

Relais Group

Company report

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✓ Inderes corporate customer

This report is a summary translation of the report “Vauhdikasta menoa” published on 5/9/2024 at 11:25 am EEST.

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Fast and furious

Relais' Q1 figures beat our forecasts by a wide margin, driven by a much better-than-expected organic growth in the Technical Wholesale and Products business. The better-than-expected Q1 figures, combined with the recent acquisition, have boosted our forecasts for the current and coming years. In our view, the stock is cheap and thus we reiterate our Buy recommendation and our target price of EUR 15.0.

Rapid organic growth

Relais's Q1 revenue increased by as much as 20% to just under 83 MEUR, which is roughly double the growth rate compared to our forecast of around 76 MEUR. The completed acquisitions of SET, Adita and AutoMateriell supported revenue in line with our expectations. However, inorganic growth, which rose to as much as 12%, was clearly faster than we had forecast. Organic growth was quite brisk, especially in the Technical Wholesale and Products business area. This partly reflects higher demand due to the harsh winter conditions earlier in the year, but the company said it was able to grow faster than the market in Q1. Organic growth in the Commercial Vehicle Repair and Maintenance business area was also at a good level of 5%. Q1 gross margin exceeded our forecast, which, combined with the higher-than-expected revenue, brought EBITA for the period to 9.7 MEUR, well above our forecast. Despite the clear EBITA beat, Q1 EPS were in line with our forecast at EUR 0.25 per share. However, EPS were weighed down by non-cash financing costs and a typically higher-than-usual tax rate in Q1, which should level off as the year progresses.

Q1 report and acquisition boost our forecasts, especially for the current year

Relais has not provided numerical guidance for the current financial year. Overall, however, we expect the demand picture to be reasonably good despite the sluggish economy, as we expect the good start to the year and the defensive nature of the industry to continue to support demand. In addition, we assess the need for commercial vehicle operators to find cost-effective maintenance and repair solutions to support brand-independent Relais in the future. Our EBITA forecast for the full year has been increased by 9% due to a significant beat on Q1 guidance and a [recent acquisition](#). However, we slightly lowered our organic growth forecast for the coming years due to the much higher forecast for 2024. This is because we do not expect to see a repeat of the growth rate we saw at the beginning of the year, although the company says that the strong growth rate in the first quarter was not only due to favorable weather conditions. Reflecting the acquisition, our EBITA forecasts for the coming years were raised by 1-2%.

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 adjusted EV/EBITA multiples are 10x. In our view, the absolute valuation multiples for the coming years will be low and have a clear upside. The same valuation picture is reflected in our cash flow model (EUR 15/share) and relative valuation, with the stock trading at a discount of just over 15% to its peers. 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 15.00)

Share price:
12.50



Key figures

	2023	2024e	2025e	2026e
Revenue	284.3	317.1	322.4	332.1
growth-%	9%	12%	2%	3%
EBIT adj.	28.6	33.9	33.5	34.8
EBIT-% adj.	10.0 %	10.7 %	10.4 %	10.5 %
Net Income	13.7	16.4	17.3	19.6
EPS (adj.)	0.95	1.09	1.16	1.26
P/E (adj.)	14.3	11.5	10.8	9.9
P/B	2.2	1.9	1.8	1.6
Dividend yield-%	3.3 %	3.6 %	3.7 %	3.9 %
EV/EBIT (adj.)	13.9	10.9	10.8	10.1
EV/EBITDA	9.1	7.5	7.3	6.9
EV/S	1.4	1.2	1.1	1.1

Source: Inderes

Guidance

(Unchanged)

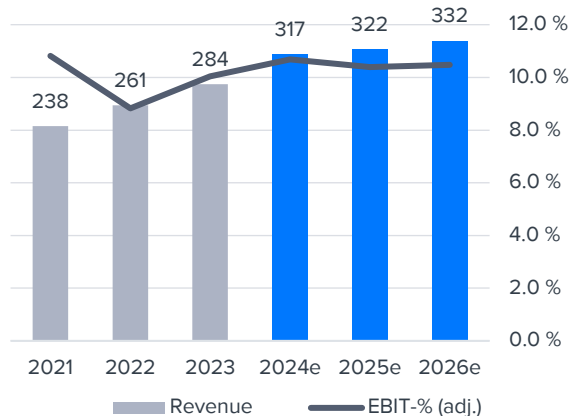
Relais does not provide numeric guidance for the financial year 2024.

