

Anta Sports (2020 HK)

Look beyond the volatility and focus on FY21E

Maintain BUY and raised our TP to HK\$ 150.98, based on 36x FY22E P/E (rolled over from 32x FY21E P/E). We advise investors to look beyond FY20E and focus more on FY21E-22E growth initiatives (healthy inventory level and less discounts, Anta brand restructuring, DTC reforms). We believe the current valuation of 31x FY22E P/E is still attractive, vs Li Ning/ Nike/ Adidas/ Lulu's 36x/ 32x/ 27x/ 44x.

- **A slight miss for Anta in 4Q20 as top priority is healthy inventory.** Anta retail sales YoY growth was only LSD in 4Q20E, below guidance of MSD and CMBI est. of 10% YoY, due to: 1) higher than expected retail discounts (2-3ppt higher vs 4Q19), esp. when e-commerce (discount is usually higher vs offline) sales contribution is also higher than expected and 2) downward revision in 4Q20 trade fair sales orders after COVID-19 outbreak. However, sales to inventory ratio for Anta returned to ~5 months in Dec 2020, vs ~6 months in 3Q20, and sell-through rate in 4Q20 was 9ppt better than 4Q19. A new standard of sales to inventory (Anta offline + online + warehouses) will be used for disclosure since FY21E, which is ~1 additional month higher.
- **FILA and other brands retail sales growth was inline in 4Q20, even with more promotions online.** FILA retail sales grew by 25% to 30% YoY in 4Q20, in line with guidance and CMBI est. of 30% YoY, even though level of discount in double 11 was higher than expected. Descente/ Kolon retail sales grew by 80%+ / 30% to 40% YoY in 4Q20 and are likely to be profit making in FY20E.
- **A prudent FY21E guidance, but we are optimistic on Anta brand restructuring.** Management is targeting a 10%+ Anta/ 20%+ FILA retail sales YoY growth in FY21E, which is rather prudent, given easy base in 1H21E and implying only 0-5% YoY growth in 2H21E. However, we are more optimistic because Anta is set to begin its restructuring to upgrade the trendiness of its products and crossovers, fans engagement, marketing, sports event promotions and store formats, etc.. Management also expects inventory level to normalize after 2021 CNY and retail discounts to improve YoY in FY21E.
- **DTC businesses margin to gradually improve in FY21E-22E.** We believe DTC reform is the key to: 1) unlock Anta's O2O potential (as the inventory sharing between brands and distributors was limited) and improve its retail store efficiency (esp. in area such as Shanghai and Wuhan, etc.) Management expects NP margin for the related DTC unit to gradually improve to LSD/ MSD/ HSD in FY21E/ 22E/ mid-term horizon.
- **Maintain BUY and raised our TP to HK\$ 150.98.** We maintain BUY and raised TP to HK\$ 150.98, based on 36x FY22E P/E (rolled over from 32x FY21E P/E). We revised up FY20E/ 21E/ 22E NP forecasts by 1%/ 2%/ 5%, to factor in: 1) faster online growth and 2) DTC reform. Current valuation is still attractive at 31x FY22E P/E, given a 25% NP CAGR during FY19-22E.

Earnings Summary

(YE 31 Dec)	FY18A	FY19A	FY20E	FY21E	FY22E
Revenue (RMB mn)	24,100	33,928	36,521	46,339	54,039
YoY growth (%)	44.4	40.8	7.6	26.9	16.6
Net income (RMB mn)	4,103	5,344	5,427	7,922	10,290
EPS (RMB)	1.525	1.917	1.947	2.841	3.691
YoY growth (%)	32.8	25.7	1.6	46.0	29.9
Consensus EPS (RMB)	n/a	n/a	1.922	2.904	3.692
P/E (x)	75.0	59.7	58.8	40.3	31.0
P/B (x)	19.5	15.4	12.9	10.3	8.5
Yield (%)	0.6	0.5	0.5	0.7	2.1
ROE (%)	26.0	26.6	22.7	26.3	28.3
Net gearing (%)	Net cash	Net cash	Net cash	Net cash	Net cash

