

# BJÖRN BORG

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Lucas Mattsson, Analyst  
+46 731589485  
lucas.mattsson@inderes.com

INDERES CORPORATE CUSTOMER

# COMPANY REPORT



# Another solid quarter, but we remain on the sidelines

Björn Borg's Q1 results came in above our expectations, and we view the share price reaction following the report as justified. While we have raised our short-term estimates following the Q1 beat, our mid- to long-term estimates remain largely unchanged. In our view, given the ongoing uncertainty in the operating environment and lack of clear evidence that the company can successfully scale its footwear segment, we believe the stock is already fairly priced for its expected earnings growth (2026e P/E: 17x). As a result, we reiterate our Reduce recommendation and target price of SEK 67 per share.

## The investment case relies on increased sales growth

In our view, Björn Borg's investment case depends on the company's ability to sustain profitable growth while successfully expanding its footwear and sports apparel categories. While the biggest positive driver for Björn Borg clearly is topline growth, the main near-term risks to achieving this are slow integration of footwear, a lack of brand traction, and prolonged weak consumer confidence.

## Björn Borg delivered an overall solid Q1 report

Björn Borg delivered strong Q1 revenue growth of 10.9% in local currencies, above both our and Retail Consensus expectations. Underwear was the main growth driver, rising around 15% due to strong wholesale performance and favorable comparisons. However, weaker development in DTC and distributors suggests this was largely timing-related, and we expect normalization to low single-digit growth in Q2. Sports apparel growth was good at 13%, marking 15 consecutive quarters of double-digit growth and supporting the brand transformation. Footwear declined around 20% and remains a key underperformer despite some improvement in Own e-commerce.

The gross margin increased to 54%, supported by product mix, especially due to strong underwear sales, which carry higher

margins. Currency tailwinds further supported margins, as the company sources in USD and EUR but generates little revenue in USD. Overall, this margin expansion, combined with higher sales volumes, enabled solid operational leverage in the quarter, with operating profit rising 37% year-on-year to 46.9 MSEK, well above both our and Retail Consensus expectations.

## Short-term estimates raised, mid-term outlook remains cautious

Following the Q1 beat, we have slightly raised our revenue estimates for the current year. Looking ahead, we maintain a cautious stance on demand and keep our medium-term revenue estimates largely unchanged, due to rising geopolitical tensions, higher energy prices, renewed inflation concerns, and weakened consumer confidence. Higher short-term revenue estimates have led us to raise our EBIT forecast by around 6%, while leaving 2027-2028 largely unchanged. Going forward, we see a risk of increased cost pressure across sourcing and logistics due to the increased energy prices. In addition, we also expect the FX tailwinds that have supported the gross margins to fade somewhat going forward as they normalize in the comparison base.

## Expected return is insufficient

We forecast good earnings growth in the coming years, driven by revenue growth and a gradual margin increase. We expect Björn Borg to distribute most of its earnings and free cash flow as dividends, resulting in a dividend yield of around 5%. However, looking at absolute valuation multiples, we believe that the stock is fairly priced for the earnings growth, and the DCF and peer valuation paint a similar picture. In our view, a larger upside for the stock would require a faster-than-expected expansion within the footwear segment, which has underperformed since its full integration into operations.

## Recommendation

**Reduce**

(prev. Reduce)

## Target price:

**67.0 SEK**

(prev. 67.0 SEK)

## Share price:

68.0 SEK

## Business risk



## Valuation risk



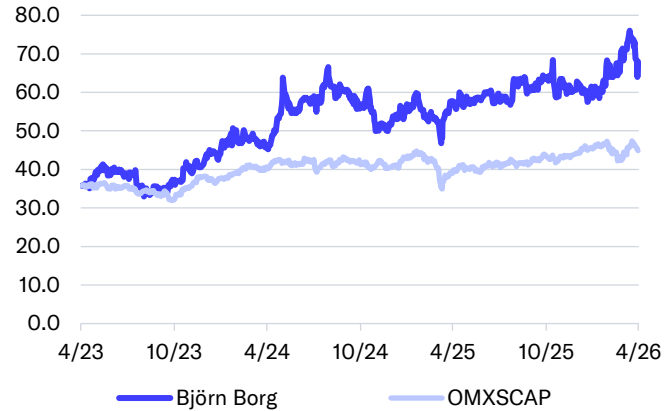
	2025	2026e	2027e	2028e
<b>Revenue</b>	1043.9	1111.5	1171.0	1258.0
<b>growth-%</b>	5%	6%	5%	7%
<b>EBIT adj.</b>	111.5	130.8	137.8	149.4
<b>EBIT-% adj.</b>	10.7 %	11.8 %	11.8 %	11.9 %
<b>Net Income</b>	92.1	100.0	105.7	115.5
<b>EPS (adj.)</b>	3.66	3.98	4.20	4.59
<b>P/E (adj.)</b>	17.2	17.1	16.2	14.8
<b>P/B</b>	4.3	4.4	4.2	4.0
<b>Dividend yield-%</b>	4.8 %	5.1 %	5.5 %	6.0 %
<b>EV/EBIT (adj.)</b>	14.6	13.1	12.4	11.3
<b>EV/EBITDA</b>	11.6	10.7	10.3	9.9
<b>EV/S</b>	1.6	1.5	1.5	1.3

Source: Inderes

## Guidance

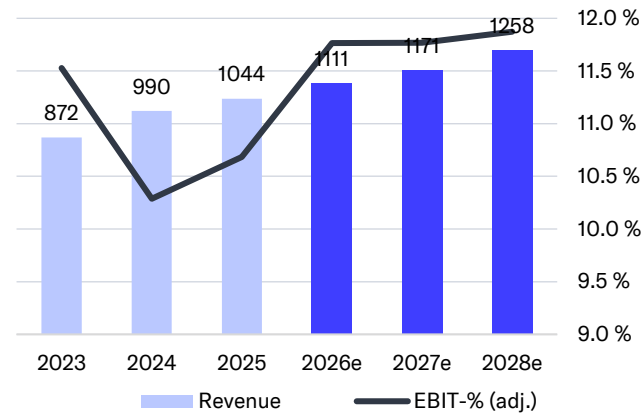
(Björn Borg does not provide any guidance)

