

Westwing Group AG

Consumer Goods - Germany



Buy (old: Buy)

23.01.2024

EUR 19.00 (old: EUR 19.00)

Storytelling-based value and growth play for 2024

With its **storytelling-based** retail approach and **inspiration-driven** revenue generation, Westwing is a **unique play on the growing online penetration** in the home and living segment. The latter still stands at <20% of a massive € 630bn market vs. >25% for fashion or >35% for electronics. Its focus on **curated home furnishings** along with **strong app engagement** in 11 European countries helped the company generate € 431m in FY'22 revenues and reach **1.3m, mostly female customers** with an impressive **>80% retention rate**, and a superb mobile share rate of 80%.

Westwing's **strong gross margins of c. 50%** are carried by a **high share of private labels** (48% in Q3'23). As sales look set to grow at a **8.3% CAGR 23e-27e**, scalability should allow for profitability improvement especially in G&A (c. 21% of sales vs 7-10% industry average) such that the **EBIT margin** is seen to reach **break-even in 2024e**.

Notably, after several quarters of decline in the number of active customers and order frequency normalization following the pandemic boom, Westwing was able to **return to growth** both in **active customers and GMV per customer in Q3 2023**, indicating that the **company seems to have passed the trough**. Hence, structural drivers are back to the fore and the company is on track to continue **top and bottom line growth into 2024** thanks to fruitful efforts to improve customer experience, product offering and a growing share of the higher-margin private label.

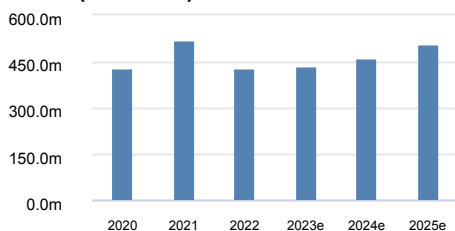
Westwing's market cap stands at only c. € 151m. Having a healthy balance sheet with a current **net cash position of € 69m** (or € 3.30 per share or **>45% of the current share price**), an investor acquires the entire operating business for only € 3.90 per share. With FCF LTM of € 23.8m and **trading at only c. 0.2x EV/Sales FY23e** (~60% discount to e-commerce peers), Westwing provides both a **strong downside protection** and a **bargain opportunity to disproportionately profit** from an eventual recovery of the Home & Living market and possibly a less hawkish monetary policy.

Regarding the stock as a compelling **mix of growth and value**, we remain our **BUY** rating with an **unchanged PT € 19.00**, based on DCF.

Y/E 31.12 (EUR m)	2020	2021	2022	2023e	2024e	2025e
Sales	432.9	522.5	430.8	437.6	459.8	505.8
Sales growth	61.9%	20.7%	-17.6%	1.6%	5.1%	10.0%
Adj. EBITDA	50.0	40.4	-4.2	20.6	25.9	31.9
Net debt (if net cash=0)	-100.4	-87.1	-56.2	-79.8	-77.9	-80.0
FCF	39.3	3.8	-21.4	20.1	8.3	12.1
Net Debt/EBITDA	0.0	0.0	0.0	0.0	0.0	0.0
EPS pro forma	1.18	0.55	-1.51	-0.12	-0.09	0.12
Adj. EBITDA margin	11.6%	7.7%	-1.0%	4.7%	5.6%	6.3%
ROCE	41.1%	22.2%	-23.5%	-1.5%	2.0%	7.2%
EV/sales	0.4	1.4	0.2	0.2	0.2	0.2
EV/EBITDA	3.7	17.9	-10.9	4.4	3.8	2.9
PER	11.1	67.5	-4.8	-61.4	-80.8	62.7
Adjusted FCF yield	22.6%	3.0%	-22.6%	10.6%	14.0%	19.5%

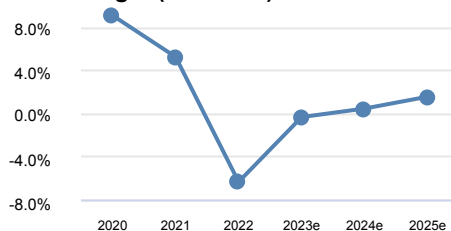
Source: Company data, NuWays, Close price as of 22.01.2024

Sales (2020-25e)



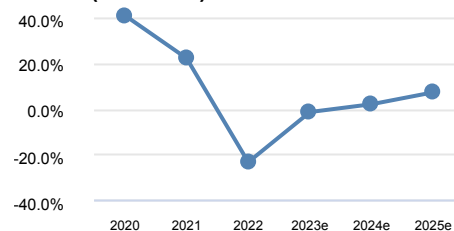
Source: NuWays Research

EBIT margin (2020-25e)



Source: NuWays Research

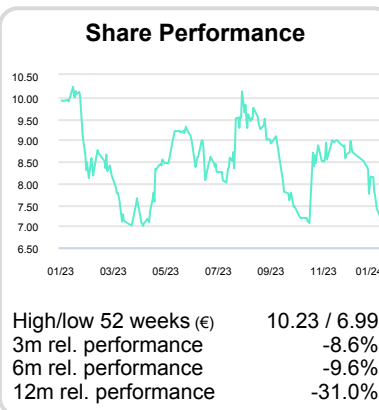
ROCE (2020-25e)



Source: NuWays Research

Company description

Westwing is a leading e-commerce platform that allows customers to have the combined advantages of online and offline shops for home and living products. The company's product portfolio is complemented by consultation services from professional designers.



