

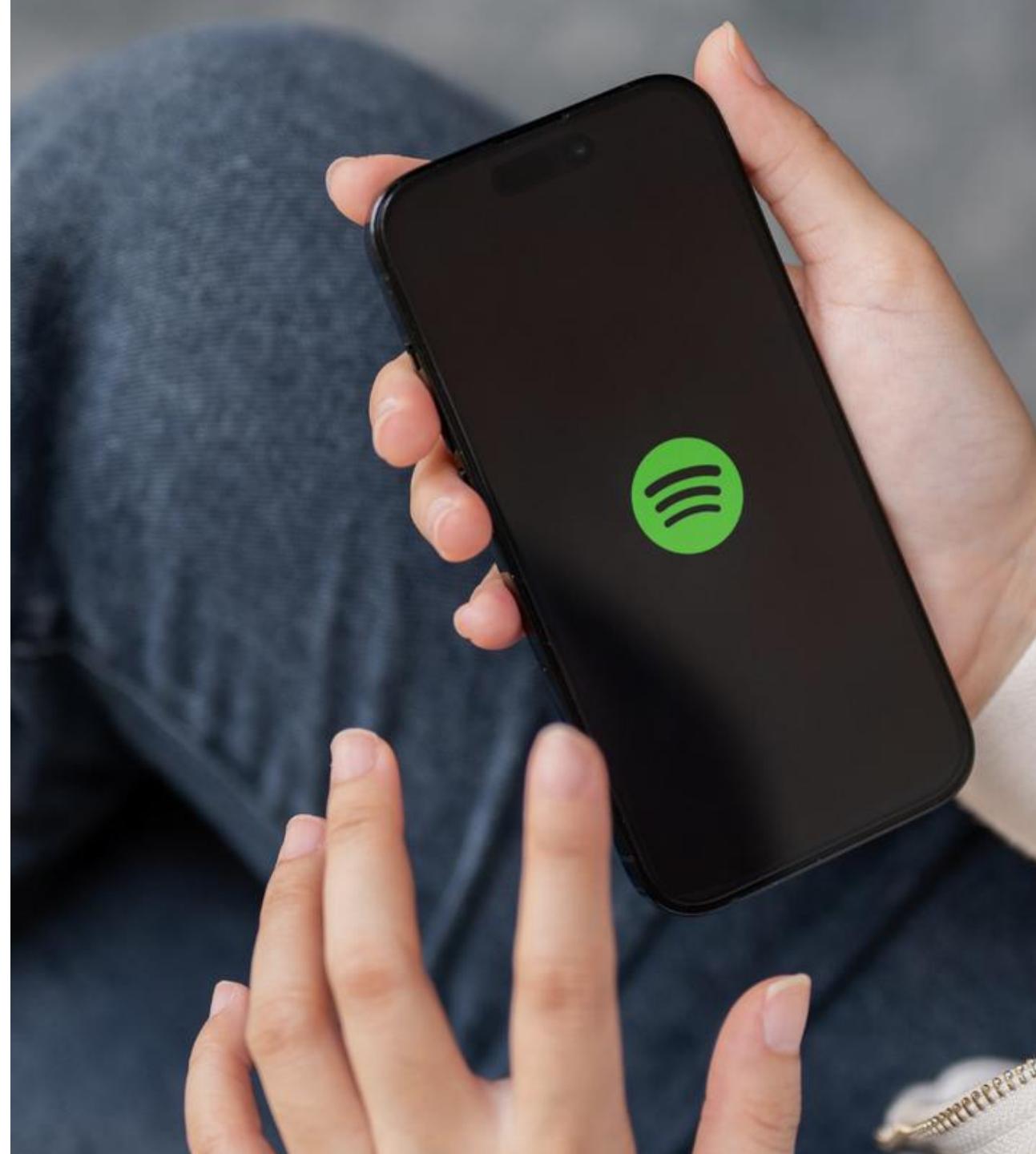
# SPOTIFY

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# COMPANY REPORT



# Turning up the volume to max

Spotify's Q4 print demonstrated strong operational execution, with profitability and user intake exceeding our estimate. Q1 guidance followed a similar pattern, with stronger-than-expected EBIT and MAU growth, which we believe reinforces that the company's fundamentals remain strong. Management's comments on the January U.S. price increase were encouraging, noting that early churn trends remain low and in line with historical levels, despite Spotify now sitting at a USD 1-2/month premium to key competitors. Despite the post-earnings rally, the share is still below levels seen at the time of our previous update and, with our raised earnings estimates, we view the current valuation as increasingly attractive, with strong risk-adjusted upside on a 12-month horizon. As such, we upgrade to a Buy recommendation (was Accumulate) and raise the target price to USD 595 (was USD 590).

## User intake and profitability exceeded our expectations

Spotify reported Q4 MAUs of 751m and premium subscribers of 289m (Q3'25: 713m/281m), beating its own guidance and our estimates (745m/289m), representing net additions of 38m and 9m, respectively. We view this solid user intake underscoring the effectiveness of recent platform enhancements, including the expanded free-tier offering and feature rollouts (e.g. widening audiobook access, launch of music videos in the U.S. and Canada), but also a strong holiday and Wrapped campaigns. Revenue came in at 4.53 BEUR (8% y/y, 13% FX-neutral), slightly below our 4.55 BEUR estimate, primarily due to lower-than-expected advertising revenue. Gross margin reached 33.1%, above guidance and our estimate (32.9%), driven by continued favorable dynamics in the ad-supported segment and recent price increases. EBIT landed at 701 MEUR (15.5% margin), ahead of our revised 659 MEUR estimate and significantly above the original guidance of 620 MEUR. While social charges\* benefited EBIT in Q4 due to declining share price, these were lower than our forecast (i.e. benefitted EBIT more than expected). Adjusted for this, EBIT still exceeded our estimates by ~2%, showcasing continued strong execution.

## We raise our profitability and MAU estimates slightly

After wrapping up "the year of accelerated execution", Spotify labeled 2026 as "the year of raising ambitions", highlighting faster innovation and product delivery. The main theme during the earnings call was AI and its threat to the industry, Spotify's competitive position, and its business model. Management pushed back on this narrative, arguing that AI is more likely to enhance its personalization, engagement on the platform, and ultimately lifetime value and monetization potential, rather than weakening Spotify's position. At the same time, the company reiterated its commitment to disciplined investment where clear long-term value creation opportunities exist, acknowledging that this could introduce some variability in quarterly margin progression, but remained confident in these to improve in 2026. Following the report and Q1 guidance, we have slightly raised our 2026e MAU and profitability estimates by 1% and 3%, respectively, with a small follow-through effect on the rest of the forecast period. For 2026, we now expect 14% revenue growth (was 15%) with a 15% EBIT margin (was 14%).

## An attractive entry point to a market-leading company

Despite the strong share price appreciation post-earnings, the share is still down ~5% since our late-January upgrade. Coupled with our upward-revised earnings estimates, we believe the valuation has turned even more attractive. The stock currently trades at EV/EBIT of 25x-20x, EV/FCFF of 21x-18x, and EV/Gross Profit of 11x-9x for 2026-2027, all below the low end of our acceptable valuation ranges. We believe this invites to an attractive entry point to buy a market-leading company with clear scale advantages and data capabilities relative to competitors, which previously has traded at rich premiums. We believe that Spotify has a long runway of growth and margin expansion ahead, through improved monetization focus and, what we view, untapped pricing power. As such, we see the risk/reward as very attractive, with a high 12-month upside potential.

## Recommendation

**Buy**

(prev. Accumulate)

## Target price:

**USD 595**

(prev. USD 590)

## Share price:

USD 476

## Business risk



## Valuation risk



	2025	2026e	2027e	2028e
<b>Revenue (MEUR)</b>	17,186	19,619	22,645	25,534
<b>growth-%</b>	10%	14%	15%	13%
<b>EBIT adj. (MEUR)</b>	2,198	2,927	3,569	4,417
<b>EBIT-% adj.</b>	12.8 %	14.9 %	15.8 %	17.3 %
<b>Net Income (MEUR)</b>	2,212	2,984	3,437	4,103
<b>EPS (adj.) (EUR)</b>	10.8	14.3	16.2	19.1

<b>P/E (adj.)</b>	46.0	27.9	24.6	20.9
<b>P/B</b>	12.2	7.4	5.7	4.6
<b>Dividend yield-%</b>	0.0 %	0.0 %	0.0 %	0.0 %
<b>EV/EBIT (adj.)</b>	42.8	24.8	19.6	15.1
<b>EV/EBITDA</b>	40.8	23.7	18.9	14.7
<b>EV/S</b>	5.5	3.7	3.1	2.6

Source: Inderes

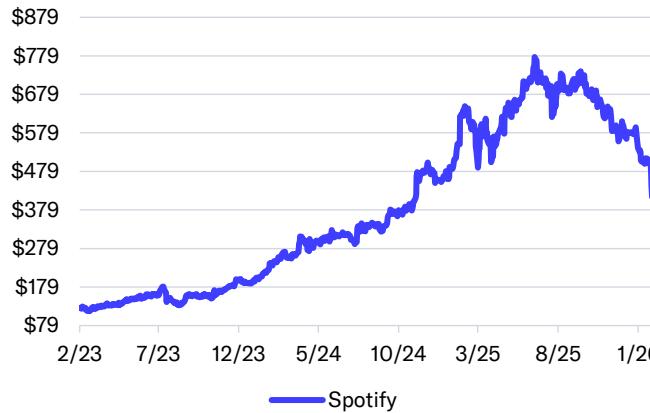
## Guidance

(New guidance)

For Q1'26, Spotify expects:  
MAU: 759m (+8m q/q)  
Premium subscribers: 293m (+3m q/q)  
Revenue: 4.5 BEUR (+8% y/y)  
Gross margin: 32.8%  
Operating income: 660 MEUR

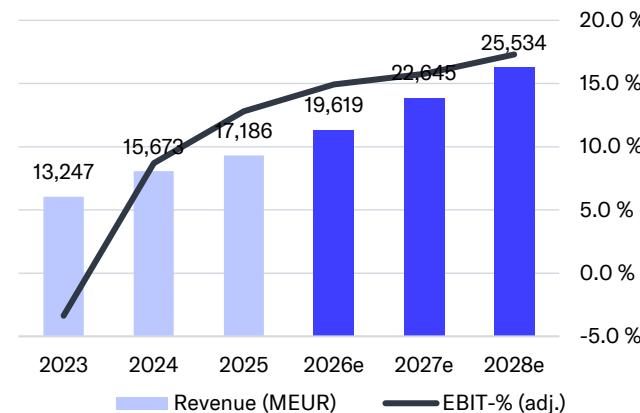
\* Social Charges are payroll taxes that vary with Spotify's stock price due to their link to share-based compensation in certain countries.

