

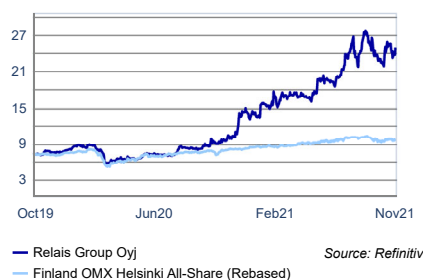
Relais Group Oyj

Consumer Goods
Finland

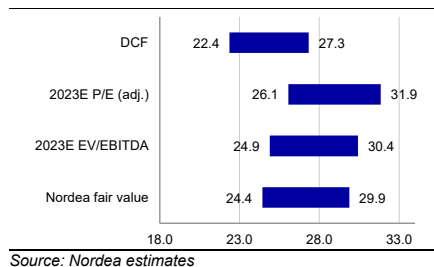
KEY DATA

Stock country	Finland
Bloomberg	RELAIS.FH
Reuters	RELAIS.HE
Share price (close)	EUR 25.20
Free Float	36%
Market cap. (bn)	EUR 0.47/EUR 0.47
Website	www.relais.fi
Next report date	

PERFORMANCE



VALUATION APPROACH



ESTIMATE CHANGES

Year	2021E	2022E	2023E
Sales	1%	1%	1%
EBIT (adj)	1%	2%	3%

Source: Nordea estimates

Nordea Markets - Analysts

Joni Sandvall
AnalystSvante Krokfors
Director

Strong organic growth ahead of the high season

Relais released its first quarterly results, reporting Q3 EBITA of EUR 8.3m and net sales of EUR 58.6m. Q3 organic growth was in the high single digits and the company was able to grow faster than the market. The availability of goods has been secured thanks to advanced deliveries ahead of the high season and the company appeared confident about growth outlook for Q4 and the long term. The M&A pipeline remains healthy and we expect more action in 2022. For Q4, we expect organic growth of 8% y/y, while we model reported sales growth of 88% y/y, given multiple acquisitions in 2021. We derive a fair value range of EUR 24.4-29.9 (24.2-29.6) per Relais share.

Growth path remains intact

Q3 sales increased 79% y/y, driven by high-single-digit organic growth and acquisitions. There was no consensus available for Q3 due to the company's transition to quarterly reporting. Before the Q3 report, Refinitiv consensus expected EUR 231m sales and EUR 29.8m adjusted EBITA in 2021. To match consensus expectations, Relais would thus need to report Q4 net sales of EUR 66m, up 78% y/y, and EBITA of EUR 9m, up 56% y/y. Given the latest acquisitions, we argue the company can achieve this. We model EUR 70m of sales and EUR 9.5m EBITA for Q4. The STS acquisition is expected to close in November. Uncertainty related to availability and cost of goods remains, but the company has prepared by stockpiling inventories. Management also appears confident about its ability to push price increases through with only a short lag.

Slightly positive estimate revisions – healthy M&A pipeline

We raise our 2021E-23E top line by 1% and EBITA by 1-3%. Despite slight market price increases, the company remains confident about its M&A pipeline. We believe the company will continue to accelerate its M&A agenda in the fragmented Nordic mobility market.

Main listing in sight – valuation range of EUR 24.4-29.9

Relais continues to investigate the possibility of transferring to the main Nasdaq Helsinki list by 2022 at the earliest. Given this ambition, we anticipate a transition to IFRS accounting in 2022, which would increase EBIT substantially due to current goodwill amortisations. We derive a fair value range of EUR 24.4-29.9 per Relais share. Assuming a successful execution of our M&A scenario, we still believe that the company could reach its EUR 500m top-line target by 2026.

SUMMARY TABLE - KEY FIGURES

EURm	2017	2018	2019	2020	2021E	2022E	2023E
Total revenue	60	72	99	129	234	278	292
EBITDA (adj)	8	9	13	19	32	38	42
EBIT (adj)	6	6	8	11	17	23	30
EBIT (adj) margin	10.2%	7.9%	7.9%	8.6%	7.4%	8.2%	10.3%
EPS (adj, EUR)	0.42	0.34	0.29	0.39	0.47	0.69	1.04
EPS (adj) growth	3.9%	-17.9%	-13.6%	31.5%	20.1%	47.9%	51.5%
DPS (ord, EUR)	0.00	0.00	0.10	0.30	0.40	0.45	0.50
EV/Sales	n.a.	n.a.	1.4	2.3	2.4	1.9	1.8
EV/EBIT (adj)	n.a.	n.a.	17.3	26.3	31.9	23.7	17.4
P/E (adj)	n.a.	n.a.	28.0	37.9	54.1	36.6	24.2
P/BV	n.a.	n.a.	1.6	3.7	5.8	5.4	4.8
Dividend yield (ord)	n.a.	n.a.	1.2%	2.0%	1.6%	1.8%	2.0%
FCF Yield bef A&D, lease	n.a.	n.a.	1.4%	6.1%	0.2%	4.5%	5.5%
Net debt	22	18	35	28	80	69	51
Net debt/EBITDA	2.6	2.0	2.6	1.5	2.5	1.8	1.2
ROIC after tax	12.4%	11.1%	8.0%	7.6%	9.0%	9.8%	13.5%

Source: Company data and Nordea estimates

Q3 2021 deviation and results takeaways

Relais reported Q3 EBITA of EUR 8.3m, up 53% y/y. There was no consensus available due to the company's transition to quarterly reporting. Net sales increased 79% y/y, driven by acquisitions and above-market organic growth. Before the Q3 report, Refinitiv consensus expected EUR 231m sales and EUR 29.8m adjusted EBITA for 2021E. To match consensus expectations, Relais would thus need to report Q4 net sales of EUR 66m, up 78% y/y, and adjusted EBITA of EUR 9m, up 56% y/y. Given its acquisitions in 2021 (Strands, Raskone, Lumise and the pending deal for STS) and its rapid progress in achieving synergy benefits from Raskone, we think the company could meet those consensus expectations for Q4. Important lighting season sales have also started strongly. Relais increased its inventory levels and advanced deliveries, and the company seems confident about Q4 and the long-term outlook.

OUR ESTIMATES VS CONSENSUS AND Q3 ACTUAL FIGURES

EURm	Q3 2020	Actual			Nordea estimates			Consensus estimates			Difference %		
		Q3 2021	Q3 YTD		2021E	2022E	2023E	2021E	2022E	2023E	2021E	2022E	2023E
Sales	32.7	58.6	164.4		234	278	292	231	270	281	2%	3%	4%
Gross profit	11.2	25.9	69.0		100	124	131	95	121	128	5%	2%	2%
Gross margin	34.2%	44.2%	42.0%		42.6%	44.6%	44.8%	41.2%	44.8%	45.6%	1.4pp	-0.2pp	-0.8pp
EBITDA	5.6	8.7	21.7		31.6	38.0	42.1	31.3	36.7	38.9	1%	4%	8%
EBITDA margin	17.0%	14.8%	13.2%		13.5%	13.7%	14.4%	13.6%	13.6%	13.8%	-0.1pp	0.1pp	0.6pp
Adj. EBITA	5.5	8.3	20.5		30.0	36.2	40.3	29.5	35.0	38.0	2%	3%	6%
Adj. EBITA margin	16.7%	14.2%	12.5%		12.8%	13.0%	13.8%	12.8%	12.9%	13.5%	0.0pp	0.1pp	0.3pp
EBIT	3.6	5.0	11.1		17.3	22.8	30.1	17.0	21.6	25.8	2%	6%	17%
EBIT margin	11.0%	8.6%	6.8%		7.4%	8.2%	10.3%	7.4%	8.0%	9.2%	0.0pp	0.2pp	1.1pp
PTP	2.9	4.2	8.7		14.3	20.1	27.4	14.3	19.7	24.0	0%	2%	14%
EPS	0.11	0.13	0.26		0.47	0.69	1.04	0.70	0.92	1.11	-33%	-25%	-6%
DPS					0.40	0.45	0.50	0.38	0.44	0.49	4%	2%	2%

