Fundamental Analysis

ITAB Shop Concept AB (ITAB)

Sweden | Retail Store Solutions | MCAP SEK 6,127

01 June 2025

Buy

Target price:	SEK 39.3
Current price:	SEK 23.8
Upside:	65.5%

Scanning for Profits

ITAB Shop Concept AB ("ITAB" or "the Company") is a Swedish company and a European leader in the development, manufacture, and installation of in-store solutions for physical stores. The Company's recent acquisition of HMY Group, formerly the Company's closest competitor, effectively doubled ITAB's revenue base and market share from 6% to 12%, while most peers hold 2%. The integration of HMY is expected to create significant synergies with an EBIT uplift of SEK 330m annually by 2027E, driving EBIT margin expansion from 5.7% LTM to 9.1% by 2027E. Analysts forecast top-line CAGR growth of 32.1% until 2027E, supported by a CAGR of 6.6% organically post-acquisition the same year. Despite strong growth potential, ITAB is traded at a discount of 6.6x EV/EBIT 2027E relative to peers. Analysts' reverse DCF suggests that investors have not fully recognized ITAB's successful operational turnaround post-2019 under new management, pricing in flat EBIT margins of 6.7% by 2027E. Based on a 70-30 weighted DCF and trading comps, Analysts foresee a target price of SEK 39.

Key takeaways

- **Fragmented Market with ITAB Positioned as the Leader:** ITAB's clear market leadership, commanding a 12% share in a fragmented market where most competitors hold less than 2%, coupled with increased production scale via 8 additional manufacturing facilities gained through the acquisition, positions the Company as the preferred supplier with fast delivery capabilities that attract large customers. Additionally, with the shopfitting market growing in line with GDP, ITAB's expanded presence in Southern Europe increases exposure to faster-growing economies relative to the European average, supporting a revenue CAGR of 6.6% by 2027E, outpacing past performance.
- **Scale Enables Synergy and Operational Efficiency**: The merged entity brings a leaner asset base driven by cross-selling of scalable retail tech, procurement, and improved efficiency, estimated to account for SEK 330m contributing to an EBIT-level and margin expansion from 5.7% LTM to 9.1% by 2027E. Thanks to a leaner operational structure, Analysts forecast a rise in ROIC to 16% by 2027E from 9% in 2024A, highlighting ITAB's ability to optimize the Company's capital structure over time.
- **Limited Downside with Clear Re-Rating Potential:** Despite an enhanced earnings profile and a proven post-2019 execution under current management, lifting EBIT margin from 2% in 2020A to 7% to date, ITAB trades with minimal downside. Reverse DCF implies investors price in flat EBIT margins of 6.7% by 2027E and zero synergy capture, ignoring historical margin uplift and the long-term strategic repositioning. The current setup offers a mispriced entry point into a scaled, cash-generative platform with a clear re-rating catalyst, further supported by increasing analyst attention and Pareto Securities' initiation of coverage in 2025.

Analysts	
Gabriel Koorits	Equity Analyst
Mandy Sy	Equity Analyst

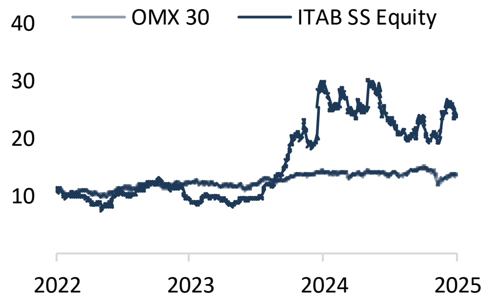
Market Data, SEK	
Exchange	Nordic Growth Market
Shares (m)	258
MCAP (m)	6,127
EV (m)	9,471

Metrics & Drivers	25E	26E	27E
EV/EBIT	13.0x	8.7x	6.6x
EV/EBITDA	8.1x	6.0x	4.9x
EV/S	0.7x	0.6x	0.6x
P/E	12.6x	8.1x	6.0x
ND/EBITDA	2.8x	2.1x	1.7x

