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wayfair

Wayfair Inc.

NYSE: W

GICS Sector: Consumer Discretionary

GICS Industry: Internet / E-Commerce Retail

New York Stock Exchange (NYSE)

BUY Recommendation

Current Price: $109 (Jan. 6th)

Target Price: $126 (Jan. 6th)

Upside: 17%

Executive Summary

We initiate coverage on Wayfair Inc. (NYSE: W), a U.S.-based e-commerce platform exclusively focused on home furnishings and décor, with a **BUY** rating and a **12-month price target of $126**. Our target price, derived from a blend of intrinsic (DCF) and relative valuation methodologies, implies a **17% upside** from the closing share price of **$109 as of January 6, 2025**.

Investment Summary Highlights

1) Rebound in Revenue: Growth in Revenue due to increased traction in Premium Businesses

The accelerated growth observed in Perigold and Wayfair Professional relative to the core Wayfair brand is a constructive signal amid a subdued housing environment. With Perigold generating average order values that are approximately **2–3x higher** than the traditional Wayfair platform and a **more than 50% year-over-year increase in customers**, the company is beginning to regain topline visibility following a prolonged period of revenue contraction.

2) Margin Acceleration: Adjusted EBITDA Margins to grow more as compared to revenue through cost optimization

As the company transitions from an investment-heavy phase to one focused on returns, operational leverage, and sustainable profitability, Adjusted EBITDA margins are expected to expand meaningfully. With the majority of major investments now completed, Wayfair is well positioned to begin realizing returns while improving cost efficiency on a per-dollar-of-revenue basis. This shift toward disciplined cost optimization underpins a clear path to sustainable profitability, with Adjusted EBITDA margins projected to reach approximately **9.2% by 2030**. In absolute terms, we estimate Adjusted EBITDA to grow at a **16% CAGR over the next five years**, driven by operating leverage, improved marketing efficiency, and stabilization in fixed costs.

3) Strategic Initiatives finally paying off: Gaining market share in depressed market conditions

Wayfair's emphasis on its core business pillars is driving notable market share growth. Efforts to enhance personalization and deepen customer engagement are generating strong returns, even in a challenging market environment. The company continues to advance its strategic objective of minimizing reliance on broader market conditions, instead prioritizing its own operational goals and delivering an exceptional experience for both customers and suppliers.

NYSE: W – BUY Rating

Date	**01-07-2026**
Current Price	**$109**
Target Price	**$126.41**
Gap to Target	**21%**
Market Capitalization ($B)	**$14.29**
Enterprise Value ($B)	**$16.67**
FDS Outstanding (MM)	**130.34**
52 Week Low	**$20.41**
52 Week High	**$115.80**

Valuation Summary

DCF	**50%**	**$119.63**
Relative Valuation	**50%**	**$131.19**
Blended PT		**$126.41**

Catalyst Roadmap

02-19-2026	**Q4 Earnings**	**2026 Guide**
01-05-2026	**Repeat Customer Monetization Update**	**WDN Update**
01-09-2026	**Holiday Season Strategy**	**Demand Signals**

Financial Snapshot

	2019A	2020A	2021A	2022A	2023A	2024A	2025E	2026E	2027E	2028E	2029E	2030E
Revenue	9,127	14,145	13,708	12,218	12,003	11,851	12,457	13,297	14,130	14,966	15,811	16,669
Growth YoY %	*34.6%*	*55.0%*	*-3.1%*	*-10.9%*	*-1.8%*	*-1.3%*	*5.1%*	*6.7%*	*6.3%*	*5.9%*	*5.6%*	*5.4%*
Contribution	693	2,194	1,933	1,311	1,713	1,632	1,865	2,014	2,190	2,347	2,507	2,671
Contribution Margin %	*7.6%*	*15.5%*	*14.1%*	*10.7%*	*14.3%*	*13.8%*	*15.0%*	*15.2%*	*15.5%*	*15.7%*	*15.9%*	*16.0%*
EBITDA	(932)	364	(82)	(1,314)	(734)	(345)	76	214	390	547	707	871
EBITDA Margin %	*-10.2%*	*2.6%*	*-0.6%*	*-10.8%*	*-6.1%*	*-2.9%*	*0.6%*	*1.6%*	*2.8%*	*3.7%*	*4.5%*	*5.2%*
Net Income	(985)	185	(131)	(1,331)	(738)	(492)	(176)	92	254	402	552	706
Net Income Margin %	*-10.8%*	*1.3%*	*-1.0%*	*-10.9%*	*-6.1%*	*-4.2%*	*-1.4%*	*0.7%*	*1.8%*	*2.7%*	*3.5%*	*4.2%*
Adj. EBITDA (Non-GAAP)	(497)	947	614	(416)	306	453	745	890	1,058	1,212	1,370	1,534
Adj. EBITDA Margin %	*-5.4%*	*6.7%*	*4.5%*	*-3.4%*	*2.5%*	*3.8%*	*6.0%*	*6.7%*	*7.5%*	*8.1%*	*8.7%*	*9.2%*

Business Description

Overview

Founded in May 2022 and headquartered in Boston, Massachusetts, Wayfair Inc. is a U.S.-based e-commerce platform focused on home furnishings and appliances. The company offers a visually driven shopping experience with intuitive product discovery and competitively priced offerings. Wayfair serves a broad customer base of **21 million** with annual incomes from approximately $25,000 to over $250,000, as well as both small businesses and large enterprises. While the U.S. remains its core market, Wayfair also operates internationally in the U.K., Ireland, and Canada.

Business Model

Wayfair operates an asset-light e-commerce platform based on a drop-shipping model, directly connecting millions of home goods customers with approximately 20,000 third-party suppliers. Under this model, suppliers ship products directly to end customers, leveraging Wayfair's proprietary logistics infrastructure, including Castlegate and the Wayfair Delivery Network **(Figure 5)**. Wayfair follows a cost-plus markup structure, earning commissions on transactions rather than holding inventory. In addition to marketplace commissions, the company generates revenue from supplier advertising and promotional services, as well as logistics fees through its fulfillment platform, Castlegate. Currently, roughly 25% of supplier sales are fulfilled via Castlegate.

Operating Segments

Wayfair generates revenue across two geographic segments: **the United States and International.** The U.S. remains the dominant market, accounting for approximately 88% of total revenue, while international operations (Canada, the U.K., and Ireland) contribute the remaining share. **(Figure 1)**

Brand Portfolio

Wayfair addresses a broad range of customer demographics and design preferences within the home goods market through a diversified portfolio of brands spanning multiple styles and price points. The flagship **Wayfair** brand targets the mass market, **Joss & Main** emphasizes curated, on-trend designs, while **AllModern** focuses on contemporary and modern furnishings. **Birch Lane** caters to customers seeking classic and traditional aesthetics, and **Perigold** serves the luxury segment with premium home furnishings. **Wayfair Professional** is a dedicated platform designed to meet the needs of business customers. **(Figure 2)**

Product Categories

The company holds strong online market share in core categories such as sofas, case goods, bedroom furniture, and youth products. In addition, Wayfair is expanding its presence in higher-growth, emerging categories including small and large appliances, plumbing fixtures, décor, and kitchen-related products. **(Figure 3)**

Growth Strategy

Wayfair's growth strategy centers on increasing repeat purchases from its existing customer base, acquiring new customers, and expanding into emerging product categories to address a broader share of the home goods market. The company's core value proposition is a comprehensive, one-stop shopping experience. **(Figure 4)** Wayfair currently serves over 21 million active customers, with **repeat purchases** accounting for more than **80% of total orders**. **(Figure 7)**

Repeat engagement is driven by four key pillars: **CastleGate, Wayfair Verified, Wayfair Rewards, and Generative AI.**

CastleGate and the Wayfair Delivery Network enhance fulfillment efficiency by enabling suppliers to forward-position inventory in Wayfair-operated warehouses and by managing large-parcel delivery through integrated consolidation, cross-dock, and last-mile infrastructure. This reduces delivery times, lowers damage rates, and decreases reliance on third-party logistics providers. **(Figure 6)**

Wayfair Verified is a curated quality-assurance program in which specialists hand-inspect and rigorously evaluate products based on testing, ratings, and reviews. Verified products demonstrate meaningfully higher traffic and conversion rates, supporting improved customer trust and purchase frequency. **(Figure 8)**

Wayfair Rewards, a $29 annual paid loyalty program, targets high-frequency shoppers through benefits such as 5% cash back, free shipping, and member-exclusive promotions, enhancing retention and lifetime value. **(Figure 9)**

Figure 1: Geographic Break-up - Total Revenue

Source: Company Filings

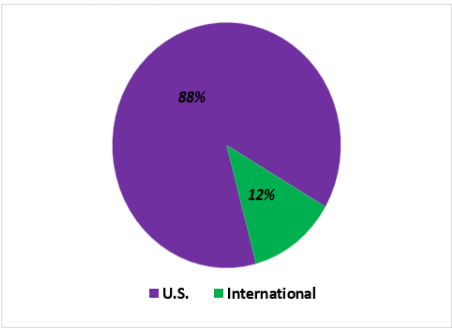


Figure 2: Wayfair Brands

Source: Company Filings

Figure 3: Core and Emerging Categories

Source: Company Filings

Figure 4: One-Stop Experience

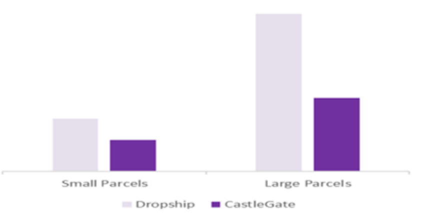
Source: Company Filings

Figure 5: CastleGate and WDN Services

Source: Company Filings

Figure 6: Delivery Time (Dropship vs Castlegate)

Source: Company Filings



Technology remains a key enabler of growth. Building on over a decade of machine learning investments, Wayfair is deploying **generative AI** to enhance personalization and discovery, including Muse, an AI-powered inspiration and product discovery tool for home décor. **(Figure 10)**

In parallel, the company has sharpened its focus following its exit from Germany by optimizing supply chains, localizing warehouse infrastructure, and reallocating headcount to core markets. Finally, **Wayfair's entry into physical retail**, with 12 stores opened as of 2025 and additional locations planned, strengthens its omnichannel strategy and represents a potential long-term growth catalyst.

Industry & Competitive Positioning

Market Dynamics

Wayfair's positioning is evaluated across three key end markets: the home furnishings industry, the housing market, and consumer spending trends, all of which directly influence demand for discretionary home goods.

Home Furnishings Market

The total addressable market (TAM) for home furnishings in North America and the U.K. is estimated at approximately **$500 billion in 2025 (Figure 11)** , of which Wayfair currently captures roughly $12 billion. Annual consumer spending on home furnishings averages ~$3,000 per household, compared with Wayfair's current annual spend per active customer of approximately $550 in 2024, highlighting meaningful headroom for share-of-wallet expansion through repeat purchases.

Globally, the home furnishings market **(Figure 12)** was valued at approximately $1.0 trillion in 2024 and is projected to reach ~$1.7 trillion by 2030, implying a **~9% CAGR** over 2025–2030. E-commerce penetration in the category currently stands near 30% and is expected to increase to ~40% by 2030, driven by a ~10% CAGR in online sales.

The shift toward online purchasing is supported by demographic trends, with Gen Z spending more on home goods as compared to previous year.

Housing Market

The U.S. housing market experienced a surge during the COVID period, followed by a sharp slowdown driven by elevated mortgage rates and higher home prices. Existing and new home sales volumes declined to multi-decade lows in 2023 and 2024, with year-over-year declines of approximately 15–20%.

However, industry data indicate a stabilization in 2025, with housing activity recovering from negative double-digit declines to flat-to-modest growth. New home sales are currently increasing at a mid-single-digit monthly pace, while existing home sales remain relatively stable. With mortgage rates moderating from 2023–24 peaks and home price inflation normalizing, the housing market outlook points to a gradual recovery, supporting incremental demand for home furnishings.

Competitive Landscape

Wayfair vs. Furniture Stores, Specialty Retailers, and Department Stores (Figure 12)

Brick-and-mortar players such as **IKEA, Home Depot, Ashley Furniture, Williams-Sonoma, and Walmart** command significant market share. IKEA, the largest global player, shares Wayfair's value proposition of affordable, stylish furnishings and continues to expand its digital presence. Wayfair differentiates itself through its pure-play e-commerce model, offering millions of SKUs across price points, superior assortment breadth, advanced search and filtering tools, and AI-driven recommendations. The company's one-stop-shop experience across styles, categories, and budgets remains a key competitive advantage.

Wayfair vs. Online Retailers and Marketplaces:

Online competitors include **Amazon, Build.com, and eBay**, with Amazon representing the most significant competitive threat due to its scale and logistics capabilities. While Amazon offers a broad home furnishings assortment, Wayfair differentiates itself as a category specialist focused exclusively on home goods. This specialization enables deeper product curation by style, room, and theme, a more personalized shopping experience, and category-specific tools such as 3D room planning and augmented reality visualization, which support faster purchase decisions and differentiation within the online home category.

