

Relais Group Oyj

Consumer Goods
Finland

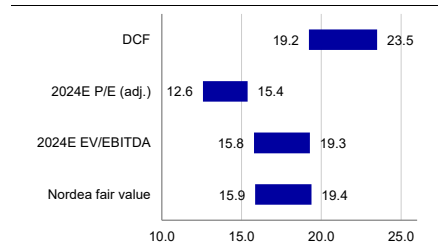
KEY DATA

Stock country	Finland
Bloomberg	RELAIS FH
Reuters	RELAIS.HE
Share price (close)	EUR 11.35
Free float	36%
Market cap. (bn)	EUR 0.21/EUR 0.21
Website	www.relais.fi
Next report date	

PERFORMANCE



VALUATION APPROACH (EUR/SHARE)



ESTIMATE CHANGES

Year	2023E	2024E	2025E
Sales	0%	0%	0%
EBIT (adj)	-3%	-3%	-3%

Source: Nordea estimates

Nordea IB & Equity - Analysts

Joni Sandvall
AnalystSanna Perälä
Analyst

Slight miss due to mix and FX

Relais' Q3 2023 adjusted EBITA of EUR 8.6m fell slightly short of Refinitiv consensus expectations, likely due to FX headwinds and a slight y/y decline in lighting sales. Q3 organic sales growth was 5% y/y and the company remains confident about Q4, despite a more challenging macro environment. We make only minor estimate revisions and believe Relais can continue to grow and improve margins towards its 2025 targets, thanks to resilient end-market demand. We calculate a slightly lower fair value range of EUR 15.9-19.4 (16.1-19.7) based on a DCF model and multiples.

Top line met expectations – negative FX and sales mix

Relais' Q3 net sales of EUR 70.3m were in line with our and Refinitiv consensus expectations. Adjusted EBITA fell 6% short of our estimate and consensus, driven by a EUR -0.5m FX impact and slightly negative sales mix, with higher-margin lighting sales down 3% y/y on a comparable basis. Lighting sales have stabilised but there are still uncertainties, especially related to consumer sales. Both business areas posted 5% y/y comparable sales growth, while the market situation in Finland-Baltics remains tighter than in Scandinavia. The gross margin was in line with our expectations, up 150bp y/y, driven by a higher share of repair and maintenance sales. The company remains confident about the Q4 development, despite a more challenging macro outlook. Relais has seen continued interest in independent repair and maintenance chains from fleet operators; we expect this situation to continue given fleet operators' likely focus on cost management. M&A remains on the agenda, but the company said larger acquisitions would require equity-like financing.

We trim 2023E-25E adjusted EBITA by 3%

We make only minor estimate revisions following the Q3 report. We keep our top-line estimates intact and trim adjusted EBITA by 3% for 2023E-25E, partly explained by FX movements.

2025 financial target remains achievable

Relais targets EUR 50m of pro forma EBITA by 2025. We view this as achievable through M&A, but the company might favour lower leverage. Based on our M&A model and assuming fully debt-financed acquisitions, we calculate EUR ~5m of EBITA potential from M&A if Relais keeps its leverage at 3x. This would result in 2025E EBITA of EUR 44m 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	286	309	320
EBITDA (adj)	13	19	39	39	45	51	54
EBIT (adj)	8	11	26	22	27	32	35
EBIT (adj) margin	7.9%	8.6%	10.8%	8.6%	9.3%	10.3%	11.0%
EPS (adj, EUR)	0.29	0.39	0.91	0.69	0.68	1.00	1.16
EPS (adj) growth	-13.6%	31.5%	133.9%	-24.2%	-1.0%	46.8%	16.2%
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	1.3	1.1	1.1
EV/EBIT (adj)	17.3	26.3	24.6	14.9	13.5	11.1	9.6
P/E (adj)	28.0	37.9	29.0	14.8	16.7	11.4	9.8
P/BV	1.6	3.7	4.8	1.8	2.0	1.8	1.6
Dividend yield (ord)	1.2%	2.0%	1.4%	3.9%	3.7%	4.1%	4.6%
FCF Yield bef A&D, lease	1.4%	6.0%	0.5%	9.4%	6.1%	8.0%	10.8%
Net debt	35	28	140	143	147	139	125
Net debt/EBITDA	2.6	1.5	3.9	3.9	3.3	2.7	2.3
ROIC after tax	9.1%	8.6%	11.5%	7.0%	8.3%	10.0%	11.0%

