

## Relais Group Oyj

Consumer Goods  
Finland

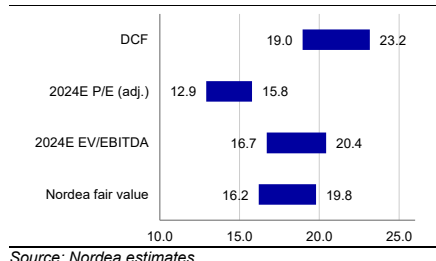
## KEY DATA

|                     |                   |
|---------------------|-------------------|
| Stock country       | Finland           |
| Bloomberg           | RELAIS.FH         |
| Reuters             | RELAIS.HE         |
| Share price (close) | EUR 14.00         |
| Free Float          | 36%               |
| Market cap. (bn)    | EUR 0.26/EUR 0.26 |
| Website             | www.relais.fi     |
| Next report date    | 10 Aug 2023       |

## PERFORMANCE



## VALUATION APPROACH (EUR/SHARE)



## ESTIMATE CHANGES

| Year       | 2023E | 2024E | 2025E |
|------------|-------|-------|-------|
| Sales      | 2%    | 2%    | 2%    |
| EBIT (adj) | 3%    | 3%    | 3%    |

Source: Nordea estimates

## Nordea IB &amp; Equity - Analysts

Joni Sandvall  
AnalystSanna Perälä  
Analyst

## Back on profit improvement track

Relais reported Q1 2023 adjusted EBITA that was 23% ahead of Refinitiv consensus, with 7% higher sales. The vehicle repair and maintenance business was the main growth driver, while equipment and lighting also saw good sales. Earnings support from operational efficiency measures implemented in H2 2022 continue to support 2023 development, although the effect will gradually decrease in H2. The outlook for repair and maintenance remains good, with customers seeking more affordable service providers. Relais has a solid M&A target list, and given a normalising market environment, we expect the M&A pace to pick up later in 2023. We derive a DCF- and multiples-based fair value range of EUR 16.2-19.8 (EUR 16.1-19.7) per share.

## Organic growth was 5% in Q1 – strong gross margin

Net sales were EUR 69m in Q1, up 11% y/y (+5% on an organic basis) and 7% above Refinitiv consensus. Repair and maintenance was the main growth driver, with 22% y/y sales growth (+11% on an organic basis), while at the product level, equipment (+13% y/y) and lighting (+7% y/y) grew the most. Adjusted EBITA of EUR 7.6m was 23% above consensus and 8% above our estimate, burdened by EUR 0.4m from the impact of FX. Demand for repair and maintenance has been robust in Finland and Sweden, and Relais has seen increasing interest in its services as customers seek more affordable service providers. The gross margin of 46.5% in Q1 was 1.6 pp above consensus, boosted by a higher share of repair and maintenance and good growth within lighting, in our assessment.

## Slightly positive revisions – FX continues to burden profitability

For 2023E-25E, we raise the top line by 2%, partly per the Adita acquisition that we have incorporated into our estimates. We also hike gross profit by 3-4% and adjusted EBITA by 3%. Repair and maintenance having a higher share gives a higher gross margin and higher operating expenses. We note that H2 is seasonally stronger for products. We lower EPS by 3% for 2023E and 1% for 2024E-25E on a slightly higher financial cost expectation.

## EBITA target of EUR 50m appears achievable by 2025

Relais targets EUR 50m pro forma EBITA by 2025. We view this as achievable through M&A, while the current leverage level could leave larger acquisitions for 2024-25. Based on our M&A model and given fully debt-financed acquisitions, we see EUR ~9m EBITA potential through M&A, as well as 2025E EBITA of EUR 49m versus our base case of EUR 39m.

## SUMMARY TABLE - KEY FIGURES

| EURm                     | 2019   | 2020  | 2021   | 2022   | 2023E | 2024E | 2025E |
|--------------------------|--------|-------|--------|--------|-------|-------|-------|
| Total revenue            | 99     | 129   | 238    | 261    | 277   | 288   | 298   |
| EBITDA (adj)             | 13     | 19    | 39     | 39     | 46    | 51    | 54    |
| EBIT (adj)               | 8      | 11    | 26     | 22     | 28    | 33    | 36    |
| EBIT (adj) margin        | 7.9%   | 8.6%  | 10.8%  | 8.6%   | 10.1% | 11.3% | 12.0% |
| EPS (adj, EUR)           | 0.29   | 0.39  | 0.91   | 0.69   | 0.79  | 1.03  | 1.16  |
| EPS (adj) growth         | -13.6% | 31.5% | 133.9% | -24.2% | 15.2% | 29.5% | 13.6% |
| DPS (ord, EUR)           | 0.10   | 0.30  | 0.36   | 0.40   | 0.42  | 0.47  | 0.52  |
| EV/Sales                 | 1.4    | 2.3   | 2.7    | 1.3    | 1.4   | 1.3   | 1.2   |
| EV/EBIT (adj)            | 17.3   | 26.3  | 24.6   | 14.9   | 14.2  | 11.8  | 10.3  |
| P/E (adj)                | 28.0   | 37.9  | 29.0   | 14.8   | 17.7  | 13.7  | 12.0  |
| P/BV                     | 1.6    | 3.7   | 4.8    | 1.8    | 2.4   | 2.1   | 1.9   |
| Dividend yield (ord)     | 1.2%   | 2.0%  | 1.4%   | 3.9%   | 3.0%  | 3.4%  | 3.7%  |
| FCF Yield bef A&D, lease | 1.4%   | 6.0%  | 0.5%   | 9.4%   | 6.6%  | 7.8%  | 8.8%  |
| Net debt                 | 35     | 28    | 140    | 143    | 133   | 120   | 105   |
| Net debt/EBITDA          | 2.6    | 1.5   | 3.9    | 3.9    | 2.9   | 2.4   | 1.9   |
| ROIC after tax           | 9.1%   | 8.6%  | 11.5%  | 7.0%   | 9.0%  | 10.8% | 11.9% |

Source: Company data and Nordea estimates

# Q1 results and estimate revisions

Relais reported Q1 adjusted EBITA of EUR 7.6m, 23% above Refinitiv consensus and 8% above our estimate. EBITA was burdened by EUR -0.1m in costs related to the Adita acquisition. Net sales were EUR 69m (up 11% y/y), 7% above consensus and our estimate. Organic growth was 5% y/y, with 8% y/y growth in constant currencies. Sales growth was driven by the repair and maintenance business (+11% y/y organic growth), while Q1 organic growth was up 1% y/y in the technical wholesale and products business. Sales increased by 19% y/y in Scandinavia, while they were up 3% y/y in Finland-Baltics, reflecting the general market conditions. For sales at the product group level, equipment was up 13% y/y while lighting was up 7% y/y. The company expects a positive contribution in Q2 from operational efficiency measures initiated last year, while the effect is likely to gradually fade in H2. The gross margin came in above expectations, likely due to good performance in lighting and strong organic growth in repair and maintenance. Operating cash flow improved substantially in Q1, to EUR 11m (EUR 2.4m a year ago), driven by a 10% y/y (-2% q/q) decline in inventories. The working capital level has normalised.

## Q1 adjusted EBITA was above expectations due to strong sales growth and healthy gross margins

Strong sales growth in Q1...

Relais' Q1 net sales were EUR 69m, up 11% y/y (+5% y/y organically, +8% in constant currencies and 7% above consensus). We note the relatively weak quality of the consensus. The Scandinavian businesses performed well, while the market was weaker in Finland-Baltics. Sales increased by 19% y/y in Scandinavia and were up 3% y/y in Finland-Baltics. At the product group level, sales increased the most in equipment (+13% y/y) and lighting (+7% y/y).

...supported by strong EBITA development...

Adjusted EBITA was 7.6m in Q1, up 23% y/y (23% above consensus and 8% above our estimate). The beat was driven by higher sales and a higher-than-expected gross margin, likely due to strong organic growth in repair and maintenance (+10% y/y) and positive development in lighting sales.

Q1 EBIT was EUR 6.6m, 33% above consensus and 8% above our forecast. There was EUR -0.1m in items affecting comparability in Q1 (we did not anticipate any).

