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COMPANY REPORT



Slow growth, stronger profitability execution

H&M's Q4 earnings surprised on the upside again, which makes us more confident that a gradual margin recovery is taking shape. While the operational cost control was strong this quarter, sales growth remained modest, something we view as critical to reach its long-term margin ambitions. In our view, the valuation levels are still elevated, and, given the ongoing topline concerns, we still view the risk/reward as unattractive. As a result, we reiterate our Sell recommendation but increase our target price to SEK 155 per share (prev. 140 per share), mainly due to increased earnings estimates.

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.

Topline challenges persists but margin improvement was strong in Q4

H&M's topline challenges persisted in Q4, with revenue growth in local currencies reaching a modest 2%. Overall, we view the Q4 sales outcome as rather modest, and H&M's strategic initiatives around product offering and customer experience have yet to translate into meaningful top-line growth.

While H&M's sales growth remained modest, profitability was clearly the main positive takeaway from the report. H&M's Q4 gross margin increased to 55.9%, up from 54.6% last year, supported by continued supply-chain efficiencies and external tailwinds, although less favorable than in Q3. Operating expenses surprised positively again, with SG&A declining by around 3% in local currencies, contributing to EBIT of 6,364 MSEK and an EBIT margin improvement from 7.4% to 10.7%. The

company also announced a higher-than-expected dividend, raising the payout to SEK 7.10 per share, supported by a solid balance sheet. Looking ahead, the key question remains the sustainability of the margin improvement. While cost efficiencies should continue to support profitability, a recovery in sales growth will be essential to deliver sustainable, long-term margin expansion.

Upward revisions to earnings estimates

Q1'26 has started weaker than expected, with December–January sales declining by 2% in local currencies, reflecting muted demand in parts of Europe. As a result, we have lowered our revenue forecast for the current year, also factoring in continued FX headwinds. That said, given H&M's consistent outperformance on operating cost control over the past three quarters, we remain confident in a continued margin improvement, although with some short-term fluctuations. Despite lower revenue expectations, we have therefore revised our earnings estimates slightly upward. Looking further out, we have raised our mid- to long-term earnings forecasts, assuming mid-single-digit revenue growth and gross margin expansion toward 54–55%, supporting operating leverage. We forecast the EBIT margin to stabilize at around 9–9.5% over the long term.

Still elevated valuation levels

In our view, the valuation multiples are high in absolute terms (2026e P/E: 21x and EV/EBIT: 17x), above H&M long-term medians. Our DCF model and relative valuation paint a similar picture. While H&M's strong brand and healthy balance sheet are convincing, there are still topline concerns, and we believe that in the still uncertain operating environment, overstretched multiples are unwarranted. Hence, we believe that the risk/reward is weak.

Recommendation

Sell
(prev. Sell)

Business risk



Target price:
155 SEK
(prev. 140 SEK)

Share price:
176 SEK

Valuation risk



	2025	2026e	2027e	2028e
Revenue	228,285	229,550	243,582	256,037
growth-%	-3%	1%	6%	5%
EBIT adj.	18,395	20,165	22,960	24,272
EBIT-% adj.	8.1 %	8.8 %	9.4 %	9.5 %
Net Income	12,158	13,551	16,095	17,079
EPS (adj.)	7.6	8.4	10.0	10.6

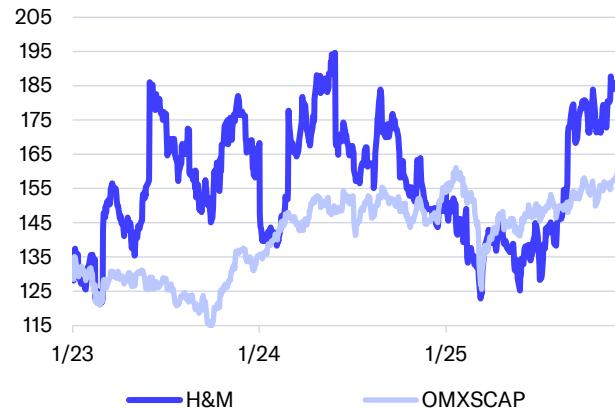
P/E (adj.)	22.6	20.8	17.5	16.5
P/B	6.4	6.2	5.9	5.7
Dividend yield-%	4.2 %	4.8 %	5.4 %	6.1 %
EV/EBIT (adj.)	18.0	16.8	14.6	13.8
EV/EBITDA	8.4	8.2	7.7	7.6
EV/S	1.4	1.5	1.4	1.3

Source: Inderes

Guidance

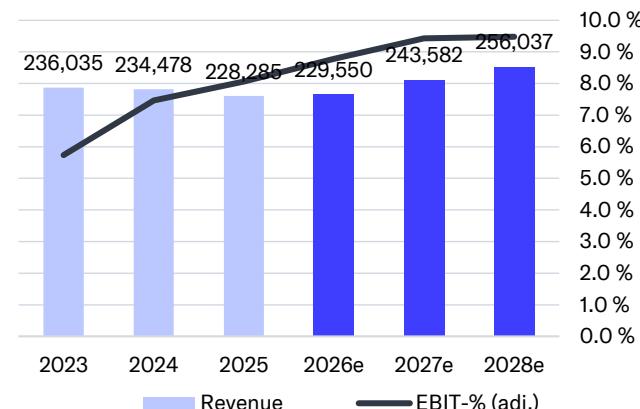
No guidance

Share price



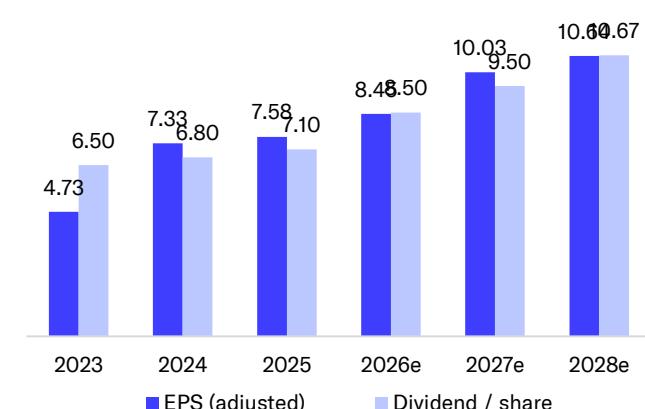
Source: Millistream Market Data AB

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	176	176	176
Number of shares, m	1,604	1,604	1,604
Market cap	281,639	281,639	281,639
EV	338,405	335,978	335,328
P/E (adj.)	20.8	17.5	16.5
P/E	20.8	17.5	16.5
P/B	6.2	5.9	5.7
P/S	1.2	1.2	1.1
EV/Sales	1.5	1.4	1.3
EV/EBITDA	8.2	7.7	7.6
EV/EBIT (adj.)	16.8	14.6	13.8
Payout ratio (%)	100%	94%	100%
Dividend yield-%	4.8 %	5.4 %	6.1 %

