H&M

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COMPANY REPORT

Valuation reflects high expectations

We have made slight downward revisions to our short- and medium-term forecasts for H&M, in light of a slower recovery than our expectations. While we recognize that external factors on the gross margin have moved in a positive direction, we believe that the short-term drivers remain weak, with topline concerns and an uncertain operating environment. Since our last update following the Q2 report, the share price has risen by around 15%, resulting in elevated absolute valuation multiples (2025e P/E: ~24x) and leaving limited room for disappointment. Consequently, we turn to a Sell recommendation (prev. Reduce) but reiterate our target price of SEK 130 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 top-line growth, the main near-term risks to achieving this are a lack of brand traction, direct negative impact from tariffs and weak consumer confidence.

Soft Q3 sales, but margins hold up

In connection with its Q2 report, H&M communicated that it expected 3% revenue growth in local currencies in June. However, this includes an approximate one percentage point negative calendar effect. Even when adjusting for this, the sales growth was not particularly encouraging, given the weak comparison figures (-6% in June last year). For July and August, we believe sales development has been soft, and we forecast Q3 revenue growth of 1.3% in local currencies. However, due to a 5% negative FX impact, we estimate reported revenue will decline by -3.7%, slightly below the consensus forecast.

In the lower lines, we expect the negative external factors which affected purchasing costs earlier in H1'25 (freight and FX) to turn supportive in H2'25. However, we anticipate that this will be partially offset by higher markdowns, driven by the need to stimulate customer activity. In terms of operating expenses, we believe that H&M has shown good cost control in H1'25, and we expect this trend to continue in Q3'25. Additionally, we anticipate a positive margin impact from the absence of the ~ 200 MSEK one-off cost in Q3'24 related to the closure of Afound. 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 3,585 MSEK, with the EBIT margin improving from 5.9% to 6.3%.

We have made minor estimate revisions

We have revised our earnings estimates down by some 2-3% in the coming years. 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, we expect H&M to be negatively affected by tariffs. Ahead of any price adjustments, we expect tariffs to weigh on margins. As we have previously stated, at the current level of tariffs, we believe H&M is more likely to raise prices in the US to offset these effects, rather than relocate production. However, we believe such price increases won't materially affect results until 2026.

Valuation looks stretched

In our view, the valuation multiples are high in absolute terms (2025e P/E: 24x and EV/EBIT: 20x), and the DCF and relative valuation paint a similar picture. H&M's strong brand and healthy balance sheet are convincing, but there are topline concerns, and we believe that in the current uncertain operating environment, overstretched multiples are unwarranted. Hence, we believe that the risk/reward is weak and we wait for better entry opportunities.

Recommendation
Sell
(prev. Reduce)

Target price:
130 SEK
(prev. 130 SEK)

Share price:
155 SEK

Business risk

●●○○○

Valuation risk

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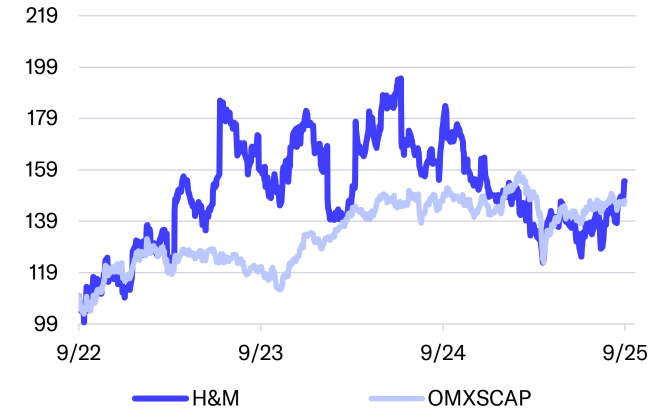
	2024	2025e	2026e	2027e
Revenue	234,478	229,397	242,701	257,946
growth-%	-1%	-2%	6%	6%
EBIT adj.	17,505	15,977	19,533	22,931
EBIT-% adj.	7.5 %	7.0 %	8.0 %	8.9 %
Net Income	11,621	10,511	13,615	16,181
EPS (adj.)	7.3	6.6	8.5	10.1
P/E (adj.)	20.5	23.7	18.3	15.4
P/B	5.2	5.4	5.1	4.9
Dividend yield-%	4.5 %	4.4 %	5.5 %	6.1 %
EV/EBIT (adj.)	17.2	19.6	16.0	13.7
EV/EBITDA	7.7	8.4	7.4	6.8
EV/S	1.3	1.4	1.3	1.2

Source: Inderes

Guidance (Unchanged)