Figure 7: Repeat vs New Orders

Source: Company Filings

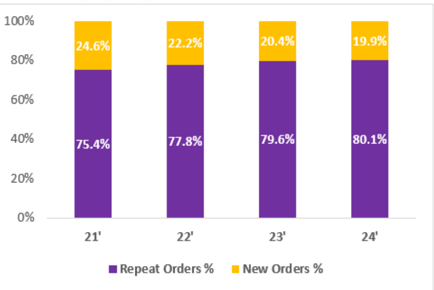


Figure 8: Wayfair Verified

Source: Company website

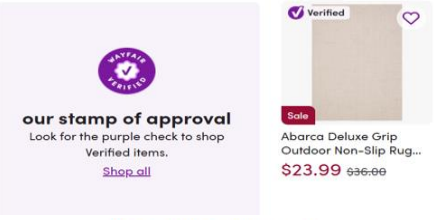


Figure 9: Wayfair Rewards

Source: Company website

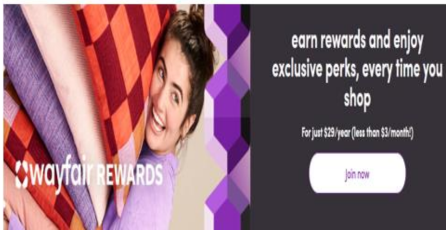


Figure 10: GenAI Application

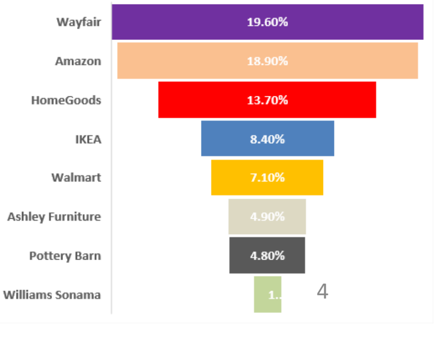
Source: Company filings

Figure 11: TAM

Source: Company filings

Figure 12: Home Furnishing Market Share

Source: Yipits & PYMNT



Investment Summary

Growth in Premium and Professional Segments – Positive

Wayfair's revenue growth in 2025 was largely driven by strong performance in its **Perigold** and **Wayfair Professional** brands, which outpaced the core Wayfair platform. Perigold, focused on luxury home furnishings, exhibits significantly higher Average Order Values (AOV)**,** typically 2–3 times that of Wayfair's flagship brand, indicating strong traction in the high-end segment. This aligns with management's commentary in their recent conference call that the overall product mix is shifting toward higher-ticket categories and brands.

Growing traction in Perigold

From a quantitative standpoint, **web traffic to Perigold increased by 74% year-over-year**, while traffic to the traditional Wayfair site rose only 10%. Active customer purchases for Perigold grew by 66%, compared with a 3% decline for the core Wayfair brand. **(Figure 13)** These trends are consistent with our thesis that growth in the premium segment will continue to drive higher AOVs. Based on these metrics, we project AOV to grow at a **CAGR of ~3%**, contributing positively to revenue growth. **(Figure 14).** The current forecast for home furnishing inflation in 2026 is around 2.4% and expected to be lower in the coming years. We expected AOV to grow by ~4% in 2026.

Tariff Concerns

One potential concern could be higher supplier pricing due to tariffs, current market dynamics suggest limited impact. Management has stated that home goods manufacturers are likely to maintain stable pricing to protect market share, particularly given the recent exits of weaker competitors and intensified market competition.

Margin Expansion Story - Positive

Wayfair has articulated long-term targets of **Adjusted EBITDA above 10%** and **gross margins in the mid-30s%** by **2030**. Recent quarterly results of the company have increase investor confidence in achieved those targets. While streets have become increasingly positive in the company achieving those targets, we have estimated the gross margin to remain around the same level going forward and **Adjusted EBITDA margins to be ~9.2% by 2030. (Figure 15)**

Past Story

Historically, the company reported negative Adjusted EBITDA due to significant investments in technology, advertising, and market share acquisition, including the completion of a major tech re-platforming initiative.

Current Phase

In the current phase, management has shifted focus from investment to results, emphasizing sustainable profitability, cost control, and operational leverage. Key initiatives supporting margin expansion include exiting low-return international markets, focusing on higher-margin regions, and growing premium and professional segments enable Wayfair to extract operational leverage and improve profitability.

Sales & Marketing Expenses

One of Wayfair's largest expense categories is advertising, reflecting the company's ongoing efforts to build brand awareness across its portfolio. The company has actively explored a wide range of marketing channels to reach a broader audience, with recent investments focused on mid- and upper-funnel digital platforms such as TikTok, Instagram, and YouTube. These strategic investments temporarily elevated advertising spend as a percentage of revenue. To optimize efficiency, Wayfair leverages data-driven metrics and machine learning, enabling the company to allocate budgets effectively across channels and determine appropriate spend levels for each campaign. Management has also emphasized that as direct traffic increases, reliance on paid advertising is expected to decline, reducing overall marketing costs. Supporting this approach, the past year has shown that as site traffic grew, advertising expenditures have decreased, indicating that the company is gaining confidence in its ability to capture market share without incurring disproportionately high marketing costs.

Figure 13: Web Traffic Growth 2024-2025

Source: Semrush | Team Analysis

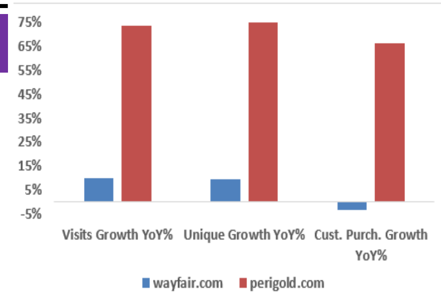


Figure 14: Average Order Value

Source: Team Analysis

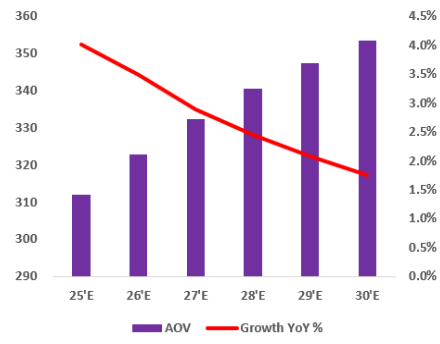


Figure 15: Adj. EBITDA Projections

Source: Team Analysis

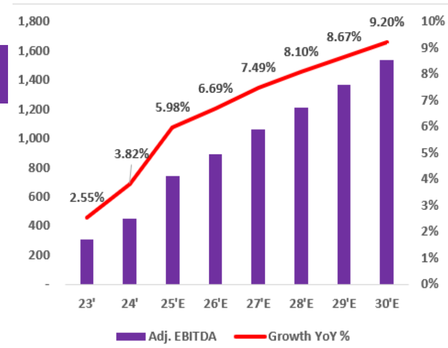


Figure 16: S&M % of Revenue

Source: Company Filings

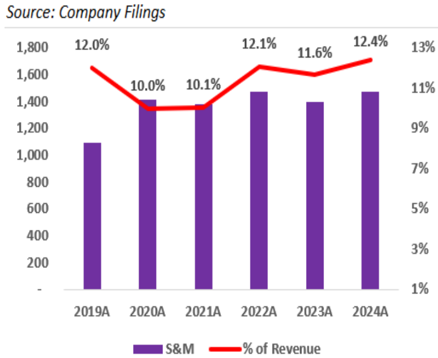
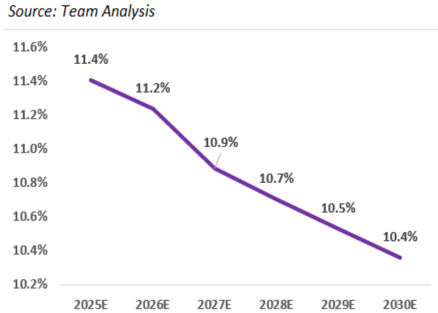


Figure 17: S&M % of Revenue Projections

Source: Team Analysis



Sales and marketing expenses peaked at **12% of revenue in 2024 (Figure 16)** but have fallen significantly in the last two quarters, demonstrating improved efficiency. Looking forward, we anticipate continued cost optimization will reduce sales and marketing expenses to approximately **10% of revenue by 2030 (Figure 17)**, which would correspondingly improve **contribution margins to around 16% (Figure 18)**, supporting the company's broader path toward sustainable profitability.

General & Administration Expenses

As of 2024, Wayfair's **general and administrative (G&A) expenses represented ~17%** of revenue **(Figure 19)**. The recent de-investment in the Germany business has contributed to a noticeable reduction in costs, a trend that is already reflected in the current year's results. Management expects G&A expenses to remain largely stable in the near term, supported by operational efficiencies and the integration of generative AI across all levels of the organization. This technology enables employees to operate more efficiently, reducing the need for incremental headcount to manage existing business volumes and processes. As a result, we project that **G&A expenses will gradually decline as a percentage of revenue, falling from 17% in 2024 to ~11% by 2030**, reflecting both efficiency gains and the company's continued focus on cost optimization. **(Figure 20)**

Narrative to Numbers

We forecast that Adjusted EBITDA margins will increase to **~9.20% (Figure 13)**, closely aligning with management's long-term profitability targets. The slight difference between our estimate and management expectations stems from our assumption that **gross margins will remain relatively stable**, reflecting the ongoing trade-off between advertising investments and margin maintenance. While Wayfair is clearly on a positive trajectory toward sustainable profitability, it is important to note that advertising expenditures remain highly variable, and periods of elevated spend could temporarily pressure margins despite the overall efficiency gains.

Strategic Initiatives and Investments to Yield High Returns - Positive

Tech Re-platforming: Wayfair has made substantial investments in technology re-platforming over the past several years, a process that has now largely been completed. The company is well positioned to begin realizing returns from these initiatives. One of these investments was made in improving the mobile app experience, which has yielded significant results in recent times. **(Figure 22)** Wayfair has been investing in machine learning for over a decade. This long-standing focus has enabled the company to remain ahead of competitors. AI adoption has enhanced operational efficiency across departments, improved pricing decisions, and enabled effective marketing spend allocation. On the customer-facing side, innovations such as Muse allow shoppers to visualize photorealistic rooms, and GenAI features enable customers to view fully styled rooms using Wayfair's product catalog further enhance the shopping experience and support higher conversion rate.

Strategic Initiatives: Wayfair's strategic initiatives including Wayfair Verified, Wayfair Rewards, and the expansion of its physical retail footprint highlight management's proactive approach to gaining market share in a challenging housing environment. These initiatives are designed to build customer confidence, trust, and strengthen long-term brand loyalty. Recent quarterly performance indicates that these strategies are beginning to yield tangible results, as evidenced by an increase in repeat customer orders, suggesting improving customer retention.

E-Commerce Penetration: E-commerce penetration within the home furnishings market has increased meaningfully over the past few years, rising from 20% to 30%. Looking ahead, the e-commerce segment of the home furnishings market is expected to grow at a CAGR of roughly 10% over the next decade, with penetration projected to reach 40–50%. Demographic shifts further reinforce this trend, as younger consumers, particularly Gen Z are spending more toward home furnishings and demonstrate a strong preference for online shopping **(Figure 21)**. This structural shift in consumer behavior provides a long-term tailwind for Wayfair's digital-first business model.

Linkage to Financial Outcome: Wayfair has continued to gain market share in 2025, suggesting that its strategic initiatives and technology investments are resonating with consumers. This market share expansion, achieved in a depressed housing environment, highlights successful implementation of company's initiatives. As housing activity gradually recovers, we expect Wayfair to increasingly benefit from improved customer engagement, and higher repeat purchases, translating into sustainable top-line growth.

