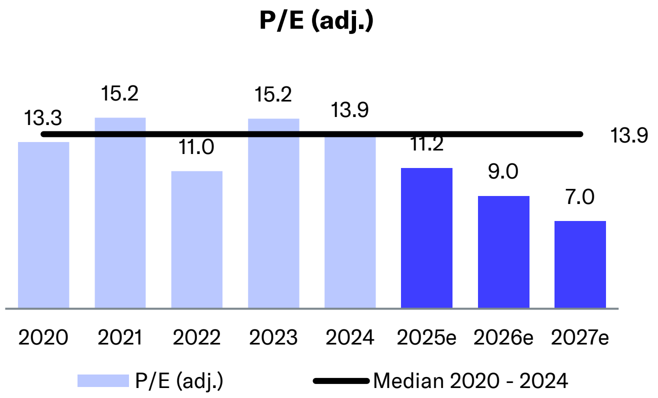
Valuation	2025e	2026e	2027e
Share price	7.29	7.29	7.29
Number of shares, millions	58.9	58.9	58.9
Market cap	429	429	429
EV	1230	1237	1236
P/E (adj.)	11.2	9.0	7.0
P/E	11.6	9.6	7.4
P/B	1.5	1.4	1.3
P/S	0.2	0.2	0.2
EV/Sales	0.7	0.7	0.6
EV/EBITDA	5.7	5.4	5.0
EV/EBIT (adj.)	14.5	12.3	10.8
Payout ratio (%)	69.8 %	70.0 %	70.0 %
Dividend yield-%	6.0 %	7.3 %	9.5 %

