

Relais Group Oyj

Consumer Goods
Finland

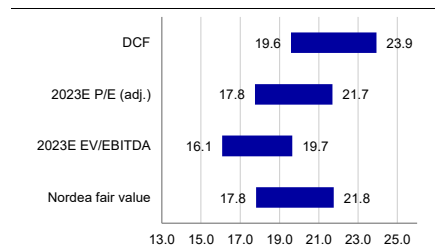
KEY DATA

Stock country	Finland
Bloomberg	RELAIS.FH
Reuters	RELAIS.HE
Share price (close)	EUR 16.45
Free Float	36%
Market cap. (bn)	EUR 0.31/EUR 0.31
Website	www.relais.fi
Next report date	11 Aug 2022

PERFORMANCE



VALUATION APPROACH (EUR/SHARE)



ESTIMATE CHANGES

Year	2022E	2023E	2024E
Sales	-1%	-2%	-2%
EBIT (adj)	-11%	-12%	-11%

Source: Nordea estimates

Nordea Markets - Analysts

Joni Sandvall
AnalystSanna Perälä
Analyst

Mileage could start to deteriorate

Q1 was characterised by unfavourable weather conditions, cautious customers and a high level of sick leave. We believe the situation normalised during Q2 and expect the company to return to positive organic growth. However, high inflation and low consumer confidence could lead to lower economic activity, which could negatively affect mileage and equipment sales for new vehicles. We believe the company is relatively well positioned with its offering and note that the current environment could present new M&A opportunities. We derive a fair value range of EUR 17.8-21.8 (19.9-24.3) per Relais share.

We expect a solid quarter and a gradual slowdown

We model flat organic sales growth in Q2, supported by normalised mileage in the market. We model 16% y/y sales growth in Q2, driven by acquisitions. Given the latest acquisitions and expected integration benefits from acquisitions in 2021, we model a 60 bp adjusted EBITA margin increase and EUR 5.9m adjusted EBITA in Q2. However, given the macroeconomic backdrop, we expect flattish organic growth to continue in H2 and see increased risks related to 2023. High inflation and low consumer confidence could lead to lower mileage in the market, although an ageing vehicle fleet should bode well for Relais's offering. In addition, we note the high importance of lighting sales in H2, for which we believe the company has prepared with high inventory levels.

We take a more cautious view on H2 and 2023-24

Given the current macroeconomic backdrop, we take a more cautious view on H2 and 2023-24. We cut our 2022E-24E top line by 1-2% and trim adjusted EBITA by 6-9%. We believe the company benefits from its focus on 4-10-year-old vehicles, while equipment and lighting sales could come under pressure if customers cut spending on mobility and goods.

Valuation range of EUR 17.8-21.8

Relais aims to transfer to the Nasdaq Helsinki main list during H2 2022 at the earliest. Given this ambition, the transition to IFRS accounting should 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 17.8-21.8 (19.9-24.3) per Relais share. Assuming the company successfully executes on our M&A scenario, 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	267	284	294
EBITDA (adj)	9	13	19	31	32	37	41
EBIT (adj)	6	8	11	16	16	25	28
EBIT (adj) margin	7.9%	7.9%	8.6%	6.9%	5.9%	8.7%	9.5%
EPS (adj, EUR)	0.34	0.29	0.39	0.41	0.37	0.80	0.95
EPS (adj) growth	-17.9%	-13.6%	31.5%	6.3%	-10.1%	116.2%	18.3%
DPS (ord, EUR)	0.00	0.10	0.30	0.36	0.40	0.44	0.49
EV/Sales	n.a.	1.4	2.3	2.4	1.5	1.3	1.2
EV/EBIT (adj)	n.a.	17.3	26.3	35.2	25.2	15.3	12.8
P/E (adj)	n.a.	28.0	37.9	63.8	44.4	20.5	17.3
P/BV	n.a.	1.6	3.7	5.5	3.4	3.2	2.9
Dividend yield (ord)	n.a.	1.2%	2.0%	1.4%	2.4%	2.7%	3.0%
FCF Yield bef A&D, lease	n.a.	1.4%	6.1%	0.4%	5.1%	8.2%	8.3%
Net debt	18	35	28	87	87	69	51
Net debt/EBITDA	2.0	2.6	1.5	2.8	2.7	1.8	1.3
ROIC after tax	11.3%	8.1%	7.7%	8.1%	6.1%	9.8%	11.8%

Source: Company data and Nordea estimates

M&A scenario

Relais's strategy focuses on high growth via M&A. Due to the 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, that 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 from 2022. With successful M&A execution, we believe Relais could reach net sales of EUR 500m by 2026 while keeping its net gearing around 110%. We thus believe it could add shareholder value through acquisitions with compelling multiples going forward.

