H&M

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COMPANY REPORT

No signs of a turnaround yet

H&M will report its Q2'25 (March-May) results on Thursday, June 26th, at 8:00 am CET. While H&M is progressing through its turnaround, we believe there will be limited visibility of this in Q2, due to modest sales growth and continued headwinds to gross margins. In our view, the valuation multiples are still on the high side, and we therefore see little upside on a 12-month horizon. As a result, we reiterate our Reduce recommendation and target price of SEK 130 per share.

We expect another challenging quarter

Whilst H&M already in connection with its Q1 report, disclosed slightly positive growth (+1%) for March, we expect that the market has continued to be soft since then. We forecast Q2 revenue growth to be 1.5% in local currencies, roughly in line with consensus. However, we expect a -5.5% negative FX impact, due to the strengthening SEK, leading to -4.5% reported revenue growth. In the lower lines, we expect the gross margin to again move lower, dragged by similar factors to Q1. Regarding operating costs, H&M reported solid cost control in the last quarter, despite increased marketing costs. For Q2'25, we expect the company to continue to show good operational cost control, together with a margin tailwind from the 199 MSEK one-off cost in Q2'24 associated with the cost-saving program. On the other hand, we expect some OPEX deleverage related to FX, as SEK represents a greater share of H&M's operating costs than sales. In addition, higher marketing costs are expected to further pressure the EBIT margin. Overall, we therefore estimate the EBIT margin to decline from 11.9% to 9.8%.

We have revised our estimates

For Q2'25, we have lowered our revenue growth estimates in local currencies by 150 bps to 1.5%, due to somewhat more subdued markets than previously anticipated. Looking ahead to H2, with limited evidence of a market turnaround and question marks over H2 performance in the US if retailers start to pass through price increases to consumers, we remain cautious on our top-line estimates. As a result, we have lowered our revenue estimates by some 2% for 2025. On the gross margin side, we still expect that the effect of external factors, markdowns and price investments, combined with ongoing supply chain benefits, will have a positive effect in H2. However, lower revenue estimates and some fine-tuning in the cost estimates lead to 5% lower earnings expectations for the current year.

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. Given the timing of stock shipments, we expect impacts of tariffs to start during Q3. At current levels, it is possible that some of the increased costs could be passed on to consumers through price adjustments. However, depending on the magnitude of the tariffs, it could be difficult for H&M to fully offset the impact through pricing, increasing the risk of further margin pressure.

We stay on the sidelines

With our updated estimates, H&M's P/E and EV/EBIT for 2025 are 20 and 17x, respectively. These multiples are in the higher range of our accepted valuation multiples, and we view them as relatively neutral at best, given the current uncertain operating environment. More attractive valuation levels may only emerge when looking at the multiples for 2026 (P/E: 15x), although these estimates depend on uncertain improvements in earnings, which have so far disappointed. The DCF is also not sufficiently higher than the current share price, suggesting limited upside to the valuation. Overall, we therefore currently believe that the stock is fairly priced given the uncertain operating environment.

Recommendation
Reduce
(prev. Reduce)

Target price:
130 SEK
(prev. 130 SEK)

Share price:
131 SEK

Business risk

Valuation risk

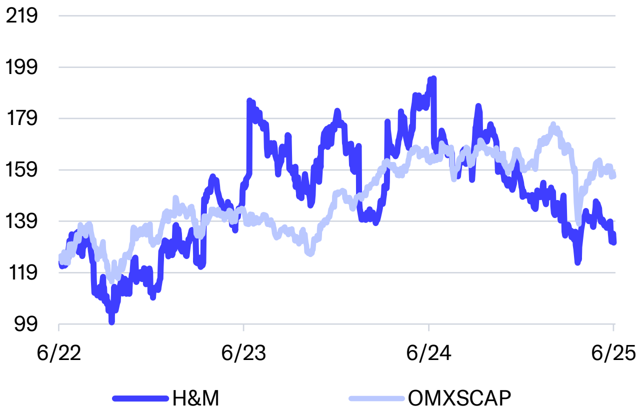
	2024	2025e	2026e	2027e
Revenue	234,478	232,333	245,830	261,305
growth-%	-1%	-1%	6%	6%
EBIT adj.	17,505	15,754	19,917	23,385
EBIT-% adj.	7.5 %	6.8 %	8.1 %	8.9 %
Net Income	11,621	10,480	13,905	16,523
EPS (adj.)	7.3	6.5	8.7	10.3
P/E (adj.)	20.5	20.1	15.1	12.7
P/B	5.2	4.6	4.3	4.1
Dividend yield-%	4.5 %	5.2 %	6.5 %	7.3 %
EV/EBIT (adj.)	17.2	17.4	13.8	11.8
EV/EBITDA	7.7	7.3	6.5	5.9
EV/S	1.3	1.2	1.1	1.1

Source: Inderes

Guidance (Unchanged)

