

Relais Group

Company report

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✓ Inderes corporate customer

This report is a summary translation of the report “Pyörät pyörivät vastatuuleenkin” published on 3/7/2024 at 8:45 pm EET.

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Wheels turn even uphill

We have made minor revisions to our operational forecasts for the coming years following Relais' Q4 results. Reflecting our estimate changes, we lower our target price to EUR 15.0 (was EUR 15.5) but reiterate the Buy recommendation. In our view, the stock is cheap, which together with a risk profile that reflects the defensive nature of the business, keeps the risk/reward ratio very attractive.

Inorganic growth rate and gross margin slightly lower than expected

Relais's Q4 revenue increased by just under 8% to 81 MEUR, slightly below our forecast of 82.3 MEUR. The completed acquisitions of SET, Adita and AutoMateriell contributed slightly less to revenue than expected, while organic growth of 1% was fully in line with our expectations. Q4 EBITA came in at 7.8 MEUR, slightly below our forecast due to lower-than-expected revenue and gross margin. We estimate that the competitive situation in the spare parts market has weighed on gross margin. In addition, the year-on-year decrease in gross margin reflects the change in sales mix following the acquisitions, i.e., the slightly higher weight of the Technical Wholesale and Products business. Otherwise, the operational cost structure was in line with our forecasts. Net financial expenses in Q4 were significantly lower than expected due to non-cash currency effects, and the tax rate in Q4 was also lower than expected. As a result, Q4 adjusted EPS exceeded our forecast. The dividend increase is slightly above our expectations, which is well within Relais' financial position.

No numerical guidance or major forecast changes

As expected, Relais did not provide numerical guidance for the current year. Overall, there is friction in the operating environment reflecting the economic downturn, but we believe that the company's make-independent Commercial Vehicle Repair and Maintenance business should benefit proportionately from customer awareness. The cold winter earlier in the year is also likely to have boosted sales of certain spare parts and equipment. Overall, we believe the demand outlook is reasonable, although we do not expect significant volume-driven growth. We have made minor revisions to our forecasts for the coming years, resulting in a 3-4% reduction in our EBITA forecasts, driven by slightly higher forecasts for financing costs at the EPS level. In our view, Relais' financial position (2023: net debt/LTM EBITDA 2x) allows for spot acquisitions, and the company has indicated that it is ready to utilize more equity financing. We therefore believe that the conditions for implementing the strategy are good.

We think there is clear upside potential in the low valuation

The P/E ratios for 2024 and 2025 (adjusted) are 12x and 11x and the corresponding EV/EBITA multiples adjusted for lease liabilities are 10x. In our view, the absolute valuation multiples for the coming years will be low and have a clear upside. This same valuation pattern is mirrored by the relative valuation, as the share is valued at a discount of some 15% to its industry peers, based on projections for the coming years. Similarly, the share is valued at a significant discount compared to a peer group of serial consolidators. Relative to the historical ROCE, we believe the discount compared to the median for serial consolidators is justified, but overall the relative valuation supports our view of upside potential.

Recommendation

Buy
(previous Buy)

EUR 15.00
(previous EUR 15.50)

Share price:
12.65



Key figures

	2023	2024e	2025e	2026e
Revenue	284.3	305.8	315.0	324.4
growth-%	9%	8%	3%	3%
EBIT adj.	28.6	31.0	32.8	34.4
EBIT-% adj.	10.0 %	10.1 %	10.4 %	10.6 %
Net Income	13.7	15.3	16.9	19.3
EPS (adj.)	0.95	1.04	1.14	1.24
P/E (adj.)	14.3	12.2	11.1	10.2
P/B	2.2	2.0	1.8	1.7
Dividend yield-%	3.3 %	3.6 %	3.7 %	3.8 %
EV/EBIT (adj.)	13.9	11.9	11.0	10.2
EV/EBITDA	9.1	7.9	7.5	6.9
EV/S	1.4	1.2	1.1	1.1

Source: Inderes

Guidance

(New guidance)

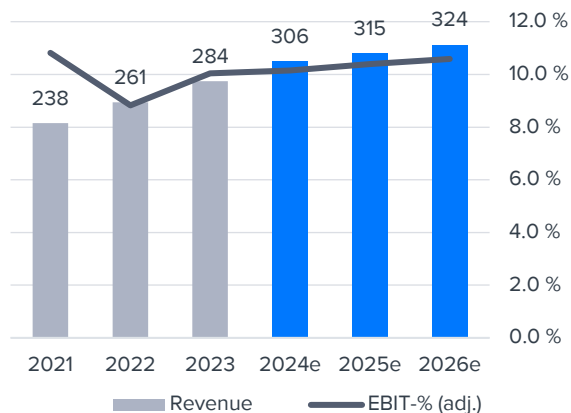
Relais does not provide numeric guidance for the financial year 2024.

Share price



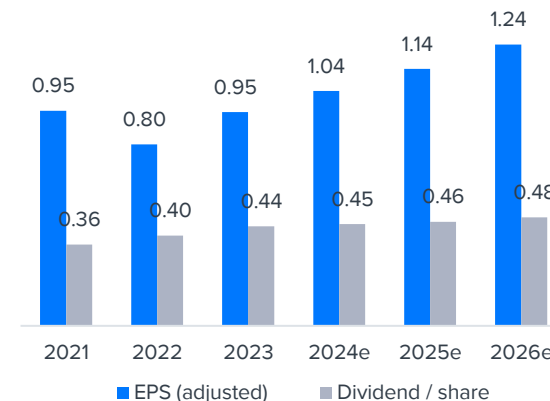
Source: Millstream Market Data AB

Revenue and EBIT-%



Source: Inderes

EPS and dividend



Source: Inderes



Value drivers

- The stable and defensive market over time is huge relative to Relais' size class
- Plenty of room for consolidation on the fragmented vehicle aftermarket
- Serial consolidator business model's value creation potential and growth strategy is quite good
- Mutual sales synergies of the owned businesses support growth preconditions



Risk factors

- Working capital commitment in the wholesale business slows down cash flow
- Typical risks associated with acquisitions
- Long-term risks associated with limited pricing power and competitive situation
- Upward pressure on costs due to high inflation and a significant increase in the cost of financing

