

# Bosideng (3998 HK)

## Outstanding double 11 and e-commerce sales

Thanks to robust e-commerce fiscal-YTD sales growth and potentially better GP margin, we are fairly confident on FY22E and forecast sales/net profit to grow by 18%/ 34% YoY. The stock is attractive at 19x FY23E P/E, vs GOOS's 34x, MONC's 38x and Li Ning's 43x. Reiterate BUY and raised TP to HK\$6.79.

- Excellent performance during double 11 amid macro headwinds.** During double-11 festival, online and all channel retail sales of the branded down apparel/ "Bosideng" brand grew by 50%+/ 45%+ YoY and 53%/ ~45% YoY (CMBI est.), which is far better than industry (JD/ Alibaba's overall GMV growth of 29%/ 8%) and peers (Semir's 34%, Peacebird's 8%, Li Ning's 38%, Xtep's 40%, except Anta's 61%). Noted that "Bosideng" brand continued to rank No.2 in apparel industry and No.1 among the Chinese brands in apparel industry, by Tmall sales on double 11. Such growth is impressive given macro headwinds and greater focus on better retail discounts.
- Better than expected fiscal-YTD e-commerce sales.** Bosideng also reported 50%+/ 40%+ e-commerce retail sales growth during Apr 2021 to 11 Nov 2021. This is a strong beat vs CMBI est. of 30% down apparel online sales growth in FY22E. We attributed this to: 1) cold weather since Nov 2021 (1.2 degrees colder than last year on average for BJ, SH and SZ), 2) effective marketing (more in-depth consumer research and precision marketing, plus announcing the new brand ambassador Xiao Shan), 3) launch of new trench down jacket product series and 4) meaningful additional sales from live streaming platforms.
- We believe fiscal-YTD GP margin could also be a beat.** Apart from sales, we believe GP margin could also be better than expected, thanks to: 1) healthy inventory level, as the smaller brands have experienced supply chain disruption during power shortage, 2) better control over retail discounts, as it is one of the business strategy in FY22E and 3) ASP increases driven by better product mix, esp. when new trench down jacket has a much higher ASP at ~RMB 3500 (ranging from 2,700-6,000) vs the Company's down apparel average of RMB 1,750. **Since these positives are likely to continue, we believe outlook for 4Q21E and 1Q22E will remain positive.**
- Maintain BUY and raised TP to HK\$ 6.79.** We revised up our diluted EPS in FY22E/ 23E/ 24E by 9%/ 12%/ 15% to factor in: 1) faster online sales, 2) higher GP margin and 3) operating leverage. Hence reiterate BUY and raise TP to HK\$ 6.79, based on 23x FY23E P/E (unchanged). Current valuation of 19x FY23E P/E with a 25% NP CAGR in FY21-24E is still attractive, vs GOOS's 34x, MONC's 38x and Li Ning's 43x.

### Earnings Summary

(YE 31 Mar)	FY20A	FY21A	FY22E	FY23E	FY24E
Revenue (RMB mn)	12,191	13,517	15,887	18,062	20,256
YoY growth (%)	17.4	10.9	17.5	13.7	12.2
Net income (RMB mn)	1,203	1,710	2,293	2,766	3,315
Diluted EPS (RMB)	0.111	0.153	0.205	0.247	0.296
YoY growth (%)	12.8	49.5	36.6	20.6	19.8
Consensus EPS (RMB)	n/a	n/a	0.207	0.256	0.300
P/E (x)	47.8	32.0	23.4	19.4	16.2
P/B (x)	5.5	4.8	4.3	3.9	3.5
Yield (%)	1.6	2.3	3.0	3.6	4.3
ROE (%)	12.0	16.1	19.9	22.0	23.9
Net gearing (%)	Net cash	Net cash	Net cash	Net cash	Net cash

Source: Company data, Bloomberg, CMBIS estimates

### BUY (Maintain)

Target Price	HK\$6.79
(Previous TP)	HK\$6.13)
Up/Downside	+17.5%
Current Price	HK\$5.78

### China Apparel Sector

#### Walter Woo

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#### Stock Data

Mkt Cap (HK\$ mn)	62,865
Avg 3 mths t/o (HK\$ mn)	196.12
52w High/Low (HK\$)	6.93/2.91
Total Issued Shares (mn)	10,876.3

