

## Embellence Group (EMBELL)

Sweden | Consumer Goods | MCAP 893 SEKm

18 January 2026

### Buy

Target price: SEK 51.5  
 Current price: SEK 38.0  
 Upside: 35.5%

### High-end Products, Low-end Valuation

Embellence Group (“Embellence” or “the Company”) is a Swedish house of interior brands, offering premium wallpapers, textiles and window films. The market overlooks Embellence’s initiatives to expand the Company’s direct-to-consumer (D2C) presence and the Company’s potential to return to organic growth. Historically, performance has been impacted by weaker end-markets and higher exposure to wholesale and retail channels. However, the Company is shifting focus from traditional retail channels towards D2C channels, which provide greater control over customer relationships and support a more profitable sales-mix. As a result, the EBIT margin is estimated to increase from 12.0% in 2024 to 15.1% in 2028, primarily driven by a sales-mix shift towards D2C. Based on an equally weighted DCF and peer valuation using a target multiple of 9.4x EV/EBIT, a target price of 51.5 SEK per share is implied, corresponding to an upside of 35.5%.

#### Key takeaways

- **Margin Improvement from an Increasing Sales Mix:** Embellence has strengthened the Company’s D2C execution following the appointment of Johan Andgren as new CEO, implementing a new E-commerce team and launching three of four planned E-commerce platforms. D2C represented 8% of total brand revenue LTM and is estimated to reach 25% by 2028, supporting structurally higher gross margins. Based on analyst estimates, D2C gross margins are estimated at ~80% versus the Company’s average of ~60%, while the increasing D2C mix is estimated to reduce the cash conversion cycle from 106 days in 2024 to 71 days in 2028 through faster inventory turnover and quicker end-customer payments. As a result, the Company’s EBIT margins are estimated to reach 15.1% in 2028 versus 12.0% 2024.
- **The U.S. Market Unlocking Room for Growth:** In 2024 the U.S. accounted for 24.4% of the Company’s total revenue, corresponding to 190 SEKm. The analysts estimate U.S. revenue to grow at a 15.0% CAGR through 2027, driven mainly by increased wallpaper penetration. Introducing E-commerce will also improve accessibility for Embellence’s wallpaper brands in the U.S., which were previously only sold in a few retail stores. Exposure to hospitality customers further supports growth by providing a more recurring demand than private households.
- **Borås Tapetfabrik Supporting Revenue Growth:** Borås Tapetfabrik is a strategically important asset for Embellence, as several other wallpaper factories in the Nordic region have exited the market in recent years. The factory’s customer base is growing rapidly, and management indicates that Borås Tapetfabrik has sufficient capacity to increase production as demand continues to rise. The analysts expect the Company to continue supplying murals and wallpaper to fast-growing companies and to reach over 115 SEKm in annual sales by 2028.

#### Analysts

Michael Sedigh	Financial Analyst
Viktor Gautvik	Financial Analyst

#### Market Data, SEK

Exchange	First North Stockholm
Shares (m)	23.5
MCAP (m)	893
EV (m)	992

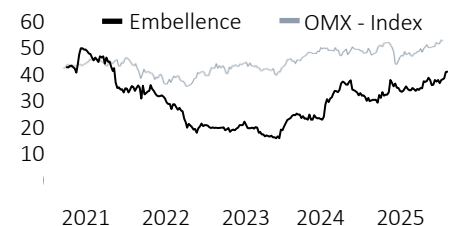
Metrics & Drivers	25E	26E	27E
EV/EBIT	10.7x	8.9x	7.7x
EV/EBITDA	7.3x	6.3x	5.5x
EV/S	1.1x	1.1x	1.0x
P/E	13.3x	11.0x	9.4x
ND/EBITDA	0.7x	0.7x	0.7x

Forecast, SEKm	25E	26E	27E
Total revenue	794	849	926
Rev. growth y/y	2.0%	7.0%	9.0%
Gross Profit	476	517	573
Gross Margin	59.9%	60.9%	61.9%
EBITDA	135	157	179
EBITDA Margin	17.0%	18.5%	19.4%
EBIT	93	111	130
EBIT Margin	11.7%	13.1%	14.0%