Source: Company data, Refinitiv and Nordea estimates

YTD organic growth around 10%; Q3 organic growth at high-single digits

Q3 net sales totalled EUR 58.6m, up 79% y/y. According to management, organic growth was ~10% YTD and in the high single digits in Q3, well above market growth. Based on pre-Q3 Refinitiv consensus, Relais would need to report Q4 sales of EUR 66.3m, up 78% y/y, to match consensus expectations.

Q3 EBITA was EUR 8.3m, up 53% y/y. The EBITA margin declined due to the acquisition of Raskone, as expected. Based on pre-Q3 Refinitiv consensus, Relais would need to report Q4 EBITA of EUR 9.0m, up 56% y/y, to meet consensus expectations.

No numerical guidance for 2021

Although underlying market demand remains stable, Relais has not provided numerical guidance for 2021. Uncertainty about the availability of products remains high due to the global shortage of semiconductors and components, as well as disturbances within the freight market. During the conference call, however, management seemed confident that it can mitigate possible freight price pressure with increased selling prices. The company has also advanced its deliveries and is well prepared for the high season.

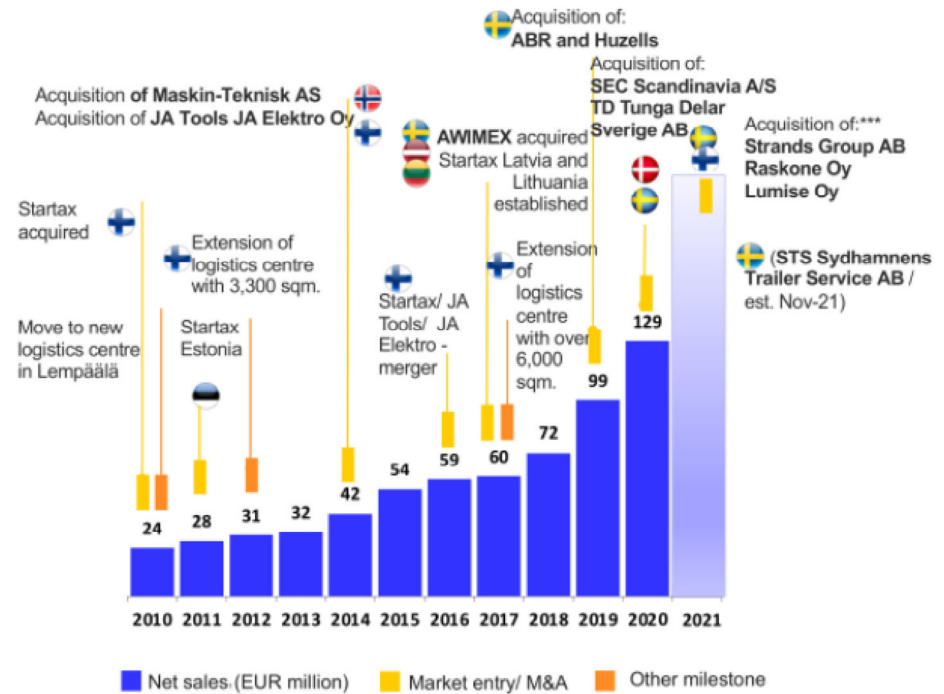
Healthy M&A pipeline

During its conference call, Relais said the M&A pipeline was healthy. Asking prices in the market have increased slightly, while the company appeared confident that it can continue to acquire companies while matching its historical acquisition multiples.

Growth strategy leans on M&A

In addition to organic growth, Relais has made a substantial number of acquisitions over the past decade. Given the EUR 500m pro forma revenue target by 2026, the company will most likely continue to accelerate its acquisition spree.

M&A TRACK RECORD SINCE 2010



11

***The combined annual net sales of the acquired companies total to almost EUR 92 million.

Source: Company data

M&A scenario

Relais' strategy focuses on high growth via M&A. Due to uncertainty regarding timing, deal size and deal valuation, we do not include M&A in our estimates. We have created an M&A scenario, however, which simulates how much Relais could 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 its acquisitions during 2020-21. With successful M&A execution, we believe Relais could reach net sales of EUR 508m by 2026 while keeping its net gearing below 100%. We thus believe Relais could add shareholder value through acquisitions with compelling multiples going forward.

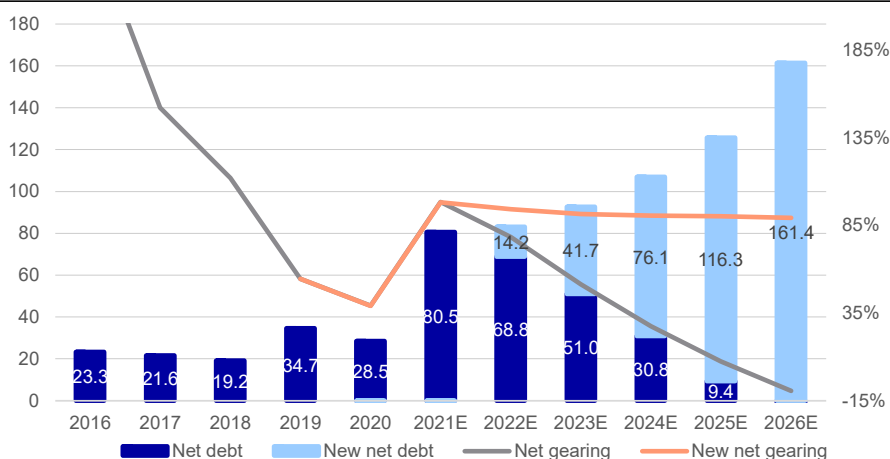
Recent acquisitions increase net debt/EBITDA to ~2.5x in 2021E

First full cash acquisition

A substantial part of the Raskone and Lumise acquisitions was financed with a directed share issue, but the Sydhamnens Trailer Service (STS) acquisition will be cash only. We believe the company will continue making acquisitions in 2022 and could see at least EUR 15m of firepower in 2022 despite its acquisition spree in 2020-21. Without new debt or acquisitions, we think Relais could deleverage its balance sheet to a net gearing of around 50% by 2023 (from ~90% in 2021E).

