



COMPANY UPDATE

Consumer Discretionary & Staples

Fair value: SEK61.0–76.0

Share price: SEK62.5

Björn Borg

Gross margin tailwinds set to aid EBIT growth – Q3 preview

Research analysts:

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Despite tough Y/Y comparables, we still expect Q3 sales to be up 2% Y/Y, while we see gross margin headwinds from favourable FX benefiting gross and EBIT margins, yielding 9% growth Y/Y in EBIT. We tweak our fair value range to SEK61–76 (62–77).

We expect 2% net sales growth Y/Y in Q3 despite still-tough comparables. We expect 5% organic growth in Q3 with 3%-points of FX headwinds, following 10% organic growth in Q3 2024. We see the own online segment maintaining double-digit growth (11% Y/Y in Q3e), and 5% Y/Y for the wholesale segment.

Positive H2 margin outlook. We estimate Q3 EBIT of SEK46m (+9% Y/Y), implying a margin of 16% (Q3 2024: 15%), led by gross margin expansion from FX-related purchasing tailwinds, as well as margin-accretive segments outperforming. We forecast a Q3 gross margin of 53.5% (Q3 2024: 52.1%), implying a Y/Y expansion, implying that the FX-related tailwinds will offset the potential negative impact from other items such as discount pressure.

2026e EPS down 4%, no change to 2025e. We tweak our 2025–27e sales, and lower 2026e EPS by 4% on opex adjustments.

Smaller segments in focus – but still expecting growth in line with historical levels. Following the Q2 2024 footwear integration, Björn Borg now has a bird's eye view of development, design and sales in its key growth categories. The group recently raised its annual sales growth target to 10% (from 5%). We believe strong post-integration growth in the footwear segment could support top-line growth above 5% medium-term but maintain our 2025–27 estimates of 5–6% growth. We have a fair value range of SEK61–76 (62–77).

Changes in this report				Key figures (SEK)					Share price – 5-year																			
	From	To	Chg		2024	2025e	2026e	2027e																				
EPS adj. 2025e	3.6	3.6	+0%	Sales (m)	990	1,038	1,101	1,156	Björn Borg OMX Stockholm_PI (Se) (Rebased) High/Low (12M)SEK64/46.8 <table><tr><td>Perf.</td><td>3M</td><td>6M</td><td>12M</td><td>YTD</td></tr><tr><td>Abs.</td><td>6.27</td><td>14.84</td><td>9.04</td><td>21.49</td></tr><tr><td>Rel.</td><td>1.50</td><td>2.96</td><td>7.49</td><td>15.93</td></tr></table>					Perf.	3M	6M	12M	YTD	Abs.	6.27	14.84	9.04	21.49	Rel.	1.50	2.96	7.49	15.93
Perf.	3M	6M	12M	YTD																								
Abs.	6.27	14.84	9.04	21.49																								
Rel.	1.50	2.96	7.49	15.93																								
EPS adj. 2026e	4.3	4.1	-4%	EBITDA (m)	134	142	167	179																				
EPS adj. 2027e	4.5	4.5	+1%	EBIT (m)	102	111	135	148																				
Upcoming events				EPS	2.89	3.61	4.13	4.50																				
Q3 Report		14 Nov 2025		EPS adj.	2.89	3.61	4.13	4.50																				
Q4 Report		13 Feb 2026		DPS	3.00	3.20	3.30	3.30																				
Key facts				Sales growth Y/Y	13%	5%	6%	5%																				
No. shares (m)		25.1		EPS adj. growth Y/Y	-4%	25%	14%	9%																				
Market cap. (USDm)		166		EBIT margin	10.3%	10.7%	12.3%	12.8%																				
Market cap. (SEKm)		1,572		P/E adj.	21.6	17.3	15.1	13.9																				
Net IB Debt. (SEKm)		8		EV/EBIT	13.0	14.2	11.4	10.2																				
Adjustments (SEKm)		0		EV/EBITA	13.0	14.2	11.4	10.2																				
EV (2025e) (SEKm)		1,579		EV/EBITDA	9.9	11.1	9.2	8.5																				
Free float		87.2%		P/BV	4.5	4.3	4.1	3.8																				
Avg. daily vol. ('000)		11		Dividend yield	4.8%	5.1%	5.3%	5.3%																				
BBG		BORG SS		FCF yield	2.7%	5.1%	6.3%	5.9%																				
Fiscal year end		December		Equity/Total Assets	49.7%	52.3%	54.7%	56.4%																				
Share price as of (CET)	16 Oct 2025 13:43			ROCE	23.5%	28.5%	32.4%	34.8%																				
				ROE adj.	20.7%	25.4%	27.8%	28.3%																				
				Net IB debt/EBITDA	0.2	0.1	-0.2	-0.3																				

Source: DNB Carnegie (estimates), FactSet, Infront & company data

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Please see the last two pages for important disclosures. This report was completed and disseminated at 16 October 2025, 14:32 CET
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Equity story

Near term: within 12M

Björn Borg's own online sales channel has been a strong driver of the group's growth and profitability, with a 2018–24 CAGR of 29% and average EBIT margins since 2020 of 17%. We estimate that key drivers of the development include fast sports apparel segment growth, along with stronger pricing power for the Björn Borg group and consumer preferences that keep shifting towards online channels. A key factor for the near-term equity story is maintained online growth, which we believe will be underpinned by product segments such as sports apparel, footwear and/or bags.

Long-term outlook: 5Y+

We argue that long-term growth is determined by segments outside the traditional underwear categories, such as sports apparel, footwear and bags. We estimate that long-term revenue growth could go beyond the 2014–24 CAGR of 6% if Björn Borg manages to utilise its brand strength to drive growth in these segments. In addition, Björn Borg can add growth through continued expansion in markets such as Germany and the US, which currently only make up a small part of total sales. Succeeding in these product and geographical segments is key for Björn Borg to achieve its objective of 10% annual sales growth, in our view.

