BJÖRN BORG

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INDERES CORPORATE CUSTOMER

COMPANY REPORT

Growth accelerates, but not without trade-offs

Björn Borg delivered weak Q4 earnings due to a lower gross margin and higher operating expenses, which more than offset the benefits of strong revenue growth. The company's earnings multiples for this year are at the upper end of our acceptable valuation range, with a P/E ratio of approximately 18x and an EV/EBIT of ~14x. At current valuations, we would like to see clearer evidence that the company can successfully expand its footwear category while maintaining solid profitability. Based on our updated estimates, we believe the stock is relatively fairly valued. As a result, we lower our recommendation to Reduce (prev. Accumulate) and adjust our target price to SEK 62 per share, primarily due to revised estimates.

Strong revenue growth comes at a price

Björn Borg's Q4 revenue increased by approximately 19% year-on-year to 235 MSEK, above our estimates. The important wholesale segment reported strong growth, well above our expectations, primarily due to higher-than-expected sales in the largest market, Sweden. In our view, the positive highlight in the Q4 report was the sports apparel category, which grew by 44% despite tough comparison figures. However, growth does not come without costs, and the company's profitability was weaker than expected during the quarter. Björn Borg's Q4 gross margin declined to 53.5%, falling below our estimates. The decrease was primarily due to a shift in the sales mix, with a lower proportion of revenue coming from the higher-margin underwear category and a higher share from lower-margin segments such as sportswear and footwear. Additionally, SG&A (opex) grew in line with revenue, therefore, the company did not benefit from operational leverage despite increased sales. As a result, Q4 EBIT was disappointing, decreasing to 16.8 MSEK (Q4'23: 20.2 MSEK), below our expectations.

We revised our profitability estimates

In our view, future revenue growth will largely depend on Björn Borg successfully leveraging its brand to expand in sports apparel and footwear. While the company has driven strong growth in sports apparel, clearer signs of volume growth in footwear are needed. Although footwear sales increased in 2024, this was mainly due to the takeover of distribution outside Sweden, Denmark, and Finland. In our view, it will take time for Björn Borg to significantly grow footwear sales, as the company needs to improve quality, enhance design, and streamline distribution. Given these factors, and our anticipation of modest growth in the mature underwear category, achieving the 10% annual sales growth target will be difficult. As a result, we are maintaining our revenue estimates, expecting growth of approximately 7–8% in the coming years.

Furthermore, due to the ongoing shift in the sales mix, we believe it will be difficult for the company to significantly exceed its historical gross margins of around 53%, at least in the short to medium term. Additionally, while sales growth provides some operational leverage, continued expansion, particularly in Björn Borg's e-commerce and the German market, is likely to require additional costs going forward. Given these considerations, we have revised our EBIT estimates downward by approximately 7% over the coming years.

We stand on the sidelines for now

We forecast earnings growth of around 10% in the coming years driven by good revenue growth and a slight margin recovery. We expect Björn Borg to distribute most of its earnings and free cash flow as dividends, resulting in a dividend yield of 6%. However, the share is expensive on an actual earnings basis and in our view, Björn Borg's expected return is lower than the required return. Additionally, the DCF value is not sufficiently higher than the current share price. As a result, we turn to a Reduce recommendation (prev. Accumulate) with a lower target price of SEK 62 per share (prev. SEK 67), mainly due to lower estimates.

Recommendation
Reduce
(prev. Accumulate)

Target price:
62.0 SEK
(prev. 67 SEK)

Share price:
58.3

Business risk

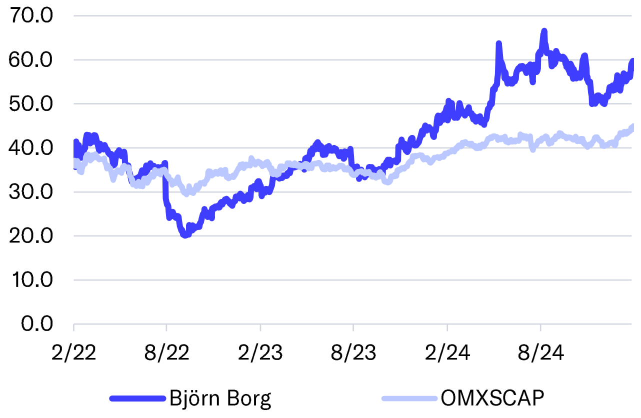
Valuation risk

	2024	2025e	2026e	2027e
Revenue	990.0	1067.7	1153.0	1238.5
growth-%	13%	8%	8%	7%
EBIT adj.	101.8	111.5	124.4	132.4
EBIT-% adj.	10.3 %	10.4 %	10.8 %	10.7 %
Net Income	72.7	82.8	92.6	98.4
EPS (adj.)	2.89	3.29	3.68	3.91
P/E (adj.)	17.9	17.7	15.8	14.9
P/B	3.6	4.0	3.9	3.9
Dividend yield-%	5.8 %	5.7 %	6.3 %	6.7 %
EV/EBIT (adj.)	13.2	13.7	12.3	11.6
EV/EBITDA	10.1	10.6	9.8	9.5
EV/S	1.4	1.4	1.3	1.2

Source: Inderes

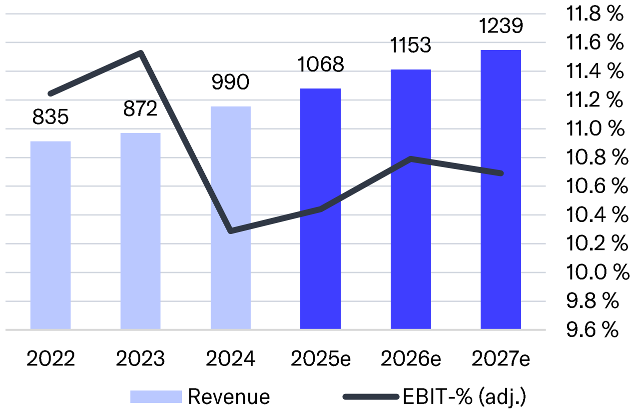
Guidance (Björn Borg does not report guidance)

