

BJÖRN BORG

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INDERES CORPORATE CUSTOMER

COMPANY REPORT



Solid quarter, but the valuation has run ahead

Björn Borg delivered a solid Q1 report, broadly in line with our expectations. As a result, we are maintaining our estimates largely unchanged. However, despite the good Q1 performance, the share price has risen nearly 20% since our last update. At current valuation levels, we view the risk/reward profile as less attractive. Consequently, we turn to a Reduce recommendation (prev. Accumulate) but maintain our target price of SEK 55 per share.

A solid Q1 report broadly in line with our estimates

Björn Borg’s Q1 revenue increased by 9% year-on-year to 280 MSEK, well in line with our estimates and the Retail Consensus. The wholesale segment, the company’s largest, grew by 11%, supported by strong sales in the Netherlands and Sweden, which grew 37% and 9%, respectively. Direct-to-consumer, Distributors, and Licensing segments were broadly in line with our expectations. By product category, sports apparel was the standout performer, growing 13% despite challenging comparison figures, as well as footwear, due to the takeover of distribution. However, the underwear category underperformed, declining 12%, primarily due to timing effects in seasonal deliveries. Geographically, performance was solid across most markets, with the exception of Germany, which declined 21% due to weaker through-sales at major retailers.

Gross margin declined to 49.9% (adjusted for currency effects: 50.9%), falling short of our estimates due to an unfavorable sales mix, with a lower share of high-margin underwear and a higher share of lower-margin footwear. SG&A rose by 5%, mainly due to increased marketing spend, but came in slightly below our expectations. As a result, EBIT was in line with our forecast at 34.2 MSEK (Q1’24: 33.5 MSEK). EPS rose to SEK 1.43 (Q1’24: 0.84), exceeding expectations due to favorable FX effects from a stronger SEK.

We keep our estimates intact

The Q1 report was well in line with our expectations, and we did not make any major estimate changes.

We estimate Björn Borg’s growth at around 5-7% in the coming years, slightly exceeding overall market growth but falling short of the company’s long-term financial target of at least 10% annual sales growth. We anticipate that sales growth will primarily stem from the expansion of sports apparel and footwear, but achieving the revenue growth target will be challenging. While the company has proven its ability to successfully expand its sports apparel category, more concrete evidence of volume growth in footwear is necessary. To our understanding, the four latest quarters of increased footwear sales have largely been attributable to the takeover of distribution outside the Nordics, but overall volumes seem to be at lower levels. In our view, significant growth will require time, as Björn Borg needs to enhance quality, design, and distribution, similar to the earlier apparel transformation.

We stand on the sidelines for now

We forecast good earnings growth in the coming years driven by revenue growth and a slight margin increase. We expect Björn Borg to distribute most of its earnings and free cash flow as dividends, resulting in a dividend yield of 5-6%. However, the share price has increased almost 20% since our latest report and the earnings-based valuation multiples for 2025-2026 are at best neutral (P/E: 16-18, EV/EBIT: 12-14). The DCF and peer valuation paint a similar picture. As a result, Björn Borg’s expected return is lower than the required return. Consequently, we turn to a Reduce recommendation (prev. Accumulate) but maintain our target price of SEK 55 per share.

Recommendation

Reduce
(prev. Accumulate)

Target price:

55.0 SEK
(prev. 55 SEK)

Share price:
57.8 SEK

Business risk



Valuation risk



	2024	2025e	2026e	2027e
Revenue	990.0	1044.7	1125.3	1204.3
growth-%	13%	6%	8%	7%
EBIT adj.	101.8	109.6	120.3	128.6
EBIT-% adj.	10.3 %	10.5 %	10.7 %	10.7 %
Net Income	72.7	83.0	89.5	95.6
EPS (adj.)	2.89	3.30	3.56	3.80

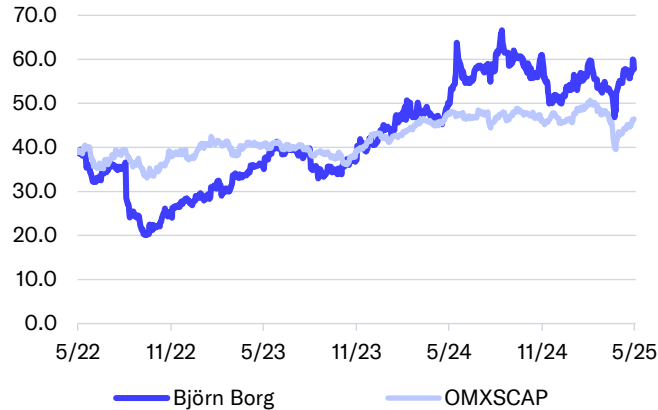
P/E (adj.)	17.9	17.5	16.2	15.2
P/B	3.6	4.0	3.9	3.8
Dividend yield-%	5.8 %	5.5 %	6.1 %	6.5 %
EV/EBIT (adj.)	13.2	13.6	12.4	11.5
EV/EBITDA	10.1	10.5	9.9	9.4
EV/S	1.4	1.4	1.3	1.2

