

TOKMANNI GROUP

5/19/2025 4:43 pm EEST

This is a translated version of "Neutraali arvostus ei kannusta kantamaan riskejä" report, published on 5/19/2025



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INDERES CORPORATE CUSTOMER COMPANY REPORT



Neutral valuation provides no incentive to bear risks

Tokmanni's Q1 results were soft across the board, especially abroad, where the company's earnings level deteriorated despite a clear increase in sales. In our view, the stock's neutral valuation does not provide sufficient incentive to bear the risks associated with the negative profit warning, the acquisition integration and Dollarstore's trajectory. Thus, we lower our recommendation to Reduce (was Accumulate). The target price also falls to EUR 11.5 (was EUR 14.5), driven by lower forecasts and increased risk.

Soft quarter by all accounts

Group Q1 revenue (342 MEUR) increased by 1%, driven by Dollarstore's growth. Dollarstore's growth (9%) was supported by moderately good like-for-like revenue growth and new stores. According to the company, the Tokmanni segment's revenue decreased (-2%) as a result of the Finnish strikes, the unusual timing of Easter and the mild winter. The operating result turned out to be weak (-11.2 MEUR), primarily due to internal challenges at Dollarstore. The company was forced to accelerate its destocking through clearance sales, which it deemed too aggressive, and this severely eroded its relative gross margin. Fixed costs also increased, driven by a growing store network and support functions, resulting in a segment result well below the comparison period.

Combining concepts more than anticipated

The group's original idea of having different concepts for Tokmanni and Dollarstore has changed somewhat. In the Q1 report, the company announced the "One Company" integration strategy, which aims to align the management model and sourcing between the concepts and build a joint concept. While deeper integration could boost the group's profitability, it also increases the lead time and risks associated with integration. There is a substantial degree of uncertainty, especially when it comes to implementing major concept changes because customers are accustomed to a specific shopping experience and/or product selection. Failure to do so would undermine the return potential of Dollarstore's store opening

model and be negative for investors, given high valuation of Dollarstore's acquisition relative to its current performance.

Increased level of risk in our view

Tokmanni reiterated its guidance indicating revenue of 1,720-1,820 MEUR and an adjusted EBIT of 100-130 MEUR for 2025. At the lower end, this equates to a result similar to that of the comparison period. Thus, to meet the guidance, the rest of the year must be stronger, as the result after Q1 is about 6 MEUR behind last year's result. We lowered our earnings forecasts significantly (15-20%) following the weak Q1 result. We have also adopted a more cautious stance on Dollarstore's earnings potential because earnings challenges tend to be prolonged, and progress has not met our expectations. We expect the company to reach the lower end of the guidance range (101 MEUR), assuming that the main earnings challenges disappear in H2. Therefore, the year 2025 carries the risk of a negative profit warning. Going forward, we forecast a 14% yearly growth in the group result, with improved profitability playing a major role as Dollarstore's revenue grows.

Share valuation neutral

We believe the stock's short-term valuation is elevated (2025e P/E 14x and IFRS-15-adj. EV/EBIT 14x), and our earnings growth forecast puts it at a fairly neutral level (2026e P/E 11x and IFRS-16-adj. EV/EBIT 11x). This would leave the expected return on the share dependent on a dividend yield of 5-7%, but this alone is insufficient to compensate for the required return (10%). The share is priced at a discount to its peers, but this is justified by their superior return on capital. The value shown by the DCF model (~EUR 12) is also indicative of a rather fairly priced stock. The neutral valuation of the stock does not provide sufficient incentive to bear the risks associated with successfully completing the integration process and evolving the Dollarstore concept. We will step back and monitor the company's development from the sidelines, as we currently view the stock's risk/reward ratio as weak.

Recommendation

Reduce
(was Accumulate)

Target price:

EUR 11.50
(was EUR 14.50)

Share price:
EUR 11.65

Business risk



Valuation risk



| | 2024 | 2025e | 2026e | 2027e |
|-------------|--------|--------|--------|--------|
| Revenue | 1674,9 | 1754,4 | 1860,6 | 1963,2 |
| growth-% | 20% | 5% | 6% | 6% |
| EBIT adj. | 102,3 | 100,6 | 115,7 | 131,6 |
| EBIT-% adj. | 6,1 % | 5,7 % | 6,2 % | 6,7 % |
| Net Income | 48,8 | 44,6 | 58,0 | 72,7 |
| EPS (adj.) | 0,87 | 0,81 | 1,04 | 1,29 |

| | | | | |
|------------------|-------|-------|-------|-------|
| P/E (adj.) | 13,9 | 14,4 | 11,2 | 9,1 |
| P/B | 2,7 | 2,6 | 2,3 | 2,1 |
| Dividend yield-% | 5,6 % | 4,7 % | 6,0 % | 7,3 % |
| EV/EBIT (adj.) | 14,9 | 15,1 | 13,0 | 11,4 |
| EV/EBITDA | 6,7 | 6,6 | 6,2 | 5,7 |
| EV/S | 0,9 | 0,9 | 0,8 | 0,8 |

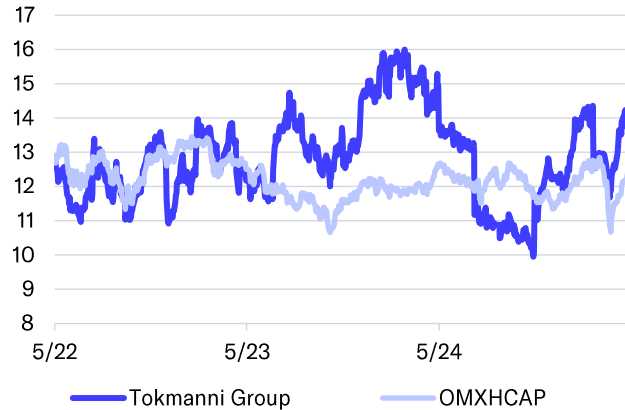
Source: Inderes

Guidance

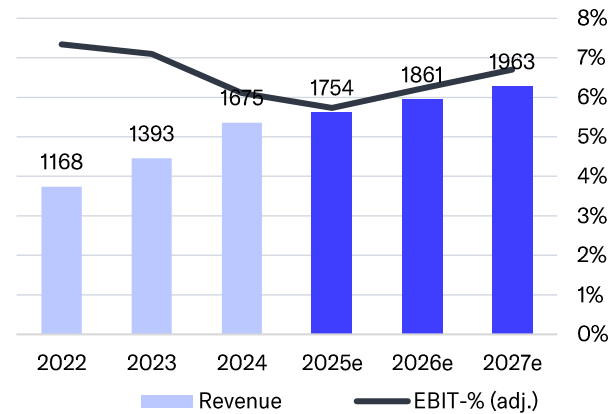
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In 2025, Tokmanni expects its revenue to be 1,720-1,820 MEUR (2024: 1,670 MEUR) and comparable EBIT to be 100-130 MEUR (was 99.7 MEUR).

