

Björn Borg

Company report

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Running fast in the second quarter

Despite a continued challenging environment, Björn Borg delivered a strong second quarter that beat our estimates. The valuation of P/E 16x and EV/EBIT 12x for 2025 still looks moderate and a combination of dividends and earnings growth should give around 10% total shareholder return. Therefore, we reiterate our Accumulate recommendation and increase our target price to SEK 68 (prev. SEK 63 per share), due to higher estimates and in line with our DCF model.

Revenue and earnings development better than our expectations

Björn Borg's Q2 revenue increased by 29% year-on-year to 213 MSEK, above our estimates. The important wholesale segment reported strong growth and exceeded our expectations, primarily due to the footwear integration, which contributed more revenue than anticipated. However, even excluding footwear, the company achieved approximately 15% growth during the quarter, primarily driven by impressive growth in sportswear sales.

Björn Borg's EBIT increased by 5% to 9.1 MSEK, relatively in line with our expectations. The gross margin decreased from 55.6% in Q2'23 to 51.8%, mainly due to increased discounts for footwear. We do not view this as particularly alarming, rather, we believe it was a necessary short-term solution to compensate for delayed product deliveries. However, the lower gross margin, combined with increased operating costs due to heightened marketing activities, led to a slight decrease in profitability (EBIT-%: 4.5% vs. 4.9%).

Revenue estimates up, but earnings estimates only slightly

Due to a higher-than-expected volume of footwear sales consolidated into the company's figures from Q2'24, we have revised our revenue estimates for 2024-2026 upward by approximately 8%. This adjustment mainly applies to the Wholesale segment, while our revenue projections for the remaining segments remain largely unchanged. We have also increased our cost estimates in line with the revenue adjustment, reflecting higher costs related to the footwear integration than previously anticipated. Additionally, we expect the company to continue investing in marketing activities to grow its own e-commerce platform. As a result, our EBIT estimates remain largely unchanged.

We maintain our long-term growth estimates and our confidence in the company's ability to experience good profitable growth in the coming years. This is mainly driven by the footwear integration, increased demand for sportswear and growth in own e-commerce (which should support margins). [Our recent extensive report](#) provides a comprehensive perspective on our estimates.

Still good expected return at current valuation

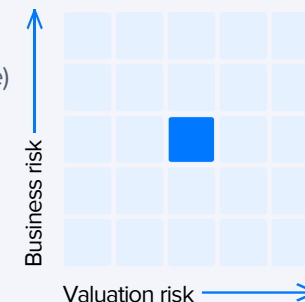
We believe that Björn Borg's multiples for 2025 (P/E 16x, EV/EBIT 12x) are at the low end of our acceptable valuation and thus look attractive. In our view, Björn Borg has established itself as a stable dividend payer, due to its strong cash flow, balance sheet and limited investment needs. As we expect medium-term earnings growth of good ~10-15% and a dividend yield of some 6%, this offers a return above our required return of around 10%. We therefore continue to consider the risk/reward ratio quite good and view Björn Borg as an interesting investment opportunity.

Recommendation

Accumulate
(prev. Accumulate)

68.0 SEK
(prev. 63 SEK)

Share price:
61.2



Key indicators

	2023	2024e	2025e	2026e
Revenue	872.3	1030.8	1119.1	1193.8
growth-%	4%	18%	9%	7%
EBIT adj.	100.6	111.0	126.8	141.0
EBIT-% adj.	11.5 %	10.8 %	11.3 %	11.8 %
Net Income	76.0	79.9	97.1	109.1
EPS (adj.)	3.02	3.18	3.86	4.34

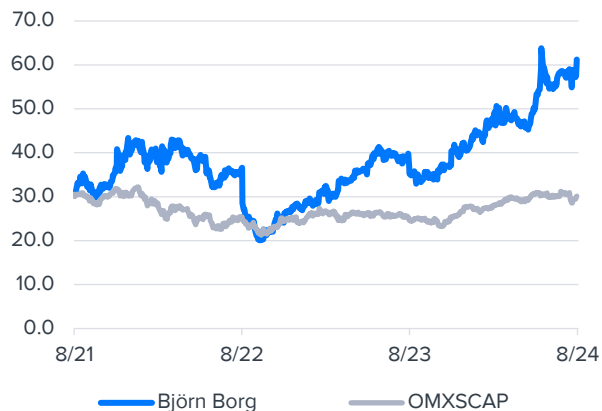
P/E (adj.)	15.0	19.3	15.8	14.1
P/B	3.2	4.3	4.0	3.8
Dividend yield-%	6.6 %	4.9 %	5.6 %	6.4 %
EV/EBIT (adj.)	11.3	13.9	12.0	10.7
EV/EBITDA	8.5	10.7	9.6	9.0
EV/S	1.3	1.5	1.4	1.3

Source: Inderes

Guidance

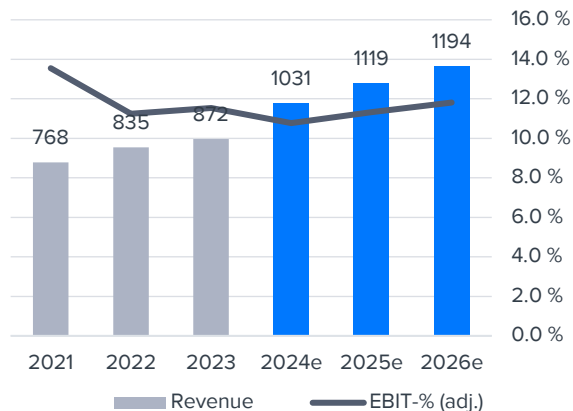
(Björn Borg does not provide guidance)

Share price



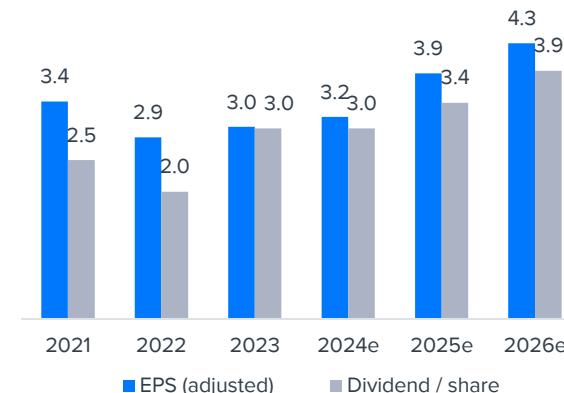
Source: Millstream Market Data AB

Revenue and EBIT-%



Source: Inderes

EPS and dividend / share



Source: Inderes



Value drivers

- Opportunities for geographical expansion in currently smaller markets, especially Germany
- Good growth prospects across all product categories, with sports apparel being the main driver
- Improving margin levels driven by increasing online sales through the company's e-commerce platform and e-tailers
- Integrating footwear business can boost future growth by enhancing quality control, fostering innovation and design



