

H&M

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COMPANY REPORT



Risk/reward turns positive

H&M's Q4 results beat our forecasts thanks to a strong gross margin. However, we kept our estimates largely intact and continue to see sales and margin improvement in 2025-26. We see earnings growth and dividends offering a reasonable expected return. We therefore upgrade the recommendation to Accumulate (was Reduce) with an unchanged target price of SEK 160.

Strong gross margin drove Q4 above expectations

H&M's Q4 revenue increased 3% in local currencies but was slightly lower in reported terms due to negative FX effects, landing slightly below our forecast. Gross margin was the main positive surprise in the report, ending up at 54.6%, up 90 basis points year-on-year, despite negative external factors (freight, product costs) and lower prices. Markdowns had a positive impact on the margin (i.e. less markdowns than in the comparison period), which was better than the company had indicated. SG&A (opex) was flat in Q4 and in line with our expectations. However, due to lower-than-expected top line, the opex/sales ratio increased slightly, whereas we had expected it to be flat. All in all, EBIT amounted to 4,624 MSEK, up 7% year-on-year and 17% above our forecast, driven by the strong gross margin. H&M's increased its dividend from SEK 6.50 to SEK 6.80.

Positive sales start for fiscal 2025, as expected

In connection with the Q4 report, H&M announced that revenue in December-January, i.e., 2 months of the fiscal year, increased by 4% in local currencies. This was in line with our previous forecast. Regarding margins, H&M said that it expects a negative impact on gross margin from external factors in Q1, as well as a negative impact from markdowns and pricing. This too was largely in line with our expectations. However, the Q4 performance suggests that the company will be able to at least

partially offset the negatives through its own measures. We have made only minor changes to our forecasts based on the Q4 report.

We expect positive revenue and margin trend in 2025-26

During 2025-26, we expect gross margin to remain slightly above 53% (53.4% in 2024) and top-line growth to drive opex/sales lower and thus EBIT margin higher. As a negative risk, H&M might be hit by new tariffs between the US and China, as the US is one of H&M largest markets (some 15% of revenue), while China accounts around 25% of its sourcing.

Decent expected return turns us positive on the share

H&M's P/E for 2024 is around 20x, while for 2025 the expected earnings growth drives the P/E down to 18x. The 2025 multiples are well in line with our accepted multiples. The multiples are well below the closest peer, Inditex, which trades at 25-30x for 2025-26. We believe some discount is warranted given Inditex's better sales performance, but the gap already looks quite wide. We estimate H&M's free cash flow and dividend yield to be around 4-5% in the coming years. After a stronger earnings improvement in 2025-26, driven by the rising margin, we expect steady sales/earnings growth of 5% in the medium term. The dividend and earnings growth together offer an expected return of around 10%, which is slightly above our required return of 8%. Our DCF value is in line with our target, suggesting some upside for the stock.

Recommendation

Accumulate
(was Reduce)

Target price:

160 SEK
(was. 160,00 SEK)

Share price:
SEK 149

Business risk



Valuation risk



	2024	2025e	2026e	2027e
Revenue	234 478	244 800	257 970	270 279
growth-%	-1 %	4 %	5 %	5 %
EBIT adj.	17 505	19 803	22 772	24 745
EBIT-% adj.	7,5 %	8,1 %	8,8 %	9,2 %
Net income	11 621	13 502	16 060	17 550
EPS (adj.)	7,3	8,4	10,0	10,9
P/E (adj.)	20,5	17,7	14,9	13,6
P/B	5,2	4,9	4,5	4,2
Dividend yield-%	4,5 %	5,0 %	5,7 %	6,4 %
EV/EBIT (adj.)	17,2	15,2	13,2	12,2
EV/EBITDA	7,7	7,3	6,6	6,3
EV/S	1,3	1,2	1,2	1,1

Source: Inderes

Guidance

(Unchanged)

