

Westwing Group SE

Consumer Goods - Germany

Buy (old: Buy)

29.01.2025

EUR 17.00 (old: EUR 17.00)

Trading update confirms guidance reach at upper end; chg. est

Topic: WEW released a FY'24 trading update which points towards a sales and adj. EBITDA guidance reach at the upper end for both despite a muted consumer sentiment. In detail:

FY'24 GMV was reported up 3.3% yoy at € 497m (eNuW: € 486m) which should have been the result of a continuation of a **growing avg. basket size** (eNuW: +11% yoy) and a return in **growth of active customers** (eNuW: +2% yoy), but dampened by a decline in number of orders (eNuW: - 7% yoy). As sales develop mostly proportionate to GMV, this would imply **FY'24 sales of € 443m** (eNuW old: € 435m), which stands at the **top-end** of the € 415-445m **guidance** range.

Consequently, WEW also specified its **adj. EBITDA guidance towards the upper end** of the € 14-24m range (eNuW old: € 18m, eNuW new: € 20m, 4.5% adj. EBITDA margin). Here, we also expect the positive trend of an improving cost mix visible in Q1-Q3'24 to have positively affected profitability in Q4. The main driver should have been the **improved gross margin** (eNuW: +0.8% yoy) thanks to a higher **private label share of 55%** in FY'24 (58% in Q4'24).

Also positively, WEW reported a **positive FCF of € 9m** for FY'24e (eNuW old: € 2m), which implies a Q4'24 FCF of € 20m which should stem from a large inventory reduction. Consequently, the **strong net cash position stood at € 69m** (eNuW old: € 58m), despite the € 10m share buyback program executed in Nov'24.

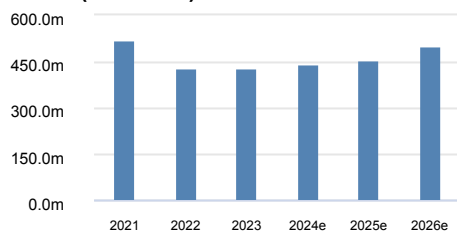
Outlook 2025: Thanks to a still ongoing muted consumer sentiment, we do not expect a major demand swingback for WEW. Consequently, sales is seen to grow by 3.4% yoy to € 458m in FY'25e. For profitability, we expect a 0.4pp yoy margin improvement to an adj. EBITDA of € 23m, carried by a rising contribution margin as a further rising private label share should support a stronger gross margin (eNuW: +0.8pp yoy).

In sum a solid release, showing that WEW maintained **profitable growth** with **positive FCFs** despite a muted consumer sentiment, assortment changes, restructuring expenses and the SaaS platform transformation. Against this backdrop, we **reiterate our BUY recommendation with unchanged PT of € 17.00**, based on DCF.

Y/E 31.12 (EUR m)	2021	2022	2023	2024e	2025e	2026e
Sales	522.5	430.8	428.7	443.0	457.9	502.1
Sales growth	20.7%	-17.6%	-0.5%	3.3%	3.4%	9.7%
Adj. EBITDA	40.4	-4.2	17.8	20.1	22.5	32.0
Net debt (if net cash=0)	-87.1	-56.2	-82.0	-68.6	-69.0	-77.2
FCF	3.8	-21.4	29.5	9.0	7.4	15.2
Net Debt/EBITDA	0.0	0.0	0.0	0.0	0.0	0.0
EPS pro forma	0.55	-1.51	-0.61	-0.56	-0.11	0.27
Adj. EBITDA margin	7.7%	-1.0%	4.2%	4.5%	4.9%	6.4%
ROCE	22.2%	-23.5%	-9.0%	-14.0%	-2.7%	9.6%
EV/sales	1.4	0.3	0.2	0.2	0.2	0.2
EV/EBITDA	17.9	-27.5	4.8	4.4	4.1	2.6
PER	67.5	-5.2	-13.0	-14.0	-73.3	29.3
Adjusted FCF yield	3.0%	-13.6%	4.3%	1.0%	10.7%	19.8%