Market data

Share price (in €)	7.25
Market cap (in € m)	155.2
Number of shares (in m pcs)	20.4
Enterprise value (in € m)	79.4
Ø trading volume (6 months)	47,000

Identifier

Bloomberg	WEW GR
Reuters	WEW
WKN	A2N4H0
ISIN	DE000A2N4H07

Key shareholders

Rocket Internet	28.9%
The Capital Group	10.3%
Amiral Gestion	5.1%
Tengelmann Ventures	5.7%
Janus Henderson	3.1%
Free Float	47.7%

Estimates changes

	2023e	2024e	2025e
Sales	0%	0%	0%
EBIT	0%	0%	0%
EPS	0%	0%	0%

Comment on changes

Guidance

- Sales: -9% to +2% yoy
- Adj. EBITDA: € 13-19m
- FCF: > € 0

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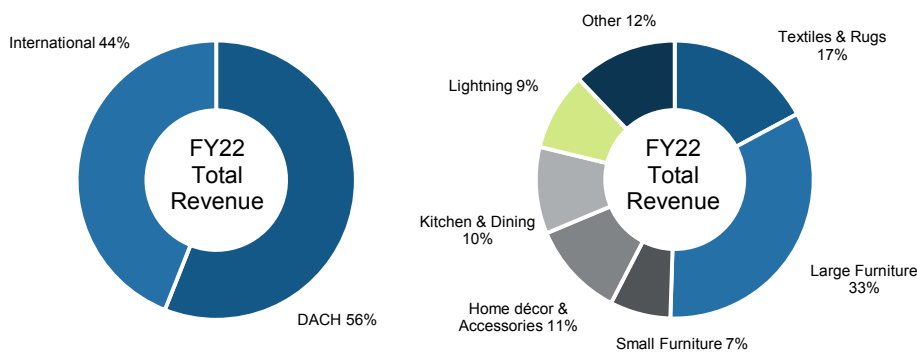
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Business & Competitive Quality

Westwing: A unique play in the online Home & Living market

Founded in 2011, Westwing offers customers various Home & Living categories such as textiles, furniture, lighting, kitchen accessories, and decoration, generating **€ 431m in revenues** (FY22) by selling its home furnishings in 11 European countries. Geographically, the company splits its operations into **DACH** and **International**, with the former generating c. **56%** of Westwing's total revenues. Roughly **40%** of Westwing's revenue is derived from **furniture** with the remainder stemming from home decorations.

Revenue split by geography and category



Source: Company data, NuWays

Inspiration-driven revenue generation: Characteristically, Westwing combines online retail with interior design magazine contents through its "shoppable magazine" concept. Its **storytelling-based retail approach** inspires customers and products are presented alongside shoppable interior themes and home styling tips. Its daily interior magazine helps customers discover and instantly shop favorite Home & Living pieces.

Unique shoppable magazine



Source: Company data, NuWays

It divides its business activities into two categories: "Club" and "Shop". **"Club"** presents daily themes in a story-like way that introduce customers to new ideas regarding decoration tips, home styling, and matching products, all disseminated via rich editorial content (e.g. daily newsletter). **"Shop"** houses Westwing's permanent assortment of a large variety of products and offers fast delivery of third-party and Westwing Collection products, organized in fully shoppable looks. In 2023, the company rolled-out its **OneWestwing** initiative, merging its Club and Shop sites. The

app helps to better acquire and maintain customers, providing real-time sales data on customer preferences to sell relevant assortment.

Products sold by Westwing



Source: Company data, NuWays

Besides offering **third-party brands** and products, Westwing launched “**Westwing Collection**” in 2018, its **private label**, which develops and sells products at affordable prices and great quality (furniture, textiles, decoration) with designs the company already knows customers will love aided by data analysis.

Westwing’s status as a **one-stop-shop, premium brand** in the Home & Living segment with high customer engagement and loyalty is demonstrated by its strongly **defined customer base** (90% of its currently **1.3m active customers** as of Q3 2023 are female), **high repeat order share** (>80% of revenues stemming from repeat orders), **strong social media engagement** (80% mobile visit share, >10m social media followers, >1m weekly views on YouTube & Tik Tok, >1m people every day on Instagram), and **favorable unit economics** (payback period of 12 months). The Group has been successful in gradually **increasing share of customer wallets** as measured by GMV per active customer, further showcasing its entrenched position in customers’ lives.

Storytelling-based retail approach as strong competitive differentiator

Westwing’s main competitive advantage, differentiating itself from larger competitors like Amazon, IKEA, Wayfair, among others, is its **focus on inspiration-based, rather than search-based sales**, and its **marketing and content creation expertise**.

While competitors attract customers who need a certain item, then search for and buy it only if it’s decently priced and reviewed, Westwing is an inspiration purchase rather than a need purchase, i.e. customers don’t visit the site because they need a certain piece of furniture or decoration, but because they’re interested in the design ideas and content that Westwing’s creative team is presenting on any given day (if customers love it, they will purchase it). This also explains why (1) Westwing customers will visit the website 100x per year, but only purchase 2.7x and (2) the company’s high share of female customers with a strong aesthetic motivation. All of this presents a **favorable niche to compete** in, because the Group is **not competing as much on price or quality as it is on its ability to design content that delights customers**, highlighting the value and significance of Westwing’s content asset.

Westwing's main competitors



Source: NuWays

Westwing's approach to marketing is also unique: It **overwhelmingly relies on content created by its own employees in its own internal studios**, ensuring scalability as fixed costs of the marketing team can be spread over an increasing customer base. The **Group's traffic is 94% organic as opposed to paid**, allowing relatively low marketing expenses as a percentage of sales (stable at ~9-10%). Many **third-party brands increasingly view Westwing as a marketing channel** in addition to a distribution channel and pay marketing fees to be included in their daily themes. Despite the strong reliance on organic marketing, in 2020/2021, Westwing had the **2nd most social media interactions** second only to Mercedes, but ahead of Netflix, Audi, and Disney.

The Group's content is created by its **own creative talents**: art directors, interior designers, videographers, photographers, many of whom formerly held magazine editors-in-chief, editor, fashion stylist, film maker, fashion photographer, graphic designer positions. Moreover, the company **works with influential style icons and celebrities** to inspire customers through their home stories.