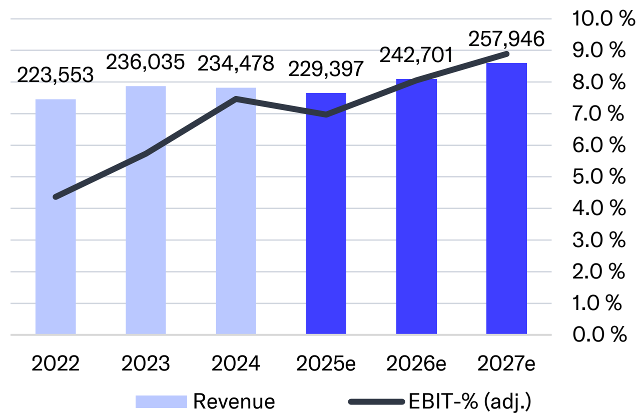
No guidance

Share price



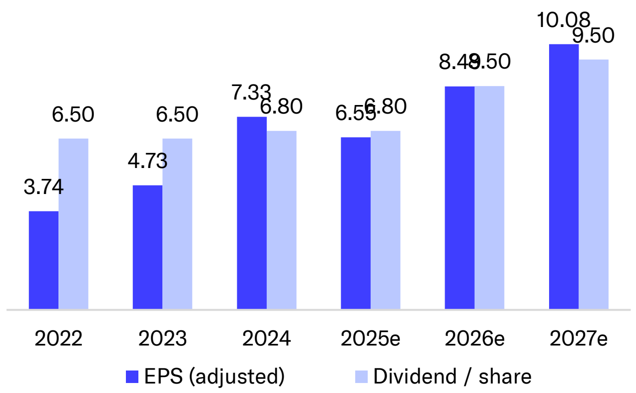
Source: Millistream Market Data AB

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	155	155	155
Number of shares, m	1,605	1,605	1,605
Market cap	248,698	248,698	248,698
EV	312,934	313,184	314,580
P/E (adj.)	23.7	18.3	15.4
P/E	23.7	18.3	15.4
P/B	5.4	5.1	4.9
P/S	1.1	1.0	1.0
EV/Sales	1.4	1.3	1.2
EV/EBITDA	8.4	7.4	6.8
EV/EBIT (adj.)	19.6	16.0	13.7
Payout ratio (%)	104%	100%	94%
Dividend yield-%	4.4 %	5.5 %	6.1 %

Source: Inderes

Soft Q3 sales, but margins hold up

We expect a slight FX-adjusted revenue growth

H&M will report its Q3'25 (June-August) results on Thursday, September 25th, at 8:00 am CET. In connection with its Q2 report, H&M communicated that it expected 3% revenue growth in local currencies in June. However, this includes an approximate one percentage point negative calendar effect. Even when adjusting for this, the sales growth was not particularly encouraging, given the weak comparison figures (-6% in June last year).

For July and August, we believe sales have been soft due to quite slow performance in major markets such as Germany and the US, combined with tariffs that continue to dampen overall consumer sentiment. As a result, we forecast Q3 revenue growth of 1.3% in local currencies. However, due to a 5% negative FX impact, driven by a stronger SEK, we estimate reported revenue will decline by -3.7%, slightly below the consensus forecast.

External factors expected to turn supportive in Q3

In Q2'25, H&M noted that the negative external factors which affected purchasing costs earlier in H1'25 (freight and FX) are expected to turn supportive in H2'25. As a result, we anticipate some benefit from a weaker USD, which would reduce sourcing costs, along with lower freight expenses. Although we expect these positives to be partially offset by higher markdowns, driven by the need to stimulate customer activity, we still estimate a slight improvement in the gross margin, rising from 51.1% in Q3'24 to 51.6% in Q3'25.

Good cost control is expected to support profitability

In our view, H&M demonstrated good cost control in H1'25, with SG&A increasing only 1% y/y in local currencies, compared to 1.5% sales growth. We expect this trend to continue in Q3'25, along with reduced marketing spend compared to the same period last year, which should further support margins. Additionally, we anticipate a positive margin impact from the absence of the ~ 200 MSEK one-off cost in Q3'24 related to the closure of Afound. 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 3,585 MSEK, with the EBIT margin improving from 5.9% to 6.3%.

We expect a continued positive top-line trend

While H&M does not provide financial guidance, it will likely report September sales figures. We expect September sales growth to be quite soft, due to challenging comparison figures (+11% in September 2024), which benefited from favorable weather conditions that supported autumn collection sales. Looking at Q4'25 as a whole, we forecast around 2.0% revenue growth in local currencies. Ahead of any price adjustments, we expect tariffs to weigh on margins. As we have previously stated, at the current level of tariffs, we believe H&M is more likely to raise prices in the US to offset these effects, rather than relocate production. However, we believe such price increases won't materially affect results until 2026.

Estimates MSEK / SEK	Q3'24 Comparison	Q3'25 Actualized	Q3'25e Inderes	Q3'25e Consensus	Consensus Low	-	 High	2025e Inderes
Revenue	59,011		56,850	57,082	56,356	-	58,234	229,397
Gross profit	30,133		29,335	29,449	29,002	-	30,111	121,204
Gross margin %	51.1 %		51.6 %	51.4 %	49.6 %	-	52.0 %	52.8 %
EBIT	3,507		3,585	3,537	2,596	-	4,047	15,977
EPS (reported)	1.43		1.47	1.63	1.36	-	2.03	6.55
Revenue growth-%	-3.1 %		-3.7 %	-3.3 %	-4.5 %	-	-1.3 %	-2.2 %
EBIT-%	5.9 %		6.3 %	6.2 %	4.6 %	-	6.9 %	7.0 %

Source: Inderes & Bloomberg
2025.09.17, 18 analysts (consensus)

