

# Hennes & Mauritz

## Shorts could go out of style

- Q3 preview: +2% lccy sales growth and adj. EBIT of SEK 3.9bn
- >20% EPS growth in the coming 12 months (Q3'25e-Q2'26e)
- Reiterate BUY and our TP of SEK 175

### Q3'25: muted sales growth, slight margin expansion

H&M has invested heavily into marketing during the last year. It has also given its e-store a much-needed facelift and extended capabilities. Sales have yet to pick up, however, and we do not expect any improvement in Q3'25e. Our proprietary market model suggests that growth remained stable in June-July, and H&M has pre-reported sales growth of +3% (lccy) for the first month of fiscal Q3'25. Due to tougher comps, we model a slight deceleration from that pace in Jul-Aug for total lccy sales growth of 2%. Furthermore, current trading (Sept) could be soft due to a tough comp of +11% (lccy). On a more positive note, we model a 50bp margin expansion to 6.8% for adj. EBIT of SEK 3.9bn (+6% y-o-y). Lastly, we do not rule out a 2025 buyback programme, although it is not our base case.

### Outlook: strong earnings growth ahead

We see good prospects for accelerating growth on the back of recent channel and marketing investments, as well as efforts to turn the mens and kids categories around. We also expect margins to expand in the coming quarters as external headwinds turn into tailwinds and full-price sales increase. Our forecasts suggest that the 12-month trailing margin troughed at 6.7% in Q2'25 and could gradually increase to 8.1% by Q2'26e, resulting in >20% EPS growth in Q3'25e-Q2'26e.

### Reiterate BUY, TP SEK 175

With the stock yielding a total return of 18% L6M, it is currently trading at 18x P/E (NTM), according to our estimates. Whereas H&M's recent performance might not warrant a rich multiple, we argue the upcoming earnings growth does. Furthermore, the stock is heavily shorted, under-owned and disliked by sell-side analysts. We expect a more upbeat narrative to further fuel the share. As such, we reiterate our SEK 175 TP as rollover effects offset slightly lower estimates.

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SEKm	2023	2024	2025e	2026e	2027e
Sales	236,035	234,478	229,249	231,128	238,062
EBITDA	36,723	38,906	37,166	40,641	43,684
EBITDA margin (%)	15.6	16.6	16.2	17.6	18.3
EBIT adj.	13,538	18,066	16,521	19,739	20,821
EBIT adj. margin (%)	5.7	7.7	7.2	8.5	8.7
Pretax profit	13,010	15,443	14,649	18,198	19,277
EPS	5.35	7.20	6.80	8.51	9.11
EPS adj.	4.52	7.55	6.80	8.51	9.11
Sales growth (%)	5.6	-0.7	-2.2	0.8	3.0
EPS growth (%)	nm	34.5	-5.5	25.2	7.0

Source: ABG Sundal Collier, Company Data

## Reason: Estimate changes

BUY ● HOLD ○ SELL ○

## Retail

### Estimate changes (%)

	2025e	2026e	2027e
Sales	-0.2	-1.3	-1.3
EBIT	-3.2	-1.1	-0.5
EPS	-3.5	-1.2	-0.5

Source: ABG Sundal Collier

### HM.B-SE/HMB SS

Share price (SEK)	16/9/2025	154.85
Target price		175.00

MCap (SEKm)	237,625
MCap (EURm)	21,772
No. of shares (m)	1,410.1
Free float (%)	36.8
Av. daily volume (k)	4,586

**Next event** Q3 Report 25 September 2025

## Performance



	2025e	2026e	2027e
P/E (x)	22.8	18.2	17.0
P/E adj. (x)	22.8	18.2	17.0
P/BVPS (x)	5.78	5.64	5.40
EV/EBITDA (x)	8.0	7.3	6.7
EV/EBIT adj. (x)	18.1	15.1	14.1
EV/sales (x)	1.30	1.29	1.23
ROE adj. (%)	24.5	31.4	32.5
Dividend yield (%)	4.5	4.5	4.5
FCF yield (%)	8.3	9.7	10.8
Le. adj. FCF yld. (%)	3.6	5.2	6.3
Net IB debt/EBITDA (x)	1.1	1.1	1.0
Le. adj. ND/EBITDA (x)	-0.0	0.0	-0.0

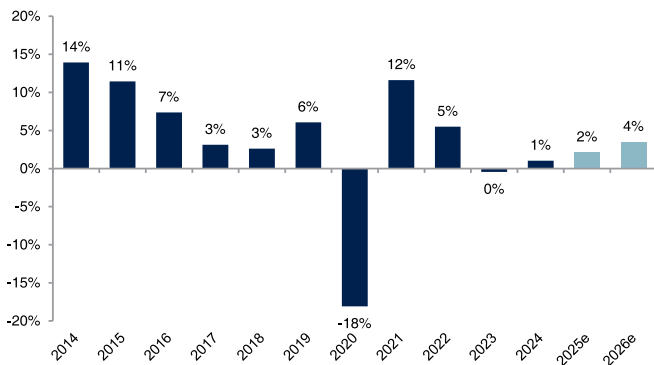
## Company description

H&M is one of the largest omni-players in the global fashion market. The company has in-house design but outsourced production, primarily located in Asia. The H&M brand is the absolute largest one, followed by COS, & Other Stories, Monki, Weekday, ARKET, Afound and H&M Home. H&M is driven by the desire to make great design available to everyone, in a more sustainable way.

[Sustainability information](#)

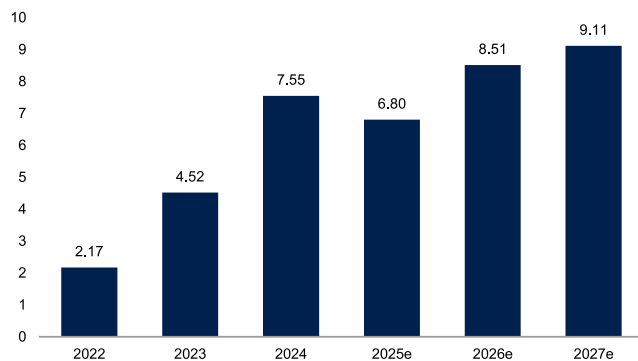
### Low-single digit sales growth

#### Lccy sales growth (y-o-y)



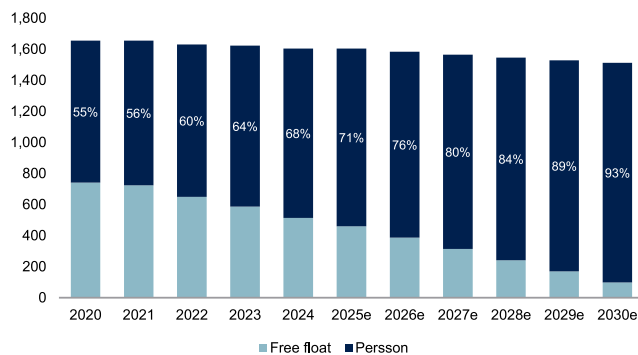
Source: ABG Sundal Collier, Company data

#### High-single digit EPS adj. CAGR ('24-'27e)



Source: ABG Sundal Collier, Company data

### Persson family ownership



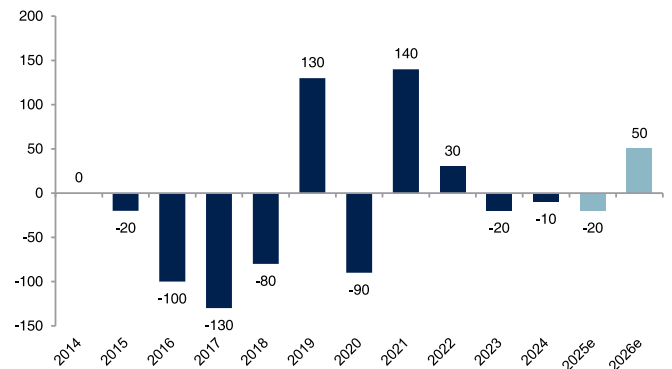
Source: ABG Sundal Collier, Holdings

## Risks

Naturally, we rank fashion risk (unsuccessful collections) as the most significant risk. In cases of declining LFL sales growth, margins usually follow on the back of rising inventories and elevated markdown levels. Furthermore, the digital transformation within the fashion industry imply accelerated competition and increased transparency, which could put pressure to prices. Furthermore, increasing awareness of sustainability could lower the demand for fast fashion.

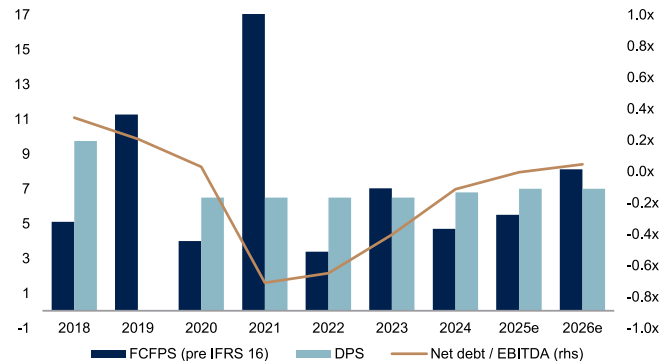
### Improved inventory mgmt. supports margins

#### Markdown impact, y-o-y (bp)



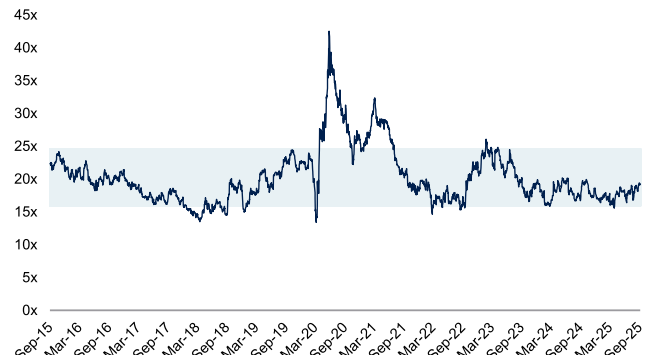
Source: ABG Sundal Collier, company data

#### FCFPS, DPS and gearing (SEK)



Source: ABG Sundal Collier, Company data

### P/E (NTM)



Source: ABG Sundal Collier, FactSet

# Investment case

*We are cautiously optimistic when it comes to top-line growth and forecast 3-4% (lccy) in the coming 12-18 months. Furthermore, due to good cost control, external tailwinds, and slightly lower markdowns, we believe margins are set to expand by 1.4pp in the 12-month period Q3'25e-Q2'26e, resulting in >20% EPS growth. Furthermore, H&M is heavily shorted, locally under-owned, and disliked by sell-side analysts. As such, the stock could be fuelled by substantial short-covering and upgrades. Either way, we expect the main owner to gradually increase his ownership towards 90% by 2030e, while investors get a dividend yield of 4.5%.*

## Sales growth could pick up

### Accelerated marketing investments

The CEO, Daniel Erv r, has made a solid impression, and we believe he could make a real change within the group. Firstly, we like his efforts to reignite the H&M brand, which has been in need of a fresh start for some time. Erv r has placed a big bet on the connection between fashion and music, with some of the hottest contemporary artists having been involved in media appearances as well as in events in major cities. For instance, H&M launched its A/W 24 collection with an open party at London fashion week with performances by Charli XCX and Jamie xx, while in April, it hosted a festival with headliners such as Doechii and Robyn. Furthermore, investments into influencer marketing and the physical store experience have been made. In total, we assess the group has invested around SEK 1.5bn in "long-term marketing investments" during the last year (Q3'24-Q2'25).

