

JS Global Lifestyle (1691 HK)

Top notch products to drive promising outlook for 2H20

Maintain BUY and lifted TP to HK\$ 14.10, based on 20x FY21E P/E (raised from 19x FY21E P/E as SharkNinja has just entered a new but successful product cycle). We are confident that growth in 2H20E to remain fast, thanks to: 1) already strong pick up since 4Q19, 2) new demand induced by newly added customers during pandemic, 2) more innovative products to be launched. The stock is trading at 16x FY21E P/E, highly attractive (vs China/ Int'l peers' avg. of 30x/ 24x) in our view. **JS Global remains our top pick in the home appliance space.**

- **Explosive sales/ net profit growth in 1H20.** JS Global net profit surged by 387% YoY to USD 107mn in 1H20, 46% above BBG est. and slightly better than the "at least USD 100mn" in profit warning, backed by a 23% YoY growth in sales, 16% above BBG est.
- **An overwhelming performance from SharkNinja.** SharkNinja sales surged by 34% YoY in 1H20, accelerated from 17% in FY19, thanks to: 1) excellent reception of new products (e.g. Shark VACMOP cordless vacuum mop, Shark Ion robot vacuum, Ninja foodie grill and oven), 2) rapid penetration into Europe and Japan and 3) raising e-commerce and resilient offline demand at many retailer stores. More impressively, its GP/ EBIT margin jumped by 11ppt/ 15ppt to 51%/ 16% in 1H20, due to 1) more higher margin new products sales, 2) reduced retail discounts, 3) lower production costs as its supply chain further consolidated with Joyoung's and 4) a sizable tariffs refund. **We forecast SN sales growth to be 30% in 2H20E.**
- **Significant rebound for Joyoung in 2Q20.** Joyoung's sales growth rebounded to 20% in 2Q20, vs 5% decline in 1Q20, driven by: 1) quick ramp up of e-commerce and more live-streaming promotions, 2) popularity gained among the younger customers after launches of more stylish and IP crossovers products. **We foresee a 12% JY sales growth in 2H20E.**
- **Margin expansion to continue in 2H20E (excluding tariffs).** We are confident GP margin to stay strong at ~39%, supported by more: 1) innovative and high-end product launches and 2) cost saving synergies (~USD 37mn).
- **Maintain BUY and raised TP to HK\$ 14.10.** We revised up FY20E/ 21E/ 22E EPS estimates by 23%/ 25%/ 27%, to factor in better SharkNinja sales and GP margin. We maintain BUY but lifted TP to HK\$ 14.10, as we use 20x FY21E P/E (raised from 19x). Valuation is still attractive at 16x FY21E P/E, comparing to its China/ Int'l peers' average of 30x/ 24x FY21E P/E.

Earnings Summary

(YE 31 Dec)	FY18A	FY19A	FY20E	FY21E	FY22E
Revenue (USD mn)	2,682	3,016	3,703	4,272	4,773
YoY growth (%)	71.5	12.5	22.8	15.4	11.7
Adj. NP att. (USD mn)	60	145	288	314	361
Adj. EPS (USD)	0.018	0.042	0.083	0.090	0.104
YoY growth (%)	12.277	136.6	97.9	9.0	15.2
Consensus EPS (USD)	n/a	n/a	0.062	0.075	0.092
Adj. P/E (x)	79.6	33.8	17.0	15.6	13.5
P/B (x)	10.3	3.1	2.4	2.0	1.7
Yield (%)	1.7	5.2	1.5	2.1	3.0
ROE (%)	7.5	2.7	10.1	10.7	11.6
Net gearing (%)*	213.6	39.1	9.0	Net cash	Net cash

Source: Company data, Bloomberg, CMBIS estimates, *net debt (cash) / equity

BUY (Maintain)

Target Price	HK\$14.10
(Previous TP)	HK\$9.97
Up/Downside	+28.2%
Current Price	HK\$11.00

China Home Appliance Sector

Walter Woo

(852) 3761 8776

walterwoo@cmbi.com.hk

Stock Data

Mkt Cap (HK\$ mn)	37,539
Avg 3 mths t/o (HK\$ mn)	13.29
52w High/Low (HK\$)	12.30/3.60
Total Issued Shares (mn)	3,412.7