Risk factors

- Strong brand dependence carries risks like trend sensitivity, where the brand may fall out of fashion
- The fashion industry is fiercely competed, and some collections might not appeal to customers
- Risks generated by integrating the footwear category or expansion investments
- Consumers' low purchasing power is a risk to short-term results

Valuation	2024e	2025e	2026e
Share price	61.2	61.2	61.2
Number of shares, millions	25.1	25.1	25.1
Market cap	1539	1539	1539
EV	1543	1526	1513
P/E (adj.)	19.3	15.8	14.1
P/E	19.3	15.8	14.1
P/FCF	22.8	16.2	14.9
P/B	4.3	4.0	3.8
P/S	1.5	1.4	1.3
EV/Sales	1.5	1.4	1.3
EV/EBITDA	10.7	9.6	9.0
EV/EBIT (adj.)	13.9	12.0	10.7
Payout ratio (%)	94.4 %	88.0 %	90.0 %
Dividend yield-%	4.9 %	5.6 %	6.4 %

Source: Inderes

Q2 results above our expectations

Revenue came in higher than expected

Björn Borg's Q2 revenue increased by 29% year-on-year to 213 MSEK, above our expectations. Adjusted for currency effects, revenue grew by 28%, indicating that currency fluctuations had a minimal impact on sales during the quarter. Wholesale, the largest segment, reported strong growth of 50% in Q2'24, reaching 136 MSEK. This increase exceeded expectations, primarily due to the footwear integration, which contributed more revenue than anticipated. However, Direct-to-consumer (Q2'24: 71 MSEK), Distributors (Q2'24: 14 MSEK) and Licensing segment (Q2'24: 0.3 MSEK) were relatively in line with our estimates in absolute terms.

It is clear that Björn Borg's revenue received a significant boost from the integration of the footwear category, which had previously generated income

through royalties from a licensing partner. However, even excluding footwear, the company achieved approximately 15% growth during the quarter, primarily driven by an impressive 43% increase in sportswear sales. Overall, we believe that Björn Borg delivered a strong quarter in terms of sales.

EBIT pressured by footwear takeover

Björn Borg's EBIT increased by 5% to 9.1 MSEK, relatively in line with our expectations. The gross margin decreased from 55.6% in Q2'23 to 51.8 % (52.3% adjusted for currency effects), mainly due to increased discounts for footwear. We do not view this as particularly alarming, rather, we believe it was a necessary short-term solution to compensate for delayed product deliveries. However, the lower gross margin, combined with increased operating costs due to heightened marketing activities, led to a slight

decrease in profitability. As a result, the EBIT margin fell to 4.5%, compared to 4.9% in Q2'23. In the lower lines of the income statement, EPS increased to SEK 0.26 (SEK 0.17), above our expectations.

Cash flow was strong, and the balance sheet remains good

Björn Borg delivered a 121 MSEK operating cash flow, clearly up year-on-year, primarily due to a reduction in working capital. This development aligns with the typical seasonal pattern where Björn Borg tends to free up working capital in Q2 and Q4. Net debt/EBITDA (excluding leases) was good 0.4x and the equity ratio amounted to 46%, well above the target of 35%.

Estimates	Q2'23	Q2'24	Q2'24e	Q2'24e	Consensus		Difference (%)	2024e
	Comparison	Actualized	Inderes	Consensus	Low	High	Act. vs. inderes	Inderes
Revenue	166	213	179				19%	951
EBIT (adj.)	8.1	9.5	9.1				4%	111
EBIT	8.1	9.5	9.1				4%	111
PTP	5.4	9.1	7.3				24%	102
EPS (adj.)	0.17	0.26	0.23				14%	3.16
EPS (reported)	0.17	0.26	0.23				14%	3.16
Revenue growth-%	2.5 %	28.7 %	7.9 %				20.8 pp	9.0 %
EBIT-% (adj.)	4.9 %	4.5 %	5.1 %				-0.6 pp	11.6 %

Source: Inderes

We make only slight adjustments to our estimates

Estimate changes 2024-2026e

- Due to a higher-than-expected volume of footwear sales being consolidated into the company's figures from Q2'24, we have revised our revenue estimates for 2024-2026 upward by approximately 8%. This adjustment primarily benefits the Wholesale segment, while our revenue projections for the remaining segments are largely unchanged.
- We have also increased our OPEX estimates in line with the revenue adjustment, reflecting higher costs related to the footwear integration than previously anticipated. Additionally, we expect the company to continue investing in marketing activities to grow its own e-commerce platform. As a result, our EBIT estimates remain largely unchanged.
- We maintain our long-term growth estimates and our confidence in the company's ability to experience good profitable growth in the coming years. [Our recent extensive report](#) provides a comprehensive perspective on our estimates.

Estimate revisions	2024e	2024e	Change	2025e	2025e	Change	2026e	2026e	Change
MSEK / SEK	Old	New	%	Old	New	%	Old	New	%
Revenue	955	1031	8%	1035	1119	8%	1106	1194	8%
EBITDA	143	144	0%	159	159	0%	165	168	2%
EBIT (exc. NRIs)	111	111	0%	127	127	0%	138	141	2%
EBIT	111	111	0%	127	127	0%	138	141	2%
PTP	102	103	1%	122	125	2%	135	137	2%
EPS (excl. NRIs)	3.16	3.18	1%	3.78	3.86	2%	4.26	4.34	2%
DPS	3.00	3.00	0%	3.40	3.40	0%	0.00	0.00	

