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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)

## Target price:

**155 SEK**  
(prev. 140 SEK)

**Share price:**  
176 SEK

## Business risk



## 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

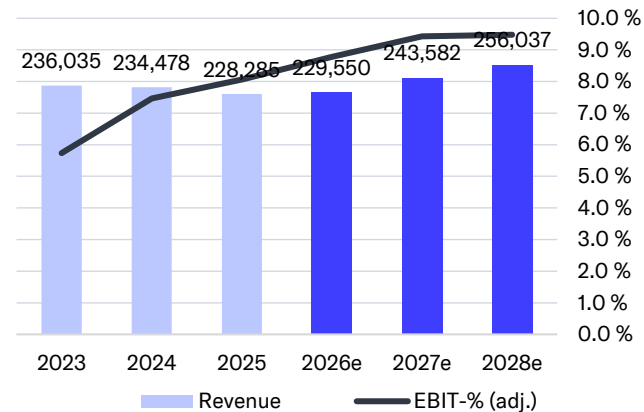
No guidance

## Share price



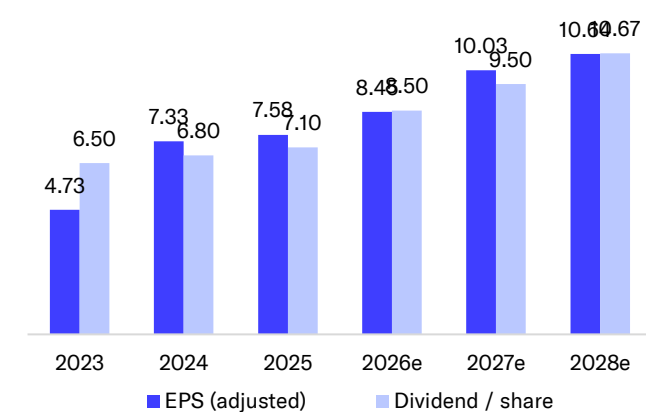
Source: Millistream Market Data AB

## 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<br>MSEK / SEK | Q4'24<br>Comparison | Q4'25<br>Actualized | Q4'25e<br>Inderes | Q4'25e<br>Consensus | Consensus<br>Low High | Difference (%)<br>Act. vs. inderes | 2025<br>Actual |
|-------------------------|---------------------|---------------------|-------------------|---------------------|-----------------------|------------------------------------|----------------|
| 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.

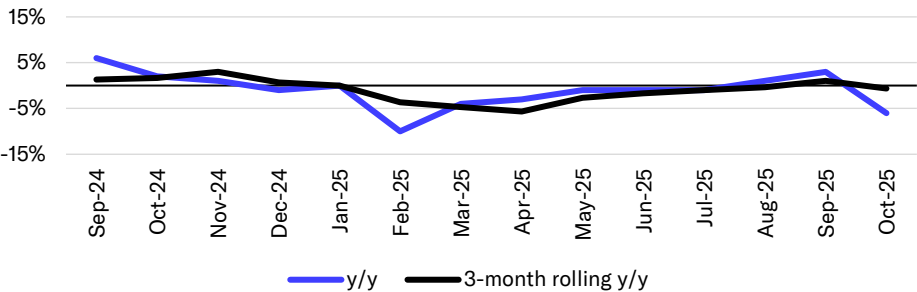
| Estimate revisions | 2025    | 2025       | Change | 2026e   | 2026e   | Change | 2027e   | 2027e   | Change |
|--------------------|---------|------------|--------|---------|---------|--------|---------|---------|--------|
| MSEK / SEK         | Inderes | Actualized | %      | Old     | New     | %      | Old     | New     | %      |
| 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 (excl. 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

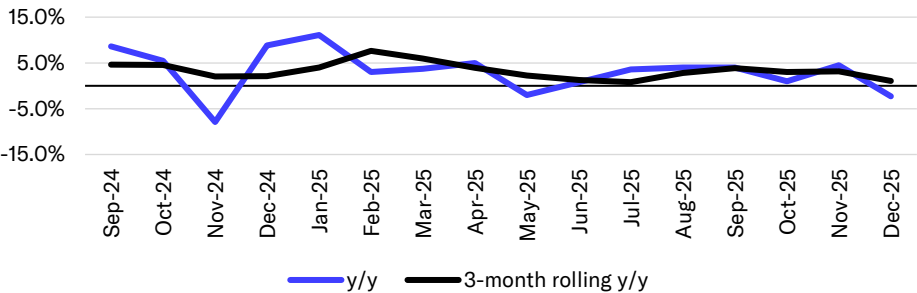
Germany apparel sales <sup>1</sup>

(~15% of H&M group sales)



