



Profitable growth in exceptional circumstances

Relais Group Plc – Half-year financial report January-June 2020

August 14, 2020

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Relais Group Plc acquired the shares of AB Reservdelar (ABR) and Huzells i Karlstad AB on May 31, 2019. The companies have been included in Relais Group's consolidated balance sheet from May 31, 2019 and in the consolidated income statement from June 1, 2019. This half-year financial report on the reference data concerning the first half of FY2019 includes the figures for the acquired companies from the dates of joining as stated hereinabove.

Relais Group Plc acquired 70% of the shares of SEC Scandinavia A/S ("SEC") on January 16, 2020. On February 6, 2020 it acquired 95,25% of the shares of TD Tunga Delar Sverige AB (TD"). SEC Has been included in consolidated group figures from January 1, 2020 and TD from February 1, 2020. The companies are not included in the reference data concerning the first half of FY 2019.

The figures in the half-year financial report are unaudited and have been prepared in accordance with the Finnish Accounting Standards (FAS).

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January-June 2020 in brief

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Relais Group Plc is an importer and technical wholesaler that actively develops its vehicle spare parts and electrical equipment business in the Nordic and Baltic countries. We have a comprehensive range of products from our well-known global principals and strong own brands.

We create added value for our customers by offering high quality vehicle spare parts, electrical equipment, and specialist services throughout the lifecycle of vehicles in a reliable, efficient and timely manner.

Relais Group's net sales grew by 56.3% and totaled EUR 59.0 (37.7) million.

EBITA grew by 93.2% and totaled EUR 7.5 (3.9) million.



January – June 2020 in brief

- Net sales totaled EUR 58,959 thousand (January – June 2019: 37,720), +56.3% change
- EBITA was EUR 7,490 (3,876) thousand, 12.7% (10.3%) of net sales, +93.2% change
- EBIT was EUR 3,664 (2,185) thousand, 6.2% (5.8%) of net sales, +67.7% change
- Comparable earnings per share excluding amortization of goodwill (undiluted) was EUR 0.29 (0.32) *)
- The company continued the implementation of its growth strategy by acquiring 70% of the Danish SEC Scandinavia A/S on January 16, 2020 and 95.25% of the Swedish TD Tunga Delar Sverige AB on February 6, 2020
- Swift actions were taken to ensure the safety of our staff and customers as the COVID-19 pandemic spread into Europe in March
- To support the profitability and cash flow during the pandemic, controlled cost saving measures were implemented
- The AGM June 8, 2020 approved Board's proposal regarding dividend distribution and decided that no dividend was paid
- Based on the first half-year performance, the Board of Directors has re-evaluated the conditions for dividend distribution and proposes to the EGM of September 8, 2020 a dividend of EUR 0.10 per share be paid

*) The average undiluted number of shares Jan-Jun 2020 was 16,556,848 and Jan-Jun 2019 8,628,100.

SEC Scandinavia A/S

- On January 15, 2020, the company announced that it had acquired a 70% majority share in SEC Scandinavia A/S, a company specialising in lighting solutions for light commercial vehicles.
- Founded in 1991, SEC is an importer and wholesaler specialising in auxiliary and working lights, power management systems and automotive camera systems for commercial vehicles.
- Net sales were EUR 2.1 million in 2019 and EBITDA was EUR 0.2 million.





TD Tunga Delar Sverige AB

- On February 6, 2020, the company announced that it had acquired a 95.25% majority share of Swedish TD Tunga Delar Sverige AB.
- Founded in 2012, Tunga Delar is a wholesaler of spare parts and equipment for heavy-duty commercial vehicles and is operating in Sweden.
- Tunga Delar's net sales 2019 were SEK 99.5 million and EBITDA was SEK 19.9 million.