Operational Turnaround & Growth Outlook

Post-Covid normalizations have temporarily weighed down on operating performance and stock price

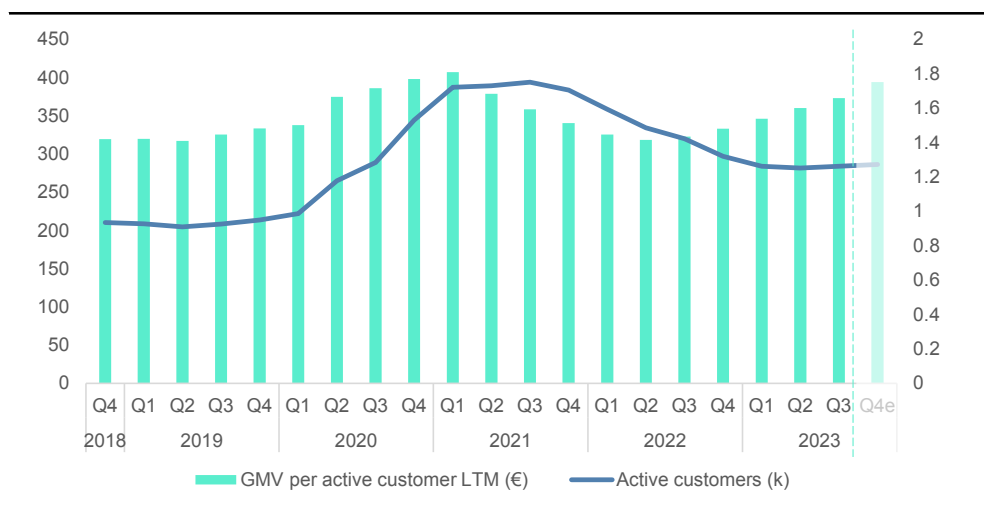
In 2022, Westwing's **bloated G&A and business size had been based on expectations of higher sales levels**, largely encouraged by consumer behavior observed during the pandemic. Management had planned for additional growth and thus created a higher cost base. After Covid-related restrictions were lifted, online market growth slowed while offline sales came back strong, leaving the firm with high levels of inventory. Along with a **depressed consumer confidence level** stemming from the Ukrainian war and interest rate hikes, resulting in worse-than-expected demand, revenues decreased in FY22 amid a generally **difficult market environment for online retailers with spill-over effects into FY23**. This was mainly due to a significant drop in active customer numbers and order frequency. Moreover, Westwing faced a strong comparable base, because overall Home & Living demand still benefited from offline lockdowns in 2021.

Recent turnaround in operating performance strongly sets up Westwing for future top and bottom line growth

Management has adjusted Westwing's cost basis and business throughout **2022 and 2023**, cutting G&A and marketing (bringing down headcount to 1541 FTEs in Q3 2023 from 2312 in 2021) as well as capex by € 30m compared to the Q1 2022 run-rate. Inventories decreased in 2022 as supply chains stabilized and the company was able to decrease inventory buffers built up in 2021, freeing up cash. Along with **fruitful measures to improve customer experience and drive engagement** (such as the roll-out of OneWestwing), the company is **now set to return to its past top and bottom line growth trajectory**.

Notably, Westwing has **returned to growth in a declining market**. In Q3 2023, DACH revenues grew 4% yoy, despite the decline in the German Home & Living market of -8% yoy Q3 2023, according to BEVH (Bundesverband E-Commerce und Versandhandel Deutschland e.V.). After several quarters of decline, the **number of active customers grew again** and the company was able to continue its strong history of **gradually expanding share of wallet with customers** in terms GMV per customer (+6% yoy in Q3 2023), further showing how entrenched the brand continues to be in customers' lives.

Bottoming out effects in active customer development



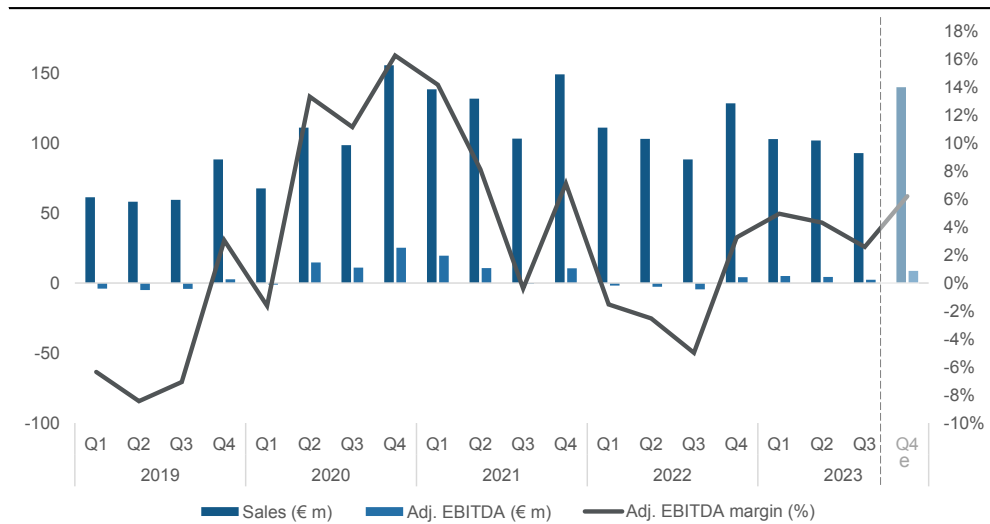
Source: Company data, NuWays

Despite seasonally weaker Q3, Westwing **continued its profitability streak into its fourth profitable quarter in a row** with adjusted EBITDA margin of 2.5% vs.

-5.1% in Q3 2022 mainly due to (1) favorable sales development (2) improving unit economics and (3) cost discipline (especially G&A related).

