

## Relais Group Oyj

Consumer Goods  
Finland

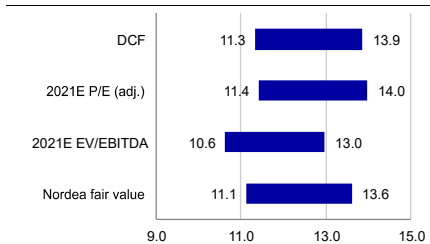
## KEY DATA

Stock country	Finland
Bloomberg	RELAIS.FH
Reuters	RELAIS.HE
Share price (close)	EUR 12.25
Free Float	36%
Market cap. (bn)	EUR 0.22/EUR 0.22
Website	www.relais.fi
Next report date	

## PERFORMANCE



## VALUATION APPROACH (EUR/SHARE)



## ESTIMATE CHANGES

Year	2020E	2021E	2022E
Sales	0%	11%	12%
EBIT (adj)	0%	9%	14%

Source: Nordea estimates

## Nordea Markets - Analysts

Joni Sandvall  
AnalystSvante Krokfors  
Analyst

## Strategy execution continues in Sweden

Relais announced on 14 December that it will acquire Swedish company Strands Group, one of the fastest-growing brands in the vehicle lighting and accessories aftermarket in Europe. We view the acquisition as a good fit with Relais' existing portfolio. In addition to cost synergies, the acquisition should widen export and cross-selling opportunities. Relais is targeting EUR 240m in sales in 2024, mostly via acquisitions. We expect further acquisitions in 2021 and we think the 2024 financial targets are plausible with good cash conversion enabling M&A action and with resilient end markets. We derive a fair value range of EUR 11.1-13.6 (9.1-11.2).

## Becoming an even stronger lighting solutions provider

Relais is acquiring Strands Group through a directed share issue (~22% of the total consideration) and cash (~78%), corresponding to an enterprise value of SEK 182.2m. The acquisition includes a two-year maximum of SEK 25m in additional earnout and is expected to close on 5 January 2021. Strands' business operations are based on its own strong lighting products and brands and will boost Relais' own brand sales significantly. We have previously estimated that roughly 20% of Relais' sales come from own brands, but the acquisition might boost the share of own brand sales to close to 30%. As well as cross-selling and export opportunities, Relais will become an even larger lighting solutions provider and hence we believe it could achieve meaningful procurement synergies through this acquisition.

## 2021E-22E adjusted EBITA up 13-16%

We raise 2021E-22E adjusted EBITA by 13-16%. We expect slight headwinds from higher logistics costs, while we expect synergies to be visible in other operating costs as early as 2021. We estimate EUR 15m goodwill from the acquisition, and as Relais reports under FAS, amortisation should increase annually by EUR 1.5m. We expect further M&A action next year. Although we do not include this in our model, based on our simulations, acquisitions could add EUR 32m to net sales and EUR 4m to adjusted EBITA by 2022 while net debt/EBITDA is maintained below 2.5x.

## 2021E EV/EBITDA of ~10x – fair value range of EUR 11.1-13.6

Based on our estimates, Relais currently trades at 2021E EV/EBITDA of ~10x, which is fairly in line with European peers. Free cash flow yields for 2021E-22E are 7-8%. Based on an average of DCF, EV/EBITDA and P/E valuations, we derive a fair value range of EUR 11.1-13.6 (9.1-11.2) per share.

## SUMMARY TABLE - KEY FIGURES

EURm	2016	2017	2018	2019	2020E	2021E	2022E
Total revenue	59	60	72	99	128	152	160
EBITDA (adj)	11	8	9	13	19	25	27
EBIT (adj)	8	6	6	8	11	15	18
EBIT (adj) margin	14.4%	10.2%	7.9%	7.9%	8.7%	9.9%	11.0%
EPS (adj, EUR)	0.40	0.42	0.34	0.29	0.30	0.46	0.57
EPS (adj) growth	n.a.	3.9%	-17.9%	-13.6%	0.5%	54.7%	24.9%
DPS (ord, EUR)	0.00	0.00	0.00	0.10	0.15	0.20	0.24
EV/Sales	n.a.	n.a.	n.a.	1.4	2.0	1.8	1.6
EV/EBIT (adj)	n.a.	n.a.	n.a.	17.3	23.2	17.9	14.5
P/E (adj)	n.a.	n.a.	n.a.	28.0	41.4	26.7	21.4
P/BV	n.a.	n.a.	n.a.	1.6	3.0	2.8	2.6
Dividend yield (ord)	n.a.	n.a.	n.a.	1.2%	1.2%	1.6%	2.0%
FCF Yield bef A&D, lease	n.a.	n.a.	n.a.	1.4%	2.7%	6.8%	7.7%
Net debt	22	22	18	35	39	44	30
Net debt/EBITDA	2.5	2.6	2.0	2.6	2.0	1.8	1.1
ROIC after tax	35.3%	12.4%	11.1%	8.0%	7.2%	8.7%	10.1%

Source: Company data and Nordea estimates

# M&A scenario

Relais' strategy focuses on high growth via M&A; the company targets one to two acquisitions per year. Due to uncertainty regarding timing, deal size and deal valuation, we do not include M&A in our estimates. We have, however, compiled an M&A scenario in which we simulate how much Relais could potentially grow sales and EBITA via M&A without raising additional equity capital or exceeding its current covenants. The company has indicated that it has a good pipeline of potential bolt-on acquisitions, in addition to the acquisitions during the 2020. With successful M&A execution, we believe Relais could reach net sales of EUR 192m by 2022, while keeping its net gearing around 75%. If the company carries out M&A in line with our simulation, we think a EUR 240m top-line target by 2024 is achievable.

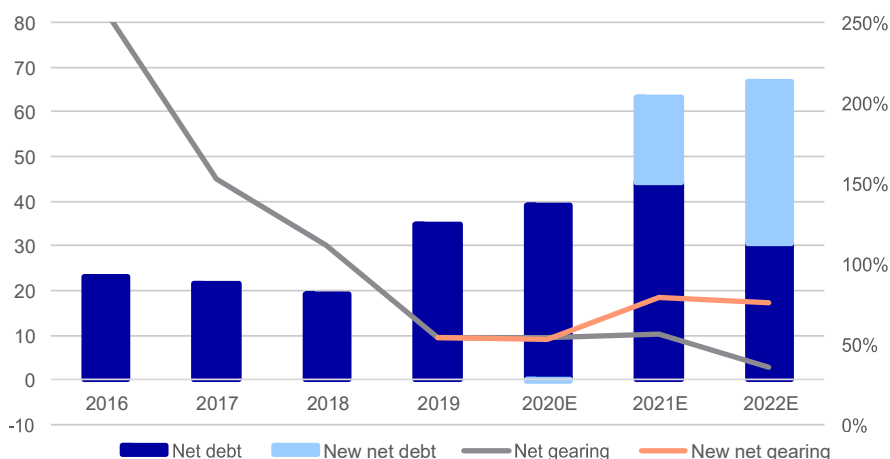
The EUR 20m raised in the IPO strengthened Relais' balance sheet substantially

### Additional debt of EUR 40m in 2021-22 for M&A

After taking in EUR 20m in equity in its IPO in 2019, Relais has a strong balance sheet with net gearing of 54% and cash of EUR 26m at the end of H1 2020. We believe the company could raise additional debt of EUR 40m in 2021-22 (EUR 20m in 2021-22) for M&A, while keeping its year-end net gearing at around 75%. Without new debt or acquisitions, we think Relais could deleverage its balance sheet to a net gearing of ~35% by 2022.