## Share price



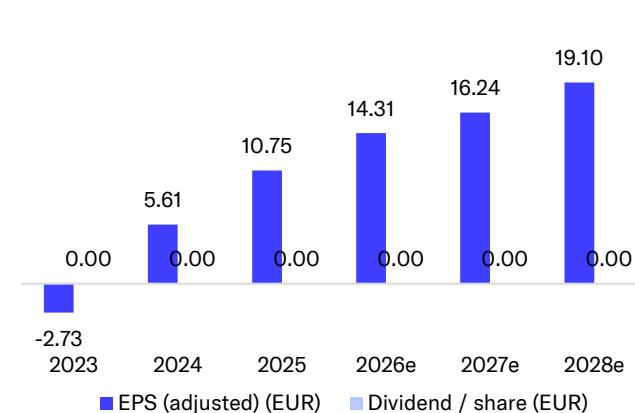
Source: Millistream Market Data AB

## Revenue and EBIT-% (adj.)



Source: Inderes

## EPS and DPS



Source: Inderes

## Value drivers

- Top-of-mind brand in audio with a market-leading position
- On track to reach one billion users by 2030
- With the most loyal and engaged customers in the space, Spotify has an untapped potential in its advertising business
- The shift to podcast profitability and ramping up Marketplace contribution enables incremental leverage and margin expansion
- Potential to grow in emerging markets and increase market share
- Expanding into new emerging verticals while improving monetization enables ARPU and margin expansion

## Risk factors

- Worsening relationships with the music industry could pose operational challenges
- The competition in the audio industry is fierce and includes financially stronger companies
- Challenges in executing emerging verticals may put pressure on the balance sheet
- A deceleration in subscriber growth could drive significant volatility in the share price
- While offering opportunities for Spotify, AI advancements could enable competitors to narrow the gap in personalization capabilities

Valuation	2026e	2027e	2028e
Share price (EUR)	399.6	399.6	399.6
Number of shares, millions	208.5	211.6	214.8
Market cap (MEUR)	83,310	84,560	85,828
EV (MEUR)	72,459	69,954	66,830
P/E (adj.)	27.9	24.6	20.9
P/E	27.9	24.6	20.9
P/FCF	27.1	24.0	20.7
P/B	7.4	5.7	4.6
P/S	4.2	3.7	3.4
EV/Sales	3.7	3.1	2.6
EV/EBITDA	23.7	18.9	14.7
EV/EBIT (adj.)	24.8	19.6	15.1
EV/FCFF	21.3	17.9	14.6

# Strong execution ends an eventful year (1/2)

## User growth exceeded our expectations

MAUs reached 751m (Q3'25: 713m), which was 6m above our estimate of 745m and company guidance (Street: 745m), representing q/q net additions of 38m. The outperformance was broad-based across all regions, with particularly strong growth in Rest of World, Latin America, and Europe. The global launch of mobile free tier enhancements continued to drive freemium user acquisition and was further supported by strong holiday and Wrapped campaigns. Premium subs came in at 290m (Q3'25: 281m), beating our and Street's estimates by 1m and exceeding guidance, implying +9m q/q growth compared to our forecast of +8m. Ad-supported users increased by 30m q/q, compared to our forecast of +24m (Street: +25m), driven by successful product enhancements on the free tier and strong engagement trends.

Premium ARPU was EUR 4.70 (Inderes: EUR 4.70), up 4% q/q but down -3% y/y, with FX headwinds of roughly 580 bps, which was better than the company's guided 620 bps impact. As such, premium ARPU, on a FX neutral basis, was up 2% y/y (Q4'24: EUR 4.85), in line with our estimate and demonstrating early benefits

from recent price increases. Importantly, we believe the stronger-than-expected subscriber growth suggests that subsequent churn following the price increases remained low and within historical ranges, which is encouraging. That said, the relatively faster subscriber growth in emerging markets continues to have a dilutive impact on ARPU in the short term, given lower pricing in these regions.

Q4 revenue grew 8% y/y (FX-neutral: 13%) to 4.53 BEUR, which was relatively in line with our 4.55 BNEUR forecast (Street's 4.52 BEUR). Premium revenue grew 8% (14% FX neutral) to 4.01 BEUR, in line with our estimates (Inderes est: 4.02 BEUR). However, Ad-supported revenue came in at 518 MEUR (-4% y/y, +4% y/y FX neutral) and below our estimate (535 MEUR). This was mainly due to continued softness in pricing and podcast inventory optimization, like the previous quarters. For Q1, the company anticipates a 670 bps FX headwind to revenue growth at current currency rates.

Spotify guided to Q1 MAUs of 759m, above both Street's estimate (753m) as well as ours (752m). However, Premium subs

guidance of 293m (+4m q/q) was in line with our and Street's 293m, indicating that the beat in user guidance is driven by ad-supported users. Revenue guidance of 4.5 BEUR (7% y/y) was below our and Street's 4.6 BEUR, largely due to FX effects (~670bps expected headwind vs 580 bps in Q4).

## Gross margin beat, lower social charges, and continued strong cost discipline behind stronger-than-expected EBIT

Gross margin came in above guidance and our estimate (32.9%), reaching 33.1% (Q4'24: 32.2%). The year-over-year improvement continued to be driven by favorable development in the ad-supported segment, content mix, price increases, and overall scaling benefits. Spotify guided for a gross margin of 32.8% in Q1'26, well above our estimates of 32.1% (Street's: 32.3%) heading into the Q4 report and, thus, indicates notably lower seasonal effect than we had anticipated. On the earnings call, management noted that pricing adjustments are expected to outpace net content-cost growth, which is reflected in the smaller-than-usual seasonal decline (Q4 to Q1) in gross margin.

Estimates MEUR / EUR	Q4'24		Q4'25		Q4'25e		Q4'25e		Consensus Low	Consensus High	Difference (%) Act. vs. inderes	2025 Actual
	Comparison	Actualized	Inderes	Consensus	Low	High	Act. vs. inderes	Act. vs. inderes				
<b>Revenue</b>	4,242	4,531	4,556	4,521	4,460	- 4,595		-1%	17,186			
<b>EBITDA</b>	532	726	686	685	645	- 751		6%	2,308			
<b>EBIT</b>	477	701	659	638	618	- 692		6%	2,198			
<b>PTP</b>	499	1021	911	687	469	- 1029		12%	2,224			
<b>EPS (adj.)</b>	1.81	4.43	4.23	2.75	1.53	- 4.21		5%	10.75			
<b>Revenue growth-%</b>	15.6 %	6.8 %	7.4 %	6.6 %	5.1 %	- 8.3 %		-0.6 pp	9.7 %			
<b>EBIT-% (adj.)</b>	11.2 %	15.5 %	14.5 %	14.1 %	9.3 %	- 11.4 %		1 pp	12.8 %			

Source: Inderes & Bloomberg (consensus)

# Strong execution ends an eventful year (2/2)

Operating income (EBIT) was 701 MEUR (Q4'24: 477 MEUR), corresponding to a 15.5% margin. This was a clear beat relative to our estimate of 659 MEUR, the company's guidance of 620 MEUR, and Street's 638 MEUR estimate. Social charges\* were 67 MEUR below the company's guidance (17 MEUR) and therefore benefited reported EBIT by 50 MEUR. As such, the positive impact from social charges was ~25 MEUR higher than our estimate, as we had assumed these would reduce costs by ~40 MEUR. Adjusted for this, EBIT still exceeded our estimates by ~2-3%. Operating expenses decreased by -10% y/y (+13% FX neutral and excl. social charges), and relative to revenue, these were about ~190 bps below our forecast (adjusted for social charges), primarily driven by lower-than-expected R&D and G&A expenses, which, in our view, reflects continued strong cost discipline and benefits of AI-driven efficiency improvements across the organization.

## Bought 400+ MEUR worth of shares during Q4

Spotify's reported free cash flow reached 834 MEUR (Q4'24: 877

MEUR), equivalent to a 18% margin, and was slightly below our estimates, mainly due to less favorable working capital than expected. The liquidity and balance sheet continued to strengthen, with the net cash position improving to 7.6 BEUR (incl. leases). During Q4, Spotify continued its share repurchase program, buying shares worth ~433 MEUR, leaving around 1.4-5 BNEUR of remaining authorization under its upsized 2 BEUR share repurchase program, which runs through April 2026.

Estimates MEUR / EUR	Q4'24		Q4'25		Q4'25e		Q4'25e		Consensus Low	Consensus High	Difference (%) Act. vs. inderes	2025 Actual
	Comparison	Actualized	Inderes	Consensus	Low	High	Actual	Actual				
<b>Revenue</b>	4,242	4,531	4,556	4,521	4,460	- 4,595			-1%			17,186
<b>EBITDA</b>	532	726	686	685	645	- 751			6%			2,308
<b>EBIT</b>	477	701	659	638	618	- 692			6%			2,198
<b>PTP</b>	499	1021	911	687	469	- 1029			12%			2,224
<b>EPS (adj.)</b>	1.81	4.43	4.23	2.75	1.53	- 4.21			5%			10.75
<b>Revenue growth-%</b>	15.6 %	6.8 %	7.4 %	6.6 %	5.1 %	- 8.3 %			-0.6 pp			9.7 %
<b>EBIT-% (adj.)</b>	11.2 %	15.5 %	14.5 %	14.1 %	9.3 %	- 11.4 %			1 pp			12.8 %

Source: Inderes & Bloomberg (consensus)

\* Social Charges are payroll taxes that vary with Spotify's stock price due to their link to share-based compensation in certain countries.

# We increase our MAU and earnings estimates slightly on strong Q1 guidance

- Following the Q4 report, our 2027-2028 revenue estimates inch around 1% lower following the slightly weaker Q1 guidance. The downward revision primarily reflects expected FX headwinds in the coming quarters, particularly in Q1, but lowered pricing assumptions for the advertising business due to weaker Q4 figures than expected. We expect Q1-Q2 advertising revenue to show low-to-mid single-digit growth, but accelerate more meaningfully in H2'26, supported by new DSP partnerships that we expect will boost programmatic ad revenue.
- Following the stronger-than-expected user intake in Q4, we raised our 2026-2027 MAU estimates to 820m/895m (from 813m/893m). However, this did not offset our lowered ad pricing assumptions. Although we acknowledge that Spotify's operating "flywheel" starts with MAU growth, which later fuels the rest of the business performance through premium conversion, we kept our subscriber estimates unchanged for 2026-2027 (315m/341m), following the in-line Q1 guidance.

