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# COMPANY REPORT



# We are awaiting a sales led margin recovery

H&M's Q2 results were operationally largely in line with our expectations, and we made only minor upward revisions to our short-term estimates. The company's performance and outlook suggest that a meaningful recovery will take time to materialize. In our view, short-term drivers remain weak, including low consumer confidence and a slow margin recovery. As a result, we believe that the stock is already sufficiently priced in for high earnings growth (2025e P/E: 20x). Therefore, we reiterate our Reduce recommendation and target price of SEK 130 per share.

## Q2 revenue in line with estimates, but margin beat expectations

H&M continued to face challenges in achieving revenue growth in Q2'25, and we saw little indication of a sales recovery taking shape. Revenue grew modestly by 1% year-on-year in local currencies, roughly in line with our expectations but slightly below the consensus forecast. Reported sales growth decreased by 5% due to negative FX impacts. On a slight positive note, H&M's gross margin declined less than our expectations to 55.4% from 56.3% in the same period last year. External factors like FX and freight had a negative impact, but these should turn positive from Q3 onwards as a weaker USD leads to cheaper sourcing. In addition, investments in the customer offering, i.e., price adjustments to maintain a competitive position, also affected gross margins negatively.

In terms of operating expenses, H&M demonstrated continued good cost control in Q2, despite increased marketing costs. On one hand, margins benefited from the 199 MSEK one-off cost in Q2'24 related to the cost-saving program. On the other hand, the company experienced some OPEX deleverage due to FX, as SEK represents a larger portion of H&M's operating costs than sales. Overall, H&M's absolute EBIT was 5,914 MSEK, and profitability (EBIT-%) declined from 11.9% last year to 10.4%. Although operating profit exceeded our forecast, a more

significant margin improvement requires stronger sales growth.

## We made only minor estimate changes

H&M reported that it expects June sales to increase 3% in local currencies, which was rather modest given the easy comparison period last year (-6%). However, one month of sales data is volatile, and we do not draw significant conclusions from it. Nevertheless, we still anticipate relatively modest sales growth in Q3, with stronger growth likely delayed until 2026, supported by easier comparisons and, hopefully, improved consumer confidence. Regarding the gross margin, the company expects H2 to benefit from easing external cost pressures, in line with our expectations. However, Q3'25 markdowns are, according to the company, expected to be higher year-over-year. While Q2 margins exceeded expectations, leading to a 3-4% earnings revision, we remain cautious about significant margin expansion without higher revenue growth.

For 2026-2027e, we still believe that the pace of margin improvement will be gradual, with revenue growth, coupled with continued cost efficiencies, driving an EBIT margin increase from 7.4% in 2024 to approximately 9% in 2027. While H&M continues to target a long-term EBIT margin of 10%, we do not expect this target to be met, given the highly competitive environment, which we expect will put pressure on pricing power over time.

## We reiterate our Reduce recommendation

In our view, the valuation multiples are high in absolute terms (2025e P/E: 20x and EV/EBIT: 17x), and the DCF is also below the current share price. H&M's strong brand and high return on capital are convincing, but the earnings growth outlook is slower and in the current macroeconomic environment overstretching multiples seems unwarranted. Hence, we continue to stay on the sidelines and wait for better risk/reward.

## Recommendation

**Reduce**

(prev. Reduce)

## Target price:

**130 SEK**

(prev. 130 SEK)

## Share price:

135 SEK

## Business risk



## Valuation risk



	2024	2025e	2026e	2027e
Revenue	234,478	232,097	245,574	261,025
growth-%	-1%	-1%	6%	6%
EBIT adj.	17,505	16,376	19,913	23,373
EBIT-% adj.	7.5 %	7.1 %	8.1 %	9.0 %
Net Income	11,621	10,810	13,902	16,514
EPS (adj.)	7.3	6.7	8.7	10.3
P/E (adj.)	20.5	20.0	15.6	13.1
P/B	5.2	4.7	4.4	4.2
Dividend yield-%	4.5 %	5.0 %	6.3 %	7.0 %
EV/EBIT (adj.)	17.2	17.2	14.1	12.1
EV/EBITDA	7.7	7.5	6.6	6.0
EV/S	1.3	1.2	1.1	1.1

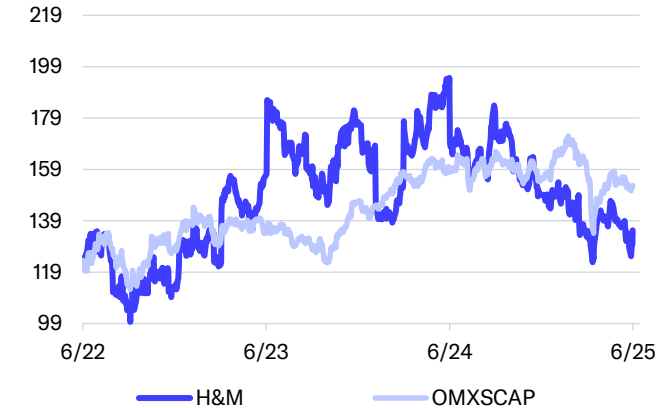
Source: Inderes

## Guidance

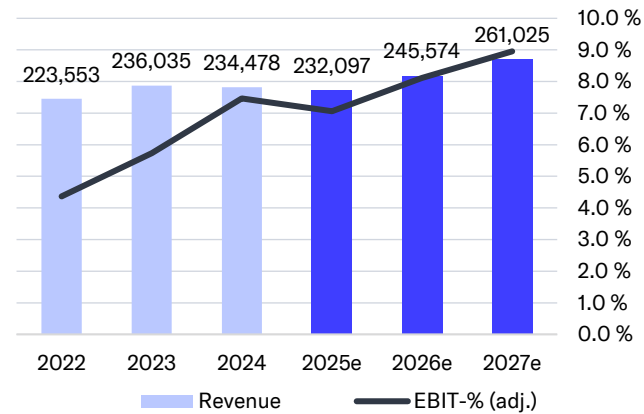
(H&M does not provide any guidance)

