

Björn Borg

Company report

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✓ Inderes corporate customer

indecres.

Maintaining a good pace despite challenging conditions

The operating environment continues to be challenging due to low consumer purchasing power and confidence. In addition, Björn Borg has, during the past year, struggled with internal challenges in integrating the footwear distribution from the previous partner that went bankrupt early this year. Despite these factors, we believe that Björn Borg delivered a stable third quarter, although it was somewhat below our expectations in terms of sales. The valuation of P/E 17x and EV/EBIT 13x for 2025 looks quite attractive and a combination of dividends and earnings growth should give around 10% total shareholder return. Therefore, we reiterate our Accumulate recommendation but lower our target price slightly to SEK 67 (prev. SEK 68 per share), due to lower estimates and in line with our DCF model.

Despite revenue trailing expectations, we consider the quarter as a stable performance

Björn Borg's Q3 revenue increased by approximately 9% year-on-year to 285 MSEK, falling short of both our expectations and the Retail Consensus (Pinpoint Estimates). The important wholesale segment reported stable growth, but below our expectations, primarily due to lower-than-expected sales in the largest market, Sweden. On the positive side, the German market grew significantly, with a 44% increase, supported by strong sell-through at major e-tailers like Zalando. Björn Borg's EBIT increased by 3% to 42.1 MSEK, relatively well in line with our expectations. The gross margin decreased slightly, from 52.6% in Q3'23 to 52.1%, reflecting a shift in the sales mix, as well as increased sales to larger customers with higher discounts. The reduced gross margin, coupled with increased operating expenses driven by heightened marketing activities, resulted in a decline in profitability. EBIT margin slipped to 14.8%, compared to 15.6% in Q3'23. Nonetheless, profitability remained good in our view, slightly exceeding our expectations.

We have revised our estimates to reflect the challenging operating environment

Due to slightly lower-than-expected sales in Q3'24, we have adjusted our revenue estimates downward by approximately 6% for the current year, primarily impacting the Wholesale segment. For 25-26, we have also revised our revenue estimates downward by 5-6% to better reflect the ongoing challenging operating environment. While inflation and interest rates are declining, the positive effects on consumer purchasing power and confidence are unlikely to materialize significantly, at least before the second half of next year. We have kept our profitability (EBIT-%) estimates relatively unchanged for 24-26. Consequently, our absolute EBIT estimates have been revised downward along with revenue. We still believe that costs related to the integration of the footwear business and increased marketing activities will continue to exert some pressure on profitability. Nevertheless, we expect profitability to remain at healthy levels, with EBIT margins of around 11-12% in the coming years, supported by a higher proportion of online sales.

Risk/reward remains attractive

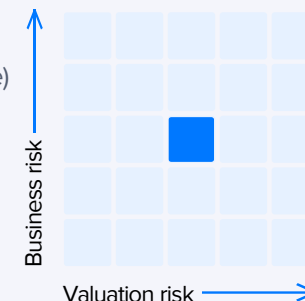
We consider Björn Borg an interesting investment opportunity given the company's capacity for good value creation. Although we expect some downward pressure on LTM earnings multiples, we believe that the medium-term earnings growth of some good ~10-15% coupled with a dividend yield of some 6%, offers a total expected return above our required return. We therefore continue to consider the risk/reward ratio relatively good.

Recommendation

Accumulate
(prev. Accumulate)

67.0 SEK
(prev. 68 SEK)

Share price:
61.0



Key indicators

	2023	2024e	2025e	2026e
Revenue	872.3	971.3	1053.9	1138.1
growth-%	4%	11%	9%	8%
EBIT adj.	100.6	105.2	119.9	134.4
EBIT-% adj.	11.5 %	10.8 %	11.4 %	11.8 %
Net Income	76.0	76.6	91.9	104.0
EPS (adj.)	3.02	3.04	3.65	4.14

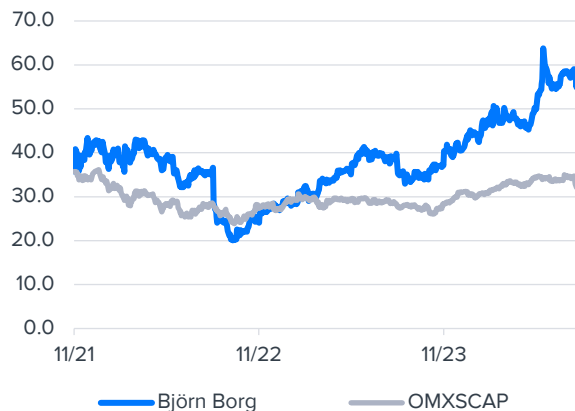
P/E (adj.)	15.0	20.0	16.7	14.7
P/B	3.2	4.3	4.1	3.9
Dividend yield-%	6.6 %	4.9 %	5.6 %	6.1 %
EV/EBIT (adj.)	11.3	15.0	13.2	11.7
EV/EBITDA	8.5	11.5	10.4	9.6
EV/S	1.3	1.6	1.5	1.4

Source: Inderes

Guidance

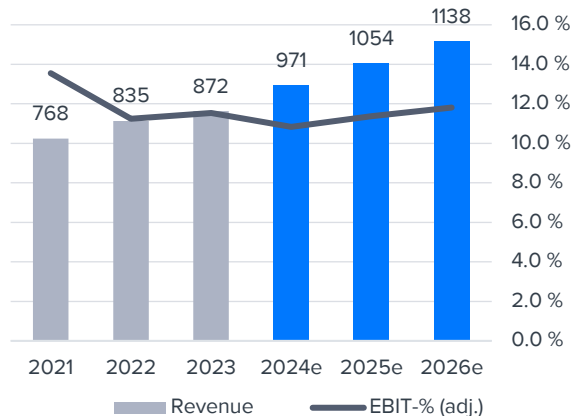
(Björn Borg does not provide guidance)

