H&M

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COMPANY REPORT

Profitability holds, top line still searching for traction

In our view, H&M's Q2 report confirmed that the overall story remains unchanged: weak top-line momentum, but improved profitability driven by internal efficiency measures and external margin tailwinds. While we welcome margin-driven earnings growth, we continue to stress the importance of reigniting revenue growth to achieve long-term sustainable earnings growth, particularly as we expect the margin tailwinds to fade in H2'26. We still consider valuation levels elevated given the ongoing top-line concerns, which were not eased by the modest June guidance of flat growth. Against this backdrop, we continue to view the risk/reward as unattractive and reiterate our Sell recommendation and target price of SEK 150 per share.

Investment case relies on increased sales growth

In our view, H&M's investment case depends on product and brand investments to strengthen the customer offering and drive a sales-driven margin recovery. While the biggest positive driver for H&M is clearly topline growth, the main near-term risks to achieving this are a lack of brand traction and prolonged weak consumer confidence.

Margin progress, but the growth question lingers

H&M continued to struggle to grow sales in Q2, with revenue in local currencies roughly flat year-on-year. While growth is still held back by a smaller store base (3% fewer stores at quarter-end), we believe the main explanation lies in the brand's lack of traction, where H&M needs to revitalize the brand to drive sales. On profitability, gross margin rose to 56.6% in Q2'26, roughly in line with both our and consensus forecasts. The company attributes the improvement primarily to internal factors, notably ongoing supply-chain efficiencies from consolidating volumes with fewer, more efficient suppliers. External factors were slightly net positive. H&M again showed solid operational cost discipline, supported by logistics efficiencies, store portfolio optimization and more efficient marketing. On a reported basis, Q2 EBIT was weighed down by some 649 MSEK in one-off restructuring costs, leaving reported EBIT below both our and consensus forecasts.

Small cuts now, but the burden of proof sits with H2

We have trimmed our revenue estimates, mainly for 2027-2028, as the company's strategic growth initiatives have yet to materialize, prompting a more cautious stance. H&M continues to lag peers with a clearer market positioning: Inditex has succeeded on the back of a higher degree of fashion and best-in-class trend responsiveness, while, e.g., Primark and Shein have succeeded in the ultra-fast-fashion, low-price space through online trend monitoring and small-batch testing. We believe H&M lacks a similarly clear position, and we would like to see it define more explicitly the segments in which it has the potential to expand. On costs, we see the gross margin tailwind fading as supply-chain efficiencies mature in H2'26. Freight and raw material price increases have not yet hit the company, but we view them as a risk to margins unless passed through via pricing. H&M has shown solid operating cost control through store optimization, inventory productivity, and more efficient marketing. However, we expect OPEX to rise in H2'26 on the phasing of technology investments, in line with guidance.

We still believe that the valuation is stretched

In our view, the valuation multiples are still on the high side in absolute terms (2026e P/E: 21-22 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:
150 SEK
(prev. 150 SEK)

Share price:
168 SEK

Business risk
●●○○○

Valuation risk
●●●○○

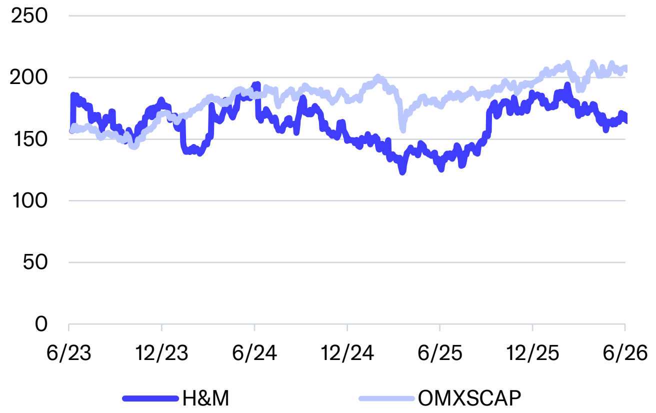
	2025	2026e	2027e	2028e
Revenue	228,285	221,835	226,515	234,847
growth-%	-3%	-3%	2%	4%
EBIT adj.	18,395	19,370	20,474	22,024
EBIT-% adj.	8.1 %	8.7 %	9.0 %	9.4 %
Net Income	12,158	12,279	14,230	15,392
EPS (adj.)	7.6	8.1	8.9	9.6
P/E (adj.)	22.6	20.7	18.9	17.5
P/B	6.4	6.1	5.8	5.5
Dividend yield-%	4.2 %	4.5 %	4.8 %	5.1 %
EV/EBIT (adj.)	18.0	16.8	15.6	14.4
EV/EBITDA	8.4	8.4	7.7	7.6
EV/S	1.4	1.5	1.4	1.4

Source: Inderes

Guidance (Unchanged)

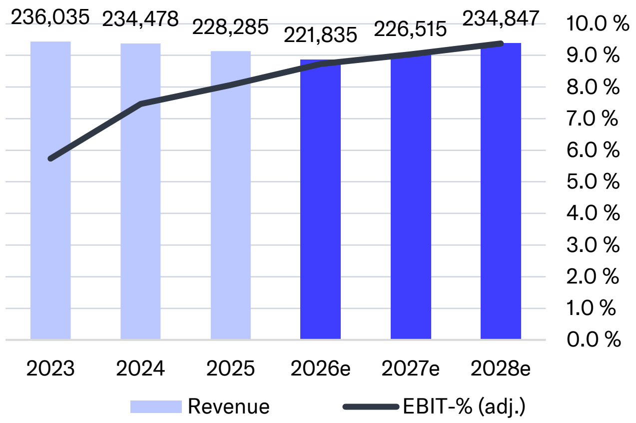
No guidance

Share price



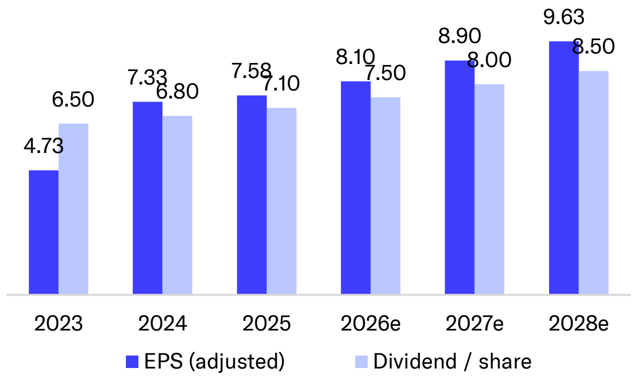
Source: Millistream Market Data AB

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	2026e	2027e	2028e
Share price	168	168	168
Number of shares, m	1,599	1,599	1,599
Market cap	268,611	268,611	268,611
EV	324,918	319,726	317,220
P/E (adj.)	20.7	18.9	17.5
P/E	21.9	18.9	17.5
P/B	6.1	5.8	5.5
P/S	1.2	1.2	1.1
EV/Sales	1.5	1.4	1.4
EV/EBITDA	8.4	7.7	7.6
EV/EBIT (adj.)	16.8	15.6	14.4
Payout ratio (%)	98%	90%	88%
Dividend yield-%	4.5 %	4.8 %	5.1 %

Source: Inderes

Margin progress, but the growth question lingers

Still struggling with top-line growth, as expected

H&M continued to face challenges in growing its sales in Q2, with revenue in local currencies roughly flat year-on-year, broadly in line with both our and consensus forecasts. Reported revenue fell by approximately 3%, driven by a negative FX impact from a strengthening SEK, in line with our expectations. Regionally, Southern Europe continued to perform well, with local-currency sales growth of around 5%, while the Americas and Western Europe remained a drag, declining by roughly 1% and 3% in local currencies, respectively.