Source: Company data and Nordea estimates

Q3 results and estimate revisions

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), in line with Refinitiv consensus and our estimates. EBITA was burdened by EUR 0.5m owing to the weak SEK. Q3 sales growth was driven by the repair and maintenance business (+5% y/y organic growth) and the technical wholesale and products business (+5% y/y organic growth). Lighting sales declined by 3% y/y on an organic basis; combined with the weak SEK, this explains the deviation to our estimate. Sales increased by 15% y/y in Scandinavia, while sales were up only 1% y/y in Finland-Baltics, reflecting acquisitions but also a tighter market in Finland-Baltics. Lighting sales were burdened by the retail customers' more cautious pre-orders and a slow start to seasonal ecommerce sales in Finland. The gross margin was 150bp higher y/y, at 45.9%, but 10bp below our expectations. 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 inventory increases within the Lighting product group. Inventories were down 4% y/y, however, which the company considers a good level. Relais does not offer a short-term outlook.

Q3 DEVIATION TABLE (EURm; EPS IN EUR)

EURm	Actual Q3 2023	NDA est. Q3 2023E	Deviation vs. actual	Consensus Q3 2023E	Deviation vs. actual	Actual Q2 2023	q/q	Actual Q3 2022	y/y
Sales	70.3	70.4	0	70.0	0	64.1	10%	64.8	8%
Gross profit	32.3	32.4	-0.1	32	0.3	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)	9.1	-0.5	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	9.1	-0.7	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	7.5	0.0	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	5.5	0.5	1.1	427%	5.1	18%
EPS	0.24	0.25	-3%	0.23	0.01	0.01		0.20	
Sales split									
Equipment	13.3	9.2	4.1			9.8	36%	7.3	83%
Lighting	15.6	17.9	-2.2			9.9	59%	17.0	-8%
Spare parts	20.7	21.0	-0.3			20.9	-1%	18.6	11%
Repair and maintenance	21.4	21.0	0.4			22.8	-6%	21.1	1%
Other	-0.8	1.3	-2.0			0.8	-196%	0.8	-194%

Source: Company data, Refinitiv and Nordea estimates

Estimate revisions

We make only minor estimate revisions following the Q3 report. We take slightly more positive view on the gross margin development while we increase our cost assumptions slightly, resulting into 3% adjusted EBITA cuts for 2023E-25E.

ESTIMATE REVISIONS (EURm; EPS AND DPS IN EUR)

EURm	New estimates				Old estimates				Difference %			
	Q4 2023E	2023E	2024E	2025E	Q4 2023E	2023E	2024E	2025E	Q4 2023E	2023E	2024E	2025E
Sales	82.5	286	309	320	83.3	287	310	321	-1%	0%	0%	0%
Gross profit	38.0	132	143	149	38.1	132	143	149	0%	0%	0%	0%
Gross margin	46.1%	46.1%	46.4%	46.6%	45.8%	46.0%	46.2%	46.4%	0.3pp	0.1pp	0.2pp	0.2pp
Adj. EBITA	9.0	30.1	35.4	38.9	9.5	31.0	36.4	40.1	-4%	-3%	-3%	-3%
Adj. EBITA margin	11.0%	10.5%	11.5%	12.1%	11.4%	10.8%	11.7%	12.5%	-0.4pp	-0.3pp	-0.3pp	-0.4pp
EBITA	9.0	29.8	35.4	38.9	9.5	30.7	36.4	40.1	-4%	-3%	-3%	-3%
EBITA margin	11.0%	10.4%	11.5%	12.1%	11.4%	10.7%	11.7%	12.5%	-0.4pp	-0.3pp	-0.3pp	-0.4pp
EBIT	8.2	26.3	31.8	35.2	8.5	27.2	32.7	36.4	-4%	-3%	-3%	-3%
EBIT margin	9.9%	9.2%	10.3%	11.0%	10.3%	9.5%	10.6%	11.3%	-0.4pp	-0.3pp	-0.3pp	-0.3pp
PTP	6.3	17.9	24.7	28.5	6.6	18.4	25.3	29.5	-6%	-3%	-2%	-3%
EPS	0.27	0.66	1.00	1.16	0.28	0.69	1.02	1.20	-4%	-4%	-2%	-3%
DPS		0.42	0.47	0.52		0.42	0.47	0.52		0%	0%	0%

