

Relais Group

Company report

03/03/2023



Petri Gostowski
+358 40 821 5982
petri.gostowski@inderes.fi

✓ Inderes corporate customer

This report is a summary translation of the report “Arvostuksessa on liikkumavaraa ylöspäin” published on 03/03/2023 at 08:20 am.

inde
res.

Upside potential in the valuation

The overall picture in Relais' Q4 report was on the positive side, as the last quarter of 2022 was slightly better operationally than we had expected. However, we haven't made any significant estimate revisions following the report, as our estimates for the coming years expected the company to improve on its performance that was particularly weak in the first half of 2022. Thus, we reiterate our target price of EUR 13.5 and our Accumulate recommendation.

Q4 slightly better than expected operationally

In Q4, Relais achieved a net sales of EUR 75.2 million, showing 2% of growth year-on-year. This exceeded our estimate of stable net sales development. As expected, the increase in net sales was supported by acquisitions, while organic net sales fell by 5%. Net sales declined organically less than expected. For Q4, EBITA reached EUR 6.2 million, corresponding to an EBITA margin of 8.2%. This was a larger-than-expected decline from the comparison period, but Q4 profitability was weighed down costs related to transferring to the main list of the stock exchange and acquisitions. Acquisitions are at the heart of the company's business model, but the move to the main list is clearly a one-off. Taking this item into account, adjusted profitability for Q4 was 9.2%, again in line with our estimate. The Relais board proposes a dividend of EUR 0.4 per share, which exceeded our estimate.

Relais updated its long-term financial target

Instead of the previous net sales target of EUR 500 million by 2026, the company now aims to achieve a pro forma EBITA of EUR 50 million by the end of 2025. The growth outlook for the target market is at around the economic growth rate and, taking into account the company's current profitability level, a rough doubling of earnings from 2022 relies heavily on inorganic growth. This is in line with the company's strategy and business model, but we don't include acquisitions in our models, thus our estimates are below the target. The company has a broad toolbox of financing options at its disposal, so achieving the target is realistic. We consider the rate of return on capital invested in M&A to achieve earnings growth to be more important than reaching the target level.

We expect slight inorganic growth and stable margin development in 2023

As per usual, Relais didn't provide numerical guidance for 2023. We have made only minor revisions to our estimates and expect Relais' 2023 net sales to grow by 3%, reflecting the acquisitions made, while organically we expect net sales to remain stable. With price increases and an efficiency program, we expect the company to be able to cope with cost pressures from inflation. As such, we expect a stable EBITA margin of 9.9% for 2023.

We believe there is still upside potential in the valuation

Adjusted P/E ratios for 2023 and 2024 based on our estimates are 13x and 12x, while the corresponding EV/EBITA ratios are 14x and 12x. In our view, there is still some upside potential in these valuation multiples. Relais is valued at a slight discount to their industry peers and at a significant discount to their serial consolidator peers. We believe that a reasonable level of valuation lies between the median valuations of these peer groups. Based on this valuation range, the relative valuation also supports our view of upside potential in the valuation.

Recommendation

Accumulate

(previous Accumulate)

EUR 13.50

(previous EUR 13.50)

Share price:

12.50



Key figures

	2022	2023e	2024e	2025e
Revenue	260.7	268.3	279.1	287.4
growth-%	10%	3%	4%	3%
EBIT adj.	23.0	26.6	29.7	30.5
EBIT-% adj.	8.8 %	9.9 %	10.7 %	10.6 %
Net Income	10.1	13.2	14.8	15.9
EPS (adj.)	0.80	0.94	1.03	1.07

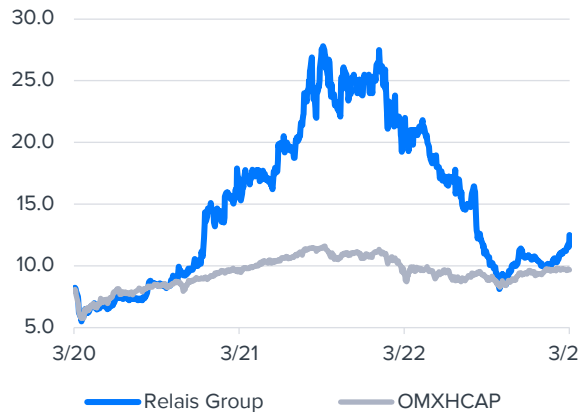
P/E (adj.)	12.7	13.3	12.1	11.7
P/B	1.8	2.1	1.9	1.8
Dividend yield-%	3.9 %	3.4 %	3.5 %	3.6 %
EV/EBITA	14.3	13.5	11.8	11.1
EV/EBITDA	9.0	8.7	7.8	7.6
EV/S	1.3	1.3	1.3	1.2