Business review January 1–June 30, 2020



- Net sales of Relais Group totaled EUR 59,0 (37.7) million, growing by 56.3% compared to last year.
 - The growth in net sales was primarily the result of the acquisitions made in 2019-2020 as well as the strong sales of spare parts, especially in Sweden.
 - The COVID-19 pandemic negatively affected net sales to some extent especially on equipment sales from the slowdown of sales of new commercial vehicles in the company's operating countries.
 - Furthermore, the winter was considerably milder than usual, which had a negative impact especially on the demand for electric spare parts in Finland during January-February.
 - However, the demand for spare parts and equipment developed very positively in all operating countries during the second quarter.
- Swedish operations were reorganized during the review period by transferring the Swedish operative management and the Group level supply chain management to Relais Group Sweden AB and merging of the business activities of Startax Sweden AB with those of other Swedish group companies.
- Harmonization of purchase terms and product ranges between the Group companies were continued in order to gain synergy benefits.

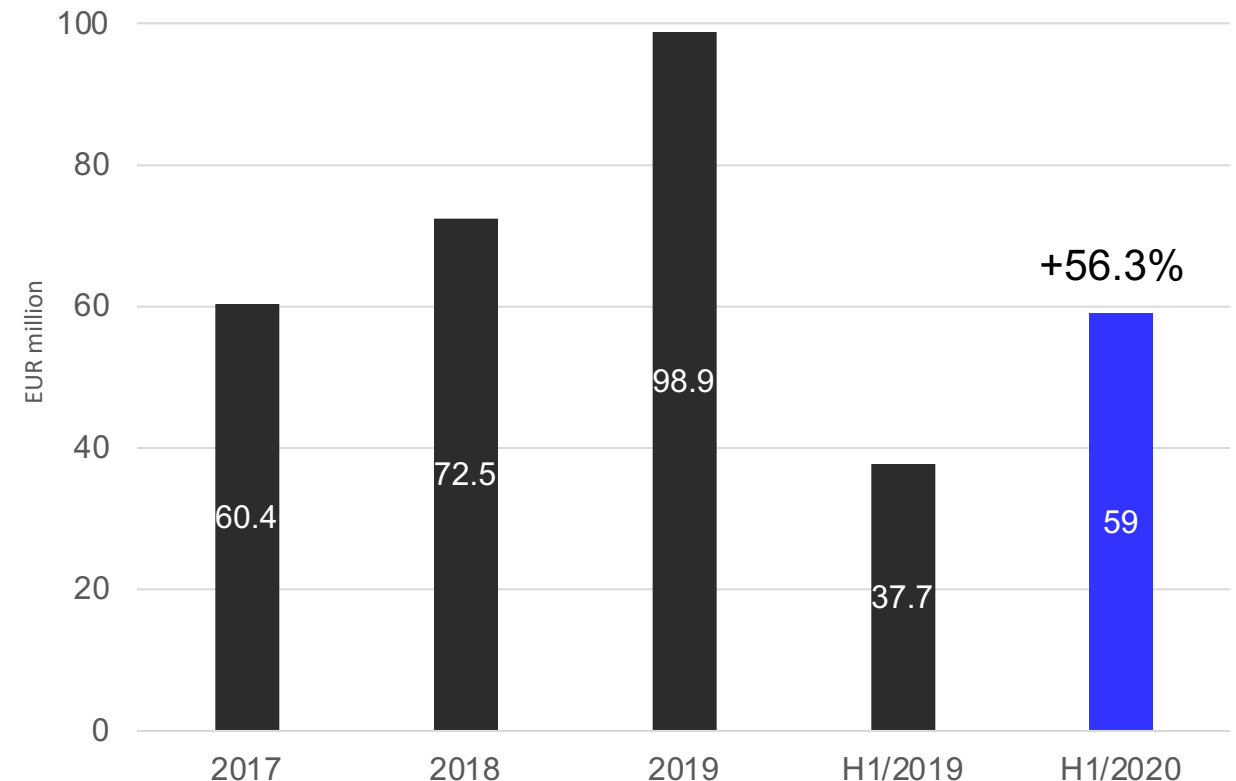
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Net sales grew strongly

The sales were partially affected by the COVID-19 pandemic during March-April. However, the sales developed favorably in all markets especially in May-June.