No guidance

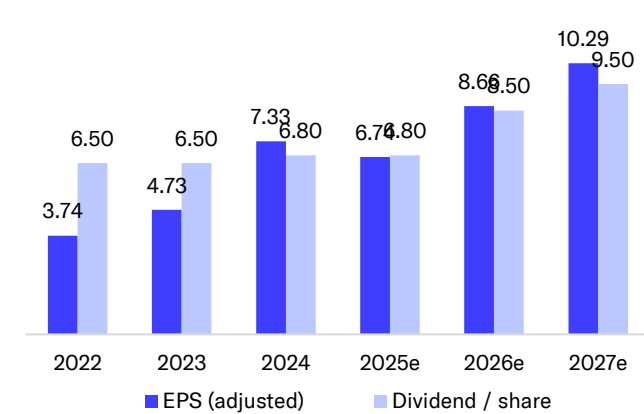
## Share price



## Sales and EBIT-%



## EPS and DPS



## 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	2025e	2026e	2027e
Share price	135	135	135
Number of shares, m	1,605	1,605	1,605
Market cap	216,608	216,608	216,608
EV	280,923	280,895	281,986
P/E (adj.)	20.0	15.6	13.1
P/E	20.0	15.6	13.1
P/B	4.7	4.4	4.2
P/S	0.9	0.9	0.8
EV/Sales	1.2	1.1	1.1
EV/EBITDA	7.5	6.6	6.0
EV/EBIT (adj.)	17.2	14.1	12.1
Payout ratio (%)	101%	98%	92%
Dividend yield-%	5.0 %	6.3 %	7.0 %

Source: Inderes

# Turnaround progress limited but margin beat expectations

## Revenue in line with expectations

While H&M is progressing with its turnaround, we believe that this wasn't clearly visible in Q2. Revenue grew modestly by 1% year-on-year in local currencies, roughly in line with our expectations but slightly below the consensus forecast. Store closures negatively impacted sales, and excluding these, revenue increased by 3% in local currencies. Reported sales growth decreased by 5% due to negative FX impacts, which aligned with our expectations. Geographically, sales declined slightly in the Nordics (-4%) and Eastern Europe (-5%), while Southern Europe showed strong growth of approximately 7%.

H&M disclosed in Q2 that it anticipated a 3% increase in June sales in local currencies. However, this includes an approximate one percentage point negative calendar effect. Even when adjusting for this, the sales growth is not particularly encouraging, given the weak comparison figures (-6% in June last year).

## Gross margin beat our expectations

H&M's gross margin decreased to 55.4% in Q2'25 from 56.3% in the same period last year, exceeding our expectations and aligning with the consensus forecast. External factors like FX and freight had a negative impact, but these should turn positive from Q3 onwards as a weaker USD leads to cheaper sourcing. Markdowns relative to sales were on par with the previous year. Overall, we believe the most significant negative impact on gross margins was due to investments in the customer offering, i.e., price adjustments to maintain a competitive position.

## Continued good cost control

H&M demonstrated solid cost control in Q2, despite increased marketing costs. On one hand, margins benefited from the 199 MSEK one-off cost in Q2'24 related to the cost-saving program. On the other hand, the

company experienced some OPEX deleverage due to FX, as SEK represents a larger portion of H&M's operating costs than sales. Overall, H&M's absolute EBIT was 5,914 MSEK, and profitability (EBIT-%) declined from 11.9% last year to 10.4%. While we view the company's operating profit coming in above our forecast positively, a stronger margin turnaround requires higher sales growth.

## Financial position remains stable

H&M's operating cash flow remained stable at 12.7 BNSEK. However, increased investments negatively affected the cash flow, leading to a decrease in free cash flow compared to the same period last year. Net debt/EBITDA, including lease liabilities, was 1.5 at the end of Q2, well within the company's target range of 1.0x-2.0x.

Estimates	Q2'24	Q2'25	Q2'25e	Q2'25e	Consensus		Difference (%)	2025e
MSEK / SEK	Comparison	Actualized	Inderes	Consensus	Low	High	Act. vs. Inderes	Inderes
Revenue	59,605	56,714	56,950	57,363	56,395	- 60,201	0%	232,097
Gross profit	33,569	31,425	31,209	31,740	30,854	- 33,138	1%	122,703
Gross margin %	56.3 %	55.4 %	54.8 %	55.4 %	54.7 %	- 57.7 %	1%	52.9 %
EBIT	7,098	5,914	5,609	6,195	5,538	- 7,120	5%	16,376
EPS (reported)	3.10	2.48	2.41	2.61	2.25	- 3.13	3%	6.74
Revenue growth-%	3.5 %	-4.9 %	-4.5 %	-3.8 %	-5.4 %	- 1.0 %	-0.4 pp	-1.0 %
EBIT-%	11.9 %	10.4 %	9.8 %	10.8 %	9.8 %	- 11.8 %	0.6 pp	7.1 %

Source: Inderes & Bloomberg  
2025.09.06, 15 analysts  
(consensus)

# Short-term estimates are slightly up, but long-term estimates remain intact

## Slow start to Q3'25

H&M reported that it expects June sales to increase 3% in local currencies, which was rather modest given the easy comparison period last year. However, one month of sales data is volatile, and we do not draw significant conclusions from it. Nevertheless, we still anticipate relatively modest sales growth in Q3, with stronger growth likely delayed until 2026, supported by easier comparisons and, hopefully, improved consumer confidence.