Source: Bloomberg

Shareholding Structure

Mr. Wang Xuning (Chairman) & concert party	57.87%
CDH Fund	10.61%
Mr. Mark Rosenzweig	8.06%
RSU Holding entity	4.16%
Mr. Mark Adam Barrocas	2.14%
Other SN investors	0.29%
Free Float	16.87%

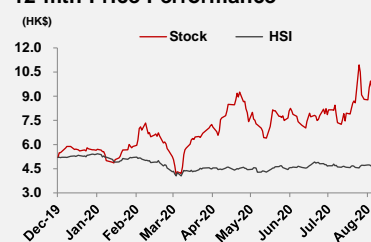
Source: HKEx

Share Performance

	Absolute	Relative
1-mth	49.5%	44.8%
3-mth	60.8%	47.5%
6-mth	64.9%	72.7%
12-mth	n/a	n/a

Source: Bloomberg

12-mth Price Performance



Source: Bloomberg

Auditor: Ernst & Young

Related Reports

1. JS Global (1691 HK, BUY) - Industry leading performance to drive re-rating - 4 May 2020
2. JS Global (1691 HK, BUY) - Benefit from e-commerce and home-cooking - 2 Apr 2020
3. JS Global (1691 HK, BUY) - Cross-selling with world-class tech and style - 4 Feb 2020

Earnings revision

Figure 1: Earnings revision

RMB mn	New			Old			Diff (%)		
	FY20E	FY21E	FY22E	FY20E	FY21E	FY22E	FY20E	FY21E	FY22E
Revenue	3,703	4,272	4,773	3,394	3,894	4,303	9.1%	9.7%	10.9%
Gross profit	1,533	1,737	1,948	1,271	1,482	1,641	20.6%	17.2%	18.7%
EBIT	423	460	540	228	327	382	85.7%	40.6%	41.1%
Adjusted NP att.	288	314	361	233	251	285	23.3%	25.1%	26.9%
Adjusted EPS (RMB)	0.083	0.090	0.104	0.067	0.072	0.082	23.3%	25.1%	26.9%
Gross margin	41.4%	40.7%	40.8%	37.4%	38.1%	38.1%	4ppt	2.6ppt	2.7ppt
EBIT margin	11.4%	10.8%	11.3%	6.7%	8.4%	8.9%	4.7ppt	2.4ppt	2.4ppt
Net profit att. margin	7.8%	7.3%	7.6%	6.9%	6.4%	6.6%	0.9ppt	0.9ppt	1.0ppt

Source: Company data, CMBIS estimates

Figure 2: CMBIS estimates vs consensus

RMB mn	CMBIS			Consensus			Diff (%)		
	FY20E	FY21E	FY22E	FY20E	FY21E	FY22E	FY20E	FY21E	FY22E
Revenue	3,703	4,272	4,773	3,613	3,931	4,808	2.5%	8.7%	-0.7%
Gross profit	1,533	1,737	1,948	1,423	1,535	1,857	7.7%	13.1%	4.9%
EBIT	423	460	540	359	431	521	17.8%	6.9%	3.6%
Adjusted NP att.	288	314	361	188	231	329	53.1%	35.7%	9.9%
Adjusted EPS (RMB)	0.083	0.090	0.104	0.062	0.075	0.092	33.3%	20.1%	12.7%
Gross margin	41.4%	40.7%	40.8%	37.6%	38.0%	38.5%	3.8ppt	2.7ppt	2.3ppt
EBIT margin	11.4%	10.8%	11.3%	7.1%	9.0%	9.1%	4.3ppt	1.8ppt	2.2ppt
Net profit att. margin	7.8%	7.3%	7.6%	4.1%	5.5%	5.9%	3.7ppt	1.9ppt	1.6ppt