## Share price



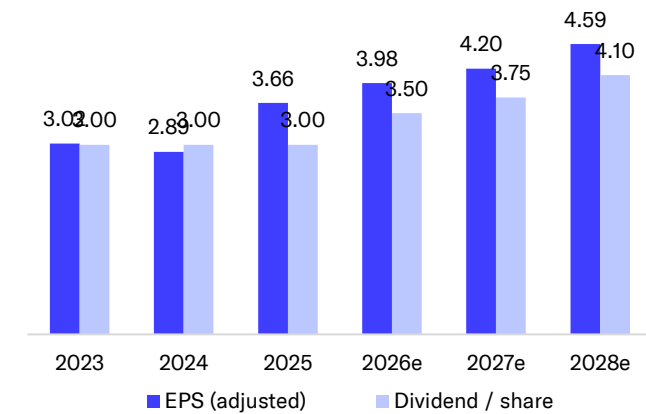
Source: Millstream Market Data AB

## Revenue and EBIT-%



Source: Inderes

## EPS and dividend / share



Source: Inderes

## 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	2026e	2027e	2028e
<b>Share price</b>	68.0	68.0	68.0
<b>Number of shares, millions</b>	25.1	25.1	25.1
<b>Market cap</b>	1710	1710	1710
<b>EV</b>	1719	1706	1689
<b>P/E (adj.)</b>	17.1	16.2	14.8
<b>P/E</b>	17.1	16.2	14.8
<b>P/B</b>	4.4	4.2	4.0
<b>P/S</b>	1.5	1.5	1.4
<b>EV/Sales</b>	1.5	1.5	1.3
<b>EV/EBITDA</b>	10.7	10.3	9.9
<b>EV/EBIT (adj.)</b>	13.1	12.4	11.3
<b>Payout ratio (%)</b>	88.0 %	89.2 %	89.2 %
<b>Dividend yield-%</b>	5.1 %	5.5 %	6.0 %

Source: Inderes

# Strong revenue growth drives profitability

## Solid revenue growth despite challenging comparison figures

We consider Björn Borg's Q1 revenue growth of 10.9% in local currencies to be strong. However, due to a negative FX impact from a strengthening SEK, reported revenue increased by 7.3% year-on-year to 301 MSEK, above both our and Retail Consensus expectations and a solid outcome given the challenging market climate. By product category, the main growth driver in Q1 was underwear, showing growth of around 15%, driven by wholesale due to favorable comparison figures from last year. Underwear sales in the other segments (DTC and distributors) declined in Q1, suggesting the increase was largely a timing effect. As a result, we do not expect this growth level to be sustained and anticipate a return to low single-digit growth in Q2. The sports apparel category grew 13%, marking 15 consecutive quarters of double-digit growth and highlighting the company's successful transformation into a

broader sports apparel brand. In contrast, footwear declined by around 20% and continues to underperform, with ongoing challenges in the wholesale segment despite some improvement in own e-commerce.

Geographically, Germany stood out with revenue growth of around 39%, while Finland also performed strongly at around 20%, supported by favorable year-over-year comparisons.

## Solid profitability fueled by strong growth and gross margin expansion

Björn Borg's Q1 gross margin increased to 54%, up from around 50% last year. A key driver was the product mix. Strong underwear sales, which carry higher margins, supported profitability, while declining footwear sales, currently a lower-margin category, also had a positive impact. Currency tailwinds further supported margins, as the company sources in USD and EUR but generates little

revenue in USD. Overall, this margin expansion, combined with higher sales volumes, enabled solid operational leverage in the quarter, with operating profit rising 37% year-on-year to 46.9 MSEK, well above both our and Retail Consensus expectations. Further down the income statement, EPS came in at 1.47 SEK (Q1'25: 1.43 SEK), also above our expectations.

## The balance sheet remains solid

Björn Borg reported negative operating cash flow of -49 MSEK in Q1, in line with its typical seasonal pattern of building working capital in Q1 and Q3. However, on a rolling 12-month basis, operating cash flow remains healthy at 121 MSEK, with an FCF margin (including lease repayments) of 8%. Net debt/EBITDA, excluding lease liabilities, also remains at a comfortable level of 0.7x.

Estimates MSEK / SEK	Q1'25	Q1'26	Q1'26e	Q1'26e	Consensus		Difference (%)	2026e
	Comparison	Actualized	Inderes	Consensus	Low	High	Act. vs. Inderes	Inderes
Revenue	280	301	292	292	285	- 297	3%	1103
Gross margin-%	50%	54%	52%				2 pp	52%
EBITDA	42.1	54.2	46.1				17%	153
EBIT	34.2	46.9	38.7	36.7	18.6	- 38.6	21%	123
PTP	45.9	46.1	38.7				19%	120
EPS (adj.)	1.43	1.47	1.20				22%	3.73
Revenue growth-%	9.0 %	7.3 %	4.3 %	4.1 %	1.6 %	- 5.9 %	3.1 pp	5.7 %
EBIT-%	12.2 %	15.6 %	13.3 %	12.6 %	6.5 %	- 13.0 %	2.3 pp	11.2 %

Source: Inderes & Pinpoint  
(retail consensus 23.04.26, 63  
estimates) (consensus)

# Short-term estimates raised, mid-term outlook remains cautious

## Increased short-term estimates but cautious mid-term outlook

Following the Q1 beat, we have slightly raised our revenue estimates for the current year. While we acknowledge that the sports apparel category continues to perform strongly, supporting our estimates, we view the Q1 revenue beat primarily as a timing effect in underwear, as previously discussed. Own e-commerce, which we believe is an important growth driver, grew only 2% in the quarter, partly due to a higher share of full-price sales, and we will monitor this segment closely in the coming quarters.