While the strong MAU growth is encouraging, we feel that we need further evidence that the loosening/improving free tier results are creating a stronger upper funnel rather than competing with the premium tier. In addition, our current estimates are already implying strong and accelerating revenue growth in 2026, so we feel it is reasonable to await further signals.

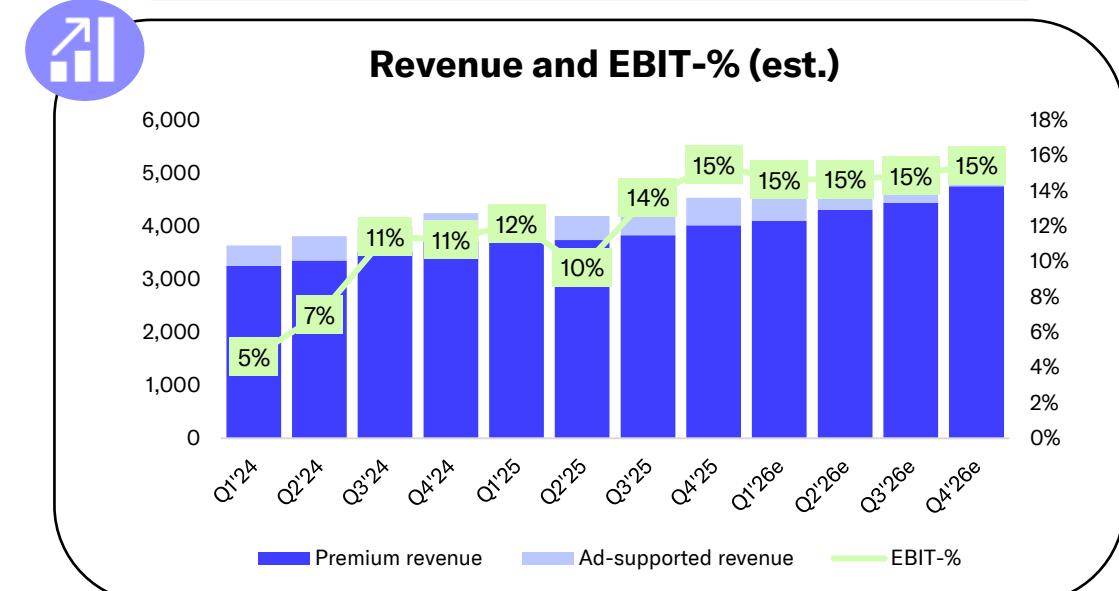
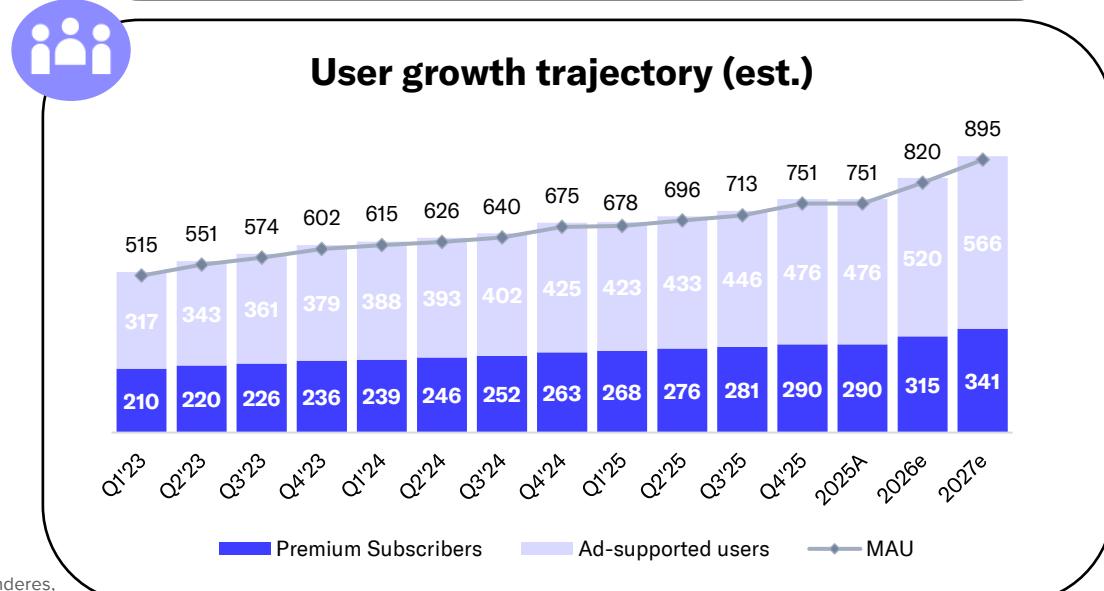
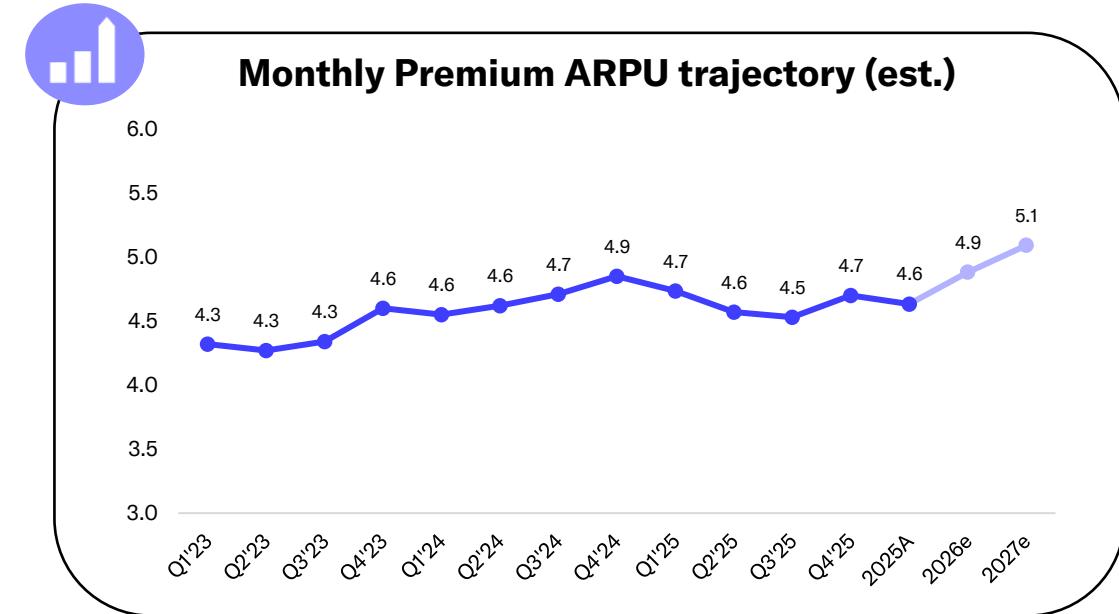
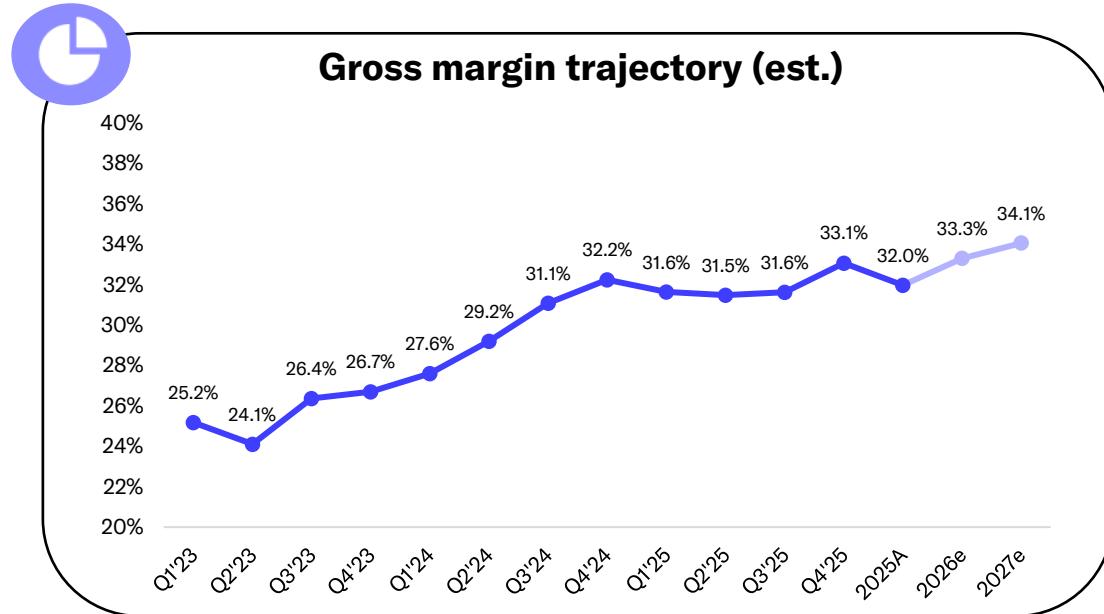
- We have modestly raised our gross margin assumptions for 2026-2027e, with minor flow-through effects across the forecast period, following the Q1 guidance that suggests smaller seasonal variability and higher impact from recent price increases.
- On operating expenses, lower-than-expected R&D spending (6.4% vs. 7.4% of revenue) provides, in our view, further support that Spotify's increased use of AI is driving greater efficiency and operating leverage. We have therefore reduced our R&D cost assumptions somewhat, which, together with slightly higher gross margins, resulted in

upward revisions to our EBIT margin forecasts of 1-3% for 2026-2027e.