Estimate changes 2025e-2027e

Estimate revisions MSEK / SEK	2025e Old	2025e New	Change %	2026e Old	2026e New	Change %	2027e Old	2027e New	Change %
Revenue	232,097	229,397	-1%	245,574	242,701	-1%	261,025	257,946	-1%
EBITDA	37,674	37,275	-1%	42,588	42,208	-1%	46,962	46,520	-1%
EBIT (exc. NRIs)	16,376	15,977	-2%	19,913	19,533	-2%	23,373	22,931	-2%
EBIT	16,376	15,977	-2%	19,913	19,533	-2%	23,373	22,931	-2%
PTP	14,412	14,013	-3%	18,413	18,033	-2%	21,873	21,431	-2%
EPS (excl. NRIs)	6.74	6.55	-3%	8.66	8.49	-2%	10.29	10.08	-2%
DPS	6.80	6.80	0%	8.50	8.50	0%	9.50	9.50	0%

Source: Inderes

We turn to a Sell recommendation

Valuation summary – Sell

We have only made slight downward revisions to our short- and mid-term estimates, which do not warrant any changes to our target price. However, since our last update, the stock price has surged around 15%, leading to high valuation multiples above our acceptable valuation range. While we expect a dividend yield of 5-6% and earnings growth to move in the right direction, although starting from a low base, we believe that the share price is expensive on an actual earnings basis (P/E LTM: 25x). As a result, we maintain our target price of SEK 130 per share but change our recommendation to Sell (previously Reduce).

Acceptable absolute multiples in 2025-26

With our updated estimates, H&M's P/E and EV/EBIT for 2025 are 24x and 20x, respectively. These multiples are above our accepted valuation range, and given the current uncertain operating environment, we view them as expensive. 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 to 2026-27. The headline multiples for 2026 are P/E 18x and EV/EBIT 16x, which look relatively neutral to us. 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 2-4%.

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 18x for 2025 and 15x for 2026, significantly lower than H&M's levels. The values for the peer group vary broadly from around 8x 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 ~24x for 2025 and 2026, i.e., slightly higher than H&M. Inditex has, however, also been growing faster than H&M for some years already. Compared to the overall peer group, we believe that the valuation spread (around 20-30%) 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 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 209 BNSEK, which translates to around SEK 130 per share. This is in line with our target price and significantly below the current share price.

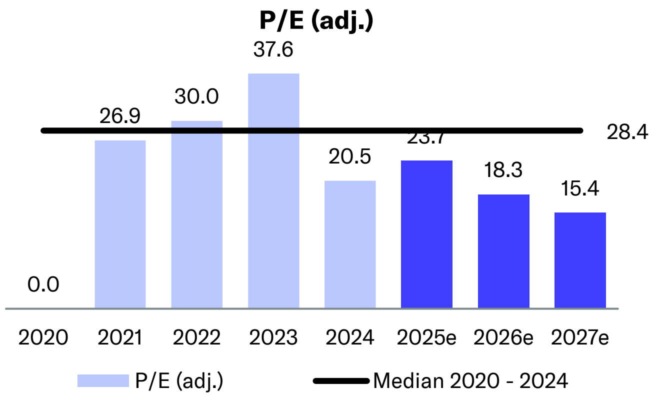
Valuation	2025e	2026e	2027e
Share price	155	155	155
Number of shares, m	1,605	1,605	1,605
Market cap	248,698	248,698	248,698
EV	312,934	313,184	314,580
P/E (adj.)	23.7	18.3	15.4
P/E	23.7	18.3	15.4
P/B	5.4	5.1	4.9
P/S	1.1	1.0	1.0
EV/Sales	1.4	1.3	1.2
EV/EBITDA	8.4	7.4	6.8
EV/EBIT (adj.)	19.6	16.0	13.7
Payout ratio (%)	104%	100%	94%
Dividend yield-%	4.4 %	5.5 %	6.1 %

