H&M

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COMPANY REPORT

Awaiting a more convincing growth story

In our view, H&M's Q3 report once again confirmed that the overall investment story remains unchanged with weak top-line growth but improved profitability through solid cost control and a one-off tariff benefit. We continue to stress the importance of reigniting revenue growth to achieve long-term sustainable earnings growth, particularly as margin tailwinds are starting to fade. Given the persistent growth concerns, which were at least not eased by the rather modest September guidance of 1% growth in local currencies, we continue to consider the valuation of H&M to be elevated. Against this background, we continue to view the risk/reward as unattractive and reiterate our Sell recommendation and target price of SEK 150 per share.

One-off tariff benefit drove profit beat

We view the Q3 sales outcome of 1% local currency growth as modest. While a reduction in store count weighed slightly on revenue, the fundamental challenge remains the brand's lack of strong momentum. In our view, the strategic initiatives aimed at elevating the customer experience have yet to translate into the sales growth needed to close the gap to industry peers and we see limited scope for a meaningful acceleration in the near term. On profitability, gross margin rose from 52.9% in Q3'25 to 54.0% in Q3'26, above both our and consensus forecasts, driven by a one-time tariff benefit of about 1.6 percentage points that was not included in our or consensus modeling. Adjusted for this, the gross margin came in below both our and consensus forecasts, reflecting fading supply-chain efficiencies and freight cost pressure. In our view, H&M again showed solid cost control in Q3, with SG&A down roughly 1% in local currencies. Management now guides to low-single-digit OPEX growth for the full year, and with SG&A roughly flat through Q3, we expect some upward pressure in Q4. On a reported basis, Q3 EBIT of 6,037 MSEK beat both our and consensus forecasts, though mainly due to the one-time tariff refund.

A slow sales recovery

Overall, we have kept our Q4 revenue estimates largely unchanged and expect local currency growth of around 1.5% for the full quarter. On gross margin, the company noted in its Q3 report that it expects external factors to have a somewhat negative impact in Q4 versus the same period last year, driven by higher freight costs. In addition, markdowns are expected to be somewhat higher year-on-year in the fourth quarter, primarily reflecting anticipated high promotional activity in November and the calendar effect of Cyber Monday falling into Q4 this year. Taking this into account, along with continued fading supply-chain efficiencies, we have lowered our Q4 gross margin assumption and now expect the gross margin to decline from 55.9% in Q4'25 to 55.4% in Q4'26. On OPEX, as previously noted, we expect some upward pressure from the phasing of technology investments, resulting in EBIT of 6,080 MSEK for Q4. In the medium-to-long term, we have kept our revenue estimates largely unchanged, still expecting annual revenue growth of around 3-5% and gross margins within the targeted 54-55% range. However, we have raised our medium-term operating expense estimates, reflecting the ERP rollout, which will continue to pressure SG&A in 2027 and into 2028.

We still believe that the valuation is stretched

In our view, the valuation multiples are still on the high side in absolute terms (2026e P/E: 20 and EV/EBIT: 16x), and our DCF model and relative valuation paint a similar picture. The limited visibility on a sales turnaround and a mixed track record lead us to believe that the current elevated valuation multiples are unwarranted. As such, we view the risk/reward as unattractive and prefer to wait for more compelling entry opportunities.

Recommendation
Sell
(prev. Sell)

Target price:
150 SEK
(prev. 150 SEK)

Share price:
163 SEK

Business risk

Valuation risk

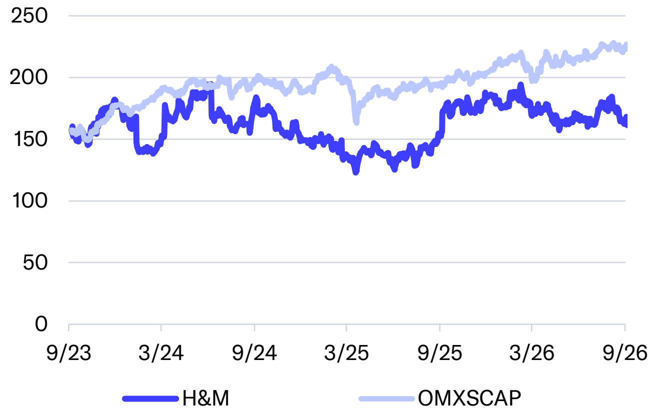
	2025	2026e	2027e	2028e
Revenue	228,285	222,234	226,900	232,668
growth-%	-3%	-3%	2%	3%
EBIT adj.	18,395	19,306	20,255	21,754
EBIT-% adj.	8.1 %	8.7 %	8.9 %	9.3 %
Net Income	12,158	12,963	13,727	14,904
EPS (adj.)	7.6	8.0	8.6	9.3
P/E (adj.)	22.6	20.5	19.0	17.5
P/B	6.4	5.9	5.6	5.4
Dividend yield-%	4.2 %	4.6 %	4.9 %	5.2 %
EV/EBIT (adj.)	18.0	16.4	15.4	14.3
EV/EBITDA	8.4	8.0	7.8	7.4
EV/S	1.4	1.4	1.4	1.3

Source: Inderes

Guidance (Unchanged)

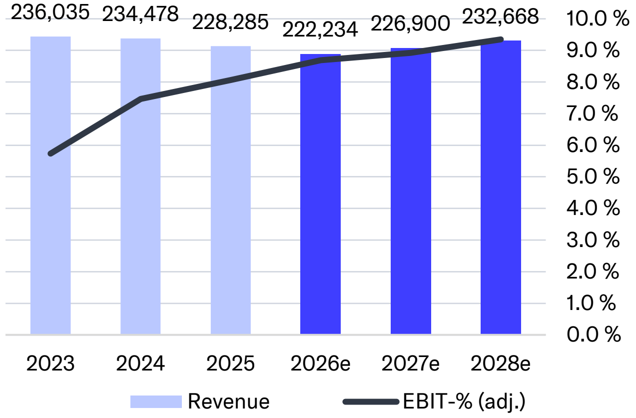
No guidance

Share price



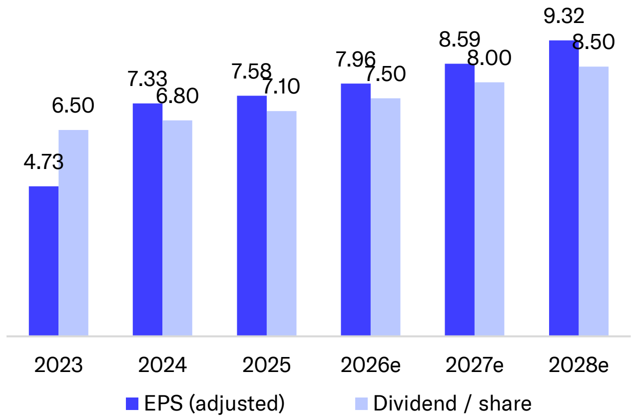
Source: Millistream Market Data AB

Sales and EBIT-%



Source: Inderes

EPS and DPS



Source: Inderes

Value drivers

- Very strong brand and market presence in fashion retail
- Potential to grow in emerging markets and increase market share
- Margin improvement towards 10% EBIT-margin target
- Portfolio chains / ventures could create value in the mid-/long-term

