



Equity Valuation: On Holding AG

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Abstract

On Holding AG, further referred to as "On", has established itself as a fast growing designer and manufacturer of performance footwear and apparel, characterised by its expanding global presence and its strong reputation for innovation and premium brand equity.

Despite the recent macroeconomic volatility, which has been shaped by the pandemic, inflation, and supply chain disruptions, On has continued to grow its market share and consumer base. Equity markets, however, remain volatile, reflecting both sector-wide corrections and concerns over growth sustainability.

The objective of this dissertation is twofold: firstly, to determine On's target share price as of 30 June and secondly, to provide an investment recommendation grounded in intrinsic valuation. The analysis integrates On's industry positioning, macroeconomic outlook, and company-specific fundamentals into a valuation framework.

The target equity value per share was estimated at USD 62.8 using a WACC-based discounted cash flow (DCF) approach, implying an upside potential of 38%. The robustness of this estimate was tested through sensitivity analysis and benchmarked against sell-side projections. Recognizing uncertainties and execution risks, the results support a Buy recommendation.

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Sumario Executivo

A On Holding AG, doravante referida como "On", estabeleceu-se como uma empresa de elevado dinamismo no âmbito do design e fabrico de calçado e vestuário de alto desempenho. Esta afirmação é corroborada pela sua presença global, que se encontra em franca expansão, e pela sua forte reputação no que diz respeito a inovação e valor de marca premium.

Não obstante a recente volatilidade macroeconómica, influenciada pela pandemia, inflação e perturbações na cadeia de abastecimento, a On continuou a ampliar a sua quota de mercado e a fortalecer a sua base de consumidores. Todavia, os mercados de ações permanecem voláteis, refletindo correções setoriais e preocupações com a sustentabilidade do crescimento económico.

O objetivo desta dissertação é duplo: em primeiro lugar, determinar o preço-alvo das ações da On em 30 de junho e, em segundo lugar, fornecer uma recomendação de investimento baseada na avaliação intrínseca. A presente análise integra o posicionamento estratégico da On no contexto setorial, contemplando as perspetivas macroeconómicas e os fundamentos específicos da empresa, numa estrutura de avaliação integrada.

O valor-alvo por ação foi estimado em 62,8 dólares americanos, com um potencial de valorização de 38%. Esta estimativa foi testada e comparada com as projeções do lado da venda. Tendo em conta as incertezas, os resultados apoiam uma recomendação de compra.

Título: Avaliação do capital próprio da On Holding AG

Autor: Luca Werner Gerke

Palavras-chave: On Holding AG, Avaliação do capital próprio, DCF, Vestuário desportivo, Calçado desportivo

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List of Abbreviations

APAC: Asia–Pacific

APV: Adjusted Present Value

ASP: Average Selling Price

BBB/AAA: Credit Rating Tiers (e.g., Standard & Poor's)

β (Beta): Systematic Risk Coefficient

CAPEX: Capital Expenditures

CAPM: Capital Asset Pricing Model

CCA: Comparable Companies Analysis (Guideline Public Comps)

CDS: Credit Default Swap

CHF: Swiss Franc

COGS: Cost of Goods Sold

CRP: Country Risk Premium

CTA: Comparable Transactions Analysis (Precedent Transactions)

D&A: Depreciation and Amortisation

D2C: Direct to Consumer

DCF: Discounted Cash Flow

DDM: Dividend Discount Model

D/E: Debt-to-Equity Ratio

DIO: Days Inventory Outstanding

DPO: Days Payables Outstanding

DPS: Dividend per Share

DSO: Days Sales Outstanding

DTC: Direct-to-Consumer

EBIT: Earnings Before Interest and Tax

EBITDA: Earnings Before Interest, Taxes, Depreciation and Amortisation

EMEA: Europe, Middle East and Africa

EMM: Exit Multiple Method

ERP: Equity Risk Premium

EV: Enterprise Value

FCFE: Free Cash Flow to Equity

FCFF: Free Cash Flow to Firm
FX: Foreign Exchange
FY: Fiscal Year
g: Long-Run (Terminal) Growth Rate
GDP: Gross Domestic Product
HML: High-Minus-Low (Value factor in Fama–French)
ICR: Interest Coverage Ratio
IFRS 16: International Financial Reporting Standard 16 (Leases)
IMF: International Monetary Fund
IPO: Initial Public Offering
IRR: Internal Rate of Return (contextual finance shorthand; used where relevant)
ke: Cost of Equity
kd: Cost of Debt (pre-tax unless noted)
MRP: Market Risk Premium
NA: North America
NAV: Net Asset Value
NI: Net Income
NOPAT: Net Operating Profit After Tax
NWC: Net Working Capital
NYSE: New York Stock Exchange
On (ONON): On Holding AG
OLS: Ordinary Least Squares
PEG: Price/Earnings to Growth
PGM: Perpetuity Growth Model
PP&E (PPE): Property, Plant and Equipment
PV: Present Value
RCF: Revolving Credit Facility
Rf (rf): Risk-free Rate
ROE: Return on Equity
ROIC: Return on Invested Capital
ROU: Right-of-Use (asset, IFRS 16)

SEC (U.S. SEC): U.S. Securities and Exchange Commission

SG&A: Selling, General and Administrative Expenses

SOTP: Sum-of-the-Parts (valuation)

SMB: Small-Minus-Big (Size factor in Fama–French)

TV: Terminal Value

USD: U.S. Dollar

VaR: Value at Risk (used in distributional summaries where applicable)

WACC: Weighted Average Cost of Capital

YTM: Yield to Maturity

Table of Content

1. INTRODUCTION.....	1
2. LITERATURE REVIEW.....	2
2.1 INTRINSIC VALUATION METHODS.....	2
2.1.1 <i>Discounted Cash Flow Models</i>	2
2.1.2 <i>Dividend Discount Model</i>	11
2.1.3 <i>Adjusted Present Value (APV)</i>	11
2.2 MARKET-BASED APPROACHES	12
2.2.1 <i>Relative Valuation</i>	12
2.3 OTHER TECHNIQUES	13
2.3.1 <i>Asset-Based Valuation</i>	13
2.3.2 <i>Sum-of-the-Parts (SOTP) Valuation</i>	14
2.3.3 <i>Contingent Claim (Option-Based) Valuation</i>	14
2.4 SYNTHESIS AND METHOD SELECTION.....	14
3. MARKET ANALYSIS: SPORTING GOODS.....	14
3.1 INDUSTRY ARCHITECTURE	15
3.2 MARKET SIZE AND SEGMENTATION.....	15
3.2.1 <i>Segmentation by Region</i>	17
3.3 DEMAND AND SUPPLY MECHANICS	18
3.4 GROWTH DRIVERS AND RISKS	20
3.4.1 <i>Growth Drivers</i>	20
3.4.2 <i>Risks and Challenges</i>	22
3.4.3 <i>Competitive Landscape</i>	23
4. COMPANY ANALYSIS.....	25
4.1 COMPANY OVERVIEW	25
4.2 FINANCIAL ANALYSIS AND FORECAST	27
4.2.1 <i>Revenue</i>	28
4.2.2 <i>Cost base</i>	32
4.2.3 <i>Capex</i>	37
4.2.4 <i>Financial strengths: liquidity and solvency</i>	39
4.2.5 <i>Shareholders Equity</i>	40
4.2.6 <i>Cashflow</i>	41
5 VALUATION	42
5.1 DCF VALUATION	43
5.1.1 <i>WACC</i>	43
5.1.1.1 <i>Tax rate</i>	43
5.1.2 <i>Cost of Debt</i>	43
5.1.3 <i>Cost of Equity</i>	45
5.1.4 <i>Terminal Value</i>	48
5.1.5 <i>Total WACC</i>	49
5.1.6 <i>Equity Bridge</i>	50
5.1.6.1 <i>Intrinsic value of options</i>	50
5.1.7 <i>Implied Share price</i>	51
5.2 SENSITIVITY ANALYSIS.....	52
5.3 SCENARIO ANALYSIS:	53
5.4 RELATIVE VALUATION MULTIPLES.....	55
5.5 COMPARISON TO INVESTMENT BANKING REPORT	57
5.6 INVESTMENT RECOMMENDATION	58
REFERENCES.....	60
APPENDIX	68

List of Figures

Figure 1: DCF Formula.....	3
Figure 2: FCFF.....	4
Figure 3: PGM	4
Figure 4: WACC.....	5
Figure 5: CAPM.....	6
Figure 6: Adjusted Beta (Blume).....	7
Figure 7: Unlevered Beta	7
Figure 8: Relevered Beta	8
Figure 9: MRP.....	8
Figure 10: CRP	9
Figure 11: 3-Fama-French	10
Figure 12: Cost of Debt.....	10
Figure 13: DDM.....	11
Figure 14: APV	11
Figure 15: CCA.....	13
Figure 16: CTA.....	13
Figure 17: Accessories Market	16
Figure 18: Apparel Market.....	16
Figure 19: Accessories Market	17
Figure 20: Production-location Adidas	20
Figure 21: Per-capita volume.....	21
Figure 22: FX Risk.....	23
Figure 23: Market share	24
Figure 24: ON Identity.....	26
Figure 25: Lightspray-technology.....	27
Figure 26: Total Revenue.....	30
Figure 27: Revenue-per-region	31
Figure 28: Channel-mix	32
Figure 29: SG&A & COGS Development.....	33
Figure 30: Profitability.....	35
Figure 31: NWC.....	36
Figure 32: Working-Capital development	37
Figure 33: CAPEX.....	38
Figure 34: Financial Strength.....	39
Figure 35: Debt/Equity	41
Figure 36: FCFF2.....	42
Figure 37: ERP.....	47
Figure 39: Equity Bridge	50
Figure 40: Sensitivity Analysis	52
Figure 41: Monte Carlo Simulation	53
Figure 42: Share price by scenario.....	54
Figure 43: Football field valuation	59

List of Tables

Table 1: Geographic revenue segmentaion.....	17
Table 2: Revenue weight	29
Table 3: FCFF 1	41
Table 4: kd Spread	43
Table 5: kd	44
Table 6: MV of Debt.....	44
Table 7: Weighted Beta	45
Table 8: Beta - Peer group	46
Table 9: Weighted ERP & CRP.....	48
Table 10: ke computation.....	48
Table 11: Terminal growth rate	49
Table 12: WACC	49
Table 13: Intrinsic value of options	51
Table 14: Implied Shareprice.....	51
Table 15: Overview relative valuation.....	56
Table 16: Comparson to HSBC equity report.....	58

1. Introduction

“Valuation is not just a number-crunching exercise. It is a bridge between stories and numbers – to value a company, you need both a compelling narrative and a solid financial model.” (Damodaran, 2017).

In the following review, leading equity valuation methodologies are applied to On Holding AG (On), a global sporting goods company, in order to derive an explicit investment rating of Buy, Hold, or Sell. This is achieved by reviewing the literature of the most recognized professors of valuation. Company valuation is an analytical, multidimensional process. It extends beyond financial modelling to integrate robust theoretical frameworks with in-depth insights into a firm's strategy, operations, and long-term growth potential. As a fundamental component of corporate finance, valuation plays a pivotal role in the process of capital allocation, mergers and acquisitions (M&A) activity, and investment management (Damodaran, 2012). The fundamental objective of valuation is to estimate the intrinsic equity value, a subjective construct based on projected cash flows, their timing, and associated risks (Luehrman, 1997). This intrinsic value reflects a firm's economic fundamentals, in contrast to market price, which captures the prevailing market consensus (Fernández, 2002). It is evident that the process of sound valuation requires both theoretical robustness and well-justified assumptions to support more disciplined investment decisions.

This thesis begins with a literature review of the most widely adopted valuation methodologies, focusing on discounted cash flow (DCF) analysis and relative valuation techniques. The DCF approach establishes a correlation between firm value and the present value of expected future cash flows, discounted at a risk-adjusted rate. This enables the capture of the interplay between risk, return, and time value of money (Damodaran, 2006). Relative valuation benchmarks a company against industry peers by utilising market multiples, incorporating both fundamental analysis and prevailing market sentiment.

Beyond the selection of a model, this thesis tests the robustness of the applied methodologies through macroeconomic context, industry trends, and On's strategic positioning. The integration of business model analysis, competitive advantages, and growth opportunities serves to reinforce the

credibility of the results. Furthermore, the utilisation of sensitivity and scenario analysis is employed to assess the stability of the model in question, given a variety of assumptions. The selection of On as a compelling case study is primarily attributable to its rapid growth, innovative business model, and unique positioning in the global performance footwear and sportswear market. The study applies and critically evaluates both classical and modern valuation techniques, cross-checking results against consensus analyst estimates from leading financial institutions. The ultimate objective is to derive a robust estimate of On's intrinsic value and to issue a well-founded investment recommendation based on this comprehensive analysis. To assess the robustness of the valuation, a systematic comparison is made between the results, assumptions and methodology and the published investment rating and analysis of a leading investment bank, HSBC.

2. Literature Review

This review aims to offer a comprehensive overview of the most widely recognised valuation approaches, with a focus on elaborating their appropriate use cases and a critical examination of relevant practitioner and academic critiques. The objective is to provide a foundation for selecting appropriate methods for On. The extant literature on the subject commonly classifies approaches as discounted cash flow (DCF) valuation, relative (market-based) valuation, asset-based (balance sheet) valuation, and contingent-claim (option-based) valuation (Luehrman, 1997; Young et al., 1999). These frameworks differ in their modelling choices, but they share the goal of determine the true value of the company.

2.1 Intrinsic Valuation Methods

2.1.1 *Discounted Cash Flow Models*

The DCF method is employed to estimate intrinsic value through the projection of future cash flows, discounted at a risk-adjusted rate (Fernández, 2023; Damodaran, 2012). The theoretical framework underpinning this approach can be traced back to the seminal work of Graham and Dodd (1934), who pioneered the concept of intrinsic value intuition. This was further developed by Modigliani and Miller (1958) through their seminal research in corporate finance, which formalised the principles of value creation and preservation in financial markets. More recently, Damodaran (2003) and Koller, Goedhart, & Wessels (2020) have contributed to the advancement of the field through their practice-oriented treatments, which bridge the gap between theoretical

frameworks and real-world applications. In the context of enterprise applications, the term 'value' is understood to denote the present value (PV) of free cash flow to the firm (FCFF) during the explicit horizon, in addition to a terminal value (TV) for post-horizon cash flows (Damodaran, 2012; Koller et al., 2020).

Figure 1: DCF Formula

$$Present\ Value = \sum_{t=1}^n \frac{E(CF_t)}{(1+r)^t} + \frac{TV}{(1+r)^n}$$

Where:

- $E(CF_t)$: Expected cash flow at time t
- r : Discount rate, reflecting risk and opportunity cost
- n : Forecast period or asset lifetime
- TV : Terminal value, capturing cash flows beyond the forecast horizon

Source: Fernández, 2007

In practice, the enterprise (FCFF/WACC) approach is preferred to the equity (FCFE/Ke) approach when the capital structure is changing or when there is a difference in leverage across peers. This is because it separates operations from financing (Fernández, 2007; Schill, 2014). The reliability of such forecasts is contingent upon the accuracy of cash-flow forecasting, discount-rate estimation, and TV construction. It is upon analysts to report sensitivity and scenario analyses on these inputs (Imam, Barker, & Clubb, 2008).

2.1.1.1 Free Cash Flow to the Firm

The Free Cash Flow to Firm (FCFF) metric captures the cash available to all capital providers after operating costs, taxes, and mandatory investments (Damodaran, 2012). (see Appendix 1)

Figure 2: FCFF

$$FCFF = EBIT(1 - \tau) + Depreciation - CapEx - \Delta NWC$$

Where:

FCFF	= Free Cash Flow to Firm
EBIT	= Earnings before Interest and Taxes
τ	= tax rate
CapEx	= Capital Expenditures
NWC	= Net Working Capital

Source: Rosenbaum & Pearl, 2020

FCFF supports leverage-neutral valuation, thereby facilitating comparability across firms and over time (Rosenbaum & Pearl, 2020). Appendix 2 summarises the conceptual links between FCFF and FCFE and the considerations relating to leverage sensitivity.

2.1.1.2. Terminal Value

As Terminal Value (TV) constitutes a substantial proportion of EV, its construction must be transparent and economically constrained (Damodaran, 2012). This study uses the Perpetuity Growth Model (PGM), seen in figure 3, as the main technique for determining terminal value (TV), and references the Exit Multiple Method (EMM) for triangulation. This acknowledges the strengths and biases inherent in each method.

Figure 3: PGM

$$TV = \frac{FCF_n \cdot (1 + g)}{r - g}$$

Source: Damodaran, 2012

A comprehensive overview of the methodological framework is provided in Appendix 3. The long-term growth rate, denoted by g , is anchored to a revenue-weighted nominal GDP framework. This framework is consistent with the firm's geographic exposure. Specifically, long-term real GDP forecasts for key countries within each region (U.S., China, Germany) are weighted according to

their share of regional GDP and then aggregated proportionally to the company's revenue mix. In order to convert real GDP growth into nominal terms, the domestic inflation rate of the reporting currency must be added. This reflects the home currency perspective of the firm, in line with the prevailing best practices in the field of valuation. (Damodaran, 2012; Koller, 2020).

2.1.1.3. Discount Rate

The discount rate is a financial tool used to calculate the present value of risky, dated cash flows. It is vital to ensure that the discount rate is aligned with the cash-flow definition (Luehrman, 1997). Equity cash flows (FCFE) are discounted at the cost of equity (k_e); cash flows to all capital providers are discounted at the weighted average cost of capital (WACC) (Fernández, 2007; Koller, Goedhart, & Wessels, 2020). It is imperative that parameters reflect macro, industry, and firm-specific risk without the occurrence of double counting, and must be currency-consistent (Damodaran, 2012). The approach is both coherent and widely adopted. However, valuations are sensitive to minor alterations in k_e , WACC, and terminal growth; consequently, transparent estimation and sensitivity analysis are imperative (Imam, Barker, & Clubb, 2008).

2.1.1.3.1. Weighted Average Cost of Capital

In the context of enterprise DCF, the WACC is considered the opportunity cost for all capital providers, utilising market-value weights of equity and debt (Schill, 2014; Koller et al., 2020).

Figure 4: WACC

$$WACC = \frac{MV(Debt)}{MV(Debt) + MV(Equity)} r_d (1 - \tau) + \frac{MV(Equity)}{MV(Debt) + MV(Equity)} r_e$$

Where:

MV(Debt) = Market value of Debt

MV(Equity) = Market value of Equity

τ = Tax rate

r_d = Required rate of return for debt holders

r_e = Required rate of return for equity holders

Source: Schill, 2014

This opportunity cost is derived by combining the after-tax cost of debt with the required return on equity. Returns above the WACC contribute to value creation, while returns below the WACC result in value destruction (Stowe et al., 2007; Damodaran, 2012). The method is intuitive and consistent with FCFE but presumes a stable leverage policy; when leverage is expected to change materially, APV is preferable (Fernández, 2011; Myers, 1974). It is imperative to exercise caution when undertaking tax modelling. Firms that possess loss carry forwards may encounter initial cash taxes that fall below the statutory limit. However, it is expected that these rates will eventually converge towards the marginal rate over time, thereby ensuring theoretical consistency (Damodaran, 2012; Koller et al., 2020). Capital weights must be based on current market values to reflect investor opportunity costs (Berk & DeMarzo, 2016).

2.1.1.3.1.1 Cost of Equity

The k_E can be defined as the return required by shareholders for bearing non-diversifiable risk. The baseline specification is CAPM, which relates k_E to the risk-free rate, market beta, and the equity risk premium (Sharpe, 1964; Bruner, Eades, Harris, & Higgins, 1998).

Figure 5: CAPM

$$k_E = R_f + \beta_L \cdot MRP$$

Where:

- R_f : Risk-free rate, typically derived from long-term government bond yields.
- β_L : Levered beta, measuring the stock's sensitivity to market movements, adjusted for the firm's financial leverage.
- MRP : Market risk premium, representing the excess return expected from investing in the market portfolio over the risk-free rate.

Source: Sharpe, 1964

The CAPM has been shown to be applicable across different firms, but its accuracy is contingent on the quality of the inputs, particularly the beta (β) and MRP. The model has been observed to encounter difficulties in accounting for known cross-sectional anomalies (Fama & French, 2004; Pinto, Henry, Robinson, & Stowe, 2019). In the context of high-growth or emerging sectors, estimations may be subject to inaccuracy and do not require validation. Multifactor or conditional specifications can be employed as a form of robustness check (Fama & French, 1993, 1996).

2.1.1.3.1.1. Risk-free Rate

The risk-free rate (rf) has been shown to proxy the return on a default-free instrument in the same currency and with a horizon consistent with the cash flows (Damodaran, 1999, 2012). In practice, analysts utilise long-term sovereign yields from highly rated issuers (e.g., U.S. Treasuries for USD). It is important to note that not all sovereign yields are default-free; in markets with embedded credit risk, the default spread should be removed or a synthetic RF constructed. In periods of yield-curve distortion (for example, QE, negative nominal yields), inflation-linked real rates in combination with expected inflation provide a useful cross-check (Koller et al., 2020; Damodaran, 2012).

2.1.3.1.2 Beta

Beta (β) is a measure of exposure to systematic risk and is used to scale the market premium in CAPM. The estimation of beta is typically accomplished through the utilisation of Ordinary Least Squares (OLS) regression analysis, employing stock returns on a broad market index as the dependent variable and utilising weekly or monthly data over a multi-year period. It has been demonstrated that the predictive accuracy of this method is enhanced by incorporating mean-reversion adjustments, as originally proposed by Blume in 1975.

Figure 6: Adjusted Beta (Blume)

$$\text{Adjusted Beta} = 0.67 \times \text{Raw Beta} + 0.33 \times 1.0$$

Source: Blume, 1975

To isolate operating risk, the equity beta is unlevered to an asset beta and, when required, relevered to a target capital structure (Koller et al., 2020; Damodaran, 2012).

Figure 7: Unlevered Beta

$$\text{Unlevered Beta} = \text{Levered Beta} / [1 + (1 - \text{Tax Rate}) \times (\text{Debt/Equity})]$$

Source: Damodaran, 2012

Figure 8: Relevered Beta

$$\text{Levered Beta} = \text{Unlevered Beta} \times [1 + (1 - \text{Tax Rate}) \times (\text{Debt/Equity})]$$

Source: Damodaran, 2012

In the context of firms experiencing rapid growth, a shifting business mix, or a limited trading history, which make historical regressions least informative, it is recommended to estimate a bottom-up (peer-based) beta (Damodaran, 2012; Koller et al., 2020). The procedure is as follows: (1) identify economically similar peers, (2) de-lever each peer's equity beta using its own D/E and tax rate, (3) aggregate (median/trimmed-mean) the unlevered betas, then (4) re-lever to the subject firm's target D/E (Damodaran, 2012). This approach has been demonstrated to reduce estimation noise and to better capture the risk of the underlying operations than a single-firm regression (Pástor et al., 2022; Zakamulin, 2017).

Moreover, the selection of peers may extend beyond the scope of operating within the same industry. The peer set could also align on forward-looking economics, including growth trajectory, pricing power (e.g. premium positioning), distribution model (e.g. DTC vs. wholesale), customer mix, and capital intensity, so that the averaged unlevered beta reflects the subject firm's true operating risk (Bhojraj & Lee, 2002; Koller et al., 2020). Practitioner guidance emphasises the matching of ROIC and growth when forming peer groups for market-based inputs (Koller et al., 2020), and applied work likewise recommends multi-factor peer calibration across profitability, growth, and risk (McKinsey & Company, 2005).

2.1.3.1.3 Market Risk Premium

The market risk premium (MRP), also called Equity risk premium (ERP), is defined as the expected excess return of the market in comparison to the r_f and a significant input to the CAPM (Damodaran, 2012).

Figure 9: MRP

$$MRP = E(R_m) - R_f$$

where $E(R_m)$ is the expected return on the market portfolio and R_f is the risk-free rate.

Source: Damodaran, 2012

Estimation follows three traditions: long-horizon historical premia (typically 5 to 7% in the U.S., depending on the window and averaging), implied premia inferred from current prices and expected cash flows, and practitioner or academic surveys (Berk & DeMarzo, 2016; Damodaran, 2022; Fernández, 2007). A hybrid approach, anchoring to history, cross-checking with an implied estimate, and benchmarking to surveys, helps mitigate method-specific biases (Fama & French, 2002; KPMG, 2022). Theoretical and practical evidence supports the utilisation of a bottom-up, exposure-weighted MRP for multi-country firms. This approach integrates a mature-market ERP with revenue-weighted country-risk premia for non-mature markets. (Appendix 4)

The CRP is modelled on sovereign spreads or CDS, and, where relevant, is adjusted for volatility (Damodaran, 2012, 2023; Erb, Harvey, & Viskanta, 1996).

Figure 10: CRP

$$CRP = \text{Sovereign Spread} \times \frac{\sigma_{Equity}}{\sigma_{Sovereign}}$$

Source: Hail & Leuz, 2006

The utilisation of mid-horizon revenue weights has been demonstrated to facilitate the alignment of the discount rate with the generation of cash flows, thereby circumventing the occurrence of a transitory current mix (Hail & Leuz, 2006; Koller, Goedhart, & Wessels, 2020).

2.1.3.1.4 3-fama-french

In addressing the limitation of the CAPM to provide a satisfactory explanation for size and value effects, Fama and French (1993) proceeded to augment the market factor with Small minus Big (SMB), which accounts for size and HML (High minus Low), which accounts for value. It is anticipated that returns load on these systematic factors will yield a multifactor ke, which frequently improves cross-sectional fit (Fama & French, 1996). The specification provides a more comprehensive risk description for firms with significant size or value characteristics, but it introduces additional inputs and estimation noise.

Figure 11: 3-Fama-French

$$R_i - R_f = \alpha_i + \beta_m(R_m - R_f) + \beta_s SMB + \beta_h HML + \epsilon_i$$

where R_i is the return on asset i , R_f the risk-free rate, R_m the market return, and β_s, β_h the factor loadings.

