

Relais Group

Company report

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Petri Gostowski
+358 40 821 5982
petri.gostowski@inderes.fi



Tommi Saarinen
+358 400530573
tommi.saarinen@inderes.fi

✓ Inderes corporate customer

This report is a summary translation of the report "Myrsky ei keikauta venettä" published on 11/2/2023 at 10:15 pm EET

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res.**

The storm does not capsize the boat

Relais' Q3 operational development exceeded our expectations in terms of profitability. Repair shops operating with a strong EBITDA pushed profitability up from the comparison period. This strengthened our confidence in the relatively strong position of brand-independent commercial vehicle repair and maintenance services. Our forecast for the current year increased, but the forecast changes for the coming years were generally very small. Thus, we reiterate our EUR 15.5 target price but raise our recommendation to Buy (was Accumulate) as a result of the price drop.

Net sales were on the expected level and repair shops pushed the result above our forecast

In Q3, Relais' net sales grew in line with our expectations by 9% year-on-year to EUR 70.3 million. Net sales were primarily supported by acquisitions made in the Technical Wholesale and Products business, but strong customer demand in the repair and maintenance business also supported net sales. Vehicle lighting sales were low, and the peak season seems to be more focused on Q4. The weakening of SEK had depressed net sales clearly, and adjusted for exchange rate changes, net sales growth was as high as 14%. Profitability exceeded our expectations with a higher sales margin than we forecasted. We believe profitability was supported by high utilization rates in the repair and maintenance business with reasonable operational levers, while the weakening of the SEK as an opposing force.

Minor forecast changes

The Q3 report did not offer any surprises regarding the outlook, but the estimate overshoot in profitability led to minor changes in our forecasts. We revised our cost forecasts, which increased the 2023 EBITA forecast by 7%, while for 2024-2025 the changes remained at 1%. The demand picture that remained decent in a modest business environment strengthened our confidence in the good relative competitiveness of brand-independent commercial vehicle repair and maintenance services. The repair and maintenance business seems to be generating strong profitability at the moment with a high utilization rate, so we estimate that earnings growth will depend on net sales growth in the future. Relais has significant leverage in its balance sheet, which is not a problem for the company if the earnings level remains at the current strong level. Thus, even in its current financial position, the company can continue to carry out small and calculated acquisitions in line with the strategy, but to carry out larger M&A transactions or achieve the medium-term financial objective (PF EBITA 50 MEUR by the end of 2025), we believe it would need equity financing.

Valuation has turned attractive with the price drop

The P/E ratios (adj.) for 2023 and 2024 based on our estimates are 13x and 10x and corresponding EV/EBITA ratios adjusted for lease liabilities are 10x and 9x. 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 12% to its industry peers, based on projections for the coming years. Similarly, the company is valued at a significant discount of a good one-third compared to the 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 we feel the relative valuation supports our view of a clear upside in the valuation.

Recommendation

Buy

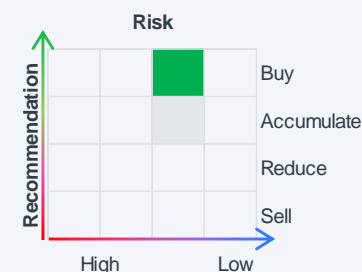
(previous Accumulate)

EUR 15.50

(previous EUR 15.50)

Share price:

11.35



Key figures

	2022	2023e	2024e	2025e
Revenue	260.7	285.6	309.7	319.0
growth-%	10%	10%	8%	3%
EBIT adj.	23.0	29.6	31.9	34.1
EBIT-% adj.	8.8 %	10.3 %	10.3 %	10.7 %
Net Income	10.1	12.3	16.7	18.6
EPS (adj.)	0.80	0.87	1.11	1.21
P/E (adj.)	12.7	13.1	10.2	9.4
P/B	1.8	1.9	1.7	1.6
Dividend yield-%	3.9 %	3.7 %	3.9 %	4.0 %
EV/EBIT (adj.)	14.3	11.6	10.6	9.5
EV/EBITDA	9.0	7.7	7.2	6.6
EV/S	1.3	1.2	1.1	1.0

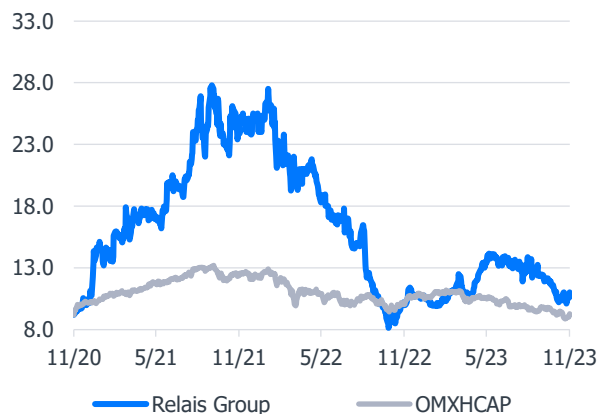
Source: Inderes

Guidance

(Unchanged)

