

On Holding AG

2024 guide ups the stakes

Reiterate Rating: UNDERPERFORM | PO: 21.00 USD | Price: 29.31 USD

Shape of growth outlook raises debate

On Holding (ONON) delivered an 8% beat to 4Q23 Adj. EBITDA driven by a small miss on growth though stronger-than-expected margin. ONON's 2024 outlook is the key focus however, in which the low-end of ONON's Adj. EBITDA guide is -2% vs. consensus. While ONON is typically conservative, its target does suggest a sequential acceleration in growth is needed over the year, which may raise the "hockey stick" debate with investors. We make limited changes to our estimates and our PO stays at \$21. ONON is an innovative brand, but we lack confidence in its ability to drive operating leverage and ultimately meet margin expectations medium-term. Additionally, valuation is demanding (48x CY24E reported EPS vs peers 25x), which leaves risk skewed to the downside.

Targeting >30% growth in 2024, starting with 26% in 1Q

ONON has guided to >30% constant currency growth in 2024 (consensus 31%) and Adj. EBITDA margin of 16.0-16.5% (cons 15.9%). This translates to an Adj. EBITDA target of >CHF360m (cons CHF369m) with much of the delta due to FX. ONON targets 26% cFX growth in 1Q24 (cons 28%), which implies an acceleration in the last nine months of 2024. Additionally, guidance implies some operating leverage (c.40bps at mid-point), which seems ambitious given DTC is gaining share and the group is accelerating store rollouts. ONON's annual report shows Switzerland revenue was -11% y/y in 2023.

Unusual growth miss in 4Q23, but margin beat

4Q23 cFX revenue grew +31% cFX and was -2ppts below consensus. DTC total revenue grew +38% (cons +42%) and wholesale +11% (cons +10%). Softer wholesale was explained partly by pull-forward into 3Q, and reduced orders from 200 doors in Central Europe ahead of deliveries ceasing in 1Q24 as part of ONON's wholesale account review. Gross margin expanded +194bps (cons +81bps, 3Q +274bps) to 60.4%, now ahead of 60%+ mid-term target. Adj. EBITDA margin was -76bps y/y (cons -218bps) driven by -270bps operating deleverage – with over half due to marketing investment.

Estimates (Dec) (CHF)	2022A	2023A	2024E	2025E	2026E
EPS (Adjusted Diluted)	0.28	0.35	0.69	0.85	1.04
EPS Change (YoY)	167.8%	22.7%	97.9%	22.8%	22.7%
Dividend / Share	0	0	0	0	0
Valuation (Dec)					
P/E	95.7x	70.9x	37.4x	30.4x	24.8x
EV / EBITDA*	42.5x	25.4x	19.3x	15.4x	12.7x
Free Cash Flow Yield*	-4.05%	1.87%	0.37%	0.86%	1.11%

* For full definitions of *IQmethod*SM measures, see page 8.

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Refer to important disclosures on page 9 to 11. Analyst Certification on page 6. Price Objective Basis/Risk on page 2.

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Timestamp: 12 March 2024 06:32PM EDT

12 March 2024

Equity

Key Changes

(CHF)	Previous	Current
2024E EPS	0.66	0.69
2025E EPS	0.84	0.85

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Stock Data

Price	29.31 USD
Price Objective	21.00 USD
Date Established	15-Nov-2023
Investment Opinion	C-3-9
52-Week Range	19.90 USD-37.08 USD
Mrkt Val / Shares Out (mn)	8,312 USD / 283.6
Average Daily Value (mn)	149.42 USD
Free Float	78.8%
BofA Ticker / Exchange	ONON / NYS
Bloomberg / Reuters	ONON US / ONON.N
ROE (2024E)	18.5%
Net Dbt to Eqty (Dec2023A)	-23.4%
ESGMeter TM	NLA

ESGMeter is not indicative of a company's future stock price performance and is not an investment recommendation or rating. ESGMeter is independent of BofA Global Research's equity investment rating, volatility risk rating, income rating, and price objective for that company. For full details, refer to "[BofA ESGMeter Methodology](#)".