Source: Company data, Bloomberg, CMBIS estimates

BUY (Maintain)

Target Price	HK\$150.98
(Previous TP	HK\$101.84)
Up/Downside	+16.1%
Current Price	HK\$130.00

China Sportswear Sector

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Stock Data

Mkt Cap (HK\$ mn)	351,433
Avg 3 mths t/o (HK\$ mn)	806.32
52w High/Low (HK\$)	134.90/42.0
Total Issued Shares (mn)	2,703.3

Source: Bloomberg

Shareholding Structure

Mr. Ding Shizhong (CEO), Mr. Ding Shijia (V-Chairman), Mr. Lai Shixian (CFO) & Family	61.06%
Free Float	38.94%

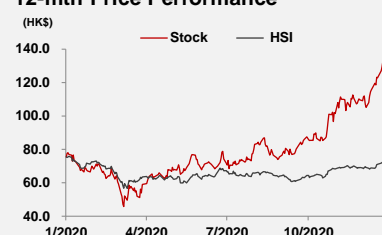
Source: HKEx

Share Performance

	Absolute	Relative
1-mth	18.6%	11.3%
3-mth	48.6%	29.7%
6-mth	81.6%	65.7%
12-mth	72.9%	77.3%

Source: Bloomberg

12-mth Price Performance



Source: Bloomberg

Auditor: KPMG

Related Reports

1. Anta Sports (2020 HK, BUY) - A stellar golden week after an in-line 3Q - 16 Oct 2020
2. Anta Sports (2020 HK, BUY) - Solid profitability and promising guidance - 26 Aug 2020
3. Anta Sports (2020 HK, BUY) - Prudent guidance as inventory issue lingers - 16 Jul 2020

Operating numbers

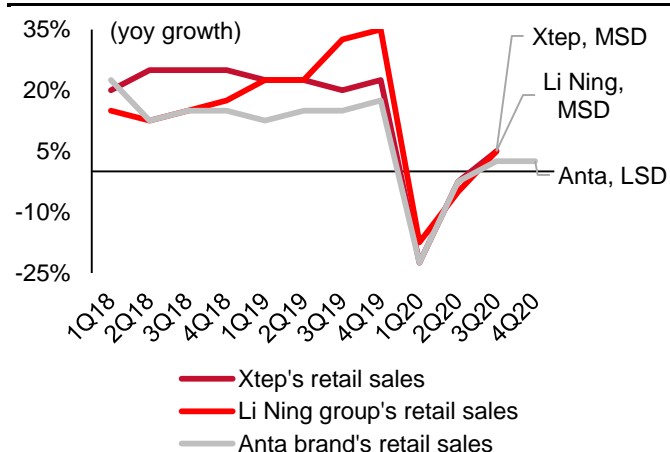
Figure 1: Sportswear brands sales growth trend