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	61.0	61.0	61.0
Number of shares, millions	25.1	25.1	25.1
Market cap	1534	1534	1534
EV	1581	1577	1571
P/E (adj.)	20.0	16.7	14.7
P/E	20.0	16.7	14.7
P/FCF	64.8	18.7	16.1
P/B	4.3	4.1	3.9
P/S	1.6	1.5	1.3
EV/Sales	1.6	1.5	1.4
EV/EBITDA	11.5	10.4	9.6
EV/EBIT (adj.)	15.0	13.2	11.7
Payout ratio (%)	98.5 %	93.1 %	90.0 %
Dividend yield-%	4.9 %	5.6 %	6.1 %

Source: Inderes

A good quarter, although revenue lagged behind expectations

Revenue fell short of expectations

Björn Borg's Q3 revenue increased by approximately 9% year-on-year to 285 MSEK, falling short of both our expectations and the Retail Consensus (Pinpoint Estimates). Adjusted for currency effects, revenue grew by 10%, indicating minimal impact from exchange rate fluctuations during the quarter. The lower-than-expected revenue was primarily attributed to weaker growth in the wholesale segment, especially in the Swedish market. However, the Direct-to-Consumer (Q3'24: 78 MSEK), Distributor (Q3'24: 14 MSEK), and Licensing (Q3'24: 0.2 MSEK) segments were largely in line with our estimates in absolute terms.

On the positive side, the German market grew significantly, with a 44% increase, supported by strong sell-through at major retailers like Zalando.

Despite revenue slightly trailing expectations, we consider Björn Borg's performance stable in light of the challenging economic environment.

Profitability was at good levels

Björn Borg's EBIT rose by 3% to 42.1 MSEK, aligning roughly with our expectations in absolute figures. The gross margin narrowed slightly, decreasing from 52.6% in Q3'23 to 52.1% (51.2% adjusted for currency effects), reflecting a shift in the sales mix. The reduced gross margin, coupled with increased operating expenses driven by heightened marketing activities, resulted in a decline in profitability. Consequently, the EBIT margin slipped to 14.8%, compared to 15.6% in Q3'23. Nonetheless, profitability remained good in our view, slightly exceeding our expectations. In the bottom lines, EPS improved to SEK 1.39 (SEK 1.27), surpassing our

forecasts. This improvement was mainly driven by favorable changes in net financials, attributable to the revaluation of financial assets and liabilities in foreign currencies.

Operating cash flow stood at -67.6 MSEK YTD (-8.1 MSEK), primarily reflecting higher capital commitments related to the integration of the footwear business. However, this outcome aligns with our expectations. Nevertheless, we anticipate stronger operating cash flow by year-end, as Björn Borg typically reduces working capital requirements in Q2 and Q4. Looking at R12 working capital-to-gross sales, the ratio declined slightly to 19% (21%), signaling positive progress despite pressures from footwear integration. Net debt/EBITDA remained stable at 1.2x, and the equity ratio stood at a solid 47%, well above the 35% target.

Estimates MSEK / SEK	Q3'23	Q3'24	Q3'24e	Q3'24e	Consensus		Difference (%)	2024e
	Comparison	Actualized	Inderes	Consensus	Low	High	Act. vs. Inderes	Inderes
Revenue	262	285	311	297	281	305	-8%	971
EBIT (adj.)	40.9	42.1	43.7				-4%	105
EBIT	40.9	42.1	43.7	41.7	36.4	44.3	-4%	105
PTP	40.6	44.1	43.0				2%	98.1
EPS (adj.)	1.27	1.39	1.34				4%	3.04
EPS (reported)	1.27	1.39	1.34				4%	3.04
Revenue growth-%	5.4 %	8.8 %	18.7 %	13.5 %	7.1 %	16.2 %	-9.9 pp	11.4 %
EBIT-%	15.6 %	14.8 %	14.0 %	14.0 %	13.0 %	14.5 %	0.7 pp	12.0 %

Source: Inderes & Pinpoint (retail consensus 11.11.24, 63 estimates) (consensus)

