H&M

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COMPANY REPORT

Muted sales growth overshadows margin gains

In our view, H&M's Q1 report did not contain any major surprises. The overall narrative remains unchanged; the company continues to struggle to drive sales growth, while margin improvement is primarily supported by internal initiatives and external factors rather than top-line momentum. In our view, valuation levels remain elevated, and given the ongoing revenue concerns, we continue to view the risk/reward as unattractive. As a result, we reiterate our Sell recommendation and our target price to SEK 155 per share.

Investment case relies on increased sales growth

In our view, H&M's investment case hinges on product and brand investments that strengthen the customer experience and drive margin recovery through increased sales. While top-line growth is clearly the biggest positive driver for H&M, the main near-term risks to achieving it are a lack of brand traction and prolonged weak consumer confidence.

Continued weak top-line momentum, margins provide support

As expected, H&M continues to face challenges in driving top-line growth, reporting a decline in sales of -1% in local currencies in Q1, slightly below both our and consensus forecasts. Overall, we view the Q1 sales performance as modest, with the company's strategic initiatives around product offering and customer experience yet to translate into meaningful revenue growth. The key positive in the report was, once again, profitability. Ongoing supply chain efficiencies continued to support the gross margin, which increased from a low base of 49.1% in Q1'25 to 50.7% in Q1'26. On operating expenses, the company reduced SG&A by approximately 1% in local currencies, and the EBIT margin improved from 2.2% in the prior year to 3.0%, above our expectations. Looking ahead, the key question remains the sustainability of the margin improvement. While margin-driven earnings growth is encouraging, we believe that stronger brand momentum and a recovery in sales growth are critical to supporting long-term earnings expansion.

We have lowered our revenue estimates

Given the weak Q1 sales outcome and the continued lack of clear signs of a rebound, we have reduced our revenue forecasts for the current year by around 2%. Based on our revised estimates, we now expect full-year 2026 sales growth of around 1–2% in local currencies. A more meaningful acceleration is likely to be delayed until late 2026 and into 2027, supported by a gradual improvement in customer response to investments in the product offering and online platform, as well as a potential recovery in consumer confidence. However, we believe that the conflict in the Middle East poses short-term risks, as inflationary pressures from higher energy prices are likely to act as a headwind, affecting both H&M's cost base and consumer demand.

In the longer term, we continue to expect gross margin expansion toward 54–55%, beyond this level, we anticipate that the company will reinvest incremental margin gains into the product offering to support 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 moderate sales growth and ongoing operational efficiencies.

We reiterate our Sell recommendation

In our view, the valuation multiples are still on the high side in absolute terms (2026e P/E: 21 and EV/EBIT: 17x), above H&M's long-term medians. Our DCF model and relative valuation paint a similar picture. While H&M's strong brand and healthy balance sheet are supportive, limited visibility on a sales turnaround and a mixed track record lead us to believe that the current elevated valuation multiples are unwarranted. As such, we view the risk/reward as unattractive and prefer to wait for more compelling entry opportunities.

Recommendation
Sell
(prev. Sell)

Target price:
155 SEK
(prev. 155 SEK)

Share price:
171 SEK

Business risk
●●○○○

Valuation risk
●●●○○

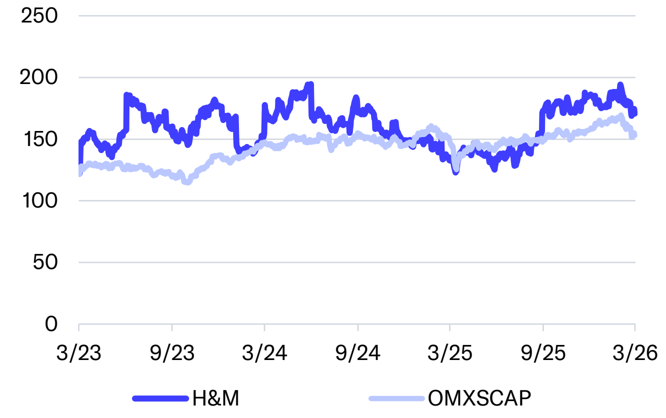
	2025	2026e	2027e	2028e
Revenue	228,285	223,257	236,895	249,000
growth-%	-3%	-2%	6%	5%
EBIT adj.	18,395	19,506	22,632	23,919
EBIT-% adj.	8.1 %	8.7 %	9.6 %	9.6 %
Net Income	12,158	13,002	15,849	16,814
EPS (adj.)	7.6	8.1	9.9	10.5
P/E (adj.)	22.6	21.1	17.3	16.3
P/B	6.4	6.1	5.6	5.3
Dividend yield-%	4.2 %	4.4 %	5.0 %	5.3 %
EV/EBIT (adj.)	18.0	16.9	14.3	13.4
EV/EBITDA	8.4	8.2	7.5	7.4
EV/S	1.4	1.5	1.4	1.3