#### Major Shareholders

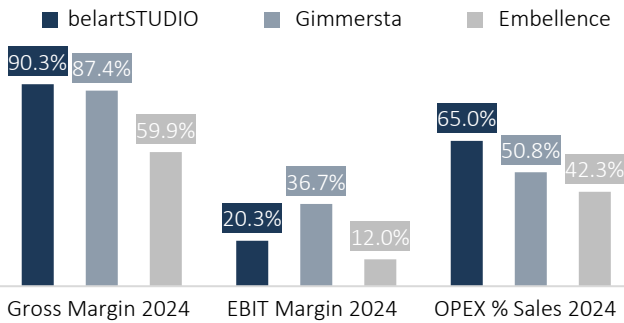
Peter Lindell	15.7%
JCE Group	12.4%
Ramhill AB	10.2%

#### Price Development, SEK



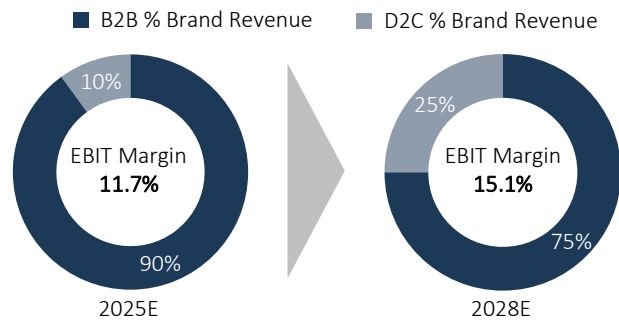
### Investment thesis in charts

#### Embellence vs Pure E-commerce



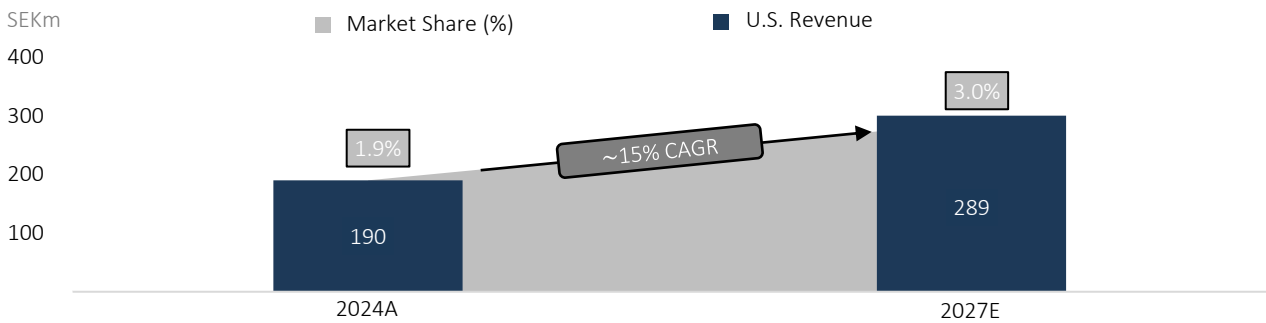
Source: The Company, Analyst estimates, Retriever

