

BUSINESS & FINANCE

Chewy Projects Improved Margins

Shares soar as the pet-supplies retailer forecasts 2026 sales above analyst views

By CONNOR HART

Chewy expects to grow sales and expand margins again this year, fueled by strong demand and cost-savings efforts that are starting to bear fruit.

The pet-supplies retailer operates in a uniquely attractive industry, where spending is driven by emotional attachments and recurring nondiscre-

tionary needs, Chief Executive Sumit Singh said on a call with analysts Wednesday.

Dynamics across the pet-supplies industry this year are expected to largely mirror last year, in which Chewy grew sales, expanded margins and scooped up market share.

The stock rose 13.6% on Wednesday. Despite the gain, shares have lost nearly one-fifth of their value over the

past year. Chewy said it expects to improve profitability again in 2026, as the company continues to ramp up operations at its next-generation fulfillment center in Houston and unlock more cost savings from artificial intelligence, Singh said.

The company for the past several quarters has built out the foundation needed to deploy AI at scale across the busi-

ness. Now that the foundation is in place, Chewy is embedding the technology across its operations, notably in its service and operations layer as well as its supply chain and fulfillment network.

AI has streamlined workflows and improved productivity, and the technology will soon translate into a measurable financial effect, Singh said.

For 2026, Chewy forecast sales of \$13.6 billion to \$13.75 billion. That is ahead of the \$13.58 billion that analysts polled by FactSet had been expecting going into the earnings release.

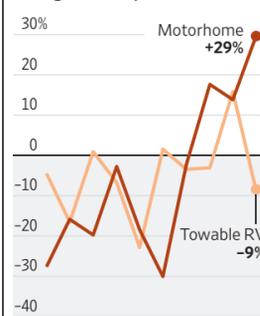
The company guided for ad-

justed per-share earnings of 40 cents to 45 cents on sales of \$3.33 billion to \$3.36 billion for the current quarter. Analysts were looking for adjusted earnings of 41 cents a share on sales of \$3.36 billion.

For its quarter ended Feb. 1, the company posted a profit of \$39.2 million, or 9 cents a share, up from \$22.8 million, or 5 cents a share, in last year's comparable period. Adjusted earnings of 27 cents a share just missed analyst forecasts for 28 cents a share.

Sales ticked 0.5% higher to \$3.26 billion, also just below Wall Street models for \$3.27 billion.

Winnebago segment revenue, change from a year earlier



Note: Latest fiscal quarter ended Feb. 28
Sources: S&P Capital IQ; the company

Winnebago Price Hikes Offset Sales Volume Fall

By NICHOLAS G. MILLER

Winnebago reported higher second-quarter revenue as price increases helped to offset lower sales volume, but warned that recent macro events could influence consumer sentiment and demand.

The RV company posted net income of \$4.8 million, or 17 cents a share, compared with a loss of \$400,000, or 2 cents a share, the year prior. Adjusted earnings were 27 cents a share. Analysts polled by FactSet expected 24 cents a share.

Net revenues rose 6% to \$657.4 million, driven by price increases and product mix, partially offset by lower unit sales volume. Wall Street had expected \$627.2 million. Motor-home net revenues rose 29% to \$304.7 million, while towable-RV revenues fell 9% to \$262.4 million.

The company reiterated its fiscal 2026 guidance for net revenues of \$2.8 billion to \$3 billion, and adjusted earnings per share of \$2.10 to \$2.80. Wall Street sees fiscal 2026 sales of \$2.92 billion and adjusted earnings of \$2.46 a share.

As Labubu Mania Wanes, Stock Sinks

By SHERRY QIN

Pop Mart posted blockbuster earnings off the global Labubu craze, but that didn't stop investors from dumping its stock, with some booking profit as they wonder if the Chinese toy maker's success is just a fad.

The Beijing-based company captured the hearts—and wallets—of global consumers with its ugly-cute Labubu dolls, part of a range of collectibles sold in “blind boxes” that conceal the contents from buyers, making each purchase a surprise.

Many had doubts on the logic of Pop Mart's share price catapulting above that of heavyweights like Alibaba's on the back of a trend. But the company's profit quadrupled last year. Revenue nearly tripled.

In a year marked by weak consumption in Pop Mart's home market of China and tariff turmoil across the world, the toy company posted net profit of 12.78 billion yuan, equivalent to

US\$1.85 billion. It made 37.12 billion yuan in revenue.

The question now is if it can keep churning out hits.

Pop Mart relies heavily on the Monsters collection, which includes Labubus and contributed 38% of total revenue last year. Fading Labubu mania underlines why the company is making efforts to branch out. The once-impossible-to-get doll is now easily available, no longer selling for double the retail price on secondary markets.

As the initial hype wanes, the bar for customer repurchases is rising, Deutsche Bank analyst Sammi Xu said in a note.

So far, Pop Mart has managed to keep fans' attention with new rollouts like Mini Labubus and other characters, such as Skullpanda and Twinkle Twinkle.

But skeptical investors want evidence that Pop Mart is monetizing its intellectual property in a Disney-esque way, creating a reliable pipeline of profits from a diversi-



The ugly-cute dolls were strong earners last year, but maker Pop Mart's stock fell 22.5%.

fied IP portfolio.

They were also disappointed by the dividend pullback, Morningstar analyst Jeff Zhang said.

The toy maker's shares ended 22.5% lower in Hong Kong on Wednesday after the results, which showed that its dividend payout ratio dropped to 25% in 2025 from 35% in 2024.

The stock slump wiped out year-to-date gains, putting it at more palatable levels after it rallied 109% in 2025 and a staggering 343% in 2024.

Pop Mart has stressed that

it is on the hunt for its next blockbuster product.

It has had some success with the “Crush on You” plush collection under the Twinkle Twinkle line and the Pucky “Tap Tap Babies” series in January.

It has also doubled down on its theme park, expanding the scope of proceeds originally planned for strategic investments to include the park and showcase events.

There are new plans for Labubu too: Pop Mart is teaming up with Sony Pictures to bring the doll to the big

screen, and Chief Operating Officer Si De said during an earnings call that Labubu 4.0 will hit store shelves in the second half.

Management announced a foray into home appliances as well, with plans to launch its first products next month.

Analysts may also take some comfort from Pop Mart's capital-spending plans.

The company said it would redirect the remaining proceeds from its Hong Kong offering to expand overseas rather than acquire more intellectual property.

Who's Who of Distinguished Leaders



Distinguished Leaders

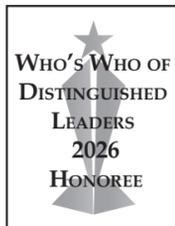
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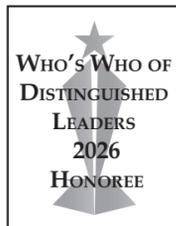
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