

Anta Sports (2020 HK)

Acquisition of Jack Wolfskin finally announced

1Q25 was slightly better than expected. And despite the weak macro and weather in Apr 2025 MTD, we are still cautiously optimistic about the trend in 2Q25E. For the Jack Wolfskin's deal announced on 10 Apr 2025, we do think the acquisition price is attractive and the potential there (mid-priced outdoor industry and the expansion to Europe) is meaningful. Maintain BUY but trim TP to HK\$ 119.08, based on 24x FY25E P/E (unchanged). The stock is trading at 17x, still attractive, in our view.

■ **Anta's retail sales growth was inline in 1Q25; inventory improved with higher discounts.** Anta reported a HSD retail sales growth in 1Q25 (HSD/ HSD/ low-teens for Anta adults (offline + online)/ kids (offline + online)/ E-commerce), which is inline with CMBI est. and FY25E guidance, and also similar to that in 4Q24. We do find this number satisfactory given the high base last year (esp. for online). Inventory to sales ratio was at 4.5 to 5.0 months in 1Q25, similar to 1Q24 but improved from the 5 months in 4Q24, which was slightly better than expected and we also believe the excessive inventory left over from the 2024-2025 warm winter has mostly been cleared. However, the retail discounts kind of deepened a little bit for online channel (by 1-2ppt to 50% off) YoY and QoQ while that for offline channel was rather flattish YoY and QoQ in 1Q25.

■ **FILA's retail sales growth was better than expected in 1Q25; inventory stayed flattish but discounts widened.** FILA also reported a HSD retail sales growth in 1Q25 (MSD/ low-teens/ mid-teens/ 20%+ for FILA adults (offline + online)/ kids (offline + online)/ Fusion (offline + online) / E-commerce), better than CMBI est. and FY25E guidance of MSD, and similar to that in 4Q24. We are rather impressed by the rapid growth for kids and fusion, with both having been benefiting from the reforms on products' design last year. Inventory to sales ratio was at 5 months in 1Q25, similar to that in 4Q24 but lengthened a bit vs 1Q24. Retail discounts for online channel deepened (by 1-2ppt to 40% off) YoY while that for offline channel was at 26% off, same as that in 4Q24 but widened by 2ppt vs 1Q24.

■ **Other brands' retail sales growth, inventory and retail discounts all remained exceptionally strong in 1Q25.** Other brands' retail sales growth was at 65% to 70% in 1Q25 (about 60%/ around 100%/ 30%+ for Descente/ Kolon/ Maia active), way better than FY25E guidance of 30%+. Inventory to sales ratio for Descente/ Kolon was at 5 to 6 months/ 4 months, which is a fairly healthy or even low level, to some extent. However, all in all, the retail sales growth of Anta group in 1Q25 should be at mid-teens, which is not only better than the Company's target, but also ahead of CMBI est. sales growth of about 10%. And as a result, the profit margin should also be better than expected.

Earnings Summary

(YE 31 Dec)	FY23A	FY24A	FY25E	FY26E	FY27E
Revenue (RMB mn)	62,356	70,826	78,235	86,768	94,888
YoY growth (%)	16.2	13.6	10.5	10.9	9.4
Operating profit (RMB mn)	15,409.0	16,763.0	18,390.5	21,041.6	23,276.7
Net profit (RMB mn)	11,277.0	16,989.0	14,961.4	17,330.1	19,428.0
EPS (Reported) (RMB)	3.65	5.34	4.66	5.40	6.05
YoY growth (%)	34.7	46.2	(12.7)	15.8	12.1
P/E (x)	21.7	14.8	17.0	14.7	13.1
P/B (x)	4.2	3.6	3.2	2.9	2.5
Yield (%)	2.4	2.7	2.9	3.3	3.7
ROE (%)	26.3	30.0	22.9	23.6	23.5
Net gearing (%)	42.2	15.6	24.6	32.5	39.2

Source: Company data, Bloomberg, CMBIGM estimates

BUY (Maintain)

Target Price **HK\$119.08**
(Previous TP **HK\$120.46**)
Up/Downside **42.0%**
Current Price **HK\$83.85**

China Consumer Discretionary

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Stock Data

Mkt Cap (HK\$ mn)	226,674.1
Avg 3 mths t/o (HK\$ mn)	1,142.2
52w High/Low (HK\$)	106.30/65.90
Total Issued Shares (mn)	2703.3