DTC: direct to consumer

iQprofileSM On Holding AG

Key Income Statement Data (Dec)	2022A	2023A	2024E	2025E	2026E
(CHF Millions)					
Sales	1,222	1,792	2,305	2,891	3,525
EBITDA Adjusted	165	277	363	457	554
Depreciation & Amortization	(46.4)	(64.9)	(74.9)	(86.7)	(96.9)
EBIT Adjusted	119	212	288	370	458
Net Interest & Other Income	(7.20)	(111)	(4.87)	(4.87)	(4.87)
Tax Expense / Benefit	(20.2)	10.5	(47.1)	(69.5)	(86.7)
Net Income (Adjusted)	90.6	112	221	274	340
Average Fully Diluted Shares Outstanding	320	323	321	324	327

Key Cash Flow Statement Data					
Net Income (Reported)	57.7	79.5	167	209	260
Depreciation & Amortization	46.4	64.9	74.9	86.7	96.9
Change in Working Capital	(286)	(101)	(135)	(128)	(147)
Deferred Taxation Charge	0	0	0	0	0
Other CFO	(45.3)	189	74.0	91.6	111
Cash Flow from Operations	(227)	232	181	259	321
Capital Expenditure	(82.9)	(47.1)	(115)	(145)	(176)
(Acquisition) / Disposal of Investments	0	0	0	0	0
Other CFI	0	0	0	0	0
Cash Flow from Investing	(82.9)	(47.1)	(115)	(145)	(176)
Share Issue / (Repurchase)	0	0	0	0	0
Cost of Dividends Paid	0	0	0	0	0
Increase (decrease) debt	(17.3)	73.7	0	0	0
Other CFF	23.6	(95.5)	(34.8)	(42.5)	(50.7)
Cash Flow from Financing	6.30	(21.8)	(34.8)	(42.5)	(50.7)
Total Cash Flow (CFO + CFI + CFF)	(304)	163	30.8	71.9	93.9
FX and other changes to cash	21.5	(39.6)	0	0	0
Change in Cash	(282)	124	30.8	71.9	93.9
Change in Net Debt	265	(49.9)	(30.8)	(71.9)	(93.9)
Net Debt	(201)	(251)	(282)	(354)	(447)

Key Balance Sheet Data					
Property, Plant & Equipment	77.2	93.6	93.6	93.6	93.6
Goodwill	1.80	1.80	1.80	1.80	1.80
Other Intangibles	68.5	62.8	62.8	62.8	62.8
Other Non-Current Assets	183	284	354	449	574
Trade Receivables	175	205	328	412	502
Cash & Equivalents	371	495	525	597	691
Other Current Assets	506	452	550	632	730
Total Assets	1,382	1,593	1,915	2,249	2,656
Long-Term Debt	139	190	190	190	190
Other Non-Current Liabilities	31.4	22.6	22.6	22.6	22.6
Short-Term Debt	31.2	53.4	53.4	53.4	53.4
Other Current Liabilities	212	252	338	377	418
Total Liabilities	413	519	605	643	684
Total Equity	970	1,075	1,311	1,606	1,972
Total Equity & Liabilities	1,382	1,593	1,915	2,249	2,656

Business Performance*					
Return On Capital Employed	8.30%	16.0%	15.4%	16.1%	16.7%
Return On Equity	9.97%	11.0%	18.5%	18.8%	19.0%
Operating Margin	6.96%	10.1%	9.50%	9.79%	9.98%
Free Cash Flow (MM)	(330)	153	30.8	71.9	93.9

Quality of Earnings*					
Cash Realization Ratio	-2.51x	2.06x	0.82x	0.95x	0.94x
Asset Replacement Ratio	1.79x	0.73x	1.54x	1.67x	1.82x
Tax Rate	25.9%	NM	22.0%	25.0%	25.0%
Net Debt/Equity	-20.7%	-23.4%	-21.5%	-22.0%	-22.7%
Interest Cover	18.6x	18.8x	NM	NM	NM

* For full definitions of iQmethodSM measures, see page 8.

Company Sector

Footwear

Company Description

ON Holdings (ONON) is an innovative athletic footwear brand that was founded in 2010 in Switzerland, and listed in the US in 2021. The group has its genesis in running, and its competitive advantage lies in its patented cushioned platform technology. The group generated \$2.0bn (CHF1.8bn) revenue in 2023. The US is the brand's largest market with 60% of revenue, while EMEA incl. Europe is 27%, and APAC 8%. 96% of group revenue is from footwear.