Reported EPS of EUR 0.16 beat consensus of EUR 0.13.

...and normalised inventory levels

Inventories were down 2% q/q (-10% y/y, or EUR 7.6m). We note that the gross margin was above our expectation, which indicates that the company has been successful in its inventory reduction without implementing any meaningful discount sales.

Operating cash flow was strong at EUR 11m (up from EUR 2.4m a year ago).

Q4 DEVIATION TABLE (EURm; EPS IN EUR)

|                   | Actual  | NDA est. | Deviation  |     | Consensus | Deviation  |     | Actual  |       | Actual  |       |
|-------------------|---------|----------|------------|-----|-----------|------------|-----|---------|-------|---------|-------|
| EURm              | Q1 2023 | Q1 2023E | vs. actual |     | Q1 2023E  | vs. actual |     | Q4 2022 | q/q   | Q1 2022 | y/y   |
| Sales             | 69.0    | 64.7     | 4          | 7%  | 64.5      | 4          | 7%  | 75.2    | -8%   | 62.1    | 11%   |
| Gross profit      | 32.1    | 29.4     | 2.7        | 9%  | 29        | 3.1        | 11% | 33.7    | -5%   | 28.1    |       |
| Gross margin      | 46.5%   | 45.5%    | 1.0pp      |     | 45.0%     | 1.6pp      |     | 44.8%   | 1.8pp | 45.3%   | 1.2pp |
| Adj. EBITA        | 7.6     | 7.0      | 0.6        | 8%  | 6.2       | 1.4        | 23% | 7.9     | -4%   | 6.2     | 23%   |
| Adj. EBITA margin | 11.0%   | 10.8%    | 0.2pp      |     | 9.6%      | 1.4pp      |     | 10.5%   | 0.5pp | 10.0%   | 1.1pp |
| EBITA             | 7.5     | 7.0      | 0.5        | 7%  | 6.2       | 1.3        | 21% | 6.2     | 22%   | 5.7     | 31%   |
| EBITA margin      | 10.9%   | 10.8%    | 0.1pp      |     | 9.6%      | 1.3pp      |     | 8.2%    | 2.7pp | 9.2%    | 1.7pp |
| EBIT              | 6.6     | 6.1      | 0.5        | 8%  | 5.0       | 1.6        | 33% | 5.3     | 25%   | 5.0     | 33%   |
| EBIT margin       | 9.6%    | 9.5%     | 0.1pp      |     | 7.8%      | 1.9pp      |     | 7.1%    | 2.6pp | 8.0%    | 1.6pp |
| PTP               | 4.5     | 4.4      | 0.1        | 3%  | 4.0       | 0.5        | 13% | 3.7     | 23%   | 3.8     | 19%   |
| EPS               | 0.16    | 0.17     |            | -8% | 0.13      | 0.03       | 23% | 0.20    |       | 0.14    |       |

Source: Company data, Refinitiv and Nordea estimates

### Outlook for 2023

The company does not provide numeric guidance for financial year 2023. Prior to the Q1 report, Refinitiv consensus was for 4% sales growth and adjusted EBITA of EUR 30.1m for 2023 (EUR 25.8m in 2022).

The company expects that the operational efficiency measures initiated last year will still contribute positively to its profitability development during Q2, while it envisions that the effect will gradually decrease during H2 compared to the previous year.

### Estimate revisions

We incorporate the Adita acquisition (completed in March) into our estimates, which has a slight positive impact on earnings. For 2023E-25E, we lift the top line by 2% and adjusted EBITA by 3%. Our gross margin estimates are up 70 bp for 2023-25, driven by strong-than-expected repair and maintenance development. Our EPS estimates are down slightly due to higher estimated financial costs.