Source: Company data, CMBIS estimates

Results summary

Figure 3: Results review – Half Year

Half yearly (Rmb mn)							1H19	2H19	1H20E	2H20E	1H20E	Actual
	1H18	2H18	1H19	2H19	1H20E	2H20E	yoy	yoy	yoy	yoy	CMBI	vs CMBI
Revenue	1,154	1,528	1,236	1,780	1,515	2,188	7%	17%	23%	23%	1,525	-1%
COGS	(729)	(954)	(774)	(1,116)	(853)	(1,317)					(937)	
Gross profit	425	574	462	664	662	871	9%	16%	43%	31%	588	13%
GP margins	36.9%	37.5%	37.4%	37.3%	43.7%	39.8%					38.5%	
Other income & gains	17	27	12	16	16	14					58	
S & D expenses	(213)	(264)	(204)	(303)	(244)	(394)	-5%	15%	20%	30%	(239)	2%
S & D expenses / sales	-18.5%	-17.3%	-16.5%	-17.0%	-16.1%	-18.0%					-15.7%	
Admin expenses	(150)	(168)	(179)	(237)	(220)	(272)	20%	41%	23%	15%	(210)	5%
Admin expenses / sales	-35.1%	-29.3%	-38.8%	-35.6%	-33.3%	-31.3%					-35.8%	
Other opex	0	0	0	0	0	0					0	
Operating profit (EBIT)	80	169	92	141	213	218	15%	-16%	132%	55%	196	9%
OP margins	6.9%	11.0%	7.4%	7.9%	14.1%	10.0%					12.8%	
Other items	(22)	(13)	(19)	(14)	(10)	(16)					(18)	
Net finance income	(37)	(41)	(44)	(40)	(59)	(14)					(30)	
Net finance income / sale	-3.2%	-2.7%	-3.6%	-2.2%	-3.9%	-0.6%					-2.0%	
Profit after financing costs	21	114	29	88	144	189					147	
Associated coms	6	0	0	2	(0)	0					2	
Jointly controlled coms	0	0	0	0	0	0					0	
Pre-tax profit	27	114	29	90	144	190	9%	-21%	395%	111%	149	-3%
Tax	(6)	(22)	(7)	(27)	(37)	(40)					(33)	
Tax / sales	-0.5%	-1.5%	-0.6%	-1.5%	-2.4%	-1.8%					-2.1%	
Effective tax rate	-22.3%	-19.6%	-24.5%	-29.7%	-25.7%	-21.0%					-22.0%	
Minority interests	21	56	20	24	25	29					15	
Net profit att.	(1)	36	2	40	82	121	-400%	11%	3307%	204%	101	-19%
NP margins	-0.1%	2.3%	0.2%	2.2%	5.4%	5.5%					6.6%	

Source: Company data, CMBIS estimates

Figure 4: Results review – Full Year

Full yearly (Rmb mn)	FY18	FY19	FY20E	FY21E	FY18	FY19	FY20E	FY21E
					yoy	yoy	yoy	yoy
Revenue	2,682	3,016	3,703	4,272	72%	12%	23%	15%
COGS	(1,683)	(1,890)	(2,170)	(2,535)				
Gross profit	999	1,127	1,533	1,737	92%	13%	36%	13%
GP margins	37.3%	37.4%	41.4%	40.7%				
Other income & gains	44	29	30	28				
S & D expenses	(478)	(507)	(638)	(738)	81%	6%	26%	16%
S & D expenses / sales	-17.8%	-16.8%	-17.2%	-17.3%				
Admin expenses	(318)	(416)	(493)	(556)	133%	31%	19%	13%
Admin expenses / sales	-31.8%	-36.9%	-32.1%	-32.0%				
Other opex	0	0	0	0				
Operating profit (EBIT)	248	233	432	471	74%	-6%	86%	9%
OP margins	9.3%	7.7%	11.7%	11.0%				
Other items	(35)	(32)	(26)	(30)				
Net finance income	(78)	(84)	(73)	(48)				
Net finance income / sales	-2.9%	-2.8%	-2.0%	-1.1%				
Profit after financing costs	135	117	333	394				
Associated coms	6	2	0	0				
Jointly controlled coms	0	0	0	0				
Pre-tax profit	140	119	333	394	38%	-15%	180%	18%
Tax	(28)	(34)	(77)	(79)				
Tax / sales	-1.1%	-1.1%	-2.1%	-1.8%				
Effective tax rate	-20.1%	-28.4%	-23.0%	-20.0%				
Minority interests	77	43	54	62				
Net profit att.	35	42	203	253	-28%	21%	381%	25%
NP margins	1.3%	1.4%	5.5%	5.9%				