Source: Inderes

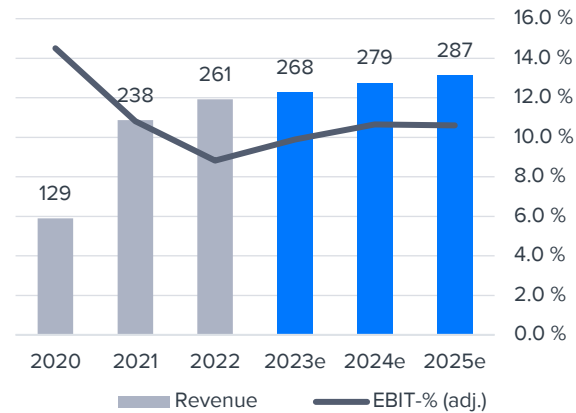
Guidance

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

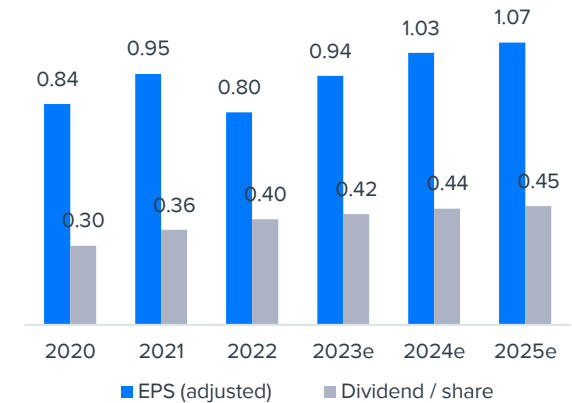
Share price



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	12.5	12.5	12.5
Number of shares, millions	18.2	18.3	18.4
Market cap	228	228	228
EV	360	350	339
P/E (adj.)	13.3	12.1	11.7
P/E	17.3	15.4	14.4
P/B	2.1	1.9	1.8
P/S	0.8	0.8	0.8
EV/Sales	1.3	1.3	1.2
EV/EBITDA	8.7	7.8	7.6
EV/EBITA	13.5	11.8	11.1
Payout ratio (%)	58.1 %	54.2 %	51.9 %
Dividend yield-%	3.4 %	3.5 %	3.6 %

Source: Inderes

Estimates and estimate revisions

Estimates	Q4'21	Q4'22	Q4'22e	Q4'22e	Consensus		Difference (%)	2022
MEUR / EUR	Comparison	Actualized	Inderes	Consensus	Low	High	Act. vs. inderes	Actualized
Revenue	73.5	75.2	73.4				2%	261
EBITDA	11.0	10.1	10.0				1%	36.6
EBITA	8.0	6.2	6.6				-6%	23.0
PTP	6.1	3.7	4.5				-18%	13.2
EPS (adj.)	0.33	0.32	0.25				28%	0.80
DPS	0.36	0.40	0.30				33%	0.40
Revenue growth-%	97.5 %	2.2 %	-0.2 %				2.4 pp	9.6 %
EBITA-%	10.9 %	8.2 %	9.0 %				-0.8 pp	8.8 %