The impact of the COVID-19 pandemic on net sales for the review period varies between operating countries and product areas.

- The most vulnerable to the impact are product areas related to new vehicle sales, such as the equipment of new commercial vehicles.
- On the other hand, there are clear signs of defensive characteristics in our business owing to the inherent stability of especially the service- and repair part of the automotive aftermarket.

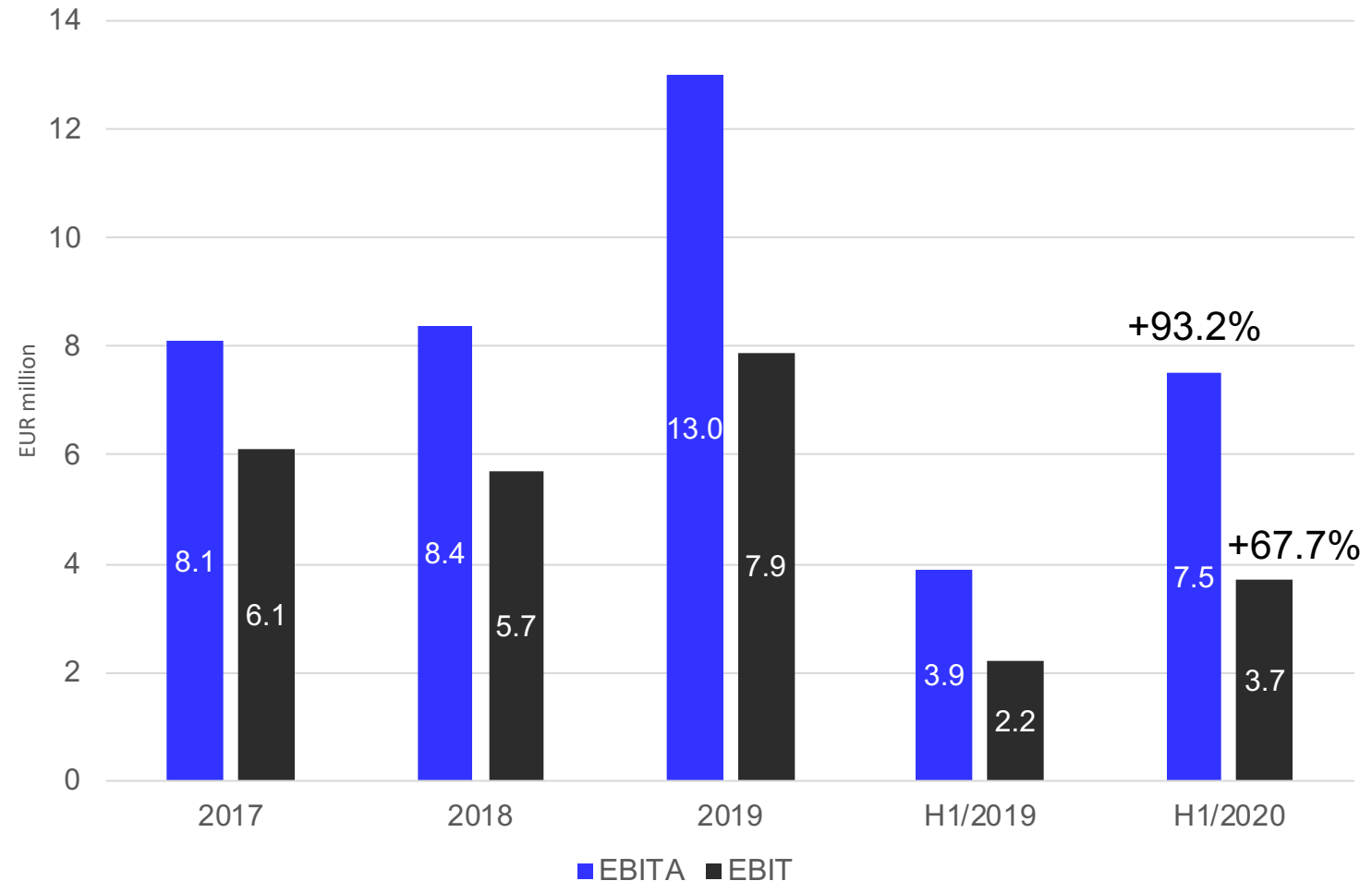


Profitability improved as a result of acquisitions and cost control

The acquisitions made during 2019-2020 were the most significant factor for EBITA growth. In addition, the success in cost control in all group companies contributed to the EBITA growth.