Source: Bloomberg

#### Shareholding Structure

Mr Gao Dekang & Family	70.49%
Employee incentive scheme	6.81%
Free Float	22.70%

Source: HKEx

#### Share Performance

	Absolute	Relative
1-mth	4.3%	2.8%
3-mth	-1.0%	3.1%
6-mth	49.7%	63.9%
12-mth	88.3%	94.4%

Source: Bloomberg

#### 12-mth Price Performance



Source: Bloomberg

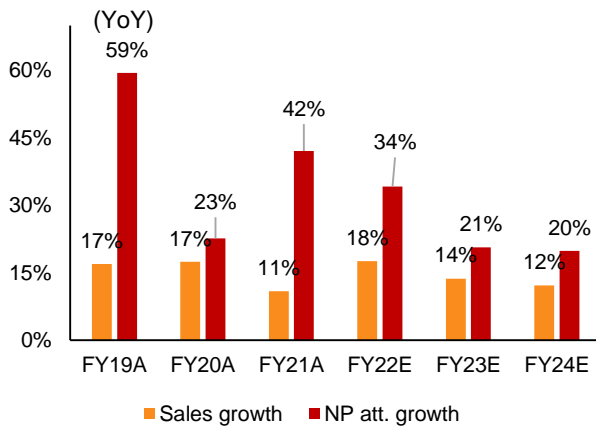
#### Auditor: KPMG

#### Related Reports

- Bosideng (3998 HK, BUY) - Agility and brand elevation are key strategies - 25 Jun 2021
- Bosideng (3998 HK, BUY) - Stay confident on 2H21E after strong beat - 30 Nov 2020
- Bosideng (3998 HK, BUY) - Improving fundamentals going into 2H21E - 28 Oct 2020