Risk factors

- The fashion industry is fiercely competed and somewhat cyclical in nature
- H&M's track record from the past decade is poor and a "normal" margin level is uncertain
- Increased tariffs/regulation could have a negative impact
- Reputational risk for H&M
- Change in consumer preferences away from fast fashion

Valuation	2026e	2027e	2028e
Share price	163	163	163
Number of shares, m	1,599	1,599	1,599
Market cap	260,616	260,616	260,616
EV	316,551	312,693	310,051
P/E (adj.)	20.5	19.0	17.5
P/E	20.1	19.0	17.5
P/B	5.9	5.6	5.4
P/S	1.2	1.1	1.1
EV/Sales	1.4	1.4	1.3
EV/EBITDA	8.0	7.8	7.4
EV/EBIT (adj.)	16.4	15.4	14.3
Payout ratio (%)	93%	93%	91%
Dividend yield-%	4.6 %	4.9 %	5.2 %

Source: Inderes

One-off tariff benefit drove profit beat

Revenues in line with modest expectations

H&M reported Q3 revenue of 57,189 MSEK, well aligned with both our and consensus estimates. Sales in local currencies grew by 1%, as, according to the company, continued disruptions in the global supply chain and the European logistics network offset the positive impact of well-received summer collections. Regionally, the Nordics stood out on the positive side, with local-currency sales growth of around 6%. Western Europe, however, remained under pressure, particularly in Germany and the U.K., where promotional activity stayed high and consumer sentiment was cautious.

Overall, we view the Q3 sales outcome as modest. While a 2% year-on-year reduction in store count weighed slightly on revenue, the fundamental challenge remains the brand's lack of strong momentum. In our view, the strategic initiatives aimed at elevating the customer experience have yet to translate into the sales growth needed to close the gap to industry peers and we see limited scope for a meaningful acceleration in the near term.

One-off margin support from tariff refund

H&M's gross margin rose from 52.9% in Q3'25 to 54.0% in Q3'26, above both our and consensus forecasts, driven by a one-time tariff benefit of about 1.6 percentage points that was not included in our or consensus modelling. Adjusted for this, the gross margin came in below both our and consensus forecasts, reflecting fading supply-chain efficiencies and freight cost pressure.

On operating costs, H&M again demonstrated solid cost control in Q3, with SG&A declining by roughly 1% in local currencies despite the 1% rise in local-currency revenue. Both we and consensus had expected higher OPEX in Q3, in line with the company's guidance that SG&A would increase by a single-digit percentage for the full year. However, alongside the report, management noted that it now expects low-single-digit growth in local-currency OPEX for the full year. Nevertheless, given that SG&A accumulated through Q3 is roughly flat in local currencies year-on-year, we expect some upward pressure on OPEX in Q4.

All in all, on a reported basis, Q3 EBIT came in above both our and consensus forecasts at 6,037 MSEK, again mainly due to the one-time tariff refund. Adjusted for this, operating profit was only slightly above our expectations.

Solid cash flow despite higher inventory

Currency-adjusted, the stock-in-trade rose by 9% in Q3 and represented around 17.8% of rolling 12-month sales. This should, however, be seen in the context of more goods in transit resulting from disruptions in global supply chains and the temporary effects of consolidating the European logistics network. Despite this temporary increase, we regard operating cash flow as solid at ~11,900 MSEK.

Estimates	Q3'25	Q3'26	Q3'26e	Q3'26e	Consensus		Difference (%)	2026e
MSEK / SEK	Comparison	Actualized	Inderes	Consensus	Low	High	Act. vs. inderes	Inderes
Revenue	57,017	57,189	57,150	57,155	55,221	58,178	0%	222,234
Gross profit	30,143	30,867	30,575	30,533	30,093	31,585	1%	120,628
Gross margin	52.9 %	54.0 %	53.5 %	53.4 %	53.1 %	55.1 %	0.5 pp	54.3 %
EBIT (adj.)	4,914	5,122	4,915	5,264	4790	6147	4%	19306
EBIT	4,914	6,037	4,915	5,264	4,790	6,147	23%	19,542
EPS (reported)	2.01	2.58	2.03	2.21	2.00	2.68	27%	8.11
Revenue growth-%	-3.4 %	0.3 %	0.2 %	0.2 %	-3.1 %	2.0 %	0.1 pp	-2.7 %
EBIT-%	8.6 %	10.6 %	8.6 %	9.2 %	8.7 %	10.6 %	2 pp	8.8 %

Source: Inderes & Bloomberg 2026.09.16, 22 analysts (consensus)

A slow sales recovery

Current trading and Q4 outlook

In connection with its Q3 report, H&M indicated that it expects September sales in local currencies to rise by roughly 1% year-on-year. Given that the company faces undemanding comparables, with flat September sales development last year, we do not view the current trading as particularly encouraging, and at this stage it does not point to a strong rebound in top-line growth. That said, as single-month data can be volatile, we are cautious about drawing overly firm conclusions from it. Nevertheless, we continue to expect relatively modest sales growth for the remainder of Q4, with stronger momentum likely deferred until 2027. In our view, this should be supported by an improved customer offering, as a growing share of in-season buying and shorter lead times allow the company to respond more quickly to changing customer needs and trends.

Overall, we have kept our Q4 revenue estimates largely unchanged and expect local-currency growth of around 1.5% for the full quarter. This implies a slight sequential acceleration later in the quarter, driven by our expectation that autumn clothing demand will shift into the latter part of Q4 following the continued warm temperatures in September.