Operating profit (EBIT)

- was positively impacted by cost saving activities.
- was negatively impacted by the amortization of goodwill increased by the recent acquisitions from 2019-2020.



Stronger balance-sheet and financial position

The Group's balance-sheet total
EUR 150,812
(132,668)
thousand

The Group's equity
EUR 69,911
(43,906)
thousand

Net debt
EUR 37,651
(55,490)
thousand

Net gearing
53.6
(124.4)
%

Equity ratio
46.5
(33.6)
%

Cash assets
EUR 26,337
(10,495)
thousand

Cash flow improved significantly

Cash flow from operations

EUR **4,560** (-2,493)
thousand

Cash flow of investments

EUR **-7,605** (-61,732)
thousand

Financing cash flow

EUR **0** (73 141)
thousand

In a year-on-year comparison, there was a significant improvement enabled by the solid overall performance of the Group companies despite the challenging times, including the cash flow generated by the recently acquired companies. During H1/2019, the cash flow from operations was negatively affected by the non-recurring arrangement fees from multicurrency term loan facility.

Cash flow used in investing activities arising almost entirely from the acquisition of TD Tunga Delar Sverige AB and SEC Scandinavia A/S, other capital expenditure activity being on a low level. In 2019, the key figure included the acquisition of ABR and Huzells.

There were no draw-down or repayment transactions related to financing during the review period. As a pandemic preparedness measure, the company agreed with the bank that no repayment installments regarding the term loan drawn down in 2019 would be paid during the review period.

Key figures

EUR thousand	Jan-Jun 2020	Jan-Jun 2019	Jan-Dec 2019
Net sales	58,959	37,720	98,946
Gross profit	20,344	12,367	33,090
EBITDA	7,707	4,039	13,335
EBITDA margin, %	13.1%	10.7%	13.5%
EBITA	7,490	3,876	12,976
EBITA margin, %	12.7%	10.3%	13.1%
Operating profit	3,664	2,185	7,856
Operating profit margin, %	6.2%	5.8%	7.9%
Profit (loss)	930	-273	384
Profit (loss) margin, %	1.6%	-0.7%	0.4%
Comparable profit (loss) excluding amortization of goodwill	4,756	2,731	8,740
Comparable profit (loss) excluding amortization of goodwill margin, %	8.1%	7.2%	8.8%
Return on equity (ROE), %	2.9%*)	-1.1%*)	1.4%*)
Equity ratio	46.5%	33.6%	44.5%
Net gearing	53.6%	124.4%	54.3%
Earnings per share, basic, EUR**)	0.06	-0.03	0.03
Earnings per share, diluted, EUR**)	0.05	-0.03	0.03
Comparable earnings per share, basic, EUR**)	0.06	0.12	0.31
Comparable earnings per share, diluted, EUR**)	0.05	0.11	0.29
Comparable earnings per share excluding amortization of goodwill, basic, EUR**)	0.29	0.32	0.76
Comparable earnings per share excluding amortization of goodwill, diluted, EUR**)	0.28	0.30	0.71
Personnel at the end of the period, FTE	292	268	258



Major events after the
review period

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The Board of Directors proposes a dividend of EUR 0.10 per share be paid

- On August 14, 2020, the Company announced a notice to an Extraordinary General Meeting to be held on September 8, 2020. The Board of Directors proposes to the EGM a dividend of EUR 0.10 per share be paid.



