

Anta Sports (2020 HK)

Turnaround is in sight in 2Q23E

Maintain BUY and raise our TP to HK\$ 128.94, based on 31x FY23E P/E (based on 1 s.d. above the 5-year average, up from 25x). We still believe the sector can continue to re-rate as turnaround is likely in FY23E, even though the valuation is not too cheap and base was high in 1Q22. Current valuation of 26x FY23E P/E is not too demanding, vs 5-year average of 26x and int'l peers' average of 20x.

- **FY22E results could be under pressure.** We are revising down our FY22E net profit forecast by 14%, because of: 1) increased efforts on inventory clearance (e.g. more promotions given during double 11), 2) offline stores' operating deleverage during the peak season, 3) limited reliefs on rental expenses and 4) potential needs of inventory provisions.
- **New Year Eve was encouraging but we expect the turnaround should start from 2Q23E.** Management did highlight a mid-teen retail sales growth during the New Year Eve holidays and the trend is sustaining into Jan 2023. However, due to: 1) high base given the Winter Olympics in Jan 2022, 2) earlier than last year CNY, and 3) weakened consumption power after a year of economic slowdown, we forecast only 0%/-11% retail sales growth of Anta/FILA in 1Q23E and we also expect the turnaround to begin in 2Q23E with a 4%/11% retail sales growth for Anta/FILA.
- **FY23E should be a year of turnaround with margin expansion.** Though the FY23E guidance is not out yet, management reiterated that: 1) inventory clearance is still the top priority and 2) double digit retail sales growth for offline and a faster growth for e-commerce are reasonable targets. We also believe the margin may also expand reasonably in FY23E, driven by: 1) improved retail discounts (after the heavy promotions in 1Q23E), 2) ASP hike (10%+ growth for both Anta/FILA, thanks to brand upgrade and ramp-up of more high-end functional products), 3) continual DTC business reform (aiming for HSD OP margin in 2-3 years), 4) operating leverage induced by FILA turnaround (as it has a higher sales mix from shopping malls and larger-sized stores) and 5) reductions in A&P expenses, to around 9-11% of sales, from about ~12-13% in FY22E.
- **Maintain BUY and raise our TP to HK\$ 128.94.** We maintain BUY and raise TP to HK\$ 128.94, based on 31x FY23E P/E (up from 25x). We revise down our FY22E/23E/24E NP forecasts by 14%/8%/8%, to factor in: 1) COVID-19 related drags and operating deleverage in 4Q22, and 2) greater-than-expected need of promotions. Current valuation is not too demanding at 26x FY23E P/E, vs 5-year average of 26x P/E.

Earnings Summary

(YE 31 Dec)	FY20A	FY21A	FY22E	FY23E	FY24E
Revenue (RMB mn)	35,512	49,328	53,891	63,012	71,400
YoY growth (%)	4.7	38.9	9.2	16.9	13.3
Net income (RMB mn)	5,162	7,720	7,242	9,628	11,357
EPS (RMB)	1.86	2.77	2.60	3.45	4.07
YoY growth (%)	(3.2)	49.2	(6.2)	33.0	18.0
Consensus EPS (RMB)	n/a	n/a	2.94	3.68	4.50
P/E (x)	49.7	32.9	35.1	26.4	22.4
P/B (x)	10.4	8.5	7.5	6.2	5.2
Yield (%)	0.6	1.5	1.0	1.3	1.7
ROE (%)	21.5	26.7	21.9	24.1	23.8
Net gearing (%)	Net cash	Net cash	Net cash	Net cash	Net cash

Source: Company data, Bloomberg, CMBIGM estimates

BUY (Maintain)

Target Price	HK\$128.94
(Previous TP)	HK\$113.30)
Up/Downside	+17.5%
Current Price	HK\$109.70

China Sportswear Sector

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Stock Data

Mkt Cap (HK\$ mn)	297,684
Avg 3 mths t/o (HK\$ mn)	724.17
52w High/Low (HK\$)	134.20/67.85
Total Issued Shares (mn)	2,713.6

