

TOKMANNI GROUP

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INDERES CORPORATE CUSTOMER COMPANY REPORT



Revolving doors are spinning fast

Tokmanni's Q4 progressed favorably considering the key metrics for the business. However, there was a slight softness in margin levels, which should correct over time. We believe that the Group has clear prerequisites for earnings growth thanks to its attractive concepts and a cost structure that scales with growth. The attractive expected return of the stock is supported by a moderate valuation and a good dividend yield. We reiterate our Accumulate recommendation but revise our target price to EUR 14.5 (was 15.5) due to estimate revisions.

Boost from new and old stores

Tokmanni's challenging year came to a positive end, as Q4 revenue (489 MEUR; +6%) and customer numbers (+7%) clearly increased on all of the company's main markets. Like-for-like store development also withstood industry-specific comparison, as the sales and number of customers developed in the right direction, deviating from the trend of the beginning of the year. We believe this was due to better product availability compared to the reference period, as well as successful campaigns. The strength of earnings growth (Q4'24 adj. EBIT 47.5 MEUR; 9.6% margin; +2.7%) was weakened in both segments by a decline in the relative gross margin, mainly due to campaigns, higher freight costs and a change in the sales mix. Although the Tokmanni segment managed to factor in increased freight costs in its pricing, we believe Dollarstore failed to do so due to manufacturing-related reasons. Thus, we consider the weakness in the segment's gross margin to be a short-term problem, which should improve over time as private labels grow. Fixed costs in both segments scaled nicely, which in our view highlighted the scale of comparable revenue growth. The Board of Directors proposes a maximum dividend of EUR 0.68 per share.

Brisk earnings growth expected

Tokmanni expects its revenue to be 1.72-1.82 BNEUR in 2025, while it believes its EBIT will be in the range of 100-130 MEUR.

Overall, the guidance was in line with expectations, albeit slightly conservative compared to our pre-report forecasts. In our view, the lower end of the guidance, where earnings would remain practically at the comparison period level despite revenue growth, reflects a scenario where the operating environment does not improve substantially. Our forecasts decreased slightly (EBIT -3-6%) as we believe the company has faced and/or will face slight challenges in the beginning of the year (trade strikes in Finland and increased freight costs in Sweden). Towards the end of the year, we see growth accelerating and earnings improving, so our forecasts are roughly in the middle of the guidance range. H2's faster like-for-like sales growth than its competitors and the well-scaled cost structure keep us confident in the company's earnings growth potential mainly driven by the strong growth and scalable cost structure of the Dollarstore segment. The SPAR collaboration offers an option to accelerate earnings growth in Finland, the impact of which will not be visible for several years. Based on the above factors, we predict that the Group's earnings will improve by 19% per year

Stock valuation is still moderate

We continue to see an attractive valuation picture for the stock. The company is priced at fairly moderate earnings multiples (2025e P/E 12x and IFRS 16 adj. EV/EBIT ~12x), where we see some upside. Especially the P/E ratio is well below the peer group median, which also supports the stock's upside. Based on the PEG ratio (2024 0.8x), the earnings growth we forecast has not been fully factored into the share price. In addition, the expected return is supported by a healthy dividend yield of ~7%. Our view of a moderately priced stock is also supported by a DCF value of good EUR 15. We feel the stock offers investors a sufficient expected return to support short-term uncertainties.

Recommendation

Accumulate

(was Accumulate)

Target price:

14.50 EUR

(was 15.50 EUR)

Share price:

12.73

Business risk



Valuation risk



	2024	2025e	2026e	2027e
Revenue	1674.9	1770.9	1897.1	2001.2
growth-%	20%	6%	7%	5%
EBIT adj.	102.3	116.5	128.3	146.3
EBIT-% adj.	6.1 %	6.6 %	6.8 %	7.3 %
Net Income	48.8	57.8	68.1	83.1
EPS (adj.)	0.87	1.03	1.21	1.46
P/E (adj.)	13.9	12.4	10.6	8.7
P/B	2.7	2.7	2.5	2.3
Dividend yield-%	5.6 %	6.2 %	7.3 %	8.9 %
EV/EBIT (adj.)	14.9	13.4	12.3	10.8
EV/EBITDA	6.7	6.6	6.2	5.7
EV/S	0.9	0.9	0.8	0.8

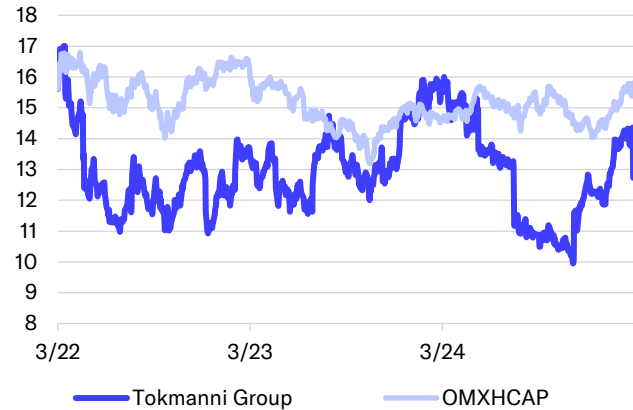
Source: Inderes

Guidance

(New guidance)

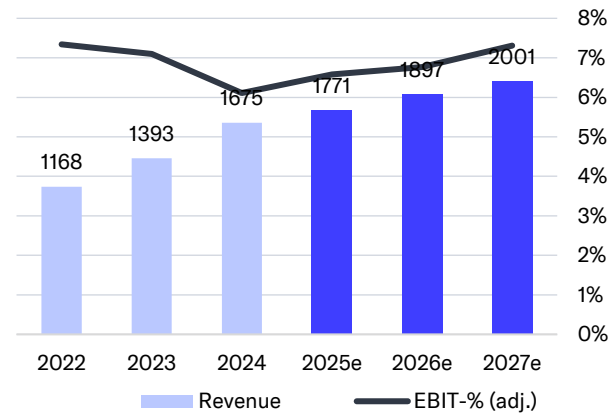
In 2025, Tokmanni expects its revenue to be 1,720-1,820 MEUR (2024: 1,670 MEUR) and comparable EBIT to be 100-130 MEUR (was 99.7 MEUR).