Valuation	2024e	2025e	2026e
Share price	12.65	12.65	12.65
Number of shares, millions	18.2	18.3	18.4
Market cap	230	230	230
EV	370	362	350
P/E (adj.)	12.2	11.1	10.2
P/E	15.1	13.7	12.0
P/B	2.0	1.8	1.7
P/S	0.8	0.7	0.7
EV/Sales	1.2	1.1	1.1
EV/EBITDA	7.9	7.5	6.9
EV/EBIT (adj.)	11.9	11.0	10.2
Payout ratio (%)	53.6 %	49.7 %	45.6 %
Dividend yield-%	3.6 %	3.7 %	3.8 %

Source: Inderes

Inorganic growth and gross margin slightly lower than expected

Revenue slightly below our forecast

Relais' Q4 revenue grew by just under 8% to 81 MEUR, slightly below the expected development of 82.3 MEUR.

The completed acquisitions of SET, Adita and AutoMateriell contributed slightly less to revenue than expected, while organic growth of 1% was fully in line with our expectations. In line with our expectations, the depreciation of the Swedish krona had a negative impact of 2% on reported revenue.

The revenue mix was more heavily weighted towards the Technical Wholesale and Products business (72%) as a result of acquisitions, but the segment also achieved a small organic growth supported by price increases, according to our estimates. Similarly, we estimate that the -2% decline in Commercial Vehicle Repair and Maintenance's revenue corresponds to a fairly stable development of revenue after adjusting

for FX.

Gross margin slightly lower than expected

Q4 EBITA reached 7.8 MEUR (EBITA-% 9.6%), which was below our guidance due to lower-than-expected revenue and gross margin. We estimate that the sales margin was weighed down by increased competition in the spare parts market and a higher sales focus on the wholesale and product business than in the comparison period. As expected, lighting sales, which are generally concentrated in Q4, were sluggish due to the weak level of consumer demand. Otherwise, the operational cost structure was broadly in line with our expectations. In the lower lines, net financial expenses were significantly lower, mainly due to non-cash items (consolidation of subsidiaries' balance sheets in different currencies). In addition, contrary to our expectations, the positive taxes

recorded by the company pushed EPS adjusted for PPAs above our forecast to EUR 0.39.

Systematic allocation of cash flow

With the expansion of the business, the working capital tied up will burden the cash flow from operating activities in the fiscal year 2023, after repayment of lease liabilities, to just over 18 MEUR. Working capital was committed in particular through contributions to the working capital of the acquired AutoMateriell and Nordic Lift. Relais invested more than 8 MEUR in organic investments and acquisitions during the year. Thus, despite the dividend payment of 7 MEUR, the balance sheet was slightly strengthened and the net debt/EBITDA ratio improved to 2.0x (excluding lease liabilities). We expect gearing to be in a comfortable range, providing room for acquisitions.

Estimates MEUR / EUR	Q4'22	Q4'23	Q4'23e	Q4'23e	Consensus		Difference (%)	2023
	Comparison	Actualized	Inderes	Consensus	Low	High	Act. vs. inderes	Actualized
Revenue	75.2	80.9	82.3				-2%	284
EBITDA	10.1	11.7	12.6				-7%	43.5
EBITA	6.2	7.8	8.8				-11%	28.6
PTP	3.6	6.1	6.0				1%	17.7
EPS (adj.)	0.32	0.39	0.31				26%	0.95
DPS	0.40	0.44	0.42				5%	0.44
Revenue growth-%	2.3 %	7.6 %	9.4 %				-1.8 pp	9.0 %
EBITA-%	8.3 %	9.6 %	10.7 %				-1.1 pp	10.0 %

Source: Inderes

Operational forecast changes were moderate

Estimate revisions 2024e-2025e

- We lowered our revenue forecasts for the coming years marginally due to a slightly weaker-than-expected Q4 result
- We reviewed our forecasts for operational cost lines, but overall the changes in these forecasts were very small.
- With higher-than-expected depreciation, capital expenditure and lease liabilities in Q4 (and 2023 as a whole), we raised our depreciation forecasts for the coming years
- As a result of the above changes, our EBITA forecasts were slightly lowered (3-4%)
- With higher-than-expected lease liabilities and higher-than-forecast working capital, we increased our forecasts for financing costs, which led to a sharper decline in our bottom-line forecasts than in our operational forecasts
- We revised our dividend forecasts for the coming years thanks to a slightly more generous dividend distribution than expected