Source: Nordea estimates

Detailed estimates

DETAILED QUARTERLY ESTIMATES (EURm; EPS IN EUR)

EURm	Q1 21	Q2 21	Q3 21	Q4 21	Q1 22	Q2 22	Q3 22	Q4 22	Q1 23	Q2 23	Q3 23	Q4 23E
Net sales	53	52	59	74	62	59	65	75	69	64	70	82
Sales growth	80%	78%	79%	98%	16%	13%	10%	2%	11%	9%	8%	10%
of which organic	9%	9%	9%	9%	-9%	-2%	0%	-5%	5%	10%	5%	5%
of which FX	3%	2%	1%	1%	-2%	-2%	-2%	-2%	-3%	-5%	-5%	-4%
of which structural	68%	67%	70%	88%	27%	16%	12%	10%	9%	4%	9%	9%
Other operating income	0.9	0.7	0.5	0.9	0.7	0.8	0.6	0.7	0.6	0.7	0.5	0.7
Materials and services	-33	-30	-33	-42	-34	-32	-36	-42	-37	-35	-38	-44
Gross profit	20.5	22.5	24.8	31.8	28.1	26.6	28.8	33.7	32.1	29.3	32.3	38.0
Gross margin %	38.3%	43.2%	42.3%	43.2%	45.3%	45.4%	44.4%	44.8%	46.5%	45.7%	45.9%	46.1%
Staff costs	-9	-12	-11	-15	-14	-14	-12	-15	-14	-15	-14	-16
Other operating costs	-4	-4	-5	-7	-6	-6	-6	-10	-7	-7	-7	-9
EBITDA	7.5	7.0	10.5	11.0	8.9	6.6	11.1	10.1	11.1	8.6	12.1	12.8
EBITDA margin %	14.0%	13.4%	17.9%	15.0%	14.3%	11.2%	17.1%	13.4%	16.1%	13.4%	17.3%	15.5%
D&A	-2.4	-3.6	-3.2	-3.8	-3.9	-4.0	-4.3	-4.8	-4.5	-4.6	-4.6	-4.6
of which depreciations	-1.8	-2.9	-2.5	-3.0	-3.1	-3.2	-3.4	-3.9	-3.6	-3.8	-3.7	-3.8
of which amortizations	-0.5	-0.7	-0.7	-0.7	-0.8	-0.8	-0.9	-0.9	-0.9	-0.8	-0.8	-0.9
EBITA	5.7	4.1	8.0	8.0	5.7	3.4	7.7	6.2	7.5	4.8	8.4	9.0
NRI	-1.0	-0.6	-0.3	-0.7	-0.5	-0.4	-0.3	-1.7	-0.1	0.0	-0.2	0.0
Adj. EBITA	6.7	4.7	8.3	8.7	6.2	3.8	7.9	7.9	7.6	4.8	8.6	9.0
Adj. EBITA margin %	12.5%	9.0%	14.1%	11.8%	10.0%	6.5%	12.3%	10.5%	11.0%	7.5%	12.2%	11.0%
-growth y/y					-7%	-19%	-4%	-9%	23%	27%	8%	14%
EBIT	5.1	3.4	7.3	7.3	5.0	2.6	6.8	5.3	6.6	4.0	7.5	8.2
EBIT margin %	9.6%	6.5%	12.4%	9.9%	8.0%	4.4%	10.5%	7.1%	9.6%	6.2%	10.7%	9.9%
Net financials	-1.6	-0.5	-1.2	-1.2	-1.2	-1.9	-1.7	-1.6	-2.1	-2.8	-1.5	-1.9
PTP	3.5	2.8	6.1	6.1	3.8	0.7	5.1	3.7	4.5	1.1	6.0	6.3
Tax	-0.9	-0.7	-1.5	-0.9	-1.1	-0.7	-1.4	0.1	-1.6	-1.0	-1.7	-1.2
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
Net profit for equity	2.6	2.1	4.6	5.2	2.7	0.0	3.7	3.7	2.9	0.2	4.3	5.0
Net profit	2.6	2.1	4.6	5.2	2.7	0.0	3.7	3.7	2.9	0.2	4.3	5.0
EPS (undiluted)	0.14	0.12	0.25	0.29	0.15	0.00	0.21	0.21	0.16	0.01	0.24	0.28

