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COMPANY REPORT



Gross margin more sluggish than expected

H&M's Q1 earnings were weaker than expected, and we anticipate continued margin headwinds in Q2. However, we foresee revenue growth and a shift from gross margin headwinds to tailwinds starting in H2'25, leading to continued sales and margin improvements throughout 2026-27. We maintain our view that earnings growth and dividends offer a reasonable expected return and, therefore, reiterate our Accumulate recommendation with a slightly lowered target price of SEK 145 per share (previously SEK 150), reflecting lower short-term estimates.

Weak gross margin was the negative highlight in the report

H&M's revenue increased 2% in local currencies year-on-year, roughly in line with our expectations. Reported sales growth was around 3%, due to a positive FX impact. The gross margin was the main negative surprise in the report, which fell to 49.1% in Q1'25 from 51.5% in the corresponding period last year. External factors such as FX and freight had a negative impact, as well as increased markdowns and lower prices. SG&A was at good levels due to good operational cost control and OPEX/sales ratio decreased in Q1'25 compared to the same period last year, despite inflationary pressures in the cost base and increased marketing. All in all, EBIT fell clearly below last year and expectations to only 1.2 BNSEK, mainly due to a lower gross margin. The first quarter is, however, the smallest quarter of the year for the company in terms of sales and margin

Slight positive start to Q2, but margin pressure prevails

H&M reported that it expects March sales to increase by 1% in local currencies, roughly in line with our expectations. However, one month of sales data is volatile, and we do not draw significant conclusions from it. Nevertheless, we anticipate modest sales growth in Q2, with stronger growth figures likely delayed until H2'25, supported by easier comparisons and, hopefully, improved consumer confidence.

Regarding gross margin, the company also commented that the

overall effect of external factors is expected to be negative in Q2'25 compared to the previous year. However, H&M anticipates that the negative impact from external factors, increased markdowns, and investments in the customer offering will be significantly smaller in the second quarter than in the first. This was also largely in line with our expectations. However, the Q1 report suggests that a recovery in gross margin will likely be pushed to at least H2'25, when we should also see better sales growth.

We continue to expect growth and improving margins in 2026-2027

While our short-term estimates have decreased somewhat due to a weaker-than-expected Q1, we 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. We forecast revenue growth, coupled with continued cost efficiencies, driving an EBIT margin increase from 7.4% in 2024 to approximately 9% in 2027. As a negative risk, H&M might be hit by new tariffs between the US and China, as the US is one of H&M's largest markets (some 15% of revenue), while China accounts for around 25% of its sourcing.

We still see a good risk/reward ratio

H&M's P/Es for 2025 and 2026 are 18x and 14x, which is below H&M's historical trading levels, considering the 10- and 5-year medians of around P/E 20x. In our view, these multiples look fair or even modest. However, they require the expected margin improvement to materialize, which disappointed in 2024. In our view, the expected earnings growth and dividend provide a solid total expected return above our required return. Our DCF is also in the green, in line with our target price, suggesting some upside. Overall, we, therefore, consider the risk/reward/ratio good.

Recommendation

Accumulate

(prev. Accumulate)

Target price:

145 SEK

(prev. 150 SEK)

Share price:

133

Business risk



Valuation risk



	2024	2025e	2026e	2027e
Revenue	234,478	241,633	255,652	267,797
growth-%	-1%	3%	6%	5%
EBIT adj.	17,505	17,481	21,759	23,915
EBIT-% adj.	7.5 %	7.2 %	8.5 %	8.9 %
Net Income	11,621	11,775	15,296	16,923
EPS (adj.)	7.3	7.3	9.5	10.5
P/E (adj.)	20.5	18.1	14.0	12.6
P/B	5.2	4.5	4.2	4.0
Dividend yield-%	4.5 %	5.6 %	6.4 %	7.1 %
EV/EBIT (adj.)	17.2	15.8	12.8	11.7
EV/EBITDA	7.7	7.1	6.3	5.9
EV/S	1.3	1.1	1.1	1.0

