



Q1
2025

ONLINE RETAIL

Market Update

2024 in Review and a 2025 Outlook

Navigating recovery: Insights and outlook for the online retail sector

The online retail sector has gradually recovered from market turbulence and inflationary pressures experienced over the past few years. While sales volumes have not yet returned to pre-pandemic levels, profitability is clearly on the rise. This improvement seen in 2024 is attributed to a combination of better market conditions and revised cost structures.

Consumer optimism has been bolstered by declining inflation and interest rate cuts in the latter half of 2024, signaling a potential broader market rebound. However, recent tariff policies imposed by the U.S. administration have created headwinds, leading to uncertainty among both consumers and investors. These policies have contributed to cautious spending behavior and risk aversion, complicating the sector's recovery trajectory.

This growing uncertainty is echoed in quarterly earnings reports, where CEOs of leading online retail companies have highlighted risks to near-term future demand, and analysts have revised revenue and profitability estimates downward in the years to come.

EV / EBITDA valuations are showing promising signs of gradual normalisation following the turbulence of the COVID-19 era, paving the way for a healthier long-term outlook. While online retail companies have faced challenges and underperformed compared to the broader market, this period of adjustment presents opportunities for growth and resilience. For instance, although share prices of inventory-based ecommerce and direct-to-consumer (D2C) players have declined by more than 50% since January 2020, the S&P 500 index has witnessed remarkable growth of nearly 90%, highlighting the broader market's strength and recovery.

The mergers and acquisitions (M&A) market shows signs of resilience, demonstrating its ability to adapt to changing conditions. While activity in the sector remains below pre-2023 levels, there is encouraging momentum as large strategic and financial buyers continue to pursue opportunistic deals.

The online retail sector continues to be driven by themes such as automation, personalisation and convenience. Consumers are increasingly demanding innovative purchasing channels, including livestream shopping, experiential showrooms and enhanced pick-up options. Additionally, AI is expected to play a transformative role in further automating the ecommerce value chain by streamlining the purchase process and delivering personalised marketing content.

Looking ahead to the remainder of 2025, Lincoln remains optimistic about the opportunities that lie ahead, even amidst a backdrop of market uncertainty. While potential pressure on consumer spending and cautious investor sentiment may shape the landscape, the sector is well-positioned to leverage opportunities for innovation, enhance operational efficiency and drive growth through strategic M&A initiatives. These factors provide a strong foundation for navigating challenges and achieving long-term success.

Online retail entails⁽¹⁾:

- Inventory-based Ecommerce
- Digital Market Hubs
- Direct-to-Consumer (D2C)

IN THIS ISSUE

- 2024 in Review and a 2025 Outlook
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- Public Equity Market Overview
- M&A Landscape

Notes: (1) See appendix for details of the peer groups

Slightly Rebounding Consumer Market with Uncertain Outlook

Consumer spending and investor appetite will be influenced by geopolitical uncertainty in the current year

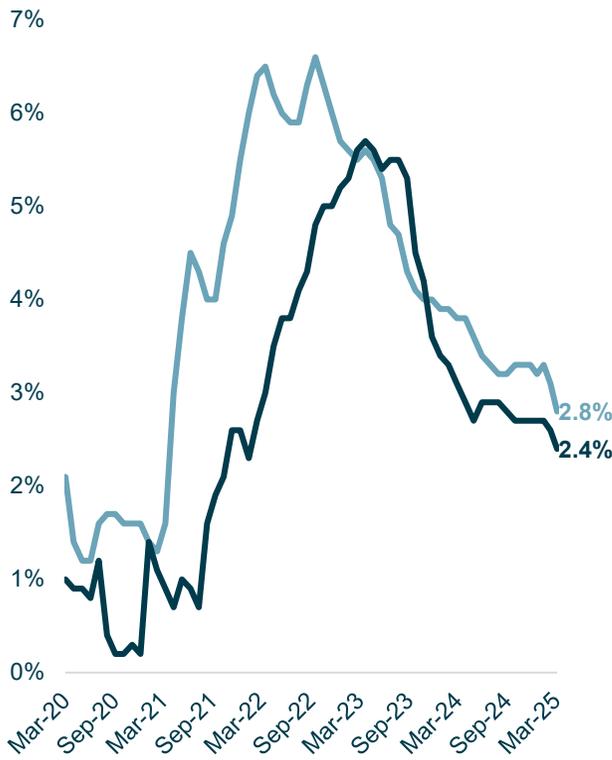
Spending continues to rise...