Source: Company data, CMBIS estimates

Assumptions

Figure 5: CMBIS' assumptions

USD mn	FY17A	FY18A	FY19A	FY20E	FY21E	FY22E
Sales by brand (USD mn)						
Joyoung	1,054	1,179	1,280	1,420	1,624	1,784
SharkNinja	477	1,477	1,736	2,283	2,648	2,989
Others	33	25	-	-	-	-
Total	1,563	2,682	3,016	3,703	4,272	4,773
Sales growth by brand (%)						
Joyoung	-2.5%	11.9%	8.6%	10.9%	14.4%	9.8%
SharkNinja		210.0%	17.5%	31.5%	16.0%	12.9%
Others	46.7%	-23.5%	-100.0%	#DIV/0!	#DIV/0!	#DIV/0!
Total	41.7%	71.5%	12.5%	22.8%	15.4%	11.7%
Sales by segment growth (%)						
Cleaning		233.2%	5.6%	28.4%	18.4%	14.2%
Food preparation	27.3%	35.2%	3.2%	15.6%	14.2%	9.3%
Cooking	-1.6%	25.6%	37.4%	25.5%	14.2%	11.5%
Others	23.4%	22.3%	-2.7%	0.9%	1.9%	2.6%
Sales by region growth (%)						
China	-1.4%	11.6%	6.8%	12.6%	12.7%	10.3%
North America	5880.5%	192.9%	11.2%	28.0%	14.0%	9.0%
Europe	651.9%	263.2%	67.8%	48.0%	35.0%	30.0%
Other markets	42.7%	258.6%	33.5%	17.0%	15.0%	13.0%
GP margins by segment						
Joyoung	32.2%	32.1%	33.3%	33.5%	34.4%	34.3%
SharkNinja	37.0%	42.2%	41.1%	47.3%	45.2%	45.3%
Others	32.2%	39.4%	38.7%	43.8%	42.1%	42.1%
Total	33.2%	37.3%	37.4%	41.4%	40.7%	40.8%
Opex breakdown						
D & A	-0.8%	-1.7%	-1.7%	-1.2%	-1.0%	-0.9%
Admin exp. (ex D & A)	-7.9%	-10.2%	-12.1%	-12.1%	-12.0%	-11.8%
A & P	-6.2%	-7.7%	-6.3%	-7.5%	-7.6%	-7.4%
S & D costs (ex. A & P)	-10.6%	-10.1%	-10.5%	-9.7%	-9.7%	-9.8%
Selling & distribution costs / sales	-16.9%	-17.8%	-16.8%	-17.2%	-17.3%	-17.2%
Admin expenses / sales	-8.7%	-11.8%	-13.8%	-13.3%	-13.0%	-12.7%
OP margins						
Effective tax rate	-39.6%	21.0%	29.0%	23.0%	18.0%	18.0%
NP att. margins						
NP att. margins	3.1%	1.3%	1.4%	5.7%	7.7%	8.6%
NP att. growth (%)	-7.0%	-27.7%	20.9%	380.9%	24.6%	29.2%
Adjusted NP growth (%)	36.9%	8.9%	34.9%	66.6%	10.1%	15.7%
Adjusted NP att. growth (%)	22.5%	12.3%	141.8%	97.9%	9.0%	15.2%