Source: Inderes

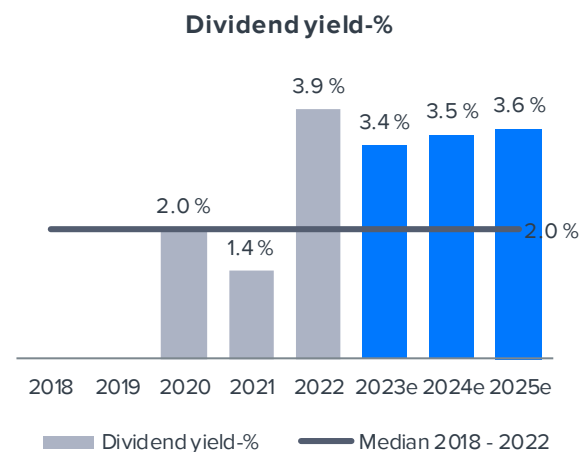
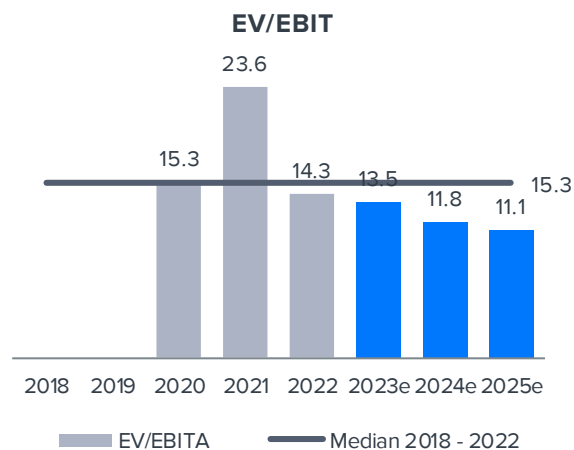
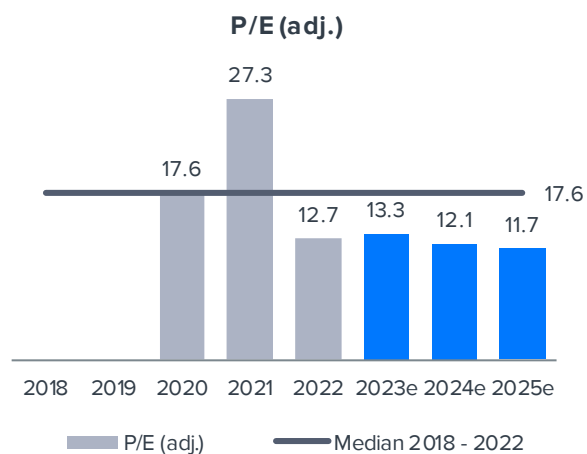
Estimate revisions	2022e	2022	Change	2023e	2023e	Change	2024e	2024e	Change
MEUR / EUR	Inderes	Actualized	%	Old	New	%	Old	New	%
Revenue	259	261	1%	267	268	1%	278	279	1%
EBITDA	36.5	36.6	0%	40.1	41.5	3%	42.8	44.6	4%
EBIT (exc. NRIs)	23.4	23.0	-2%	26.5	26.6	0%	29.5	29.7	1%
EBIT	20.0	19.6	-2%	22.5	22.6	0%	25.5	25.7	1%
PTP	14.0	13.2	-6%	16.5	16.5	-1%	19.7	19.0	-3%
EPS (excl. NRIs)	0.73	0.80	10%	0.95	0.94	0%	1.08	1.03	-5%
DPS	0.30	0.40	33%	0.32	0.42	31%	0.34	0.44	29%

Source: Inderes

Valuation table

Valuation	2018	2019	2020	2021	2022	2023e	2024e	2025e	2026e
Share price			14.7	26.0	10.2	12.50	12.50	12.50	12.50
Number of shares, millions			17.4	17.9	18.1	18.2	18.3	18.4	18.4
Market cap			256	466	185	228	228	228	228
EV			285	608	328	360	350	339	328
P/E (adj.)			17.6	27.3	12.7	13.3	12.1	11.7	10.8
P/E			36.9	32.5	18.4	17.3	15.4	14.4	11.6
P/B			3.6	4.6	1.8	2.1	1.9	1.8	1.7
P/S			2.0	2.0	0.7	0.8	0.8	0.8	0.8
EV/Sales			2.2	2.6	1.3	1.3	1.3	1.2	1.1
EV/EBITDA			14.9	16.9	9.0	8.7	7.8	7.6	7.1
EV/EBITA			15.3	23.6	14.3	13.5	11.8	11.1	10.3
Payout ratio (%)			75.3 %	44.9 %	72.0 %	58.1 %	54.2 %	51.9 %	42.7 %
Dividend yield-%			2.0 %	1.4 %	3.9 %	3.4 %	3.5 %	3.6 %	3.7 %