Forecast, SEKm	25E	26E	27E
Total revenue	13,809	14,858	15,690
Rev. growth y/y	109.7%	7.6%	5.6%
Gross Profit	3,506	4,007	4,458
Gross Margin	25.4%	27.0%	28.4%
EBITDA	1,174	1,583	1,936
EBITDA Margin	8.5%	10.7%	12.3%
EBIT	730	1,087	1,425
EBIT Margin	5.3%	7.3%	9.1%

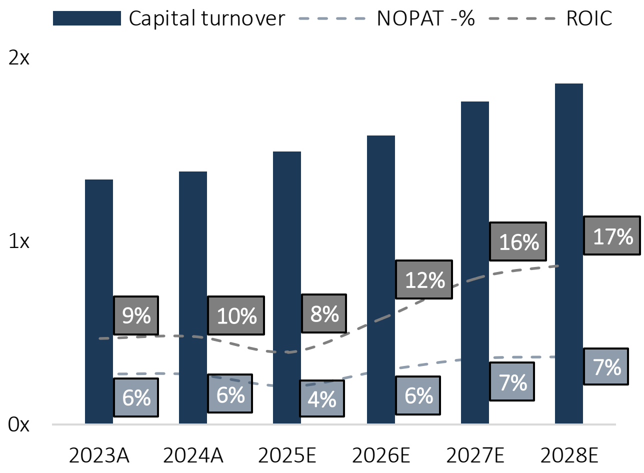
Major Shareholders	
Acapital ITAB HoldCo AB	21.8%
Pomonagruppen AB	15.5%
Petter Fägrsten	10.2%