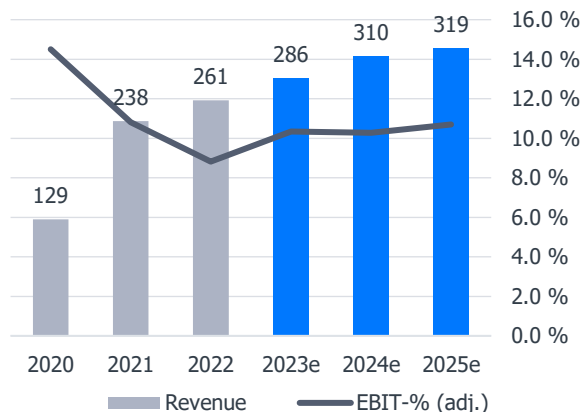
Relais does not provide numeric guidance for the financial year 2023.

Share price



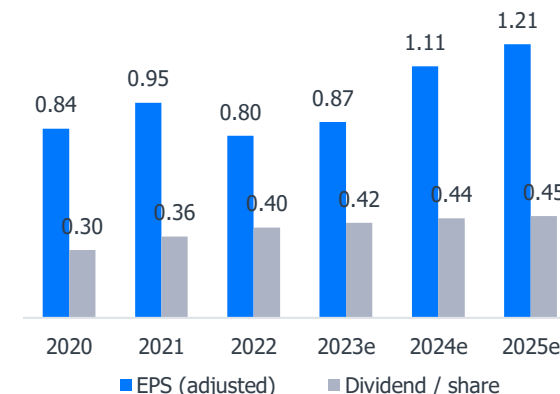
Source: Millstream Market Data AB

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	2023e	2024e	2025e
Share price	11.35	11.35	11.35
Number of shares, million	18.2	18.3	18.4
Market cap	207	207	207
EV	342	337	326
P/E (adj.)	13.1	10.2	9.4
P/E	16.8	12.4	11.2
P/B	1.9	1.7	1.6
P/S	0.7	0.7	0.6
EV/Sales	1.2	1.1	1.0
EV/EBITDA	7.7	7.2	6.6
EV/EBIT (adj.)	11.6	10.6	9.5
Payout ratio (%)	62.2 %	48.1 %	44.4 %
Dividend yield-%	3.7 %	3.9 %	4.0 %

Source: Inderes

Strong sales margin pushed us to expect higher profitability

Net sales growth in line with our expectations

Relais' net sales grew by 9% from the comparison period to 70.3 MEUR in line with our estimates, which was a good performance considering the weak economic situation in the Nordic countries. We suspect that a larger part of the growth was generated by acquisitions. Moderate organic growth was driven by price increases to compensate for cost inflation, while we believe volumes remained somewhat stable. Net sales were depressed by the significantly weakened SEK, as less than one-third of the company's sales come from Sweden. As a result of the acquisitions, the relative share of the Technical Wholesale and Products business in net sales increased to approximately 70%. Within the Technical Wholesale and Products business, vehicle lighting sales decreased by 8% from the comparison period (reported figures), and the company commented that seasonal demand will focus more on Q4 in the current financial year.

Strong demand in repair operations supported profitability

EBIT adjusted for goodwill amortization increased more strongly than we expected to EUR 8.4 million. The estimate overshoot was driven by a stronger sales margin than we expected that increased from the comparison period, which was a strong performance considering the slight increase in the net sales share of the Technical Wholesale and Products business. Profitability was supported by high utilization rates of repair shops and acquisitions. Personnel costs and other operating costs were at the level we expected. In the lower lines, financing costs were lower than we expected due to positive exchange rate effects. Foreign exchange losses on financial income do not have a cash flow effect so there importance is minor. The tax rate was at the level we expected, so EPS adjusted for goodwill amortization rose above our forecast to EUR 0.29.

