

# H&M

## Company report

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# Multiples now at fair levels

H&M's Q4 sales development was slightly behind our forecast, leading to minor estimate cuts. The share has performed well since our initiation and the multiples have corrected to quite fair levels in our view (P/E 19x for 2024). Hence, we lower our rating to Reduce (was Accumulate), while tuning our target up to SEK 170 (was SEK 165).

## Q4 sales below our estimates, but only little in local currencies

H&M published its Q4 (Sep-Nov) sales figures last Friday, which showed flattish sales in SEK and a 4% decline in local currencies. We had expected +3% in SEK and -3% in local currencies so we had estimated the currency effect to be larger, while the underlying development was only slightly below our estimate. Excluding Russia and Belarus, which H&M has exited, sales decreased by 1% in local currencies. For the financial year 2023 the local currency growth excl. Russia and Belarus was 1% positive. On the back of the sales figures and strengthening of the SEK we have made minor cuts to our estimate (1-3%). H&M will publish its Q4 earnings report on January 31st. For Q4 earnings, we expect the margin development to be fairly similar to Q2-Q3 with a clear y/y increase thanks to both improvement in gross margin and lower opex/sales supported by H&M efficiency measures.

## Heading towards 10% margin in 2024 and robust, sustainable growth after that

H&M has no clear published financial targets, nor does it give any earnings guidance. It aims for a 10% EBIT margin in 2024, which should come through a "normalization" of the gross margin (after the COVID period) as well as an admin restructuring and other efficiency measures to support opex/sales. We are forecasting a 9-10% margin for 2024 and onwards. Regarding growth, the company is aiming to double its sales by 2030 vs. 2021, which would require roughly 7.5% CAGR from the 2022 level. The company has not opened this target in detail, but we clearly see more growth potential outside Europe due to H&M's smaller presence allowing market share gains and higher market growth, especially e.g., in Latin America, India or Asia. We expect a 5% sales growth in the mid-term with 2024 being slower due to H&M's focus on margin improvement, a fairly soft economic situation, as well as slight FX headwind.

## Expected return has diminished as share has performed well since our initiation

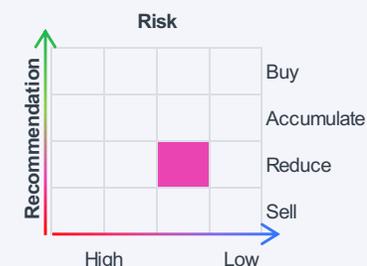
H&M's share is up 20% since our initiation some two months ago. P/E for 2024 is around 19x, which we believe is a fair level, as well as already close to the best peer Inditex (valued at 21x). We estimate that H&M's free cash flow and dividend yields are around 4% in the coming years. As the company is debt-free (excluding lease debt), it can distribute all the earnings and cash flow as dividends. After a big earnings improvement in 2024, driven by the higher margin, we expect a steady 5% sales/earnings growth in the mid-term. With the expected 2024 earnings improvement already priced in the share, we see the share as fully valued.

## Recommendation

**Reduce**  
(previous Accumulate)

**SEK 170**  
(previous SEK 165)

**Share price:**  
178



## Key indicators

	2022	2023e	2024e	2025e
<b>Revenue</b>	223,553	235,958	233,764	244,779
<b>growth-%</b>	12%	6%	-1%	5%
<b>EBIT adj.</b>	9,760	14,523	21,333	23,541
<b>EBIT-% adj.</b>	4.4 %	6.2 %	9.1 %	9.6 %
<b>Net Income</b>	3,566	10,884	15,200	17,019
<b>EPS (adj.)</b>	3.7	6.1	9.4	10.5

<b>P/E (adj.)</b>	30.0	29.3	18.9	16.9
<b>P/B</b>	3.6	5.6	5.2	4.7
<b>Dividend yield-%</b>	5.8 %	3.7 %	3.9 %	4.2 %
<b>EV/EBIT (adj.)</b>	24.1	23.4	15.8	14.3
<b>EV/EBITDA</b>	7.9	9.0	8.1	7.5
<b>EV/S</b>	1.1	1.4	1.4	1.4

Source: Inderes

## Guidance

No guidance

### Share price



Source: Millstream Market Data AB

### Revenue and EBIT-%



Source: Inderes

### EPS and dividend



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

- 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 regulation could have a negative impact
- Reputational risk for H&M
- Change in consumer preferences away from fast fashion

Valuation	2023e	2024e	2025e
Share price	178	178	178
Number of shares, m	1633	1620	1620
Market cap	287,647	287,647	287,647
EV	339,178	336,643	336,052
P/E (adj.)	29.3	18.9	16.9
P/E	26.6	18.9	16.9
P/B	5.6	5.2	4.7
P/S	1.2	1.2	1.2
EV/Sales	1.4	1.4	1.4
EV/EBITDA	9.0	8.1	7.5
EV/EBIT (adj.)	23.4	15.8	14.3
Payout ratio (%)	97%	75%	71%
Dividend yield-%	3.7 %	3.9 %	4.2 %

Source: Inderes

# Estimate changes

## Estimate changes 2023-2025e

- H&M's reported Q4 sales were below our estimates, although mostly due to FX impact, leading us to cut 2023 estimates
- Due to the recent strengthening of SEK, we have also adjusted our 2024-25 impacts, albeit the FX changes should have limited impact on earnings