#### Sales-mix Shift by Increasing D2C Improves Margins



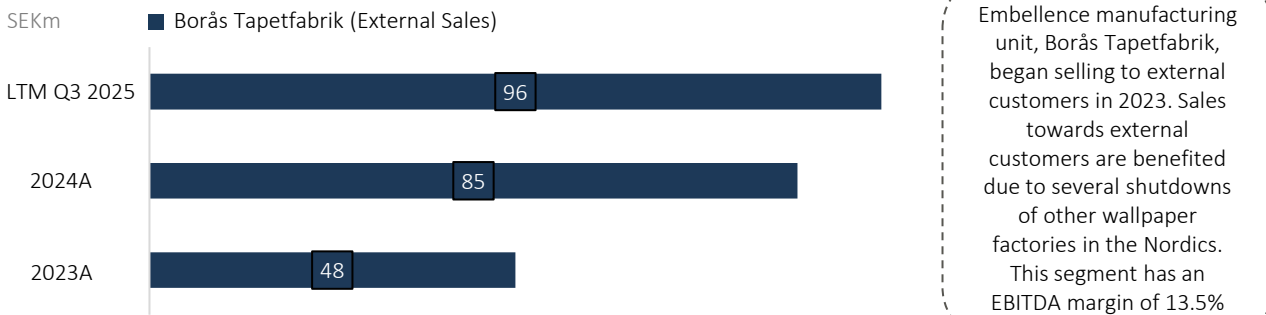
Source: The Company, Analyst estimates

#### Expanding U.S. Sales to Capture Further Market Share



Source: The Company, Analyst estimates, Statista

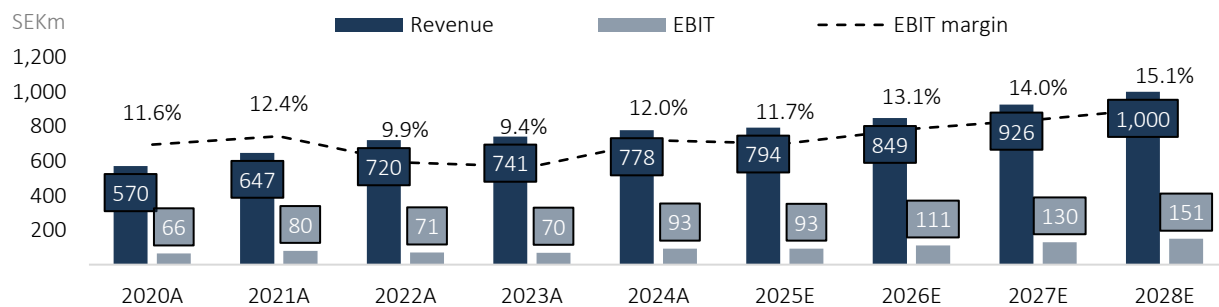
#### Borås Tapetfabrik Continues to Benefit from High Demand from External Customers



Embellence manufacturing unit, Borås Tapetfabrik, began selling to external customers in 2023. Sales towards external customers are benefited due to several shutdowns of other wallpaper factories in the Nordics. This segment has an EBITDA margin of 13.5%

Source: The Company, Analyst estimates, Retriever Business

#### Revenue and EBIT Forecast



Source: The Company, Analyst estimates

## Investment thesis

### Sales-mix Shift Toward Increasing D2C Strengthens Margins

Embellence is entering a transition phase with increased focus on their D2C channel, which the analysts view as the Company's key organic growth and margin expansion driver. The D2C segment accounted for 8% of total brand revenue on a rolling 12-month basis, while management targets a rapid increase supported by ongoing platform launches. The analysts estimate D2C revenue to grow at a 45% CAGR through 2028, implying that D2C will represent 25% of total brand revenue by 2028. Benchmarking against premium, pure E-commerce peers with a revenue CAGR of ~40%, alongside structurally higher profitability, with gross margins around 86% and EBIT margins near 30%. The analysts apply more conservative assumptions for Embellence due to higher D&A from in-house production, forecasting D2C gross margins of ~80% and EBIT margins of ~22%. Even under these assumptions, the channel mix shift is expected to drive a meaningful uplift to the Company's profitability, with EBIT margins estimated to reach 15.1% in 2028 versus 12.0% in 2024. Beyond margin expansion, the shift towards increasing D2C also improves working capital efficiency through faster inventory turnover and direct end-customer payments. This is estimated to reduce the cash conversion cycle from 106 days in 2024 to 71 days by 2028, supporting stronger cash generation.

