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Zacks Report Date: December 15, 2025

Sally Beauty (SBH)

$15.50 (Stock Price as of 12/12/2025)

Price Target (6-12 Months): **$16.00**

Long Term: 6-12 Months	**Zacks Recommendation:** (Since: 10/21/25) Prior Recommendation: Outperform	**Neutral**
Short Term: 1-3 Months	**Zacks Rank:** (1-5)	**2-Buy**
	Zacks Style Scores:	VGM: A
	Value: A | Growth: A	Momentum: C

Summary

Sally Beauty's shares outperformed the industry in the past three months. The company continues to advance its strategic priorities, focusing on customer engagement, high-margin owned brands and innovation. The company is undergoing a brand refresh, modernizing its identity and enhancing its digital presence and in-store experience to strengthen position in the beauty industry. The expansion of its marketplace partnerships and loyalty program is driving customer retention and sales growth, while investments in exclusive brands and product innovation support long-term success. The Fuel for Growth program remains key to cost savings and margin expansion through operational efficiencies. Management revised its fiscal 2025 comparable sales outlook to the high end of its earlier issued range and raised its adjusted operating margin view.

Price, Consensus & Surprise[1]

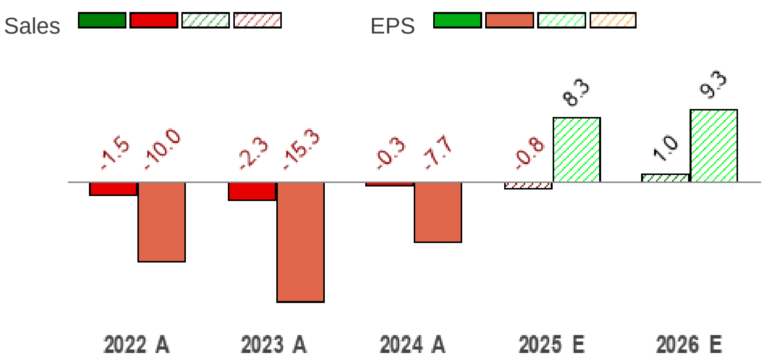
Data Overview

52 Week High-Low	**$17.40 - $7.54**
20 Day Average Volume (sh)	**1,558,125**
Market Cap	**$1.5 B**
YTD Price Change	**48.3%**
Beta	**1.13**
Dividend / Div Yld	**$0.00 / 0.0%**
Industry	**Retail - Miscellaneous**
Zacks Industry Rank	**Top 39% (95 out of 243)**

Last EPS Surprise	**12.2%**
Last Sales Surprise	**1.5%**
EPS F1 Est- 4 week change	**2.7%**
Expected Report Date	**02/12/2026**
Earnings ESP	**0.0%**

P/E TTM	**8.1**
P/E F1	**8.5**
PEG F1	**1.0**
P/S TTM	**0.4**

Sales and EPS Growth Rates (Y/Y %)[1]



Sales Estimates (millions of $)[1]

	Q1	Q2	Q3	Q4	Annual*
2027					
2026	940 E	895 E	942 E		3,724 E
2025	938 A	883 A	933 A	947 A	3,701 A

EPS Estimates[1]

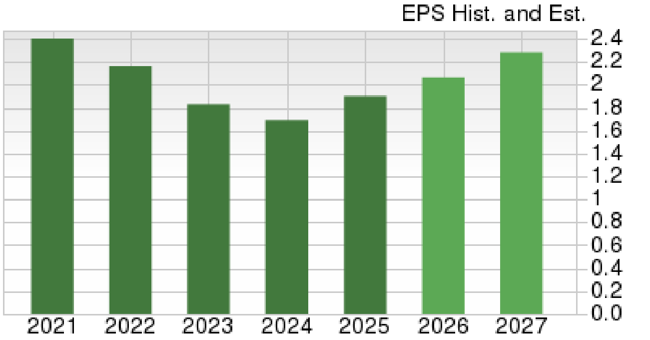
	Q1	Q2	Q3	Q4	Annual*
2027					
2026	0.49 E	0.45 E	0.54 E		2.00 E
2025	0.43 A	0.42 A	0.51 A	0.55 A	1.90 A