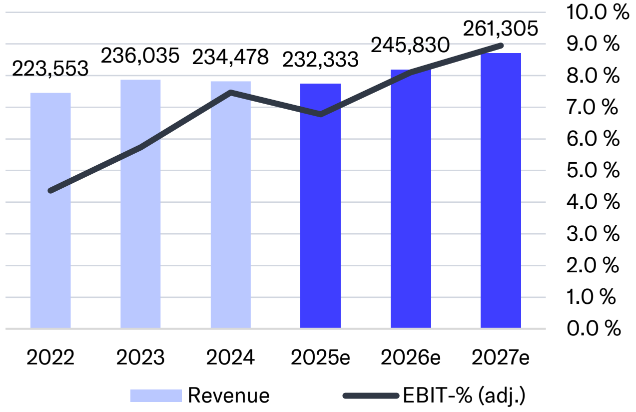
No guidance

Share price



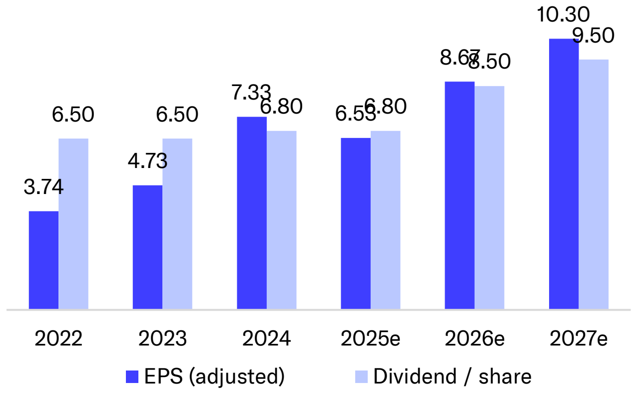
Source: Millistream Market Data AB

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	131	131	131
Number of shares, m	1,605	1,605	1,605
Market cap	210,190	210,190	210,190
EV	274,517	274,577	275,730
P/E (adj.)	20.1	15.1	12.7
P/E	20.1	15.1	12.7
P/B	4.6	4.3	4.1
P/S	0.9	0.9	0.8
EV/Sales	1.2	1.1	1.1
EV/EBITDA	7.3	6.5	5.9
EV/EBIT (adj.)	17.4	13.8	11.8
Payout ratio (%)	104%	98%	92%
Dividend yield-%	5.2 %	6.5 %	7.3 %

Source: Inderes

Another challenging quarter

We expect slight revenue growth but headwind from FX

H&M will report its Q2'25 (March-May) results on Thursday, June 26th, at 8:00 am CET. In connection with its Q1 report, H&M communicated that it expected 1% revenue growth in local currencies in March. While H&M is progressing through its turnaround, we believe there will be limited visibility of this in Q2, due to the unhelpful weather conditions around Europe and the uncertainty around tariffs affecting overall consumer sentiment. As a result, we forecast Q2 revenue growth to be 1.5% in local currencies, roughly in line with consensus. However, we expect a -5.5% negative FX impact, due to the strengthening SEK, leading to -4.5% reported revenue growth.

Continued headwinds to gross margins

In Q2, H&M will continue to face several gross margin headwinds, although with less negative impact than in Q1'25, including external factors (freight and FX), increased markdowns and lower prices. While we expect this to be partially offset by ongoing supply chain benefits, we estimate the gross margin to decline from 56.3% to 54.8%, below consensus forecasts.

Regarding operating costs, H&M reported solid cost control in the latest quarter, despite increased marketing costs. For Q2'25, we expect the company to continue to show good operational cost control, together with a margin tailwind from the 199 MSEK one-off cost in Q2'24 associated with the cost-saving program. On the other hand, we expect some OPEX deleverage related to FX, as SEK represents a greater share of H&M's operating costs than sales. In addition, higher marketing costs are expected to further pressure the EBIT margin.

Overall, we therefore estimate absolute EBIT to decrease to 5,609 MSEK and profitability (EBIT-%) to decline from 11.9% to 9.8%.

We expect a positive top-line and margin trend, but uncertainty is high

While H&M does not provide financial guidance, it will likely publish sales figures for most of June. We expect 3.0% growth in local currencies for Q3'25 and 2.5% growth for the full year of 2025. Given the timing of stock shipments, we expect impacts of tariffs to start during Q3. At current levels, it is possible that some of the increased costs could be passed on to consumers through price adjustments. However, depending on the magnitude of the tariffs, it could be difficult for H&M to fully offset the impact through pricing, increasing the risk of further margin pressure. While it remains difficult to predict the final structure and level of tariffs or their full impact, trade tensions clearly pose a negative risk to the outlook.

Estimates	Q2'24	Q2'25	Q2'25e	Q2'25e	Consensus			2025e
MSEK / SEK	Comparison	Actualized	Inderes	Consensus	Low		High	Inderes
Revenue	59,605		56,950	57,363	56,395	-	60,201	232,333
Gross profit	33,569		31,209	31,740	30,854	-	33,138	122,370
Gross margin %	56.3 %		54.8 %	55.4 %	54.7 %	-	57.7 %	52.7 %
EBIT	7,098		5,609	6,195	5,538	-	7,120	15,754
EPS (reported)	3.10		2.41	2.61	2.25	-	3.13	6.53
Revenue growth-%	3.5 %		-4.5 %	-3.8 %	-5.4 %	-	1.0 %	-0.9 %
EBIT-%	11.9 %		9.8 %	10.8 %	9.8 %	-	11.8 %	6.8 %

Source: Inderes & Bloomberg
2025.09.06, 15 analysts (consensus)