Source: Inderes

Profitability surprised on the upside

Revenue roughly in line with expectations

H&M's topline challenges persisted in Q4, with revenue growth in local currencies reaching a modest 2%. While September sales were roughly flat (as already reported in the Q3 report), we believe October sales were weak, reflecting softness in key markets such as Germany, the US, and the UK. In contrast, November sales appear to have been stronger, supported by colder weather and the earlier timing of Black Friday.

FX effects had a significant negative impact of approximately 7% in Q4, resulting in reported sales declining by around 5%, broadly in line with both our forecast and consensus. From a regional perspective, local-currency sales declined slightly in North and South America, while Europe continued to deliver positive growth of around 2–4%.

Overall, we view the Q4 sales outcome as rather modest,

and H&M's strategic initiatives around product offering and customer experience have yet to translate into meaningful top-line growth.

Gross margin supported by external tailwinds

H&M's Q4 gross margin increased to 55.9%, up from 54.6% last year, exceeding both our expectations and consensus. The improvement was driven by a combination of internal factors, such as continued supply-chain efficiencies, and external tailwinds, although these were less favorable than in Q3 due to tariff-related impacts. That said, the cost of markdowns relative to sales was marginally higher than in the corresponding quarter last year, reflecting the timing of Black Friday. Overall, we find it encouraging that the gross margin continues its upward trajectory, reinforcing our confidence that a more sustainable margin improvement is taking shape.

Opex surprised positively once again

H&M continued to demonstrate strong cost discipline in Q4, with SG&A expenses declining by approximately 3% in local currencies, while sales increased by 2% in local currencies. This improvement was partly supported by the absence of a 200 MSEK one-off cost related to the closure of Monki in Q4'24. The company reported EBIT of 6,364 MSEK, with the EBIT margin improving from 7.4% in the prior year to 10.7%. We view this as a strong operational performance, albeit against relatively soft comparables.

Dividend increased, above our expectations

H&M's full-year EPS rose to SEK 7.58, enabling the company to increase its dividend from SEK 6.80 to SEK 7.10 per share. With a solid balance sheet and net debt/EBITDA of 1.5x, comfortably within its target range of 1.0–2.0x, we believe the high payout is sustainable. Over the long term, we expect H&M to continue distributing a large share of its earnings through dividends.

Estimates MSEK / SEK	Q4'24 Comparison	Q4'25 Actualized	Q4'25e Inderes	Q4'25e Consensus	Consensus		Difference (%) Act. vs. Inderes	2025 Actual
					Low	High		
Revenue	62,193	59,221	58,950	59,589	58,740	61,082	0%	228,285
Gross profit	33,942	33,084	32,658	33,151	32,175	34,101	1%	121,821
Gross margin %	54.6 %	55.9 %	55.4 %	55.6 %	54.8 %	56.2 %	1%	53.4 %
EBIT	4,624	6,364	5,238	5,718	5,042	6,904	21%	18,395
EPS (reported)	1.93	2.72	2.19	2.45	2.08	2.97	24%	8.45
DPS	6.80	7.10	6.80	6.71	6.50	7.50	4%	7.10
Revenue growth-%	-0.7 %	-4.8 %	-5.2 %	-4.2 %	-5.6 %	-1.8 %	0.4 pp	-2.6 %
EBIT-%	7.4 %	10.7 %	8.9 %	9.6 %	8.6 %	11.3 %	1.9 pp	8.1 %

Source: Inderes & Bloomberg
2026.01.10, 19 analysts
(consensus)

We have increased our profitability estimates for the coming years

Q1'26 is off to a slow start

In conjunction with its Q4 report, H&M announced that December–January sales, representing the first two months of fiscal Q1, declined by 2% in local currencies. In our view, this performance was weak and below our previous forecasts. While several short-term factors negatively affected sales, including pull-forward demand as consumers shifted spending to Black Week in November and an adverse calendar effect related to the Chinese New Year, the company also noted muted demand in some of its larger European markets. In addition, in the US, cautious supply planning have resulted in tight inventory levels, as H&M underestimated the strength of demand. As a result, the company has not been able to fully meet this demand, which is also expected to weigh on Q1 figures.

Regarding gross margin, H&M expects the overall impact of external factors to be somewhat positive compared with the corresponding period last year, though less favorable

than the effect seen in Q4. However, the cost of markdowns relative to sales in Q1'26 is expected to be in line with the same quarter last year.

Overall, given the slow start to Q1'26, continued FX headwinds, and market data we have observed, we have lowered our revenue forecast for the current year. That said, as H&M has exceeded our expectations on operating cost control for three consecutive quarters, we feel more comfortable in a continued margin improvement, although with some short-term fluctuations. Consequently, despite lower revenue expectations, we have revised our earnings estimates for the current year slightly upward.

