

# Relais Group

## Company report

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This report is a summary translation of the report "Kannattavuus toipuu odotetusti" published on 8/11/2023 at 9:21 am EEST

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# Profitability recovers as expected

Relais' Q2 operational development was well in line with our estimates. The bottom line was especially depressed by factors related to exchange rates that do not, however, have a cash flow effect. Thus, the overall picture of the Q2 report, which was pretty much in line with our expectations, does not change. Our estimates for 2023 decreased slightly, especially due to the weakening of SEK, but overall our estimate changes for the next few years were minor. Thus, we reiterate our EUR 15.5 target price and Accumulate recommendation.

## Q2 operational development was in line with our estimates

In Q2, Relais achieved net sales of EUR 64.1 million, corresponding to a 9% growth year-on-year. This was pretty much in line with our 8% net sales growth estimate. We estimate that organic growth accounted for slightly more of net sales growth, but the support from acquisition-driven growth was also significant. For Q2, EBITA reached EUR 4.8 million, corresponding to an EBITA margin of 7.5%. Profitability in the quarter was supported by the efficiency measures launched in 2022, mechanics' strong working hours and initiated price increases, while cost inflation turned profitability in the opposite direction. Overall, however, cost structure development was in line with our expectations. Thus, reflecting a slightly higher level of depreciation than expected, Q2 EBITA was close to our EUR 5.0 million estimate. Non-cash-flow-related foreign exchange losses pushed EPS adjusted for goodwill amortization to a low level and below our estimate.

## Headwind from SEK this year, estimate changes for next few years minor as a whole

Overall, the Q2 report did not offer any surprises regarding the company's short-term outlook. We expect that repair and maintenance operations, as well as the defensive demand picture of spare parts, will enable satisfactory performance even in a more difficult business environment, the first signs of which are visible according to the company. We added the small AutoMateriell business acquisition announced in August to our estimates, which means that 2023-2025 net sales estimates increased by 3-6%. However, our 2023 EBITA estimate fell by 7%, especially due to the weakened SEK. Estimate changes for the next few years were minor, as in addition to including the acquisition, we also slightly adjusted cost structure and depreciation estimates. We now expect Relais to raise its EBITA margin to a good 9.7% level in 2023 (cf. 8.8% in 2022 and 10.8% in 2021).

## Valuation more under than overrated

The P/E ratios for 2023 and 2024 based on our estimates are 17x and 12x and corresponding adjusted EV/EBITA ratios are 12x and 10x. In our view, short-term valuation multiples are moderate in absolute terms, considering the impact of IFRS liabilities on the EV-based valuation that considers the balance sheet structure. This valuation picture is mirrored in the relative valuation, as the share is valued roughly in line with its industry peers with the estimates for the next few years. Similarly, the company is valued at a significant discount of some one-third compared to the peer group of serial consolidators. Relative to the historical ROCE, we believe the discount compared to the median for serial consolidators is justified, but overall the relative valuation supports our view of upside potential.

## Recommendation

### Accumulate

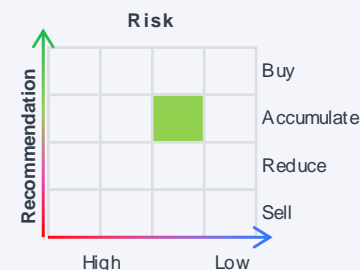
(previous Accumulate)

### EUR 15.50

(previous EUR 15.50)

### Share price:

13.15



## Key figures

	2022	2023e	2024e	2025e
Revenue	260.7	285.5	308.2	317.4
growth-%	10%	10%	8%	3%
EBIT adj.	23.0	27.7	31.6	33.9
EBIT-% adj.	8.8 %	9.7 %	10.3 %	10.7 %
Net Income	10.1	11.0	16.4	18.3
EPS (adj.)	0.80	0.80	1.09	1.19

P/E (adj.)	12.7	16.5	12.0	11.0
P/B	1.8	2.2	2.1	1.9
Dividend yield-%	3.9 %	3.2 %	3.4 %	3.4 %
EV/EBIT (adj.)	14.3	13.8	11.8	10.7
EV/EBITDA	9.0	9.0	8.0	7.4
EV/S	1.3	1.3	1.2	1.1

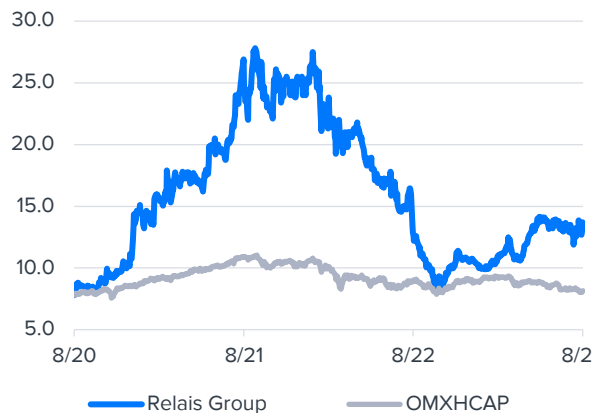
Source: Inderes

## Guidance

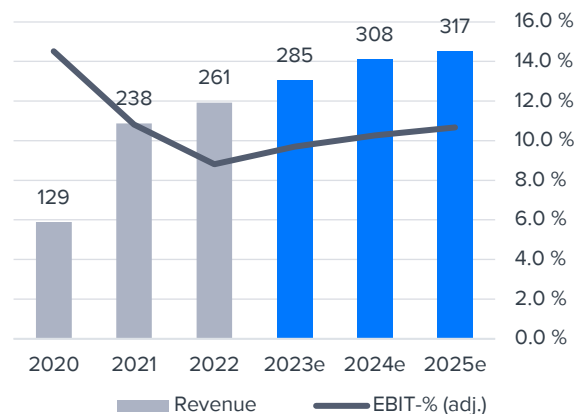
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Relais does not provide numeric guidance for the financial year 2023.

