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# COMPANY REPORT



# Strong margins, but uncertainty persists

H&M's Q3 earnings exceeded both our and consensus expectations, and it's clear the company is taking steps in the right direction. While the improvement in profitability was strong this quarter, sales growth remains modest, something we view as critical for a more sustainable margin recovery. As such, we would prefer to see a consistent trend of improvement before concluding that a lasting margin rebound is underway. Additionally, we believe the valuation has reached elevated levels. Given ongoing concerns about topline growth and uncertainty around the durability of the profitability gains, we still view the risk/reward as unattractive. As a result, we reiterate our Sell recommendation but increase our target price to SEK 140 per share (was SEK 130), mainly due to increased 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, direct negative impact from tariffs and weak consumer confidence.

## Q3 showed strong margin improvement

H&M's Q2 revenue grew by 2% in local currencies, broadly in line with our expectations. While H&M continues to lack strong sales growth, the profitability performance was without a doubt the positive highlight of the report. H&M's Q3'25 gross margin rose to 52.9%, up from 51.1% last year, driven by a combination of internal factors, such as ongoing supply chain efficiencies, and external tailwinds, including freight and FX. In terms of operating expenses, H&M continued to demonstrate solid cost control in Q3. The company reported absolute EBIT of 4,914 MSEK, with the EBIT margin improving from 5.9% in the prior year to 8.6%. We view this as a strong operational result, albeit against relatively soft comparables.

In our view, the key question going forward is the sustainability of these margin gains. While ongoing efficiencies in store operations and logistics are likely to persist and support profitability, we believe that further improvements in sales growth will be essential to deliver sustainable, long-term margin expansion.

## Earnings estimates raised after strong Q3, but uncertainty remains

H&M indicated that it expects September sales in local currencies to be flat year-on-year, which we view as relatively neutral given the tough comparison period last year (+11%). We continue to expect relatively modest sales growth in Q4'25 (2% LCY growth), with stronger momentum likely delayed until 2026, supported by easier comparables and potentially improved consumer sentiment. On the gross margin side, external cost factors such as currency, freight, and raw materials are expected to remain supportive in Q4, although tariff-related headwinds will likely offset some of this benefit. Following the stronger-than-expected Q3 profitability, we have raised our FY2025 earnings estimate by approximately 9%. For 2026-2027e, we have made slight upward revisions and continue to forecast a gradual margin improvement, with mid-single-digit revenue growth and improved operational efficiency supporting EBIT margin expansion from 7.4% in 2024 to ~9% in 2027.

## Valuation looks stretched

In our view, the valuation multiples are high in absolute terms (2025e P/E: 24x and EV/EBIT: 19x), and the DCF and relative valuation paint a similar picture. While H&M's strong brand and healthy balance sheet are convincing, there are topline concerns, and we believe that in the current uncertain operating environment, overstretched multiples are unwarranted. Hence, we believe that the risk/reward is weak.

## Recommendation

**Sell**

(prev. Sell)

## Target price:

**140 SEK**

(prev. 130 SEK)

## Share price:

171 SEK

## Business risk



## Valuation risk



	2024	2025e	2026e	2027e
<b>Revenue</b>	234,478	229,564	240,050	255,766
<b>growth-%</b>	-1%	-2%	5%	7%
<b>EBIT adj.</b>	17,505	17,507	20,113	23,312
<b>EBIT-% adj.</b>	7.5 %	7.6 %	8.4 %	9.1 %
<b>Net Income</b>	11,621	11,485	13,637	16,468
<b>EPS (adj.)</b>	7.3	7.2	8.5	10.3
<b>P/E (adj.)</b>	20.5	23.9	20.1	16.7
<b>P/B</b>	5.2	5.9	5.5	5.2
<b>Dividend yield-%</b>	4.5 %	4.0 %	5.0 %	5.6 %
<b>EV/EBIT (adj.)</b>	17.2	19.3	16.9	14.6
<b>EV/EBITDA</b>	7.7	8.8	8.3	7.2
<b>EV/S</b>	1.3	1.5	1.4	1.3

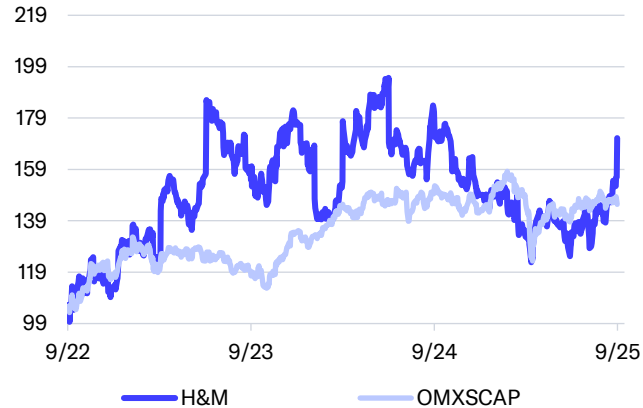
Source: Inderes

## Guidance

(Unchanged)