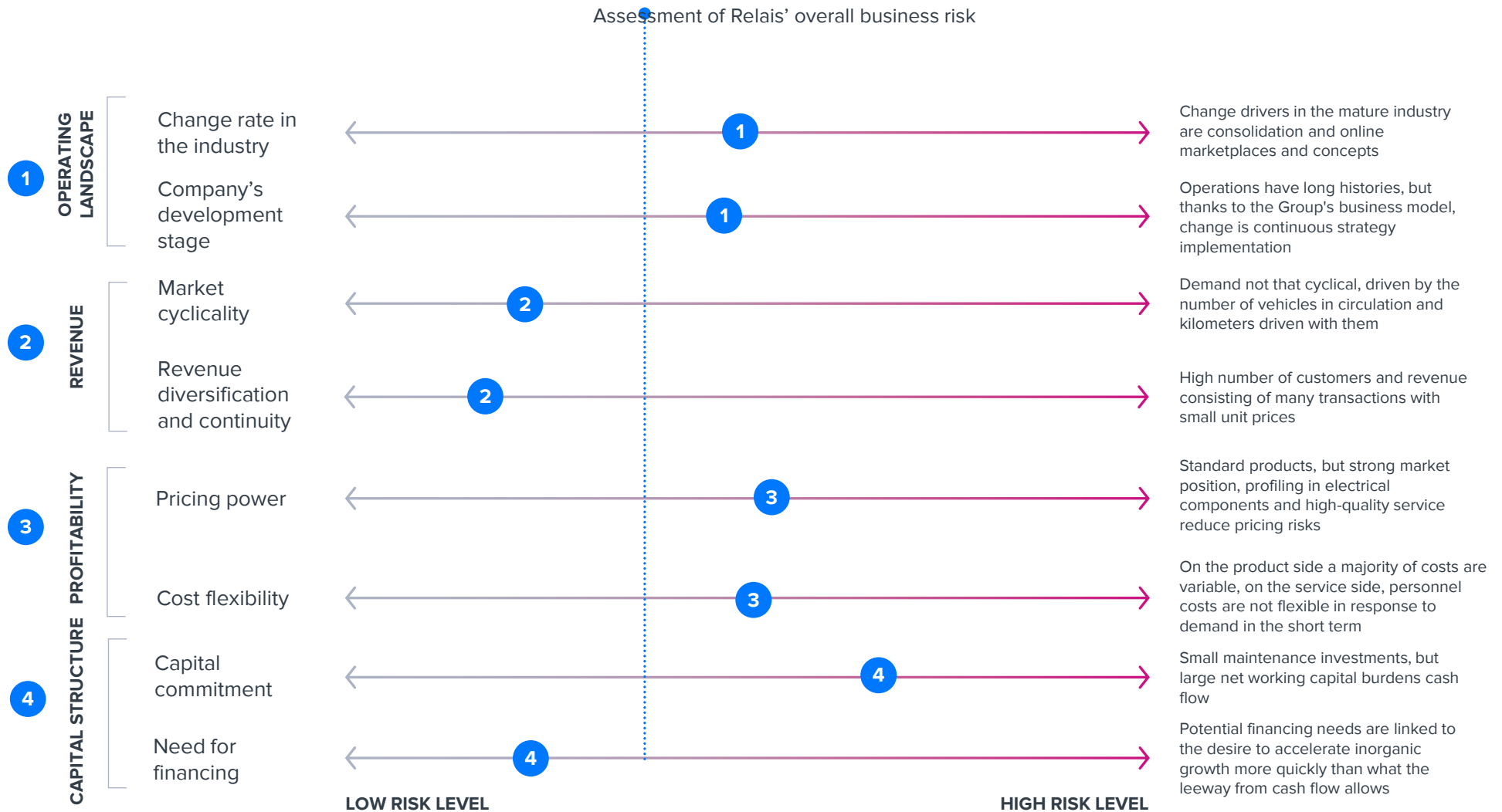
Operational earnings drivers 2024-2026e:

- We expect Relais' 2024 revenue to grow by just under 8% to 306 MEUR, with the bigger driver being inorganic growth in line with acquisitions. We expect organic growth to remain slightly positive and correspond to an annual level of 3%.
- We forecast Relais' full-year 2024 EBITA margin to develop steadily (2023 10.0% vs. 2024e 10.1%) in line with the change in revenue structure and cost inflation.
- Reflecting the return to profitability in 2023, we expect the company's organic earnings growth in the coming years to be partly driven by revenue growth, as we see little upside potential from current profitability levels given the cost structure and scalability of the business.
- We expect Relais to continue to make complementary acquisitions in the future, but we do not model inorganic growth in our estimates

Estimate revisions	2023	2023	Change	2024e	2024e	Change	2025e	2025e	Change
MEUR / EUR	Inderes	Actualized	%	Old	New	%	Old	New	%
Revenue	286	284	0%	310	306	-1%	319	315	-1%
EBITDA	44.4	43.5	-2%	47.0	46.8	0%	49.1	48.3	-2%
EBIT (exc. NRIs)	29.6	28.6	-3%	31.9	31.0	-3%	34.1	32.8	-4%
EBIT	26.1	25.1	-4%	28.3	27.4	-3%	30.5	28.9	-5%
PTP	17.7	17.7	0%	21.4	19.1	-11%	23.8	21.7	-9%
EPS (excl. NRIs)	0.87	0.95	9%	1.11	1.04	-7%	1.21	1.14	-6%
DPS	0.42	0.44	5%	0.44	0.45	2%	0.45	0.46	2%

Source: Inderes

Risk profile of the business model



Investment profile

1.

Growth-orientation and preconditions to create value through acquisitions

2.

Significant growth potential of the target market

3.

Flexible cost structure and mainly stable performance history

4.

Business model ties up working capital, which limits growth investment

5.

In the long term, the expected return is mainly generated through successful implementation of the acquisition strategy

Strengths



- Demand drivers are not susceptible to cyclical fluctuations, so demand is defensive
- If Relais is a successful serial consolidator it has good preconditions to generate ROI that exceeds the cost of equity in the long run
- In a large and fragmented market the number of potential acquisition targets is huge
- Cost structure is flexible in the medium term

Risks



- The business requires significant inventories that tie up working capital and puts the brakes on cash flow
- Usual risks associated with the implementation of an inorganic growth strategy
- No identifiable sources of strong and sustainable competitive advantages in the business
- Relatively low liquidity of the share

Low valuation with clear upside potential

Absolute valuation multiples

We forecast an EV/EBITA adjusted for IFRS16 effects in 2024 of just under 11x, while the corresponding P/E ratio is 12x. The corresponding 2025 valuation multiples are just under 10x and 11x.

In our view, the value creation potential of Relais, in line with its business model, consists of two components: The earnings growth of existing businesses and the value creation potential of the acquisition strategy. We, therefore, consider the valuation of current businesses to be moderate and considering the company's acquisition-driven growth and longer-term value creation possibilities, we find the overall valuation attractive.

Relative valuation

We have assembled two peer groups for Relais, one consisting of companies operating with a similar wholesale business model. The second peer group consists of so-called serial consolidators. The business models of the latter group rely in particular on value creation through active inorganic growth, based especially on the successful allocation of capital over the long term. We believe it is relevant to compare Relais' valuation to these two peer groups, as we do not believe that a valuation based on operational business alone gives value to the company's inorganic growth strategy.

Relais is valued at an average discount of good 15% on key metrics relative to the median of key earnings-based valuation multiples for the next few years for the peer group of companies operating mainly in the international automotive aftermarket the valuation of which we feel is at a sensible level overall.