Key risks:

- Consumer spending is dependent on inflation, interest rates, income levels and unemployment rates
- Björn Borg is impacted by currency fluctuations, mainly USD/SEK and EUR/SEK
- The retail apparel market is competitive, with many competitors both online and in physical stores

Company description

Björn Borg designs and sells underwear, shoes, sports apparel, and accessories under the brand Björn Borg. Sweden and the Netherlands are Björn Borg's largest markets, together accounting for 58% of 2024 revenue. Underwear is the largest product segment, at 52% of 2024 revenue, while the sports apparel segment made up 25% of revenue in 2024.

Key industry drivers

- Consumer spending levels, impacted by inflation, interest rates, income levels and employment rates
- Structural shift among customers towards online sales channels

Industry outlook

- Swedish consumer confidence is down year to date. Currently it is below the historical average of 100, implying weak current sentiment.

Largest shareholders, capital

Nordnet Pensionförsäkring	16.0%
Martin Bjäringer	9.9%
Mats Nilsson	6.5%

Cyclicality

Cyclicality: Yes
Early

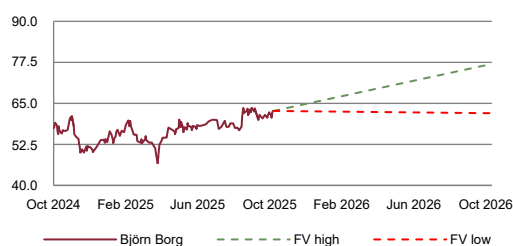
Key peers

PVH, RVRC Holding, Foot Locker, Nike, Adidas, Under Armour

Valuation and methodology

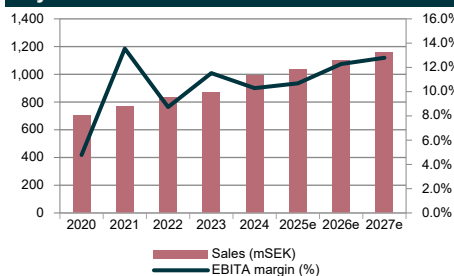
We value Björn Borg using a peer-based method. Considering the strong historical growth and margin profile of the group's own online channel (2018–24 CAGR of 29% and average EBIT margins since 2020 of 17%), we argue that this channel can be valued separately based on a set of fast-growing, strong-margin retail companies.

Fair value range 12M

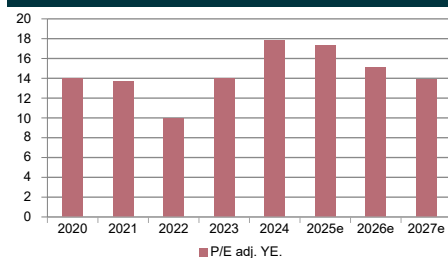


To arrive at the lower end of fair value range, we apply a 2026e EV/EBIT of 13x for the own online segment, and 10x for the rest of the group. The upper end of our fair value range is reached using a 2026e EV/EBIT of 15x for the own online segment, and 13x for the rest of the group. We arrive at these multiples applying a multiple discount of 1–14% to peers for the upper part of the range, and 14–33% for the lower end.