Operating numbers	1Q18	2Q18	3Q18	4Q18	1Q19	2Q19	3Q19	4Q19	1Q20	2Q20	3Q20	4Q20E	1Q21E	2Q21E	3Q21E	4Q21E
Nike China sales	19.0%	25.0%	20.0%	31.0%	24.0%	22.0%	27.0%	23.0%	-4.0%	1.0%	8.0%	19.0%				
Adidas China sales	26.0%	27.0%	26.0%	23.0%	16.0%	14.0%	11.0%	15.0%	-58.0%	0.0%	-5.0%					
Anta brand's SSSG																
Anta brand's retail sales	+ve 20%-25%	+ve Low-teens	+ve Mid-teens	+ve Mid-teens	+ve Low-teens	+ve Mid-teens	+ve Mid-teens	+ve High-teens	-ve 20%-25%	-ve LSD	+ve LSD	+ve LSD	32.0%	6.0%	3.0%	2.0%
Core brand	+ve Mid-teens	+ve HSD	+ve Low-teens	+ve HSD	+ve HSD	+ve Low-teens	+ve Low-teens	+ve HSD	-ve 20%-25%	-ve LSD	-ve MSD	-ve MSD				
Kids	over 40%	over 25%	Over 25%	Over 25%	Over 20%	30%	Over 25%	25%	-ve 20%-25%	+ve MSD	+ve Low-teens	-ve Low-teens				
Online	over 40%	over 25%	Over 20%	Over 25%	+ve Mid-teens	25%	35%	Over 40%	+ve MSD	Over 40%	Over 50%	Over 25%				
Non-Anta brands (FILA/)																
FILA brand's retail sales	+ve 80%-85%	+ve 90%-95%	+ve 90%-95%	+ve 80%-85%	+ve 65%-70%	+ve 55%-60%	50%-55%	50%-55%	-ve MSD	+ve Low-teens	20%-25%	25%-30%	45.0%	16.0%	12.0%	10.0%
Classic/ Core brand								Over 40%	-ve 20%-25%	+ve MSD	+ve MSD	+ve MSD				
Kids								Over 70%	-ve LSD	Over 30%	Over 30%	Over 20%				
Fusion								Over 100%	+ve MSD	Over 70%	Over 50%	Over 50%				
Online								Over 70%	160%	Over 80%	Over 90%	70%-80%				
Other brands																
Descente				Over 100%	Over 100%	Over 90%	50%	50%	+ve Mid-teens	Over 60%	90%	Over 80%				
Kolon						15%	20%	20%	-ve High-teens	+ve LSD	20%-25%	30%-40%				
Li Ning group's SSSG																
Direct retail	+ve Low-teens	+ve HSD	+ve Low-teens	+ve Mid-teens	+ve Mid-teens	+ve Mid-teens	+ve High-teens	+ve Low-teens	n/a	-ve MSD	+ve LSD					
Wholesales	+ve MSD	+ve LSD	+ve HSD	+ve MSD	+ve Low-teens	+ve Low-teens	+ve Low-teens	+ve Mid-teens	n/a	-ve Low-teens	-ve MSD					
E- Commerce	+ve High 30%	+ve Mid-30%	+ve High 30%	+ve Mid 50%	+ve High 30%	+ve Mid 30%	+ve Mid 50%	+ve Low 40%	+ve Low-teens	+ve Mid 20%	+ve High 30%					
Li Ning group's retail sa	+ve Mid-teens	+ve Low-teens	+ve Mid-teens	+ve High-teens	+ve Low-teens	+ve Low-teens	+ve Low-teens	+ve Mid-teens	-ve High-teens	-ve MSD	+ve MSD		8.0%	34.0%	9.0%	7.0%
Direct retail	Low 20%-30%	+ve Mid-teens	+ve Mid-teens	+ve HSD	+ve Low-teens	+ve HSD	+ve Mid-teens	+ve High-teens	-ve Mid 30%	-ve Low-teens	Flat					
Wholesales	+ve MSD	+ve MSD	+ve Low-teens	+ve Low-teens	+ve Low-teens	+ve Mid-teens	+ve Mid-teens	+ve Low-teens	-ve High-teens	-ve HSD	-ve LSD					
E- Commerce	+ve High 30%	+ve High 30%	+ve Low 30%	+ve Mid 50%	+ve Low 40%	+ve High 20%	+ve Low 50%	+ve Low 40%	+ve Low-teens	+ve High 20%	+ve Low 40%					
Xtep's SSSG																
Xtep's retail sales	+ve Low-teens	+ve Mid-teens	+ve Mid-teens	+ve Mid-teens	+ve Low-teens	+ve Low-teens	10%	+ve Low-teens	-ve 20%-25%	-ve LSD	+ve MSD		5.0%	31.0%	4.0%	2.0%
361 Degrees' SSSG	+ve HSD	+ve HSD	+ve MSD	Flat	+ve LSD	+ve LSD	+ve LSD	+ve LSD								
361 Degree's retail sales									-ve 20%-25%	-ve Low-teens	-ve HSD	+ve LSD				
Pou Sheng's SSSG	10.1%	2.2%	8.9%	8.7%	8.4%	4.2%	6.0%	1.9%	-32.5%	-17.8%						
Pou Sheng's sales	17.7%	17.7%	24.4%	22.0%	19.9%	18.9%	21.9%	19.1%	-25.1%	0.3%	-0.3%	1.0%	29.0%	2.0%	0.0%	-3.0%
Dong Xiang's SSSG	+ve Mid to High	-ve Mid to High	+ve MSD	+ve LSD	-ve LSD	+ve MSD	+ve Mid to High	+ve Mid to High	-ve Low-Mid SD	-ve Mid SD	+ve Low-Mid SD					
Direct retail	+ve HSD	Flat	+ve Low-teens	+ve HSD	Flat	+ve LSD	+ve HSD	+ve Low-teens	-ve LSD	-ve Low to Mid-teens	-ve Low-Mid SD					
E- Commerce					+ve 35%-45%	+ve 30%-35%	+ve 55%-60%	+ve 40%-45%	-ve Low-teens	+ve 30%-35%	+ve 30%-35%					