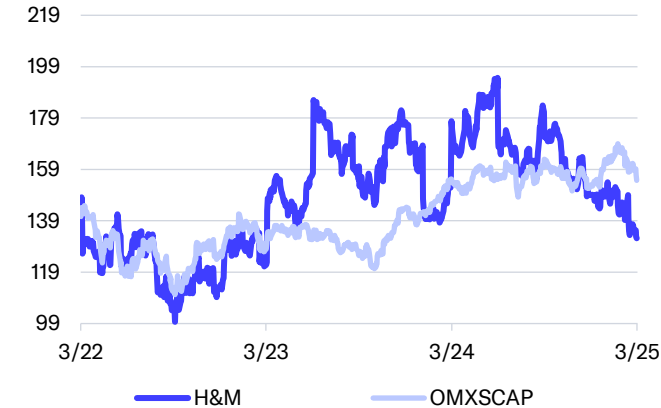
Source: Inderes

Guidance

No guidance

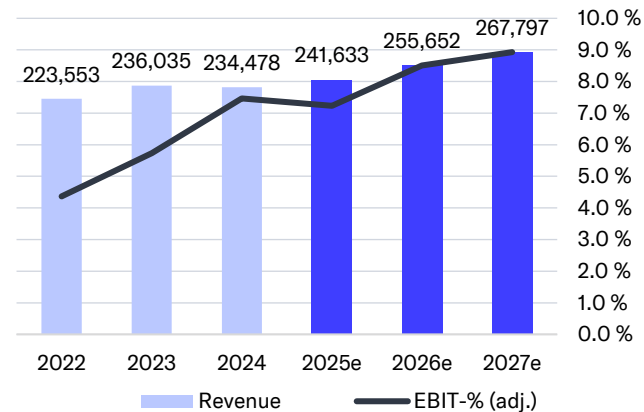
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Share price



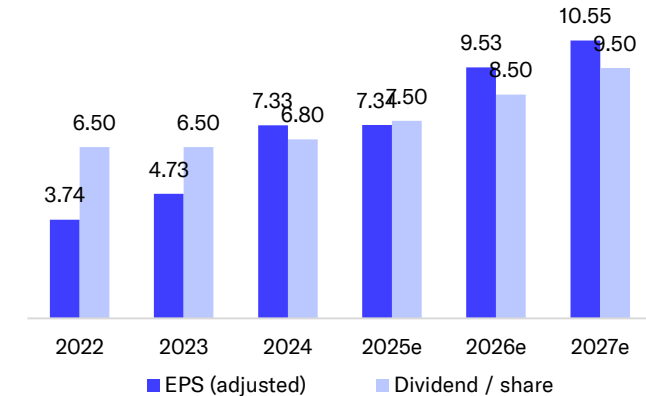
Source: Millistream Market Data AB

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	2025e	2026e	2027e
Share price	133	133	133
Number of shares, m	1,605	1,605	1,605
Market cap	213,399	213,399	213,399
EV	276,525	277,790	278,976
P/E (adj.)	18.1	14.0	12.6
P/E	18.1	14.0	12.6
P/B	4.5	4.2	4.0
P/S	0.9	0.8	0.8
EV/Sales	1.1	1.1	1.0
EV/EBITDA	7.1	6.3	5.9
EV/EBIT (adj.)	15.8	12.8	11.7
Payout ratio (%)	102%	89%	90%
Dividend yield-%	5.6 %	6.4 %	7.1 %

Source: Inderes

Headwinds to gross margins was stronger than expected

Revenue roughly in line with our expectations

H&M reported a small revenue growth of 2% in local currencies year-on-year, roughly in line with our expectations and slightly below the consensus forecast. Reported sales growth was around 3%, due to a positive FX impact, slightly below our forecasts of 4% growth. H&M disclosed already in Q4 that its Dec-Jan sales increased by 4%. This suggests February sales were slow, around -2% assuming equal weighting. However, Dec-Jan sales were affected by a positive Black Friday timing effect and we estimate that the underlying sales growth was some 2-3%. In addition, last year was a leap year, therefore, February 2025 was negatively impacted by one fewer trading day.

In local currencies, sales developed slightly negatively in the Nordics (-2%) and Asia, Oceania and Africa (-3%), while particularly Southern Europe showed strong growth of some 7%.