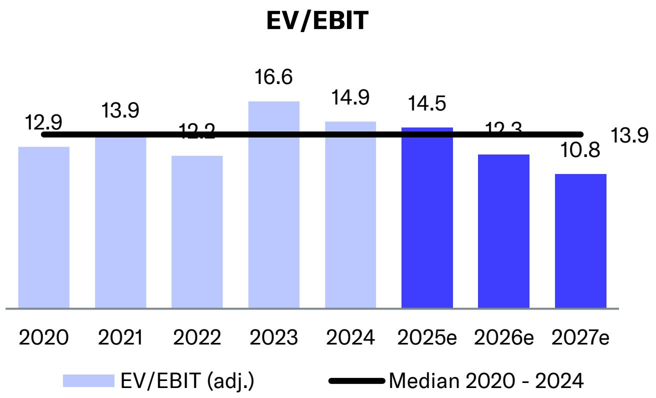
Source: Inderes

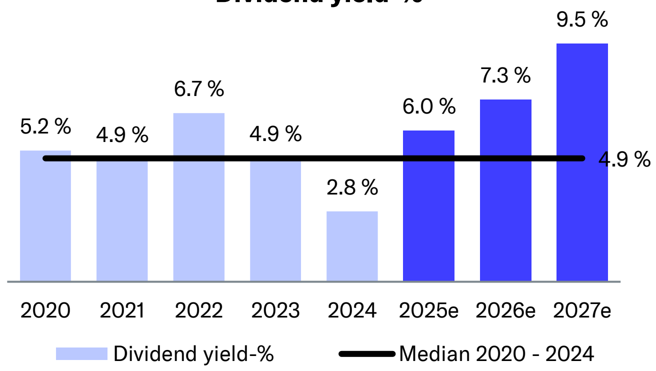
Valuation table

Valuation	2020	2021	2022	2023	2024	2025e	2026e	2027e	2028e
Share price	16.2	19.7	11.3	15.4	12.1	**7.29**	**7.29**	**7.29**	**7.29**
Number of shares, millions	58.8	58.9	58.9	58.8	58.8	**58.9**	**58.9**	**58.9**	**58.9**
Market cap	956	1157	665	907	713	**429**	**429**	**429**	**429**
EV	1288	1471	1048	1638	1529	**1230**	**1237**	**1236**	**1237**
P/E (adj.)	13.3	15.2	11.0	15.2	13.9	**11.2**	**9.0**	**7.0**	**6.1**
P/E	13.4	14.8	11.3	16.8	14.6	**11.6**	**9.6**	**7.4**	**6.4**
P/B	4.4	4.7	2.7	3.4	2.7	**1.5**	**1.4**	**1.3**	**1.2**
P/S	0.9	1.0	0.6	0.7	0.4	**0.2**	**0.2**	**0.2**	**0.2**
EV/Sales	1.2	1.3	0.9	1.2	0.9	**0.7**	**0.7**	**0.6**	**0.6**
EV/EBITDA	7.9	8.4	6.7	8.6	6.7	**5.7**	**5.4**	**5.0**	**4.8**
EV/EBIT (adj.)	12.9	13.9	12.2	16.6	14.9	**14.5**	**12.3**	**10.8**	**10.0**
Payout ratio (%)	70.2 %	72.5 %	76.1 %	82.8 %	41.0 %	**69.8 %**	**70.0 %**	**70.0 %**	**75.0 %**
Dividend yield-%	5.2 %	4.9 %	6.7 %	4.9 %	2.8 %	**6.0 %**	**7.3 %**	**9.5 %**	**11.7 %**

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	Market cap	EV	EV/EBIT		EV/EBITDA		EV/S		P/E		Dividend yield-%		P/B
Company	**MEUR**	**MEUR**	**2025e**	**2026e**	**2025e**	**2026e**	**2025e**	**2026e**	**2025e**	**2026e**	**2025e**	**2026e**	**2025e**
Europris ASA	1244	1689	14.6	12.9	8.5	7.7	1.3	1.3	16.5	13.5	4.1	4.7	3.4
Byggmax Group AB	270	448	17.6	14.7	5.2	5.1	0.8	0.7	18.5	14.4	2.7	3.5	1.2
Clas Ohlson AB	2181	2233	21.2	16.4	12.6	11.0	2.1	2.0	26.7	20.6	2.2	2.4	9.0
Axfood AB	5293	6724	20.1	17.5	9.6	8.9	0.8	0.8	23.8	20.1	3.4	3.6	7.7
Dollar General Corp	19703	23535	14.3	13.6	9.6	9.0	0.7	0.6	18.2	16.9	2.3	2.3	3.1
Kesko Oyj	7359	10816	16.6	15.2	8.7	8.1	0.9	0.8	16.8	15.2	5.1	5.5	2.7
Musti Group Oyj	647	839	15.5	13.5	8.8	8.1	1.7	1.6	16.3	14.4	4.2	4.7	3.2
B&M European Value Retail	1881	4372	6.8	8.2	4.7	5.1	0.7	0.7	4.9	6.9	14.9	9.1	2.6
Puuilo Oyj	1218	1325	20.7	17.4	15.9	13.5	3.5	3.0	25.7	21.5	3.1	3.9	12.1
Verkkokauppa.com Oyj	181	179	11.4	12.4	8.4	8.4	0.4	0.3	16.6	17.7	2.9	3.2	4.4
Kamux Oyj	84	146	26.0	10.9	6.4	5.0	0.2	0.2	33.3	10.5	1.9	4.1	0.8
Rusta	944	1420	17.7	14.7	8.4	7.4	1.3	1.2	20.1	15.4	2.1	2.9	4.5
Tokmanni Group (Inderes)	**429**	**1230**	**14.5**	**12.3**	**5.7**	**5.4**	**0.7**	**0.7**	**11.2**	**9.0**	**6.0**	**7.3**	**1.5**
Average			**16.9**	**14.0**	**8.9**	**8.1**	**1.2**	**1.1**	**19.8**	**15.6**	**4.1**	**4.1**	**4.5**
Median			**17.1**	**14.1**	**8.6**	**8.1**	**0.9**	**0.8**	**18.3**	**15.3**	**3.0**	**3.7**	**3.3**
Diff-% to median			**-15%**	**-13%**	**-34%**	**-33%**	**-17%**	**-17%**	**-39%**	**-41%**	**101%**	**95%**	**-53%**