Source: Inderes

Estimates

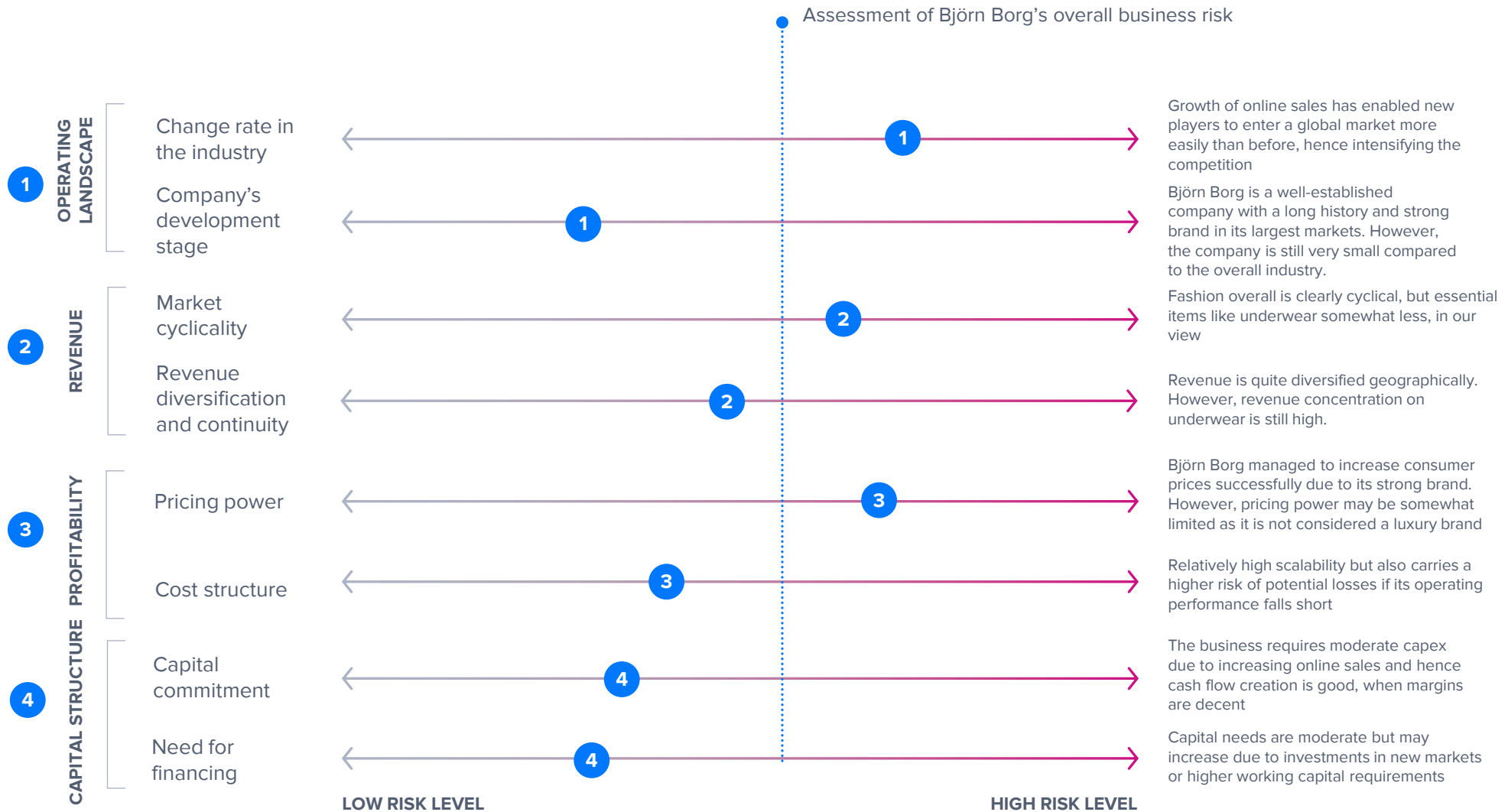
Group reporting, MSEK	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024e	2025e	2026e
Revenue	499	544	584	639	696	710	757	705	768	835	872	1031	1131	1205
Revenue growth-%	-9.0%	9.1%	7.3%	9.3%	9.1%	1.9%	6.7%	-6.8%	8.9%	8.7%	4.4%	18.2%	9.7%	6.6%
Revenue growth-% (currency neutral)	-8.0%	6.0%	-1.0%	9.3%	9.6%	-1.6%	3.7%	-5.8%	11.5%	4.7%	0.7%	18.2%	9.7%	6.6%
COGS	-242	-256	-278	-317	-320	-303	-351	-335	-352	-411	-401	-476	-509	-542
Gross profit	257	288	306	321	384	414	428	399	444	450	491	566	622	663
Adj. Gross margin	51.5%	52.9%	52.4%	50.3%	54.0%	57.4%	53.7%	52.5%	54.2%	50.8%	54.0%	53.8%	55.0%	55.0%
Gross margin-% (currency neutral)	50.4%	53.2%	52.4%	50.7%	53.4%	57.0%	56.0%	51.9%	52.9%	55.5%	54.6%	53.8%	55.0%	55.0%
OPEX	-236	-231	-247	-256	-329	-343	-377	-365	-340	-377	-390	-455	-495	-522
EBIT	21	57	60	65	55	71	51	34	104	94	101	111	127	141
Adj. EBIT margin-%	4.3%	10.4%	10.2%	10.2%	7.9%	10.0%	6.8%	4.8%	13.5%	11.2%	11.5%	10.8%	11.2%	11.7%
EBIT growth-%	-69.2%	163.8%	5.3%	9.3%	-15.0%	28.2%	-27.7%	-34.4%	208.9%	-9.8%	7.1%	10.4%	14.2%	11.2%
Segment breakdown, MSEK	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024e	2025e	2026e
Wholesale	204	193	207	290	441	466	516	464	502	540	577	708	756	794
Growth-%		-5.7%	7.5%	39.8%	52.4%	5.7%	10.7%	-10.0%	8.2%	7.5%	7.0%	22.6%	6.8%	5.0%
EBIT margin-%	7.6%	3.3%	-2.0%	6.1%	7.8%	9.8%	5.7%	3.6%	13.6%	9.8%	10.5%	10.7%	11.2%	11.7%
Own e-commerce									100	113	154	172	202	232
Growth-%										14.0%	35.8%	11.8%	17.3%	15.0%
EBIT margin-%									20.2%	15.6%	18.7%	18.9%	15.7%	15.3%
Own stores									113	107	105	111	115	119
Growth-%										-5.9%	-1.7%	6.2%	3.6%	3.0%
EBIT margin-%									-5.6%	-22.8%	-6.7%	0.9%	-1.6%	0.0%
Direct-to-consumer	69	81	105	128	186	186	197	211	213	220	259	283	317	351
Growth-%		16.2%	29.7%	22.0%	45.8%	-0.1%	6.1%	7.1%	0.8%	3.4%	17.6%	9.5%	12.0%	10.6%
EBIT margin-%	-18.9%	-5.9%	1.0%	-4.9%	-7.4%	-1.5%	-1.4%	-1.3%	6.5%	-3.0%	8.4%	11.8%	9.4%	10.1%
Distributors	187	234	238	188	58	49	50	45	71	92	47	49	53	56
Growth-%		24.9%	1.8%	-21.1%	-69.0%	-15.8%	2.4%	-11.2%	59.9%	29.2%	-49.6%	4.4%	9.1%	5.7%
EBIT margin-%	2.2%	8.4%	15.7%	17.8%	31.3%	30.1%	22.1%	15.6%	19.0%	21.2%	21.2%	22.3%	23.0%	23.0%
Licensing	38	37	35	34	19	15	15	14	10	9	9	2	4	4
Growth-%		-2.3%	-7.3%	-3.2%	-44.8%	-17.1%	0.4%	-9.7%	-30.7%	-8.4%	2.9%	-74.8%	73.8%	2.5%
EBIT margin-%	38.3%	52.2%	69.6%	58.0%	87.7%	87.1%	86.6%	89.7%	84.6%	81.1%	88.6%	86.4%	88.8%	89.0%
Geographical breakdown, MSEK	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024e	2025e	2026e
Sweden	202	192	227	245	227	265	272	268	276	287	305	361	384	410
The Netherlands	146	158	171	160	167	176	210	164	173	179	201	245	249	265
Finland		65	66	88	123	115	110	119	104	112	113	119	124	121
Germany								44	81	93	87	109	136	157
Other	151	130	120	145	179	154	166	110	135	165	166	209	237	253
Product breakdown, -% as of sales	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024e	2025e	2026e
Underwear	60.0 %	61.0 %	61.0 %	63.0 %	66.3 %	65.4 %	61.5 %	57.6 %	59.7 %	54.9 %	55.1 %	50.5 %	46.0 %	43.0 %
Sportswear	11.0 %	10.0 %	10.0 %	9.0 %	12.9 %	15.3 %	19.6 %	18.8 %	17.7 %	19.3 %	21.5 %	24.5 %	27.0 %	29.0 %
Other	29.0 %	29.0 %	29.0 %	28.0 %	20.6 %	19.3 %	18.9 %	23.4 %	22.6 %	25.7 %	23.4 %	25.0 %	27.0 %	28.0 %