Source: Company data, CMBIS estimates

Valuation

Peers Valuation

Figure 6: Peers' valuation

Company	Ticker	Rating	12m TP (LC)	Price (LC)	Up/Down-side	Mkt. Cap (HK\$ mn)	Year End	P/E (x)		P/B (x)		ROE (%)	3yrs PEG (x)	Yield (%)	
								FY1E	FY2E	FY1E	FY2E	FY1E	FY1E	FY1E	
A+ H shares Small Home Appliances															
JS Global	1691 HK	BUY	14.10	11.00	28%	37,539	Dec-19	17.0	15.6	2.4	2.0	10.1	0.6	1.5	
Joyoung	002242 CH	NR	n/a	42.90	n/a	36,997	Dec-19	35.7	30.3	8.0	7.2	22.5	2.4	2.1	
Zhejiang Supor	002032 CH	NR	n/a	81.74	n/a	75,448	Dec-19	34.8	29.5	8.7	7.6	25.7	3.5	1.7	
GD Xinbao	002705 CH	NR	n/a	41.47	n/a	37,363	Dec-19	34.2	28.3	6.7	5.7	21.2	1.3	1.3	
Bear Electric	002959 CH	NR	n/a	142.83	n/a	25,048	Dec-19	50.7	41.4	11.0	9.2	25.2	1.8	1.1	
Ecovacs Robotics	603486 CH	NR	n/a	40.38	n/a	25,566	Dec-19	62.3	43.1	8.0	6.9	4.8	0.8	0.1	
Kingclean Electric	603355 CH	NR	n/a	28.54	n/a	12,865	Dec-19	22.4	20.2	3.2	2.8	16.4	3.2	1.0	
								Avg.	36.7	29.8	6.8	5.9	18.0	2.0	1.3
								Med.	34.8	29.5	8.0	6.9	21.2	1.8	1.3
A + H Home Appliances															
Midea Group	000333 CH	BUY	72.80	67.99	7%	536,682	Dec-19	19.2	16.5	4.1	3.5	23.4	2.2	2.4	
Gree Electric	000651 CH	NR	n/a	52.94	n/a	358,011	Dec-19	14.8	12.0	2.6	2.3	19.9	2.6	3.6	
Haier Smart Home	600690 CH	NR	n/a	22.57	n/a	168,732	Dec-19	19.0	16.6	2.8	2.5	15.9	3.2	1.6	
Haier Electronics	1169 HK	NR	n/a	27.95	n/a	78,735	Dec-19	18.6	15.6	2.2	2.0	25.6	(1.5)	1.6	
Hisense Home	921 HK	NR	n/a	11.10	n/a	20,016	Dec-19	10.4	8.1	1.4	1.2	16.1	7.9	2.8	
Hisense Home - A	000921 CH	NR	n/a	14.69	n/a	20,016	Dec-19	14.6	12.1	2.1	1.8	16.1	(68.9)	2.5	
Whirlpool China	600983 CH	NR	n/a	7.66	n/a	6,600	Dec-19	n/a	n/a	n/a	n/a	(9.9)	n/a	n/a	
Hangzhou Robam	002508 CH	NR	n/a	41.16	n/a	43,911	Dec-19	23.1	20.4	4.8	4.2	22.5	2.3	1.9	
Vatti Corporation	002035 CH	NR	n/a	11.14	n/a	10,885	Dec-19	13.1	11.3	2.7	2.3	23.4	1.7	2.5	
								Avg.	16.6	14.1	2.8	2.5	17.0	(6.3)	2.3
								Med.	16.7	13.9	2.7	2.3	19.9	2.2	2.4
International Small Home Appliances															
Techtronic	669 HK	NR	n/a	98	n/a	179,217	Dec-19	32.8	27.0	5.9	5.6	19.5	1.8	1.2	
Smith (A.O.) Corp	AOS US	NR	n/a	49	n/a	61,604	Dec-19	27.3	21.9	4.7	4.5	17.6	7.5	2.0	
Helen Of Troy	HELE US	NR	n/a	211	n/a	41,416	Feb-20	21.4	20.5	3.4	n/a	15.2	n/a	n/a	
De'Longhi Spa	DLG IM	NR	n/a	28	n/a	38,169	Dec-19	24.6	22.8	3.1	2.9	14.2	3.2	2.4	
Irobot Corp	IRBT US	NR	n/a	76	n/a	16,431	Dec-19	31.7	40.1	2.9	2.8	15.2	(10.8)	0.0	
Seb Sa	SK FP	NR	n/a	146	n/a	67,289	Dec-19	24.9	17.4	2.8	2.5	12.9	3.0	1.0	
Koninklijke Philips	PHIA NA	NR	n/a	42	n/a	349,816	Dec-19	21.6	18.9	2.9	2.7	8.8	0.8	2.1	
								Avg.	26.3	24.1	3.7	3.5	14.8	0.9	1.4
								Med.	24.9	21.9	3.1	2.9	15.2	2.4	1.6
International Home Appliances															
Whirlpool Corp	WHR US	NR	n/a	179.19	n/a	86,510	Dec-19	13.9	11.5	3.6	3.5	28.9	(8.7)	2.8	
Ingersoll-Rand	IR US	NR	n/a	35.17	n/a	113,662	Dec-19	28.0	21.7	2.6	2.5	(2.8)	0.8	0.0	
Electrolux Ab	ELUXB SS	NR	n/a	188	n/a	51,713	Dec-19	28.5	14.4	2.4	2.1	19.2	1.1	3.5	
Daikin Industries	6367 JP	NR	n/a	20160.0	n/a	430,137	Mar-20	43.8	29.2	3.9	3.5	9.8	3.7	0.8	
Panasonic Corp	6752 JP	NR	n/a	962	n/a	171,794	Mar-20	22.4	12.6	1.1	1.0	8.6	(18.6)	2.8	
Fujitsu General Ltd	6755 JP	NR	n/a	2883.00	n/a	22,933	Mar-20	30.4	24.1	2.6	2.4	6.6	0.8	1.0	
Lg Electronics Inc	066570 KS	NR	n/a	86200.0	n/a	92,118	Dec-19	10.5	8.8	1.0	0.9	2.7	0.0	0.9	
Samsung	005930 KS	NR	n/a	55600.0	n/a	2,167,501	Dec-19	15.1	10.9	1.4	1.3	7.5	0.7	2.7	
								Avg.	24.1	16.6	2.3	2.2	10.1	(2.5)	1.8
								Med.	25.2	13.5	2.5	2.3	8.0	0.8	1.8

