

[Stocks](#) / [United States](#) / [Retail](#) / NYSE:W

Wayfair



MARKET CAP

US\$28.9b

LAST UPDATED

2021/09/16 22:54 UTC

1 | Executive Summary

SNOWFLAKE ANALYSIS

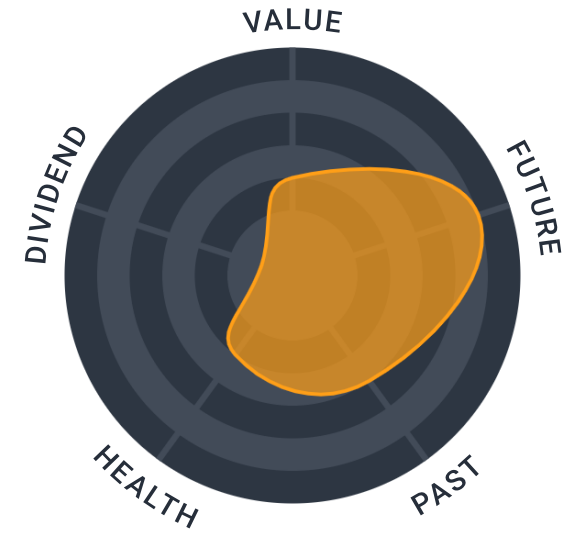
Wayfair Inc. engages in the e-commerce business in the United States and internationally. [More Details](#)

REWARDS

- ★ Trading at 44.3% below our estimate of its fair value ▶
- ★ Earnings are forecast to grow 56.32% per year ▶
- ★ Became profitable this year ▶

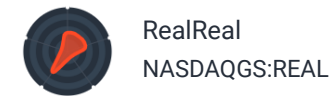
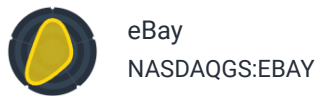
RISK ANALYSIS

- ! Negative shareholders equity ▶
- ! Has a high level of debt ▶
- ! Shareholders have been diluted in the past year ▶



High growth potential with acceptable track record.

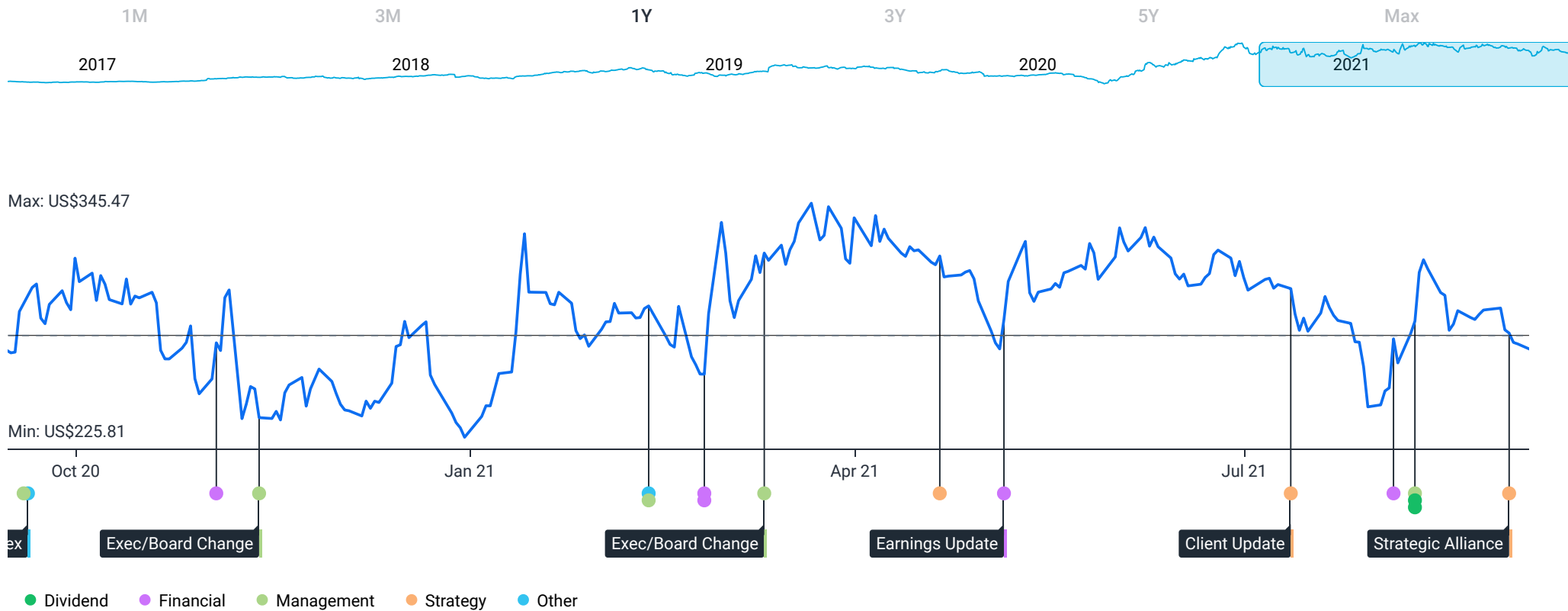
SIMILAR COMPANIES



2 | Share Price & News

How has Wayfair's share price performed over time and what events caused price changes?

2.1 | Latest Share Price and Events



✔ **Stable Share Price:** W is not significantly more volatile than the rest of US stocks over the past 3 months, typically moving +/- 7% a week.

✔ **Volatility Over Time:** W's weekly volatility (7%) has been stable over the past year.

2.2 | Market Performance

7 Day Return

4.5%

W

-1.3%

US Online Retail

-0.6%

US Market

1 Year Return

3.2%

W

-0.2%

US Online Retail

33.6%

US Market

✔ **Return vs Industry:** W exceeded the US Online Retail industry which returned -0.4% over the past year.

✘ **Return vs Market:** W underperformed the US Market which returned 33.7% over the past year.

Shareholder returns

	W	Industry	Market
7 Day	4.5%	-1.3%	-0.6%
30 Day	-6.9%	4.8%	1.3%
90 Day	-8.4%	-6.0%	5.3%
1 Year	3.2%	-0.2%	33.6%
3 Year	101.9%	61.6%	51.0%
5 Year	549.1%	204.3%	99.1%

Long-Term Price Volatility Vs. Market

How volatile is Wayfair's share price compared to the market and industry in the last 5 years?

3 | Valuation

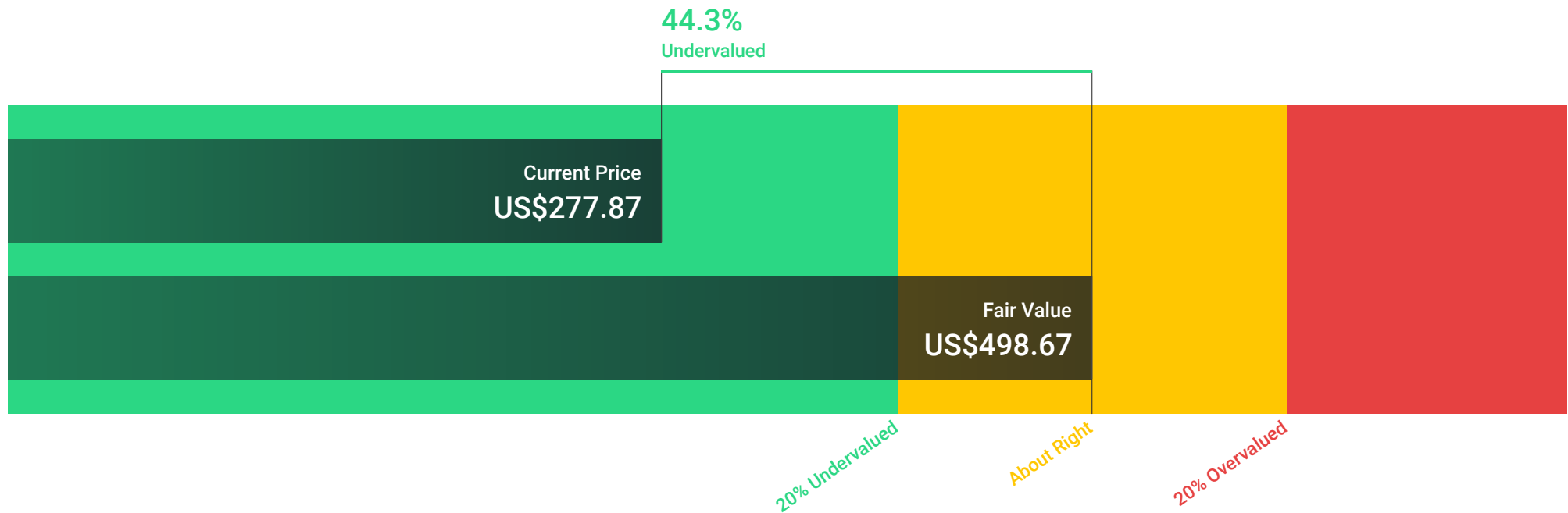


Is Wayfair undervalued compared to its fair value and its price relative to the market?