Upward revisions to mid- and long-term earnings

We have also raised our mid- to long-term earnings estimates. We expect mid-single-digit revenue growth and gross margin expansion toward 54–55%, which should support operating leverage. We believe the gradual margin

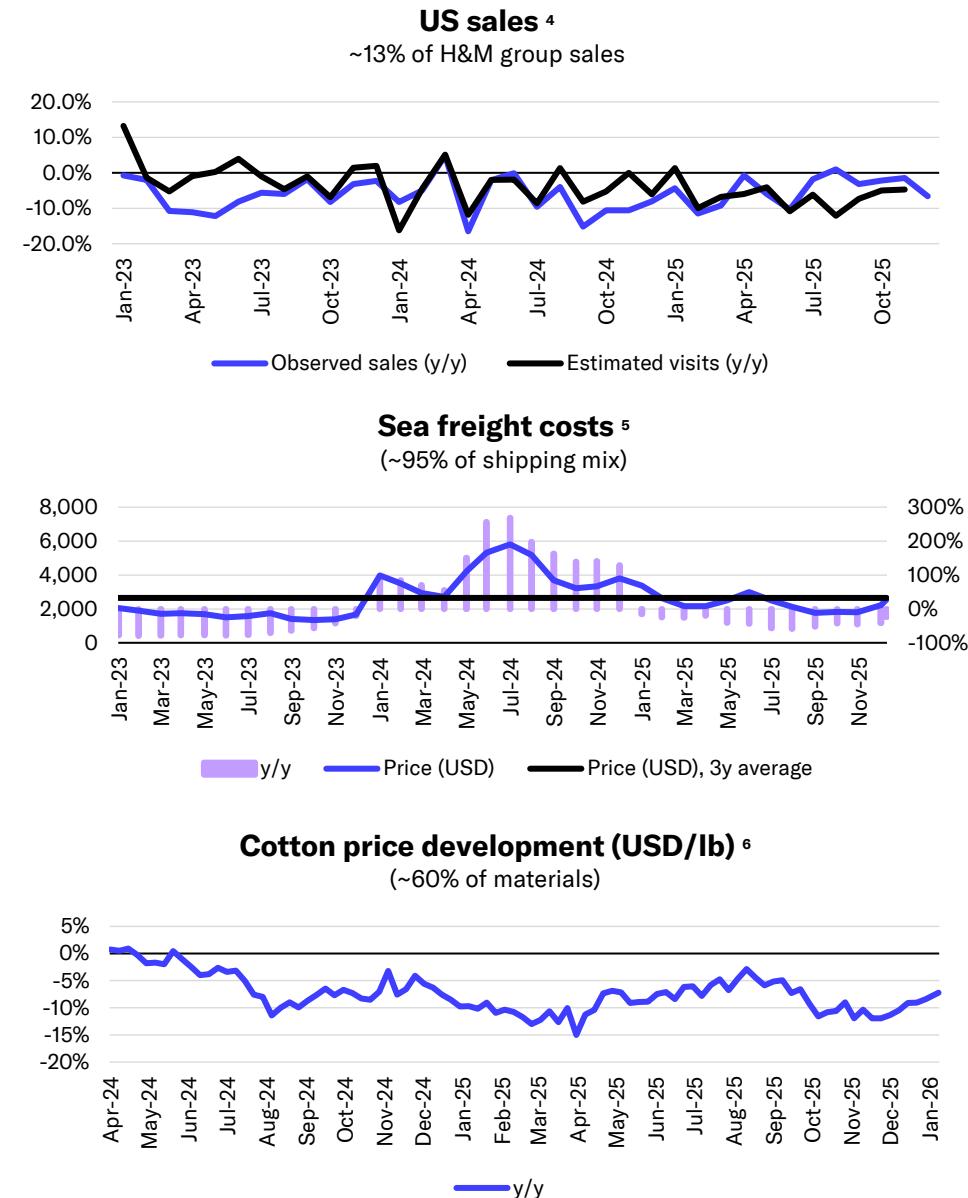
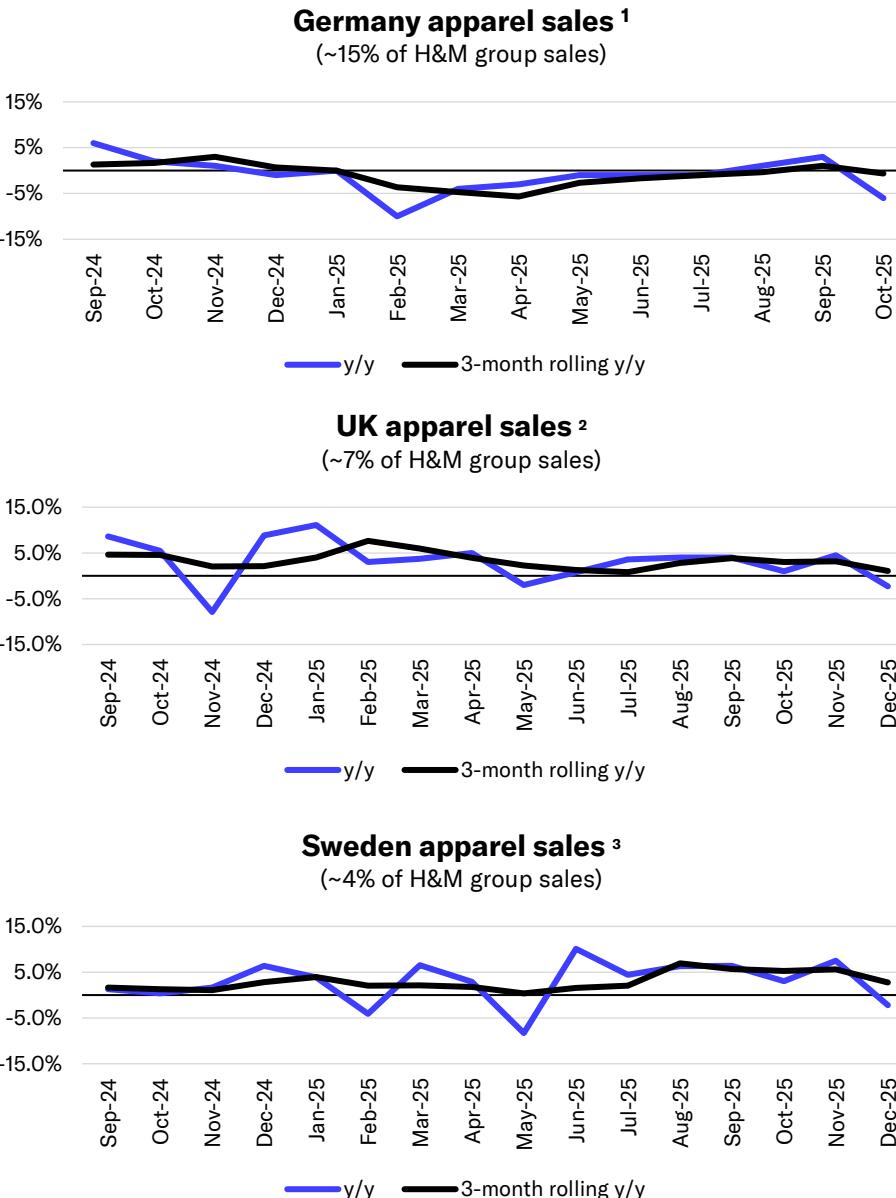
improvement will continue, driven by modest revenue growth and ongoing operational efficiencies.