Share price



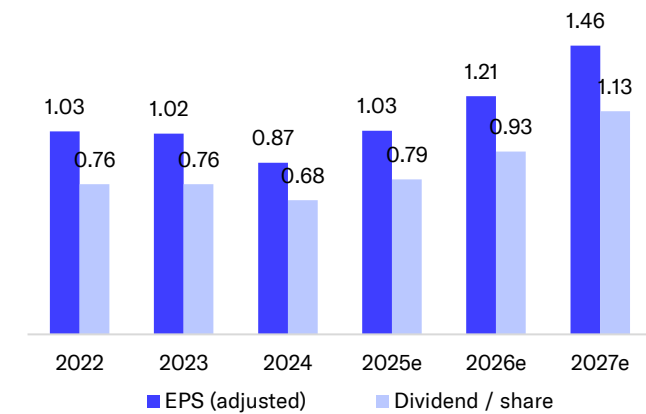
Source: Millstream Market Data AB

Revenue and EBIT-%



Source: Inderes

EPS and dividend



Source: Inderes

Value drivers

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

Risk factors

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

Valuation	2025e	2026e	2027e
Share price	12.7	12.7	12.7
Number of shares, millions	58.8	58.8	58.8
Market cap	749	749	749
EV	1564	1573	1574
P/E (adj.)	12.4	10.6	8.7
P/E	13.0	11.0	9.0
P/B	2.7	2.5	2.3
P/S	0.4	0.4	0.4
EV/Sales	0.9	0.8	0.8
EV/EBITDA	6.6	6.2	5.7
EV/EBIT (adj.)	13.4	12.3	10.8
Payout ratio (%)	80.0 %	80.0 %	80.0 %
Dividend yield-%	6.2 %	7.3 %	8.9 %

Source: Inderes

The attractiveness of the concepts continued to rise

A strong quarter in terms of sales

Tokmanni's Q4 revenue grew by 6% to 497 MEUR, driven by successful seasonal sales. The Group's like-for-like sales (3.6%) and customer volumes (5.3%) increased, which we believe indicates the attractiveness of the company's concepts. On the other hand, the average purchase decreased, continuing the prevailing trend of price-sensitive customers and consumption focused on daily goods. As a result, the sales of groceries grew faster than durable goods. Sales in the mature Tokmanni segment increased by 4%, supported by like-for-like sales growth (2%) and new stores (+3 y/y). Growth in the younger Dollarstore segment (11%) was also supported by new stores (+6 stores y/y) and strong like-for-like sales growth (7%). In our view, Dollarstore also succeeded in increasing the value of the basket, supported by the increased range of durable goods and a better operating environment than in Finland, while in the Tokmanni segment it decreased due to the lower average price and the basket being one product smaller.

Earnings increased in absolute terms, but decreased in relative terms

The Group's Q4 adj. EBIT grew to 47.5 MEUR (9.6% of revenue). The profitability of both segments improved from the comparison period. Dollarstore's adj. EBIT increased by 6% to 11.4 MEUR. The segment's relative gross margin weakened, although we estimate that the fixed cost structure scaled thanks to the growth in like-for-like sales. In the Tokmanni segment, EBIT (37 MEUR) also developed in the right direction as the fixed cost structure scaled. Thus, the Group's slower earnings development compared to revenue was caused by the lower gross margin than in the comparison period (35.7% vs. 36.5%), which was influenced by increased freight costs, a change in the sales mix and bargain sales. The company's adj. EPS was EUR 0.50.

An early reaction to spring weakened cash flow

The company's 2024 operating cash flow (89 MEUR) lagged behind the comparison period (220 MEUR) due to increased

inventories. The company decided to prepare for the upcoming spring season in advance, considering possible port strikes (which did not materialize) and slowed supply chains. On the other hand, cash flow in the comparison period was supported by the release of working capital, boosted by destocking of the excess inventory. Thus, a normalized level can be found somewhere between the two. Investments were at a fairly normal level of 38 MEUR and lease payments naturally increased to 96 MEUR due to the expanded store network. The free cash flow for 2024 was thus negative at about -45 MEUR. At the end of the year, the company had 16 MEUR in cash, which, together with the profit distribution of some 40 MEUR (20 MEUR in May and 20 MEUR later in the year), requires a healthy result for H1'25. IFRS 16 adj. net debt/EBITDA was 2.4x, which is slightly elevated and above the company's target level (2.25x).

Estimates	Q4'23	Q4'24	Q4'24e	Q4'24e	Consensus	Difference (%)	2024
MEUR / EUR	Comparison	Actualized	Inderes	Consensus	Low High	Act. vs. inderes	Actualized
Revenue	471	497	489	489	478-499	2%	1675
EBIT (adj.)	45.5	47.5	48.5	47.9	38.4-51.0	-2%	99.7
PTP	33.1	36.4	37.5	39.9	37.7-42.0	-3%	60.7
EPS (reported)	0.44	0.50	0.51	0.54	0.51-0.58	-2%	0.82
DPS	0.76	0.68	0.59	0.68	0.57-0.76	16%	0.68
Revenue growth-%	39.0 %	5.5 %	3.8 %	3.9 %	1.5 %-5.9 %	1.7 pp	20.3 %
EBIT-% (adj.)	9.6 %	9.6 %	9.9 %	9.8 %	8.0 %-10.2 %	-0.4 pp	6.0 %

Source: Inderes & Bloomberg (consensus, 8 estimates)

Potential challenges at the beginning of the year resulted in forecast cuts

Guidance in line with expectations, albeit a bit cautious

The company's guidance for the financial year 2025 was expected, although slightly cautious compared to our expectations before the report. Tokmanni expects 2025 revenue to be 1.72–1.82 BNEUR and adjusted EBIT in the 100-130 MEUR range. The midpoint of the guidance implies a revenue growth of around 6% (2024: 5.5%) and an EBIT margin of 6.6% (2024: 6.1%). In our view, the lower end of the guidance, where earnings would remain practically at the comparison period level despite revenue growth, reflects a scenario where the operating environment does not improve substantially. The guidance also implies that the company will fall short of its 150 MEUR EBIT target.

