

Westwing Group SE

Consumer Goods - Germany



NuWays

by Hauck Aufhäuser Lampe

Buy (old: Buy)

02.04.2024

EUR 18.00 (old: EUR 19.00)

Solid FY figures but muted 2024 outlook; est. & PT chg.

Westwing released solid final Q4 results in line with prelims but issued a mixed FY24e outlook. **Sales are expected to develop within a range of -3% to +4% yoy in FY 24e**, implying a 0.5% yoy sales increase at mid-point to € 415-445m (eNuW old: € 460m, eNuW new: € 442m). The guidance reflects (1) a strategic adjustment of the product offering in Spain and Italy to enhance future scalability (low to mid single-digit percentage impact) which will likely weigh on H2'24 sales and (2) ongoing challenges in the home & living market as consumers continue to hold back on higher-value products such as furniture (more pronounced effect in DACH than International).

On a positive note, Westwing has seen **healthy GMV growth in Q1'24 of 6% yoy**, implying a favorable development in the number of active customers and basket size after the company had already witnessed a sequential growth in active customers in H2'23 (+2% yoy) and strong LTM GMV per customer in Q4 of € 377 (+4% yoy). Furthermore, the company is on track to enter the Portuguese market in 2024 with further regional expansions planned for 2025, all of which are expected to be managed from HQ and served by its central logistics unit to achieve maximum scale effects.

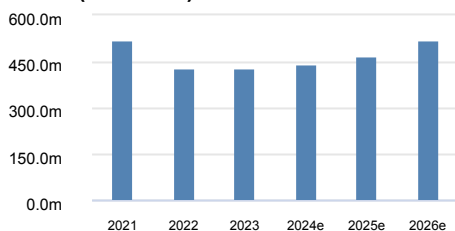
Adj. EBITDA is seen to come in at € 14m to € 24m (eNuW old: € 26m, eCons new: € 23.7m) with a **margin of 3.1% to 5.8%** (eNuW old: 5.6%, eNuW new: 5.4%), carried by a favorable product mix (i.e. higher private label share, +6ppts yoy to 47% of GMV in FY23) and reduced fulfilment and G&A expenses due to cost savings (i.e. consolidation of logistics and warehouses; fulfilment -4.4% yoy and G&A -8.2% yoy). However, the company's transition to a SaaS-based tech platform along with its restructuring efforts in Spain and Italy should temporarily weigh on EBIT (eNuW: -5% yoy) and FCF (c. € 10-15m cash impact), likely bringing FCF close to break-even in FY24 (eNuW: € 0.3m).

In sum, while it looks like 2024 will be another challenging year, we remain convinced of Westwing's promising long-term prospects driven by the structural shift towards e-commerce and its unique positioning in the European Home & Living market. Having a healthy balance sheet with a sizable **net cash position of € 82m** and trading at ~8x EV/EBITDA 24e, Westwing offers both downside protection and a splendid opportunity to disproportionately profit from an eventual recovery of the Home & Living market. **BUY, PT € 18.00 (old: € 19.00), based on DCF.**

Y/E 31.12 (EUR m)	2021	2022	2023	2024e	2025e	2026e
Sales	522.5	430.8	428.7	441.6	472.5	519.7
Sales growth	20.7%	-17.6%	-0.5%	3.0%	7.0%	10.0%
Adj. EBITDA	40.4	-4.2	17.8	23.7	30.3	38.9
Net debt (if net cash=0)	-87.1	-56.2	-82.0	-54.3	-49.6	-53.7
FCF	3.8	-21.4	29.5	-1.0	15.5	24.1
Net Debt/EBITDA	0.0	0.0	0.0	0.0	0.0	0.0
EPS pro forma	0.55	-1.51	-0.58	-0.49	0.06	0.34
Adj. EBITDA margin	7.7%	-1.0%	4.2%	5.4%	6.4%	7.5%
ROCE	22.2%	-23.5%	-8.4%	-10.5%	8.7%	24.8%
EV/sales	1.4	0.3	0.2	0.2	0.3	0.2
EV/EBITDA	17.9	-12.3	8.3	6.8	5.1	3.7
PER	67.5	-5.2	-13.7	-16.2	138.4	23.5
Adjusted FCF yield	3.0%	-20.0%	4.6%	2.8%	13.1%	18.1%

