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Lucas Mattsson, Head of Equity Research, Sweden
+46 731589485
lucas.mattsson@inderes.com

COMPANY REPORT



Soft topline, but margins resilient so far

We believe revenue growth remained soft in H&M's Q2 (Mar-May), driven by weak market data, reflecting softer consumer confidence and cold weather in April. As a result, we have revised our estimates downward. That said, we still believe supply-chain efficiencies, good operational cost control, and external margin tailwinds should continue to support profitability in Q2. 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 but lower our target price to SEK 150 per share (prev. SEK 155), mainly due to reduced estimates.

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.

Weak topline, resilient margins

In connection with its Q1 report, H&M communicated that it expected modest growth of 1% in local currencies in March 2026. Since then, we believe market data has deteriorated, especially in Germany and Eastern Europe, reflecting softer consumer confidence and cold weather in April. As a result, we forecast revenue to decline 1% in local currencies in Q2'26.

As for margins, the company guided for the overall effect of external factors (such as material, freight, and transactional FX) to be somewhat positive versus the corresponding quarter last year. At the same time, H&M guided for the cost of markdowns as a percentage of sales to be somewhat higher year-on-year, driven mainly by its push to activate demand in a price-sensitive environment. Given this, together with ongoing supply-chain efficiencies, we expect the gross margin to expand by

approximately 1.0 percentage point, rising from 55.4% to 56.4%. On fixed costs, we expect continued strong cost control from efficiency measures, including logistics gains and more effective marketing. Overall, we estimate absolute EBIT will increase to SEK 6,174m, with the EBIT margin improving from 10.4% to 11.3%.

Revenue acceleration looks set for beyond 2026

H&M has launched strategic initiatives across product (greater trend responsiveness via a consolidated supplier base and more near-shoring), omnichannel experience (a more inspiration-led website and an optimized store portfolio), and brand relevance (stronger marketing and higher returns on ad spend), but these have yet to translate into meaningful sales growth. Together with weak market data and low consumer confidence, we believe this suggests a more meaningful acceleration is likely pushed beyond 2026, prompting us to lower revenue estimates by some 1-3% and absolute EBIT estimates by some 2-6% for 2026-2028. On margins, we believe the gross margin tailwind is fading as supply-chain efficiencies mature in H2'26, while freight and raw material price increases pose a risk unless passed through to consumers. On costs, H&M has shown solid operating control through store optimization, inventory productivity, and more efficient marketing, though we expect OPEX to grow in H2'26 on the phasing of technology investment, in line with guidance.

We still believe that the valuation is stretched

In our view, the valuation multiples are high in absolute terms, and the DCF and relative valuation paint a similar picture. H&M's strong brand and healthy balance sheet are convincing, but topline concerns remain, and without sustained revenue growth it will be difficult to demonstrate durable long-term earnings growth. In the absence of clear evidence supporting such growth, we view the risk/reward as unattractive and continue to wait for more favorable entry points.

Recommendation

Sell

(prev. Sell)

Target price:

150 SEK

(prev. 155 SEK)

Share price:

167 SEK

Business risk



Valuation risk



	2025	2026e	2027e	2028e
Revenue	228,285	222,057	228,961	240,660
growth-%	-3%	-3%	3%	5%
EBIT adj.	18,395	19,173	21,311	22,527
EBIT-% adj.	8.1 %	8.6 %	9.3 %	9.4 %
Net Income	12,158	12,762	14,858	15,770
EPS (adj.)	7.6	8.0	9.3	9.9
P/E (adj.)	22.6	20.9	18.0	16.9
P/B	6.4	6.0	5.7	5.3
Dividend yield-%	4.2 %	4.5 %	4.8 %	5.1 %
EV/EBIT (adj.)	18.0	16.8	14.9	14.0
EV/EBITDA	8.4	8.2	7.5	7.5
EV/S	1.4	1.5	1.4	1.3

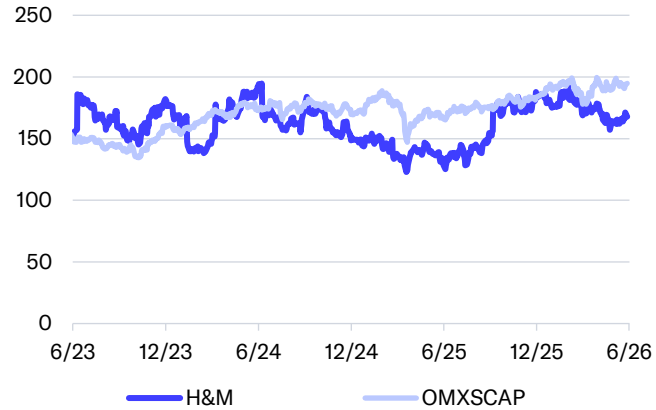
Source: Inderes

Guidance

(Unchanged)