With fully debt-financed M&A, Relais would raise its net gearing to around 75% in 2021E-22E

**NET DEBT (EURm) AND NET GEARING (%) INCLUDING POTENTIAL M&A**



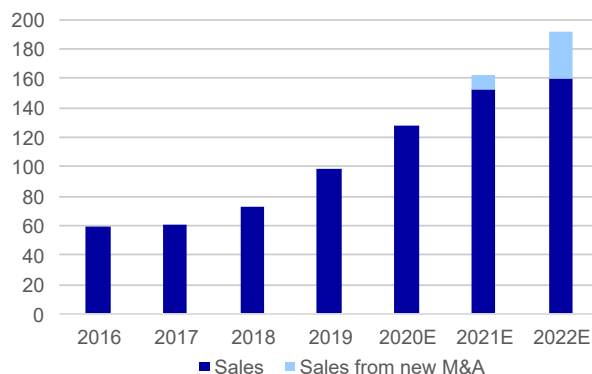
Source: Company data and Nordea estimates

### With successful M&A, net sales could reach EUR 192m by 2022

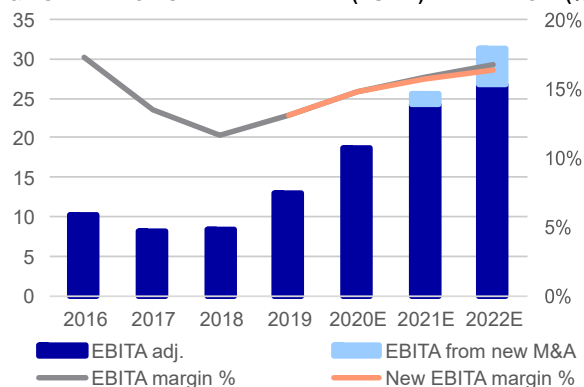
Relais could increase net sales by around EUR 32m by 2022 with acquisitions and without stretching its balance sheet too much

Assuming deal EV/EBITA multiples of 8x, M&A could increase the company's EBITA by EUR ~4m in 2022. We assume the acquired companies have an EBITA margin of 12%, implying Relais could gain additional sales of EUR 32m by 2022 based on our M&A assumptions. We estimate that Relais could realise cost synergies of EUR ~0.6m in 2022, assuming synergies of 4% of the acquired companies' sales spread over two years (2% in year one and 2% in year two). Our estimate does not include any costs related to the acquisitions, such as advisory fees or restructuring costs. We assume that M&A actions would be equally divided over the year, ie we model the acquisition happening in the middle of the year.

We note that our assumptions are on the conservative side when considering the latest acquisitions, and we think larger targets would command slightly higher multiples. Relais made two acquisitions in H1, of which SEC Scandinavia was acquired at ~5.5x EV/EBITDA and TD Tunga Delar at around 7x, while the EV/EBITDA multiple for Strands Group is 7.3x when using 2020E EBITDA of SEK 25m. Although Relais has not disclosed any direct cost synergies, we expect the relative share of employee benefits and other costs to decrease.

**M&A SCENARIO SALES ESTIMATES (EURm)**

Source: Company data and Nordea estimates

**M&A SCENARIO ESTIMATED EBITDA (EURm) AND MARGIN (%)**

Source: Company data and Nordea estimates

In our illustrative assumptions, acquisitions are financed with debt. We assume 50% of the deal value to be goodwill, which is amortised over ten years. The depreciation level is set to 0.5% of net sales and we use 3% interest rate and 21% tax rate assumptions.

**ILLUSTRATIVE M&A SCENARIO**

Current estimates, EURm	2016	2017	2018	2019	2020E	2021E	2022E
Sales	59	60	72	99	128	152	160
EBITA adj.	10.2	8.1	8.4	13.0	18.8	24.1	26.7
-margin %	17.3%	13.4%	11.6%	13.1%	14.7%	15.8%	16.7%
Cash	0.8	1.5	2.3	29.6	22.5	9.9	18.7
Equity	9.0	14.2	17.2	63.7	73.2	79.2	86.5
Net debt	23.3	21.6	19.2	34.7	39.3	44.3	30.6
Net gearing	257%	152%	112%	54%	54%	56%	35%
Deal(s) size						20	20
EV/EBITA assumption, x						8x	8x
EV/Sales assumption, x						1.0x	1.0x
						<b>2021E</b>	<b>2022E</b>
Cumulative sales increase from M&A						10.4	32.3
Cumulative EBITA increase from M&A						1.3	4.0
- margin %						12%	12%
Cumulative potential synergies						0.2	0.6
% of sales						2%	2%
Cash increase						0.9	2.8
<b>New estimates after additional M&amp;A, EURm</b>			<b>2018</b>	<b>2019</b>	<b>2020E</b>	<b>2021E</b>	<b>2022E</b>
Sales, EURm			72	99	128	163	192
EBITA, EURm			8.4	13.0	18.8	25.6	31.4
-margin %			11.6%	13.1%	14.7%	15.7%	16.3%
Cash	0.8	1.5	2.3	29.6	22.5	10.8	22.4
Equity	9.0	14.2	17.2	63.7	73.2	79.6	87.7
Net debt	23.3	21.6	19.2	34.7	39.2	63.4	66.8
Net gearing	257%	152%	112%	54%	54%	80%	76%
EBITDA adj.	10.6	8.3	8.7	13.3	19.2	26.2	32.2
ND/EBITDA	2.2x	2.6x	2.2x	2.6x	2.0x	2.4x	2.1x

Source: Company data and Nordea estimates

**Implicit EUR 240m target in net sales by 2024**

Relais' target is to double its net sales from the pro forma 2018 level of EUR 119m, indicating around EUR 240m sales, which we find plausible if the company can execute in line with our simulation. Given strong cash flow generation, we think the company could spend more on acquisitions in 2023E-24E (EUR 30m annually) while maintaining net debt/EBITDA at around 2x.

# Estimate revisions and financial targets

## Guidance for 2020

Relais withdrew its financial guidance on 26 March amid COVID-19 and currently does not have guidance for 2020. Previously, the guidance for 2020 indicated clearly increasing net sales and operating profit excluding amortisation of goodwill.

We would be surprised if the company were to reinstate its positive guidance for 2020 at short notice.

## Estimate revisions

We make the following revisions to our estimates. We raise our top-line estimates by 11-12% and adjusted EBITA estimates by 13-16% for 2021-22. We maintain our DPS estimates but see upside to our estimates if the company can renegotiate its financing agreement which currently caps dividends to EUR 4m annually.