Share price



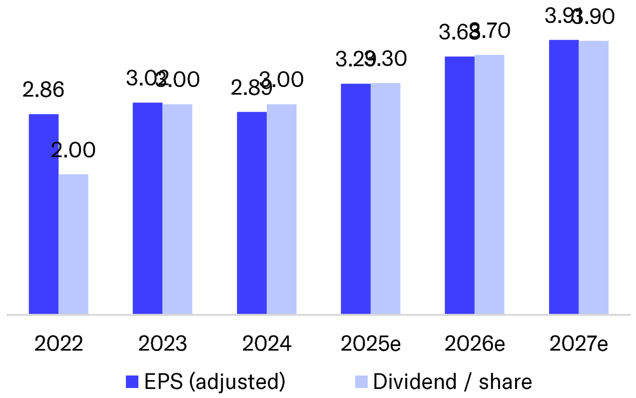
Source: Millistream Market Data AB

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	2025e	2026e	2027e
Share price	58.3	58.3	58.3
Number of shares, millions	25.1	25.1	25.1
Market cap	1466	1466	1466
EV	1523	1526	1535
P/E (adj.)	17.7	15.8	14.9
P/E	17.7	15.8	14.9
P/B	4.0	3.9	3.9
P/S	1.4	1.3	1.2
EV/Sales	1.4	1.3	1.2
EV/EBITDA	10.6	9.8	9.5
EV/EBIT (adj.)	13.7	12.3	11.6
Payout ratio (%)	100.3 %	100.5 %	99.6 %
Dividend yield-%	5.7 %	6.3 %	6.7 %

Source: Inderes

The year ended with a mixed outcome

Strong revenue growth

Björn Borg's Q4 revenue increased by 18.7% (18.5% adj. for currency effects) year-on-year to 235 MSEK, above both our and Retail investors (Pinpoint) expectations. Wholesale, the largest segment, reported strong growth of 28% in Q4'24, reaching 149 MSEK. This was well above our expectations, mainly due to a strong development in the Swedish market, which grew 43% in the fourth quarter. However, Direct-to-consumer (Q4'24: 78 MSEK), Distributors (Q4'24: 14 MSEK) and Licensing (Q4'24: 0.3 MSEK) were roughly in line with our estimates in absolute terms.

The growth figures were somewhat inflated by the integration of the footwear category, which previously generated income through royalties from a licensing partner. However, Björn Borg also distributed footwear in major markets such as Sweden and Finland last year, meaning the non-comparable impact primarily stems from additional sales in the rest of Europe. Adjusted for this, we estimate that Björn Borg still achieved strong underlying growth of approximately 15% during the quarter. In our view, the positive highlight in the Q4 report was the sports apparel category, which grew by 44% despite challenging comparison figures. Over the past three years, this category has expanded from 18% of total revenue to approximately 25% in 2024, highlighting the success of Björn Borg's shift toward becoming a sports fashion brand.

Growth does not come without cost

Björn Borg's Q4 gross margin declined to 53.5% when adjusted for currency effects (Q4'23: 56.2%), falling below our estimates of 54.0%. The decrease was primarily due to a shift in the sales mix, with a lower proportion of revenue coming from the higher-margin underwear category and a higher share from lower-margin segments such as sportswear and footwear. Additionally, SG&A (opex) grew in line with revenue, meaning the company did not benefit from operational leverage despite increased sales. As a result, Q4 EBIT was disappointing, decreasing to 16.8 MSEK (Q4'23: 20.2 MSEK), below our expectations.

Dividend remains unchanged as expected

Björn Borg's full-year EPS decreased by only ~5% to SEK 2.89, which allowed the company to keep its dividend of SEK 3.00 per share. As we expect Björn Borg 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 increase roughly in line with earnings growth in the long term.

Cash flow was strong, and the balance sheet remains good

Björn Borg delivered a 144 MSEK operating cash flow in Q4, aligning 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 0.37x and the equity ratio amounted to 53%, well above the target of 35%.

Estimates MSEK / SEK	Q4'23 Comparison	Q4'24 Actualized	Q4'24e Inderes	Q4'24e Consensus	Consensus Low	High	Difference (%) Act. vs. inderes	2024 Actual
Revenue	198	235	216	219	213 -	230	9%	990
EBIT	20.2	16.8	20.2	22.1	20.0 -	25.5	-17%	102
PTP	21.1	10.3	18.0				-43%	90.4
EPS (reported)	0.59	0.40	0.55				-28%	
DPS	3.00	3.00	3.00	0.00	0.00 -	0.00	0%	3.00
Revenue growth-%	-0.4 %	18.7 %	9.3 %	10.8 %	7.7 % -	16.5 %	9.4 pp	0.0 %
EBIT-%	10.2 %	7.2 %	9.3 %	10.1 %	9.4 % -	11.1 %	-2.2 pp	0.0 %

Source: Inderes & Pinpoint (retail consensus 11.02.25, 45 estimates) (consensus)

We lowered our profitability estimates

Revenue estimates remain largely unchanged

While Björn Borg does not provide specific numerical guidance, this quarter being no exception, the company reaffirmed its long-term financial targets of at least 10% annual sales growth and an annual operating margin of at least 10%. According to the company, sales growth is expected to come primarily from the expansion of the sports apparel and footwear categories.

In our view, achieving the revenue growth target will be challenging. While the company has demonstrated its ability to successfully expand the sports apparel category, we would like to see clearer signs of increasing volumes in the footwear segment now that it is fully integrated into its operations. Although footwear sales increased in 2024, this was, to our understanding, entirely due to the takeover of footwear distribution in markets outside Sweden, Denmark, and Finland. Looking at total footwear sales volumes, we estimate they have been declining over the past few years. We believe it will take time for Björn Borg to significantly grow footwear sales, as the company needs to improve quality, enhance design, and streamline distribution, similar to the transformation seen in the sports apparel category after its full integration in the mid-2010s.

Given these factors, we maintain our revenue estimates largely unchanged and expect the company to grow its revenue by approximately 7–8% in the coming years.

Revised EBIT estimates

Björn Borg's gross margins have historically averaged around 53% over the past decade. However, due to the ongoing shift in the sales mix, where a lower proportion of revenue comes from the higher-margin underwear category and a larger share from lower-margin segments such as sportswear and footwear, we believe it will be difficult to significantly exceed this level in the short to medium term. Additionally, while sales growth provides some operational leverage, continued expansion, particularly in Björn Borg's e-commerce and the German market, is likely to require additional costs going forward.

Given these considerations, we have revised our EBIT estimates downward by approximately 7% over the coming years, primarily due to lower gross margins.

Long-term estimates

From 2027 onwards, we estimate Björn Borg's sales growth to be around 5-6% p.a., mainly driven by continued expansion outside the Nordic countries, such as Germany and the US, where we believe Björn Borg has good potential. Regarding profitability, we expect the EBIT margin to stabilize at 11% in the long term. Assuming financials and tax rates remain fairly constant, this will drive earnings to grow relatively in line with sales.