Source: Inderes

Guidance

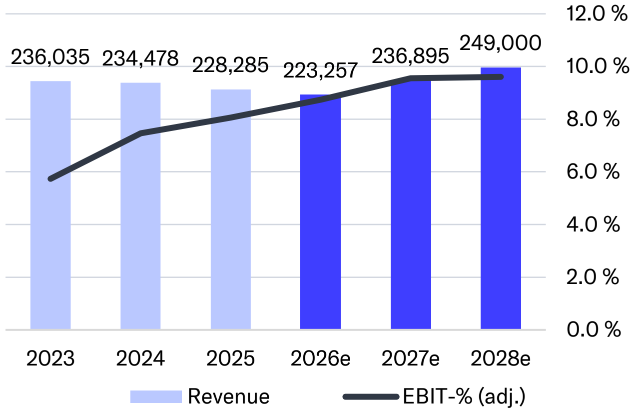
No guidance

Share price



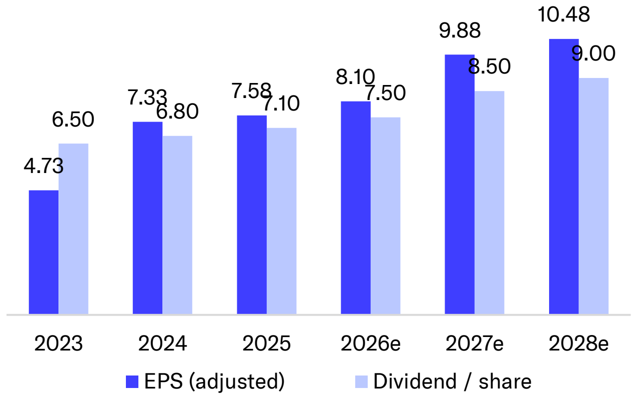
Source: Millistream Market Data AB

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	2026e	2027e	2028e
Share price	171	171	171
Number of shares, m	1,604	1,604	1,604
Market cap	273,638	273,638	273,638
EV	329,220	323,675	321,105
P/E (adj.)	21.1	17.3	16.3
P/E	21.1	17.3	16.3
P/B	6.1	5.6	5.3
P/S	1.2	1.2	1.1
EV/Sales	1.5	1.4	1.3
EV/EBITDA	8.2	7.5	7.4
EV/EBIT (adj.)	16.9	14.3	13.4
Payout ratio (%)	92%	86%	86%
Dividend yield-%	4.4 %	5.0 %	5.3 %

Source: Inderes

Continued weak top-line momentum, margins provide support

Yet no signs of accelerating revenue growth

H&M's top-line challenges persisted in Q1, with revenue in local currencies declining by 1%, slightly below both our expectations and the consensus forecast. Reported sales fell by 10%, primarily due to a significant negative FX impact, which was already anticipated on our side. H&M had already indicated in Q4 that December–January sales (-2% in local currencies) were adversely affected by several factors, including demand being pulled forward to Black Week in November, cautious supply planning in the U.S., and headwinds related to the timing of Chinese New Year. In February, sales trends improved somewhat, mainly due to easier comparables and a reversal of the Chinese New Year timing effect. From a regional perspective, Southern Europe continues to perform relatively well, with local currency sales growth of around 3%, while North and South America, as well as Asia, remain a drag, declining by roughly 3% in local currencies.

Overall, we view the Q1 sales outcome as modest, and the company's March guidance of 1% sales growth in local currencies does not at this stage point to a strong rebound in top-line growth in our view, although one month of data is inherently volatile and should be viewed with somewhat caution.

Improved gross margins mainly driven by supply chain efficiencies

H&M's Q1 gross margin increased from a low base of 49.1% in Q1'25 to 50.7% in Q1'26, exceeding both our estimates and the consensus forecast. According to the company, the improvement was primarily driven by internal factors, particularly ongoing supply chain efficiencies linked to its efforts to consolidate volumes with fewer, more efficient suppliers. In addition, external factors had a net positive impact on margins. While higher tariff-related costs weighed on profitability, lower material and freight costs, as well as transactional FX, provided support.

Opex development continued to outperform our expectations

H&M continued to demonstrate solid cost discipline in Q1, with SG&A expenses declining by approximately 1% in local currencies, in line with the 1% decrease in sales. This was mainly driven by logistics efficiencies, lease renegotiations, and more effective marketing. On the other hand, FX-related OPEX deleverage, driven by SEK accounting for a larger share of operating costs than revenues, continued to weigh on operating profit. Overall, the company reported EBIT of 1,512 MSEK, with the EBIT margin improving from 2.2% in the prior year to 3.0%. We view this as a strong operational performance, above our expectations, albeit against relatively soft comparables.

Further down the income statement, EPS amounted to SEK 0.45 (Q1'25: SEK 0.37). It is worth noting that Q1 is typically H&M's smallest quarter and therefore the least significant in terms of both sales and profit contribution.

Estimates	Q1'25	Q1'26	Q1'26e	Q1'26e	Consensus			Difference (%)	2026
MSEK / SEK	Comparison	Actualized	Inderes	Consensus	Low		High	Act. vs. inderes	Inderes
Revenue	55,333	49,607	50,500	50,286	49,500	-	52,646	-2%	223,257
Gross profit	27,169	25,138	25,250	25,188	24,899	-	26,350	0%	121,342
Gross margin %	49.1 %	50.7 %	50.0 %	50.1 %	50.0 %	-	50.4 %	0.7 pp	54.4 %
EBIT	1,203	1,512	1,330	1,454	1,195	-	1,669	14%	19,506
EPS (reported)	0.37	0.45	0.42	0.45	0.33	-	0.56	7%	8.10
Revenue growth-%	3.1 %	-10.3 %	-8.7 %	-9.1 %	-10.5 %	-	-4.9 %	-1.6 pp	-2.2 %
EBIT-%	2.2 %	3.0 %	2.6 %	2.9 %	2.4 %	-	3.2 %	0.4 pp	8.7 %

Source: Inderes & Infront 2026.03.20, 12 analysts (consensus)

We have lowered our revenue estimates for the coming years

Modest start to Q2'25

Overall, we have lowered our revenue estimates for the current year, as we still see limited evidence that H&M's strategic initiatives around product and customer experience are translating into meaningful sales growth. Based on our revised estimates, we now expect full-year 2026 sales growth of around 1–2% in local currencies. A more meaningful acceleration is likely to be pushed into late 2026 and 2027, supported by a gradually improving customer response to investments in the offering and online platform, as well as a potential recovery in consumer confidence.

