



Retail

ELEVATOR PITCH

Presented by Hedgeye Retail Sector

LONG

Beyond, Inc.

Ticker	BYON		2023A	2024E	2025E	2026E	2027E
Price	\$31	Hedgeye EBITDA	\$ (61)	\$ (65)	\$ 53	\$ 149	\$ 247
Market Cap	1.41 bn	Street EBITDA		\$ (54)	\$ 43	\$ 97	
Enterprise Value	1.13 bn	Variance		20%	24%	54%	
Short Interest	8.3%	EV/EBITDA			21x	8x	5x
Net Debt/EBITDA	NA	Target Multiple			40.0x	25.0x	20.0x
Sell Side Target	\$35	Implied Price		\$40	\$55	\$95	\$127
Return to SS Tgt	12%	Price Variance %		29%	79%	206%	311%

HEDGEYE EDGE | Calls Like This Don't Come Around Too Often

We think BYON, now at the top of our idea list, will get you paid more and faster in a shorter period of time than any other long idea we have. The growth and catalyst calendar here will prove to be explosive in 2024 - with new branding and new business initiatives coming to market literally every month. Things are coming down the pike with creative ways to build the brand(s) that traditional retail analysts can't even grasp. Influencer strategies with TV shows to reach a broad swath of America, an Omnichannel presence, Baby, Backyard, Dorm...the list goes on with new business drivers. The Overstock banner relaunch also likely to be turned on on WayDay, which is a kick in the gut to Wayfair. Not to mention the recently announced Zulily acquisition provides product tiering and assortment expansion, allowing BYON to target consumers across all demographics. Our estimates - beginning almost immediately, are nearly 5x the 'consensus' and we build to \$6 per share over a TAIL duration and \$400mm in EBITDA, with the Street underwriting something closer to \$2ps. This is, for all intents and purposes, a brand new company. Historical multiples are absolutely irrelevant, as is the 'historical margin structure'. We think margins are going from -4% last year to 10%+ over a TAIL duration - simply massive, with outsized Operating Asset turns that should drive ROIC to new highs. But the driver will be outsized top line growth, which should command a premium multiple. The pushback we get today is that it's too small and illiquid for many institutions to buy. But putting 20x EBITDA on this model builds to a \$7bn EV, or a stock price of \$150-\$160. If you can't buy it today, you'll still have to time to get a 2-3 bagger out of this when it hits \$60 and Lemonis' options vest. It's very poorly covered by Old Wall, and there's more idiosyncratic drivers to this story than any we can find in Retail today. This model is a game-changer. Calls like this don't come around too often.

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

The TREND setup looks bullish, in that revenue, margins, and cash flow should all be getting better from a RoC 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. Zulily coming on line in 2Q will further accelerate revenue growth moving forward. 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

BYON is preparing to relaunch the Overstock banner, which could have execution risk. Also, if Wayfair gets desperate and goes back to negative margins to gain share, it could impact BYON, causing it to fall short of its rev/margin targets outlined on the 4Q23 earnings print. But that would bolster our Wayfair Best Idea Short.

COMPANY DESCRIPTION

BYON is an online home retailer 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	\$ 2,023	\$ 2,549	\$ 3,150	\$ 3,634
YY % Change	-19%	29.6%	26.0%	23.6%	15.4%
Gross Margin %	20.1%	17.8%	20.5%	21.2%	22.3%
EBIT Margin %	-7.6%	-5.5%	-0.1%	2.6%	4.6%
EBITDA	\$ (61)	\$ (65)	\$ 53	\$ 149	\$ 247
Net Debt	\$ (303)	\$ (302)	\$ (405)	\$ (594)	\$ (851)
Net Debt/EBITDA	NA	NA	NA	NA	NA
FCF/Share	\$ (1.41)	\$ (0.01)	\$ 2.25	\$ 4.15	\$ 5.65