Source: Refinitiv / Inderes

Income statement

Income statement	2023	Q1'24	Q2'24	Q3'24	Q4'24	2024	Q1'25	Q2'25	Q3'25	Q4'25e	2025e	2026e	2027e	2028e
Revenue	**1393**	**339**	**423**	**416**	**497**	**1675**	**342**	**443**	**433**	**519**	**1736**	**1837**	**1932**	**2015**
Group	-0.1	-0.1	-0.2	0.0	-0.9	-1.2	0.0	-0.3	-0.9	-0.1	-1.3	-1.3	-1.3	-1.3
Tokmanni	1209	248	316	304	366	1234	243	322	315	377	1256	1315	1368	1410
Dollarstore	184	91.1	107	112	132	442	99.2	121	119	142	481	524	566	606
EBITDA	**190**	**27.0**	**59.5**	**60.8**	**80.3**	**228**	**20.5**	**53.5**	**60.7**	**81.7**	**216**	**228**	**245**	**258**
Depreciation	-96.8	-31.9	-31.7	-31.9	-32.2	-127.7	-32.9	-33.2	-33.2	-33.2	-132.5	-130.3	-133.4	-136.9
EBIT (excl. NRI)	**98.8**	**-4.3**	**28.5**	**30.3**	**47.8**	**102**	**-11.6**	**21.0**	**26.4**	**49.2**	**85.0**	**100**	**115**	**124**
EBIT	**93.0**	**-4.9**	**27.8**	**28.9**	**48.1**	**99.9**	**-12.4**	**20.3**	**27.5**	**48.5**	**83.9**	**97.3**	**112**	**121**
Group	-0.6	-0.4	-0.8	-0.8	-1.1	-3.1	-0.9	-1.1	-1.1	-0.7	-3.8	-3.8	-3.8	-3.8
Tokmanni	83.8	-1.7	26.5	25.2	37.8	87.8	-3.7	20.1	27.2	40.1	83.7	92.4	101	104
Dollarstore	9.8	-2.8	2.1	5.1	10.4	14.8	-7.8	1.3	1.4	9.1	4.0	8.7	14.8	21.2
Net financial items	-24.7	-9.1	-9.8	-8.5	-11.4	-38.8	-8.7	-9.8	-9.6	-9.6	-37.7	-41.5	-40.4	-39.2
PTP	**68.4**	**-14.0**	**18.0**	**20.4**	**36.7**	**61.1**	**-21.1**	**10.5**	**17.9**	**38.9**	**46.2**	**55.8**	**71.5**	**82**
Taxes	-14.3	2.1	-3.3	-3.9	-7.3	-12.3	2.5	-0.3	-3.6	-7.8	-9.1	-11.2	-13.2	-15.1
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	**54.0**	**-12.0**	**14.8**	**16.6**	**29.4**	**48.8**	**-18.6**	**10.2**	**14.3**	**31.1**	**37.1**	**44.6**	**58.3**	**66.8**
EPS (adj.)	**1.02**	**-0.19**	**0.26**	**0.31**	**0.49**	**0.87**	**-0.30**	**0.19**	**0.22**	**0.54**	**0.65**	**0.81**	**1.04**	**1.19**
EPS (rep.)	**0.92**	**-0.20**	**0.25**	**0.28**	**0.50**	**0.83**	**-0.32**	**0.17**	**0.24**	**0.53**	**0.63**	**0.76**	**0.99**	**1.14**

Key figures	2023	Q1'24	Q2'24	Q3'24	Q4'24	2024	Q1'25	Q2'25	Q3'25	Q4'25e	2025e	2026e	2027e	2028e
Revenue growth-%	19.2 %	42.4 %	32.5 %	14.3 %	5.5 %	20.3 %	0.8 %	4.8 %	4.0 %	4.4 %	3.7 %	5.8 %	5.2 %	4.3 %
Adjusted EBIT growth-%	15.2 %	92%	0.2 %	11.6 %	5.2 %	3.6 %	169.8 %	-26.3 %	-12.9 %	2.9 %	-16.9 %	18.0 %	14.5 %	8.0 %
EBITDA-%	13.6 %	8.0 %	14.1 %	14.6 %	16.2 %	13.6 %	6.0 %	12.1 %	14.0 %	15.8 %	12.5 %	12.4 %	12.7 %	12.8 %
Adjusted EBIT-%	7.1 %	-1.3 %	6.7 %	7.3 %	9.6 %	6.1 %	-3.4 %	4.7 %	6.1 %	9.5 %	4.9 %	5.5 %	5.9 %	6.2 %
Net earnings-%	3.9 %	-3.5 %	3.5 %	4.0 %	5.9 %	2.9 %	-5.4 %	2.3 %	3.3 %	6.0 %	2.1 %	2.4 %	3.0 %	3.3 %

Source: Inderes

Full-year earnings per share are calculated using the number of shares at year-end.