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	1577	2053	8.1	7.7	7.0	6.5	0.6	0.5	8.4	7.7	0.3	0.3	1.6
Advance Auto Parts Inc	7711	8745	9.9	9.5	7.4	7.1	0.8	0.8	12.2	11.5	4.4	4.4	2.6
Duell	46	91	15.2	10.1	10.1	7.6	0.7	0.7	12.6	8.3	0.8	3.3	1.4
Auto Partner SA	489	576	7.5	6.9	7.0	6.3	0.8	0.7	12.5		0.9	1.3	2.5
Genuine Parts Co	22472	24992	14.2	13.5	12.1	11.5	1.1	1.1	19.1	17.8	2.3	2.5	5.7
Uni-Select Inc	1426	1721	20.3	17.1	12.9	12.1	1.4	1.3	19.0	16.6			2.9
LKQ Corp	14370	16634	11.5	11.0	10.1	9.6	1.3	1.3	14.2	13.1	1.9	2.1	2.5
O'Reilly Automotive Inc	47758	52034	17.9	16.7	15.8	14.8	3.6	3.4	22.4	20.1			
Autozone Inc	42508	48185	15.2	14.1	13.2	12.3	3.0	2.8	19.2	16.9			
Bapcor Ltd	1431	1807	13.9	12.0	9.5	8.4	1.4	1.3	17.7	15.1	3.1	3.7	2.0
Mekonomen AB	600	1075	11.1	10.2	6.7	6.5	0.8	0.8	9.8	8.5	3.0	3.4	1.1
Relais Group (Inderes)	228	360	13.5	11.8	8.7	7.8	1.3	1.3	13.3	12.1	3.4	3.5	2.1
Average			13.2	11.7	10.2	9.3	1.4	1.3	15.2	13.5	2.1	2.6	2.5
Median			13.9	11.0	10.1	8.4	1.1	1.1	14.2	14.1	2.1	2.9	2.5
Diff-% to median			-3%	7%	-14%	-7%	18%	13%	-6%	-14%	58%	22%	-17%

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
			2023e	2024e	2023e	2024e	2023e	2024e	2023e	2024e	2023e	2024e	2023e
Indutrade AB	7335	8106	24.0	23.1	18.3	17.5	3.2	3.0	31.3	29.8	1.3	1.4	5.7
Bergman & Beving AB	302	429	14.2	13.3	8.5	8.1	1.0	1.0	14.3	13.4	3.0	3.2	1.6
Momentum Group AB	367	386	21.2	20.8	15.3	15.0	2.3	2.2	24.5	23.6	1.4	1.6	6.8
Bufab AB (publ)	935	1272	16.5	15.6	12.6	12.1	1.7	1.6	19.6	17.3	1.8	1.8	3.0
Christian Berner Tech Trade AB	34	51	11.6	10.1	6.9	6.0	0.6	0.6	13.1	11.1	3.1	3.6	1.8
Addtech AB	4616	5059	27.4	27.3	20.6	20.4	3.0	2.9	34.8	34.8	1.0	1.1	9.9
Beijer Ref AB (publ)	7443	8089	30.4	27.6	24.2	22.3	3.0	2.8	38.8	34.2	1.0	1.2	5.5
Beijer Alma AB	1124	1310	17.0	15.7	12.7	11.8	2.4	2.2	20.5	18.6	2.1	2.4	3.2
Lifco AB (publ)	8012	8616	25.3	24.3	19.7	19.0	4.4	4.2	35.7	33.7	0.9	1.0	6.3
Lagercrantz Group AB	2447	2678	28.5	27.0	21.0	19.8	4.1	3.8	32.8	31.4	1.2	1.4	8.7
Volati Ab	796	991	17.2	14.1	11.3	10.5	1.4	1.3	20.7	18.1	1.9	1.8	4.2
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	1207	1675	27.6	23.4	13.4	12.4	2.0	1.9	35.6	27.9	1.2	1.2	2.6
Addnode Group AB	1442	1475	29.7	26.7	18.8	17.4	2.4	2.3	38.7	34.1	0.8	1.3	7.1
Instalco AB	1153	1732	22.5	19.6	15.2	13.9	1.5	1.4	20.8	17.4	1.6	1.7	3.8
Seafire AB	75	90	10.6	9.8	7.1	6.6	0.9	0.8	16.7	10.5			1.0
Sdiptech AB	781	781	12.0	10.7	9.1	8.2	2.1	1.9	19.5	16.8			2.5
Fasadgruppen Group AB	467	582	13.9	13.3	10.9	10.6	1.2	1.2	16.1	15.0	1.7	1.9	2.2
Relais Group (Inderes)	228	360	13.5	11.8	8.7	7.8	1.3	1.3	13.3	12.1	3.4	3.5	2.1
Average			20.5	19.0	14.6	13.7	2.1	2.0	25.6	22.8	1.5	1.7	4.4
Median			21.2	19.6	14.3	12.4	2.1	1.9	22.1	18.6	1.3	1.4	3.2
Diff-% to median			-36%	-40%	-40%	-37%	-36%	-34%	-40%	-35%	158%	145%	-35%