As noted in our previous update, we believe end-market demand softened toward the end of Q1. Geopolitical tensions have intensified following the outbreak of the Iran war, pushing up energy prices and renewing concerns about inflation, higher-for-longer interest rates, and weakening consumer confidence. Eurozone consumer confidence fell to its lowest level since late 2023 in March

2026, and Germany has lowered its growth forecasts for 2026-2027 while raising inflation expectations. In Sweden, Björn Borg's largest market, confidence remains relatively better, but forward-looking indicators are weakening, with rising pessimism about the economy.

Against this backdrop, and with expectations of more muted demand going forward, we maintain a cautious stance. Our revenue estimates are up slightly for 2026 (+1%) and unchanged for 2027-2028.

## Higher EBIT on short-term revisions

Higher revenue estimates for the current year have led us to raise our EBIT forecast by around 6%, while leaving 2027-2028 largely unchanged. Although Q1 demonstrated strong operational profitability, we attribute much of this to a favorable product mix, which is likely to vary between quarters. In addition, FX tailwinds that supported gross margins are expected to fade as they roll into the

comparison base. Looking ahead, we also expect some cost pressure from higher energy prices, which could affect sourcing, production, and logistics. However, the magnitude of this impact remains uncertain at this stage.

## Footwear key to reaching long-term growth ambitions

Björn Borg continues to target annual revenue growth of at least 10% and an EBIT margin of at least 10%. While performance in core categories is solid, we remain cautious regarding the top-line target. Achieving sustained 10% growth is likely to require a stronger contribution from footwear, which has underperformed since its full integration into operations. We will look for clearer signs of volume growth and improved distribution efficiency in this segment before adopting a more constructive view on the long-term outlook.

Estimate revisions	2026e	2026e	Change	2027e	2027e	Change	2028e	2028e	Change
MSEK / SEK	Old	New	%	Old	New	%	Old	New	%
Revenue	1103	1111	1%	1171	1171	0%	1258	1258	0%
EBITDA	153	160	5%	166	165	-1%	172	171	-1%
EBIT (exc. NRIs)	123	131	6%	138	138	0%	149	149	0%
EBIT	123	131	6%	138	138	0%	149	149	0%
PTP	120	127	6%	133	135	2%	147	147	0%
EPS (excl. NRIs)	3.73	3.98	7%	4.12	4.20	2%	4.59	4.59	0%
DPS	3.50	3.50	0%	3.75	3.75	0%	4.10	4.10	0%

Source: Inderes

# We believe the stock is fairly valued at current levels

## Valuation summary – Reduce

We forecast good earnings growth in the coming years, driven by revenue growth and a gradual margin increase. We expect Björn Borg to distribute most of its earnings and free cash flow as dividends, resulting in a dividend yield of around 5%. However, at current valuations and given the ongoing uncertainties in the operating environment, we believe that the stock is already sufficiently priced for earnings growth. Additionally, the DCF value is also roughly in line with the current share price. Consequently, we reiterate our Reduce recommendation and target price of SEK 67 per share.

## Acceptable absolute multiples in 2026-27

Björn Borg's earnings multiples for this year are P/E of around 17x and EV/EBIT of ~13x. In our view, the valuation already reflects high expectations for earnings growth, yet there are several risks associated with the anticipated growth. These include increased energy prices, concerns about inflation, higher-for-longer interest rates, and weakening consumer confidence. In addition, we believe the footwear segment has underperformed since its full integration into operations, which also represents a downside risk to earnings estimates. From our perspective, more attractive valuation levels may only emerge when looking at 2027-2028 multiples (2027e: P/E: 16-15x and EV/EBIT: 12-11x), even though these estimates hinge on still uncertain earnings growth.

## 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 2026 and 2027 are, on average, around 34% higher than those of its peers. However, when excluding the retail peers, Björn Borg trades at a discount of around 12%. Given that Björn Borg's sports apparel peers are larger and more globally established brands, we believe it is reasonable to price Björn Borg below its sports apparel peers. On the other hand, we expect Björn Borg to grow faster in the coming years with slightly higher profitability and return on capital levels. 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 over 30x, making the peer group somewhat dependent on the specific companies. 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 67 per share) is roughly in line with the current share price. Therefore, also in the context of DCF, the current valuation does not provide a sufficient expected return.