### Upping its digital game

H&M has also been rolling out an updated UX design since last fall. With its updated interface, we believe the group has raised the level of inspiration, organic traffic, engagement, and time spent in the e-store, which in turn yields higher conversion rates and ticket sizes. We also believe the new e-store has improved the fashion perception and consequently the value of the H&M brand.

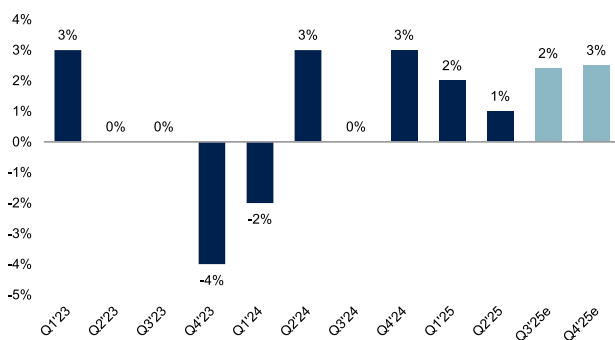
### Fewer headwinds from store closures

The group has shut down close to 1000 stores (net) from the peak level in 2019. In 2025e, it guides for slightly more than 200 closures and 80 openings and in H1'25, the "expansion impact" was around -2%. As we look ahead, we expect the negative impact from store closures to become smaller, and assume a neutral impact for FY'26e.

### A cautiously optimistic sales outlook

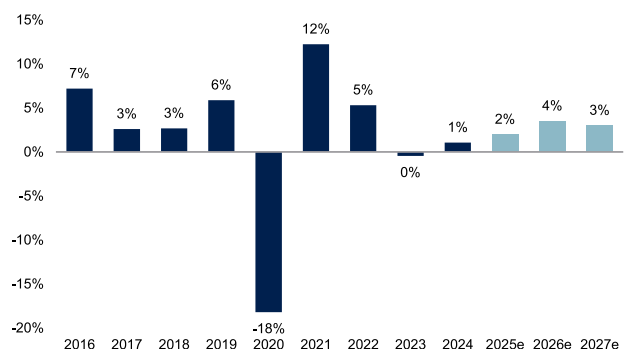
Despite accelerated marketing investment and improvements to the shopping experience in both physical stores and online, H&M's growth has remained in the low single digits over the past couple of years. However, it takes time to turn around a big ship like H&M, and we believe that we have yet to see these initiatives pay off. That said, management has reported some positive signals within the women's wear category. As such, we are cautiously optimistic and forecast a slight acceleration in lccy sales going forward.

**H&M lccy sales growth**



Source: ABG Sundal Collier, Company data

**Lccy sales growth (y-o-y)**

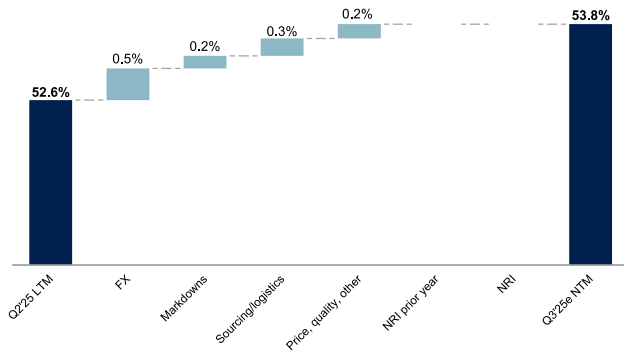


Source: ABG Sundal Collier, Company data

## Margin expansion ahead

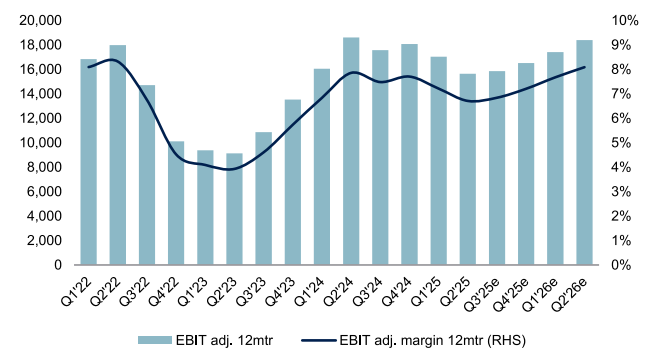
On a 12-month trailing basis, H&M's gross margin has contracted by close to 1pp on the back of price/value investments, FX headwinds, and slightly higher markdowns. As we look into the coming 12-month period (Q3'25e-Q2'26e), we expect external headwinds to turn into tailwinds. Furthermore, we see good prospects for lower markdown levels, as improved sales momentum coupled with improved inventory management supports the business. All in all, we forecast a 1.2pp gross margin expansion over the period and believe that the adj. EBIT margin troughed in Q2'25.

### Gross margin fuelled by external tailwinds



Source: ABG Sundal Collier, Company data

### We believe the margin troughed in Q2'25

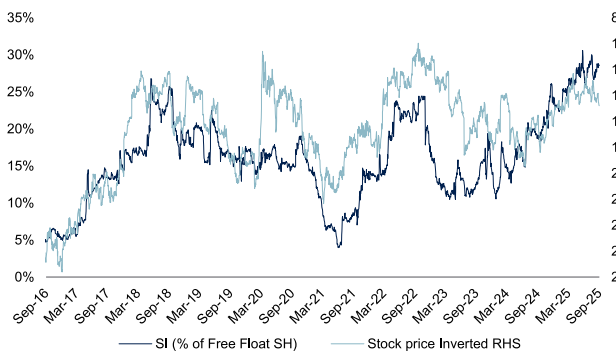


Source: ABG Sundal Collier, Company data

## Shorted, under-owned and disliked by analysts

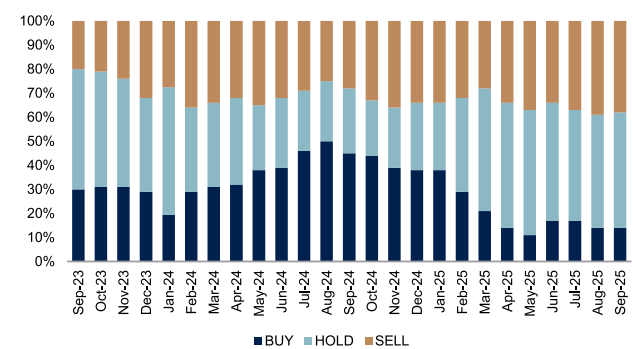
The short-interest has more than doubled during the last two years, and is currently at 9% of the total share capital. However, given that the free float is <30%, the actual short interest is closer to 30% with more than 70 days to cover. Should the current soft sales and/or earnings trend turn more positive, we are likely to see some short-covering supporting the share price. Furthermore, the sell-side sentiment is weak with only 4 out of 29 analysts having a positive view on the share. As such, the prospects for upgrades look good to us.

### HMB short interest has surged lately



Source: ABG Sundal Collier, S&P

### Broker ratings (total 29)

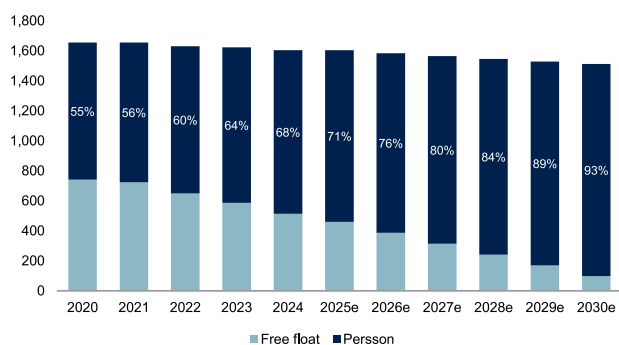


Source: ABG Sundal Collier, FactSet

## Mind the insider trading

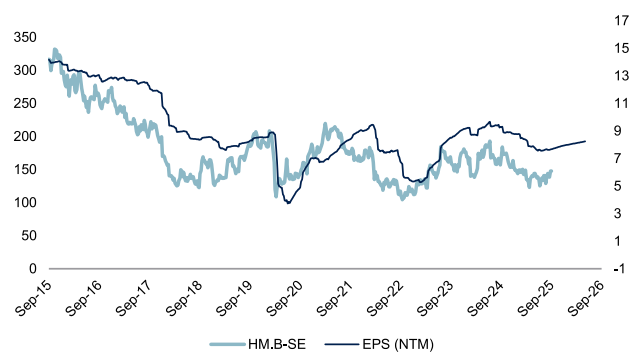
Although H&M's recent performance might not warrant a rich multiple as such (five-year sales and EBIT CAGR of 0% and 1%, respectively), we advise investors to consider its strong balance sheet, solid cash flow, the dividend yield of 4.5% ('26e-'27e) and possibly continuous insider trading from the main owner. Regarding the latter, we believe Persson will reach 90% around year 2030, assuming 1) that he purchases stock for the full dividend, 2) an annual buyback programme of SEK 3bn from 2026, and 3) an annual share price increase of 5% per year.

### Persson family ownership



Source: ABG Sundal Collier, Holdings

### Share price vs. EPS (NTM)



Source: ABG Sundal Collier, FactSet

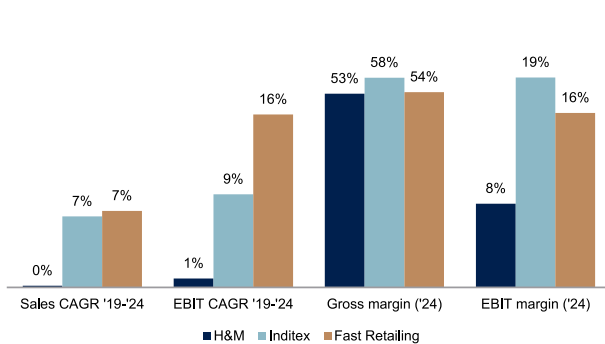
# Where H&M wins and stumbles

*It is a well-known fact that key peers such as Inditex and Fast Retailing have outperformed H&M during the last years. Partly due to a larger degree of proximity sourcing, Inditex is able to respond quickly to rapidly changing fashion trends, while Fast Retailing is expanding its successful concept into Europe and North America. The fashion market is fragmented, however, and we believe there is room for all these three players to grow alongside each other. In this note, we compare their recent performance. We also take a closer look at H&M's geographical performance versus the respective markets and conclude that it has been gaining share in Western and Southern Europe, while the Nordics and Americas have been more troublesome.*

## Comparing three fast-fashion giants

Among the three largest omnichannel players on the global fast-fashion market, Japan's Fast Retailing and Spain's Inditex have outpaced H&M considerably, with a 7% sales CAGR ('19-'24). Furthermore, Fast Retailing has expanded its EBIT margin by 6pp since 2018, resulting in an impressive five-year EBIT CAGR of 16%. Inditex has seen its EBIT margin expand to 19% while H&M has struggled to get back to double-digit margins. Since 2019, Inditex and H&M have closed ~25% of their respective store networks (net). However, we assess that Inditex's total square footage has decreased less, as it tends to open larger stores. Fast Retailing, on the other hand, has held its number of stores fairly constant over the last five years, including ~300 net openings of UNIQLO stores outside Japan (i.e. UNIQLO International). Below, we have compared Inditex's and Fast Retailing's fiscal quarters with the ones having the greatest overlap with H&M's (e.g. H&M's Q1'25 mapped with Fast Retailing's fiscal Q2'25 and Inditex's fiscal Q4'24).

