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Commissioned research: Relais Group Oyj – Q1 was really weak due to multiple reasons while outlook remains blurry

Marketing material commissioned by Relais Group Oyj

Relais reported Q1 adjusted EBITA of EUR 6.1m, 36% below Refinitiv consensus estimates and 32% below Nordea estimates, respectively. Net sales were EUR 61.9m, 19% and 17% below consensus and Nordea, respectively. Reported EBIT was EUR 2.5m, 49% below consensus. The market situation was exceptionally challenging during the Q1, with less favorable weather conditions, extensive sick leaves causing lower invoicing in workshops, lower market demand owing to cost increases and cautiousness of the transport sector customers. Market situation has somewhat improved in March after exceptionally challenging January-February, while outlook remains blurry. Our initial take is that consensus EBITA estimates could come down clearly after the Q1 report.

RELAIS GROUP OYJ: DEVIATION TABLE

	Actual	NDA est.	Deviation		Consensus	Deviation		Actual		Actual	
EURm	**Q1 2022**	**Q1 2022**	**vs. actual**		**Q1 2022**	**vs. actual**		**Q4 2021**	**q/q**	**Q1 2021**	**y/y**
Sales	**61.9**	**74.8**	**-13**	**-17%**	**76.0**	**-14**	**-19%**	**73.5**	**-16%**	**53.5**	**16%**
Gross profit	28.0	31.0	-3	-10%	36	-8		31.8	-12%	21.3	31%
Gross margin	**45.3%**	**41.5%**		**3.8pp**	**47.4%**			**43.3%**	**2.0pp**	**39.9%**	**5.4pp**
Adj. EBITA	**6.1**	**9.0**	**(2.9)**	**-32%**	**9.5**	**-3.4**	**-36%**	**8.8**	**-30%**	**7.4**	**-17%**
Adj. EBITA margin	9.9%	12.0%		-2.1pp	12.5%		-2.6pp	11.9%	-2.0pp	13.8%	-4.0pp
EBITA	6.1	**9.0**	-2.9	-32%				**8.8**	-30%	**7.4**	-17%
EBITA margin	9.9%	12.0%		-214%				11.9%	-2.0pp	13.8%	-4.0pp
EBIT	2.5	5.5	-3.0	-54%	5.0	-2.5	-49%	5.3	-52%	4.6	-45%
EBIT margin	4.1%	7.4%		-332%	6.6%		-2.5pp	7.2%	-3.1pp	8.6%	-4.5pp
PTP	1.7	4.8	-3.2	-65%	4.0	-2.3	-58%	4.4	-62%	3.2	-48%
Adj. EPS	**0.22**	**0.35**		**-37%**	**0.33**	**-0.1**	**-34%**	**0.35**	**-37%**	**0.25**	**-13%**
EPS	0.02	0.17		-88%	0.24	-0.22	-92%	0.16	-88%	0.10	-80%

Source: Company data, Refinitiv and Nordea estimates

Q1 missed on all fronts

Relais Q1 net sales were EUR 61.9m, up 16% y/y, and came 19% below Refinitiv consensus expectations and 17% below Nordea expectations. According to the management, Q1, especially January-February was exceptionally challenging due to multiple reasons. Mild winter caused lower demand for electrical spare parts, extensive sick leaves due to omicron lowered invoicing of the workshops, general cost increases caused lower market demand and cautiousness among transport sector customers. In addition, omicron has reduced the level of private car traffic.

Adjusted EBITA was 6.1m in Q1, down 17% y/y, and came 36% below consensus and 32% below Nordea estimates.

Q1 EBIT was EUR 2.5m, and came 49% below consensus and 54% below Nordea expectations. Amortisation adjusted EPS was 0.22, missing consensus of EUR 0.33 and our estimate of EUR 0.35.

No numeric guidance for 2022

Overall market growth in the Nordic countries is expected to be low this year and probably continue to be below last year's development. Even though the overall market demand appears reasonably stable, it is still below last year with blurry outlook due to lack of components and semi-conductors, the increase in raw material prices, challenges in the global logistical chains and the weakened political and security situation. Due to uncertainties, Relais does not provide a numerical guidance for 2022.

SUMMARY TABLE - KEY FIGURES

EURm	2019	2020	2021	2022E	2023E	2024E
Total revenue	99	129	238	286	304	315
EBITDA (adj)	13	19	31	39	44	48
EBIT (adj)	8	11	16	23	31	35
EBIT (adj) margin	7.9%	8.6%	6.9%	8.0%	10.3%	11.1%
EPS (adj, EUR)	0.29	0.39	0.41	0.70	1.09	1.24
EPS (adj) growth	-13.6%	31.5%	6.3%	70.6%	54.9%	13.9%
DPS (ord, EUR)	0.10	0.30	0.36	0.45	0.50	0.55
EV/Sales	1.4	2.3	2.4	1.5	1.4	1.3
EV/EBIT (adj)	17.3	26.3	35.2	19.2	13.4	11.4
P/E (adj)	28.0	37.9	63.8	26.9	17.4	15.3
P/BV	1.6	3.7	5.5	3.7	3.3	2.9
Dividend yield (ord)	1.2%	2.0%	1.4%	2.4%	2.6%	2.9%
FCF Yield bef A&D, lease adj	1.4%	6.1%	0.4%	5.9%	7.4%	8.7%
Net debt	35	28	87	83	64	42
Net debt/EBITDA	2.6	1.5	2.8	2.1	1.5	0.9
ROIC after tax	8.1%	7.7%	8.1%	8.8%	12.2%	14.1%

Source: Company data and Nordea estimates

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