Source: Inderes

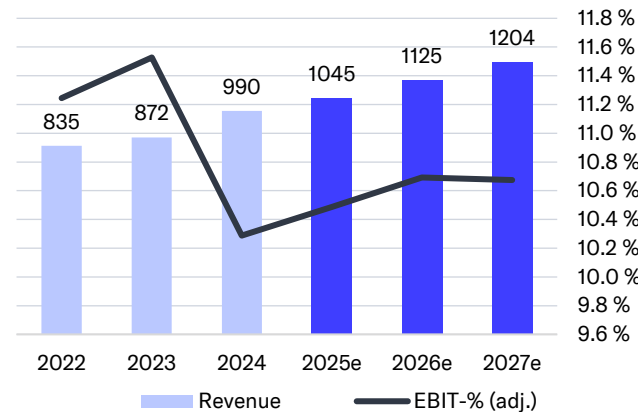
Guidance

(Björn Borg does not provide guidance)

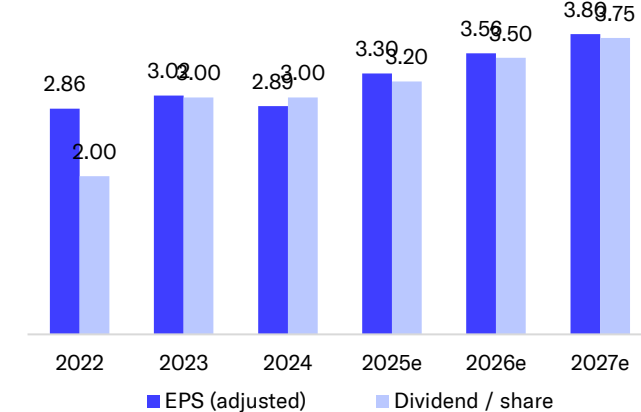
Share price



Revenue and EBIT-%



EPS and dividend / share



Value drivers

- Opportunities for geographical expansion in currently smaller markets, especially Germany
- Good growth prospects across all product categories, with sports apparel being the main driver
- Improving margin levels driven by increasing online sales through the company's e-commerce platform and e-tailers
- Integrating footwear business can boost future growth by enhancing quality control, fostering innovation and design

Risk factors

- Strong brand dependence carries risks like trend sensitivity, where the brand may fall out of fashion
- The fashion industry is fiercely competed, and some collections might not appeal to customers
- Risks generated by integrating the footwear category or expansion investments
- Consumers' low purchasing power is a risk to short-term results

Valuation	2025e	2026e	2027e
Share price	57.8	57.8	57.8
Number of shares, millions	25.1	25.1	25.1
Market cap	1454	1454	1454
EV	1495	1489	1482
P/E (adj.)	17.5	16.2	15.2
P/E	17.5	16.2	15.2
P/B	4.0	3.9	3.8
P/S	1.4	1.3	1.2
EV/Sales	1.4	1.3	1.2
EV/EBITDA	10.5	9.9	9.4
EV/EBIT (adj.)	13.6	12.4	11.5
Payout ratio (%)	97.0 %	98.4 %	98.7 %
Dividend yield-%	5.5 %	6.1 %	6.5 %

Source: Inderes

A solid quarter as expected

Strong revenue growth

Björn Borg’s Q1 revenue increased by 9% year-on-year to 280 MSEK, well in line with both our expectations and the Retail Consensus (Pinpoint Estimates). Adjusted for currency effects, revenue grew by 9.1%, indicating minimal impact from exchange rate fluctuations during the quarter. Wholesale, the largest segment, reported good growth of 11%, reaching 211 MSEK. This was in line with our expectations, mainly due to a strong development in the Netherlands and the Swedish market, which grew 37% and 9%, respectively. However, Direct-to-consumer (Q1’25: 70 MSEK), Distributors (Q1’25: 7 MSEK) and Licensing (Q1’25: 0.3 MSEK) were roughly in line with our estimates in absolute terms.

Overall by product category, the company experienced strong revenue growth in footwear, boosted, we understand, by the takeover of footwear distribution in markets outside Sweden, Denmark and Finland. The sports apparel category exceeded our expectations and grew by

an impressive 13%, despite challenging comparison figures. However, underwear, which is the largest product category, came in below our expectations and declined by 12%. This was mainly due to the timing of the distribution, as last year’s summer season was delivered during the first quarter.

Geographically, the majority of markets performed well, except for Germany, which showed a decrease of 21 % year-on-year due to weaker through-sales at the larger retailers.

Solid EBIT despite lower gross margins

Björn Borg’s Q1 gross margin was weak and declined to 49.9% (Q1’24: 53.3%). Adjusted for currency effects, it amounted to 50.9%, falling below our estimates (52.7%). The decrease was primarily due to a shift in the sales mix, with a lower proportion of revenue coming from the higher-margin underwear category and a higher share from lower-margin segments, such as footwear. In terms of operating

expenses, SG&A grew some 5%, mainly due to increased marketing activities, which reflected a slightly better operational cost development than our expectations. As a result, Q1 EBIT was in line with our expectations, increasing modestly to 34.2 MSEK (Q1’24: 33.5 MSEK). On the bottom lines of the income statement, EPS increased to SEK 1.43 (Q1’24: SEK 0.84), which was above our expectations, mainly due to a positive effect on net financial items, as the Swedish krona has strengthened against both EUR and USD.

The balance sheet remains good

Björn Borg delivered a negative operating cash flow of -115.2 MSEK in Q1, aligning with the typical seasonal pattern in which Björn Borg tends to tie up working capital in Q1 and Q3. However, the net debt/EBITDA remains at good levels, reaching 1.1x, and the equity ratio amounted to 52%, well above the target of 35%.