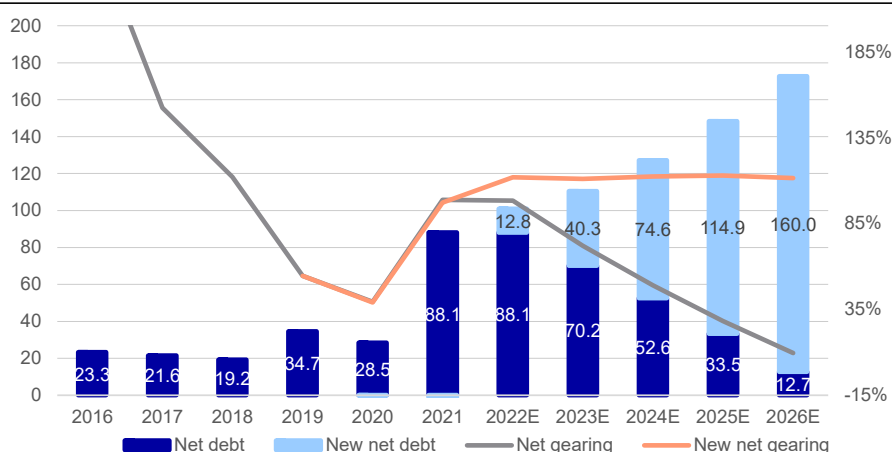
Recent acquisitions increase net debt/EBITDA to ~2.7x for 2022E

First full cash acquisition

A substantial part of the Skeppsbrons Jönköping AB, Raskone and Lumise acquisitions was financed by a directed share issue, but the Sydhammens Trailer Service (STS) acquisition was made with cash only. We believe the company will continue making acquisitions in 2022 and could have at least EUR 15m of firepower in 2022 despite its latest acquisitions. Without new debt or acquisitions, we estimate that Relais could deleverage its balance sheet to net gearing of ~50% by 2024 (from ~90% in 2022E).

With M&A fully financed by cash flow and debt, Relais could maintain its net gearing around 110% for 2022E-26E

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



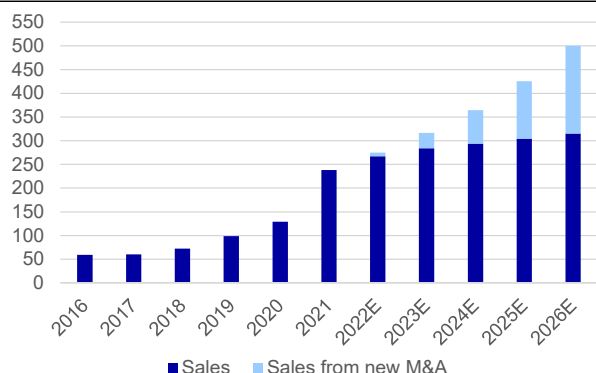
Source: Company data and Nordea estimates

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

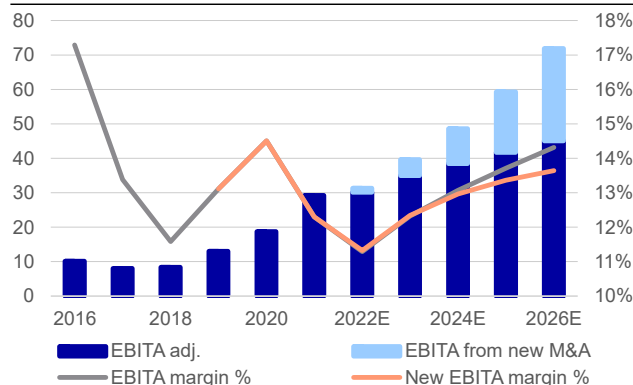
With successful M&A, total net sales could reach EUR 508m by 2026

Assuming deal EV/EBITDA multiples of 8x, further M&A could increase the company's EBITA by EUR ~4m for 2023E and EUR ~23m for 2026E. We assume that 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 that M&A actions would be equally spread across the year, i.e. we model the acquisitions during the middle of the year.

We argue that our assumptions are conservative considering recent acquisitions, and we think larger targets could command slightly higher multiples. Relais has made multiple acquisitions in 2020-22: 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 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. The latest Skeppsbrons Jönköping AB acquisition was made at 6.0x 2021 EV/EBITDA.

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 scenario, 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	267	284	294	305	315
EBITA adj.	10.2	8.1	8.4	13.0	18.7	29.3	30.2	35.0	38.5	41.8	45.1
-margin %	17.3%	13.4%	11.6%	13.1%	14.5%	12.3%	11.3%	12.3%	13.1%	13.7%	14.3%
Cash	0.8	1.5	2.3	29.6	34.7	11.8	1.8	4.7	7.3	11.5	17.2
Equity	9.0	14.2	17.2	63.7	72.4	89.2	89.7	97.5	107.3	118.8	132.2
Net debt	23.3	21.6	19.2	34.7	28.5	88.1	88.1	70.2	52.6	33.5	12.7
Net gearing	257%	152%	112%	54%	39%	99%	98%	72%	49%	28%	10%
Net debt/EBITDA	2.2x	2.6x	2.2x	2.6x	1.5x	2.8x	2.7x	1.9x	1.3x	0.8x	0.3x
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	275	316	364	426	500
EBITA, EURm			8.4	13.0	18.7	29.3	31.2	39.0	47.2	56.9	68.2
-margin %			11.6%	13.1%	14.5%	12.3%	11.3%	12.3%	13.0%	13.4%	13.6%
Cash	0.8	1.5	2.3	29.6	34.7	11.8	2.4	7.9	16.1	30.0	50.7
Equity	9.0	14.2	17.2	63.7	72.4	89.2	90.2	99.6	113.2	131.4	155.1
Net debt	23.3	21.6	19.2	34.7	28.3	86.6	100.9	110.5	127.2	148.4	172.7
Net gearing	257%	152%	112%	54%	39%	97%	112%	111%	112%	113%	111%
EBITDA adj.	10.6	8.3	8.7	13.3	19.1	31.0	33.3	41.4	50.0	60.1	72.1
ND/EBITDA	2.2x	2.6x	2.2x	2.6x	1.5x	2.8x	3.0x	2.7x	2.5x	2.5x	2.4x