Gross margin stood out on the negative side

H&M's gross margin fell to 49.1% in Q1'25 from 51.5% in the corresponding period last year, below both our and consensus forecast. External factors such as FX and freight had a negative impact, as well as increased markdowns and lower prices. Markdowns relative to sales increased by around 1 percentage point, which we consider relatively high, although partly explained by a later Black Friday compared with last year. This also meant that logistics costs increased in the first quarter. Although the first quarter is the smallest quarter of the year for the company in terms of sales and margin, we believe that the overall gross margin was weak.

OPEX in check, but lower gross margin resulted in low EBIT

The company's EBIT fell clearly below last year and expectations to only 1.2 BNSEK, mainly due to a lower

gross margin, corresponding to an operating margin of 2.2%. On the positive side, however, OPEX was at good levels due to good operational cost control. OPEX/sales ratio decreased in Q1'25 compared to the same period last year, despite inflationary pressures in the cost base and increased marketing.

Financial position remains at good levels

H&M's operating cash flow was good and increased by 6% to 4.2 BNSEK due to a lower increase in working capital. However, increased investments had a negative effect on the cash flow, leading to a slight decrease in free cash flow compared to the same period last year.

The company remains in a net cash position excluding lease liabilities. Including lease liabilities, net debt/EBIDTA stood at 1.6 at the end of Q1, in line with the company's target range of 1.0x-2.0x.

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	53,669	55,333	55,900	56,347	54,742 - 57,134	-1%	241,633
Gross profit	27,655	27,169	28,453	28,682	27,660 - 29,326	-5%	127,347
Gross margin %	51.5 %	49.1 %	50.9 %	50.9 %	49.9 % - 51.6 %	-4%	52.7 %
EBIT	2,077	1,203	2,078	2,211	1,512 - 2,722	-42%	17,481
EPS (reported)	0.75	0.37	0.76	0.82	0.46 - 1.06	-51%	7.34
Revenue growth-%	-2.2 %	3.1 %	4.2 %	5.0 %	2.0 % - 6.5 %	-1.1 pp	3.1 %
EBIT-%	3.9 %	2.2 %	3.7 %	3.9 %	2.8 % - 4.8 %	-1.5 pp	7.2 %

Source: Inderes & Infront
(consensus)

Short-term estimates are slightly down, but long-term estimates remain intact

Slight positive start to Q2'25

H&M reported that it expects March sales to increase by 1% in local currencies, roughly in line with our expectations. However, one month of sales data is volatile, and we do not draw significant conclusions from it. Nevertheless, we anticipate modest sales growth in Q2, with stronger growth figures likely delayed until H2'25, supported by easier comparisons and, hopefully, improved consumer confidence.

Regarding the gross margin, the company also commented that the overall effect of external factors is expected to be negative in Q2'25 compared to the previous year. However, H&M anticipates that the negative impact from external factors, increased markdowns, and investments in the customer offering will be significantly smaller in the second quarter than in the first. This was also largely in line with our expectations. However, the Q1 report suggests that a recovery in the gross margin will likely be pushed to

at least H2'25, when we should also see better sales growth.

Overall, the weaker-than-expected Q1 and somewhat more cautious gross margin assumption in Q2 led to approximately 5% lower earnings expectations for the current year.

We continue to expect growth and improving margins in 2026-2027

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 we have stated previously, one downside risk to our estimates is the potential impact of U.S.-China tariffs. The U.S. accounts for approximately 15% of H&M's revenue, while China represents about 25% of its sourcing. Although we believe

that H&M has good flexibility in its supply chain and can shift production to other countries, such a transition would likely take time and would not be without consequences. Additionally, there is a risk that tariff costs cannot be passed on to consumers without significantly impacting sales volumes, at least not immediately.

Overall, 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.

Estimate revisions	2025e	2025e	Change	2026e	2026e	Change	2027e	2027e	Change
MSEK / SEK	Old	New	%	Old	New	%	Old	New	%
Revenue	242,200	241,633	0%	256,246	255,652	0%	268,407	267,797	0%
EBIT	18,155	17,481	-4%	21,729	21,759	0%	23,879	23,915	0%
PTP	16,355	15,690	-4%	20,229	20,259	0%	22,379	22,415	0%
EPS (excl. NRIs)	7.64	7.34	-4%	9.52	9.53	0%	10.53	10.55	0%
DPS	7.50	7.50	0%	8.50	8.50	0%	9.50	9.50	0%

Source: Inderes

Earnings growth and dividend offer decent return

Valuation summary – Accumulate

We consider H&M an interesting investment opportunity given the company's potential for continued revenue growth and high returns on capital. Although we expect some downward pressure on LTM earnings multiples, we feel the expected earnings growth and dividend provide a solid total expected return. We believe that the expectations are low, and the risk/reward profile is still at good levels despite somewhat decreased estimates. Consequently, we reiterate our Accumulate recommendation.