#### ESTIMATE REVISIONS

| EURm              | New estimates |       |       |       | Old estimates |       |       |       | Difference % |       |       |       |
|-------------------|---------------|-------|-------|-------|---------------|-------|-------|-------|--------------|-------|-------|-------|
|                   | Q2 2023E      | 2023E | 2024E | 2025E | Q2 2023E      | 2023E | 2024E | 2025E | Q2 2023E     | 2023E | 2024E | 2025E |
| Sales             | 63.0          | 277   | 288   | 298   | 61.9          | 272   | 282   | 292   | 2%           | 2%    | 2%    | 2%    |
| Gross profit      | 29.0          | 127   | 132   | 137   | 27.9          | 122   | 127   | 132   | 4%           | 3%    | 4%    | 4%    |
| Gross margin      | 46.0%         | 45.7% | 45.9% | 46.1% | 45.0%         | 45.0% | 45.2% | 45.4% | 1.0pp        | 0.7pp | 0.7pp | 0.7pp |
| Adj. EBITA        | 5.6           | 31.5  | 36.2  | 39.4  | 5.1           | 30.7  | 35.2  | 38.3  | 10%          | 3%    | 3%    | 3%    |
| Adj. EBITA margin | 8.8%          | 11.4% | 12.6% | 13.2% | 8.2%          | 11.3% | 12.5% | 13.1% | 0.6pp        | 0.1pp | 0.1pp | 0.1pp |
| EBITA             | 5.6           | 31.4  | 36.2  | 39.4  | 5.1           | 30.7  | 35.2  | 38.3  | 10%          | 2%    | 3%    | 3%    |
| EBITA margin      | 8.8%          | 11.3% | 12.6% | 13.2% | 8.2%          | 11.3% | 12.5% | 13.1% | 0.6pp        | 0.1pp | 0.1pp | 0.1pp |
| EBIT              | 4.7           | 27.9  | 32.5  | 35.7  | 4.2           | 27.2  | 31.6  | 34.7  | 12%          | 2%    | 3%    | 3%    |
| EBIT margin       | 7.4%          | 10.0% | 11.3% | 12.0% | 6.8%          | 10.0% | 11.2% | 11.9% | 0.7pp        | 0.1pp | 0.1pp | 0.1pp |
| PTP               | 2.9           | 20.3  | 25.2  | 28.5  | 2.7           | 20.9  | 25.5  | 28.7  | 7%           | -3%   | -1%   | -1%   |
| EPS               | 0.11          | 0.79  | 1.03  | 1.16  | 0.10          | 0.84  | 1.04  | 1.17  | 8%           | -6%   | -1%   | -1%   |
| DPS               |               | 0.42  | 0.47  | 0.52  |               | 0.42  | 0.47  | 0.52  |              | 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 16.2-19.8 (16.1-19.7) 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   |       |       |
|--------------------------------------|------------|-------|-------|-------------|-------|-------|---------|-------|-------|-------|-------|-------|
|                                      | 2022       | 2023E | 2024E | 2022        | 2023E | 2024E | 2022    | 2023E | 2024E | 2022  | 2023E | 2024E |
| <b>Peer group</b>                    |            |       |       |             |       |       |         |       |       |       |       |       |
| Advance Auto Parts Inc               | 0.8x       | 0.8x  | 0.8x  | 6.7x        | 7.5x  | 7.2x  | 8.5x    | 10.0x | 9.5x  | 10.6  | 12.3  | 11.5  |
| Auto Partner Sa                      | 1.0x       | 0.8x  | 0.7x  | 8.9x        | 7.0x  | 6.4x  | 9.7x    | 7.6x  | 7.0x  |       |       |       |
| Autozone Inc                         | 3.0x       | 3.0x  | 2.8x  | 13.1x       | 13.3x | 12.4x | 14.8x   | 15.2x | 14.2x | 19.7  | 19.2  | 16.8  |
| Inter Cars Sa                        | 0.6x       | 0.6x  | 0.5x  | 7.4x        | 6.8x  | 6.4x  | 8.5x    | 8.0x  | 7.6x  | 9.1   | 8.4   | 7.7   |
| Camping World Holdings Inc           | 0.7x       | 0.7x  | 0.7x  | 7.3x        | 12.8x | 10.1x | 7.8x    | 13.7x | 13.2x | 5.4   | 11.4  | 7.5   |
| Dometic Group Ab (Publ)              | 1.2x       | 1.3x  | 1.3x  | 8.6x        | 8.8x  | 7.9x  | 13.1x   | 12.7x | 10.7x | 8.0   | 13.3  | 10.8  |
| Halfords Group Plc                   | 0.6x       | 0.5x  | 0.5x  | 3.7x        | 4.2x  | 4.1x  | 7.5x    | 11.9x | 12.4x | 5.8   | 10.0  | 10.5  |
| Meko Ab                              | 0.9x       | 0.8x  | 0.8x  | 6.6x        | 6.7x  | 6.4x  | 12.7x   | 11.1x | 10.2x | 9.3   | 9.8   | 8.5   |
| O'Reilly Automotive Inc              | 3.8x       | 3.6x  | 3.4x  | 16.7x       | 15.8x | 14.7x | 18.8x   | 17.8x | 16.7x | 24.7  | 22.4  | 20.1  |
| Thule Group Ab                       | 2.6x       | 2.9x  | 2.7x  | 14.1x       | 16.7x | 13.7x | 15.7x   | 19.5x | 15.5x | 18.9  | 23.8  | 18.7  |
| <b>Peer group average</b>            | 1.5x       | 1.5x  | 1.4x  | 9.3x        | 10.0x | 8.9x  | 11.7x   | 12.7x | 11.7x | 12.4  | 14.5  | 12.5  |
| <b>Peer group median</b>             | 0.9x       | 0.8x  | 0.8x  | 8.0x        | 8.2x  | 7.5x  | 11.2x   | 12.3x | 11.6x | 9.3x  | 12.3x | 10.8  |
| <b>US peers' average</b>             | 2.1x       | 2.0x  | 1.9x  | 11.0x       | 12.3x | 11.1x | 12.5x   | 14.2x | 13.4x | 15.1x | 16.3x | 14.0x |
| <b>European peers' average</b>       | 1.1x       | 1.1x  | 1.1x  | 8.2x        | 8.4x  | 7.5x  | 11.2x   | 11.8x | 10.6x | 10.2x | 13.1x | 11.2x |
| <b>Relais (Nordea)</b>               | 1.3x       | 1.3x  | 1.2x  | 8.3x        | 7.3x  | 6.4x  | 14.6x   | 12.5x | 10.4x | 14.8x | 13.9x | 11.2x |
| <b>difference to median</b>          | 38%        | 55%   | 48%   | 4%          | -10%  | -15%  | 30%     | 2%    | -10%  | 59%   | 13%   | 4%    |
| <b>Compounders</b>                   |            |       |       |             |       |       |         |       |       |       |       |       |
| Addtech Ab                           | 3.6        | 2.9   | 2.8   | 24.2        | 19.6  | 19.5  | 33.5    | 26.1  | 26.0  | 44.9  | 35.0  | 35.0  |
| Bergman & Beving Ab                  | 1.0        | 1.0   | 1.0   | 8.7         | 8.4   | 8.0   | 14.7    | 14.1  | 13.2  | 15.4  | 14.6  | 13.6  |
| Beijer Alma Ab                       | 2.3        | 2.1   | 2.0   | 12.3        | 11.4  | 10.6  | 17.1    | 15.3  | 14.1  | 13.1  | 20.3  | 18.5  |
| Beijer Ref Ab (Publ)                 | 3.4        | 2.6   | 2.4   | 28.7        | 20.8  | 19.2  | 36.3    | 26.1  | 23.7  | 46.9  | 39.4  | 34.8  |
| Bufab Ab (Publ)                      | 1.7        | 1.7   | 1.6   | 12.1        | 12.6  | 12.1  | 15.2    | 16.5  | 15.6  | 17.1  | 19.7  | 17.4  |
| Indutrade Ab                         | 3.4        | 3.2   | 3.1   | 17.1        | 18.7  | 17.8  | 25.3    | 24.0  | 23.1  | 31.0  | 32.0  | 30.4  |
| Lagercrantz Group Ab                 | 4.0        | 3.3   | 3.1   | 20.1        | 16.7  | 15.8  | 28.1    | 22.7  | 21.5  | 40.2  | 33.6  | 32.1  |
| Lifco Ab (Publ)                      | 4.5        | 4.4   | 4.3   | 19.2        | 19.6  | 19.0  | 24.8    | 25.7  | 24.7  | 35.2  | 36.4  | 34.4  |
| Sdiptech Ab (Publ)                   | 3.4        | 2.8   | 2.5   | 13.7        | 12.3  | 11.0  | 18.3    | 16.2  | 14.4  | 22.1  | 19.5  | 16.8  |
| Volati Ab                            | 1.4        | 1.4   | 1.3   | 11.8        | 11.2  | 10.5  | 18.4    | 17.1  | 14.0  | 20.0  | 20.7  | 18.1  |
| <b>Compounders average</b>           | 2.9        | 2.5   | 2.4   | 16.8        | 15.1  | 14.3  | 23.2    | 20.4  | 19.0  | 28.6  | 27.1  | 25.1  |
| <b>Compounders median</b>            | 3.4        | 2.7   | 2.5   | 15.4        | 14.7  | 13.9  | 21.6    | 19.9  | 18.5  | 26.6  | 26.4  | 24.4  |
| <b>Total average</b>                 | 2.2        | 2.0   | 1.9   | 13.0        | 12.6  | 11.6  | 17.4    | 16.6  | 15.4  | 20.9  | 21.1  | 19.1  |
| <b>Total median</b>                  | 2.0        | 1.9   | 1.8   | 12.2        | 12.5  | 10.8  | 15.4    | 15.7  | 14.1  | 18.9  | 19.7  | 17.4  |
| <b>Total average (70%/30%)</b>       | 1.8        | 1.7   | 1.6   | 10.8        | 11.0  | 10.0  | 14.0    | 14.3  | 13.1  | 15.6  | 17.0  | 15.0  |
| <b>Total median (70%/30%)</b>        | 1.6        | 1.4   | 1.3   | 10.2        | 10.1  | 9.4   | 14.3    | 14.6  | 13.7  | 14.5  | 16.5  | 14.9  |
| <b>Relais (Nordea)</b>               | 1.3        | 1.3   | 1.2   | 8.3         | 7.3   | 6.4   | 14.6    | 12.5  | 10.4  | 14.8  | 13.9  | 11.2  |
| <b>difference to weighted median</b> | -24%       | -9%   | -10%  | -19%        | -28%  | -32%  | 2%      | -14%  | -24%  | 2%    | -16%  | -25%  |

Source: Refinitiv and Nordea estimates

### EV/EBITDA-based valuation of EUR 16.7-20.4 per share

Based on our EUR 50.8m EBITDA estimate for 2024 and an accepted valuation multiple range of 8.3-9.7x (midpoint: 9x), we arrive at a fair value range of EUR 16.7-20.4 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 9.4x for 2024E.

### P/E-based valuation of EUR 12.9-15.8 per share

Using a EUR 1.03 EPS estimate for 2024, we arrive at a fair value range of EUR 12.9-15.8 per share using P/E multiples of 12.6-15.4x (midpoint: 14x). Using a 70% weight for the auto parts peer group and a 30% weight for the compounder peer group, the median P/E would be 14.9x for 2024E.

### DCF-based valuation of EUR 19.0-23.2 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 3.5% for 2023-28, 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. 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       | 21%             |
| Equity weight               | 50%             |
| <b>WACC</b>                 | <b>6.1-7.3%</b> |

Source: Nordea estimates

#### DCF VALUATION (EUR)

| DCF value                        | Value          | Per share      |
|----------------------------------|----------------|----------------|
| NPV FCFF                         | 490-571        | 25.8-30        |
| (Net debt)                       | -143           | -7.5           |
| 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                       | 13             | 0.7            |
| <b>DCF Value</b>                 | <b>361-441</b> | <b>19-23.2</b> |

Source: Nordea estimates

#### DCF ASSUMPTIONS

| Averages and assumptions          | 2023-28 | 2029-33 | 2034-38 | 2039-43 | 2044-48 | 2049-53 | Sust. |
|-----------------------------------|---------|---------|---------|---------|---------|---------|-------|
| Sales growth, CAGR                | 3.6%    | 2.5%    | 2.5%    | 2.5%    | 2.5%    | 2.5%    | 2.5%  |
| EBIT-margin, excluding associates | 12.3%   | 13.0%   | 13.0%   | 13.0%   | 13.0%   | 4.0%    |       |
| Capex/depreciation, x             | 0.8     | 1.0     | 1.0     | 1.0     | 1.0     | 1.0     |       |
| Capex/sales                       | 4.9%    | 4.9%    | 4.9%    | 4.9%    | 4.9%    | 4.9%    |       |
| NWC/sales                         | 23%     | 23%     | 23%     | 23%     | 23%     | 23%     |       |
| FCFF, CAGR                        | 9.6%    | 1.8%    | 2.5%    | 2.5%    | 2.5%    | -24.2%  | 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  $\pm 0.5$  pp for WACC,  $\pm 0.5$  pp for sales growth and  $\pm 0.5$  pp for the EBIT margin, our DCF model yields a value range of EUR 18.1-24.8 per share.

