

From Head to Toe: Sports Apparel and Footwear Fuel Growth

Björn Borg ("Björn Borg", "the Company" or "the Group") is a well-established and renowned company with a rich history spanning decades, earning the place as a favored brand among a broad 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, as amplified marketing investments and a strengthened brand have driven strong growth in Sports Apparel and Footwear. Analyst Group estimates an attractive growth trajectory on the horizon, supporting a gradual improvement in margins. The forecasted EBIT for 2025 stands at SEK 124m (131), and by applying a forward EV/EBIT multiple of 12.0x (12.0), this presents a potential value of SEK 58.4 (61.3) per share in a Base scenario.

▪ Maintains Strong Growth Trajectory

Net sales amounted to SEK 234.6m (197.6) during Q4-24, reflecting an 18.7% Y-Y growth (18.6% excl. FX). The outcome surpassed our estimate of SEK 228m by 2.9%, primarily driven by stronger-than-expected momentum in Footwear and Sports Apparel, which grew by 57% and 44%, respectively. Performance was strong across all focus categories, with Underwear expanding by 14% Y-Y, while Bags surged by 30%. From a channel perspective, Own-Ecom grew by 10%, while wholesale exhibited a 28% Y-Y growth, underscoring solid traction in both direct and indirect sales channels. Geographically, the strategic key market, Germany, recorded 13% Y-Y growth, while Sweden, stood out with a 43% increase. This quarter reaffirms Björn Borg's consistent execution within the focus areas, reinforcing the positive growth trajectory observed in recent quarters, which we see as a validation that the strategic initiatives are translating into tangible results.

▪ Short-Term Margin Headwinds from Strategic Investments

The EBIT during the fourth quarter reached SEK 16.8m (20.2), corresponding to an EBIT margin of 7.2% (10.2). When adjusting for FX-effects, EBIT stood at SEK 17.2m (17.6). Analyst Group had estimated an EBIT of SEK 20.9m, with the deviation largely attributed to one-off costs related to the integration of the Footwear business, alongside elevated marketing investments aimed at reinforcing brand positioning and long-term growth. Although these factors have temporarily pressured margins, the underlying strategic logic remains intact. Footwear is poised to be a key contributor to margin expansion in the coming years. Consequently, Analyst Group does not view the temporary compression of operating margins as alarming. With a solid foundation for future growth and continued brand-enhancing marketing investments, Björn Borg is laying the groundwork for sustained and profitable growth in the coming years.

▪ Revised Margin Outlook Reflected in the Valuation

In response to the report, Analyst Group has adjusted the top-line estimates, forecasting slightly stronger sales growth ahead. However, we expect the headwinds impacting the operating margin to persist in the short term, resulting in softer margin development. By applying a forward EV/EBIT multiple of 12.0x to the estimated EBIT of 124m for 2025E, a potential value of SEK 58.4 (61.3) per share is derived in a Base scenario.

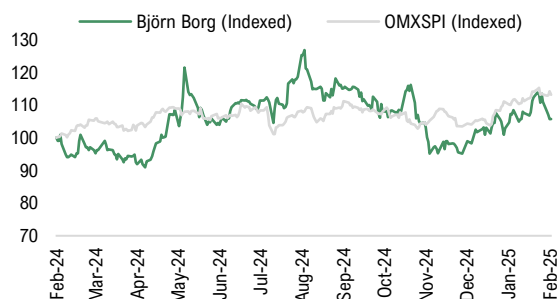
VALUATION RANGE

Bear	Base	Bull
SEK 44.6	SEK 58.4	SEK 68.1

KEY INFORMATION

Share Price (2025-02-27)	55.5
Shares Outstanding	25,148,384
Market Cap (SEKm)	1,396.0
Net cash(-)/debt(+) (SEKm)	50.2 ¹
Enterprise Value (SEKm)	1,446.2
List	Nasdaq Stockholm
Quarterly Report 1 2025	2025-05-15

SHARE PRICE DEVELOPMENT



OWNERS (SOURCE: HOLDINGS, 2024-12-31)

Nordnet Pensionsförsäkring	15.1%
Martin Bjäringer	9.9%
Mats Nilsson	6.5%
Thomas Eklund	5.6%
Avanza Pension	5.3%

Forecast (SEKm)	2022A	2023A	2024A	2025E	2026E
Net Sales Growth	8.7%	4.4%	13.5%	9.3%	8.3%
Net Sales	835	872	990	1 081	1 172
COGS	-411	-401	-469	-498	-534
Gross Profit	450	491	544	583	637
Gross Margin	50.8%	54.0%	52.6%	53.9%	54.4%
OPEX	-342	-357	-410	-428	-463
EBITDA	108	134	134	155	175
EBITDA-margin	12.9%	15.3%	13.5%	14.3%	14.9%
EBIT	73	101	102	124	147
EBIT Margin	8.8%	11.5%	10.3%	11.5%	12.5%
EV/S	1.7	1.6	1.4	1.3	1.2
EV/EBITDA	13.4	10.8	10.8	9.4	8.3
EV/EBIT	19.7	14.4	14.2	11.7	9.8

¹ Debt + Leasing Liabilities excl Deferred Tax Liabilities.

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Other

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