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# COMPANY REPORT



# Growth remains soft

We believe consumer demand has remained subdued in H&M's Q4 (Sep-Nov), although supply chain efficiencies and external margin tailwinds should support profitability. We have lowered our earnings estimates for 2025 and beyond, but margins remain broadly intact, reflecting our confidence that H&M will continue to demonstrate strong cost control. We continue to see the share as expensive at current valuations and maintain a Sell recommendation.

## Investment case relies on increased sales growth

In our view, H&M's investment case depends on product and brand investments to strengthen the customer offering and drive a sales-driven margin recovery. While the biggest positive driver for H&M is clearly topline growth, the main near-term risks to achieving this are a lack of brand traction, the direct negative impact from tariffs and prolonged weak consumer confidence.

## Growth continues to lag, but margin recovery lies ahead

H&M indicated in its Q3 report that September sales in local currencies were roughly flat, reflecting tough comparisons (+11% in September 2024). We believe October sales were soft due to weakness in key markets such as Germany, the US, and the UK, with some improvement in November supported by colder weather and the earlier timing of Black Friday, which should add around 0.5 percentage points to November growth. Overall, we forecast Q4 local-currency revenue growth of 1%, but due to a negative FX impact of around -6% from a stronger SEK, reported revenue is estimated to decline by -5%, slightly below consensus. As for margins, while tariff impacts are expected to be more negative than in Q3, we still forecast a gross margin improvement to 55.4% in Q4'25 (from 54.6% in Q4'24), supported by supply chain efficiencies, lower freight costs, and

USD weakness, partly offset by higher markdowns. Continued cost control and the non-repeat of Monki wind-down costs (~200 MSEK in Q4'24) should more than offset FX-related OPEX deleverage, driving EBIT to 5,238 MSEK and lifting the EBIT margin to 8.9% (from 7.4%).

## We have lowered our estimates

We believe H&M's strategic initiatives around product and customer experience are well founded but have yet to translate into meaningful sales growth. Consumer demand remains subdued, and risks persist in the US (~13% of sales), as tariff-driven price increases peak into early 2026 and costs may not be fully passed on. Consequently, we have adopted a more cautious stance and lowered our mid-term growth assumptions by around 3%. However, external gross margin factors have improved, and we believe that recent strong cost control will continue, limiting the impact on earnings estimates, which are reduced by around 1-3%. Overall, we continue to expect gradual margin improvement, with mid-single-digit revenue growth and operational efficiencies driving EBIT margin expansion from 7.4% in 2024 to around 9% in 2027.

## Expensive at current valuations

In our view, the valuation multiples are high in absolute terms (2026e P/E: 21x and EV/EBIT: 18x), above H&M long term medians. Our DCF model and relative valuation paint a similar picture. While H&M's strong brand and healthy balance sheet are convincing, there are still topline concerns, and we believe that in the still uncertain operating environment, overstretched multiples are unwarranted. Hence, we believe that the risk/reward is weak.

## Recommendation

**Sell**  
(prev. Sell)

**Target price:**  
**140 SEK**  
(prev. 140 SEK)

**Share price:**  
176 SEK

## Business risk



## Valuation risk



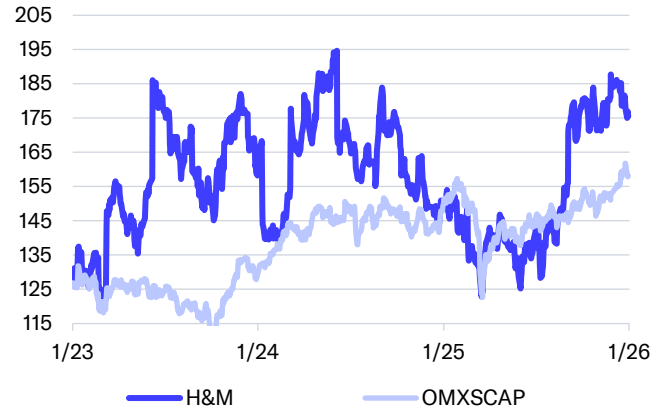
	2024	2025e	2026e	2027e
Revenue	234,478	228,014	234,000	249,320
growth-%	-1%	-3%	3%	7%
EBIT adj.	17,506	17,269	19,837	22,717
EBIT-% adj.	7.5 %	7.6 %	8.5 %	9.1 %
Net Income	11,621	11,327	13,470	16,019
EPS (adj.)	7.3	7.1	8.4	10.0
P/E (adj.)	20.5	24.9	21.0	17.6
P/B	5.2	6.0	5.7	5.5
Dividend yield-%	4.5 %	3.9 %	4.8 %	5.4 %
EV/EBIT (adj.)	17.2	20.2	17.7	15.4
EV/EBITDA	7.7	9.1	8.7	7.5
EV/S	1.3	1.5	1.5	1.4