We have revised our short-term estimates downward

Estimate changes 2025e-2027e

- For Q2'25, we have lowered our revenue growth estimates in local currencies by 150 bps to 1.5%, due to somewhat more subdued markets than previously anticipated. Looking ahead to H2, with limited evidence of a market turnaround and question marks over H2 performance in the US if retailers start to pass through price increases to consumers, we remain cautious on our top-line estimates. As a result, we have lowered our revenue estimates by some 2% for 2025.
- On the gross margin side, we still expect that the effect of external factors, markdowns and price investments, combined with ongoing supply chain benefits, will have a positive effect in H2. However, lower revenue estimates and some fine-tuning in the cost estimates lead to 5% lower earnings expectations for the current year.
- We have kept our mid- to long-term estimates largely unchanged. We still anticipate mid-single-digit growth over the medium term. Given our expectation of a relatively stable gross margin in the coming years, this should provide some operational leverage. As we have stated previously, we expect H&M to be negatively affected by tariffs. Given the timing of stock shipments, we expect impacts of tariffs to start during Q3. At current levels, it is possible that some of the increased costs could be passed on to consumers through price adjustments. However, depending on the magnitude of the tariffs, it could be difficult for H&M to fully offset the impact through pricing, increasing the risk of further margin pressure.

Estimate revisions MSEK / SEK	2025e Old	2025e New	Change %	2026e Old	2026e New	Change %	2027e Old	2027e New	Change %
Revenue	238,133	232,333	-2%	249,325	245,830	-1%	264,988	261,305	-1%
EBITDA	38,089	37,403	-2%	42,804	42,503	-1%	47,226	46,906	-1%
EBIT (exc. NRIs)	16,440	15,754	-4%	20,218	19,917	-1%	23,705	23,385	-1%
EBIT	16,440	15,754	-4%	20,218	19,917	-1%	23,705	23,385	-1%
PTP	14,649	13,963	-5%	18,718	18,417	-2%	22,205	21,885	-1%
EPS (excl. NRIs)	6.85	6.53	-5%	8.81	8.67	-2%	10.45	10.30	-1%
DPS	7.50	6.80	-9%	8.50	8.50	0%	9.50	9.50	0%

Source: Inderes

Weak risk/reward given the uncertain environment

Valuation summary – Reduce

We forecast earnings growth to start materializing from H2'25 as the company faces easier comparable figures and margins start to improve slightly. We expect H&M to distribute most of its earnings and free cash flow as dividends, resulting in a dividend yield of 5-6%. The valuation is currently in the higher range of our accepted valuation multiples and the share is around the levels of our DCF value. We therefore see little upside on a 12-month horizon.

Acceptable absolute multiples in 2025-26

With our updated estimates, H&M's P/E and EV/EBIT for 2025 are 20x and 17x, respectively. These multiples are in the higher range of our accepted valuation multiples and given the current uncertain operating environment, we view them as relatively neutral at best. H&M is, however, showing an ongoing margin recovery (even if it has been slower than expected), which we expect to stretch out to 2026-27. The headline multiples for 2026 are P/E 15x and EV/EBIT 14x, which look relatively modest. Obviously, they require the expected margin improvement to materialize, which has disappointed in recent quarters.

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 3-5%.

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 19x for 2025, lower than H&M's, and for 2026, the multiples are slightly above H&M's level. The values for the peer group vary broadly from around 7x 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 23x for 2026, i.e., higher than H&M. Inditex has, however, also been growing faster than H&M for some years already. Compared to peers, we believe that H&M is at least not significantly mispriced.

DCF suggests the current price is fair

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 131 per share. This is roughly in line with our target price and current share price, suggesting limited upside.

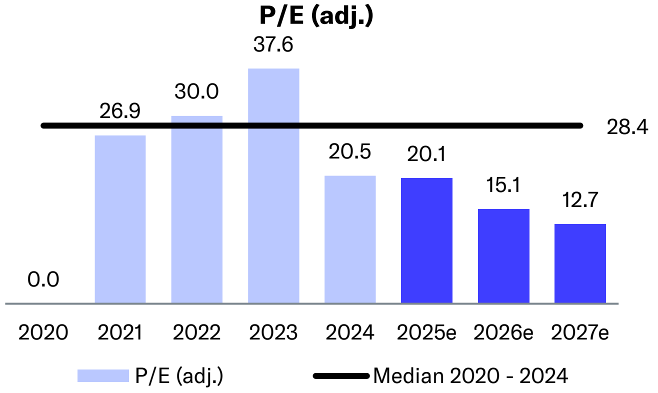
Valuation	2025e	2026e	2027e
Share price	131	131	131
Number of shares, m	1,605	1,605	1,605
Market cap	210,190	210,190	210,190
EV	274,517	274,577	275,730
P/E (adj.)	20.1	15.1	12.7
P/E	20.1	15.1	12.7
P/B	4.6	4.3	4.1
P/S	0.9	0.9	0.8
EV/Sales	1.2	1.1	1.1
EV/EBITDA	7.3	6.5	5.9
EV/EBIT (adj.)	17.4	13.8	11.8
Payout ratio (%)	104%	98%	92%
Dividend yield-%	5.2 %	6.5 %	7.3 %