Source: Company data and Nordea estimates

DETAILED ANNUAL ESTIMATES (EURm; DPS AND EPS IN EUR)

EURm	2018	2019	2020	2021	2022	2023E	2024E	2025E
Net sales	72	99	129	238	261	286	309	320
Sales growth	20%	37%	30%	84%	10%	10%	8%	4%
of which organic	10%	2%	3%	9%	-4%	6%	4%	4%
of which FX	0%	-1%	1%	2%	-2%	-4%	0%	0%
of which structural	10%	36%	27%	74%	15%	8%	5%	0%
Other operating income	0.4	0.5	1.0	3.1	2.8	2.5	2.6	2.6
Materials and services	-48	-66	-84	-138	-143	-154	-166	-171
Gross profit	24.3	33.1	45.0	99.6	117.2	131.7	143.3	149.0
Gross margin %	33.6%	33.4%	34.9%	41.9%	45.0%	46.1%	46.4%	46.6%
Staff costs	-10	-12	-17	-47	-55	-59	-64	-66
Other operating costs	-6	-8	-10	-20	-28	-30	-31	-32
EBITDA	8.7	13.3	19.1	36.0	36.6	44.6	50.8	54.4
EBITDA margin %	12.1%	13.5%	14.8%	15.1%	14.0%	15.6%	16.4%	17.0%
D&A	-3.0	-5.5	-8.0	-13.0	-16.9	-18.3	-19.0	-19.2
of which depreciations	-0.3	-0.4	-0.4	-10.3	-13.6	-14.8	-15.4	-15.5
of which amortizations	-2.7	-5.1	-7.6	-2.7	-3.3	-3.5	-3.6	-3.7
EBITA	8.4	13.0	18.7	25.7	23.0	29.8	35.4	38.9
NRI	0.0	0.0	0.0	-2.6	-2.8	-0.3	0.0	0.0
Adj. EBITA	8.4	13.0	18.7	28.3	25.8	30.1	35.4	38.9
Adj. EBITA margin %	11.6%	13.1%	14.5%	11.9%	9.9%	10.5%	11.5%	12.1%
-growth y/y	4%	55%	44%		-12%	16%	18%	10%
EBIT	5.7	7.9	11.1	23.0	19.6	26.3	31.8	35.2
EBIT margin %	7.9%	7.9%	8.6%	9.7%	7.5%	9.2%	10.3%	11.0%
Net financials	-0.9	-5.4	-0.7	-4.6	-6.5	-8.4	-7.1	-6.6
PTP	4.8	2.5	10.4	18.5	13.2	17.9	24.7	28.5
Tax	-1.5	-1.9	-3.4	-4.1	-3.1	-5.4	-5.9	-6.8
Minority interest	-0.2	-0.2	-0.1	0.0	0.0	0.0	0.0	0.0
Net profit for equity	3.1	0.4	6.9	14.3	10.1	12.5	18.7	21.8
Net profit	3.3	0.6	7.0	14.4	10.1	12.5	18.7	21.8
EPS (undiluted)	0.36	0.03	0.41	0.80	0.56	0.69	1.03	1.20
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 for B2C, mainly due to lower consumer confidence and high inflation.

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 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>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>Dependence on suppliers</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 pandemic 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>Risks related to expansion</p> <p>Relais' 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>Dependence 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' 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 the acquired companies, this could directly impact sales and earnings.</p>
A share issue could dilute current shareholders' ownership	<p>Financial position</p> <p>Relais has high growth ambitions, 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 shows a considerable 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.