Source: Fama & French, 1996

In the context of companies exhibiting atypical fundamentals, such as high-growth consumer brands or disruptive businesses, the model facilitates a more nuanced specification of risk premia, thereby ensuring a more precise alignment between theoretical pricing and observed returns. The 3FF model has been shown to account for cross-sectional variations that are not captured by the CAPM (Fama & French, 1996; Harvey, Liu & Zhu, 2016). This capacity to account for these variations has been demonstrated the ability to result in a reduction in specification error in the cost of equity estimate, and an improvement in comparability across firms with different capital structures or lifecycle stages.

2.1.3.2 Cost of Debt

The pre-tax cost of debt kd is observed from the yield-to-maturity on traded issues, value-weighted across outstanding bonds. In the absence of traded securities, a synthetic rating inferred from interest coverage can be mapped to market yields (Damodaran, 2012; Koller et al., 2020). The concept of interest deductibility is predicated on the premise of an after-tax rate of kd

Figure 12: Cost of Debt

$$kd \times (1 - Tc)$$

Source: Koller et al., 2020

Kd is generally more observable and less volatile than ke , and it incorporates firm-specific credit risk. However, it can be distorted in stressed markets and necessitates component-wise treatment for convertibles and leases (Koller et al., 2020). (See appendix 5)

2.1.2 Dividend Discount Model

The DDM prices equity as the present value of expected dividends discounted at the cost of equity k_E (Gordon & Shapiro, 1956).

Figure 13: DDM

$$\text{Value per share} = \sum_{t=1}^{\infty} \frac{E(DPS_t)}{(1 + k_E)^t}$$

Where:

- $E(DPS_t)$: Expected dividend per share at time t
- k_E : Cost of equity or required rate of return

Source: Gordon & Shapiro, 1956

The model ties value directly to cash distributions, performing best for mature firms with stable payout policies. The limitations of the model are well documented. Dividends are a managerial choice rather than a claim on total free cash flow; buybacks substitute for payouts; and estimates are highly sensitive to $ke-g$ (Penman & Sougiannis, 1998). Given On's orientation towards reinvestment and repurchase flexibility, DDM is mentioned for completeness, but not used to value On.

2.1.3 Adjusted Present Value (APV)

As mentioned by Myers (1974), APV is predicated on the decomposition of value into the present value of unlevered operations, in addition to financing side effects.

Figure 14: APV

$$V_L = V_U + PV(\text{Interest Tax Shield}) - PV(\text{Financial Distress Cost})$$

Where:

- V_L = Value of levered firm
- V_U = Value of unlevered firm

Source: Myers, 1974

The approach is transparent when leverage changes materially, as it allows separate discounting of operating cash flows and tax shields. However, the methodology is not without its drawbacks, primarily the implementation intensity. To be applied, it requires credible schedules for debt, tax shields and distress costs, as well as appropriate discount rates for each component (Fernández, 2011; Damodaran, 2012). Given the stability of On's leverage policy, APV is included merely for comprehensiveness.

2.2 Market-Based Approaches

2.2.1 *Relative Valuation*

Relative valuation is predicated on the premise that value can be derived from the prices of comparable firms or transactions under the law of one price (Pinto, Henry, Robinson & Stowe, 2019; Rosenbaum & Pearl, 2020). The model is characterised by its speed, transparency, and alignment with prevailing market conditions. However, it is vulnerable to peer-selection bias, cycle effects, and metric heterogeneity (Goedhart, Koller, & Wessels, 2005; Damodaran, 2012). The most effective approach integrates intrinsic value, normalises for accounting differences and non-recurring items, and discloses selection rules and cycle controls (Koller, Goedhart, & Wessels, 2020). The most used approaches are comparable transactions analysis (CTA) and peer-matched trading multiples (CCA).

CCA benchmarks a firm's valuation multiples against a peer group of publicly traded companies. This approach is transparent, relatively simple, and can be adjusted for differences in fundamentals, such as profitability, growth, and risk (Alford, 1992; Bhojraj & Lee, 2002). The main strength of CCA is its reliance on current market data, providing an ongoing and contemporaneous reference point (Rosenbaum & Pearl, 2020; Koller, Goedhart, & Wessels, 2020).

Empirical studies confirm that multiples explain valuation differentials more reliably when peers are selected on fundamentals, such as profitability, growth, and risk, rather than on narrow industries (Bhojraj & Lee, 2002). This is especially relevant for high-growth brands with few comparable transactions (Alford, 1992; Bhojraj & Lee, 2002). Therefore, this thesis focuses on the following multiples (see more details in Appendix 10).

Figure 15: CCA

$$EV/EBITDA = \frac{\text{Enterprise Value}}{EBITDA}$$

$$EV/Revenue = \frac{\text{Enterprise Value}}{Revenue}$$

$$PEG = \frac{P/E \text{ Ratio}}{\text{Expected Earnings Growth Rate}}$$

Source: Rosenbaum & Pearl, 2020

On the other hand, CTA derives valuation benchmarks from precedent M&A deals, applying observed transaction multiples to the target firm's metrics. In theory, transaction multiples reflect the price that a rational buyer is willing to pay, incorporating expectations of synergies, control premia, and strategic positioning (Kaplan & Ruback, 1995; Officer, 2007).

Figure 16: CTA

$$\text{Enterprise Value}_{\text{Target}} = \text{Multiple}_{\text{Precedent Transaction}} \times \text{Metric}_{\text{Target}}$$

Source: Kaplan & Ruback, 1995

However, several shortcomings limit CTA's applicability for firms with atypical fundamentals (see appendix 11)

2.3 Other techniques

2.3.1 Asset-Based Valuation

Asset-based methods are utilised to net the fair value of assets and liabilities, thereby estimating equity value. They provide a conservative foundation and are therefore relevant for asset-intensive or distressed firms. However, they understate going-concern value in cases where intangibles and growth options dominate (Fernández, 2013). Further explanation available in Appendix 6.

2.3.2 Sum-of-the-Parts (SOTP) Valuation

SOTP is a method of determining the aggregate stand-alone values of business units. It has been demonstrated to reveal both hidden value and a conglomerate discount when diversification is material (Brotherson, Eades, Harris & Higgins, 2014). Further explanation available in Appendix 7.

2.3.3 Contingent Claim (Option-Based) Valuation

The option-based valuation method is appropriate when embedded optionality is first-order, as is the case in, for example, staged R&D and extractive resources, and data permit structural modelling, as Black and Scholes (1973) originally demonstrated. However, given the data requirements and ON's operating profile, its application is not feasible. Further explanation available in Appendix 8.

2.4 Synthesis and Method Selection

As demonstrated in the preceding literature review, this study utilises a primary enterprise DCF, anchored in FCFF and WACC, with rigorous terminal-value and discount-rate estimation. This is cross-checked against relative valuation using forward-looking multiples (Pinto et al., 2019; Damodaran, 2012). The text goes on to mention DDM, APV, asset-based, SOTP, and option-based approaches, but ultimately these are not applied due to On's low asset intensity, unified brand, and limited embedded optionality. The primary risks to valuation accuracy are identified as discount-rate misestimation (r_f , β , MRP, kd), terminal-growth overreach, and peer-cycle bias. Consequently, the empirical sections present structured sensitivities and scenarios on g, MRP, Beta and margins (Imam, Barker, & Clubb, 2008).

3. Market Analysis: Sporting Goods

A credible valuation is based on a precise view of the market that underwrites the cash flows of the to be analysed company. In sporting goods, which includes athletic footwear, sports apparel, and equipment, value creation is anchored in product innovation, brand equity, and disciplined supply chain execution. The operating model is global. Design and marketing remain close to the consumer in major demand centers, while manufacturing is concentrated in cost efficient hubs in Asia. Distribution blends wholesale partners, e-commerce, and direct to consumer (DTC) stores,

with a gradual rotation toward direct models that raise data visibility and can improve margin structure, although at the cost of heavier investment in logistics and analytics (APICCAPS, 2024; McKinsey & Company & WFSGI, 2025).

3.1 Industry Architecture

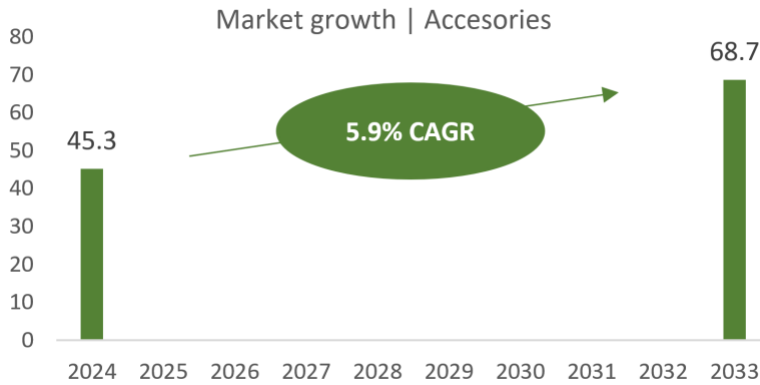
The value chain is modular, with Brand owners investing in research and development, athlete partnerships, and consumer marketing to refresh franchises and defend pricing power. Contract manufacturers in China, Vietnam, and Indonesia deliver scale and speed at competitive unit costs, allowing brand owners to keep balance sheets relatively asset light while preserving control of product roadmaps and quality standards (APICCAPS, 2024). On the route to market, the mix has shifted toward DTC and brand controlled ecommerce. This raises the return on data and inventory turns when executed well, but it also concentrates execution risk in order fulfilment, last mile delivery, and digital merchandising. The combination of community and social platforms lowers customer acquisition frictions and increases the payoff to credible product storytelling, which in turn favours brands that can launch and sustain technically distinct franchises over multiple seasons (RetailX, 2023; McKinsey & Company & WFSGI, 2025).

3.2 Market Size and Segmentation

The sporting goods sector demonstrated notable resilience during the period of macroeconomic volatility experienced in 2022 and 2023. The industry's revenue exhibited a compound annual growth rate (CAGR) of approximately 7% from 2021-2024, reaching approximately USD 670 billion in 2024. Projections indicate a surge to USD 1,276.6 billion by 2033, signifying a 7.4% CAGR₂₀₂₅₋₂₀₃₃ (Straits Research, 2024).

In the context of the product mix, the equipment sector constitutes the most substantial segment, accounting for approximately 388 billion dollars, which is equivalent to around 55% of the total sales for the year 2024. In the post-pandemic era, this segment has demonstrated a CAGR of 5.4%, as demand for hardware has experienced a normalisation in the wake of the pandemic. However, forecasts indicate a moderation in this growth rate to 4.2% CAGR₂₀₂₅₋₂₀₃₀, as consumer spending shifts towards the acquisition of wearable goods and experiences (Straits Research, 2024).

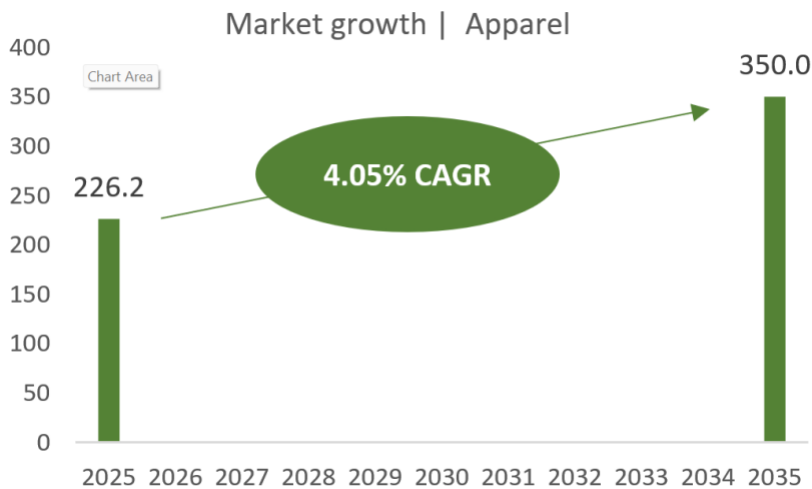
Figure 17: Accessories Market



Source: Straits Research, 2024

The global market for sports apparel, encompassing both performance wear and athleisure segments, is estimated to be approximately USD 210 billion at present. Projections indicate that this figure will rise to USD 298 billion by the year 2032, at a 4% CAGR, driven by the ongoing integration of athleisure into both daily and sporting routines (Fortune Business Insights, 2023; Fortune Business Insights, 2024).

Figure 18: Apparel Market



Source: Fortune Business Insights, 2024

Athletic footwear, with a market value of approximately USD 150 billion in 2024, constituting 20% of industry revenue, is the most dynamic category. Following the post-pandemic shift towards

fitness and running, there has been a resurgence in sales. Market analysis suggests that the market is set to grow at a 5.2% CAGR₂₀₂₅₋₂₀₃₄, reaching a value of 245 billion dollars by 2034. This growth is expected to outpace that of equipment and apparel, driven by strong performance and lifestyle demand (Zion Market Research, 2024; Global Market Insights, 2024; McKinsey & Company & WFSGI, 2025).

Figure 19: Accessories Market



Source: Global Market Insights, 2024

3.2.1 Segmentation by Region

Table 1: Geographic revenue segmentaion

Region	Current Share of Global Sales (2024)	Projected CAGR (2024–2030)	Key Drivers
North America	~33%	~4%	High participation, brand loyalty, fitness & outdoor spend (Spherical Insights, 2023; Straits Research, 2024; McKinsey & WFSGI, 2025)
Europe	~25%	~4%	Established sports culture, high per-capita spend, mature retail infra (Straits Research, 2024; GMI, 2024)
Asia-Pacific	~22–23%*	~10%	Urbanisation, middle-class expansion, China & India growth; primary driver of global expansion (HTF, 2024; McKinsey & WFSGI, 2025)
Latin America	~8–9%	~4.5%	Vibrant sports culture, widening base; macro volatility (Straits Research, 2024)
Middle East & Africa	~7–8%	~6%	Rising participation, government initiatives, fitness investment (Spherical Insights, 2023; HTF, 2024)

Source: HTF, 2024; McKinsey & WFSG, 2025; GMI, 2024; Straits Research, 2024; Spherical Insights, 2023

North America, mainly the United States, accounts for approximately one third of global sales and is projected to exhibit a 4% CAGR through 2030. This growth is supported by high participation rates, strong brand loyalty, and sustained expenditure on fitness and outdoor activities (Spherical

Insights, 2023; Straits Research, 2024; McKinsey & Company & WFSGI, 2025). Europe accounts for approximately 25% of industry revenue and is projected to expand at a similar 4% pace, underpinned by established sports cultures, high per-capita outlays, and a mature retail infrastructure (Straits Research, 2024; Global Market Insights, 2024). While these mature markets currently represent the primary demand, the focus of incremental growth has shifted towards the Asia-Pacific (APAC) region. (HTF Market Intelligence, 2024)

Historically, the APAC region has exhibited a comparatively modest consumption share; however, it is now the fastest growing region. The process of urbanisation, the economic growth experienced by individuals in China, India and Southeast Asia, and the expansion of the middle class in these regions are expected to underpin a 10% CAGR₂₀₂₅₋₂₀₃₀. This trajectory indicates that the region will soon be on par with Europe in terms of economic performance, and it is probable that it will exceed Europe's economic output by the end of the current decade. China is already considered to be among the most significant athletic footwear markets in the world. It is anticipated that growth will moderate from early double-digit rates as the base expands, yet the Asia Pacific region is projected to continue as the primary catalyst of global expansion (HTF Market Intelligence, 2024; McKinsey & Company & WFSGI, 2025; Global Market Insights, 2024).

In other regions, Latin America is forecast to grow at approximately 4.5% per year through 2030, aided by a vibrant sports culture and a widening consumer base, though macro volatility is a recurring risk (Straits Research, 2024). The Middle East and Africa, while smaller in absolute terms, are projected to expand at approximately 6% per year, supported by rising fitness participation and government initiatives that promote sport (Spherical Insights, 2023; HTF Market Intelligence, 2024).

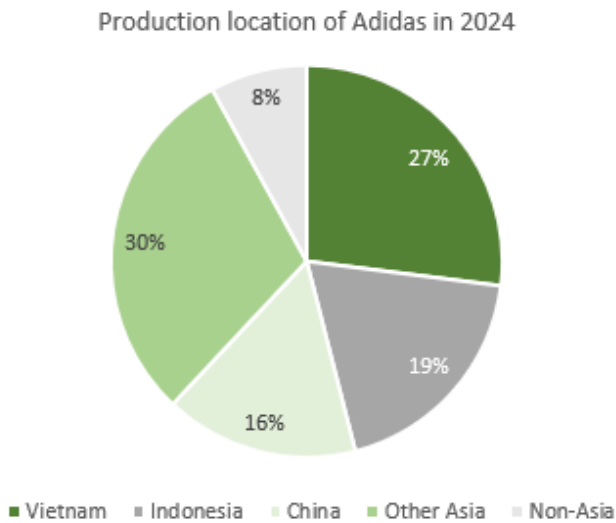
3.3 Demand and Supply Mechanics

From a demand-side perspective, purchase decisions are influenced by a combination of utilitarian considerations, identity, and habitual practices (McKinsey & Company & WFSGI, 2025). The utility of the product is characterised by its ability to provide comfort, support, stability, breathability, and thermoregulation (Fortune Business Insights, 2023). The concept of identity encompasses various aspects, including design, community affiliation, and the signalling value of

the brand (Fortune Business Insights, 2023; RetailX, 2023). The concept of "habit" has been demonstrated to be a significant factor in the understanding of replacement cycles, a notion that holds particular relevance in the context of running footwear (McKinsey & Company & WFSGI, 2025). The frequent utilisation of these items, the regularity of innovation, and the seasonality of race events have been shown to result in a reduction of the time intervals between purchases (Straits Research, 2024). The concept of athleisure has the potential to broaden the scope of its application beyond the realm of sports, thereby increasing the frequency at which it is utilised (Fortune Business Insights, 2023). The rotation DTC and brand e-commerce have been demonstrated to enhance the precision of lifetime value management (Fortune Business Insights, 2023; RetailX, 2023). However, such advancements necessitate sustained investment and organisational learning to ensure the maintenance of service levels at scale.

From a supply-side perspective, the cost and availability of products are influenced by contract manufacturing and extended planning horizons. It is customary for brands to place orders several months in advance, a practice that underscores the importance of accurate forecasts and the implementation of disciplined inventory control. The cost of technical fabrics, foams, and rubber, in addition to freight and foreign exchange, has a significant impact on margin variance. Adherence to labour and environmental standards, in conjunction with the progressive development of trade regulations, gives rise to recurrent financial obligations that must be incorporated into the economic framework of products. The geographic diversification of sourcing has been demonstrated to enhance resilience to external shocks, such as factory closures or tariff changes and is practiced by leading brands such as Adidas (figure 20). However, the transition to multi-country networks has been shown to result in increased average unit costs and greater operational complexity prior to the realisation of benefits (APICCAPS, 2024; WarehouseQuote, 2023).

Figure 20: Production-location Adidas



Source: Adidas, 2024

3.4 Growth Drivers and Risks

3.4.1 Growth Drivers

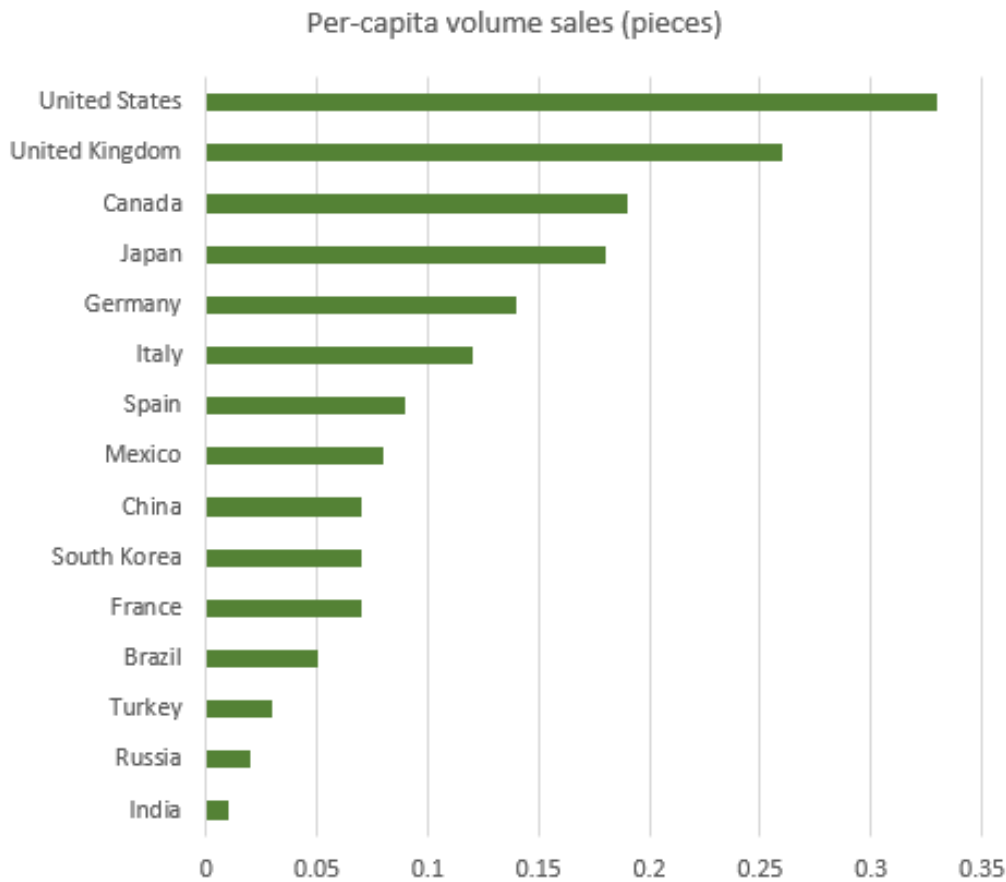
Health and wellness continue to be the primary concerns of the population world wide. Recent generations of young people have shown a greater propensity for engaging with fitness activities. In contrast, older age groups have demonstrated a higher level of physical activity over time. Moreover, public initiatives have contributed to the normalisation of recreational sports. As the scope of participation expands, the category transitions first-time purchases into habitual replacement cycles, thereby stabilising demand over the course of the calendar (McKinsey & Company & WFSGI, 2025; HTF Market Intelligence, 2024).

The second driver is innovation and pricing power. Advancements in material science and biomechanics have been demonstrated to enhance performance and perceived comfort. Consequently, brand owners can set prices for flagship products above previous benchmarks. The economic effect is evident in higher average selling prices, a more diverse premium mix, and a more predictable launch calendar, particularly in the area of performance running (Global Market Insights, 2024; Fortune Business Insights, 2024).

The third driver is the Asia Pacific expansion and the scaling of direct channels. The expansion of the consumer base in China, India and Southeast Asia, driven by urbanisation and income growth, is a key factor in this dynamic. The utilisation of data and the implementation of rigorous control mechanisms pertaining to allocation and markdowns have been identified as pivotal factors in enhancing the yield on demand within the domains of DTC and brand e-commerce. The combination of these factors has been shown to yield both volume and mix benefits, provided that adequate logistics capacity and retail discipline are in place (HTF Market Intelligence, 2024; McKinsey & Company & WFSGI, 2025).

Per-capita footwear consumption is primarily driven by participation intensity in sports and fitness, which raises the frequency of use and replacement cycles. Mature markets such as North America exhibit higher volumes per person (figure 21) because elevated participation combines with disposable income and brand loyalty to sustain regular purchasing (Statista, 2025).

Figure 21: Per-capita volume



Source: Statista, 2025

Further catalysts are discussed in Appendix 12.

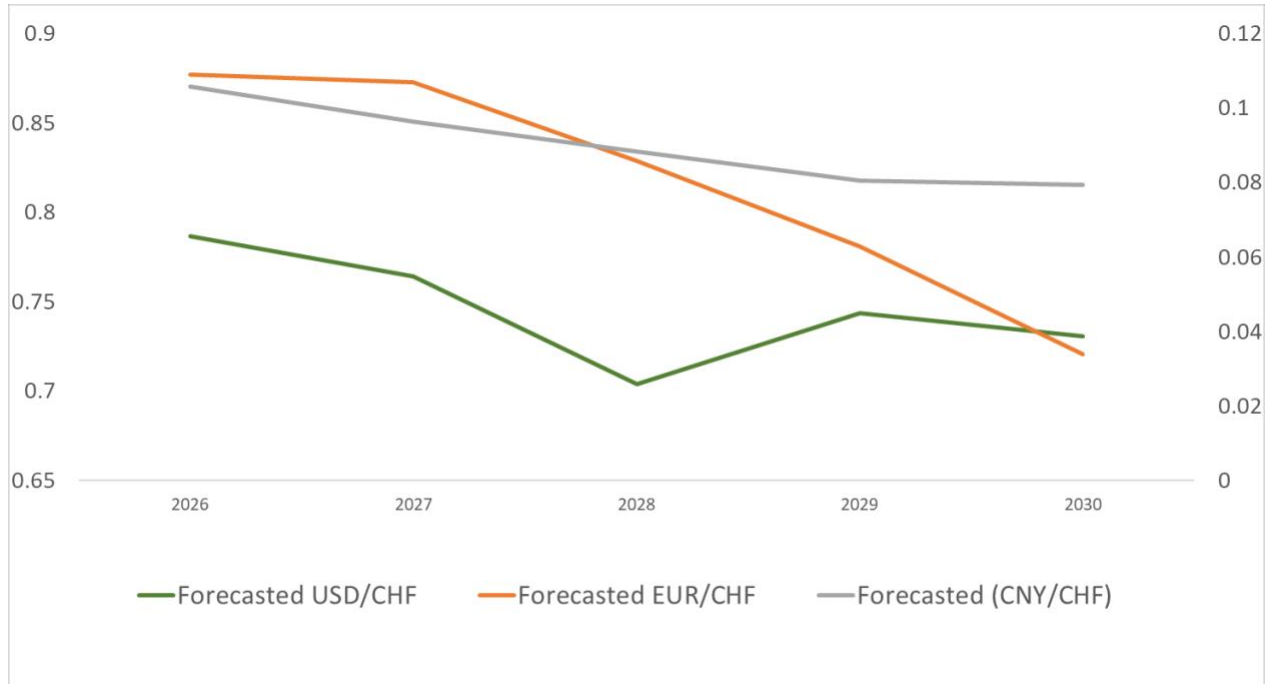
3.4.2 Risks and Challenges

Three risks have been identified as having the potential to exert a significant influence on the near-term cash flow outcomes of the company. The initial issue pertains to macroeconomic sensitivity within a predominantly discretionary category. In circumstances where inflation exceeds real income growth, households may opt to extend replacement cycles, trade down within tiers, and defer purchases. The impact is more pronounced in mid-market apparel and equipment, and to a lesser extent in premium footwear. This elasticity is then transmitted into operating leverage through inventory turns and markdowns, and it conditions any assumption of mix uplift embedded in forecasts (Ruben, 2025; McKinsey & Company & WFSGI, 2025).