Regarding the gross margin, the company also stated that the negative external factors impacting purchasing costs in the first half of the year are turning positive for H2, which aligns with our expectations. However, the company expects markdowns relative to sales in Q3'25 to be somewhat higher compared to the same quarter last year.

Overall, the somewhat stronger-than-expected Q2 margins led to a 3-4% upward revision in earnings estimates for the

current year. However, we remain cautious regarding our margin assumptions, as we believe it will be difficult for the company to significantly increase margins without higher revenue growth.

## Our mid- to long-term estimates are largely intact

We have kept our mid- to long-term estimates largely unchanged. We still anticipate mid-single-digit growth over the medium term. Given our expectation of a relatively stable gross margin in the coming years, this should provide some operational leverage. As previously stated, we expect H&M to be negatively affected by tariffs. Given the timing of stock shipments, we expect the impact of tariffs to begin during Q3'25. If tariffs remain at current levels (30% in China and 10% in other markets), we believe the situation is relatively manageable. The company will likely increase prices in the US market to compensate for the effect, rather than moving production. However, there is a risk that the costs of tariffs cannot be passed on to

consumers without negatively affecting sales volumes, at least not immediately. If tariffs were to increase, we believe H&M has good flexibility in its supply chain and can move production to other countries, although such a transition will likely take time and have consequences, such as longer lead times.

For 2026-2027e, we believe the pace of margin improvement will be gradual, with revenue growth, coupled with continued cost efficiencies, driving an EBIT margin increase from 7.4% in 2024 to approximately 9% in 2027. While H&M continues to target a long-term EBIT margin of 10%, we do not expect this target to be met, given the highly competitive environment, which we expect will put pressure on pricing power over time.

Estimate revisions	2025e	2025e	Change	2026e	2026e	Change	2027e	2027e	Change
MSEK / SEK	Old	New	%	Old	New	%	Old	New	%
Revenue	232,333	232,097	0%	245,830	245,574	0%	261,305	261,025	0%
EBITDA	37,403	37,674	1%	42,503	42,588	0%	46,906	46,962	0%
EBIT (excl. NRIs)	15,754	16,376	4%	19,917	19,913	0%	23,385	23,373	0%
EBIT	15,754	16,376	4%	19,917	19,913	0%	23,385	23,373	0%
PTP	13,963	14,412	3%	18,417	18,413	0%	21,885	21,873	0%
EPS (excl. NRIs)	6.53	6.74	3%	8.67	8.66	0%	10.30	10.29	0%
DPS	6.80	6.80	0%	8.50	8.50	0%	9.50	9.50	0%

Source: Inderes

# We reiterate our Reduce recommendation

## Valuation summary – Reduce

We forecast earnings growth to start materializing from H2'25 as the company faces easier comparable figures and margins start to improve slightly. We expect H&M to distribute most of its earnings and free cash flow as dividends, resulting in a dividend yield of 5-6%. The valuation multiples are currently at the higher end of our accepted valuation range and the share is around the levels of our DCF value. We therefore see little upside on a 12-month horizon.

## Acceptable absolute multiples in 2025-26

With our updated estimates, H&M's P/E and EV/EBIT for 2025 are 20x and 17x, respectively. These multiples are at the higher end of our accepted valuation range and given the current uncertain operating environment, we view them as relatively neutral at best. We expect, however, that H&M will show a gradual margin recovery (even if it has been slower than expected), which we expect to stretch out to 2026-27. The headline multiples for 2026 are P/E 16x and EV/EBIT 14x, which look relatively modest. Obviously, they require the expected margin improvement to materialize.

Looking from 2027 onwards, when we expect stable growth and profitability going forward, 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 2025-26 is 8-12 BNSEK, which implies a free cash flow yield of around 3-5%.

## Valuation compared to the peer group

All 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. The peer group's median P/E is around 19x for 2025, lower than H&M's, and for 2026, the multiples are roughly in line with H&M's level. The values for the peer group vary broadly from around 7x 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 ~23x for 2025 and 22x for 2026, i.e., higher than H&M. Inditex has, however, also been growing faster than H&M for some years already. Compared to peers, we believe that H&M is at least not significantly mispriced.

## DCF suggests the current price is fair

We expect relatively stable growth and margins from 2027 to 2032. In the terminal period, we expect the EBIT margin to stabilize at around 8.5%, 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, WACC is also set at 8.5%. With these assumptions, our DCF model arrives at an equity value of roughly 208 BNSEK, which translates to around SEK 130 per share. This is in line with our target price and slightly below the current share price, suggesting limited upside.

