Relais Group

Extensive report

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✔ Inderes corporate customer

This report is a summary translation of the report "Arvonluontia strategisin sarja-askelin" published on 4/03/2022 at 11:35 am

Value creation through strategic serial steps

Relais that was listed as a wholesaler good two years ago has successfully implemented its growth-oriented strategy as a listed company. At the same time, the Group's business model has been transformed from a wholesale-focused player into a serial consolidator operating more extensively on the entire vehicle aftermarket. This has strengthened the potential for long-term growth and value creation. We feel the current share valuation does not price this potential too much, which means the risk/return ratio is good in our opinion. Therefore, we reiterate our EUR 24.0 target price and Accumulate recommendation.

Relais operates in the vehicle aftermarket

Relais Group persistently owns and develops companies that operate in the vehicle aftermarket. Current Group companies are engaged in the wholesale of spare parts and electrical equipment and commercial vehicle repair and maintenance business. The Group has grown strongly in its recent history through acquisitions and thus, with the help of M&A transactions and sales synergies between the owned businesses, maintained growth that has been brisker than moderate market growth. We believe, the Group's transformation from a company focused on wholesale to a serial consolidator has progressed nicely through M&A transactions although the track record is not yet that long.

Moderate organic growth will continue to be boosted with acquisitions

Relais' target market grows mainly in line with the growth rate of the vehicle fleet, which we estimate is moderate in the medium and long term. The Group's pro forma net sales target of EUR 500 million in 2026 is mainly based on continued implementation of acquisitions. We feel this is natural and in line with the Group's business model. We believe a fragmented and huge vehicle aftermarket relative to the company's size class offers preconditions for further acquisitions. In addition, Relais' financial position, operational cash flow and the ability to use its own shares as a trading tool will secure financing for strategy implementation. Thus, despite the usual uncertainties and risks associated with acquisition-driven growth, we consider the potential for value creation in the coming years to be good.

Valuation does not rely too much on the value creation of future arrangements

Adjusted P/E ratios for 2022 and 2023 based on our estimates are around 17x. Adjusted EV/EBIT ratios that reflect the balance sheet structure are about 14x. We feel absolute valuation multiples are reasonable and do not substantially price the value creation potential of inorganic growth. In relative terms, Relais is valued at a small premium compared to peer companies with similar businesses. Relative to the peer group of serial consolidators the share is valued at a significant discount. In our opinion, Relais' justified valuation level is found in the middle ground of these peer groups. Considering this we believe the relative valuation supports our view that at the current valuation level the risk/return ratio is at a good level. We expect future acquisitions to be a key driver of value development, as we expect the company to continue with acquisitions in the next 12 months.

Recommendation

Accumulate

(previous Accumulate)

EUR 24.00

(previous EUR 24.00)

Share price:

21.00

Key figures

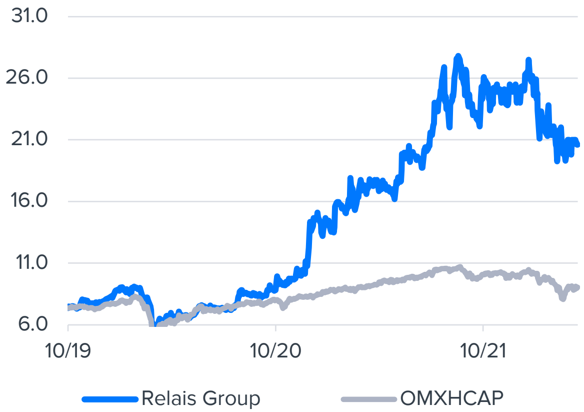
	2021	2022e	2023e	2024e
Revenue	237.9	271.8	277.2	287.0
growth-%	85%	14%	2%	4%
EBIT adj.	29.3	31.9	32.0	33.6
EBIT-% adj.	12.3 %	11.7 %	11.5 %	11.7 %
Net Income	7.7	8.9	9.0	10.5
EPS (adj.)	1.15	1.27	1.27	1.35
P/E (adj.)	22.7	16.5	16.5	15.6
P/B	5.3	4.1	4.1	3.9
Dividend yield-%	1.4 %	1.9 %	2.0 %	2.2 %
EV/EBIT (adj.)	18.9	14.2	13.7	12.6
EV/EBITDA	17.9	13.4	13.0	12.0
EV/S	2.3	1.7	1.6	1.5

Source: Inderes

Guidance (Unchanged)

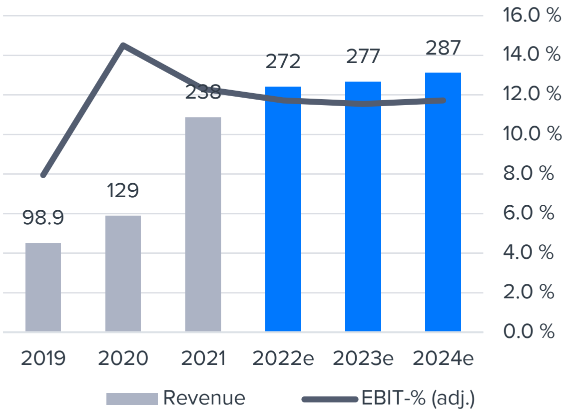
Relais does not provide numeric guidance for 2022

Share price



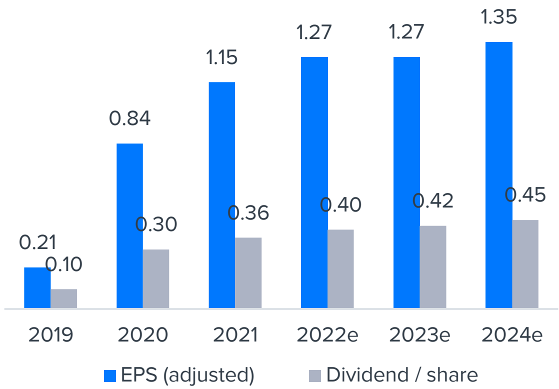
Source: Thomson Reuters

Revenue and EBIT %



Source: Inderes

EPS and dividend



Source: Inderes

Value drivers

- The stable and defensive market is huge relative to Relais' size class
- Plenty of room for consolidation on the fragmented vehicle aftermarket
- Value creation potential of the serial consolidator business model and growth strategy is excellent
- Mutual sales synergies of the owned businesses support growth preconditions

Risk factors

- Working capital commitment in the wholesale business slows down cash flow
- Typical risks associated with acquisitions
- Long-term risks associated with limited pricing power and competitive situation
- Challenges of global supply chains and the resulting upward cost pressure

Valuation	2022e	2023e	2024e
Share price	21.0	21.0	21.0
Number of shares, millions	18.0	18.1	18.2
Market cap	378	378	378
EV	453	439	425
P/E (adj.)	16.5	16.5	15.6
P/E	42.4	42.0	36.3
P/FCF	18.0	16.0	16.0
P/B	4.1	4.1	3.9
P/S	1.4	1.4	1.3
EV/Sales	1.7	1.6	1.5
EV/EBITDA	13.4	13.0	12.0
EV/EBIT (adj.)	14.2	13.7	12.6
Payout ratio (%)	80.7 %	84.1 %	77.8 %
Dividend yield-%	1.9 %	2.0 %	2.2 %

Source: Inderes

Contents

Relais Group in brief

Relais Group is a group that owns, develops and consolidates companies operating in the vehicle aftermarket. The current group companies operate both in wholesale of parts and equipment and in maintenance and repair business for commercial vehicles.

2010
Year of establishment

EUR 237.9 million (+ 85%)
Net sales 2021 (growth %)

32% 2016-2021
Growth in reported net sales (CAGR-%)

EUR 29.3 million (32% of net sales)
EBITA 2021 (EBITA-%)

10.7% 2018-2021
Average ROI, %

950
Personnel at the end of 2021

2014-2018

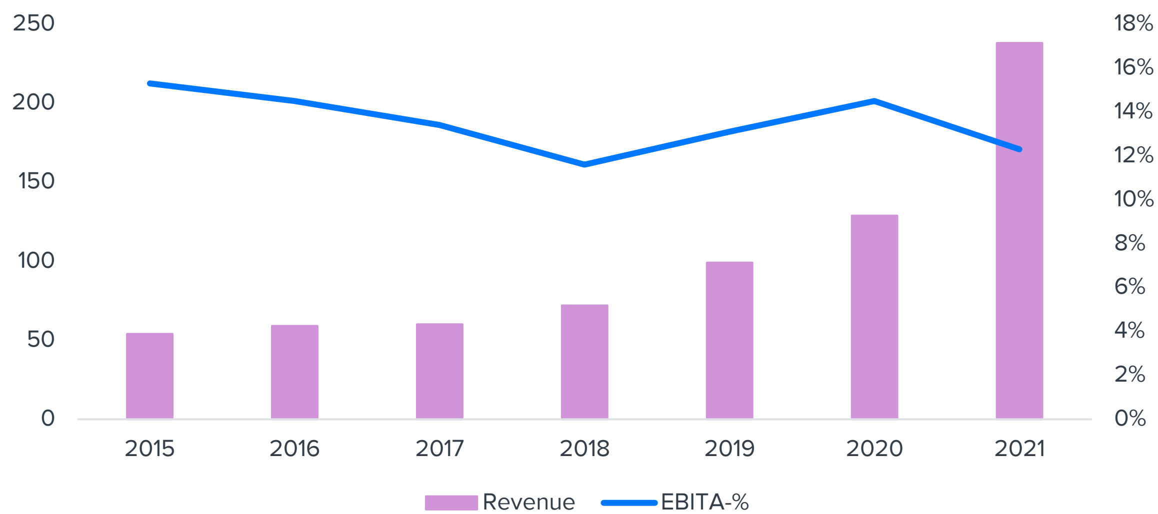
- At the beginning of the period, the main focus of the business was on Finland
- Internationalization proceeded quickly with acquisitions
- During the period, the company expanded to Norway, the Baltic countries and Sweden

2019-2020

- Listed on the First North marketplace in 2019
- Funds collected in the issue will accelerate the implementation of the growth strategy, three acquisitions in Sweden and one in Denmark
- Acquisitions strengthen the Nordic foothold and diversify income flow geographically

2021-

- Expansion in the value chain to maintenance and repair business with Raskone and STS acquisitions
- Faster organic growth than market growth with sales synergies
- Strengthening M&A abilities and profiling as a serial consolidator



Source: Inderes

Company description and business model 1/5

Relais operates in the vehicle aftermarket

Relais Group is a long-term owner and developer of different businesses in the vehicle aftermarket. The Group's current operations consist of companies involved in wholesale of spare parts and electrical equipment and commercial vehicle repair and maintenance business in the Nordic and Baltic countries.

In addition to organic business growth, inorganic growth is key in Relais' growths strategy. In its acquisition strategy, Relais has historically focused on spare part and equipment sales in the vehicle aftermarket, but the company has recently expanded its value chain to the repair and maintenance business. The target market is currently examined nearly throughout the entire vehicle aftermarket.

The Group is a growth platform for independent businesses

The Group's business operations are quite operationally independent and Relais' aim is to serve as a growth platform for the acquired companies that operate in the vehicle aftermarket. However, the companies share the Group's administrative resources and seek to benefit from mutual growth and sales synergies.

By utilizing the cash flows of the growing corporate cluster Relais Group aims to create value through acquisitions. Thus, the Group-level business model is that of a so-called serial consolidator, while the business models of the underlying businesses are more conventional wholesale, product and service companies' business models. Thus, at Group level, value is created especially through repeated acquisitions, while value creation at company level is based on normal business models of product and service companies.

Business structure

Relais reports its financial results only at Group level, so the exact relative shares and profitability of the different businesses are not known, nor is the geographical distribution of net sales.

However, based on the structure of the company's historical net sales and acquisitions made, we have estimated that some 2/3 of 2021 reported net sales (2021: 238 MEUR) consists of wholesale of parts and equipment for utility and passenger vehicles, and wholesale and online sales of lighting and power management solutions and other accessories.

Correspondingly, repair and maintenance services for commercial vehicles accounted for about one-third of the reported net sales in 2021. However, it should be noted that, due to the STS acquisition at the end of 2021, the relative share of service businesses will be slightly higher in the future.

Finland accounted for some 52% of the reported net sales of the Group companies in 2021, while Sweden accounted for some 37%. Correspondingly Estonia, Norway and other smaller target countries accounted for about one-tenth of net sales.

RELAIS

- Wholesale of electrical equipment and spare parts for vehicles in the Nordic and Baltic countries
- Repair and maintenance business for commercial vehicles in Finland and Sweden
- The Group-level business model is to serve as a growth platform for the owned corporate cluster, which is grown through repeated acquisitions

Group companies 1/2

Parts and equipment for commercial vehicles

TD TUNGA DELAR SVERIGE AB

Huzells

TRUCKNIK RESERVDELAR AB

STARTAX

Parts and equipment for passenger cars

ABR Reservdelar

STARTAX

Source: Relais and Inderes

Company description and business model 2/5

Extensive product range and supplier network

Relais' wholesale selection covers over 150,000 inventory items divided into accessories, electrical equipment and spare parts for vehicles. Relais has special expertise especially in electrical equipment, spare parts and lighting solutions for vehicles, and, e.g., the following companies focus on these Strands, Awimex and Lumise.

The company purchases its product portfolio from a supplier network of several hundred suppliers, where the main rule is that individual products have several alternative suppliers. This lowers the risk profile related with the supplier network to moderate, although in a few individual specialty parts supply may be limited to one supplier.

Relais' position as a buyer is supported by its membership in the globally operating network of spare part and equipment wholesalers, Nexus. Nexus provides its members with economies of scale, including in purchasing from spare part manufacturers, help in building relationships with manufacturers, and provides support for quality assurance, logistics arrangements and training. Thanks to the Nexus cooperation, Relais saves a few hundred thousand euros a year in purchases.

Significant share of own brands

Most of Relais' wholesale sales come from other brands' products, but we estimate the Group's own brands still account for some 25% of sales which is significant. Own products consist mainly of lighting products sold under several own brands. A small addition to the own brands is also the spare parts sold under the Nordic Product Development brand. In wholesale business, investing in own brands is typically supported by a slightly higher margin level, which is why we believe Relais also invests in their growth.

Customer base is highly fragmented

In product businesses (including wholesale and online sales), the company's customers are mainly spare part and equipment resellers operating in the aftermarket that are local or regional distributors and retail chains, as well as vehicle equipment dealers. In addition, wholesale customers include vehicle repair shops, such as Raskone and STS that are part of the Group. Overall, the net sales of the product businesses consist of a very large customer base.

Net sales are further diversified by the large customer base of the service business, which consists of the local demand of repair and maintenance points. Raskone has 19 such points in Finland and STS has 15 points in Sweden.

Overall, we believe that Relais' net sales is rather well diversified. We believe that roughly the ten largest customers represent about 10-20% of Relais' net sales, so we also feel net sales continuity does not constitute an essential risk in terms of the largest customers either.