### ESTIMATE REVISIONS

EURm	New estimates				Old estimates				Difference %			
	H2 2020E	2020E	2021E	2022E	H2 2020E	2020E	2021E	2022E	H2 2020E	2020E	2021E	2022E
<b>Sales</b>	<b>68.7</b>	<b>128</b>	<b>152</b>	<b>160</b>	<b>68.7</b>	<b>128</b>	<b>137</b>	<b>142</b>	<b>0%</b>	<b>0%</b>	<b>11%</b>	<b>12%</b>
Gross profit	23.6	44	52	55	23.6	44	47	49	0%	0%	11%	12%
<b>Gross margin</b>	<b>34.3%</b>	<b>34.4%</b>	<b>34.3%</b>	<b>34.6%</b>	<b>34.3%</b>	<b>34.4%</b>	<b>34.5%</b>	<b>34.6%</b>	<b>0.0pp</b>	<b>0.0pp</b>	<b>-0.2pp</b>	<b>0.0pp</b>
<b>Adj. EBITA</b>	<b>11.3</b>	<b>18.8</b>	<b>24.1</b>	<b>26.7</b>	<b>11.3</b>	<b>18.8</b>	<b>21.4</b>	<b>23.1</b>	<b>0%</b>	<b>0%</b>	<b>13%</b>	<b>16%</b>
Adj. EBITA margin	16.4%	14.7%	15.8%	16.7%	16.4%	14.7%	15.6%	16.3%	0.0pp	0.0pp	0.2pp	0.5pp
EBITA	11.3	18.8	24.1	26.7	11.3	18.8	21.4	23.1	0%	0%	13%	16%
EBITA margin	16.4%	14.7%	15.8%	16.7%	16.4%	14.7%	15.6%	16.3%	0.0pp	0.0pp	0.2pp	0.5pp
EBIT	7.5	11.1	15.0	17.6	7.5	11.1	13.8	15.5	0%	0%	9%	14%
EBIT margin	10.9%	8.7%	9.9%	11.0%	10.9%	8.7%	10.1%	10.9%	0.0pp	0.0pp	-0.2pp	0.1pp
PTP	6.6	8.9	13.3	15.9	6.6	8.9	12.2	14.0	0%	0%	9%	14%
EPS	0.24	0.30	0.46	0.57	0.24	0.30	0.44	0.52	0%	0%	4%	10%
DPS		0.15	0.20	0.24		0.15	0.20	0.24		0%	0%	0%

Source: Nordea estimates

# Valuation

We value Relais using a variety of methods, including a peer multiples-based valuation and a discounted cash flow (DCF) model. We only include organic growth potential in our valuation approach and exclude any impact of potential future M&A. In our view, Relais has a solid financial position after its IPO in 2019, and we believe the company will use its strong balance sheet to execute its growth strategy, including M&A. Using a combination of valuation methods, we derive a valuation range of EUR 11.1-13.6 per share.

## Background

Our valuation does not include M&A

We acknowledge the company's ambition to continue growing at an accelerated pace, which includes a significant M&A component. Because the potential targets, their sizes and fundamentals are unknown, however, we refrain from including any speculative M&A in our estimates.

We use a range of valuation methods to derive a fair value for Relais. In our analysis, we compare the company to what we consider its most relevant peers, using valuation multiples such as EV/EBITDA and P/E multiples. We also use a standard DCF model. The table below shows the peer group.

PEER VALUATION TABLE

Peer group	EV / Sales			EV / EBITDA			EV/EBIT			P/E		
	2019	2020E	2021E	2019	2020E	2021E	2019	2020E	2021E	2019	2020E	2021E
Advance Auto Parts Inc	1.0x	1.1x	1.0x	9.4x	9.9x	9.3x	12.2x	12.7x	11.9x	17.5	18.4	16.6
Auto Partner Sa	0.8x	0.7x	0.6x	9.6x	7.1x	6.3x	14.1x	8.2x	7.3x	16.2		
Autozone Inc	2.4x	2.4x	2.3x	10.8x	11.2x	10.6x	12.7x	13.1x	12.4x	16.4	16.4	14.7
Inter Cars Sa	0.5x	0.5x	0.5x	9.4x	11.8x	11.2x	13.2x	12.8x	14.8x	14.0	11.7	10.9
Camping World Holdings Inc	0.7x	0.7x	0.6x	20.3x	6.9x	6.8x	23.1x	7.6x	7.6x		8.3	8.2
Dometic Group Ab (Publ)	2.3x	2.5x	2.2x	13.3x	15.3x	11.6x	17.9x	21.7x	15.2x	25.6	38.2	19.5
Halfords Group Plc	0.7x	0.7x	0.7x	4.6x	7.3x	7.8x	10.1x	11.0x	12.4x	7.6	9.6	10.8
Mekonomen Ab	0.8x	0.8x	0.8x	6.3x	6.4x	5.7x	11.5x	12.3x	10.5x	9.0	9.9	7.9
O'Reilly Automotive Inc	3.2x	3.1x	3.0x	14.9x	13.1x	13.6x	17.0x	14.7x	15.4x	23.0	19.3	19.4
Thule Group Ab	4.6x	4.2x	4.0x	23.6x	19.6x	19.0x	26.3x	21.6x	20.9x	34.1	28.2	27.5
Peer group average	1.7x	1.7x	1.6x	12.2x	10.9x	10.2x	15.8x	13.6x	12.8x	18.2	17.8	15.1
Peer group median	0.9x	0.9x	0.9x	10.2x	10.5x	10.0x	13.6x	12.7x	12.4x	16.4x	16.4x	14.7x
US peers' average	1.8x	1.8x	1.8x	13.9x	10.2x	10.1x	16.3x	12.0x	11.8x	19.0x	15.6x	14.7x
European peers' average	1.6x	1.6x	1.5x	11.1x	11.3x	10.3x	15.5x	14.6x	13.5x	17.7x	19.5x	15.3x

Source: Refinitiv

## EV/EBITDA-based valuation of EUR 10.6-13.0 per share

Based on our EUR 24.7m EBITDA estimates for 2021 and an accepted valuation multiple range of 9.2-10.8x (midpoint: 10.0x), we arrive at a fair value range of EUR 10.6-13.0 per share for Relais. We believe that the European peers' valuation multiples are more relevant, as these companies operate closer to the relevant markets for Relais. The profitability and growth profiles of European peers also more closely resemble that of Relais, in our view.

## P/E-based valuation of EUR 11.4-14.0 per share

Using our EUR 1.02 amortisation-adjusted EPS estimate for 2021, we arrive at a fair value range of EUR 11.4-14.0 per share using P/E multiples of 11.3-13.8x (midpoint: 12.5x).

## What if Relais achieves its top-line target by 2024?

Relais targets doubled net sales by 2024. If the company achieves sales of EUR 240m in 2024 with an EBITDA margin of 16.5% (EUR 39.6m) and with 2024 net debt of EUR 83m, we calculate an equity value of EUR 16.3 per share when using an EV/EBITDA multiple of 9.2x; discounted to the end of 2020, this equals EUR 11.7. Based on similar assumptions but using the upper-end of our accepted valuation multiple range (10.8x), the equity value would be as high as EUR 20.2 per share, which discounted to the end of 2020 equals EUR 14.5.

## DCF model

A discounted cash flow (DCF) model is one of the most common ways to evaluate the intrinsic value of a business, so we also use this method to estimate the value of Relais. A DCF model discounts the value of all future cash flows to their present value using the weighted cost of capital (WACC). WACC takes into account the expected returns for both equity shareholders and bondholders of a company. A DCF valuation can be described by the following steps:

- Discount a company's free cash flows at WACC to derive the total company's enterprise value (EV).
- Identify which parts of the total enterprise value are related to debt holders and non-equity claims.
- Deduct all components that are not related to the equity holders' claim to derive the equity value for the company. The equity value is then divided by the number of outstanding shares to determine a DCF-based fair value.

We find DCF to be a good valuation method for Relais since it takes into account the fundamental drivers of the company, such as the cost of capital, growth rates, reinvestments rates, etc. The main appeal of a DCF model is that it only takes into account a company's cash flow instead of accounting-based earnings. The main disadvantage is that the model can be relatively sensitive to changes in input values.