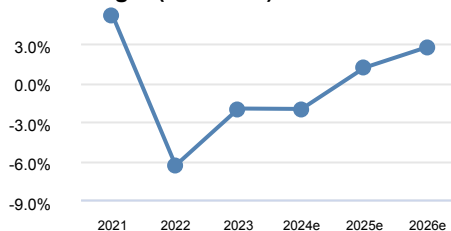
Source: Company data, NuWays, Close price as of 28.03.2024

Sales (2021-26e)



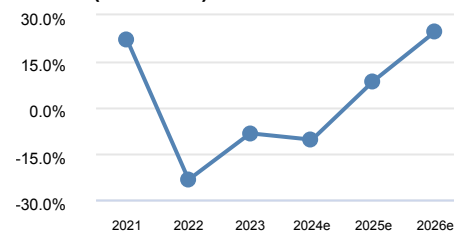
Source: NuWays Research

EBIT margin (2021-26e)



Source: NuWays Research

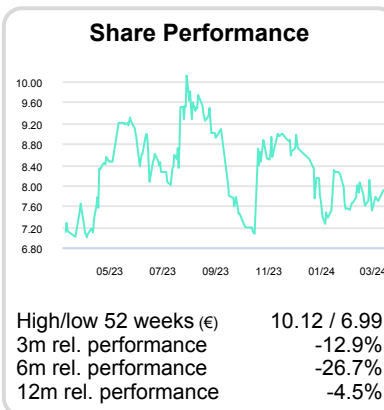
ROCE (2021-26e)



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 €)	7.90
Market cap (in € m)	167.9
Number of shares (in m pcs)	20.4
Enterprise value (in € m)	94.6
Ø trading volume (6 months)	7,200

Identifier

Bloomberg	WEW GR
Reuters	WEW
WKN	A2N4H0
ISIN	DE000A2N4H07

Key shareholders

Zerena	28.9%
Amiral Gestion	9.9%
The Capital Group	7.6%
Blackwell Partners	5.7%
Bram Cornelisse	5.3%
Free Float	13.3%

Estimates changes

	2024e	2025e	2026e
Sales	-4%	-7%	-7%
EBIT	-525%	-27%	8%
EPS	-437%	-51%	16%

Comment on changes

- 2026e shown for the first time
- Adjusted estimates reflect softer-than-expected outlook for the home & living market and impact from ongoing restructuring efforts

Guidance

- Sales: -3% to +4% yoy
- Adj. EBITDA: € 14-24m

Financials

Profit and loss (EUR m)	2021	2022	2023	2024e	2025e	2026e
Sales	522.5	430.8	428.7	441.6	472.5	519.7
Sales growth	20.7%	-17.6%	-0.5%	3.0%	7.0%	10.0%
Cost of sales	265.7	228.1	215.7	216.9	230.2	251.6
Gross profit	256.8	202.7	213.0	224.7	242.3	268.1
Sales and marketing	156.4	134.8	135.8	135.5	143.5	157.4
General and administration	79.3	92.9	85.3	91.8	90.2	94.1
Research and development	0.0	0.0	0.0	0.0	0.0	0.0
Other operating income	3.9	2.8	5.9	3.1	2.8	3.1
Other operating expenses	3.8	5.2	6.2	9.3	5.7	5.2
EBITDA	40.4	-9.4	11.4	14.0	23.7	31.6
Unusual or infrequent items	6.2	0.0	6.4	9.7	6.6	7.3
Adj. EBITDA	40.4	-4.2	17.8	23.7	30.3	38.9
Depreciation	9.2	12.2	13.2	15.2	10.8	9.4
Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	3.8	5.8	6.6	7.6	7.2	7.6
Impairment charges	0.0	0.0	0.0	0.0	0.0	0.0
EBIT (inc revaluation net)	27.4	-27.4	-8.4	-8.8	5.7	14.6
Interest income	0.0	0.0	1.1	0.0	0.0	0.0
Interest expenses	1.6	2.0	1.9	1.8	3.3	3.6
Investment income	-0.6	-0.9	0.1	0.0	-0.9	-1.0
Financial result	-2.2	-2.9	-0.7	-1.8	-4.3	-4.7
Recurring pretax income from continuing operations	25.2	-30.3	-9.1	-10.6	1.5	9.9
Extraordinary income/loss	-6.2	0.0	0.0	0.0	0.0	0.0
Earnings before taxes	19.0	-30.3	-9.1	-10.6	1.5	9.9
Income tax expense	7.0	2.1	3.3	0.0	0.4	3.0
Net income from continuing operations	12.0	-32.4	-12.4	-10.6	1.0	7.0
Income from discontinued operations (net of tax)	0.0	0.0	0.0	0.0	0.0	0.0
Net income	12.0	-32.4	-12.4	-10.6	1.0	7.0
Minority interest	0.0	0.0	-0.2	-0.2	-0.2	-0.2
Net profit (reported)	12.0	-32.4	-12.2	-10.4	1.2	7.2
Average number of shares	21.7	21.5	20.4	20.4	20.4	20.4
EPS reported	0.55	-1.51	-0.60	-0.51	0.06	0.35