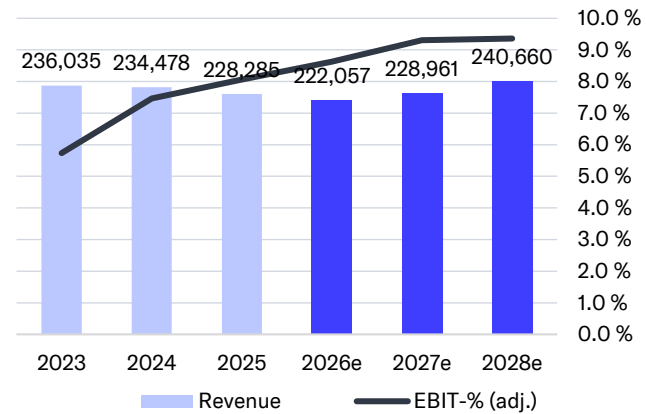
No guidance

Share price



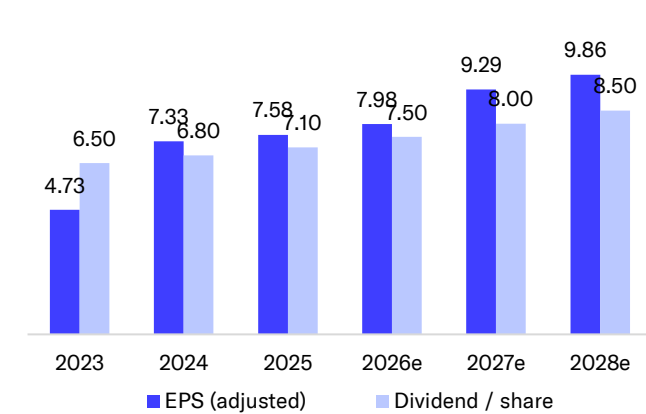
Source: Millstream Market Data AB

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
Share price	167	167	167
Number of shares, m	1,599	1,599	1,599
Market cap	267,012	267,012	267,012
EV	322,665	317,197	314,806
P/E (adj.)	20.9	18.0	16.9
P/E	20.9	18.0	16.9
P/B	6.0	5.7	5.3
P/S	1.2	1.2	1.1
EV/Sales	1.5	1.4	1.3
EV/EBITDA	8.2	7.5	7.5
EV/EBIT (adj.)	16.8	14.9	14.0
Payout ratio (%)	94%	86%	86%
Dividend yield-%	4.5 %	4.8 %	5.1 %

Source: Inderes

Weak topline, resilient margins

Weaker market data points to a local-currency decline

H&M will report its Q2'26 (Mar-May) results on Thursday, June 25, at 8:00 am CET. In connection with its Q1 report, H&M communicated that it expected modest growth of 1% in local currencies in March 2026. Since then, we believe market data has deteriorated, especially in Germany and Eastern Europe, reflecting softer consumer confidence and cold weather in April. As a result, we forecast revenue to decline 1% in local currencies, driven by these factors, as well as the ongoing optimization of the store portfolio, which continues to weigh on sales growth. In reported terms, we expect revenue to fall roughly 4%, below consensus, due to a negative FX impact (-3%) from a stronger SEK.

External tailwinds and supply-chain gains drive expansion

In connection with its Q1 report, H&M provided some

guidance for the Q2'26 gross margin. The company guided for the overall effect of external factors (such as material, freight, and transactional FX) to be somewhat positive versus the corresponding quarter last year. At the same time, H&M guided for the cost of markdowns as a percentage of sales to be somewhat higher year-on-year, driven mainly by its push to activate demand in a price-sensitive environment. Given this, together with ongoing supply-chain efficiencies, we expect the gross margin to expand by approximately 1.0 percentage point, rising from 55.4% to 56.4%.

Good cost control, partly offset by FX deleverage

On fixed costs, we expect continued strong cost control from efficiency measures, including logistics gains and more effective marketing. 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 absolute EBIT will increase to 6,174 MSEK,

with the EBIT margin improving from 10.4% to 11.3%, slightly below consensus. Further down the income statement, we expect EPS to rise to SEK 2.64 per share.

