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# COMPANY REPORT



# Topline concerns persist

We believe revenue growth has remained soft in H&M's Q1 (Dec-Feb), and we have therefore revised down our revenue estimates slightly. However, we still believe that supply chain efficiencies, good operational cost control and external margin tailwinds should continue to support profitability. In our view, the valuation levels are still elevated, and, given the ongoing topline concerns, we still view the risk/reward as unattractive. As a result, we reiterate our Sell recommendation and target price of SEK 155 per share.

## 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 and prolonged weak consumer confidence.

## Growth continues to lag, but we expect margin improvement to continue

H&M indicated in its Q4 report that Dec-Jan in local currencies were down -2% in local currencies, mainly due to consumers shifted spending to Black Week in November, cautious supply planning in the US, headwind from Chinese New Year timing and overall muted demand in some large European markets. However, we believe that sales has accelerated somewhat in February, mainly due to softer comparables and reverse effect of the Chinese New Year timing. Overall, we forecast local-currency revenue growth to be roughly flat for Q4. However, in our updated estimates we now expect a much more negative FX impact (-9%), driven by a stronger SEK, which result in a reported revenue decline of roughly 9%, roughly in line with consensus. As for margins, while we expect tariff impacts to be more negative than in Q4, we still forecast a gross margin improvement to 50.0% in Q1'26 (from weak comparisons of

49.1% in Q1'25), supported by supply chain efficiencies, lower freight costs, and USD weakness. While we expect FX-related OPEX deleverage to remain a drag on margins, we believe that continued strong cost control should help drive EBIT improvement to 1,330 MSEK and lifting the EBIT margin slightly to 2.6% (from 2.2%).

## We remain cautious in our short-term revenue growth assumptions

We have lowered our revenue estimates slightly for Q1'26, due to that we expect a stronger negative FX impact. In the bigger picture, we believe H&M's strategic initiatives around product and customer experience are well founded but have yet to translate into meaningful sales growth. As a result, we remain quite cautious in our growth assumptions in the short-term. That said, given H&M's consistent outperformance on operating cost control over the past three quarters, we remain confident in a continued margin improvement. In the longer term, we expect the gross margin to be around 54-55%, with mid-single-digit top-line growth driving operating leverage and supporting an EBIT margin improvement from around 8% in 2025 to around 9.5% over the longer term.

## We still believe that the valuation is stretched

In our view, the valuation multiples are high in absolute terms (2026e P/E: 21x and EV/EBIT: 17x), and the DCF and relative valuation paint a similar picture. H&M's strong brand and healthy balance sheet are convincing, but there are still topline concerns. We believe the elevated valuation reflects increasing confidence in the margin turnaround. However, without sustained revenue growth, it will be difficult for the company to demonstrate durable long-term earnings growth. In the absence of clear evidence supporting such growth, we view the risk/reward as unattractive, and we continue to wait for more favorable entry points.

## Recommendation

**Sell**  
(prev. Sell)

## Target price:

**155 SEK**  
(prev. 155 SEK)

## Share price:

175 SEK

## Business risk



## Valuation risk



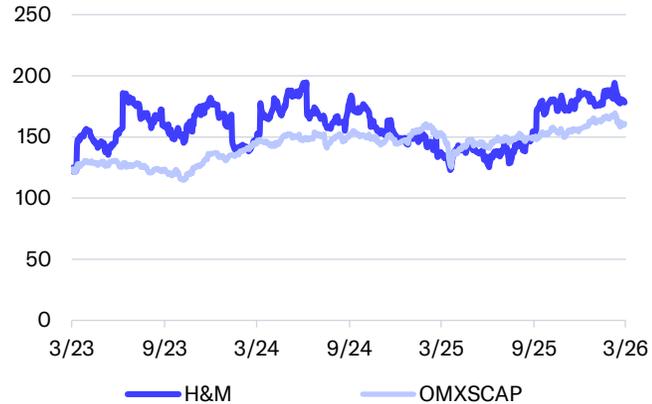
	2025	2026e	2027e	2028e
<b>Revenue</b>	228,285	227,350	241,257	253,603
<b>growth-%</b>	-3%	0%	6%	5%
<b>EBIT adj.</b>	18,395	20,080	23,024	24,343
<b>EBIT-% adj.</b>	8.1 %	8.8 %	9.5 %	9.6 %
<b>Net Income</b>	12,158	13,487	16,143	17,132
<b>EPS (adj.)</b>	7.6	8.4	10.1	10.7
<b>P/E (adj.)</b>	22.6	20.8	17.4	16.4
<b>P/B</b>	6.4	6.2	5.8	5.5
<b>Dividend yield-%</b>	4.2 %	4.6 %	5.1 %	5.4 %
<b>EV/EBIT (adj.)</b>	18.0	16.8	14.5	13.6
<b>EV/EBITDA</b>	8.4	8.2	7.6	7.5
<b>EV/S</b>	1.4	1.5	1.4	1.3