Demand is continuous by nature

Relais' net sales do not have strong contract-based continuous elements, as net sales depend on orders from resellers and repair and maintenance needs of vehicles. However, wholesale operations are

Group companies 2/2

Repair and maintenance services of commercial vehicles

RASKONE

STS

Lighting, power management and other equipment

strands

AWIMEX

SEC

STARTAX

Lighting and online sales

LUMISE

DSM DESIGN BY SCANDINAVIAN METAL

Source: Relais and Inderes

Company description and business model 3/5

characterized by the fact that a supplier is the buyer's key operator and one-year contracts are signed with key customers where incentives are based on volume-related purchasing bonuses. Similarly, in the repair and maintenance business, we believe a moderate share of demand is generated by care agreements or brand representations for which Raskone and STS perform warranty service.
As a whole, we believe that the company's demand drivers are largely continuous, as demand for spare parts and repair and maintenance services is a natural consequence of vehicle consumption and their demand is also a vital condition for the long life of vehicles.

The demand for Group companies is fairly evenly distributed over the year, although the weather conditions in the Nordic countries may cause mild seasonality. Seasonality is reinforced by winter conditions, which typically increase demand for both spare parts and repair and maintenance services. The intensity of this seasonality may vary depending on the severity of the winter.

Core business operations

The production of Relais' Group companies' own brands is outsourced, so the Group does not have own manufacturing operations. Thus, in product businesses, the Group companies' core activities include the acquisition, sale and distribution of spare parts and equipment. This means the competitiveness of the businesses is built around the efficient sourcing and distribution of a broad range of products, which highlights the efficiency of logistics. The fixed elements of a product company's cost structure consist of logistics, which means the most important factor in the performance of the operations is the size class, or volume. Similarly, in the Group's service companies, the fixed element of the cost structure is the short-term fixed costs of the service points, which largely consists of the costs related to the personnel providing the services. Therefore, the most critical driver for the profitability of the service business is the utilization rate of the service points.

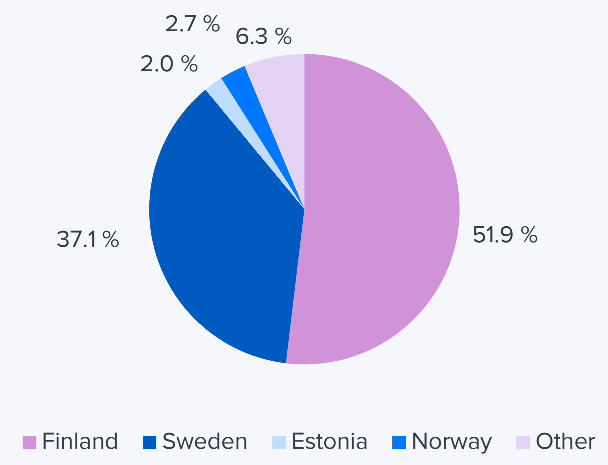
Group activities

Relais' companies aim to preserve the independence of acquired businesses and to foster an entrepreneurial and owner-oriented culture. This can be seen, e.g., in the fact that the local management of acquired companies continues to perform their duties after the acquisition, and the daily management of Group companies is not directed by top management. Group-level management is involved in company-specific Boards to provide support to business operations and monitor the progress of the strategy.

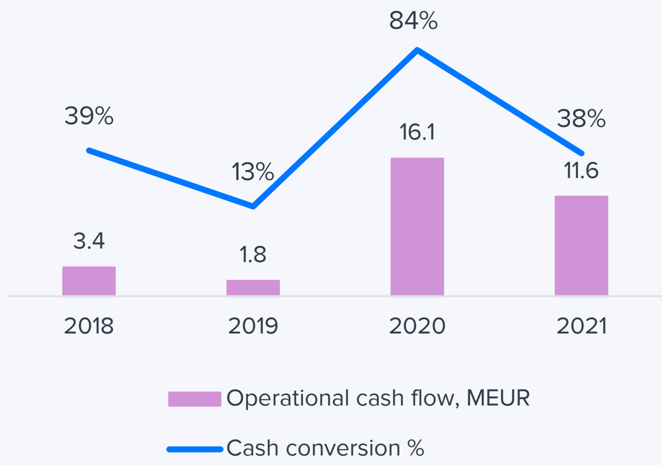
Similarly, Group-level activities concentrate mainly on activities where economies of scale can be utilized, such as purchasing activities, financing and information systems. Group-level is also responsible for harmonizing and coordinating key policies (information security, risk management, ESG, etc.).

One of the key functions of Relais' Group-level business model is the acquisitions that the Group's Management Team seeks and implements. Thus, acquisitions are the focus area for the CEO and the Business Development Manager in particular, but

Revenue distribution



Cash flow development



Source: Relais and Inderes
Cash conversion: operating cash flow/ EBITDA

Company description and business model 4/5

the CEOs of the Group companies are also involved in identifying potential targets and promoting projects. We believe acquisitions are mapped based on the Group's own search, but also based on observations from Group companies and suggestions from outside.

In acquisitions, Relais offers the target companies the opportunity to grow as part of a larger entity and exemption of the owner/entrepreneur from administrative tasks and the possibility to focus on the core business. Through greater size and synergies, part of the value promise is also the strive to increase the value of the acquired business as part of Relais. Therefore, the commitment of the selling entity and/or local management through share ownership or contract price mechanisms is an integral part of the acquisition. These arrangements are decided case by case and may be made either through minority holdings or arrangements that utilize Relais' own shares or additional purchase price arrangements.

Business carries on without major investments

Relais' product business does not require major investment in tangible or intangible assets, which means that the average investment in 2018-2020 (excluding acquisitions) was only some EUR 0.3 million. However, in 2021, investments amounted to EUR 2.3 million, in line with increased equipment and system investments. We believe this reflects both the Group's increased size and, to some extent, the slightly increased investment needs caused by the repair business. Against this background, we estimate that Relais' annual organic investment needs in the current form are around EUR 2 million.

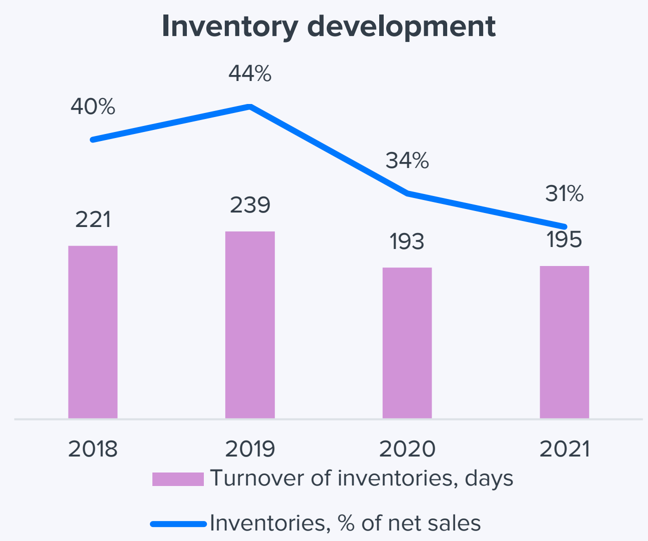
Inventories tie up capital

In the business model, cash flow development is hampered by the commitment of working capital, which is mainly due to the large inventories of the product business. This is typical of wholesale operations, but we believe the value of inventories is also increased by certain strategic decisions such as the extensive offering. Large inventories enable short delivery times and a comprehensive product range, which we believe are essential elements for the company's long-term competitiveness. However, these will result in longer turnover of inventories, which in turn leads to capital commitment.

In the long term, inventories are raised by a very comprehensive product range and this is currently highlighted by the fact that preparing for supply chain challenges has increased inventories even further.

Relais' net working capital relative to its reported net sales in 2018-2021 has been about 26-41%. However, the relative share of working capital has turned downward, driven by the expansion through acquisitions into businesses where working capital commitment is more moderate.

Reflecting this, the company's net working capital decreased to 26% at the end of 2021, even though the wholesale business increased inventories to prepare for potential availability challenges. In the long run, the structure of the Group's corporate cluster is decisive for capital commitment.



Source: Relais, Inderes

Company description and business model 5/5

Cash flow is lower than operating result

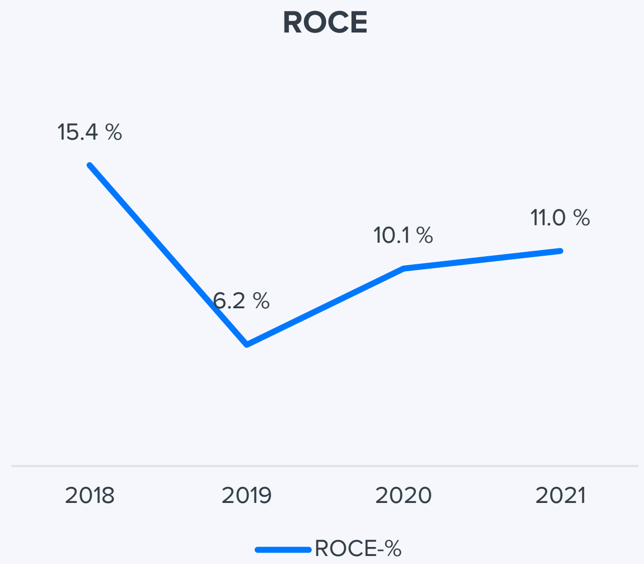
Reflecting the commitment of working capital, Relais' operating cash flow has been clearly lower than the operating result in the financial years 2018-2021. Cash conversion (%) that describes this ratio has averaged 43% in recent history (2018-2021). This illustrates how much the business ties capital in the form of working capital. The need for working capital is typically emphasized in the wholesale business as net sales grows, but in future its development will be determined by the type of business the Group expands into, i.e. how capital intensive these businesses are.

ROI is the main indicator of strategy implementation

We believe the indicator that best describes the value creation of Relais' business model and strategy is ROI-%. In 2018-2021 reported ROI has been 6.2-15.4%, with an average of 10.7%. We believe ROI has on average been much higher than the cost of capital and, therefore, the growth strategy has created value.

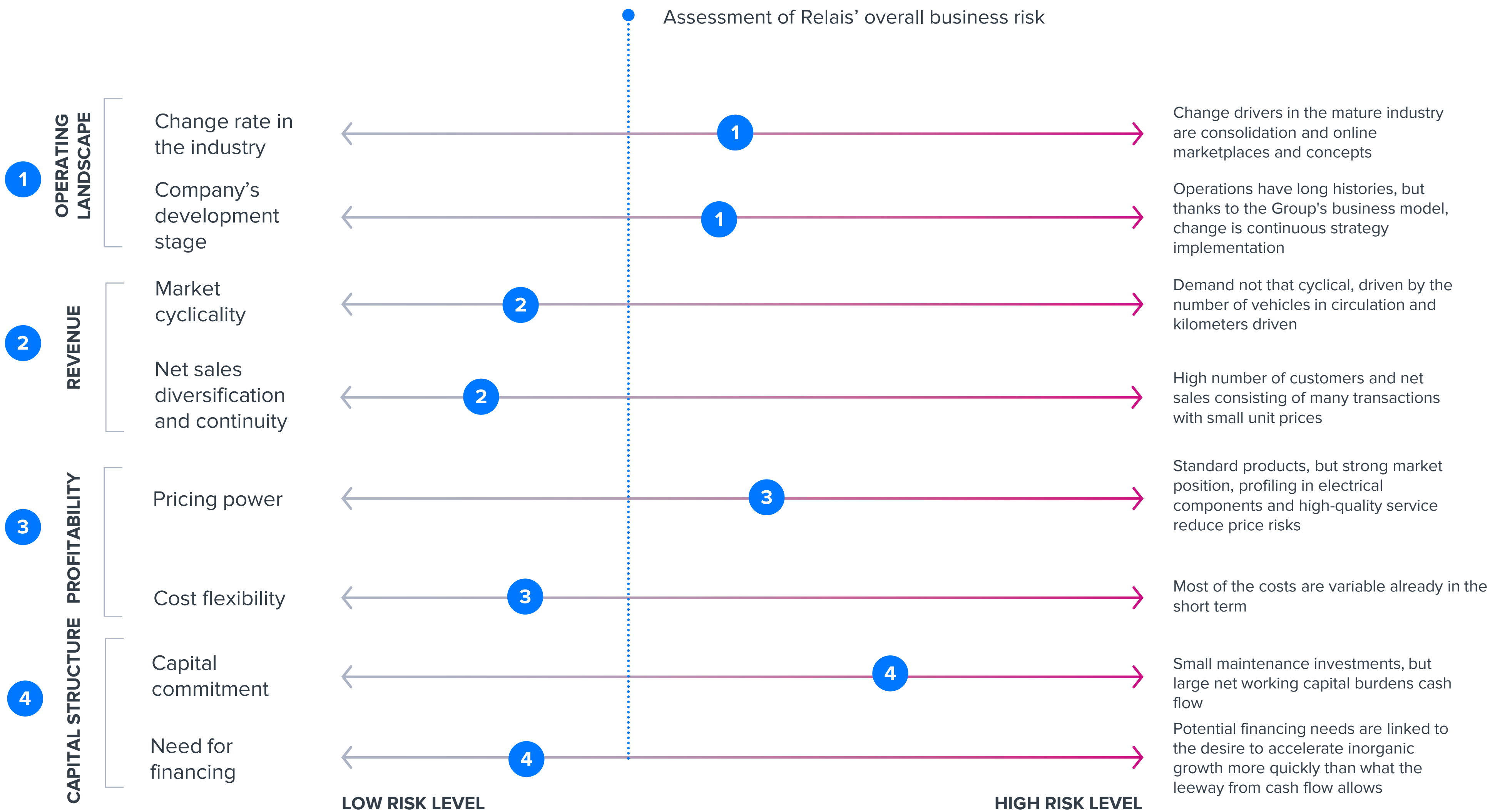
In the future, the key factor for ROI is how efficiently the company can allocate capital to acquisitions, in other words, the valuation at which the company carries out acquisitions. In recent history, Relais has bought companies with an EV/EBITDA ratio of approximately 7x. In static terms, this roughly corresponds with an ROI of 14%, and thus maintaining the valuation levels of previous acquisitions would provide good conditions for generating shareholder value.

In the current business structure, the EBITDA does not reflect the potential return on cash flow very well because the current business ties up considerable working capital. Thus, the ROI estimated through the static valuation multiple does not fully reflect the value creation potential of acquisitions. The outcome is affected, e.g., by the capital intensity of the acquisition target and materialization of possible targeted sales synergies.



Source: Relais, Inderes
ROCE %: ROI

Risk profile of the business model



Source: Inderes

Strategy and financial objectives 1/3

Strategy emphasizes value creation through acquisitions

Relais' strategy updated in spring 2021 emphasizes growth like the previous strategy, but in the new strategy the company expanded the playing field of potential acquisitions. We believe this underlines the change in the Group-level business model to the business model of a so-called serial consolidator where a key tool for value creation is acquisitions. Relais' aim is to be a pioneer in developing the life cycle of vehicles in the Nordic countries. In its strategy, Relais focuses on value creation throughout the vehicle life cycle on the aftermarket independent of vehicle manufacturers.

