

Relais Group Oyj

Consumer Goods
Finland

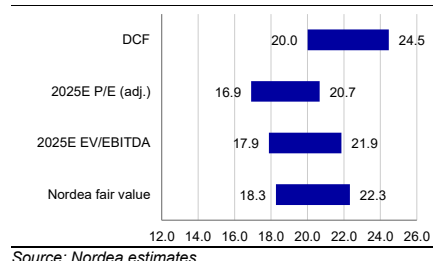
KEY DATA

Stock country	Finland
Bloomberg	RELAIS FH
Reuters	RELAIS.HE
Share price (close)	EUR 14.10
Free float	36%
Market cap. (bn)	EUR 0.26/EUR 0.26
Website	www.relais.fi
Next report date	13 May 2025

PERFORMANCE



VALUATION APPROACH (EUR/SHARE)



ESTIMATE CHANGES

Year	2025E	2026E	2027E
Sales	1%	1%	1%
EBIT (adj)	1%	1%	1%

Source: Nordea estimates

Nordea IB & Equity - Analysts

Joni Sandvall
AnalystSanna Perälä
Analyst

Strong Q4 and stable market conditions

Relais' Q4 report was above LSEG consensus expectations, supported by strong 9% y/y organic revenue growth. The operating environment has remained stable and the company is aiming to increase the pace of its M&A actions going forward. Relais' operations are in good shape and the company is taking further actions to benefit from its scale e.g. via a higher share of private label spare parts. In the short term, the warm winter in the Nordics could cap improvement potential, while we expect the company to continue a steady improvement trend in 2025. We raise our DCF- and multiples-based fair value range to EUR 18.3-22.3 (17.7-21.6).

Q4 above our expectations

Q4 net sales were up 12% y/y (9% organic), 4% above our estimate and LSEG Data & Analytics consensus. The gross margin improved 230bp y/y, in line with expectations. Adjusted EBITA beat our and consensus expectations by 10%. Relais' Q4 was slightly boosted by a shift in lighting sales, while we note that all business areas were above our expectations. The company clearly improved its performance during 2024 and expects market conditions to remain stable in 2025. In 2024, Relais completed only two acquisitions, but it is aiming to increase its pace in 2025, aiming for its strategic target of EUR 50m adjusted EBITA on a pro forma basis. The DPS proposal of EUR 0.50 came in slightly ahead of expectations.

We raise 2025-27 estimates slightly – waiting for new targets

Relais has not provided guidance for 2025, but the deadline for its strategic adjusted EBITA target is 2025. We hence expect the company to refresh its strategy and financial targets in H2 2025. We raise revenue by 1% and adjusted EBITA by 3% for 2025E-27E, and model EUR 42m adjusted EBITA for 2025E. Although leverage declined to 2.7x in 2024, we still believe the company would use equity-based financing for any potential larger acquisition in 2025.

We raise our fair value range to EUR 18.3-22.3

We raise our DCF- and multiples-based fair value range to EUR 18.3-22.3 (17.7-21.6). Relais is trading at 2025E EV/EBIT of 10x, ~40% below our weighted peer group (70% weight on auto parts peers and 30% weight on Swedish compounders). We model a 19% EPS CAGR for 2024-27E.