Strategy and financial targets

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Relais Group at the beginning of 2020

Our group companies

STARTAX

Huzells

ABR Reservdelar

AWIMEX

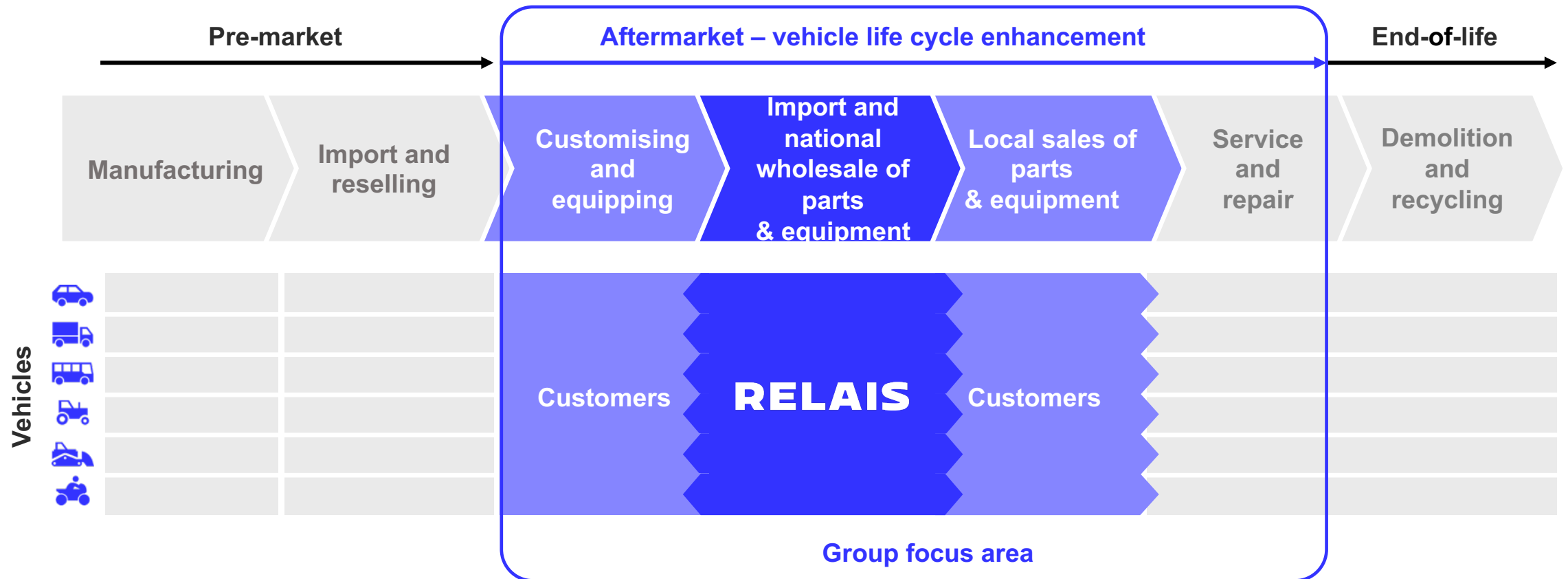
SEC

TD TUNGA DELAR
SVERIGE AB



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Relais operates in the aftermarket of vehicles



Strategy – the aim is to double the net sales

A growing target market:


There are approximately 19 million passenger and commercial vehicles in the Nordic and Baltic countries.

Market drivers:

- The need to get from A to B
- The number of vehicles and technical innovations
- Vehicle stock
- The age of vehicles
- The use of vehicles
- New vehicles

Strategy:

- **Organic growth** – supported by targeted synergies.
- **Growth from acquisitions** – we aim to be an active player in the consolidation of the Nordic and Baltic vehicle aftermarket sector.
- **Added value for customers** through comprehensive product range, digital platform and superior customer service.



The aim is
to double
the net sales
in five years

The targets for Relais' strategy period extending to 2024 have been defined in summer 2019.

Market trends support our growth



Changing vehicle
powertrains



Data generated
by vehicles



Digitalisation of
customer interaction



Increasing complexity of
vehicle components



Consolidation of the
spare parts and
equipment distribution

Long-term financial targets and dividend policy



Growth and synergies

The company aims to double its net sales in five years. The company aims to grow through a combination of organic growth and acquisitions.