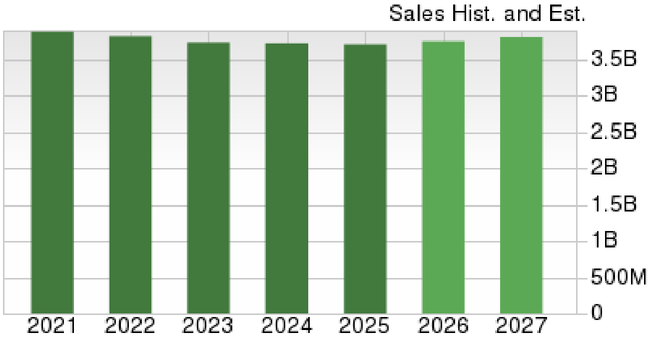
*Quarterly figures may not add up to annual.

(1) The data in the charts and tables, including the Zacks Consensus EPS and sales estimates, is as of 12/12/2025.
(2) The report's text and the price target are as of 10/22/2025.

Overview

Headquartered in Denton, TX, Sally Beauty Holdings, Inc. is an international specialty retailer and distributor of professional beauty supplies. It is amongst one of the largest distributors of beauty products in the United States. Products of the company include hair color and care products, styling tools, skin and nail care products and other beauty items. The company's stores offer a wide selection of beauty products at various price levels. Store personnel also provide beauty insights and solutions. In order to differentiate itself from competitors, Sally Beauty also offers a range of ethnic beauty products. The business distributes and sells professional beauty products through a network of 3,096 stores under the Sally Beauty Supply segment and 1,198 stores under the Beauty Systems Group segment, as of the end of the third quarter of fiscal 2025. This also includes 131 franchised units that have operations throughout the United States and Puerto Rico, the U.K., Chile, Belgium, Canada, Mexico, Spain, Germany, France, Ireland, the Netherlands, and Peru. Sally Beauty stores offer approximately 8,000 products for hair, skin and nails through professional lines.





As of 12/12/2025

The company reports under two operating segments, namely, Sally Beauty Supply ("SBS") and Beauty Systems Group ("BSG"). In the third quarter of fiscal 2025, SBS accounted for 56.4% of the company's revenues and BSG contributed 43.6% to revenues.

The BSG unit provides products mainly to salons and salon professionals. The unit comprises of networks of distributor sales consultants (DSC) providing professional beauty products in North America. These consultants sell products directly to salons and salon professionals. BSG stores offer an extensive range of third party branded beauty products.

The SBS unit mainly caters to retail consumer along with salons and salon professionals. Some of the well-known third-party brands offered by SBS stores and its website are OPI, China Glaze, Wella, Clairol, Conair and Hot Shot Tools. The unit also offers a range of owned and exclusive-label branded merchandise.

(Note: Zacks identifies fiscal years by the month in which the fiscal year ends, while SBH identifies their fiscal year by the calendar year in which it begins; so comparable figures for any given fiscal year, as published by SBH, will refer to this same fiscal year

As of 12/12/2025

Reasons To Buy:

> Sally Beauty drives growth by enhancing customer focus, expanding high-margin owned brands, fostering innovation and boosting operational efficiency.

▲ **Strategic Pillars:** Sally Beauty has been focused on advancing its key strategic initiatives, which include enhancing customer centricity, growing high-margin-owned brands, carrying out innovations, and increasing the efficiency of operations and optimizing its capabilities. Sally Beauty continues to advance its digital and marketplace strategy, enabling the brand to reach customers more effectively and attract new audiences. The company's global e-commerce sales reached $99 million, an 8% increase, accounting for 10.6% of total net sales in third-quarter fiscal 2025. Within the SBS segment, e-commerce sales totaled $43 million, representing 8.2% of segment net sales and marking a 15% increase, owing to the ongoing success of its digital marketplace strategy. In the BSG unit, e-commerce sales reached $56 million, accounting for 13.7% of segment net sales. E-commerce sales at Sally US and Canada grew by 21% year over year, driven by strength in the digital marketplace strategy. In addition, marketplace expansion, increased adoption of Buy Online, Pick Up In Store, and strong results in the company's portfolio of partners, including DoorDash, Instacart, Uber Eats, Amazon and Walmart further aided performance.