Consumer Spending Development



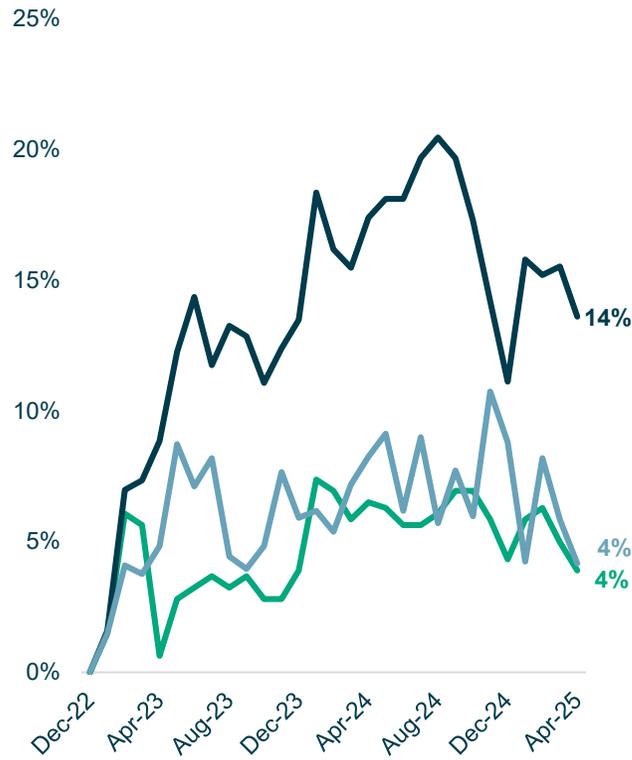
...as inflation continues to cool off...

Core Year-over-Year (YoY) Inflation



...but sentiment remains volatile

Consumer Confidence Index Development



■ North America ■ Europe ■ Global

MACROECONOMIC LANDSCAPE

- After growing optimism driven by continued disinflation, real wage growth and interest rate cuts, sentiment has lost momentum following growing uncertainty
- This new wave of market uncertainty driven by escalating trade wars has dampened consumer optimism and investor appetite, and consequently, caution will likely follow
- According to several economic experts, these trade barriers could hit global supply chains hard, not only driving up production costs, but also creating uncertainty around future pricing

Market Uncertainty Reflected in Lowered Estimates

Near- and longer-term performance projections of leading online retailers have been downgraded

Caution signaled by leading management teams

Quotes from management of selected online retail players

“ Tariffs are clearly top of mind for everyone - while there's a lot of uncertainty in the broader economy, we have direct line of sight and strong conviction on what we need to do for both our customers and our suppliers.
 Niraj Shah, CEO, Wayfair ”

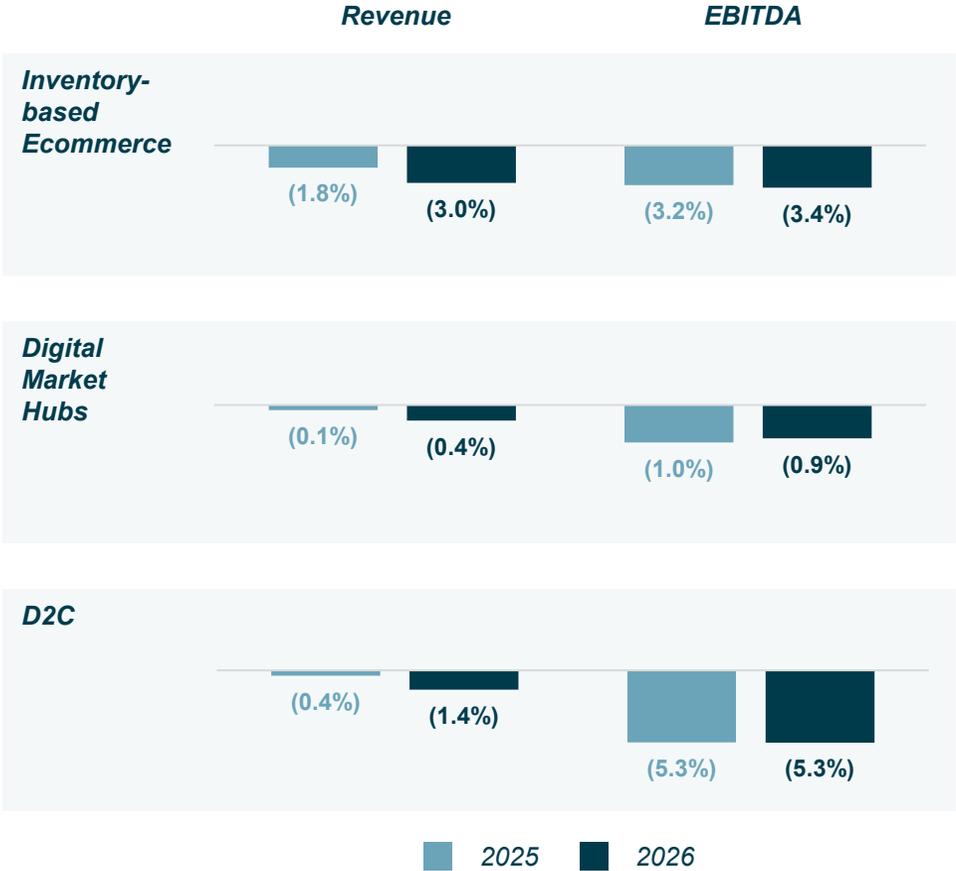
“ We are keeping a clear eye on Etsy's long-term opportunities, while also staying nimble in the face of uncertainty given recent tariff announcements and the fluid state of consumer confidence in our core markets.
 Lanny Baker, CFO, Etsy ”

“ While there is clearly macro uncertainty in the world right now and mortgage rates in Germany have increased, we feel confident that 2025 will be another strong year for Scout24.
 Ralf Weitz, CEO, Scout24 ”