Source: Inderes

## Guidance

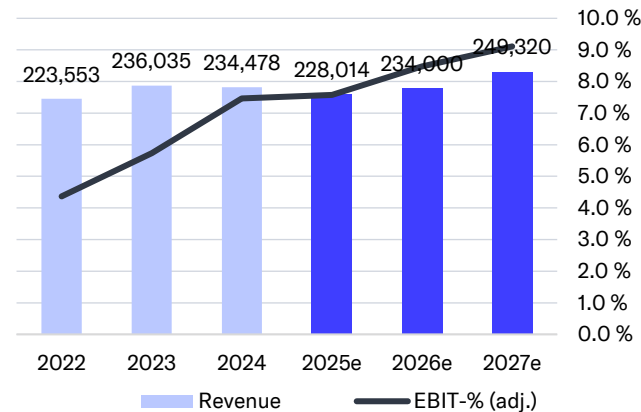
No guidance

## Share price



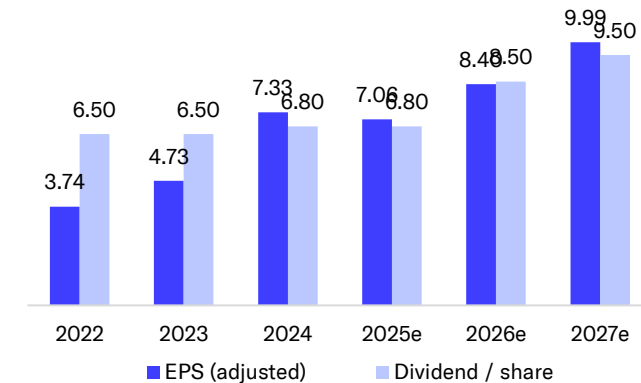
Source: Millistream Market Data AB

## Sales and EBIT-%



Source: Inderes

## EPS and DPS



Source: Inderes

## Value drivers

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

## Risk factors

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

Valuation	2025e	2026e	2027e
Share price	176	176	176
Number of shares, m	1,604	1,604	1,604
Market cap	281,639	281,639	281,639
EV	348,524	351,443	350,134
P/E (adj.)	24.9	21.0	17.6
P/E	24.9	21.0	17.6
P/B	6.0	5.7	5.5
P/S	1.2	1.2	1.1
EV/Sales	1.5	1.5	1.4
EV/EBITDA	9.1	8.7	7.5
EV/EBIT (adj.)	20.2	17.7	15.4
Payout ratio (%)	96%	101%	95%
Dividend yield-%	3.9 %	4.8 %	5.4 %

Source: Inderes

# Growth remains subdued, but margins are expected to recover

## We anticipate modest Q4 sales

H&M is scheduled to report its Q4'25 (September–November) results on Thursday, January 29, at 8:00 am CET. Following the Q3 report, H&M guided for roughly flat September sales in local currencies, against tough comparisons (+11% in September 2024). We believe October sales were soft due to weakness in key markets such as Germany, the US, and the UK, with some recovery in November supported by colder weather and the earlier timing of Black Friday, which should add around 0.5 percentage points to November growth. Overall, we forecast local-currency revenue growth of 1% for Q4. However, a negative FX impact of around -6%, driven by a stronger SEK, is expected to result in a reported revenue decline of 5%, slightly below consensus.

## Margins are recovering

In its Q3'25 report, H&M indicated that external factors

should have a slightly positive net effect on gross margin year-on-year in Q4, albeit less favorable than in Q3 due to tariff impacts. We expect benefits from a weaker USD and lower freight costs, partly offset by tariffs and higher markdowns related to Black Friday timing. As a result, we forecast that the gross margin will improve from 54.6% in Q4'24 to 55.4% in Q4'25, primarily supported by supply chain efficiencies.

Continued strong cost control, together with the non-recurrence of last year's Monki wind-down costs (~200 MSEK), should outweigh FX-related OPEX deleveraging. We estimate EBIT of 5,238 MSEK, with the EBIT margin improving from 7.4% to 8.9%.

## We expect H&M to maintain its dividend

For FY2025, we forecast EPS of SEK 7.06 and expect H&M to maintain its dividend at SEK 6.8 per share. We anticipate H&M will distribute most of its earnings as dividends over

the longer term. However, the company also occasionally repurchases its own shares, so total shareholder return could exceed dividend.

## Effective cost control supports profitability

While H&M does not provide formal guidance, the company is expected to publish December and January sales alongside the Q4 report. We forecast local-currency sales growth of around 2% in Q1'26 (December–February) and approximately 3% for FY2026. We expect the gross margin to remain slightly above 54% in the coming years, with modest top-line growth driving operating leverage and supporting an EBIT margin of around 8.5% in 2026, approaching 9% over the longer term.

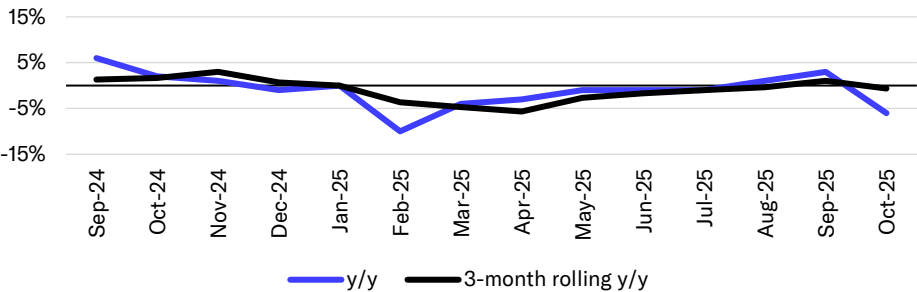
Estimates	Q4'24	Q4'25	Q4'25e	Q4'25e	Consensus	2025e
MSEK / SEK	Comparison	Actualized	Inderes	Consensus	Low High	Inderes
Revenue	62,193		58,950	59,589	58,740 - 61,082	228,014
Gross profit	33,942		32,658	33,151	32,175 - 34,101	121,395
Gross margin %	54.6 %		55.4 %	55.6 %	54.8 % - 56.2 %	53.2 %
EBIT	4,624		5,238	5,718	5,042 - 6,904	17,269
EPS (reported)	1.93		2.19	2.45	2.08 - 2.97	7.06
Revenue growth-%	-0.7 %		-5.2 %	-4.2 %	-5.6 % - -1.8 %	-2.8 %
EBIT-%	7.4 %		8.9 %	9.6 %	8.6 % - 11.3 %	7.6 %

Source: Inderes & Bloomberg  
2026.01.10, 19 analysts (consensus)