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

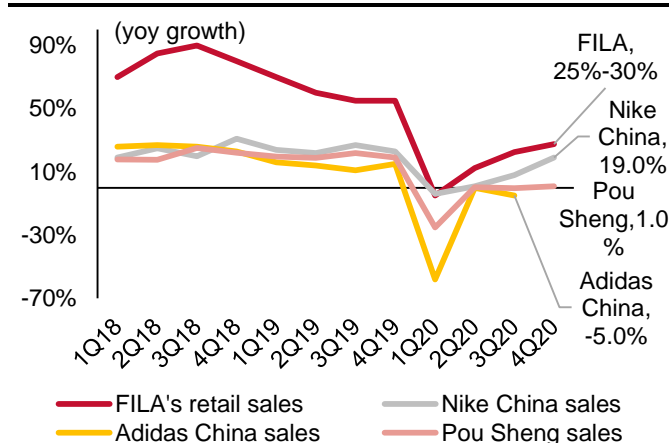
Focus Charts

Figure 2: Domestic brands retail sales growth



Source: Company data, CMBIS estimates

Figure 3: Foreign brands retail sales growth



Source: Company data, CMBIS estimates

Figure 4: Retail business NP margin estimates

Fiscal Year	FY19	FY20E	FY21E	FY22E	Mid term target
Retail business NP margin - stores involved in the DTC tranformation	LSD	Mild negative	LSD	MSD	HSD

Source: Company data, CMBIS estimates

Earnings revision

Figure 5: Earnings revision

RMB mn	FY20E	New		FY20E	Old		Diff (%)		
		FY21E	FY22E		FY21E	FY22E	FY20E	FY21E	FY22E
Revenue	36,521	46,339	54,039	36,030	44,331	51,789	1.4%	4.5%	4.3%
Gross profit	20,494	26,975	32,253	20,213	25,623	30,414	1.4%	5.3%	6.0%
EBIT	8,518	11,408	14,199	8,410	11,252	13,552	1.3%	1.4%	4.8%
Reported Net profit	5,427	7,922	10,290	5,359	7,809	9,793	1.3%	1.5%	5.1%
Diluted EPS (RMB)	1.947	2.841	3.691	1.922	2.801	3.512	1.3%	1.5%	5.1%
Gross margin	56.1%	58.2%	59.7%	56.1%	57.8%	58.7%	0ppt	0.4ppt	1ppt
EBIT margin	23.3%	24.6%	26.3%	23.3%	25.4%	26.2%	0ppt	-0.8ppt	0.1ppt
Net profit att. margin	14.9%	17.1%	19.0%	14.9%	17.6%	18.9%	0ppt	-0.5ppt	0.1ppt