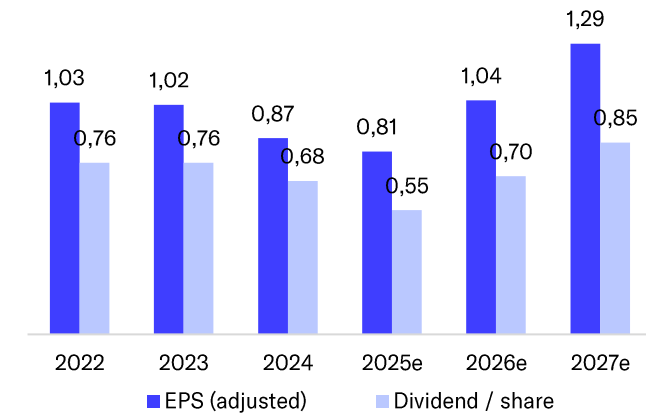
Share price



Revenue and EBIT-% (adj.)



EPS and dividend



Value drivers

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

Risk factors

- Tighter competition and new international challengers
- Failure in acquisitions or international expansion
- Dependence on central stocks
- Reputation and price impression risks
- Disruptions in product availability and sector's dependence on manufacturing in the Far East
- Escalation of the trade war could slow economic growth and increase inflation

| Valuation | 2025e | 2026e | 2027e |
|----------------------------|--------|--------|--------|
| Share price | 11,7 | 11,7 | 11,7 |
| Number of shares, millions | 58,8 | 58,8 | 58,8 |
| Market cap | 686 | 686 | 686 |
| EV | 1516 | 1508 | 1498 |
| P/E (adj.) | 14,4 | 11,2 | 9,1 |
| P/E | 15,4 | 11,8 | 9,4 |
| P/B | 2,6 | 2,3 | 2,1 |
| P/S | 0,4 | 0,4 | 0,3 |
| EV/Sales | 0,9 | 0,8 | 0,8 |
| EV/EBITDA | 6,6 | 6,2 | 5,7 |
| EV/EBIT (adj.) | 15,1 | 13,0 | 11,4 |
| Payout ratio (%) | 72,5 % | 71,0 % | 68,8 % |
| Dividend yield-% | 4,7 % | 6,0 % | 7,3 % |

Source: Inderes

Poor result, no denying it

External factors the main constraint on growth

Tokmanni’s revenue grew by 1% to 342 MEUR. The company attributes this constrained growth to the timing of Easter in April (will be offset in Q2), Finnish retail strikes, a weaker operating environment in Sweden and a mild winter. Growth was driven by the Dollarstore segment, which grew by around 9% (7% in local currencies). This is due, in part, to the strong pace of store openings (+5 stores y/y) and also to a slight increase in the number of customers (+1%) and sales (+3%) in comparable stores. In the Tokmanni segment, however, revenue fell by 2%. In Finland, the company's comparable customer volumes also declined (2%), while the corresponding revenue weakened (4%).

Lower earnings partly due to own measures

The group's adj. EBIT weakened and was 11.2 MEUR below zero due to the seasonal nature of the business. The

Tokmanni segment's result decreased to -2.5 MEUR (Q1'24: -1.7 MEUR), despite the improved gross margin. Thus, the segment's weaker result than in the comparison period is largely explained by the decline in revenue. The Dollarstore segment's result, which sharply pushed down the group's result, deteriorated drastically to -7.8 MEUR (Q1'24: -2.8 MEUR). The segment's results were negatively impacted by a lower gross margin due to clearance sales, seasonal discounts and aggressive pricing, as well as higher fixed costs. We believe that there is still plenty of stock to dispose of, so the prospects for margin improvement are limited, at least in the next quarter. The company's adj. earnings per share were EUR -0.32, and the decrease and forecast miss are explained by the poor operating result.

Net debt up and cash flow down

The seasonally weak Q1 saw an operating cash flow deterioration from the comparison period (-74 MEUR vs.

Q1'24: -40 MEUR), due to the weak result and capital tied up in inventory. Free cash flow cannot be calculated based on the more limited data in the Q1 report. The group's net debt increased to approximately 940 MEUR due to weak cash flow and seasonal factors. This corresponds to around 3.6x EBITDA (IFRS-16-adjusted), which is a high level and close to the covenant limits set by lenders. Thus, mild balance sheet risk is building up and, in the event of a fall in earnings, could lead to an increase in the interest margin, thus limiting earnings growth.

| Estimates | Q1'24 | Q1'25 | Q1'25e | Q1'25e | Consensus | Difference (%) | 2025e |
|------------------|------------|------------|---------|-----------|-------------|------------------|---------|
| MEUR / EUR | Comparison | Actualized | Inderes | Consensus | Low High | Act. vs. Inderes | Inderes |
| Revenue | 339 | 342 | 348 | 352 | - | -2% | 1754 |
| EBIT (adj.) | -5,1 | -11,2 | -4,1 | -4,7 | - | -173% | 101 |
| PTP | -14,0 | -21,1 | -15,2 | -14,1 | - | -39% | 57,9 |
| EPS (reported) | -0,20 | -0,32 | -0,20 | -0,20 | - | -60% | 0,76 |
| Revenue growth-% | 42,4 % | 0,8 % | 2,6 % | 3,8 % | - | -1,8 pp | 4,7 % |
| EBIT-% (adj.) | -1,5 % | -3,3 % | -1,2 % | -1,3 % | - | -2,1 pp | 5,7 % |

Source: Inderes & Bloomberg (consensus, 8 forecasts)

We made some substantial forecast changes

Guidance reiterated

Tokmanni reiterated its guidance indicating revenue of 1,720-1,820 MEUR and an adjusted EBIT of 100-130 MEUR for 2025. In practice, the result is expected to remain at the level of the comparison period or increase significantly. Even meeting the lower end requires the rest of the year to be stronger for the company, as the result after Q1 is about 6 MEUR behind last year's result.