SUMMARY TABLE - KEY FIGURES

EURm	2021	2022	2023	2024	2025E	2026E	2027E
Total revenue	238	261	284	323	339	351	361
EBITDA (adj)	39	39	44	52	59	64	67
EBIT (adj)	26	22	25	34	38	42	45
EBIT (adj) margin	10.8%	8.6%	9.0%	10.4%	11.1%	12.0%	12.5%
EPS (adj, EUR)	0.91	0.69	0.75	1.02	1.25	1.49	1.66
EPS (adj) growth	133.9%	-24.2%	8.8%	36.5%	22.7%	19.2%	10.9%
DPS (ord, EUR)	0.36	0.40	0.44	0.48	0.52	0.60	0.70
EV/Sales	2.7	1.3	1.4	1.2	1.2	1.1	1.0
EV/EBIT (adj)	24.6	14.9	15.8	11.6	10.4	8.9	7.8
P/E (adj)	29.0	14.8	18.1	13.0	11.3	9.4	8.5
P/BV	4.8	1.8	2.3	2.1	2.0	1.8	1.5
Dividend yield (ord)	1.4%	3.9%	3.3%	3.6%	3.7%	4.3%	5.0%
FCF Yield bef A&D, lease	0.5%	7.5%	5.2%	6.9%	8.7%	10.8%	12.0%
Net debt	140	143	149	140	126	107	86
Net debt/EBITDA	3.9	3.9	3.4	2.7	2.1	1.7	1.3
ROIC after tax	11.5%	7.0%	7.7%	10.0%	11.6%	13.3%	14.4%

Source: Company data and Nordea estimates

Q4 results and estimate revisions

Relais reported Q4 adjusted EBITA of EUR 10.6m, 10% above LSEG Data & Analytics consensus. Organic sales growth was 9% y/y in Q4, while we anticipated 3% growth. Net sales were EUR 90.7m (up 12% y/y), 4% above consensus. The gross margin was 45.9%, largely in line with expectations and up 230bp y/y, to 45.9%. Operating cash flow almost doubled to EUR 16.4m (EUR 8.4m a year ago), taking leverage down to 2.7x (3.0x at the end of Q3). The DPS proposal was EUR 0.50 versus consensus at EUR 0.47. Relais did not provide a short-term outlook for 2025 but expects a stable market situation in its operating countries and aims to increase the pace of acquisitions. We note that the company has a target to reach adjusted EBITA of EUR 50m on a pro forma basis by the end of 2025.

Q4 DEVIATION TABLE (EURm; EPS IN EUR)

	Actual	NDA est.	Deviation	Consensus	Deviation	Actual	Actual		
EURm	Q4 2024	Q4 2024E	vs. actual	Q4 2024E	vs. actual	Q3 2024	q/q	Q4 2023	y/y
Sales	90.7	86.8	4	4%	87.0	4	4%	74.9	21%
Gross profit	41.6	39.8	1.8	5%	40	1.6	4%	36.0	15%
Gross margin	45.9%	45.8%	0.1pp	46.0%	-0.1pp	48.1%	-2.2pp	43.6%	2.3pp
Adj. EBITA	10.6	9.6	1.0	10%	9.6	1.0	10%	9.2	16%
Adj. EBITA margin	11.7%	11.0%	0.6pp	11.0%	0.6pp	12.2%	-0.5pp	9.6%	2.0pp
EBITA	10.0	9.6	0.4	4%	9.6	0.4	4%	9.1	9%
EBITA margin	11.0%	11.0%	0.0pp	11.0%	0.0pp	12.2%	-1.2pp	9.6%	1.4pp
EBIT	9.0	8.8	0.2	3%	9.0	0.0	0%	8.4	8%
EBIT margin	10.0%	10.1%	-0.2pp	10.3%	-0.4pp	11.2%	-1.2pp	8.6%	1.3pp
PTP	6.5	7.1	-0.6	-8%	7.0	-0.5	-7%	6.5	0%
EPS	0.37	0.35		6%	0.34	0.03	10%	0.25	
DPS	0.50	0.48		4%	0.47	0.02	6%		0.44
									14%
Sales split									
Equipment	17.4	16.7	0.7	4%				12.1	44%
Lighting	21.8	21.5	0.3	1%				14.9	46%
Spare parts	22.2	22.2	0.0	0%				22.3	-1%
Repair and maintenance	28.7	26.5	2.2	8%				25.4	13%
Other	0.6	0.0	0.6					0.1	512%
									0.0
									n.m.

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

Estimate revisions

Following the Q4 report, we lift 2025E-27E revenue by 1% and adjusted EBITA by 3%.