Figure 18: Contribution % Projection

Source: Team Analysis

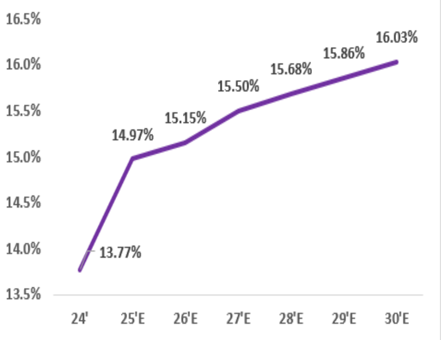


Figure 19: G&A % of Revenue

Source: Company Filings

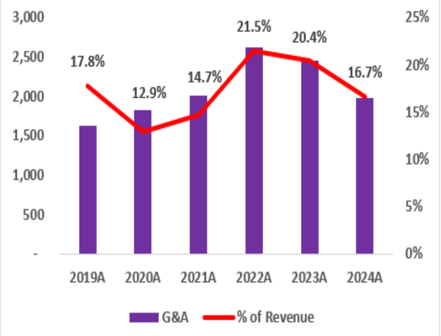


Figure 20: G&A % of Revenue Projections

Source: Team Analysis

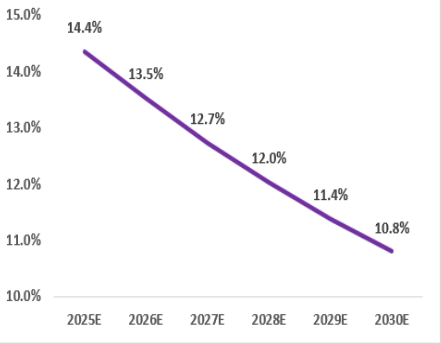


Figure 21: GenZ spends on Home Furnishing

Source: U.S. Bureau of Labor Statistics

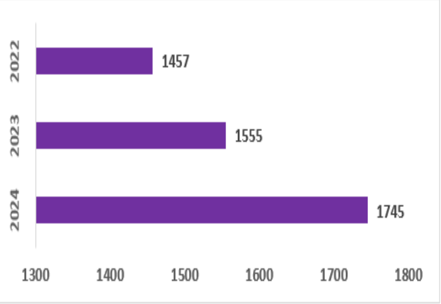
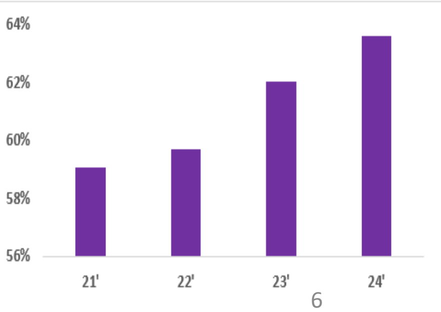


Figure 22: Mobiel App Sales % of Revenue

Source: Company Filings



Financial Analysis

Active Customers LTM: High Value Customers and Repeat Purchases to Drive Growth

Post-COVID, Wayfair has experienced a **decline in active customers**, **with a 1.8% CAGR** decline over the past three years. Although 3Q25 showed sequential growth for the first time in several quarters, we expect active customer levels to remain largely **flat in the near term (Figure 23)**, given the moderate growth projected in U.S. housing sales. Any meaningful acceleration in active customer growth would likely require a stronger housing market, which is not anticipated currently.

On the other hand, **repeat purchase behavior** is expected to improve, driven by enhancements in personalized shopping experiences and the introduction of Wayfair Rewards, the company's $29/year loyalty program. **We forecast repeat orders to grow at roughly 4% CAGR through 2030**, while orders from new customers are expected to remain relatively stable. **(Figure 24)**

Rising bounce rates across Wayfair sites suggest that some new shoppers struggle to navigate the platform or locate desired products, highlighting challenges in new customer acquisition.

However, the company's expansion into physical retail and increased brand presence in stores may help attract new customers and complement its digital channels, providing an additional growth lever over the medium term.

Average Order Value: Increasing Trends suggest Revenue growth

The Average Order Value (AOV) of Perigold is approximately 2–3 times higher than that of the traditional Wayfair platform. Driven by the expansion of premium and professional brands, **we forecast the company's AOV to grow at a rate of 3% CAGR** over the next five years. Assuming active customer levels remain largely stable, this AOV growth is expected to support **mid-single-digit revenue growth (Figure 25)** in the coming years. In 2025, Wayfair reported a **5% year-over-year increase in overall AOV**, largely fueled by a 66% increase in customers purchasing from Perigold, compared to a 3% YoY decline for the core Wayfair brand. These trends indicate higher engagement and strong demand for Perigold products **(Figure 26)**, providing a solid signal for sustained AOV expansion and reinforcing the revenue potential of the company's premium and professional segments over the next five years.

Margin Analysis: Cost Optimization and ROI-based Advertising Spends to increase Efficiency

Wayfair's **total expenses have steadily declined from 110.8% of revenue in 2022 to 102.2% in 2024**, reflecting the company's concerted efforts toward cost optimization and operational leverage. Key initiatives driving this improvement include the exit from the Germany business, a renewed focus on higher-ROI projects, and the realization of returns from prior technology and platform investments.

Breaking down the expense structure, selling and marketing expenses increased from 12.1% to 12.4% of revenue, general and administrative (G&A) expenses also fell from 21.5% to 16.7%, customer service and merchant fees declined from 5.2% to 4%, and cost of goods sold (COGS) improved from 72% to 69.7%. **(Figure 27)**

Looking forward, we project **total expenses to decline further to 95.96% of revenue by 2030 (Figure 20)**, signaling that Wayfair will achieve sustainable bottom-line profitability. This improvement is expected to be driven by continued cost discipline, operational efficiencies, and economies of scale. However, our forecast represents a slightly slower margin expansion compared to management expectations. We anticipate that advertising expenses will remain a meaningful portion of costs as the company continues to invest in increasing site traffic, improving purchase conversion rates, and capturing incremental market share. **In addition, we expect gross margins to remain stable**, despite incremental service revenue from supplier logistics through CastleGate, reflecting the balance between ongoing marketing investments and profitability objectives.

Figure 23: Active Customers LTM

Source: Company Filings | Team Analysis

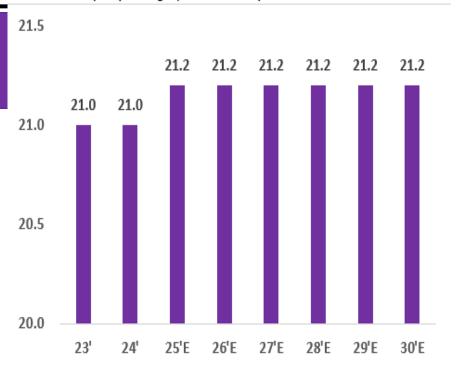


Figure 24: Total Order Growth YoY %

Source: Company Filings | Team Analysis

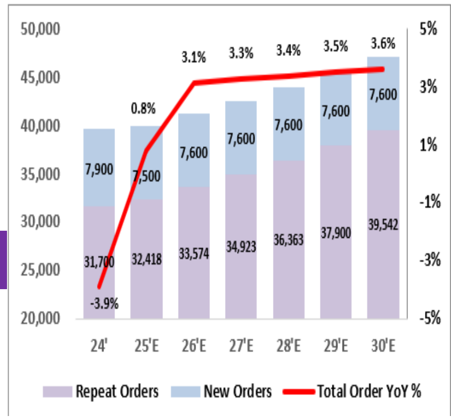


Figure 25: Total Revenue Projections

Source: Company Filings | Team Analysis

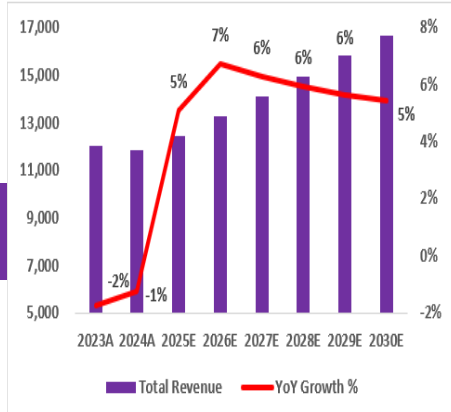
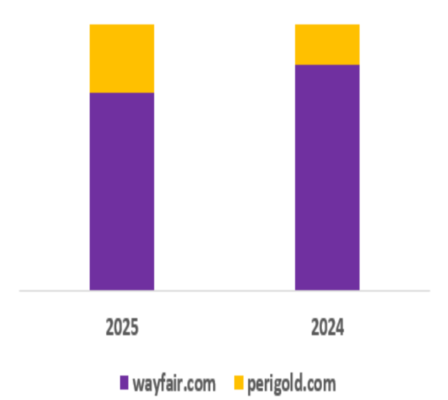


Figure 26: % of Purchases

Source: Semrush



Insider Selling: Majority Selling came under Rule 10b5-1

During the current quarter, a significant portion of insider share sales occurred under Rule 10b5-1, a provision of the Securities Exchange Act of 1934 that allows corporate insiders to buy or sell shares according to a pre-established trading plan. Notably, **CEO Niraj Shah and Co-Founder Stevens Connie** each sold 535,000 shares each at a weighted average price of $95.4 per share, totaling approximately $102 million, **representing 25% of their holdings**. The most substantial transactions took place on November 26, 2025, when both executives sold 150,000 shares each at a weighted average price of $105.9 per share, coinciding with the stock approaching its 52-week high. **(Figure 29)**

While such sales might typically raise concerns about insider perceptions of overvaluation, the fact that these transactions were conducted under a pre-established 10b5-1 plan, initiated on May 29, 2025, indicates they were pre-planned and not influenced by short-term market conditions. As a result, investors generally view these sales as non-informational, and they should not be interpreted as a negative signal or an indication that the stock is overvalued.

Strengthening Liquidity and Deleveraging Outlook

In the years following the COVID-19 pandemic, Wayfair has faced tight liquidity conditions due to elevated debt levels. Prior to and during the pandemic, the company's quick ratio consistently remained above 1x, indicating sufficient liquid assets to cover short-term liabilities. **However, post-pandemic, the quick ratio has fallen below 1x**, reflecting a greater reliance on debt to finance operations and investments.

Correspondingly, the company's **debt-to-total-assets ratio increased from 0.80x in 2019 to 1.15x in 2024**, underscoring the significant leverage taken on to support growth initiatives. **(Figure 30)**

Looking forward, we expect the balance sheet to **strengthen**, with the debt-to-assets ratio approaching 0.5x and the quick ratio improving to 1.2x as the company begins to realize higher returns on its completed technology and platform investments. This suggests that Wayfair is entering a phase of improved financial liquidity, which should support both operational and strategic initiatives in the coming years. **(Figure 31)**

Valuation

We maintain a **BUY rating** on Wayfair with a **target price of $126**, based on a blended valuation approach that weights our Discounted Cash Flow (DCF) analysis at 50% and our relative valuation at 50%. This target implies a potential **upside of 17% (Figure 32)** relative to the latest closing price of $108 as of January 6, 2026. Our valuation reflects growth in repeat purchases from existing active customers, and average order value, as well as anticipated operating leverage over the 2025–2030 forecast period. In assessing Wayfair's relative valuation, we model multiple phases of the company's development and incorporate scenario analysis to evaluate potential share price trajectories over the next twelve months.

Discounted Cash Flow Analysis

Our DCF analysis incorporates free cash flow projections and EV/Sales exit multiples to capture Wayfair's growth potential beyond 2030. The model reflects moderate growth in housing volumes, which supports largely stable active customer levels, coupled with market share gains from repeat purchases, moderate-to-strong growth in average order value, and operational leverage benefits. Based on these assumptions, our DCF analysis yields **a target price of $120**, implying a **potential upside of 10%** relative to the current share price. **(Figure 33)**

WACC: For our DCF valuation, we discount Wayfair's future cash flows using a **Weighted Average Cost of Capital (WACC) of 11.5% (Figure 34)**. This rate is derived from a **risk-free rate of 4.17%** (10-year U.S. Treasury yield), an **equity risk premium of 4.5%**, and a **beta of 1.97**, reflecting the company's market volatility relative to the broader market. Using these inputs alongside Wayfair's reported financials, we calculate the cost of equity and cost of debt, resulting in a WACC that appropriately captures the company's overall risk profile and the cost of capital required to support its operations and growth initiatives.

Figure 27: Cost as % of Revenue

Source: Company Filings

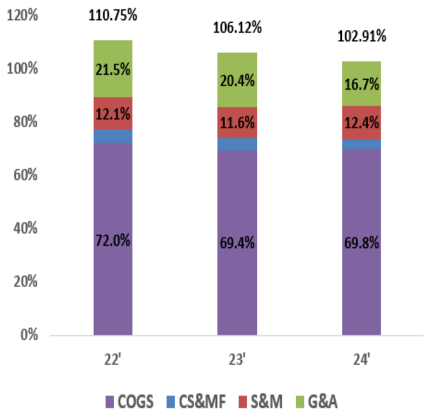


Figure 28: Cost Projections

Source: Team Analysis

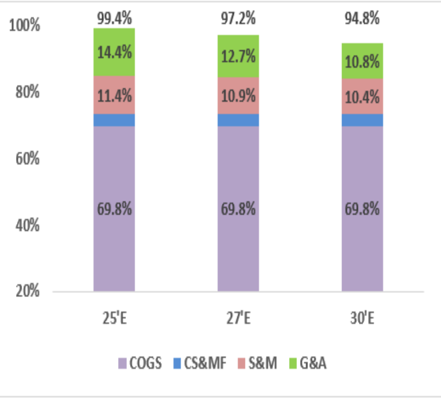


Figure 29: Insider Selling

Source: NASDAQ

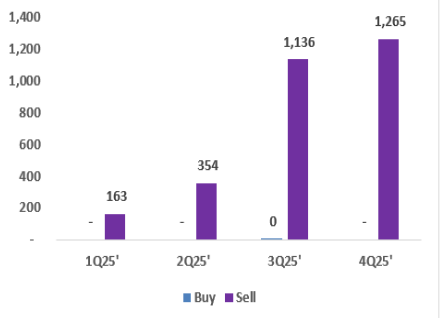


Figure 30: Liquidity Ratios

Source: Team Analysis

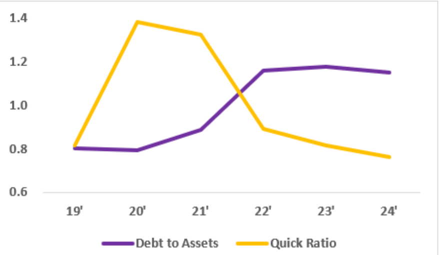


Figure 31: Imporving Balance Sheet

Source: Team Analysis

Terminal Value: To estimate Wayfair's terminal value, we apply an **EV/Sales exit multiple of 1.5x** to our **2030 sales forecast**. This multiple reflects Wayfair's peak EV/Sales valuation and is considered appropriate as it captures the market's assessment based on recent revenue trends. We believe this multiple fairly represents the company's long-term value, as we expect Wayfair to maintain a comparable pace of topline growth beyond our forecast period.