Share price



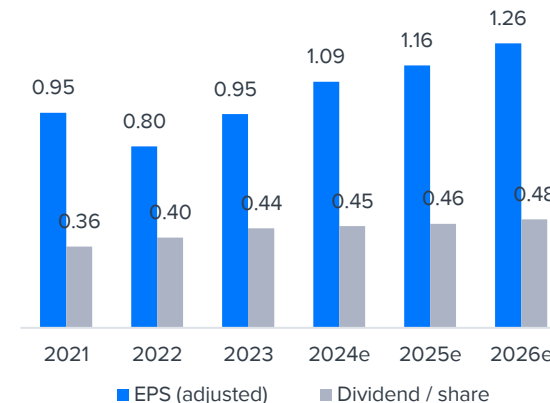
Source: Millstream Market Data AB

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	12.50	12.50	12.50
Number of shares, millions	18.2	18.3	18.4
Market cap	228	228	228
EV	371	362	350
P/E (adj.)	11.5	10.8	9.9
P/E	13.9	13.2	11.7
P/B	1.9	1.8	1.6
P/S	0.7	0.7	0.7
EV/Sales	1.2	1.1	1.1
EV/EBITDA	7.5	7.3	6.9
EV/EBIT (adj.)	10.9	10.8	10.1
Payout ratio (%)	50.0 %	48.5 %	45.0 %
Dividend yield-%	3.6 %	3.7 %	3.9 %

Source: Inderes

Rapid organic growth

Organic growth clearly exceeded our expectations

Relais' revenue increased by 20% in Q4 to just under 83 MEUR. This was well above our forecast of 10% growth. The completed acquisitions of SET, Adita and AutoMateriell fully supported revenue growth in line with our expectations by 8 percentage points. At the same time, organic growth soared to as much as 12%, well above the 2% organic growth rate.

The organic growth in revenue was particularly strong in the Technical Wholesale and Products business area. Among other things, this resulted in a stronger distribution of revenue in the Technical Wholesale and Products business (69% of revenue vs 64% in Q1'23), which was also affected by the acquisitions made. The Commercial Vehicle Repair and Maintenance business grew organically by 5%, which we believe reflects moderate price increases but still the relatively better position of a brand-independent player in the current cost-inflationary

environment.

Revenue and margin behind the earnings beat

Q1 EBITA reached 9.7 MEUR (EBITA % 11.7%), which clearly exceeded our forecast. The beat was naturally driven by a stronger-than-expected increase in revenue, but also by a stronger-than-expected gross margin, which reached the level of the comparison period. In our view, a stable gross margin was a good performance, considering that the revenue mix has become more product-driven than in the comparison period.

In the lower lines, net financing expenses were well above our forecast, again driven by non-cash items (consolidation of the balance sheets of subsidiaries in different currencies). The tax rate for Q1 was also higher than usual at 34%. Relais has historically recorded higher taxes than the corporate tax rate in Q1, but this will level off as the year progresses.

Against this background, EPS adjusted for the amortization of acquisitions was in line with our forecast at EUR 0.25 per share

Working capital nibbled away at cash flow

Cash flow from operating activities in Q1 was only 4.6 MEUR, as working capital was tied up in receivables, presumably due to higher revenue growth. We expect this to level off somewhat as the year progresses, although the wholesale business is characterized by working capital commitment during the growth phase. After normal organic investments and repayments of rental liabilities, free cash flow landed at a low 0.6 MEUR (LTM 8.1 MEUR). At the end of Q1, Relais' net debt excluding IFRS16 liabilities was 85 MEUR, or 1.9x the EBITDA of the previous 12 months. Thus, the company's financial position is on a solid footing.

Estimates MEUR / EUR	Q1'23	Q1'24	Q1'24e	Q1'24e	Consensus		Difference (%)	2024e
	Comparison	Actualized	Inderes	Consensus	Low	High	Act. vs. inderes	Inderes
Revenue	69.0	82.8	76.2				9%	317
EBITA	7.5	9.7	7.6				27%	33.9
PTP	4.5	5.8	4.6				27%	21.2
EPS (adj.)	0.21	0.25	0.25				0%	1.09
Revenue growth-%	11.0 %	20.1 %	10.4 %				9.6 pp	11.6 %
EBITA-%	10.9 %	11.7 %	10.0 %				1.7 pp	10.7 %

Source: Inderes

Q1 figures and acquisition boost forecasts

Forecast changes 2024e-2026e

- Our revenue forecast for the current year increased to reflect the Q1 figures and the [acquisition in the Finnish repair and maintenance business](#).
- The inorganic growth was also reflected in revenue forecasts for the coming years, but we did not extrapolate the very strong organic growth in one quarter to the coming years, although management believes that the strong organic growth in Q1 was driven by factors other than weather conditions
- Reflecting the above-mentioned revenue drivers, the EBIT forecasts for the current and coming years also increased
- We slightly lowered the tax rate for the coming quarters of the current year as a result of the high Q1 tax rate
- We made only marginal refinements to the "old" cost forecasts for the coming years, which also reflected the acquisition
- The increase in our forecast for adjusted EPS 2024 was held back by the first-quarter result, but we left our forecast for financing expenses unchanged. We do not forecast non-cash items, while Q1 interest expenses and other financial expenses were in line with our expectations