Balance sheet

Assets	2023	2024	2025e	2026e	2027e
Non-current assets	**900**	**901**	**886**	**901**	**916**
Goodwill	218	217	217	217	217
Intangible assets	45.8	42.4	40.2	38.2	36.4
Tangible assets	633	639	629	645	662
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
Current assets	**510**	**476**	**621**	**627**	**636**
Inventories	343	428	443	469	493
Other current assets	2.6	2.4	2.4	2.4	2.4
Receivables	31.0	29.1	30.2	31.9	33.6
Cash and equivalents	134	15.9	146	124	107
Balance sheet total	**1410**	**1376**	**1508**	**1528**	**1552**

Source: Inderes

Liabilities & equity	2023	2024	2025e	2026e	2027e
Equity	**265**	**263**	**280**	**299**	**326**
Share capital	0.1	0.1	0.1	0.1	0.1
Retained earnings	147	151	168	187	214
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
Non-current liabilities	**743**	**717**	**856**	**843**	**826**
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	852	839	823
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
Current liabilities	**402**	**397**	**371**	**386**	**399**
Interest bearing debt	138	130	94.7	93.2	91.4
Payables	260	267	276	292	308
Other current liabilities	3.6	0.3	0.3	0.3	0.3
Balance sheet total	**1410**	**1376**	**1508**	**1528**	**1552**

