

1 November 2024

## Commissioned research: Relais Group Oyj - Positive momentum has likely continued in Q3

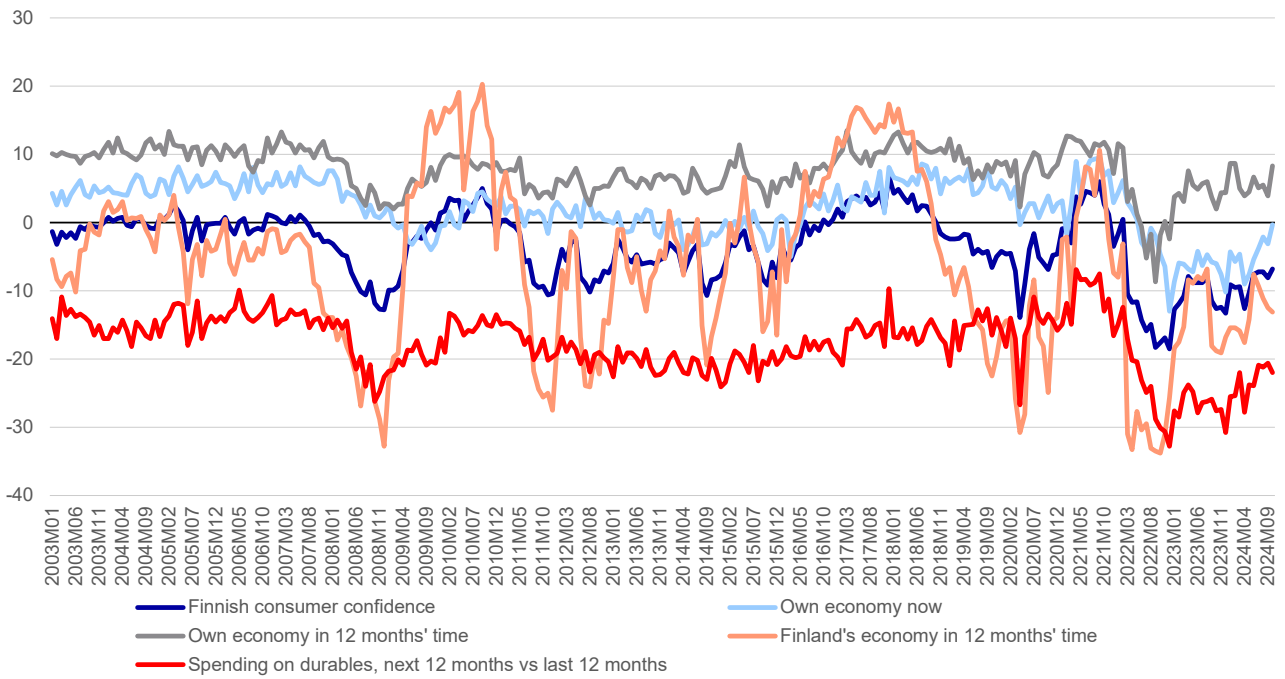
*Marketing material commissioned by Relais Group Oyj*

Ahead of Relais Q3 report, we maintain our estimates intact. We expect continued LFL growth support from growth among bigger fleet customers (in Repair & Maintenance) while spare parts sales growth has likely eased after strong H1 where cold winter conditions supported growth. Ahead of the important lighting season, we note slightly improved consumer confidence level in Finland, while intentions to spend on durables remains at a low level. Traffic figures from Finland point to relatively stable y/y mileage. We model Q3 net sales to be up 11% y/y with 4% y/y LFL growth. We are 1% ahead of LSEG Data & Analytics consensus on top line. We forecast EUR 10.1m adjusted EBITA in Q3, up 18% y/y, corresponding to 12.9% adjusted EBITA margin (up 70bp y/y). We believe the focus in the report will be on the development of lighting sales during the peak season (we expect slightly improving LFL growth rate in Q4E against easy comps), integration of acquired companies and M&A pipeline. Relais has long term financial target to reach EUR 50m pro forma adjusted EBITA level by the end of 2025, which we believe requires pick up in M&A activity in 2025.