“ During the quarter, we continued to strengthen our business, despite sales increasingly being challenged by general market sentiment.
 Hermann Haraldsson, Co-Founder and CEO, Boozt ”

Estimate forecasts have come down

Change in current estimates vs. six months ago⁽¹⁾



ESTIMATES

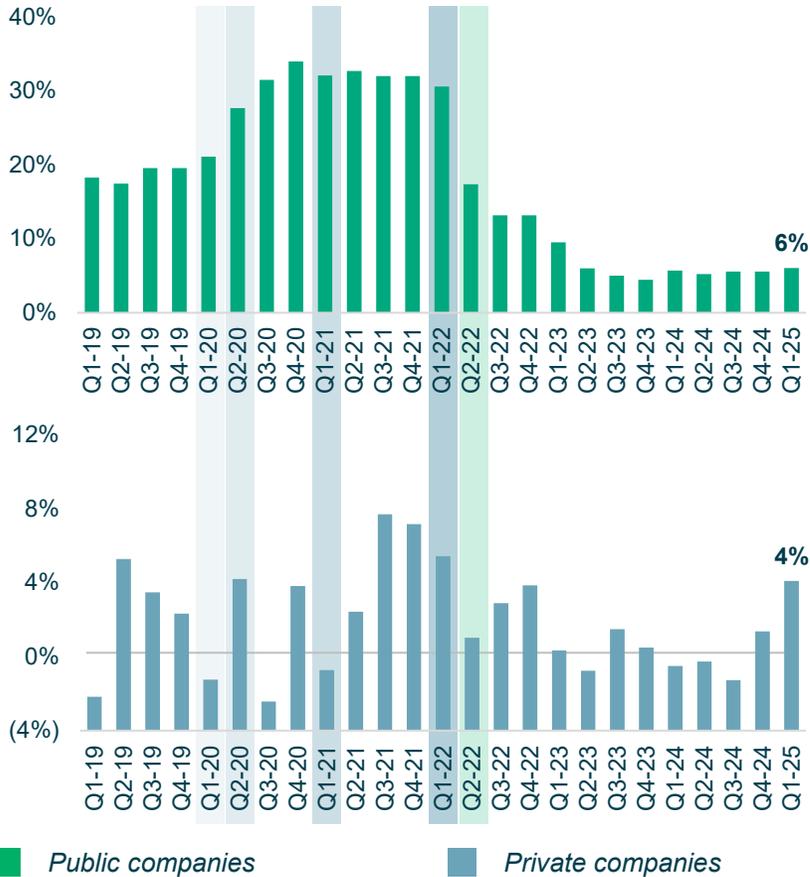
- Management teams of leading online retailers are discussing the changed market and investor sentiment in the overall consumer market following U.S. tariff policies yet remaining optimistic about 2025
- Near- and longer-term sales projections versus six months ago have been adjusted to reflect this growing market uncertainty
- This is also the case for bottom-line estimates, having been significantly revised across all segments, both on the shorter and longer-term horizon

Global Online Retailers Nearing a Return to Pre-COVID Profitability

Continuous bottom-line improvements, especially for larger public players, since low point in 2022-2023

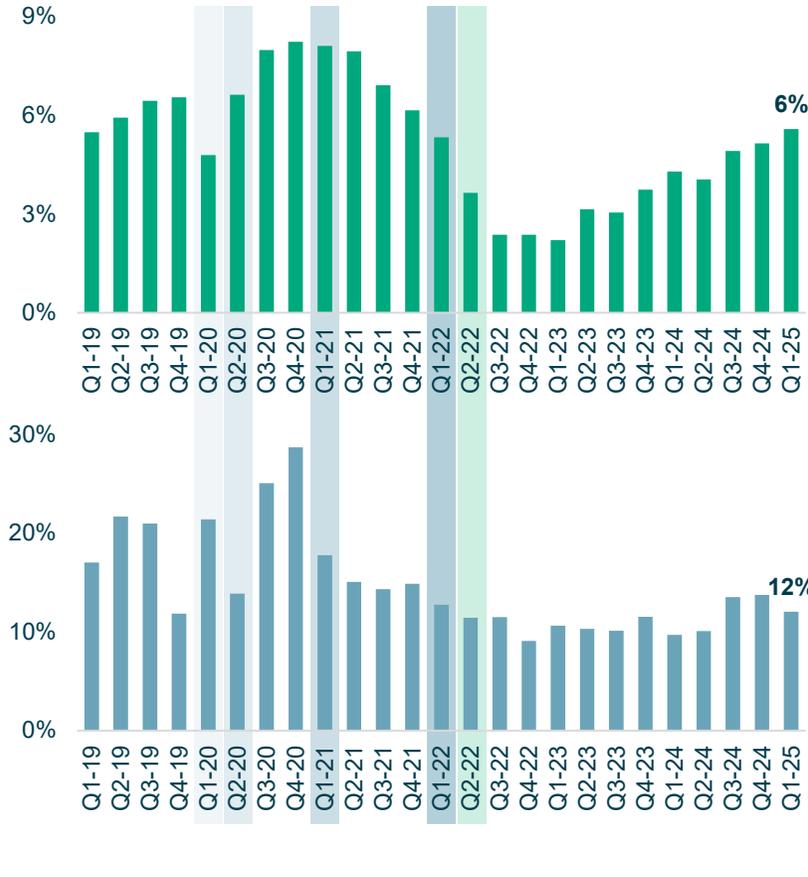
Growth has not yet returned to prior standards...