Source: Company data, CMBIS estimates

Figure 6: CMBIS estimates vs consensus

RMB mn	FY20E	CMBIS		FY20E	Consensus		Diff (%)		
		FY21E	FY22E		FY21E	FY22E	FY20E	FY21E	FY22E
Revenue	36,521	46,339	54,039	36,036	46,072	55,522	1.3%	0.6%	-2.7%
Gross profit	20,494	26,975	32,253	19,807	26,212	32,100	3.5%	2.9%	0.5%
EBIT	8,518	11,408	14,199	8,342	11,485	14,347	2.1%	-0.7%	-1.0%
Net profit att.	5,427	7,922	10,290	5,210	7,914	9,976	4.2%	0.1%	3.1%
Diluted EPS (RMB)	1.947	2.841	3.691	1.922	2.904	3.692	1.3%	-2.2%	0.0%
Gross margin	56.1%	58.2%	59.7%	55.0%	56.9%	57.8%	1.2ppt	1.3ppt	1.9ppt
EBIT margin	23.3%	24.6%	26.3%	23.1%	24.9%	25.8%	0.2ppt	-0.3ppt	0.4ppt
Net profit att. margin	14.9%	17.1%	19.0%	14.5%	17.2%	18.0%	0.4ppt	-0.1ppt	1.1ppt

Source: Bloomberg, CMBIS estimates

Assumptions

Figure 7: Anta's key assumptions

Major assumptions	FY18A	FY19A	FY20A	FY21E	FY22E
Sales by segment growth (%)					
Shoes	22.5%	32.2%	6.0%	27.0%	13.0%
Apparels	61.4%	45.5%	8.4%	27.9%	18.7%
Accessories	43.9%	47.5%	10.0%	6.0%	12.0%
Total	44.4%	40.8%	7.6%	26.9%	16.6%
Sales by brand growth (%)					
Anta	8.7%	9.2%	-25.0%	34.0%	7.0%
Anta Kids	29.0%	27.0%	-22.0%	29.0%	18.0%
FILA	100.0%	73.8%	19.0%	25.0%	19.0%
Descente & Others	155.9%	33.3%	13.0%	25.0%	23.0%
E-commerce	45.0%	45.0%	42.0%	25.0%	18.0%
Total	44.4%	40.8%	7.6%	26.9%	16.6%
Sales network					
Anta	7,271	7,341	6,791	6,871	6,921
Anta Kids	2,786	3,175	3,059	3,209	3,359
FILA	1,652	1,951	2,050	2,200	2,400
Descente & Others	479	476	465	660	855
Total	12,188	12,943	12,365	12,940	13,535
GP margins					
Anta	42.0%	41.3%	41.9%	45.7%	47.0%
FILA	69.9%	70.4%	69.0%	70.0%	71.2%
Total	52.6%	55.0%	56.1%	58.2%	59.7%
Opex breakdown					
A&P Expenses / sales	12.1%	10.6%	10.0%	11.8%	11.7%
Labour costs / sales	10.9%	11.7%	12.5%	13.0%	12.8%
R & D expenses / sales	5.2%	5.2%	5.4%	6.0%	5.9%
Rental expenses/ sales	7.2%	8.8%	9.5%	9.6%	9.7%
Selling & distribution costs / sales	27.1%	28.7%	29.9%	31.2%	30.9%
Admin expenses / sales	5.1%	3.9%	6.1%	5.9%	5.9%
OP margin					
Anta	25.9%	27.1%	24.4%	24.4%	26.3%
FILA	25.3%	27.2%	25.3%	27.5%	29.0%
Total	23.7%	25.6%	23.7%	24.8%	26.5%
Effective tax rate	26.6%	29.8%	28.0%	27.0%	26.0%
NP att. margin	17.0%	15.8%	14.9%	17.1%	19.0%
NP att. growth (%)	32.9%	30.3%	1.6%	46.0%	29.9%