Price Development, SEK



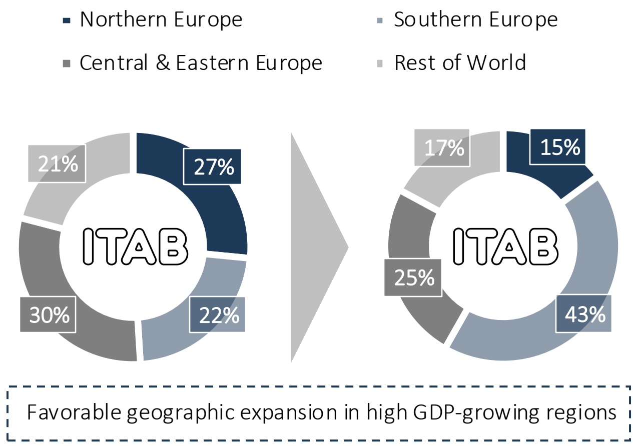
Investment thesis in charts

Economies of Scale Enable Significant ROIC Expansion



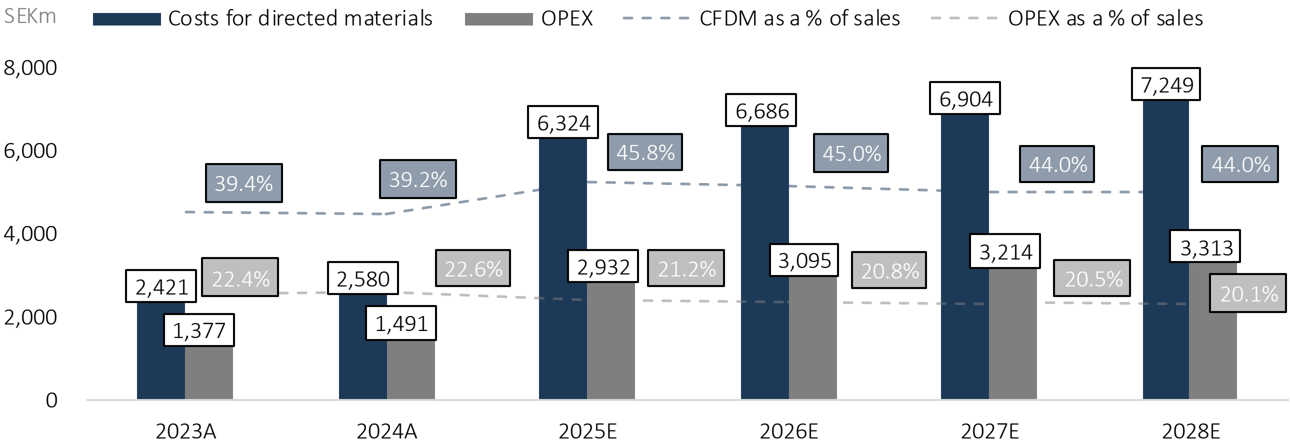
Source: The Company, Analyst Estimates

Change in Geographical Revenue Split after Acquisition



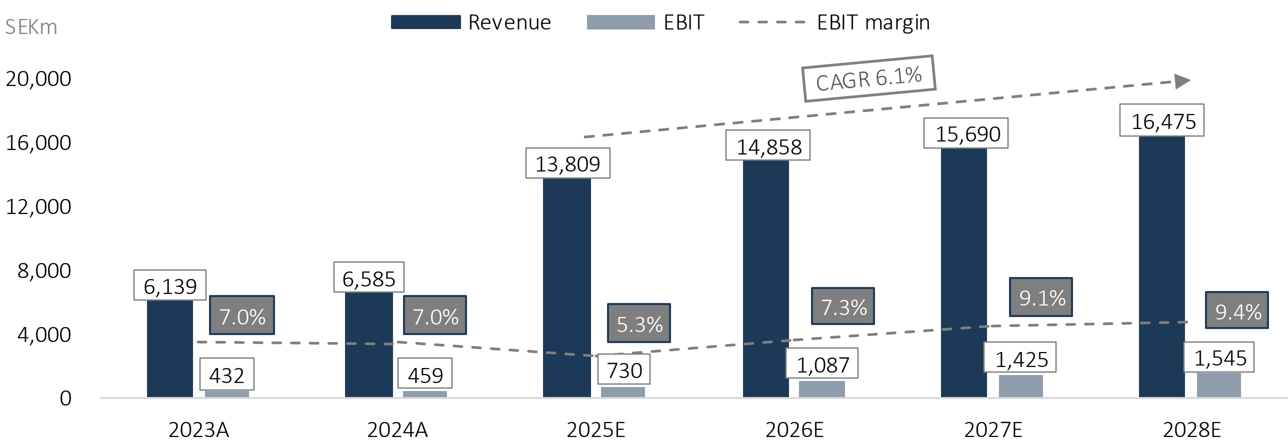
Source: The Company

Costs for Directed Materials and OPEX as Percentage of Sales Expected to Decrease as Part of Synergies & Favorable Product Mix



Source: The Company, Analyst Estimates

Revenue and EBIT Forecast



Source: The Company, Analyst Estimates

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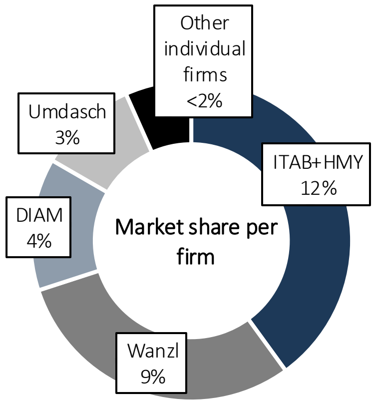
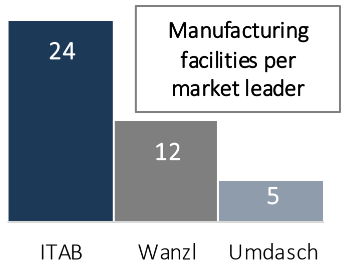
Investment thesis