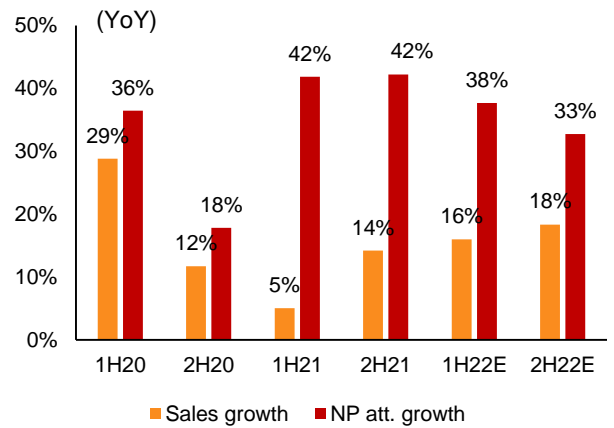
## Focus Charts

**Figure 1: Sales/ net profit growth, yearly**



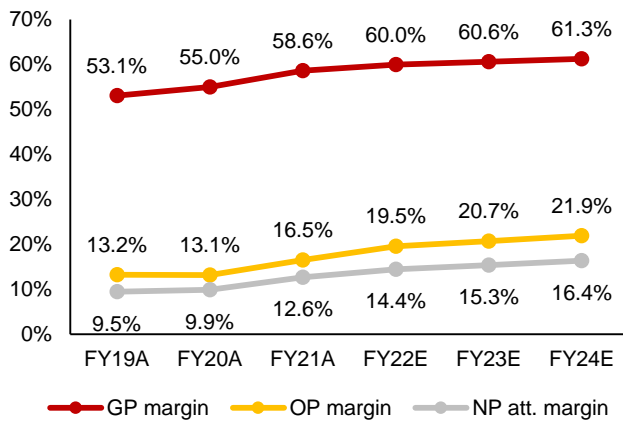
Source: Company data, CMBIS estimates

**Figure 2: Sales/ net profit growth, half-yearly**



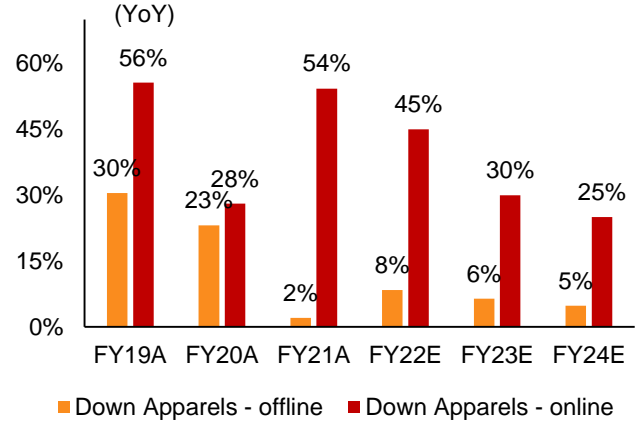
Source: Company data, CMBIS estimates

**Figure 3: GP/ OP/ NP margin**



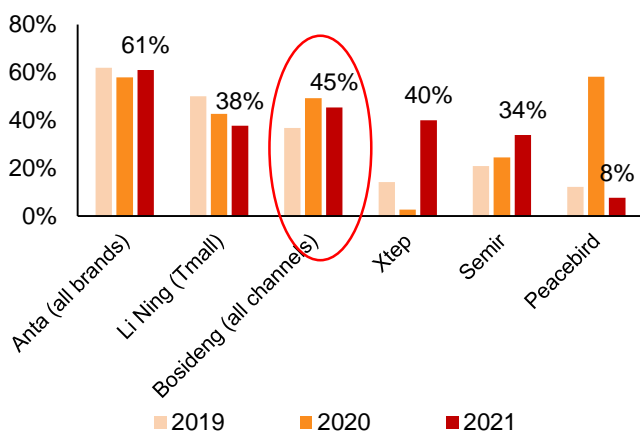
Source: Company data, CMBIS estimates

**Figure 4: Down apparel sales growth by channel**



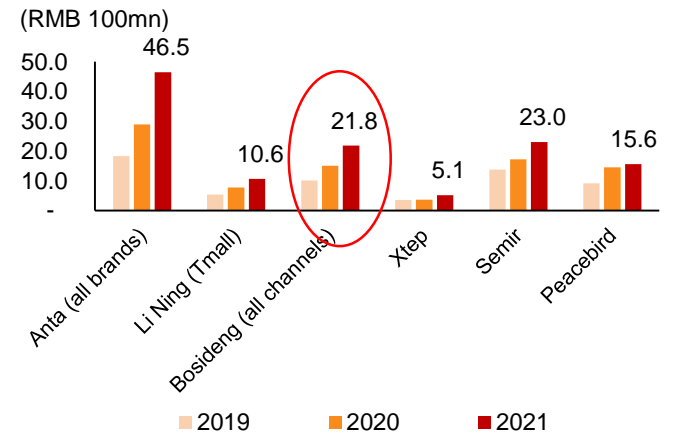
Source: Company data, CMBIS estimates

**Figure 5: Sales growth by brand during double 11**



Source: Company data, CMBIS estimates

**Figure 6: Sales by brand during double 11**



Source: Company data, CMBIS estimates

**Figure 7: Top 10 best-selling womenswear brands on Tmall and Tao Bao during double 11 festival**

Top 10 highest grossing womenswear brands on Tmall and Tao Bao			
	2019	2020	2021
1	Uniqlo/ 优衣库	Uniqlo/ 优衣库	ITb
2	Bosideng/ 波司登	Bosideng/ 波司登	Uniqlo/ 优衣库
3	Vero Moda	Eifini/ 伊芙丽	Eifini/ 伊芙丽
4	Eifini/ 伊芙丽	Peacebird/ 太平鸟	Bosideng/ 波司登
5	ONLY	Vero Moda	Mo&Co./ 摩安珂
6	Peacebird/ 太平鸟	ONLY	ONLY
7	乐町	Mo&Co./ 摩安珂	Peacebird/ 太平鸟
8	Hstyle/ 韩都衣舍	乐町	Vero Moda
9	ZARA	ZARA	Teenie Weenie
10	MO&CO	Teenie Weenie	鸭鸭

Source: ebrun.com, CMBIS estimates

**Figure 8: Top 10 best-selling menswear brands on Tmall and Tao Bao during double 11 festival**

Top 10 highest grossing menswear brands on Tmall and Tao Bao			
	2019	2020	2021
1	Uniqlo/ 优衣库	Uniqlo/ 优衣库	Uniqlo/ 优衣库
2	GXG	GXG	Bosideng/ 波司登
3	Peacebird/ 太平鸟	Mark Fairwhale/ 马克华菲	Peacebird/ 太平鸟
4	Jack & Jones/ 杰克琼斯	Peacebird/ 太平鸟	Jack & Jones/ 杰克琼斯
5	Bosideng/ 波司登	Bosideng/ 波司登	GXG
6	Semir/ 森马	HLA/ 海澜之家	Semir/ 森马
7	Mark Fairwhale/ 马克华菲	Jack & Jones/ 杰克琼斯	HLA/ 海澜之家
8	Selected/ 思莱德	Semir/ 森马	Beaster
9	Metersbonwe/ 美特斯邦威	Beaster	Selected/ 思莱德
10	HLA/ 海澜之家	Selected/ 思莱德	Youngor/ 雅戈尔