**SENSITIVITY OF OUR DCF MODEL (EUR/SHARE)**

- A +/-1 pp sales growth change translates into a change of +/-11% in the fair value

|                    |        | WACC |      |      |      |      |
|--------------------|--------|------|------|------|------|------|
|                    |        | 5.7% | 6.2% | 6.7% | 7.2% | 7.7% |
| EBIT margin change | +1.0pp | 29.6 | 26.1 | 23.4 | 21.0 | 19.0 |
|                    | +0.5pp | 27.9 | 24.8 | 22.2 | 20.0 | 18.2 |
|                    | -0.5pp | 26.3 | 23.4 | 21.1 | 19.0 | 17.3 |
|                    | -1.0pp | 24.7 | 22.1 | 19.9 | 18.1 | 16.4 |

- A +/- 1 pp EBIT margin change translates into a change of +/-11% in the fair value

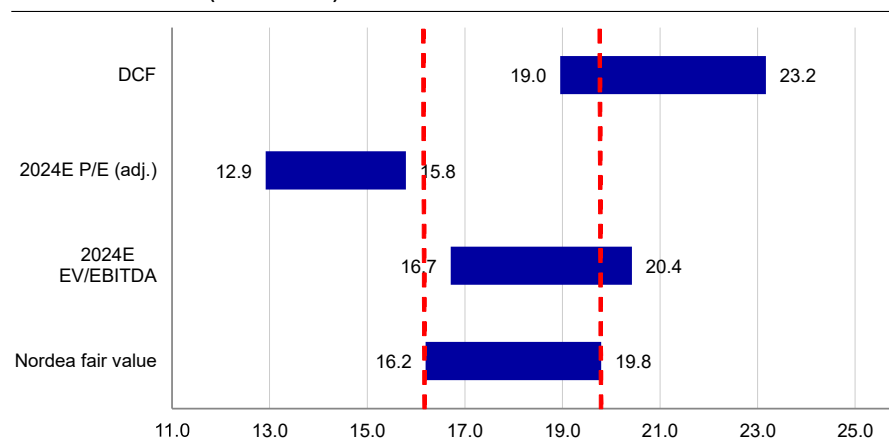
|                     |        | WACC |      |      |      |      |
|---------------------|--------|------|------|------|------|------|
|                     |        | 5.7% | 6.2% | 6.7% | 7.2% | 7.7% |
| Sales growth change | +1.0pp | 29.0 | 25.6 | 22.9 | 20.6 | 18.7 |
|                     | +0.5pp | 27.6 | 24.5 | 22.0 | 19.8 | 18.0 |
|                     | -0.5pp | 26.3 | 23.4 | 21.1 | 19.0 | 17.3 |
|                     | -1.0pp | 25.2 | 22.5 | 20.2 | 18.3 | 16.7 |

|                    |        | Sales growth change |        |        |        |      |
|--------------------|--------|---------------------|--------|--------|--------|------|
|                    |        | -1.0pp              | -0.5pp | +0.5pp | +1.0pp |      |
| EBIT margin change | +1.0pp | 21.4                | 22.4   | 23.4   | 24.4   | 25.6 |
|                    | +0.5pp | 20.5                | 21.3   | 22.2   | 23.2   | 24.2 |
|                    | -0.5pp | 19.5                | 20.2   | 21.1   | 22.0   | 22.9 |
|                    | -1.0pp | 18.5                | 19.2   | 19.9   | 20.7   | 21.6 |

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 16.2-19.8 (16.1-19.7) 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 QUARTERLY ESTIMATES

| EURm                         | Q1 21       | Q2 21       | Q3 21       | Q4 21       | Q1 22       | Q2 22       | Q3 22       | Q4 22       | Q1 23       | Q2 23E      | Q3 23E      | Q4 23E      |
|------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| <b>Net sales</b>             | <b>53</b>   | <b>52</b>   | <b>59</b>   | <b>74</b>   | <b>62</b>   | <b>59</b>   | <b>65</b>   | <b>75</b>   | <b>69</b>   | <b>63</b>   | <b>67</b>   | <b>78</b>   |
| Sales growth                 | 80%         | 78%         | 79%         | 98%         | 16%         | 13%         | 10%         | 2%          | 11%         | 7%          | 4%          | 4%          |
| of which organic             | 9%          | 9%          | 9%          | 9%          | -9%         | -2%         | 0%          | -5%         | 5%          | 6%          | 4%          | 4%          |
| of which FX                  | 3%          | 2%          | 1%          | 1%          | -2%         | -2%         | -2%         | -2%         | -3%         | -4%         | -3%         | -2%         |
| of which structural          | 68%         | 67%         | 70%         | 88%         | 27%         | 16%         | 12%         | 10%         | 9%          | 6%          | 3%          | 2%          |
| Other operating income       | 0.9         | 0.7         | 0.5         | 0.9         | 0.7         | 0.8         | 0.6         | 0.7         | 0.6         | 0.5         | 0.5         | 0.5         |
| Materials and services       | -33         | -30         | -33         | -42         | -34         | -32         | -36         | -42         | -37         | -34         | -37         | -43         |
| <b>Gross profit</b>          | <b>20.5</b> | <b>22.5</b> | <b>24.8</b> | <b>31.8</b> | <b>28.1</b> | <b>26.6</b> | <b>28.8</b> | <b>33.7</b> | <b>32.1</b> | <b>29.0</b> | <b>30.4</b> | <b>35.3</b> |
| Gross margin %               | 38.3%       | 43.2%       | 42.3%       | 43.2%       | 45.3%       | 45.4%       | 44.4%       | 44.8%       | 46.5%       | 46.0%       | 45.3%       | 45.0%       |
| Staff costs                  | -9          | -12         | -11         | -15         | -14         | -14         | -12         | -15         | -14         | -14         | -13         | -15         |
| Other operating costs        | -4          | -4          | -5          | -7          | -6          | -6          | -6          | -10         | -7          | -6          | -5          | -7          |
| <b>EBITDA</b>                | <b>7.5</b>  | <b>7.0</b>  | <b>10.5</b> | <b>11.0</b> | <b>8.9</b>  | <b>6.6</b>  | <b>11.1</b> | <b>10.1</b> | <b>11.1</b> | <b>9.2</b>  | <b>12.5</b> | <b>13.0</b> |
| EBITDA margin %              | 14.0%       | 13.4%       | 17.9%       | 15.0%       | 14.3%       | 11.2%       | 17.1%       | 13.4%       | 16.1%       | 14.6%       | 18.7%       | 16.7%       |
| D&A                          | -2.4        | -3.6        | -3.2        | -3.8        | -3.9        | -4.0        | -4.3        | -4.8        | -4.5        | -4.5        | -4.5        | -4.5        |
| of which depreciations       | -1.8        | -2.9        | -2.5        | -3.0        | -3.1        | -3.2        | -3.4        | -3.9        | -3.6        | -3.6        | -3.6        | -3.6        |
| of which amortizations       | -0.5        | -0.7        | -0.7        | -0.7        | -0.8        | -0.8        | -0.9        | -0.9        | -0.9        | -0.9        | -0.9        | -0.9        |
| EBITA                        | 5.7         | 4.1         | 8.0         | 8.0         | 5.7         | 3.4         | 7.7         | 6.2         | 7.5         | 5.6         | 8.9         | 9.4         |
| NRI                          | -1.0        | -0.6        | -0.3        | -0.7        | -0.5        | -0.4        | -0.3        | -1.7        | -0.1        | 0.0         | 0.0         | 0.0         |
| <b>Adj. EBITA</b>            | <b>6.7</b>  | <b>4.7</b>  | <b>8.3</b>  | <b>8.7</b>  | <b>6.2</b>  | <b>3.8</b>  | <b>7.9</b>  | <b>7.9</b>  | <b>7.6</b>  | <b>5.6</b>  | <b>8.9</b>  | <b>9.4</b>  |
| Adj. EBITA margin %          | 12.5%       | 9.0%        | 14.1%       | 11.8%       | 10.0%       | 6.5%        | 12.3%       | 10.5%       | 11.0%       | 8.8%        | 13.3%       | 12.0%       |
| -growth y/y                  |             |             |             |             | -7%         | -19%        | -4%         | -9%         | 23%         | 47%         | 12%         | 19%         |
| <b>EBIT</b>                  | <b>5.1</b>  | <b>3.4</b>  | <b>7.3</b>  | <b>7.3</b>  | <b>5.0</b>  | <b>2.6</b>  | <b>6.8</b>  | <b>5.3</b>  | <b>6.6</b>  | <b>4.7</b>  | <b>8.0</b>  | <b>8.5</b>  |
| EBIT margin %                | 9.6%        | 6.5%        | 12.4%       | 9.9%        | 8.0%        | 4.4%        | 10.5%       | 7.1%        | 9.6%        | 7.4%        | 12.0%       | 10.9%       |
| Net financials               | -1.6        | -0.5        | -1.2        | -1.2        | -1.2        | -1.9        | -1.7        | -1.6        | -2.1        | -1.8        | -1.8        | -1.8        |
| PTP                          | 3.5         | 2.8         | 6.1         | 6.1         | 3.8         | 0.7         | 5.1         | 3.7         | 4.5         | 2.9         | 6.2         | 6.7         |
| Tax                          | -0.9        | -0.7        | -1.5        | -0.9        | -1.1        | -0.7        | -1.4        | 0.1         | -1.6        | -0.8        | -1.5        | -1.6        |
| Minority interest            | 0.0         | 0.0         | 0.0         | 0.0         | 0.0         | 0.0         | 0.0         | 0.0         | 0.0         | 0.0         | 0.0         | 0.0         |
| <b>Net profit for equity</b> | <b>2.6</b>  | <b>2.1</b>  | <b>4.6</b>  | <b>5.2</b>  | <b>2.7</b>  | <b>0.0</b>  | <b>3.7</b>  | <b>3.7</b>  | <b>2.9</b>  | <b>2.1</b>  | <b>4.7</b>  | <b>5.1</b>  |
| Net profit                   | 2.6         | 2.1         | 4.6         | 5.2         | 2.7         | 0.0         | 3.7         | 3.7         | 2.9         | 2.1         | 4.7         | 5.1         |
| EPS (undiluted)              | 0.14        | 0.12        | 0.25        | 0.29        | 0.15        | 0.00        | 0.21        | 0.21        | 0.16        | 0.11        | 0.26        | 0.28        |