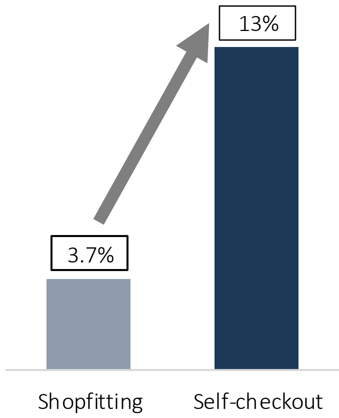
Market Expansion and Leadership Position ITAB Favorably for Growth

In early 2025, ITAB finalized the acquisition of HMY Group at a valuation of EUR 320m, representing a 6.4x EBITDA multiple. The acquisition doubles the Company's revenue base to SEK 13.3 Bn and market share to 12% in an industry where most peers individually hold less than 2%. ITAB's increased scale with 8 additional production facilities, 24 in total, strengthens the Company's ability to serve larger clients across several countries, a segment where few competitors can operate at a comparable scale, positioning the Company as the preferred supplier. Moreover, ITAB's expanded presence in Southern Europe, from 22% to the current 43% of total revenue, exposes the Company to greater GDP growth through the strong GDP-correlated shopfitting market. Notably, Southern Europe has been ITAB's strongest growing market, as indicated by a 7-year CAGR of 4.4%, while the Company's strongest footing, with a 50% revenue concentration in the UK and Nordics, has delivered lackluster results with a CAGR of -8% and -0.5%, respectively. With a stronger footprint in Southern Europe, and with GDP forecasted to continue to outperform according to the European Commission estimates with 2.5% in 2025E compared to 0.9% in the Euro area, and 2.4% in 2026E compared to 1.4% in the Euro area, ITAB is positioned for favorable growth. Analysts forecast revenue to grow at a CAGR of 6.6% through 2027E, further supported by the Company's strengthened ability to retain clients.



Acquisition Brings Scale, Enabling Synergy Capture and Operational Efficiency

Integrating HMY brings an additional SEK 3.6Bn in invested capital into ITAB's operations, with HMY delivering similar revenue levels. Furthermore, through the economics of scale, ITAB is set to unlock clear synergies, with the cost of directed materials forecasted to decrease by 1.8% as a percentage of sales and OPEX by 0.7% as a percentage of sales, resulting in an annual EBIT uplift of SEK 392m and EBIT margin expansion from 5.7% LTM to 9.1% by 2027E. Synergies are expected to account for SEK 330m, with SEK 219m attributed to cost synergies and SEK 111m from cross-selling derived from SEK 219m top-line revenue synergy. The remaining SEK 62m is attributed to a favorable product mix with a higher share of retail tech, contributing to higher margins. Analysts suggest that continued strong demand in retail tech will persist as labor costs outgrow labor productivity, forcing retailers to invest in solutions such as self-checkout systems to avoid a decline in margins. The self-checkout market is estimated to outgrow the traditional shopfitting market with a CAGR of 13% compared to 3.7%, supporting the forecasted revenue CAGR of 6.6%. As a result, the Analysts expect an ROIC of 16% by 2027E, driven by a capital turnover of 1.8x as NOPAT is set to rise without the need for significant additional investment in fixed assets. The merged entity benefits from a more efficient capital structure, enhancing asset utilization and supporting ROIC expansion.



Risk: Market Turmoil and Macro Uncertainty Could Delay Retailers' Investment Decisions

The current macro environment remains uncertain, with elevated ECB interest rates at 2.25% and regional economic softness weighing on business confidence. This was particularly evident during 2023 when ECB interest rates spiked to 4.0%, resulting in a negative revenue growth of 10.6%. However, due to the strong demand for retail tech solutions, the Company can mitigate the stated risks by keeping margins stable through favorable product mix. Given ECB forecast on inflation of 2.3% in 2025E, 1.9% in 2026E and 2.0% in 2027E, Analysts believe an increase in interest rates to be unlikely. Furthermore, Analysts suggest downside risk to be minimal at the current valuation as the reverse DCF indicates a failure to realize synergies with an indicated EBIT margin of 6.7% by 2027E, reflecting overstated integration risk. Given ITAB's proven integration strategy that improved margins on all levels, lifting EBIT margin from 2% in 2020A to 7% in 2024A, and an M&A experienced CEO, the Analysts foresee a clear upside with re-rating possibility. This is further supported by increasing analyst attention and Pareto Securities' initiation of coverage in 2025.

