

# Anta Sports (2020 HK)

## Softer Anta and stronger others, as expected

1H25 results were inline. And even the cut in Anta guidance and raise in other brands' guidance were all largely inline with our expectations. The main surprises to us would be the better-than-expected OP margin (esp. of the other brands). Outlook in 2H25E may still be challenging, but we tend to think the industry turnaround is around the corner and Anta is in a decent position to benefit from that. Maintain BUY and raise TP to HK\$ 118.55.

- **Retail sales trend in Jul to MTD in Aug 2025 was quite mixed.** Management highlighted that the retail sales growth has been rather subdued during Jul to MTD in Aug 2025, and we believe that was more about the Anta brand (FY25E guidance has just been cut) than the FILA brand. But for other brands (e.g. Descente and Kolon), the retail sales growth was close to 50%, still very fast (vs 60%+ in 1H25) and ahead of the FY25E guidance (40%+). Based on our channel check, Anta brand's online retail sales growth was still quite slow in Jul 2025 (around flattish) while that for FILA was at MSD to HSD.
- **FY25E guidance revised (cutting Anta's, keeping FILA's but raising other brands').** Management has revised the retail sales growth target for each segment in FY25E, where Anta's target was cut from HSD to MSD, FILA's target was kept at MSD, and other brands' target was raised to 40%+, from 30%+.
- **The Anta brand reform may take longer.** We believe there are a number of reasons behind the guidance cut: 1) weaker-than-expected basketball industry sales growth, 2) slower-than-expected ramp-up of the new store formats (sales per store for the Anta Champion store was decent, that for Arena stores was fair, but that for Anta super stores was somewhat below target, hence the new store expansion has already slowed down), 3) weaker-than-expected sales growth during the 618 festival (management is now making a more thorough and agile plan for Double 11 festival in 2H25E). Moreover, Anta's overseas expansion (whether it is Southeast Asia, or the US and Europe) is still in the investment phase and it may take 3 to 5 years to yield meaningful positives. However, thanks to rigid control of its opex (esp. the A&P and channel-related expenses), the OP margin should still be between 20% and 25% in FY25E, based on our estimates.

### Earnings Summary

(YE 31 Dec)	FY23A	FY24A	FY25E	FY26E	FY27E
Revenue (RMB mn)	62,356	70,826	79,098	87,950	96,394
YoY growth (%)	16.2	13.6	11.7	11.2	9.6
Operating profit (RMB mn)	15,409.0	16,763.0	18,297.9	20,621.1	22,927.6
Net profit (RMB mn)	11,277.0	16,989.0	14,898.6	17,021.5	19,169.2
EPS (Reported) (RMB)	3.65	5.34	4.64	5.30	5.97
YoY growth (%)	34.7	46.2	(13.1)	14.2	12.6
P/E (x)	25.5	17.5	20.1	17.6	15.6
P/B (x)	4.9	4.3	3.8	3.4	3.0
Yield (%)	2.1	2.3	2.4	2.8	3.1
ROE (%)	26.3	30.0	22.8	23.2	23.2
Net gearing (%)	42.2	15.6	24.4	32.0	38.7

Source: Company data, Bloomberg, CMBIGM estimates

### BUY (Maintain)

Target Price	HK\$118.55
(Previous TP)	HK\$111.54)
Up/Downside	16.7%
Current Price	HK\$101.60

### China Consumer Discretionary

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#### Stock Data

Mkt Cap (HK\$ mn)	274,658.2
Avg 3 mths t/o (HK\$ mn)	842.7
52w High/Low (HK\$)	106.30/69.05
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	11.9%	12.7%
3-mth	7.4%	-0.4%
6-mth	14.6%	7.9%