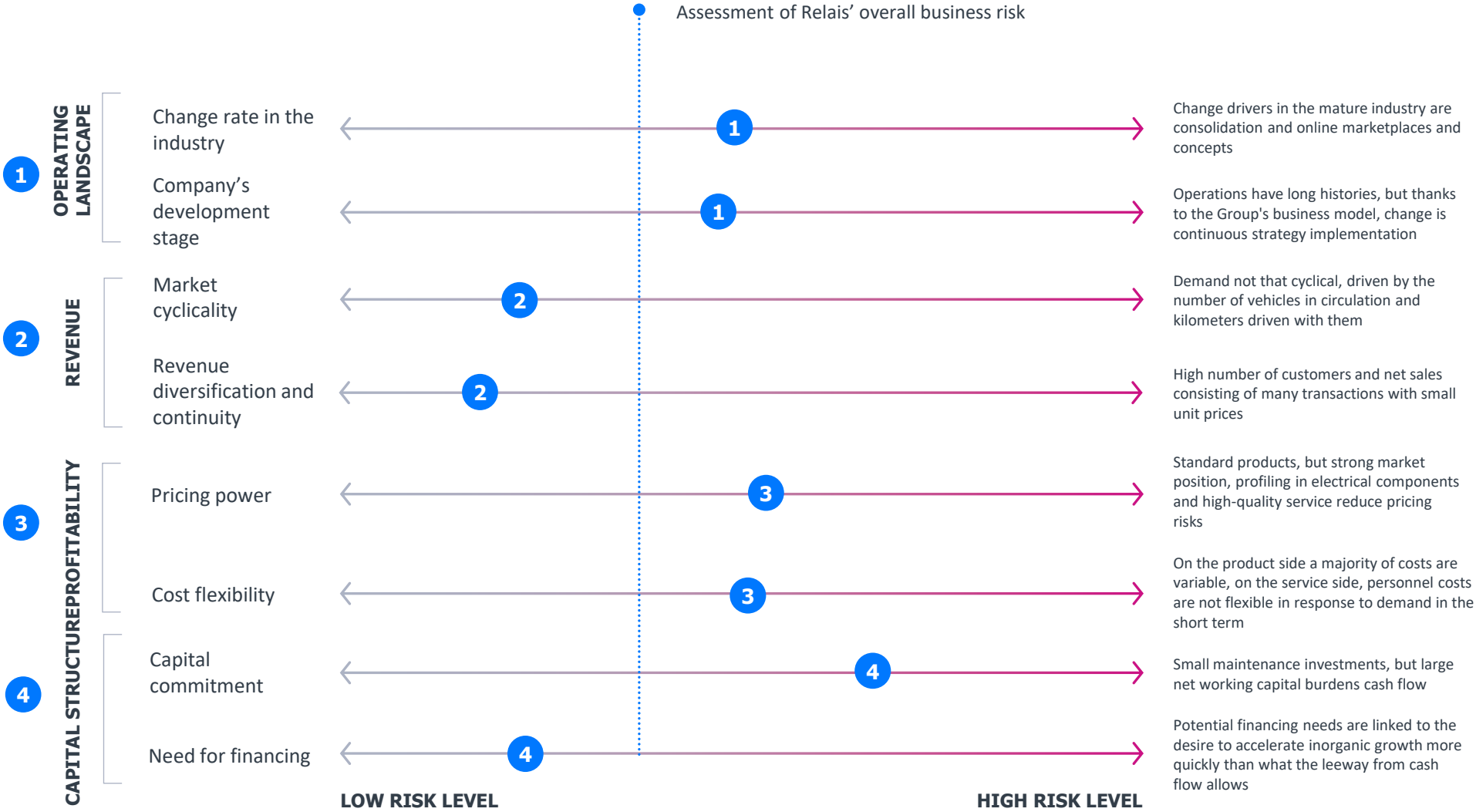
The balance sheet is leveraged, but there is still leeway

Despite good profitability, operational cash flow was subdued in the quarter at EUR 4.6 million (Q1-Q3'23: 22.2 MEUR) due to seasonal commitment of working capital. Investments in tangible and intangible assets were higher than usual at EUR 1.7 million (Q1-Q3'23: 2.7 MEUR). Net debt excluding lease liabilities decreased from the comparison period, but increased from the previous quarter to EUR 87 million due to subdued cash flow. Net debt relative to the EBITA of the previous 4 quarters was 3.2x (Net debt/EBITDA excluding IFRS16 was 2.1x and incl. IFRS16 it was 3.5x), so there is significant leverage in the balance sheet. At the current earnings level Relais' indebtedness is well controlled, and we expect Q4 that is strongest in terms of cash flow to decrease net debt slightly despite paying half of the dividend. Thus, we believe there are good preconditions for continuing targeted acquisitions in line with the strategy, when financial reserves and the possibility of utilizing own shares are also considered.

Estimates MEUR / EUR	Q3'22	Q3'23	Q3'23e	Q3'23e	Consensus		Difference (%)	2023e
	Comparison	Actualized	Inderes	Consensus	Low	High	Act. vs. inderes	Inderes
Revenue	64.8	70.3	70.4				0%	286
EBITDA	11.1	12.1	11.4				6%	44.4
EBITA	7.7	8.4	7.6				10%	29.6
PTP	5.1	6.0	4.8				24%	17.7
EPS (adj.)	0.25	0.29	0.26				9%	0.87
Revenue growth-%	10.3 %	8.5 %	8.7 %				-0.3 pp	9.6 %
EBITA-%	11.8 %	11.9 %	10.8 %				1.2 pp	10.3 %

Source: Inderes

Risk profile of the business model



Source: Inderes

Minor forercast changes

Estimate revisions 2023e-2025e

- Overall, a slightly better Q3 outcome than we expected led to rather minor forecast changes
- Organic net sales growth forecasts for Q4 and for the coming years remained unchanged
- The 2023 EBITA forecast increased by 7% due to better-than-expected sales margin in Q3 and increased sales margin forecast for Q4
- We will fine-tune the cost structures for the next few years due to Q3's strong sales margin and slightly higher average wages than expected
- We included Jyväskylä Truck Center published at the end of October in our forecasts, even though the forecast changes were marginal at Group size in light of the small size of the acquisition. The acquisition together with the fine-tuning of forecasts slightly increased our forecasts for the coming years