Earnings estimates revised down on weaker sales

Regarding gross margin, the company noted in its Q1 report that the overall impact of external factors is expected to be slightly positive in Q2'26 compared with the prior year. However, markdown costs as a share of sales are anticipated to be somewhat higher than in the same quarter last year. In addition, we believe that inflationary pressures from higher energy prices are likely to pose a headwind, affecting both H&M's cost base and consumer demand going forward. On the cost side, elevated energy prices may put pressure on sourcing, production, and logistics expenses, while on the demand side, reduced consumer purchasing power could weigh on discretionary spending.

Overall, given our lower revenue estimates for the current year, we have reduced our earnings forecasts by approximately 4% for FY2026. That said, as H&M continues to exceed our expectations in operational cost control, we remain confident in ongoing margin improvement. Consequently, we have also lowered our operating expense assumptions broadly in line with revenue for the current year, resulting in largely unchanged margin expectations.

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 MSEK / SEK	2026 Inderes	2026 Actualized	Change %	2027e Old	2027e New	Change %	2028e Old	2028e New	Change %
Revenue	227,350	223,257	-2%	241,257	236,895	-2%	253,603	249,000	-2%
EBITDA	41,080	39,911	-3%	43,651	43,414	-1%	43,945	43,632	-1%
EBIT (exc. NRIs)	20,080	19,506	-3%	23,024	22,632	-2%	24,343	23,919	-2%
EBIT	20,080	19,506	-3%	23,024	22,632	-2%	24,343	23,919	-2%
PTP	17,930	17,283	-4%	21,524	21,132	-2%	22,843	22,419	-2%
EPS (excl. NRIs)	8.41	8.10	-4%	10.06	9.88	-2%	10.68	10.48	-2%
DPS	8.00	7.50	-6%	9.00	8.50	-6%	9.50	9.00	-5%

Source: Inderes

We reiterate our Sell recommendation

Valuation summary – Sell

We expect investors to receive an annual dividend yield of around 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, in our view, H&M’s expected return is lower than the required return. As a result, we reiterate our Sell recommendation and target price of SEK 155 per share.

Acceptable absolute multiples in 2026-2027

With our updated estimates, H&M's P/E and EV/EBIT for 2026 are 21 and 17x, respectively. These multiples are above our accepted valuation range and given persistent topline concerns, as well as the still rather 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 17x and EV/EBIT 14x, 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 onwards from 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 16x for 2026 and 12x 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 25x for 2026 and 23x for 2027, i.e., well above H&M. However, H&M is valued slightly above its 10-year long-term median (P/E 19x) and roughly in line with Inditex’s long-term median, even though Inditex has been growing faster than H&M with higher profitability. In our view, compared to the overall peer group, the valuation premium (around 40%) 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 248 BSEK, which translates to around SEK 155 per share. This is in line with our target price and below the current share price.

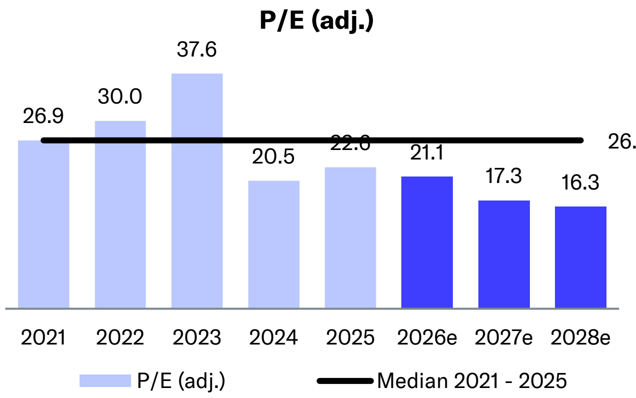
Valuation	2026e	2027e	2028e
Share price	171	171	171
Number of shares, m	1,604	1,604	1,604
Market cap	273,638	273,638	273,638
EV	329,220	323,675	321,105
P/E (adj.)	21.1	17.3	16.3
P/E	21.1	17.3	16.3
P/B	6.1	5.6	5.3
P/S	1.2	1.2	1.1
EV/Sales	1.5	1.4	1.3
EV/EBITDA	8.2	7.5	7.4
EV/EBIT (adj.)	16.9	14.3	13.4
Payout ratio (%)	92%	86%	86%
Dividend yield-%	4.4 %	5.0 %	5.3 %