## DCF-based valuation of EUR 11.3-13.9 per share

In our DCF model, we value Relais based on the current business, assuming no additional value-adding acquisitions. We also assume a sales CAGR of 6.4% for 2020E-25E, followed by a 2% CAGR in perpetuity, meaning that organic growth is roughly the same as the average rate of inflation. We also assume Relais will gradually improve its profitability level and maintain an adjusted EBIT margin of 13.0% in the long run. We use a 4% cost of debt in our DCF model, as the current level is unlikely to persist in the long term. We also assign a long-term equity weight of 50% in our DCF model.

WACC COMPONENTS	
<b>WACC components</b>	
Risk-free interest rate	2.0%
Market risk premium	4.5%
Forward looking asset beta	nm
Beta debt	0.1
Forward looking equity beta	2.1-1.6
Cost of equity	11.5-9%
Cost of debt	4.0%
Tax-rate used in WACC	30%
Equity weight	50%
<b>WACC</b>	<b>7.1-5.9%</b>

Source: Nordea estimates

DCF VALUATION		
DCF value	Value	Per share
NPV FCFF	232	12.2-14.8
(Net debt)	-35	-2.0
Market value of associates	0	0.0
(Market value of minorities)	0	0.0
Surplus values	0	0.0
(Market value preference shares)	0	0.0
Share based adjustments	0	0.0
Other adjustments	0	0.0
Time value	19	1.1
<b>DCF Value</b>	<b>195-239</b>	<b>11.3-13.9</b>

Source: Nordea estimates

## DCF ASSUMPTIONS

Averages and assumptions	2020-25	2026-30	2031-35	2036-40	2041-45	2046-50	Sust.
Sales growth, CAGR	6.4%	2.0%	2.0%	2.0%	2.0%	2.0%	
EBIT-margin, excluding associates	11.8%	13.0%	13.0%	13.0%	13.0%	4.3%	
Capex/depreciation, x	0.0	0.2	1.0	1.0	1.0	1.0	
Capex/sales	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	
NWC/sales	37%	37%	37%	37%	37%	37%	
FCFF, CAGR	-225.8%	3.3%	2.0%	2.0%	2.0%	-23.5%	2.0%

Source: Nordea estimates

## DCF valuation sensitivity

To test the robustness of our base-case scenario, we perform a sensitivity analysis by varying our EBIT margin, sales growth, and WACC assumptions. We note that the DCF-derived fair value is especially sensitive to WACC assumptions, implying that changes in the company's risk profile could significantly impact the fair value assessment in either direction.

When we use sensitivities of  $\pm 0.5$  pp for WACC,  $\pm 0.5$  pp for sales growth and  $\pm 0.5$  for the EBIT margin, our DCF model gives us a value range of EUR 11.0-14.5 per share.

**SENSITIVITY OF OUR DCF MODEL**

		WACC				
		5.5%	6.0%	6.5%	7.0%	7.5%
EBIT margin change	+1.0pp	16.1	15.2	13.8	12.6	11.5
	+0.5pp	16.1	14.5	13.2	12.0	11.1
		15.3	13.8	<b>12.6</b>	11.5	10.6
	-0.5pp	14.5	13.2	12.0	11.0	10.2
	-1.0pp	13.7	12.5	11.4	10.5	9.7

		WACC				
		5.5%	6.0%	6.5%	7.0%	7.5%
Sales growth change	+1.0pp	16.5	14.8	13.4	12.2	11.2
	+0.5pp	15.9	14.3	13.0	11.9	10.9
		15.3	13.8	<b>12.6</b>	11.5	10.6
	-0.5pp	14.8	13.4	12.3	11.2	10.4
	-1.0pp	14.3	13.0	11.9	11.0	10.1

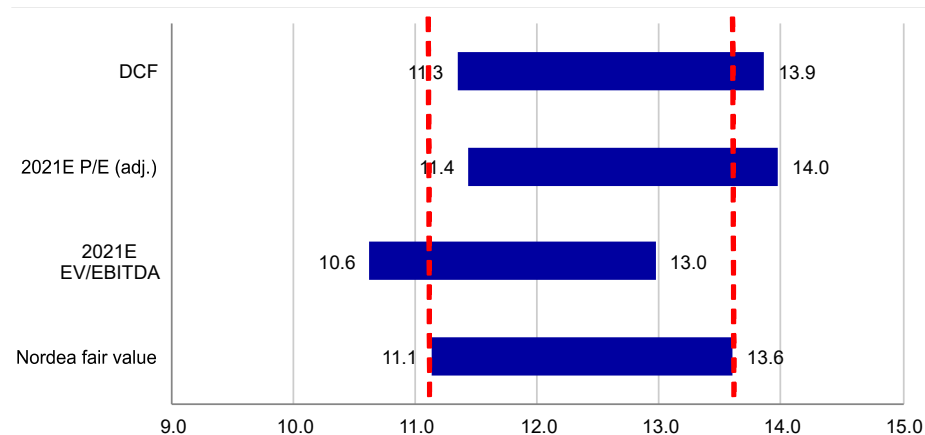
  

		Sales growth change				
		-1.0pp	-0.5pp		+0.5pp	+1.0pp
EBIT margin change	+1.0pp	12.9	13.3	13.8	14.2	14.7
	+0.5pp	12.4	12.8	13.2	13.6	14.1
		11.9	12.3	<b>12.6</b>	13.0	13.4
	-0.5pp	11.4	11.7	12.0	12.3	12.7
	-1.0pp	10.9	11.2	11.4	11.7	12.0

Source: Nordea estimates

**Valuation conclusion**

Assuming that Relais can deliver revenue growth and an operating profit margin in line with our expectations, we estimate a fair value range of EUR 11.1-13.6 per share based on our different valuation approaches. This valuation range is represented as the red lines in the chart below.

**VALUATION RANGE (EUR/SHARE)**

Source: Nordea estimates

# Peers

We mainly use European and US automobile spare parts distributors in our peer group for Relais Group.

For Relais' peer group, we use companies that are engaged mainly in car and spare parts distribution (all except Thule). We include US companies due to the small number of relevant listed European peers. We note that the US peers have traded at higher valuation multiples on average, but currently trade at a slight discount to European peers on EV/EBITDA. US companies trade on average at 2020E-21E EV/EBITDA of 10.1-10.2x versus European peers at 10.3-11.3x. The US companies are on average more profitable than their European counterparts.