44.3%

Undervalued compared to fair value

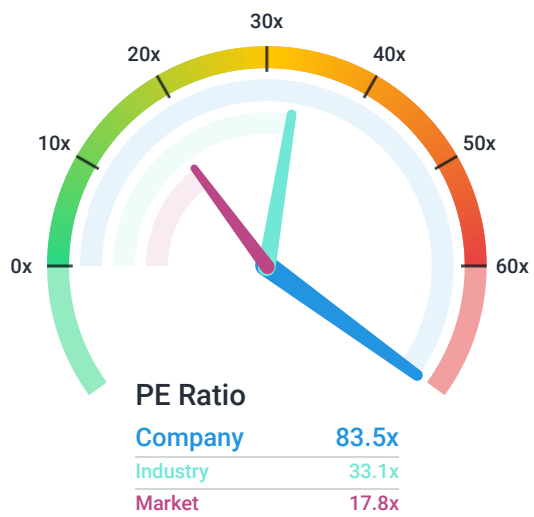
3.1 | Share Price vs. Fair Value



✓ **Below Fair Value:** W (\$277.87) is trading below our estimate of fair value (\$498.67)

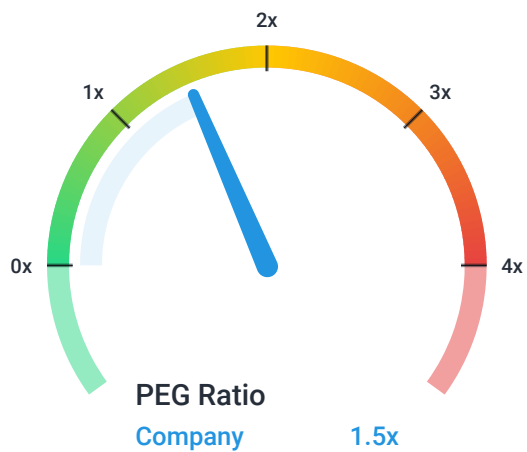
✓ **Significantly Below Fair Value:** W is trading below fair value by more than 20%.

3.2 | Price To Earnings Ratio



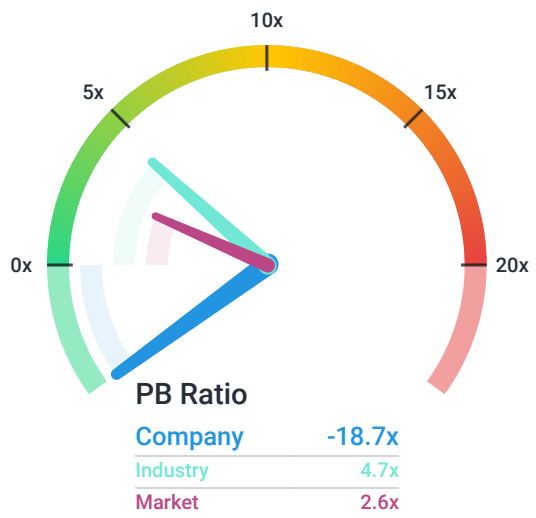
- ⊗ **PE vs Industry:** W is poor value based on its PE Ratio (83.5x) compared to the US Online Retail industry average (30.2x).
- ⊗ **PE vs Market:** W is poor value based on its PE Ratio (83.5x) compared to the US market (17.8x).

3.3 | Price to Earnings Growth Ratio



- ⊗ **PEG Ratio:** W is poor value based on its PEG Ratio (1.5x)

3.4 | Price to Book Ratio



⊗ **PB vs Industry:** W has negative assets, so we can't compare its PB Ratio to the US Online Retail industry average.

4 | Future Growth

Analysis Checks 5/6

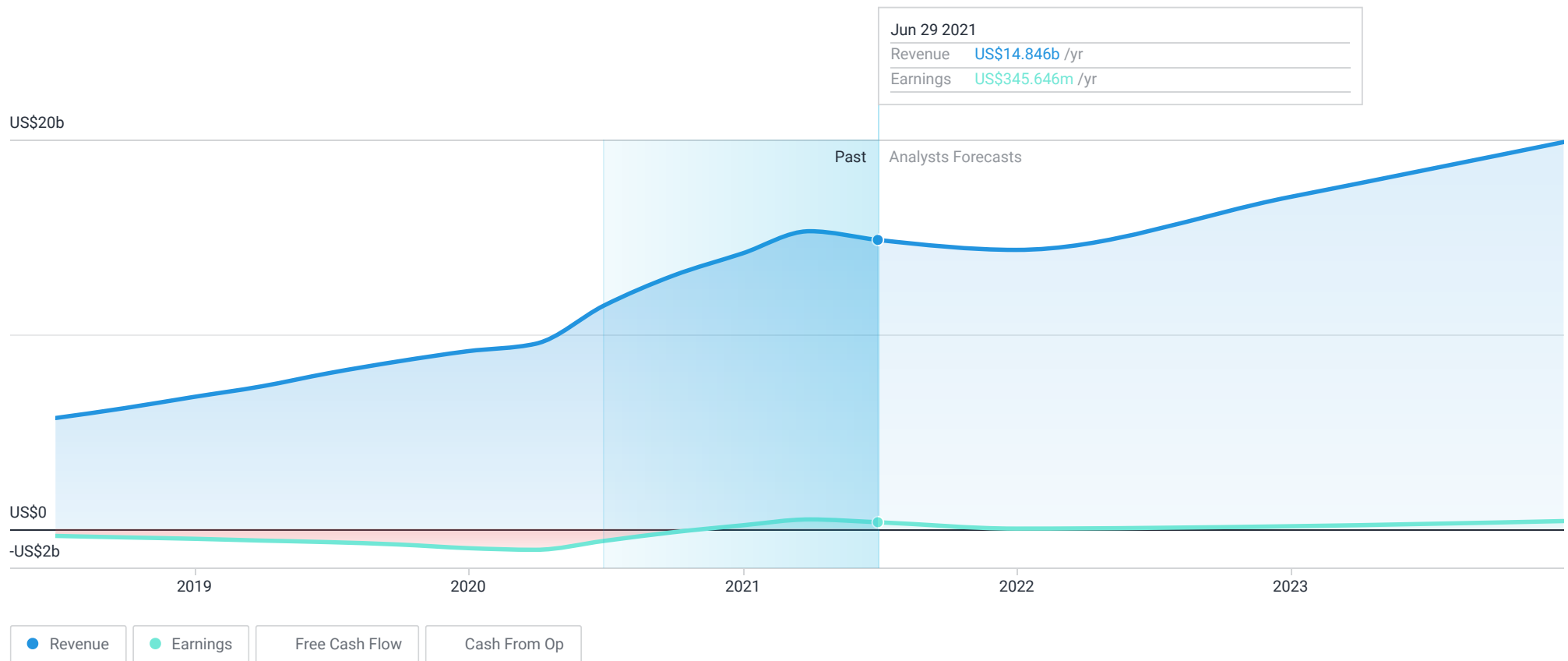


How is Wayfair forecast to perform in the next 1 to 3 years based on estimates from 28 analysts?