Company Overview

Market Leader in In-store Retail Solution and Retail Technology in Europe

ITAB Shop Concept, founded in 1978 in Sweden, has grown from a regional shopfitting supplier into Europe's leading provider of integrated in-store solutions. The Company's offerings includes checkouts, self-service technologies, entrance systems, retail lighting, and customized interior concepts. In early 2025, ITAB finalized the acquisition of HMY Group, doubling the revenue base to SEK 13.3Bn and market share from 6% to 12%, solidifying the Company's leadership in a fragmented industry where most competitors hold less than 2%. Moreover, ITAB is the only company that holds dual leadership, commanding a 20% market share in retail technology. Differentiation is driven by expertise in self-checkout and advanced anti-theft systems, helping retailers improve operational efficiency and boost sales. A successful customer case yielded a 25% turnover uplift relative to the client's internal forecast, showcasing ITAB's ability to create significant value for its customers. Geographically, Europe remains the core market, accounting for approximately 90% of total revenue.

Business Model

Leading Store Solution Provider Through Comprehensive Product Offering

ITAB Shop Concept operates a vertically integrated business model built on comprehensive solutions, technological innovation, and a strong customer-centric focus. This enables retailers to streamline operations by partnering with a single provider for all in-store needs, while also allowing ITAB to diversify revenue stream through a broad product mix and services. The Company's business strategy is further strengthened by ITAB's strategic partnerships with technology firms. Through these collaborations, ITAB continuously integrates new features and innovations into the OnRed platform, a unified system that connects and controls all retail technology hardware. In addition, the OnRed platform offers advanced tools such as AI-powered analytics to track consumer behavior and retail trends, enhancing both customer experience and operational efficiency. The Company's strategic approach positions ITAB as a leading one-stop provider in the European retail solutions market and reinforces the Company's ability to stay ahead in the rapidly evolving store solutions and retail technology landscape.

Market Overview

ITAB Positioned to Outpace Traditional Shopfitting Growth as Retail Tech Demand Continues

The stagnation in traditional retail trade, driven by the continued rise of e-commerce, has prompted retailers to invest more in physical stores to enhance customer experience and profitability. This shift, combined with the upward trend in labor costs, is driving the adoption of efficiency-enhancing retail tech such as self-checkout systems, forecasted to grow at a CAGR of 13% through 2030E. In addition, an addressable European store solutions market valued at approximately SEK 110 billion, expanding at a CAGR of 3.7% through 2033E, supports ITAB’s projected revenue CAGR of 6.1% through 2028E. This is further supported by ITAB's market leadership, commanding 12% in a fragmented landscape where most competitors hold less than 2% market share, positioning the Company to capitalize on market growth.

Fragmented Market and Favorable Geographical Expansion

While ITAB operates across several markets within the store solutions industry, a large part of its revenue stream derives from sales in the traditional shopfitting market. As the shopfitting market is strongly correlated with GDP growth, ITAB's expansion into Southern Europe, which is forecasted by the European Commission to grow above 0.9% in the near future, indicates favorable growth prospects. Moreover, this region represents the Company's fastest-growing market, with a 7-year CAGR of 4.1% compared to the Nordics' CAGR of -0.5% and the UK’s CAGR of -8%, further supporting the growth outlook.