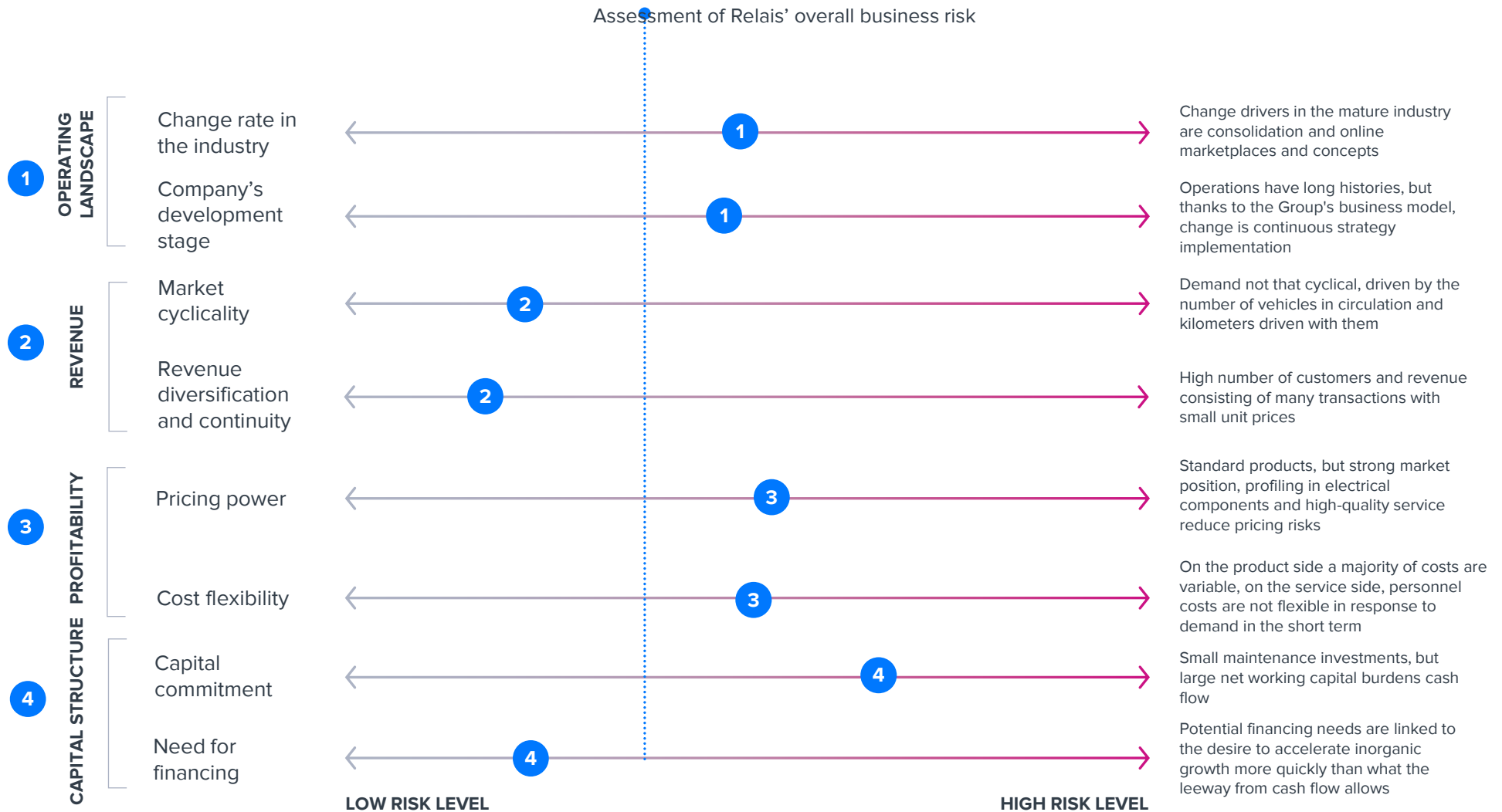
Operational earnings drivers 2024-2026e:

- We expect Relais' 2024 revenue to grow by just under 12% to 317 MEUR, with the bigger driver being inorganic growth in line with acquisitions. We expect organic growth to reach 5% for the full year, driven by strong Q1 organic growth, which moderates in the coming quarters.
- We forecast Relais' full-year 2024 EBITA margin to increase from 10.0% in 2023 to 10.7%, reflecting the strong Q1 level and slight efficiency improvements
- Our 2025 forecast includes four months of inorganic growth from the acquisition of M. Ahlqvist, but the overall average growth of just over 2% over the next few years reflects the organic growth forecast
- We estimate that the scalability potential of the business model's EBIT is moderate and thus our profitability forecasts for the coming years are broadly stable
- We expect the company to continue inorganic growth, but we do not include this in our forecasts as it is practically impossible

Estimate revisions	2024e	2024	Change	2025e	2025e	Change	2026e	2026e	Change
MEUR / EUR	Old	New	%	Old	New	%	Old	New	%
Revenue	306	317	4%	315	322	2%	324	332	2%
EBITDA	46.8	49.6	6%	48.3	49.2	2%	50.4	51.0	1%
EBIT (exc. NRIs)	31.0	33.9	9%	32.8	33.5	2%	34.4	34.8	1%
EBIT	27.4	30.5	11%	28.9	29.7	3%	30.9	31.3	1%
PTP	19.1	21.2	11%	21.7	22.2	3%	24.8	25.1	1%
EPS (excl. NRIs)	1.04	1.09	5%	1.14	1.16	2%	1.24	1.26	1%
DPS	0.45	0.45	0%	0.46	0.46	0%	0.48	0.48	0%

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
- Low liquidity of the share

Valuation is low

Absolute valuation multiples

We forecast an EV/EBITA adjusted for IFRS'16 effects in 2024 of just under 10x, while the corresponding P/E ratio is 12x. The corresponding valuation multiples for 2025 are also 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. Under the current financing agreement, we calculate that the company has about 31.5 MEUR in financial reserves, which the company could allocate to inorganic growth. The company's current level of indebtedness and business debt capacity also allows for additional leveraging of this magnitude.