We forecast the EBIT margin to increase from 8.1% in 2025 and stabilize at around 9–9.5% over the long term. 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	2025		2025		2026e		2026e		2027e	
	Inderes	Actualized	Change %	Old	New	Change %	Old	New	Change %	
Revenue	228,014	228,285	0%	234,000	229,550	-2%	249,320	243,582	-2%	
EBITDA	38,329	39,535	3%	40,237	41,165	2%	46,960	43,587	-7%	
EBIT (exc. NRIs)	17,269	18,395	7%	19,837	20,165	2%	22,717	22,960	1%	
EBIT	17,269	18,395	7%	19,837	20,165	2%	22,717	22,960	1%	
PTP	15,063	16,202	8%	17,907	18,015	1%	21,217	21,460	1%	
EPS (excl. NRIs)	7.06	7.58	7%	8.40	8.45	1%	9.99	10.03	0%	
DPS	6.80	7.10	4%	8.50	8.50	0%	9.50	9.50	0%	

Source: Inderes

Market data



¹ Source: Textilwirtschaft, Inderes

² Source: BDO UK, Inderes

³ Source: Svensk Handel (Stilindex), Inderes

⁴ Source: Bloomberg, FRED, Inderes

⁵ Source: Bloomberg (World Container Index Composite Container Freight Benchmark), Inderes

⁶ Source: Bloomberg, FRED, Inderes

We still believe the valuation levels are elevated

Valuation summary – Sell

We expect investors to receive an annual dividend yield of 5-6% over the next few years at the current share price, which leaves a good dividend yield base. The earnings growth driver is currently turning in the right direction, but the starting level is low, and the growth rate is still uncertain. The share is expensive on an actual earnings basis (P/E Q4'25 LTM: ~23x) and, in our view, H&M's expected return is lower than the required return. As a result, we reiterate our Sell recommendation but increase our target price to SEK 155 per share (prev. SEK 140 per share), mainly due to increased earnings estimates.

Acceptable absolute multiples in 2026-2027

With our updated estimates, H&M's P/E and EV/EBIT for 2026 are 21x and 17x, respectively. These multiples are above our accepted valuation range, and, given 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 18x and EV/EBIT 15x, 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 2027, 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 13-17 BSEK, which implies a free cash flow yield of around 4-5%.

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 17x for 2026 and 15x 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 27x for 2026 and 25x for 2027, i.e., well above H&M. However, H&M is valued above its 10y long-term median (P/E 19x) and roughly in line with Inditex's long-term median, despite the fact that Inditex has been growing faster than H&M with higher profitability. In our view, compared to the overall peer group, the valuation premium (around 20%) 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 (prev. SEK 140 per share). This is in line with our target price and below the current share price.

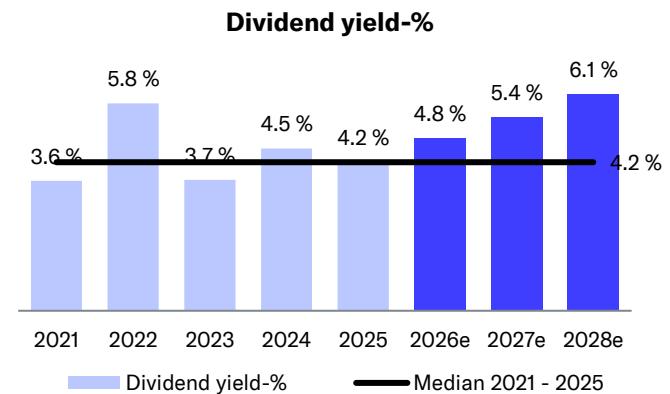
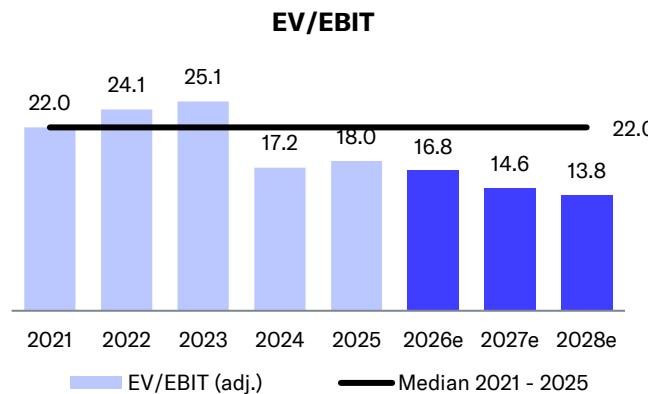
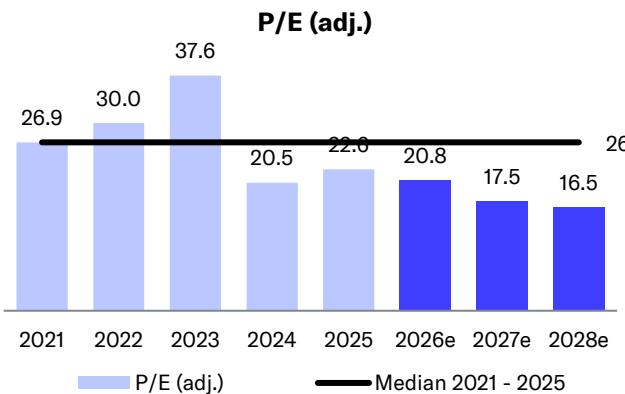
Valuation	2026e	2027e	2028e
Share price	176	176	176
Number of shares, m	1,604	1,604	1,604
Market cap	281,639	281,639	281,639
EV	338,405	335,978	335,328
P/E (adj.)	20.8	17.5	16.5
P/E	20.8	17.5	16.5
P/B	6.2	5.9	5.7
P/S	1.2	1.2	1.1
EV/Sales	1.5	1.4	1.3
EV/EBITDA	8.2	7.7	7.6
EV/EBIT (adj.)	16.8	14.6	13.8
Payout ratio (%)	100%	94%	100%
Dividend yield-%	4.8 %	5.4 %	6.1 %