The beginning of the year may present some challenges, but the rest of the year looks better

The company reported that a one-week strike in Finland impacted Q1'25 performance negatively. The stores were

not closed, but the number of customers fell significantly, so we expect a soft start to this year. In addition, increased freight costs, which already negatively affected Q4 performance, may weigh on the Dollarstore segment's H1 result. This is based on the assumption that, for manufacturing-related reasons (price tags are fixed at the manufacturing stage) the company has been unable to react (raise prices) to increased freight costs. The persistence of the problem into H1 is emphasized by the company buying spring season products early, which also raised inventories to an unusually high level. The mild winter and early spring in the Nordics will likely provide tailwinds towards the end of Q1 and the beginning of Q2. This should stimulate demand for the company's important Garden and yard and Cooking (barbecue) product categories. Due to the aforementioned factors, we made negative revisions to our profitability forecasts, which decreased by 6% and 3% for 2025 and 2026. We also revised financing costs slightly upwards, resulting in a larger change in the net result than

before. However, we see the end of the year to be brighter for the company. The development of consumer confidence in Sweden is ahead of Finland and sales in the country have developed positively. We also believe that the domestic operating environment will improve in H2 at the latest, with consumers' improved purchasing power boosting durable goods consumption.

The Dollarstore segment is moving in the right direction

We believe the key metrics for the Dollarstore segment, which is essential for the investment thesis, are moving in the right direction. The company's comparable growth has recently been strong, exceeding the development of listed competitors. Well-scaled fixed costs, an expanding store network, and a presumably increasing gross margin percentage due to the growth of private labels provide the conditions for strong earnings growth in the segment. We expect the Group's adj. EPS to grow by 19% per year (2024-27e CAGR).

Estimate revisions	2024	2024e	Change	2025e	2025e	Change	2026e	2026e	Change
MEUR / EUR	Inderes	Actualized	%	Old	New	%	Old	New	%
Revenue	1667	1675	0%	1776	1771	0%	1898	1897	0%
EBIT (exc. NRIs)	104	102	-1%	124	116	-6%	132	128	-3%
EBIT	100	100	0%	121	114	-6%	129	125	-3%
PTP	62	61	-1%	84	72	-14%	93	85	-8%
EPS (excl. NRIs)	0.89	0.87	-3%	1.18	1.03	-12%	1.30	1.21	-7%
DPS	0.59	0.68	15%	0.79	0.79	-1%	0.87	0.93	6%

Source: Inderes

Moderate valuation relative to earnings growth outlook

Moderate valuation on several indicators

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 12x and IFRS16 adj. EV/EBIT 12x) are fairly in line with history or below it, but the earnings growth we expect already pushes the multiples to very moderate levels (2026e P/E 11x and IFRS16 adj. EV/EBIT 10x). Also based on the PEG ratio (2024 0.8x), the earnings growth we forecast has not been fully factored into the share price. From this perspective, we see some upside potential in the valuation of the stock.

Tokmanni is priced below its peers

The peer group of retail companies is valued at around 17-15x P/E and 15-14x EV/EBIT (2025-26e). We view the median peer valuation level as fairly neutral given the group's growth prospects and capital return potential. Tokmanni is priced at a fairly hefty discount to its peers (P/E >25% discount), although with the EV/EBIT ratio (incl. IFRS 16) that considers the balance sheet the discount is milder (~10%). We consider a slight discount justified, as the return on capital of the peers is better than Tokmanni's. Nevertheless, the peer group analysis supports a slight upside in the stock (especially for the more comparable P/E).

The stock also has long-term potential

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

see clear upside potential in Dollarstore's profitability profile as sales per store increase with increased awareness of the concept. The synergies realized through the Dollarstore acquisition should improve the Group's profitability or, alternatively, provide another way (lower prices, increased marketing) to increase customer flow without sacrificing relative profitability. In our view, the current share price does not take this earnings growth potential fully into account. The company's customer flows have grown faster than its competitors after the challenges of the beginning of the year, and the cost structure seems to be scaling nicely as growth picks up. Thus, our confidence in a positive turnaround in the Group's relative profitability has increased, which we believe will be supported by more profitable sales growth in consumer durables in the coming years, encouraged by the improving economic environment. In Finland, SPAR collaboration offers an option to accelerate earnings growth, but its earnings potential will not be visible for several years. As a whole, we see upside potential in the stock and an attractive expected return for the investor. On the other hand, if the company fails to improve margins and growth stalls at the 1,800 MEUR revenue level it is targeting, there is no significant upside for the stock, leaving the expected return largely dependent on the dividend (~7%).

DCF model indicates an upside in the stock

The fair value of good EUR 15, as indicated by our cash flow model, suggests that the potential of the stock is above the current share price. This is based on our planned long-term growth (Dollarstore expansion) and profitability improvement towards an EBIT margin of 8% (acquisition synergies, increasing private label share and cost savings, including logistics).