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 45-50% 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 clearly higher median returns on capital. However, with a large valuation gap to both peer groups, we believe the overall relative valuation supports our view that the stock has upside potential.

DCF model above the current share price

Our updated DCF model indicates a share value of EUR 15.1. 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.

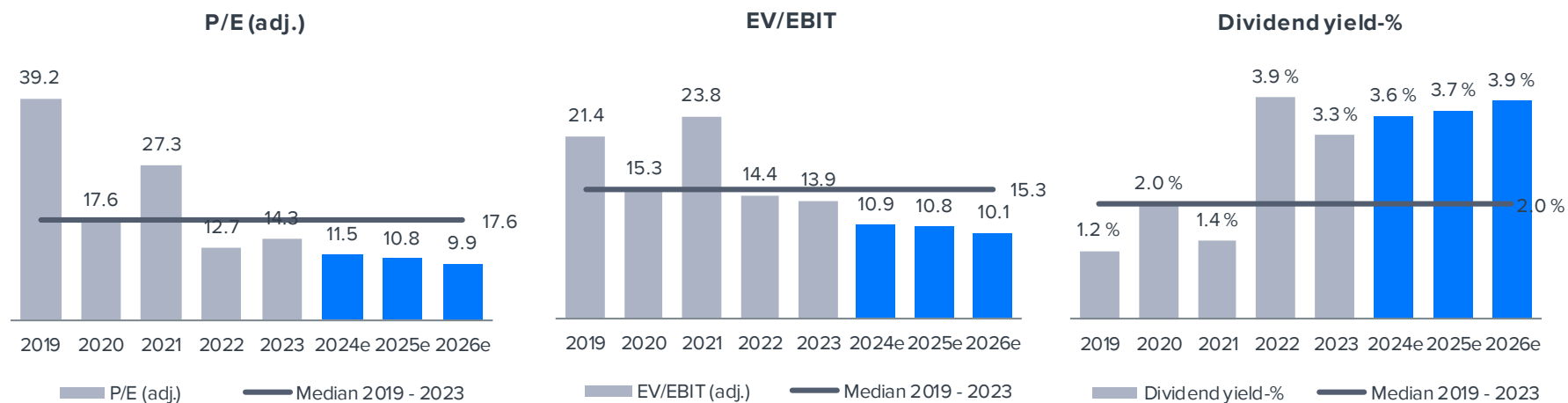
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Market cap	228	228	228
EV	371	362	350
P/E (adj.)	11.5	10.8	9.9
P/E	13.9	13.2	11.7
P/B	1.9	1.8	1.6
P/S	0.7	0.7	0.7
EV/Sales	1.2	1.1	1.1
EV/EBITDA	7.5	7.3	6.9
EV/EBIT (adj.)	10.9	10.8	10.1
Payout ratio (%)	50.0 %	48.5 %	45.0 %
Dividend yield-%	3.6 %	3.7 %	3.9 %

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	12.50	12.50	12.50	12.50
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	228	228	228	228
EV	168	285	613	332	396	371	362	350	337
P/E (adj.)	39.2	17.6	27.3	12.7	14.3	11.5	10.8	9.9	9.2
P/E	>100	36.9	32.5	18.4	17.8	13.9	13.2	11.7	10.6
P/B	2.1	3.6	4.5	1.8	2.2	1.9	1.8	1.6	1.5
P/S	1.4	2.0	2.0	0.7	0.9	0.7	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	7.5	7.3	6.9	6.3
EV/EBIT (adj.)	21.4	15.3	23.8	14.4	13.9	10.9	10.8	10.1	9.1
Payout ratio (%)	421.1 %	75.3 %	44.9 %	72.3 %	58.1 %	50.0 %	48.5 %	45.0 %	42.4 %
Dividend yield-%	1.2 %	2.0 %	1.4 %	3.9 %	3.3 %	3.6 %	3.7 %	3.9 %	4.0 %

