

## From Briefs to Activewear: The Transformative Journey Continues

Björn Borg ("Björn Borg", the Company" or the Group) is a well-established and renowned company with a rich history spanning decades, earning its place as a favored brand among a vast consumer base. Nevertheless, the predominant association of Björn Borg with underwear presents a compelling challenge: to transition consumer perception from an underwear brand to a Sports Fashion Brand. This strategic shift, central to the Company's vision since 2014, has already yielded noteworthy progress, driven by amplified investments in social media and successful launches of new sport collections. Analyst Group foresees an attractive growth trajectory on the horizon, which promises improved margins. The forecasted EBIT for 2024 stands at SEK 118m, and by applying a forward EV/EBIT multiple of 10.5x, this presents a potential value of SEK 47.8 per share in a Base scenario.

#### From Couch to Catwalk: Athleisure's Runway Revolution

The trend for athleisure had already gained significant momentum prior to the pandemic, but as remote work became the new normal, the demand for comfortable clothing for both working from home and leisure activities surged. This acceleration blurred the lines further between athletic wear and everyday fashion, aligning seamlessly with Björn Borg's strategic focus since 2014; becoming the *No 1 Sports Fashion Brand* for those who wants to feel active and attractive. The integration of athleisure into consumers' wardrobes is undeniable, marking a lasting trend. The athleisure wear market is poised to grow at a 5.8% CAGR until 2028, reaching an estimated value of USD 451bn, presenting favorable market dynamics for Björn Borg's operations ahead.

#### More Than Just a Dividend Company

Since its public listing in 2007, Björn Borg has consistently provided a lucrative dividend to its shareholders, with an average dividend yield of 5.6% over the past five years. The Company has exhibited moderate annual sales growth rate of approx. 4% over the past five years while maintaining stable operating margins averaging 8.7%. However, when looking under the surface, it is evident that the Sport Apparel business has garnered an increasing share of the total sales in recent years, showing a CAGR of 7.7% during 2018-2022, and an impressive 18% growth in 2022. Simultaneously, the larger underwear business has experienced flat revenue growth during the same period. With the Sport Apparel segment projected to gain further share of the Groups total sales, as Analyst Group forecast, Björn Borg is positioned to deliver stronger growth compared to its historical performance going forward.

#### Enhanced Revenue and Channel Mix to Boost Margins

Between the start of 2021 and the end of Q3-23, Björn Borg's gross margin has exhibited some volatility on a quarterly basis and been relatively unchanged during the period. However, the currency-neutral gross margin has shown substantial improvement during the same period, from about 51% to 55%. This development is attributed to an enhanced revenue and channel mix, coupled with reduced discounts to wholesale partners. As Björn Borg continues to scale its Sport Apparel business, with a projected 18% CAGR during 2023-2025, Analyst Group anticipates a higher underlying profitability within this segment. This, along with further improvements within its distribution, is expected to bolster the Group's overall profitability and cash flow generation. With a relatively fixed cost structure, an attractive operational leverage is anticipated to be materialized, potentially leading to an EBIT margin exceeding 17% in the long term.

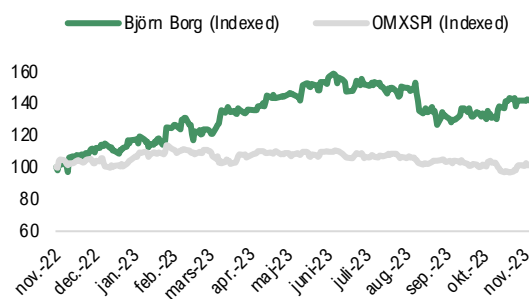
#### VALUATION RANGE

<b>Bear</b>	<b>Base</b>	<b>Bull</b>
SEK 32.4	SEK 47.8	SEK 58.8

#### KEY INFORMATION

Share Price (2023-11-20)	42.6
Shares Outstanding	25,148,384
Market Cap (SEKm)	1,071.3
Net cash(-)/debt(+) (SEKm)	140.7 <sup>1</sup>
Enterprise Value (SEKm)	1,212.0
List	Nasdaq Stockholm
Year-End report 2023	2024-02-23

#### SHARE PRICE DEVELOPMENT



#### OWNERS (SOURCE: HOLDINGS, 2023-09-30)

Nordnet Pensionsförsäkring	10.8%
Martin Bjäringer	9.9%
Mats Nilsson	6.5%
Thomas Eklund	5.5%
Lazard Frères Gestion	5.2%

Forecast (SEKm)	2021A	2022A	2023E	2024E	2025E
Net Sales Growth	8.9%	8.7%	5.3%	4.9%	6.7%
<b>Net Sales</b>	<b>768</b>	<b>835</b>	<b>879</b>	<b>923</b>	<b>985</b>
COGS	-411	-414	-418	-438	-457
<b>Gross Profit</b>	<b>444</b>	<b>450</b>	<b>478</b>	<b>505</b>	<b>547</b>
Gross Margin	54.2%	50.8%	52.9%	54.7%	55.5%
OPEX	-305	-342	-359	-356	-377
<b>EBITDA</b>	<b>139</b>	<b>108</b>	<b>119</b>	<b>149</b>	<b>169</b>
EBITDA-margin	18.1%	12.9%	13.6%	16.1%	17.2%
<b>EBIT</b>	<b>104</b>	<b>73</b>	<b>88</b>	<b>118</b>	<b>139</b>
EBIT Margin	13.5%	8.8%	10.0%	12.8%	14.1%
EV/S	1.5	1.4	1.4	1.3	1.2
EV/EBITDA	8.7	11.2	10.2	8.2	7.2
EV/EBIT	11.7	16.5	13.8	10.3	8.7

<sup>1</sup> Debt + Leasing Liabilities excl Deferred Tax Liabilities.

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