Investment Rationale

We rate On Holdings (ONON) Underperform. ONON is a highly innovative athletic footwear brand well positioned to gain share. We are however sceptical on its ambitious long-term growth and margin targets - as we see execution risk to achieving scale (via category expansion, brand recognition) and inadequate levels of marketing investment. Valuation is very elevated compared to peers, leaving room to de-rate.

Stock Data

Price to Book Value 6.3x

Quarterly Earnings Estimates

	2023	2024
Q1	0.15A	0.15E
Q2	0.04A	0.16E
Q3	0.20A	0.21E
Q4	-0.05A	0.17E

2024 Guidance

Exhibit 1: ONON's 2024 guidance is for >CHF360m Adj. EBITDA, which is -2% below Visible Alpha consensus, and implies a sequential acceleration in growth over 2024

ONON 2024 Guidance

December YE (CHFm)			
2024	Guidance	Cons	BofA
Net sales	>CHF2.25bn	2.32bn	2.30bn
Total growth	>26%	29%	29%
Currency Neutral Growth	at least 30%	31%	32%
FX Impact	-4%	-2%	-3%
Gross Profit Margin	c.60.0%	59.8%	60.0%
y/y Change	44bps	19bps	49bps
Adjusted EBITDA Margin	16.0-16.5%	15.9%	15.7%
y/y Change (mid-point)	80bps	46bps	29bps
Adjusted EBITDA implied	>360m	CHF369m	CHF363m
SG&A (% Revenue, mid-point)	43.8%	43.8%	44.3%
y/y Operating leverage	35bps	27bps	(19bps)
2024	Guidance	Cons	BofA
Net sales	CHF495m	CHF529m	CHF504m
Total growth	18%	26%	20%
Currency Neutral Growth	26%	28%	28%
FX Impact	-8%	-2%	-8%

Source: BofA Global Research estimates, company report, Visible Alpha consensus

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4Q23 Results vs. Expectations

Exhibit 2: ONON 4Q23 Adj. EBITDA beat consensus by 8%, but buy side estimates seemed higher
4Q23 Results vs. Visible Alpha consensus and BofA

CHFm	4Q23	4Q22	y/y	Cons	% Δ	BofA
Revenue	447	367	22%	453	(1%)	464
Growth%	21.9%	92.0%	(7013bps)	23.4%	(150bps)	26.5%
cFX Growth %	31.0%	91.3%	(6025bps)	32.7%	(168bps)	35.6%
Gross Profit	270	215	26%	268	1%	278
% margin	60.4%	58.5%	194bps	59.3%	113bps	60.0%
EBITDA (adjusted)	72	62	16%	66	8%	73
% margin	16.1%	16.8%	(76bps)	14.7%	142bps	15.6%
SG&A (% of revenue)	44.4%	41.6%	271bps	44.6%	(29bps)	44.4%
PBT (reported)	-45	-24	84%	39	(216%)	46
Net Income (reported)	-27	-26	2%	30	(191%)	35
Basic EPS (reported)	-0.08	-0.08	1%	0.10	(185%)	0.11
Cash Flow from Operations	121	-70	(274%)	95	27%	120
Inventory	357	396	(10%)	412	(13%)	416
REVENUE BY GEOGRAPHY						
EMEA	112	92	23%	102	10%	98
cFX Growth%	26.0%	113.3%	(8732bps)	17.5%	849bps	13.0%
Americas	301	254	18%	317	(5%)	336
cFX Growth%	29.0%	82.1%	(5314bps)	40.4%	(1139bps)	42.5%
Asia-Pacific	34	22	59%	35	(1%)	30
cFX Growth%	76.0%	117.1%	(4109bps)	63.3%	1270bps	50%
REVENUE BY CHANNEL						
DTC	207	149	38%	212	(3%)	
Growth%	38.2%	76.4%	(3819bps)	41.8%	(361bps)	
Wholesale	241	217	11%	240	0%	
Growth%	10.7%	104.2%	(9352bps)	10.4%	31bps	
REVENUE BY CATEGORY						
Shoes	426	353	20%	431	(1%)	
Growth%	20.5%	96.7%	(7622bps)	21.9%	(142bps)	
Apparel	19	12	61%	17	6%	
Growth%	60.8%	15.2%	4562bps	51.5%	933bps	
Accessories	3	2	56%	4	(27%)	
Growth%	56.3%	33.9%	2234bps	112.7%	(5649bps)	

Source: Company reports, BofA Global Research estimates, Visible Alpha

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BofA Changes to Estimates

Exhibit 3: We keep our estimates mostly unchanged, and are at the low-end of 2024 Adj. EBITDA guidance

