



Equity Research

H&T Group PLC (HAT:LSE)

Recommendation: BUY

Investment Analysts: Group 15

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Important Details:

Current Price: £285

ISIN: GB00B12RQD06

Bloomberg Ticker: HAT LN Equity

Recommended Purchase Amount:
£2,850

Number of Shares to Purchase: 10 shares

PE Ratio: £8.78

EPS: £0.19

Dividend Amount: £1.25

Dividend Dates: March and August (Semi-annually)

Future Performance:

Recommended Buy Price: £285

Recommended Target Price: £322

Target % Gain: 13%

Holding Target Length: 5 Yrs.

Past Performance:

3M % Return: -4.29%

6M % Return: 12.50%

1Yr % Return: -7.0%

5 Yr % Return: 19.23%

The H&T Group operates in the Financial Services sector. The Group offers pawnbroking services, gold purchasing, retail sales of jewelry and forfeited items from pledge books, personal loans, and other financial services.

The Impact of the Coronavirus (COVID-19) on the U.K. Economy.

The H&T Group has been operating within the U.K. for over 100 years. The company's recent earnings have been impacted by the lockdown restrictions put in place by the U.K. government, as well as the uncertain political landscape.

The 2020 revenue was down by 19% from £160mn to £129mn. This is partly due to the company implementing measures to help customers who were financially affected by these events. The H&T Group puts a heavy emphasis on consumer satisfaction and building customer relationships, which is probably why they have been able to grow the business for over a well over a century.



Source: Bloomberg Figure 1: YTD Share Price Performance relative to FTSE All-Share Index

Investment Case

As lockdown restrictions start to ease, the business is expected to see a sharp increase in the level of its revenue, especially revenue through retail which happens to be the company's second largest income stream. The H&T Group have done exceptionally well to position their business in a way that it has survived multiple generations. They have diversified their service offerings to substantially limit the level of risk exposure. H&T's strategy going forward is to turn towards the digitization of its services.