Source: FactSet

Shareholding Structure

Mr. Ding Shi zhong & Family	52.2%
The Vanguard Group	1.7%

Source: HKEx

Share Performance

	Absolute	Relative
1-mth	-14.3%	-2.5%
3-mth	7.4%	-2.1%
6-mth	-16.2%	-14.9%

Source: FactSet

12-mth Price Performance



Source: FactSet

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- **Retail sales growth in Mar- Apr 2025 might have trended down slight, but we are still cautiously optimistic about 2Q25E.** Management did mention that retail sales growth has slowed down slightly in Mar-Apr 2025 vs Jan-Feb 2025, perhaps due to the unfavorable weather and macro uncertainties. However, going forward in 2Q25E, even though the macro risks and the associated drags might increase as the trade war intensify, we are still reasonably confident on Anta group's growth, supported by growth drivers like: 1) decent sales momentum from the different new store formats (Super Anta stores, Anta Champion stores, Anta Campus stores, etc.), 2) Anta's overseas expansion, 3) continual rollout of many star products (e.g. those value-for-money products such as PG7), 4) successful reforms on the product design of FILA fusion and kids, 5) widening of the price range for different FILA brands and 6) massive reform plan for FILA planned in 2Q25E. Noted we are also worried about the potential slowdown in e-commerce sales (esp. for the Douyin channel), and therefore we will continue to monitor that closely.
- **We see a few positives and synergies from the M&A deal.** Anta could benefit Jack Wolfskin in the following ways: 1) rebranding, 2) product upgrade, 3) efficiency boost (on both store level and supply chain level) and 4) expansion in China. Moreover, we believe Jack Wolfskin: 1) is a hard core brand with high-quality technology know-how and a decent brand awareness in Europe (Topgolf did a consumer survey in 2022 and Jack Wolfskin was ranked as the No.2 outdoor brand in Europe), 2) could supplement Anta's coverage on mid-priced outdoor segment (ASPs of footwear and apparel are at around RMB 470 and RMB 1,073 on Tmall, about 64%/ 234% higher than Anta's but 73%/ 46% cheaper than the average of Descente/ Kolon/ Arc'teryx), 3) shall support Anta's global expansion (esp. in Germany and in Europe).
- **Acquisition of the "Jack Wolfskin" brand.** Anta group also announced the takeover of the Jack Wolfskin brand from Topgolf Callaway (MODG US, NR) for US\$ 290mn (about RMB 2.1bn) in cash. The target company was incorporated in Germany, owning and operating "Jack Wolfskin", which is a world-leading outdoor apparel, footwear and equipment brand. Its star products include the 3-in-1 Windbreaker jacket as well as the "Texapore" material, a fabric that is both waterproof and breathable. Based on the seller Topgolf's estimates, Jack Wolfskin could generate about EUR 325mn sales and EUR 12mn adjusted EBITDA in FY25E (EUR 115mn/ EUR 210mn sales and EUR -12mn/ EUR 30mn adjusted EBITDA in 1H25E/ 2H25E due to seasonality). Therefore, the valuation is not particularly demanding in our view. The FY25E P/S Anta paid is at around 0.8x, much lower than Anta group's 2.8x and global sports industry average of 1.5x and also cheaper than the 1.3x valuation that Topgolf bought it (Topgolf paid about EUR 418mn back in FY19, where sales were roughly at EUR 319mn). The FY25E EV/ EBITDA is at about 21.3x (EV should be fairly similar to the market cap as the management mentioned the net cash or debt are negligible), slightly higher than Anta group's 9.6x and industry average of 10.5x, but we still think it is reasonable because Anta has a decent track record (the returns can still be highly meaningful once the brand is rebranded and products are upgraded). Jack Wolfskin sales mix from Europe/ China was roughly at 72%/ 28%, while the number of stores in Europe/ China was at about 220-230 (based on its official website)/ 290-300 (based on management, 41 direct retail stores and 250-260 franchise stores) in 2024.
- **Potential impact by the US-China tariffs (mainly for Amer Sports).** Since Anta does not have much direct sales to the US, therefore the direct impact from the recent increases in tariffs is limited. However, we believe Anta group will be indirectly affected as the Amer Sports group could be dragged by the new tariffs. According to our understanding, Amer Sports has about 38% sales from the US and about 20% of its supply chain is from China or Vietnam. Therefore, holding everything else constant and assuming a 1% increase in import tariffs, the impact on Amer Sports' GP margin could be at about -0.08%. However, the actual drag might be smaller, because Anta group is a highly sophisticated company with a fairly diversified and agile supply chain (note that Wilson's supply chain is mostly in China and that might take a longer time to adjust).

