



Retail

ELEVATOR PITCH

Presented by Hedgeye Retail Sector

LONG

Beyond, Inc.

Ticker	BYON		2023A	2024E	2025E	2026E	2027E
Price	\$27	Hedgeye EBITDA	\$ (61)	\$ (58)	\$ 35	\$ 75	\$ 104
Market Cap	1.2 bn	Street EBITDA		\$ (72)	\$ 33	\$ (23)	
Enterprise Value	.93 bn	Variance		-19%	5%	-431%	
Short Interest	11.7%	EV/EBITDA		-16x	27x	12x	9x
Net Debt/EBITDA	NA	Target Multiple			40.0x	25.0x	20.0x
Sell Side Target	\$31	Implied Price		\$35	\$38	\$51	\$58
Return to SS Tgt	15%	Price Variance %		32%	44%	92%	119%

HEDGEYE EDGE | Change Agent To Make This a Legit Competitor to W, AMZN

Operating as Overstock.com for most of its existence, Beyond has managed to stick around and grow as an ecommerce retailer since the late '90s even as Amazon and Wayfair crushed the online home industry. This has been one of the better growth categories of the last decade, but this company has a legacy of poor management. From the 2014 to '19 days it was Byrne and his crypto obsession that held the ecommerce business back. In recent years it was Jonathan Johnson botching the Bed Bath & Beyond IP integration that hurt performance. The company was carrying too much expense, and not directing capital towards the right growth initiatives. Now Marcus Lemonis has taken over leadership of the company as Exec Chair and is steering the ship. He has big plans, and a clear message with a new leadership team in place. He definitely expects to drive better execution and more shareholder value. Beyond his vocal leadership, Lemonis brings the potential of tapping a stable of celebrity influencers/business people to drive demand creation or other partnerships that can accelerate BYON's growth trajectory. With a target of \$2bn in revenue in 2024, and a \$3bn run rate by 2025, if BYON can deliver even half of that growth with a return to profitability the stock should be a home run. We can't leave out the company's stake in blockchain assets, notably tZero & Grainchain, which could also drive upside for BYON holders.

NEAR-TERM (TREND) | Rate Of Change Setup Is Bullish, 2024 Rev Bar Is High

The trend setup on fundamentals looks bullish, in that revenue, margins, and cash flow should all be getting better from a rate of change perspective. Revenue is guided to accelerate in 1Q with down--but less bad--gross margins while the company is cutting SG&A and reducing capex. It's rare to see a company where every line of the P&L is accelerating.

KEY RISKS TO THE CALL | Overstock Relaunch Hiccups, A Desperate Wayfair

The company is preparing to relaunch the Overstock banner, which could have some execution risks. Also if Wayfair gets desperate and goes back to negative margins to gain share, it could mean BYON sees margin and more share pressure causing it to fall short of its rev/margin targets outlined on the 4Q23 earnings print.

COMPANY DESCRIPTION

BYON is an online home retailers that operates the Bed, Bath, & Beyond and Overstock.com online banners. It's been an ecommerce company since the late 90s competing with the likes of Amazon, Wayfair, and Etsy. It also holds equity in some blockchain assets from its legacy Medici Ventures operations.

KEY MODELING ASSUMPTIONS

	2023A	2024E	2025E	2026E	2027E
Revenue	\$ 1,561	\$ 1,797	\$ 2,195	\$ 2,600	\$ 2,999
YY % Change	-19%	15.1%	22.1%	18.5%	15.4%
Gross Margin %	20.1%	17.7%	20.7%	21.2%	21.3%
EBIT Margin %	-7.6%	-5.8%	-0.7%	0.8%	1.5%
EBITDA	\$ (61)	\$ (58)	\$ 35	\$ 75	\$ 104
Net Debt	\$ (303)	\$ (286)	\$ (357)	\$ (455)	\$ (573)
Net Debt/EBITDA	NA	NA	NA	NA	NA
FCF/Share	\$ (1.41)	\$ (0.36)	\$ 1.55	\$ 2.16	\$ 2.59