Due to **strong current trading** and **Q4 typically being the Group's strongest quarter for both sales and adjusted EBITDA**, growth is expected to continue into Q4 2023: Sales +9% yoy to € 140m (eNuW) through a growing active customer base (+0.8% qoq to 1.27m) and GMV per customer (+13.7% yoy to c. € 122.3). The company's full year 2023e guidance for an adjusted EBITDA of € 13-19m looks conservative, in our view (eNuW: € 20-21m).

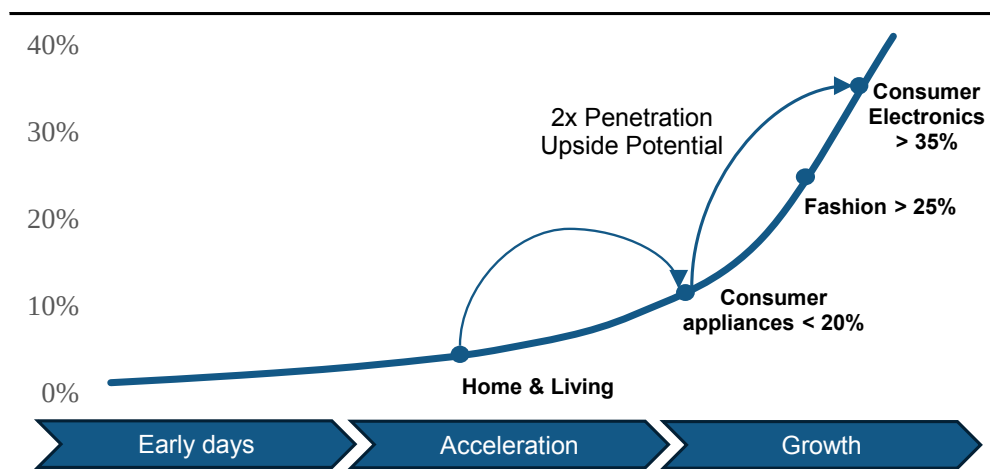
Sales and adjusted EBITDA development



Source: Company data, NuWays

Apart from such short-term considerations, Westwing **profits from a large addressable market** worth € 130bn (in Europe) within the greater € 630bn Home & Living market, implying a long growth runway ahead for the company. The Home & Living market offers an **enormous catch-up potential** when it comes to online penetration relative to other market segments: E-commerce market penetration in Home & Living stands at only <20%, while e.g. fashion (>25%) and consumer electronics (>35%) show higher penetration rates.

E-commerce market penetration of total H&L market



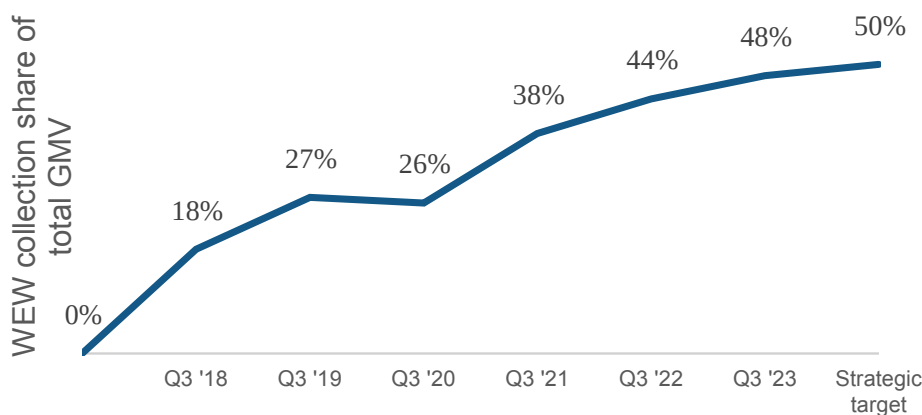
Source: Company data, NuWays

The company is seen to achieve mid-term **sales of c. €600m** (translating into a **8.25% CAGR from 2023e onwards**) and **adjusted EBITDA margins of 7-8% by 2027e** driven by (1) continued **penetration** of online H&L market; (2) topline growth via entering **new countries, channels, and service lines** (e.g. offline

stores, interior design service, B2B cooperation); (3) favorable **product mix** shift: increase adjusted EBITDA margins via boosting its higher-margin private label share to >50% of GMV (Westwing Collection is a key driver of long-term profitability boasting EBITDA margins that are 12-15 ppts. higher than sales from third-party products); (4) **leverage scale** across fulfilment and G&A expenses; and (5) increase **efficiency** and reduce complexity (such as the OneWestwing initiative).

While Westwing should benefit from a **lower share of bulky items** responsible for driving up freight rates (33% of revenues) as well as an **increasing basket size and GMV per customer** (c. € 154 and € 177 as of Q3'23, respectively), last-mile carriers likely will continue to raise prices regularly. Hence, overall **fulfilment costs should remain largely stable** at around 19-20% of sales, going into 2024 and beyond.

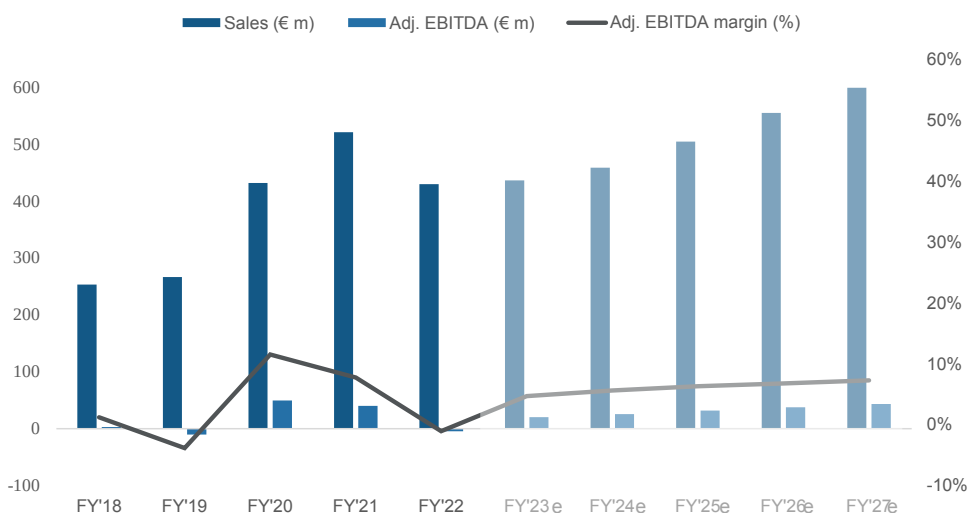
Development of Westwing Collection share of total GMV