We lowered our estimates

In light of the weak start to the year and earnings challenges in the Dollarstore segment, we lowered our short-term forecasts significantly (~20%). We predict that the 2025 result will remain at the lower end of the guidance range, at 101 MEUR. We believe that the Dollarstore's earnings challenges will persist into the next quarter but disappear in H2'25. This also increases the risk of a negative profit warning. For the Tokmanni segment, we

expect a fairly stable performance.

Constant changes and unclear communication regarding the development of the Dollarstore segment, as well as volatile earnings development and changes within Dollarstore (concept and management team) increase the risk related to the acquisition, integration and realization of segment earnings growth, even though the related synergies have cumulatively reached 16 MEUR/year (estimated to reach over 20 MEUR by the end of 2025). Consequently, we also lowered our medium- and long-term earnings forecasts quite significantly. Our previous assumption of a reasonably fast integration timeline and its positive impact on Dollarstore's results is proving to be wrong.

The risk with the "Tokmannization" of Dollarstore is that local consumers might not keep up with the direction of the concept due to the changing selection and price level

(customers are accustomed to low prices on entry-level products), which could result in operators that have already established themselves in the market (e.g. Rusta) benefiting.

Finland's change in corporate tax (20% → 18%) slightly lowered our income tax projections and will have a slightly positive impact on the bottom line from 2027 onwards.

In addition, we increased the cost of equity (CoE-% 9.9 → 10.4%) due to uncertainties related to the integration process and Dollarstore's trajectory. Uncertain tariff policies also slightly increase the risk.

| Estimate revisions | 2025e | 2025e | Change | 2026e | 2026e | Change | 2027e | 2027e | Change |
|--------------------|-------|-------|--------|-------|-------|--------|-------|-------|--------|
| MEUR / EUR | Old | New | % | Old | New | % | Old | New | % |
| Revenue | 1771 | 1754 | -1% | 1897 | 1861 | -2% | 2001 | 1963 | -2% |
| EBIT (exc. NRIs) | 118 | 101 | -15% | 131 | 116 | -12% | 149 | 132 | -12% |
| EBIT | 116 | 98 | -16% | 128 | 113 | -12% | 146 | 129 | -12% |
| PTP | 72 | 58 | -20% | 85 | 72 | -15% | 104 | 89 | -14% |
| EPS (excl. NRIs) | 1,03 | 0,81 | -21% | 1,21 | 1,04 | -14% | 1,46 | 1,29 | -12% |

Source: Inderes

We believe the valuation of the stock is neutral

Absolute valuation neutral

Historically, Tokmanni has been priced at around 15x P/E and 13x IFRS-16-adj. EV/EBIT multiples based on the next 12 months' earnings. The multiples for the current fiscal year (2025e P/E 14x and IFRS-16-adj. EV/EBIT 14x) are at these levels, although the rising interest rate environment and weaker return-on-capital outlook due to downward forecast revisions argue for a slight downside in multiples relative to history. With the earnings growth we are forecasting, we believe the multiples will fall to a neutral level (2026e P/E 11 and IFRS-16-adj. EV/EBIT 11x).

Share is correctly priced relative to peers

The peer group of retail companies is valued at around 19-16x P/E and 17-15x EV/EBIT (2025-26e). We consider the median valuation of peers to be moderately high, although it includes companies with excellent returns on capital. Tokmanni is priced at a discount to its peers (P/E ~30% discount), however with the EV/EBIT ratio (incl. IFRS 16) that considers the balance sheet, the discount is milder (~10%). We consider this discount justified, as the return on capital of the peers is better than Tokmanni's. Thus, the peer analysis suggests that Tokmanni's share is quite fairly priced.

Balance-sheet-based valuation more or less there

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

though the return on invested capital (10-12% in 2028-30e) will rise above the expected return in the long run. Thus, premium pricing is somewhat justified, though we see no upside in the multiples for the time being.

DCF model indicates limited upside

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

The EUR 11.8 value indicated by our cash flow model suggests limited upside potential for the stock. This is based on our planned long-term growth (Dollarstore expansion) and profitability improvement towards an EBIT margin of 7% (scaling of per-store sales, acquisition synergies, increasing private label share and cost savings, including logistics).

Limited expected return

The earnings growth we are forecasting will largely be used to absorb the elevated multiples. In this case, the dividend yield (5-7% p.a.) drives the share's expected return, but it does not compensate for our required return (10%) on its own. Consequently, the risk/reward of the stock appears weak to us, prompting a negative view on the stock.