To achieve the strategic objectives, the company has the following strategic focus areas:

On average, faster growth than the market, supported by the sought-after synergies, such as cross-selling between existing and acquired companies.

Create added value to the customers with a comprehensive range of products, a digital platform and top-level customer service.

Accelerate and strengthen acquisition activities. The company expanded the potential target market for its acquisitions to selectively cover the entire aftermarket related to movement and related services, with the main focus still on the Nordic aftermarket for vehicles.

In addition to the strategic focus areas, the company's financial objective is to reach EUR 500 million net sales (pro forma) by the end of 2026.

Precise acquisitions and expansion in the value chain

In the acquisition strategy, Relais looks for add-on arrangements to support the current offering, such as arrangements to expand the size and width of the wholesale and product business. In these arrangements the strategic and industrial logic is based especially on the fact that the acquisition target and Relais' business will be more valuable after the arrangement, e.g., thanks to realized sales synergies and improved investment capacity.

In addition to add-on arrangements, Relais seeks opportunities to expand in the value chain to new businesses through Platform arrangements. An example of this is the purchase of repair and maintenance services carried out in 2021. Interest in Platform arrangements is particularly focused on expanding the target market, thereby creating a new growth base for add-on arrangements.

Acquisition criteria are not set in stone

In our opinion, the required criteria of acquisition targets (e.g. size, profitability, etc.) are not set in stone, as the targets are examined from a strategic viewpoint. This means that when selecting acquisition targets Relais assesses, e.g., the market position of the target, the quality of net sales, the growth outlook, profitability of operations, and ROIC However, we believe no precise limits have been decided on, but the targets are examined on a case-by-case basis.

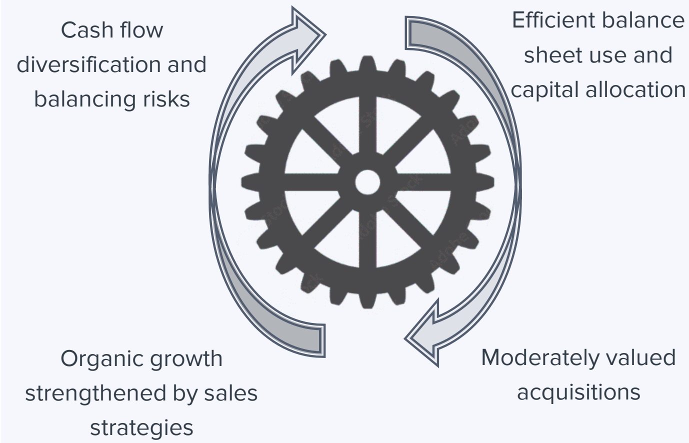
Strategic focus areas:

- Average net sales growth faster than market growth
- Added value for customers
- Accelerate and strengthen acquisition activities

Financial objective:

- Pro forma net sales EUR 500 million by the end of 2026

Reference framework for growth strategy value creation



Source: Relais and Inderes

Strategy and financial objectives 2/3

Light integration lowers the risk level

The way Relais integrates the acquisition targets is superficial, which means that the purchased companies normally continue under their own brand and operations continue largely unchanged. However, common policies and support functions are shared among Group companies. Synergies on the cost side do not play an important role in the arrangements, the pursuit of synergies is based on sales synergies. We believe that this lowers the risk level of the acquisition strategy, since the pursuit of hard cost synergies is often the sore spot of M&A transactions.

Growth strategy in line with value drivers

Our view is that the company's strategic priorities support the preconditions for value creation in the business model and are complementary. This is based on the fact that long-term value creation at Group level relies on cash flow allocation from the owned businesses to successful acquisitions. This cash flow enables value added creation to customers through the current product and service offering, which is further strengthened by the synergies between the acquired targets. In addition, synergies increase the value of the acquisition targets and allow acceleration of acquisitions.

The cash-flow profile of the acquired businesses supports the inorganic growth strategy, which means that Relais will get a business that generates positive cash-flow from the start. This, in turn, improves the Group's ability to make new arrangements and diversify its income flow.

Success in capital allocation is a more important indicator than the growth target

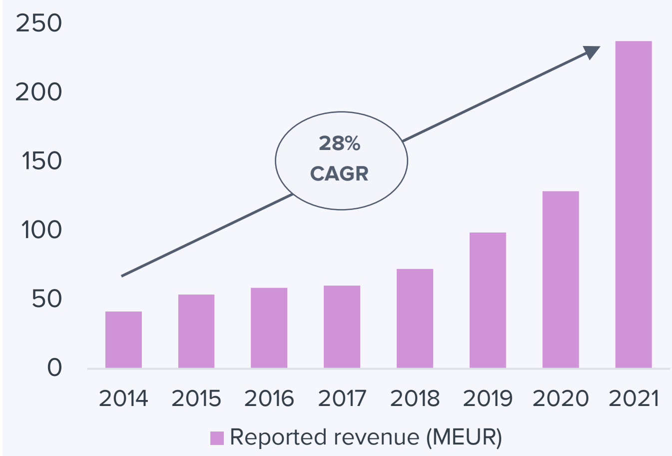
Relais' financial objective is to reach pro forma net sales of EUR 500 million by the end of 2026. This means roughly doubling net sales from the 2021 level, when the company's reported net sales were EUR 238 million.

We believe that the best indicator for measuring the value creation of the strategy is ROI, which measures the company's success in capital allocation, i.e. in implementing the acquisition strategy.

Historically, Relais has carried out acquisitions with moderate valuation multiples and in the past two years Relais has carried out a total of seven acquisitions with an average pricing multiple of roughly 7x EV/EBITDA. In a simplified and static approach this would roughly correspond with a 14% ROI, which exceeds the company's capital return requirement.

However, it should be noted that in the longer term, ROI is made up of, e.g., the growth and profitability development of businesses and capital intensity. Thus, assessing the success of acquisitions purely based on valuation multiples is not watertight, even though acquisitions with valuation multiples that are below the company's own multiples enable multiple arbitrage.

Past development



Acquisitions in 2020-2021

Acquired company	Price	Revenue*	EBITDA*	Valuation **
Trucknik		2.4	0.28	
STS	9.7	23	1.20	8.1
Lumise	10.3	11	1.10	9.4
Raskone	30.7	63	4.70	6.5
Strands	17.8	15.6	2.40	7.4
TD Tunga D.	14.3	8.86	1.92	7.4
SEC	0.8	1.47	0.20	4.0
Average				**7.1**

* Last known reporting line
** incl. Inderes' estimate of net liabilities

Source: Inderes

Strategy and financial objectives 3/3

Risk-taking willingness determines the pace

Relais has no financial targets for the balance sheet structure or indebtedness. Thus, the main restriction of the company's financial leeway is the covenants set by the financers and the company's risk-taking willingness.

We feel the defensive nature of the company's business allows the company to operate at a roughly 3x net debt/EBITDA level over time without the risk increasing too much. We do not consider the ratio set in stone, especially in the short term, and it is also important to note that the company's forward-looking performance and cash flow levels will strengthen through acquisitions, which means that the level of formerly reported figures does not fully reflect the current borrowing capacity.

Considering the defensive nature of the business and the company's historical track record, we do not believe that the company's financial position limits the implementation of the growth strategy, especially in view of the opportunities to use its own share as part of the acquisitions. Thus, we believe the company has the preconditions to meet its financial growth target.

As the size class grows, business model's scalability becomes emphasized

Long-term value creation of serial consolidators is strongly linked to the efficiency of the acquisition processes, as when the size of the Group grows and the value increases, the effect of individual and typically smaller arrangements will decrease relative to the Group value. In other words, a single arrangement has a marginal utility that decreases over time, since by increasing the size of transactions, their valuations tend to increase. The pace of value creation is then substantially linked to the number of smaller transactions, which in turn is dependent on the personnel implementing the transactions.

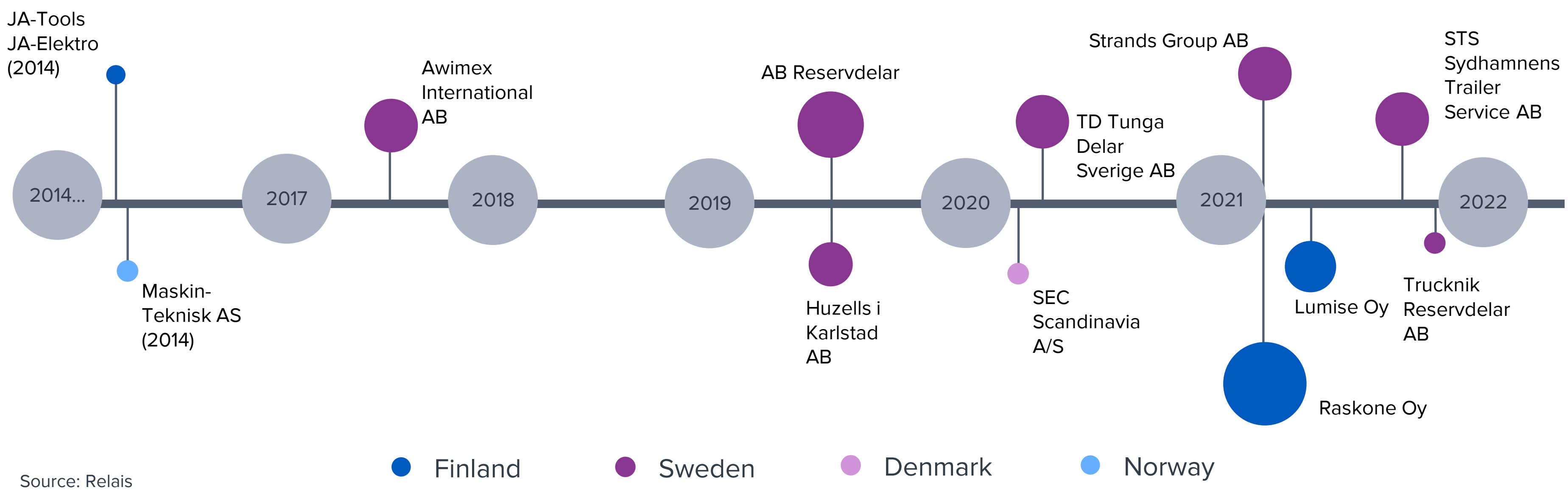
In the long term, we expect that Relais should be able to increasingly expand the acquisition process to also be implemented by "business areas" This enables implementation of repeated add-on arrangements in more business branches and thus a stable value creation rate in the long term. Implementing the acquisition expertise and value creation models more strongly into business branches would also help enhance the search for new targets thanks to deeper understanding of the local market and competitive landscape.

Dividend policy in line with the growth company profile

Relais' dividend policy is to distribute an annually growing dividend of at least 30% of the Group's average comparable result, excluding goodwill depreciation and considering cyclical fluctuations.

We feel the moderate payout ratio reflects the company's growth orientation and the growth company profile. Although the dividend policy only sets a minimum level for the payout ratio, we believe that the company will focus on growth instead of profit distribution in capital allocation. At the current development stage we welcome moderate profit distribution, assuming that Relais can allocate capital to high-quality acquisitions with sensible financial criteria.

Relais' acquisitions in 2014-2022 and acquisition strategy



Source: Relais

Relais' acquisition strategy

Criteria of Relais' acquisitions:

- The strategic compatibility of the acquisition targets must be good. The operating model and/or customer sectors are similar and there is no need for large reorganizations in the targets
- The acquisition targets are strong players in their regions
- Good synergy potential, e.g., through cross-selling

- Relais has not set a precise target size for its acquisition targets and it may vary depending on the logic of the arrangement (add-on arrangements vs. platform acquisitions)
- The profitability of the target should be good, i.e., the EBIT margin should preferably be double-digit
- Geographical focus on Nordic countries
- It is important for Relais that the operating management and key personnel continue at the acquisition target

- The integration process of Relais' acquisition targets is light, as the targets continue under their own brand. Synergy potential is sought at net sales level and typical hard synergies are not sought on the cost side

Source: Inderes, Relais

Markets and competitive landscape 1/4

Relevant target market expands through acquisitions

The relevant market potential of Relais' current businesses consists of the market for vehicle aftermarket wholesale trade and repair and maintenance services in its geographic target market. We believe, however, that these are relevant indicators only for the company's organic growth, because the playing field of the inorganic growth strategy is practically the entire vehicle aftermarket value chain ending before the end-of-life of the vehicle, i.e., demolition and recycling in which the company is not currently interested.

Focusing the target market only on wholesale and repair and maintenance services is, in our view, a limited view, given that the company is looking for inorganic growth in a more extensive value chain. Thus, we examine the company's potential target market at the level of the entire value chain and at the level of the target market of existing businesses.

Some 22 million vehicles in the target market

The company's target market is the combined passenger car and commercial vehicle fleet of Finland, Sweden, Norway, Denmark and the Baltic countries that stood at around 21.6 million vehicles at the end of 2020. Of the fleet, 18.6 million (86%) were passenger cars and 3.0 million (14%) were commercial vehicles, i.e., vans, trucks and buses.

In theory, the markets of the product and service businesses built around this fleet form the entire target market of Relais' growth strategy. Relais has estimated this market potential to be around 20 billion, which seems credible to us.

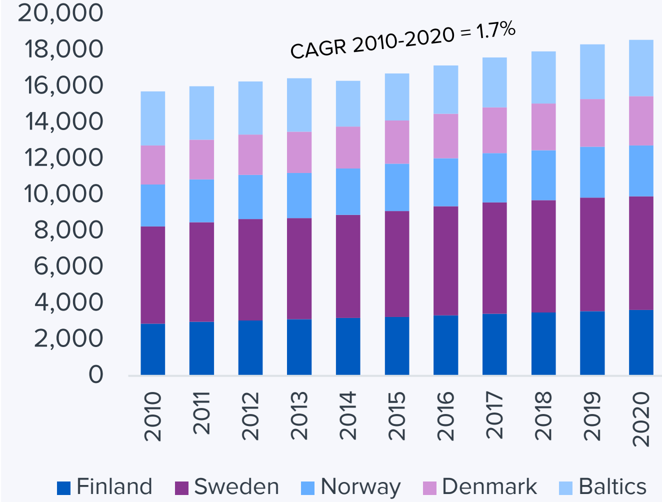
However, we believe Relais has examined the pockets of the target market and the companies operating there from the point of view of their attractiveness (market growth, profitability potential, etc.), which has allowed it to limit some parts of the non-organic growth target list. This limits the market potential to some extent but does not change the overall picture that the market potential is huge in relation to the company's current size class.

Number of vehicles in use increases by some 2% p.a.