Source: Inderes

## Guidance

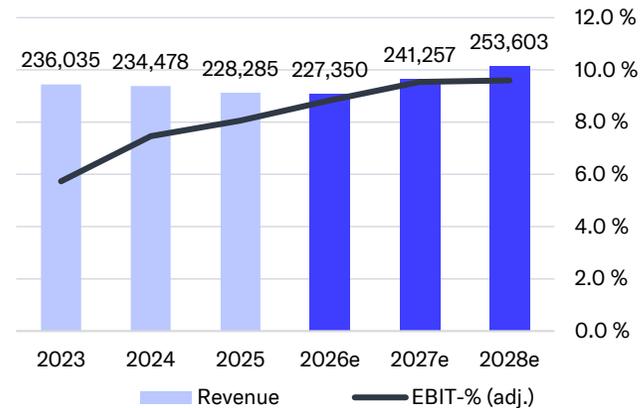
No guidance

## Share price



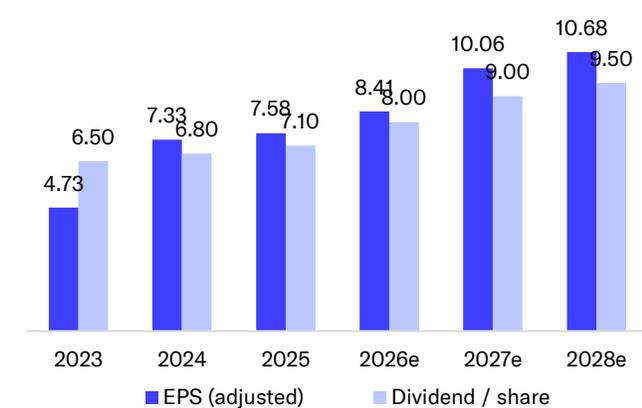
Source: Millstream Market Data AB

## 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	2026e	2027e	2028e
<b>Share price</b>	175	175	175
<b>Number of shares, m</b>	1,604	1,604	1,604
<b>Market cap</b>	280,039	280,039	280,039
<b>EV</b>	336,550	333,257	331,737
<b>P/E (adj.)</b>	20.8	17.4	16.4
<b>P/E</b>	20.8	17.4	16.4
<b>P/B</b>	6.2	5.8	5.5
<b>P/S</b>	1.2	1.2	1.1
<b>EV/Sales</b>	1.5	1.4	1.3
<b>EV/EBITDA</b>	8.2	7.6	7.5
<b>EV/EBIT (adj.)</b>	16.8	14.5	13.6
<b>Payout ratio (%)</b>	95%	89%	89%
<b>Dividend yield-%</b>	4.6%	5.1%	5.4%

Source: Inderes

# We expect a significant FX impact to weigh on reported figures

## Slow start to the year

H&M will report its Q1'26 (Dec-Feb) results on Thursday, March 26 at 8:00 am CET. In connection with its Q4 report, H&M communicated that it expected a negative growth of -2% in local currencies in Dec-Jan. This negative sales development is due to several factors, including pull-forward demand as consumers shifted spending to Black Week in November, cautious supply planning in the US, headwind from Chinese New Year timing and overall muted demand in some large European markets such as Germany. However, we believe that sales has accelerated somewhat in February, mainly due to softer comparables and reverse effect of the Chinese New Year timing.

Overall, we forecast local-currency revenue growth to be roughly flat for Q4. However, in our updated estimates we now expect a much more negative FX impact (-9%), driven by a stronger SEK, which result in a reported revenue decline of roughly 9%, roughly in line with consensus.

## We expect continued cost control to support margins

In connection with H&M's Q4 report, the company provided some guidance for the gross margin in Q1'26. According to our assessment, this guidance indicates that the gross margin will expand by a smaller amount in Q1 than in Q4 (1.3 percentage points). While the company expected the costs of markdowns relative to sales to be flat year-on-year, it guided for that the overall impact of external factors (such as material, freight and transactional FX) to be somewhat positive year-on-year. Given this, together with ongoing supply-chain efficiencies, we expect gross margin to expand by approximately 0.9 percentage points, partly offset by anticipated increases in tariff costs. As a result, we expect Q1 gross margin to rise from 49.1% to 50.0%.

Regarding fixed costs, we expect continued good cost control due to its efficiency measures, including logistics efficiencies, renegotiations of lease agreements, more effective marketing etc. On the flip side, we expect some OPEX deleverage related to FX, as SEK represents a

greater share of H&M's operating costs than sales. Overall, we estimate that absolute EBIT will increase to 1,330 MSEK, with the EBIT margin improving slightly from 2.2% to 2.6%. Further down the income statement, we expect EPS to increase to SEK 0.42 per share (Q1'25: 0.37). Worth noting is that Q1 is typically a very small quarter for H&M and therefore least important in terms of sales and profit contribution.

## We forecast continued slow growth

While H&M does not provide formal guidance, the company is expected to publish March sales alongside the Q1 report. We forecast local-currency sales growth of around 2% in Q2'26 (March-May) and approximately 2% for FY2026. We expect the gross margin to be around 54-55% in the coming years, with mid-single-digit top-line growth driving operating leverage and supporting an EBIT margin improvement from around 8% in 2025 to around 9.5% over the longer term.