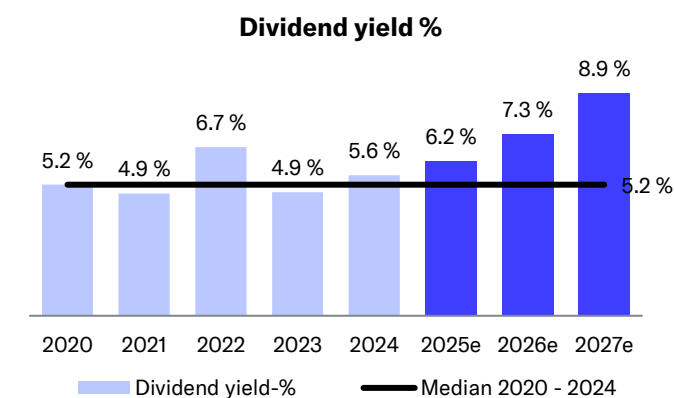
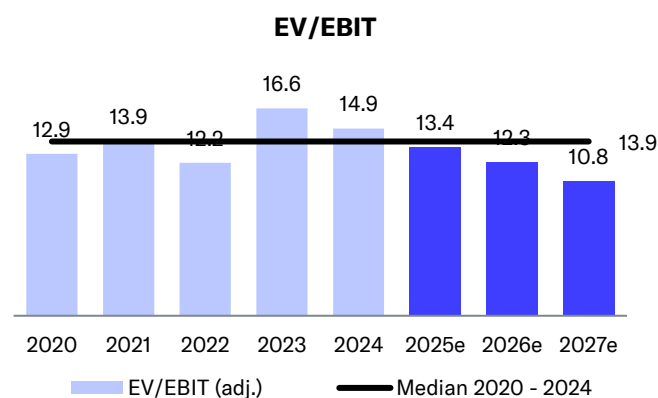
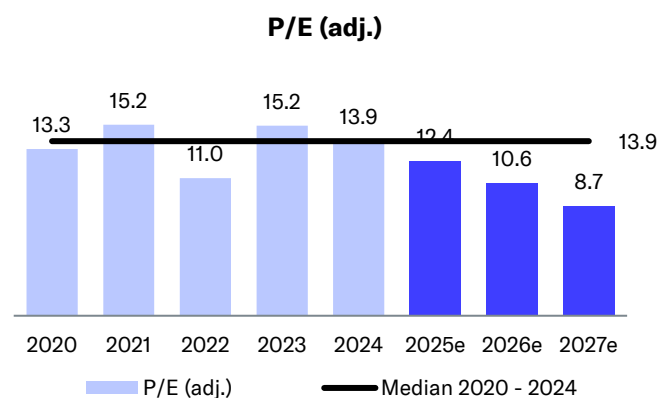
Valuation	2025e	2026e	2027e
Share price	12.7	12.7	12.7
Number of shares, millions	58.8	58.8	58.8
Market cap	749	749	749
EV	1564	1573	1574
P/E (adj.)	12.4	10.6	8.7
P/E	13.0	11.0	9.0
P/B	2.7	2.5	2.3
P/S	0.4	0.4	0.4
EV/Sales	0.9	0.8	0.8
EV/EBITDA	6.6	6.2	5.7
EV/EBIT (adj.)	13.4	12.3	10.8
Payout ratio (%)	80.0 %	80.0 %	80.0 %
Dividend yield-%	6.2 %	7.3 %	8.9 %

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	12.7	12.7	12.7	12.7
Number of shares, millions	58.8	58.9	58.9	58.8	58.8	58.8	58.8	58.8	58.8
Market cap	956	1157	665	907	713	749	749	749	749
EV	1288	1471	1048	1638	1529	1564	1573	1574	1575
P/E (adj.)	13.3	15.2	11.0	15.2	13.9	12.4	10.6	8.7	7.6
P/E	13.4	14.8	11.3	16.8	14.6	13.0	11.0	9.0	7.8
P/B	4.4	4.7	2.7	3.4	2.7	2.7	2.5	2.3	2.1
P/S	0.9	1.0	0.6	0.7	0.4	0.4	0.4	0.4	0.4
EV/Sales	1.2	1.3	0.9	1.2	0.9	0.9	0.8	0.8	0.8
EV/EBITDA	7.9	8.4	6.7	8.6	6.7	6.6	6.2	5.7	5.4
EV/EBIT (adj.)	12.9	13.9	12.2	16.6	14.9	13.4	12.3	10.8	9.8
Payout ratio (%)	70.2 %	72.5 %	76.1 %	82.8 %	82.1 %	80.0 %	80.0 %	80.0 %	75.0 %
Dividend yield-%	5.2 %	4.9 %	6.7 %	4.9 %	5.6 %	6.2 %	7.3 %	8.9 %	9.6 %

Source: Inderes



Peer group valuation

Peer group valuation Company	Market cap MEUR	EV MEUR	EV/EBIT		EV/EBITDA		EV/S		P/E		Dividend yield-%		P/B 2025e
			2025e	2026e	2025e	2026e	2025e	2026e	2025e	2026e	2025e	2026e	
Europris ASA	1122	1482	12.5	10.8	7.2	6.6	1.2	1.1	14.0	12.1	4.6	5.0	3.0
Bygghem Gruppen AB	265	491	18.2	14.0	5.6	5.2	0.8	0.8	14.9	11.6	2.7	4.0	1.1
Clas Ohlson AB	1403	1535	14.9	14.1	8.7	8.3	1.5	1.4	17.9	16.8	2.8	2.9	6.0
Axfood AB	4725	6086	18.0	15.9	8.6	8.1	0.7	0.7	20.7	17.5	3.8	4.0	6.6
Dollar General Corp	16558	21807	12.4	12.2	8.3	8.0	0.6	0.6	14.3	14.0	2.9	3.0	2.4
Kesko Oyj	7521	10442	15.1	14.1	8.1	7.7	0.8	0.8	16.1	14.8	5.0	5.4	2.6
Musti Group Oyj	684	843	15.6	13.6	8.9	8.1	1.7	1.6	17.3	15.2	3.9	4.4	3.4
B&M European Value Retail	3209	5775	8.5	8.3	5.6	5.5	0.9	0.8	8.0	7.8	8.7	7.4	3.3
Puulo Oyj	857	951	15.0	13.2	11.5	10.2	2.5	2.2	18.0	16.0	4.6	5.3	8.6
Verkkokauppa.com Oyj	92	102	17.7	11.5	7.9	6.2	0.2	0.2	28.9	15.8	2.2	4.4	2.9
Kamux Oyj	98	172	10.9	8.4	5.7	4.9	0.2	0.2	9.6	7.1	5.3	7.8	0.8
Rusta	1090	1597	19.3	15.9	9.3	8.1	1.5	1.3	22.1	17.1	1.9	2.6	5.0
Tokmanni Group (Inderes)	749	1564	13.4	12.3	6.6	6.2	0.9	0.8	12.4	10.6	6.2	7.3	2.7
Average			14.8	12.7	7.9	7.2	1.0	1.0	16.8	13.8	4.0	4.7	3.8
Median			15.0	13.4	8.2	7.8	0.9	0.8	16.7	15.0	3.9	4.4	3.2
Diff-% to median			-11%	-8%	-19%	-20%	3%	2%	-26%	-30%	60%	66%	-16%