Estimate revisions	2023e	2023e	Change	2024e	2024e	Change	2025e	2025e	Change
MEUR / EUR	Old	New	%	Old	New	%	Old	New	%
Revenue	237615	235958	-1%	241000	233764	-3%	252374	244779	-3%
EBITDA	38129	37747	-1%	41973	41710	-1%	45149	44699	-1%
EBIT (exc. NRIs)	14905	14523	-3%	21596	21333	-1%	23866	23541	-1%
EBIT	15904	15522	-2%	21596	21333	-1%	23866	23541	-1%
PTP	14393	14011	-3%	20396	20133	-1%	22867	22542	-1%
EPS (excl. NRIs)	6.24	6.06	-3%	9.45	9.38	-1%	10.59	10.51	-1%
DPS	6.50	6.50	0%	7.00	7.00	0%	7.50	7.50	0%

Source: Inderes

# Valuation and recommendation 1/2

## Valuation works well with traditional methods

We believe that in general H&M's valuation can be examined with all traditional valuation methods such as expected return through growth and dividends, earnings and balance sheet multiples, valuation vs. peers, as well as DCF. One thing to consider in the valuation is the company's large lease liabilities, which distort balance sheet and EV-based figures and, on the other hand, without lease liabilities, the company has net cash. Hence, the earnings multiples may be more useful with some adjustments.

## Valuation summary - Reduce

At the current earnings level (2023) H&M's valuation looks somewhat high. However, we forecast strong earnings growth in 2024 as margins continues to improve. With next year's multiples we see H&M as relatively fairly valued both from an absolute perspective and compared to the closest peer Inditex. After a good run in the share price recently, there's currently not much room for higher multiples in our view.

We expect H&M to distribute most of its earnings and free cash flow as dividends, amounting to a dividend yield of 4%. Combining this with an expected 5% mid-term growth, we get an expected return just below 10% in the mid-term assuming unchanged multiples. With the expected 2024 earnings improvement already priced in the share, we see the share as fully valued and assign a Reduce recommendation.

## Absolute multiples quite fair if 2024 improvement materializes

H&M's valuation multiples for this year are fairly high with P/E close to 30x and EV/EBIT over 20x. Adjusting for lease liabilities (from both net debt and EBIT), the EV/EBIT would be some 20x. Adjusted for net cash (excl. lease liabilities), the P/E would be around 25x. No matter which way one looks at these numbers, they are quite high.

H&M is however showing a solid margin recovery and targeting a 10% EBIT margin in 2024, as discussed before. Hence, we expect a strong earnings improvement in 2024. The 2024 headline multiples are P/E 19x and EV/EBIT 16x, which look fair and are quite close to the best peer Inditex. Adjusted for lease liabilities the EV/EBIT is some 14x and P/E adjusted for net cash excl. IFRS 16 is around 18x. Given the continued growth potential and high returns on capital, which we see in the company, these look acceptable. Obviously, they require that the expected margin improvement is realized.

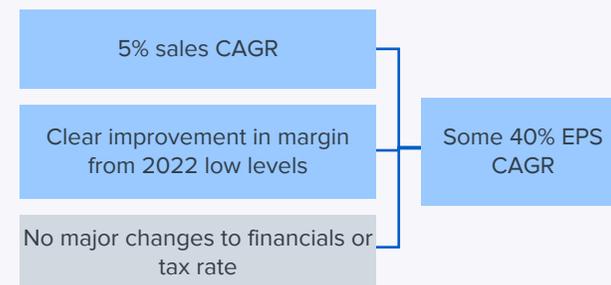
Looking from 2024 onwards, when we expect stable growth and profitability going forward, we believe H&M's acceptable P/E is 15-20x and EV/EBIT with reported figures 13-15x.

Our estimate of H&M's sustainable free cash flow in 2024-26 is 11-12 BNSEK, which means a free cash flow yield of around 4%.

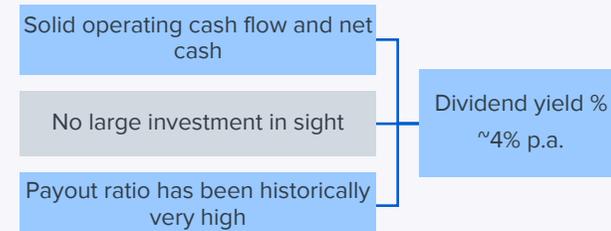
## TSR drivers 2022-2025

■ Positive ■ Neutral ■ Negative

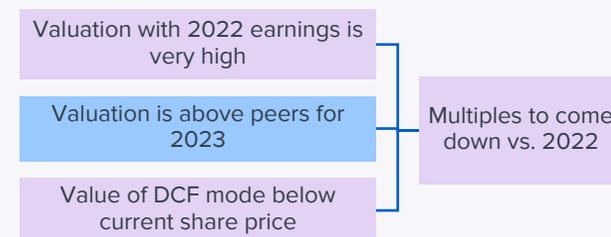
### Profit drivers



### Dividend yield drivers



### Valuation multiple drivers



# Valuation 2/2

## Valuation compared to the peer group

H&M has several listed peers. We have included the following in the peer group: Japanese Fast Retailing (Uniqlo chain), Spanish Inditex (Zara and Bershka chains), British Next, and US Gap (Old Navy chain). We have also added the German online-giant Zalando, US lingerie, clothing and beauty retailer Victoria's Secret, US clothing retailer Abercrombie & Fitch, as well as US-based clothing and lifestyle retailer Urban Outfitters. Many of these companies are, however, smaller than H&M. We would see Inditex as the most relevant peer out of the group.