With M&A fully financed by cash flow and debt, Relais could maintain its net gearing of less than 100% in 2021E-26E

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



Source: Company data and Nordea estimates

With successful M&A, total net sales could reach EUR 508m by 2026

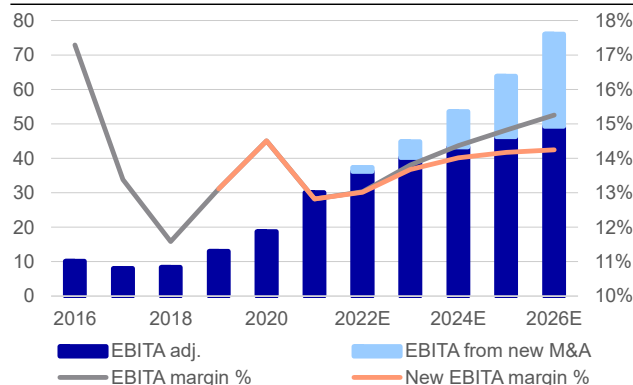
Acquisitions could add EUR ~185m to net sales by 2026 without stretching its balance sheet too much

Assuming deal EV/EBITDA multiples of 8x, further M&A could increase the company's EBITA by EUR ~4m for 2023E and by EUR ~23m for 2026E. We assume the acquired companies will have an EBITA margin of 12.5%, implying that Relais could add EUR ~185m to net sales by 2026 based on our M&A assumptions. We model 5% organic growth for the acquired businesses while maintaining an estimated EBITA margin of 12.5%. Our estimates do not include any costs related to the acquisitions, such as advisory fees or restructuring costs. We assume M&A actions would be equally spread across the year, i.e. we model the acquisition happening in the middle of the year.

We note that our assumptions are on the conservative side when considering recent acquisitions, and we think larger targets could command slightly higher multiples. Relais has made multiple acquisitions in 2020-21: SEC Scandinavia was acquired at ~5.5x EV/EBITDA, TD Tunga Delar at around 7x, and the EV/EBITDA multiple for Strands Group is 7.3x based on 2020 EBITDA of SEK 25m. The Raskone acquisition was made at a 6.5x 2020 EV/EBITDA multiple, excluding potential synergies, which Relais expects to be significant. The Lumise acquisition was made at a 9.4x LTM EV/EBITDA, while we note that the high online share of sales commands higher multiples. The latest STS acquisition was made with 7.7-9.5x EV/EBITDA multiples, excluding synergies but including a full earn-out. If we assume full earn-out and EUR 0.5-1m anticipated synergies, however, the acquisition will be carried out with 5.2-6.7x EV/EBITDA multiples.

M&A SCENARIO SALES ESTIMATES (EURm)

Source: Company data and Nordea estimates

M&A SCENARIO ESTIMATED EBITA (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 at 0.5% of net sales and we use a 2% interest rate and 21% tax rate assumption.

ILLUSTRATIVE M&A SCENARIO

Current estimates, EURm	2016	2017	2018	2019	2020	2021E	2022E	2023E	2024E	2025E	2026E
Sales	59	60	72	99	129	234	278	292	302	313	323
EBITA adj.	10.2	8.1	8.4	13.0	18.7	30.0	36.2	40.3	43.4	46.3	49.3
-margin %	17.3%	13.4%	11.6%	13.1%	14.5%	12.8%	13.0%	13.8%	14.4%	14.8%	15.3%
Cash	0.8	1.5	2.3	29.6	34.7	17.6	19.3	22.1	27.3	33.8	41.6
Equity	9.0	14.2	17.2	63.7	72.4	81.8	87.7	99.2	112.2	126.7	142.7
Net debt	23.3	21.6	19.2	34.7	28.5	80.5	68.8	51.0	30.8	9.4	-13.4
Net gearing	257%	152%	112%	54%	39%	98%	78%	51%	27%	7%	-9%
Net debt/EBITDA	2.2x	2.6x	2.2x	2.6x	1.5x	2.5x	1.8x	1.2x	0.7x	0.2x	-0.3x
Deal(s) size						0	15	30	40	50	60
EV/EBITA assumption, x						8x	8x	8x	8x	8x	8x
EV/Sales assumption, x						1.0x	1.0x	1.0x	1.0x	1.0x	1.0x
						2021E	2022E	2023E	2024E	2025E	2026E
Cumulative sales increase from M&A						0	8	32	70	121	185
Cumulative EBITA increase from M&A						0.0	1.0	4.0	8.8	15.1	23.1
- margin %						12.5%	12.5%	12.5%	12.5%	12.5%	12.5%
New estimates after additional M&A, EURm											
Sales, EURm			72	99	129	234	286	324	372	434	508
EBITA, EURm			8.4	13.0	18.7	30.0	37.2	44.3	52.2	61.5	72.4
-margin %			11.6%	13.1%	14.5%	12.8%	13.0%	13.7%	14.0%	14.2%	14.3%
Cash	0.8	1.5	2.3	29.6	34.7	17.6	20.0	25.3	36.1	52.3	75.0
Equity	9.0	14.2	17.2	63.7	72.4	81.8	88.1	101.3	118.1	139.2	165.6
Net debt	23.3	21.6	19.2	34.7	28.3	80.4	83.1	92.7	106.9	125.7	148.0
Net gearing	257%	152%	112%	54%	39%	98%	94%	92%	91%	90%	89%
EBITDA adj.	10.6	8.3	8.7	13.3	19.1	31.6	39.0	46.3	54.5	64.4	76.0
ND/EBITDA	2.2x	2.6x	2.2x	2.6x	1.5x	2.5x	2.1x	2.0x	2.0x	2.0x	1.9x

Source: Company data and Nordea estimates

Compounder effect could be substantial

In the table below, we illustrate the potential 'compounder effect' for Relais as the company targets growth through acquisitions going forward. The table presents the impact on Relais' 'multiple arbitrage' opportunity, assuming different annual acquisition volumes (x-axis) and the EV/EBITA multiple paid in the potential acquisitions (y-axis). We note the following:

- **Acquisition cost on x-axis:** Annual acquisition amount is in EURm. Based on our calculations, we estimate that Relais could make acquisitions of EUR 15-60m annually during 2022-26, financed with cash flow and debt, and still stay below 100% gearing and ~2x net debt/EBITDA by year-end. We limit the range in this table to EUR 5-75m of annual acquisitions and believe a narrowed range of EUR 20-60m could be realistic annually for 2022-25.
- **Acquisition multiple on y-axis:** Historically, Relais has made acquisitions at an EV/EBIT(D)A of ~6.5x. In the table below, we highlight the value creation based on our M&A scenario, where we use 1x EV/sales and 8x EV/EBITA multiples. We also

highlight what we believe could be the annual transaction volume range (EUR 20-60m) and likely EV/EBITDA acquisition multiples (6-10x), with the midpoint suggesting EUR 40m in annual value creation.

- **EBITA margin:** We assume Relais will buy companies with an EBITA margin of 12.5%, derived from EV/sales of 1x and EV/EBITA of 8x.
- **Relais valuation multiple:** Based on the current valuation of Relais, we use an EV/EBITA multiple of 16x on average for Relais, i.e. if Relais makes acquisitions at an EV/EBITA multiple of above 16x, our simulation models a negative contribution from M&A. This is highly simplified as there could be good grounds to pay a high multiple, e.g. synergy potential, strategic acquisitions, etc.