Source: Refinitiv / Inderes

Income statement

Income statement	2023	Q1'24	Q2'24	Q3'24	Q4'24	2024	Q1'25e	Q2'25e	Q3'25e	Q4'25e	2025e	2026e	2027e	2028e
Revenue	1393	339	423	416	497	1675	348	446	440	536	1771	1897	2001	2093
Group	-0.1	-0.1	-0.2	0.0	-0.9	-1.2	-0.1	-0.1	-0.1	-0.1	-0.5	-0.5	-0.5	-0.5
Tokmanni	1209	248	316	304	366	1234	250	329	315	382	1276	1359	1421	1471
Dollarstore	184	91.1	107	112	132	442	99.0	117	125	154	495	538	581	622
EBITDA	190	27.0	59.5	60.8	80.3	228	26.1	60.8	62.2	88.1	237	252	274	292
Depreciation	-96.8	-31.9	-31.7	-31.9	-32.2	-127.7	-30.9	-30.9	-30.9	-30.9	-123.6	-126.9	-130.6	-134.3
EBIT (excl. NRI)	98.8	-4.3	28.5	30.3	47.8	102	-4.1	30.6	32.1	57.9	116	128	146	161
EBIT	93.0	-4.9	27.8	28.9	48.1	99.9	-4.8	29.9	31.3	57.2	114	125	143	158
Group	-0.6	-0.4	-0.8	-0.8	-1.1	-3.1	-0.7	-0.7	-0.7	-0.7	-2.8	-2.8	-2.8	-2.8
Tokmanni	83.8	-1.7	26.5	25.2	37.8	87.8	-1.9	28.4	24.8	41.6	92.9	99.7	108	115
Dollarstore	9.8	-2.8	2.1	5.1	10.4	14.8	-2.3	2.3	7.2	16.3	23.5	28.5	37.7	46.0
Net financial items	-24.7	-9.1	-9.8	-8.5	-11.4	-38.8	-10.3	-10.3	-10.3	-10.3	-41.4	-40.3	-39.5	-38.6
PTP	68.4	-14.0	18.0	20.4	36.7	61.1	-15.2	19.6	20.9	46.9	72.2	85.1	103.9	119
Taxes	-14.3	2.1	-3.3	-3.9	-7.3	-12.3	3.0	-3.9	-4.2	-9.4	-14.4	-17.0	-20.8	-23.9
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	-12.1	15.7	16.7	37.5	57.8	68.1	83.1	95.4
EPS (adj.)	1.02	-0.19	0.26	0.31	0.49	0.87	-0.19	0.28	0.30	0.65	1.03	1.21	1.46	1.67
EPS (rep.)	0.92	-0.20	0.25	0.28	0.50	0.83	-0.21	0.27	0.28	0.64	0.98	1.16	1.41	1.62

Key figures	2023	Q1'24	Q2'24	Q3'24	Q4'24	2024	Q1'25e	Q2'25e	Q3'25e	Q4'25e	2025e	2026e	2027e	2028e
Revenue growth-%	19.2 %	42.4 %	32.5 %	14.3 %	5.5 %	20.3 %	2.8 %	5.6 %	5.8 %	7.8 %	5.7 %	7.1 %	5.5 %	4.6 %
Adjusted EBIT growth-%	15.2 %	92%	0.2 %	11.6 %	5.2 %	3.6 %	-4.1 %	7.4 %	5.8 %	21.1 %	13.8 %	10.1 %	14.0 %	10.0 %
EBITDA-%	13.6 %	8.0 %	14.1 %	14.6 %	16.2 %	13.6 %	7.5 %	13.6 %	14.1 %	16.4 %	13.4 %	13.3 %	13.7 %	14.0 %
Adjusted EBIT-%	7.1 %	-1.3 %	6.7 %	7.3 %	9.6 %	6.1 %	-1.2 %	6.9 %	7.3 %	10.8 %	6.6 %	6.8 %	7.3 %	7.7 %
Net earnings-%	3.9 %	-3.5 %	3.5 %	4.0 %	5.9 %	2.9 %	-3.5 %	3.5 %	3.8 %	7.0 %	3.3 %	3.6 %	4.2 %	4.6 %

Source: Inderes

Balance sheet

Assets	2023	2024	2025e	2026e	2027e
Non-current assets	900	901	915	933	952
Goodwill	218	217	217	217	217
Intangible assets	45.8	42.4	40.3	38.4	36.6
Tangible assets	633	639	657	677	698
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	489	529	557
Inventories	343	428	434	465	490
Other current assets	2.6	2.4	2.4	2.4	2.4
Receivables	31.0	29.1	30.8	33.0	34.8
Cash and equivalents	134	15.9	22.3	28.5	30.0
Balance sheet total	1410	1376	1404	1461	1509

Source: Inderes

Liabilities & equity	2023	2024	2025e	2026e	2027e
Equity	265	263	281	303	331
Share capital	0.1	0.1	0.1	0.1	0.1
Retained earnings	147	151	169	190	219
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	757	771	774
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	753	767	770
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	366	388	404
Interest bearing debt	138	130	83.7	85.3	85.5
Payables	260	267	282	302	319
Other current liabilities	3.6	0.3	0.3	0.3	0.3
Balance sheet total	1410	1376	1404	1461	1509

