12 August 2021

Commissioned research: Relais Group Oyj – Fairly in line H1 - Buy & Build story continues in line with expectations

Marketing material commissioned by Relais Group Oyj

Relais reported H1 adjusted EBITA of EUR 12.2m, 4% below our expectations (no consensus). Net sales were EUR 105.8m, 2% / 3% above Nordea and Refinitiv consensus, respectively. Reported EBIT was EUR 6.1m, -8% / -16% versus Nordea and consensus, respectively. The company will change to quarterly reporting from Q3 onwards. The integrations of recently acquired business have proceeded according to the plans and the company expects substantial synergies, both on top line and profitability going forward. Purchasing synergies will be visible with a short notice, while top line synergies should be visible within next 24-months. The company continues with active M&A strategy and sees a solid pipeline of relevant target companies in the Nordic markets. We would not be surprised if the company would announce further acquisitions already in H2.

RELAIS GROUP OYJ: DEVIATION TABLE

EURm	Actual H1 2021	NDA est. H1 2021	Deviation vs. actual		Consensus H1 2021	Deviation vs. actual		Actual H2 2020	h/h	Actual H1 2020	y/y
Sales	**105.8**	**103.8**	**2**	**2%**	**103.0**	**2**	**3%**	**70.0**	**51%**	**59.0**	**79%**
Gross profit	43.1	41.7	1	3%				24.7	75%	20.3	112%
Gross margin	**40.8%**	**40.2%**		**0.6pp**				**35.2%**	**5.5pp**	**34.5%**	**6.3pp**
Adj. EBITA	**12.2**	**12.7**	**(0.6)**	**-4%**				**11.2**	**9%**	**7.5**	**63%**
Adj. EBITA margin	11.5%	12.3%		-0.8pp	0.0%		11.5pp	16.0%	-4.5pp	12.7%	-1.2pp
EBITA	12.2	**12.7**	-0.6	-4%				**11.2**	9%	**7.5**	63%
EBITA margin	11.5%	12.3%		-0.8pp				16.0%	-4.5pp	12.7%	-1.2pp
EBIT	6.1	6.6	-0.5	-8%	7.3	-0.5	-16%	7.4	-18%	3.7	66%
EBIT margin	5.8%	6.4%		-0.6pp	7.0%		-1.3pp	10.6%	-4.9pp	6.2%	-0.5pp
PTP	4.5	5.3	-0.8	-15%	6.2	-0.8	-27%	8.1	-44%	2.3	97%
Adj. EPS	**0.48**	**0.50**		**-4%**				**0.55**	**-12%**	**0.27**	**81%**
EPS	0.13	0.16		-18%	0.23	-0.03	-43%	0.34	-61%	0.05	150%

Source: Company data, Refinitiv and Nordea estimates

H1 organic growth between 10-12%

Relais H1 net sales were EUR 105.8m, up 79% y/y, and came 2% above Nordea expectations and 3% above Refinitiv consensus expectations. According to the management, organic growth was 10-12% y/y and was clearly above market growth.

Adjusted EBITA was 12.2m in H1, up 63% y/y, and came 4% below Nordea estimate. We however note the recent acquisitions, which weakened visibility into the report.

H1 EBIT was EUR 6.1m, up 66%, and came 8% below Nordea expectations. Amortisation adjusted EPS was 0.48, missing slightly out estimate of EUR 0.50.

No numeric guidance for 2021

Although underlying market demand appears robust, Relais does not provide a numerical guidance for 2021. Uncertainty regarding the availability of products remains due to the global lack of semiconductors and disturbances within freight market. However, during the conference call, the management seemed fairly confident that Relais is able to mitigate possible freight price pressure with increased selling prices.

Possibility for further M&A in H2 appears high

The company has hired a Head of Acquisitions and Business Development during H1 and sees a solid pipeline of relevant target companies within the Nordic markets. As the company expanded its acquisition scope in conjunction with the strategy renewal, we would not be surprised if the company would announce further acquisitions already in H2.

SUMMARY TABLE - KEY FIGURES

EURm	2018	2019	2020	2021E	2022E	2023E
Total revenue	72	99	129	226	248	258
EBITDA (adj)	9	13	19	32	36	38
EBIT (adj)	6	8	11	18	21	26
EBIT (adj) margin	7.9%	7.9%	8.6%	7.8%	8.4%	10.1%
EPS (adj, EUR)	0.34	0.29	0.39	0.50	0.63	0.90
EPS (adj) growth	-17.9%	-13.6%	31.5%	28.0%	27.3%	43.0%
DPS (ord, EUR)	0.00	0.10	0.30	0.40	0.45	0.50
EV/Sales	n.a.	1.4	2.3	2.4	2.1	2.0
EV/EBIT (adj)	n.a.	17.3	26.3	30.2	25.1	19.3
P/E (adj)	n.a.	28.0	37.9	50.3	39.6	27.7
P/BV	n.a.	1.6	3.7	5.7	5.4	4.9
Dividend yield (ord)	n.a.	1.2%	2.0%	1.6%	1.8%	2.0%
FCF Yield bef A&D, lease adj	n.a.	1.4%	6.1%	1.8%	4.2%	5.3%
Net debt	18	35	28	64	51	34
Net debt/EBITDA	2.0	2.6	1.5	2.0	1.4	0.9
ROIC after tax	11.1%	8.0%	7.6%	9.8%	10.0%	13.3%

Source: Company data and Nordea estimates

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