

2 November 2023

Commissioned research: Relais Group Oyj – Slight EBITA margin miss likely driven by slightly lower lighting sales and weak SEK

Marketing material commissioned by Relais Group Oyj

Relais reported Q3 adjusted EBITA of EUR 8.6m, 6% below Refinitiv consensus and our estimate. Net sales were EUR 70.3m (up 8% y/y) and in line with Refinitiv consensus and our estimates. EBITA was burdened by EUR 0.5m by weak SEK. Q3 sales growth was driven by both repair and maintenance business (+5% y/y organic growth) and technical wholesale and products business (+5% y/y organic growth). Lighting sales declined 3% y/y on organic basis, which combined with weak SEK explain deviation to our estimate. Sales increased 15% y/y in Scandinavia, while sales were up 1% y/y in Finland-Baltics, reflecting acquisitions and tighter market in Finland-Baltics. Lighting sales were burdened by the retail customers' more cautious pre-orders and the slow start of the ecommerce season sales in Finland. Gross margin came 10bp below our expectation and was up 150bp y/y to 45.9%. Operating cash flow declined slightly and was EUR 4.6m (EUR 6.2m a year ago), driven by inventory changes related to acquired inventories in connection with the acquisition of AutoMateriell and Nordic Lift as well as growth related increased inventories in the Lighting product group. However, inventories were down 4% 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 Q3 for 2023E-25E.

RELAIS GROUP OYJ: DEVIATION TABLE

EURm	Actual	NDA est.	Deviation		Consensus	Deviation		Actual		Actual	
	Q3 2023	Q3 2023E	vs. actual	vs. actual	Q3 2023E	vs. actual	vs. actual	Q2 2023	q/q	Q3 2022	y/y
Sales	70.3	70.4	0	0%	70.0	0	0%	64.1	10%	64.8	8%
Gross profit	32.3	32.4	-0.1	0%	32	0.3	1%	29.3	10%	28.8	
Gross margin	45.9%	46.0%	-0.1pp		45.7%	0.2pp		45.7%	0.3pp	44.4%	1.5pp
Adj. EBITA	8.6	9.1	(0.6)	-6%	9.1	-0.5	-6%	4.8	79%	7.9	8%
Adj. EBITA margin	12.2%	13.0%	-0.8pp		13.0%	-0.8pp		7.5%	4.7pp	12.3%	0.0pp
EBITA	8.4	8.9	-0.6	-6%	9.1	-0.7	-8%	4.8	74%	7.7	9%
EBITA margin	11.9%	12.7%	-0.8pp		13.0%	-1.1pp		7.5%	4.4pp	11.9%	0.1pp
EBIT	7.5	8.1	-0.5	-6%	7.5	0.0	1%	4.0	90%	6.8	11%
EBIT margin	10.7%	11.5%	-0.7pp		10.7%	0.0pp		6.2%	4.6pp	10.5%	0.2pp
PTP	6.0	6.2	-0.1	-2%	5.5	0.5	9%	1.1	427%	5.1	18%
EPS	0.24	0.25	-0.01	-3%	0.23	0.01	4%	0.01		0.20	
Sales split											
Equipment	13.3	9.2	4.1	44%				9.8	36%	7.3	83%
Lighting	15.6	17.9	-2.2	-12%				9.9	59%	17.0	-8%
Spare parts	20.7	21.0	-0.3	-2%				20.9	-1%	18.6	11%
Repair and maintenance	21.4	21.0	0.4	2%				22.8	-6%	21.1	1%
Other	-0.8	1.3	-2.0	-161%				0.8	-196%	0.8	-194%

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/q3-2023-results>

SUMMARY TABLE - KEY FIGURES

EURm	2020	2021	2022	2023E	2024E	2025E
Total revenue	129	238	261	287	310	321
EBITDA (adj)	19	39	39	46	52	56
EBIT (adj)	11	26	22	27	33	36
EBIT (adj) margin	8.6%	10.8%	8.6%	9.6%	10.6%	11.3%
EPS (adj, EUR)	0.39	0.91	0.69	0.71	1.02	1.20
EPS (adj) growth	31.5%	133.9%	-24.2%	3.1%	44.2%	17.3%
DPS (ord, EUR)	0.30	0.36	0.40	0.42	0.47	0.52
EV/Sales	2.3	2.7	1.3	1.2	1.1	1.0
EV/EBIT (adj)	26.3	24.6	14.9	12.6	10.4	8.9
P/E (adj)	37.9	29.0	14.8	15.1	10.5	8.9
P/BV	3.7	4.8	1.8	1.8	1.7	1.5
Dividend yield (ord)	2.0%	1.4%	3.9%	3.9%	4.4%	4.9%
FCF Yield bef A&D, lease adj	6.0%	0.5%	9.4%	6.7%	8.8%	11.9%
Net debt	28	140	143	146	138	123
Net debt/EBITDA	1.5	3.9	3.9	3.2	2.7	2.2
ROIC after tax	8.6%	11.5%	7.0%	8.6%	10.3%	11.4%

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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