### The U.S. Market Offers Strategic Growth Opportunity

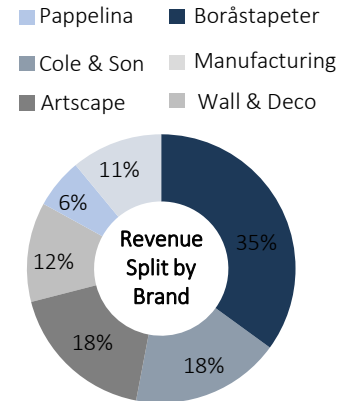
The U.S. accounted for 24.4% of Embellence's revenue in 2024, corresponding to 190 SEKm. Yet the contribution from the Company's core wallpaper brand remains low. Artscape, specializing in decorative window films, generated 140 SEKm in the U.S. in 2024, implying that only 50 SEKm came from wallpaper brands such as Boråstapeter, Cole & Son and Wall & Deco. This highlights a clear gap between existing presence and current wallpaper penetration in the U.S. market. The analysts estimate that a 1 pp increase in the Company's U.S. market share by 2027, corresponding to a revenue CAGR of 15.0% in the U.S., would add around 100 SEKm in total revenue, mainly driven by increased wallpaper penetration, contributing to reaching the Company's goal of 1 SEKbn in revenue by 2028. Growth is driven by a broader retail presence and increased exposure to hospitality and project sales, where demand is supported by a refurbishment cycle of approximately six years. In connection with the launch of Artscape's new E-commerce platform, wallpaper sales were introduced, allowing Embellence to sell the Company's premium portfolio through an existing digital channel. Production and delivery are handled through Embellence's manufacturing unit, Borås Tapetfabrik, limiting incremental costs in comparison to outsourcing the production.

### Borås Tapetfabrik Becoming a Stronger Backbone

An often overlooked asset within Embellence Group is the Company's own wallpaper factory in Borås, Sweden. Historically focused on supplying Embellence's own brands, the factory began selling to external partners in 2023. With a tough wallpaper market 2022 and 2023, many factories in Sweden had to close, which led to Borås Tapetfabrik becoming the biggest manufacturing unit of wallpaper in the Nordics. External manufacturing sales stood for roughly 50% of the factory's revenue 2025, and the segment has an EBITDA margin of 13.5%. According to management, the factory has unutilized capacity and with customers growing sales with over 40.0% y/y, the analysts estimate that the factory will continue to grow external manufacturing sales with 7.0% annually. The factory is becoming a strong backbone for the Company and will continue to strengthen cash flow. Based on analyst estimates the factory will contribute with 116 SEKm in external manufacturing sales by 2028 and be a key factor for Embellence reaching the 1 SEKbn topline target by 2028.

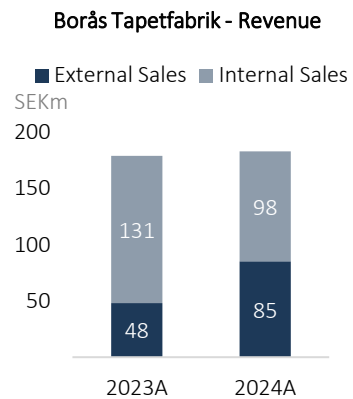
## Company Overview

Embellence Group, founded in 1905 in Borås, is a Swedish House of Brands operating in the premium interior design segment. The Company develops, owns and manages a portfolio of brands within wallpaper, textiles and window films, serving both retail and professional customers across multiple geographies. The Company's positioning is based on established brands, design competence and a broad distribution network within the premium segment. The brand portfolio consists of Boråstapeter, Pappelina, Cole & Son, Wall & Deco and Artscape. Boråstapeter and Cole & Son form the core within traditional premium wallpaper. Wall & Deco focuses on contemporary, project-based designs with exposure to hospitality and commercial customers. Pappelina operates within woven rugs with a clear Scandinavian design, while Artscape provides exposure to decorative window films, primarily targeting the U.S. market. Embellence also operates Borås Tapetfabrik, the Company's in-house wallpaper manufacturing unit. The factory supplies Embellence's own brands and has, since 2023, expanded production volumes toward external, third party brands. This provides Embellence with manufacturing control, flexibility in production and an additional revenue stream. From a financial perspective, the Company has reduced leverage in recent years, with Net debt/EBITDA at 0.7x on a rolling 12-month basis in Q3 2025, which reflects a balance sheet position that allows for continued operational development while maintaining financial flexibility.