On gross margin, the company noted in its Q3 report that it expects external factors to have a somewhat negative impact in Q4 versus the same period last year, driven by higher freight costs. In addition, markdowns are expected to be somewhat higher year-on-year in the fourth quarter, primarily reflecting anticipated high promotional activity in November and the calendar effect of Cyber Monday falling into Q4 this year. Taking this into account, along with continued fading supply-chain efficiencies, we have lowered our Q4 gross margin assumption and now expect the gross margin to decline from 55.9% in Q4'25 to 55.4% in Q4'26. On OPEX, as previously noted, we expect some upward pressure from the phasing of technology investments, resulting in EBIT of 6,080 MSEK for Q4 (EBIT margin: 10.0%).

Mid- to long-term estimates

We have kept our mid- to long-term revenue estimates largely unchanged, still expecting annual revenue growth of around 3-5% and gross margins within the targeted 54-55% range, which should support operating leverage. Beyond this level, we expect the company to reinvest additional margin gains into the product offering to drive volume growth. However, we have raised our medium-term operating expense estimates, reflecting the ERP rollout, which will continue to pressure SG&A in 2027 and into 2028. Overall, we forecast the EBIT margin to rise from 8.8% in 2026 and stabilize around 9-9.5% over the long term, supported by sales growth and continued operational efficiencies.

Estimate revisions	2026e	2026e	Change	2027e	2027e	Change	2028e	2028e	Change
MSEK / SEK	**Old**	**New**	**%**	**Old**	**New**	**%**	**Old**	**New**	**%**
Revenue	221,835	222,234	0%	226,515	226,900	0%	234,847	232,668	-1%
EBITDA	38,894	39,490	2%	41,309	40,255	-3%	41,775	41,784	0%
EBIT (exc. NRIs)	19,370	19,306	0%	20,474	20,255	-1%	22,024	21,754	-1%
EBIT	18,691	19,542	5%	20,474	20,255	-1%	22,024	21,754	-1%
PTP	16,289	17,166	5%	18,974	18,185	-4%	20,524	19,754	-4%
EPS (excl. NRIs)	8.10	7.96	-2%	8.90	8.59	-4%	9.63	9.32	-3%
DPS	7.50	7.50	0%	8.00	8.00	0%	8.50	8.50	0%

Source: Inderes

We reiterate our Sell recommendation

Valuation summary - Sell

We forecast mid-single-digit earnings growth for H&M in the coming years, driven by steady revenue growth and rather stable margins. We expect H&M to distribute most of its earnings and free cash flow as dividends, resulting in a dividend yield of around 5%. However, we believe that the share is expensive on an actual earnings basis (adj. P/E Q3'26 LTM: ~20x), and in our view, H&M's expected return is lower than the required return. Additionally, the DCF value is lower than the current share price. Consequently, we reiterate our Sell recommendation and target price of SEK 150 per share.

Acceptable absolute multiples in 2026-2027

With our updated estimates, H&M's P/E and EV/EBIT for 2026 are around 20x and 16x, respectively. These multiples are in the higher end of our accepted valuation range, and given persistent top-line concerns, as well as the still uncertain operating environment with rather weak consumer demand, we view them as expensive. If the company successfully strengthen its brand traction and customer offering to drive profitable sales growth and the projected earnings growth materializes, the multiples for 2027 are P/E 19x and EV/EBIT 15x, which appear quite neutral to us.

Looking ahead to 2028 and beyond, when we expect stable growth and profitability, we believe H&M's acceptable P/E is 15-20x, and EV/EBIT with reported figures is 13-15x. Our estimate of H&M's sustainable free cash flow in 2026-27 is 14-17 BSEK, which implies a free cash flow yield of around 5-6%.

Valuation compared to the peer group

All retail chains have significant lease liabilities, which muddle the EV-based valuation. Thus, we mainly look at the P/E ratios of the peer group. The peer group's median P/E is around 18x for 2026 and 12x for 2027, below H&M's levels. The values for the peer group vary broadly from around 10x to over 30x. Hence, the peer group median is somewhat dependent on which companies one chooses to include in the group, given that there are also other potential peers in the fashion industry. H&M's closest peer, Inditex, is valued at P/E 27x for 2026 and 24x for 2027, i.e., well above H&M. We believe H&M warrants a meaningful discount to Inditex, reflecting the lower quality of its earnings growth and Inditex's far stronger track record. We also understand why H&M would trade at a premium to, for example, GAP, given GAP's slower earnings growth and lower margins. That said, we do not find it unrealistic that H&M is priced roughly in line with NEXT. While NEXT has the better track record on growth and margins, H&M is expected to deliver stronger earnings growth going forward, and its valuation also carries a buyout risk premium.

DCF is below the current share price

We expect relatively stable growth and margins from 2030 to 2034. In the terminal period, we expect the EBIT margin to stabilize at around 9%, while our terminal growth rate assumption is 2.5%. Our cost of equity for H&M is set at 8.5%, which is relatively low due to the company's strong and broad market presence and strong global brand. Due to no financial debt, the WACC is also set at 8.5%. With these assumptions, our DCF model arrives at an equity value of roughly 240 BSEK, which translates to around SEK 150 per share. This is in line with our target price and below the current share price.

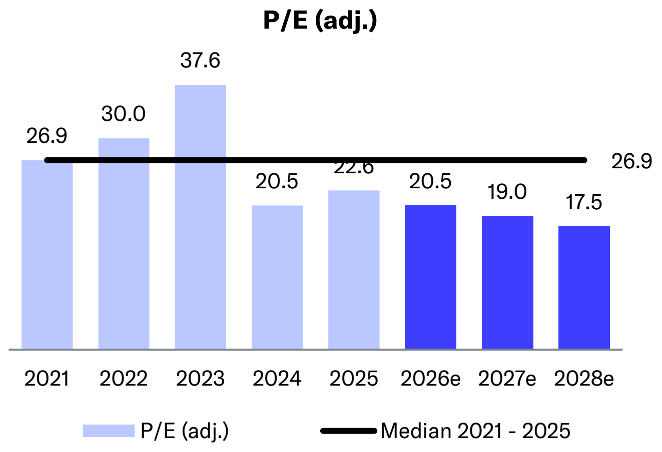
Valuation	2026e	2027e	2028e
Share price	163	163	163
Number of shares, m	1,599	1,599	1,599
Market cap	260,616	260,616	260,616
EV	316,551	312,693	310,051
P/E (adj.)	20.5	19.0	17.5
P/E	20.1	19.0	17.5
P/B	5.9	5.6	5.4
P/S	1.2	1.1	1.1
EV/Sales	1.4	1.4	1.3
EV/EBITDA	8.0	7.8	7.4
EV/EBIT (adj.)	16.4	15.4	14.3
Payout ratio (%)	93%	93%	91%
Dividend yield-%	4.6 %	4.9 %	5.2 %