We have lowered our estimates slightly

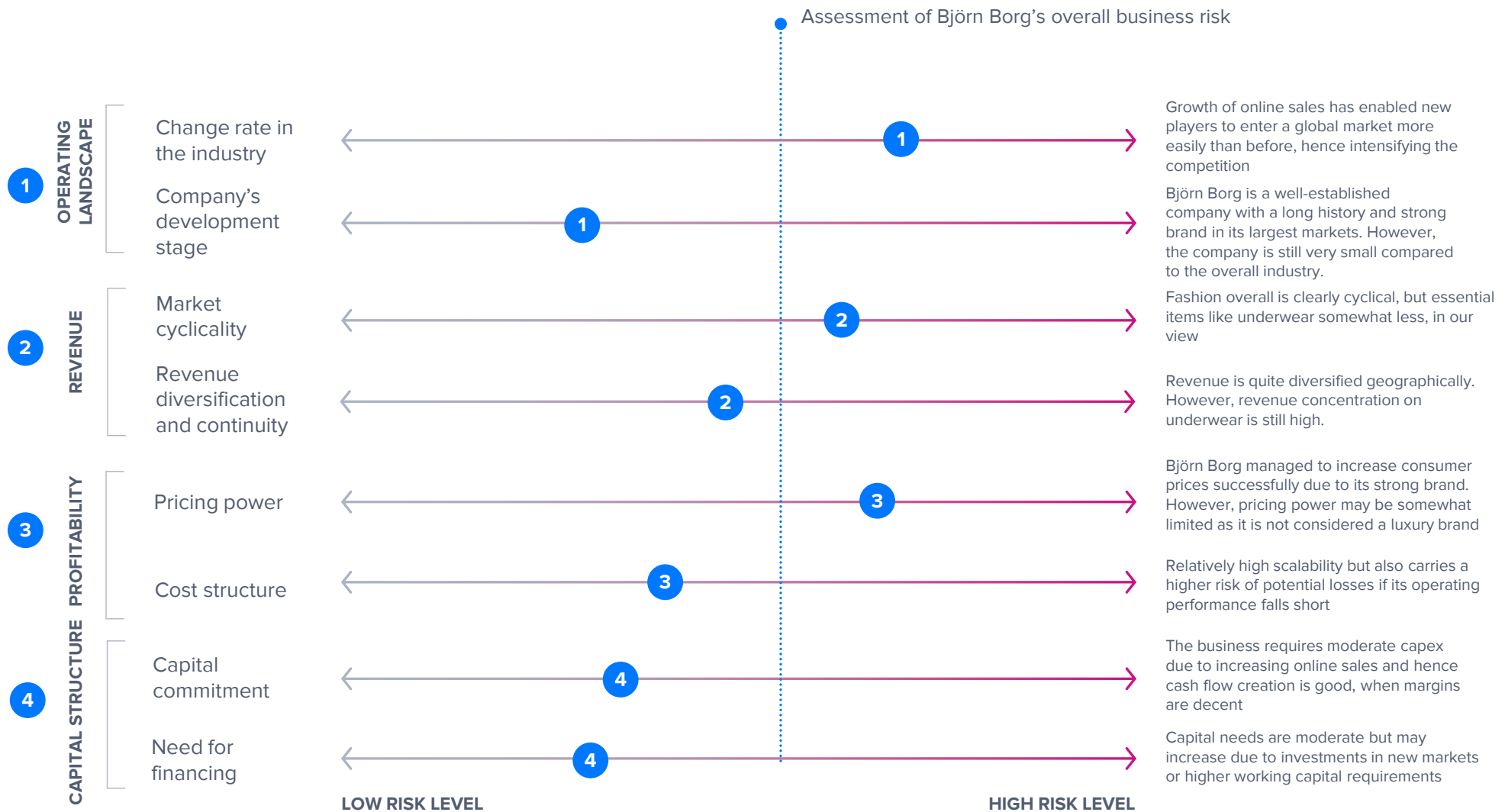
Estimate changes 2024-26:

- Due to slightly lower-than-expected sales in Q3'24, we have adjusted our revenue estimates downward by approximately 6% for the current year, primarily impacting the Wholesale segment. Despite this revision, our updated estimates anticipate a strong finish to the year, with Q4 revenue growth of around 8-9%. This growth is expected to be driven mainly by continued expansion in the company's Own e-commerce channel.
- For 2025-2026, we have also revised our revenue estimates downward by 5-6% to better reflect the ongoing challenging operating environment. While inflation and interest rates are declining, the positive effects on consumer purchasing power and confidence are unlikely to materialize significantly before the second half of next year.
- Although Björn Borg delivered slightly better-than-expected profitability (EBIT-%) in Q3'24, we kept our profitability estimates largely unchanged. We believe that costs related to the integration of the footwear business, increased marketing activities, and the growing share of footwear sales, initially carrying lower gross margins, will continue to exert some pressure on profitability. Nevertheless, we expect profitability to remain at healthy levels, with EBIT margins of around 11-12% in the coming years, supported by a higher proportion of online sales. Consequently, our absolute EBIT estimates have been revised downward by approximately 5% for 2024-2026, in line with the adjustments to revenue estimates.
- We maintain our long-term growth estimates and our confidence in the company's ability to generate good profitable growth. Our [extensive report](#) provides a comprehensive perspective on our estimates.

Estimate revisions	2024e		Change	2025e		Change	2026e		Change
MSEK / SEK	Old	New	%	Old	New	%	Old	New	%
Revenue	1031	971	-6%	1119	1054	-6%	1194	1138	-5%
EBITDA	144	138	-4%	159	152	-4%	168	164	-2%
EBIT (exc. NRIs)	111	105	-5%	127	120	-5%	141	134	-5%
EBIT	111	105	-5%	127	120	-5%	141	134	-5%
PTP	103	98.1	-5%	125	118	-5%	137	131	-5%
EPS (excl. NRIs)	3.18	3.04	-4%	3.86	3.65	-5%	4.34	4.14	-5%
DPS	3.00	3.00	0%	3.40	3.40	0%	0.00	0.00	

Source: Inderes

Risk profile of the business model



Risk/reward ratio remains attractive

We reiterate our Accumulate recommendation

We consider Björn Borg an interesting investment opportunity given the company's capacity for good value creation. Although we expect some downward pressure on LTM earnings multiples, we believe that the medium-term earnings growth of some good ~10-15% coupled with a dividend yield of some 6%, offers a total expected return above our required return. We, therefore, still consider the risk/reward ratio quite good and reiterate our Accumulate recommendation. Due to our updated estimates, we cut our target price slightly to SEK 67 per share (prev. SEK 68 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 20x and EV/EBIT of ~15x. 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 17x and EV/EBIT 13x) will be in line with the company's 10-year medians. Given the company's continued growth potential and high returns on capital, the 2025 earnings multiples appear quite attractive in our view, 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 2025 and 2026 are, on average, 3-4% lower than those of its peers. However, when excluding the retail peers, the discount increases to 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. 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.