## PEER OVERVIEW

	Country	Price Local	Mcap EURm	EV EURm	EV / Sales			EV / EBITDA			EV/EBIT		
					2019	2020E	2021E	2019	2020E	2021E	2019	2020E	2021E
<b>Peer group</b>													
Advance Auto Parts Inc	USA	158	8,833	8,802	1.0x	1.1x	1.0x	9.4x	9.9x	9.3x	12.2x	12.7x	11.9x
Auto Partner Sa	Poland	8	226	261	0.8x	0.7x	0.6x	9.6x	7.1x	6.3x	14.1x	8.2x	7.3x
Autozone Inc	USA	1155	22,108	25,457	2.4x	2.4x	2.3x	10.8x	11.2x	10.6x	12.7x	13.1x	12.4x
Inter Cars Sa	Poland	230	739	1,019	0.5x	0.5x	0.5x	9.4x	11.8x	11.2x	13.2x	12.8x	14.8x
Camping World Holdings Inc	USA	28	2,085	3,027	0.7x	0.7x	0.6x	20.3x	6.9x	6.8x	23.1x	7.6x	7.6x
Dometic Group Ab (Publ)	Sweden	111	3,200	3,940	2.3x	2.5x	2.2x	13.3x	15.3x	11.6x	17.9x	21.7x	15.2x
Halfords Group Plc	UK	262	570	869	0.7x	0.7x	0.7x	4.6x	7.3x	7.8x	10.1x	11.0x	12.4x
Mekonomen Ab	Sweden	89	492	942	0.8x	0.8x	0.8x	6.3x	6.4x	5.7x	11.5x	12.3x	10.5x
O'Reilly Automotive Inc	USA	448	26,796	29,352	3.2x	3.1x	3.0x	14.9x	13.1x	13.6x	17.0x	14.7x	15.4x
Thule Group Ab	Sweden	290	2,961	3,033	4.6x	4.2x	4.0x	23.6x	19.6x	19.0x	26.3x	21.6x	20.9x
<b>Peer group average</b>					<b>1.7x</b>	<b>1.7x</b>	<b>1.6x</b>	<b>12.2x</b>	<b>10.9x</b>	<b>10.2x</b>	<b>15.8x</b>	<b>13.6x</b>	<b>12.8x</b>
<b>Peer group median</b>					<b>0.9x</b>	<b>0.9x</b>	<b>0.9x</b>	<b>10.2x</b>	<b>10.5x</b>	<b>10.0x</b>	<b>13.6x</b>	<b>12.7x</b>	<b>12.4x</b>
<b>US peers' average</b>					<b>1.8x</b>	<b>1.8x</b>	<b>1.8x</b>	<b>13.9x</b>	<b>10.2x</b>	<b>10.1x</b>	<b>16.3x</b>	<b>12.0x</b>	<b>11.8x</b>
<b>European peers' average</b>					<b>1.6x</b>	<b>1.6x</b>	<b>1.5x</b>	<b>11.1x</b>	<b>11.3x</b>	<b>10.3x</b>	<b>15.5x</b>	<b>14.6x</b>	<b>13.5x</b>

Note: closing prices and market capitalisations as of 11 December 2020

Source: Refinitiv

We find it justified that US peers trade at higher average valuation multiples, as they have higher profitability on average with a 2020E-21E EBITDA margin of 16.1-16.4% versus the European peers' average of 12.3-12.6%, although we note recent estimate increases for European peers. US peers are also trading at clearly lower dividend yields. However, the European peers are on average expected to continue showing higher sales growth than the US peers.

## PEER GROUP KEY FIGURES

	Sales Growth				EBITDA Margin				Div yield %			
	2018	2019	2020E	2021E	2018	2019	2020E	2021E	2018	2019	2020E	2021E
<b>Peer group</b>												
Advance Auto Parts Inc	4.3%	5.1%	-5.2%	0.7%	10.1%	10.6%	10.7%	11.3%	0.2%	0.2%	0.6%	0.5%
Auto Partner Sa	22.9%	26.0%	9.5%	22.7%	7.8%	8.0%	9.9%	9.1%	0.3%	0.0%		
Autozone Inc	1.1%	11.9%	-2.5%	3.8%	22.2%	21.7%	21.6%	21.8%	0.0%	0.0%	0.0%	0.0%
Inter Cars Sa	12.3%	11.5%	-3.2%	3.9%	4.9%	5.2%	4.3%	4.4%	0.3%	0.0%	0.0%	0.3%
Camping World Holdings Inc	13.1%	5.6%	2.9%	7.9%	6.7%	3.4%	9.7%	9.1%	2.3%	2.3%	0.8%	1.1%
Dometic Group Ab (Publ)	21.2%	-0.8%	-8.9%	15.0%	17.9%	17.1%	16.2%	18.6%	2.0%	1.9%	1.4%	1.8%
Halfords Group Plc	2.1%	-0.5%	1.8%	0.6%	9.4%	14.6%	8.9%	8.3%	7.4%	5.0%	0.5%	2.3%
Mekonomen Ab	21.7%	47.2%	2.4%	3.2%	9.5%	13.5%	13.0%	14.0%	0.0%	0.0%	0.3%	2.5%
O'Reilly Automotive Inc	6.4%	11.6%	4.5%	1.6%	21.7%	21.6%	23.5%	22.3%	0.0%	0.0%	0.0%	0.0%
Thule Group Ab	1.1%	6.8%	9.5%	3.3%	19.1%	19.3%	21.2%	21.2%	2.4%	2.5%	3.5%	3.0%
<b>Peer group average</b>	<b>10.6%</b>	<b>12.4%</b>	<b>1.1%</b>	<b>6.3%</b>	<b>12.9%</b>	<b>13.5%</b>	<b>13.9%</b>	<b>14.0%</b>	<b>1.5%</b>	<b>1.2%</b>	<b>0.8%</b>	<b>1.3%</b>
<b>Peer group median</b>	<b>9.3%</b>	<b>9.1%</b>	<b>2.1%</b>	<b>3.5%</b>	<b>9.8%</b>	<b>14.1%</b>	<b>11.8%</b>	<b>12.7%</b>	<b>0.3%</b>	<b>0.1%</b>	<b>0.5%</b>	<b>1.1%</b>
<b>US peers' average</b>	<b>6.2%</b>	<b>8.6%</b>	<b>-0.1%</b>	<b>3.5%</b>	<b>15.2%</b>	<b>14.3%</b>	<b>16.4%</b>	<b>16.1%</b>	<b>0.6%</b>	<b>0.6%</b>	<b>0.3%</b>	<b>0.4%</b>
<b>European peers' average</b>	<b>13.5%</b>	<b>15.0%</b>	<b>1.8%</b>	<b>8.1%</b>	<b>11.4%</b>	<b>13.0%</b>	<b>12.3%</b>	<b>12.6%</b>	<b>2.1%</b>	<b>1.6%</b>	<b>1.1%</b>	<b>2.0%</b>