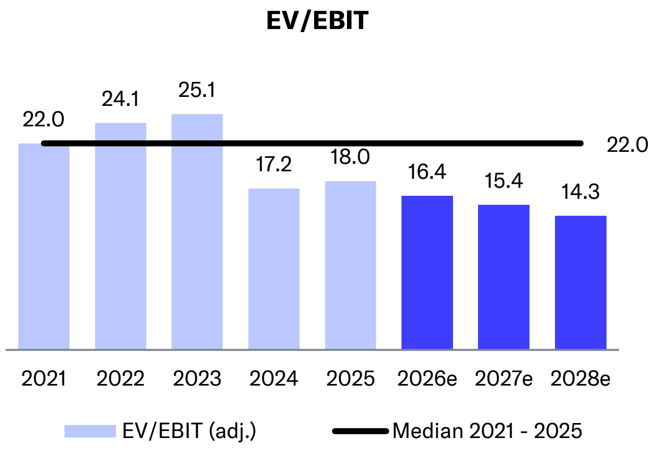
Source: Inderes

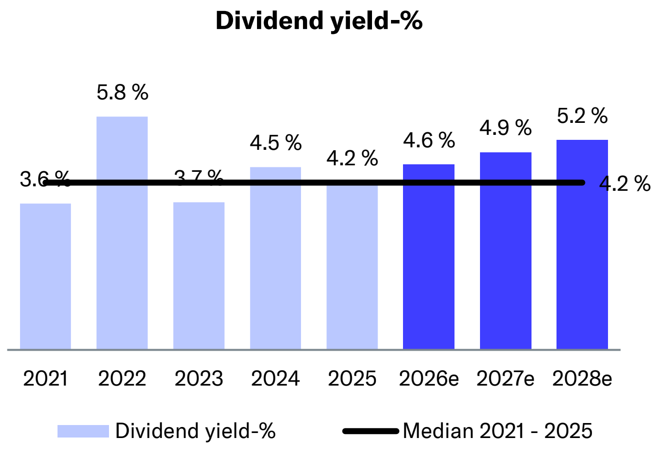
Valuation table

Valuation	2021	2022	2023	2024	2025	2026e	2027e	2028e	2029e
Share price	179	112	178	150	171	**163**	**163**	**163**	**163**
Number of shares, millions	1655.1	1645.5	1633.5	1611.7	1604.5	**1598.9**	**1598.9**	**1598.9**	**1598.9**
Market cap	295,927	184,569	288,002	240,675	273,638	**260,616**	**260,616**	**260,616**	**260,616**
EV	335,147	235,497	339,574	300,289	330,277	**316,551**	**312,693**	**310,051**	**309,023**
P/E (adj.)	26.9	30.0	37.6	20.5	22.6	**20.5**	**19.0**	**17.5**	**16.8**
P/E	26.9	51.8	33.3	20.8	22.6	**20.1**	**19.0**	**17.5**	**16.8**
P/B	4.9	3.6	6.1	5.2	6.4	**5.9**	**5.6**	**5.4**	**5.2**
P/S	1.5	0.8	1.2	1.0	1.2	**1.2**	**1.1**	**1.1**	**1.1**
EV/Sales	1.7	1.1	1.4	1.3	1.4	**1.4**	**1.4**	**1.3**	**1.3**
EV/EBITDA	8.9	7.9	9.1	7.7	8.4	**8.0**	**7.8**	**7.4**	**7.4**
EV/EBIT (adj.)	22.0	24.1	25.1	17.2	18.0	**16.4**	**15.4**	**14.3**	**13.8**
Payout ratio (%)	97.7 %	299.8 %	120.9 %	93.9 %	93.4 %	**92.5 %**	**93.2 %**	**91.2 %**	**100.0 %**
Dividend yield-%	3.6 %	5.8 %	3.7 %	4.5 %	4.2 %	**4.6 %**	**4.9 %**	**5.2 %**	**5.9 %**

Source: Inderes







The market cap and enterprise value in the table consider the expected change in the number of shares and net debt for the forecast years.

Peer group valuation

Peer group valuation	Market cap	EV	EV/EBIT		EV/EBITDA		EV/S		P/E		Dividend yield-%		P/B
Company	**MEUR**	**MEUR**	**2026e**	**2027e**	**2026e**	**2027e**	**2026e**	**2027e**	**2026e**	**2027e**	**2026e**	**2027e**	**2026e**
Inditex	165,245	161,027	20.3	18.6	14.4	13.3	4.0	3.8	26.6	24.4	3.4	3.6	8.1
Fast Retailing	119,398	110,159	31.1	32.1	20.6	18.5	5.0	4.5	40.6	36.6	0.9	1.0	8.0
Next	20,088	22,395	15.8	14.5	12.8	11.7	2.8	2.6	19.8	17.8	4.1	2.6	8.7
GAP	6,556	5,686	5.8	5.1	4.0	3.7	0.4	0.4	9.9	8.9	3.1	3.2	2.2
Zalando	5,493	5,399	10.6	7.7	5.3	4.5	0.4	0.4	18.2	12.3			1.9
Abercombie & Fitch	4,922	4,377	7.6	6.4	6.1	5.3	1.0	0.9	13.3	10.0			4.3
Urban Outfitters	5,621	5,002	9.6	8.1	7.8	6.6	0.9	0.9	14.0	11.8			2.3
H&M (Inderes)	**24,042**	**29,202**	**16.4**	**15.4**	**8.0**	**7.8**	**1.4**	**1.4**	**20.5**	**19.0**	**4.6**	**4.9**	**5.9**
Average			**14.4**	**13.2**	**10.1**	**9.1**	**2.1**	**1.9**	**20.4**	**17.4**	**2.9**	**2.6**	**5.1**
Median			**10.6**	**8.1**	**7.8**	**6.6**	**1.0**	**0.9**	**18.2**	**12.3**	**3.2**	**2.9**	**4.3**
Diff-% to median			***55%***	***91%***	***3%***	***17%***	***50%***	***53%***	***12%***	***54%***	***44%***	***68%***	***38%***