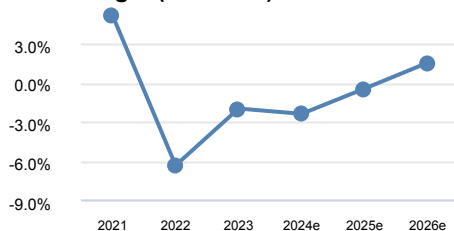
Source: Company data, NuWays, Close price as of 24.01.2025

Sales (2021-26e)



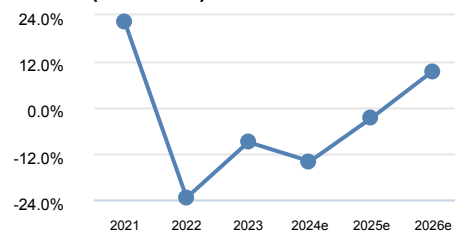
Source: NuWays Research

EBIT margin (2021-26e)



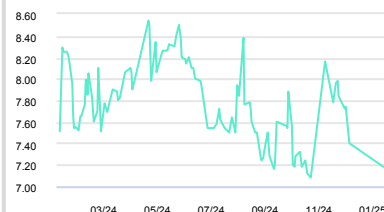
Source: NuWays Research

ROCE (2021-26e)



Source: NuWays Research

Share Performance



High/low 52 weeks (€)	8.54 / 7.08
3m rel. performance	-3.6%
6m rel. performance	-7.2%
12m rel. performance	-6.6%

Market data

Share price (in €)	7.18
Market cap (in € m)	158.8
Number of shares (in m pcs)	20.1
Enterprise value (in € m)	91.9
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%
Aymeric Chaumet	5.7%
Bram Cornelisse	5.3%
Free Float	10.2%

Estimates changes

	2024e	2025e	2026e
Sales	2%	1%	-0%
EBIT	17%	-1%	-0%
EPS	18%	-1%	-0%

Comment on changes

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.

Guidance

- 2024 Sales: -3% to +4% yoy
- 2024 Adj. EBITDA: € 14-24m

Financials

Profit and loss (EUR m)	2021	2022	2023	2024e	2025e	2026e
Sales	522.5	430.8	428.7	443.0	457.9	502.1
Sales growth	20.7%	-17.6%	-0.5%	3.3%	3.4%	9.7%
Cost of sales	265.7	228.1	215.7	219.2	223.1	243.1
Gross profit	256.8	202.7	213.0	223.8	234.8	259.0
Sales and marketing	156.4	134.8	135.8	143.6	146.5	158.2
General and administration	79.3	92.9	85.3	88.0	87.4	90.9
Research and development	0.0	0.0	0.0	0.0	0.0	0.0
Other operating income	3.9	2.8	5.9	4.8	2.7	3.0
Other operating expenses	3.8	5.2	6.2	7.5	5.5	5.0
EBITDA	40.4	-9.4	11.4	11.4	16.1	25.0
Unusual or infrequent items	6.2	0.0	6.4	8.7	6.4	7.0
Adj. EBITDA	40.4	-4.2	17.8	20.1	22.5	32.0
Depreciation	9.2	12.2	13.2	14.6	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	7.3	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	-10.5	-1.9	8.0
Interest income	0.0	0.0	1.1	1.8	1.4	1.5
Interest expenses	1.6	2.0	1.9	1.8	1.8	2.0
Investment income	-0.6	-0.9	0.1	0.0	0.0	0.0
Financial result	-2.2	-2.9	-0.7	0.0	-0.5	-0.5
Recurring pretax income from continuing operations	25.2	-30.3	-9.1	-10.5	-2.3	7.5
Extraordinary income/loss	-6.2	0.0	0.0	0.0	0.0	0.0
Earnings before taxes	19.0	-30.3	-9.1	-10.5	-2.3	7.5
Income tax expense	7.0	2.1	3.3	1.0	0.0	2.2
Net income from continuing operations	12.0	-32.4	-12.4	-11.5	-2.3	5.2
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	-11.5	-2.3	5.2
Minority interest	0.0	0.0	-0.2	-0.2	-0.2	-0.2
Net profit (reported)	12.0	-32.4	-12.2	-11.3	-2.2	5.4
Average number of shares	21.7	21.5	20.1	20.1	20.1	20.1
EPS reported	0.55	-1.51	-0.61	-0.56	-0.11	0.27