Operational earnings drivers 2023e-2025e:

- We now expect Relais' 2023 net sales to grow by close on 10% to EUR 286 million, where inorganic growth in line with acquisitions is the bigger driver. We expect organic growth to remain slightly positive and correspond to an annual level of close to 3%.
- In our estimates, Relais' full-year 2023 EBITA margin improves from a low 8.8% in the previous year to a healthy 10.3% especially thanks to strengthening repair shop EBITDAs.
- Due to the strengthening relative profitability in 2023, we estimate that the company's organic earnings growth in the coming years will depend mainly on net sales growth, as we see no significant upside from the profitability level of 2023, considering the cost structure of the business, its scalability potential and the already good EBITDA of maintenance and repair services
- We expect Relais to continue to make complementary acquisitions in the future, but we do not expect inorganic growth

Estimate revisions MEUR / EUR	2023e Old	2023 New	Change %	2024e Old	2024e New	Change %	2025e Old	2025e New	Change %
Revenue	285	286	0%	308	310	0%	317	319	0%
EBITDA	42.7	44.4	4%	46.8	47.0	1%	48.8	49.1	1%
EBIT (exc. NRIs)	27.7	29.6	7%	31.6	31.9	1%	33.9	34.1	1%
EBIT	24.2	26.1	8%	28.0	28.3	1%	30.3	30.5	1%
PTP	15.5	17.7	14%	21.0	21.4	2%	23.4	23.8	2%
EPS (excl. NRIs)	0.80	0.87	9%	1.09	1.11	2%	1.19	1.21	2%
DPS	0.42	0.42	0%	0.44	0.44	0%	0.45	0.45	0%

Source: Inderes

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 depress 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

Valuation has turned attractive

Absolute valuation multiples

With our estimates, the 2023 EV/EBITDA ratio adjusted for IFRS16 liabilities is 10x, while the corresponding P/E ratio is 13x. The corresponding valuation multiples for 2024 are 9x and 10x. The 2023 net profit-based valuation is elevated by non-cash-flow-related foreign exchange losses and therefore distorts the overall valuation picture somewhat.

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 the right value to the company's inorganic growth strategy.

Relais is valued at an average discount of good 10% 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.

The share is valued at a good 35 % discount compared to the peer group of so-called serial consolidators. 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, due to the considerable difference in valuation, the relative valuation as a whole supports our view of an upside in the share valuation, bearing in mind that the median valuation multiples of serial consolidators are not particularly high in our opinion.

DCF model above the current share price

Our cash flow model indicates a value of EUR 15.7, which also supports our view that the valuation has upside potential. 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 for valuing existing businesses. In our view, this valuation yardstick indicates that the valuation does not include any expectations of the value creation of future M&A transactions.

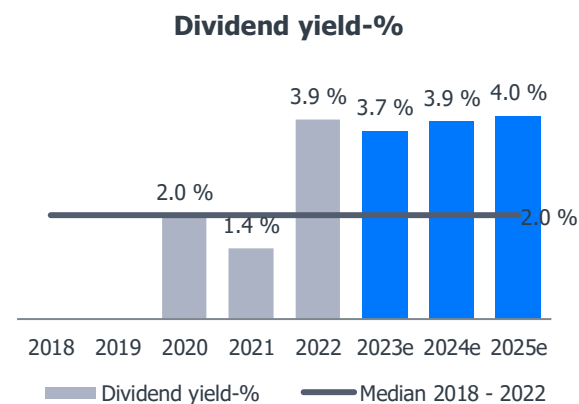
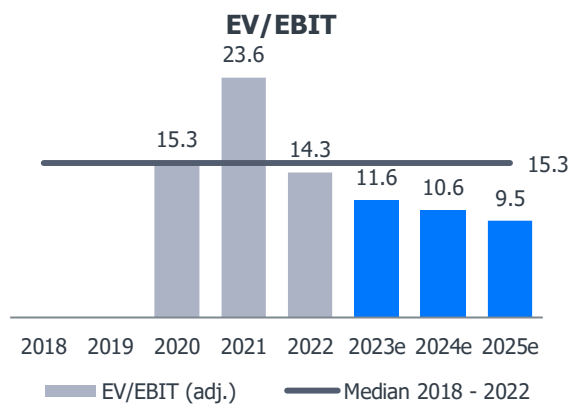
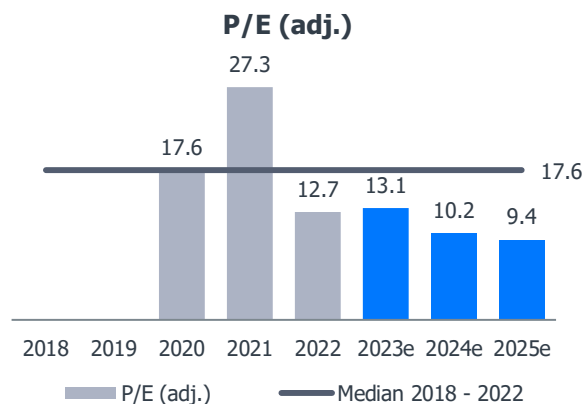
Valuation	2023e	2024e	2025e
Share price	11.35	11.35	11.35
Number of shares, million	18.2	18.3	18.4
Market cap	207	207	207
EV	342	337	326
P/E (adj.)	13.1	10.2	9.4
P/E	16.8	12.4	11.2
P/B	1.9	1.7	1.6
P/S	0.7	0.7	0.6
EV/Sales	1.2	1.1	1.0
EV/EBITDA	7.7	7.2	6.6
EV/EBIT (adj.)	11.6	10.6	9.5
Payout ratio (%)	62.2 %	48.1 %	44.4 %
Dividend yield-%	3.7 %	3.9 %	4.0 %