Source: FactSet

#### 12-mth Price Performance



Source: FactSet

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- **But the FILA brand's reform is more or less on track.** FILA's reform (alongside its change of CEO) since late last year has been constructive. For example: 1) the brand positioning as a high-end athleisure brand was strengthened, 2) new product launches with better design, were well received (like the golf, tennis, functional and footwear series), and 3) e-commerce sales growth remained faster than peers. Management is still confident on its MSD retail sales growth and 25% to 30% OP margin target in FY25E.
- **Other brands continued to be the bright spot and this should last into 2H25E.** The sales growth momentum of Descente and Kolon is still overwhelming, mostly thanks to its high product quality and successful brand positioning among the high-end spenders. The more impressive is that the SSSG was still at 30%+ and as a result, the OP margin now exceeded the 30% mark in 1H25 (slightly above its target of 25% to 30%). As the popularity persists, we would not be surprised to see such profitability to sustain into 2H25E.
- **Maintain BUY and raise TP to HK\$ 118.55, based on 21x FY26E P/E (rolled over from 23x FY25E P/E).** We have revised up FY25E/ 26E/ 27E net profit forecasts by 2%/ 2%/ 2%, in order to factor in: 1) the faster sales growth and the higher OP margin for the Descente and Kolon brand and 2) the Jack Wolfskin-related losses of roughly RMB 100mn to RMB 200mn. The stock is trading at 18x FY26E P/E, still not too demanding vs its 5-year average of 25x. We also think Anta should deserve a valuation premium over its peers, because of its more well-balanced portfolio (multi-brand and multi-region).
- **1H25 results were fairly inline.** In 1H25, Anta sales increased by 14% YoY to RMB 38.5bn and net profit declined by 9% YoY to RMB 7.0bn, both inline with BBG est. and CMBI est.. Other income (including government grants) was better than expected, but that was roughly offset by the higher-than-expected effective tax rate (mostly due to cash transfers to overseas as Anta has been expanding its overseas business, such as the opening of Anta's stores and acquisition of Jack Wolfskin etc.). In fact, the adjusted net profit in 1H25 increased by 7% YoY, which is healthy, in our view.

## Earnings revision

Figure 1: Earnings revision

RMB mn	New			Old			Diff (%)		
	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
Revenue	79,098	87,950	96,394	78,500	87,219	95,530	0.8%	0.8%	0.9%
Gross profit	48,940	54,659	60,139	48,674	54,307	59,700	0.5%	0.6%	0.7%
EBIT	18,298	20,621	22,928	17,937	20,188	22,423	2.0%	2.1%	2.3%
Net profit att.	13,558	15,490	17,444	13,307	15,183	17,081	1.9%	2.0%	2.1%
Diluted EPS (RMB)	4.643	5.304	5.974	4.557	5.200	5.850	1.9%	2.0%	2.1%
Gross margin	61.9%	62.1%	62.4%	62.0%	62.3%	62.5%	-0.1ppt	-0.1ppt	-0.1ppt
EBIT margin	23.1%	23.4%	23.8%	22.8%	23.1%	23.5%	0.3ppt	0.3ppt	0.3ppt
Net profit att. margin	17.1%	17.6%	18.1%	17.0%	17.4%	17.9%	0.2ppt	0.2ppt	0.2ppt

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	79,098	87,950	96,394	78,569	86,550	94,666	0.7%	1.6%	1.8%
Gross profit	48,940	54,659	60,139	48,999	54,237	59,598	-0.1%	0.8%	0.9%
EBIT	18,298	20,621	22,928	18,066	20,325	22,447	1.3%	1.5%	2.1%
Net profit att.	13,558	15,490	17,444	13,677	15,455	17,250	-0.9%	0.2%	1.1%
Diluted EPS (RMB)	4.643	5.304	5.974	4.822	5.442	6.062	-3.7%	-2.5%	-1.5%
Gross margin	61.9%	62.1%	62.4%	62.4%	62.7%	63.0%	-0.5ppt	-0.5ppt	-0.6ppt
EBIT margin	23.1%	23.4%	23.8%	23.0%	23.5%	23.7%	0.1ppt	0ppt	0.1ppt
Net profit att. margin	17.1%	17.6%	18.1%	17.4%	17.9%	18.2%	-0.3ppt	-0.2ppt	-0.1ppt