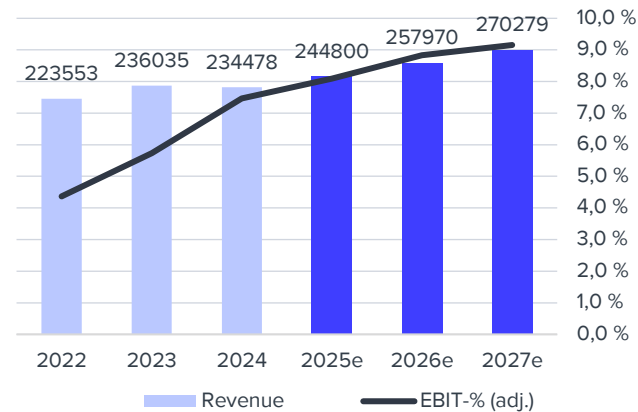
No guidance

Share price



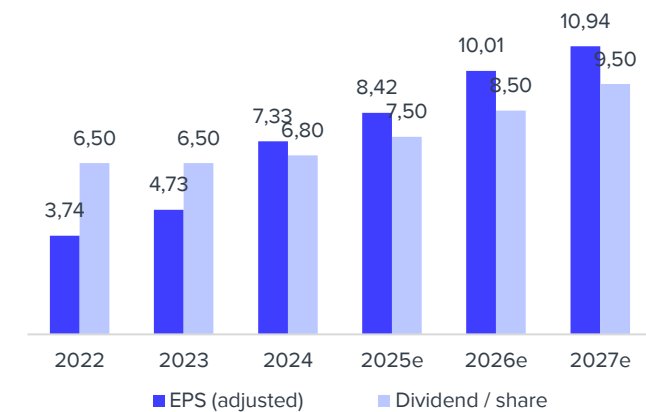
Source: Millistream Market Data AB

Revenue 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 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	149	149	149
Number of shares, millions	1605	1605	1605
Market cap	238 589	238 589	238 589
EV	300 465	300 838	301 411
P/E (adj.)	17,7	14,9	13,6
P/E	17,7	14,9	13,6
P/B	4,9	4,5	4,2
P/S	1,0	0,9	0,9
EV/Sales	1,2	1,2	1,1
EV/EBITDA	7,3	6,6	6,3
EV/EBIT (adj.)	15,2	13,2	12,2
Payout ratio (%)	89 %	85 %	87 %
Dividend yield-%	5,0 %	5,7 %	6,4 %

Source: Inderes

Q4 earnings ahead of estimates thanks to strong gross margin

Revenue landed slightly behind expectations

H&M's Q4 revenue increased 3% in local currencies but was slightly lower in reported terms due to negative FX effects. September sales were strong (+11%, already reported in the Q3 report), while October-November was more subdued and showed flattish developments. There was a slight impact from Black Friday online sales, which were only recognized in the first days of December, i.e., in Q1. Geographically, H&M showed growth in Europe, excluding the Nordics, with Southern Europe in particular strong with double-digit growth.

Gross margin surprisingly strong and up year-on-year

Gross margin was the main positive surprise in the report, ending up at 54.6%, up 90 basis points year-on-year, despite negative external factors (freight, product costs) and lower prices. Markdowns had a positive impact on the margin (i.e. less markdowns than in the comparison period),

which was better than the company had indicated. We believe that the increased focus on full-price sales was reflected in lower revenue but higher margin. Nevertheless, absolute gross profit was also better than guidance. In addition, there was a technical impact from some internal accounting items, which had a negative impact in Q4'23 and a slightly positive impact in Q4'24, giving a clear positive impact on the margin. H&M's ongoing efforts to streamline the supply chain also helped to mitigate the negative impact.

Opex flattish in and in line with forecasts

The SG&A costs (opex) were flat in Q4 and close to expectations. Due to lower-than-expected top line, the opex/sales ratio increased a bit however, while we had expected flattish development. SG&A included 200 MSEK of Monki wind-down costs (similar to the wind-down costs of Afound in Q3'24) as well as "long-term marketing investments" of 600 MSEK.

Dividend slightly up as expected

H&M's full-year EPS increased to SEK 7.21, which allowed the company to increase its dividend from SEK 6.50 to SEK 6.80. As we expect H&M to pay out a large part of its earnings in the form of dividends over the long term, we believe the high payout is sustainable and expect the dividend to continue to increase in line with earnings growth in the coming years.