Estimate revisions MSEK / SEK	2024 Inderes	2024e Actualized	Change %	2025e Old	2025e New	Change %	2026e Old	2026e New	Change %
Revenue	971	990	2%	1054	1068	1%	1138	1153	1%
EBITDA	138	134	-3%	152	148	-3%	164	155	-6%
EBIT (exc. NRIs)	105	102	-3%	120	115	-4%	134	124	-7%
EBIT	105	102	-3%	120	115	-4%	134	124	-7%
PTP	98.1	90.4	-8%	118	113	-4%	131	121	-8%
EPS (excl. NRIs)	3.04	2.89	-5%	3.65	3.51	-4%	4.14	3.82	-8%
DPS	3.00	3.00	0%	3.40	3.40	0%	3.75	3.70	-1%

Source: Inderes

We turn to a Reduce recommendation

Valuation summary - Reduce

We forecast strong earnings growth of around 10% in the coming years driven by good revenue growth and a slight margin recovery. We expect Björn Borg to distribute most of its earnings and free cash flow as dividends, resulting in a dividend yield of 6%. However, the share is expensive on an actual earnings basis, and in our view, Björn Borg's expected return is lower than the required return. Additionally, the DCF value is not sufficiently higher than the current share price. As a result, we turn to a Reduce recommendation (prev. Accumulate) with a lower target price of SEK 62 per share (prev. SEK 67), mainly due to lower estimates.

Acceptable absolute multiples in 2025-26

Björn Borg's earnings multiples for this year are relatively high, with a P/E ratio of around 18x 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. If the company successfully expands its footwear and sports apparel category, and if the projected earnings improvement materializes, the multiples for 2026 are P/E 16x and EV/EBIT 12x. Given the company's continued growth potential and high returns on capital, the 2026 earnings multiples appear quite attractive to us, contingent on the expected margin improvement being realized.

Looking at 2026 and onwards, when we expect more stable growth and profitability, we believe Björn Borg's acceptable P/E ratio will be 14-18x and EV/EBIT will be 12-14x based on reported figures.

Valuation compared to peers

Most 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. When comparing Björn Borg to several listed sports apparel and retail companies, the company's P/E multiples for 2025 and 2026 are, on average, 5-7% higher than those of its peers. However, when excluding the retail peers, Björn Borg trades at a discount of around 25%. 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. On one hand, we expect higher growth for Björn Borg in the coming years, on the other hand, with roughly similar profitability and return on capital levels. All in all, we, therefore, do not believe that Björn Borg is significantly mispriced relative to its peers. 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, we do not place too much emphasis on it.

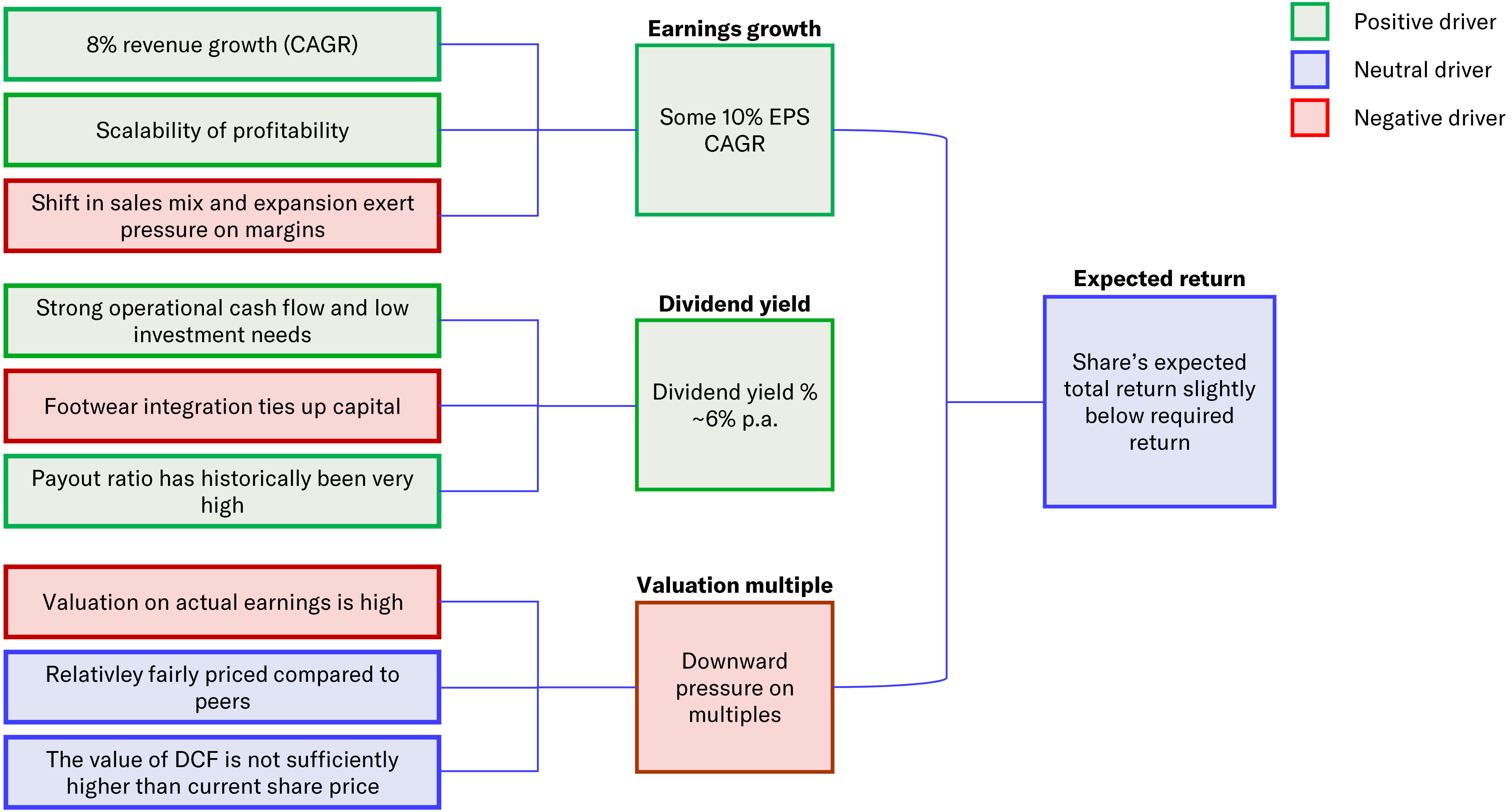
No sufficient upside in the form of DCF

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 62 per share) is only slightly higher than the current share price. Therefore, also in the context of DCF, the current valuation does not offer sufficient expected return.