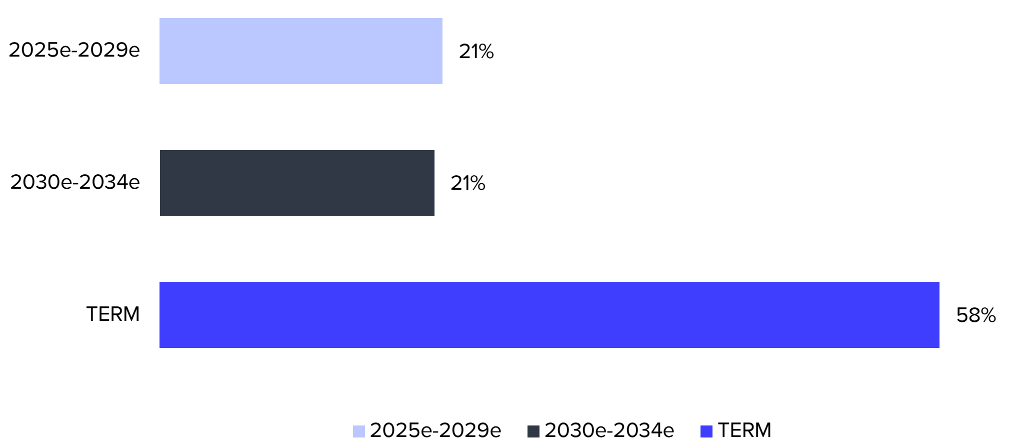
DCF calculation

DCF model	2024	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	2034e	TERM
Revenue growth-%	20.3 %	3.7 %	5.8 %	5.2 %	4.3 %	4.0 %	4.0 %	3.5 %	3.5 %	3.0 %	2.0 %	2.0 %
EBIT-%	6.0 %	4.8 %	5.3 %	5.8 %	6.0 %	6.5 %	6.5 %	6.5 %	6.5 %	6.5 %	6.5 %	6.5 %
EBIT (operating profit)	**99.9**	**83.9**	**97.3**	**112**	**121**	**136**	**142**	**147**	**152**	**156**	**159**	
+ Depreciation	128	133	130	133	137	141	145	148	152	156	158	
- Paid taxes	-14.9	-19.4	-11.2	-13.2	-15.1	-17.3	-18.4	-19.4	-20.3	-21.2	-21.8	
- Tax, financial expenses	-7.8	-7.4	-8.3	-7.4	-7.2	-7.8	-7.6	-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	-5.6	-11.5	-10.8	-9.3	-9.1	-9.5	-8.6	-8.9	-7.9	-5.4	
Operating cash flow	**125**	**184**	**197**	**214**	**226**	**243**	**251**	**259**	**267**	**275**	**283**	
+ 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	-119	-144	-149	-154	-159	-163	-167	-167	-167	-164	
Free operating cash flow	**-3.5**	**65.2**	**52.3**	**64.9**	**72.3**	**83.5**	**87.5**	**92.4**	**100**	**108**	**119**	
+/- 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	65.2	52.3	64.9	72.3	83.5	87.5	92.4	100	108	119	1706
Discounted FCFF		**64.5**	**47.5**	**53.9**	**55.1**	**58.3**	**56.0**	**54.2**	**53.8**	**53.2**	**53.7**	**770**
Sum of FCFF present value		1320	1256	1208	1154	1099	1041	985	931	877	824	770
Enterprise value DCF		**1320**										
- Interest bearing debt		-832.2										
+ Cash and cash equivalents		15.9										
-Minorities		0.0										
-Dividend/capital return		-20.0										
Equity value DCF		**484**										
Equity value DCF per share		**8.2**										

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 %
Cost of equity	**10.4 %**
Weighted average cost of capital (WACC)	**9.1 %**