Estimates MSEK / SEK	Q1'25	Q1'26	Q1'26e	Q1'26e	Consensus		2026
	Comparison	Actualized	Inderes	Consensus	Low	High	Inderes
Revenue	55,333		50,500	50,476	49,500	- 54,144	227,350
Gross profit	27,169		25,250	25,228	24,899	- 26,350	122,510
Gross margin %	49.1 %		50.0 %	50.1 %	49.8 %	- 50.5 %	53.9 %
EBIT	1,203		1,330	1,482	1,195	- 2,036	20,080
EPS (reported)	0.37		0.42	0.45	0.29	- 0.73	8.41
Revenue growth-%	3.1 %		-8.7 %	-8.8 %	-10.5 %	- -2.1 %	-0.4 %
EBIT-%	2.2 %		2.6 %	2.9 %	2.4 %	- 3.8 %	8.8 %

Source: Inderes & Bloomberg  
2026.03.18, 18 analysts  
(consensus)

# We have made some slight revisions to our 2026-2028 estimates

<b>Estimate revisions</b>	<b>2026</b>	<b>2026</b>	<b>Change</b>	<b>2027e</b>	<b>2027e</b>	<b>Change</b>	<b>2028e</b>	<b>2028e</b>	<b>Change</b>
<b>MSEK / SEK</b>	<b>Inderes</b>	<b>Actualized</b>	<b>%</b>	<b>Old</b>	<b>New</b>	<b>%</b>	<b>Old</b>	<b>New</b>	<b>%</b>
<b>Revenue</b>	229,550	227,350	-1%	243,582	241,257	-1%	256,037	253,603	-1%
<b>EBITDA</b>	41,165	41,080	0%	43,587	43,651	0%	43,873	43,945	0%
<b>EBIT (excl. NRIs)</b>	20,165	20,080	0%	22,960	23,024	0%	24,272	24,343	0%
<b>EBIT</b>	20,165	20,080	0%	22,960	23,024	0%	24,272	24,343	0%
<b>PTP</b>	18,015	17,930	0%	21,460	21,524	0%	22,772	22,843	0%
<b>EPS (excl. NRIs)</b>	8.45	8.41	0%	10.03	10.06	0%	10.64	10.68	0%
<b>DPS</b>	8.50	8.00	-6%	9.50	9.00	-5%	9.50	9.50	0%

Source: Inderes

# Expensive at current valuations

## Valuation summary – Sell

We expect investors to receive an annual dividend yield of around 5% over the next few years at the current share price, offering a solid base return. Although the earnings growth driver is moving in the right direction, the initial level is low, and the growth rate remains uncertain. In our view, the stock is overpriced based on actual earnings (P/E Q4'25 LTM: ~24x) and, in our view, H&M's expected return is lower than the required return. As a result, we reiterate our Sell recommendation and target price of SEK 155 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 17x, respectively. These multiples are above our accepted valuation range and given persistent topline concerns, as well as the still rather uncertain operating environment with a weak consumer demand, we view them as expensive. We expect, however, that H&M will continue to show a gradual margin improvement, which we expect to stretch to 2027. The headline multiples for 2027 are P/E 17x and EV/EBIT 15x, which appear relatively neutral to us. Obviously, this requires the expected margin improvement to continue to materialize, which in turn depends on a pickup in sales growth, something that has so far disappointed.

Looking onwards from 2028, 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 2026-27 is 13-17 BSEK, which implies a free cash flow yield of around 4-5%.

## 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 17x for 2026 and 13x for 2027, well below 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 26x for 2026 and 24x for 2027, 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, even though Inditex has been growing faster than H&M with higher profitability. In our view, compared to the overall peer group, the valuation premium (around 30%) 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 248 BSEK, which translates to around SEK 155 per share. This is in line with our target price and below the current share price.

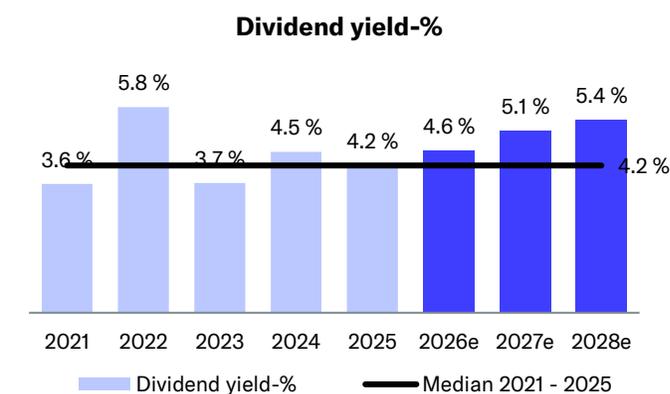
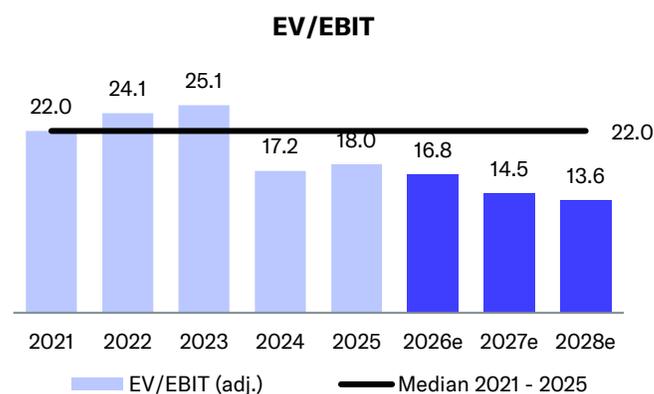
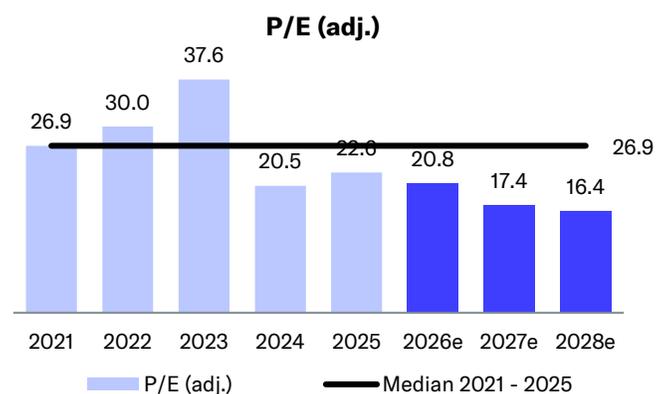
Valuation	2026e	2027e	2028e
Share price	175	175	175
Number of shares, m	1,604	1,604	1,604
Market cap	280,039	280,039	280,039
EV	336,550	333,257	331,737
P/E (adj.)	20.8	17.4	16.4
P/E	20.8	17.4	16.4
P/B	6.2	5.8	5.5
P/S	1.2	1.2	1.1
EV/Sales	1.5	1.4	1.3
EV/EBITDA	8.2	7.6	7.5
EV/EBIT (adj.)	16.8	14.5	13.6
Payout ratio (%)	95%	89%	89%
Dividend yield-%	4.6 %	5.1 %	5.4 %