Scenario Analysis: We conduct a scenario analysis to capture a comprehensive view of Wayfair's potential share price trajectory under varying business conditions. The **base case** assumes stable active customer levels, coupled with growth in repeat purchase orders and operational leverage gains driven by reduced advertising spend, resulting in a **target price of $120**. The **bullish scenario** reflects a stronger housing market, an increase in active customers, and realization of management's long-term margin targets, producing a **target price of $140**. Conversely, the **bearish scenario** assumes declining active customers, higher advertising expenses aimed at customer retention, and flat average order value, resulting in a **target price of $73**. These scenarios provide investors with a clear framework for assessing potential risks and upside opportunities over the near- to medium-term. **(Figure 35)**

Sensitivity Analysis: We conducted a sensitivity analysis on key valuation assumptions, including **WACC**, ranging from **10.5% to 12.5%**, and the **EV/Sales multiple**, ranging from **1x to 1.8x**. Under these scenarios, Wayfair's implied share price spans a range of **$86.5 to $135.3**, suggesting a **potential upside of 29%** and a **downside of 17%** relative to the current stock price. This analysis highlights the degree of valuation sensitivity to changes in the company's cost of capital and terminal multiple, providing investors with a framework to assess risk and reward under different market conditions. **(Figure 36)**

Figure 36: Sensitivity Analysis

Source: Team Analysis

EV / Sales \ WACC	10.5%	11.0%	11.5%	12.0%	12.5%
1.0	$86.5	$84.4	$82.4	$80.4	$78.4
1.2	$102.1	$99.6	$97.2	$94.9	$92.6
1.5	$125.4	$122.5	**$119.6**	$116.7	$114.0
1.6	$133.2	$130.1	$127.0	$124.0	$121.1
1.8	$148.8	$145.3	$141.9	$138.6	$135.3

Relative Valuation

Our relative valuation is based on a blended approach, **equally weighting EV/Revenue and EV/Adjusted EBITDA multiples**. We performed a peer comparison analysis with the limited number of publicly traded home furnishing companies. Most competitors are either broad-based e-commerce platforms or traditional brick-and-mortar retailers, making direct comparisons less meaningful. Hence, we have also focused on Wayfair's current and historical multiples, our relative valuation produces a **blended target price of $133**, implying a **potential upside of 23%** from the current share price. **(Figure 37)**

EV/Revenue: Historically, Wayfair's **revenue and share price have exhibited strong correlation (Figure 39)**, with periods of revenue growth generally coinciding with stock price appreciation. Excluding the COVID period, when revenue growth was constant, Wayfair's stock traded around **1.5x EV/Sales (Figure 38).** Historically, Wayfair has traded at a 30% discount compared to other companies. Given our forecast of **revenue growth** going forward, we consider **1.5x EV/Sales** which is **25% discount to its peers**, to be an appropriate multiple. By comparison, broader e-commerce companies such as Amazon trade at higher multiples due to scale and multiple product lines, while home furnishing peers like Williams-Sonoma trade at a premium 3x EV/Sales despite limited top-line growth. Other large retailers with online operations, such as Walmart and Target, currently trade at 1.3x and 0.6x EV/Sales, respectively. Applying a **1.5x EV/Revenue multiple** to Wayfair yields a **target price of $131**, implying a potential **upside of 21%**.

EV/Adjusted EBITDA: Wayfair's strong focus on cost optimization and EBITDA growth makes this metric a relevant measure for assessing the company's value. As of 3Q25, Wayfair was trading at approximately **23x EV/Adjusted EBITDA,** which was the period where Wayfair achieved their highest Adjusted EBITDA growth. By comparison, typical home furnishing companies trade in the **14–18x EV/EBITDA range**. Given Wayfair's expected **significant EBITDA growth in the coming years**, we apply a **45% premium to the sector average**, resulting in a **target price of $135**, which implies a potential **upside of 25%** from current levels

Figure 32: Valuation Matrix

Source: Team Analysis

Methodology	Weight	Price
DCF	50%	$119.6
Relative Valuation	50%	$133.2
Blended PT		**$126.4**
Upside / (Downside)		**17%**

Figure 33: DCF Valuation

Source: Team Analysis

Base Case ($mn)	
PV of Forecasted Period	$3,302.1
Terminal Value	$25,003.7
PV of Terminal Value	$14,517.2
Enterprise Value	**$17,819.2**
Less: Net Debt	$2,266.9
Equity Value	**$15,552.4**
Shares Outstanding	130
Implied Share Price	**$119.6**
Upside / (Downside)	**10%**

Figure 34: WACC Calculation

Source: Team Analysis

Pre-tax Cost of Debt	3.26%
Tax Rate	21.00%
After-tax Cost of Debt	**2.57%**
Risk-free Rate	4.17%
Market Risk Premium	4.50%
Beta	1.97
Cost of Equity	**13.04%**
Net Debt (in $mn)	2,267
Market Value of Equity (in $mn)	13,053
Enterprise Value (in $mn)	15,320
WACC	**11.49%**

Figure 35: Scenario Analysis

Source: Team Analysis

Criteria	Bear	Base	Bull
Revenue CAGR	1.01%	6.00%	9.22%
Contribution Margin (29'E)	13.96%	16.03%	17.60%
Implied Return	**-32.79%**	**10.34%**	**29.07%**

Figure 37: Relative Valuation

Source: Team Analysis

Methodology	Weight	Price
EV / Adjusted EBITDA	50%	$135.1
EV / Revenue	50%	$131.3
Blended PT		**$133.2**
Upside / (Downside)		**23%**

Figure 37: EV / Revenue Trend

Source: Team Analysis

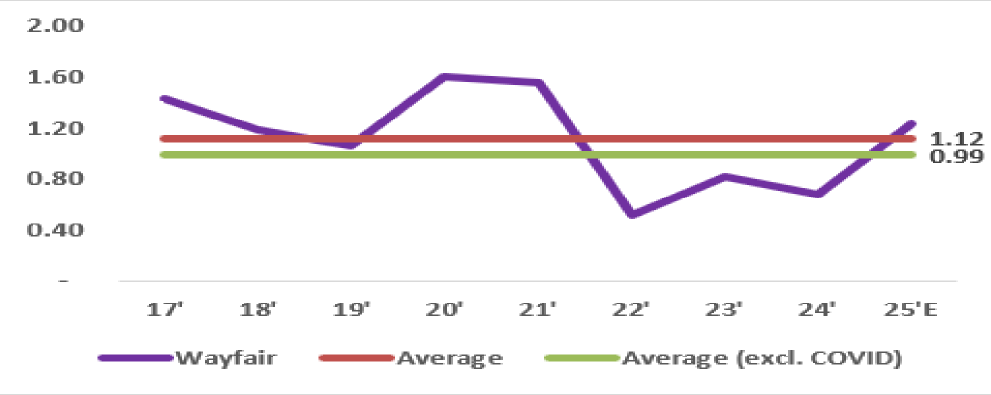
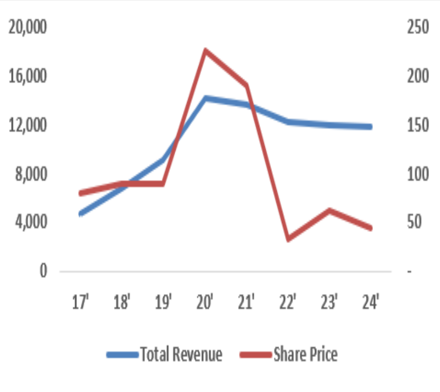


Figure 38: Revenue - Share Price Correlation

Source: Team Analysis



Investment Risks

Market Risk 1 – Negative Housing Volume Growth

Wayfair's sales are highly correlated with housing activity and home improvement trends. Following the COVID-19 pandemic, the housing market experienced negative double-digit growth, with recent reports showing a modest recovery to negative single-digit growth. Despite this improvement, housing volumes remain below pre-pandemic levels **(Figure 39)**, constrained by rising mortgage rates and elevated home prices.

Mitigation: To mitigate the impact of a subdued housing market on its core categories, Wayfair is strategically focusing on emerging product categories. Investments in home décor, storage solutions, and electrical appliances, supported by an enhanced product catalog, position the company to capture higher returns, as these segments have demonstrated a 15–20% CAGR over the past five years. **(Figure 40)** Additionally, the shift in customer demographics from Boomers to Gen Z is driving increased demand for online home improvement shopping. By emphasizing these emerging categories, Wayfair has the potential to achieve higher-than-expected revenue growth, even in a challenging housing environment.

Figure 39: Existing Home Sales Annualised Trend

Source: National Association of Realtors

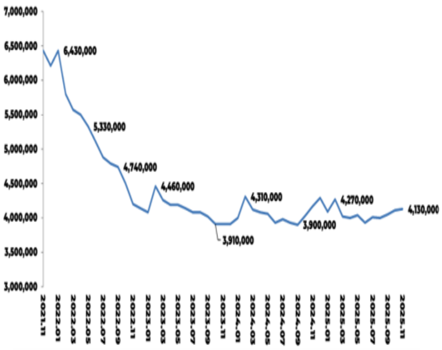
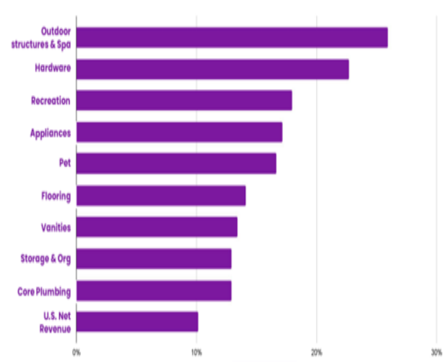


Figure 40: Emerging Growth CAGR 2018-24

Source: Company Filings



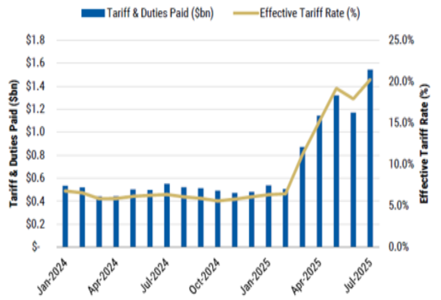
Market Risk 2 – Tariff Pressure

Many of Wayfair's suppliers are located internationally, with manufacturing facilities spread across the globe. For example, the **U.S. imposes a 30% import tax on goods from China**, and while recent delay on tariffs has sparked **positive investor sentiment**, future increases in import duties remain a potential risk. **(Figure 41)** Despite current tariffs, many wholesalers and manufacturers have absorbed the additional costs rather than passing them on to consumers, driven by the desire to gain or maintain market share. However, that may eventually change and suppliers may eventually reduce their absorption of costs, which could affect prices and margins in the future.

Mitigation: Wayfair has partially mitigated this risk through its CastleGate initiative, under which 25% of suppliers can forward-position inventory in local warehouses, but this one-time in nature. Additionally, the company can reduce reliance on high tariff regions such as China and focus on regions such as Vietnam, India, etc. Additionally, source bulky furniture items from suppliers having domestic manufacturing facilities. The company's large source of suppliers across all regions help in mitigating tariff risks.

Figure 41: Tariff Pressure

Source: Morgan Stanley Research



Company Risk 1 – Expansion of Premium & Professional Brands

Wayfair has recently highlighted that average order value (AOV) growth is being driven primarily by its Perigold and Wayfair Professional brands. While this trend is evident in recent periods, the purchase conversion rate on the Perigold website has declined compared to the prior year and remains significantly below that of the traditional Wayfair brand **(Figure 42)**. Without improvements in traffic and conversion rates, AOV growth may plateau, potentially limiting overall revenue expansion in the coming years.

Mitigation: To mitigate this risk, Wayfair may need to increase targeted advertising spend for Perigold to reach more prospective customers and continue focusing on gaining market share in the luxury segment. Given the company's ongoing cost optimization initiatives, incremental marketing investments are unlikely to materially impact margins.

Company Risk 2 – Dependance on GenAI

Wayfair is increasingly relying on Generative AI to enhance personalization, search functionality, and product recommendations. While this technology offers significant potential, overdependence on AI exposes the company to risks such as system failures, algorithmic bias, or underperformance, which could affect both revenue and customer experience. The company has invested heavily in technology re-platforming and machine learning over the past decade, and management has identified GenAI as a key long-term growth driver to transform the way customers discover and shop for products, as well as to improve operational efficiency. However, if market enthusiasm for AI diminishes or expected benefits fail to materialize into purchases, companies heavily dependent on these technologies may not achieve projected growth.