LTM revenue growth



... but profitability levels are normalising

EBITDA margin %



Key events

- Q1-20**
COVID-19 pandemic and surge in reliance on online channels
- Q2-20**
Supply chain disruptions following lock-downs
- Q1-21**
Suez Canal blocked and freight rates soar
- Q1-22**
Russia invades Ukraine
- Q2-22**
Rising inflationary pressures and economic uncertainty

OPERATIONAL PERFORMANCE

- Operational metrics analysis based on select public online retail players and LI's proprietary Private Market Index database tracking private companies
- Over the past few quarters, a certain recovery in company performance can be observed, especially in terms of profitability
- This development has partly been the result of improving market conditions and growing consumer optimism in line with inflation improvements and interest rate cuts
- The margin uptick can also be explained by many companies having successfully recalibrated their cost structures, which had become inflated due to overly optimistic sales growth projections during the pandemic

Growing Demand for Automation, Personalisation and Convenience

Online retail is redefined by digital- and convenience-related trends



AI-driven personalisation and efficiency

- Beyond chat boxes and tools to increase operational efficiency, online retailers can leverage AI to provide targeted and **personalised content marketing**
- The shopping journey is also set to change following the rollout of **AI-powered agents**, supporting consumers in automating purchases



Google Automated Discounts (GAD)

- Google's new AI-based pricing model enables for **tailored discounts adjusted based on behavior and search history**, aiming to boost conversion rates
- However, **GAD has faced criticism** from smaller retailers worrying that only large players with the resources to fully leverage the tool will benefit



Livestream shopping

- Live commerce is **influencing the way consumers explore and purchase products** online, merging entertainment with interactive, real-time shopping



Unmanned parcel lockers

- Unmanned pick-up points are gaining popularity in Europe, presenting a more **cost-effective delivery** alternative to traditional courier and door-to-door delivery



Mindful shopping practices

- Consumers are placing greater **economic awareness into purchase decisions**, with a growing number of shoppers prioritising budget-friendly options and postponing purchases



Omni channel experiences

- Consumers are continuing to demand a mix between online and in-store shopping
- The **showrooming phenomenon continues to grow**, with retailers opening concept stores for trying products before ordering online

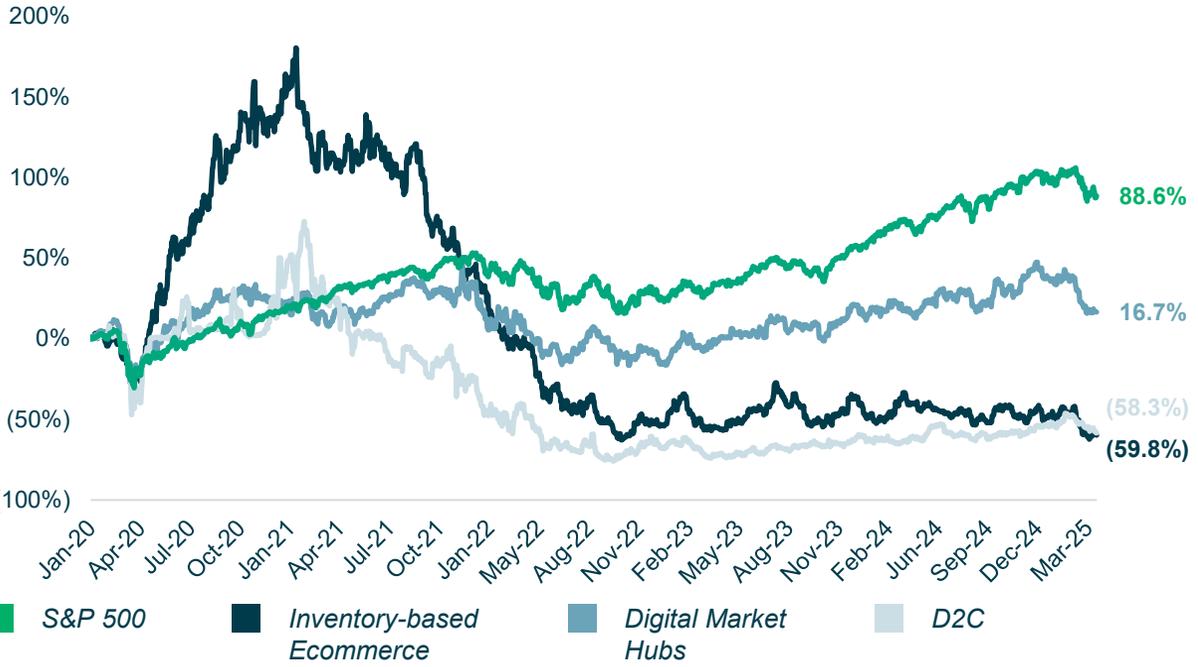
Sources: Kearney, Shopify, Breakit, Harvard Business Review