Source: Bloomberg

Shareholding Structure

Mr. Ding Shizhong (CEO), Mr. Ding Shijia (V-Chairman), Mr. Lai Shixian (CFO) & Family	55.00%
Free Float	45.00%

Source: HKEx

Share Performance

	Absolute	Relative
1-mth	7.6%	0.4%
3-mth	25.7%	1.5%
6-mth	8.9%	10.9%
12-mth	-2.7%	8.3%

Source: Bloomberg

12-mth Price Performance



Source: Bloomberg

Auditor: KPMG

Related Reports

1. Anta Sports (2020 HK, BUY) – A more cautious but relatively better outlook – 18 Oct 2022
2. Anta Sports (2020 HK, BUY) – Anta/FILA to turn around & Amer to break even – 24 Aug 2022
3. Anta Sports (2020 HK, BUY) – A resilient 2Q22 and a mild inventory concern – 12 Jul 2022

- **Anta 4Q22 retail sales was in-line with stable discounts and inventory level.** Anta's retail sales fell by HSD YoY in 4Q22, worsening from MSD growth in 3Q22, but in-line with the market expectation and CMBI est., because the expectation is already fairly bearish after series of COVID-19 outbreak and heavy drags by the related social distancing measures during Oct- Nov 2022. Retail discounts was stable vs last year and inventory to sales ratio remained at ~5 months, similar to that in 3Q22.
- **FILA 4Q22 retail sales was slightly below expectation but inventory level improved.** FILA's retail sales declined by low-teens YoY in 4Q22, much worse than the low-teen growth in 3Q22, slightly below the market expectation and CMBI est., esp. when FILA's performance during double 11 was rather stellar. We attribute this miss to the operating deleverage of the larger-sized stores in the shopping malls. Retail discounts was also stable but the inventory to sales ratio improved meaningfully to ~7 months, from around 7-8 months in 3Q22, thanks to scale back in orders to the factories.
- **Other brands' 4Q22 retail sales growth was inline.** Other brands' retail sales grew by 20%-25% YoY in 4Q22, slowing down from 40%-45% growth in 3Q22, mostly due to the COVID-19 outbreaks and the relatively high offline sales mix (about 80%) for Descente and Kolon. Since the E-commerce sales growth for Descente/ Kolon was still fast at 30%+/ 80%+ in 4Q22, we are still very confident about the outdoor segment's potential in FY23E.

Earnings revision

Figure 1: Earnings revision

RMB mn	New			Old			Diff (%)		
	FY22E	FY23E	FY24E	FY22E	FY23E	FY24E	FY22E	FY23E	FY24E
Revenue	53,891	63,012	71,400	56,148	65,658	74,407	-4.0%	-4.0%	-4.0%
Gross profit	33,051	39,100	44,338	34,807	40,903	46,386	-5.0%	-4.4%	-4.4%
EBIT	10,600	13,630	15,931	12,233	14,807	17,204	-13.3%	-7.9%	-7.4%
Net profit att.	7,242	9,628	11,357	8,382	10,491	12,300	-13.6%	-8.2%	-7.7%
Diluted EPS (RMB)	2.597	3.452	4.072	3.005	3.762	4.410	-13.6%	-8.2%	-7.7%
Gross margin	61.3%	62.1%	62.1%	62.0%	62.3%	62.3%	-0.7ppt	-0.2ppt	-0.2ppt
EBIT margin	19.7%	21.6%	22.3%	21.8%	22.6%	23.1%	-2.1ppt	-0.9ppt	-0.8ppt
Net profit att. margin	13.4%	15.3%	15.9%	14.9%	16.0%	16.5%	-1.5ppt	-0.7ppt	-0.6ppt