Sally Beauty is seeing continued growth and customer engagement with its Licensed Colors On-Demand (LCOD) initiative, a high-value digital service designed to support professional stylists and licensed colorists. The company has been seeing broad-based strength in the LCOD platform with increases in traffic, consultations, average transaction value and purchasing frequency. In the reported quarter, SBH had above 90 Licensed Colorist, averaging more than 4,700 consultations per week. In addition, the LCOD customers had an average transaction value of $35, which is 25% above versus the non-LCOD customers. The LCOD customers are averaging 1 more trip annually versus the non-LCOD customers. Customer feedback has also been positive and retention rates are higher versus the non-LCOD customers. This platform has been a powerful tool for enhancing the company's reach, attracting customers and deepening its strategic moat. By combining marketplaces, licensed colors on demand, innovation, and personalization and improved performance marketing accounted for roughly 290 basis points of comp sales growth in the reported quarter and 250 points on a year-to-date basis. Sally Beauty's shares have increased 42.2% in the past three months, outperforming the industry's 3.9% drop.

▲ **Upbeat Outlook:** Management revised its fiscal 2025 comparable sales outlook to the high end of its earlier issued range and raised its adjusted operating margin view to include the existing business trends. For fiscal 2025, comparable sales are now projected to remain flat compared with the previous guidance of flat to a 1% decline year over year. The company now expects its adjusted operating margin within the range of 8.6-8.7% compared with the earlier guided band of 8-8.5% for fiscal 2025. Management anticipates to mostly offset potential cost of goods impact via cost-sharing with vendors, modest price increases on certain products and sourcing optimization.

▲ **Sally Brand Refresh:** Sally Beauty is transforming into a dynamic beauty powerhouse through a brand refresh aimed at positioning it as a leading destination for beauty discovery. The updated branding, featuring a modern, sophisticated expression, implemented across all media touchpoints, including in-store marketing and digital assets. The Sally brand refresh is crafted to pivot the company from a beauty supply house to a modernized specialty beauty retailer. The company is unifying its brand messaging around hair to position itself as a modern beauty retailer and attract a broader, more loyal customer base. As of July 31, SBH has completed the refresh in almost 20 locations, including 18 stores in Orlando, 1 in Ohio and 1 in Minnesota. It expects completing another 15 stores across the United States in the fourth quarter, with nearly 35 stores by the end of the current fiscal year. In such locations, Sally Beauty is prioritizing the customer journey and operational excellence to bring a seamless in-store experience.

▲ **Operational Efficiency and Cost Control:** Sally Beauty is committed to optimizing operational efficiency and improving profitability through effective cost-control measures. The Fuel for Growth program is a key initiative aimed at expanding margins and enhancing profitability by managing expenses more effectively. The company delivered year-over-year improvement in profitability during third-quarter fiscal 2025, driven by continued execution of its Fuel for Growth program. Its Fuel for Growth initiative aided robust margins and relatively flat selling, general & administrative expenses. Such benefits were instrumental in delivering bottom-line performance above the guided range, which aided robust cash flow generation. Thanks to effective expense management, Sally Beauty achieved improved profitability across key financial metrics. The company delivered adjusted operating margin expansion 30 basis points year over year to 9.2%. Adjusted earnings of 51 cents per share increased 13.3% from the year-ago period.

▲ **Introducing Happy Beauty:** The company is progressing well with Happy Beauty Co. This unique retail store concept brings an engaging beauty experience to market with a value price point offering. Happy Beauty offers quality beauty at great prices in an accessible, fun and expressive environment. All the merchandise is priced under $10, with product offerings encompassing four key categories — Cosmetics & Facial Care, Bath & Body, Nails, and Hair, featuring third-party brands and the company's owned brands. With a strong record of product and brand development, the company is exercising this muscle to bring compelling value alternatives to well-known premium-priced products to its customers. At the same time, it will partner with smaller vendors who view this as a valuable opportunity to build visibility and drive growth for their brands. Sally Beauty remains optimistic about the growth potential of its Happy Beauty concept, which now includes 20 operational stores. Management emphasized that the company is actively leveraging key insights to optimize traffic and conversion rates, guided by direct feedback from its customers. A core part of the strategy involves enhancing the product assortment and in-store experience, anchored by compelling brand storytelling. SBH is seeing encouraging trends in the Happy Beauty stores, mainly in its mall stores. Sally Beauty is positioning Happy Beauty as a destination for indie beauty brands, with a strong emphasis on trending categories such as Korean beauty and fragrance collections — key differentiators that resonate with the brand's target demographic. The company's continued investment in mall-based retail locations also supports its goal of capturing higher foot traffic and improving customer conversion rates.