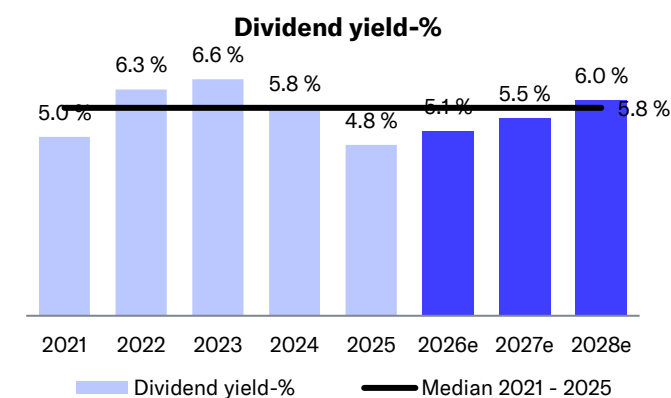
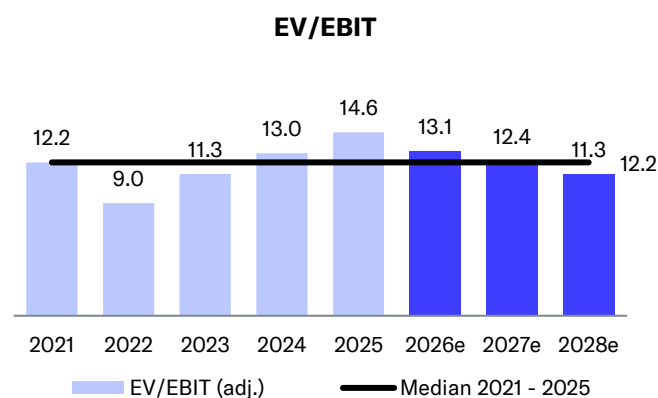
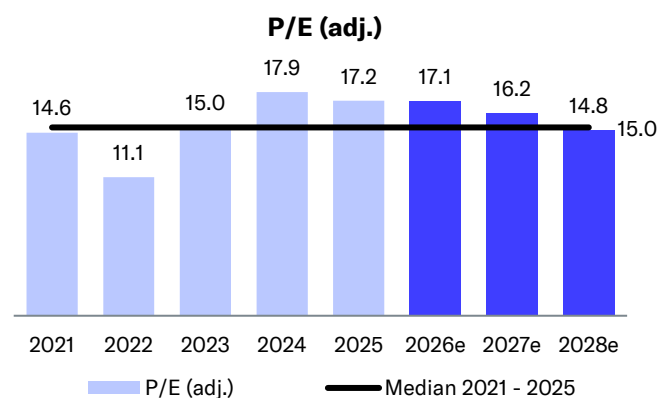
Valuation	2026e	2027e	2028e
Share price	68.0	68.0	68.0
Number of shares, millions	25.1	25.1	25.1
Market cap	1710	1710	1710
EV	1719	1706	1689
P/E (adj.)	17.1	16.2	14.8
P/E	17.1	16.2	14.8
P/B	4.4	4.2	4.0
P/S	1.5	1.5	1.4
EV/Sales	1.5	1.5	1.3
EV/EBITDA	10.7	10.3	9.9
EV/EBIT (adj.)	13.1	12.4	11.3
Payout ratio (%)	88.0 %	89.2 %	89.2 %
Dividend yield-%	5.1 %	5.5 %	6.0 %

Source: Inderes

# Valuation table

Valuation	2021	2022	2023	2024	2025	2026e	2027e	2028e	2029e
Share price	50.0	31.6	45.4	51.6	62.8	<b>68.0</b>	<b>68.0</b>	<b>68.0</b>	<b>68.0</b>
Number of shares, millions	25.1	25.1	25.1	25.1	25.1	<b>25.1</b>	<b>25.1</b>	<b>25.1</b>	<b>25.1</b>
Market cap	1257	795	1142	1298	1579	<b>1710</b>	<b>1710</b>	<b>1710</b>	<b>1710</b>
EV	1275	844	1138	1323	1634	<b>1719</b>	<b>1706</b>	<b>1689</b>	<b>1677</b>
P/E (adj.)	14.6	11.1	15.0	17.9	17.2	<b>17.1</b>	<b>16.2</b>	<b>14.8</b>	<b>13.5</b>
P/E	14.6	15.6	15.0	17.9	17.2	<b>17.1</b>	<b>16.2</b>	<b>14.8</b>	<b>13.5</b>
P/B	3.7	2.4	3.2	3.6	4.3	<b>4.4</b>	<b>4.2</b>	<b>4.0</b>	<b>3.8</b>
P/S	1.6	1.0	1.3	1.3	1.5	<b>1.5</b>	<b>1.5</b>	<b>1.4</b>	<b>1.3</b>
EV/Sales	1.7	1.0	1.3	1.3	1.6	<b>1.5</b>	<b>1.5</b>	<b>1.3</b>	<b>1.2</b>
EV/EBITDA	9.1	7.8	8.5	9.9	11.6	<b>10.7</b>	<b>10.3</b>	<b>9.9</b>	<b>9.1</b>
EV/EBIT (adj.)	12.2	9.0	11.3	13.0	14.6	<b>13.1</b>	<b>12.4</b>	<b>11.3</b>	<b>10.3</b>
Payout ratio (%)	73.1 %	98.9 %	99.3 %	103.8 %	82.0 %	<b>88.0 %</b>	<b>89.2 %</b>	<b>89.2 %</b>	<b>90.0 %</b>
Dividend yield-%	5.0 %	6.3 %	6.6 %	5.8 %	4.8 %	<b>5.1 %</b>	<b>5.5 %</b>	<b>6.0 %</b>	<b>6.7 %</b>

Source: Inderes



# Peer group valuation

Peer group valuation Company	Market cap MEUR	EV MEUR	EV/EBIT		EV/EBITDA		EV/S		P/E		Dividend yield-%		P/B 2026e
			2026e	2027e	2026e	2027e	2026e	2027e	2026e	2027e	2026e	2027e	2026e
<b>Sports apparel</b>													
Adidas	24,858	28,816	11.7	9.9	7.99	7.27	1.09	1.02	14.56	11.94	2.7	3.3	3.6
Nike	56,970	56,946	24.5	20.0	19.05	16.56	1.44	1.43	30.00	24.16	3.6	3.7	5.0
Lululemon	14,066	12,513	6.7	7.3	5.44	5.75	1.33	1.28	10.86	11.56			3.4
Puma	3,684	5,899		26.6	20.79	9.99	0.86	0.81		90.58		0.9	2.1
Under Armour	2,293	2,229	24.3	16.0	12.12	9.48	0.52	0.52	51.16	27.76			1.9
Columbia Sportswear	2,669	1,994	10.5	9.7	7.19	6.59	0.67	0.65	17.67	15.86	2.0	2.0	1.8
<b>Retail</b>													
PVH	3,630	5,002	7.7	7.4	5.64	5.44	0.66	0.65	8.51	7.57	0.2	0.2	0.9
GAP	7,630	6,340	6.6	6.2	4.58	4.38	0.48	0.47	11.42	10.48	2.7	2.8	2.5
H&M	25,130	30,475	16.8	15.7	8.15	7.79	1.49	1.45	20.64	18.99	4.3	4.6	6.1
Fenix Outdoor	1,414	1,560	18.6	17.7	10.91	10.61	1.87	1.79	8.68	8.30	4.2	4.4	1.0
JD Sports Fashion	3,837	7,505	6.6	6.6	3.45	3.42	0.51	0.50	5.87	5.85	1.5	1.6	1.2
<b>Björn Borg (Inderes)</b>	<b>156</b>	<b>156</b>	<b>13.1</b>	<b>12.4</b>	<b>10.7</b>	<b>10.3</b>	<b>1.5</b>	<b>1.5</b>	<b>17.1</b>	<b>16.2</b>	<b>5.1</b>	<b>5.5</b>	<b>4.4</b>
<b>Average</b>			<b>13.4</b>	<b>13.0</b>	<b>9.6</b>	<b>7.9</b>	<b>1.0</b>	<b>1.0</b>	<b>17.9</b>	<b>21.2</b>	<b>2.6</b>	<b>2.6</b>	<b>2.7</b>
<b>Median</b>			<b>11.1</b>	<b>9.9</b>	<b>8.0</b>	<b>7.3</b>	<b>0.9</b>	<b>0.8</b>	<b>13.0</b>	<b>11.9</b>	<b>2.7</b>	<b>2.8</b>	<b>2.1</b>
<b>Diff-% to median</b>			<b>19%</b>	<b>25%</b>	<b>34%</b>	<b>42%</b>	<b>80%</b>	<b>80%</b>	<b>32%</b>	<b>36%</b>	<b>93%</b>	<b>97%</b>	<b>109%</b>