- **Maintain BUY and trim TP to HK\$ 119.08, based on 24x FY25E (unchanged).**
 We revise down FY25E/ 26E/ 27E net profit forecasts by -1%/ -1%/ -2%, in order to factor in decrease in cash and interest income after the acquisition. The stock is trading at 17x FY25E P/E, still rather attractive in our view, compared to its 5-year average of 25x.

Earnings revision

Figure 1: Earnings revision

RMB mn	New			Old			Diff (%)		
	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
Revenue	78,235	86,768	94,888	78,235	86,768	94,888	0.0%	0.0%	0.0%
Gross profit	48,836	54,357	59,632	48,836	54,357	59,632	0.0%	0.0%	0.0%
EBIT	18,390	21,042	23,277	18,390	21,042	23,277	0.0%	0.0%	0.0%
Net profit att.	13,615	15,770	17,680	13,772	15,998	17,942	-1.1%	-1.4%	-1.5%
Diluted EPS (RMB)	4.662	5.401	6.054	4.716	5.479	6.144	-1.1%	-1.4%	-1.5%
Gross margin	62.4%	62.6%	62.8%	62.4%	62.6%	62.8%	0ppt	0ppt	0ppt
EBIT margin	23.5%	24.3%	24.5%	23.5%	24.3%	24.5%	0ppt	0ppt	0ppt
Net profit att. margin	17.4%	18.2%	18.6%	17.6%	18.4%	18.9%	-0.2ppt	-0.3ppt	-0.3ppt

Source: Company data, CMBIGM estimates

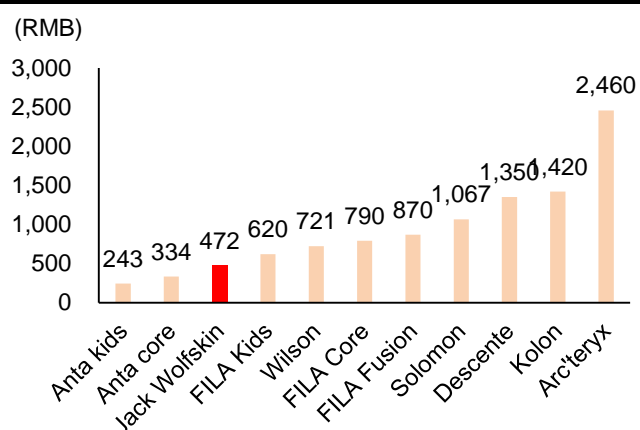
Figure 2: CMBIGM estimates vs consensus

RMB mn	CMBIGM			Consensus			Diff (%)		
	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
Revenue	78,235	86,768	94,888	78,240	86,324	94,499	0.0%	0.5%	0.4%
Gross profit	48,836	54,357	59,632	48,924	54,231	59,552	-0.2%	0.2%	0.1%
EBIT	18,390	21,042	23,277	18,225	20,447	22,324	0.9%	2.9%	4.3%
Net profit att.	13,615	15,770	17,680	13,649	15,409	17,202	-0.3%	2.3%	2.8%
Diluted EPS (RMB)	4.662	5.401	6.054	4.830	5.442	6.035	-3.5%	-0.8%	0.3%
Gross margin	62.4%	62.6%	62.8%	62.5%	62.8%	63.0%	-0.1ppt	-0.2ppt	-0.2ppt
EBIT margin	23.5%	24.3%	24.5%	23.3%	23.7%	23.6%	0.2ppt	0.6ppt	0.9ppt
Net profit att. margin	17.4%	18.2%	18.6%	17.4%	17.9%	18.2%	0ppt	0.3ppt	0.4ppt

Source: Bloomberg, CMBIGM estimates

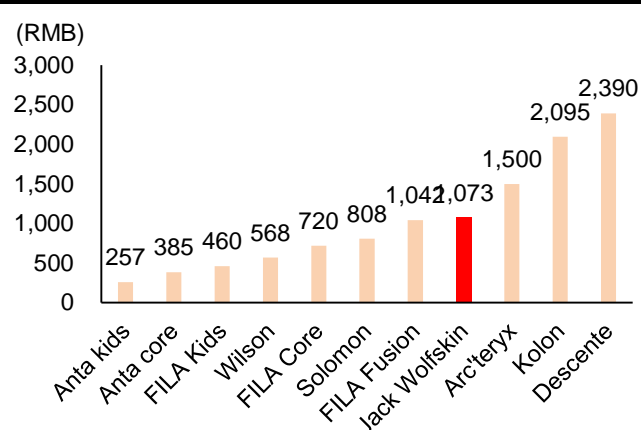
Focus Charts

Figure 3: Footwear ASP by brand on Tmall



Source: Tmall, CMBIGM

Figure 4: Apparel ASP by brand on Tmall



Source: Tmall, CMBIGM

Figure 5: Details about the Jack Wolfskin deal

Buyer	Anta (2020 HK)
Seller	Topgolf Callaway (MODG US)
Total considerations (in USD mn)	290
Payment method	Cash