- Organic growth: Relais aims to continue growing at an average pace exceeding the market growth, which is supported by targeted synergies, e.g. cross-sales between the existing and acquired entities.
- Based on Relais management's view, the overall market has been growing during recent years at a moderate but stable rate of approximately 1–3 percent annually, depending on product category and geography.
- M&A based growth: The company aims to make 1–2 acquisitions per year, where targeted synergies are expected to support earnings growth.



Dividend policy

Our dividend policy is to target annual dividends that exceed 30 percent of the average comparable profit of the Group, excluding amortization of goodwill, over a business cycle.

In proposing the dividend, The Group's equity, long-term financing and investment needs, growth plans, liquidity position, acquisition opportunities, the requirements of the Companies Act for distribution of dividends and other factors that the Company's board of Directors consider important are taken into account.

2020 outlook

The company estimates that the visibility of the future developments remains low, especially due to the pandemic situation, a threat of a second wave of COVID-19, and the uncertain future prospects of global economic development. The company, therefore, refrains from issuing new guidance.



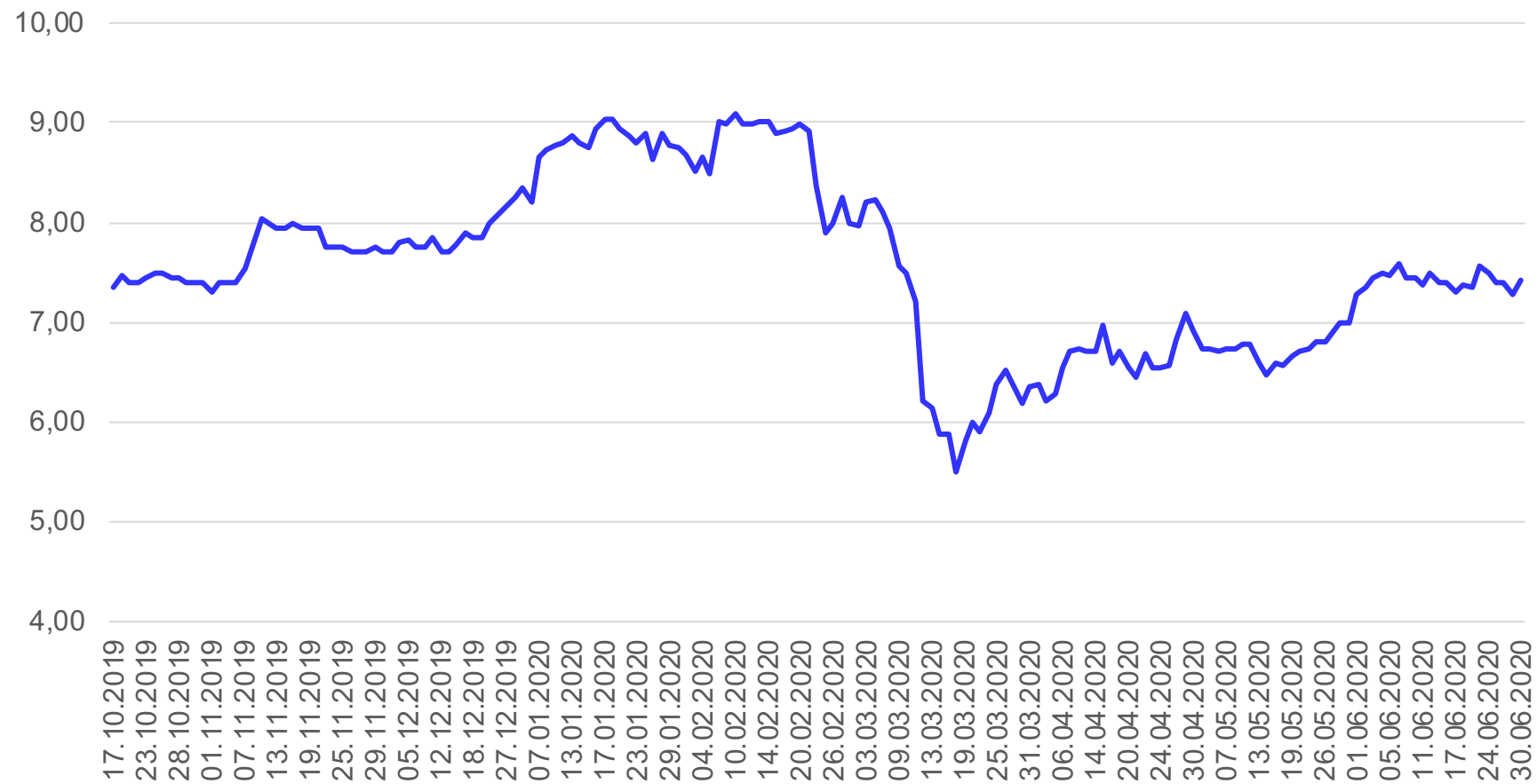


Share and shareholders

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Share price development, EUR

Market value June 20, 2020
EUR 124.8 million



Largest shareholders June 30, 2020

Shareholder	Number of shares	%
1. Ari Salmivuori	6,328,800	37.6
2. Nordic Industry Development AB ¹	4,375,350	26
3. Ajanta Oy ²	464,800	2.8
4. Finnish Industry Investment Ltd (Tesi)	462,949	2.8
5. Ilmarinen Mutual Pension Insurance Company	440,463	2.6
6. Elo Mutual Pension Insurance	396,813	2.4
7. Kari Stadigh	292,200	1.7
8. Veritas Pension Insurance	195,761	1.2
9. Ville Mikkonen	174,800	1.0
10. Evli Finland Select	155,000	0.9
11. Rausanne Oy	134,165	0.8