Source: Refinitiv / Inderes

Income statement

Income statement	2021	Q1'22	Q2'22	Q3'22	Q4'22	2022	Q1'23e	Q2'23e	Q3'23e	Q4'23e	2023e	2024e	2025e	2026e
Revenue	237.8	62.1	58.6	64.8	75.2	261	64.2	61.1	66.4	76.6	268	279	287	296
Relais Group	238	62.1	58.6	64.8	75.2	261	64.2	61.1	66.4	76.6	268	279	287	296
EBITDA	36.0	8.9	6.6	11.1	10.1	36.6	9.2	8.1	11.9	12.3	41.5	44.6	44.6	46.0
Depreciation	-13.0	-3.9	-4.0	-4.3	-4.8	-16.9	-4.8	-4.7	-4.7	-4.7	-18.9	-18.9	-17.8	-15.4
EBITA	25.7	5.7	3.4	7.7	6.2	23.0	5.4	4.4	8.2	8.6	26.6	29.7	30.5	32.0
EBIT	23.0	5.0	2.6	6.8	5.3	19.6	4.4	3.4	7.2	7.6	22.6	25.7	26.8	30.6
Net financial items	-4.6	-1.2	-1.9	-1.7	-1.6	-6.5	-1.5	-1.5	-1.5	-1.6	-6.1	-6.7	-6.4	-5.2
PTP	18.5	3.8	0.7	5.1	3.7	13.2	2.9	1.9	5.7	6.0	16.5	19.0	20.4	25.4
Taxes	-4.1	-1.1	-0.7	-1.4	0.1	-3.1	-0.6	-0.4	-1.1	-1.2	-3.3	-4.2	-4.5	-5.6
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	2.3	1.6	4.5	4.8	13.2	14.8	15.9	19.8
EPS (adj.)	0.95	0.19	0.05	0.25	0.32	0.80	0.18	0.14	0.30	0.32	0.94	1.03	1.07	1.15
EPS (rep.)	0.80	0.15	0.00	0.20	0.21	0.56	0.13	0.09	0.25	0.26	0.72	0.81	0.87	1.08

Key figures	2021	Q1'22	Q2'22	Q3'22	Q4'22	2022	Q1'23e	Q2'23e	Q3'23e	Q4'23e	2023e	2024e	2025e	2026e
Revenue growth-%	84.5 %	16.2 %	12.5 %	10.3 %	2.3 %	9.6 %	3.4 %	4.2 %	2.5 %	1.9 %	2.9 %	4.0 %	3.0 %	3.0 %
EBITA growth-%	37.5 %	-6.3 %	-15.0 %	1.1 %	-23.0 %	-10.7 %	-6.2 %	31.5 %	6.3 %	38.6 %	15.6 %	11.9 %	2.6 %	5.0 %
EBITDA-%	15.1 %	14.3 %	11.2 %	17.1 %	13.4 %	14.0 %	14.3 %	13.3 %	17.9 %	16.0 %	15.4 %	16.0 %	15.5 %	15.5 %
EBITA-%	10.8 %	9.2 %	5.8 %	11.8 %	8.2 %	8.8 %	8.4 %	7.3 %	12.3 %	11.2 %	9.9 %	10.7 %	10.6 %	10.8 %
Net earnings-%	6.0 %	4.3 %	0.0 %	5.7 %	5.0 %	3.9 %	3.6 %	2.6 %	6.8 %	6.2 %	4.9 %	5.3 %	5.5 %	6.7 %