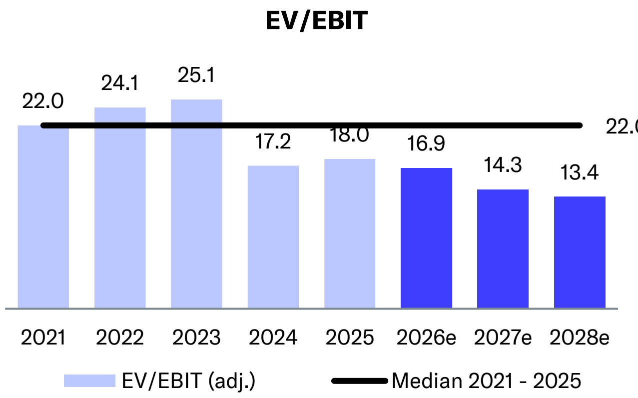
Source: Inderes

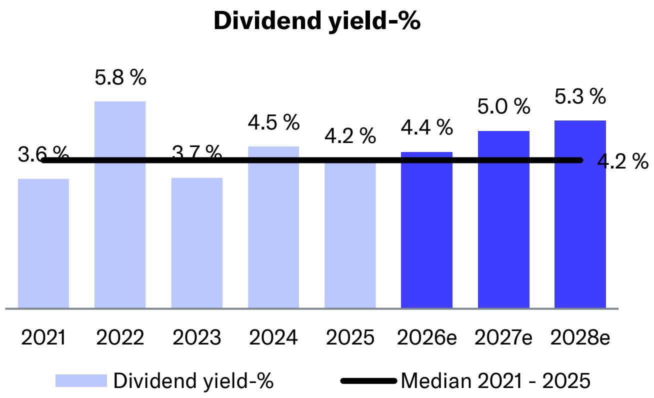
Valuation table

Valuation	2021	2022	2023	2024	2025	2026e	2027e	2028e	2029e
Share price	179	112	178	150	171	**171**	**171**	**171**	**171**
Number of shares, millions	1655.1	1645.5	1633.5	1611.7	1604.5	**1604.5**	**1604.5**	**1604.5**	**1604.5**
Market cap	295,927	184,569	288,002	240,675	273,638	**273,638**	**273,638**	**273,638**	**273,638**
EV	335,147	235,497	339,574	300,289	330,277	**329,220**	**323,675**	**321,105**	**319,547**
P/E (adj.)	26.9	30.0	37.6	20.5	22.6	**21.1**	**17.3**	**16.3**	**15.7**
P/E	26.9	51.8	33.3	20.8	22.6	**21.1**	**17.3**	**16.3**	**15.7**
P/B	4.9	3.6	6.1	5.2	6.4	**6.1**	**5.6**	**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**	**7.4**	**7.3**
EV/EBIT (adj.)	22.0	24.1	25.1	17.2	18.0	**16.9**	**14.3**	**13.4**	**12.9**
Payout ratio (%)	97.7 %	299.8 %	120.9 %	93.9 %	93.4 %	**92.3 %**	**85.8 %**	**85.7 %**	**100.0 %**
Dividend yield-%	3.6 %	5.8 %	3.7 %	4.5 %	4.2 %	**4.4 %**	**5.0 %**	**5.3 %**	**6.4 %**

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	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**	**2027e**	**2026e**
Inditex	157,079	152,046	19.1	17.5	13.6	12.6	3.8	3.6	25.3	23.1	3.5	3.9	7.7
Fast Retailing	107,794	99,556	28.7	29.6	20.7	18.9	4.8	4.4	40.9	37.2	0.9	0.9	7.6
Next	16,815	18,598	13.2	12.4	10.7	10.1	2.4	2.2	16.5	15.5	5.0	5.5	7.3
GAP	8,028	6,723	6.9	6.5	4.8	4.6	0.5	0.5	11.7	10.7	2.6	2.7	2.5
Zalando	5,680	5,154	9.0	6.9	5.0	4.3	0.4	0.3	14.9	11.4			1.8
Victoria's Secret	3,099	3,540	10.9	9.0	6.6	6.1	0.6	0.6	16.2	12.7			3.7
Abercombie & Fitch	3,510	2,979	5.2	5.1	4.2	4.1	0.7	0.6	8.9	8.2			2.9
Urban Outfitters	4,766	4,245	8.2	7.5	6.7	6.1	0.8	0.7	11.5	10.4			1.9
H&M (Inderes)	**25,243**	**30,371**	**16.9**	**14.3**	**8.2**	**7.5**	**1.5**	**1.4**	**21.1**	**17.3**	**4.4**	**5.0**	**6.1**
Average			**12.7**	**11.8**	**9.0**	**8.3**	**1.7**	**1.6**	**18.2**	**16.2**	**3.0**	**3.2**	**4.4**
Median			**9.9**	**8.2**	**6.6**	**6.1**	**0.7**	**0.7**	**15.6**	**12.0**	**3.1**	**3.3**	**3.3**
Diff-% to median			***70%***	***74%***	***24%***	***23%***	***105%***	***101%***	***36%***	***44%***	***43%***	***51%***	***89%***

