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Answear: buy (reiterated)

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Return to Profitable Growth

Answear dedicated its 2024 efforts to strategic transformation, with a focus on repositioning toward premium brands. The Group increased marketing investment – both in performance and brand campaigns – which initially weighed on earnings due to a sharp rise in marketing costs relative to sales. However, at this stage Answear is already beginning to reap the benefits of this shift as marketing expenses normalize, gross margins improve, and logistics capacity expands.

Following strong 2025 Q1 results, given a solid outlook for Q2, we are increasingly confident in Answear's strategy to prioritize margin recovery in 2025 even at the expense of slower top-line growth. We now expect EBITDA in 2025 to more than double, followed by growth exceeding 20% in 2026. Current earnings momentum should support the stock price. We forecast EBITDA in Q2'25 will come in at approximately PLN 15m (vs. a loss in Q2'24), followed by PLN 13m in Q3'25 (vs PLN 2m in Q3'24).

Key risks include intensifying market competition, evolution of European consumer discretionary spending, and Answear's reliance on the online channel. Potential upside stems from a Ukraine-Russia ceasefire which could boost consumer confidence and drive higher sales as Ukraine currently accounts for roughly 25% of Answear's revenue.

With MCI's stake in Answear falling below 5%, the risk of share overhang is diminishing, especially as the lock-up period is set to expire in March 2026.

Answear is currently trading at a 16% discount to peers on P/E 2026E which we view as unjustified given an expected EBITDA CAGR of over 20% in 2025-27, compared to 16% expected of the peer group.

We raise our target price for ANR to PLN 37.00 with a reiterated 'Buy' rating.

Current Price*	28.75 PLN	**Upside**
12M Target Price	37.00 PLN	+28.7%

* Price as of August 22, 2025, 5:00 PM

	rating	target price	issued
new	**buy**	**37.00 PLN**	**2025-08-25**
old	buy	29.00 PLN	2024-12-02

Key Metrics			ANR PW	vs. WIG
Ticker	ANR PW	1M Price Chng	-1.5%	-0.6%
ISIN	PLANSWR00019	YTD Price Chng	+7.1%	-28.2%
Outst. Stock (m)	19.1	ADTV 1M		0.4 mln PLN
MC (PLN m)	549.3	ADTV 6M		0.4 mln PLN
EV (PLN m)	783.4	EV/EBITDA 12M fwd	8.7	-20.8%
Free Float	37.4%	EV/EBITDA 5Y avg	10.9	discount

Earnings Projections

(PLN m)	2023	2024	2025E	2026E	2027E
Revenue	1,260	1,509	1,765	2,025	2,324
EBITDA	56	34	80	98	120
EBITDA margin	4.5%	2.3%	4.5%	4.9%	5.2%
EBIT	40	12	56	73	93
Net income	20	-10	28	40	56
P/E	27.0	-	19.9	13.8	10.0
P/B	2.3	2.4	2.2	1.9	1.6
EV/EBITDA	13.1	22.0	9.8	8.1	6.7
DPS	0.00	0.85	0.00	0.00	0.00
DYield	0.0%	3.0%	0.0%	0.0%	0.0%

Forecast Update (% change)	2025E	2026E	2027E
Revenue	-5.0%	-8.8%	-11.5%
EBITDA	+26.5%	+13.9%	+9.8%
EBIT	+48.8%	+23.0%	+15.4%
Net income	+79.8%	+31.1%	+27.7%

List of abbreviations and ratios used by mBank:
EV (Enterprise Value) – Equity Value + Net Debt; **EBIT** – Earnings Before Interest and Taxes; **EBITDA** – EBIT + Depreciation & Amortisation; **Net Debt** – Borrowings + Debt Securities + Interest-Bearing Loans - Cash and Cash Equivalents; **P/E** (Price/Earnings) – Price Per Share Divided by Earnings Per Share; **P/CE** (Price to Cash Earnings) – Price Per Share Divided by Earnings + Depreciation & Amortisation; **P/B** (Price to Book Value) – Price Per Share Divided by Book Value Per Share; **P/CF** (Price to Cash Flow) – Price Divided by Cash Flow from Operations; **ROE** (Return on Equity) – Earnings Divided by Shareholders' Equity; **ROCE** (Return on Capital Employed) – EBIT x (Average Assets - Current Liabilities); **ROIC** (Return on Invested Capital) – EBIT x (1-Tax Rate) / (Average Equity + Minority Interest + Net Debt); **FCFF** (Free Cash Flow to Firm) – Cash Flow from Operations - CAPEX - Lease Payments; **FCFE** (Free Cash Flow to Equity) – Free Cash Flow to Firm - Net Interest Expense (incl. Debt + Leases); **EBITDA margin** – EBITDA/Sales

OVERWEIGHT (OW) – a rating which indicates that we expect a stock to outperform the broad market
NEUTRAL (N) – a rating which indicates that we expect the stock to perform in line with the broad market
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mBank issued the following recommendations for Answear in the 12 months prior to this publication:
Answear (Janusz Pięta)

Rating	buy	buy
Rating date	2024-12-02	2024-09-02
Target price (PLN)	29.00	32.00
Price on rating day	24.45	22.35

Comparable Companies Used In Relative Valuation Models:

Answear	Alibaba Group, Amazon.com, Asos, Boohoo, Ebay, Global Fashion Group, Lojas Americanas, Overstock.com, Via Varejo, Zalando, Zozo

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