



UNIVERSAL STORE HOLDINGS LIMITED

Equity Analysis (22 January 2025)



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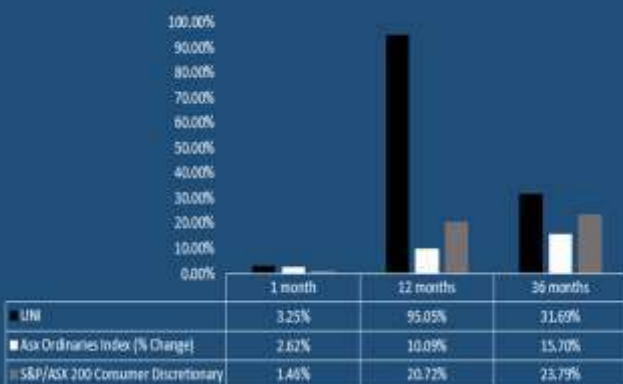
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Introduction

Universal Store Holdings Limited is an Australia-based retailer specializing in premium brand on trend fashion apparel, shoes, accessories and gifting. The Company operates through two segments: Universal Store and CTC. The CTC segment is engaged in the design, wholesaling and retailing casual of youth fashion apparel. Its principal businesses are Universal Store, THRILLS and Perfect Stranger brand as a standalone retail concept.

Recommendation	Speculative Buy	
Risk Profile	High	
Current Market Price (AU\$)	8.270	
52 Week Low-High (AU\$)	3.860 - 8.580	
Market Capitalisation (AU\$)	621.43 million	
Outstanding Shares	76.72 million	
PE (TTM)	18.03	
EPS (AU\$) (TTM)	0.449	
Dividend Yield/Frinking	4.38%/100%	
Ex-Date/Pay-Date	04 Sep 2024/26 Sep 2024	
Enterprise Value (EV)/Sales (LTM)/(FY-1)	2.3x	2.0x
EV/EBITDA (LTM)/(FY-1)	8.2x	7.3x
Price/Book Value (LTM)/(FY-1)	4.1x	-

Performance Chart



Operating Performance



Source: Company Reports, Chart Prepared by Kapitales Research

- Total revenue of the company in FY24 is AU\$288.52 million.
- In FY24, the company's net profit was AU\$34.34 million.
- Cash provided from operating activities was AU\$67.51 million in FY24 compared to AU\$54.52 million in FY23.
- Cash used in investing activities was AU\$10.55 million in FY24 compared to AU\$26.13 million in FY23.
- Cash used in financing activities was AU\$49.13 million in FY24 compared to AU\$45.72 million in FY23.

Balance Sheet Highlights



Source: Company Reports, Chart Prepared by Kapitales Research

Compared to FY23, in FY24:

- Total asset increased to AU\$279.10 million.
- Total liabilities decreased to AU\$126.69 million.
- Total debt decreased to AU\$76.21 million.

Ratio Analysis

Fiscal Years	FY2020	FY2021	FY2022	FY2023	FY2024
Return on Assets (ROA) %	-	12.79%	10.01%	10.74%	10.75%
Return On Equity %	-	27.15%	19.18%	19.01%	23.77%
Return on Total Capital (ROTC) %	-	14.92%	11.74%	12.96%	13.24%
EBITDA Margin %	18.15%	22.74%	17.83%	17.07%	17.97%
Gross Profit Margin %	56.57%	58.75%	58.32%	59.05%	60.14%
Net Income Margin %	8.28%	11.56%	9.89%	8.96%	11.90%
Asset Turnover	-	1	1	1.1	1.1
Days Outstanding Inventory (Avg)	-	65.9	75.2	74.6	88.9
Current Ratio	1.5	1.2	1.5	1.1	1.2
Days Sales Outstanding (Average Receivables)	-	-	-	-	2.2
Days Payable Outstanding (Avg)	-	45.9	42	30.5	30.6
Cash Conversion Cycle (Average Days)	-	-	-	-	60.5

Source: Koyfin, Chart Prepared by Kapitaless Research

Recent Updates

On 30 October 2024, Universal Store Holdings Limited announced that they have reported strong FY25 YTD sales growth, with direct-to-customer sales up 19.3%. Key brands saw notable increases, including Perfect Stranger with 111.1% total sales growth. Store expansion remains on track, with 3 new stores opened and 4 more expected by Christmas. Gross margins are stable, but the cost of doing business has risen due to inflation and investment in team capability. CEO Alice Barbery highlighted strong sales, cost discipline, and a customer-centric focus for future growth.

Outlook

The company's aims to focus on driving innovation, efficiency, and growth. Key initiatives include completing the integration of the new POS system, utilizing advanced analytics for sales, inventory, and customer insights, and enhancing the ERP system for scalability with automation and AI. A unified Business Intelligence platform will streamline data analytics for smarter decisions, while cybersecurity and compliance will remain priorities. Additionally, Green IT initiatives will reduce the carbon footprint, and emerging technologies will be explored to drive sustainable innovation.

Risks

The company has exposure to the following risks-

- Market Competition
- Consumer preference risk
- Operational risk
- Technological Advancements

Technical Analysis



Source: TradingView, Analysis by Kapitales Research

Company Name	Ticker	Sector	CMP (AU\$)	Advisory Date	Rating	Target 1 (AU\$)	Target 2 (AU\$)	Stop Loss (AU\$)
Universal Store Holdings Limited	UNI	Consumer Discretionary	8.270	22 January 2025	Speculative Buy	9.470	10.330	7.230

The stock of specialty retail company UNI settled at AU\$8.270 on 22 January 2025 after an incline of nearly 2.09% from previous day's closing. It is currently trading between its 52-week price levels.

The stock is trading above the significant exponential moving averages (EMA) of 20, 50 and 100 weeks on a weekly time frame, indicating bullishness for the midterm.

Based on these facts, buying can be initiated at the current market price (CMP) level for the potential targets of AU\$9.470 (~14% upside) and AU\$10.330 (~23% upside) in the coming days. Investors can book either full or partial profits at target one and wait for the stock to achieve target two (depending on their risk appetite).

Investors are advised to keep a strict stop loss at or below AU\$7.230 (previous swing support) to protect their investments in case of an unfavourable movement in the stock due to any uncertain event.

Please Note: It would be in the best interest of investors to trail their stop-loss upward if the stock is moving in our favourable direction.

Investment Summary

The company is poised for significant growth, driven by strategic investments in its infrastructure and technology. The ongoing store expansion, alongside a focus on refining the customer experience and optimizing product ranges, positions the company for continued market share gains. The integration of advanced analytics, AI, and automation will enhance operational efficiency and decision-making. Furthermore, the company's commitment to sustainability and cybersecurity ensures long-term resilience. With a strong foundation in place, it offers a compelling opportunity for sustained, future-focused growth.

Considering all the above factors and the current trading level, we recommend a "Speculative Buy" rating on the stock at the current market price of AU\$8.270 as of 22 January 2025 (after-market hours).

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Disclosure: The information mentioned above has been sourced from the company reports and a third-party database, i.e. Koyfin. Investors are advised to use strict stop-loss to protect their investments in case of any unfavorable/uncertain market events.