Estimate revisions	2025	2025e	Change	2026e	2026e	Change	2027e	2027e	Change
MEUR / EUR	Inderes	Actualized	%	Old	New	%	Old	New	%
<b>Revenue</b>	17,211	17,186	0%	19,859	19,619	-1%	22,988	22,645	-1%
<b>EBITDA</b>	2,267	2,308	2%	2,951	3,059	4%	3,642	3,702	2%
<b>EBIT (exc. NRIs)</b>	2,156	2,198	2%	2,844	2,927	3%	3,542	3,569	1%
<b>EBIT</b>	2,156	2,198	2%	2,844	2,927	3%	3,542	3,569	1%
<b>PTP</b>	2,114	2,224	5%	3,066	3,141	2%	3,803	3,819	0%
<b>EPS (excl. NRIs)</b>	9.40	10.75	14%	13.77	14.31	4%	15.86	16.24	2%
<b>DPS</b>	0.00	0.00		0.00	0.00		0.00	0.00	

Source: Inderes

# Key KPI's



# Valuation 1/2

## Valuation summary – Buy

We forecast strong earnings growth for Spotify in 2026-2028 (EBIT CAGR 26-28e: 26%) as the company continues to diligently balance growth with profitability, while utilizing several monetization levers to drive ARPU growth (e.g. launching a super-fan tier, tapping into higher ARPU segments, price hikes, etc.). Our valuation view on Spotify remains positive following the Q4 report, and we continue to see the shares offering attractive risk-adjusted upside potential from current levels over a twelve-month investment horizon. Despite the strong share price appreciation post-earnings, the share is still down ~5% since our previous [update](#) (January 22, 2026). Coupled with our slightly upward revised earnings estimates following the Q4 report, the valuation remains very attractive, considering the company's strong fundamental momentum, long-term growth potential, and improving profitability profile. We upgrade our recommendation to Buy (was Accumulate) while raising the target price to USD 595 (was USD 590) on increased estimates.

## Absolute multiples in 2026-2028

Based on our 2026-2027 estimates, Spotify is trading at 25-20x EV/EBIT, 21-18x EV/FCFF, and 11-9x EV/GP. We feel that the weakened U.S. tech sentiment and increased uncertainty around the implications of AI within the industry weigh on the multiples we are comfortable applying. As such, we adjust our acceptable valuation ranges to EV/EBIT 31-34x (was 33-36x), EV/FCFF 24-29x (was 25-30x), and EV/GP 12-16x (13-17x). Even so, the current valuation still suggests a high upside in the multiples.

While overall business momentum is strong, both in the broader user base growth and in margins and FCFF, we acknowledge that the ARPU trend has been modest throughout 2025, partly due to FX headwinds and partly due to relatively stronger subscriber growth in lower-ARPU regions. Improved monetization of the user base is a critical element to our top- and bottom-line estimates in

the coming years. Our thesis holds that Spotify has underutilized pricing power and that recent price hikes will support ARPU going forward. However, we feel the recent ARPU trend, slowing subscriber growth in mature markets like the U.S., and the widened price gap versus competitors introduce some uncertainty around the timing of the ARPU trajectory we forecast. While Spotify has demonstrated early evidence of pricing power, its track record remains less mature than peers like Netflix, who have successfully implemented price increases over many years. Given these considerations, we believe a valuation around the midpoint of our acceptable ranges is currently warranted.

## Valuation compared to the peer group

To provide some flavor on Spotify's valuation, we have compiled several sets of peers in different segments that either share similarities to Spotify's business model, engage large user bases, monetize users through ads, or participate in the broader music/audio industry. For more details on the peer setup and background to our preferred peer group, we refer to our [Initiation of coverage report](#).

On a relative basis, Spotify trades at a premium to the Subscription Services ("SS") peer group on both EV/FCFF and EV/EBIT for 2026e (SPOT: 21x/18x vs SS: 10x & 10x). We believe Spotify deserves a premium valuation relative to the broader Subscription Services ("SS") peer group based on several factors. First, the company's market-leading position in music streaming provides significant competitive advantages, including unmatched scale that enables superior data-driven personalization, stronger unit economics through supplier negotiations, and network effects that create barriers to entry for competitors. Second, Spotify's brand strength and user loyalty metrics are exceptional, reflecting the high quality of the product experience and the company's consistent innovation track record.

Valuation	2026e	2027e	2028e
Share price (EUR)	399.6	399.6	399.6
Number of shares, millions	208.5	211.6	214.8
Market cap (MEUR)	83,310	84,560	85,828
EV (MEUR)	72,459	69,954	66,830
P/E (adj.)	27.9	24.6	20.9
P/E	27.9	24.6	20.9
P/FCF	27.1	24.0	20.7
P/B	7.4	5.7	4.6
P/S	4.2	3.7	3.4
EV/Sales	3.7	3.1	2.6
EV/EBITDA	23.7	18.9	14.7
EV/EBIT (adj.)	24.8	19.6	15.1
EV/FCFF	21.3	17.9	14.6

## Selection of peers in each group

Big tech (BT)



Subscription services (SS)



Media & Entertainment (ME)



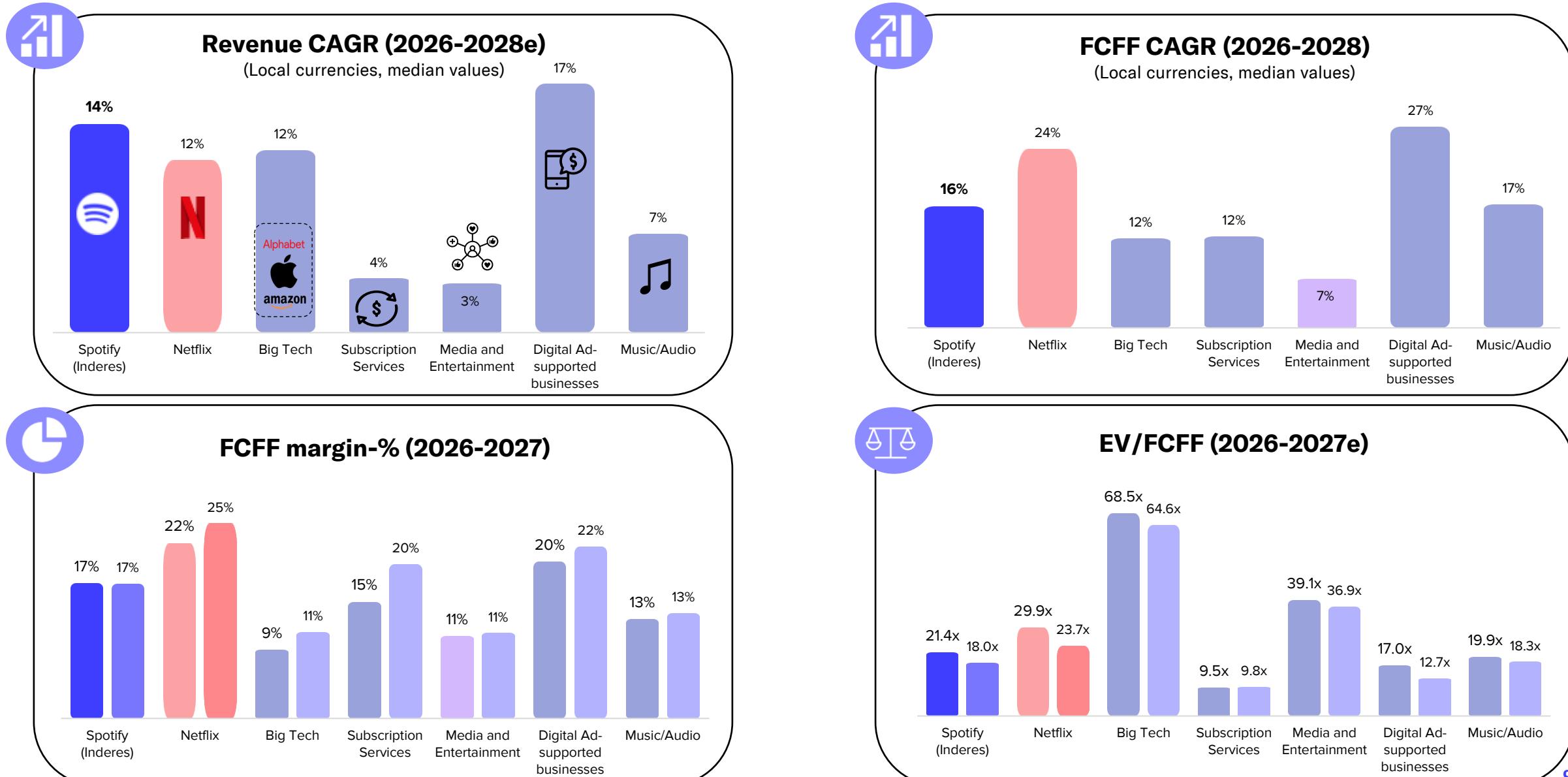
Digital ad-supported (DAS)



Music/Audio (MA)



# Valuation graphs: Spotify vs. various peer groups



# Valuation 2/2

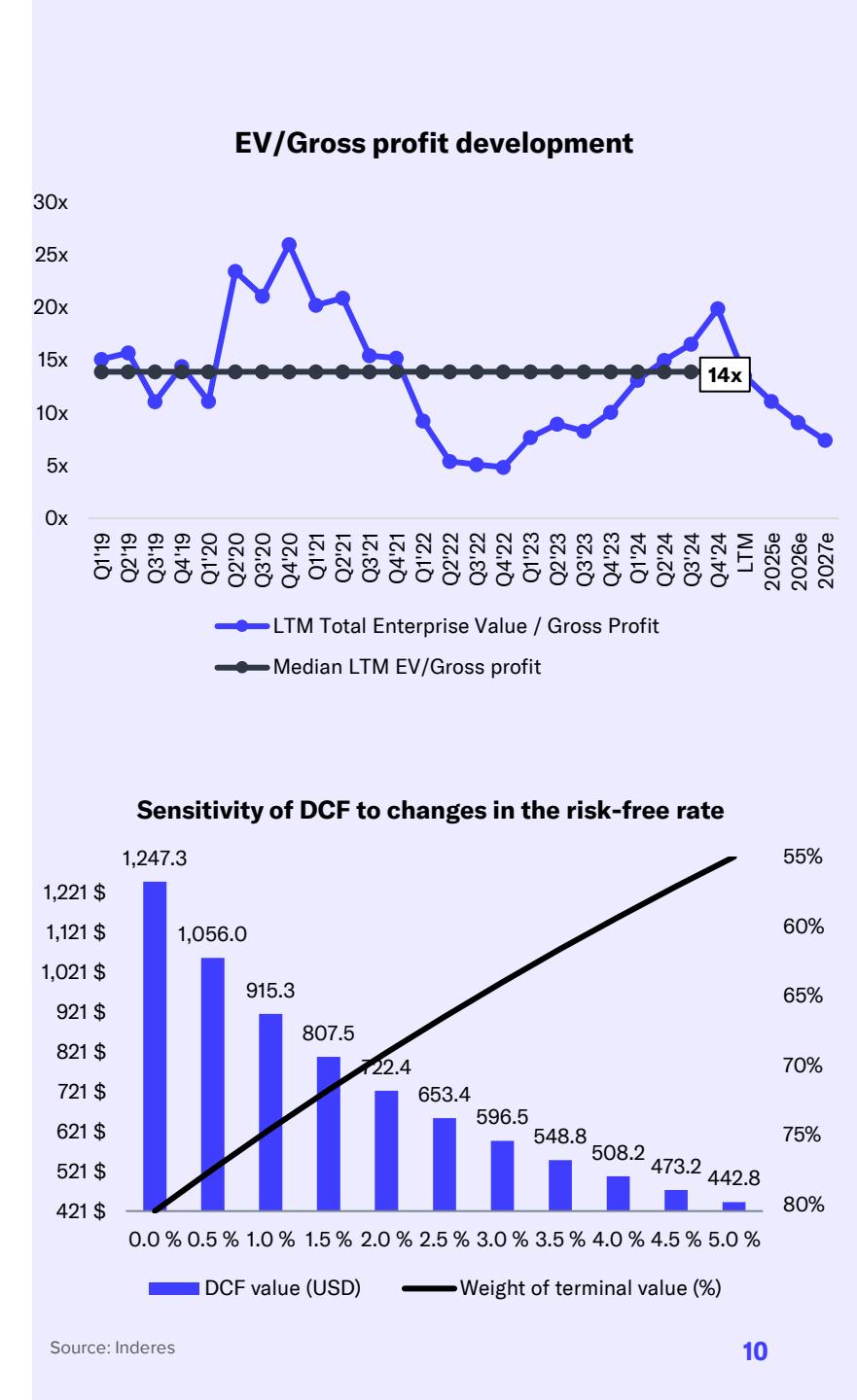
Third, we expect Spotify to deliver significantly stronger earnings growth than the average peer in the Subscription Services category over the next several years, driven by both top-line expansion and margin improvement. Based on our estimates, EBIT is expected to grow at a CAGR of 26% from 2026 to 2028, which is well above most peers in the sector.