Overall, we view the Q2 sales outcome as modest. While revenue growth is still held back by a smaller store base (3% fewer stores at quarter-end), we believe the primary explanation for the difficulty in lifting sales lies in the brand's lack of traction. H&M needs to revitalize the H&M brand to drive sales. Although the company has launched strategic initiatives across product, omnichannel experience, and brand relevance, we still lack confidence that it is moving fast enough to close the gap to peers. In our view, the Q2 report gave no signal that this will accelerate, nor did the company's June guidance of flat y/y growth.

Gross margins continue to improve

H&M's gross margin rose from 55.4% in Q2'25 to 56.6% in Q2'26, roughly in line with both our and consensus forecasts. According to the company, external factors had a somewhat net positive impact on margins, but 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. However, we expect this effect to fade from H2'26 as supply-chain efficiencies gradually mature and the company faces tougher comparables.

Operating profit weighed down by one-off cost

H&M continued to demonstrate solid cost discipline in Q2, with SG&A excluding one-off costs declining by approximately 2% in local currencies, despite broadly flat revenue. This was supported by logistics efficiencies, optimization of the store portfolio, and more efficient use of marketing resources. On a reported basis, Q2 EBIT was negatively affected by some 649 MSEK in one-off restructuring costs, as the company removes layers between store managers and management to create a flatter organization, giving more decision-making authority to H&M's local sales organizations in order to speed up execution. As a result, reported Q2 EBIT came in below both our and consensus forecasts.

Estimates MSEK / SEK	Q2'25 Comparison	Q2'26 Actualized	Q2'26e Inderes	Q2'26e Consensus	Consensus Low		 High	Difference (%) Act. vs. inderes	2026e Inderes
Revenue	56,714	54,828	54,600	55,259	54,445	-	56,333	0%	221,835
Gross profit	31,425	31,045	30,794	31,155	30,712	-	31,796	1%	120,619
Gross margin	55.4 %	56.6 %	56.4 %	56.5 %	55.7 %	-	57.1 %	0.2 pp	54.4 %
EBIT	5,914	5,913	6,174	6,373	5,836	-	6,871	-4%	18,691
EPS (reported)	2.48	2.49	2.64	2.77	2.52	-	2.95	-6%	7.68
Revenue growth-%	-4.9 %	-3.3 %	-3.7 %	-2.6 %	-4.0 %	-	-0.7 %	0.4 pp	-2.8 %
EBIT-%	10.4 %	10.8 %	11.3 %	11.5 %	10.7 %	-	12.2 %	-0.5 pp	8.4 %

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

Small cuts now, but the burden of proof sits with H2

We have only made small short-term revenue estimate revisions

We have made some downward revisions to our revenue estimates, mainly for 2027-2028, as we have yet to see the company's strategic growth initiatives materialize, prompting a more cautious stance. On our updated estimates, we expect 2026 to be another modest year for sales growth, with revenue in local currencies roughly flat year-on-year. This implies some acceleration in H2'26, partly driven by a slight positive effect from store optimization. For 2027 and 2028, we now expect sales growth of around 2-4%, supported by increased trend responsiveness, an upgraded omnichannel experience, and new store openings in growth markets such as Latin America.

That said, H&M is lagging behind its peers that have a clearer market positioning. Inditex, for instance, has been highly successful on the back of a higher degree of fashion and best-in-class trend responsiveness, while Shein has carved out a strong position in the ultra-fast-fashion, low-price space, monitoring trends online and testing demand with small batches. In our assessment, H&M lacks a similarly clear positioning, and we would like to see the company define more explicitly the segments in which it has the potential to expand and move more decisively. In addition, at this point, we believe H&M could probably reinvest more aggressively in price and quality to lift volumes, rather than focus on gross margin targets, at a time when the brand lacks traction.

Lower revenue and fading margin tailwinds weigh on EBIT estimates

Given lower revenue estimates, our absolute EBIT estimates have also come down by some 3-4% for 2026-2028.

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

Long-term estimates

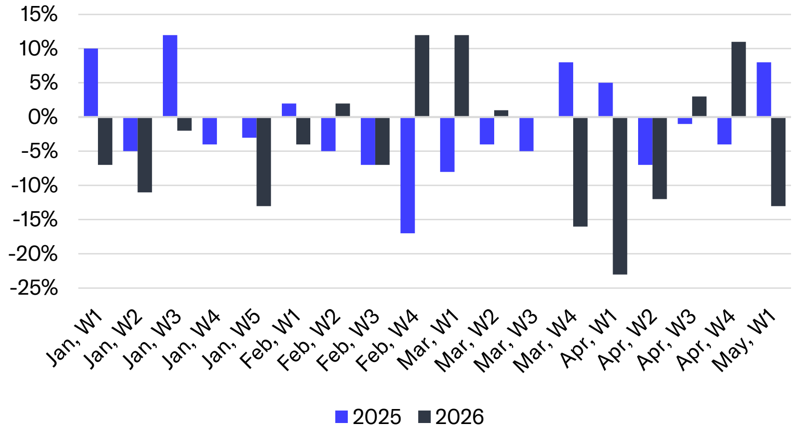
In the longer term, we expect mid-single-digit revenue growth, which should support operating leverage. We anticipate gross margin expansion toward 54-55%. Beyond this level, we expect the company to reinvest additional margin gains into the product offering to drive volume growth. We forecast the EBIT margin to increase from 8.1% in 2025 and stabilize around 9-9.5% over the long term, supported by solid sales growth and continued operational efficiencies.

Estimate revisions MSEK / SEK	2026e Old	2026e New	Change %	2027e Old	2027e New	Change %	2028e Old	2028e New	Change %
Revenue	222,057	221,835	0%	228,961	226,515	-1%	240,660	234,847	-2%
EBITDA	39,578	38,894	-2%	42,093	41,309	-2%	42,241	41,775	-1%
EBIT (exc. NRIs)	19,173	19,370	1%	21,311	20,474	-4%	22,527	22,024	-2%
EBIT	19,173	18,691	-3%	21,311	20,474	-4%	22,527	22,024	-2%
PTP	16,950	16,289	-4%	19,811	18,974	-4%	21,027	20,524	-2%
EPS (excl. NRIs)	7.98	8.10	2%	9.29	8.90	-4%	9.86	9.63	-2%
DPS	7.50	7.50	0%	8.00	8.00	0%	8.50	8.50	0%