Financials	FY25E	1H25E	2H25E
Sales (in EUR mn)	325	115	210
Growth (%)			
Adjusted EBITDA (in EUR mn)	12	-18	30
Adjusted EBITDA margin	3.7%	-15.7%	14.3%

Valuation	FY25E
P/S (x)	0.79
China sportswear average	1.08
Global sportswear average	1.55
P/EBITDA (x)	21.3
China sportswear average	4.5
Global sportswear average	10.5

Source: Company data, CMBIGM estimates

Operating numbers

Figure 6: Sportswear brands sales growth trend

Operating numbers	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24E	1Q25E	2Q25E	3Q25E	4Q25E
Nike China sales	-8%	-20%	-13%	6%	1%	25%	12%	8%	6%	7%	-3%	-11%	-15%	-16%	0%	1%
Adidas China sales	-35%	-35%	-27%	-50%	-9%	16%	6%	37%	8%	9%	9%	10%	11%	11%	12%	13%
Anta brand's SSSG																
Anta brand's retail sales	+ve High-teens	-ve MSD	+ve MSD	-ve HSD	+ve MSD	+ve HSD	+ve HSD	+ve High-teens	+ve MSD	+ve HSD	+ve MSD	+ve HSD	+ve HSD	8%	10%	9%
Core brand	+ve Mid-teens	-ve Low-teens	+ve LSD	-ve Mid-teens	+ve HSD	+ve HSD	+ve HSD	25%-30%	+ve LSD	+ve LSD	-ve LSD	+ve MSD				
Kids	20%-25%	+ve LSD	+ve HSD	-ve High-teens	+ve MSD	+ve HSD	+ve HSD	30%-35%	Flat	-ve LSD	-ve HSD	+ve HSD				
Online	Over 30%	+ve HSD	+ve HSD	+ve MSD	-ve LSD	+ve MSD	+ve LSD	+ve MSD	20%-25%	20%-25%	20%-25%	+ve High-teens	+ve Low-teens			
FILA brand's retail sales																
Classic/ Core brand	-ve MSD	-ve DD	-ve LSD	-ve Mid-teens	+ve LSD	+ve MSD	+ve HSD	40%-45%	+ve MSD	+ve HSD	-ve MSD	+ve LSD		6%	8%	8%
Kids	+ve Mid-teens	+ve HSD	+ve LSD	-ve Low-teens	-ve HSD	+ve LSD	+ve HSD	30%-35%	-ve LSD	-ve LSD	-ve Low-teens	Flat				
Fusion	Over 20%	-ve MSD	+ve LSD	+ve HSD	-ve HSD	+ve LSD	+ve HSD	20%-25%	-ve MSD	+ve MSD	-ve HSD	+ve Low-teens				
Online	Over 20%	+ve MSD	Over 65%	Over 40%	Over 40%	60%-65%	-ve Mid-teens	+ve Mid-teens	20%	20%	+ve HSD	+ve Mid-teens	Over 20%			
Other brands																
Descente	40%-45%	Over 20%	Over 35%	+ve Low-teens	70%-75%	60%-65%	40%-45%	50%-55%	20-25%	35%-40%	35%-40%	45%-50%	60%			
Kolon	40%-45%	Over 20%	Over 55%	+ve High-teens	100%	100%	60%-65%	65%-70%	50%	60%	65%-70%	60%-65%	100%			
Li Ning group's SSSG																
Direct retail	+ve Mid 20%	-ve High-teens	+ve MSD	-ve High-teens	-ve LSD	+ve HSD	+ve MSD	+ve High 30%	-ve LSD	-ve MSD	-ve MSD					