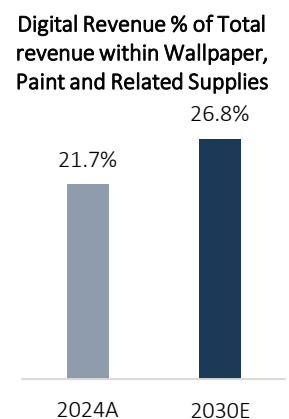
## Business Model

Embellence generates revenue primarily through B2B and D2C sales of premium interior products, complemented by external wallpaper production for third party brands. B2B sales include both retailers and project-based customers, such as hospitality and commercial customers. These customers typically purchase products for renovation, refurbishment or new construction projects. D2C sales are conducted through the Company's own E-commerce platforms and target end customers directly. The Company operates a hybrid operating model. Brand level activities such as design, product development and market positioning are managed at the brand level, while functions including procurement, logistics, IT, finance and parts of production are centralized. This setup allows for cost control and operational consistency while maintaining each brand's own identity. B2B remains the largest revenue source today, reflecting long standing relationships with retailers, such as Colorama and other wholesalers. D2C is the fastest growing sales channel for the Company and is the sales channel that carries the strongest margins. External wallpaper production is carried through Borås Tapetfabrik and has grown rapidly since 2023, with external sales increased by 77% from 2023 to 2024.



## Market Overview

Embellence operates within the premium segment of the global wallpaper and interior design market. A niche and fragmented market where demand is mainly driven by renovation activity, interior upgrades and design-oriented purchasing, both in residential settings and in professional, project-based environments. The total addressable market for the Company's core product offering, premium wallpapers, is estimated at approximately USD 2bn on a global basis. Sweden is Embellence's strongest individual market and accounted for 33% of total sales in 2024. The market benefits from well-known brands and a long-established retail network. The U.S. represents the largest growth opportunity for the Company, with an addressable market of approximately USD 1bn across wallpaper, decorative window films and design textiles. Despite the size of the market, Embellence's current market share in the U.S. remains below 2%. At the market level, an increasing share of sales is conducted through digital channels. Online sales represented 21.7% of total revenue within Paint, Wallpaper and related supplies in 2024 and are expected to increase to 26.8% by 2030. This reflects a broader, global shift in how products within the paint, wallpaper and related supplies market are sold, with an increasing share of purchases moving to online channels.



## Valuation

### An Equally Weighted DCF and Relative Valuation Implies an Upside of 35.5%

Based on an equally weighted DCF and relative valuation, the analysis implies a target share price of 51.5 SEK, corresponding to an upside of 35.5% from the current share price 38.0 SEK.

DCF  
55 SEK



Relative  
48 SEK

DCF Breakdown	
Sum of PV of Free Cash Flow, mSEK	734
PV of Terminal Value, mSEK	652
<b>Implied Enterprise Value, mSEK</b>	<b>1,386</b>
Net Debt, mSEK	99
<b>Implied Equity Value, mSEK</b>	<b>1,287</b>
NOSH (m)	23.5
Current share price, SEK	38
<b>Implied Share Price, SEK</b>	<b>55</b>
Implied Upside	44.1%

TGR	SEK	WACC				
		8.0%	9.0%	10.0%	12.0%	14.0%
1.0%	69	59	51	40	33	
1.5%	72	61	53	41	33	
2.0%	76	64	<b>55</b>	42	34	
2.5%	80	67	57	43	34	
3.0%	85	70	59	44	35	

### Discounted Cash Flow Valuation Implies an Upside of 44.1%

Cash flows are discounted at a WACC of 10.0%, based on a cost of equity of 11.1% and cost of debt of 5.1%. Capex remains relatively moderate, with CEO Johan Andgren guiding toward ~3% of total revenue vs ~2% historically, while D&A is held at a historical level of 5.4% of total revenue. The discounted cash flow valuation indicates an implied equity value of SEK 1.29bn, translating to an implied share price of 55 SEK, and an upside of 44.1% from the current share price of 38.0 SEK. EBIT is projected to grow by 39.7% from 2024 to 2027, driven by strong revenue growth and a positive impact from the sales-mix shift.