# Income statement

Income statement	2023	2024	2025	Q1'26	Q2'26e	Q3'26e	Q4'26e	2026e	2027e	2028e	2029e
<b>Revenue</b>	<b>872</b>	<b>990</b>	<b>1044</b>	<b>301</b>	<b>241</b>	<b>317</b>	<b>252</b>	<b>1111</b>	<b>1171</b>	<b>1258</b>	<b>1353</b>
Wholesale	577	672	728	234	151	230	160	775	790	840	890
Own e-commerce	154	181	217	53	60	61	67	241	270	300	340
Own stores	105	107	87	13	22	22	20	77	85	90	95
Distributors	47	51	38	7	14	10	10	41	45	47	48
Licensing	9	2	1	0	0	0	0	1	1	1	1
<b>EBITDA</b>	<b>134</b>	<b>134</b>	<b>141</b>	<b>54</b>	<b>21</b>	<b>57</b>	<b>29</b>	<b>160</b>	<b>165</b>	<b>171</b>	<b>184</b>
Depreciation	-33	-32	-29	-7	-7	-7	-7	-30	-27	-22	-21
<b>EBIT (excl. NRI)</b>	<b>101</b>	<b>102</b>	<b>112</b>	<b>47</b>	<b>13</b>	<b>49</b>	<b>22</b>	<b>131</b>	<b>138</b>	<b>149</b>	<b>163</b>
<b>EBIT</b>	<b>101</b>	<b>102</b>	<b>112</b>	<b>47</b>	<b>13</b>	<b>49</b>	<b>22</b>	<b>131</b>	<b>138</b>	<b>149</b>	<b>163</b>
Wholesale	61	54	67	41	0	37	5	83	79	84	89
Own e-commerce	29	33	40	8	9	9	14	40	46	51	58
Own stores	-7	3	-5	-4	1	1	0	-3	2	3	5
Distributors	10	10	8	2	3	2	2	9	10	11	11
Licensing	8	2	1	0	0	0	0	1	1	1	1
Net financial items	-3	-11	6	-1	-1	-1	-1	-4	-3	-2	-2
<b>PTP</b>	<b>98</b>	<b>90</b>	<b>118</b>	<b>46</b>	<b>12</b>	<b>48</b>	<b>21</b>	<b>127</b>	<b>135</b>	<b>147</b>	<b>161</b>
Taxes	-22	-18	-26	-9	-3	-10	-4	-27	-29	-32	-35
Minority interest	0	0	0	0	0	0	0	0	0	0	0
<b>Net earnings</b>	<b>76</b>	<b>73</b>	<b>92</b>	<b>37</b>	<b>10</b>	<b>37</b>	<b>16</b>	<b>100</b>	<b>106</b>	<b>116</b>	<b>127</b>
<b>EPS (adj.)</b>	<b>3.02</b>	<b>2.89</b>	<b>3.66</b>	<b>1.47</b>	<b>0.38</b>	<b>1.49</b>	<b>0.64</b>	<b>3.98</b>	<b>4.20</b>	<b>4.59</b>	<b>5.03</b>
<b>EPS (rep.)</b>	<b>3.02</b>	<b>2.89</b>	<b>3.66</b>	<b>1.47</b>	<b>0.38</b>	<b>1.49</b>	<b>0.64</b>	<b>3.98</b>	<b>4.20</b>	<b>4.59</b>	<b>5.03</b>

Key figures	2023	2024	2025	Q1'26	Q2'26e	Q3'26e	Q4'26e	2026e	2027e	2028e	2029e
<b>Revenue growth-%</b>	4.4 %	13.5 %	5.4 %	7.3 %	6.8 %	5.8 %	5.9 %	6.5 %	5.4 %	7.4 %	7.6 %
<b>Adjusted EBIT growth-%</b>		1.3 %	9.5 %	37.1 %	23.8 %	9.0 %	0.1 %	17.3 %	5.4 %	8.4 %	9.4 %
<b>EBITDA-%</b>	15.3 %	13.5 %	13.5 %	18.0 %	8.5 %	17.8 %	11.5 %	14.4 %	14.1 %	13.6 %	13.6 %
<b>Adjusted EBIT-%</b>	11.5 %	10.3 %	10.7 %	15.6 %	5.4 %	15.5 %	8.6 %	11.8 %	11.8 %	11.9 %	12.1 %
<b>Net earnings-%</b>	8.7 %	7.3 %	8.8 %	12.3 %	3.9 %	11.8 %	6.4 %	9.0 %	9.0 %	9.2 %	9.4 %

