

## Relais Group Oyj

Consumer Goods  
Finland

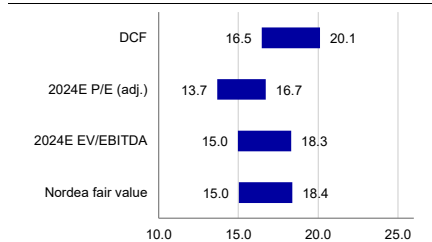
## KEY DATA

Stock country	Finland
Bloomberg	RELAIS.FH
Reuters	RELAIS.HE
Share price (close)	EUR 12.65
Free float	36%
Market cap. (bn)	EUR 0.24/EUR 0.24
Website	www.relais.fi
Next report date	08 May 2024

## PERFORMANCE



## VALUATION APPROACH (EUR/SHARE)



## ESTIMATE CHANGES

Year	2024E	2025E	2026E
Sales	0%	0%	0%
EBIT (adj)	-2%	-2%	-2%

Source: Nordea estimates

## Nordea IB &amp; Equity - Analysts

Joni Sandvall  
AnalystSanna Perälä  
Analyst

## Solid starting point for 2024

Relais' Q4 EBITA fell short of LSEG Data & Analytics consensus, most likely due to soft lighting sales. The Repair and Maintenance business continued to gain customers, while spare parts sales could see an uptick in Q1 due to the cold start to the year. Management appeared fairly confident that profitable growth will continue, although it expects the Finnish market to remain challenging in 2024. M&A is still on the table, but we believe any major acquisition would require the use of own shares or equity-like financing. We make only minor estimate revisions and derive a slightly lower DCF- and multiples-based fair value of EUR 15.0-18.4 (15.4-18.8).

## Lighting season was not a strong one

Relais' Q4 net sales of EUR 80.9m fell 2% short of LSEG Data & Analytics consensus. On an organic basis, sales increased by 1% y/y. EBITA of EUR 7.8m came in 11% below consensus, partly explained by a 11% y/y sales decline in lighting sales. Weak consumer demand was apparent, especially for the online channels in the seasonally important Q4. The Repair and Maintenance business saw a stable development and Relais was able to gain market shares in Finland and Sweden. Spare parts sales increased clearly and the company saw a pickup in the market during January, following a long period of cold weather, which likely supported Relais' electricity-related spare parts sales in Q1. Overall, management appeared fairly confident in the 2024 development, although it noted a tough market environment in Finland. The dividend proposal of EUR 0.44 was ahead of consensus' expectation at EUR 0.41.

## We expect 3% organic growth for 2024

We leave our 2024E-26E top line intact and trim adjusted EBITA by 2%, mainly due to slightly lower gross margin assumptions. Relais has not provided guidance for 2024. We model 3% organic growth and an 80bp adjusted EBITA margin increase in 2024. We expect the market to recover towards year-end and Q1 should be supported by strong spare parts sales.

## Leverage is slightly elevated considering possible M&amp;A

Relais targets EUR 50m in pro forma EBITA by 2025. The company is clearly aiming for additional bolt-on acquisitions, although we consider its leverage (3.5x in 2023) slightly elevated. Relais has strong cash flows, which could allow relatively fast organic deleveraging. In the event of a suitable major acquisition, we believe it could use equity-type financing.

## SUMMARY TABLE - KEY FIGURES

EURm	2020	2021	2022	2023	2024E	2025E	2026E
Total revenue	129	238	261	284	310	321	332
EBITDA (adj)	19	39	39	44	50	54	58
EBIT (adj)	11	26	22	25	30	34	38
EBIT (adj) margin	8.6%	10.8%	8.6%	9.0%	9.7%	10.6%	11.3%
EPS (adj, EUR)	0.39	0.91	0.69	0.75	0.92	1.12	1.31
EPS (adj) growth	31.5%	133.9%	-24.2%	8.8%	23.2%	21.9%	16.4%
DPS (ord, EUR)	0.30	0.36	0.40	0.44	0.48	0.52	0.60
EV/Sales	2.3	2.7	1.3	1.4	1.2	1.2	1.1
EV/EBIT (adj)	26.3	24.6	14.9	15.8	12.8	10.9	9.5
P/E (adj)	37.9	29.0	14.8	18.1	13.7	11.3	9.7
P/BV	3.7	4.8	1.8	2.3	2.0	1.8	1.6
Dividend yield (ord)	2.0%	1.4%	3.9%	3.3%	3.8%	4.1%	4.7%
FCF Yield bef A&D, lease	6.0%	0.5%	9.4%	5.4%	5.9%	8.9%	10.3%
Net debt	28	140	143	149	146	133	118
Net debt/EBITDA	1.5	3.9	3.9	3.4	2.9	2.5	2.0
ROIC after tax	8.6%	11.5%	7.0%	7.7%	9.0%	10.4%	11.5%

Source: Company data and Nordea estimates

# Q4 results and estimate revisions

Relais reported Q4 2023 adjusted EBITA of EUR 7.8m, 11% below LSEG Data & Analytics consensus and 12% below our estimate. Organic sales growth was 1% y/y in Q4, slightly below our expectation of 4%. Net sales were EUR 80.9m (up 8% y/y), 2% below consensus. FX had a negative impact of EUR 0.2m on an EBITA level, the result of the weak SEK. Q4 sales declined 1% organically in Repair and Maintenance, while Technical Wholesale and Products declined 2% on an organic basis.

Relais has continued to strengthen its market position in Repair and Maintenance, both in Finland and Sweden. Lighting sales declined 8% y/y at comparable exchange rates. Sales increased 18% y/y in Scandinavia, but were down 3% y/y in Finland-Baltics, reflecting acquisitions and a weaker market in Finland. Lighting sales were burdened by weak consumer demand for discretionary products, especially visible in online sales channels. The gross margin came in 250bp below consensus expectations and was down 120bp y/y, to 43.6%. This mainly relates to mix change and weaker-than-anticipated lighting sales. EPS of EUR 0.35 came in above consensus of EUR 0.27, supported by positive FX differences related to SEK-denominated interest-bearing loans and internal loan receivables, and taxes. The dividend proposal of EUR 0.44 was above consensus of EUR 0.41, and is set to be paid in two instalments. Operating cash flow declined y/y, as expected, and was EUR 8.4m (EUR 17.2m a year ago, supported by the release of net working capital). Relais did not give a short-term outlook for 2024.