KPI's	Market Cap	EV	EBIT Margin	EBIT Margin	EV/EBITDA			EV/EBIT			Sales CAGR	Net debt / EBITDA
Company	SEKm	SEKm	2024A	2027E	2025E	2026E	2027E	2025E	2026E	2027E	2024A-2027E	LTM
Gabriel Holding	655	1,046	1.2%	8.7%	8.2x	6.1x	5.3x	20.5x	10.9x	8.6x	2.2%	3.8x
Sanderson Design Group	393	304	9.5%	6.3%	3.5x	3.2x	2.9x	7.7x	6.4x	5.2x	1.0%	1.2x
Rugvista Group	1,425	1,245	9.8%	14.5%	12.4x	9.0x	8.0x	16.4x	11.5x	10.2x	9.7%	(0.5x)
Svedbergs	3,757	4,282	13.6%	15.8%	10.2x	9.7x	9.2x	12.8x	12.1x	11.3x	3.3%	1.3x
<b>Median</b>	<b>1,040</b>	<b>1,146</b>	<b>9.7%</b>	<b>11.6%</b>	<b>9.2x</b>	<b>7.6x</b>	<b>6.7x</b>	<b>14.6x</b>	<b>11.2x</b>	<b>9.4x</b>	<b>2.7%</b>	<b>1.3x</b>
<b>Average</b>	<b>1,558</b>	<b>1,719</b>	<b>8.5%</b>	<b>11.3%</b>	<b>8.6x</b>	<b>7.0x</b>	<b>6.4x</b>	<b>14.4x</b>	<b>10.2x</b>	<b>8.8x</b>	<b>4.1%</b>	<b>1.5x</b>
Embellence Group	893	992	12.0%	14.0%	7.3x	6.3x	5.5x	10.7x	8.9x	7.7x	6.0%	0.7x

### Relative Valuation Implies an Upside of 25.3%

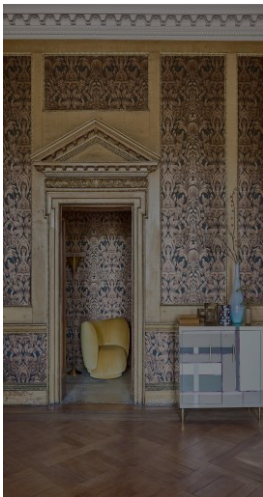
Embellence is trading at a 2027 EV/EBIT multiple of 7.7x, below the peer median of 9.4x. This valuation gap remains despite Embellence demonstrating a stronger profitability profile than most peers. EBIT margin is estimated to increase from 12.0% in 2024 to a 14.0% in 2027, compared with a peer median of 11.6%, based on current forecasts. Among the list of closest listed peers is Sanderson Design Group, which operates a portfolio of premium wallpaper and interior brands. However, Sanderson's brand portfolio is primarily exposed to the UK market, whereas Embellence has a more geographically diversified revenue base. This difference in geographic exposure should be considered when comparing valuation multiples across peers. Applying the peer median 2027 EV/EBIT multiple of 9.4x to Embellence's forecast EBIT of 130 SEKm implies an equity value of SEK ~1.12bn, corresponding to an implied share price of 48 SEK. This represents an upside of 25.3% from the current share price.

## Appendix – Income Statement

Income statement, SEKm	2020A	2021A	2022A	2023A	2024A	2025E	2026E	2027E	2028E
<b>Total Revenue</b>	<b>570</b>	<b>647</b>	<b>720</b>	<b>741</b>	<b>778</b>	<b>794</b>	<b>849</b>	<b>926</b>	<b>1,000</b>
% change		13.5%	11.3%	2.9%	5.0%	2.0%	7.0%	9.0%	8.0%
COGS	(258)	(288)	(297)	(308)	(312)	(318)	(332)	(353)	(371)
<b>Gross Profit</b>	<b>312</b>	<b>359</b>	<b>423</b>	<b>433</b>	<b>466</b>	<b>476</b>	<b>517</b>	<b>573</b>	<b>628</b>
Gross Margin	54.7%	55.5%	58.8%	58.5%	59.9%	59.9%	60.9%	61.9%	62.9%
SG&A	(219)	(252)	(311)	(314)	(329)	(340)	(360)	(393)	(423)
<b>EBITDA</b>	<b>93</b>	<b>107</b>	<b>112</b>	<b>119</b>	<b>137</b>	<b>135</b>	<b>157</b>	<b>179</b>	<b>205</b>
EBITDA margin	16.3%	16.6%	15.6%	16.1%	17.6%	17.0%	18.5%	19.4%	20.5%
D&A	(27)	(27)	(41)	(49)	(44)	(43)	(46)	(50)	(54)
% of sales	4.7%	4.2%	5.7%	6.6%	5.7%	5.4%	5.4%	5.4%	5.4%
<b>EBIT</b>	<b>66</b>	<b>80</b>	<b>71</b>	<b>70</b>	<b>93</b>	<b>93</b>	<b>111</b>	<b>130</b>	<b>151</b>
EBIT margin	11.6%	12.4%	9.9%	9.4%	12.0%	11.7%	13.1%	14.0%	15.1%