We forecast continued slow growth

While H&M does not provide formal guidance, it is expected to publish June sales alongside the Q2 report. Although we do not model current trading for Q3, we forecast local-currency sales growth of around 1% in Q3'26 and around 0.5% for FY2026. We expect the gross margin to hold around 54–55% in the coming years, with roughly 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	Q2'25	Q2'26	Q2'26e	Q2'26e	Consensus		2026e
	Comparison	Actualized	Inderes	Consensus	Low	High	Inderes
Revenue	56,714		54,600	55,259	54,445	- 56,333	222,057
Gross profit	31,425		30,794	31,155	30,712	- 31,796	120,609
Gross margin	55.4 %		56.4 %	56.5 %	55.7 %	- 57.1 %	54.3 %
EBIT	5,914		6,174	6,373	5,836	- 6,871	19,173
EPS (reported)	2.48		2.64	2.77	2.52	- 2.95	7.98
Revenue growth-%	-4.9 %		-3.7 %	-2.6 %	-4.0 %	- -0.7 %	-2.7 %
EBIT-%	10.4 %		11.3 %	11.5 %	10.7 %	- 12.2 %	8.6 %

Source: Inderes & Bloomberg
2026.06.16, 22 analysts
(consensus)

We have lowered our estimates for the coming years

Strategic initiatives are well-founded, but acceleration looks set for beyond 2026

H&M has made strategic initiatives around product and customer experience:

Product - increased trend responsiveness by consolidating the supplier base and raising the share of near-shoring, which enables more in-season buying.

Omnichannel experience - upgraded the online store toward a more inspiration-led website, with improvements to relevance and search results. Alongside this, the company is optimizing its store portfolio: closing low-productivity stores, refurbishing existing ones, and opening new stores in growth markets.

Brand relevance - efforts around stronger marketing campaigns and driving higher returns on advertising spend.

While we feel these efforts appear well-founded, they have yet to translate into meaningful sales growth. Together with

weak market data and low consumer confidence, this suggests a more meaningful acceleration is likely to be pushed beyond 2026. As a result, we have taken a more cautious stance on revenue, lowering our estimates by some 1-3% for 2026-2028.

Lower revenue and fading margin tailwinds weigh on EBIT estimates

Given lower revenue estimates, our absolute EBIT estimates have also come down by some 2-6% over 2026-2028.

From a cost perspective, we believe the gross margin tailwind is fading as supply-chain efficiencies gradually mature in H2'26. In addition, while freight and raw material price increases have not yet affected the company, we see these as a risk to gross margins unless successfully passed through to the consumer via pricing. On OPEX, H&M has demonstrated solid operating cost control in recent periods through store portfolio optimization, inventory productivity,

and more efficient marketing investment. However, we expect OPEX to grow in H2'26 related to the phasing of technology investments, in line with the company's guidance.

Long-term estimates

In the longer term, we expect mid-single-digit revenue growth, which should support operating leverage. We anticipate gross margin expansion toward 54-55%, beyond this level, we expect the company to reinvest additional margin gains into the product offering to drive volume growth. We forecast the EBIT margin to increase from 8.1% in 2025 and stabilize around 9-9.5% over the long term, supported by solid sales growth and continued operational efficiencies. While H&M continues to target a long-term EBIT margin of 10%, we remain somewhat cautious. In our view, the highly competitive market environment is likely to limit pricing power, making it challenging for the company to sustainably achieve this target.

Estimate revisions	2026e	2026e	Change	2027e	2027e	Change	2028e	2028e	Change
MSEK / SEK	Old	New	%	Old	New	%	Old	New	%
Revenue	223,257	222,057	-1%	236,895	228,961	-3%	249,000	240,660	-3%
EBITDA	39,911	39,578	-1%	43,414	42,093	-3%	43,632	42,241	-3%
EBIT (excl. NRIs)	19,506	19,173	-2%	22,632	21,311	-6%	23,919	22,527	-6%
EBIT	19,506	19,173	-2%	22,632	21,311	-6%	23,919	22,527	-6%
PTP	17,283	16,950	-2%	21,132	19,811	-6%	22,419	21,027	-6%
EPS (excl. NRIs)	8.11	7.98	-2%	9.88	9.29	-6%	10.48	9.86	-6%
DPS	7.50	7.50	0%	8.50	8.00	-6%	9.00	8.50	-6%

Source: Inderes

We reiterate our Sell recommendation

Valuation summary - Sell

We expect investors to receive an annual dividend yield of around 4-5% 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 expensive based on actual earnings (P/E Q1'26 LTM: ~22x), and H&M's expected return is lower than the required return. As a result, we reiterate our Sell recommendation and lower our target price to SEK 150 per share (prev. SEK 155), mainly due to reduced estimates.

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 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 18x 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 beyond 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 14-19 BSEK, which implies a free cash flow yield of around 4-6%.

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 19x for 2026 and 14x 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 29x for 2026 and 26x for 2027, i.e., well above H&M. However, Inditex has also significantly outperformed H&M in terms of revenue growth and profitability. In our view, compared to the overall peer group, the valuation premium (around 20-25%) 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 242 BSEK, which translates to around SEK 152 per share. This is roughly in line with our target price and below the current share price.