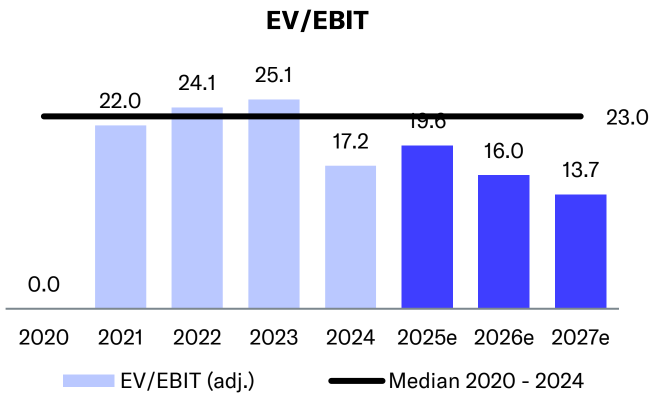
Source: Inderes

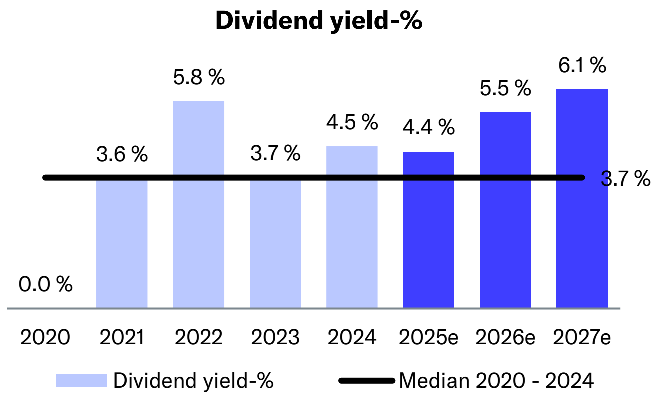
Valuation table

Valuation	2020	2021	2022	2023	2024	2025e	2026e	2027e	2028e
Share price	172	179	112	178	150	**155**	**155**	**155**	**155**
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	**248,698**	**248,698**	**248,698**	**248,698**
EV	348,197	335,147	235,497	339,574	300,289	**312,934**	**313,184**	**314,580**	**317,017**
P/E (adj.)	>100	26.9	30.0	37.6	20.5	**23.7**	**18.3**	**15.4**	**14.1**
P/E	>100	26.9	51.8	33.3	20.8	**23.7**	**18.3**	**15.4**	**14.1**
P/B	5.2	4.9	3.6	6.1	5.2	**5.4**	**5.1**	**4.9**	**4.7**
P/S	1.5	1.5	0.8	1.2	1.0	**1.1**	**1.0**	**1.0**	**0.9**
EV/Sales	1.9	1.7	1.1	1.4	1.3	**1.4**	**1.3**	**1.2**	**1.2**
EV/EBITDA	12.0	8.9	7.9	9.1	7.7	**8.4**	**7.4**	**6.8**	**6.6**
EV/EBIT (adj.)	>100	22.0	24.1	25.1	17.2	**19.6**	**16.0**	**13.7**	**12.8**
Payout ratio (%)	0.0 %	97.7 %	299.8 %	120.9 %	93.9 %	**103.8 %**	**100.2 %**	**94.2 %**	**100.0 %**
Dividend yield-%	0.0 %	3.6 %	5.8 %	3.7 %	4.5 %	**4.4 %**	**5.5 %**	**6.1 %**	**7.1 %**

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 2025e	 2026e	EV/EBITDA 2025e	 2026e	EV/S 2025e	 2026e	P/E 2025e	 2026e	Dividend yield-% 2025e	 2026e	P/B 2025e
Inditex	142,493	138,063	18.5	17.7	13.0	12.5	3.6	3.5	24.2	23.5	3.8	3.8	7.3
Fast Retailing	87,306	81,112	23.1	22.0	18.4	17.4	4.2	3.8	35.6	34.2	1.0	1.0	6.6
Next	16,950	18,977	15.3	14.0	12.5	11.3	2.7	2.5	19.0	17.0	1.9	2.3	7.9
GAP	7,142	6,348	7.3	7.0	4.9	4.8	0.5	0.5	11.2	11.0	2.6	2.8	2.7
Zalando	6,866	5,886	11.6	9.5	6.6	5.6	0.5	0.4	22.3	17.4			2.3
Victoria's Secret	1,827	2,579	8.8	10.0	5.2	5.8	0.5	0.5	11.3	13.2			3.7
Abercombie & Fitch	3,392	2,898	4.7	5.1	3.9	4.1	0.7	0.7	8.3	8.6			2.9
Urban Outfitters	5,305	4,787	12.3	9.6	9.8	7.8	1.0	0.9	17.6	13.4			2.4
H&M (Inderes)	**22,650**	**28,500**	**19.6**	**16.0**	**8.4**	**7.4**	**1.4**	**1.3**	**23.7**	**18.3**	**4.4**	**5.5**	**5.4**
Average			**12.7**	**11.9**	**9.3**	**8.7**	**1.7**	**1.6**	**18.7**	**17.3**	**2.3**	**2.5**	**4.5**
Median			**11.9**	**9.8**	**8.2**	**6.8**	**0.9**	**0.8**	**18.3**	**15.2**	**2.3**	**2.5**	**3.3**
Diff-% to median			***64%***	***64%***	***3%***	***9%***	***59%***	***63%***	***29%***	***20%***	***93%***	***118%***	***65%***

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**	**56,850**	**60,500**	**229,397**	**242,701**	**257,946**	**275,068**
EBITDA	**37,492**	**38,904**	**6,652**	**10,963**	**8,985**	**10,675**	**37,275**	**42,208**	**46,520**	**48,298**
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**	**3,585**	**5,275**	**15,977**	**19,533**	**22,931**	**24,810**
EBIT	**14,537**	**17,306**	**1,203**	**5,914**	**3,585**	**5,275**	**15,977**	**19,533**	**22,931**	**24,810**
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**	**3,135**	**4,825**	**14,013**	**18,033**	**21,431**	**23,310**
Taxes	-4,287	-3,859	-183	-1,329	-784	-1,206	-3,502	-4,418	-5,251	-5,711
Minority interest	0	37	0	0	0	0	0	0	0	0
Net earnings	**8,723**	**11,621**	**579**	**3,962**	**2,351**	**3,619**	**10,511**	**13,615**	**16,181**	**17,599**
EPS (adj.)	**4.7**	**7.3**	**0.4**	**2.5**	**1.5**	**2.3**	**6.6**	**8.5**	**10.1**	**11.0**
EPS (rep.)	**5.3**	**7.2**	**0.4**	**2.5**	**1.5**	**2.3**	**6.6**	**8.5**	**10.1**	**11.0**