Balance sheet strong and in line with target

Net debt/EBITDA was 1.5x at the end of 2024, well in line with the company's target of 1-2x. Excluding lease liabilities the group is in a net cash position.

Estimates MSEK / SEK	Q4'23	Q4'24	Q4'24e	Q4'24e	Consensus		Difference (%)	2024
	Comparison	Actualized	Inderes	Consensus	Low	High	Act. vs. inderes	Act.
Revenue	62650	62193	63200	63509	61983	- 64808	-2 %	234478
Gross profit	33657	33942	33559	33878	32799	- 34841	1 %	125299
Gross margin %	53,7 %	54,6 %	53,1 %	53,3 %	50,2 %	- 51,7 %	3 %	53,4 %
EBIT	4332	4624	3959	4312	3612	- 5096	17 %	17306
EPS (reported)	0,96	1,92	1,63	1,80	1,50	- 2,19	17 %	
DPS	6,50	6,80	6,75	6,71	6,50	- 7,50	1 %	6,80
Revenue growth-%	0,3 %	-0,7 %	0,9 %	1,4 %	-1,1 %	- 3,4 %	-1,6 pp	-0,7 %
EBIT-%	6,9 %	7,4 %	6,3 %	6,8 %	5,8 %	- 7,9 %	1,2 pp	7,4 %

Source: Inderes & Infront
(consensus)

No major revisions to estimates

Positive start to fiscal 2025, as expected

In conjunction with Q4 report H&M announced that December-January sales, i.e., 2 months of its fiscal Q1, showed a 4% increase in local currencies. This was well in line with our earlier forecasts.

Regarding margins, H&M said that it expects a negative impact on gross margin from external factors in Q1, as well as a negative impact from markdowns and pricing. This too was largely in line with our expectations. However, the Q4 performance suggests that the company will be able to at least partially offset the negatives through its own measures.

We continue to expect growth and improving margin in 2025

We expect growth of 3% in local currencies for both Q1'25 and the full year. The currency impact will turn positive already in Q1 and support reported revenue. However, the

strengthening of the USD will increase sourcing costs going forward, which could have a negative impact on margins. H&M expects a continued net reduction of the store base in 2025, but no negative impact on sales.

We expect gross margin to be fairly stable over the next few years, although the company sees room for improvement. However, we believe the company will focus on maintaining attractive pricing and driving growth rather than maximizing margin. We expect increasing sales with continued cost efficiency to support an EBIT margin improvement from 7.4% in to over 8% in 2025 and further towards 9% in 2027. H&M continues to target a long-term EBIT margin of 10%, which we do not expect to be achieved.

Our estimate revisions for 2025-26 were virtually limited to slightly higher financial items, pulling down the lower earnings lines.

Continuing to sharpen the portfolio focus

With the announced closures of the Afound and Monki chains in H2'24, H&M is clearly sharpening its focus on the larger chains. Furthermore, in the Q4 earnings call it was emphasized that the main focus is on organic growth and the H&M chain. This is natural, as the H&M chain accounts for almost 90% of stores and thus the vast majority of sales (sales split was not disclosed). In our view, this sharper focus is positive as the smaller chains have been limited in their contribution to the group. The closed chains are also likely to have had low profitability.

Estimate revisions	2024	2024e	Change	2025e	2025e	Change	2026e	2026e	Change
MSEK / SEK	Inderes	Actualized	%	Old	New	%	Old	New	%
Revenue	235485	234478	0 %	244725	244800	0 %	258034	257970	0 %
EBIT	16641	17306	4 %	19843	19803	0 %	22840	22772	0 %
PTP	14868	15443	4 %	18243	18003	-1 %	21640	21272	-2 %
EPS (excl. NRIs)	7,04	7,33	4 %	8,53	8,42	-1 %	10,18	10,01	-2 %
DPS	6,75	6,80	1 %	7,50	7,50	0 %	8,50	8,50	0 %

Source: Inderes

Earnings growth and dividend offer decent return

Valuation summary - Accumulate

We forecast earnings growth in 2025 as revenue grows and margins continue to improve. We expect H&M to pay out most of its earnings and free cash flow as dividends, resulting in a dividend yield of around 5%. The multiples for 2024 are at the upper end of our acceptable range, but the expected earnings growth and dividend provide a reasonable expected return in our view.