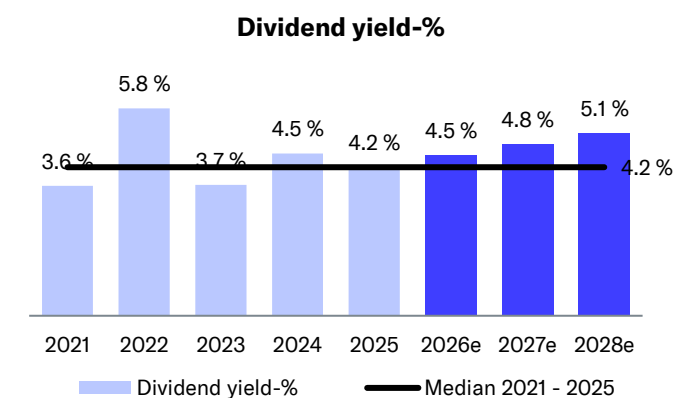
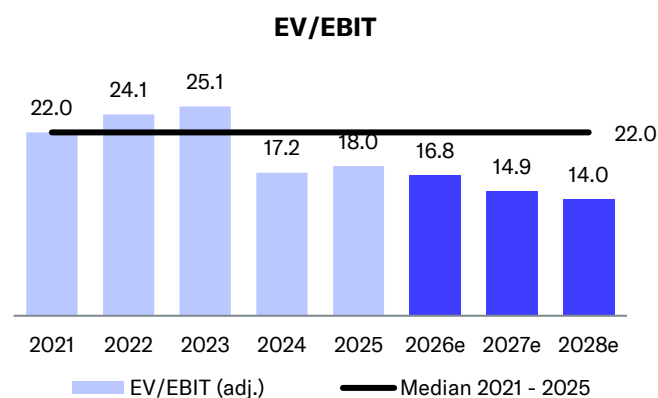
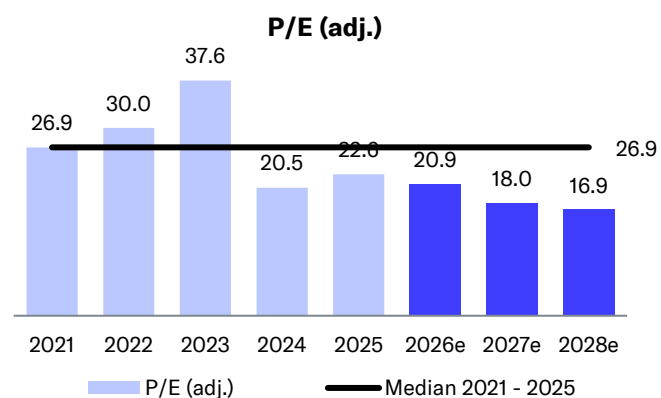
Valuation	2026e	2027e	2028e
Share price	167	167	167
Number of shares, m	1,599	1,599	1,599
Market cap	267,012	267,012	267,012
EV	322,665	317,197	314,806
P/E (adj.)	20.9	18.0	16.9
P/E	20.9	18.0	16.9
P/B	6.0	5.7	5.3
P/S	1.2	1.2	1.1
EV/Sales	1.5	1.4	1.3
EV/EBITDA	8.2	7.5	7.5
EV/EBIT (adj.)	16.8	14.9	14.0
Payout ratio (%)	94%	86%	86%
Dividend yield-%	4.5 %	4.8 %	5.1 %

Source: Inderes

Valuation table

Valuation	2021	2022	2023	2024	2025	2026e	2027e	2028e	2029e
Share price	179	112	178	150	171	167	167	167	167
Number of shares, millions	1655.1	1645.5	1633.5	1611.7	1604.5	1598.9	1598.9	1598.9	1598.9
Market cap	295,927	184,569	288,002	240,675	273,638	267,012	267,012	267,012	267,012
EV	335,147	235,497	339,574	300,289	330,277	322,665	317,197	314,806	313,473
P/E (adj.)	26.9	30.0	37.6	20.5	22.6	20.9	18.0	16.9	16.3
P/E	26.9	51.8	33.3	20.8	22.6	20.9	18.0	16.9	16.3
P/B	4.9	3.6	6.1	5.2	6.4	6.0	5.7	5.3	5.0
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	7.5	7.5	7.4
EV/EBIT (adj.)	22.0	24.1	25.1	17.2	18.0	16.8	14.9	14.0	13.4
Payout ratio (%)	97.7 %	299.8 %	120.9 %	93.9 %	93.4 %	94.0 %	86.1 %	86.2 %	100.0 %
Dividend yield-%	3.6 %	5.8 %	3.7 %	4.5 %	4.2 %	4.5 %	4.8 %	5.1 %	6.2 %