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 %	-3.7 %	-2.7 %	-2.2 %	5.8 %	6.3 %	6.6 %
Adjusted EBIT growth-%	38.7 %	29.3 %	-42.1 %	-19.0 %	2.2 %	14.1 %	-8.7 %	22.3 %	17.4 %	8.2 %
EBITDA-%	15.9 %	16.6 %	12.0 %	19.3 %	15.8 %	17.6 %	16.2 %	17.4 %	18.0 %	17.6 %
Adjusted EBIT-%	5.7 %	7.5 %	2.2 %	10.4 %	6.3 %	8.7 %	7.0 %	8.0 %	8.9 %	9.0 %
Net earnings-%	3.7 %	5.0 %	1.0 %	7.0 %	4.1 %	6.0 %	4.6 %	5.6 %	6.3 %	6.4 %

Source: Inderes

Full-year earnings per share are calculated using the number of shares at year-end.

Balance sheet

Assets	2023	2024	2025e	2026e	2027e
Non-current assets	**100744**	**104487**	**107689**	**109994**	**111874**
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
Current assets	**80529**	**75727**	**72260**	**67956**	**72225**
Inventories	37358	40348	37851	38832	41271
Other current assets	0.0	0.0	0.0	0.0	0.0
Receivables	16773	18039	16058	16989	18056
Cash and equivalents	26398	17340	18352	12135	12897
Balance sheet total	**181273**	**180214**	**179949**	**177950**	**184099**

Source: Inderes

Liabilities & equity	2023	2024	2025e	2026e	2027e
Equity	**47601**	**46211**	**45811**	**48515**	**51058**
Share capital	207	207	207	207	207
Retained earnings	41198	39559	39159	41863	44406
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**	**84138**	**79435**	**83042**
Interest bearing debt	15157	12476	32588	26621	28780
Payables	21027	24417	21793	23057	24505
Other current liabilities	31743	29757	29757	29757	29757
Balance sheet total	**181273**	**180214**	**179949**	**177950**	**184099**

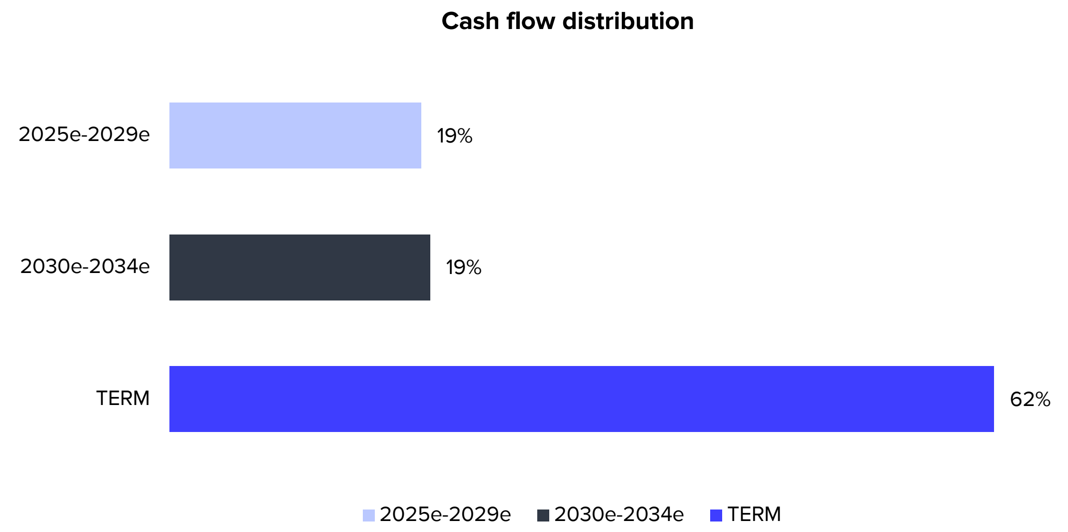
DCF-calculation

DCF model	2024	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	2034e	TERM
Revenue growth-%	-0.7 %	-2.2 %	5.8 %	6.3 %	6.6 %	5.0 %	5.0 %	5.0 %	5.0 %	5.0 %	2.5 %	2.5 %
EBIT-%	7.4 %	7.0 %	8.0 %	8.9 %	9.0 %	9.0 %	9.0 %	9.0 %	9.0 %	9.0 %	8.5 %	8.5 %
EBIT (operating profit)	**17,306**	**15,977**	**19,533**	**22,931**	**24,810**	**25,994**	**27,294**	**28,658**	**30,091**	**31,596**	**30,742**	
+ Depreciation	21,598	21,298	22,675	23,589	23,487	23,522	24,136	24,727	24,678	25,076	26,330	
- Paid taxes	-3,716	-5,744	-4,418	-5,251	-5,711	-6,001	-6,319	-6,654	-7,005	-7,373	-7,532	
- 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	1,854	-649	-2,058	-2,312	-1,857	-1,950	-2,047	-2,149	-2,257	-1,204	
Operating cash flow	**31,870**	**32,894**	**36,773**	**38,844**	**39,908**	**41,291**	**42,793**	**44,317**	**45,248**	**46,674**	**48,337**	
+ 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	-24,960	-26,827	-30,676	-29,317	
Free operating cash flow	**6,379**	**7,761**	**11,793**	**13,374**	**13,939**	**14,813**	**15,796**	**19,357**	**18,420**	**15,998**	**19,020**	
+/- 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	5,761	9,793	11,374	11,939	12,813	13,796	17,357	16,420	13,998	17,020	293,554
Discounted FCFF		**5,629**	**8,821**	**9,444**	**9,137**	**9,039**	**8,971**	**10,404**	**9,073**	**7,129**	**7,990**	**137,819**
Sum of FCFF present value		223,455	217,825	209,005	199,561	190,424	181,386	172,415	162,011	152,938	145,809	137,819