DCF-calculation

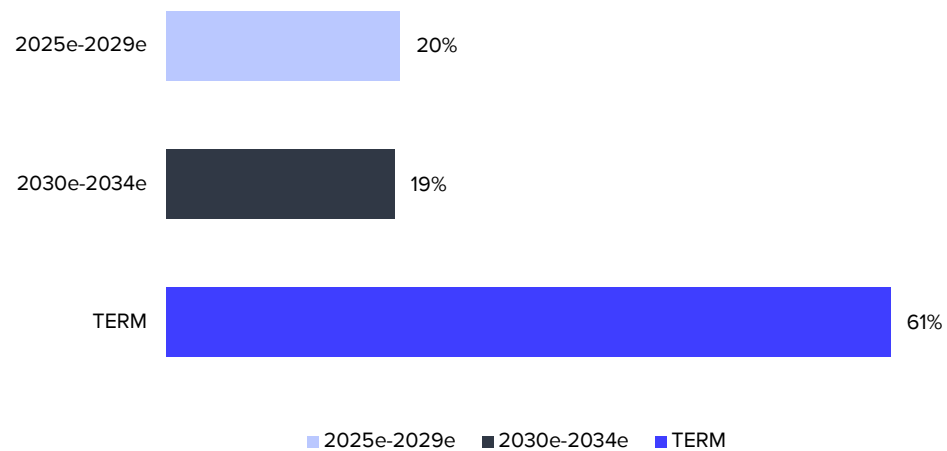
DCF model	2024	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	2034e	TERM
Revenue growth-%	20.3 %	5.7 %	7.1 %	5.5 %	4.6 %	4.0 %	4.0 %	3.5 %	3.5 %	3.0 %	2.5 %	2.5 %
EBIT-%	6.0 %	6.4 %	6.6 %	7.2 %	7.5 %	8.0 %	8.0 %	8.0 %	8.0 %	7.5 %	7.5 %	7.5 %
EBIT (operating profit)	99.9	114	125	143	158	174	181	187	194	187	192	
+ Depreciation	128	124	127	131	134	138	142	147	151	154	157	
- Paid taxes	-14.9	-24.7	-17.0	-20.8	-23.9	-26.6	-28.0	-29.3	-30.7	-29.4	-30.5	
- Tax, financial expenses	-7.8	-8.3	-8.1	-7.9	-7.7	-8.2	-8.2	-8.2	-8.1	-8.1	-7.9	
+ 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	-80.0	8.1	-13.0	-10.7	-9.4	-8.6	-9.0	-8.2	-8.5	-7.5	-6.4	
Operating cash flow	125	212	214	235	251	269	278	288	297	296	304	
+ 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	-138	-145	-149	-154	-159	-163	-167	-167	-167	-159	
Free operating cash flow	-3.5	74.3	69.0	85.0	96.8	109	115	121	130	129	145	
+/- 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	74.3	69.0	85.0	96.8	109	115	121	130	129	145	2391
Discounted FCFF		69.4	59.3	67.2	70.4	73.2	70.7	68.4	67.6	61.7	63.9	1053
Sum of FCFF present value		1725	1655	1596	1529	1458	1385	1314	1246	1178	1117	1053
Enterprise value DCF		1725										
- Interest bearing debt		-832.2										
+ Cash and cash equivalents		15.9										
-Minorities		0.0										
-Dividend/capital return		0.0										
Equity value DCF		908										
Equity value DCF per share		15.4										