Profit and loss (common size)	2021	2022	2023	2024e	2025e	2026e
Sales	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Cost of sales	50.9%	52.9%	50.3%	49.1%	48.7%	48.4%
Gross profit	49.1%	47.1%	49.7%	50.9%	51.3%	51.6%
Sales and marketing	29.9%	31.3%	31.7%	30.7%	30.4%	30.3%
General and administration	15.2%	21.6%	19.9%	20.8%	19.1%	18.1%
Research and development	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Other operating income	0.7%	0.6%	1.4%	0.7%	0.6%	0.6%
Other operating expenses	0.7%	1.2%	1.4%	2.1%	1.2%	1.0%
EBITDA	7.7%	-2.2%	2.7%	3.2%	5.0%	6.1%
Unusual or infrequent items	1.2%	0.0%	1.5%	2.2%	1.4%	1.4%
Adj. EBITDA	7.7%	-1.0%	4.2%	5.4%	6.4%	7.5%
Depreciation	1.8%	2.8%	3.1%	3.4%	2.3%	1.8%
Amortisation of goodwill	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Amortisation of intangible assets	0.7%	1.3%	1.5%	1.7%	1.5%	1.5%
Impairment charges	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
EBIT (inc revaluation net)	5.2%	-6.4%	-2.0%	-2.0%	1.2%	2.8%
Interest income	0.0%	0.0%	0.3%	0.0%	0.0%	0.0%
Interest expenses	0.3%	0.5%	0.4%	0.4%	0.7%	0.7%
Investment income	-0.1%	-0.2%	0.0%	0.0%	-0.2%	-0.2%
Financial result	neg.	neg.	neg.	neg.	neg.	neg.
Recurring pretax income from continuing operations	4.8%	-7.0%	-2.1%	-2.4%	0.3%	1.9%
Extraordinary income/loss	-1.2%	0.0%	0.0%	0.0%	0.0%	0.0%
Earnings before taxes	3.6%	-7.0%	-2.1%	-2.4%	0.3%	1.9%
Tax rate	36.8%	-6.9%	-36.3%	0.0%	30.0%	30.0%
Net income from continuing operations	2.3%	-7.5%	-2.9%	-2.4%	0.2%	1.3%
Net income	2.3%	-7.5%	-2.9%	-2.4%	0.2%	1.3%
Minority interest	0.0%	0.0%	-0.0%	-0.0%	-0.0%	-0.0%
Net profit (reported)	2.3%	-7.5%	-2.9%	-2.4%	0.3%	1.4%

Source: Company data, NuWays

Balance sheet (EUR m)	2021	2022	2023	2024e	2025e	2026e
Intangible assets	18.9	23.3	19.3	21.0	21.0	21.0
Property, plant and equipment	55.5	53.2	44.6	33.8	33.8	33.8
Financial assets	0.0	2.3	1.6	1.6	1.6	1.6
FIXED ASSETS	74.4	78.8	65.5	56.4	56.4	56.4
Inventories	54.9	45.2	28.1	27.5	28.5	30.4
Accounts receivable	11.5	12.6	12.1	12.5	13.3	14.7
Other assets and short-term financial assets	18.9	22.2	21.2	21.2	21.2	21.2
Liquid assets	97.4	62.3	81.4	60.3	55.6	59.7
Deferred taxes	8.2	3.6	1.5	1.5	1.5	1.5
Deferred charges and prepaid expenses	12.1	3.6	7.1	7.1	7.1	7.1
CURRENT ASSETS	203.0	149.5	151.4	130.1	127.3	134.6
TOTAL ASSETS	277.4	228.3	216.9	186.4	183.7	190.9