Source: Refinitiv / Inderes

Income statement

Income statement	2024	2025	Q1'26	Q2'26	Q3'26	Q4'26e	2026e	2027e	2028e	2029e
Revenue	**234,478**	**228,285**	**49,607**	**54,828**	**57,189**	**60,610**	**222,234**	**226,900**	**232,668**	**240,418**
EBITDA	**38,904**	**39,535**	**6,317**	**10,811**	**10,982**	**11,380**	**39,490**	**40,255**	**41,784**	**41,605**
Depreciation	-21,598	-21,140	-4,805	-4,898	-4,945	-5,300	-19,948	-20,000	-20,030	-19,260
EBIT (excl. NRI)	**17,506**	**18,395**	**1,512**	**6,592**	**5,122**	**6,080**	**19,306**	**20,255**	**21,754**	**22,345**
EBIT	**17,306**	**18,395**	**1,512**	**5,913**	**6,037**	**6,080**	**19,542**	**20,255**	**21,754**	**22,345**
Net financial items	-1,863	-2,193	-573	-629	-574	-600	-2,376	-2,070	-2,000	-1,800
PTP	**15,443**	**16,202**	**939**	**5,284**	**5,463**	**5,480**	**17,166**	**18,185**	**19,754**	**20,545**
Taxes	-3,859	-4,117	-235	-1,321	-1,365	-1,370	-4,291	-4,546	-4,938	-5,136
Minority interest	37	73	20	23	25	20	88	88	88	88
Net earnings	**11,621**	**12,158**	**724**	**3,986**	**4,123**	**4,130**	**12,963**	**13,727**	**14,904**	**15,498**
EPS (adj.)	**7.3**	**7.6**	**0.5**	**2.9**	**2.0**	**2.6**	**8.0**	**8.6**	**9.3**	**9.7**
EPS (rep.)	**7.2**	**7.6**	**0.5**	**2.5**	**2.6**	**2.6**	**8.1**	**8.6**	**9.3**	**9.7**

Key figures	2024	2025	Q1'26	Q2'26	Q3'26	Q4'26e	2026e	2027e	2028e	2029e
Revenue growth-%	-0.7 %	-2.6 %	-10.3 %	-3.3 %	0.3 %	2.3 %	-2.7 %	2.1 %	2.5 %	3.3 %
Adjusted EBIT growth-%	29.3 %	5.1 %	25.7 %	11.5 %	4.2 %	-4.5 %	5.0 %	4.9 %	7.4 %	2.7 %
EBITDA-%	16.6 %	17.3 %	12.7 %	19.7 %	19.2 %	18.8 %	17.8 %	17.7 %	18.0 %	17.3 %
Adjusted EBIT-%	7.5 %	8.1 %	3.0 %	12.0 %	9.0 %	10.0 %	8.7 %	8.9 %	9.3 %	9.3 %
Net earnings-%	5.0 %	5.3 %	1.5 %	7.3 %	7.2 %	6.8 %	5.8 %	6.0 %	6.4 %	6.4 %

Source: Inderes

Full-year earnings per share are calculated using the number of shares at year-end.

Balance sheet

Assets	2024	2025	2026e	2027e	2028e
Non-current assets	**104487**	**97778**	**95833**	**94192**	**92885**
Goodwill	1013	1013	1013	1013	1013
Intangible assets	7717	6734	6934	7134	7334
Tangible assets	86220	82534	80389	78548	77041
Associated companies	259	126	126	126	126
Other investments	3029	1919	1919	1919	1919
Other non-current assets	859	775	775	775	775
Deferred tax assets	5390	4677	4677	4677	4677
Current assets	**75727**	**72495**	**71115**	**71474**	**73290**
Inventories	40348	35427	34446	34035	34900
Other current assets	0.0	0.0	0.0	0.0	0.0
Receivables	18039	16160	16668	17018	17450
Cash and equivalents	17340	20908	20001	20421	20940
Balance sheet total	**180214**	**170273**	**166948**	**165666**	**166175**

Source: Inderes

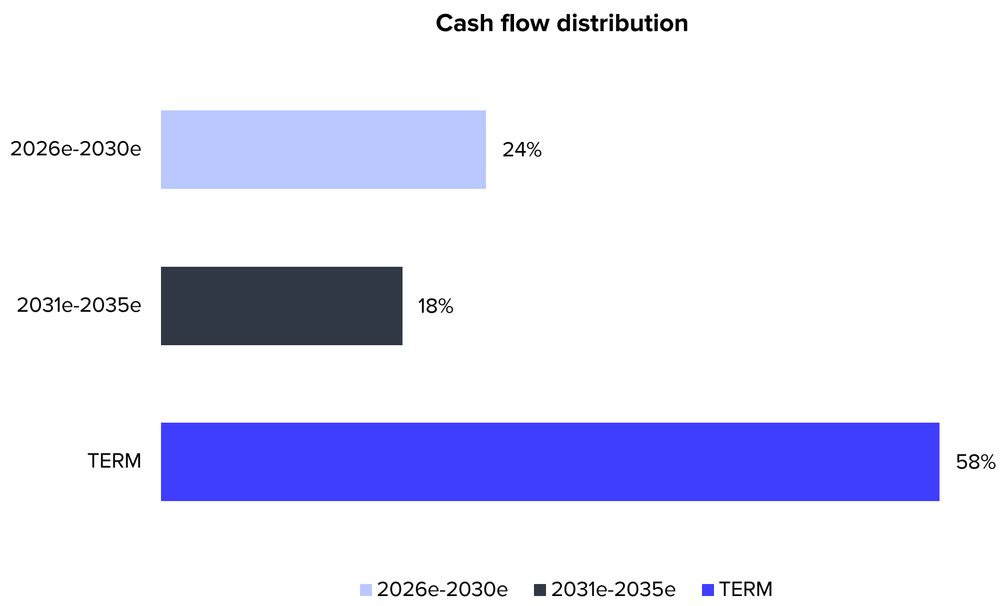
Liabilities & equity	2024	2025	2026e	2027e	2028e
Equity	**46211**	**42947**	**44548**	**46284**	**48397**
Share capital	207	207	207	207	207
Retained earnings	39559	39443	41044	42780	44893
Hybrid bonds	0.0	0.0	0.0	0.0	0.0
Revaluation reserve	0.0	0.0	0.0	0.0	0.0
Other equity	6445	3297	3297	3297	3297
Minorities	0.0	0.0	0.0	0.0	0.0
Non-current liabilities	**67353**	**65723**	**50000**	**50000**	**50000**
Deferred tax liabilities	2242	1953	0.0	0.0	0.0
Provisions	471	389	0.0	0.0	0.0
Interest bearing debt	64478	63233	50000	50000	50000
Convertibles	0.0	0.0	0.0	0.0	0.0
Other long term liabilities	162	148	0.0	0.0	0.0
Current liabilities	**66650**	**61603**	**72400**	**69382**	**67778**
Interest bearing debt	12476	14314	25936	22498	20375
Payables	24417	20826	20001	20421	20940
Other current liabilities	29757	26463	26463	26463	26463
Balance sheet total	**180214**	**170273**	**166948**	**165666**	**166175**