Secondly, pass-through risk from input costs, foreign exchange, and freight must be considered. The utilisation of technical fabrics, foams, and rubber remains subject to volatility, and the extended production cycles result in a disparity between the hedging windows and the lead times. It has been demonstrated that fluctuations in the cost of freight and energy can occur with greater rapidity than the adjustment of prices. The resultant gross margin variance is, in some cases, irremediable by way of list increases alone, due to the inevitable loss of demand. This has a demonstrable impact on return rates and promotional intensity in direct channels (WarehouseQuote, 2023; McKinsey & Company & WFSGI, 2025).

A sustained depreciation of the EUR, USD, and CNY against the CHF reduces the translated value of foreign revenues into Swiss francs, creating a structural headwind for Swiss exporters by compressing reported sales and margins despite stable local-currency performance (Damodaran, 2012; Koller, Goedhart, & Wessel)

Figure 22: FX Risk



Source: Coincodex, 2025

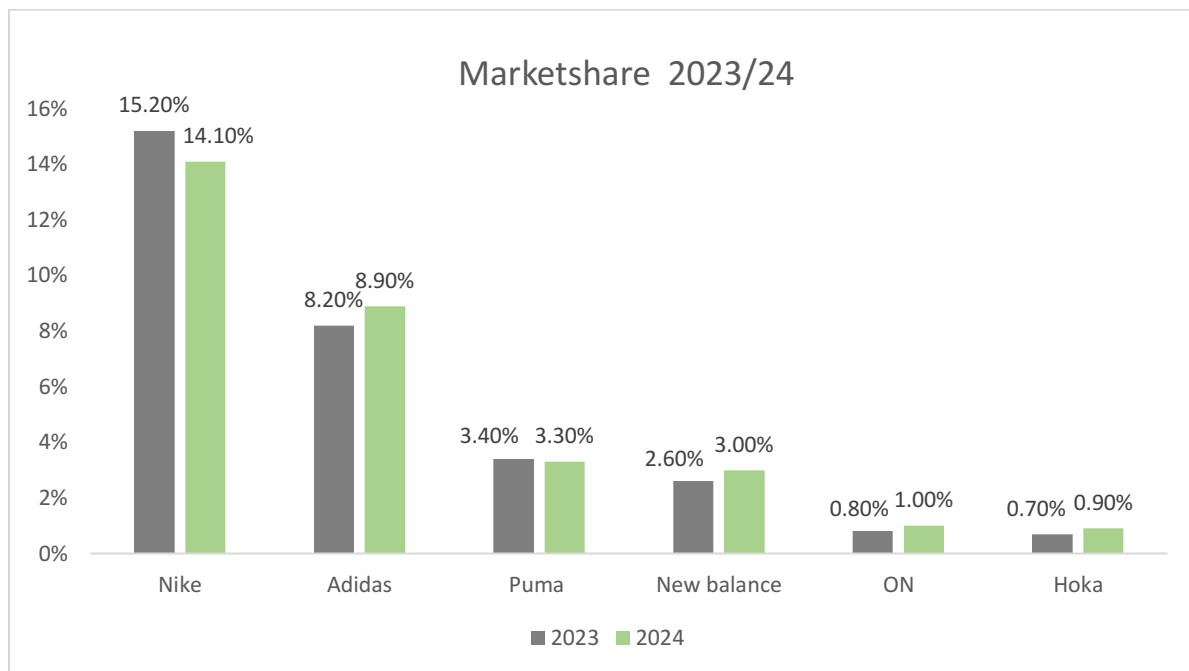
The third driver is supply-chain concentration and geopolitics. Manufacturing footprints that are concentrated in a small set of Asian countries are exposed to a number of risks, including factory shutdowns, export controls and tariff regimes. It is evident from episodes such as the temporary closures in Vietnam that the availability of components can be impaired with great rapidity. Furthermore, it is apparent that the recovery of availability is contingent upon order calendars and component dependencies, which can impede the process considerably. Diversification into multi-country sourcing has been demonstrated to improve resilience, but it has also been shown to raise unit cost and organisational complexity during transition (APICCAPS, 2024; Financial Times, 2024). (Appendix 13)

3.4.3 Competitive Landscape

The competitive environment is characterised by intense rivalry and a structural fragmentation that is evident in various sectors. Even the most prominent brands only account for a modest share of a

market, as seen in figure 23 ,that exceeds seven hundred billion dollars, with the remainder being dispersed across regional players and category specialists. The outcome of this dynamic is not a stable oligopoly, but rather persistent rivalry among the major players. Those dynamics casue a high cadence of credible product innovation, the ability to maintain franchise equity between launches, and the depth of consumer communities that translate into repeat purchase rather than one-off demand spikes (Company Annual Reports, 2024; Spherical Insights, 2023; McKinsey & Company & WFSGI, 2025).

Figure 23: Market share



Source: Spherical Insights, 2023; McKinsey & Company & WFSGI, 2025

The field of athletic footwear has been identified as the most significant arena in this regard (McKinsey & Company & WFSGI, 2025). Incumbent manufacturers refresh core lines on short calendars and defend premium price architecture with proprietary foams, plates, and upper engineering. It is evident that challenger brands have achieved considerable success by combining tangible performance enhancements in running with targeted community marketing initiatives and specialty retail advocacy. Recent reports suggest that these brands have experienced incremental market share gains since 2019, which has prompted incumbents to enhance their research and marketing efforts and streamline lower-return assortments (McKinsey & Company & WFSGI,

2025; Reuters, 2024; Andersen, 2023). In the field of apparel, specialists with a clearly defined technical or lifestyle thesis have demonstrated growth at the premium end of the market. Concurrently, retailer private labels have experienced expansion in the entry-level segment, thereby encroaching upon the undifferentiated product category that occupies an intermediate position in the market (Fortune Business Insights, 2024; Straits Research, 2024).

The following factors must be considered when determining the most effective route to market: the condition margins, and bargaining power. The transition towards direct-to-consumer sales has been shown to enhance data transparency and gross margin potential. However, it has also been demonstrated to result in increased working capital requirements and execution risk in the logistics and returns sectors. Wholesale partners are continuing to rationalise floor space and expand private label offers, while marketplaces are heightening price transparency and widening assortment. The net effect is a bimodal outcome in which distinctive products and strong identities sustain price, and median products are pushed into promotion or concede share (RetailX, 2023; McKinsey & Company & WFSGI, 2025).

4. Company Analysis

4.1 Company Overview

On (NYSE: ONON) is a swiss company with a reputation for premium sportswear, specialising in high-performance footwear, apparel, and accessories. The brand was founded in 2010 by Olivier Bernhard, David Allemann, and Caspar Coppetti, and has since become a major player in the industry. This has been achieved through proprietary innovation, distinctive design, and disciplined brand building. The founders retained majority control, and the 2021 NYSE listing resulted in greater capital access and global visibility (On Holding AG, 2021a; U.S. SEC, 2021; On Holding AG, 2023a).

Figure 24: ON Identity



Source: On, 2024

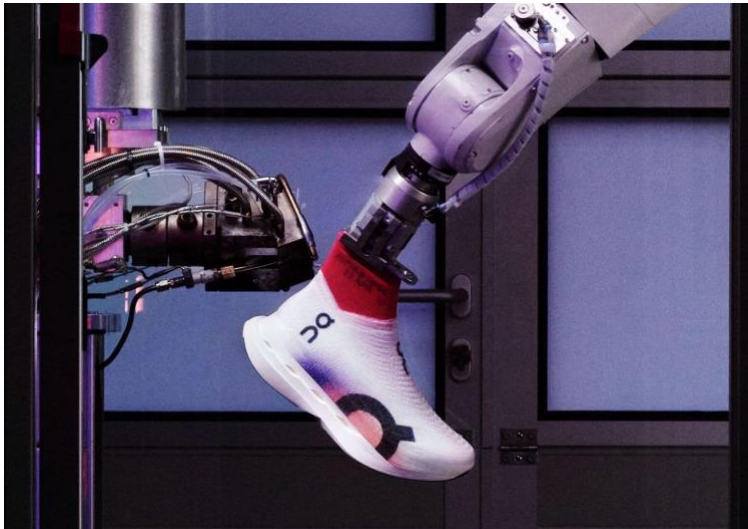
Operations are conducted in over 80 countries, with significant exposure to the United States, Germany, and China. The route to market combines the concepts of owned e-commerce and mono-brand retail with a curated wholesale network. Direct-to-consumer sales account for approximately 40% of revenue, a strategy which has been demonstrated to support stronger gross margin and richer customer data.

The brand has achieved a dominant market position, with 95% of revenue being derived from athletic footwear, predominantly running shoes. This has enabled the brand to consolidate its position as a leading sporting shoe brand, with a strategy of diversifying into related categories such as tennis, outdoor hiking and performance training. The diversification of the product range has also encompassed performance apparel, which is anticipated to be a significant revenue contributor and a strategic catalyst for growth (Morgan Stanley, 2023).

The company's distinct positioning is underpinned by its commitment to sustainability and innovation, as exemplified by technologies such as CleanCloud® (a carbon-free midsole foam) and LightSpray™, which can be seen in Figure 25 (a waste-reducing coating process). These

technologies directly align with the growing consumer preference for eco-conscious, high-performance gear (On Holding AG, 2024b; Berenberg, 2024).

Figure 25: Lightspray-technology



Source: On, 2024

To get an even better understanding of the company, we added a SWOT analysis (Appendix 14)

4.2 Financial Analysis and Forecast

To accurately value On and forecast its financials, it is essential to first understand the company's historical performance, especially how revenue was generated, at what cost, and how operational efficiency evolved over time.

Table 2: On P&L

(CHF in million)	2020 Act	2021 Act	2022 Act	2023 Act	2024 Act
Revenues	425	725	1.222	1.792	2.318
YoY Growth (%)		70%	69%	47%	29%
Cost of sales	192	292	531	717	903
Gross profit	233	433	691	1.075	1.415
Operating Expenses (SG&A)	238	543	560	830	1.099
Other Operating expense	-	(8)	-	0	(0)
EBITDA	(5)	(102)	132	245	316
Depreciation	8	23	37	55	94
Amortization	4	9	9	10	11
EBIT - Operating result	(17)	(133)	85	180	211
Interest Income	0	0	6	12	24
Financial Income	0	0	6	12	24
Financial expenses	(0)	(2)	(6)	(11)	(23)
Financial result	(7)	(17)	(7)	(112)	68
Adjustments (Costs Associated with IPOs & Mergers)	-	(8)	-	-	-
EBT	(24)	(158)	78	68	279
Taxes	3	11	20	(11)	37
Minority interest	-	-	-	-	-
Net Income	(27)	(169)	58	79	242
Overall GP%	55%	60%	57%	60%	61%
EBITDA %	-1%	-14%	11%	14%	14%
EBIT %	-4%	-18%	7%	10%	9%
Net Income %	-6%	-23%	5%	4%	10%
Effective Taxrate	-13%	-7%	26%	-15%	13,4%

Source: On, 2021; On, 2022; On, 2023; On, 2024

4.2.1 Revenue

Revenue growth is a pivotal aspect of On's success narrative. The period between 2020-2024 saw On achieve a substantial increase in net sales, from CHF 425 million to over CHF 2.3 billion. This represents an increase in top line by more than 5.5 times within a four-year timeframe. This performance occurred within a broader context of pandemic-driven volatility, supply chain constraints and intense competition from well-established market leaders. Nevertheless, the company demonstrated consistent growth that exceeded the global sportswear market, thereby evidencing both category appeal and operational agility. Despite the challenges posed by the

economic climate, the company has demonstrated consistent year-on-year revenue growth, reaching approximately 30% (or around 33% FX-neutral) in 2024. This indicates the resilience of consumer demand for the company's distinctive brand and its innovative product line, which is driven by a commitment to ongoing research and development.

Looking forward, a three-stage model is used to include the estimated growth development, which combines a blending of firm-specific momentum with market convergence. The first growth-stage is from 2025-2027, the second from 2028-2030 and the third from 2031-2034. The weights per growth-stage can be seen in Table 2. Important to note is, that based on the strategic outlook of the Management, we forecasted the revenue from apparel slightly less conservative than the revenue streams from shoes and accessories.

Table 2: Revenue weight

Shoes and Accesories

Weight	25-27	28-30	31-33
Historical Growth	55%	20%	0%
Market Growth	45%	80%	100%

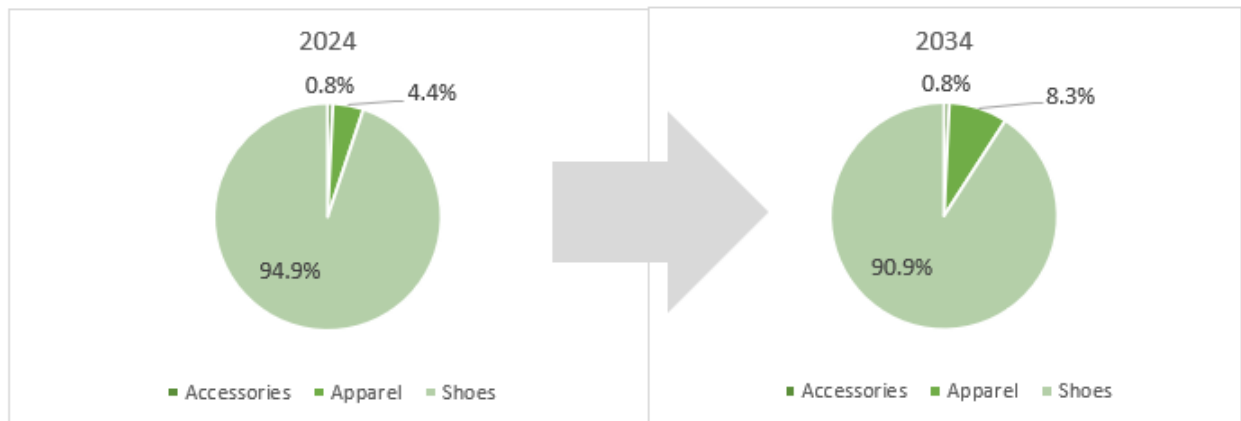
Apparal

Weight	25-27	28-30	31-33
Historical Growth	70%	50%	20%
Market Growth	30%	50%	80%

Source: Own Analysis

Those weights and corresponding historical growth-rates come from the year-on-year revenue growth for accessories and apparel, but for shoes, a more granular approach is chosen as it is the most important one with more available data. The volume in FY2023 was computed, based on data regarding average selling price (ASP) of On shoes in 2023 and could therefore use the growth for the volume. The ASP is expected to grow at a 2,36% per year (Andersen, 2023). As On invest heavily in keeping the brand position and in DTC, it is assumable that On can maintain the price premium compared to the industry average of around 23% as of 2023 (See appendix 15).

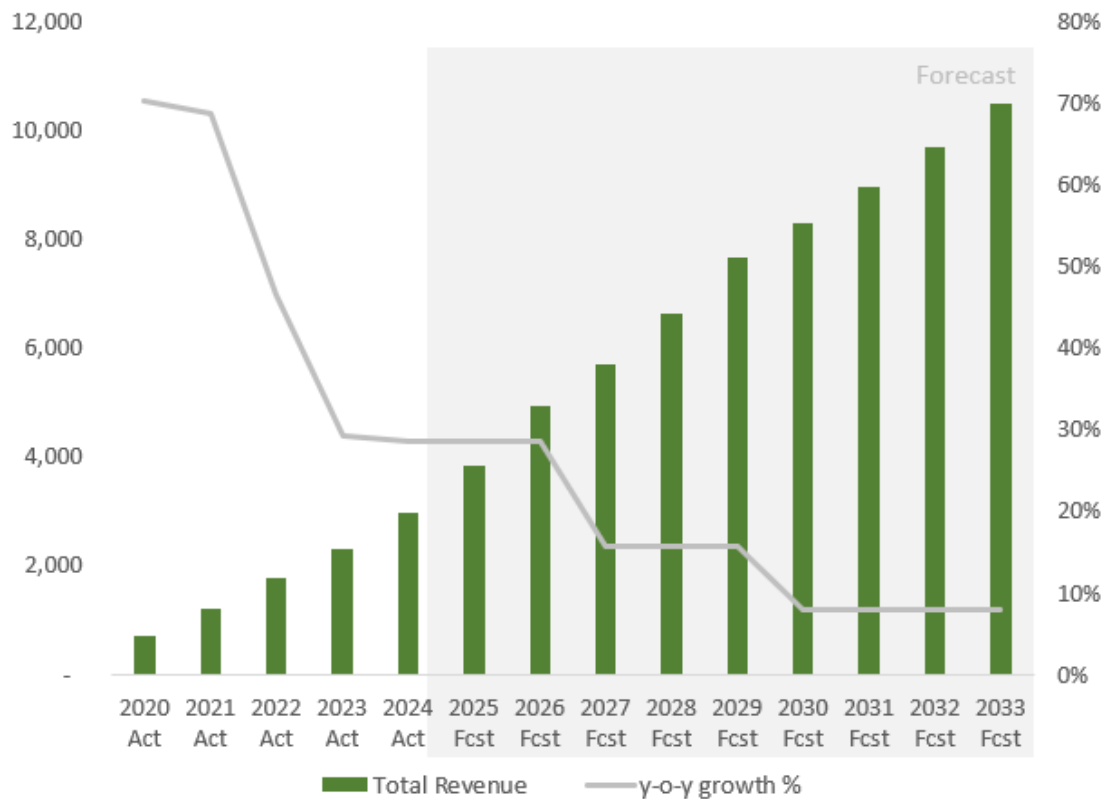
Figure 26: Development | Revenue-per-product



Source: On, 2024; Own Analysis

Combining that forecast, the total revenue will increase from approximately CHF 2.3 billion in 2024 to around CHF 10.5 billion by 2034.

Figure 26: Total Revenue

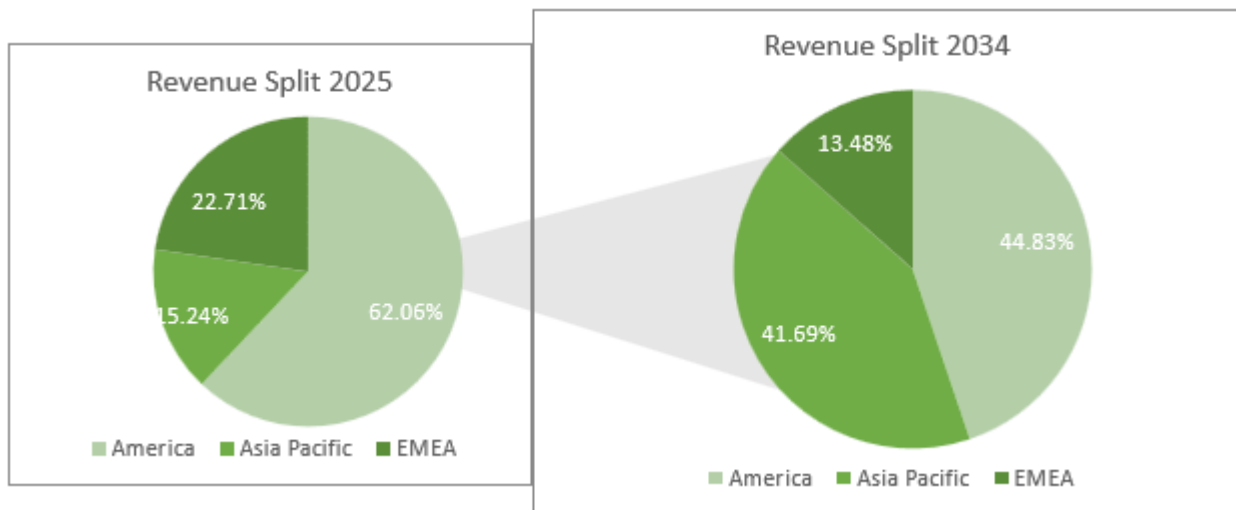


Source: On 2024; Own Analysis

Regionally, the business remained anchored in America, which accounted for approximately 64% of sales in 2024, with EMEA contributing around 25%, and Asia-Pacific making up around 11% (On, 2024). This balance is indicative of On's deliberate expansion into the world's most lucrative premium performance markets, particularly the United States and, more recently, APAC, which has proven to be fruitful ground for On's distinct blend of performance running, design aesthetics and lifestyle positioning.

In accordance with the corporation's strategic initiatives, the objective is to pursue further expansion in the APAC region, accompanied by a targeted marketing approach tailored to the specific demographics in this area (On, 2024). To forecast the potential revenue distribution in 2034, a comparable forecasting method was employed, utilising the CAGR data from the market analysis and weighting them with the historical growth rate in that region.

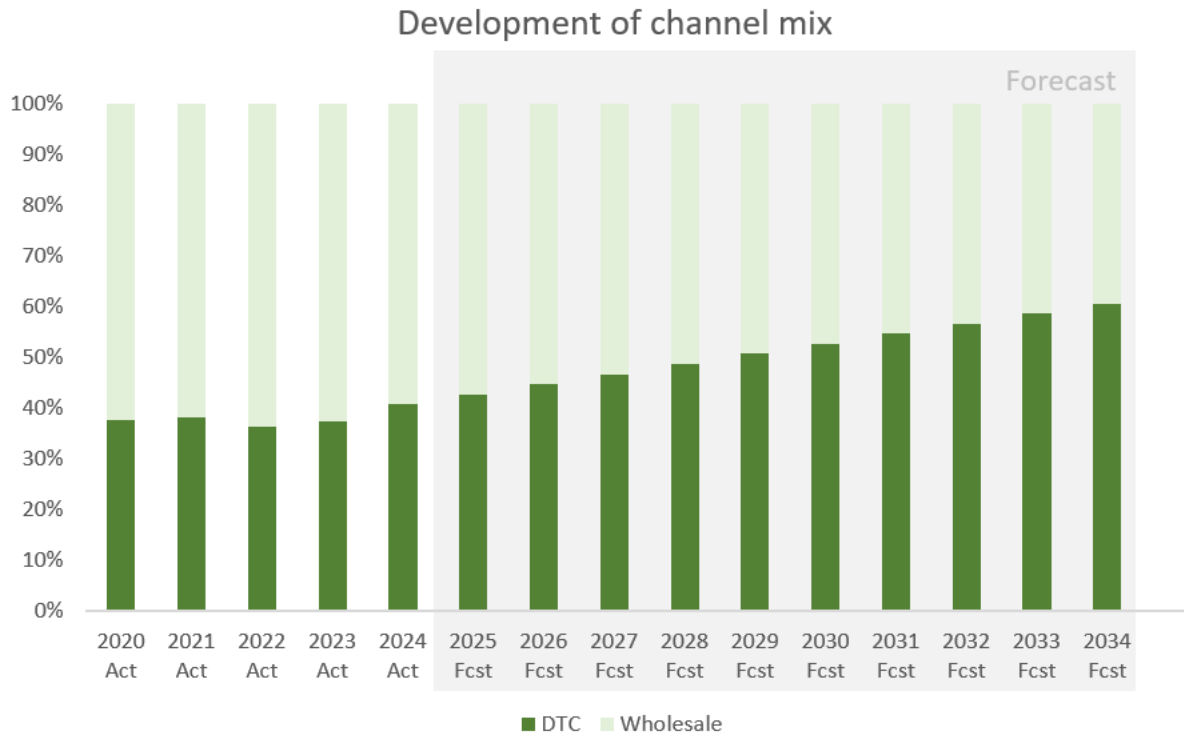
Figure 27: Revenue-per-region



Source: On 2024; Own Analysis

A distinctive and pivotal feature of On is its strategic transition towards DTC distribution. Revenue from DTC rose to approximately 41% in 2024, which is indicative of the expansion of On's own flagship retail footprint and the growing strength of its digital channels. This strategic realignment has been instrumental in achieving optimal retail margins, fostering direct consumer relationships, and safeguarding pricing discipline in a market that is increasingly driven by premium products.

Figure 28: Channel-mix



Source: On 2024; Own Analysis

Combining the historical development and the strategic outlook of On and predictive market dynamics, the DTC share is estimated to rise from approximately 41% in 2024 to around 60% by 2034, a development that is expected to support realised pricing, enhanced data capture, and greater brand control. The economic efficiency of a unit is enhanced by the attainment of full margin capture. However, factors such as fulfilment, payment processing, and returns serve to mitigate the gross benefit. The forecast is predicated on the assumption of sustained investment in automation and regional nodes, with a view to safeguarding service levels in the face of increasing online penetration.