# Market data

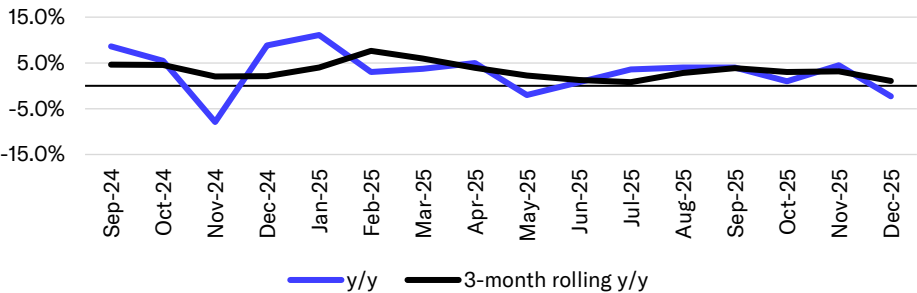
## Germany apparel sales <sup>1</sup>

(~15% of H&M group sales)



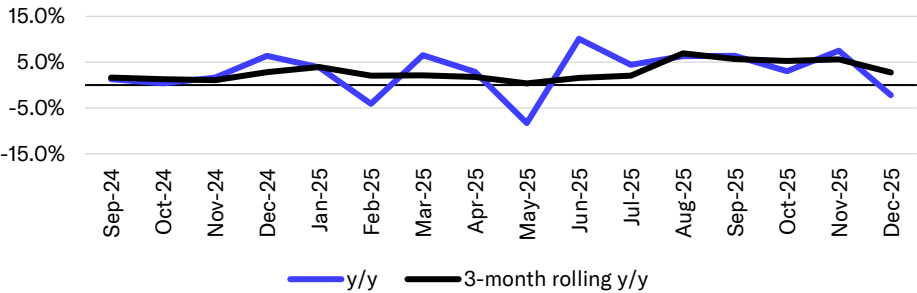
## UK apparel sales <sup>2</sup>

(~7% of H&M group sales)



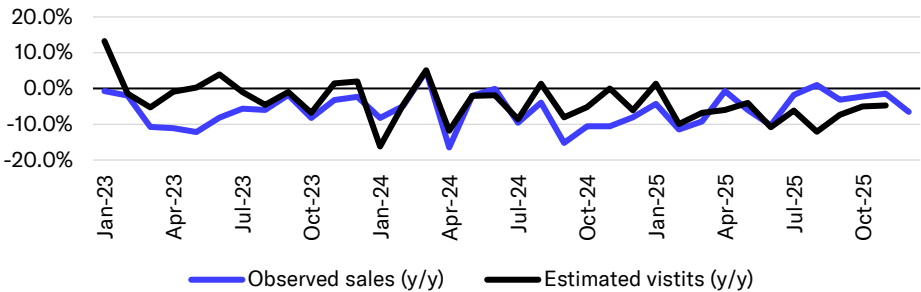
## Sweden apparel sales <sup>3</sup>

(~4% of H&M group sales)

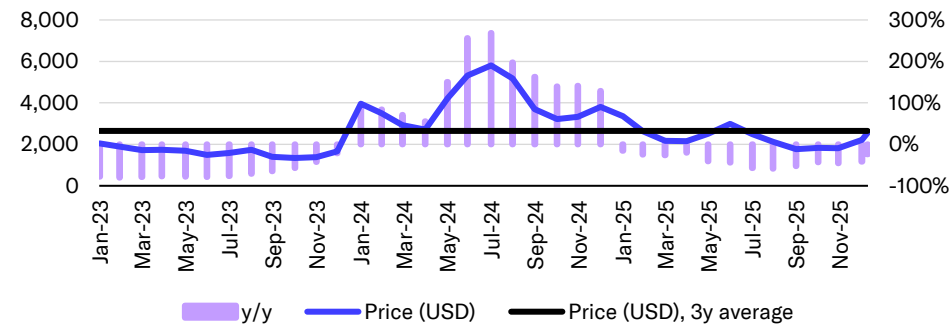


## US sales <sup>4</sup>

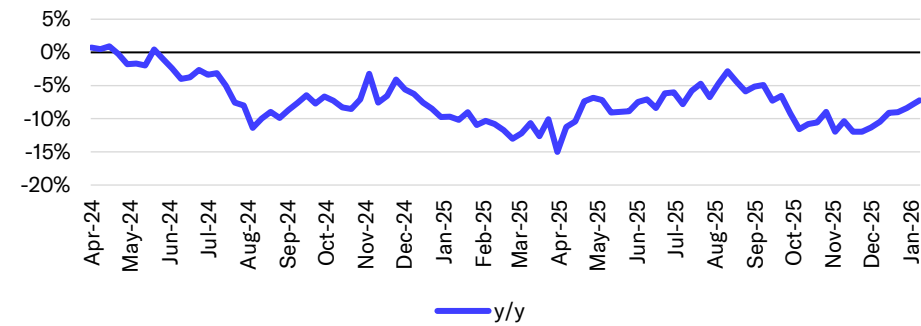
(~13% of H&M group sales)



## Sea freight costs <sup>5</sup>



## Cotton price development (USD/lb) <sup>6</sup>



<sup>1</sup> Source: Textilwirtschaft, Inderes

<sup>2</sup> Source: BDO UK, Inderes

<sup>3</sup> Source: Svensk Handel (Stilindex), Inderes

<sup>4</sup> Source: Bloomberg, FRED, Inderes

<sup>5</sup> Source: Bloomberg (World Container Index Composite Container Freight Benchmark), Inderes