Compared to a peer group of so-called serial consolidators, the share is valued at a discount of around 35-40% using valuation multiples for the coming years. In our view, Relais should be valued at a discount to its peer group of serial consolidators, as the group has experienced more rapid value creation in recent years, as can be seen in their higher median returns on capital.

However, with a wide valuation gap relative to both peer groups, we believe that the overall relative valuation supports our view that there is upside to the stock's valuation, given that the median valuation multiples for serial investors are not, in our view, unduly high.

DCF model above the current share price

Under our updated DCF model, the share value fell slightly to EUR 15.0 as our net debt forecasts increased. We do not consider the cash flow model a primary tool for valuing Relais, as it's not well suited to capture the value creation of the company's inorganic growth. However, the model is relatively well suited to the valuation of existing businesses and this valuation metric, in our view, indicates that the current share valuation does not include expectations of value creation from future M&A and that the pure valuation of the current business portfolio is moderate.

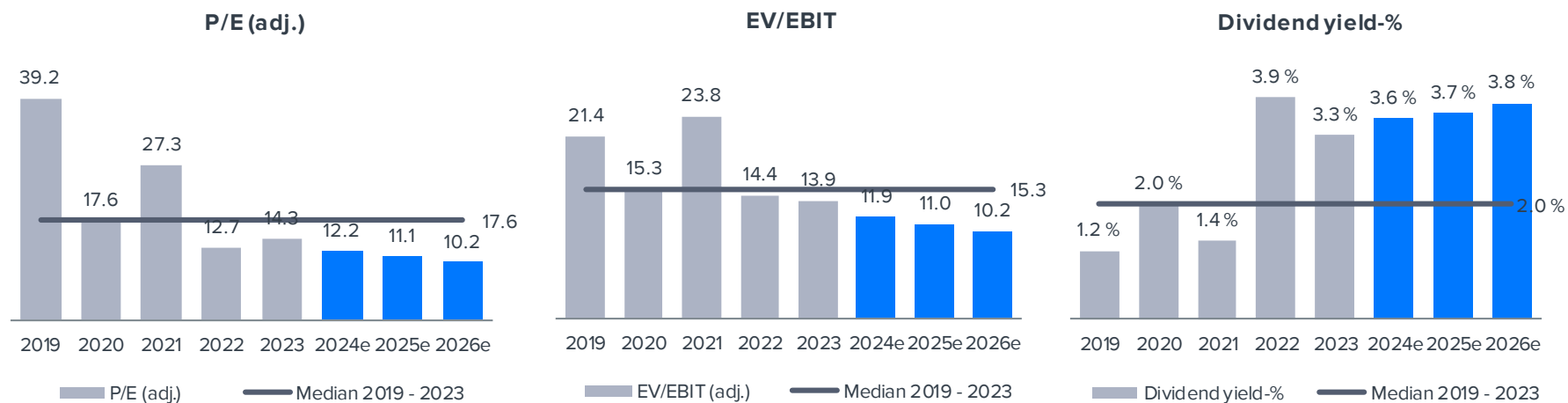
Valuation	2024e	2025e	2026e
Share price	12.65	12.65	12.65
Number of shares, millions	18.2	18.3	18.4
Market cap	230	230	230
EV	370	362	350
P/E (adj.)	12.2	11.1	10.2
P/E	15.1	13.7	12.0
P/B	2.0	1.8	1.7
P/S	0.8	0.7	0.7
EV/Sales	1.2	1.1	1.1
EV/EBITDA	7.9	7.5	6.9
EV/EBIT (adj.)	11.9	11.0	10.2
Payout ratio (%)	53.6 %	49.7 %	45.6 %
Dividend yield-%	3.6 %	3.7 %	3.8 %

Source: Inderes

Valuation table

Valuation	2019	2020	2021	2022	2023	2024e	2025e	2026e	2027e
Share price	8.25	14.7	26.0	10.2	13.5	12.65	12.65	12.65	12.65
Number of shares, millions	16.2	17.4	17.9	18.1	18.1	18.2	18.3	18.4	18.4
Market cap	134	256	466	185	245	230	230	230	230
EV	168	285	613	332	396	370	362	350	338
P/E (adj.)	39.2	17.6	27.3	12.7	14.3	12.2	11.1	10.2	9.4
P/E	>100	36.9	32.5	18.4	17.8	15.1	13.7	12.0	10.9
P/B	2.1	3.6	4.5	1.8	2.2	2.0	1.8	1.7	1.5
P/S	1.4	2.0	2.0	0.7	0.9	0.8	0.7	0.7	0.7
EV/Sales	1.7	2.2	2.6	1.3	1.4	1.2	1.1	1.1	1.0
EV/EBITDA	12.6	14.9	17.0	9.1	9.1	7.9	7.5	6.9	6.4
EV/EBIT (adj.)	21.4	15.3	23.8	14.4	13.9	11.9	11.0	10.2	9.3
Payout ratio (%)	421.1 %	75.3 %	44.9 %	72.3 %	58.1 %	53.6 %	49.7 %	45.6 %	43.0 %
Dividend yield-%	1.2 %	2.0 %	1.4 %	3.9 %	3.3 %	3.6 %	3.7 %	3.8 %	4.0 %

Source: Inderes



Peer group valuation (1/2)