Reasons To Sell:

- **Navigating Macroeconomic Hurdles:** Sally Beauty has been witnessing a challenging external environment during the third quarter of fiscal 2025. Also, economic uncertainty has notably impacted consumer sentiment and discretionary spending. As a result, consolidated net sales of $883.1 million fell 1% year over year in fiscal third quarter. Consolidated comparable sales also sales slipped 0.4% year over year, due to macro uncertainty hurting consumer spending, partly offset by solid growth in hair color and digital marketplaces at Sally Beauty and momentum at Beauty Systems Group from enhanced distribution and brand innovation. In the SBS segment, net sales fell 1.8% year over year while segmental comparable sales saw a dip of 1.1% in the quarter.

  In response to the changing tariff backdrop, the company has announced key actions, including cost-sharing arrangements with long-standing vendor partners, selective price increases on products and medium-to long-term sourcing diversification to reduce reliance on tariff-affected regions. While management has outlined mitigation strategies, these pressures could challenge the company's ability to fully preserve its gross margin stability going forward.

Currency headwinds, tariff woes and stiff competition weigh on Sally Beauty, while macro pressures and shifting consumer behavior add further risks.

- **Currency Fluctuations Pose Risks:** Sally Beauty's international operations expose it to potential risks from adverse currency fluctuations. In the third quarter of fiscal 2025, the BSG's net sales were hurt by currency headwinds to the tune of 10 basis points. Certainly, the ongoing volatility in exchange rates continues to be a significant concern for the company's financial performance. For fiscal 2025, consolidated net sales are still anticipated to be nearly 75 basis points lower than comparable sales, owing to the planned unfavorable impact of foreign exchange rates and operating about 30 fewer stores compared with the prior year.

- **Stiff Competition in the Beauty Realm:** Sally Beauty competes with a diverse group of competitors from other beauty stores and outlets, salons, mass merchandisers, online retailers, drug stores, and supermarkets. The company primarily competes on price, quality, perceived value, consumer brand name recognition, and packaging, among other grounds. This is likely to pose threats to Sally Beauty's footing in the industry. Also, the availability of a number of cheaper beauty alternatives is a limiting factor.

Last Earnings Report

FY Quarter Ending	9/30/2025
Earnings Reporting Date	Nov 13, 2025
Sales Surprise	1.51%
EPS Surprise	12.24%
Quarterly EPS	0.55
Annual EPS (TTM)	1.91

Sally Beauty Q3 Earnings Beat Estimates

Sally Beauty reported third-quarter fiscal 2025 results, with the bottom line increasing year over year and surpassing the Zacks Consensus Estimate. However, consolidated net sales matched the consensus estimate but fell on a year-over-year basis.

SBH's Q3 Performance: Key Metrics and Insights

Sally Beauty's adjusted earnings were 51 cents per share, which came above the Zacks Consensus Estimate of 42 cents. The metric increased from 45 cents per share in the year-ago period.

Consolidated net sales of $933.3 million came in line with the Zacks Consensus Estimate. However, the metric dipped 1% year over year. Foreign currency rates did not have any impact on net sales.

Consolidated comparable sales slipped 0.4% year over year, due to macro uncertainty hurting consumer spending, partly offset by solid growth in hair color and digital marketplaces at Sally Beauty and momentum at Beauty Systems Group from enhanced distribution and brand innovation.

The company operated 35 fewer stores than in the year-ago quarter. Global e-commerce sales, at constant currency, totaled $99 million, representing 10.6% of consolidated net sales for the quarter.