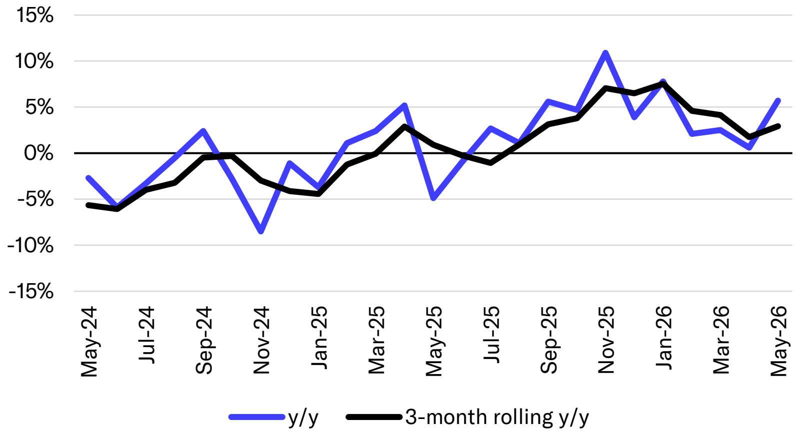
Source: Inderes

Market data

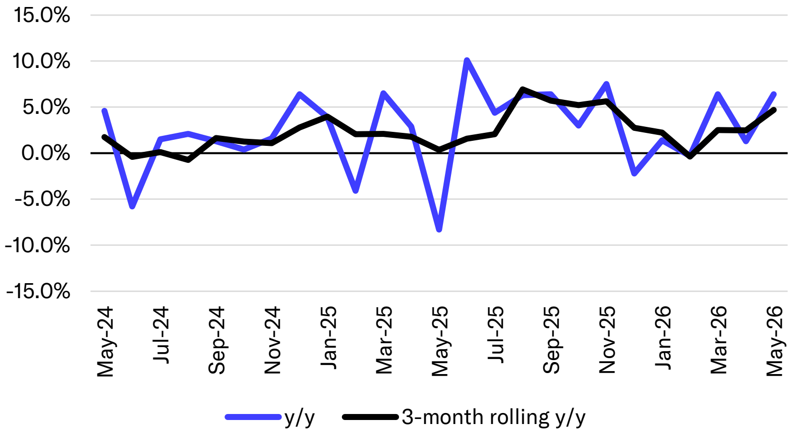
Germany apparel sales [1]
(~15% of H&M group sales)



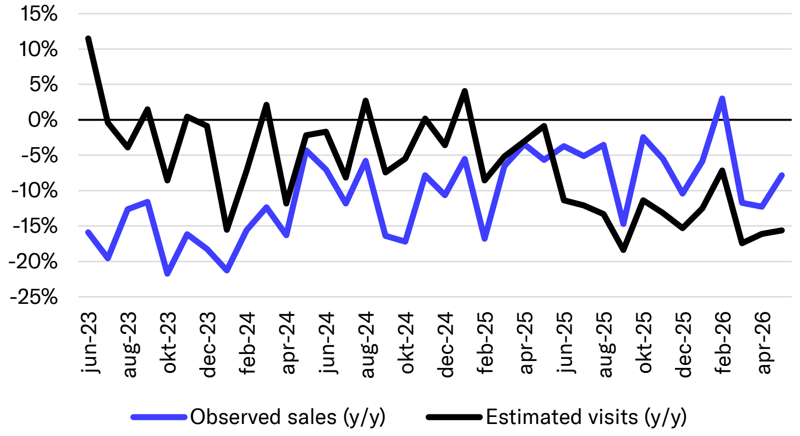
UK apparel sales [2]
(~7% of H&M group sales)



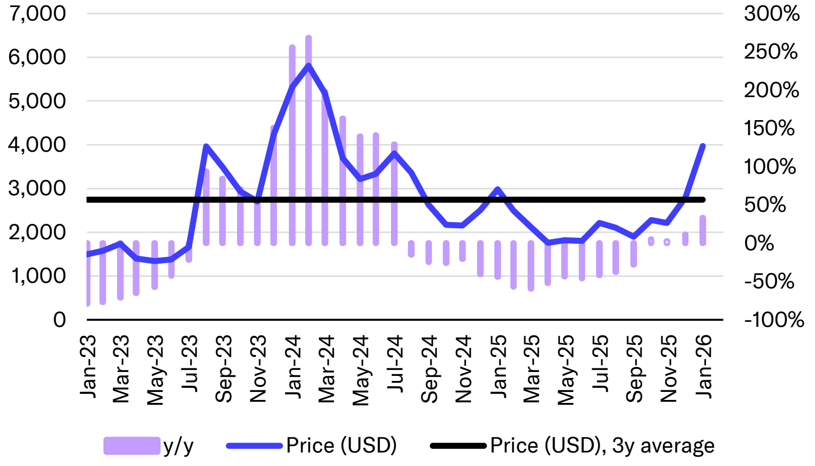
Sweden apparel sales [3]
(~4% of H&M group sales)



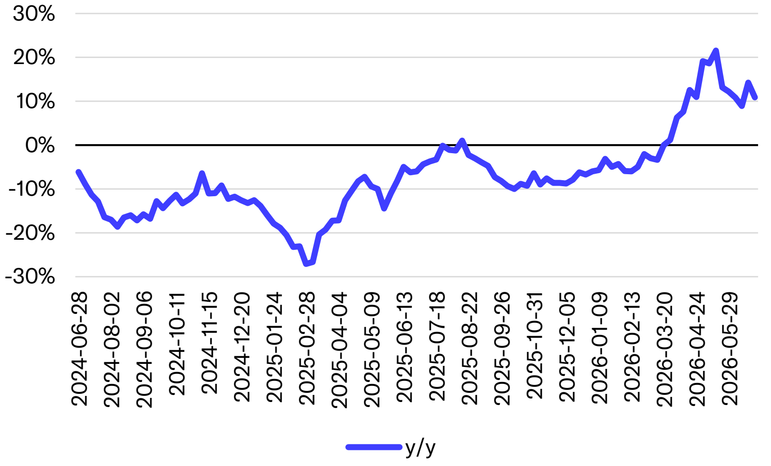
US sales [4]
~13% of H&M group sales



Sea freight costs [5]



Cotton price development (USD/lb) [6]



1 Textilwirtschaft
2 UK Retail Sales (Textile, clothing and footwear), The Office for National Statistics (ONS)
3 Stilindex
4 Observed sales = US transactions from Bloomberg. Estimated vists = US Foot traffic from Placer.ai
5 Bloomberg (WCIDCOMP Index)
6 Bloomberg

We reiterate our Sell recommendation

Valuation summary - Sell

We expect investors to receive an annual dividend yield of around 4-5% over the next few years at the current share price, offering a solid base return. Although the earnings growth driver is moving in the right direction, the initial level is low, and the growth rate remains uncertain as revenue growth concerns persist. In our view, the stock is expensive based on actual earnings (P/E Q2'26 LTM: ~22x), and H&M's expected return is lower than the required return. As a result, we reiterate our Sell recommendation and target price of SEK 150 per share.

Acceptable absolute multiples in 2026-2027

With our updated estimates, H&M's P/E and EV/EBIT for 2026 are 21-22x and 17x, respectively. These multiples are above our accepted valuation range, and given persistent topline concerns, as well as the still uncertain operating environment with 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 2027/2028. The headline multiples for 2027 are P/E 18-19x and EV/EBIT 15-16x, which appear more reasonable 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 disappointed so far.

Looking beyond 2028, when we expect stable growth and profitability going forward, we believe H&M's acceptable P/E is 15-20x, and EV/EBIT with reported figures is 13-15x. Our estimate of H&M's sustainable free cash flow in 2026-27 is 11-16 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 20x for 2026 and 15x for 2027, 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 28x for 2026 and 26x for 2027, i.e., well above H&M. We believe H&M warrants a meaningful discount to Inditex, reflecting the lower quality of its earnings growth and Inditex's far stronger track record. We also understand why H&M would trade at a premium to, for example, GAP, given GAP's slower earnings growth and lower margins. That said, we do not find it unrealistic that H&M is priced roughly in line with NEXT. While NEXT has the better track record on growth and margins, H&M is expected to deliver stronger earnings growth going forward, and its valuation also carries a buyout risk premium.

