

Initiated 2026-09-29 · Price \$121.89 (as of 2026-09-29 close, stockanalysis.com) · Mkt cap \$3.69bn · Consumer discretionary / specialty apparel & footwear retail · Model: verified

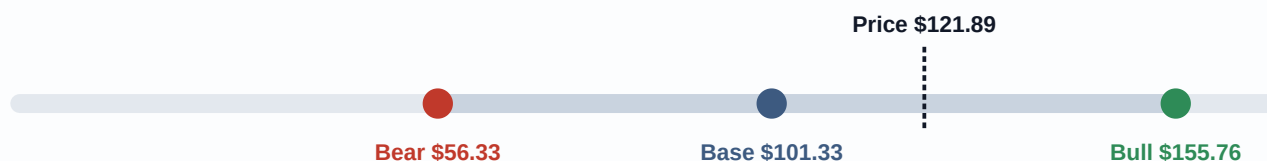
Rating: Hold — Conviction: Medium

Boot Barn is a debt-free grower that opens stores on under-two-year paybacks and guides FY2027 sales up 14–16%. After a 28% fall in a year, it trades at 9.5x lease-excluded EBITDA and 13.6x forward earnings. That is cheap for the growth, but the growth rests on a western-fashion cycle that broke in FY2024. Comps have slowed from +4.7% in Q1 to about +2% since July, and one-off tariff refunds flatter this year's margin. The price sits between a normal-slowdown base case and a cycle-holds bull case: Hold, not Sell.

Conviction tests (3a-v-c): T1 pass (Hold at both +1pp and -1pp; exit-method value \$124.01 / \$134.24) · T2 fail (Gordon alone -40% reads Sell; exit multiple alone +6% reads Hold) · T3 pass · T4 pass

The Base midpoint of -16.9% argues Sell on its face. I keep Hold because the gap comes from the Gordon method, which at a 13.7% CAPM rate values a net-cash retailer growing ~9% at about 4.5x year-five EBITDA, below every listed peer. The exit-multiple method (a 5% de-rating) sits 6% above the price.

MODEL VALUE RANGE VS PRICE



Business overview

Boot Barn sells western and work boots, apparel and accessories through 566 stores in 49 states (2026-06-27) and through e-commerce, including the Sheplers site. Customers range from ranch and oilfield workers to fashion-driven western buyers. Exclusive brands (Cody James, Shyanne, Hawx, Idyllwind and others) made up 40.8% of FY2026 sales, up 220bp, and management targets 50% over time. FY2026 revenue was \$2.25bn (+17.9%), with same-store sales up 7.2% and 80 store openings. Earnings turn on new stores (70 planned for FY2027 on 539, averaging \$3.2mm first-year sales), same-store sales (guided +2% to +4%) and merchandise margin (~50.9% in FY2026, guided ~52.2% including a \$17.8mm tariff refund).

Competition

Boot Barn is the only listed national western-wear chain; it competes with farm-and-ranch retailers, regional chains such as Cavender's (private; no data retrieved) and vendor brands selling direct. Tractor Supply overlaps most on work boots and apparel, and it is losing traffic. Its Q2 2026 comparable sales fell 1.5%, with transactions down 1.7% (quarter to ~2026-06-27, per a search summary of its release). Boot Barn's Q1 same-store sales rose 4.7% over nearly the same weeks. Pressure would show first in retail-store comps (-1.2% in July) and then in markdowns. The closest listed comparables trade at 6.7x–11.9x lease-inclusive EBITDA: Tractor Supply at 11.9x (down 44% in a year), Buckle at 7.5x and Academy at 6.7x. Boot Barn is at 11.2x on the same basis. On trade: the Supreme Court struck down the IEEPA tariffs on 2026-02-20 and the Section 122 replacement lapsed on 2026-07-24, so the refunds are one-off, not a lasting cost edge.

Bull case

- 1. **Store runway** — 539 stores against a 1,200 target; 70+ openings a year at under-two-year paybacks compound revenue at double digits without borrowing. Plays out if new stores keep reaching ~\$3.2mm in first-year sales and comps hold at +4–5%, as in FY2026. *Model: rev_growth*
- 2. **Exclusive-brand margin** — moving exclusive-brand penetration from 40.8% toward 50% lifts GAAP EBITDA margin from 16.8% toward 19%. Plays out if the brands keep gaining share without discounting. *Model: ebitda_margin*
- 3. **The de-rating reverses** — 9.5x EBITDA and 13.6x forward EPS price a mature retailer. Plays out if comps re-accelerate and a growth premium returns (Tractor Supply: 11.9x). *Model: exit_ev_ebitda*

