

boohoo.com (LON: BOO) 1H17 RESULTS: VERY STRONG PERFORMANCE AND INCREASED GUIDANCE

	1H17	1H16	YoY Change
Revenues (GBP Mil.)	£127.3	£90.8	40.2%
Gross Margin	55.3%	60.1%	(480) bps
SG&A/Sales	45.5%	53.9%	(840) bps
Adjusted Operating Margin	11.0%	6.6%	440 bps
Adjusted EPS	1.01p	0.45p	124.4%

Source: Company reports/Fung Global Retail & Technology

- 1) British online fashion retailer boohoo.com reported £127.3 million in revenues, in the 6 months ending August 31, 2016, beating the consensus estimate of £126.6 million and up 40.2% from £90.8 million in the 6 months to August 31, 2015. 1H17 constant-currency revenues increased 41% year over year.
- 2) 1H17 Diluted EPS was 1.01 pence for 1H17, up 124.4% from 0.45 pence in 1H16 and in line with the consensus estimate.
- 3) Following the strong performance in 1H17, boohoo.com has raised its revenue guidance outlook for the third time this year. The company now expects FY17 revenue growth to fall in the range of +30-35%. The company also stated that it expects an FY17 EBITDA margin of 11%, up 140 bps from 9.6% in FY16. However, this marks a sequential deceleration from the 1H17 EBITDA margin of 13%, as the company will make significant investments in IT systems and e-commerce platforms in 2H17.

1H17 RESULTS

British online fashion retailer boohoo.com reported £127.3 million in revenues, in the 6 months ending August 31, 2016, beating the consensus estimate of £126.6 million and up 40.2% from £90.8 million in the 6 months to August 31, 2015. 1H17 constant-currency revenues increased 41% year over year.

The gross margin contracted by 480 bps in 1H17 to 55.3%. However, this was offset by an SG&A margin decline of 840 basis points, from 53.9% in 1H16 to 45.5% in 1H17, helped by a decrease in marketing expenditure. The adjusted operating margin expanded by 440 basis points from 6.6% in 1H16 to 11.0% in 1H17. Diluted EPS was 1.01 pence for 1H17, up 124.4% from 0.45 pence in 1H16 and in line with the consensus estimate.

GEOGRAPHIC SALES BREAKDOWN

In 1H17, UK sales grew 38% year over year to £81.7 million. Rest of Europe sales increased by 41% year over year at constant currencies to £14.7 million, US sales increased by 81% at constant currency to £15.2 million and Rest of World revenues expanded 27% year over year at constant currencies to £15.7 million.

boohoo.com active customers increased 28% year over year to 4.5 million and the number of orders increased 32% year over year in 1H17. Average order value increased 9.6% to £37.16 and the number of items per basket increased 4.4% to 2.86 in 1H17.



FLASH REPORT

GUIDANCE

Following the strong performance in 1H17, boohoo.com has raised its revenue guidance outlook for the third time this year. The company now expects FY17 revenue growth to fall in the range of +30-35%. The company also stated that it forecasts an FY17 EBITDA margin of 11%, up 140 bps from 9.6% in FY16. However, this marks a sequential deceleration from the 1H17 EBITDA margin of 13%, as the company will make significant investments in IT systems and e-commerce platforms in 2H17.

FY17 revenue consensus estimates stand at £260.0 million, implying annual year-over-year growth of 33.0%. Consensus expects operating profit at £24.3 million, implying a year-over-year increase of 61.5%. The FY17 consensus EPS estimate is 2.0 pence, implying a year-over-year increase of 100%.



FLASH REPORT

Deborah Weinswig, CPA

Managing Director
Fung Global Retail & Technology
New York: 917.655.6790
Hong Kong: 852.6119.1779
China: 86.186.1420.3016
deborahweinswig@fung1937.com

John Mercer
Senior Analyst

Eva Kubicka
Senior Research Associate

HONG KONG:

8th Floor, LiFung Tower
888 Cheung Sha Wan Road, Kowloon
Hong Kong
Tel: 852 2300 4406

LONDON:

242–246 Marylebone Road
London, NW1 6JQ
United Kingdom
Tel: 44 (0)20 7616 8988

NEW YORK:

1359 Broadway, 9th Floor
New York, NY 10018
Tel: 646 839 7017

FungGlobalRetailTech.com