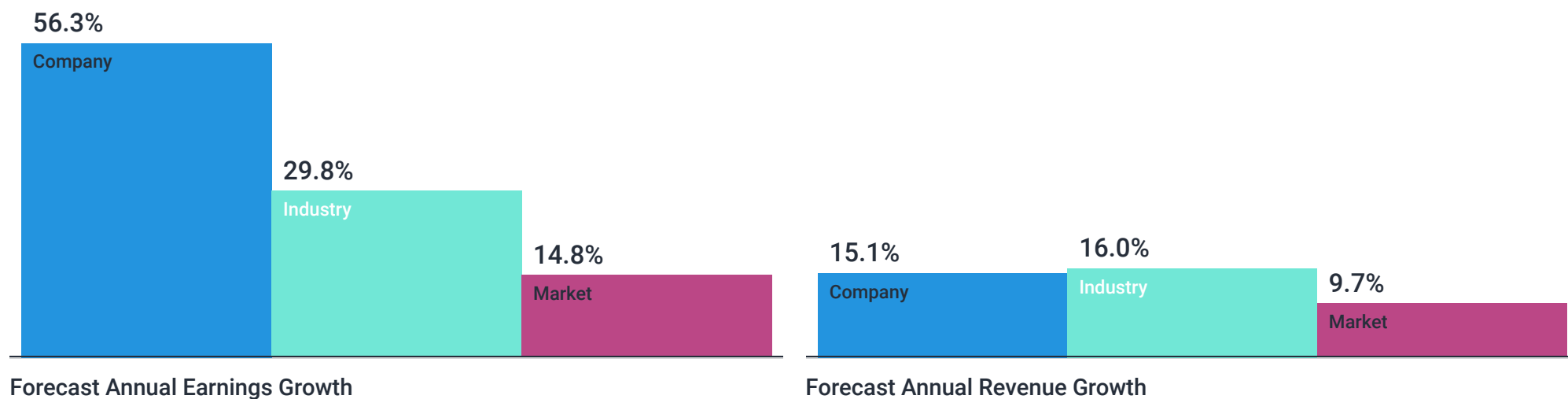
56.3%

Forecasted annual earnings growth

4.1 | Earnings and Revenue Growth Forecasts

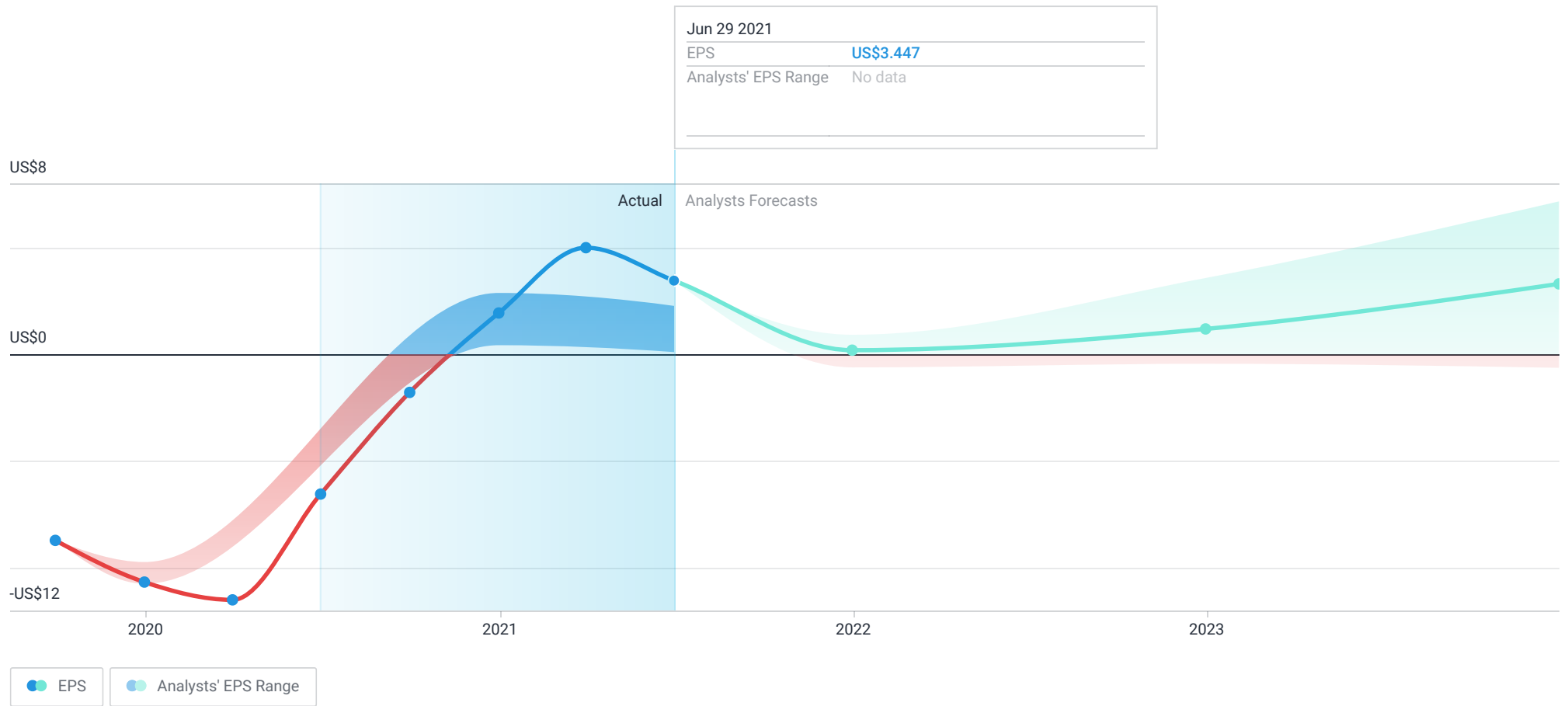


4.2 | Analyst Future Growth Forecasts

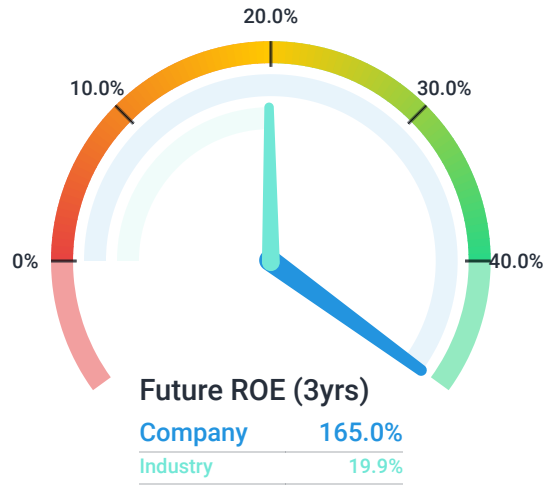


- ✔ **Earnings vs Savings Rate:** W's forecast earnings growth (56.3% per year) is above the savings rate (2%).
 - ✔ **Earnings vs Market:** W's earnings (56.3% per year) are forecast to grow faster than the US market (14.9% per year).
 - ✔ **High Growth Earnings:** earnings are expected to grow significantly over the next 3 years.
 - ✔ **Revenue vs Market:** W's revenue (15.1% per year) is forecast to grow faster than the US market (9.7% per year).
 - ✘ **High Growth Revenue:** W's revenue (15.1% per year) is forecast to grow slower than 20% per year.
-

4.3 Earnings per Share Growth Forecasts



4.4 | Future Return on Equity



✔ **Future ROE:** W's Return on Equity is forecast to be very high in 3 years time (165%).