## Q4 DEVIATION TABLE (EURm; EPS IN EUR)

EURm	Actual	NDA est.	Deviation		Consensus	Deviation		Actual	Actual		
	Q4 2023	Q4 2023E	vs. actual	vs. actual	Q4 2023E	vs. actual	Q3 2023	q/q	Q4 2022	y/y	
<b>Sales</b>	<b>80.9</b>	<b>83.1</b>	<b>-2</b>	<b>-3%</b>	<b>82.5</b>	<b>-2</b>	<b>-2%</b>	<b>70.3</b>	<b>15%</b>	<b>75.2</b>	<b>8%</b>
Gross profit	35.3	38.2	-2.9	-8%	38	-2.7	-7%	32.3	9%	33.7	
<b>Gross margin</b>	<b>43.6%</b>	<b>46.0%</b>	<b>-2.4pp</b>	<b>-2.4pp</b>	<b>46.1%</b>	<b>-2.5pp</b>	<b>-2.5pp</b>	<b>45.9%</b>	<b>-2.3pp</b>	<b>44.8%</b>	<b>-1.2pp</b>
<b>Adj. EBITA</b>	<b>7.8</b>	<b>8.8</b>	<b>(1.0)</b>	<b>-12%</b>	<b>8.8</b>	<b>-1.0</b>	<b>-11%</b>	<b>8.6</b>	<b>-9%</b>	<b>7.9</b>	<b>-1%</b>
Adj. EBITA margin	9.6%	10.6%	-1.0pp	-1.0pp	10.7%	-1.0pp	-1.0pp	12.2%	-2.6pp	10.5%	-0.9pp
EBITA	7.8	8.8	-1.0	-12%	8.8	-1.0	-11%	8.4	-7%	6.2	26%
EBITA margin	9.6%	10.6%	-1.0pp	-1.0pp	10.7%	-1.0pp	-1.0pp	11.9%	-2.3pp	8.2%	1.4pp
EBIT	7.0	8.0	-1.0	-12%	8.0	-1.0	-13%	7.5	-8%	5.3	31%
EBIT margin	8.6%	9.6%	-1.0pp	-1.0pp	9.7%	-1.1pp	-1.1pp	10.7%	-2.1pp	7.1%	1.6pp
PTP	6.1	6.1	0.0	0%	6.5	-0.4	-7%	6.0	1%	3.7	65%
EPS	0.35	0.27		28%	0.27	0.08	30%	0.23		0.20	
DPS	0.44	0.40		10%	0.41	0.04	7%			0.36	22%
<b>Sales split</b>											
Equipment	16.0	14.7	1.3	9%				13.3	20%	9.5	68%
Lighting	19.5	21.3	-1.7	-8%				15.6	25%	21.9	-11%
Spare parts	22.4	23.0	-0.6	-3%				20.7	8%	19.9	12%
Repair and maintenance	23.1	24.2	-1.1	-5%				21.4	8%	23.6	-2%
Other	0.0	0.0	0.0					-0.8	-101%	0.2	-97%

Source: Company data, LSEG Data & Analytics and Nordea estimates

## Estimate revisions

We make only minor estimate revisions following the Q4 report. We trim 2024E-26E adjusted EBITA by 2%, mainly driven by slightly lower gross margin assumptions.