Sally Beauty's Margin & Cost Details

The consolidated gross profit was almost flat year over year at $481 million. The adjusted gross margin expanded 100 bps to 52%. This upside was backed by the Sally Beauty segment delivering increased product margin from gains from growth efforts, reduced distribution and freight costs, and lower shrink expenses.

The company's adjusted selling, general and administrative expenses were $398.9 million, up $2.1 million year over year. Elevated labor, other compensation-related costs and information technology costs fueled the increase. However, this was partly mitigated by $6.4 million in savings from the company's fuel for growth initiative and lower depreciation expenses. As a percentage of sales, the metric was 42.7% compared with 42.1% in the prior year.

Adjusted operating earnings were $86.1 million, up from $84.1 million in the year-ago quarter. The adjusted operating margin expanded 30 bps year over year to 9.2%.

Adjusted EBITDA was $115.3 million, representing a drop of 1.3% from the previous year. The adjusted EBITDA margin was flat at 12.4%.

SBH's Sales Insights by Segments

Sally Beauty Supply: Net sales in the segment fell 1.8% year over year to $526.8 million. Foreign exchange movements had a positive impact of 10 bps on sales. Segmental comparable sales saw a dip of 1.1% in the quarter. The segment operated 32 fewer stores at the end of the reported quarter compared with the prior year. Segmental e-commerce sales at cc were $43 million, contributing 8.2% to the segment's net sales.

Beauty Systems Group: Net sales in the segment jumped 0.2% year over year to $406.5 million. Currency headwinds hurt sales by 10 bps. The segment's comparable sales were up 0.5%, driven by continued momentum, supported by innovation and expanded distribution. Total distributor sales consultants at the end of the quarter were 611 compared with 659 in the year-ago period. Segmental e-commerce sales at cc were $56 million, contributing 13.7% to the segment's net sales.

Sally Beauty's Financial Health Snapshot

SBH ended the fiscal third quarter with cash and cash equivalents of $112.8 million, long-term debt, including capital leases, of $882.4 million and total stockholders' equity of $762.9 million. The inventory was $1.01 billion, down 1.7% from a year ago.

In the fiscal third quarter, the company provided cash flow from operations of $69.4 million. The operating free cash flow was $49.1 million.

What to Expect From SBH Ahead?

For fiscal 2025, comparable sales are now projected to remain flat compared with the previous guidance of flat to a 1% decline year over year. Consolidated net sales are still anticipated to be nearly 75 bps lower than comparable sales, owing to the planned unfavorable impact of foreign exchange rates and operating about 30 fewer stores compared with the prior year The company now expects its adjusted operating margin within the range of 8.6-8.7% compared with the earlier guided band of 8-8.5% for fiscal 2025.

Valuation

Sally Beauty shares are up 42.2% in the year-to-date period and 20% over the trailing 12-month period. Stocks in the Zacks sub-industry and the Zacks Retail-Wholesale sector are up 4.4% and 6.7%, respectively, in the year-to-date period. Over the past year, the Zacks sub-industry and the sector are up 7.7% and 13.4%, respectively.

The S&P 500 index is up 15.2% in the year-to-date period and 18.9% in the past year.

The stock is currently trading at 7.45X forward 12-month earnings, which compares to 17.84X for the Zacks sub-industry, 24.62X for the Zacks sector and 23.55X for the S&P 500 index.

Over the past five years, the stock has traded as high as 13.72X and as low as 3.49X, with a 5-year median of 6.35X. Our Neutral recommendation indicates that the stock will perform in line with the market. Our $16 price target reflects 8.42X forward 12-month earnings.