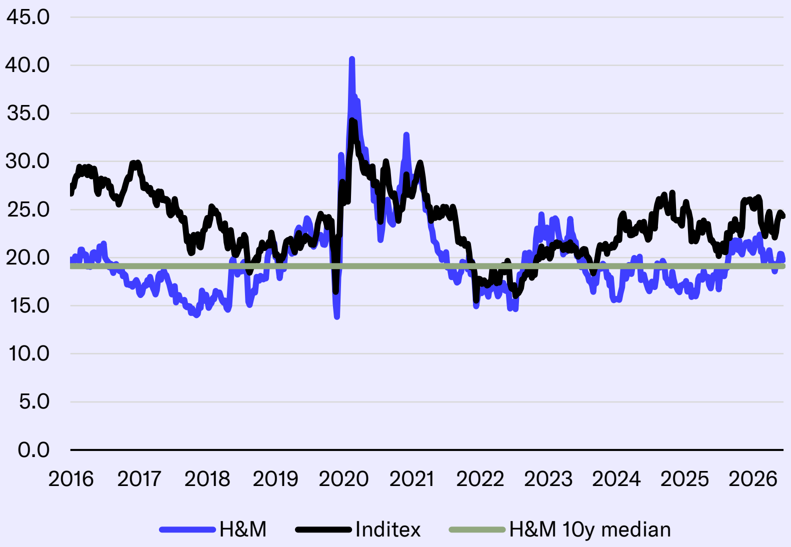
DCF is below the current share price

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 239 BSEK, which translates to around SEK 150 per share. This is roughly in line with our target price and below the current share price.

Valuation	2026e	2027e	2028e
Share price	168	168	168
Number of shares, m	1,599	1,599	1,599
Market cap	268,611	268,611	268,611
EV	324,918	319,726	317,220
P/E (adj.)	20.7	18.9	17.5
P/E	21.9	18.9	17.5
P/B	6.1	5.8	5.5
P/S	1.2	1.2	1.1
EV/Sales	1.5	1.4	1.4
EV/EBITDA	8.4	7.7	7.6
EV/EBIT (adj.)	16.8	15.6	14.4
Payout ratio (%)	98%	90%	88%
Dividend yield-%	4.5 %	4.8 %	5.1 %

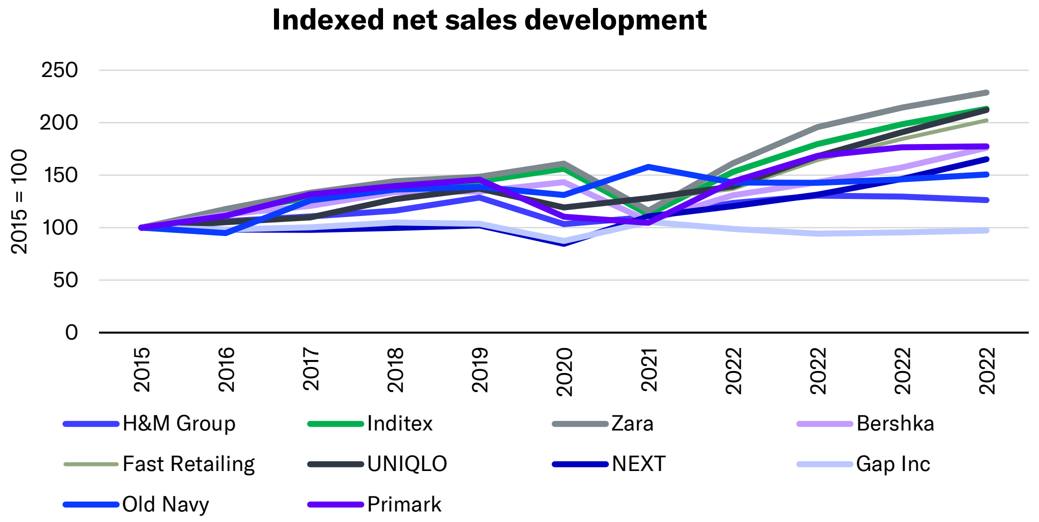
Source: Inderes

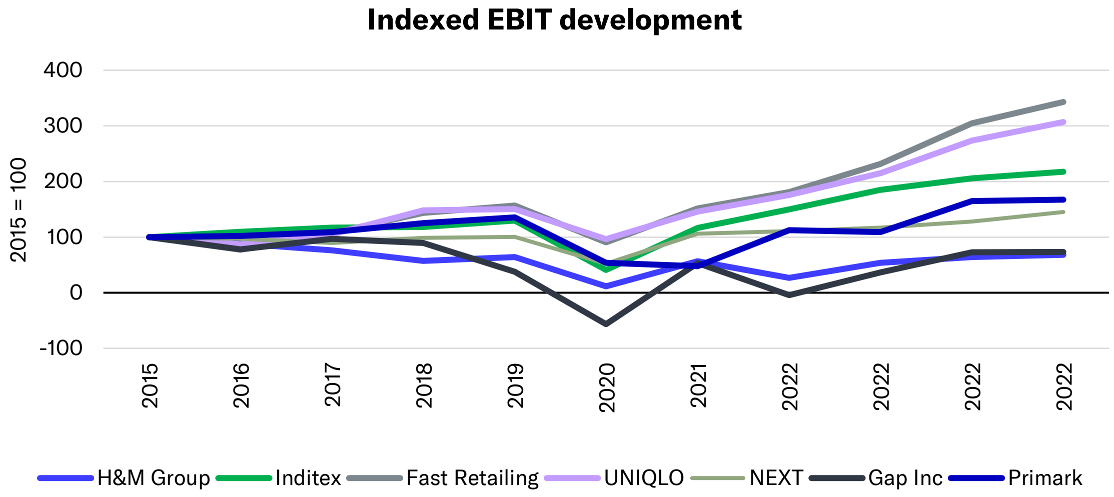
Historical trading multiples, P/E (NTM)