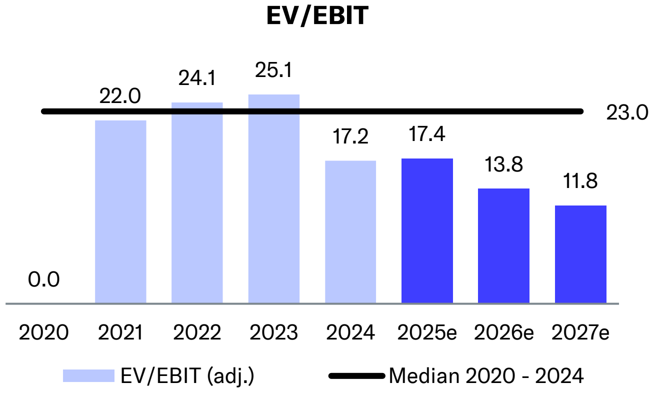
Source: Inderes

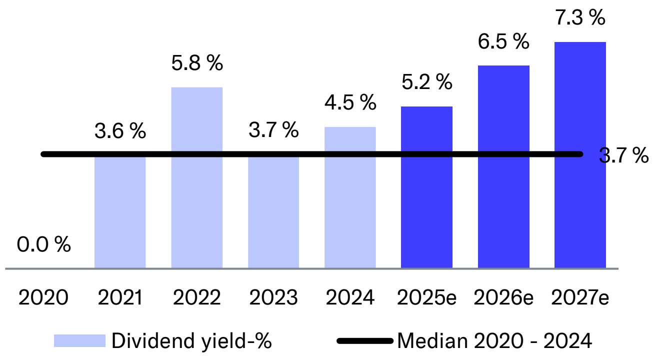
Valuation table

Valuation	2020	2021	2022	2023	2024	2025e	2026e	2027e	2028e
Share price	172	179	112	178	150	**131**	**131**	**131**	**131**
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	**210,190**	**210,190**	**210,190**	**210,190**
EV	348,197	335,147	235,497	339,574	300,289	**274,517**	**274,577**	**275,730**	**277,665**
P/E (adj.)	>100	26.9	30.0	37.6	20.5	**20.1**	**15.1**	**12.7**	**11.8**
P/E	>100	26.9	51.8	33.3	20.8	**20.1**	**15.1**	**12.7**	**11.8**
P/B	5.2	4.9	3.6	6.1	5.2	**4.6**	**4.3**	**4.1**	**3.9**
P/S	1.5	1.5	0.8	1.2	1.0	**0.9**	**0.9**	**0.8**	**0.8**
EV/Sales	1.9	1.7	1.1	1.4	1.3	**1.2**	**1.1**	**1.1**	**1.0**
EV/EBITDA	12.0	8.9	7.9	9.1	7.7	**7.3**	**6.5**	**5.9**	**5.7**
EV/EBIT (adj.)	>100	22.0	24.1	25.1	17.2	**17.4**	**13.8**	**11.8**	**11.0**
Payout ratio (%)	0.0 %	97.7 %	299.8 %	120.9 %	93.9 %	**104.1 %**	**98.1 %**	**92.3 %**	**100.0 %**
Dividend yield-%	0.0 %	3.6 %	5.8 %	3.7 %	4.5 %	**5.2 %**	**6.5 %**	**7.3 %**	**8.5 %**

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	142,618	137,420	18.4	17.6	13.0	12.4	3.6	3.4	24.2	23.3	3.8	3.9	7.3
Fast Retailing	89,380	81,826	22.4	21.4	17.7	16.7	4.0	3.7	35.5	33.5	1.0	1.0	6.6
Next	18,143	20,203	16.0	14.9	13.1	12.0	2.9	2.6	19.9	18.1	1.8	2.0	8.3
GAP	6,810	6,180	6.9	6.4	4.6	4.4	0.5	0.5	10.4	9.6	2.8	3.0	2.5
Zalando	7,589	6,817	13.6	11.1	7.7	6.8	0.6	0.6	24.2	18.9			2.5
Victoria's Secret	1,283	2,120	7.1	8.1	4.2	4.7	0.4	0.4	7.8	9.2			2.6
Abercombie & Fitch	3,083	2,574	4.0	4.4	3.4	3.5	0.6	0.6	7.3	7.4			2.5
Urban Outfitters	5,477	5,075	12.8	10.1	10.1	8.3	1.1	1.0	17.8	14.1			2.5
H&M (Inderes)	**19,143**	**25,002**	**17.4**	**13.8**	**7.3**	**6.5**	**1.2**	**1.1**	**20.1**	**15.1**	**5.2**	**6.5**	**4.6**
Average			**12.6**	**11.8**	**9.2**	**8.6**	**1.7**	**1.6**	**18.4**	**16.7**	**2.4**	**2.5**	**4.3**
Median			**13.2**	**10.6**	**8.9**	**7.6**	**0.8**	**0.8**	**18.9**	**16.1**	**2.3**	**2.5**	**2.5**
Diff-% to median			***32%***	***30%***	***-18%***	***-14%***	***42%***	***44%***	***6%***	***-6%***	***123%***	***159%***	***80%***