<sup>6</sup> Source: Bloomberg, FRED, Inderes

# Estimate changes 2025e-2027e

Estimate revisions MSEK / SEK	2025e Old	2025e New	Change %	2026e Old	2026e New	Change %	2027e Old	2027e New	Change %
Revenue	229,564	228,014	-1%	240,050	234,000	-3%	255,766	249,320	-3%
EBITDA	38,496	38,329	0%	40,913	40,237	-2%	47,469	46,960	-1%
EBIT (excl. NRIs)	17,507	17,269	-1%	20,113	19,837	-1%	23,312	22,717	-3%
EBIT	17,507	17,269	-1%	20,113	19,837	-1%	23,312	22,717	-3%
PTP	15,351	15,063	-2%	18,183	17,907	-2%	21,812	21,217	-3%
EPS (excl. NRIs)	7.16	7.06	-1%	8.50	8.40	-1%	10.27	9.99	-3%
DPS	6.80	6.80	0%	8.50	8.50	0%	9.50	9.50	0%

Source: Inderes



# Expensive at current valuations

## Valuation summary – Sell

We expect investors to receive an annual dividend yield of 4-5% over the next few years at the current share price, which leaves a good dividend yield base. The earnings growth driver is currently turning in the right direction, but the starting level is low, and the growth rate is unclear. The share is expensive on an actual earnings basis (P/E Q3'25 LTM: ~26x) and, in our view, H&M's expected return is significantly lower than the required return. As a result, we reiterate our Sell recommendation and target price of SEK 140 per share.

## Acceptable absolute multiples in 2026-2027

With our updated estimates, H&M's P/E and EV/EBIT for 2026 are 21x and 18x, respectively. These multiples are above our accepted valuation range, and given the still rather uncertain operating environment, we view them as expensive. We expect, however, that H&M will show a gradual margin improvement, which we expect to stretch to 2027. The headline multiples for 2027 are P/E 18x and EV/EBIT 15x, which appear relatively neutral to us. Obviously, they require the expected margin improvement to continue to materialize.

Looking onwards from 2027, 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 8-11 BSEK, which implies a free cash flow yield of around 2-3%.

## Valuation compared to the peer group

All retail chains have significant lease liabilities, which muddle the EV-based valuation. Thus, we mainly look at the

P/E ratios of the peer group. The peer group's median P/E is around 18x for 2026, significantly lower than H&M's levels. The values for the peer group vary broadly from around 10x to over 30x. Hence, the peer group median is somewhat dependent on which companies one chooses to include in the group, given that there are also other potential peers in the fashion industry. H&M's closest peer, Inditex, is valued at P/E 28x for 2026, i.e., well above H&M. However, H&M is valued above its 10y long-term median (P/E 19x) and roughly in line with Inditex's long-term median, despite the fact that Inditex has been growing faster than H&M with higher profitability. In our view, compared to the overall peer group, the valuation premium (around 20%) is unjustified, given rather similar growth expectations and margin potential.

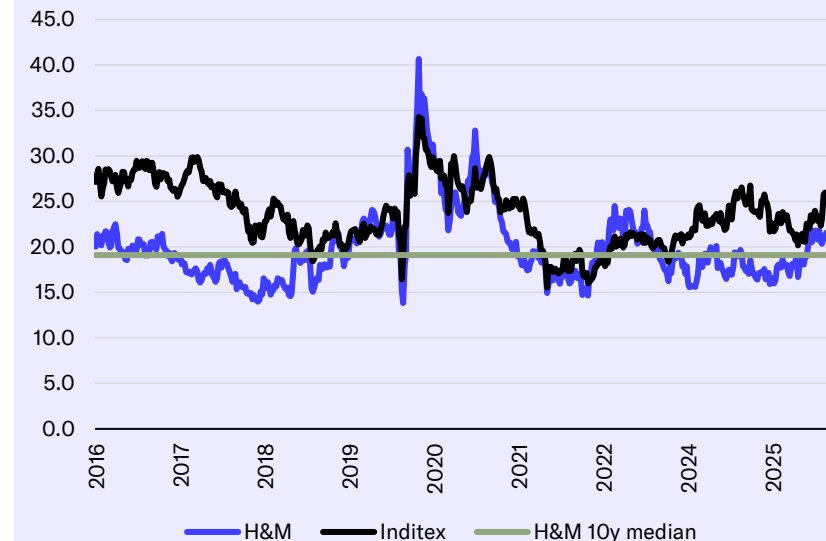
## DCF is below the current share price

We expect relatively stable growth and margins from 2027 to 2032. In the terminal period, we expect the EBIT margin to stabilize at around 9%, while our terminal growth rate assumption is 2.5%. Our cost of equity for H&M is set at 8.5%, which is relatively low due to the company's strong and broad market presence and strong global brand. Due to no financial debt, the WACC is also set at 8.5%. With these assumptions, our DCF model arrives at an equity value of roughly 225 BSEK, which translates to around SEK 140 per share. This is in line with our target price and significantly below the current share price.

Valuation	2025e	2026e	2027e
Share price	176	176	176
Number of shares, m	1,604	1,604	1,604
Market cap	281,639	281,639	281,639
EV	348,524	351,443	350,134
P/E (adj.)	24.9	21.0	17.6
P/E	24.9	21.0	17.6
P/B	6.0	5.7	5.5
P/S	1.2	1.2	1.1
EV/Sales	1.5	1.5	1.4
EV/EBITDA	9.1	8.7	7.5
EV/EBIT (adj.)	20.2	17.7	15.4
Payout ratio (%)	96%	101%	95%
Dividend yield-%	3.9 %	4.8 %	5.4 %

Source: Inderes

Historical trading multiples, P/E (NTM)