Wholesales	+ve Low-teens	-ve High-teens	+ve HSD	-ve Low 20%	-ve LSD	+ve LSD	-ve Low-teens	+ve MSD	-ve Mid-teens	-ve High-teens	-ve HSD					
E- Commerce	+ve Mid 30%	+ve LSD	+ve Low-teens	-ve LSD	-ve Low 20%	+ve LSD	-ve LSD	+ve MSD	+ve Low 20%	+ve Low-teens	+ve MSD					
Li Ning group's retail sa	+ve High 20%	-ve HSD	+ve Mid-teens	-ve Low-teens	+ve MSD	+ve Mid-teens	+ve MSD	+ve Low 20%	+ve LSD	-ve LSD	-ve MSD	+ve HSD	2%	3%	2%	4%
Direct retail	+ve Mid 30%	-ve HSD	+ve Low 20%	-ve Mid-teens	+ve Mid-teens	+ve High 20%	+ve Low 20%	+ve Low 50%	+ve MSD	Flat	-ve MSD	-ve LSD				
Wholesales	+ve Low 20%	-ve HSD	+ve Low-teens	-ve Low 20%	+ve MSD	+ve Mid-teens	+ve LSD	+ve High-teens	-ve MSD	-ve HSD	-ve HSD	+ve MSD				
E- Commerce	+ve Mid 30%	+ve MSD	+ve Mid 20%	+ve MSD	-ve Low-teens	+ve Low-teens	-ve LSD	+ve MSD	+ve Low 20%	+ve HSD	+ve MSD	+ve Mid-teens				
Xtep brand's SSSG																
Xtep brand's retail sales	30%-35%	+ve Mid-teens	20%-25%	-ve HSD	20%	+ve High-teens	+ve High-teens	30%-35%	+ve HSD	10%	+ve MSD	+ve HSD	6%	8%	9%	10%
Saucony's retail sales																
												Over 50%	50.0%			
361 Degree brand's SSSG																
361 Degree brand's offli	+ve High-teens	+ve Low-teens	+ve Mid-teens	Flat	+ve Low-teens	+ve Low-teens	15.0%	20.0%	+ve High-teens	10.0%	10.0%	10.0%				
Kids	20%-25%	20%-25%	20%-25%	+ve LSD	20%-25%	20%-25%	25%-30%	40%	20%-25%	+ve Mid-teens	10%	10%-15%				
E- Commerce	50%	40%	45%	25%	35%	30%	30%	Over 30%	20%-25%	30%-35%	Over 20%	30%-35%				
Pou Sheng's SSSG																
Pou Sheng's sales	-21%	-25%	-10%	-27%	0%	13%	-3%	12%	-17%	-16%	-18%	-14%				
Topsports' retail sales	-ve High-teens	-ve High 20%	-ve LSD	-ve High-teens	-ve Low-teens	+ve Low 20%	-ve LSD	+ve Low-teens	+ve LSD	-ve MSD	-ve Low-teens	-ve MSD	-1%	3%	5%	7%
Dong Xiang's SSSG																
Dong Xiang's retail sale	-ve MSD	-ve Low to Mid-teens	-ve Low to Mid SD	-ve Mid-teens	+ve Low to Mid-teens	+ve Low to Mid-teens	+ve Low to Mid SD	25% to 30%	-ve HSD	-ve MSD	-ve HSD	-ve HSD				
	-ve Mid to High-teens		+ve LSD	-ve Mid 20% to 30%	+ve Low to Mid-teens	+ve Mid-teens	+ve MSD	Mid 40% to 50%	-ve Low 10% to 20%	-ve LSD to MSD	-ve Low 10% to 20%	-ve MSD				
Direct retail																
E- Commerce																

