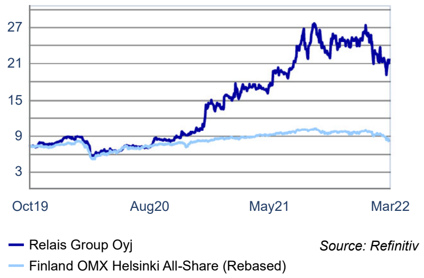
Relais Group Oyj

Consumer Goods
Finland

KEY DATA

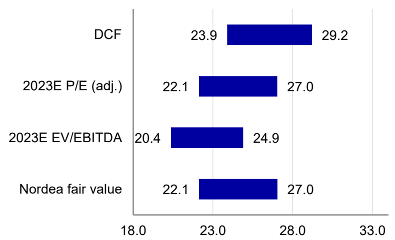
Stock country	Finland
Bloomberg	RELAIS FH
Reuters	RELAIS.HE
Share price (close)	EUR 22.00
Free Float	36%
Market cap. (bn)	EUR 0.41/EUR 0.41
Website	www.relais.fi
Next report date	12 May 2022

PERFORMANCE



Source: Refinitiv

VALUATION APPROACH



Source: Nordea estimates

ESTIMATE CHANGES

Year	2022E	2023E	2024E
Sales	5%	5%	5%
EBIT (adj)	-4%	-1%	0%

Source: Nordea estimates

Nordea Markets - Analysts

Joni Sandvall
Analyst

Sanna Perälä
Analyst

Strong organic growth supported by acquisitions

Relais released its Q4 2021 results on 3 March, reporting EBITA of EUR 8.8m and net sales of EUR 73.5m. According to management, Relais was able to grow faster than the market with low double-digit organic growth. It aimed to secure delivery capacity in 2022 by increasing inventory levels significantly during 2021. The company will continue its active M&A strategy in 2022 and sees a solid pipeline of relevant target companies in the Nordic markets. For both Q1 and FY 2022, we expect organic growth of 2%. We derive a multiples- and DCF-based fair value range of EUR 22.1-27.0 (24.4-29.9) per Relais share.

Growth path remains solid

Q4 net sales increased 97% y/y, driven by low double-digit organic growth and acquisitions. Net sales beat the Refinitiv consensus estimate of EUR 68.4m and our EUR 69.9m estimate. However, adjusted EBITA missed consensus and our estimates by 5% and 8%, respectively. The miss was mainly due to higher personnel costs related to the recent acquisitions. For Q1, we forecast sales of EUR 86.3m, supported by acquisitions completed last year, after which we expect the growth to moderate. We expect the adjusted EBITA margin to decrease slightly in 2022 due to cost pressures. There is still some uncertainty about the availability and cost of goods in 2022, but the company has prepared for this by stockpiling inventories. Management also appears confident in its ability to push price increases through with only a short lag.

Slightly negative estimate revisions on EBITA

We raise the 2022E-24E top line by 5% but cut our EBITA estimates by up to 2%. We expect the company to maintain its growth rate, supported by price inflation. However, we also expect pressure on both material and personnel costs. We believe the company will continue to accelerate its M&A agenda in the fragmented Nordic mobility market.

Main listing likely during H2 – valuation range of EUR 22.1-27.0

Relais is aiming to transfer to the Nasdaq Helsinki main list during H2 2022 at the earliest. Given this ambition, the transition to IFRS accounting will take place by the end of 2022 at the latest. Under IFRS, EBIT would be substantially higher due to current goodwill amortisations. We derive a fair value range of EUR 22.1-27.0 per Relais share. Assuming a successful execution of our M&A scenario by the company, we still believe that it could hit its EUR 500m top-line target by 2026.

SUMMARY TABLE - KEY FIGURES

EURm	2018	2019	2020	2021	2022E	2023E	2024E
Total revenue	72	99	129	238	291	306	316
EBITDA (adj)	9	13	19	31	38	42	46
EBIT (adj)	6	8	11	16	22	30	33
EBIT (adj) margin	7.9%	7.9%	8.6%	6.9%	7.5%	9.7%	10.5%
EPS (adj, EUR)	0.34	0.29	0.39	0.41	0.66	1.03	1.18
EPS (adj) growth	-17.9%	-13.6%	31.5%	6.3%	60.5%	55.3%	14.6%
DPS (ord, EUR)	0.00	0.10	0.30	0.36	0.45	0.50	0.55
EV/Sales	n.a.	1.4	2.3	2.4	1.7	1.5	1.4
EV/EBIT (adj)	n.a.	17.3	26.3	35.2	22.4	15.8	13.5
P/E (adj)	n.a.	28.0	37.9	63.8	33.2	21.4	18.7
P/BV	n.a.	1.6	3.7	5.5	4.3	3.9	3.5
Dividend yield (ord)	n.a.	1.2%	2.0%	1.4%	2.0%	2.3%	2.5%
FCF Yield bef A&D, lease	n.a.	1.4%	6.1%	0.4%	4.5%	6.3%	7.2%
Net debt	18	35	28	87	76	59	38
Net debt/EBITDA	2.0	2.6	1.5	2.8	2.0	1.4	0.8
ROIC after tax	11.3%	8.1%	7.7%	8.1%	8.6%	12.0%	14.0%

Source: Company data and Nordea estimates

Q4 2021 deviation and results takeaways

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

OUR ESTIMATES VS CONSENSUS AND Q4 ACTUAL FIGURES

	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**	**3.6**	**5 %**	**68.4**	**3.6**	**7 %**	**58.6**	**25 %**	**37.2**	**97 %**
Gross profit	31.8	30.8	1.0	3 %	31.0	1.0	3 %	25.9	23 %	13.4	136 %
Gross margin	**43.3%**	**44.1%**		**-0.8pp**	**45.3%**		**-2.1pp**	**44.1%**	**-0.9pp**	**36.1%**	**7.1pp**
Adj. EBITA	**8.8**	**9.5**	**(0.7)**	**-8 %**	**9.3**	**-0.7**	**-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**	-0.7	-8 %				**8.3**	5 %	**5.8**	52 %
EBITA margin	11.9%	13.6%		-169 %				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%		-166 %	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**		**-5 %**	**0.33**	**0.0**	**11 %**	**0.31**	**21 %**	**0.35**	**6 %**
EPS	0.37	0.22		68 %	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 in 7% above Refinitiv consensus expectations and 5% above our estimate. According to management, organic growth was above the average market growth and particularly strong for the group's own vehicle lighting brands.

Adjusted EBITA was EUR 8.8m in Q4, up 53% y/y, and came in 5% below consensus and 8% below our estimate. The deviation from our estimate was mainly due to clearly higher personnel expenses related to the latest acquisitions.

Q4 EBIT was EUR 5.3m, 15% below consensus and our estimate. Amortisation-adjusted EPS was EUR 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 numerical guidance for 2022

The company views the current market situation as enabling favourable business development in 2022. Although underlying market demand appears stable, Relais does not provide numerical guidance for 2022. Uncertainty regarding the availability of products remains due to the global lack of semiconductors and disturbances within the 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 with the group and sufficient value creation potential for shareholders. As announced earlier, Relais aims to transfer to the Nasdaq Helsinki main list during H2 at the earliest.

Takeaways from the conference call

The company's strategic goal at the IPO in 2019 to double turnover was achieved faster than anticipated. Approximately one-quarter of the business comes from lighting products, which are mainly own brands, and two-thirds of total sales derive from the commercial vehicles sector. Management notes that the share of commercial vehicles may increase in 2022 after recent acquisitions.