Source: Bloomberg, CMBIS estimates

Financial Summary

Income statement

YE 31 Dec (USD mn)	FY17A	FY18A	FY19A	FY20E	FY21E	FY22E
Revenue	1,563	2,682	3,016	3,703	4,272	4,773
Joyoung	1,054	1,179	1,280	1,420	1,624	1,784
SharkNinja	477	1,477	1,736	2,283	2,648	2,989
Others	33	25	-	-	-	-
Cost of goods sold	(1,044)	(1,683)	(1,890)	(2,170)	(2,535)	(2,825)
Gross profit	519	999	1,127	1,533	1,737	1,948
Other income	21	42	23	21	18	20
Operating expenses	(400)	(795)	(922)	(1,131)	(1,294)	(1,428)
A & P	(98)	(208)	(189)	(278)	(325)	(353)
S & D costs (ex. A & P)	(166)	(270)	(318)	(361)	(414)	(468)
D & A	(13)	(45)	(51)	(44)	(43)	(42)
Admin exp. (ex D & A)	(123)	(273)	(365)	(449)	(513)	(564)
Other opex	-	-	-	-	-	-
EBIT	141	246	227	423	460	540
Finance costs, net	(17)	(76)	(78)	(64)	(37)	(19)
JVs & associates	3	6	2	-	-	-
Exceptional	(26)	(35)	(32)	(26)	(30)	(33)
Pre-tax profit	102	140	119	333	394	487
Income tax	39	(28)	(34)	(77)	(79)	(88)
Less: Minority interests	93	77	43	54	62	74
Net profit att.	48	35	42	203	253	326
Adj. Net profit att.	54	60	145	288	314	361

Cash flow summary

YE 31 Dec (USD mn)	FY17A	FY18A	FY19A	FY20E	FY21E	FY22E
EBIT	141	246	227	423	460	540
D & A	29	87	89	87	87	86
Change in working capital	(83)	(48)	81	(114)	(66)	(59)
Income tax paid	(9)	(16)	(34)	(77)	(79)	(88)
Others	(27)	(36)	(94)	9	11	16
Net cash from operating	52	234	269	328	414	494
Capex & investments	(21)	(67)	(76)	(85)	(90)	(100)
Associated companies	(1,309)	29	34	-	-	-
Interest received	7	7	-	-	-	-
Others	109	21	-	-	-	-
Net cash from investing	(1,213)	(10)	(42)	(85)	(90)	(100)
Equity raised	-	-	375	-	-	-
Net change in bank loans	1,176	(59)	(112)	(350)	(200)	-
Dividend paid	(39)	(83)	83	250	69	99
Others	113	(119)	(333)	(73)	(48)	(35)
Net cash from financing	1,25	(261)	13	(173)	(178)	64
Net change in cash	89	(37)	240	70	146	458
Beginning cash balance	127	211	181	421	491	637
Exchange difference	(5)	7	-	-	-	-
Cash at end of the year	211	181	421	491	637	1,095

