

RELAIS GROUP

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INDERES CORPORATE CUSTOMER
COMPANY REPORT



Raskone driving growth

Relais's Q3 numbers released on Thursday missed our forecasts by a small margin, which we believe was at least partly influenced by the fact that the company said demand for certain winter season products started slightly later than last year. Against this backdrop, we found the overall picture in the report to be relatively neutral and have made only marginal changes to our overall forecast for the coming years. We therefore reiterate our price target of EUR 16.5 and Accumulate recommendation on the stock at what we believe is a moderate valuation. The company is also well positioned to continue creating value through acquisitions as part of its growth strategy.

Product sales growth slightly below our expectations

Relais' Q3 net sales increased by 7% year-on-year to around 75 MEUR, slightly below our forecast. In the larger Technical Wholesale and Products business, revenue growth was slightly below our forecasts due to factors such as the late start of the winter season. At the same time, Commercial Vehicle Repair and Maintenance continued to grow quite briskly organically and, according to the company, the Raskone chain increased its market share in Finland. We believe this reflects the fact that the industry is looking for cost savings, which Relais' brand-independent workshops offer. As a result of a slightly below-forecast top line, Q3 EBITA came in at 9.1 MEUR, missing our forecast slightly, but overall there were no surprises in the cost structure. The slight EBITA miss was offset on the bottom line by net financing expenses that were slightly below our forecast, with the difference explained by FX gains. Adjusted for acquisition-related amortization, Q3 earnings per share were EUR 0.30.

Only modest revisions to our forecasts

As usual, Relais has not provided any numerical guidance for the fiscal year 2024. Overall, we believe that the company's demand environment has remained good and in the short term, the key uncertain variable in the winter season is weather conditions, which can swing demand one way or the other. We have made relatively minor changes to our near-term operating forecasts, slightly lowering our Technical Wholesale and Product revenue forecasts. This has also slightly lowered our operating profit forecasts (2025e EBITA -5%), but further down the P&L this is offset by our slightly lower net financing expense forecast due to lower interest rates. As a result, the overall changes in the projections for 2024-2026 remain very modest. With growth boosted by favorable winter conditions in early 2024, we expect Relais' revenue and earnings to decline organically in 2025. However, the company has financial reserves to continue inorganic growth, which is also in line with the company's strategy. As a result, the acquisitions we consider highly likely could change the outlook for earnings growth in the near term.

Valuation remains attractive

On our forecasts, the P/E ratios (adj.) for 2024-2025 are 12x and the adjusted EV/EBITA ratios are 10x and 11x. In our view, the absolute valuation multiples for the coming years are on the favorable side. The stock is valued at a slight discount to its industry peers, while the stock is valued at a significant discount to the serial consolidator peer group. In our view, a reasonable level of valuation lies somewhere in between these peer groups, so we believe that relative valuation supports our view of moderate valuation. The value indicated by our cash flow model is EUR 16.3, which we consider to be a valid benchmark for the valuation of the existing business. In addition, we believe investors have a positive expected value from the value creation of the company's acquisition strategy. Overall, we consider the stock to be attractively valued on a number of valuation metrics.

Recommendation

Accumulate

(was Accumulate)

EUR 16.50

(was EUR 16.50)

Share price:

14.50

Business risk



Valuation risk



	2023	2024e	2025e	2026e
Revenue	284.3	318.8	325.1	334.9
growth-%	9%	12%	2%	3%
EBIT adj.	28.6	35.4	33.3	34.2
EBIT-% adj.	10.0 %	11.1 %	10.3 %	10.2 %
Net Income	13.7	18.3	19.1	19.9
EPS (adj.)	0.95	1.17	1.22	1.26
P/E (adj.)	14.3	12.4	11.9	11.5
P/B	2.2	2.2	2.0	1.8
Dividend yield-%	3.3 %	3.1 %	3.2 %	3.3 %
EV/EBIT (adj.)	13.9	11.5	11.9	11.3
EV/EBITDA	9.1	8.0	8.1	7.7
EV/S	1.4	1.3	1.2	1.2

Source: Inderes

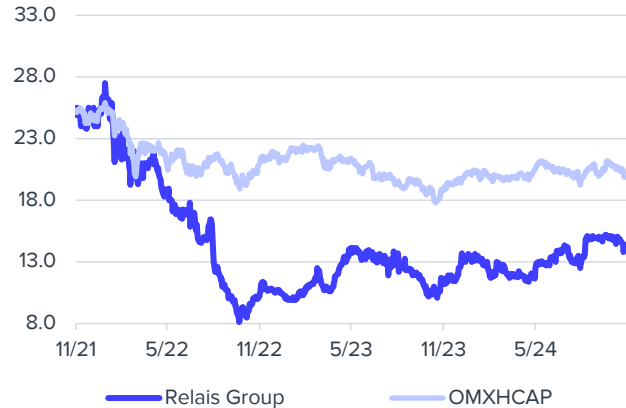
Guidance

(Unchanged)

Relais does not provide numeric guidance for the financial year 2024.