ILLUSTRATIVE VALUE CREATION MATRIX (EURm)

		Acquisition cost, EURm														
		5	10	15	20	25	30	35	40	45	50	55	60	65	70	75
Acquisition multiple, EV/EBITA (x)	3	22	43	65	87	108	130	152	173	195	217	238	260	282	303	325
	4	15	30	45	60	75	90	105	120	135	150	165	180	195	210	225
	5	11	22	33	44	55	66	77	88	99	110	121	132	143	154	165
	6	8	17	25	33	42	50	58	67	75	83	92	100	108	117	125
	7	6	13	19	26	32	39	45	51	58	64	71	77	84	90	96
	8	5	10	15	20	25	30	35	40	45	50	55	60	65	70	75
	9	4	8	12	16	19	23	27	31	35	39	43	47	51	54	58
	10	3	6	9	12	15	18	21	24	27	30	33	36	39	42	45
	11	2	5	7	9	11	14	16	18	20	23	25	27	30	32	34
	12	2	3	5	7	8	10	12	13	15	17	18	20	22	23	25
	13	1	2	3	5	6	7	8	9	10	12	13	14	15	16	17
	14	1	1	2	3	4	4	5	6	6	7	8	9	9	10	11
	15	0	1	1	1	2	2	2	3	3	3	4	4	4	5	5
	16	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	17	0	-1	-1	-1	-1	-2	-2	-2	-3	-3	-3	-4	-4	-4	-4
	18	-1	-1	-2	-2	-3	-3	-4	-4	-5	-6	-6	-7	-7	-8	-8
	19	-1	-2	-2	-3	-4	-5	-6	-6	-7	-8	-9	-9	-10	-11	-12
	20	-1	-2	-3	-4	-5	-6	-7	-8	-9	-10	-11	-12	-13	-14	-15
	21	-1	-2	-4	-5	-6	-7	-8	-10	-11	-12	-13	-14	-15	-17	-18
	22	-1	-3	-4	-5	-7	-8	-10	-11	-12	-14	-15	-16	-18	-19	-20
	23	-2	-3	-5	-6	-8	-9	-11	-12	-14	-15	-17	-18	-20	-21	-23

Source: Nordea estimates

Estimate revisions

Estimate revisions

We make only minor estimate revisions after Q3 report. We do not include any unannounced M&A in our estimates. We lift the 2021E-23E top line by 1%, while we nudge up our EBITA estimates by 1-3%. The company is also assessing the possibility of a transfer to the main Nasdaq Helsinki list. In conjunction with this, we think the company is preparing for IFRS accounting, which would raise EBIT estimates significantly, as goodwill amortisation would be excluded. We forecast EUR ~13m of annual amortisation for 2021-22, the majority of which relates to goodwill.

ESTIMATE REVISIONS

EURm	New estimates				Old estimates				Difference %			
	Q4 2021E	2021E	2022E	2023E	Q4 2021E	2021E	2022E	2023E	Q4 2021E	2021E	2022E	2023E
Sales	69.9	234	278	292	n.a.	231	274	288	n.a.	1%	1%	1%
Gross profit	30.8	100	124	131	n.a.	95	121	128	n.a.	5%	2%	2%
Gross margin	44.0%	42.6%	44.6%	44.8%	n.a.	41.2%	44.2%	44.4%	n.a.	1.4pp	0.4pp	0.4pp
Adj. EBITA	9.5	30.0	36.2	40.3	n.a.	29.8	35.7	39.3	n.a.	1%	2%	3%
Adj. EBITA margin	13.6%	12.8%	13.0%	13.8%	n.a.	12.9%	13.0%	13.6%	n.a.	-0.1pp	0.0pp	0.2pp
EBITA	9.5	30.0	36.2	40.3	n.a.	29.8	35.7	39.3	n.a.	1%	2%	3%
EBITA margin	13.6%	12.8%	13.0%	13.8%	n.a.	12.9%	13.0%	13.6%	n.a.	-0.1pp	0.0pp	0.2pp
EBIT	6.2	17.3	22.8	30.1	n.a.	17.1	22.3	29.1	n.a.	1%	2%	3%
EBIT margin	8.9%	7.4%	8.2%	10.3%	n.a.	7.4%	8.1%	10.1%	n.a.	0.0pp	0.1pp	0.2pp
PTP	5.6	14.3	20.1	27.4	n.a.	14.6	20.0	26.8	n.a.	-2%	0%	2%
EPS	0.22	0.47	0.69	1.04	n.a.	0.47	0.68	1.02	n.a.	0%	1%	3%
DPS		0.40	0.45	0.50		0.40	0.45	0.50		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. Using a combination of valuation methods, we derive a valuation range of EUR 24.4-29.9 (24.2-29.6) 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 a group of peers that we consider relevant, using valuation multiples such as EV/EBITDA and P/E. We also use a standard DCF model. The table below shows the peer group.