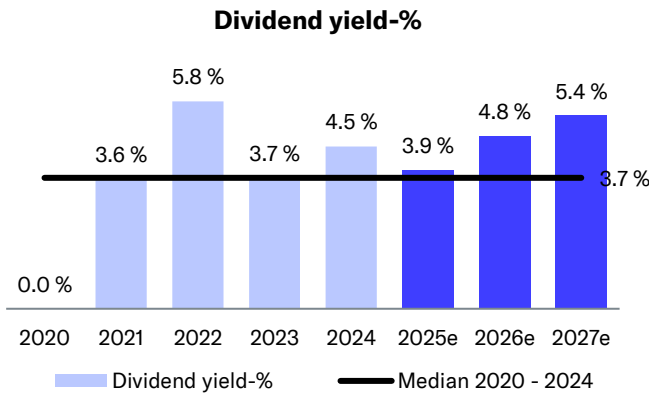
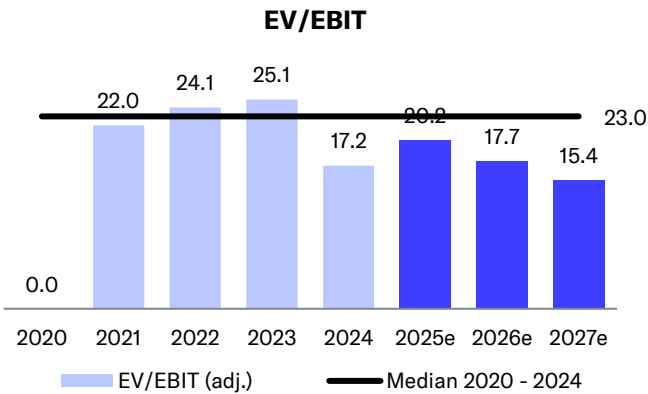
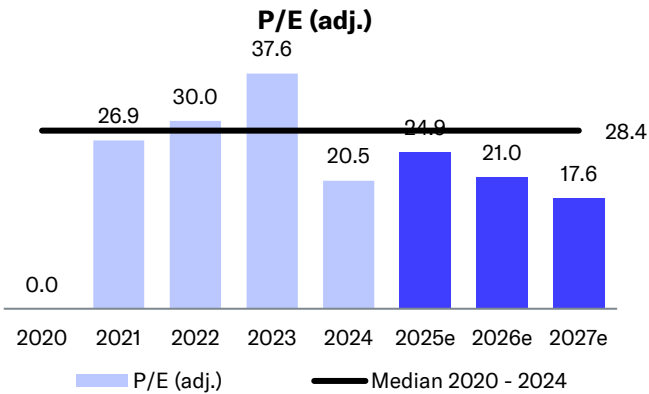


Source: Bloomberg, Inderes

# Valuation table

Valuation	2020	2021	2022	2023	2024	2025e	2026e	2027e	2028e
Share price	172	179	112	178	150	176	176	176	176
Number of shares, millions	1655.1	1655.1	1645.5	1633.5	1611.7	1604.3	1604.3	1604.3	1604.3
Market cap	284,672	295,927	184,569	288,002	240,675	281,639	281,639	281,639	281,639
EV	348,197	335,147	235,497	339,574	300,289	348,524	351,443	350,134	352,366
P/E (adj.)	>100	26.9	30.0	37.6	20.5	24.9	21.0	17.6	16.3
P/E	>100	26.9	51.8	33.3	20.8	24.9	21.0	17.6	16.3
P/B	5.2	4.9	3.6	6.1	5.2	6.0	5.7	5.5	5.2
P/S	1.5	1.5	0.8	1.2	1.0	1.2	1.2	1.1	1.1
EV/Sales	1.9	1.7	1.1	1.4	1.3	1.5	1.5	1.4	1.3
EV/EBITDA	12.0	8.9	7.9	9.1	7.7	9.1	8.7	7.5	7.3
EV/EBIT (adj.)	>100	22.0	24.1	25.1	17.2	20.2	17.7	15.4	14.4
Payout ratio (%)	0.0 %	97.7 %	299.8 %	120.9 %	93.9 %	96.1 %	101.0 %	94.9 %	100.0 %
Dividend yield-%	0.0 %	3.6 %	5.8 %	3.7 %	4.5 %	3.9 %	4.8 %	5.4 %	6.1 %

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 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	172,974	167,162	22.4	21.1	15.8	15.0	4.3	4.2	29.4	28.0	3.1	3.2	8.8
Fast Retailing	108,252	100,062	30.4	29.0	24.2	21.4	5.5	4.9	47.2	42.4	0.8	0.8	8.8
Next	19,241	21,152	17.1	15.2	14.0	12.2	3.1	2.7	21.7	18.8	1.7	3.1	9.0
GAP	8,309	7,434	8.4	7.8	5.6	5.4	0.6	0.6	12.9	12.2	2.3	2.5	3.1
Zalando	6,507	6,510	13.3	10.8	7.2	6.2	0.5	0.5	21.4	16.5			2.2
Victoria's Secret	4,256	5,219	17.7	16.4	10.5	9.9	1.0	0.9	25.9	23.0			8.5
Abercombie & Fitch	3,937	3,415	5.4	6.1	4.6	4.9	0.8	0.8	9.8	10.1			3.4
Urban Outfitters	5,375	4,861	12.4	9.6	9.8	7.8	1.0	0.9	17.7	13.3			2.4
<b>H&amp;M (Inderes)</b>	<b>25,511</b>	<b>31,569</b>	<b>20.2</b>	<b>17.7</b>	<b>9.1</b>	<b>8.7</b>	<b>1.5</b>	<b>1.5</b>	<b>24.9</b>	<b>21.0</b>	<b>3.9</b>	<b>4.8</b>	<b>6.0</b>
<b>Average</b>			<b>15.9</b>	<b>14.5</b>	<b>11.5</b>	<b>10.4</b>	<b>2.1</b>	<b>1.9</b>	<b>23.2</b>	<b>20.5</b>	<b>2.0</b>	<b>2.4</b>	<b>5.8</b>
<b>Median</b>			<b>15.2</b>	<b>13.0</b>	<b>10.1</b>	<b>8.9</b>	<b>1.0</b>	<b>0.9</b>	<b>21.6</b>	<b>17.6</b>	<b>2.0</b>	<b>2.8</b>	<b>6.0</b>
<b>Diff-% to median</b>			<b>33%</b>	<b>36%</b>	<b>-10%</b>	<b>-1%</b>	<b>52%</b>	<b>61%</b>	<b>16%</b>	<b>19%</b>	<b>95%</b>	<b>72%</b>	<b>1%</b>