5 | Past Performance

Analysis Checks 3/6

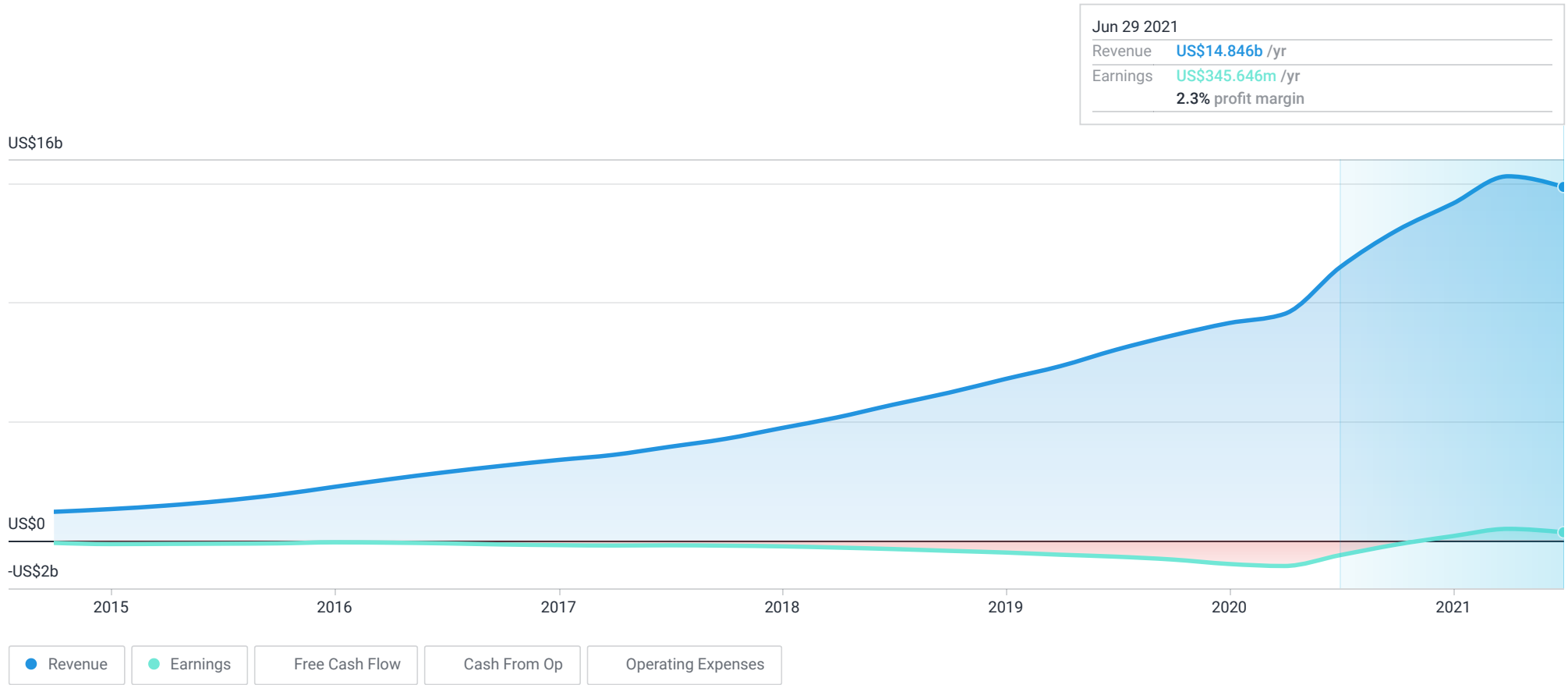


How has Wayfair performed over the past 5 years?

2.3%

Historical annual earnings growth

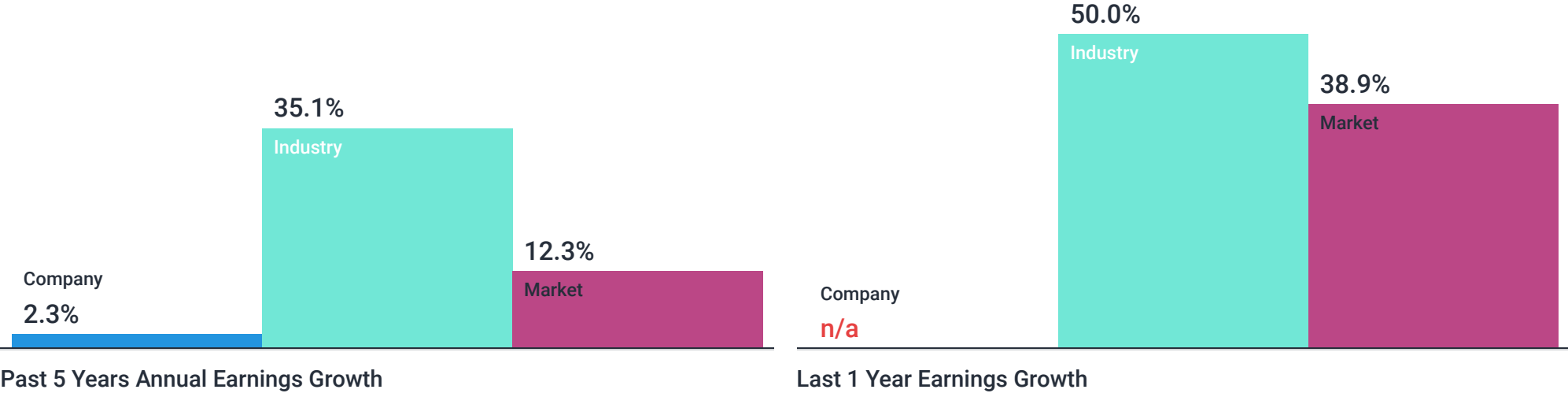
5.1 | Earnings and Revenue History



✔ **Quality Earnings:** W has high quality earnings.

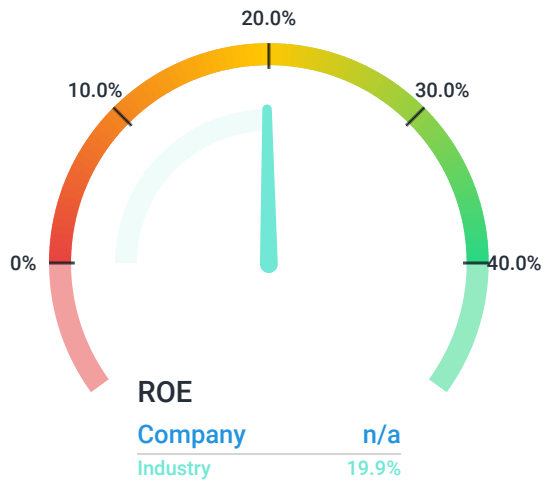
✔ **Growing Profit Margin:** W became profitable in the past.

5.2 | Past Earnings Growth Analysis



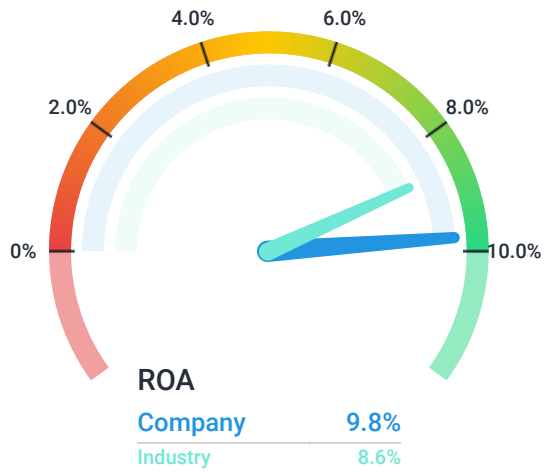
- ✔ **Earnings Trend:** W has become profitable over the past 5 years, growing earnings by 2.3% per year.
 - ✘ **Accelerating Growth:** W has become profitable in the last year, making the earnings growth rate difficult to compare to its 5-year average.
 - ✘ **Earnings vs Industry:** W has become profitable in the last year, making it difficult to compare its past year earnings growth to the Online Retail industry (62%).
-

5.3 | Return on Equity

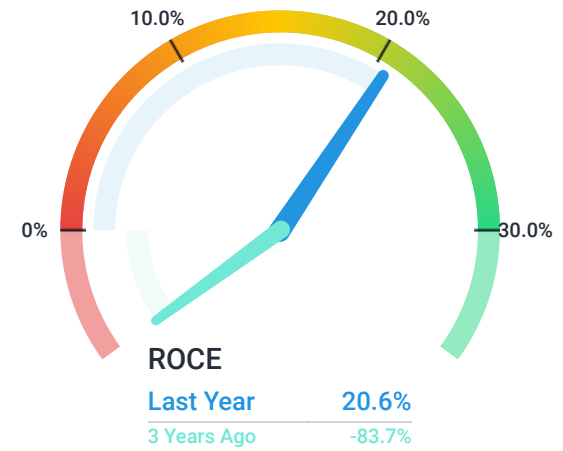


⊗ **High ROE:** W's liabilities exceed its assets, so it is difficult to calculate its Return on Equity.

