

Tallinna Kaubamaja Grupp AS

3Q'21 results: combination of factors drives top-line

TKM1T.TL

Consumer Staples | Estonia

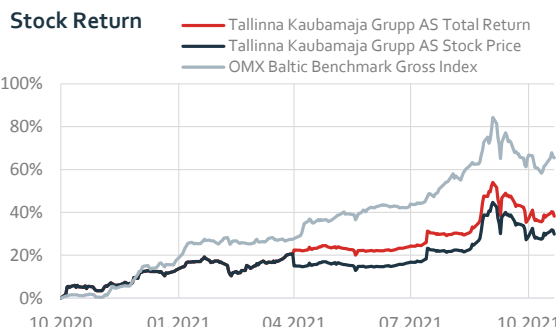
Tallinna Kaubamaja is one of the biggest retailer in Estonia with 91 stores structured into five segments: Department stores, Footwear trade, Car trade, Supermarkets and Real estate.

Market data

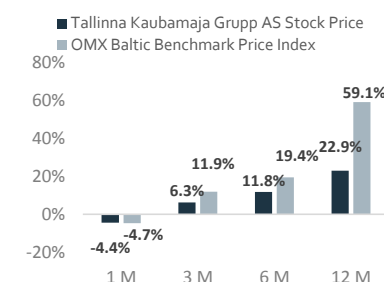
Price (€)	10.52
Market cap (mn €)	429.5
Free float (%)	33.0
Avg. daily volume - 30 days (mn €)	0.0107

Alphinox Quantitative score

Score displays Company's financial conditions, growth pace and valuation based on latest results and stock price



Stock Price Performance

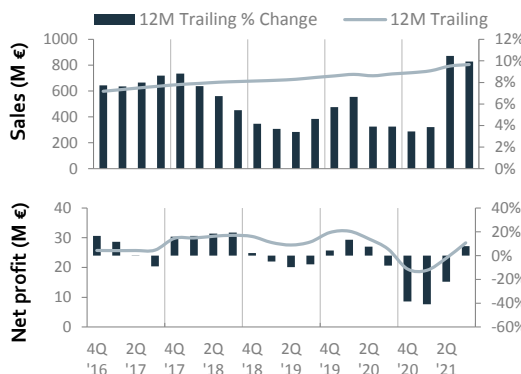


Company Update

As the restrictions have been lifted TKM was able to make investors happy with 6.2% growth in 3Q'21 sales and 62% growth in operating profit. According to the company's management, the sales of durable goods were supported also by the active use of funds from 2nd pension pillar received by Estonians as a results of pension reform. Major contributors to sales growth were car segment (10% growth; 18% of total sales) and Supermarkets (5.9% growth; 69% of sales; comparable stores sales per. sq. m grew 4.6%, exceeding inflation). Revenue growth was also supported by the development of e-commerce (e-Selver) - number of orders doubled. TKM was able to significantly increase its profitability - EBIT increased 62% and 3Q'21 net profit was up by 69%. The reason of such a high increase in profitability given only single-digit increase in revenues is that Tallinna Kaubamaja has low margin level (6.7%), so slower growth of expenses led to strong increase in earnings.

Growth

Sales	last Q	LTM	2020	2019
Company (M €)	206	805	717	678
Company	6.2%	9.9%	5.7%	4.2%
Sector*	2.5%	-3.4%	21%	-7.3%
Baltic Market	11.8%	1.5%	3.7%	2.7%

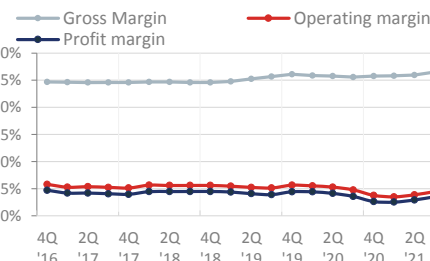
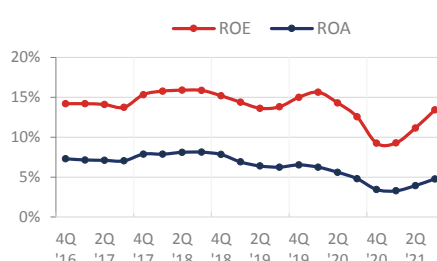


Profit	last Q	LTM	2020	2019
Company (M €)	12.6	28.3	31.8	30.4
Company	69%	8.0%	4.4%	2%
Sector*	-42%	#####	56%	-116%
Baltic Market	-11%	8.0%	0.0%	-34%

Key performance indicators	3Q'21	3Q '20	LTM
Number of Selver stores	69	54	66
Car trade segment revenue, mn eur	38	35	138
Sales revenue of department stores,	22	22	93
Selver supermarkets sales, mn eur	143	135	545

Profitability

Last 12M	ROE	ROA	GM	OPM	PM
Company	13%	4.8%	27%	4.5%	3.5%
Sector*	3.2%	2.0%	12%	0.7%	0.9%
Baltic Market	9.9%	4.0%	25%	7.3%	6.6%
3y average	ROE	ROA	GM	OPM	PM
Company	13%	5.5%	26%	4.9%	3.7%
Sector*	-1.1%	-0.7%	12%	6.8%	3.2%
Baltic Market	5.5%	2.6%	23%	3.7%	3.2%

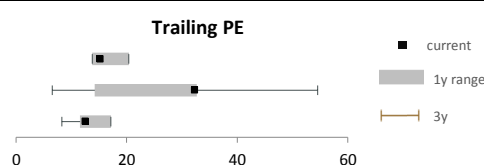


Balance sheet & Cash flow

	last	Q-1	Q-2	Q-3	LTM	2020	2019		last	Q-1	Q-2	Q-3	LTM	2020	2019
Equity / Assets ratio	37%	35%	33%	37%	35%	43%	55%	Cash Flow to Debt	0.27	0.26	0.22	0.27	0.26	0.32	0.57
Debt / Equity ratio	129%	139%	140%	120%	132%	92%	42%	CAPEX / Sales	7.9%	13.1%	4.9%	9.8%	8.9%	6.6%	6.4%
Cash ratio	0.11	0.08	0.15	0.22	0.14	0.30	0.32	FCF/OCF	71%	69%	35%	42%	54%	73%	90%

Valuation

	Last	1y avg	3y avg		last	1y avg	3y avg		
P/E	15.2	18.2	13.9	P/B	2.03	1.90	1.76	Company	
EV/EBITDA	7.80	8.14	7.78	P/CF	5.55	5.72	5.75	Sector	
P/S	0.53	0.52	0.50	Dvd yield	5.7%	6.4%	7.8%	Market	



*Sector: average of respective GICS sector companies from NASDAQ OMX Baltic and NASDAQ OMX Nordic small cap indices, Market: NASDAQ OMX Baltic median

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