Source: Company data, CMBIGM estimates

Figure 2: CMBIGM estimates vs consensus

RMB mn	CMBIGM			Consensus			Diff (%)		
	FY22E	FY23E	FY24E	FY22E	FY23E	FY24E	FY22E	FY23E	FY24E
Revenue	53,891	63,012	71,400	55,887	65,638	77,143	-3.6%	-4.0%	-7.4%
Gross profit	33,051	39,100	44,338	34,178	40,626	48,013	-3.3%	-3.8%	-7.7%
EBIT	10,600	13,630	15,931	11,746	14,557	17,544	-9.8%	-6.4%	-9.2%
Net profit att.	7,242	9,628	11,357	7,955	9,978	12,172	-9.0%	-3.5%	-6.7%
Diluted EPS (RMB)	2.597	3.452	4.072	2.939	3.684	4.502	-11.7%	-6.3%	-9.5%
Gross margin	61.3%	62.1%	62.1%	61.2%	61.9%	62.2%	0.2ppt	0.2ppt	-0.1ppt
EBIT margin	19.7%	21.6%	22.3%	21.0%	22.2%	22.7%	-1.3ppt	-0.5ppt	-0.4ppt
Net profit att. margin	13.4%	15.3%	15.9%	14.2%	15.2%	15.8%	-0.8ppt	0.1ppt	0.1ppt