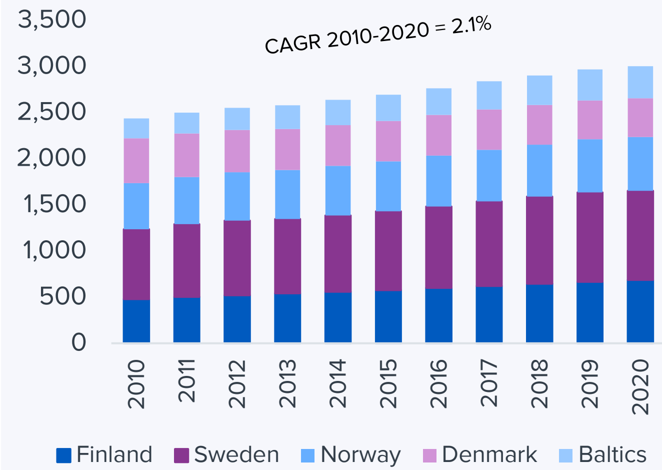
The market for new vehicles is either durable goods trade (passenger cars) or investment (commercial vehicles) and therefore quite cyclical. For example, the number of new passenger cars registrations fell by 4% in 2012 and by 2% in 2018 in the target market countries. In 2020, after the outbreak of the COVID pandemic the number of registrations decreased by as much as 13% (statistics on the next page).

However, the long-term trend in the number of registrations is positive, as the average annual growth (CAGR) in 2010-2020 was 1.7% for passenger cars and 2% for commercial vehicles. By limiting the examination period to the time before the COVID pandemic (2010-2019), the corresponding figures are 3.5% and 5%.

Registered passenger cars (1,000)



Registered commercial vehicles (1,000)



Source: Statistics Finland, SCB, SSB, Statistics Denmark, Statistics Estonia, Central Statistical Bureau of Latvia, Statistics Lithuania

Markets and competitive landscape 2/4

The above (first) registration figures do not include the number of imported used cars. In Finland, for example, some 96,400 passenger cars were first registered in 2020, in addition to which some 44,000 used passenger cars were imported so the latter group represented some 31% of all registrations. The share is clearly higher in the Baltic countries.

Used imported cars increase Relais' target market. Against this background, the number of vehicles in use may increase even if the market for new vehicles would shrink as the life of the vehicles extends. In total, the passenger car fleet in Finland, Sweden, Norway, Denmark and the Baltic States, as well as the commercial vehicle fleet, have grown by some 2% per year (CAGR) in 2010-2020.

Market drivers now and in the future

The main drivers in the vehicle spare parts and equipment market and in the maintenance and repair market are the number of vehicles in use, their age and the kilometers driven. There are also other drivers in the market that will become more important in the future. The most important of them are:

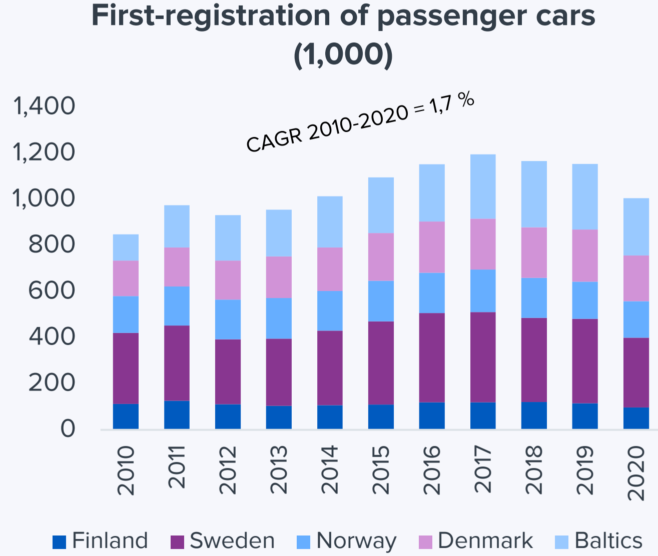
Electrification of the vehicle fleet. The focus of new vehicle sales shifting toward electric cars is a slow but certain structural change in the spare parts and equipment market.

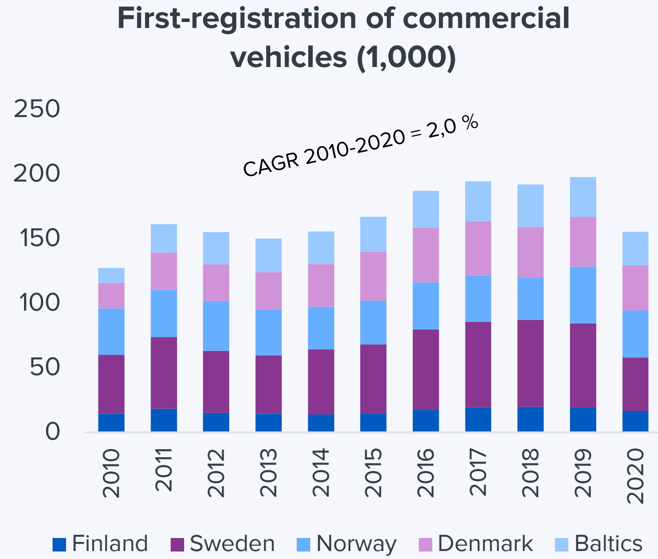
This expectation may seem worrying for Relais, but the flip side is that electric cars becoming more common will increase the need for the equipment and spare parts range, as well as the need for new skills on the maintenance and repair side. In addition, we believe that the product offering linked solely to the number of internal combustion engines is not significant for Relais. It is also noteworthy that roughly 2/3 of the company's net sales currently comes from products and services related to commercial vehicles, where we expect the electrification trend will not progress as quickly as in passenger cars. We therefore consider the transition that takes place in the medium and long-term to be manageable.

Car dealers' response to the competition. Many importers and car dealers offer more comprehensive and longer-term fixed-price private leasing services where the leasing provider is responsible for the maintenance of the vehicle. The Volkswagen Direct Express service and Volvo Essential service with original spare parts that are offered for vehicles over 5-6 years old, are also examples of car dealers' growing supply in the aftermarket.

Digital marketplaces. Internet-based product directories and related digital customer services have already become highly popular thanks to their speed, ease of use and accessibility, and continue to grow rapidly. A wholesaler with the most versatile and accessible digital service offering can gain a competitive advantage in the market.

Price transparency and expansion of product and service offering. Digital marketplaces provide customers with an easy way to compare prices and service offerings. The development seen offers new companies and business models an opportunity to penetrate the market of traditional wholesalers.





Source: Statistics Finland, SCB, SSB, Statistics Denmark, Statistics Estonia, Central Statistical Bureau of Latvia, Statistics Lithuania

Markets and competitive landscape 3/4

Growth in e-commerce increases freight traffic and the number of vehicles. As e-commerce continues to grow, freight traffic will grow. The last transport kilometers of goods to the customer's door increases the need for light commercial vehicles in particular. This, in turn, will increase the need for continuous maintenance, customizing and equipping.

The complexity of spare parts is increasing. The complexity of spare parts and accessories for vehicles increases as the technologies in vehicles develop. In particular, the increase in the number of electric car parts and their complexity has contributed significantly to the euro-denominated growth of the market and will, according to our estimates, continue to do so in the future. Therefore, choosing electrical components as a focus area for Relais has been justified.

Vehicle fleet is old, which increases the need for spare parts and repairs

The fleet of vehicles in use in Relais' target market is quite old. The average age of passenger cars in use in Finland is 12.2 years, 10.0 years in Sweden, 10.7 years in Norway, 8.8 years in Denmark and 14-17 years in the Baltic countries (source: ACEA). In addition, the average age of the car fleet in Finland, for example, has increased rather than decreased. The high average age of the fleet increases the risk of faults and the need for spare parts.

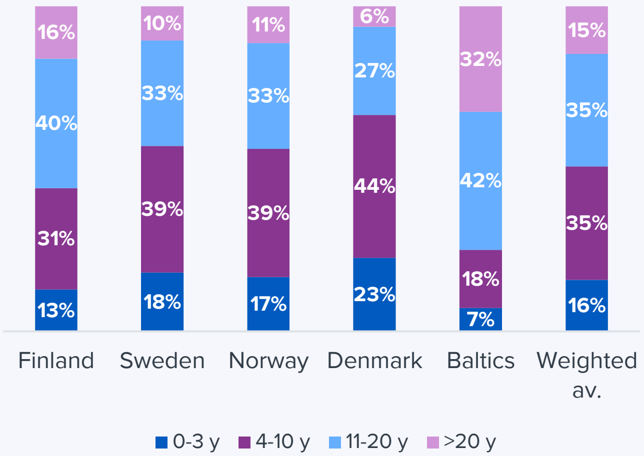
In its own product offering, Relais has focused on vehicles aged 4-10 that correspond to 30-40% of the total fleet in Finland, Sweden and Norway and therefore the potential in this segment is considerable. For cars aged 0-3 years, importers and dealerships mostly cover spare part needs and, by contrast for cars over 10 years of age, owners' maintenance motivation and often also financial preconditions are lower than for newer vehicles. However, rather strict vehicle inspection regulations in Relais' operating countries maintain the need to invest in the maintenance of the vehicles in the last group.

Summary of the growth outlook

We estimate that the long-term organic growth potential of Relais' current business is built on the growth of the registered vehicle fleet, which is roughly in line with the long-term general economic growth picture. Thus, in the longer term, we expect market growth to be roughly 0-5%.

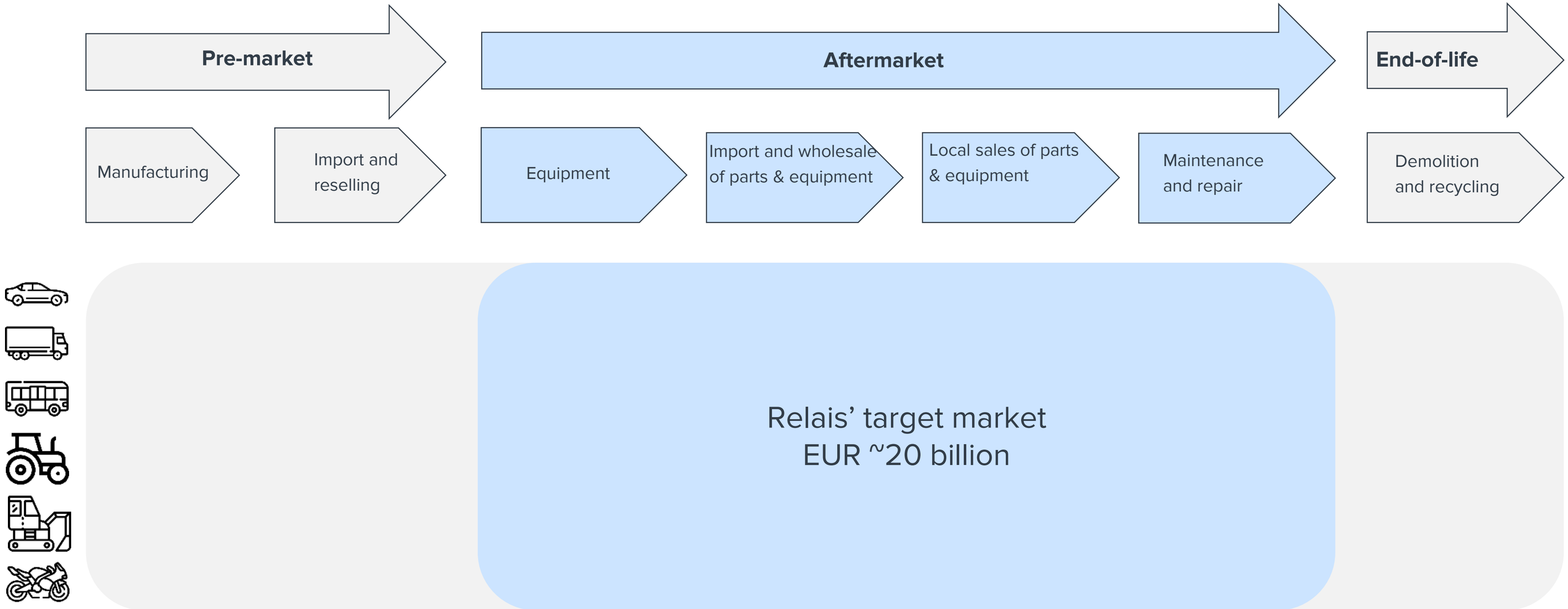
However, in the short and medium term, the organic growth rate of the company may be slightly higher than expected market growth in the wake of the sales synergies of the acquired businesses, as in recent years.

Age structure of passenger car fleet in Relais' target countries 2020



Source: Statistics Finland, SCB, SSB, Statistics Denmark, Statistics Estonia, Central Statistical Bureau of Latvia, Statistics Lithuania, ACEA, Traficom

Markets and competitive landscape 4/5



Inderes' comments on the target market

- The aftermarket consists of the product and service businesses built around some 22 million vehicles in the geographic target markets
- The number of companies operating in the target market is calculated in several thousands
- The market is huge considering the drivers of Relais' growth strategy, i.e. organic and inorganic growth
- In our opinion, the size of the market does not limit the chances of implementing the company's growth strategy in the foreseeable future

Source: Inderes, Relais

Markets and competitive landscape 5/5

However, as a result of the acquisition strategy, we do not see the overall market growth as slowing down the growth potential of the company through a combination of organic and inorganic growth in any realistic scenario. We therefore believe that the overall market offers the company considerable growth potential considering the inorganic component of the growth strategy.

The market is fragmented

The market for spare parts and equipment is fragmented, which means that many small and medium-sized players are active on the market. For example, the number of companies selling spare parts either on the wholesale or retail markets is over 1,000 in Finland and over 2,000 in Sweden. However, the numbers include companies where spare parts and accessories sales represent only a small part of total net sales and who do not report vehicle spare parts sales (like Puuilo) as a main business. Such companies are not particularly important competitors for Relais that is a wholesaler operating with an extensive product range, although they take a small share of the total market. In addition, in the competitive field, companies can be both competitors and customers (like Motonet), as they may not have the ability to maintain corresponding inventories in terms of size and scope.

Threshold to enter the market is not high

We estimate that the high number of competitors reflects the low threshold to enter the market and they do not have identifiable strong and sustainable sources of competitive advantage. This is mainly due to the moderate initial investment demand and flexible cost structure of wholesale activities, which means that entry does not require much capital.

As a result, the characteristics of the market are reasonably tight pricing and competition conditions. At the same time, however, it should be noted that offering a wide and credible product range, timely delivery to customers and good customer support is already significantly more challenging and requires major investments. In this category, the competition field is more limited than the number of companies that make up the entire industry suggests.

Online retailers enter the competition

The most significant change in the competitive field of wholesale trade of spare parts and equipment in recent years is the entry into the competition of pure online players, such as autodoc.fi and Polish Inter Cars that mainly delivers parts to independent repair shops. Autodoc.fi operates in 26 European countries and its net sales were EUR 615 million last year. Inter Cars' net sales were EUR 8,764 million last year and it operates in 20 European countries. We believe that the moderate fixed cost structure of online retailers allows them to compete with price, but at the same time their delivery capacity and speed may be limited compared to local players. We feel this limits their ability to compete with large wholesalers with extensive offering while maintaining a tight pricing environment.