Source: Company data and Nordea estimates

**DETAILED ANNUAL ESTIMATES**

| EURm                         | 2018        | 2019        | 2020        | 2021        | 2022         | 2023E        | 2024E        | 2025E        |
|------------------------------|-------------|-------------|-------------|-------------|--------------|--------------|--------------|--------------|
| <b>Net sales</b>             | <b>72</b>   | <b>99</b>   | <b>129</b>  | <b>238</b>  | <b>261</b>   | <b>277</b>   | <b>288</b>   | <b>298</b>   |
| Sales growth                 | 20%         | 37%         | 30%         | 84%         | 10%          | 6%           | 4%           | 4%           |
| of which organic             | 10%         | 2%          | 3%          | 9%          | -4%          | 5%           | 4%           | 4%           |
| of which FX                  | 0%          | -1%         | 1%          | 2%          | -2%          | -3%          | 0%           | 0%           |
| of which structural          | 10%         | 36%         | 27%         | 74%         | 15%          | 5%           | 0%           | 0%           |
| Other operating income       | 0.4         | 0.5         | 1.0         | 3.1         | 2.8          | 2.1          | 2.2          | 2.2          |
| Materials and services       | -48         | -66         | -84         | -138        | -143         | -151         | -156         | -161         |
| <b>Gross profit</b>          | <b>24.3</b> | <b>33.1</b> | <b>45.0</b> | <b>99.6</b> | <b>117.2</b> | <b>126.7</b> | <b>132.0</b> | <b>137.2</b> |
| Gross margin %               | 33.6%       | 33.4%       | 34.9%       | 41.9%       | 45.0%        | 45.7%        | 45.9%        | 46.1%        |
| Staff costs                  | -10         | -12         | -17         | -47         | -55          | -57          | -58          | -60          |
| Other operating costs        | -6          | -8          | -10         | -20         | -28          | -26          | -25          | -25          |
| <b>EBITDA</b>                | <b>8.7</b>  | <b>13.3</b> | <b>19.1</b> | <b>36.0</b> | <b>36.6</b>  | <b>45.9</b>  | <b>50.8</b>  | <b>54.1</b>  |
| EBITDA margin %              | 12.1%       | 13.5%       | 14.8%       | 15.1%       | 14.0%        | 16.5%        | 17.6%        | 18.2%        |
| D&A                          | -3.0        | -5.5        | -8.0        | -13.0       | -16.9        | -18.0        | -18.2        | -18.4        |
| of which depreciations       | -0.3        | -0.4        | -0.4        | -10.3       | -13.6        | -14.4        | -14.6        | -14.7        |
| of which amortizations       | -2.7        | -5.1        | -7.6        | -2.7        | -3.3         | -3.6         | -3.6         | -3.7         |
| EBITA                        | 8.4         | 13.0        | 18.7        | 25.7        | 23.0         | 31.4         | 36.2         | 39.4         |
| NRI                          | 0.0         | 0.0         | 0.0         | -2.6        | -2.8         | -0.1         | 0.0          | 0.0          |
| <b>Adj. EBITA</b>            | <b>8.4</b>  | <b>13.0</b> | <b>18.7</b> | <b>28.3</b> | <b>25.8</b>  | <b>31.5</b>  | <b>36.2</b>  | <b>39.4</b>  |
| Adj. EBITA margin %          | 11.6%       | 13.1%       | 14.5%       | 11.9%       | 9.9%         | 11.4%        | 12.6%        | 13.2%        |
| -growth y/y                  | 4%          | 55%         | 44%         |             | -12%         | 22%          | 15%          | 9%           |
| <b>EBIT</b>                  | <b>5.7</b>  | <b>7.9</b>  | <b>11.1</b> | <b>23.0</b> | <b>19.6</b>  | <b>27.9</b>  | <b>32.5</b>  | <b>35.7</b>  |
| EBIT margin %                | 7.9%        | 7.9%        | 8.6%        | 9.7%        | 7.5%         | 10.0%        | 11.3%        | 12.0%        |
| Net financials               | -0.9        | -5.4        | -0.7        | -4.6        | -6.5         | -7.5         | -7.4         | -7.3         |
| PTP                          | 4.8         | 2.5         | 10.4        | 18.5        | 13.2         | 20.3         | 25.2         | 28.5         |
| Tax                          | -1.5        | -1.9        | -3.4        | -4.1        | -3.1         | -5.4         | -5.9         | -6.6         |
| Minority interest            | -0.2        | -0.2        | -0.1        | 0.0         | 0.0          | -0.1         | 0.0          | 0.0          |
| <b>Net profit for equity</b> | <b>3.1</b>  | <b>0.4</b>  | <b>6.9</b>  | <b>14.3</b> | <b>10.1</b>  | <b>14.8</b>  | <b>19.3</b>  | <b>21.9</b>  |
| Net profit                   | 3.3         | 0.6         | 7.0         | 14.4        | 10.1         | 14.9         | 19.3         | 21.9         |
| EPS (undiluted)              | 0.36        | 0.03        | 0.41        | 0.80        | 0.56         | 0.81         | 1.06         | 1.21         |
| DPS                          |             | 0.10        | 0.30        | 0.36        | 0.40         | 0.42         | 0.47         | 0.52         |