Source: Inderes

Valuation table

Valuation	2018	2019	2020	2021	2022	2023e	2024e	2025e	2026e
Share price			14.7	26.0	10.2	11.35	11.35	11.35	11.35
Number of shares, millions			17.4	17.9	18.1	18.2	18.3	18.4	18.4
Market cap			256	466	185	207	207	207	207
EV			285	608	328	342	337	326	312
P/E (adj.)			17.6	27.3	12.7	13.1	10.2	9.4	8.6
P/E			36.9	32.5	18.4	16.8	12.4	11.2	9.2
P/B			3.6	4.6	1.8	1.9	1.7	1.6	1.4
P/S			2.0	2.0	0.7	0.7	0.7	0.6	0.6
EV/Sales			2.2	2.6	1.3	1.2	1.1	1.0	1.0
EV/EBITDA			14.9	16.9	9.0	7.7	7.2	6.6	6.1
EV/EBIT (adj.)			15.3	23.6	14.3	11.6	10.6	9.5	8.6
Payout ratio (%)			75.3 %	44.9 %	72.0 %	62.2 %	48.1 %	44.4 %	37.4 %
Dividend yield-%			2.0 %	1.4 %	3.9 %	3.7 %	3.9 %	4.0 %	4.1 %

Source: Inderes



Peer group valuation 1/2

Peer group valuation Company	Market cap MEUR	EV MEUR	EV/EBIT		EV/EBITDA		EV/S		P/E		Dividend yield-%		P/B 2023e
			2023e	2024e	2023e	2024e	2023e	2024e	2023e	2024e	2023e	2024e	
Inter Cars SA	1892	2465	8.3	7.6	7.9	6.8	0.6	0.5	9.4	8.5	0.2	0.2	1.8
Advance Auto Parts Inc	3854	5378	10.4	9.5	6.6	6.3	0.5	0.5	12.1	10.5	4.2	3.6	1.4
Duell	37	86	21.5	11.7	12.3	8.1	0.7	0.7	32.4	9.5		1.4	0.9
Auto Partner SA	621	695	9.5	8.0	8.6	7.2	0.9	0.7	12.5	10.6	0.9	0.7	3.0
Genuine Parts Co	20012	22642	12.9	12.1	11.5	10.7	1.1	1.0	16.9	15.7	2.4	2.7	5.1
LKQ Corp	12999	14943	10.6	9.9	9.2	8.6	1.2	1.1	13.4	12.2	2.1	2.3	2.4
O'Reilly Automotive Inc	51131	55516	19.3	18.0	17.1	16.0	3.9	3.7	24.6	22.0			
Autozone Inc	40774	47207	15.1	14.1	13.2	12.3	3.0	2.8	18.9	16.9			
Bapcor Ltd	1249	1602	13.3	11.6	9.1	8.1	1.3	1.3	16.6	14.5	3.4	3.8	1.9
Mekonomen AB	525	1008	11.4	10.5	6.7	6.5	0.7	0.7	9.9	8.5	3.8	4.1	1.0
Relais Group (Inderes)	207	342	11.6	10.6	7.7	7.2	1.2	1.1	13.1	10.2	3.7	3.9	1.9
Average			13.2	11.3	10.2	9.0	1.4	1.3	16.7	12.9	2.4	2.3	2.2
Median			12.2	11.0	9.1	8.1	1.0	0.9	15.0	11.4	2.4	2.5	1.8
<i>Diff-% to median</i>			-5%	-4%	-15%	-11%	24%	23%	-13%	-11%	53%	59%	4%