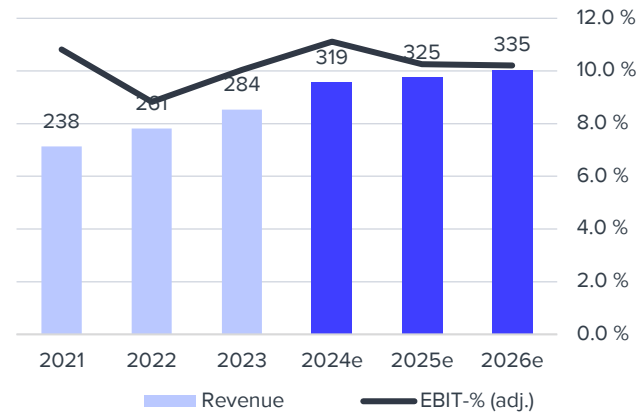


Share price



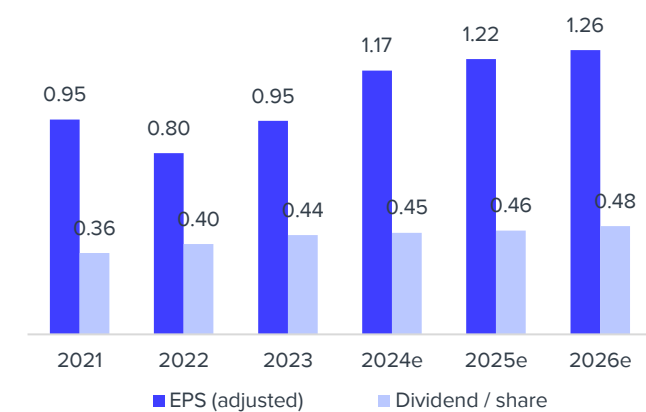
Source: Millstream Market Data AB

Revenue and EBIT-%



Source: Inderes

EPS and dividend



Source: Inderes

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
Low liquidity of the stock

Valuation	2024e	2025e	2026e
Share price	14.50	14.50	14.50
Number of shares, millions	18.2	18.3	18.4
Market cap	264	264	264
EV	408	397	386
P/E (adj.)	12.4	11.9	11.5
P/E	14.4	13.9	13.4
P/B	2.2	2.0	1.8
P/S	0.8	0.8	0.8
EV/Sales	1.3	1.2	1.2
EV/EBITDA	8.0	8.1	7.7
EV/EBIT (adj.)	11.5	11.9	11.3
Payout ratio (%)	44.8 %	44.0 %	44.3 %
Dividend yield-%	3.1 %	3.2 %	3.3 %

Source: Inderes



Delayed lighting season pushed revenue below our forecast

Acquisitions supported revenue less than we expected

Relais's Q3 revenue increased by just under 7% to 74.9 MEUR, below our forecast of 9% growth. Organic growth of 4% was in line with our expectations, with weaker-than-expected revenue support from acquisitions causing the miss. Organic revenue growth was concentrated in the Commercial Vehicle Repair and Maintenance segment in the Finnish market area, as subsidiary Raskone gained market share and achieved high utilization of its workshops. In the Technical Wholesale and Products segment, growth of 1% was supported by price increases, which we estimate resulted in slightly lower volumes than in the prior year. Within the Technical Wholesale and Products segment, the performance of Vehicle Lighting and Equipment was below the comparison period, offset by the excellent performance of Spare Parts. In Vehicle Lighting, Q3 sales were impacted by the slightly later start to the season this year, according to the company, and demand appears to have returned to "normal" levels at the start of Q4. Thus, we expect Vehicle Lighting's full-year revenue to reach

the 2023 level. With respect to Spare Parts and Equipment, we estimate that the mixed result was mainly due to timing factors.

No major surprises on the bottom line, but things are happening under the hood

Relais' EBITA in Q3 amounted to 9.1 MEUR, corresponding to 12.2% of revenue. EBITA was 5% below our forecast, largely reflecting the revenue miss. Relais' revenue were more heavily weighted towards the Commercial Vehicle Repair and Maintenance business (Q3'24: 34% vs. Q3'23: 30.5% of Group revenue), which strengthens the sales margin but increases personnel expenses compared to the same period of the previous year. This development was stronger than we expected, reflecting the revenue distribution, but opposing drivers compensated for each other on the earnings lines. With both taxes and financing expenses slightly below our expectations, Q3 EPS of EUR 0.30 was close to our expectations.

High inventories from late lighting season weighed on cash flow

Due to the working capital commitment, free cash flow in Q3 remained low at 0.2 MEUR (Q1-Q3'24: 6.5 MEUR). We understand that working capital was primarily impacted by the inventory levels of lighting fixtures due to the late start to the lighting season. We expect working capital to support cash flow in Q4, although we consider the level of net working capital to be fairly normal (net working capital/LTM revenue 21.6%). Due to the sluggish cash flow, the EBITDA to net debt ratio remained at 3x, as in the previous quarter, but was significantly lower than 3.55x a year ago. As a result, Relais's balance sheet remains leveraged, but we estimate that under the current debt financing agreement, around 30 MEUR remains available for acquisitions.

Estimates MEUR / EUR	Q3'23	Q3'24	Q3'24e	Q3'24e	Consensus		Difference (%)	2024e
	Comparison	Actualized	Inderes	Consensus	Low	High	Act. vs. inderes	Inderes
Revenue	70.3	74.9	76.6	77.8	76.6	78.7	-2%	319
EBITA	8.4	9.1	9.6	9.5	9.4	9.6	-5%	35.4
PTP	6.0	6.5	6.8	-			-3%	23.7
EPS (adj.)	0.29	0.30	0.31	0.32	0.31	0.33	-3%	1.17
Revenue growth-%	8.5 %	6.6 %	9.0 %	10.7 %	9.0 %	12.0 %	-2.4 pp	12.2 %
EBITA-%	11.9 %	12.2 %	12.6 %	12.3 %	12.3 %	12.2 %	-0.4 pp	11.1 %

Source: Inderes & Bloomberg, 3 forecasts (consensus)



EPS forecasts remain unchanged

Estimate revisions

- Based on the Q3 revenue miss, we have lowered our revenue forecasts for the next few years by 1-2%.
- Similarly, largely on the back of the revenue miss, we lowered our EBITA forecasts for the coming years by 2-5%.
- We also adjusted our cost structure projections for the coming years to reflect the growing share of Commercial Vehicle Repair and Maintenance revenue, but the increased sales margin projection and the increased personnel cost projections effectively offset each other.
- On the lower lines, we fine-tuned our depreciation forecasts and lowered our forecasts for financing expenses in the coming years in line with interest rate developments, leaving our EPS forecasts unchanged.