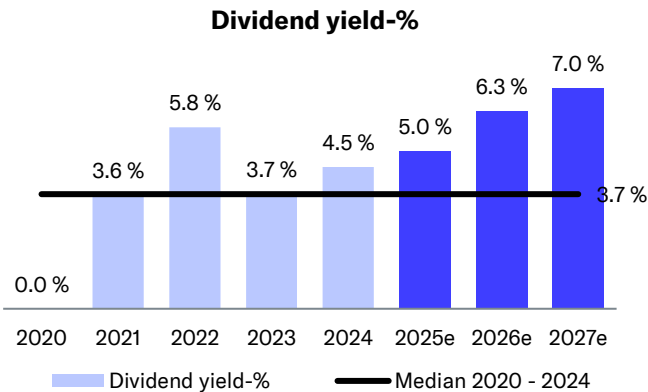
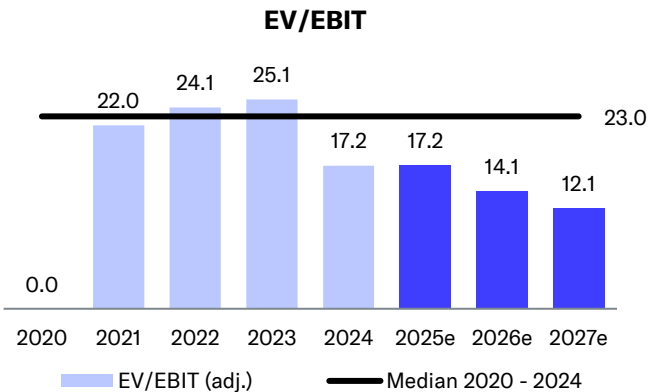
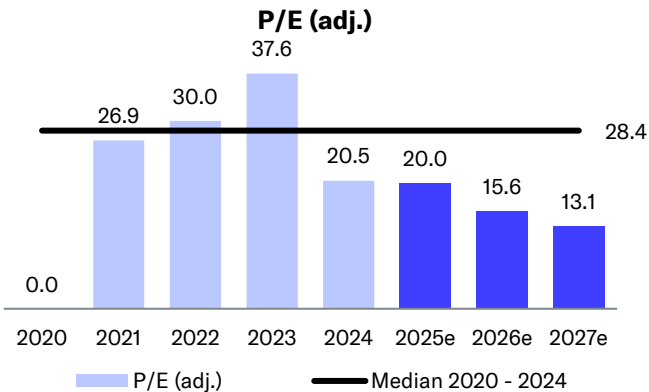
Valuation	2025e	2026e	2027e
Share price	135	135	135
Number of shares, m	1,605	1,605	1,605
Market cap	216,608	216,608	216,608
EV	280,923	280,895	281,986
P/E (adj.)	20.0	15.6	13.1
P/E	20.0	15.6	13.1
P/B	4.7	4.4	4.2
P/S	0.9	0.9	0.8
EV/Sales	1.2	1.1	1.1
EV/EBITDA	7.5	6.6	6.0
EV/EBIT (adj.)	17.2	14.1	12.1
Payout ratio (%)	101%	98%	92%
Dividend yield-%	5.0 %	6.3 %	7.0 %

Source: Inderes

# Valuation table

Valuation	2020	2021	2022	2023	2024	2025e	2026e	2027e	2028e
Share price	172	179	112	178	150	135	135	135	135
Number of shares, millions	1655.1	1655.1	1645.5	1633.5	1611.7	1604.5	1604.5	1604.5	1604.5
Market cap	284,672	295,927	184,569	288,002	240,675	216,608	216,608	216,608	216,608
EV	348,197	335,147	235,497	339,574	300,289	280,923	280,895	281,986	284,078
P/E (adj.)	>100	26.9	30.0	37.6	20.5	20.0	15.6	13.1	12.1
P/E	>100	26.9	51.8	33.3	20.8	20.0	15.6	13.1	12.1
P/B	5.2	4.9	3.6	6.1	5.2	4.7	4.4	4.2	4.0
P/S	1.5	1.5	0.8	1.2	1.0	0.9	0.9	0.8	0.8
EV/Sales	1.9	1.7	1.1	1.4	1.3	1.2	1.1	1.1	1.0
EV/EBITDA	12.0	8.9	7.9	9.1	7.7	7.5	6.6	6.0	5.8
EV/EBIT (adj.)	>100	22.0	24.1	25.1	17.2	17.2	14.1	12.1	11.2
Payout ratio (%)	0.0 %	97.7 %	299.8 %	120.9 %	93.9 %	100.9 %	98.1 %	92.3 %	100.0 %
Dividend yield-%	0.0 %	3.6 %	5.8 %	3.7 %	4.5 %	5.0 %	6.3 %	7.0 %	8.3 %