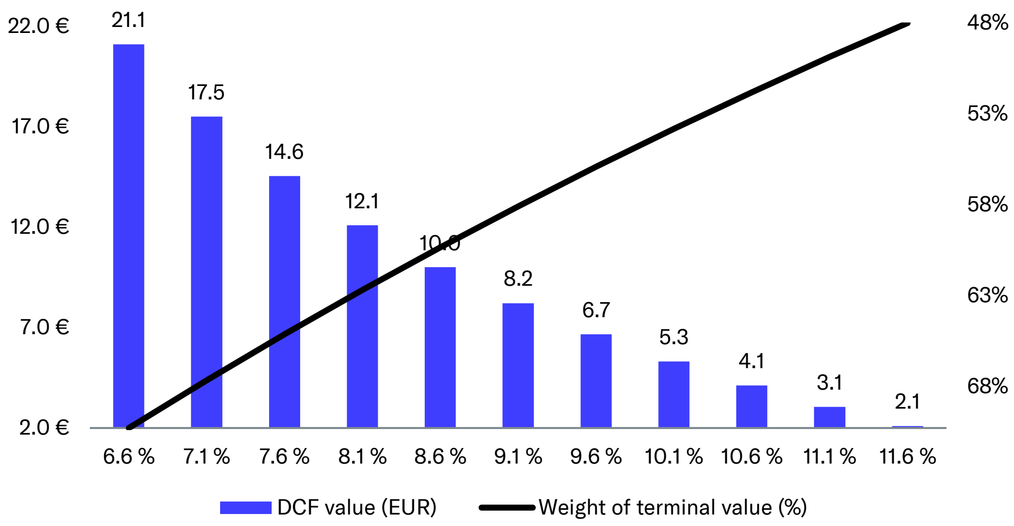
Source: Inderes

Cash flow distribution

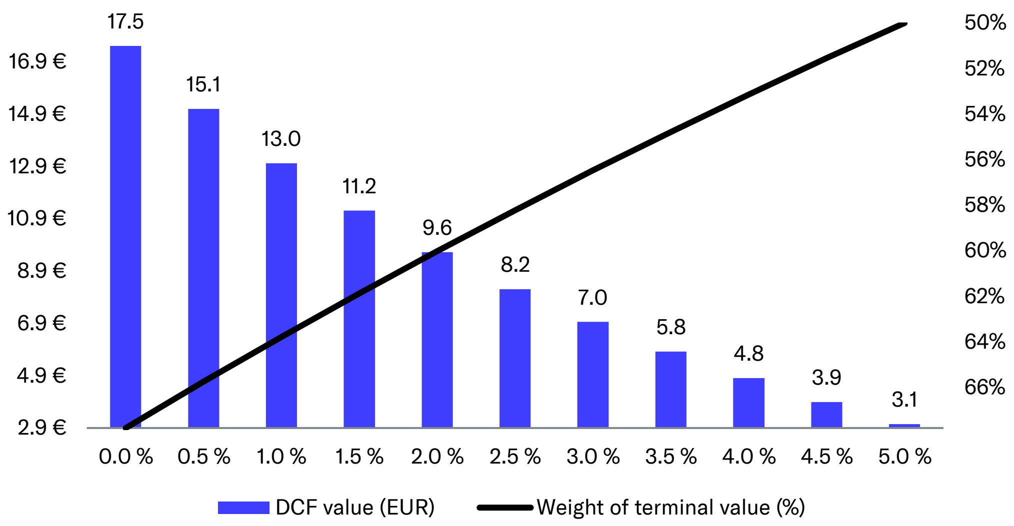


DCF sensitivity calculations and key assumptions in graphs

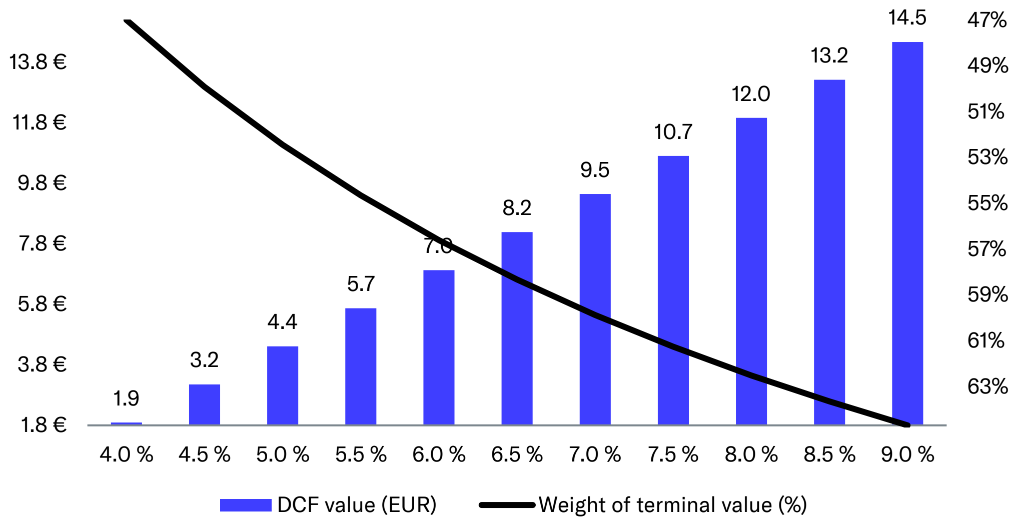
Sensitivity of DCF to changes in the WACC-%



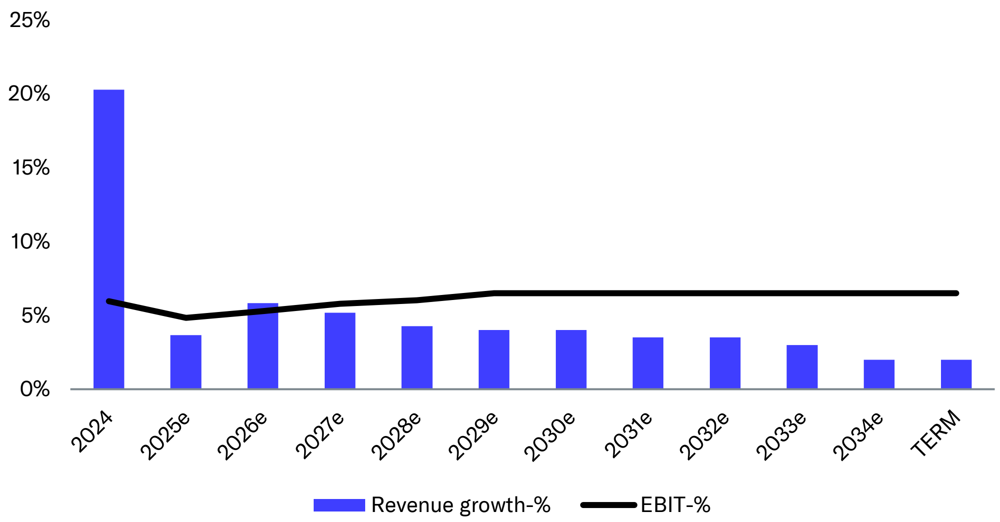
Sensitivity of DCF to changes in the risk-free rate