5.4 | Return on Assets



5.5 | Return on Capital Employed

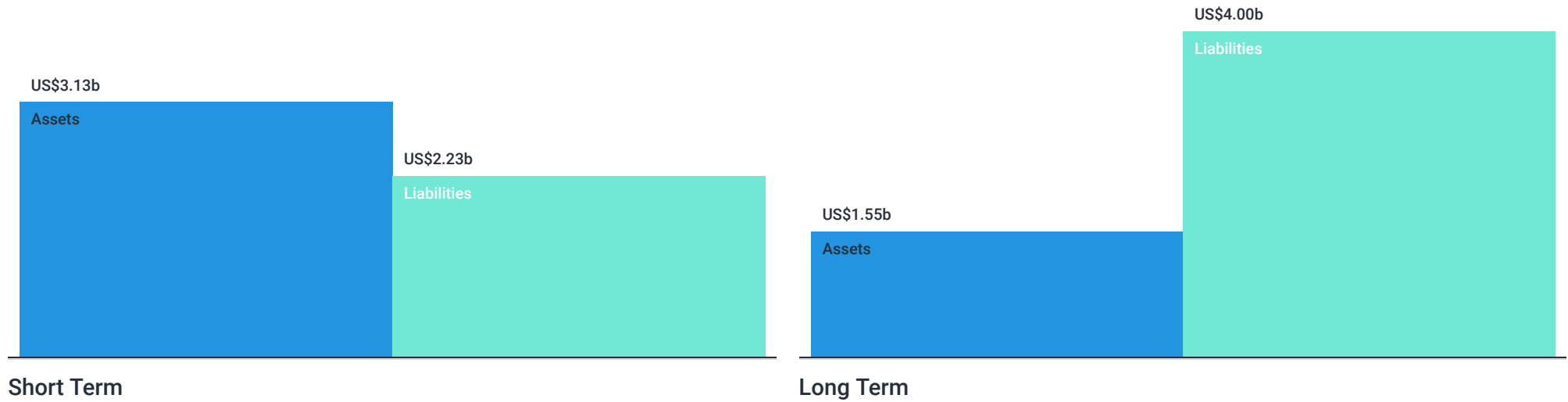


6 | Financial Health



How is Wayfair's financial position?

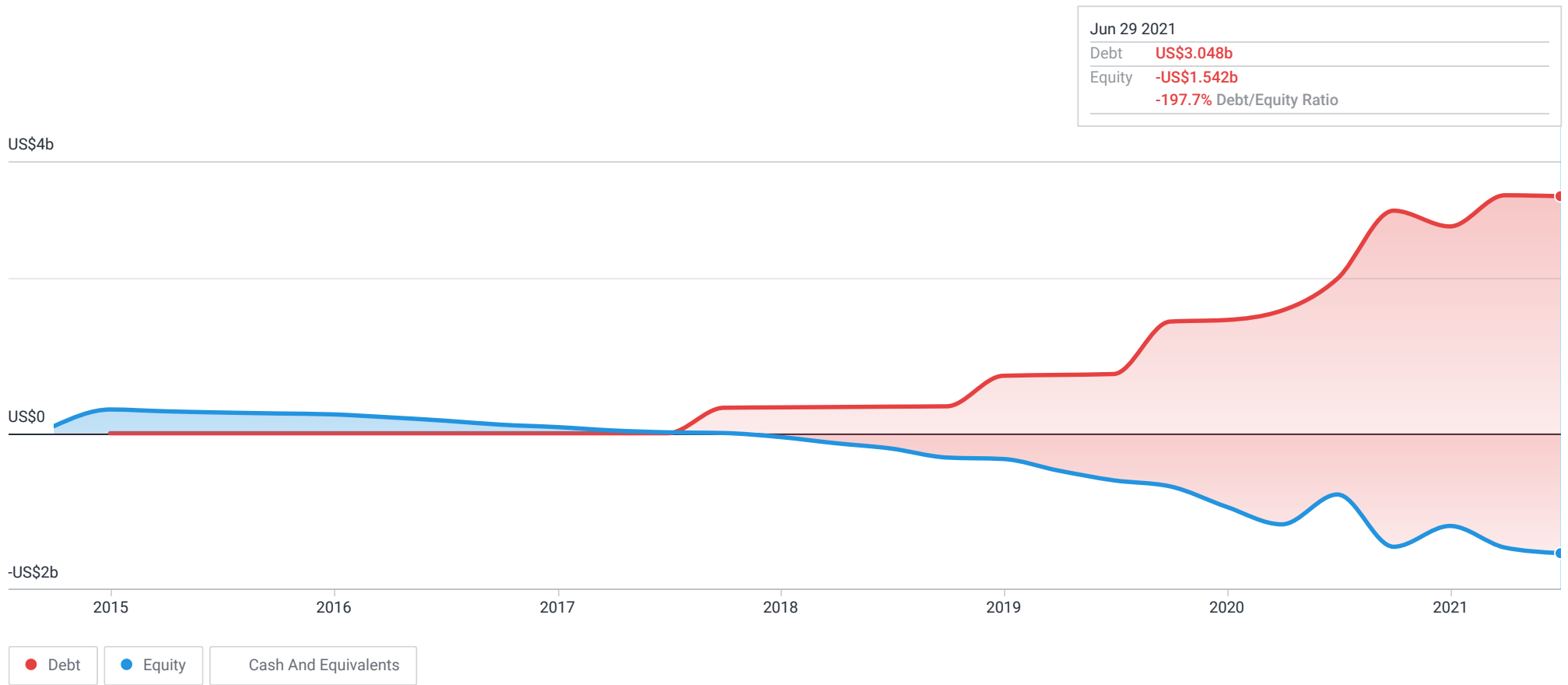
6.1 | Financial Position Analysis



❌ **Short Term Liabilities:** W has negative shareholder equity, which is a more serious situation than short term assets not covering short term liabilities.

❌ **Long Term Liabilities:** W has negative shareholder equity, which is a more serious situation than short term assets not covering long term liabilities.

6.2 Debt to Equity History and Analysis



- ❌ **Debt Level:** W has negative shareholder equity, which is a more serious situation than a high debt level.
- ❌ **Reducing Debt:** W's has negative shareholder equity, so we do not need to check if its debt has reduced over time.
- ✅ **Debt Coverage:** W's debt is well covered by operating cash flow (32.5%).
- ✅ **Interest Coverage:** W's interest payments on its debt are well covered by EBIT (4.5x coverage).