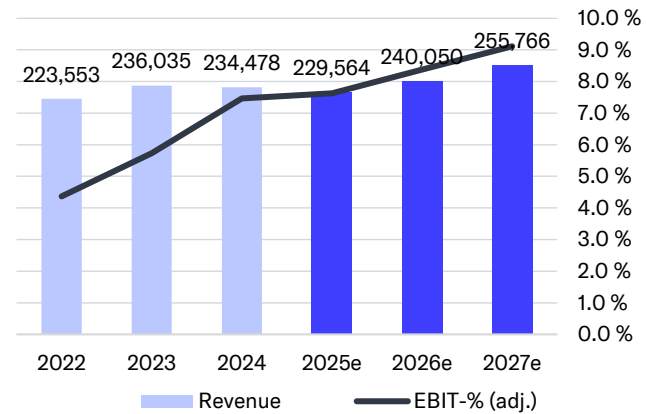
No guidance

## Share price



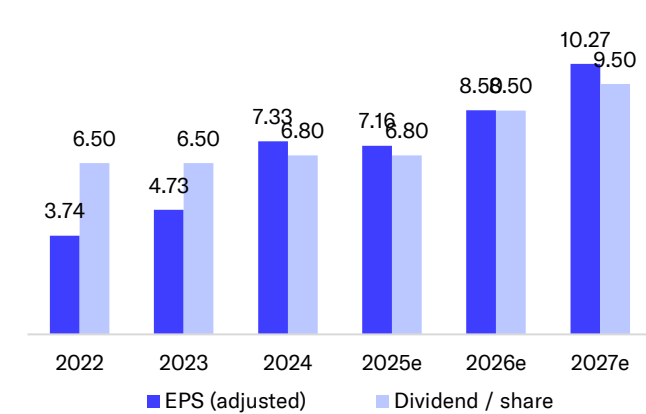
Source: Millstream Market Data AB

## 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	2025e	2026e	2027e
Share price	171	171	171
Number of shares, m	1,604	1,604	1,604
Market cap	274,370	274,370	274,370
EV	337,964	339,685	340,290
P/E (adj.)	23.9	20.1	16.7
P/E	23.9	20.1	16.7
P/B	5.9	5.5	5.2
P/S	1.2	1.1	1.1
EV/Sales	1.5	1.4	1.3
EV/EBITDA	8.8	8.3	7.2
EV/EBIT (adj.)	19.3	16.9	14.6
Payout ratio (%)	95%	100%	93%
Dividend yield-%	4.0 %	5.0 %	5.6 %

Source: Inderes

# Strong margin development, but sales growth still on modest levels

## Revenue in line with expectations

H&M's Q2 revenue grew by 2% in local currencies, broadly in line with both our expectations and consensus forecast. The ongoing optimization of the store portfolio, i.e., closing underperforming stores while opening more profitable ones, continued to weigh on sales, with the total number of stores declining by 4% year-on-year. Reported sales fell by approximately 3%, mainly due to negative FX effects, which were anticipated from our side. Geographically, local-currency sales declined slightly in Asia, Oceania, and Africa (-2%), while Europe showed stable growth of around 3%. Overall, we believe that the revenue outcome was stable, indicating a continued, albeit modest, upward trend.

In its Q3 report, H&M indicated that it expects flat local-currency sales growth for September 2025 compared to the same period last year. While this may appear weak at first glance, it's important to note that the prior-year period saw a strong 11% increase, supported by favorable weather

that supported demand for the autumn collection. September sales were largely in line with our estimates, and we view them as relatively neutral.

## Strong gross margin supported by external tailwinds

H&M's Q3'25 gross margin rose to 52.9%, up from 51.1% last year, exceeding both our and consensus expectations. The improvement was driven by a combination of internal factors, such as ongoing supply chain efficiencies, and external tailwinds, including freight and FX. These benefits were partially offset by slightly higher markdowns. While we believe the gross margin performance this quarter was clearly strong, it's worth noting that previous quarters have disappointed. We would therefore prefer to see a consistent pattern of improvement before concluding that a sustainable margin trend is in place.

## Good cost control resulted in strong EBIT beat

H&M continued to demonstrate solid cost control in Q3,

with SG&A expenses declining by approximately 1% in local currencies. This improvement was supported by lower marketing spend and the absence of a 200 MSEK one-off cost related to the closure of Afound in Q3'24. However, some operating cost headwinds remain, particularly from FX-related OPEX deleverage, as the Swedish krona accounts for a larger share of costs than revenues. The company reported absolute EBIT of 4,914 MSEK, with the EBIT margin improving from 5.9% in the prior year to 8.6%. We view this as a strong operational result, albeit against relatively soft comparables.

In our view, the key question going forward is the sustainability of these margin gains. While ongoing efficiencies in store operations and logistics are likely to persist and support profitability, we believe that further improvements in sales growth will be essential to deliver sustainable, long-term margin expansion.

Estimates MSEK / SEK	Q3'24	Q3'25	Q3'25e	Q3'25e	Consensus		Difference (%)	2025e
	Comparison	Actualized	Inderes	Consensus	Low	High	Act. vs. Inderes	Inderes
Revenue	59,011	57,017	56,850	57,082	56,356 - 58,234		0%	229,564
Gross profit	30,133	30,143	29,335	29,449	29,002 - 30,111		3%	122,133
Gross margin %	51.1 %	52.9 %	51.6 %	51.4 %	49.6 % - 52.0 %		2%	53.2 %
EBIT	3,507	4,914	3,585	3,537	2,596 - 4,047		37%	17,507
EPS (reported)	1.43	2.00	1.47	1.63	1.36 - 2.03		37%	7.16
Revenue growth-%	-3.1 %	-3.4 %	-3.7 %	-3.3 %	-4.5 % - -1.3 %		0.3 pp	-2.1 %
EBIT-%	5.9 %	8.6 %	6.3 %	6.2 %	4.6 % - 6.9 %		2.3 pp	7.6 %

Source: Inderes & Bloomberg  
2025.09.17, 18 analysts  
(consensus)

# Earnings estimates raised after strong Q3, but uncertainty remains

## Stable start to Q4'25 given tough comps.

H&M indicated that it expects September sales in local currencies to be roughly in line with the same month last year. Given the strong comparable figure (+11% in September 2024), we consider this a relatively stable start to Q4'25. However, as single-month data can be volatile, we are cautious about drawing firm conclusions from this development. That said, we continue to anticipate relatively modest sales growth for the remainder of Q4, with stronger momentum likely deferred until 2026. This would be supported by more favorable comparison figures and, potentially, an improvement in consumer confidence.