Balance sheet

YE 31 Dec (USD mn)	FY17A	FY18A	FY19A	FY20E	FY21E	FY22E
Non-current assets	1,896	1,889	1,999	1,998	2,000	2,015
Fixed asset	180	191	207	246	290	345
Intangible assets & goodwill	1,405	1,398	1,389	1,349	1,309	1,270
Prepaid lease payments	22	16	16	16	16	16
Interest in joint ventures	37	36	36	36	36	36
Other non-current assets	252	247	353	351	350	348
Current assets	1,389	1,411	1,775	2,058	2,437	3,094
Cash & cash equivalents	211	181	421	491	637	1,095
Inventories	272	350	393	427	498	555
Trade and other receivables	628	773	804	968	1,117	1,248
Prepayments	220	66	68	83	96	107
Other current assets	58	42	89	89	89	89
Current liabilities	661	1,281	990	1,089	1,256	1,396
Bank loans	10	486	26	26	26	26
Trade payables	262	409	530	535	625	697
Accruals & other payables	371	364	411	505	582	650
Tax payables	7	11	14	14	14	14
others	10	11	9	9	9	9
Non-current liabilities	2,026	1,557	1,251	901	701	701
Bank loans	1,194	700	1,049	699	499	499
Deferred income	57	53	53	53	53	53
Deferred tax	132	134	134	134	134	134
Others	643	671	15	15	15	15
Minority Interest	-	-	-	54	116	190
Total net assets	598	463	1,533	2,012	2,364	2,822
Shareholders' equity	598	463	1,533	2,012	2,364	2,822

Key ratios

YE 31 Dec	FY17A	FY18A	FY19A	FY20E	FY21E	FY22E
Sales mix (%)						
Joyoung	67.4	44.0	42.4	38.3	38.0	37.4
SharkNinja	30.5	55.1	57.6	61.7	62.0	62.6
Others	2.1	1.0	-	-	-	-
Total	100.	100.	100.	100.	100.	100.
P&L ratios (%)						
Gross margin	33.2	37.3	37.4	41.4	40.7	40.8
Operating margin	9.0	9.2	7.5	11.4	10.8	11.3
Pre-tax margin	6.5	5.2	3.9	9.0	9.2	10.2
Net margin	3.1	1.3	1.4	5.5	7.7	8.6
Effective tax rate	-39.6	21.0	29.0	23.0	18.0	18.0
Balance sheet ratios						
Current ratio (x)	2.1	1.1	1.8	1.9	2.3	2.6
Quick ratio (x)	1.7	0.8	1.4	1.5	1.8	2.2
Cash ratio (x)	0.3	0.1	0.4	0.5	0.5	0.8
Inventory turnover days	58	67	72	72	72	72
Trade receivables days	99	95	95	95	95	95
Trade payables days	77	73	91	90	90	90
Total debt / total equity ratio (%)	203	258	71	37	22	18
Net debt / equity ratio	167	214	39	9	Net cash	Net cash
Returns (%)						
ROE	8.1	7.5	2.7	10.1	10.7	11.6
ROA	1.5	1.1	1.1	5.0	5.7	6.4
Per share						
Adj. EPS (USD)	0.02	0.02	0.04	0.08	0.09	0.10
DPS (USD)	0.01	0.02	0.07	0.02	0.03	0.04
BVPS (USD)	0.18	0.14	0.45	0.59	0.69	0.83

Source: Company data, CMBIS estimates

Disclosures & Disclaimers

Analyst Certification

The research analyst who is primary responsible for the content of this research report, in whole or in part, certifies that with respect to the securities or issuer that the analyst covered in this report: (1) all of the views expressed accurately reflect his or her personal views about the subject securities or issuer; and (2) no part of his or her compensation was, is, or will be, directly or indirectly, related to the specific views expressed by that analyst in this report.

Besides, the analyst confirms that neither the analyst nor his/her associates (as defined in the code of conduct issued by The Hong Kong Securities and Futures Commission) (1) have dealt in or traded in the stock(s) covered in this research report within 30 calendar days prior to the date of issue of this report; (2) will deal in or trade in the stock(s) covered in this research report 3 business days after the date of issue of this report; (3) serve as an officer of any of the Hong Kong listed companies covered in this report; and (4) have any financial interests in the Hong Kong listed companies covered in this report.