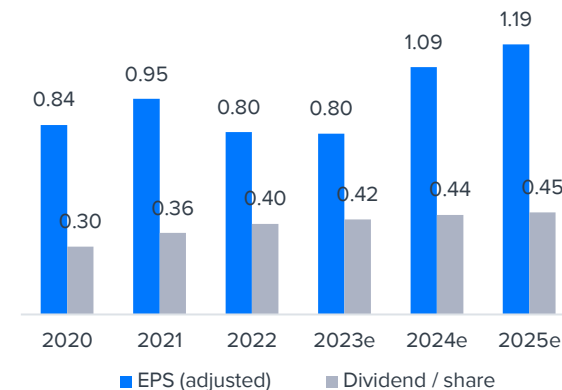
## Share price



## Revenue and EBIT-%



## EPS and dividend



## Value drivers

- The stable and defensive market over time is huge relative to Relais' size class
- Plenty of room for consolidation on the fragmented vehicle aftermarket
- Serial consolidator business model's value creation potential and growth strategy is quite good
- Mutual sales synergies of the owned businesses support growth preconditions



## Risk factors

- Working capital commitment in the wholesale business slows down cash flow
- Typical risks associated with acquisitions
- Long-term risks associated with limited pricing power and competitive situation
- Upward pressure on costs due to high inflation and a significant increase in the cost of financing

Valuation	2023e	2024e	2025e
Share price	13.15	13.15	13.15
Number of shares, millions	18.2	18.3	18.4
Market cap	239	239	239
EV	383	373	362
P/E (adj.)	16.5	12.0	11.0
P/E	21.8	14.7	13.2
P/B	2.2	2.1	1.9
P/S	0.8	0.8	0.8
EV/Sales	1.3	1.2	1.1
EV/EBITDA	9.0	8.0	7.4
EV/EBIT (adj.)	13.8	11.8	10.7
Payout ratio (%)	69.6 %	49.2 %	45.2 %
Dividend yield-%	3.2 %	3.4 %	3.4 %

Source: Inderes

# Commercial vehicles hit the depot in Q2

## Net sales at the expected level

Relais' net sales increased in Q2 by 9% (15% at comparable exchange rates) to EUR 64.1 million and was well in line with our EUR 63.5 million estimate. Organic net sales growth at fixed exchange rates was 10%.

Organic growth was strong especially in the Vehicle Repair and Maintenance business, where net sales grew by 11% (15% at comparable exchange rates) to EUR 22.8 million. The Skeppsbrons acquisition only marginally supported growth. Organic growth was driven by the continued good demand situation and price increases.

The Technical Wholesale and Products business grew by 9% (15% at comparable exchange rates) to EUR 41.3 million. Growth was strengthened by the SET and Adita acquisitions.

## Operating result matched expectations

Q2 EBITA was EUR 4.8 million corresponding to a 7.5% EBITA margin that is clearly stronger than in the comparison period (Q2'22 5.8%). This was slightly below our EUR 5.0 million expectation. However, missing the estimate is explained by a slightly higher level of depreciation than we expected as EBITDA was in line with our expectations. The negative effect of cost inflation on profitability is compensated by the efficiency measures implemented by the company in 2022, price increases, and the healthy capacity utilization rate in the Vehicle Repair and Maintenance business. Overall, the cost structure was in line with our expectations.

Financial costs were higher than we expected, mainly due to exchange rate differences, in particular related to the weaker SEK. In addition, due to periodization, taxes in Q2 were probably higher than we estimated and thus the reported EPS was clearly below our estimate.