ESTIMATE REVISIONS (EURm; EPS AND DPS IN EUR)

	New estimates				Old estimates				Difference %			
EURm	Q1 2025E	2025E	2026E	2027E	Q1 2025E	2025E	2026E	2027E	Q1 2025E	2025E	2026E	2027E
Sales	84.9	339	351	361	n.a.	335	346	357	n.a.	1%	1%	1%
Gross profit	39.1	159	166	171	n.a.	158	164	169	n.a.	1%	1%	1%
Gross margin	46.0%	47.1%	47.3%	47.5%	n.a.	47.1%	47.3%	47.5%	n.a.	0.0pp	0.0pp	0.0pp
Adj. EBITA	9.8	41.6	46.1	49.3	n.a.	40.5	44.9	48.0	n.a.	3%	3%	3%
Adj. EBITA margin	11.5%	12.3%	13.1%	13.6%	n.a.	12.1%	13.0%	13.4%	n.a.	0.2pp	0.2pp	0.2pp
EBITA	9.8	41.6	46.1	49.3	n.a.	40.5	44.9	48.0	n.a.	3%	3%	3%
EBITA margin	11.5%	12.3%	13.1%	13.6%	n.a.	12.1%	13.0%	13.4%	n.a.	0.2pp	0.2pp	0.2pp
EBIT	8.8	37.5	41.9	45.0	n.a.	37.2	41.5	44.5	n.a.	1%	1%	1%
EBIT margin	10.4%	11.1%	12.0%	12.5%	n.a.	11.1%	12.0%	12.5%	n.a.	0.0pp	0.0pp	0.0pp
PTP	7.2	31.3	36.6	40.5	n.a.	31.0	36.2	40.0	n.a.	1%	1%	1%
EPS	0.29	1.25	1.49	1.66	n.a.	1.25	1.48	1.64	n.a.	0%	1%	1%
DPS		0.52	0.60	0.70		0.52	0.60	0.70		0%	0%	0%

Source: Nordea estimates

Detailed estimates

DETAILED QUARTERLY ESTIMATES (EURm; EPS IN EUR)