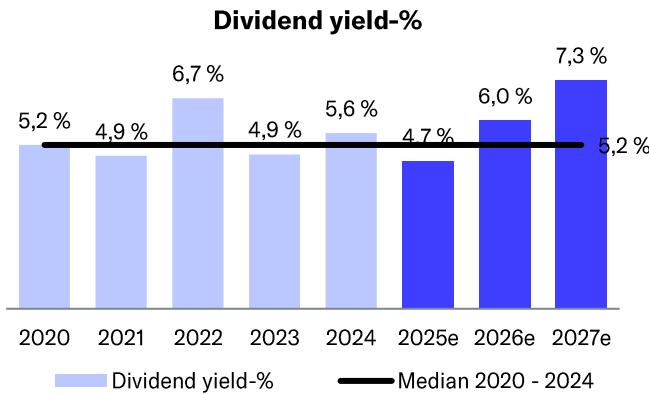
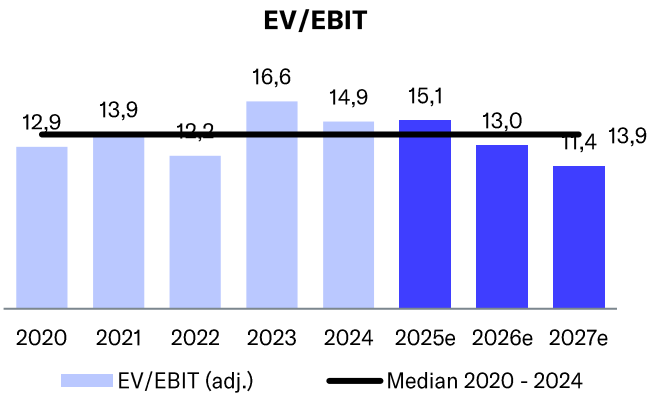
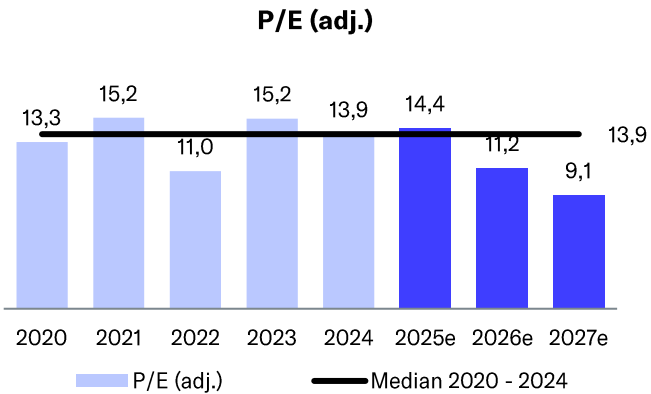
| Valuation | 2025e | 2026e | 2027e |
|----------------------------|--------|--------|--------|
| Share price | 11,7 | 11,7 | 11,7 |
| Number of shares, millions | 58,8 | 58,8 | 58,8 |
| Market cap | 686 | 686 | 686 |
| EV | 1516 | 1508 | 1498 |
| P/E (adj.) | 14,4 | 11,2 | 9,1 |
| P/E | 15,4 | 11,8 | 9,4 |
| P/B | 2,6 | 2,3 | 2,1 |
| P/S | 0,4 | 0,4 | 0,3 |
| EV/Sales | 0,9 | 0,8 | 0,8 |
| EV/EBITDA | 6,6 | 6,2 | 5,7 |
| EV/EBIT (adj.) | 15,1 | 13,0 | 11,4 |
| Payout ratio (%) | 72,5 % | 71,0 % | 68,8 % |
| Dividend yield-% | 4,7 % | 6,0 % | 7,3 % |

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 | 11,7 | 11,7 | 11,7 | 11,7 |
| 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 | 686 | 686 | 686 | 686 |
| EV | 1288 | 1471 | 1048 | 1638 | 1529 | 1516 | 1508 | 1498 | 1485 |
| P/E (adj.) | 13,3 | 15,2 | 11,0 | 15,2 | 13,9 | 14,4 | 11,2 | 9,1 | 7,8 |
| P/E | 13,4 | 14,8 | 11,3 | 16,8 | 14,6 | 15,4 | 11,8 | 9,4 | 8,1 |
| P/B | 4,4 | 4,7 | 2,7 | 3,4 | 2,7 | 2,6 | 2,3 | 2,1 | 1,9 |
| P/S | 0,9 | 1,0 | 0,6 | 0,7 | 0,4 | 0,4 | 0,4 | 0,3 | 0,3 |
| EV/Sales | 1,2 | 1,3 | 0,9 | 1,2 | 0,9 | 0,9 | 0,8 | 0,8 | 0,7 |
| 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 | 15,1 | 13,0 | 11,4 | 10,2 |
| Payout ratio (%) | 70,2 % | 72,5 % | 76,1 % | 82,8 % | 82,1 % | 72,5 % | 71,0 % | 68,8 % | 75,0 % |
| Dividend yield-% | 5,2 % | 4,9 % | 6,7 % | 4,9 % | 5,6 % | 4,7 % | 6,0 % | 7,3 % | 9,2 % |

Source: Inderes



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

Peer group valuation

| Peer group valuation Company | Market cap MEUR | EV MEUR | EV/EBIT | | EV/EBITDA | | EV/S | | P/E | | Dividend yield-% | | P/B |
|---------------------------------|--------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|------------------|------------|-------------|
| | | | 2025e | 2026e | 2025e | 2026e | 2025e | 2026e | 2025e | 2026e | 2025e | 2026e | 2025e |
| Europris ASA | 1157 | 1520 | 13,3 | 11,1 | 7,5 | 6,7 | 1,2 | 1,2 | 15,6 | 12,5 | 4,5 | 4,8 | 3,1 |
| Bygghmax Group AB | 276 | 513 | 18,9 | 14,4 | 5,9 | 5,5 | 0,9 | 0,8 | 17,1 | 12,1 | 2,6 | 4,0 | 1,2 |
| Clas Ohlson AB | 1705 | 1756 | 16,6 | 15,7 | 9,9 | 9,4 | 1,7 | 1,6 | 20,9 | 19,7 | 2,8 | 2,9 | 7,0 |
| Axfood AB | 5403 | 6853 | 20,4 | 17,8 | 9,7 | 8,9 | 0,8 | 0,8 | 24,0 | 20,0 | 3,3 | 3,5 | 8,2 |
| Dollar General Corp | 18445 | 23201 | 13,5 | 13,9 | 9,0 | 8,9 | 0,6 | 0,6 | 16,3 | 16,8 | 2,5 | 2,6 | 2,8 |
| Kesko Oyj | 8208 | 11634 | 17,0 | 15,7 | 9,1 | 8,6 | 0,9 | 0,9 | 18,0 | 16,1 | 4,6 | 4,9 | 3,0 |
| Musti Group Oyj | 726 | 911 | 16,9 | 14,7 | 9,6 | 8,8 | 1,9 | 1,8 | 23,8 | 20,4 | 3,7 | 4,2 | 3,6 |
| B&M European Value Retail | 4110 | 6676 | 9,9 | 9,7 | 6,9 | 6,7 | 1,0 | 1,0 | 10,2 | 10,1 | 7,1 | 6,0 | 5,3 |
| Puuhilo Oyj | 1129 | 1244 | 19,4 | 16,5 | 15,0 | 12,9 | 3,2 | 2,8 | 23,8 | 20,0 | 3,4 | 4,1 | 11,2 |
| Verkkokauppa.com Oyj | 119 | 144 | 15,1 | 12,2 | 8,8 | 7,6 | 0,3 | 0,3 | 22,2 | 14,7 | 2,2 | 4,0 | 3,5 |
| Kamux Oyj | 90 | 164 | 11,4 | 9,7 | 5,8 | 5,1 | 0,2 | 0,2 | 10,7 | 8,0 | 3,4 | 5,3 | 0,8 |
| Rusta | 1124 | 1634 | 20,4 | 16,7 | 9,7 | 8,4 | 1,5 | 1,4 | 23,9 | 18,0 | 1,8 | 2,5 | 5,4 |
| Tokmanni Group (Inderes) | 686 | 1516 | 15,1 | 13,0 | 6,6 | 6,2 | 0,9 | 0,8 | 14,4 | 11,2 | 4,7 | 6,0 | 2,6 |
| Average | | | 16,1 | 14,0 | 8,9 | 8,1 | 1,2 | 1,1 | 18,9 | 15,7 | 3,5 | 4,1 | 4,6 |
| Median | | | 16,8 | 14,6 | 9,1 | 8,5 | 1,0 | 0,9 | 19,4 | 16,5 | 3,4 | 4,1 | 3,5 |
| Diff-% to median | | | -10% | -10% | -27% | -27% | -11% | -12% | -26% | -32% | 41% | 48% | -27% |