¹ Included in "Direct-to-consumer" segment until 2020

² Finland is included in "Other" markets until 2013 and Germany until 2019

Source: Inderes

Risk profile of the business model



Still good expected return

Valuation summary – Accumulate

We consider Björn Borg an interesting investment opportunity given the company's capacity for good value creation. As we expect medium-term earnings growth of good ~10-15% and a dividend yield of some 6%, this offers a return above our required return. We, therefore, still consider the risk/reward ratio quite good and reiterate our Accumulate recommendation with a higher target price of SEK 68 per share (prev. SEK 63 per share).

Absolute multiples turn acceptable in 2025-26

Björn Borg's earnings multiples for this year are relatively high, with a P/E ratio of around 19x and EV/EBIT ~14x. Even after adjusting for lease liabilities, the earnings multiples remain roughly the same due to the small proportion of leases on the balance sheet. Therefore, regardless of the perspective, these numbers are quite high. It should be noted, however, that Björn Borg's earnings for 2024 are below their potential due to short-term pressure on profitability related to the footwear takeover. If the integration of the footwear category is successful and the projected earnings improvement materializes, the multiples for 2025 (P/E 16x and EV/EBIT 12x) will be slightly below the company's 10-year medians (P/E: 17x and EV/EBIT: 14x). Given the company's continued growth potential and high returns on capital, the 2025 earnings multiples appear attractive, contingent on the expected margin improvement being realized.

Looking beyond 2025, when we expect more stable growth and profitability, we believe Björn Borg's acceptable P/E ratio will be 14-20x and EV/EBIT will be 12-15x based on reported figures.

Valuation compared to peers

When comparing Björn Borg to several listed sports apparel and retail companies, the company's EV/EBIT and P/E multiples for 2024 and 2025 are, on average, 3% lower than those of its peers. However, when excluding the retail peers, the discount increases to around 18%. Given that Björn Borg's sports apparel peers are larger, more globally established brands with historically higher growth, we believe it is reasonable to price Björn Borg below its sports apparel peers. However, we expect higher growth for Björn Borg in the coming years, along with improved profitability and returns on capital, suggesting that the current discount may be somewhat exaggerated.

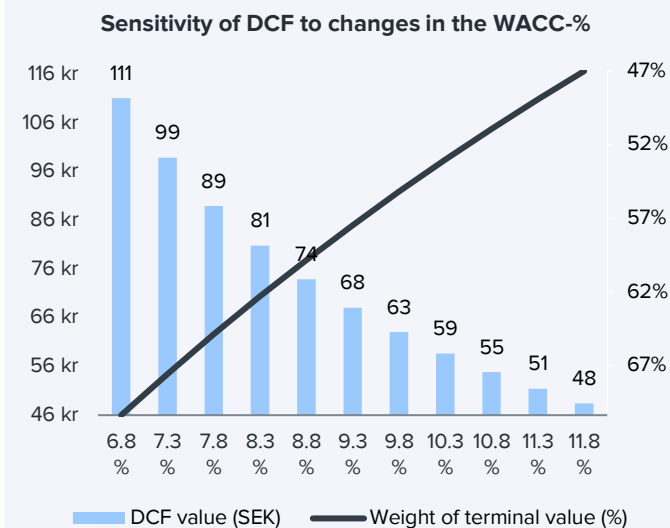
It is important to note that the peer group's valuation multiples vary widely, from single digits to over 30x, making the peer group somewhat dependent on the specific companies included. Consequently, while peer valuation indicates some upside potential for Björn Borg, we do not place too much emphasis on it.