EURm	Q1 23	Q2 23	Q3 23	Q4 23	Q1 24	Q2 24	Q3 24	Q4 24	Q1 25E	Q2 25E	Q3 25E	Q4 25E
Net sales	69	64	70	81	83	74	75	91	85	78	80	96
Sales growth	11%	9%	8%	8%	20%	16%	7%	12%	3%	5%	6%	6%
of which organic	5%	10%	5%	1%	12%	5%	-3%	9%	1%	4%	4%	6%
of which FX	-3%	-5%	-5%	-2%	0%	0%	0%	-1%	-1%	0%	0%	0%
of which structural	9%	4%	9%	9%	9%	11%	10%	12%	3%	1%	3%	0%
Other operating income	0.6	0.7	0.5	0.8	0.6	1.1	0.5	0.6	0.9	0.9	0.9	0.9
Materials and services	-37	-35	-38	-46	-45	-39	-39	-49	-46	-41	-41	-52
Gross profit	32.1	29.3	32.3	35.3	38.2	35.4	36.0	41.6	39.1	37.5	38.5	44.4
Gross margin %	46.5%	45.7%	45.9%	43.6%	46.2%	47.7%	48.1%	45.9%	46.0%	48.0%	48.4%	46.2%
Staff costs	-14	-15	-14	-16	-17	-17	-17	-19	-18	-18	-18	-20
Other operating costs	-7	-7	-7	-8	-8	-8	-7	-9	-8	-8	-7	-8
EBITDA	11.1	8.6	12.1	11.7	13.5	11.1	13.0	14.3	14.1	12.9	14.7	17.2
EBITDA margin %	16.1%	13.4%	17.3%	14.5%	16.3%	14.9%	17.4%	15.8%	16.6%	16.5%	18.5%	17.9%
D&A	-4.5	-4.6	-4.6	-4.8	-4.5	-4.5	-4.6	-5.3	-5.3	-5.3	-5.4	-5.4
of which depreciations	-3.6	-3.8	-3.7	-3.9	-3.8	-3.8	-3.9	-4.3	-4.3	-4.3	-4.3	-4.4
of which amortizations	-0.9	-0.8	-0.8	-0.8	-0.7	-0.7	-0.7	-1.0	-1.0	-1.0	-1.0	-1.1
EBITA	7.5	4.8	8.4	7.8	9.7	7.3	9.1	10.0	9.8	8.6	10.4	12.9
NRI	-0.1	0.0	-0.2	0.0	0.0	0.0	0.0	-0.6	0.0	0.0	0.0	0.0
Adj. EBITA	7.6	4.8	8.6	7.8	9.7	7.3	9.2	10.6	9.8	8.6	10.4	12.9
Adj. EBITA margin %	11.0%	7.5%	12.2%	9.6%	11.7%	9.9%	12.2%	11.7%	11.5%	11.0%	13.1%	13.4%
-growth y/y	23%	27%	8%	-1%	27%	52%	7%	36%	1%	17%	14%	21%
EBIT	6.6	4.0	7.6	7.0	9.0	6.6	8.4	9.0	8.8	7.5	9.4	11.8
EBIT margin %	9.6%	6.2%	10.8%	8.6%	10.8%	8.9%	11.2%	10.0%	10.4%	9.7%	11.8%	12.3%
Net financials	-2.2	-2.8	-1.6	-0.9	-3.1	-1.7	-1.9	-2.5	-1.6	-1.6	-1.5	-1.5
PTP	4.5	1.1	6.0	6.1	5.8	4.9	6.5	6.5	7.2	5.9	7.9	10.3
Tax	-1.6	-1.0	-1.7	0.2	-2.0	-1.6	-1.9	0.2	-1.8	-1.5	-2.0	-2.5
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	2.9	0.2	4.3	6.3	3.9	3.3	4.6	6.7	5.4	4.4	5.9	7.8
Net profit	2.9	0.2	4.3	6.3	3.9	3.3	4.6	6.7	5.4	4.4	5.9	7.8
EPS (undiluted)	0.16	0.01	0.24	0.35	0.21	0.18	0.26	0.37	0.30	0.24	0.33	0.43