Source: Inderes

# Balance sheet

Assets	2024	2025	2026e	2027e	2028e
<b>Non-current assets</b>	<b>307</b>	<b>291</b>	<b>280</b>	<b>272</b>	<b>270</b>
Goodwill	37.2	35.9	35.9	35.9	35.9
Intangible assets	194	194	193	192	191
Tangible assets	63.3	52.8	43.0	35.7	34.5
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	12.2	8.8	8.8	8.8	8.8
<b>Current assets</b>	<b>402</b>	<b>428</b>	<b>446</b>	<b>457</b>	<b>477</b>
Inventories	259	257	245	246	252
Other current assets	22.6	24.0	24.0	24.0	24.0
Receivables	111	133	144	152	164
Cash and equivalents	8.8	13.5	33.3	35.1	37.7
<b>Balance sheet total</b>	<b>709</b>	<b>719</b>	<b>727</b>	<b>729</b>	<b>747</b>

Source: Inderes

Liabilities & equity	2024	2025	2026e	2027e	2028e
<b>Equity</b>	<b>352</b>	<b>361</b>	<b>386</b>	<b>403</b>	<b>424</b>
Share capital	7.9	7.9	7.9	7.9	7.9
Retained earnings	173	177	201	219	240
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	179	182	182	182	182
Minorities	-6.9	-5.8	-5.8	-5.8	-5.8
<b>Non-current liabilities</b>	<b>62.0</b>	<b>54.5</b>	<b>80.4</b>	<b>73.0</b>	<b>63.4</b>
Deferred tax liabilities	39.5	39.5	39.5	39.5	39.5
Provisions	0.0	0.0	0.0	0.0	0.0
Interest bearing debt	22.6	15.0	40.8	33.4	23.9
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
<b>Current liabilities</b>	<b>294</b>	<b>304</b>	<b>261</b>	<b>253</b>	<b>259</b>
Interest bearing debt	36.4	77.8	27.2	22.3	15.9
Payables	189	159	167	164	176
Other current liabilities	69.0	66.9	66.9	66.9	66.9
<b>Balance sheet total</b>	<b>709</b>	<b>719</b>	<b>727</b>	<b>729</b>	<b>747</b>

# DCF-calculation

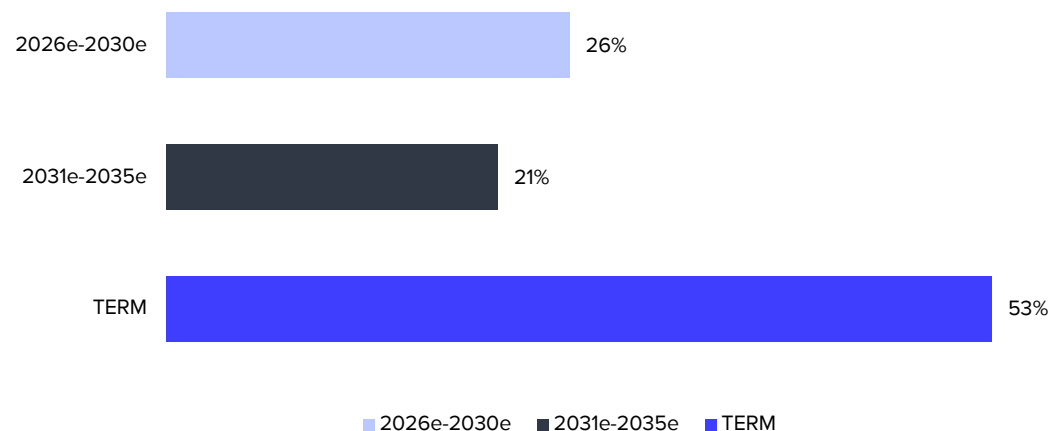
DCF model	2025	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	2034e	2035e	TERM
Revenue growth-%	5.4 %	6.5 %	5.4 %	7.4 %	7.6 %	7.0 %	6.5 %	6.5 %	6.5 %	6.5 %	2.5 %	2.5 %
EBIT-%	10.7 %	11.8 %	11.8 %	11.9 %	12.1 %	12.0 %	12.0 %	12.0 %	12.0 %	12.0 %	11.0 %	11.0 %
<b>EBIT (operating profit)</b>	<b>112</b>	<b>131</b>	<b>138</b>	<b>149</b>	<b>163</b>	<b>174</b>	<b>185</b>	<b>197</b>	<b>210</b>	<b>223</b>	<b>210</b>	
+ Depreciation	29.1	29.5	27.5	21.7	21.1	20.9	21.0	21.2	21.5	21.8	22.2	
- Paid taxes	-22.2	-26.7	-29.1	-31.8	-34.9	-37.1	-39.5	-42.1	-44.9	-47.8	-45.4	
- Tax, financial expenses	1.4	-0.9	-0.6	-0.4	-0.4	-0.4	-0.4	-0.4	-0.4	-0.4	0.0	
+ 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	-53.0	9.1	-11.9	-4.8	-11.3	-3.0	-1.0	-8.3	-8.3	-8.3	-7.1	
<b>Operating cash flow</b>	<b>66.7</b>	<b>142</b>	<b>124</b>	<b>134</b>	<b>138</b>	<b>154</b>	<b>165</b>	<b>167</b>	<b>178</b>	<b>189</b>	<b>180</b>	
+ 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	-17.1	-18.6	-19.1	-19.5	-20.1	-20.5	-21.0	-21.4	-21.8	-22.1	-22.1	
<b>Free operating cash flow</b>	<b>49.6</b>	<b>123</b>	<b>105</b>	<b>114</b>	<b>118</b>	<b>134</b>	<b>144</b>	<b>146</b>	<b>156</b>	<b>167</b>	<b>158</b>	
+/- Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
FCFF	49.6	123	105	114	118	134	144	146	156	167	158	2308
<b>Discounted FCFF</b>		<b>116</b>	<b>89.7</b>	<b>89.7</b>	<b>84.3</b>	<b>87.2</b>	<b>85.9</b>	<b>79.4</b>	<b>77.5</b>	<b>75.6</b>	<b>65.3</b>	<b>956</b>
Sum of FCFF present value		1806	1690	1600	1511	1426	1339	1253	1174	1096	1021	956
<b>Enterprise value DCF</b>		<b>1806</b>										
- Interest bearing debt		-92.8										
+ Cash and cash equivalents		13.5										
+ Associated companies		0.0										
-Minorities		25.4										
-Dividend/capital return		-75.4										
<b>Equity value DCF</b>		<b>1677</b>										
<b>Equity value DCF per share</b>		<b>67</b>										