Source: Inderes



Peer group valuation

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	1754	2391	8.8	7.8	7.5	6.6	0.5	0.5	9.1	7.9	0.2	0.3	1.4
Advance Auto Parts Inc	4121	5311	15.2	13.7	8.3	7.8	0.5	0.5	19.6	16.8	1.3	1.3	1.5
Duell	38	68	136.3	12.4	17.0	7.6	0.6	0.5				5.4	0.7
Auto Partner SA	816	922	10.5	8.7	9.3	7.6	0.9	0.7	12.8	10.4	0.7	0.8	
Genuine Parts Co	20022	22658	12.4	11.5	10.8	10.1	1.0	1.0	15.6	14.4	2.6	2.7	4.4
LKQ Corp	11000	14635	9.9	9.1	8.4	7.8	1.0	1.0	11.3	10.2	2.7	2.9	1.8
O'Reilly Automotive Inc	55899	60723	19.3	18.1	16.9	16.0	3.9	3.7	24.2	21.8			
Autozone Inc	48011	55736	15.5	15.0	13.6	13.0	3.2	3.1	19.5	17.9			
Bapcor Ltd	934	1324	12.2	11.0	7.9	7.3	1.1	1.0	15.7	13.8	3.8	4.1	1.3
Mekonomen AB	572	1008	11.5	10.2	6.2	5.8	0.6	0.6	10.4	8.7	3.3	3.7	1.0
Relais Group (Inderes)	228	371	10.9	10.8	7.5	7.3	1.2	1.1	11.5	10.8	3.6	3.7	1.9
Average			25.1	11.8	10.6	9.0	1.3	1.3	15.4	13.5	2.1	2.7	1.7
Median			12.3	11.3	8.8	7.7	1.0	0.9	15.6	13.8	2.6	2.8	1.4
Diff-% to median			-11%	-4%	-15%	-5%	21%	30%	-27%	-22%	40%	31%	35%

Peer group valuation

Peer group valuation Company	Market cap MEUR	EV MEUR	EV/EBIT		EV/EBITDA		EV/S		P/E		Dividend yield-%		P/B 2024e
			2024e	2025e	2024e	2025e	2024e	2025e	2024e	2025e	2024e	2025e	
Indutrade AB	8293	9021	26.8	24.6	19.0	17.8	3.3	3.1	33.6	30.1	1.2	1.3	6.0
Bergman & Beving AB	532	662	20.3	17.7	11.8	10.8	1.6	1.5	27.6	22.9	1.7	1.9	2.6
Momentum Group AB	587	633	26.4	24.5	18.0	17.0	2.6	2.4	29.5	26.7	1.0	1.2	8.9
Bufab AB (publ)	1145	1427	15.9	15.1	13.8	12.9	1.9	1.8	21.3	18.2	1.5	1.6	3.4
Christian Berner Tech Trade AB	50	61	9.7	8.7	6.5	6.1	0.7	0.7	12.4	10.7	3.3	3.7	2.4
Addtech AB	5484	5874	27.7	26.3	21.0	20.2	3.3	3.2	37.2	34.4	1.2	1.3	9.4
Beijer Ref AB (publ)	7177	7901	25.6	22.9	20.3	18.5	2.6	2.4	35.2	30.0	0.9	1.0	3.6
Beijer Alma AB	1083	1315	16.2	14.5	11.4	10.8	2.2	2.0	21.2	17.9	1.9	2.1	3.0
Lifco AB (publ)	9815	10489	26.2	23.2	19.6	17.8	4.8	4.5	38.0	34.2	0.8	0.9	7.0
Lagercrantz Group AB	3299	3506	32.4	29.3	24.0	21.9	4.9	4.5	37.4	33.3	1.1	1.3	9.3
Volati Ab	819	1057	19.0	15.4	12.0	10.5	1.5	1.4	21.5	16.4	1.2	1.5	4.4
Boreo	63	119	18.3	15.9	11.9	9.9	0.8	0.8		31.1		1.0	1.2
AddLife AB	1108	1559	26.2	22.6	12.2	11.2	1.8	1.7	50.7	30.9	0.8	1.5	2.5
Addnode Group AB	1326	1412	27.3	23.2	16.7	15.4	2.0	2.2	32.6	27.0	1.1	1.3	6.5
Instalco AB	814	1160	14.5	12.6	9.4	8.7	1.0	0.9	15.7	12.6	2.0	2.3	2.6
Seafire AB	21	40	21.4	11.0	6.1	5.0	0.5	0.5		18.4			0.4
Sdiptech AB	928	928	11.8	10.5	8.5	7.9	2.0	1.8	20.5	17.1			2.5
Fasadgruppen Group AB	289	395	10.0	8.4	7.9	6.8	0.9	0.8	11.6	8.9	2.7	3.2	1.4
Relais Group (Inderes)	228	371	10.9	10.8	7.5	7.3	1.2	1.1	11.5	10.8	3.6	3.7	1.9
Average			21.0	18.3	14.0	12.9	2.2	2.0	28.3	23.8	1.5	1.7	4.3
Median			21.4	17.7	12.2	11.2	2.0	1.8	29.5	26.7	1.2	1.3	3.0
Diff-% to median			-49%	-39%	-39%	-34%	-41%	-39%	-61%	-60%	200%	180%	-37%

Source: Refinitiv / Inderes.