Note: According to IFRS accounting from 2021 onwards, 2018-20 according to the Finnish Accounting Standard

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. After the COVID-19 pandemic, the company is facing a tougher environment towards B2C, mainly due to lower consumer confidence and high inflation.

|                                                                              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| A sluggish economy could negatively affect car service and spare parts sales | <p><b>General economy</b></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 improved COVID-19 situation, 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' growth prospects   | <p><b>Increasing competition</b></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><b>Dependence on suppliers</b></p> <p>As Relais imports its goods and does not produce 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 resolved yet. A prolonged situation could hamper demand for Relais' spare parts and equipment.</p>                                                                                                                                                                                                                                                                                                                                                                                                               |
| If not executed well, high M&A activity may increase costs                   | <p><b>Risks related to expansion</b></p> <p>Relais' ambitions to grow quickly do not come without costs, investments and risks. M&amp;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&amp;A execution plans, so as not to hamper earnings.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| Key employees leaving could lead to the loss of clients                      | <p><b>Dependence on key employees</b></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' 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><b>Financial position</b></p> <p>Relais has high growth ambitions, and hence we do not rule out the need for additional equity to support future M&amp;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 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                                 | 2015        | 2016        | 2017        | 2018        | 2019        | 2020        | 2021        | 2022        | 2023E       | 2024E       | 2025E       |
|--------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| <b>Total revenue</b>                 | <b>54</b>   | <b>59</b>   | <b>60</b>   | <b>72</b>   | <b>99</b>   | <b>129</b>  | <b>238</b>  | <b>261</b>  | <b>277</b>  | <b>288</b>  | <b>298</b>  |
| Revenue growth                       | 28.6%       | 9.1%        | 2.6%        | 19.9%       | 36.6%       | 30.3%       | 84.5%       | 9.6%        | 6.4%        | 3.8%        | 3.5%        |
| of which organic                     | 8.8%        | 9.5%        | -0.8%       | 9.5%        | 2.0%        | 3.0%        | 9.1%        | -4.1%       | 4.7%        | 3.5%        | 3.5%        |
| of which FX                          | 0.0%        | 0.0%        | 0.0%        | 0.0%        | -1.1%       | 0.7%        | 1.5%        | -2.0%       | -3.0%       | 0.0%        | 0.0%        |
| EBITDA                               | 0           | 9           | 8           | 9           | 13          | 19          | 36          | 37          | 46          | 51          | 54          |
| Depreciation and impairments PPE     | 0           | 0           | 0           | 0           | 0           | 0           | -10         | -14         | -14         | -15         | -15         |
| of which leased assets               | 0           | 0           | 0           | 0           | 0           | 0           | -7          | -9          | -12         | -12         | -13         |
| EBITA                                | 0           | 9           | 8           | 8           | 13          | 19          | 26          | 23          | 31          | 36          | 39          |
| Amortisation and impairments         | 0           | -2          | -2          | -3          | -5          | -8          | -3          | -3          | -4          | -4          | -4          |
| EBIT                                 | n.a.        | 7           | 6           | 6           | 8           | 11          | 23          | 20          | 28          | 33          | 36          |
| 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           | -1          | -1          | -1          | -5          | -1          | -5          | -6          | -8          | -7          | -7          |
| of which lease interest              | 0           | 0           | 0           | 0           | 0           | 0           | 0           | 0           | 0           | 0           | 0           |
| Changes in value, net                | 0           | -2          | 0           | 0           | 0           | 0           | 0           | 0           | 0           | 0           | 0           |
| <b>Pre-tax profit</b>                | <b>0</b>    | <b>4</b>    | <b>5</b>    | <b>5</b>    | <b>2</b>    | <b>10</b>   | <b>18</b>   | <b>13</b>   | <b>20</b>   | <b>25</b>   | <b>28</b>   |
| Reported taxes                       | 0           | -1          | -1          | -2          | -2          | -3          | -4          | -3          | -5          | -6          | -7          |
| Net profit from continued operations | 0           | 3           | 4           | 3           | 1           | 7           | 14          | 10          | 15          | 19          | 22          |
| Discontinued operations              | 0           | 0           | 0           | 0           | 0           | 0           | 0           | 0           | 0           | 0           | 0           |
| Minority interests                   | 0           | -1          | 0           | 0           | 0           | 0           | 0           | 0           | 0           | 0           | 0           |
| Net profit to equity                 | 0           | 2           | 4           | 3           | 0           | 7           | 14          | 10          | 15          | 19          | 22          |
| <b>EPS, EUR</b>                      | <b>n.a.</b> | <b>0.22</b> | <b>0.42</b> | <b>0.34</b> | <b>0.03</b> | <b>0.39</b> | <b>0.77</b> | <b>0.54</b> | <b>0.79</b> | <b>1.03</b> | <b>1.16</b> |
| DPS, EUR                             | 0.00        | 0.00        | 0.00        | 0.00        | 0.10        | 0.30        | 0.36        | 0.40        | 0.42        | 0.47        | 0.52        |
| of which ordinary                    | 0.00        | 0.00        | 0.00        | 0.00        | 0.10        | 0.30        | 0.36        | 0.40        | 0.42        | 0.47        | 0.52        |
| 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% | 15.2% | 13.8% | 12.1% | 13.5% | 14.8% | 15.1% | 14.0% | 16.5% | 17.6% | 18.2% |
| EBITA  | 0.0% | 14.5% | 13.4% | 11.6% | 13.1% | 14.5% | 10.8% | 8.8%  | 11.3% | 12.6% | 13.2% |
| EBIT   | n.a. | 11.6% | 10.2% | 7.9%  | 7.9%  | 8.6%  | 9.7%  | 7.5%  | 10.0% | 11.3% | 12.0% |

## Adjusted earnings

|                |      |      |      |      |      |      |      |      |      |      |      |
|----------------|------|------|------|------|------|------|------|------|------|------|------|
| EBITDA (adj)   | 0    | 11   | 8    | 9    | 13   | 19   | 39   | 39   | 46   | 51   | 54   |
| EBITA (adj)    | 0    | 10   | 8    | 8    | 13   | 19   | 28   | 26   | 32   | 36   | 39   |
| EBIT (adj)     | 0    | 8    | 6    | 6    | 8    | 11   | 26   | 22   | 28   | 33   | 36   |
| EPS (adj, EUR) | n.a. | 0.40 | 0.42 | 0.34 | 0.29 | 0.39 | 0.91 | 0.69 | 0.79 | 1.03 | 1.16 |

## Adjusted profit margins in percent

|              |      |       |       |       |       |       |       |       |       |       |       |
|--------------|------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| EBITDA (adj) | 0.0% | 18.0% | 13.8% | 12.1% | 13.5% | 14.8% | 16.2% | 15.1% | 16.6% | 17.6% | 18.2% |
| EBITA (adj)  | 0.0% | 17.3% | 13.4% | 11.6% | 13.1% | 14.5% | 11.9% | 9.9%  | 11.4% | 12.6% | 13.2% |
| EBIT (adj)   | 0.0% | 14.4% | 10.2% | 7.9%  | 7.9%  | 8.6%  | 10.8% | 8.6%  | 10.1% | 11.3% | 12.0% |

