招銀国际
CMB INTERNATIONAL
招商银行全资附属机构
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Anta Sports (2020 HK)

Staying cautious even after guidance cut

3Q25 retail sales growth was all inline, in our view, but that was partially due to CMBI and investors' low expectation (as industry and macro conditions got worse lately). While management highlighted that Oct 2025 sales trend is under pressure with guidance cut for Anta brand, we are also concerned about retail discounts for FILA brand, as its inventories continue to climb, esp. under such a weak macro backdrop. We still maintain BUY with a long-run positive view, but we are more cautious in the short run (inline with our decision to downgrade sportswear sector's rating to MARKET-PERFORM in early Oct 2025).

- **Retail sales trend in Oct 2025 was kind of under pressure.** Management highlighted that retail sales growth was quite subdued in early Oct 2025 but improved in mid Oct 2025. However, the initial trend of the 2025 double 11 festival was not too encouraging. But we noted that, while the new brands do face similar challenges, their tracking numbers are still fast and healthy.
- **Cutting retail sales growth target for Anta while keeping that for FILA and other brands.** Therefore, the FY25 guidance was modified, Anta's retail sales growth target will be revised down from MSD to LSD while that for FILA will remain unchanged at MSD, and the other brands' target has stayed at 40% or above.
- **Anta brand's risks, in our view, are more about sales growth.** For Anta brand, we can see several risks here, including: 1) after weaker than planned retail sales growth in 2Q25 and 3Q25, performance so far in 4Q25E has also been disappointing, 2) macro uncertainty is still high and competition from peers has intensified throughout the year, 3) reforms on e-commerce business may continue to drag, 4) while performance of many new store formats are reasonably good, the speed of store expansion is as not as fast as forecasted, and 5) development and store expansion of the Anta Super Stores has taken more time than expected. But margin wise, we do think its OP margin of 20% to 25% is still achievable, because: 1) its channel inventory is healthy, and hence the pressure on retail discount is manageable, 2) A&P expenses could be reduced and redirected (may sponsor more other national teams), as the sponsorship with COC will end this year, and 3) expenses related to overseas expansion will be rather disciplined.
- **Maintain BUY but trim TP to HK$ 105.30, based on 19x FY26E P/E. (cut from 21x, because of guidance cut and rising macro headwinds).** We have revised down FY25E/ 26E/ 27E net profit forecasts by 1%/ 2%/ 2%, in order to factor in: 1) slower-than-expected offline SSSG and e-commerce sales in 3Q25, and 2) weaker-than-expected GP margin (esp. for FILA). The stock is trading at 15x FY26E P/E, not too demanding vs its 5-year average of 25x. We maintain our BUY rating. But noted that while we are positive on the mid to long-term growth (esp. outdoor and overseas), there are certain risks in the near term: 1) deteriorating macro conditions, 2) potentially longer than expected time to reform Anta and FILA and 3) competition may further increase if Li Ning and Nike plan to come back next year.

Earnings Summary

(YE 31 Dec)	FY23A	FY24A	FY25E	FY26E	FY27E
Revenue (RMB mn)	62,356	70,826	79,068	86,635	94,608
YoY growth (%)	16.2	13.6	11.6	9.6	9.2
Operating profit (RMB mn)	15,409.0	16,763.0	18,168.7	20,228.3	22,433.6
Net profit (RMB mn)	11,277.0	16,989.0	14,801.1	16,711.6	18,772.9
EPS (Reported) (RMB)	3.65	5.34	4.61	5.21	5.85
YoY growth (%)	34.7	46.2	(13.6)	12.9	12.3
P/E (x)	21.1	14.4	16.7	14.8	13.2
P/B (x)	4.0	3.5	3.2	2.8	2.5
Yield (%)	2.5	2.8	2.9	3.3	3.7
ROE (%)	26.3	30.0	22.7	22.8	22.9
Net gearing (%)	42.2	15.6	24.3	31.8	38.4

Source: Company data, Bloomberg, CMBIGM estimates

BUY (Maintain)

Target Price	**HK$105.30**
(Previous TP	HK$118.55)
Up/Downside	**25.3%**
Current Price	**HK$84.05**

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Stock Data

Mkt Cap (HK$ mn)	227,214.8
Avg 3 mths t/o (HK$ mn)	1,002.5
52w High/Low (HK$)	104.40/75.15
Total Issued Shares (mn)	2703.3