That said, we recognize that certain valuation considerations warrant a discount relative to some premium peers like Netflix (EV/FCFF 26-27e: 30-24x, EV/EBIT 26-27e 22-18x). Spotify's reliance on licensed content, which results in gross margins in the low 30%-range compared to Netflix's gross margins in the 40%-range, is a structural difference that affects long-term profitability potential. Additionally, Spotify's historical track record of implementing price increases in established markets has been more limited than Netflix's consistent pricing actions over many years, though this dynamic is beginning to shift as Spotify has become more assertive on pricing during 2025. These factors support a somewhat lower multiple relative to Netflix, though we believe the gap in valuation multiples should narrow over time as Spotify continues to demonstrate pricing power and sustainable margin expansion.

## DCF suggests a strong upside in the share price

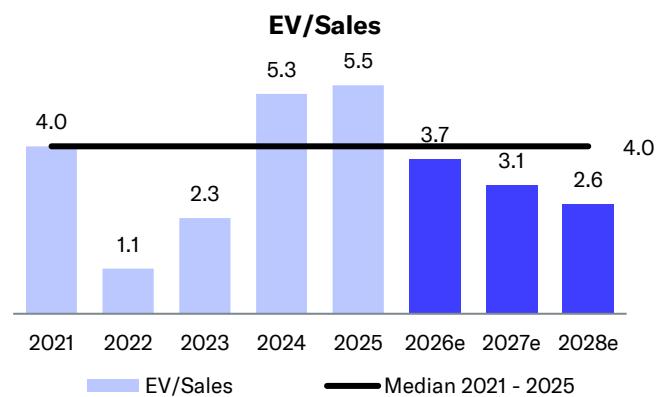
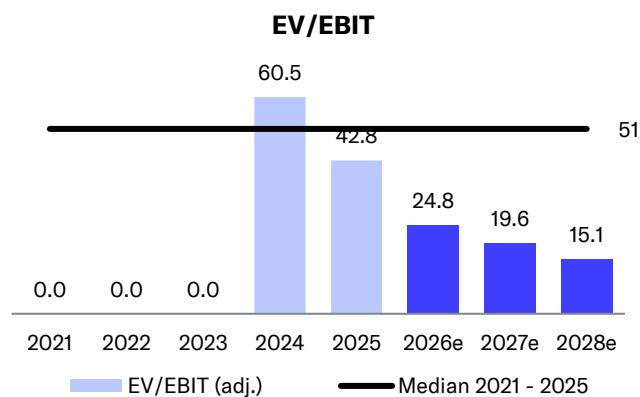
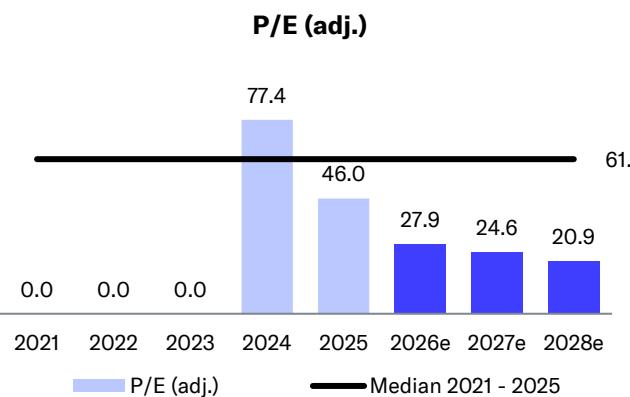
We expect solid double-digit growth (CAGR: 12%) and continued margin expansion between 2026 and 2030, after which the top-line growth gradually tapers towards 3%, which we use as the terminal growth rate. In the terminal period, we expect the EBIT margin to stabilize at around 21%. We estimate Spotify's cost of equity and WACC (due to no traditional financial debt) at 8.3%, which is fairly low but supported by its strong and wide market presence, the majority of revenue streams are through subscriptions, a superior global brand, robust balance sheet, and

an improved profitability profile. With these assumptions, our DCF model gives a share price of USD 653 per share (was USD 634). The increase in the DCF value relative to our previous update primarily reflects our slightly upward revised estimates as well as the effects of a weaker USD to EUR. In summary, we believe recent months' share price weakness presents an attractive upside, on a risk-adjusted basis, at the current valuation.



# Valuation table

Valuation	2021	2022	2023	2024	2025	2026e	2027e	2028e	2029e
<b>Share price (EUR)</b>	211.7	74.2	169.1	434.0	494.4	<b>399.6</b>	<b>399.6</b>	<b>399.6</b>	<b>399.6</b>
<b>Number of shares, millions</b>	191.3	192.9	194.7	202.9	205.7	<b>208.5</b>	<b>211.6</b>	<b>214.8</b>	<b>218.0</b>
<b>Market cap (MEUR)</b>	40,507	14,318	32,933	88,062	101,707	<b>83,310</b>	<b>84,560</b>	<b>85,828</b>	<b>87,116</b>
<b>EV (MEUR)</b>	38,788	12,650	30,415	82,615	94,131	<b>72,459</b>	<b>69,954</b>	<b>66,830</b>	<b>63,211</b>
<b>P/E (adj.)</b>	neg.	neg.	neg.	77.4	46.0	<b>27.9</b>	<b>24.6</b>	<b>20.9</b>	<b>19.1</b>
<b>P/E</b>	neg.	neg.	neg.	77.4	46.0	<b>27.9</b>	<b>24.6</b>	<b>20.9</b>	<b>19.1</b>
<b>P/FCF</b>	37.6	neg.	>100	43.6	54.0	<b>27.1</b>	<b>24.0</b>	<b>20.7</b>	<b>18.6</b>
<b>P/B</b>	19.1	6.0	13.1	15.9	12.2	<b>7.4</b>	<b>5.7</b>	<b>4.6</b>	<b>3.7</b>
<b>P/S</b>	4.2	1.2	2.5	5.6	5.9	<b>4.2</b>	<b>3.7</b>	<b>3.4</b>	<b>3.0</b>
<b>EV/Sales</b>	4.0	1.1	2.3	5.3	5.5	<b>3.7</b>	<b>3.1</b>	<b>2.6</b>	<b>2.2</b>
<b>EV/EBITDA</b>	>100	neg.	neg.	54.0	40.8	<b>23.7</b>	<b>18.9</b>	<b>14.7</b>	<b>12.1</b>
<b>EV/EBIT (adj.)</b>	>100	neg.	neg.	60.5	42.8	<b>24.8</b>	<b>19.6</b>	<b>15.1</b>	<b>12.4</b>
<b>EV/FCFF</b>	212.0	40.5	475.2	111.0	39.9	<b>21.3</b>	<b>17.9</b>	<b>14.6</b>	<b>12.3</b>