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 | 342 | 446 | 441 | 526 | 1754 | 1861 | 1963 | 2053 |
| Group | -0,1 | -0,1 | -0,2 | 0,0 | -0,9 | -1,2 | 0,0 | -0,1 | -0,1 | -0,1 | -0,4 | -0,4 | -0,4 | -0,4 |
| Tokmanni | 1209 | 248 | 316 | 304 | 366 | 1234 | 243 | 328 | 315 | 373 | 1258 | 1321 | 1381 | 1430 |
| Dollarstore | 184 | 91,1 | 107 | 112 | 132 | 442 | 99,2 | 119 | 126 | 153 | 496 | 540 | 582 | 624 |
| EBITDA | 190 | 27,0 | 59,5 | 60,8 | 80,3 | 228 | 20,5 | 60,0 | 63,4 | 84,1 | 228 | 244 | 261 | 277 |
| Depreciation | -96,8 | -31,9 | -31,7 | -31,9 | -32,2 | -127,7 | -32,9 | -32,5 | -32,5 | -32,5 | -130,4 | -131,1 | -132,7 | -134,7 |
| EBIT (excl. NRI) | 98,8 | -4,3 | 28,5 | 30,3 | 47,8 | 102 | -11,6 | 28,2 | 31,7 | 52,3 | 101 | 116 | 132 | 145 |
| EBIT | 93,0 | -4,9 | 27,8 | 28,9 | 48,1 | 99,9 | -12,4 | 27,5 | 30,9 | 51,6 | 97,6 | 113 | 129 | 142 |
| Group | -0,6 | -0,4 | -0,8 | -0,8 | -1,1 | -3,1 | -0,9 | -0,7 | -0,7 | -0,7 | -3,0 | -3,0 | -3,0 | -3,0 |
| Tokmanni | 83,8 | -1,7 | 26,5 | 25,2 | 37,8 | 87,8 | -3,7 | 27,6 | 25,6 | 38,0 | 87,5 | 92,3 | 99,1 | 104 |
| Dollarstore | 9,8 | -2,8 | 2,1 | 5,1 | 10,4 | 14,8 | -7,8 | 0,7 | 5,9 | 14,3 | 13,1 | 23,4 | 32,5 | 40,9 |
| Net financial items | -24,7 | -9,1 | -9,8 | -8,5 | -11,4 | -38,8 | -8,7 | -10,3 | -10,3 | -10,3 | -39,6 | -40,2 | -39,4 | -38,6 |
| PTP | 68,4 | -14,0 | 18,0 | 20,4 | 36,7 | 61,1 | -21,1 | 17,2 | 20,5 | 41,2 | 57,9 | 72,5 | 89,2 | 104 |
| Taxes | -14,3 | 2,1 | -3,3 | -3,9 | -7,3 | -12,3 | 2,5 | -3,4 | -4,1 | -8,2 | -13,3 | -14,5 | -16,4 | -19,1 |
| 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 | 13,8 | 16,4 | 33,0 | 44,6 | 58,0 | 72,7 | 84,5 |
| EPS (adj.) | 1,02 | -0,19 | 0,26 | 0,31 | 0,49 | 0,87 | -0,30 | 0,25 | 0,29 | 0,57 | 0,81 | 1,04 | 1,29 | 1,49 |
| EPS (rep.) | 0,92 | -0,20 | 0,25 | 0,28 | 0,50 | 0,83 | -0,32 | 0,23 | 0,28 | 0,56 | 0,76 | 0,99 | 1,24 | 1,44 |

| 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 % | 0,8 % | 5,5 % | 5,9 % | 5,8 % | 4,7 % | 6,1 % | 5,5 % | 4,6 % |
| Adjusted EBIT growth-% | 15,2 % | 92% | 0,2 % | 11,6 % | 5,2 % | 3,6 % | 169,8 % | -0,9 % | 4,5 % | 9,3 % | -1,7 % | 15,1 % | 13,7 % | 10,3 % |
| EBITDA-% | 13,6 % | 8,0 % | 14,1 % | 14,6 % | 16,2 % | 13,6 % | 6,0 % | 13,5 % | 14,4 % | 16,0 % | 13,0 % | 13,1 % | 13,3 % | 13,5 % |
| Adjusted EBIT-% | 7,1 % | -1,3 % | 6,7 % | 7,3 % | 9,6 % | 6,1 % | -3,4 % | 6,3 % | 7,2 % | 9,9 % | 5,7 % | 6,2 % | 6,7 % | 7,1 % |
| Net earnings-% | 3,9 % | -3,5 % | 3,5 % | 4,0 % | 5,9 % | 2,9 % | -5,4 % | 3,1 % | 3,7 % | 6,3 % | 2,5 % | 3,1 % | 3,7 % | 4,1 % |

