03 March 2022

Commissioned research: Relais Group Oyj – Strong top line growth, EBITA missed slightly due to higher personnel costs

Marketing material commissioned by Relais Group Oyj

Relais reported Q4 adjusted EBITA of EUR 8.8m, 5% below Refinitiv consensus estimates and 8% below Nordea estimates, respectively. Net sales were EUR 73.5m, 7% and 5% above consensus and Nordea, respectively. Reported EBIT was EUR 5.3m, 15% below both consensus and Nordea. The deviation to our estimates was mainly due to higher personnel costs, which are related to recent acquisitions. The company continues with active M&A strategy also in 2022 and sees a solid pipeline of relevant target companies in the Nordic markets.The company changed to quarterly reporting in Q3 2021 and aims to transfer to Nasdaq Helsinki main list earliest during H2 2022. Our initial take is that consensus EBITA estimates could come slightly down after the Q4 report.

RELAIS GROUP OYJ: DEVIATION TABLE

	Actual	NDA est.	Deviation		Consensus	Deviation		Actual		Actual	
EURm	Q4 2021	Q4 2021	vs. actual		Q4 2021	vs. actual		Q3 2021	q/q	Q4 2020	y/y
Sales	**73.5**	**69.9**	**4**	**5 %**	**68.4**	**4**	**7 %**	**58.6**	**25 %**	**37.2**	**97 %**
Gross profit	31.8	30.8	1	3 %				25.9	23 %	13.4	136 %
Gross margin	**43.3%**	**44.0%**		**-0.7pp**				**44.1%**	**-0.9pp**	**36.1%**	**7.1pp**
Adj. EBITA	**8.8**	**9.5**	**(0.8)**	**-8 %**	**9.3**	**-0.8**	**-5 %**	**8.3**	**5 %**	**5.8**	**52 %**
Adj. EBITA margin	11.9%	13.6%		-1.7pp	13.5%		-1.6pp	14.2%	-2.3pp	15.5%	-3.6pp
EBITA	8.8	**9.5**	-0.8	-8 %				**8.3**	5 %	**5.8**	52 %
EBITA margin	11.9%	13.6%		-171 %				14.2%	-2.3pp	15.5%	-3.6pp
EBIT	5.3	6.2	-0.9	-15 %	6.2	-0.9	-15 %	5.0	6 %	3.8	39 %
EBIT margin	7.2%	8.9%		-167 %	9.1%		-1.9pp	8.5%	-1.3pp	10.3%	-3.1pp
PTP	4.2	5.6	-1.4	-25 %	5.0	-1.4	-16 %	4.2	0 %	5.3	-21 %
Adj. EPS	**0.37**	**0.39**		**-6 %**	**0.33**	**0.0**	**11 %**	**0.31**	**21 %**	**0.35**	**6 %**
EPS	0.37	0.22		70 %	0.21	0.15	73 %	0.13	191 %	0.24	54 %
DPS	0.36	0.40		-10 %	0.38	-0.04	-6 %			0.30	20 %

Source: Company data, Refinitiv and Nordea estimates

Q4 net sales above consensus, EBITA miss due to higher fixed costs

Relais Q4 net sales were EUR 73.5m, up 97% y/y, and came 7% above Refinitiv consensus expectations and 5% above Nordea expectations. According to the management, organic growth was above the average market growth and particularly strong for the Group's own vehicle lighting brands.

Adjusted EBITA was 8.8m in Q4, up 53% y/y, and came 5% below consensus and 8% below Nordea estimates. Deviation to our estimates mainly relate to clearly higher personnel expenses related to latest acquisitions.

Q4 EBIT was EUR 5.3m, and came 15% below consensus and Nordea expectations. Amortisation adjusted EPS was 0.37, beating consensus of EUR 0.33 but missing our estimate of EUR 0.39. DPS stood at EUR 0.36 per share, missing consensus of EUR 0.38 and our estimate of EUR 0.40.

No numeric guidance for 2022

The company sees the current market situation enabling favourable business development in 2022. Although underlying market demand appears stable, Relais does not provide a numerical guidance for 2022. Uncertainty regarding the availability of products remains due to the global lack of semi-conductors and disturbances within freight market.

M&A activity continuing in 2022

The company hired a Head of Acquisitions and Business Development last year and will continue M&A activities with the aim of finding companies that have a good strategic fit to the group and have a sufficient value creation potential to shareholders. As announced earlier, Relais aims to transfer to Nasdaq Helsinki main list earlies during H2.

SUMMARY TABLE - KEY FIGURES

EURm	2018	2019	2020	2021E	2022E	2023E
Total revenue	72	99	129	234	278	292
EBITDA (adj)	9	13	19	32	38	42
EBIT (adj)	6	8	11	17	23	30
EBIT (adj) margin	7,9%	7,9%	8,6%	7,4%	8,2%	10,3%
EPS (adj, EUR)	0,34	0,29	0,39	0,47	0,69	1,04
EPS (adj) growth	-17,9%	-13,6%	31,5%	20,1%	47,9%	51,5%
DPS (ord, EUR)	0,00	0,10	0,30	0,40	0,45	0,50
EV/Sales	n.a.	1,4	2,3	2,0	1,7	1,5
EV/EBIT (adj)	n.a.	17,3	26,3	27,6	20,4	14,9
P/E (adj)	n.a.	28,0	37,9	45,5	30,8	20,3
P/BV	n.a.	1,6	3,7	4,9	4,6	4,0
Dividend yield (ord)	n.a.	1,2%	2,0%	1,9%	2,1%	2,4%
FCF Yield bef A&D, lease adj	n.a.	1,4%	6,1%	0,3%	5,3%	6,5%
Net debt	18	35	28	80	69	51
Net debt/EBITDA	2,0	2,6	1,5	2,5	1,8	1,2
ROIC after tax	11,1%	8,0%	7,6%	9,0%	9,8%	13,5%

Source: Company data and Nordea estimates

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