Source: ebrun.com, CMBIS estimates

**Figure 9: Bosideng's trench down jacket**



Source: CMBIS

**Figure 10: Trench down jacket sales on 1 Nov**

# 首创波司登 风衣羽绒服

## 开秀即火

1小时销售破

# 1000万

24小时单款破

# 1600件

### 三冠王

天猫女装单品日销 TOP1  
抖音全服饰单品销售 TOP1  
抖音尖货首发—品牌全渠道销售额 TOP1

Source: CMBIS

Figure 11: Bosideng's new brand ambassador Xiao Zhan



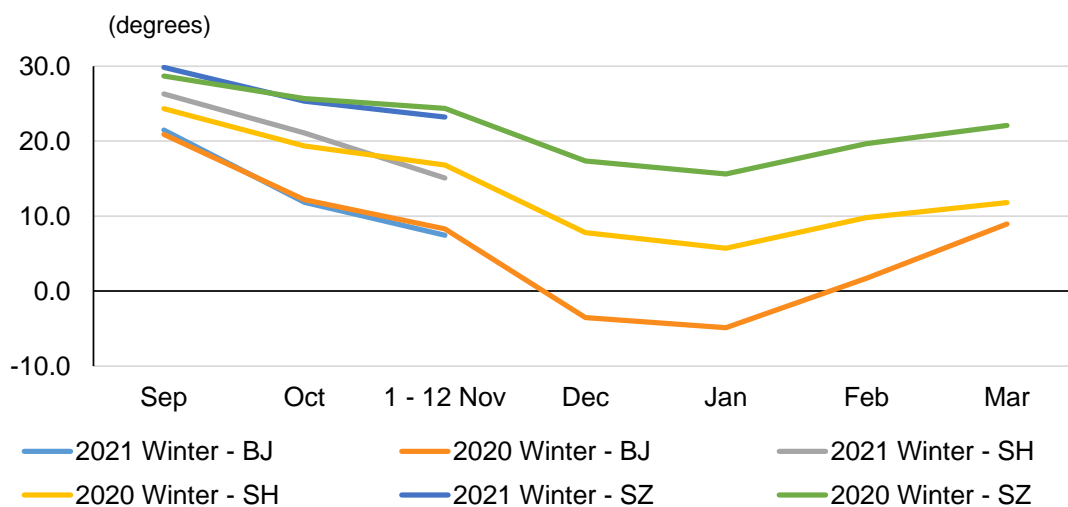
Source: Tmall, CMBIS estimates

Figure 12: Historical temperature in BJ, SG and SZ

(degrees)	Beijing				Shanghai				Shenzhen			
	2021	2020	2019	2018	2021	2020	2019	2018	2021	2020	2019	2018
	Winter	Winter	Winter	Winter	Winter	Winter	Winter	Winter	Winter	Winter	Winter	Winter
Sep	21.5	20.9	22.8	20.5	26.3	24.3	25.2	26.4	29.8	28.7	28.9	28.4
Oct	11.9	12.2	12.5	12.1	21.1	19.3	20.1	19.3	25.3	25.7	26.8	25.1
1 - 12 Nov	7.5	8.3	9.9	7.3	15.1	16.8	17.2	16.6	23.2	24.4	24.3	24.0
Dec		-3.5	-1.7	-3.1		7.8	9.6	8.4		17.3	19.0	18.2
Jan		-4.9	-1.9	-2.0		5.7	8.0	6.4		15.6	18.3	17.5
Feb		1.7	0.7	-0.6		9.8	8.9	6.5		19.6	18.1	20.1
Mar		9.0	8.3	9.2		11.8	12.0	11.8		22.1	21.6	20.7