Source: Company data and Nordea estimates

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

EURm	2020	2021	2022	2023	2024	2025E	2026E	2027E
Net sales	129	238	261	284	323	339	351	361
Sales growth	30%	84%	10%	9%	13%	5%	4%	3%
of which organic	3%	9%	-4%	5%	6%	4%	4%	3%
of which FX	1%	2%	-2%	-4%	-1%	0%	0%	0%
of which structural	27%	74%	15%	8%	10%	2%	0%	0%
Other operating income	1.0	3.1	2.8	2.7	2.8	3.4	3.5	3.5
Materials and services	-84	-138	-143	-155	-171	-179	-185	-190
Gross profit	45.0	99.6	117.2	128.9	151.2	159.5	165.8	171.4
Gross margin %	34.9%	41.9%	45.0%	45.4%	46.9%	47.1%	47.3%	47.5%
Staff costs	-17	-47	-55	-59	-70	-73	-75	-77
Other operating costs	-10	-20	-28	-29	-32	-31	-30	-31
EBITDA	19.1	36.0	36.6	43.5	51.9	58.9	63.6	67.0
EBITDA margin %	14.8%	15.1%	14.0%	15.3%	16.1%	17.4%	18.1%	18.5%
D&A	-8.0	-13.0	-16.9	-18.4	-18.9	-21.4	-21.7	-21.9
of which depreciations	-0.4	-10.3	-13.6	-15.0	-15.7	-17.3	-17.5	-17.7
of which amortizations	-7.6	-2.7	-3.3	-3.4	-3.1	-4.1	-4.2	-4.3
EBITA	18.7	25.7	23.0	28.5	36.1	41.6	46.1	49.3
NRI	0.0	-2.6	-2.8	-0.3	-0.6	0.0	0.0	0.0
Adj. EBITA	18.7	28.3	25.8	28.8	36.8	41.6	46.1	49.3
Adj. EBITA margin %	14.5%	11.9%	9.9%	10.1%	11.4%	12.3%	13.1%	13.6%
-growth y/y	44%	56%	-12%	12%	28%	13%	11%	7%
EBIT	11.1	23.0	19.6	25.1	33.0	37.5	41.9	45.0
EBIT margin %	8.6%	9.7%	7.5%	8.8%	10.2%	11.1%	12.0%	12.5%
Net financials	-0.7	-4.6	-6.5	-7.4	-9.2	-6.2	-5.3	-4.5
PTP	10.4	18.5	13.2	17.7	23.8	31.3	36.6	40.5
Tax	-3.4	-4.1	-3.1	-4.0	-5.2	-7.8	-8.6	-9.4
Minority interest	-0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net profit for equity	6.9	14.3	10.1	13.7	18.5	23.5	28.0	31.1
Net profit	7.0	14.4	10.1	13.7	18.5	23.5	28.0	31.1
EPS (undiluted)	0.41	0.80	0.56	0.76	1.02	1.30	1.55	1.71
DPS	0.30	0.36	0.40	0.44	0.48	0.52	0.60	0.70

Note: According to IFRS accounting from 2021 onwards, 2020 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	General economy 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. 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, albeit with lower seasonality.
Competitors consolidating the market could hamper Relais' growth prospects	Increasing competition 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.
Disturbances by suppliers may affect product availability	Dependence on suppliers 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. The COVID-19 pandemic created supply-side problems and extra freight costs, which have not been fully resolved yet. A prolonged situation could hamper demand for Relais' spare parts and equipment.
If not executed well, high M&A activity may increase costs	Risks related to expansion 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.
Key employees leaving could lead to the loss of clients	Dependence on key employees 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.
A share issue could dilute current shareholders' ownership	Financial position 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.

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	2017	2018	2019	2020	2021	2022	2023	2024	2025E	2026E	2027E
Total revenue	60	72	99	129	238	261	284	323	339	351	361
Revenue growth	2.6%	19.9%	36.6%	30.3%	84.5%	9.6%	9.0%	13.5%	5.0%	3.5%	3.0%
of which organic	-0.8%	9.5%	2.0%	3.0%	9.1%	-4.1%	5.0%	5.8%	3.7%	3.5%	3.0%
of which FX	0.0%	0.0%	-1.1%	0.7%	1.5%	-2.0%	-3.7%	-0.5%	-0.3%	0.0%	0.0%
EBITDA	8	9	13	19	36	37	44	52	59	64	67
Depreciation and impairments PPE	0	0	0	0	-10	-14	-15	-16	-17	-18	-18
of which leased assets	0	0	0	0	-7	-9	-13	-13	-15	-15	-15
EBITA	8	8	13	19	26	23	29	36	42	46	49
Amortisation and impairments	-2	-3	-5	-8	-3	-3	-3	-3	-4	-4	-4
EBIT	6	6	8	11	23	20	25	33	38	42	45
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	-5	-1	-5	-6	-7	-9	-6	-5	-5
of which lease interest	0	0	0	0	0	0	0	0	0	0	0
Changes in value, net	0	0	0	0	0	0	0	0	0	0	0
Pre-tax profit	5	5	2	10	18	13	18	24	31	37	40
Reported taxes	-1	-2	-2	-3	-4	-3	-4	-5	-8	-9	-9
Net profit from continued operations	4	3	1	7	14	10	14	19	24	28	31
Discontinued operations	0	0	0	0	0	0	0	0	0	0	0
Minority interests	0	0	0	0	0	0	0	0	0	0	0
Net profit to equity	4	3	0	7	14	10	14	19	24	28	31
EPS, EUR	0.42	0.34	0.03	0.39	0.77	0.54	0.73	0.99	1.25	1.49	1.66
DPS, EUR	0.00	0.00	0.10	0.30	0.36	0.40	0.44	0.48	0.52	0.60	0.70
of which ordinary	0.00	0.00	0.10	0.30	0.36	0.40	0.44	0.48	0.52	0.60	0.70
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	13.8%	12.1%	13.5%	14.8%	15.1%	14.0%	15.3%	16.1%	17.4%	18.1%	18.5%
EBITA	13.4%	11.6%	13.1%	14.5%	10.8%	8.8%	10.0%	11.2%	12.3%	13.1%	13.6%
EBIT	10.2%	7.9%	7.9%	8.6%	9.7%	7.5%	8.8%	10.2%	11.1%	12.0%	12.5%