Estimates	Q1'24	Q1'25	Q1'25e	Q1'25e	Consensus	Difference (%)	2025e
MSEK / SEK	Comparison	Actualized	Inderes	Consensus	Low High	Act. vs. inderes	Inderes
Revenue	257	280	279	283	278 - 290	0%	1045
EBITDA	41.6	42.1	42.5			-1%	142
EBIT	33.5	34.2	34.4	33.3	31.3 - 35.0	-1%	110
PTP	27.0	45.9	33.1			39%	106
EPS (reported)	0.84	1.43	1.03			39%	3.30
Revenue growth-%	4.0 %	9.0 %	8.5 %	10.2 %	8.2 % - 12.8 %	0.5 pp	5.5 %
EBIT-%	13.0 %	12.2 %	12.4 %	11.8 %	11.3 % - 12.1 %	-0.2 pp	10.5 %

Source: Inderes & Pinpoint
(retail consensus 07.05.25, 24
estimates) (consensus)

No material changes to our estimates

Revenue estimates remain largely unchanged

While Björn Borg does not provide specific numerical guidance, this quarter being no exception, the company reaffirmed its long-term financial targets of at least 10% annual sales growth and an annual operating margin of at least 10%. According to the company, sales growth is expected to come primarily from the expansion of the sports apparel and footwear categories.

In our view, achieving the revenue growth target will be challenging. While the company has demonstrated its ability to successfully expand the sports apparel category, we would like to see clearer signs of increasing volumes in the footwear segment now that it is fully integrated into its operations. To our understanding, the four latest quarters of increased footwear sales has largely been attributable to the takeover of distribution outside the Nordics. Looking at total footwear sales volumes, we estimate they have been declining over the past few years. We believe it will take

time for Björn Borg to significantly grow footwear sales, as the company needs to improve quality, enhance design, and streamline distribution, similar to the transformation seen in the sports apparel category after its full integration in the mid-2010s.

Furthermore, consumer confidence remains weak due to the global uncertainties. While we are not overly concerned about the direct impact of potential tariffs on Björn Borg, due to its little exposure to the US, the broader indirect effects, such as weaker economic growth and declining consumer confidence, pose a clear downside risk to the economic outlook. Given these factors, we maintain our revenue estimates largely unchanged and expect the company to grow its revenue by approximately 5-7% in the coming years

We keep our EBIT estimates largely intact

Björn Borg’s gross margins have historically averaged

around 53% over the past decade. However, due to the ongoing shift in the sales mix, where a lower proportion of revenue comes from the higher-margin underwear category and a larger share from lower-margin segments such as sportswear and footwear, we believe it will be difficult to significantly exceed this level in the short to medium term. Additionally, while sales growth provides some operational leverage, continued expansion, particularly in Björn Borg’s e-commerce and the German market, is likely to require additional costs going forward.

Given these considerations, we keep our EBIT estimate largely unchanged and expect the company to reach an EBIT margin slightly over 10% in the coming years.

Estimate revisions	2025e	2025e	Change	2026e	2026e	Change	2027e	2027e	Change
MSEK / SEK	Old	New	%	Old	New	%	Old	New	%
Revenue	1038	1045	1%	1113	1125	1%	1190	1204	1%
EBITDA	141	142	1%	149	151	1%	156	158	1%
EBIT (excl. NRIs)	108	110	1%	119	120	2%	127	129	2%
EBIT	108	110	1%	119	120	2%	127	129	2%
PTP	103	106	3%	113	115	2%	121	123	2%
EPS (excl. NRIs)	3.19	3.30	3%	3.50	3.56	2%	3.74	3.80	2%
DPS	3.20	3.20	0%	3.50	3.50	0%	3.75	3.75	0%

Source: Inderes

We turn to a Reduce recommendation

Valuation summary – Reduce

We forecast good earnings growth in the coming years driven by revenue growth and a slight margin increase. We expect Björn Borg to distribute most of its earnings and free cash flow as dividends, resulting in a dividend yield of 5-6%. However, the share price has increased almost 20% since our latest report, and the valuation is high on an actual earnings basis. As a result, Björn Borg's expected return is lower than the required return. Additionally, the DCF value is not sufficiently higher than the current share price. Consequently, we turn to a Reduce recommendation (prev. Accumulate) but maintain our target price of SEK 55 per share.

Acceptable absolute multiples in 2025-26

Björn Borg's earnings multiples for this year are relatively high or neutral at best, with a P/E ratio of around 18x and EV/EBIT ~14x. Even after adjusting for lease liabilities, the earnings multiples remain roughly the same due to the small proportion of leases on the balance sheet. Therefore, these numbers are quite high from any perspective. If the company successfully expands its footwear and sports apparel category and the projected earnings growth materializes, the multiples for 2026 are P/E 16x and EV/EBIT 12x. Given the company's continued growth potential and high returns on capital, the 2026 earnings multiples appear quite neutral to us, contingent on the expected earnings growth being realized.

Looking ahead to 2026 and beyond, when we expect more stable growth and profitability, we believe Björn Borg's acceptable P/E ratio will be 14-18x and EV/EBIT will be 12-14x, based on reported figures.

Valuation compared to peers

Most retail chains have significant lease liabilities, which muddle the EV-based valuation. Thus, we look mainly at the P/E ratios of the peer group. When comparing Björn Borg to several listed sports apparel and retail companies, the company's P/E multiples for 2025 and 2026 are, on average, 6-7% lower than those of its peers. However, when excluding the retail peers, Björn Borg trades at a discount of around 15%. Given that Björn Borg's sports apparel peers are larger, more globally established brands with historically higher growth, we believe it is reasonable to price Björn Borg below its sports apparel peers. On the one hand, we expect Björn Borg to grow faster in the coming years; on the other hand, we expect its profitability and return on capital levels to remain roughly similar. All in all, we therefore do not believe that Björn Borg is significantly mispriced relative to its peers. It is important to note that the peer group's valuation multiples vary widely, from single digits to ~30x, making the peer group somewhat dependent on the specific companies included. Consequently, we do not place too much emphasis on it.