Source: Bloomberg, CMBIS estimates

Figure 13: Temperature in BJ, SG and SZ in 2021 Winter vs last year



Source: Bloomberg, CMBIS estimates

## Earnings revision

Figure 14: Earnings revision

RMB mn	New			Old			Diff (%)		
	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E
Revenue	15,887	18,062	20,256	15,526	17,404	19,103	2.3%	3.8%	6.0%
Gross profit	9,529	10,946	12,409	9,204	10,408	11,520	3.5%	5.2%	7.7%
EBIT	3,106	3,732	4,441	2,860	3,344	3,873	8.6%	11.6%	14.7%
Net profit att.	2,293	2,766	3,315	2,108	2,472	2,883	8.8%	11.9%	15.0%
Diluted EPS (RMB)	0.205	0.247	0.296	0.188	0.221	0.258	8.8%	11.9%	15.0%
Gross margin	60.0%	60.6%	61.3%	59.3%	59.8%	60.3%	0.7ppt	0.8ppt	1ppt
EBIT margin	19.5%	20.7%	21.9%	18.4%	19.2%	20.3%	1.1ppt	1.4ppt	1.7ppt
Net profit att. margin	14.4%	15.3%	16.4%	13.6%	14.2%	15.1%	0.9ppt	1.1ppt	1.3ppt

Source: Company data, CMBIS estimates

Figure 15: CMBIS estimates vs consensus

RMB mn	CMBIS			Consensus			Diff (%)		
	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E
Revenue	15,887	18,062	20,256	16,405	19,277	22,146	-3.2%	-6.3%	-8.5%
Gross profit	9,529	10,946	12,409	9,774	11,583	13,482	-2.5%	-5.5%	-8.0%
EBIT	3,106	3,732	4,441	2,815	3,436	4,011	10.3%	8.6%	10.7%
Net profit att.	2,293	2,766	3,315	2,212	2,700	3,218	3.7%	2.4%	3.0%
Diluted EPS (RMB)	0.205	0.247	0.296	0.207	0.256	0.300	-1.0%	-3.3%	-1.2%
Gross margin	60.0%	60.6%	61.3%	59.6%	60.1%	60.9%	0.4ppt	0.5ppt	0.4ppt
EBIT margin	19.5%	20.7%	21.9%	17.2%	17.8%	18.1%	2.4ppt	2.8ppt	3.8ppt
Net profit att. margin	14.4%	15.3%	16.4%	13.5%	14.0%	14.5%	0.9ppt	1.3ppt	1.8ppt

Source: Bloomberg, CMBIS estimates

## Results preview

Figure 16: Earnings forecast - Half Year

Half yearly - (Mar year end) (RMB mn)	1H21	2H21	1H22E	2H21E	1H21 YoY	2H21 YoY	1H22E YoY	2H22E YoY
<b>Revenue</b>	4,661	8,855	5,406	10,481	5%	14%	16%	18%
COGS	(2,434)	(3,158)	(2,757)	(3,601)				
<b>Gross profit</b>	2,227	5,697	2,649	6,880	15%	19%	19%	21%
<b>GP margins</b>	47.8%	64.3%	49.0%	65.6%				
Other income & gains	46	158	65	110				
S & D expenses	(1,209)	(3,598)	(1,352)	(4,125)	8%	14%	12%	15%
<b>S &amp; D exp / sales</b>	-25.9%	-40.6%	-25.0%	-39.4%				
Admin expenses	(390)	(636)	(405)	(669)	16%	23%	4%	5%
<b>Admin exp / sales</b>	-8.4%	-7.2%	-7.5%	-6.4%				
Other opex	-8	-16	-16	-31				
<b>Operating profit (EBIT)</b>	666	1,604	941	2,165	27%	37%	41%	35%
<b>OP margins</b>	14.3%	18.1%	17.4%	20.7%				
Other items	0	(46)	0	0				
Net finance income	(19)	36	(27)	42				
<b>Net finance income / sales</b>	-0.4%	0.4%	-0.5%	0.4%				
Profit after financing costs	648	1,595	914	2,207				
Associated coms	0	0	0	0				
Jointly controlled coms	0	0	0	0				
<b>Pre-tax profit</b>	648	1,595	914	2,207	33%	43%	41%	38%
Tax	(156)	(381)	(228)	(552)				
<b>Tax / sales</b>	-3.4%	-4.3%	-4.2%	-5.3%				
<b>Effective tax rate</b>	-24.1%	-23.9%	-25.0%	-25.0%				
Minority interests	5	(10)	16	31				
<b>Net profit att.</b>	486	1,224	669	1,624	42%	42%	38%	33%
<b>NP margins</b>	10.4%	13.8%	12.4%	15.5%				