All retail chains have significant lease liabilities that muddle up 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 27x for 2023, below H&M's 29x and 14x for 2024, which is currently notably lower than H&M's 19x. We note that peer group multiples are unchanged from our previous report in October, while H&M's multiples have increased clearly as the share has appreciated. The values for the peer group vary broadly from single-digits 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. We note that the EV/EBIT valuation is also above our peer group. H&M's closest peer Inditex is valued with P/E 27x for 2023 and 21x for 2024, i.e., roughly in the same ballpark as H&M for 2024. We consider the valuation vs. peers quite fair for H&M.

## We adjust IFRS 16 in the DCF model

We expect a steady growth and margin during 2025-2031. In the terminal period we expect the EBIT margin to remain largely flat around 9.5% while our terminal growth rate assumption is 3%. We use 3% (instead of e.g., 2%) due to H&M's global exposure and very strong track record of growth over several decades, which we believe will continue also in our terminal period.

We adjust the DCF model for IFRS 16 items by adding IFRS 16 related costs, which are in financials in the P&L, to our DCF model and deducting the lease debt from the net debt amount. Hence, our DCF model roughly excludes the IFRS 16 impact.

We estimate the cost of equity for H&M to be 8.0%, which is fairly low given its strong and wide market presence and a strong global brand. As we assume no debt in the WACC calculation (as the company typically is in net cash excluding lease liabilities) the WACC is equal to the cost of equity.

With these assumptions our DCF model arrives at an EV of 272 BNSEK, which translates into a roughly similar equity value or SEK 168 per share.

Valuation	2023e	2024e	2025e
Share price	178	178	178
Number of shares, m	1633	1620	1620
Market cap	287,647	287,647	287,647
EV	339,178	336,643	336,052
P/E (adj.)	29.3	18.9	16.9
P/E	26.6	18.9	16.9
P/B	5.6	5.2	4.7
P/S	1.2	1.2	1.2
EV/Sales	1.4	1.4	1.4
EV/EBITDA	9.0	8.1	7.5
EV/EBIT (adj.)	23.4	15.8	14.3
Payout ratio (%)	97%	75%	71%
Dividend yield-%	3.7 %	3.9 %	4.2 %

Source: Inderes

H&M's and Inditex's 12-month fwd P/E



# Investment profile 1/2

- 1. Global footprint with solid growth potential**
- 2. One of the strongest brands in fashion retail**
- 3. EBIT margin recovering towards 10%**
- 4. High return on capital, making growth value creative**
- 5. Intense competition in the industry**

## Potential



- Market share is still small in the global fashion industry, so there is room to grow especially outside Europe
- Cost efficiency program and more "normal" market circumstances (after COVID-19 and its aftermath) should enable higher margins
- Clear focus on sustainability could support demand/image
- Some of the portfolio chains / ventures could create more value than currently expected

## Risks



- The fashion industry is fiercely competed, and some collections might not appeal to customers
- H&M has a poor track record of declining margins from the past decade, which could recur
- Potential regulation regarding durability and recycling of textiles (mostly in EU) could have a negative impact
- Reputational risk especially for H&M brand, including the risk of the whole industry being viewed as negative for the climate

# Investment profile 2/2

## Investment profile

There is no doubt in our mind that H&M Group's investment profile is that of a growth company. It has shown strong long-term growth throughout its history, which we expect it will continue to deliver going forward as well. However, the challenge has been the margins, which deteriorated through the previous decade from over 20% EBIT margin at best to only mid-single digits more recently. Hence, in some respect the Group is currently also a turnaround company in earnings terms.

## Positive drivers and opportunities

Clearly the biggest positive driver for H&M Group is continued sales growth. We believe this can be achieved in all markets, but growth outside Europe should be the main driver, given that in Europe the markets are quite mature and H&M Group's share is also already strong. In addition to sales growth, we expect improving margin levels in the next two years to support earnings growth as well. Over time, we believe the margin is, however, unlikely to improve further, as competition is fierce, the company wants to maintain attractive pricing and it also needs to constantly invest (meaning both capex and opex increase) into omni-channel capabilities.

In the longer-term there's clearly possibilities in H&M Group's several portfolio chains and smaller business ventures to grow into major businesses and hence drive earnings and value for the Group. Perhaps currently the most promising ones in this respect is the second-hand fashion platform

Sellpy and Afound, both aiming to gain support and benefit from the increasing circular economy needs/trend.

In our view, H&M Group is quite strongly committed to reducing its climate impact and contributing to more sustainable fashion. This could be a competitive edge if consumers increasingly take sustainability matters into consideration when making fashion purchases.