DCF model is also in the green

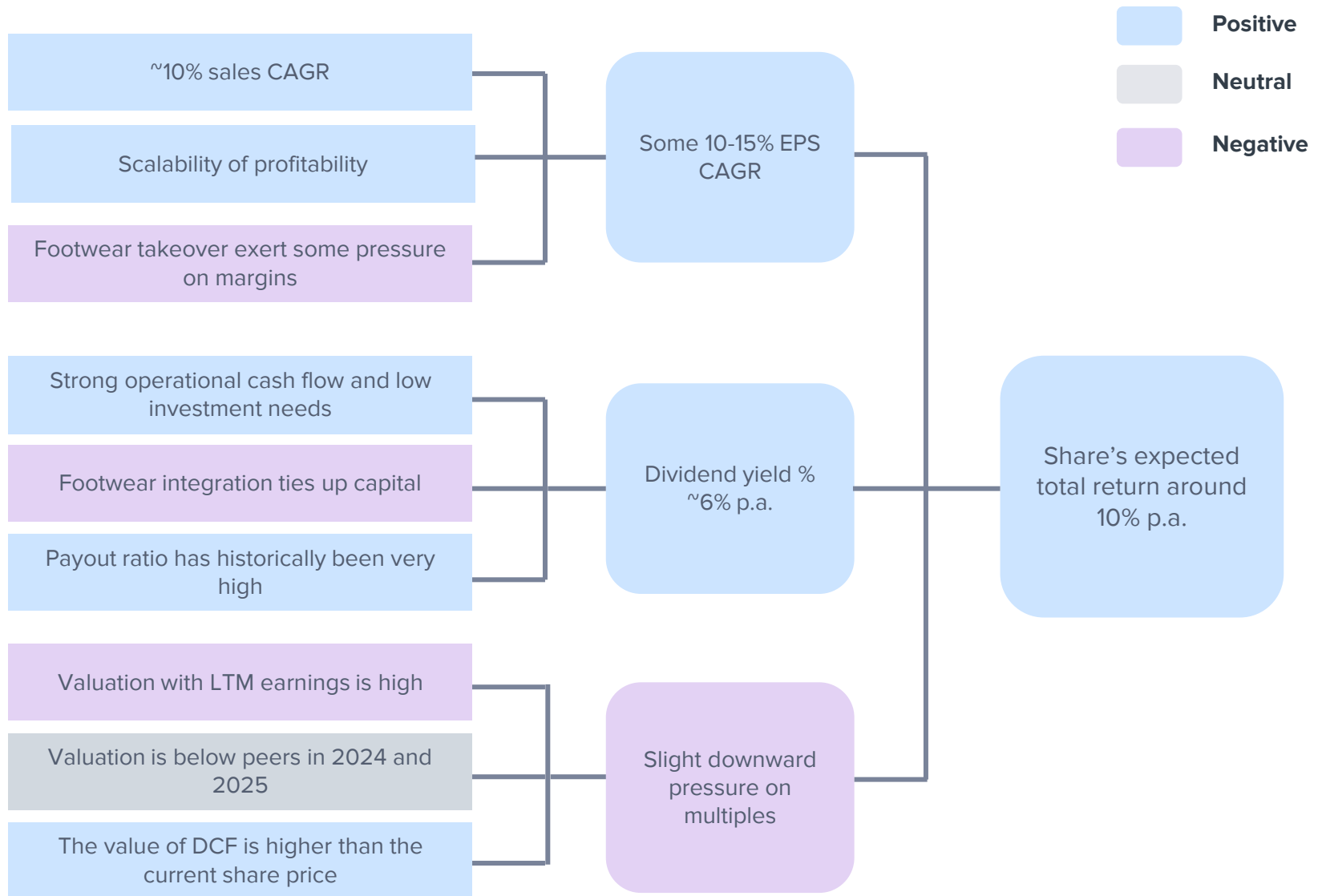
We also believe the DCF model is a relevant valuation method for Björn Borg, given the sufficient historical financial information, steady growth and relatively predictable business. The value of our DCF model (SEK 68 per share) is higher than the current share price. Therefore, also in the context of DCF, the current valuation generates sufficient expected return.

Valuation	2024e	2025e	2026e
Share price	61.2	61.2	61.2
Number of shares, millions	25.1	25.1	25.1
Market cap	1539	1539	1539
EV	1543	1526	1513
P/E (adj.)	19.3	15.8	14.1
P/E	19.3	15.8	14.1
P/FCF	22.8	16.2	14.9
P/B	4.3	4.0	3.8
P/S	1.5	1.4	1.3
EV/Sales	1.5	1.4	1.3
EV/EBITDA	10.7	9.6	9.0
EV/EBIT (adj.)	13.9	12.0	10.7
Payout ratio (%)	94.4 %	88.0 %	90.0 %
Dividend yield-%	4.9 %	5.6 %	6.4 %

Source: Inderes



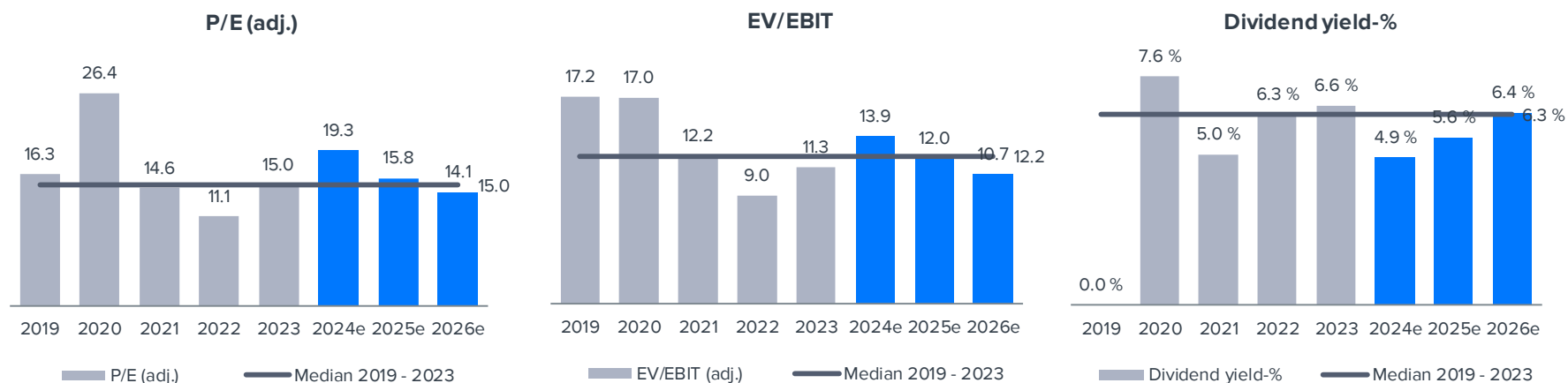
TSR drivers Q2'24-2026e



Valuation table

Valuation	2019	2020	2021	2022	2023	2024e	2025e	2026e	2027e
Share price	25.3	19.8	50.0	31.6	45.4	61.2	61.2	61.2	61.2
Number of shares, millions	25.1	25.1	25.1	25.1	25.1	25.1	25.1	25.1	25.1
Market cap	635	497	1257	795	1142	1539	1539	1539	1539
EV	883	574	1275	844	1138	1543	1526	1513	1500
P/E (adj.)	16.3	26.4	14.6	11.1	15.0	19.3	15.8	14.1	12.9
P/E	16.3	26.4	14.6	15.6	15.0	19.3	15.8	14.1	12.9
P/FCF	neg.	2.7	14.4	22.3	11.2	22.8	16.2	14.9	13.6
P/B	2.3	1.7	3.7	2.4	3.2	4.3	4.0	3.8	3.6
P/S	0.8	0.7	1.6	1.0	1.3	1.5	1.4	1.3	1.2
EV/Sales	1.2	0.8	1.7	1.0	1.3	1.5	1.4	1.3	1.2
EV/EBITDA	8.1	7.7	9.1	7.8	8.5	10.7	9.6	9.0	8.4
EV/EBIT (adj.)	17.2	17.0	12.2	9.0	11.3	13.9	12.0	10.7	9.9
Payout ratio (%)	0.0 %	200.3 %	73.1 %	98.9 %	99.3 %	94.4 %	88.0 %	90.0 %	90.0 %
Dividend yield-%	0.0 %	7.6 %	5.0 %	6.3 %	6.6 %	4.9 %	5.6 %	6.4 %	7.0 %