Source: Company data, CMBIS estimates

Figure 17: Earnings forecast - Full Year

Full yearly - (Mar year end) (RMB mn)				FY21	FY22E	FY23E
	FY21	FY22E	FY23E	YoY	YoY	YoY
<b>Revenue</b>	13,517	15,887	18,062	11%	18%	14%
COGS	(5,592)	(6,358)	(7,116)			
<b>Gross profit</b>	7,924	9,529	10,946	18%	20%	15%
<b>GP margins</b>	58.6%	60.0%	60.6%			
Other income & gains	204	175	199			
S & D expenses	(4,807)	(5,476)	(6,188)	12%	14%	13%
<b>S &amp; D exp / sales</b>	-35.6%	-34.5%	-34.3%			
Admin expenses	(1,026)	(1,074)	(1,170)	20%	5%	9%
<b>Admin exp / sales</b>	-7.6%	-6.8%	-6.5%			
Other opex	-24	-48	-54			
<b>Operating profit (EBIT)</b>	2,271	3,106	3,732	34%	37%	20%
<b>OP margins</b>	16.8%	19.5%	20.7%			
Other items	(46)	0	0			
Net finance income	18	15	28			
<b>Net finance income / sales</b>	0.1%	0.1%	0.2%			
Profit after financing costs	2,242	3,121	3,761			
Associated coms	0	0	0			
Jointly controlled coms	0	0	0			
<b>Pre-tax profit</b>	2,242	3,121	3,761	40%	39%	20%
Tax	(537)	(780)	(940)			
<b>Tax / sales</b>	-4.0%	-4.9%	-5.2%			
<b>Effective tax rate</b>	-24.0%	-25.0%	-25.0%			
Minority interests	(5)	48	54			
<b>Net profit att.</b>	1,710	2,293	2,766	42%	34%	21%
<b>NP margins</b>	12.6%	14.4%	15.3%			

Source: Company data, CMBIS estimates

## Assumption

Figure 18: CMBIS estimates vs consensus

Major assumptions	FY20A	FY21A	FY22E	FY23E	FY24E
<b>Sales by segment (RMB m n)</b>					
Dow n apparels	9,513	10,889	13,077	15,106	17,159
OEM management	1,611	1,536	1,651	1,734	1,821
Ladiesw ear	983	947	1,007	1,062	1,109
Diversified apparels	84	145	152	160	168
Total	12,191	13,517	15,887	18,062	20,256
<b>Sales by segment growth (%)</b>					
Dow n apparels	24.2%	14.5%	20.1%	15.5%	13.6%
OEM management	17.8%	-4.7%	7.5%	5.0%	5.0%
Ladiesw ear	-17.7%	-3.7%	6.4%	5.4%	4.4%
Diversified apparels	-48.9%	72.6%	5.0%	5.0%	5.0%
Total	17.4%	10.9%	17.5%	13.7%	12.2%
<b>Sales by channel growth (%)</b>					
Dow n Apparels - offline	23.1%	2.1%	8.3%	6.4%	4.8%
Dow n Apparels - online	28.0%	54.3%	45.0%	30.0%	25.0%
OEM management	17.8%	-4.7%	7.5%	5.0%	5.0%
Non-dow n apparels - offline	-22.3%	1.1%	5.2%	5.0%	4.4%
Non-dow n apparels - online	-6.1%	21.8%	20.0%	10.0%	5.0%
Total	17.4%	10.9%	17.5%	13.7%	12.2%
<b>Sales network by segment</b>					
Dow n apparel	4,866	4,150	4,180	4,294	4,411
Non - dow n apparel	525	477	482	496	511
Total	5,391	4,627	4,662	4,790	4,923
<b>Sales network by channeltype</b>					
Self-operated	2,267	2,161	2,185	2,261	2,338
Third party distributors	3,131	2,466	2,477	2,530	2,585
Total	5,398	4,627	4,662	4,790	4,923
<b>GP margins by segment</b>					
Dow n apparels	59.8%	63.7%	65.7%	66.1%	66.4%
OEM management	18.5%	19.6%	16.0%	17.0%	17.0%
Ladiesw ear	74.4%	72.6%	67.0%	63.0%	63.0%
Diversified apparels	-16.4%	0.1%	1.0%	1.0%	1.0%
Total	55.0%	58.6%	60.0%	60.6%	61.3%
<b>Opex breakdown</b>					
D&A/ sales	2.8%	3.6%	2.8%	2.6%	2.3%
Rental/ sales	11.6%	13.3%	12.6%	12.7%	12.8%
Labor/ sales	10.7%	11.9%	11.3%	10.6%	10.4%
A&P/ sales	7.0%	6.5%	6.7%	7.0%	7.0%
Others/ sales	9.9%	7.7%	7.8%	7.8%	7.6%
OP margins	13.1%	16.5%	19.5%	20.7%	21.9%
Effective tax rate	25.3%	24.0%	25.0%	25.0%	25.0%
<b>NP att. margins</b>	<b>9.9%</b>	<b>12.6%</b>	<b>14.4%</b>	<b>15.3%</b>	<b>16.4%</b>
<b>NP att. growth (%)</b>	<b>22.6%</b>	<b>42.1%</b>	<b>34.1%</b>	<b>20.6%</b>	<b>19.8%</b>