Acceptable absolute multiples in 2024-25

H&M's P/E on 2024 earnings is just over 20x. However, H&M is showing an ongoing margin recovery (albeit slower than expected), which we expect to last until 2025-26. The headline multiples for 2025 are 18x P/E and 15x EV/EBIT, which look fair or even modest. Given the continued growth potential and high returns on capital, we see in the company, these are within our range of acceptable multiples. As we expect further margin improvement in 2026, the multiples start to look more attractive. Of course, they require the expected margin improvement to materialize, which disappointed in 2024.

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 10-12 BNSEK, which implies a free cash flow yield of 4-5%.

Valuation compared to the peer group

All retail chains have significant lease obligations, which confounds the EV-based valuation. Therefore, we mainly look at the peer group's P/E ratios. The peer group's

median P/E is 15x for 2025, slightly lower than H&M's 17x, and 14x for 2026, close to H&M's level. The peer group ranges from around 10x to around 40x. The peer group median therefore depends to some extent on which companies are included in the peer group, as there are also other potential peers in the fashion industry. H&M's closest peer, Inditex, is valued at a P/E multiple of 25-30x for 2025-26, which is significantly higher than H&M. However, Inditex has also been growing faster than H&M for a number of years. In our view, H&M's valuation is fair compared to its peers.

DCF suggests some upside

We expect stable growth and margins from 2027 to 2032. In the terminal period, we expect the EBIT margin to remain largely flat at around 9.0%, while our terminal growth rate assumption is 3%. We estimate H&M's cost of equity and WACC (due to no financial debt) at 8.0%, which is quite low given the company's strong and broad market presence and strong global brand.

With these assumptions, our DCF model arrives at an EV and equity value of around 260 BNSEK, which translates to around SEK 160 per share. This is in line with our target price and somewhat above the current share price, suggesting some upside.

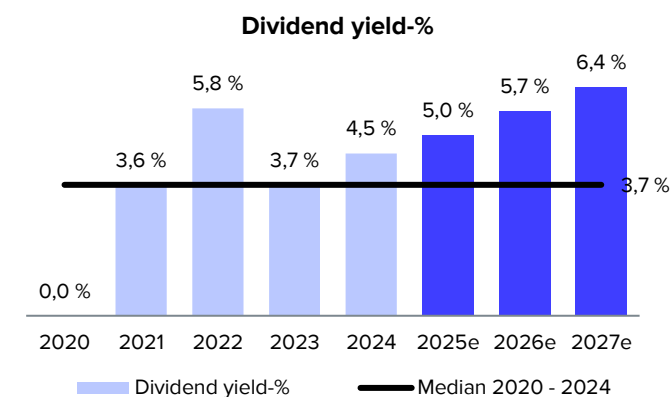
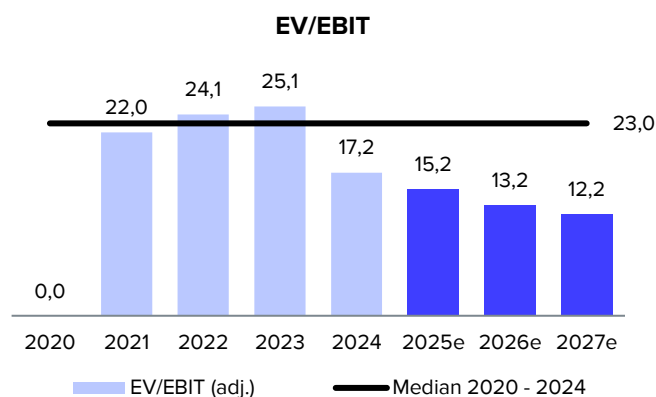
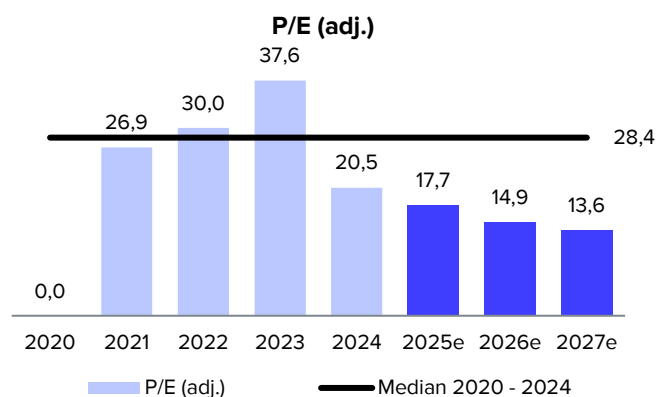
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Market cap	238 589	238 589	238 589
EV	300 465	300 838	301 411
P/E (adj.)	17,7	14,9	13,6
P/E	17,7	14,9	13,6
P/B	4,9	4,5	4,2
P/S	1,0	0,9	0,9
EV/Sales	1,2	1,2	1,1
EV/EBITDA	7,3	6,6	6,3
EV/EBIT (adj.)	15,2	13,2	12,2
Payout ratio (%)	89 %	85 %	87 %
Dividend yield-%	5,0 %	5,7 %	6,4 %