Online Retailers Underperformed the Market, but Showcase Potential

Despite strong initial bounce-back, online retailer valuations (excl. Digital Market Hubs) are still below pre-pandemic levels

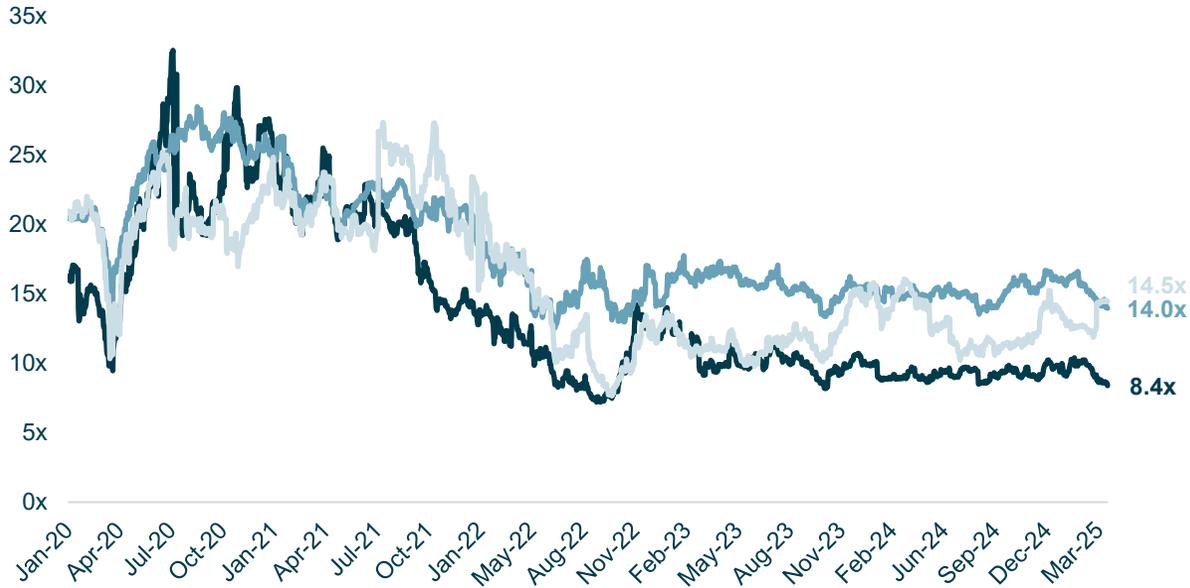
Weak share performance since COVID...

Relative Stock Price Performance



...with EBITDA multiple valuations normalising

Median EV / NTM EBITDA multiple ⁽¹⁾



(EURm, except share price)	Share Price	% of High 52-Week	Market Cap	Enterprise Value	EV / Revenue		EV / EBITDA		EV / EBITDA - Capex		EV / EBIT	
					CY2025	CY2026	CY2025	CY2026	CY2025	CY2026	CY2025	CY2026
Median – Inventory-based Ecommerce	6.3	(24%)	558	869	0.62x	0.59x	8.9x	8.0x	11.0x	10.3x	13.3x	11.8x
Median – Digital Market Hubs	39.3	(20%)	7,398	8,109	3.07x	2.89x	14.1x	12.5x	17.2x	15.4x	21.1x	16.5x
Median – D2C	11.8	(35%)	545	678	1.26x	1.19x	15.4x	12.4x	23.1x	15.0x	25.0x	22.4x

Sources: Market data sourced from Capital IQ as of 31-03-2025
Notes: (1) Outliers excluded from D2C dataset

M&A Transaction Activity back at Pre-pandemic Levels

M&A activity has dropped its 2022-peak, stabilising at higher levels than before the pandemic

Continued deal slow-down...

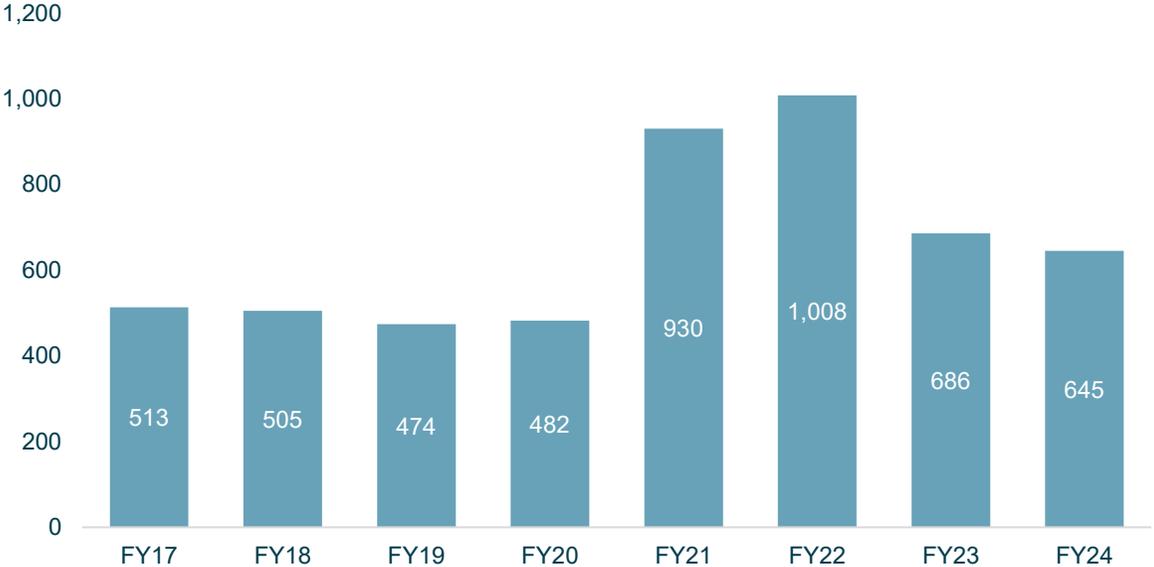
- In Q1 2025, a total of 114 North American and European online retail companies were acquired, representing a decline of 34% compared to the 172 deals completed during Q1 2024
- After record deal volumes in 2022, M&A activity in the online retail sector has declined at a CAGR of -20% between 2022-2024, mainly driven by tougher macroeconomic conditions since 2023