Source: Company data, NuWays

During Covid, Westwing proved that its **business model is scalable** by achieving adjusted EBITDA margins of c. 17%, EBIT margins of c. 7% and FCF margins of c. 9%, pointing towards the **future direction of the business**. Having established operations in 11 European countries, the company's existing physical infrastructure allow **growth without considerable further investments**. Furthermore, high profits are obtained in a **capital light** way: Westwing has consistently exhibited negative **working capital** dynamics along with a **capex** to sales ratio of c. 2-3%, most of which is allocated to its digital platform.

Sales and adjusted EBITDA projections



Source: Company data, NuWays

Additionally, with a healthy balance sheet, a **considerable net cash position of € 69m** as of Q3 2023 (translating into **€ 3.40 per share or >45% of the current share price**), and strong LTM FCF generation of € 23.8m, the stock continues to offer **significant downside protection**. Thus, an investor acquires the entire operating business for only € 3.90 per share. As monetary policies turn less hawkish and consumer confidence reverts to its mean (e.g., the US consumer sentiment index rose 13% to 78.8 in January 2024, hitting the highest level in 2.5 years), the challenging macroeconomic environment for ecommerce businesses should likely prove transitory in hindsight, **superbly positioning Westwing to disproportionately profit** from a probable recovery in the Home & Living market.

Valuation

Peer group valuation

Westwing's softer operating performance over the past 2-3 years has led to a substantial de-rating of the share. In fact, Westwing's current stock price implies an EV of € 82m (MC € 151m and net cash € 69m). In our view, this looks exaggerated as **growth has reaccelerated and Westwing's cash flow development is typical for e-commerce companies in early growth stages**. That said, many e-commerce peers are still being valued at a substantial premium to Westwing (e.g. Wayfair, Redcare Pharmacy).

Online retail peers include:

Asos (Revenue FY '22: GBP 3.9bn, Market cap: GBP 695m) – A leading online fashion retailer. Founded in 2000, Asos has >18m active customers and >4,000 employees, offering 1,000 brands across ~240 countries. The company is headquartered in London, UK.

Redcare Pharmacy (Revenue FY '22: € 1.2bn, Market cap: € 803m) – A prominent pharmaceutical chain providing a wide range of healthcare products and services. Established in 2005, Redcare Pharmacy serves a loyal customer base with over 50 locations across the United States. The company's headquarters are situated in New York City.

Zalando (Revenue FY '22: € 10.3bn, Market cap: € 8.7bn) – A leading European online fashion retailer, Zalando was founded in 2008 and boasts more than 35 million active customers. With a workforce of over 14,000 employees, they offer a diverse portfolio of 2,000 brands, delivering fashion across 17 European countries. Zalando is headquartered in Berlin, Germany.

Wayfair (Revenue FY '22: \$ 12.2bn, Market cap: \$ 3.6bn) – A leading online home goods retailer, Wayfair was established in 2002. They offer a vast selection of furniture, décor, and appliances, catering to a broad customer base across North America and Europe. With over 16,000 employees, Wayfair's headquarters are located in Boston, USA.

Valuing Westwing on the **median EV/sales '23e of 0.73x** implies a **fair value of € 19.00 per share** providing substantial upside to the current share price of € 7.30.

Peer group analysis

Valuation (x)	EV/Sales 22	EV/Sales 23e	EV/Sales 24e
ASOS	0.31	0.33	0.33
Redcare Pharmacy	0.73	1.48	1.14
Zalando	0.81	0.42	0.4
Wayfair	0.53	0.73	0.7
Median	0.63	0.58	0.55
Westwing	0.3	0.2	0.2
Premium (+) / Discount (-) to Peers	-52%	-65%	-64%

Source: NuWays

DCF valuation confirms attractive risk-reward profile

The DCF valuation derives an implied **fair equity value of € 19.00** for Westwing. The key assumptions of our model are:

- **Terminal EBIT margin:** The terminal year EBIT margin is 4.2%

- **Terminal growth:** A terminal year growth rate of 2.5%
- **WACC:** A WACC of 8.5%

Looking at the sensitivity analysis below, a 1 ppt. higher or lower terminal year EBIT margin would imply a fair equity value of € 16.60 per share at a 3.2% EBIT margin or € 21.30 at a 5.2% EBIT margin.