Source: Bloomberg, CMBIGM estimates

## Results summary

Figure 3: Results review – Half Year

Half yearly (RMB mn)	1H24	2H25	1H25	2H25E	1H24 YoY	2H24 YoY	1H25 YoY	2H25 E YoY	1H25E CMBIG M	Actual vs CMBIG M
Revenue	33,735	37,091	38,544	40,554	14%	13%	14%	9%	38,152	1%
COGS	-12,117	-14,677	-14,119	-16,039					-13,888	
Gross profit	21,618	22,414	24,425	24,515	15%	11%	13%	9%	24,265	1%
<b>GP margins</b>	<b>64.1%</b>	<b>60.4%</b>	<b>63.4%</b>	<b>60.5%</b>					<b>63.6%</b>	
Other income & gains	809	1,599	1,315	821					763	72%
S & D expenses	-11,796	-13,851	-13,272	-14,985	17%	19%	13%	8%	-13,392	-1%
<b>S &amp; D exp / sales</b>	<b>-35.0%</b>	<b>-37.3%</b>	<b>-34.4%</b>	<b>-37.0%</b>					<b>-35.1%</b>	
Admin expenses	-1,971	-2,227	-2,337	-2,263	16%	11%	19%	2%	-2,251	4%
<b>Admin exp / sales</b>	<b>-5.8%</b>	<b>-6.0%</b>	<b>-6.1%</b>	<b>-5.6%</b>					<b>-5.9%</b>	
Other opex	0	0	0	0					0	
Operating profit (EBIT)	8,660	7,935	10,131	8,088	14%	2%	17%	2%	9,386	8%
<b>OP margins</b>	<b>25.7%</b>	<b>21.4%</b>	<b>26.3%</b>	<b>19.9%</b>					<b>24.6%</b>	
Other items	0	0	0	0					0	
Net finance income	710	678	596	290					458	30%
<b>Net fin. income / sales</b>	<b>2.1%</b>	<b>1.8%</b>	<b>1.5%</b>	<b>0.7%</b>					<b>1.2%</b>	
Profit after financing costs	9,370	8,613	10,727	8,378					9,843	
Associated coms	0	0	0	0					0	
Jointly controlled coms	1,560	2,341	434	594					382	
Pre-tax profit	10,930	10,954	11,161	8,972	46%	34%	2%	-18%	10,225	9%
Tax	-2,511	-2,384	-3,050	-2,185					-2,556	
<b>Tax / sales</b>	<b>-7.4%</b>	<b>-6.4%</b>	<b>-7.9%</b>	<b>-5.4%</b>					<b>-6.7%</b>	
<b>Effective tax rate</b>	<b>-23.0%</b>	<b>-21.8%</b>	<b>-27.3%</b>	<b>-24.3%</b>					<b>-25.0%</b>	
Minority interests	698	695	1,080	261					690	56%
<b>Net profit att.</b>	<b>7,721</b>	<b>7,875</b>	<b>7,031</b>	<b>6,527</b>	<b>63%</b>	<b>137%</b>	<b>-9%</b>	<b>-17%</b>	<b>6,978</b>	<b>1%</b>
<b>NP margins</b>	<b>22.9%</b>	<b>21.2%</b>	<b>18.2%</b>	<b>16.1%</b>					<b>18.3%</b>	