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 Company	Market cap MEUR	EV MEUR	EV/EBIT		EV/EBITDA		EV/S		P/E		Dividend yield-%		P/B
			2025e	2026e	2025e	2026e	2025e	2026e	2025e	2026e	2025e	2026e	2025e
Inditex	135,855	130,657	17.5	16.7	12.3	11.8	3.4	3.3	23.1	22.2	4.0	4.0	6.9
Fast Retailing	87,498	80,054	22.2	21.2	17.5	16.6	4.0	3.7	35.1	33.2	1.0	1.1	6.5
Next	17,831	19,890	15.7	14.7	12.9	11.9	2.8	2.6	19.6	17.8	1.9	2.0	8.1
GAP	6,889	6,261	7.0	6.5	4.7	4.4	0.5	0.5	10.6	9.7	2.8	3.0	2.5
Zalando	7,087	6,316	12.5	10.3	7.2	6.3	0.6	0.5	22.4	17.6			2.3
Victoria's Secret	1,297	2,133	7.1	8.2	4.2	4.7	0.4	0.4	7.9	9.4			2.6
Abercrombie & Fitch	3,259	2,751	4.3	4.7	3.7	3.8	0.7	0.6	7.7	7.8			2.7
Urban Outfitters	5,317	4,916	12.4	9.9	9.8	8.1	1.0	1.0	17.3	13.7			2.4
<b>H&amp;M (Inderes)</b>	<b>19,727</b>	<b>25,585</b>	<b>17.2</b>	<b>14.1</b>	<b>7.5</b>	<b>6.6</b>	<b>1.2</b>	<b>1.1</b>	<b>20.0</b>	<b>15.6</b>	<b>5.0</b>	<b>6.3</b>	<b>4.7</b>
<b>Average</b>			<b>12.4</b>	<b>11.5</b>	<b>9.0</b>	<b>8.4</b>	<b>1.7</b>	<b>1.6</b>	<b>18.0</b>	<b>16.4</b>	<b>2.4</b>	<b>2.5</b>	<b>4.3</b>
<b>Median</b>			<b>12.5</b>	<b>10.1</b>	<b>8.5</b>	<b>7.2</b>	<b>0.8</b>	<b>0.8</b>	<b>18.5</b>	<b>15.6</b>	<b>2.3</b>	<b>2.5</b>	<b>2.6</b>
<b>Diff-% to median</b>			<b>38%</b>	<b>40%</b>	<b>-12%</b>	<b>-8%</b>	<b>44%</b>	<b>46%</b>	<b>9%</b>	<b>0%</b>	<b>117%</b>	<b>151%</b>	<b>78%</b>

Source: Refinitiv / Inderes

# Income statement

Income statement	2023	2024	Q1'25	Q2'25	Q3'25e	Q4'25e	2025e	2026e	2027e	2028e
Revenue	236,035	234,478	55,333	56,714	58,150	61,900	232,097	245,574	261,025	278,375
EBITDA	37,492	38,904	6,652	10,963	9,264	10,795	37,674	42,588	46,962	48,794
Depreciation	-22,955	-21,598	-5,449	-5,049	-5,400	-5,400	-21,298	-22,675	-23,589	-23,487
EBIT (excl. NRI)	13,538	17,505	1,203	5,914	3,864	5,395	16,376	19,913	23,373	25,307
EBIT	14,537	17,306	1,203	5,914	3,864	5,395	16,376	19,913	23,373	25,307
Net financial items	-1,527	-1,863	-441	-623	-450	-450	-1,964	-1,500	-1,500	-1,500
PTP	13,010	15,443	762	5,291	3,414	4,945	14,412	18,413	21,873	23,807
Taxes	-4,287	-3,859	-183	-1,329	-853	-1,236	-3,602	-4,511	-5,359	-5,833
Minority interest	0	37	0	0	0	0	0	0	0	0
Net earnings	8,723	11,621	579	3,962	2,560	3,709	10,810	13,902	16,514	17,974
EPS (adj.)	4.7	7.3	0.4	2.5	1.6	2.3	6.7	8.7	10.3	11.2
EPS (rep.)	5.3	7.2	0.4	2.5	1.6	2.3	6.7	8.7	10.3	11.2

Key figures	2023	2024	Q1'25	Q2'25	Q3'25e	Q4'25e	2025e	2026e	2027e	2028e
Revenue growth-%	5.6 %	-0.7 %	3.1 %	-4.9 %	-1.5 %	-0.5 %	-1.0 %	5.8 %	6.3 %	6.6 %
Adjusted EBIT growth-%	38.7 %	29.3 %	-42.1 %	-19.0 %	10.2 %	16.7 %	-6.5 %	21.6 %	17.4 %	8.3 %
EBITDA-%	15.9 %	16.6 %	12.0 %	19.3 %	15.9 %	17.4 %	16.2 %	17.3 %	18.0 %	17.5 %
Adjusted EBIT-%	5.7 %	7.5 %	2.2 %	10.4 %	6.6 %	8.7 %	7.1 %	8.1 %	9.0 %	9.1 %
Net earnings-%	3.7 %	5.0 %	1.0 %	7.0 %	4.4 %	6.0 %	4.7 %	5.7 %	6.3 %	6.5 %

Source: Inderes

# Balance sheet

Assets	2023	2024	2025e	2026e	2027e
<b>Non-current assets</b>	<b>100744</b>	<b>104487</b>	<b>107689</b>	<b>109994</b>	<b>111874</b>
Goodwill	1013	1013	1013	1013	1013
Intangible assets	8712	7717	8217	8717	9217
Tangible assets	81536	86220	88922	90727	92107
Associated companies	209	259	259	259	259
Other investments	2363	3029	3029	3029	3029
Other non-current assets	1204	859	859	859	859
Deferred tax assets	5707	5390	5390	5390	5390
<b>Current assets</b>	<b>80529</b>	<b>75727</b>	<b>73111</b>	<b>68761</b>	<b>73087</b>
Inventories	37358	40348	38296	39292	41764
Other current assets	0.0	0.0	0.0	0.0	0.0
Receivables	16773	18039	16247	17190	18272
Cash and equivalents	26398	17340	18568	12279	13051
<b>Balance sheet total</b>	<b>181273</b>	<b>180214</b>	<b>180800</b>	<b>178755</b>	<b>184961</b>