Source: Inderes

# Valuation table

Valuation	2021	2022	2023	2024	2025	2026e	2027e	2028e	2029e
Share price	179	112	178	150	171	175	175	175	175
Number of shares, millions	1655.1	1645.5	1633.5	1611.7	1604.5	1604.5	1604.5	1604.5	1604.5
Market cap	295,927	184,569	288,002	240,675	273,638	280,039	280,039	280,039	280,039
EV	335,147	235,497	339,574	300,289	330,277	336,550	333,257	331,737	330,771
P/E (adj.)	26.9	30.0	37.6	20.5	22.6	20.8	17.4	16.4	15.4
P/E	26.9	51.8	33.3	20.8	22.6	20.8	17.4	16.4	15.4
P/B	4.9	3.6	6.1	5.2	6.4	6.2	5.8	5.5	5.2
P/S	1.5	0.8	1.2	1.0	1.2	1.2	1.2	1.1	1.1
EV/Sales	1.7	1.1	1.4	1.3	1.4	1.5	1.4	1.3	1.2
EV/EBITDA	8.9	7.9	9.1	7.7	8.4	8.2	7.6	7.5	7.4
EV/EBIT (adj.)	22.0	24.1	25.1	17.2	18.0	16.8	14.5	13.6	12.8
Payout ratio (%)	97.7 %	299.8 %	120.9 %	93.9 %	93.4 %	94.9 %	89.2 %	88.7 %	100.0 %
Dividend yield-%	3.6 %	5.8 %	3.7 %	4.5 %	4.2 %	4.6 %	5.1 %	5.4 %	6.5 %

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	
Inditex	160,196	155,163	19.5	17.9	13.9	12.9	3.9	3.6	25.9	23.7	3.5	3.8	7.9
Fast Retailing	113,024	104,743	30.0	31.0	21.7	19.9	5.0	4.6	42.6	38.8	0.8	0.9	7.9
Next	18,006	19,793	14.0	13.2	11.3	10.8	2.5	2.4	17.5	16.5	4.7	5.2	7.7
GAP	7,711	6,400	6.6	6.3	4.6	4.4	0.5	0.5	11.1	10.2	2.7	2.9	2.4
Zalando	6,377	5,852	10.1	7.8	5.6	4.8	0.4	0.4	16.3	12.6			2.0
Victoria's Secret	3,206	4,162	12.7	10.5	7.7	7.1	0.7	0.7	16.7	13.3			3.8
Abercrombie & Fitch	3,439	2,906	5.1	5.0	4.1	4.0	0.6	0.6	8.7	8.1			2.8
Urban Outfitters	5,090	4,567	8.8	8.0	7.2	6.6	0.9	0.8	12.3	11.1			2.0
<b>H&amp;M (Inderes)</b>	<b>25,366</b>	<b>30,485</b>	<b>16.8</b>	<b>14.5</b>	<b>8.2</b>	<b>7.6</b>	<b>1.5</b>	<b>1.4</b>	<b>20.8</b>	<b>17.4</b>	<b>4.6</b>	<b>5.1</b>	<b>6.2</b>
<b>Average</b>			<b>13.4</b>	<b>12.5</b>	<b>9.5</b>	<b>8.8</b>	<b>1.8</b>	<b>1.7</b>	<b>18.9</b>	<b>16.8</b>	<b>2.9</b>	<b>3.2</b>	<b>4.6</b>
<b>Median</b>			<b>11.4</b>	<b>9.3</b>	<b>7.4</b>	<b>6.8</b>	<b>0.8</b>	<b>0.7</b>	<b>16.5</b>	<b>12.9</b>	<b>3.1</b>	<b>3.3</b>	<b>3.3</b>
<b>Diff-% to median</b>			<b>47%</b>	<b>56%</b>	<b>10%</b>	<b>12%</b>	<b>87%</b>	<b>88%</b>	<b>26%</b>	<b>34%</b>	<b>48%</b>	<b>55%</b>	<b>89%</b>