Acceptable absolute multiples in 2025-26

H&M's P/E on actual earnings is in the higher range of our acceptable valuation multiples. However, the company is showing an ongoing margin recovery (although slower than earlier expected), which we expect to last until 2026-27. H&M's P/Es for 2025 and 2026 are 18x and 14x, which is below H&M's historical trading levels, considering the 10- and 5-year medians of around P/E 20x. In our view, these multiples look fair or even modest. However, they require the expected margin improvement to materialize, which disappointed in 2024 and the latest quarter.

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 9-12 BNSEK, which implies a free cash flow yield of 3-5%.

Valuation compared to the peer group

All retail chains have significant lease obligations, which confounds the EV-based valuation. Therefore, we mainly look at the peer group's P/E ratios. The peer group's median P/E is 16x for 2025, slightly lower than H&M's 18x, and 15x for 2026 slightly higher than H&M's level. H&M's closest peer, Inditex, is valued at a P/E multiple of 23-25x for 2025-26, which is significantly higher than H&M. However, Inditex has also been growing faster than H&M for a number of years. 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 included. Consequently, while peer valuation indicates some upside potential for H&M, we do not place too much emphasis on it.

DCF suggests some upside

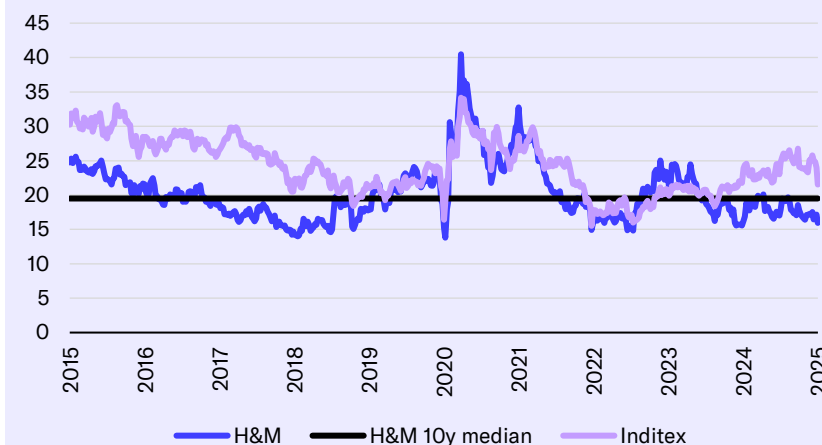
We expect stable growth and margins from 2027 to 2032. In the terminal period, we expect the EBIT margin to stabilize at around 8.5%, while our terminal growth rate assumption is 2.5%. We estimate H&M's cost of equity and WACC (due to no financial debt) at 8.0%, which is quite low given the company's strong and broad market presence and strong global brand.

With these assumptions, our DCF model arrives at an equity value of roughly 233 BNSEK, which translates to around SEK 145 per share (prev. SEK 150). This is in line with our target price and above the current share price, suggesting some upside.

Valuation	2025e	2026e	2027e
Share price	133	133	133
Number of shares, m	1,605	1,605	1,605
Market cap	213,399	213,399	213,399
EV	276,525	277,790	278,976
P/E (adj.)	18.1	14.0	12.6
P/E	18.1	14.0	12.6
P/B	4.5	4.2	4.0
P/S	0.9	0.8	0.8
EV/Sales	1.1	1.1	1.0
EV/EBITDA	7.1	6.3	5.9
EV/EBIT (adj.)	15.8	12.8	11.7
Payout ratio (%)	102%	89%	90%
Dividend yield-%	5.6 %	6.4 %	7.1 %

