

Market: OMXS Large Cap

Ticker: BOOZT

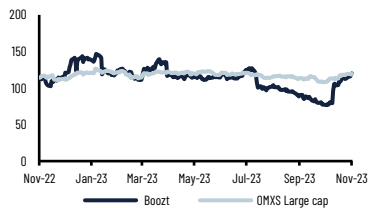
Share price (SEK): 120.0

Market cap (SEK): 7.9bn

Net debt (SEK): 107m

Enterprise value (SEK): 8.0bn

Share information



Ytd: -0.2% 1 year: 5.3%
1 month: 55.4% 3 year: -23.5%

Note: We apply the closing price from 29.11.2023 (Source: Refinitiv)
The graph is rebased to 29.11.2022.

Financials

SEKm	2021	2022	2023E*
Revenue	5,813	6,743	7,620-7,755*
Revenue growth	33.4%	16.0%	13%-15%*
EBIT	264.5	253.1	370-390*
EBIT margin	4.5%	3.8%	4.8%-5.1%*
Net income	195.2	186.1	N/A
Net income margin	3.4%	2.8%	N/A
Cash	1,564.9	1,777.2	N/A
Interest-bearing debt	842.6	1,108.6	N/A

Note: *Boozt's own guidance for 2023
2023E revenue estimates rounded to nearest 10m

Valuation multiples

	2021	2022	2023E*
P/S (x)	2.1	1.2	1.0-1.1*
EV/Sales (x)	2.0	1.1	1.0-1.1*
EV/EBITDA (x)	26.5	15.2	N/A
EV/EBIT (x)	43.2	28.5	20.8-22.0*
P/E (x)	65.4	44.0	N/A
P/B (x)	5.5	3.2	N/A
P/CF (x)	49.8	9.8	N/A

Note: Multiples for 2021 and 2022 are based on historical numbers
*Multiples in 2023E 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 during 2023, significantly outperforming its peers, with respect to revenue and earnings growth. Boozt has converted more customers to buying from multiple departments, as the company showed moderate growth in active customers (+2.1%), and order numbers (+2.5%) YTD Q3 2023, yet significant growth in average order values (+8.0%). This has also contributed to margin outperformance relative to peer YTD 2023, enabling greater ad spend, a central part of Boozt's strategy to gain market share amidst weaker market conditions.

Despite weaker economic conditions, Boozt upgraded its guidance following Black Friday. Boozt now expects revenue growth of 13-15% (from 7.5%-12.5%) and adj. EBIT of SEK 370-390m (from SEK 350-390m) respectively, for 2023. While macroeconomic conditions remain uncertain, Boozt continues its growth trajectory and progresses towards its long-term ambitions for ~10% of the entire market share in the Nordics, and adj-EBIT margins of >10%.

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

Key investment reasons

Boozt outperformed its peers in 2022 and has continued to do so in 2023, growing its market share and, particularly, against its largest peers. With the department store model delivering, and a favourable inventory position momentum may continue into 2024.

The online retailer market has high barriers to entry, given the economies of scale necessary to realise 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 is increasing shareholder returns by way of share buybacks of up to SEK 200m, until its AGM 2024 (about 2.5% of the current market cap). The buybacks reflect a lesser CAPEX following its Autocentre completion in 2022. Boozt also hopes to return up to SEK 800m in the coming three years, as per its 2023 CMD.

Key investment risks

The retail industry continues to face weaker demand as inflation and higher interest squeeze consumer budgets. Industry inventory levels have come down; however, discounting conditions remain competitive. Demand is currently developing positively; 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		3-year revenue CAGR	
					2023E	2024E	2023E	2024E	3-yr avg	TTH	2020-2023E	2023E-2026E
ASOS PLC	GBP 394.6	-22.7%	548	758	0.4x	0.3x	12.9x	6.9x	-0.2%	-7.0%	-5.5%	6.8%
Zalando SE	EUR 22.1	-33.3%	5,821	-106	0.5x	0.5x	9.5x	7.6x	3.0%	1.3%	8.6%	6.2%
ABOUT YOU Holding SE	EUR 4.7	-20.0%	875	156	0.5x	0.4x	N/A	32.9x	-8.0%	-8.5%	19.1%	10.3%
Average of peer group		-25.4%	2,415	270	0.5x	0.4x	11.2x	15.8x	-1.7%	-4.7%	7.4%	7.8%
Boozt AB	SEK 120	-0.2%	706	20	1.1x	1.0x	14.3x	12.4x	4.1%	3.8%	15.7%	9.1%

Premium (+) / Discount (-) to peers

Note: Data from 30/11/23

Note: no adjustments have been made for the skewed reporting periods of ASOS and ABOUT YOU. ASOS: 2023E: Sep 2022 - Aug 2023; 2024E: Sep 2023 - Aug 2024; About You: 2023E: Mar 2023 - Feb 2024; 2024E: Mar 2024 - Feb 2025

Source: Refinitiv

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 specialising 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.