Source: Refinitiv / Inderes

# Income statement

Income statement	2024	2025	Q1'26e	Q2'26e	Q3'26e	Q4'26e	2026e	2027e	2028e	2029e
<b>Revenue</b>	<b>234,478</b>	<b>228,285</b>	<b>50,500</b>	<b>56,650</b>	<b>58,900</b>	<b>61,300</b>	<b>227,350</b>	<b>241,257</b>	<b>253,603</b>	<b>264,895</b>
<b>EBITDA</b>	<b>38,904</b>	<b>39,535</b>	<b>6,730</b>	<b>11,617</b>	<b>10,747</b>	<b>11,985</b>	<b>41,080</b>	<b>43,651</b>	<b>43,945</b>	<b>44,783</b>
Depreciation	-21,598	-21,140	-5,400	-5,100	-5,200	-5,300	-21,000	-20,628	-19,601	-18,947
<b>EBIT (excl. NRI)</b>	<b>17,506</b>	<b>18,395</b>	<b>1,330</b>	<b>6,517</b>	<b>5,547</b>	<b>6,685</b>	<b>20,080</b>	<b>23,024</b>	<b>24,343</b>	<b>25,836</b>
<b>EBIT</b>	<b>17,306</b>	<b>18,395</b>	<b>1,330</b>	<b>6,517</b>	<b>5,547</b>	<b>6,685</b>	<b>20,080</b>	<b>23,024</b>	<b>24,343</b>	<b>25,836</b>
Net financial items	-1,863	-2,193	-450	-600	-600	-500	-2,150	-1,500	-1,500	-1,500
<b>PTP</b>	<b>15,443</b>	<b>16,202</b>	<b>880</b>	<b>5,917</b>	<b>4,947</b>	<b>6,185</b>	<b>17,930</b>	<b>21,524</b>	<b>22,843</b>	<b>24,336</b>
Taxes	-3,859	-4,117	-220	-1,479	-1,237	-1,546	-4,482	-5,381	-5,711	-6,084
Minority interest	37	73	10	10	10	10	40	0	0	0
<b>Net earnings</b>	<b>11,621</b>	<b>12,158</b>	<b>670</b>	<b>4,448</b>	<b>3,720</b>	<b>4,649</b>	<b>13,487</b>	<b>16,143</b>	<b>17,132</b>	<b>18,252</b>
<b>EPS (adj.)</b>	<b>7.3</b>	<b>7.6</b>	<b>0.4</b>	<b>2.8</b>	<b>2.3</b>	<b>2.9</b>	<b>8.4</b>	<b>10.1</b>	<b>10.7</b>	<b>11.4</b>
<b>EPS (rep.)</b>	<b>7.2</b>	<b>7.6</b>	<b>0.4</b>	<b>2.8</b>	<b>2.3</b>	<b>2.9</b>	<b>8.4</b>	<b>10.1</b>	<b>10.7</b>	<b>11.4</b>

Key figures	2024	2025	Q1'26e	Q2'26e	Q3'26e	Q4'26e	2026e	2027e	2028e	2029e
<b>Revenue growth-%</b>	-0.7 %	-2.6 %	-8.7 %	-0.1 %	3.3 %	3.5 %	-0.4 %	6.1 %	5.1 %	4.5 %
<b>Adjusted EBIT growth-%</b>	29.3 %	5.1 %	10.6 %	10.2 %	12.9 %	5.1 %	9.2 %	14.7 %	5.7 %	6.1 %
<b>EBITDA-%</b>	16.6 %	17.3 %	13.3 %	20.5 %	18.2 %	19.6 %	18.1 %	18.1 %	17.3 %	16.9 %
<b>Adjusted EBIT-%</b>	7.5 %	8.1 %	2.6 %	11.5 %	9.4 %	10.9 %	8.8 %	9.5 %	9.6 %	9.8 %
<b>Net earnings-%</b>	5.0 %	5.3 %	1.3 %	7.9 %	6.3 %	7.6 %	5.9 %	6.7 %	6.8 %	6.9 %

Source: Inderes

# Balance sheet

Assets	2024	2025	2026e	2027e	2028e
<b>Non-current assets</b>	<b>104487</b>	<b>97778</b>	<b>95081</b>	<b>93113</b>	<b>92533</b>
Goodwill	1013	1013	1013	1013	1013
Intangible assets	7717	6734	7234	7734	8234
Tangible assets	86220	82534	79337	76869	75789
Associated companies	259	126	126	126	126
Other investments	3029	1919	1919	1919	1919
Other non-current assets	859	775	775	775	775
Deferred tax assets	5390	4677	4677	4677	4677
<b>Current assets</b>	<b>75727</b>	<b>72495</b>	<b>64795</b>	<b>68758</b>	<b>72277</b>
Inventories	40348	35427	36376	38601	40577
Other current assets	0.0	0.0	0.0	0.0	0.0
Receivables	18039	16160	17051	18094	19020
Cash and equivalents	17340	20908	11368	12063	12680
<b>Balance sheet total</b>	<b>180214</b>	<b>170273</b>	<b>159876</b>	<b>161871</b>	<b>164810</b>