Peer group valuation 2/2

Peer group valuation Company	Market cap MEUR	EV MEUR	EV/EBIT		EV/EBITDA		EV/S		P/E		Dividend yield-%		P/B 2023e
			2023e	2024e	2023e	2024e	2023e	2024e	2023e	2024e	2023e	2024e	
Indutrade AB	6031	6827	18.8	19.2	14.2	14.3	2.5	2.5	24.2	24.5	1.5	1.6	4.9
Bergman & Beving AB	338	473	16.7	14.8	10.0	8.6	1.2	1.2	17.1	17.5	2.5	2.6	1.9
Momentum Group AB	430	475	23.3	21.4	16.6	14.9	2.5	2.2	25.2	22.9	1.2	1.4	8.0
Bufab AB (publ)	845	1147	13.1	12.7	11.1	10.7	1.5	1.5	17.7	16.4	1.9	2.0	2.9
Christian Berner Tech Trade AB	39	57	9.6	8.7	6.5	5.8	0.7	0.7	10.7	9.6	3.7	4.2	2.2
Addtech AB	3704	4137	24.0	19.9	18.1	15.3	2.7	2.4	30.4	24.1	1.2	1.5	8.4
Beijer Ref AB (publ)	4477	5243	19.0	17.4	15.0	13.8	1.9	1.8	24.6	22.2	1.3	1.5	2.4
Beijer Alma AB	917	1138	14.8	13.4	10.8	10.0	2.0	1.9	19.3	16.2	2.5	2.8	2.6
Lifco AB (publ)	7278	7942	20.0	20.6	15.6	16.1	3.8	3.7	29.1	29.7	1.0	1.1	5.9
Lagercrantz Group AB	1958	2426	27.4	22.6	20.2	16.8	4.0	3.5	27.9	24.4	1.5	1.8	7.4
Volati Ab	641	837	13.6	12.7	9.5	8.9	1.3	1.2	15.1	13.2	2.2	2.3	3.5
Boreo	75	128	0.8	0.7	10.4	9.2	17.0	12.0	12.7	11.2	1.6	1.8	1.6
AddLife AB	759	1218	20.7	19.8	9.7	9.5	1.5	1.4	30.3	26.3	1.3	1.5	1.8
Addnode Group AB	762	802	24.4	18.2	12.9	10.5	1.3	1.2	29.7	21.4	1.2	1.7	4.3
Instalco AB	716	1396	18.2	16.6	11.7	11.1	1.2	1.1	13.3	12.1	2.4	2.6	2.5
Seafire AB	26	53	15.0	9.7	5.7	5.0	0.6	0.6		10.3			0.4
Sdiptech AB	697	697	10.2	9.4	7.5	6.9	1.8	1.6	18.2	14.9			2.2
Fasadgruppen Group AB	190	305	8.1	7.4	6.4	6.0	0.7	0.7	8.1	6.6	3.6	4.3	1.0
Relais Group (Inderes)	207	342	11.6	10.6	7.7	7.2	1.2	1.1	13.1	10.2	3.7	3.9	1.9
Average			16.7	14.9	11.9	10.8	2.8	2.3	21.2	18.3	1.9	2.2	3.5
Median			18.2	16.6	11.1	10.5	1.8	1.6	21.7	17.5	1.5	1.8	2.5
Diff-% to median			-36%	-36%	-30%	-32%	-32%	-32%	-40%	-42%	142%	116%	-23%

Source: Refinitiv/inderes. NB! Market cap used by Inderes does not consider own shares held by the company.

Income statement

Income statement	2021	Q1'22	Q2'22	Q3'22	Q4'22	2022	Q1'23	Q2'23	Q3'23	Q4'23e	2023e	2024e	2025e	2026e
Revenue	237.8	62.1	58.6	64.8	75.2	261	69.0	64.1	70.3	82.3	286	310	319	329
Relais Group	238	62.1	58.6	64.8	75.2	261	69.0	64.1	70.3	82.3	286	310	319	329
EBITDA	36.0	8.9	6.6	11.1	10.1	36.6	11.1	8.6	12.1	12.6	44.4	47.0	49.1	51.3
Depreciation	-13.0	-3.9	-4.0	-4.3	-4.8	-16.9	-4.5	-4.6	-4.6	-4.7	-18.4	-18.8	-18.5	-16.7
EBIT (excl. NRI)	25.7	5.7	3.4	7.7	6.2	23.0	7.5	4.8	8.4	8.8	29.6	31.9	34.1	36.1
EBIT	23.0	5.0	2.6	6.8	5.3	19.6	6.6	4.0	7.5	7.9	26.1	28.3	30.5	34.5
Relais Group	23.0	5.0	2.6	6.8	5.3	19.6	6.6	4.0	7.5	7.9	26.1	28.3	30.5	34.5
Net financial items	-4.6	-1.2	-1.9	-1.7	-1.6	-6.5	-2.1	-2.8	-1.5	-1.9	-8.4	-6.8	-6.7	-5.5
PTP	18.5	3.8	0.7	5.1	3.7	13.2	4.5	1.1	6.0	6.0	17.7	21.4	23.8	29.1
Taxes	-4.1	-1.1	-0.7	-1.4	0.1	-3.1	-1.6	-1.0	-1.7	-1.2	-5.4	-4.7	-5.2	-6.4
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	14.4	2.7	0.0	3.7	3.7	10.1	2.9	0.2	4.3	4.8	12.3	16.7	18.6	22.7
EPS (adj.)	0.95	0.19	0.05	0.25	0.32	0.80	0.21	0.06	0.29	0.31	0.87	1.11	1.21	1.32
EPS (rep.)	0.80	0.15	0.00	0.20	0.21	0.56	0.16	0.01	0.24	0.27	0.67	0.91	1.01	1.23