Source: Refinitiv



# Detailed estimates

## DETAILED ESTIMATES

EURm	H1 19	H2 19	H1 20E	H2 20E	H1 21E	H2 21E	2017	2018	2019	2020E	2021E	2022E
<b>Net sales</b>	<b>38</b>	<b>61</b>	<b>59</b>	<b>69</b>	<b>72</b>	<b>81</b>	<b>60</b>	<b>72</b>	<b>99</b>	<b>128</b>	<b>152</b>	<b>160</b>
Sales growth	12%	58%	56%	12.2%	22%	17%	3%	20%	37%	29%	19%	5%
of which organic	3%	1%	3%	2%	5%	5%	-1%	10%	2%	3%	5%	5%
of which structural	9%	58%	54%	10%	15%	12%	3%	10%	36%	26%	13%	0%
Other operating income	0.2	0.3	0.4	0.2	0.2	0.2	0.2	0.4	0.5	0.6	0.4	0.4
Materials and services	-25	-41	-39	-45	-47	-53	-40	-48	-66	-84	-100	-105
<b>Gross profit</b>	<b>12.4</b>	<b>20.7</b>	<b>20.3</b>	<b>23.6</b>	<b>24.5</b>	<b>27.7</b>	<b>20.9</b>	<b>24.3</b>	<b>33.1</b>	<b>43.9</b>	<b>52.2</b>	<b>55.3</b>
Gross margin %	32.8%	33.8%	34.5%	34.3%	34.2%	34.4%	34.6%	33.6%	33.4%	34.4%	34.3%	34.6%
Staff costs	-5	-7	-8	-8	-8	-9	-8	-10	-12	-15	-17	-17
Other operating costs	-3	-5	-5	-5	-6	-5	-5	-6	-8	-10	-11	-11
<b>EBITDA</b>	<b>4.0</b>	<b>9.3</b>	<b>7.7</b>	<b>11.5</b>	<b>10.7</b>	<b>14.0</b>	<b>8.3</b>	<b>8.7</b>	<b>13.3</b>	<b>19.2</b>	<b>24.7</b>	<b>27.3</b>
EBITDA margin %	10.7%	15.2%	13.1%	16.7%	14.9%	17.4%	13.8%	12.1%	13.5%	15.0%	16.2%	17.1%
D&A	-1.9	-3.6	-4.0	-4.0	-4.9	-4.9	-2.2	-3.0	-5.5	-8.1	-9.7	-9.7
of which depreciations	-0.2	-0.2	-0.2	-0.2	-0.3	-0.3	-0.3	-0.3	-0.4	-0.4	-0.6	-0.6
of which amortizations	-1.7	-3.4	-3.8	-3.8	-4.6	-4.6	-1.9	-2.7	-5.1	-7.6	-9.1	-9.1
EBITA	3.9	9.1	7.5	11.3	10.4	13.7	8.1	8.4	13.0	18.8	24.1	26.7
NRI	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Adj. EBITA</b>	<b>3.9</b>	<b>9.1</b>	<b>7.5</b>	<b>11.3</b>	<b>10.4</b>	<b>13.7</b>	<b>8.1</b>	<b>8.4</b>	<b>13.0</b>	<b>18.8</b>	<b>24.1</b>	<b>26.7</b>
Adj. EBITA margin %	10.3%	14.9%	12.7%	16.4%	14.5%	17.0%	13.4%	11.6%	13.1%	14.7%	15.8%	16.7%
-growth y/y	10%	87%	93%	24%	39%	22%	-21%	4%	55%	45%	29%	11%
<b>EBITA Bridge</b>										<b>5.8</b>	<b>5.4</b>	<b>2.6</b>
Organic										0.9	2.5	3.0
FX										0.0	0.2	0.0
Structural										2.9	2.4	0.0
Cost vs price										1.9	0.2	-0.4
<b>EBIT</b>	<b>2.2</b>	<b>5.7</b>	<b>3.7</b>	<b>7.5</b>	<b>5.9</b>	<b>9.1</b>	<b>6.1</b>	<b>5.7</b>	<b>7.9</b>	<b>11.1</b>	<b>15.0</b>	<b>17.6</b>
EBIT margin %	5.8%	9.3%	6.2%	10.9%	8.2%	11.4%	10.2%	7.9%	7.9%	8.7%	9.9%	11.0%
Net financials	-1.9	-3.4	-1.4	-0.9	-1.0	-0.7	-0.8	-0.9	-5.4	-2.2	-1.7	-1.7
PTP	0.2	2.3	2.3	6.6	4.9	8.4	5.3	4.8	2.5	8.9	13.3	15.9
Tax	-0.4	-1.5	-1.3	-2.2	-2.0	-2.7	-1.4	-1.5	-1.9	-3.5	-4.7	-5.3
Minority interest	-0.1	-0.1	0.0	-0.1	-0.1	-0.1	-0.1	-0.2	-0.2	-0.1	-0.2	-0.2
<b>Net profit for equity</b>	<b>-0.3</b>	<b>0.7</b>	<b>0.9</b>	<b>4.3</b>	<b>2.8</b>	<b>5.6</b>	<b>3.8</b>	<b>3.1</b>	<b>0.4</b>	<b>5.3</b>	<b>8.4</b>	<b>10.5</b>
Net profit	-0.2	0.7	1.0	4.4	2.9	5.7	3.9	3.3	0.6	5.4	8.6	10.7
EPS (undiluted)	-0.03	0.05	0.06	0.26	0.17	0.33	0.44	0.36	0.03	0.32	0.49	0.61
<b>Adj. EPS (excl. amortization)</b>	<b>0.32</b>	<b>0.41</b>	<b>0.29</b>	<b>0.48</b>	<b>0.44</b>	<b>0.60</b>	<b>0.66</b>	<b>0.67</b>	<b>0.75</b>	<b>0.77</b>	<b>1.02</b>	<b>1.14</b>
DPS									0.10	0.15	0.20	0.24
Dividend payout ratio									13%	20%	20%	21%

Source: Company data and Nordea estimates

# Risk factors

Below, we list the main risk factors we find relevant for Relais Group. The purpose of this is not to provide a comprehensive picture of all of the risks that the company may be subject to, but instead to highlight those that we find most relevant. The main risks we identify relate to the general Finnish economy, car spare parts sales and vehicle service business. In addition, the current COVID-19 situation creates high uncertainty regarding consumer behaviour, which could hamper Relais' sales and earnings if people postpone their car service spending.

A sluggish economy could negatively affect car service and spare parts sales	<p><b>General economy</b></p> <p>The car service industry is to some extent dependent on the general economy. In times of strong economic activity, people are more inclined to spend money on car service and upgrades. Typically, unemployment rates decrease at such times, which increases consumers' disposable income.</p> <p>Currently, the outlook for the Nordic economies has worsened, which could have a negative impact on Relais' sales if people start cutting back on car service spending and/or postpone servicing their cars. The current COVID-19 impact is not clear, but it will most likely be large due to the slowdown in economic activity. The length of the situation is not clear and further downside to economic forecasts persists.</p>
Competitors consolidating the market could hamper Relais' growth prospects	<p><b>Increasing competition</b></p> <p>We note that the car spare parts market is still very fragmented, and should other players take an active role in market consolidation this could hurt the sales prospects of Relais and also profitability if competitors became more aggressive on pricing.</p>
Disturbances by suppliers may affect product availability	<p><b>Dependency on suppliers</b></p> <p>As Relais is importing its goods and not producing spare parts or equipment itself, the company could be seriously negatively affected if its suppliers are unable to deliver products as agreed or if the quality of products decreases significantly.</p> <p>The coronavirus situation might cause supply-side problems and extra freight costs, while a prolonged situation might even hamper demand for Relais' spare parts and equipment.</p>
If not executed well, high M&A activity may increase costs	<p><b>Risks related to expansion</b></p> <p>Relais' ambitions to grow fast do not come without costs, investments and risks. M&amp;A could increase costs temporarily, or more long term in the worst case if acquisitions were to fail or integration was to be executed poorly. Hence it is important for the company to maintain good cost control and clear M&amp;A execution plans so as not to hamper earnings.</p>
Key employees leaving could lead to the loss of clients	<p><b>Dependency on key employees</b></p> <p>Relais is very much dependent on the efforts of its management team and the board of directors. These key persons have substantial knowledge of running listed companies as well as broad sector knowledge. Should these people leave, it might take some time to find replacements, and should key employees join a competitor or start a competing business, this could significantly hamper Relais' business, leading to the loss of clients or even suppliers.</p>
A share issue could dilute current shareholders' ownership	<p><b>Financial position</b></p> <p>Relais has high growth ambitions and hence we do not rule out the need for additional equity to support future M&amp;A activity. An equity issue could dilute the current shareholders' ownership. However, we believe that Relais has limited need for additional capital as the company has raised EUR 20m of new capital via its recent IPO and it has a strong cash conversion ratio.</p>
Significant writedown of goodwill could worsen the financial position	<p><b>Substantial amount of intangible assets</b></p> <p>Due to M&amp;A, Relais has accumulated a significant amount of goodwill on its balance sheet and should a future test (in case the company switches to IFRS accounting standards) show a significant decline in the value of goodwill, it could have a huge</p>

impact on the balance sheet and earnings. A weakening balance sheet could limit the possibility of new financing and hence have a negative impact on future M&A and business operations.