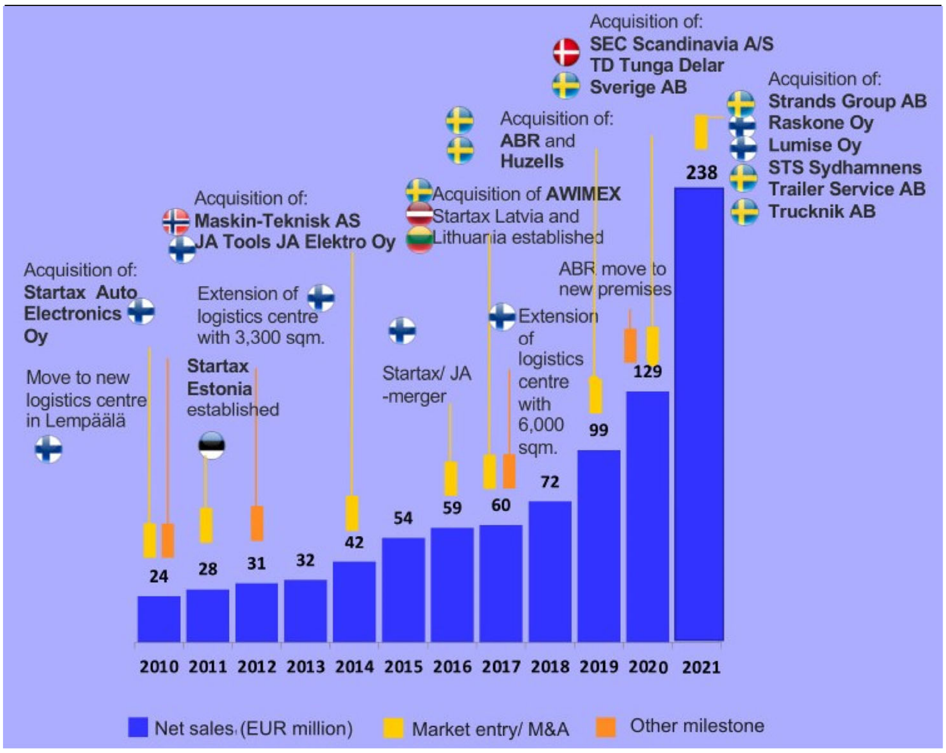
Management believes that the underlying market remains stable and is growing steadily. It estimates that the market grew 4-6% in 2021, and Relais was able to achieve organic growth in the low double digits. The growth was driven by synergies in the lighting sector in particular and also because of the cold winter, which benefitted certain product categories.

Relais aims to secure its delivery capacity in 2022, and therefore increased its inventory significantly in Q4. Cash assets decreased partly due to the rise in inventory and partly due to cash used for acquisitions.

Growth strategy leans on M&A

In addition to organic growth, Relais has made a substantial number of acquisitions over the past decade. Given the EUR 500m pro forma revenue target by 2026, the company will most likely continue to accelerate its acquisition spree.

M&A TRACK RECORD SINCE 2010



Source: Company data

M&A scenario

Relais' strategy focuses on high growth via M&A. Due to uncertainty regarding timing, deal size and deal valuation, we do not include M&A in our estimates. We have created an M&A scenario, however, which simulates how much Relais could grow sales and EBITA via M&A without raising additional equity capital or exceeding its current covenants. The company has indicated that it has a good pipeline of potential bolt-on acquisitions, in addition to its acquisitions during 2020-21. With successful M&A execution, we believe Relais could reach net sales of EUR 524m by 2026 while keeping its net gearing below 100%. We thus believe Relais could add shareholder value through acquisitions with compelling multiples going forward.

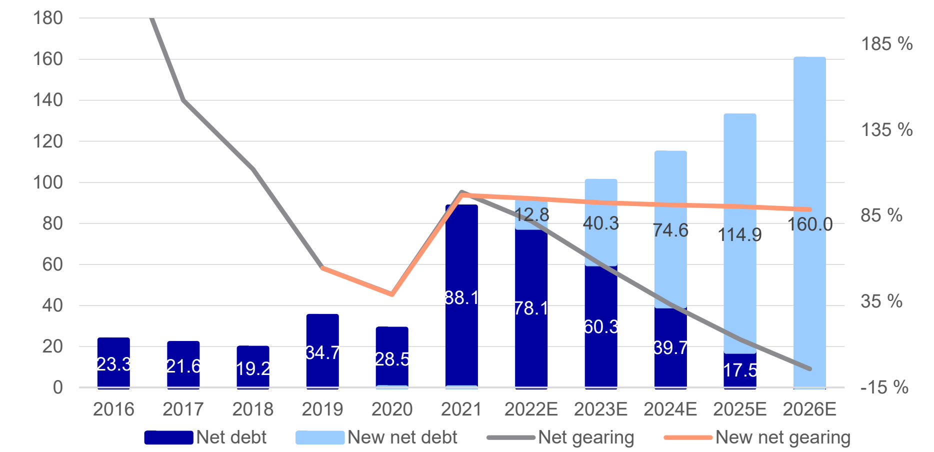
First full cash acquisition

Recent acquisitions increase net debt/EBITDA to ~2.4x in 2022E

A substantial part of the Raskone and Lumise acquisitions was financed with a directed share issue, but the Sydhamnens Trailer Service (STS) acquisition will be cash only. We believe the company will continue making acquisitions in 2022 and could see at least EUR 15m of firepower in 2022 despite its acquisition spree in 2020-21. Without new debt or acquisitions, we estimate that Relais could deleverage its balance sheet to net gearing of around 33% by 2024 (from ~82% in 2022).

With M&A fully financed by cash flow and debt, Relais could maintain its net gearing of less than 100% in 2022E-26E

NET DEBT (EURm) AND NET GEARING (%) INCLUDING POTENTIAL M&A



Source: Company data and Nordea estimates

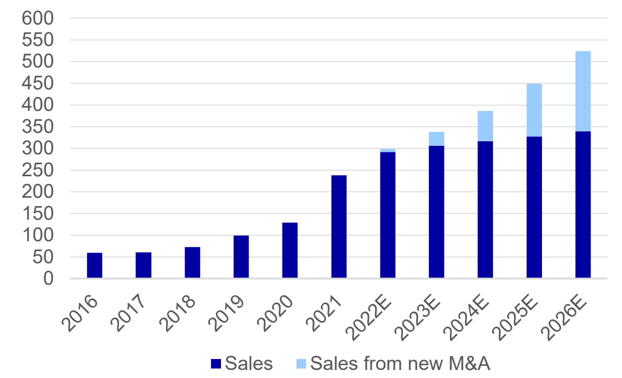
With successful M&A, total net sales could reach EUR 508m by 2026

Acquisitions could add EUR ~185m to net sales by 2026 without stretching the balance sheet too much

Assuming deal EV/EBITA multiples of 8x, further M&A could increase the company's EBITA by EUR ~5m for 2023E and EUR ~27m for 2026E. We assume the acquired companies will have an EBITA margin of 12.5%, implying that Relais could add EUR ~185m to net sales by 2026 based on our M&A assumptions. We model 5% organic growth for the acquired businesses while maintaining an estimated EBITA margin of 12.5%. Our estimates do not include any costs related to the acquisitions, such as advisory fees or restructuring costs. We assume M&A actions would be equally spread across the year, i.e. we model the acquisitions happening in the middle of the year.

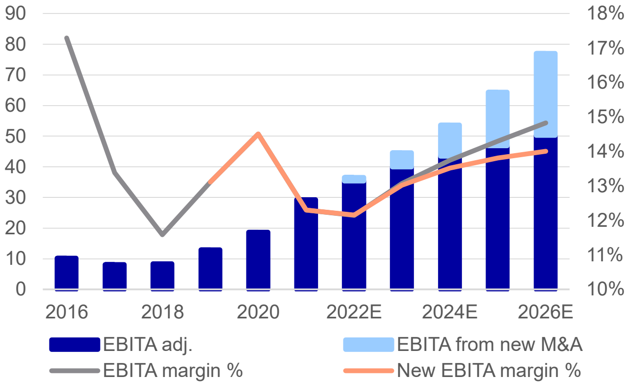
We note that our assumptions are on the conservative side considering recent acquisitions, and think larger targets could command slightly higher multiples. Relais made multiple acquisitions in 2020-21: SEC Scandinavia was acquired at ~5.5x EV/EBITDA, TD Tunga Delar at ~7x and the EV/EBITDA multiple for Strands Group is 7.3x based on 2020 EBITDA of SEK 25m. The Raskone acquisition was made at a 6.5x 2020 EV/EBITDA multiple, excluding potential synergies, which Relais expects to be significant. The Lumise acquisition was made at a 9.4x LTM EV/EBITDA, while we note that the high online share of sales commands higher multiples. The latest STS acquisition was made at 7.7-9.5x EV/EBITDA multiples, excluding synergies but including a full earn-out. If we assume full earn-out and EUR 0.5-1m in anticipated synergies, however, the acquisition will be carried out with 5.2-6.7x EV/EBITDA multiples.