Source: Company data, CMBIGM estimates

**Figure 4: Results review - full year**

Full yearly (RMB mn)	FY24	FY25E	FY26E	FY25E YoY	FY26E YoY
Revenue	70,826	79,098	87,950	12%	11%
COGS	-26,794	-30,158	-33,291		
Gross profit	44,032	48,940	54,659	11%	12%
<b>GP margins</b>	<b>62.2%</b>	<b>61.9%</b>	<b>62.1%</b>		
Other income & gains	2,408	2,136	2,375		
S & D expenses	-25,647	-28,257	-31,391	10%	11%
<b>S &amp; D exp / sales</b>	<b>-36.2%</b>	<b>-35.7%</b>	<b>-35.7%</b>		
Admin expenses	-4,198	-4,600	-5,110	10%	11%
<b>Admin exp / sales</b>	<b>-5.9%</b>	<b>-5.8%</b>	<b>-5.8%</b>		
Other opex	0	0	0		
Operating profit (EBIT)	16,595	18,219	20,533	10%	13%
<b>OP margins</b>	<b>23.4%</b>	<b>23.0%</b>	<b>23.3%</b>		
Other items	0	0	0		
Net finance income	1,388	886	1,238		
<b>Net fin. income / sales</b>	<b>2.0%</b>	<b>1.1%</b>	<b>1.4%</b>		
Profit after financing costs	17,983	19,105	21,771		
Associated coms	0	0	0		
Jointly controlled coms	3,901	1,028	1,231		
Pre-tax profit	21,884	20,133	23,002	-8%	14%
Tax	-4,895	-5,235	-5,981		
<b>Tax / sales</b>	<b>-6.9%</b>	<b>-6.6%</b>	<b>-6.8%</b>		
<b>Effective tax rate</b>	<b>-22.4%</b>	<b>-26.0%</b>	<b>-26.0%</b>		
Minority interests	1,393	1,341	1,532		
<b>Net profit att.</b>	<b>15,596</b>	<b>13,558</b>	<b>15,490</b>	<b>-13%</b>	<b>14%</b>
<b>NP margins</b>	<b>22.0%</b>	<b>17.1%</b>	<b>17.6%</b>		

Source: Company data, CMBIGM estimates

## Operating numbers

Figure 5: Sportswear brands sales growth trend

Operating numbers	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25E	4Q25E
Nike China sales	-8%	-20%	-13%	6%	1%	25%	12%	8%	6%	7%	-3%	-11%	-15%	-20%	-5%	2%
Adidas China sales	-35%	-35%	-27%	-50%	-9%	16%	6%	37%	8%	9%	9%	10%	13%	2%	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	+ve LSD	2%	4%
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	+ve LSD		
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			4%	4%
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%	+ve Low-teens		
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%	40%-45%		
Kolon	40%-45%	Over 20%	Over 55%	+ve High-teens	100%	100%	60%-65%	65%-70%	50%	60%	65%-70%	60%-65%	100%	70%-75%		
Li Ning group's SSSG																
Direct retail	+ve Low 20%	-ve Low-teens	+ve HSD	-ve High-teens	-ve HSD	+ve LSD	-ve MSD	+ve Low-teens	-ve MSD	-ve HSD	-ve HSD					
Wholesales	+ve Mid 20%	-ve High-teens	+ve MSD	-ve High 20%	-ve LSD	+ve HSD	+ve MSD	+ve High 30%	-ve LSD	-ve MSD	-ve MSD					
E- Commerce	+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					
	+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 sales																
Direct retail	+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	+ve LSD	+ve LSD	-2%	1%
Wholesales	+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	-ve LSD	-ve MSD		
E- Commerce	+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	+ve LSD	+ve LSD		
	+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	+ve Low-teens	+ve MSD		
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	+ve MSD	+ve LSD	3%	4%
Saucony's retail sales																
												Over 50%	50.0%	Over 40%	Over 20%	
361 Degree brand's SSSG																
361 Degree brand's offline	+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%	10%-15%	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%	10%-15%	10%		
E- Commerce	50%	40%	45%	25%	35%	30%	30%	Over 30%	20%-25%	30%-35%	Over 20%	30%-35%	35%-40%	10%		
Pou Sheng's SSSG	-21%	-25%	-10%	-27%	0%	13%	-3%	12%	-17%	-16%	-18%	-14%				
Pou Sheng's sales	-25%	-24%	-8%	-20%	7%	17%	-1%	9%	-7%	-11%	-11%	-3%	-5%	-12%	-2%	3%
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	-ve MSD	-3%	0%	3%
Dong Xiang's SSSG	-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				
Dong Xiang's retail sale	-ve MSD	-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	-ve MSD to HSD			
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 6: Major assumptions