## 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 %
<b>Cost of equity</b>	<b>10.0 %</b>
<b>Weighted average cost of capital (WACC)</b>	<b>9.5 %</b>

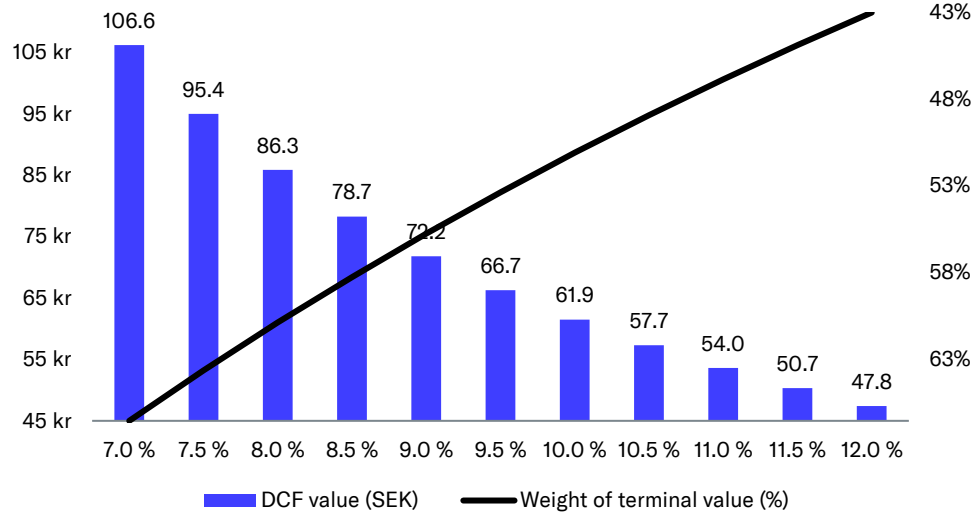
Source: Inderes

## Cash flow distribution

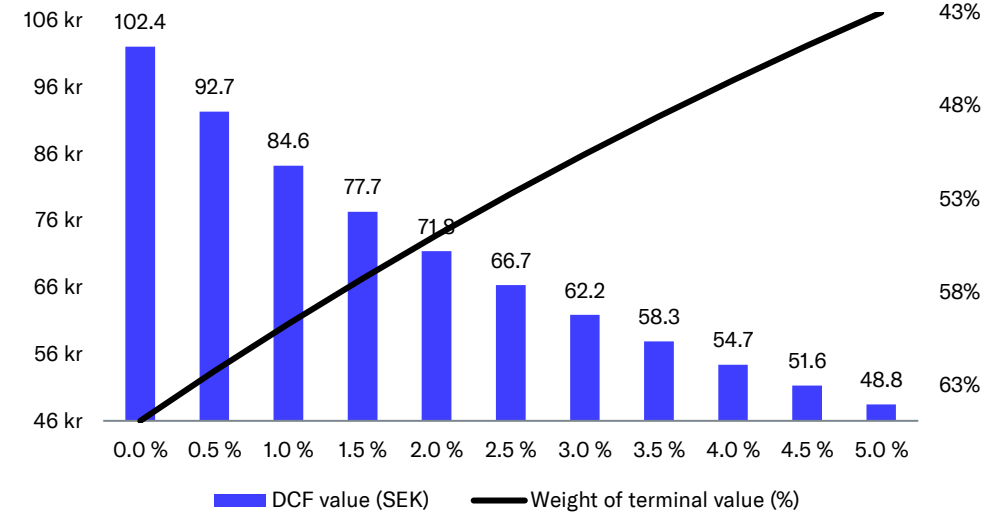


# DCF sensitivity calculations and key assumptions in graphs

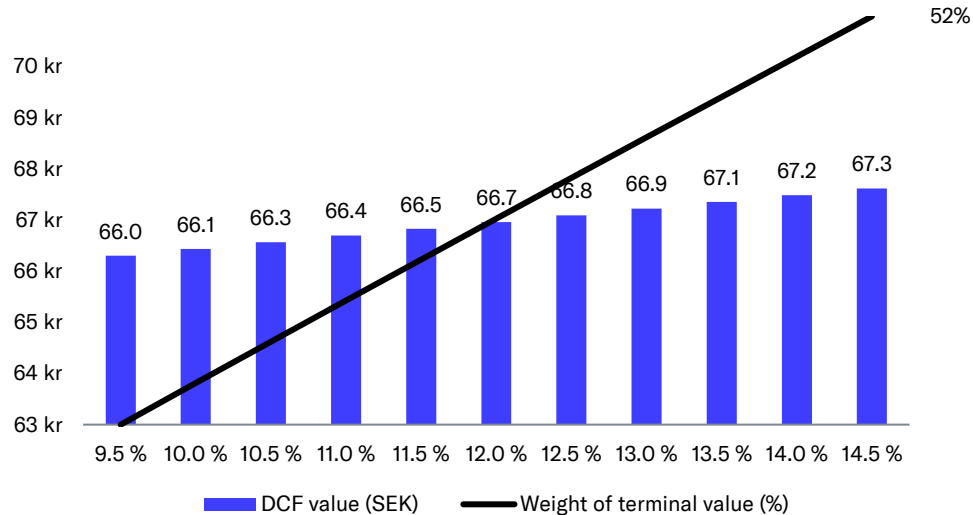
Sensitivity of DCF to changes in the WACC-%