Bear case

- 1. **The western cycle turns** — in FY2024 revenue grew only 0.6% and operating income fell 14.5% after the post-2021 western boom faded. July's flat comp and roughly +2% since then fit an early version of that pattern. Plays out if FY2028 comps run –4% to –5% and openings are cut. *Model: rev_growth, ebitda_margin, exit_ev_ebitda*
- 2. **Inventory and margin** — inventory of \$844.6mm is 94% of current assets, and operating NWC is 26% of sales. Negative comps would leave inventory to be marked down, and FY2027 margin includes a refund that won't recur. Plays out if inventory per store outgrows comps for two quarters. *Model: ebitda_margin, nwc_pct_rev*
- 3. **High beta at a 5% risk-free rate** — with an own beta of 1.70 and the 10Y at 5.21%, CAPM gives a 13.7% cost of equity, which holds the value of distant growth down. Plays out if the 10Y stays above 5%. *Model: wacc*

Valuation & balance sheet

Metric (definition)	Current	Own history (range or 5y avg)	Peers	Source, as-of
EV/EBITDA (model basis: mkt cap – cash, no debt; GAAP EBITDA, leases excluded)	9.5x FY2026	n/a (unverified)	TSCO 11.9x · BKE 7.5x · ASO 6.7x (trailing, lease-inclusive, aggregator)	Model; stockanalysis 2026-09-29
EV/EBITDA (aggregator, trailing, lease-inclusive)	11.2x	n/a (unverified)	same as above	stockanalysis 2026-09-29
Forward P/E (consensus)	13.6x	n/a (unverified)	TSCO 16.3x · BKE 10.6x · ASO 7.0x	stockanalysis 2026-09-29
FCF yield (FY2026 OCF – capex / mkt cap)	3.4% (\$126.3mm)	FY2024 3.2%, FY2025 –0.02% of today's cap (OCF \$147.5mm vs capex \$148.3mm)	BKE 8.9% · ASO 11.1% · TSCO 1.8% (TTM)	EDGAR; stockanalysis 2026-09-29

Model-implied value range (from `model-summary.json` ; generic module, Gordon-growth DCF and exit-EV/EBITDA DCF, midpoints): Bear \$56.33 · Base \$101.33 · Bull \$155.76 per share, i.e. implied returns of –53.8% / –16.9% / +27.8% vs \$121.89. *These ranges show how the bull and bear drivers translate into value; they are not price targets.* The price sits between Base and Bull, closer to Base: a slowdown is priced, a cycle break is not. The Base exit multiple of 9.0x is a ~5% de-rating from today's 9.5x. The two methods differ widely (Gordon \$73.66, exit \$129.00): at 13.7% and 3.5% terminal growth, Gordon implies ~4.5x (est.) year-five EBITDA, a ~53% de-rating that I treat as the conservative edge of the range, not its centre. Single-category tail sensitivity: FY2027 +11%, then revenue –5%, –2%, +2% and +3%; EBITDA margin 16.5% falling to 12.5%; capex 4%; NWC 30%; a 5.5x exit; a 15.7% WACC. The bear midpoint falls to \$40.62.

Balance sheet: not meaningful (net cash). Cash \$139.3mm and no revolver borrowings at 2026-06-27; net leverage –0.37x FY2026 EBITDA. Operating lease liabilities of \$773.5mm (FY2026 year end) are excluded from EV because EBITDA is after rent. Buybacks: \$75mm of a \$200mm authorisation used. No ratings.

Model note: verified: LibreOffice recalculation matched all 3,206 formula cells. Unverified inputs: none. Assumptions without basis: none. No scenario CHECKS. Base Y1 EPS of \$9.01 sits at the midpoint of the \$8.80–\$9.23 guide. The guide includes a \$0.46 tariff refund, which is 0.4% of the market cap and non-recurring; Base removes it from FY2028 margin. FY2027 capex follows the \$125–130mm guide (~4.9%

of sales) despite Q1's \$51.1mm, then reverts toward 6%. FY2024 NWC was not retrieved. FY2026 same-store and exclusive-brand figures come from search summaries of the Q4 release and call.