Source: FactSet

Shareholding Structure

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

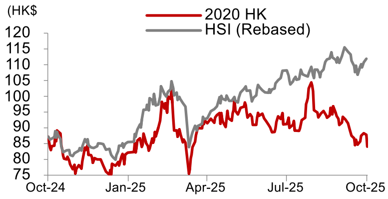
Source: HKEx

Share Performance

	Absolute	Relative
1-mth	-7.5%	-8.3%
3-mth	-7.8%	-10.6%
6-mth	-8.1%	-23.4%

Source: FactSet

12-mth Price Performance



Source: FactSet

Recent Reports:

Topsports (6110 HK) - Guidance kept; prioritizing profit over sales (27 Oct 25)

JNBY Design (3306 HK) - Sales trend improved but guidance is prudent (10 Sep 25)

Anta Sports (2020 HK) - Softer Anta and stronger others, as expected (28 Aug 25)

Li Ning (2331 HK) - Still positive despite all margin drags in 2H25E (25 Aug 25)

Xtep (1368 HK) - FY25E guidance unchanged after 1H25 beat (19 Aug 25)

361 Degrees (1361 HK) - Guidance unchanged but w e are concerned (15 Aug 25)

- **While we are still comfortable with FILA's retail sales growth, its GP margin ahead could be slightly worrying.** We think FILA can still deliver its retail sales growth target, because: 1) FILA's reform since late 2024 is still yielding certain positive (tennis, golf and functional products have outperformed), 2) its e-commerce business is better managed and growing faster than peers (Taobao+Tmall continue to improve and Douyin to stay fast), 3) it has doubled down on the professional tennis category (become the sole sponsor for China Tennis Open and signed Yunchaokete Bu as its first spokesperson in Sep 2025), and 4) it has launched more different formats and is likely to speed up the store revamp. However, in our view, there are risks for FILA to achieve the 25%-30% OP margin target, such as: 1) potential pressure for inventory clearance and higher retail discounts (given its inventory pile up), 2) continuous increase in e-commerce sales mix (which may dampen more on its overall GP margin but less on OP margin), 3) steeper than expected decline in purchasing power (this may hinder sales of those high-end, functional and professional products).

- **Other brands' strong momentum is still sustaining into 2H25E.** Other brands' retail sales growth was at 45% to 50% (30%/ 70% for Descente/ Kolon) in 3Q25, similar to the 50% to 55% in 2Q25, roughly inline with our estimates. Thanks to its resilient performance in 3Q25 and MTD in Oct 2025, we are fairly confident on them to achieve its FY25E guidance of 40% or above. Apart from the store expansion, focuses on Skiing, triathlon and golf for Descente and Outdoor for Kolon, will help them to drive their store productivity and e-commerce sales growth ahead.

- **Anta's retail sales growth in 3Q25 was inline with the already bearish expectation.** Anta reported LSD retail sales growth in 3Q25, similar to that in 2Q25, lower than guidance of MSD but inline with rather bearish expectations of CMBI and market. In terms of segment, sales growth for adult/ kids (both offline+online) was at LSD/ MSD, sales growth for e-commerce (HSD) was faster than offline, sales growth for running and outdoor was the best while that for basketball was still quite subdued. Such a weak performance, in our view, was mostly due to unfavorable weather, soft consumer appetite, weak offline traffic, reform of the e-commerce department, increasingly promotional online marketplace and slower-than-expected expansion of the new store formats.

- **FILA's retail sales growth in 3Q25 was also inline.** FILA reported LSD retail sales growth in 3Q25, slowing down from the MSD in 2Q25, also lower than guidance of MSD but inline with CMBI's expectation. By segment, sales growth for adult/ kids/ Fusion (all offline+online) was at MSD/ MSD/ flattish, sales growth for e-commerce (HSD) was also faster than offline, tennis and golf continued to outperform.

- **Both the inventory and retail discounts level worsened in 3Q25.** Given both industry wise and company specific reasons, the inventory to sales ratio in 3Q25 for Anta was at 5 months or above (vs below 5 months in 3Q24) and that for FILA was at around 6 months (vs around 5 months in 3Q24). More importantly, retail discounts for Anta was flattish YoY/ has deepened by 2ppts YoY for the offline/ online channel in 3Q25. FILA was kind of under greater pressure, as its retail discounts also widened, by 2ppts/ 1ppt YoY for offline/ online channel in 3Q25.