Ten largest combined	13,421,101	79.8
Other shareholders	3,398,949	20.2
Total	16,820,050	100

¹ In Nordic Industry Development AB, control is indirectly held by Jesper Otterbeck.

² In Ajanta Oy, control is held by Ari Salmivuori.

Number of shares
16,820,050

Number of shareholders
2,368

Summary:

Profitable growth in exceptional circumstances

- The past review period has demonstrated that our strategy works in varying market situations.
- Net sales grew strongly and were positively affected mainly by the impact of acquisitions in 2019 and 2020 as well as the strong sales of spare parts, especially in Sweden.
- The sales were partially affected by the COVID-19 pandemic during March-April. However, the sales developed favorably in all markets especially in May-June.
- Profitability improved as a result of acquisitions and cost control.
- Stronger balance-sheet and financial position.
- Cash flow improved significantly.
- The Board of Directors proposes to the EGM of September 8, 2020 a dividend of EUR 0.10 per share be paid.

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PS: New, exciting
lighting products are
coming in the fall...

SEEKER®
QUANTUM LEDZER



LASER-LISÄVALOJEN AIKAKAUSI ON ALKANUT

Seeker tuo syksyllä 2020 lisävalomarkkinoille luksusautomerkeistä tutun laser-teknologian. Seeker Quantum Ledzer sisältää kahdeksan tehokasta LED-yksikköä ja kaksi laadukasta laser-yksikköä. Hybridivalaisimessa yhdistyvät LED- ja laser-teknikan parhaat puolet. LEDien massiivinen valaisukyky tuottaa valtavan valomäärän valaisten tien ja penkat satoja metrejä. Laserin käsittämättömän pitkä pistemäinen keila vie valaisukyvyn pituuden ennennäkemättömille kilometriluvuille. Pyöreä Ø 229 mm lisävalo on suunnattu ammatti- ja harrasteautoliijoille, joille kelpaa vain paras. Valossa on kaksi parkkivaihtoehtoa; keltainen ja kirkas. Järeä lisävalo on mahdollista kiinnittää kolmepulttisella U-raudalla ja siinä on valmis ylätuen paikka. Seeker Quantum Ledzer on hyväksytty käyttöön tieliikenteessä!

Questions?



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