SIKULI CAPITAL

Conviction through contrarian research

On Holding AG (ONON)

Valuation Snapshot — Fair Value Range

As of May 19, 2026 | *Swiss premium performance running & lifestyle brand*

CURRENT PRICE	PROBABILITY-WEIGHTED FAIR VALUE	FAIR VALUE RANGE
$37.11	**~$49**	**$34 – $66**
5/19/26	*Bull 25% / Base 50% / Bear 25%*	*~30% upside to weighted FV*

Verdict: ONON looks undervalued versus its growth profile. The stock has retraced ~40% from its 52-week high of $61.29[1] on tariff fears (KeyBanc cut PT to $43 citing tariff exposure)[2], yet Q1 2026 delivered +26.4% constant-currency revenue growth and a 450bp Adj EBITDA margin expansion to 21.0%[3]. The company is debt-free with ~$1B in cash[4] and reaffirmed full-year +23%+ cc growth with 19.5-20.0% Adj EBITDA margin[5]. Our blended fair value of ~$49 implies ~30% upside; Wall Street consensus PT is ~$57-60[6].

CURRENT SNAPSHOT

Metric	Value	Notes / Source
Stock price	**$37.84**	5/19/26 ($38.10 5/18) [1]
52-week range	**$31.41 – $61.29**	Off ~38% from highs [1]
Market cap	**$12.5B (~CHF 11.4B)**	[7]
Diluted shares	**~331M**	Class A + Class B [4]
Cash / Debt	**$1.1B / ~$0**	Debt-free; net cash position [4]
Enterprise value	**~$11.4B**	Market cap minus net cash
Q1 2026 revenue	**CHF 832M (+26.4% cc)**	$1.06B reported; record quarter [3]
Q1 2026 Adj EBITDA	**CHF 174M (21.0% mgn)**	+45.4% YoY; +450bp margin expansion [5]
2026E revenue	**≥CHF 3.51B (+23% cc)**	Guidance reaffirmed [5]
2026E gross margin	**≥64.5%**	Despite tariff headwinds [8]
2026E Adj EBITDA margin	**19.5% – 20.0%**	Raised from prior guide [3]
Implied 2026E EBITDA	**~CHF 693M (~$780M)**	Midpoint of guide

Metric	Value	Notes / Source
Forward P/E (NTM)	**~21x**	Trailing 41x; growth de-rate [9]
EV/EBITDA (NTM)	**~14-15x**	LTM 21-27x range [10]
Consensus PT (range)	**$57 / $30-$84**	Avg ~$57, median ~$62, KeyBanc $43 [6][2]

MACRO CONTEXT — RATES & MARKET LEVELS

The 10-yr UST yields 4.68% — a 16-month high — adding pressure to long-duration growth multiples[11]. The S&P 500 trades at ~21x forward earnings, with earnings yield of 4.78% (only ~10bps over Treasuries)[12]. **Implication for ONON:** the rate backdrop has already driven a sharp de-rating in high-growth consumer names — ONON's forward P/E has compressed to ~21x from peak >50x. ONON is the rare high-growth name now trading at a market-multiple-discount with 23%+ revenue growth and a net-cash balance sheet, providing relative cushion against further rate moves.

METHODOLOGY

We anchor the fair value on three lenses: **(1) EV/EBITDA on 2026E** (~$780M USD midpoint of guide), **(2) P/E on 2026E EPS** (~$1.85 estimate based on Q1 trajectory), **(3) Forward EV/EBITDA on 2027E** assuming +25% growth (~$975M USD). Probability weights: Bull 25% / Base 50% / Bear 25%. Net cash held flat at $1.1B; share count flat at 331M.

BULL / BASE / BEAR SCENARIOS

Scenario (weight)	EV/EBITDA on 2026E	P/E on 2026E EPS	EV/EBITDA on 2027E	Blended FV
Bull (25%) *Tariff pass-through + share gains, EBITDA mgn >20%, multiple re-expansion*	25x → $62.50	35x → $64.75	22x → $68.60	**~$65**
Base (50%) *Hit guide, ~23% growth, 19.5% EBITDA mgn, multiple stays near current*	18x → $45.90	25x → $46.25	16x → $50.80	**~$48**
Bear (25%) *Tariff drag, growth slows to mid-teens, mgn -100bp, multiple compresses*	13x → $34.10	18x → $33.30	12x → $39.00	**~$35**
Probability-weighted	**~$47**	**~$48**	**~$52**	**~$49**

Blended fair value (~$49) = simple average of the three method-level probability-weighted outputs ($47 / $48 / $52). The wider $34-$66 range bookends bear and bull across all three lenses. Wall Street average PT is ~$57; median ~$62.

PEER COMPARISON

Company	Fwd P/E	Revenue Growth	Notes
On Holding (ONON)	~21x	+23% (2026E)	Highest-growth peer; net cash; 19.5-20% EBITDA mgn [9]
Lululemon (LULU)	~9-12x	low-single-digit	Severely de-rated; growth concerns [13]
Deckers (DECK)	~13-16x	~6-9% (HOKA decel)	Direct comp via HOKA; high-margin model [14]
Nike (NKE)	~27x	low-single-digit	Brand reset; near-term margin headwinds [15]
Adidas (ADS)	~25-30x	~10%	European peer; Samba/Gazelle momentum [16]

ONON is the rare combination of high growth (+23%) and low forward P/E (~21x) in the peer set. On a PEG basis (~21x / 23% = 0.9), ONON looks attractively priced. The risk: peers like LULU and DECK demonstrate how quickly premium-growth multiples can collapse if growth disappoints.

Key Risks & Watch Points

- **Tariffs:** Primary near-term overhang. KeyBanc cut PT to $43 specifically on tariff exposure [2]. Management guides ≥64.5% gross margin despite tariffs.
- **Multiple de-rating:** Trailing P/E has fallen from >50x to ~41x; further compression toward Deckers (~15x) is the bear case.
- **Growth deceleration:** Q1 +26.4% cc; guide implies +20-22% rest of year. Any quarter sub-20% would test the premium multiple.
- **Brand/category cycle:** Performance running is faddish — see HOKA's deceleration. ONON's lifestyle/CloudTilt diversification mitigates but doesn't eliminate.
- **FX (CHF/USD):** Strong CHF compresses reported revenue; cc growth +26.4% but USD growth ~22% in Q1.
- **Leadership / governance:** Recent co-CEO changes; founder influence remains significant via dual-class shares.

What Would Change Our View

- **Upside:** Guide raise on revenue or margin, tariff relief, sustained 25%+ growth in Asia-Pacific, multiple re-rating back to 25x+ EV/EBITDA.
- **Downside:** Two consecutive quarters of sub-20% cc growth, gross margin guide cut to below 64%, tariff escalation in Vietnam, or a meaningful brand misstep.

Sources

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[11] https://fred.stlouisfed.org/series/DGS10

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[16] https://www.chartmill.com/news/ONON/Chartmill-48266-On-Holding-AG-NYSEONON-Beats-Q1-Estimates-but-Market-Stays-Cautious

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