Competition in the repair and maintenance market

Based on numbers alone, the number of players on the repair and maintenance markets is huge in Finland and Sweden (i.e. thousands). However, it should be noted that the number is increased by companies operating in the passenger car market and authorized service centers. Thus, we believe the number of make-independent commercial vehicle repair shops is clearly lower. Players providing repair services for commercial vehicles are also in most cases concentrated on lighter vehicles such as Fixus and Atoy.

We believe, Finland does not have a brand-independent national competitor for Raskone. However, in the case of repair and maintenance services, it should be noted that competition is mainly local, although the size class gives credibility to the player. As a result, Raskone typically competes with small local players. We believe the competitive dynamics are similar in Sweden, where, among large players, STS competes with Malte Månson and Mekonomen, who have extensive geographical coverage thanks to several service points.

Cost structure and financial situation 1/2

Sales margin development has turned upward

The largest single item in the cost structure of Relais is the materials and services reflecting the earnings logic of wholesale trade. These costs are completely variable and therefore not scalable. Relative to net sales, the share of materials and services was about 65-67% in 2018-2020, but in 2021, as the distribution of net sales changed due to the increase in the share of the repair business, it fell to just under 58%. As a result, the company's sales margin increased to about 42% in 2021 (2020: ~35%). If the company can increase the relative share of its own products, it would have a positive impact on the development of the sales margin in the medium term, as the margin levels of these products are typically somewhat higher.

Other costs have some scaling potential

The company's second and third largest cost items are personnel expenses and other operating expenses. We estimate that personnel costs are mostly fixed in the short term, but variable in the longer term.

Other operating costs consist of warehousing costs in addition to normal sales, marketing and administration costs. We estimate that these costs are mainly fixed, although they contain variable elements, for example in terms of sales and marketing. However, we believe logistics and administrative costs should have some scalability and therefore their relative share should decrease as efficiency improves. Although in the medium term, their relative development is essentially linked to the acquisition-driven expansion, efficiency and optimization of delivery times.

Cost structure is quite flexible

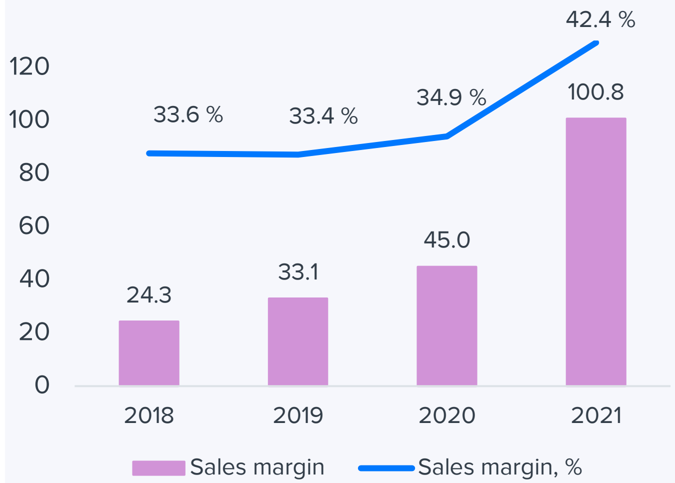
We feel Relais' overall cost structure is very flexible, as most of the costs are variable material and service costs. We estimate that about 65-70% of total company costs are variable in the short term, while fixed costs account for about 30-35%. The reasonable proportion of fixed costs is explained by the fact that the company does not have its own production and related fixed costs.

Due to the flexible cost structure, the scalability potential of the cost structure is moderate. The key elements that leverage net sales growth to profitability are personnel costs related to wholesale business sales and efficiency improvement in logistics through volume growth. Correspondingly, in the service business the key element is the utilization of the service points, i.e. invoicing/hours of the manual staff.

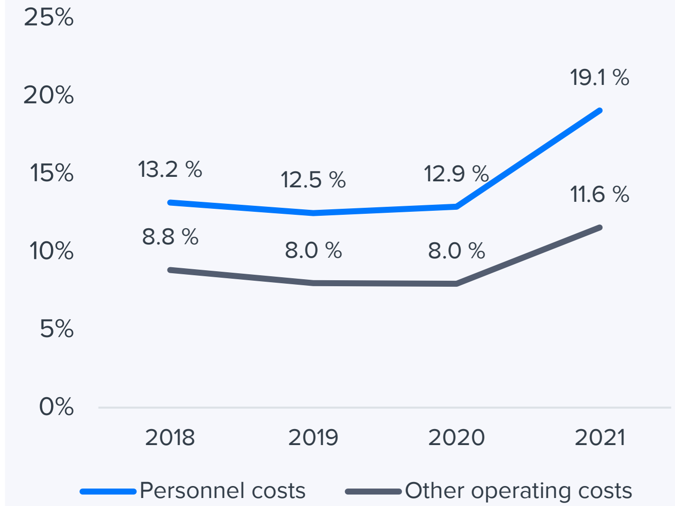
Inorganic growth strategy reflected in goodwill

At the end of 2021, Relais' balance sheet total was EUR 235 million. Reflecting the business model and growth strategy, especially the inorganic one, long-term assets of the balance sheet consist mainly of intangible assets, which stood at EUR 112 million at the end of the year. Intangible assets consist mainly of goodwill (110 MEUR) arising from several acquisitions carried out by Relais in recent years. At the end of 2021, the company's balance sheet included non-current tangible assets totaling some EUR 4.2 million. This accounted for some 2% of the company's assets, which is quite moderate.

Sales margin development



Cost structure development



Source: Relais and Inderes

Cost structure and financial situation 2/2

Short-term asset structure is typical for wholesale and repair services

Current assets in the balance sheet consist primarily of inventories EUR 73 million, which is significant both relative to the balance sheet (31% of the balance sheet) and to the size of the business (31% of reported net sales). The relatively significant size of inventories is a structural element of Relais' wholesale business based on the need to be able to provide customers with a wide product range with fast delivery times.

Another significant source of short-term assets is accounts receivable, which at the end of the financial year 2021 were EUR 26.9 million. Due to the nature of the business operations and the strategic choices (broad product range, fast delivery times), Relais' balance sheet ties up working capital. The company's cash assets stood at EUR 11.8 million at the end of 2021.

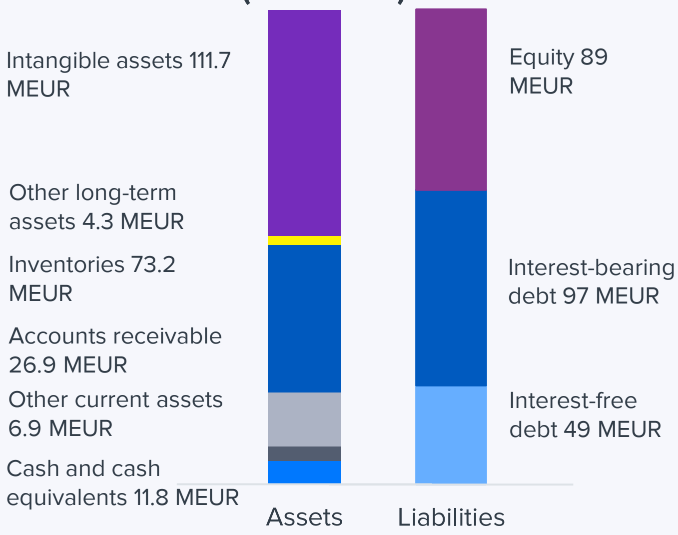
We consider the balance sheet assets to be current and we do not believe they involve write-downs thanks to healthy profitability.

Balance sheet offers leverage

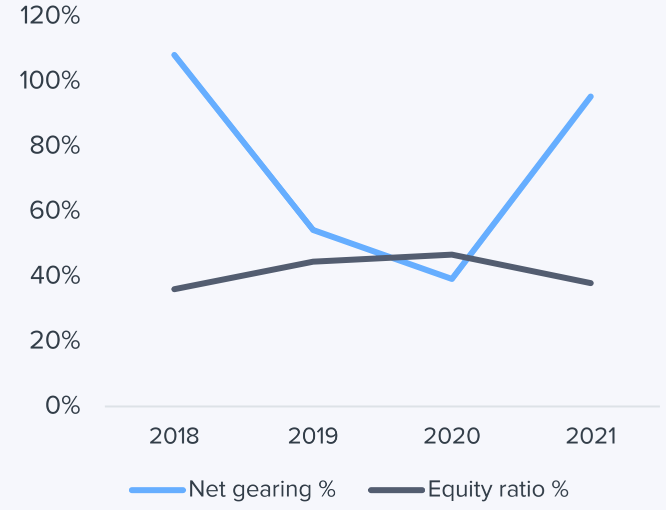
Relais' has utilized debt leverage in its acquisition strategy, which has resulted in a satisfactory average gearing in 2018-2021. At the end of 2021, the Group's gearing was 95% and interest-bearing debt amounted to some EUR 97 million. Thus, the net debt/EBITDA ratio was 2.9x with 2021 figures. We believe these levels are within the company's comfort zone and consider the use of debt leverage to be justified considering the defensive nature of cash flows. It should also be noted that the balance sheet at the end of 2021 fully reflects the balance sheet effects of the acquisitions carried out, but these were not similarly reflected in the result for 2021.

The company had approximately EUR 49 million in non-interest-bearing liabilities its balance sheet, of which accounts payable represented some EUR 15.4 million at the end of 2021. Other non-interest-bearing liabilities are normal accrued liabilities and other liabilities.

Balance sheet structure 2021 (235 MEUR)



Solvency



Source: Relais and Inderes

Investment profile

Relais is a growth company

The investment profile of Relais is that of a growth company. In recent years, the company has grown strongly driven by acquisitions, while its profitability has been at a good level and thus growth is not at the expense of profitability. We believe Relais still has a lot of opportunities to grow and feel that investing in growth is also the right choice for investors.

Considering the growth strategy and organic growth outlook of the market, we expect growth to continue to be mainly driven by acquisitions. This is also in line with the Group's business model, because at Group level Relais has in recent years been profiled as a company that buys, owns and develops business operations over a long period of time. Thus, at Group level, Relais has moved toward a serial consolidator business model from the previous business model, which was built purely around wholesale activities.

Considering the value creation potential of the company's strategy and inorganic growth and the moderate profit distribution policy in line with this, we believe that the role of dividends is to support the investor's expected return. Similarly, we believe the key component for the expected return is value creation through acquisitions.

Positive value drivers and opportunities

In our view the main strengths and value drivers of the company are:

Acquisition machinery: Relais has grown strongly in recent years and in 2020-2021 alone the company carried out seven acquisitions. The acquisitions have complemented distribution and wholesale business activities, so acquisitions generate slight synergy in net sales and boost organic growth. In addition, the company has expanded to new business, which enables new complementing acquisitions. The acquisitions have been carried out with moderate valuation multiples, which has enabled utilizing multiple arbitrage and gives good conditions for value creation.

Market potential of vehicle aftermarket: Relais' target market is huge relative to the company's own size class. We estimate that the company has significant room to grow, considering that the company looks for potential target markets also outside the current business areas. This will further increase the number of potential acquisition targets. Thus we do not see that the size of the target market would limit the possibilities of implementing the growth strategy in the foreseeable future.

Cash flow defensiveness: The profitability profile of Relais' businesses is good, and the development of the vehicle aftermarket is quite stable over time. Thus, demand fluctuation is moderate, which means cash flow performance will also remain somewhat stable over time. This creates preconditions to implement the inorganic growth strategy evenly over each economic cycle.

Weaknesses and risk factors

We believe Relais' main weaknesses and risks are:

Lack of competitive advantage and pricing power in businesses: Although spare parts, electrical equipment, as well as repair and maintenance services are critical elements for vehicles, differentiation from competitors is challenging in the target market in the long run. We, therefore, believe it is difficult to create a structural and thus sustainable competitive advantage in wholesale and repair businesses, which would strengthen pricing power. These factors, together with a cost structure consisting largely of variable costs, limit the profitability potential of the business in the long term.

Business model that ties up working capital: The business model and extensive product offering require significant inventories. As a result, operating cash flow is typically lower than the operating result, which we believe will slow down the conditions for implementing the inorganic growth strategy to some extent. In addition, it should be noted that in the current inflationary environment, a business model that ties up working capital may temporarily significantly reduce cash flow.

The failure of acquisitions is an essential risk if acquisitions are carried out with high valuations and/or the assessment of the acquisition target's quality fails. The valuation of the transactions is essential because, in general, the organic growth outlook of the aftermarket is not particularly strong in the long run.

Investment profile

1. **Growth-orientation and preconditions to create value through acquisitions**

2. **Significant growth potential of the target market**

3. **Flexible cost structure and stable performance history**

4. **Business model ties up working capital, which limits growth investment**

5. **Expected return is mainly generated through successful implementation of the acquisition strategy**

Strengths

- Demand drivers are not susceptible to cyclical fluctuations, so demand is defensive
- If Relais is a successful serial consolidator it has good preconditions to generate ROI that exceeds the cost of equity in the long run
- In a large and fragmented market the number of potential acquisition targets is huge
- Cost structure is flexible in the medium term

Risks

- The business requires significant inventories that tie up working capital and depress cash flow
- Usual risks associated with the implementation of an inorganic growth strategy
- No identifiable sources of strong and sustainable competitive advantages in the business
- Relatively low liquidity of the share

Source: Inderes

Estimates 1/3

Estimate model

We estimate Relais' net sales development in the short and medium term primarily based on expected market growth, estimated sales synergies and already realized acquisitions. In assessing short-term profitability, we model the relative and absolute development of the company's sales margin and cost structure at quarterly and annual level and in the medium-term at annual level.

Our longer-term estimates for growth are based on target market growth and for profitability on historical profitability levels and profitability levels that we deem sustainable in the longer term. Our estimates do not consider acquisitions that we deem highly likely already in the short term as their detailed prediction is practically impossible.

Organic and inorganic growth in 2022

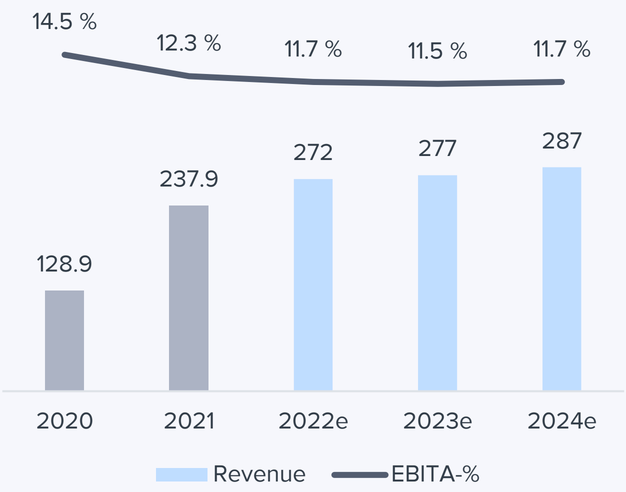
Relais has not provided numerical guidance for 2022, which according to the company is based on the global shortage of components and semiconductors that weakens business visibility, the price increase in raw materials used in the products, international logistical challenges, and the deteriorating security-policy situation. However, according to the company, the market situation will enable favorable business development also in the financial year 2022. In addition, the company has already in Q4'21 sought to ensure supply of goods necessary in 2022 by pushing procurement forward and with pre-orders.