## Performance metrics

|                       |       |       |       |       |       |       |       |       |       |        |       |
|-----------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|--------|-------|
| CAGR last 5 years     |       |       |       |       |       |       |       |       |       |        |       |
| Net revenue           | 17.6% | 16.0% | 14.3% | 17.8% | 18.7% | 19.0% | 32.2% | 34.0% | 30.8% | 23.8%  | 18.2% |
| EBITDA                | n.m.  | n.m.  | n.m.  | n.m.  | n.m.  | n.m.  | 32.1% | 34.4% | 39.3% | 30.6%  | 23.1% |
| EBIT                  | n.a.  | n.a.  | n.a.  | n.a.  | n.a.  | n.a.  | 27.5% | 26.2% | 37.2% | 32.9%  | 26.4% |
| EPS                   | n.a.  | n.a.  | n.a.  | n.a.  | n.a.  | n.a.  | 28.6% | 5.2%  | 18.2% | 100.9% | 24.6% |
| DPS                   | n.m.  | n.m.  | n.m.  | n.m.  | n.m.  | n.m.  | n.m.  | n.m.  | n.m.  | 36.3%  | 11.6% |
| Average last 5 years  |       |       |       |       |       |       |       |       |       |        |       |
| Average EBIT margin   | n.a.  | n.a.  | n.a.  | n.a.  | n.a.  | 9.0%  | 9.0%  | 8.4%  | 8.9%  | 9.6%   | 10.2% |
| Average EBITDA margin | 0.0%  | 4.1%  | 7.0%  | 9.0%  | 11.4% | 13.9% | 14.3% | 14.2% | 15.0% | 15.8%  | 16.4% |

## VALUATION RATIOS - ADJUSTED EARNINGS

| EURm            | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023E | 2024E | 2025E |
|-----------------|------|------|------|------|------|------|------|------|-------|-------|-------|
| P/E (adj)       | n.a. | n.a. | n.a. | n.a. | 28.0 | 37.9 | 29.0 | 14.8 | 17.7  | 13.7  | 12.0  |
| EV/EBITDA (adj) | n.a. | n.a. | n.a. | n.a. | 10.2 | 15.3 | 16.4 | 8.5  | 8.6   | 7.5   | 6.8   |
| EV/EBITA (adj)  | n.a. | n.a. | n.a. | n.a. | 10.5 | 15.6 | 22.3 | 13.0 | 12.6  | 10.6  | 9.3   |
| EV/EBIT (adj)   | n.a. | n.a. | n.a. | n.a. | 17.3 | 26.3 | 24.6 | 14.9 | 14.2  | 11.8  | 10.3  |

## VALUATION RATIOS - REPORTED EARNINGS

| EURm                         | 2015 | 2016 | 2017 | 2018 | 2019   | 2020  | 2021   | 2022  | 2023E | 2024E | 2025E |
|------------------------------|------|------|------|------|--------|-------|--------|-------|-------|-------|-------|
| P/E                          | n.a. | n.a. | n.a. | n.a. | n.m.   | 37.9  | 34.3   | 19.0  | 17.8  | 13.7  | 12.0  |
| EV/Sales                     | n.a. | n.a. | n.a. | n.a. | 1.37   | 2.26  | 2.66   | 1.28  | 1.43  | 1.33  | 1.24  |
| EV/EBITDA                    | n.a. | n.a. | n.a. | n.a. | 10.2   | 15.3  | 17.5   | 9.1   | 8.6   | 7.5   | 6.8   |
| EV/EBITA                     | n.a. | n.a. | n.a. | n.a. | 10.5   | 15.6  | 24.5   | 14.6  | 12.6  | 10.6  | 9.3   |
| EV/EBIT                      | n.a. | n.a. | n.a. | n.a. | 17.3   | 26.3  | 27.4   | 17.0  | 14.2  | 11.8  | 10.3  |
| Dividend yield (ord.)        | n.a. | n.a. | n.a. | n.a. | 1.2%   | 2.0%  | 1.4%   | 3.9%  | 3.0%  | 3.4%  | 3.7%  |
| FCF yield                    | n.a. | n.a. | n.a. | n.a. | -61.8% | 2.8%  | -10.2% | 6.6%  | 11.3% | 12.5% | 13.6% |
| FCF Yield bef A&D, lease adj | n.a. | n.a. | n.a. | n.a. | 1.4%   | 6.0%  | 0.5%   | 9.4%  | 6.6%  | 7.8%  | 8.8%  |
| Payout ratio                 | n.a. | 0.0% | 0.0% | 0.0% | 33.9%  | 77.4% | 39.7%  | 58.2% | 53.1% | 45.8% | 44.7% |

Source: Company data and Nordea estimates

**BALANCE SHEET**

| EURm                                  | 2015     | 2016      | 2017      | 2018      | 2019       | 2020       | 2021       | 2022       | 2023E      | 2024E      | 2025E      |
|---------------------------------------|----------|-----------|-----------|-----------|------------|------------|------------|------------|------------|------------|------------|
| Intangible assets                     | 0        | 5         | 7         | 5         | 54         | 59         | 130        | 133        | 130        | 126        | 122        |
| of which R&D                          | 0        | 0         | 0         | 0         | 0          | 0          | 0          | 0          | 0          | 0          | 0          |
| of which other intangibles            | 0        | 0         | 0         | 0         | 1          | 0          | 15         | 15         | 15         | 15         | 15         |
| of which goodwill                     | 0        | 5         | 7         | 5         | 54         | 58         | 114        | 118        | 115        | 111        | 107        |
| Tangible assets                       | 0        | 0         | 0         | 0         | 0          | 0          | 59         | 57         | 44         | 44         | 44         |
| of which leased assets                | 0        | 0         | 0         | 0         | 0          | 0          | 54         | 52         | 40         | 40         | 40         |
| 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          | 1          | 1          | 1          | 1          | 1          |
| 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        | 5         | 7         | 5         | 54         | 59         | 189        | 191        | 175        | 171        | 167        |
| Inventory                             | 0        | 26        | 27        | 29        | 43         | 44         | 73         | 68         | 69         | 72         | 74         |
| Accounts receivable                   | 0        | 5         | 8         | 8         | 12         | 13         | 34         | 33         | 35         | 36         | 37         |
| Short-term leased assets              | 0        | 0         | 0         | 0         | 0          | 0          | 0          | 0          | 12         | 13         | 13         |
| Other current assets                  | 0        | 3         | 1         | 2         | 3          | 3          | 0          | 4          | 5          | 5          | 5          |
| Cash and bank                         | 0        | 1         | 2         | 2         | 30         | 35         | 12         | 14         | 14         | 17         | 16         |
| Total current assets                  | 0        | 35        | 37        | 42        | 88         | 95         | 119        | 119        | 135        | 142        | 146        |
| Assets held for sale                  | n.a.     | n.a.      | n.a.      | n.a.      | n.a.       | n.a.       | n.a.       | n.a.       | n.a.       | n.a.       | n.a.       |
| <b>Total assets</b>                   | <b>0</b> | <b>40</b> | <b>44</b> | <b>47</b> | <b>142</b> | <b>154</b> | <b>308</b> | <b>309</b> | <b>310</b> | <b>313</b> | <b>313</b> |
| Shareholders equity                   | 0        | 6         | 11        | 17        | 64         | 72         | 102        | 104        | 112        | 123        | 136        |
| 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        | 3         | 3         | 1         | 0          | 0          | 0          | 0          | 0          | 0          | 0          |
| Total Equity                          | 0        | 9         | 14        | 17        | 64         | 72         | 102        | 104        | 112        | 123        | 137        |
| Deferred tax                          | 0        | 0         | 0         | 0         | 2          | 3          | 6          | 6          | 6          | 6          | 6          |
| Long term interest bearing debt       | 0        | 15        | 11        | 14        | 59         | 58         | 91         | 96         | 86         | 76         | 61         |
| 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        | 3         | 0         | 2         | 0          | 0          | 2          | 1          | 1          | 1          | 1          |
| Non-current lease debt                | 0        | 0         | 0         | 0         | 0          | 0          | 44         | 42         | 41         | 41         | 41         |
| 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        | 18        | 12        | 16        | 62         | 61         | 143        | 144        | 134        | 124        | 109        |
| Short-term provisions                 | 0        | 0         | 0         | 0         | 0          | 0          | 0          | 0          | 0          | 0          | 0          |
| Accounts payable                      | 0        | 3         | 4         | 4         | 7          | 9          | 46         | 35         | 38         | 39         | 40         |
| Current lease debt                    | 0        | 0         | 0         | 0         | 0          | 0          | 11         | 12         | 12         | 13         | 13         |
| Other current liabilities             | 0        | 3         | 4         | 5         | 6          | 8          | 0          | 7          | 7          | 7          | 8          |
| Short term interest bearing debt      | 0        | 8         | 12        | 6         | 5          | 5          | 6          | 7          | 7          | 7          | 7          |
| Total current liabilities             | 0        | 14        | 19        | 15        | 18         | 21         | 63         | 61         | 64         | 66         | 68         |
| Liabilities for assets held for sale  | 0        | 0         | 0         | 0         | 0          | 0          | 0          | 0          | 0          | 0          | 0          |
| <b>Total liabilities and equity</b>   | <b>0</b> | <b>40</b> | <b>45</b> | <b>48</b> | <b>143</b> | <b>155</b> | <b>308</b> | <b>309</b> | <b>310</b> | <b>313</b> | <b>313</b> |
| <b>Balance sheet and debt metrics</b> |          |           |           |           |            |            |            |            |            |            |            |
| Net debt                              | 0        | 22        | 22        | 18        | 35         | 28         | 140        | 143        | 133        | 120        | 105        |
| of which lease debt                   | 0        | 0         | 0         | 0         | 0          | 0          | 55         | 53         | 54         | 54         | 54         |
| Working capital                       | 0        | 28        | 28        | 31        | 46         | 44         | 61         | 63         | 64         | 67         | 69         |
| Invested capital                      | 0        | 33        | 35        | 36        | 100        | 103        | 250        | 254        | 239        | 238        | 236        |
| Capital employed                      | 0        | 32        | 37        | 37        | 128        | 135        | 254        | 260        | 258        | 260        | 258        |
| ROE                                   | n.m.     | 64.1%     | 44.7%     | 22.7%     | 1.0%       | 10.2%      | 16.5%      | 9.8%       | 13.7%      | 16.4%      | 16.8%      |
| ROIC                                  | n.m.     | 40.5%     | 14.2%     | 12.7%     | 9.1%       | 8.6%       | 11.5%      | 7.0%       | 9.0%       | 10.8%      | 11.9%      |
| ROCE                                  | n.m.     | 53.4%     | 17.9%     | 15.7%     | 9.6%       | 10.1%      | 13.8%      | 10.6%      | 11.9%      | 13.7%      | 14.9%      |
| Net debt/EBITDA                       | n.m.     | 2.5       | 2.6       | 2.0       | 2.6        | 1.5        | 3.9        | 3.9        | 2.9        | 2.4        | 1.9        |
| Interest coverage                     | n.a.     | 9.3       | 7.1       | 6.0       | 1.5        | 4.6        | 4.2        | 2.2        | 2.9        | 3.4        | 3.8        |
| Equity ratio                          | n.m.     | 15.2%     | 23.8%     | 34.7%     | 44.5%      | 46.5%      | 33.1%      | 33.6%      | 36.0%      | 39.3%      | 43.6%      |
| Net gearing                           | n.m.     | 244.3%    | 152.2%    | 102.0%    | 54.3%      | 39.1%      | 136.5%     | 137.4%     | 119.0%     | 97.4%      | 77.2%      |