### **M&A activity has to pick up in order to reach 2025 financial targets**

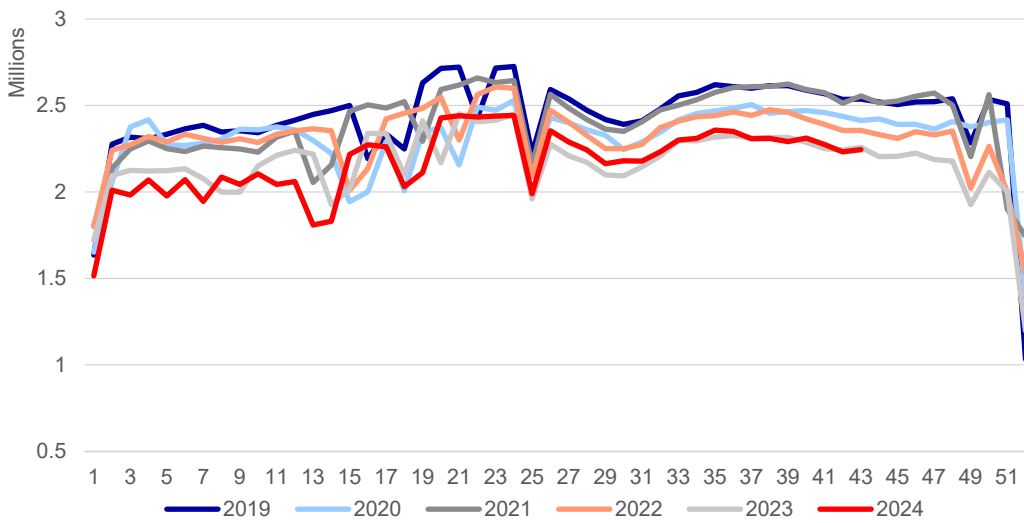
In order to reach its 2025 financial target of EUR 50m pro forma adjusted EBITA, we believe the company has to ramp up its M&A activity. Given the current leverage (3x in Q2) we believe this could include use of equity type instrument (most likely use of own shares in acquisitions). We believe the company is still looking to acquire companies with 6-7x EV/EBITDA while trading currently with ~8x 2024E EV/EBITDA. Based on our M&A scenario which assumes full debt financed acquisitions, the company could reach around EUR 47m pro forma adjusted EBITA by 2025E while maintaining its leverage at 3x level. On organic basis, we model EUR 41m adjusted EBITA in 2025E.