PEER VALUATION TABLE

	EV / Sales			EV / EBITDA			EV/EBIT			P/E		
	2021E	2022E	2023E	2021E	2022E	2023E	2021E	2022E	2023E	2021	2022E	2023E
Peer group												
Advance Auto Parts Inc	1.4x	1.3x	1.3x	11.6x	10.8x	9.9x	14.7x	13.6x	12.5x	20.1	18.0	16.1
Auto Partner Sa	0.9x	0.8x	0.7x	9.8x	9.0x	8.2x	10.8x	10.3x	9.2x	14.3	14.0	12.5
Autozone Inc	2.9x	2.9x	2.7x	12.5x	12.8x	12.1x	14.4x	14.7x	13.9x	19.0	18.4	16.5
Inter Cars Sa	0.7x	0.7x	0.6x	10.1x	9.8x	11.7x	12.2x	11.8x	11.2x	13.7	14.4	13.6
Camping World Holdings Inc	0.8x	0.8x		6.0x	6.1x	8.1x	6.6x	6.9x		6.8	7.0	13.4
Dometic Group Ab (Publ)	2.4x	1.9x	1.8x	13.3x	10.4x	9.5x	16.9x	13.5x	12.2x	22.0	17.4	15.4
Halfords Group Plc	0.6x	0.6x	0.6x	6.0x	4.9x	4.8x	7.3x	9.6x	9.1x	6.9	9.2	8.7
Mekonomen Ab	1.0x	1.0x	1.0x	7.0x	6.8x	6.5x	11.8x	11.5x	10.9x	11.2	10.8	10.0
O'Reilly Automotive Inc	3.5x	3.4x	3.2x	14.6x	14.6x	14.0x	16.2x	16.4x	15.8x	21.2	20.4	18.5
Thule Group Ab	5.2x	5.0x	4.7x	20.9x	20.4x	19.2x	22.3x	21.9x	20.6x	29.3	28.8	26.9
Peer group average	1.9x	1.8x	1.9x	11.2x	10.6x	10.4x	13.3x	13.0x	12.8x	16.4	15.9	15.1
Peer group median	1.2x	1.2x	1.3x	10.9x	10.1x	9.7x	13.3x	12.6x	12.2x	16.7x	15.9x	14.5
US peers' average	2.1x	2.1x	2.4x	11.2x	11.1x	11.0x	13.0x	12.9x	14.0x	16.8x	15.9x	16.1x
European peers' average	1.8x	1.7x	1.6x	11.2x	10.2x	10.0x	13.5x	13.1x	12.2x	16.2x	15.8x	14.5x
Relais (Nordea)	2.2x	1.8x	1.6x	16.1x	13.1x	11.4x	29.4x	21.8x	15.9x	51.3x	34.7x	22.9x
difference to median	84%	55%	27%	48%	30%	18%	122%	73%	31%	208%	118%	58%
Compounders												
Addtech Ab	5.1	4.2	4.0	38.6	29.7	27.8	58.5	42.0	38.5	80.9	47.8	45.0
Bergman & Beving Ab	1.2	1.2		12.6	10.6		21.7	17.7		25.8	17.6	
Beijer Alma Ab	2.6	2.3	2.2	12.5	11.2	10.2	16.0	14.7	13.3	22.9	19.9	17.5
Beijer Ref Ab (Publ)	3.8	3.4	3.1	34.7	27.6	23.8	46.6	37.3	33.9	72.9	57.6	51.5
Bufab Ab (Publ)	2.8	2.5	2.4	19.4	17.5	16.6	24.9	21.9	20.4	33.8	30.9	28.2
Indutrade Ab	4.4	4.1	3.9	24.7	23.2	22.0	32.9	31.0	29.2	40.2	37.3	34.8
Lagercrantz Group Ab	5.8	4.5	4.4	30.9	23.0	22.9	45.2	32.2	31.1	63.8	45.0	43.1
Lifco Ab (Publ)	6.8	6.4	6.1	29.7	28.3	26.6	37.6	35.0	33.2	50.5	48.7	45.3
Sdiptech Ab (Publ)	6.2	5.2	4.5	29.1	23.6	20.5	39.4	27.9	23.5	53.1	38.0	32.3
Volati Ab	3.2	2.8	2.7	22.9	20.7	19.4	30.9	27.3	25.5	40.4	37.5	34.6
Compounders average	4.2	3.7	3.7	25.5	21.5	21.1	35.4	28.7	27.6	48.4	38.0	36.9
Compounders median	4.1	3.8	3.9	26.9	23.1	22.0	35.3	29.5	29.2	45.4	37.7	34.8
Total average	3.1	2.8	2.8	18.4	16.1	15.5	24.3	20.9	20.2	32.4	26.9	25.5
Total median	2.8	2.7	2.7	14.0	13.7	14.0	19.3	17.1	18.1	24.3	20.2	18.5
Total average (70%/30%)	2.4	2.2	2.2	14.1	12.8	12.5	17.7	16.1	15.8	22.8	20.3	19.5
Total median (70%/30%)	2.1	1.9	2.1	15.7	14.0	13.4	19.9	17.7	17.3	25.3	22.5	20.6
Relais (Nordea)	2.2	1.8	1.6	16.1	13.1	11.4	29.4	21.8	15.9	51.3	34.7	22.9
difference to weighted median	5%	-8%	-21%	3%	-7%	-15%	48%	23%	-8%	103%	54%	11%

Source: Refinitiv and Nordea estimates

EV/EBITDA-based valuation of EUR 24.9-30.4 per share

Based on our EUR 42.1m EBITDA estimate for 2023 and an accepted valuation multiple range of 11.8-14.2x (midpoint: 13x), we arrive at a fair value range of EUR 24.9-30.4 (24.6-30.0) per share for Relais. In addition to auto parts peers, we believe that one should look at Swedish compounders when valuing Relais. When using a 70% weight for the auto parts peer group and a 30% weight for the compounder peer group, the median EV/EBITDA would be 13.4x for 2023E.

P/E-based valuation of EUR 26.1-31.9 per share

Using EUR 1.65 amortisation-adjusted EPS estimates for 2023, we arrive at a fair value range of EUR 26.1-31.9 (26.0-31.8) per share using P/E multiples of 15.8-19.3x (midpoint: 17.5x).

DCF-based valuation of EUR 22.4-27.3 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 6.7% for 2021-26, followed by a 2.5% 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 14.5% in the long run. We use a 3% 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%.

WACC COMPONENTS	
WACC components	
Risk-free interest rate	2.0%
Market risk premium	4.5%
Forward looking asset beta	nm
Beta debt	0.1
Forward looking equity beta	2.1-1.5
Cost of equity	11.5-8.9%
Cost of debt	3.0%
Tax-rate used in WACC	30%
Equity weight	50%
WACC	6.8-5.5%

Source: Nordea estimates

DCF VALUATION		
DCF value	Value	Per share
NPV FCFF	414-507	22-26.9
(Net debt)	-28	-1.5
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	37	1.9
DCF Value	421-515	22.4-27.3

Source: Nordea estimates

DCF ASSUMPTIONS

Averages and assumptions	2021-26	2027-31	2032-36	2037-41	2042-46	2047-51	Sust.
Sales growth, CAGR	6.7%	2.5%	2.5%	2.5%	2.5%	2.5%	
EBIT-margin, excluding associates	10.3%	13.5%	14.5%	14.5%	14.5%	2.0%	
Capex/depreciation, x	0.2	0.2	1.0	1.0	1.0	1.0	
Capex/sales	0.7%	0.7%	0.7%	0.7%	0.7%	0.7%	
NWC/sales	25%	25%	25%	25%	25%	25%	
FCFF, CAGR	-193.0%	5.6%	4.1%	2.5%	2.5%	-43.6%	2.5%

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. 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 in either direction.

When we use sensitivities of ± 0.5 pp for WACC, ± 0.5 pp for sales growth and ± 0.5 for the EBIT margin, our DCF model yields a value range of EUR 21.9-28.5 per share.

SENSITIVITY OF OUR DCF MODEL (EUR/SHARE)

		WACC				
		5.1%	5.6%	6.1%	6.6%	7.1%
EBIT margin change	+1.0pp	33.2	30.0	27.4	25.2	23.2
	+0.5pp	31.3	28.5	26.1	24.1	22.3
		29.4	27.0	24.9	23.0	21.4
	-0.5pp	27.5	25.4	23.6	21.9	20.4
	-1.0pp	25.6	23.9	22.3	20.8	19.5

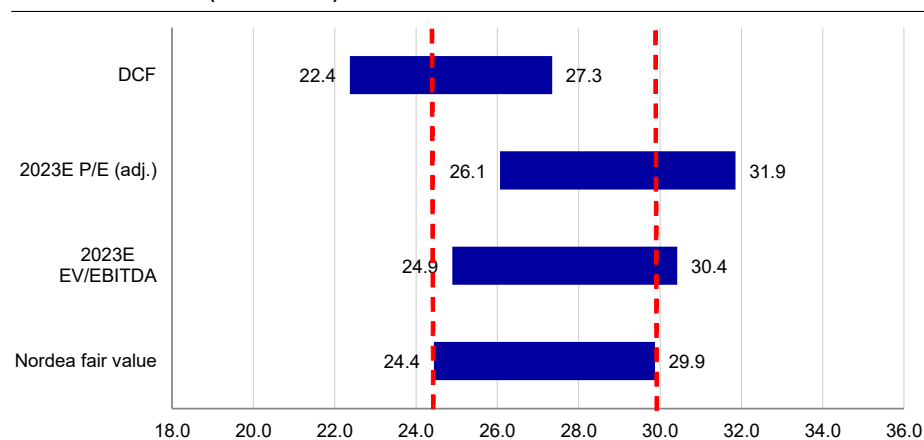
		WACC				
		5.1%	5.6%	6.1%	6.6%	7.1%
Sales growth change	+1.0pp	31.5	28.7	26.4	24.3	22.5
	+0.5pp	30.4	27.8	25.6	23.7	21.9
		29.4	27.0	24.9	23.0	21.4
	-0.5pp	28.5	26.2	24.2	22.4	20.8
	-1.0pp	27.6	25.4	23.5	21.8	20.3