## Efficiency measures turn the result into cash flow

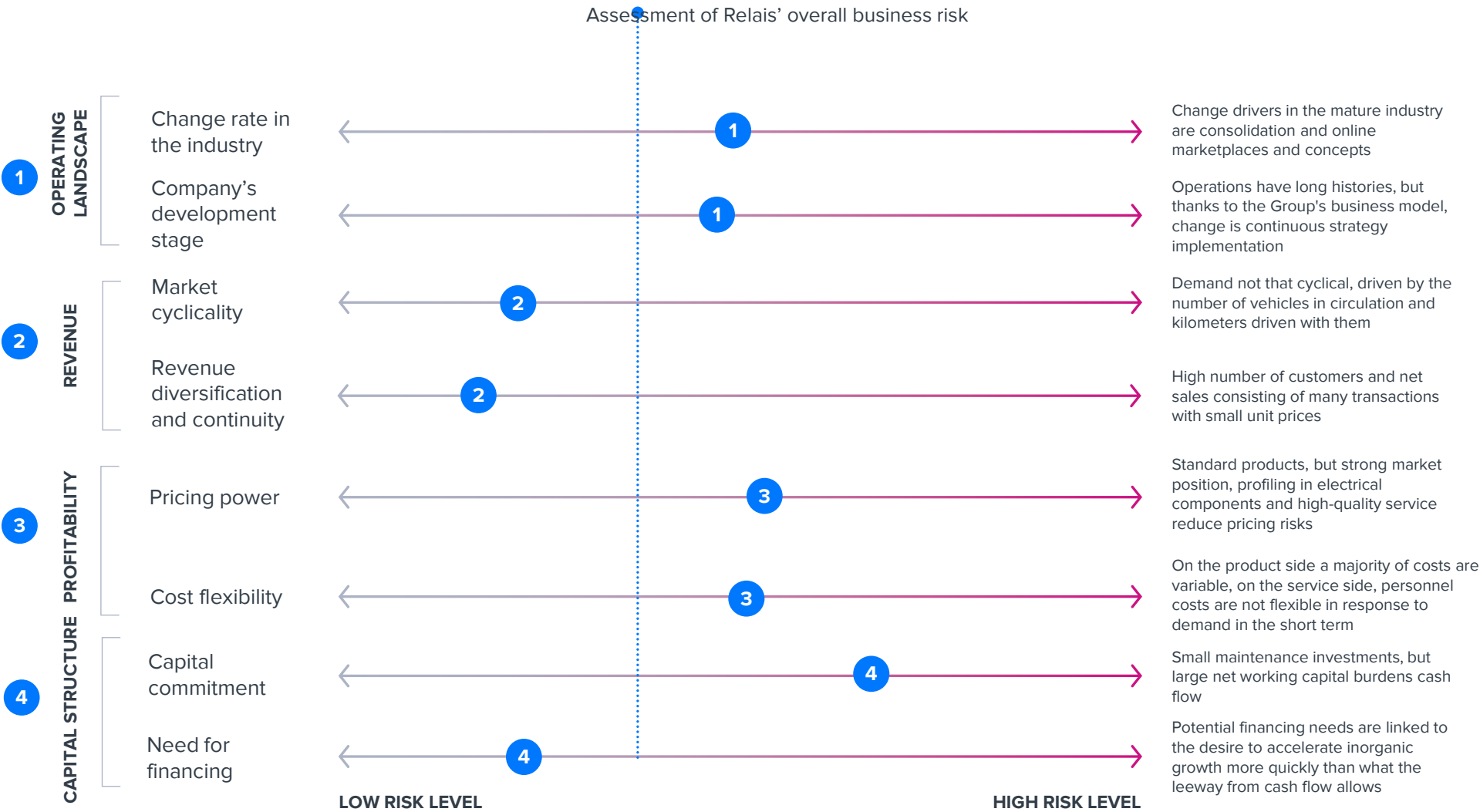
Relais' Q2 operational cash flow improved clearly year-on-year to EUR 6.7 million (Q2'22: 2.9 MEUR) and operational free cash flow after normal organic investments and IFRS16 amortizations reached EUR 5.9 million (Q2'22: 2.3 MEUR). The stronger cash flow performance was driven by the continued freeing up of working capital, which shows that the efficiency program launched last year is bearing fruit.

At the end of the reporting period, net debt (excluding IFRS16 liabilities) amounted to some EUR 85.3 million, or about 2.1x of the previous 12 months' EBITDA. We therefore consider the leverage to be at a reasonable level and well within the comfort zone. Thus, there's room for maneuver for likely future acquisitions.

Estimates	Q2'22	Q2'23	Q2'23e	Q2'23e	Consensus	Difference (%)	2023e
MEUR / EUR	Comparison	Actualized	Inderes	Consensus	Low	High	Inderes
Revenue	58.6	64.1	63.5				285
EBITDA	6.6	8.6	8.6				42.7
EBITA	3.4	4.8	5.0				27.7
PTP	0.7	1.1	1.9				15.5
EPS (adj.)	0.05	0.06	0.13				0.80
Revenue growth-%	12.5 %	9.4 %	8.4 %				9.5 %
EBITA-%	5.8 %	7.5 %	7.9 %				9.7 %

Source: Inderes

# Risk profile of the business model



# Estimate revisions focus on the near term

## Estimate revisions 2023e-2025e

- Net sales estimates for Q3 and Q4 increased by approximately 4-5% with the AutoMateriell business acquisition announced by the company on August 1. Correspondingly, net sales estimates for 2023-2025 increased by 3-6% reflecting the same driver
- For 2023, our EBITDA estimate decreased by some 3% due to reviewing the cost structure and the effects of the further weakened SEK, while for 2024 and 2025 our EBITDA estimate increased reflecting the higher net sales level and fine-tuning of the cost structure
- We fine-tuned the depreciation for the next few years due to the slightly higher depreciation base in Q2 than we anticipated and the acquisition.
- We raised the financing costs for 2023 slightly but did not include expectations of internal non-cash-flow-related currency losses that accounted for a significant part of the financing costs in Q2.
- The key driver of the 2023 EPS estimate is the lower-than-expected Q2 performance

## Operational earnings drivers 2023-2025e:

- We expect Relais' 2023 net sales to grow by good 9% to EUR 285 million, where inorganic growth in line with acquisitions is the bigger driver. We expect organic growth to remain slightly positive and correspond to an annual level of close to 3%.
- In our estimates, Relais' full-year 2023 EBITA margin improves from a low 8.8% level in the previous year to a reasonable 9.7% level in line with the profitability that normalized during H1.
- Mirroring the profitability development that recovers in 2023, we expect that the company's organic earnings growth in the next few years will partly depend on net sales growth as we do not see significant upside potential for the recovered profitability level of 2023 considering the cost structure of the business and its scalability.
- We expect Relais to continue to make complementary acquisitions in the future, but we do not model inorganic growth in our estimates

Estimate revisions	2023e	2023	Change	2024e	2024e	Change	2025e	2025e	Change
MEUR / EUR	Old	New	%	Old	New	%	Old	New	%
Revenue	278	285	3%	290	308	6%	298	317	6%
EBITDA	44.2	42.7	-3%	46.4	46.8	1%	48.3	48.8	1%
EBIT (exc. NRIs)	29.8	27.7	-7%	31.9	31.6	-1%	33.8	33.9	0%
EBIT	26.2	24.2	-8%	28.3	28.0	-1%	30.2	30.3	0%
PTP	18.5	15.5	-16%	21.6	21.0	-3%	23.8	23.4	-2%
EPS (excl. NRIs)	0.97	0.80	-18%	1.12	1.09	-2%	1.21	1.19	-1%
DPS	0.42	0.42	0%	0.44	0.44	0%	0.45	0.45	0%

Source: Inderes

# Investment profile

1.