### Finnish consumer confidence (balance), 2003-24



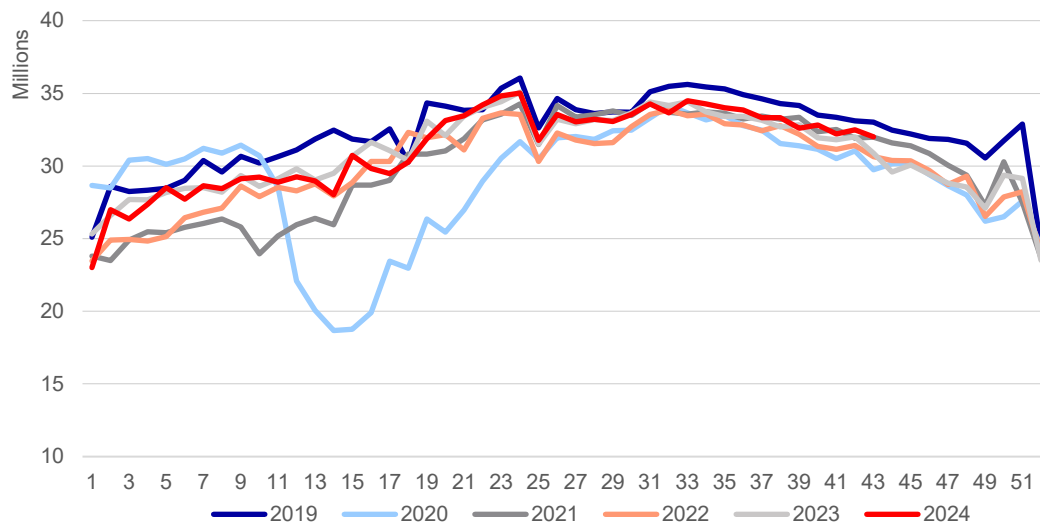
Source: Statistics Finland

### Weekly heavy vehicle traffic observations in Finland (on comparable basis)



Source: Fintraffic

## Weekly light vehicle traffic observations in Finland (on comparable basis)



Source: Fintraffic

### RELAIS GROUP OYJ: OUR ESTIMATES VS. CONSENSUS

EURm	Nordea estimates				Consensus estimates				Difference %			
	Q3 2024E	2024E	2025E	2026E	Q3 2024E	2024E	2025E	2026E	Q3 2024E	2024E	2025E	2026E
Sales	78.1	324	340	352	77.5	322	336	346	1%	1%	1%	2%
Gross profit	37.4	152	160	167	37.0	152	160	167	1%	0%	0%	0%
Gross margin	47.8%	46.9%	47.2%	47.4%	47.7%	47.2%	47.7%	48.3%	0.1pp	-0.3pp	-0.5pp	-0.9pp
EBITDA	13.9	51.7	56.2	60.7	14.0	52.0	53.5	56.0	-1%	-1%	5%	8%
EBITDA margin	17.8%	16.0%	16.5%	17.2%	18.1%	16.1%	15.9%	16.2%	-0.3pp	-0.2pp	0.6pp	1.0pp
Adj. EBITA	10.1	36.6	40.9	45.2	10.1	22.0	40.9	45.2	0%	67%	0%	0%
Adj. EBITA margin	12.9%	11.3%	12.0%	12.8%	13.0%	6.8%	12.2%	13.1%	-0.1pp	4.5pp	-0.2pp	-0.2pp
EBIT	9.4	33.6	37.8	42.1	9.0	33.5	34.5	37.0	4%	0%	10%	14%
EBIT margin	12.0%	10.4%	11.1%	12.0%	11.6%	10.4%	10.3%	10.7%	0.4pp	0.0pp	0.8pp	1.3pp
PTP	7.7	25.4	30.8	36.2	7.5	24.5	27.5	30.5	2%	4%	12%	19%
EPS	0.31	1.02	1.26	1.49	0.28	1.01	1.16	1.29	11%	1%	9%	16%
DPS		0.48	0.52	0.60		0.47	0.49	0.54		3%	6%	11%

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

### SUMMARY TABLE - KEY FIGURES

EURm	2021	2022	2023	2024E	2025E	2026E
Total revenue	238	261	284	324	340	352
EBITDA (adj)	39	39	44	52	56	61
EBIT (adj)	26	22	25	34	38	42
EBIT (adj) margin	10.8%	8.6%	9.0%	10.4%	11.1%	12.0%
EPS (adj, EUR)	0.91	0.69	0.75	1.02	1.26	1.49
EPS (adj) growth	133.9%	-24.2%	8.8%	36.2%	24.0%	17.7%
DPS (ord, EUR)	0.36	0.40	0.44	0.48	0.52	0.60
EV/Sales	2.7	1.3	1.4	1.3	1.2	1.1
EV/EBIT (adj)	24.6	14.9	15.8	12.3	10.6	9.1
P/E (adj)	29.0	14.8	18.1	13.7	11.0	9.4
P/BV	4.8	1.8	2.3	2.2	1.9	1.7
Dividend yield (ord)	1.4%	3.9%	3.3%	3.4%	3.7%	4.3%
FCF Yield bef A&D, lease adj	0.5%	7.5%	5.4%	4.4%	8.2%	10.2%
Net debt	140	143	149	151	138	121
Net debt/EBITDA	3.9	3.9	3.4	2.9	2.5	2.0
ROIC after tax	11.5%	7.0%	7.7%	9.9%	11.2%	12.4%

Source: Company data and Nordea estimates

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