Source: Company data and Nordea estimates

Compounder effect has weakened in line with decline in the share price

In the table below, we illustrate the potential "compounder effect" for Relais, as the company targets growth through acquisitions going forward. We note that the recent pullback in the share price has caused a clear drop in the so called "compounder effect". The table presents the impact on Relais's "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 around 110% gearing and ~2.5x net debt/EBITDA by the end of the year. We limit the range in this table to EUR 5-75m of annual acquisitions and believe a narrowed range of EUR 20-60m annually could be realistic 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 10m 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 10x on average for Relais, i.e. if it makes acquisitions at an EV/EBITA multiple of above 10x, 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														
		5	10	15	20	25	30	35	40	45	50	55	60	65	70	75
Acquisition multiple, EV/EBITA (x)	3	12	23	35	47	58	70	82	93	105	117	128	140	152	163	175
	4	8	15	23	30	38	45	53	60	68	75	83	90	98	105	113
	5	5	10	15	20	25	30	35	40	45	50	55	60	65	70	75
	6	3	7	10	13	17	20	23	27	30	33	37	40	43	47	50
	7	2	4	6	9	11	13	15	17	19	21	24	26	28	30	32
	8	1	3	4	5	6	8	9	10	11	13	14	15	16	18	19
	9	1	1	2	2	3	3	4	4	5	6	6	7	7	8	8
	10	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	11	0	-1	-1	-2	-2	-3	-3	-4	-4	-5	-5	-5	-6	-6	-7
	12	-1	-2	-3	-3	-4	-5	-6	-7	-8	-8	-9	-10	-11	-12	-13
	13	-1	-2	-3	-5	-6	-7	-8	-9	-10	-12	-13	-14	-15	-16	-17
	14	-1	-3	-4	-6	-7	-9	-10	-11	-13	-14	-16	-17	-19	-20	-21
	15	-2	-3	-5	-7	-8	-10	-12	-13	-15	-17	-18	-20	-22	-23	-25
	16	-2	-4	-6	-8	-9	-11	-13	-15	-17	-19	-21	-23	-24	-26	-28
	17	-2	-4	-6	-8	-10	-12	-14	-16	-19	-21	-23	-25	-27	-29	-31
	18	-2	-4	-7	-9	-11	-13	-16	-18	-20	-22	-24	-27	-29	-31	-33
	19	-2	-5	-7	-9	-12	-14	-17	-19	-21	-24	-26	-28	-31	-33	-36
	20	-3	-5	-8	-10	-13	-15	-18	-20	-23	-25	-28	-30	-33	-35	-38
	21	-3	-5	-8	-10	-13	-16	-18	-21	-24	-26	-29	-31	-34	-37	-39
	22	-3	-5	-8	-11	-14	-16	-19	-22	-25	-27	-30	-33	-35	-38	-41
	23	-3	-6	-8	-11	-14	-17	-20	-23	-25	-28	-31	-34	-37	-40	-42

Source: Nordea estimates

Estimate revisions

Estimate revisions

Given high inflation and low consumer confidence, we believe mileage could decline in H2 and 2023. However, Relais focuses on 4-10-year-old vehicles, which generally require more spare parts. In addition, lighting sales could be negatively affected by lower consumer confidence, we believe. Hence, we cut our 2022E-24E top line by 1-2% and adjusted EBITA by 6-9%. In addition, we trim 2023E-24E DPS by 6%. We note that the company is planning to transfer to the Nasdaq Helsinki main list, which will trigger IFRS transition and will have a meaningful impact on reported figures due to currently high goodwill amortisations (we model EUR 14.5m in amortisations in 2022, the majority of which are linked to goodwill amortisations).