Source: Inderes

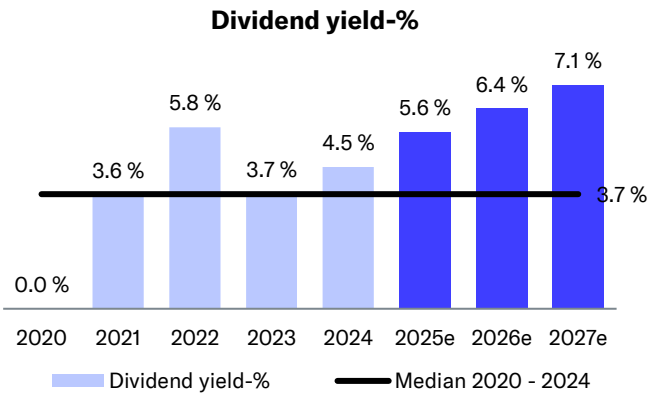
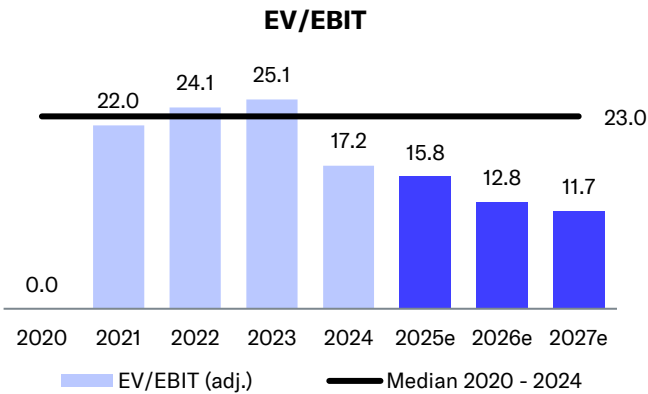
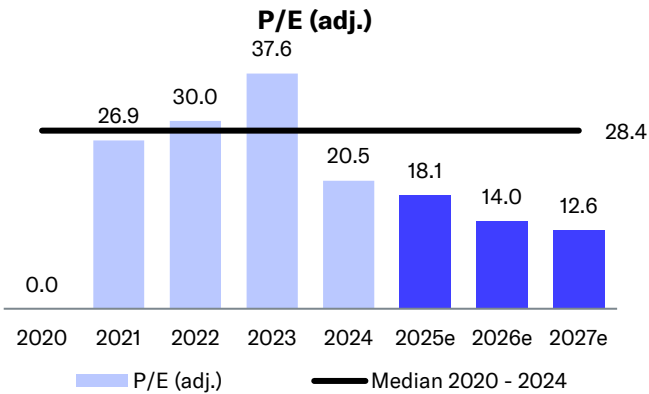
Historical trading multiples, P/E (NTM)



Valuation table

Valuation	2020	2021	2022	2023	2024	2025e	2026e	2027e	2028e
Share price	172	179	112	178	150	133	133	133	133
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	213,399	213,399	213,399	213,399
EV	348,197	335,147	235,497	339,574	300,289	276,525	277,790	278,976	280,230
P/E (adj.)	>100	26.9	30.0	37.6	20.5	18.1	14.0	12.6	11.4
P/E	>100	26.9	51.8	33.3	20.8	18.1	14.0	12.6	11.4
P/B	5.2	4.9	3.6	6.1	5.2	4.5	4.2	4.0	3.7
P/S	1.5	1.5	0.8	1.2	1.0	0.9	0.8	0.8	0.8
EV/Sales	1.9	1.7	1.1	1.4	1.3	1.1	1.1	1.0	1.0
EV/EBITDA	12.0	8.9	7.9	9.1	7.7	7.1	6.3	5.9	5.6
EV/EBIT (adj.)	>100	22.0	24.1	25.1	17.2	15.8	12.8	11.7	10.7
Payout ratio (%)	0.0 %	97.7 %	299.8 %	120.9 %	93.9 %	102.2 %	89.2 %	90.1 %	100.0 %
Dividend yield-%	0.0 %	3.6 %	5.8 %	3.7 %	4.5 %	5.6 %	6.4 %	7.1 %	8.8 %