6.3 | Balance Sheet

Assets

Cash & Short term Investments US\$2.6b	Long term & Other Asset US\$383.4m
Physical Assets US\$1.5b	Receivables US\$129.4m
	Inventory US\$50.0m

Liabilities + Equity

Debt US\$3.0b
Other Liabilities US\$1.9b

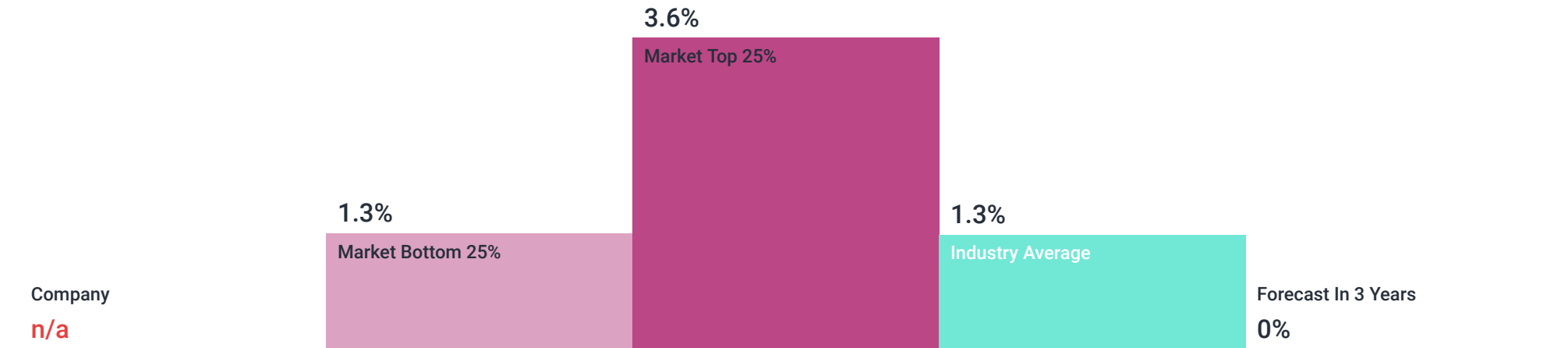
7 | Dividend

Analysis Checks 0/6



What is Wayfair current dividend yield, its reliability and sustainability?

7.1 | Dividend Yield vs Market



Current Dividend Yield Vs Market & Industry


⊗ **Notable Dividend:** Unable to evaluate W's dividend yield against the bottom 25% of dividend payers, as the company has not reported any recent payouts.

⊗ **High Dividend:** Unable to evaluate W's dividend yield against the top 25% of dividend payers, as the company has not reported any recent payouts.

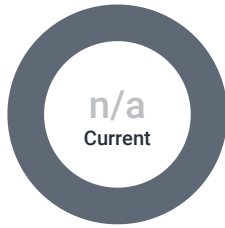
7.2 | Stability and Growth of Payments




 **Stable Dividend:** Insufficient data to determine if W's dividends per share have been stable in the past.

 **Growing Dividend:** Insufficient data to determine if W's dividend payments have been increasing.

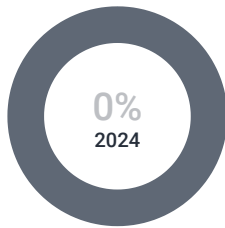
7.3 | Current Payout to Shareholders




No data

 **Dividend Coverage:** Insufficient data to calculate payout ratio to determine if its dividend payments are covered by earnings.

7.4 | Future Payout to Shareholders



Does not pay a dividend

 **Future Dividend Coverage:** No need to calculate the sustainability of W's dividend in 3 years as they are not forecast to pay a notable one for the US market.

8 | Management

How experienced are the management team and are they aligned to shareholders interests?

4.8yrs

Average management tenure

8.1 | CEO

Niraj Shah (47 yo)

19.67yrs

Tenure

US\$83,274

Compensation

Mr. Niraj S. Shah Co-Founded ZIZO Home Pty Ltd. in 2008 and serves as its Chief Executive Officer and Co-Chairman. He serves as Member of Strategic Advisory Board at Volition Capital LLC.

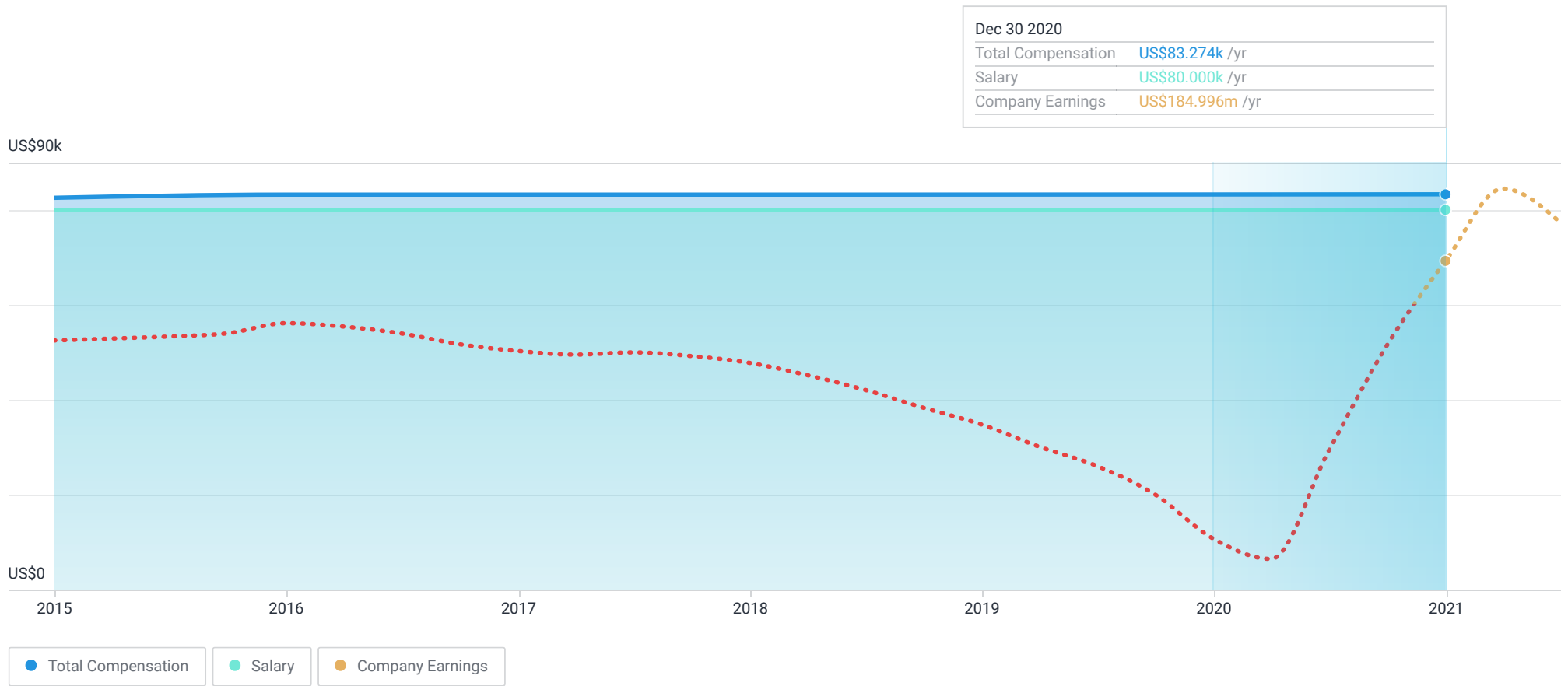
He serves as a Member of Advisory Board of Cove Hill Partners, L.P. Mr. Shah Co-Founded Wayfair Inc. in 2002 and has been its Chief Executive Officer since 2002. Mr. Shah serves as Co-Chairman and President of Wayfair Inc. Mr. Shah co-founded Wayfair LLC in 2002 and has been its Co-Chairman and Chief Executive Officer since 2002. Mr. Shah is an Entrepreneur Advisor of NextView Ventures.

He served as a Venture Advisor at the NextView Ventures. Mr. Shah is a Co-Founder of CSN Stores, Inc. Prior to that, he was the Co-Founder and Chief Executive Officer of Simplify Mobile Corporation. Prior to co-founding Simplify Mobile in 2001, Mr. Shah was an Entrepreneur-in-Residence (EIR) at Greylock Partners in 2001, where he investigated new technology markets, potential software, and professional services offerings. Before joining Greylock, Mr. Shah served as a Chief Operating Officer and a Member of The Board of Directors at iXL, Inc. from 1998 to 2000.

