

## Kjell Group AB (KJELL)

Sweden | Consumer Electronics Accessories | MCAP SEK 624m

14 June 2025

## Buy

Target price: SEK 18.0  
Current price: SEK 10.6  
Upside: 69.8%

### Negative Market Sentiment Disconnected from 69.8% Upside

Kjell Group AB ("Kjell" or "the Company") is a Swedish retailer of consumer electronics accessories (CEA), active in Scandinavia. Falling private label sales has reduced gross margins by 4.5% since 2022A. Combined with flat sales and a ND/EBITDA ratio of 3.0x has resulted in a low valuation, signified by an EV/S of 0.1x in 2024A, compared to the previous three-year average of 0.7x, and an EV/EBIT of 5.1x in 2027E. However, due to OPEX cutting initiatives, Kjell is set for a turnaround, from a weak 0.4% EBIT margin in 2024A rising to an estimated EBIT margin of 7.0% in 2027E, with private label sales-splits increasing from 35% to 41% of total revenue. Through an equally weighted DCF and peer valuation, a target price of SEK 18.0 is motivated, implying an upside of 69.8%.

### Key Takeaways

- **Misplaced Expectations Offers an Excellent Investment Opportunity:** Since 2021A, Kjell's margins have fallen sharply due to a lower share of private label sales, reduced foot traffic post-COVID, and elevated cost levels due to the entry of e-commerce giants like Amazon and Temu. Combined with stagnant growth and high net debt of 3.0x EBITDA in 2024A, the company is now viewed as a distressed asset with 0.1 in EV/S. The recently made SEK 199m rights issue has improved the balance sheet and enables execution on cost initiatives resulting in EBIT margins projected to recover to 7.0% by 2027E. The current valuation offers asymmetric upside and an excellent entry point as profitability and leverage normalize.
- **Automated Warehouse Creating a Slimmer Cost Profile:** In 2024A Kjell announced a SEK 80m investment plan into a new automated warehouse which is set to reduce distribution costs by 30%. The improvement is set to reduce OPEX from 32.7% of sales to 27.0% between 2024A and 2027E. The transformation is led by the newly appointed CEO Sandra Gadd that has a track record in leveraging logistics automation, e-commerce and scaling margins in the consumer discretionary industry. Driven by OPEX reductions and Sandra Gadd's operational expertise, the analyst are confident that Gadd will execute on cost initiatives and make EBIT margin increase from 0.4% in 2024A to a forecasted 7.0% in 2027E.
- **Low Capex Driven Shop-in-Shop Store Concepts Pushing Top-Line:** In H1 of 2025E Kjell will launch their new shop-in-shop concept at 13 EKO Supermarket stores. These 80 m<sup>2</sup> areas will be fully dedicated to pushing private label products, with a gross margin of 68%, far higher than the 32% of the external brands. Kjell has previously implemented similar concepts with Circle K and SkiStar, providing proof of concept. The nature and layout of the EKO stores also provide Kjell with a CapEx light rollout strategy to emulate the success of the Clas Ohlson store layout through increased foot traffic. In conclusion, the initiative is expected to add SEK 71m in annual EBIT contribution and improve gross margin from 40.6% in 2024A to 42.2% in 2025E.

### Analysts

Vilmer Ahlborg Equity Analyst  
Adam Orvegård Equity Analyst

### Market Data, SEK

Exchange	Nasdaq First Growth Market
Shares (m)	59.2
MCAP (m)	624.0
EV (m)	1,042

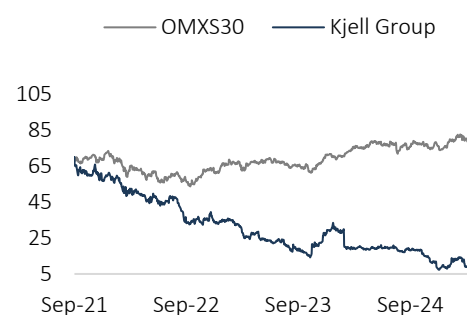
Metrics & Drivers	24A	25E	26E
EV/EBIT	80.3x	10.2x	5.2x
EV/EBITDA	5.5x	3.3x	2.5x
EV/S	0.1x	0.4x	0.4x
P/E	(13.9x)	12.0x	4.8x
ND/EBITDA	3.0x	1.3x	1.0x