Major assumptions	FY23A	FY24A	FY25E	FY26E	FY27E
<b>Sales by segment growth (%)</b>					
Shoes	12.7%	15.3%	11.0%	11.0%	9.0%
Apparels	18.8%	12.3%	12.2%	11.3%	9.9%
Accessories	18.1%	14.4%	12.0%	12.0%	12.0%
Total	16.2%	13.6%	11.7%	11.2%	9.6%
<b>Sales by brand growth (%)</b>					
Anta	12.7%	6.5%	4.0%	7.0%	6.0%
Anta Kids	14.0%	2.0%	5.0%	4.0%	3.0%
FILA	16.6%	6.1%	6.5%	7.0%	6.0%
Descente & Others	57.7%	53.7%	45.0%	25.0%	20.0%
E-commerce	2.6%	20.7%	7.0%	12.0%	10.0%
Total	16.2%	13.6%	11.7%	11.2%	9.6%
<b>Sales network</b>					
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
<b>GP margins</b>					
Anta	54.9%	54.5%	53.5%	53.5%	53.4%
FILA	69.0%	67.8%	66.5%	66.5%	66.5%
Others	72.9%	72.2%	72.5%	72.5%	72.5%
Total	62.6%	62.2%	61.9%	62.1%	62.4%
<b>Opex breakdown</b>					
A&P Expenses / sales	8.2%	9.0%	8.5%	8.3%	8.3%
Labour costs / sales	14.9%	14.8%	15.0%	14.9%	14.8%
R &D expenses / sales	6.9%	7.4%	7.4%	7.4%	7.4%
Rental expenses/ sales	11.0%	10.9%	10.6%	10.5%	10.5%
Selling & distribution costs / sales	34.8%	36.2%	35.7%	35.7%	35.6%
Admin expenses / sales	5.9%	5.9%	5.8%	5.8%	5.8%
<b>OP margin</b>					
Anta	21.7%	20.3%	18.9%	18.8%	19.0%
FILA	27.6%	25.3%	24.1%	24.1%	24.2%
Others	27.1%	28.6%	30.6%	31.1%	31.2%
Total	24.6%	23.4%	23.0%	23.3%	23.7%
Effective tax rate	27.9%	22.4%	26.0%	26.0%	26.0%
<b>NP att. margin</b>	<b>16.4%</b>	<b>22.0%</b>	<b>17.1%</b>	<b>17.6%</b>	<b>18.1%</b>
<b>NP att. growth</b>	<b>34.8%</b>	<b>52.4%</b>	<b>-13.1%</b>	<b>14.2%</b>	<b>12.6%</b>

