

Ticker: ONON
Sector: Consumer Discretionary
Industry: Athletic Shoes and Apparel

Intrinsic Value: \$ 53.99
Current Price: \$ 47.84
Stop Loss: \$ 40.00

TTM P/E: 77.81
Forward P/E: 54.55
Beta: 1.47

Market Cap: \$ 15.26B
52 Week Range: \$24.15 - \$52.80

On Holding AG

Business Summary:

On Holding AG (ONON) provides athletic footwear and sports apparel to a global customer base, specializing in innovative running technologies. On was founded in the Swiss Alps in 2010 and went public in September 2021.

Industry Trends:

The athletic footwear market is experiencing growth driven by increasing fitness awareness, athleisure fashion trends, celebrity endorsements, and popularity across social media. Also, industry growth is driven by higher disposable income.

Investment Thesis:

Considering On's plan to expand its retail presence and its product offerings, our team should allocate 1% of our portfolio to On stock. On's high P/E ratio in relation to its peers indicates future growth for the company. The share price is currently undervalued and has 12.85% upside potential under a base case scenario.

Competitive Advantage:

On's patented technology in its running shoes and apparel, partnerships with athletes and celebrities such as Zendaya, prime retail locations in the main shopping districts of highly-populated cities, and perceived exclusivity give the company a competitive edge. On can take market share from large competitors such as Nike through its competitive advantages.

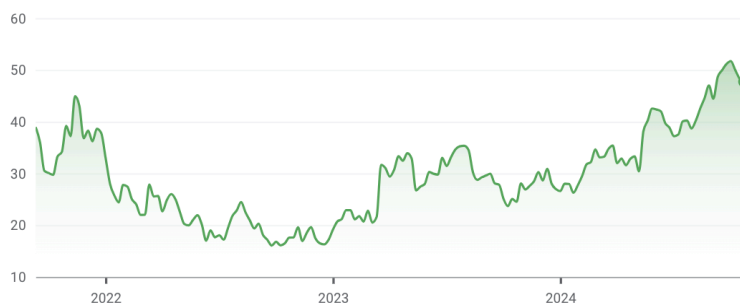
ESG Analysis:

Sustainability is one of On's core pillars. On has an initiative to use fossil-free materials with low environmental impact. On has also created circular systems to reuse and recycle products.

Risk Factors:

Risks include that competitors will release running shoes with similar cloud technologies and that consumer demand for athletic footwear will decrease as a whole.

Historical Stock Performance Since IPO



DCF Valuation

EBITDA Multiple Method - Value per Share	
Terminal EBITDA at Year 5	567.30
WACC	12.41%
Exit Enterprise Value / EBITDA	49.88x
Terminal Value at End of Year 5	28296.68
Present Value of Terminal Value	15,765.57
(+) Present Value of Free Cash Flows	1,660.31
(=) Current Enterprise Value	17,425.88
(+) Total Debt	598.80
(-) Cash and Marketable Securities	50% 455.40
(-) Current Net Debt	143.40
(-) Current Preferred and Minority Interest	-
(=) Equity Value	17,282.48
Shares outstanding	320
Estimated Value per Share (USD)	53.99
Current Price (USD)	47.84
Estimated Upside	12.85%

Comparative Analysis

	Gross Margin	Operating Margin	Net Income Margin	Inventory Turnover	A/R Turnover	A/P Turnover	CCC	ROA	ROE	ROIC	Forward P/E	Altman Z-Score
On	59.56	10.06	4.44	1.93	9.45	7.79	181.14	5.35	7.79	14.39	54.44	10.50
Deckers	55.63	21.63	17.71	3.78	14.34	5.72	58.48	26.69	39.22	32.93	30.59	18.01
Nike	44.56	12.29	11.10	3.57	12.00	9.71	95.45	15.07	40.09	21.82	29.11	6.06
Adidas	47.53	1.25	-0.35	2.14	9.66	3.78	111.59	-0.39	-1.57	-2.23	66.69	3.37
Lululemon	58.31	22.17	16.12	2.89	74.66	14.91	106.24	24.41	42.01	30.06	20.33	16.20

Environmental:

Pillar Score: 2.62
Disclosure Score: 22.47

Social:

Pillar Score: 1.37
Disclosure Score: 20.16

Governance:

Pillar Score: 5.14
Disclosure Score: 67.73