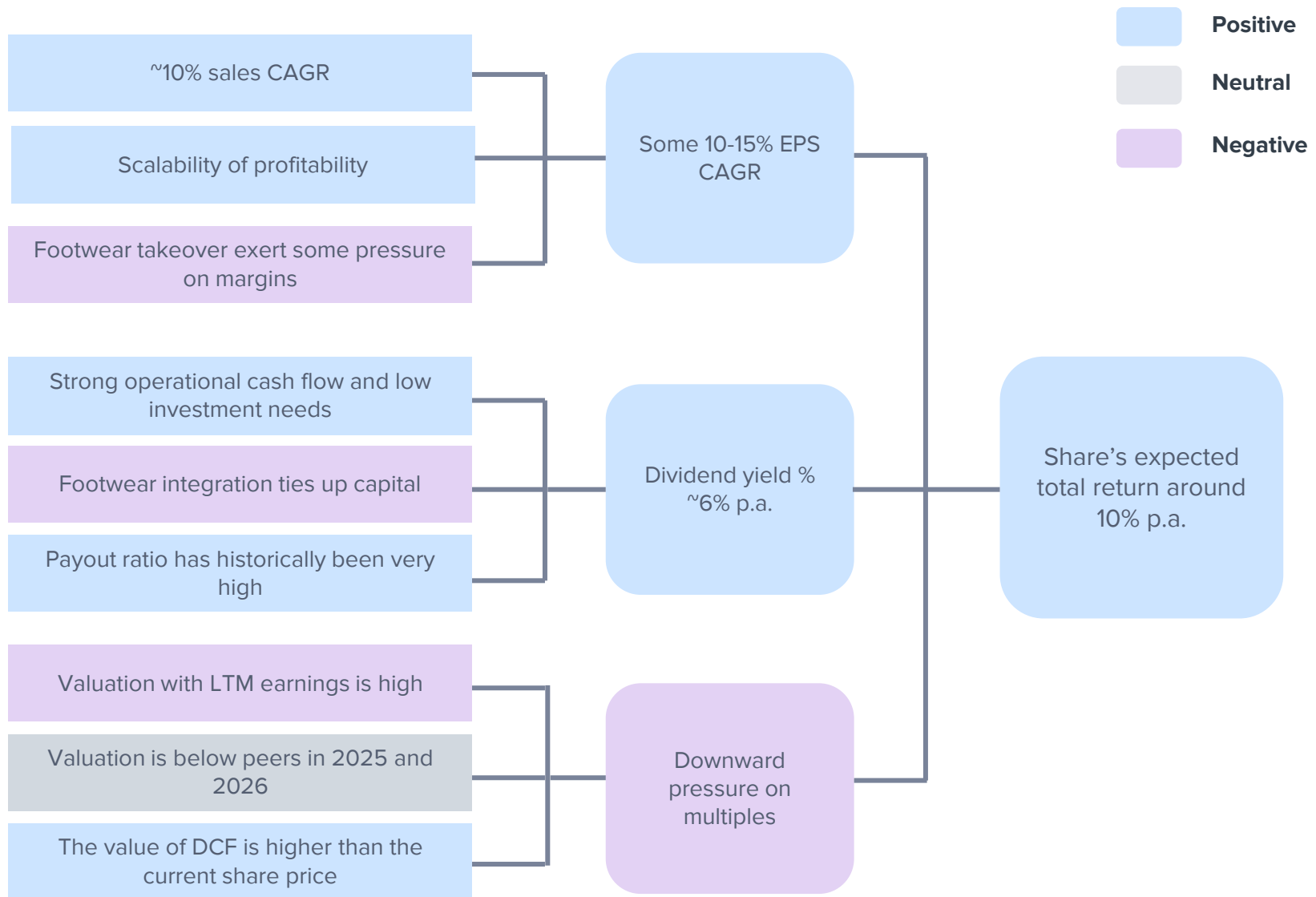
DCF model is also in the green

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. Based on our updated short/mid-term estimates, which, on the other hand have a small impact on our DCF value, we arrive at a value per share of SEK 67 (prev. SEK 68 per share). Therefore, also in the context of DCF, the current valuation generates sufficient expected return.