SHAREHOLDERS EQUITY	119.3	90.0	88.5	57.8	52.9	44.1
MINORITY INTEREST	0.0	0.0	0.0	0.0	0.0	0.0
Provisions for pensions and similar obligations	1.1	2.1	2.1	2.1	2.1	2.1
Other provisions and accrued liabilities	0.7	0.6	1.5	1.5	1.5	1.5
Short-term liabilities to banks	0.0	0.0	0.0	0.0	0.0	0.0
Accounts payable	56.8	34.1	35.9	36.1	38.3	41.9
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)	83.1	91.4	78.9	78.9	78.9	91.4
Deferred taxes	5.1	2.3	3.1	3.1	3.1	3.1
Deferred income	0.0	0.0	0.0	0.0	0.0	0.0
CURRENT LIABILITIES	139.9	125.5	114.8	115.0	117.2	133.3
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	277.4	228.3	216.9	186.4	183.7	190.9

Balance sheet (common size)	2021	2022	2023	2024e	2025e	2026e
Intangible assets	6.8%	10.2%	8.9%	11.2%	11.4%	11.0%
Property, plant and equipment	20.0%	23.3%	20.6%	18.1%	18.4%	17.7%
Financial assets	0.0%	1.0%	0.7%	0.9%	0.9%	0.8%
FIXED ASSETS	26.8%	34.5%	30.2%	30.2%	30.7%	29.5%
Inventories	19.8%	19.8%	13.0%	14.8%	15.5%	15.9%
Accounts receivable	4.1%	5.5%	5.6%	6.7%	7.3%	7.7%
Other assets and short-term financial assets	6.8%	9.7%	9.8%	11.4%	11.5%	11.1%
Liquid assets	35.1%	27.3%	37.5%	32.3%	30.3%	31.3%
Deferred taxes	3.0%	1.6%	0.7%	0.8%	0.8%	0.8%
Deferred charges and prepaid expenses	4.4%	1.6%	3.3%	3.8%	3.9%	3.7%
CURRENT ASSETS	73.2%	65.5%	69.8%	69.8%	69.3%	70.5%
TOTAL ASSETS	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

SHAREHOLDERS EQUITY	43.0%	39.4%	40.8%	31.0%	28.8%	23.1%
MINORITY INTEREST	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Provisions for pensions and similar obligations	0.4%	0.9%	1.0%	1.1%	1.1%	1.1%
Other provisions and accrued liabilities	0.3%	0.3%	0.7%	0.8%	0.8%	0.8%
Short-term liabilities to banks	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Accounts payable	20.5%	14.9%	16.6%	19.4%	20.9%	21.9%
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)	30.0%	40.0%	36.4%	42.3%	43.0%	47.9%
Deferred taxes	1.8%	1.0%	1.4%	1.7%	1.7%	1.6%
Deferred income	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
CURRENT LIABILITIES	50.4%	55.0%	52.9%	61.7%	63.8%	69.8%
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)	2021	2022	2023	2024e	2025e	2026e
Net profit/loss	12.0	-32.4	-12.4	-10.6	1.0	7.0
Depreciation of fixed assets (incl. leases)	9.2	12.2	13.2	15.2	10.8	9.4
Amortisation of goodwill & intangible assets	3.8	5.8	6.6	7.6	7.2	7.6
Others	-10.1	1.0	-20.1	-20.1	-20.1	-20.1
Cash flow from operating activities	6.8	-18.6	29.0	1.7	17.5	26.2
Increase/decrease in inventory	-24.7	9.7	17.1	0.6	-1.0	-1.9
Increase/decrease in accounts receivable	5.9	-1.1	0.5	-0.4	-0.9	-1.3
Increase/decrease in accounts payable	15.1	-22.7	1.8	0.2	2.2	3.6
Increase/decrease in other working capital positions	0.0	0.0	0.0	0.0	0.0	0.0
Increase/decrease in working capital	-3.7	-14.1	19.4	0.4	0.4	0.3
Cash flow from operating activities	18.7	-7.5	33.3	12.6	25.4	34.3
CAPEX	14.9	13.9	5.4	13.7	9.9	10.1
Payments for acquisitions	0.0	0.0	0.0	0.0	0.0	0.0
Financial investments	1.1	2.5	1.6	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	-16.0	-11.4	-3.8	-13.7	-9.9	-10.1
Cash flow before financing	2.7	-23.9	26.3	-1.0	15.5	24.1
Increase/decrease in debt position	0.0	-4.2	-0.1	0.0	0.0	0.0
Purchase of own shares	0.0	-0.5	-3.7	0.0	0.0	0.0
Capital measures	0.4	0.0	0.0	0.0	0.0	0.0
Dividends paid	0.0	0.0	0.0	0.0	0.0	0.0
Others	-10.1	1.0	-20.1	-20.1	-20.1	-20.1
Effects of exchange rate changes on cash	-0.5	0.1	-0.1	0.0	0.0	0.0
Cash flow from financing activities	-9.7	-2.7	-23.9	-20.1	-20.1	-20.1
Increase/decrease in liquid assets	-7.5	-26.5	9.7	-21.1	-4.6	4.0
Liquid assets at end of period	97.4	75.9	81.4	60.3	55.6	59.7