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

2.

**Significant growth potential of the target market**

3.

**Flexible cost structure and mainly stable performance history**

4.

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

5.

**In the long term, the expected return is mainly generated through successful implementation of the acquisition strategy**

## Strengths



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

## Risks



- The business requires significant inventories that tie up working capital and 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

# Valuation more under than overrated

## Absolute valuation multiples

With our estimates, the 2023 EV/EBITA ratio adjusted for IFRS16 liabilities is 12x, while the corresponding P/E ratio is 17x. The corresponding valuation multiples for 2024 are 12x and 10x. The 2023 net profit-based valuation is elevated by non-cash-flow-related foreign exchange losses and therefore distorts the overall valuation picture.

In our view, the value creation potential of Relais, in line with its business model, consists of two components: The earnings growth of existing businesses and the value creation potential of the acquisition strategy. We, therefore, consider the valuation of current businesses to be somewhat moderate and considering the company's acquisition-driven growth and longer-term value creation possibilities, we find the overall valuation attractive.

## Relative valuation

We have assembled two peer groups for Relais, one consisting of companies operating with a similar wholesale business model. The second peer group consists of so-called serial consolidators. The business models of the latter group rely in particular on value creation through active inorganic growth, based especially on the successful allocation of capital over the long term. We believe it is relevant to compare Relais' valuation to these two peer groups, as we do not believe that a valuation based on operational business alone gives the right value to the company's inorganic growth strategy.

Relative to the median of the earnings-based key valuation multiples for the next few years of the peer

group of companies operating mainly in the international vehicle aftermarket Relais is valued in line with the peers.

The share is valued at a good 30% discount compared to the peer group of so-called serial consolidators. In our view, Relais should be valued at a discount to its peer group of serial consolidators, as the group has experienced more rapid value creation in recent years, as can be seen in their higher median returns on capital. However, with a significantly wide valuation spread, we believe that the overall relative valuation supports our view that the share has upside potential.

## DCF model above the current share price

Our cash flow model indicates a value of EUR 15.6, which also supports our view that the valuation has upside potential. We do not consider the cash flow model a primary tool for valuing Relais, as it's not well suited to capture the value creation of the company's inorganic growth. However, the model is relatively well suited for valuing existing businesses. In our view, this valuation yardstick indicates that the valuation does not include any expectations of the value creation of future M&A transactions.

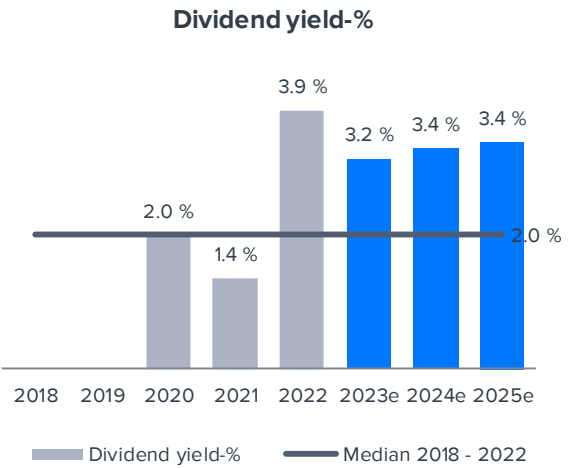
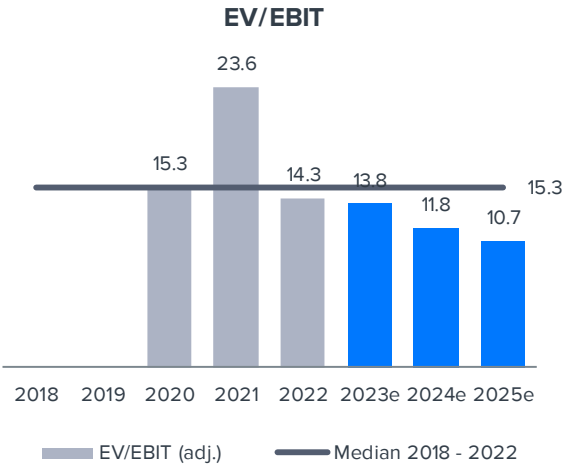
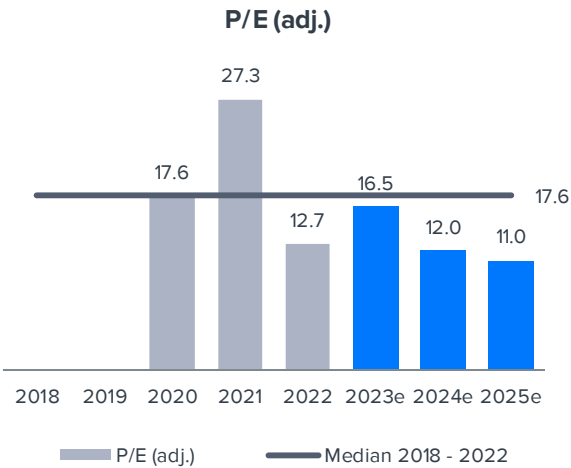
Valuation	2023e	2024e	2025e
Share price	13.15	13.15	13.15
Number of shares, millions	18.2	18.3	18.4
Market cap	239	239	239
EV	383	373	362
P/E (adj.)	16.5	12.0	11.0
P/E	21.8	14.7	13.2
P/B	2.2	2.1	1.9
P/S	0.8	0.8	0.8
EV/Sales	1.3	1.2	1.1
EV/EBITDA	9.0	8.0	7.4
EV/EBIT (adj.)	13.8	11.8	10.7
Payout ratio (%)	69.6 %	49.2 %	45.2 %
Dividend yield-%	3.2 %	3.4 %	3.4 %