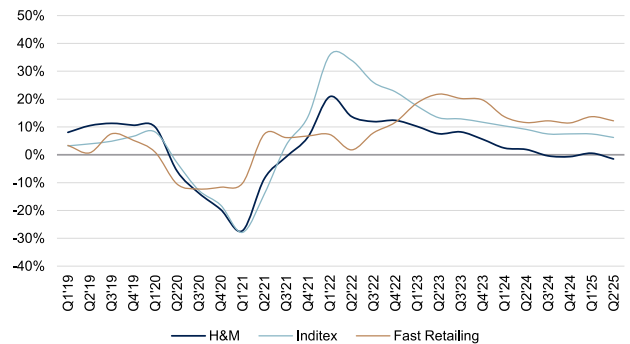
### Financial performance\*



Source: ABG Sundal Collier, Company data

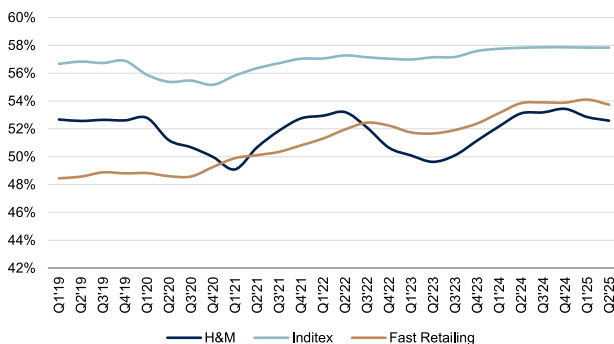
Footnote: \*Adjusted to mirror H&M's fiscal year

### Sales growth (12-month trailing)



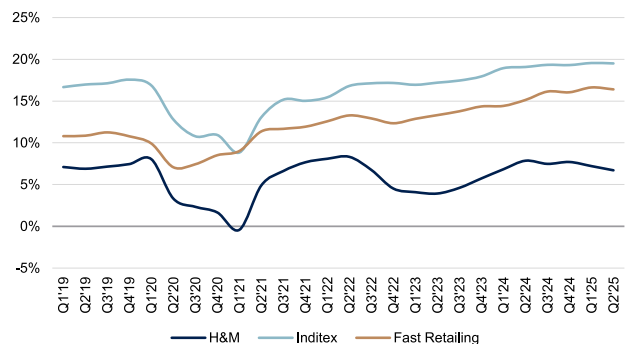
Source: ABG Sundal Collier, Company data

### Gross margin (12-month trailing)



Source: ABG Sundal Collier, Company data

### EBIT margin (12-month trailing)



Source: ABG Sundal Collier, Company data

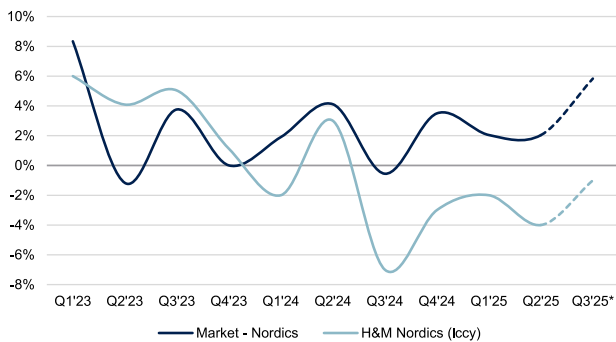
## Assessing H&M's market share development

However, the fashion market is fragmented, and we believe that all three of these players have room to grow alongside each other. We therefore take a closer look at H&M's geographical performance below. In 2023, H&M changed the way it reports its performance, now dividing it into six geographical regions: The Nordics, Western Europe, Eastern Europe, Southern Europe, North America, and South America and Africa. In this report, we focus on the four largest regions, which generate ~80% of group sales. We have defined each market region by weighing the respective countries in line with H&M's sales split, comparing it with the group's lccy sales growth. Each quarter represents a fiscal quarter, as H&M's Q1 begins on 1 December. For Q3 2025, we estimated market development for all regions in August and for some in July due to a lack of statistics.

### Weak at home and across the pond

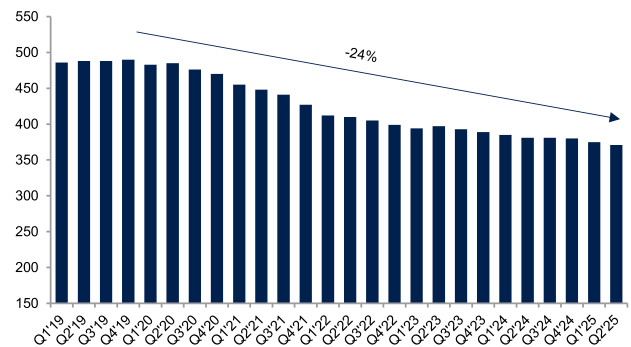
As illustrated below, H&M has underperformed the market in both the Nordics and North & South America, which together generate ~30% of group sales. In the Nordics, H&M has net closed ~25% of its store network since the end of 2019 and 7% since Q4 2022. In North & South America, the network has been more stable over the last years.

#### Nordic Retail Sales, Clothing (y-o-y) vs. H&M



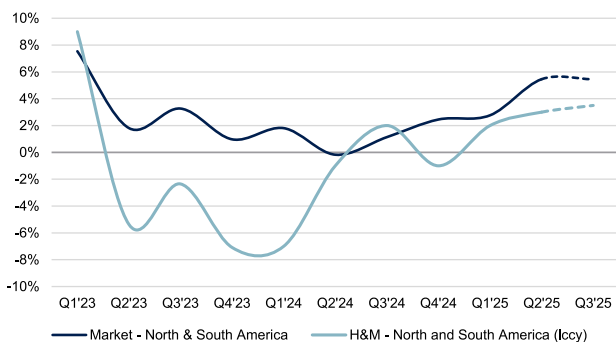
Source: ABG Sundal Collier, FactSet, Company data

#### H&M Nordics, number of stores



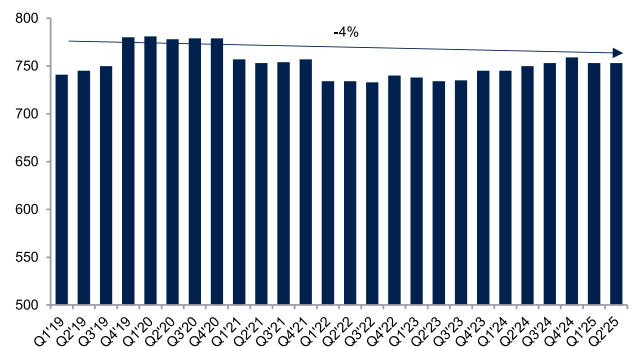
Source: ABG Sundal Collier, Company data

#### American Retail Sales, Clothing (y-o-y) vs. H&M



Source: ABG Sundal Collier, FactSet, Company data

#### H&M North & South America, number of stores

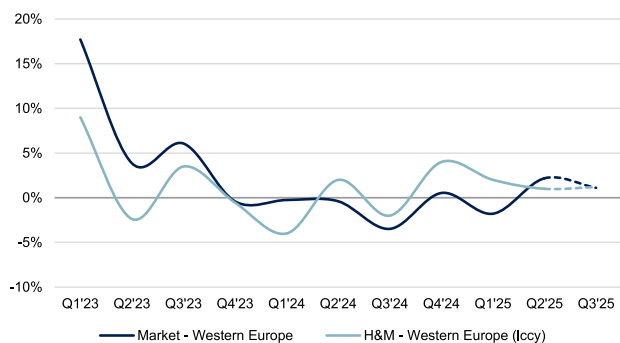


Source: ABG Sundal Collier, Company data

## Stronger in Western and Southern Europe

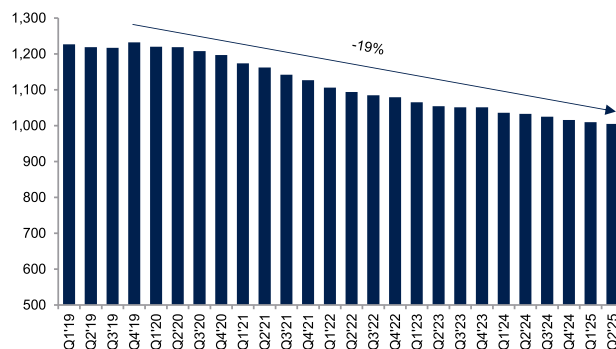
In contrast, the group has grown slightly above the market in Western Europe (35% of Group sales). The pace of its store closures has been similar there as in the Nordics, with a 19% reduction from the peak and 7% down from Q4 2022. Southern Europe has been the shining star within H&M during the last years. In Q2'25 LTM, lccy sales growth reached 9% despite having an average expansion rate of around -4%.

### Western Europe Retail Sales, Clothing (y-o-y) vs. H&M



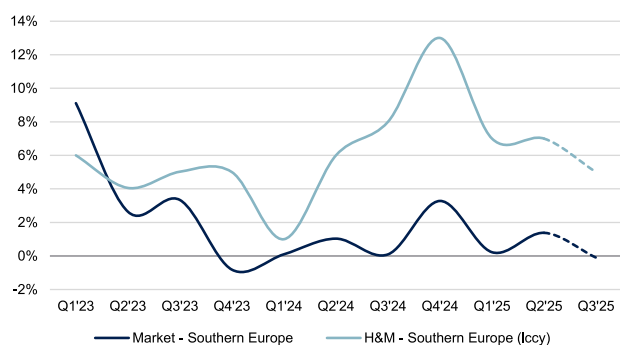
Source: ABG Sundal Collier, FactSet

### H&M Western Europe, number of stores



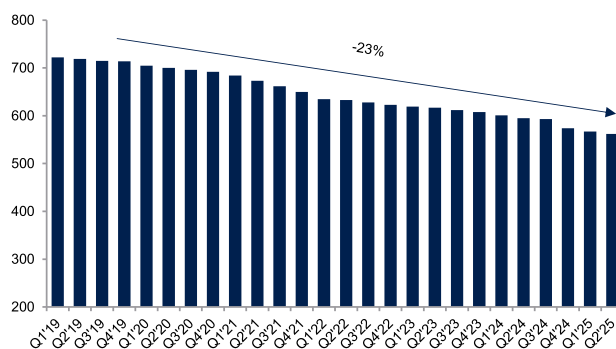
Source: ABG Sundal Collier, Company data

### Southern Europe Retail Sales, Clothing (y-o-y) vs. H&M



Source: ABG Sundal Collier, FactSet, Company data

### H&M Southern Europe, number of stores





## Q3 2025 preview

We forecast +2% lccy sales growth in Q3'25e, which is slightly below the pre-reported growth pace in June (the first month of fiscal Q3). Our H&M market index suggests that clothing markets remained fairly stable in June-July versus fiscal Q2. In our +2% lccy forecast, we also balance tougher comps in July-Aug with positive signs from Inditex's August trading. Furthermore, we believe current trading (September) could be somewhat weaker on the back of a tough comp of +11% lccy in September of last year. On a more positive note, we expect external tailwinds to fuel a slight margin expansion of 0.5pp to 6.8%, resulting in adj. EBIT of SEK 3.9bn (+6% y-o-y). In contrast, H1'25 EBIT adj. decreased by 25% y-o-y. We forecast stock-in-trade to decrease by -1% (lccy) and see lease adj. FCF of SEK 3.5bn. Lastly, we note that the 2023 SEK 3bn and 2024 SEK 1bn buyback programmes were communicated in conjunction to the respective Q3 reports. We do not rule out a 2025 buyback programme, although it is not our base case due to a somewhat weaker balance sheet compared to 1-2 years ago.