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
			2025e	2026e	2025e	2026e	2025e	2026e	2025e	2026e	2025e	2026e	2025e
Inditex	145,890	140,091	18.7	17.2	13.2	12.3	3.6	3.4	24.8	22.8	3.7	3.9	7.4
Fast Retailing	90,512	82,880	22.1	21.1	17.6	16.3	4.0	3.6	35.6	33.1	1.0	1.0	6.4
Next	14,703	16,736	13.0	12.4	10.7	10.2	2.3	2.2	15.8	14.6	2.3	2.5	6.6
GAP													
Zalando	8,375	7,393	14.7	12.0	8.4	7.3	0.7	0.6	26.9	21.4			2.8
Victoria's Secret	1,430	2,149	6.7	6.9	4.0	4.1	0.4	0.4	8.2	8.5			2.7
Abercombie & Fitch	3,538	2,728	4.0	3.9	3.4	3.2	0.6	0.6	7.4	6.8			2.6
Urban Outfitters	4,503	4,027	9.4	7.8	7.5	6.3	0.8	0.7	13.2	11.2			1.8
H&M (Inderes)	19,400	25,139	15.8	12.8	7.1	6.3	1.1	1.1	18.1	14.0	5.6	6.4	4.5
Average			12.6	11.6	9.2	8.5	1.8	1.6	18.8	16.9	2.3	2.5	4.3
Median			13.0	12.0	8.4	7.3	0.8	0.7	15.8	14.6	2.3	2.5	2.8
Diff-% to median			22%	6%	-15%	-15%	47%	49%	15%	-4%	145%	157%	64%

Source: Refinitiv / Inderes

Income statement

Income statement	2023	2024	Q1'25	Q2'25e	Q3'25e	Q4'25e	2025e	2026e	2027e	2028e
Revenue	236,035	234,478	55,333	60,500	61,500	64,300	241,633	255,652	267,797	280,685
EBITDA	37,492	38,904	6,652	11,204	10,280	10,994	39,130	44,345	47,045	50,032
Depreciation	-22,955	-21,598	-5,449	-5,400	-5,400	-5,400	-21,649	-22,586	-23,130	-23,724
EBIT (excl. NRI)	13,538	17,505	1,203	5,804	4,880	5,594	17,481	21,759	23,915	26,308
EBIT	14,537	17,306	1,203	5,804	4,880	5,594	17,481	21,759	23,915	26,308
Net financial items	-1,527	-1,863	-441	-450	-450	-450	-1,791	-1,500	-1,500	-1,500
PTP	13,010	15,443	762	5,354	4,430	5,144	15,690	20,259	22,415	24,808
Taxes	-4,287	-3,859	-183	-1,339	-1,108	-1,286	-3,915	-4,964	-5,492	-6,078
Minority interest	0	37	0	0	0	0	0	0	0	0
Net earnings	8,723	11,621	579	4,016	3,323	3,858	11,775	15,296	16,923	18,730
EPS (adj.)	4.7	7.3	0.4	2.5	2.1	2.4	7.3	9.5	10.5	11.7
EPS (rep.)	5.3	7.2	0.4	2.5	2.1	2.4	7.3	9.5	10.5	11.7

Key figures	2023	2024	Q1'25	Q2'25e	Q3'25e	Q4'25e	2025e	2026e	2027e	2028e
Revenue growth-%	5.6 %	-0.7 %	3.1 %	1.5 %	4.2 %	3.4 %	3.1 %	5.8 %	4.8 %	4.8 %
Adjusted EBIT growth-%	38.7 %	29.3 %	-42.1 %	-20.5 %	39.2 %	21.0 %	-0.1 %	24.5 %	9.9 %	10.0 %
EBITDA-%	15.9 %	16.6 %	12.0 %	18.5 %	16.7 %	17.1 %	16.2 %	17.3 %	17.6 %	17.8 %
Adjusted EBIT-%	5.7 %	7.5 %	2.2 %	9.6 %	7.9 %	8.7 %	7.2 %	8.5 %	8.9 %	9.4 %
Net earnings-%	3.7 %	5.0 %	1.0 %	6.6 %	5.4 %	6.0 %	4.9 %	6.0 %	6.3 %	6.7 %