Source: Company data, CMBIS estimates



## Valuation

**Figure 19: Peers' valuation**

Company	Ticker	Rating	12m	Price	Up/ Down-	Mkt. Cap	Year	P/E (x)		P/B (x)		ROE (%)	3yrs PEG (x)	Yield (%)	
			TP					(LC)	side	(HK\$m)	End				FY1E
<b>H-shares Apparel</b>															
Bosideng Intl	3998 HK	BUY	6.85	5.78	19%	62,865	Mar-21	23.4	19.4	4.3	3.9	16.1	0.9	3.1	
China Lilang	1234 HK	BUY	6.27	4.40	43%	5,269	Dec-20	5.5	5.4	1.1	1.1	15.6	0.3	10.8	
Jnby Design	3306 HK	BUY	22.84	14.06	62%	7,294	Jun-21	9.0	7.4	3.3	3.0	40.4	0.7	8.2	
Cosmo Lady	2298 HK	NR	n/a	0.72	n/a	1,620	Dec-20	6.4	14.7	0.5	0.5	1.2	(0.0)	1.9	
Mulsanne Group	709 HK	NR	n/a	1.53	n/a	2,416	Dec-20	13.9	10.9	n/a	n/a	5.2	(0.1)	7.2	
Giordano	1817 HK	NR	n/a	5.91	n/a	5,615	Dec-20	n/a	n/a	n/a	n/a	(13.6)	0.0	n/a	
Koradior	3709 HK	NR	n/a	10.50	n/a	7,393	Dec-20	9.7	7.7	1.5	1.4	17.2	0.4	5.1	
Esprit Holdings	330 HK	NR	n/a	0.68	n/a	1,925	Dec-20	n/a	n/a	n/a	n/a	(62.7)	0.0	n/a	
La Chapelle	6116 HK	NR	n/a	0.55	n/a	1,073	Dec-20	n/a	n/a	n/a	n/a	n/a	0.0	n/a	
Bauhaus Intl	483 HK	NR	n/a	0.98	n/a	360	Mar-21	n/a	n/a	n/a	n/a	20.3	0.0	n/a	
								<b>Avg.</b>	<b>11.3</b>	<b>10.9</b>	<b>2.1</b>	<b>2.0</b>	<b>4.4</b>	<b>0.2</b>	<b>6.0</b>
								<b>Med.</b>	<b>9.3</b>	<b>9.3</b>	<b>1.5</b>	<b>1.4</b>	<b>15.6</b>	<b>0.0</b>	<b>6.2</b>
<b>A-shares Apparel</b>															
Ningbo Peacebird	603877 CH	NR	n/a	36.35	n/a	21,163	Dec-20	16.9	13.9	3.9	3.4	25.1	0.5	3.3	
Joeone Co Ltd	601566 CH	NR	n/a	13.29	n/a	9,326	Dec-20	35.9	22.2	1.9	1.8	3.6	7.6	n/a	
Fujian Septw olves	002029 CH	NR	n/a	5.54	n/a	5,113	Dec-20	15.9	13.3	0.7	0.7	4.1	0.8	2.2	
Hla Corp Ltd	600398 CH	NR	n/a	6.51	n/a	34,341	Dec-20	9.8	8.4	1.8	1.6	18.2	0.3	7.0	
Jiangsu Hongdou	600400 CH	NR	n/a	3.26	n/a	9,122	Dec-20	54.3	48.7	2.1	2.1	2.7	3.8	n/a	
Dazzle Fashion	603587 CH	NR	n/a	18.61	n/a	10,936	Dec-20	12.2	10.5	2.4	2.1	20.4	0.6	4.9	
Anzheng Fashion	603839 CH	NR	n/a	8.17	n/a	3,992	Dec-20	12.6	11.3	n/a	n/a	6.7	1.3	n/a	