M&A SCENARIO SALES ESTIMATES (EURm)



Source: Company data and Nordea estimates

M&A SCENARIO ESTIMATED EBITA (EURm) AND MARGIN (%)



Source: Company data and Nordea estimates

In our illustrative assumptions, acquisitions are financed with debt. We assume 50% of the deal value to be goodwill, which is amortised over ten years. The depreciation level is set at 0.5% of net sales and we use a 2% interest rate and 21% tax rate assumption.

ILLUSTRATIVE M&A SCENARIO

Current estimates, EURm	2016	2017	2018	2019	2020	2021	2022E	2023E	2024E	2025E	2026E
Sales	59	60	72	99	129	238	291	306	316	328	339
EBITA adj.	10.2	8.1	8.4	13.0	18.7	29.3	35.4	40.0	43.5	46.8	50.3
-margin %	17.3%	13.4%	11.6%	13.1%	14.5%	12.3%	12.2%	13.1%	13.7%	14.3%	14.8%
Cash	0.8	1.5	2.3	29.6	34.7	11.8	11.9	14.7	20.2	27.4	36.2
Equity	9.0	14.2	17.2	63.7	72.4	89.2	95.2	106.3	119.4	134.2	150.8
Net debt	23.3	21.6	19.2	34.7	28.5	88.1	78.1	60.3	39.7	17.5	-6.2
Net gearing	257 %	152 %	112 %	54 %	39 %	99 %	82 %	57 %	33 %	13 %	-4 %
Net debt/EBITDA	2.2x	2.6x	2.2x	2.6x	1.5x	2.8x	2.1x	1.4x	0.9x	0.4x	-0.1x
Deal(s) size							15	30	40	50	60
EV/EBITA assumption, x							8x	8x	8x	8x	8x
EV/Sales assumption, x							1.0x	1.0x	1.0x	1.0x	1.0x
							2022E	2023E	2024E	2025E	2026E
Cumulative sales increase from M&A							8	32	70	121	185
Cumulative EBITA increase from M&A							1.0	4.0	8.8	15.1	23.1
- margin %							12.5%	12.5%	12.5%	12.5%	12.5%

New estimates after additional M&A, EURm			2018	2019	2020	2021	2022E	2023E	2024E	2025E	2026E
Sales, EURm			72	99	129	238	299	338	387	449	524
EBITA, EURm			8.4	13.0	18.7	29.3	36.4	44.0	52.3	62.0	73.4
-margin %			11.6%	13.1%	14.5%	12.3%	12.2%	13.0%	13.5%	13.8%	14.0%
Cash	0.8	1.5	2.3	29.6	34.7	11.8	12.5	17.8	29.0	45.9	69.6
Equity	9.0	14.2	17.2	63.7	72.4	89.2	95.6	108.4	125.3	146.7	173.7
Net debt	23.3	21.6	19.2	34.7	28.3	86.6	90.9	100.5	114.3	132.4	153.7
Net gearing	257 %	152 %	112 %	54 %	39 %	97 %	95 %	93 %	91 %	90 %	89 %
EBITDA adj.	10.6	8.3	8.7	13.3	19.1	31.0	38.6	46.4	55.1	65.3	77.4
ND/EBITDA	2.2x	2.6x	2.2x	2.6x	1.5x	2.8x	2.4x	2.2x	2.1x	2.0x	2.0x

Source: Company data and Nordea estimates

Compounder effect could be substantial

In the table below, we illustrate the potential "compounder effect" for Relais, as the company targets growth through acquisitions going forward. The table presents the impact on Relais' "multiple arbitrage" opportunity, assuming different annual acquisition volumes (x-axis) and the EV/EBITA multiple paid in the potential acquisitions (y-axis). We note the following:

- **Acquisition cost on x-axis:** The annual acquisition amount is in EURm. Based on our calculations, we estimate that Relais could make acquisitions of EUR 15-60m annually during 2022-26, financed with cash flow and debt, and still stay below 100% gearing and ~2x net debt/EBITDA by year-end. We limit the range in this table to EUR 5-75m of annual acquisitions and believe a narrowed range of EUR 20-60m could be realistic annually for 2022-25.

- **Acquisition multiple on y-axis:** Historically, Relais has made acquisitions at an EV/EBIT(D)A of ~6.5x. In the table below, we highlight the value creation based on our M&A scenario, where we use 1x EV/sales and 8x EV/EBITA multiples. We also highlight what we believe could be the annual transaction volume range (EUR 20-60m) and likely EV/EBITA acquisition multiples (6-10x), with the midpoint suggesting EUR 40m in annual value creation.
- **EBITA margin:** We assume that Relais will buy companies with an EBITA margin of 12.5%, derived from EV/sales of 1x and EV/EBITA of 8x.
- **Relais valuation multiple:** Based on the current valuation of Relais, we use an EV/EBITA multiple of 16x on average for Relais; i.e. if it makes acquisitions at an EV/EBITA multiple of above 16x, our simulation models a negative contribution from M&A. This is highly simplified, as there could be good grounds to pay a high multiple, e.g. synergy potential, strategic acquisitions, etc.

ILLUSTRATIVE VALUE CREATION MATRIX (EURm)

	Acquisition cost, EURm														
Acquisition multiple, EV/EBITA (x)	5	10	15	20	25	30	35	40	45	50	55	60	65	70	75
3	22	43	65	87	108	130	152	173	195	217	238	260	282	303	325
4	15	30	45	60	75	90	105	120	135	150	165	180	195	210	225
5	11	22	33	44	55	66	77	88	99	110	121	132	143	154	165
6	8	17	25	33	42	50	58	67	75	83	92	100	108	117	125
7	6	13	19	26	32	39	45	51	58	64	71	77	84	90	96
8	5	10	15	20	25	30	35	40	45	50	55	60	65	70	75
9	4	8	12	16	19	23	27	31	35	39	43	47	51	54	58
10	3	6	9	12	15	18	21	24	27	30	33	36	39	42	45
11	2	5	7	9	11	14	16	18	20	23	25	27	30	32	34
12	2	3	5	7	8	10	12	13	15	17	18	20	22	23	25
13	1	2	3	5	6	7	8	9	10	12	13	14	15	16	17
14	1	1	2	3	4	4	5	6	6	7	8	9	9	10	11
15	0	1	1	1	2	2	2	3	3	3	4	4	4	5	5
16	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
17	0	-1	-1	-1	-1	-2	-2	-2	-3	-3	-3	-4	-4	-4	-4
18	-1	-1	-2	-2	-3	-3	-4	-4	-5	-6	-6	-7	-7	-8	-8
19	-1	-2	-2	-3	-4	-5	-6	-6	-7	-8	-9	-9	-10	-11	-12
20	-1	-2	-3	-4	-5	-6	-7	-8	-9	-10	-11	-12	-13	-14	-15
21	-1	-2	-4	-5	-6	-7	-8	-10	-11	-12	-13	-14	-15	-17	-18
22	-1	-3	-4	-5	-7	-8	-10	-11	-12	-14	-15	-16	-18	-19	-20
23	-2	-3	-5	-6	-8	-9	-11	-12	-14	-15	-17	-18	-20	-21	-23

Source: Nordea estimates

Estimate revisions

Estimate revisions

We make only minor estimate revisions after the Q4 report. We do not include any unannounced M&A in our estimates. We lift the 2022E-24E top line by 5% while we nudge down our EBITA estimates by 0-2%. The company is also assessing the possibility of a transfer to the main Nasdaq Helsinki list. In conjunction with this, it is preparing for IFRS accounting, which would raise EBIT estimates significantly as goodwill amortisation would be excluded. We forecast EUR 10-13m of annual amortisation for 2022-23, the majority of which relates to goodwill.