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	2024e	2025e	2024e	2025e	2024e	2025e	2024e	2025e	2024e	2025e	2024e
Sports apparel													
Adidas	39,168	43,026	38.3	22.3	18.55	13.70	1.87	1.70	64.16	29.97	0.7	1.4	7.6
Nike	113,551	111,119	18.5	22.7	16.75	19.72	2.36	2.50	22.25	26.68	1.7	1.8	9.1
Lululemon	29,355	27,608	13.8	12.4	11.86	10.52	3.16	2.85	20.71	18.29			8.4
Puma	5,567	7,344	11.4	9.7	7.25	6.50	0.83	0.77	16.68	12.90	2.2	2.9	2.0
Under Armour	3,092	2,829	10.0	20.7	6.90	10.70	0.54	0.61	14.85	32.71			1.6
Columbia Sportswear	4,266	3,619	14.7	12.9	10.80	9.43	1.18	1.13	20.76	18.30	1.5	1.5	2.4
Retail													
PVH	5,060	6,681	8.0	8.3	6.00	6.23	0.80	0.85	9.50	8.81	0.2	0.2	1.2
GAP	8,265	8,045	17.8	9.5	8.57	6.15	0.60	0.59	20.70	13.78	2.4	2.5	3.7
H&M	22,473	27,073	15.4	13.7	7.55	6.86	1.30	1.26	18.68	16.29	4.3	4.8	5.4
Fenix Outdoor	1,935	2,042	22.0	20.5	13.39	12.82	2.56	2.46	10.56	9.76	3.4	3.7	1.5
JD Sports Fashion	7,712	9,905	8.6	8.1	5.07	4.74	0.80	0.75	10.78	9.86	0.7	0.8	2.4
Björn Borg (Inderes)	132	133	13.9	12.0	10.7	9.6	1.5	1.4	19.3	15.8	4.9	5.6	4.3
Average			16.2	14.6	10.2	9.8	1.5	1.4	20.9	17.9	1.9	2.2	4.1
Median			14.7	12.9	8.6	9.4	1.2	1.1	18.7	16.3	1.7	1.8	2.4
Diff-% to median			-5%	-7%	25%	2%	27%	21%	3%	-3%	183%	209%	77%

Income statement

Income statement	2021	2022	Q1'23	Q2'23	Q3'23	Q4'23	2023	Q1'24	Q2'24	Q3'24e	Q4'24e	2024e	2025e	2026e	2027e
Revenue	768	835	247	166	262	198	872	257	213	311	250	1031	1119	1194	1255
Wholesale	502	540	182	91	188	116	577	190	136	226	157	708	756	794	830
Direct-to-consumer	213	220	54	63	68	74	259	62	71	73	78	283	317	351	373
Distributors	71	92	9	14	11	13	47	8	14	12	14	49	53	56	59
Licensing	10	9	4	3	1	1	9	1	0	0	0	2	4	4	4
EBITDA	140	108	40	16	49	28	134	42	18	52	33	144	159	168	178
Depreciation	-36	-35	-9	-8	-8	-8	-33	-8	-8	-8	-8	-33	-32	-27	-27
EBIT (excl. NRI)	104	94	31	8	41	20	101	33	10	44	24	111	127	141	151
EBIT	104	73	31	8	41	20	101	33	10	44	24	111	127	141	151
Wholesale	69	53	25	1	29	6	61	28	-3	32	8	65	81	89	95
Direct-to-consumer	14	-7	1	3	7	11	22	2	10	8	13	34	30	36	38
Distributors	14	20	1	2	4	3	10	2	2	4	3	11	12	13	14
Licensing	8	7	4	2	1	1	8	1	0	0	0	2	4	4	4
Net financial items	3	-2	-1	-3	0	1	-3	-7	0	-1	0	-8	-2	-4	-1
PTP	107	70	31	5	41	21	98	27	9	43	24	103	125	137	150
Taxes	-21	-20	-6	-1	-9	-6	-22	-6	-3	-9	-5	-23	-27	-28	-31
Minority interest	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Net earnings	86	51	25	4	32	15	76	21	7	34	19	80	97	109	119
EPS (adj.)	3.42	2.86	0.99	0.17	1.27	0.59	3.02	0.84	0.26	1.34	0.74	3.18	3.86	4.34	4.73
EPS (rep.)	3.42	2.02	0.99	0.17	1.27	0.59	3.02	0.84	0.26	1.34	0.74	3.18	3.86	4.34	4.73

Key figures	2021	2022	Q1'23	Q2'23	Q3'23	Q4'23	2023	Q1'24	Q2'24	Q3'24e	Q4'24e	2024e	2025e	2026e	2027e
Revenue growth-%	8.9 %	8.7 %	8.9 %	2.5 %	5.4 %	-0.4 %	4.4 %	4.0 %	28.7 %	18.7 %	26.4 %	18.2 %	8.6 %	6.7 %	5.1 %
Adjusted EBIT growth-%		-9.8 %	-0.1 %	-11.3 %	-1.9 %	72.9 %	7.1 %	6.6 %	17.5 %	6.8 %	20.8 %	10.4 %	14.2 %	11.2 %	7.1 %
EBITDA-%	18.2 %	12.9 %	16.2 %	9.8 %	18.7 %	14.3 %	15.3 %	16.2 %	8.2 %	16.7 %	13.0 %	13.9 %	14.2 %	14.0 %	14.2 %
Adjusted EBIT-%	13.5 %	11.2 %	12.7 %	4.9 %	15.6 %	10.2 %	11.5 %	13.0 %	4.5 %	14.0 %	9.8 %	10.8 %	11.3 %	11.8 %	12.0 %
Net earnings-%	11.2 %	6.1 %	10.0 %	2.5 %	12.2 %	7.6 %	8.7 %	8.3 %	3.1 %	10.8 %	7.5 %	7.8 %	8.7 %	9.1 %	9.5 %

Source: Inderes

Balance sheet

Assets	2022	2023	2024e	2025e	2026e
Non-current assets	313	304	297	290	289
Goodwill	36.5	36.4	36.4	36.4	36.4
Intangible assets	195	194	192	191	189
Tangible assets	68.8	61.6	56.0	50.6	50.8
Associated companies	0.0	0.0	0.0	0.0	0.0
Other investments	0.0	0.0	0.0	0.0	0.0
Other non-current assets	0.0	0.0	0.0	0.0	0.0
Deferred tax assets	12.6	12.3	12.3	12.3	12.3
Current assets	340	327	377	403	426
Inventories	201	184	210	224	236
Other current assets	19.1	16.9	16.9	16.9	16.9
Receivables	104	99.4	119	129	137
Cash and equivalents	16.0	26.6	30.9	33.6	35.8
Balance sheet total	653	632	673	693	715