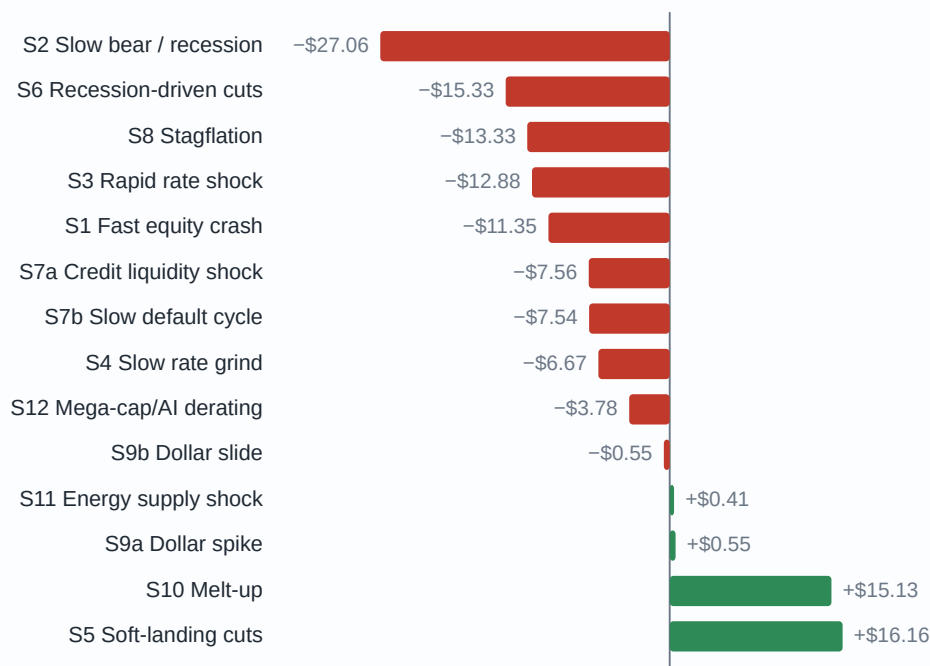
Scenario stress test

Reasoned from the bull/bear drivers above. The model column comes from the scenario overlays (Base case + shock).

Scenario	Effect	Mechanism	Magnitude	Model Δ value vs Base (\$/sh)
S1 Fast equity crash	–	1.70 beta and 10.8% short interest; multiple de-risks, no operating channel	Med	–\$11.35
S2 Slow bear / recession	–	Discretionary boots and apparel: negative comps, markdowns, occupancy deleverage. Milder than the bear case because it is a two-year dip, not a permanent margin reset	High	–\$27.06
S3 Rapid rate shock	–	No debt; value re-prices on the discount rate and the multiple	Med	–\$12.88
S4 Slow rate grind	–	Same channel, grinding	Low	–\$6.67
S5 Soft-landing cuts	+	Lower discount rate plus consumer relief	Med	+\$16.16
S6 Recession-driven cuts	–	Traffic loss and markdowns outweigh lower rates	Med	–\$15.33
S7a Credit liquidity shock	–	Self-funded, undrawn revolver; forced selling hits high-beta equities	Low	–\$7.56
S7b Slow default cycle	–	Work-wear customers in oilfield, construction and ag lose hours	Low	–\$7.54
S8 Stagflation	–	Import and wage costs rise while a squeezed consumer resists price	Med	–\$13.33
S9a Dollar spike	+	Imported exclusive-brand product gets cheaper; all sales are US	Low	+\$0.55
S9b Dollar slide	–	Mirror: import costs rise	Low	–\$0.55
S10 Melt-up	+	Heavily shorted high-beta name at a one-year low: covering and re-rating	Med	+\$15.13
S11 Energy supply shock	±	Oilfield work-wear demand rises; freight and consumer gasoline costs offset	Low	+\$0.41
S12 Mega-cap/AI derating	–	Not AI-linked; modest growth-multiple spillover	Low	–\$3.78

Currently active/on watch per the playbook: S3 partially active (price leg met); S8, S10 and S11 on watch. S3 is the live row. With no debt it acts only through the discount rate and multiple, which at a 1.70 beta is not small.

MODEL VALUE CHANGE VS BASE, BY SCENARIO



What would change the call

Upgrades if: Q2 and holiday comps reach +4% or better with positive retail-store comps and inventory per store growing slower than comps, pointing to the bull path. **Downgrades if:** retail-store comps are negative for a full quarter, inventory per same store outgrows comps, or FY2028 openings are cut below ~60: the FY2024-style turn.

Watch items

- **W1:** Q2 FY2027 same-store sales vs the flat to +2% guide, and retail-store comps vs -1% to +1% — Q2 release — ~early Nov 2026 — *Model: rev_growth*
- **W2:** Merchandise margin excluding tariff refunds vs FY2026's ~50.9% — Q2 and Q3 releases — Nov 2026 / Feb 2027 — *Model: ebitda_margin*
- **W3:** Inventory per same store vs comps (+1.2% vs +4.7% at Q1) — Q2 10-Q — Nov 2026 — *Model: nwc_pct_rev*
- **W4:** Holiday-quarter comps and FY2028 opening plan (≥70 stores) — Q3 release / Q4 release — ~Feb 2027 / ~May 2027 — *Model: rev_growth*

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Independent single-name research. Directional characterization, not a price target, execution instruction, or portfolio recommendation.