Tech failures 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
Total revenue	54	59	60	72	99	129	238	261	286	309	320
Revenue growth	28.6%	9.1%	2.6%	19.9%	36.6%	30.3%	84.5%	9.6%	9.6%	8.1%	3.5%
of which organic	8.8%	9.5%	-0.8%	9.5%	2.0%	3.0%	9.1%	-4.1%	6.1%	3.5%	3.5%
of which FX	0.0%	0.0%	0.0%	0.0%	-1.1%	0.7%	1.5%	-2.0%	-4.0%	0.0%	0.0%
EBITDA	0	9	8	9	13	19	36	37	45	51	54
Depreciation and impairments PPE	0	0	0	0	0	0	-10	-14	-15	-15	-16
of which leased assets	0	0	0	0	0	0	-7	-9	-13	-13	-13
EBITA	0	9	8	8	13	19	26	23	30	35	39
Amortisation and impairments	0	-2	-2	-3	-5	-8	-3	-3	-3	-4	-4
EBIT	n.a.	7	6	6	8	11	23	20	26	32	35
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
Pre-tax profit	0	4	5	5	2	10	18	13	18	25	29
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	13	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	12	19	22
EPS, EUR	n.a.	0.22	0.42	0.34	0.03	0.39	0.77	0.54	0.66	1.00	1.16
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%	15.6%	16.4%	17.0%
EBITA	0.0%	14.5%	13.4%	11.6%	13.1%	14.5%	10.8%	8.8%	10.4%	11.5%	12.1%
EBIT	n.a.	11.6%	10.2%	7.9%	7.9%	8.6%	9.7%	7.5%	9.2%	10.3%	11.0%

Adjusted earnings

EBITDA (adj)	0	11	8	9	13	19	39	39	45	51	54
EBITA (adj)	0	10	8	8	13	19	28	26	30	35	39
EBIT (adj)	0	8	6	6	8	11	26	22	27	32	35
EPS (adj, EUR)	n.a.	0.40	0.42	0.34	0.29	0.39	0.91	0.69	0.68	1.00	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%	15.7%	16.4%	17.0%
EBITA (adj)	0.0%	17.3%	13.4%	11.6%	13.1%	14.5%	11.9%	9.9%	10.5%	11.5%	12.1%
EBIT (adj)	0.0%	14.4%	10.2%	7.9%	7.9%	8.6%	10.8%	8.6%	9.3%	10.3%	11.0%

Performance metrics

CAGR last 5 years											
Net revenue	17.6%	16.0%	14.3%	17.8%	18.7%	19.0%	32.2%	34.0%	31.6%	25.6%	19.9%
EBITDA	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	32.1%	34.4%	38.6%	30.7%	23.2%
EBIT	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	27.5%	26.2%	35.7%	32.3%	26.0%
EPS	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	28.6%	5.2%	14.3%	99.8%	24.5%
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%	8.7%	9.2%	9.6%
Average EBITDA margin	0.0%	4.1%	7.0%	9.0%	11.4%	13.9%	14.3%	14.2%	14.8%	15.3%	15.7%

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	16.7	11.4	9.8
EV/EBITDA (adj)	n.a.	n.a.	n.a.	n.a.	10.2	15.3	16.4	8.5	8.0	6.9	6.2
EV/EBITA (adj)	n.a.	n.a.	n.a.	n.a.	10.5	15.6	22.3	13.0	12.0	9.9	8.7
EV/EBIT (adj)	n.a.	n.a.	n.a.	n.a.	17.3	26.3	24.6	14.9	13.5	11.1	9.6

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	17.1	11.4	9.8
EV/Sales	n.a.	n.a.	n.a.	n.a.	1.37	2.26	2.66	1.28	1.26	1.14	1.06
EV/EBITDA	n.a.	n.a.	n.a.	n.a.	10.2	15.3	17.5	9.1	8.1	6.9	6.2
EV/EBITA	n.a.	n.a.	n.a.	n.a.	10.5	15.6	24.5	14.6	12.1	9.9	8.7
EV/EBIT	n.a.	n.a.	n.a.	n.a.	17.3	26.3	27.4	17.0	13.7	11.1	9.6
Dividend yield (ord.)	n.a.	n.a.	n.a.	n.a.	1.2%	2.0%	1.4%	3.9%	3.7%	4.1%	4.6%
FCF yield	n.a.	n.a.	n.a.	n.a.	-61.8%	2.8%	-10.2%	6.6%	7.8%	13.2%	17.0%
FCF Yield bef A&D, lease adj	n.a.	n.a.	n.a.	n.a.	1.4%	6.0%	0.5%	9.4%	6.1%	8.0%	10.8%
Payout ratio	n.a.	0.0%	0.0%	0.0%	33.9%	77.4%	39.7%	58.2%	61.8%	47.1%	44.8%