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	176,527	171,771	21.6	19.8	15.4	14.2	4.3	4.0	28.5	26.0	3.1	3.4	8.7
Fast Retailing	138,805	129,426	37.6	38.8	25.7	23.3	6.1	5.5	50.0	44.5	0.8	0.8	9.7
Next	19,667	21,778	15.4	14.6	12.5	11.7	2.8	2.6	19.4	18.0	4.2	2.9	8.6
GAP	6,854	5,933	6.1	5.9	4.3	4.1	0.5	0.4	10.3	9.3	2.9	3.1	2.3
Zalando	6,420	6,732	13.1	9.4	6.5	5.6	0.5	0.5	18.9	13.6			2.0
Abercombie & Fitch	3,487	2,968	5.2	5.2	4.2	4.1	0.7	0.6	9.2	8.5			2.9
Urban Outfitters	5,681	5,334	10.4	9.2	8.4	7.5	1.0	0.9	14.5	12.5			2.4
H&M (Inderes)	24,632	29,766	16.8	14.9	8.2	7.5	1.5	1.4	20.9	18.0	4.5	4.8	6.0
Average			15.6	14.7	11.0	10.1	2.3	2.1	21.5	18.9	2.8	2.5	5.2
Median			13.1	9.4	8.4	7.5	1.0	0.9	18.9	13.6	3.0	3.0	2.9
Diff-% to median			29%	59%	-3%	0%	45%	51%	11%	32%	48%	61%	105%

Source: Refinitiv / Inderes

Income statement

Income statement	2024	2025	Q1'26	Q2'26e	Q3'26e	Q4'26e	2026e	2027e	2028e	2029e
Revenue	234,478	228,285	49,607	54,600	57,600	60,250	222,057	228,961	240,660	251,331
EBITDA	38,904	39,535	6,317	11,274	10,346	11,641	39,578	42,093	42,241	42,434
Depreciation	-21,598	-21,140	-4,805	-5,100	-5,200	-5,300	-20,405	-20,782	-19,714	-19,029
EBIT (excl. NRI)	17,506	18,395	1,512	6,174	5,146	6,341	19,173	21,311	22,527	23,404
EBIT	17,306	18,395	1,512	6,174	5,146	6,341	19,173	21,311	22,527	23,404
Net financial items	-1,863	-2,193	-573	-550	-600	-500	-2,223	-1,500	-1,500	-1,500
PTP	15,443	16,202	939	5,624	4,546	5,841	16,950	19,811	21,027	21,904
Taxes	-3,859	-4,117	-235	-1,406	-1,137	-1,460	-4,238	-4,953	-5,257	-5,476
Minority interest	37	73	20	10	10	10	50	0	0	0
Net earnings	11,621	12,158	724	4,228	3,420	4,390	12,762	14,858	15,770	16,428
EPS (adj.)	7.3	7.6	0.5	2.6	2.1	2.7	8.0	9.3	9.9	10.3
EPS (rep.)	7.2	7.6	0.5	2.6	2.1	2.7	8.0	9.3	9.9	10.3

Key figures	2024	2025	Q1'26	Q2'26e	Q3'26e	Q4'26e	2026e	2027e	2028e	2029e
Revenue growth-%	-0.7 %	-2.6 %	-10.3 %	-3.7 %	1.0 %	1.7 %	-2.7 %	3.1 %	5.1 %	4.4 %
Adjusted EBIT growth-%	29.3 %	5.1 %	25.7 %	4.4 %	4.7 %	-0.4 %	4.2 %	11.2 %	5.7 %	3.9 %
EBITDA-%	16.6 %	17.3 %	12.7 %	20.6 %	18.0 %	19.3 %	17.8 %	18.4 %	17.6 %	16.9 %
Adjusted EBIT-%	7.5 %	8.1 %	3.0 %	11.3 %	8.9 %	10.5 %	8.6 %	9.3 %	9.4 %	9.3 %
Net earnings-%	5.0 %	5.3 %	1.5 %	7.7 %	5.9 %	7.3 %	5.7 %	6.5 %	6.6 %	6.5 %

Source: Inderes

Balance sheet

Assets	2024	2025	2026e	2027e	2028e
Non-current assets	104487	97778	95376	92953	91961
Goodwill	1013	1013	1013	1013	1013
Intangible assets	7717	6734	6934	7134	7334
Tangible assets	86220	82534	79932	77309	76117
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
Current assets	75727	72495	62176	62964	66181
Inventories	40348	35427	34419	34344	36099
Other current assets	0.0	0.0	0.0	0.0	0.0
Receivables	18039	16160	16654	17172	18049
Cash and equivalents	17340	20908	11103	11448	12033
Balance sheet total	180214	170273	157552	155917	158143