Source: Inderes

Valuation table

Valuation	2020	2021	2022	2023	2024	2025e	2026e	2027e	2028e
Share price	172	179	112	178	150	149	149	149	149
Number of shares, millions	1655,1	1655,1	1645,5	1633,5	1611,7	1604,5	1604,5	1604,5	1604,5
Market cap	284 672	295 927	184 569	288 002	240 675	238 589	238 589	238 589	238 589
EV	348 197	335 147	235 497	339 574	300 289	300 465	300 838	301 411	303 022
P/E (adj.)	>100	26,9	30,0	37,6	20,5	17,7	14,9	13,6	13,0
P/E	>100	26,9	51,8	33,3	20,8	17,7	14,9	13,6	13,0
P/B	5,2	4,9	3,6	6,1	5,2	4,9	4,5	4,2	4,0
P/S	1,5	1,5	0,8	1,2	1,0	1,0	0,9	0,9	0,8
EV/Sales	1,9	1,7	1,1	1,4	1,3	1,2	1,2	1,1	1,1
EV/EBITDA	12,0	8,9	7,9	9,1	7,7	7,3	6,6	6,3	6,1
EV/EBIT (adj.)	>100	22,0	24,1	25,1	17,2	15,2	13,2	12,2	11,7
Payout ratio (%)	0,0 %	97,7 %	299,8 %	120,9 %	93,9 %	89,1 %	84,9 %	86,9 %	100,0 %
Dividend yield-%	0,0 %	3,6 %	5,8 %	3,7 %	4,5 %	5,0 %	5,7 %	6,4 %	7,7 %

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
			2025e	2026e	2025e	2026e	2025e	2026e	2025e	2026e	2025e	2026e	
Inditex	160445	154160	20,6	18,6	14,5	9,5	4,0	3,7	27,2	24,6	3,3	3,7	8,2
Fast Retailing	99001	91324	24,2	23,1	19,6	18,1	4,4	4,0	39,2	36,1	0,9	0,9	7,0
Next	14247	16276	12,7	12,0	10,3	9,9	2,3	2,2	15,3	14,1	2,4	2,6	6,3
GAP													
Zalando	9285	8540	17,3	14,0	9,8	8,6	0,8	0,7	30,0	23,7			3,1
Victoria's Secret	2728	3954	12,1	11,1	7,0	6,6	0,7	0,7	15,1	13,3			5,0
Abercrombie & Fitch	5927	5232	7,4	6,9	6,3	5,8	1,1	1,0	11,9	11,1			4,1
Urban Outfitters	4859	4367	9,9	8,8	7,8	7,1	0,8	0,8	13,8	12,6			1,9
H&M (Inderes)	20568	25902	15,2	13,2	7,3	6,6	1,2	1,2	17,7	14,9	5,0	5,7	4,9
Average			14,9	13,5	10,8	9,4	2,0	1,9	21,8	19,4	2,2	2,4	5,1
Median			12,7	12,0	9,8	8,6	1,1	1,0	15,3	14,1	2,4	2,6	5,0
Diff-% to median			20 %	10 %	-26 %	-22 %	11 %	13 %	16 %	5 %	113 %	122 %	-2 %