DCF-calculation

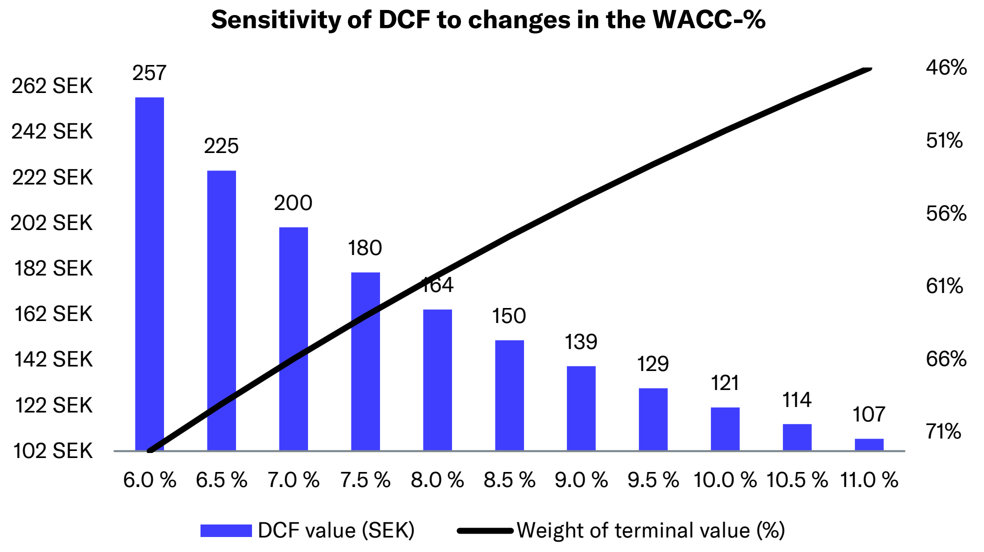
DCF model	2025	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	2034e	2035e	TERM
Revenue growth-%	-2.6 %	-2.7 %	2.1 %	2.5 %	3.3 %	5.0 %	5.0 %	5.0 %	5.0 %	5.0 %	2.5 %	2.5 %
EBIT-%	8.1 %	8.8 %	8.9 %	9.3 %	9.3 %	9.5 %	9.5 %	9.5 %	9.5 %	9.5 %	9.0 %	9.0 %
EBIT (operating profit)	**18,395**	**19,542**	**20,255**	**21,754**	**22,345**	**23,982**	**25,181**	**26,440**	**27,762**	**29,150**	**28,443**	
+ Depreciation	21,140	19,948	20,000	20,030	19,260	19,168	19,194	19,309	19,494	19,733	20,015	
- Paid taxes	-3,693	-6,244	-4,546	-4,938	-5,136	-5,620	-5,920	-6,234	-6,565	-6,912	-7,110	
- Tax, financial expenses	-557	-594	-518	-500	-450	-375	-375	-375	-375	-375	0	
+ Tax, financial income	0	0	0	0	0	0	0	0	0	0	0	
- Change in working capital	-85	-352	481	-779	-1,046	-1,623	-1,704	-1,789	-1,879	-438	-1,013	
Operating cash flow	**35,200**	**32,300**	**35,673**	**35,567**	**34,973**	**35,532**	**36,376**	**37,351**	**38,438**	**41,158**	**40,335**	
+ Change in other long-term liabilities	-96	-537	0	0	0	0	0	0	0	0	0	
- Gross CAPEX	-15,277	-18,003	-18,359	-18,722	-19,093	-19,471	-21,199	-20,513	-20,937	-21,371	-21,132	
Free operating cash flow	**19,827**	**13,760**	**17,314**	**16,845**	**15,881**	**16,062**	**15,177**	**16,838**	**17,501**	**19,788**	**19,203**	
+/- Other	-2,000	-2,000	-2,000	-2,000	-2,000	-2,000	-2,000	-2,000	-2,000	-2,000	-2,000	
FCFF	17,827	11,760	15,314	14,845	13,881	14,062	13,177	14,838	15,501	17,788	17,203	296,715
Discounted FCFF		**11,506**	**13,811**	**12,341**	**10,637**	**9,933**	**8,580**	**8,906**	**8,576**	**9,072**	**8,087**	**139,489**
Sum of FCFF present value		240,940	229,433	215,622	203,281	192,643	182,710	174,130	165,224	156,648	147,576	139,489
Enterprise value DCF		**240,940**										
- Interest bearing debt		-10,047										
+ Cash and cash equivalents		20,908										
+ Associated companies		0										
-Minorities		0										
-Dividend/capital return		-11,362										
Equity value DCF		**240,439**										
Equity value DCF per share		**150**										

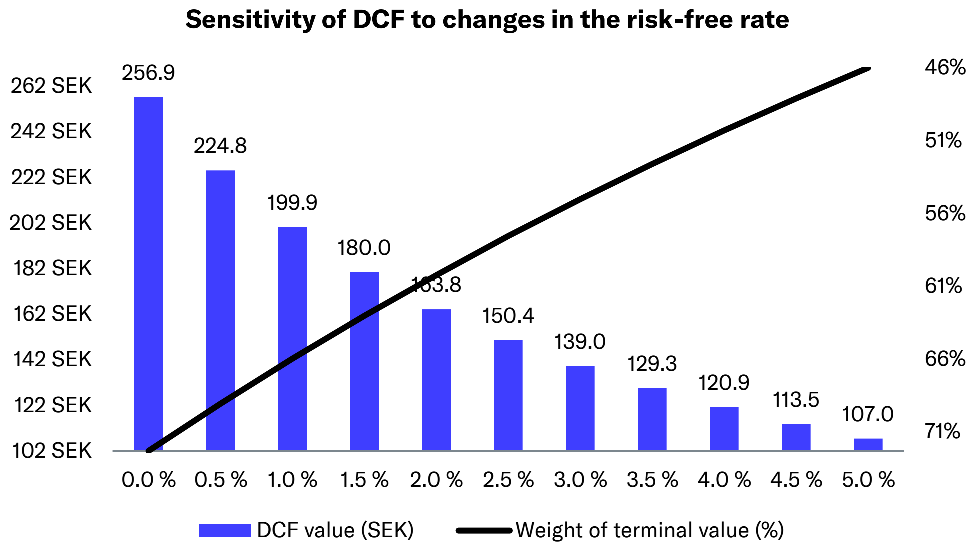
WACC	
Tax-% (WACC)	24.0 %
Target debt ratio (D/(D+E)	0.0 %
Cost of debt	5.0 %
Equity Beta	1.26
Market risk premium	4.75%
Liquidity premium	0.00%
Risk free interest rate	2.5 %
Cost of equity	**8.5 %**
Weighted average cost of capital (WACC)	**8.5 %**