4.2.2 Cost base

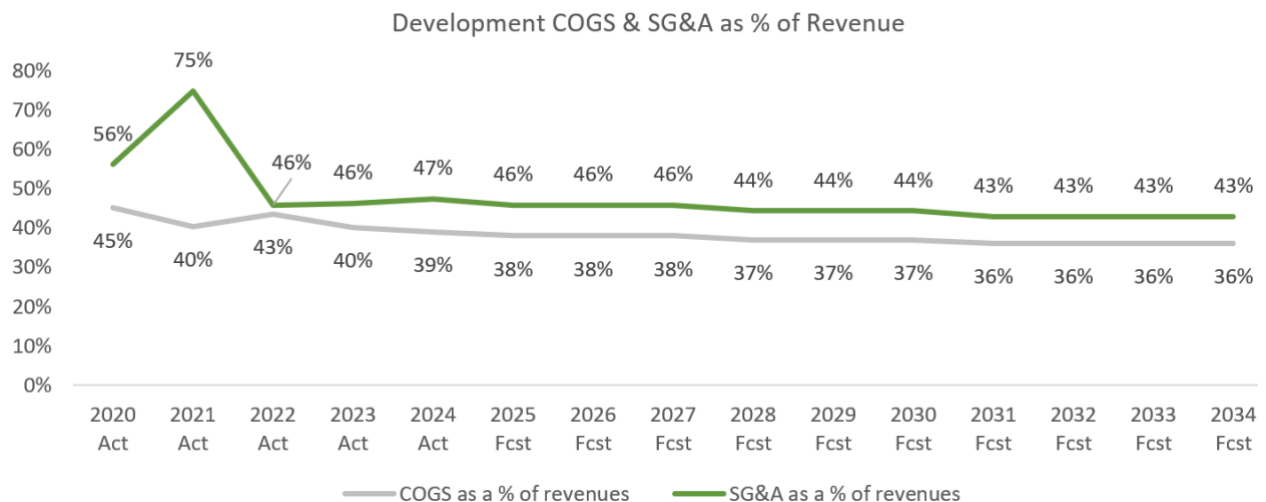
4.2.2.1 Gross Margin

On's margin profile has been shown to be consistent with that of a premium asset-light business model. The company's decision to outsource manufacturing demonstrated a reduction in fixed capital intensity, thereby enabling scalable production without the encumbrance of factory

infrastructure. Historically, cost of goods sold (COGS) accounted for approximately 40% of net sales, reflecting USD-denominated sourcing costs and the impact of air freight during peak demand periods. Temporary margin headwinds from surging freight rates and precautionary buffers were offset by corrective actions, including freight normalisation, enhanced forecasting, and dual sourcing. These measures, in conjunction with rising realised average selling prices driven by design-led innovation and DTC penetration, resulted in an increase in gross margin from approximately 55% in 2020 to 60.6% in 2024.

Projections indicate that COGS is anticipated to decrease to approximately 36% of sales by 2034. This improvement is predicated on three assumptions: (i) a continued shift to DTC, projected to reach ~60% of revenues, which enables full retail margin capture; (ii) mix effects from higher-specification franchises that command premium ASPs; and (iii) structural efficiency gains from procurement optimisation, freight normalisation, and automation of logistics hubs. It is evident that these drivers will contribute to the maintenance of gross margin at approximately 60% over the forecast horizon. Nevertheless, key sensitivities remain, including foreign exchange volatility, digital return rates, and promotional intensity, all of which have the potential to introduce short-term variance.

Figure 29: SG&A & COGS Development



Source: On, 2024; Own Analysis

4.2.2.2 SG&A

Historically, SG&A peaked in 2021 due to listing-related share-based charges, then moderated to 47.4% of sales by 2024 as scale diluted fixed headquarters, digital, and innovation costs. In the context of SG&A, there was an observed increase in marketing expenditure to 11.9% of revenue, with the objective of supporting premium positioning. Concurrently, distribution expense, which is sensitive to direct channel growth, began to benefit from automation initiatives, such as the Atlanta hub.

By 2024, SG&A represented 51.5% of sales, and although it is projected to rise in absolute terms as the company expands owned stores, digital platforms, and apparel categories, scale effects are expected to reduce SG&A as a percentage of revenue over time. These efficiencies are expected from three factors: (i) fixed cost leverage across the corporate base, (ii) more effective customer acquisition, and (iii) distribution automation (On, 2024). Offsetting pressures are attributed to three key areas within the DTC channel: namely, last-mile fulfilment, payment processing, and returns. The management's strategy for managing these costs is to establish regional fulfilment hubs and manage returns so that SG&A leverage will return as the company grows.

4.2.2.3 Depreciation & Amortisation

In 2024, depreciation and amortisation (D&A) remained at a modest level of CHF 105 million, largely reflecting the adoption of IFRS 16 right-of-use assets for retail stores, distribution centres, and capitalised software, rather than substantial manufacturing assets. It is anticipated that this will undergo a steady growth trajectory in line with the historical development of infrastructure.

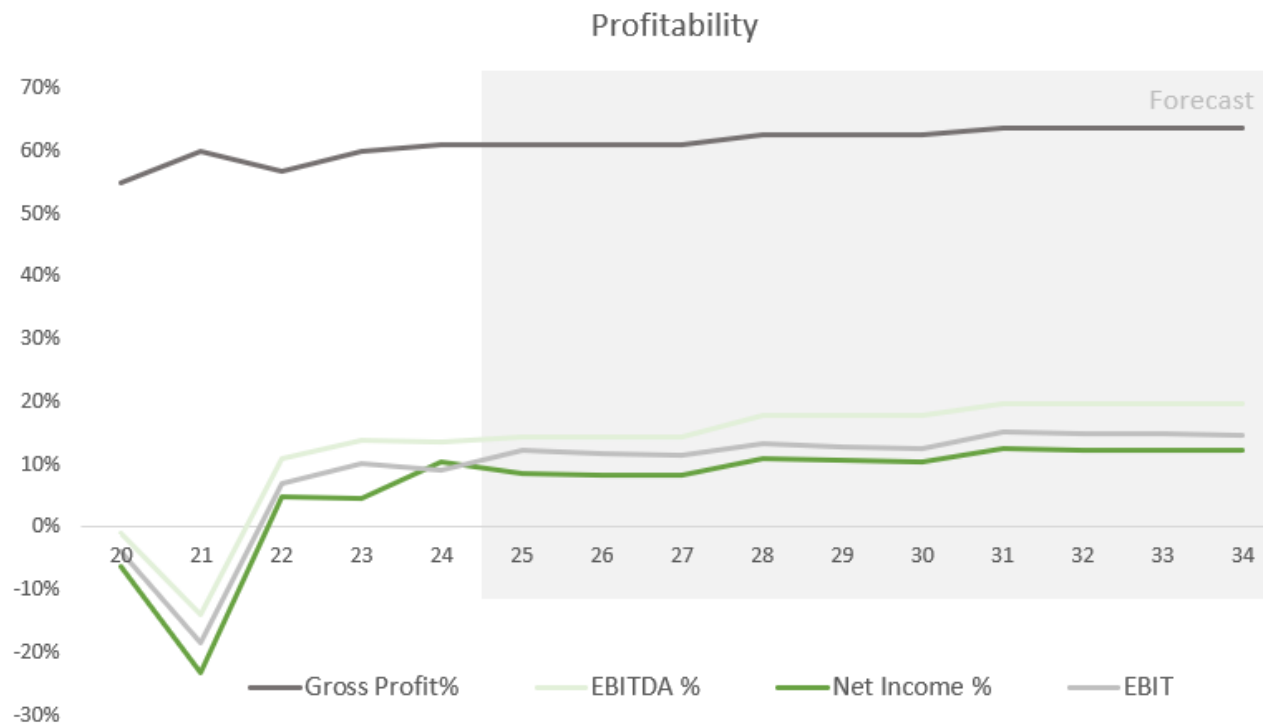
4.2.2.4 Profitability analysis

The company's financial performance is indicative of the scalability of its premium, asset-light model. In 2024, the company generated EBIT of CHF 316 million, corresponding to a 13.6% margin. The uplift observed in comparison with previous years can be attributed primarily to two factors: (i) the recovery of gross margin following a period of normalisation in freight costs and enhanced pricing power, and (ii) the dilution of SG&A, due to the distribution of fixed headquarters and innovation costs over a more extensive revenue base (On, 2024). The impact of financing and taxation was found to be negligible when EBIT was examined. Net finance costs were modest,

largely lease-related under IFRS 16, while the tax line benefited from a one-off CHF 67 million tailwind. These factors contributed to net income of CHF 242 million, equivalent to a margin of 10.4%. On an adjusted basis, EBITDA reached 16.7% of sales in 2024, reflecting the benefit of outsourcing capital-intensive production and moderate depreciation charges.

Projections indicate a gradual increase in profitability. EBIT margin accretion is anticipated as three factors come into effect: (i) sustained penetration of direct-to-consumer channels, which supports realised pricing and full margin capture, (ii) stable freight costs, avoiding the volatility observed during the pandemic, and (iii) a disciplined promotional strategy, ensuring brand equity and pricing power are preserved. On this basis, adjusted EBITDA is forecast to expand to approximately 18% and beyond in the medium term, contingent on continued efficiency in direct channel economics and distribution automation. It is anticipated that net income margins will also improve, albeit more gradually, as the company moves towards the profitability profile of the global premium peer set (On, 2024).

Figure 30: Profitability

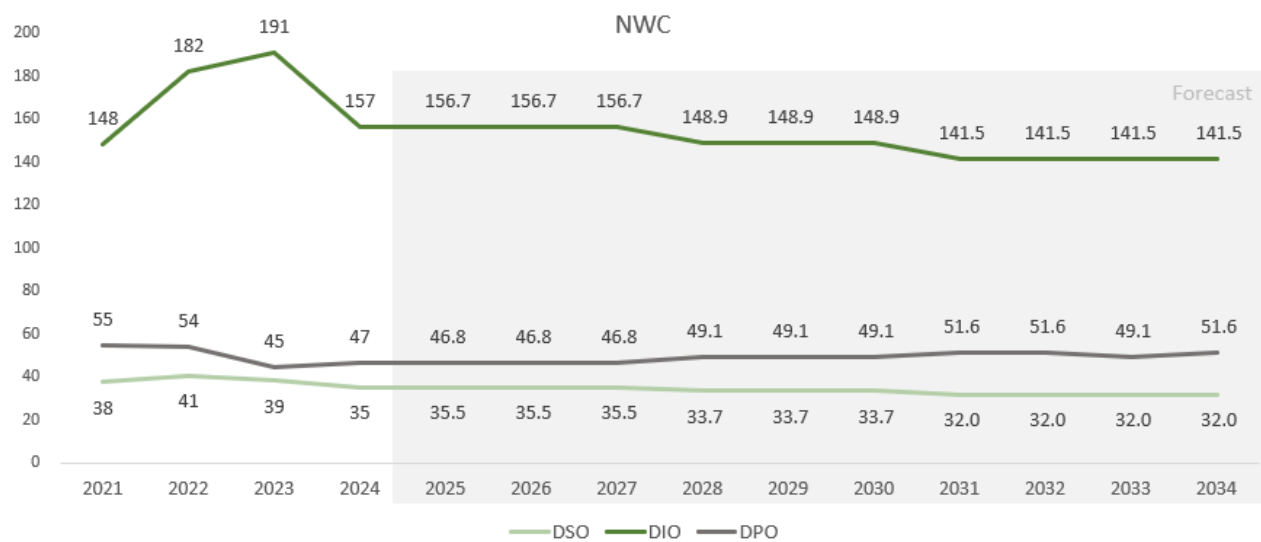


Source: On, 2024; Own Analysis

4.2.2.2 Operating performance: working capital and cash conversion

On's working capital profile reflects its positioning as a scaling, asset-light premium brand orienting itself towards direct channels while maintaining service levels. Accounts receivable increased from CHF 52 million in 2020 to CHF 246 million in 2024, driven by wholesale expansion in North America and EMEA. Despite this growth, days sales outstanding (DSO) remained stable at ~35 days, underpinned by the DTC-Model. Receivables are projected to remain tightly managed, with DSO declining to ~32 days by 2031.

Figure 31: NWC



Source: On, 2024; Own Analysis

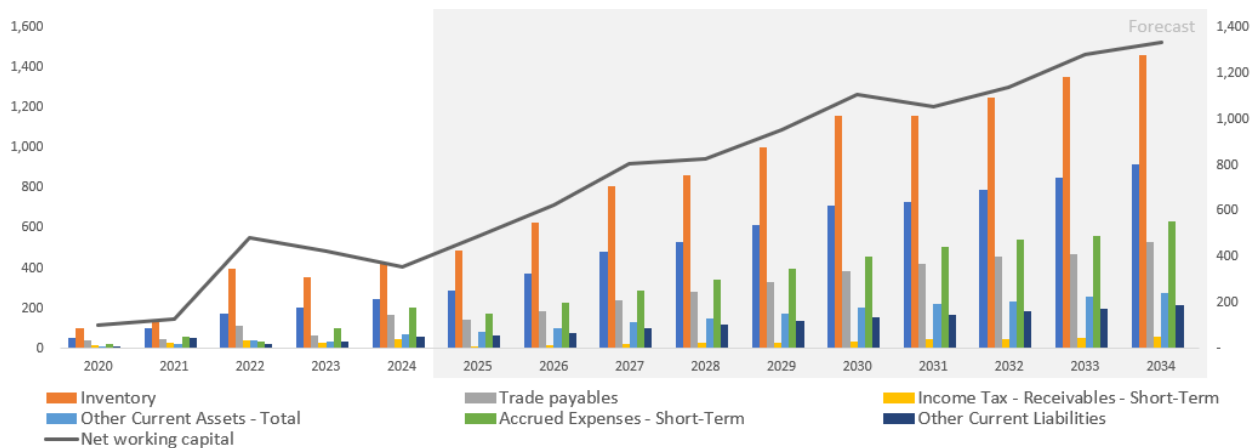
Inventory rose from CHF 103 million in 2020 to CHF 419 million in 2024 due to strategic decisions. Pandemic-related disruptions temporarily elevated days inventory outstanding (DIO) to over 300 days, but improvements in forecasting and supply-chain management stabilised levels between 200 and 258 days by 2024. Going forward, inventory continues to be treated as a strategic asset. DIO is expected to normalise from ~157 days in 2025 to ~141 days by 2031 and remain stable thereafter.

Trade payables rose from CHF 42 million to CHF 167 million between 2020 and 2024, though DPO fell from ~83 days to ~60 days as the company paid suppliers promptly. This strategy strengthened relationships with suppliers and secured capacity in its outsourced model, but reduced

reliance on supplier financing. Over the forecast period, DPO is projected to gradually improve from ~47 days in 2025 to ~52 days by 2031–2032, supporting APAC expansion, before stabilising.

In addition to these trade balances, accrued expenses expanded significantly (from CHF 25 million in 2020 to over CHF 200 million in 2024), reflecting higher personnel costs, marketing intensity, and store-related operating accruals. These items are expected to scale with growth while continuing to serve as a flexible liability base that reduces working capital intensity. Income tax receivables and other current assets rose moderately in line with international expansion but remain small relative to revenue, exerting limited influence on the overall profile. Meanwhile, other current liabilities, which account for ~2–3% of sales, act as a stabilising offset in the NWC structure, smoothing volatility without materially driving changes in the cash conversion cycle.

Figure 32: Working-Capital development



Source: On, 2024; Own Analysis

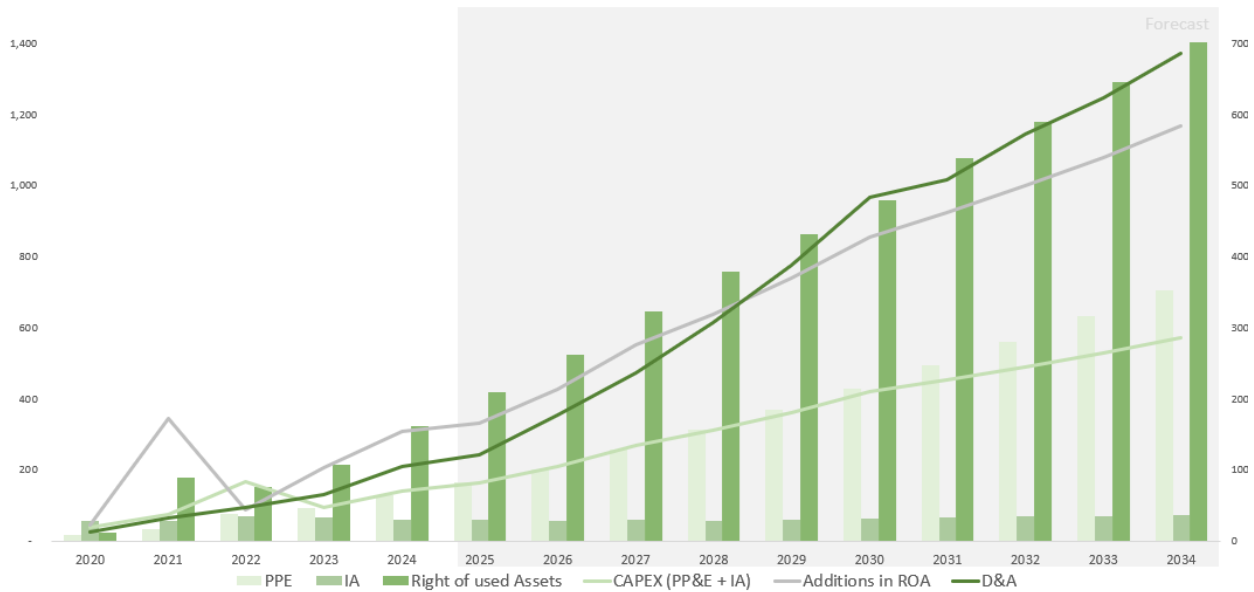
4.2.3 Capex

Capital intensity has moderated as the company transitioned from expansion to a measured scale. Capital expenditure (Capex) fell from CHF 83 million in 2022 to CHF 69 million in 2024, reflecting the firm's asset-light model, where manufacturing is outsourced and production capacity is secured through leases under IFRS 16. This strategy has shifted growth from heavy plant ownership to right-of-use assets, which rose from CHF 43 million in 2022 to CHF 154 million in 2024 (On, 2024).

Investments have historically focused on three areas: (i) the direct consumer experience, (ii) distribution throughput and reliability, and (iii) digital infrastructure. In a category where speed, availability, and consumer engagement determine market share, this allocation has allowed On to maintain competitive differentiation while preserving strategic flexibility. Importantly, Capex has remained in the low single digits as a percentage of revenue, supporting returns on invested capital (ROIC) and safeguarding liquidity for innovation and marketing.

Looking ahead, On's Capex is expected to remain moderate relative to sales, consistent with its asset-light model. Capex is normalised at ~2.75% of revenue across the plan period, directed primarily toward leasehold improvements for owned stores, upgrades to regional distribution centres, and investment in information technology for demand forecasting, returns management, and merchandising. These investments are designed to strengthen the direct channel, protect price integrity, and enhance speed-to-market advantages that are central to premium performance footwear and apparel.

Figure 33: CAPEX



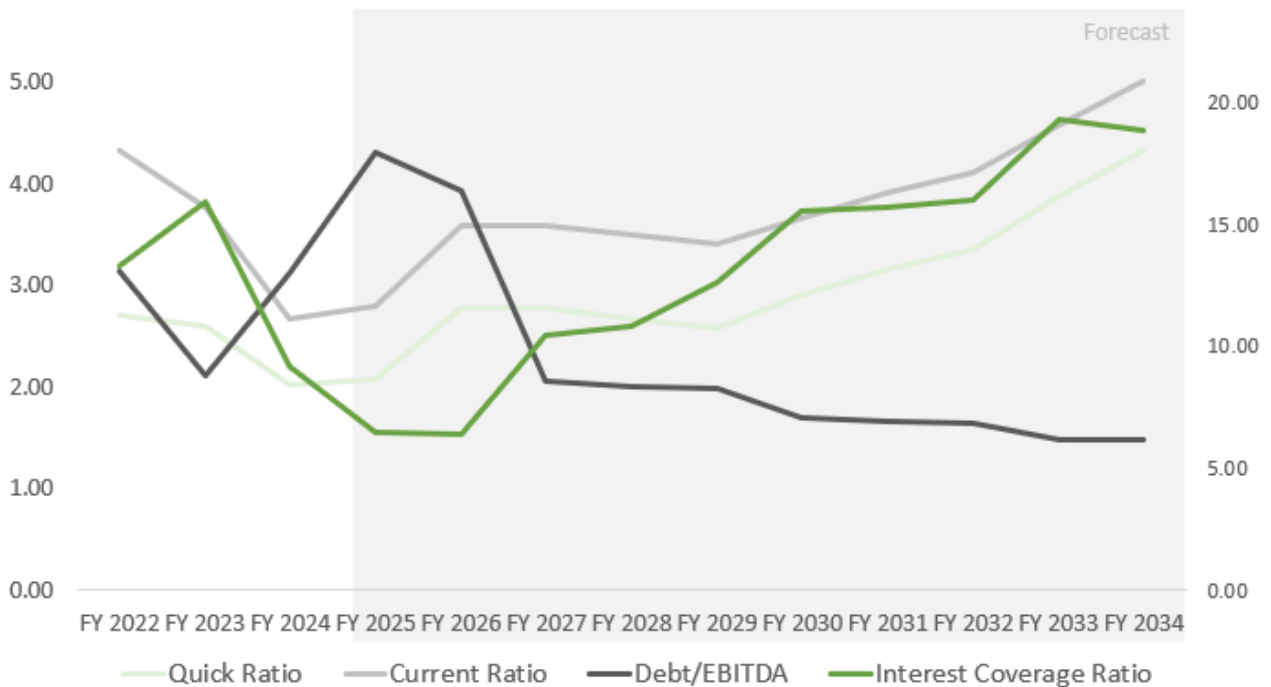
Source: On, 2024; Own Analysis

4.2 4 Financial strengths: liquidity and solvency

On's financial strength is consistent with its premium, asset-light model that prioritises flexibility over leverage. At year-end 2024, liquidity was anchored by substantial cash and an undrawn committed revolving credit facility, yielding a current ratio of 2.66x and a quick ratio of 2.0x, both comfortably above sector medians. This financial cushion supports continued DTC expansion and flagship rollout without straining working capital.

Leverage remains moderate and is primarily lease-driven under IFRS 16, reflecting the company's outsourced manufacturing and footprint strategy. Expansion is achieved through right-of-use commitments for stores and distribution centres rather than owned plant, which limits financial risk while retaining operational flexibility. Excluding leases, net debt to EBITDA was negligible, and including leases, leverage stood at ~2.0x. Interest coverage exceeded 9x in 2024, underscoring the company's ability to comfortably service financing costs and absorb promotional or operating variability. Similarly, the debt-to-equity ratio is largely a function of lease liabilities, which are integral to the operating model.

Figure 34: Financial Strength



Source: On, 2024; Own Analysis

Looking forward, On's debt profile is expected to remain conservative. Gross financial debt is projected to stay low relative to equity and cash generation, with liquidity secured primarily through an undrawn CHF 700 million revolving credit facility rather than permanent borrowings. Structural obligations will continue to arise mainly from IFRS 16 lease liabilities tied to the global retail and distribution footprint. Accordingly, net debt to EBITDA (ex-leases) is expected to remain close to zero, with the company broadly in a net cash position. Including leases, leverage is projected to remain around ~2.0x, consistent with the asset-light, outsourced model.

Interest expense will therefore remain driven by lease financing, scaling with new stores and distribution hubs. Interest coverage is projected to remain above 8–9x, limiting refinancing risk and ensuring strategic freedom. Other financial liabilities are expected to remain immaterial relative to equity. The trade-off is a higher cost of capital compared with more leveraged peers; however, the balance sheet structure supports brand investment, direct-channel expansion, and capacity commitments in a competitive market where speed, reliability, and availability are decisive for market share.

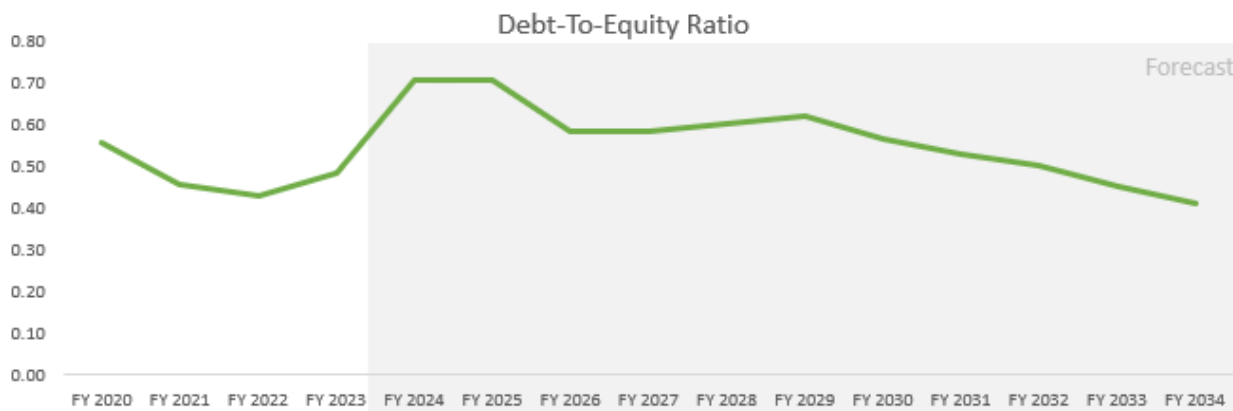
4.2.5 Shareholders Equity

Shareholders' equity is set to grow steadily over time, supported by retained earnings and stable gross margins. With no dividend distributions or share repurchases planned, earnings are expected to accrue directly to book equity, reinforcing the balance sheet and preserving internal funding flexibility. Share-based compensation contributes paid-in capital through new issuances and treasury share recycling, introducing minor dilution which is offset by capital recognition in reserves and retained earnings. Other comprehensive income items may be volatile but do not alter the upward trajectory of the equity base.

The strengthening of equity directly supports a declining debt-to-equity (D/E) ratio, which peaked at approximately 0.7x in 2024 and is projected to fall steadily towards ~0.4x by 2034 (see Figure 35). This downward trend reflects the compounding effect of retained earnings and the absence of new financial debt issuance, with structural liabilities concentrated in IFRS 16 leases tied to the global retail and distribution footprint. The result is a conservative capital structure characterised by low financial risk, ample covenant headroom, and limited refinancing exposure. For equity

holders, this trajectory enhances the resilience of the balance sheet and ensures returns on invested capital remain above the cost of capital, reinforcing the company's long-term value creation profile.

Figure 35: Debt/Equity



Source: On, 2024; Own Analysis

4.2.6 Cashflow

As illustrated by the company's free cash flow to the firm (FCFF) profile, there has been a transition from a period of cash absorption during the early scaling phase, to a subsequent phase of sustained structural cash generation. It is evident that FCFF was in a state of negativity throughout the course of 2022. Indeed, it reached a nadir of CHF 288 million, as growth investments in inventory and elevated freight costs exerted pressure on cash conversion, despite the occurrence of rapid sales expansion. The pivotal moment occurred in 2023, with a FCFF of CHF 260 million, followed by CHF 395 million in 2024. This shift is indicative of margin recovery, enhanced receivables management, and the normalisation of lead times.