As a result of changing the analyst, we have made moderate revisions to our EBIT estimate for Relais and reviewed our depreciation and dividend estimates for the next few years. A more detailed breakdown of estimate changes can be seen in the table on page 28.

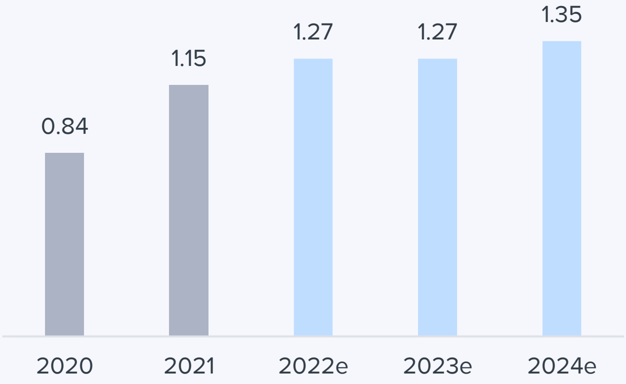
We estimate that Relais' 2022 net sales will grow by good 14% to EUR 272 million. Growth is largely based on inorganic growth, which is equivalent to 11% in our estimates. Our organic growth estimate is based on the assumption that after 2020 that was burdened by the COVID pandemic, the market grew more rapidly than usual in 2021 due to partly pent-up demand erupting and the rapid increase in economic activity. Therefore, we do not expect the market to grow in 2022. Our organic growth estimate for Relais is based on sales synergies generated by completed acquisitions, which is why we expect the company's organic growth to exceed market growth. Inorganic growth is largely based on the growth of the STS acquisition implemented in late 2021 and, to a small extent, also on the Trucknik, Lumise and Raskone acquisitions.

Driven by net sales growth, we expect the company's EBITA to increase to EUR 31.9 million. This corresponds to a more moderate operating profit growth than the net sales growth and 11.7% EBITA-%. The moderate decline in profitability we expect is based on the change in the structure of net sales, i.e., increase in the relative share of net sales from repair and maintenance services with a lower margin level and continuing cost inflation.

Revenue and profitability



EPS



Source: Inderes

Estimates 2/3

In line with the earnings burden of normal financing costs from the higher debt level and taxes adjusted by goodwill amortization at a normal 20% tax rate we estimate that the net result in 2022 is EUR 8.9 million, which corresponds to an EPS adjusted for goodwill amortization of EUR 1.27. In line with the dividend distribution policy, we expect the company to raise its dividend to EUR 0.40 per share.

Steady performance in 2023

In 2023, we expect Relais' net sales to grow organically by 2%. Our relatively moderate organic growth estimate is based on our assessment of a slowdown in general economic activity and thus we estimate that market growth will remain at the lower end of the expected long-term growth range. However, because of the sales synergies of Group companies and targeted faster growth than market growth, we expect Relais to grow slightly faster than the market. Our 2023 net sales estimate is EUR 277 million.

As a result of moderate organic growth and the Group's strategic policies (i.e. cost synergy not sought), we expect 2023 earnings growth to remain low, as our EBITA estimate is EUR 32.0 million. This corresponds to a 11.5% profitability. In line with the normal financing costs and tax rate we expect 2023 net profit to be EUR 9.0 million and adjusted EPS to be EUR 1.27. We expect Relais to increase its dividend to EUR 0.42 per share in 2023.

In our view, the main uncertainties in our estimates beyond 2022 relate to the uncertainty caused by the combination of expected growth slowdown and increased inflation. Economic growth turning negative with continued cost increases could put pressure on our earnings estimates, but considering the defensive nature of the market, we do not think this poses a particularly high risk.

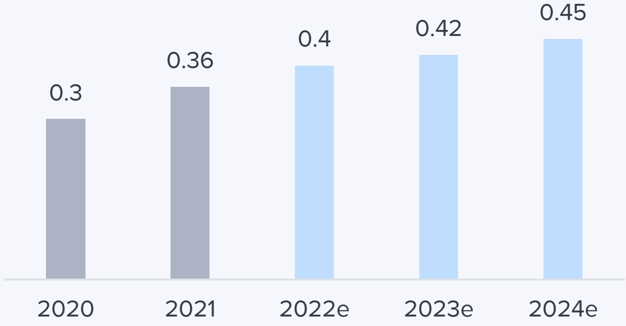
It should be noted that our estimates do not consider acquisitions that are likely already in the short term. Thus, we believe that the role of estimates beyond the short term relative to Relais' value creation is much more limited than the average.

Development of cash flow and balance sheet position

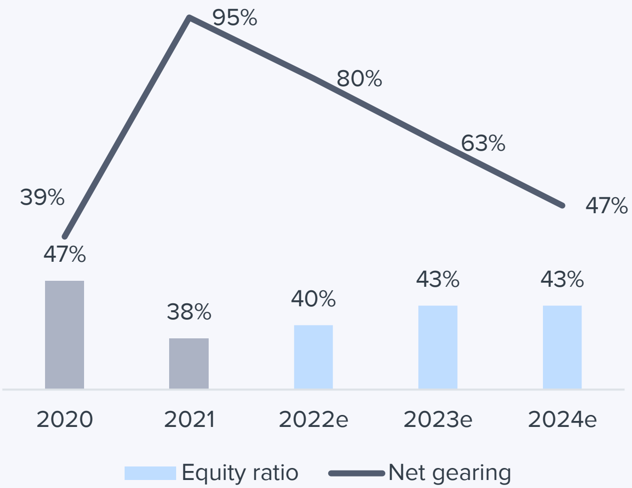
Reflecting our moderate growth estimate, the structural change in net sales and normalization of elevated inventories, we expect that the company's cash conversion will improve on average to around 72% in our 2022-2023 estimates. Considering the moderate investment needs of some EUR 2 million, free cash flow is only moderately lower than operational cash flow. Considering this and our estimates that rely purely on organic growth, the company's financial position will strengthen in the coming years in our estimates.

With the net debt at the end of 2021 and our EBITDA estimate for the next 12 months, we estimate that Relais' financial position will enable implementation of the roughly EUR 20-30 million debt capacity growth strategy if the forward-looking 3x net debt/EBITDA ratio is considered as the gearing target. Thus, simply by utilizing its balance sheet we believe the company has good preconditions to continue growing through acquisitions, and these conditions are further supported by the possibilities to utilize own shares.

Dividend by share



Balance sheet position



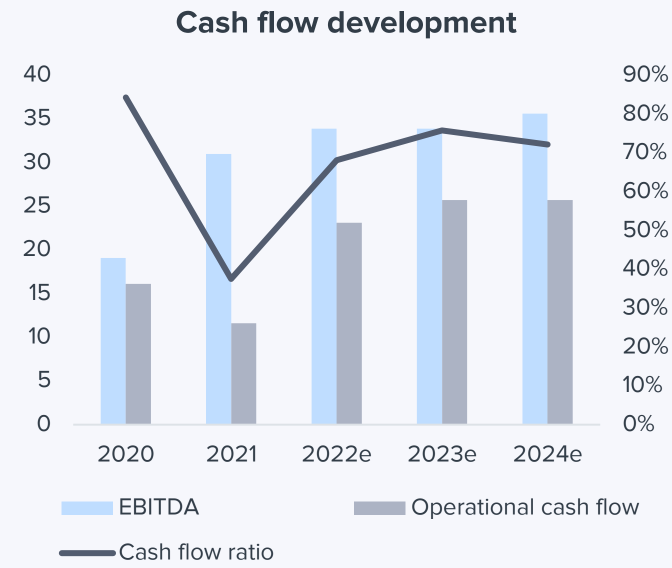
Source: Inderes

Estimates 3/3

Long term estimates

We expect Relais to continue consistently implementing its growth strategy also after the 2023 financial period. However, we are not expecting the company to reach its 2025 financial target in terms of net sales as according to our estimates, the level increase in net sales generated by organic growth alone is not sufficient to push net sales to the target level. Our medium- and long-term growth estimates are based on the market growth we expect, which means they are at 2.5-3.5%.

We expect Relais' EBITA margin to be around 11-12% in the long term. This is based on our assessment of the moderate scalability potential in the business model and the profitability potential of the current form of business. With the Group-level business model and growth strategy that emphasizes inorganic growth, we believe the role of long-term estimates in the share's value creation is limited and their main role is to support our DCF model.



Source: Inderes

Quarterly estimates

Income statement	2020	Q1'21	Q2'21	Q3'21	Q4'21	2021	Q1'22e	Q2'22e	Q3'22e	Q4'22e	2022e	2023e	2024e	2025e
Revenue	**129**	**53.5**	**52.2**	**58.6**	**73.5**	**238**	**66.2**	**60.8**	**66.8**	**78.0**	**272**	**277**	**287**	**296**
Relais Group	129	53.5	52.2	58.6	73.5	238	66.2	60.8	66.8	78.0	272	277	287	296
EBITDA	**19.1**	**7.6**	**5.4**	**8.7**	**9.3**	**31.0**	**7.7**	**7.2**	**9.2**	**9.8**	**33.9**	**33.9**	**35.6**	**36.9**
Depreciation	-8.0	-3.1	-3.9	-3.7	-3.9	-14.6	-4.0	-4.0	-4.0	-4.0	-16.0	-15.9	-15.9	-16.0
EBIT (excl. NRI)	**18.7**	**7.4**	**4.8**	**8.3**	**8.8**	**29.3**	**7.2**	**6.7**	**8.7**	**9.3**	**31.9**	**32.0**	**33.6**	**34.9**
EBIT	**11.1**	**4.6**	**1.5**	**5.0**	**5.3**	**16.4**	**3.7**	**3.2**	**5.2**	**5.8**	**17.9**	**18.0**	**19.6**	**20.9**
Net financial items	-0.7	-1.4	-0.2	-0.8	-0.9	-3.3	-0.8	-0.8	-0.8	-0.8	-3.2	-3.2	-3.0	-3.0
PTP	**10.4**	**3.2**	**1.3**	**4.2**	**4.4**	**13.1**	**2.9**	**2.4**	**4.4**	**5.0**	**14.7**	**14.8**	**16.6**	**17.9**
Taxes	-3.4	-1.3	-1.0	-1.8	-1.3	-5.3	-1.3	-1.2	-1.6	-1.7	-5.7	-5.8	-6.1	-6.4
Minority interest	-0.1	0.0	0.0	0.0	0.0	-0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net earnings	**6.9**	**1.9**	**0.4**	**2.4**	**3.1**	**7.7**	**1.7**	**1.2**	**2.8**	**3.3**	**8.9**	**9.0**	**10.5**	**11.5**
EPS (adj.)	**0.84**	**0.26**	**0.21**	**0.32**	**0.36**	**1.15**	**0.29**	**0.26**	**0.35**	**0.38**	**1.27**	**1.27**	**1.35**	**1.40**
EPS (rep.)	**0.40**	**0.11**	**0.02**	**0.13**	**0.17**	**0.43**	**0.09**	**0.07**	**0.15**	**0.18**	**0.50**	**0.50**	**0.58**	**0.63**

Key figures	2020	Q1'21	Q2'21	Q3'21	Q4'21	2021	Q1'22e	Q2'22e	Q3'22e	Q4'22e	2022e	2023e	2024e	2025e
Revenue growth-%	30.3 %	79.8 %	78.9 %	79.2 %	97.5 %	84.5 %	23.7 %	16.4 %	14.0 %	6.1 %	14.2 %	2.0 %	3.5 %	3.0 %
Adjusted EBIT growth-%	138.2 %	451.4 %	107.3 %	131.0 %	-23.5 %	56.4 %	-1.9 %	38.8 %	4.1 %	5.9 %	8.8 %	0.4 %	5.1 %	3.8 %
EBITDA-%	14.8 %	14.3 %	10.3 %	14.8 %	12.6 %	13.0 %	11.7 %	11.8 %	13.7 %	12.5 %	12.5 %	12.2 %	12.4 %	12.5 %
Adjusted EBIT-%	14.5 %	13.8 %	9.2 %	14.2 %	11.9 %	12.3 %	11.0 %	11.0 %	12.9 %	11.9 %	11.7 %	11.5 %	11.7 %	11.8 %
Net earnings-%	5.4 %	3.6 %	0.7 %	4.1 %	4.2 %	3.2 %	2.5 %	2.0 %	4.2 %	4.2 %	3.3 %	3.3 %	3.7 %	3.9 %

Source: Inderes

Estimate revisions	2022e	2022e	Change	2023e	2023e	Change	2024e	2024e	Change
MEUR / EUR	**Old**	**New**	**%**	**Old**	**New**	**%**	**Old**	**New**	**%**
Revenue	274	272	-1 %	284	277	-2 %	293	287	-2 %
EBITDA	33.2	33.9	2 %	34.7	33.9	-2 %	37.0	35.6	-4 %
EBIT (exc. NRIs)	31.6	31.9	1 %	33.1	32.0	-3 %	35.3	33.6	-5 %
EBIT	19.6	17.9	-9 %	21.3	18.0	-16 %	23.6	19.6	-17 %
PTP	17.0	14.7	-14 %	18.6	14.8	-20 %	21.1	16.6	-21 %
EPS (excl. NRIs)	1.29	1.27	-1 %	1.35	1.27	-6 %	1.45	1.35	-7 %
DPS	0.50	0.40	-20 %	0.52	0.42	-19 %	0.55	0.45	-18 %

Source: Inderes

Valuation 1/3

We approach the valuation on earnings basis

We prefer earnings-based price multiples in our valuation for Relais. In our opinion, the best earnings multiples are the net profit-based P/E ratio and the EV/EBIT ratios adjusted by goodwill amortization that take the company's balance sheet structure better into consideration which we examine both in absolute terms and relative to the peer group. We examine the valuation primarily with the multiples for the current and next year.

We also rely on the expected total shareholder return of the next few years and the DCF model that depicts the framework of the valuation. However, their weakness is that they do not consider the potential for value creation of inorganic growth, which is why we believe they are best suited to value the current business mix.

We believe that the pursuit of inorganic growth is a priority in capital allocation and therefore we do not feel one should rely on dividend yield too strongly. We feel the dividend should mainly be seen as a component that moderately supports the expected return.

Factors influencing valuation

We believe the key factors supporting and depressing Relais' valuation are:

- We feel, **growth** through strategic acquisitions is the most important value driver for Relais and in recent years the company's track record of converting into a serial consolidator has been good. As we do not model acquisitions, we take them into account as part of our valuation.
- **Good historical track record** of faster organic growth in the Nordic countries compared to market growth.
- **A defensive and moderately growing market** reduces demand-related risk levels, but also means that the company must be able to maintain inorganic growth if it wants to be profiled as a growth company in the long run.
- **Company's cash flow profile** is at a satisfactory level at the current growth stage, based on a business model that ties up working capital. Thus, we estimate that the company's cash flow will be lower than the operating profit.
- In our opinion, **the lack of strong competitive advantages** may affect the competitive dynamics of the industry in the long run. This also limits the pricing power of players and thus the profitability potential.