Source: Company data, CMBIGM estimates, *Nike's year end is in May (e.g. 4Q18 calendar year = 2Q19 fiscal year = Sep-Nov 2018)

Assumptions

Figure 7: Major assumptions

Major assumptions	FY23A	FY24A	FY25E	FY26E	FY27E
Sales by segment growth (%)					
Shoes	12.7%	15.3%	12.0%	12.0%	8.0%
Apparels	18.8%	12.3%	9.2%	10.0%	10.3%
Accessories	18.1%	14.4%	12.0%	12.0%	12.0%
Total	16.2%	13.6%	10.5%	10.9%	9.4%
Sales by brand growth (%)					
Anta	12.7%	6.5%	7.0%	7.0%	6.0%
Anta Kids	14.0%	2.0%	5.0%	4.0%	3.0%
FILA	16.6%	6.1%	5.0%	7.0%	6.0%
Descente & Others	57.7%	53.7%	30.0%	25.0%	20.0%
E-commerce	2.6%	20.7%	12.0%	12.0%	10.0%
Total	16.2%	13.6%	10.5%	10.9%	9.4%
Sales network					
Anta	7,053	7,135	6,960	7,010	7,060
Anta Kids	2,778	2,784	2,650	2,700	2,750
FILA	1,972	2,060	2,145	2,195	2,245
Descente & Others	351	417	460	495	530
Total	12,154	12,396	12,215	12,400	12,585
GP margins					
Anta	54.9%	54.5%	54.4%	54.4%	54.4%
FILA	69.0%	67.8%	67.8%	67.8%	67.8%
Others	72.9%	72.2%	72.5%	72.5%	72.5%
Total	62.6%	62.2%	62.4%	62.6%	62.8%
Opex breakdown					
A&P Expenses / sales	8.2%	9.0%	8.9%	8.7%	8.7%
Labour costs / sales	14.9%	14.8%	14.7%	14.6%	14.5%
R &D expenses / sales	6.9%	7.4%	7.4%	7.4%	7.4%
Rental expenses/ sales	11.0%	10.9%	10.7%	10.7%	10.7%
Selling & distribution costs / sales	34.8%	36.2%	35.9%	35.4%	35.4%
Admin expenses / sales	5.9%	5.9%	5.8%	5.8%	5.8%
OP margin					
Anta	21.7%	20.3%	20.3%	21.0%	21.2%
FILA	27.6%	25.3%	24.8%	25.3%	25.4%
Others	27.1%	28.6%	28.9%	29.4%	29.5%
Total	24.6%	23.4%	23.4%	24.2%	24.4%
Effective tax rate	27.9%	22.4%	26.0%	26.0%	26.0%
NP att. margin	16.4%	22.0%	17.4%	18.2%	18.6%
NP att. growth	34.8%	52.4%	-12.7%	15.8%	12.1%

Source: Company data, CMBIGM estimates

Valuation

Figure 8: Peers valuation table

			12m TP	Price	Up/ Down-	Mkt. Cap	Year	P/E (x)		P/B (x)	ROE (%)	3yrs PEG (x)	Yield (%)	YTD perf. (%)
Company	Ticker	Rating	(LC)	(LC)	side	(HK\$mn)	End	FY1E	FY2E	FY2E	FY0	FY1E	FY1E	FY1E
H share Sportswear														
Anta Sports	2020 HK	BUY	119.08	83.85	42%	235,385	Dec-24	16.9	14.6	2.8	27.6	4.0	3.1	7.7
Li Ning Co	2331 HK	BUY	19.81	15.26	30%	39,444	Dec-24	12.9	11.6	1.2	11.9	3.3	3.6	(7.3)
Xtep Intl	1368 HK	BUY	7.20	4.91	47%	13,623	Dec-24	9.0	8.2	1.1	14.1	1.2	5.7	(12.9)
361 Degrees Intl	1361 HK	BUY	5.97	4.20	42%	8,684	Dec-24	6.2	5.5	0.7	12.4	0.5	6.5	(0.9)
Topsports Intl	6110 HK	BUY	4.51	2.81	60%	17,425	Feb-24	11.3	9.4	1.6	18.0	(2.4)	8.0	(5.7)
Pou Sheng Intl	3813 HK	NR	n/a	0.50	n/a	2,636	Dec-24	4.6	4.0	0.3	5.7	0.5	9.2	(1.0)
China DX	3818 HK	NR	n/a	0.34	n/a	2,002	Mar-24	n/a	n/a	n/a	(1.0)	0.0	n/a	(2.9)
Avg.								10.2	8.9	1.3	12.7	1.0	6.0	(3.3)
Med.								10.2	8.8	1.2	12.4	0.5	6.1	(2.9)
International Sportswear														
Nike	NKE US	NR	n/a	54.39	n/a	622,701	May-24	25.4	26.7	7.0	31.9	(2.2)	2.8	(28.1)
Adidas	ADS GY	NR	n/a	195.85	n/a	309,159	Dec-24	25.9	17.8	4.5	15.2	0.5	1.5	(17.3)
Puma	PUM GY	NR	n/a	19.02	n/a	24,970	Dec-24	13.8	9.1	0.9	10.5	1.6	2.9	(57.1)
Under Armour	UAA US	NR	n/a	5.19	n/a	16,958	Mar-24	17.2	13.4	1.1	(6.1)	(6.6)	0.0	(37.3)
Lululemon	LULU US	NR	n/a	261.03	n/a	244,258	Feb-25	17.3	16.1	4.7	42.4	2.5	0.0	(31.7)
Amer Sports	AS US	NR	n/a	22.17	n/a	95,243	Dec-24	31.9	24.0	2.0	n/a	0.3	0.0	(20.7)
Skechers	SKX US	NR	n/a	49.47	n/a	57,749	Dec-24	11.0	9.6	1.3	15.4	0.9	0.0	(26.4)
On Holding	ONON US	NR	n/a	43.51	n/a	109,294	Dec-24	34.8	27.1	5.1	19.6	1.4	0.0	(20.6)
Deckers	DECK US	NR	n/a	109.05	n/a	128,380	Mar-24	18.5	16.7	5.3	39.8	1.3	0.0	(46.3)
Vf Corp	VFC US	NR	n/a	11.11	n/a	33,572	Mar-24	15.3	11.3	2.3	(24.1)	(0.1)	3.2	(48.2)
Columbia	COLM US	NR	n/a	65.62	n/a	28,169	Dec-24	18.0	17.3	1.8	12.0	2.9	1.9	(21.8)
Wolverine	WWW US	NR	n/a	11.05	n/a	6,946	Dec-24	9.6	7.7	2.0	16.4	0.2	3.6	(50.2)
Mizuno Corp	8022 JP	NR	n/a	2322.00	n/a	9,988	Mar-24	11.5	10.9	1.1	10.8	2.0	2.1	(22.3)
Asics Corp	7936 JP	NR	n/a	2925.00	n/a	115,901	Dec-24	25.5	22.3	6.5	29.1	1.3	1.0	(5.9)
Avg.								19.7	16.4	3.3	16.4	0.4	1.4	(31.0)
Med.								17.7	16.4	2.1	15.4	1.1	1.3	(27.3)