ESTIMATE REVISIONS

	New estimates				Old estimates				Difference %			
EURm	**Q1 2022E**	**2022E**	**2023E**	**2024E**	**Q1 2022E**	**2022E**	**2023E**	**2024E**	**Q1 2022E**	**2022E**	**2023E**	**2024E**
Sales	**86.3**	**291**	**306**	**316**	**n.a.**	**278**	**292**	**302**	**n.a.**	**5 %**	**5 %**	**5 %**
Gross profit	35.8	126	133	138	n.a.	124	131	136	n.a.	2 %	2 %	2 %
Gross margin	**41.5%**	**43.2%**	**43.4%**	**43.5%**	**n.a.**	**44.6%**	**44.8%**	**44.9%**	**n.a.**	-1.4pp	-1.4pp	-1.4pp
Adj. EBITA	**9.5**	**35.4**	**40.0**	**43.5**	**n.a.**	**36.2**	**40.3**	**43.4**	**n.a.**	**-2 %**	**-1 %**	**0 %**
Adj. EBITA margin	11.0%	12.2%	13.1%	13.7%	n.a.	13.0%	13.8%	14.4%	n.a.	-0.9pp	-0.7pp	-0.6pp
EBITA	9.5	35.4	40.0	43.5	n.a.	36.2	40.3	43.4	n.a.	-2 %	-1 %	0 %
EBITA margin	11.0%	12.2%	13.1%	13.7%	n.a.	13.0%	13.8%	14.4%	n.a.	-0.9pp	-0.7pp	-0.6pp
EBIT	6.0	21.8	29.8	33.3	n.a.	22.8	30.1	33.2	n.a.	-4 %	-1 %	0 %
EBIT margin	7.0%	7.5%	9.7%	10.5%	n.a.	8.2%	10.3%	11.0%	n.a.	-0.7pp	-0.6pp	-0.5pp
PTP	5.3	19.0	27.0	30.6	n.a.	20.1	27.4	30.5	n.a.	-5 %	-1 %	0 %
EPS	0.19	0.66	1.03	1.18	n.a.	0.69	1.04	1.18	n.a.	-4 %	-1 %	0 %
DPS		0.45	0.50	0.55		0.45	0.50	0.55		0 %	0 %	0 %

Source: Nordea estimates

Valuation

We value Relais using a variety of methods, including a peer multiples-based valuation and a discounted cash flow (DCF) model. We only include organic growth potential in our valuation approach and exclude any impact from potential future M&A. Using a combination of valuation methods, we derive a fair valuation range of EUR 22.1.-27.0 (24.4-29.9) per share.

Background

Our valuation does not include M&A

We acknowledge the company's ambition to continue growing at an accelerated pace, which includes a significant M&A component. Because the potential targets, their sizes and fundamentals are unknown, however, we refrain from including any speculative M&A in our estimates.

We use a range of valuation methods to derive a fair value for Relais. In our analysis, we compare the company to a group of peers that we consider relevant, using valuation multiples such as EV/EBITDA and P/E. We also use a standard DCF model. The table below shows the peer group.

PEER VALUATION TABLE

	EV / Sales			EV / EBITDA			EV/EBIT			P/E		
	2021E	2022E	2023E	2021E	2022E	2023E	2021E	2022E	2023E	2021	2022E	2023E
Peer group												
Advance Auto Parts Inc	1.2x	1.2x	1.1x	10.2x	9.5x	8.6x	12.8x	11.8x	10.8x	17.7	15.3	13.4
Auto Partner Sa	0.9x	0.8x	0.7x	8.3x	7.8x	6.6x	8.9x	8.6x	7.2x	10.2	11.0	9.5
Autozone Inc	3.1x	2.8x	2.6x	13.4x	11.9x	11.5x	15.4x	13.5x	13.0x	20.8	17.0	15.5
Inter Cars Sa	0.6x	0.5x	0.5x	8.0x	7.5x	7.3x	9.1x	8.6x	8.3x	9.8	9.5	9.2
Camping World Holdings Inc	0.7x	0.7x	0.7x	5.4x	6.0x	6.7x	6.1x	6.7x	7.5x	4.8	5.4	6.2
Dometic Group Ab (Publ)	1.9x	1.4x	1.4x	10.6x	8.3x	7.6x	14.0x	10.8x	9.8x	15.1	11.4	9.9
Halfords Group Plc	0.6x	0.6x	0.5x	5.9x	3.7x	3.5x	7.2x	8.0x	7.7x	6.6	7.9	7.9
Mekonomen Ab	0.8x	0.8x	0.8x	5.6x	5.6x	5.4x	10.1x	9.6x	8.9x	8.7	7.8	7.1
O'Reilly Automotive Inc	3.7x	3.4x	3.2x	15.3x	14.3x	13.6x	17.0x	16.1x	15.3x	22.3	20.3	18.3
Thule Group Ab	3.8x	3.5x	3.3x	15.8x	14.5x	13.4x	16.8x	15.5x	14.3x	21.2	19.6	18.2
Peer group average	1.7x	1.6x	1.5x	9.9x	8.9x	8.4x	11.7x	10.9x	10.3x	13.7	12.5	11.5
Peer group median	**1.1x**	**1.0x**	**1.0x**	**9.3x**	**8.1x**	**7.4x**	**11.4x**	**10.2x**	**9.3x**	**12.6x**	**11.2x**	**9.7**
US peers' average	**2.2x**	**2.0x**	**1.9x**	**11.1x**	**10.4x**	**10.1x**	**12.8x**	**12.0x**	**11.6x**	**16.4x**	**14.5x**	**13.4x**
European peers' average	**1.4x**	**1.3x**	**1.2x**	**9.0x**	**7.9x**	**7.3x**	**11.0x**	**10.2x**	**9.4x**	**11.9x**	**11.2x**	**10.3x**
Relais (Nordea)	**2.3x**	**1.9x**	**1.7x**	**16.9x**	**13.8x**	**12.0x**	**30.9x**	**22.9x**	**16.8x**	**54.3x**	**36.7x**	**24.2x**
difference to median	**116 %**	**90 %**	**80 %**	**82 %**	**70 %**	**61 %**	**171 %**	**125 %**	**80 %**	**330 %**	**227 %**	**151 %**
Compounders												
Addtech Ab	3.7	3.2	3.0	27.9	21.7	20.5	42.3	30.3	28.3	56.8	37.8	34.8
Bergman & Beving Ab	1.0	1.0	0.9	10.1	8.9	8.1	17.4	14.7	13.0	19.4	13.6	
Beijer Alma Ab	2.6	2.3	2.1	13.5	11.6	10.3	18.1	15.1	13.5	24.4	19.4	17.4
Beijer Ref Ab (Publ)	2.9	2.4	2.3	26.7	20.0	17.3	36.1	27.0	23.6	55.0	40.9	35.6
Bufab Ab (Publ)	2.5	2.2	2.1	17.1	14.7	14.1	22.0	18.1	17.1	26.6	21.5	20.1
Indutrade Ab	3.7	3.3	3.2	20.6	19.2	18.4	28.3	25.2	24.0	35.3	30.7	27.6
Lagercrantz Group Ab	4.4	3.5	3.1	23.1	17.4	16.2	33.8	24.3	22.0	47.2	33.4	30.9
Lifco Ab (Publ)	5.6	5.0	4.7	23.8	22.3	21.3	31.0	27.9	26.5	40.9	36.1	34.0
Sdiptech Ab (Publ)	5.5	4.7	4.0	29.7	19.8	17.0	41.3	25.6	21.7	57.9	32.1	26.9
Volati Ab	2.5	2.1	2.0	19.5	15.9	15.0	23.2	21.9	20.2	23.4	26.0	24.1
Compounders average	3.4	3.0	2.7	21.2	17.2	15.8	29.3	23.0	21.0	38.7	29.2	27.9
Compounders median	**3.3**	**2.8**	**2.6**	**21.8**	**18.3**	**16.6**	**29.6**	**24.7**	**21.8**	**38.1**	**31.4**	**27.6**
Total average	2.6	2.3	2.1	15.5	13.0	12.1	20.5	17.0	15.6	26.2	20.8	19.3
Total median	**2.5**	**2.2**	**2.1**	**14.4**	**13.1**	**12.4**	**17.2**	**15.3**	**13.9**	**21.8**	**19.5**	**18.2**
Total average (70%/30%)	2.1	1.8	1.7	12.1	10.6	9.9	15.2	13.3	12.4	18.7	15.9	14.8
Total median (70%/30%)	**1.7**	**1.5**	**1.5**	**13.0**	**11.2**	**10.2**	**16.9**	**14.6**	**13.1**	**20.3**	**17.3**	**15.1**
Relais (Nordea)	**2.3**	**1.9**	**1.7**	**16.9**	**13.8**	**12.0**	**30.9**	**22.9**	**16.8**	**54.3**	**36.7**	**24.2**
difference to weighted median	**32 %**	**22 %**	**19 %**	**30 %**	**23 %**	**18 %**	**83 %**	**57 %**	**28 %**	**168 %**	**113 %**	**61 %**

