OFF WALL STREET

Boot Barn Holdings, Inc (BOOT)

DATE: 07/30/2026 | **SECTOR:** Consumer Discretionary | **SETUP:** Competition
MARKET CAP: $4.7B | **SHORT INTEREST:** 9.3% | **ADV:** $112M

Bull case

- Leader of the highly fragmented western wear fashion market.
    - Largest store count, geographic footprint in western wear retail.
    - Wholesale partnerships with leading third-party western wear brands provide “moat”.
- Street is estimating 16% revenue growth in FY27, LDD growth over the next 5 years.
    - LDD growth in store openings, LSD retail SSS, and expanding digital/omnichannel mix.
        - New TAM (updated August 2025) increased targets to $58B and 1,200 stores, up from $40B and 900 stores.
        - Attractive new unit economics (53% year-one cash-on-cash returns, payback period of 1.8 years per BOOT management) allow BOOT to sustainably self fund unit growth.
- EBIT margins to expand to ~15% over the long term (vs. 13.3% in FY26) due to economies of scale, lower discounting, increased mix of private-label sales.
    - Increased sales mix of BOOT's exclusive brands (EB) has driven 170bp of BOOT’s 700bp in total merchandise margin expansion over past 6 years.
    - Management targeting 50% EB sales mix over the long term vs. 40.8% today.

Short thesis

- Booming western fashion demand growth may be beginning to mean revert.
    - 1Q27 store SSS declined ~1.2% this July, the first decline in 15 months.
- Competition from DTC western brands, larger apparel retailers could pose a growing challenge to BOOT’s leading position.
    - Tecovas has grown its brand to ~$300M since its founding in 2015.
    - Wholesale partnership “moat” is overstated, no evidence most partnerships are exclusive, allowing larger retailers to easily add western wear inventory.
        - Nordstrom/Dillard's partnering with Tecovas.
- BOOT unit growth increasingly focused on non-traditional western wear regions, driving deterioration in new unit economics.
    - First-year net sales of ~$3.1M over LTM have underperformed $3.2M target.
    - ~70% of new stores have opened outside the southern region since June 2025.

- BOOT margins appear to be under increasing strain from ramping of less productive new stores and stalling exclusive brand penetration
    - Management guidance requires SSS growth of 10% in FY27 to offset higher occupancy costs from ramping new stores.
    - Merchandise margin expansion from mix shift to private-label brands appears to be stalling.
        - Former VP of BOOT's exclusive brands saw private label penetration as likely to peak at 40-42%, admitted to challenges in switching customers from heritage brands.
    - On its recent 1Q27 earnings call, full-year guidance on EB penetration is flat to slightly down, CEO stopped suggesting LT upside above 50% penetration.

Risks

- Persistent strength in western wear fashion trend.
- Ability to sustainably self fund ongoing unit growth.
