



NEWS FLASH

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Sweden

Consumer Discretionary & Staples

Research analysts:

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Share price: SEK57.1

Fair value range: SEK63.0–75.0

Strong shoe-driven growth, margins on the soft side

Strong organic sales growth, shoe wear grew 57% Y/Y

Organic sales growth was impressive at 19% Y/Y (+54bps to Carnegie estimates), and although strong sales growth was expected on the back of the integration of the shoe segment, this was stronger than anticipated. The driving sales channel is wholesale, growing 28% Y/Y in Q4. As we had highlighted, own online faced tough comps growing 46% in Q4(23), but the 10% Y/Y growth in Q4(24) was lower than our estimated growth of 14%. By product segment, sport apparel grew 44% Y/Y in Q4 and footwear grew 57% Y/Y.

Margin impacted by sales channels, product mix

Gross margin was 53% in Q4(24), -353bps from Q4(23) gross margin of 57%, mainly impacted by costs relating to the shoe integration and some sequentially lower growth in the margin-accretive own e-commerce channel. While operating expenses were 49% of sales in Q4(24) compared to 50% in Q4(23), the lower-than-expected gross margin resulted in a reported EBIT margin of 7% in Q4 (compared to our estimates of 10%). The EBIT margin was -304bps Y/Y from 10% in Q4(24). Net interest expenses (SEK-7m compared to SEK1m in the same quarter last year) contained some unusually large items relating to FX that impacted EPS, which was SEK0.4 in Q4(24) (SEK0.59 same quarter last year). The proposed dividend was SEK3/share, 104% of EPS(24) and in line with our expectations.

Upcoming events

- Q1 Report: 15 May 2025

Longevity of the margin impact is key

Management cites confidence that the footwear category can improve on margins, and the timing of this is important in our view. While the impact from the footwear integration has been anticipated and reflected in our 2025 gross margin estimates, we still expect a full-year 2025 gross margin improvement towards a full-year gross margin of 54% (53% in 2024). While marketing expenses were sequentially higher as a share of sales at 11% in Q4, we argue that the share of opex to sales was good, from a seasonal perspective.

Key facts		Key figures (SEK)				Share price - 5Y					
		2023	2024e	2025e	2026e	High/Low (12M) SEK66.6/45.2					
No. shares (m)	25.1	Sales (m)	872	979	1,044	1,098	Perf. 3M 6M 12M YTD				
Market cap. (USDm)	135	EBITDA (m)	134	139	163	174	Abs. 3.5 -7.7 23.5 10.6				
Market cap. (SEKm)	1,436	EBIT (m)	101	107	130	142	Rel. -6.5 -14.5 8.8 1.5				
Net IB Debt. (SEKm)	2	EPS	3.02	3.00	4.00	4.36					
Adjustments (SEKm)	0	EPS adj.	3.02	3.00	4.00	4.36					
EV (2024e) (SEKm)	1,438	DPS	3.00	3.00	3.20	3.30					
Free float	87.2%	Sales growth Y/Y	4%	12%	7%	5%					
Avg. daily vol. ('000)	11	EPS adj. growth Y/Y	9%	-1%	33%	9%					
Risk	Medium Risk	EBIT margin	11.5%	10.9%	12.5%	12.9%					
Fiscal year end	December	P/E adj.	18.9	19.0	14.3	13.1					
Share price as of (CET)	21 Feb 2025 09:29	EV/EBIT	10.6	12.1	10.6	9.4					
		EV/EBITA	10.6	12.1	10.6	9.4					
		EV/EBITDA	7.9	9.3	8.5	7.6					
		P/BV	4.1	4.0	3.8	3.5					
		Dividend yield	5.3%	5.3%	5.6%	5.8%					
		FCF yield	6.0%	4.0%	8.1%	7.3%					
		Equity/Total Assets	55.6%	47.0%	48.5%	50.4%					
		ROCE	25.0%	22.2%	25.1%	26.5%					
		ROE adj.	22.5%	21.3%	27.2%	27.6%					
		Net IB debt/EBITDA	0.0	0.0	-0.4	-0.6					

Source: Carnegie Research, FactSet, Millstream & company data

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Deviation table

Björn Borg									
Carnegie estimates	2023				2024			Carnegie	
SEKm	Q2	Q3	Q4	Q1	Q2	Q3	Q4a	Q4e	Dev
Sales	166	262	198	257	213	285	235	224	5%
Growth	2.5%	5.4%	-0.4%	4.0%	28.7%	8.8%	18.7%	13.5%	5.2pp
Organic	-2.0%	0.8%	-3.0%	3.7%	28.3%	10.4%	18.6%	13.2%	5.4pp
Adj EBIT	8	41	20	33	10	42	17	22	-24%
Adj EBIT margin	4.9%	15.6%	10.2%	13.0%	4.5%	14.7%	7.2%	9.8%	-2.7pp
EO	0	0	0	0	0	0	0	0	
EBIT	8	41	20	33	10	42	17	22	-24%
EBIT margin	4.9%	15.6%	10.2%	13.0%	4.5%	14.7%	7.2%	9.8%	-2.7pp
	0	0	0	0	0	0	0	0	
Net financials	-3	0	1	-7	0	-2	-7	-1	584%
Pre-tax Profit	5	41	21	27	9	40	10	21	-51%
Tax	-1	-9	-6	-6	-3	-9	0	-4	-93%
Tax rate	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0pp
Net profit	4	32	15	21	7	31	10	17	-41%
EPS (SEK)	0.2	1.3	0.6	0.8	0.3	1.2	0.4	0.7	-41%
EPS Adj (SEK)	0.2	1.3	0.6	0.8	0.3	1.2	0.4	0.7	-41%

Source: Björn Borg, Carnegie Research

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