Key figures	2021	Q1'22	Q2'22	Q3'22	Q4'22	2022	Q1'23	Q2'23	Q3'23	Q4'23e	2023e	2024e	2025e	2026e
Revenue growth-%	84.5 %	16.2 %	12.5 %	10.3 %	2.3 %	9.6 %	11.0 %	9.4 %	8.5 %	9.4 %	9.6 %	8.5 %	3.0 %	3.0 %
Adjusted EBIT growth-%	37.5 %	-6.3 %	-15.0 %	1.1 %	-23.0 %	-10.7 %	31.0 %	42.2 %	9.3 %	42.8 %	28.6 %	7.8 %	7.1 %	5.9 %
EBITDA-%	15.1 %	14.3 %	11.2 %	17.1 %	13.4 %	14.0 %	16.1 %	13.4 %	17.3 %	15.4 %	15.6 %	15.2 %	15.4 %	15.6 %
Adjusted EBIT-%	10.8 %	9.2 %	5.8 %	11.8 %	8.2 %	8.8 %	10.9 %	7.5 %	11.9 %	10.7 %	10.3 %	10.3 %	10.7 %	11.0 %
Net earnings-%	6.0 %	4.3 %	0.0 %	5.7 %	5.0 %	3.9 %	4.3 %	0.3 %	6.2 %	5.9 %	4.3 %	5.4 %	5.8 %	6.9 %

Source: Inderes

NB! Net sales excluding non-recurring items is the reported EBITA

Balance sheet

Assets	2021	2022	2023e	2024e	2025e
Non-current assets	189	191	191	187	183
Goodwill	114	118	119	119	119
Intangible assets	15.1	15.0	12.5	8.8	5.2
Tangible assets	59.0	56.8	59.2	58.6	58.2
Associated companies	0.0	0.0	0.0	0.0	0.0
Other investments	0.1	0.1	0.1	0.1	0.1
Other non-current assets	0.0	0.0	0.0	0.0	0.0
Deferred tax assets	0.8	0.6	0.6	0.6	0.6
Current assets	119	119	123	129	134
Inventories	73.4	67.8	72.3	78.4	82.0
Other current assets	0.0	4.5	2.0	2.0	2.0
Receivables	33.8	32.8	40.0	39.0	40.2
Cash and equivalents	11.8	13.5	9.2	9.3	9.6
Balance sheet total	308	309	315	316	317

Source: Inderes

Liabilities & equity	2021	2022	2023e	2024e	2025e
Equity	102	104	109	118	129
Share capital	0.1	0.1	0.1	0.1	0.1
Retained earnings	34.2	35.7	40.7	49.8	60.3
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	67.7	68.2	68.2	68.2	68.2
Minorities	0.3	0.0	0.0	0.0	0.0
Non-current liabilities	143	144	137	127	107
Deferred tax liabilities	6.2	5.8	5.8	5.8	5.8
Provisions	0.0	0.0	0.0	0.0	0.0
Interest bearing debt	135	137	130	120	100.0
Convertibles	0.0	0.0	0.0	0.0	0.0
Other long term liabilities	2.3	1.1	1.1	1.1	1.1
Current liabilities	62.8	61.0	68.7	70.6	81.1
Interest bearing debt	16.7	19.1	15.0	19.3	28.5
Payables	46.1	35.3	45.7	43.4	44.7
Other current liabilities	0.0	6.6	8.0	8.0	8.0
Balance sheet total	308	309	315	316	317