Source: Bloomberg, CMBIGM estimates

Operating numbers

Figure 3: Sportswear brands sales growth trend

Operating numbers	3Q19	4Q19	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22E	1Q23E	2Q23E
Nike China sales	27.0%	23.0%	-4.0%	1.0%	8.0%	19.0%	42.0%	9.0%	1.0%	-24.0%	-8.0%	-20.0%	-13.0%	6.0%	-23.0%	26.0%
Adidas China sales	11.0%	15.0%	-58.0%	0.0%	-5.0%	7.0%	156.0%	-16.0%	-15.0%	-24.0%	-35.0%	-35.0%	-27.0%	-20.0%	-5.0%	30.0%
Anta brand's SSSG																
Anta brand's retail sales	+ve Mid-teens	+ve High-teens	-ve 20%-25%	-ve LSD	+ve LSD	+ve LSD	40%-45%	35%-40%	+ve Low-teens	+ve Mid-teens	+ve High-teens	-ve MSD	+ve MSD	-ve HSD	0.0%	4.0%
Core brand	+ve Low-teens	+ve HSD	-ve 20%-25%	-ve LSD	-ve MSD	-ve MSD	35%-40%	35%-40%	+ve HSD	+ve MSD	+ve Mid-teens	-ve Low-teens	+ve LSD	-ve Mid-teens		
Kids	Over 25%	25%	-ve 20%-25%	+ve MSD	+ve Low-teens	-ve Low-teens	45%-50%	Over 20%	+ve MSD	+ve Mid-teens	20%-25%	+ve LSD	+ve HSD	-ve High-teens		
Online	35%	Over 40%	+ve MSD	Over 40%	Over 50%	Over 25%	Over 60%	Over 45%	25%-30%	30%-35%	Over 30%	+ve HSD	+ve HSD	+ve MSD		
FILA brand's retail sales	50%-55%	50%-55%	-ve MSD	+ve Low-teens	20%-25%	25%-30%	75%-80%	30%-35%	+ve MSD	+ve HSD	+ve MSD	-ve HSD	+ve Low-teens	-ve Low-teens	-11.0%	11.0%
Classic/ Core brand		Over 40%	-ve 20%-25%	+ve MSD	+ve MSD	+ve MSD	80%	Over 20%	Flat	Flat	-ve MSD	-ve DD	-ve LSD	-ve Mid-teens		
Kids	Over 70%	-ve LSD	Over 30%	Over 30%	Over 20%	100%	Over 40%	+ve Mid-teens	+ve Mid-teens	+ve Mid-teens	+ve HSD	+ve LSD	-ve Low-teens			
Fusion	Over 100%	+ve MSD	70%	50%	50%	150%	Over 80%	+ve Mid-teens	+ve Low-teens	Over 20%	-ve MSD	+ve LSD	+ve HSD			
Online	Over 70%	160%	Over 80%	Over 90%	70%-80%	Over 40%	Over 40%	20%-25%	25%-30%	Over 20%	+ve MSD	Over 65%	Over 40%			
Other brands	30%-35%	25%-30%	-ve HSD	25%-30%	50%-55%	55%-60%	115%-120%	70%-75%	35%-40%	30%-35%	40%-45%	20%-25%	40%-45%	+ve Low-teens		
Descente	50%	50%	+ve Mid-teens	Over 60%	90%	Over 80%	150%	100%	50%	40%-45%	40%-45%	Over 20%	Over 35%	-ve Low-teens		
Kolon	20%	20%	-ve High-teens	+ve LSD	20%-25%	30%-40%	Over 75%	40%	30%	-ve High-teens	40%-45%	Over 20%	Over 55%	-ve High-teens		
Li Ning group's SSSG																
Direct retail	+ve Low-teens	+ve High-teens	n/a	-ve High-teens	-ve MSD	+ve HSD	n/a	+ve Low 90%	+ve Low 30%	+ve Mid 20%	+ve Mid 20%	-ve High-teens	+ve MSD			
Wholesales	+ve Low-teens	+ve Mid-teens	n/a	-ve Low-teens	-ve MSD	+ve MSD	n/a	+ve Low 70%	+ve Mid 20%	+ve High-teens	+ve Low-teens	-ve High-teens	+ve HSD			
E- Commerce	+ve Mid 50%	+ve Low 40%	+ve Low-teens	+ve Mid 20%	+ve High 30%	+ve Low 30%	n/a	+ve High 80%	+ve Mid 30%	+ve High 20%	+ve Mid 30%	+ve LSD	+ve Low-teens			
Li Ning group's retail sales	+ve Low 30%-35%	+ve Mid 30%-40%	-ve High-teens	-ve MSD	+ve MSD	+ve Mid-teens	+ve High 80%	+ve Low 90%	+ve Low 40%	+ve Low 30%	+ve High 20%	-ve HSD	+ve Mid-teens	-9.0%	-9.0%	13.0%
Direct retail	+ve Mid-teens	+ve High-teens	-ve Mid 30%	-ve Low-teens	Flat	+ve MSD	+ve Low 90%	+ve High 80%	+ve Mid 30%	+ve High 20%	+ve Mid 30%	-ve HSD	+ve Low 20%			
Wholesales	+ve Mid-30%	+ve Low 40%	-ve High-teens	-ve HSD	-ve LSD	+ve Low-teens	+ve Low 80%	+ve Low 90%	+ve High 30%	+ve High 20%	+ve Low 20%	-ve HSD	+ve Low-teens			
E- Commerce	+ve Low 50%	+ve Low 40%	+ve Low-teens	+ve High 20%	+ve Low 40%	+ve Mid 30%	100%	+ve High 90%	+ve Mid 50%	+ve Low 40%	+ve Mid 30%	+ve MSD	+ve Mid 20%			
Xtep's SSSG																
Xtep's retail sales	20%	Over 20%	-ve 20%-25%	-ve LSD	+ve MSD	+ve HSD	Mid 50%-60%	30%-35%	+ve Mid-teens	20%-25%	30%-35%	+ve Mid-teens	20%-25%	-12.0%	0.0%	10.0%
361 Degrees' SSSG																
361 Degree's retail sales			-ve 20%-25%	-ve Low-teens	-ve HSD	+ve LSD	+ve High-teens	15%-20%	+ve Low-teens	+ve High-teens	+ve High-teens	+ve Low-teens	+ve Mid-teens			
Pou Sheng's SSSG	6.0%	1.9%	-32.5%	-17.8%												
Pou Sheng's sales	21.9%	19.1%	-25.1%	0.3%	-0.3%	1.0%	47.8%	-15.0%	-25.1%	-26.7%	-25.0%	-24.1%	-8.5%	-21.0%	-18.0%	30.0%
Topsports' retail sales																
Dong Xiang's SSSG	+ve Mid to High SD	+ve Mid to High SD	-ve Low to Mid SD	-ve MSD	+ve Low to Mid SD	+ve MSD	+ve HSD	+ve Mid to High SD	-ve High-teens	-ve Mid to High-teens	-ve MSD	-ve Low to Mid-teens	-ve Low to Mid SD			
Dong Xiang's retail sales	+ve Mid-teens	+ve Low-teens	-ve 25%-30%	-ve Low-Mid SD	+ve MSD	+ve Low-teens	60%-70%	+ve Low to Mid-teens	-ve Mid to High-teens	-ve Mid-teens	-ve MSD	-ve Mid to High-teens	+ve LSD			
Direct retail	+ve HSD	+ve MSD	-ve 30%-35%	-ve Low-teens	Flat	+ve MSD	70%-75%									
E- Commerce	+ve 55%-60%	+ve 40%-45%	-ve Low-teens	+ve 30%-35%	+ve 30%-35%	+ve 20%-30%	35%-40%									