Earnings revision

Figure 1: Earnings revision

	New			Old			Diff (%)		
RMB mn	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
Revenue	79,068	86,635	94,608	79,098	87,950	96,394	0.0%	-1.5%	-1.9%
Gross profit	48,753	53,762	59,000	48,940	54,659	60,139	-0.4%	-1.6%	-1.9%
EBIT	18,169	20,228	22,434	18,298	20,621	22,928	-0.7%	-1.9%	-2.2%
Net profit att.	13,469	15,208	17,083	13,558	15,490	17,444	-0.7%	-1.8%	-2.1%
Diluted EPS (RMB)	4.613	5.208	5.850	4.643	5.304	5.974	-0.7%	-1.8%	-2.1%
Gross margin	61.7%	62.1%	62.4%	61.9%	62.1%	62.4%	-0.2ppt	-0.1ppt	0ppt
EBIT margin	23.0%	23.3%	23.7%	23.1%	23.4%	23.8%	-0.2ppt	-0.1ppt	-0.1ppt
Net profit att. margin	17.0%	17.6%	18.1%	17.1%	17.6%	18.1%	-0.1ppt	-0.1ppt	0ppt

Source: Company data, CMBIGM estimates

Figure 2: CMBIGM estimates vs consensus

	CMBIGM			Consensus			Diff (%)		
RMB mn	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
Revenue	79,068	86,635	94,608	79,459	87,804	96,228	-0.5%	-1.3%	-1.7%
Gross profit	48,753	53,762	59,000	49,453	54,980	60,569	-1.4%	-2.2%	-2.6%
EBIT	18,169	20,228	22,434	18,543	20,856	23,169	-2.0%	-3.0%	-3.2%
Net profit att.	13,469	15,208	17,083	13,656	15,382	17,185	-1.4%	-1.1%	-0.6%
Diluted EPS (RMB)	4.613	5.208	5.850	4.812	5.433	6.085	-4.1%	-4.2%	-3.9%
Gross margin	61.7%	62.1%	62.4%	62.2%	62.6%	62.9%	-0.6ppt	-0.6ppt	-0.6ppt
EBIT margin	23.0%	23.3%	23.7%	23.3%	23.8%	24.1%	-0.4ppt	-0.4ppt	-0.4ppt
Net profit att. margin	17.0%	17.6%	18.1%	17.2%	17.5%	17.9%	-0.2ppt	0ppt	0.2ppt

Source: Bloomberg, CMBIGM estimates

Operating numbers

Figure 3: 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%**	**-10%**	**2%**
Adidas China sales	**-35%**	**-35%**	**-27%**	**-50%**	**-9%**	**16%**	**6%**	**37%**	**8%**	**9%**	**9%**	**10%**	**13%**	**2%**	**6%**	**8%**
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**	**+ve LSD**	**2%**
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	+ve HSD	
FILA brand's retail sales	**+ve MSD**	**-ve HSD**	**+ve Low-teens**	**-ve Low-teens**	**+ve HSD**	**+ve High-teens**	**+ve Low-teens**	**25%-30%**	**+ve HSD**	**+ve MSD**	**-ve LSD**	**+ve HSD**	**+ve HSD**	**+ve MSD**	**+ve LSD**	**3%**
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				
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	+ve HSD	
Other brands	**40%-45%**	**20%-25%**	**40%-45%**	**+ve Low-teens**	**75%-80%**	**70%-75%**	**45%-50%**	**55%-60%**	**25%-30%**	**40%-45%**	**45%-50%**	**50%-55%**	**65%-70%**	**50%-55%**	**45%-50%**	
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%	30%	
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%	70%	
Li Ning group's SSSG	**+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**					
Direct retail	+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					
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**	**+ve LSD**	**+ve LSD**	**-ve MSD**	**0%**
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	-ve LSD	-ve MSD	-ve MSD	
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	+ve LSD	+ve LSD	-ve HSD	
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	+ve Low-teens	+ve MSD	+ve HSD	
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**	**+ve LSD**	**2%**
Saucony's retail sales											**Over 50%**	**50.0%**	**Over 40%**	**Over 20%**	**Over 20%**	
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%**	**10%-15%**	**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%	10%-15%	10%	10%	
E- Commerce	50%	40%	45%	25%	35%	30%	30%	Over 30%	20%-25%	30%-35%	Over 20%	30%-35%	35%-40%	10%	20%	
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%**	**-6%**	**-5%**
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**	**-ve MSD**	**-ve HSD**	**-7%**
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**			