Valuation

Investors Fail to Realize Market Leadership and Synergy Potential

The peer group comprises listed companies in adjacent segments such as retail automation and self-checkout. StrongPoint is the closest listed comparable, but ITAB's most direct competitors are private, limiting direct comparability. To address this, Analysts apply a 70-30 weighting between the DCF and peer valuation, emphasizing ITAB's synergy-driven cash flow profile while anchoring to observable market data. To ensure comparability, the Analysts utilize a forward-looking EV/EBIT Multiple to assess the Company on a relative basis while adjusting for structural differences in financial reporting and balance sheet composition. Despite ITAB's smaller size compared to the market median, the Company should conservatively be valued at the market median of 9.0x, given ITAB's market-leading position post-acquisition, supported by a 32.1% revenue CAGR and 9.1% EBIT margin in line with the market median. This implies a target price of SEK 37.

SEKm	MCAP	EV	Revenue LTM	Revenue CAGR LTM-2027E	Gross margin 27E	EBIT margin 2027E	EV/EBIT 27E
Strongpoint Asa	456	602	1,222	11.4%	41.0%	4.6%	7.7x
Fagerhult Group	7,371	9,519	8,066	4.7%	40.8%	9.9%	10.7x
Diebold Nixdorf	17,349	24,515	35,239	1.8%	27.3%	9.4%	6.1x
NCR Voyix Corp	14,473	27,283	26,052	(12.4%)	27.2%	12.5%	9.0x
Vertiseit	1,688	1,867	542	28.2%	24.5%	18.5%	12.1x
Median	**7,371**	**9,519**	**8,066**	**4.7%**	**27.3%**	**9.9%**	**9.0x**
Average	**8,267**	**12,757**	**14,224**	**6.7%**	**32.2%**	**11.0%**	**9.1x**
ITAB	6,127	9,471	7,828	32.1%	28.4%	9.1%	6.6x

DCF and Peer Valuation Imply a Target Price of SEK 39

The DCF valuation is based on forecasted unlevered free cash flow on a 10-year basis. The cash flows until 2035E are discounted by a WACC of 9.4% derived from a beta of 1.45, market risk premium of 6.7% and a cost of equity of 12.3% Moreover, the terminal value is estimated through the application of the Gordon growth method with a TGR of 2% resulting in a target share price of 40 SEK. The Analysts, applying a 70-30 weighting, see a target price of 39 SEK.

		WACC				
		7.4%	8.4%	9.4%	10.4%	11.4%
TGR	1.0%	55	44	37	30	25
	1.5%	58	47	38	32	26
	2.0%	62	50	40	33	27
	2.5%	67	53	42	35	28
	3.0%	74	57	45	36	30

DCF Breakdown (SEKm)	
Terminal value	19,405
PV of Terminal Value	7,236
EV	**13,725**
Net debt	3,344
Equity Value	**10,381**
NOSH (millions)	258
Implied Share Price	**40**
Upside	69.7%