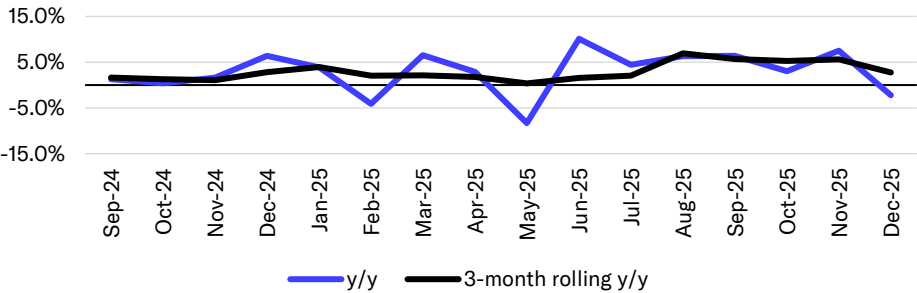
UK apparel sales <sup>2</sup>

(~7% of H&M group sales)



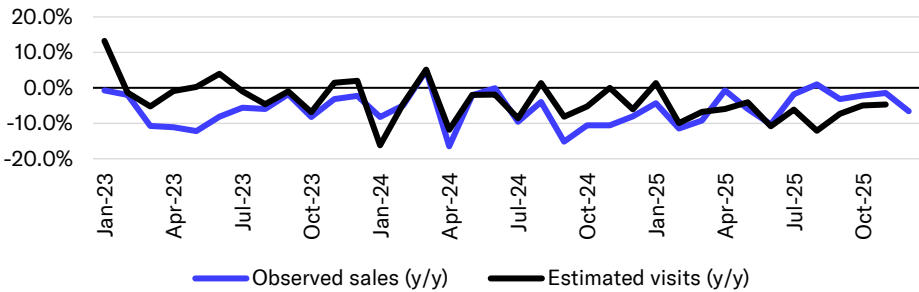
Sweden apparel sales <sup>3</sup>

(~4% of H&M group sales)



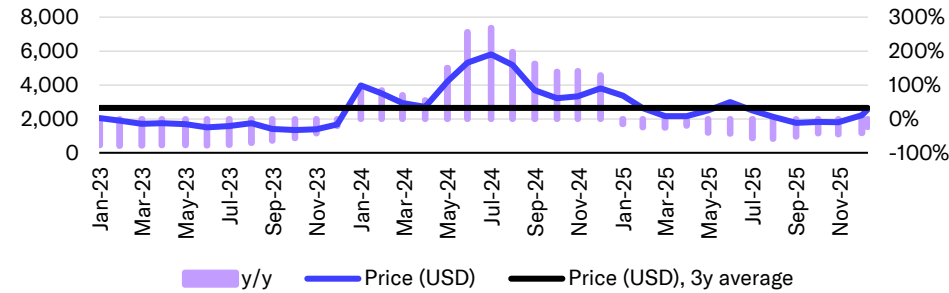
US sales <sup>4</sup>

(~13% of H&M group sales)



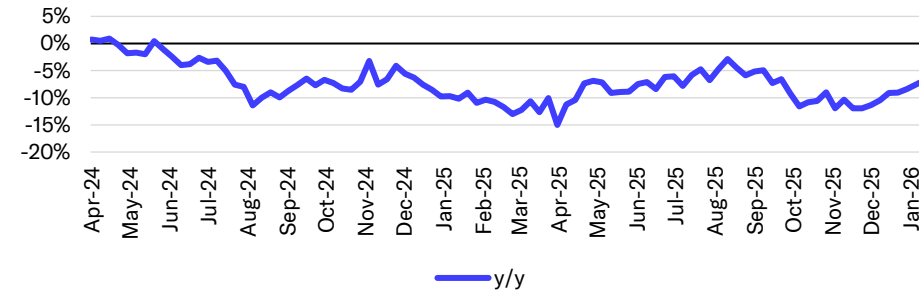
Sea freight costs <sup>5</sup>

(~95% of shipping mix)



Cotton price development (USD/lb) <sup>6</sup>

(~60% of materials)



<sup>1</sup> Source: Textilwirtschaft, Inderes

<sup>2</sup> Source: BDO UK, Inderes

<sup>3</sup> Source: Svensk Handel (Stilindex), Inderes

<sup>4</sup> Source: Bloomberg, FRED, Inderes

<sup>5</sup> Source: Bloomberg (World Container Index Composite Container Freight Benchmark), Inderes

<sup>6</sup> 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.