BofA changes to estimates

	1QFY-2024			FY-2024			FY-2025			FY-2026			FY-2027		
CHFm, December YE	New	Old	% Δ	New	Old	% Δ	New	Old	% Δ	New	Old	% Δ	New	Old	% Δ
Revenue	504	538	(6%)	2,305	2,334	(1%)	2,891	2,926	(1%)	3,525	3,563	(1%)	4,064	4,105	(1%)
Growth%	20.0%	28.0%	(794bps)	28.6%	29.0%	(39bps)	25.4%	25.4%	7bps	21.9%	21.8%	14bps	15.3%	15.2%	7bps
cFX growth%	28.0%	28.0%	0bps	31.8%	29.0%	281bps	25.4%	25.4%	7bps	21.9%	21.8%	14bps	15.3%	15.2%	7bps
Gross Profit	298	315	(5%)	1,384	1,393	(1%)	1,739	1,754	(1%)	2,120	2,136	(1%)	2,444	2,461	(1%)
% margin	59.0%	58.5%	50bps	60.0%	59.7%	33bps	60.1%	60.0%	18bps	60.1%	60.0%	19bps	60.1%	60.0%	19bps
EBITDA (Adjusted)	77	76	2%	363	359	1%	457	461	(1%)	554	566	(2%)	639	642	(0%)
% margin	15.3%	14.1%	128bps	15.7%	15.4%	36bps	15.8%	15.7%	4bps	15.7%	15.9%	(16bps)	15.7%	15.6%	9bps
EBIT (Adjusted)	61	58	5%	288	283	2%	370	373	(1%)	458	468	(2%)	528	529	(0%)
% margin	12.1%	10.8%	128bps	12.5%	12.1%	36bps	12.8%	12.7%	4bps	13.0%	13.1%	(16bps)	13.0%	12.9%	9bps
PBT (reported)	45	41	10%	214	208	3%	278	280	(1%)	347	356	(3%)	401	401	(0%)
Net Income (Adjusted)	42	40	5%	221	217	2%	274	276	(1%)	340	347	(2%)	392	393	(0%)
Basic EPS (Adjusted)*	0.15	0.14	5%	0.69	0.68	2%	0.85	0.85	(1%)	1.04	1.06	(3%)	1.18	1.19	(1%)
REVENUE BY GEOGRAPHY															
EMEA	131	137	(4%)	571	558	2%	657	641	2%	755	738	2%	831	811	2%
cFX Growth%	15.0%	15.0%	0bps	18.8%	17.5%	123bps	15.0%	15.0%	0bps	15.0%	15.0%	0bps	10.0%	10.0%	0bps
Americas	327	351	(7%)	1,499	1,557	(4%)	1,891	1,965	(4%)	2,288	2,378	(4%)	2,632	2,735	(4%)
cFX Growth%	30.0%	30.0%	0bps	32.6%	30.0%	256bps	26.2%	26.2%	0bps	21.0%	21.0%	0bps	15.0%	15.0%	0bps
Asia-Pacific	47	50	(6%)	235	219	8%	344	319	8%	481	447	8%	601	559	8%
cFX Growth%	60.0%	60.0%	0bps	70.8%	60.0%	1076bps	46.0%	46.0%	(0bps)	40.0%	40.0%	0bps	25.0%	25.0%	0bps
SG&A (ex. Share-based comp, D&A)	47.0%	47.7%	(78bps)	44.3%	44.3%	(2bps)	44.4%	44.2%	14bps	44.4%	44.1%	35bps	44.4%	44.3%	10bps
Implied operating leverage				-0.2%	-0.2%	2bps	-0.1%	0.1%	(17bps)	-0.1%	0.1%	(21bps)	0.0%	-0.2%	25bps

Source: BofA Global Research estimates. *CHF/share

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BofA vs. Consensus

Exhibit 4: We are 10% below Visible Alpha EBITDA over FY24-27E mostly due to margins