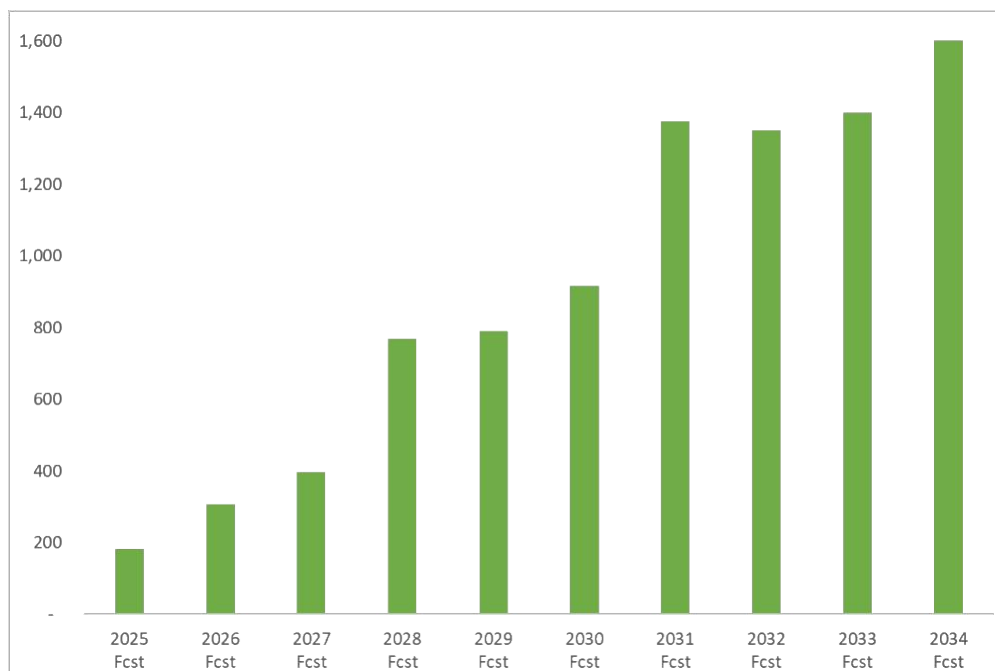
Table 3: FCFF 1

(CHF in million)	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
	Fcst	Fcst	Fcst	Fcst	Fcst	Fcst	Fcst	Fcst	Fcst	Fcst
EBIT	361	444	564	762	851	953	1,252	1,329	1,433	1,536
Taxes	55	70	91	123	138	159	208	221	246	263
NOPAT	307	375	472	639	714	794	1,043	1,108	1,187	1,273
Add-back D&A	121	177	236	307	388	483	508	572	622	685
Change in Working Capital	(164)	(140)	(178)	(23)	(130)	(152)	52	(84)	(145)	(48)
Capex	(81)	(105)	(135)	(156)	(181)	(210)	(226)	(245)	(265)	(286)
FCFF	182	307	396	768	791	916	1,377	1,351	1,400	1,624

Source: On, 2024; Own Analysis

It is projected that, over the forecast horizon, FCFF will increase from CHF 182 million in 2025 to more than CHF 1.6 billion by 2034. This growth is driven by several factors. Firstly, stable gross margins near 60% are expected. Secondly, SG&A leverage through scale is anticipated. Thirdly, there will be disciplined working-capital management. Finally, modest capital intensity of ~2.75% of revenues is projected. This trajectory underscores the scalability of On's asset-light model, which converts earnings into rising free cash flows while avoiding reliance on external borrowing. The progression establishes the foundation for intrinsic value creation in the DCF framework, as terminal cash flow expansion is underpinned by durable operating economics and a conservative capital structure.

Figure 36: FCFF2



Source: Own Analysis

5 Valuation

The DCF framework is primary because it considers the links between reinvestment, operating leverage and cash conversion along On's shift towards DTC and scale distribution. Multiples are used for triangulation; APV and DDM are not central because of modest financial leverage and no dividend policy.

5.1 DCF Valuation

5.1.1 WACC

5.1.1.1 Risk-Free Rate

The r_f is proxied by the 10-year Swiss government bond yield, reflecting Switzerland's AAA credit rating and the long-term investment horizon assumed in equity valuation. On reports its financials in Swiss francs, so a domestic currency benchmark is applied. As of 17th August 2025, the 10-year Swiss Confederation bond yield was 0.33% (Swiss National Bank, 2025; Trading Economics, 2025).

5.1.1.2 Tax rate

In DCF, the used tax rate is very important. In the case of an established company with an effective tax rate below the statutory tax rate, it can be assumed that this tax rate will remain unchanged in the future. Analysing the effective tax rate of On being lower than the statutory rate reveals that the discrepancy is attributable to operating losses incurred during the initial years of the company's rapid growth and youth. It is assumed that, given the majority of the deductions were utilised during the preceding two years, the effective tax rate will converge to the statutory rate, from 13.4% in 2024 to 17% in 2030 and beyond.

5.1.2 Cost of Debt

The yield-to-maturity approach is not applicable to estimate the k_d for On, as the company has no public debt instruments. The k_d is derived using an approach proposed by Damodaran (2012), which links the synthetic credit spread to the firm's interest coverage ratio (ICR). On consistently maintains an ICR above 12.5 \times (table 4), resulting in a credit spread of 45 basis points throughout the forecast period.

Table 4: k_d Spread

(CHF in million)	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
	Fcst	Fcst	Fcst	Fcst	Fcst	Fcst	Fcst	Fcst	Fcst	Fcst
EBIT	361	444	564	762	851	953	1252	1329	1433	1536
Interest expense	-26	-30	-35	-41	-45	-49	-54	-59	-65	-70
Interest Coverage Ratio	13,76	14,91	16,26	18,53	19,09	19,48	23,10	22,34	22,08	21,80
Spread	0,45%	0,45%	0,45%	0,45%	0,45%	0,45%	0,45%	0,45%	0,45%	0,45%

Source: Own Analysis

This result was crosschecked with peers and corresponding rating from S&P to verify the applied spread (see Appendix 16).

Combining the estimated spread with the given rf of 0.33%, results in a synthetic pre-tax cost of debt of 0.78% (Table 5).

Table 5: kd

Risk-free rate	0,33%
Interest coverage ratio	0,45%
Cost of debt	0,78%

Source: Own Analysis; Trade Economics, 2025

5.1.2.1 Market Value of Debt

The market value of On's debt is approximated by its book value, which mainly consists of lease liabilities recognised under IFRS 16. The company's annual report states that the carrying amounts of lease liabilities and other financial obligations approximate their fair values, which supports this assumption. This treatment is consistent with valuation practice: when debt is private and interest rates or credit spreads have not shifted since recognition, book values are a reasonable proxy for market values (Damodaran, 2012; Koller, Goedhart, & Wessels, 2020). Furthermore, On maintains an undrawn EUR 700 million revolving credit facility, which functions as a liquidity buffer rather than a structural source of funding, and is therefore excluded from the debt valuation.

Table 6: MV of Debt

Marketvalue of Debt	Book	Market ON Annual Report, 2024
Current lease liabilities	59	59 <i>The carrying amounts of lease liabilities approximate their fair values</i>
Other current financial liabilities	51	51 <i>The carrying amounts of current financial liabilities approximate their fair values, due to their short-term nature</i>
Non-current lease liabilities	289	289 <i>The carrying amounts of lease liabilities approximate their fair values</i>
Other non-current financial liabilities	2	2 <i>The carrying amount of non-current financial liabilities approximates fair value</i>
Market Value of Debt	400.6	400.6

Source: On, 2024

5.1.2.2 Market Value of Equity

As of 30th June 2025, On's market value of equity is approximately USD 17.39 billion. (Refinitiv, 2025)

5.1.3 Cost of Equity

On's ke was estimated using the CAPM, including the mentioned rf of 0.33% and the following estimations for the Beta and Equity – and Country risk premium.

5.1.3.1 Beta

The estimation of On's equity beta is derived from a shrinkage composite of three complementary estimators, each with economically motivated weights. The composite comprises 80% weight on a bottom-up peer beta, 10% on a firm-level regression beta, and 10% on an industry beta. The peer beta is constructed from three-year weekly equity betas for a screened set of matching peers (see Appendix 17). These betas are unlevered and then re-levered to On's target D/E (Hamada, 1972; Koller, Goedhart, & Wessels, 2020; Damodaran, 2012). In the present sample, the unlevered median approximates 1.64, while the re-levered peer beta is 1.68, thereby anchoring the composite. The direct (firm) beta employs three-year weekly returns (to minimize microstructure noise relative to daily returns while retaining observations) and yields 1.26. The industry beta (footwear/apparel) adjusted to On's leverage is 1.35 (Scholes & Williams, 1977; Dimson, 1979). The Refinitiv point estimate of 2.23 is assigned a weight of 0% due to its methodology and time horizon being incongruent with our own specifications, and its categorization as an outlier relative to the business-mix-consistent peer set.

Table 7: Weighted Beta

Method	Beta	Weight	Weighted Beta
Peergroup Approach	1.69	80%	1.35
Direct Approach	1.26	10%	0.13
Damodaran	1.35	10%	0.13
Refinitiv	2.23	0%	0.00
		100%	1.61

Source: Own Analysis

This configuration is deemed suitable for On, as they are a premium asset-light DTC-skewing brand that is still normalizing its scale. Betas for such firms are time-varying and noisy when estimated purely from short trading histories. The bottom-up approach is predicated on the explicit embedding of business-mix risk, with the concomitant effect of reducing estimation error by

averaging across comparables. Concurrently, Bayesian/mean-reversion shrinkage towards cross-sectional priors (industry/peers) has been demonstrated to improve forecast accuracy (Blume, 1975; Vasicek, 1973; Jorion, 1986). The utilization of three-year weekly data balances, in conjunction with recency and precision for a post-2021 listing, and the assessment of robustness across market proxies, serves to mitigate benchmark sensitivity (Roll, 1977). For further information pertaining to the selection and screening criteria of peers, please refer to Appendix 17.

Table 8: Beta - Peer group

Company Name	Weekly Beta - 3 Year	Tax Rate, (%)	D/E	Unlevered Beta
Allbirds Inc	1.74	21.7%	0.00	1.74
Asics Corp	1.56	30.9%	0.04	1.53
Boot Barn Holdings Inc	1.63	24.5%	0.00	1.63
Foot Locker Inc	1.78	26.8%	0.18	1.57
Hermes International SCA	1.39	28.7%	0.01	1.38
Revolve Group Inc	2.10	23.2%	0.00	2.10
Warby Parker Inc	1.62	21.7%	0.00	1.62
On Holding AG	1.69	17.0%	0.03	1.65

Source: Refinitiv, 2025

The Blume mean reversion hypothesis is not applied to On's beta. Blume-style shrinkage is a useful statistical device when a firm's underlying risk is stationary, nudging noisy regressions toward the market mean (Blume, 1975) or, more generally, toward an informed prior (Vasicek, 1973). However, On's risk profile is not static. The firm is undergoing rapid expansion in APAC, implementing a DTC strategy and utilising an asset-light model with significant operating leverage and exposure to macroeconomic and foreign exchange fluctuations. In such contexts, extant literature documents time-varying betas and state-dependent risk that do not converge to one in the medium run (Ferson & Harvey, 1991). Consequently, the most effective approach is to estimate beta bottom-up from the business and geographic mix and maintain it at a level close to the current mix-consistent level, rather than forcing mean reversion (Koller, Goedhart, & Wessels, 2020; Damodaran, 2012, 2024).

5.1.3.2 Market Risk Premium

The composite equity risk premium is estimated by applying Damodaran's country model to On's geographic footprint. For each region, the mature market ERP is to be taken, along with any country risk premium, and a revenue-weighted average is to be computed.

Figure 37: ERP

$$ERP^* = \sum_i w_i ERP_i$$

Source: Damodaran, 2012

Utilising On's anticipated FY30 revenue mix, which comprises 48.95% for America, 36% for APAC, and 14.84% for EMEA, the resultant composite ERP is 4.95%. In accordance with Damodaran's guidance, the incremental country risk premium is incorporated only in instances where it is economically significant. In the context of APAC, this condition is met, and consequently, a CRP of 0.79% is employed, derived from sovereign default spreads adjusted for relative equity volatility (Damodaran, 2012, 2025a, 2025b). The weighting of country risk by the locations where cash flows are earned aligns the discount rate with the risk of the underlying cash flows rather than the legal domicile or listing venue (McKinsey's cost-of-capital framework for multinationals, 2020; Bekaert & Harvey, 1995). This principle is endorsed in the broader evidence that equity premia differ across countries and integration states (Koller, Goedhart, & Wessels, 2020). The FY30 revenues are utilised as the weights since FY30 is located close to the midpoint of the explicit forecast window 2025-2034. This results in FY30 approximating the time-average of exposures over the horizon and reducing the bias that would arise from using either the current mix or the terminal mix alone. Mid-period, forward-looking "normalized" inputs are recommended when discounting multi-year cash flows, since they better represent the expected operating footprint over the valuation horizon and avoid overweighting transient start- or end-state compositions (Koller et al., 2020). The present study investigates the sensitivity to alternative weighting schemes, including current and terminal distributions, as outlined in the Appendix 19.

Table 9: Weighted ERP & CRP

Revenue distribution FY30 (ON)		ERP	CRP
America	48,95%	2,48%	0,36%
APAC	36,21%	1,96%	0,39%
EMEA	14,84%	0,64%	0,11%
		5,08%	0,86%

Source: Own Analysis

5.1.3.3 Final Cost of Equity

Combining those estimations to arrive at a ke of 9.89% (Table 10).

Table 10: ke computation

Cost of Equity	Assumptions
Risk-Free Rate	0,33%
Market Risk Premium	5,08%
Beta (levered)	1,61
Country Risk Premium	0,86%
Cost of Equity	9,89%

Source: Own Analysis

5.1.4 Terminal Value

We set the terminal growth rate in CHF using a revenue-weighted blend of long-run real GDP across On's end-markets, convert to nominal by adding Swiss inflation, and apply a haircut. This follows best practice that terminal assumptions should mirror a steady state in both cash flows and discount rates, be anchored to macro fundamentals in the valuation currency, and not exceed the economy's long-run nominal growth or the risk-free norm (Damodaran, 2012; Koller, Goedhart, & Wessels, 2020; CFA Institute, 2019). Damodaran further recommends mapping country exposure by operating weights rather than place of incorporation and cautions that stable-growth firms must satisfy the feasibility condition $g = \text{Reinvestment} \times \text{ROIC}$ with $g < \text{WACC}$ (Damodaran, 2012).

A defensible terminal growth assumption for On can be derived by starting from the weighted nominal GDP growth of 3.51% and applying a 20% convergence haircut, as recommended by Damodaran (2012, 2023) and McKinsey (Koller et al., 2020), to account for market saturation, competitive dynamics, margin normalization, and higher capital costs, resulting in ~2.5–2.8%,

which is consistent with IMF long-term GDP forecasts (~2.8–3%) and analyst practice (Fernández & Carabias, 2022).

Table 11: Terminal growth rate

Revenue distribution FY34 (ON)	g	weighted g
America	44,83%	1,46%
APAC	41,69%	1,89%
EMEA	13,48%	0,17%
		3,51%
Haircut	20%	2,81%

Source: Own Analysis

5.1.5 Total WACC

Including the foregoing assumptions and parameter estimates, we obtain a WACC of 9.66% for 2025, drifting to 9.19% over the explicit forecast as the marginal tax rate normalizes and the market-value capital structure inches toward the target mix.

Table 12: WACC

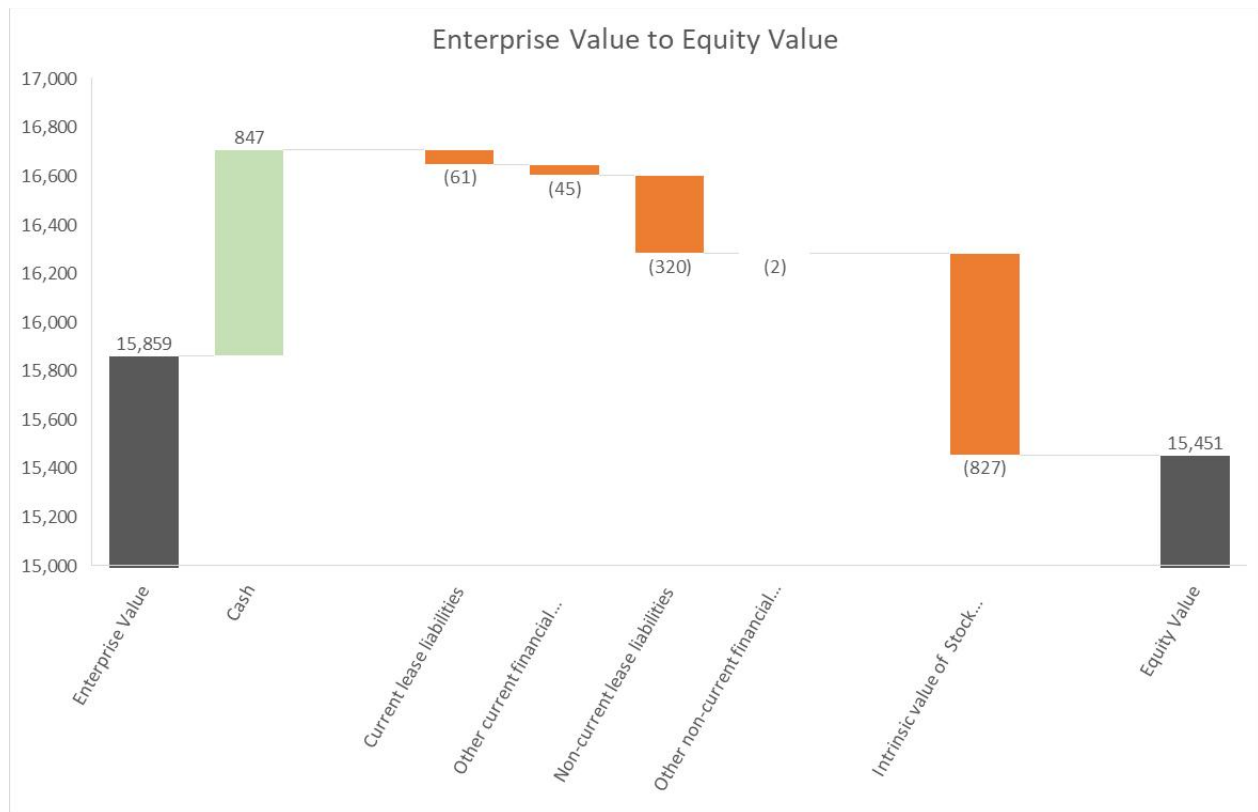
Capital Structure	2025 Fcst	2026 Fcst	2027 Fcst	2028 Fcst	2029 Fcst	2030 Fcst	2031 Fcst	2032 Fcst	2033 Fcst	2034 Fcst
Debt	454.07	557.36	693.79	769.48	862.99	976.38	1084.40	1195.20	1310.18	1430.68
Equity	17434.62	17434.62	17434.62	17434.62	17434.62	17434.62	17434.62	17434.62	17434.62	17434.62
D/E	0.03	0.03	0.04	0.04	0.05	0.06	0.06	0.07	0.08	0.08
D/capital	0.03	0.03	0.04	0.04	0.05	0.05	0.06	0.06	0.07	0.08
E/Capital	0.975	0.969	0.962	0.958	0.953	0.947	0.941	0.936	0.930	0.924
WACC	2025 Fcst	2026 Fcst	2027 Fcst	2028 Fcst	2029 Fcst	2030 Fcst	2031 Fcst	2032 Fcst	2033 Fcst	2034 Fcst
Risk-Free Rate	0.33%	0.33%	0.33%	0.33%	0.33%	0.33%	0.33%	0.33%	0.33%	0.33%
Market Risk Premium	5.08%	5.08%	5.08%	5.08%	5.08%	5.08%	5.08%	5.08%	5.08%	5.08%
Country Risk Premium	0.86%	0.86%	0.86%	0.86%	0.86%	0.86%	0.86%	0.86%	0.86%	0.86%
Beta	1.61	1.61	1.61	1.61	1.61	1.61	1.61	1.61	1.61	1.61
Cost of Debt	0.78%	0.78%	0.78%	0.78%	0.78%	0.78%	0.78%	0.78%	0.78%	0.78%
Cost of Equity	9.89%	9.89%	9.89%	9.89%	9.89%	9.89%	9.89%	9.89%	9.89%	9.89%
D/capital	0.03	0.03	0.04	0.04	0.05	0.05	0.06	0.06	0.07	0.08
E/Capital	0.97	0.97	0.96	0.96	0.95	0.95	0.94	0.94	0.93	0.92
Statutory Tax Rate	15.00%	15.50%	16.00%	16.00%	16.00%	16.50%	16.50%	16.50%	17.00%	17.00%
WACC	9.66%	9.61%	9.54%	9.50%	9.46%	9.40%	9.35%	9.30%	9.25%	9.19%

Source: Own Analysis

5.1.6 Equity Bridge

Moving from enterprise value to equity value, we subtract net financial obligations (including lease-adjusted debt where applicable), add non-operating assets, and adjust for employee equity awards.

Figure 38: Equity Bridge



Source: ON, 2025

5.1.6.1 Intrinsic value of options

The valuation adjustment for outstanding employee stock options is derived from their intrinsic value, defined as the difference between the market price and the weighted-average exercise price, multiplied by the number of options outstanding (Damodaran, 2012). As the options are denominated in USD, the 30 June 2025 share price of USD 52.05 was applied. This results in an intrinsic value of USD 1,027 million across 4.51 million Class A options (exercise price USD 4.13) and 15.81 million Class B options (exercise price USD 0.77). The amount was subsequently converted into CHF using the contemporaneous USD/CHF exchange rate of 0.8055, yielding approximately CHF 827 million. Most of these options were significantly in the money, and the

weighted-average contractual life had decreased to 0.4 years by the end of 2024. This indicates that the effective maturity would be reached by mid-2025, resulting in the time value component being negligible. Accordingly, the adjustment reflects solely intrinsic value, which is deducted from enterprise value alongside net debt to arrive at equity value attributable to common shareholders (Koller, Goedhart, & Wessels, 2020).

Table 13: Intrinsic value of options

	Intrinsic value	# Options	Weighted exercise price	Shareprice 06/25
Intrinsic value of Class A Stock options	216,102,188	4,509,645	4.13	52.05
Intrinsic value of Class B Stock options	810,865,000	15,812,500	0.77	52.05
Intrinsic value of all Stockoptions	1,026,967,188	20,322,145		
Converted to CHF	827,222,070	20.322145		

Source: On, 2024; On, 2025; Own analysis

5.1.7 Implied Share price

The resulting equity value implies a CHF 50.5 per-share estimate, equivalent to USD 62.4 at the model's applied USD/CHF rate.

Table 14: Implied Shareprice

CHF m	2025H2 Fcst	2026 Fcst	2027 Fcst	2028 Fcst	2029 Fcst	2030 Fcst	2031 Fcst	2032 Fcst	2033 Fcst	2034 Fcst	Terminal Value
Unlevered Core Free Cash Flow	180	307	396	768	791	916	1,377	1,351	1,400	1,624	26,168
WACC	9.66%	9.61%	9.54%	9.50%	9.46%	9.40%	9.35%	9.30%	9.25%	9.19%	9.19%
Terminal Growth Rate										2.81%	
Discounted Core FCF	165	256	301	534	503	534	736	663	632	674	10,860
Enterprise Value						15,859					
Net Debt (30.06.2025)						419					
Cash						847					
Current lease liabilities						(61)					
Other current financial liabilities						(45)					
Non-current lease liabilities						(320)					
Other non-current financial liabilities						(2)					
Intrinsic value of Stock options						(827)					
Equity Value						15,451					
Number of shares outstanding (as of 17 July 2025) - adjusted by						305.8					
Share Price in CHF						50.5					
Share Price in USD						62.4					

Source: Own Analysis

5.2 Sensitivity analysis

The valuation is most sensitive to WACC and only secondarily to the terminal growth rate g . The base case (WACC 9.15%, g 2.81%) yields CHF 61 per share. A ± 50 bps move in WACC shifts value to CHF 55 (9.65%) and CHF 69 (8.65%), respectively, while a ± 20 bps change in g at the base WACC moves equity to roughly CHF 60-62.

Terminal growth is anchored in the durability of premium positioning, execution in apparel, deeper APAC penetration, and continued innovation that sustains ASPs and unit velocity; shortfalls here lower g , while evidence of category expansion and stable reinvestment at ROIC above WACC supports g near three percent. The base configuration respects the guardrails that g remains below the terminal WACC and that implied reinvestment is feasible, which ties the sensitivity back to On's strategy and operating economics rather than to mechanical model choices.