Source: Refinitiv / Inderes

# Income statement

Income statement	2023	2024	Q1'25	Q2'25	Q3'25	Q4'25e	2025e	2026e	2027e	2028e
Revenue	236,035	234,478	55,333	56,714	57,017	58,950	228,014	234,000	249,320	265,306
EBITDA	37,492	38,904	6,718	11,089	10,084	10,438	38,329	40,237	46,960	48,370
Depreciation	-22,955	-21,598	-5,515	-5,175	-5,170	-5,200	-21,060	-20,400	-24,242	-23,962
EBIT (excl. NRI)	13,538	17,506	1,203	5,914	4,914	5,238	17,269	19,837	22,717	24,408
EBIT	14,537	17,306	1,203	5,914	4,914	5,238	17,269	19,837	22,717	24,408
Net financial items	-1,527	-1,863	-441	-623	-592	-550	-2,206	-1,930	-1,500	-1,500
PTP	13,010	15,443	762	5,291	4,322	4,688	15,063	17,907	21,217	22,908
Taxes	-4,287	-3,859	-183	-1,329	-1,110	-1,172	-3,794	-4,477	-5,198	-5,613
Minority interest	0	37	11	15	17	15	58	40	0	0
Net earnings	8,723	11,621	590	3,977	3,229	3,531	11,327	13,470	16,019	17,296
EPS (adj.)	4.7	7.3	0.4	2.5	2.0	2.2	7.1	8.4	10.0	10.8
EPS (rep.)	5.3	7.2	0.4	2.5	2.0	2.2	7.1	8.4	10.0	10.8

Key figures	2023	2024	Q1'25	Q2'25	Q3'25	Q4'25e	2025e	2026e	2027e	2028e
Revenue growth-%	5.6 %	-0.7 %	3.1 %	-4.9 %	-3.4 %	-5.2 %	-2.8 %	2.6 %	6.5 %	6.4 %
Adjusted EBIT growth-%	38.7 %	29.3 %	-42.1 %	-19.0 %	40.1 %	13.3 %	-1.4 %	14.9 %	14.5 %	7.4 %
EBITDA-%	15.9 %	16.6 %	12.1 %	19.6 %	17.7 %	17.7 %	16.8 %	17.2 %	18.8 %	18.2 %
Adjusted EBIT-%	5.7 %	7.5 %	2.2 %	10.4 %	8.6 %	8.9 %	7.6 %	8.5 %	9.1 %	9.2 %
Net earnings-%	3.7 %	5.0 %	1.1 %	7.0 %	5.7 %	6.0 %	5.0 %	5.8 %	6.4 %	6.5 %

Source: Inderes

# Balance sheet

Assets	2023	2024	2025e	2026e	2027e
Non-current assets	100744	104487	107927	112507	113734
Goodwill	1013	1013	1013	1013	1013
Intangible assets	8712	7717	8217	8717	9217
Tangible assets	81536	86220	89160	93240	93967
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	74105	69030	72303
Inventories	37358	40348	38762	39780	42384
Other current assets	0.0	0.0	0.0	0.0	0.0
Receivables	16773	18039	17101	17550	17452
Cash and equivalents	26398	17340	18241	11700	12466
Balance sheet total	181273	180214	182032	181537	186037

Source: Inderes

Liabilities & equity	2023	2024	2025e	2026e	2027e
Equity	47601	46211	46628	49216	51634
Share capital	207	207	207	207	207
Retained earnings	41198	39559	39976	42564	44982
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	85404	82321	84403
Interest bearing debt	15157	12476	35126	31504	30961
Payables	21027	24417	20521	21060	23685
Other current liabilities	31743	29757	29757	29757	29757
Balance sheet total	181273	180214	182032	181537	186037