Source: Inderes

# Valuation table

Valuation	2018	2019	2020	2021	2022	2023e	2024e	2025e	2026e
Share price			14.7	26.0	10.2	13.15	13.15	13.15	13.15
Number of shares, millions			17.4	17.9	18.1	18.2	18.3	18.4	18.4
Market cap			256	466	185	239	239	239	239
EV			285	608	328	383	373	362	350
P/E (adj.)			17.6	27.3	12.7	16.5	12.0	11.0	10.1
P/E			36.9	32.5	18.4	21.8	14.7	13.2	10.9
P/B			3.6	4.6	1.8	2.2	2.1	1.9	1.7
P/S			2.0	2.0	0.7	0.8	0.8	0.8	0.7
EV/Sales			2.2	2.6	1.3	1.3	1.2	1.1	1.1
EV/EBITDA			14.9	16.9	9.0	9.0	8.0	7.4	6.9
EV/EBIT (adj.)			15.3	23.6	14.3	13.8	11.8	10.7	9.7
Payout ratio (%)			75.3 %	44.9 %	72.0 %	69.6 %	49.2 %	45.2 %	38.0 %
Dividend yield-%			2.0 %	1.4 %	3.9 %	3.2 %	3.4 %	3.4 %	3.5 %

Source: Inderes



# Peer group valuation (1/2)

Peer group valuation	Market cap	EV	EV/EBIT		EV/EBITDA		EV/S		P/E		Dividend yield-%		P/B
Company	MEUR	MEUR	2023e	2024e	2023e	2024e	2023e	2024e	2023e	2024e	2023e	2024e	2023e
Inter Cars SA	1892	2465	8.3	7.6	7.9	6.8	0.6	0.5	9.4	8.5	0.2	0.2	1.8
Advance Auto Parts Inc	3854	5378	10.4	9.5	6.6	6.3	0.5	0.5	12.1	10.5	4.2	3.6	1.4
Duell	37	86	21.5	11.7	12.3	8.1	0.7	0.7	32.4	9.5		1.4	0.9
Auto Partner SA	621	695	9.5	8.0	8.6	7.2	0.9	0.7	12.5	10.6	0.9	0.7	3.0
Genuine Parts Co	20012	22642	12.9	12.1	11.5	10.7	1.1	1.0	16.9	15.7	2.4	2.7	5.1
LKQ Corp	12999	14943	10.6	9.9	9.2	8.6	1.2	1.1	13.4	12.2	2.1	2.3	2.4
O'Reilly Automotive Inc	51131	55516	19.3	18.0	17.1	16.0	3.9	3.7	24.6	22.0			
Autozone Inc	40774	47207	15.1	14.1	13.2	12.3	3.0	2.8	18.9	16.9			
Bapcor Ltd	1249	1602	13.3	11.6	9.1	8.1	1.3	1.3	16.6	14.5	3.4	3.8	1.9
Mekonomen AB	525	1008	11.4	10.5	6.7	6.5	0.7	0.7	9.9	8.5	3.8	4.1	1.0
<b>Relais Group (Inderes)</b>	<b>239</b>	<b>383</b>	<b>13.8</b>	<b>11.8</b>	<b>9.0</b>	<b>8.0</b>	<b>1.3</b>	<b>1.2</b>	<b>16.5</b>	<b>12.0</b>	<b>3.2</b>	<b>3.4</b>	<b>2.2</b>
<b>Average</b>			<b>13.2</b>	<b>11.3</b>	<b>10.2</b>	<b>9.0</b>	<b>1.4</b>	<b>1.3</b>	<b>16.7</b>	<b>12.9</b>	<b>2.4</b>	<b>2.3</b>	<b>2.2</b>
<b>Median</b>			<b>12.2</b>	<b>11.0</b>	<b>9.1</b>	<b>8.1</b>	<b>1.0</b>	<b>0.9</b>	<b>15.0</b>	<b>11.4</b>	<b>2.4</b>	<b>2.5</b>	<b>1.8</b>
<b>Diff-% to median</b>			<b>14%</b>	<b>7%</b>	<b>-2%</b>	<b>-1%</b>	<b>39%</b>	<b>38%</b>	<b>10%</b>	<b>5%</b>	<b>32%</b>	<b>37%</b>	<b>22%</b>