Source: Company data, CMBIS estimates

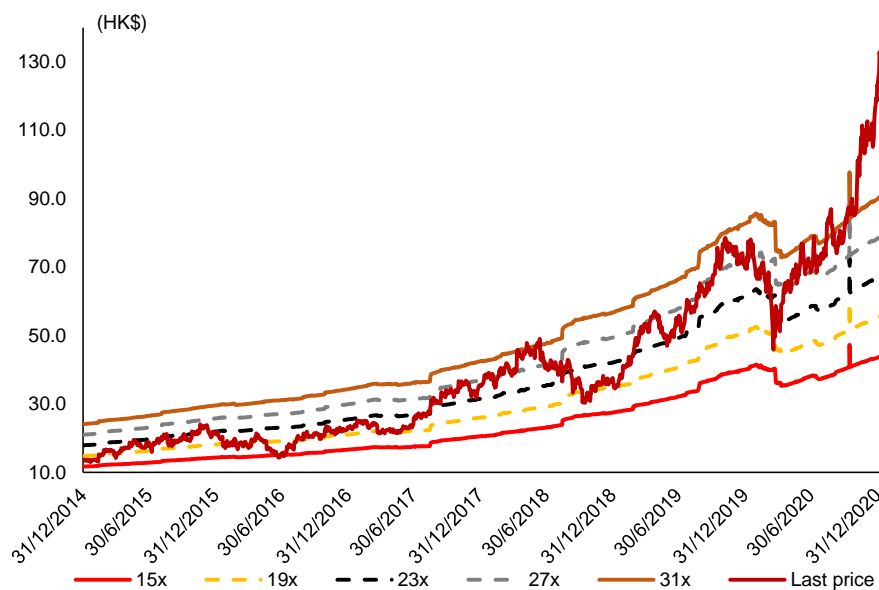
Valuation

Figure 8: Peers valuation table

Company	Ticker	Rating	12m TP (LC)	Price (LC)	Up/Down-side	Mkt. Cap (HK\$m)	Year End	P/E (x)		P/B (x)		ROE (%)	3yrs PEG (x)	Yield (%)
								FY1E	FY2E	FY1E	FY2E	FY1E	FY1E	FY1E
H shares Sportswear														
Anta Sports	2020 HK	BUY	150.98	130.00	16%	351,433	Dec-19	58.8	40.3	12.3	9.9	23.0	2.4	0.6
Li Ning Co	2331 HK	BUY	36.52	49.25	-26%	122,590	Dec-19	63.8	46.5	12.0	9.9	19.8	2.6	0.4
Xtep Intl	1368 HK	BUY	3.63	3.82	-5%	9,729	Dec-19	17.0	11.7	1.1	1.0	7.4	3.5	3.5
361 Degrees Intl	1361 HK	NR	n/a	1.29	n/a	2,667	Dec-19	5.5	5.1	0.3	0.3	5.8	1.0	6.4
Topsports Intl	6110 HK	NR	n/a	11.48	n/a	71,190	Feb-20	23.9	19.1	5.6	4.9	36.9	1.5	5.7
Pou Sheng Intl	3813 HK	NR	n/a	1.79	n/a	9,589	Dec-19	20.5	7.3	1.0	0.9	5.6	1.0	0.6
China DX	3818 HK	NR	n/a	0.72	n/a	4,238	Mar-20	4.1	3.9	0.3	0.3	11.8	0.2	13.3
Avg.								27.7	19.1	4.7	3.9	15.8	1.8	4.4
Med.								20.5	11.7	1.1	1.0	11.8	1.5	3.5
International Sportswear														
Nike	NKE US	NR	n/a	143.44	n/a	1,753,471	May-20	47.4	37.1	22.0	19.2	28.3	1.2	0.7
Adidas	ADS GY	NR	n/a	287.80	n/a	544,674	Dec-19	131.6	33.3	8.0	7.1	6.6	28.3	0.7
Puma	PUM GY	NR	n/a	88.78	n/a	126,445	Dec-19	163.5	45.7	6.8	6.2	3.8	9.5	0.2
Under Armour	UAA US	NR	n/a	18.73	n/a	61,182	Dec-19	n/a	149.8	5.6	5.3	(41.3)	0.0	0.0
Lululemon	LULU US	NR	n/a	353.77	n/a	357,546	Feb-20	77.0	52.7	19.1	15.9	29.2	4.4	0.0
Skechers	SKX US	NR	n/a	38.03	n/a	46,344	Dec-19	52.7	17.8	2.2	2.0	4.6	11.6	0.0
Vf Corp	VFC US	NR	n/a	86.37	n/a	261,198	Mar-21	65.4	29.3	14.1	13.4	(1.3)	2.5	2.2
Columbia	COLM US	NR	n/a	93.38	n/a	47,943	Dec-19	65.8	25.9	3.5	3.0	7.3	(20.5)	0.3
Wolverine	WWW US	NR	n/a	33.30	n/a	21,192	Dec-19	37.0	16.2	3.4	3.0	4.2	2.5	1.2
Mizuno Corp	8022 JP	NR	n/a	2051.00	n/a	4,073	Mar-20	n/a	15.7	0.6	0.6	1.9	0.0	2.4
Asics Corp	7936 JP	NR	n/a	1924.00	n/a	27,295	Dec-19	n/a	43.5	2.6	2.6	(2.2)	0.0	1.2
Avg.								80.0	42.4	8.0	7.1	3.7	3.6	0.8
Med.								65.6	33.3	5.6	5.3	4.2	2.5	0.7