Source: Company data, CMBIGM estimates

## Valuation

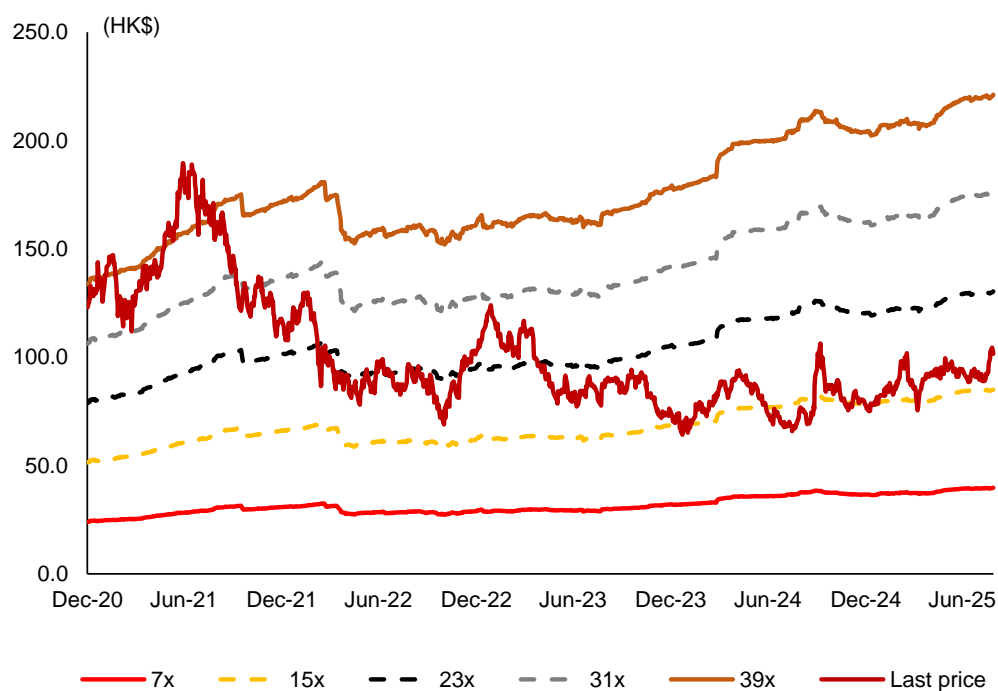
Figure 7: Peers valuation table

			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	118.55	101.60	17%	285,213	Dec-24	20.6	18.0	3.2	24.6	5.4	2.6	30.5
Li Ning Co	2331 HK	BUY	23.02	19.00	21%	49,111	Dec-24	17.8	15.7	1.5	10.5	7.6	2.9	15.4
Xtep Intl	1368 HK	BUY	7.39	6.58	12%	18,309	Dec-24	11.9	10.8	1.5	14.5	1.4	4.2	16.7
361 Degrees Intl	1361 HK	BUY	7.09	6.06	17%	12,530	Dec-24	9.1	8.1	1.0	12.6	0.8	4.9	42.9
Topsports Intl	6110 HK	BUY	3.62	3.28	10%	20,340	Feb-25	14.1	12.1	2.0	13.6	1.3	7.8	14.8
Pou Sheng Intl	3813 HK	NR	n/a	0.52	n/a	2,770	Dec-24	6.9	5.4	0.3	3.9	2.4	5.4	6.1
China DX	3818 HK	NR	n/a	0.50	n/a	2,917	Mar-25	n/a	n/a	n/a	(1.0)	0.0	n/a	44.6
Avg.								13.4	11.7	1.6	11.2	2.7	4.7	24.4
Med.								13.0	11.5	1.5	12.6	1.4	4.5	16.7
International Sportswear														
Nike	NKE US	NR	n/a	78.13	n/a	898,442	May-25	46.6	31.9	8.9	23.3	4.3	2.0	3.2
Adidas	ADS GY	NR	n/a	168.65	n/a	274,884	Dec-24	22.1	15.5	4.1	23.6	0.4	1.7	(28.8)
Puma	PUM GY	NR	n/a	20.69	n/a	27,729	Dec-24	n/a	93.6	1.2	(4.0)	0.0	1.6	(53.4)
Under Armour	UAA US	NR	n/a	5.06	n/a	16,740	Mar-25	103.2	23.1	1.1	5.5	(0.5)	0.0	(38.9)
Lululemon	LULU US	NR	n/a	207.35	n/a	193,497	Feb-25	14.3	13.5	3.9	42.5	3.6	0.0	(45.8)
Amer Sports	AS US	NR	n/a	41.00	n/a	176,815	Dec-24	49.8	38.4	3.7	4.4	0.5	0.0	46.6
Skechers	SKX US	NR	n/a	63.03	n/a	73,754	Dec-24	17.0	16.4	1.7	14.8	(45.5)	0.0	(6.3)
On Holding	ONON US	NR	n/a	45.28	n/a	115,130	Dec-24	59.2	29.8	6.3	10.3	2.0	0.0	(17.3)
Deckers	DECK US	NR	n/a	117.11	n/a	135,273	Mar-25	18.5	16.8	4.9	43.6	2.5	0.0	(42.3)
Vf Corp	VFC US	NR	n/a	14.81	n/a	45,031	Mar-25	19.6	14.1	2.9	(3.5)	(0.1)	2.4	(31.0)
Columbia	COLM US	NR	n/a	54.32	n/a	23,166	Dec-24	17.1	17.4	1.6	12.9	(7.6)	2.3	(35.3)
Wolverine	WWW US	NR	n/a	31.50	n/a	19,930	Dec-24	24.0	19.7	5.3	28.1	0.5	1.3	41.9
Mizuno Corp	8022 JP	NR	n/a	2655.00	n/a	11,176	Mar-25	12.4	11.7	1.2	9.9	1.5	1.9	(11.1)
Asics Corp	7936 JP	NR	n/a	4050.00	n/a	157,044	Dec-24	33.4	29.0	8.8	30.6	1.5	0.7	30.2
Avg.								33.6	26.5	4.0	17.3	(2.6)	1.0	(13.4)
Med.								22.1	18.5	3.8	13.9	0.5	1.0	(23.1)

