

10 June 2022

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Shaver Shop Group Limited (SSG)

Retail Trade

BUY

SSG A\$1.07 TARGET PRICE A\$1.23

Shaver Shop Group Ltd (SSG) is an Australian retailer, which engages in selling of personal grooming products through their corporate and online stores and generate income from franchise stores. It retails various products across the oral care, hair care, massage, air treatment, and beauty categories. Shaver Shop Group was founded in 1986 and is headquartered in Chadstone, Australia.

Company Data

Number of shares	131.0M
Market Capitalisation (\$m)	140.2
Free float (%)	67.7
12-month high/low	\$1.255/\$0.965
Average Daily Turnover (\$)	140,961.0
% S&P/ASX200	0.007%
DDM Ranking	160
% All Ordinaries	0.005%
GICS Industry Group	Specialty Stores

Source: FactSet, Barclay Pearce Capital

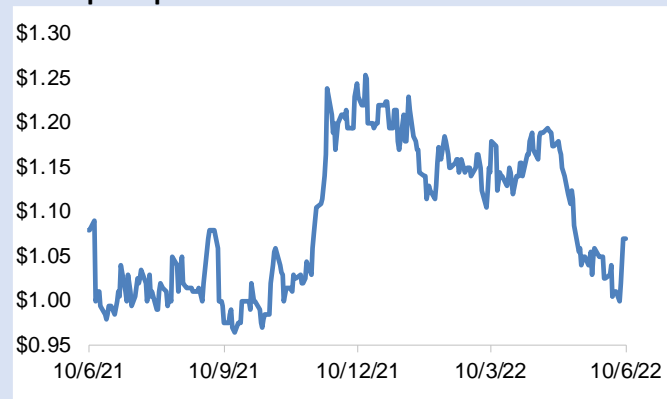
Earnings Summary (AUD)

Year end June	2021A	2022F	2023F	2024F
Revenue (\$M)	213.7	222.3	234.3	247.2
EBITDA (\$M)	40.4	39.8	40.4	44.5
Reported NPAT (\$M)	17.5	16.6	17.0	19.6
Adjusted NPAT (\$M)	17.5	16.6	17.0	19.6
Reported EPS (c)	13.7	12.7	13.0	15.0
Adjusted EPS (c - FD)	13.7	12.7	13.0	15.0
Adjusted EPS growth (%)	41.2	-7.1	2.3	15.0
Adjusted P/E (x)	7.8	8.4	8.2	7.1
Dividend (c/sh)	8.2	8.8	9.5	10.5
Gross yield (%)	10.9	11.7	12.7	14.0
Net yield (%)	7.7	8.2	8.9	9.8
ROIC (%)	23.6	19.9	19.4	21.3

Source: Barclay Pearce Capital

Barclay Pearce Capital contributes all company estimates to Thomson Reuters, FactSet, Nucleus 195 and Capital IQ.

Share price performance



Source: FactSet, Barclay Pearce Capital

FY22 Half Year Business Update

On 9th of June 2022, Shaver Shop Group Limited (SSG) announced a business update for the first five months of H2 FY22, with the following highlights:

Highlights:

- Total sales in H2 FY22 and FY22 YTD increased by 5.7% and 3.9% respectively on the prior corresponding period;
- H2 FY22 gross margin % has remained well above pre-COVID levels and relatively consistent with the elevated H2 FY21 result;
- Hair Cutting category sales have continued to grow;
- Men's Shaver sales have returned to growth;
- Stock availability is increased across the store network to accommodate in-store foot traffic growth and sales growth;
- Customer service metrics remain at exceptional levels.

Earnings Guidance:

- Total sales in FY22 is expected to be in the range of \$221m to \$223m;
- NPAT in FY22 is expected to be in the range of \$16.25m to \$16.75m.

CEO comments:

SSG CEO, Cameron Fox, commented: "Customers are once again coming back to our stores after a disrupted shopping period due to COVID-19 restrictions. Out store teams are doing a fantastic job in delighting these customers as evidenced by our service metrics being at, or near, all-time highs. And while this has led to a moderation in online sales growth in the second half, I am very pleased that we are growing off the exceptional online results of FY202 [...] Shaver Shop is increasingly been seen as the destination of choice for men's and women's grooming and personal care appliances with more than half of our year to date sales, and almost 60% of our gross profit coming from products only available at Shaver Shop."

Earnings changes

SSG has advised that it expects NPAT for FY2022 of \$16.25m to \$16.75m. This compares to market expectations of \$16.6m for FY2022. Hence, we do not expect significant earnings revisions for FY22 or future periods.

Valuation

We are initiating research coverage on SSG with a 12-month price target of \$1.23 and with a BUY recommendation. The price target is underpinned by our valuation.

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Buy – Describes stocks that we expect to provide a total return (price appreciation plus net yield) of 15% or more within a 12-month period.

Hold – Describes stocks that are neither a buy nor underperform.

Underperform – Describes stocks that we expect to provide a total return (price appreciation plus net yield) of less than minus 10% within a 12-month period.

NR – The investment rating and price target have been temporarily suspended. Such suspensions are in compliance with applicable regulations and/or Barclay Pearce Capital policies.

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Barclay Pearce Capital Recommendation Proportions

Buy	37.9%	0.0% of stocks with recommendations are Barclay Pearce clients)
Hold	22.8%	0.0% of stocks with recommendations are Barclay Pearce clients)
Underperform	39.4%	0.0% of stocks with recommendations are Barclay Pearce clients)