...yet, M&A remains a key growth driver for strategic players

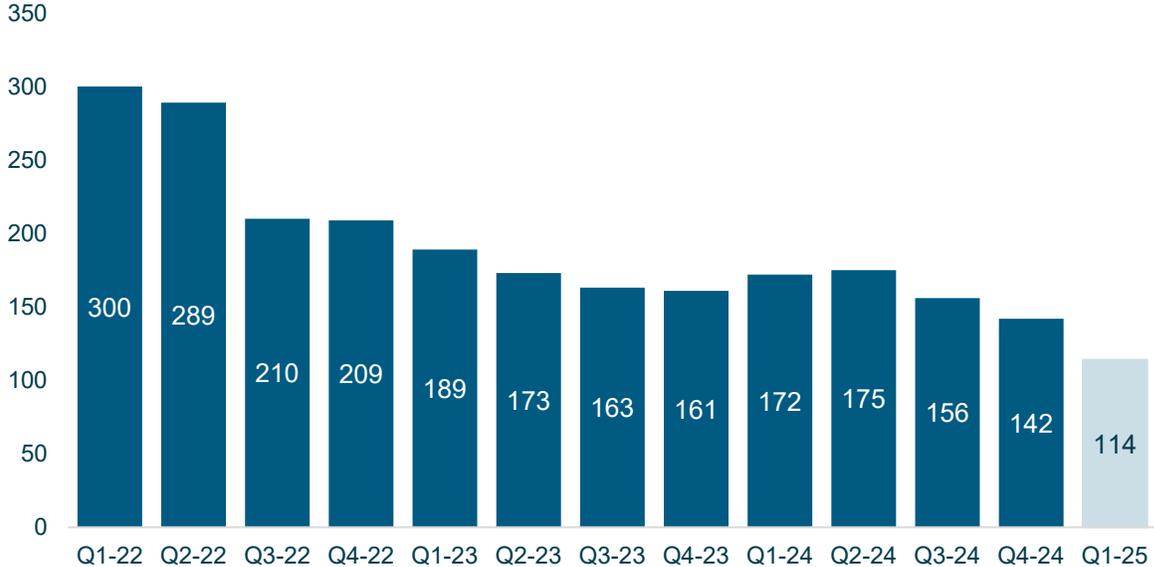
- Nevertheless, deal volumes in 2023-2024 stabilised at higher than pre-pandemic levels, with over 150 additional transactions conducted on average in 2023-2024 compared to the 2017-2019 average
- While financial acquirers have pulled back from consumer markets to a larger degree, strategic buyers continue to rely on M&A to drive expansion efforts