Source: Refinitiv and Nordea estimates

EV/EBITDA-based valuation of EUR 20.4-24.9 per share

Based on our EUR 42.2m EBITDA estimate for 2023 and an accepted valuation multiple range of 10.0-12.0x (midpoint: 11x), we arrive at a fair value range of EUR 20.4-24.9 (24.9-30.4) per share for Relais. In addition to auto parts peers, we believe that one should look at Swedish compounders when valuing Relais. When using a 70% weight for the auto parts peer group and a 30% weight for the compounder peer group, the median EV/EBITDA would be 10.2x for 2023E.

P/E-based valuation of EUR 22.1-27.0 per share

Using a EUR 1.64 amortisation-adjusted EPS estimate for 2023, we arrive at a fair value range of EUR 22.1-27.0 (26.1-31.9) per share using P/E multiples of 13.5-16.5x (midpoint: 15x).

DCF-based valuation of EUR 23.9-29.2 per share

In our DCF model, we value Relais based on the current business, assuming no additional value-adding acquisitions. We also assume a sales CAGR of 3.8% for 2022-27, followed by a 2.5% CAGR in perpetuity, meaning that organic growth is roughly the same as the average rate of inflation. We also assume Relais will gradually improve its profitability level and maintain an adjusted EBIT margin of 14.5% in the long run. We use a 3% cost of debt in our DCF model, as the current level is unlikely to persist in the long term. We also assign a long-term equity weight of 50%.

WACC COMPONENTS

WACC components	
Risk-free interest rate	2.0%
Market risk premium	4.5%
Forward looking asset beta	nm
Beta debt	0.1
Forward looking equity beta	2.1-1.5
Cost of equity	11.5-8.9%
Cost of debt	3.0%
Tax-rate used in WACC	30%
Equity weight	50%
WACC	**6.8-5.5%**

Source: Nordea estimates

DCF VALUATION

DCF value	Value	Per share
NPV FCFF	529-629	28.1-33.4
(Net debt)	-87	-4.6
Market value of associates	0	0.0
(Market value of minorities)	0	0.0
Surplus values	0	0.0
(Market value preference shares)	0	0.0
Share based adjustments	0	0.0
Other adjustments	0	0.0
Time value	8	0.4
DCF Value	**450-550**	**23.9-29.2**

Source: Nordea estimates

DCF ASSUMPTIONS

Averages and assumptions	2022-27	2028-32	2033-37	2038-42	2043-47	2048-52	Sust.
Sales growth, CAGR	3.8%	2.5%	2.5%	2.5%	2.5%	2.5%	
EBIT-margin, excluding associates	10.6%	13.5%	14.5%	14.5%	14.5%	1.9%	
Capex/depreciation, x	0.2	0.2	1.0	1.0	1.0	1.0	
Capex/sales	0.7%	0.7%	0.7%	0.7%	0.7%	0.7%	
NWC/sales	25 %	25 %	25 %	25 %	25 %	25 %	
FCFF, CAGR	16.4%	4.5%	4.1%	2.5%	2.5%	-44.0%	2.5%

Source: Nordea estimates

DCF valuation sensitivity

To test the robustness of our base-case scenario, we perform a sensitivity analysis by varying our EBIT margin, sales growth and WACC assumptions. The DCF-derived fair value is especially sensitive to WACC assumptions, implying that changes in the company's risk profile could significantly impact the fair value in either direction.

When we use sensitivities of ±0.5 pp for WACC, ±0.5 pp for sales growth and ±0.5 for the EBIT margin, our DCF model yields a value range of EUR 21.9-28.5 per share.

SENSITIVITY OF OUR DCF MODEL (EUR/SHARE)

		WACC				
		5.1%	5.6%	6.1%	6.6%	7.1%
EBIT margin change	+1.0pp	33.2	30.0	27.4	25.2	23.2
	+0.5pp	31.3	28.5	26.1	24.1	22.3
		29.4	27.0	**24.9**	23.0	21.4
	-0.5pp	27.5	25.4	23.6	21.9	20.4
	-1.0pp	25.6	23.9	22.3	20.8	19.5

		WACC				
		5.1%	5.6%	6.1%	6.6%	7.1%
Sales growth change	+1.0pp	31.5	28.7	26.4	24.3	22.5
	+0.5pp	30.4	27.8	25.6	23.7	21.9
		29.4	27.0	**24.9**	23.0	21.4
	-0.5pp	28.5	26.2	24.2	22.4	20.8
	-1.0pp	27.6	25.4	23.5	21.8	20.3

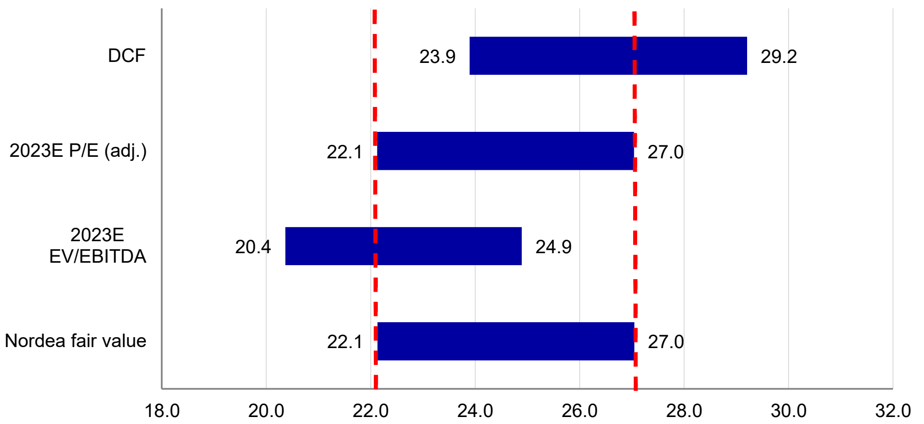
		Sales growth change				
		-1.0pp	-0.5pp		+0.5pp	+1.0pp
EBIT margin change	+1.0pp	25.7	26.5	27.4	28.4	29.4
	+0.5pp	24.6	25.3	26.1	27.0	27.9
		23.5	24.2	**24.9**	25.6	26.4
	-0.5pp	22.4	23.0	23.6	24.2	24.9
	-1.0pp	21.3	21.8	22.3	22.8	23.4

Source: Nordea estimates

Valuation conclusion

Assuming that Relais can deliver revenue growth and an operating profit margin in line with our expectations, we estimate a fair value range of EUR 22.1-27.0 (24.4-29.9) per share based on our different valuation approaches. This range is represented by the red lines in the chart below.