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 | 901 | 907 | 916 |
| Goodwill | 218 | 217 | 217 | 217 | 217 |
| Intangible assets | 45,8 | 42,4 | 40,2 | 38,2 | 36,4 |
| Tangible assets | 633 | 639 | 643 | 652 | 663 |
| 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 | 498 | 531 | 563 |
| Inventories | 343 | 428 | 447 | 474 | 501 |
| Other current assets | 2,6 | 2,4 | 2,4 | 2,4 | 2,4 |
| Receivables | 31,0 | 29,1 | 30,5 | 32,3 | 34,1 |
| Cash and equivalents | 134 | 15,9 | 17,5 | 22,3 | 25,5 |
| Balance sheet total | 1410 | 1376 | 1399 | 1439 | 1479 |

Source: Inderes

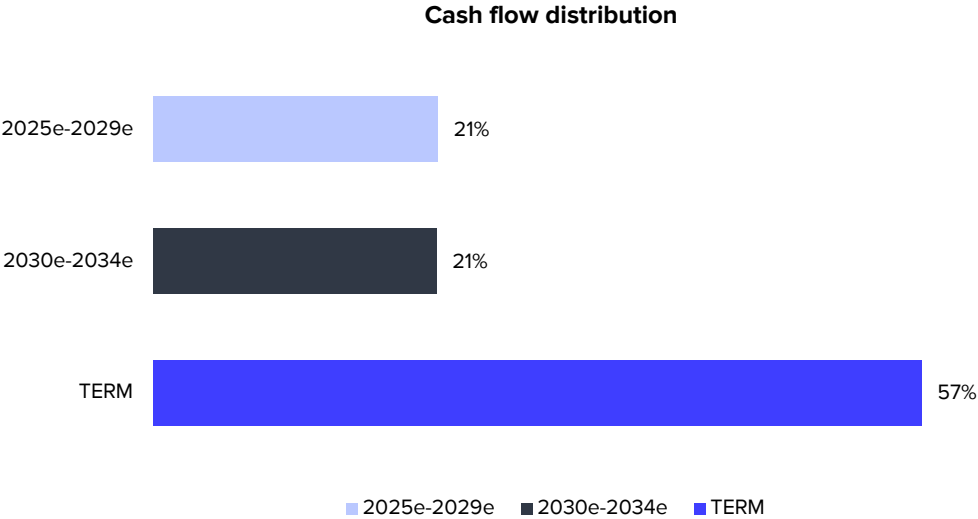
| Liabilities & equity | 2023 | 2024 | 2025e | 2026e | 2027e |
|--------------------------------|-------------|-------------|-------------|-------------|-------------|
| Equity | 265 | 263 | 268 | 293 | 325 |
| Share capital | 0,1 | 0,1 | 0,1 | 0,1 | 0,1 |
| Retained earnings | 147 | 151 | 156 | 181 | 213 |
| 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 | 767 | 764 | 758 |
| 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 | 763 | 761 | 754 |
| 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 | 364 | 381 | 397 |
| Interest bearing debt | 138 | 130 | 84,8 | 84,5 | 83,8 |
| Payables | 260 | 267 | 279 | 296 | 312 |
| Other current liabilities | 3,6 | 0,3 | 0,3 | 0,3 | 0,3 |
| Balance sheet total | 1410 | 1376 | 1399 | 1439 | 1479 |