Source: The Company, Analyst estimates

## Appendix – The Brands & Products



Cole & Son®



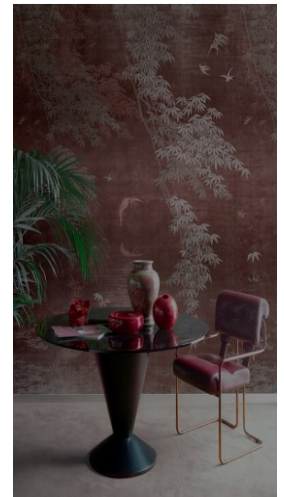
 BORÅSTAPETER



pappelina®



ARTSCAPE.  
WINDOW FILM DESIGN

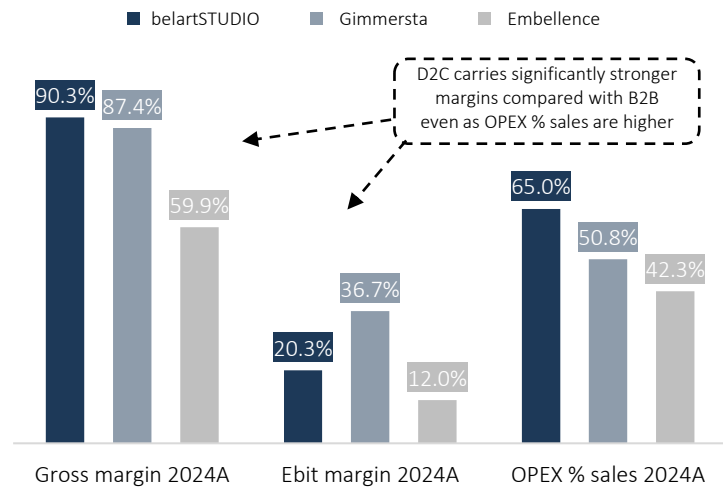


Wall&decò

Source: The Company

## Appendix – Why D2C and How

### Embellence vs Pure E-Commerce



D2C carries significantly stronger margins compared with B2B even as OPEX % sales are higher

"It's natural for companies to gain higher OPEX when transitioning into D2C, but positive effects are often shown after less than 1 year if the Company takes the transition seriously, optimizes marketing and has strong brands"  
 – Jonas Åkerman, D2C consultant at Avensia

Source: Jonas Åkerman (industry expert), Retriever, The Company

### CCC Improvement from Increasing D2C

Cash Conversion Cycle Overview	2024A	2025E	2026E	2027E	2028E
(+) Days Sales Outstanding (DSO):	62	59	56	53	50
(+) Days Inventory Outstanding (DIO):	166	163	156	150	144
(-) Days Payable Outstanding (DPO):	123	122	122	122	122
<b>CCC days</b>	<b>106</b>	<b>99</b>	<b>90</b>	<b>81</b>	<b>71</b>