Source: Refinitiv / Inderes

Income statement

Income statement	2023	Q1'24	Q2'24	Q3'24	Q4'24	2024	Q1'25e	Q2'25e	Q3'25e	Q4'25e	2025e	2026e	2027e	2028e
Revenue	236 035	53 669	59 605	59 011	62 193	234 478	56 500	61 800	62 000	64 500	244 800	257 970	270 279	283 344
EBITDA	37 492	7 480	12 526	8 881	10 017	38 904	8 122	12 110	10 540	10 630	41 403	45 370	47 884	49 588
Depreciation	-22 955	-5 403	-5 428	-5 374	-5 393	-21 598	-5 400	-5 400	-5 400	-5 400	-21 600	-22 598	-23 139	-23 731
EBIT (excl. NRI)	13 538	2 077	7 297	3 507	4 624	17 505	2 722	6 710	5 140	5 230	19 803	22 772	24 745	25 856
EBIT	14 537	2 077	7 098	3 507	4 624	17 306	2 722	6 710	5 140	5 230	19 803	22 772	24 745	25 856
Net financial items	-1 527	-471	-430	-422	-540	-1 863	-450	-450	-450	-450	-1 800	-1 500	-1 500	-1 500
PTP	13 010	1 606	6 668	3 085	4 084	15 443	2 272	6 260	4 690	4 780	18 003	21 272	23 245	24 356
Taxes	-4 287	-405	-1 673	-778	-1 003	-3 859	-568	-1 565	-1 173	-1 195	-4 501	-5 212	-5 695	-5 967
Minority interest	0	0	0	0	37	37	0	0	0	0	0	0	0	0
Net earnings	8 723	1 201	4 995	2 307	3 118	11 621	1 704	4 695	3 518	3 585	13 502	16 060	17 550	18 389
EPS (adj.)	4,7	0,7	3,2	1,4	1,9	7,3	1,1	2,9	2,2	2,2	8,4	10,0	10,9	11,5
EPS (rep.)	5,3	0,7	3,1	1,4	1,9	7,2	1,1	2,9	2,2	2,2	8,4	10,0	10,9	11,5

Key figures	2023	Q1'24	Q2'24	Q3'24	Q4'24	2024	Q1'25e	Q2'25e	Q3'25e	Q4'25e	2025e	2026e	2027e	2028e
Revenue growth-%	5,6 %	-2,2 %	3,5 %	-3,1 %	-0,7 %	-0,7 %	5,3 %	3,7 %	5,1 %	3,7 %	4,4 %	5,4 %	4,8 %	4,8 %
Adjusted EBIT growth-%	38,7 %	-858,0 %	53,9 %	-26,0 %	6,7 %	29,3 %	31,1 %	-8,0 %	46,6 %	13,1 %	13,1 %	15,0 %	8,7 %	4,5 %
EBITDA-%	15,9 %	13,9 %	21,0 %	15,0 %	16,1 %	16,6 %	14,4 %	19,6 %	17,0 %	16,5 %	16,9 %	17,6 %	17,7 %	17,5 %
Adjusted EBIT-%	5,7 %	3,9 %	12,2 %	5,9 %	7,4 %	7,5 %	4,8 %	10,9 %	8,3 %	8,1 %	8,1 %	8,8 %	9,2 %	9,1 %
Net earnings-%	3,7 %	2,2 %	8,4 %	3,9 %	5,0 %	5,0 %	3,0 %	7,6 %	5,7 %	5,6 %	5,5 %	6,2 %	6,5 %	6,5 %