Source: Inderes

Balance sheet

Assets	2023	2024	2025e	2026e	2027e
Non-current assets	100744	104487	107338	109972	112804
Goodwill	1013	1013	1013	1013	1013
Intangible assets	8712	7717	8217	8717	9217
Tangible assets	81536	86220	88571	90705	93037
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
Current assets	80529	75727	74906	71583	74983
Inventories	37358	40348	38661	40904	42848
Other current assets	0.0	0.0	0.0	0.0	0.0
Receivables	16773	18039	16914	17896	18746
Cash and equivalents	26398	17340	19331	12783	13390
Balance sheet total	181273	180214	182244	181555	187787

Source: Inderes

Liabilities & equity	2023	2024	2025e	2026e	2027e
Equity	47601	46211	47075	50337	53622
Share capital	207	207	207	207	207
Retained earnings	41198	39559	40423	43685	46970
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
Non-current liabilities	65745	67353	50000	50000	50000
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
Current liabilities	67927	66650	85169	81218	84165
Interest bearing debt	15157	12476	32457	27174	28968
Payables	21027	24417	22955	24287	25441
Other current liabilities	31743	29757	29757	29757	29757
Balance sheet total	181273	180214	182244	181555	187787

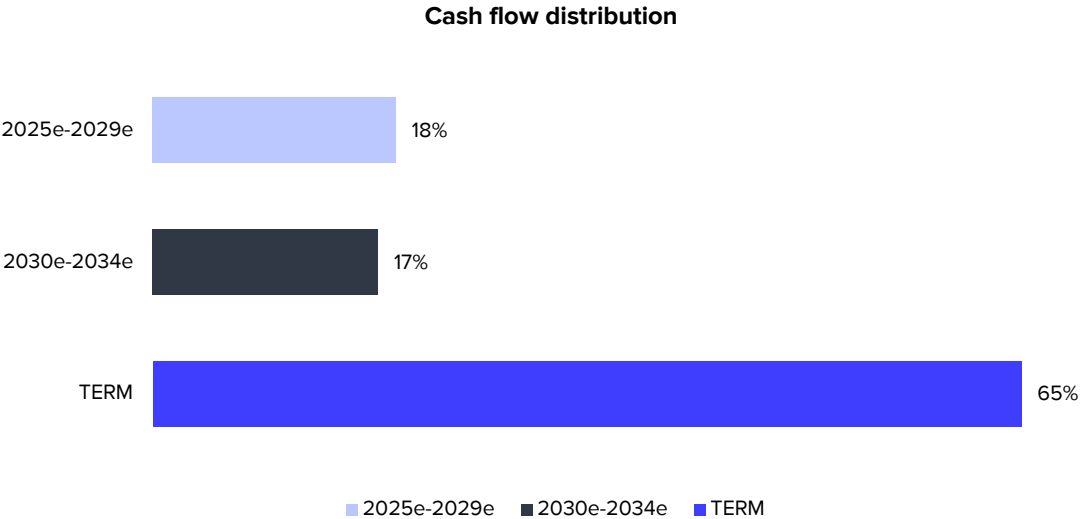
DCF-calculation

DCF model	2024	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	2034e	TERM
Revenue growth-%	-0.7 %	3.1 %	5.8 %	4.8 %	4.8 %	5.5 %	5.5 %	5.0 %	5.0 %	5.0 %	2.5 %	2.5 %
EBIT-%	7.4 %	7.2 %	8.5 %	8.9 %	9.4 %	9.5 %	9.3 %	9.0 %	9.0 %	9.0 %	8.5 %	8.5 %
EBIT (operating profit)	17,306	17,481	21,759	23,915	26,308	28,132	29,054	29,523	30,999	32,549	31,670	
+ Depreciation	21,598	21,649	22,586	23,130	23,724	23,885	24,666	25,455	26,242	27,555	28,932	
- Paid taxes	-3,716	-6,157	-4,964	-5,492	-6,078	-6,525	-6,751	-6,866	-7,227	-7,607	-7,759	
- Tax, financial expenses	-466	-447	-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	1,350	-1,893	-1,640	-1,740	-2,084	-2,199	-2,109	-2,214	-2,325	-1,240	
Operating cash flow	31,870	33,875	37,121	39,546	41,847	43,040	44,404	45,636	47,432	49,804	51,603	
+ Change in other long-term liabilities	117	-633	0	0	0	0	0	0	0	0	0	
- Gross CAPEX	-25,608	-24,500	-25,220	-25,962	-26,725	-27,512	-28,323	-29,367	-32,065	-33,668	-32,193	
Free operating cash flow	6,379	8,742	11,901	13,584	15,121	15,528	16,081	16,269	15,367	16,136	19,409	
+/- 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	6,742	9,901	11,584	13,121	13,528	14,081	14,269	13,367	14,136	17,409	329,215
Discounted FCFF		6,360	8,652	9,376	9,836	9,393	9,056	8,500	7,376	7,225	8,242	155,849
Sum of FCFF present value		239,865	233,505	224,853	215,477	205,641	196,248	187,191	178,691	171,315	164,091	155,849
Enterprise value DCF		239,865										
- Interest bearing debt		-13,718										
+ Cash and cash equivalents		17,340										
-Minorities		0										
-Dividend/capital return		-10,911										
Equity value DCF		232,577										
Equity value DCF per share		145										