Peer group valuation	Market cap	EV	EV/EBIT		EV/EBITDA		EV/S		P/E		Dividend yield-%		P/B
Company	MEUR	MEUR	2024e	2025e	2024e	2025e	2024e	2025e	2024e	2025e	2024e	2025e	2024e
Inter Cars SA	1910	2534	8.5	7.7	7.3	6.6	0.5	0.5	8.9	7.9	0.2	0.3	1.5
Advance Auto Parts Inc	3922	5268	14.9	13.5	8.2	7.7	0.5	0.5	18.6	15.9	1.4	1.4	1.5
Duell	34	66	132.5	16.6	16.6	9.5	0.6	0.6			3.0	6.1	0.4
Auto Partner SA	838	909	10.4	8.5	9.1	7.5	0.9	0.7	13.1	10.6	0.7	0.8	
Genuine Parts Co	19152	21737	12.1	11.3	10.7	9.9	1.0	1.0	15.3	14.1	2.7	2.8	4.3
LKQ Corp	12590	16226	10.7	10.1	9.1	8.6	1.2	1.1	12.7	11.6	2.3	2.5	1.9
O'Reilly Automotive Inc	58543	63394	20.3	19.1	17.9	16.9	4.1	3.9	25.5	23.0			
Autozone Inc	49268	56902	16.0	15.5	14.0	13.5	3.3	3.2	20.3	18.6			
Bapcor Ltd	1230	1613	13.3	11.3	8.9	7.8	1.3	1.2	17.6	14.5	3.5	4.0	1.8
Mekonomen AB	560	1016	10.5	9.5	5.8	5.5	0.6	0.6	9.2	7.8	3.6	3.9	1.0
Relais Group (Inderes)	230	370	11.9	11.0	7.9	7.5	1.2	1.1	12.2	11.1	3.6	3.7	2.0
Average			24.9	12.3	10.8	9.3	1.4	1.3	15.7	13.8	2.2	2.7	1.7
Median			12.7	11.3	9.1	8.2	1.0	0.8	15.3	14.1	2.5	2.7	1.5
<i>Diff-% to median</i>			-6%	-2%	-13%	-9%	27%	37%	-20%	-21%	42%	38%	31%

Peer group valuation (2/2)

Peer group valuation	Market cap	EV	EV/EBIT		EV/EBITDA		EV/S		P/E		Dividend yield-%		P/B
Company	MEUR	MEUR	2024e	2025e	2024e	2025e	2024e	2025e	2024e	2025e	2024e	2025e	2024e
Indutrade AB	8775	9467	24.5	23.5	18.5	17.8	3.3	3.1	33.0	30.1	1.2	1.3	6.0
Bergman & Beving AB	452	592	16.3	15.3	10.1	9.3	1.4	1.3	22.2	19.0	2.1	2.3	2.1
Momentum Group AB	589	639	26.1	24.8	18.1	17.3	2.7	2.5	28.7	26.7	1.1	1.2	8.7
Bufab AB (publ)	1306	1609	17.0	15.9	15.0	13.8	2.1	2.0	22.8	19.1	1.4	1.6	3.8
Christian Berner Tech Trade AB	53	68	9.9	9.3	6.6	6.3	0.8	0.8	12.0	11.3	3.3	3.6	2.4
Addtech AB	5499	5938	27.4	26.5	20.7	20.3	3.3	3.2	36.4	34.5	1.1	1.2	9.5
Beijer Ref AB (publ)	6310	7059	22.6	20.7	17.9	16.5	2.3	2.2	30.5	26.6	1.1	1.2	3.1
Beijer Alma AB	972	1183	13.7	12.5	9.9	9.3	1.9	1.8	17.6	15.0	2.3	2.5	2.4
Lifco AB (publ)	10326	11052	26.1	24.1	19.9	18.6	4.9	4.6	39.1	35.2	0.8	0.9	7.1
Lagercrantz Group AB	3088	3303	29.3	27.2	21.8	20.3	4.5	4.2	34.0	30.8	1.2	1.5	8.5
Volati Ab	804	1003	15.3	13.2	10.2	9.3	1.3	1.3	17.9	15.0	1.9	2.2	4.0
Boreo	62	120	17.2	13.3	10.4	9.2	0.8	0.8	22.7	14.4		1.0	1.3
AddLife AB	1071	1518	25.3	21.5	11.7	10.6	1.7	1.6	40.0	27.8	1.0	1.7	2.3
Addnode Group AB	1235	1277	25.5	21.1	14.5	12.8	1.7	1.6	35.5	24.1	1.3	1.6	5.9
Instalco AB	865	1237	14.2	12.4	9.4	8.6	1.0	0.9	14.5	12.1	2.2	2.5	2.5
Seafire AB	19	39	9.2	7.0	4.1	3.6	0.4	0.4	11.9	6.8			0.3
Sdipotech AB	801	801	10.0	8.8	7.3	6.5	1.7	1.5	17.0	14.2			2.1
Fasadgruppen Group AB	264	374	8.8	7.7	7.0	6.2	0.8	0.7	9.9	7.9	3.0	3.7	1.2
Relais Group (Inderes)	230	370	11.9	11.0	7.9	7.5	1.2	1.1	12.2	11.1	3.6	3.7	2.0
Average			19.0	17.1	13.1	12.2	2.1	1.9	25.2	20.9	1.7	1.8	4.1
Median			17.2	15.9	11.7	10.6	1.7	1.6	22.8	19.1	1.3	1.6	2.5
Diff-% to median			-31%	-31%	-32%	-29%	-29%	-28%	-46%	-42%	185%	136%	-23%

Source: Refinitiv / Inderes. NB: The market cap used by Inderes does not take into account treasury shares held by the company.

Income statement

Income statement	2022	Q1'23	Q2'23	Q3'23	Q4'23	2023	Q1'24e	Q2'24e	Q3'24e	Q4'24e	2024e	2025e	2026e	2027e
Revenue	260.7	69.0	64.1	70.3	80.9	284	76.2	70.2	74.3	85.1	306	315	324	334
Relais Group	261	69.0	64.1	70.3	80.9	284	76.2	70.2	74.3	85.1	306	315	324	334
EBITDA	36.6	11.1	8.6	12.1	11.8	43.5	11.6	8.9	13.1	13.2	46.8	48.3	50.4	52.6
Depreciation	-16.9	-4.5	-4.6	-4.6	-4.8	-18.4	-4.9	-4.9	-4.9	-4.9	-19.4	-19.4	-19.5	-19.5
EBIT (excl. NRI)	23.0	7.5	4.8	8.4	7.8	28.6	7.6	5.0	9.1	9.3	31.0	32.8	34.4	36.5
EBIT	19.7	6.6	4.0	7.5	7.0	25.1	6.7	4.1	8.2	8.4	27.4	28.9	30.9	33.1
Relais Group	19.7	6.6	4.0	7.5	7.0	25.1	6.7	4.1	8.2	8.4	27.4	28.9	30.9	33.1
Net financial items	-6.5	-2.2	-2.8	-1.5	-1.0	-7.4	-2.1	-2.1	-2.1	-2.0	-8.3	-7.2	-6.1	-5.6
PTP	13.1	4.5	1.2	6.0	6.0	17.7	4.6	2.0	6.2	6.4	19.1	21.7	24.8	27.5
Taxes	-3.1	-1.6	-1.0	-1.7	0.2	-4.0	-0.9	-0.4	-1.2	-1.3	-3.8	-4.8	-5.5	-6.0
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	0.0	0.0
Net earnings	10.0	2.9	0.2	4.3	6.3	13.7	3.7	1.6	4.9	5.1	15.3	16.9	19.3	21.4
EPS (adj.)	0.80	0.21	0.06	0.29	0.39	0.9	0.25	0.14	0.32	0.33	1.04	1.14	1.24	1.35
EPS (rep.)	0.55	0.16	0.01	0.24	0.35	0.76	0.20	0.09	0.27	0.28	0.84	0.92	1.05	1.16