BofA estimates vs. Visible Alpha consensus

	1QFY-2024			FY-2024			FY-2025			FY-2026			FY-2027		
CHFm, December YE	BofA	Cons	% Δ	BofA	Cons	% Δ	BofA	Cons	% Δ	BofA	Cons	% Δ	BofA	Cons	% Δ
Revenue	504	529	(5%)	2,305	2,322	(1%)	2,891	2,932	(1%)	3,525	3,604	(2%)	4,064	4,260	(5%)
Growth%	20.0%	25.9%	(582bps)	28.6%	29.2%	(53bps)	25.4%	26.2%	(75bps)	21.9%	22.2%	(28bps)	15.3%	18.4%	(313bps)
cFx growth%	28.0%	28.2%	(22bps)	31.8%	31.3%	56bps	25.4%	26.9%	(147bps)	21.9%	22.5%	(59bps)	15.3%	19.5%	(422bps)
Gross Profit	298	311	(4%)	1,384	1,387	(0%)	1,739	1,763	(1%)	2,120	2,180	(3%)	2,444	2,582	(5%)
% margin	59.0%	58.9%	15bps	60.0%	59.8%	29bps	60.1%	60.2%	(1bps)	60.1%	60.5%	(34bps)	60.1%	60.6%	(47bps)
EBITDA (Adjusted)	77	80	(3%)	363	369	(2%)	457	495	(8%)	554	643	(14%)	639	774	(17%)
% margin	15.3%	15.1%	19bps	15.7%	15.9%	(16bps)	15.8%	16.9%	(111bps)	15.7%	17.9%	(212bps)	15.7%	18.2%	(243bps)
EBIT (Adjusted)	61	63	(3%)	288	296	(3%)	370	409	(10%)	458	539	(15%)	528	642	(18%)
% margin	12.1%	11.9%	17bps	12.5%	12.8%	(26bps)	12.8%	13.9%	(115bps)	13.0%	15.0%	(199bps)	13.0%	15.1%	(208bps)
PBT (reported)	45	55	(19%)	214	250	(14%)	278	351	(21%)	347	476	(27%)	401	569	(30%)
Net Income (Adjusted)	47	51	(10%)	221	243	(9%)	274	331	(17%)	340	438	(22%)	392	521	(25%)
Diluted EPS (adjusted)*	0.15	0.15	(4%)	0.69	0.75	(9%)	0.85	0.99	(14%)	1.04	1.27	(18%)	1.18	1.50	(21%)
REVENUE BY GEOGRAPHY															
EMEA	131	136	(4%)	571	565	1%	657	671	(2%)	755	791	(5%)	831	896	(7%)
cFx Growth%	15.0%	17.6%	(258bps)	18.8%	21.1%	(231bps)	15.0%	19.3%	(433bps)	15.0%	17.7%	(267bps)	10.0%	14.7%	(467bps)
Americas	327	346	(5%)	1,499	1,533	(2%)	1,891	1,943	(3%)	2,288	2,395	(4%)	2,632	2,804	(6%)
cFx Growth%	30.0%	30.9%	(87bps)	32.6%	32.4%	12bps	26.2%	27.4%	(120bps)	21.0%	21.7%	(67bps)	15.0%	19.0%	(400bps)
Asia-Pacific	47	48	(4%)	235	220	7%	344	308	12%	481	423	14%	601	568	6%
cFx Growth%	60.0%	55.0%	504bps	70.8%	50.8%	2000bps	46.0%	39.7%	626bps	40.0%	34.7%	528bps	25.0%	31.7%	(667bps)
SG&A (ex. Share-based comp)	43.7%	43.7%	(4bps)	44.3%	43.8%	46bps	44.4%	43.3%	110bps	44.4%	42.6%	178bps	44.4%	42.5%	196bps
Implied operating leverage				-1.8%	-1.3%	(46bps)	-0.1%	0.6%	(64bps)	-0.1%	0.6%	(68bps)	0.0%	0.2%	(18bps)

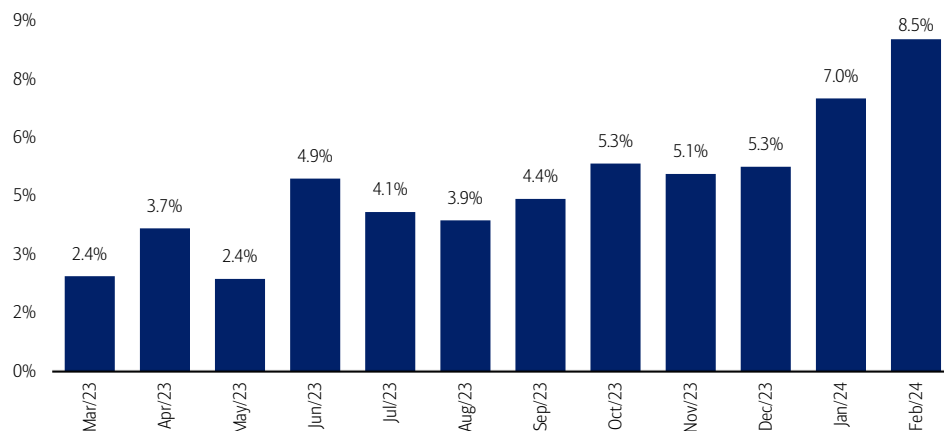
Source: BofA Global Research estimates, Visible Alpha. *CHF/share