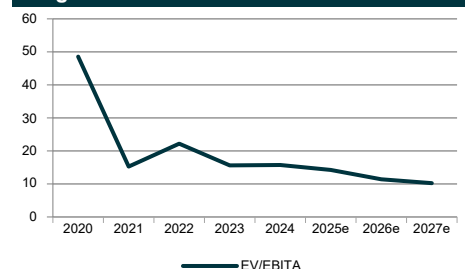
Key metrics



P/E 12-months forward



Long-term valuation trend



Source: DNB Carnegie (estimates) & company data

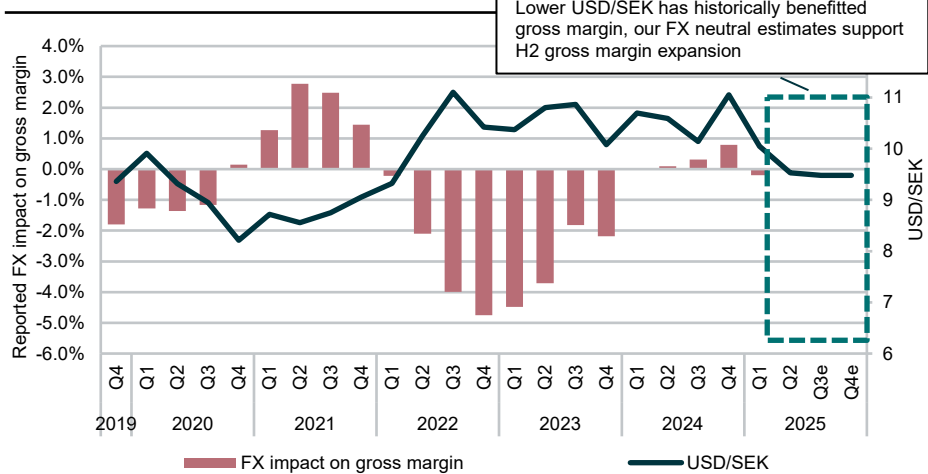
Company name (SEKm, ex p share)	Last four quarters				Q3 2025e		vs cons.		Next four quarters				Full year est.		
	3Q24	4Q24	1Q25	2Q25	DCAR	Cons.	%	Abs.	3Q25e	4Q25e	1Q26e	2Q26e	2025e	2026e	2027e
Operating revenues	285	235	280	226	291				291	241	293	242	1,038	1,101	1,156
Growth	9%	19%	9%	6%	2%				2%	3%	5%	7%	5%	6%	5%
Organic growth	10%	19%	10%	10%	5%				5%	6%	6%	7%	8%	6%	5%
Currency	-2%	0%	-1%	-4%	-3%				-3%	-4%	-2%	0%	-3%	0%	0%
Gross profit	148	125	140	114	156				156	131	159	125	541	591	636
Gross margin	52%	53%	50%	51%	54%				54%	55%	54%	52%	52%	54%	55%
EBITDA	50	25	42	18	54				54	28	39	33	142	167	179
EBITDA margin	18%	11%	15%	8%	18%				18%	12%	13%	14%	14%	15%	15%
D&A	-8	-8	-8	-7	-8				-8	-8	-8	-8	-31	-32	-31
EBIT	42	17	34	11	46				46	21	31	25	111	135	148
EBIT margin	15%	7%	12%	5%	16%				16%	9%	10%	10%	11%	12%	13%
Net interest	2	0	-1	-1	-1				-1	0	-1	-1	-3	-3	-3
Other financial items	0	0	13	-4	0				0	0	0	0	9	0	0
Net financial items	2	-7	12	-6	-1				-1	0	-1	-1	4	-4	-5
Pre tax profit	44	10	46	5	44				44	20	30	24	115	132	143
Tax	-9	0	-10	-1	-9				-9	-4	-6	-5	-24	-28	-30
Minorities	0	0	0	0	0				0	0	0	0	0	0	0
Net profit	35	10	36	4	35				35	16	23	19	91	104	113
EPS	1.39	0.40	1.43	0.16	1.39				1.39	0.63	0.93	0.76	3.61	4.13	4.50
EPS (adj)	1.39	0.40	1.43	0.16	1.39				1.39	0.63	0.93	0.76	3.61	4.13	4.50
DPS									0.00	0.00	0.00	0.00	3.20	3.30	3.30
Segments															
Revenue (SEKm)															
Wholesale	197	149	211	148	208				208	156	222	156	723	765	804
Growth	5%	28%	11%	9%	5%				5%	5%	5%	5%	8%	6%	5%
E-tailers	70	55	63	45	74				74	58	66	48	240	253	266
Growth	21%	16%	-6%	-4%	6%				6%	5%	6%	6%	1%	6%	5%
Other wholesale	127	94	148	103	134				134	99	155	108	483	512	538
Growth	-2%	36%	20%	16%	5%				5%	5%	5%	5%	12%	6%	5%
Consumer direct	78	78	70	75	74				74	76	70	79	295	308	324
Growth	16%	5%	13%	7%	-5%				-5%	-3%	1%	5%	2%	5%	5%
Own stores	29	28	19	24	19				19	19	15	24	80	78	82
Growth	-5%	-2%	-12%	-20%	3%				3%	3%	3%	3%	-25%	-2%	5%
Own online	49	50	51	52	55				55	57	55	55	215	230	241
Growth	32%	10%	26%	26%	11%				11%	14%	7%	7%	19%	7%	5%
Distributors	14	14	7	13	14				14	14	7	13	48	50	51
Growth	31%	13%	-21%	-11%	2%				2%	2%	3%	3%	0%	3%	3%
Licence	0	0	0	0	0				0	0	0	0	1	1	1
Growth	-88%	-50%	-81%	37%	4%				4%	4%	4%	4%	-47%	4%	4%

Source: DNB Carnegie (estimates) & company

Key charts

Historically, a lower USD/SEK has boosted group gross margins through favourable purchasing terms as purchases are done in USD, with no offset from sales. We estimate the FX impact with a lag of up to 6–9 months, depending on sales channels. On an FX-neutral basis, we therefore project H2 gross margin improvement through growth in margin-accretive channels combined with a USD/SEK at its lowest level since Q1 2022. While this effect is partially offset by other FX pairs including the EUR, we expect the impact from the USD/SEK to be dominating.

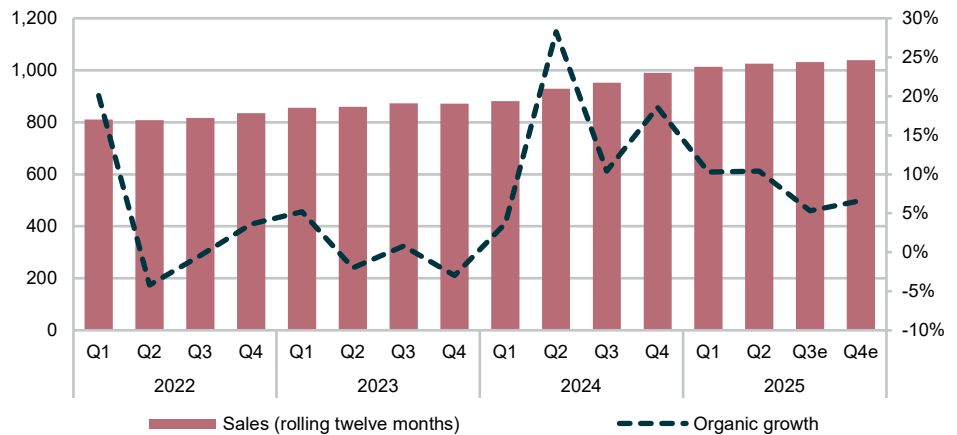
USD/SEK and FX impact on gross margin



Source: DNB Carnegie (estimates) & company data

We still expect sales growth in Q3, despite tough Y/Y comparables following the growth spurt in Q3 2024, underpinned by the footwear integration.

