

Giant Biogene (2367 HK)

Resilient revenue growth driven by multiple channels and dual brands

Giant Biogene reported 1H25 revenue of RMB3,113mn, up 22.5% YoY and representing 46% of our prior full-year estimate, broadly in line with historical seasonality. Gross margin declined slightly to 81.7% (-0.7ppts YoY) mainly due to a more diversified product mix. We expect gradual recovery in online sales and influencer live-streaming through 2H25E. With a 110bps YoY reduction in the selling expense ratio in 1H25, the Company has sufficient marketing budget to support 2H25E marketing initiatives, in our view. Sales growth on JD accelerated significantly in 1H25, as evidenced by a 134% YoY increase in direct-to-platform e-commerce sales. We expect the Company's total revenue to grow 21.4% YoY in 2H25E.

- **Comfy brand: resilient growth with successful portfolio expansion.** In 1H25, Comfy's revenue increased by 23% YoY to RMB2,542mn, driven by solid performance across multiple product lines. Second-tier products such as *Collagen Toner and Lotion* (胶原水乳) and *Hydration Series* (吨吨系列) outpaced the Company's overall growth. *Focus Cream* surpassed its 2024 revenue, reaching over RMB200mn in 1H25. The newly launched *Precise and Intensive Repair Series* (帧域密修系列) entered Sephora China in August, with encouraging initial sales performance. The broadening product portfolio is supporting a more diversified growth engine, while the flagship *Collagen Stick* (胶原棒) maintained strong customer acquisition capabilities, with new customers accounting for over 60% of sales in 1H25.
- **Collgene brand: online potential is being unlocked.** In 1H25, Collgene's revenue reached RMB503mn, up by 27% YoY, driven by strong online momentum. The upgraded *Collage Mask King 3.0* (大膜王 3.0) ranked TOP4 on Tmall's Mask Hot Sales List and TOP1 on JD.com's Nourishing Mask List during the 618 Shopping Festival. However, offline channel contraction continues to drag Collgene's overall growth. Given the declining share of offline sales in Collgene's revenue mix, we anticipate a pickup in growth momentum from 2H25E onward driven by robust online sales.
- **Expecting influencer live-streaming recovery in 2H25E.** In August, Li Jiaqi launched the variety show *The Chinese Beauty Shop* (巴黎合伙人), in which the core technologies of several Comfy's key products were introduced. The show generated over 100 million cumulative exposures, significantly boosting brand visibility. Top Douyin KOL Sun Jian also live-streamed *Collagen Mask King 3.0* in Aug. Looking ahead to September and October, the Company plans further collaborations with leading influencers on Tmall and Douyin, which should further boost online sales in 2H25E.
- **Maintain BUY.** We maintain our BUY rating while slightly lowering our 2025E revenue growth forecast to 22%, reflecting continued offline pressure for Collgene in 2H25E. Based on our DCF model, we revise down our TP to HK\$71.30 (WACC: 10.9%, terminal growth: 3.0%), implying 29x 2025E P/E.

Earnings Summary

(YE 31 Dec)	FY23A	FY24A	FY25E	FY26E	FY27E
Revenue (RMB mn)	3,524	5,539	6,754	8,628	11,094
YoY growth (%)	49.0	57.2	21.9	27.8	28.6
Attributable net profit (RMB mn)	1,452	2,062	2,333	2,842	3,490
YoY growth (%)	44.9	42.1	13.1	21.8	22.8
P/E (x)	32.3	22.9	22.1	18.1	14.7
Net gearing (%)	(57.2)	(56.5)	(68.5)	(71.3)	(73.9)

Source: Company data, Bloomberg, CMBIGM estimates

BUY (Maintain)

Target Price	HK\$71.30
(Previous TP)	HK\$73.54)
Up/Downside	36.5%
Current Price	HK\$52.25

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Stock Data

Mkt Cap (HK\$ mn)	55,954.7
Avg 3 mths t/o (HK\$ mn)	792.0
52w High/Low (HK\$)	84.90/35.70
Total Issued Shares (mn)	1070.9

Source: FactSet

Shareholding Structure

Juzi Holding Co., Ltd	54.4%
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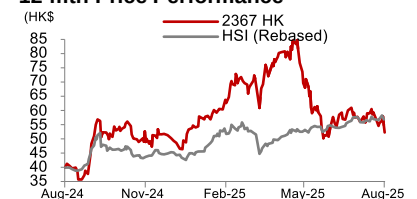
Source: HKEx