Key figures	2022	Q1'23	Q2'23	Q3'23	Q4'23	2023	Q1'24e	Q2'24e	Q3'24e	Q4'24e	2024e	2025e	2026e	2027e
Revenue growth-%	9.6 %	11.0 %	9.4 %	8.5 %	7.6 %	9.0 %	10.4 %	9.5 %	5.7 %	5.2 %	7.6 %	3.0 %	3.0 %	3.0 %
Adjusted EBIT growth-%	-10.6 %	31.0 %	41.4 %	9.7 %	26.0 %	24.1 %	1.1 %	3.8 %	8.9 %	18.7 %	8.7 %	5.5 %	4.9 %	6.1 %
EBITDA-%	14.0 %	16.1 %	13.4 %	17.2 %	14.5 %	15.3 %	15.2 %	12.7 %	17.6 %	15.6 %	15.3 %	15.3 %	15.5 %	15.7 %
Adjusted EBIT-%	8.8 %	10.9 %	7.5 %	11.9 %	9.7 %	10.0 %	10.0 %	7.1 %	12.3 %	10.9 %	10.1 %	10.4 %	10.6 %	10.9 %
Net earnings-%	3.8 %	4.3 %	0.3 %	6.2 %	7.8 %	4.8 %	4.8 %	2.2 %	6.6 %	6.0 %	5.0 %	5.4 %	6.0 %	6.4 %

Source: Inderes

NB: EBIT (excl. NRIs) is the EBITA reported by the company.

Balance sheet

Assets	2022	2023	2024e	2025e	2026e
Non-current assets	194	200	196	192	189
Goodwill	118	120	120	120	120
Intangible assets	15.0	13.1	11.0	8.7	6.8
Tangible assets	60.3	65.8	64.5	63.5	62.0
Associated companies	0.0	0.0	0.0	0.0	0.0
Other investments	0.7	0.9	0.1	0.1	0.1
Other non-current assets	0.0	0.0	0.0	0.0	0.0
Deferred tax assets	0.0	0.0	0.0	0.0	0.0
Current assets	119	129	129	133	138
Inventories	67.8	74.1	77.4	80.3	83.4
Other current assets	4.1	4.0	4.0	4.0	4.0
Receivables	32.8	41.4	38.5	39.7	40.9
Cash and equivalents	13.9	9.7	9.2	9.4	9.7
Balance sheet total	313	329	325	326	327

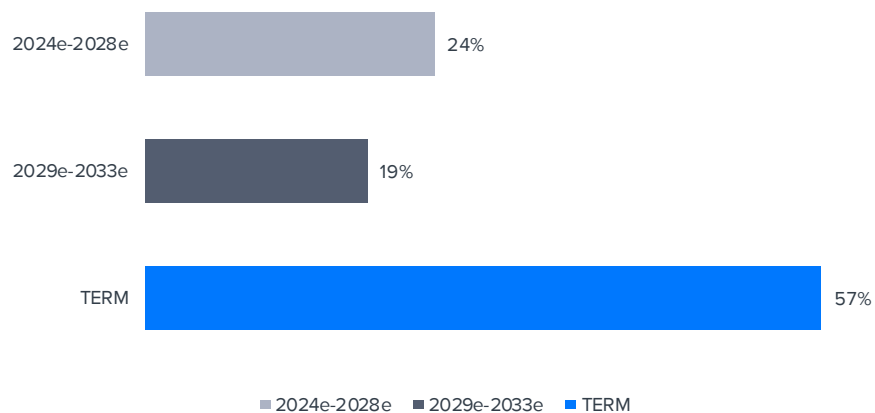
Source: Inderes

Liabilities & equity	2022	2023	2024e	2025e	2026e
Equity	104	111	118	127	138
Share capital	0.1	0.1	0.1	0.1	0.1
Retained earnings	35.6	42.0	49.3	58.1	69.0
Hybrid bonds	0.0	0.0	0.0	0.0	0.0
Revaluation reserve	0.0	0.0	0.0	0.0	0.0
Other equity	68.2	68.5	68.5	68.5	68.5
Minorities	0.0	0.0	0.0	0.0	0.0
Non-current liabilities	148	145	125	105	95.3
Deferred tax liabilities	5.8	5.2	5.2	5.2	5.2
Provisions	0.0	0.0	0.0	0.0	0.0
Interest bearing debt	142	140	120	100.0	90.0
Convertibles	0.0	0.0	0.0	0.0	0.0
Other long term liabilities	0.1	0.1	0.1	0.1	0.1
Current liabilities	61.0	73.3	81.5	93.9	94.1
Interest bearing debt	19.1	20.8	28.4	40.9	39.7
Payables	35.3	46.8	47.4	47.2	48.7
Other current liabilities	6.6	5.7	5.7	5.7	5.7
Balance sheet total	313	329	325	326	327