Valuation	2024e	2025e	2026e
Share price	61.0	61.0	61.0
Number of shares, millions	25.1	25.1	25.1
Market cap	1534	1534	1534
EV	1581	1577	1571
P/E (adj.)	20.0	16.7	14.7
P/E	20.0	16.7	14.7
P/FCF	64.8	18.7	16.1
P/B	4.3	4.1	3.9
P/S	1.6	1.5	1.3
EV/Sales	1.6	1.5	1.4
EV/EBITDA	11.5	10.4	9.6
EV/EBIT (adj.)	15.0	13.2	11.7
Payout ratio (%)	98.5 %	93.1 %	90.0 %
Dividend yield-%	4.9 %	5.6 %	6.1 %

Source: Inderes

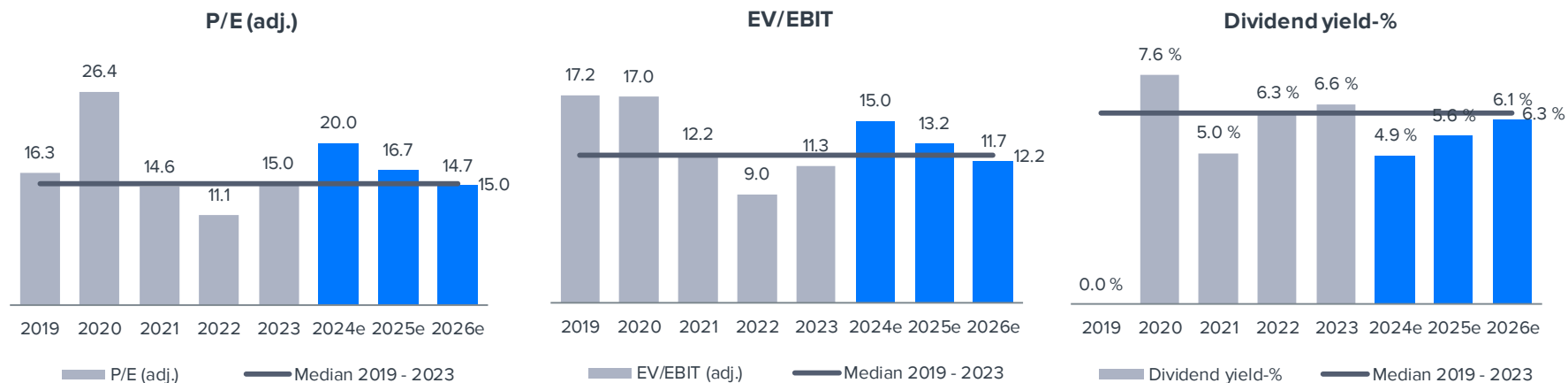
TSR drivers Q2'24-2026e



Valuation table

Valuation	2019	2020	2021	2022	2023	2024e	2025e	2026e	2027e
Share price	25.3	19.8	50.0	31.6	45.4	61.0	61.0	61.0	61.0
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	1534	1534	1534	1534
EV	883	574	1275	844	1138	1581	1577	1571	1562
P/E (adj.)	16.3	26.4	14.6	11.1	15.0	20.0	16.7	14.7	13.3
P/E	16.3	26.4	14.6	15.6	15.0	20.0	16.7	14.7	13.3
P/B	2.3	1.7	3.7	2.4	3.2	4.3	4.1	3.9	3.7
P/S	0.8	0.7	1.6	1.0	1.3	1.6	1.5	1.3	1.3
EV/Sales	1.2	0.8	1.7	1.0	1.3	1.6	1.5	1.4	1.3
EV/EBITDA	8.1	7.7	9.1	7.8	8.5	11.5	10.4	9.6	8.9
EV/EBIT (adj.)	17.2	17.0	12.2	9.0	11.3	15.0	13.2	11.7	10.6
Payout ratio (%)	0.0 %	200.3 %	73.1 %	98.9 %	99.3 %	98.5 %	93.1 %	90.0 %	90.0 %
Dividend yield-%	0.0 %	7.6 %	5.0 %	6.3 %	6.6 %	4.9 %	5.6 %	6.1 %	6.8 %

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	2024e	2025e	2024e	2025e	2024e	2025e	2024e	2025e	2024e	2025e	2024e
Sports apparel													
Adidas	38,556	41,891	34.5	21.1	17.33	13.11	1.81	1.66	55.20	29.06	0.8	1.4	7.5
Nike	108,320	107,101	17.1	23.5	15.48	20.15	2.18	2.37	20.50	27.57	1.9	1.9	8.4
Lululemon	37,294	35,788	17.1	15.6	14.74	13.26	3.92	3.62	25.68	22.97			10.5
Puma	6,974	8,943	13.9	11.9	8.84	8.01	1.01	0.94	22.12	16.92	1.7	2.2	2.6
Under Armour	3,887	3,948	13.3	23.9	9.24	13.59	0.73	0.81	17.25	30.41			1.8
Columbia Sportswear	4,539	4,184	16.3	14.6	12.36	10.17	1.32	1.26	21.57	19.53	1.5	1.5	2.5
Retail													
PVH	5,409	6,906	7.9	8.5	5.95	6.33	0.80	0.84	9.74	8.71	0.2	0.2	1.3
GAP	7,687	7,063	15.0	7.5	7.21	4.97	0.50	0.50	18.39	11.50	2.7	2.8	3.3
H&M	21,641	25,970	16.9	14.6	7.64	6.92	1.27	1.23	21.14	17.59	4.4	4.8	5.5
Fenix Outdoor	1,861	1,958	25.8	24.2	14.50	14.03	2.57	2.45	13.07	11.90	2.9	3.0	1.6
JD Sports Fashion	7,357	11,237	9.5	8.9	5.64	5.12	0.89	0.82	10.06	9.05	0.7	0.8	2.2
Björn Borg (Inderes)	132	136	15.0	13.2	11.5	10.4	1.6	1.5	20.0	16.7	4.9	5.6	4.3
Average			17.0	15.8	10.8	10.5	1.5	1.5	21.3	18.7	1.9	2.1	4.3
Median			16.3	14.6	9.2	10.2	1.3	1.2	20.5	17.6	1.7	1.9	2.6
Diff-% to median			-8%	-10%	24%	2%	28%	22%	-2%	-5%	186%	187%	67%