Valuation	2025e	2026e	2027e
Share price	58.3	58.3	58.3
Number of shares, millions	25.1	25.1	25.1
Market cap	1466	1466	1466
EV	1523	1526	1535
P/E (adj.)	17.7	15.8	14.9
P/E	17.7	15.8	14.9
P/B	4.0	3.9	3.9
P/S	1.4	1.3	1.2
EV/Sales	1.4	1.3	1.2
EV/EBITDA	10.6	9.8	9.5
EV/EBIT (adj.)	13.7	12.3	11.6
Payout ratio (%)	100.3 %	100.5 %	99.6 %
Dividend yield-%	5.7 %	6.3 %	6.7 %

Source: Inderes

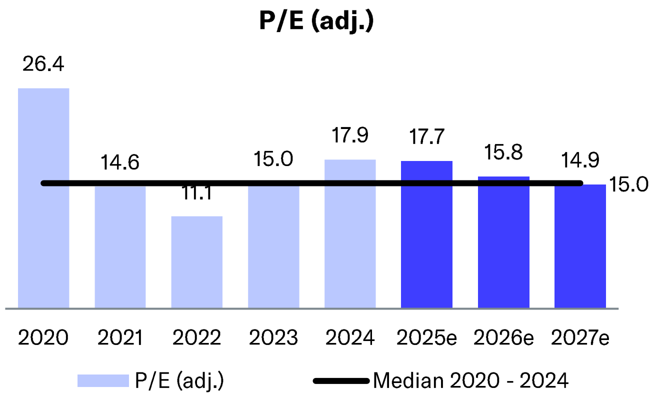
TSR drivers 2024-2026e

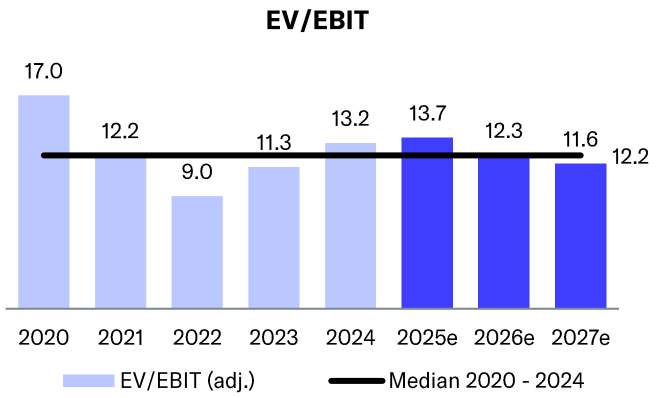


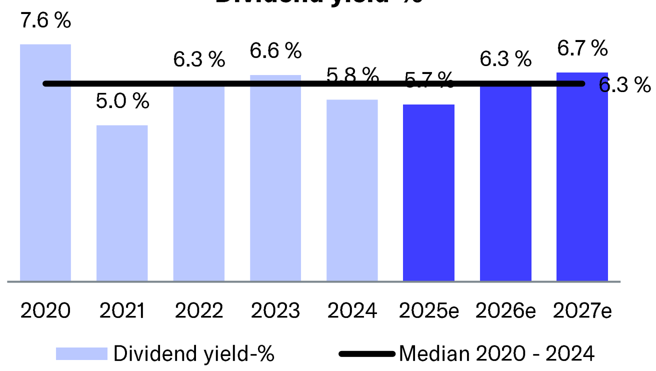
Valuation table

Valuation	2020	2021	2022	2023	2024	2025e	2026e	2027e	2028e
Share price	19.8	50.0	31.6	45.4	51.6	**58.3**	**58.3**	**58.3**	**58.3**
Number of shares, millions	25.1	25.1	25.1	25.1	25.1	**25.1**	**25.1**	**25.1**	**25.1**
Market cap	497	1257	795	1142	1298	**1466**	**1466**	**1466**	**1466**
EV	574	1275	844	1138	1349	**1523**	**1526**	**1535**	**1536**
P/E (adj.)	26.4	14.6	11.1	15.0	17.9	**17.7**	**15.8**	**14.9**	**13.5**
P/E	26.4	14.6	15.6	15.0	17.9	**17.7**	**15.8**	**14.9**	**13.5**
P/B	1.7	3.7	2.4	3.2	3.6	**4.0**	**3.9**	**3.9**	**3.7**
P/S	0.7	1.6	1.0	1.3	1.3	**1.4**	**1.3**	**1.2**	**1.1**
EV/Sales	0.8	1.7	1.0	1.3	1.4	**1.4**	**1.3**	**1.2**	**1.2**
EV/EBITDA	7.7	9.1	7.8	8.5	10.1	**10.6**	**9.8**	**9.5**	**9.0**
EV/EBIT (adj.)	17.0	12.2	9.0	11.3	13.2	**13.7**	**12.3**	**11.6**	**10.9**
Payout ratio (%)	200.3 %	73.1 %	98.9 %	99.3 %	103.8 %	**100.3 %**	**100.5 %**	**99.6 %**	**99.5 %**
Dividend yield-%	7.6 %	5.0 %	6.3 %	6.6 %	5.8 %	**5.7 %**	**6.3 %**	**6.7 %**	**7.4 %**

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**	**2025e**	**2026e**	**2025e**	**2026e**	**2025e**	**2026e**	**2025e**	**2026e**	**2025e**	**2026e**	**2025e**
Sports apparel													
Adidas	44,334	47,324	23.2	16.5	14.64	11.58	1.83	1.67	32.17	21.58	1.2	1.8	7.2
Nike	109,070	108,365	31.7	27.7	25.92	23.44	2.47	2.43	36.99	31.70	1.9	1.9	9.0
Lululemon	42,534	41,398	17.6	16.8	15.03	14.11	4.11	3.84	25.57	23.91			9.6
Puma	4,232	6,172	8.8	7.8	5.80	5.26	0.65	0.61	11.79	9.96	3.2	3.7	1.4
Under Armour	2,854	2,728	14.5	12.3	8.62	7.80	0.56	0.55	21.95	17.36			1.5
Columbia Sportswear	4,931	4,574	17.1	15.9	11.52	10.81	1.39	1.31	22.41	20.10	1.4	1.5	2.7
Retail													
PVH	4,178	5,711	7.0	6.8	5.21	5.10	0.69	0.69	6.72	6.50	0.2	0.2	0.9
GAP	8,065	7,368	7.4	7.0	4.97	4.75	0.51	0.51	11.03	10.37	2.7	2.7	2.7
H&M	20,444	25,790	14.5	13.4	6.82	6.57	1.18	1.14	16.63	15.13	5.2	5.6	4.6
Fenix Outdoor	2,029	2,085	25.8	24.8	14.94	14.58	2.61	2.50	12.98	12.45	2.8	2.9	1.6
JD Sports Fashion	5,089	8,509	7.1	6.5	3.98	3.66	0.62	0.56	6.64	6.39	1.2	1.2	1.7
Björn Borg (Inderes)	**126**	**131**	**13.7**	**12.3**	**10.6**	**9.8**	**1.4**	**1.3**	**17.7**	**15.8**	**5.7**	**6.3**	**4.0**
Average			**15.9**	**14.1**	**10.7**	**9.8**	**1.5**	**1.4**	**18.6**	**16.0**	**2.2**	**2.4**	**3.9**
Median			**14.5**	**13.4**	**8.6**	**7.8**	**1.2**	**1.1**	**16.6**	**15.1**	**1.9**	**1.9**	**2.7**
Diff-% to median			***-6%***	***-8%***	***23%***	***26%***	***21%***	***16%***	***7%***	***5%***	***201%***	***227%***	***51%***