Source: Refinitiv / Inderes

## Peer group valuation (2/2)

Peer group valuation	Market cap	EV	EV/EBIT		EV/EBITDA		EV/S		P/E		Dividend yield-%		P/B
Company	MEUR	MEUR	2023e	2024e	2023e	2024e	2023e	2024e	2023e	2024e	2023e	2024e	2023e
Indutrade AB	6641	7509	21.1	21.1	16.0	15.8	2.8	2.8	28.5	28.1	1.7	1.8	5.4
Bergman & Beving AB	363	496	17.3	15.8	10.3	9.2	1.2	1.2	18.2	19.4	2.4	2.5	2.0
Momentum Group AB	436	479	24.0	22.0	17.1	15.4	2.5	2.2	25.9	23.4	1.2	1.4	8.2
Bufab AB (publ)	963	1303	14.2	14.6	12.0	12.0	1.7	1.7	17.7	17.6	1.6	1.7	3.2
Christian Berner Tech Trade AB	37	56	10.8	9.8	6.9	6.2	0.7	0.7	12.2	10.9	3.3	3.7	2.1
Addtech AB	4366	4768	27.4	23.4	20.7	17.9	3.1	2.7	35.5	25.5	1.0	1.3	9.8
Beijer Ref AB (publ)	5808	6423	22.4	20.4	17.9	16.1	2.3	2.1	28.9	26.1	1.0	1.4	3.1
Beijer Alma AB	930	1170	14.8	13.3	10.9	10.0	2.0	1.9	19.0	15.6	2.5	2.8	2.8
Lifco AB (publ)	7506	8257	21.4	22.0	16.8	17.2	4.1	4.0	30.6	31.0	1.0	1.0	6.1
Lagercrantz Group AB	2427	2627	29.4	24.7	21.7	18.2	4.3	3.8	34.3	30.5	1.2	1.4	9.1
Volati Ab	722	929	15.5	14.3	10.3	9.7	1.3	1.3	18.0	15.8	2.0	2.0	3.9
Boreo	106	156	16.8	14.3	14.3	11.1	0.8	0.8	22.1	17.8	1.1	1.2	2.9
AddLife AB	881	1362	23.0	22.0	10.8	10.6	1.7	1.6	33.9	27.4	1.3	1.4	2.0
Addnode Group AB	895	935	27.4	19.8	14.7	12.1	1.5	1.3	40.2	27.3	1.0	1.4	4.9
Instalco AB	895	1565	19.2	17.1	13.2	12.3	1.3	1.3	15.5	13.5	2.0	2.2	3.0
Seafire AB	51	48	8.1	5.7	4.5	3.5	0.5	0.5		10.1			0.7
Sdiptech AB	836	836	12.5	11.0	9.3	8.3	2.2	1.9	22.8	18.6			2.8
Fasadgruppen Group AB	328	436	11.3	10.6	8.9	8.5	1.0	1.0	13.5	11.4	2.2	2.5	1.7
<b>Relais Group (Inderes)</b>	<b>239</b>	<b>383</b>	<b>13.8</b>	<b>11.8</b>	<b>9.0</b>	<b>8.0</b>	<b>1.3</b>	<b>1.2</b>	<b>16.5</b>	<b>12.0</b>	<b>3.2</b>	<b>3.4</b>	<b>2.2</b>
<b>Average</b>			<b>18.9</b>	<b>16.9</b>	<b>13.3</b>	<b>12.0</b>	<b>2.0</b>	<b>1.8</b>	<b>24.9</b>	<b>20.8</b>	<b>1.6</b>	<b>1.8</b>	<b>4.1</b>
<b>Median</b>			<b>19.2</b>	<b>17.1</b>	<b>13.2</b>	<b>12.0</b>	<b>1.7</b>	<b>1.7</b>	<b>24.3</b>	<b>19.4</b>	<b>1.3</b>	<b>1.4</b>	<b>3.0</b>
<b>Diff-% to median</b>			<b>-28%</b>	<b>-31%</b>	<b>-32%</b>	<b>-34%</b>	<b>-23%</b>	<b>-28%</b>	<b>-32%</b>	<b>-38%</b>	<b>138%</b>	<b>135%</b>	<b>-26%</b>

Source: Refinitiv / Inderes

# Income statement

Income statement	2021	Q1'22	Q2'22	Q3'22	Q4'22	2022	Q1'23	Q2'23	Q3'23e	Q4'23e	2023e	2024e	2025e	2026e
Revenue	237.8	62.1	58.6	64.8	75.2	261	69.0	64.1	70.4	82.0	285	308	317	327
Relais Group	238	62.1	58.6	64.8	75.2	261	69.0	64.1	70.4	82.0	285	308	317	327
EBITDA	36.0	8.9	6.6	11.1	10.1	36.6	11.1	8.6	11.4	11.6	42.7	46.8	48.8	51.0
Depreciation	-13.0	-3.9	-4.0	-4.3	-4.8	-16.9	-4.5	-4.6	-4.7	-4.7	-18.5	-18.7	-18.5	-16.7
EBIT (excl. NRI)	25.7	5.7	3.4	7.7	6.2	23.0	7.5	4.8	7.6	7.8	27.7	31.6	33.9	35.9
EBIT	23.0	5.0	2.6	6.8	5.3	19.6	6.6	4.0	6.7	6.9	24.2	28.0	30.3	34.3
Relais Group	23.0	5.0	2.6	6.8	5.3	19.6	6.6	4.0	6.7	6.9	24.2	28.0	30.3	34.3
Net financial items	-4.6	-1.2	-1.9	-1.7	-1.6	-6.5	-2.1	-2.8	-1.9	-1.9	-8.7	-7.1	-6.9	-5.7
PTP	18.5	3.8	0.7	5.1	3.7	13.2	4.5	1.1	4.8	5.0	15.5	21.0	23.4	28.6
Taxes	-4.1	-1.1	-0.7	-1.4	0.1	-3.1	-1.6	-1.0	-1.0	-1.0	-4.5	-4.6	-5.1	-6.3
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net earnings	14.4	2.7	0.0	3.7	3.7	10.1	2.9	0.2	3.9	4.0	11.0	16.4	18.3	22.3
EPS (adj.)	0.95	0.19	0.05	0.25	0.32	0.80	0.21	0.06	0.26	0.27	0.80	1.09	1.19	1.30
EPS (rep.)	0.80	0.15	0.00	0.20	0.21	0.56	0.16	0.01	0.21	0.22	0.60	0.89	0.99	1.21