Income statement

Income statement	2021	2022	Q1'23	Q2'23	Q3'23	Q4'23	2023	Q1'24	Q2'24	Q3'24	Q4'24e	2024e	2025e	2026e	2027e
Revenue	768	835	247	166	262	198	872	257	213	285	216	971	1054	1138	1219
Wholesale	502	540	182	91	188	116	577	190	136	197	123	646	688	733	777
Direct-to-consumer	213	220	54	63	68	74	259	62	71	78	83	294	332	368	402
Distributors	71	92	9	14	11	13	47	8	14	14	14	51	53	56	59
Licensing	10	9	4	3	1	1	9	1	0	0	0	2	1	1	1
EBITDA	140	108	40	16	49	28	134	42	18	50	28	138	152	164	175
Depreciation	-36	-35	-9	-8	-8	-8	-33	-8	-8	-8	-8	-33	-32	-30	-28
EBIT (excl. NRI)	104	94	31	8	41	20	101	33	10	42	20	105	120	134	147
EBIT	104	73	31	8	41	20	101	33	10	42	20	105	120	134	147
Wholesale	69	53	25	1	29	6	61	28	-3	27	6	59	74	82	89
Direct-to-consumer	14	-7	1	3	7	11	22	2	10	12	11	35	33	39	43
Distributors	14	20	1	2	4	3	10	2	2	3	3	10	12	13	14
Licensing	8	7	4	2	1	1	8	1	0	0	0	2	1	1	1
Net financial items	3	-2	-1	-3	0	1	-3	-7	0	2	-2	-7	-2	-3	-1
PTP	107	70	31	5	41	21	98	27	9	44	18	98	118	131	146
Taxes	-21	-20	-6	-1	-9	-6	-22	-6	-3	-9	-4	-22	-26	-27	-30
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	35	14	77	92	104	116
EPS (adj.)	3.42	2.86	0.99	0.17	1.27	0.59	3.02	0.84	0.26	1.39	0.55	3.04	3.65	4.14	4.60
EPS (rep.)	3.42	2.02	0.99	0.17	1.27	0.59	3.02	0.84	0.26	1.39	0.55	3.04	3.65	4.14	4.60
												1%	20%	13%	11%
Key figures	2021	2022	Q1'23	Q2'23	Q3'23	Q4'23	2023	Q1'24	Q2'24	Q3'24	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 %	8.9 %	9.3 %	11.4 %	8.5 %	8.0 %	7.1 %
Adjusted EBIT growth-%		-9.8 %	-0.1 %	-11.3 %	-1.9 %	72.9 %	7.1 %	6.6 %	17.5 %	2.8 %	0.1 %	4.6 %	14.0 %	12.1 %	9.2 %
EBITDA-%	18.2 %	12.9 %	16.2 %	9.8 %	18.7 %	14.3 %	15.3 %	16.2 %	8.2 %	17.6 %	13.1 %	14.2 %	14.4 %	14.4 %	14.4 %
Adjusted EBIT-%	13.5 %	11.2 %	12.7 %	4.9 %	15.6 %	10.2 %	11.5 %	13.0 %	4.5 %	14.7 %	9.3 %	10.8 %	11.4 %	11.8 %	12.0 %
Net earnings-%	11.2 %	6.1 %	10.0 %	2.5 %	12.2 %	7.6 %	8.7 %	8.3 %	3.1 %	12.2 %	6.4 %	7.9 %	8.7 %	9.1 %	9.5 %

Source: Inderes

Balance sheet

Assets	2022	2023	2024e	2025e	2026e
Non-current assets	313	304	307	301	296
Goodwill	36.5	36.4	36.4	36.4	36.4
Intangible assets	195	194	195	194	193
Tangible assets	68.8	61.6	63.0	57.6	54.7
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	357	407	436
Inventories	201	184	194	211	225
Other current assets	19.1	16.9	16.9	16.9	16.9
Receivables	104	99.4	136	148	159
Cash and equivalents	16.0	26.6	9.7	31.6	34.1
Balance sheet total	653	632	663	707	732

Source: Inderes

Liabilities & equity	2022	2023	2024e	2025e	2026e
Equity	325	351	352	368	387
Share capital	7.9	7.9	7.9	7.9	7.9
Retained earnings	149	175	177	193	212
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	56.3	99.7	96.8
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	16.6	60.0	57.1
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	255	239	248
Interest bearing debt	49.3	17.4	66.6	40.0	38.1
Payables	106	136	126	137	148
Other current liabilities	101	62.4	62.4	62.4	62.4
Balance sheet total	653	632	663	707	732