Regarding the gross margin, H&M expects that external factors such as currency, freight, and raw material costs will remain supportive of gross margins in Q4. However, the company also anticipates a negative impact from tariffs. This is due to higher-tariff garments imported during Q3, which will be sold in Q4, thereby affecting gross margin in the current quarter. As a result, H&M has guided that while

the overall net effect of external factors on gross margin is expected to be slightly positive compared to Q4 last year, it will be less favorable than seen in Q3. In addition, the cost of markdowns as a percentage of sales is expected to increase somewhat year-on-year in Q4. This is partly due to a calendar shift, with Black Friday falling one day earlier than last year. Overall, given this, and the stronger-than-expected profitability in Q3, we have raised our full-year 2025 earnings forecast by approximately 9%. We now expect full-year EPS to be relatively flat versus last year, at around SEK 7.2 per share.

## Slight upward revisions to mid- and long-term earnings

We have also slightly increased our mid- to long-term earnings estimates. Our positive medium-term outlook remains intact. We continue to expect mid-single-digit revenue growth and gross margin expansion toward ~54%, which should enable some operating leverage. Per company guidance, we expect tariffs to have a visible impact beginning in Q4 and continuing into 2026. If current

tariff rates persist (30% for China, 10% for other affected markets), we believe the impact is manageable. H&M is likely to raise prices in the U.S. to offset the increased costs rather than shifting production immediately. However, there is a risk that tariff-related price increases could dampen sales volumes, at least in the short term. If tariffs were to increase further, H&M has the flexibility to shift production to other countries, though this would likely involve transitional costs and potentially longer lead times.

From 2027 onwards, we expect margin improvements to be gradual, driven by continued revenue growth and operational efficiencies. We forecast the EBIT margin to rise from 7.4% in 2024 to stabilize around 9% over the long term. While H&M continues to target a long-term EBIT margin of 10%, we remain a bit more cautious. In our view, the highly competitive market environment is likely to constrain pricing power, making it difficult for the company to sustainably achieve this goal.

Estimate revisions	2025e	2025e	Change	2026e	2026e	Change	2027e	2027e	Change
MSEK / SEK	Old	New	%	Old	New	%	Old	New	%
Revenue	229,397	229,564	0%	242,701	240,050	-1%	257,946	255,766	-1%
EBITDA	37,275	38,496	3%	42,208	40,913	-3%	46,520	47,469	2%
EBIT (excl. NRIs)	15,977	17,507	10%	19,533	20,113	3%	22,931	23,312	2%
EBIT	15,977	17,507	10%	19,533	20,113	3%	22,931	23,312	2%
PTP	14,013	15,351	10%	18,033	18,183	1%	21,431	21,812	2%
EPS (excl. NRIs)	6.55	7.16	9%	8.49	8.50	0%	10.08	10.27	2%
DPS	6.80	6.80	0%	8.50	8.50	0%	9.50	9.50	0%

Source: Inderes

# Valuation looks stretched

## Valuation summary – Sell

We expect investors to receive an annual dividend yield of 4-5% 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 unclear. The share is expensive on an actual earnings basis (P/E Q3'25 LTM: 25x) and, in our view, H&M's expected return is significantly lower than the required return. As a result, we reiterate our Sell recommendation but increase our target price to SEK 140 per share (was SEK 130), mainly due to upwards estimate revisions.

## Acceptable absolute multiples in 2025-26

With our updated estimates, H&M's P/E and EV/EBIT for 2025 are 24x and 19x, respectively. These multiples are above our accepted valuation range, and given the current uncertain operating environment, we view them as expensive. We expect, however, that H&M will show a gradual margin improvement, which we expect to stretch to 2026-27. The headline multiples for 2026 are P/E 20x and EV/EBIT 17x, which look relatively neutral to us. Obviously, they require the expected margin improvement to continue to materialize.

Looking from 2027 onwards, 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 2025-26 is 8-11 BNSEK, which implies a free cash flow yield of around 2-3%.

## Valuation compared to the peer group

All retail chains have significant lease liabilities, which muddle the EV-based valuation. Thus, we look mainly at the P/E ratios of the peer group. The peer group's median P/E is around 19x for 2025 and 15x for 2026, significantly lower than H&M's levels. The values for the peer group vary broadly from around 8x 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 ~24x for 2025 and 2026, i.e., only slightly higher than H&M. Inditex has, however, also been growing faster than H&M with higher profitability. Compared to the overall peer group, we believe that the valuation premium (around 30%) 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, WACC is also set at 8.5%. With these assumptions, our DCF model arrives at an equity value of roughly 225 BNSEK, which translates to around SEK 140 per share (was. SEK 130). This is in line with our target price and significantly below the current share price.