DCF calculation

DCF model	2023	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	TERM
Revenue growth-%	9.0 %	7.6 %	3.0 %	3.0 %	3.0 %	3.0 %	3.0 %	3.0 %	2.5 %	2.5 %	2.0 %	2.0 %
EBIT-%	8.8 %	9.0 %	9.2 %	9.5 %	9.9 %	11.0 %	11.0 %	11.0 %	10.5 %	10.5 %	10.5 %	10.5 %
EBIT (operating profit)	25.1	27.4	28.9	30.9	33.1	37.9	39.0	40.2	39.3	40.3	41.1	
+ Depreciation	18.4	19.4	19.4	19.5	19.5	19.2	17.0	16.9	16.9	16.9	16.9	
- Paid taxes	-4.6	-3.8	-4.8	-5.5	-6.0	-7.3	-7.7	-7.9	-7.7	-7.9	-8.1	
- Tax, financial expenses	-1.7	-1.7	-1.6	-1.3	-1.2	-1.0	-0.9	-0.9	-0.9	-0.9	-0.9	
+ Tax, financial income	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Change in working capital	-4.3	0.3	-4.3	-2.8	-3.3	-2.4	-2.4	-2.5	-2.2	-2.2	-1.8	
Operating cash flow	33.0	41.6	37.7	40.8	42.0	46.3	45.0	45.7	45.4	46.1	47.1	
+ Change in other long-term liabilities	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Gross CAPEX	-24.1	-15.2	-16.0	-16.2	-16.3	-16.5	-16.9	-17.0	-17.0	-17.1	-17.1	
Free operating cash flow	9	26.4	21.6	24.6	25.7	29.9	28.0	28.7	28.3	29.0	30.0	
+/- Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
FCFF	9.0	26.4	21.6	24.6	25.7	29.9	28.0	28.7	28.3	29.0	30.0	513
Discounted FCFF		24.8	18.8	19.8	19.2	20.6	17.9	17.0	15.6	14.7	14.1	241
Sum of FCFF present value		424	399	380	361	341	321	303	286	270	255	241
Enterprise value DCF		424										
- Interest bearing debt		-161										
+ Cash and cash equivalents		9.7										
-Minorities		0.0										
-Dividend/capital return		0.0										
Equity value DCF		273										
Equity value DCF per share		15.0										

Cash flow distribution



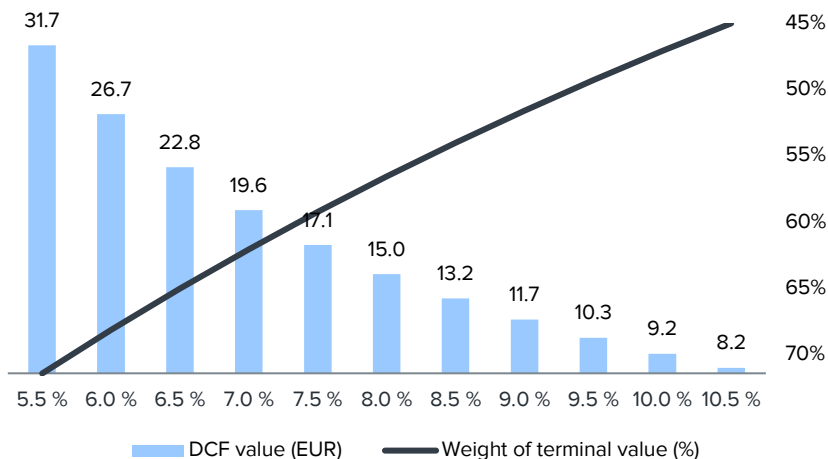
WACC

Tax-% (WACC)	20.0 %
Target debt ratio (D/(D+E))	20.0 %
Cost of debt	5.0 %
Equity Beta	1.1
Market risk premium	4.75%
Liquidity premium	1.10%
Risk free interest rate	2.5 %
Cost of equity	9.0 %
Weighted average cost of capital (WACC)	8.0 %

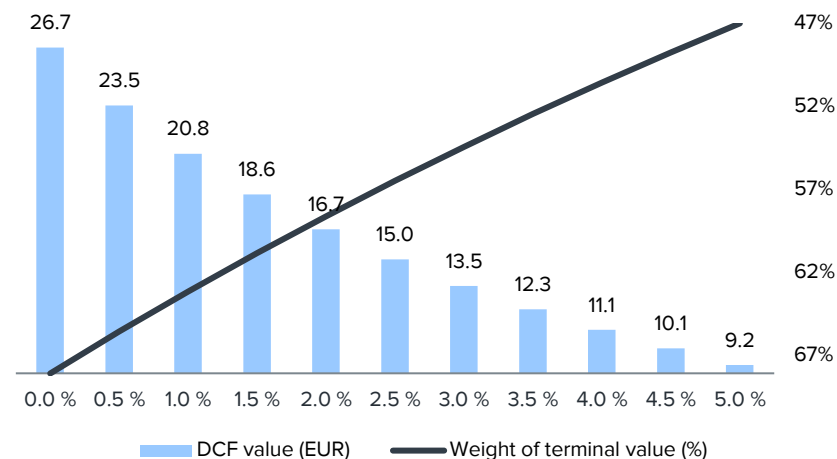
Source: Inderes

DCF sensitivity calculations and key assumptions in graphs

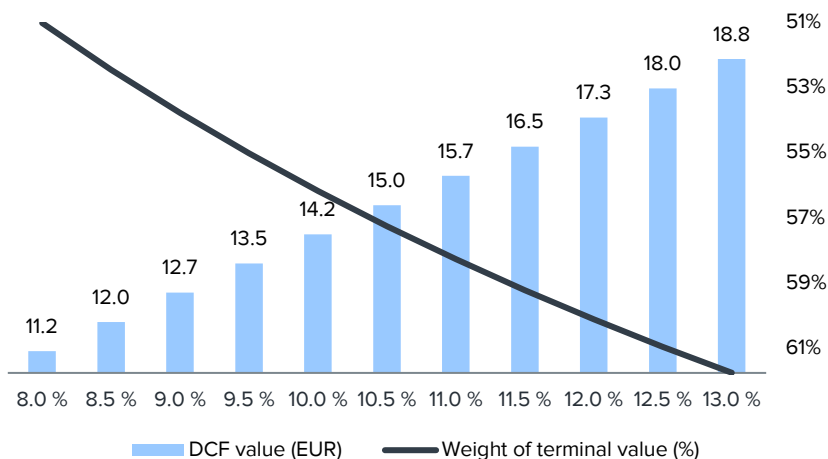
Sensitivity of DCF to changes in the WACC-%