Income statement

Income statement	2022	Q1'23	Q2'23	Q3'23	Q4'23	2023	Q1'24	Q2'24e	Q3'24e	Q4'24e	2024e	2025e	2026e	2027e
Revenue	260.7	69.0	64.1	70.3	80.9	284	82.8	72.3	76.4	85.7	317	322	332	342
EBITDA	36.6	11.1	8.6	12.1	11.8	43.5	13.5	9.3	13.6	13.2	49.6	49.2	51.0	53.2
Depreciation	-16.9	-4.5	-4.6	-4.6	-4.8	-18.4	-4.5	-4.9	-4.9	-4.9	-19.1	-19.6	-19.7	-19.6
EBIT (excl. NRI)	23.0	7.5	4.8	8.4	7.8	28.6	9.7	5.4	9.6	9.3	33.9	33.5	34.8	36.9
EBIT	19.7	6.6	4.0	7.5	7.0	25.1	9.0	4.5	8.7	8.4	30.5	29.7	31.3	33.5
Net financial items	-6.5	-2.2	-2.8	-1.5	-1.0	-7.4	-3.1	-2.1	-2.1	-2.0	-9.3	-7.4	-6.2	-5.7
PTP	13.1	4.5	1.2	6.0	6.0	17.7	5.8	2.3	6.6	6.3	21.2	22.2	25.1	27.9
Taxes	-3.1	-1.6	-1.0	-1.7	0.2	-4.0	-2.0	-0.5	-1.2	-1.1	-4.8	-4.9	-5.5	-6.1
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	3.9	1.9	5.4	5.2	16.4	17.3	19.6	21.7
EPS (adj.)	0.80	0.21	0.06	0.29	0.39	0.9	0.25	0.15	0.35	0.34	1.09	1.16	1.26	1.36
EPS (rep.)	0.55	0.16	0.01	0.24	0.35	0.76	0.21	0.10	0.30	0.29	0.90	0.95	1.07	1.18

Key figures	2022	Q1'23	Q2'23	Q3'23	Q4'23	2023	Q1'24	Q2'24e	Q3'24e	Q4'24e	2024e	2025e	2026e	2027e
Revenue growth-%	9.6 %	11.0 %	9.4 %	8.5 %	7.6 %	9.0 %	20.0 %	12.8 %	8.7 %	5.9 %	11.6 %	1.7 %	3.0 %	3.0 %
Adjusted EBIT growth-%	-10.6 %	31.0 %	41.4 %	9.7 %	26.0 %	24.1 %	28.4 %	11.6 %	14.6 %	18.2 %	18.7 %	-1.2 %	3.9 %	6.1 %
EBITDA-%	14.0 %	16.1 %	13.4 %	17.2 %	14.5 %	15.3 %	16.3 %	12.9 %	17.8 %	15.4 %	15.6 %	15.3 %	15.4 %	15.5 %
Adjusted EBIT-%	8.8 %	10.9 %	7.5 %	11.9 %	9.7 %	10.0 %	11.7 %	7.4 %	12.6 %	10.8 %	10.7 %	10.4 %	10.5 %	10.8 %
Net earnings-%	3.8 %	4.3 %	0.3 %	6.2 %	7.8 %	4.8 %	4.7 %	2.6 %	7.1 %	6.1 %	5.2 %	5.4 %	5.9 %	6.4 %

Source: Inderes

Note: EBIT excluding NRIs is the EBITA reported by the company.

Balance sheet

Assets	2022	2023	2024e	2025e	2026e
Non-current assets	194	200	198	195	191
Goodwill	118	120	122	122	122
Intangible assets	15.0	13.1	11.2	8.8	6.9
Tangible assets	60.3	65.8	65.0	63.8	62.3
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	134	137	141
Inventories	67.8	74.1	80.2	82.2	85.4
Other current assets	4.1	4.0	4.0	4.0	4.0
Receivables	32.8	41.4	40.0	40.6	41.8
Cash and equivalents	13.9	9.7	9.5	9.7	10.0
Balance sheet total	313	329	332	331	333

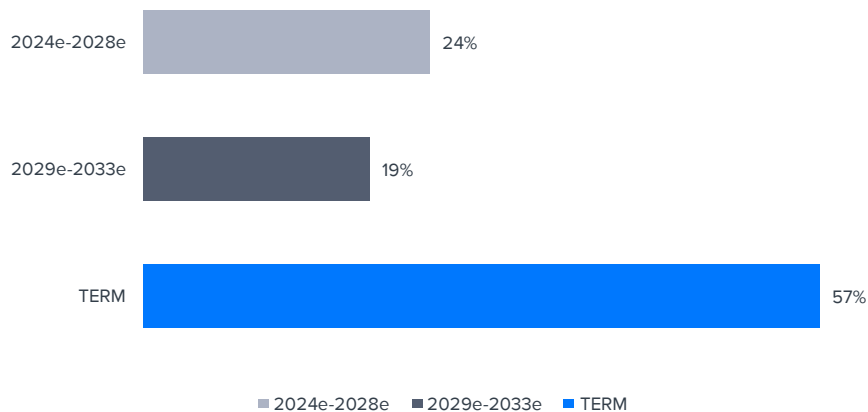
Source: Inderes

Liabilities & equity	2022	2023	2024e	2025e	2026e
Equity	104	111	119	128	139
Share capital	0.1	0.1	0.1	0.1	0.1
Retained earnings	35.6	42.0	50.4	59.6	70.8
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	87.7	97.8	97.8
Interest bearing debt	19.1	20.8	32.8	43.8	42.3
Payables	35.3	46.8	49.2	48.4	49.8
Other current liabilities	6.6	5.7	5.7	5.7	5.7
Balance sheet total	313	329	332	331	333