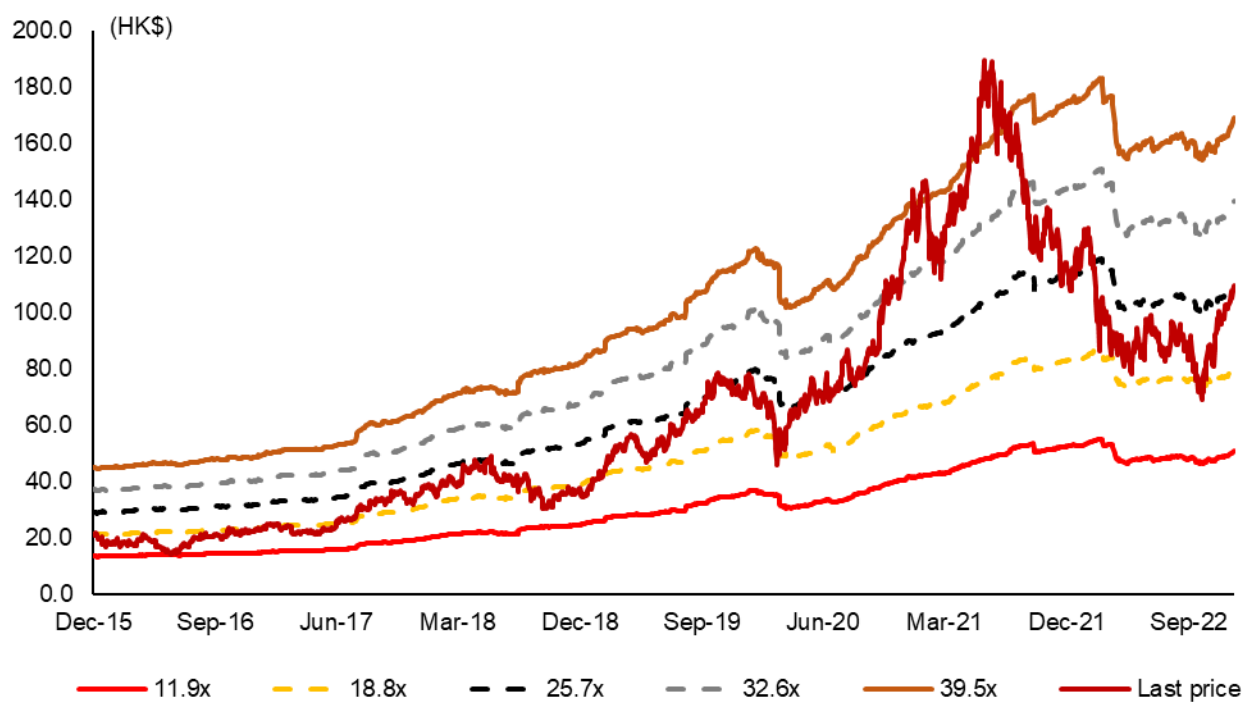
Source: Company data, CMBIGM estimates, *Nike's year end is in May (e.g. 4Q18 calendar year = 2Q19 fiscal year = Sep-Nov 2018)