Mitigation: To mitigate these risks, Wayfair can balance AI-driven initiatives with traditional channels, such as conventional advertising and selective headcount increases. Additional personnel would provide human oversight of AI tools, ensure accuracy and fairness, while also deliver more personalized, humanized customer interactions, thereby reducing the company's dependence on AI for revenue and margin expansion.

Environmental, Social & Governance (ESG)

Wayfair historically receives BB-rated ESG assessment (per public disclosures), placing it in the below-average range for the Specialty Retail sector. Our team score of 5.6/10 aligns with this below-average placement. **(Figure 43)**

Environmental

Wayfair has articulated long-term sustainability objectives, including a Zero Waste target by 2030 and a 63% reduction in Scope 1 and Scope 2 emissions by 2035. These commitments reflect the company's intent to align with global climate expectations, even though external validation remains pending. It currently lacks Science Based Targets initiative (SBTi) approval, which limits the credibility of its climate transition strategy compared to peers with validated targets. – Between 2023 and 2024, Wayfair achieved a 12.5% absolute reduction in total greenhouse gas emissions, driven by operational efficiencies and supply chain improvements. Scope 1 emissions fell by 12%, Scope 2 by 2.6%, and combined Scope 1+2 by 7.4% year-over-year **(Figure 45).** Wayfair has begun integrating sustainability expectations into supplier relationships, focusing on low-carbon logistics, responsible sourcing, and energy-efficient packaging. However, the company has not disclosed a formal supplier carbon management program or deforestation-free policy. **(Figure 44)**

Social

Wayfair demonstrates commitment to diversity through initiatives that promote equity and belonging. While formal BIPOC representation data is not disclosed, the company reports ~33% female representation on its board and continues to invest in bias-awareness programs and partnerships to strengthen inclusion across its workforce. Despite progress in gender diversity, Wayfair acknowledges the need for broader representation in leadership roles. The company is actively working to expand diversity in senior management, embed inclusive decision-making, and foster equity across all organizational levels. With over 40 million active customers, Wayfair enforces rigorous data privacy and cybersecurity protocols. Compliance with GDPR and CCPA, regular vulnerability assessments, and robust incident response frameworks underscore its commitment to protecting customer information.

Governance

Balancing Control and Accountability – Wayfair operates under a dual-class share structure, granting founders approximately 75% voting power despite holding a minority of economic interest. This governance model ensures strategic continuity but introduces a cost of capital penalty and limits activist influence.

Figure 42: Purchase Conversaion %

Source: Semrush

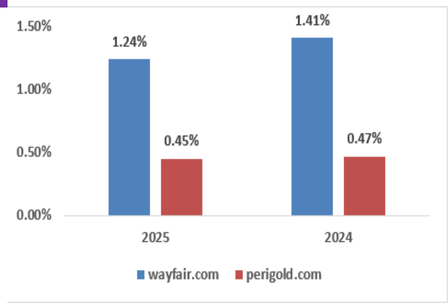


Figure 43: ESG Scores (MSCI vs Team)

Source: Team Analysis

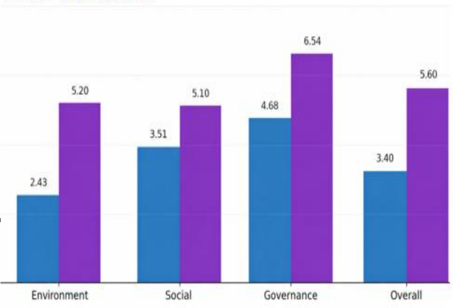


Figure 44: Composition of Total Emissions

Source: Team Analysis

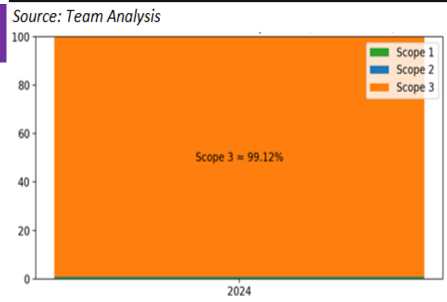


Figure 45: Emissions Slope (2023 - 2024) - Scope 1,2,3

Source: Team Analysis

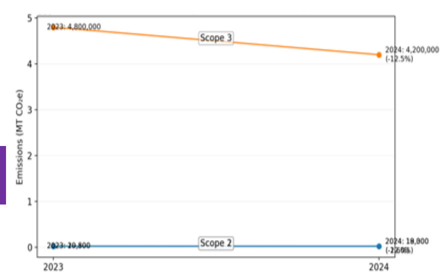


Figure 46: Board Gender (2024 - 2023)

Source: Team Analysis

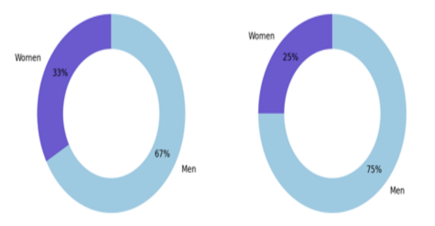
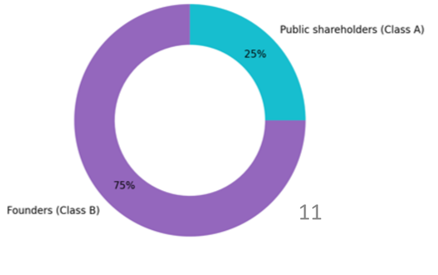


Figure 47: Voting Power Structure (Dual-class)

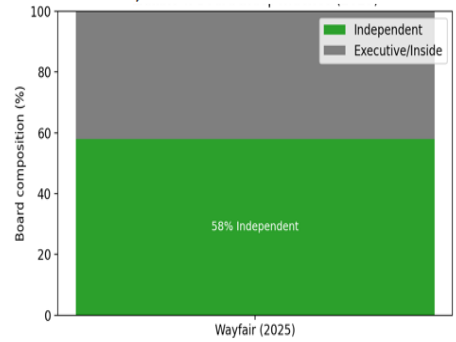
Source: Team Analysis



Board Composition and Independence – Wayfair's board comprises 12 members, with ~58% classified as independent directors. While this meets minimum governance standards, it falls short of best-practice benchmarks (typically 75%+ independence). Average tenure ranges between 4–6 years, balancing experience with fresh perspectives.
Aligning Executive Pay with Performance – CEO compensation is heavily performance-linked, featuring a 10-year PSU grant tied to extreme stock price hurdles (100–675% appreciation). While this structure aligns management incentives with shareholder returns, the absence of operational KPIs introduces execution risk.
Embedding Transparency and Ethical Standards – Wayfair adheres to GRI and SASB reporting frameworks, publishes proxy statements detailing governance practices, and enforces a Code of Conduct across all employees and directors. Clawback provisions and shareholder rights mechanisms further reinforce accountability.

Figure 48: Board of Directors Composition

Source: Team Analysis



APPENDIX

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APPENDIX A: KEY GLOSSARY TERMS

1) **TAM**: Total Addressable Market
2) **SKUs**: Stock Keeping Units
3) **AOV**: Average Order Value
4) **Adj. EBITDA:** Adjusted Earnings before Interest, Taxes, Depreciation & Amortization
5) **Active Customers LTM:** Active Customers in Last Twelve Months
6) **S&M:** Sales and Marketing
7) **CS&MF:** Customers Services and Merchant Fees
8) **COGS:** Cost of Goods Sold
9) **G&A:** General & Administrative
10) **PT:** Target Price
11) **EV:** Enterprise Value
12) **CAGR:** Compounded Annual Growth Rate
13) **Purchase Conversion Rate:** No. of visits resulting purchase / Total Visits
14) **DCF:** Discounted Cash Flow
15) **WDN:** Wayfair Delivery Network
16) **WACC:** Weighted Average Cost of Capital

APPENDIX B: COMPANY MANAGEMENT

Niraj Shah, CEO and Co-Chairman of Wayfair, co-founded the company in 2002 and has led it to become $11.9B U.S. home goods leader, with prior experience as founder/CEO of Simplify Mobile and Spinners, and holds a B.S. in Engineering from Cornell University.

Steve Conine, co-founder and co-chairman of Wayfair, drives the company's technological innovations and previously co-founded Spinners Incorporated, and holds a B.S. in Mechanical Engineering from Cornell University.

Kate Gulliver, CFO and Chief Administrative Officer at Wayfair, oversees finance, talent, legal, and corporate functions, previously worked at Bain Capital and McKinsey, and holds an MBA from Harvard and a B.A. from Yale.

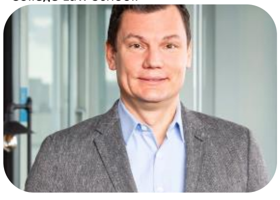
Jon Blotner, President of Wayfair, oversees global retail and B2B operations including marketing, merchandising, and supply chain, previously led Gemvara.com, and holds an MBA from Harvard and a B.A. from the University of Pennsylvania.

Enrique Colbert, General Counsel of Wayfair, previously served as General Counsel at Aveksa and Blue Cod Technologies, began his career at Goodwin Procter, and holds a B.A. from Dartmouth and a J.D. from Boston College Law School.

Ryan, Vice President of Wayfair Global Selling, leads the Furniture, Décor, and Soft Home businesses in North America, overseeing category management and supplier strategy, and holds a B.A. in Psychology from Bates College.

Corey leads Pricing, Demand Forecasting, and Profit Management at Wayfair, having held leadership roles in Analytics, Product, and Strategy, and holds a B.A. in Economics from Hamilton College.

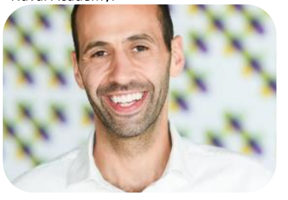
Ryan Gilchrist, leading Wayfair's talent organization and HR strategy, previously served as Associate Partner at Bain & Company, and holds an MBA from MIT Sloan and a B.S. in Mechanical Engineering from the U.S. Naval Academy.



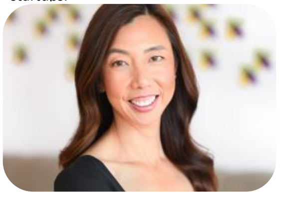
Sascha, Chief Global Supply Chain Officer at Wayfair, leads end-to-end supply chain and supplier operations, previously served as partner at McKinsey and COO/CEO at Singapore Post Group, and holds a PhD in Corporate Finance and Taxation from the University of Bayreuth.

Nitin Kapoor, VP of Technology at Wayfair, oversees product, technology, analytics, and AI teams across eCommerce and supply chain, and previously held leadership roles at Shopify Logistics, Amazon, and multiple startups.

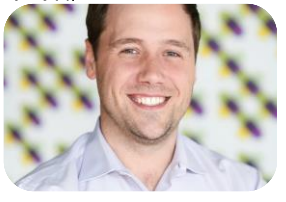
Liza, overseeing curated experiences and physical retail for Wayfair's brand portfolio, previously worked as a Principal at Bain & Company, and holds an MBA from Harvard and a ScB in Computer Science from Brown University.



Adam, leading Wayfair's Global Category Management Organization, previously grew the Home Improvement business and worked at New Balance, and holds a B.A. from Middlebury College and an MBA from Boston University.



Fiona Tan, CTO of Wayfair, leads global technology and innovation teams, previously held senior technology roles at Walmart, Ariba, and TIBCO, and holds a master's in Computer Science from Stanford and a bachelor's from MIT.



Paul Toms, leading Wayfair's global marketing strategy and organization, has held multiple leadership roles across commercial and talent functions, and holds a B.A. in Economics from Boston University.

APPENDIX C: CUSTOMER AND SUPPLIER SOLUTIONS

Customer Solutions	Supplier Solutions
Wayfair Core Platform:	**Marketplace Access:**
Millions of SKUs across home furnishing and décor	21 million active customers base
Curated collections and style filters	**Logistics Services:**
AI-driven search and personlization	Inbound Transportation
Augmented Reality & 3D visualization	Forward-position inventory
Wayfair Delivery Network:	Fulfilment Centres
Fast, reliable shipping	**Technology & Data Sharing:**
Wayfair Rewards:	Real time order and demand data analytics
Cashback and exclusive offers	Enhances content options like rich product imagery, videos, etc
Free shipping benefits	Sponsored listings and ad features
Others:	
Customer Services Operations	
Financing and Installment payment plans	

APPENDIX D: PORTER'S 5 FORCES

Score from 1-5 representing with 1 being the lowest threat, and 5 being the highest threat

Bargaining Power of Suppliers – 2

Wayfair sources products from a highly fragmented global supplier base consisting largely of small and mid-sized manufacturers and wholesalers. No single supplier accounts for a material portion of Wayfair's revenue, which limits individual supplier leverage. In addition, Wayfair can relatively easily onboard alternative suppliers offering similar products, reducing dependency. While suppliers can sell through other platforms, Wayfair's scale, logistics services, and demand generation capabilities reduce overall supplier bargaining power.