## Risks and threats

The fashion industry is inherently dependent on consumer preferences, it's also at risk for changes in those preferences. This means that some collections might not sell that well and even the style of the whole brand might go out of fashion at times. This is clearly a risk for H&M Group, like any player in the industry. The industry is also fiercely competitive and fragmented. Especially online sales has enabled new entrants to enter a global market more easily than before, hence intensifying the competition. This means consumers always have a wide range of choices and price pressure is also likely to remain high in the Group's affordable fashion category.

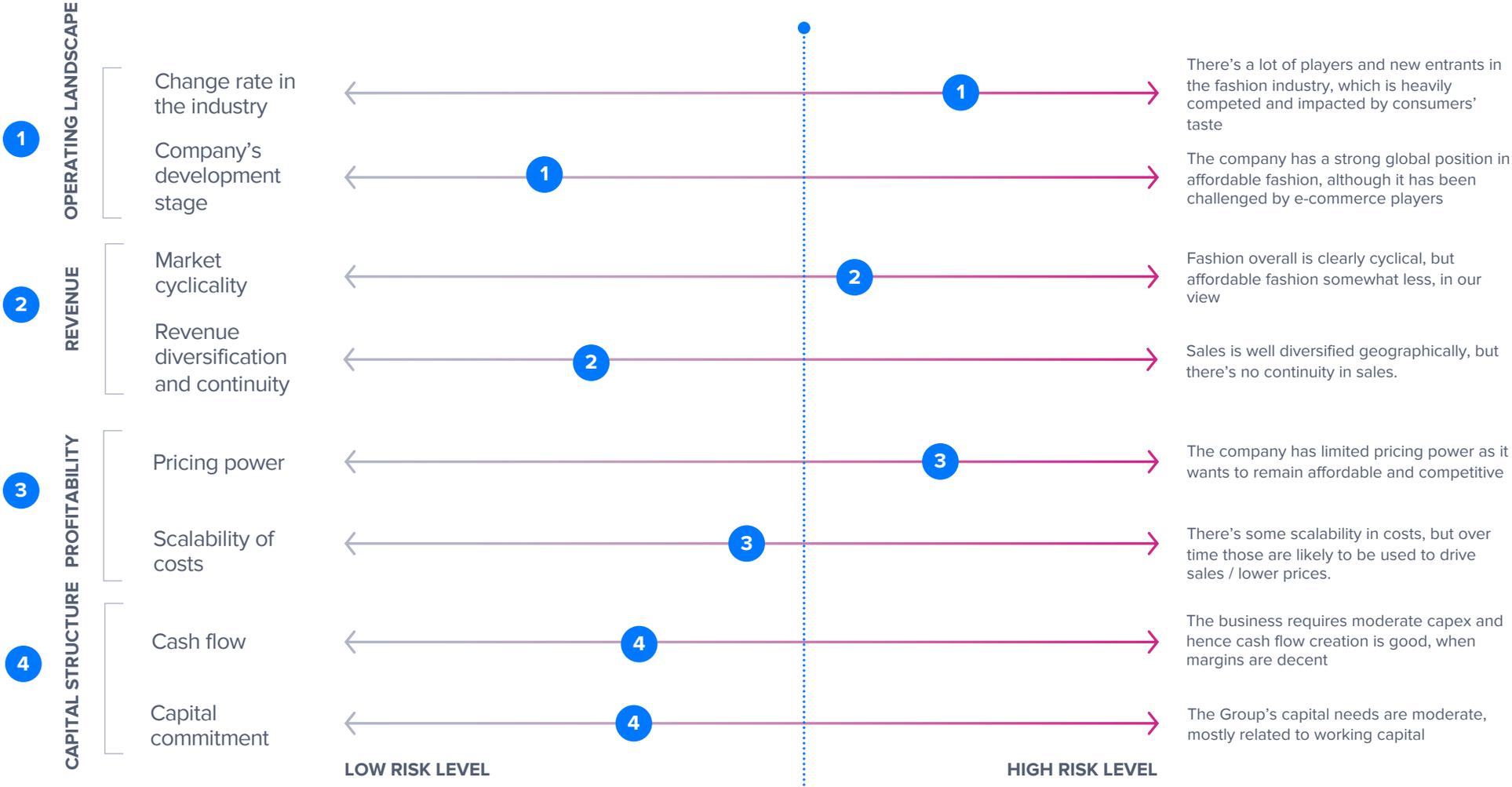
While we see some possibilities in the circular economy/sustainability for H&M Group, it certainly poses a risk for the company as well. Affordable/fast fashion is seen as somewhat resource-consuming and hence negative for the climate. If such a view strengthens among consumers, it could have a negative impact for the Group's business in the longer-term. The brand

could also face other reputational risks regarding, e.g., labor conditions of subcontractors or the impacts of sourcing cotton, etc. In the sustainability side we also see a regulation risk (currently mostly regarding EU), which could somehow limit H&M Group's business or burden them with more costs related to the durability or circularity of the products.

In earnings terms, we note that H&M Group had a weak period in margin development from 2010 to 2020. Despite a somewhat better outlook currently, there's a risk that margins will remain clearly below historic levels and also below our expectations.