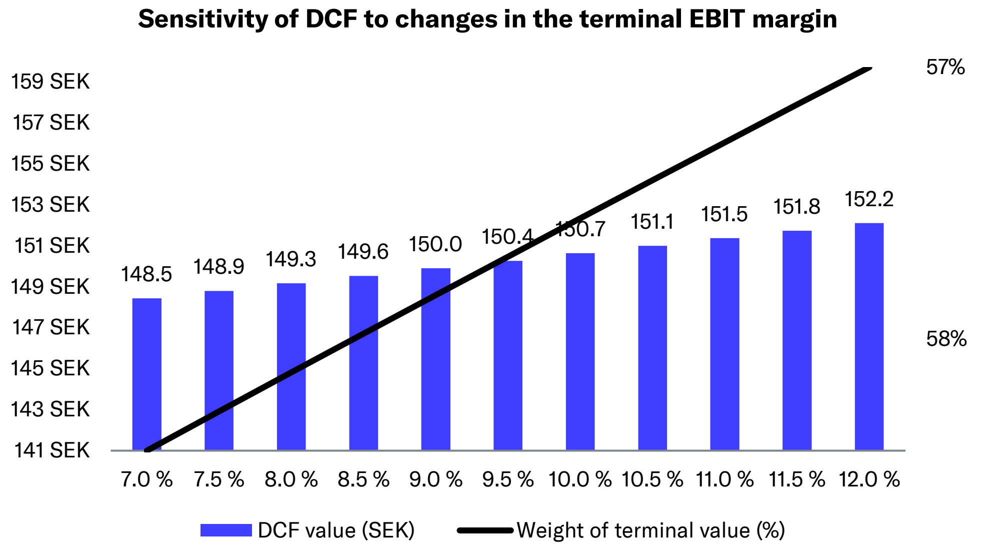
Source: Inderes

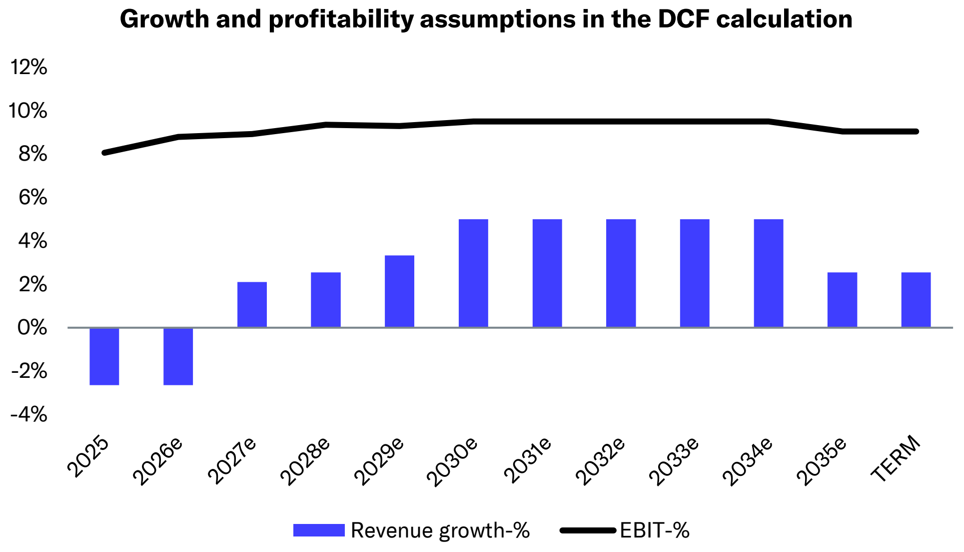


DCF sensitivity calculations and key assumptions in graphs









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

Summary

Income statement	2023	2024	2025	2026e	2027e
Revenue	236,035	234,478	228,285	222,234	226,900
EBITDA	37,492	38,904	39,535	39,490	40,255
EBIT	14,537	17,306	18,395	19,542	20,255
PTP	13,010	15,443	16,202	17,166	18,185
Net Income	8,723	11,621	12,158	12,963	13,727
Extraordinary items	999	-200	0	236	0

Balance sheet	2023	2024	2025	2026e	2027e
Balance sheet total	181,273	180,214	170,273	166,948	165,666
Equity capital	47,601	46,211	42,947	44,548	46,284
Goodwill	1,013	1,013	1,013	1,013	1,013
Net debt	51,572	59,614	56,639	55,934	52,077

Cash flow	2023	2024	2025	2026e	2027e
EBITDA	37,492	38,904	39,535	39,490	40,255
Change in working capital	1,830	-2,852	-85	-352	481
Operating cash flow	34,505	31,870	35,200	32,300	35,673
CAPEX	-22,298	-25,608	-15,277	-18,003	-18,359
Free cash flow	10,199	4,379	17,827	11,760	15,314

Valuation multiples	2023	2024	2025	2026e	2027e
EV/S	1.4	1.3	1.4	1.4	1.4
EV/EBITDA	9.1	7.7	8.4	8.0	7.8
EV/EBIT (adj.)	25.1	17.2	18.0	16.4	15.4
P/E (adj.)	37.6	20.5	22.6	20.5	19.0
P/B	6.1	5.2	6.4	5.9	5.6
Dividend-%	3.7 %	4.5 %	4.2 %	4.6 %	4.9 %