VALUATION RANGE (EUR/SHARE)



Source: Nordea estimates

Detailed estimates

DETAILED ESTIMATES

EURm	Q1 21	Q2 21	Q3 21	Q4 21	Q1 2E	Q2 2E	Q3 2E	Q4 2E	2018	2019	2020	2021	2022E	2023E	2024E
Net sales	**54**	**52**	**59**	**74**	**86**	**62**	**66**	**77**	**72**	**99**	**129**	**238**	**291**	**306**	**316**
Sales growth	80 %	79 %	79 %	97 %	61 %	18 %	13 %	5 %	20 %	37 %	30 %	85 %	22 %	5 %	4 %
of which organic	9 %	9 %	9 %	9 %	2 %	3 %	3 %	2 %	10 %	2 %	3 %	9 %	2 %	5 %	4 %
of which FX	3 %	2 %	1 %	0 %	0 %	0 %	0 %	0 %	0 %	-1 %	1 %	1 %	0 %	0 %	0 %
of which structural	68 %	67 %	69 %	88 %	60 %	15 %	10 %	3 %	10 %	36 %	27 %	74 %	13 %	0 %	0 %
Other operating income	0.9	0.7	0.5	0.9	0.1	0.1	0.1	0.1	0.4	0.5	1.0	3.1	0.4	0.4	0.4
Materials and services	-32	-30	-33	-42	-50	-34	-37	-44	-48	-66	-84	-137	-166	-173	-179
Gross profit	**21.3**	**21.8**	**25.9**	**31.8**	**35.8**	**27.1**	**29.4**	**33.5**	**24.3**	**33.1**	**45.0**	**100.8**	**125.7**	**132.6**	**137.6**
Gross margin %	39.9%	41.7%	44.1%	43.3%	41.5%	44.0%	44.2%	43.5%	33.6%	33.4%	34.9%	42.4%	43.2%	43.4%	43.5%
Staff costs	-9	-11	-10	-14	-17	-14	-13	-15	-10	-12	-17	-45	-58	-60	-62
Other operating costs	-5	-6	-7	-9	-9	-6	-7	-9	-6	-8	-10	-28	-31	-31	-30
EBITDA	**7.6**	**5.4**	**8.7**	**9.3**	**10.0**	**7.2**	**10.1**	**10.3**	**8.7**	**13.3**	**19.1**	**31.0**	**37.6**	**42.2**	**45.8**
EBITDA margin %	14.3%	10.3%	14.8%	12.6%	11.6%	11.8%	15.2%	13.3%	12.1%	13.5%	14.8%	13.0%	12.9%	13.8%	14.5%
D&A	-3.1	-3.9	-3.7	-3.9	-3.9	-4.0	-4.0	-4.0	-3.0	-5.5	-8.0	-14.6	-15.8	-12.4	-12.5
of which depreciations	-0.3	-0.6	-0.4	-0.5	-0.5	-0.5	-0.6	-0.6	-0.3	-0.4	-0.4	-1.7	-2.2	-2.3	-2.3
of which amortizations	-2.8	-3.3	-3.3	-3.4	-3.4	-3.4	-3.4	-3.4	-2.7	-5.1	-7.6	-12.9	-13.6	-10.2	-10.2
EBITA	7.4	4.8	8.3	8.8	9.5	6.7	9.5	9.7	8.4	13.0	18.7	29.3	35.4	40.0	43.5
NRI	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	0.0
Adj. EBITA	**7.4**	**4.8**	**8.3**	**8.8**	**9.5**	**6.7**	**9.5**	**9.7**	**8.4**	**13.0**	**18.7**	**29.3**	**35.4**	**40.0**	**43.5**
Adj. EBITA margin %	13.8%	9.2%	14.2%	11.9%	11.0%	10.9%	14.4%	12.6%	11.6%	13.1%	14.5%	12.3%	12.2%	13.1%	13.7%
-growth y/y	131 %	12 %	53 %	52 %	28 %	40 %	14 %	11 %	4 %	55 %	44 %	56 %	21 %	13 %	9 %
EBITA Bridge												**10.6**	**6.1**	**4.6**	**3.5**
Organic												4.7	2.7	6.6	4.8
FX												0.2	0.0	0.0	0.0
Structural												13.9	6.2	0.0	0.0
Cost vs price												-8.3	-2.8	-2.0	-1.3
EBIT	**4.6**	**1.5**	**5.0**	**5.3**	**6.0**	**3.3**	**6.2**	**6.3**	**5.7**	**7.9**	**11.1**	**16.4**	**21.8**	**29.8**	**33.3**
EBIT margin %	8.6%	2.9%	8.5%	7.2%	7.0%	5.3%	9.3%	8.2%	7.9%	7.9%	8.6%	6.9%	7.5%	9.7%	10.5%
Net financials	-1.4	-0.2	-0.8	-0.9	-0.7	-0.7	-0.7	-0.7	-0.9	-5.4	-0.7	-3.3	-2.8	-2.8	-2.7
PTP	3.2	1.3	4.2	4.4	5.3	2.6	5.5	5.6	4.8	2.5	10.4	13.1	19.0	27.0	30.6
Tax	-1.3	-1.0	-1.8	-1.3	-1.8	-1.2	-1.8	-1.8	-1.5	-1.9	-3.4	-5.3	-6.5	-7.8	-8.6
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.2	-0.2	-0.1	-0.1	-0.1	0.0	0.0
Net profit for equity	**1.9**	**0.4**	**2.4**	**3.1**	**3.6**	**1.4**	**3.7**	**3.8**	**3.1**	**0.4**	**6.9**	**7.7**	**12.4**	**19.2**	**22.0**
Net profit	2.0	0.4	2.4	3.1	3.6	1.4	3.7	3.8	3.3	0.6	7.0	7.8	12.5	19.2	22.0
EPS (undiluted)	0.11	0.02	0.13	0.17	0.20	0.08	0.20	0.21	0.36	0.03	0.41	0.43	0.69	1.07	1.23
Adj. EPS (excl. amortization)	**0.26**	**0.20**	**0.32**	**0.36**	**0.39**	**0.27**	**0.39**	**0.40**	**0.67**	**0.75**	**0.87**	**1.15**	**1.45**	**1.64**	**1.79**
DPS										0.10	0.30	0.36	0.45	0.50	0.55

Source: Company data and Nordea estimates

Risk factors

Below we list the main risk factors that we find relevant for Relais Group. The purpose of this is not to provide a comprehensive picture of all of the risks that the company may face, but instead to highlight those that we find most relevant. The main risks we identify relate to the general economy in the Nordics, car spare parts sales and the vehicle service business. The COVID-19 situation also continues to create uncertainty regarding consumer behaviour and the availability of goods.

General economy

A sluggish economy could negatively affect car service and spare parts sales

The car service industry is to some extent dependent on the general economy. In times of strong economic activity, people are more inclined to spend money on car service and upgrades. Typically, unemployment rates decrease at such times, which increases consumers' disposable income.

The outlook for Nordic economies has improved after the initial shock of the pandemic, but the final COVID-19 impact is not clear. If people start cutting back on car service spending and/or postpone servicing their cars, Relais could see a negative impact on its sales and earnings. After recent acquisitions, Relais is also more dependent on commercial vehicles and related services, which could be affected if economic activity deteriorates. Recent additions to the service business should improve business predictability, however, with lower seasonality.

Increasing competition

Competitors consolidating the market could hamper Relais's growth prospects

The auto parts market is still very fragmented. If other players take a more active role in market consolidation, this could hurt the sales prospects for Relais and profitability if competitors become more aggressive on pricing.

Dependency on suppliers

Disturbances by suppliers may affect product availability

As Relais is importing its goods and not producing spare parts or equipment itself, the company could be severely affected if its suppliers cannot deliver products as agreed or if the quality of products decreases significantly.

The coronavirus situation has caused supply-side problems and extra freight costs, and a prolonged situation could hamper demand for Relais's spare parts and equipment.

Risks related to expansion

If not executed well, high M&A activity may increase costs

Relais's ambitions to grow quickly do not come without costs, investments and risks. M&A could increase costs temporarily, but also in the long term if acquisitions fail or integration is executed poorly. Hence it is important for the company to maintain good cost control and clear M&A execution plans, so as not to hamper earnings.