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%	49.5%	48.7%	48.4%
Gross profit	49.1%	47.1%	49.7%	50.5%	51.3%	51.6%
Sales and marketing	29.9%	31.3%	31.7%	32.4%	32.0%	31.5%
General and administration	15.2%	21.6%	19.9%	19.9%	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%	1.1%	0.6%	0.6%
Other operating expenses	0.7%	1.2%	1.4%	1.7%	1.2%	1.0%
EBITDA	7.7%	-2.2%	2.7%	2.6%	3.5%	5.0%
Unusual or infrequent items	1.2%	0.0%	1.5%	2.0%	1.4%	1.4%
Adj. EBITDA	7.7%	-1.0%	4.2%	4.5%	4.9%	6.4%
Depreciation	1.8%	2.8%	3.1%	3.3%	2.4%	1.9%
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%	1.6%	1.6%	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%	-2.4%	-0.4%	1.6%
Interest income	0.0%	0.0%	0.3%	0.4%	0.3%	0.3%
Interest expenses	0.3%	0.5%	0.4%	0.4%	0.4%	0.4%
Investment income	-0.1%	-0.2%	0.0%	0.0%	0.0%	0.0%
Financial result	neg.	neg.	neg.	0.0%	neg.	neg.
Recurring pretax income from continuing operations	4.8%	-7.0%	-2.1%	-2.4%	-0.5%	1.5%
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%	-0.5%	1.5%
Tax rate	36.8%	-6.9%	-36.3%	-9.4%	0.0%	30.0%
Net income from continuing operations	2.3%	-7.5%	-2.9%	-2.6%	-0.5%	1.0%
Net income	2.3%	-7.5%	-2.9%	-2.6%	-0.5%	1.0%
Minority interest	0.0%	0.0%	-0.0%	-0.0%	-0.0%	-0.0%
Net profit (reported)	2.3%	-7.5%	-2.9%	-2.6%	-0.5%	1.1%

Source: Company data, NuWays

Balance sheet (EUR m)	2021	2022	2023	2024e	2025e	2026e
Intangible assets	18.9	23.3	19.3	19.5	19.5	19.5
Property, plant and equipment	55.5	53.2	44.6	34.6	34.6	34.6
Financial assets	0.0	2.3	1.6	1.6	1.6	1.6
FIXED ASSETS	74.4	78.8	65.5	55.7	55.7	55.7
Inventories	54.9	45.2	28.1	24.0	24.8	25.8
Accounts receivable	11.5	12.6	12.1	12.3	13.7	14.3
Other assets and short-term financial assets	18.9	22.2	7.6	5.0	9.2	9.5
Liquid assets	97.4	62.3	81.5	74.6	75.0	83.2
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	137.9	124.5	131.3	141.5
TOTAL ASSETS	277.4	228.3	203.4	180.2	187.0	197.2

SHAREHOLDERS EQUITY	119.3	90.0	75.0	53.6	65.2	79.5
MINORITY INTEREST	0.0	0.0	0.0	0.0	0.0	0.0
Long-term liabilities to banks	0.0	0.0	0.0	0.0	0.0	0.0
Bonds (long-term)	0.0	0.0	0.0	0.0	0.0	0.0
other interest-bearing liabilities	10.3	6.1	6.0	6.0	6.0	6.0
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
NON-CURRENT LIABILITIES	12.1	8.8	9.6	9.6	9.6	9.6
Short-term liabilities to banks	0.0	0.0	0.0	0.0	0.0	0.0
Accounts payable	81.6	57.9	61.8	66.0	68.2	71.1
Advance payments received on orders	0.0	0.0	0.0	0.0	0.0	0.0
Accrued taxes	1.0	1.7	0.9	0.9	0.9	0.9
Other liabilities (incl. from lease and rental contracts)	58.3	67.6	53.0	47.0	40.0	33.0
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	146.0	129.5	118.8	117.0	112.2	108.1
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	277.4	228.3	203.4	180.2	187.0	197.2