Disclosures

CMBIS or its affiliate(s) have investment banking relationship with the issuers covered in this report in preceding 12 months

CMBIS Ratings

BUY : Stock with potential return of over 15% over next 12 months
HOLD : Stock with potential return of +15% to -10% over next 12 months
SELL : Stock with potential loss of over 10% over next 12 months
NOT RATED : Stock is not rated by CMBIS

OUTPERFORM : Industry expected to outperform the relevant broad market benchmark over next 12 months
MARKET-PERFORM : Industry expected to perform in-line with the relevant broad market benchmark over next 12 months
UNDERPERFORM : Industry expected to underperform the relevant broad market benchmark over next 12 months

CMB International Securities Limited

Address: 45/F, Champion Tower, 3 Garden Road, Hong Kong, Tel: (852) 3900 0888 Fax: (852) 3900 0800

CMB International Securities Limited ("CMBIS") is a wholly owned subsidiary of CMB International Capital Corporation Limited (a wholly owned subsidiary of China Merchants Bank)

Important Disclosures

There are risks involved in transacting in any securities. The information contained in this report may not be suitable for the purposes of all investors. CMBIS does not provide individually tailored investment advice. This report has been prepared without regard to the individual investment objectives, financial position or special requirements. Past performance has no indication of future performance, and actual events may differ materially from that which is contained in the report. The value of, and returns from, any investments are uncertain and are not guaranteed and may fluctuate as a result of their dependence on the performance of underlying assets or other variable market factors. CMBIS recommends that investors should independently evaluate particular investments and strategies, and encourages investors to consult with a professional financial advisor in order to make their own investment decisions.

This report or any information contained herein, have been prepared by the CMBIS, solely for the purpose of supplying information to the clients of CMBIS or its affiliate(s) to whom it is distributed. This report is not and should not be construed as an offer or solicitation to buy or sell any security or any interest in securities or enter into any transaction. Neither CMBIS nor any of its affiliates, shareholders, agents, consultants, directors, officers or employees shall be liable for any loss, damage or expense whatsoever, whether direct or consequential, incurred in relying on the information contained in this report. Anyone making use of the information contained in this report does so entirely at their own risk.

The information and contents contained in this report are based on the analyses and interpretations of information believed to be publicly available and reliable. CMBIS has exerted every effort in its capacity to ensure, but not to guarantee, their accuracy, completeness, timeliness or correctness. CMBIS provides the information, advices and forecasts on an "AS IS" basis. The information and contents are subject to change without notice. CMBIS may issue other publications having information and/ or conclusions different from this report. These publications reflect different assumption, point-of-view and analytical methods when compiling. CMBIS may make investment decisions or take proprietary positions that are inconsistent with the recommendations or views in this report.

CMBIS may have a position, make markets or act as principal or engage in transactions in securities of companies referred to in this report for itself and/or on behalf of its clients from time to time. Investors should assume that CMBIS does or seeks to have investment banking or other business relationships with the companies in this report. As a result, recipients should be aware that CMBIS may have a conflict of interest that could affect the objectivity of this report and CMBIS will not assume any responsibility in respect thereof. This report is for the use of intended recipients only and this publication, may not be reproduced, reprinted, sold, redistributed or published in whole or in part for any purpose without prior written consent of CMBIS.

Additional information on recommended securities is available upon request.

For recipients of this document in the United Kingdom

This report has been provided only to persons (I) falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended from time to time) ("The Order") or (II) are persons falling within Article 49(2) (a) to (d) ("High Net Worth Companies, Unincorporated Associations, etc.") of the Order, and may not be provided to any other person without the prior written consent of CMBIS.

For recipients of this document in the United States

This report is intended for distribution in the United States to "major US institutional investors", as defined in Rule 15a-6 under the US, Securities Exchange Act of 1934, and may not be furnished to any other person in the United States. Each major US institutional investor that receives a copy of this research report by its acceptance hereof represents and agrees that it shall not distribute or provide this research report to any other person.

For recipients of this document in Singapore

This report is distributed in Singapore by CMBI (Singapore) Pte. Limited (CMBISG) (Company Regn. No. 201731928D), an Exempt Financial Adviser as defined in the Financial Advisers Act (Cap. 110) of Singapore and regulated by the Monetary Authority of Singapore. CMBISG may distribute reports produced by its respective foreign entities, affiliates or other foreign research houses pursuant to an arrangement under Regulation 32C of the Financial Advisers Regulations. Where the report is distributed in Singapore to a person who is not an Accredited Investor, Expert Investor or an Institutional Investor, as defined in the Securities and Futures Act (Cap. 289) of Singapore, CMBISG accepts legal responsibility for the contents of the report to such persons only to the extent required by law. Singapore recipients should contact CMBISG at +65 6350 4400 for matters arising from, or in connection with the report.