# Risk profile of the business model

Assessment of H&M Group's overall business risk

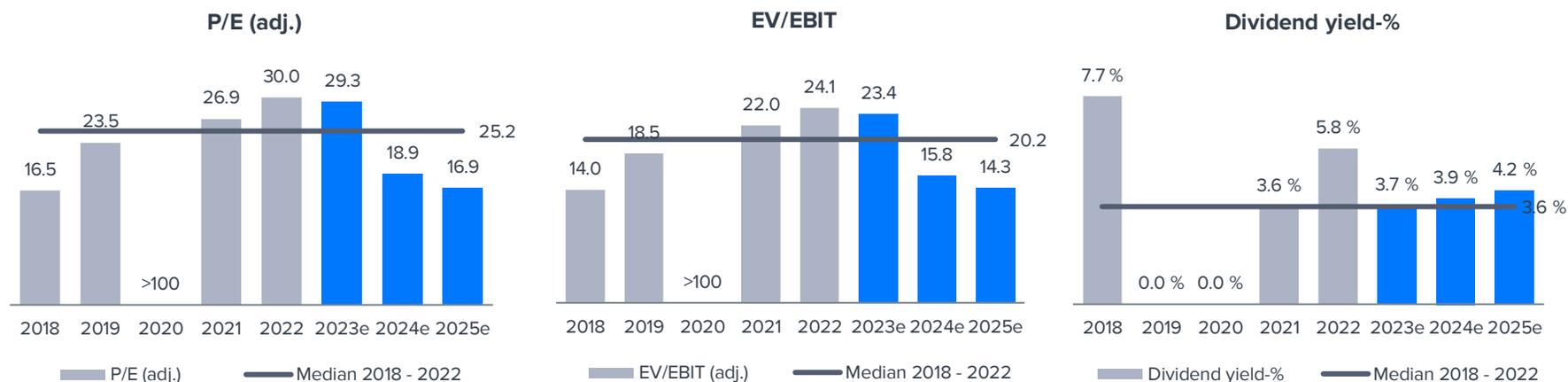


Source: Inderes

# Valuation table

Valuation	2018	2019	2020	2021	2022	2023e	2024e	2025e	2026e
Share price	126	190	172	179	112	178	178	178	178
Number of shares, millions	1655.1	1655.1	1655.1	1655.1	1645.5	1632.5	1620.0	1620.0	1620.0
Market cap	208,572	315,258	284,672	295,927	184,569	287,647	287,647	287,647	287,647
EV	216,763	320,644	348,197	335,147	235,497	339,178	336,643	336,052	335,316
P/E (adj.)	16.5	23.5	>100	26.9	30.0	29.3	18.9	16.9	15.9
P/E	16.5	23.5	>100	26.9	51.8	26.6	18.9	16.9	15.9
P/B	3.6	5.5	5.2	4.9	3.6	5.6	5.2	4.7	4.3
P/S	1.0	1.4	1.5	1.5	0.8	1.2	1.2	1.2	1.1
EV/Sales	1.0	1.4	1.9	1.7	1.1	1.4	1.4	1.4	1.3
EV/EBITDA	8.6	11.3	12.0	8.9	7.9	9.0	8.1	7.5	7.2
EV/EBIT (adj.)	14.0	18.5	>100	22.0	24.1	23.4	15.8	14.3	13.4
Payout ratio (%)	127.5 %	0.0 %	0.0 %	97.7 %	299.8 %	96.7 %	74.6 %	71.4 %	76.2 %
Dividend yield-%	7.7 %	0.0 %	0.0 %	3.6 %	5.8 %	3.7 %	3.9 %	4.2 %	4.8 %

Source: Inderes



# Peer group valuation

Peer group valuation	Market cap	EV	EV/EBIT		EV/EBITDA		EV/S		P/E		Dividend yield-%		P/B
Company	MEUR	MEUR	2023e	2024e	2023e	2024e	2023e	2024e	2023e	2024e	2023e	2024e	2023e
Inditex	120334	114354	21.0	17.0	13.6	11.8	3.5	3.2	29.3	22.6	3.0	3.8	7.3
Fast Retailing	72436	66955	32.7	21.8	18.2	16.1	3.8	3.4	41.2	35.1	0.8	0.9	6.4
Next	12094	14032	13.3	12.5	11.0	10.5	2.4	2.2	14.7	14.7	2.4	2.6	8.5
GAP	7184	7309	111.4	16.4	13.5	7.8	0.5	0.5		18.2	2.8	2.8	3.2
Zalando	5829	5724	22.1	14.7	9.8	7.8	0.6	0.5	48.9	26.9			2.4
Victoria's Secret	1890	3189	6.3	11.2	4.3	6.1	0.6	0.6	5.6	12.6			5.9
Abercrombie & Fitch	3843	3489	37.2	8.5	14.7	6.4	1.0	0.9	289.0	15.0			5.4
Urban Outfitters	3123	2720	12.7	7.6	8.4	5.9	0.6	0.6	21.4	11.6			1.8
<b>H&amp;M (Inderes)</b>	<b>24797</b>	<b>29239</b>	<b>23.4</b>	<b>15.8</b>	<b>9.0</b>	<b>8.1</b>	<b>1.4</b>	<b>1.4</b>	<b>29.3</b>	<b>18.9</b>	<b>3.7</b>	<b>3.9</b>	<b>5.6</b>
<b>Average</b>			<b>32.1</b>	<b>13.7</b>	<b>11.7</b>	<b>9.0</b>	<b>1.6</b>	<b>1.5</b>	<b>64.3</b>	<b>19.6</b>	<b>2.2</b>	<b>2.5</b>	<b>5.1</b>
<b>Median</b>			<b>21.5</b>	<b>13.6</b>	<b>12.2</b>	<b>7.8</b>	<b>0.8</b>	<b>0.8</b>	<b>29.3</b>	<b>16.6</b>	<b>2.6</b>	<b>2.7</b>	<b>5.6</b>
<b>Diff-% to median</b>			<b>9%</b>	<b>16%</b>	<b>-26%</b>	<b>3%</b>	<b>72%</b>	<b>92%</b>	<b>0%</b>	<b>14%</b>	<b>42%</b>	<b>48%</b>	<b>0%</b>