Figure 39: Sensitivity Analysis

		Terminal Growth rate g									
		63	2.01%	2.21%	2.41%	2.61%	2.81%	3.01%	3.21%	3.41%	3.61%
W A C C	11.15%	63	42	42	43	44	44	45	46	47	47
	10.65%	45	46	46	46	47	48	49	50	51	52
	10.15%	48	49	50	50	51	52	53	54	55	57
	9.65%	53	54	55	55	56	57	58	60	61	63
	9.15%	57	59	60	60	61	63	64	66	68	69
	8.65%	63	64	66	66	68	69	71	73	75	78
	8.15%	69	71	73	73	75	77	80	82	85	88
	7.65%	77	79	82	82	84	87	90	93	97	101
7.15%	86	89	92	92	95	99	103	107	112	117	

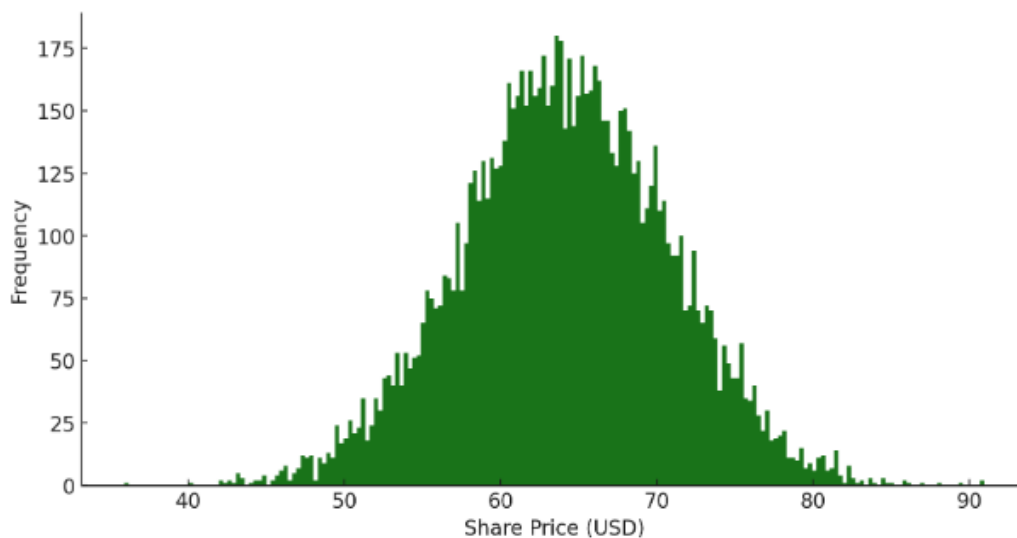
Source: Own Analysis

To provide a complementary framework to the deterministic DCF, a Monte Carlo simulation was conducted. This simulation comprised 10,000 iterations, during which key inputs were varied (revenue growth, COGS, beta and terminal growth). These variations were constrained by the assumption of a normal distribution. The simulation yielded an expected share price of 64.12 USD, with a 90% confidence interval ranging from 53.0 USD (5th percentile) to 75.2 USD (95th percentile). The probabilistic framework under discussion highlights both the central tendency of valuation and the distribution of downside and upside risks. While the base case DCF suggests a fair value of 62.8 USD, the Monte Carlo results demonstrate that outcomes below the current market price are improbable, thereby supporting the robustness of the investment thesis. This

analysis serves to strengthen the sensitivity framework by providing a full distribution of outcomes, as opposed to the use of discrete point scenarios (Damodaran, 2012; Koller, Goedhart, & Wessels, 2020).

Figure 40: Monte Carlo Simulation

Monte-Carlo Simulation Results	
Iterations	10,000
Average Share Price	64.12
5th Percentile	53
95th Percentile	75.16



Source: Own Analysis

5.3 Scenario analysis:

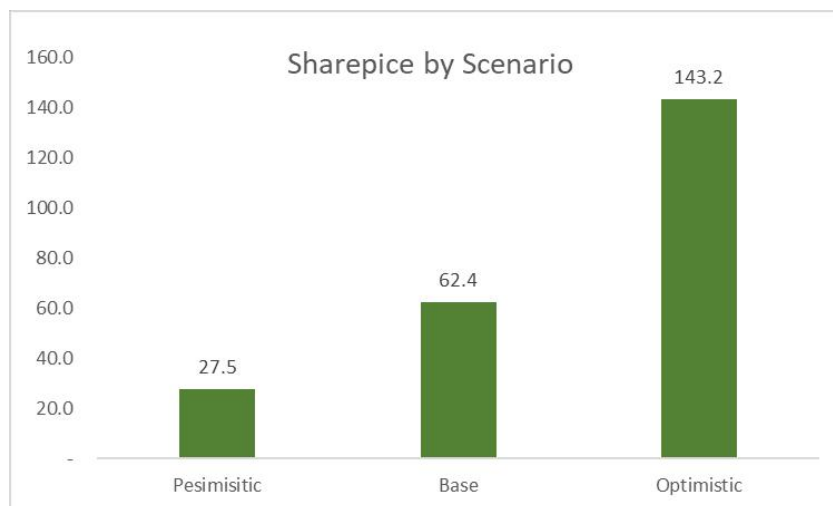
To manage risk and identify key drivers, we create two scenarios: one pessimistic and one optimistic, alongside the base case. This follows best practice to test DCFs against coherent narratives and the WACC-g and margin/working-capital levers that dominate terminal value (Koller, Goedhart, & Wessels, 2020; Damodaran, 2012).

Pessimistic: A protectionist turn in the U.S. reimposes tariffs on Asian footwear (including Vietnam), raising unit COGS and disrupting logistics; U.S. demand softens on tighter credit; FX volatility and a slower D2C recovery in China weigh on execution. Inventory turns slow, elevating NWC and depressing FCF. Assumptions: revenue growth slows to 6-8% CAGR post-2026; gross

margin ~56% on 10-15% unit-cost uplifts and warehousing inefficiencies; EBITDA margin ~6-10% on opex deleverage; capex slightly higher (automation lag, CHF cost base); WACC 9.0%, g 2.2%. Outcome: equity value \approx CHF 10.5/share; value is unusually dependent on near-term cash flows (TV \sim 60% of EV), underscoring sensitivity to margin and NWC shocks.

Optimistic: APAC (ex-China) adoption accelerates (Japan/Korea/SEA), U.S. retail expansion succeeds, and supply-chain automation (Zürich, SK) is fully live by FY26, lowering COGS. The mix shifts to D2C and apparel (via head-to-toe collections/partnerships), lifting ASPs and brand equity; working capital efficiency improves with digitalization. Assumptions: $>20\%$ CAGR through FY30; gross margin $\sim 65\%$ by FY34; EBITDA margin $\sim 22\%$ on SG&A scale; capex $\sim 2.2\text{--}2.5\%$ of sales; WACC 7.5%, g 2.5%. Outcome: equity value \approx CHF 97.4/share; TV $>75\%$ of EV, consistent with a long runway and flywheel dynamics.

Figure 41: Share price by scenario



Source: Own Analysis

This figure shows how extreme circumstances can affect a company's value. It already analyzed headwinds and tailwinds, impact margins, cash conversion, the WACC-g spread and therefore equity value. As a fast-growing, market-share-gaining company, changing market conditions are a risk but also a huge opportunity, as seen in the uplift potential when looking at the implied share price of the optimistic scenario (USD 143.2) vs. the base case (USD 62.4) and (USD 27.5) in the pessimistic scenario. See Appendix 21 for full models and assumptions.

5.4 Relative Valuation Multiples

The present study employs a relative valuation analysis to triangulate the DCF. Peer construction is predicated on the principle that comparables must be aligned with the fundamental drivers of multiples, such as growth, risk, and business model rather than being selected solely based on industry classifications (Damodaran, 2012; Koller, Goedhart, & Wessels, 2020). To reflect On's premium, asset-light and DTC-centric model, three distinct peer groups are employed (see Appendix 23 for construction and weights): the core performance footwear sector, premium and DTC brand analogs within the softlines sector, and channel-adjacent specialty retailers. This multi-bucket approach has been demonstrated to enhance the economic relevance of the peer set and mitigate selection bias, thereby enhancing the robustness of the relative valuation (Pratt & Grabowski, 2020; Rosenbaum & Pearl, 2020).

The forward metrics employed in this analysis include EV/Revenue, EV/EBITDA, P/E, and PEG, applied to FY+1 forecasts. Forward comparables are favoured during a firm's transition to a new steady state, as they provide a more accurate reflection of expected economics in comparison to trailing ratios (Koller et al., 2020; Liu, Nissim, & Thomas, 2002). In the case of On, EBITDA/earnings-based multiples are not a reliable indicator of the company's value in the near term. DTC scaling and brand investment have been demonstrated to depress current EBITDA/NI relative to long-run levels (Damodaran, 2012; Penman, 2013). Furthermore, high reinvestment to support expansion has been shown to bias P/E and P/FCF downward (Penman, 2013). Growth-adjusted measures have been demonstrated to be superior. PEG controls have been demonstrated to be effective in addressing discrepancies in cross-sectional growth, exhibiting superior predictive capabilities in comparison to trailing earnings ratios in high-growth contexts (Liu et al., 2002; Easton, 2004). In alignment with the evidence, our PEG-based indications demonstrate the closest correlation with the DCF; consequently, we utilise PEG as a decision-useful cross-check and present the full EV/Revenue, EV/EBITDA, and P/E distributions for transparency. Please see Appendix 23-26 for how we constructed the peer group and the CCA computation.

Table 15: Overview relative valuation

Weight for multiples	0,15	0,05	0	0,8
Peer Groups	EV/Revenue	EV/EBITDA	P/E	PEG
A - Industry Peers	29,75	24,76	21,22	69,90
B - Financial/Operational "DNA" Peers	39,94	34,99	44,55	94,28
C - Strategic/BM Peers (Brand premium/ DTC focus)	35,09	39,84	43,75	60,17

Weighted Shareprice per Peergorup	Weight Peegroup
A - Industry Peers	61,62
B - Financial/Operational "DNA" Peers	83,16
C - Strategic/BM Peers (Brand premium/ DTC focus)	55,39

Weighted relative valuation Shareprice	61,91
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Source: Own Analysis

The primary reliance on the PEG multiple as the most decision-useful benchmark for On is predicated on its explicit incorporation of future growth, a critical driver of On's valuation. In constructing the peer set, the core industry group was prioritised, while ensuring comparability across other key operating and financial indicators (see Appendix 23) to maintain a like-for-like basis. Accordingly, a weight of 60% was assigned to the industry peers. It was determined that distribution channels, brand positioning, and go-to-market strategy are significant to firm value. Consequently, an additional 30% weight was allocated to peers that exhibited analogous characteristics in these dimensions. The remaining 10% was allocated to peers defined by financial and operational Key Performance Indicators (KPIs), thereby ensuring a balanced yet economically grounded weighting framework.

The results from The CCA and the given weights resulted in a Share price for on of USD 61.91, which is very similar to the result from the DCF, underling the robustness of the assumptions in the model.

The comparable transactions approach (CTA) is not utilised. On's positioning is idiosyncratic (premium/DTC footwear with rapid global mix shifts), and there are no sufficiently similar, recent control transactions. Moreover, deal prices embed control premia, synergies, and timing effects, making them a noisier benchmark than GPCs for minority value (Pratt & Grabowski, 2020; Rosenbaum & Pearl, 2020). In accordance with the principles of our blended peer framework, the weighted relative valuation implies a market-based cross-validation of the intrinsic value of approximately CHF 61.9 per share. (see Appendix 22)

5.5 Comparison to Investment banking Report

To contextualize the valuation outcomes, this study compares its findings with those of HSBC, which published an equity research report on On on 14 May 2025. HSBC issued a "Buy" recommendation and a target price of USD 66, implying upside potential relative to the contemporaneous market price of USD 57.38. As with the present dissertation, HSBC employed a discounted cash flow (DCF) framework, thereby facilitating a direct comparison of underlying assumptions.

The minimal discrepancy between the two valuations can be attributed to several differences. Firstly, HSBC's revenue assumptions are a little more conservative, while both reports incorporate efficiency gains in COGS and S&A that translate into higher projected EBITDA margins. Secondly, there are discrepancies in the input parameters for the WACC. Notwithstanding the fact that the r_f presupposed in the thesis is significantly lower, the applied beta and ERP are higher, resulting in a slightly elevated overall WACC. These distinctions provide a rationale for the valuation of the present study being moderately below HSBC's target.

Despite these deviations, the broader set of assumptions remains closely aligned. It is evident that both approaches employ a growth-oriented DCF methodology, and the forecasts demonstrate directional consistency. The comparison thus reinforces the robustness of the dissertation's intrinsic valuation while situating it within the range of external market expectations.

As illustrated in table 16, a structured overview is provided of the key assumptions applied by HSBC versus those of this thesis. This figure highlights the primary sources of divergence in revenue growth forecasts and WACC composition.

Table 16: Comparison to HSBC equity report

Comparison of Key assumptions	HSBC	Thesis
Valuation Date	14.05	30.06
WACC	9.00%	9.15%
rf	3.75%	0.33%
ERP	4.25%	5.94%
Beta	1.1	1.61
P&L		
Revenue in 2026	3,862	3,840
Revenue in 2027	4,777	4,944
Rev growth short term	29%	29%
EBITDA in 2026	624	621
EBITDA in 2027	798	800
Net Income 2026	398	380
Net Income 2027	523	479
Capex 2026	-127	-105
Capex 2027	-158	-135
Implied Shareprice	66	62
Recommendation	Buy	Buy

Source: HSBC, 2025; Own Analysis

5.6 Investment Recommendation

The valuation of On Holding AG was done as of 30 June 2025 to determine an intrinsic equity value and issue an investment recommendation. The central framework of this dissertation is a DCF, which estimates an equity value of approximately USD 62.8 per share.

The estimate is tested through several techniques to show its robustness. A sensitivity analysis shows the implied value remains in a consistent range even when the discount rate and long-term growth assumptions are changed. A scenario analysis was implemented, reflecting pessimistic, base, and optimistic business environments, which yielded a valuation range of USD 27.5 to USD 143.2 per share, with the base case closely aligning with the DCF outcome.

A Monte Carlo simulation with 10,000 iterations was performed, varying key drivers such as revenue growth, COGS, beta, and long-term growth. The simulation produced a mean value of USD 64.1, with a 90% confidence interval ranging from USD 53.0 (5th percentile) to USD 75.2 (95th percentile). This distribution demonstrates that the DCF estimate is robust and that downside risk is relatively contained compared to upside potential.

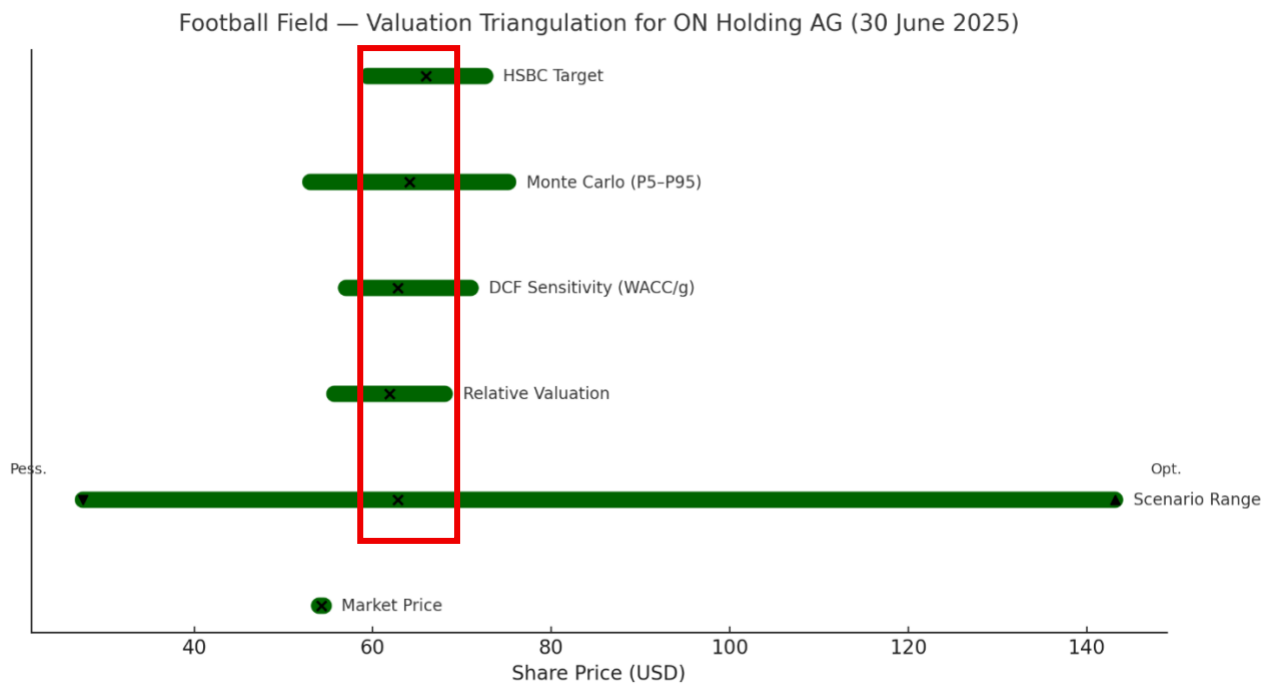
A complementary check using EV/Revenue, EV/EBITDA, P/E, and PEG multiples across carefully selected peer groups shows a weighted outcome of USD 61.9 per share, suggesting market-implied valuation benchmarks are consistent with fundamentals.

The intrinsic value of USD 62.8 per share, based on both scenario and probabilistic simulations, is within the range of relative valuation benchmarks. Compared to the market price of USD 54.24 on 30 June 2025, this analysis implies an upside potential of approximately 16% (see figure 43).

This dissertation recommends buying ON Holding AG shares due to strong growth, premium positioning, and asset-light DTC model, while accounting for execution risks and sector cyclicality. The HSBC equity research report (14 May 2025) also recommends On, citing a target price of USD 66. This validates the recommendation.

Key risks to this recommendation include execution challenges in scaling direct-to-consumer operations, potential erosion of gross margins from input cost volatility, intensified competition, and exposure to foreign exchange fluctuations. These factors should be monitored, but they do not undermine the central thesis that On remains well-positioned to deliver above-market growth.

Figure 42: Football field valuation



Source: Own Analysis

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Appendix

Appendix 1: Conceptual Bridge Between FCFF and FCFE

- **Definition:**
 - $FCFF$ = cash flows available to both debt and equity holders.
 - $FCFE$ = cash flows available solely to equity holders, after accounting for financing flows.
- **Bridge Formula:**

$$FCFE = FCFF - \text{Interest} \times (1 - \tau) + \Delta\text{Net Debt}$$

(where $\Delta\text{Net Debt}$ = new borrowing – repayment).

- **Interpretation:**
 - Positive net borrowing increases FCFE relative to FCFF.
 - Debt repayment reduces FCFE below FCFF.
- **Implication:**

FCFE is inherently more sensitive to capital structure decisions, while FCFF supports leverage-neutral valuation and comparability (Rosenbaum & Pearl, 2020; Damodaran, 2012).

Appendix 2: Leverage-Sensitivity Considerations

- **High leverage:**
 - FCFE more volatile, due to large swings in interest expense and net borrowing.
 - Valuation outcomes highly sensitive to financing policy.
- **Low/no leverage:**
 - FCFE converges toward FCFF, as financing effects vanish.
- **Valuation Practice:**
 - DCF models based on FCFF are generally preferred when capital structures are expected to change, as they allow discounting at WACC and avoid circularity in equity cash flow estimation (Koller et al., 2020; Berk & DeMarzo, 2020).

Appendix 3: Exit Multiple Method (EMM)

- **Definition:** Terminal value is estimated by applying a valuation multiple (e.g., EV/EBITDA, EV/EBIT) to a terminal-year forecasted metric (Rosenbaum & Pearl, 2020).
- **Procedure:** Select terminal metric → identify peer-based multiple → apply multiple → discount resulting value at WACC.
- **Strengths:** Market-based, intuitive, and widely used in practice; provides a useful plausibility check against perpetuity models (Koller, Goedhart, & Wessels, 2020).
- **Limitations:** Multiples reflect prevailing market conditions rather than long-run fundamentals, are sensitive to peer selection, and may embed cyclical distortions (Damodaran, 2012).
- **Implication:** EMM is retained as a **triangulation tool**, but the Perpetuity Growth Model (PGM) is preferred in this study due to its stronger theoretical foundation and transparency in linking long-term value to fundamentals.

Appendix 4: Country Risk Premium (CRP) Extension

- **Definition:** The CRP accounts for additional risk in non-mature markets, capturing sovereign default and equity market volatility beyond the global ERP (Damodaran, 2012, 2023).
- **Baseline Estimation:**
 - Derived from sovereign bond spreads or CDS spreads over U.S. Treasuries.
 - Provides a proxy for default risk at the country level.
- **Volatility Adjustment:**
 - To reflect higher equity risk, spreads are scaled by the relative volatility of local equity markets versus sovereign bonds:

$$CRP = \text{Sovereign Spread} \times \frac{\sigma_{Equity}}{\sigma_{Sovereign}}$$

- Ensures that the premium captures the equity-specific riskiness of the market (Damodaran, 2012).
- **Aggregation for Multinationals:**

- For firms with operations across multiple countries, CRPs are weighted by revenue or GDP exposure, producing a composite ERP aligned with the cash flow mix.
- **Alternative Estimation:**
 - CRP may also be inferred from implied equity premiums of local markets, though this requires reliable forward-looking market data.
- **Dynamic Nature:**
 - CRPs vary substantially with global financial conditions, sovereign credit cycles, and liquidity.
 - Best practice is to update spreads regularly to ensure consistency with current market risk perceptions (Koller, Goedhart, & Wessels, 2020).

Appendix 5: Cost of Debt

- **Estimation Approaches:**
 - **Market-based:** Use the YTM on traded bonds, value-weighted across maturities.
 - **Synthetic rating approach:** If no traded issues exist, infer a credit rating from interest coverage ratios and map to market yield spreads (Damodaran, 2012).
 - **Debt components:** Adjust for special instruments such as convertibles, leases, or hybrid securities to capture their effective financing cost (Koller, Goedhart, & Wessels, 2020).
- **Advantages:**
 - Generally more observable and less volatile than the cost of equity.
 - Directly incorporates market-implied credit risk and maturity structure.
 - Explicitly accounts for tax shields from interest deductibility.
- **Limitations:**
 - **Cyclicality:** Market yields can be distorted in stressed conditions, leading to transitory spikes in kd.
 - **Synthetic ratings:** Introduce estimation error when mapped from accounting ratios.
 - **Hybrid instruments:** Require careful component-wise treatment to avoid mismeasurement.

- **Tax rate assumptions:** Using statutory rather than effective tax rates can bias the after-tax cost.

Appendix 6: Asset-Based Valuation

$$\text{Equity}_0 = \underbrace{\text{FV(Operating Assets)} + \text{Excess Cash} + \text{Other Non-op Assets}}_{\text{Assets at fair value}} - \underbrace{(\text{Financial Debt} + \text{Leases} + \text{Pensions} + \text{Provisions} + \text{Minority Interests})}_{\text{Non-equity claims}}$$

- **Use cases and economic logic**, asset-intensive, regulated, or distressed firms where expected residual income is small make book or fair value a reliable anchor, consistent with residual-income models where value converges to adjusted net assets when $\text{ROE} \approx r$ or excess returns mean-revert quickly (Ohlson, 1995; Penman, 2010).
- **Replacement cost and q**, competitive entry and capital mobility push value toward replacement cost when assets are redeployable, asset-based estimates approximate the denominator of Tobin's q , with $q > 1$ signaling franchise or intangible value above net assets (Brainard & Tobin, 1968; Tobin, 1969).
- **Intangibles and growth options**, internally generated brands, R&D, data, and network effects are expensed rather than capitalized, which biases NAV downward in growth settings, capitalizing R&D and selected intangibles improves alignment but remains conservative by design (Lev & Sougiannis, 1996; Penman & Zhang, 2002; Fernández, 2013).
- **Distress and liquidation floor**, limited liability implies equity is a call on firm assets, when going-concern surplus erodes, expected value tends toward orderly liquidation value, which should incorporate realistic recovery rates and priority rules (Merton, 1974; Asquith, Gertner, & Scharfstein, 1994).
- **Implementation discipline**, mark PP&E to market where observable, capitalize leases and pension deficits at fair value, true-up provisions and environmental liabilities, adjust for deferred taxes on revaluations, separate excess from operating cash, reconcile minority interests at market terms, and bridge NAV to equity with a transparent schedule (Damodaran, 2012; Koller et al., 2020).

Appendix 7: Sum-of-the-Parts (SOTP) Valuation

- **When SOTP dominates**, material differences across segments in growth, cyclicality, and capital intensity make any single consolidated WACC or multiple distortive, SOTP avoids aggregation bias and clarifies value drivers for capital allocation (Koller et al., 2020).
- **Segment mechanics**, value each segment by DCF with segment-specific WACC_i and g_i, or by fundamentals-matched trading multiples, use bottom-up betas, target leverage, and country risk that reflect each segment’s footprint, allocate working capital and maintenance capex consistently (Damodaran, 2012; Koller et al., 2020).
- **Synergies and dis-synergies**, model revenue, cost, tax, and capital synergies as explicit Δ FCFF, assign a synergy discount rate that reflects realization risk, include separation frictions and stranded costs so that SOTP aggregates to a status-quo baseline without double counting (Damodaran, 2012; Koller et al., 2020).
- **Empirical context**, diversified firms often trade below the sum of standalone parts, consistent with internal capital market frictions and agency costs, later work shows selection and measurement explain part of the “discount,” hence the need for high-quality segment data and fundamentals-matched peers (Lang & Stulz, 1994; Berger & Ofek, 1995; Campa & Kedia, 2002; Villalonga, 2004).
- **Controls and reconciliation**, tie SOTP to IFRS 8 or ASC 280 segment disclosures, allocate corporate overhead once, eliminate intercompany items, assign leases and pensions to the relevant segments or to the corporate center by policy, and reconcile SOTP equity to market capitalization with a clear bridge.

$$\text{Equity}_0 = \left(\sum_{i=1}^N \text{EV}_i \right) + \text{Non-operating Assets} - \text{Net Financial Debt} - \text{Pensions and Provisions} - \text{Minority Interests.}$$

Appendix 8: Contingent Claim (Option-Based) Valuation

- **Where it adds most**, high uncertainty, irreversibility, and managerial flexibility, such as staged R&D, resource extraction, or platform expansions, where a large share of value is optional rather than current cash flow (Brennan & Schwartz, 1985; Trigeorgis, 1996).
- **Input estimation and calibration**, infer V_0 and σV by solving the system using equity value, equity volatility, and the debt structure, map maturities to the firm’s debt ladder, exclude non-operating cash from the underlying where appropriate, and test robustness to σV , r , and horizon choices (Damodaran, 2012; Koller et al., 2020).

- **From default to investment options**, compound and barrier-option structures capture coupons, covenants, and refinancing, while binomial lattices or finite-difference methods are practical for real options with early exercise and path dependence (Geske, 1977; Dixit & Pindyck, 1994).
- **Evidence and limits**, structural default measures predict bankruptcy and spreads, yet calibration misses remain across maturities, for real options, uncertainty and irreversibility shape investment timing and valuations, and growth-option intensity helps explain cross-sectional returns (Eom, Helwege, & Huang, 2004; Hillegeist, Keating, Cram, & Lundstedt, 2004; Kogan & Papanikolaou, 2014).
- **Integration with DCF and CCA**, avoid double counting by valuing base operating cash flows conventionally, adding option value only for incremental flexibilities, disclose parameter choices, and reconcile to market observables, especially leverage and volatility.