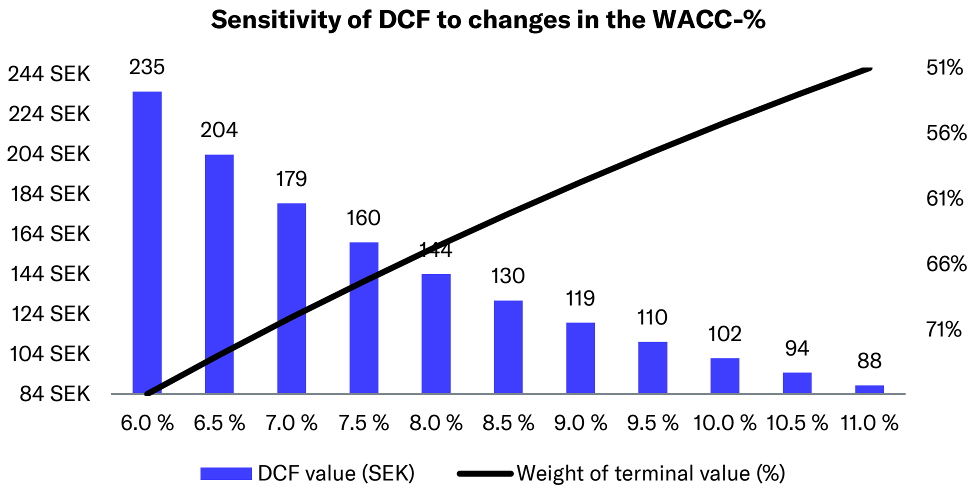
Enterprise value DCF	**223,455**
- Interest bearing debt	-20,540
+ Cash and cash equivalents	17,340
-Minorities	0
-Dividend/capital return	-10,911
Equity value DCF	**209,344**
Equity value DCF per share	**130**

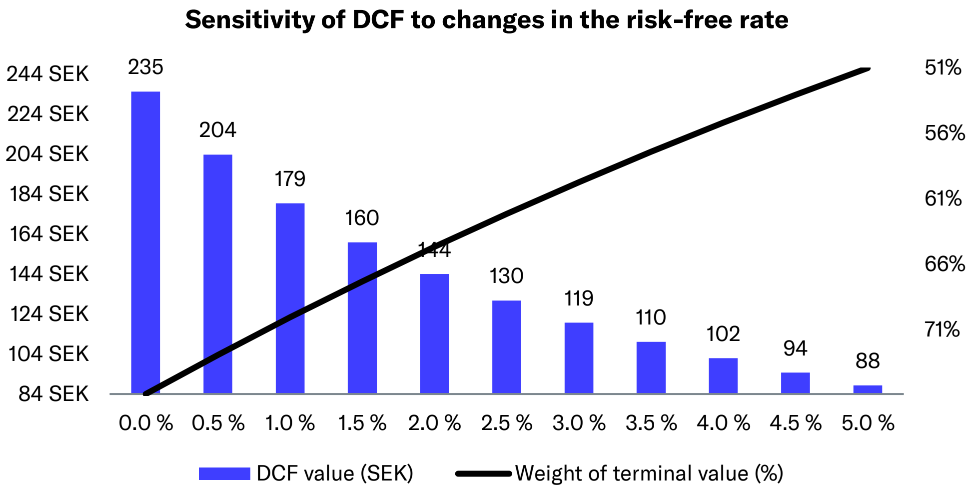
WACC	
Tax-% (WACC)	24.0 %
Target debt ratio (D/(D+E)	0.0 %
Cost of debt	5.0 %
Equity Beta	1.26
Market risk premium	4.75%
Liquidity premium	0.00%
Risk free interest rate	2.5 %
Cost of equity	**8.5 %**
Weighted average cost of capital (WACC)	**8.5 %**

