ABG SUNDAL COLLIER

Embellence Group

Fast comment

Sales miss, margins resilient

- Net sales SEK 181m, -5% vs ABGSCe
- EBITA SEK 23m vs ABGSCe SEK 24m
- The share is trading at 7.2-5.9x '26e EV/EBITA

Q2 in brief: Softer growth, margins in line with forecasts

Overall, we believe Embellence Group's Q2 report is softer than our expectations on growth, but with margins in line. Net sales of SEK 181m was -5% vs ABGSCe and corresponded to organic growth of -5%. The shortfall was concentrated in two brands: Boråstapeter SEK 61m (-7% y-o-y, -10% vs ABGSCe) on weak Swedish traditional retail, and Wall&decò SEK 19m (-14% y-o-y, -14% vs e), where management explicitly conceded its own commercial execution was not strong enough. Gross margins were 62.3%, +60bp y-o-y driven by the move to DTC, which coupled with a higher opex ratio owing to initiatives to drive future growth, e.g. the replacement of Cole & Son management, resulted in a 12.6% EBITA margin, -90bp y-o-y. EBITA of SEK 23m was -5% vs ABGSCe SEK 24 and corresponded to y-o-y growth of -12%.

Outlook: CEO says Cole & Son will weigh less in H2

Embellence Group gives little in terms of outlook commentary. Management reiterated the DTC/international/hospitality diversification strategy and flagged that the last 2026 platform rollout (Boråstapeter) went live in April, with conversion and data-driven-traffic work now beginning; all brands grew DTC in H1, Pappelina delivered the strongest (+130% y-o-y). On trajectory, Cole & Son's self-inflicted commercial-decision drag (net sales of SEK 30m, -12% y-o-y) is expected to be "more limited" in H2 than H1, and group resources have been reallocated to fix Wall&decò execution.

Conclusion: The Q2 report moves our '26e EBITA by -1%

Using yesterday's closing price and unrevised estimates, Embellence Group is trading at 7.2x-5.9x our '26e-'27e EV/EBITA vs a historical trading range of 7x-8x NTM. L3M, the share has returned -3%. The Q2 report alone moves our '26e EBITA by -1%.

The company hosts a conference call today at 10:00 CET. Call-in details can be found here.

Commissioned research

Not rated

Retail

EMBELL-SE/EMBELL SS

Share price (SEK)	20/7/2026	32.70
MCap (SEKm)		770
MCap (EURm)		70
No. of shares (m)		23.5
Free float (%)		46.4
Av. daily volume (k)		25

Next event H1 report 21 July 2026

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Deviation table

			Q2'26e		
SEKm	Q2'25	Act	y-o-y	ABGSCe	Diff.
Net sales	**193**	**181**	**-6%**	**191**	**-5%**
Gross profit	119	113	-5%	120	-6%
EBITA	26	23	-12%	24	-5%
Adj. EBITA	**26**	**23**	**-12%**	**24**	**-5%**
EBIT	22	19	-12%	20	-3%
Net profit	15	14	-6%	14	-3%
EPS	0.65	0.61	-6%	0.62	-1%
Growth and margins					
Net sales growth	1.0%	-6.0%		-1.2%	-4.8p.p
Organic growth	**4.0%**	**-5.0%**		**-0.1%**	**-4.9p.p**
Gross margin	61.7%	62.3%	0.6p.p	63.0%	-0.7p.p
EBITA margin	13.5%	12.6%	-0.9p.p	12.7%	-0.1p.p
Adj. EBITA margin	**13.5%**	**12.6%**	**-0.9p.p**	**12.7%**	**-0.1p.p**
EBIT margin	11.2%	10.5%	-0.7p.p	10.3%	0.2p.p
Brand split, net sales					
Boråstapeter	66	61	-7%	68	-10%
Cole & Son	34	30	-12%	31	-3%
Wall & Decó	23	19	-14%	22	-14%
Artscape	34	27	-20%	27	1%
Pappelina	11	14	27%	13	7%
External manufacturing	26	30	14%	30	-1%

Source: ABG Sundal Collier, company data

SEKm	2024	2025	2026e	2027e	2028e
Sales	777	764	784	829	871
Sales growth (%)	*5.0*	*-1.7*	*2.6*	*5.8*	*5.0*
EBITDA	138	133	136	151	163
EBITDA margin (%)	*17.8*	*17.4*	*17.4*	*18.3*	*18.8*
EBIT adj.	93	89	91	105	117
EBIT adj. margin (%)	*11.9*	*11.6*	*11.6*	*12.6*	*13.4*
Pretax profit	72	85	86	101	113
EPS	2.54	2.83	2.87	3.34	3.73
EPS growth (%)	*46.1*	*11.3*	*1.6*	*16.3*	*11.7*
EPS adj.	2.54	2.83	2.87	3.34	3.73
DPS	1.25	1.50	1.75	2.00	2.00
EV/EBITDA (x)	6.1	6.3	5.8	4.9	4.1
EV/EBIT adj. (x)	9.1	9.5	8.7	7.0	5.8
P/E (x)	12.9	11.6	11.4	9.8	8.8
P/E adj. (x)	12.9	11.6	11.4	9.8	8.8
EV/sales (x)	1.09	1.10	1.01	0.89	0.78
FCF yield (%)	13.4	9.0	12.6	14.3	15.6
Le. adj. FCF yld. (%)	11.3	6.9	11.0	12.7	14.1
Dividend yield (%)	3.8	4.6	5.4	6.1	6.1
Net IB debt/EBITDA (x)	0.7	0.5	0.2	-0.2	-0.6
Le. adj. ND/EBITDA (x)	0.3	0.2	-0.2	-0.6	-1.0

Source: ABG Sundal Collier, Company Data

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