Source: The Company, Bloomberg, Capital IQ, Analyst Estimates

Appendix – Income Statement

Income Statement (SEKm)	2021A	2022A	2023A	2024A	2025E	2026E	2027E	2028E	2029E
Net Sales	6,087	6,868	6,139	6,585	13,809	14,858	15,690	16,475	17,134
y-o-y change	*17.0%*	*12.8%*	*(10.6%)*	*7.3%*	*109.7%*	*7.6%*	*5.6%*	*5.0%*	*4.0%*
COGS	(4,727)	(5,286)	(4,420)	(4,728)	(10,303)	(10,851)	(11,232)	(11,802)	(12,285)
Gross Profit	1,360	1,582	1,719	1,857	3,506	4,007	4,458	4,673	4,849
Gross margin	*22.3%*	*23.0%*	*28.0%*	*28.2%*	*25.4%*	*27.0%*	*28.4%*	*28.4%*	*28.3%*
Selling Expense	(796)	(871)	(935)	(1,000)	(1,945)	(2,083)	(2,180)	(2,285)	(2,372)
Administrative Expense	(331)	(344)	(327)	(376)	(711)	(765)	(807)	(848)	(882)
Total SG&A	(1,127)	(1,215)	(1,262)	(1,376)	(2,655)	(2,848)	(2,988)	(3,133)	(3,254)
% sales	*18.5%*	*17.7%*	*20.6%*	*20.9%*	*19.2%*	*19.2%*	*19.0%*	*19.0%*	*19.0%*
Other operating income (expense)	(17)	36	(25)	(22)	(120)	(73)	(46)	6	1
EBIT	**216**	**403**	**432**	**459**	**730**	**1,087**	**1,425**	**1,545**	**1,596**
EBIT margin	*3.5%*	*5.9%*	*7.0%*	*7.0%*	*5.3%*	*7.3%*	*9.1%*	*9.4%*	*9.3%*
Financial income (expense)	(69)	(55)	(47)	(21)	(87)	(85)	(79)	(94)	(94)
EBT	**147**	**348**	**385**	**438**	**644**	**1,002**	**1,345**	**1,452**	**1,502**
EBT margin	*2.4%*	*5.1%*	*6.3%*	*6.7%*	*4.7%*	*6.7%*	*8.6%*	*8.8%*	*8.8%*
Tax expense	(52)	(105)	(93)	(118)	(133)	(206)	(277)	(299)	(309)
Net profit for the year - continuing operations	95	243	292	320	511	795	1,068	1,153	1,193
Profit margin	*1.6%*	*3.5%*	*4.8%*	*4.9%*	*3.7%*	*5.4%*	*6.8%*	*7.0%*	*7.0%*
D&A	271	271	254	254	444	497	511	524	528
EBITDA	487	674	686	713	1,174	1,583	1,936	2,069	2,124
EBITDA margin	*8.0%*	*9.8%*	*11.2%*	*10.8%*	*8.5%*	*10.7%*	*12.3%*	*12.6%*	*12.4%*

Appendix – Discounted Cash Flow Analysis

Free Cash Flow	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E	2035E
Nopat	579.9	862.8	1,131.3	1,226.9	1,267.2	1,297.4	1,333.8	1,371.0	1,395.1	1,418.7	1,443.9
D&A (+)	444.0	496.8	511.4	523.6	528.0	520.1	521.6	525.6	526.8	521.5	521.5
Capex (-)	500.6	515.9	521.0	504.2	499.2	491.7	502.9	497.9	508.6	521.5	521.5
Change in NWC (+/-)	1,430.6	67.5	(397.4)	(25.3)	19.0	35.3	49.5	60.9	32.9	37.7	39.6
Unlevered Free Cash Flow	(907.3)	776.2	1,519.0	1,271.6	1,276.9	1,290.5	1,302.9	1,337.7	1,380.4	1,381.0	1,404.4

Discounted Cash Flows	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E	2035E
Unlevered Free Cash Flow	(907.3)	776.2	1,519.0	1,271.6	1,276.9	1,290.5	1,302.9	1,337.7	1,380.4	1,381.0	1,404.4
Terminal Value											19,405.0
Discount factor	0.9	0.8	0.8	0.7	0.6	0.6	0.5	0.5	0.4	0.4	0.4
PV of Free Cash Flow	**(829.5)**	**648.7**	**1,160.7**	**888.3**	**815.5**	**753.5**	**695.5**	**652.9**	**615.9**	**563.3**	**523.7**
Present Value of Terminal Value											**7,236.3**

WACC Breakdown	
% Equity	61.6%
& Debt	38.4%
Tax rate	20.6%
Cost of debt	4.8%
Beta	1.45
Market Risk Premium	6.7%
Cost of equity	12.3%
WACC	**9.4%**

DCF Breakdown (SEKm)	
Terminal value	19,405
PV of Terminal Value	7,236
EV	**13,725**
Net debt	3,344
Equity Value	**10,381**
NOSH (millions)	258
Implied Share Price	**40**
Upside	69.7%