Source: Inderes

Liabilities & equity	2023	2024	2025e	2026e	2027e
<b>Equity</b>	<b>47601</b>	<b>46211</b>	<b>46110</b>	<b>49102</b>	<b>51977</b>
Share capital	207	207	207	207	207
Retained earnings	41198	39559	39458	42450	45325
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	6196	6445	6445	6445	6445
Minorities	0.0	0.0	0.0	0.0	0.0
<b>Non-current liabilities</b>	<b>65745</b>	<b>67353</b>	<b>50000</b>	<b>50000</b>	<b>50000</b>
Deferred tax liabilities	2416	2242	0.0	0.0	0.0
Provisions	384	471	0.0	0.0	0.0
Interest bearing debt	62813	64478	50000	50000	50000
Convertibles	0.0	0.0	0.0	0.0	0.0
Other long term liabilities	132	162	0.0	0.0	0.0
<b>Current liabilities</b>	<b>67927</b>	<b>66650</b>	<b>84689</b>	<b>79653</b>	<b>82984</b>
Interest bearing debt	15157	12476	32883	26566	28430
Payables	21027	24417	22049	23330	24797
Other current liabilities	31743	29757	29757	29757	29757
<b>Balance sheet total</b>	<b>181273</b>	<b>180214</b>	<b>180800</b>	<b>178755</b>	<b>184961</b>

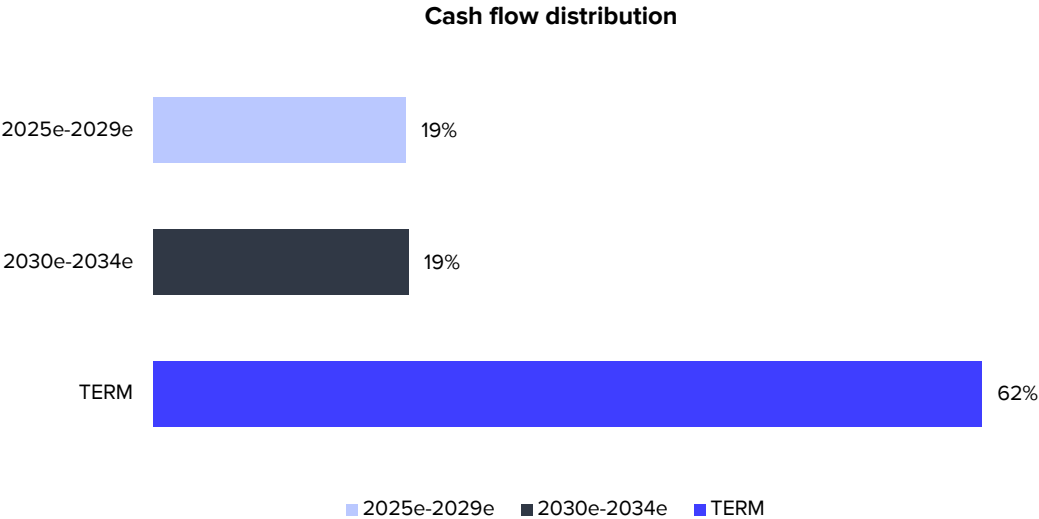
# DCF-calculation

DCF model	2024	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	2034e	TERM
Revenue growth-%	-0.7 %	-1.0 %	5.8 %	6.3 %	6.6 %	5.5 %	5.0 %	5.0 %	5.0 %	5.0 %	2.5 %	2.5 %
EBIT-%	7.4 %	7.1 %	8.1 %	9.0 %	9.1 %	9.0 %	9.0 %	9.0 %	9.0 %	9.0 %	8.5 %	8.5 %
EBIT (operating profit)	17,306	16,376	19,913	23,373	25,307	26,432	27,753	29,141	30,598	32,128	31,260	
+ Depreciation	21,598	21,298	22,675	23,589	23,487	23,522	24,136	24,727	25,094	25,498	26,773	
- Paid taxes	-3,716	-5,844	-4,511	-5,359	-5,833	-6,108	-6,432	-6,772	-7,129	-7,504	-7,659	
- Tax, financial expenses	-466	-491	-368	-368	-368	-368	-368	-368	-368	-368	0	
+ Tax, financial income	0	0	0	0	0	0	0	0	0	0	0	
- Change in working capital	-2,852	1,476	-659	-2,086	-2,342	-2,067	-1,982	-2,081	-2,186	-2,295	-1,224	
Operating cash flow	31,870	32,816	37,051	39,150	40,252	41,411	43,108	44,647	46,010	47,460	49,151	
+ Change in other long-term liabilities	117	-633	0	0	0	0	0	0	0	0	0	
- Gross CAPEX	-25,608	-24,500	-24,980	-25,470	-25,969	-26,478	-26,998	-26,810	-27,279	-31,193	-29,811	
Free operating cash flow	6,379	7,683	12,071	13,680	14,283	14,933	16,110	17,837	18,730	16,267	19,340	
+/- Other	-2,000	-2,000	-2,000	-2,000	-2,000	-2,000	-2,000	-2,000	-2,000	-2,000	-2,000	
FCFF	4,379	5,683	10,071	11,680	12,283	12,933	14,110	15,837	16,730	14,267	17,340	299,079
Discounted FCFF		5,449	8,902	9,517	9,226	8,954	9,005	9,317	9,072	7,132	7,990	137,805
Sum of FCFF present value		222,369	216,919	208,017	198,500	189,274	180,320	171,315	161,999	152,926	145,795	137,805
Enterprise value DCF		222,369										
- Interest bearing debt		-20,540										
+ Cash and cash equivalents		17,340										
-Minorities		0										
-Dividend/capital return		-10,911										
Equity value DCF		208,258										
Equity value DCF per share		130										