Operational earnings drivers:

- We expect Relais' 2024 revenue to grow by around 12%
- Just over 5% of the growth is organic, while the remainder comes from acquisitions
- The EBITA margin for the full year rises from 10.0% in 2023 to 11.1% driven by the strong H1.
- In 2025, we expect completed acquisitions to drive revenue growth to 2%, but with a favorable weather reference period in early 2024, we expect organic growth to be close to zero for the full year 2025.
- We estimate that the scalability potential of the business model's operating profit is moderate from the current good level, and we therefore expect the EBITA margin to settle at just over 10% in the coming years after an excellent year in 2024.
- Relais is aiming for 50 MEUR pro forma EBITA by the end of 2025, achievement of which we believe requires additional equity funding to ensure sufficient inorganic

Estimate revisions	2024e	2024	Change	2025e	2025e	Change	2026e	2026e	Change
MEUR / EUR	Old	New	%	Old	New	%	Old	New	%
Revenue	320	319	-1%	331	325	-2%	340	335	-2%
EBITDA	51.6	50.8	-1%	50.7	49.1	-3%	51.0	50.1	-2%
EBIT (exc. NRIs)	36.1	35.4	-2%	35.0	33.3	-5%	35.0	34.2	-2%
EBIT	33.0	32.5	-2%	31.1	30.1	-3%	31.5	31.0	-2%
PTP	24.0	23.7	-1%	23.7	24.5	3%	25.2	25.5	1%
EPS (excl. NRIs)	1.18	1.17	-1%	1.22	1.22	0%	1.26	1.26	0%
DPS	0.45	0.45	0%	0.46	0.46	0%	0.48	0.48	0%

Source: Inderes



Valuation remains attractive

Absolute valuation multiples

We forecast an EV/EBITA adjusted for IFRS16 effects in 2024 of 10x, while the corresponding P/E ratio is 12x. For our 2025 earnings projections, the corresponding valuation multiples are just under 11x and 12x. In our view, the value creation potential of Relais, in line with its business model, consists of two components: These are the existing businesses while the value creation potential of the acquisition strategy is another component. We consider the current valuation of the existing businesses to be moderate and believe that the above-mentioned earnings-based valuation multiples are near the bottom of the justified valuation range. In addition, we calculate that the company has more than 30 MEUR of financial reserves under its current financing position, which provides room for inorganic growth. The current borrowing power of the business allows for additional debt of this magnitude, although the indebtedness would then be at the upper end of the comfort limit. Thus, we still see reasonable conditions for the company to create value inorganically, which will of course be continuously improved by the cash flow.

Relative valuation

We have assembled two peer groups for Relais, one consisting of companies operating with a similar 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 value to the company's inorganic growth strategy. Historically, however, the company's inorganic growth has been value-creating.

Relais is valued at an average discount of around 7% on key metrics relative to the median of key earnings-based valuation multiples for the next few years for the peer group of companies operating mainly in the international automotive aftermarket the valuation of which we feel is at a sensible level overall.

Compared to a peer group of so-called serial consolidators, the share is valued at a discount of around 50% using valuation multiples for the coming years. 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 clearly higher median returns on capital. In addition, we believe that the valuation multiples of serial consolidators are quite high at the median level. However, we feel that the clear valuation difference to both peer groups supports our view of the upside in the stock's valuation.

DCF above current share price

Our updated DCF model indicates a share value of EUR 16.3. The weakness of the cash flow model is that the model does not consider inorganic growth. However, the model is well-suited for valuing existing businesses. Thus, this valuation metric, in our view, indicates that the current share valuation does not include expectations of value creation from future M&A and that the pure valuation of the current business portfolio is moderate.

Valuation	2024e	2025e	2026e
Share price	14.50	14.50	14.50
Number of shares, millions	18.2	18.3	18.4
Market cap	264	264	264
EV	408	397	386
P/E (adj.)	12.4	11.9	11.5
P/E	14.4	13.9	13.4
P/B	2.2	2.0	1.8
P/S	0.8	0.8	0.8
EV/Sales	1.3	1.2	1.2
EV/EBITDA	8.0	8.1	7.7
EV/EBIT (adj.)	11.5	11.9	11.3
Payout ratio (%)	44.8 %	44.0 %	44.3 %
Dividend yield-%	3.1 %	3.2 %	3.3 %