Source: Bloomberg, CMBIS estimates

Figure 9: Forward 1 year P/E band



Source: Company data, Bloomberg, CMBIS estimates

Financial Summary

Income statement

YE 31 Dec (RMB mn)	FY18A	FY19A	FY20E	FY21E	FY22E
Revenue	24,100	33,928	36,521	46,339	54,039
Footwear	8,631	11,410	12,094	15,360	17,357
Apparel	14,70	21,39	23,19	29,67	35,22
Accessories	759	1,120	1,232	1,306	1,463
Cost of goods sold	(11,413)	(15,269)	(16,027)	(19,365)	(21,786)
Gross profit	12,687	18,659	20,494	26,975	32,253
Other income	652	1,127	1,183	1,631	1,848
Operating expenses	(7,748)	(11,034)	(13,160)	(17,198)	(19,902)
D & A	(159)	(210)	(186)	(227)	(239)
Staff costs	(1,238)	(1,859)	(2,145)	(2,831)	(3,251)
S & D costs (ex-staff, D&A)	(5,655)	(8,443)	(10,307)	(13,488)	(15,678)
Admin exp. (ex-staff, D&A)	(440)	(247)	(225)	(276)	(296)
Other operating expenses	(256)	(275)	(296)	(376)	(438)
EBIT	5,592	8,752	8,518	11,408	14,199
Finance costs, net	175	(110)	(13)	80	197
JVs & associates	-	(633)	(653)	(183)	88
Exceptional	-	-	-	-	-
Pre-tax profit	5,767	8,008	7,852	11,305	14,485
Income tax	(1,533)	(2,384)	(2,199)	(3,052)	(3,766)
Less: Minority interests	131	280	226	330	429
Net profit	4,103	5,344	5,427	7,922	10,290

Cash flow summary

YE 31 Dec (RMB mn)	FY18A	FY19A	FY20E	FY21E	FY22E
EBIT	5,592	8,752	8,518	11,408	14,199
D & A	342	448	328	420	476
Change in working capital	866	1,178	(351)	24	(429)
Income tax paid	(1,288)	(2,133)	(2,199)	(3,052)	(3,766)
Others	(1,072)	(759)	268	321	439
Net cash from operating	4,440	7,485	6,564	9,120	10,919
Capex & investments	(1,319)	(11,28)	(3,555)	(1,509)	(1,544)
Associated companies	-	-	-	-	-
Interest received	-	-	-	-	-
Others	118	(1,783)	-	-	-
Net cash from investing	(1,201)	(13,06)	(3,555)	(1,509)	(1,544)
Equity raised	4	709	-	-	-
Net change in bank loans	1,165	7,733	(2,000)	-	-
Dividend paid	(2,425)	(1,417)	(1,547)	(1,747)	(4,084)
Others	119	(2,356)	(281)	(241)	(241)
Net cash from financing	(1,136)	4,670	(3,829)	(1,988)	(4,325)
Net change in cash	2,102	(910)	(819)	5,623	5,050
Beginning cash balance	6,968	9,284	8,221	7,401	13,024
Exchange difference	214	(153)	-	-	-
Cash at the end of the year	9,284	8,221	7,401	13,024	18,074

