

Shein's shrinking profits add to mounting challenges

Article



The news: Shein's profits fell nearly 40% YoY in 2024 to roughly \$1 billion, the Financial Times reported, even before de minimis rule changes and higher US tariffs took effect. That's a major worry for the retailer as it prepares for its [long-awaited IPO](#).

Falling back to earth: Shein's growth slowed sharply in 2024: Sales rose 19% YoY to \$38 billion, a considerable deceleration from the 40% and 37% increases it had in 2023 and 2022,

respectively. Those sales were also well below the company's internal goal of \$45 billion, set in early 2023 when Shein's prospects were considerably brighter.

IPO at a standstill: Shein's disappointing performance further imperils its pending IPO, which is no closer to moving forward as UK lawmakers probe its labor practices and investors question its valuation.

- Shein is under pressure to slash its valuation to \$30 billion, down from a peak of \$100 billion in 2022.
- While CEO **Donald Tang** has assured investors that "growth remains strong" and the company is well-equipped to weather the de minimis overhaul, there is no question that its future looks increasingly uncertain.
- Shein is losing share to Temu and TikTok Shop and facing a number of government investigations into its labor and selling practices.

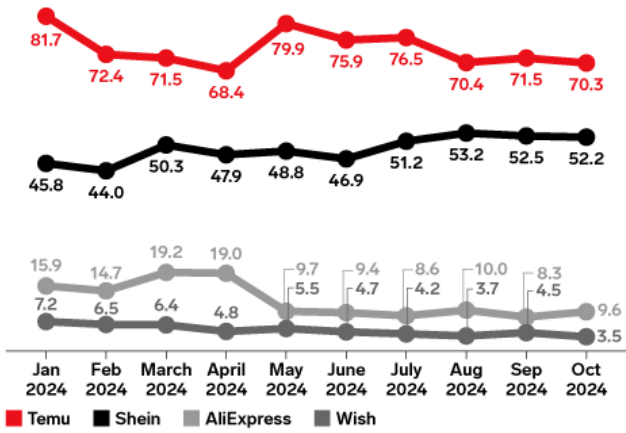
While Shein is angling to go public as soon as April, that could now be pushed into the second half of the year—which would force the company to refile with the UK authorities, lengthening an already protracted process.

Our take: Shein is in trouble. The loss of the de minimis loophole will push Shein's already razor-thin profits to the breaking point, despite the marketplace's attempts to minimize the impact by investing in local warehouses and fulfillment networks and incentivizing suppliers to shift production outside of China.

Without the price advantage generated by duty-free imports, it will be much harder for Shein to stand out among fashion retailers.

US Unique Visitors to AliExpress, Temu, Shein, Wish, Jan 2024-Oct 2024

millions



Note: includes desktop 2+ and mobile 18+
 Source: Comscore Media Metrix Multi-Platform, "Total Digital Population - AliExpress, Temu, Shein, Wish, Jan-Aug 2024, U.S.," Dec 4, 2024

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