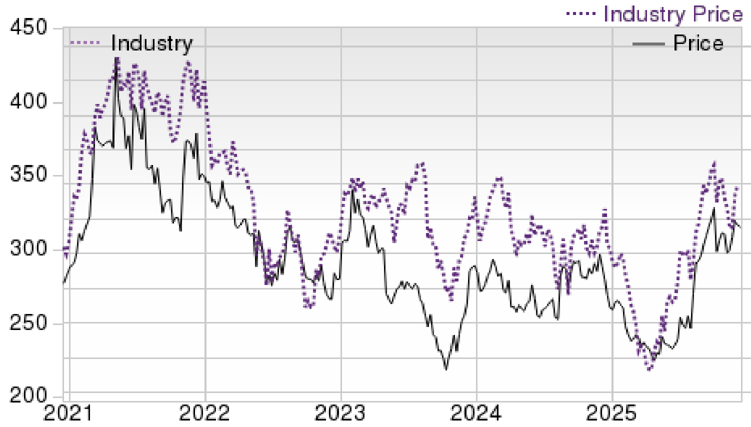
The table below shows summary valuation data for SBH

Valuation Multiples - SBH

		Stock	Sub-Industry	Sector	S&P 500
P/E F12M	Current	7.45	17.84	24.62	23.55
	3-Year High	13.72	20.9	26.33	23.55
	3-Year Low	3.49	12.5	21.44	17.36
	3-Year Median	6.35	17.19	23.87	20.63
P/S F12M	Current	0.27	1.89	1.64	5.4
	3-Year High	0.73	2.3	2.04	5.51
	3-Year Low	0.26	1.4	1.19	4.09
	3-Year Median	0.4	1.8	1.53	4.89
EV/EBITDA TTM	Current	5.21	17.3	13.14	18.68
	3-Year High	9.06	18.29	15.87	19.69
	3-Year Low	3.7	9.56	11.2	13.96
	3-Year Median	5.16	14.04	13.89	17.75

As of 10/21/2025 *Source: Zacks Investment Research*

Industry Analysis[1] **Zacks Industry Rank:** Top 39% (95 out of 243)



Top Peers [1]

Company (Ticker)	Rec	Rank
Five Below, Inc. **(FIVE)**	Outperform	1
Arhaus, Inc. **(ARHS)**	Neutral	3
Build-A-Bear Worksho...**(BBW)**	Neutral	3
SharkNinja, Inc. **(SN)**	Neutral	3
Petco Health and Wel...**(WOOF)**	Neutral	3
MarineMax, Inc. **(HZO)**	Underperform	5
Missfresh Limited Un...**(MFLTY)**	NA	

Industry Comparison[1] Industry: Retail - Miscellaneous

	SBH	X Industry	S&P 500	FIVE	HZO	SN
				Industry Peers		
Zacks Recommendation (Long Term)	Neutral	-	-	Outperform	Underperform	Neutral
Zacks Rank (Short Term)	2	-	-	1	5	3
VGM Score	A	-	-	F	A	D
Market Cap	1.51 B	2.84 B	39.38 B	10.12 B	550.89 M	15.90 B
# of Analysts	3	5	22	8	3	6
Dividend Yield	0.00%	0.00%	1.41%	0.00%	0.00%	0.00%
Value Score	A	-	-	D	A	C
Cash/Price	0.10	0.05	0.04	0.05	0.31	0.02
EV/EBITDA	5.17	8.80	14.60	18.95	4.83	21.53
PEG Ratio	0.96	2.94	2.23	2.00	NA	1.94
Price/Book (P/B)	1.93	2.91	3.35	5.19	0.57	6.60
Price/Cash Flow (P/CF)	5.17	8.89	15.20	22.66	4.09	23.41
P/E (F1)	8.47	22.04	19.78	31.99	20.70	21.97
Price/Sales (P/S)	0.41	0.77	3.06	2.29	0.24	2.61
Earnings Yield	13.29%	4.58%	4.99%	3.12%	4.84%	4.55%
Debt/Equity	1.09	0.35	0.57	0.00	0.38	0.29
Cash Flow ($/share)	3.00	3.00	8.99	8.09	6.16	4.81
Growth Score	A	-	-	D	A	F
Hist. EPS Growth (3-5 yrs)	-2.82%	5.41%	8.16%	10.24%	-31.29%	NA
Proj. EPS Growth (F1/F0)	8.28%	6.48%	8.57%	13.69%	100.00%	17.39%
Curr. Cash Flow Growth	1.43%	-0.48%	6.75%	3.10%	41.29%	21.76%
Hist. Cash Flow Growth (3-5 yrs)	3.40%	6.65%	7.43%	14.92%	8.32%	NA
Current Ratio	2.26	1.30	1.19	1.60	1.20	1.96
Debt/Capital	52.05%	28.07%	38.01%	0.00%	27.30%	22.68%
Net Margin	5.29%	6.86%	12.78%	6.96%	-1.37%	9.45%
Return on Equity	27.07%	6.54%	17.00%	17.15%	2.00%	28.93%
Sales/Assets	1.34	1.21	0.53	0.97	0.90	1.35
Proj. Sales Growth (F1/F0)	-0.80%	1.16%	5.77%	19.60%	1.90%	15.20%
Momentum Score	C	-	-	F	F	A
Daily Price Chg	-0.32%	0.00%	-1.07%	1.10%	-2.78%	-1.34%
1 Week Price Chg	-0.83%	0.18%	-0.63%	5.89%	5.75%	4.00%
4 Week Price Chg	9.31%	5.30%	1.39%	24.73%	8.39%	27.98%
12 Week Price Chg	-0.06%	-0.03%	2.45%	20.67%	-0.28%	-1.99%
52 Week Price Chg	24.30%	16.45%	12.83%	76.44%	-17.92%	13.04%
20 Day Average Volume	1,558,125	402,697	2,728,366	1,486,240	303,627	1,845,283
(F1) EPS Est 1 week change	0.00%	0.00%	0.00%	-0.37%	0.00%	0.16%
(F1) EPS Est 4 week change	2.65%	0.00%	0.00%	14.54%	-63.43%	0.16%
(F1) EPS Est 12 week change	2.99%	0.10%	0.69%	16.19%	-63.90%	2.15%
(Q1) EPS Est Mthly Chg	-5.10%	-2.55%	0.00%	8.41%	-146.00%	0.58%