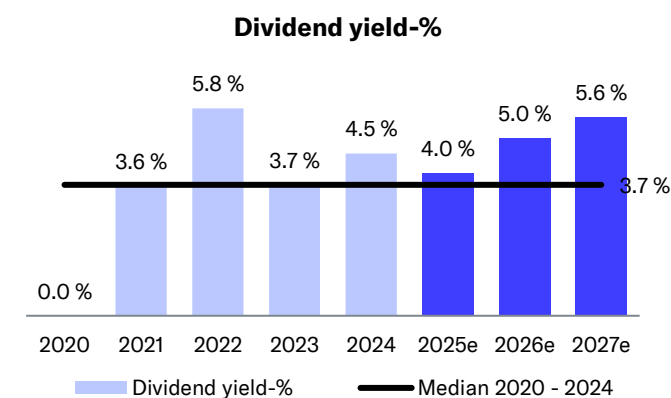
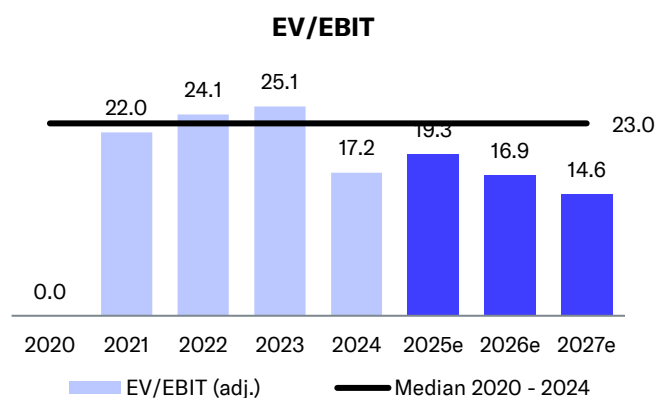
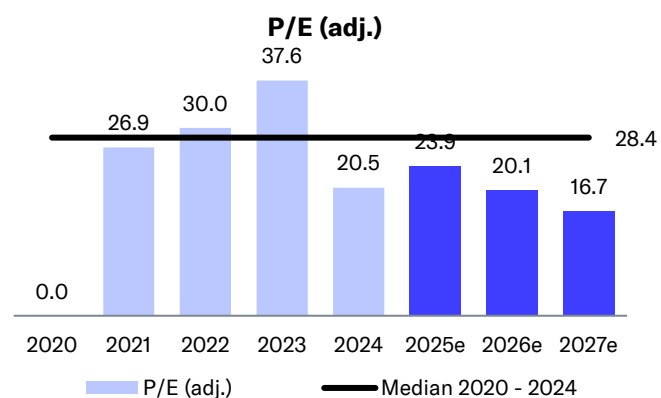
Valuation	2025e	2026e	2027e
Share price	171	171	171
Number of shares, m	1,604	1,604	1,604
Market cap	274,370	274,370	274,370
EV	337,964	339,685	340,290
P/E (adj.)	23.9	20.1	16.7
P/E	23.9	20.1	16.7
P/B	5.9	5.5	5.2
P/S	1.2	1.1	1.1
EV/Sales	1.5	1.4	1.3
EV/EBITDA	8.8	8.3	7.2
EV/EBIT (adj.)	19.3	16.9	14.6
Payout ratio (%)	95%	100%	93%
Dividend yield-%	4.0 %	5.0 %	5.6 %

Source: Inderes

# Valuation table

Valuation	2020	2021	2022	2023	2024	2025e	2026e	2027e	2028e
Share price	172	179	112	178	150	171	171	171	171
Number of shares, millions	1655.1	1655.1	1645.5	1633.5	1611.7	1603.8	1603.8	1603.8	1603.8
Market cap	284,672	295,927	184,569	288,002	240,675	274,370	274,370	274,370	274,370
EV	348,197	335,147	235,497	339,574	300,289	337,964	339,685	340,290	342,102
P/E (adj.)	>100	26.9	30.0	37.6	20.5	23.9	20.1	16.7	15.5
P/E	>100	26.9	51.8	33.3	20.8	23.9	20.1	16.7	15.5
P/B	5.2	4.9	3.6	6.1	5.2	5.9	5.5	5.2	5.0
P/S	1.5	1.5	0.8	1.2	1.0	1.2	1.1	1.1	1.0
EV/Sales	1.9	1.7	1.1	1.4	1.3	1.5	1.4	1.3	1.3
EV/EBITDA	12.0	8.9	7.9	9.1	7.7	8.8	8.3	7.2	7.0
EV/EBIT (adj.)	>100	22.0	24.1	25.1	17.2	19.3	16.9	14.6	13.7
Payout ratio (%)	0.0 %	97.7 %	299.8 %	120.9 %	93.9 %	95.0 %	100.0 %	92.6 %	100.0 %
Dividend yield-%	0.0 %	3.6 %	5.8 %	3.7 %	4.5 %	4.0 %	5.0 %	5.6 %	6.5 %

Source: Inderes



# Peer group valuation

Peer group valuation Company	Market cap MEUR	EV MEUR	EV/EBIT		EV/EBITDA		EV/S		P/E		Dividend yield-%		P/B
			2025e	2026e	2025e	2026e	2025e	2026e	2025e	2026e	2025e	2026e	2025e
Inditex	138,192	133,762	17.9	17.1	12.6	12.1	3.5	3.3	23.5	22.8	3.9	3.9	7.0
Fast Retailing	83,246	77,096	22.1	21.1	17.6	16.7	4.0	3.7	34.3	32.9	1.0	1.1	6.4
Next	16,872	18,780	15.2	13.9	12.5	11.2	2.7	2.5	19.0	16.9	1.9	2.3	7.9
GAP	7,226	6,425	7.3	7.1	4.9	4.8	0.5	0.5	11.3	11.0	2.6	2.8	2.7
Zalando	7,262	6,282	12.3	10.2	7.1	6.0	0.5	0.5	23.6	18.4			2.5
Victoria's Secret	1,751	2,510	8.5	9.7	5.0	5.6	0.5	0.5	10.7	12.5			3.5
Abercrombie & Fitch	3,570	3,072	4.9	5.4	4.1	4.3	0.7	0.7	8.7	8.9			3.0
Urban Outfitters	5,438	4,915	12.5	9.8	9.9	8.0	1.0	1.0	17.9	13.6			2.5
<b>H&amp;M (Inderes)</b>	<b>24,852</b>	<b>30,613</b>	<b>19.3</b>	<b>16.9</b>	<b>8.8</b>	<b>8.3</b>	<b>1.5</b>	<b>1.4</b>	<b>23.9</b>	<b>20.1</b>	<b>4.0</b>	<b>5.0</b>	<b>5.9</b>
<b>Average</b>			<b>12.6</b>	<b>11.8</b>	<b>9.2</b>	<b>8.6</b>	<b>1.7</b>	<b>1.6</b>	<b>18.6</b>	<b>17.1</b>	<b>2.4</b>	<b>2.5</b>	<b>4.4</b>
<b>Median</b>			<b>12.4</b>	<b>10.0</b>	<b>8.5</b>	<b>7.0</b>	<b>0.9</b>	<b>0.8</b>	<b>18.5</b>	<b>15.3</b>	<b>2.3</b>	<b>2.5</b>	<b>3.3</b>
<b>Diff-% to median</b>			<b>55%</b>	<b>69%</b>	<b>3%</b>	<b>19%</b>	<b>66%</b>	<b>73%</b>	<b>29%</b>	<b>32%</b>	<b>76%</b>	<b>99%</b>	<b>80%</b>