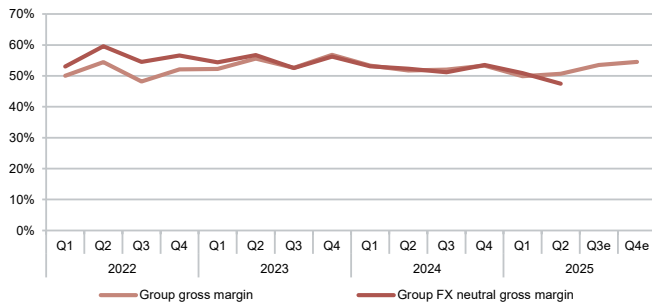
Sales rolling twelve months and organic growth



Source: DNB Carnegie (estimates) & company data

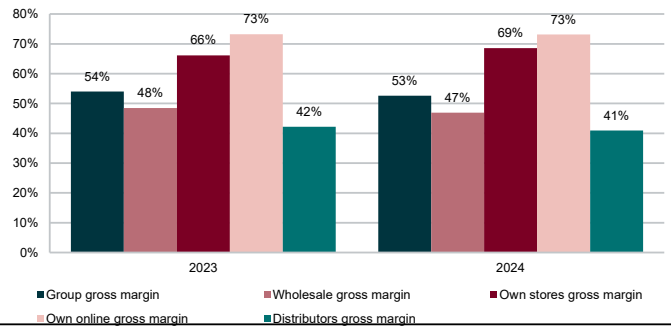
We also forecast a gross margin gain in H2, underpinned by favourable purchasing terms relating to FX. The gross margin squeeze in Q2 was largely explained by discounts to large customers and the geographical mix, although own online also reported some pressure. However, we see these effects being offset, resulting in Q3 gross margin and operating margin expansion.

Gross margin and FX neutral gross margin



Source: DNB Carnegie (estimates) & company

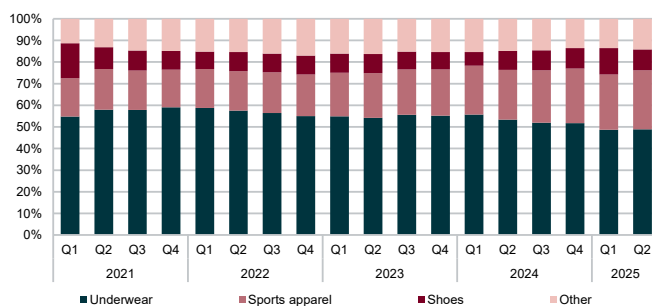
Gross margin per operating segment



Source: Björn Borg

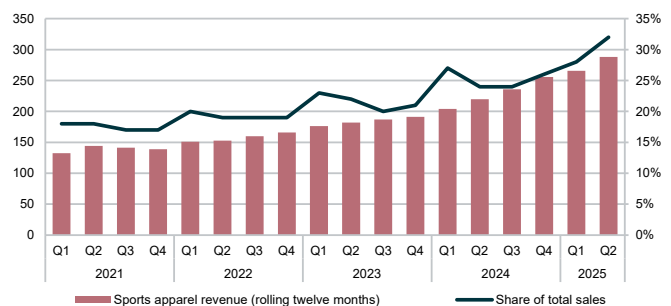
The share of revenue from segments outside the traditional underwear business (e.g. sports, shoes and bags) has been ticking up since 2022, and we believe these interests will be key for long-term growth.

Revenue split per product segment



Source: DNB Carnegie (estimates) & company data

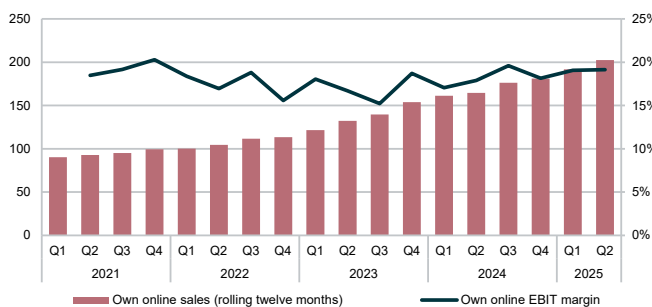
Sports apparel revenue and share of total revenue (last twelve months)



Source: DNB Carnegie (estimates) & company data

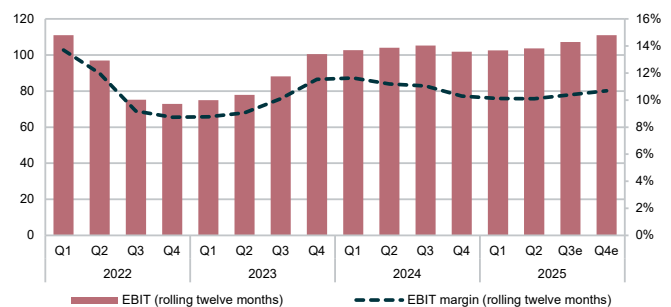
In terms of the different channels, own online reported a gross margin of 73% in 2024, proving highly accretive to group profitability (and EBIT margins).

Own online sales and EBIT margin (rolling twelve months)



Source: DNB Carnegie (estimates) & company data

Group EBIT (rolling twelve months)



Source: DNB Carnegie (estimates) & company data

Valuation

We value Björn Borg using peer-based methodology. Given the strong historical growth and margin profile of the group's own online channel (2018–24 CAGR of 29% and average EBIT margins since 2020 of 17%), we argue the channel should be valued separately based on a set of fast-growing, strong-margin retail companies. To arrive at the lower end of fair value range, we apply a 2026e EV/EBIT of 13x for the own online segment and 10x for the rest of the group. The upper end of our fair value range is reached using an EV/EBIT 2026e of 15x for the own online segment and 13x for the rest of the group. This approach yields our new fair value range of SEK61–76 (SEK62–77).

Our valuation assumes 2026e EBIT for the own online segment of SEK41m, and SEK93m for the rest of the group. In our view, the own online valuation is underpinned by our margin and growth estimates for Björn Borg's own online segment, with the latter well above the peer group average.