Source: Refinitiv / Inderes

Income statement

Income statement	2024	2025	Q1'26e	Q2'26e	Q3'26e	Q4'26e	2026e	2027e	2028e	2029e
Revenue	**234,478**	**228,285**	**49,607**	**55,800**	**57,600**	**60,250**	**223,257**	**236,895**	**249,000**	**260,039**
EBITDA	**38,904**	**39,535**	**6,317**	**11,607**	**10,346**	**11,641**	**39,911**	**43,414**	**43,632**	**43,882**
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**	**6,507**	**5,146**	**6,341**	**19,506**	**22,632**	**23,919**	**24,852**
EBIT	**17,306**	**18,395**	**1,512**	**6,507**	**5,146**	**6,341**	**19,506**	**22,632**	**23,919**	**24,852**
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**	**5,957**	**4,546**	**5,841**	**17,283**	**21,132**	**22,419**	**23,352**
Taxes	-3,859	-4,117	-235	-1,489	-1,137	-1,460	-4,321	-5,283	-5,605	-5,838
Minority interest	37	73	10	10	10	10	40	0	0	0
Net earnings	**11,621**	**12,158**	**714**	**4,478**	**3,420**	**4,390**	**13,002**	**15,849**	**16,814**	**17,514**
EPS (adj.)	**7.3**	**7.6**	**0.4**	**2.8**	**2.1**	**2.7**	**8.1**	**9.9**	**10.5**	**10.9**
EPS (rep.)	**7.2**	**7.6**	**0.4**	**2.8**	**2.1**	**2.7**	**8.1**	**9.9**	**10.5**	**10.9**

Key figures	2024	2025	Q1'26e	Q2'26e	Q3'26e	Q4'26e	2026e	2027e	2028e	2029e
Revenue growth-%	-0.7 %	-2.6 %	-10.3 %	-1.6 %	1.0 %	1.7 %	-2.2 %	6.1 %	5.1 %	4.4 %
Adjusted EBIT growth-%	29.3 %	5.1 %	25.7 %	10.0 %	4.7 %	-0.4 %	6.0 %	16.0 %	5.7 %	3.9 %
EBITDA-%	16.6 %	17.3 %	12.7 %	20.8 %	18.0 %	19.3 %	17.9 %	18.3 %	17.5 %	16.9 %
Adjusted EBIT-%	7.5 %	8.1 %	3.0 %	11.7 %	8.9 %	10.5 %	8.7 %	9.6 %	9.6 %	9.6 %
Net earnings-%	5.0 %	5.3 %	1.4 %	8.0 %	5.9 %	7.3 %	5.8 %	6.7 %	6.8 %	6.7 %

Source: Inderes

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

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**	**62512**	**65146**	**68475**
Inventories	40348	35427	34605	35534	37350
Other current assets	0.0	0.0	0.0	0.0	0.0
Receivables	18039	16160	16744	17767	18675
Cash and equivalents	17340	20908	11163	11845	12450
Balance sheet total	**180214**	**170273**	**157888**	**158099**	**160436**

Source: Inderes

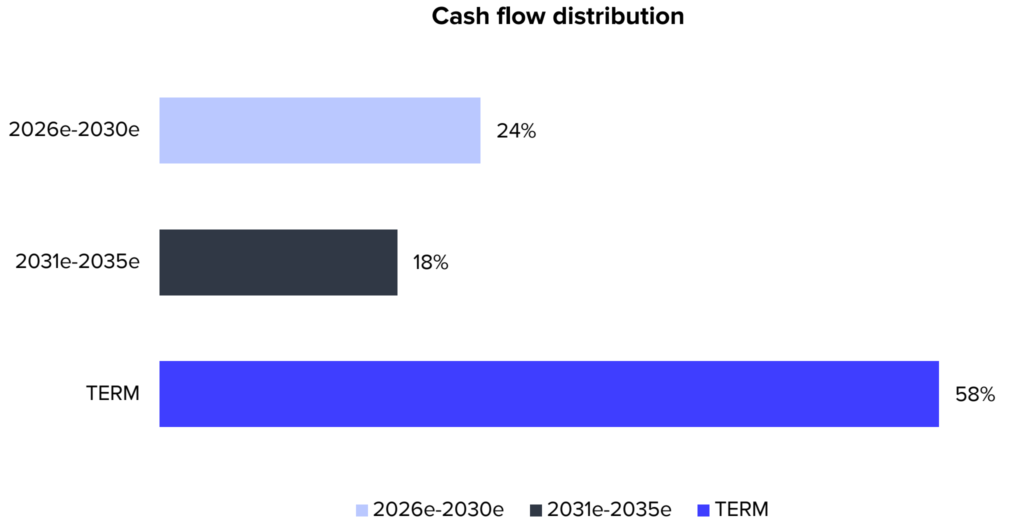
Liabilities & equity	2024	2025	2026e	2027e	2028e
Equity	**46211**	**42947**	**44587**	**48434**	**51646**
Share capital	207	207	207	207	207
Retained earnings	39559	39443	41083	44930	48142
Hybrid bonds	0.0	0.0	0.0	0.0	0.0
Revaluation reserve	0.0	0.0	0.0	0.0	0.0
Other equity	6445	3297	3297	3297	3297
Minorities	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**	**63301**	**59665**	**58790**
Interest bearing debt	12476	14314	16745	11881	9917
Payables	24417	20826	20093	21321	22410
Other current liabilities	29757	26463	26463	26463	26463
Balance sheet total	**180214**	**170273**	**157888**	**158099**	**160436**