Share Performance

	Absolute	Relative
1-mth	-9.5%	-7.5%
3-mth	-24.7%	-29.9%
6-mth	-16.5%	-23.4%

Source: FactSet

12-mth Price Performance



Source: FactSet

Figure 1: Earnings revision

RMB mn	New			Old			Diff (%)		
	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
Revenue	6,754	8,628	11,094	6,789	8,708	11,231	-0.5%	-0.9%	-1.2%
Gross profit	5,471	6,905	8,846	5,499	6,969	8,955	-0.5%	-0.9%	-1.2%
Net profit	2,333	2,842	3,490	2,332	2,851	3,529	0.1%	-0.3%	-1.1%
EPS (RMB)	2.18	2.65	3.26	2.25	2.75	3.41	-3.2%	-3.6%	-4.3%
Gross margin	81.00%	80.03%	79.74%	81.00%	80.03%	79.74%	0.00 ppt	+0.00 ppt	+0.00 ppt
Net margin	34.55%	32.94%	31.46%	34.34%	32.74%	31.42%	+0.20 ppt	+0.20 ppt	+0.04 ppt

Source: Company data, CMBIGM estimates

Figure 2: Risk-adjusted DCF valuation

DCF Valuation (in RMB mn)	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E
EBIT	2,585	3,112	3,819	4,699	5,545	6,488	7,526	8,655	9,867
Tax rate	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%
EBIT*(1-tax rate)	2,198	2,645	3,246	3,994	4,713	5,515	6,397	7,357	8,387
+ D&A	63	72	81	90	106	124	144	165	189
- Change in working capital	-158	-117	-149	-178	-210	-246	-285	-328	-374
- Capex	-250	-250	-250	-250	-295	-345	-400	-460	-525
FCFF	1,852	2,351	2,928	3,656	4,314	5,048	5,855	6,734	7,676
Terminal value									99,516

Terminal growth rate	3.0%
WACC	10.9%
Cost of Equity	14.6%
Cost of Debt	5.0%
Equity Beta	1.10
Risk Free Rate	3.0%
Market Risk Premium	10.5%
Target Debt to Asset ratio	35.0%
Effective Corporate Tax Rate	15.0%

Terminal value (RMB mn)	39,077
Total PV (RMB mn)	61,265
Net debt (RMB mn)	-7,470
Minority interest (RMB mn)	11
Equity value (RMB mn)	68,723
Equity value (HK\$ mn)	76,359
# of shares (mn)	1,071
Price per share (HK\$ per share)	71.30

Source: CMBIGM estimates

Figure 3: Sensitivity analysis

		WACC				
		9.9%	10.4%	10.9%	11.4%	11.9%
Terminal growth rate	4.0%	91.29	83.89	77.59	72.16	67.43
	3.5%	86.42	79.88	74.24	69.33	65.02
	3.0%	82.25	76.40	71.30	66.83	62.88
	2.5%	78.64	73.36	68.72	64.62	60.97
	2.0%	75.49	70.68	66.42	62.64	59.25

Figure 4: CMBIGM estimates vs consensus

RMB mn	CMBIGM			Consensus			Diff (%)		
	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
Revenue	6,754	8,628	11,094	7,067	8,905	10,935	-4.4%	-3.1%	1.5%
Gross profit	5,471	6,905	8,846	5,767	7,235	8,874	-5.1%	-4.6%	-0.3%
Net profit	2,333	2,842	3,490	2,549	3,145	3,821	-8.5%	-9.6%	-8.7%
EPS (RMB)	2.18	2.65	3.26	2.46	3.05	3.70	-11.5%	-12.8%	-11.9%
Gross margin	81.00%	80.03%	79.74%	81.61%	81.25%	81.15%	-0.61 ppt	-1.22 ppt	-1.41 ppt
Net margin	34.55%	32.94%	31.46%	36.07%	35.32%	34.94%	-1.52 ppt	-2.38 ppt	-3.48 ppt

Source: Company data, Bloomberg, CMBIGM estimates

Financial Summary

INCOME STATEMENT	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (RMB mn)						
Revenue	2,364	3,524	5,539	6,754	8,628	11,094
Cost of goods sold	(369)	(577)	(992)	(1,283)	(1,723)	(2,248)
Gross profit	1,995	2,947	4,547	5,471	6,905	8,846
Selling expense	(706)	(1,164)	(2,008)	(2,634)	(3,494)	(4,626)
Admin expense	(111)	(97)	(151)	(186)	(237)	(305)
R&D expense	(44)	(75)	(106)	(95)	(121)	(155)
Other income	69	103	139	189	262	317
Other expense	(1)	(0)	(3)	(45)	(15)	(15)
Other gains/(losses)	(23)	31	44	44	44	44
Interest expense	(0)	(0)	(0)	(0)	(0)	(0)
Others	(1)	1	(0)	0	0	0
Pre-tax profit	1,178	1,745	2,458	2,744	3,343	4,105
Income tax	(176)	(297)	(396)	(412)	(501)	(616)
After tax profit	1,002	1,448	2,062	2,333	2,842	3,490
Minority interest	(0)	(4)	(1)	(1)	(1)	(1)
Attributable net profit	1,002	1,452	2,062	2,333	2,842	3,490
Adjusted net profit	1,056	1,452	2,152	2,334	2,813	3,461