Forecast, SEKm	24A	25E	26E
Total revenue	2,587	2,839	2,896
Rev. growth y/y	0.5%	9.8%	2.0%
Gross Profit	1,050	1,199	1,211
Gross Margin	40.6%	42.2%	41.8%
EBITDA	204	320	421
EBITDA Margin	7.9%	11.3%	14.5%
EBIT	11	102	201
EBIT Margin	0.4%	3.6%	6.9%

### Major Shareholders

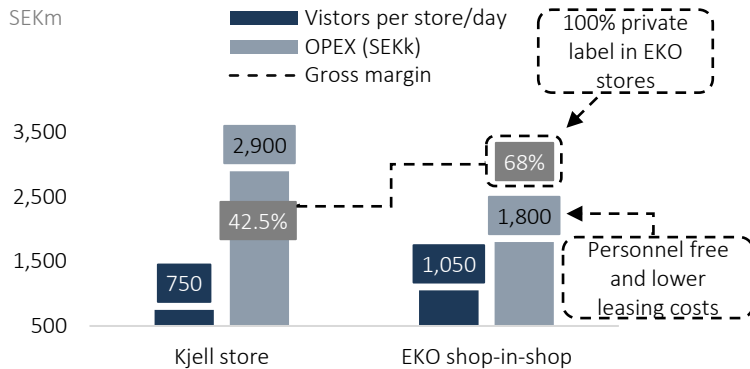
Cervantes Capital	12.2%
Eklund Family	11.0%
Jofam AB	10.0%
Nordea Funds	7.13%
Håkan Roos	4.77%