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	Market cap	EV	EV/EBIT		EV/EBITDA		EV/S		P/E		Dividend yield-%	P/B
Company	MEUR	MEUR	2026e	2027e	2026e	2027e	2026e	2027e	2026e	2027e	2026e	2026e
<b>Big Tech</b>												
Apple	3,377,232	3,397,041	27.0	25.1	24.9	23.3	8.7	8.2	32.2	29.4	0.4	0.4
Amazon.com	1,864,687	1,836,122	22.2	18.0	10.6	8.6	2.7	2.4	26.6	21.9		4.4
Alphabet	3,234,800	3,171,180	23.9	20.4	17.2	14.4	8.0	7.0	28.0	24.1	0.3	0.3
<b>Subscription businesses</b>												
Netflix	291,327	295,859	21.7	18.1	20.7	17.3	6.9	6.2	26.2	21.6		8.8
Match Group	6,437	8,906	10.1	9.3	8.2	7.7	3.0	2.9	12.2	10.6	2.5	2.6
Bumble	308	544	3.6	3.6	2.7	2.8	0.8	0.8	3.7	4.4		0.4
Chegg	63	34			1.4	1.1	0.2	0.2				0.4
Roku	11,274	9,374	81.4	31.0	19.3	14.2	2.1	1.9	71.9	37.4		4.5
<b>Media/Entertainment</b>												
Warner Bros. Discovery	57,828	82,358	40.7	43.4	11.4	11.4	2.7	2.6	1463.2			1.9
The Walt Disney Company	163,494	201,930	12.9	12.1	10.6	9.9	2.4	2.3	16.5	14.9	1.4	1.6
Paramount Skydance Corporation	9,750	18,454	10.1	8.4	6.3	6.0	0.7	0.7	11.0	10.0	1.9	1.9
<b>Digital Ad-supported businesses</b>												
Snap	7,414	7,914			8.9	7.4	1.4	1.3	10.2	8.2		3.4
Meta Platforms	1,424,337	1,405,451	19.3	16.5	12.1	10.0	6.7	5.7	22.7	19.7	0.3	0.4
Reddit	24,084	22,009	32.3	20.3	19.8	14.2	8.4	6.4	36.7	25.8		7.5
Pinterest	11,527	9,285	22.0	17.1	7.4	6.2	2.3	2.0	10.6	9.6		2.2
<b>Music/Audio</b>												
iHeartMedia	452	4,589	10.5	11.4	6.3	6.8	1.3	1.4	6.6	8.6		
Sirius XM Holdings	5,996	14,063	8.9	8.9	6.5	6.4	2.0	2.0	6.9	6.5	5.2	5.5
Deezer	134	101			25.0	7.0	4.2	0.2	0.2			
Tencent Music Entertainment Group	22,300	20,122	13.9	12.3	12.9	11.0	4.5	4.0	17.2	15.2	1.2	1.4
Warner Music Group Corp.	13,503	16,635	17.5	14.5	12.2	10.9	2.8	2.7	22.8	17.7	2.5	2.7
Universal Music Group	37,087	40,297	16.3	14.7	13.3	12.1	3.1	2.9	18.6	16.9	2.9	3.2
Live Nation Entertainment	29,102	29,601	22.8	19.4	13.6	12.0	1.3	1.2	64.7	46.1		30.0
<b>Spotify (Inderes)</b>	<b>83,310</b>	<b>72,459</b>	<b>24.8</b>	<b>19.6</b>	<b>23.7</b>	<b>18.9</b>	<b>3.7</b>	<b>3.1</b>	<b>27.9</b>	<b>24.6</b>	<b>0.0</b>	<b>0.0</b>
<b>Average</b>			<b>22.0</b>	<b>17.5</b>	<b>11.5</b>	<b>9.9</b>	<b>3.3</b>	<b>2.9</b>	<b>95.4</b>	<b>18.3</b>	<b>1.9</b>	<b>2.0</b>
<b>Median</b>			<b>19.3</b>	<b>16.8</b>	<b>11.0</b>	<b>10.0</b>	<b>2.5</b>	<b>2.4</b>	<b>20.6</b>	<b>16.9</b>	<b>1.6</b>	<b>1.7</b>
<b>Diff-% to median</b>			<b>28%</b>	<b>17%</b>	<b>115%</b>	<b>90%</b>	<b>47%</b>	<b>31%</b>	<b>35%</b>	<b>46%</b>	<b>-100%</b>	<b>-100%</b>
Source: Refinitiv / Inderes												<b>69%</b>

# Income statement

Income statement (MEUR)	2024	Q1'25	Q2'25	Q3'25	Q4'25	2025	Q1'26e	Q2'26e	Q3'26e	Q4'26e	2026e	2027e	2028e	2029e
<b>Revenue</b>	<b>15673</b>	<b>4190</b>	<b>4193</b>	<b>4272</b>	<b>4531</b>	<b>17,186</b>	<b>4,530</b>	<b>4,785</b>	<b>4,954</b>	<b>5,350</b>	<b>19,619</b>	<b>22,645</b>	<b>25,534</b>	<b>28,720</b>
Premium revenue	13819	3771	3740	3826	4013	15,350	4,100	4,303	4,440	4,753	17,596	20,038	22,342	25,130
Ad-supported revenue	1854	419	453	446	518	1,836	431	481	514	598	2,023	2,607	3,192	3,590
<b>EBITDA</b>	<b>1529</b>	<b>538</b>	<b>432</b>	<b>611</b>	<b>727</b>	<b>2,308</b>	<b>696</b>	<b>734</b>	<b>769</b>	<b>860</b>	<b>3,059</b>	<b>3,702</b>	<b>4,551</b>	<b>5,238</b>
Depreciation	-164.0	-29.0	-26.0	-29.0	-26.0	-110	-33	-33	-33	-33	-133	-133	-133	-135
<b>EBIT (excl. NRI)</b>	<b>1365</b>	<b>509</b>	<b>406</b>	<b>582</b>	<b>701</b>	<b>2,198</b>	<b>663</b>	<b>701</b>	<b>736</b>	<b>826</b>	<b>2,927</b>	<b>3,569</b>	<b>4,417</b>	<b>5,103</b>
<b>EBIT</b>	<b>1365</b>	<b>509</b>	<b>406</b>	<b>582</b>	<b>701</b>	<b>2,198</b>	<b>663</b>	<b>701</b>	<b>736</b>	<b>826</b>	<b>2,927</b>	<b>3,569</b>	<b>4,417</b>	<b>5,103</b>
Share of profits in assoc. compan.	0.0	0.0	0.0	0.0	0.0	0	0	0	0	0	0	0	0	0
Net financial items	-24.0	-181.0	-358.0	245	320	26	54	54	54	54	214	250	272	272
<b>PTP</b>	<b>1341</b>	<b>328</b>	<b>48.1</b>	<b>827</b>	<b>1021</b>	<b>2,224</b>	<b>717</b>	<b>755</b>	<b>790</b>	<b>880</b>	<b>3,141</b>	<b>3,819</b>	<b>4,689</b>	<b>5,376</b>
Taxes	-203.0	-103.0	-134.0	72.0	153	-12	-36	-38	-39	-44	-157	-382	-586	-806
Minority interest	0.0	0.0	0.0	0.0	0.0	0	0	0	0	0	0	0	0	0
<b>Net earnings</b>	<b>1138</b>	<b>225</b>	<b>-85.9</b>	<b>899</b>	<b>1174</b>	<b>2,212</b>	<b>681</b>	<b>717</b>	<b>750</b>	<b>836</b>	<b>2,984</b>	<b>3,437</b>	<b>4,103</b>	<b>4,569</b>
<b>Net earnings</b>	<b>1138</b>	<b>225</b>	<b>-85.9</b>	<b>899</b>	<b>1174</b>	<b>2,212</b>	<b>681</b>	<b>717</b>	<b>750</b>	<b>836</b>	<b>2,984</b>	<b>3,437</b>	<b>4,103</b>	<b>4,569</b>
<b>EPS (adj.) (EUR)</b>	<b>5.61</b>	<b>1.09</b>	<b>-0.42</b>	<b>4.37</b>	<b>5.71</b>	<b>10.75</b>	<b>3.27</b>	<b>3.44</b>	<b>3.60</b>	<b>4.01</b>	<b>14.31</b>	<b>16.24</b>	<b>19.10</b>	<b>20.96</b>
<b>EPS (rep.) (EUR)</b>	<b>5.61</b>	<b>1.09</b>	<b>-0.42</b>	<b>4.37</b>	<b>5.71</b>	<b>10.75</b>	<b>3.27</b>	<b>3.44</b>	<b>3.60</b>	<b>4.01</b>	<b>14.31</b>	<b>16.24</b>	<b>19.10</b>	<b>20.96</b>

Key figures	2024	Q1'25	Q2'25	Q3'25	Q4'25	2025	Q1'26e	Q2'26e	Q3'26e	Q4'26e	2026e	2027e	2028e	2029e
<b>Revenue growth-%</b>	18.3 %	15.2 %	10.1 %	7.1 %	6.8 %	9.7 %	8.1 %	14.1 %	16.0 %	18.1 %	14.2 %	15.4 %	12.8 %	12.5 %
<b>Adjusted EBIT growth-%</b>	n.a.	202.9 %	52.7 %	28.3 %	46.9 %	61.0 %	30.3 %	72.6 %	26.4 %	17.9 %	33.2 %	21.9 %	23.8 %	15.5 %
<b>EBITDA-%</b>	9.8 %	12.8 %	10.3 %	14.3 %	16.0 %	13.4 %	15.4 %	15.3 %	15.5 %	16.1 %	15.6 %	16.3 %	17.8 %	18.2 %
<b>Adjusted EBIT-%</b>	8.7 %	12.1 %	9.7 %	13.6 %	15.5 %	12.8 %	14.6 %	14.7 %	14.9 %	15.4 %	14.9 %	15.8 %	17.3 %	17.8 %
<b>Net earnings-%</b>	7.3 %	5.4 %	-2.0 %	21.1 %	25.9 %	12.9 %	15.0 %	15.0 %	15.1 %	15.6 %	15.2 %	15.2 %	16.1 %	15.9 %

Source: Inderes

<b>Monthly active user (MAU)</b>	<b>675</b>	<b>678</b>	<b>696</b>	<b>713</b>	<b>751</b>	<b>751</b>	<b>759</b>	<b>775</b>	<b>793</b>	<b>820</b>	<b>820</b>	<b>895</b>	<b>969</b>	<b>1,048</b>
Premium subscribers	263	268	276	281	290	290	293	299	306	315	315	341	365	391
Ad-supported users	425	423	433	446	476	476	481	491	502	520	520	566	616	668
Premium ARPU	4.7	4.7	4.6	4.5	4.7	4.6	4.7	4.8	4.9	5.1	4.9	5.1	5.3	5.5

# Balance sheet

<b>Assets (MEUR)</b>	<b>2024</b>	<b>2025</b>	<b>2026e</b>	<b>2027e</b>	<b>2028e</b>
<b>Non-current assets</b>	<b>3,626</b>	<b>4,519</b>	<b>4,519</b>	<b>4,522</b>	<b>4,526</b>
Goodwill	1,201	1,083	1,083	1,083	1,083
Intangible assets	48	41	41	41	41
Tangible assets	414	422	422	425	429
Associated companies	0	0	0	0	0
Other investments	1,635	2,181	2,181	2,181	2,181
Other non-current assets	142	130	130	130	130
Deferred tax assets	186	662	662	662	662
<b>Current assets</b>	<b>8,379</b>	<b>10,496</b>	<b>12,598</b>	<b>16,691</b>	<b>21,333</b>
Inventories	0	0	0	0	0
Other current assets	160	227	227	227	227
Receivables	771	802	1,020	1,359	1,609
Cash and equivalents	7,448	9,467	11,351	15,105	19,498
<b>Balance sheet total</b>	<b>12,005</b>	<b>15,015</b>	<b>17,117</b>	<b>21,213</b>	<b>25,860</b>