DCF-calculation

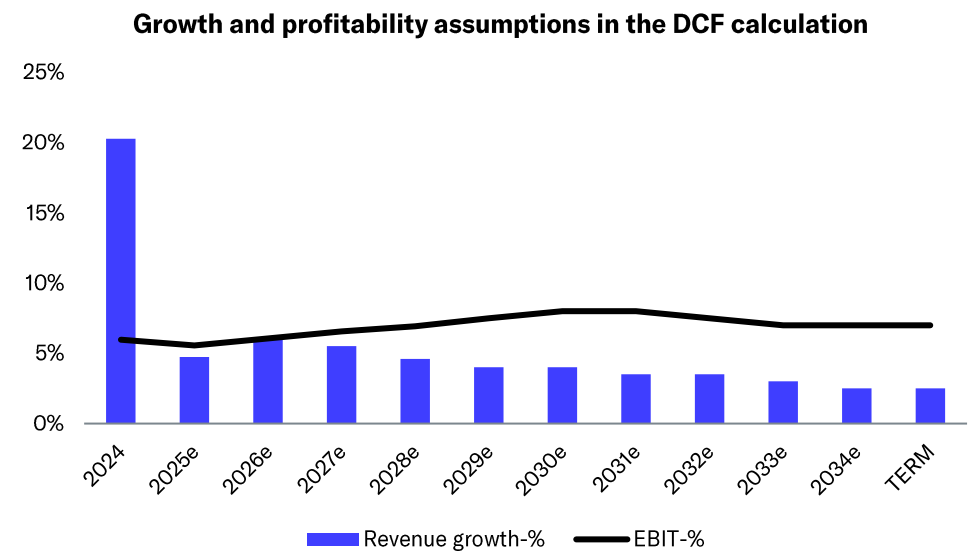
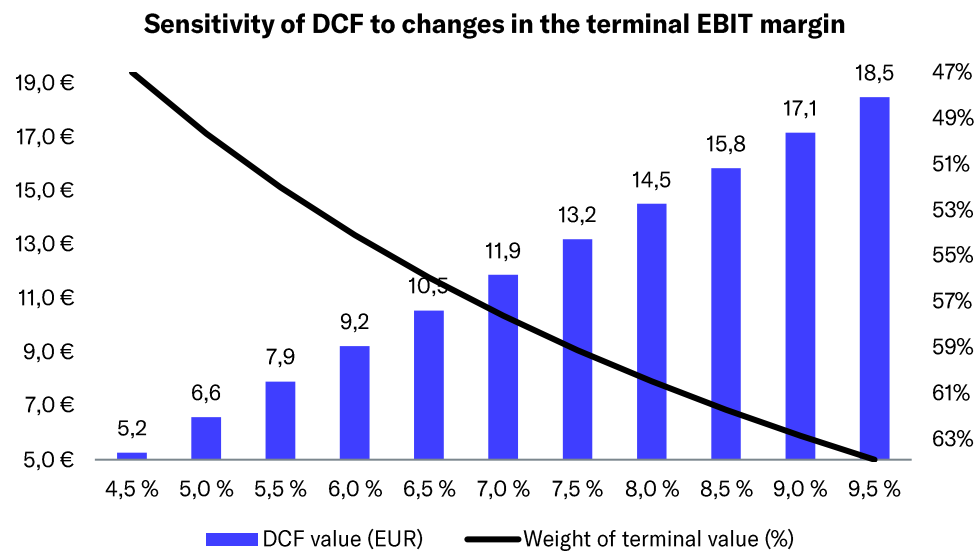
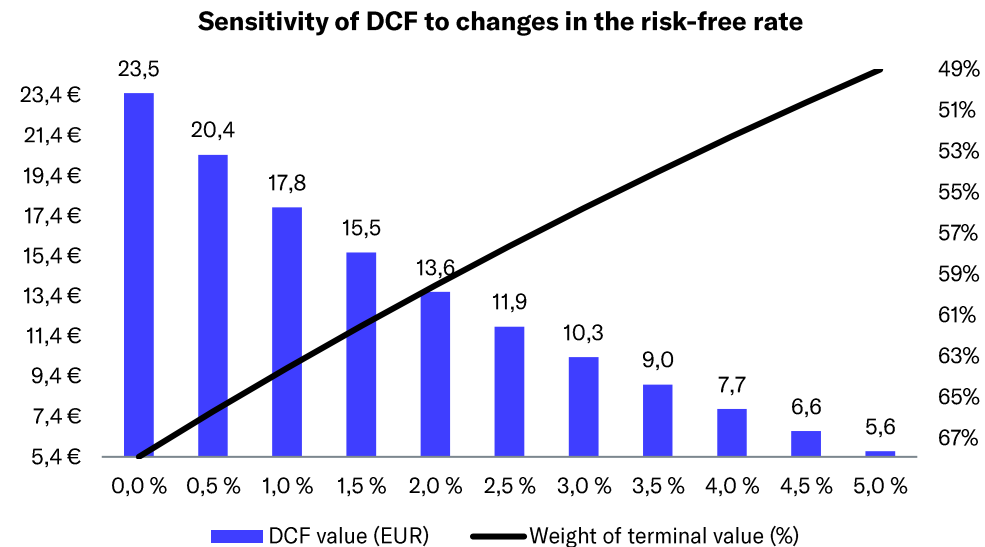
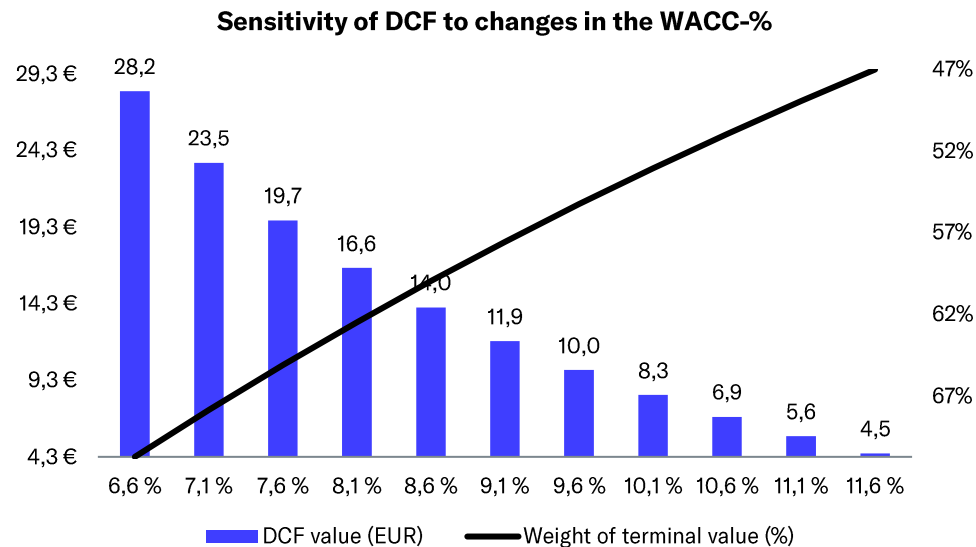
| DCF model | 2024 | 2025e | 2026e | 2027e | 2028e | 2029e | 2030e | 2031e | 2032e | 2033e | 2034e | TERM |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|------------|
| Revenue growth-% | 20,3 % | 4,7 % | 6,1 % | 5,5 % | 4,6 % | 4,0 % | 4,0 % | 3,5 % | 3,5 % | 3,0 % | 2,5 % | 2,5 % |
| EBIT-% | 6,0 % | 5,6 % | 6,1 % | 6,6 % | 6,9 % | 7,5 % | 8,0 % | 8,0 % | 7,5 % | 7,0 % | 7,0 % | 7,0 % |
| EBIT (operating profit) | 99,9 | 97,6 | 113 | 129 | 142 | 160 | 178 | 184 | 178 | 172 | 176 | |
| + Depreciation | 128 | 130 | 131 | 133 | 135 | 137 | 140 | 144 | 147 | 150 | 152 | |
| - Paid taxes | -14,9 | -23,6 | -14,5 | -16,4 | -19,1 | -22,2 | -25,5 | -26,8 | -25,8 | -24,6 | -25,5 | |
| - Tax, financial expenses | -7,8 | -9,1 | -8,0 | -7,3 | -7,1 | -7,3 | -7,1 | -7,1 | -7,0 | -7,0 | -6,9 | |
| + 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 | -7,7 | -12,0 | -11,6 | -10,2 | -9,3 | -9,7 | -8,8 | -9,1 | -8,1 | -6,9 | |
| Operating cash flow | 125 | 188 | 209 | 226 | 240 | 259 | 276 | 285 | 284 | 282 | 288 | |
| + 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 | -131 | -138 | -142 | -147 | -152 | -156 | -160 | -160 | -160 | -158 | |
| Free operating cash flow | -3,5 | 56,5 | 71,7 | 84,2 | 93,7 | 107 | 120 | 125 | 124 | 122 | 130 | |
| +/- 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 | 56,5 | 71,7 | 84,2 | 93,7 | 107 | 120 | 125 | 124 | 122 | 130 | 2014 |
| Discounted FCFF | | 53,5 | 62,3 | 67,0 | 68,3 | 71,5 | 73,5 | 70,2 | 63,7 | 57,4 | 56,2 | 870 |
| Sum of FCFF present value | | 1514 | 1460 | 1398 | 1331 | 1263 | 1191 | 1118 | 1047 | 984 | 926 | 870 |
| Enterprise value DCF | | 1514 | | | | | | | | | | |
| - Interest bearing debt | | -832,2 | | | | | | | | | | |
| + Cash and cash equivalents | | 15,9 | | | | | | | | | | |
| -Minorities | | 0,0 | | | | | | | | | | |
| -Dividend/capital return | | 0,0 | | | | | | | | | | |
| Equity value DCF | | 697 | | | | | | | | | | |
| Equity value DCF per share | | 11,9 | | | | | | | | | | |