WACC

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

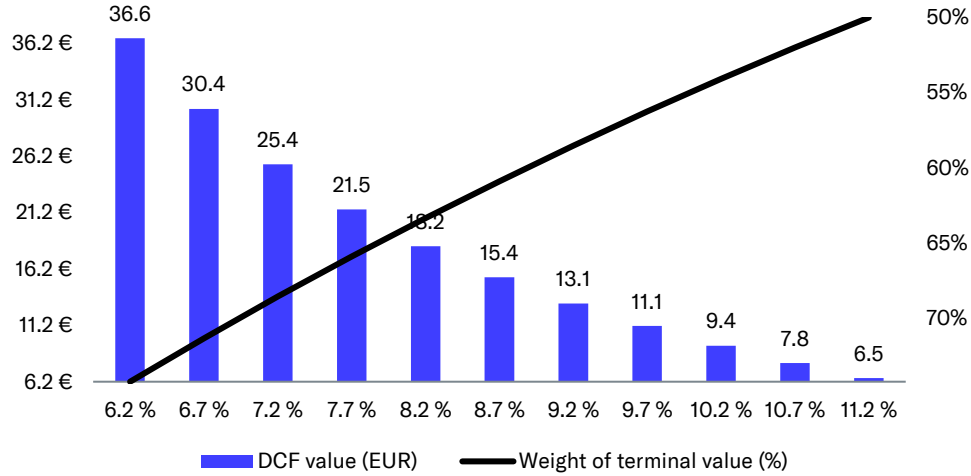
Source: Inderes

Cash flow distribution

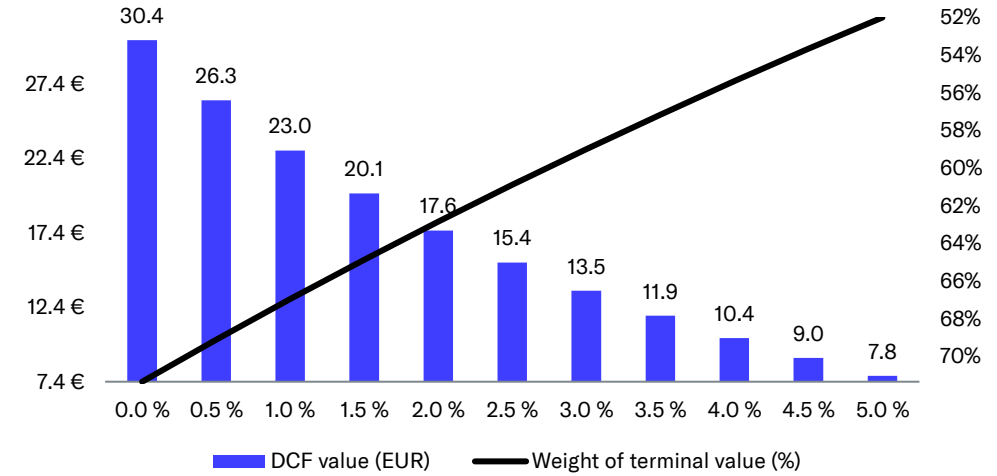


DCF sensitivity calculations and key assumptions in graphs

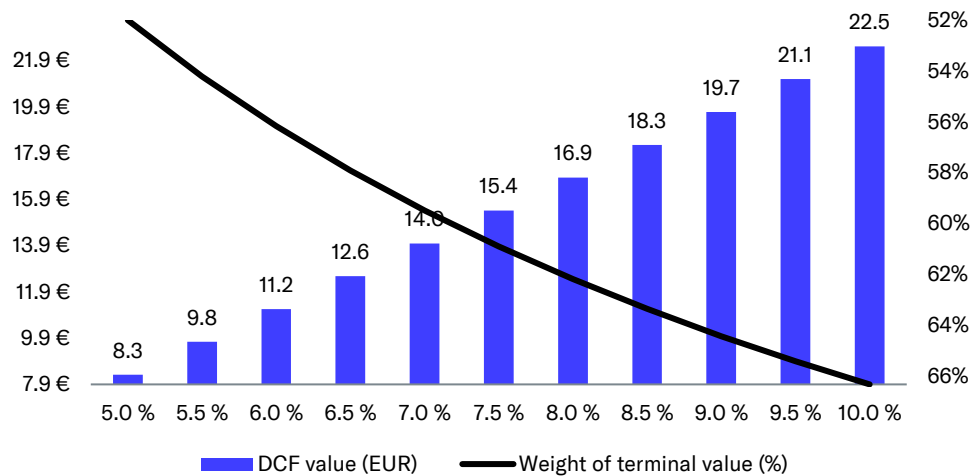
Sensitivity of DCF to changes in the WACC-%



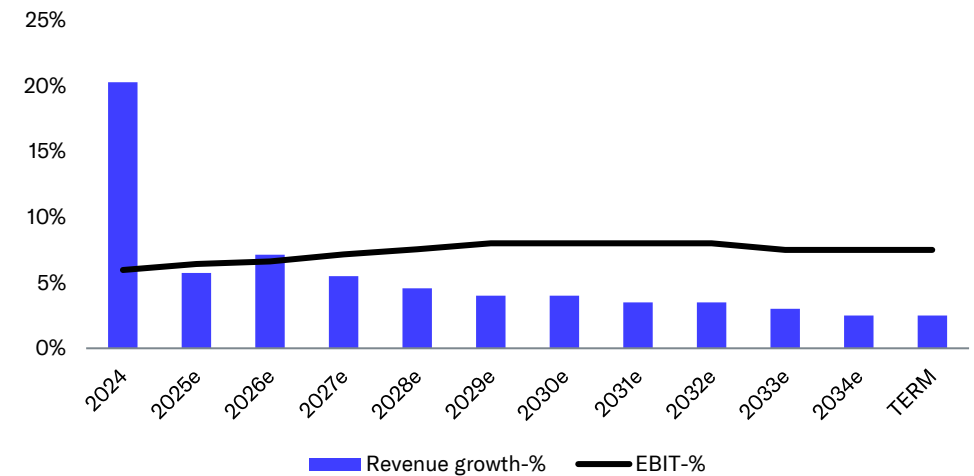
Sensitivity of DCF to changes in the risk-free rate



Sensitivity of DCF to changes in the terminal EBIT margin



Growth and profitability assumptions in the DCF calculation



Lähde: Inderes. Huomaa, että terminaaliarvon paino (%) on esitetty käännteisellä asteikolla selkeyden vuoksi.

Summary

Income statement	2022	2023	2024	2025e	2026e	Per share data	2022	2023	2024	2025e	2026e
Revenue	1168.0	1392.6	1674.9	1770.9	1897.1	EPS (reported)	1.00	0.92	0.83	0.98	1.16
EBITDA	157.2	189.8	227.6	237.2	252.3	EPS (adj.)	1.03	1.02	0.87	1.03	1.21
EBIT	84.0	93.0	99.9	113.6	125.4	OCF / share	1.62	3.95	2.12	3.61	3.64
PTP	73.3	68.4	61.1	72.2	85.1	FCF / share	-0.07	-4.97	-0.06	1.26	1.17
Net Income	58.8	54.0	48.8	57.8	68.1	Book value / share	4.20	4.51	4.47	4.77	5.14
Extraordinary items	-1.7	-5.8	-2.4	-2.9	-2.9	Dividend / share	0.76	0.76	0.68	0.00	0.00
Balance sheet	2022	2023	2024	2025e	2026e	Growth and profitability	2022	2023	2024	2025e	2026e
Balance sheet total	793.8	1410.3	1376.3	1404.0	1461.5	Revenue growth-%	2%	19%	20%	6%	7%
Equity capital	247.0	265.4	263.1	280.8	302.7	EBITDA growth-%	-10%	21%	20%	4%	6%
Goodwill	136.2	218.1	217.3	217.3	217.3	EBIT (adj.) growth-%	-19%	15%	4%	14%	10%
Net debt	383.3	730.5	816.3	814.8	824.3	EPS (adj.) growth-%	-20%	-1%	-15%	19%	17%
Cash flow	2022	2023	2024	2025e	2026e	EBITDA-%	13.5 %	13.6 %	13.6 %	13.4 %	13.3 %
EBITDA	157.2	189.8	227.6	237.2	252.3	EBIT (adj.)-%	7.3 %	7.1 %	6.1 %	6.6 %	6.8 %
Change in working capital	-44.9	47.6	-80.0	8.1	-13.0	EBIT-%	7.2 %	6.7 %	6.0 %	6.4 %	6.6 %
Operating cash flow	95.4	232.4	124.8	212.3	214.2	ROE-%	23.9 %	21.1 %	18.4 %	21.2 %	23.3 %
CAPEX	-98.8	-524.3	-127.8	-138.0	-145.2	ROI-%	13.1 %	10.5 %	9.0 %	10.3 %	11.0 %
Free cash flow	-3.9	-292.3	-3.5	74.3	69.0	Equity ratio	31.1 %	18.8 %	19.1 %	20.0 %	20.7 %
						Gearing	155.2 %	275.3 %	310.3 %	290.1 %	272.3 %
Valuation multiples	2022	2023	2024	2025e	2026e						
EV/S	0.9	1.2	0.9	0.9	0.8						
EV/EBITDA	6.7	8.6	6.7	6.6	6.2						
EV/EBIT (adj.)	12.2	16.6	14.9	13.4	12.3						
P/E (adj.)	11.0	15.2	13.9	12.4	10.6						
P/B	2.7	3.4	2.7	2.7	2.5						
Dividend-%	6.7 %	4.9 %	5.6 %	6.2 %	7.3 %						