**ESTIMATE REVISIONS (EURm; EPS AND DPS IN EUR)**

EURm	New estimates				Old estimates				Difference %			
	Q1 2024E	2024E	2025E	2026E	Q1 2024E	2024E	2025E	2026E	Q1 2024E	2024E	2025E	2026E
<b>Sales</b>	<b>76.9</b>	<b>310</b>	<b>321</b>	<b>332</b>	n.a.	<b>311</b>	<b>322</b>	<b>333</b>	n.a.	<b>0%</b>	<b>0%</b>	<b>0%</b>
Gross profit	35.0	142	149	154	n.a.	144	150	156	n.a.	-1%	-1%	-1%
<b>Gross margin</b>	<b>45.5%</b>	<b>45.9%</b>	<b>46.3%</b>	<b>46.5%</b>	n.a.	<b>46.2%</b>	<b>46.6%</b>	<b>46.8%</b>	n.a.	-0.3pp	-0.3pp	-0.3pp
<b>Adj. EBITA</b>	<b>8.6</b>	<b>33.7</b>	<b>37.9</b>	<b>41.4</b>	n.a.	<b>34.5</b>	<b>38.7</b>	<b>42.3</b>	n.a.	<b>-2%</b>	<b>-2%</b>	<b>-2%</b>
Adj. EBITA margin	11.2%	10.9%	11.8%	12.5%	n.a.	11.1%	12.0%	12.7%	n.a.	-0.2pp	-0.2pp	-0.2pp
EBITA	8.6	33.7	37.9	41.4	n.a.	34.5	38.7	42.3	n.a.	-2%	-2%	-2%
EBITA margin	11.2%	10.9%	11.8%	12.5%	n.a.	11.1%	12.0%	12.7%	n.a.	-0.2pp	-0.2pp	-0.2pp
EBIT	7.8	30.0	34.2	37.6	n.a.	30.5	34.7	38.2	n.a.	-2%	-2%	-2%
EBIT margin	10.1%	9.7%	10.6%	11.3%	n.a.	9.8%	10.8%	11.5%	n.a.	-0.1pp	-0.1pp	-0.2pp
PTP	5.9	23.0	27.7	32.1	n.a.	23.5	28.2	32.7	n.a.	-2%	-2%	-2%
EPS	0.24	0.92	1.12	1.31	n.a.	0.94	1.14	1.33	n.a.	-2%	-2%	-2%
DPS		0.48	0.52	0.60		0.46	0.52	0.60		4%	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 slightly lower fair valuation range of EUR 15.0-18.4 (15.4-18.8) 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		
	2023E	2024E	2025E	2023E	2024E	2025E	2023E	2024E	2025E	2023	2024E	2025E
<b>Peer group</b>												
Advance Auto Parts Inc	0.4x	0.4x	0.4x	10.1x	6.1x	5.7x	37.2x	11.1x	10.1x	143.0	18.7	15.8
Auto Partner Sa	1.1x	0.9x	0.7x	10.7x	9.0x	7.5x	12.2x	10.3x	8.5x	16.3	13.2	10.7
Autozone Inc	3.5x	3.3x	3.2x	15.3x	13.8x	13.3x	17.3x	15.8x	15.3x	23.0	20.2	18.5
Inter Cars Sa	0.6x	0.5x	0.5x	7.7x	7.2x	6.5x	8.8x	8.3x	7.6x	9.7	8.9	7.9
Camping World Holdings Inc	0.9x	0.8x	0.8x	18.6x	14.5x	11.7x	19.5x	14.2x	11.7x	33.8	23.9	12.9
Dometic Group Ab (Publ)	1.4x	1.4x	1.4x	8.8x	8.7x	7.8x	11.1x	11.7x	10.1x	12.9	13.5	10.8
Halfords Group Plc	0.5x	0.4x	0.4x	3.8x	4.0x	3.8x	11.3x	14.2x	13.0x	8.9	12.7	11.7
Meko Ab	0.7x	0.6x	0.6x	6.5x	5.8x	5.5x	11.9x	10.6x	9.5x	12.3	9.3	7.9
O'Reilly Automotive Inc	4.3x	4.0x	3.8x	19.0x	17.7x	16.7x	21.4x	20.1x	19.0x	27.8	25.4	22.9
Thule Group Ab	3.4x	3.1x	2.9x	17.4x	14.9x	13.2x	18.0x	17.3x	15.0x	26.2	22.0	18.9
<b>Peer group average</b>	<b>1.7x</b>	<b>1.6x</b>	<b>1.5x</b>	<b>11.8x</b>	<b>10.2x</b>	<b>9.2x</b>	<b>16.9x</b>	<b>13.3x</b>	<b>12.0x</b>	<b>31.4</b>	<b>16.8</b>	<b>13.8</b>
<b>Peer group median</b>	<b>1.0x</b>	<b>0.9x</b>	<b>0.7x</b>	<b>10.4x</b>	<b>8.9x</b>	<b>7.6x</b>	<b>14.8x</b>	<b>12.9x</b>	<b>10.9x</b>	<b>19.6x</b>	<b>16.1x</b>	<b>12.3</b>
<b>US peers' average</b>	<b>2.3x</b>	<b>2.1x</b>	<b>2.0x</b>	<b>15.8x</b>	<b>13.0x</b>	<b>11.8x</b>	<b>23.9x</b>	<b>15.3x</b>	<b>14.0x</b>	<b>56.9x</b>	<b>22.0x</b>	<b>17.5x</b>
<b>European peers' average</b>	<b>1.3x</b>	<b>1.2x</b>	<b>1.1x</b>	<b>9.2x</b>	<b>8.3x</b>	<b>7.4x</b>	<b>12.2x</b>	<b>12.0x</b>	<b>10.6x</b>	<b>14.4x</b>	<b>13.3x</b>	<b>11.3x</b>
<b>Relais (Nordea)</b>	<b>1.4x</b>	<b>1.2x</b>	<b>1.1x</b>	<b>9.0x</b>	<b>7.5x</b>	<b>6.7x</b>	<b>15.5x</b>	<b>12.4x</b>	<b>10.6x</b>	<b>18.1x</b>	<b>13.6x</b>	<b>11.2x</b>
<b>difference to median</b>	<b>45%</b>	<b>41%</b>	<b>52%</b>	<b>-14%</b>	<b>-16%</b>	<b>-13%</b>	<b>5%</b>	<b>-4%</b>	<b>-3%</b>	<b>-8%</b>	<b>-15%</b>	<b>-9%</b>
<b>Compounders</b>												
Addtech Ab	3.4	3.1	3.0	22.1	19.5	19.2	29.3	26.0	25.2	41.2	36.2	34.7
Bergman & Beving Ab	1.4	1.4	1.3	11.4	9.8	9.1	19.2	15.8	14.9	23.8	22.2	18.9
Beijer Alma Ab	1.8	1.7	1.6	10.0	9.0	8.5	14.0	12.4	11.3	21.1	17.6	15.0
Beijer Ref Ab (Publ)	2.0	1.9	1.8	15.7	14.7	13.5	19.9	18.4	16.9	28.4	30.8	26.8
Bufab Ab (Publ)	2.1	2.1	2.0	14.5	15.0	13.8	18.6	17.0	15.9	25.8	22.9	19.2
Indutrade Ab	3.3	3.3	3.1	18.6	18.6	17.8	25.5	24.6	23.5	34.6	33.3	30.3
Lagercrantz Group Ab	4.5	3.9	3.7	22.4	19.1	17.8	30.6	25.8	23.9	41.2	34.2	31.0
Lifco Ab (Publ)	5.1	4.8	4.6	19.7	19.7	18.4	26.1	25.8	23.9	38.2	39.0	35.2
Sdiptech Ab (Publ)	2.6	2.3	2.1	12.3	10.1	9.1	15.0	13.9	12.3	21.3	17.1	14.3
Volati Ab	1.4	1.3	1.3	11.3	10.1	9.2	15.4	15.2	13.1	16.9	17.9	15.0
<b>Compounders average</b>	<b>2.8</b>	<b>2.6</b>	<b>2.4</b>	<b>15.8</b>	<b>14.6</b>	<b>13.6</b>	<b>21.4</b>	<b>19.5</b>	<b>18.1</b>	<b>29.3</b>	<b>27.1</b>	<b>24.0</b>
<b>Compounders median</b>	<b>2.3</b>	<b>2.2</b>	<b>2.0</b>	<b>15.1</b>	<b>14.8</b>	<b>13.7</b>	<b>19.6</b>	<b>17.7</b>	<b>16.4</b>	<b>27.1</b>	<b>26.8</b>	<b>23.0</b>
<b>Total average</b>	<b>2.2</b>	<b>2.1</b>	<b>1.9</b>	<b>13.8</b>	<b>12.4</b>	<b>11.4</b>	<b>19.1</b>	<b>16.4</b>	<b>15.0</b>	<b>30.3</b>	<b>21.9</b>	<b>18.9</b>
<b>Total median</b>	<b>1.9</b>	<b>1.8</b>	<b>1.7</b>	<b>13.4</b>	<b>12.0</b>	<b>10.5</b>	<b>18.3</b>	<b>15.5</b>	<b>14.0</b>	<b>24.8</b>	<b>21.1</b>	<b>17.2</b>
<b>Total average (70%/30%)</b>	<b>1.9</b>	<b>1.8</b>	<b>1.7</b>	<b>12.6</b>	<b>11.1</b>	<b>10.1</b>	<b>17.8</b>	<b>14.6</b>	<b>13.2</b>	<b>31.0</b>	<b>18.8</b>	<b>15.8</b>
<b>Total median (70%/30%)</b>	<b>1.4</b>	<b>1.3</b>	<b>1.1</b>	<b>11.8</b>	<b>10.7</b>	<b>9.4</b>	<b>16.2</b>	<b>14.3</b>	<b>12.5</b>	<b>21.9</b>	<b>19.3</b>	<b>15.5</b>
<b>Relais (Nordea)</b>	<b>1.4</b>	<b>1.2</b>	<b>1.1</b>	<b>9.0</b>	<b>7.5</b>	<b>6.7</b>	<b>15.5</b>	<b>12.4</b>	<b>10.6</b>	<b>18.1</b>	<b>13.6</b>	<b>11.2</b>
<b>difference to weighted median</b>	<b>1%</b>	<b>-5%</b>	<b>-1%</b>	<b>-24%</b>	<b>-30%</b>	<b>-29%</b>	<b>-4%</b>	<b>-13%</b>	<b>-16%</b>	<b>-17%</b>	<b>-29%</b>	<b>-28%</b>