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Short Interest

Exhibit 5: Short Interest was up +150bps m/m ahead of results

Short Interest ratio (Short Interest divided by Average Daily Trading Volume)



Source: BofA Global Research, Bloomberg. NOTE: Latest data point = 29 February 2024

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PO Change

Our PO of \$21.0/share is derived from a combination of peer group analysis (EV/EBIT and P/E) and a DCF. While we make no change to our PO, this is the outcome of a slightly stronger USD since our last update, offset by higher assumed multiples for the peer-based analysis to reflect latest market valuations:

- EV/EBIT 18x (from 17x)
- P/E 25x (from 23x)



Price objective basis & risk

On Holding AG (ONON)

Our PO of \$21.0/share is derived from a combination of peer group analysis (EV/EBIT and P/E) and a DCF. We take an equal weighting of the three valuation methodologies below in determining our PO.

1. EV/EBIT: Our EV/EBIT-based peer analysis implies an equity value of \$19.1/share, based on a target multiple of 18x.
2. P/E: Our P/E-based peer analysis implies an equity value of \$20.5/share, based on a target multiple of 25x.
3. Our discounted cash flow analysis gives us an equity value of \$23.9/share. For our peer-based valuation approach, we consider multiples broadly in line with the average of the peer group. We consider earnings in 2027E, discounted to 2024E using a cost of equity of 9.0%. For our DCF base valuation approach, we assume a WACC of 9.5% (including an RfR of 1.5% and ERP of 8%) and terminal growth of 6%.

Upside/ (downside) risks to our PO are: greater/ (lower) confidence in delivery of group targets, better/ (worse) than expected backdrop for discretionary demand, better/ (worse) than expected pricing environment, a re-rating/ (de-rating) of peer multiples and the market, an emergence of a new pandemic (downside risk), further supply chain disruptions (downside risk).

Analyst Certification

I, David Roux, hereby certify that the views expressed in this research report accurately reflect my personal views about the subject securities and issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations or view expressed in this research report.

EMEA - Luxury & Retail Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
BUY				
	Adidas AG-ADR	ADDYY	ADDYY US	David Roux
	adidas Group	ADDDF	ADS GY	David Roux
	B&M European Value Retail	BMRPF	BME LN	David Roux
	B&M European Value Retail	BMRRY	BMRRY US	David Roux
	Brunello Cucinelli	BCUCF	BC IM	Daria Nasledysheva
	CTS Eventim	CEVMF	EVD GY	Daria Nasledysheva
	Ermenegildo Zegna N.V	ZGN	ZGN US	Daria Nasledysheva
	EssilorLuxottica	ESLOF	EL FP	Geoffroy de Mendez
	EssilorLuxottica	ESLOY	ESLOY US	Geoffroy de Mendez
	Hermes	HESAF	RMS FP	Ashley Wallace
	Hermès	HESAY	HESAY US	Ashley Wallace
	Hugo Boss	HUGPF	BOSS GY	Daria Nasledysheva
	Inditex	IDEXF	ITX SQ	Geoffroy de Mendez
	Inditex	IDEXY	IDEXY US	Geoffroy de Mendez
	JD Sports	JDDSF	JD/ LN	David Roux
	L'Oreal	LRLCF	OR FP	Ashley Wallace
	L'Oreal	LRLCY	LRLCY US	Ashley Wallace
	LVMH	LVMHF	MC FP	Ashley Wallace
	LVMH	LVMUY	LVMUY US	Ashley Wallace
	Marks and Spencer	MAKSF	MKS LN	David Roux
	Marks and Spencer	MAKSY	MAKSY US	David Roux
	Ocado	OCDGF	OCDO LN	Geoffroy de Mendez
	Ocado	OCDDY	OCDDY US	Geoffroy de Mendez
	Pandora	XNPUF	PNDORA DC	Daria Nasledysheva
	Sanlorenzo	XWGHF	SL IM	Daria Nasledysheva