ESTIMATE REVISIONS

EURm	New estimates				Old estimates				Difference %			
	Q2 2022E	2022E	2023E	2024E	Q2 2022E	2022E	2023E	2024E	Q2 2022E	2022E	2023E	2024E
Sales	60.5	267	284	294	60.5	269	289	299	0%	-1%	-2%	-2%
Gross profit	26.6	118	127	131	26.6	119	129	134	0%	-1%	-2%	-2%
Gross margin	44.0%	44.1%	44.5%	44.6%	44.0%	44.1%	44.5%	44.6%	0.0pp	0.0pp	0.0pp	0.0pp
Adj. EBITA	5.9	30.2	35.0	38.5	6.1	32.1	38.3	41.8	-4%	-6%	-9%	-8%
Adj. EBITA margin	9.8%	11.3%	12.3%	13.1%	10.1%	11.9%	13.3%	14.0%	-0.4pp	-0.6pp	-0.9pp	-0.9pp
EBITA	5.9	30.2	35.0	38.5	6.1	32.1	38.3	41.8	-4%	-6%	-9%	-8%
EBITA margin	9.8%	11.3%	12.3%	13.1%	10.1%	11.9%	13.3%	14.0%	-0.4pp	-0.6pp	-0.9pp	-0.9pp
EBIT	2.3	15.7	24.6	28.1	2.6	17.6	27.9	31.5	-9%	-11%	-12%	-11%
EBIT margin	3.8%	5.9%	8.7%	9.5%	4.2%	6.5%	9.7%	10.5%	-0.4pp	-0.7pp	-1.0pp	-1.0pp
PTP	1.6	12.7	21.7	25.2	1.9	14.6	25.0	28.6	-13%	-13%	-13%	-12%
EPS	0.03	0.37	0.80	0.95	0.04	0.45	0.94	1.09	-26%	-18%	-15%	-13%
DPS		0.40	0.44	0.49		0.40	0.47	0.52		0%	-6%	-6%

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 17.8-21.8 (19.9-24.3) 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		
	2022E	2023E	2024E	2022E	2023E	2024E	2022E	2023E	2024E	2022	2023E	2024E
Peer group												
Advance Auto Parts Inc	1.1x	1.1x	1.1x	9.1x	8.5x	8.0x	11.3x	10.4x	9.6x	14.4	12.8	11.5
Auto Partner Sa	0.8x	0.6x	0.6x	7.2x	5.7x	5.5x	7.7x	6.1x	5.9x			
Autozone Inc	3.0x	2.8x	2.7x	13.0x	12.6x	12.0x	14.8x	14.3x	13.7x	18.8	17.2	15.7
Inter Cars Sa	0.5x	0.5x	0.5x	6.4x	6.1x	5.7x	7.2x	6.8x	6.8x	7.5	7.1	6.5
Camping World Holdings Inc	0.7x	0.7x		6.7x	7.2x		7.6x	8.5x		5.1	5.7	
Dometic Group Ab (Publ)	1.3x	1.3x	1.2x	8.0x	7.9x	7.2x	10.6x	10.4x	9.3x	9.5	9.9	8.6
Halfords Group Plc	0.5x	0.5x	0.5x	3.5x	3.6x	3.4x	7.3x	9.3x	8.2x	5.1	6.7	6.0
Meko Ab	0.8x	0.7x	0.7x	6.3x	5.6x	5.5x	11.4x	9.4x	8.8x	9.4	7.9	7.4
O'Reilly Automotive Inc	3.5x	3.3x	3.2x	15.5x	14.5x	13.6x	17.3x	16.2x	15.2x	22.3	19.9	18.1
Thule Group Ab	2.9x	2.8x	2.6x	13.1x	12.3x	11.2x	14.2x	13.3x	12.0x	16.9	15.9	14.4
Peer group average	1.5x	1.4x	1.5x	8.9x	8.4x	8.0x	10.9x	10.5x	10.0x	12.1	11.4	11.0
Peer group median	1.0x	0.9x	1.1x	7.6x	7.6x	7.2x	11.0x	9.9x	9.3x	9.5x	9.9x	10.1
US peers' average	2.1x	2.0x	2.3x	11.1x	10.7x	11.2x	12.8x	12.4x	12.9x	15.1x	13.9x	15.1x
European peers' average	1.1x	1.1x	1.0x	7.4x	6.9x	6.4x	9.7x	9.2x	8.5x	9.7x	9.5x	8.6x
Relais (Nordea)	1.4x	1.3x	1.2x	11.9x	9.8x	8.5x	24.4x	14.8x	12.4x	44.4x	20.5x	17.3x
difference to median	49%	41%	11%	56%	29%	19%	123%	50%	33%	369%	107%	72%
Compounders												
Addtech Ab	3.5	2.9	2.7	23.4	19.7	18.5	32.4	26.4	25.3	42.7	32.6	30.8
Bergman & Beving Ab	0.9	0.9	0.8	8.0	7.4	7.1	13.5	12.1	11.2	13.7	11.6	10.6
Beijer Alma Ab	2.0	2.0	1.9	10.5	9.8	8.9	13.2	12.5	10.8	15.0	15.6	13.8
Beijer Ref Ab (Publ)	2.6	2.4	2.2	22.0	18.9	17.3	28.3	23.9	21.0	43.8	36.9	33.0
Bufab Ab (Publ)	1.8	1.8	1.7	13.6	13.0	12.4	16.8	16.1	15.3	18.5	17.4	16.1
Indutrade Ab	3.6	3.5	3.4	20.3	20.0	19.0	27.5	27.5	25.9	33.6	33.7	31.3
Lagercrantz Group Ab	3.9	3.1	3.0	19.5	16.2	15.5	27.3	21.7	20.6	38.2	30.8	29.5
Lifco Ab (Publ)	4.3	4.2	4.0	19.0	19.4	18.4	24.0	24.8	23.3	30.4	30.4	28.0
Sdiptech Ab (Publ)	3.3	2.9	2.5	14.5	12.5	11.1	18.9	15.6	13.3	22.3	18.2	15.2
Volati Ab	1.8	1.7	1.6	14.5	13.1	12.3	20.7	17.7	15.7	23.0	21.0	19.4
Compounders average	2.8	2.5	2.4	16.5	15.0	14.1	22.3	19.8	18.2	28.1	24.8	22.8
Compounders median	2.9	2.6	2.4	16.7	14.7	14.0	22.3	19.7	18.1	26.7	25.7	23.7
Total average	2.1	2.0	1.9	12.7	11.7	11.2	16.6	15.1	14.3	20.5	18.5	17.6
Total median	1.9	1.9	1.9	13.1	12.4	11.2	14.5	13.8	13.3	18.5	17.2	15.4
Total average (70%/30%)	1.8	1.7	1.6	10.4	9.7	9.2	13.2	12.3	11.6	15.3	14.1	13.4
Total median (70%/30%)	1.6	1.4	1.5	10.3	9.7	9.2	14.4	12.8	11.9	14.6	14.6	14.2
Relais (Nordea)	1.4	1.3	1.2	11.9	9.8	8.5	24.4	14.8	12.4	44.4	20.5	17.3
difference to weighted median	-8%	-10%	-19%	15%	1%	-7%	70%	16%	4%	203%	40%	23%