Source: Bloomberg, CMBIGM estimates

Note: Data as of 14 Apr 2025

Financial Summary

INCOME STATEMENT	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (RMB mn)						
Revenue	53,651	62,356	70,826	78,235	86,768	94,888
Cost of goods sold	(21,333)	(23,328)	(26,794)	(29,399)	(32,411)	(35,256)
Gross profit	32,318	39,028	44,032	48,836	54,357	59,632
Operating expenses	(23,216)	(25,366)	(29,845)	(32,636)	(35,745)	(39,012)
Selling expense	(19,629)	(21,673)	(25,647)	(28,157)	(30,928)	(33,794)
Admin expense	(2,308)	(2,079)	(2,207)	(2,292)	(2,402)	(2,589)
R&D expense	(1,279)	(1,614)	(1,991)	(2,188)	(2,415)	(2,629)
Others	0	0	0	0	0	0
Operating profit	11,229	15,409	16,763	18,390	21,042	23,277
Other income	2,127	1,747	2,576	2,191	2,430	2,657
Share of (losses)/profits of associates/JV	28	(718)	3,901	1,017	1,215	1,423
EBITDA	12,212	16,415	17,353	18,863	21,394	23,594
Depreciation	(860)	(1,018)	(341)	(325)	(311)	(292)
Other amortisation	(123)	12	(248)	(147)	(41)	(26)
Interest income	609	1,470	1,846	1,540	1,892	2,284
Interest expense	(511)	(521)	(626)	(730)	(730)	(730)
Other income/expense	0	0	0	0	0	0
Pre-tax profit	11,355	15,640	21,884	20,218	23,419	26,254
Income tax	(3,110)	(4,363)	(4,895)	(5,257)	(6,089)	(6,826)
Minority interest	(655)	(1,043)	(1,393)	(1,347)	(1,560)	(1,749)
Net profit	8,245	11,277	16,989	14,961	17,330	19,428

BALANCE SHEET	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (RMB mn)						
Current assets	42,596	52,140	52,482	58,695	68,764	79,554
Cash & equivalents	17,378	15,228	11,390	18,747	27,038	36,142
Account receivables	5,800	6,867	7,225	7,981	8,851	9,680
Inventories	8,490	7,210	10,760	8,860	9,768	10,625
Prepayment	0	0	0	0	0	0
ST bank deposits	10,310	21,453	19,157	19,157	19,157	19,157
Other current assets	618	1,382	3,950	3,950	3,950	3,950
Non-current assets	26,599	40,088	60,133	63,967	65,871	68,115
PP&E	3,716	4,143	4,687	5,300	6,031	6,878
Investment in JVs & assos	9,343	21,119	36,211	37,228	38,443	39,866
Intangibles	1,480	2,089	2,034	1,906	1,883	1,876
Other non-current assets	12,060	12,737	17,201	19,532	19,514	19,495
Total assets	69,195	92,228	112,615	122,661	134,635	147,669
Current liabilities	26,207	20,591	28,593	29,957	31,531	33,024
Short-term borrowings	12,198	3,996	8,583	8,583	8,583	8,583
Account payables	2,750	3,195	4,332	4,753	5,240	5,700
Tax payable	2,169	2,825	3,386	3,386	3,386	3,386
Other current liabilities	9,090	10,575	12,292	13,235	14,322	15,355
Non-current liabilities	5,149	15,627	17,283	17,283	17,283	17,283
Long-term borrowings	492	10,948	12,233	12,233	12,233	12,233
Other non-current liabilities	4,657	4,679	5,050	5,050	5,050	5,050
Total liabilities	31,356	36,218	45,876	47,240	48,814	50,307
Share capital	262	272	271	271	271	271
Retained earnings	26,963	32,909	41,973	46,053	54,379	63,716
Other reserves	7,175	18,279	19,485	22,740	23,254	23,709
Total shareholders equity	34,400	51,460	61,729	69,064	77,905	87,697
Minority interest	3,439	4,550	5,010	6,357	7,916	9,665
Total equity and liabilities	69,195	92,228	112,615	122,661	134,635	147,669