Source: Inderes

Liabilities & equity	2024	2025	2026e	2027e	2028e
<b>Equity</b>	<b>46211</b>	<b>42947</b>	<b>45073</b>	<b>48414</b>	<b>51144</b>
Share capital	207	207	207	207	207
Retained earnings	39559	39443	41569	44910	47640
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	6445	3297	3297	3297	3297
Minorities	0.0	0.0	0.0	0.0	0.0
<b>Non-current liabilities</b>	<b>67353</b>	<b>65723</b>	<b>50000</b>	<b>50000</b>	<b>50000</b>
Deferred tax liabilities	2242	1953	0.0	0.0	0.0
Provisions	471	389	0.0	0.0	0.0
Interest bearing debt	64478	63233	50000	50000	50000
Convertibles	0.0	0.0	0.0	0.0	0.0
Other long term liabilities	162	148	0.0	0.0	0.0
<b>Current liabilities</b>	<b>66650</b>	<b>61603</b>	<b>64803</b>	<b>63457</b>	<b>63666</b>
Interest bearing debt	12476	14314	17879	15281	14379
Payables	24417	20826	20462	21713	22824
Other current liabilities	29757	26463	26463	26463	26463
<b>Balance sheet total</b>	<b>180214</b>	<b>170273</b>	<b>159876</b>	<b>161871</b>	<b>164810</b>

# DCF-calculation

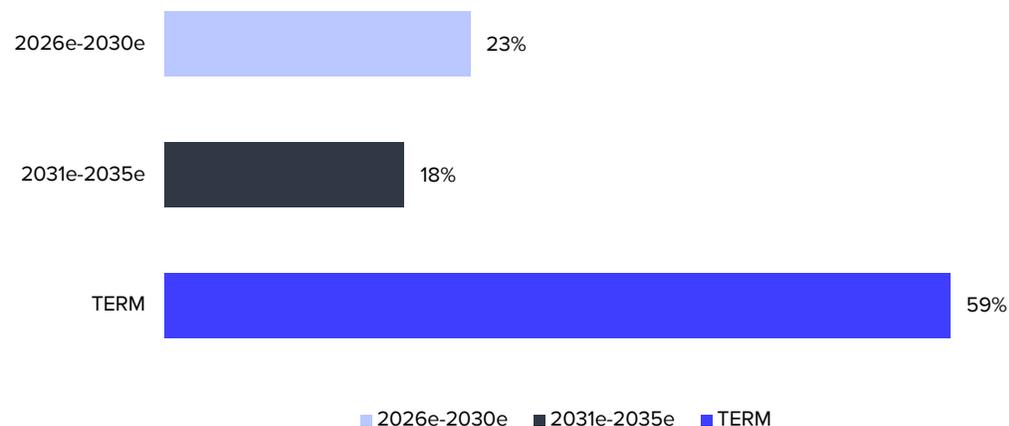
DCF model	2025	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	2034e	2035e	TERM
Revenue growth-%	-2.6 %	-0.4 %	6.1 %	5.1 %	4.5 %	5.0 %	5.0 %	5.0 %	5.0 %	5.0 %	2.5 %	2.5 %
EBIT-%	8.1 %	8.8 %	9.5 %	9.6 %	9.8 %	9.5 %	9.5 %	9.5 %	9.5 %	9.0 %	9.0 %	9.0 %
<b>EBIT (operating profit)</b>	<b>18,395</b>	<b>20,080</b>	<b>23,024</b>	<b>24,343</b>	<b>25,836</b>	<b>26,423</b>	<b>27,744</b>	<b>29,132</b>	<b>30,588</b>	<b>30,427</b>	<b>31,188</b>	
+ Depreciation	21,140	21,000	20,628	19,601	18,947	18,934	19,018	19,177	19,395	19,659	19,959	
- Paid taxes	-3,693	-6,435	-5,381	-5,711	-6,084	-6,231	-6,561	-6,908	-7,272	-7,232	-7,797	
- Tax, financial expenses	-557	-538	-375	-375	-375	-375	-375	-375	-375	-375	0	
+ Tax, financial income	0	0	0	0	0	0	0	0	0	0	0	
- Change in working capital	-85	-2,205	-2,016	-1,790	-1,637	-1,920	-2,017	-2,117	-2,223	-2,334	-1,226	
<b>Operating cash flow</b>	<b>35,200</b>	<b>31,902</b>	<b>35,879</b>	<b>36,069</b>	<b>36,687</b>	<b>36,831</b>	<b>37,810</b>	<b>38,909</b>	<b>40,113</b>	<b>40,145</b>	<b>42,125</b>	
+ Change in other long-term liabilities	-96	-537	0	0	0	0	0	0	0	0	0	
- Gross CAPEX	-15,277	-18,303	-18,659	-19,022	-19,393	-19,771	-20,644	-20,560	-20,987	-21,423	-21,155	
<b>Free operating cash flow</b>	<b>19,827</b>	<b>13,062</b>	<b>17,220</b>	<b>17,046</b>	<b>17,294</b>	<b>17,060</b>	<b>17,166</b>	<b>18,349</b>	<b>19,127</b>	<b>18,723</b>	<b>20,970</b>	
+/- Other	-2,000	-2,000	-2,000	-2,000	-2,000	-2,000	-2,000	-2,000	-2,000	-2,000	-2,000	
FCFF	17,827	11,062	15,220	15,046	15,294	15,060	15,166	16,349	17,127	16,723	18,970	324,875
<b>Discounted FCFF</b>		<b>10,374</b>	<b>13,157</b>	<b>11,990</b>	<b>11,234</b>	<b>10,197</b>	<b>9,465</b>	<b>9,405</b>	<b>9,082</b>	<b>8,174</b>	<b>8,548</b>	<b>146,388</b>
Sum of FCFF present value		248,015	237,641	224,484	212,494	201,260	191,063	181,598	172,193	163,110	154,936	146,388
<b>Enterprise value DCF</b>		<b>248,015</b>										
- Interest bearing debt		-20,675										
+ Cash and cash equivalents		20,908										
-Minorities		0										
-Dividend/capital return		0										
<b>Equity value DCF</b>		<b>248,248</b>										
<b>Equity value DCF per share</b>		<b>155</b>										