Source: Refinitiv / Inderes

Income statement

Income statement	2023	2024	Q1'25	Q2'25e	Q3'25e	Q4'25e	2025e	2026e	2027e	2028e
Revenue	**236,035**	**234,478**	**55,333**	**56,950**	**58,150**	**61,900**	**232,333**	**245,830**	**261,305**	**276,158**
EBITDA	**37,492**	**38,904**	**6,652**	**11,009**	**8,947**	**10,795**	**37,403**	**42,503**	**46,906**	**48,574**
Depreciation	-22,955	-21,598	-5,449	-5,400	-5,400	-5,400	-21,649	-22,586	-23,521	-23,438
EBIT (excl. NRI)	**13,538**	**17,505**	**1,203**	**5,609**	**3,547**	**5,395**	**15,754**	**19,917**	**23,385**	**25,135**
EBIT	**14,537**	**17,306**	**1,203**	**5,609**	**3,547**	**5,395**	**15,754**	**19,917**	**23,385**	**25,135**
Net financial items	-1,527	-1,863	-441	-450	-450	-450	-1,791	-1,500	-1,500	-1,500
PTP	**13,010**	**15,443**	**762**	**5,159**	**3,097**	**4,945**	**13,963**	**18,417**	**21,885**	**23,635**
Taxes	-4,287	-3,859	-183	-1,290	-774	-1,236	-3,483	-4,512	-5,362	-5,791
Minority interest	0	37	0	0	0	0	0	0	0	0
Net earnings	**8,723**	**11,621**	**579**	**3,869**	**2,323**	**3,709**	**10,480**	**13,905**	**16,523**	**17,845**
EPS (adj.)	**4.7**	**7.3**	**0.4**	**2.4**	**1.4**	**2.3**	**6.5**	**8.7**	**10.3**	**11.1**
EPS (rep.)	**5.3**	**7.2**	**0.4**	**2.4**	**1.4**	**2.3**	**6.5**	**8.7**	**10.3**	**11.1**

Key figures	2023	2024	Q1'25	Q2'25e	Q3'25e	Q4'25e	2025e	2026e	2027e	2028e
Revenue growth-%	5.6 %	-0.7 %	3.1 %	-4.5 %	-1.5 %	-0.5 %	-0.9 %	5.8 %	6.3 %	5.7 %
Adjusted EBIT growth-%	38.7 %	29.3 %	-42.1 %	-23.1 %	1.1 %	16.7 %	-10.0 %	26.4 %	17.4 %	7.5 %
EBITDA-%	15.9 %	16.6 %	12.0 %	19.3 %	15.4 %	17.4 %	16.1 %	17.3 %	18.0 %	17.6 %
Adjusted EBIT-%	5.7 %	7.5 %	2.2 %	9.8 %	6.1 %	8.7 %	6.8 %	8.1 %	8.9 %	9.1 %
Net earnings-%	3.7 %	5.0 %	1.0 %	6.8 %	4.0 %	6.0 %	4.5 %	5.7 %	6.3 %	6.5 %

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**	**107338**	**109732**	**111681**
Goodwill	1013	1013	1013	1013	1013
Intangible assets	8712	7717	8217	8717	9217
Tangible assets	81536	86220	88571	90465	91914
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**	**73185**	**68832**	**73165**
Inventories	37358	40348	38335	39333	41809
Other current assets	0.0	0.0	0.0	0.0	0.0
Receivables	16773	18039	16263	17208	18291
Cash and equivalents	26398	17340	18587	12292	13065
Balance sheet total	**181273**	**180214**	**180523**	**178565**	**184846**

Source: Inderes

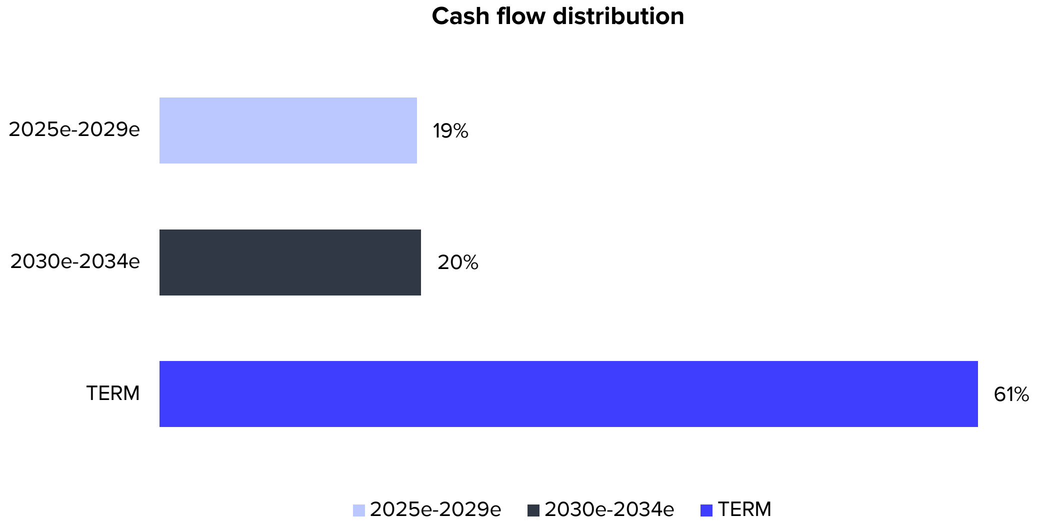
Liabilities & equity	2023	2024	2025e	2026e	2027e
Equity	**47601**	**46211**	**45780**	**48775**	**51659**
Share capital	207	207	207	207	207
Retained earnings	41198	39559	39128	42123	45007
Hybrid bonds	0.0	0.0	0.0	0.0	0.0
Revaluation reserve	0.0	0.0	0.0	0.0	0.0
Other equity	6196	6445	6445	6445	6445
Minorities	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**	**84743**	**79790**	**83187**
Interest bearing debt	15157	12476	32914	26679	28606
Payables	21027	24417	22072	23354	24824
Other current liabilities	31743	29757	29757	29757	29757
Balance sheet total	**181273**	**180214**	**180523**	**178565**	**184846**