Source: Inderes

<b>Liabilities &amp; equity (MEUR)</b>	<b>2024</b>	<b>2025</b>	<b>2026e</b>	<b>2027e</b>	<b>2028e</b>
<b>Equity</b>	<b>5,525</b>	<b>8,329</b>	<b>11,313</b>	<b>14,751</b>	<b>18,854</b>
Share capital	0	0	0	0	0
Retained earnings	-3,044	-832	2,152	5,590	9,693
Hybrid bonds	0	0	0	0	0
Revaluation reserve	0	0	0	0	0
Other equity	8,569	9,161	9,161	9,161	9,161
Minorities	0	0	0	0	0
<b>Non-current liabilities</b>	<b>2,055</b>	<b>652</b>	<b>719</b>	<b>719</b>	<b>719</b>
Deferred tax liabilities	21	163	163	163	163
Provisions	28	54	54	54	54
Interest bearing debt	2,001	433	500	500	500
Convertibles	0	0	0	0	0
Other long term liabilities	5	2	2	2	2
<b>Current liabilities</b>	<b>4,425</b>	<b>6,034</b>	<b>5,085</b>	<b>5,743</b>	<b>6,287</b>
Interest bearing debt	0	1,458	0	0	0
Payables	4,372	4,494	5,003	5,661	6,205
Other current liabilities	53	82	82	82	82
<b>Balance sheet total</b>	<b>12,005</b>	<b>15,015</b>	<b>17,117</b>	<b>21,213</b>	<b>25,860</b>

# DCF-calculation

DCF model (MEUR)	2025	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	2034e	2035e	TERM
Revenue growth-%	9.7 %	14.2 %	15.4 %	12.8 %	12.5 %	11.4 %	10.5 %	10.0 %	9.0 %	7.0 %	3.0 %	3.0 %
EBIT-%	12.8 %	14.9 %	15.8 %	17.3 %	17.8 %	18.9 %	19.5 %	20.0 %	21.0 %	21.0 %	21.0 %	21.0 %
<b>EBIT (operating profit)</b>	<b>2,198</b>	<b>2,927</b>	<b>3,569</b>	<b>4,417</b>	<b>5,103</b>	<b>6,057</b>	<b>6,893</b>	<b>7,777</b>	<b>8,901</b>	<b>9,524</b>	<b>9,809</b>	
+ Depreciation	110	133	133	133	135	137	139	141	128	129	135	
- Paid taxes	-346	-157	-382	-586	-806	-1,120	-1,464	-1,659	-1,904	-2,050	-1,962	
- Tax, financial expenses	0	-2	-4	-5	-6	-7	-8	-8	-8	-8	0	
+ Tax, financial income	1	13	29	39	47	67	94	112	132	154	0	
- Change in working capital	53	291	320	294	344	435	564	399	443	248	211	
<b>Operating cash flow</b>	<b>2,015</b>	<b>3,204</b>	<b>3,665</b>	<b>4,292</b>	<b>4,816</b>	<b>5,568</b>	<b>6,218</b>	<b>6,762</b>	<b>7,692</b>	<b>7,996</b>	<b>8,193</b>	
+ Change in other long-term liabilities	23	0	0	0	0	0	0	0	0	0	0	
- Gross CAPEX	-527	-133	-135	-138	-141	-143	-146	-149	-149	-149	-135	
<b>Free operating cash flow</b>	<b>1,511</b>	<b>3,071</b>	<b>3,530</b>	<b>4,154</b>	<b>4,676</b>	<b>5,425</b>	<b>6,071</b>	<b>6,613</b>	<b>7,543</b>	<b>7,847</b>	<b>8,058</b>	
+/- Other	372	0	0	0	0	0	0	0	0	0	0	
FCFF	1,883	3,071	3,530	4,154	4,676	5,425	6,071	6,613	7,543	7,847	8,058	156,743
<b>Discounted FCFF</b>	<b>2,862</b>	<b>3,037</b>	<b>3,301</b>	<b>3,431</b>	<b>3,676</b>	<b>3,799</b>	<b>3,821</b>	<b>4,024</b>	<b>3,866</b>	<b>3,666</b>	<b>71,303</b>	
Sum of FCFF present value	106,786	103,923	100,886	97,585	94,154	90,478	86,679	82,859	78,835	74,969	71,303	
<b>Enterprise value DCF</b>	<b>106,786</b>											
- Interest bearing debt	-1,891											
+ Cash and cash equivalents	9,467											
-Minorities	0											
-Dividend/capital return	0											
<b>Equity value DCF (MEUR)</b>	<b>114,362</b>											
<b>Equity value DCF per share (EUR)</b>	<b>549</b>											
<b>Equity value DCF per share (USD)</b>	<b>653</b>											

## Cash flow distribution

2026e-2030e  15%

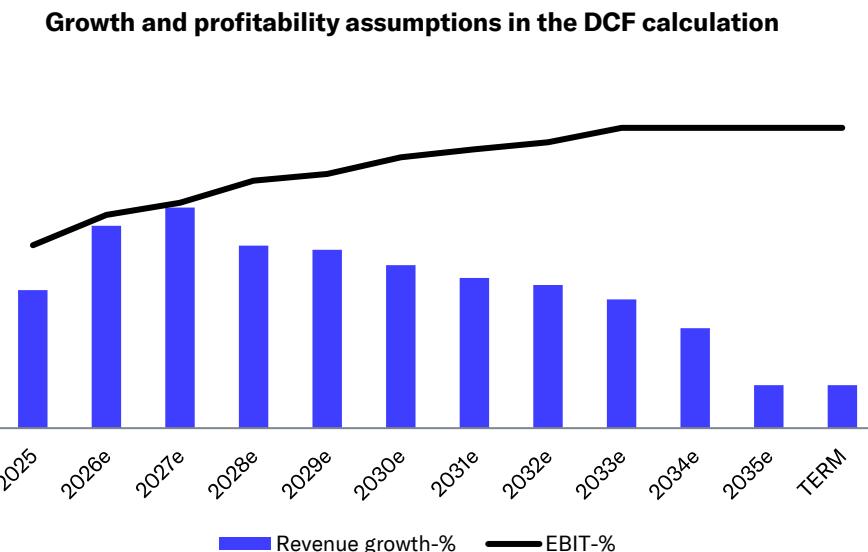
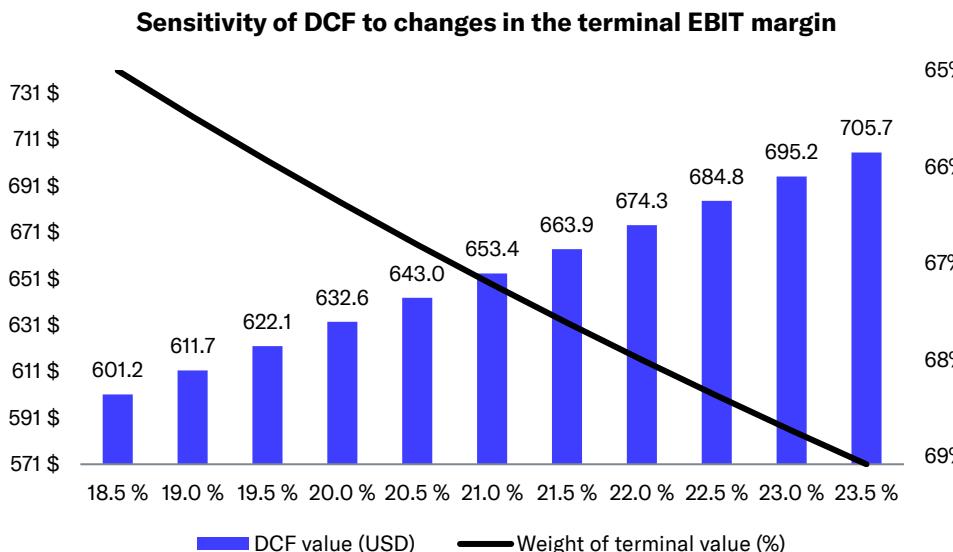
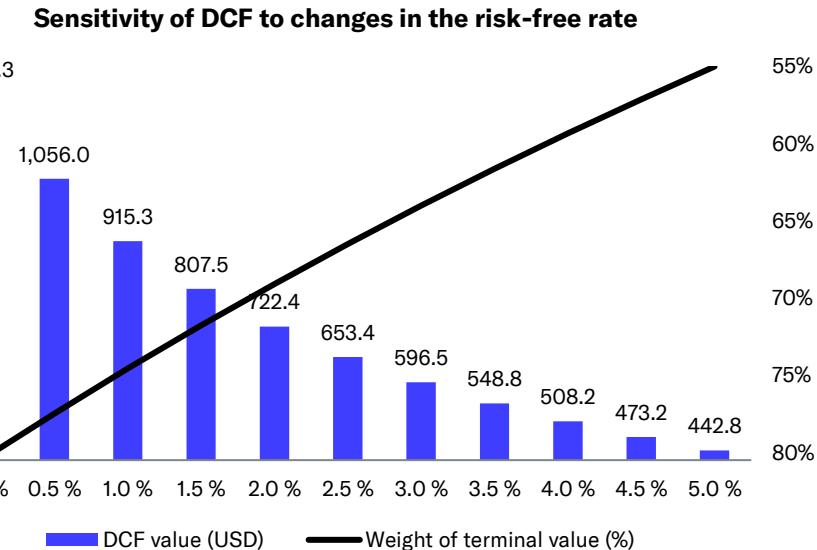
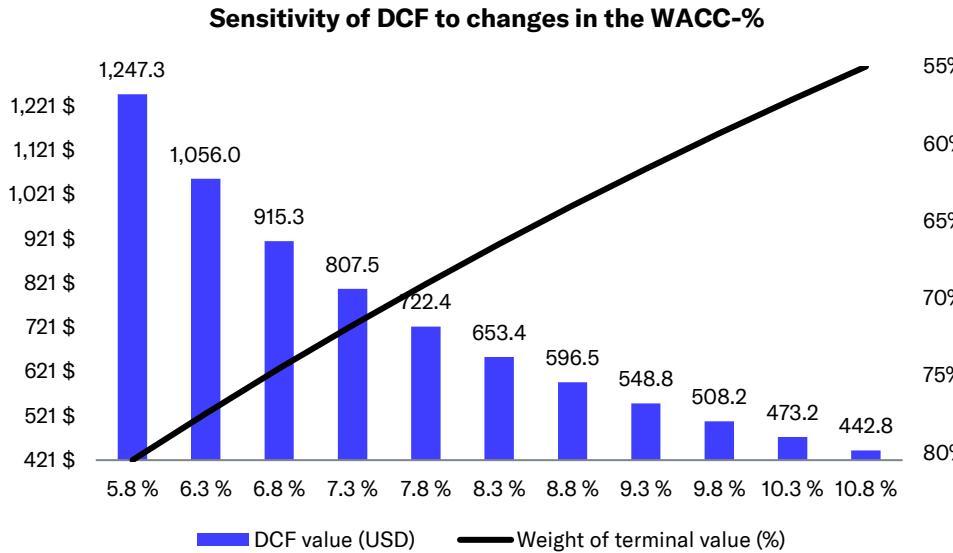
2031e-2035e  18%

