

Market: OMXS Large Cap

Ticker: BOOZT

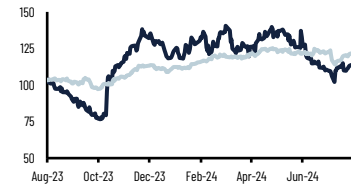
Share price (SEK): 113.9

Market cap (SEK): 7.4bn

Net debt (SEK): 320m

Enterprise value (SEK): 7.7bn

Share information



Ytd -15.8% 1 year: 12.3%
1 month: 2.9% 3 year: -31.8%

Note: We apply the closing price from 27.08.2024 (Source: S&P Capital IQ)
The graph is rebased to August 2023

Financials

SEKm	2022	2023	2024E
Revenue	6,743	7,755	8,300-8,600
Revenue growth	16.0%	15.0%	7%-11%*
Adj. EBIT	286	400	430-490
Adj. EBIT margin	4.2%	5.2%	5.2%-5.7%*
Net income	186	233	N/A
Net income margin	2.8%	3.0%	N/A
CAPEX	520	121	150-250*
Net cash	-652	-498	N/A

Note: *Boozt's own guidance for 2024. 2024E revenue rounded to nearest 50m, adj. EBIT guidance rounded to nearest 5m. Guidance updated in connection with Q2 2024 from Revenue growth 5-15% and adj. EBIT margin 5.2-6.0%*

Valuation multiples

	2022	2023	2024E*
P/S (x)	1.2	1.2	0.9
EV/Sales (x)	1.1	1.1	0.9
EV/EBITDA (x)	15.3	15.2	N/A
EV/adj. EBIT (x)	25.4	21.3	15.7-17.8
P/E (x)	42.5	38.6	N/A
P/B (x)	3.2	3.3	N/A
P/CF (x)	9.8	69.3	N/A

Note: Multiples for 2022 and 2023 are based on historical numbers
*Multiples in 2024E are based on the company's own guidance

Company description

Boozt is a Swedish-based e-commerce fashion and lifestyle retailer looking to become the leading department store in the Nordics. It was founded in 2011 and is now dual-listed following its listing on Nasdaq Stockholm in 2017 and Nasdaq Copenhagen in 2020. Boozt generates revenues primarily through sales from its online retail stores, Boozt.com and Booztlet.com, with additional revenues from its Boozt Media Partnership solution, its Booztpay "buy now pay later" solution, and its BrandHub.

Investment case

Boozt is positioned to capitalise from long-term digitalisation, growth in the e-commerce apparel market (forecast at a 9.1% CAGR 2023-2032¹⁾), and the continued penetration of online retail as a share of the total market. In addition, large players will likely continue outperforming, given their economies of scale, distribution efficiencies, and additional revenue streams.

The company has demonstrated the advantages of its department-store business model in recent years, significantly outperforming its peers and realising growth despite muted markets. Boozt has converted more customers to buying from multiple departments, increasing average order values, which grew 6.4% FY2023, while active customers also grew 8.0%. Higher average order values are key to Boozt's margin outperformance relative to peers and, in turn, enable greater ad spend, driving further market share gains.

For Q2 2024 growth continued, with 11% growth in active customers y/y (8% Nordics, almost 40% Rest of Europe) and growth in all product categories. H1 2024 saw Boozt narrow its guidance interval with a lower midpoint for both revenue and margins, however, management expects that the overall market retreated YTD 2024, particularly in the Nordics, as market share gains have driven growth. Market conditions remain uncertain, but Boozt maintains its ambitions for an adj. EBIT margin >10% in 5 years, and ~10% share of the Nordics market (online & offline) long-term.

Source 1: <https://www.precedenceresearch.com/e-commerce-apparel-market>

Key investment reasons

Boozt outperformed its peers in recent years, growing its market share and, particularly, against its largest peers. Boozt's favourable unit economics (higher average order value) can support ongoing ad-spend and drive further market share gains into 2024.

The online retailer market has high barriers to entry, given the economies of scale necessary to realize benefits in sourcing, logistics, marketing, and consumer data, as well as high costs for automated fulfilment centres. Boozt's scale creates a strong market position that is self-reinforced by enabling additional revenue streams, e.g. Booztpay and Boozt Media Partnerships.