Key figures	2021	Q1'22	Q2'22	Q3'22	Q4'22	2022	Q1'23	Q2'23	Q3'23e	Q4'23e	2023e	2024e	2025e	2026e
Revenue growth-%	84.5 %	16.2 %	12.5 %	10.3 %	2.3 %	9.6 %	11.0 %	9.4 %	8.7 %	9.0 %	9.5 %	8.0 %	3.0 %	3.0 %
Adjusted EBIT growth-%	37.5 %	-6.3 %	-15.0 %	1.1 %	-23.0 %	-10.7 %	31.0 %	42.2 %	-1.0 %	25.8 %	20.6 %	14.2 %	7.1 %	5.9 %
EBITDA-%	15.1 %	14.3 %	11.2 %	17.1 %	13.4 %	14.0 %	16.1 %	13.4 %	16.2 %	14.1 %	14.9 %	15.2 %	15.4 %	15.6 %
Adjusted EBIT-%	10.8 %	9.2 %	5.8 %	11.8 %	8.2 %	8.8 %	10.9 %	7.5 %	10.8 %	9.5 %	9.7 %	10.3 %	10.7 %	11.0 %
Net earnings-%	6.0 %	4.3 %	0.0 %	5.7 %	5.0 %	3.9 %	4.3 %	0.3 %	5.5 %	4.9 %	3.8 %	5.3 %	5.8 %	6.8 %

Source: Inderes

NB! EBIT excl. NRIs is the EBITA reported by the company

# Balance sheet

Assets	2021	2022	2023e	2024e	2025e
<b>Non-current assets</b>	<b>189</b>	<b>191</b>	<b>190</b>	<b>186</b>	<b>182</b>
Goodwill	114	118	119	119	119
Intangible assets	15.1	15.0	11.5	7.8	4.2
Tangible assets	59.0	56.8	59.1	58.5	58.1
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	0.8	0.6	0.6	0.6	0.6
<b>Current assets</b>	<b>119</b>	<b>119</b>	<b>123</b>	<b>131</b>	<b>136</b>
Inventories	73.4	67.8	74.2	78.0	81.6
Other current assets	0.0	4.5	4.5	4.5	4.5
Receivables	33.8	32.8	36.0	38.8	40.0
Cash and equivalents	11.8	13.5	8.6	9.2	9.5
<b>Balance sheet total</b>	<b>308</b>	<b>309</b>	<b>313</b>	<b>316</b>	<b>317</b>

Source: Inderes

Liabilities & equity	2021	2022	2023e	2024e	2025e
<b>Equity</b>	<b>102</b>	<b>104</b>	<b>108</b>	<b>116</b>	<b>127</b>
Share capital	0.1	0.1	0.1	0.1	0.1
Retained earnings	34.2	35.7	39.4	48.1	58.3
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	67.7	68.2	68.2	68.2	68.2
Minorities	0.3	0.0	0.0	0.0	0.0
<b>Non-current liabilities</b>	<b>143</b>	<b>144</b>	<b>137</b>	<b>127</b>	<b>107</b>
Deferred tax liabilities	6.2	5.8	5.8	5.8	5.8
Provisions	0.0	0.0	0.0	0.0	0.0
Long term debt	135	137	130	120	100.0
Convertibles	0.0	0.0	0.0	0.0	0.0
Other long term liabilities	2.3	1.1	1.1	1.1	1.1
<b>Current liabilities</b>	<b>62.8</b>	<b>61.0</b>	<b>68.5</b>	<b>72.9</b>	<b>83.7</b>
Short term debt	16.7	19.1	21.9	23.1	32.6
Payables	46.1	35.3	40.0	43.1	44.4
Other current liabilities	0.0	6.6	6.6	6.6	6.6
<b>Balance sheet total</b>	<b>308</b>	<b>309</b>	<b>313</b>	<b>316</b>	<b>317</b>