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
Revenue	1168.0	1392.6	1674.9	**1736.3**	**1837.5**
EBITDA	157.2	189.8	227.6	**216.4**	**227.7**
EBIT	84.0	93.0	99.9	**83.9**	**97.3**
PTP	73.3	68.4	61.1	**46.2**	**55.8**
Net Income	58.8	54.0	48.8	**37.1**	**44.6**
Extraordinary items	-1.7	-5.8	-2.4	**-1.1**	**-3.0**

Per share data	2022	2023	2024	2025e	2026e
EPS (reported)	1.00	0.92	0.83	**0.63**	**0.76**
EPS (adj.)	1.03	1.02	0.87	**0.65**	**0.81**
OCF / share	1.62	3.95	2.12	**3.12**	**3.34**
OFCF / share	-0.07	-4.97	-0.06	**1.11**	**0.89**
Book value / share	4.20	4.51	4.47	**4.76**	**5.08**
Dividend / share	0.76	0.76	0.34	**0.44**	**0.00**

Balance sheet	2022	2023	2024	2025e	2026e
Balance sheet total	793.8	1410.3	1376.3	**1507.5**	**1527.7**
Equity capital	247.0	265.4	263.1	**280.2**	**298.9**
Goodwill	136.2	218.1	217.3	**217.3**	**217.3**
Net debt	383.3	730.5	816.3	**801.1**	**808.0**

Growth and profitability	2022	2023	2024	2025e	2026e
Revenue growth-%	2%	19%	20%	**4%**	**6%**
EBITDA growth-%	-10%	21%	20%	**-5%**	**5%**
EBIT (adj.) growth-%	-19%	15%	4%	**-17%**	**18%**
EPS (adj.) growth-%	-20%	-1%	-15%	**-25%**	**25%**
EBITDA-%	13.5 %	13.6 %	13.6 %	**12.5 %**	**12.4 %**
EBIT (adj.)-%	7.3 %	7.1 %	6.1 %	**4.9 %**	**5.5 %**
EBIT-%	7.2 %	6.7 %	6.0 %	**4.8 %**	**5.3 %**
ROE-%	23.9 %	21.1 %	18.4 %	**13.7 %**	**15.4 %**
ROI-%	13.1 %	10.5 %	9.0 %	**7.2 %**	**7.9 %**
Equity ratio	31.1 %	18.8 %	19.1 %	**18.6 %**	**19.6 %**
Gearing	155.2 %	275.3 %	310.3 %	**285.9 %**	**270.3 %**

Cash flow	2022	2023	2024	2025e	2026e
EBITDA	157.2	189.8	227.6	**216.4**	**227.7**
Change in working capital	-44.9	47.6	-80.0	**-5.6**	**-11.5**
Operating cash flow	95.4	232.4	124.8	**184.0**	**196.8**
CAPEX	-98.8	-524.3	-127.8	**-118.8**	**-144.4**
Free cash flow	-3.9	-292.3	-3.5	**65.2**	**52.3**

Valuation multiples	2022	2023	2024	2025e	2026e
EV/S	0.9	1.2	0.9	**0.7**	**0.7**
EV/EBITDA	6.7	8.6	6.7	**5.7**	**5.4**
EV/EBIT (adj.)	12.2	16.6	14.9	**14.5**	**12.3**
P/E (adj.)	11.0	15.2	13.9	**11.2**	**9.0**
P/B	2.7	3.4	2.7	**1.5**	**1.4**
Dividend-%	6.7 %	4.9 %	2.8 %	**6.0 %**	**7.3 %**

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. Per-share figures are calculated using the number of shares at year-end.