He was responsible for iXL-wide P&L and had global oversight for sales, service delivery and operations. Prior to appointed Chief Operating Officer, he held positions as Senior Vice President of Operations and as the General Manager of the Boston office. He also co-founded and served as the Chief Executive Officer of Spinners Incorporated from 1995 to 1998. He specializes in E-commerce.

He has been a Director of Wayfair Inc. since 2002. He had been Director of Federal Reserve Bank of Boston Inc. since January 01, 2017. He serves as a Director of Massachusetts Innovation & Technology Exchange, Inc. He serves as a Member of Business Advisory Board at SmartMouth Technologies, Inc. He serves as the Board of the Greater Boston Chamber of Commerce, Massachusetts Competitive Partnership (MACP) and the Entrepreneurship @ Cornell Advisory Council. He holds a bachelor's of science degree in Engineering from Cornell University from 1991-1995.













8.2 | CEO Compensation Analysis



✔ **Compensation vs Market:** Niraj's total compensation (\$USD83.27K) is below average for companies of similar size in the US market (\$USD11.33M).

✔ **Compensation vs Earnings:** Niraj's compensation has been consistent with company performance over the past year.

8.3 Leadership Team


Name	Position	Tenure	Compensation	Ownership
 Niraj Shah	Co-Founder	19.67yrs	US\$83.27k	12.81% \$ 3.7b
 Steven Conine	Co-Founder & Co-Chairman	no data	US\$83.27k	12.81% \$ 3.7b
 Michael Fleisher	Chief Financial Officer	7.92yrs	US\$260.19k	0.10% \$ 29.1m
 Thomas Netzer	Senior VP & COO	2.17yrs	US\$2.13m	0.030% \$ 8.8m
 James Miller	Chief Technology Officer	2.08yrs	US\$14.46m	0.036% \$ 10.5m
 Stephen Oblak	Chief Commercial Officer	7.5yrs	US\$258.03k	0.14% \$ 39.5m
 Julia Donnelly	Head of Corporate Finance	no data	no data	no data
 Jane Gelfand	Head of Investor Relations & Special Projects	no data	no data	no data
 Enrique Colbert	General Counsel & Secretary	no data	no data	no data
 Bob Sherwin	Chief Marketing Officer	0.25yr	no data	no data
 Kate Gulliver	Chief People Officer	no data	no data	no data
 Allan Lyall	Chief Global Supply Chain Officer	1.92yrs	no data	no data

4.8yrs










Average Tenure

48yo

Average Age

 **Experienced Management:** W's management team is considered experienced (4.8 years average tenure).

8.4 | Board Members


Name	Position	Tenure	Compensation	Ownership
 Niraj Shah	Co-Founder	19.67yrs	US\$83.27k	12.81% \$ 3.7b
 Steven Conine	Co-Founder & Co-Chairman	no data	US\$83.27k	12.81% \$ 3.7b
 Michael Choe	Independent Director	1.33yrs	US\$193.03k	0.099% \$ 28.5m
 Michael Kumin	Lead Independent Director	7.67yrs	US\$102.09k	0.29% \$ 83.1m
 Andrea Jung	Independent Director	3.33yrs	US\$103.56k	0.0023% \$ 666.9k
 Jeffrey Naylor	Independent Director	3.67yrs	US\$102.09k	0.0082% \$ 2.4m
 Michael Sneed	Independent Director	0.83yr	US\$198.93k	no data
 Anke Schaferkordt	Independent Director	2yrs	US\$99.46k	0.00088% \$ 254.1k
 Jeremy King	Director	0.083yr	no data	no data

2.0yrs

Average Tenure

54yo

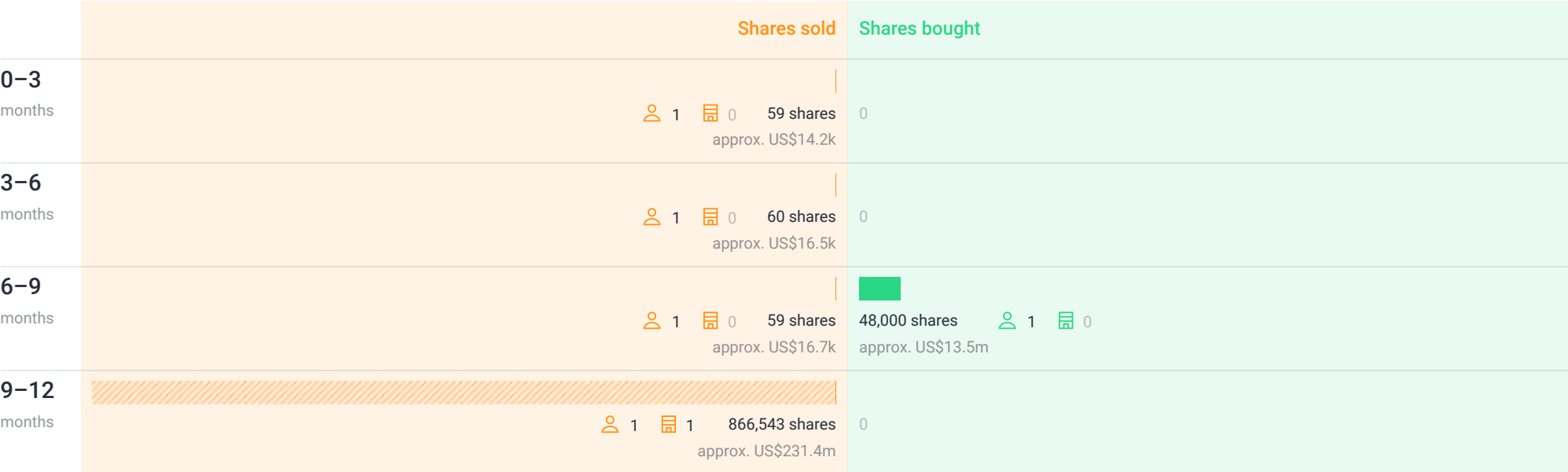
Average Age

 **Experienced Board:** W's board of directors are not considered experienced (2 years average tenure), which suggests a new board.

9 | Ownership

Who are the major shareholders and have insiders been buying or selling?

9.1 | Insider Trading Volume



● Sold By Individuals




● Sold By Companies

● Bought By Individuals

● Bought By Companies

⊗ Insider Buying: W insiders have only sold shares in the past 3 months.

9.2 | Recent Insider Transactions

Date	Value	Name	Entity	Role	Shares	Max Price
02 Aug 21	Sell US\$14,235	Anke Schaferkordt	Individual	 	59	US\$242.20
03 May 21	Sell US\$16,481	Anke Schaferkordt	Individual	 	60	US\$274.69
03 Mar 21	Buy US\$13,607,944	Michael Kumin	Individual	 	48,000	US\$286.83
01 Feb 21	Sell US\$16,681	Anke Schaferkordt	Individual	 	59	US\$282.73
03 Dec 20	Sell US\$58,269	Anke Schaferkordt	Individual	 	243	US\$239.93
12 Oct 20	Sell US\$261,658,533	Spruce House Investment Management LLC	Company		866,300	US\$307.64