Dependency on key employees

Key employees leaving could lead to the loss of clients

Relais depends heavily on the efforts of its management team and the board of directors. These key persons have substantial knowledge of running listed companies as well as broad sector knowledge. Should these people leave, it could take some time to find replacements. If key employees join a competitor or start a competing business, this could significantly hamper Relais's business, leading to the loss of clients or even suppliers. Also, because Relais does not fully integrate acquired companies, its dependence on acquired key employees is high. Should Relais fail to incentivise employees in acquired companies, it could have a direct impact on sales and earnings.

Financial position

A share issue could dilute current shareholders' ownership

Relais has high growth ambitions and hence we do not rule out the need for additional equity to support future M&A activity. An equity issue could dilute the current shareholders' ownership.

Substantial amount of intangible assets

Significant writedown of goodwill could worsen its financial position

Due to M&A, Relais has accumulated significant goodwill on its balance sheet. If a future test – for example, if the company switches to IFRS accounting standards – shows a significant decline in the value of goodwill, it could have a huge impact on the balance sheet and earnings. A weakening balance sheet could limit the potential for new financing and thus have a negative impact on future M&A and operations.

IT systems

Crucial IT system failures or slow adoption of new technology could put Relais in a disadvantageous position

Relais is dependent on its IT systems, and any disruption to these could affect the company's daily business, costs and reputation. Slow adoption of or adaptation to new technology could leave Relais in a disadvantageous position versus its competitors.

Reported numbers and forecasts

INCOME STATEMENT

EURm	2014	2015	2016	2017	2018	2019	2020	2021	2022E	2023E	2024E
Total revenue	**42**	**54**	**59**	**60**	**72**	**99**	**129**	**238**	**291**	**306**	**316**
Revenue growth	31.3%	28.6%	9.1%	2.6%	19.9%	36.6%	30.3%	84.5%	22.4%	5.0%	3.5%
of which organic	7.0%	8.8%	9.5%	-0.8%	9.5%	2.0%	3.0%	9.1%	2.5%	5.0%	3.5%
of which FX	0.0%	0.0%	0.0%	0.0%	0.0%	-1.1%	0.7%	1.4%	-0.1%	0.0%	0.0%
EBITDA	0	0	9	8	9	13	19	31	38	42	46
Depreciation and impairments PPE	0	0	0	0	0	0	0	-2	-2	-2	-2
of which leased assets	0	0	0	0	0	0	0	0	0	0	0
EBITA	0	0	9	8	8	13	19	29	35	40	44
Amortisation and impairments	0	0	-2	-2	-3	-5	-8	-13	-14	-10	-10
EBIT	n.a.	n.a.	7	6	6	8	11	16	22	30	33
of which associates	0	0	0	0	0	0	0	0	0	0	0
Associates excluded from EBIT	0	0	0	0	0	0	0	0	0	0	0
Net financials	0	0	-1	-1	-1	-5	-1	-3	-3	-3	-3
of which lease interest	0	0	0	0	0	0	0	0	0	0	0
Changes in value, net	0	0	-2	0	0	0	0	0	0	0	0
Pre-tax profit	**0**	**0**	**4**	**5**	**5**	**2**	**10**	**13**	**19**	**27**	**31**
Reported taxes	0	0	-1	-1	-2	-2	-3	-5	-7	-8	-9
Net profit from continued operations	0	0	3	4	3	1	7	8	12	19	22
Discontinued operations	0	0	0	0	0	0	0	0	0	0	0
Minority interests	0	0	-1	0	0	0	0	0	0	0	0
Net profit to equity	0	0	2	4	3	0	7	8	12	19	22
EPS, EUR	**n.a.**	**n.a.**	**0.22**	**0.42**	**0.34**	**0.03**	**0.39**	**0.41**	**0.66**	**1.03**	**1.18**
DPS, EUR	0.00	0.00	0.00	0.00	0.00	0.10	0.30	0.36	0.45	0.50	0.55
of which ordinary	0.00	0.00	0.00	0.00	0.00	0.10	0.30	0.36	0.45	0.50	0.55
of which extraordinary	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Profit margin in percent											
EBITDA	0.0%	0.0%	15.2%	13.8%	12.1%	13.5%	14.8%	13.0%	12.9%	13.8%	14.5%
EBITA	0.0%	0.0%	14.5%	13.4%	11.6%	13.1%	14.5%	12.3%	12.2%	13.1%	13.7%
EBIT	n.a.	n.a.	11.6%	10.2%	7.9%	7.9%	8.6%	6.9%	7.5%	9.7%	10.5%
Adjusted earnings											
EBITDA (adj)	0	0	11	8	9	13	19	31	38	42	46
EBITA (adj)	0	0	10	8	8	13	19	29	35	40	44
EBIT (adj)	0	0	8	6	6	8	11	16	22	30	33
EPS (adj, EUR)	n.a.	n.a.	0.40	0.42	0.34	0.29	0.39	0.41	0.66	1.03	1.18
Adjusted profit margins in percent											
EBITDA (adj)	0.0%	0.0%	18.0%	13.8%	12.1%	13.5%	14.8%	13.0%	12.9%	13.8%	14.5%
EBITA (adj)	0.0%	0.0%	17.3%	13.4%	11.6%	13.1%	14.5%	12.3%	12.2%	13.1%	13.7%
EBIT (adj)	0.0%	0.0%	14.4%	10.2%	7.9%	7.9%	8.6%	6.9%	7.5%	9.7%	10.5%
Performance metrics											
CAGR last 5 years											
Net revenue	n.a.	17.6%	16.0%	14.3%	17.8%	18.7%	19.0%	32.2%	37.0%	33.4%	26.2%
EBITDA	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	28.2%	35.2%	37.1%	28.0%
EBIT	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	19.2%	28.9%	39.1%	33.5%
EPS	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	13.6%	9.7%	24.7%	106.5%
DPS	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	40.6%
Average last 5 years											
Average EBIT margin	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	9.0%	7.9%	7.6%	8.2%	8.8%
Average EBITDA margin	0.0%	0.0%	4.1%	7.0%	9.0%	11.4%	13.9%	13.4%	13.2%	13.5%	13.7%

VALUATION RATIOS - ADJUSTED EARNINGS

EURm	2014	2015	2016	2017	2018	2019	2020	2021	2022E	2023E	2024E
P/E (adj)	n.a.	n.a.	n.a.	n.a.	n.a.	28.0	37.9	63.8	33.2	21.4	18.7
EV/EBITDA (adj)	n.a.	n.a.	n.a.	n.a.	n.a.	10.2	15.3	18.7	13.0	11.1	9.8
EV/EBITA (adj)	n.a.	n.a.	n.a.	n.a.	n.a.	10.5	15.6	19.8	13.8	11.8	10.3
EV/EBIT (adj)	n.a.	n.a.	n.a.	n.a.	n.a.	17.3	26.3	35.2	22.4	15.8	13.5

VALUATION RATIOS - REPORTED EARNINGS

EURm	2014	2015	2016	2017	2018	2019	2020	2021	2022E	2023E	2024E
P/E	n.a.	n.a.	n.a.	n.a.	n.a.	n.m.	37.9	63.8	33.2	21.4	18.7
EV/Sales	n.a.	n.a.	n.a.	n.a.	n.a.	1.37	2.26	2.43	1.68	1.54	1.42
EV/EBITDA	n.a.	n.a.	n.a.	n.a.	n.a.	10.2	15.3	18.7	13.0	11.1	9.8
EV/EBITA	n.a.	n.a.	n.a.	n.a.	n.a.	10.5	15.6	19.8	13.8	11.8	10.3
EV/EBIT	n.a.	n.a.	n.a.	n.a.	n.a.	17.3	26.3	35.2	22.4	15.8	13.5
Dividend yield (ord.)	n.a.	n.a.	n.a.	n.a.	n.a.	1.2%	2.0%	1.4%	2.0%	2.3%	2.5%
FCF yield	n.a.	n.a.	n.a.	n.a.	n.a.	-61.8%	2.9%	0.4%	4.0%	6.3%	7.2%
FCF Yield bef A&D, lease adj	n.a.	n.a.	n.a.	n.a.	n.a.	1.4%	6.1%	0.4%	4.5%	6.3%	7.2%
Payout ratio	n.a.	n.a.	0.0%	0.0%	0.0%	33.9%	77.4%	87.3%	68.0%	48.6%	46.7%