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

Assumptions

Figure 4: Major assumptions

Major assumptions	FY23A	FY24A	FY25E	FY26E	FY27E
Sales by segment growth (%)					
Shoes	12.7%	15.3%	11.0%	10.0%	9.0%
Apparels	18.8%	12.3%	12.1%	9.1%	9.2%
Accessories	18.1%	14.4%	12.0%	12.0%	12.0%
Total	16.2%	13.6%	11.6%	9.6%	9.2%
Sales by brand growth (%)					
Anta	12.7%	6.5%	2.0%	4.0%	5.0%
Anta Kids	14.0%	2.0%	3.0%	3.0%	3.0%
FILA	16.6%	6.1%	6.0%	6.0%	6.0%
Descente & Others	57.7%	53.7%	50.0%	25.0%	20.0%
E-commerce	2.6%	20.7%	7.0%	8.0%	8.0%
Total	16.2%	13.6%	11.6%	9.6%	9.2%
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%	53.2%	53.1%	53.1%
FILA	69.0%	67.8%	66.0%	66.0%	66.0%
Others	72.9%	72.2%	72.5%	72.5%	72.5%
Total	62.6%	62.2%	61.7%	62.1%	62.4%
Opex breakdown					
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%	10.5%	10.5%	10.6%
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%
OP margin					
Anta	21.7%	20.3%	18.6%	18.5%	18.7%
FILA	27.6%	25.3%	23.8%	23.8%	23.9%
Others	27.1%	28.6%	30.6%	31.1%	31.2%
Total	24.6%	23.4%	22.9%	23.2%	23.6%
Effective tax rate	27.9%	22.4%	26.0%	26.0%	26.0%
NP att. margin	**16.4%**	**22.0%**	**17.0%**	**17.6%**	**18.1%**
NP att. growth	**34.8%**	**52.4%**	**-13.6%**	**12.9%**	**12.3%**

Source: Company data, CMBIGM estimates

Financial Summary

INCOME STATEMENT	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (RMB mn)						
Revenue	**53,651**	**62,356**	**70,826**	**79,068**	**86,635**	**94,608**
Cost of goods sold	(21,333)	(23,328)	(26,794)	(30,315)	(32,873)	(35,608)
Gross profit	**32,318**	**39,028**	**44,032**	**48,753**	**53,762**	**59,000**
Operating expenses	**(23,216)**	**(25,366)**	**(29,845)**	**(32,799)**	**(35,959)**	**(39,216)**
Selling expense	(19,629)	(21,673)	(25,647)	(28,226)	(31,098)	(33,956)
Admin expense	(2,308)	(2,079)	(2,207)	(2,330)	(2,416)	(2,602)
R&D expense	(1,279)	(1,614)	(1,991)	(2,242)	(2,445)	(2,658)
Others	0	0	0	0	0	0
Operating profit	**11,229**	**15,409**	**16,763**	**18,169**	**20,228**	**22,434**
Other income	2,127	1,747	2,576	2,214	2,426	2,649
Share of (losses)/profits of associates/JV	28	(718)	3,901	1,028	1,213	1,419
EBITDA	**12,212**	**16,415**	**17,353**	**18,641**	**20,580**	**22,751**
Depreciation	(860)	(1,018)	(341)	(325)	(311)	(292)
Other amortisation	(123)	12	(248)	(147)	(41)	(26)
Interest income	609	1,470	1,846	1,534	1,872	2,246
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**	**20,001**	**22,583**	**25,369**
Income tax	(3,110)	(4,363)	(4,895)	(5,200)	(5,872)	(6,596)
Minority interest	(655)	(1,043)	(1,393)	(1,332)	(1,504)	(1,690)
Net profit	**8,245**	**11,277**	**16,989**	**14,801**	**16,712**	**18,773**

