

10 August 2023

Commissioned research: Relais Group Oyj – Slight adjusted EBITA miss despite solid top line development

Marketing material commissioned by Relais Group Oyj

Relais reported Q2 adjusted EBITA of EUR 4.8m, 3% below Refinitiv consensus and 13% below our estimate. Net sales were EUR 64.1m (up 9% y/y), 1% above Refinitiv consensus and 2% above our estimates. EBITA was burdened by EUR 0.3m by weak SEK and NOK. Q2 sales growth was driven by both repair and maintenance business (+11% y/y organic growth) and technical wholesale and products business (+10% y/y organic growth). Sales increased 7% y/y in Scandinavia, while sales were up 12% y/y in Finland-Baltics, reflecting acquisitions. Sluggish consumer demand in on-line business continued. Gross margin came in line with consensus expectations. Operating cash flow improved substantially and was EUR 6.7m (EUR 2.9m a year ago), driven by net working capital changes. Inventories were down 9% y/y and the company notes good level of inventories. Relais does not give short-term outlook. On initial take, we believe consensus to make only limited estimate revisions on the back of the Q2 for 2023E-25E.

RELAIS GROUP OYJ: DEVIATION TABLE

EURm	Actual	NDA est.	Deviation		Consensus	Deviation		Actual	Actual		
	Q2 2023	Q2 2023E	vs. actual		Q2 2023E	vs. actual		Q1 2023	q/q	Q2 2022	y/y
Sales	64.1	62.6	1	2%	63.5	1	1%	69.0	-7%	58.6	9%
Gross profit	29.3	28.8	0.5	2%	29	0.3	1%	32.1	-9%	26.6	
Gross margin	45.7%	46.0%	-0.3pp		45.7%	0.0pp		46.5%	-0.9pp	45.4%	0.2pp
Adj. EBITA	4.8	5.5	(0.7)	-13%	5.0	-0.1	-3%	7.6	-37%	3.8	27%
Adj. EBITA margin	7.5%	8.8%	-1.3pp		7.8%	-0.3pp		11.0%	-3.5pp	6.5%	1.0pp
EBITA	4.8	5.5	-0.7	-13%	5.0	-0.1	-3%	7.5	-36%	3.4	42%
EBITA margin	7.5%	8.8%	-1.3pp		7.8%	-0.3pp		10.9%	-3.4pp	5.8%	1.7pp
EBIT	4.0	4.7	-0.7	-15%	4.5	-0.5	-12%	6.6	-40%	2.6	55%
EBIT margin	6.2%	7.4%	-1.2pp		7.1%	-0.9pp		9.6%	-3.4pp	4.4%	1.8pp
PTP	1.1	2.6	-1.4	-55%	2.0	-0.9	-43%	4.5	-75%	0.7	75%
EPS	0.01	0.10		-90%	0.10	-0.09	-89%	0.16		0.00	
Sales split											
Equipment	9.8	8.6	1.1	13%				9.4	4%	8.0	21%
Lighting	9.9	8.5	1.4	16%				14.8	-33%	9.2	7%
Spare parts	20.9	20.8	0.1	1%				19.3	8%	20.7	1%
Repair and maintenance	22.8	24.5	-1.7	-7%				24.7	-8%	20.5	11%
Other	0.8	0.3	0.5	163%				0.8	-2%	0.0	1579%

Source: Company data, Refinitiv and Nordea estimates

Relais will arrange a webcast with CEO and CFO at 10:00 CET, which can be followed through link: <https://relais.videosync.fi/q2-2023-results>

SUMMARY TABLE - KEY FIGURES

EURm	2020	2021	2022	2023E	2024E	2025E
Total revenue	129	238	261	284	307	318
EBITDA (adj)	19	39	39	46	52	56
EBIT (adj)	11	26	22	28	34	37
EBIT (adj) margin	8.6%	10.8%	8.6%	10.0%	10.9%	11.7%
EPS (adj, EUR)	0.39	0.91	0.69	0.78	1.07	1.24
EPS (adj) growth	31.5%	133.9%	-24.2%	14.1%	36.0%	16.3%
DPS (ord, EUR)	0.30	0.36	0.40	0.42	0.47	0.52
EV/Sales	2.3	2.7	1.3	1.4	1.2	1.1
EV/EBIT (adj)	26.3	24.6	14.9	13.7	11.2	9.7
P/E (adj)	37.9	29.0	14.8	16.4	12.1	10.4
P/BV	3.7	4.8	1.8	2.2	2.0	1.8
Dividend yield (ord)	2.0%	1.4%	3.9%	3.3%	3.6%	4.0%
FCF Yield bef A&D, lease adj	6.0%	0.5%	9.4%	6.5%	7.7%	10.2%
Net debt	28	140	143	144	135	119
Net debt/EBITDA	1.5	3.9	3.9	3.1	2.6	2.1
ROIC after tax	8.6%	11.5%	7.0%	8.9%	10.6%	11.7%

Source: Company data and Nordea estimates

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Nordea analyst: Joni Sandvall

Joni Sandvall

Analyst, Consumer Goods and Retail, Food and Beverages, Healthcare, Investment companies

Nordea | Investment Banking & Equities | Equity Research FI

Visit me: Aleksis Kiven katu 7, 00500 HELSINKI, Finland

Write to me: Fleminginkatu 27, 00020 Nordea, Finland

Tel: +358 9 5300 5484 | Mob: +358 445460855

E-mail: joni.sandvall@nordea.com

Web: nordeamarkets.com

Nordea Bank Abp, Satamaradankatu 5, FI-00020 NORDEA, Finland, domicile Helsinki, Business ID 2858394-9

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