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Buy	The 12-month risk-adjusted expected shareholder return of the share is very attractive
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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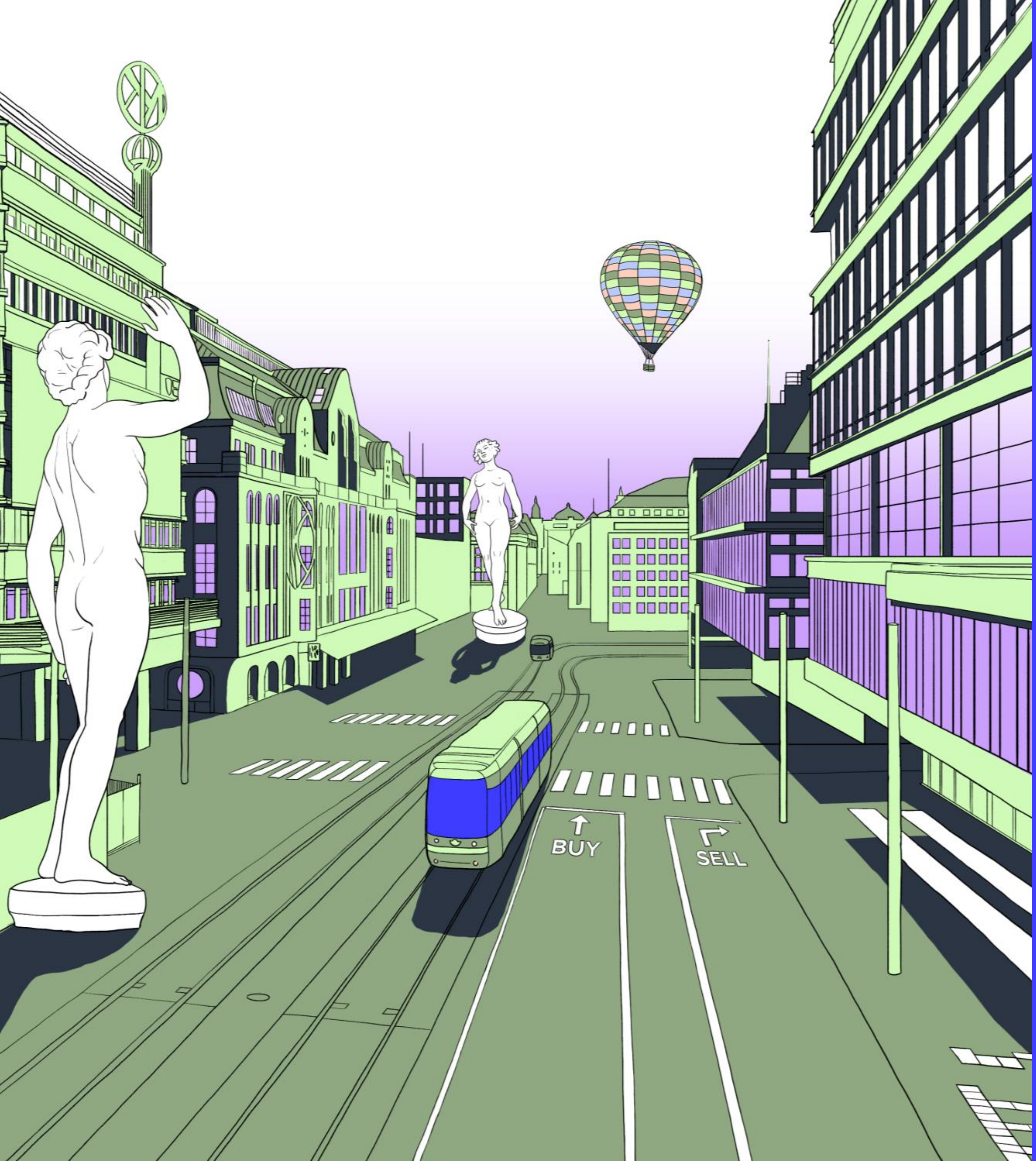
Recommendation history (>12 mo)

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 €
Analyst changed			
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 €
Analyst changed			
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 €
11/15/2025	Reduce	7.70 €	7.29 €



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