Source: Inderes

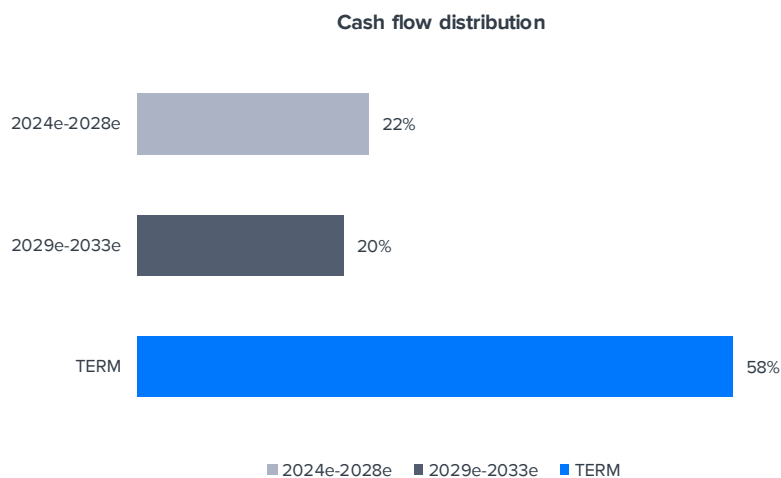
Liabilities & equity	2022	2023	2024e	2025e	2026e
Equity	325	351	355	377	401
Share capital	7.9	7.9	7.9	7.9	7.9
Retained earnings	149	175	180	202	225
Hybrid bonds	0.0	0.0	0.0	0.0	0.0
Revaluation reserve	0.0	0.0	0.0	0.0	0.0
Other equity	175	174	174	174	174
Minorities	-6.6	-6.3	-6.3	-6.3	-6.3
Non-current liabilities	72.3	65.2	64.2	67.2	59.8
Deferred tax liabilities	39.9	39.7	39.7	39.7	39.7
Provisions	0.0	0.0	0.0	0.0	0.0
Interest bearing debt	32.4	25.5	24.5	27.5	20.1
Convertibles	0.0	0.0	0.0	0.0	0.0
Other long term liabilities	0.0	0.0	0.0	0.0	0.0
Current liabilities	256	216	254	249	255
Interest bearing debt	49.3	17.4	36.8	18.4	13.4
Payables	106	136	155	168	179
Other current liabilities	101	62.4	62.4	62.4	62.4
Balance sheet total	653	632	673	693	715

DCF calculation

DCF model	2023	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	TERM
Revenue growth-%	4.4 %	18.2 %	8.6 %	6.7 %	5.1 %	5.0 %	5.0 %	5.0 %	5.0 %	5.0 %	2.5 %	2.5 %
EBIT-%	11.5 %	10.8 %	11.3 %	11.8 %	12.0 %	12.0 %	12.0 %	12.0 %	12.0 %	12.0 %	12.0 %	12.0 %
EBIT (operating profit)	101	111	127	141	151	158	166	174	183	192	198	
+ Depreciation	33.0	32.6	32.0	26.6	26.7	26.7	26.7	26.7	26.7	26.7	26.7	
- Paid taxes	-21.6	-23.0	-27.4	-28.3	-30.8	-32.4	-34.0	-35.7	-37.5	-39.4	-40.8	
- Tax, financial expenses	-0.6	-1.8	-0.5	-0.7	-0.3	-0.2	-0.2	-0.2	-0.2	-0.2	0.0	
+ Tax, financial income	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Change in working capital	14.9	-26.3	-10.4	-9.9	-7.4	-7.5	-9.1	-9.5	-11.4	-8.8	-1.4	
Operating cash flow	126	92.6	120	129	139	145	149	156	161	171	182	
+ Change in other long-term liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Gross CAPEX	-24.6	-25.0	-25.2	-25.6	-25.8	-25.9	-26.1	-26.2	-26.3	-26.4	-26.4	
Free operating cash flow	102	67.6	95.3	103	113	119	123	129	134	144	156	
+/- Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
FCFF	102	67.6	95.3	103	113	119	123	129	134	144	156	2362
Discounted FCFF		65.4	84.3	83.4	83.9	80.5	76.4	73.4	69.7	68.4	67.7	1025
Sum of FCFF present value		1778	1713	1628	1545	1461	1380	1304	1231	1161	1093	1025
Enterprise value DCF		1778										
- Interest bearing debt		-42.8										
+ Cash and cash equivalents		26.6										
-Minorities		26.8										
-Dividend/capital return		-75.4										
Equity value DCF		1713										
Equity value DCF per share		68.1										

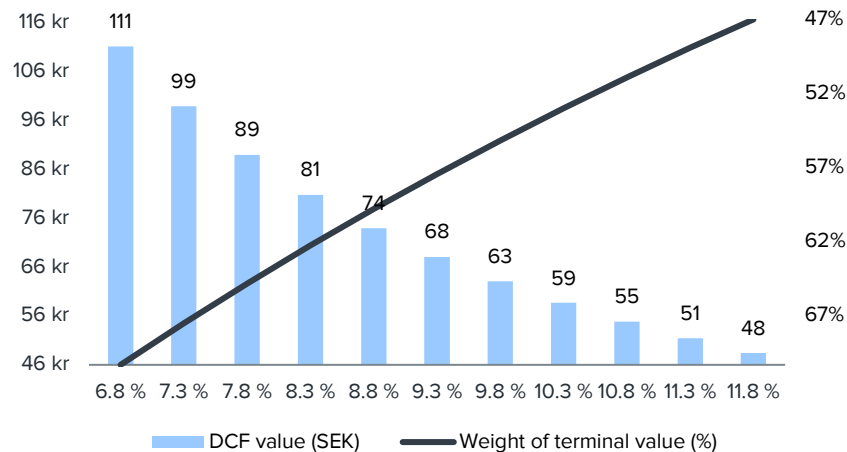
WACC	
Tax-% (WACC)	20.6 %
Target debt ratio (D/(D+E))	7.0 %
Cost of debt	5.0 %
Equity Beta	1.10
Market risk premium	4.75%
Liquidity premium	2.00%
Risk free interest rate	2.5 %
Cost of equity	9.7 %
Weighted average cost of capital (WACC)	9.3 %