Source: LSEG Data & Analytics (as of 6 March 2024) and Nordea estimates

### EV/EBITDA-based valuation of EUR 15.0-18.3 per share

Based on our EUR 49.7m EBITDA estimate for 2024 and an accepted valuation multiple range of 8.4-9.6x (midpoint: 9x), we arrive at a fair value range of EUR 15.0-18.3 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 10.7x for 2024E.

### P/E-based valuation of EUR 13.7-16.7 per share

Using a EUR 0.92 EPS estimate for 2024, we arrive at a fair value range of EUR 13.7-16.7 per share using P/E multiples of 14.9-18.2x (midpoint: 16.5x). 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 19.3x for 2024E.

### DCF-based valuation of EUR 16.5-20.1 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 3.2% for 2024-29, 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 60%.

WACC COMPONENTS	
<b>WACC components</b>	
Risk-free interest rate	3.5%
Market risk premium	4.0%
Forward looking asset beta	nm
Beta debt	0.1
Forward looking equity beta	1.6-2.1
Cost of equity	9.8-11.8%
Cost of debt	4.0%
Tax-rate used in WACC	21%
Equity weight	60%
<b>WACC</b>	<b>7.1-8.4%</b>

Source: Nordea estimates

DCF VALUATION (EUR)		
DCF value	Value	Per share
NPV FCFF	456-526	24-27.6
(Net debt)	-149	-7.9
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	6	0.3
<b>DCF Value</b>	<b>313-383</b>	<b>16.5-20.1</b>

Source: Nordea estimates

### DCF ASSUMPTIONS

Averages and assumptions	2024-29	2030-34	2035-39	2040-44	2045-49	2050-54	Sust.
Sales growth, CAGR	3.2%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
EBIT-margin, excluding associates	11.5%	13.0%	13.0%	13.0%	13.0%	5.0%	
Capex/depreciation, x	0.9	1.0	1.0	1.0	1.0	1.0	
Capex/sales	5.3%	5.3%	5.3%	5.3%	5.3%	5.3%	
NWC/sales	24%	24%	24%	24%	24%	24%	
FCFF, CAGR	15.4%	3.4%	2.5%	2.5%	2.5%	-19.1%	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 18.2-25.0 per share.

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

- A +/-1pp sales growth change translates into a change of +/-8% in the fair value

		WACC				
		6.7%	7.2%	7.7%	8.2%	8.7%
EBIT margin change	+1.0pp	25.1	22.4	20.1	18.2	16.5
	+0.5pp	23.9	21.4	19.2	17.4	15.7
	-0.5pp	22.7	20.3	18.3	16.5	15.0
	-1.0pp	21.4	19.2	17.4	15.7	14.3
		20.2	18.2	16.4	14.9	13.6

- A +/- 1pp EBIT margin change translates into a change of +/-10% in the fair value

		WACC				
		6.7%	7.2%	7.7%	8.2%	8.7%
Sales growth change	+1.0pp	24.9	22.2	19.9	17.9	16.2
	+0.5pp	23.7	21.2	19.1	17.2	15.6
	-0.5pp	22.7	20.3	18.3	16.5	15.0
	-1.0pp	21.7	19.5	17.6	15.9	14.5
		20.8	18.7	16.9	15.3	14.0

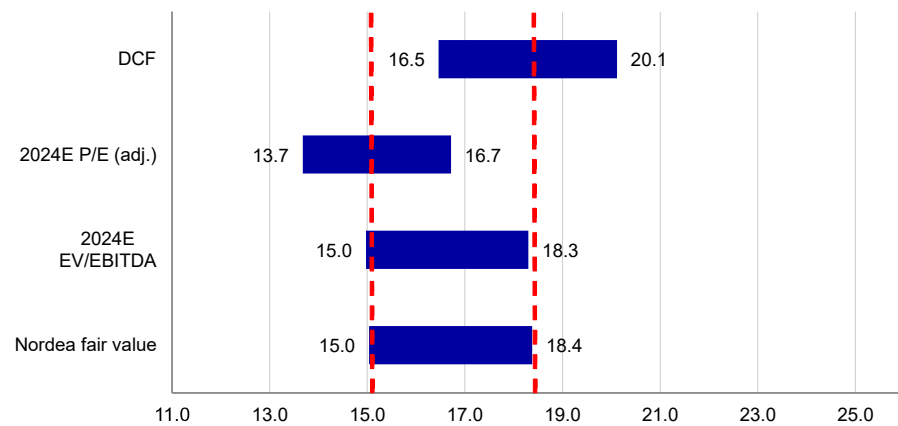
		Sales growth change				
		-1.0pp	-0.5pp	+0.5pp	+1.0pp	
EBIT margin change	+1.0pp	18.5	19.3	20.1	21.1	22.0
	+0.5pp	17.7	18.4	19.2	20.1	21.0
	-0.5pp	16.9	17.6	18.3	19.1	19.9
	-1.0pp	16.1	16.7	17.4	18.1	18.8
		15.3	15.8	16.4	17.1	17.8