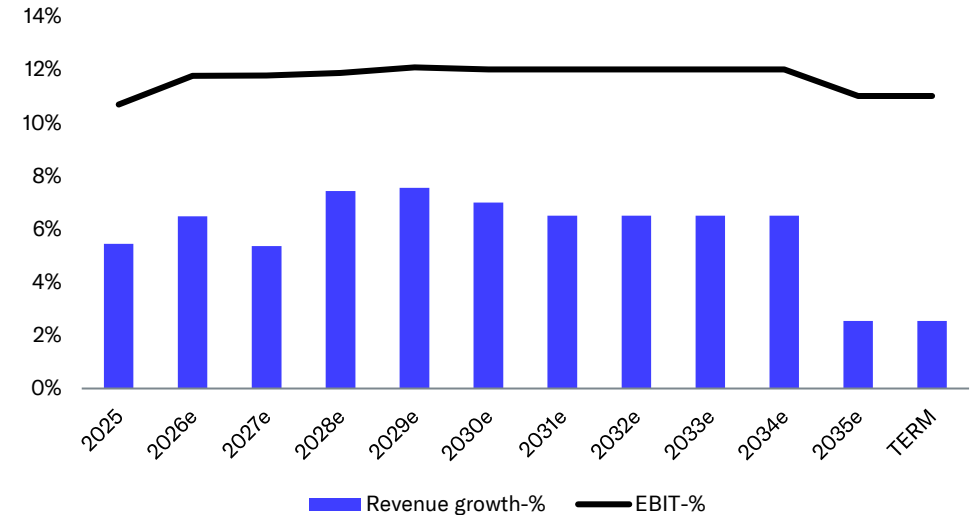
Sensitivity of DCF to changes in the risk-free rate



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	2023	2024	2025	2026e	2027e	Per share data	2023	2024	2025	2026e	2027e
Revenue	872.3	990.0	1043.9	1111.5	1171.0	EPS (reported)	3.02	2.89	3.66	3.98	4.20
EBITDA	133.6	134.0	140.6	160.3	165.3	EPS (adj.)	3.02	2.89	3.66	3.98	4.20
EBIT	100.6	101.8	111.5	130.8	137.8	OCF / share	5.02	3.22	2.65	5.64	4.92
PTP	97.7	90.4	117.7	126.7	134.8	OFCF / share	4.04	1.84	1.97	4.90	4.16
Net Income	76.0	72.7	92.1	100.0	105.7	Book value / share	14.20	14.29	14.59	15.56	16.27
Extraordinary items	0.0	0.0	0.0	0.0	0.0	Dividend / share	3.00	3.00	3.00	3.50	3.75
Balance sheet	2023	2024	2025	2026e	2027e	Growth and profitability	2023	2024	2025	2026e	2027e
Balance sheet total	631.5	708.9	719.2	726.8	729.4	Revenue growth-%	4%	13%	5%	6%	5%
Equity capital	350.8	352.5	361.0	385.6	403.2	EBITDA growth-%	24%	0%	5%	14%	3%
Goodwill	36.4	37.2	35.9	35.9	35.9	EBIT (adj.) growth-%	7%	1%	9%	17%	5%
Net debt	16.2	50.2	79.3	34.7	20.6	EPS (adj.) growth-%	6%	-4%	27%	9%	6%
Cash flow	2023	2024	2025	2026e	2027e	EBITDA-%	15.3 %	13.5 %	13.5 %	14.4 %	14.1 %
EBITDA	133.6	134.0	140.6	160.3	165.3	EBIT (adj.)-%	11.5 %	10.3 %	10.7 %	11.8 %	11.8 %
Change in working capital	14.9	-33.0	-53.0	9.1	-11.9	EBIT-%	11.5 %	10.3 %	10.7 %	11.8 %	11.8 %
Operating cash flow	126.2	80.9	66.7	141.8	123.6	ROE-%	22.1 %	20.3 %	25.4 %	26.4 %	26.4 %
CAPEX	-24.6	-34.7	-17.1	-18.6	-19.1	ROI-%	25.1 %	25.3 %	25.8 %	28.8 %	30.2 %
Free cash flow	101.6	46.2	49.6	123.2	104.5	Equity ratio	55.6 %	49.7 %	50.2 %	53.1 %	55.3 %
Valuation multiples	2023	2024	2025	2026e	2027e	Gearing	4.6 %	14.2 %	22.0 %	9.0 %	5.1 %
EV/S	1.3	1.3	1.6	1.5	1.5	Net debt/EBITDA	0.1	0.4	0.6	0.2	0.1
EV/EBITDA	8.5	9.9	11.6	10.7	10.3	EBITDA/net financials	46.7	11.7	-22.6	39.0	55.1
EV/EBIT (adj.)	11.3	13.0	14.6	13.1	12.4						
P/E (adj.)	15.0	17.9	17.2	17.1	16.2						
P/B	3.2	3.6	4.3	4.4	4.2						
Dividend-%	6.6 %	5.8 %	4.8 %	5.1 %	5.5 %						

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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
2025-08-18	Reduce	55.0 kr	57.5 kr
2025-11-17	Reduce	57.0 kr	62.9 kr
2026-02-16	Accumulate	67.0 kr	61.0 kr
2026-04-24	Reduce	67.0 kr	71.9 kr
2026-04-30	Reduce	67.0 kr	68.0 kr



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## **Inderes Ab**

Vattugatan 17, 5tr  
Stockholm  
+46 8 411 43 80

[inderes.se](http://inderes.se)

## **Inderes Oyj**

Porkkalankatu 5  
00180 Helsinki  
+358 10 219 4690

[inderes.fi](http://inderes.fi)

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