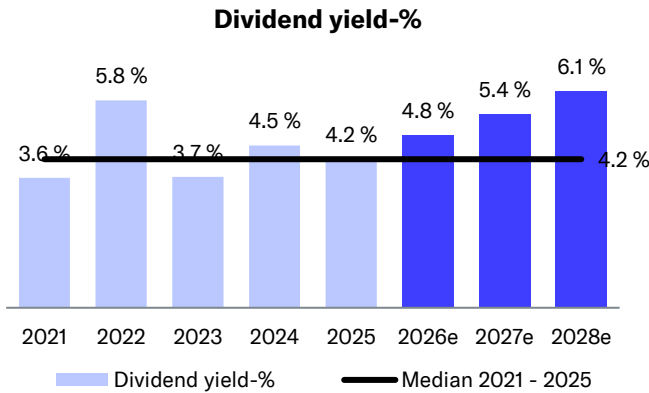
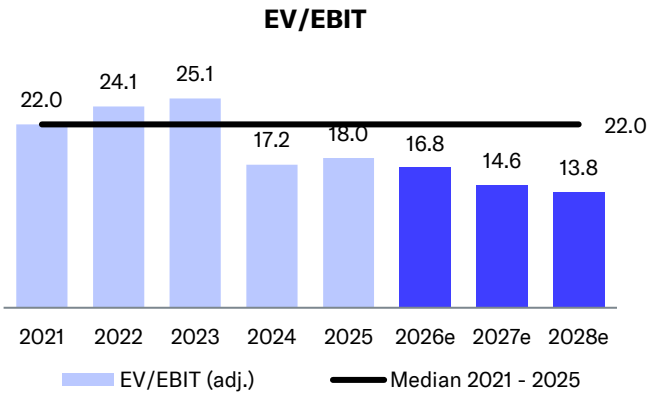
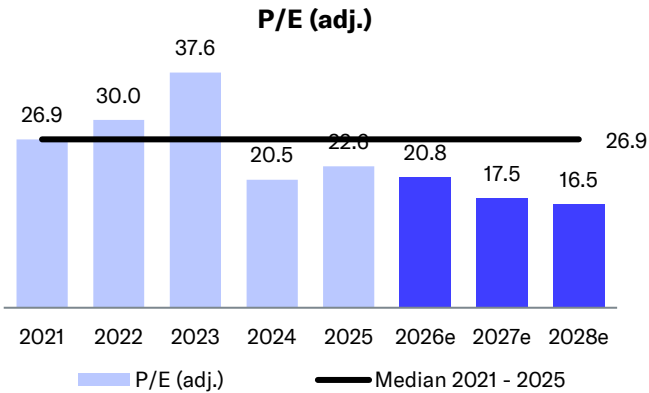
| Valuation           | 2026e   | 2027e   | 2028e   |
|---------------------|---------|---------|---------|
| Share price         | 176     | 176     | 176     |
| Number of shares, m | 1,604   | 1,604   | 1,604   |
| Market cap          | 281,639 | 281,639 | 281,639 |
| EV                  | 338,405 | 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<br>Company | Market cap<br>MEUR | EV<br>MEUR    | EV/EBIT     |             | EV/EBITDA  |            | EV/S       |            | P/E         |             | Dividend yield-% |            | P/B        |
|---------------------------------|--------------------|---------------|-------------|-------------|------------|------------|------------|------------|-------------|-------------|------------------|------------|------------|
|                                 |                    |               | 2026e       | 2027e       | 2026e      | 2027e      | 2026e      | 2027e      | 2026e       | 2027e       | 2026e            | 2027e      | 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        | 8.3        |
| 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        | 7.0        |
| 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        | 8.2        |
| 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        | 2.8        |
| 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        |
| Abercrombie & 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        |
| <b>H&amp;M (Inderes)</b>        | <b>25,511</b>      | <b>30,653</b> | <b>16.8</b> | <b>14.6</b> | <b>8.2</b> | <b>7.7</b> | <b>1.5</b> | <b>1.4</b> | <b>20.8</b> | <b>17.5</b> | <b>4.8</b>       | <b>5.4</b> | <b>6.2</b> |
| <b>Average</b>                  |                    |               | <b>13.9</b> | <b>13.0</b> | <b>9.9</b> | <b>9.2</b> | <b>1.9</b> | <b>1.7</b> | <b>19.7</b> | <b>17.7</b> | <b>2.5</b>       | <b>2.5</b> | <b>4.8</b> |
| <b>Median</b>                   |                    |               | <b>12.8</b> | <b>11.0</b> | <b>8.4</b> | <b>7.7</b> | <b>0.9</b> | <b>0.8</b> | <b>17.4</b> | <b>15.2</b> | <b>2.9</b>       | <b>2.8</b> | <b>3.9</b> |
| <b>Diff-% to median</b>         |                    |               | <b>31%</b>  | <b>33%</b>  | <b>-2%</b> | <b>0%</b>  | <b>65%</b> | <b>64%</b> | <b>20%</b>  | <b>16%</b>  | <b>69%</b>       | <b>92%</b> | <b>61%</b> |