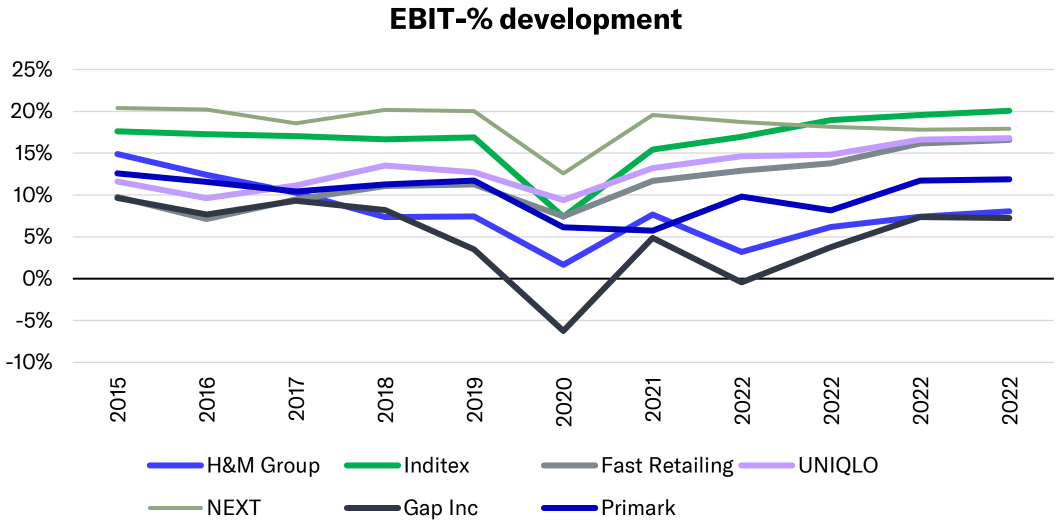


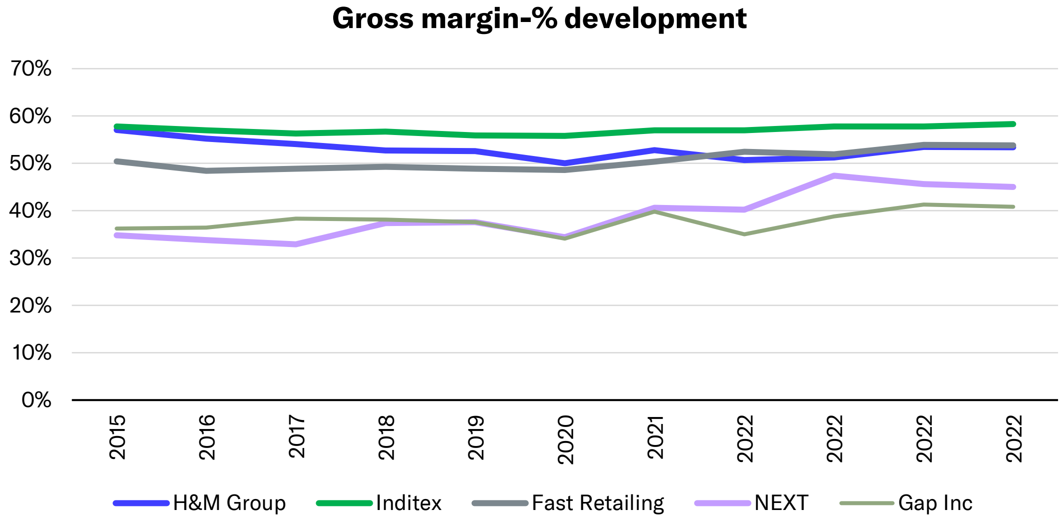
Source: Inderes, Bloomberg

Peer figures







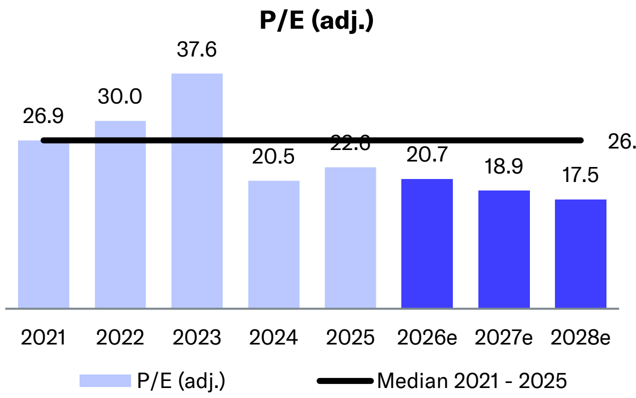


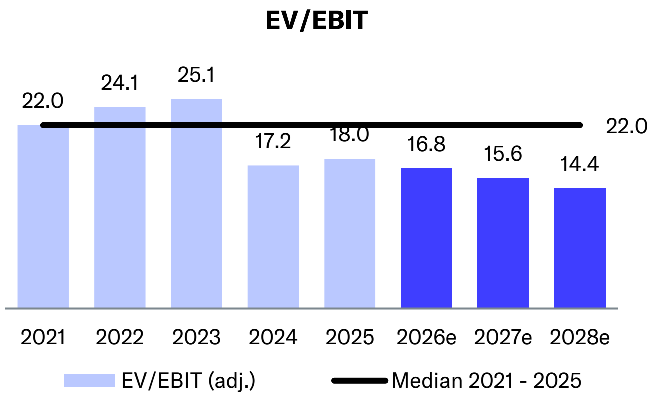
Source: Inderes, Bloomberg

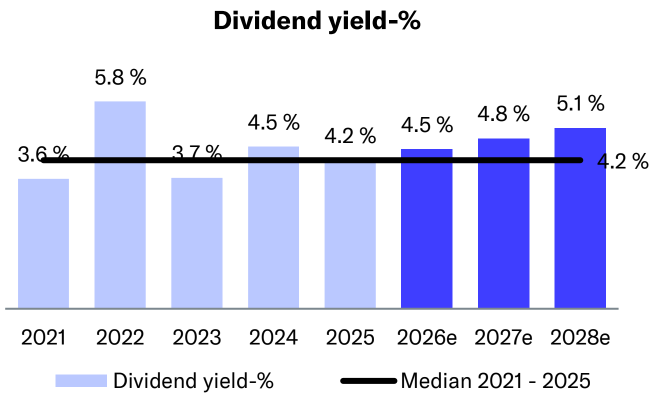
Valuation table

Valuation	2021	2022	2023	2024	2025	2026e	2027e	2028e	2029e
Share price	179	112	178	150	171	**168**	**168**	**168**	**168**
Number of shares, millions	1655.1	1645.5	1633.5	1611.7	1604.5	**1598.9**	**1598.9**	**1598.9**	**1598.9**
Market cap	295,927	184,569	288,002	240,675	273,638	**268,611**	**268,611**	**268,611**	**268,611**
EV	335,147	235,497	339,574	300,289	330,277	**324,918**	**319,726**	**317,220**	**316,221**
P/E (adj.)	26.9	30.0	37.6	20.5	22.6	**20.7**	**18.9**	**17.5**	**16.8**
P/E	26.9	51.8	33.3	20.8	22.6	**21.9**	**18.9**	**17.5**	**16.8**
P/B	4.9	3.6	6.1	5.2	6.4	**6.1**	**5.8**	**5.5**	**5.3**
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**	**1.4**	**1.3**
EV/EBITDA	8.9	7.9	9.1	7.7	8.4	**8.4**	**7.7**	**7.6**	**7.5**
EV/EBIT (adj.)	22.0	24.1	25.1	17.2	18.0	**16.8**	**15.6**	**14.4**	**13.8**
Payout ratio (%)	97.7 %	299.8 %	120.9 %	93.9 %	93.4 %	**97.7 %**	**89.9 %**	**88.3 %**	**100.0 %**
Dividend yield-%	3.6 %	5.8 %	3.7 %	4.5 %	4.2 %	**4.5 %**	**4.8 %**	**5.1 %**	**6.0 %**

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 2026e	 2027e	EV/EBITDA 2026e	 2027e	EV/S 2026e	 2027e	P/E 2026e	 2027e	Dividend yield-% 2026e	 2027e	P/B 2026e
Inditex	173,847	169,091	21.3	19.5	15.2	14.0	4.2	4.0	28.0	25.6	3.2	3.4	8.5
Fast Retailing	141,404	131,899	37.9	39.1	25.8	23.4	6.2	5.6	50.1	44.8	0.8	0.8	9.7
Next	20,328	22,442	15.9	15.0	12.8	12.0	2.9	2.7	20.1	18.6	4.1	2.8	8.9
GAP	6,640	5,698	5.8	5.6	4.0	3.9	0.4	0.4	9.8	8.8	3.1	3.3	2.1
Zalando	6,549	6,861	13.5	9.6	6.6	5.7	0.5	0.5	20.2	14.6			2.2
Abercombie & Fitch	3,480	2,949	5.1	5.0	4.1	4.0	0.6	0.6	8.9	8.3			2.9
Urban Outfitters	5,461	5,105	9.7	8.6	7.9	7.1	0.9	0.9	13.6	11.8			2.2
H&M (Inderes)	**24,780**	**29,974**	**16.8**	**15.6**	**8.4**	**7.7**	**1.5**	**1.4**	**20.7**	**18.9**	**4.5**	**4.8**	**6.1**
Average			**15.6**	**14.6**	**10.9**	**10.0**	**2.3**	**2.1**	**21.5**	**18.9**	**2.8**	**2.6**	**5.2**
Median			**13.5**	**9.6**	**7.9**	**7.1**	**0.9**	**0.9**	**20.1**	**14.6**	**3.2**	**3.0**	**2.9**
Diff-% to median			***24%***	***63%***	***6%***	***10%***	***56%***	***64%***	***3%***	***29%***	***42%***	***58%***	***114%***