DCF calculation

DCF model	2023	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	TERM
Revenue growth-%	9.0 %	11.6 %	1.7 %	3.0 %	3.0 %	3.0 %	3.0 %	3.0 %	2.5 %	2.5 %	2.0 %	2.0 %
EBIT-%	8.8 %	9.6 %	9.2 %	9.4 %	9.8 %	11.0 %	11.0 %	11.0 %	10.5 %	10.5 %	10.5 %	10.5 %
EBIT (operating profit)	25.1	30.5	29.7	31.3	33.5	38.8	39.9	41.1	40.2	41.2	42.1	
+ Depreciation	18.4	19.1	19.6	19.7	19.6	19.3	17.0	16.9	16.9	16.9	16.9	
- Paid taxes	-4.6	-4.8	-4.9	-5.5	-6.1	-7.5	-7.9	-8.1	-7.9	-8.1	-8.3	
- Tax, financial expenses	-1.7	-2.1	-1.6	-1.4	-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	-2.3	-3.5	-2.9	-3.3	-2.4	-2.5	-2.6	-2.2	-2.3	-1.9	
Operating cash flow	33.0	40.5	39.2	41.2	42.4	47.1	45.7	46.4	46.1	46.8	47.9	
+ 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	-17.5	-16.0	-16.2	-16.3	-16.5	-16.9	-17.0	-17.0	-17.1	-17.8	
Free operating cash flow	9	22.9	23.2	25.0	26.1	30.6	28.7	29.5	29.0	29.7	30.1	
+/- 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	22.9	23.2	25.0	26.1	30.6	28.7	29.5	29.0	29.7	30.1	513
Discounted FCFF		21.8	20.4	20.4	19.7	21.4	18.6	17.7	16.1	15.3	14.3	245
Sum of FCFF present value		431	409	389	368	349	327	308	291	275	259	245
Enterprise value DCF		431										
- Interest bearing debt		-161										
+ Cash and cash equivalents		9.7										
- Minorities		0.0										
- Dividend/capital return		-8.0										
Equity value DCF		272										
Equity value DCF per share		15.1										