BALANCE SHEET	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (RMB mn)						
Current assets	2,538	4,135	6,402	10,006	12,014	14,504
Cash & equivalents	1,331	2,504	4,030	7,476	9,265	11,483
Account receivables	69	102	141	333	425	547
Inventories	184	200	311	352	472	616
Financial assets at FVTPL	866	1,275	1,829	1,829	1,829	1,829
Other current assets	87	54	91	17	23	29
Non-current assets	600	838	1,636	1,823	2,000	2,169
PP&E	491	663	1,042	1,235	1,418	1,593
Right-of-use assets	60	48	51	46	41	36
Deferred income tax	1	1	1	1	1	1
Intangibles	7	7	6	5	4	3
Other non-current assets	41	118	536	536	536	536
Total assets	3,138	4,973	8,038	11,829	14,014	16,673
Current liabilities	281	531	836	836	938	1,061
Account payables	55	133	287	272	365	476
Tax payable	75	117	117	117	117	117
Other current liabilities	138	243	410	410	410	410
Lease liabilities	1	2	5	5	5	5
Contract liabilities	12	36	17	32	41	53
Non-current liabilities	20	71	82	82	82	82
Deferred income	18	20	19	19	19	19
Other non-current liabilities	2	52	63	63	63	63
Total liabilities	301	602	918	918	1,020	1,143
Share capital	0	0	0	0	0	0
Treasury shares	(0)	(0)	(0)	(0)	(0)	(0)
Other reserves	2,833	4,362	7,108	10,900	12,984	15,521
Minority interest	4	9	12	11	10	10
Total equity	2,837	4,371	7,120	10,911	12,994	15,530
Total equity and liabilities	3,138	4,973	8,038	11,829	14,014	16,673

CASH FLOW	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (RMB mn)						
Operating						
Profit before taxation	1,178	1,745	2,458	2,744	3,343	4,105
Depreciation & amortization	28	34	49	63	72	81
Tax paid	(173)	(206)	(385)	(412)	(501)	(616)
Change in working capital	(132)	128	(26)	(158)	(117)	(149)
Others	31	(54)	(55)	(65)	(137)	(193)
Net cash from operations	932	1,647	2,041	2,172	2,660	3,229
Investing						
Capital expenditure	(153)	(226)	(247)	(250)	(250)	(250)
Others	(706)	(301)	(859)	159	231	287
Net cash from investing	(859)	(527)	(1,106)	(91)	(19)	37
Financing						
Dividend paid	0	0	0	0	0	0
Proceeds from share issues	508	0	0	0	0	0
Others	(6,298)	52	583	1,365	(853)	(1,047)
Net cash from financing	(5,790)	52	583	1,365	(853)	(1,047)
Net change in cash						
Cash at the beginning of the year	7,103	1,331	2,504	4,030	7,476	9,265
Exchange difference	(55)	1	8	0	0	0
Cash at the end of the year	1,331	2,504	4,030	7,476	9,265	11,483
GROWTH	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
Revenue	52.3%	49.0%	57.2%	21.9%	27.8%	28.6%
Gross profit	47.3%	47.7%	54.3%	20.3%	26.2%	28.1%
Net profit	21.0%	44.9%	42.1%	13.1%	21.8%	22.8%
Adj. net profit	24.1%	37.4%	48.2%	8.5%	20.5%	23.0%
PROFITABILITY	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
Gross profit margin	84.4%	83.6%	82.1%	81.0%	80.0%	79.7%
Adj. net profit margin	44.7%	41.2%	38.8%	34.6%	32.6%	31.2%
Return on equity (ROE)	52.0%	40.3%	35.9%	25.9%	23.8%	24.5%
GEARING/LIQUIDITY/ACTIVITIES	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
Net debt to equity (x)	(0.5)	(0.6)	(0.6)	(0.7)	(0.7)	(0.7)
Current ratio (x)	9.0	7.8	7.7	12.0	12.8	13.7
VALUATION	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
P/E	48.5	32.3	22.9	22.1	18.1	14.7
P/E (diluted)	49.0	32.5	23.3	22.1	18.1	14.7
P/B	11.9	10.7	6.6	4.7	4.0	3.3
Div yield (%)	0.0	1.9	2.7	1.4	1.7	2.0

Source: Company data, CMBIGM estimates. Note: The calculation of net cash includes financial assets.

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