Source: Bloomberg, CMBIGM estimates

Note: Data as of 27 Aug 2025



**Figure 8: Forward 12M P/E valuation band**

Source: Bloomberg, CMBIGM estimates

## Financial Summary

INCOME STATEMENT	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (RMB mn)						
Revenue	53,651	62,356	70,826	79,098	87,950	96,394
Cost of goods sold	(21,333)	(23,328)	(26,794)	(30,158)	(33,291)	(36,255)
Gross profit	32,318	39,028	44,032	48,940	54,659	60,139
Operating expenses	(23,216)	(25,366)	(29,845)	(32,857)	(36,501)	(39,911)
Selling expense	(19,629)	(21,673)	(25,647)	(28,283)	(31,567)	(34,554)
Admin expense	(2,308)	(2,079)	(2,207)	(2,331)	(2,451)	(2,649)
R&D expense	(1,279)	(1,614)	(1,991)	(2,243)	(2,482)	(2,708)
Others	0	0	0	0	0	0
Operating profit	11,229	15,409	16,763	18,298	20,621	22,928
Other income	2,127	1,747	2,576	2,215	2,463	2,699
Share of (losses)/profits of associates/JV	28	(718)	3,901	1,028	1,231	1,446
EBITDA	12,212	16,415	17,353	18,770	20,973	23,245
Depreciation	(860)	(1,018)	(341)	(325)	(311)	(292)
Other amortisation	(123)	12	(248)	(147)	(41)	(26)
Interest income	609	1,470	1,846	1,537	1,879	2,260
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	20,133	23,002	25,904
Income tax	(3,110)	(4,363)	(4,895)	(5,235)	(5,981)	(6,735)
Minority interest	(655)	(1,043)	(1,393)	(1,341)	(1,532)	(1,725)
Net profit	8,245	11,277	16,989	14,899	17,022	19,169

BALANCE SHEET	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (RMB mn)						
Current assets	42,596	52,140	52,482	58,856	68,726	79,398
Cash & equivalents	17,378	15,228	11,390	18,592	26,614	35,532
Account receivables	5,800	6,867	7,225	8,069	8,972	9,833
Inventories	8,490	7,210	10,760	9,089	10,033	10,926
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	63,988	65,923	68,208
PP&E	3,716	4,143	4,687	5,311	6,055	6,920
Investment in JVs & assos	9,343	21,119	36,211	37,239	38,471	39,916
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	122,845	134,649	147,606
Current liabilities	26,207	20,591	28,593	30,190	31,824	33,378
Short-term borrowings	12,198	3,996	8,583	8,583	8,583	8,583
Account payables	2,750	3,195	4,332	4,876	5,382	5,862
Tax payable	2,169	2,825	3,386	3,386	3,386	3,386
Other current liabilities	9,090	10,575	12,292	13,345	14,472	15,547
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	47,473	49,107	50,661
Share capital	262	272	271	271	271	271
Retained earnings	26,963	32,909	41,973	46,023	54,201	63,413
Other reserves	7,175	18,279	19,485	22,727	23,187	23,653
Total shareholders equity	34,400	51,460	61,729	69,021	77,659	87,337
Minority interest	3,439	4,550	5,010	6,351	7,883	9,608
Total equity and liabilities	69,195	92,228	112,615	122,845	134,649	147,606