Income statement

Income statement	2022	2023	2024	Q1'25e	Q2'25e	Q3'25e	Q4'25e	2025e	2026e	2027e	2028e
Revenue	**835**	**872**	**990**	**283**	**222**	**309**	**255**	**1068**	**1153**	**1239**	**1312**
Wholesale	540	577	672	208	130	213	156	708	751	792	832
Direct-to-consumer	220	259	288	70	80	87	88	326	366	407	446
Distributors	92	47	51	9	16	13	15	53	56	59	55
Licensing	9	9	2	0	0	0	0	1	1	1	1
EBITDA	**108**	**134**	**134**	**43**	**22**	**51**	**28**	**144**	**155**	**162**	**171**
Depreciation	-35	-33	-32	-8	-8	-8	-8	-32	-31	-30	-29
EBIT (excl. NRI)	**94**	**101**	**102**	**35**	**14**	**43**	**20**	**111**	**124**	**132**	**141**
EBIT	**73**	**101**	**102**	**35**	**14**	**43**	**20**	**111**	**124**	**132**	**141**
Wholesale	53	61	54	27	3	28	5	62	74	78	83
Direct-to-consumer	-7	22	36	6	8	12	12	38	37	41	45
Distributors	20	10	10	2	3	3	3	11	13	14	13
Licensing	7	8	2	0	0	0	0	1	1	1	1
Net financial items	-2	-3	-11	-1	-1	-2	-1	-5	-6	-6	-2
PTP	**70**	**98**	**90**	**34**	**13**	**41**	**19**	**106**	**119**	**126**	**139**
Taxes	-20	-22	-18	-7	-3	-9	-4	-23	-26	-28	-31
Minority interest	0	0	0	0	0	0	0	0	0	0	0
Net earnings	**51**	**76**	**73**	**26**	**10**	**32**	**15**	**83**	**93**	**98**	**109**
EPS (adj.)	**2.86**	**3.02**	**2.89**	**1.04**	**0.39**	**1.27**	**0.59**	**3.29**	**3.68**	**3.91**	**4.32**
EPS (rep.)	**2.02**	**3.02**	**2.89**	**1.04**	**0.39**	**1.27**	**0.59**	**3.29**	**3.68**	**3.91**	**4.32**

Key figures	2022	2023	2024	Q1'25e	Q2'25e	Q3'25e	Q4'25e	2025e	2026e	2027e	2028e
Revenue growth-%	8.7 %	4.4 %	13.5 %	10.1 %	4.0 %	8.1 %	8.6 %	7.8 %	8.0 %	7.4 %	5.9 %
Adjusted EBIT growth-%		7.1 %	1.3 %	4.5 %	44.1 %	1.1 %	20.5 %	9.4 %	11.6 %	6.4 %	6.8 %
EBITDA-%	12.9 %	15.3 %	13.5 %	15.2 %	9.8 %	16.4 %	11.1 %	13.5 %	13.5 %	13.1 %	13.0 %
Adjusted EBIT-%	11.2 %	11.5 %	10.3 %	12.4 %	6.2 %	13.8 %	8.0 %	10.4 %	10.8 %	10.7 %	10.8 %
Net earnings-%	6.1 %	8.7 %	7.3 %	9.3 %	4.4 %	10.4 %	5.8 %	7.8 %	8.0 %	7.9 %	8.3 %

Source: Inderes

Balance sheet

Assets	2023	2024	2025e	2026e	2027e
Non-current assets	**304**	**307**	**302**	**299**	**297**
Goodwill	36.4	36.4	36.4	36.4	36.4
Intangible assets	194	195	194	193	192
Tangible assets	61.6	63.0	59.6	57.8	56.8
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	12.3	12.3	12.3	12.3	12.3
Current assets	**327**	**357**	**412**	**441**	**470**
Inventories	184	194	214	228	243
Other current assets	16.9	16.9	16.9	16.9	16.9
Receivables	99.4	136	149	161	173
Cash and equivalents	26.6	9.7	32.0	34.6	37.2
Balance sheet total	**632**	**663**	**714**	**740**	**767**