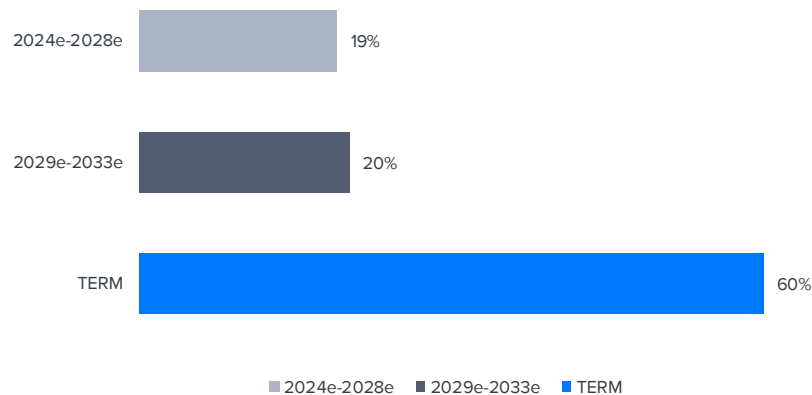
DCF calculation

DCF model	2023	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	TERM
Revenue growth-%	4.4 %	11.4 %	8.5 %	8.0 %	7.1 %	6.5 %	6.3 %	6.0 %	5.5 %	5.0 %	2.5 %	2.5 %
EBIT-%	11.5 %	10.8 %	11.4 %	11.8 %	12.0 %	12.0 %	12.0 %	12.0 %	12.0 %	12.0 %	12.0 %	12.0 %
EBIT (operating profit)	101	105	120	134	147	156	166	176	185	194	200	
+ Depreciation	33.0	32.6	32.0	29.8	28.5	27.7	27.3	27.1	26.9	26.9	26.8	
- Paid taxes	-21.6	-21.6	-25.9	-27.0	-30.0	-31.9	-33.9	-35.9	-37.9	-39.8	-41.1	
- Tax, financial expenses	-0.6	-1.6	-0.5	-0.7	-0.3	-0.2	-0.2	-0.2	-0.2	-0.2	-0.2	
+ 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	-56.0	-17.3	-15.4	-14.3	-13.7	-15.3	-15.3	-16.2	-12.3	-6.6	
Operating cash flow	126	58.7	108	121	131	138	143	151	158	169	179	
+ 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	-35.0	-26.0	-25.6	-25.8	-25.9	-26.1	-26.2	-26.3	-26.4	-26.4	
Free operating cash flow	102	23.7	82.2	95.5	105	112	117	125	131	142	153	
+/- 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	23.7	82.2	95.5	105	112	117	125	131	142	153	2359
Discounted FCFF		23.4	74.5	79.3	79.7	77.8	74.8	72.9	70.3	69.8	68.5	1058
Sum of FCFF present value		1749	1726	1651	1572	1492	1415	1340	1267	1196	1127	1058
Enterprise value DCF		1749										
- Interest bearing debt		-42.8										
+ Cash and cash equivalents		26.6										
-Minorities		27.0										
-Dividend/capital return		-75.4										
Equity value DCF		1685										
Equity value DCF per share		67.0										