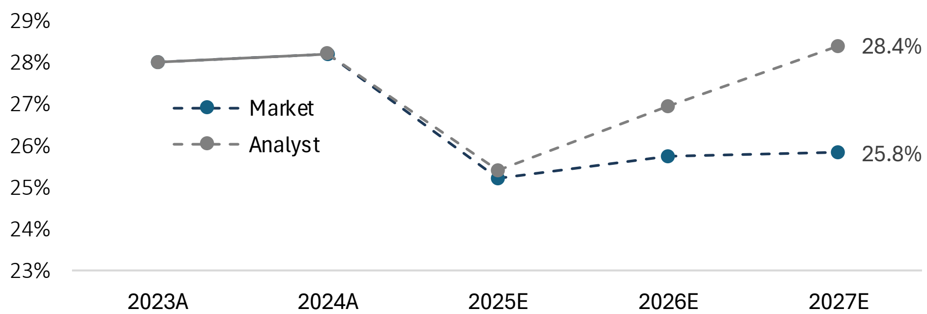
Source: The Company, Analyst Estimates

Appendix – Market Implied Assumptions

Income Statement (SEKm)	2021A	2022A	2023A	2024A	2025E	2026E	2027E
Net Sales	6,087	6,868	6,139	6,585	13,763	14,919	15,605
y-o-y change	*17.0%*	*12.8%*	*(10.6%)*	*7.3%*	*109.0%*	*8.4%*	*4.6%*
COGS	(4,727)	(5,286)	(4,420)	(4,728)	(10,294)	(11,085)	(11,574)
Gross Profit	1,360	1,582	1,719	1,857	3,468	3,833	4,031
Gross margin	*22.3%*	*23.0%*	*28.0%*	*28.2%*	*25.2%*	*25.7%*	*25.8%*
Selling Expense	(796)	(871)	(935)	(1,000)	(1,954)	(2,104)	(2,185)
Administrative Expense	(331)	(344)	(327)	(376)	(702)	(761)	(780)
Total SG&A	(1,127)	(1,215)	(1,262)	(1,376)	(2,656)	(2,864)	(2,965)
% sales	*18.5%*	*17.7%*	*20.6%*	*20.9%*	*19.3%*	*19.2%*	*19.0%*
Other operating income (expense)	(17)	36	(25)	(22)	(120)	(74)	(20)
EBIT	**216**	**403**	**432**	**459**	**692**	**895**	**1,046**
EBIT margin	*3.5%*	*5.9%*	*7.0%*	*7.0%*	*5.0%*	*6.0%*	*6.7%*
Operating taxes	20.6%	20.6%	20.6%	20.6%	20.6%	20.6%	20.6%
NOPAT	**172**	**320**	**343**	**364**	**549**	**711**	**831**
NOPAT margin	*2.8%*	*4.7%*	*5.6%*	*5.5%*	*4.0%*	*4.8%*	*5.3%*
D&A	271	271	254	254	444	497	511
EBITDA	487	674	686	713	1,136	1,392	1,558
EBITDA margin	*8.0%*	*9.8%*	*11.2%*	*10.8%*	*8.3%*	*9.3%*	*10.0%*

DCF Breakdown (SEKm)	
Terminal value	13,427
PV of Terminal Value	5,007
EV	**9,463**
Net debt	3,344
Equity Value	**6,119**
NOSH (millions)	258
Implied Share Price	**23.8**
Upside	0%

Gross Margin Expansion Outlook



Market Assumes Muted Margin Expansion Despite Proven Track Record

The Analysts are less certain than the market about flat margin expansion post 2025. The market expectations are for flat margin expansion failing to deliver on synergies, resulting in an EBIT margin 2027E of 6.7% compared to the Analysts' forecasted 9.1%. Assuming a failure to deliver on synergies, the EBIT margin of 6.7% would indicate a level below the consolidated 2024 EBIT margin of 6.9%. The Analysts view this as the worst-case outlook and deem such a scenario to be unlikely given the Company's ability to deliver on past synergies since the implementation of ITAB one strategy. A forecasted 1.8% decrease in costs for directed materials supports a gross margin expansion to 28.4%, a conservative outlook given that ITAB's One Strategy managed to deliver 4.7% since the implementation.

Source: The Company, Analyst Estimates

Disclaimer

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