Source: Refinitiv / Inderes

# Income statement

Income statement	2021	Q1'22	Q2'22	Q3'22	Q4'22	2022	Q1'23	Q2'23	Q3'23	Q4'23e	2023e	2024e	2025e	2026e
Revenue	198,967	49,166	54,504	57,450	62,433	223,553	54,872	57,616	60,897	62,573	235,958	233,764	244,779	256,768
EBITDA	37,575	5,851	10,197	7,088	6,612	29,748	6,230	10,234	10,466	10,817	37,747	41,710	44,699	46,860
Depreciation	-22,320	-5,393	-5,209	-6,186	-5,791	-22,579	-5,505	-5,493	-5,727	-5,500	-22,225	-20,378	-21,158	-21,920
EBIT (excl. NRI)	15,255	458	4,988	2,653	1,661	9,760	-274	4,741	4,739	5,317	14,523	21,333	23,541	24,940
EBIT	15,255	458	4,988	902	821	7,169	725	4,741	4,739	5,317	15,522	21,333	23,541	24,940
Net financial items	-955	-176	-206	-213	-358	-953	-329	-416	-366	-400	-1,511	-1,200	-999	-998
PTP	14,300	282	4,782	689	463	6,216	396	4,325	4,373	4,917	14,011	20,133	22,542	23,942
Taxes	-3,290	-65	-1,100	-158	-1,327	-2,650	144	-1,037	-1,054	-1,180	-3,127	-4,933	-5,523	-5,866
Minority interest	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Net earnings	11,010	217	3,682	531	-864	3,566	540	3,288	3,319	3,737	10,884	15,200	17,019	18,076
EPS (adj.)	6.7	0.1	2.2	1.4	0.0	3.7	-0.3	2.0	2.0	2.3	6.1	9.4	10.5	11.2
EPS (rep.)	6.7	0.1	2.2	0.3	-0.5	2.2	0.3	2.0	2.0	2.3	6.7	9.4	10.5	11.2
<b>Key figures</b>	<b>2021</b>	<b>Q1'22</b>	<b>Q2'22</b>	<b>Q3'22</b>	<b>Q4'22</b>	<b>2022</b>	<b>Q1'23</b>	<b>Q2'23</b>	<b>Q3'23</b>	<b>Q4'23e</b>	<b>2023e</b>	<b>2024e</b>	<b>2025e</b>	<b>2026e</b>
Revenue growth-%	6.4 %	22.7 %	17.2 %	3.4 %	9.9 %	12.4 %	11.6 %	5.7 %	6.0 %	0.2 %	5.5 %	-0.9 %	4.7 %	4.9 %
Adjusted EBIT growth-%	392.3 %	-140.6 %	29.5 %	-57.7 %	-73.5 %	-36.0 %	-159.8 %	-5.0 %	78.6 %	220.1 %	48.8 %	46.9 %	10.4 %	5.9 %
EBITDA-%	18.9 %	11.9 %	18.7 %	12.3 %	10.6 %	13.3 %	11.4 %	17.8 %	17.2 %	17.3 %	16.0 %	17.8 %	18.3 %	18.2 %
Adjusted EBIT-%	7.7 %	0.9 %	9.2 %	4.6 %	2.7 %	4.4 %	-0.5 %	8.2 %	7.8 %	8.5 %	6.2 %	9.1 %	9.6 %	9.7 %
Net earnings-%	5.5 %	0.4 %	6.8 %	0.9 %	-1.4 %	1.6 %	1.0 %	5.7 %	5.5 %	6.0 %	4.6 %	6.5 %	7.0 %	7.0 %

Source: Inderes

# Balance sheet

Assets	2021	2022	2023e	2024e	2025e
<b>Non-current assets</b>	<b>100795</b>	<b>102525</b>	<b>101800</b>	<b>105422</b>	<b>108969</b>
Goodwill	64.0	64.0	64.0	64.0	64.0
Intangible assets	9492	9092	9592	10092	10592
Tangible assets	79662	82736	81511	84633	87680
Associated companies	686	503	503	503	503
Other investments	4405	2654	2654	2654	2654
Other non-current assets	860	939	939	939	939
Deferred tax assets	5626	6537	6537	6537	6537
<b>Current assets</b>	<b>78986</b>	<b>79523</b>	<b>79046</b>	<b>74804</b>	<b>75881</b>
Inventories	37306	42495	40113	39740	41612
Other current assets	0.0	0.0	0.0	0.0	0.0
Receivables	14209	15321	15337	14026	14687
Cash and equivalents	27471	21707	23596	21039	19582
<b>Balance sheet total</b>	<b>179781</b>	<b>182048</b>	<b>180846</b>	<b>180227</b>	<b>184850</b>