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         |
|----------------------------|---------------|---------------|---------------|---------------|---------------|
| <b>Non-current assets</b>  | <b>104487</b> | <b>97778</b>  | <b>95081</b>  | <b>93113</b>  | <b>92533</b>  |
| 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          |
| <b>Current assets</b>      | <b>75727</b>  | <b>72495</b>  | <b>65422</b>  | <b>69421</b>  | <b>72971</b>  |
| 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         |
| <b>Balance sheet total</b> | <b>180214</b> | <b>170273</b> | <b>160503</b> | <b>162533</b> | <b>165504</b> |

Source: Inderes

| Liabilities & equity           | 2024          | 2025          | 2026e         | 2027e         | 2028e         |
|--------------------------------|---------------|---------------|---------------|---------------|---------------|
| <b>Equity</b>                  | <b>46211</b>  | <b>42947</b>  | <b>45137</b>  | <b>47630</b>  | <b>49506</b>  |
| 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           |
| <b>Non-current liabilities</b> | <b>67353</b>  | <b>65723</b>  | <b>50000</b>  | <b>50000</b>  | <b>50000</b>  |
| 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           |
| <b>Current liabilities</b>     | <b>66650</b>  | <b>61603</b>  | <b>65366</b>  | <b>64904</b>  | <b>65998</b>  |
| Interest bearing debt          | 12476         | 14314         | 18244         | 16518         | 16491         |
| Payables                       | 24417         | 20826         | 20660         | 21922         | 23043         |
| Other current liabilities      | 29757         | 26463         | 26463         | 26463         | 26463         |
| <b>Balance sheet total</b>     | <b>180214</b> | <b>170273</b> | <b>160503</b> | <b>162533</b> | <b>165504</b> |

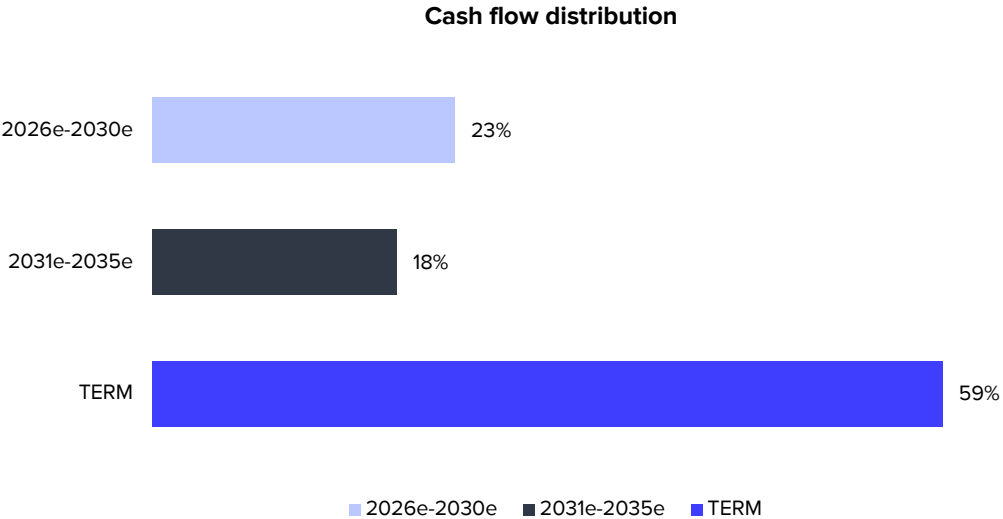
# DCF-calculation

| 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   | 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     |         |         |         |         |         |         |         |         |         |         |