Source: Refinitiv and Nordea estimates

EV/EBITDA-based valuation of EUR 16.1-19.7 per share

Based on our EUR 37m EBITDA estimate for 2023 and an accepted valuation multiple range of 9.6-11.4x (midpoint: 10.5x), we arrive at a fair value range of EUR 16.1-19.7 (17.9-21.9) per share for Relais. In addition to auto parts peers, we believe that one should look at Swedish compounders when valuing Relais. 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 9.7x for 2023E.

P/E-based valuation of EUR 17.8-21.7 per share

Using a EUR 1.41 amortisation-adjusted EPS estimate for 2023, we arrive at a fair value range of EUR 17.8-21.7 (20.3-24.8) per share using P/E multiples of 12.6-15.4x (midpoint: 14x).

DCF-based valuation of EUR 19.6-23.9 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 4.1% 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 that Relais will gradually improve its profitability level and maintain an adjusted EBIT margin of 13.0% in the long run. We use a 4% 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	3.0%
Market risk premium	4.0%
Forward looking asset beta	nm
Beta debt	0.1
Forward looking equity beta	1.5-2.1
Cost of equity	9.1-11.5%
Cost of debt	4.0%
Tax-rate used in WACC	30%
Equity weight	50%
WACC	6-7.1%

Source: Nordea estimates

DCF VALUATION

DCF value	Value	Per share
NPV FCFF	434-516	23-27.3
(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	23	1.2
DCF Value	370-452	19.6-23.9

Source: Nordea estimates

DCF ASSUMPTIONS

Averages and assumptions	2022-27	2028-32	2033-37	2038-42	2043-47	2048-52	Sust.
Sales growth, CAGR	4.1%	2.5%	2.5%	2.5%	2.5%	2.5%	
EBIT-margin, excluding associates	9.6%	13.0%	13.0%	13.0%	13.0%	1.9%	
Capex/depreciation, x	0.2	0.2	1.0	1.0	1.0	1.0	
Capex/sales	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%	
NWC/sales	25%	25%	25%	25%	25%	25%	
FCFF, CAGR	33.2%	5.2%	2.5%	2.5%	2.5%	-42.6%	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 pp for the EBIT margin, our DCF model yields a value range of EUR 19.3-24.8 per share.

SENSITIVITY OF OUR DCF MODEL (EUR/SHARE)

		WACC				
		5.5%	6.0%	6.5%	7.0%	7.5%
EBIT margin change	+1.0pp	30.1	26.1	24.0	22.1	20.5
	+0.5pp	27.1	24.8	22.9	21.2	19.6
		25.5	23.5	21.8	20.2	18.8
	-0.5pp	23.9	22.2	20.7	19.3	18.0
	-1.0pp	22.3	20.9	19.6	18.3	17.2