Boozt has committed to share buybacks of up to SEK 800m (approx. 11% of current market cap) towards its 2026 AGM, per its CMD 2023. with YTD 2024 buybacks of SEK 98m. Cash flow to support buybacks is supported by relatively stable CAPEX expectations and a strong working capital position. Strong cash flows are expected despite the recently announced investment of SEK 500m for an expansion of the current fulfilment centre.

Key investment risks

The retail industry continues to face weaker demand as inflation and higher interest rates dampen consumer confidence. Boozt projects stable or improving consumer confidence in 2024; however, a reacceleration in inflation or a hard-landing recession could see demand conditions deteriorate again.

Boozt and the wider retail segment historically have narrow margins, which means a small margin squeeze can have a relatively large impact on earnings. Boozt's outlook assumes fairly stable industry conditions; therefore, a material deterioration in customer spending could see margins squeezed.

International competitors Zalando and ASOS may use their larger resources and greater economies of scale to defend/improve their market share at Boozt's expense; however, results have shown the reverse of this in recent years.

Peer group

Company	Price (local)	Total return YTD	Market cap (EURm)	Latest net debt (EURm)	EV/Sales		EV/EBITDA		EBIT margin (%)		Revenue CAGR	
					FY2024	FY2025	FY2024	FY2025	3-yr avg	LTM	2020-23	2023-25e
ASOS Plc	GBP 3.6	-16.1%	502	761	0.4	0.3	9.9	5.9	-0.6%	-6.9%	2.8%	-0.6%
Zalando SE	EUR 24.9	16.0%	6,392	-915	0.5	0.5	8.2	6.9	2.4%	2.8%	8.3%	6.5%
About You Holding SE	EUR 3.1	-28.6%	542	40	0.4	0.4	198.6	30.5	-7.6%	-3.9%	36.8%	6.1%
Median		-16.1%	542	40	0.4	0.4	9.9	6.9	-0.6%	-3.9%	8.3%	6.1%
Boozt AB	SEK 113.9	-15.8%	653	21	1.2	1.1	15.4	13.4	4.0%	4.0%	21.2%	9.8%
Premium (+) / Discount (-) to peers					181%	189%	56%	93%				

Note: Data from 27/08/2024

Source: S&P CapitalIQ

Note: no adjustments have been made for the skewed reporting periods of ASOS and ABOUT YOU. ASOS 2024E: Sep 2023 - Aug 2024; 2025E: Sep 2024 - Aug 2025; About You: 2024E: Mar 2024 - Feb 2025; 2025E: Mar 2025 - Feb 2026

Estimates and assumptions: The data in the peer group concerning the peer companies has not been calculated by HC Andersen Capital but is instead consensus analyst estimates (Mean estimates) from Refinitiv. HC Andersen Capital assumes no responsibility for the correctness of the numbers in the peer group; however, considers Refinitiv a credible source of information.

Peer group overview:

ASOS Plc: is a British online fashion retailer with global operations specializing in fast fashion for young adults and selling a variety of own and third-party brands. The company was founded in 2000 and listed on the FTSE AIM market in 2001, joining the main market on the LSE in 2022. ASOS has global activities, with its largest market being the UK, followed by Europe and the US, and continues to expand its geographical footprint. In addition to ASOS' retail sales, it generates revenues from services, which include, delivery receipt payments, marketing services, commission on partner-fulfilled sales, and revenue from wholesale sales.

Zalando SE: is a German online fashion retailer with pan-European operations, including 25 active markets, that sells a combination of its own private labels and partner brands. The company was founded in 2008 and listed on the Frankfurt Stock Exchange in 2014. In addition to its standard wholesaler model, Zalando generates revenues from its value-added services for partners, including Zalando Fulfilment Solutions (ZFS) and Zalando Marketing Services (ZMS).

ABOUTYOU Holding SE: is a German online fashion retailer active in the fast fashion segment that sells a combination of its own and partner brands. ABOUT YOU was founded in 2014 and listed on the Frankfurt Stock Exchange in 2021. The company's largest market is Germany, but it is active in 29 markets in Europe. In addition to its retail sales, ABOUT YOU generates additional revenues from its TME segment (Tech, media, enabling), which offers a range of data, advertising, and tech solutions to partners.