Source: Refinitiv / Inderes

Income statement

Income statement	2024	2025	Q1'26	Q2'26	Q3'26e	Q4'26e	2026e	2027e	2028e	2029e
Revenue	**234,478**	**228,285**	**49,607**	**54,828**	**57,150**	**60,250**	**221,835**	**226,515**	**234,847**	**245,250**
EBITDA	**38,904**	**39,535**	**6,317**	**10,811**	**10,115**	**11,651**	**38,894**	**41,309**	**41,775**	**41,930**
Depreciation	-21,598	-21,140	-4,805	-4,898	-5,200	-5,300	-20,203	-20,835	-19,752	-19,057
EBIT (excl. NRI)	**17,506**	**18,395**	**1,512**	**6,592**	**4,915**	**6,351**	**19,370**	**20,474**	**22,024**	**22,873**
EBIT	**17,306**	**18,395**	**1,512**	**5,913**	**4,915**	**6,351**	**18,691**	**20,474**	**22,024**	**22,873**
Net financial items	-1,863	-2,193	-573	-629	-600	-600	-2,402	-1,500	-1,500	-1,500
PTP	**15,443**	**16,202**	**939**	**5,284**	**4,315**	**5,751**	**16,289**	**18,974**	**20,524**	**21,373**
Taxes	-3,859	-4,117	-235	-1,321	-1,079	-1,438	-4,072	-4,744	-5,131	-5,344
Minority interest	37	73	20	23	10	10	63	0	0	0
Net earnings	**11,621**	**12,158**	**724**	**3,986**	**3,246**	**4,323**	**12,279**	**14,230**	**15,392**	**16,030**
EPS (adj.)	**7.3**	**7.6**	**0.5**	**2.9**	**2.0**	**2.7**	**8.1**	**8.9**	**9.6**	**10.0**
EPS (rep.)	**7.2**	**7.6**	**0.5**	**2.5**	**2.0**	**2.7**	**7.7**	**8.9**	**9.6**	**10.0**

Key figures	2024	2025	Q1'26	Q2'26	Q3'26e	Q4'26e	2026e	2027e	2028e	2029e
Revenue growth-%	-0.7 %	-2.6 %	-10.3 %	-3.3 %	0.2 %	1.7 %	-2.8 %	2.1 %	3.7 %	4.4 %
Adjusted EBIT growth-%	29.3 %	5.1 %	25.7 %	11.5 %	0.0 %	-0.2 %	5.3 %	5.7 %	7.6 %	3.9 %
EBITDA-%	16.6 %	17.3 %	12.7 %	19.7 %	17.7 %	19.3 %	17.5 %	18.2 %	17.8 %	17.1 %
Adjusted EBIT-%	7.5 %	8.1 %	3.0 %	12.0 %	8.6 %	10.5 %	8.7 %	9.0 %	9.4 %	9.3 %
Net earnings-%	5.0 %	5.3 %	1.5 %	7.3 %	5.7 %	7.2 %	5.5 %	6.3 %	6.6 %	6.5 %

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**	**95578**	**93102**	**92073**
Goodwill	1013	1013	1013	1013	1013
Intangible assets	7717	6734	6934	7134	7334
Tangible assets	86220	82534	80134	77458	76229
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**	**62114**	**62292**	**64583**
Inventories	40348	35427	34384	33977	35227
Other current assets	0.0	0.0	0.0	0.0	0.0
Receivables	18039	16160	16638	16989	17613
Cash and equivalents	17340	20908	11092	11326	11742
Balance sheet total	**180214**	**170273**	**157692**	**155394**	**156656**

Source: Inderes

Liabilities & equity	2024	2025	2026e	2027e	2028e
Equity	**46211**	**42947**	**43865**	**46103**	**48705**
Share capital	207	207	207	207	207
Retained earnings	39559	39443	40361	42599	45201
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**	**63827**	**59291**	**57951**
Interest bearing debt	12476	14314	17399	12441	10352
Payables	24417	20826	19965	20386	21136
Other current liabilities	29757	26463	26463	26463	26463
Balance sheet total	**180214**	**170273**	**157692**	**155394**	**156656**