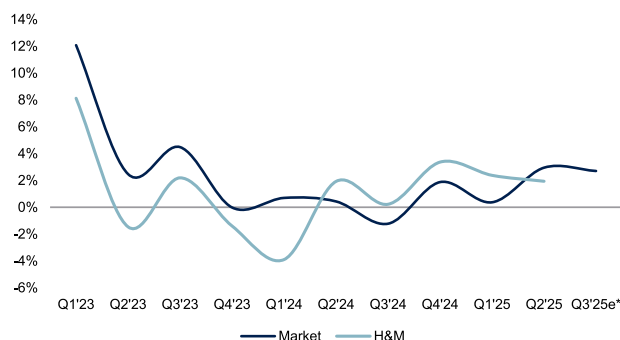
### Sales: +2% (lccy) in Q3'25e

H&M has pre-reported 3% growth in June (lccy), the first month of its third quarter. This was 2pp short of our expectation. As we look into the remaining two months of the quarter, we note that the underlying comps became slightly tougher. On the other hand, markets were stable to slightly accelerating in July. Furthermore, Inditex saw sales growth accelerate in August, which is somewhat reassuring. Balancing these factors, we forecast 2% lccy sales growth for Q3'25e for sales of SEK 57.6bn.

### Decent markets in June-July

The macro data look fairly supportive to us, with the market growth in the first two months of fiscal Q3'25 (Jun-Jul) trending on par with Q2'25. Below, we focus on the aforementioned four geographical regions, weighting the respective countries in line with H&M's sales split. In the Nordics and Western Europe, July grew 1pp faster than June, while Americas was 3pp faster and Southern Europe was on par.

### H&M lccy sales growth versus key markets



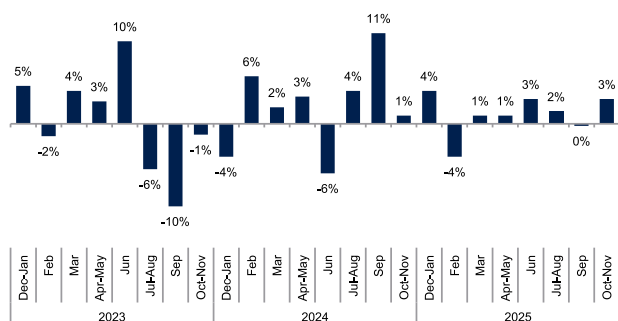
Source: ABG Sundal Collier, FactSet, Company data

Footnote: \*Adj. for H&M fiscal year, \*\*weighted per market size, \*\*\*Jun-Jul

### Monthly sales breakdown

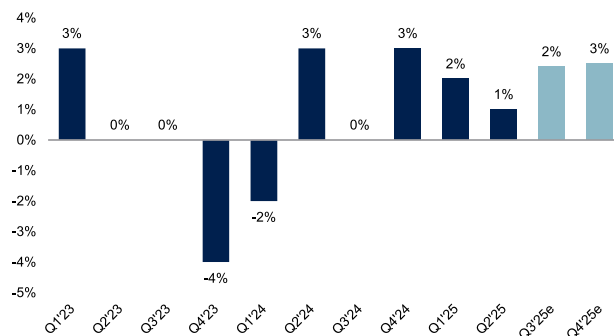
In total, we do not estimate any big swings from the low-single-digit trend. Considering somewhat tougher comps in Jul-Aug, we assume a slightly softer end to the quarter, with +2% lccy versus +3% lccy in June, summing up to +2% lccy for the quarter. On the subject of tough comps, we note that September last year grew +11% lccy, as some key markets were impacted by favourable weather. We also note that the two-year stack (Sep-23 x Sep-24), however, is roughly in line with the previous two months, making forecasting a notch trickier. We cautiously forecast 0% growth in September versus +2.5% for the full Q4'25e.

## H&M sales growth per month (lccy)



Source: ABG Sundal Collier, Company data

## H&M lccy sales growth



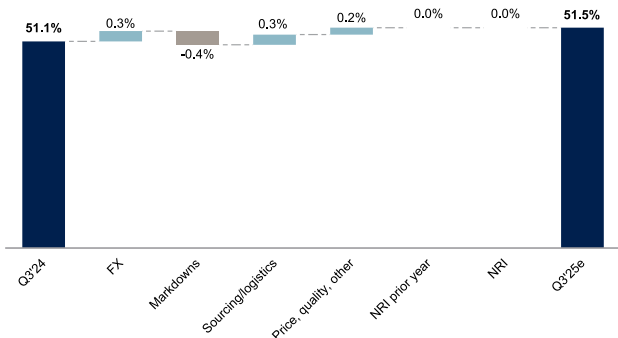
Source: ABG Sundal Collier, Company data

## Margin expansion

### Gross margin set to expand

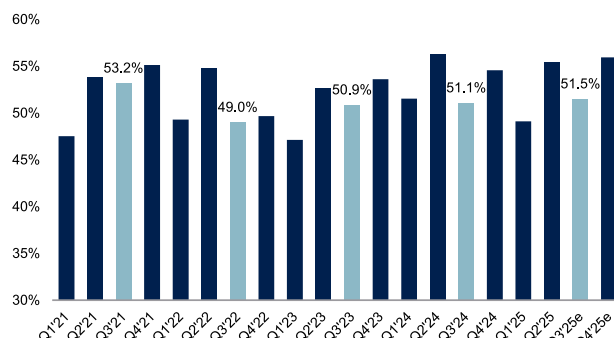
H&M has recently been consolidating its supplier network for cost savings and increased productivity, which has partly offset pressure from higher freight costs, adverse FX movements, price/value investments and markdowns. In total, however, the H1'25, gross margin contracted 1.8pp. In conjunction with its Q2'25 report, the group mentioned that the negative effect from external factors is set to turn positive in Q3'25e whereas the cost of markdowns is expected to be somewhat higher. As illustrated in our simplified gross margin bridge below, we forecast a 40bp margin expansion to 51.5%.

## Gross margin bridge



Source: ABG Sundal Collier, Company data

## H&M gross margin

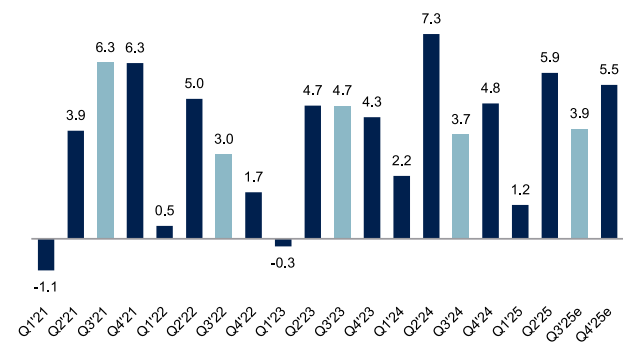


Source: ABG Sundal Collier, Company data

## Adj. EBIT of SEK 3.9bn

In Q3'24, H&M accelerated its "long-term marketing" efforts in order to reignite the H&M brand and fuel long-term growth. In particular, it has invested in experiential marketing, such as an open party at London fashion week with performances by Charli XCX, Jamie xx and Sherelle, and a mini-festival with four stages in downtown Los Angeles. We like this bold move, but appreciate that the return on these investments will not be immediate. The costs, however, are immediate, and we calculate a 60-70bp drag on to the Q2'25 LTM margin. As these marketing investments annualise in Q3'25, we assume a neutral impact. Furthermore, we expect SEK 0.3bn lower D&A to offset the underlying cost inflation for an EBIT adj. margin of 6.8%.

EBIT adj. (SEKbn)