TERM  67%

WACC	
Tax-% (WACC)	21.0 %
Target debt ratio (D/(D+E))	0.0 %
Cost of debt	0.0 %
Equity Beta	1.22
Market risk premium	4.75%
Liquidity premium	0.00%
Risk free interest rate	2.5 %
<b>Cost of equity</b>	<b>8.3 %</b>
<b>Weighted average cost of capital (WACC)</b>	<b>8.3 %</b>

■ 2026e-2030e ■ 2031e-2035e ■ TERM

# DCF sensitivity calculations and key assumptions in graphs



# Summary

Income statement (MEUR)	2023	2024	2025	2026e	2027e	Per share data (EUR)	2023	2024	2025	2026e	2027e
<b>Revenue</b>	13,247	15,673	17,186	<b>19,619</b>	<b>22,645</b>	<b>EPS (reported)</b>	-2.73	5.61	10.75	<b>14.31</b>	<b>16.24</b>
<b>EBITDA</b>	-165	1,529	2,308	<b>3,059</b>	<b>3,702</b>	<b>EPS (adj.)</b>	-2.73	5.61	10.75	<b>14.31</b>	<b>16.24</b>
<b>EBIT</b>	-446	1,365	2,198	<b>2,927</b>	<b>3,569</b>	<b>OCF / share</b>	1.70	8.12	9.80	<b>15.37</b>	<b>17.32</b>
<b>PTP</b>	-505	1,341	2,224	<b>3,141</b>	<b>3,819</b>	<b>OFCF / share</b>	1.34	9.95	9.16	<b>14.73</b>	<b>16.68</b>
<b>Net Income</b>	-532	1,138	2,212	<b>2,984</b>	<b>3,437</b>	<b>Book value / share</b>	12.96	27.23	40.49	<b>54.26</b>	<b>69.70</b>
<b>Extraordinary items</b>	0.0	0.0	0.0	<b>0.0</b>	<b>0.0</b>	<b>Dividend / share</b>	0.00	0.00	0.00	<b>0.00</b>	<b>0.00</b>
Balance sheet (MEUR)	2023	2024	2025	2026e	2027e	Growth and profitability	2023	2024	2025	2026e	2027e
<b>Balance sheet total</b>	8,346	12,005	15,015	<b>17,117</b>	<b>21,213</b>	<b>Revenue growth-%</b>	13%	18%	10%	<b>14%</b>	<b>15%</b>
<b>Equity capital</b>	2,523	5,525	8,329	<b>11,313</b>	<b>14,751</b>	<b>EBITDA growth-%</b>	-66%	-1027%	51%	<b>33%</b>	<b>21%</b>
<b>Goodwill</b>	1,137	1,201	1,083	<b>1,083</b>	<b>1,083</b>	<b>EBIT (adj.) growth-%</b>	-32%	-406%	61%	<b>33%</b>	<b>22%</b>
<b>Net debt</b>	-2,518	-5,447	-7,576	<b>-10,851</b>	<b>-14,605</b>	<b>EPS (adj.) growth-%</b>	23%	-305%	92%	<b>33%</b>	<b>13%</b>
<b>EBITDA-%</b>	-1.2 %	9.8 %	13.4 %			<b>EBITDA-%</b>	-1.2 %	9.8 %	13.4 %	<b>15.6 %</b>	<b>16.3 %</b>
<b>Cash flow (MEUR)</b>	2023	2024	2025	2026e	2027e	<b>EBIT (adj.)-%</b>	-3.4 %	8.7 %	12.8 %	<b>14.9 %</b>	<b>15.8 %</b>
<b>EBITDA</b>	-165	1,529	2,308	<b>3,059</b>	<b>3,702</b>	<b>EBIT-%</b>	-3.4 %	8.7 %	12.8 %	<b>14.9 %</b>	<b>15.8 %</b>
<b>Change in working capital</b>	535	471	53	<b>291</b>	<b>320</b>	<b>ROE-%</b>	-21.6 %	28.3 %	31.9 %	<b>30.4 %</b>	<b>26.4 %</b>
<b>Operating cash flow</b>	330	1,648	2,015	<b>3,204</b>	<b>3,665</b>	<b>ROI-%</b>	-6.9 %	28.8 %	26.0 %	<b>28.9 %</b>	<b>28.5 %</b>
<b>CAPEX</b>	-63	-546	-527	<b>-133</b>	<b>-135</b>	<b>Equity ratio</b>	30.2 %	46.0 %	55.5 %	<b>66.1 %</b>	<b>69.5 %</b>
<b>Free cash flow</b>	260	2,018	1,883	<b>3,071</b>	<b>3,530</b>	<b>Gearing</b>	-99.8 %	-98.6 %	-91.0 %	<b>-95.9 %</b>	<b>-99.0 %</b>
Valuation multiples	2023	2024	2025	2026e	2027e						
<b>EV/S</b>	2.3	5.3	5.5	<b>3.7</b>	<b>3.1</b>						
<b>EV/EBITDA</b>	neg.	54.0	40.8	<b>23.7</b>	<b>18.9</b>						
<b>EV/EBIT (adj.)</b>	neg.	60.5	42.8	<b>24.8</b>	<b>19.6</b>						
<b>P/E (adj.)</b>	neg.	77.4	46.0	<b>27.9</b>	<b>24.6</b>						
<b>P/B</b>	13.1	15.9	12.2	<b>7.4</b>	<b>5.7</b>						
<b>Dividend-%</b>	0.0 %	0.0 %	0.0 %	<b>0.0 %</b>	<b>0.0 %</b>						

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

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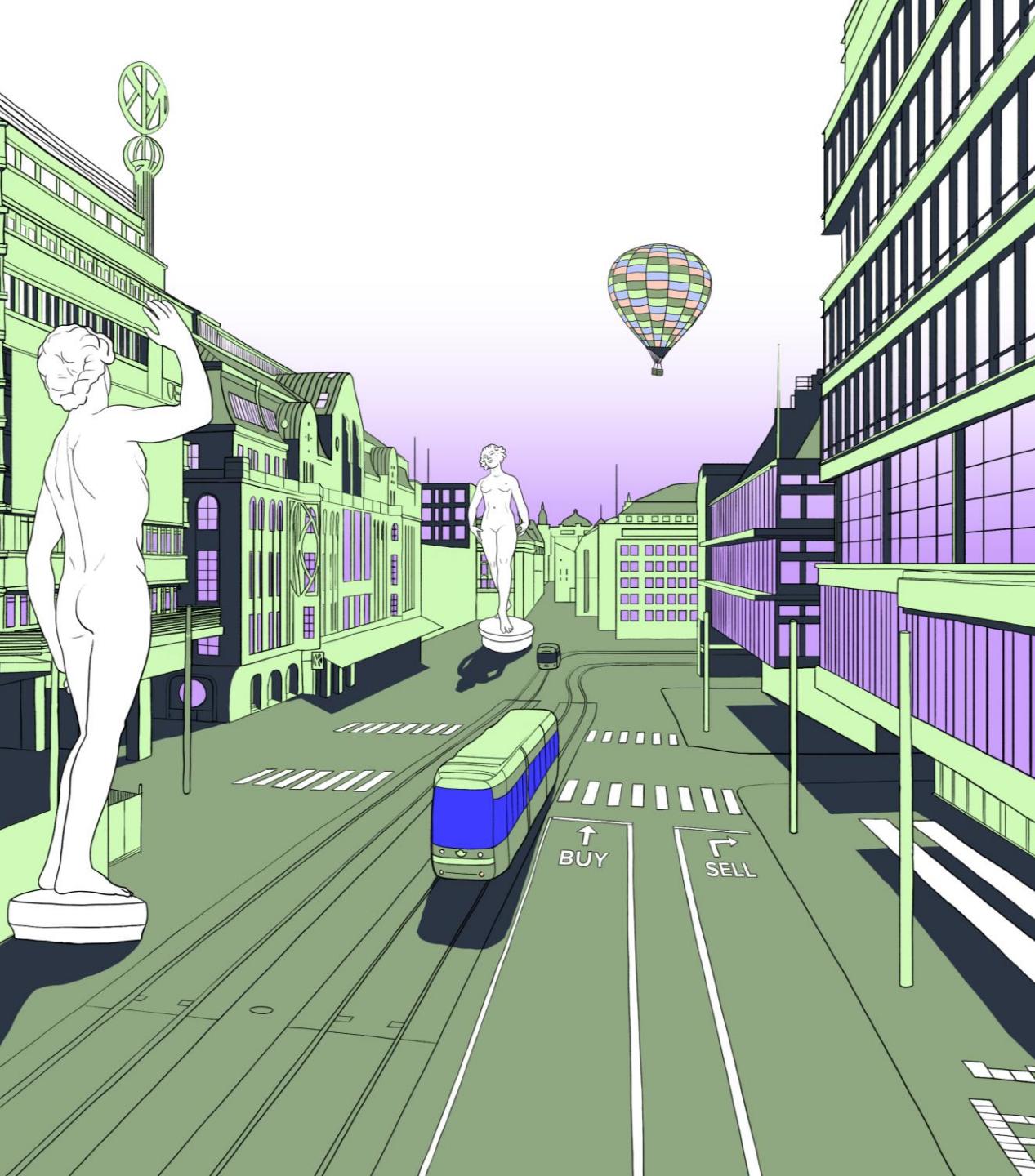
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Buy	The 12-month risk-adjusted expected shareholder return of the share is very attractive
Accumulate	The 12-month risk-adjusted expected shareholder return of the share is attractive
Reduce	The 12-month risk-adjusted expected shareholder return of 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
2024-12-13	Reduce	\$ 470	\$ 480
2025-02-05	Reduce	\$ 535	\$ 622
2025-04-30	Reduce	\$ 570	\$ 582
2025-07-22	Reduce	\$ 650	\$ 707
2025-07-30	Reduce	\$ 625	\$ 620
2025-10-31	Reduce	\$ 645	\$ 657
2025-11-05	Reduce	\$ 655	\$ 630
2025-01-22	Accumulate	\$ 590	\$ 511
2025-02-11	Buy	\$ 595	\$ 476



# CONNECTING INVESTORS AND COMPANIES.

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