DCF-calculation

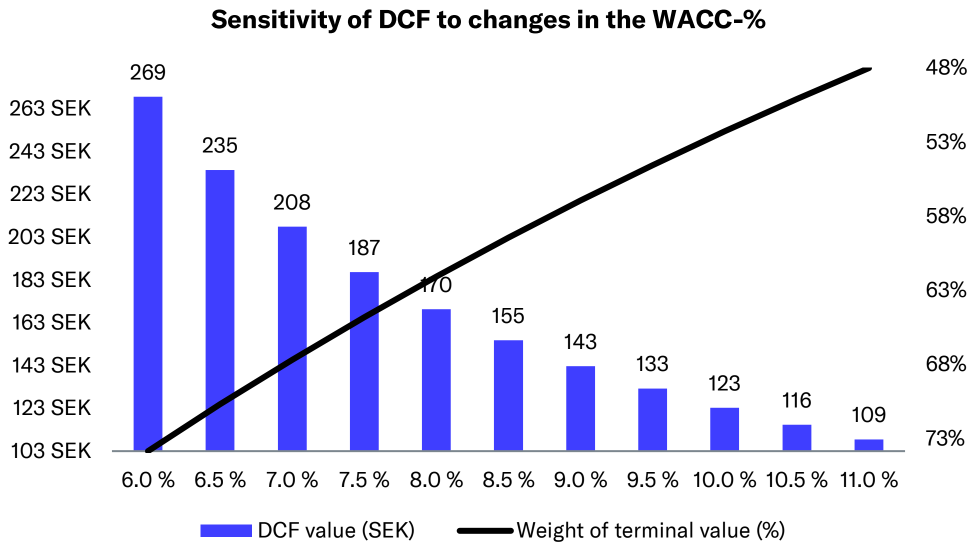
DCF model	2025	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	2034e	2035e	TERM
Revenue growth-%	-2.6 %	-2.2 %	6.1 %	5.1 %	4.4 %	5.0 %	5.0 %	5.0 %	5.0 %	5.0 %	2.5 %	2.5 %
EBIT-%	8.1 %	8.7 %	9.6 %	9.6 %	9.6 %	9.5 %	9.5 %	9.5 %	9.5 %	9.5 %	9.0 %	9.0 %
EBIT (operating profit)	**18,395**	**19,506**	**22,632**	**23,919**	**24,852**	**25,939**	**27,236**	**28,598**	**30,027**	**31,529**	**30,616**	
+ 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	-6,274	-5,283	-5,605	-5,838	-6,110	-6,434	-6,775	-7,132	-7,508	-7,654	
- 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	-495	-725	-1,634	-1,490	-1,755	-1,843	-1,935	-2,032	-2,134	-1,120	
Operating cash flow	**35,200**	**32,586**	**37,031**	**36,018**	**36,178**	**36,694**	**37,648**	**38,725**	**39,910**	**41,191**	**41,815**	
+ 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	-21,956	-20,551	-20,977	-21,412	-21,150	
Free operating cash flow	**19,827**	**14,046**	**18,672**	**17,296**	**17,085**	**17,223**	**15,691**	**18,174**	**18,933**	**19,779**	**20,666**	
+/- 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	12,046	16,672	15,296	15,085	15,223	13,691	16,174	16,933	17,779	18,666	319,672
Discounted FCFF		**11,317**	**14,438**	**12,210**	**11,100**	**10,326**	**8,560**	**9,321**	**8,996**	**8,706**	**8,426**	**144,301**
Sum of FCFF present value		247,701	236,385	221,947	209,736	198,636	188,310	179,750	170,429	161,433	152,727	144,301
Enterprise value DCF		**247,701**										
- Interest bearing debt		-20,932										
+ Cash and cash equivalents		20,908										
-Minorities		0										
-Dividend/capital return		0										
Equity value DCF		**247,677**										
Equity value DCF per share		**155**										

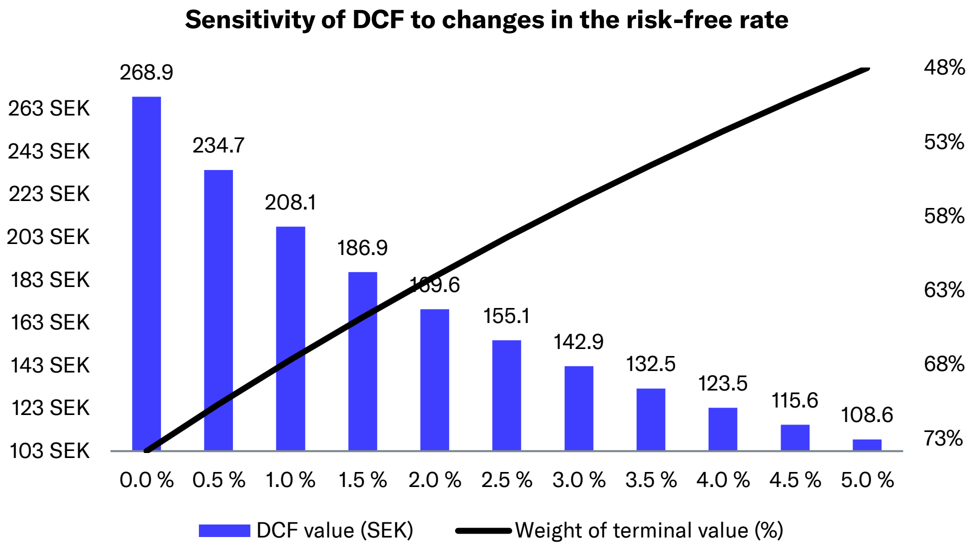
WACC	
Tax-% (WACC)	24.0 %
Target debt ratio (D/(D+E)	0.0 %
Cost of debt	5.0 %
Equity Beta	1.26
Market risk premium	4.75%
Liquidity premium	0.00%
Risk free interest rate	2.5 %
Cost of equity	**8.5 %**
Weighted average cost of capital (WACC)	**8.5 %**