Source: ABG Sundal Collier, Company data

## ABGSC P&amp;L estimates (SEKm)

	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025	Q2 2025	Q3 2025e	Q4 2025e	2024	2025e	2026e	2027e
Net sales	53,669	59,605	59,011	62,193	55,333	56,714	57,630	59,572	234,478	229,249	231,128	238,062
Cost of goods sold	-26,014	-26,036	-28,878	-28,251	-28,164	-25,289	-27,955	-26,261	-109,179	-107,669	-105,258	-107,669
<b>Gross profit</b>	<b>27,655</b>	<b>33,569</b>	<b>30,133</b>	<b>33,942</b>	<b>27,169</b>	<b>31,425</b>	<b>29,676</b>	<b>33,311</b>	<b>125,299</b>	<b>121,580</b>	<b>125,870</b>	<b>130,393</b>
SG&A	-19,851	-20,844	-21,052	-23,725	-20,517	-20,462	-20,686	-22,749	-85,472	-84,414	-85,229	-86,709
EBITDA adj.	7,804	12,725	9,081	10,217	6,652	10,963	8,990	10,561	39,827	37,166	40,641	43,684
Non-recurring items	-161	-199	-200	-200	0	0	0	0	-760	0	0	0
EBITDA	7,643	12,526	8,881	10,017	6,652	10,963	8,990	10,561	39,067	37,166	40,641	43,684
D&A	-5,405	-5,428	-5,374	-5,393	-5,449	-5,049	-5,071	-5,075	-21,600	-20,645	-20,902	-22,863
o/w Ordinary D&A and write-downs	-2,128	-2,137	-2,139	-2,105	-2,073	-1,978	-1,995	-2,050	-8,509	-8,097	-8,687	-10,684
o/w IFRS 16	-3,277	-3,291	-3,235	-3,288	-3,376	-3,071	-3,076	-3,025	-13,091	-12,548	-12,216	-12,179
<b>EBIT adj.</b>	<b>2,238</b>	<b>7,297</b>	<b>3,707</b>	<b>4,824</b>	<b>1,203</b>	<b>5,914</b>	<b>3,918</b>	<b>5,486</b>	<b>18,066</b>	<b>16,521</b>	<b>19,739</b>	<b>20,821</b>
EBIT	2,077	7,098	3,507	4,624	1,203	5,914	3,918	5,486	17,306	16,521	19,739	20,821
Net financial items	-471	-430	-422	-540	-441	-623	-427	-381	-1,863	-1,873	-1,540	-1,544
PTP	1,606	6,668	3,085	4,084	762	5,291	3,491	5,105	15,443	14,649	18,198	19,277
Tax	-405	-1,673	-778	-1,003	-183	-1,329	-878	-1,351	-3,859	-3,740	-4,638	-4,913
Minorities	0	0	0	0	0	0	0	0	0	0	0	0
Net profit	1,201	4,995	2,307	3,081	579	3,962	2,613	3,754	11,584	10,908	13,560	14,364
<b>EPS</b>	<b>0.74</b>	<b>3.10</b>	<b>1.43</b>	<b>1.92</b>	<b>0.36</b>	<b>2.47</b>	<b>1.63</b>	<b>2.34</b>	<b>7.20</b>	<b>6.80</b>	<b>8.51</b>	<b>9.11</b>
<b>EPS adj. (SEK)</b>	<b>0.82</b>	<b>3.19</b>	<b>1.53</b>	<b>2.01</b>	<b>0.36</b>	<b>2.47</b>	<b>1.63</b>	<b>2.34</b>	<b>7.55</b>	<b>6.80</b>	<b>8.51</b>	<b>9.11</b>
<b>Ratios</b>												
Sales growth	-2%	3%	-3%	-1%	3%	-5%	-2%	-4%	-1%	-2%	1%	3%
Sales growth, lccy	-2%	3%	0%	3%	2%	1%	2%	3%	1%	2%	4%	3%
Gross margin	51.5%	56.3%	51.1%	54.6%	49.1%	55.4%	51.5%	55.9%	53.4%	53.0%	54.5%	54.8%
SG&A-to-sales	37.0%	35.0%	35.7%	38.1%	37.1%	36.1%	35.9%	38.2%	36.5%	36.8%	36.9%	36.4%
EBIT adj. margin	4.2%	12.2%	6.3%	7.8%	2.2%	10.4%	6.8%	9.2%	7.7%	7.2%	8.5%	8.7%
Pretax margin	3.0%	11.2%	5.2%	6.6%	1.4%	9.3%	6.1%	8.6%	6.6%	6.4%	7.9%	8.1%
Net margin	2.2%	8.4%	3.9%	5.0%	1.0%	7.0%	4.5%	6.3%	4.9%	4.8%	5.9%	6.0%
Tax rate	25.2%	25.1%	25.2%	24.6%	24.0%	25.1%	25.1%	26.5%	25.0%	25.5%	25.5%	25.5%
EPS adj. growth, yoy	n.m	58%	-25%	108%	-56%	-23%	7%	16%	67%	-10%	25%	7%
DPS									6.80	7.00	7.00	7.00
<b>Growth drivers</b>												
LFL sales growth	-1%	4%	1%	5%	4%	3%	3%	4%	2%	3%	4%	3%
Expansion	-1%	-1%	-1%	-2%	-2%	-2%	-1%	-1%	-1%	-1%	0%	0%
FX	0%	0%	-3%	-4%	1%	-6%	-5%	-7%	-2%	-4%	-3%	0%
<b>Total</b>	<b>-2%</b>	<b>3%</b>	<b>-3%</b>	<b>-1%</b>	<b>3%</b>	<b>-5%</b>	<b>-2%</b>	<b>-4%</b>	<b>-1%</b>	<b>-2%</b>	<b>1%</b>	<b>3%</b>
Lccy	-2%	3%	0%	3%	2%	1%	2%	3%	1%	2%	4%	3%
<b>Gross margin bridge (bp)</b>												
Currency impact	30	50	-10	-10	-20	-30	30	50	20	10	60	0
Markdowns	-50	0	-30	30	-100	0	-40	40	-10	-30	40	20
Sourcing/logistics	460	350	70	110	-40	-30	30	20	235	0	20	10
Price, quality, other	0	-30	-30	-30	-80	-30	20	20	-20	-20	20	0
NRI prior year	0	0	0	0	0	0	0	0	0	0	0	0
NRI	0	0	20	0	0	0	0	0	5	0	0	0
<b>Total</b>	<b>440</b>	<b>370</b>	<b>20</b>	<b>100</b>	<b>-240</b>	<b>-90</b>	<b>40</b>	<b>130</b>	<b>230</b>	<b>-40</b>	<b>140</b>	<b>30</b>
<b>Gross margin</b>	<b>51.5%</b>	<b>56.3%</b>	<b>51.1%</b>	<b>54.6%</b>	<b>49.1%</b>	<b>55.4%</b>	<b>51.5%</b>	<b>55.9%</b>	<b>53.4%</b>	<b>53.0%</b>	<b>54.5%</b>	<b>54.8%</b>

Source: ABG Sundal Collier, Company data

## ABGSC cash flow estimates (SEKm)

	2018	2019	2020	2021	2022	2023	2024	2025e	2026e	2027e
PTP (adjusted for interest cash effects)	15,639	17,391	2,052	14,300	6,216	13,010	15,443	14,657	18,188	19,266
Provisions for pensions	0	-12	22	-13	768	-323	689	58	0	0
Depreciation	9,671	11,051	25,953	22,320	22,579	22,955	22,252	20,837	20,902	22,863
Tax paid	-3,059	-3,677	-3,719	-4,974	-3,499	-5,565	-1,717	-3,891	-4,638	-4,913
Other non-cash items	0	0	0	0	0	-971	78	66	0	0
<b>CASH EARNINGS</b>	<b>22,251</b>	<b>24,753</b>	<b>24,308</b>	<b>31,633</b>	<b>26,064</b>	<b>29,106</b>	<b>36,745</b>	<b>31,727</b>	<b>34,452</b>	<b>37,216</b>
<b>CASH EARNINGS pre IFRS 16</b>			10,134	19,354	13,925	16,239	24,114	19,967	23,458	26,255
Changes in current receivables	-587	753	1,373	-736	-452	-594	-2,299	34	-653	190
Changes in stock-in-trade	-3,489	273	-1,980	1,263	-3,734	5,248	-3,036	961	1,077	-150
Changes in current liabilities	3,112	3,207	2,199	12,459	2,598	189	346	-1,055	-143	471
<b>CHANGE IN WORKING CAPITAL</b>	<b>-964</b>	<b>4,233</b>	<b>1,592</b>	<b>12,986</b>	<b>-1,588</b>	<b>4,843</b>	<b>-4,989</b>	<b>-60</b>	<b>281</b>	<b>511</b>
<b>OPERATING CASH FLOW</b>	<b>21,287</b>	<b>28,986</b>	<b>25,900</b>	<b>44,619</b>	<b>24,476</b>	<b>33,949</b>	<b>31,756</b>	<b>31,667</b>	<b>34,733</b>	<b>37,727</b>
<b>OPERATING CASH FLOW pre IFRS 16</b>	<b>21,287</b>	<b>28,986</b>	<b>11,726</b>	<b>32,340</b>	<b>12,337</b>	<b>21,082</b>	<b>19,125</b>	<b>19,907</b>	<b>23,739</b>	<b>26,766</b>
Investments in renting rights and other intangibles	-3,271	-2,956	-1,496	-737	-1,484	-978	-1,388	-2,150	-2,482	-2,611
Investments in fixed assets	-9,557	-7,384	-3,606	-2,727	-5,329	-8,641	-10,186	-8,913	-8,381	-8,816
<b>CASH FLOW FROM INVESTMENT ACTIVITIES</b>	<b>-12,828</b>	<b>-10,340</b>	<b>-5,102</b>	<b>-3,464</b>	<b>-6,813</b>	<b>-9,619</b>	<b>-11,574</b>	<b>-11,063</b>	<b>-10,863</b>	<b>-11,427</b>
<b>FREE CASH FLOW</b>	<b>8,459</b>	<b>18,646</b>	<b>20,798</b>	<b>41,155</b>	<b>17,663</b>	<b>24,330</b>	<b>20,182</b>	<b>20,604</b>	<b>23,870</b>	<b>26,300</b>
<b>FREE CASH FLOW pre IFRS 16</b>	<b>8,459</b>	<b>18,646</b>	<b>6,624</b>	<b>28,876</b>	<b>5,524</b>	<b>11,463</b>	<b>7,551</b>	<b>8,844</b>	<b>12,876</b>	<b>15,339</b>
Financial investments	9,128	-2,343	-1,127	-7,762	680	5,904	-3,190	3,238	0	0
Dividends	-16,137	-16,137	0	-10,758	-10,687	-10,577	-10,456	-10,911	-11,223	-11,099
Buybacks	0	0	0	0	-3,000	-1,075	-2,928	-175	-3,000	-3,000
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>-7,009</b>	<b>-18,480</b>	<b>-15,301</b>	<b>-30,799</b>	<b>-25,146</b>	<b>-18,615</b>	<b>-29,205</b>	<b>-19,604</b>	<b>-25,217</b>	<b>-25,060</b>
<b>CASH FLOW FOR THE PERIOD</b>	<b>1,450</b>	<b>166</b>	<b>5,497</b>	<b>10,356</b>	<b>-7,483</b>	<b>5,715</b>	<b>-9,023</b>	<b>1,000</b>	<b>-1,347</b>	<b>1,240</b>
IB liquid funds & short-term investments	9,718	11,590	12,312	16,540	27,471	21,707	26,398	17,340	17,461	16,115
Cash flow for the period	1,450	166	5,497	10,356	-7,483	5,715	-9,023	1,000	-1,347	1,240
Changes in currency rates	422	556	-1,269	575	1,719	-1,024	-35	-879	0	0
<b>OB liquid funds &amp; short-term investments</b>	<b>11,590</b>	<b>12,312</b>	<b>16,540</b>	<b>27,471</b>	<b>21,707</b>	<b>26,398</b>	<b>17,340</b>	<b>17,461</b>	<b>16,115</b>	<b>17,354</b>
FCFPS (pre IFRS 16)	5.1	11.3	4.0	17.4	3.4	7.0	4.7	5.5	8.1	9.8
DPS	9.75	0.00	6.50	6.50	6.50	6.50	6.80	7.00	7.00	7.00
Net debt / EBITDA	0.3x	0.2x	0.0x	-0.7x	-0.6x	-0.4x	-0.1x	0.0x	0.0x	0.0x

Source: ABG Sundal Collier, Company data

# Estimate changes

In general, H&M is short USD/EUR and long EUR/SEK. Since its Q2'25 report, the USD/EUR rate has fallen 1% whereas the EUR/SEK rate is down 2%. Furthermore, cotton prices have remained flattish whereas the current global sea freight index is ~5% lower than the Q2'25 average. Lastly, tariffs could hit the group's US profits, as a significant share of its garments are sourced from China, although it could use the flexibility of its supply chain to shift between sourcing markets. Partly due to the recent EUR/SEK depreciation and slightly higher costs for markdowns expected in Q3'25e, we trim our '25e EPS by 4% and '26e-'27e by 1%.