### Price Development, SEK

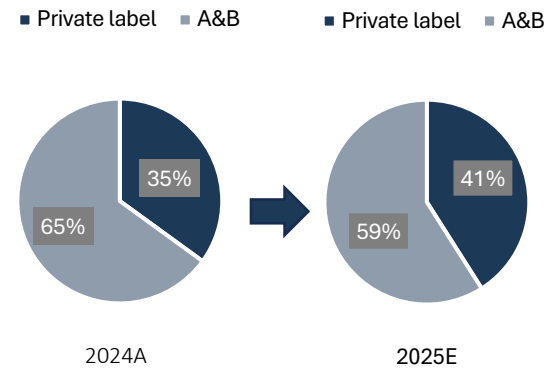


## Investment thesis in charts

### Increased Traffic Combined with Lower Costs from EKO stores

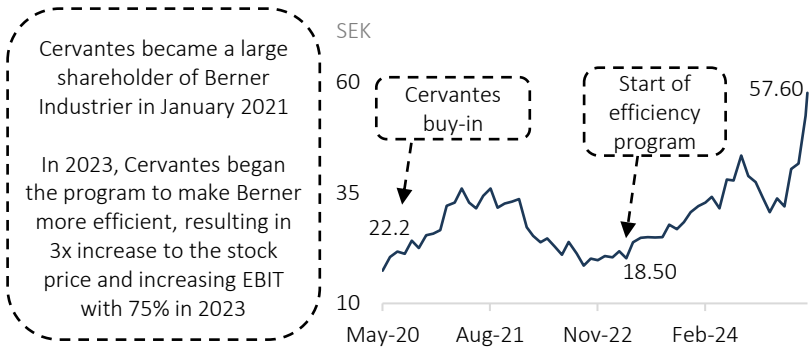


### Private Label Split Improvement Driven by EKO stores



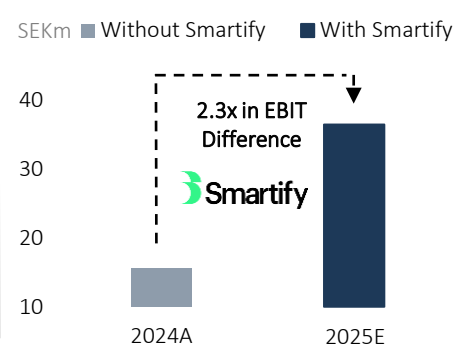
Source: The Company, Analysts estimates

### Case Study on New Owner Cervantes Capital Impact on Berner Industries Stock Price



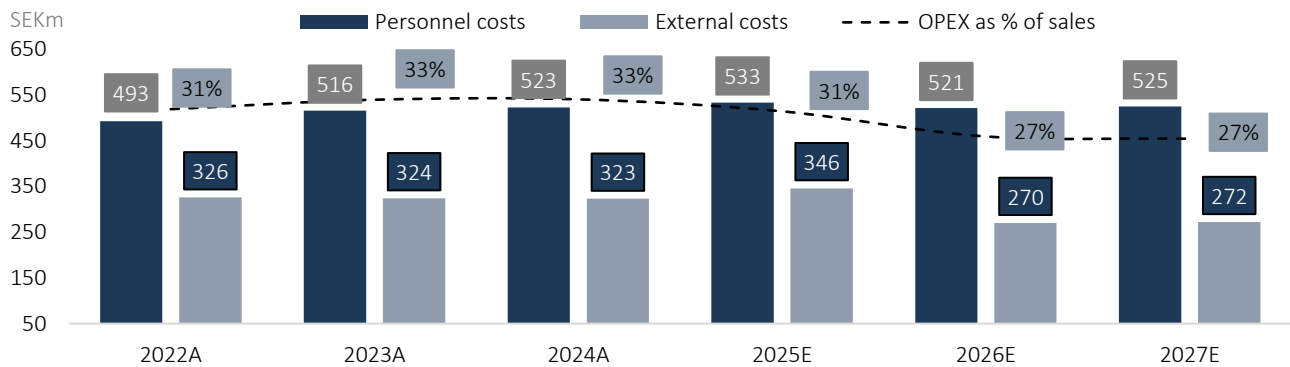
Source: Börssdata, Berner Industries Q3 2023 report

### Smartify Reduces Cost, Increases EBIT



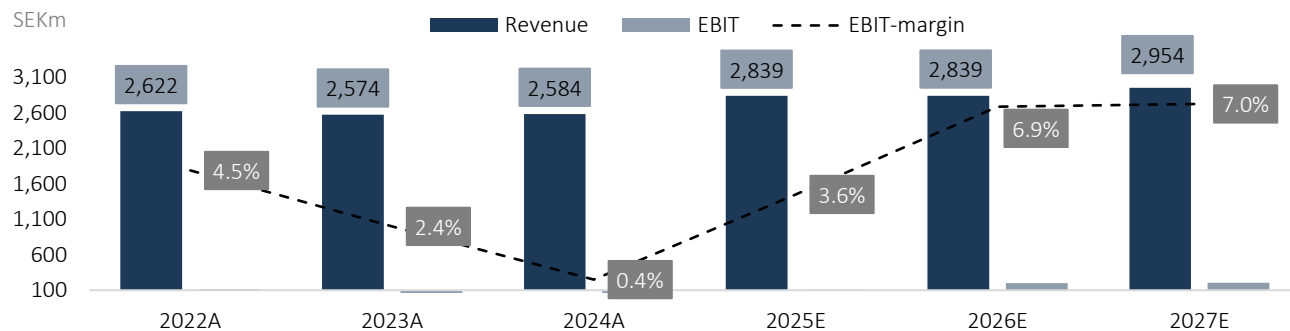
Source: The Company

### Personnel Free Shop-in-Shops and Automated Warehouse Cutting Operational Expenses



Source: The Company, Analysts estimates

### Revenue and EBIT Margin Forecast



Source: Analysts estimates

## Investment thesis

### Low Expectations Depressing Share Price

Kjells' large debt, lack of growth and big e-commerce entrants like Amazon are at the core of why investors view the Company in a pessimistic light. Under the current CEO, the EBIT margin declined from 5.8% in 2021A to 0.4% in 2024A, highlighting the Company's challenges in adapting to a shifting macroeconomic environment, characterized by its reliance on Asian suppliers, as well as the decreasing share of private label sales-splits. During this time, peers like Clas Ohlson have performed well, posting a 2024A EBIT margin of 7.0% and a y-o-y revenue increase of 13.4%, further damaging the view of Kjell. The negative view of the Company has also depressed the share price, signified by the Company trading at an EV/S multiple of 0.1x, compared to the 2021A-2023A average of 0.7x. However, new activist investor Cervantes Capital has taken a position in the Company, bringing a strong track record of driving shareholder value through long-term strategic ownership and turnaround expertise, including examples such as Berner Industrier and MSAB. With a forecasted EBIT margin of 7.0% in 2027E, Kjell achieves profitability in line with peers as well as the Company's historical margins, making the current trading multiple of 5.1x EV/EBIT 2027E unjustifiable, with peers averaging 11.2x.