Adjusted earnings

EBITDA (adj)	8	9	13	19	39	39	44	52	59	64	67
EBITA (adj)	8	8	13	19	28	26	29	37	42	46	49
EBIT (adj)	6	6	8	11	26	22	25	34	38	42	45
EPS (adj, EUR)	0.42	0.34	0.29	0.39	0.91	0.69	0.75	1.02	1.25	1.49	1.66

Adjusted profit margins in percent

EBITDA (adj)	13.8%	12.1%	13.5%	14.8%	16.2%	15.1%	15.4%	16.3%	17.4%	18.1%	18.5%
EBITA (adj)	13.4%	11.6%	13.1%	14.5%	11.9%	9.9%	10.1%	11.4%	12.3%	13.1%	13.6%
EBIT (adj)	10.2%	7.9%	7.9%	8.6%	10.8%	8.6%	9.0%	10.4%	11.1%	12.0%	12.5%

Performance metrics

CAGR last 5 years											
Net revenue	14.3%	17.8%	18.7%	19.0%	32.2%	34.0%	31.4%	26.7%	21.3%	8.1%	6.7%
EBITDA	n.m.	n.m.	n.m.	n.m.	32.1%	34.4%	37.9%	31.2%	25.2%	12.0%	12.8%
EBIT	n.a.	n.a.	n.a.	n.a.	27.5%	26.2%	34.5%	33.2%	27.6%	12.7%	18.0%
EPS	n.a.	n.a.	n.a.	n.a.	28.6%	5.2%	16.5%	99.4%	26.4%	14.2%	25.3%
DPS	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	36.9%	11.6%	10.8%	11.8%
Average last 5 years											
Average EBIT margin	n.a.	n.a.	n.a.	9.0%	9.0%	8.4%	8.6%	9.1%	9.6%	10.1%	11.0%
Average EBITDA margin	7.0%	9.0%	11.4%	13.9%	14.3%	14.2%	14.7%	15.2%	15.7%	16.3%	17.2%

VALUATION RATIOS - ADJUSTED EARNINGS

EURm	2017	2018	2019	2020	2021	2022	2023	2024	2025E	2026E	2027E
P/E (adj)	n.a.	n.a.	28.0	37.9	29.0	14.8	18.1	13.0	11.3	9.4	8.5
EV/EBITDA (adj)	n.a.	n.a.	10.2	15.3	16.4	8.5	9.2	7.4	6.6	5.8	5.2
EV/EBITA (adj)	n.a.	n.a.	10.5	15.6	22.3	13.0	14.0	10.6	9.4	8.1	7.1
EV/EBIT (adj)	n.a.	n.a.	17.3	26.3	24.6	14.9	15.8	11.6	10.4	8.9	7.8