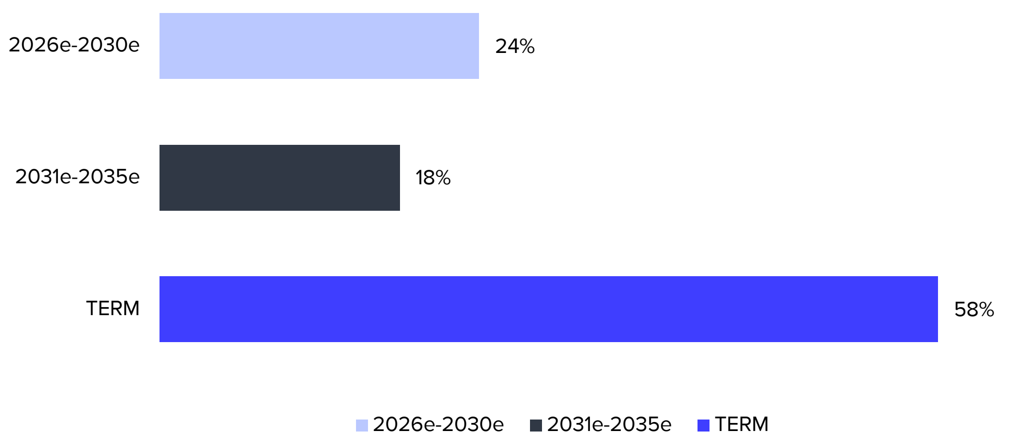
DCF-calculation

DCF model	2025	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	2034e	2035e	TERM
Revenue growth-%	-2.6 %	-2.8 %	2.1 %	3.7 %	4.4 %	5.0 %	5.0 %	5.0 %	5.0 %	5.0 %	2.5 %	2.5 %
EBIT-%	8.1 %	8.4 %	9.0 %	9.4 %	9.3 %	9.5 %	9.5 %	9.5 %	9.5 %	9.5 %	9.0 %	9.0 %
EBIT (operating profit)	**18,395**	**18,691**	**20,474**	**22,024**	**22,873**	**24,464**	**25,687**	**26,971**	**28,320**	**29,736**	**29,015**	
+ Depreciation	21,140	20,203	20,835	19,752	19,057	19,016	19,080	19,224	19,430	19,685	19,979	
- Paid taxes	-3,693	-6,025	-4,744	-5,131	-5,344	-5,741	-6,047	-6,368	-6,705	-7,059	-7,254	
- Tax, financial expenses	-557	-601	-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	-296	477	-1,125	-1,405	-1,655	-1,738	-1,825	-1,916	-447	-1,034	
Operating cash flow	**35,200**	**31,972**	**36,667**	**35,144**	**34,807**	**35,708**	**36,606**	**37,627**	**38,753**	**41,539**	**40,706**	
+ 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	-21,386	-20,522	-20,947	-21,381	-21,137	
Free operating cash flow	**19,827**	**13,432**	**18,308**	**16,422**	**15,714**	**16,237**	**15,221**	**17,104**	**17,806**	**20,159**	**19,568**	
+/- Other	-2,000	-2,000	-2,000	-2,000	-2,000	-2,000	-2,000	-2,000	-2,000	-2,000	-2,000	
FCFF	17,827	11,432	16,308	14,422	13,714	14,237	13,221	15,104	15,806	18,159	17,568	303,019
Discounted FCFF		**10,960**	**14,413**	**11,749**	**10,299**	**9,855**	**8,436**	**8,884**	**8,569**	**9,075**	**8,093**	**139,589**
Sum of FCFF present value		239,921	228,961	214,548	202,799	192,501	182,646	174,210	165,326	156,757	147,682	139,589
Enterprise value DCF		**239,921**										
- Interest bearing debt		-10,047										
+ Cash and cash equivalents		20,908										
+ Associated companies		0										
-Minorities		0										
-Dividend/capital return		-11,362										
Equity value DCF		**239,421**										
Equity value DCF per share		**150**										

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

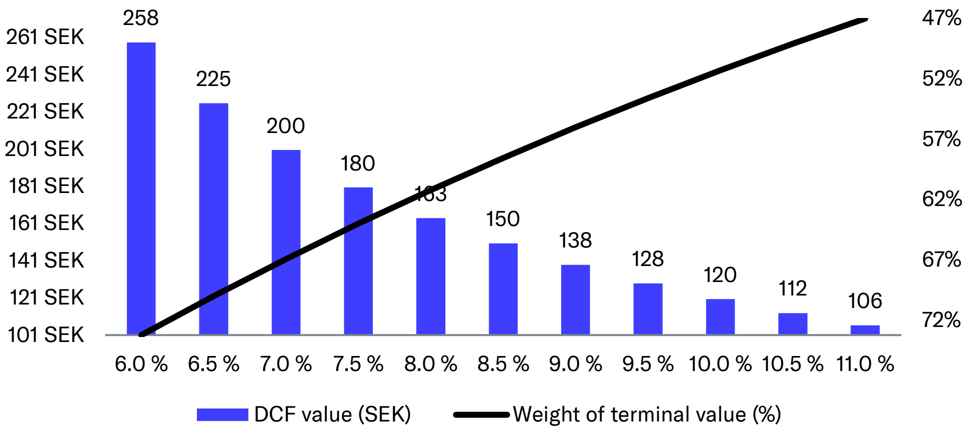
Source: Inderes

Cash flow distribution

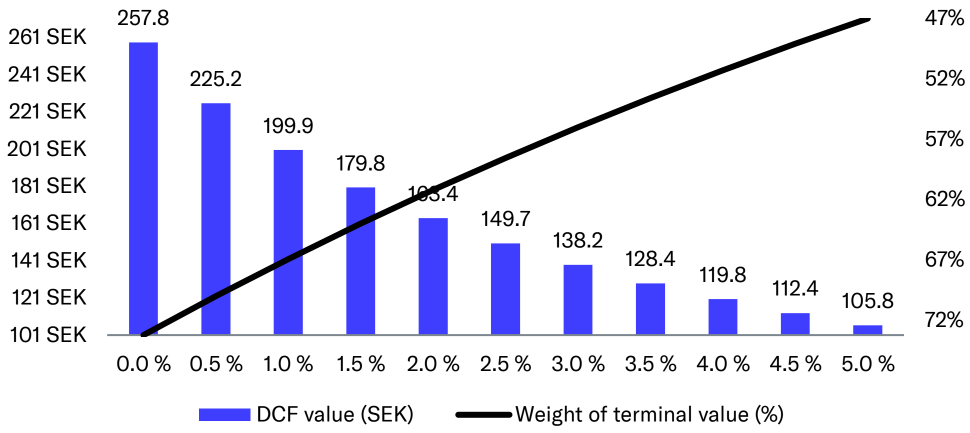


DCF sensitivity calculations and key assumptions in graphs

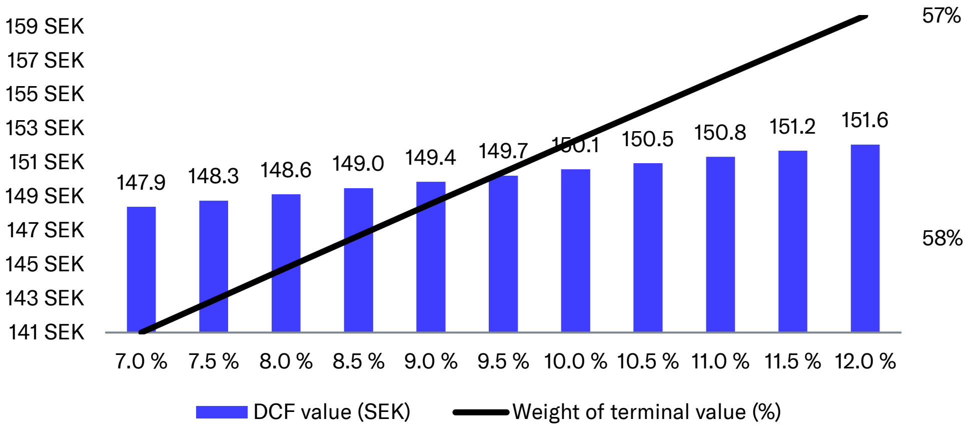
Sensitivity of DCF to changes in the WACC-%



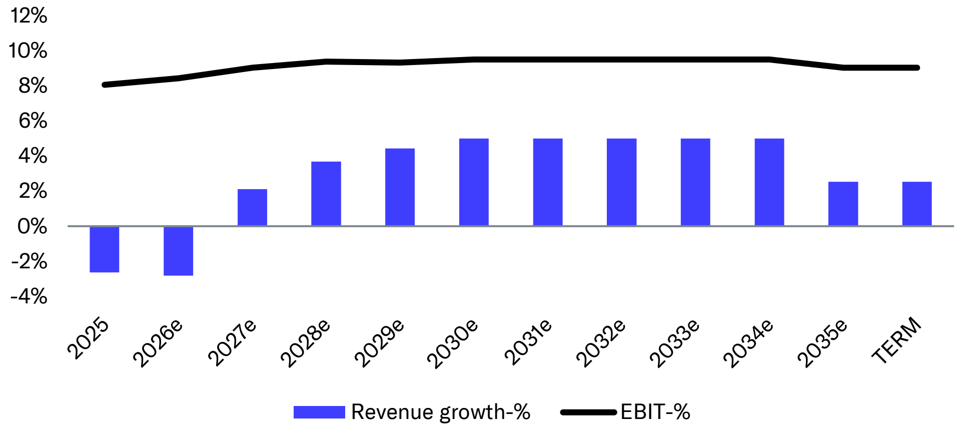
Sensitivity of DCF to changes in the risk-free rate