Valuation

Net debt components (year-end 2025e)	
Interest-bearing debt	18
Leasing	20
Earn-outs (year end)	0
Cash (year-end)	18
Net debt (year end)	21
Net debt excl. IFRS (year end)	1
Applied multiples	
Upper range EV/EBIT(26e) own online segment	15
Upper range EV/EBIT(26e) rest of the group	13
Lower range EV/EBIT(26e) own online segment	13
Lower range EV/EBIT(26e) rest of the group	10
EBIT (own online) 2026e	41
EBIT (rest of group) 2026e	94
Implied premium (+) / discounts (-) to peers median	
Upper range EV/EBIT(26e) own online segment	-1%
Upper range EV/EBIT(26e) rest of the group	-14%
Lower range EV/EBIT(26e) own online segment	-14%
Lower range EV/EBIT(26e) rest of the group	-33%
Fair value range	
Fair value upper range EV	1,895
Fair value lower range EV	1,531
Number of shares	25
Fair value upper range (SEK/share)	61
Fair value lower range (SEK/share)	76

Source: DNB Carnegie (estimates) & company



Björn Borg (SEKm, ex p share)	2024			2025					
	Q2	Q3	Q4	Q1	Q2	2024	2025e	2026e	2027e
Valuation considerations									
Operating revenues	213	285	235	280	226	990	1,038	1,101	1,156
Growth	29%	9%	19%	9%	6%	13%	5%	6%	5%
Organic growth	28%	10%	19%	10%	10%	14%	8%	6%	5%
EBITDA	18	50	25	42	18	134	142	167	179
EBITDA margin	8%	18%	11%	15%	8%	14%	14%	15%	15%
EBIT	10	42	17	34	11	102	111	135	148
EBIT margin	4%	15%	7%	12%	5%	10%	11%	12%	13%
EPS	0.26	1.39	0.40	1.43	0.16	2.89	3.61	4.13	4.50
EPS (adj)	0.26	1.39	0.40	1.43	0.16	2.89	3.61	4.13	4.50
DPS						3.00	3.20	3.30	3.30
NIBD						50.17	20.95	-17.86	-47.87
NIBD/EBITDA						0.37	0.15	-0.11	-0.27
Free cash flow to firm (FCFF)						62	96	119	113
Free cash flow to firm (FCFF) ro revenue						6%	9%	11%	10%
Segments									
Own online	41	49	50	51	52	181	215	230	241
Growth	9%	32%	10%	26%	26%	18%	19%	7%	5%
Own online EBIT	6	11	10	9	8	33	40	41	43
Own online EBIT margin	15%	22%	20%	18%	16%	18%	19%	18%	18%

Source: DNB Carnegie (estimates) & company

Retail & online – Peer group multiples

Retail & Online Peer group multiples											
Company	Estimate	Mkt cap	EV / Sales			EV / EBIT			Price / Earnings		
	source		EURm	LTM	2025e	2026e	LTM	2025e	2026e	LTM	2025e
Retail peers											
Under Armour	FS	2,448	0.6x	0.6x	0.6x	4x	30x	17x	21x	n.a.	22x
NIKE	FS	88,359	2.2x	2.2x	2.1x	31x	34x	23x	35x	41x	27x
PVH	FS	6,976	0.9x	0.9x	0.9x	10x	11x	10x	9x	8x	7x
Foot Locker	FS	4,134	0.6x	0.6x	0.6x	15x	40x	24x	-6x	30x	19x
PUMA	FS	5,346	0.6x	0.7x	0.7x	14x	n.a.	52x	n.a.	n.a.	n.a.
Columbia Sportsw	FS	2,345	0.8x	0.8x	0.8x	8x	13x	13x	13x	16x	16x
Average		18,268	0.9x	1x	0.9x	14x	25x	23x	14x	24x	18x
Online consumer peers											
Apotea	FS	846	1.5x	1.3x	1.1x	38x	29x	24x	n.a.	38x	30x
BHG Group	FS	465	0.7x	0.7x	0.7x	n.a.	19x	14x	-12x	25x	16x
Boozt	FS	560	0.8x	0.8x	0.7x	13x	15x	13x	17x	19x	17x
Lyko Group	FS	188	0.9x	0.8x	0.7x	23x	20x	15x	33x	29x	19x
Rugvista Group	FS	137	2x	1.9x	1.8x	20x	15x	13x	25x	20x	16x
Haypp Group	FS	432	1.3x	1.3x	1x	43x	39x	16x	66x	37x	#N/A
RVRC Holding	FS	532	3x	3x	2.8x	16x	15x	14x	21x	19x	17x
Zalando	FS	7,111	0.6x	0.5x	0.5x	16x	14x	11x	26x	22x	17x
Average		1,284	1.3x	1.3x	1.2x	24x	21x	15x	25x	26x	19x
Björn Borg	DNB CAR	134	1.6x	1.6x	1.5x	16x	15x	12x	19x	17x	15x
Average excl. Björn Borg											
		18,268	0.9x	1x	0.9x	14x	25x	23x	14x	24x	18x
Average		16,001	1x	1x	1x	14x	24x	22x	15x	23x	18x
Median		4,740	0.9x	0.9x	0.8x	14x	25x	20x	14x	21x	18x

Source: Factset, DNB Carnegie

Price data updated on 16 October 2025 10:00 CET

Retail & online – Peer group financials

Company	Estimate	Mkt cap	Sales growth			EBIT growth			EBIT margins		
	source	EURm	LTM	2025e	2026e	LTM	2025e	2026e	LTM	2025e	2026e
Retail peers											
Under Armour	FS	2,448	-8%	-4%	3%	100%	-52%	74%	10%	2%	3%
NIKE	FS	88,359	-7%	1%	5%	-43%	-18%	45%	7%	7%	9%
PVH	FS	6,976	-1%	3%	2%	-38%	-12%	2%	7%	9%	9%
Foot Locker	FS	4,134	-4%	-3%	-1%	17%	-40%	63%	2%	2%	3%
PUMA	FS	5,346	1%	-15%	1%	-34%	n.a.	n.a.	4%	-1%	1%
Columbia Sportsw	FS	2,345	1%	0%	2%	5%	-25%	2%	8%	6%	6%
Average	FS	18,268	-3%	-3%	2%	1%	-29%	37%	6%	4%	5%
Online consumer peers											
Apotea	FS	846	-2%	5%	7%	22%	49%	41%	-2%	4%	5%
BHG Group	FS	465	3%	3%	6%	69%	-11%	17%	6%	5%	6%
Boozt	FS	560	11%	11%	14%	106%	26%	34%	4%	4%	5%
Lyko Group	FS	188	6%	12%	9%	21%	42%	23%	10%	12%	14%
Rugvista Group	FS	137	8%	4%	22%	54%	27%	136%	3%	3%	6%
Haypp Group	FS	432	5%	5%	7%	-4%	-2%	10%	19%	20%	20%
RVRC Holding	FS	532	7%	16%	15%	9%	16%	27%	4%	4%	4%
Zalando	FS	7,111	5%	9%	12%	52%	22%	39%	6%	7%	8%
Average		1,284	5%	8%	12%	41%	21%	41%	6%	7%	9%
Björn Borg	DNB CAR	134	10%	5%	6%	12%	9%	22%	10%	11%	12%
Average excl. Björn Borg		9,210	1%	3%	7%	28%	0%	38%	6%	6%	7%
Average		8,643	2%	3%	7%	27%	0%	37%	7%	6%	7%
Median		1,596	1%	3%	6%	14%	-2%	27%	6%	4%	5%