CASH FLOW	2022A	2023A	2024A	2025E	2026E	2027E
<b>YE 31 Dec (RMB mn)</b>						
<b>Operating</b>						
Profit before taxation	11,355	15,640	21,884	20,133	23,002	25,904
Depreciation & amortization	983	1,006	590	472	352	318
Tax paid	(3,046)	(3,584)	(4,532)	(5,235)	(5,981)	(6,735)
Change in working capital	(1,104)	1,739	(2,118)	2,424	(214)	(200)
Others	3,959	4,833	917	(299)	(502)	(716)
<b>Net cash from operations</b>	<b>12,147</b>	<b>19,634</b>	<b>16,741</b>	<b>17,497</b>	<b>16,658</b>	<b>18,570</b>
<b>Investing</b>						
Capital expenditure	(1,621)	(1,161)	(2,258)	(949)	(1,055)	(1,157)
Acquisition of subsidiaries/ investments	(115)	(160)	(133)	0	0	0
Others	(3,038)	(24,472)	(12,473)	(2,350)	0	0
<b>Net cash from investing</b>	<b>(4,774)</b>	<b>(25,793)</b>	<b>(14,864)</b>	<b>(3,299)</b>	<b>(1,055)</b>	<b>(1,157)</b>
<b>Financing</b>						
Dividend paid	(3,950)	(4,250)	(7,029)	(6,266)	(6,851)	(7,766)
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)
<b>Net cash from financing</b>	<b>(7,841)</b>	<b>3,471</b>	<b>(5,761)</b>	<b>(6,996)</b>	<b>(7,580)</b>	<b>(8,495)</b>
<b>Net change in cash</b>						
Cash at the beginning of the year	17,592	17,378	15,228	11,390	18,592	26,614
Exchange difference	254	538	46	0	0	0
Others	(468)	(2,688)	(3,884)	7,202	8,022	8,918
<b>Cash at the end of the year</b>	<b>17,378</b>	<b>15,228</b>	<b>11,390</b>	<b>18,592</b>	<b>26,614</b>	<b>35,532</b>
GROWTH	2022A	2023A	2024A	2025E	2026E	2027E
<b>YE 31 Dec</b>						
Revenue	8.8%	16.2%	13.6%	11.7%	11.2%	9.6%
Gross profit	6.3%	20.8%	12.8%	11.1%	11.7%	10.0%
Operating profit	(1.3%)	37.2%	8.8%	9.2%	12.7%	11.2%
EBITDA	2.2%	34.4%	5.7%	8.2%	11.7%	10.8%
Net profit	0.3%	36.8%	50.7%	(12.3%)	14.2%	12.6%
PROFITABILITY	2022A	2023A	2024A	2025E	2026E	2027E
<b>YE 31 Dec</b>						
Gross profit margin	60.2%	62.6%	62.2%	61.9%	62.1%	62.4%
Operating margin	20.9%	24.7%	23.7%	23.1%	23.4%	23.8%
EBITDA margin	22.8%	26.3%	24.5%	23.7%	23.8%	24.1%
Return on equity (ROE)	26.0%	26.3%	30.0%	22.8%	23.2%	23.2%
GEARING/LIQUIDITY/ACTIVITIES	2022A	2023A	2024A	2025E	2026E	2027E
<b>YE 31 Dec</b>						
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	1.9	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
<b>YE 31 Dec</b>						
P/E	34.4	25.5	17.5	20.1	17.6	15.6
P/E (diluted)	34.4	25.5	17.5	20.1	17.6	15.6
P/B	7.3	4.9	4.3	3.8	3.4	3.0
P/CFPS	21.5	13.3	16.3	15.6	16.4	14.7
Div yield (%)	1.3	2.1	2.3	2.4	2.8	3.1
EV	259,685.2	252,983.2	277,204.5	270,002.8	261,980.6	253,062.6
EV/Sales	4.8	4.1	3.9	3.4	3.0	2.6
EV/EBITDA	21.3	15.4	16.0	14.4	12.5	10.9

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

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