Source: Inderes

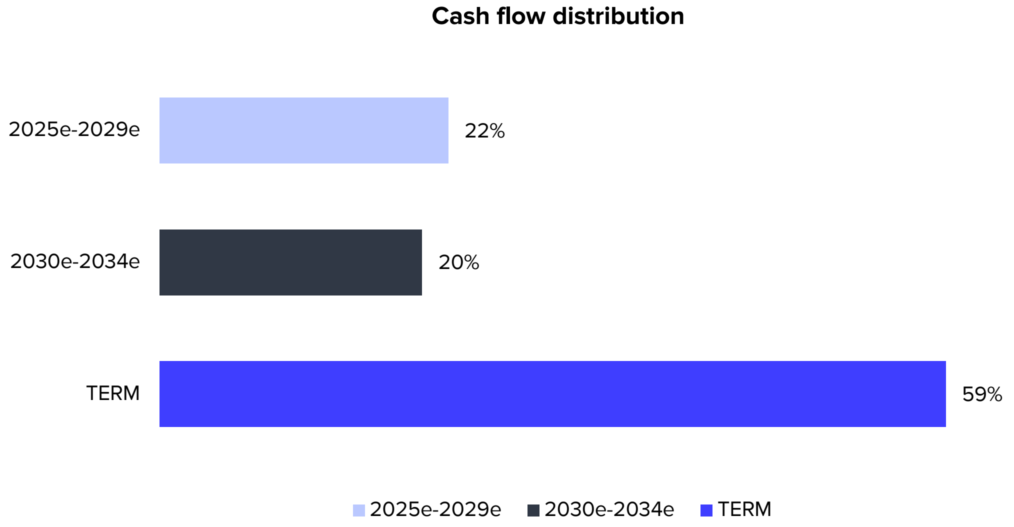
Liabilities & equity	2023	2024	2025e	2026e	2027e
Equity	**351**	**352**	**365**	**375**	**386**
Share capital	7.9	7.9	7.9	7.9	7.9
Retained earnings	175	177	184	193	199
Hybrid bonds	0.0	0.0	0.0	0.0	0.0
Revaluation reserve	0.0	0.0	0.0	0.0	0.0
Other equity	174	174	174	174	174
Minorities	-6.3	-6.3	-6.3	-6.3	-6.3
Non-current liabilities	**65.2**	**56.3**	**108**	**111**	**118**
Deferred tax liabilities	39.7	39.7	39.7	39.7	39.7
Provisions	0.0	0.0	0.0	0.0	0.0
Interest bearing debt	25.5	16.6	68.4	71.7	78.0
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	**216**	**255**	**247**	**260**	**275**
Interest bearing debt	17.4	66.6	45.6	47.8	52.0
Payables	136	126	139	150	161
Other current liabilities	62.4	62.4	62.4	62.4	62.4
Balance sheet total	**632**	**663**	**714**	**740**	**767**

DCF-calculation

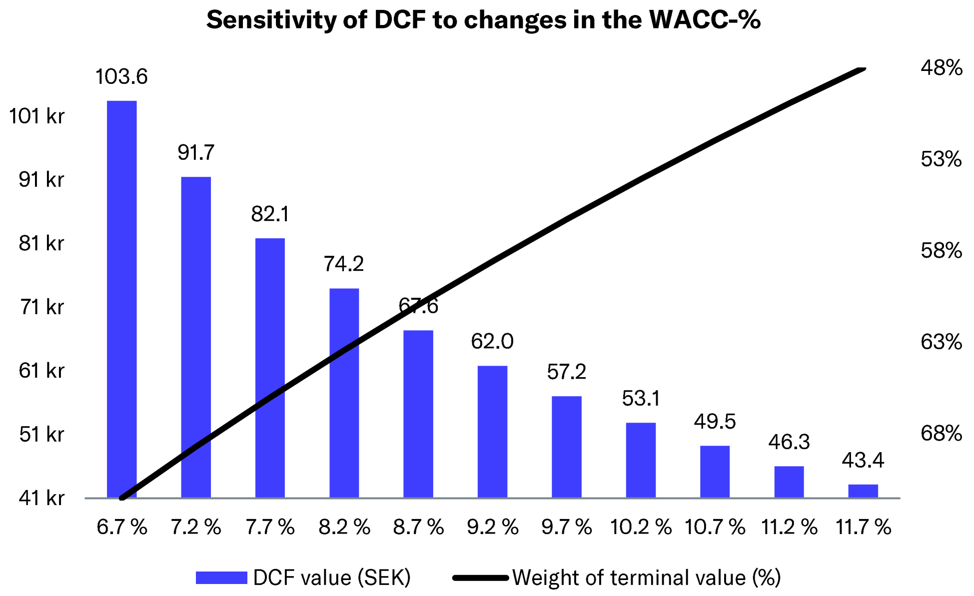
DCF model	2024	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	2034e	TERM
Revenue growth-%	13.5 %	7.8 %	8.0 %	7.4 %	5.9 %	5.8 %	5.7 %	5.5 %	5.5 %	5.5 %	2.5 %	2.5 %
EBIT-%	10.3 %	10.4 %	10.8 %	10.7 %	10.8 %	10.9 %	11.0 %	11.0 %	11.0 %	11.0 %	11.0 %	11.0 %
EBIT (operating profit)	**102**	**111**	**124**	**132**	**141**	**151**	**161**	**170**	**180**	**190**	**195**	
+ Depreciation	32.1	32.4	30.7	29.9	29.4	29.1	29.0	28.9	28.8	28.8	28.8	
- Paid taxes	-17.7	-23.3	-26.1	-27.8	-30.7	-32.8	-35.1	-37.0	-39.1	-41.3	-42.5	
- Tax, financial expenses	-2.2	-1.2	-1.3	-1.4	-0.4	-0.4	-0.4	-0.4	-0.4	-0.4	-0.4	
+ 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	-56.0	-20.2	-15.6	-15.3	-12.5	-14.1	-14.6	-16.3	-13.9	-18.0	-7.0	
Operating cash flow	**58.0**	**99.1**	**112**	**118**	**127**	**133**	**140**	**145**	**155**	**159**	**174**	
+ 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	-34.5	-28.0	-27.6	-27.8	-27.9	-28.1	-28.2	-28.3	-28.4	-28.4	-28.4	
Free operating cash flow	**23.4**	**71.1**	**84.5**	**90.0**	**99.3**	**105**	**112**	**117**	**127**	**130**	**146**	
+/- Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
FCFF	23.4	71.1	84.5	90.0	99.3	105	112	117	127	130	146	2248
Discounted FCFF		**66.0**	**71.8**	**70.1**	**70.7**	**68.5**	**67.0**	**64.1**	**63.5**	**59.8**	**61.2**	**946**
Sum of FCFF present value		1608	1542	1470	1400	1330	1261	1194	1130	1067	1007	946
Enterprise value DCF		**1608**										
- Interest bearing debt		-83.2										
+ Cash and cash equivalents		9.7										
-Minorities		25.3										
-Dividend/capital return		0.0										
Equity value DCF		**1560**										
Equity value DCF per share		**62**										