### USD/EUR rate



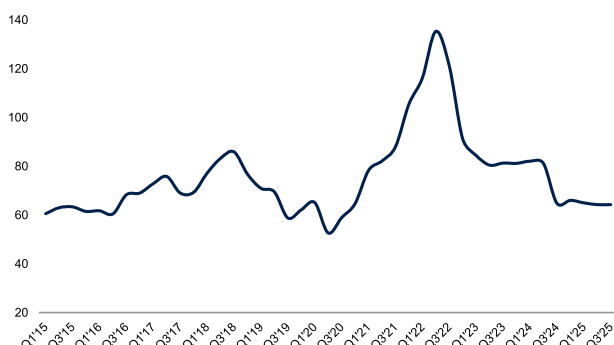
Source: ABG Sundal Collier, FactSet

### SEK/EUR rate



Source: ABG Sundal Collier, FactSet

### Cotton spot (Memphis c/lb)



Source: ABG Sundal Collier, FactSet

### Freightos Global Freight Rate index



Source: ABG Sundal Collier, Freightos

## ABGSC estimate revisions (SEKbn)

	Old			New			Chg		
	2025e	2026e	2027e	2025e	2026e	2027e	2025e	2026e	2027e
Net sales	229.8	234.1	241.1	229.2	231.1	238.1	0%	-1%	-1%
Gross profit	121.9	127.2	131.6	121.6	125.9	130.4	0%	-1%	-1%
Gross margin	53.1%	54.3%	54.6%	53.0%	54.5%	54.8%	0 bps	10 bps	20 bps
Opex/Sales (incl. D&A)	45.6%	45.8%	45.9%	45.8%	45.9%	46.0%	20 bps	10 bps	10 bps
EBIT adj.	17.1	20.0	20.9	16.5	19.7	20.8	-3%	-1%	-1%
EBIT adj. margin	7.4%	8.5%	8.7%	7.2%	8.5%	8.7%	-20 bps	0 bps	10 bps
EPS adj.	7.05	8.62	9.16	6.80	8.51	9.11	-4%	-1%	-1%
EPS	7.05	8.62	9.16	6.80	8.51	9.11	-4%	-1%	-1%
<b>Gross margin bridge</b>									
Currency impact	0	50	0	10	60	0	10	10	0
Markdowns	-20	30	20	-30	40	20	-10	10	0
Sourcing, logistics, other	-10	30	10	0	20	10	10	-10	0
Price, quality, investments	-10	20	0	-20	20	0	-10	0	0
NRI	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>53.1%</b>	<b>54.3%</b>	<b>54.6%</b>	<b>53.0%</b>	<b>54.5%</b>	<b>54.8%</b>	<b>0 bps</b>	<b>10 bps</b>	<b>20 bps</b>

Source: ABG Sundal Collier, Company data

# BUY: target price of SEK 175

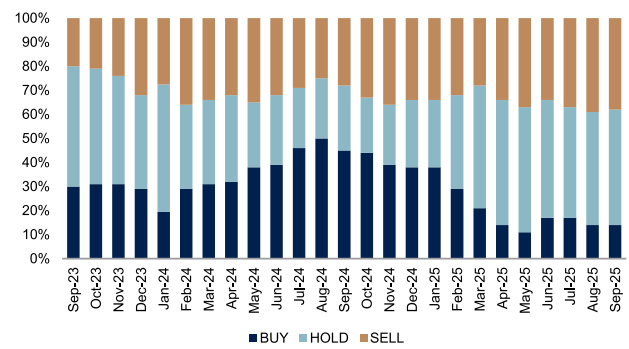
*We forecast >20% EPS growth in the 12-month period Q3'25e-Q2'26e. Furthermore, H&M is heavily shorted, locally under-owned, and disliked by sell-side analysts. As such, the stock could be fuelled by substantial short-covering and upgrades. Either way, we expect the main owner to gradually increase his ownership towards 90% by 20230e, while investors get a dividend yield just short of 5%. The stock has rendered a total return of 16% L6M and is currently trading around 18x P/E (NTM) according to our estimates, which are somewhat above Infront consensus.*