		Sales growth change				
		-1.0pp	-0.5pp		+0.5pp	+1.0pp
EBIT margin change	+1.0pp	25.7	26.5	27.4	28.4	29.4
	+0.5pp	24.6	25.3	26.1	27.0	27.9
		23.5	24.2	24.9	25.6	26.4
	-0.5pp	22.4	23.0	23.6	24.2	24.9
	-1.0pp	21.3	21.8	22.3	22.8	23.4

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 24.4-29.9 (24.2-29.6) 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

Detailed estimates

DETAILED ESTIMATES

EURm	Q1 20	Q2 20	Q3 20	Q4 20	Q1 21	Q2 21	Q3 21	Q4 21E	2017	2018	2019	2020	2021E	2022E	2023E	
Net sales	30	29	33	37	54	52	59	70	60	72	99	129	234	278	292	
Sales growth	66%	47%	12%	16%	80%	79%	79%	88%	3%	20%	37%	30%	82%	19%	5%	
of which organic	3%	3%	3%	3%	9%	9%	9%	8%	-1%	10%	2%	3%	9%	5%	5%	
of which FX	-1%	0%	1%	2%	3%	2%	1%	0%	0%	0%	-1%	1%	1%	0%	0%	
of which structural	64%	44%	8%	12%	68%	67%	69%	80%	3%	10%	36%	27%	72%	14%	0%	
Other operating income	0.2	0.3	0.2	0.4	0.9	0.7	0.5	0.1	0.2	0.4	0.5	1.0	2.2	0.4	0.4	
Materials and services	-20	-19	-22	-24	-32	-30	-33	-39	-40	-48	-66	-84	-135	-154	-161	
Gross profit	10.0	10.3	11.2	13.4	21.3	21.8	25.9	30.8	20.9	24.3	33.1	45.0	99.8	123.9	130.6	
Gross margin %	33.7%	35.3%	34.2%	36.1%	39.9%	41.7%	44.1%	44.0%	34.6%	33.6%	33.4%	34.9%	42.6%	44.6%	44.8%	
Staff costs	-4	-4	-4	-5	-9	-11	-10	-13	-8	-10	-12	-17	-44	-54	-57	
Other operating costs	-3	-3	-2	-3	-5	-6	-7	-8	-5	-6	-8	-10	-27	-32	-32	
EBITDA	3.3	4.4	5.6	5.9	7.6	5.4	8.7	9.9	8.3	8.7	13.3	19.1	31.6	38.0	42.1	
EBITDA margin %	11.1%	15.1%	17.0%	15.7%	14.3%	10.3%	14.8%	14.2%	13.8%	12.1%	13.5%	14.8%	13.5%	13.7%	14.4%	
D&A	-2.0	-2.1	-2.0	-2.0	-3.1	-3.9	-3.7	-3.7	-2.2	-3.0	-5.5	-8.0	-14.3	-15.2	-12.0	
of which depreciations	-0.1	-0.1	-0.1	-0.1	-0.3	-0.6	-0.4	-0.4	-0.3	-0.3	-0.4	-0.4	-1.6	-1.8	-1.8	
of which amortizations	-1.9	-2.0	-1.9	-1.9	-2.8	-3.3	-3.3	-3.3	-1.9	-2.7	-5.1	-7.6	-12.7	-13.4	-10.2	
EBITA	3.2	4.3	5.5	5.8	7.4	4.8	8.3	9.5	8.1	8.4	13.0	18.7	30.0	36.2	40.3	
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	0.0	0.0	0.0	
Adj. EBITA	3.2	4.3	5.5	5.8	7.4	4.8	8.3	9.5	8.1	8.4	13.0	18.7	30.0	36.2	40.3	
Adj. EBITA margin %	10.7%	14.7%	16.7%	15.5%	13.8%	9.2%	14.2%	13.6%	13.4%	11.6%	13.1%	14.5%	12.8%	13.0%	13.8%	
-growth y/y	n.a.	n.a.	n.a.	n.a.	131%	12%	53%	65%	-21%	4%	55%	44%	61%	21%	11%	
EBITA Bridge													11.3	6.2	4.1	
Organic														4.5	5.1	6.0
FX														0.2	0.0	0.0
Structural														13.4	4.1	0.0
Cost vs price														-6.8	-3.1	-1.9
EBIT	1.3	2.3	3.6	3.8	4.6	1.5	5.0	6.2	6.1	5.7	7.9	11.1	17.3	22.8	30.1	
EBIT margin %	4.5%	8.0%	11.0%	10.3%	8.6%	2.9%	8.5%	8.9%	10.2%	7.9%	7.9%	8.6%	7.4%	8.2%	10.3%	
Net financials	-2.5	1.1	-0.7	1.4	-1.4	-0.2	-0.8	-0.6	-0.8	-0.9	-5.4	-0.7	-3.0	-2.7	-2.7	
PTP	-1.1	3.4	2.9	5.3	3.2	1.3	4.2	5.6	5.3	4.8	2.5	10.4	14.3	20.1	27.4	
Tax	-0.7	-0.6	-1.1	-1.0	-1.3	-1.0	-1.8	-1.5	-1.4	-1.5	-1.9	-3.4	-5.5	-7.0	-7.9	
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.1	-0.2	-0.2	-0.1	-0.1	-0.2	0.0	
Net profit for equity	-1.9	2.8	1.8	4.3	1.9	0.4	2.4	4.1	3.8	3.1	0.4	6.9	8.7	12.9	19.5	
Net profit	-1.9	2.8	1.8	4.3	2.0	0.4	2.4	4.1	3.9	3.3	0.6	7.0	8.8	13.1	19.5	
EPS (undiluted)	-0.11	0.17	0.11	0.26	0.11	0.02	0.13	0.23	0.44	0.36	0.03	0.41	0.49	0.72	1.09	
Adj. EPS (excl. amortization)	0.00	0.29	0.22	0.37	0.26	0.20	0.32	0.41	0.66	0.67	0.75	0.87	1.19	1.46	1.65	
DPS											0.10	0.30	0.40	0.45	0.50	

Source: Company data and Nordea estimates

Risk factors

Below we list the main risk factors that 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 face, but instead to highlight those that we find most relevant. The main risks we identify relate to the general economy in the Nordics, car spare parts sales, and the vehicle service business. The COVID-19 situation also continues to create uncertainty regarding consumer behaviour and the availability of goods.