DCF-calculation

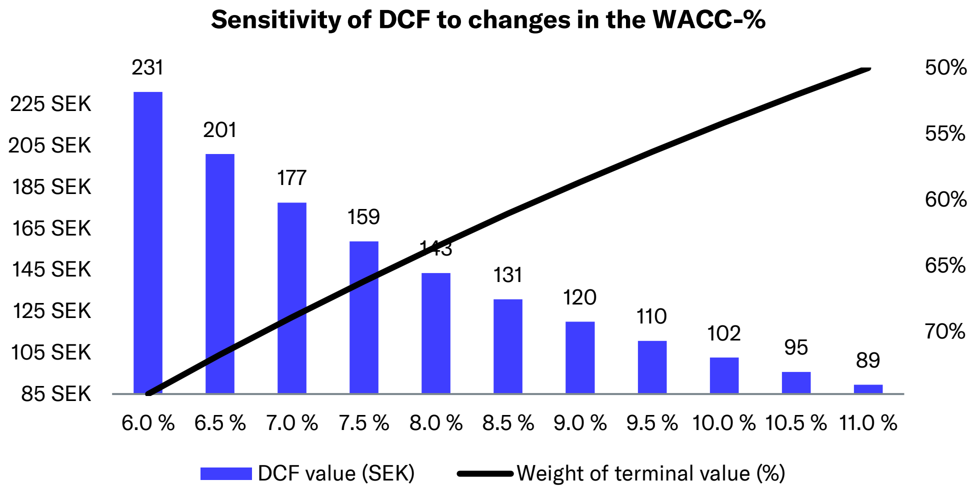
DCF model	2024	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	2034e	TERM
Revenue growth-%	-0.7 %	-0.9 %	5.8 %	6.3 %	5.7 %	5.0 %	5.0 %	5.0 %	5.0 %	5.0 %	2.5 %	2.5 %
EBIT-%	7.4 %	6.8 %	8.1 %	8.9 %	9.1 %	9.0 %	9.0 %	9.0 %	9.0 %	9.0 %	8.5 %	8.5 %
EBIT (operating profit)	**17,306**	**15,754**	**19,917**	**23,385**	**25,135**	**26,097**	**27,402**	**28,772**	**30,210**	**31,721**	**30,708**	
+ Depreciation	21,598	21,649	22,586	23,521	23,438	23,486	24,109	24,706	24,776	25,175	26,434	
- Paid taxes	-3,716	-5,725	-4,512	-5,362	-5,791	-6,026	-6,346	-6,682	-7,034	-7,404	-7,523	
- Tax, financial expenses	-466	-447	-368	-368	-368	-368	-368	-368	-368	-368	0	
+ Tax, financial income	0	0	0	0	0	0	0	0	0	0	0	
- Change in working capital	-2,852	1,443	-660	-2,089	-2,005	-1,864	-1,957	-2,055	-2,158	-2,266	-1,190	
Operating cash flow	**31,870**	**32,674**	**36,963**	**39,087**	**40,410**	**41,325**	**42,840**	**44,374**	**45,427**	**46,859**	**48,429**	
+ 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	-25,456	-26,934	-30,798	-29,386	
Free operating cash flow	**6,379**	**7,541**	**11,983**	**13,618**	**14,441**	**14,847**	**15,842**	**18,918**	**18,493**	**16,061**	**19,043**	
+/- 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	5,541	9,983	11,618	12,441	12,847	13,842	16,918	16,493	14,061	17,043	289,582
Discounted FCFF		**5,302**	**8,801**	**9,437**	**9,311**	**8,859**	**8,795**	**9,904**	**8,896**	**6,988**	**7,804**	**132,607**
Sum of FCFF present value		216,706	211,404	202,603	193,166	183,854	174,995	166,200	156,296	147,399	140,411	132,607
Enterprise value DCF		**216,706**										
- Interest bearing debt		-13,718										
+ Cash and cash equivalents		17,340										
-Minorities		0										
-Dividend/capital return		-10,911										
Equity value DCF		**209,417**										
Equity value DCF per share		**131**										

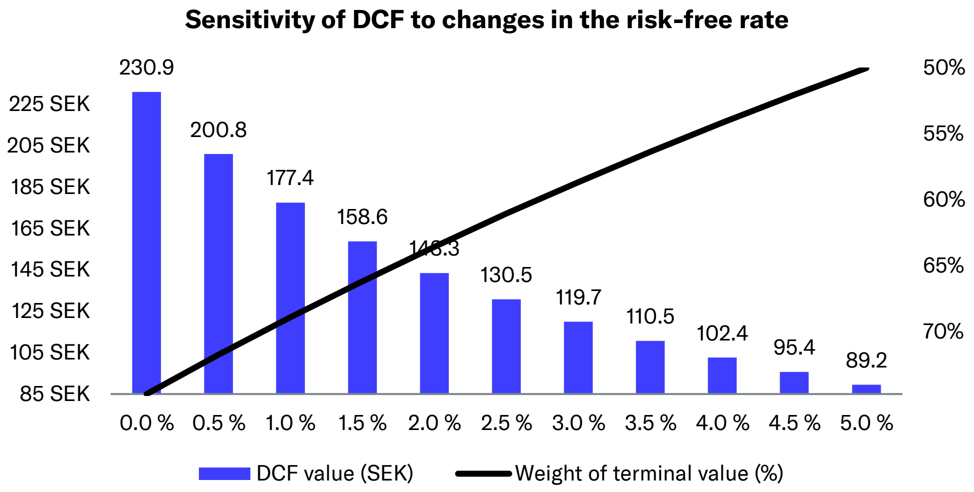
WACC	
Tax-% (WACC)	24.0 %
Target debt ratio (D/(D+E)	0.0 %
Cost of debt	5.0 %
Equity Beta	1.27
Market risk premium	4.75%
Liquidity premium	0.00%
Risk free interest rate	2.5 %
Cost of equity	**8.5 %**
Weighted average cost of capital (WACC)	**8.5 %**