Bargaining Power of Buyers – 4

Buyers in the home furnishings e-commerce market have high price transparency and low switching costs. Customers can easily compare prices across online platforms, omnichannel retailers, and physical stores. Furniture purchases are discretionary, making customers highly price sensitive, especially during periods of macroeconomic uncertainty. While Wayfair attempts to reduce buyer power through personalization, loyalty programs, and delivery services, customers retain strong negotiating power through their ability to switch platforms easily.

Threat of New Entrants – 2

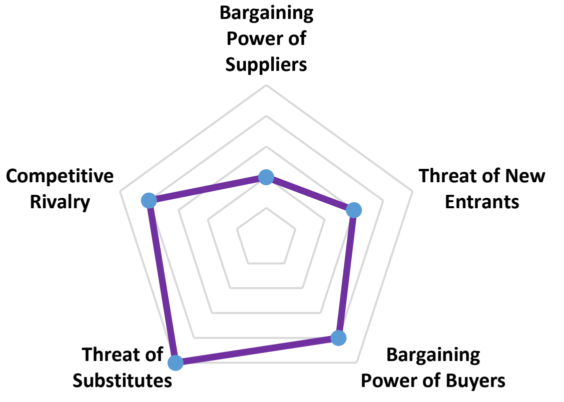
While launching an e-commerce storefront is relatively easy, entering the large-item home furnishings segment at scale requires significant capital investment in logistics, fulfillment, and last-mile delivery capabilities. Wayfair's proprietary delivery network and category-specific infrastructure create meaningful entry barriers. However, large incumbents with existing logistics scale can still enter or expand in the category, keeping the threat of new entrants low but not negligible.

Threat of Substitute Products – 4

Customers have numerous alternatives for purchasing home furnishings, including brick-and-mortar furniture stores, omnichannel retailers, second-hand marketplaces, and local specialty stores. Physical retail offers experiential benefits such as product testing and immediate availability, which remain attractive for high-ticket items. As a result, substitutes exert significant pressure on Wayfair's pricing and customer retention.

Competitive Rivalry – 4

Competitive rivalry in online home furnishings retail is intense. Wayfair competes with generalist e-commerce platforms, omnichannel retailers, and specialty furniture brands. Industry growth has normalized following pandemic-driven demand, increasing competition for market share. Low switching costs and frequent promotional activity further intensify rivalry, limiting sustained pricing power.



APPENDIX E: SWOT ANALYSIS

Strenghts	Opportunity
Category-leading pure-play focus on online home furnishings with a broad assortment across furniture, décor, and home categories **Capital-light marketplace model** with limited owned inventory and scalable supplier relationships **Proprietary large-item logistics capabilities** through the Wayfair Delivery Network, creating a barrier to entry **Advanced data, AI, and personalization capabilities** supporting merchandising, pricing, and advertising efficiency **Broad global supplier base and extensive SKU assortment**, enhancing selection and availability	**Long-term growth in online penetration of home furnishings**, driven by shifting consumer preferences **Margin expansion through advertising efficiency, automation, and operating leverage** as scale improves **Growth in premium (Perigold) and professional / B2B segments**, supporting higher AOV and margins **AI-driven marketing, merchandising, and supply-chain optimization** to improve conversion and cost structure **Selective physical retail and showroom expansion** to support brand awareness and omnichannel engagement
Weakness	**Threats**
History of margin volatility and inconsistent profitability, reflecting high fulfillment and customer acquisition costs **High sensitivity to discretionary consumer spending**, particularly for large-ticket items **Elevated fulfillment and last-mile delivery costs**, especially during demand slowdowns **Low customer switching costs**, increasing price competition and promotional pressure **Broad global supplier base and extensive SKU assortment**, enhancing selection and availability	**Intense competition from Amazon and omnichannel retailers** with scale and pricing power **Housing market and macroeconomic slowdowns**, impacting demand for home-related spending **Price transparency and promotional intensity**, compressing margins across the category **Supply chain disruptions and tariff exposure**, particularly for imported furniture **Customer price sensitivity during economic downturns**, increasing demand volatility

INCOME STATEMENT

	2019A	2020A	2021A	2022A	2023A	2024A	2025E	2026E	2027E	2028E	2029E	2030E
Total Revenue	**9,127**	**14,145**	**13,708**	**12,218**	**12,003**	**11,851**	**12,457**	**13,297**	**14,130**	**14,966**	**15,811**	**16,669**
YoY Growth %	*34.6%*	*55.0%*	*-3.1%*	*-10.9%*	*-1.8%*	*-1.3%*	*5.1%*	*6.7%*	*6.3%*	*5.9%*	*5.6%*	*5.4%*
Gross Profit	**2,147**	**4,112**	**3,895**	**3,416**	**3,667**	**3,574**	**3,761**	**4,015**	**4,266**	**4,519**	**4,774**	**5,033**
Margin %	*23.5%*	*29.1%*	*28.4%*	*28.0%*	*30.6%*	*30.2%*	*30.2%*	*30.2%*	*30.2%*	*30.2%*	*30.2%*	*30.2%*
Total Vairable Costs:	**1,454**	**1,918**	**1,962**	**2,105**	**1,954**	**1,942**	**1,896**	**2,000**	**2,076**	**2,172**	**2,267**	**2,362**
S&M	1,096	1,412	1,378	1,473	1,397	1,472	1,421	1,494	1,538	1,602	1,665	1,727
% of Revenue	*12.0%*	*10.0%*	*10.1%*	*12.1%*	*11.6%*	*12.4%*	*11.4%*	*11.2%*	*10.9%*	*10.7%*	*10.5%*	*10.4%*
Merchant Fees	358	506	584	632	557	470	474	506	538	570	602	635
% of Revenue	*3.9%*	*3.6%*	*4.3%*	*5.2%*	*4.6%*	*4.0%*	*3.8%*	*3.8%*	*3.8%*	*3.8%*	*3.8%*	*3.8%*
Contribution	**693**	**2,194**	**1,933**	**1,311**	**1,713**	**1,632**	**1,865**	**2,014**	**2,190**	**2,347**	**2,507**	**2,671**
G&A - Fixed Cost	1,625	1,830	2,015	2,625	2,447	1,977	1,789	1,800	1,800	1,800	1,800	1,800
% of Revenue	*17.8%*	*12.9%*	*14.7%*	*21.5%*	*20.4%*	*16.7%*	*14.4%*	*13.5%*	*12.7%*	*12.0%*	*11.4%*	*10.8%*
Operating Income	**(932)**	**364**	**(82)**	**(1,314)**	**(734)**	**(345)**	**76**	**214**	**390**	**547**	**707**	**871**
Margin %	*-10.2%*	*2.6%*	*-0.6%*	*-10.8%*	*-6.1%*	*-2.9%*	*0.6%*	*1.6%*	*2.8%*	*3.7%*	*4.5%*	*5.2%*
EBIT	**(983)**	**209**	**(118)**	**(1,345)**	**(750)**	**(395)**	**(8)**	**100**	**282**	**446**	**613**	**784**
Margin %	*-10.8%*	*1.5%*	*-0.9%*	*-11.0%*	*-6.2%*	*-3.3%*	*-0.1%*	*0.7%*	*2.0%*	*3.0%*	*3.9%*	*4.7%*
Pre Tax Income	**(982)**	**205**	**(130)**	**(1,319)**	**(729)**	**(482)**	**(167)**	**100**	**282**	**446**	**613**	**784**
Tax	3	20	1	12	9	10	9	8	28	45	61	78
Tax Rate %	*0%*	*10%*	*-1%*	*-1%*	*-1%*	*-2%*	*-5%*	*8%*	*10%*	*10%*	*10%*	*10%*
Net Income	**(985)**	**185**	**(131)**	**(1,331)**	**(738)**	**(492)**	**(176)**	**92**	**254**	**402**	**552**	**706**
Diluted Share Count	**92**	**96**	**104**	**106**	**114**	**123**	**130**	**137**	**142**	**146**	**149**	**152**
Earnings per share (EPS)	**(10.7)**	**1.9**	**(1.3)**	**(12.6)**	**(6.5)**	**(4.0)**	**(1.4)**	**0.7**	**1.8**	**2.7**	**3.7**	**4.6**

BALANCE SHEET

	2019A	2020A	2021A	2022A	2023A	2024A	2025E	2026E	2027E	2028E	2029E	2030E
ASSETS												
Cash, Cash Equivalents & STI	987	2,591	2,399	1,278	1,351	1,372	1,195	1,234	1,420	1,746	2,216	2,836
Accounts & Notes Receivable	100	110	226	272	140	155	138	147	155	164	173	181
Inventories	62	52	69	90	75	76	75	80	84	89	94	98
Other Current Assets	229	292	318	293	289	274	254	254	254	254	254	254
Total Current Assets	**1,377**	**3,046**	**3,012**	**1,933**	**1,855**	**1,877**	**1,662**	**1,714**	**1,914**	**2,253**	**2,736**	**3,370**
Property, Plant & Equipment, Net	1,388	1,493	1,523	1,613	1,568	1,528	1,355	1,275	1,210	1,152	1,101	1,055
Long-term Investments	156	-	-	-	-	-	-	-	-	-	-	-
Other LT Assets	32	31	35	34	51	54	61	61	61	61	61	61
Total Non-Current Assets	**1,576**	**1,524**	**1,558**	**1,647**	**1,619**	**1,582**	**1,416**	**1,336**	**1,271**	**1,213**	**1,162**	**1,116**
TOTAL ASSETS	2,953	4,570	4,570	3,580	3,474	3,459	3,078	3,051	3,185	3,467	3,899	4,486
EQUITY AND LIABILITIES												
Payables & Accruals	1,207	1,157	1,166	1,204	1,234	1,246	1,284	1,365	1,445	1,524	1,605	1,687
Short-term Debt	91	97	110	125	133	174	-	-	-	-	-	-
Other Short-term Liabilities	313	912	941	743	816	950	1,055	1,055	1,055	1,055	1,055	1,055
Total Current Liabilities	**1,612**	**2,166**	**2,217**	**2,072**	**2,183**	**2,370**	**2,339**	**2,420**	**2,500**	**2,579**	**2,660**	**2,742**
LT Debt	2,279	3,529	3,944	4,030	3,954	3,811	3,462	3,262	3,062	2,862	2,662	2,462
Other LT Liabilities	7	67	28	28	44	33	25	25	25	25	25	25
Total Non-Current Liabilities	**2,286**	**3,596**	**3,972**	**4,058**	**3,998**	**3,844**	**3,487**	**3,287**	**3,087**	**2,887**	**2,687**	**2,487**
Total Liabilities	**3,897**	**5,762**	**6,189**	**6,130**	**6,181**	**6,214**	**5,826**	**5,707**	**5,587**	**5,466**	**5,347**	**5,229**
Additional Paid-in Capital	1,123	699	337	737	1,316	1,751	1,971	1,971	1,971	1,971	1,971	1,971
Retained Earnings	(2,065)	(1,886)	(1,949)	(3,280)	(4,018)	(4,510)	(4,686)	(4,595)	(4,341)	(3,939)	(3,387)	(2,682)
Other Equity	(1)	(5)	(7)	(7)	(5)	4	(32)	(32)	(32)	(32)	(32)	(32)
Equity Before Minority Interest	**(944)**	**(1,192)**	**(1,619)**	**(2,550)**	**(2,707)**	**(2,755)**	**(2,747)**	**(2,656)**	**(2,402)**	**(2,000)**	**(1,448)**	**(743)**
Minority Interest	-	-	-	-	-	-	-	-	-	-	-	-
Total Equity	**(944)**	**(1,192)**	**(1,619)**	**(2,550)**	**(2,707)**	**(2,755)**	**(2,747)**	**(2,656)**	**(2,402)**	**(2,000)**	**(1,448)**	**(743)**
TOTAL EQUITY AND LIABILITIES	2,953	4,570	4,570	3,580	3,474	3,459	3,078	3,051	3,185	3,467	3,899	4,486