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 15.0-18.4 (15.4-18.8) 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; EPS IN EUR)

EURm	Q1 22	Q2 22	Q3 22	Q4 22	Q1 23	Q2 23	Q3 23	Q4 23	Q1 24E	Q2 24E	Q3 24E	Q4 24E
<b>Net sales</b>	<b>62</b>	<b>59</b>	<b>65</b>	<b>75</b>	<b>69</b>	<b>64</b>	<b>70</b>	<b>81</b>	<b>77</b>	<b>71</b>	<b>76</b>	<b>87</b>
Sales growth	16%	13%	10%	2%	11%	9%	8%	8%	12%	10%	7%	7%
of which organic	-9%	-2%	0%	-5%	5%	10%	5%	1%	3%	1%	2%	6%
of which FX	-2%	-2%	-2%	-2%	-3%	-5%	-5%	-2%	0%	1%	3%	1%
of which structural	27%	16%	12%	10%	9%	4%	9%	9%	9%	8%	3%	0%
Other operating income	0.7	0.8	0.6	0.7	0.6	0.7	0.5	0.8	0.7	0.7	0.7	0.7
Materials and services	-34	-32	-36	-42	-37	-35	-38	-46	-42	-38	-41	-47
<b>Gross profit</b>	<b>28.1</b>	<b>26.6</b>	<b>28.8</b>	<b>33.7</b>	<b>32.1</b>	<b>29.3</b>	<b>32.3</b>	<b>35.3</b>	<b>35.0</b>	<b>32.4</b>	<b>34.9</b>	<b>40.0</b>
Gross margin %	45.3%	45.4%	44.4%	44.8%	46.5%	45.7%	45.9%	43.6%	45.5%	45.8%	46.3%	46.0%
Staff costs	-14	-14	-12	-15	-14	-15	-14	-16	-16	-16	-15	-17
Other operating costs	-6	-6	-6	-10	-7	-7	-7	-8	-7	-7	-7	-10
<b>EBITDA</b>	<b>8.9</b>	<b>6.6</b>	<b>11.1</b>	<b>10.1</b>	<b>11.1</b>	<b>8.6</b>	<b>12.1</b>	<b>11.7</b>	<b>12.6</b>	<b>9.7</b>	<b>13.6</b>	<b>13.7</b>
EBITDA margin %	14.3%	11.2%	17.1%	13.4%	16.1%	13.4%	17.3%	14.5%	16.4%	13.7%	18.0%	15.8%
D&A	-3.9	-4.0	-4.3	-4.8	-4.5	-4.6	-4.6	-4.8	-4.8	-4.9	-4.9	-5.0
of which depreciations	-3.1	-3.2	-3.4	-3.9	-3.6	-3.8	-3.7	-3.9	-4.0	-4.0	-4.0	-4.0
of which amortizations	-0.8	-0.8	-0.9	-0.9	-0.9	-0.8	-0.8	-0.8	-0.9	-0.9	-0.9	-1.0
EBITA	5.7	3.4	7.7	6.2	7.5	4.8	8.4	7.8	8.6	5.7	9.6	9.7
NRI	-0.5	-0.4	-0.3	-1.7	-0.1	0.0	-0.2	0.0	0.0	0.0	0.0	0.0
<b>Adj. EBITA</b>	<b>6.2</b>	<b>3.8</b>	<b>7.9</b>	<b>7.9</b>	<b>7.6</b>	<b>4.8</b>	<b>8.6</b>	<b>7.8</b>	<b>8.6</b>	<b>5.7</b>	<b>9.6</b>	<b>9.7</b>
Adj. EBITA margin %	10.0%	6.5%	12.3%	10.5%	11.0%	7.5%	12.2%	9.6%	11.2%	8.1%	12.7%	11.2%
-growth y/y	-7%	-19%	-4%	-9%	23%	27%	8%	-1%	14%	19%	12%	25%
<b>EBIT</b>	<b>5.0</b>	<b>2.6</b>	<b>6.8</b>	<b>5.3</b>	<b>6.6</b>	<b>4.0</b>	<b>7.6</b>	<b>7.0</b>	<b>7.8</b>	<b>4.8</b>	<b>8.7</b>	<b>8.7</b>
EBIT margin %	8.0%	4.4%	10.5%	7.1%	9.6%	6.2%	10.8%	8.6%	10.1%	6.8%	11.5%	10.1%
Net financials	-1.2	-1.9	-1.7	-1.6	-2.2	-2.8	-1.6	-0.9	-1.9	-1.8	-1.7	-1.6
PTP	3.8	0.7	5.1	3.7	4.5	1.1	6.0	6.1	5.9	3.0	7.0	7.1
Tax	-1.1	-0.7	-1.4	0.1	-1.6	-1.0	-1.7	0.2	-1.4	-0.8	-1.7	-1.7
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>2.7</b>	<b>0.0</b>	<b>3.7</b>	<b>3.7</b>	<b>2.9</b>	<b>0.2</b>	<b>4.3</b>	<b>6.3</b>	<b>4.4</b>	<b>2.2</b>	<b>5.3</b>	<b>5.4</b>
Net profit	2.7	0.0	3.7	3.7	2.9	0.2	4.3	6.3	4.5	2.2	5.3	5.4
EPS (undiluted)	0.15	0.00	0.21	0.21	0.16	0.01	0.24	0.35	0.24	0.12	0.29	0.30