Source: Refinitiv / Inderes



# Income statement

Income statement	2023	2024	Q1'25	Q2'25	Q3'25	Q4'25e	2025e	2026e	2027e	2028e
<b>Revenue</b>	<b>236,035</b>	<b>234,478</b>	<b>55,333</b>	<b>56,714</b>	<b>57,017</b>	<b>60,500</b>	<b>229,564</b>	<b>240,050</b>	<b>255,766</b>	<b>272,358</b>
<b>EBITDA</b>	<b>37,492</b>	<b>38,904</b>	<b>6,652</b>	<b>10,963</b>	<b>10,005</b>	<b>10,876</b>	<b>38,496</b>	<b>40,913</b>	<b>47,469</b>	<b>48,895</b>
Depreciation	-22,955	-21,598	-5,449	-5,049	-5,091	-5,400	-20,989	-20,800	-24,157	-23,900
<b>EBIT (excl. NRI)</b>	<b>13,538</b>	<b>17,505</b>	<b>1,203</b>	<b>5,914</b>	<b>4,914</b>	<b>5,476</b>	<b>17,507</b>	<b>20,113</b>	<b>23,312</b>	<b>24,996</b>
<b>EBIT</b>	<b>14,537</b>	<b>17,306</b>	<b>1,203</b>	<b>5,914</b>	<b>4,914</b>	<b>5,476</b>	<b>17,507</b>	<b>20,113</b>	<b>23,312</b>	<b>24,996</b>
Net financial items	-1,527	-1,863	-441	-623	-592	-500	-2,156	-1,930	-1,500	-1,500
<b>PTP</b>	<b>13,010</b>	<b>15,443</b>	<b>762</b>	<b>5,291</b>	<b>4,322</b>	<b>4,976</b>	<b>15,351</b>	<b>18,183</b>	<b>21,812</b>	<b>23,496</b>
Taxes	-4,287	-3,859	-183	-1,329	-1,110	-1,244	-3,866	-4,546	-5,344	-5,756
Minority interest	0	37	0	0	0	0	0	0	0	0
<b>Net earnings</b>	<b>8,723</b>	<b>11,621</b>	<b>579</b>	<b>3,962</b>	<b>3,212</b>	<b>3,732</b>	<b>11,485</b>	<b>13,637</b>	<b>16,468</b>	<b>17,739</b>
<b>EPS (adj.)</b>	<b>4.7</b>	<b>7.3</b>	<b>0.4</b>	<b>2.5</b>	<b>2.0</b>	<b>2.3</b>	<b>7.2</b>	<b>8.5</b>	<b>10.3</b>	<b>11.1</b>
<b>EPS (rep.)</b>	<b>5.3</b>	<b>7.2</b>	<b>0.4</b>	<b>2.5</b>	<b>2.0</b>	<b>2.3</b>	<b>7.2</b>	<b>8.5</b>	<b>10.3</b>	<b>11.1</b>

Key figures	2023	2024	Q1'25	Q2'25	Q3'25	Q4'25e	2025e	2026e	2027e	2028e
<b>Revenue growth-%</b>	5.6 %	-0.7 %	3.1 %	-4.9 %	-3.4 %	-2.7 %	-2.1 %	4.6 %	6.5 %	6.5 %
<b>Adjusted EBIT growth-%</b>	38.7 %	29.3 %	-42.1 %	-19.0 %	40.1 %	18.4 %	0.0 %	14.9 %	15.9 %	7.2 %
<b>EBITDA-%</b>	15.9 %	16.6 %	12.0 %	19.3 %	17.5 %	18.0 %	16.8 %	17.0 %	18.6 %	18.0 %
<b>Adjusted EBIT-%</b>	5.7 %	7.5 %	2.2 %	10.4 %	8.6 %	9.1 %	7.6 %	8.4 %	9.1 %	9.2 %
<b>Net earnings-%</b>	3.7 %	5.0 %	1.0 %	7.0 %	5.6 %	6.2 %	5.0 %	5.7 %	6.4 %	6.5 %

Source: Inderes

# Balance sheet

Assets	2023	2024	2025e	2026e	2027e
<b>Non-current assets</b>	<b>100744</b>	<b>104487</b>	<b>107998</b>	<b>112178</b>	<b>113491</b>
Goodwill	1013	1013	1013	1013	1013
Intangible assets	8712	7717	8217	8717	9217
Tangible assets	81536	86220	89231	92911	93724
Associated companies	209	259	259	259	259
Other investments	2363	3029	3029	3029	3029
Other non-current assets	1204	859	859	859	859
Deferred tax assets	5707	5390	5390	5390	5390
<b>Current assets</b>	<b>80529</b>	<b>75727</b>	<b>72313</b>	<b>67214</b>	<b>71614</b>
Inventories	37358	40348	37878	38408	40922
Other current assets	0.0	0.0	0.0	0.0	0.0
Receivables	16773	18039	16069	16804	17904
Cash and equivalents	26398	17340	18365	12003	12788
<b>Balance sheet total</b>	<b>181273</b>	<b>180214</b>	<b>180311</b>	<b>179392</b>	<b>185105</b>