NYSE:W Recent Insider Transactions by Companies or Individuals

9.3 | Ownership Breakdown

Private Companies 0.02%

22,857 shares

State or Government 0.02%

27,325 shares


Individual Insiders 24.7%

29,536,295 shares

Institutions 75.2%























89,946,191 shares



 **Dilution of Shares:** Shareholders have been diluted in the past year, with total shares outstanding growing by 8.9%.

9.4 | Top Shareholders

Top 25 shareholders own 95.09% of the company

Ownership	Name	Shares	Current Value	Change %	Portfolio %	
12.81%	Steven Conine  	13,310,048	\$3.7b	0%	no data	
12.81%	Niraj Shah  	13,309,108	\$3.7b	0%	no data	
11.2%	FMR LLC	11,641,629	\$3.2b	0.83%	0.21%	
9.73%	Baillie Gifford & Co.	10,108,486	\$2.8b	18.45%	0.69%	
7.79%	Morgan Stanley Investment Management Inc.	8,094,851	\$2.2b	18.27%	0.89%	
6.13%	The Vanguard Group, Inc.	6,367,524	\$1.8b	0.24%	0.03%	
4.62%	Spruce House Investment Management LLC	4,800,000	\$1.3b	0%	29.56%	
3.89%	Prescott General Partners LLC	4,045,739	\$1.1b	-3.57%	32.91%	
3.5%	BlackRock, Inc.	3,640,823	\$1.0b	-11.98%	0.02%	
2.6%	Vulcan Value Partners LLC	2,704,793	\$751.6m	4.18%	3.57%	
2.43%	Bares Capital Management, Inc.	2,520,622	\$700.4m	-2.6%	12.44%	
1.8%	Thomas Smith	1,872,500	\$520.3m	0%	no data	
1.75%	Whale Rock Capital Management, LLC	1,823,299	\$506.6m	13.37%	3.11%	
1.75%	Janus Henderson Group plc	1,815,893	\$504.6m	5.89%	0.16%	
1.54%	State Street Global Advisors, Inc.	1,604,101	\$445.7m	16.51%	0.01%	
1.39%	JPMorgan Chase & Co, Brokerage and Securities Investments	1,444,392	\$401.4m	31.02%	0.42%	
1.25%	Ruane, Cunniff & Goldfarb LP	1,303,191	\$362.1m	-1.2%	2.72%	
1.19%	J.P. Morgan Asset Management, Inc.	1,237,531	\$343.9m	-9.06%	0.04%	

Ownership	Name	Shares	Current Value	Change %	Portfolio %	
1.08%	T. Rowe Price Group, Inc.	1,119,921	\$311.2m	5.14%	0.02%	
1.07%	Capital Research and Management Company	1,115,293	\$309.9m	54.21%	0.01%	
1.07%	Artisan Partners Limited Partnership	1,110,914	\$308.7m	18.06%	0.21%	
1.02%	HarbourVest Partners, LLC	1,062,126	\$295.1m	0%	24.18%	
0.96%	Goldman Sachs Group, Investment Banking and Securities Investments	992,818	\$275.9m	53.44%	0.16%	
0.85%	Allen Investment Management, LLC	881,038	\$244.8m	-5.37%	3.09%	
0.84%	Geode Capital Management, LLC	872,528	\$242.4m	5.37%	0.03%	

10 | Company Information

Wayfair Inc.'s company bio, employee growth, exchange listings and data sources

10.1 | Key Information



Name: **Wayfair Inc.**

Ticker: **W**

Exchange: **NYSE**

Founded: **2002**

Industry: **Internet and Direct Marketing Retail**

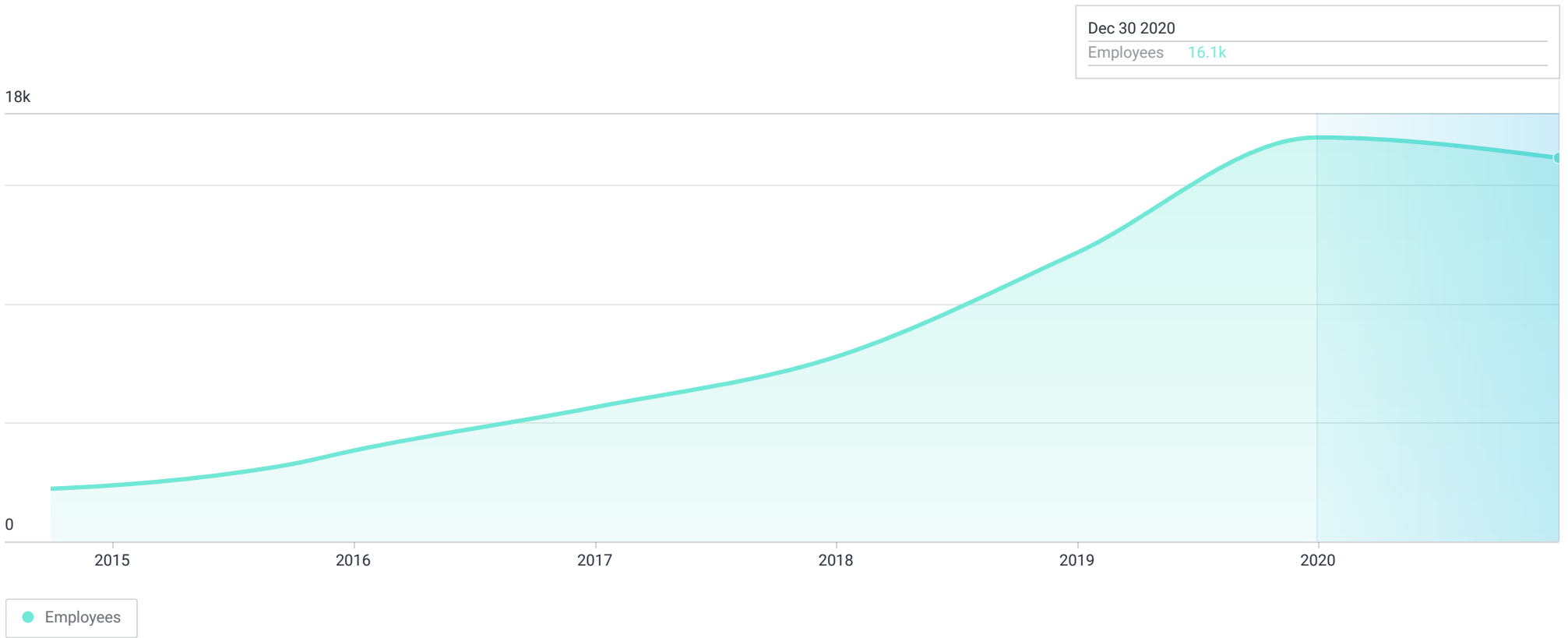
Sector: **Retail**

Market Cap: **US\$28.871b**

Shares outstanding: **103.90m**

Website: <https://www.wayfair.com>

10.2 | Number of Employees



10.3 | Location



Wayfair Inc.
4 Copley Place
7th Floor
Boston
Massachusetts
2116
United States

10.4 | Listings

Ticker	Exchange	Primary Security	Security Type	Country	Currency	Listed on
W	NYSE (New York Stock Exchange)	Yes	Class A Common Stock	US	USD	Oct 2014
1WF	DB (Deutsche Boerse AG)	Yes	Class A Common Stock	DE	EUR	Oct 2014
W *	BMV (Bolsa Mexicana de Valores)	Yes	Class A Common Stock	MX	MXN	Oct 2014
0A4A	LSE (London Stock Exchange)	Yes	Class A Common Stock	GB	USD	Oct 2014
W2YF34	BOVESPA (Bolsa de Valores de Sao Paulo)		BDR EACH 35 REPR 1 COM USD0.001 A	BR	BRL	Aug 2021

10.5 | Biography

Wayfair Inc. engages in the e-commerce business in the United States and internationally. It provides approximately twenty-two million products for the home sector under various brands. The company offers online selections of furniture, décor, housewares, and home improvement products through its sites, including Wayfair, Joss & Main, AllModern, Birch Lane, and Perigold brands.

Wayfair Inc. was founded in 2002 and is headquartered in Boston, Massachusetts.

10.6 | Company Analysis and Financial Data Status

Data	Last Updated (UTC time)
Company Analysis	2021/09/16 22:54
End of Day Share Price	2021/09/16 00:00
Earnings	2021/06/30
Annual Earnings	2020/12/31

All financial data provided by Standard & Poor's Capital IQ.