Source: Company data and Nordea estimates

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

EURm	2019	2020	2021	2022	2023	2024E	2025E	2026E
<b>Net sales</b>	<b>99</b>	<b>129</b>	<b>238</b>	<b>261</b>	<b>284</b>	<b>310</b>	<b>321</b>	<b>332</b>
Sales growth	37%	30%	84%	10%	9%	9%	4%	4%
of which organic	2%	3%	9%	-4%	5%	3%	4%	4%
of which FX	-1%	1%	2%	-2%	-4%	1%	0%	0%
of which structural	36%	27%	74%	15%	8%	5%	0%	0%
Other operating income	0.5	1.0	3.1	2.8	2.7	2.8	2.9	2.9
Materials and services	-66	-84	-138	-143	-155	-168	-172	-178
<b>Gross profit</b>	<b>33.1</b>	<b>45.0</b>	<b>99.6</b>	<b>117.2</b>	<b>128.9</b>	<b>142.4</b>	<b>148.6</b>	<b>154.5</b>
Gross margin %	33.4%	34.9%	41.9%	45.0%	45.4%	45.9%	46.3%	46.5%
Staff costs	-12	-17	-47	-55	-59	-65	-66	-68
Other operating costs	-8	-10	-20	-28	-29	-31	-31	-31
<b>EBITDA</b>	<b>13.3</b>	<b>19.1</b>	<b>36.0</b>	<b>36.6</b>	<b>43.5</b>	<b>49.7</b>	<b>54.1</b>	<b>57.7</b>
EBITDA margin %	13.5%	14.8%	15.1%	14.0%	15.3%	16.0%	16.8%	17.4%
D&A	-5.5	-8.0	-13.0	-16.9	-18.4	-19.7	-19.9	-20.1
of which depreciations	-0.4	-0.4	-10.3	-13.6	-15.0	-16.0	-16.1	-16.3
of which amortizations	-5.1	-7.6	-2.7	-3.3	-3.4	-3.7	-3.8	-3.8
EBITA	13.0	18.7	25.7	23.0	28.5	33.7	37.9	41.4
NRI	0.0	0.0	-2.6	-2.8	-0.3	0.0	0.0	0.0
<b>Adj. EBITA</b>	<b>13.0</b>	<b>18.7</b>	<b>28.3</b>	<b>25.8</b>	<b>28.8</b>	<b>33.7</b>	<b>37.9</b>	<b>41.4</b>
Adj. EBITA margin %	13.1%	14.5%	11.9%	9.9%	10.1%	10.9%	11.8%	12.5%
-growth y/y	55%	44%	56%	-12%	12%	17%	13%	9%
<b>EBIT</b>	<b>7.9</b>	<b>11.1</b>	<b>23.0</b>	<b>19.6</b>	<b>25.1</b>	<b>30.0</b>	<b>34.2</b>	<b>37.6</b>
EBIT margin %	7.9%	8.6%	9.7%	7.5%	8.8%	9.7%	10.6%	11.3%
Net financials	-5.4	-0.7	-4.6	-6.5	-7.4	-7.0	-6.5	-5.5
PTP	2.5	10.4	18.5	13.2	17.7	23.0	27.7	32.1
Tax	-1.9	-3.4	-4.1	-3.1	-4.0	-5.6	-6.6	-7.5
Minority interest	-0.2	-0.1	0.0	0.0	0.0	-0.1	0.0	0.0
<b>Net profit for equity</b>	<b>0.4</b>	<b>6.9</b>	<b>14.3</b>	<b>10.1</b>	<b>13.7</b>	<b>17.3</b>	<b>21.1</b>	<b>24.5</b>
Net profit	0.6	7.0	14.4	10.1	13.7	17.4	21.1	24.5
EPS (undiluted)	0.03	0.41	0.80	0.56	0.76	0.95	1.16	1.35
DPS	0.10	0.30	0.36	0.40	0.44	0.48	0.52	0.60

Note: According to IFRS accounting from 2021 onwards, 2019-20 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><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 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><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 the acquired companies, this could directly impact sales and earnings.</p>
A share issue could dilute current shareholders' ownership	<p><b>Financial position</b></p> <p>Relais has high growth ambitions, 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 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	2016	2017	2018	2019	2020	2021	2022	2023	2024E	2025E	2026E
<b>Total revenue</b>	<b>59</b>	<b>60</b>	<b>72</b>	<b>99</b>	<b>129</b>	<b>238</b>	<b>261</b>	<b>284</b>	<b>310</b>	<b>321</b>	<b>332</b>
Revenue growth	9.1%	2.6%	19.9%	36.6%	30.3%	84.5%	9.6%	9.0%	9.1%	3.5%	3.5%
of which organic	9.5%	-0.8%	9.5%	2.0%	3.0%	9.1%	-4.1%	5.0%	3.2%	3.5%	3.5%
of which FX	0.0%	0.0%	0.0%	-1.1%	0.7%	1.5%	-2.0%	-3.7%	1.2%	0.0%	0.0%
EBITDA	9	8	9	13	19	36	37	44	50	54	58
Depreciation and impairments PPE	0	0	0	0	0	-10	-14	-15	-16	-16	-16
of which leased assets	0	0	0	0	0	-7	-9	-13	-14	-14	-14
EBITA	9	8	8	13	19	26	23	29	34	38	41
Amortisation and impairments	-2	-2	-3	-5	-8	-3	-3	-3	-4	-4	-4
EBIT	7	6	6	8	11	23	20	25	30	34	38
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	-1	-1	-1	-5	-1	-5	-6	-7	-7	-6	-6
of which lease interest	0	0	0	0	0	0	0	0	0	0	0
Changes in value, net	-2	0	0	0	0	0	0	0	0	0	0
<b>Pre-tax profit</b>	<b>4</b>	<b>5</b>	<b>5</b>	<b>2</b>	<b>10</b>	<b>18</b>	<b>13</b>	<b>18</b>	<b>23</b>	<b>28</b>	<b>32</b>
Reported taxes	-1	-1	-2	-2	-3	-4	-3	-4	-6	-7	-8
Net profit from continued operations	3	4	3	1	7	14	10	14	17	21	25
Discontinued operations	0	0	0	0	0	0	0	0	0	0	0
Minority interests	-1	0	0	0	0	0	0	0	0	0	0
Net profit to equity	2	4	3	0	7	14	10	14	17	21	25
<b>EPS, EUR</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>0.73</b>	<b>0.92</b>	<b>1.12</b>	<b>1.31</b>
DPS, EUR	0.00	0.00	0.00	0.10	0.30	0.36	0.40	0.44	0.48	0.52	0.60
of which ordinary	0.00	0.00	0.00	0.10	0.30	0.36	0.40	0.44	0.48	0.52	0.60
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	15.2%	13.8%	12.1%	13.5%	14.8%	15.1%	14.0%	15.3%	16.0%	16.8%	17.4%
EBITA	14.5%	13.4%	11.6%	13.1%	14.5%	10.8%	8.8%	10.0%	10.9%	11.8%	12.5%
EBIT	11.6%	10.2%	7.9%	7.9%	8.6%	9.7%	7.5%	8.8%	9.7%	10.6%	11.3%