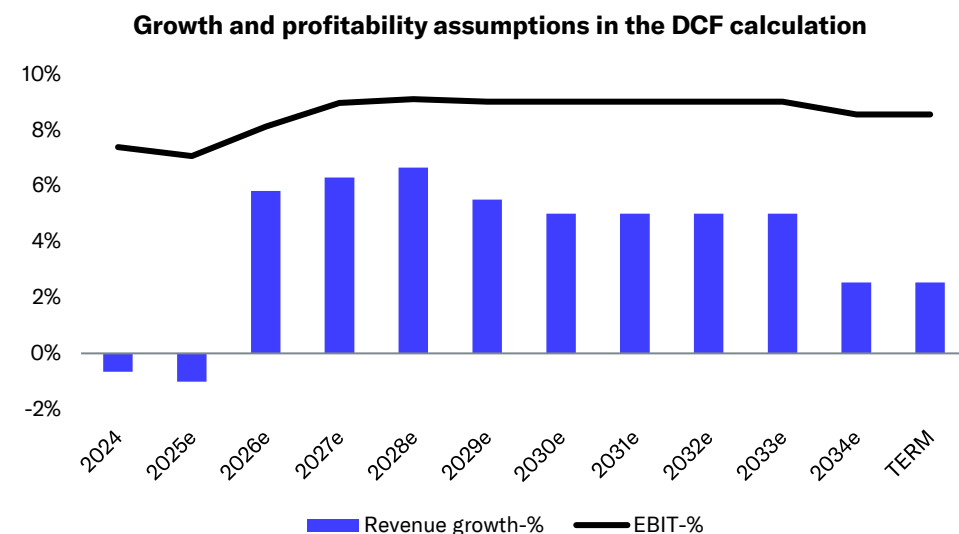
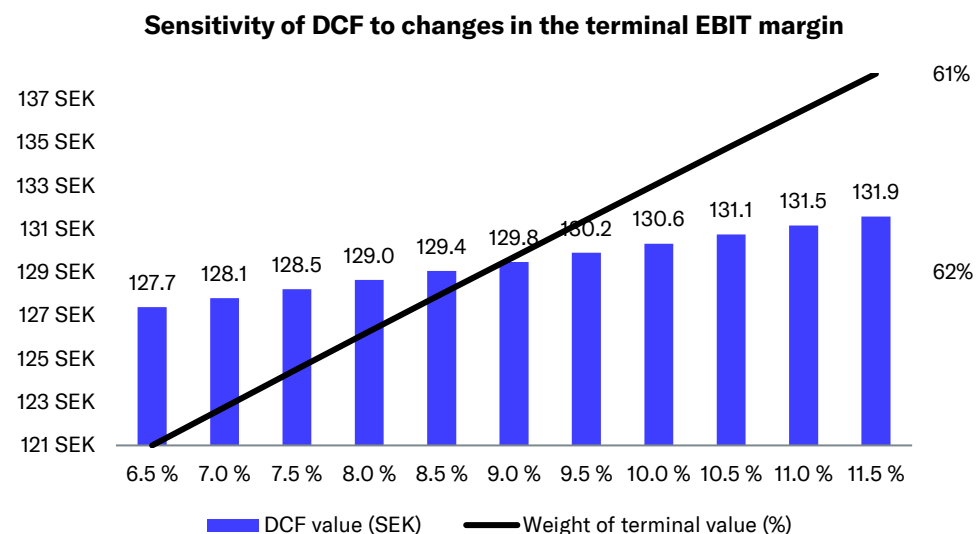
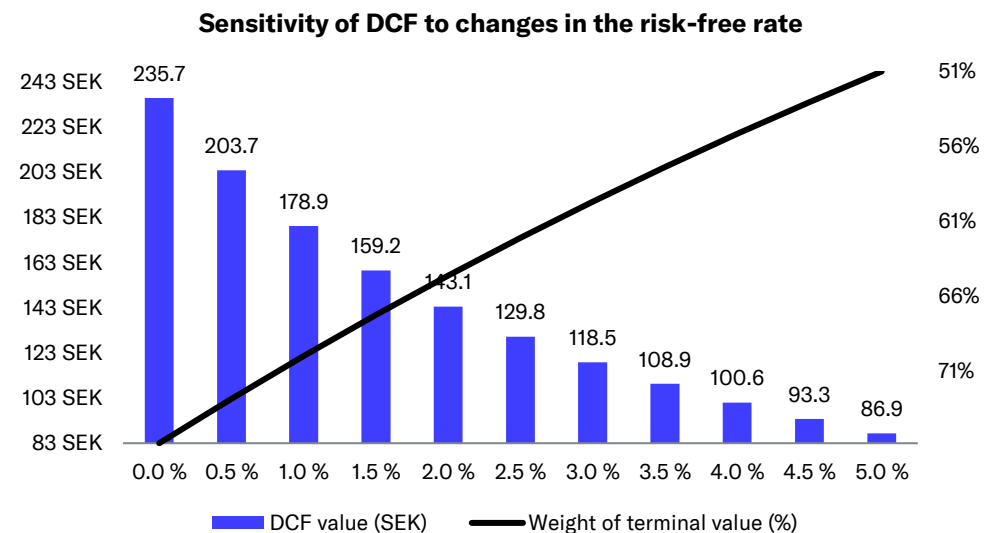
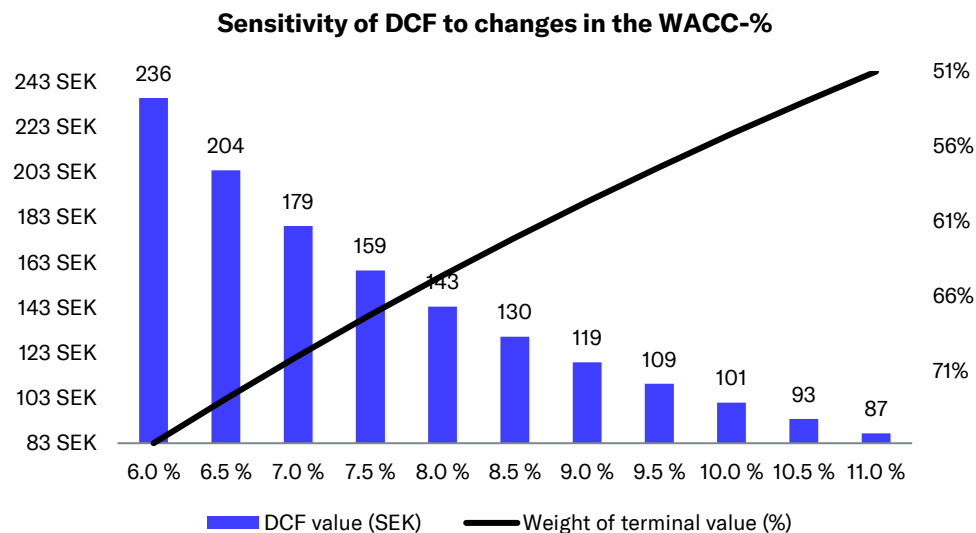
## WACC