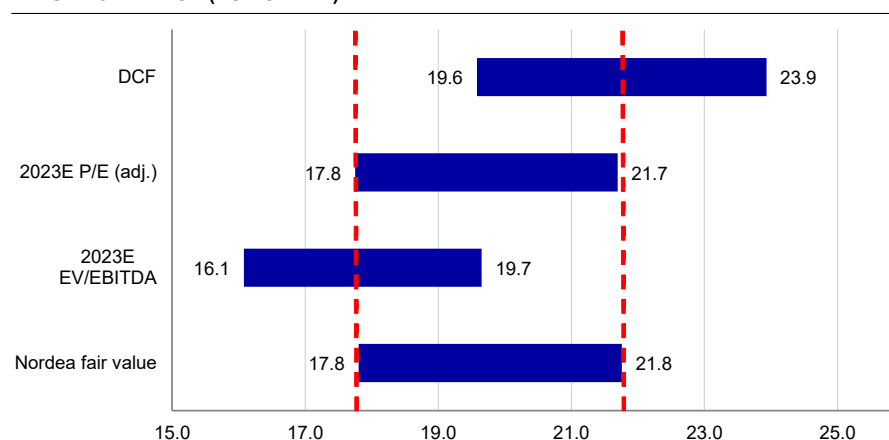
		WACC				
		5.5%	6.0%	6.5%	7.0%	7.5%
Sales growth change	+1.0pp	27.1	24.8	22.9	21.2	19.7
	+0.5pp	26.2	24.2	22.3	20.7	19.3
		25.5	23.5	21.8	20.2	18.8
	-0.5pp	24.8	22.9	21.2	19.7	18.4
	-1.0pp	24.1	22.3	20.7	19.3	18.0

		Sales growth change				
		-1.0pp	-0.5pp		+0.5pp	+1.0pp
EBIT margin change	+1.0pp	22.6	23.2	24.0	24.7	25.5
	+0.5pp	21.6	22.2	22.9	23.5	24.2
		20.7	21.2	21.8	22.3	22.9
	-0.5pp	19.8	20.2	20.7	21.1	21.7
	-1.0pp	18.8	19.2	19.6	20.0	20.4

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 17.8-21.8 (19.9-24.3) 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 22	Q2 22E	Q3 22E	Q4 22E	2018	2019	2020	2021	2022E	2023E	2024E
Net sales	54	52	59	74	62	60	67	78	72	99	129	238	267	284	294
Sales growth	80%	79%	79%	97%	16%	16%	15%	5%	20%	37%	30%	85%	12%	6%	4%
of which organic	9%	9%	9%	9%	-9%	0%	1%	0%	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%	25%	16%	14%	5%	10%	36%	27%	74%	15%	1%	0%
Other operating income	0.9	0.7	0.5	0.9	0.7	0.5	0.5	0.5	0.4	0.5	1.0	3.1	2.2	2.2	2.2
Materials and services	-32	-30	-33	-42	-34	-34	-38	-44	-48	-66	-84	-137	-149	-158	-163
Gross profit	21.3	21.8	25.9	31.8	27.9	26.6	29.7	33.7	24.3	33.1	45.0	100.8	117.9	126.6	131.3
Gross margin %	39.9%	41.7%	44.1%	43.3%	45.0%	44.0%	44.2%	43.5%	33.6%	33.4%	34.9%	42.4%	44.1%	44.5%	44.6%
Staff costs	-9	-11	-10	-14	-14	-13	-13	-15	-10	-12	-17	-45	-54	-58	-60
Other operating costs	-5	-6	-7	-9	-8	-7	-8	-10	-6	-8	-10	-28	-33	-34	-33
EBITDA	7.6	5.4	8.7	9.3	6.6	6.4	9.8	9.5	8.7	13.3	19.1	31.0	32.3	37.2	40.6
EBITDA margin %	14.3%	10.3%	14.8%	12.6%	10.7%	10.6%	14.6%	12.2%	12.1%	13.5%	14.8%	13.0%	12.1%	13.1%	13.8%
D&A	-3.1	-3.9	-3.7	-3.9	-4.1	-4.1	-4.2	-4.2	-3.0	-5.5	-8.0	-14.6	-16.6	-12.5	-12.6
of which depreciations	-0.3	-0.6	-0.4	-0.5	-0.5	-0.5	-0.5	-0.6	-0.3	-0.4	-0.4	-1.7	-2.1	-2.1	-2.2
of which amortizations	-2.8	-3.3	-3.3	-3.4	-3.6	-3.6	-3.7	-3.7	-2.7	-5.1	-7.6	-12.9	-14.5	-10.4	-10.4
EBITA	7.4	4.8	8.3	8.8	6.1	5.9	9.3	8.9	8.4	13.0	18.7	29.3	30.2	35.0	38.5
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	6.1	5.9	9.3	8.9	8.4	13.0	18.7	29.3	30.2	35.0	38.5
Adj. EBITA margin %	13.8%	9.2%	14.2%	11.9%	9.9%	9.8%	13.8%	11.5%	11.6%	13.1%	14.5%	12.3%	11.3%	12.3%	13.1%
-growth y/y	131%	12%	53%	52%	-17%	23%	11%	2%	4%	55%	44%	56%	3%	16%	10%
EBITA Bridge													0.9	4.9	3.4
Organic													-1.9	6.3	4.7
FX													0.0	0.0	0.0
Structural													4.2	0.4	0.0
Cost vs price													-1.4	-1.9	-1.2
EBIT	4.6	1.5	5.0	5.3	2.5	2.3	5.6	5.2	5.7	7.9	11.1	16.4	15.7	24.6	28.1
EBIT margin %	8.6%	2.9%	8.5%	7.2%	4.1%	3.8%	8.3%	6.7%	7.9%	7.9%	8.6%	6.9%	5.9%	8.7%	9.5%
Net financials	-1.4	-0.2	-0.8	-0.9	-0.9	-0.7	-0.7	-0.7	-0.9	-5.4	-0.7	-3.3	-3.0	-2.9	-2.9
PTP	3.2	1.3	4.2	4.4	1.7	1.6	4.9	4.5	4.8	2.5	10.4	13.1	12.7	21.7	25.2
Tax	-1.3	-1.0	-1.8	-1.3	-1.3	-1.0	-1.7	-1.6	-1.5	-1.9	-3.4	-5.3	-5.7	-6.7	-7.5
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	0.4	0.6	3.1	2.9	3.1	0.4	6.9	7.7	6.9	15.0	17.7
Net profit	2.0	0.4	2.4	3.1	0.4	0.6	3.2	2.9	3.3	0.6	7.0	7.8	7.0	15.0	17.7
EPS (undiluted)	0.11	0.02	0.13	0.17	0.02	0.03	0.17	0.16	0.36	0.03	0.41	0.43	0.38	0.83	0.98
Adj. EPS (excl. amortization)	0.26	0.20	0.32	0.36	0.22	0.23	0.38	0.36	0.67	0.75	0.87	1.15	1.19	1.41	1.56
DPS										0.10	0.30	0.36	0.40	0.44	0.49