Number of completed online retail transactions

On annual basis



On quarterly basis



Select Lincoln International credentials

Lincoln has vast transaction experience within online retail

AURELIUS

has acquired

FOOT2YJUM

from

UNDISPUTED KING OF TRAINERS

Buy-Side Acquisition Financing

verdane

has sold

SPARES

to

Clas Ohlson

Sell-Side

FOOTSHOP

has been sold to

WOOD SPAC One

Sell-Side

IN THE STYLE

has sold its trading operations to

BAAJ Capital LLP

Sell-Side

TRILANTIC EUROPE

has acquired a majority stake in

PASSIONE UNGHIE

with financing provided by

EURAZEO **HLG** **WHITEHORSE**

Acquisition Financing

ORVA

has received an investment from

TRILANTIC CAPITAL PARTNERS

Sell-Side

Virgin Money

a portfolio company of

mobeus **connexion CAPITAL**

has floated on AIM

Sell-Side

pechel INDUSTRIES and co-founders

have sold

PRIVATESPORTSHOP

to

Bridgepoint

Sell-Side

ORVA

a portfolio company of

TRILANTIC CAPITAL PARTNERS

has received a significant minority investment from

ONTARIO TEACHERS' PENSION PLAN CAPITAL PARTNERS

Sell-Side

Gordon Brothers

has sold

LAURA ASHLEY

to

MARCUS BRUNS

a portfolio company of

NEUBERGER BERMAN

Sell-Side

VENDIS CAPITAL

has sold

fatboy

to

calligaris

a portfolio company of

alpha

Sell-Side

JADE LEAF MATCHA

has been sold to

HPH II investments master fund, lp and affiliates

managed by

WM PARTNERS LP

Sell-Side

houra.ir

has sold

to private investors

Sell-Side

FRONT ROW

has received strategic investment from

Charlesbank

Buy-Side

Founders and

LEITMOTIV PRIVATE EQUITY

have sold

AGORA STORE

to

21 Invest **bpifrance**

and management

Sell-Side

CONSILIUM

has sold

macron

to

a private shareholder

Sell-Side

Private founders have sold a majority stake in and have raised capital for

BSTN

From a German family office

Sell-side

WALKER EDISON

a portfolio company of

PROSPECT HILL GROWTH PARTNERS

has received a significant minority equity investment from

Blackstone

Sell-Side

Public Comparables

Appendix



Public Comparables – Inventory-based Ecommerce

(EURm, except share price)													
Company	Country	Share Price	% of High 52-Week	Market Cap	Enterprise Value	EV / Revenue		EV / EBITDA		EV / EBITDA - Capex		EV / EBIT	
						CY2025	CY2026	CY2025	CY2026	CY2025	CY2026	CY2025	CY2026
Inventory-based Ecommerce													
JD	China	41.1	(14%)	55,221	46,261	0.29x	0.27x	6.4x	5.8x	9.9x	8.5x	8.2x	7.2x
Wayfair	United States	32.0	(58%)	3,761	6,397	0.59x	0.57x	14.0x	11.8x	20.8x	18.6x	40.7x	27.2x
Zalando	Germany	31.8	(21%)	8,238	7,287	0.65x	0.61x	8.0x	7.1x	11.1x	9.8x	13.1x	11.0x
Ocado	United Kingdom	2.8	(43%)	2,770	3,924	0.95x	0.88x	14.4x	10.1x	NM	NM	NM	NM
THG	United Kingdom	0.3	(58%)	512	1,388	0.66x	0.64x	11.6x	10.3x	14.6x	12.5x	20.7x	16.7x
Boozt	Sweden	101.0	(28%)	603	576	0.71x	0.66x	9.1x	8.4x	11.0x	15.8x	13.1x	11.8x
About You Holding	Germany	6.7	(2%)	1,166	1,054	0.50x	0.46x	21.8x	11.8x	NM	22.5x	NM	NM
AO World	United Kingdom	1.0	(20%)	663	684	0.47x	0.44x	7.7x	6.9x	8.7x	7.7x	11.9x	10.3x
1-800-FLOWERS	United States	5.9	(47%)	347	376	0.24x	0.24x	12.6x	23.2x	NM	NM	NM	24.8x
ASOS	United Kingdom	2.9	(36%)	415	1,117	0.35x	0.33x	6.3x	5.0x	43.8x	15.9x	NM	20.4x
Kogan	Australia	4.7	(27%)	267	239	0.77x	0.71x	8.7x	7.2x	9.9x	8.0x	12.3x	10.1x
Victorian Plumbing Group	United Kingdom	1.0	(20%)	386	427	1.10x	1.02x	10.4x	9.1x	12.5x	10.7x	13.4x	11.7x
BHG	Sweden	23.2	(16%)	383	621	0.65x	0.61x	8.8x	7.7x	10.9x	9.5x	17.7x	12.5x
Westwing	Germany	8.7	(1%)	165	129	0.29x	0.27x	4.5x	3.6x	7.1x	5.0x	24.5x	10.7x
Median		6.3	(24%)	558	869	0.62x	0.59x	8.9x	8.0x	11.0x	10.3x	13.3x	11.8x