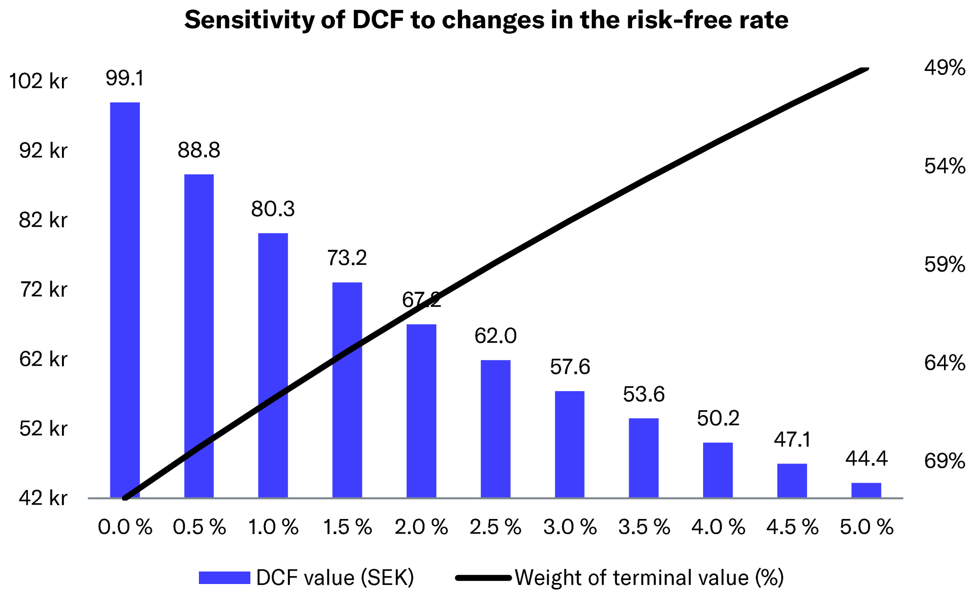
WACC	
Tax-% (WACC)	20.6 %
Target debt ratio (D/(D+E))	7.0 %
Cost of debt	5.0 %
Equity Beta	1.07
Market risk premium	4.75%
Liquidity premium	2.00%
Risk free interest rate	2.5 %
Cost of equity	**9.6 %**
Weighted average cost of capital (WACC)	**9.2 %**

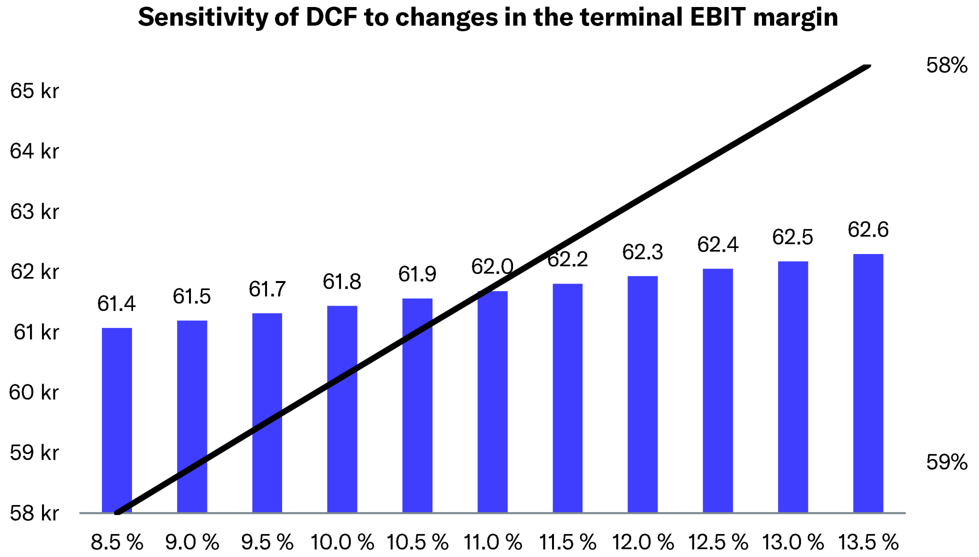
Source: Inderes

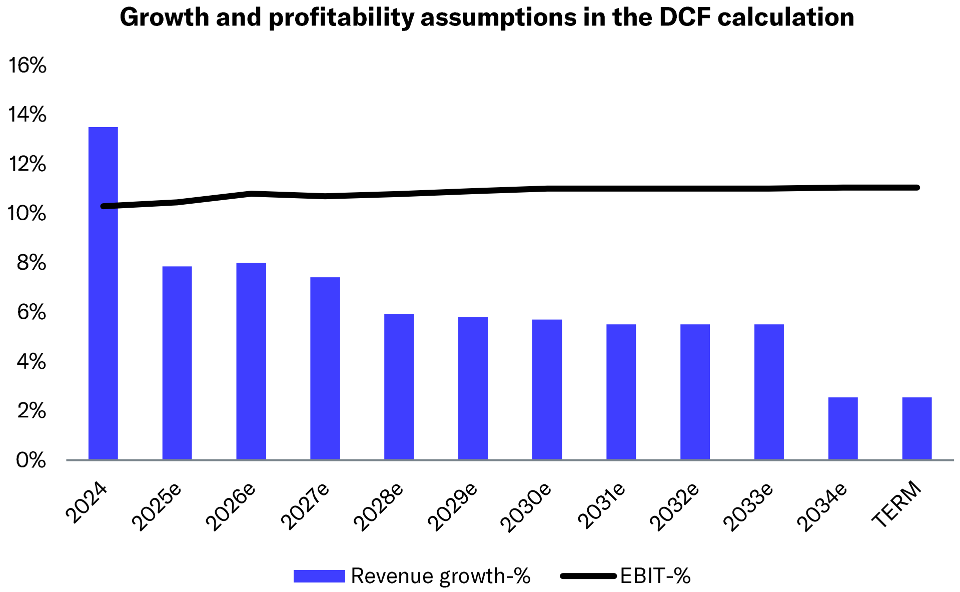


DCF sensitivity calculations and key assumptions in graphs









Source: Inderes. Note that the weight of the terminal value (%) is shown on an inverse scale for clarity.

Summary

Income statement	2022	2023	2024	2025e	2026e
Revenue	835.2	872.3	990.0	**1067.7**	**1153.0**
EBITDA	107.7	133.6	134.0	**143.9**	**155.1**
EBIT	72.9	100.6	101.8	**111.5**	**124.4**
PTP	70.4	97.7	90.4	**106.1**	**118.7**
Net Income	50.9	76.0	72.7	**82.8**	**92.6**
Extraordinary items	-21.0	0.0	0.0	**0.0**	**0.0**

Per share data	2022	2023	2024	2025e	2026e
EPS (reported)	2.02	3.02	2.89	**3.29**	**3.68**
EPS (adj.)	2.86	3.02	2.89	**3.29**	**3.68**
OCF / share	2.67	5.02	2.31	**3.94**	**4.46**
FCF / share	1.42	4.04	0.93	**2.83**	**3.36**
Book value / share	13.18	14.20	14.25	**14.54**	**14.92**
Dividend / share	2.00	3.00	3.00	**3.30**	**3.70**