Source: Factset, DNB Carnegie

Price data updated on 16 October 2025 10:00 CET

Company name (SEKm, ex p share)	New est			Old est.			Abs. Change			% change		
	2025e	2026e	2027e	2025e	2026e	2027e	2025e	2026e	2027e	2025e	2026e	2027e
Operating revenues	1,038	1,101	1,156	1,038	1,094	1,149	0	7	8	0%	1%	1%
<i>Growth</i>	5%	6%	5%	5%	5%	5%						
<i>Organic growth</i>	8%	6%	5%	8%	6%	5%						
<i>Currency</i>	-3%	0%	0%	-3%	0%	0%						
Gross profit	541	591	636	539	594	632	2	-3	4	0%	0%	1%
<i>Gross margin</i>	52%	54%	55%	52%	54%	55%						
EBITDA	142	167	179	146	173	178	-4	-6	1	-3%	-3%	1%
<i>EBITDA margin</i>	14%	15%	15%	14%	16%	15%						
D&A	-31	-32	-31	-31	-32	-31	0	0	0			
EBIT	111	135	148	115	141	147	-4	-6	1	-4%	-4%	1%
<i>EBIT margin</i>	11%	12%	13%	11%	13%	13%						
Net interest	-3	-3	-3	0	0	0						
Other financial items	9	0	0	8	0	0						
Net financials	4	-4	-5	4	-4	-5						
Pre tax profit	115	132	143	116	137	142	-1	-6	1	-1%	-4%	1%
Tax	-24	-28	-30	-25	-29	-30						
Minorities	0	0	0	0	0	0						
Net profit	91	104	113	91	108	112	0	-5	1	0%	-4%	1%
EPS	3.61	4.13	4.50	3.60	4.31	4.47	0.01	-0.18	0.03	0%	-4%	1%
EPS (adj)	3.61	4.13	4.50	3.60	4.31	4.47	0.01	-0.18	0.03	0%	-4%	1%
DPS	3.20	3.30	3.30	3.20	3.30	3.30	0.00	0.00	0.00			
NIBD	0	0	0	0	0	0	0	0	0			
Segments												
Revenue (SEKm)	2025e	2026e	2027e	2025e	2026e	2027e	2025e	2026e	2027e	2025e	2026e	2027e
Wholesale	723	765	804	723	759	797	0	-6	-6	0%	1%	1%
<i>Growth</i>	8%	6%	5%	8%	5%	5%						
E-tailers	240	253	266	240	252	265	0	-1	-1	0%	0%	0%
<i>Growth</i>	1%	6%	5%	1%	5%	5%						
Other wholesale	483	512	538	483	507	533	0	-5	-5	0%	1%	1%
<i>Growth</i>	12%	6%	5%	12%	5%	5%						
Consumer direct	295	308	324	295	307	322	1	-2	-2	0%	1%	1%
<i>Growth</i>	2%	5%	5%	2%	4%	5%						
Own stores	80	78	82	80	78	82	0	0	0	0%	0%	0%
<i>Growth</i>	-25%	-2%	5%	-25%	-2%	5%						
Own online	215	230	241	215	228	240	1	-2	-2	0%	1%	1%
<i>Growth</i>	19%	7%	5%	19%	6%	5%						
Distributors	48	50	51	48	50	51	0	0	0	0%	0%	0%
<i>Growth</i>	0%	3%	3%	0%	3%	3%						
Licence	1	1	1	1	1	1	0	0	0	0%	0%	0%
<i>Growth</i>	-47%	4%	4%	-47%	4%	4%						

Source: DNB Carnegie (estimates) & company

Risks

Exposure to cyclical markets

The consumer discretionary market is highly cyclical and dependent on employment rates, interest levels, disposable income and inflation, among other items. Changes in these factors may impact consumer spending and Björn Borg's growth prospects.

Competitive industry

The retail apparel industry is competitive, and Björn Borg faces competition from established brands and new entrants, due to low barriers to entry. Failure to keep up with quick shifts in market trends or consumer preferences may negatively impact group sales.

Brand value and reputation

Customer perception and company reputation are critical to the value of the Björn Borg brand, which in turn is an important driver of pricing power. Negative publicity and/or a shift in customer perception may negatively impact sales and/or group margins.

Supply chains

Björn Borg is exposed to risks relating to trade restrictions, raw material availability, shipping availability and costs. Disruptions in the supply chain may negatively impact Björn Borg's product input prices and put pressure on group margins.

Currency risk

Björn Borg is exposed to currency exchange risk. The group's main currency exposure is USD/SEK and EUR/SEK, as sales are mainly in EUR and SEK, while purchases mainly are in USD and SEK. For this reason, USD/SEK affects the cost of goods sold while EUR/SEK mainly impacts sales and overhead costs.