Source: Inderes

Valuation table

Valuation	2021	2022	2023	2024	2025	2026e	2027e	2028e	2029e
Share price	179	112	178	150	171	176	176	176	176
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	281,639	281,639	281,639	281,639
EV	335,147	235,497	339,574	300,289	330,277	338,405	335,978	335,328	336,313
P/E (adj.)	26.9	30.0	37.6	20.5	22.6	20.8	17.5	16.5	15.5
P/E	26.9	51.8	33.3	20.8	22.6	20.8	17.5	16.5	15.5
P/B	4.9	3.6	6.1	5.2	6.4	6.2	5.9	5.7	5.6
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	1.3
EV/EBITDA	8.9	7.9	9.1	7.7	8.4	8.2	7.7	7.6	7.5
EV/EBIT (adj.)	22.0	24.1	25.1	17.2	18.0	16.8	14.6	13.8	13.1
Payout ratio (%)	97.7 %	299.8 %	120.9 %	93.9 %	93.4 %	100.4 %	94.5 %	100.0 %	100.0 %
Dividend yield-%	3.6 %	5.8 %	3.7 %	4.5 %	4.2 %	4.8 %	5.4 %	6.1 %	6.5 %

Source: Inderes



The market cap and enterprise value in the table consider the expected change in the number of shares and net debt for the forecast years.

Peer group valuation

Peer group valuation	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
Inditex	168,673	162,861	20.5	18.8	14.6	13.5	4.1	3.8	27.2	24.9	3.3	3.6
Fast Retailing	101,145	92,867	26.6	27.5	19.7	18.1	4.5	4.2	39.2	35.8	0.9	1.0
Next	19,212	20,993	14.9	14.0	12.1	11.5	2.7	2.5	18.6	17.5	3.3	3.2
GAP	8,401	7,542	8.0	7.6	5.6	5.3	0.6	0.6	12.6	11.6	2.4	2.5
Zalando	6,346	6,349	10.6	8.5	6.0	5.3	0.5	0.4	16.1	12.9		1.9
Victoria's Secret	3,793	4,739	15.0	13.5	9.1	8.5	0.9	0.8	20.6	18.0		4.6
Abercombie & Fitch	3,705	3,193	5.8	5.7	4.7	4.5	0.7	0.7	9.7	9.3		3.1
Urban Outfitters	5,227	4,722	9.5	8.5	7.8	7.0	0.9	0.9	13.2	12.0		2.3
H&M (Inderes)	25,511	30,653	16.8	14.6	8.2	7.7	1.5	1.4	20.8	17.5	4.8	5.4
Average			13.9	13.0	9.9	9.2	1.9	1.7	19.7	17.7	2.5	2.5
Median			12.8	11.0	8.4	7.7	0.9	0.8	17.4	15.2	2.9	2.8
Diff-% to median			31%	33%	-2%	0%	65%	64%	20%	16%	69%	92%
												61%

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	51,750	57,600	58,900	61,300	229,550	243,582	256,037	267,410
EBITDA	38,904	39,535	6,010	11,551	11,218	12,385	41,165	43,587	43,873	44,699
Depreciation	-21,598	-21,140	-5,400	-5,100	-5,200	-5,300	-21,000	-20,628	-19,601	-18,947
EBIT (excl. NRI)	17,506	18,395	610	6,451	6,018	7,085	20,165	22,960	24,272	25,752
EBIT	17,306	18,395	610	6,451	6,018	7,085	20,165	22,960	24,272	25,752
Net financial items	-1,863	-2,193	-450	-600	-600	-500	-2,150	-1,500	-1,500	-1,500
PTP	15,443	16,202	160	5,851	5,418	6,585	18,015	21,460	22,772	24,252
Taxes	-3,859	-4,117	-40	-1,463	-1,355	-1,646	-4,504	-5,365	-5,693	-6,063
Minority interest	37	73	10	10	10	10	40	0	0	0
Net earnings	11,621	12,158	130	4,398	4,074	4,949	13,551	16,095	17,079	18,189
EPS (adj.)	7.3	7.6	0.1	2.7	2.5	3.1	8.4	10.0	10.6	11.3
EPS (rep.)	7.2	7.6	0.1	2.7	2.5	3.1	8.4	10.0	10.6	11.3

Key figures	2024	2025	Q1'26e	Q2'26e	Q3'26e	Q4'26e	2026e	2027e	2028e	2029e
Revenue growth-%	-0.7 %	-2.6 %	-6.5 %	1.6 %	3.3 %	3.5 %	0.6 %	6.1 %	5.1 %	4.4 %
Adjusted EBIT growth-%	29.3 %	5.1 %	-49.3 %	9.1 %	22.5 %	11.3 %	9.6 %	13.9 %	5.7 %	6.1 %
EBITDA-%	16.6 %	17.3 %	11.6 %	20.1 %	19.0 %	20.2 %	17.9 %	17.9 %	17.1 %	16.7 %
Adjusted EBIT-%	7.5 %	8.1 %	1.2 %	11.2 %	10.2 %	11.6 %	8.8 %	9.4 %	9.5 %	9.6 %
Net earnings-%	5.0 %	5.3 %	0.3 %	7.6 %	6.9 %	8.1 %	5.9 %	6.6 %	6.7 %	6.8 %