### New CEO Strengthens Confidence in Automation Strategy

In 2024A, Kjell announced investments of SEK 80m into a new AutoStore driven central warehouse. Automatization of the warehouse is projected to result in a 30% reduction of distribution costs, leading to OPEX reduction from 32.7% of sales in 2024A to 27.0% in 2027E. To finance the project, as well as strengthen the balance sheet, Kjell has carried out a guaranteed rights issue of SEK 199m. Although pressuring the share price initially, it now provides the benefits of improved financials and CapEx investing capabilities. To oversee the implementation of the warehouse and manage this turnaround, Kjell has brought in a new CEO, Sandra Gadd. As CFO of Boozt, she oversaw investments and margin scaling, including SEK 235m in AutoStore automation, supporting EBIT margin expansion from 1.5% in 2016A to 5.5% in 2024A. The analysts are confident that with her proven track record in driving margin expansion, automation execution and capital allocation at Boozt, she has the experience required to lead Kjell's turnaround and deliver sustained margin improvement. Combined with Cervantes strong track record, the EBIT margin is estimated to rise from 0.4% in 2024A to 7.0% in 2027E, driven by OPEX reductions.

### Shop-in-Shops Enable Profitable Top-Line Growth

Following a successful pilot of Kjell's shop-in-shop concept within the supermarket chain EKO, the Company has entered into an agreement to open in 13 new EKO locations, and analysts predict 3 additional stores opening in 2028A. A comparable concept has been rolled out in 292 Circle K and 14 SkiStar locations previously, resulting in a total revenue of SEK 145m. However, the new store spaces will be 20x larger, the product selection fully private label, and not require Kjell personnel. With just an initial CapEx investment of SEK 0.5m and an annual lease of SEK 0.76m, the EKO stores will provide Kjell with a low-risk and CapEx light strategy to emulate the success of the Clas Ohlson store layout, allowing for increased customer traffic and incremental buys. Analysts estimate that revenue/m<sup>2</sup> in the EKO stores will be approximately 50% of revenue/m<sup>2</sup> in Circle K and SkiStar, which has been derived from expectations of increased foot traffic, shelving space, and estimates in line with management expectations. The initiative is expected to become a key growth driver, generating SEK 260m in annual revenue by 2027E. The estimated result of this is private label sales increasing from 35% to 41% of total revenue, while gross margin improves from 40.6% in 2024A to 42.2% in 2025E. Overall, the shop-in-shops are estimated to provide revenue with a 27.3% EBIT margin, corresponding to an additional SEK 71m of annual EBIT.

## Company Overview

### Nordic Retailer with Loyal Customer Base and New Ownership Support

Founded in 1988, Kjell has grown into a leading omnichannel retailer within the Nordic consumer electronics accessories (“CEA”) market. The Company operates 145 service points across Sweden and Norway (up from 138 in 2021) and complements the Company’s physical footprint with a growing e-commerce platform and capital-light shop-in-shop format which generates higher margins. Kjell’s focus on in-store expertise and service availability has helped the Company’s customer club grow from 2.6 million members in 2021 to 3.4 million in 2024. The program enables customer-level data tracking, providing Kjell with detailed insights into consumer behavior.

### Business Model

#### Omnichannel Platform Powered by Private-Label and Low-CapEx Expansion

Kjell’s business model is built around a scalable omnichannel platform, combining its core store network with digital sales and low-capex required shop-in-shop formats. Acquiring AV-Cables in 2021 enhanced the Company’s e-commerce capabilities in Denmark.