Balance sheet	2022	2023	2024	2025e	2026e
Balance sheet total	653.4	631.5	663.5	**714.2**	**740.4**
Equity capital	324.8	350.8	351.9	**359.3**	**368.8**
Goodwill	36.5	36.4	36.4	**36.4**	**36.4**
Net debt	65.6	16.2	73.5	**82.0**	**85.0**

Growth and profitability	2022	2023	2024	2025e	2026e
Revenue growth-%	9%	4%	13%	**8%**	**8%**
EBITDA growth-%	-23%	24%	0%	**7%**	**8%**
EBIT (adj.) growth-%	-10%	7%	1%	**9%**	**12%**
EPS (adj.) growth-%	-16%	6%	-4%	**14%**	**12%**
EBITDA-%	12.9 %	15.3 %	13.5 %	**13.5 %**	**13.5 %**
EBIT (adj.)-%	11.2 %	11.5 %	10.3 %	**10.4 %**	**10.8 %**
EBIT-%	8.7 %	11.5 %	10.3 %	**10.4 %**	**10.8 %**
ROE-%	15.2 %	22.1 %	20.3 %	**22.9 %**	**25.0 %**
ROI-%	16.6 %	25.1 %	24.6 %	**24.5 %**	**25.9 %**
Equity ratio	49.7 %	55.6 %	53.0 %	**50.3 %**	**49.8 %**
Gearing	20.2 %	4.6 %	20.9 %	**22.8 %**	**23.0 %**

Cash flow	2022	2023	2024	2025e	2026e
EBITDA	107.7	133.6	134.0	**143.9**	**155.1**
Change in working capital	-21.8	14.9	-56.0	**-20.2**	**-15.6**
Operating cash flow	67.2	126.2	58.0	**99.1**	**112.1**
CAPEX	-31.6	-24.6	-34.5	**-28.0**	**-27.6**
Free cash flow	35.6	101.6	23.4	**71.1**	**84.5**

Valuation multiples	2022	2023	2024	2025e	2026e
EV/S	1.0	1.3	1.4	**1.4**	**1.3**
EV/EBITDA	7.8	8.5	10.1	**10.6**	**9.8**
EV/EBIT (adj.)	9.0	11.3	13.2	**13.7**	**12.3**
P/E (adj.)	11.1	15.0	17.9	**17.7**	**15.8**
P/B	2.4	3.2	3.6	**4.0**	**3.9**
Dividend-%	6.3 %	6.6 %	5.8 %	**5.7 %**	**6.3 %**

Source: Inderes

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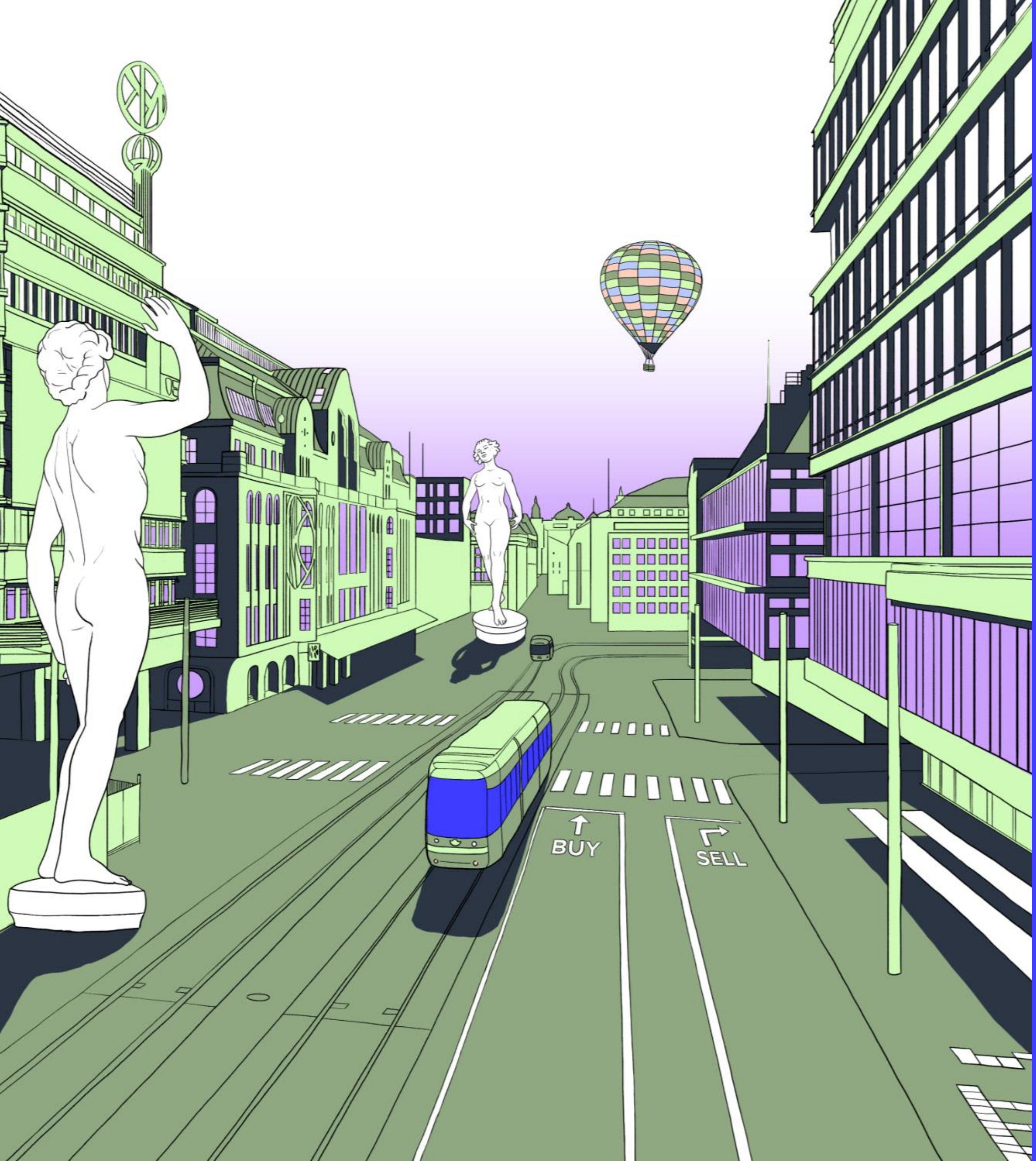
Recommendation history (>12 mo)

Date	Recommendation	Target	Share price
2024-08-07	Accumulate	63.0 kr	57.3 kr
2024-08-19	Accumulate	68.0 kr	61.2 kr
2024-11-18	Accumulate	67.0 kr	61.0 kr
2025-02-24	Reduce	62.0 kr	58.3 kr



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