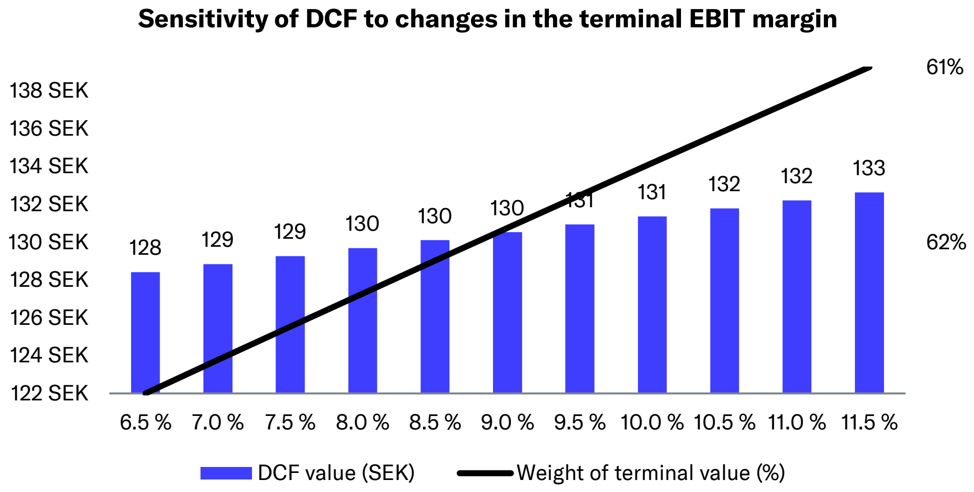
Source: Inderes

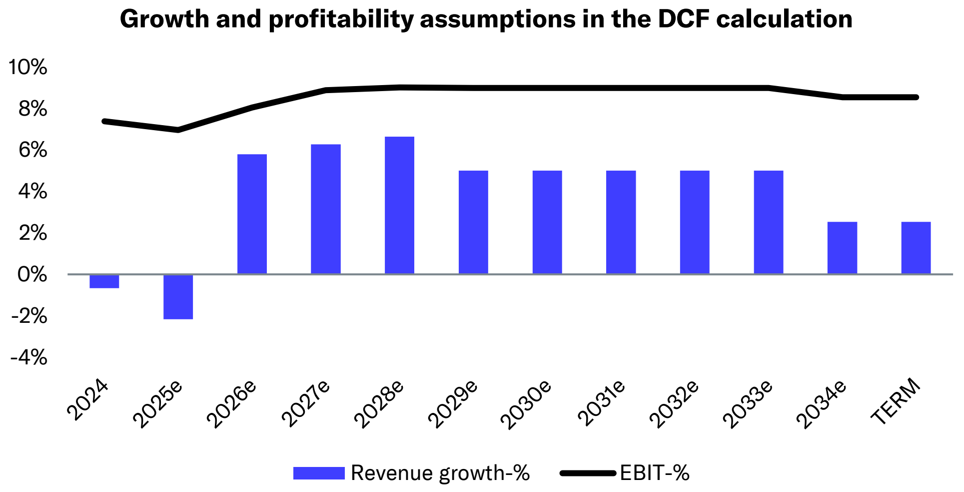


DCF sensitivity calculations and key assumptions in graphs









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
Revenue	223,553	236,035	234,478	**229,397**	**242,701**
EBITDA	29,748	37,492	38,904	**37,275**	**42,208**
EBIT	7,169	14,537	17,306	**15,977**	**19,533**
PTP	6,216	13,010	15,443	**14,013**	**18,033**
Net Income	3,566	8,723	11,621	**10,511**	**13,615**
Extraordinary items	-2,591	999	-199	**0**	**0**

Balance sheet	2022	2023	2024	2025e	2026e
Balance sheet total	182,048	181,273	180,214	**179,949**	**177,950**
Equity capital	50,757	47,601	46,211	**45,811**	**48,515**
Goodwill	64	1,013	1,013	**1,013**	**1,013**
Net debt	50,928	51,572	59,614	**64,236**	**64,486**

Cash flow	2022	2023	2024	2025e	2026e
EBITDA	29,748	37,492	38,904	**37,275**	**42,208**
Change in working capital	-539	1,830	-2,852	**1,854**	**-649**
Operating cash flow	25,091	34,505	31,870	**32,894**	**36,773**
CAPEX	-23,581	-22,298	-25,608	**-24,500**	**-24,980**
Free cash flow	1,660	10,199	4,379	**5,761**	**9,793**

Valuation multiples	2022	2023	2024	2025e	2026e
EV/S	1.1	1.4	1.3	**1.4**	**1.3**
EV/EBITDA	7.9	9.1	7.7	**8.4**	**7.4**
EV/EBIT (adj.)	24.1	25.1	17.2	**19.6**	**16.0**
P/E (adj.)	30.0	37.6	20.5	**23.7**	**18.3**
P/B	3.6	6.1	5.2	**5.4**	**5.1**
Dividend-%	5.8 %	3.7 %	4.5 %	**4.4 %**	**5.5 %**

Source: Inderes

Per share data	2022	2023	2024	2025e	2026e
EPS (reported)	2.2	5.3	7.2	**6.6**	**8.5**
EPS (adj.)	3.7	4.7	7.3	**6.6**	**8.5**
OCF / share	15.2	21.1	19.8	**20.5**	**22.9**
OFCF / share	1.0	6.2	2.7	**3.6**	**6.1**
Book value / share	30.8	29.1	28.7	**28.6**	**30.2**
Dividend / share	6.5	6.5	6.8	**6.8**	**8.5**