Financial statements

Profit & loss (SEKm)	2018	2019	2020	2021	2022	2023	2024	2025e	2026e	2027e
Sales	0	757	705	768	835	872	990	1,038	1,101	1,156
COGS	0	-351	-335	-352	-411	-401	-469	-497	-510	-520
Gross profit	0	406	370	417	425	471	521	541	591	636
Other income & costs	0	-298	-295	-277	-317	-338	-386	-399	-424	-457
Share in ass. operations and JV	0	0	0	0	0	0	0	0	0	0
EBITDA	0	109	75	140	108	134	134	142	167	179
Depreciation PPE	0	-6	-7	-7	-8	-8	-8	-7	-8	-8
Depreciation lease assets	0	-47	-31	-24	-23	-22	-22	-21	-21	-20
Amortisation development costs	0	-4	-4	-3	-3	-3	-3	-3	-3	-3
Amortisation other intangibles	0	0	0	-1	-1	0	0	0	0	0
Impairments / writedowns	0	0	0	0	0	0	0	0	0	0
EBITA	0	51	34	104	73	101	102	111	135	148
Amortization acquisition related	0	0	0	0	0	0	0	0	0	0
Impairment acquisition related	0	0	0	0	0	0	0	0	0	0
EBIT	0	51	34	104	73	101	102	111	135	148
Share in ass. operations and JV	0	0	0	0	0	0	0	0	0	0
Net financial items	0	-3	-16	3	-2	-3	-11	4	-4	-5
of which interest income/expenses	0	-4	-4	-3	-2	-4	-6	-3	-3	-3
of which interest on lease liabilities	0	-4	-3	-2	-1	-1	-1	-1	-1	-1
of which other items	0	5	-10	8	2	3	-4	9	0	0
Pre-tax profit	0	49	18	107	71	98	90	115	132	143
Taxes	0	-10	1	-21	-20	-22	-18	-25	-28	-30
Post-tax minorities interest	0	0	0	0	0	0	0	0	0	0
Discontinued operations	0	0	0	0	0	0	0	0	0	0
Net profit	0	39	19	86	51	76	73	91	104	113
Adjusted EBITDA	0	109	75	140	108	134	134	142	167	179
Adjusted EBITA	0	51	34	104	73	101	102	111	135	148
Adjusted EBIT	0	51	43	97	92	101	102	111	135	148
Adjusted net profit	0	39	29	79	70	76	73	91	104	113
Sales growth Y/Y	na	+chg	-6.8%	8.9%	8.7%	4.4%	13.5%	4.9%	6.1%	5.0%
EBITDA growth Y/Y	na	+chg	-31.4%	87.3%	-22.9%	24.1%	0.5%	5.6%	17.7%	7.1%
EBITA growth Y/Y	na	+chg	-34.4%	208.9%	-30.0%	37.9%	1.3%	8.9%	21.9%	9.4%
EBIT growth Y/Y	na	+chg	-34.4%	208.9%	-30.0%	37.9%	1.3%	8.9%	21.9%	9.4%
EBITDA margin	nm	14.3%	10.6%	18.2%	12.9%	15.3%	13.6%	13.7%	15.1%	15.5%
EBITA margin	nm	6.8%	4.8%	13.5%	8.7%	11.5%	10.3%	10.7%	12.3%	12.8%
EBIT margin	nm	6.8%	4.8%	13.5%	8.7%	11.5%	10.3%	10.7%	12.3%	12.8%
Tax rate	na	20.0%	-7.1%	19.5%	27.8%	22.2%	19.6%	21.3%	21.0%	21.0%
Cash flow (SEKm)	2018	2019	2020	2021	2022	2023	2024	2025e	2026e	2027e
EBITDA	0	109	75	140	108	134	134	142	167	179
Paid taxes	0	-11	-13	-3	-9	-35	-27	-23	-28	-34
Change in NWC	0	21	89	-23	-48	27	-25	-1	-5	-11
Interests paid	0	-1	-8	-2	-4	-4	-6	-7	-1	-6
Actual lease payments	0	-47	-28	-23	-23	-22	-20	-19	-20	-20
Non cash adjustments	0	0	0	0	0	0	0	0	0	0
Discontinued operations	0	0	0	0	0	0	0	0	0	0
Total operating activities	0	70	114	89	24	99	56	92	113	108
Capex tangible assets	0	-4	-3	-5	0	-2	-3	-2	-2	-2
Capitalised development costs	0	na	na	na	na	na	na	na	na	na
Capex - other intangible assets	0	-9	-5	-6	-8	-9	-11	-9	-12	-12
Acquisitions/divestments	0	na	na	na	na	na	na	na	na	na
Other non-cash adjustments	0	na	na	na	na	na	na	na	na	na
Total investing activities	0	-13	-9	-11	-8	-11	-14	-12	-14	-15
Dividend paid and received	0	na	na	na	na	na	na	na	na	na
Share issues & buybacks	0	0	0	0	0	1	0	0	0	0
Change in bank debt	0	-18	-55	-19	-50	-30	-125	1	-6	5
Other cash flow items	0	na	na	na	na	na	na	na	na	na
Total financing activities	0	-61	-62	-57	-113	-79	-58	-74	-86	-78
Operating cash flow	0	70	114	89	24	99	56	92	113	108
Free cash flow	0	58	105	78	15	88	42	80	99	93
Net cash flow	0	43	85	40	-74	32	15	19	36	38
Change in net IB debt	0	12	91	41	-46	39	105	1	17	9
Capex / Sales	nm	0.5%	0.5%	0.6%	0.0%	0.2%	0.3%	0.2%	0.2%	0.2%
NWC / Sales	nm	14.4%	26.0%	20.8%	23.2%	22.0%	18.7%	20.8%	20.6%	20.3%

Source: DNB Carnegie (estimates) & company data

Financial statements, cont.