No sufficient upside in the form of DCF

We also believe the DCF model is a relevant valuation method for Björn Borg, given its sufficient historical financial information, steady growth and relatively predictable business. The value of our DCF model (SEK 55 per share) is only slightly higher than the current share price. Therefore, also in the context of DCF, the current valuation does not offer a sufficient expected return.

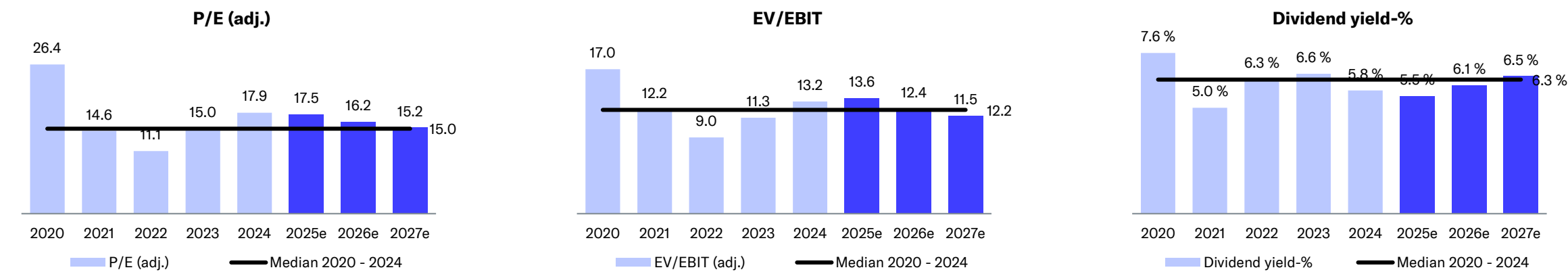
Valuation	2025e	2026e	2027e
Share price	48.2	48.2	48.2
Number of shares, millions	25.1	25.1	25.1
Market cap	1212	1212	1212
EV	1259	1252	1247
P/E (adj.)	15.1	13.8	12.9
P/E	15.1	13.8	12.9
P/B	3.3	3.3	3.2
P/S	1.2	1.1	1.0
EV/Sales	1.2	1.1	1.0
EV/EBITDA	9.0	8.4	8.0
EV/EBIT (adj.)	11.6	10.6	9.9
Payout ratio (%)	100.2 %	99.9 %	100.2 %
Dividend yield-%	6.6 %	7.3 %	7.8 %

Source: Inderes

Valuation table

Valuation	2020	2021	2022	2023	2024	2025e	2026e	2027e	2028e
Share price	19.8	50.0	31.6	45.4	51.6	57.8	57.8	57.8	57.8
Number of shares, millions	25.1	25.1	25.1	25.1	25.1	25.1	25.1	25.1	25.1
Market cap	497	1257	795	1142	1298	1454	1454	1454	1454
EV	574	1275	844	1138	1349	1495	1489	1482	1485
P/E (adj.)	26.4	14.6	11.1	15.0	17.9	17.5	16.2	15.2	13.8
P/E	26.4	14.6	15.6	15.0	17.9	17.5	16.2	15.2	13.8
P/B	1.7	3.7	2.4	3.2	3.6	4.0	3.9	3.8	3.7
P/S	0.7	1.6	1.0	1.3	1.3	1.4	1.3	1.2	1.1
EV/Sales	0.8	1.7	1.0	1.3	1.4	1.4	1.3	1.2	1.2
EV/EBITDA	7.7	9.1	7.8	8.5	10.1	10.5	9.9	9.4	8.9
EV/EBIT (adj.)	17.0	12.2	9.0	11.3	13.2	13.6	12.4	11.5	10.8
Payout ratio (%)	200.3 %	73.1 %	98.9 %	99.3 %	103.8 %	97.0 %	98.4 %	98.7 %	97.6 %
Dividend yield-%	7.6 %	5.0 %	6.3 %	6.6 %	5.8 %	5.5 %	6.1 %	6.5 %	7.1 %