A sluggish economy could negatively affect car service and spare parts sales	<p>General economy</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>The outlook for Nordic economies has improved after the initial shock of the pandemic, but the final COVID-19 impact is not clear. If people start cutting back on car service spending and/or postpone servicing their cars, Relais could see a negative impact on its sales and earnings. After recent acquisitions, Relais is also more dependent on commercial vehicles and related services, which could be affected if economic activity deteriorates. Recent additions to the service business should improve business predictability, however, with lower seasonality.</p>
Competitors consolidating the market could hamper Relais' growth prospects	<p>Increasing competition</p> <p>The auto parts market is still very fragmented. If other players take a more active role in market consolidation, this could hurt the sales prospects for Relais and profitability if competitors become more aggressive on pricing.</p>
Disturbances by suppliers may affect product availability	<p>Dependency on suppliers</p> <p>As Relais is importing its goods and not producing spare parts or equipment itself, the company could be severely affected if its suppliers cannot deliver products as agreed or if the quality of products decreases significantly.</p> <p>The coronavirus situation has caused supply-side problems and extra freight costs, and a prolonged situation could hamper demand for Relais' spare parts and equipment.</p>
If not executed well, high M&A activity may increase costs	<p>Risks related to expansion</p> <p>Relais' ambitions to grow quickly do not come without costs, investments, and risks. M&A could increase costs temporarily, but also in the long term if acquisitions fail or integration is executed poorly. Hence it is important for the company to maintain good cost control and clear M&A execution plans, so as not to hamper earnings.</p>
Key employees leaving could lead to the loss of clients	<p>Dependency on key employees</p> <p>Relais depends heavily 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 could take some time to find replacements. If 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. Also, because Relais does not fully integrate acquired companies, its dependence on acquired key employees is high. Should Relais fail to incentivise employees in acquired companies, it could have a direct impact on sales and earnings.</p>
A share issue could dilute current shareholders' ownership	<p>Financial position</p> <p>Relais has high growth ambitions and hence we do not rule out the need for additional equity to support future M&A activity. An equity issue could dilute the current shareholders' ownership.</p>

Significant writedown of goodwill could worsen its financial position

Substantial amount of intangible assets

Due to M&A, Relais has accumulated significant goodwill on its balance sheet. If a future test – for example if the company switches to IFRS accounting standards – shows a significant decline in the value of goodwill, it could have a huge impact on the balance sheet and earnings. A weakening balance sheet could limit the potential for new financing and thus have a negative impact on future M&A and operations.

Crucial IT system failures or slow adoption of new technology could put Relais in a disadvantageous position

IT systems

Relais is dependent on its IT systems and any disruption to these could affect the company's daily business, costs, and reputation. Slow adoption of or adaptation to new technology could leave Relais in a disadvantageous position versus its competitors.

Reported numbers and forecasts

INCOME STATEMENT

EURm	2013	2014	2015	2016	2017	2018	2019	2020	2021E	2022E	2023E
Total revenue	32	42	54	59	60	72	99	129	234	278	292
Revenue growth	3.2%	31.3%	28.6%	9.1%	2.6%	19.9%	36.6%	30.3%	81.8%	18.6%	5.0%
of which organic	4.4%	7.0%	8.8%	9.5%	-0.8%	9.5%	2.0%	3.0%	8.8%	5.0%	5.0%
of which FX	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	-1.1%	0.7%	1.4%	0.0%	0.0%
EBITDA	0	0	0	9	8	9	13	19	32	38	42
Depreciation and impairments PPE	0	0	0	0	0	0	0	0	-2	-2	-2
of which leased assets	0	0	0	0	0	0	0	0	0	0	0
EBITA	0	0	0	9	8	8	13	19	30	36	40
Amortisation and impairments	0	0	0	-2	-2	-3	-5	-8	-13	-13	-10
EBIT	n.a.	n.a.	n.a.	7	6	6	8	11	17	23	30
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	-1	-1	-1	-5	-1	-3	-3	-3
of which lease interest	0	0	0	0	0	0	0	0	0	0	0
Changes in value, net	0	0	0	-2	0	0	0	0	0	0	0
Pre-tax profit	0	0	0	4	5	5	2	10	14	20	27
Reported taxes	0	0	0	-1	-1	-2	-2	-3	-6	-7	-8
Net profit from continued operations	0	0	0	3	4	3	1	7	9	13	20
Discontinued operations	0	0	0	0	0	0	0	0	0	0	0
Minority interests	0	0	0	-1	0	0	0	0	0	0	0
Net profit to equity	0	0	0	2	4	3	0	7	9	13	20
EPS, EUR	n.a.	n.a.	n.a.	0.22	0.42	0.34	0.03	0.39	0.47	0.69	1.04
DPS, EUR	0.00	0.00	0.00	0.00	0.00	0.00	0.10	0.30	0.40	0.45	0.50
of which ordinary	0.00	0.00	0.00	0.00	0.00	0.00	0.10	0.30	0.40	0.45	0.50
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%	15.2%	13.8%	12.1%	13.5%	14.8%	13.5%	13.7%	14.4%
EBITA	0.0%	0.0%	0.0%	14.5%	13.4%	11.6%	13.1%	14.5%	12.8%	13.0%	13.8%
EBIT	n.a.	n.a.	n.a.	11.6%	10.2%	7.9%	7.9%	8.6%	7.4%	8.2%	10.3%

Adjusted earnings

EBITDA (adj)	0	0	0	11	8	9	13	19	32	38	42
EBITA (adj)	0	0	0	10	8	8	13	19	30	36	40
EBIT (adj)	0	0	0	8	6	6	8	11	17	23	30
EPS (adj, EUR)	n.a.	n.a.	n.a.	0.40	0.42	0.34	0.29	0.39	0.47	0.69	1.04

Adjusted profit margins in percent

EBITDA (adj)	0.0%	0.0%	0.0%	18.0%	13.8%	12.1%	13.5%	14.8%	13.5%	13.7%	14.4%
EBITA (adj)	0.0%	0.0%	0.0%	17.3%	13.4%	11.6%	13.1%	14.5%	12.8%	13.0%	13.8%
EBIT (adj)	0.0%	0.0%	0.0%	14.4%	10.2%	7.9%	7.9%	8.6%	7.4%	8.2%	10.3%

Performance metrics

CAGR last 5 years											
Net revenue	n.a.	n.a.	17.6%	16.0%	14.3%	17.8%	18.7%	19.0%	31.8%	35.7%	32.1%
EBITDA	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	28.7%	35.4%	37.0%
EBIT	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	20.4%	30.0%	39.4%
EPS	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	16.4%	10.6%	25.0%
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%	8.1%	8.0%
Average EBITDA margin	n.a.	0.0%	0.0%	4.1%	7.0%	9.0%	11.4%	13.9%	13.6%	13.6%	14.0%

VALUATION RATIOS - ADJUSTED EARNINGS

EURm	2013	2014	2015	2016	2017	2018	2019	2020	2021E	2022E	2023E
P/E (adj)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	28.0	37.9	54.1	36.6
EV/EBITDA (adj)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	10.2	15.3	17.5	14.2
EV/EBITA (adj)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	10.5	15.6	18.4	14.9
EV/EBIT (adj)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	17.3	26.3	31.9	23.7

VALUATION RATIOS - REPORTED EARNINGS

EURm	2013	2014	2015	2016	2017	2018	2019	2020	2021E	2022E	2023E
P/E	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.m.	37.9	54.1	36.6	24.2
EV/Sales	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	1.37	2.26	2.36	1.95	1.79
EV/EBITDA	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	10.2	15.3	17.5	14.2	12.4
EV/EBITA	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	10.5	15.6	18.4	14.9	13.0
EV/EBIT	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	17.3	26.3	31.9	23.7	17.4
Dividend yield (ord.)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	1.2%	2.0%	1.6%	1.8%	2.0%
FCF yield	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	-61.8%	2.9%	-11.2%	4.0%	5.5%
FCF Yield bef A&D, lease adj	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	1.4%	6.1%	0.2%	4.5%	5.5%
Payout ratio	n.a.	n.a.	n.a.	0.0%	0.0%	0.0%	319.0%	77.4%	85.9%	65.3%	47.9%