## HMB short interest has surged lately



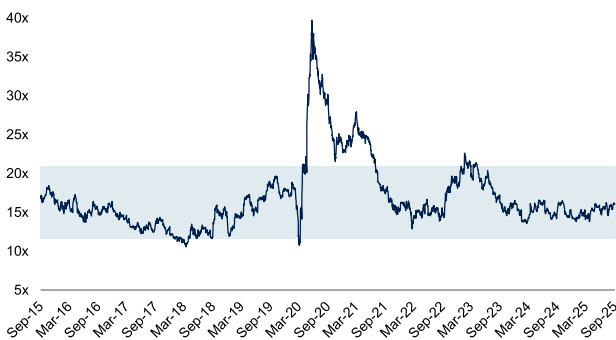
Source: ABG Sundal Collier, S&P

## Broker ratings (total 29)



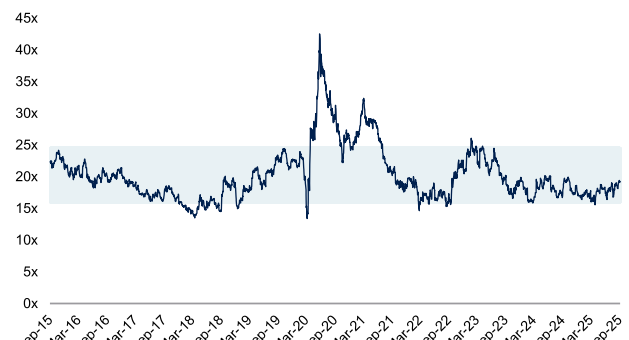
Source: ABG Sundal Collier, FactSet

## EV/EBIT (NTM)



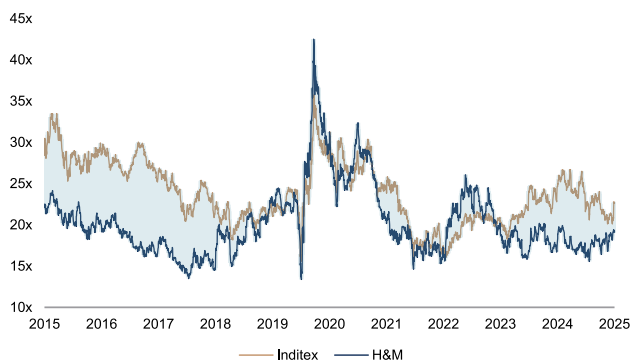
Source: ABG Sundal Collier, FactSet

## P/E (NTM)



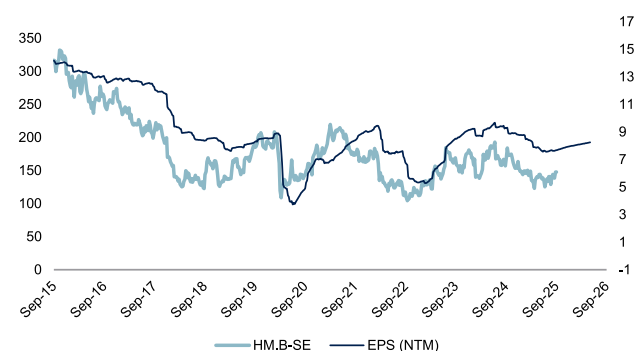
Source: ABG Sundal Collier, FactSet

## ~15% discount to ITX (P/E NTM)



Source: ABG Sundal Collier, FactSet

## Share price vs. EPS (NTM)



Source: ABG Sundal Collier, FactSet

Income Statement (SEKm)	2018	2019	2020	2021	2022	2023	2024	2025e	2026e	2027e
Sales	210,400	232,755	187,031	198,967	223,553	236,035	234,478	229,249	231,128	238,062
COGS	-99,513	-110,302	-93,547	-94,011	-110,330	-115,297	-109,179	-107,669	-105,258	-107,669
Gross profit	110,887	122,453	93,484	104,956	113,223	120,738	125,299	121,580	125,870	130,393
Other operating items	-85,723	-94,056	-64,432	-67,391	-84,365	-84,015	-86,393	-84,414	-85,229	-86,709
<b>EBITDA</b>	<b>25,164</b>	<b>28,397</b>	<b>29,052</b>	<b>37,565</b>	<b>28,858</b>	<b>36,723</b>	<b>38,906</b>	<b>37,166</b>	<b>40,641</b>	<b>43,684</b>
Depreciation and amortisation	-9,671	-11,051	-25,953	-22,310	-21,689	-22,186	-21,600	-20,645	-20,902	-22,863
of which leasing depreciation	0	0	-13,869	-11,988	-11,631	-13,070	-13,091	-12,548	-12,216	-12,179
<b>EBITA</b>	<b>15,493</b>	<b>17,346</b>	<b>3,099</b>	<b>15,255</b>	<b>7,169</b>	<b>14,537</b>	<b>17,306</b>	<b>16,521</b>	<b>19,739</b>	<b>20,821</b>
EO Items	0	0	0	0	-2,940	999	-760	0	0	0
Impairment and PPA amortisation	0	0	0	0	0	0	0	0	0	0
<b>EBIT</b>	<b>15,493</b>	<b>17,346</b>	<b>3,099</b>	<b>15,255</b>	<b>7,169</b>	<b>14,537</b>	<b>17,306</b>	<b>16,521</b>	<b>19,739</b>	<b>20,821</b>
Net financial items	146	45	-1,047	-955	-953	-1,527	-1,863	-1,873	-1,540	-1,544
<b>Pretax profit</b>	<b>15,639</b>	<b>17,391</b>	<b>2,052</b>	<b>14,300</b>	<b>6,216</b>	<b>13,010</b>	<b>15,443</b>	<b>14,649</b>	<b>18,198</b>	<b>19,277</b>
Tax	-2,987	-3,948	-809	-3,290	-2,650	-4,287	-3,859	-3,740	-4,638	-4,913
<b>Net profit</b>	<b>12,652</b>	<b>13,443</b>	<b>1,243</b>	<b>11,010</b>	<b>3,566</b>	<b>8,723</b>	<b>11,584</b>	<b>10,908</b>	<b>13,560</b>	<b>14,364</b>
Minority interest	0	0	0	0	0	0	0	-	-	-
Net profit discontinued	0	0	0	0	0	0	0	-	-	-
<b>Net profit to shareholders</b>	<b>12,652</b>	<b>13,443</b>	<b>1,243</b>	<b>11,010</b>	<b>3,566</b>	<b>8,723</b>	<b>11,584</b>	<b>10,908</b>	<b>13,560</b>	<b>14,364</b>
EPS	7.64	8.12	0.58	6.53	2.15	5.35	7.20	6.80	8.51	9.11
EPS adj.	7.64	8.12	0.75	6.65	3.99	4.52	7.55	6.80	8.51	9.11
Total extraordinary items after tax	0	0	0	0	-2,940	670	-570	0	0	0
Leasing payments	0	0	-13,869	-11,988	-11,631	-13,070	-13,091	-12,548	-12,216	-12,179
<i>Tax rate (%)</i>	<i>19.1</i>	<i>22.7</i>	<i>39.4</i>	<i>23.0</i>	<i>42.6</i>	<i>33.0</i>	<i>25.0</i>	<i>25.5</i>	<i>25.5</i>	<i>25.5</i>
<i>Gross margin (%)</i>	<i>52.7</i>	<i>52.6</i>	<i>50.0</i>	<i>52.8</i>	<i>50.6</i>	<i>51.2</i>	<i>53.4</i>	<i>53.0</i>	<i>54.5</i>	<i>54.8</i>
<i>EBITDA margin (%)</i>	<i>12.0</i>	<i>12.2</i>	<i>15.5</i>	<i>18.9</i>	<i>12.9</i>	<i>15.6</i>	<i>16.6</i>	<i>16.2</i>	<i>17.6</i>	<i>18.3</i>
<i>EBITA margin (%)</i>	<i>7.4</i>	<i>7.5</i>	<i>1.7</i>	<i>7.7</i>	<i>3.2</i>	<i>6.2</i>	<i>7.4</i>	<i>7.2</i>	<i>8.5</i>	<i>8.7</i>
<i>EBIT margin (%)</i>	<i>7.4</i>	<i>7.5</i>	<i>1.7</i>	<i>7.7</i>	<i>3.2</i>	<i>6.2</i>	<i>7.4</i>	<i>7.2</i>	<i>8.5</i>	<i>8.7</i>
<i>Pre-tax margin (%)</i>	<i>7.4</i>	<i>7.5</i>	<i>1.1</i>	<i>7.2</i>	<i>2.8</i>	<i>5.5</i>	<i>6.6</i>	<i>6.4</i>	<i>7.9</i>	<i>8.1</i>
<i>Net margin (%)</i>	<i>6.0</i>	<i>5.8</i>	<i>0.7</i>	<i>5.5</i>	<i>1.6</i>	<i>3.7</i>	<i>4.9</i>	<i>4.8</i>	<i>5.9</i>	<i>6.0</i>
<b>Growth Rates y-o-y</b>	-	-	-	-	-	-	-	-	-	-
<i>Sales growth (%)</i>	<i>5.2</i>	<i>10.6</i>	<i>-19.6</i>	<i>6.4</i>	<i>12.4</i>	<i>5.6</i>	<i>-0.7</i>	<i>-2.2</i>	<i>0.8</i>	<i>3.0</i>
<i>EBITDA growth (%)</i>	<i>-13.4</i>	<i>12.8</i>	<i>2.3</i>	<i>29.3</i>	<i>-23.2</i>	<i>27.3</i>	<i>5.9</i>	<i>-4.5</i>	<i>9.4</i>	<i>7.5</i>
<i>EBITA growth (%)</i>	<i>-24.7</i>	<i>12.0</i>	<i>-82.1</i>	<i>392.3</i>	<i>-53.0</i>	<i>102.8</i>	<i>19.0</i>	<i>-4.5</i>	<i>19.5</i>	<i>5.5</i>
<i>EBIT growth (%)</i>	<i>-24.7</i>	<i>12.0</i>	<i>-82.1</i>	<i>nm</i>	<i>-53.0</i>	<i>nm</i>	<i>19.0</i>	<i>-4.5</i>	<i>19.5</i>	<i>5.5</i>
<i>Net profit growth (%)</i>	<i>-21.8</i>	<i>6.3</i>	<i>-90.8</i>	<i>785.8</i>	<i>-67.6</i>	<i>144.6</i>	<i>32.8</i>	<i>-5.8</i>	<i>24.3</i>	<i>5.9</i>
<i>EPS growth (%)</i>	<i>-21.8</i>	<i>6.3</i>	<i>-92.8</i>	<i>nm</i>	<i>-67.1</i>	<i>nm</i>	<i>34.5</i>	<i>-5.5</i>	<i>25.2</i>	<i>7.0</i>
<b>Profitability</b>	-	-	-	-	-	-	-	-	-	-
<i>ROE (%)</i>	<i>21.4</i>	<i>23.3</i>	<i>2.2</i>	<i>19.2</i>	<i>6.4</i>	<i>17.7</i>	<i>24.7</i>	<i>24.5</i>	<i>31.4</i>	<i>32.5</i>
<i>ROE adj. (%)</i>	<i>21.4</i>	<i>23.3</i>	<i>2.2</i>	<i>19.2</i>	<i>11.7</i>	<i>15.7</i>	<i>26.3</i>	<i>24.5</i>	<i>31.4</i>	<i>32.5</i>
<i>ROCE (%)</i>	<i>21.2</i>	<i>22.8</i>	<i>2.1</i>	<i>11.0</i>	<i>5.1</i>	<i>10.5</i>	<i>12.5</i>	<i>12.5</i>	<i>16.4</i>	<i>17.2</i>
<i>ROCE adj. (%)</i>	<i>21.2</i>	<i>22.8</i>	<i>2.1</i>	<i>11.0</i>	<i>7.4</i>	<i>9.7</i>	<i>13.1</i>	<i>12.5</i>	<i>16.4</i>	<i>17.2</i>
<i>ROIC (%)</i>	<i>20.0</i>	<i>21.8</i>	<i>2.2</i>	<i>11.8</i>	<i>4.6</i>	<i>10.7</i>	<i>13.9</i>	<i>13.5</i>	<i>17.1</i>	<i>17.8</i>
<i>ROIC adj. (%)</i>	<i>20.0</i>	<i>21.8</i>	<i>2.2</i>	<i>11.8</i>	<i>6.5</i>	<i>10.0</i>	<i>14.5</i>	<i>13.5</i>	<i>17.1</i>	<i>17.8</i>
<b>Adj. earnings numbers</b>	-	-	-	-	-	-	-	-	-	-
EBITDA adj.	25,164	28,397	29,052	37,565	31,798	35,724	39,666	37,166	40,641	43,684
<i>EBITDA adj. margin (%)</i>	<i>12.0</i>	<i>12.2</i>	<i>15.5</i>	<i>18.9</i>	<i>14.2</i>	<i>15.1</i>	<i>16.9</i>	<i>16.2</i>	<i>17.6</i>	<i>18.3</i>
EBITDA lease adj.	25,164	28,397	13,872	24,542	16,321	22,159	24,236	23,148	26,990	30,073
<i>EBITDA lease adj. margin (%)</i>	<i>12.0</i>	<i>12.2</i>	<i>7.4</i>	<i>12.3</i>	<i>7.3</i>	<i>9.4</i>	<i>10.3</i>	<i>10.1</i>	<i>11.7</i>	<i>12.6</i>
EBITA adj.	15,493	17,346	3,099	15,255	10,109	13,538	18,066	16,521	19,739	20,821
<i>EBITA adj. margin (%)</i>	<i>7.4</i>	<i>7.5</i>	<i>1.7</i>	<i>7.7</i>	<i>4.5</i>	<i>5.7</i>	<i>7.7</i>	<i>7.2</i>	<i>8.5</i>	<i>8.7</i>
EBIT adj.	15,493	17,346	3,099	15,255	10,109	13,538	18,066	16,521	19,739	20,821
<i>EBIT adj. margin (%)</i>	<i>7.4</i>	<i>7.5</i>	<i>1.7</i>	<i>7.7</i>	<i>4.5</i>	<i>5.7</i>	<i>7.7</i>	<i>7.2</i>	<i>8.5</i>	<i>8.7</i>
Pretax profit Adj.	15,639	17,391	2,052	14,300	9,156	12,011	16,203	14,649	18,198	19,277
Net profit Adj.	12,652	13,443	1,243	11,010	6,506	7,724	12,344	10,908	13,560	14,364
Net profit to shareholders adj.	12,652	13,443	1,243	11,010	6,506	7,724	12,344	10,908	13,560	14,364
<i>Net adj. margin (%)</i>	<i>6.0</i>	<i>5.8</i>	<i>0.7</i>	<i>5.5</i>	<i>2.9</i>	<i>3.3</i>	<i>5.3</i>	<i>4.8</i>	<i>5.9</i>	<i>6.0</i>

Source: ABG Sundal Collier, Company Data

Cash Flow (SEKm)	2018	2019	2020	2021	2022	2023	2024	2025e	2026e	2027e
EBITDA	25,164	28,397	29,052	37,565	28,858	36,723	38,906	37,166	40,641	43,684
Net financial items	146	45	-1,047	-955	-953	-1,527	-1,863	-1,873	-1,540	-1,544
Paid tax	-2,987	-3,948	-809	-3,290	-2,650	-4,287	-3,859	-3,740	-4,638	-4,913
Non-cash items	-72	259	-2,888	-1,687	809	-1,803	3,561	174	-10	-10
Cash flow before change in WC	22,251	24,753	24,308	31,633	26,064	29,106	36,745	31,727	34,452	37,216
Change in working capital	-964	4,233	1,592	12,986	-1,588	4,843	-4,989	-60	281	511



Cash Flow (SEKm)	2018	2019	2020	2021	2022	2023	2024	2025e	2026e	2027e
<b>Operating cash flow</b>	<b>21,287</b>	<b>28,986</b>	<b>25,900</b>	<b>44,619</b>	<b>24,476</b>	<b>33,949</b>	<b>31,756</b>	<b>31,667</b>	<b>34,733</b>	<b>37,727</b>
Capex tangible fixed assets	-9,557	-7,384	-3,606	-2,727	-5,329	-8,641	-10,186	-8,913	-8,381	-8,816
Capex intangible fixed assets	-3,271	-2,956	-1,496	-737	-1,484	-978	-1,388	-2,150	-2,482	-2,611
Acquisitions and Disposals	0	0	0	0	0	0	0	0	0	0
<b>Free cash flow</b>	<b>8,459</b>	<b>18,646</b>	<b>20,798</b>	<b>41,155</b>	<b>17,663</b>	<b>24,330</b>	<b>20,182</b>	<b>20,604</b>	<b>23,870</b>	<b>26,300</b>
Dividend paid	-16,137	-16,137	0	-10,758	-10,687	-10,577	-10,456	-10,911	-11,223	-11,099
Share issues and buybacks	0	0	0	0	-3,000	-1,075	-2,928	-175	-3,000	-3,000
Leasing liability amortisation	0	0	-14,174	-12,279	-12,139	-12,867	-12,631	-11,760	-10,994	-10,961
Other non-cash items	1,434	631	-59,151	7,181	-3,565	-3,914	-1,665	10,614	-1,116	-232
Balance Sheet (SEKm)	2018	2019	2020	2021	2022	2023	2024	2025e	2026e	2027e
Goodwill	64	64	64	64	64	64	64	64	64	64
Other intangible assets	9,554	11,384	10,368	9,492	9,092	9,661	8,666	8,802	9,299	9,469
Tangible fixed assets	42,439	40,892	31,639	26,576	24,431	25,242	29,158	29,936	31,616	32,189
Right-of-use asset	0	0	59,535	53,086	58,305	56,294	57,062	50,757	50,605	50,453
Total other fixed assets	8,951	5,873	7,407	11,577	10,633	9,483	9,537	8,287	8,287	8,287
Fixed assets	61,008	58,213	109,013	100,795	102,525	100,744	104,487	97,847	99,871	100,463
Inventories	37,721	37,823	38,209	37,306	42,495	37,358	40,348	37,826	36,749	36,900
Receivables	12,265	12,137	10,609	14,209	15,321	16,773	18,039	16,321	16,974	16,784
Other current assets	0	0	0	0	0	0	0	0	0	0
Cash and liquid assets	11,590	12,312	16,540	27,471	21,707	26,398	17,340	17,461	16,115	17,354
<b>Total assets</b>	<b>122,584</b>	<b>120,485</b>	<b>174,371</b>	<b>179,781</b>	<b>182,048</b>	<b>181,273</b>	<b>180,214</b>	<b>169,455</b>	<b>169,709</b>	<b>171,500</b>
Shareholders equity	58,546	57,069	54,623	60,018	50,757	47,601	46,211	42,974	43,522	44,995
Minority	0	-	-	-	-	-	-	-	-	-
<b>Total equity</b>	<b>58,546</b>	<b>57,069</b>	<b>54,623</b>	<b>60,018</b>	<b>50,757</b>	<b>47,601</b>	<b>46,211</b>	<b>42,974</b>	<b>43,522</b>	<b>44,995</b>
Long-term debt	10,492	0	0	0	0	0	0	0	0	0
Pension debt	445	445	445	445	445	445	445	445	445	445
Convertible debt	0	-	-	-	-	-	-	-	-	-
Leasing liability	0	0	63,733	57,077	61,857	60,888	62,837	50,757	50,605	50,453
Total other long-term liabilities	5,088	5,404	1,224	4,584	3,755	6,018	5,437	5,259	6,528	6,912
Short-term debt	9,289	17,763	16,499	9,597	10,666	17,016	14,143	16,899	16,899	16,899
Accounts payable	6,800	8,217	6,465	6,783	7,755	8,133	8,072	7,914	7,966	8,206
Other current liabilities	28,130	31,587	31,382	41,278	46,813	41,172	43,070	45,207	43,743	43,590
<b>Total liabilities and equity</b>	<b>118,790</b>	<b>120,485</b>	<b>174,371</b>	<b>179,781</b>	<b>182,048</b>	<b>181,273</b>	<b>180,214</b>	<b>169,455</b>	<b>169,709</b>	<b>171,500</b>
Net IB debt	3,479	23	56,730	28,071	40,628	42,468	50,548	42,353	43,548	42,156
Net IB debt excl. pension debt	3,034	-422	56,285	27,626	40,183	42,023	50,103	41,908	43,103	41,711
Net IB debt excl. leasing	3,479	23	-7,003	-29,006	-21,229	-18,420	-12,289	-8,404	-7,058	-8,297
Capital employed	78,772	75,277	135,300	127,137	123,725	125,950	123,636	111,075	111,471	112,792
Capital invested	65,819	57,092	111,353	88,089	91,385	90,069	96,759	85,327	87,070	87,151
Working capital	15,056	10,156	10,971	3,455	3,248	4,826	7,246	1,026	2,014	1,887
<b>EV breakdown</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Market cap. diluted (m)	256,288	256,288	256,288	256,288	252,357	252,357	248,455	248,262	245,528	243,101
Net IB debt adj.	8,636	5,896	64,137	39,648	51,261	51,951	60,085	50,640	51,835	50,443
Market value of minority	0	0	0	0	0	0	0	0	0	0
Reversal of shares and participations	0	0	0	0	0	0	0	0	0	0
Reversal of conv. debt assumed equity	-	-	-	-	-	-	-	-	-	-
<b>EV</b>	<b>264,924</b>	<b>262,184</b>	<b>320,425</b>	<b>295,936</b>	<b>303,618</b>	<b>304,308</b>	<b>308,540</b>	<b>298,902</b>	<b>297,362</b>	<b>293,544</b>
Total assets turnover (%)	181.3	191.5	126.9	112.4	123.6	129.9	129.7	131.1	136.3	139.5
Working capital/sales (%)	7.2	5.4	5.6	3.6	1.5	1.7	2.6	1.8	0.7	0.8
<b>Financial risk and debt service</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net debt/equity (%)	5.9	0.0	103.9	46.8	80.0	89.2	109.4	98.6	100.1	93.7
Net debt / market cap (%)	1.4	0.0	22.1	11.0	16.1	16.8	20.3	17.1	17.7	17.3
Equity ratio (%)	47.8	47.4	31.3	33.4	27.9	26.3	25.6	25.4	25.6	26.2
Net IB debt adj. / equity (%)	14.8	10.3	117.4	66.1	101.0	109.1	130.0	117.8	119.1	112.1
Current ratio	1.39	1.08	1.20	1.37	1.22	1.21	1.16	1.02	1.02	1.03
EBITDA/net interest	172.4	189.3	193.7	250.4	192.4	244.8	259.4	--	--	--
Net IB debt/EBITDA (x)	0.1	0.0	2.0	0.7	1.4	1.2	1.3	1.1	1.1	1.0
Net IB debt/EBITDA lease adj. (x)	0.3	0.2	0.0	-0.7	-0.6	-0.4	-0.1	-0.0	0.0	-0.0
Interest coverage	108.1	115.6	20.7	101.7	47.8	96.9	115.4	--	--	--