Source: Inderes

Per share data	2023	2024	2025	2026e	2027e
EPS (reported)	5.3	7.2	7.6	8.1	8.6
EPS (adj.)	4.7	7.3	7.6	8.0	8.6
OCF / share	21.1	19.8	21.9	20.2	22.3
OFCF / share	6.2	2.7	11.1	7.4	9.6
Book value / share	29.1	28.7	26.8	27.9	28.9
Dividend / share	6.5	6.8	7.1	7.5	8.0

Growth and profitability	2023	2024	2025	2026e	2027e
Revenue growth-%	6%	-1%	-3%	-3%	2%
EBITDA growth-%	26%	4%	2%	0%	2%
EBIT (adj.) growth-%	39%	29%	5%	5%	5%
EPS (adj.) growth-%	26%	55%	3%	5%	8%
EBITDA-%	15.9 %	16.6 %	17.3 %	17.8 %	17.7 %
EBIT (adj.)-%	5.7 %	7.5 %	8.1 %	8.7 %	8.9 %
EBIT-%	6.2 %	7.4 %	8.1 %	8.8 %	8.9 %
ROE-%	17.7 %	24.8 %	27.3 %	29.6 %	30.2 %
ROI-%	11.7 %	13.9 %	15.1 %	16.2 %	16.9 %
Equity ratio	26.3 %	25.6 %	25.2 %	26.7 %	27.9 %
Gearing	108.3 %	129.0 %	131.9 %	125.6 %	112.5 %
Net debt/EBITDA	1.4	1.5	1.4	1.4	1.3
EBITDA/net financials	24.6	20.9	18.0	16.6	19.4

The market cap and enterprise value in the table consider the expected change in the number of shares and net debt for the forecast years. Per-share figures are calculated using the number of shares at year-end.

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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

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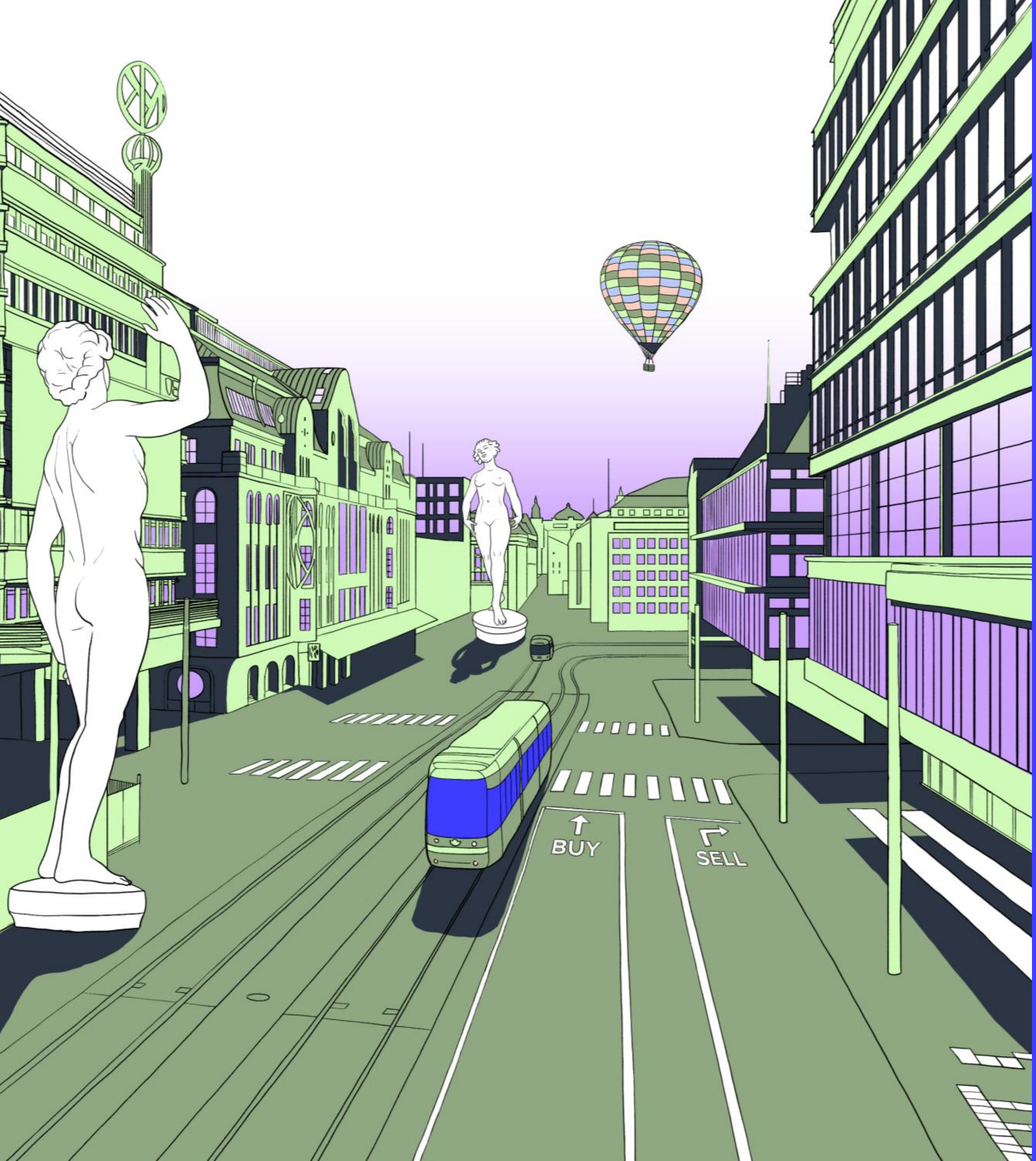
Recommendation history (>12 mo)

Date	Recommendation	Target	Share price
2023-10-10	Accumulate	165	148
17,12.2023	Reduce	170	178
2024-02-01	Accumulate	165	147
2024-03-28	Reduce	170	178
2024-06-28	Reduce	170	169
2024-08-29	Reduce	170	162
2024-09-27	Reduce	170	173
2024-12-18	Reduce	160	152
2025-01-31	Accumulate	160	149
Analyst change 2025-03-17			
2025-03-18	Accumulate	150	135
2025-03-28	Accumulate	145	133
2025-04-09	Reduce	130	125
2025-06-18	Reduce	130	131
2025-06-27	Reduce	130	135
2025-09-19	Sell	130	156
2025-09-26	Sell	140	171
2025-01-22	Sell	140	176
2025-01-30	Sell	155	176
2026-03-19	Sell	155	175
2026-03-27	Sell	155	171
2026-06-17	Sell	150	168
2026-06-26	Sell	150	168
2026-09-25	Sell	150	163



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