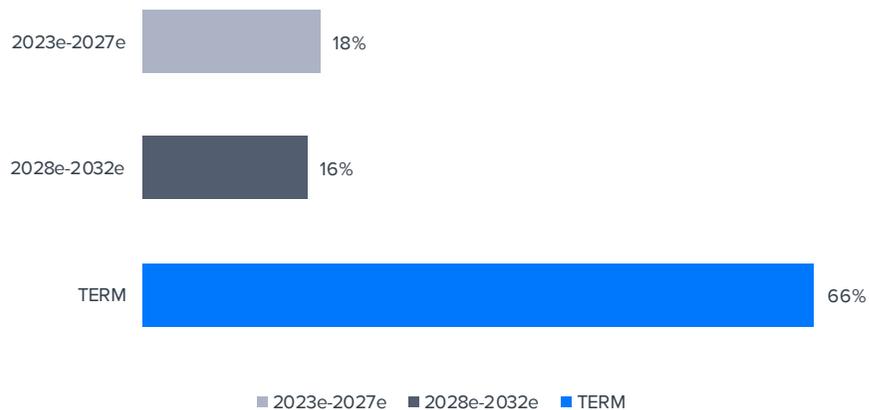
Source: Inderes

Liabilities & equity	2021	2022	2023e	2024e	2025e
<b>Equity</b>	<b>60018</b>	<b>50757</b>	<b>50948</b>	<b>55619</b>	<b>61298</b>
Share capital	207	207	207	207	207
Retained earnings	57466	44694	44885	49556	55235
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	2345	5856	5856	5856	5856
Minorities	0.0	0.0	0.0	0.0	0.0
<b>Non-current liabilities</b>	<b>58766</b>	<b>62956</b>	<b>50000</b>	<b>50000</b>	<b>50000</b>
Deferred tax liabilities	3601	3273	0.0	0.0	0.0
Provisions	428	575	0.0	0.0	0.0
Interest bearing debt	54557	58925	50000	50000	50000
Convertibles	0.0	0.0	0.0	0.0	0.0
Other long term liabilities	180	183	0.0	0.0	0.0
<b>Current liabilities</b>	<b>60997</b>	<b>68335</b>	<b>79897</b>	<b>74608</b>	<b>73553</b>
Interest bearing debt	12134	13710	25126	20034	17987
Payables	20382	21090	21236	21039	22030
Other current liabilities	28481	33535	33535	33535	33535
<b>Balance sheet total</b>	<b>179781</b>	<b>182048</b>	<b>180846</b>	<b>180227</b>	<b>184850</b>

# DCF calculation

DCF model	2022	2023e	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	TERM
Revenue growth-%	12,4 %	5,5 %	-0,9 %	4,7 %	4,9 %	5,0 %	5,0 %	5,0 %	5,0 %	5,0 %	3,0 %	3,0 %
EBIT-%	3,2 %	6,6 %	9,1 %	9,6 %	9,7 %	9,5 %	9,5 %	9,5 %	9,5 %	9,5 %	9,5 %	9,5 %
<b>EBIT (operating profit)</b>	<b>7169</b>	<b>15522</b>	<b>21333</b>	<b>23541</b>	<b>24940</b>	<b>25613</b>	<b>26893</b>	<b>28238</b>	<b>29650</b>	<b>31132</b>	<b>32066</b>	
+ Depreciation	22579	22225	20378	21158	21920	22673	23424	24181	24946	25725	26217	
- Paid taxes	-3889	-6400	-4933	-5523	-5866	-6153	-6466	-6796	-7142	-7505	-7734	
- Tax, financial expenses	-229	-337	-294	-245	-245	-123	-123	-123	-123	-123	-123	
+ Tax, financial income	0	0	0	0	0	0	0	0	0	0	0	
- Change in working capital	-539	2512	1487	-1542	-1679	-1797	-1887	-1982	-2081	-2185	-1376	
<b>Operating cash flow</b>	<b>25091</b>	<b>33522</b>	<b>37971</b>	<b>37390</b>	<b>39071</b>	<b>40213</b>	<b>41842</b>	<b>43519</b>	<b>45251</b>	<b>47045</b>	<b>49050</b>	
+ Change in other long-term liabilities	150	-758	0	0	0	0	0	0	0	0	0	
- Gross CAPEX	-23581	-21500	-24000	-24705	-25431	-26179	-26949	-27743	-28560	-27381	-29746	
<b>Free operating cash flow</b>	<b>1660</b>	<b>11264</b>	<b>13971</b>	<b>12685</b>	<b>13640</b>	<b>14034</b>	<b>14892</b>	<b>15776</b>	<b>16691</b>	<b>19664</b>	<b>19304</b>	
+/- Other	0	-1766	-2000	-2000	-2000	-2000	-2000	-2000	-2000	-2000	-2000	
FCFF	1660	9498	11971	10685	11640	12034	12892	13776	14691	17664	17304	359161
<b>Discounted FCFF</b>		<b>9465</b>	<b>11049</b>	<b>9135</b>	<b>9217</b>	<b>8826</b>	<b>8759</b>	<b>8669</b>	<b>8563</b>	<b>9536</b>	<b>8653</b>	<b>179600</b>
Sum of FCFF present value		271471	262006	250957	241822	232605	223779	215020	206352	197789	188253	179600
<b>Enterprise value DCF</b>		<b>271471</b>										
- Interest bearing debt		-10778										
+ Cash and cash equivalents		21707										
-Minorities		0,0										
-Dividend/capital return		-10692,5										
<b>Equity value DCF</b>		<b>271707</b>										
<b>Equity value DCF per share</b>		<b>168</b>										