Balance sheet

YE 31 Dec (RMB mn)	FY18A	FY19A	FY20E	FY21E	FY22E
Non-current assets	5,090	17,898	20,472	21,378	22,535
Fixed asset	1,787	2,148	2,940	3,459	3,828
Intangible assets & goodwill	1,106	678	1,113	1,684	2,383
Prepaid lease payments	367	53	2,053	2,053	2,053
Interest in joint ventures	-	10,551	9,898	9,715	9,803
Other non-current assets	1,830	4,468	4,468	4,468	4,468
Current assets	19,284	23,321	23,628	31,598	38,895
Cash and cash equivalents	9,284	8,221	7,401	13,024	18,074
Inventories	2,892	4,405	5,050	5,571	6,387
Trade and other receivables	4,638	6,309	6,791	8,616	10,048
Prepayments	-	-	-	-	-
Other current assets	2,470	4,386	4,386	4,386	4,386
Current liabilities	7,548	12,412	13,187	15,557	17,376
Bank loans	1,244	1,359	1,359	1,359	1,359
Trade payables	1,792	2,963	3,293	3,979	4,477
Accruals & other payables	3,841	5,821	6,266	7,950	9,271
Tax payables	650	1,225	1,225	1,225	1,225
Others	21	1,044	1,044	1,044	1,044
Non-current liabilities	306	7,746	5,746	5,746	5,746
Bank loans	70	6,644	4,644	4,644	4,644
Deferred income	-	-	-	-	-
Deferred tax	236	256	256	256	256
Others	-	846	846	846	846
Minority Interest	743	979	1,206	1,536	1,964
Total net assets	15,777	20,082	23,962	30,137	36,344
Shareholders' equity	15,777	20,082	23,962	30,137	36,344

Key ratios

YE 31 Dec	FY18A	FY19A	FY20E	FY21E	FY22E
Sales mix (%)					
Footwear	35.8	33.6	33.1	33.1	32.1
Apparel	61.0	63.1	63.5	64.0	65.2
Accessories	3.2	3.3	3.4	2.8	2.7
Total	100.0	100.0	100.0	100.0	100.0
P&L ratios (%)					
Gross margin	52.6	55.0	56.1	58.2	59.7
Operating margin	23.2	25.8	23.3	24.6	26.3
Pre-tax margin	23.9	23.6	21.5	24.4	26.8
Net margin	17.0	15.8	14.9	17.1	19.0
Effective tax rate	26.6	27.6	25.9	26.6	26.2
Balance sheet ratios					
Current ratio (x)	2.6	1.9	1.8	2.0	2.2
Quick ratio (x)	2.2	1.5	1.4	1.7	1.9
Cash ratio (x)	123	66	56	84	104
Inventory turnover days	93	105	115	105	107
Trade receivables days	70	68	68	68	68
Trade payables days	57	71	75	75	75
Total debt / total equity ratio (%)	8	40	25	20	17
Net debt / equity ratio (%)	Net cash	Net cash	Net cash	Net cash	Net cash
Returns (%)					
ROE	26.0	26.6	22.7	26.3	28.3
ROA	16.8	13.0	12.3	15.0	16.8
Per share					
EPS (RMB)	1.53	1.92	1.95	2.84	3.69
DPS (RMB)	0.68	0.61	0.53	0.78	2.35
BVPS (RMB)	5.87	7.43	8.87	11.1	13.4

Source: Company data, CMBIS estimates

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