## 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 %
<b>Cost of equity</b>	<b>8.5 %</b>
<b>Weighted average cost of capital (WACC)</b>	<b>8.5 %</b>

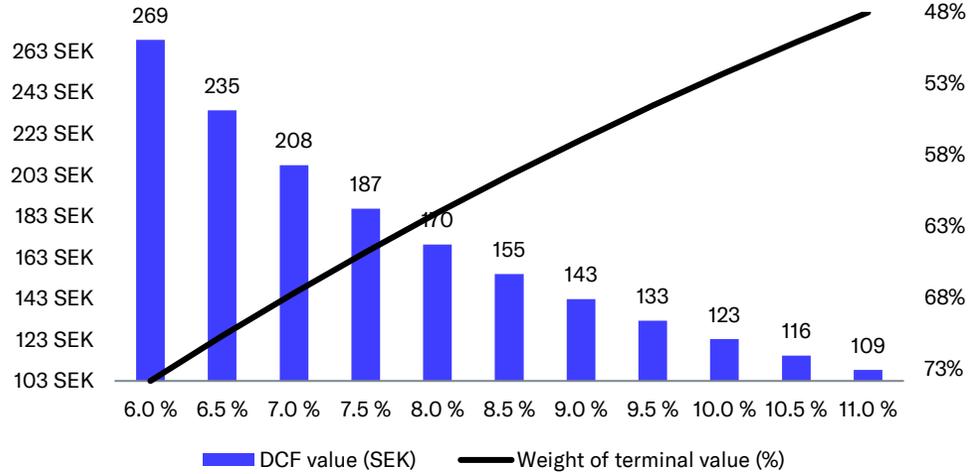
Source: Inderes

## Cash flow distribution

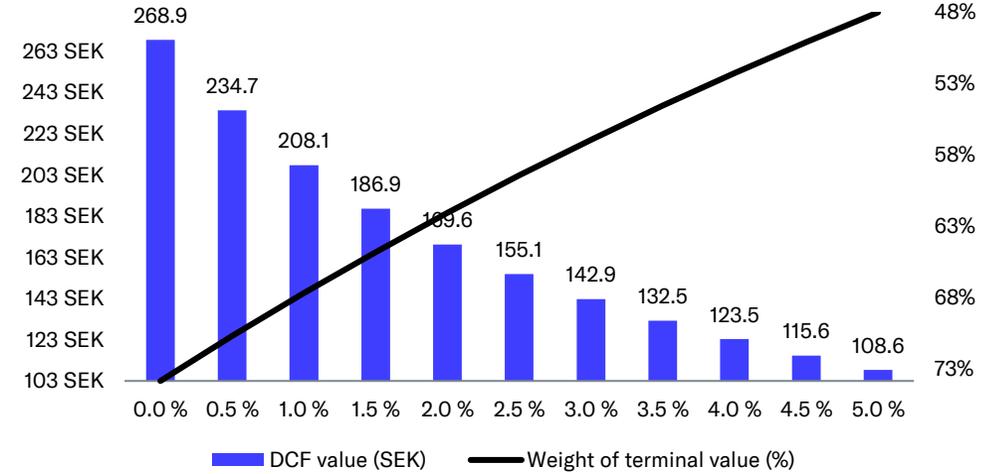


# DCF sensitivity calculations and key assumptions in graphs

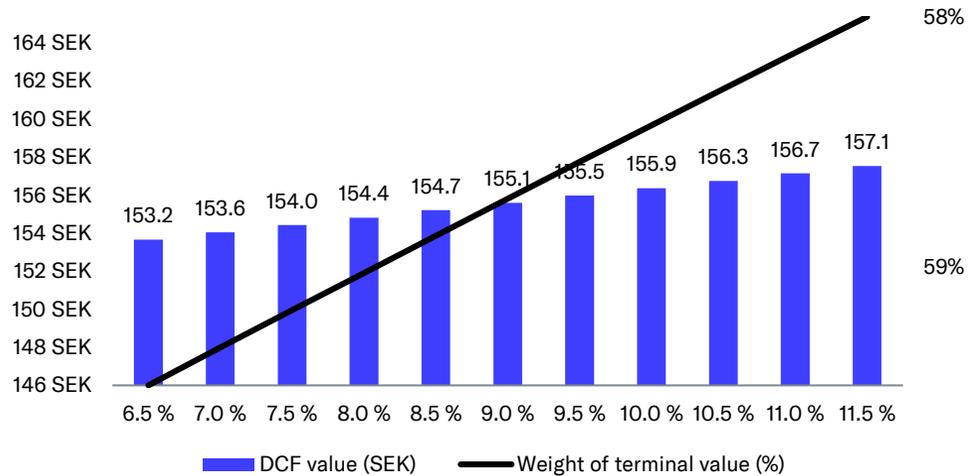
Sensitivity of DCF to changes in the WACC-%