Source: Inderes

Balance sheet

Assets	2023	2024	2025e	2026e	2027e
Non-current assets	100744	104487	107387	110009	112831
Goodwill	1013	1013	1013	1013	1013
Intangible assets	8712	7717	8217	8717	9217
Tangible assets	81536	86220	88620	90742	93064
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
Current assets	80529	75727	75888	72232	75678
Inventories	37358	40348	39168	41275	43245
Other current assets	0,0	0,0	0,0	0,0	0,0
Receivables	16773	18039	17136	18058	18920
Cash and equivalents	26398	17340	19584	12899	13514
Balance sheet total	181273	180214	183275	182241	188509

Source: Inderes

Liabilities & equity	2023	2024	2025e	2026e	2027e
Equity	47601	46211	48802	52829	56741
Share capital	207	207	207	207	207
Retained earnings	41198	39559	42150	46177	50089
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
Non-current liabilities	65745	67353	50000	50000	50000
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
Current liabilities	67927	66650	84473	79412	81769
Interest bearing debt	15157	12476	31460	25148	26335
Payables	21027	24417	23256	24507	25677
Other current liabilities	31743	29757	29757	29757	29757
Balance sheet total	181273	180214	183275	182241	188509

DCF-calculation

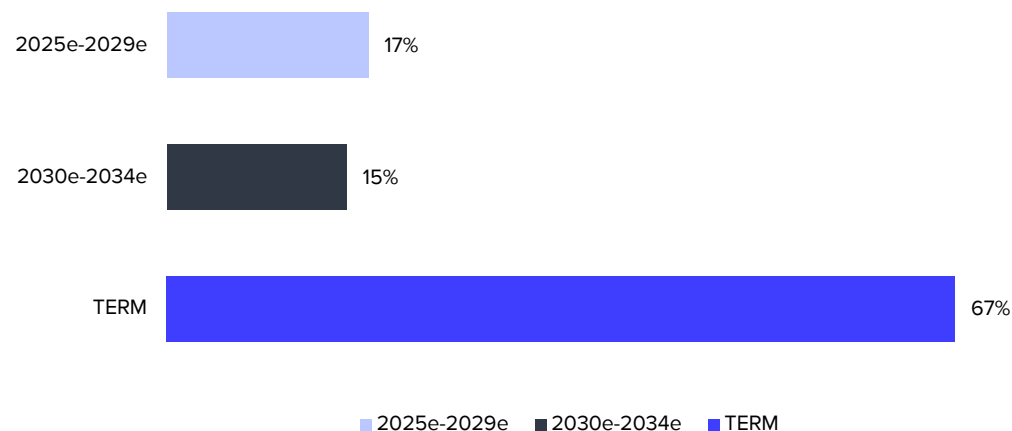
DCF model	2024	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	2034e	TERM
Revenue growth-%	-0,7 %	4,4 %	5,4 %	4,8 %	4,8 %	5,0 %	5,0 %	5,0 %	5,0 %	5,0 %	3,0 %	3,0 %
EBIT-%	7,4 %	8,1 %	8,8 %	9,2 %	9,1 %	9,0 %	9,0 %	9,0 %	9,0 %	9,0 %	9,0 %	9,0 %
EBIT (operating profit)	17306	19803	22772	24745	25856	26776	28115	29521	30997	32546	33523	
+ Depreciation	21598	21600	22598	23139	23731	23890	24670	25458	26240	27553	28930	
- Paid taxes	-3716	-6743	-5212	-5695	-5967	-6193	-6521	-6865	-7227	-7606	-8213	
- Tax, financial expenses	-466	-450	-368	-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	-2852	922	-1778	-1662	-1764	-1913	-2008	-2109	-2214	-2325	-1465	
Operating cash flow	31870	35132	38013	40160	41489	42193	43889	45638	47429	49800	52775	
+ Change in other long-term liabilities	117	-633	0	0	0	0	0	0	0	0	0	
- Gross CAPEX	-25608	-24500	-25220	-25962	-26725	-27512	-28323	-29350	-32063	-33666	-32781	
Free operating cash flow	6379	9999	12793	14198	14764	14681	15566	16288	15366	16135	19994	
+/- Other	-2000	-2000	-2000	-2000	-2000	-2000	-2000	-2000	-2000	-2000	-2000	
FCFF	4379	7999	10793	12198	12764	12681	13566	14288	13366	14135	17994	373473
Discounted FCFF		7456	9318	9755	9455	8700	8621	8410	7288	7138	8417	174698
Sum of FCFF present value		259257	251801	242482	232727	223272	214572	205951	197541	190253	183115	174698
Enterprise value DCF		259257										
- Interest bearing debt		-16066										
+ Cash and cash equivalents		17340										
-Minorities		0,0										
-Dividend/capital return		0										
Equity value DCF		260531										
Equity value DCF per share		162										