Source: ABG Sundal Collier, Company Data

Share Data (SEKm)	2018	2019	2020	2021	2022	2023	2024	2025e	2026e	2027e
Actual shares outstanding	1,655	1,655	1,655	1,655	1,630	1,630	1,604	1,603	1,586	1,570
Actual shares outstanding (avg)	1,655	1,655	1,655	1,655	1,630	1,630	1,604	1,603	1,586	1,570

Share Data (SEKm)	2018	2019	2020	2021	2022	2023	2024	2025e	2026e	2027e
All additional shares	0	0	0	0	0	0	0	0	0	0
Issue month	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-	-	-
Assumed dil. of shares from conv.	0	0	0	0	0	0	0	-	-	-
As. dil. of shares from conv. (avg)	0	0	0	0	0	0	0	-	-	-
Conv. debt not assumed as equity	0	0	0	0	0	0	0	-	-	-
No. of warrants	0	0	0	0	0	0	0	-	-	-
Market value per warrant	0	0	0	0	0	0	0	-	-	-
Dilution from warrants	0	0	0	0	0	0	0	-	-	-
Issue factor	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Actual dividend per share	9.75	0.00	6.50	6.50	6.50	6.50	6.80	7.00	7.00	7.00
Reported earnings per share	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-	-	-

Source: ABG Sundal Collier, Company Data

Valuation and Ratios (SEKm)	2018	2019	2020	2021	2022	2023	2024	2025e	2026e	2027e
Shares outstanding adj.	1,655	1,655	1,655	1,655	1,630	1,630	1,604	1,603	1,586	1,570
Diluted shares adj.	1,655	1,655	1,655	1,655	1,630	1,630	1,604	1,603	1,586	1,570
EPS	7.64	8.12	0.58	6.53	2.15	5.35	7.20	6.80	8.51	9.11
Dividend per share	9.75	0.00	6.50	6.50	6.50	6.50	6.80	7.00	7.00	7.00
EPS adj.	7.64	8.12	0.75	6.65	3.99	4.52	7.55	6.80	8.51	9.11
BVPS	35.37	34.48	33.00	36.26	31.15	29.21	28.80	26.80	27.45	28.66
BVPS adj.	29.56	27.56	26.70	30.49	25.53	23.24	23.36	21.27	21.54	22.59
Net IB debt/share	5.22	3.56	38.75	23.96	31.45	31.88	37.45	31.59	32.69	32.13
Share price	154.85	154.85	154.85	154.85	154.85	154.85	154.85	154.85	154.85	154.85
Market cap. (m)	256,288	256,288	256,288	256,288	252,357	252,357	248,455	248,262	245,528	243,101
<b>Valuation</b>	-	-	-	-	-	-	-	-	-	-
P/E (x)	20.3	19.1	nm	23.7	72.1	28.9	21.5	22.8	18.2	17.0
EV/sales (x)	1.3	1.1	1.7	1.5	1.4	1.3	1.3	1.3	1.3	1.2
EV/EBITDA (x)	10.5	9.2	11.0	7.9	10.5	8.3	7.9	8.0	7.3	6.7
EV/EBITA (x)	17.1	15.1	103.4	19.4	42.4	20.9	17.8	18.1	15.1	14.1
EV/EBIT (x)	17.1	15.1	103.4	19.4	42.4	20.9	17.8	18.1	15.1	14.1
Dividend yield (%)	6.3	0.0	4.2	4.2	4.2	4.2	4.4	4.5	4.5	4.5
FCF yield (%)	3.3	7.3	8.1	16.1	7.0	9.6	8.1	8.3	9.7	10.8
Le. adj. FCF yld. (%)	3.3	7.3	2.6	11.3	2.2	4.5	3.0	3.6	5.2	6.3
P/BVPS (x)	4.38	4.49	4.69	4.27	4.97	5.30	5.38	5.78	5.64	5.40
P/BVPS adj. (x)	5.24	5.62	5.80	5.08	6.07	6.66	6.63	7.28	7.19	6.86
P/E adj. (x)	20.3	19.1	nm	23.3	38.8	34.3	20.5	22.8	18.2	17.0
EV/EBITDA adj. (x)	10.5	9.2	11.0	7.9	9.5	8.5	7.8	8.0	7.3	6.7
EV/EBITA adj. (x)	17.1	15.1	103.4	19.4	30.0	22.5	17.1	18.1	15.1	14.1
EV/EBIT adj. (x)	17.1	15.1	103.4	19.4	30.0	22.5	17.1	18.1	15.1	14.1
EV/CE (x)	3.4	3.5	2.4	2.3	2.5	2.4	2.5	2.7	2.7	2.6
<b>Investment ratios</b>	-	-	-	-	-	-	-	-	-	-
Capex/sales (%)	6.1	4.4	2.7	1.7	3.0	4.1	4.9	4.8	4.7	4.8
Capex/depreciation	1.3	0.9	0.4	0.3	0.7	1.1	1.4	1.4	1.3	1.1
Capex tangibles / tangible fixed assets	22.5	18.1	11.4	10.3	21.8	34.2	34.9	29.8	26.5	27.4
Capex intangibles / definite intangibles	34.2	26.0	14.4	7.8	16.3	10.1	16.0	24.4	26.7	27.6
Depreciation on intang / def. intang	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Depreciation on tangibles / tangibles	22.8	27.0	38.2	38.8	41.2	36.1	29.2	27.0	27.5	33.2

Source: ABG Sundal Collier, Company Data

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### ABG Sundal Collier Ratings and Investment Banking by 9/17/2025

	Research Coverage	Investment Banking Clients (IBC)	
	% of	% of	% of
Total of Rating	Total Rating	Total IBC	Total Rating by Type
<b>BUY</b>	59.80%	22%	9.36%
<b>HOLD</b>	35.62%	7%	5.00%
<b>SELL</b>	3.82%	0%	0.00%

IBC: Companies in respect of which ABG SC or an affiliate has received compensation for investment banking services within the past 12 months.

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## Stock price, company ratings and target price history

Company: Hennes &amp; Mauritz

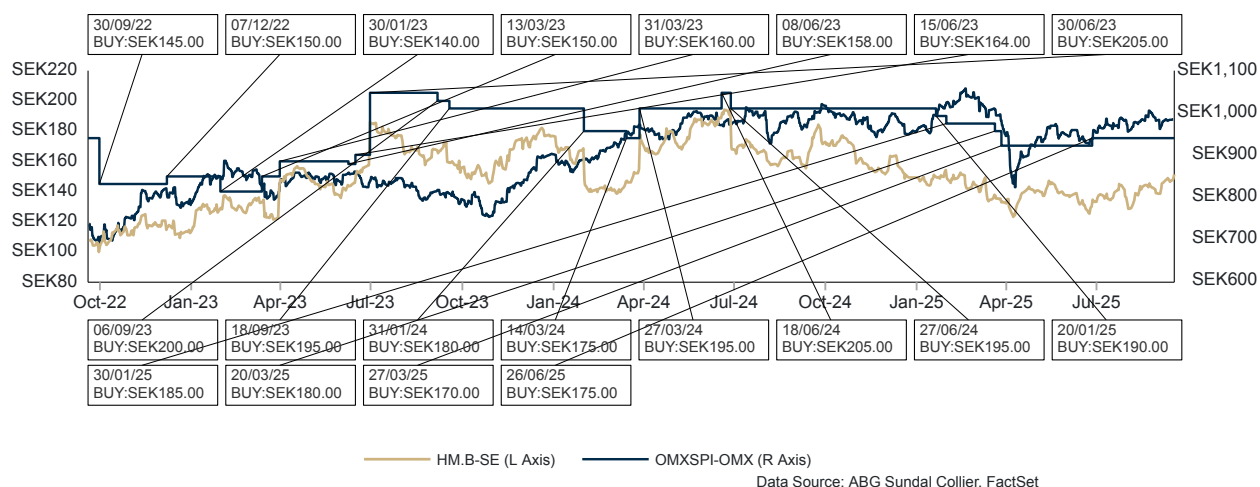
Currency: SEK

Current Recommendation: BUY

Date: 16/9/2025

Current Target price: 175.00

Current Share price: 154.85



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Production of recommendation: 9/17/2025 16:33.

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