Source: Inderes

Balance sheet

Assets	2021	2022	2023e	2024e	2025e
Non-current assets	189	191	185	180	175
Goodwill	114	118	118	118	118
Intangible assets	15.1	15.0	11.0	7.0	3.2
Tangible assets	59.0	56.8	55.2	53.7	53.1
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
Current assets	119	119	121	125	124
Inventories	73.4	67.8	69.8	72.6	74.7
Other current assets	0.0	4.5	4.5	4.5	4.5
Receivables	33.8	32.8	33.8	35.2	36.2
Cash and equivalents	11.8	13.5	12.9	12.9	8.6
Balance sheet total	308	309	306	305	299

Source: Inderes

Liabilities & equity	2021	2022	2023e	2024e	2025e
Equity	102	104	110	117	125
Share capital	0.1	0.1	0.1	0.1	0.1
Retained earnings	34.2	35.7	41.6	48.8	56.6
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	67.7	68.2	68.2	68.2	68.2
Minorities	0.3	0.0	0.0	0.0	0.0
Non-current liabilities	143	144	137	127	107
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
Current liabilities	62.8	61.0	59.2	60.7	67.3
Short term debt	16.7	19.1	15.0	15.0	20.5
Payables	46.1	35.3	37.6	39.1	40.2
Other current liabilities	0.0	6.6	6.6	6.6	6.6
Balance sheet total	308	309	306	305	299

DCF calculation

DCF model	2022	2023e	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	TERM
Revenue growth-%	9.6 %	2.9 %	4.0 %	3.0 %	3.0 %	3.0 %	3.0 %	3.0 %	3.0 %	2.5 %	2.0 %	2.0 %
EBIT-%	7.5 %	8.4 %	9.2 %	9.3 %	10.3 %	11.5 %	11.5 %	11.5 %	11.5 %	11.0 %	11.0 %	11.0 %
EBIT (operating profit)	19.6	22.6	25.7	26.8	30.6	35.1	36.1	37.2	38.3	37.6	38.3	
+ Depreciation	16.9	18.9	18.9	17.8	15.4	15.3	14.7	14.4	14.2	14.1	14.1	
- Paid taxes	-3.3	-3.3	-4.2	-4.5	-5.6	-6.7	-7.0	-7.3	-7.5	-7.3	-7.5	
- Tax, financial expenses	-1.5	-1.2	-1.5	-1.4	-1.1	-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	-0.8	-2.6	-2.1	-2.1	-2.2	-2.3	-2.3	-2.4	-2.0	-1.7	
Operating cash flow	29.6	36.2	36.3	36.7	37.1	40.5	40.6	41.1	41.7	41.4	42.3	
+ 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	-13.3	-13.4	-13.4	-13.5	-13.5	-13.5	-13.6	-14.0	-14.0	-14.3	
Free operating cash flow	10	22.9	22.9	23.3	23.6	27.0	27.1	27.5	27.7	27.4	28.0	
+/- Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
FCFF	10.2	22.9	22.9	23.3	23.6	27.0	27.1	27.5	27.7	27.4	28.0	478
Discounted FCFF		21.5	19.9	18.7	17.6	18.6	17.3	16.3	15.2	13.9	13.2	225
Sum of FCFF present value		397	375	355	337	319	300	283	267	252	238	225
Enterprise value DCF		397										
- Interesting bearing debt		-156										
+ Cash and cash equivalents		13.5										
-Minorities		0.0										
-Dividend/capital return		0.0										
Equity value DCF		254										
Equity value DCF per share		13.9										

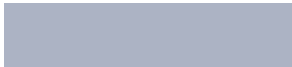
Wacc

Tax-% (WACC)	20.0 %
Target debt ratio (D/(D+E))	25.0 %
Cost of debt	4.5 %
Equity Beta	1.25
Market risk premium	4.75%
Liquidity premium	1.00%
Risk free interest rate	2.5 %
Cost of equity	9.4 %
Weighted average cost of capital (WACC)	8.0 %