Source: Inderes

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

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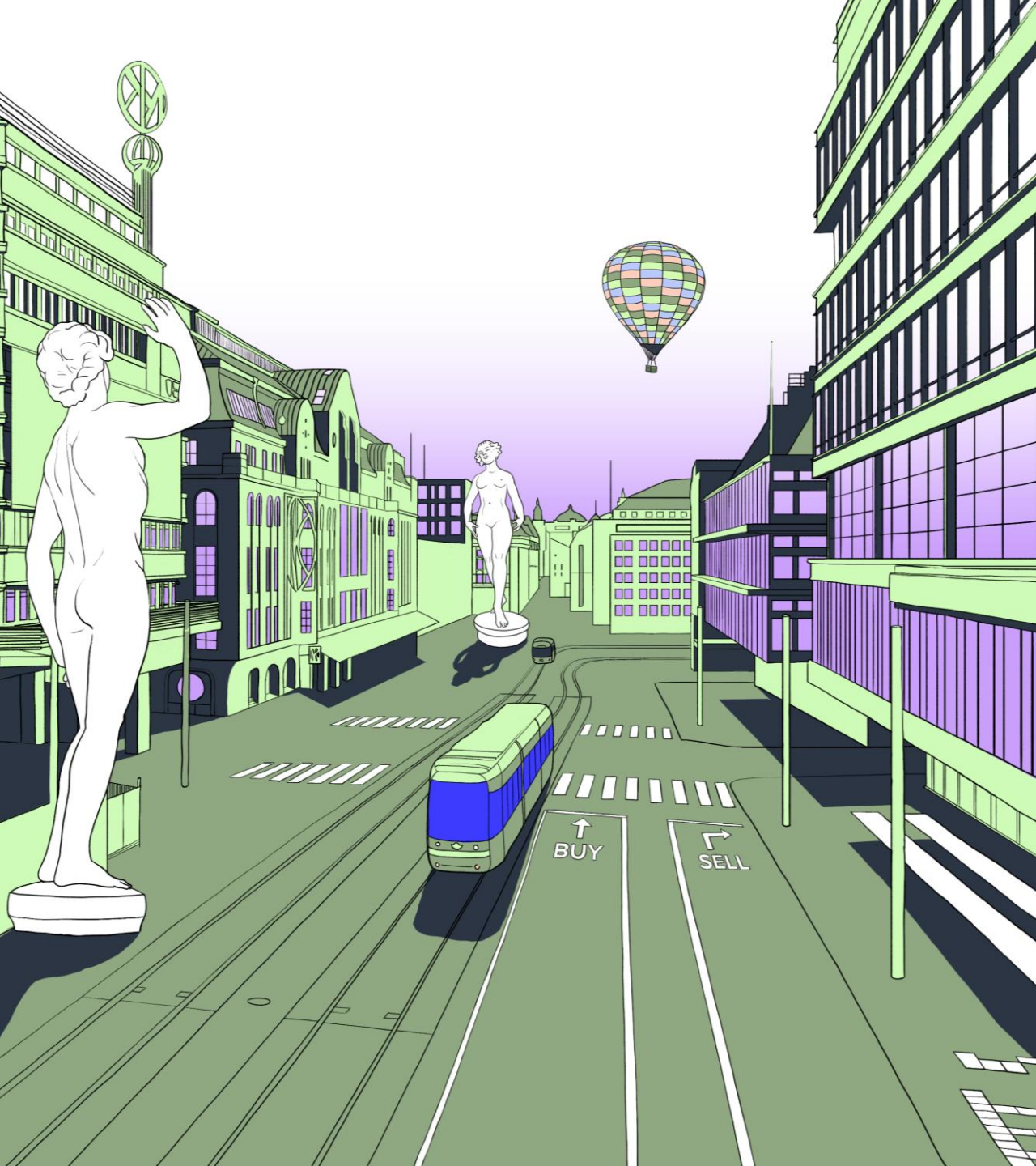
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Recommendation history (>12 mo)

Date	Recommendation	Target	Share price
5/8/2021	Buy	25.00 €	21.68 €
7/29/2021	Accumulate	27.00 €	24.66 €
10/31/2021	Buy	25.00 €	19.68 €
<i>Analyst changed</i>			
2/14/2022	Buy	20.00 €	17.90 €
4/27/2022	Buy	17.00 €	14.78 €
5/2/2022	Buy	15.00 €	12.40 €
5/27/2022	Accumulate	13.50 €	12.17 €
8/1/2022	Accumulate	14.00 €	12.82 €
9/30/2022	Accumulate	12.50 €	11.04 €
10/31/2022	Accumulate	12.50 €	11.83 €
12/19/2022	Accumulate	12.50 €	11.63 €
2/13/2023	Accumulate	14.00 €	12.98 €
4/13/2023	Accumulate	14.20 €	13.20 €
5/2/2023	Accumulate	13.50 €	12.41 €
8/7/2023	Accumulate	14.50 €	13.73 €
<i>Analyst changed</i>			
11/20/2023	Accumulate	14.00 €	12.61 €
2/14/2024	Reduce	15.50 €	15.42 €
3/25/2024	Accumulate	16.00 €	14.96 €
5/20/2024	Accumulate	15.00 €	13.63 €
6/13/2024	Accumulate	15.00 €	13.35 €
8/8/2024	Accumulate	13.00 €	11.16 €
8/19/2024	Accumulate	13.00 €	10.80 €
11/18/2024	Buy	14.00 €	11.60 €
3/3/2025	Accumulate	15.50 €	13.76 €
3/10/2025	Accumulate	14.50 €	12.73 €



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