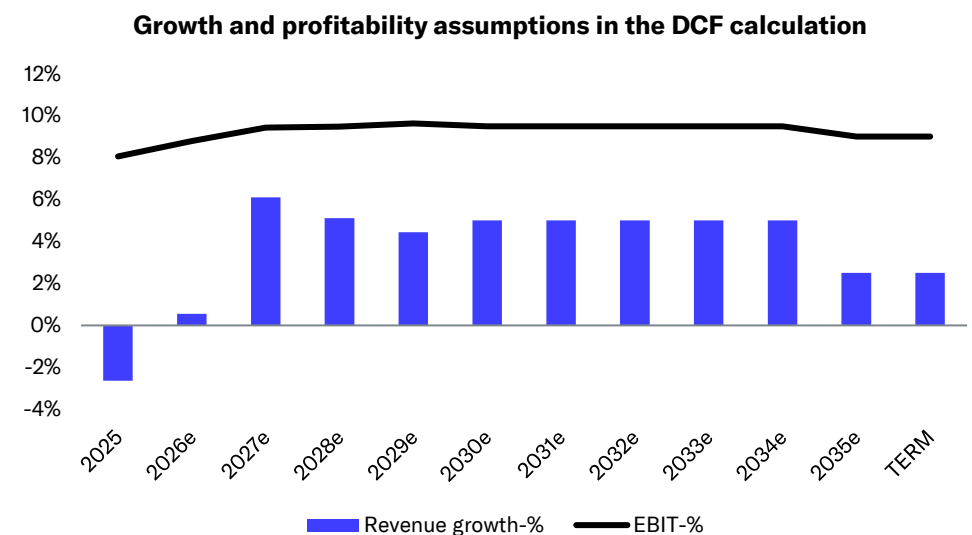
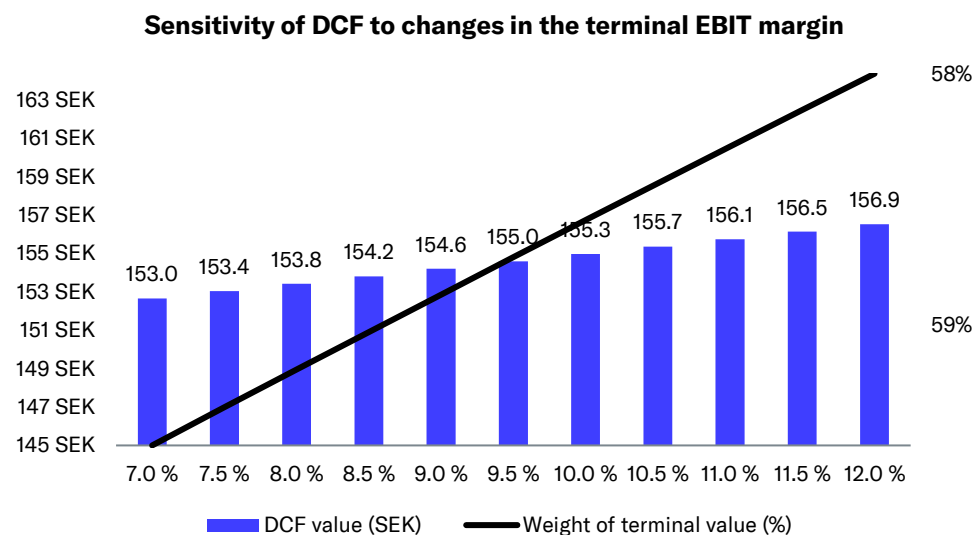
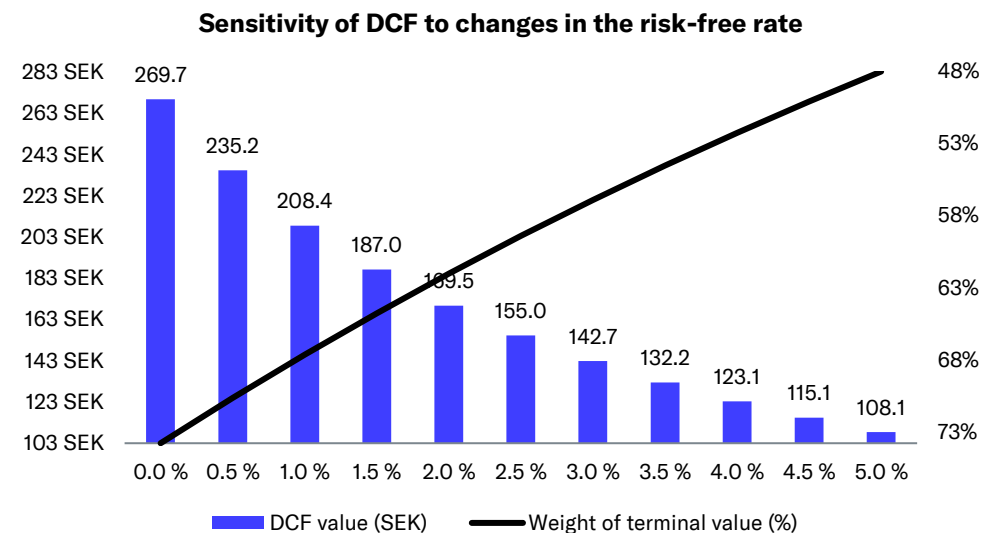
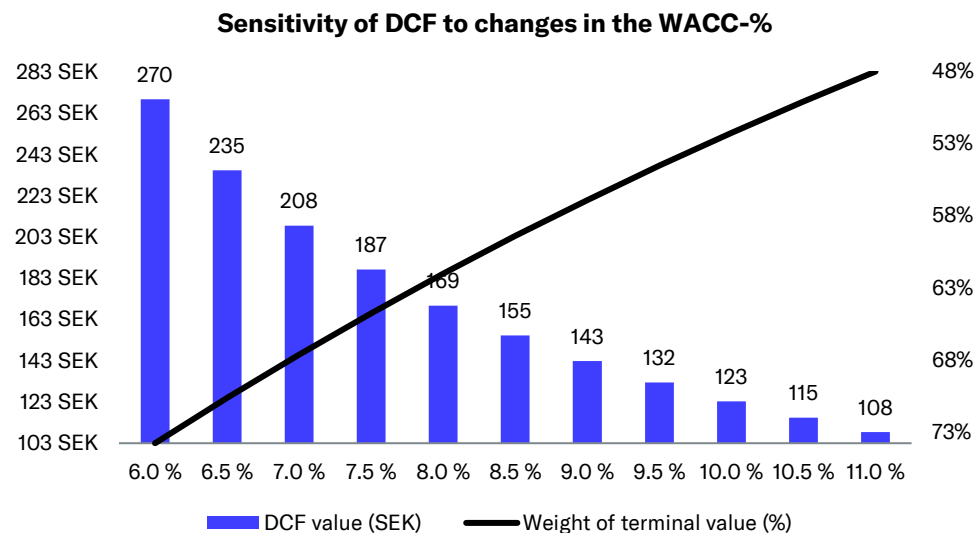
## WACC