Zacks Stock Rating System

We offer two rating systems that take into account investors' holding horizons: Zacks Rank and Zacks Recommendation. Each provides valuable insights into the future profitability of the stock and can be used separately or in combination with each other depending on your investment style.

Zacks Recommendation

The Zacks Recommendation aims to predict performance over the next 6 to 12 months. The foundation for the quantitatively determined Zacks Recommendation is trends in the company's estimate revisions and earnings outlook. The Zacks Recommendation is broken down into 3 Levels; Outperform, Neutral and Underperform. Unlike many Wall Street firms, we have an excellent balance between the number of Outperform and Neutral recommendations. Our team of 70 analysts are fully versed in the benefits of earnings estimate revisions and how that is harnessed through the Zacks quantitative rating system. But we have given our analysts the ability to override the Zacks Recommendation for the 1200 stocks that they follow. The reason for the analyst over-rides is that there are often factors such as valuation, industry conditions and management effectiveness that a trained investment professional can spot better than a quantitative model.

Zacks Rank

The Zacks Rank is our short-term rating system that is most effective over the one- to three-month holding horizon. The underlying driver for the quantitatively-determined Zacks Rank is the same as the Zacks Recommendation, and reflects trends in earnings estimate revisions.

Zacks Style Scores

The Zacks Style Score is as a complementary indicator to the Zacks rating system, giving investors a way to focus on the highest rated stocks that best fit their own stock picking preferences.

Academic research has proven that stocks with the best Value, Growth and Momentum characteristics outperform the market. The Zacks Style Scores rate stocks on each of these individual styles and assigns a rating of A, B, C, D and F. We also produce the VGM Score (V for Value, G for Growth and M for Momentum), which combines the weighted average of the individual Style Scores into one score. This is perfectly suited for those who want their stocks to have the best scores across the board.

Value Score	A
Growth Score	A
Momentum Score	C
VGM Score	A

As an investor, you want to buy stocks with the highest probability of success. That means buying stocks with a Zacks Recommendation of Outperform, which also has a Style Score of an A or a B.

Disclosures

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ZIR uses the following rating system for the securities it covers. **Outperform-** ZIR expects that the subject company will outperform the broader U.S. equities markets over the next six to twelve months. **Neutral-** ZIR expects that the company will perform in line with the broader U.S. equities markets over the next six to twelve months. **Underperform-** ZIR expects the company will underperform the broader U.S. equities markets over the next six to twelve months.