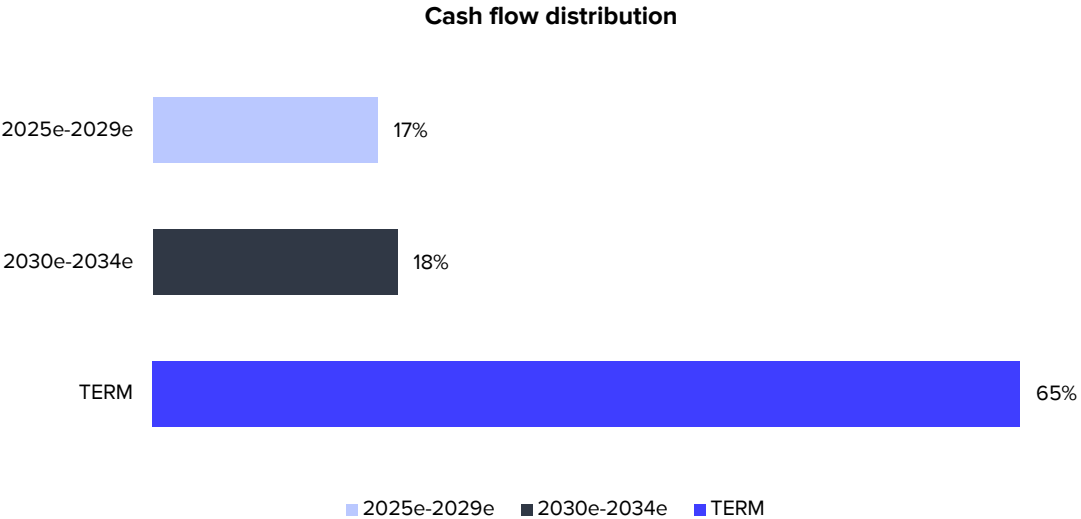
# DCF-calculation

DCF model	2024	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	2034e	TERM
Revenue growth-%	-0.7 %	-2.8 %	2.6 %	6.5 %	6.4 %	6.0 %	5.5 %	5.0 %	5.0 %	5.0 %	2.5 %	2.5 %
EBIT-%	7.4 %	7.6 %	8.5 %	9.1 %	9.2 %	9.2 %	9.0 %	9.0 %	9.0 %	9.0 %	9.0 %	9.0 %
EBIT (operating profit)	17,306	17,269	19,837	22,717	24,408	25,873	26,702	28,037	29,439	30,911	31,841	
+ Depreciation	21,598	21,060	20,400	24,242	23,962	23,869	24,396	24,922	25,448	25,978	26,514	
- Paid taxes	-3,716	-6,036	-4,477	-5,198	-5,613	-5,971	-6,175	-6,502	-6,845	-7,206	-7,801	
- Tax, financial expenses	-466	-556	-483	-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	-1,372	-928	119	-2,318	-2,308	-2,243	-2,151	-2,259	-2,371	-1,265	
Operating cash flow	31,870	30,365	34,350	41,513	40,072	41,094	42,314	43,939	45,416	46,945	49,288	
+ 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	-27,214	-28,114	-28,692	-28,425	
Free operating cash flow	6,379	5,232	9,370	16,043	14,103	14,616	15,316	16,724	17,303	18,252	20,863	
+/- 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	3,232	7,370	14,043	12,103	12,616	13,316	14,724	15,303	16,252	18,863	325,355
Discounted FCFF		3,248	6,826	11,989	9,524	9,152	8,904	9,076	8,694	8,512	9,106	157,069
Sum of FCFF present value		242,099	238,852	232,026	220,037	210,512	201,361	192,457	183,381	174,687	166,175	157,069
Enterprise value DCF		242,099										
- Interest bearing debt		-23,784										
+ Cash and cash equivalents		17,340										
-Minorities		0										
-Dividend/capital return		-10,911										
Equity value DCF		224,745										
Equity value DCF per share		140										

## WACC

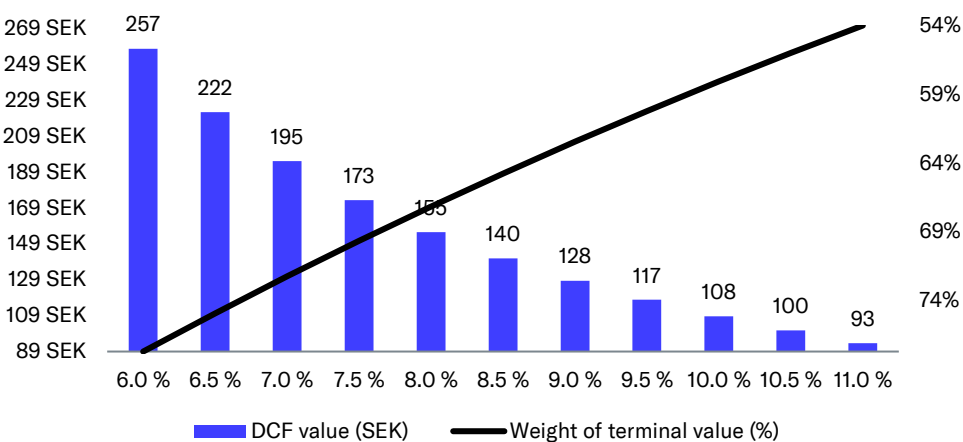
Tax-% (WACC)	24.0 %
Target debt ratio (D/(D+E))	0.0 %
Cost of debt	5.0 %
Equity Beta	1.26
Market risk premium	4.75%
Liquidity premium	0.00%
Risk free interest rate	2.5 %
Cost of equity	8.5 %
Weighted average cost of capital (WACC)	8.5 %