Balance sheet (common size)	2021	2022	2023	2024e	2025e	2026e
Intangible assets	6.8%	10.2%	9.5%	10.8%	10.4%	9.9%
Property, plant and equipment	20.0%	23.3%	21.9%	19.2%	18.5%	17.5%
Financial assets	0.0%	1.0%	0.8%	0.9%	0.9%	0.8%
FIXED ASSETS	26.8%	34.5%	32.2%	30.9%	29.8%	28.2%
Inventories	19.8%	19.8%	13.8%	13.3%	13.3%	13.1%
Accounts receivable	4.1%	5.5%	5.9%	6.8%	7.3%	7.3%
Other assets and short-term financial assets	6.8%	9.7%	3.7%	2.8%	4.9%	4.8%
Liquid assets	35.1%	27.3%	40.1%	41.4%	40.1%	42.2%
Deferred taxes	3.0%	1.6%	0.7%	0.8%	0.8%	0.8%
Deferred charges and prepaid expenses	4.4%	1.6%	3.5%	3.9%	3.8%	3.6%
CURRENT ASSETS	73.2%	65.5%	67.8%	69.1%	70.2%	71.8%
TOTAL ASSETS	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

SHAREHOLDERS EQUITY	43.0%	39.4%	36.9%	29.8%	34.9%	40.3%
MINORITY INTEREST	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Long-term liabilities to banks	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Bonds (long-term)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
other interest-bearing liabilities	3.7%	2.7%	2.9%	3.3%	3.2%	3.0%
Provisions for pensions and similar obligations	0.4%	0.9%	1.0%	1.2%	1.1%	1.1%
Other provisions and accrued liabilities	0.3%	0.3%	0.7%	0.8%	0.8%	0.8%
NON-CURRENT LIABILITIES	4.4%	3.9%	4.7%	5.3%	5.1%	4.9%
Short-term liabilities to banks	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Accounts payable	29.4%	25.4%	30.4%	36.6%	36.5%	36.0%
Advance payments received on orders	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Accrued taxes	0.4%	0.7%	0.4%	0.5%	0.5%	0.5%
Other liabilities (incl. from lease and rental contracts)	21.0%	29.6%	26.1%	26.1%	21.4%	16.7%
Deferred taxes	1.8%	1.0%	1.5%	1.7%	1.7%	1.6%
Deferred income	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
CURRENT LIABILITIES	52.6%	56.7%	58.4%	64.9%	60.0%	54.8%
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	-11.5	-2.3	5.2
Depreciation of fixed assets (incl. leases)	9.2	12.2	13.2	14.6	10.8	9.4
Amortisation of goodwill & intangible assets	3.8	5.8	6.6	7.3	7.2	7.6
Other costs affecting income / expenses	-27.4	21.0	4.4	2.6	0.0	0.0
Cash flow from operating activities	6.8	-18.6	29.0	11.4	9.0	16.8
Increase/decrease in inventory	-24.7	9.7	17.1	4.1	-0.8	-1.0
Increase/decrease in accounts receivable	5.9	-1.1	0.5	-0.2	-1.4	-0.6
Increase/decrease in accounts payable	39.9	-23.7	3.9	4.2	2.2	2.9
Increase/decrease in other working capital positions	0.0	0.0	0.0	0.0	0.0	0.0
Increase/decrease in working capital	21.1	-15.1	21.5	8.1	-0.0	1.2
Cash flow from operating activities	18.7	-7.5	33.3	21.1	15.6	23.5
CAPEX	14.9	13.9	5.4	12.1	8.2	8.3
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	-12.1	-8.2	-8.3
Cash flow before financing	2.7	-23.9	26.3	9.0	7.4	15.2
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	9.9	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	-6.0	-7.0	-7.0
Effects of exchange rate changes on cash	-0.5	0.2	-0.1	0.0	0.0	0.0
Cash flow from financing activities	-9.7	-2.7	-23.9	-15.9	-7.0	-7.0
Increase/decrease in liquid assets	-7.5	-26.4	9.7	-6.9	0.4	8.2
Liquid assets at end of period	97.4	76.0	81.5	74.6	75.0	83.2