Source: Inderes

Liabilities & equity	2024	2025	2026e	2027e	2028e
Equity	46211	42947	44348	47214	50193
Share capital	207	207	207	207	207
Retained earnings	39559	39443	40844	43710	46689
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
Non-current liabilities	67353	65723	50000	50000	50000
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
Current liabilities	66650	61603	63204	58703	57950
Interest bearing debt	12476	14314	16756	11634	9828
Payables	24417	20826	19985	20606	21659
Other current liabilities	29757	26463	26463	26463	26463
Balance sheet total	180214	170273	157552	155917	158143

DCF-calculation

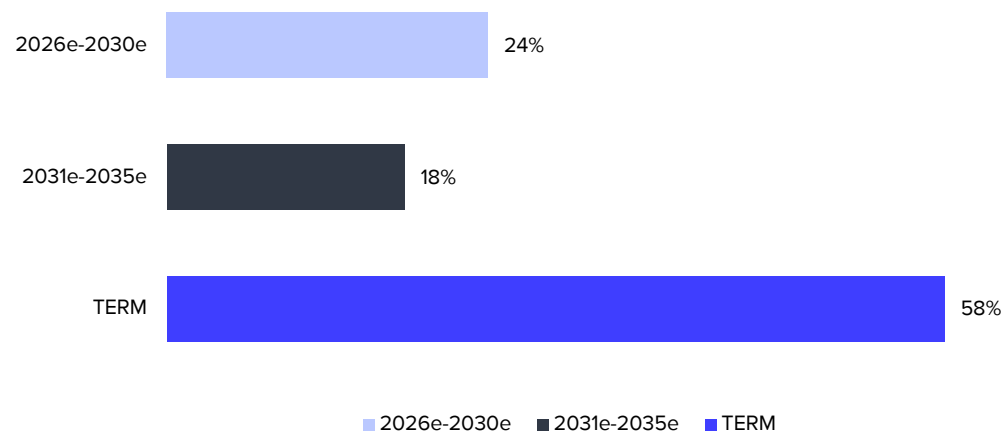
DCF model	2025	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	2034e	2035e	TERM
Revenue growth-%	-2.6 %	-2.7 %	3.1 %	5.1 %	4.4 %	5.0 %	5.0 %	5.0 %	5.0 %	5.0 %	2.5 %	2.5 %
EBIT-%	8.1 %	8.6 %	9.3 %	9.4 %	9.3 %	9.5 %	9.5 %	9.5 %	9.5 %	9.5 %	9.0 %	9.0 %
EBIT (operating profit)	18,395	19,173	21,311	22,527	23,404	25,070	26,324	27,640	29,022	30,473	29,591	
+ Depreciation	21,140	20,405	20,782	19,714	19,029	18,995	19,064	19,212	19,421	19,679	19,974	
- Paid taxes	-3,693	-6,191	-4,953	-5,257	-5,476	-5,893	-6,206	-6,535	-6,881	-7,244	-7,398	
- Tax, financial expenses	-557	-556	-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	-327	178	-1,579	-1,441	-1,696	-1,781	-1,870	-1,964	-2,062	-1,083	
Operating cash flow	35,200	32,504	36,944	35,029	35,142	36,101	37,025	38,071	39,223	40,471	41,084	
+ Change in other long-term liabilities	-96	-537	0	0	0	0	0	0	0	0	0	
- Gross CAPEX	-15,277	-18,003	-18,359	-18,722	-19,093	-19,471	-21,620	-20,534	-20,959	-21,394	-21,140	
Free operating cash flow	19,827	13,964	18,584	16,307	16,049	16,630	15,405	17,537	18,264	19,077	19,944	
+/- 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	11,964	16,584	14,307	14,049	14,630	13,405	15,537	16,264	17,077	17,944	307,312
Discounted FCFF		11,448	14,627	11,632	10,529	10,107	8,536	9,120	8,800	8,517	8,250	141,283
Sum of FCFF present value		242,848	231,400	216,773	205,141	194,612	184,505	175,970	166,850	158,050	149,533	141,283
Enterprise value DCF		242,848										
- Interest bearing debt		-10,047										
+ Cash and cash equivalents		20,908										
+ Associated companies		0										
-Minorities		0										
-Dividend/capital return		-11,362										
Equity value DCF		242,347										
Equity value DCF per share		152										