Valuation

Figure 4: Peers valuation table

			12m TP	Price	Up/ Down-	Mkt. Cap	Year	P/E (x)		P/B (x)		ROE (%)	3yrs PEG (x)	Yield (%)
Company	Ticker	Rating	(LC)	(LC)	side	(HK\$mn)	End	FY1E	FY2E	FY1E	FY2E	FY1E	FY1E	FY1E
H shares Sportswear														
Anta Sports	2020 HK	BUY	128.94	109.70	18%	297,684	Dec-21	35.1	26.4	7.4	6.1	25.5	2.6	1.3
Li Ning Co	2331 HK	BUY	73.08	73.20	0%	192,803	Dec-21	35.9	29.2	6.7	5.7	26.1	2.1	0.9
Xtep Intl	1368 HK	BUY	10.52	9.05	16%	23,862	Dec-21	18.9	15.9	2.4	2.2	13.5	1.1	2.8
361 Degrees Intl	1361 HK	NR	n/a	3.29	n/a	6,802	Dec-21	7.9	6.8	0.7	0.6	10.3	0.6	4.4
Topsports Intl	6110 HK	NR	n/a	7.23	n/a	44,835	Feb-22	17.6	14.4	3.5	3.1	21.3	2.9	4.5
Pou Sheng Intl	3813 HK	NR	n/a	0.91	n/a	4,847	Dec-21	27.2	7.2	0.5	0.5	(3.2)	0.9	0.6
China DX	3818 HK	NR	n/a	0.39	n/a	2,296	Mar-22	n/a	11.3	0.2	0.2	(14.0)	0.0	3.0
Avg.								23.8	15.9	3.1	2.6	11.4	1.5	2.5
Med.								23.0	14.4	2.4	2.2	13.5	1.1	2.8
International Sportswear														
Nike	NKE US	NR	n/a	128.17	n/a	1,552,601	May-22	40.8	32.5	13.4	12.5	37.3	5.6	1.0
Adidas	ADS GY	NR	n/a	144.54	n/a	218,652	Dec-21	67.0	31.5	4.2	4.0	19.2	(4.2)	1.3
Puma	PUM GY	NR	n/a	63.80	n/a	80,870	Dec-21	25.9	24.1	3.9	3.5	14.1	1.8	1.3
Under Armour	UAA US	NR	n/a	10.94	n/a	36,191	Mar-23	25.3	17.8	2.5	2.1	n/a	1.6	0.0
Lululemon	LULU US	NR	n/a	311.02	n/a	310,060	Jan-22	31.3	27.1	11.8	9.1	41.1	1.5	0.0
Skechers	SKX US	NR	n/a	46.60	n/a	56,468	Dec-21	20.4	15.4	2.0	1.7	22.2	(2.6)	0.0
Vf Corp	VFC US	NR	n/a	30.17	n/a	91,589	Apr-22	14.5	12.8	4.2	3.9	12.7	(1.7)	6.5
Columbia	COLM US	NR	n/a	92.51	n/a	44,893	Dec-21	17.8	16.4	3.0	2.6	18.5	3.0	1.3
Wolverine	WWW US	NR	n/a	12.87	n/a	7,916	Jan-22	8.9	7.8	1.6	1.4	24.3	0.2	3.2
Mizuno Corp	8022 JP	NR	n/a	2709.00	n/a	4,246	Mar-22	10.7	9.4	0.6	0.6	8.5	(1.7)	2.2
Asics Corp	7936 JP	NR	n/a	2911.00	n/a	32,595	Dec-21	25.6	22.0	3.3	3.0	7.8	0.8	1.1
Avg.								26.2	19.7	4.6	4.0	20.6	0.4	1.6
Med.								25.3	17.8	3.3	3.0	18.9	0.8	1.3