WACC

Tax-% (WACC)	24.0 %
Target debt ratio (D/(D+E))	0.0 %
Cost of debt	5.0 %
Equity Beta	1.15
Market risk premium	4.75%
Liquidity premium	0.00%
Risk free interest rate	2.5 %
Cost of equity	8.0 %
Weighted average cost of capital (WACC)	8.0 %

Source: Inderes



Summary

Income statement	2022	2023	2024	2025e	2026e	Per share data	2022	2023	2024	2025e	2026e
Revenue	223,553	236,035	234,478	241,633	255,652	EPS (reported)	2.2	5.3	7.2	7.3	9.5
EBITDA	29,748	37,492	38,904	39,130	44,345	EPS (adj.)	3.7	4.7	7.3	7.3	9.5
EBIT	7,169	14,537	17,306	17,481	21,759	OCF / share	15.2	21.1	19.8	21.1	23.1
PTP	6,216	13,010	15,443	15,690	20,259	FCF / share	1.0	6.2	2.7	4.2	6.2
Net Income	3,566	8,723	11,621	11,775	15,296	Book value / share	30.8	29.1	28.7	29.3	31.4
Extraordinary items	-2,591	999	-199	0	0	Dividend / share	6.5	6.5	6.8	7.5	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	182,244	181,555	Revenue growth-%	12%	6%	-1%	3%	6%
Equity capital	50,757	47,601	46,211	47,075	50,337	EBITDA growth-%	-21%	26%	4%	1%	13%
Goodwill	64	1,013	1,013	1,013	1,013	EBIT (adj.) growth-%	-36%	39%	29%	0%	24%
Net debt	50,928	51,572	59,614	63,126	64,391	EPS (adj.) growth-%	-44%	26%	55%	0%	30%
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	39,130	44,345	EBIT (adj.)-%	4.4 %	5.7 %	7.5 %	7.2 %	8.5 %
Change in working capital	-539	1,830	-2,852	1,350	-1,893	EBIT-%	3.2 %	6.2 %	7.4 %	7.2 %	8.5 %
Operating cash flow	25,091	34,505	31,870	33,875	37,121	ROE-%	6.4 %	17.7 %	24.8 %	25.2 %	31.4 %
CAPEX	-23,581	-22,298	-25,608	-24,500	-25,220	ROI-%	5.7 %	11.7 %	13.9 %	13.8 %	16.9 %
Free cash flow	1,660	10,199	4,379	6,742	9,901	Equity ratio	27.9 %	26.3 %	25.6 %	25.8 %	27.7 %
						Gearing	100.3 %	108.3 %	129.0 %	134.1 %	127.9 %
Valuation multiples	2022	2023	2024	2025e	2026e						
EV/S	1.1	1.4	1.3	1.1	1.1						
EV/EBITDA	7.9	9.1	7.7	7.1	6.3						
EV/EBIT (adj.)	24.1	25.1	17.2	15.8	12.8						
P/E (adj.)	30.0	37.6	20.5	18.1	14.0						
P/B	3.6	6.1	5.2	4.5	4.2						
Dividend-%	5.8 %	3.7 %	4.5 %	5.6 %	6.4 %						

Source: Inderes

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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



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