|   |        |
|---|--------|
| 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   | 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



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Inderes' recommendation policy is based on the following distribution relative to the 12-month risk-adjusted expected total shareholder return.

|            |  |
|------------|--|
| 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       |

The assessment of the 12-month risk-adjusted expected total shareholder return based on the above-mentioned definitions is company-specific and subjective. Consequently, similar 12-month expected total shareholder returns between different shares may result in different recommendations, and the recommendations and 12-month expected total shareholder returns between different shares should not be compared with each other. The counterpart of the expected total shareholder return is Inderes' view of the risk taken by the investor, which varies considerably between companies and scenarios. Thus, a high expected total shareholder return does not necessarily lead to positive performance when the risks are exceptionally high and, correspondingly, a low expected total shareholder return does not necessarily lead to a negative recommendation if Inderes considers the risks to be moderate.

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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         |



# CONNECTING INVESTORS AND COMPANIES.

Inderes democratizes financial information by connecting investors and listed companies. For investors, we are an investing community and a trusted source of financial information and equity research. For listed companies, we are a partner in delivering high-quality investor relations. Over 500 listed companies in Europe use our investor relations products and equity research services to provide better investor communications to their shareholders.

Our goal is to be the most investor-minded company in finance. Inderes was founded in 2009 by investors, for investors. As a Nasdaq First North-listed company, we understand the day-to-day reality of our customers.

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