## Adjusted earnings

EBITDA (adj)	11	8	9	13	19	39	39	44	50	54	58
EBITA (adj)	10	8	8	13	19	28	26	29	34	38	41
EBIT (adj)	8	6	6	8	11	26	22	25	30	34	38
EPS (adj, EUR)	0.40	0.42	0.34	0.29	0.39	0.91	0.69	0.75	0.92	1.12	1.31

## Adjusted profit margins in percent

EBITDA (adj)	18.0%	13.8%	12.1%	13.5%	14.8%	16.2%	15.1%	15.4%	16.0%	16.8%	17.4%
EBITA (adj)	17.3%	13.4%	11.6%	13.1%	14.5%	11.9%	9.9%	10.1%	10.9%	11.8%	12.5%
EBIT (adj)	14.4%	10.2%	7.9%	7.9%	8.6%	10.8%	8.6%	9.0%	9.7%	10.6%	11.3%

## Performance metrics

CAGR last 5 years											
Net revenue	16.0%	14.3%	17.8%	18.7%	19.0%	32.2%	34.0%	31.4%	25.7%	20.0%	6.9%
EBITDA	n.m.	n.m.	n.m.	n.m.	n.m.	32.1%	34.4%	37.9%	30.1%	23.1%	9.9%
EBIT	n.a.	n.a.	n.a.	n.a.	n.a.	27.5%	26.2%	34.5%	30.8%	25.2%	10.3%
EPS	n.a.	n.a.	n.a.	n.a.	n.a.	28.6%	5.2%	16.5%	96.6%	23.7%	11.2%
DPS	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	36.9%	11.6%	10.8%
Average last 5 years											
Average EBIT margin	n.a.	n.a.	n.a.	n.a.	9.0%	9.0%	8.4%	8.6%	8.9%	9.3%	9.7%
Average EBITDA margin	4.1%	7.0%	9.0%	11.4%	13.9%	14.3%	14.2%	14.7%	15.1%	15.6%	16.0%

## VALUATION RATIOS - ADJUSTED EARNINGS

EURm	2016	2017	2018	2019	2020	2021	2022	2023	2024E	2025E	2026E
P/E (adj)	n.a.	n.a.	n.a.	28.0	37.9	29.0	14.8	18.1	13.7	11.3	9.7
EV/EBITDA (adj)	n.a.	n.a.	n.a.	10.2	15.3	16.4	8.5	9.2	7.7	6.9	6.2
EV/EBITA (adj)	n.a.	n.a.	n.a.	10.5	15.6	22.3	13.0	14.0	11.4	9.8	8.6
EV/EBIT (adj)	n.a.	n.a.	n.a.	17.3	26.3	24.6	14.9	15.8	12.8	10.9	9.5

## VALUATION RATIOS - REPORTED EARNINGS

EURm	2016	2017	2018	2019	2020	2021	2022	2023	2024E	2025E	2026E
P/E	n.a.	n.a.	n.a.	n.m.	37.9	34.3	19.0	18.5	13.7	11.3	9.7
EV/Sales	n.a.	n.a.	n.a.	1.37	2.26	2.66	1.28	1.42	1.24	1.15	1.07
EV/EBITDA	n.a.	n.a.	n.a.	10.2	15.3	17.5	9.1	9.3	7.7	6.9	6.2
EV/EBITA	n.a.	n.a.	n.a.	10.5	15.6	24.5	14.6	14.1	11.4	9.8	8.6
EV/EBIT	n.a.	n.a.	n.a.	17.3	26.3	27.4	17.0	16.0	12.8	10.9	9.5
Dividend yield (ord.)	n.a.	n.a.	n.a.	1.2%	2.0%	1.4%	3.9%	3.3%	3.8%	4.1%	4.7%
FCF yield	n.a.	n.a.	n.a.	-61.8%	2.8%	-10.2%	6.6%	8.9%	10.8%	14.7%	16.1%
FCF Yield bef A&D, lease adj	n.a.	n.a.	n.a.	1.4%	6.0%	0.5%	9.4%	5.4%	5.9%	8.9%	10.3%
Payout ratio	0.0%	0.0%	0.0%	33.9%	77.4%	39.7%	58.2%	58.9%	52.1%	46.3%	45.9%