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 the risks that the company may face, but instead to highlight those that we find the 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.

A sluggish economy could negatively affect car service and spare parts sales	<p>General economy</p> <p>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 also increases consumers' disposable income.</p> <p>Despite the easing of COVID-19-related restrictions, the outlook for Nordic economies has suffered from geopolitical tensions. 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.</p>
Competitors consolidating the market could hamper Relais's growth prospects	<p>Increasing competition</p> <p>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.</p>
Disturbances by suppliers may affect product availability	<p>Dependency on suppliers</p> <p>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.</p> <p>The coronavirus situation has created supply-side problems and extra freight costs, which have not been solved yet. A prolonged situation could hamper demand for Relais's spare parts and equipment.</p>
If not executed well, high M&A activity may increase costs	<p>Risks related to expansion</p> <p>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.</p>
Key employees leaving could lead to the loss of clients	<p>Dependency on key employees</p> <p>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.</p>
A share issue could dilute current shareholders' ownership	<p>Financial position</p> <p>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.</p>

A significant writedown of goodwill could worsen its financial position

Substantial amount of intangible assets

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, this 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.

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

IT systems

Relais depends 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	267	284	294
Revenue growth	31.3%	28.6%	9.1%	2.6%	19.9%	36.6%	30.3%	84.5%	12.3%	6.4%	3.5%
of which organic	7.0%	8.8%	9.5%	-0.8%	9.5%	2.0%	3.0%	9.1%	-1.8%	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	32	37	41
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	30	35	38
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	16	25	28
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	13	22	25
Reported taxes	0	0	-1	-1	-2	-2	-3	-5	-6	-7	-7
Net profit from continued operations	0	0	3	4	3	1	7	8	7	15	18
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	7	15	18
EPS, EUR	n.a.	n.a.	0.22	0.42	0.34	0.03	0.39	0.41	0.37	0.80	0.95
DPS, EUR	0.00	0.00	0.00	0.00	0.00	0.10	0.30	0.36	0.40	0.44	0.49
of which ordinary	0.00	0.00	0.00	0.00	0.00	0.10	0.30	0.36	0.40	0.44	0.49
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%	12.1%	13.1%	13.8%
EBITA	0.0%	0.0%	14.5%	13.4%	11.6%	13.1%	14.5%	12.3%	11.3%	12.3%	13.1%
EBIT	n.a.	n.a.	11.6%	10.2%	7.9%	7.9%	8.6%	6.9%	5.9%	8.7%	9.5%

Adjusted earnings

EBITDA (adj)	0	0	11	8	9	13	19	31	32	37	41
EBITA (adj)	0	0	10	8	8	13	19	29	30	35	38
EBIT (adj)	0	0	8	6	6	8	11	16	16	25	28
EPS (adj, EUR)	n.a.	n.a.	0.40	0.42	0.34	0.29	0.39	0.41	0.37	0.80	0.95

Adjusted profit margins in percent

EBITDA (adj)	0.0%	0.0%	18.0%	13.8%	12.1%	13.5%	14.8%	13.0%	12.1%	13.1%	13.8%
EBITA (adj)	0.0%	0.0%	17.3%	13.4%	11.6%	13.1%	14.5%	12.3%	11.3%	12.3%	13.1%
EBIT (adj)	0.0%	0.0%	14.4%	10.2%	7.9%	7.9%	8.6%	6.9%	5.9%	8.7%	9.5%