Crucial IT system failures or slow adaption to new technology can put Relais in a disadvantageous position

**IT systems**

Relais is dependent on its IT systems and any disruption in these could affect the company's daily business and reputation or even increase its costs. Also, a slow adaption to new technology could leave Relais in a disadvantageous position versus its competitors.

# Reported numbers and forecasts

## INCOME STATEMENT

EURm	2012	2013	2014	2015	2016	2017	2018	2019	2020E	2021E	2022E
<b>Total revenue</b>	<b>31</b>	<b>32</b>	<b>42</b>	<b>54</b>	<b>59</b>	<b>60</b>	<b>72</b>	<b>99</b>	<b>128</b>	<b>152</b>	<b>160</b>
Revenue growth	10.7%	3.2%	31.3%	28.6%	9.1%	2.6%	19.9%	36.6%	29.0%	19.3%	5.0%
of which organic	11.4%	4.4%	7.0%	8.8%	9.5%	-0.8%	9.5%	2.0%	2.5%	5.0%	5.0%
of which FX	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	-1.1%	0.1%	1.1%	0.0%
EBITDA	0	0	0	0	9	8	9	13	19	25	27
Depreciation and impairments PPE	0	0	0	0	0	0	0	0	0	-1	-1
of which leased assets	0	0	0	0	0	0	0	0	0	0	0
EBITA	0	0	0	0	9	8	8	13	19	24	27
Amortisation and impairments	0	0	0	0	-2	-2	-3	-5	-8	-9	-9
EBIT	n.a.	n.a.	n.a.	n.a.	7	6	6	8	11	15	18
of which associates	0	0	0	0	0	0	0	0	0	0	0
Associates excluded from EBIT	0	0	0	0	0	0	0	0	0	0	0
Net financials	0	0	0	0	-1	-1	-1	-5	-2	-2	-2
of which lease interest	0	0	0	0	0	0	0	0	0	0	0
Changes in value, net	0	0	0	0	-2	0	0	0	0	0	0
<b>Pre-tax profit</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4</b>	<b>5</b>	<b>5</b>	<b>2</b>	<b>9</b>	<b>13</b>	<b>16</b>
Reported taxes	0	0	0	0	-1	-1	-2	-2	-3	-5	-5
Net profit from continued operations	0	0	0	0	3	4	3	1	5	9	11
Discontinued operations	0	0	0	0	0	0	0	0	0	0	0
Minority interests	0	0	0	0	-1	0	0	0	0	0	0
Net profit to equity	0	0	0	0	2	4	3	0	5	8	10
<b>EPS, EUR</b>	<b>n.a.</b>	<b>n.a.</b>	<b>n.a.</b>	<b>n.a.</b>	<b>0.22</b>	<b>0.42</b>	<b>0.34</b>	<b>0.03</b>	<b>0.30</b>	<b>0.46</b>	<b>0.57</b>
DPS, EUR	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.10	0.15	0.20	0.24
of which ordinary	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.10	0.15	0.20	0.24
of which extraordinary	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

## Profit margin in percent

EBITDA	0.0%	0.0%	0.0%	0.0%	15.2%	13.8%	12.1%	13.5%	15.0%	16.2%	17.1%
EBITA	0.0%	0.0%	0.0%	0.0%	14.5%	13.4%	11.6%	13.1%	14.7%	15.8%	16.7%
EBIT	n.a.	n.a.	n.a.	n.a.	11.6%	10.2%	7.9%	7.9%	8.7%	9.9%	11.0%

## Adjusted earnings

EBITDA (adj)	0	0	0	0	11	8	9	13	19	25	27
EBITA (adj)	0	0	0	0	10	8	8	13	19	24	27
EBIT (adj)	0	0	0	0	8	6	6	8	11	15	18
EPS (adj, EUR)	n.a.	n.a.	n.a.	n.a.	0.40	0.42	0.34	0.29	0.30	0.46	0.57

## Adjusted profit margins in percent

EBITDA (adj)	0.0%	0.0%	0.0%	0.0%	18.0%	13.8%	12.1%	13.5%	15.0%	16.2%	17.1%
EBITA (adj)	0.0%	0.0%	0.0%	0.0%	17.3%	13.4%	11.6%	13.1%	14.7%	15.8%	16.7%
EBIT (adj)	0.0%	0.0%	0.0%	0.0%	14.4%	10.2%	7.9%	7.9%	8.7%	9.9%	11.0%

## Performance metrics

CAGR last 5 years											
Net revenue	n.a.	n.a.	n.a.	17.6%	16.0%	14.3%	17.8%	18.7%	18.8%	20.9%	21.5%
EBITDA	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	22.5%	26.8%
EBIT	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	17.0%	23.5%
EPS	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	16.0%	6.6%
DPS	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
Average last 5 years											
Average EBIT margin	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	9.0%	9.0%	9.4%
Average EBITDA margin	n.a.	n.a.	0.0%	0.0%	4.1%	7.0%	9.0%	11.4%	14.0%	14.5%	15.3%

## VALUATION RATIOS - ADJUSTED EARNINGS

EURm	2012	2013	2014	2015	2016	2017	2018	2019	2020E	2021E	2022E
P/E (adj)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	28.0	41.4	26.7	21.4
EV/EBITDA (adj)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	10.2	13.5	10.9	9.3
EV/EBITA (adj)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	10.5	13.8	11.1	9.5
EV/EBIT (adj)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	17.3	23.2	17.9	14.5

## VALUATION RATIOS - REPORTED EARNINGS

EURm	2012	2013	2014	2015	2016	2017	2018	2019	2020E	2021E	2022E
P/E	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.m.	41.4	26.7	21.4
EV/Sales	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	1.37	2.03	1.76	1.59
EV/EBITDA	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	10.2	13.5	10.9	9.3
EV/EBITA	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	10.5	13.8	11.1	9.5
EV/EBIT	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	17.3	23.2	17.9	14.5
Dividend yield (ord.)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	1.2%	1.2%	1.6%	2.0%
FCF yield	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	-61.8%	-4.0%	-1.1%	7.7%
FCF Yield bef A&D, lease adj	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	1.4%	2.7%	6.8%	7.7%
Payout ratio	n.a.	n.a.	n.a.	n.a.	0.0%	0.0%	0.0%	319.0%	50.6%	43.7%	41.9%