DCF Valuation

DCF (EUR m) (except per share data and beta)	2023e	2024e	2025e	2026e	2027e	2028e	2029e	2030e	Terminal value
NOPAT	-1	2	6	10	14	17	20	22	21
Depreciation	19	19	19	18	18	17	16	14	15
Increase/decrease in working capital	13	0	0	0	0	1	1	1	1
Increase/decrease in long-term provisions and accruals	0	0	0	0	0	0	0	0	0
Capex	-12	-13	-14	-14	-15	-15	-15	-15	-15
Acquisitions	0	0	0	0	0	0	0	0	0
Capital increase	0	0	0	0	0	0	0	0	0
Cash flow	18	9	11	13	17	19	20	21	22
Present value	19	8	9	10	12	13	12	12	215
WACC	9.1%	9.1%	9.1%	9.1%	9.1%	9.1%	9.1%	9.1%	8.5%

DCF per share derived from

Total present value	309
thereof terminal value	70%
Net debt (net cash) at start of year	-80
Financial assets	2
Provisions and off balance sheet debt	4
Equity value	387
No. of shares outstanding	20.4
Discounted cash flow per share	19.0
upside/(downside)	164%

Share price

7.20

DCF avg. growth and earnings assumptions

Short term growth (2023-2025)	7.5%
Medium term growth (2025 - 2030)	6.4%
Long term growth (2030 - infinity)	2.5%
Terminal year EBIT margin	4.2%

WACC derived from

Cost of borrowings before taxes	6.0%
Tax rate	0.0%
Cost of borrowings after taxes	6.0%
Required return on invested capital	9.1%
Risk premium	5.5%
Risk-free rate	2.5%
Beta	1.2

Sensitivity analysis DCF

		Long term growth				
		1.5%	2.0%	2.5%	3.0%	3.5%
WACC	10.5%	14.6	15.0	15.4	15.9	16.5
	9.5%	15.8	16.3	16.9	17.6	18.4
	8.5%	17.4	18.1	19.0	20.0	21.2
	7.5%	19.6	20.6	21.9	23.5	25.5
	6.5%	22.7	24.3	26.4	29.1	32.7

Sensitivity analysis DCF

		EBIT margin terminal year				
		2.2%	3.2%	4.2%	5.2%	6.2%
WACC	10.5%	12.3	13.8	15.4	16.9	18.5
	9.5%	13.1	15.0	16.9	18.8	20.7
	8.5%	14.3	16.6	19.0	21.3	23.7
	7.5%	15.9	18.9	21.9	24.9	27.9
	6.5%	18.4	22.4	26.4	30.4	34.4

Source: NuWays

Financials

Profit and loss (EUR m)	2020	2021	2022	2023e	2024e	2025e
Sales	432.9	522.5	430.8	437.6	459.8	505.8
Sales growth	61.9%	20.7%	-17.6%	1.6%	5.1%	10.0%
Cost of sales	218.9	265.7	228.1	222.6	229.3	249.7
Gross profit	214.0	256.8	202.7	215.0	230.5	256.1
Sales and marketing	117.1	156.4	134.8	131.7	135.2	148.7
General and administration	65.4	79.3	92.9	85.7	92.3	98.6
Research and development	0.0	0.0	0.0	0.0	0.0	0.0
Other operating income	3.0	3.9	2.8	4.5	3.7	4.0
Other operating expenses	3.6	3.8	5.2	3.6	4.6	5.1
EBITDA	50.0	40.4	-9.4	17.5	20.9	26.4
Unusual or infrequent items	8.5	6.2	0.0	3.1	5.1	5.6
Adj. EBITDA	50.0	40.4	-4.2	20.6	25.9	31.9
Depreciation	7.4	9.2	12.2	12.9	12.8	12.4
Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	3.2	3.8	5.8	6.1	6.0	6.1
Impairment charges	0.0	0.0	0.0	0.0	0.0	0.0
EBIT (inc revaluation net)	39.4	27.4	-27.4	-1.5	2.1	7.8
Interest income	0.0	0.0	0.0	0.7	0.0	0.0
Interest expenses	3.0	1.6	2.0	1.9	3.2	3.5
Investment income	-0.5	-0.6	-0.9	0.0	-1.0	-1.1
Financial result	-3.5	-2.2	-2.9	-1.2	-4.2	-4.6
Recurring pretax income from continuing operations	35.9	25.2	-30.3	-2.7	-2.1	3.3
Extraordinary income/loss	-8.5	-6.2	0.0	0.0	0.0	0.0
Earnings before taxes	27.4	19.0	-30.3	-2.7	-2.1	3.3
Income tax expense	1.9	7.0	2.1	0.0	0.0	1.0
Net income from continuing operations	25.5	12.0	-32.4	-2.7	-2.1	2.3
Income from discontinued operations (net of tax)	0.0	0.0	0.0	0.0	0.0	0.0
Net income	25.5	12.0	-32.4	-2.7	-2.1	2.3
Minority interest	-0.1	0.0	0.0	-0.2	-0.2	-0.2
Net profit (reported)	25.6	12.0	-32.4	-2.5	-1.9	2.5
Average number of shares	21.7	21.7	21.5	20.4	20.4	20.4
EPS reported	1.18	0.55	-1.51	-0.12	-0.09	0.12

Profit and loss (common size)	2020	2021	2022	2023e	2024e	2025e
Sales	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Cost of sales	50.6%	50.9%	52.9%	50.9%	49.9%	49.4%
Gross profit	49.4%	49.1%	47.1%	49.1%	50.1%	50.6%
Sales and marketing	27.1%	29.9%	31.3%	30.1%	29.4%	29.4%
General and administration	15.1%	15.2%	21.6%	19.6%	20.1%	19.5%
Research and development	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Other operating income	0.7%	0.7%	0.6%	1.0%	0.8%	0.8%
Other operating expenses	0.8%	0.7%	1.2%	0.8%	1.0%	1.0%
EBITDA	11.5%	7.7%	-2.2%	4.0%	4.5%	5.2%
Unusual or infrequent items	2.0%	1.2%	0.0%	0.7%	1.1%	1.1%
Adj. EBITDA	11.6%	7.7%	-1.0%	4.7%	5.6%	6.3%
Depreciation	1.7%	1.8%	2.8%	2.9%	2.8%	2.5%
Amortisation of goodwill	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Amortisation of intangible assets	0.7%	0.7%	1.3%	1.4%	1.3%	1.2%
Impairment charges	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
EBIT (inc revaluation net)	9.1%	5.2%	-6.4%	-0.3%	0.5%	1.6%
Interest income	0.0%	0.0%	0.0%	0.2%	0.0%	0.0%
Interest expenses	0.7%	0.3%	0.5%	0.4%	0.7%	0.7%
Investment income	-0.1%	-0.1%	-0.2%	0.0%	-0.2%	-0.2%
Financial result	neg.	neg.	neg.	neg.	neg.	neg.
Recurring pretax income from continuing operations	8.3%	4.8%	-7.0%	-0.6%	-0.5%	0.6%
Extraordinary income/loss	-2.0%	-1.2%	0.0%	0.0%	0.0%	0.0%
Earnings before taxes	6.3%	3.6%	-7.0%	-0.6%	-0.5%	0.6%
Tax rate	6.9%	36.8%	-6.9%	0.0%	0.0%	30.0%
Net income from continuing operations	5.9%	2.3%	-7.5%	-0.6%	-0.5%	0.4%
Net income	5.9%	2.3%	-7.5%	-0.6%	-0.5%	0.4%
Minority interest	-0.0%	0.0%	0.0%	-0.0%	-0.0%	-0.0%
Net profit (reported)	5.9%	2.3%	-7.5%	-0.6%	-0.4%	0.5%