Source: Bloomberg, CMBIGM estimates

Figure 5: P/E valuation band

Source: Bloomberg, CMBIS estimates

Assumptions

Figure 6: Major assumptions

Major assumptions	FY20A	FY21A	FY22E	FY23E	FY24E
Sales by segment growth (%)					
Shoes	11.3%	50.7%	15.0%	18.0%	12.5%
Apparels	1.3%	32.1%	5.5%	16.4%	14.0%
Accessories	1.8%	36.5%	8.0%	12.0%	12.0%
Total	4.7%	38.9%	9.2%	16.9%	13.3%
Sales by brand growth (%)					
Anta	-10.9%	67.5%	12.0%	15.0%	13.0%
Anta Kids	-37.0%	50.0%	22.0%	16.0%	15.0%
FILA	18.1%	25.1%	0.0%	14.0%	10.0%
Descente & Others	35.4%	51.1%	30.0%	31.0%	25.0%
E-commerce	13.8%	20.2%	19.0%	23.0%	15.0%
Total	4.7%	38.9%	9.2%	16.9%	13.3%
Sales network					
Anta	6,851	6,422	6,652	6,682	6,702
Anta Kids	3,071	2,981	2,551	2,621	2,671
FILA	2,006	2,054	1,954	2,054	2,154
Descente & Others	457	459	505	630	840
Total	12,385	11,916	11,662	11,987	12,367
GP margins					
Anta	44.7%	52.2%	54.8%	55.2%	55.4%
FILA	69.3%	70.5%	68.0%	70.0%	70.0%
Others	65.9%	71.0%	69.0%	66.0%	66.0%
Total	58.2%	61.6%	61.3%	62.1%	62.1%
Opex breakdown					
A&P Expenses / sales	10.0%	12.4%	12.5%	11.0%	10.8%
Labour costs / sales	12.5%	13.5%	14.3%	14.8%	14.9%
R & D expenses / sales	5.9%	5.9%	6.2%	6.1%	6.0%
Rental expenses/ sales	10.4%	11.6%	12.1%	12.0%	11.7%
Selling & distribution costs / sales	30.3%	36.0%	37.8%	36.8%	36.3%
Admin expenses / sales	6.0%	5.9%	6.4%	6.0%	5.9%
OP margin					
Anta	28.3%	20.6%	19.3%	21.1%	21.6%
FILA	25.8%	24.7%	20.0%	22.0%	22.5%
Others	8.4%	18.4%	19.0%	22.0%	24.0%
Total	25.8%	22.3%	19.6%	21.5%	22.2%
Effective tax rate	31.2%	26.9%	27.0%	26.0%	26.0%
NP att. margin	14.5%	15.7%	13.4%	15.3%	15.9%
NP att. growth	-3.4%	49.6%	-6.2%	33.0%	18.0%

Source: Company data, CMBIGM estimates

Financial Summary

Income statement

YE 31 Dec (RMB mn)	FY20A	FY21A	FY22E	FY23E	FY24E
Revenue	35,512	49,328	53,891	63,012	71,400
Footwear	12,700	19,139	22,010	25,972	29,218
Apparel	21,671	28,632	30,199	35,157	40,073
Accessories	1,141	1,557	1,682	1,883	2,109
Cost of goods sold	(14,861)	(18,924)	(20,840)	(23,913)	(27,063)
Gross profit	20,651	30,404	33,051	39,100	44,338
Other income	1,063	1,649	1,401	1,512	1,714
Operating expenses	(12,888)	(20,681)	(23,852)	(26,982)	(30,120)
S & D costs	(10,766)	(17,753)	(20,445)	(23,094)	(25,758)
Admin exp. (ex-R&D)	(1,251)	(1,812)	(2,133)	(2,358)	(2,618)
R & D exp.	(871)	(1,116)	(1,274)	(1,531)	(1,744)
Other operating exp.	-	-	-	-	-
EBIT	8,826	11,372	10,600	13,630	15,931
Finance costs, net	(136)	(51)	(6)	91	197
JVs & associates	(601)	(81)	108	315	428
Exceptional	-	-	-	-	-
Pre-tax profit	8,089	11,240	10,702	14,036	16,556
Income tax	(2,520)	(3,021)	(2,889)	(3,649)	(4,305)
Less: Minority interests	407	499	570	758	894
Net profit	5,162	7,720	7,242	9,628	11,357

Cash flow summary

YE 31 Dec (RMB mn)	FY20A	FY21A	FY22E	FY23E	FY24E
EBIT	8,826	11,372	10,600	13,630	15,931
D & A	490	572	742	569	551
Change in working capital	(3,461)	(282)	1,858	(576)	(416)
Income tax paid	(2,181)	(2,677)	(2,889)	(3,649)	(4,305)
Others	3,783	2,876	417	514	620
Net cash from operating	7,458	11,861	10,728	10,488	12,382
Capex & investments	(785)	(2,585)	(754)	(756)	(857)
Associated companies	-	-	-	-	-
Interest received	-	-	-	-	-
Others	(1,138)	(2,084)	-	-	-
Net cash from investing	(1,923)	(4,669)	(754)	(756)	(857)
Equity raised	21	-	-	-	-
Net change in bank loans	(3,343)	(196)	-	-	-
Dividend paid	(1,404)	(2,456)	(3,137)	(2,717)	(3,608)
Others	5,955	(2,295)	(423)	(423)	(423)
Net cash from financing	1,229	(4,947)	(3,560)	(3,140)	(4,031)
Net change in cash	6,764	2,245	6,413	6,592	7,494
Beginning cash balance	8,221	15,323	17,592	24,005	30,597
Exchange difference	338	24	-	-	-
Cash at the end of the year	15,323	17,592	24,005	30,597	38,091