Kjell’s current business model is increasingly centered around private-label products, particularly within its shop-in-shop format, where only private-label items are offered. This structural shift reduces dependency on external brands and aligns with the Company’s focus on margin control. The shop-in-shop model, being personnel-free and integrated into high-traffic environments, allows Kjell to expand the Company’s physical presence with limited fixed costs. As a result, the Company is shifting toward a more margin-efficient and scalable retail structure.

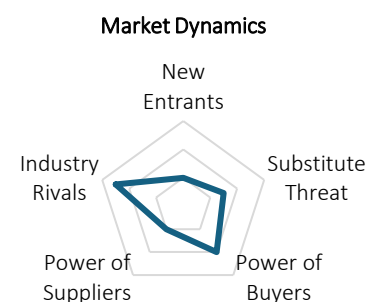
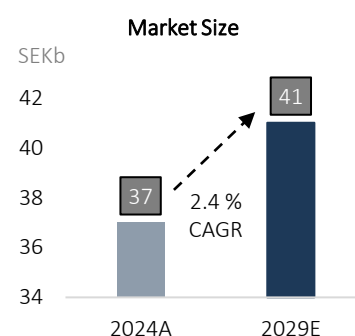
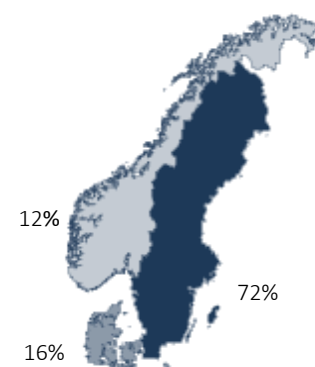
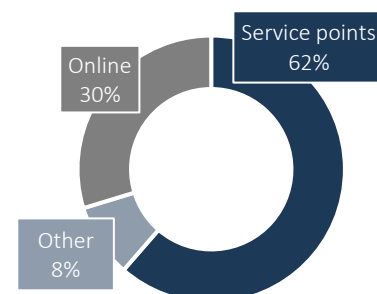
## Market Overview

### Attractive Accessories Market Driven by More Devices per Household

The Nordic CEA market is large and structurally attractive. In 2024, the total addressable market across Sweden, Norway, and Denmark was valued at approximately 37 billion SEK, representing around 6% of the total consumer electronics market. With an expected CAGR of 2.4%, the market is projected to reach SEK 41 billion by 2029E, supported by secular trends such as more devices per household, smart home adoption, and remote work. Kjell has leveraged its in-store expertise and optimized store layout to capture an estimated 11% share of the Nordic CEA market.

### Competition in the Market

In Q1 2025, Kjell reported declining sales in Denmark amid intensified competition from Amazon and Temu. While price pressure persists, the Company differentiates through in-store technical support for products that require customer guidance, a capability not offered by e-commerce players such as Amazon. However, this applies to a limited share of the assortment. For the remaining categories, consumers still value immediate access and physical availability. With local inventory and store-based fulfillment, Kjell enables same-day delivery and face-to-face service, providing an advantage over online-only competitors. The shop-in-shop rollout marks a strategic shift toward a more volume-driven model. By increasing physical exposure in high-traffic locations, Kjell moves closer to Clas Ohlson’s retail structure, where higher store traffic and broad accessibility enable greater customer conversion. While Kjell maintains a narrower assortment, the increased customer traffic better supports impulse purchases and aligns the Company’s operating model with that of larger peers.



## Valuation

### Low Peer Valuation Missing Systemic Improvements

The companies selected for peer valuation are Nordic and either active within the CEA market or operating with a similar business model. Looking at the 2027E EV/EBIT multiples, Kjell is considerably cheaper with a valuation of 5.1x EBIT, also well below the Company's 2021A-2023A average of 9.1x. Considering Kjells' 2024A revenue compared to peers, a 30% discount is applied to the average peer EV/EBIT of 11.2x. This results in a target EV/EBIT multiple of 7.8x for the Company, implying an upside of 94% from the current share price of SEK 10.6. The reason for the large upside is the depressed EBIT margin of just 0.4% in 2024A, reflecting an inability to align the Company's supply with consumer demand and therefore, weighing down the share price. However, this creates an optimal entry point for investors as markets are yet to realize the fundamentally positive internal changes to the Company, outlined in the investment thesis. Despite the past poor performance, if successful, these initiatives are bound to drive up the share price.