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	2025e	2026e	2025e	2026e	2025e	2026e	2025e	2026e	2025e	2026e	2025e
Sports apparel														
Adidas		40,176	44,027	21.9	15.9	13.23	10.76	1.71	1.56	29.82	20.10	1.4	1.9	6.2
Nike		81,260	79,982	25.2	27.5	20.73	22.71	1.95	1.98	28.98	31.71	2.4	2.5	7.1
Lululemon		33,842	31,948	14.5	14.4	12.35	11.94	3.40	3.20	22.04	21.36			8.0
Puma		3,494	5,805	12.0	9.4	6.75	5.90	0.65	0.62	18.08	11.64	2.3	3.1	1.2
Under Armour		2,367	2,451	13.9	12.7	8.34	7.85	0.53	0.54	19.80	17.29			1.3
Columbia Sportswear		3,299	2,712	13.1	12.6	8.88	8.28	0.90	0.87	18.78	17.95	1.8	2.0	2.0
Retail														
PVH		3,736	4,938	6.5	6.6	4.82	4.93	0.64	0.64	7.46	7.24	0.2	0.2	1.0
GAP		8,809	7,801	8.4	7.6	5.64	5.31	0.58	0.57	12.92	11.61	2.3	2.5	3.1
H&M		21,436	27,042	16.6	15.3	7.44	6.95	1.25	1.22	19.63	17.58	5.0	5.3	4.9
Fenix Outdoor		1,945	2,075	25.6	24.7	14.86	14.51	2.60	2.49	12.44	11.93	2.9	3.1	1.5
JD Sports Fashion		5,510	8,873	7.4	7.1	4.20	3.99	0.65	0.58	7.35	7.55	1.1	1.1	1.9
Björn Borg (Inderes)		132	136	13.6	12.4	10.5	9.9	1.4	1.3	17.5	16.2	5.5	6.1	4.0
Average				15.0	14.0	9.7	9.4	1.4	1.3	17.9	16.0	2.1	2.4	3.5
Median				13.9	12.7	8.3	7.9	0.9	0.9	18.8	17.3	2.3	2.5	2.0
Diff-% to median				-2%	-3%	26%	25%	59%	52%	-7%	-6%	142%	146%	96%

Income statement

Income statement	2022	2023	2024	Q1'25	Q2'25e	Q3'25e	Q4'25e	2025e	2026e	2027e	2028e
Revenue	835	872	990	280	220	299	246	1045	1125	1204	1286
Wholesale	540	577	672	211	130	209	152	702	741	778	817
Direct-to-consumer	220	259	288	70	78	81	84	313	348	387	434
Distributors	92	47	51	7	16	13	15	51	56	59	55
Licensing	9	9	2	0	0	0	0	1	1	1	1
EBITDA	108	134	134	42	22	49	29	142	151	158	167
Depreciation	-35	-33	-32	-8	-8	-8	-8	-32	-31	-30	-29
EBIT (excl. NRI)	94	101	102	34	13	41	21	110	120	129	137
EBIT	73	101	102	34	13	41	21	110	120	129	137
Wholesale	53	61	54	28	3	27	6	64	67	68	71
Direct-to-consumer	-7	22	36	4	7	11	12	35	40	47	53
Distributors	20	10	10	1	3	3	3	10	13	14	13
Licensing	7	8	2	0	0	0	0	1	1	1	1
Net financial items	-2	-3	-11	12	-2	-3	-10	-3	-6	-6	-2
PTP	70	98	90	46	11	38	11	106	115	123	135
Taxes	-20	-22	-18	-10	-2	-8	-2	-23	-25	-27	-30
Minority interest	0	0	0	0	0	0	0	0	0	0	0
Net earnings	51	76	73	36	9	30	9	83	89	96	106
EPS (adj.)	2.86	3.02	2.89	1.43	0.35	1.18	0.34	3.30	3.56	3.80	4.20
EPS (rep.)	2.02	3.02	2.89	1.43	0.35	1.18	0.34	3.30	3.56	3.80	4.20

Key figures	2022	2023	2024	Q1'25	Q2'25e	Q3'25e	Q4'25e	2025e	2026e	2027e	2028e
Revenue growth-%	8.7 %	4.4 %	13.5 %	9.0 %	3.0 %	4.7 %	4.9 %	5.5 %	7.7 %	7.0 %	6.8 %
Adjusted EBIT growth-%		7.1 %	1.3 %	2.1 %	41.1 %	-2.4 %	24.5 %	7.6 %	9.8 %	6.8 %	6.9 %
EBITDA-%	12.9 %	15.3 %	13.5 %	15.0 %	9.8 %	16.4 %	11.8 %	13.6 %	13.4 %	13.2 %	13.0 %
Adjusted EBIT-%	11.2 %	11.5 %	10.3 %	12.2 %	6.1 %	13.7 %	8.5 %	10.5 %	10.7 %	10.7 %	10.7 %
Net earnings-%	6.1 %	8.7 %	7.3 %	12.8 %	4.0 %	9.9 %	3.5 %	7.9 %	8.0 %	7.9 %	8.2 %

Source: Inderes

Balance sheet

Assets	2023	2024	2025e	2026e	2027e
Non-current assets	304	307	302	299	297
Goodwill	36.4	36.4	36.4	36.4	36.4
Intangible assets	194	195	194	193	192
Tangible assets	61.6	63.0	59.8	57.9	56.8
Associated companies	0.0	0.0	0.0	0.0	0.0
Other investments	0.0	0.0	0.0	0.0	0.0
Other non-current assets	0.0	0.0	0.0	0.0	0.0
Deferred tax assets	12.3	12.3	12.3	12.3	12.3
Current assets	327	357	393	411	426
Inventories	184	194	198	203	205
Other current assets	16.9	16.9	16.9	16.9	16.9
Receivables	99.4	136	146	158	169
Cash and equivalents	26.6	9.7	31.3	33.8	36.1
Balance sheet total	632	663	695	710	724