Source: Inderes

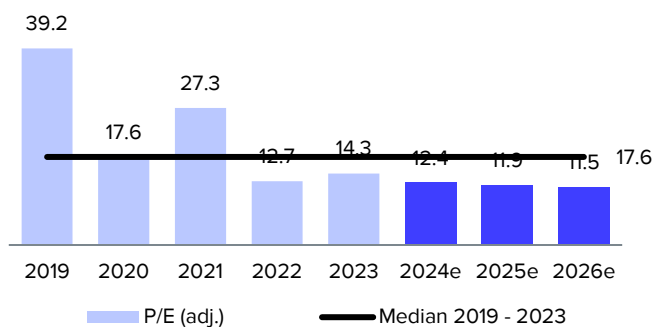


Valuation table

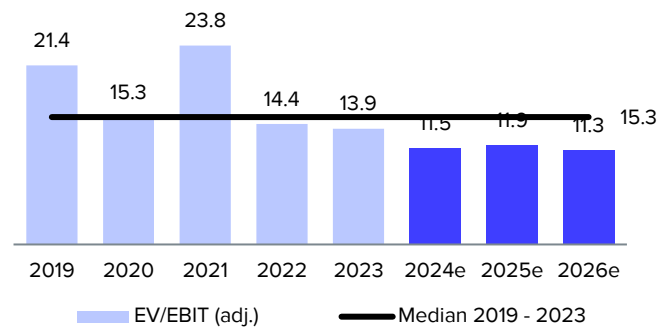
Valuation	2019	2020	2021	2022	2023	2024e	2025e	2026e	2027e
Share price	8.25	14.7	26.0	10.2	13.5	14.50	14.50	14.50	14.50
Number of shares, millions	16.2	17.4	17.9	18.1	18.1	18.2	18.3	18.4	18.4
Market cap	134	256	466	185	245	264	264	264	264
EV	168	285	613	332	396	408	397	386	372
P/E (adj.)	39.2	17.6	27.3	12.7	14.3	12.4	11.9	11.5	10.5
P/E	>100	36.9	32.5	18.4	17.8	14.4	13.9	13.4	12.1
P/B	2.1	3.6	4.5	1.8	2.2	2.2	2.0	1.8	1.7
P/S	1.4	2.0	2.0	0.7	0.9	0.8	0.8	0.8	0.8
EV/Sales	1.7	2.2	2.6	1.3	1.4	1.3	1.2	1.2	1.1
EV/EBITDA	12.6	14.9	17.0	9.1	9.1	8.0	8.1	7.7	7.1
EV/EBIT (adj.)	21.4	15.3	23.8	14.4	13.9	11.5	11.9	11.3	10.2
Payout ratio (%)	421.1 %	75.3 %	44.9 %	72.3 %	58.1 %	44.8 %	44.0 %	44.3 %	41.6 %
Dividend yield-%	1.2 %	2.0 %	1.4 %	3.9 %	3.3 %	3.1 %	3.2 %	3.3 %	3.5 %

Source: Inderes

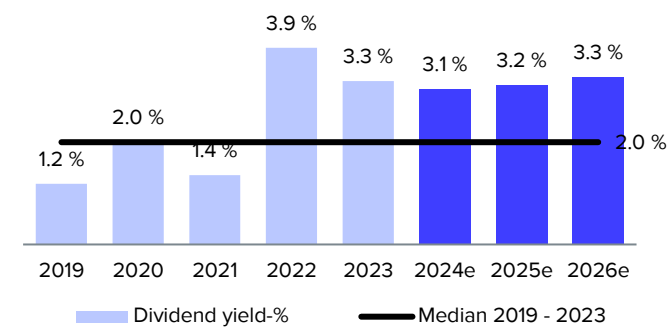
P/E (oik.)



EV/EBIT



Dividend yield-%



Peer group valuation (1/2)

Peer group valuation Company	Market cap MEUR	EV MEUR	EV/EBIT		EV/EBITDA		EV/S		P/E		Dividend yield-%		P/B 2024e
			2024e	2025e	2024e	2025e	2024e	2025e	2024e	2025e	2024e	2025e	
Inter Cars SA	1587	2192	8.7	7.7	7.2	6.3	0.5	0.4	9.1	7.7	0.2	0.3	1.3
Advance Auto Parts Inc	2158	3377	14.5	12.8	6.1	6.1	0.3	0.3	17.8	14.1	2.5	3.0	0.8
Duell	40	59		9.9	14.8	6.2	0.5	0.5				5.3	0.8
Auto Partner SA	681	756	10.6	8.6	9.2	7.4	0.8	0.6	13.4	11.4	0.9	0.9	
Genuine Parts Co	15962	19273	13.2	11.8	10.3	9.9	0.9	0.9	15.2	14.6	3.2	3.3	3.6
LKQ Corp	9233	12955	10.4	9.5	8.1	7.7	1.0	1.0	11.1	10.5	3.2	3.3	1.6
O'Reilly Automotive Inc	66474	71358	24.1	22.1	20.5	19.6	4.6	4.4	30.2	27.5			
Autozone Inc	50318	58816	16.4	16.6	14.4	14.4	3.4	3.4	21.1	20.5			
Bapcor Ltd	979	1360	12.7	12.1	8.2	8.0	1.1	1.1	16.9	16.0	3.6	3.5	1.4
Mekonomen AB	705	1096	12.6	10.7	6.8	6.2	0.7	0.7	11.6	9.9	2.7	3.0	1.3
Relais Group (Inderes)	264	408	11.5	11.9	8.0	8.1	1.3	1.2	12.4	11.9	3.1	3.2	2.2
Average			13.7	12.2	10.6	9.2	1.4	1.3	16.3	14.7	2.3	2.8	1.5
Median			12.7	11.2	8.7	7.6	0.8	0.8	15.2	14.1	2.7	3.2	1.3
Diff-% to median			-9%	6%	-7%	7%	56%	63%	-18%	-15%	15%	1%	63%

Source: Refinitiv / Inderes



Peer group valuation (2/2)