Balance sheet

YE 31 Dec (RMB mn)	FY20A	FY21A	FY22E	FY23E	FY24E
Non-current assets	19,150	22,766	22,886	23,388	24,122
Fixed asset	2,184	2,853	3,134	3,561	4,100
Intangible assets & goodwill	1,579	1,531	1,263	1,023	789
Prepaid lease payments	46	43	43	43	43
Interest in joint ventures	9,658	9,027	9,135	9,450	9,878
Other non-current assets	5,683	9,312	9,312	9,312	9,312
Current assets	32,717	39,902	45,420	54,387	64,006
Cash and cash equivalents	15,323	17,592	24,005	30,597	38,091
Inventories	5,486	7,644	6,109	7,207	8,156
Trade and other receivables	6,614	6,914	7,554	8,832	10,008
Prepayments	-	-	-	-	-
Other current assets	5,294	7,752	7,752	7,752	7,752
Current liabilities	11,715	15,943	16,906	18,706	20,414
Bank loans	1,968	1,748	1,748	1,748	1,748
Trade payables	2,376	3,146	3,465	3,975	4,499
Accruals & other payables	4,572	6,969	7,614	8,902	10,087
Tax payables	1,507	1,816	1,816	1,816	1,816
Others	1,292	2,264	2,264	2,264	2,264
Non-current liabilities	14,328	15,062	15,062	15,062	15,062
Bank loans	12,456	11,425	11,425	11,425	11,425
Deferred income	99	74	74	74	74
Deferred tax	527	655	655	655	655
Others	1,246	2,908	2,908	2,908	2,908
Minority Interest	1,811	2,740	3,310	4,069	4,963
Total net assets	24,013	28,923	33,028	39,940	47,689
Shareholders' equity	24,013	28,923	33,028	39,940	47,689

Key ratios

YE 31 Dec	FY20A	FY21A	FY22E	FY23E	FY24E
Sales mix (%)					
Footwear	35.8	38.8	40.8	41.2	40.9
Apparel	61.0	58.0	56.0	55.8	56.1
Accessories	3.2	3.2	3.1	3.0	3.0
Total	100.0	100.0	100.0	100.0	100.0
P&L ratios (%)					
Gross margin	58.2	61.6	61.3	62.1	62.1
Operating margin	24.9	23.1	19.7	21.6	22.3
Pre-tax margin	22.8	22.8	19.9	22.3	23.2
Net margin	14.5	15.7	13.4	15.3	15.9
Effective tax rate	29.0	26.7	27.0	26.0	26.0
Balance sheet ratios					
Current ratio (x)	2.8	2.5	2.7	2.9	3.1
Quick ratio (x)	2.3	2.0	2.3	2.5	2.7
Cash ratio (x)	131	110	142	164	187
Inventory turnover days	135	147	107	110	110
Trade receivables days	68	51	51	51	51
Trade payables days	58	61	61	61	61
Total debt / total equity ratio (%)	60	46	40	33	28
Net debt / equity ratio (%)	Net cash	Net cash	Net cash	Net cash	Net cash
Returns (%)					
ROE	21.5	26.7	21.9	24.1	23.8
ROA	10.0	12.3	10.6	12.4	12.9
Per share					
EPS (RMB)	1.86	2.77	2.60	3.45	4.07
DPS (RMB)	0.58	1.32	0.89	1.19	1.58
BVPS (RMB)	8.88	10.7	12.2	14.7	17.6

Source: Company data, CMBIS estimates

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