Peer Table	EV	Market Cap	Revenue CAGR	Revenue	EBIT Margin	EV/EBITDA			EV/EBIT		
	SEKm	SEKm	2025E-2027E	2024A	2027E	2025E	2026E	2027E	2025E	2026E	2027E
Komplett	2,939	2,122	6.4%	15,301	2.2%	5.1x	4.4x	4.1x	15.4x	9.4x	7.5x
BHG Group	6,914	4,330	5.8%	9,963	4.7%	8.7x	7.2x	6.6x	19.0x	12.7x	12.4x
Boozt	6,752	7,048	6.9%	8,244	6.9%	8.8x	7.6x	6.9x	13.6x	11.2x	9.9x
Rusta	15,861	10,286	8.3%	11,116	8.3%	8.6x	7.5x	6.7x	18.0x	15.5x	13.6x
Clas Ohlson	16,170	15,613	6.1%	10,232	10.2%	8.4x	8.0x	7.7x	14.0x	13.3x	12.7x
<b>Average</b>	<b>9,727</b>	<b>7,880</b>	<b>6.7%</b>	<b>10,971</b>	<b>6.5%</b>	<b>7.9x</b>	<b>6.9x</b>	<b>6.4x</b>	<b>16.0x</b>	<b>12.4x</b>	<b>11.2x</b>
<b>Median</b>	<b>6,914</b>	<b>7,048</b>	<b>6.4%</b>	<b>10,232</b>	<b>6.9%</b>	<b>8.6x</b>	<b>7.5x</b>	<b>6.7x</b>	<b>15.4x</b>	<b>12.7x</b>	<b>12.4x</b>
Kjell Group	1,042	624	3.4%	2,587	7.1%	3.3x	2.5x	2.4x	10.2x	5.2x	5.1x

### DCF and Peer Valuation Imply a Target Share Price of 18.0 SEK

The stock currently trades below intrinsic value due to low market expectations and limited confidence in the Company's earnings outlook. The key driver of value is the estimated improvement in profitability, with NOPAT increasing from SEK 9m in 2024 to SEK 163m in 2027E, reflecting a NOPAT margin expansion from 0.3% to 5.5%. Despite modest market expectations, investor sentiment proved responsive, evidenced by a 28% share price increase following Cervante's entry as a major shareholder. A WACC of 12.0%, derived from a 16.8% cost of equity and 5.0% cost of debt, combined with a 2.0% terminal growth rate and 6.7% terminal EBIT margin, implies a DCF-based fair value of SEK 15.9 per share., implying a 53% upside. When equally weighted with a relative valuation, the target price is SEK 18.0, implying an upside potential of 69.8%.

DCF Valuation Breakdown		SEK	Terminal Growth Rate					
				0%	1%	2%	3%	4%
Sum of forecasted value (SEKm)	527	WACC	15.9					
Discounted terminal value	831		10%	17.9	19.7	22.1	25.1	29.1
<b>Enterprise value</b>	<b>1,358</b>		11%	15.4	16.9	18.7	20.9	23.8
Net Debt (SEKm)	418		12%	13.4	14.5	15.9	17.6	19.8
NOSH (m)	59		13%	11.6	12.6	13.7	15.0	16.7
Implied shareprice	15.9		14%	10.1	10.9	11.8	12.9	14.2
Implied upside	53%							