VALUATION RATIOS - REPORTED EARNINGS

EURm	2017	2018	2019	2020	2021	2022	2023	2024	2025E	2026E	2027E
P/E	n.a.	n.a.	n.m.	37.9	34.3	19.0	18.5	13.5	11.3	9.4	8.5
EV/Sales	n.a.	n.a.	1.37	2.26	2.66	1.28	1.42	1.21	1.15	1.06	0.97
EV/EBITDA	n.a.	n.a.	10.2	15.3	17.5	9.1	9.3	7.5	6.6	5.8	5.2
EV/EBITA	n.a.	n.a.	10.5	15.6	24.5	14.6	14.1	10.8	9.4	8.1	7.1
EV/EBIT	n.a.	n.a.	17.3	26.3	27.4	17.0	16.0	11.8	10.4	8.9	7.8
Dividend yield (ord.)	n.a.	n.a.	1.2%	2.0%	1.4%	3.9%	3.3%	3.6%	3.7%	4.3%	5.0%
FCF yield	n.a.	n.a.	-61.8%	2.8%	-10.2%	6.6%	8.9%	11.1%	14.4%	16.4%	17.7%
FCF Yield bef A&D, lease adj	n.a.	n.a.	1.4%	6.0%	0.5%	7.5%	5.2%	6.9%	8.7%	10.8%	12.0%
Payout ratio	0.0%	0.0%	33.9%	77.4%	39.7%	58.2%	58.9%	47.0%	41.5%	40.2%	42.3%

Source: Company data and Nordea estimates

BALANCE SHEET

EURm	2017	2018	2019	2020	2021	2022	2023	2024	2025E	2026E	2027E
Intangible assets	7	5	54	59	130	133	133	132	128	124	120
of which R&D	0	0	0	0	0	0	0	0	0	0	0
of which other intangibles	0	0	1	0	15	15	13	12	12	12	12
of which goodwill	7	5	54	58	114	118	120	120	116	112	108
Tangible assets	0	0	0	0	59	57	66	62	48	49	50
of which leased assets	0	0	0	0	54	52	61	56	41	41	41
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	1	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	7	5	54	59	189	191	200	195	177	174	171
Inventory	27	29	43	44	73	68	74	84	88	91	94
Accounts receivable	8	8	12	13	34	33	41	41	43	44	45
Short-term leased assets	0	0	0	0	0	0	0	0	15	15	15
Other current assets	1	2	3	3	0	4	4	2	2	2	2
Cash and bank	2	2	30	35	12	14	10	10	14	23	29
Total current assets	37	42	88	95	119	119	129	136	161	175	186
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	44	47	142	154	308	309	329	330	338	349	356
Shareholders equity	11	17	64	72	102	104	111	118	132	151	171
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	1	0	0	0	0	0	0	0	0	0
Total Equity	14	17	64	72	102	104	111	118	132	151	171
Deferred tax	0	0	2	3	6	6	5	4	4	4	4
Long term interest bearing debt	11	14	59	58	91	96	89	84	74	64	49
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	2	0	0	2	1	2	1	1	1	1
Non-current lease debt	0	0	0	0	44	42	49	46	44	44	44
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	12	16	62	61	143	144	145	135	123	113	98
Short-term provisions	0	0	0	0	0	0	0	0	0	0	0
Accounts payable	4	4	7	9	46	35	47	54	56	58	60
Current lease debt	0	0	0	0	11	12	14	13	15	15	15
Other current liabilities	4	5	6	8	0	7	6	4	4	4	4
Short term interest bearing debt	12	6	5	5	6	7	7	7	7	7	7
Total current liabilities	19	15	18	21	63	61	73	77	82	85	87
Liabilities for assets held for sale	0	0	0	0	0	0	0	0	0	0	0
Total liabilities and equity	45	48	143	155	308	309	329	330	338	349	356
Balance sheet and debt metrics											
Net debt	22	18	35	28	140	143	149	140	126	107	86
of which lease debt	0	0	0	0	55	53	63	59	59	59	59
Working capital	28	31	46	44	61	63	67	68	72	74	76
Invested capital	35	36	100	103	250	254	267	263	248	248	247
Capital employed	37	37	128	135	254	260	270	267	272	281	286
ROE	44.7%	22.7%	1.0%	10.2%	16.5%	9.8%	12.8%	16.2%	18.8%	19.8%	19.3%
ROIC	14.2%	12.7%	9.1%	8.6%	11.5%	7.0%	7.7%	10.0%	11.6%	13.3%	14.4%
ROCE	17.9%	15.7%	9.6%	10.1%	13.8%	10.6%	10.1%	13.5%	14.8%	16.0%	16.7%
Net debt/EBITDA	2.6	2.0	2.6	1.5	3.9	3.9	3.4	2.7	2.1	1.7	1.3
Interest coverage	7.1	6.0	1.5	4.6	4.2	2.2	3.0	3.0	4.6	5.7	6.8
Equity ratio	23.8%	34.7%	44.5%	46.5%	33.1%	33.6%	33.6%	35.6%	39.2%	43.3%	48.1%
Net gearing	152.2%	102.0%	54.3%	39.1%	136.5%	137.4%	135.0%	119.3%	95.0%	70.7%	50.1%