Source: Company data and Nordea estimates

**BALANCE SHEET**

EURm	2012	2013	2014	2015	2016	2017	2018	2019	2020E	2021E	2022E
Intangible assets	0	0	0	0	5	7	5	54	61	70	61
of which R&D	0	0	0	0	0	0	0	0	0	0	0
of which other intangibles	0	0	0	0	0	0	0	1	1	3	3
of which goodwill	0	0	0	0	5	7	5	54	61	67	57
Tangible assets	0	0	0	0	1	1	1	1	1	1	0
of which leased assets	0	0	0	0	0	0	0	0	0	0	0
Shares associates	0	0	0	0	0	0	0	0	0	0	0
Interest bearing assets	0	0	0	0	0	0	0	0	0	0	0
Deferred tax assets	0	0	0	0	0	0	0	0	0	0	0
Other non-IB non-current assets	0	0	0	0	0	0	0	0	0	0	0
Other non-current assets	0	0	0	0	0	0	0	0	0	0	0
Total non-current assets	0	0	0	0	5	8	6	55	62	70	61
Inventory	0	0	0	0	26	27	29	43	50	56	59
Accounts receivable	0	0	0	0	5	8	8	12	13	11	11
Short-term leased assets	0	0	0	0	0	0	0	0	0	0	0
Other current assets	0	0	0	0	3	1	2	3	4	5	5
Cash and bank	0	0	0	0	1	2	2	30	22	10	19
Total current assets	0	0	0	0	35	37	42	88	89	82	94
Assets held for sale	0	0	0	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
<b>Total assets</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>40</b>	<b>45</b>	<b>48</b>	<b>143</b>	<b>151</b>	<b>153</b>	<b>156</b>
Shareholders equity	0	0	0	0	6	11	17	64	73	79	86
Of which preferred stocks	0	0	0	0	0	0	0	0	0	0	0
Of which equity part of hybrid debt	0	0	0	0	0	0	0	0	0	0	0
Minority interest	0	0	0	0	3	3	1	0	0	0	1
Total Equity	0	0	0	0	9	14	17	64	73	79	86
Deferred tax	0	0	0	0	0	0	0	2	2	2	2
Long term interest bearing debt	0	0	0	0	15	11	14	59	57	49	44
Pension provisions	0	0	0	0	0	0	0	0	0	0	0
Other long-term provisions	0	0	0	0	0	0	0	0	0	0	0
Other long-term liabilities	0	0	0	0	3	0	2	0	0	0	0
Non-current lease debt	0	0	0	0	0	0	0	0	0	0	0
Convertible debt	0	0	0	0	0	0	0	0	0	0	0
Shareholder debt	0	0	0	0	0	0	0	0	0	0	0
Hybrid debt	0	0	0	0	0	0	0	0	0	0	0
Total non-current liabilities	0	0	0	0	18	12	16	62	59	52	47
Short-term provisions	0	0	0	0	0	0	0	0	0	0	0
Accounts payable	0	0	0	0	3	4	4	7	8	9	10
Current lease debt	0	0	0	0	0	0	0	0	0	0	0
Other current liabilities	0	0	0	0	3	4	5	6	6	8	8
Short term interest bearing debt	0	0	0	0	8	12	6	5	5	5	5
Total current liabilities	0	0	0	0	14	19	15	18	19	22	22
Liabilities for assets held for sale	0	0	0	0	0	0	0	0	0	0	0
<b>Total liabilities and equity</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>40</b>	<b>45</b>	<b>48</b>	<b>143</b>	<b>151</b>	<b>153</b>	<b>156</b>
<b>Balance sheet and debt metrics</b>											
Net debt	0	0	0	0	22	22	18	35	39	44	30
of which lease debt	0	0	0	0	0	0	0	0	0	0	0
Working capital	0	0	0	0	28	28	31	46	53	55	58
Invested capital	0	0	0	0	34	36	37	101	115	126	119
Capital employed	0	0	0	0	32	37	37	128	135	133	136
ROE	n.m.	n.m.	n.m.	n.m.	64.1%	44.7%	22.7%	1.0%	7.8%	11.0%	12.7%
ROIC	n.m.	n.m.	n.m.	n.m.	35.3%	12.4%	11.1%	8.0%	7.2%	8.7%	10.1%
ROCE	n.m.	n.m.	n.m.	n.m.	53.4%	17.9%	15.7%	9.6%	8.7%	11.5%	13.4%
Net debt/EBITDA	n.m.	n.m.	n.m.	n.m.	2.5	2.6	2.0	2.6	2.0	1.8	1.1
Interest coverage	n.a.	n.a.	n.a.	n.a.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
Equity ratio	n.m.	n.m.	n.m.	n.m.	15.2%	23.8%	34.7%	44.5%	48.3%	51.7%	55.2%
Net gearing	n.m.	n.m.	n.m.	n.m.	244.3%	152.2%	102.0%	54.3%	53.6%	55.8%	35.3%

Source: Company data and Nordea estimates

**CASH FLOW STATEMENT**

EURm	2012	2013	2014	2015	2016	2017	2018	2019	2020E	2021E	2022E
<b>EBITDA (adj) for associates</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>9</b>	<b>8</b>	<b>9</b>	<b>13</b>	<b>19</b>	<b>25</b>	<b>27</b>
Paid taxes	0	0	0	0	0	0	-2	-2	-3	-5	-5
Net financials	0	0	0	0	0	0	-1	-6	-2	-2	-2
Change in provisions	0	0	0	0	0	0	0	0	0	0	0
Change in other LT non-IB	0	0	0	0	3	-3	2	-2	0	0	0
Cash flow to/from associates	0	0	0	0	0	0	0	0	0	0	0
Dividends paid to minorities	0	0	0	0	0	0	0	0	0	0	0
Other adj to reconcile to cash flow	0	0	0	0	-11	-6	-2	1	0	0	0
<b>Funds from operations (FFO)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>6</b>	<b>5</b>	<b>14</b>	<b>18</b>	<b>20</b>
Change in NWC	0	0	0	0	0	0	-2	-3	-7	-3	-3
<b>Cash flow from operations (CFO)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3</b>	<b>2</b>	<b>6</b>	<b>16</b>	<b>18</b>
Capital expenditure	0	0	0	0	0	0	0	0	0	0	0
<b>Free cash flow before A&amp;D</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3</b>	<b>1</b>	<b>6</b>	<b>15</b>	<b>17</b>
Proceeds from sale of assets	0	0	0	0	0	0	0	1	0	0	0
Acquisitions	0	0	0	0	0	0	-1	-65	-15	-18	0
Free cash flow	0	0	0	0	0	0	2	-63	-9	-3	17
Free cash flow bef A&D, lease adj	0	0	0	0	0	0	3	1	6	15	17
Dividends paid	0	0	0	0	0	0	0	0	-1	-3	-3
Equity issues / buybacks	0	0	0	0	0	0	0	44	5	0	0
Net change in debt	0	0	0	0	0	0	0	42	-3	-8	-5
Other financing adjustments	0	0	0	0	0	0	0	0	0	0	0
Other non-cash adjustments	0	0	0	0	1	1	-2	4	0	0	0
Change in cash	0	0	0	0	1	1	1	27	-7	-13	9
<b>Cash flow metrics</b>											
Capex/D&A	n.m.	n.m.	n.m.	n.m.	0.0%	0.0%	6.9%	7.3%	5.0%	4.1%	4.1%
Capex/Sales	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.3%	0.4%	0.3%	0.3%	0.3%
<b>Key information</b>											
Share price year end (/current)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	8	12	12	12
Market cap.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	101	219	224	224
Enterprise value	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	136	258	268	255
Diluted no. of shares, year-end (m)	0.0	0.0	0.0	0.0	9.1	9.1	9.1	12.3	17.9	18.3	18.3

Source: Company data and Nordea estimates

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