CASH FLOW	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (RMB mn)						
Operating						
Profit before taxation	11,355	15,640	21,884	20,218	23,419	26,254
Depreciation & amortization	983	1,006	590	472	352	318
Tax paid	(3,046)	(3,584)	(4,532)	(5,257)	(6,089)	(6,826)
Change in working capital	(1,104)	1,739	(2,118)	2,509	(205)	(192)
Others	3,959	4,833	917	(288)	(485)	(694)
Net cash from operations	12,147	19,634	16,741	17,655	16,992	18,860
Investing						
Capital expenditure	(1,621)	(1,161)	(2,258)	(939)	(1,041)	(1,139)
Acquisition of subsidiaries/ investments	(115)	(160)	(133)	0	0	0
Others	(3,038)	(24,472)	(12,473)	(2,350)	0	0
Net cash from investing	(4,774)	(25,793)	(14,864)	(3,289)	(1,041)	(1,139)
Financing						
Dividend paid	(3,950)	(4,250)	(7,029)	(6,279)	(6,930)	(7,888)
Net borrowings	(1,403)	(558)	(1,121)	0	0	0
Proceeds from share issues	0	10,497	0	0	0	0
Share repurchases	0	(113)	(1,851)	0	0	0
Others	(2,488)	(2,105)	4,240	(730)	(730)	(730)
Net cash from financing	(7,841)	3,471	(5,761)	(7,009)	(7,660)	(8,617)
Net change in cash						
Cash at the beginning of the year	17,592	17,378	15,228	11,390	18,747	27,038
Exchange difference	254	538	46	0	0	0
Others	(468)	(2,688)	(3,884)	7,357	8,291	9,104
Cash at the end of the year	17,378	15,228	11,390	18,747	27,038	36,142
GROWTH	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
Revenue	8.8%	16.2%	13.6%	10.5%	10.9%	9.4%
Gross profit	6.3%	20.8%	12.8%	10.9%	11.3%	9.7%
Operating profit	(1.3%)	37.2%	8.8%	9.7%	14.4%	10.6%
EBITDA	2.2%	34.4%	5.7%	8.7%	13.4%	10.3%
Net profit	0.3%	36.8%	50.7%	(11.9%)	15.8%	12.1%
PROFITABILITY	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
Gross profit margin	60.2%	62.6%	62.2%	62.4%	62.6%	62.8%
Operating margin	20.9%	24.7%	23.7%	23.5%	24.3%	24.5%
EBITDA margin	22.8%	26.3%	24.5%	24.1%	24.7%	24.9%
Return on equity (ROE)	26.0%	26.3%	30.0%	22.9%	23.6%	23.5%
GEARING/LIQUIDITY/ACTIVITIES	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
Net debt to equity (x)	0.4	0.4	0.2	0.2	0.3	0.4
Current ratio (x)	1.6	2.5	1.8	2.0	2.2	2.4
Receivable turnover days	39.5	40.2	37.2	37.2	37.2	37.2
Inventory turnover days	145.3	112.8	146.6	110.0	110.0	110.0
Payable turnover days	47.1	50.0	59.0	59.0	59.0	59.0
VALUATION	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
P/E	29.2	21.7	14.8	17.0	14.7	13.1
P/E (diluted)	29.2	21.7	14.8	17.0	14.7	13.1
P/B	6.2	4.2	3.6	3.2	2.9	2.5
P/CFPS	18.2	11.3	13.8	13.1	13.6	12.3
Div yield (%)	1.5	2.4	2.7	2.9	3.3	3.7
EV	211,701.1	204,993.9	227,092.3	219,735.3	211,444.1	202,340.2
EV/Sales	3.9	3.3	3.2	2.8	2.4	2.1
EV/EBITDA	17.3	12.5	13.1	11.6	9.9	8.6

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

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