Source: Inderes

Balance sheet

Assets	2024	2025	2026e	2027e	2028e
Non-current assets	104487	97778	95081	93113	92533
Goodwill	1013	1013	1013	1013	1013
Intangible assets	7717	6734	7234	7734	8234
Tangible assets	86220	82534	79337	76869	75789
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	65422	69421	72971
Inventories	40348	35427	36728	38973	40966
Other current assets	0.0	0.0	0.0	0.0	0.0
Receivables	18039	16160	17216	18269	19203
Cash and equivalents	17340	20908	11478	12179	12802
Balance sheet total	180214	170273	160503	162533	165504

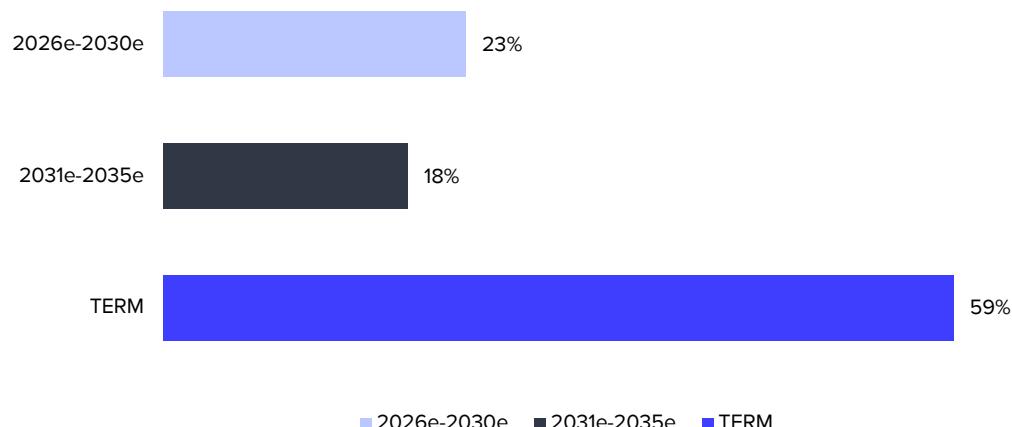
Source: Inderes

Liabilities & equity	2024	2025	2026e	2027e	2028e
Equity	46211	42947	45137	47630	49506
Share capital	207	207	207	207	207
Retained earnings	39559	39443	41633	44126	46002
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	65366	64904	65998
Interest bearing debt	12476	14314	18244	16518	16491
Payables	24417	20826	20660	21922	23043
Other current liabilities	29757	26463	26463	26463	26463
Balance sheet total	180214	170273	160503	162533	165504

DCF-calculation

DCF model	2025	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	2034e	2035e	TERM
Revenue growth-%	-2.6 %	0.6 %	6.1 %	5.1 %	4.4 %	5.0 %	5.0 %	5.0 %	5.0 %	5.0 %	2.5 %	2.5 %
EBIT-%	8.1 %	8.8 %	9.4 %	9.5 %	9.6 %	9.5 %	9.5 %	9.5 %	9.5 %	9.5 %	9.0 %	9.0 %
EBIT (operating profit)	18,395	20,165	22,960	24,272	25,752	26,674	28,008	29,408	30,879	32,423	31,484	
+ Depreciation	21,140	21,000	20,628	19,601	18,947	18,934	19,018	19,177	19,395	19,659	19,959	
- Paid taxes	-3,693	-6,457	-5,365	-5,693	-6,063	-6,294	-6,627	-6,977	-7,345	-7,731	-7,871	
- Tax, financial expenses	-557	-538	-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	-2,524	-2,035	-1,806	-1,649	-1,939	-2,036	-2,137	-2,244	-2,357	-1,237	
Operating cash flow	35,200	31,647	35,813	35,999	36,612	37,001	37,988	39,096	40,310	41,620	42,335	
+ Change in other long-term liabilities	-96	-537	0	0	0	0	0	0	0	0	0	
- Gross CAPEX	-15,277	-18,303	-18,659	-19,022	-19,393	-19,771	-20,741	-20,565	-20,992	-21,428	-21,158	
Free operating cash flow	19,827	12,807	17,154	16,977	17,219	17,230	17,247	18,531	19,318	20,192	21,177	
+/- 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	10,807	15,154	14,977	15,219	15,230	15,247	16,531	17,318	18,192	19,177	328,432
Discounted FCFF	10,027	12,960	11,807	11,060	10,202	9,415	9,409	9,086	8,798	8,549	8,549	146,414
Sum of FCFF present value	247,727	237,700	224,740	212,933	201,873	191,671	182,256	172,847	163,761	154,963	146,414	
Enterprise value DCF	247,727											
- Interest bearing debt	-20,675											
+ Cash and cash equivalents	20,908											
-Minorities	0											
-Dividend/capital return	0											
Equity value DCF	247,960											
Equity value DCF per share	155											