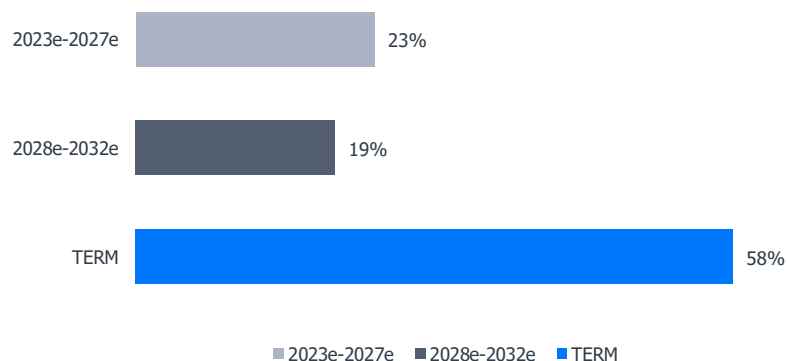
DCF calculation

DCF model	2022	2023e	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	TERM
Revenue growth-%	9.6 %	9.6 %	8.5 %	3.0 %	3.0 %	3.0 %	3.0 %	3.0 %	3.0 %	2.5 %	2.0 %	2.0 %
EBIT-%	7.5 %	9.1 %	9.1 %	9.6 %	10.5 %	11.0 %	11.0 %	11.0 %	11.0 %	10.5 %	10.5 %	10.5 %
EBIT (operating profit)	19.6	26.1	28.3	30.5	34.5	37.2	38.3	39.5	40.7	39.8	40.6	
+ Depreciation	16.9	18.4	18.8	18.5	16.7	16.9	15.4	15.2	15.2	15.2	15.2	
- Paid taxes	-3.3	-5.4	-4.7	-5.2	-6.4	-7.1	-7.5	-7.8	-8.0	-7.8	-8.0	
- Tax, financial expenses	-1.5	-1.7	-1.5	-1.5	-1.2	-1.1	-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	-2.1	2.5	-7.5	-3.5	-3.3	-2.4	-2.5	-2.6	-2.6	-2.3	-1.9	
Operating cash flow	29.6	39.9	33.3	38.9	40.4	43.5	42.8	43.5	44.3	44.0	45.0	
+ Change in other long-term liabilities	-1.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Gross CAPEX	-18.3	-18.9	-14.5	-14.5	-14.6	-14.7	-14.8	-15.2	-15.2	-15.2	-15.6	
Free operating cash flow	10	21.0	18.8	24.4	25.8	28.8	28.0	28.3	29.1	28.8	29.4	
+/- Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
FCFF	10.2	21.0	18.8	24.4	25.8	28.8	28.0	28.3	29.1	28.8	29.4	503
Discounted FCFF		20.7	17.2	20.6	20.2	20.9	18.9	17.6	16.8	15.4	14.6	249
Sum of FCFF present value		432	411	394	373	353	332	313	296	279	263	249
Enterprise value DCF		432										
- Interest bearing debt		-156										
+ Cash and cash equivalents		13.5										
-Minorities		0.0										
-Dividend/capital return		-7.3										
Equity value DCF		282										
Equity value DCF per share		15.7										

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

Cash flow distribution



Summary

Income statement	2020	2021	2022	2023e	2024e	Per share data	2020	2021	2022	2023e	2024e
Revenue	128.9	237.8	260.7	285.6	309.7	EPS (reported)	0.40	0.80	0.56	0.67	0.91
EBITDA	19.1	36.0	36.6	44.4	47.0	EPS (adj.)	0.84	0.95	0.80	0.87	1.11
EBIT	11.1	23.0	19.6	26.1	28.3	OCF / share	1.17	0.94	1.64	2.19	1.82
PTP	10.4	18.5	13.2	17.7	21.4	FCF / share	0.46	-6.88	0.56	1.15	1.03
Net Income	6.9	14.4	10.1	12.3	16.7	Book value / share	4.13	5.68	5.73	5.99	6.46
Extraordinary items	-7.6	-2.7	-3.3	-3.5	-3.6	Dividend / share	0.30	0.36	0.40	0.42	0.44
Balance sheet	2020	2021	2022	2023e	2024e	Growth and profitability	2020	2021	2022	2023e	2024e
Balance sheet total	154.6	308.4	309.2	314.6	315.6	Revenue growth-%	30%	84%	10%	10%	8%
Equity capital	72.3	102.3	104.0	109.0	118.1	EBITDA growth-%	43%	88%	2%	21%	6%
Goodwill	58.2	114.5	118.2	118.8	118.8	EBIT (adj.) growth-%	138%	38%	-11%	29%	8%
Net debt	28.3	139.7	142.9	135.8	130.0	EPS (adj.) growth-%	298%	14%	-15%	8%	28%
						EBITDA-%	14.8 %	15.1 %	14.0 %	15.6 %	15.2 %
Cash flow	2020	2021	2022	2023e	2024e	EBIT (adj.)-%	14.5 %	10.8 %	8.8 %	10.3 %	10.3 %
EBITDA	19.1	36.0	36.6	44.4	47.0	EBIT-%	8.6 %	9.7 %	7.5 %	9.1 %	9.1 %
Change in working capital	1.3	-17.0	-2.1	2.5	-7.5	ROE-%	10.2 %	16.5 %	9.8 %	11.5 %	14.7 %
Operating cash flow	20.3	16.8	29.6	39.9	33.3	ROI-%	8.4 %	11.8 %	7.6 %	10.1 %	11.1 %
CAPEX	-12.4	-142.2	-18.3	-18.9	-14.5	Equity ratio	46.7 %	33.2 %	33.6 %	34.7 %	37.4 %
Free cash flow	8.1	-123.5	10.2	21.0	18.8	Gearing	39.2 %	136.5 %	137.4 %	124.6 %	110.1 %
Valuation multiples	2020	2021	2022	2023e	2024e						
EV/S	2.2	2.6	1.3	1.2	1.1						
EV/EBITDA (adj.)	14.9	16.9	9.0	7.7	7.2						
EV/EBIT (adj.)	15.3	23.6	14.3	11.6	10.6						
P/E (adj.)	17.6	27.3	12.7	13.1	10.2						
P/B	3.6	4.6	1.8	1.9	1.7						
Dividend-%	2.0 %	1.4 %	3.9 %	3.7 %	3.9 %						

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 €



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Inderes Oyj

Itämerentori 2

FI-00180 Helsinki, Finland

+358 10 219 4690

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