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 %

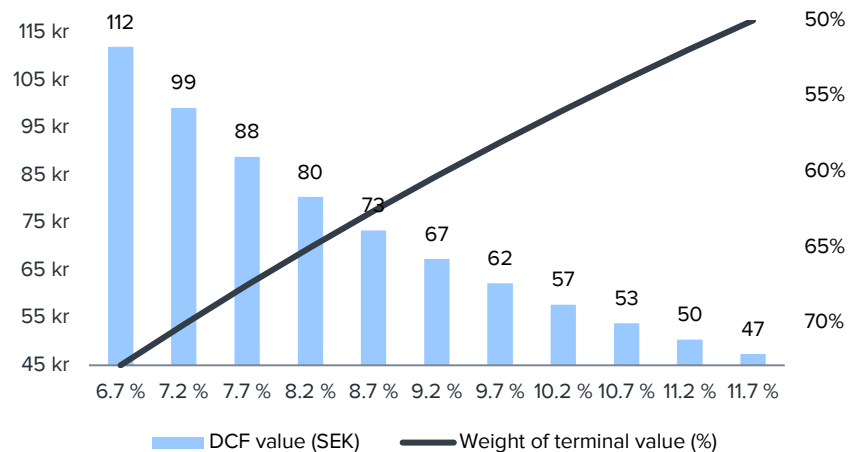
Source: Inderes

Cash flow distribution

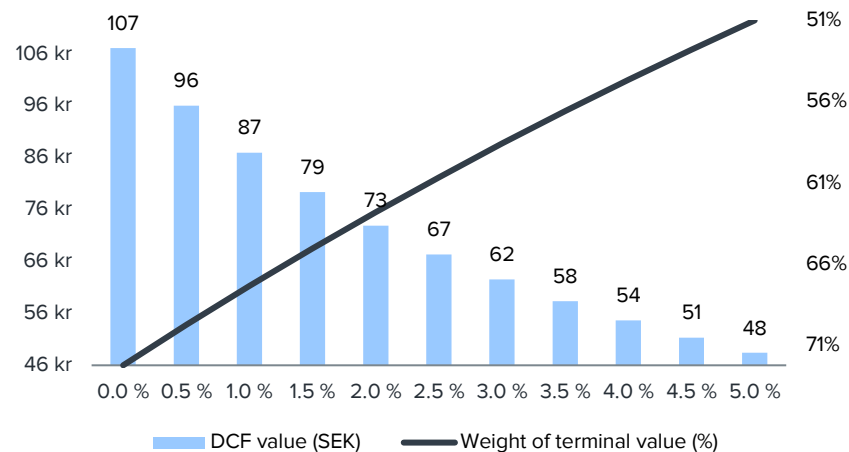


DCF sensitivity calculations and key assumptions in graphs

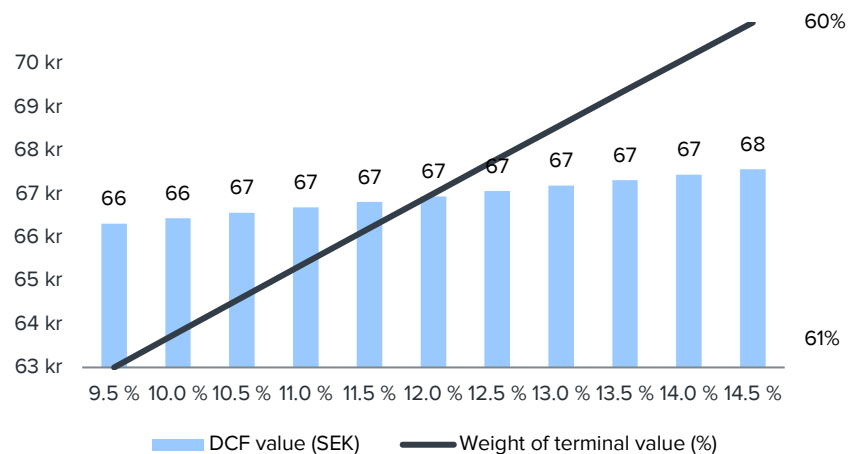
Sensitivity of DCF to changes in the WACC-%



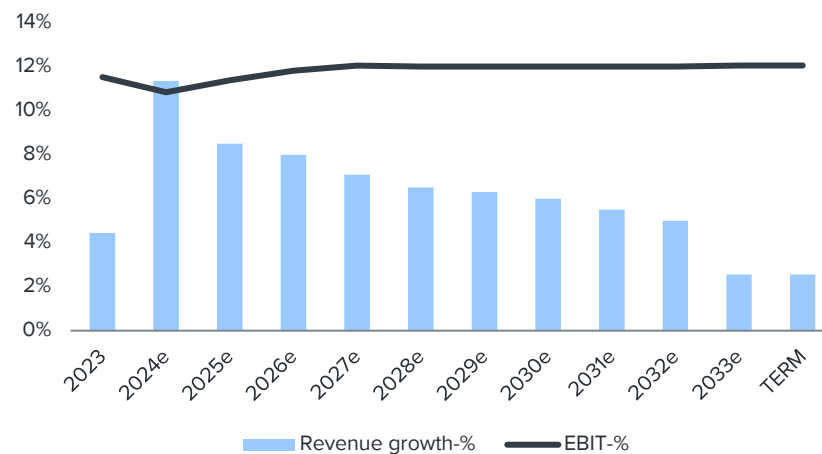
Sensitivity of DCF to changes in the risk-free rate



Sensitivity of DCF to changes in the terminal EBIT margin



Growth and profitability assumptions in the DCF calculation



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

Summary

Income statement	2021	2022	2023	2024e	2025e	Per share data	2021	2022	2023	2024e	2025e
Revenue	768.2	835.2	872.3	971.3	1053.9	EPS (reported)	3.42	2.02	3.02	3.04	3.65
EBITDA	139.6	107.7	133.6	137.8	151.9	EPS (adj.)	3.42	2.86	3.02	3.04	3.65
EBIT	104.1	72.9	100.6	105.2	119.9	OCF / share	4.77	2.67	5.02	2.33	4.30
PTP	106.9	70.4	97.7	98.1	117.8	FCF / share	3.47	1.42	4.04	0.94	3.27
Net Income	86.0	50.9	76.0	76.6	91.9	Book value / share	13.52	13.18	14.20	14.25	14.90
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	663.5	707.5	Revenue growth-%	9%	9%	4%	11%	9%
Equity capital	334.2	324.8	350.8	351.9	368.4	EBITDA growth-%	87%	-23%	24%	3%	10%
Goodwill	34.7	36.5	36.4	36.4	36.4	EBIT (adj.) growth-%	209%	-10%	7%	5%	14%
Net debt	39.2	65.6	16.2	73.5	68.4	EPS (adj.) growth-%	357%	-16%	6%	1%	20%
Cash flow	2021	2022	2023	2024e	2025e	EBITDA-%	18.2 %	12.9 %	15.3 %	14.2 %	14.4 %
EBITDA	139.6	107.7	133.6	137.8	151.9	EBIT (adj.)-%	13.5 %	11.2 %	11.5 %	10.8 %	11.4 %
Change in working capital	-1.3	-21.8	14.9	-56.0	-17.3	EBIT-%	13.5 %	8.7 %	11.5 %	10.8 %	11.4 %
Operating cash flow	120.1	67.2	126.2	58.7	108.2	ROE-%	27.0 %	15.2 %	22.1 %	21.4 %	25.1 %
CAPEX	-32.8	-31.6	-24.6	-35.0	-26.0	ROI-%	22.7 %	16.6 %	25.1 %	25.4 %	26.5 %
Free cash flow	87.2	35.6	101.6	23.7	82.2	Equity ratio	49.1 %	49.7 %	55.6 %	53.0 %	52.1 %
Valuation multiples	2021	2022	2023	2024e	2025e	Gearing	11.7 %	20.2 %	4.6 %	20.9 %	18.6 %
EV/S	1.7	1.0	1.3	1.6	1.5						
EV/EBITDA	9.1	7.8	8.5	11.5	10.4						
EV/EBIT (adj.)	12.2	9.0	11.3	15.0	13.2						
P/E (adj.)	14.6	11.1	15.0	20.0	16.7						
P/B	3.7	2.4	3.2	4.3	4.1						
Dividend-%	5.0 %	6.3 %	6.6 %	4.9 %	5.6 %						

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



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