Peer group valuation Company	Market cap MEUR	EV MEUR	EV/EBIT		EV/EBITDA		EV/S		P/E		Dividend yield-%		P/B 2024e
			2024e	2025e	2024e	2025e	2024e	2025e	2024e	2025e	2024e	2025e	
Indutrade AB	8992	9752	27.3	25.0	20.0	18.7	3.5	3.3	35.3	31.1	1.1	1.2	6.4
Bergman & Beving AB	703	844	24.1	22.6	15.0	13.4	2.1	2.0	35.9	31.3	1.3	1.4	3.5
Momentum Group AB	767	818	32.3	30.1	22.0	20.6	3.3	3.1	36.8	33.8	0.7	0.8	12.0
Bufab AB (publ)	1262	1510	19.1	17.6	15.6	14.6	2.2	2.1	26.0	21.7	1.5	1.5	3.9
Addtech AB	7093	7599	36.4	32.3	27.6	24.6	4.4	4.1	48.7	43.4	0.9	1.0	12.7
Beijer Ref AB (publ)	7331	8207	26.4	23.3	20.8	18.6	2.7	2.4	36.8	30.3	0.9	1.0	3.7
Beijer Alma AB	847	1074	12.1	12.5	9.2	9.3	1.8	1.7	15.6	14.9	2.4	2.4	2.3
Lifco AB (publ)	11632	12419	29.8	26.7	22.2	20.2	5.6	5.2	45.0	40.1	0.8	0.9	8.3
Lagercrantz Group AB	4041	4322	39.9	34.3	29.6	25.2	6.1	5.4	46.2	41.8	0.9	1.0	11.4
Volati Ab	747	981	19.9	15.4	12.6	10.4	1.5	1.4	31.3	17.9	0.8	1.3	4.3
Boreo	39	101	20.2	15.6	11.2	10.1	0.8	0.8	47.9	27.0			0.8
AddLife AB	1419	1863	31.6	27.4	14.6	13.3	2.1	2.0	67.3	42.4	0.6	1.0	3.2
Addnode Group AB	1201	1295	25.9	23.0	15.6	14.9	1.9	2.2	37.0	30.6	1.1	1.3	5.9
Instalco AB	709	1071	15.5	13.3	9.4	8.7	0.9	0.9	16.8	13.0	2.1	2.5	2.3
Seafire AB	21	38		11.0	6.3	4.9	0.5	0.5		22.0			0.4
Sdiptech AB	800	800	10.2	9.1	7.4	6.6	1.7	1.6	19.7	16.7			2.2
Fasadgruppen Group AB	194	333	12.2	7.5	8.6	5.9	0.8	0.7	16.8	7.0	2.8	3.8	1.0
Relais Group (Inderes)	264	408	11.5	11.9	8.0	8.1	1.3	1.2	12.4	11.9	3.1	3.2	2.2
Average			24.2	20.7	15.9	14.3	2.5	2.4	35.5	27.9	1.3	1.5	5.0
Median			25.9	22.8	15.3	14.0	2.1	2.1	36.8	30.5	1.1	1.2	3.6
Diff-% to median			-56%	-48%	-47%	-42%	-38%	-41%	-66%	-61%	190%	177%	-39%

Source: Refinitiv / Inderes. Note: The market value used by Inderes does not take into account treasury shares held by the company.



Income statement

Income statement	2022	Q1'23	Q2'23	Q3'23	Q4'23	2023	Q1'24	Q2'24	Q3'24	Q4'24e	2024e	2025e	2026e	2027e
Revenue	260.7	69.0	64.1	70.3	80.9	284	82.8	74.3	74.9	86.9	319	325	335	345
Technical Wholesale and Products	175	44.3	41.3	48.9	57.9	192	56.9	48.7	49.5	59.0	214	211	218	224
Commercial Vehicle Repair and Maintenance	85.6	24.7	22.8	21.4	23.1	91.9	25.9	25.6	25.4	27.8	105	114	117	121
EBITDA	36.6	11.1	8.6	12.1	11.8	43.5	13.5	11.1	13.0	13.3	50.8	49.1	50.1	52.5
Depreciation	-16.9	-4.5	-4.6	-4.6	-4.8	-18.4	-4.5	-4.5	-4.6	-4.8	-18.4	-19.0	-19.1	-19.1
EBITA	23.0	7.5	4.8	8.4	7.8	28.6	9.7	7.3	9.1	9.3	35.4	33.3	34.2	36.6
EBIT	19.7	6.6	4.0	7.5	7.0	25.1	9.0	6.6	8.4	8.5	32.5	30.1	31.0	33.4
Relais Group	19.7	6.6	4.0	7.5	7.0	25.1	9.0	6.6	8.4	8.5	32.5	30.1	31.0	33.4
Net financial items	-6.5	-2.2	-2.8	-1.5	-1.0	-7.4	-3.1	-1.7	-1.9	-2.0	-8.7	-5.7	-5.5	-5.0
PTP	13.1	4.5	1.2	6.0	6.0	17.7	5.8	4.9	6.5	6.5	23.7	24.5	25.5	28.4
Taxes	-3.1	-1.6	-1.0	-1.7	0.2	-4.0	-2.0	-1.6	-1.9	0.0	-5.4	-5.4	-5.6	-6.2
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	10.0	2.9	0.2	4.3	6.3	13.7	3.9	3.3	4.6	6.5	18.3	19.1	19.9	22.1
EPS (adj.)	0.80	0.21	0.06	0.29	0.39	0.9	0.25	0.22	0.30	0.40	1.17	1.22	1.26	1.38
EPS (rep.)	0.55	0.16	0.01	0.24	0.35	0.76	0.21	0.18	0.25	0.36	1.01	1.04	1.08	1.20

