

Flügger Group

Flügger

Market: OMXC Mid Cap

Ticker: FLUG B

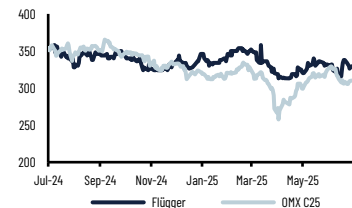
Share price (DKK): 330

Market cap (DKK): 977m

Net debt (DKK): 609m

Enterprise value (DKK): 1.6bn

Share information



YTD -0.6% 1 year: -6.3%
1 month: -0.6% 3 years: -28.7%

Note: We apply the closing price from 07 July 2025
Index rebased to 08 July 2024. Source: S&P Capital IQ

Financials

(DKKm)	2023/24	2024/25	2025/26E*
Revenue	2,208	2,272	2,200-2,400
Revenue growth	3.7%	2.9%	-3% to 6%
EBITDA	237	267	N/A
EBITDA margin	10.7%	11.8%	N/A%
Adj. EBIT	68	94	100-120
EBIT margin	3.1%	4.1%	5%
Net income	25	63	N/A
Net income margin	1.1%	2.8%	N/A

Note: *Flügger's own guidance for 2025/26;

Valuation multiples

	2023/24	2024/25	2025/26E*
P/S (x)	0.5	0.4	0.4
EV/Sales (x)	0.8	0.7	0.7
EV/EBITDA (x)	7.6	5.8	N/A
EV/EBIT (x)	26.4	16.5	15.3
P/E (x)	43.2	14.9	N/A
P/B (x)	1.3	1.1	N/A
P/CF (x)	5.6	3.7	N/A

Note: Multiples for 2023/24 and 2024/25 are based on historical numbers and S&P Capital IQ. *Multiples in 2025/26 are based on mid-point guidance

Company description

Flügger is a Danish-based developer, producer, marketer, and seller of decorative paint, wood stains, filler, and tools, selling to professional painters, private customers, and builder's merchants. Flügger has three operational segments Nordics, International, and Partnerships. Nordics: the largest segment including all Nordic activities. International: wholly owned operations in Poland, Ukraine and other export activities. Partnerships: The activities from majority owned Unicell (Poland) and Eskaro (Ukraine).

Investment case

Flügger has emerged from a turbulent period of high cyclicality and a Russia-Ukraine war-affected acquisition of Eskaro (2021). The divestment of Eskaro activities outside of Ukraine (home to the primary factory) has improved Flügger's balance sheet and returned focus to core markets. The focus on core markets saw margin improvement in 2024/25 despite ongoing market weakness, and a return to higher dividends of DKK 20/share.

A stronger revenue growth in 2025/26 may drive margin expansion, supported by the operating leverage which results from fixed costs relating to production and its store network. As a result, revenue growth can drive significant margin expansion, as seen during Covid-19. EBIT margins also improved 1.0 percentage points FY'24/25, supported by this mechanism, and guidance suggests further margin improvement FY25/26E, despite moderate revenue growth. Medium-term, the "Flügger Organic" 2024-27 strategy targets organic growth by focusing on professional painters to grow market share, while continuing its Eastern European expansion. Longer term, Eastern European markets have attractive growth potential as rising incomes per capita increase premium preferences, while large European fiscal packages and falling interest rates may also support market improvements.

Improving margins may see its valuation improve, as EV/EBIT trades roughly in line with peers. However, a greatly smaller size and lower margins will justify some discount.

Key investment reasons

Flügger announced a dividend of DKK 20/share (DKK 60m) in connection with FY'24/25 results, reflecting a 95% payout ratio, and 6% dividend yield (from annual report date) as a stronger balance sheet enables higher payout to shareholders. The "Flügger Organic" strategy supports ongoing strong dividends, alongside moderate organic growth in Eastern Europe.

Structural factors in Poland and Ukraine, such as rising income per capita, support raised demand for premium paints and support Flügger's Eastern Europe market expansion. Lower interest rates and higher fiscal spending in Europe may also boost demand for decorative paints from a cyclical low point on a near-term basis.

The 'Flügger Organic' 2024-27 strategy, seeking organic growth, can positively impact margins with an outsized effect from incremental revenue growth, given the operating leverage that results from its production and store network.

Key investment risks

Flügger faces continued market challenges with low housing market activity in Europe and the Nordics. Flügger's premium nature may reduce its cyclicality relative to other brands; however, is still influenced by wider economic and housing/building market conditions. Additionally, Flügger's operating leverage leads to margin sensitivity in both directions, leading to small changes in revenue resulting in larger swings in results.

Flügger has a high market penetration in the Nordics, which may make it challenging to outpace broader market growth in the region. Additionally, Ukraine, a growth market, faces heightened war-related uncertainty, despite growing around 40% 2023/24 y/y.

Brand strength is an important sales factor in the premium decorative paints sector, and recent negative press regarding ongoing sales to Kazakhstan and significant changes to the board of directors may impact the brand, but it may not be material.

Peer group

Company	Price (local)	Total return YTD	Market cap (EURm)	EV (EURm)	EV/Sales		EV/EBITDA		EV/EBIT		EBIT margin	
					2024	2025E	2024	2025E	2024	2025E	3-yr avg	LTM
Akzo Nobel N.V.	EUR 60	6.4%	10,254	14,607	1.3	1.4	9.9	9.6	13.4	12.6	9.2%	8.2%
PPG Industries, Inc.	USD 115.5	-2.2%	22,336	27,503	1.9	2.1	10.7	11.4	14.4	13.4	12.7%	13.8%
The Sherwin-Williams Company	USD 346.3	2.3%	73,810	85,255	4.2	4.1	18.9	19.5	25.7	21.5	16.3%	16.5%
Median		2.3%	22,336	27,503	1.9	2.1	10.7	11.4	14.4	13.4	12.7%	13.8%
Flügger	DKK 330	-0.6%	132.0	219.7	0.7	0.7	5.8	N/A	16.5	15.3	2.2%	4.1%

Note: Data from 07/07/2025. *Estimates calculated by HC Andersen Capital using Flügger's latest guidance as a midpoint where possible. No adjustments have been made for Flügger's skewed reporting season, from 1 May - 30 April. Other estimates are from consensus analysts from S&P Capital IQ. EV calculation includes listed and non-listed shares. Source: HC Andersen Capital and S&P Capital IQ.

Estimates and assumptions: Some of the data in the peer group has not been calculated by HC Andersen Capital but is instead consensus analyst estimates from S&P Capital IQ. HC Andersen Capital assumes no responsibility for the correctness of the numbers in the peer group; however, considers S&P Capital IQ a credible source of information.

Selected peers overview:

PPG Industries Inc: manufactures and distributes a broad range of paints, coatings and speciality materials. PPG was incorporated in Pennsylvania in 1883. Headquartered in Pittsburgh, USA, PPG employs over. 45,000 people globally and has operations in more than 70 countries.

Akzo Nobel: is a Dutch multinational company that creates paints and performance coatings for both industry and consumers worldwide. Headquartered in Amsterdam, the company has activities in more than 80 countries and employs over 30,000 people.

The Sherwin-Williams Company: The Sherwin-Williams Company is a global leader in the manufacture, development, distribution, and sale of paint, coatings, and related products. Headquartered in Ohio, USA, the company employs over. 60,000 people globally, the majority of which are in the USA and has distribution capabilities to over 40 countries. The Sherwin-Williams Company is not a direct competitor to Flügger because it only sells its industrial coatings products in Europe, and not its consumer products.