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	2022	2023	2024	2025e	2026e	Per share data	2022	2023	2024	2025e	2026e
Revenue	223,553	236,035	234,478	232,097	245,574	EPS (reported)	2.2	5.3	7.2	6.7	8.7
EBITDA	29,748	37,492	38,904	37,674	42,588	EPS (adj.)	3.7	4.7	7.3	6.7	8.7
EBIT	7,169	14,537	17,306	16,376	19,913	OCF / share	15.2	21.1	19.8	20.5	23.1
PTP	6,216	13,010	15,443	14,412	18,413	OFCF / share	1.0	6.2	2.7	3.5	6.3
Net Income	3,566	8,723	11,621	10,810	13,902	Book value / share	30.8	29.1	28.7	28.7	30.6
Extraordinary items	-2,591	999	-199	0	0	Dividend / share	6.5	6.5	6.8	6.8	8.5
Balance sheet	2022	2023	2024	2025e	2026e	Growth and profitability	2022	2023	2024	2025e	2026e
Balance sheet total	182,048	181,273	180,214	180,800	178,755	Revenue growth-%	12%	6%	-1%	-1%	6%
Equity capital	50,757	47,601	46,211	46,110	49,102	EBITDA growth-%	-21%	26%	4%	-3%	13%
Goodwill	64	1,013	1,013	1,013	1,013	EBIT (adj.) growth-%	-36%	39%	29%	-6%	22%
Net debt	50,928	51,572	59,614	64,315	64,288	EPS (adj.) growth-%	-44%	26%	55%	-8%	29%
Cash flow	2022	2023	2024	2025e	2026e	EBITDA-%	13.3 %	15.9 %	16.6 %	16.2 %	17.3 %
EBITDA	29,748	37,492	38,904	37,674	42,588	EBIT (adj.)-%	4.4 %	5.7 %	7.5 %	7.1 %	8.1 %
Change in working capital	-539	1,830	-2,852	1,476	-659	EBIT-%	3.2 %	6.2 %	7.4 %	7.1 %	8.1 %
Operating cash flow	25,091	34,505	31,870	32,816	37,051	ROE-%	6.4 %	17.7 %	24.8 %	23.4 %	29.2 %
CAPEX	-23,581	-22,298	-25,608	-24,500	-24,980	ROI-%	5.7 %	11.7 %	13.9 %	13.0 %	15.6 %
Free cash flow	1,660	10,199	4,379	5,683	10,071	Equity ratio	27.9 %	26.3 %	25.6 %	25.5 %	27.5 %
						Gearing	100.3 %	108.3 %	129.0 %	139.5 %	130.9 %
Valuation multiples	2022	2023	2024	2025e	2026e						
EV/S	1.1	1.4	1.3	1.2	1.1						
EV/EBITDA	7.9	9.1	7.7	7.5	6.6						
EV/EBIT (adj.)	24.1	25.1	17.2	17.2	14.1						
P/E (adj.)	30.0	37.6	20.5	20.0	15.6						
P/B	3.6	6.1	5.2	4.7	4.4						
Dividend-%	5.8 %	3.7 %	4.5 %	5.0 %	6.3 %						

Source: Inderes

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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



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