Source: Company data and Nordea estimates

BALANCE SHEET

EURm	2014	2015	2016	2017	2018	2019	2020	2021	2022E	2023E	2024E
Intangible assets	0	0	5	7	5	54	59	112	100	90	80
of which R&D	0	0	0	0	0	0	0	0	0	0	0
of which other intangibles	0	0	0	0	0	1	0	2	2	2	2
of which goodwill	0	0	5	7	5	54	58	110	99	88	78
Tangible assets	0	0	0	0	0	0	0	4	4	4	4
of which leased assets	0	0	0	0	0	0	0	0	0	0	0
Shares associates	0	0	0	0	0	0	0	0	0	0	0
Interest bearing assets	0	0	0	0	0	0	0	0	0	0	0
Deferred tax assets	0	0	0	0	0	0	0	0	0	0	0
Other non-IB non-current assets	0	0	0	0	0	0	0	0	0	0	0
Other non-current assets	0	0	0	0	0	0	0	0	0	0	0
Total non-current assets	0	0	5	7	5	54	59	116	104	94	84
Inventory	0	0	26	27	29	43	44	73	89	93	97
Accounts receivable	0	0	5	8	8	12	13	27	33	35	36
Short-term leased assets	0	0	0	0	0	0	0	0	0	0	0
Other current assets	0	0	3	1	2	3	3	7	8	9	9
Cash and bank	0	0	1	2	2	30	35	12	12	15	20
Total current assets	0	0	35	37	42	88	95	119	142	151	162
Assets held for sale	0	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Total assets	**0**	**0**	**40**	**44**	**47**	**142**	**154**	**235**	**246**	**245**	**246**
Shareholders equity	0	0	6	11	17	64	72	89	95	106	119
Of which preferred stocks	0	0	0	0	0	0	0	0	0	0	0
Of which equity part of hybrid debt	0	0	0	0	0	0	0	0	0	0	0
Minority interest	0	0	3	3	1	0	0	0	1	1	1
Total Equity	0	0	9	14	17	64	72	89	95	106	119
Deferred tax	0	0	0	0	0	2	3	3	3	3	3
Long term interest bearing debt	0	0	15	11	14	59	58	91	81	66	51
Pension provisions	0	0	0	0	0	0	0	0	0	0	0
Other long-term provisions	0	0	0	0	0	0	0	0	0	0	0
Other long-term liabilities	0	0	3	0	2	0	0	2	2	2	2
Non-current lease debt	0	0	0	0	0	0	0	0	0	0	0
Convertible debt	0	0	0	0	0	0	0	0	0	0	0
Shareholder debt	0	0	0	0	0	0	0	0	0	0	0
Hybrid debt	0	0	0	0	0	0	0	0	0	0	0
Total non-current liabilities	0	0	18	12	16	62	61	96	86	71	56
Short-term provisions	0	0	0	0	0	0	0	0	0	0	0
Accounts payable	0	0	3	4	4	7	9	15	25	26	27
Current lease debt	0	0	0	0	0	0	0	0	0	0	0
Other current liabilities	0	0	3	4	5	6	8	27	33	35	36
Short term interest bearing debt	0	0	8	12	6	5	5	8	8	8	8
Total current liabilities	0	0	14	19	15	18	21	50	66	68	71
Liabilities for assets held for sale	0	0	0	0	0	0	0	0	0	0	0
Total liabilities and equity	**0**	**0**	**40**	**45**	**48**	**143**	**155**	**235**	**246**	**245**	**246**
Balance sheet and debt metrics											
Net debt	0	0	22	22	18	35	28	87	76	59	38
of which lease debt	0	0	0	0	0	0	0	0	0	0	0
Working capital	0	0	28	28	31	46	44	64	72	76	78
Invested capital	0	0	33	35	36	100	103	180	177	170	162
Capital employed	0	0	32	37	37	128	135	188	184	180	178
ROE	n.m.	n.m.	64.1%	44.7%	22.7%	1.0%	10.2%	9.6%	13.5%	19.2%	19.6%
ROIC	n.m.	n.m.	35.9%	12.6%	11.3%	8.1%	7.7%	8.1%	8.6%	12.0%	14.0%
ROCE	n.m.	n.m.	53.4%	17.9%	15.7%	9.6%	10.1%	10.9%	11.8%	16.4%	18.6%
Net debt/EBITDA	n.m.	n.m.	2.5	2.6	2.0	2.6	1.5	2.8	2.0	1.4	0.8
Interest coverage	n.a.	n.a.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
Equity ratio	n.m.	n.m.	15.2%	23.8%	34.7%	44.5%	46.5%	37.8%	38.4%	43.1%	48.4%
Net gearing	n.m.	n.m.	244.3%	152.2%	102.0%	54.3%	39.1%	97.1%	80.4%	55.2%	31.9%

Source: Company data and Nordea estimates

CASH FLOW STATEMENT											
EURm	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022E**	**2023E**	**2024E**
EBITDA (adj) for associates	**0**	**0**	**9**	**8**	**9**	**13**	**19**	**31**	**38**	**42**	**46**
Paid taxes	0	0	0	0	-2	-2	-3	-5	-7	-8	-9
Net financials	0	0	0	0	-1	-6	-1	-3	-3	-3	-3
Change in provisions	0	0	0	0	0	0	0	0	0	0	0
Change in other LT non-IB	0	0	3	-3	2	-2	0	1	0	0	0
Cash flow to/from associates	0	0	0	0	0	0	0	0	0	0	0
Dividends paid to minorities	0	0	0	0	0	0	0	0	0	0	0
Other adj to reconcile to cash flow	0	0	-11	-6	-2	1	0	-1	0	0	0
Funds from operations (FFO)	**0**	**0**	**0**	**0**	**6**	**5**	**15**	**22**	**28**	**32**	**34**
Change in NWC	0	0	0	0	-2	-3	1	-20	-8	-4	-3
Cash flow from operations (CFO)	**0**	**0**	**0**	**0**	**3**	**2**	**16**	**2**	**21**	**28**	**32**
Capital expenditure	0	0	0	0	0	0	0	0	-2	-2	-2
Free cash flow before A&D	**0**	**0**	**0**	**0**	**3**	**1**	**16**	**2**	**19**	**26**	**30**
Proceeds from sale of assets	0	0	0	0	0	1	1	0	0	0	0
Acquisitions	0	0	0	0	-1	-65	-9	0	-2	0	0
Free cash flow	0	0	0	0	2	-63	8	2	16	26	30
Free cash flow bef A&D, lease adj	0	0	0	0	3	1	16	2	19	26	30
Dividends paid	0	0	0	0	0	0	-2	0	-6	-8	-9
Equity issues / buybacks	0	0	0	0	0	44	0	1	0	0	0
Net change in debt	0	0	0	0	0	42	-1	0	-10	-15	-15
Other financing adjustments	0	0	0	0	0	0	0	0	0	0	0
Other non-cash adjustments	0	0	1	1	-2	4	0	-26	0	0	0
Change in cash	0	0	1	1	1	27	5	-23	0	3	6
Cash flow metrics											
Capex/D&A	n.m.	n.m.	0.0%	0.0%	6.9%	7.3%	0.0%	0.0%	13.1%	17.5%	18.3%
Capex/Sales	0.0%	0.0%	0.0%	0.0%	0.3%	0.4%	0.0%	0.0%	0.7%	0.7%	0.7%
Key information											
Share price year end (/current)	n.a.	n.a.	n.a.	n.a.	n.a.	8	15	26	22	22	22
Market cap.	n.a.	n.a.	n.a.	n.a.	n.a.	101	263	492	411	411	411
Enterprise value	n.a.	n.a.	n.a.	n.a.	n.a.	136	292	579	488	470	450
Diluted no. of shares, year-end (m)	0.0	0.0	9.1	9.1	9.1	12.3	17.9	18.7	18.7	18.7	18.7

Source: Company data and Nordea estimates

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