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 %
Cost of equity	8,0 %
Weighted average cost of capital (WACC)	8,0 %

Source: Inderes

Cash flow distribution



Summary

Income statement	2022	2023	2024	2025e	2026e	Per share data	2022	2023	2024	2025e	2026e
Revenue	223553	236035	234478	244800	257970	EPS (reported)	2,2	5,3	7,2	8,4	10,0
EBITDA	29748	37492	38904	41403	45370	EPS (adj.)	3,7	4,7	7,3	8,4	10,0
EBIT	7169	14537	17306	19803	22772	OCF / share	15,2	21,1	19,8	21,9	23,7
PTP	6216	13010	15443	18003	21272	FCF / share	1,0	6,2	2,7	5,0	6,7
Net Income	3566	8723	11621	13502	16060	Book value / share	30,8	29,1	28,7	30,4	32,9
Extraordinary items	-2591	999	-199	0	0	Dividend / share	6,5	6,5	6,8	7,5	8,5
Balance sheet	2022	2023	2024	2025e	2026e	Growth and profitability	2022	2023	2024	2025e	2026e
Balance sheet total	182048	181273	180214	183275	182241	Revenue growth-%	12 %	6 %	-1 %	4 %	5 %
Equity capital	50757	47601	46211	48802	52829	EBITDA growth-%	-21 %	26 %	4 %	6 %	10 %
Goodwill	64	1013	1013	1013	1013	EBIT (adj.) growth-%	-36 %	39 %	29 %	13 %	15 %
Net debt	50928	51572	59614	61876	62249	EPS (adj.) growth-%	-44 %	26 %	55 %	15 %	19 %
Cash flow	2022	2023	2024	2025e	2026e	EBITDA-%	13,3 %	15,9 %	16,6 %	16,9 %	17,6 %
EBITDA	29748	37492	38904	41403	45370	EBIT (adj.)-%	4,4 %	5,7 %	7,5 %	8,1 %	8,8 %
Change in working capital	-539	1830	-2852	922	-1778	EBIT-%	3,2 %	6,2 %	7,4 %	8,1 %	8,8 %
Operating cash flow	25091	34505	31870	35132	38013	ROE-%	6,4 %	17,7 %	24,8 %	28,4 %	31,6 %
CAPEX	-23581	-22298	-25608	-24500	-25220	ROI-%	5,7 %	11,7 %	13,9 %	15,6 %	17,6 %
Free cash flow	1660	10199	4379	7999	10793	Equity ratio	27,9 %	26,3 %	25,6 %	26,6 %	29,0 %
						Gearing	100,3 %	108,3 %	129,0 %	126,8 %	117,8 %
Valuation multiples	2022	2023	2024	2025e	2026e						
EV/S	1,1	1,4	1,3	1,2	1,2						
EV/EBITDA	7,9	9,1	7,7	7,3	6,6						
EV/EBIT (adj.)	24,1	25,1	17,2	15,2	13,2						
P/E (adj.)	30,0	37,6	20,5	17,7	14,9						
P/B	3,6	6,1	5,2	4,9	4,5						
Dividend-%	5,8 %	3,7 %	4,5 %	5,0 %	5,7 %						

Source: Inderes

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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
10/10/2023	Accumulate	165	148
17.12.2023	Reduce	170	178
01/02/2024	Accumulate	165	147
28/03/2024	Reduce	170	178
28/06/2024	Reduce	170	169
29/08/2024	Reduce	170	162
27/09/2024	Reduce	170	173
18/12/2024	Reduce	160	152
31/01/2025	Accumulate	160	149



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