## Cash flow distribution



## WACC

Tax-% (WACC)	24,0 %
Target debt ratio (D/(D+E))	0,0 %
Cost of debt	5,0 %
Equity Beta	1,15
Market risk premium	4,75 %
Liquidity premium	0,00 %
Risk free interest rate	2,5 %
<b>Cost of equity</b>	<b>8,0 %</b>
<b>Weighted average cost of capital (WACC)</b>	<b>8,0 %</b>

Source: Inderes

# Summary

Income statement	2020	2021	2022	2023e	2024e	Per share data	2020	2021	2022	2023e	2024e
Revenue	187031	198967	223553	<b>235958</b>	<b>233764</b>	EPS (reported)	0.8	6.7	2.2	<b>6.7</b>	<b>9.4</b>
EBITDA	29052	37575	29748	<b>37747</b>	<b>41710</b>	EPS (adj.)	0.8	6.7	3.7	<b>6.1</b>	<b>9.4</b>
EBIT	3099	15255	7169	<b>15522</b>	<b>21333</b>	OCF / share	13.1	27.1	15.2	<b>20.5</b>	<b>23.4</b>
PTP	2052	14300	6216	<b>14011</b>	<b>20133</b>	FCF / share	-32.4	18.8	1.0	<b>5.8</b>	<b>7.4</b>
Net Income	1243	11010	3566	<b>10884</b>	<b>15200</b>	Book value / share	33.0	36.3	30.8	<b>31.2</b>	<b>34.3</b>
Extraordinary items	0	0	-2591	<b>999</b>	<b>0</b>	Dividend / share	0.0	6.5	6.5	<b>6.5</b>	<b>7.0</b>
Balance sheet	2020	2021	2022	2023e	2024e	Growth and profitability	2020	2021	2022	2023e	2024e
Balance sheet total	174371	179781	182048	<b>180846</b>	<b>180227</b>	Revenue growth-%	-20%	6%	12%	<b>6%</b>	<b>-1%</b>
Equity capital	54623	60018	50757	<b>50948</b>	<b>55619</b>	EBITDA growth-%	2%	29%	-21%	<b>27%</b>	<b>10%</b>
Goodwill	64	64	64	<b>64</b>	<b>64</b>	EBIT (adj.) growth-%	-82%	392%	-36%	<b>49%</b>	<b>47%</b>
Net debt	63525	39220	50928	<b>51530</b>	<b>48996</b>	EPS (adj.) growth-%	-91%	786%	-44%	<b>62%</b>	<b>55%</b>
Cash flow	2020	2021	2022	2023e	2024e	EBITDA-%	15.5 %	18.9 %	13.3 %	<b>16.0 %</b>	<b>17.8 %</b>
EBITDA	29052	37575	29748	<b>37747</b>	<b>41710</b>	EBIT (adj.)-%	1.7 %	7.7 %	4.4 %	<b>6.2 %</b>	<b>9.1 %</b>
Change in working capital	-4560	11083	-539	<b>2512</b>	<b>1487</b>	EBIT-%	1.7 %	7.7 %	3.2 %	<b>6.6 %</b>	<b>9.1 %</b>
Operating cash flow	21605	44849	25091	<b>33522</b>	<b>37971</b>	ROE-%	2.2 %	19.2 %	6.4 %	<b>21.4 %</b>	<b>28.5 %</b>
CAPEX	-75324	-13751	-23581	<b>-21500</b>	<b>-24000</b>	ROI-%	3.0 %	11.7 %	5.7 %	<b>12.4 %</b>	<b>16.9 %</b>
Free cash flow	-53617	31094	1660	<b>9498</b>	<b>11971</b>	Equity ratio	31.3 %	33.4 %	27.9 %	<b>28.2 %</b>	<b>30.9 %</b>
Valuation multiples	2020	2021	2022	2023e	2024e	Gearing	116.3 %	65.3 %	100.3 %	<b>101.1 %</b>	<b>88.1 %</b>
EV/S	1.9	1.7	1.1	<b>1.4</b>	<b>1.4</b>						
EV/EBITDA (adj.)	12.0	8.9	7.9	<b>9.0</b>	<b>8.1</b>						
EV/EBIT (adj.)	>100	22.0	24.1	<b>23.4</b>	<b>15.8</b>						
P/E (adj.)	>100	26.9	30.0	<b>29.3</b>	<b>18.9</b>						
P/B	5.2	4.9	3.6	<b>5.6</b>	<b>5.2</b>						
Dividend-%	0.0 %	3.6 %	5.8 %	<b>3.7 %</b>	<b>3.9 %</b>						

Source: Inderes

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## Recommendation history (>12 mo)

Date	Recommendation	Target	Share price
10/10/2023	Accumulate	165	148
17,12.2023	Reduce	170	178



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