Source: Inderes

Liabilities & equity	2023	2024	2025e	2026e	2027e
<b>Equity</b>	<b>47601</b>	<b>46211</b>	<b>46785</b>	<b>49512</b>	<b>52342</b>
Share capital	207	207	207	207	207
Retained earnings	41198	39559	40133	42860	45690
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	6196	6445	6445	6445	6445
Minorities	0.0	0.0	0.0	0.0	0.0
<b>Non-current liabilities</b>	<b>65745</b>	<b>67353</b>	<b>50000</b>	<b>50000</b>	<b>50000</b>
Deferred tax liabilities	2416	2242	0.0	0.0	0.0
Provisions	384	471	0.0	0.0	0.0
Interest bearing debt	62813	64478	50000	50000	50000
Convertibles	0.0	0.0	0.0	0.0	0.0
Other long term liabilities	132	162	0.0	0.0	0.0
<b>Current liabilities</b>	<b>67927</b>	<b>66650</b>	<b>83525</b>	<b>79880</b>	<b>82763</b>
Interest bearing debt	15157	12476	31960	27318	28708
Payables	21027	24417	21809	22805	24298
Other current liabilities	31743	29757	29757	29757	29757
<b>Balance sheet total</b>	<b>181273</b>	<b>180214</b>	<b>180311</b>	<b>179392</b>	<b>185105</b>

# DCF-calculation

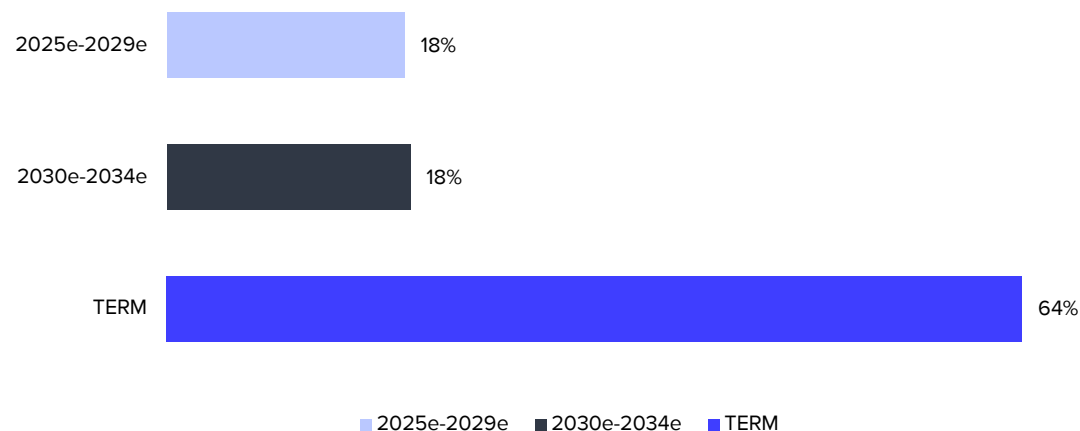
DCF model	2024	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	2034e	TERM
Revenue growth-%	-0.7 %	-2.1 %	4.6 %	6.5 %	6.5 %	5.0 %	5.0 %	5.0 %	5.0 %	5.0 %	2.5 %	2.5 %
EBIT-%	7.4 %	7.6 %	8.4 %	9.1 %	9.2 %	9.0 %	9.0 %	9.0 %	9.0 %	9.0 %	9.0 %	9.0 %
<b>EBIT (operating profit)</b>	<b>17,306</b>	<b>17,507</b>	<b>20,113</b>	<b>23,312</b>	<b>24,996</b>	<b>25,738</b>	<b>27,025</b>	<b>28,376</b>	<b>29,795</b>	<b>31,285</b>	<b>32,079</b>	
+ Depreciation	21,598	20,989	20,800	24,157	23,900	23,823	24,362	24,896	25,429	25,964	26,503	
- Paid taxes	-3,716	-6,108	-4,546	-5,344	-5,756	-5,938	-6,254	-6,585	-6,932	-7,297	-7,859	
- Tax, financial expenses	-466	-543	-483	-368	-368	-368	-368	-368	-368	-368	0	
+ Tax, financial income	0	0	0	0	0	0	0	0	0	0	0	
- Change in working capital	-2,852	1,831	-268	-2,122	-2,240	-1,838	-1,930	-2,027	-2,128	-2,235	-1,192	
<b>Operating cash flow</b>	<b>31,870</b>	<b>33,676</b>	<b>35,617</b>	<b>39,636</b>	<b>40,531</b>	<b>41,417</b>	<b>42,835</b>	<b>44,293</b>	<b>45,796</b>	<b>47,349</b>	<b>49,531</b>	
+ Change in other long-term liabilities	117	-633	0	0	0	0	0	0	0	0	0	
- Gross CAPEX	-25,608	-24,500	-24,980	-25,470	-25,969	-26,478	-26,998	-27,346	-28,120	-28,699	-28,429	
<b>Free operating cash flow</b>	<b>6,379</b>	<b>8,543</b>	<b>10,637</b>	<b>14,167</b>	<b>14,562</b>	<b>14,939</b>	<b>15,837</b>	<b>16,947</b>	<b>17,676</b>	<b>18,650</b>	<b>21,102</b>	
+/- Other	-2,000	-2,000	-2,000	-2,000	-2,000	-2,000	-2,000	-2,000	-2,000	-2,000	-2,000	
FCFF	4,379	6,543	8,637	12,167	12,562	12,939	13,837	14,947	15,676	16,650	19,102	329,470
<b>Discounted FCFF</b>		<b>6,403</b>	<b>7,791</b>	<b>10,117</b>	<b>9,629</b>	<b>9,142</b>	<b>9,012</b>	<b>8,973</b>	<b>8,675</b>	<b>8,493</b>	<b>8,982</b>	<b>154,922</b>
Sum of FCFF present value		242,141	235,737	227,946	217,829	208,200	199,058	190,046	181,072	172,397	163,904	154,922
<b>Enterprise value DCF</b>		<b>242,141</b>										
- Interest bearing debt		-23,784										
+ Cash and cash equivalents		17,340										
-Minorities		0										
-Dividend/capital return		-10,911										
<b>Equity value DCF</b>		<b>224,786</b>										
<b>Equity value DCF per share</b>		<b>140</b>										