Key ratios (EUR m)	2021	2022	2023	2024e	2025e	2026e
P&L growth analysis						
Sales growth	20.7%	-17.6%	-0.5%	3.3%	3.4%	9.7%
EBITDA growth	-19.2%	-123.3%	-221.3%	-0.0%	41.3%	55.0%
EBIT growth	-30.4%	-200.0%	-69.3%	25.0%	-82.0%	-522.3%
EPS growth	-53.2%	-373.1%	-59.7%	-7.5%	-80.9%	-350.6%
Efficiency						
Sales per employee	290.1	253.4	218.4	265.0	278.8	255.8
EBITDA per employee	22.4	-5.5	5.8	6.8	9.8	12.7
No. employees (average)	1,801	1,700	1,963	1,672	1,642	1,963
Balance sheet analysis						
Avg. working capital / sales	-0.9%	-1.8%	-2.5%	-5.8%	-6.5%	-6.0%
Inventory turnover (sales/inventory)	4.8	5.0	7.7	9.1	9.0	9.4
Accounts receivable turnover	8.0	10.7	10.3	10.3	10.3	10.3
Accounts payable turnover	112.1	92.7	104.6	109.9	111.6	106.7
Cash flow analysis						
Free cash flow	3.8	-21.4	29.5	9.0	7.4	15.2
Free cash flow/sales	0.7%	-5.0%	6.9%	2.0%	1.6%	3.0%
FCF / net profit	31.7%	66.0%	neg.	neg.	neg.	290.4%
Capex / sales	3.1%	3.8%	1.6%	2.7%	1.8%	1.6%
Solvency						
Net debt	-87.1	-56.2	-82.0	-68.6	-69.0	-77.2
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%	29.5%	30.5%	33.5%
Returns						
ROCE	22.2%	-23.5%	-9.0%	-14.0%	-2.7%	9.6%
ROE	10.1%	-36.0%	-16.3%	-21.1%	-3.3%	6.8%
Adjusted FCF yield	3.0%	-13.6%	4.3%	1.0%	10.7%	19.8%
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	-0.61	-0.56	-0.11	0.27
Average number of shares	21.7	21.5	20.1	20.1	20.1	20.1
Valuation ratios						
P/BV	6.8	1.9	2.1	3.0	2.4	2.0
EV/sales	1.4	0.3	0.2	0.2	0.2	0.2
EV/EBITDA	17.9	-27.5	4.8	4.4	4.1	2.6
EV/EBIT	26.4	-4.2	-10.2	-8.3	-48.7	10.5

Source: Company data, NuWays

Disclosures

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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	05.12.2024	Schüssler, Mark	Buy	EUR 17.00	EUR 7.98
	09.08.2024	Schüssler, Mark	Buy	EUR 17.50	EUR 7.64
	01.04.2024	Schüssler, Mark	Buy	EUR 18.00	EUR 7.90
	28.03.2024	Schüssler, Mark	Buy	EUR 17.00	EUR 7.69

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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.

Within the framework of the DCF approach, the future free cash flows are calculated initially on the basis of a fictitious capital structure of 100% equity, i.e. interest and repayments on debt capital are not factored in initially. The adjustment

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8. Miscellaneous

According to Article 4(1) No. i of the delegated regulation 2016/958 supplementing regulation 596/2014 of the European Parliament, further information regarding investment recommendations of the last 12 months are published under: www.nuways-ag.com

Date of publication creation: 29/01/2025 07:55 AM

Date of publication dissemination: 29/01/2025 07:55 AM

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