## Appendix: Income Statement

Income statement (SEKm)	2022A	2023A	2024A	2025E	2026E	2027E	2028E	2029E	2030E
<b>Revenue</b>	<b>2,622</b>	<b>2,574</b>	<b>2,587</b>	<b>2,839</b>	<b>2,896</b>	<b>2,954</b>	<b>3,055</b>	<b>3,116</b>	<b>3,178</b>
<i>y-o-y change</i>	<i>N/A</i>	<i>(1.8%)</i>	<i>0.5%</i>	<i>9.8%</i>	<i>2.0%</i>	<i>2.0%</i>	<i>3.4%</i>	<i>2.0%</i>	<i>2.0%</i>
COGS	(1,509)	(1,481)	(1,537)	(1,640)	(1,685)	(1,730)	(1,810)	(1,864)	(1,920)
<b>Gross profit</b>	<b>1,113</b>	<b>1,094</b>	<b>1,050</b>	<b>1,199</b>	<b>1,211</b>	<b>1,224</b>	<b>1,245</b>	<b>1,252</b>	<b>1,258</b>
<i>Gross margin</i>	<i>42.5%</i>	<i>42.5%</i>	<i>40.6%</i>	<i>42.2%</i>	<i>41.8%</i>	<i>41.4%</i>	<i>40.7%</i>	<i>40.2%</i>	<i>39.6%</i>
OPEX	(820)	(841)	(846)	(879)	(791)	(797)	(803)	(810)	(816)
<i>% of sales</i>	<i>31.3%</i>	<i>32.6%</i>	<i>32.7%</i>	<i>31.0%</i>	<i>27.3%</i>	<i>27.0%</i>	<i>26.3%</i>	<i>26.0%</i>	<i>25.7%</i>
<b>EBITDA</b>	<b>293</b>	<b>253</b>	<b>204</b>	<b>320</b>	<b>421</b>	<b>427</b>	<b>441</b>	<b>442</b>	<b>442</b>
<i>EBITDA margin</i>	<i>11.2%</i>	<i>9.8%</i>	<i>7.9%</i>	<i>11.3%</i>	<i>14.5%</i>	<i>14.5%</i>	<i>14.4%</i>	<i>14.2%</i>	<i>13.9%</i>
<i>y-o-y change</i>	<i>N/A</i>	<i>(13.6%)</i>	<i>(19.4%)</i>	<i>56.9%</i>	<i>31.3%</i>	<i>1.6%</i>	<i>3.3%</i>	<i>0.2%</i>	<i>0.0%</i>
Depreciation of RoU-assets	(153.0)	(132.0)	(118.0)	(128.0)	(128.0)	(128.0)	(130.3)	(130.3)	(130.3)
D&A	(23)	(59)	(75)	(90)	(92)	(94)	(97)	(98)	(100)
<i>% of sales</i>	<i>5.8%</i>	<i>5.1%</i>	<i>4.6%</i>	<i>4.5%</i>	<i>4.4%</i>	<i>4.3%</i>	<i>4.3%</i>	<i>4.2%</i>	<i>4.1%</i>
<b>EBIT</b>	<b>117</b>	<b>62</b>	<b>11</b>	<b>102</b>	<b>201</b>	<b>206</b>	<b>214</b>	<b>213</b>	<b>211</b>
<i>EBIT margin</i>	<i>4.5%</i>	<i>2.4%</i>	<i>0.4%</i>	<i>3.6%</i>	<i>6.9%</i>	<i>7.0%</i>	<i>7.0%</i>	<i>6.8%</i>	<i>6.7%</i>
Net financial items	(29)	(42)	(38)	(36)	(36)	(36)	(36)	(36)	(36)
<b>EBT</b>	<b>88</b>	<b>21</b>	<b>(28)</b>	<b>66</b>	<b>164</b>	<b>169</b>	<b>178</b>	<b>177</b>	<b>175</b>
<i>EBT margin</i>	<i>3.4%</i>	<i>0.8%</i>	<i>(1.1%)</i>	<i>2.3%</i>	<i>5.7%</i>	<i>5.7%</i>	<i>5.8%</i>	<i>5.7%</i>	<i>5.5%</i>
Tax expense	(18)	(4)	5	(14)	(34)	(35)	(37)	(36)	(36)
<b>Net income</b>	<b>70</b>	<b>17</b>	<b>(23)</b>	<b>52</b>	<b>130</b>	<b>134</b>	<b>141</b>	<b>141</b>	<b>139</b>
<i>Net margin</i>	<i>2.7%</i>	<i>0.6%</i>	<i>(0.9%)</i>	<i>1.8%</i>	<i>4.5%</i>	<i>4.6%</i>	<i>4.6%</i>	<i>4.5%</i>	<i>4.4%</i>

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