

Market: OMXC Mid Cap

Ticker: BOOZT DKK

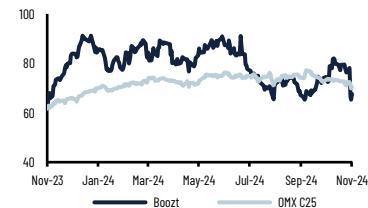
Share price (DKK): 67.65

Market cap (DKK): 6.8bn

Net debt (DKK): 285m

Enterprise value (DKK): 7.1bn

Share information



YTD -25.8% 1 year: 9.7%
1 month: -9.3% 3 years: -37.8%

Note: We apply the closing price from 07.11.2024 (Source: S&P Capital IQ)
The graph is rebased to November 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	225**
Net cash	-652	-498	N/A

Note: *Boozt's own guidance for 2024. 2024E revenue rounded to nearest 50m, adj. EBIT rounded to nearest 5m. Updated with Q2 2024 from Revenue growth 5-15% and adj. EBIT margin 5.2-6.0%. **Updated with Q3 2024 from SEK 150-250m

Valuation multiples

	2022	2023	2024E*
P/S (x)	1.2	1.2	0.8
EV/Sales (x)	1.1	1.1	0.6
EV/EBITDA (x)	15.3	15.2	10.8
EV/adj. EBIT (x)	25.4	21.3	16.8
P/E (x)	42.5	38.6	23.9
P/B (x)	3.2	3.3	N/A
P/CF (x)	9.8	69.3	31.5

Note: Multiples for 2022 and 2023 are based on historical numbers. *Multiples in 2024E are based on consensus analyst estimates from S&P Capital IQ

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.

Following Q3 2024 Boozt has maintained strong active customer growth (+12% y/y group level) and growth in all product categories, which may also support a strong holiday period, with 30% of annual sales generally expected in Nov and Dec. Current mid-point guidance reflects 11% revenue growth in Q4, with a 4.7pp adj. EBIT margin improvement which may be a challenge despite strong customer growth. Overall Boozt has expanded its market share in weaker markets in 2024 and 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.

The online retailer market has high barriers to entry, given the economies of scale necessary to realize benefits in automated fulfilment centers, logistics, marketing, and data. Boozt's automated fulfilment centers also provide an operating leverage which can support larger margins and especially during Q4.

Boozt has ambitions to deliver share buybacks of up to SEK 800m (approx. 12% of market cap) between its 2023-2026 capital markets days, with YTD 2024 buybacks of SEK 116m. Cash flow can be supported by relatively stable CAPEX expectations despite the announcement of SEK 500m investment in fulfilment center expansion and automation from 2025-2027.

Key investment risks

The retail industry continues to face weaker demand as inflation and limited disposable income weakens consumer spending. The expected consumer improvements have not materialized as expected in 2024; and broader economic and consumer conditions could worsen further before they improve, as uncertainty remains.

Boozt and the wider retail segment historically have narrow margins, which means a small margin squeeze can have a large impact on earnings. Boozt's outlook assumes fairly stable industry conditions; and the strong holiday period implied to reach mid-point guidance is not guaranteed.

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 3.4	-20.1%	487	761	0.4	0.3	9.9	5.9	-0.6%	-11.4%	2.8%	-0.6%
Zalando SE	EUR 26.6	24.2%	6,842	-915	0.5	0.5	8.2	6.9	2.4%	3.9%	8.3%	6.5%
About You Holding SE	EUR 3.3	-23.2%	584	40	0.4	0.4	198.6	30.5	-7.6%	-3.3%	36.8%	6.1%
Median		-20.1%	584	40	0.4	0.4	9.9	6.9	-0.6%	-3.3%	8.3%	6.1%
Boozt AB	DKK 67.7	-22.8%	590	21	1.2	1.1	15.4	13.4	4.0%	3.7%	21.2%	9.8%
Premium (+) / Discount (-) to peers					191%	189%	56%	93%				

Note: Data from 08/11/2024

Source: S&P CapitalIQ

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.