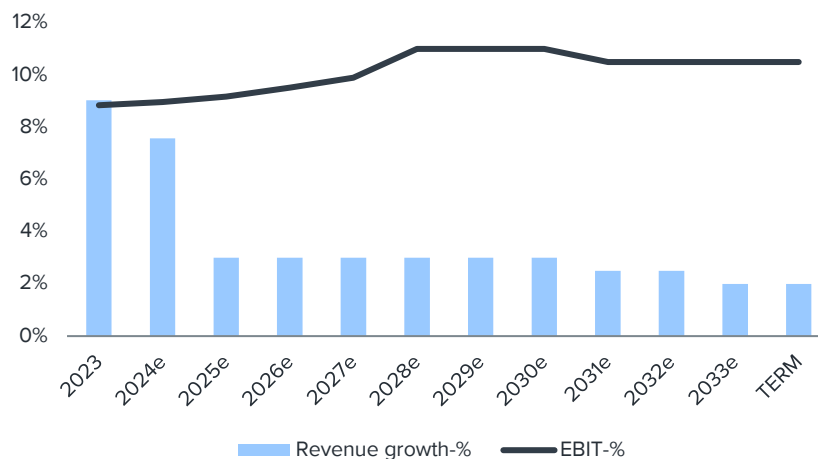
Sensitivity of DCF to changes in the risk-free rate



Sensitivity of DCF to changes in the terminal EBIT margin



Growth and profitability assumptions in the DCF calculation



Source: Inderes. Note that the weight of the terminal value (%) is shown on an inverse scale for clarity.

Summary

Income statement	2021	2022	2023	2024e	2025e	Per share data	2021	2022	2023	2024e	2025e
Revenue	237.8	260.7	284.3	305.8	315.0	EPS (reported)	0.80	0.55	0.76	0.84	0.92
EBITDA	36.0	36.6	43.5	46.8	48.3	EPS (adj.)	0.95	0.80	0.95	1.04	1.14
EBIT	23.0	19.7	25.1	27.4	28.9	OCF / share	0.98	1.64	1.82	2.29	2.06
PTP	18.5	13.1	17.7	19.1	21.7	FCF / share	-7.28	0.72	0.49	1.45	1.18
Net Income	14.4	10.0	13.7	15.3	16.9	Book value / share	5.80	5.73	6.10	6.48	6.93
Extraordinary items	-2.7	-3.3	-3.4	-3.6	-3.8	Dividend / share	0.36	0.40	0.44	0.45	0.46
Balance sheet	2021	2022	2023	2024e	2025e	Growth and profitability	2021	2022	2023	2024e	2025e
Balance sheet total	314.0	312.8	329.1	324.8	325.8	Revenue growth-%	84%	10%	9%	8%	3%
Equity capital	104.4	103.9	110.7	118.0	126.7	EBITDA growth-%	88%	2%	19%	8%	3%
Goodwill	116.6	118.2	120.1	120.1	120.1	EBIT (adj.) growth-%	38%	-11%	24%	9%	6%
Net debt	144.8	147.2	151.0	139.3	131.4	EPS (adj.) growth-%	14%	-16%	18%	10%	9%
Cash flow	2021	2022	2023	2024e	2025e	EBITDA-%	15.1 %	14.0 %	15.3 %	15.3 %	15.3 %
EBITDA	36.0	36.6	43.5	46.8	48.3	EBIT (adj.)-%	10.8 %	8.8 %	10.0 %	10.1 %	10.4 %
Change in working capital	-17.0	-1.8	-4.3	0.3	-4.3	EBIT-%	9.7 %	7.5 %	8.8 %	9.0 %	9.2 %
Operating cash flow	17.6	29.8	33.0	41.6	37.7	ROE-%	16.3 %	9.6 %	12.8 %	13.4 %	13.8 %
CAPEX	-148.6	-16.1	-24.1	-15.2	-16.0	ROI-%	11.6 %	7.5 %	9.4 %	10.2 %	10.8 %
Free cash flow	-130.6	13.1	9.0	26.4	21.6	Equity ratio	33.2 %	33.2 %	33.6 %	36.3 %	38.9 %
						Gearing	138.7 %	141.7 %	136.5 %	118.0 %	103.8 %
Valuation multiples	2021	2022	2023	2024e	2025e						
EV/S	2.6	1.3	1.4	1.2	1.1						
EV/EBITDA (adj.)	17.0	9.1	9.1	7.9	7.5						
EV/EBIT (adj.)	23.8	14.4	13.9	11.9	11.0						
P/E (adj.)	27.3	12.7	14.3	12.2	11.1						
P/B	4.5	1.8	2.2	2.0	1.8						
Dividend-%	1.4 %	3.9 %	3.3 %	3.6 %	3.7 %						

Source: Inderes

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Recommendation history (>12 mo)

Date	Recommendation	Target	Share price
11/5/2021	Reduce	26.00 €	25.20 €
3/4/2022	Accumulate	24.00 €	22.00 €
	Analyst changed		
4/4/2022	Accumulate	24.00 €	21.00 €
5/13/2022	Accumulate	20.00 €	18.00 €
8/9/2022	Accumulate	14.50 €	13.25 €
8/12/2022	Accumulate	14.00 €	12.20 €
11/9/2022	Buy	13.00 €	10.45 €
11/11/2022	Buy	13.50 €	10.95 €
3/1/2023	Accumulate	13.50 €	11.50 €
3/3/2023	Accumulate	13.50 €	12.50 €
5/5/2023	Accumulate	15.50 €	14.00 €
5/30/2023	Accumulate	15.50 €	13.15 €
8/11/2023	Accumulate	15.50 €	13.15 €
11/3/2023	Buy	15.50 €	11.35 €
3/7/2024	Buy	15.00 €	12.65 €



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