EMEA - Luxury & Retail Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
	The Hut Group	THGPF	THG LN	Adam Gildea
	Vusion Group	SRBEF	VU FP	Adam Gildea
NEUTRAL				
	Ahold Delhaize	ADRNY	ADRNY US	Ashley Wallace
	Ahold Delhaize	AHODF	AD NA	Ashley Wallace
	Carrefour	CRERF	CA FP	Ashley Wallace
	Carrefour	CRRFY	CRRFY US	Ashley Wallace
	Dr. Martens PLC	DOCMF	DOCS LN	David Roux
	Fielmann AG	FLMNF	FIE GY	Geoffroy de Mendez
	Interparfums	IPAFF	ITP FP	Daria Nasledysheva
	Moncler	MONRF	MONC IM	Geoffroy de Mendez
	Next PLC	NXGPF	NXT LN	David Roux
	Prada	PRDSF	1913 HK	Geoffroy de Mendez
	PUMA	PMMAF	PUM GY	David Roux
	Richemont	XRCMF	CFR SJ	Ashley Wallace
	Richemont	CFRHF	CFR SW	Ashley Wallace
	Richemont	CFRUY	CFRUY US	Ashley Wallace
	Tesco	TSCDF	TSCO LN	Adam Gildea
	Tesco	TSCDY	TSCDY US	Adam Gildea
	Watches of Switzerland	WOSGF	WOSG LN	Daria Nasledysheva
	WH Smith	WHTPF	SMWH LN	David Roux
	Zalando	ZLDSF	ZAL GY	Geoffroy de Mendez
	Zalando	ZLNDY	ZLNDY US	Geoffroy de Mendez
UNDERPERFORM				
	ASOS	ASOMF	ASC LN	Geoffroy de Mendez
	Associated British Foods plc	ASBFF	ABF LN	David Roux
	Associated British Foods plc	ASBFY	ASBFY US	David Roux
	boohoo Group PLC	BHHOF	BOO LN	Geoffroy de Mendez
	Burberry	BBRYF	BRBY LN	Ashley Wallace
	Burberry	BURBY	BURBY US	Ashley Wallace
	Fraser's	SDIPF	FRAS LN	Adam Gildea
	H&M	HMRZF	HMB SS	Geoffroy de Mendez
	Kering	PPRUF	KER FP	Ashley Wallace
	Kering	PPRUY	PPRUY US	Ashley Wallace
	Kingfisher	KGFHF	KGF LN	David Roux
	Kingfisher	KGFHY	KGFHY US	David Roux
	Metro AG	MTTWF	B4B GY	Adam Gildea
	On Holding AG	ONON	ONON US	David Roux
	Sainsbury	JSNSF	SBRY LN	Adam Gildea
	Sainsbury	JSIAY	JSIAY US	Adam Gildea
	Salvatore Ferragamo SpA	SFRGF	SFER IM	Daria Nasledysheva
	Swatch Group	SWGAF	UHR SW	Ashley Wallace
RSTR				
	Tods	TODGF	TOD IM	Daria Nasledysheva
RVW				
	De' Longhi S.p.A	DELHF	DLG IM	Ashley Wallace
	DocMorris AG	ZRSEF	DOCM SW	Adam Gildea
	Groupe SEB	SEBYF	SK FP	Ashley Wallace
	Redcare Pharmacy NV	SHPPF	RDC GY	Adam Gildea
	SMCP	SMCSF	SMCP FP	Geoffroy de Mendez