Earnings-based valuation for coming years

Relais' P/E ratios for 2021-2023 based on our estimates are close on 17x and corresponding adjusted EV/EBIT ratios are around 14x. We feel the short-term absolute valuation multiples are slightly elevated relative to the valuation levels that we consider justified for existing businesses.

Valuation	2022e	2023e	2024e
Share price	21.0	21.0	21.0
Number of shares, millions	18.0	18.1	18.2
Market cap	378	378	378
EV	453	439	425
P/E (adj.)	16.5	16.5	15.6
P/E	42.4	42.0	36.3
P/FCF	18.0	16.0	16.0
P/B	4.1	4.1	3.9
P/S	1.4	1.4	1.3
EV/Sales	1.7	1.6	1.5
EV/EBITDA	13.4	13.0	12.0
EV/EBIT (adj.)	14.2	13.7	12.6
Payout ratio (%)	80.7 %	84.1 %	77.8 %
Dividend yield-%	1.9 %	2.0 %	2.2 %

Source: Inderes

Valuation 2/3

Expected return is reasonably good

We estimate that Relais' earnings growth will be about 5% in 2021-2024e (CAGR%) driven by faster organic growth than market growth and inorganic growth from already implemented acquisitions. We expect that relative profitability will remain fairly stable, so earnings growth is driven by net sales growth.

Dividend yield acts as a supporting component for the expected return

We estimate that the 2022-2024 dividend yield with the current EUR 21.0 share price level is roughly around 2%. We believe that the current growth strategy and good conditions for creating value by allocating capital to growth support moderate profit distribution. Considering this, we believe that the investor should assess the dividend as a component supporting the expected return rather than as the principal source of income at the company's current development stage.

Total expected return

Relais' slightly elevated short-term valuation multiples fall to a moderate level already in 2024 with our earnings growth expectation. However, we believe that the expected return consisting of a moderate upside in the valuation and the annual dividend yield falls slightly below the required return in the longer-term. This means that a good expected return in the next few years requires successful capital allocation to acquisitions, as the company is fairly correctly priced with the current business structure.

However, relative to the acquisition track record, the current valuation does not include successful acquisitions in the pricing in too high a degree. We believe the value creation of acquisitions will largely determine the expected return for the next few years, but we find the risk/return ratio to be good with current pricing and the historical track record.

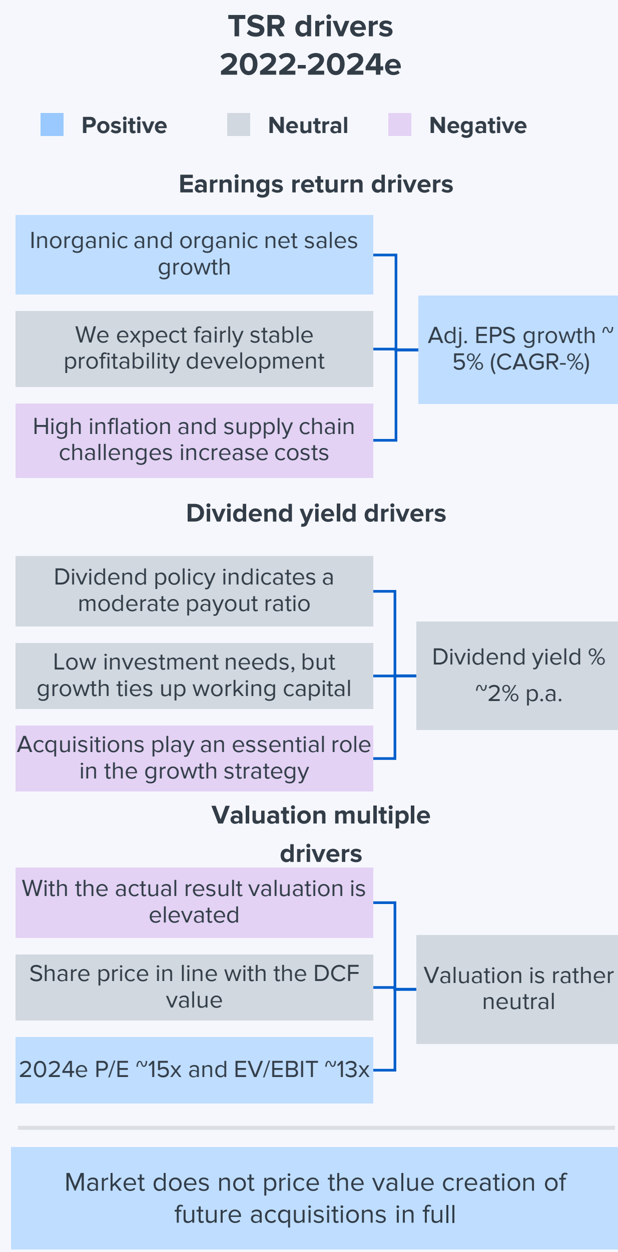
Peer group and relative valuation

We have created two peer groups for Relais, consisting of companies involved in the international vehicle aftermarket and Nordic serial consolidators.

The players in the first peer group are, as a whole, very similar to Relais' current operational businesses. Most or a vast majority of the business of the players in the peer group comes from distribution in addition to which several players also have expanded into service business. Thus, their businesses have quite similar characteristics as the businesses owned by Relais (competitiveness elements, earnings model and risk profile).

The second peer group consists of serial consolidators whose business model is similar to that of Relais at Group level, i.e. it is based on continuous acquisitions. The businesses of the companies owned by the serial consolidators differ, but the value creation of all of them is largely based on successful capital allocation to inorganic growth.

We feel that the peer groups provide a good framework for Relais' valuation. We consider the valuation level of the first peer group to be a rough minimum level for Relais' valuation and believe that it



Source: Inderes

Valuation 3/3

reflects a justified valuation of the businesses owned by Relais. We feel the valuation level of serial consolidators, in turn, illustrates how Relais can be priced if the company succeeds in capital allocation to acquisitions that creates value in the long run.

With key earnings-based multiples in the next few years, Relais is valued at a premium of close to 10% compared to peers with similar businesses while the valuation of the entire peer group is at a relatively sensible level. Relative to the peer group of serial consolidators, Relais is valued at a significant discount of up to nearly 40% with corresponding multiples. The valuation multiples for this peer group are highish, but we believe that players with a long track record of high ROE earn far higher valuation multiples than the average market valuation level.

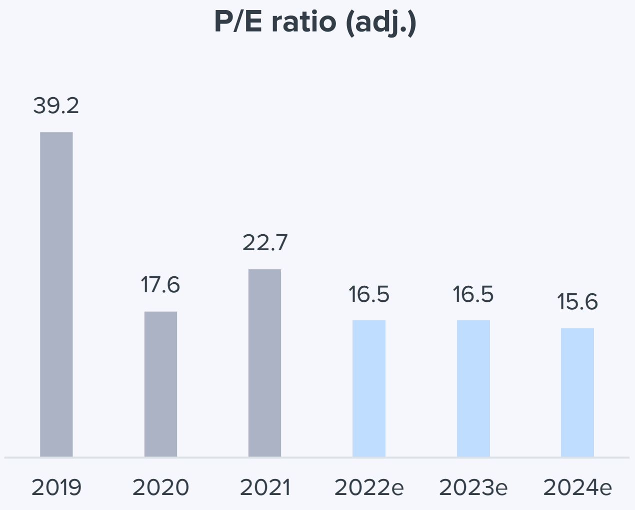
Considering the historical track record and current development phase of the business model, we believe that Relais' justified valuation level can be found in the middle ground of these two peer groups. At the same time, the relative valuation compared to both peer groups seems to act as a barometer of the extent to which the share's valuation level contains assumptions about the value creation of inorganic growth. We do not believe that the current valuation of Relais' share includes too much expectations of the value creation of acquisitions, as the relative valuation leans towards the first peer group.

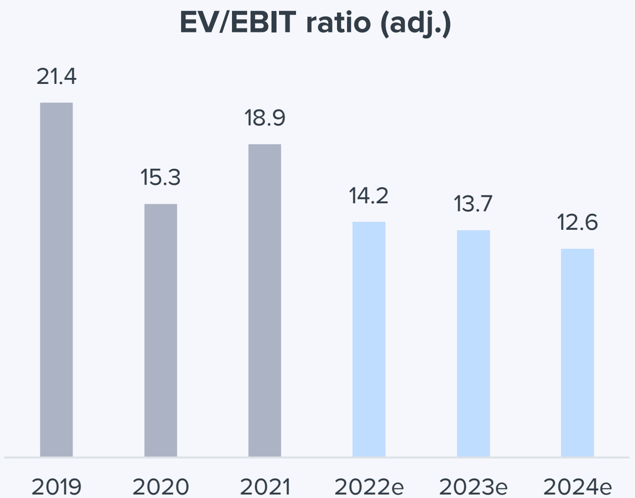
DCF model

The value our DCF calculation indicates for Relais' share is EUR 20.6 per share. In addition to our estimates for the next few years, our DCF model is based on our long-term estimates. Thus, the DCF model ignores the value creation potential of inorganic growth and thus acts as a yardstick, especially for the entity with the current structure. In our model, the weight of the terminal period is a reasonable 61%. In the DCF model, the cost of equity used is 8.7% while the average cost of capital (WACC-%) is 7.4%.

Target price and investment view

With our 2022 estimates and the rough 3x net debt/EBITDA ratio, the company has assets of about EUR 30 million for acquisitions without having to use its own shares as payment. As a result, with its financial position the company has pretty good conditions to boost earnings growth with acquisitions. We do not feel the current share valuation fully prices this value creation potential, which is why we consider the return/risk ratio for the next 12 months to be good. Thus, we reiterate our Accumulate recommendation and EUR 24.0 target price.





Source: Inderes

Peer group 1/2

Peer group valuation	Market cap	EV	EV/EBIT		EV/EBITDA		EV/S		P/E		Dividend yield-%		P/B
Company	**MEUR**	**MEUR**	**2022e**	**2023e**	**2022e**	**2023e**	**2022e**	**2023e**	**2022e**	**2023e**	**2022e**	**2023e**	**2022e**
Inter Cars SA	1366	1690	9.2	8.9	8.1	7.8	0.6	0.5	10.3	9.9	1.9	3.6	1.8
Advance Auto Parts Inc	11428	11819	11.5	10.5	9.3	8.4	1.1	1.1	15.1	13.2	2.7	2.8	4.1
Duell Oyj	158								18.1	15.0	1.1	1.9	4.4
Auto Partner SA	438	486	9.8	8.2	8.8	7.5	0.9	0.7	12.8	11.0	1.9	1.9	2.6
Genuine Parts Co	16168	17711	12.7	12.0	10.4	9.7	0.9	0.9	16.6	15.4	2.8	3.2	4.7
Uni-Select Inc	966	1321	14.6	13.2	9.3	8.7	0.9	0.8	20.5	17.5			
LKQ Corp	11696	14024	10.2	9.7	8.7	8.3	1.1	1.1	11.5	10.6	2.2	2.4	2.1
O'Reilly Automotive Inc	41040	44171	16.3	15.4	14.5	13.7	3.4	3.2	20.5	18.5			108.8
Autozone Inc	36677	41739	14.5	14.0	12.8	12.3	2.9	2.8	18.3	16.7			
Bapcor Ltd	1427	1736	12.8	11.8	8.9	8.2	1.4	1.3	16.4	15.0	3.4	3.7	1.9
Mekonomen	613	999	10.7	9.1	6.1	5.6	0.8	0.8	8.6	7.4	3.8	4.5	1.1
Relais Group (Inderes)	**378**	**453**	**14.2**	**13.7**	**13.4**	**13.0**	**1.7**	**1.6**	**16.5**	**16.5**	**1.9**	**2.0**	**4.1**
Average			**12.2**	**11.3**	**9.7**	**9.0**	**1.4**	**1.3**	**15.3**	**13.7**	**2.5**	**3.0**	**14.6**
Median			**12.1**	**11.2**	**9.1**	**8.4**	**1.0**	**1.0**	**16.4**	**15.0**	**2.5**	**3.0**	**2.6**
Diff-% to median			***18%***	***23%***	***47%***	***55%***	***60%***	***57%***	***1%***	***10%***	***-22%***	***-33%***	***62%***

Source: Thomson Reuters / Inderes. NB: The market cap Inderes uses does not consider own shares held by the company.

Peer group 2/2

Peer group valuation	Market cap	EV	EV/EBIT		EV/EBITDA		EV/S		P/E		Dividend yield-%		P/B
Company	MEUR	MEUR	2022e	2023e	2022e	2023e	2022e	2023e	2022e	2023e	2022e	2023e	2022e
Indutrade AB	8484	8847	28.7	27.4	21.9	21.0	3.8	3.6	35.9	32.3	1.1	1.2	7.4
Bergman & Beving AB	365	470	16.0	14.2	9.6	8.9	1.1	1.0	15.5		2.5	2.8	2.0
Bufab AB (publ)	1256	1425	18.4	17.3	15.0	14.3	2.2	2.1	22.2	20.7	1.2	1.3	4.6
Christian Berner Tech Trade AB	41	57	9.3	8.3	6.4	5.9	0.7	0.7	9.6	8.4	5.0	5.9	2.0
Addtech AB	4624	4892	35.2	32.4	25.3	23.8	3.7	3.4	42.3	40.0	1.0	1.1	11.8
Beijer Ref AB (publ)	5931	6275	35.8	31.0	26.4	22.7	3.2	3.0	49.7	42.8	0.7	0.8	10.7
Beijer Alma AB	1145	1278	14.2	12.7	11.0	9.7	2.1	2.0	18.3	16.4	1.9	2.2	3.9
Lifco AB (publ)	9981	10356	30.9	29.3	24.6	23.6	5.5	5.2	40.5	38.1	0.7	0.8	8.7
Lagercrantz Group AB	2075	2028	27.8	24.8	19.4	18.0	4.0	3.6	39.0	35.1	1.2	1.4	9.8
Volati Ab	1284	1413	21.5	19.2	15.5	14.2	2.0	1.9	25.4	22.7	1.1	1.2	7.1
Boreo OYJ	138	176	22.0	16.0	14.6	12.5	1.2	1.1	29.5	24.1	0.8	0.9	3.1
AddLife AB	3032	3394	39.4	46.6	27.8	29.8	4.2	4.3	56.4	67.5	0.6	0.8	7.0
Addnode Group AB	1230	1172	35.9	31.3	20.6	18.9	2.7	2.5	40.4	35.6	0.8	0.9	7.2
Instalco AB	1804	1936	22.3	22.3	19.6	18.4	1.9	1.8	28.1	26.0	1.0	1.1	6.2
Seafire AB	99	122	15.3	13.3	10.6	9.5	1.7	1.6	19.7	16.3			1.8
Sdiptech AB	1213	1400	24.6	20.8	19.0	16.4	4.5	3.9	9.9	8.3			1.5
Storskogen Group AB	3419	3533	13.7	10.9	9.2	7.6	1.2	1.0	19.4	15.4	0.5	0.6	2.2
Fasadgruppen Group AB	714	788	22.1	20.2	18.0	16.5	2.3	2.1	27.6	26.3	1.0	1.1	4.6
Relais Group (Inderes)	**378**	**453**	**14.2**	**13.7**	**13.4**	**13.0**	**1.7**	**1.6**	**16.5**	**16.5**	**1.9**	**2.0**	**4.1**
Average			**24.0**	**22.1**	**17.5**	**16.2**	**2.7**	**2.5**	**29.4**	**28.0**	**1.3**	**1.5**	**5.6**
Median			**22.2**	**20.5**	**18.5**	**16.5**	**2.3**	**2.1**	**27.9**	**26.0**	**1.0**	**1.1**	**5.4**
Diff-% to median			***-36%***	***-33%***	***-28%***	***-21%***	***-26%***	***-25%***	***-41%***	***-37%***	***90%***	***83%***	***-23%***

Source: Thomson Reuters / Inderes. NB: The market cap Inderes uses does not consider own shares held by the company.