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	134	132	129
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	119	117	114
Tangible assets	0	0	0	0	0	0	59	57	49	49	48
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	183	181	178
Inventory	0	26	27	29	43	44	73	68	71	77	80
Accounts receivable	0	5	8	8	12	13	34	33	36	39	40
Short-term leased assets	0	0	0	0	0	0	0	0	13	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	0	-2	-3
Total current assets	0	35	37	42	88	95	119	119	126	132	136
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.
Total assets	0	40	44	47	142	154	308	309	309	314	314
Shareholders equity	0	6	11	17	64	72	102	104	109	120	134
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	109	120	134
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	133	123	108
Short-term provisions	0	0	0	0	0	0	0	0	0	0	0
Accounts payable	0	3	4	4	7	9	46	35	39	42	43
Current lease debt	0	0	0	0	0	0	11	12	13	13	13
Other current liabilities	0	3	4	5	6	8	0	7	7	8	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	66	70	72
Liabilities for assets held for sale	0	0	0	0	0	0	0	0	0	0	0
Total liabilities and equity	0	40	45	48	143	155	308	309	309	314	314
Balance sheet and debt metrics											
Net debt	0	22	22	18	35	28	140	143	147	139	125
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	66	72	74
Invested capital	0	33	35	36	100	103	250	254	250	253	252
Capital employed	0	32	37	37	128	135	254	260	256	257	256
ROE	n.m.	64.1%	44.7%	22.7%	1.0%	10.2%	16.5%	9.8%	11.7%	16.3%	17.2%
ROIC	n.m.	40.5%	14.2%	12.7%	9.1%	8.6%	11.5%	7.0%	8.3%	10.0%	11.0%
ROCE	n.m.	53.4%	17.9%	15.7%	9.6%	10.1%	13.8%	10.6%	11.4%	13.2%	14.6%
Net debt/EBITDA	n.m.	2.5	2.6	2.0	2.6	1.5	3.9	3.9	3.3	2.7	2.3
Interest coverage	n.a.	9.3	7.1	6.0	1.5	4.6	4.2	2.2	2.6	3.6	4.2
Equity ratio	n.m.	15.2%	23.8%	34.7%	44.5%	46.5%	33.1%	33.6%	35.3%	38.3%	42.5%
Net gearing	n.m.	244.3%	152.2%	102.0%	54.3%	39.1%	136.5%	137.4%	134.1%	115.6%	93.3%

Source: Company data and Nordea estimates

CASH FLOW STATEMENT

EURm	2015	2016	2017	2018	2019	2020	2021	2022	2023E	2024E	2025E
EBITDA (adj) for associates	0	9	8	9	13	19	36	37	45	51	54
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
Funds from operations (FFO)	0	0	0	6	5	15	24	29	31	38	41
Change in NWC	0	0	0	-2	-3	1	-12	0	-3	-5	-3
Cash flow from operations (CFO)	0	0	0	3	2	16	12	29	28	32	38
Capital expenditure	0	0	0	0	0	0	-2	-2	-2	-2	-2
Free cash flow before A&D	0	0	0	3	1	16	9	27	26	30	36
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	-9	-2	0
Free cash flow	0	0	0	2	-63	7	-50	13	17	28	36
Free cash flow bef A&D, lease adj	0	0	0	3	1	16	2	18	13	17	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	-13	-13	-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	-13	-2	0
Cash flow metrics											
Capex/D&A	n.m.	0.0%	0.0%	6.9%	7.3%	2.5%	17.6%	10.2%	10.9%	11.1%	11.5%
Capex/Sales	0.0%	0.0%	0.0%	0.3%	0.4%	0.2%	1.0%	0.7%	0.7%	0.7%	0.7%
Key information											
Share price year end (/current)	n.a.	n.a.	n.a.	n.a.	8	15	26	10	11	11	11
Market cap.	n.a.	n.a.	n.a.	n.a.	101	263	492	192	213	213	213
Enterprise value	n.a.	n.a.	n.a.	n.a.	136	292	632	334	360	352	338
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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