iQmethodSM Measures Definitions

Business Performance

Return On Capital Employed

Return On Equity

Operating Margin

Earnings Growth

Free Cash Flow

Numerator

NOPAT = (EBIT + Interest Income) × (1 – Tax Rate) + Goodwill Amortization

Net Income

Operating Profit

Expected 5 Year CAGR From Latest Actual

Cash Flow From Operations – Total Capex

Denominator

Total Assets – Current Liabilities + ST Debt + Accumulated Goodwill

Amortization

Shareholders' Equity

Sales

N/A

N/A

Quality of Earnings

Cash Realization Ratio

Asset Replacement Ratio

Tax Rate

Net Debt-To-Equity Ratio

Interest Cover

Numerator

Cash Flow From Operations

Capex

Tax Charge

Net Debt = Total Debt – Cash & Equivalents

EBIT

Denominator

Net Income

Depreciation

Pre-Tax Income

Total Equity

Interest Expense

Valuation Toolkit

Price / Earnings Ratio

Price / Book Value

Dividend Yield

Free Cash Flow Yield

Enterprise Value / Sales

Numerator

Current Share Price

Current Share Price

Annualised Declared Cash Dividend

Cash Flow From Operations – Total Capex

EV = Current Share Price × Current Shares + Minority Equity + Net Debt +

Other LT Liabilities

Enterprise Value

Denominator

Diluted Earnings Per Share (Basis As Specified)

Shareholders' Equity / Current Basic Shares

Current Share Price

Market Cap = Current Share Price × Current Basic Shares

Sales

Basic EBIT + Depreciation + Amortization

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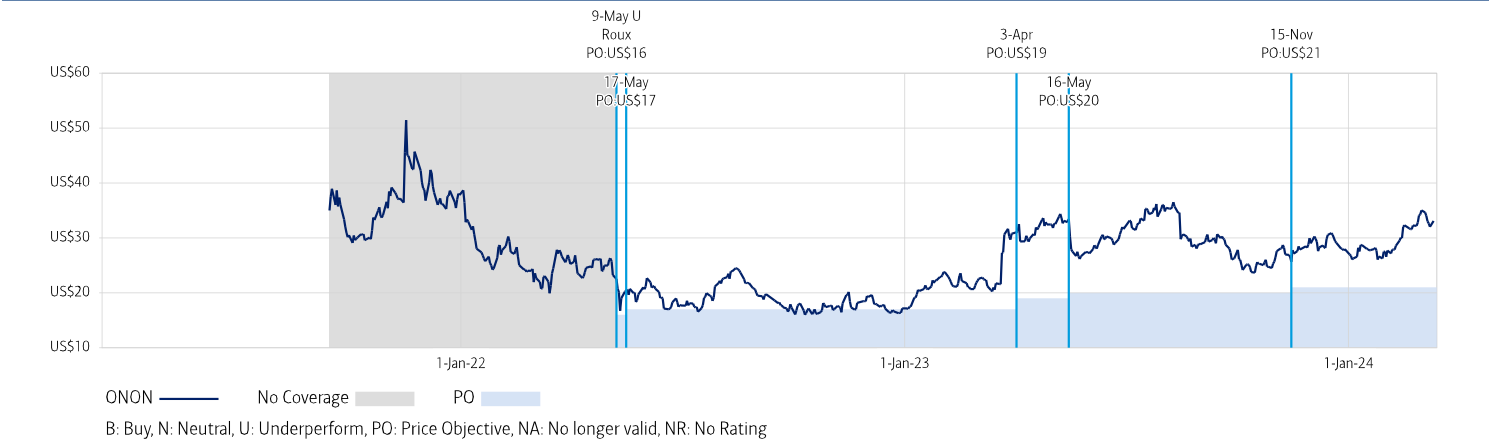
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On Holding AG (ONON) Price Chart



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Equity Investment Rating Distribution: Textiles/Apparel Group (as of 31 Dec 2023)

Coverage Universe	Count	Percent	Inv. Banking Relationships ^{R1}	Count	Percent
Buy	13	52.00%	Buy	8	61.54%
Hold	6	24.00%	Hold	3	50.00%
Sell	6	24.00%	Sell	2	33.33%

Equity Investment Rating Distribution: Global Group (as of 31 Dec 2023)

Coverage Universe	Count	Percent	Inv. Banking Relationships ^{R1}	Count	Percent
Buy	1895	53.62%	Buy	1083	57.15%
Hold	832	23.54%	Hold	454	54.57%
Sell	807	22.84%	Sell	383	47.46%

^{R1} Issuers that were investment banking clients of BofA Securities or one of its affiliates within the past 12 months. For purposes of this Investment Rating Distribution, the coverage universe includes only stocks. A stock rated Neutral is included as a Hold, and a stock rated Underperform is included as a Sell.

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Investment rating	Total return expectation (within 12-month period of date of initial rating)	Ratings dispersion guidelines for coverage cluster ^{R2}
Buy	≥ 10%	≤ 70%
Neutral	≥ 0%	≤ 30%
Underperform	N/A	≥ 20%

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