Value creation of the peers

Peer companies	M&A transactions in 2021	Acquired reported revenue (MEUR)	Revenue in 2021 (MEUR)	RONIC 2018-2021 (TTM)
Indutrade	17	155	2 108	26 %
Bergman & Beving	6	12	428	9 %
Alligo (former Momentum Group)	6	37	823	12 %
Bufab	3	50	571	17 %
Christian Berner Tech Trade	0	0	72	2 %
Addtech	13	95	1 267	16 %
Beijer Ref	10	180	1 641	16 %
Beijer Alma	5	73	523	11 %
Lifco	17	183	1 697	26 %
Lagercrantz Group	9	40	379	25 %
Volati	8	106	613	29 %
Relais Group	4	100	238	14 %
VBG Group	1	9	334	5 %
AddLife	7	371	776	19 %
Addnode Group	4	10	396	15 %
Idun Industrier	4	36	96	12 %
Instalco	27	171	863	12 %
Seafire	4	27	32	8 %
Sdiptech	4	56	264	10 %
Fasadgruppen	21	115	260	14 %

Source: Inderes

Valuation summary

Valuation	2017	2018	2019	2020	2021	2022e	2023e	2024e	2025e
Share price			8.25	14.7	26.0	**21.0**	**21.0**	**21.0**	**21.0**
Number of shares, millions	0.03	0.17	16.2	17.4	17.9	**18.0**	**18.1**	**18.2**	**18.2**
Market cap			134	256	466	**378**	**378**	**378**	**378**
EV	22	17	168	285	554	**453**	**439**	**425**	**410**
P/E (adj.)	0.0	0.0	39.2	17.6	22.7	**16.5**	**16.5**	**15.6**	**15.0**
P/E	0.0	0.0	>100	36.9	60.5	**42.4**	**42.0**	**36.3**	**33.3**
P/FCF	0.0	0.0	neg.	31.6	neg.	**18.0**	**16.0**	**16.0**	**14.8**
P/B	0.0	0.0	2.1	3.6	5.3	**4.1**	**4.1**	**3.9**	**3.8**
P/S	0.0	0.0	1.4	2.0	2.0	**1.4**	**1.4**	**1.3**	**1.3**
EV/Sales	0.4	0.2	1.7	2.2	2.3	**1.7**	**1.6**	**1.5**	**1.4**
EV/EBITDA	2.6	2.0	12.6	14.9	17.9	**13.4**	**13.0**	**12.0**	**11.1**
EV/EBIT (adj.)	3.5	3.0	21.4	15.3	18.9	**14.2**	**13.7**	**12.6**	**11.8**
Payout ratio (%)	0.0 %	0.0 %	421.1 %	75.3 %	83.8 %	**80.7 %**	**84.1 %**	**77.8 %**	**75.0 %**
Dividend yield-%			1.2 %	2.0 %	1.4 %	**1.9 %**	**2.0 %**	**2.2 %**	**2.3 %**

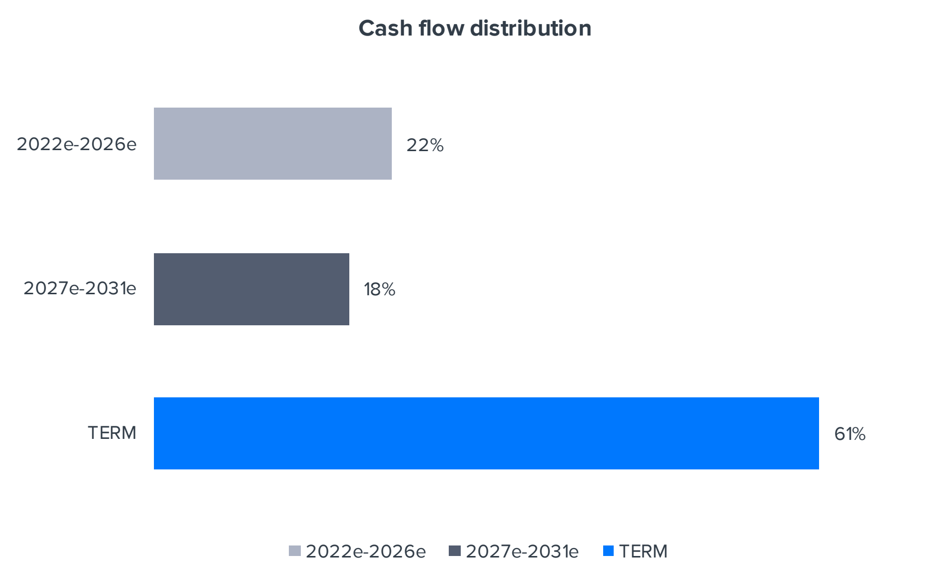
Source: Inderes

DCF calculation

DCF model	2021	2022e	2023e	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	TERM
EBIT (operating profit)	**16.4**	**17.9**	**18.0**	**19.6**	**20.9**	**21.9**	**22.6**	**24.2**	**24.8**	**25.4**	**26.0**	
+ Depreciation	14.6	16.0	15.9	15.9	16.0	16.0	16.1	16.1	16.1	16.2	16.2	
- Paid taxes	-4.5	-5.7	-5.8	-6.1	-6.4	-6.6	-6.7	-7.0	-7.2	-7.3	-8.0	
- Tax, financial expenses	-0.7	-0.6	-0.6	-0.6	-0.6	-0.6	-0.6	-0.6	-0.6	-0.6	0.0	
+ Tax, financial income	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Change in working capital	-19.0	-4.4	-1.8	-3.2	-2.2	-1.7	-2.6	-2.7	-2.6	-2.6	-2.2	
Operating cash flow	**6.8**	**23.1**	**25.7**	**25.7**	**27.7**	**29.1**	**28.7**	**30.0**	**30.6**	**31.1**	**32.0**	
+ Change in other long-term liabilities	1.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Gross CAPEX	-71.2	-2.0	-2.0	-2.0	-2.1	-2.1	-2.1	-2.2	-2.2	-2.2	-2.2	
Free operating cash flow	**-63.0**	**21.0**	**23.7**	**23.7**	**25.6**	**27.0**	**26.6**	**27.8**	**28.4**	**28.9**	**29.7**	
+/- Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
FCFF	-63.0	21.0	23.7	23.7	25.6	27.0	26.6	27.8	28.4	28.9	29.7	558
Discounted FCFF		**19.9**	**20.9**	**19.4**	**19.5**	**19.2**	**17.6**	**17.1**	**16.3**	**15.4**	**14.8**	**277**
Sum of FCFF present value		457	437	417	397	378	358	341	324	307	292	277
Enterprise value DCF		**457**										
- Interesting bearing debt		-96.8										
+ Cash and cash equivalents		11.8										
-Minorities		-1.7										
-Dividend/capital return		0.0										
Equity value DCF		**371**										
Equity value DCF per share		**20.6**										

Wacc	
Tax-% (WACC)	20.0 %
Target debt ratio (D/(D+E)	20.0 %
Cost of debt	3.0 %
Equity Beta	1.20
Market risk premium	4.75%
Liquidity premium	1.00%
Risk free interest rate	2.0 %
Cost of equity	**8.7 %**
Weighted average cost of capital (WACC)	**7.4 %**

Source: Inderes



Balance sheet

Assets	2020	2021	2022e	2023e	2024e
Non-current assets	**59.7**	**116**	**102**	**88.1**	**74.2**
Goodwill	58.2	110	95.9	81.9	67.9
Intangible assets	0.5	1.8	1.8	1.8	1.8
Tangible assets	0.7	4.2	4.2	4.3	4.4
Associated companies	0.0	0.0	0.0	0.0	0.0
Other investments	0.1	0.1	0.1	0.1	0.1
Other non-current assets	0.0	0.0	0.0	0.0	0.0
Deferred tax assets	0.3	0.0	0.0	0.0	0.0
Current assets	**94.9**	**119**	**127**	**130**	**134**
Inventories	44.3	73.2	76.1	77.6	80.3
Other current assets	2.9	6.9	6.9	6.9	6.9
Receivables	13.1	26.9	30.7	31.3	32.4
Cash and equivalents	34.7	11.8	13.6	13.9	14.3
Balance sheet total	**155**	**235**	**229**	**218**	**208**

Source: Inderes

Liabilities & equity	2020	2021	2022e	2023e	2024e
Equity	**72.3**	**89.1**	**91.6**	**93.4**	**96.3**
Share capital	0.1	0.1	0.1	0.1	0.1
Retained earnings	15.6	19.4	21.8	23.6	26.6
Hybrid bonds	0.0	0.0	0.0	0.0	0.0
Revaluation reserve	0.0	0.0	0.0	0.0	0.0
Other equity	56.2	69.3	69.3	69.3	69.3
Minorities	0.3	0.4	0.4	0.4	0.4
Non-current liabilities	**61.1**	**95.6**	**4.9**	**4.9**	**4.9**
Deferred tax liabilities	2.8	3.3	3.3	3.3	3.3
Provisions	0.2	0.0	0.0	0.0	0.0
Long term debt	58.0	90.7	0.0	0.0	0.0
Convertibles	0.0	0.0	0.0	0.0	0.0
Other long term liabilities	0.1	1.6	1.6	1.6	1.6
Current liabilities	**21.2**	**50.1**	**133**	**120**	**107**
Short term debt	5.0	6.0	86.5	72.9	59.7
Payables	8.6	15.4	17.7	18.0	18.7
Other current liabilities	7.6	28.6	28.6	28.6	28.6
Balance sheet total	**155**	**235**	**229**	**218**	**208**

Summary

Income statement	2019	2020	2021	2022e	2023e
Revenue	98.9	128.9	237.9	**271.8**	**277.2**
EBITDA	13.3	19.1	31.0	**33.9**	**33.9**
EBIT	7.9	11.1	16.4	**17.9**	**18.0**
PTP	2.5	10.4	13.1	**14.7**	**14.8**
Net Income	0.4	6.9	7.7	**8.9**	**9.0**
Extraordinary items	0.0	-7.6	-12.9	**-14.0**	**-14.0**

Balance sheet	2019	2020	2021	2022e	2023e
Balance sheet total	143.0	154.6	234.9	**229.3**	**217.8**
Equity capital	63.7	72.3	89.1	**91.6**	**93.4**
Goodwill	53.7	58.2	109.9	**95.9**	**81.9**
Net debt	34.5	28.3	85.0	**73.0**	**59.0**

Cash flow	2019	2020	2021	2022e	2023e
EBITDA	13.3	19.1	31.0	**33.9**	**33.9**
Change in working capital	-15.1	1.3	-19.0	**-4.4**	**-1.8**
Operating cash flow	-3.1	20.3	6.8	**23.1**	**25.7**
CAPEX	-54.7	-12.4	-71.2	**-2.0**	**-2.0**
Free cash flow	-59.4	8.1	-63.0	**21.0**	**23.7**

Valuation multiples	2019	2020	2021	2022e	2023e
EV/S	1.7	2.2	2.3	**1.7**	**1.6**
EV/EBITDA (adj.)	12.6	14.9	17.9	**13.4**	**13.0**
EV/EBIT (adj.)	21.4	15.3	18.9	**14.2**	**13.7**
P/E (adj.)	39.2	17.6	22.7	**16.5**	**16.5**
P/B	2.1	3.6	5.3	**4.1**	**4.1**
Dividend-%	1.2 %	2.0 %	1.4 %	**1.9 %**	**2.0 %**

Source: Inderes

Per share data	2019	2020	2021	2022e	2023e
EPS (reported)	0.02	0.40	0.43	**0.50**	**0.50**
EPS (adj.)	0.21	0.84	1.15	**1.27**	**1.27**
OCF / share	-0.19	1.17	0.38	**1.28**	**1.42**
FCF / share	-3.66	0.46	-3.51	**1.17**	**1.31**
Book value / share	3.93	4.13	4.94	**5.06**	**5.14**
Dividend / share	0.10	0.30	0.36	**0.40**	**0.42**

Growth and profitability	2019	2020	2021	2022e	2023e
Revenue growth-%	37%	30%	85%	**14%**	**2%**
EBITDA growth-%	53%	43%	62%	**9%**	**0%**
EBIT (adj.) growth-%	37%	138%	56%	**9%**	**0%**
EPS (adj.) growth-%	-99%	298%	37%	**11%**	**0%**
EBITDA-%	13.5 %	14.8 %	13.0 %	**12.5 %**	**12.2 %**
EBIT (adj.)-%	7.9 %	14.5 %	12.3 %	**11.7 %**	**11.5 %**
EBIT-%	7.9 %	8.6 %	6.9 %	**6.6 %**	**6.5 %**
ROE-%	1.0 %	10.2 %	9.6 %	**9.9 %**	**9.8 %**
ROI-%	9.6 %	8.4 %	10.2 %	**9.8 %**	**10.4 %**
Equity ratio	44.5 %	46.7 %	37.9 %	**39.9 %**	**42.9 %**
Gearing	54.2 %	39.2 %	95.3 %	**79.7 %**	**63.2 %**

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Date	Recommendation	Target price	Share price
18-10-19	Buy	9.00 €	7.35 €
24-02-20	Accumulate	9.00 €	8.37 €
28-02-20	Accumulate	9.00 €	8.25 €
27-03-20	Accumulate	7.00 €	6.51 €
10-08-20	Accumulate	8.50 €	7.80 €
17-08-20	Accumulate	9.50 €	8.68 €
08-12-20	Accumulate	12.00 €	10.15 €
15-12-20	Accumulate	13.00 €	12.25 €
05-01-21	Reduce	13.70 €	14.20 €
01-02-21	Reduce	16.50 €	15.60 €
26-02-21	Reduce	17.50 €	17.90 €
01-04-21	Reduce	18.00 €	17.80 €
13-08-21	Reduce	24.00 €	24.50 €
15-10-21	Reduce	25.00 €	25.30 €
05-11-21	Reduce	26.00 €	25.20 €
04-03-22	Accumulate	24.00 €	22.00 €
	Analyst changed		
04-04-22	Accumulate	24.00 €	21.00 €

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