Source: Company data, NuWays

Balance sheet (EUR m)	2020	2021	2022	2023e	2024e	2025e
Intangible assets	14.1	18.9	23.3	26.4	30.1	34.1
Property, plant and equipment	34.5	55.5	53.2	43.2	43.2	43.2
Financial assets	0.0	0.0	2.3	2.3	2.3	2.3
FIXED ASSETS	48.6	74.4	78.8	71.9	75.6	79.6
Inventories	30.2	54.9	45.2	34.2	34.2	36.2
Accounts receivable	17.4	11.5	12.6	13.2	13.9	15.2
Other assets and short-term financial assets	12.7	18.9	22.2	22.2	22.2	22.2
Liquid assets	104.9	97.4	62.3	85.9	84.0	86.1
Deferred taxes	7.4	8.2	3.6	3.6	3.6	3.6
Deferred charges and prepaid expenses	7.8	12.1	3.6	3.6	3.6	3.6
CURRENT ASSETS	180.4	203.0	149.5	162.7	161.5	166.9
TOTAL ASSETS	229.0	277.4	228.3	234.6	237.1	246.5

SHAREHOLDERS EQUITY	109.9	119.3	90.0	93.8	95.2	101.3
MINORITY INTEREST	-2.8	0.0	0.0	0.0	0.0	0.0
Provisions for pensions and similar obligations	1.1	1.1	2.1	2.1	2.1	2.1
Other provisions and accrued liabilities	2.0	0.7	0.6	0.6	0.6	0.6
Short-term liabilities to banks	0.8	0.0	0.0	0.0	0.0	0.0
Accounts payable	41.7	56.8	34.1	36.6	37.7	41.0
Advance payments received on orders	0.0	0.0	0.0	0.0	0.0	0.0
Other liabilities (incl. from lease and rental contracts)	67.2	83.1	91.4	91.4	91.4	91.4
Deferred taxes	5.4	5.1	2.3	2.3	2.3	2.3
Deferred income	0.0	0.0	0.0	0.0	0.0	0.0
CURRENT LIABILITIES	108.9	139.9	125.5	128.0	129.1	132.4
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	229.0	277.4	228.3	234.6	237.1	246.5

Balance sheet (common size)	2020	2021	2022	2023e	2024e	2025e
Intangible assets	6.2%	6.8%	10.2%	11.3%	12.7%	13.8%
Property, plant and equipment	15.1%	20.0%	23.3%	18.4%	18.2%	17.5%
Financial assets	0.0%	0.0%	1.0%	1.0%	1.0%	0.9%
FIXED ASSETS	21.2%	26.8%	34.5%	30.6%	31.9%	32.3%
Inventories	13.2%	19.8%	19.8%	14.6%	14.4%	14.7%
Accounts receivable	7.6%	4.1%	5.5%	5.6%	5.8%	6.2%
Other assets and short-term financial assets	5.5%	6.8%	9.7%	9.5%	9.4%	9.0%
Liquid assets	45.8%	35.1%	27.3%	36.6%	35.4%	34.9%
Deferred taxes	3.2%	3.0%	1.6%	1.5%	1.5%	1.5%
Deferred charges and prepaid expenses	3.4%	4.4%	1.6%	1.5%	1.5%	1.5%
CURRENT ASSETS	78.8%	73.2%	65.5%	69.4%	68.1%	67.7%
TOTAL ASSETS	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

SHAREHOLDERS EQUITY	48.0%	43.0%	39.4%	40.0%	40.1%	41.1%
MINORITY INTEREST	-1.2%	0.0%	0.0%	0.0%	0.0%	0.0%
Provisions for pensions and similar obligations	0.5%	0.4%	0.9%	0.9%	0.9%	0.9%
Other provisions and accrued liabilities	0.9%	0.3%	0.3%	0.3%	0.3%	0.2%
Short-term liabilities to banks	0.3%	0.0%	0.0%	0.0%	0.0%	0.0%
Accounts payable	18.2%	20.5%	14.9%	15.6%	15.9%	16.7%
Advance payments received on orders	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Other liabilities (incl. from lease and rental contracts)	29.3%	30.0%	40.0%	39.0%	38.6%	37.1%
Deferred taxes	2.4%	1.8%	1.0%	1.0%	1.0%	0.9%
Deferred income	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
CURRENT LIABILITIES	47.6%	50.4%	55.0%	54.6%	54.5%	53.7%
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Source: Company data, NuWays