Cash flow distribution



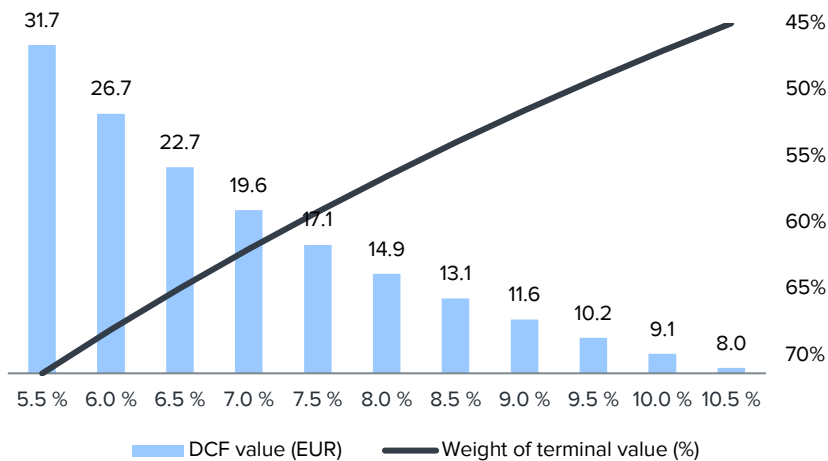
WACC

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 %

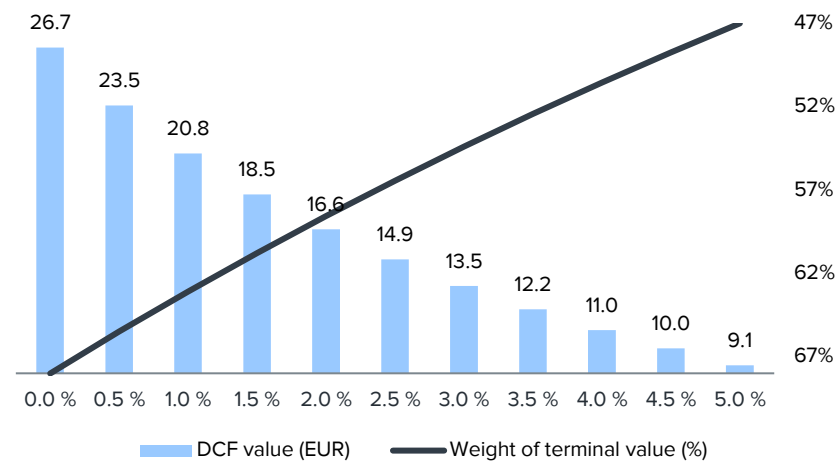
Source: Inderes

DCF sensitivity calculations and key assumptions in graphs

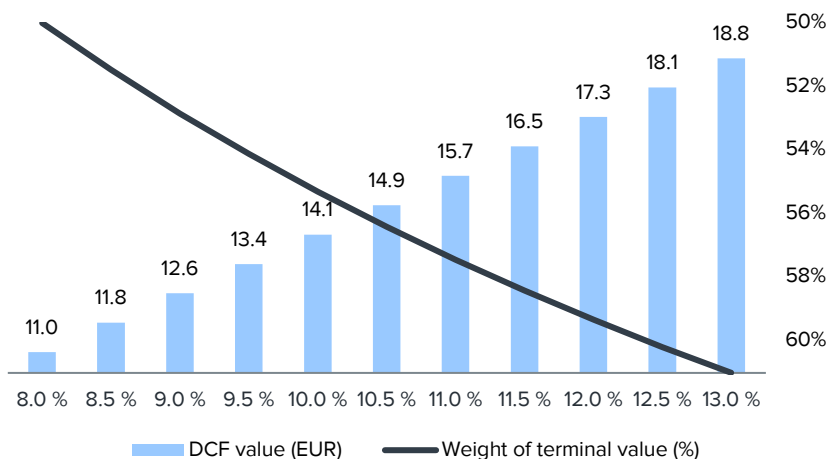
Sensitivity of DCF to changes in the WACC-%



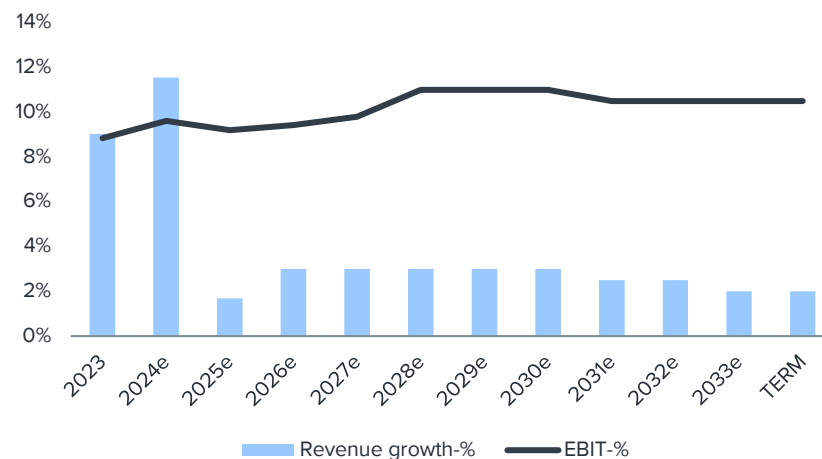
Sensitivity of DCF to changes in the risk-free rate



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	317.1	322.4	EPS (reported)	0.80	0.55	0.76	0.90	0.95
EBITDA	36.0	36.6	43.5	49.6	49.2	EPS (adj.)	0.95	0.80	0.95	1.09	1.16
EBIT	23.0	19.7	25.1	30.5	29.7	OCF / share	0.98	1.64	1.82	2.22	2.15
PTP	18.5	13.1	17.7	21.2	22.2	FCF / share	-7.28	0.72	0.49	1.26	1.27
Net Income	14.4	10.0	13.7	16.4	17.3	Book value / share	5.80	5.73	6.10	6.54	7.01
Extraordinary items	-2.7	-3.3	-3.4	-3.4	-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	332.1	331.4	Revenue growth-%	84%	10%	9%	12%	2%
Equity capital	104.4	103.9	110.7	119.1	128.2	EBITDA growth-%	88%	2%	19%	14%	-1%
Goodwill	116.6	118.2	120.1	122.1	122.1	EBIT (adj.) growth-%	38%	-11%	24%	19%	-1%
Net debt	144.8	147.2	151.0	143.3	134.1	EPS (adj.) growth-%	14%	-16%	18%	15%	7%
Cash flow	2021	2022	2023	2024e	2025e	EBITDA-%	15.1 %	14.0 %	15.3 %	15.6 %	15.3 %
EBITDA	36.0	36.6	43.5	49.6	49.2	EBIT (adj.)-%	10.8 %	8.8 %	10.0 %	10.7 %	10.4 %
Change in working capital	-17.0	-1.8	-4.3	-2.3	-3.5	EBIT-%	9.7 %	7.5 %	8.8 %	9.6 %	9.2 %
Operating cash flow	17.6	29.8	33.0	40.5	39.2	ROE-%	16.3 %	9.6 %	12.8 %	14.3 %	14.0 %
CAPEX	-148.6	-16.1	-24.1	-17.5	-16.0	ROI-%	11.6 %	7.5 %	9.4 %	11.2 %	10.9 %
Free cash flow	-130.6	13.1	9.0	22.9	23.2	Equity ratio	33.2 %	33.2 %	33.6 %	35.9 %	38.7 %
						Gearing	138.7 %	141.7 %	136.5 %	120.4 %	104.6 %
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	7.5	7.3						
EV/EBIT (adj.)	23.8	14.4	13.9	10.9	10.8						
P/E (adj.)	27.3	12.7	14.3	11.5	10.8						
P/B	4.5	1.8	2.2	1.9	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
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 €
5/9/2024	Buy	15.00 €	12.50 €



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