Appendix 9: Foundation of Relative Valuation

1. Conceptual Foundations

- **Law of One Price:** Relative valuation assumes that “similar assets should trade at similar prices” (Pinto, Henry, Robinson, & Stowe, 2019). Any deviations should reflect differences in fundamentals, risk, or growth, not arbitrary market pricing.
- **Link to Intrinsic Valuation:** Multiples can be derived algebraically from discounted cash flow models. For example:

$$\frac{P}{E} = \frac{1 - b}{r - g}$$

where b is the retention ratio, r the cost of equity, and g the growth rate (Damodaran, 2012). This illustrates that multiples are not “free-standing” but shorthand for underlying fundamentals.

2. Empirical Evidence and Best Practice

- **Peer Selection:** Evidence shows that multiples explain valuation differences more accurately when comparables are chosen on fundamentals (profitability, growth, and risk) rather than industry labels (Alford, 1992; Bhojraj & Lee, 2002).
- **Metric Choice:**

- EV/EBITDA is most robust when accounting policies differ or when tax structures distort earnings (Koller, Goedhart, & Wessels, 2020).
- EV/Revenue is useful for early-stage or negative-profit firms, though less informative on profitability.
- PEG provides a direct growth adjustment but is sensitive to forecast accuracy (Easton, 2004).
- **Cycle and Market Effects:** Multiples embed prevailing market sentiment; during booms and busts, they may deviate substantially from intrinsic value (Damodaran, 2012).

3. Strengths and Weaknesses in Theory

- **Strengths:**
 - Intuitive, fast to implement, and reflective of real-time market pricing.
 - Facilitates benchmarking across peers and industries.
 - Useful as a plausibility cross-check against intrinsic valuation.
- **Weaknesses:**
 - Peer-selection bias and accounting heterogeneity can distort comparability.
 - Market sentiment and cyclicalities can drive “relative mispricing.”
 - Multiples may ignore differences in capital structure, reinvestment needs, and risk profiles.

Appendix 10: Mechanics of used Multiples

EV/EBITDA Multiple

$$\frac{EV}{EBITDA} = \text{Enterprise Value} / \text{EBITDA}$$

- **Mechanics:** Values the firm relative to its cash-generating ability before financing and non-cash charges.
- **Advantages:**
 - Capital-structure neutral.
 - Widely used across industries.
 - Less distorted by depreciation policy or tax regimes.

- **Shortcomings:**
 - Sensitive to short-term EBITDA volatility.
 - Ignores capital intensity differences between firms.

EV/Revenue Multiple

- **Mechanics:** Appropriate when firms are unprofitable or reinvesting heavily, tying value to top-line scale.

$$\frac{EV}{Revenue} = \text{Enterprise Value} / \text{Revenue}$$

- **Advantages:**
 - Simple and always computable (revenue is non-negative).
 - Useful for high-growth firms with negative earnings.
- **Shortcomings:**
 - Does not capture margin structures.
 - May overstate comparability across different cost bases and business models.

PEG Ratio

- **Mechanics:** Relates price-to-earnings multiples to expected earnings growth, normalising valuation for growth potential.

$$PEG = \frac{P/E}{\text{Expected Earnings Growth}}$$

- **Advantages:**
 - Highlights whether a firm's valuation is justified by its growth trajectory.
 - Particularly relevant for growth brands in consumer and technology sectors.
- **Shortcomings:**
 - Growth forecasts are inherently uncertain.
 - PEG ignores risk and capital intensity; two firms with identical PEGs may have different risk-return profiles.

Appendix 11: CTA Limitation

- Shortcomings limit CTA's applicability for firms with atypical fundamentals:

- **Control and Synergy Effects:** Transaction multiples often embed acquirer-specific synergies, which are not transferable to other firms and thus overstate standalone value (Officer, 2007; Koller et al., 2020).
- **Cycle Timing:** Precedent deals may cluster in specific market phases, introducing cyclicalities and rendering them poor proxies for current fair value (Kaplan & Ruback, 1995; Damodaran, 2012).
- **Data Scarcity:** For differentiated or high-growth firms, there are often few truly comparable transactions. As a result, the sample is narrow, and the multiples may not generalize (Alford, 1992).
- **Heterogeneity:** M&A transactions differ in deal structure, financing, and bidder characteristics, introducing noise that is difficult to adjust for (Officer, 2007).
- **Implications:**

While CTA can provide context in mature, commoditized industries with abundant deal flow, it is less suitable for firms whose valuations are driven by **unique growth trajectories, brand dynamics, or innovation**, where few comparable transactions exist. In such cases, CCA, supplemented with intrinsic valuation, provides a more robust benchmark (Koller et al., 2020; Damodaran, 2012).

Appendix 12: Growth Driver (extension)

- **Recommerce and repair ecosystems.** Certified resale, refurbishment, and in-store repair stimulate incremental purchase occasions and lengthen customer lifetimes by creating entry price on-ramps and retention touchpoints that are accretive to margin when authenticated and priced dynamically (McKinsey & Company & WFSGI, 2025).
- **Youth club sport formalization.** The migration from casual play to fee based club structures raises equipment and apparel purchases per participant through mandated kit standards and tournament travel, which creates predictable seasonal spikes in categories outside performance running (HTF Market Intelligence, 2024).
- **Outdoor recreation spillovers.** Growth in trail running, hiking, and hybrid outdoor fitness expands the addressable market for traction footwear and weather capable apparel where technical features command premium pricing and lower return rates relative to fashion oriented lines (Straits Research, 2024).

- **Travel and event based purchases.** Sports tourism and destination races generate on-site conversion with limited price sensitivity and high attach rates for accessories, which improves realized average selling price and reduces promotional dilution around launch calendars (McKinsey & Company & WFSGI, 2025).
- **Membership and subscription services.** Training content, event access, and replacement clubs bundled as memberships increase purchase frequency and stabilize revenue, and when combined with personalized fit guidance they reduce return costs in direct channels (RetailX, 2023).

Appendix 13: Inhibitors

- **Counterfeit and gray market leakage.** Unauthorized cross-border flows and marketplace listing fraud erode price integrity and divert demand from brand channels, which forces higher monitoring expense and can impair franchise equity in premium tiers (McKinsey & Company & WFSGI, 2025).
- **Returns abuse and fit risk.** Bracketing and serial returns inflate reverse logistics costs and depress realized margins in direct channels, and the effect is largest around flagship launches without precise sizing tools and pre-purchase guidance (RetailX, 2023).
- **Privacy and attribution constraints.** Changes in mobile identifiers and browser tracking reduce the precision of digital attribution, raising reported customer acquisition cost and complicating the evaluation of marketing mix effectiveness during channel transition (RetailX, 2023).
- **Materials and chemical compliance drift.** Tightening standards for substances in textiles and foams require reformulation and re-testing that can delay calendars and increase bill-of-materials costs if not embedded early in design gates (McKinsey & Company & WFSGI, 2025).
- **Climate and energy shocks.** Heat, flooding, and power instability create intermittent capacity losses in key sourcing hubs and raise contingency logistics expense, which must be reflected in safety stock policies and supplier diversification plans (APICCAPS, 2024).

Appendix 14: SWOT

Strengths

- Premium mix and margin quality: Q2-2025 gross margin reached ~61.5%, supported by higher DTC mix (On Holding AG, 2025a).
- Scalable DTC engine: DTC share hit ~41% in Q2-2025, underpinning pricing power and brand control (On Holding AG, 2025a).
- Category expansion beyond running (tennis, trail) and a credible athlete platform sustain brand heat (On Holding AG, 2025a).
- Consistent guidance discipline: FY-2025 sales and margin ranges were raised alongside record quarterly sales (On Holding AG, 2025a).
- Visible innovation cadence (e.g., LightSpray™), reinforcing differentiation in performance footwear (On Holding AG, 2024).

Weaknesses

- Earnings volatility amid investment: Q2-2025 reported a net loss despite strong top-line growth (On Holding AG, 2025a).
- Apparel still small versus footwear, limiting diversification of profit pools (On Holding AG, 2025b).
- Wholesale remains a majority of sales, exposing execution to partner inventory cycles (On Holding AG, 2025b).
- Reliance on third-party manufacturing and logistics partners concentrates operational risk (On Holding AG, 2025b).
- FX translation creates a gap between constant-currency and reported growth, adding P&L noise (On Holding AG, 2025a).

Opportunities

- Expand owned retail/DTC footprint—management has articulated multi-year store expansion to showcase footwear and apparel (Parmley, 2024).
- Accelerate apparel scale, increasing basket size and margin mix (On Holding AG, 2025a, 2025b).
- APAC and EMEA densification: broad-based demand supports further regional penetration (On Holding AG, 2025a).
- Sustainability platforms (CleanCloud®, Cyclon™) can deepen brand equity with premium consumers (On Holding AG, 2024).

- Product/tech pipeline (e.g., LightSpray™) enables premium pricing and new franchise creation (On Holding AG, 2024).

Threats

- Intensifying competition—HOKA continues to post record results, sustaining share pressure in performance running (Deckers Brands, 2025a, 2025b).
- U.S. brick-and-mortar disruptions: 2025 projected store closures elevate wholesale/channel risk (Coresight Research, 2025).
- Geopolitical and supply-chain shocks (tariffs, logistics) could disrupt third-party manufacturing hubs (On Holding AG, 2025b).
- FX and macro sensitivity: premium price points can amplify demand cyclicality in downturns (On Holding AG, 2025a).
- Rising ESG scrutiny and execution risk on sustainability goals (On Holding AG, 2025b).

Appendix 15: Revenue per product

in million CHF						ON Holding AG									
	2020 Act	2021 Act	2022 Act	2023 Act	2024 Act	2025 Fcast	2026 Fcast	2027 Fcast	2028 Fcast	2029 Fcast	2030 Fcast	2031 Fcast	2032 Fcast	2033 Fcast	2034 Fcast
Accessories	3	5	7	12	18	23	31	41	48	55	64	68	72	76	81
Apparel	16	36	47	69	101	138	188	257	327	416	529	600	680	770	873
Shoes	406	683	1,168	1,711	2,200	2,822	3,621	4,646	5,350	6,162	7,096	7,640	8,226	8,856	9,534
Volume				10	13	16	20	25	28	32	36	38	40	42	44
Average Selling Price (ASP) in CHF				168	172	176.19	180.34	184.60	188.96	193.42	197.98	202.65	207.44	212.33	217.34
Total	425	725	1,222.20	1,792	2,318	2,984	3,840	4,944	5,725	6,633	7,690	8,308	8,977	9,702	10,488
Yo-y growth %															
Accessories	n.a.	57%	49%	59%	50%	33%	33%	33%	16%	16%	16%	6%	6%	6%	6%
Apparel	n.a.	131%	30%	46%	47%	37%	37%	37%	27%	27%	27%	13%	13%	13%	13%
Shoes	n.a.	68%	71%	47%	29%	28%	28%	28%	15%	15%	15%	8%	8%	8%	8%
Total Revenue	n.a.	70%	69%	47%	29%	29%	29%	29%	16%	16%	16%	8%	8%	8%	8%
Revenue Share by product															
Accessories	0.74%	0.68%	0.61%	0.66%	0.76%	0.79%	0.81%	0.84%	0.84%	0.84%	0.83%	0.82%	0.80%	0.78%	0.77%
Apparel	3.70%	5.02%	3.87%	3.84%	4.36%	4.62%	4.90%	5.20%	5.71%	6.27%	6.88%	7.22%	7.57%	7.94%	8.32%
Shoes	95.55%	94.30%	95.52%	95.50%	94.88%	94.59%	94.29%	93.96%	93.45%	92.89%	92.28%	91.96%	91.63%	91.28%	90.91%
Total Revenue	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Appendix 16: Cross-check kd

Cross Check S&P Rating Peers

Peers	S&P Rating	Refinitiv rating	Spread from damodaran
Adidas AG	A	BBB+	0,85%
Nike Inc	A+	BBB+	0,77%
VF Corp	BB	B	1,83%
Under Armour Inc	BB-		1,83%
		BB	
Amer Sports Inc	BBB-	A-	4,42%
Crocs Inc	BB	BBB-	1,83%

Appendix 17: Beta-Peer group

Company Name	Why chosen for Peergroup?
Puma SE	<ul style="list-style-type: none"> - Category & model match: Global athletic footwear/apparel brand; mix of wholesale + growing DTC/e-comm—same two-channel engine as ON. - Asset-light ops: Outsourced manufacturing; capex-light relative to sales → operating leverage primarily through SG&A/marketing and leases (similar to ON). - Brand/premiumization: Performance + lifestyle positioning; sustained marketing intensity (sponsorships, athletes) → beta sensitive to demand cycles like ON. - Cyclicalty & scale: Large global footprint (EU/US/APAC) → FX and discretionary demand shocks comparable. - KPI fit (per your sheet): Double-digit growth, “mid-40s GM, positive EBITDA margin → scaling profile close to ON’s “margin build” phase.
Asics Corp	<ul style="list-style-type: none"> - Category proximity: Performance running is the core—closest product-market to ON; tech-driven franchise (Nimbus, Kayano) mirrors ON’s innovation cadence. - Channel mix: Wholesale-led with expanding DTC; similar wholesale sell-in sensitivity and inventory risk. - Asset-light & FX: Contract manufacturing, APAC revenue weight → FX/commodity exposures relevant to ON’s supply chain. - KPI fit: Positive mid-teens margins, stable reinvestment, solid ROIC recovery—risk pattern suits bottom-up beta for a performance brand. - DTC digital benchmark: Pure e-commerce/DTC to premium customer; demand volatility maps to fashion cycles and online CAC swings—useful for ON’s fast-growing e-comm piece.
Revolve Group Inc	<ul style="list-style-type: none"> - Asset-light: Low capex; operating leverage through marketing + fulfillment; high gross margin from full-price sell-through. - Premium consumer: Price point and brand curation target similar discretionary wallets; macro sensitivity similar. - KPI fit: High GM, profitable EBITDA, growthy—good beta proxy for ON’s DTC/e-comm risk.
Allbirds Inc	<ul style="list-style-type: none"> - Category & model: DTC footwear brand, sustainability narrative like ON’s; outsourced manufacturing. - Stage & volatility: Earlier-stage with margin pressure → higher earnings sensitivity to sales; useful as upper-beta boundary for young footwear brands. - Channel: DTC-heavy with select wholesale → mirrors ON’s channel architecture, but with higher execution risk. - KPI fit: Lower margins / negative EBIT history—keep in the set but down-weight for beta averaging to avoid distress bias.
Warby Parker Inc	<ul style="list-style-type: none"> - Vertical DTC brand: Owned brand + owned stores + e-comm; asset-light (optical labs aside) with lease-driven op leverage similar to ON’s retail build-out. - Premium positioning: Price integrity, high NPS, recurring purchase behavior (Rx changes) → premium discretionary wallet overlap. - Unit economics: Focus on four-wall profitability and CAC/LTV resembles ON’s retail roll-out logic. - KPI fit: Steady growth, improving EBITDA, strong GM—proxy for DTC brand beta outside footwear.
Hermes International SCA	<ul style="list-style-type: none"> - Brand power anchor: Ultra-premium brand with exceptional pricing power and DTC-only distribution → shows the low-beta bound for strong brands. - Cyclicalty contrast: Least cyclical of the group; include at low weight to anchor the “brand moat reduces beta” effect relevant for ON’s premiumization. - KPI fit: Very high GM/ROIC, low financial leverage—helps calibrate how brand quality compresses beta/multiples.
Boot Barn Holdings Inc	<ul style="list-style-type: none"> - Channel analog: Specialty footwear/apparel retailer—captures retail lease leverage and markdown risk that ON faces in owned stores. - End-market discretionary: U.S. consumer exposure with promotional cycles → useful higher-beta channel counterpoint to brand owners. - KPI fit: Healthy EBITDA, robust unit economics, but more inventory/markdown sensitivity—keep as upper-beta channel proxy.
Foot Locker Inc	<ul style="list-style-type: none"> - Wholesale/retail node: Large athletic footwear retailer; demand, vendor concentration, and markdown dynamics map to ON’s wholesale sell-out risk. - Operating leverage: Significant lease base and SG&A → earnings highly sensitive to traffic and mix. - KPI fit: Mid GM, margin volatility, solid scale/liquidity—good beta stress-test for channel cyclicalty.

Company Name	Revenue 5 YR Hist Growth	Sales per Employee (FY0, usd)	Gross Profit Margin - % (FY0)	EBITDA Margin - % (FY0)	EBIT Margin - % (FY0)	Net Profit Margin	Capital Expenditures - Total (FY0, usd)	Inventory Turnover (FY0)	Working Capital (FY0, usd)	ROIC	Net Debt (FY0, usd)	Interest Coverage Ratio (FY0)	Company Market Capitalization (usd)
Puma SE	8,77	476.932,14	47,4%	11,3%	7,1%	-1,12	284.516.842,36	2,43	1.484.936.328,81	-2,54	1.223.315.042,97	4,91	3.767.777.125,36
Asics Corp	8,31	481.955,16	55,8%	17,9%	14,8%	10,53	158.876.296,95	2,32	1.109.581.371,68	23,92	-61.998.982,06	18,45	20.905.225.011,58
Revolve Group Inc	12,52	726.630,87	52,1%	5,2%	4,8%	3,74	8.687.000,00	2,50	364.991.000,00	10,11	-256.600.000,00		1.605.578.105,56
Allbirds Inc	31,28	297.191,86	42,7%	-43,0%	-49,5%	-50,41	4.095.000,00	2,13	86.189.000,00	-78,09	-66.732.000,00		57.269.740,34
Warby Parker Inc	74,03	353.976,59	55,3%	2,0%	-3,9%	4,86	64.032.000,00	6,01	195.692.000,00	11,55	-254.161.000,00		3.295.318.183,64
Hermes International SCA		665.179,77	65,7%	46,1%	41,1%	28,67	1.207.303.407,14	2,00	12.265.244.849,36		-9.802.256.962,42	105,64	257.365.713.114,89
Boot Barn Holdings Inc	15,92	597.220,00	37,5%	15,8%	12,5%	9,73	148.293.000,00	1,77	510.611.000,00	18,10	-52.442.000,00	159,89	5.301.400.590,50
Foot Locker Inc	5,24	581.474,07	26,5%	5,0%	2,5%	1,29	240.000.000,00	3,87	929.000.000,00	3,06	45.000.000,00	8,33	2.521.649.528,82
On Holding AG	0,78	911.519,65	56,5%	13,6%	9,1%		73.865.913,22	2,60	1.211.750.440,92	13,15	-639.440.035,27	9,36	3.198.375.778,67

The beta peer group is constructed on the basis of evidence-based KPIs, which in turn are designed to capture the fundamental drivers of systematic risk. Product and use-case proximity ensures that peers experience similar demand shocks, while the channel mix (direct-to-consumer vs. wholesale) affects revenue volatility and working-capital dynamics (Koller, Goedhart, & Wessels, 2020). Operating leverage, as measured by the ratio of SG&A to sales and lease intensity, has been shown to amplify earnings covariance with the market (Mandelker & Rhee, 1984). The financial leverage ratio, calculated as net debt divided by equity plus interest coverage, has been shown to have a direct impact on the equity beta coefficient (Hamada, 1972). Demand cyclicalty (i.e. sales volatility and peak-to-trough drawdowns) and pricing power (i.e. gross margin level and stability) further align peers on risk absorption capacity (Pratt & Grabowski, 2020). It is evident that asset

intensity and reinvestment models (capital expenditure/sales, working-capital needs) have a significant impact on fixed-commitment load. Furthermore, geographic and FX exposure have been shown to align macro factor sensitivities (Damodaran, 2012). It is evident that the implementation of minimum scale and liquidity screens serves to mitigate the impact of idiosyncratic noise. From the broader athletic and adjacent set, these filters yield peers with congruent operating, financial, and market risk profiles. The betas observed are unlevered, averaged (median), and re-levered to ON's lease-adjusted capital structure. This method captures leverage effects while reducing regression noise (Koller et al., 2020; Damodaran, 2012).

Appendix 18: CTA

Buyer	Seller	EV (currency)	Revenue (period)	EBITDA (period)	EV/Sales	EV/EBITDA
Crocs	HEYDUDE (2021)	≈ \$2.5bn	≈ \$570m (2021)	na	4.4×	<15×
Anta-led consortium	Amer Sports (2019)	≈ €4.6bn	≈ €2.71bn (2018)	na	1.7×	na
Authentic Brands (from adidas)	Reebok (2022)	na (price ≈ <i>€1.686bn</i>)	≈ €1.409bn (2020)	na	na (P/S ≈ <i>1.2×</i>)	na
Permira	Golden Goose (2020)	≈ €1.3bn	≈ €260m (2019)	na	5.0×	na
VF Corporation	Supreme (2020)	na (price <i>\$2.1bn</i>)	≈ \$500m (mgmt guide)	na	~3–4×	na
Buyer na (secondary)	Supreme (2024)	≈ \$1.5bn	na	na	~2.8× (est.)	~11.8× (est.)
Designer Brands (DSW)	Topo Athletic (2022)	na	na	na	na	na

Appendix 19: Weighted Equity and Country Risk Premium

Weighted Equity and Country risk premium							
		Approx. Regional GDP Share	Equity risk pren	Country risk premium	Weighted ERF	Weighted CRP	
Americas	USA	70%	4,33%	0,00%	3%	0%	
	Canada	15%	4,33%	0,00%	1%	0%	
	Brazil	10%	7,67%	3,34%	1%	0%	
	Mexico	3%	6,87%	2,54%	0%	0%	
	Argentina	2%	20,35%	16,02%	0%	0%	
					5,06%	1%	
APAC	China	60%	5,27%	0,94%	3%	1%	
	Japan	20%	5,27%	0,94%	1%	0%	
	India	10%	7,26%	2,93%	1%	0%	
	South Korea	5%	4,99%	0,66%	0%	0%	
	Australia	5%	4,33%	0,00%	0%	0%	
					5,41%	1%	
EMEA	Germany	30%	4,33%	0,00%	1,30%	0%	
	UK	20%	5,13%	0,80%	1,03%	0%	
	France	15%	5,13%	0,80%	0,77%	0%	
	Italy	10%	7,26%	2,93%	0,73%	0%	
	Spain	8%	6,46%	2,13%	0,52%	0%	
					4,34%	0,74%	

Revnue distribution FY30 (ON)	ERP	CRP
America	48.95%	2.48%
APAC	36.21%	1.96%
EMEA	14.84%	0.64%
	5.08%	0.86%

Appendix 20: Weighted terminal growth rate

Weighted terminal growthrate g							
		Approx. Regional GDP Share	Nominal GDP	Inflation switzerland	Nominal	Weighted	
Americas	USA	70%	2.80%	0.70%	3.50%	2.45%	
	Canada	15%	1.60%	0.70%	2.30%	0.35%	
	Brazil	10%	3.40%	0.70%	4.10%	0.41%	
	Mexico	3%	1.50%	0.70%	2.20%	0.07%	
	Argentina	2%	-1.70%	0.70%	-1.00%	-0.02%	
						3.25%	
APAC	China	60%	5.00%	0.70%	5.70%	3.42%	
	Japan	20%	0.10%	0.70%	0.80%	0.16%	
	India	10%	6.50%	0.70%	7.20%	0.72%	
	South Korea	5%	2.00%	0.70%	2.70%	0.14%	
	Australia	5%	1.30%	0.70%	2.00%	0.10%	
						4.54%	
EMEA	Germany	30%	-0.20%	0.70%	0.50%	0.15%	
	UK	20%	1.10%	0.70%	1.80%	0.36%	
	France	15%	1.10%	0.70%	1.80%	0.27%	
	Italy	10%	0.70%	0.70%	1.40%	0.14%	
	Spain	8%	3.20%	0.70%	3.90%	0.31%	
						1.23%	

Revenue distribution FY34 (ON)	g	weighted g
America	44.83%	1.46%
APAC	41.69%	1.89%
EMEA	13.48%	0.17%
		3.51%
Haircut	20%	2.81%

Appendix 21: Scenario Analysis

Narrative Pessimistic Case:

- Trump's re-election triggers **renewed U.S. tariffs on Asian imports** (incl. Vietnam, where On produces). This compresses margins and drives up COGS.
- U.S. consumer sentiment weakens (credit tightening, higher rates), leading to **demand softness**, especially in discretionary categories like premium footwear.
- FX volatility and D2C slowdown in China (slower-than-expected recovery) weigh on topline and execution.
- Working capital needs increase as inventory turns decline, impairing cash generation.

Key Assumptions:

- **Revenue growth:** Slows to **6–8% CAGR** post-2026 (vs. ~15–20% mid-term base case), driven by macro pressure & tariff impacts.
- **Gross margin:** Declines to **~56%** due to:
 - 10–15% higher unit costs from tariff surcharges
 - Less efficient logistics and higher warehousing cost (delays in automation).
- **EBITDA margin:** Compressed to **~6–10%** (vs. 17–20% base), hit by opex deleverage and lower marketing ROI.
- **CAPEX:** Slightly elevated due to warehouse automation lag and FX impact (CHF-based cost base).
- **Net working capital:** Deteriorates—higher inventory (slower sell-through), elevated DSO, flat DPO → **significant FCF erosion**.
- **WACC:** Assumed at **9.0%**, higher risk-premium baked in.
- **Terminal growth:** Held at **2.2%**, conservative view on long-term scaling.

Outcome:

- **Equity value/share: CHF ~10.5**
- EV heavily dependent on short-term cash flows (TV only ~60% of EV) = DCF highly sensitive to short-term assumptions.

Key risks:

- U.S. protectionism/tariffs.
- Consumer spending normalization.
- Competitive pricing pressure (from Nike, HOKA).
- Execution in automation/logistics.

Optimistic Narrative:

- **APAC (ex-China)** outpaces expectations: faster brand adoption, led by Japan, Korea, SEA, and digital D2C scaling.
- Apparel (high-margin) and head-to-toe collections gain traction via **Zendaya/Federer** partnerships → boosts ASPs, mix and brand equity.