Source: Inderes

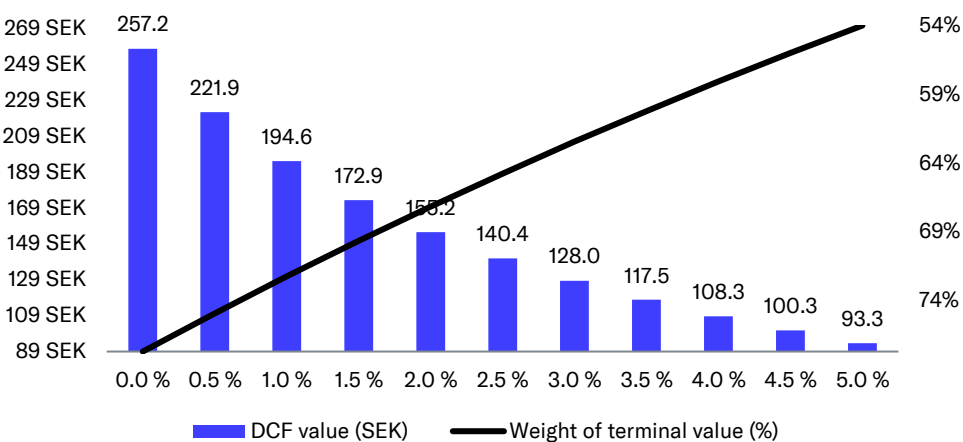


# DCF sensitivity calculations and key assumptions in graphs

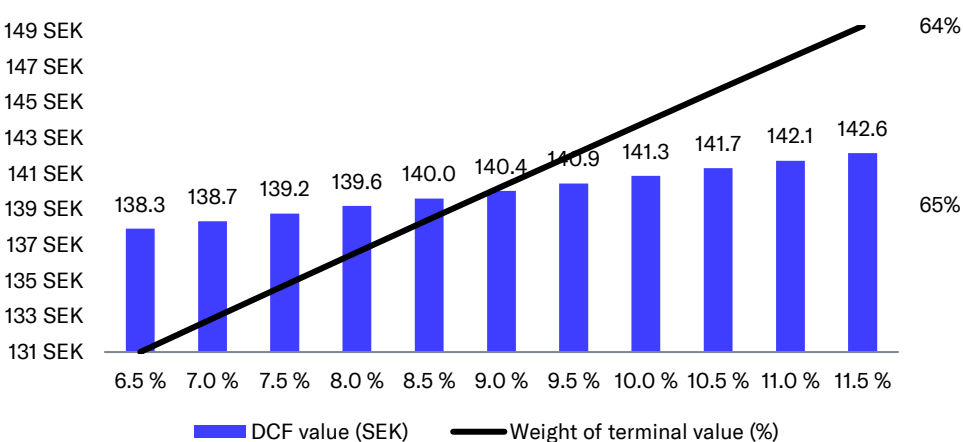
Sensitivity of DCF to changes in the WACC-%



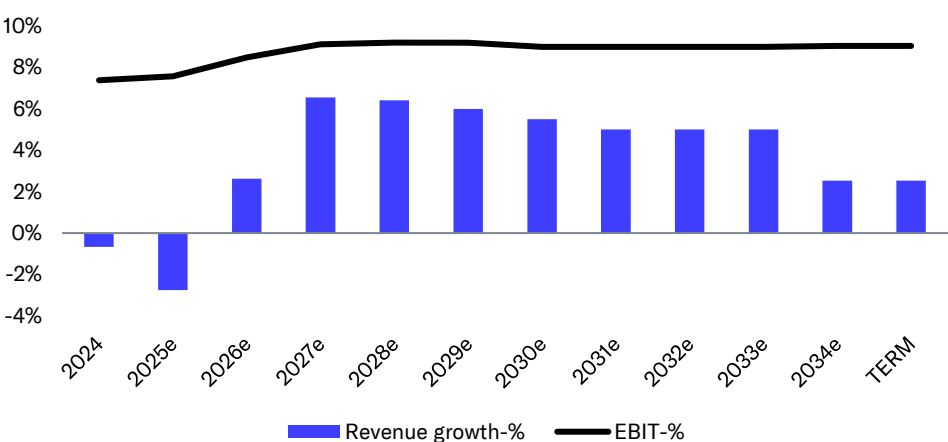
Sensitivity of DCF to changes in the risk-free rate



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	2022	2023	2024	2025e	2026e	Per share data	2022	2023	2024	2025e	2026e
Revenue	223,553	236,035	234,478	228,014	234,000	EPS (reported)	2.2	5.3	7.2	7.1	8.4
EBITDA	29,748	37,492	38,904	38,329	40,237	EPS (adj.)	3.7	4.7	7.3	7.1	8.4
EBIT	7,169	14,537	17,306	17,269	19,837	OCF / share	15.2	21.1	19.8	18.9	21.4
PTP	6,216	13,010	15,443	15,063	17,907	OFCF / share	1.0	6.2	2.7	2.0	4.6
Net Income	3,566	8,723	11,621	11,327	13,470	Book value / share	30.8	29.1	28.7	29.1	30.7
Extraordinary items	-2,591	999	-200	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	182,032	181,537	Revenue growth-%	12%	6%	-1%	-3%	3%
Equity capital	50,757	47,601	46,211	46,628	49,216	EBITDA growth-%	-21%	26%	4%	-1%	5%
Goodwill	64	1,013	1,013	1,013	1,013	EBIT (adj.) growth-%	-36%	39%	29%	-1%	15%
Net debt	50,928	51,572	59,614	66,885	69,804	EPS (adj.) growth-%	-44%	26%	55%	-4%	19%
Cash flow	2022	2023	2024	2025e	2026e	EBITDA-%	13.3 %	15.9 %	16.6 %	16.8 %	17.2 %
EBITDA	29,748	37,492	38,904	38,329	40,237	EBIT (adj.)-%	4.4 %	5.7 %	7.5 %	7.6 %	8.5 %
Change in working capital	-539	1,830	-2,852	-1,372	-928	EBIT-%	3.2 %	6.2 %	7.4 %	7.6 %	8.5 %
Operating cash flow	25,091	34,505	31,870	30,365	34,350	ROE-%	6.4 %	17.7 %	24.8 %	24.4 %	28.1 %
CAPEX	-23,581	-22,298	-25,608	-24,500	-24,980	ROI-%	5.7 %	11.7 %	13.9 %	13.5 %	15.1 %
Free cash flow	1,660	10,199	4,379	3,232	7,370	Equity ratio	27.9 %	26.3 %	25.6 %	25.6 %	27.1 %
						Gearing	100.3 %	108.3 %	129.0 %	143.4 %	141.8 %
Valuation multiples	2022	2023	2024	2025e	2026e						
EV/S	1.1	1.4	1.3	1.5	1.5						
EV/EBITDA	7.9	9.1	7.7	9.1	8.7						
EV/EBIT (adj.)	24.1	25.1	17.2	20.2	17.7						
P/E (adj.)	30.0	37.6	20.5	24.9	21.0						
P/B	3.6	6.1	5.2	6.0	5.7						
Dividend-%	5.8 %	3.7 %	4.5 %	3.9 %	4.8 %						

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
2025-09-19	Sell	130	156
2025-09-26	Sell	140	171
2025-01-22	Sell	140	176





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