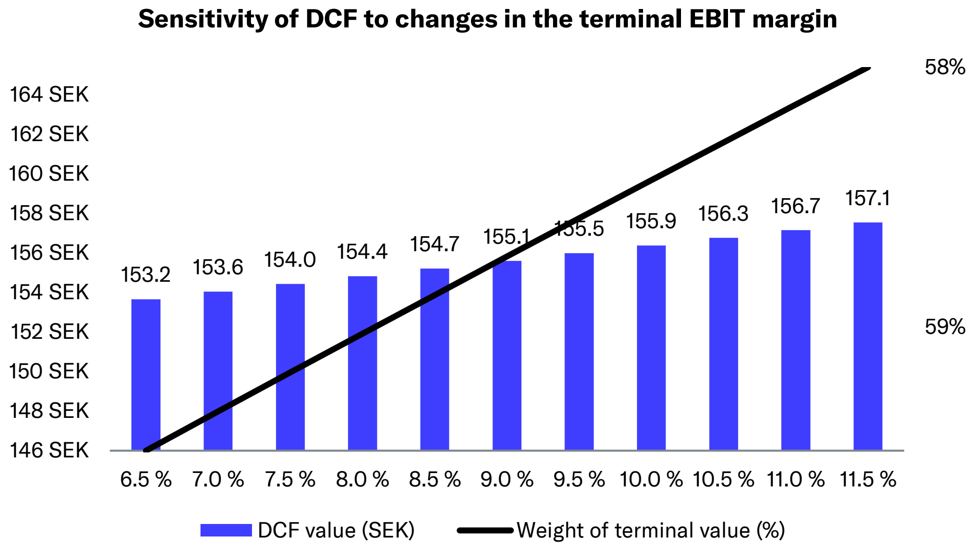
Source: Inderes

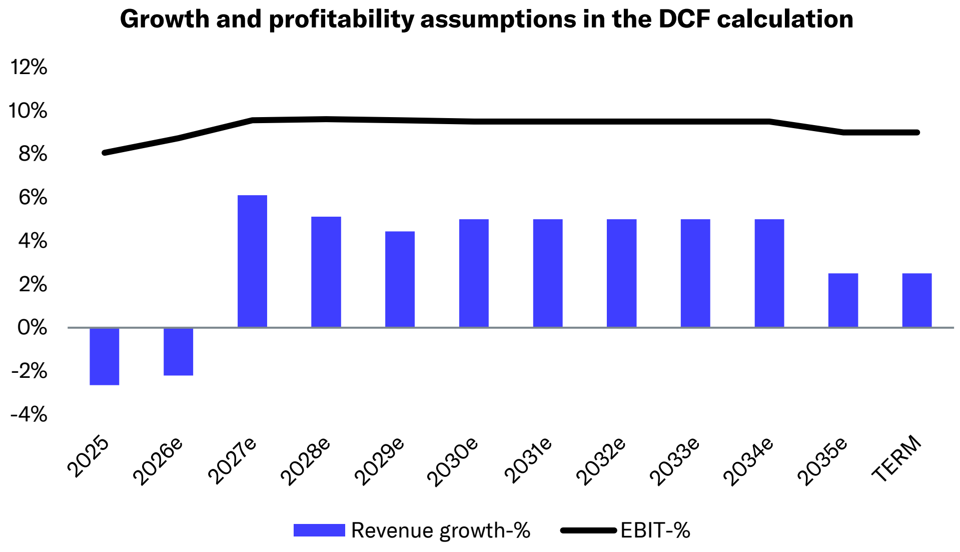


DCF sensitivity calculations and key assumptions in graphs









Source: Inderes. Note that the weight of the terminal value (%) is shown on an inverse scale for clarity.

Summary

Income statement	2023	2024	2025	2026e	2027e
Revenue	236,035	234,478	228,285	223,257	236,895
EBITDA	37,492	38,904	39,535	39,911	43,414
EBIT	14,537	17,306	18,395	19,506	22,632
PTP	13,010	15,443	16,202	17,283	21,132
Net Income	8,723	11,621	12,158	13,002	15,849
Extraordinary items	999	-200	0	0	0

Balance sheet	2023	2024	2025	2026e	2027e
Balance sheet total	181,273	180,214	170,273	157,888	158,099
Equity capital	47,601	46,211	42,947	44,587	48,434
Goodwill	1,013	1,013	1,013	1,013	1,013
Net debt	51,572	59,614	56,639	55,582	50,037

Cash flow	2023	2024	2025	2026e	2027e
EBITDA	37,492	38,904	39,535	39,911	43,414
Change in working capital	1,830	-2,852	-85	-495	-725
Operating cash flow	34,505	31,870	35,200	32,586	37,031
CAPEX	-22,298	-25,608	-15,277	-18,003	-18,359
Free cash flow	10,199	4,379	17,827	12,046	16,672

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	16.9	14.3
P/E (adj.)	37.6	20.5	22.6	21.1	17.3
P/B	6.1	5.2	6.4	6.1	5.6
Dividend-%	3.7 %	4.5 %	4.2 %	4.4 %	5.0 %