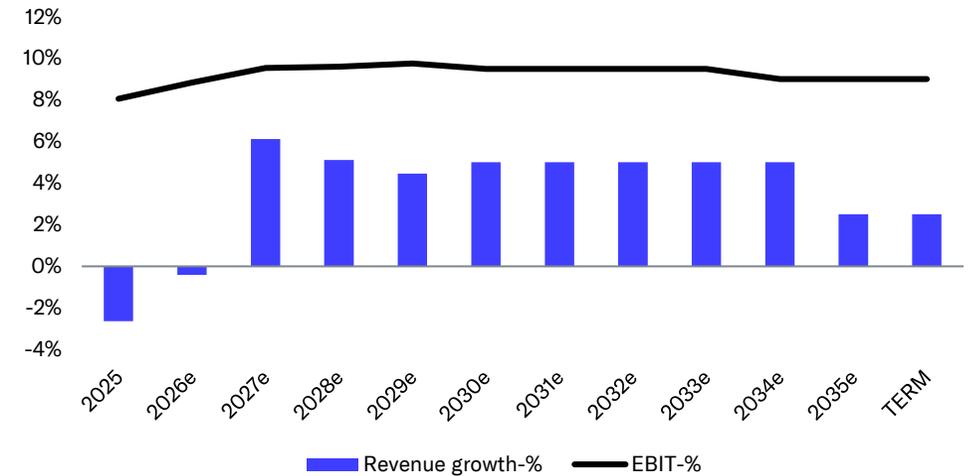
Sensitivity of DCF to changes in the risk-free rate



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	236,035	234,478	228,285	<b>227,350</b>	<b>241,257</b>	EPS (reported)	5.3	7.2	7.6	<b>8.4</b>	<b>10.1</b>
EBITDA	37,492	38,904	39,535	<b>41,080</b>	<b>43,651</b>	EPS (adj.)	4.7	7.3	7.6	<b>8.4</b>	<b>10.1</b>
EBIT	14,537	17,306	18,395	<b>20,080</b>	<b>23,024</b>	OCF / share	21.1	19.8	21.9	<b>19.9</b>	<b>22.4</b>
PTP	13,010	15,443	16,202	<b>17,930</b>	<b>21,524</b>	OFCF / share	6.2	2.7	11.1	<b>6.9</b>	<b>9.5</b>
Net Income	8,723	11,621	12,158	<b>13,487</b>	<b>16,143</b>	Book value / share	29.1	28.7	26.8	<b>28.1</b>	<b>30.2</b>
Extraordinary items	999	-200	0	<b>0</b>	<b>0</b>	Dividend / share	6.5	6.8	7.1	<b>8.0</b>	<b>9.0</b>
Balance sheet	2023	2024	2025	2026e	2027e	Growth and profitability	2023	2024	2025	2026e	2027e
Balance sheet total	181,273	180,214	170,273	<b>159,876</b>	<b>161,871</b>	Revenue growth-%	6%	-1%	-3%	<b>0%</b>	<b>6%</b>
Equity capital	47,601	46,211	42,947	<b>45,073</b>	<b>48,414</b>	EBITDA growth-%	26%	4%	2%	<b>4%</b>	<b>6%</b>
Goodwill	1,013	1,013	1,013	<b>1,013</b>	<b>1,013</b>	EBIT (adj.) growth-%	39%	29%	5%	<b>9%</b>	<b>15%</b>
Net debt	51,572	59,614	56,639	<b>56,511</b>	<b>53,218</b>	EPS (adj.) growth-%	26%	55%	3%	<b>11%</b>	<b>20%</b>
Cash flow	2023	2024	2025	2026e	2027e	EBITDA-%	15.9 %	16.6 %	17.3 %	<b>18.1 %</b>	<b>18.1 %</b>
EBITDA	37,492	38,904	39,535	<b>41,080</b>	<b>43,651</b>	EBIT (adj.)-%	5.7 %	7.5 %	8.1 %	<b>8.8 %</b>	<b>9.5 %</b>
Change in working capital	1,830	-2,852	-85	<b>-2,205</b>	<b>-2,016</b>	EBIT-%	6.2 %	7.4 %	8.1 %	<b>8.8 %</b>	<b>9.5 %</b>
Operating cash flow	34,505	31,870	35,200	<b>31,902</b>	<b>35,879</b>	ROE-%	17.7 %	24.8 %	27.3 %	<b>30.6 %</b>	<b>34.5 %</b>
CAPEX	-22,298	-25,608	-15,277	<b>-18,303</b>	<b>-18,659</b>	ROI-%	11.7 %	13.9 %	15.1 %	<b>17.2 %</b>	<b>20.3 %</b>
Free cash flow	10,199	4,379	17,827	<b>11,062</b>	<b>15,220</b>	Equity ratio	26.3 %	25.6 %	25.2 %	<b>28.2 %</b>	<b>29.9 %</b>
						Gearing	108.3 %	129.0 %	131.9 %	<b>125.4 %</b>	<b>109.9 %</b>
Valuation multiples	2023	2024	2025	2026e	2027e						
EV/S	1.4	1.3	1.4	<b>1.5</b>	<b>1.4</b>						
EV/EBITDA	9.1	7.7	8.4	<b>8.2</b>	<b>7.6</b>						
EV/EBIT (adj.)	25.1	17.2	18.0	<b>16.8</b>	<b>14.5</b>						
P/E (adj.)	37.6	20.5	22.6	<b>20.8</b>	<b>17.4</b>						
P/B	6.1	5.2	6.4	<b>6.2</b>	<b>5.8</b>						
Dividend-%	3.7 %	4.5 %	4.2 %	<b>4.6 %</b>	<b>5.1 %</b>						

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
2025-01-30	Sell	155	176
2025-03-19	Sell	155	175



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