Source: Company data and Nordea estimates

**CASH FLOW STATEMENT**

| EURm                                   | 2015     | 2016     | 2017     | 2018     | 2019      | 2020      | 2021      | 2022      | 2023E     | 2024E     | 2025E     |
|----------------------------------------|----------|----------|----------|----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| <b>EBITDA (adj) for associates</b>     | <b>0</b> | <b>9</b> | <b>8</b> | <b>9</b> | <b>13</b> | <b>19</b> | <b>36</b> | <b>37</b> | <b>46</b> | <b>51</b> | <b>54</b> |
| Paid taxes                             | 0        | 0        | 0        | -2       | -2        | -3        | -5        | -3        | -5        | -6        | -7        |
| Net financials                         | 0        | 0        | 0        | -1       | -6        | -1        | -3        | -4        | -8        | -7        | -7        |
| Change in provisions                   | 0        | 0        | 0        | 0        | 0         | 0         | 0         | 0         | 0         | 0         | 0         |
| Change in other LT non-IB              | 0        | 3        | -3       | 2        | -2        | 0         | 1         | -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        | -11      | -6       | -2       | 1         | 0         | -5        | 1         | 0         | 0         | 0         |
| <b>Funds from operations (FFO)</b>     | <b>0</b> | <b>0</b> | <b>0</b> | <b>6</b> | <b>5</b>  | <b>15</b> | <b>24</b> | <b>29</b> | <b>33</b> | <b>37</b> | <b>40</b> |
| Change in NWC                          | 0        | 0        | 0        | -2       | -3        | 1         | -12       | 0         | -1        | -2        | -2        |
| <b>Cash flow from operations (CFO)</b> | <b>0</b> | <b>0</b> | <b>0</b> | <b>3</b> | <b>2</b>  | <b>16</b> | <b>12</b> | <b>29</b> | <b>32</b> | <b>35</b> | <b>38</b> |
| Capital expenditure                    | 0        | 0        | 0        | 0        | 0         | 0         | -2        | -2        | -2        | -2        | -2        |
| <b>Free cash flow before A&amp;D</b>   | <b>0</b> | <b>0</b> | <b>0</b> | <b>3</b> | <b>1</b>  | <b>16</b> | <b>9</b>  | <b>27</b> | <b>30</b> | <b>33</b> | <b>36</b> |
| Proceeds from sale of assets           | 0        | 0        | 0        | 0        | 1         | 1         | 0         | 0         | 0         | 0         | 0         |
| Acquisitions                           | 0        | 0        | 0        | -1       | -65       | -9        | -60       | -15       | 0         | 0         | 0         |
| Free cash flow                         | 0        | 0        | 0        | 2        | -63       | 7         | -50       | 13        | 30        | 33        | 36        |
| Free cash flow bef A&D, lease adj      | 0        | 0        | 0        | 3        | 1         | 16        | 2         | 18        | 17        | 21        | 23        |
| Dividends paid                         | 0        | 0        | 0        | 0        | 0         | -2        | -5        | -6        | -7        | -8        | -9        |
| Equity issues / buybacks               | 0        | 0        | 0        | 0        | 44        | 0         | 1         | 0         | 0         | 0         | 0         |
| Net change in debt                     | 0        | 0        | 0        | 0        | 42        | -1        | 32        | 9         | -10       | -10       | -15       |
| Other financing adjustments            | 0        | 0        | 0        | 0        | 0         | 0         | 0         | 0         | -12       | -12       | -13       |
| Other non-cash adjustments             | 0        | 1        | 1        | -2       | 4         | 1         | 0         | -14       | 0         | 0         | 0         |
| Change in cash                         | 0        | 1        | 1        | 1        | 27        | 5         | -23       | 2         | 0         | 3         | 0         |
| <b>Cash flow metrics</b>               |          |          |          |          |           |           |           |           |           |           |           |
| Capex/D&A                              | n.m.     | 0.0%     | 0.0%     | 6.9%     | 7.3%      | 2.5%      | 17.6%     | 10.2%     | 11.1%     | 11.5%     | 12.0%     |
| Capex/Sales                            | 0.0%     | 0.0%     | 0.0%     | 0.3%     | 0.4%      | 0.2%      | 1.0%      | 0.7%      | 0.7%      | 0.7%      | 0.7%      |
| <b>Key information</b>                 |          |          |          |          |           |           |           |           |           |           |           |
| Share price year end (/current)        | n.a.     | n.a.     | n.a.     | n.a.     | 8         | 15        | 26        | 10        | 14        | 14        | 14        |
| Market cap.                            | n.a.     | n.a.     | n.a.     | n.a.     | 101       | 263       | 492       | 192       | 263       | 263       | 263       |
| Enterprise value                       | n.a.     | n.a.     | n.a.     | n.a.     | 136       | 292       | 632       | 334       | 396       | 383       | 368       |
| Diluted no. of shares, year-end (m)    | 0.0      | 9.1      | 9.1      | 9.1      | 12.3      | 17.9      | 18.7      | 18.8      | 18.8      | 18.8      | 18.8      |

Source: Company data and Nordea estimates

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**Completion Date**

04 May 2023, 22:52 CET

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