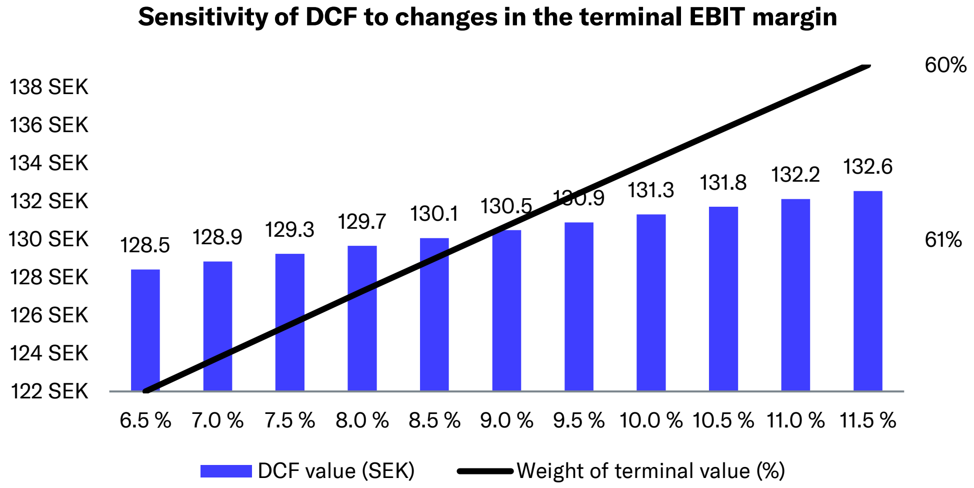
Source: Inderes

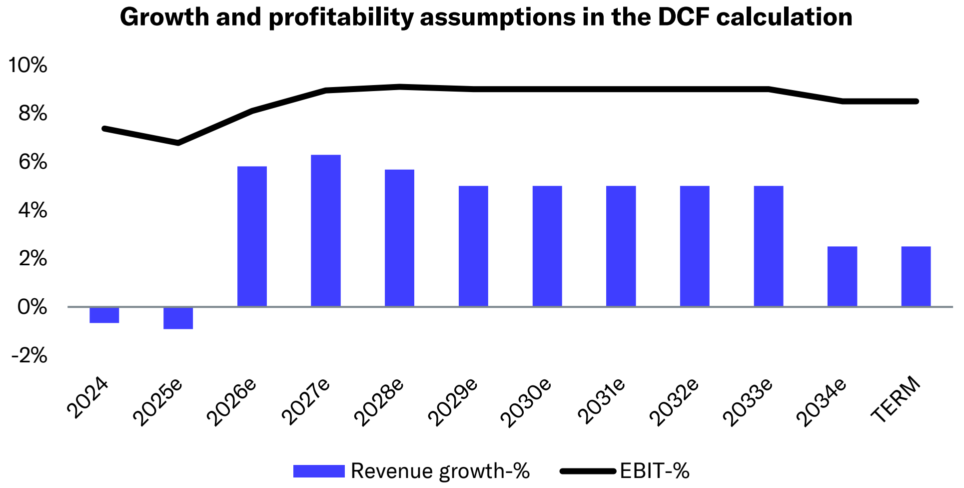


DCF sensitivity calculations and key assumptions in graphs









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	**232,333**	**245,830**
EBITDA	29,748	37,492	38,904	**37,403**	**42,503**
EBIT	7,169	14,537	17,306	**15,754**	**19,917**
PTP	6,216	13,010	15,443	**13,963**	**18,417**
Net Income	3,566	8,723	11,621	**10,480**	**13,905**
Extraordinary items	-2,591	999	-199	**0**	**0**

Balance sheet	2022	2023	2024	2025e	2026e
Balance sheet total	182,048	181,273	180,214	**180,523**	**178,565**
Equity capital	50,757	47,601	46,211	**45,780**	**48,775**
Goodwill	64	1,013	1,013	**1,013**	**1,013**
Net debt	50,928	51,572	59,614	**64,328**	**64,388**

Cash flow	2022	2023	2024	2025e	2026e
EBITDA	29,748	37,492	38,904	**37,403**	**42,503**
Change in working capital	-539	1,830	-2,852	**1,443**	**-660**
Operating cash flow	25,091	34,505	31,870	**32,674**	**36,963**
CAPEX	-23,581	-22,298	-25,608	**-24,500**	**-24,980**
Free cash flow	1,660	10,199	4,379	**5,541**	**9,983**

Valuation multiples	2022	2023	2024	2025e	2026e
EV/S	1.1	1.4	1.3	**1.2**	**1.1**
EV/EBITDA	7.9	9.1	7.7	**7.3**	**6.5**
EV/EBIT (adj.)	24.1	25.1	17.2	**17.4**	**13.8**
P/E (adj.)	30.0	37.6	20.5	**20.1**	**15.1**
P/B	3.6	6.1	5.2	**4.6**	**4.3**
Dividend-%	5.8 %	3.7 %	4.5 %	**5.2 %**	**6.5 %**