Sources: Market data sourced from Capital IQ as of 31-03-2025

Public Comparables – Digital Market Hubs

(EURm, except share price)													
Company	Country	Share Price	% of High 52-Week	Market Cap	Enterprise Value	EV / Revenue		EV / EBITDA		EV / EBITDA - Capex		EV / EBIT	
						CY2025	CY2026	CY2025	CY2026	CY2025	CY2026	CY2025	CY2026
Digital Market Hubs													
Amazon	United States	190.3	(22%)	1,865,503	1,915,648	2.98x	2.72x	12.8x	10.8x	34.0x	24.4x	26.9x	22.0x
Alibaba	China	132.2	(11%)	276,371	264,219	1.96x	1.82x	9.3x	8.3x	16.4x	13.6x	13.2x	11.5x
Copart	United States	56.6	(12%)	50,582	47,200	10.41x	9.39x	24.6x	21.4x	34.4x	28.7x	27.6x	23.9x
eBay	United States	67.7	(5%)	29,201	31,020	3.16x	3.06x	10.2x	9.8x	12.1x	11.5x	11.3x	10.8x
REA Group	Australia	219.6	(21%)	16,723	16,596	16.11x	14.35x	28.0x	24.3x	32.9x	28.3x	32.5x	27.9x
Zillow	United States	66.9	(23%)	15,004	13,892	5.88x	5.11x	24.3x	18.7x	32.6x	23.5x	NM	NM
CAR Group	Australia	31.5	(26%)	6,863	7,535	10.65x	9.55x	19.1x	17.0x	23.2x	20.3x	23.2x	20.4x
Allegro	Luxembourg	31.3	(24%)	7,864	8,405	2.88x	2.60x	10.6x	9.2x	14.8x	12.5x	15.0x	12.7x
Etsy	United States	47.2	(30%)	4,674	5,964	2.32x	2.27x	8.8x	8.6x	9.5x	9.2x	21.1x	16.5x
Auto Trader Group	United Kingdom	7.4	(17%)	7,821	7,812	10.22x	9.51x	15.3x	14.2x	15.5x	14.3x	15.8x	14.6x
Delivery Hero	Germany	22.0	(48%)	6,367	10,204	0.73x	0.65x	10.2x	7.4x	14.2x	9.5x	21.8x	12.5x
Scout24	Germany	96.4	(13%)	6,975	7,161	11.16x	10.14x	18.3x	16.4x	19.6x	17.5x	21.0x	18.6x
Rightmove	United Kingdom	6.9	(10%)	6,421	6,379	12.54x	11.44x	17.7x	16.1x	18.1x	16.5x	18.0x	16.5x
Just Eat	Netherlands	19.4	(1%)	3,831	4,210	1.13x	1.06x	11.0x	9.1x	16.2x	12.4x	47.2x	23.5x
Cars.com	United States	11.3	(47%)	666	1,059	1.58x	1.52x	5.3x	5.1x	6.1x	5.7x	14.8x	12.8x
AUTO1	Germany	20.3	(19%)	4,422	4,795	0.65x	0.59x	27.6x	20.6x	35.9x	25.2x	41.1x	27.4x
Median		39.3	(20%)	7,398	8,109	3.07x	2.89x	14.1x	12.5x	17.2x	15.4x	21.1x	16.5x

Sources: Market data sourced from Capital IQ as of 31-03-2025

Public Comparables – D2C

(EURm, except share price)													
Company	Country	Share Price	% of High 52-Week	Market Cap	Enterprise Value	EV / Revenue		EV / EBITDA		EV / EBITDA - Capex		EV / EBIT	
						CY2025	CY2026	CY2025	CY2026	CY2025	CY2026	CY2025	CY2026
D2C													
HIMS & HERS	United States	29.6	(60%)	6,074	5,807	2.67x	2.23x	19.7x	15.1x	29.6x	16.6x	33.3x	22.4x
YETI	United States	33.1	(27%)	2,535	2,363	1.36x	1.29x	9.3x	7.7x	11.9x	9.6x	11.3x	9.3x
Warby Parker	United States	18.2	(36%)	2,038	2,012	2.48x	2.18x	23.2x	18.1x	84.4x	46.8x	53.5x	35.0x
RVRC	Sweden	43.8	(22%)	436	412	2.12x	1.81x	10.3x	8.6x	10.4x	8.7x	11.1x	9.2x
tonies	Luxembourg	5.4	(34%)	617	614	1.00x	0.81x	10.5x	7.5x	16.2x	9.9x	16.8x	9.5x
boohoo	United Kingdom	0.3	(34%)	434	742	0.51x	0.50x	14.8x	14.0x	44.6x	40.4x	NM	NM
The Honest Company	United States	4.7	(48%)	474	424	1.15x	1.10x	15.9x	13.9x	16.7x	14.6x	38.2x	27.5x
BARK	United States	1.4	(46%)	225	198	0.41x	0.37x	22.6x	10.9x	53.7x	15.4x	NM	44.1x
Median		11.8	(35%)	545	678	1.26x	1.19x	15.4x	12.4x	23.1x	15.0x	25.0x	22.4x

Sources: Market data sourced from Capital IQ as of 31-03-2025

About Lincoln International

We are trusted investment banking advisors to business owners and senior executives of leading private equity firms and their portfolio companies and to public and privately held companies around the world. Our services include mergers and acquisitions advisory, private funds and capital markets advisory, and valuations and fairness opinions. As one tightly integrated team of over 1,100 professionals in more than 25 offices across 15 countries, we offer an unobstructed perspective on the global private capital markets, backed by superb execution and a deep commitment to client success. With extensive industry knowledge and relationships, timely market intelligence and strategic insights, we forge deep, productive client relationships that endure for decades. Connect with us to learn more at www.lincolninternational.com

Lincoln International's Consumer Group

Our team stays at the forefront of the latest trends in how consumers live, think and shop across geographies, demographics and social strata. These insights, coupled with our experience in the private markets and extensive industry relationships, inform and enable our advice and solutions for our clients. We are a global investment bank, inspired by the exciting changes in the consumer marketplace: the boom in ecommerce, the explosion in new, better-for-you food and beverage products, changing uses of retail spaces, the opportunities available through global sourcing expertise, and the importance of the consumer experience in dining and leisure activities.

Connect with a professional in Lincoln International's Consumer Group at <http://www.lincolninternational.com/whoweserve/consumer/>

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GLOBAL INDUSTRY GROUPS

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Industrials

Technology

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