## 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 %
<b>Cost of equity</b>	<b>8.5 %</b>
<b>Weighted average cost of capital (WACC)</b>	<b>8.5 %</b>

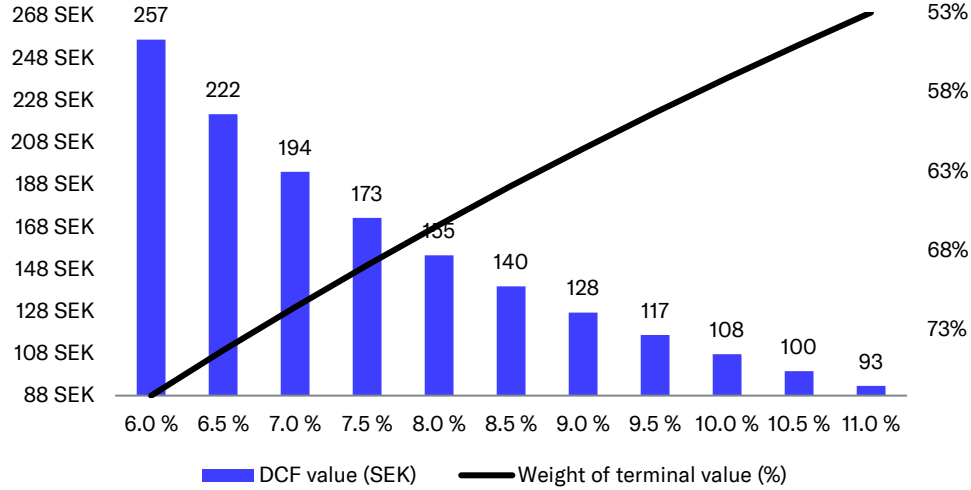
Source: Inderes

## Cash flow distribution

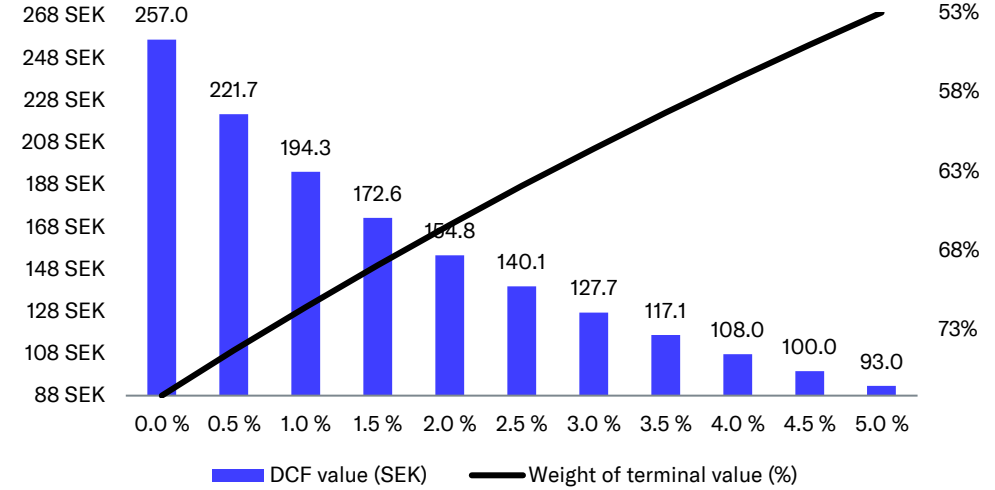


# DCF sensitivity calculations and key assumptions in graphs

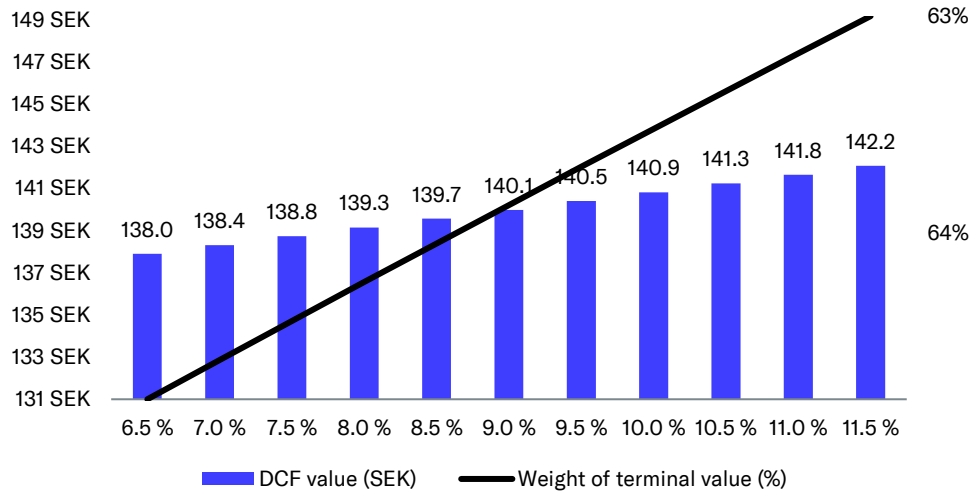
Sensitivity of DCF to changes in the WACC-%