Key ratios (EUR m)	2021	2022	2023	2024e	2025e	2026e
P&L growth analysis						
Sales growth	20.7%	-17.6%	-0.5%	3.0%	7.0%	10.0%
EBITDA growth	-19.2%	-123.3%	-221.3%	22.9%	69.2%	33.3%
EBIT growth	-30.4%	-200.0%	-69.3%	4.6%	-165.1%	155.4%
EPS growth	-53.2%	-373.1%	-60.2%	-15.2%	-111.7%	489.8%
Efficiency						
Sales per employee	290.1	253.4	218.4	264.2	287.7	264.8
EBITDA per employee	22.4	-5.5	5.8	8.4	14.4	16.1
No. employees (average)	1,801	1,700	1,963	1,672	1,642	1,963
Balance sheet analysis						
Avg. working capital / sales	1.5%	3.9%	3.3%	0.9%	0.8%	0.6%
Inventory turnover (sales/inventory)	4.8	5.0	7.7	7.9	8.1	8.3
Accounts receivable turnover	8.0	10.7	10.3	10.3	10.3	10.3
Accounts payable turnover	78.0	54.6	60.7	60.7	60.7	60.7
Cash flow analysis						
Free cash flow	3.8	-21.4	29.5	-1.0	15.5	24.1
Free cash flow/sales	0.7%	-5.0%	6.9%	-0.2%	3.3%	4.6%
FCF / net profit	31.7%	66.0%	neg.	9.9%	1507.2%	347.4%
Capex / sales	3.1%	3.8%	1.6%	3.1%	2.1%	1.9%
Solvency						
Net debt	-87.1	-56.2	-82.0	-54.3	-49.6	-53.7
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	21.6%	24.4%	31.4%	29.4%	55.1%	60.6%
Returns						
ROCE	22.2%	-23.5%	-8.4%	-10.5%	8.7%	24.8%
ROE	10.1%	-36.0%	-13.8%	-17.9%	2.3%	16.2%
Adjusted FCF yield	3.0%	-20.0%	4.6%	2.8%	13.1%	18.1%
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	0.55	-1.51	-0.60	-0.51	0.06	0.35
Average number of shares	21.7	21.5	20.4	20.4	20.4	20.4
Valuation ratios						
P/BV	6.8	1.9	1.9	2.9	3.2	3.8
EV/sales	1.4	0.3	0.2	0.2	0.3	0.2
EV/EBITDA	17.9	-12.3	8.3	6.8	5.1	3.7
EV/EBIT	26.4	-4.2	-11.3	-10.8	21.1	8.0

Source: Company data, NuWays

Disclosures

Disclosures regarding research publications of NuWays AG pursuant to section 85 of the German Securities Trading Act (WpHG)

Indication of conflict of interest

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- (2) or any other person belonging to the same group with it has entered into an agreement on the production of the research report with the analysed company.
- (3) or any other person belonging to the same group with it has been party to an agreement on the provision of investment banking services with the analysed company or have received services or a promise of services under the term of such an agreement within the past twelve month.
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Company	Disclosures
Westwing Group SE	2

Historical target price and rating changes for Westwing Group SE

Company	Date	Analyst	Rating	Target Price	Close
Westwing Group SE	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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