Source: Inderes

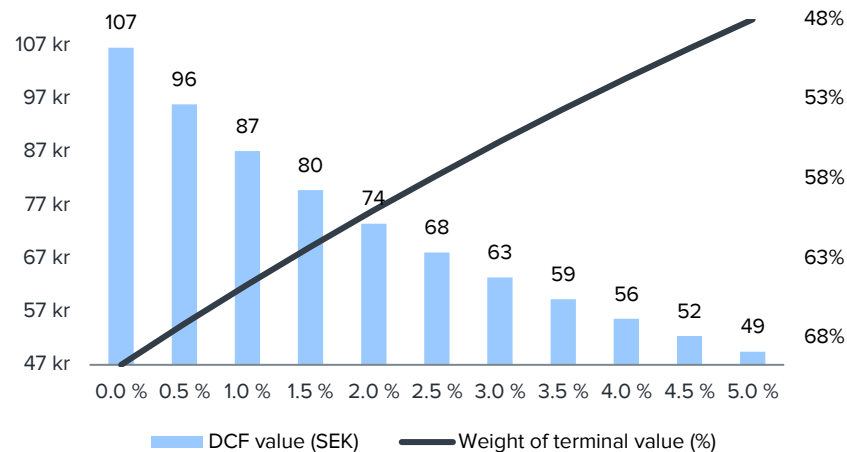


DCF sensitivity calculations and key assumptions in graphs

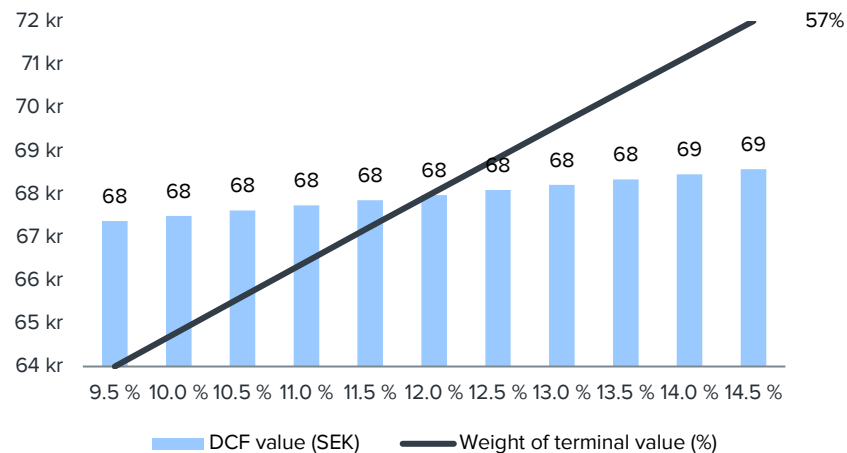
Sensitivity of DCF to changes in the WACC-%



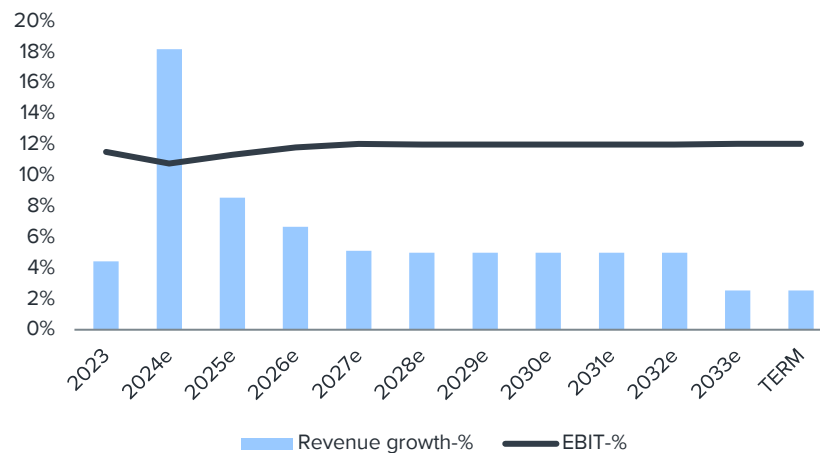
Sensitivity of DCF to changes in the risk-free rate



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	2021	2022	2023	2024e	2025e	Per share data	2021	2022	2023	2024e	2025e
Revenue	768.2	835.2	872.3	1030.8	1119.1	EPS (reported)	3.42	2.02	3.02	3.18	3.86
EBITDA	139.6	107.7	133.6	143.6	158.8	EPS (adj.)	3.42	2.86	3.02	3.18	3.86
EBIT	104.1	72.9	100.6	111.0	126.8	OCF / share	4.77	2.67	5.02	3.68	4.79
PTP	106.9	70.4	97.7	102.9	124.5	FCF / share	3.47	1.42	4.04	2.69	3.79
Net Income	86.0	50.9	76.0	79.9	97.1	Book value / share	13.52	13.18	14.20	14.38	15.24
Extraordinary items	0.0	-21.0	0.0	0.0	0.0	Dividend / share	2.50	2.00	3.00	3.00	3.40
Balance sheet	2021	2022	2023	2024e	2025e	Growth and profitability	2021	2022	2023	2024e	2025e
Balance sheet total	680.7	653.4	631.5	673.3	692.8	Revenue growth-%	9%	9%	4%	18%	9%
Equity capital	334.2	324.8	350.8	355.3	377.0	EBITDA growth-%	87%	-23%	24%	8%	11%
Goodwill	34.7	36.5	36.4	36.4	36.4	EBIT (adj.) growth-%	209%	-10%	7%	10%	14%
Net debt	39.2	65.6	16.2	30.4	12.3	EPS (adj.) growth-%	357%	-16%	6%	5%	22%
Cash flow	2021	2022	2023	2024e	2025e	EBITDA-%	18.2 %	12.9 %	15.3 %	13.9 %	14.2 %
EBITDA	139.6	107.7	133.6	143.6	158.8	EBIT (adj.)-%	13.5 %	11.2 %	11.5 %	10.8 %	11.3 %
Change in working capital	-1.3	-21.8	14.9	-26.3	-10.4	EBIT-%	13.5 %	8.7 %	11.5 %	10.8 %	11.3 %
Operating cash flow	120.1	67.2	126.2	92.6	120.5	ROE-%	27.0 %	15.2 %	22.1 %	22.2 %	26.1 %
CAPEX	-32.8	-31.6	-24.6	-25.0	-25.2	ROI-%	22.7 %	16.6 %	25.1 %	27.4 %	30.2 %
Free cash flow	87.2	35.6	101.6	67.6	95.3	Equity ratio	49.1 %	49.7 %	55.6 %	52.8 %	54.4 %
						Gearing	11.7 %	20.2 %	4.6 %	8.5 %	3.3 %
Valuation multiples	2021	2022	2023	2024e	2025e						
EV/S	1.7	1.0	1.3	1.5	1.4						
EV/EBITDA	9.1	7.8	8.5	10.7	9.6						
EV/EBIT (adj.)	12.2	9.0	11.3	13.9	12.0						
P/E (adj.)	14.6	11.1	15.0	19.3	15.8						
P/B	3.7	2.4	3.2	4.3	4.0						
Dividend-%	5.0 %	6.3 %	6.6 %	4.9 %	5.6 %						

Source: Inderes

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Date	Recommendation	Target	Share price
2024-08-07	Accumulate	SEK 63.0	SEK 57.3
2024-08-19	Accumulate	SEK 68.0	SEK 61.2



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