Source: Company data and Nordea estimates

**BALANCE SHEET**

EURm	2016	2017	2018	2019	2020	2021	2022	2023	2024E	2025E	2026E
Intangible assets	5	7	5	54	59	130	133	133	132	128	124
of which R&D	0	0	0	0	0	0	0	0	0	0	0
of which other intangibles	0	0	0	1	0	15	15	13	13	13	13
of which goodwill	5	7	5	54	58	114	118	120	118	115	111
Tangible assets	0	0	0	0	0	59	57	66	53	54	56
of which leased assets	0	0	0	0	0	54	52	61	47	47	47
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	1	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	5	7	5	54	59	189	191	200	186	183	180
Inventory	26	27	29	43	44	73	68	74	81	84	87
Accounts receivable	5	8	8	12	13	34	33	41	45	47	48
Short-term leased assets	0	0	0	0	0	0	0	0	14	14	14
Other current assets	3	1	2	3	3	0	4	4	4	5	5
Cash and bank	1	2	2	30	35	12	14	10	4	6	11
Total current assets	35	37	42	88	95	119	119	129	148	155	165
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>40</b>	<b>44</b>	<b>47</b>	<b>142</b>	<b>154</b>	<b>308</b>	<b>309</b>	<b>329</b>	<b>333</b>	<b>338</b>	<b>345</b>
Shareholders equity	6	11	17	64	72	102	104	111	120	132	147
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	3	3	1	0	0	0	0	0	0	0	0
Total Equity	9	14	17	64	72	102	104	111	120	132	148
Deferred tax	0	0	0	2	3	6	6	5	5	5	5
Long term interest bearing debt	15	11	14	59	58	91	96	89	79	69	59
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	3	0	2	0	0	2	1	2	2	2	2
Non-current lease debt	0	0	0	0	0	44	42	49	50	50	50
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	18	12	16	62	61	143	144	145	135	125	115
Short-term provisions	0	0	0	0	0	0	0	0	0	0	0
Accounts payable	3	4	4	7	9	46	35	47	51	53	55
Current lease debt	0	0	0	0	0	11	12	14	14	14	14
Other current liabilities	3	4	5	6	8	0	7	6	6	6	7
Short term interest bearing debt	8	12	6	5	5	6	7	7	7	7	7
Total current liabilities	14	19	15	18	21	63	61	73	78	80	82
Liabilities for assets held for sale	0	0	0	0	0	0	0	0	0	0	0
<b>Total liabilities and equity</b>	<b>40</b>	<b>45</b>	<b>48</b>	<b>143</b>	<b>155</b>	<b>308</b>	<b>309</b>	<b>329</b>	<b>333</b>	<b>338</b>	<b>345</b>
<b>Balance sheet and debt metrics</b>											
Net debt	22	22	18	35	28	140	143	149	146	133	118
of which lease debt	0	0	0	0	0	55	53	63	63	63	64
Working capital	28	28	31	46	44	61	63	67	73	76	78
Invested capital	33	35	36	100	103	250	254	267	259	259	259
Capital employed	32	37	37	128	135	254	260	270	269	272	277
ROE	64.1%	44.7%	22.7%	1.0%	10.2%	16.5%	9.8%	12.8%	15.0%	16.7%	17.5%
ROIC	40.5%	14.2%	12.7%	9.1%	8.6%	11.5%	7.0%	7.7%	9.0%	10.4%	11.5%
ROCE	53.4%	17.9%	15.7%	9.6%	10.1%	13.8%	10.6%	10.1%	12.2%	13.7%	14.7%
Net debt/EBITDA	2.5	2.6	2.0	2.6	1.5	3.9	3.9	3.4	2.9	2.5	2.0
Interest coverage	9.3	7.1	6.0	1.5	4.6	4.2	2.2	3.0	3.3	4.0	4.8
Equity ratio	15.2%	23.8%	34.7%	44.5%	46.5%	33.1%	33.6%	33.6%	36.0%	39.2%	42.7%
Net gearing	244.3%	152.2%	102.0%	54.3%	39.1%	136.5%	137.4%	135.0%	121.2%	100.5%	80.1%

Source: Company data and Nordea estimates

**CASH FLOW STATEMENT**

EURm	2016	2017	2018	2019	2020	2021	2022	2023	2024E	2025E	2026E
<b>EBITDA (adj) for associates</b>	<b>9</b>	<b>8</b>	<b>9</b>	<b>13</b>	<b>19</b>	<b>36</b>	<b>37</b>	<b>44</b>	<b>50</b>	<b>54</b>	<b>58</b>
Paid taxes	0	0	-2	-2	-3	-5	-3	-4	-6	-7	-8
Net financials	0	0	-1	-6	-1	-3	-4	-7	-7	-6	-6
Change in provisions	0	0	0	0	0	0	0	0	0	0	0
Change in other LT non-IB	3	-3	2	-2	0	1	-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	-11	-6	-2	1	0	-5	1	0	0	0	0
<b>Funds from operations (FFO)</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>41</b>	<b>45</b>
Change in NWC	0	0	-2	-3	1	-12	0	-2	-6	-3	-3
<b>Cash flow from operations (CFO)</b>	<b>0</b>	<b>0</b>	<b>3</b>	<b>2</b>	<b>16</b>	<b>12</b>	<b>29</b>	<b>31</b>	<b>31</b>	<b>38</b>	<b>42</b>
Capital expenditure	0	0	0	0	0	-2	-2	-4	-3	-4	-4
<b>Free cash flow before A&amp;D</b>	<b>0</b>	<b>0</b>	<b>3</b>	<b>1</b>	<b>16</b>	<b>9</b>	<b>27</b>	<b>27</b>	<b>28</b>	<b>35</b>	<b>38</b>
Proceeds from sale of assets	0	0	0	1	1	0	0	0	0	0	0
Acquisitions	0	0	-1	-65	-9	-60	-15	-4	-2	0	0
Free cash flow	0	0	2	-63	7	-50	13	23	26	35	38
Free cash flow bef A&D, lease adj	0	0	3	1	16	2	18	14	14	21	24
Dividends paid	0	0	0	0	-2	-5	-6	-7	-8	-9	-9
Equity issues / buybacks	0	0	0	44	0	1	0	0	0	0	0
Net change in debt	0	0	0	42	-1	32	9	-8	-10	-10	-10
Other financing adjustments	0	0	0	0	0	0	0	-13	-14	-14	-14
Other non-cash adjustments	1	1	-2	4	1	0	-14	1	0	0	0
Change in cash	1	1	1	27	5	-23	2	-4	-6	2	5
<b>Cash flow metrics</b>											
Capex/D&A	0.0%	0.0%	6.9%	7.3%	2.5%	17.6%	10.2%	22.1%	17.1%	17.7%	18.4%
Capex/Sales	0.0%	0.0%	0.3%	0.4%	0.2%	1.0%	0.7%	1.4%	1.1%	1.1%	1.1%
<b>Key information</b>											
Share price year end (/current)	n.a.	n.a.	n.a.	8	15	26	10	14	13	13	13
Market cap.	n.a.	n.a.	n.a.	101	263	492	192	253	238	238	238
Enterprise value	n.a.	n.a.	n.a.	136	292	632	334	403	383	371	356
Diluted no. of shares, year-end (m)	9.1	9.1	9.1	12.3	17.9	18.7	18.8	18.8	18.8	18.8	18.8

Source: Company data and Nordea estimates

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**Completion Date**

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