| 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



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 | 2022 | 2023 | 2024 | 2025e | 2026e | Per share data | 2022 | 2023 | 2024 | 2025e | 2026e |
|---------------------------|--------|--------|--------|--------|--------|--------------------------|---------|---------|---------|---------|---------|
| Revenue | 1168,0 | 1392,6 | 1674,9 | 1754,4 | 1860,6 | EPS (reported) | 1,00 | 0,92 | 0,83 | 0,76 | 0,99 |
| EBITDA | 157,2 | 189,8 | 227,6 | 228,0 | 243,9 | EPS (adj.) | 1,03 | 1,02 | 0,87 | 0,81 | 1,04 |
| EBIT | 84,0 | 93,0 | 99,9 | 97,6 | 112,7 | OCF / share | 1,62 | 3,95 | 2,12 | 3,19 | 3,56 |
| PTP | 73,3 | 68,4 | 61,1 | 57,9 | 72,5 | OFCF / share | -0,07 | -4,97 | -0,06 | 0,96 | 1,22 |
| Net Income | 58,8 | 54,0 | 48,8 | 44,6 | 58,0 | Book value / share | 4,20 | 4,51 | 4,47 | 4,55 | 4,98 |
| Extraordinary items | -1,7 | -5,8 | -2,4 | -3,0 | -3,0 | Dividend / share | 0,76 | 0,76 | 0,68 | 0,55 | 0,70 |
| Balance sheet | 2022 | 2023 | 2024 | 2025e | 2026e | Growth and profitability | 2022 | 2023 | 2024 | 2025e | 2026e |
| Balance sheet total | 793,8 | 1410,3 | 1376,3 | 1398,7 | 1438,8 | Revenue growth-% | 2% | 19% | 20% | 5% | 6% |
| Equity capital | 247,0 | 265,4 | 263,1 | 267,7 | 293,4 | EBITDA growth-% | -10% | 21% | 20% | 0% | 7% |
| Goodwill | 136,2 | 218,1 | 217,3 | 217,3 | 217,3 | EBIT (adj.) growth-% | -19% | 15% | 4% | -2% | 15% |
| Net debt | 383,3 | 730,5 | 816,3 | 830,1 | 822,9 | EPS (adj.) growth-% | -20% | -1% | -15% | -7% | 28% |
| Cash flow | 2022 | 2023 | 2024 | 2025e | 2026e | EBITDA-% | 13,5 % | 13,6 % | 13,6 % | 13,0 % | 13,1 % |
| EBITDA | 157,2 | 189,8 | 227,6 | 228,0 | 243,9 | EBIT (adj.)-% | 7,3 % | 7,1 % | 6,1 % | 5,7 % | 6,2 % |
| Change in working capital | -44,9 | 47,6 | -80,0 | -7,7 | -12,0 | EBIT-% | 7,2 % | 6,7 % | 6,0 % | 5,6 % | 6,1 % |
| Operating cash flow | 95,4 | 232,4 | 124,8 | 187,6 | 209,3 | ROE-% | 23,9 % | 21,1 % | 18,4 % | 16,8 % | 20,7 % |
| CAPEX | -98,8 | -524,3 | -127,8 | -131,1 | -137,6 | ROI-% | 13,1 % | 10,5 % | 9,0 % | 8,8 % | 10,0 % |
| Free cash flow | -3,9 | -292,3 | -3,5 | 56,5 | 71,7 | Equity ratio | 31,1 % | 18,8 % | 19,1 % | 19,1 % | 20,4 % |
| | | | | | | Gearing | 155,2 % | 275,3 % | 310,3 % | 310,0 % | 280,5 % |
| 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 | 15,1 | 13,0 | | | | | | |
| P/E (adj.) | 11,0 | 15,2 | 13,9 | 14,4 | 11,2 | | | | | | |
| P/B | 2,7 | 3,4 | 2,7 | 2,6 | 2,3 | | | | | | |
| Dividend-% | 6,7 % | 4,9 % | 5,6 % | 4,7 % | 6,0 % | | | | | | |

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 |

The assessment of the 12-month risk-adjusted expected total shareholder return based on the above-mentioned definitions is company-specific and subjective. Consequently, similar 12-month expected total shareholder returns between different shares may result in different recommendations, and the recommendations and 12-month expected total shareholder returns between different shares should not be compared with each other. The counterpart of the expected total shareholder return is Inderes' view of the risk taken by the investor, which varies considerably between companies and scenarios. Thus, a high expected total shareholder return does not necessarily lead to positive performance when the risks are exceptionally high and, correspondingly, a low expected total shareholder return does not necessarily lead to a negative recommendation if Inderes considers the risks to be moderate.

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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 | Accumulate | 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 € |



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