Cash flow distribution

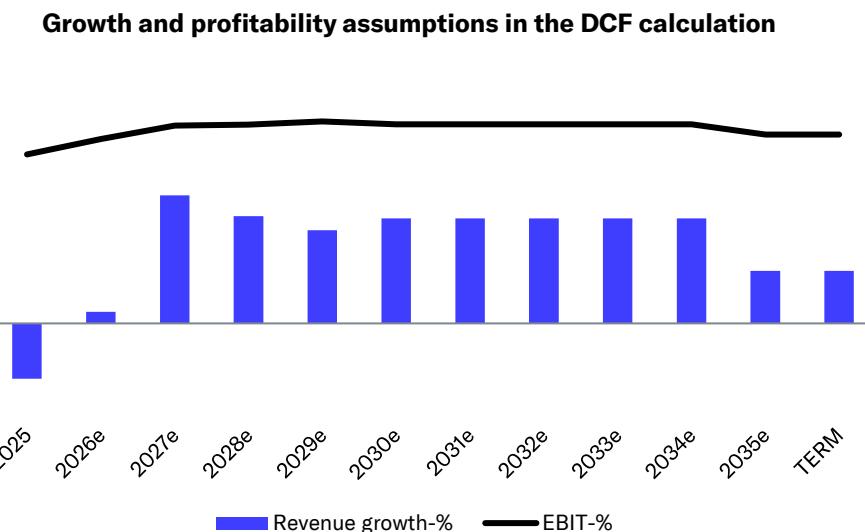
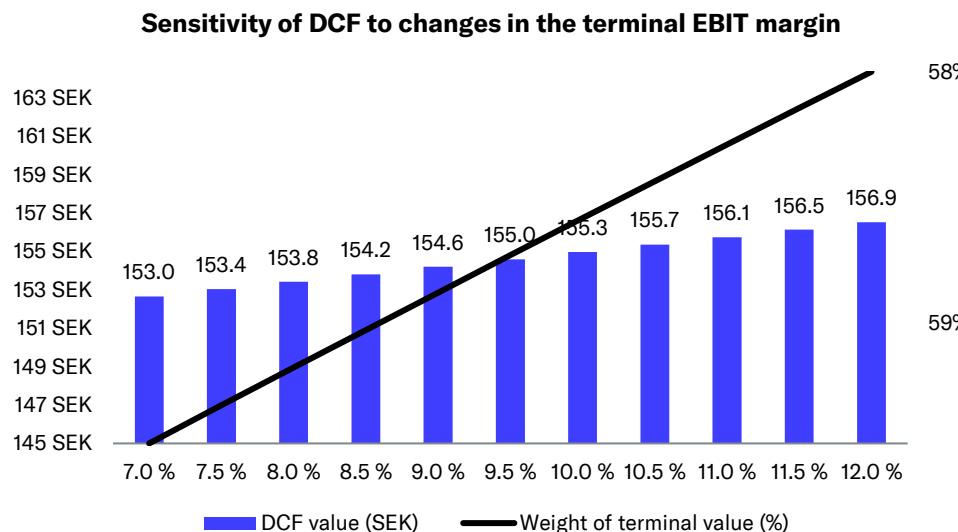
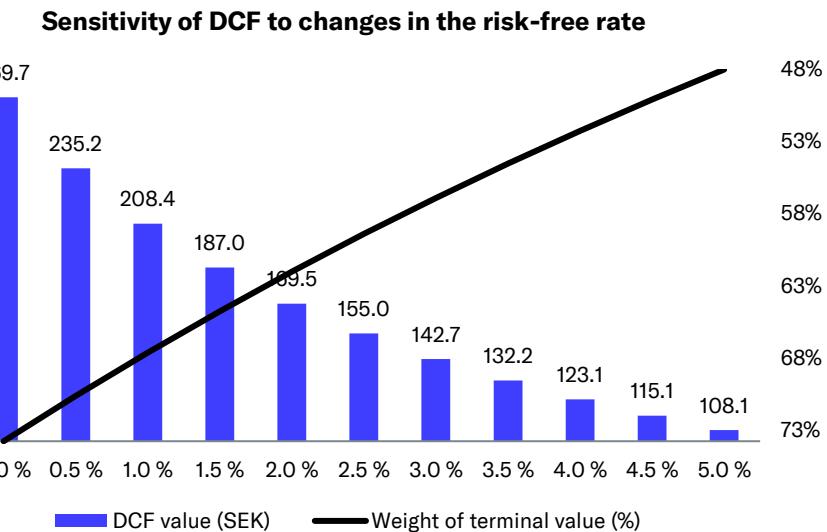
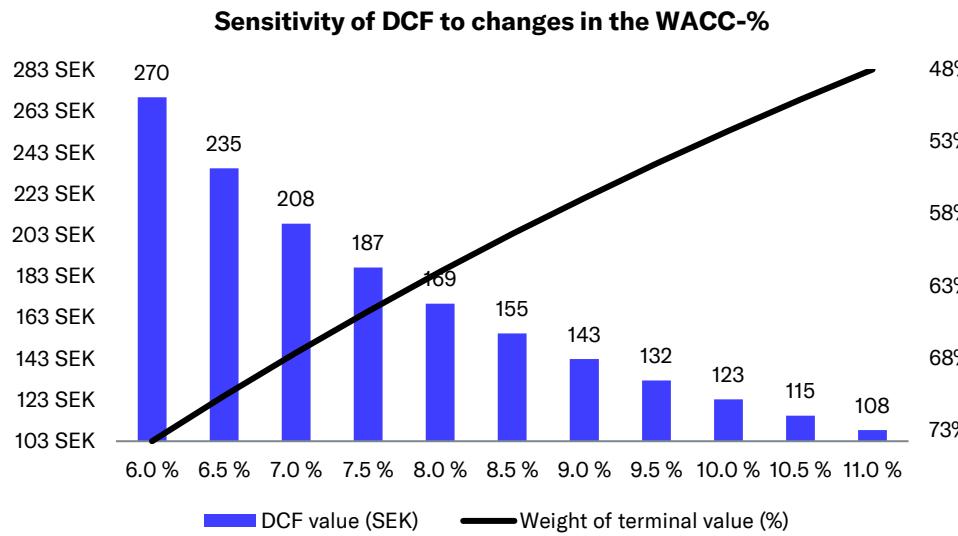