Growth and profitability	2022	2023	2024	2025e	2026e
Revenue growth-%	12%	6%	-1%	**-2%**	**6%**
EBITDA growth-%	-21%	26%	4%	**-4%**	**13%**
EBIT (adj.) growth-%	-36%	39%	29%	**-9%**	**22%**
EPS (adj.) growth-%	-44%	26%	55%	**-11%**	**30%**
EBITDA-%	13.3 %	15.9 %	16.6 %	**16.2 %**	**17.4 %**
EBIT (adj.)-%	4.4 %	5.7 %	7.5 %	**7.0 %**	**8.0 %**
EBIT-%	3.2 %	6.2 %	7.4 %	**7.0 %**	**8.0 %**
ROE-%	6.4 %	17.7 %	24.8 %	**22.8 %**	**28.9 %**
ROI-%	5.7 %	11.7 %	13.9 %	**12.7 %**	**15.4 %**
Equity ratio	27.9 %	26.3 %	25.6 %	**25.5 %**	**27.3 %**
Gearing	100.3 %	108.3 %	129.0 %	**140.2 %**	**132.9 %**

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. Per-share figures are calculated using the number of shares at year-end.

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Accumulate	The 12-month risk-adjusted expected shareholder return of the share is attractive
Reduce	The 12-month risk-adjusted expected shareholder return of the share is weak
Sell	The 12-month risk-adjusted expected shareholder return of the share is very weak

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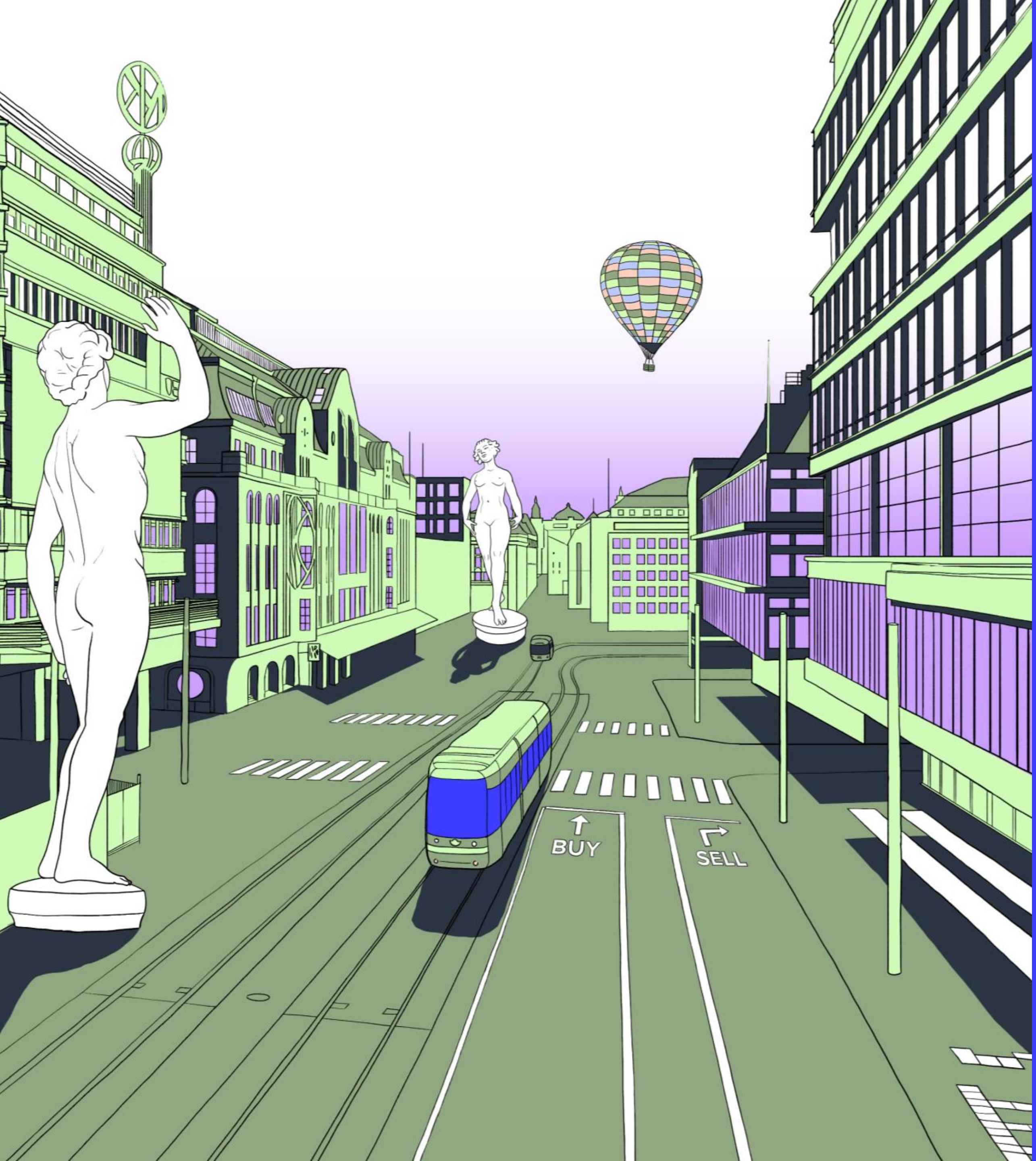
Recommendation history (>12 mo)

Date	Recommendation	Target	Share price
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	155



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