Source: Company data and Nordea estimates

CASH FLOW STATEMENT

EURm	2017	2018	2019	2020	2021	2022	2023	2024	2025E	2026E	2027E
EBITDA (adj) for associates	8	9	13	19	36	37	44	52	59	64	67
Paid taxes	0	-2	-2	-3	-5	-3	-4	-5	-8	-9	-9
Net financials	0	-1	-6	-1	-3	-4	-7	-9	-6	-5	-5
Change in provisions	0	0	0	0	0	0	0	0	0	0	0
Change in other LT non-IB	-3	2	-2	0	1	-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	-6	-2	1	0	-5	1	0	2	0	0	0
Funds from operations (FFO)	0	6	5	15	24	29	33	39	45	50	53
Change in NWC	0	-2	-3	1	-12	0	-2	-4	-3	-3	-2
Cash flow from operations (CFO)	0	3	2	16	12	29	31	35	42	47	51
Capital expenditure	0	0	0	0	-2	-2	-4	-3	-4	-4	-4
Free cash flow before A&D	0	3	1	16	9	27	27	32	38	44	47
Proceeds from sale of assets	0	0	1	1	0	0	0	0	0	0	0
Acquisitions	0	-1	-65	-9	-60	-15	-4	-5	0	0	0
Free cash flow	0	2	-63	7	-50	13	23	28	38	44	47
Free cash flow bef A&D, lease adj	0	3	1	16	2	14	13	17	23	28	32
Dividends paid	0	0	0	-2	-5	-6	-7	-8	-9	-9	-11
Equity issues / buybacks	0	0	44	0	1	0	0	-1	0	0	0
Net change in debt	0	0	42	-1	32	9	-8	-5	-10	-10	-15
Other financing adjustments	0	0	0	0	0	0	0	0	-15	-15	-15
Other non-cash adjustments	1	-2	4	1	0	-14	-12	-13	0	0	0
Change in cash	1	1	27	5	-23	2	-4	0	5	9	6
Cash flow metrics											
Capex/D&A	0.0%	6.9%	7.3%	2.5%	17.6%	10.2%	22.1%	15.2%	16.5%	17.1%	17.7%
Capex/Sales	0.0%	0.3%	0.4%	0.2%	1.0%	0.7%	1.4%	0.9%	1.0%	1.1%	1.1%
Key information											
Share price year end (/current)	n.a.	n.a.	8	15	26	10	14	13	14	14	14
Market cap.	n.a.	n.a.	101	263	492	192	253	250	265	265	265
Enterprise value	n.a.	n.a.	136	292	632	334	403	390	391	372	351
Diluted no. of shares, year-end (m)	9.1	9.1	12.3	17.9	18.7	18.8	18.8	18.8	18.8	18.8	18.8

Source: Company data and Nordea estimates

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