CASH FLOW STATEMENT

	2019A	2020A	2021A	2022A	2023A	2024A	2025E	2026E	2027E	2028E	2029E	2030E
NET INCOME	**(985)**	**185**	**(131)**	**(1,331)**	**(738)**	**(492)**	**(176)**	**92**	**254**	**402**	**552**	**706**
Depreciation & Amortization	192	286	322	371	417	387	310	284	269	256	244	234
Other Non-Cash Items	287	481	373	506	524	411	469	392	399	409	419	429
CFO (excl. NWC)	**(506)**	**951**	**564**	**(454)**	**203**	**306**	**603**	**767**	**922**	**1,067**	**1,215**	**1,368**
Change in Net Working Capital	309	465	(154)	(220)	146	11	(5)	68	67	67	67	68
TOTAL CASH FLOW FROM OPERATIONS	**(197)**	**1,417**	**410**	**(674)**	**349**	**317**	**597**	**835**	**989**	**1,133**	**1,282**	**1,436**
Change in Fixed Assets	(401)	(334)	(280)	(458)	(351)	(234)	(200)	(204)	(203)	(198)	(193)	(188)
Other Investing Activities	(454)	98	(235)	459	199	(28)	-	-	-	-	-	-
TOTAL CASH FLOW FROM INVESTING	**(855)**	**(236)**	**(515)**	**1**	**(152)**	**(262)**	**(200)**	**(204)**	**(203)**	**(198)**	**(193)**	**(188)**
Cash From (Repayment) Debt	935	2,028	-	171	164	(72)	(392)	(200)	(200)	(200)	(200)	(200)
Cash (Repurchase) of Equity	0	(380)	(300)	(75)	-	-	-	-	-	-	-	-
Other Financing Activities	(149)	(1,295)	(3)	(80)	(87)	3	(152)	(392)	(399)	(409)	(419)	(429)
TOTAL CASH FLOW FROM FINANCING	**787**	**353**	**(303)**	**16**	**77**	**(69)**	**(544)**	**(592)**	**(599)**	**(609)**	**(619)**	**(629)**
Effect of Foreign Exchange Rates	(2)	13	(16)	1	2	8	(28)	-	-	-	-	-
NET CHANGE IN CASH	**(267)**	**1,547**	**(424)**	**(656)**	**276**	**(6)**	**(175)**	**39**	**186**	**326**	**470**	**620**

APPENDIX G: REVENUE BUILD

	2019A	2020A	2021A	2022A	2023A	2024A	2025E	2026E	2027E	2028E	2029E	2030E
Active Customers (in mn)	*31*	*27*	*22*	*22*	*21*	*21*	*21*	*21*	*21*	*21*	*21*	*21*
YoY Growth %	*53.7%*	*-13.4%*	*-18.5%*	*1.8%*	*-6.2%*	*0.0%*	*1.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*
Orders per Customers	*1.21*	*2.26*	*2.35*	*1.79*	*1.96*	*1.89*	*1.88*	*1.94*	*2.01*	*2.07*	*2.15*	*2.22*
Average Order Value (AOV)	*241*	*232*	*265*	*305*	*292*	*300*	*312*	*323*	*332*	*340*	*347*	*354*
YoY Growth %	*0.8%*	*-3.7%*	*14.2%*	*15.1%*	*-4.3%*	*2.7%*	*4.0%*	*3.5%*	*2.9%*	*2.5%*	*2.1%*	*1.8%*
Total Revenue	**9,127**	**14,145**	**13,708**	**12,218**	**12,003**	**11,851**	**12,457**	**13,297**	**14,130**	**14,966**	**15,811**	**16,669**
YoY Growth %	***34.6%***	***55.0%***	***-3.1%***	***-10.9%***	***-1.8%***	***-1.3%***	***5.1%***	***6.7%***	***6.3%***	***5.9%***	***5.6%***	***5.4%***

APPENDIX H: SUPPORTING SCHEDULES

Fixed Assets & Depreciation Schedule	2019A	2020A	2021A	2022A	2023A	2024A	2025E	2026E	2027E	2028E	2029E	2030E
Net Fixed Assets	**1,388**	**1,493**	**1,523**	**1,613**	**1,568**	**1,528**	**1,355**	**1,275**	**1,210**	**1,152**	**1,101**	**1,055**
Acquisation / (Disposal) of FA	401	334	280	458	351	234	202	204	203	198	193	188
Depreciation	192	286	322	371	417	387	310	284	269	256	244	234
Depreciation %	***14%***	***19%***	***21%***	***23%***	***27%***	***25%***	***23%***	***22%***	***22%***	***22%***	***22%***	***22%***

Debt & Interest Schedule	2019A	2020A	2021A	2022A	2023A	2024A	2025E	2026E	2027E	2028E	2029E	2030E
Total Debt	**2,370**	**3,626**	**4,054**	**4,155**	**4,087**	**3,985**	**3,462**	**3,262**	**3,062**	**2,862**	**2,662**	**2,462**
Debt Purchase / (Repayment)	935	2,028	-	171	164	(72)	(392)	(200)	(200)	(200)	(200)	(200)
Interest Paid	55	146	32	27	17	29	113	115	108	101	94	87
Rate of Interest %	***2%***	***4%***	***1%***	***1%***	***0%***	***1%***	***3%***	***4%***	***4%***	***4%***	***4%***	***4%***

Net Working Capital Days	2019A	2020A	2021A	2022A	2023A	2024A	2025E	2026E	2027E	2028E	2029E	2030E
Inventory	2.5	1.3	1.8	2.7	2.3	2.3	2.2	2.2	2.2	2.2	2.2	2.2
Debtors	4.0	2.8	6.0	8.1	4.3	4.8	4.0	4.0	4.0	4.0	4.0	4.0
Others	9.1	7.5	8.5	8.8	8.8	8.4	7.4	7.0	6.6	6.2	5.9	5.6
TCA	**15.6**	**11.7**	**16.3**	**19.6**	**15.3**	**15.6**	**13.7**	**13.2**	**12.8**	**12.4**	**12.0**	**11.7**
Payable	48.3	29.8	31.0	36.0	37.5	38.4	37.6	37.5	37.3	37.2	37.1	36.9
Others	16.2	26.0	28.0	25.9	28.9	34.6	30.9	29.0	27.3	25.7	24.4	23.1
TCL	**64.4**	**55.9**	**59.0**	**61.9**	**66.4**	**73.0**	**68.5**	**66.4**	**64.6**	**62.9**	**61.4**	**60.0**
NWC	(48.8)	(44.1)	(42.7)	(42.3)	(51.1)	(57.4)	(54.8)	(53.2)	(51.8)	(50.5)	(49.4)	(48.3)

SBC Schedule	2019A	2020A	2021A	2022A	2023A	2024A	2025E	2026E	2027E	2028E	2029E	2030E
Stock Based Compensation	**241**	**297**	**374**	**527**	**623**	**411**	**359**	**392**	**399**	**409**	**419**	**429**
% of Revenue	***2.6%***	***2.1%***	***2.7%***	***4.3%***	***5.2%***	***3.5%***	***2.9%***	***2.9%***	***2.8%***	***2.7%***	***2.6%***	***2.6%***

APPENDIX I: FREE CASH FLOW PROJECTIONS

	2019A	2020A	2021A	2022A	2023A	2024A	2025E	2026E	2027E	2028E	2029E	2030E
Revenue	9,127	14,145	13,708	12,218	12,003	11,851	12,457	13,297	14,130	14,966	15,811	16,669
Growth YoY %	*34.6%*	*55.0%*	*-3.1%*	*-10.9%*	*-1.8%*	*-1.3%*	*5.1%*	*6.7%*	*6.3%*	*5.9%*	*5.6%*	*5.4%*
Contribution	693	2,194	1,933	1,311	1,713	1,632	1,865	2,014	2,190	2,347	2,507	2,671
Contribution Margin %	*7.6%*	*15.5%*	*14.1%*	*10.7%*	*14.3%*	*13.8%*	*15.0%*	*15.2%*	*15.5%*	*15.7%*	*15.9%*	*16.0%*
Adj. EBITDA (Non-GAAP)	(497)	947	614	(416)	306	453	745	890	1,058	1,212	1,370	1,534
Adj. EBITDA Margin %	*-5.4%*	*6.7%*	*4.5%*	*-3.4%*	*2.5%*	*3.8%*	*6.0%*	*6.7%*	*7.5%*	*8.1%*	*8.7%*	*9.2%*
Net Income	(985)	185	(131)	(1,331)	(738)	(492)	(176)	92	254	402	552	706
Net Income Margin %	*-10.8%*	*1.3%*	*-1.0%*	*-10.9%*	*-6.1%*	*-4.2%*	*-1.4%*	*0.7%*	*1.8%*	*2.7%*	*3.5%*	*4.2%*
Add: Depreciation							310	284	269	256	244	234
Add: Other Non-Cash Items							469	392	399	409	419	429
Less: Capital Expenditure							(202)	(204)	(203)	(198)	(193)	(188)
Less: Δ in NWC							(5)	68	67	67	67	68
Unlevered FCF							**395.36**	**630.41**	**785.61**	**934.95**	**1,088.90**	**1,248.70**
Discount Rate							11.49%	11.49%	11.49%	11.49%	11.49%	11.49%
Discount Period								1.00	2.00	3.00	4.00	5.00
PV of Unlevered FCF								**565.45**	**632.06**	**674.71**	**704.84**	**725.00**

APPENDIX J: BASE CASE ASSUMPTIONS

Revenue CAGR vs Historicals		
17'-24'	**20'-24'**	**25'-30'**
14.1%	-4.3%	6.0%

Contribution Margins						
24'	**25'E**	**26'E**	**27'E**	**28'E**	**29'E**	**30'E**
13.77%	14.97%	15.15%	15.50%	15.68%	15.86%	16.03%

CAGR Revenue Growth Drivers		
AOV	**Orders**	**Revenue**
2.5%	3.4%	6.0%

Adjusted EBITDA Margins						
24'	**25'E**	**26'E**	**27'E**	**28'E**	**29'E**	**30'E**
3.82%	5.98%	6.69%	7.49%	8.10%	8.67%	9.20%

APPENDIX K: ESG SCORECARD

PILLAR	WEIGHT	TEAM SCORE (Out of 5)	WEIGHTED SCORE	RATIONALE
Environmental Pillar				
Scope 1 & 2 Emissions Reduction Progress	40%	3	1.2	Progress shown (2023-24:12.5% reduction in Scope 1+2) but no SBTi targets
Supply Chain (Scope 3) Emissions Management	40%	2	0.8	Scope 3 dominates (99.9% of total); 13% reduction 2023–2024 but no SBTi commitment
Climate Risk & Disclosure Strategy	20%	3	0.6	Zero Waste 2030 goal exists but lacks specificity on physical climate risk
Total			**2.6**	
Social Pillar				
Customer Privacy & Data Security	35%	3	1.05	Comprehensive policy; no disclosed breaches; data-intensive model
Labor Relations & Workforce Stability	35%	2	0.7	Three major layoff cycles (2020, 2022–2023, 2024: 13% cut)
Diversity & Inclusion in Leadership	20%	3	0.6	Board: 4/12 women (33%); diverse backgrounds; no published D&I KPIs
Regulatory/Compliance Risk	10%	2	0.2	FTC scrutiny; state-level privacy regulation increasing costs
Total			**2.55**	
Governance Pillar				
Board Independence & Composition	35%	2.5	0.875	12 members; 7 independent (58%); 75% voting control via dual-class
Executive Compensation Alignment	35%	4	1.4	CEO heavily performance-linked (5M PSU, 100–675% stock price hurdles)
Board Diversity & Tenure	20%	3.5	0.7	Women: 33%; diverse backgrounds; average tenure 4–6 years
Audit & Risk Management	10%	3	0.3	Standard governance structure; no material audit issues disclosed
Total			**3.275**	
Total ESG Score			**2.81**	

APPENDIX L: BULL AND BEAR CASE ASSUMPTIONS

BULL CASE

Revenue CAGR vs Historicals		
17'-24'	20'-24'	25'-30'
14.1%	-4.3%	9.2%

Contribution Margins						
24'	25'E	26'E	27'E	28'E	29'E	30'E
13.77%	15.02%	15.67%	16.18%	16.66%	17.14%	17.60%

CAGR Revenue Growth Drivers		
AOV	Orders	Revenue
3.8%	5.2%	9.2%

Adjusted EBITDA Margins						
24'	25'E	26'E	27'E	28'E	29'E	30'E
3.82%	6.07%	7.43%	8.63%	9.77%	10.88%	11.93%