BALANCE SHEET	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (RMB mn)						
Current assets	**42,596**	**52,140**	**52,482**	**58,802**	**68,226**	**78,605**
Cash & equivalents	17,378	15,228	11,390	18,493	26,374	35,115
Account receivables	5,800	6,867	7,225	8,066	8,838	9,651
Inventories	8,490	7,210	10,760	9,136	9,907	10,731
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**	**65,888**	**68,125**
PP&E	3,716	4,143	4,687	5,310	6,039	6,883
Investment in JVs & assos	9,343	21,119	36,211	37,239	38,452	39,871
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**	**122,789**	**134,114**	**146,730**
Current liabilities	**26,207**	**20,591**	**28,593**	**30,212**	**31,589**	**33,046**
Short-term borrowings	12,198	3,996	8,583	8,583	8,583	8,583
Account payables	2,750	3,195	4,332	4,901	5,315	5,757
Tax payable	2,169	2,825	3,386	3,386	3,386	3,386
Other current liabilities	9,090	10,575	12,292	13,341	14,305	15,320
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**	**47,495**	**48,872**	**50,329**
Share capital	262	272	271	271	271	271
Retained earnings	26,963	32,909	41,973	45,976	54,005	63,027
Other reserves	7,175	18,279	19,485	22,705	23,120	23,567
Total shareholders equity	**34,400**	**51,460**	**61,729**	**68,953**	**77,396**	**86,865**
Minority interest	3,439	4,550	5,010	6,342	7,846	9,536
Total equity and liabilities	**69,195**	**92,228**	**112,615**	**122,789**	**134,114**	**146,730**

CASH FLOW	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (RMB mn)						
Operating						
Profit before taxation	**11,355**	**15,640**	**21,884**	**20,001**	**22,583**	**25,369**
Depreciation & amortization	983	1,006	590	472	352	318
Tax paid	(3,046)	(3,584)	(4,532)	(5,200)	(5,872)	(6,596)
Change in working capital	(1,104)	1,739	(2,118)	2,402	(166)	(180)
Others	3,959	4,833	917	(298)	(483)	(690)
Net cash from operations	**12,147**	**19,634**	**16,741**	**17,377**	**16,414**	**18,221**
Investing						
Capital expenditure	(1,621)	(1,161)	(2,258)	(949)	(1,040)	(1,135)
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)**	**(3,299)**	**(1,040)**	**(1,135)**
Financing						
Dividend paid	(3,950)	(4,250)	(7,029)	(6,245)	(6,764)	(7,614)
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)**	**(6,975)**	**(7,493)**	**(8,344)**
Net change in cash						
Cash at the beginning of the year	17,592	17,378	15,228	11,390	18,493	26,374
Exchange difference	254	538	46	0	0	0
Others	(468)	(2,688)	(3,884)	7,103	7,881	8,741
Cash at the end of the year	**17,378**	**15,228**	**11,390**	**18,493**	**26,374**	**35,115**
GROWTH	**2022A**	**2023A**	**2024A**	**2025E**	**2026E**	**2027E**
YE 31 Dec						
Revenue	8.8%	16.2%	13.6%	11.6%	9.6%	9.2%
Gross profit	6.3%	20.8%	12.8%	10.7%	10.3%	9.7%
Operating profit	(1.3%)	37.2%	8.8%	8.4%	11.3%	10.9%
EBITDA	2.2%	34.4%	5.7%	7.4%	10.4%	10.5%
Net profit	0.3%	36.8%	50.7%	(12.9%)	12.9%	12.3%
PROFITABILITY	**2022A**	**2023A**	**2024A**	**2025E**	**2026E**	**2027E**
YE 31 Dec						
Gross profit margin	60.2%	62.6%	62.2%	61.7%	62.1%	62.4%
Operating margin	20.9%	24.7%	23.7%	23.0%	23.3%	23.7%
EBITDA margin	22.8%	26.3%	24.5%	23.6%	23.8%	24.0%
Return on equity (ROE)	26.0%	26.3%	30.0%	22.7%	22.8%	22.9%
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	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**
YE 31 Dec						
P/E	28.4	21.1	14.4	16.7	14.8	13.2
P/E (diluted)	28.4	21.1	14.4	16.7	14.8	13.2
P/B	6.0	4.0	3.5	3.2	2.8	2.5
P/CFPS	17.7	11.0	13.4	12.9	13.7	12.3
Div yield (%)	1.6	2.5	2.8	2.9	3.3	3.7
EV	222,379.3	215,673.2	238,244.0	231,141.1	223,259.9	214,518.5
EV/Sales	4.1	3.5	3.4	2.9	2.6	2.3
EV/EBITDA	18.2	13.1	13.7	12.4	10.8	9.4

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

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