Balance sheet (SEKm)	2018	2019	2020	2021	2022	2023	2024	2025e	2026e	2027e
Acquired intangible assets	0	35	34	35	36	36	37	37	37	37
Other fixed intangible assets	0	197	198	198	195	194	194	193	189	190
Capitalised development	0	0	0	0	0	0	0	0	0	0
Tangible assets	0	18	17	15	16	18	21	23	28	32
Lease assets	0	131	57	55	53	44	42	21	0	-20
Other IB assets (1)	0	0	0	0	0	0	0	0	0	0
Other non-IB assets	0	15	16	14	13	12	12	10	10	10
Fixed assets	0	397	322	317	313	304	307	283	263	248
Inventories (2)	0	128	123	152	201	184	259	247	261	284
Receivables (2)	0	125	84	92	104	99	111	122	126	133
Prepaid exp. & other NWC items (2)	0	20	20	23	19	17	23	22	23	25
IB current assets (1)	0	0	0	0	0	0	0	0	0	0
Other current assets	0	0	0	0	0	0	0	0	0	0
Cash & cash equivalents (1)	0	29	70	97	16	27	9	18	31	46
Current assets	0	302	297	363	340	327	402	409	442	489
Total assets	0	699	619	681	653	632	709	693	705	737
Shareholders' equity	0	271	291	334	325	351	352	362	386	416
Minorities	0	-6	0	0	0	0	0	0	0	0
Other equity	0	0	0	0	0	0	0	0	0	0
Total equity	0	265	291	334	325	351	352	362	386	416
Deferred tax	0	40	39	40	40	40	39	37	37	33
LT IB debt (1)	0	150	99	80	0	0	0	0	0	0
Other IB provisions (1)	0	0	0	0	0	0	0	0	0	0
Lease liabilities	0	96	36	34	32	25	23	7	-11	-29
Other non-IB liabilities	0	0	0	2	0	0	0	0	0	0
LT liabilities	0	287	174	155	72	65	62	44	26	4
ST IB debt (1)	0	7	0	0	30	0	17	18	13	18
Payables (2)	0	56	77	97	106	136	189	164	185	199
Accrued exp. & other NWC items (2)	0	0	0	0	0	0	0	0	0	0
Other ST non-IB liabilities	0	85	77	94	120	80	88	104	95	99
Liabilities - assets held for sale	0	na	na	na	na	na	na	na	na	na
Current liabilities	0	148	154	191	256	216	294	286	293	317
Total equity and liabilities	0	699	619	681	653	632	709	693	705	737
Net IB debt (=1)	0	224	64	17	46	-1	31	8	-29	-57
Net working capital (NWC) (=2)	0	217	150	169	218	165	204	227	226	243
Capital employed (CE)	0	544	449	474	414	404	420	415	415	429
Capital invested (CI)	0	599	456	473	519	457	499	501	479	482
Equity / Total assets	nm	38%	47%	49%	50%	56%	50%	52%	55%	56%
Net IB debt / EBITDA	nm	2.1	0.9	0.1	0.4	0.0	0.2	0.1	-0.2	-0.3
Per share data (SEK)	2018	2019	2020	2021	2022	2023	2024	2025e	2026e	2027e
Adj. no. of shares in issue YE (m)	25.15	25.15	25.15	25.15	25.15	25.15	25.15	25.15	25.15	25.15
Diluted no. of Shares YE (m)	25.15	25.15	25.15	25.15	25.15	25.15	25.15	25.15	25.15	25.15
EPS	0.00	1.55	0.75	3.42	2.03	3.02	2.89	3.61	4.13	4.50
EPS adj.	0.00	1.55	1.14	3.13	2.78	3.02	2.89	3.61	4.13	4.50
CEPS	0.00	2.10	1.35	3.98	2.55	3.51	3.42	4.14	4.65	4.99
DPS	0.00	0.00	1.50	2.50	2.00	3.00	3.00	3.20	3.30	3.30
BVPS	0.00	10.8	11.6	13.3	12.9	13.9	14.0	14.4	15.3	16.5
Performance measures	2018	2019	2020	2021	2022	2023	2024	2025e	2026e	2027e
ROE	nm	28.8%	6.7%	27.5%	15.5%	22.5%	20.7%	25.4%	27.8%	28.3%
Adj. ROCE pre-tax	na	na	4.3%	23.8%	16.5%	25.0%	23.5%	28.5%	32.4%	34.8%
Adj. ROIC after-tax	na	na	6.8%	18.0%	10.6%	16.0%	17.1%	17.5%	21.8%	24.3%
Valuation	2018	2019	2020	2021	2022	2023	2024	2025e	2026e	2027e
FCF yield	0.0%	3.7%	6.7%	5.0%	1.0%	5.6%	2.7%	5.1%	6.3%	5.9%
Dividend yield YE	0.0%	0.0%	9.4%	5.8%	7.2%	7.1%	5.8%	5.1%	5.3%	5.3%
Dividend payout ratio	nm	0.0%	200.3%	73.1%	98.5%	99.3%	103.8%	88.6%	79.9%	73.3%
Dividend + buy backs yield YE	13.7%	0.0%	9.4%	5.8%	7.2%	7.1%	5.8%	5.1%	5.3%	5.3%
EV/Sales YE	nm	0.97	0.66	1.43	0.89	1.22	1.34	1.52	1.40	1.31
EV/EBITDA YE	nm	6.8	6.3	7.9	6.9	7.9	9.9	11.1	9.2	8.5
EV/EBITA YE	nm	14.3	13.8	10.5	10.2	10.6	13.0	14.2	11.4	10.2
EV/EBITA adj. YE	nm	14.3	13.8	10.5	10.2	10.6	13.0	14.2	11.4	10.2
EV/EBIT YE	nm	14.3	13.8	10.5	10.2	10.6	13.0	14.2	11.4	10.2
P/E YE	nm	13.2	21.3	12.5	13.7	14.0	17.9	17.3	15.1	13.9
P/E adj. YE	nm	13.2	14.0	13.7	10.0	14.0	17.9	17.3	15.1	13.9
P/BV YE	nm	1.89	1.38	3.23	2.15	3.03	3.68	4.34	4.08	3.78
Share price YE (SEK)	14.6	20.4	16.0	42.9	27.8	42.3	51.6	62.7		

Source: DNB Carnegie (estimates) & company data

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