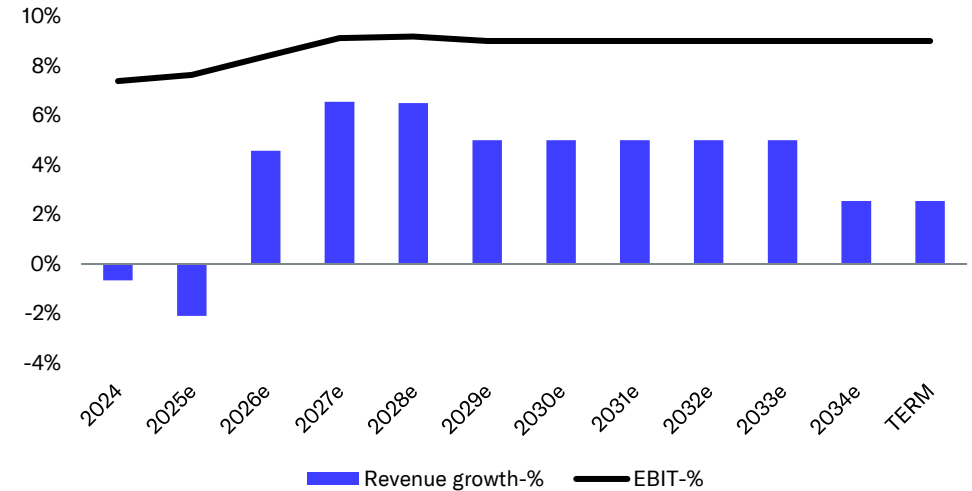
Sensitivity of DCF to changes in the risk-free rate



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	2022	2023	2024	2025e	2026e	Per share data	2022	2023	2024	2025e	2026e
Revenue	223,553	236,035	234,478	<b>229,564</b>	<b>240,050</b>	EPS (reported)	2.2	5.3	7.2	<b>7.2</b>	<b>8.5</b>
EBITDA	29,748	37,492	38,904	<b>38,496</b>	<b>40,913</b>	EPS (adj.)	3.7	4.7	7.3	<b>7.2</b>	<b>8.5</b>
EBIT	7,169	14,537	17,306	<b>17,507</b>	<b>20,113</b>	OCF / share	15.2	21.1	19.8	<b>21.0</b>	<b>22.2</b>
PTP	6,216	13,010	15,443	<b>15,351</b>	<b>18,183</b>	OFCF / share	1.0	6.2	2.7	<b>4.1</b>	<b>5.4</b>
Net Income	3,566	8,723	11,621	<b>11,485</b>	<b>13,637</b>	Book value / share	30.8	29.1	28.7	<b>29.2</b>	<b>30.9</b>
Extraordinary items	-2,591	999	-199	<b>0</b>	<b>0</b>	Dividend / share	6.5	6.5	6.8	<b>6.8</b>	<b>8.5</b>
Balance sheet	2022	2023	2024	2025e	2026e	Growth and profitability	2022	2023	2024	2025e	2026e
Balance sheet total	182,048	181,273	180,214	<b>180,311</b>	<b>179,392</b>	Revenue growth-%	12%	6%	-1%	<b>-2%</b>	<b>5%</b>
Equity capital	50,757	47,601	46,211	<b>46,785</b>	<b>49,512</b>	EBITDA growth-%	-21%	26%	4%	<b>-1%</b>	<b>6%</b>
Goodwill	64	1,013	1,013	<b>1,013</b>	<b>1,013</b>	EBIT (adj.) growth-%	-36%	39%	29%	<b>0%</b>	<b>15%</b>
Net debt	50,928	51,572	59,614	<b>63,595</b>	<b>65,316</b>	EPS (adj.) growth-%	-44%	26%	55%	<b>-2%</b>	<b>19%</b>
Cash flow	2022	2023	2024	2025e	2026e	EBITDA-%	13.3 %	15.9 %	16.6 %	<b>16.8 %</b>	<b>17.0 %</b>
EBITDA	29,748	37,492	38,904	<b>38,496</b>	<b>40,913</b>	EBIT (adj.)-%	4.4 %	5.7 %	7.5 %	<b>7.6 %</b>	<b>8.4 %</b>
Change in working capital	-539	1,830	-2,852	<b>1,831</b>	<b>-268</b>	EBIT-%	3.2 %	6.2 %	7.4 %	<b>7.6 %</b>	<b>8.4 %</b>
Operating cash flow	25,091	34,505	31,870	<b>33,676</b>	<b>35,617</b>	ROE-%	6.4 %	17.7 %	24.8 %	<b>24.7 %</b>	<b>28.3 %</b>
CAPEX	-23,581	-22,298	-25,608	<b>-24,500</b>	<b>-24,980</b>	ROI-%	5.7 %	11.7 %	13.9 %	<b>13.9 %</b>	<b>15.7 %</b>
Free cash flow	1,660	10,199	4,379	<b>6,543</b>	<b>8,637</b>	Equity ratio	27.9 %	26.3 %	25.6 %	<b>25.9 %</b>	<b>27.6 %</b>
Valuation multiples	2022	2023	2024	2025e	2026e	Gearing	100.3 %	108.3 %	129.0 %	<b>135.9 %</b>	<b>131.9 %</b>
EV/S	1.1	1.4	1.3	<b>1.5</b>	<b>1.4</b>						
EV/EBITDA	7.9	9.1	7.7	<b>8.8</b>	<b>8.3</b>						
EV/EBIT (adj.)	24.1	25.1	17.2	<b>19.3</b>	<b>16.9</b>						
P/E (adj.)	30.0	37.6	20.5	<b>23.9</b>	<b>20.1</b>						
P/B	3.6	6.1	5.2	<b>5.9</b>	<b>5.5</b>						
Dividend-%	5.8 %	3.7 %	4.5 %	<b>4.0 %</b>	<b>5.0 %</b>						

Source: Inderes

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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



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