Source: Inderes

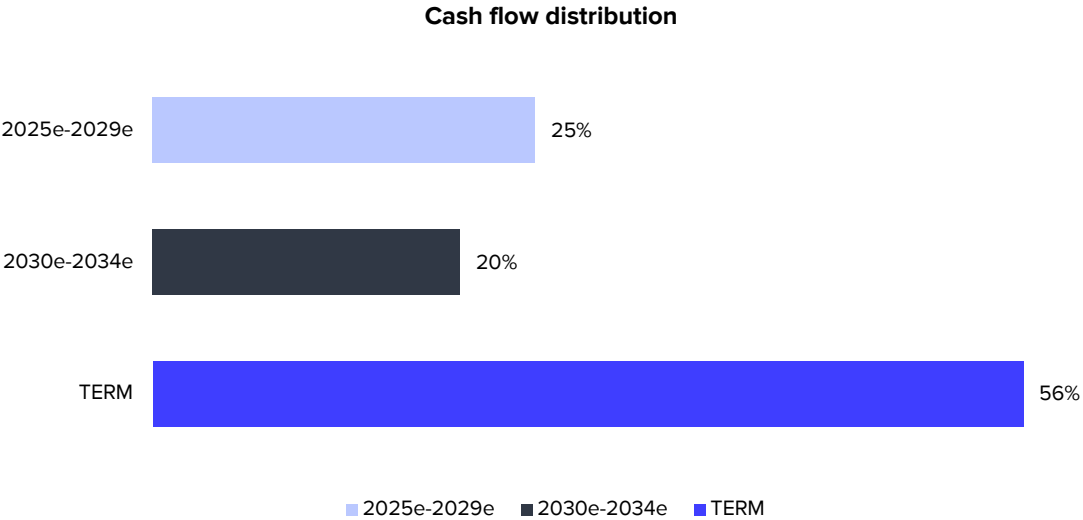
Liabilities & equity	2023	2024	2025e	2026e	2027e
Equity	351	352	359	368	376
Share capital	7.9	7.9	7.9	7.9	7.9
Retained earnings	175	177	184	193	201
Hybrid bonds	0.0	0.0	0.0	0.0	0.0
Revaluation reserve	0.0	0.0	0.0	0.0	0.0
Other equity	174	174	174	174	174
Minorities	-6.3	-6.3	-6.3	-6.3	-6.3
Non-current liabilities	65.2	56.3	98.5	95.6	93.0
Deferred tax liabilities	39.7	39.7	39.7	39.7	39.7
Provisions	0.0	0.0	0.0	0.0	0.0
Interest bearing debt	25.5	16.6	58.8	55.9	53.3
Convertibles	0.0	0.0	0.0	0.0	0.0
Other long term liabilities	0.0	0.0	0.0	0.0	0.0
Current liabilities	216	255	237	246	254
Interest bearing debt	17.4	66.6	39.2	37.3	35.5
Payables	136	126	136	146	157
Other current liabilities	62.4	62.4	62.4	62.4	62.4
Balance sheet total	632	663	695	710	724