Sensitivity of DCF to changes in the terminal EBIT margin



Growth and profitability assumptions in the DCF calculation



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

Summary

Income statement	2023	2024	2025	2026e	2027e
Revenue	236,035	234,478	228,285	**221,835**	**226,515**
EBITDA	37,492	38,904	39,535	**38,894**	**41,309**
EBIT	14,537	17,306	18,395	**18,691**	**20,474**
PTP	13,010	15,443	16,202	**16,289**	**18,974**
Net Income	8,723	11,621	12,158	**12,279**	**14,230**
Extraordinary items	999	-200	0	**-679**	**0**

Balance sheet	2023	2024	2025	2026e	2027e
Balance sheet total	181,273	180,214	170,273	**157,692**	**155,394**
Equity capital	47,601	46,211	42,947	**43,865**	**46,103**
Goodwill	1,013	1,013	1,013	**1,013**	**1,013**
Net debt	51,572	59,614	56,639	**56,307**	**51,116**

Cash flow	2023	2024	2025	2026e	2027e
EBITDA	37,492	38,904	39,535	**38,894**	**41,309**
Change in working capital	1,830	-2,852	-85	**-296**	**477**
Operating cash flow	34,505	31,870	35,200	**31,972**	**36,667**
CAPEX	-22,298	-25,608	-15,277	**-18,003**	**-18,359**
Free cash flow	10,199	4,379	17,827	**11,432**	**16,308**

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	**8.4**	**7.7**
EV/EBIT (adj.)	25.1	17.2	18.0	**16.8**	**15.6**
P/E (adj.)	37.6	20.5	22.6	**20.7**	**18.9**
P/B	6.1	5.2	6.4	**6.1**	**5.8**
Dividend-%	3.7 %	4.5 %	4.2 %	**4.5 %**	**4.8 %**

Source: Inderes

Per share data	2023	2024	2025	2026e	2027e
EPS (reported)	5.3	7.2	7.6	**7.7**	**8.9**
EPS (adj.)	4.7	7.3	7.6	**8.1**	**8.9**
OCF / share	21.1	19.8	21.9	**20.0**	**22.9**
OFCF / share	6.2	2.7	11.1	**7.1**	**10.2**
Book value / share	29.1	28.7	26.8	**27.4**	**28.8**
Dividend / share	6.5	6.8	7.1	**7.5**	**8.0**

Growth and profitability	2023	2024	2025	2026e	2027e
Revenue growth-%	6%	-1%	-3%	**-3%**	**2%**
EBITDA growth-%	26%	4%	2%	**-2%**	**6%**
EBIT (adj.) growth-%	39%	29%	5%	**5%**	**6%**
EPS (adj.) growth-%	26%	55%	3%	**7%**	**10%**
EBITDA-%	15.9 %	16.6 %	17.3 %	**17.5 %**	**18.2 %**
EBIT (adj.)-%	5.7 %	7.5 %	8.1 %	**8.7 %**	**9.0 %**
EBIT-%	6.2 %	7.4 %	8.1 %	**8.4 %**	**9.0 %**
ROE-%	17.7 %	24.8 %	27.3 %	**28.3 %**	**31.6 %**
ROI-%	11.7 %	13.9 %	15.1 %	**16.1 %**	**18.6 %**
Equity ratio	26.3 %	25.6 %	25.2 %	**27.8 %**	**29.7 %**
Gearing	108.3 %	129.0 %	131.9 %	**128.4 %**	**110.9 %**
Net debt/EBITDA	1.4	1.5	1.4	**1.4**	**1.2**
EBITDA/net financials	24.6	20.9	18.0	**16.2**	**27.5**

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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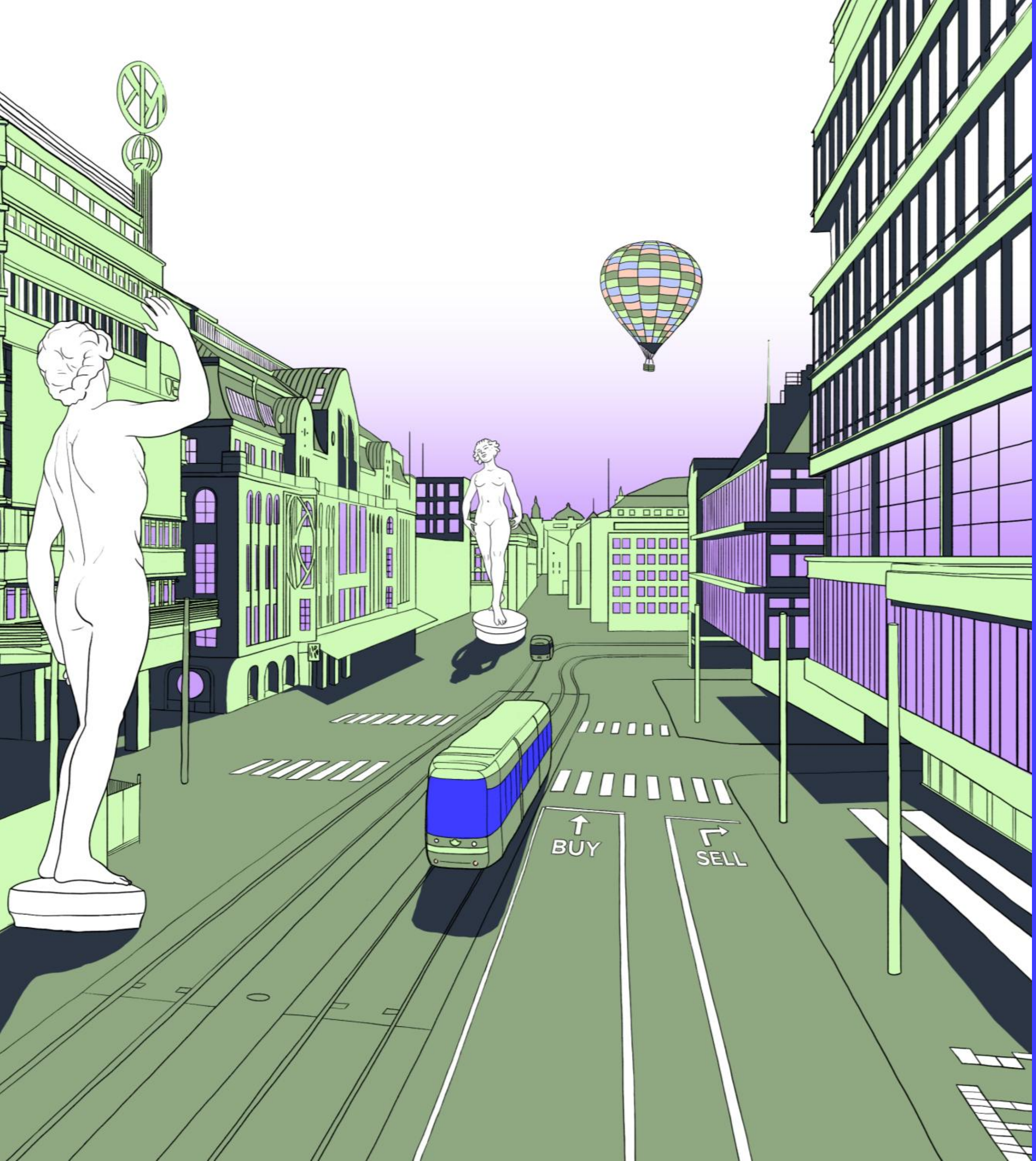
Recommendation history (>12 mo)

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
2026-06-17	Sell	150	168
2026-06-26	Sell	150	168



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