Performance metrics

CAGR last 5 years											
Net revenue	n.a.	17.6%	16.0%	14.3%	17.8%	18.7%	19.0%	32.2%	34.6%	31.4%	24.4%
EBITDA	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	28.2%	31.1%	33.6%	25.0%
EBIT	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	19.2%	20.6%	33.9%	29.0%
EPS	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	13.6%	-2.3%	18.6%	97.8%
DPS	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	37.4%
Average last 5 years											
Average EBIT margin	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	9.0%	7.9%	7.0%	7.4%	7.9%
Average EBITDA margin	0.0%	0.0%	4.1%	7.0%	9.0%	11.4%	13.9%	13.4%	13.0%	13.1%	13.2%

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	44.4	20.5	17.3
EV/EBITDA (adj)	n.a.	n.a.	n.a.	n.a.	n.a.	10.2	15.3	18.7	12.2	10.1	8.8
EV/EBITA (adj)	n.a.	n.a.	n.a.	n.a.	n.a.	10.5	15.6	19.8	13.1	10.8	9.3
EV/EBIT (adj)	n.a.	n.a.	n.a.	n.a.	n.a.	17.3	26.3	35.2	25.2	15.3	12.8

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	44.4	20.5	17.3
EV/Sales	n.a.	n.a.	n.a.	n.a.	n.a.	1.37	2.26	2.43	1.48	1.32	1.22
EV/EBITDA	n.a.	n.a.	n.a.	n.a.	n.a.	10.2	15.3	18.7	12.2	10.1	8.8
EV/EBITA	n.a.	n.a.	n.a.	n.a.	n.a.	10.5	15.6	19.8	13.1	10.8	9.3
EV/EBIT	n.a.	n.a.	n.a.	n.a.	n.a.	17.3	26.3	35.2	25.2	15.3	12.8
Dividend yield (ord.)	n.a.	n.a.	n.a.	n.a.	n.a.	1.2%	2.0%	1.4%	2.4%	2.7%	3.0%
FCF yield	n.a.	n.a.	n.a.	n.a.	n.a.	-61.8%	2.9%	0.4%	2.0%	8.2%	8.3%
FCF Yield bef A&D, lease adj	n.a.	n.a.	n.a.	n.a.	n.a.	1.4%	6.1%	0.4%	5.1%	8.2%	8.3%
Payout ratio	n.a.	n.a.	0.0%	0.0%	0.0%	33.9%	77.4%	87.3%	107.9%	54.9%	51.7%

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	107	96	86
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	105	95	84
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	111	101	90
Inventory	0	0	26	27	29	43	44	73	86	87	90
Accounts receivable	0	0	5	8	8	12	13	27	30	32	33
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	8	8
Cash and bank	0	0	1	2	2	30	35	12	2	5	7
Total current assets	0	0	35	37	42	88	95	119	125	132	139
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	236	232	229
Shareholders equity	0	0	6	11	17	64	72	89	89	97	107
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	90	98	107
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	23	24	25
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	30	32	33
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	61	64	66
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	236	232	229
Balance sheet and debt metrics											
Net debt	0	0	22	22	18	35	28	87	87	69	51
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	70	70	73
Invested capital	0	0	33	35	36	100	103	180	181	171	163
Capital employed	0	0	32	37	37	128	135	188	178	171	166
ROE	n.m.	n.m.	64.1%	44.7%	22.7%	1.0%	10.2%	9.6%	7.8%	16.1%	17.4%
ROIC	n.m.	n.m.	35.9%	12.6%	11.3%	8.1%	7.7%	8.1%	6.1%	9.8%	11.8%
ROCE	n.m.	n.m.	53.4%	17.9%	15.7%	9.6%	10.1%	10.9%	8.9%	14.4%	17.0%
Net debt/EBITDA	n.m.	n.m.	2.5	2.6	2.0	2.6	1.5	2.8	2.7	1.8	1.3
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%	37.8%	41.7%	46.6%
Net gearing	n.m.	n.m.	244.3%	152.2%	102.0%	54.3%	39.1%	97.1%	96.4%	70.4%	47.6%

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	32	37	41
Paid taxes	0	0	0	0	-2	-2	-3	-5	-6	-7	-7
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	24	28	30
Change in NWC	0	0	0	0	-2	-3	1	-20	-6	0	-2
Cash flow from operations (CFO)	0	0	0	0	3	2	16	2	18	27	28
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	16	25	26
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	-10	0	0
Free cash flow	0	0	0	0	2	-63	8	2	6	25	26
Free cash flow bef A&D, lease adj	0	0	0	0	3	1	16	2	16	25	26
Dividends paid	0	0	0	0	0	0	-2	0	-6	-7	-8
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	-10	3	3
Cash flow metrics											
Capex/D&A	n.m.	n.m.	0.0%	0.0%	6.9%	7.3%	0.0%	0.0%	12.5%	17.4%	18.2%
Capex/Sales	0.0%	0.0%	0.0%	0.0%	0.3%	0.4%	0.0%	0.0%	0.8%	0.8%	0.8%
Key information											
Share price year end (/current)	n.a.	n.a.	n.a.	n.a.	n.a.	8	15	26	16	16	16
Market cap.	n.a.	n.a.	n.a.	n.a.	n.a.	101	263	492	307	307	307
Enterprise value	n.a.	n.a.	n.a.	n.a.	n.a.	136	292	579	395	377	359
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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