Source: Company data and Nordea estimates

BALANCE SHEET

EURm	2013	2014	2015	2016	2017	2018	2019	2020	2021E	2022E	2023E
Intangible assets	0	0	0	5	7	5	54	59	92	81	71
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	1	0	3	3	3
of which goodwill	0	0	0	5	7	5	54	58	88	77	67
Tangible assets	0	0	0	1	1	1	1	1	9	9	9
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	5	8	6	55	59	101	90	80
Inventory	0	0	0	26	27	29	43	44	76	85	89
Accounts receivable	0	0	0	5	8	8	12	13	16	19	20
Short-term leased assets	0	0	0	0	0	0	0	0	0	0	0
Other current assets	0	0	0	3	1	2	3	3	5	6	6
Cash and bank	0	0	0	1	2	2	30	35	18	19	22
Total current assets	0	0	0	35	37	42	88	95	115	129	137
Assets held for sale	0	0	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Total assets	0	0	0	40	45	48	143	154	215	219	217
Shareholders equity	0	0	0	6	11	17	64	72	81	87	98
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	3	3	1	0	0	1	1	1
Total Equity	0	0	0	9	14	17	64	72	82	88	99
Deferred tax	0	0	0	0	0	0	2	3	3	3	3
Long term interest bearing debt	0	0	0	15	11	14	59	58	93	83	68
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	3	0	2	0	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	18	12	16	62	61	96	86	71
Short-term provisions	0	0	0	0	0	0	0	0	0	0	0
Accounts payable	0	0	0	3	4	4	7	9	19	24	25
Current lease debt	0	0	0	0	0	0	0	0	0	0	0
Other current liabilities	0	0	0	3	4	5	6	8	14	16	17
Short term interest bearing debt	0	0	0	8	12	6	5	5	5	5	5
Total current liabilities	0	0	0	14	19	15	18	21	38	45	47
Liabilities for assets held for sale	0	0	0	0	0	0	0	0	0	0	0
Total liabilities and equity	0	0	0	40	45	48	143	155	215	219	217
Balance sheet and debt metrics											
Net debt	0	0	0	22	22	18	35	28	80	69	51
of which lease debt	0	0	0	0	0	0	0	0	0	0	0
Working capital	0	0	0	28	28	31	46	44	65	70	73
Invested capital	0	0	0	34	36	37	101	103	165	159	153
Capital employed	0	0	0	32	37	37	128	135	180	176	172
ROE	n.m.	n.m.	n.m.	64.1%	44.7%	22.7%	1.0%	10.2%	11.4%	15.3%	21.0%
ROIC	n.m.	n.m.	n.m.	35.3%	12.4%	11.1%	8.0%	7.6%	9.0%	9.8%	13.5%
ROCE	n.m.	n.m.	n.m.	53.4%	17.9%	15.7%	9.6%	10.1%	11.4%	13.3%	17.7%
Net debt/EBITDA	n.m.	n.m.	n.m.	2.5	2.6	2.0	2.6	1.5	2.5	1.8	1.2
Interest coverage	n.a.	n.a.	n.a.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
Equity ratio	n.m.	n.m.	n.m.	15.2%	23.8%	34.7%	44.5%	46.5%	37.7%	39.8%	45.3%
Net gearing	n.m.	n.m.	n.m.	244.3%	152.2%	102.0%	54.3%	39.1%	98.3%	78.3%	51.3%

Source: Company data and Nordea estimates

CASH FLOW STATEMENT

EURm	2013	2014	2015	2016	2017	2018	2019	2020	2021E	2022E	2023E
EBITDA (adj) for associates	0	0	0	9	8	9	13	19	32	38	42
Paid taxes	0	0	0	0	0	-2	-2	-3	-6	-7	-8
Net financials	0	0	0	0	0	-1	-6	-1	-3	-3	-3
Change in provisions	0	0	0	0	0	0	0	0	0	0	0
Change in other LT non-IB	0	0	0	3	-3	2	-2	0	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	-11	-6	-2	1	0	0	0	0
Funds from operations (FFO)	0	0	0	0	0	6	5	15	23	28	32
Change in NWC	0	0	0	0	0	-2	-3	1	-21	-5	-3
Cash flow from operations (CFO)	0	0	0	0	0	3	2	16	2	23	28
Capital expenditure	0	0	0	0	0	0	0	0	-2	-2	-2
Free cash flow before A&D	0	0	0	0	0	3	1	16	1	21	26
Proceeds from sale of assets	0	0	0	0	0	0	1	1	0	0	0
Acquisitions	0	0	0	0	0	-1	-65	-9	-54	-2	0
Free cash flow	0	0	0	0	0	2	-63	8	-53	19	26
Free cash flow bef A&D, lease adj	0	0	0	0	0	3	1	16	1	21	26
Dividends paid	0	0	0	0	0	0	0	-2	-5	-7	-8
Equity issues / buybacks	0	0	0	0	0	0	44	0	1	0	0
Net change in debt	0	0	0	0	0	0	42	-1	35	-10	-15
Other financing adjustments	0	0	0	0	0	0	0	0	0	0	0
Other non-cash adjustments	0	0	0	1	1	-2	4	0	5	0	0
Change in cash	0	0	0	1	1	1	27	5	-17	2	3
Cash flow metrics											
Capex/D&A	n.m.	n.m.	n.m.	0.0%	0.0%	6.9%	7.3%	0.0%	10.5%	13.7%	18.2%
Capex/Sales	0.0%	0.0%	0.0%	0.0%	0.0%	0.3%	0.4%	0.0%	0.6%	0.7%	0.7%
Key information											
Share price year end (/current)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	8	15	25	25	25
Market cap.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	101	263	471	471	471
Enterprise value	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	136	292	552	540	523
Diluted no. of shares, year-end (m)	0.0	0.0	0.0	9.1	9.1	9.1	12.3	17.9	18.7	18.7	18.7

Source: Company data and Nordea estimates

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Nordea Bank Abp	Nordea Bank Abp, filial i Sverige	Nordea Danmark, Filial af Nordea Bank Abp, Finland	Nordea Bank Abp, filial i Norge
Nordea Markets Division, Research Visiting address: Aleksis Kiven katu 7, Helsinki FI-00020 Nordea Finland Tel: +358 9 1651 Fax: +358 9 165 59710 Reg.no. 2858394-9 Satamaradankatu 5 Helsinki	Nordea Markets Division, Research Visiting address: Smålandsgatan 17 SE-105 71 Stockholm Sweden Tel: +46 8 614 7000 Fax: +46 8 534 911 60	Nordea Markets Division, Research Visiting address: Grønjørdsvej 10 DK-2300 Copenhagen S Denmark Tel: +45 3333 3333 Fax: +45 3333 1520	Nordea Markets Division, Research Visiting address: Essendropsgate 7 N-0107 Oslo Norway Tel: +47 2248 5000 Fax: +47 2256 8650