

Market: OMXS Large Cap Index

Ticker: BOOZT

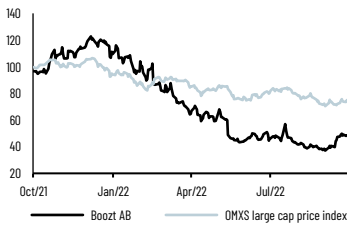
Share price (SEK): 72.55

Market cap (SEK): 4.77bn

Net debt (SEK): 70.5m

Enterprise value (SEK): 4.78bn

## Share information



## Financials

(SEKm)	2020	2021	2022E*
Revenue	4,359	5,814	6,400-6,700*
Revenue growth	27%	33%	10-15%
EBIT	182	265	235-285*
EBIT margin	7.3%	7.4%	3.6-4.4%
Net income	133	195	N/A
Net income margin	3.0%	3.4%	N/A
Cash	1,715	1,585	N/A
Interest-bearing debt	1,006	603	N/A

Note: \*Mid-range in Boozt's own guidance for 2022/23  
\*2022E revenue estimates rounded to nearest 100m

## Valuation multiples

	2020	2021	2022E*
P/S (x)	2.7	2.1	0.7*
EV/Sales (x)	2.6	2.0	0.7*
EV/EBITDA (x)	35.9	26.5	N/A
EV/EBIT (x)	62.7	43.2	T7-20*
P/E (x)	89.6	61.7	N/A
P/B (x)	6.2	5.5	N/A
P/CF (x)	15.9	49.3	N/A

Note: Multiples for 2020 and 2021 are based on historical numbers  
\*Multiples in 2022E are based on the mid-range of company guidance

## Company description

Boozt AB 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 operates in the online retail market which is supported by the macro trend of digitalisation. The pandemic accelerated the shift in consumer behaviour towards e-commerce, and while there has been some normalisation during 2022, the long-run trend is toward increasing online penetration.

Boozt can also gain market share within the Nordic online retail space, as outlined in its financial ambitions towards 2023, which following H1 2022 it reported is developing positively, particularly taking market share from German competitors. Continued outperformance against peers can see Boozt's market share grow.

Boozt's business model has supported growth since its IPO, with the department store model contributing to a larger average order size as customers purchase products from multiple categories. Booztlet generates additional revenues from out-of-season stock, while Boozt's value-added services also bolster earnings and have future earnings potential.

The need for economies of scale, necessary for competitiveness in the online retail market creates high barriers to entry. This suggests that the long-run market equilibrium favours a more concentrated market, which typically results in greater market power and higher margins.

In the short-term Boozt faces headwinds as growth recalibration in response to inflation and rising interest rates reduced staff and led to inventory build-up. However, a strong cash position allows Boozt to navigate short-term headwinds.

## Key investment reasons

Boozt has reached an effective scale necessary to be competitive within the online retail space, realising scale benefits in sourcing, logistics, marketing and consumer data. Boozt's scale allows it to capitalise on additional revenue streams such as its Boozt Media Partnership, and Booztpay solutions. The scale required to be competitive within Boozt's market is a significant barrier to entry and can support earnings in the long run.

Boozt can develop its market share against physical retailers as the wider online retail market penetration increases. It can also grow its market share against other online retailers by outperforming its peers, particularly those in Germany.

Boozt's department store business model leads to higher average customer checkouts as users purchase goods from multiple product categories. This supports earnings in an environment with high customer acquisition costs and low industry margins.

## Key investment risks

Boozt has faced headwinds in 2022 as the removal of lockdowns shifted consumer spending towards leisure and tourism, and at the same time, inflation and rising interest rates have reduced consumers' disposable income. As a result, Boozt downgraded its 2022 guidance to revenue growth of 10-15% from 20-25% and EBIT to SEKm 235-285 from SEKm 365-420. A recession in the Nordics may add additional pressures on disposable income.

Declining growth expectations have resulted in inventory build-up, which could put pressure on margins if weaker demand means it must be sold at highly discounted prices. Boozt and the wider retail segment historically have narrow margins, a squeeze could therefore result in negative cash flows from operating activities.

International competitors, Zalando and Amazon, may use their larger resources to gain market share from Boozt if they can leverage economy-of-scale benefits to their advantage.

Company	Price (local)	Total Return Ytd	Market Cap (EURm)	Latest Net Debt (EURm)	EV/Sales 2022E	EV/Sales 2023E	EV/EBIT 2022E	EV/EBIT 2023E	Price/EPS 2022E	Price/EPS 2023E	EBIT margin TTM	EBIT margin 3-yr avg
ASOS PLC	GBP 517.50	-78.4%	591.1	615.9	0.3x	0.2x	37.9x	8.5x	18.3x	9.1x	0.4%	3.2%
Zalando SE	EUR 22.62	-68.2%	6,018.1	208.1	0.6x	0.5x	37.8x	17.2x	98x	36.7x	1.4%	3.8%
ABOUT YOU Holding SE	EUR 4.95	-75.8%	926.1	-49.6	0.4x	0.4x	N/A	N/A	N/A	N/A	-9.1%	-7.0%
<b>Average</b>		<b>-74.1%</b>	<b>2,511.8</b>	<b>258.1</b>	<b>0.4x</b>	<b>0.4x</b>	<b>37.9x</b>	<b>12.9x</b>	<b>58.2x</b>	<b>22.9x</b>	<b>-2.5%</b>	<b>0.0%</b>
<b>Boozt AB</b>	SEK 72.55	<b>-60.5%</b>	<b>427.7</b>	<b>6.6</b>	<b>0.7x</b>	<b>0.7x</b>	<b>22.7x</b>	<b>16.3x</b>	<b>26.7x</b>	<b>19.3x</b>	<b>3.0%</b>	<b>4.0%</b>
Premium (+) / Discount (-) to peers					76%	70%	-40%	26%	-54%	-16%		

Note: Data from 25/10/22

Source: Refinitiv