

Boohoo share price collapse forces £175m bonus plan rethink

Boohoo has been forced to rethink its bonus plan after a “unique and unprecedented set of macro-economic and market headwinds experienced over the last three years”.

The Manchester-headquartered group said there is now “little or no value” in the existing Growth Share Plan or the current Management Incentive Plan after its market capitalisation “significantly decreased”.

As a result, it added they “no longer operate as an effective incentive mechanism for this critical population who are responsible for driving business performance and delivering boohoo’s strategic objectives”.

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Boohoo’s market capitalisation stands at £591.67m after its shares closed at 46.65p each on Tuesday, February 15.

That is a rise of more than 33% so far this year but from a historic low of 33.89p reached on December 28, 2022.

Under the new plan, a total of £175m would be handed out over a period of time if Boohoo’s market capitalisation reaches £5bn.

That would mean its share price would stand at £3.95, a 747% increase on the last closing price.

Boohoo’s share price has never been higher than the £4.12 it achieved in June 2020.



John Lyttle, CEO of Boohoo group plc
(Image: Manchester Evening News)

The plan would also net group chief executive John Lyttle a maximum bonus of £50m, a £25m pay out for chief financial officer Shaun McCabe, £20m to co-founder Carol Kane and £12.5m to Samir Kamani, the CEO of Boohoo and BoohooMAN.

In May 2022, [BusinessLive reported](#) that Mr Lyttle could receive a bonus worth 200% of his £652,000 salary if he meets a number of targets over the next three years.

At the time, the group unveiled a new long-term incentive plan (LTIP) in its annual report which would see the CEO benefit if various targets such as revenue, earnings growth and ESG markers are achieved.

Mr Lyttle would also gain £50m if the company's stock market capitalisation increased to £5.6bn by 2024.



Boohoo is headquartered in Manchester
(Image: Boohoo)

Executive chairman and co-founder Mahmud Kamani said: “I wholeheartedly endorse the Remuneration Committee’s proposed Growth Plan, designed to rebuild very substantial shareholder value within the next five years.

“While these are extremely ambitious targets in a changed world, in my view as executive chairman and the company’s largest shareholder it’s absolutely the right thing to do to align the interests of the management team and all of our hardworking colleagues with those of all of our shareholders.”

Iain McDonald, chairman of the Remuneration Committee, added: “The Boohoo group has an outstanding executive team whose ongoing retention is crucial, particularly in an era where the recruitment of such quality is more competitive than ever before.

“This plan facilitates retention and resolutely aligns our

executives' interests with those of shareholders. In designing the plan, we recognised it needed to go deeper into the business than prior schemes while leaving headroom to attract the world-class talent that is essential to the execution of our strategy and growth ambitions.

“This is why the plan extends beyond the executive to include additional members of the senior leadership and indeed the wider employee population while acting as a powerful recruitment and incentivisation tool for new joiners.

“The company has a proud entrepreneurial heritage, having always encouraged and enabled significant levels of employee share ownership.

“This scheme extends this principle, delivering more accountability and further alignment with our broader shareholder base.”

The new bonus plan [comes after Boohoo revealed](#) a huge drop in sales as extended delivery times and the cost of living crisis continued to bite.

However the group said it would still hit expectations during its financial year despite the massive drop in sales during the last few months of 2022.

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