Key figures	2022	Q1'23	Q2'23	Q3'23	Q4'23	2023	Q1'24	Q2'24	Q3'24	Q4'24e	2024e	2025e	2026e	2027e
Revenue growth-%	9.6 %	11.0 %	9.4 %	8.5 %	7.7 %	9.0 %	20.0 %	15.8 %	6.6 %	7.3 %	12.2 %	2.0 %	3.0 %	3.0 %
Adjusted EBITA growth-%	-10.6 %	31.0 %	41.4 %	9.7 %	26.0 %	24.1 %	28.4 %	52.2 %	8.9 %	18.9 %	24.1 %	-5.9 %	2.5 %	7.0 %
EBITDA-%	14.0 %	16.1 %	13.4 %	17.2 %	14.5 %	15.3 %	16.3 %	14.9 %	17.4 %	15.3 %	15.9 %	15.1 %	15.0 %	15.2 %
Adjusted EBITA-%	8.8 %	10.9 %	7.5 %	11.9 %	9.7 %	10.0 %	11.7 %	9.8 %	12.2 %	10.7 %	11.1 %	10.3 %	10.2 %	10.6 %
Net earnings-%	3.8 %	4.3 %	0.3 %	6.2 %	7.8 %	4.8 %	4.7 %	4.4 %	6.2 %	7.5 %	5.7 %	5.9 %	5.9 %	6.4 %

Source: Inderes



Balance sheet

Assets	2022	2023	2024e	2025e	2026e
Non-current assets	194	200	201	198	195
Goodwill	118	120	123	123	123
Intangible assets	15.0	13.1	11.6	10.0	8.3
Tangible assets	60.3	65.8	66.2	64.9	63.6
Associated companies	0.0	0.0	0.0	0.0	0.0
Other investments	0.7	0.9	0.1	0.1	0.1
Other non-current assets	0.0	0.0	0.0	0.0	0.0
Deferred tax assets	0.0	0.0	0.0	0.0	0.0
Current assets	119	129	134	136	141
Inventories	67.8	74.1	80.7	81.3	85.1
Other current assets	4.1	4.0	4.0	4.0	4.0
Receivables	32.8	41.4	40.2	41.0	42.2
Cash and equivalents	13.9	9.7	9.6	9.8	10.0
Balance sheet total	313	329	335	334	337

Source: Inderes

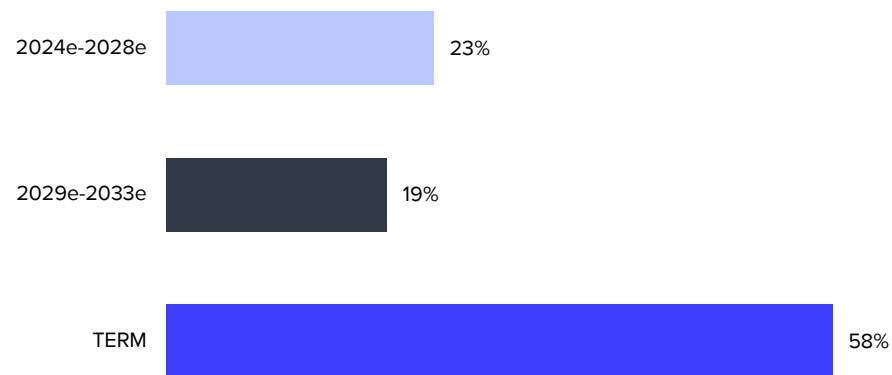
Liabilities & equity	2022	2023	2024e	2025e	2026e
Equity	104	111	121	132	143
Share capital	0.1	0.1	0.1	0.1	0.1
Retained earnings	35.6	42.0	52.4	63.3	74.7
Hybrid bonds	0.0	0.0	0.0	0.0	0.0
Revaluation reserve	0.0	0.0	0.0	0.0	0.0
Other equity	68.2	68.5	68.5	68.5	68.5
Minorities	0.0	0.0	0.0	0.0	0.0
Non-current liabilities	148	145	125	105	95.3
Deferred tax liabilities	5.8	5.2	5.2	5.2	5.2
Provisions	0.0	0.0	0.0	0.0	0.0
Interest bearing debt	142	140	120	100.0	90.0
Convertibles	0.0	0.0	0.0	0.0	0.0
Other long term liabilities	0.1	0.1	0.1	0.1	0.1
Current liabilities	61.0	73.3	89.2	96.9	97.9
Interest bearing debt	19.1	20.8	34.1	42.5	41.9
Payables	35.3	46.8	49.4	48.8	50.2
Other current liabilities	6.6	5.7	5.7	5.7	5.7
Balance sheet total	313	329	335	334	337



DCF-calculation

DCF model	2023	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	TERM
Revenue growth-%	9.0 %	12.2 %	2.0 %	3.0 %	3.0 %	3.0 %	3.0 %	3.0 %	2.5 %	2.5 %	2.0 %	2.0 %
EBIT-%	8.8 %	10.2 %	9.3 %	9.3 %	9.7 %	11.0 %	11.0 %	11.0 %	10.5 %	10.5 %	10.5 %	10.5 %
EBIT (operating profit)	25.1	32.5	30.1	31.0	33.4	39.1	40.3	41.5	40.6	41.6	42.4	
+ Depreciation	18.4	18.4	19.0	19.1	19.1	18.9	18.1	17.6	17.1	17.0	17.0	
- Paid taxes	-4.6	-5.4	-5.4	-5.6	-6.2	-7.6	-7.9	-8.2	-8.0	-8.2	-8.4	
- Tax, financial expenses	-1.7	-2.0	-1.2	-1.2	-1.1	-1.0	-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	-4.3	-2.6	-2.1	-3.5	-2.7	-3.1	-2.8	-2.9	-2.6	-2.3	-1.9	
Operating cash flow	33.0	40.8	40.4	39.7	42.5	46.3	46.6	47.0	46.1	47.2	48.2	
+ Change in other long-term liabilities	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Gross CAPEX	-24.1	-19.5	-16.0	-16.2	-16.3	-16.5	-16.9	-17.0	-17.0	-17.1	-17.2	
Free operating cash flow	9.0	21.2	24.4	23.5	26.1	29.8	29.7	30.0	29.1	30.1	31.0	
+/- Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
FCFF	9.0	21.2	24.4	23.5	26.1	29.8	29.7	30.0	29.1	30.1	31.0	530
Discounted FCFF		21.0	22.4	20.0	20.5	21.7	20.0	18.7	16.8	16.1	15.4	263
Sum of FCFF present value		455	434	412	392	372	350	330	311	294	278	263
Enterprise value DCF		455										
- Interest bearing debt		-161										
+ Cash and cash equivalents		9.7										
-Minorities		0.0										
-Dividend/capital return		-8.0										
Equity value DCF		296										
Equity value DCF per share		16.3										

