

Naked Wines Plc

13:01 19 Nov 2020

Naked Wines raises sales guidance after strong first half

Naked Wines Plc (LON:WINE) has said it is upgrading its sales forecasts after a stellar first half in which revenues were up by 80%.

The online retailer is raising its 'central case' growth assumptions to 55%-65% for the 12 months to the end of next March.

"The positive trading momentum has been sustained into the start of the second half of the year, although we are mindful of significant levels of political and economic uncertainty," the company said in the outlook statement with its half-year results.

First-half revenues were £157m with the repeat contribution growing by 89% to £36.2m. The repeat customer profit margin increased by 3.5 percentage points to 29%.

"Naked believes that the new customer cohort acquired in the period is of a higher quality than in the past, showing higher retention and early purchasing than equivalent cohorts in prior years, partly because of the channel shift to online under COVID-19," said City broker Liberum.

Naked, now the largest direct-to-consumer wine business in the US, said it made a 'material investment' in new customers, which more than doubled to £22.7m.

This meant it posted a modest loss of £3.2m at the underlying, or EBIT level, which nevertheless represented a £1.3m year-on-year improvement.

The more relevant benchmark for a company such as Naked, which is in a significant growth phase, is the cash position, which strengthened by £21.6m to £76.3m.

Operationally, the firm said it scaled quickly to meet increasing demand with warehouse floorspace doubling and its customer service capacity up by 80%.

Naked's base of subscribers, called Angels, rose to 757,000, up 37% year on year.

"Naked Wines is a bigger, better business than it was twelve months ago," said chief executive Nick Devlin in the statement.

"The last six months have been a critical period in the development of the company. We have delivered exceptional growth and a permanent step change in scale and efficiency for the organisation. We have a business today that is not only larger but structurally improved and ideally positioned to deliver sustained growth in the coming years," he added.

The shares marked time around £5 each. Liberum lifted its price target for the stock to £5.75 from 495p. The broker

Price: 689

Market Cap: £504.08 m

1 Year Share Price Graph



Share Information

Code: WINE

Listing: AIM

52 week High Low
 692 193.8

Sector: Retail

Website: www.nakedwinesplc.co.uk

Company Synopsis:

We set up Naked Wines because we believe that the wine industry could be so much better. The two important people - the wine drinker and the winemaker - could be getting a better deal. So we decided to do something about it. The model we came up with turned out to be ahead of its time... crowdfunding.

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continues to rate Naked a 'buy'.

---adds share price and broker comment---

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