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 %

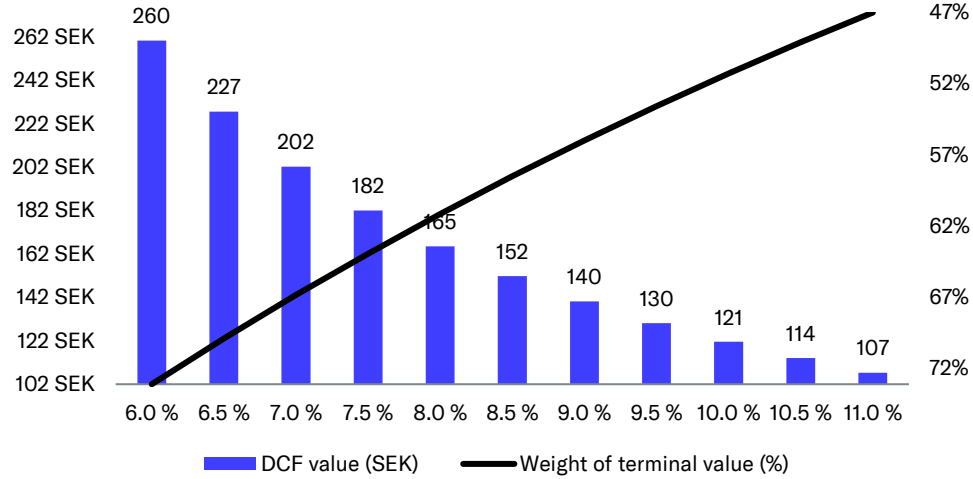
Source: Inderes

Cash flow distribution

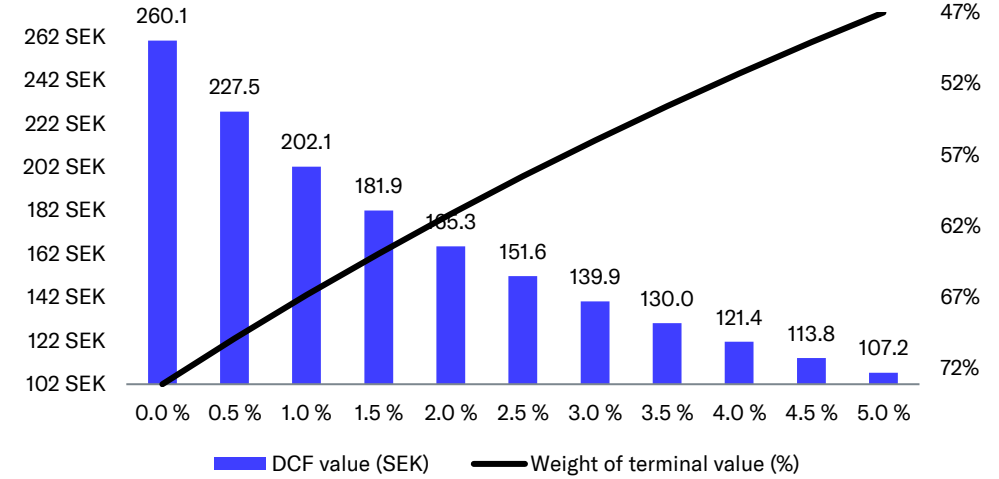


DCF sensitivity calculations and key assumptions in graphs

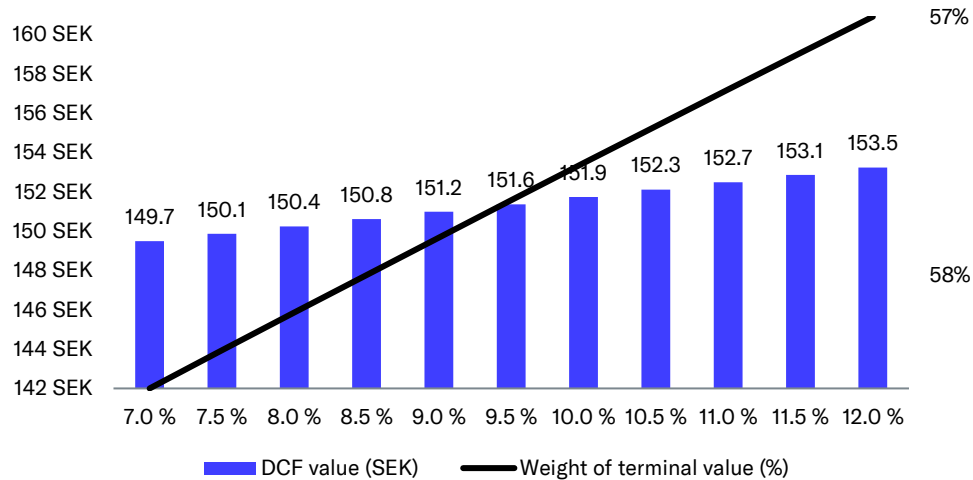
Sensitivity of DCF to changes in the WACC-%