Source: Inderes

Cash flow distribution

2023e-2027e



24%

2028e-2032e



19%

TERM



57%

■ 2023e-2027e ■ 2028e-2032e ■ TERM

Summary

Income statement	2020	2021	2022	2023e	2024e	Per share data	2020	2021	2022	2023e	2024e
Revenue	128.9	237.8	260.7	268.3	279.1	EPS (reported)	0.40	0.80	0.56	0.72	0.81
EBITDA	19.1	36.0	36.6	41.5	44.6	EPS (adj.)	0.84	0.95	0.80	0.94	1.03
EBIT	11.1	23.0	19.6	22.6	25.7	OCF / share	1.17	0.94	1.64	1.99	1.99
PTP	10.4	18.5	13.2	16.5	19.0	FCF / share	0.46	-6.88	0.56	1.26	1.25
Net Income	6.9	14.4	10.1	13.2	14.8	Book value / share	4.13	5.68	5.73	6.04	6.40
Extraordinary items	-7.6	-2.7	-3.3	-4.0	-4.0	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	306.0	304.6	Revenue growth-%	30%	84%	10%	3%	4%
Equity capital	72.3	102.3	104.0	109.9	117.1	EBITDA growth-%	43%	88%	2%	13%	8%
Goodwill	58.2	114.5	118.2	118.2	118.2	EBIT (adj.) growth-%	138%	38%	-11%	16%	12%
Net debt	28.3	139.7	142.9	132.1	122.1	EPS (adj.) growth-%	298%	14%	-15%	17%	9%
Cash flow	2020	2021	2022	2023e	2024e	EBITDA-%	14.8 %	15.1 %	14.0 %	15.4 %	16.0 %
EBITDA	19.1	36.0	36.6	41.5	44.6	EBIT (adj.)-%	14.5 %	10.8 %	8.8 %	9.9 %	10.7 %
Change in working capital	1.3	-17.0	-2.1	-0.8	-2.6	EBIT-%	8.6 %	9.7 %	7.5 %	8.4 %	9.2 %
Operating cash flow	20.3	16.8	29.6	36.2	36.3	ROE-%	10.2 %	16.5 %	9.8 %	12.3 %	13.1 %
CAPEX	-12.4	-142.2	-18.3	-13.3	-13.4	ROI-%	8.4 %	11.8 %	7.6 %	8.8 %	10.1 %
Free cash flow	8.1	-123.5	10.2	22.9	22.9	Equity ratio	46.7 %	33.2 %	33.6 %	35.9 %	38.4 %
						Gearing	39.2 %	136.5 %	137.4 %	120.2 %	104.3 %
Valuation multiples	2020	2021	2022	2023e	2024e						
EV/S	2.2	2.6	1.3	1.3	1.3						
EV/EBITDA (adj.)	14.9	16.9	9.0	8.7	7.8						
EV/EBIT (adj.)	15.3	23.6	14.3	13.5	11.8						
P/E (adj.)	17.6	27.3	12.7	13.3	12.1						
P/B	3.6	4.6	1.8	2.1	1.9						
Dividend-%	2.0 %	1.4 %	3.9 %	3.4 %	3.5 %						

Source: Inderes

Disclaimer and recommendation history

The information presented in Inderes reports is obtained from several different public sources that Inderes considers to be reliable. Inderes aims to use reliable and comprehensive information, but Inderes does not guarantee the accuracy of the presented information. Any opinions, estimates and forecasts represent the views of the authors. Inderes is not responsible for the content or accuracy of the presented information. Inderes and its employees are also not responsible for the financial outcomes of investment decisions made based on the reports or any direct or indirect damage caused by the use of the information. The information used in producing the reports may change quickly. Inderes makes no commitment to announcing any potential changes to the presented information and opinions.

The reports produced by Inderes are intended for informational use only. The reports should not be construed as offers or advice to buy, sell or subscribe investment products. Customers should also understand that past performance is not a guarantee of future results. When making investment decisions, customers must base their decisions on their own research and their estimates of the factors that influence the value of the investment and take into account their objectives and financial position and use advisors as necessary. Customers are responsible for their investment decisions and their financial outcomes.

Reports produced by Inderes may not be edited, copied or made available to others in their entirety, or in part, without Inderes' written consent. No part of this report, or the report as a whole, shall be transferred or shared in any form to the United States, Canada or Japan or the citizens of the aforementioned countries. The legislation of other countries may also lay down restrictions pertaining to the distribution of the information contained in this report. Any individuals who may be subject to such restrictions must take said restrictions into account.