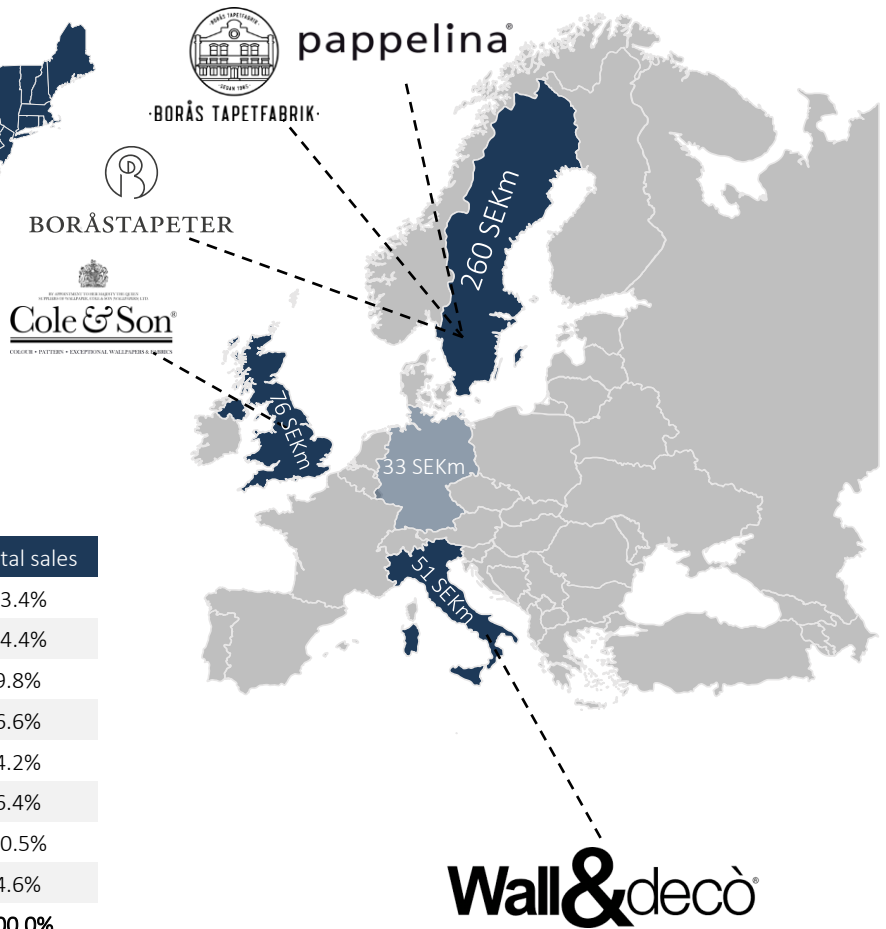
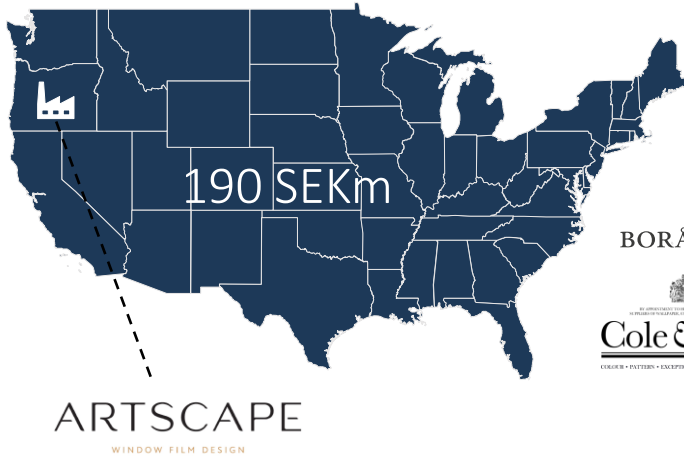
- Faster inventory turnover, no need to wait for retail partners to reorder, and D2C customers shop ad hoc
- Print-on-demand enables leaner inventory and minimizes unsold stock risk in D2C

### New - but Experienced CEO "Walks The Talk"



- Implemented and recruited a new E-commerce team, with Kajsa Hjelm in the lead
- Launched new E-commerce for Pappelina and Artscape after just two months
- "Johan has done similar journeys before, I have full confidence in him" - Johan Levin

## Appendix – Geographic Revenue Split FY 2024



Geographic Revenue split, SEKm	FY 2024	% total sales
Sweden	260	33.4%
USA	190	24.4%
UK	76	9.8%
Italy	51	6.6%
Germany	33	4.2%
Rest of Nordics	50	6.4%
Rest of Europe	82	10.5%
Rest of the World	36	4.6%
<b>Total revenue</b>	<b>778</b>	<b>100.0%</b>

Source: The Company

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### Disclaimer

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