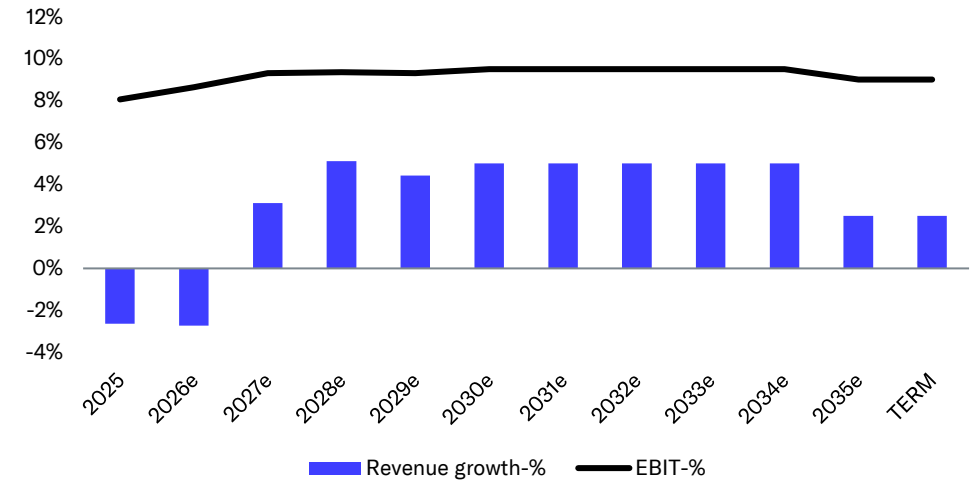
Sensitivity of DCF to changes in the risk-free rate



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	222,057	228,961	EPS (reported)	5.3	7.2	7.6	8.0	9.3
EBITDA	37,492	38,904	39,535	39,578	42,093	EPS (adj.)	4.7	7.3	7.6	8.0	9.3
EBIT	14,537	17,306	18,395	19,173	21,311	OCF / share	21.1	19.8	21.9	20.3	23.1
PTP	13,010	15,443	16,202	16,950	19,811	OFCF / share	6.2	2.7	11.1	7.5	10.4
Net Income	8,723	11,621	12,158	12,762	14,858	Book value / share	29.1	28.7	26.8	27.7	29.5
Extraordinary items	999	-200	0	0	0	Dividend / share	6.5	6.8	7.1	7.5	8.0
Balance sheet	2023	2024	2025	2026e	2027e	Growth and profitability	2023	2024	2025	2026e	2027e
Balance sheet total	181,273	180,214	170,273	157,552	155,917	Revenue growth-%	6%	-1%	-3%	-3%	3%
Equity capital	47,601	46,211	42,947	44,348	47,214	EBITDA growth-%	26%	4%	2%	0%	6%
Goodwill	1,013	1,013	1,013	1,013	1,013	EBIT (adj.) growth-%	39%	29%	5%	4%	11%
Net debt	51,572	59,614	56,639	55,653	50,186	EPS (adj.) growth-%	26%	55%	3%	5%	16%
						EBITDA-%	15.9 %	16.6 %	17.3 %	17.8 %	18.4 %
Cash flow	2023	2024	2025	2026e	2027e	EBIT (adj.)-%	5.7 %	7.5 %	8.1 %	8.6 %	9.3 %
EBITDA	37,492	38,904	39,535	39,578	42,093	EBIT-%	6.2 %	7.4 %	8.1 %	8.6 %	9.3 %
Change in working capital	1,830	-2,852	-85	-327	178	ROE-%	17.7 %	24.8 %	27.3 %	29.2 %	32.5 %
Operating cash flow	34,505	31,870	35,200	32,504	36,944	ROI-%	11.7 %	13.9 %	15.1 %	16.6 %	19.4 %
CAPEX	-22,298	-25,608	-15,277	-18,003	-18,359	Equity ratio	26.3 %	25.6 %	25.2 %	28.1 %	30.3 %
Free cash flow	10,199	4,379	17,827	11,964	16,584	Gearing	108.3 %	129.0 %	131.9 %	125.5 %	106.3 %
						Net debt/EBITDA	1.4	1.5	1.4	1.4	1.2
						EBITDA/net financials	24.6	20.9	18.0	17.8	28.1
Valuation multiples	2023	2024	2025	2026e	2027e						
EV/S	1.4	1.3	1.4	1.5	1.4						
EV/EBITDA	9.1	7.7	8.4	8.2	7.5						
EV/EBIT (adj.)	25.1	17.2	18.0	16.8	14.9						
P/E (adj.)	37.6	20.5	22.6	20.9	18.0						
P/B	6.1	5.2	6.4	6.0	5.7						
Dividend-%	3.7 %	4.5 %	4.2 %	4.5 %	4.8 %						

Source: Inderes

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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	156
2025-09-26	Sell	140	171
2025-01-22	Sell	140	176
2025-01-30	Sell	155	176
2026-03-19	Sell	155	175
2026-03-27	Sell	155	171
2026-06-17	Sell	150	167



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Inderes Ab

Vattugatan 17, 5tr
Stockholm
+46 8 411 43 80

inderes.se

Inderes Oyj

Porkkalankatu 5
00180 Helsinki
+358 10 219 4690

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