BEAR CASE

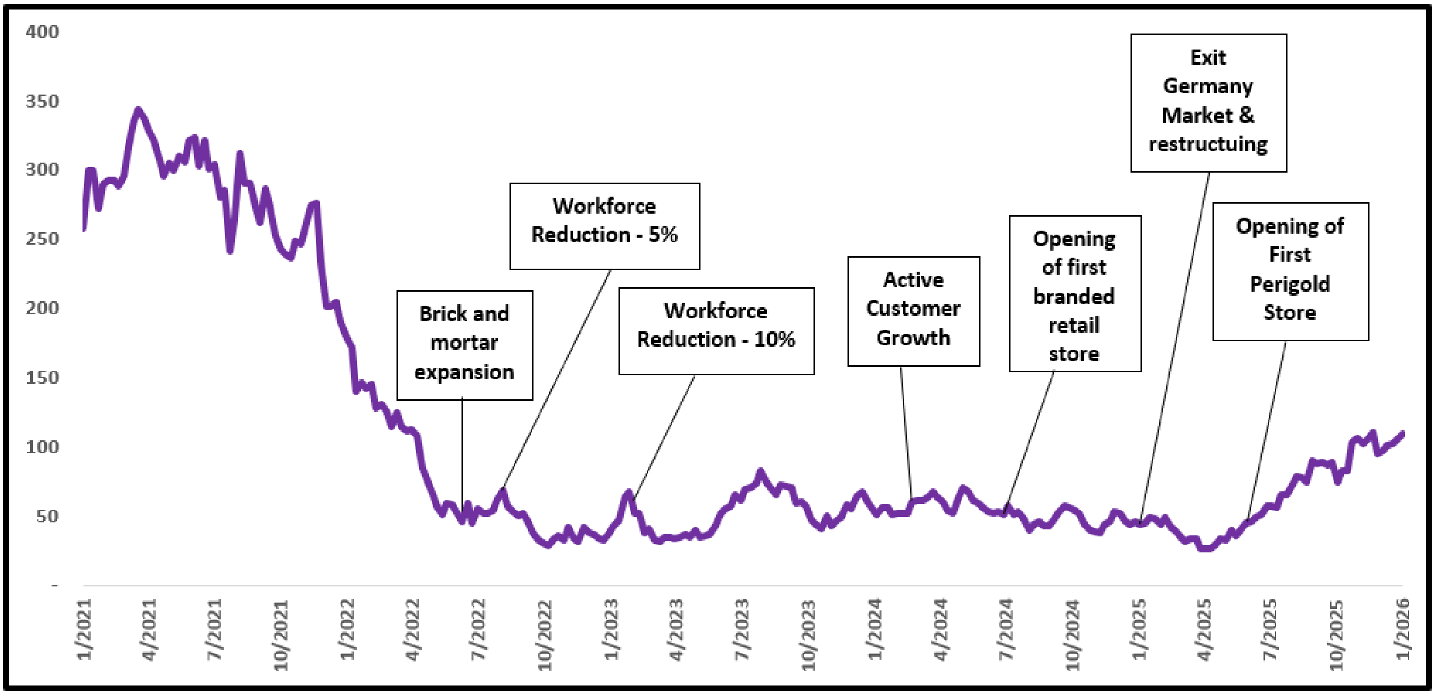
Revenue CAGR vs Historicals		
17'-24'	20'-24'	25'-30'
14.1%	-4.3%	1.0%

Contribution Margins						
24'	25'E	26'E	27'E	28'E	29'E	30'E
13.77%	14.94%	14.89%	14.67%	14.44%	14.20%	13.96%

CAGR Revenue Growth Drivers		
AOV	Orders	Revenue
0.2%	0.9%	1.0%

Adjusted EBITDA Margins						
24'	25'E	26'E	27'E	28'E	29'E	30'E
3.82%	5.62%	5.67%	5.53%	5.36%	5.17%	4.96%

ANNOTED SHARE PRICE GRAPH (5 YEARS)



PEER PERFORMANCE (5 YEARS)

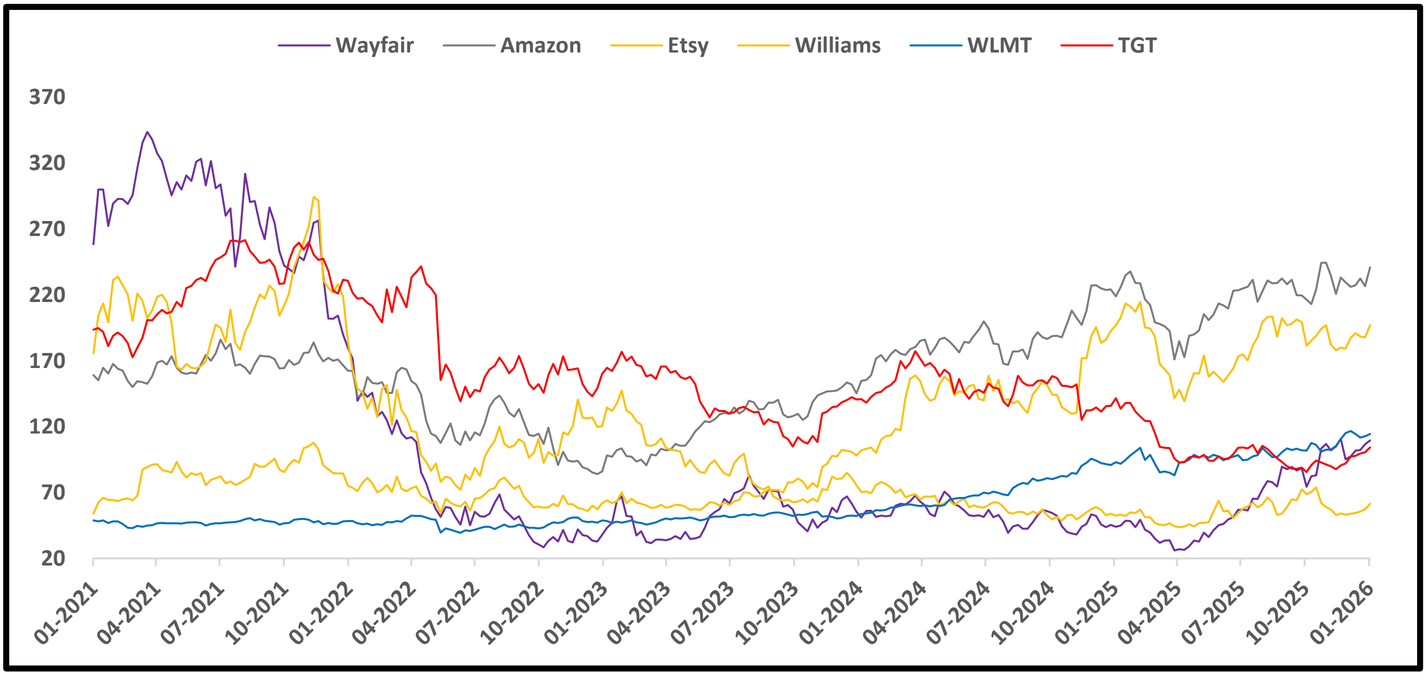
Since Wayfair does not have a single direct competitor, we have selected peer companies across multiple categories, including Online Marketplaces, Omnichannel Home Furnishing, Premium/Luxury Furniture, and Mass & Discount Retailers.

Wayfair's stock has declined by 58% over the past five years, primarily due to reduced revenue and profitability following the COVID-19 pandemic. This decline was driven by increased competition from peers and a sluggish housing market.

Online Marketplaces: Etsy's stock fell by 65% during the same period, reflecting divestitures of non-core brands that indicated setbacks in the company's strategic initiatives, as well as intensified competition from major players like Amazon. In contrast, Amazon's stock rose 51%, supported by its evolution into a diversified conglomerate.

Mass & Discount Retailers: Target's shares dropped 46% over the last five years, largely due to inventory mismanagement that resulted in losses, compounded by a normalization of demand post-COVID. Walmart, however, saw its stock climb 134%, benefiting from substantial growth in its e-commerce operations.

Omnichannel Home Furnishing: Williams-Sonoma delivered the strongest performance among peers, with a 265% increase in its stock price over the period. This growth was driven by robust B2B revenue streams that remained strong post-COVID, alongside its successful integration into e-commerce.



APPENDIX N: RELATIVE VALUATION

COMPARATIVE COMPANY ANALYSIS

Category	Symbol	Competitor
Online Marketplaces	NASDAQ: AMZN	Amazon.com, Inc.
	NYSE: ETSY	Etsy, Inc.
Omnichannel Home Furnishing	NYSE: WSM	Williams-Sonoma, Inc.
Premium / Luxury Furniture	NYSE: RH	RH
	NASDAQ: ARHS	Arhaus, Inc.
Mass & Discount Retailers	NASDAQ: WMT	Walmart Inc.
	NYSE: TGT	Target Corporation
	NASDAQ: COST	Costco Wholesale Corporation

EV / REVENUE & RETURNS / RISK OVER 5 YEARS

Enterprise EV / 2026 Sales	W	Comp. Cos.
Current EV / 2025 Sales	1.36	1.99
W Current discount		-46%
W Historic discount (2020-2024)		-30%
Standard deviation		44.64%
Current Multiple (Peer-Group - 25% discount)		**1.5**

Valuation Metrics					
EV / Adjusted EBITDA					
Closing Price	108.42	108.42	108.42	108.42	108.42
High Price	135.12	159.91	183.06	208.33	234.36
Current Price	97.24	112.94	134.60	154.47	174.68
Return %	*25%*	*47%*	*69%*	*92%*	*116%*
Risk %	*-10%*	*4%*	*24%*	*42%*	*61%*
EV / Revenue					
Closing Price	108.42	108.42	108.42	108.42	108.42
High Price	131.26	137.74	145.90	156.02	166.82
Current Price	90.55	95.89	102.70	110.02	117.85
Return %	*21%*	*27%*	*35%*	*44%*	*54%*
Risk %	*-16%*	*-12%*	*-5%*	*1%*	*9%*

COMMENTARY

EV / Revenue

As Wayfair continues to build its position as a leading online retailer in home furnishings, we believe its valuation should be viewed relative to online marketplaces, omnichannel home retailers, and value-oriented mass merchants. Historically, Wayfair has traded at a discount to higher-margin peers due to uneven profitability and elevated fulfillment costs. However, we expect profitability to improve over time as the company benefits from operating leverage, better advertising efficiency, and cost discipline across logistics and customer acquisition. In addition, Wayfair's strategic investments in data and AI-driven marketing, personalization, and merchandising are expected to support higher sales conversion and more efficient spend. Based on these factors, we apply a **1.5× EV/Revenue multiple**, reflecting improving fundamentals while still incorporating execution risk. This approach results in an implied valuation that balances Wayfair's long-term growth potential with ongoing margin and competitive pressures.

EV / Adjusted EBITDA

Given Wayfair's guidance that adjusted EBITDA is expected to grow at a faster pace than revenue, we believe that the EV/Adjusted EBITDA multiple provides the most appropriate metric for valuing the company. In this context, we have used a historical **EV/Adj. EBITDA multiple of 23x**, reflecting the valuation the market typically assigns to companies exhibiting high adjusted EBITDA growth.

As Wayfair continues to improve operational efficiency, leverage its fixed costs, and capture incremental market share, adjusted EBITDA is likely to provide a more accurate representation of the company's profitability and value creation potential than revenue alone. This is particularly relevant given that EBITDA growth incorporates both top-line expansion and cost discipline, thereby reflecting the company's ability to generate cash flow and sustain margins.Furthermore, using the EV/Adj. EBITDA multiple accounts for differences in capital structure and cash position.

APPENDIX O: DCF VALUATION INPUTS

Inputs	
Risk-free rate	*4.17%*
Beta	*1.97*
Equity Risk Premium	*4.50%*
Tax Rate	*21.00%*
Equity Value	*13,053.30*
Debt Value	*2,266.89*
Cost of Debt	*3.26%*
% of Equity	*85.2%*
% OF Debt	*14.8%*

APPENDIX P: BRIDGE TO ADJUSTED EBITDA

	2019A	2020A	2021A	2022A	2023A	2024A	2025E	2026E	2027E	2028E	2029E	2030E
Net Income	**(985)**	**185**	**(131)**	**(1,331)**	**(738)**	**(492)**	**(176)**	**92**	**254**	**402**	**552**	**706**
Add:												
Depreciation and Amortization	192	286	322	371	417	387	310	284	269	256	244	234
Interest Expense, Net	55	146	32	27	17	29	113	115	108	101	94	87
Other Non-Op (Income) Loss	(3)	9	4	4	(1)	21	(28)	-	-	-	-	-
Income Tax Expense (Benefit)	3	20	1	12	9	10	9	8	28	45	61	78
Other Abnormal Items	-	-	12	39	14	37	23	-	-	-	-	-
Restructuring	-	4	-	31	65	79	68	-	-	-	-	-
Early Extinguishment of Debt	-	-	-	(96)	(100)	(29)	68	-	-	-	-	-
Gain/Loss on Sale/Acquisition of Business	-	-	-	-	-	-	-	-	-	-	-	-
Stock Based Compensation	241	297	374	527	623	411	359	392	399	409	419	429
Adjusted EBITDA	**(497)**	**947**	**614**	**(416)**	**306**	**453**	**745**	**890**	**1,058**	**1,212**	**1,370**	**1,534**
Adjusted EBITDA Margins %	***-5.4%***	***6.7%***	***4.5%***	***-3.4%***	***2.5%***	***3.8%***	***6.0%***	***6.7%***	***7.5%***	***8.1%***	***8.7%***	***9.2%***

APPENDIX Q: SOURCES

- **Wayfair Investor Relations** - *https://investor.wayfair.com/events-and-presentations/default.aspx*
- **Semrush** - *https://www.semrush.com/home/*
- **U.S. Bureau of Labor Statistics** - *https://www.bls.gov/cex/data.htm*
- **Bloomberg** - *https://www.bloomberg.com/*
- **Yahoo Finance** - *https://finance.yahoo.com*
- **Seeking Alpha** - https://seekingalpha.com/
- **National Association of Realtors** - *https://www.nar.realtor/*
- **NASDAQ** - *https://www.nasdaq.com/*
- **IN 2013 DOLLARS** - *https://www.in2013dollars.com/Furniture-and-bedding/*
- **Yipit Data** - *https://www.yipitdata.com/*
- **PYMNTS** - *https://www.pymnts.com/*