DCF-calculation

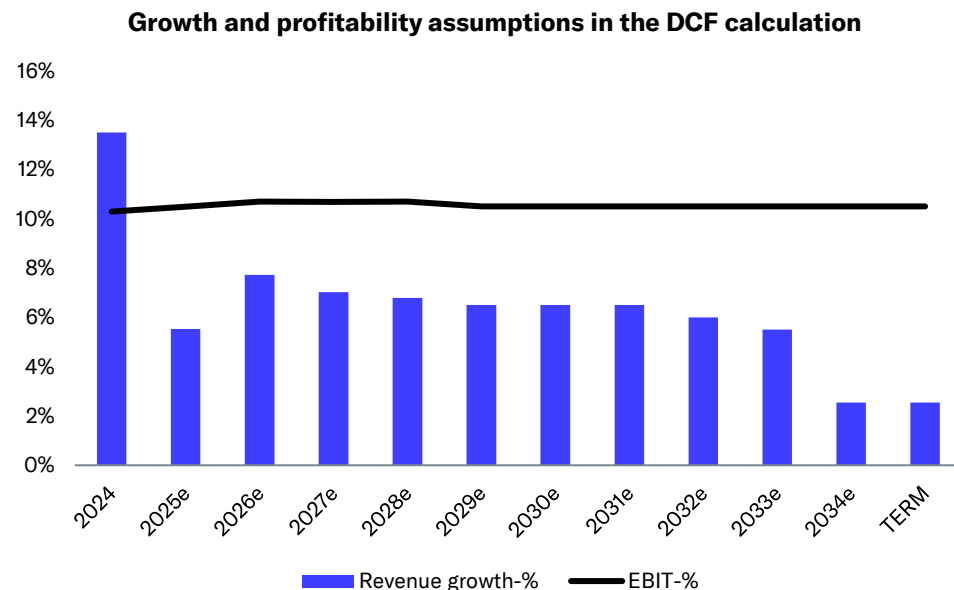
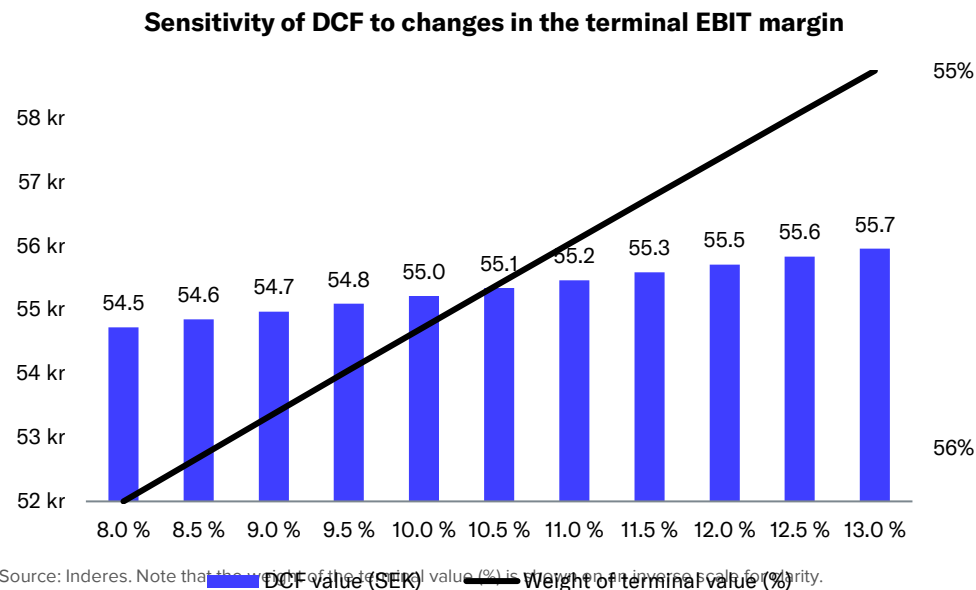
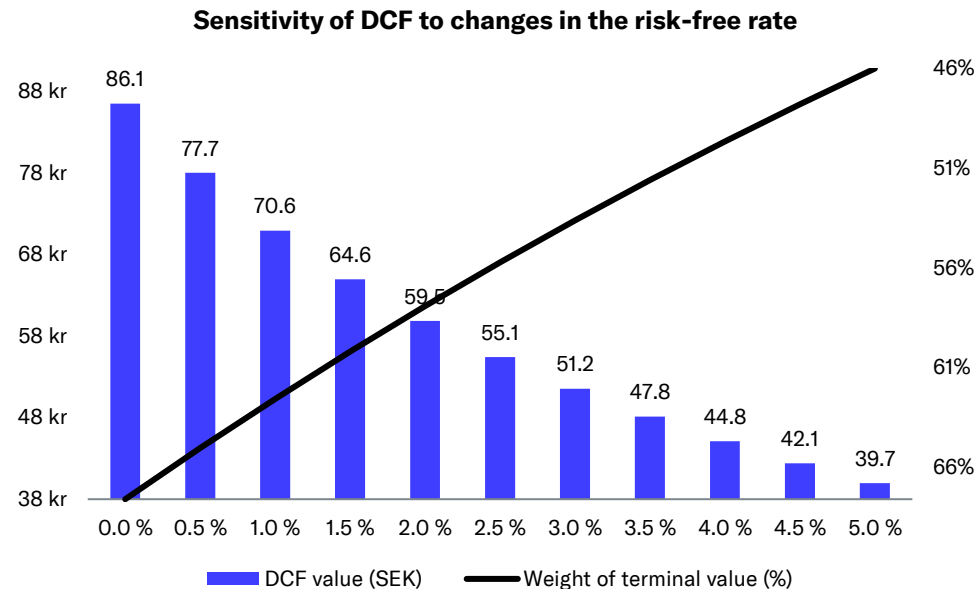
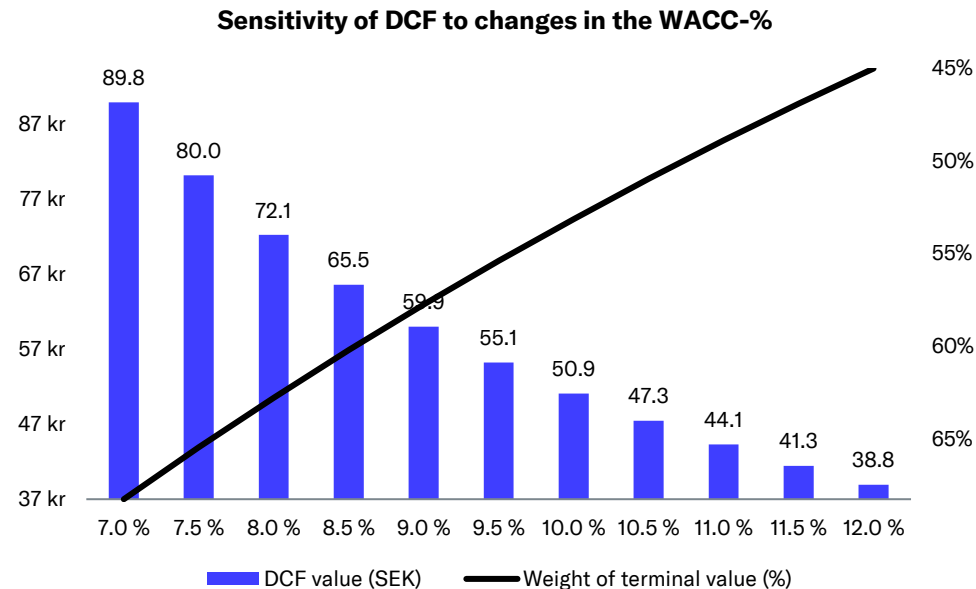
DCF model	2024	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	2034e	TERM
Revenue growth-%	13.5 %	5.5 %	7.7 %	7.0 %	6.8 %	6.5 %	6.5 %	6.5 %	6.0 %	5.5 %	2.5 %	2.5 %
EBIT-%	10.3 %	10.5 %	10.7 %	10.7 %	10.7 %	10.5 %	10.5 %	10.5 %	10.5 %	10.5 %	10.5 %	10.5 %
EBIT (operating profit)	102	110	120	129	137	144	153	163	173	182	187	
+ Depreciation	32.1	32.2	30.8	29.9	29.4	29.1	29.0	28.9	28.8	28.8	28.8	
- Paid taxes	-17.7	-23.2	-25.2	-27.0	-29.8	-31.2	-33.3	-35.4	-37.6	-39.7	-40.7	
- Tax, financial expenses	-2.2	-0.7	-1.2	-1.3	-0.4	-0.4	-0.4	-0.4	-0.4	-0.4	-0.4	
+ 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	-56.0	-5.0	-4.9	-3.0	-14.7	-15.0	-16.0	-17.1	-16.8	-16.3	-7.9	
Operating cash flow	58.0	113	120	127	122	126	132	139	147	155	167	
+ Change in other long-term liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Gross CAPEX	-34.5	-28.0	-27.6	-27.8	-27.9	-28.1	-28.2	-28.3	-28.4	-28.4	-28.4	
Free operating cash flow	23.4	84.9	92.2	99.4	94.0	98.2	104	111	119	126	138	
+/- Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
FCFF	23.4	84.9	92.2	99.4	94.0	98.2	104	111	119	126	138	2025
Discounted FCFF		80.1	79.5	78.2	67.6	64.4	62.4	60.5	59.1	57.6	57.5	842
Sum of FCFF present value		1509	1429	1350	1271	1204	1139	1077	1016	957	900	842
Enterprise value DCF		1509										
- Interest bearing debt		-83.2										
+ Cash and cash equivalents		9.7										
-Minorities		25.0										
-Dividend/capital return		-75.4										
Equity value DCF		1385										
Equity value DCF per share		55										