WACC

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



Summary

Income statement	2023	2024	2025	2026e	2027e	Per share data	2023	2024	2025	2026e	2027e
Revenue	236,035	234,478	228,285	229,550	243,582	EPS (reported)	5.3	7.2	7.6	8.4	10.0
EBITDA	37,492	38,904	39,535	41,165	43,587	EPS (adj.)	4.7	7.3	7.6	8.4	10.0
EBIT	14,537	17,306	18,395	20,165	22,960	OCF / share	21.1	19.8	21.9	19.7	22.3
PTP	13,010	15,443	16,202	18,015	21,460	OFCF / share	6.2	2.7	11.1	6.7	9.4
Net Income	8,723	11,621	12,158	13,551	16,095	Book value / share	29.1	28.7	26.8	28.1	29.7
Extraordinary items	999	-200	0	0	0	Dividend / share	6.5	6.8	7.1	8.5	9.5
Balance sheet	2023	2024	2025	2026e	2027e	Growth and profitability	2023	2024	2025	2026e	2027e
Balance sheet total	181,273	180,214	170,273	160,503	162,533	Revenue growth-%	6%	-1%	-3%	1%	6%
Equity capital	47,601	46,211	42,947	45,137	47,630	EBITDA growth-%	26%	4%	2%	4%	6%
Goodwill	1,013	1,013	1,013	1,013	1,013	EBIT (adj.) growth-%	39%	29%	5%	10%	14%
Net debt	51,572	59,614	56,639	56,766	54,339	EPS (adj.) growth-%	26%	55%	3%	11%	19%
Cash flow	2023	2024	2025	2026e	2027e	EBITDA-%	15.9 %	16.6 %	17.3 %	17.9 %	17.9 %
EBITDA	37,492	38,904	39,535	41,165	43,587	EBIT (adj.)-%	5.7 %	7.5 %	8.1 %	8.8 %	9.4 %
Change in working capital	1,830	-2,852	-85	-2,524	-2,035	EBIT-%	6.2 %	7.4 %	8.1 %	8.8 %	9.4 %
Operating cash flow	34,505	31,870	35,200	31,647	35,813	ROE-%	17.7 %	24.8 %	27.3 %	30.8 %	34.7 %
CAPEX	-22,298	-25,608	-15,277	-18,303	-18,659	ROI-%	11.7 %	13.9 %	15.1 %	17.2 %	20.2 %
Free cash flow	10,199	4,379	17,827	10,807	15,154	Equity ratio	26.3 %	25.6 %	25.2 %	28.1 %	29.3 %
						Gearing	108.3 %	129.0 %	131.9 %	125.8 %	114.1 %
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	7.7						
EV/EBIT (adj.)	25.1	17.2	18.0	16.8	14.6						
P/E (adj.)	37.6	20.5	22.6	20.8	17.5						
P/B	6.1	5.2	6.4	6.2	5.9						
Dividend-%	3.7 %	4.5 %	4.2 %	4.8 %	5.4 %						

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

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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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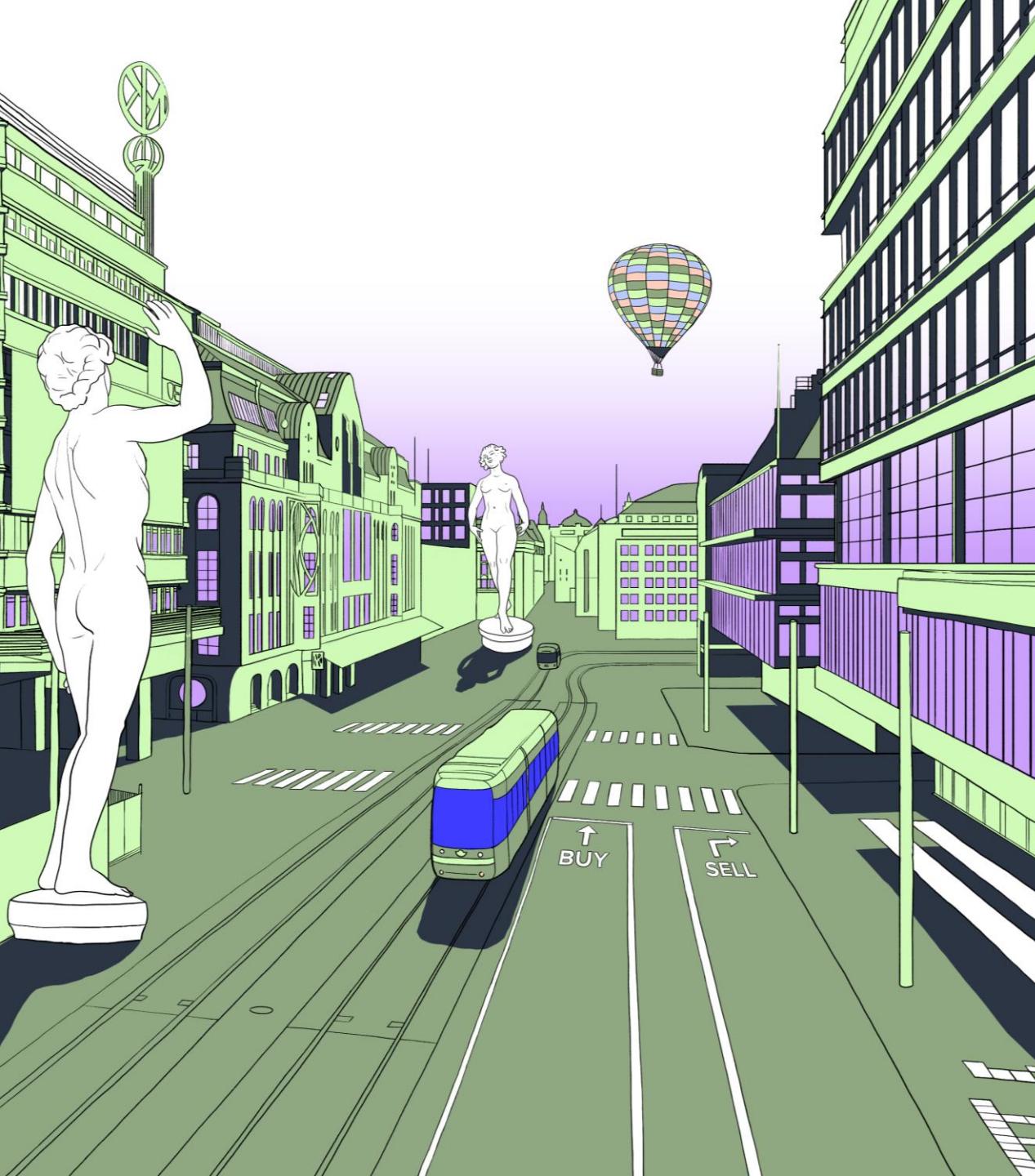
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Recommendation history (>12 mo)

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



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