Source: Inderes

Per share data	2023	2024	2025	2026e	2027e
EPS (reported)	5.3	7.2	7.6	8.1	9.9
EPS (adj.)	4.7	7.3	7.6	8.1	9.9
OCF / share	21.1	19.8	21.9	20.3	23.1
OFCF / share	6.2	2.7	11.1	7.5	10.4
Book value / share	29.1	28.7	26.8	27.8	30.2
Dividend / share	6.5	6.8	7.1	7.5	8.5

Growth and profitability	2023	2024	2025	2026e	2027e
Revenue growth-%	6%	-1%	-3%	-2%	6%
EBITDA growth-%	26%	4%	2%	1%	9%
EBIT (adj.) growth-%	39%	29%	5%	6%	16%
EPS (adj.) growth-%	26%	55%	3%	7%	22%
EBITDA-%	15.9 %	16.6 %	17.3 %	17.9 %	18.3 %
EBIT (adj.)-%	5.7 %	7.5 %	8.1 %	8.7 %	9.6 %
EBIT-%	6.2 %	7.4 %	8.1 %	8.7 %	9.6 %
ROE-%	17.7 %	24.8 %	27.3 %	29.7 %	34.1 %
ROI-%	11.7 %	13.9 %	15.1 %	16.8 %	20.4 %
Equity ratio	26.3 %	25.6 %	25.2 %	28.2 %	30.6 %
Gearing	108.3 %	129.0 %	131.9 %	124.7 %	103.3 %

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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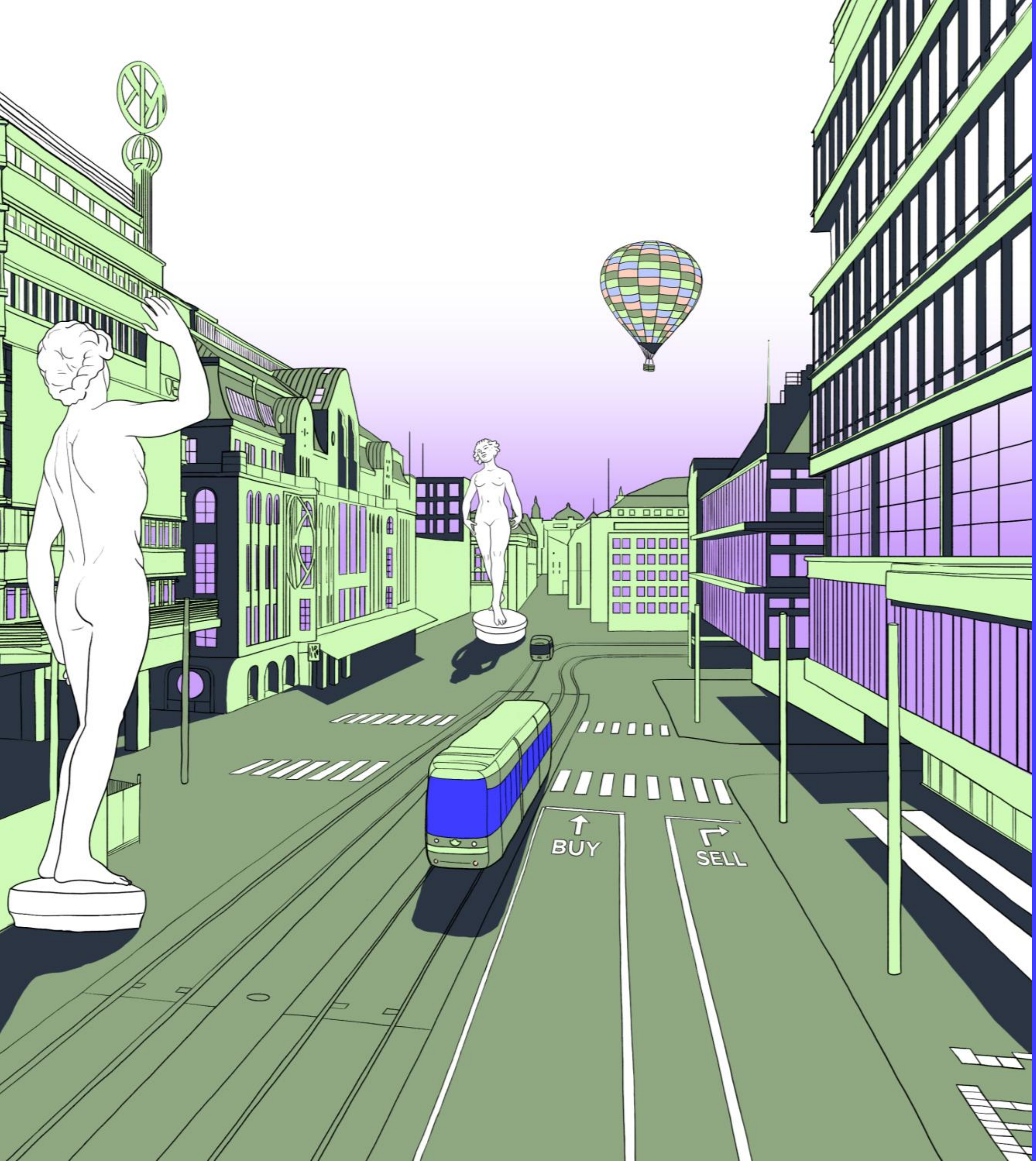
Recommendation history (>12 mo)

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
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



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