WACC	
Tax-% (WACC)	20.6 %
Target debt ratio (D/(D+E))	7.0 %
Cost of debt	5.0 %
Equity Beta	1.15
Market risk premium	4.75%
Liquidity premium	2.00%
Risk free interest rate	2.5 %
Cost of equity	10.0 %
Weighted average cost of capital (WACC)	9.5 %

Source: Inderes



DCF sensitivity calculations and key assumptions in graphs



Source: Inderes. Note that the weight of terminal value (%) is higher than 100% for clarity.

Summary

Income statement	2022	2023	2024	2025e	2026e	Per share data	2022	2023	2024	2025e	2026e
Revenue	835.2	872.3	990.0	1044.7	1125.3	EPS (reported)	2.02	3.02	2.89	3.30	3.56
EBITDA	107.7	133.6	134.0	141.8	151.1	EPS (adj.)	2.86	3.02	2.89	3.30	3.56
EBIT	72.9	100.6	101.8	109.6	120.3	OCF / share	2.67	5.02	2.31	4.49	4.76
PTP	70.4	97.7	90.4	106.2	114.7	OFCF / share	1.42	4.04	0.93	3.37	3.67
Net Income	50.9	76.0	72.7	83.0	89.5	Book value / share	13.18	14.20	14.25	14.55	14.90
Extraordinary items	-21.0	0.0	0.0	0.0	0.0	Dividend / share	2.00	3.00	3.00	3.20	3.50
Balance sheet	2022	2023	2024	2025e	2026e	Growth and profitability	2022	2023	2024	2025e	2026e
Balance sheet total	653.4	631.5	663.5	695.4	710.0	Revenue growth-%	9%	4%	13%	6%	8%
Equity capital	324.8	350.8	351.9	359.5	368.5	EBITDA growth-%	-23%	24%	0%	6%	7%
Goodwill	36.5	36.4	36.4	36.4	36.4	EBIT (adj.) growth-%	-10%	7%	1%	8%	10%
Net debt	65.6	16.2	73.5	66.7	59.4	EPS (adj.) growth-%	-16%	6%	-4%	14%	8%
Cash flow	2022	2023	2024	2025e	2026e	EBITDA-%	12.9 %	15.3 %	13.5 %	13.6 %	13.4 %
EBITDA	107.7	133.6	134.0	141.8	151.1	EBIT (adj.)-%	11.2 %	11.5 %	10.3 %	10.5 %	10.7 %
Change in working capital	-21.8	14.9	-56.0	-5.0	-4.9	EBIT-%	8.7 %	11.5 %	10.3 %	10.5 %	10.7 %
Operating cash flow	67.2	126.2	58.0	112.9	119.8	ROE-%	15.2 %	22.1 %	20.3 %	22.9 %	24.2 %
CAPEX	-31.6	-24.6	-34.5	-28.0	-27.6	ROI-%	16.6 %	25.1 %	24.6 %	24.5 %	26.2 %
Free cash flow	35.6	101.6	23.4	84.9	92.2	Equity ratio	49.7 %	55.6 %	53.0 %	51.7 %	51.9 %
						Gearing	20.2 %	4.6 %	20.9 %	18.6 %	16.1 %
Valuation multiples	2022	2023	2024	2025e	2026e						
EV/S	1.0	1.3	1.4	1.4	1.3						
EV/EBITDA	7.8	8.5	10.1	10.5	9.9						
EV/EBIT (adj.)	9.0	11.3	13.2	13.6	12.4						
P/E (adj.)	11.1	15.0	17.9	17.5	16.2						
P/B	2.4	3.2	3.6	4.0	3.9						
Dividend-%	6.3 %	6.6 %	5.8 %	5.5 %	6.1 %						

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
2024-08-07	Accumulate	63.0 kr	57.3 kr
2024-08-19	Accumulate	68.0 kr	61.2 kr
2024-11-18	Accumulate	67.0 kr	61.0 kr
2025-02-24	Reduce	62.0 kr	58.3 kr
2025-04-10	Accumulate	55.0 kr	48.2 kr
2025-05-16	Reduce	55.0 kr	57.8 kr



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