

LFL growth continues to be impressive

Tokmanni had revenue of EUR 188,1m, which beats EUR 186/184m Evli/consensus estimates by ~ 1 %. LFL growth continues to be clearly above estimations at 4.1% vs. 1% our expectation. Strong revenue and LFL growth were driven by Nettopäivät campaign, change of assortments of Ale-Makasiini stores and clearance sales. Gross margin was 31,2 % vs. our 33,3% expectation. Due to the changes of IFRS 16, adj. EBITDA of 12.8 is not comparable with our estimate of 5.1. Tokmanni 2019E guidance reiterated; profitability and adj. gross margin are expected to increase from last year.

- Q1 revenue was EUR 188m vs. EUR 186m/184m Evli/cons, ~1 % above estimates. Revenue grew by 8.3% y/y, driven by 4.1% LFL growth (Evli LFL expectation 1%) and new openings.
- Q1 adj. gross profit was EUR 58.8m (31.2% margin) vs. EUR 62.0m (33,3%) Evli expectation.
- Q1 adj. fixed costs in total were EUR 46.8m (24.9% of revenue) vs. EUR 57.8m (31.1% of sales) Evli view.
- Q1 adj. EBITDA was EUR 12.8m (6.8% margin) vs. EUR 5.1m (2.7%) Evli and EUR 5.3m (2.9%) consensus.
- 2019 guidance intact: revenue will grow in 2019 based on new openings in 2018 and in 2019. Profitability (adj. EBITDA margin) will increase y/y in 2019E.

Rating BUY

Tokmanni Q1'19	Actual	Evli	Cons*	Year ago
Net sales	188,1	186,0	183,8	173,9
Gross profit (adj.)	58,8	62	na.	54,7
Gross margin (adj.)	31,2	33,3 %	31,85 %	31,4 %
EBITDA (adj.)	12,8	5,1	5,3	0,9
EBITDA margin (adj.)	6,8 %	2,7 %	2,9 %	0,5 %
EPS	-0,07	0,0	-0,04	-0,05

**Source: Bloomberg (5-6 est. avg)*

Share price, EUR (Last trading day's closing price)	8.23
Target price, EUR	9.0
Latest change in rating	18-Apr-17
Latest report on company	19-Apr-19
Research paid by issuer:	Yes
No. of shares outstanding, '000's	58,869
No. of shares fully diluted, '000's	58,869
Market cap, EURm	484
Free float, %	100.0
Exchange rate	1.000
Reuters code	TOKMAN.HE
Bloomberg code	TOKMAN FH
Average daily volume, EURm	na.
Next interim report	8-Aug-19
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BUY HOLD SELL

PRE-REPORT KEY FIGURES

	Sales EURm	EBIT EURm	EBIT %	Ptx profit EURm	EPS EUR	P/E (x)	EV/Sales (x)	P/CF (x)	EV/EBIT (x)	DPS EUR
2017	797	41	5.1%	35	0.48	15.2	0.7	13.0	13.8	0.41
2018	870	49	5.6%	43	0.58	12.4	0.6	8.7	11.5	0.50
2019E	921	58	6.3%	54	0.73	11.3	0.7	8.7	10.5	0.55
2020E	952	68	7.1%	64	0.87	9.5	0.6	7.3	8.8	0.65
2021E	982	73	7.5%	70	0.96	8.6	0.6	6.8	7.9	0.67
Market cap, EURm		484	BV per share 2019E, EUR			3.2	CAGR EPS 2018-21, %			18.2
Net debt 2019E, EURm		128	Price/book 2019E			2.6	CAGR sales 2018-21, %			4.1
Enterprise value, EURm		612	Dividend yield 2019E, %			6.6	ROE 2019E, %			23.7
Total assets 2019E, EURm		506	Tax rate 2019E, %			20.0	ROCE 2019E, %			16.5
Goodwill 2019E, EURm		135	Equity ratio 2019E, %			37.2	PEG, P/E 19/CAGR			1.2

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

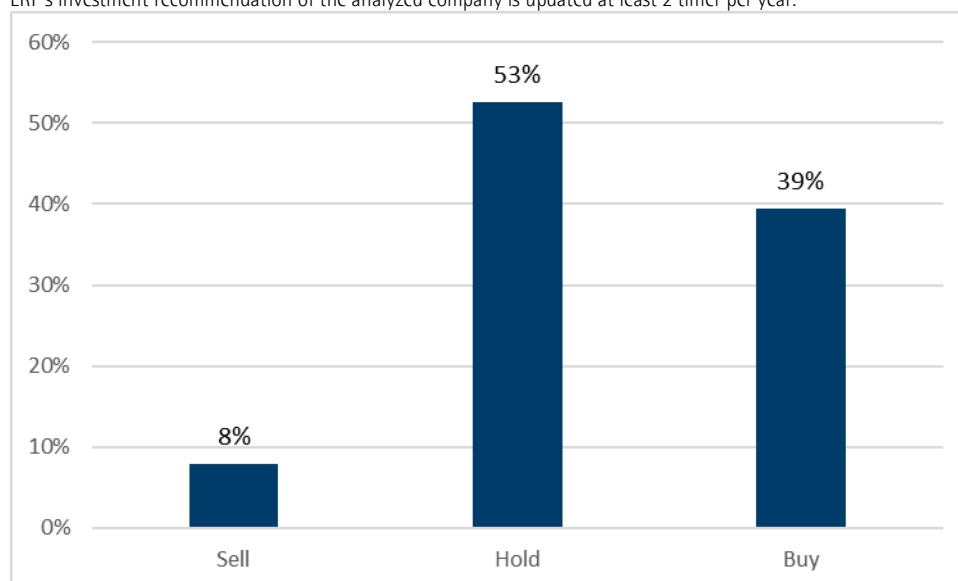
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Investment recommendations are defined as follows:

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

ERP's investment recommendation of the analyzed company is updated at least 2 times per year.



The graph above shows the distribution of ERP's recommendations of companies under coverage in 1st of February 2019. If recommendation is not given, it is not mentioned here.

Name(s) of the analyst(s): Rissanen

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