Cash flow statement (EUR m)	2020	2021	2022	2023e	2024e	2025e
Net profit/loss	25.5	12.0	-32.4	-2.7	-2.1	2.3
Depreciation of fixed assets (incl. leases)	7.4	9.2	12.2	12.9	12.8	12.4
Amortisation of goodwill & intangible assets	3.2	3.8	5.8	6.1	6.0	6.1
Others	-9.1	-10.1	1.5	-10.1	-10.1	-10.1
Cash flow from operating activities	40.9	6.8	-18.6	22.5	10.9	14.9
Increase/decrease in inventory	-6.8	-24.7	9.7	11.0	0.0	-2.0
Increase/decrease in accounts receivable	-8.0	5.9	-1.1	-0.6	-0.7	-1.4
Increase/decrease in accounts payable	12.0	15.1	-22.7	2.5	1.1	3.4
Increase/decrease in other working capital positions	0.0	0.0	0.0	0.0	0.0	0.0
Increase/decrease in working capital	-2.8	-3.7	-14.1	12.9	0.5	0.0
Cash flow from operating activities	47.5	18.7	-7.5	32.2	21.2	25.8
CAPEX	8.2	14.9	13.9	12.1	12.9	13.7
Payments for acquisitions	0.0	0.0	0.0	0.0	0.0	0.0
Financial investments	-0.2	1.1	2.5	0.0	0.0	0.0
Income from asset disposals	0.0	0.0	0.0	0.0	0.0	0.0
Cash flow from investing activities	-8.0	-16.0	-11.4	-12.1	-12.9	-13.7
Cash flow before financing	39.5	2.7	-23.9	20.1	8.3	12.1
Increase/decrease in debt position	0.0	0.0	-4.2	0.0	0.0	0.0
Purchase of own shares	0.0	0.0	0.0	0.0	0.0	0.0
Capital measures	1.8	0.4	0.0	0.0	0.0	0.0
Dividends paid	0.0	0.0	0.0	0.0	0.0	0.0
Others	-9.1	-10.1	1.5	-10.1	-10.1	-10.1
Effects of exchange rate changes on cash	-0.5	-0.5	0.1	0.0	0.0	0.0
Cash flow from financing activities	-7.3	-9.7	-2.7	-10.1	-10.1	-10.1
Increase/decrease in liquid assets	31.7	-7.5	-26.5	10.0	-1.8	2.0
Liquid assets at end of period	104.9	97.4	75.9	85.9	84.0	86.1

Key ratios (EUR m)	2020	2021	2022	2023e	2024e	2025e
P&L growth analysis						
Sales growth	61.9%	20.7%	-17.6%	1.6%	5.1%	10.0%
EBITDA growth	-594.8%	-19.2%	-123.3%	-286.2%	19.3%	26.2%
EBIT growth	-304.0%	-30.4%	-200.0%	-94.5%	-238.4%	278.0%
EPS growth	-168.8%	-53.2%	-373.1%	-91.8%	-24.0%	-228.8%
Efficiency						
Sales per employee	307.7	290.1	253.4	227.1	281.2	314.9
EBITDA per employee	35.5	22.4	-5.5	9.1	12.8	16.4
No. employees (average)	1,407	1,801	1,700	1,926	1,635	1,606
Balance sheet analysis						
Avg. working capital / sales	1.0%	1.5%	3.9%	3.9%	2.3%	2.1%
Inventory turnover (sales/inventory)	7.2	4.8	5.0	6.5	6.7	6.9
Accounts receivable turnover	14.7	8.0	10.7	11.0	11.0	11.0
Accounts payable turnover	69.5	78.0	54.6	60.0	60.0	60.0
Cash flow analysis						
Free cash flow	39.3	3.8	-21.4	20.1	8.3	12.1
Free cash flow/sales	9.1%	0.7%	-5.0%	4.6%	1.8%	2.4%
FCF / net profit	154.3%	31.7%	66.0%	neg.	neg.	533.0%
Capex / sales	1.8%	3.1%	3.8%	2.8%	2.8%	2.7%
Solvency						
Net debt	-100.4	-87.1	-56.2	-79.8	-77.9	-80.0
Net Debt/EBITDA	0.0	0.0	0.0	0.0	0.0	0.0
Dividend payout ratio	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Interest paid / avg. debt	66.7%	21.6%	24.4%	31.1%	52.8%	58.0%
Returns						
ROCE	41.1%	22.2%	-23.5%	-1.5%	2.0%	7.2%
ROE	23.3%	10.1%	-36.0%	-2.7%	-2.0%	2.4%
Adjusted FCF yield	22.6%	3.0%	-22.6%	10.6%	14.0%	19.5%
Dividend yield	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
DPS	0.0	0.0	0.0	0.0	0.0	0.0
EPS reported	1.18	0.55	-1.51	-0.12	-0.09	0.12
Average number of shares	21.7	21.7	21.5	20.4	20.4	20.4
Valuation ratios						
P/BV	2.6	6.8	1.7	1.7	1.6	1.5
EV/sales	0.4	1.4	0.2	0.2	0.2	0.2
EV/EBITDA	3.7	17.9	-10.9	4.4	3.8	2.9
EV/EBIT	4.7	26.4	-3.7	-51.7	38.2	9.9

Source: Company data, NuWays

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Company	Disclosures
Westwing Group AG	2

Historical target price and rating changes for Westwing Group AG

Company	Date	Analyst	Rating	Target Price	Close
Westwing Group AG	09.11.2023	Salis, Christian	n.a.	EUR 19.00	EUR 8.38
	10.08.2023	Salis, Christian	n.a.	EUR 18.00	EUR 8.33
	12.05.2023	Salis, Christian	n.a.	EUR 17.00	EUR 8.32

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The adj. FCF method is based on the assumption that investors purchase assets only at a price (enterprise value) at which the operating cash flow return after taxes on this investment exceeds their opportunity costs in the form of a hurdle rate of 7.5%. The operating cash flow is calculated as EBITDA less maintenance capex and taxes.

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