Inderes issues target prices for the shares it follows. The recommendation methodology used by Inderes is based on the share's 12-month expected total shareholder return (including the share price and dividends) and takes into account Inderes' view of the risk associated with the expected returns. The recommendation policy consists of four tiers: Sell, Reduce, Accumulate and Buy. As a rule, Inderes' investment recommendations and target prices are reviewed at least 2–4 times per year in connection with the companies' interim reports, but the recommendations and target prices may also be changed at other times depending on the market conditions. The issued recommendations and target prices do not guarantee that the share price will develop in line with the estimate. Inderes primarily uses the following valuation methods in determining target prices and recommendations: Cash flow analysis (DCF), valuation multiples, peer group analysis and sum of parts analysis. The valuation methods and target price criteria used are always company-specific and they may vary significantly depending on the company and (or) industry.

Inderes' recommendation policy is based on the following distribution relative to the 12-month risk-adjusted expected total shareholder return.

Buy	The 12-month risk-adjusted expected shareholder return of the share is very attractive
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
The assessment of the 12-month risk-adjusted expected total shareholder return based on the above-mentioned definitions is company-specific and subjective. Consequently, similar 12-month expected total shareholder returns between different shares may result in different recommendations, and the recommendations and 12-month expected total shareholder returns between different shares should not be compared with each other. The counterpart of the expected total shareholder return is Inderes' view of the risk taken by the investor, which varies considerably between companies and scenarios. Thus, a high expected total shareholder return does not necessarily lead to positive performance when the risks are exceptionally high and, correspondingly, a low expected total shareholder return does not necessarily lead to a negative recommendation if Inderes considers the risks to be moderate.	

The analysts who produce Inderes' research and Inderes employees cannot have 1) shareholdings that exceed the threshold of significant financial gain or 2) shareholdings exceeding 1% in any company subject to Inderes' research activities. Inderes Oyj can only own shares in the target companies it follows to the extent shown in the company's model portfolio investing real funds. All of Inderes Oyj's shareholdings are presented in itemised form in the model portfolio. Inderes Oyj does not have other shareholdings in the target companies analysed. The remuneration of the analysts who produce the analysis are not directly or indirectly linked to the issued recommendation or views. Inderes Oyj does not have investment bank operations.

Inderes or its partners whose customer relationships may have a financial impact on Inderes may, in their business operations, seek assignments with various issuers with respect to services provided by Inderes or its partners. Thus, Inderes may be in a direct or indirect contractual relationship with an issuer that is the subject of research activities. Inderes and its partners may provide investor relations services to issuers. The aim of such services is to improve communication between the company and the capital markets. These services include the organisation of investor events, advisory services related to investor relations and the production of investor research reports.

More information about research disclaimers can be found at www.inderes.fi/research-disclaimer.

Inderes has made an agreement with the issuer and target of this report, which entails compiling a research report.

Recommendation history (>12 mo)

Date	Recommendation	Target price	Share price
11/5/2021	Reduce	26.00 €	25.20 €
3/4/2022	Accumulate	24.00 €	22.00 €
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 €



Inderes connects investors and listed companies. We help over 400 listed companies to better serve their investors. Our community is home to over 70 000 active investors. Our social objective is to democratize information in the financial markets.

We build solutions for listed companies that enable seamless and effective investor relations. Majority of our revenue comes from services to listed companies, including Commissioned Research, Virtual Events, AGM services, and IR technology and consultation.

Inderes is listed on Nasdaq First North growth market and operates in Finland, Sweden, Norway and Denmark.

Inderes Oyj

Itämerentori 2

FI-00180 Helsinki, Finland

+358 10 219 4690

Award-winning research at [inderes.fi](https://www.inderes.fi)



**STARMINE
ANALYST AWARDS
FROM REFINITIV**



THOMSON REUTERS
ANALYST AWARDS



Juha Kinnunen
2012, 2016, 2017, 2018, 2019, 2020



Mikael Rautanen
2014, 2016, 2017, 2019



Sauli Vilén
2012, 2016, 2018, 2019, 2020



Antti Viljakainen
2014, 2015, 2016, 2018, 2019, 2020



Olli Koponen
2020



Joni Grönqvist
2019, 2020



Erkki Vesola
2018, 2020



Petri Gostowski
2020



Atte Riikola
2020

**Research belongs
to everyone.**