Cash flow distribution



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 %
Cost of equity	9.0 %
Weighted average cost of capital (WACC)	8.0 %

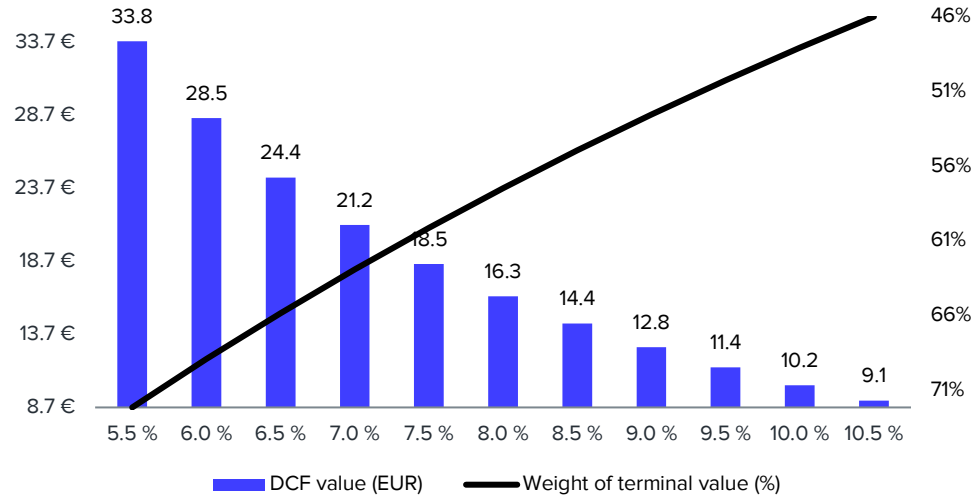
Source: Inderes

■ 2024e-2028e ■ 2029e-2033e ■ TERM

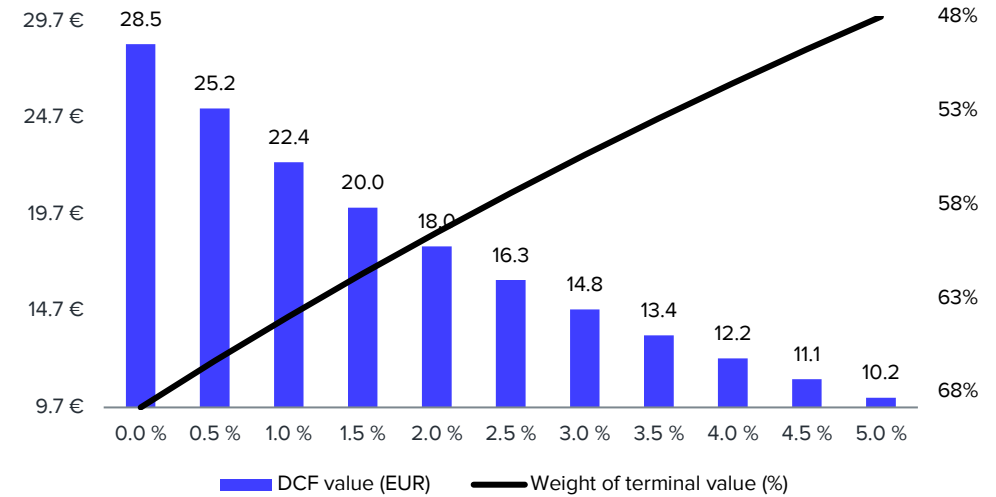


DCF sensitivity calculations and key assumptions in graphs

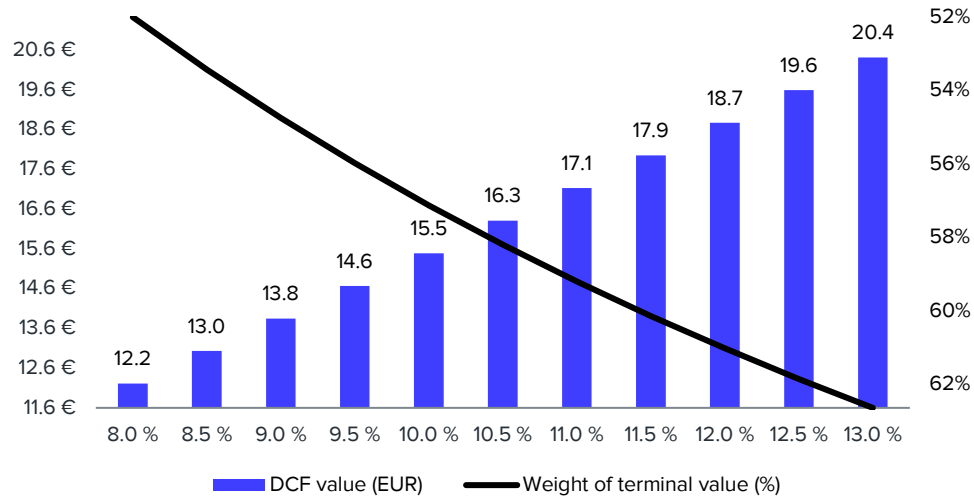
Sensitivity of DCF to changes in the WACC-%