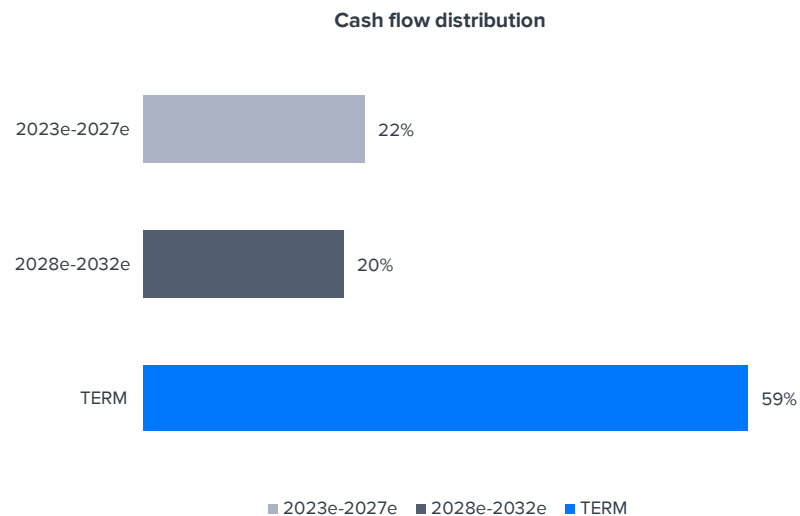
# DCF calculation

DCF model	2022	2023e	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	TERM
Revenue growth-%	9.6 %	9.5 %	8.0 %	3.0 %	3.0 %	3.0 %	3.0 %	3.0 %	3.0 %	2.5 %	2.0 %	2.0 %
EBIT-%	7.5 %	8.5 %	9.1 %	9.5 %	10.5 %	11.4 %	11.4 %	11.4 %	11.4 %	11.0 %	11.0 %	11.0 %
EBIT (operating profit)	19.6	24.2	28.0	30.3	34.3	38.4	39.5	40.7	42.0	41.5	42.3	
+ Depreciation	16.9	18.5	18.7	18.5	16.7	16.9	15.4	15.2	15.2	15.2	15.2	
- Paid taxes	-3.3	-4.5	-4.6	-5.1	-6.3	-7.3	-7.8	-8.0	-8.3	-8.2	-8.4	
- Tax, financial expenses	-1.5	-2.5	-1.6	-1.5	-1.3	-1.1	-0.9	-0.9	-0.9	-0.9	-0.9	
+ Tax, financial income	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Change in working capital	-2.1	-5.0	-3.4	-3.5	-3.3	-2.4	-2.5	-2.6	-2.6	-2.3	-1.9	
Operating cash flow	29.6	30.7	37.2	38.7	40.2	44.4	43.8	44.4	45.3	45.3	46.4	
+ Change in other long-term liabilities	-1.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Gross CAPEX	-18.3	-17.7	-14.5	-14.5	-14.6	-14.7	-14.8	-15.2	-15.2	-15.2	-15.5	
Free operating cash flow	10	13.0	22.7	24.2	25.6	29.7	29.0	29.2	30.1	30.1	30.8	
+/- Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
FCFF	10.2	13.0	22.7	24.2	25.6	29.7	29.0	29.2	30.1	30.1	30.8	527
Discounted FCFF		12.6	20.4	20.1	19.7	21.2	19.1	17.9	17.1	15.8	15.0	256
Sum of FCFF present value		435	422	402	382	362	341	322	304	287	271	256
Enterprise value DCF		435										
- Interest bearing debt		-156										
+ Cash and cash equivalents		13.5										
-Minorities		0.0										
-Dividend/capital return		-7.3										
Equity value DCF		285										
Equity value DCF per share		15.6										

## WACC

Tax-% (WACC)	20.0 %
Target debt ratio (D/(D+E))	20.0 %
Cost of debt	5.0 %
Equity Beta	1.1
Market risk premium	4.75%
Liquidity premium	1.10%
Risk free interest rate	2.5 %
<b>Cost of equity</b>	<b>9.0 %</b>
<b>Weighted average cost of capital (WACC)</b>	<b>8.0 %</b>

Source: Inderes



# Summary

Income statement	2020	2021	2022	2023e	2024e	Per share data	2020	2021	2022	2023e	2024e
Revenue	128.9	237.8	260.7	285.5	308.2	EPS (reported)	0.40	0.80	0.56	0.60	0.89
EBITDA	19.1	36.0	36.6	42.7	46.8	EPS (adj.)	0.84	0.95	0.80	0.80	1.09
EBIT	11.1	23.0	19.6	24.2	28.0	OCF / share	1.17	0.94	1.64	1.68	2.03
PTP	10.4	18.5	13.2	15.5	21.0	FCF / share	0.46	-6.88	0.56	0.71	1.24
Net Income	6.9	14.4	10.1	11.0	16.4	Book value / share	4.13	5.68	5.73	5.92	6.37
Extraordinary items	-7.6	-2.7	-3.3	-3.5	-3.6	Dividend / share	0.30	0.36	0.40	0.42	0.44
Balance sheet	2020	2021	2022	2023e	2024e	Growth and profitability	2020	2021	2022	2023e	2024e
Balance sheet total	154.6	308.4	309.2	313.1	316.1	Revenue growth-%	30%	84%	10%	10%	8%
Equity capital	72.3	102.3	104.0	107.7	116.4	EBITDA growth-%	43%	88%	2%	17%	10%
Goodwill	58.2	114.5	118.2	118.6	118.6	EBIT (adj.) growth-%	138%	38%	-11%	21%	14%
Net debt	28.3	139.7	142.9	143.3	133.8	EPS (adj.) growth-%	298%	14%	-15%	-1%	37%
Cash flow	2020	2021	2022	2023e	2024e	EBITDA-%	14.8 %	15.1 %	14.0 %	14.9 %	15.2 %
EBITDA	19.1	36.0	36.6	42.7	46.8	EBIT (adj.)-%	14.5 %	10.8 %	8.8 %	9.7 %	10.3 %
Change in working capital	1.3	-17.0	-2.1	-5.0	-3.4	EBIT-%	8.6 %	9.7 %	7.5 %	8.5 %	9.1 %
Operating cash flow	20.3	16.8	29.6	30.7	37.2	ROE-%	10.2 %	16.5 %	9.8 %	10.4 %	14.6 %
CAPEX	-12.4	-142.2	-18.3	-17.7	-14.5	ROI-%	8.4 %	11.8 %	7.6 %	9.3 %	10.8 %
Free cash flow	8.1	-123.5	10.2	13.0	22.7	Equity ratio	46.7 %	33.2 %	33.6 %	34.4 %	36.8 %
						Gearing	39.2 %	136.5 %	137.4 %	133.1 %	115.0 %
Valuation multiples	2020	2021	2022	2023e	2024e						
EV/S	2.2	2.6	1.3	1.3	1.2						
EV/EBITDA (adj.)	14.9	16.9	9.0	9.0	8.0						
EV/EBIT (adj.)	15.3	23.6	14.3	13.8	11.8						
P/E (adj.)	17.6	27.3	12.7	16.5	12.0						
P/B	3.6	4.6	1.8	2.2	2.1						
Dividend-%	2.0 %	1.4 %	3.9 %	3.2 %	3.4 %						

Source: Inderes

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Date	Recommendation	Target	Share price
11/5/2021	Reduce	26.00 €	25.20 €
3/4/2022	Accumulate	24.00 €	22.00 €
	Analyst changed		
4/4/2022	Accumulate	24.00 €	21.00 €
5/13/2022	Accumulate	20.00 €	18.00 €
8/9/2022	Accumulate	14.50 €	13.25 €
8/12/2022	Accumulate	14.00 €	12.20 €
11/9/2022	Buy	13.00 €	10.45 €
11/11/2022	Buy	13.50 €	10.95 €
3/1/2023	Accumulate	13.50 €	11.50 €
3/3/2023	Accumulate	13.50 €	12.50 €
5/5/2023	Accumulate	15.50 €	14.00 €
5/30/2023	Accumulate	15.50 €	13.15 €
8/11/2023	Accumulate	15.00 €	13.15 €



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