- **Supply chain automation** (Zürich, SK) fully implemented by FY26 → structurally lowers COGS.
- U.S. retail expansion successful; macro soft-landing + low unemployment keeps premium demand intact.

Key Assumptions:

- **Revenue growth:** Sustains **>20% CAGR** through FY30 (vs. 26% base), driven by:
 - D2C growth.
 - New stores in Asia & U.S.
 - Apparel reaching **~10% sales share by FY26+**.
- **Gross margin:** Expands to **~65%** by FY34, due to:
 - Automation.
 - Mix shift to D2C and apparel.
- **EBITDA margin:** Rises to **22%**, driven by:
 - SG&A efficiency.
 - Higher brand equity.
- **CAPEX:** Steady growth to support store openings + R&D (~2.2–2.5% of sales).
 - **WC improvement:** Efficient inventory + digitalization → working capital flat-to-positive from FY28 onward.
- **WACC:** Lowered to **7.5%**, reflecting reduced risk and lower beta.
- **Terminal growth:** Raised to **2.5%**, reflecting scale and global brand potential.
- **Outcome:**
 - **Equity value/share: CHF ~97.4**
 - TV dominates value (75%+ of EV), justified by long runway and brand flywheel dynamics.
- **Key tailwinds:**
 - Apparel scalability.
 - Brand equity in Asia.
 - Tech-driven margin expansion.
 - Differentiated position vs. traditional sportswear.

	Projection Period										Assumption
	Year 1 2025Fcst	Year 2 2026Fcst	Year 3 2027Fcst	Year 4 2028Fcst	Year 5 2029Fcst	Year 6 2030Fcst	Year 7 2031Fcst	Year 8 2032Fcst	Year 9 2033Fcst	Year 10 2034Fcst	
Income Statement Assumptions											
Sales (% growth)											
Base	28.7%	28.7%	28.7%	15.8%	15.9%	15.9%	8.0%	8.1%	8.1%	8.1%	
Upside	31.7%	31.7%	31.7%	18.8%	18.9%	18.9%	11.0%	11.1%	11.1%	11.1%	3% APAC expansion, D2C scale, lifestyle/tennis wins
Downside	18.7%	18.7%	18.7%	5.8%	5.9%	5.9%	(2.0%)	(1.9%)	(1.9%)	(1.9%)	-10% US exposure hit by tariffs + cautious consumer
Cost of Goods Sold (% sales)											
Base	38.0%	38.0%	38.0%	37.0%	37.0%	37.0%	36.0%	36.0%	36.0%	36.0%	
Upside	36.5%	36.5%	36.5%	35.5%	35.5%	35.5%	34.5%	34.5%	34.5%	34.5%	-1.50% Automation/LightSpray improve unit economics
Downside	43.0%	43.0%	43.0%	42.0%	42.0%	42.0%	41.0%	41.0%	41.0%	41.0%	5% Tariff passthrough limited → GM compression
SG&A (% sales)											
Base	45.9%	45.9%	45.9%	44.4%	44.4%	44.4%	42.9%	42.9%	42.9%	42.9%	
Upside	44.9%	44.9%	44.9%	43.4%	43.4%	43.4%	41.9%	41.9%	41.9%	41.9%	-1% Op leverage from higher volumes, D2C scale
Downside	48.9%	48.9%	48.9%	47.4%	47.4%	47.4%	45.9%	45.9%	45.9%	45.9%	3% Fixed cost dilution lower with lower growth
Depreciation & Amortization (% sales)											
Base	4.1%	4.6%	4.8%	5.4%	5.8%	6.3%	6.1%	6.4%	6.4%	6.5%	
Upside	4.0%	4.5%	4.7%	5.3%	5.7%	6.2%	6.0%	6.3%	6.3%	6.4%	-0.10% Slight efficiency from asset reuse
Downside	4.3%	4.8%	5.0%	5.6%	6.0%	6.5%	6.3%	6.6%	6.6%	6.7%	0.20% Minimal scaling benefits, small cost inflation
Cash Flow Statement Assumptions											
Capital Expenditures (% of sales)											
Base	2.7%	2.7%	2.7%	2.7%	2.7%	2.7%	2.7%	2.7%	2.7%	2.7%	
Upside	2.2%	2.2%	2.2%	2.2%	2.2%	2.2%	2.2%	2.2%	2.2%	2.2%	-0.50% Lower reinvestment intensity after warehouse
Downside	2.9%	2.9%	2.9%	2.9%	2.9%	2.9%	2.9%	2.9%	2.9%	2.9%	0.20% Ramp-up costs from ATL warehouse + delays

Pessimistic Case P&L										
(CHF in million)	2025 Fcst	2026 Fcst	2027 Fcst	2028 Fcst	2029 Fcst	2030 Fcst	2031 Fcst	2032 Fcst	2033 Fcst	2034 Fcst
Revenue	2,752	3,267	3,879	4,104	4,344	4,602	4,512	4,424	4,339	4,256
YoY Growth (%)	19%	19%	19%	6%	6%	6%	-2%	-2%	-2%	-2%
Cost of sales	(1,182)	(1,403)	(1,666)	(1,722)	(1,823)	(1,931)	(1,848)	(1,812)	(1,777)	(1,743)
Gross profit	1,570	1,863	2,213	2,382	2,522	2,671	2,664	2,612	2,562	2,513
Operating Expenses (SG&A)	(1,344)	(1,596)	(1,895)	(1,944)	(2,058)	(2,180)	(2,069)	(2,029)	(1,990)	(1,952)
Other Operating expense										
EBITDA	225	267	317	438	464	492	595	583	572	561
D&A	(117)	(157)	(193)	(228)	(263)	(299)	(285)	(291)	(287)	(287)
EBIT - Operating result	108	110	124	210	201	193	310	292	285	275
Overall GP%	57%	57%	57%	58%	58%	58%	59%	59%	59%	59%
EBITDA %	8%	8%	8%	11%	11%	11%	13%	13%	13%	13%
EBIT %	4%	3%	3%	5%	5%	4%	7%	7%	7%	6%
Net Income %										
CAPEX	(81)	(96)	(114)	(120)	(127)	(135)	(132)	(129)	(127)	(125)

Pessimistic Case										
(CHF in million)	2025 Fcst	2026 Fcst	2027 Fcst	2028 Fcst	2029 Fcst	2030 Fcst	2031 Fcst	2032 Fcst	2033 Fcst	2034 Fcst
EBIT	108	110	124	210	201	193	310	292	285	275
Taxes	(14)	(15)	(17)	(28)	(27)	(26)	(42)	(39)	(38)	(37)
NOPAT	93	95	108	182	174	167	268	253	247	238
Add-back D&A	117	157	193	228	263	299	285	291	287	287
Change in Working Capital	421	(127)	(151)	25	(54)	(58)	104	18	6	29
Capex	(81)	(96)	(114)	(120)	(127)	(135)	(132)	(129)	(127)	(125)
FCFF	550.8	30.1	36.4	315.6	255.4	272.6	525.5	432.7	412.5	428.8

Sum FCF	1,987
TV	2,722
Enterprise Value	4,709

Net Debt	1,274
Cash	847
	-
Current lease liabilities	(61)
Other current financial liabilities	(45)
Non-current lease liabilities	(320)
Other non-current financial liabilities	(2)
Intrinsic value of Stock options	(827)

Equity Value	6,810
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Number of shares outstanding (as of 17 July 2025) - adjusted by	305.8
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Share Price in CHF	22.3
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Input	
WACC	9.00%
g	2.20%

Share Price in USD	27.5
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Optimistic Case P&L										
(CHF in million)	2025 Fcst	2026 Fcst	2027 Fcst	2028 Fcst	2029 Fcst	2030 Fcst	2031 Fcst	2032 Fcst	2033 Fcst	2034 Fcst
Revenue	3,053	4,021	5,298	6,294	7,481	8,897	9,879	10,971	12,186	13,539
YoY Growth (%)	32%	32%	32%	19%	19%	19%	11%	11%	11%	11%
Cost of sales	(1,113)	(1,466)	(1,932)	(2,232)	(2,653)	(3,155)	(3,404)	(3,781)	(4,199)	(4,665)
Gross profit	1,940	2,555	3,366	4,062	4,828	5,742	6,475	7,191	7,987	8,873
Operating Expenses (SG&A)	(1,370)	(1,804)	(2,377)	(2,729)	(3,244)	(3,858)	(4,135)	(4,593)	(5,101)	(5,667)
Other Operating expense										
EBITDA	570	751	990	1,333	1,584	1,884	2,339	2,598	2,886	3,206
D&A	(121)	(181)	(248)	(332)	(430)	(550)	(594)	(689)	(770)	(871)
EBIT - Operating result	449	570	742	1,002	1,155	1,334	1,745	1,909	2,116	2,335

Optimistic case FCFF										
(CHF in million)	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
	Fcst	Fcst	Fcst	Fcst	Fcst	Fcst	Fcst	Fcst	Fcst	Fcst
EBIT	449	570	742	1,002	1,155	1,334	1,745	1,909	2,116	2,335
Taxes	(60)	(76)	(99)	(134)	(155)	(179)	(234)	(256)	(284)	(313)
NOPAT	389	493	642	867	1,000	1,155	1,512	1,654	1,833	2,022
Add-back D&A	121	181	248	332	430	550	594	689	770	871
Change in Working Capital	64	(141)	(178)	(24)	(122)	(143)	31	(80)	(102)	(89)
Capex	(68)	(90)	(118)	(140)	(167)	(198)	(220)	(244)	(271)	(301)
FCFF	506.5	444.6	593.9	1,035.0	1,141.3	1,364.8	1,916.8	2,017.9	2,229.0	2,502.6

Sum FCF	8,452
TV	24,892
Enterprise Value	33,344
Net Debt	1,274
Cash	847
	-
Current lease liabilities	(61)
Other current financial liabilities	(45)
Non-current lease liabilities	(320)
Other non-current financial liabilities	(2)
Intrinsic value of Stock options	(827)
Equity Value	35,445
Number of shares outstanding (as of 17 July 2025) - adjusted by	305.8
Share Price in CHF	115.9
Share Price in USD	143.2
Input	
WACC	7.50%
g	2.50%

Appendix 22: CTA Limitation

The Comparable Transaction Approach (CTA) is a widely applied valuation method in the fields of M&A and corporate finance. It reflects the pricing of real market transactions and incorporates control premia and potential synergies (Pratt & Grabowski, 2020; Rosenbaum & Pearl, 2020). However, the application of this index is constrained when valuing ON Holding AG due to several structural limitations.

Firstly, ON is a highly diversified company, combining characteristics of a premium performance footwear brand with an asset-light, DTC-centric business model. Recent control transactions involving comparable entities, growth trajectories and brand positioning are not evident. Consequently, the transaction universe is devoid of genuinely pertinent precedents, thereby engendering an elevated risk of selection bias and a concomitant diminution in the explanatory potency of transaction multiples.

Secondly, observed deal multiples generally incorporate premiums for control and anticipated synergies. These elements reflect the buyer's specific strategic rationale and are not transferable to minority shareholders, thereby limiting comparability with an intrinsic equity valuation framework (Damodaran, 2012). In particular, within the domains of consumer discretionary and branded goods, transaction premia are frequently influenced by factors such as consolidation motives,

geographic expansion, or integration synergies. These factors are not applicable to ON's standalone valuation.

Finally, CTA is inherently backward-looking, capturing market conditions prevailing at the time of each transaction. In consideration of ON's marked growth, its shifting geographic distribution, and its evolving market dynamics, it is submitted that historical transaction benchmarks may not adequately capture its future prospects.

In view of the aforementioned factors, the CTA was not utilised in this dissertation. Conversely, emphasis was placed on DCF and guideline public company analysis, which provide a more robust and decision-useful framework for ON's intrinsic valuation.

Appendix 23: Peer group Construction CCA

Company Name	Why is this a suitable peer?
Adidas AG	<ul style="list-style-type: none"> - Model: Global athletic brand; wholesale-led with scaled DTC/e-comm ⇒ same two-engine distribution risk as ON. - Profitability: ~50% GM; mid-single-digit EBIT—mature but clean ops; good EV/EBITDA reference. - Growth vs ON: Much lower (mature) → sets a floor for growth-adjusted multiples. - Asset intensity: Outsourced manufacturing (asset-light); extensive retail leases comparable to ON's store build.
Puma SE	<ul style="list-style-type: none"> - Model: Performance/lifestyle athletic; wholesale + fast-growing DTC/e-comm (omnichannel like ON). - Profitability: Mid-40s GM; mid-single-digit EBIT—margin build profile similar to ON's scaling. - Growth vs ON: Below ON but healthy (high-single/low-double digit historically) → good mid-bucket comp. - Asset intensity: Asset-light; marketing/lease operating leverage similar to ON.
ANTA Sports Products Ltd	<ul style="list-style-type: none"> - Model: Performance footwear/apparel; DTC rising alongside China wholesale/retail network. - Profitability: 50%+ GM; double-digit EBIT—brand economics closer to ON's target steady-state. - Growth vs ON: High-teens/20s historically → nearest growth ballpark in athletic - Asset intensity: Asset-light manufacturing; scale marketing/lease leverage.
Deckers Outdoor Corp	<ul style="list-style-type: none"> - Model: Premium footwear with HOKA (true performance running franchise); DTC mix expanding. - Profitability: >50% GM; high-teens/20% EBIT—benchmark premium margins ON is targeting. - Growth vs ON: High-teens/20+% via HOKA—close to ON on growth quality. - Asset intensity: Outsourced production; strong cash conversion.
Lululemon Athletica Inc	<ul style="list-style-type: none"> - Model: Premium athleticwear; DTC-heavy (stores + e-comm); minimal wholesale → mirrors ON's premium DTC thesis. - Profitability: Very high GM; ~20%+ EBIT—top-tier brand moat. - Growth vs ON: High-teens/20+—near ON; validates premium multiples with strong ROIC. - Asset intensity: Lease-driven retail; asset-light production.
Crocs Inc	<ul style="list-style-type: none"> - Model: Footwear brand; balanced DTC/wholesale; trend-sensitive demand. - Profitability: High GM; teens-to-20% EBIT post-scale—strong operating leverage. - Growth vs ON: Healthy but below ON; more cyclical mix.
Fevertree Drinks PLC	<ul style="list-style-type: none"> - Model: Premium brand owner, asset-light; wholesale-led with strong marketing economics. - Profitability: High GM; opex-driven leverage akin to premium brands. - Growth vs ON: Moderate < ON; different category but instructive for brand premiumization.
Olaplex Holdings Inc	<ul style="list-style-type: none"> - Model: Premium beauty brand owner; DTC + wholesale; execution volatility. - Profitability: Historically very high GM; profitability compressed recently (turnaround risk). - Growth vs ON: Previously hypergrowth, now volatile; do not let it drive medians.
Revolve Group Inc	<ul style="list-style-type: none"> - Model: Pure-play e-commerce to premium consumer; asset-light; CAC/traffic sensitive. - Profitability: High GM; positive EBITDA; operating leverage via marketing & fulfillment. - Growth vs ON: Growthy but < ON.
Warby Parker Inc	<ul style="list-style-type: none"> - Model: Vertical DTC (stores + e-comm); brand-owned distribution like ON's retail rollout. - Profitability: High GM; low EBIT (scaling) → mirrors ON's earlier margin build. - Growth vs ON: Strong but < ON.
Hermes International SCA	<ul style="list-style-type: none"> - Model: 100% DTC ultra-premium brand; exceptional pricing power. - Profitability: Best-in-class GM/EBIT; low leverage—drives structurally higher multiples. - Growth vs ON: Mid-teens steady (< ON); risk profile far lower.
Ferrari NV	<ul style="list-style-type: none"> - Model: Orderbook-driven, capacity-constrained luxury; unique economics. - Profitability: Elite margins/FCF; very low risk. - Growth vs ON: Moderate; category mismatch.
Estee Lauder Companies Inc	<ul style="list-style-type: none"> - Model: Prestige beauty brand portfolio; DTC + department/specialty retail. - Profitability: High GM; normalized mid-teens EBIT when not in cycle troughs. - Growth vs ON: Lower; brand economics applicable.
Pandora A/S	<ul style="list-style-type: none"> - Model: Jewelry brand owner with DTC retail + e-comm; asset-light production. - Profitability: High GM; solid EBIT; lease-driven operating leverage as with ON stores. - Growth vs ON: Mid-teens (< ON).
RH	<ul style="list-style-type: none"> - Model: Luxury home brand/retailer; DTC retail with membership model. - Profitability: High GM; teens EBIT; strong lease/SG&A leverage (cyclical). - Growth vs ON: Cyclical, < ON trend.
Moncler SpA	<ul style="list-style-type: none"> - Model: Premium outerwear; DTC-led with price integrity—closest luxury analogue to performance/premium brand thesis. - Profitability: Very high GM; ~20% EBIT. - Growth vs ON: Mid-teens to ~20%—nearest luxury growth to ON.

Company Name	Earnings		Sales per Employee	Gross Profit			Net Profit	Capital Expenditures - Total	Inventory Turnover	Working Capital	ROIC	Net Debt	Interest Coverage Ratio	Company Market Capitalization
	5 YR Hist Growth	Per Share Mean		Margin - % (FY0)	Margin - % (FY0)	Margin - % (FY0)								
Adidas AG	1.26	8.84	431,689.52	50.8%	10.5%	5.6%	4.93	584,179,067.97	2.45	2,392,587,224.35	12.38	2,817,061,807.64	6.72	35,626,339,897.61
Puma SE	8.77	-1.27	476,932.14	47.4%	11.3%	7.1%	-1.12	284,516,842.36	2.43	1,484,936,328.81	-2.54	1,223,315,042.97	4.91	3,767,777,125.36
ANTA Sports Products Ltd	29.29	0.66	153,530.41	62.2%	31.1%	23.4%	16.84	332,337,513.60	2.98	3,272,779,581.60		-846,108,530.96	26.50	37,506,628,910.02
Deckers Outdoor Corp	17.44	6.34	968,080.00	57.9%	25.1%	23.7%	18.87	86,171,000.00	4.33	2,090,534,000.00	42.17	-1,888,233,000.00	336.47	16,184,260,794.20
Lululemon Athletica Inc	28.38	14.49	275,016.26	59.2%	27.9%	23.7%	16.46	689,232,000.00	3.12	2,140,672,000.00	41.41	-1,971,936,000.00		24,772,042,319.70
Crocs Inc	23.23	11.82	549,144.31	58.8%	27.2%	25.5%	17.62	69,347,000.00	4.56	132,061,000.00	24.37	1,168,854,000.00	9.58	4,715,116,516.14
Fevertree Drinks PLC		0.31	1,221,267.28	37.3%	12.9%	10.3%		18,019,271.12	4.07	211,685,224.57		-104,966,845.99	63.00	1,352,000,381.43
Olaplex Holdings Inc	39.56	0.07	1,821,853.45	60.7%	30.3%	17.7%	12.61	4,891,000.00	1.94	625,059,000.00	3.90	64,495,000.00	1.25	1,000,621,629.00
Revolve Group Inc	12.52	0.52	726,630.87	52.1%	5.2%	4.8%	3.74	8,687,000.00	2.50	364,991,000.00	10.11	-256,600,000.00		1,605,578,105.56
Warby Parker Inc	74.03	0.36	353,976.59	55.3%	2.0%	-3.9%	4.86	64,032,000.00	6.01	195,692,000.00	11.55	-254,161,000.00		3,295,318,183.64
Hermes International SCA		50.53	665,179.77	65.7%	46.1%	41.1%	28.67	1,207,303,407.14	2.00	12,265,244,849.36		-9,802,256,962.42	105.64	257,365,713,114.89
Ferrari NV	14.30	10.31		50.1%	38.1%	28.2%	24.86	1,070,076,498.64	3.27	3,080,155,295.58	26.19	1,690,858,266.90	46.92	91,553,719,025.08
Estee Lauder Companies Inc	-1.14	2.10	240,722.69	74.0%	13.8%	8.0%	3.77	602,000,000.00	1.75	1,634,000,000.00	4.54	4,396,000,000.00	3.21	32,832,713,976.12
Pandora A/S	9.28	10.73		79.8%	32.6%	25.2%	16.13	243,579,302.88	1.49	-90,389,047.79	32.63	1,528,283,024.63	9.96	11,003,061,945.51
RH	-0.04	10.48	577,269.15	44.5%	15.2%	11.1%	3.37	230,788,000.00	1.99	386,205,000.00	3.75	3,233,064,000.00	1.51	4,565,285,389.50
Moncler SpA	18.80	2.55	410,415.18	78.1%	39.6%	29.7%		211,164,505.88	1.48	1,224,568,795.94		-393,492,079.93	27.35	15,410,973,416.41

The comparable-company set is constructed using criteria grounded in corporate-finance research and valuation practice to ensure that multiples reflect true economic comparability rather than superficial industry labels (Damodaran, 2012; Koller, Goedhart, & Wessels, 2020). Product and use-case proximity (performance footwear and adjacent premium athletic categories) ensures that revenue drivers, innovation cycles, and consumer dynamics are aligned. Channel mix (DTC vs. wholesale) and geographic exposure matter as they shape growth potential, working-capital intensity, and risk of execution. Operating leverage (SG&A/sales, lease intensity) and pricing power (gross-margin level/stability) are included because they determine sustainable profitability and resilience across cycles (Pratt & Grabowski, 2020). Financial leverage screens (net debt/EBITDA, interest coverage) are applied to avoid distortions in EV- and P/E-based multiples. Scale thresholds (revenue, market cap, ADV) prevent noise from illiquid or structurally immature firms, while cyclicality measures (sales volatility, peak-to-trough drawdowns) align peers on macro sensitivity (Brealey, Myers, & Allen, 2020). By applying these filters, we construct a peer group whose forward-looking EV/Revenue, EV/EBITDA, P/E, and PEG ratios are representative benchmarks for ON. This structured approach confirms that the peer set is built on fundamentals recognized in both the literature and professional valuation practice (Damodaran, 2012; Koller et al., 2020; Rosenbaum & Pearl, 2020).

Appendix 24: Peer group A CCA

Appendix 25: Peer group A CCA

ONON | Comparable Company Analysis (Group A)

mUSD	EV/Revenue	EV/EBITDA	P/E	PEG
<i>Multiples</i>				
75th percentile	3,0x	11,5x	23,6x	87,0x
Average	2,7x	10,8x	20,9x	69,0x
Median	2,7x	10,8x	18,5x	63,5x
25th percentile	1,5x	10,0x	20,0x	12,8x
<i>Enterprise Value</i>				
75th percentile	10.962	7.158	9.145	47.373
Average	9.719	6.729	8.320	28.802
Median	8.349	6.824	7.569	23.207
25th percentile	6.421	6.272	8.035	21.516
<i>Equity Value</i>				
75th percentile	11.710	7.906	8.333	45.543
Average	10.467	7.477	7.315	26.972
Median	9.097	7.572	6.490	21.377
25th percentile	6.169	7.020	5.739	19.686
<i>Share Price</i>				
75th percentile	38,29	25,85	27,25	148,93
Average	34,23	24,45	23,92	88,20
Median	29,75	24,76	21,22	69,90
25th percentile	20,17	22,96	18,77	64,37
<i>Upside / Downside</i>				
75th percentile	(27,3%)	(61,3%)	(48,7%)	(59,4%)
Average	(39,8%)	(34,0%)	(55,9%)	(68,0%)
Median	(48,0%)	(59,4%)	(80,0%)	(71,6%)
25th percentile	(85,0%)	(56,8%)	(64,7%)	(21,2%)

Appendix 26: Peer group B CCA

mUSD	EV/Revenue	EV/EBITDA	P/EPS	PEG
<i>Multiples</i>				
75th percentile	7,7x	26,3x	39,5x	92,3x
Median	2,9x	16,6x	37,1x	78,6x
Average	5,7x	18,7x	30,5x	73,5x
25th percentile	2,6x	10,1x	18,4x	40,1x
<i>Enterprise Value</i>				
75th percentile	31.554	16.100		
Median	11.690	10.176		
Average	23.305	11.441		
25th percentile	10.778	6.205		
<i>Equity Value</i>				
75th percentile	31.973	16.519		
Median	12.110	10.595	-	
Average	23.724	11.860	-	
25th percentile	11.197	6.624	-	
<i>Share Price</i>				
75th percentile	104,55	54,02	47,46	110,78
Median	39,60	34,65	44,55	94,28
Average	77,58	38,78	36,55	88,17
25th percentile	36,62	21,66	22,04	48,10
<i>Upside / Downside</i>				
75th percentile	86,8%	1,7%	(18,7%)	109,5%
Median	(29,9%)	(24,8%)	(16,1%)	77,9%
Average	46,0%	(27,0%)	(31,2%)	86,0%
25th percentile	(81,1%)	(59,2%)	(88,6%)	(9,4%)

Appendix 27: Peer group C CCA

mUSD	EV/Revenue	EV/EBITDA	P/EPS	PEG
<i>Multiples</i>				
75th percentile	7.7x	26.3x	39.5x	92.3x
Median	2.9x	16.6x	37.1x	78.6x
Average	5.7x	18.7x	30.5x	73.5x
25th percentile	2.6x	10.1x	18.4x	40.1x
<i>Enterprise Value</i>				
75th percentile	31,554	16,100		
Median	11,690	10,176		
Average	23,305	11,441		
25th percentile	10,778	6,205		
<i>Equity Value</i>				
75th percentile	31,973	16,519		
Median	12,110	10,595	-	
Average	23,724	11,860	-	
25th percentile	11,197	6,624	-	
<i>Share Price</i>				
75th percentile	104.55	54.02	47.46	110.78
Median	39.60	34.65	44.55	94.28
Average	77.58	38.78	36.55	88.17
25th percentile	36.62	21.66	22.04	48.10
<i>Upside / Downside</i>				
75th percentile	96.8%	1.7%	(10.7%)	108.5%
Median	(25.5%)	(34.8%)	(16.1%)	77.5%
Average	48.0%	(27.0%)	(31.2%)	86.0%
25th percentile	(31.1%)	(59.2%)	(58.5%)	(9.4%)