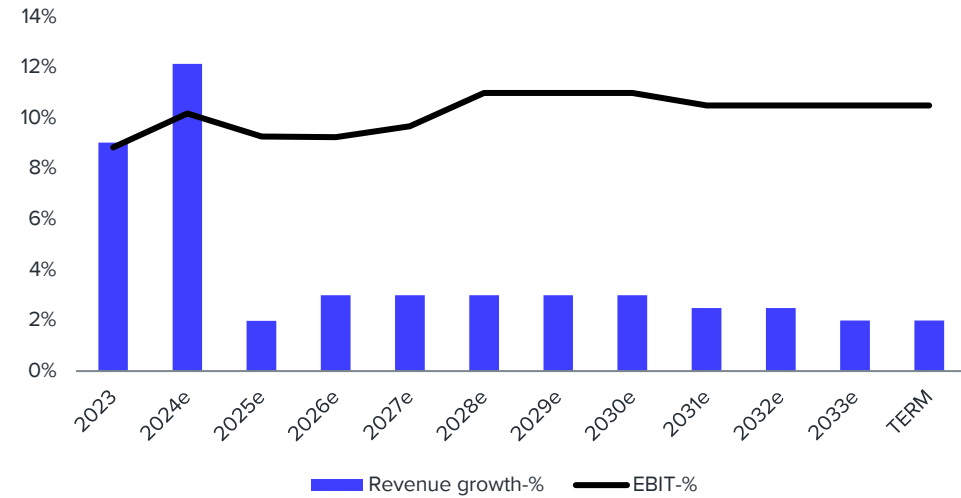
Sensitivity of DCF to changes in the risk-free rate



Sensitivity of DCF to changes in the terminal EBIT margin



Growth and profitability assumptions in the DCF calculation



Source: Inderes. Note that the weight of the terminal value (%) is shown on an inverse scale for clarity.



Summary

Income statement	2021	2022	2023	2024e	2025e	Per share data	2021	2022	2023	2024e	2025e
Revenue	237.8	260.7	284.3	318.8	325.1	EPS (reported)	0.80	0.55	0.76	1.01	1.04
EBITDA	36.0	36.6	43.5	50.8	49.1	EPS (adj.)	0.95	0.80	0.95	1.17	1.22
EBIT	23.0	19.7	25.1	32.5	30.1	OCF / share	0.98	1.64	1.82	2.24	2.21
PTP	18.5	13.1	17.7	23.7	24.5	FCF / share	-7.28	0.72	0.49	1.17	1.34
Net Income	14.4	10.0	13.7	18.3	19.1	Book value / share	5.80	5.73	6.10	6.65	7.21
Extraordinary items	-2.7	-3.3	-3.4	-3.0	-3.2	Dividend / share	0.36	0.40	0.44	0.45	0.46
Balance sheet	2021	2022	2023	2024e	2025e	Growth and profitability	2021	2022	2023	2024e	2025e
Balance sheet total	314.0	312.8	329.1	335.5	334.1	Revenue growth-%	84%	10%	9%	12%	2%
Equity capital	104.4	103.9	110.7	121.0	131.9	EBITDA growth-%	88%	2%	19%	17%	-3%
Goodwill	116.6	118.2	120.1	123.1	123.1	EBIT (adj.) growth-%	38%	-11%	24%	24%	-6%
Net debt	144.8	147.2	151.0	144.5	132.7	EPS (adj.) growth-%	14%	-16%	18%	24%	4%
Cash flow	2021	2022	2023	2024e	2025e	EBITDA-%	15.1 %	14.0 %	15.3 %	15.9 %	15.1 %
EBITDA	36.0	36.6	43.5	50.8	49.1	EBIT (adj.)-%	10.8 %	8.8 %	10.0 %	11.1 %	10.3 %
Change in working capital	-17.0	-1.8	-4.3	-2.6	-2.1	EBIT-%	9.7 %	7.5 %	8.8 %	10.2 %	9.3 %
Operating cash flow	17.6	29.8	33.0	40.8	40.4	ROE-%	16.3 %	9.6 %	12.8 %	15.8 %	15.1 %
CAPEX	-148.6	-16.1	-24.1	-19.5	-16.0	ROI-%	11.6 %	7.5 %	9.4 %	11.9 %	11.0 %
Free cash flow	-130.6	13.1	9.0	21.2	24.4	Equity ratio	33.2 %	33.2 %	33.6 %	36.1 %	39.5 %
						Gearing	138.7 %	141.7 %	136.5 %	119.4 %	100.6 %
Valuation multiples	2021	2022	2023	2024e	2025e						
EV/S	2.6	1.3	1.4	1.3	1.2						
EV/EBITDA	17.0	9.1	9.1	8.0	8.1						
EV/EBIT (adj.)	23.8	14.4	13.9	11.5	11.9						
P/E (adj.)	27.3	12.7	14.3	12.4	11.9						
P/B	4.5	1.8	2.2	2.2	2.0						
Dividend-%	1.4 %	3.9 %	3.3 %	3.1 %	3.2 %						

Source: Inderes



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Accumulate	The 12-month risk-adjusted expected shareholder return of the share is attractive
Reduce	The 12-month risk-adjusted expected shareholder return of the share is weak
Sell	The 12-month risk-adjusted expected shareholder return of the share is very weak

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Recommendation history (>12 mo)

Date	Recommendation	Target	Share price
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	15.50 €	13.15 €
11/3/2023	Buy	15.50 €	11.35 €
3/7/2024	Buy	15.00 €	12.65 €
5/9/2024	Buy	15.00 €	12.50 €
6/5/2024	Buy	15.00 €	12.70 €
8/15/2024	Accumulate	16.50 €	14.45 €
11/8/2024	Accumulate	16.50 €	14.50 €





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