Source: Inderes

Per share data	2022	2023	2024	2025e	2026e
EPS (reported)	2.2	5.3	7.2	**6.5**	**8.7**
EPS (adj.)	3.7	4.7	7.3	**6.5**	**8.7**
OCF / share	15.2	21.1	19.8	**20.4**	**23.0**
OFCF / share	1.0	6.2	2.7	**3.5**	**6.2**
Book value / share	30.8	29.1	28.7	**28.5**	**30.4**
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%	**-1%**	**6%**
EBITDA growth-%	-21%	26%	4%	**-4%**	**14%**
EBIT (adj.) growth-%	-36%	39%	29%	**-10%**	**26%**
EPS (adj.) growth-%	-44%	26%	55%	**-11%**	**33%**
EBITDA-%	13.3 %	15.9 %	16.6 %	**16.1 %**	**17.3 %**
EBIT (adj.)-%	4.4 %	5.7 %	7.5 %	**6.8 %**	**8.1 %**
EBIT-%	3.2 %	6.2 %	7.4 %	**6.8 %**	**8.1 %**
ROE-%	6.4 %	17.7 %	24.8 %	**22.8 %**	**29.4 %**
ROI-%	5.7 %	11.7 %	13.9 %	**12.5 %**	**15.7 %**
Equity ratio	27.9 %	26.3 %	25.6 %	**25.4 %**	**27.3 %**
Gearing	100.3 %	108.3 %	129.0 %	**140.5 %**	**132.0 %**

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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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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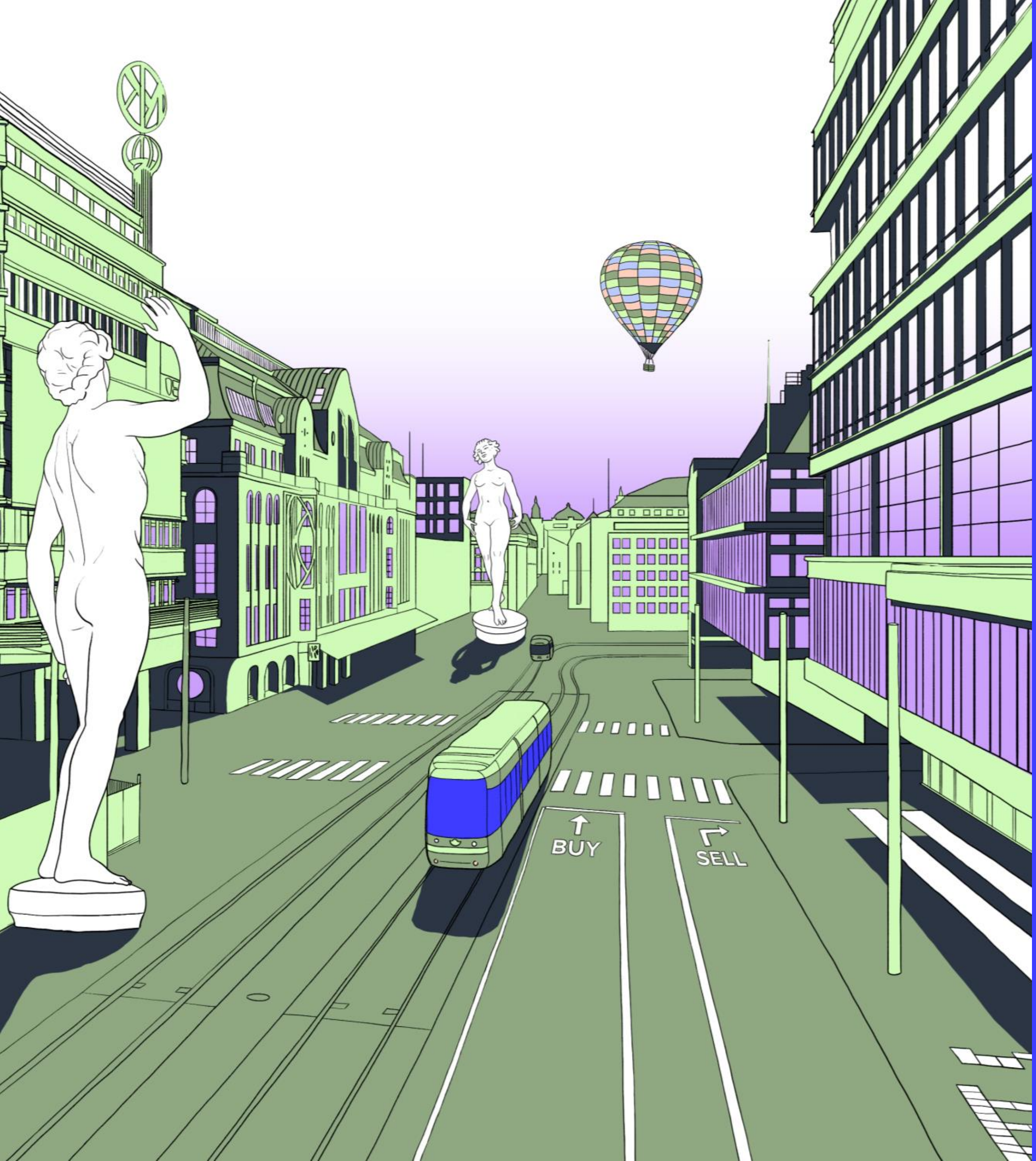
Recommendation history (>12 mo)

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



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