Lancy Co Ltd	002612 CH	NR	n/a	35.12	n/a	18,976	Dec-20	62.7	44.5	5.0	4.7	8.4	1.3	0.8	
Shenzhen Huijie	002763 CH	NR	n/a	8.70	n/a	4,356	Dec-20	n/a	n/a	n/a	n/a	15.7	0.0	n/a	
Elassay Fashion	603808 CH	NR	n/a	15.66	n/a	7,059	Dec-20	15.6	13.0	2.1	1.9	14.0	3.1	2.7	
Bobaloon Co	002776 CH	NR	n/a	3.96	n/a	2,602	Dec-20	n/a	n/a	n/a	n/a	(22.0)	0.0	n/a	
								<b>Avg.</b>	<b>26.2</b>	<b>20.6</b>	<b>2.5</b>	<b>2.3</b>	<b>8.8</b>	<b>1.8</b>	<b>3.5</b>
								<b>Med.</b>	<b>15.9</b>	<b>13.3</b>	<b>2.1</b>	<b>2.0</b>	<b>8.4</b>	<b>0.8</b>	<b>3.0</b>
<b>International Apparel</b>															
Canada Goose	GOOS US	NR	n/a	50.60	n/a	42,088	Mar-21	48.4	34.0	11.7	8.1	14.4	0.0	n/a	
Moncler Spa	MONC IM	NR	n/a	67.66	n/a	165,173	Dec-20	46.4	37.8	8.2	7.1	22.3	2.2	0.9	
Hugo Boss	BOSS GR	NR	n/a	57.96	n/a	36,397	Dec-20	34.0	23.2	4.6	3.9	6.3	(0.2)	1.3	
Ted Baker	TED LN	NR	n/a	130.00	n/a	2,510	Jan-21	n/a	29.5	n/a	n/a	(21.7)	0.0	0.0	
Next	NXT LN	NR	n/a	8150.0	n/a	113,306	Jan-21	15.8	14.6	11.1	9.7	88.3	0.4	2.4	
Hennes & Mauritz	HMB SS	NR	n/a	167.02	n/a	245,906	Nov-20	26.7	18.2	4.8	4.5	15.1	0.2	3.9	
Industria De Diseno	ITX SM	NR	n/a	31.80	n/a	884,049	Jan-21	27.1	24.3	6.2	5.9	19.1	0.5	3.0	
Ovs Spa	OVS IM	NR	n/a	2.79	n/a	7,245	Jan-21	15.9	12.9	0.9	0.9	16.9	0.9	0.0	
Pvh Corp	PVH US	NR	n/a	120.28	n/a	66,583	Jan-21	13.8	12.4	1.7	1.7	6.1	(0.1)	0.1	
Vf Corp	VFC US	NR	n/a	76.70	n/a	234,715	Mar-21	24.0	20.7	8.0	7.3	37.4	0.4	2.6	
Marks & Spencer	MKS LN	NR	n/a	237.00	n/a	48,535	Apr-21	13.2	13.1	1.9	1.8	1.1	(0.1)	0.5	
								<b>Avg.</b>	<b>26.5</b>	<b>21.9</b>	<b>5.9</b>	<b>5.1</b>	<b>18.7</b>	<b>0.4</b>	<b>1.5</b>
								<b>Med.</b>	<b>25.4</b>	<b>20.7</b>	<b>5.5</b>	<b>5.2</b>	<b>15.1</b>	<b>0.2</b>	<b>1.1</b>

Source: Bloomberg, CMBIS estimates

## Financial Summary

Income statement						Cash flow summary					
YE 31 Mar (RMB mn)	FY20A	FY21A	FY22E	FY23E	FY24E	YE 31 Mar (RMB mn)	FY20A	FY21A	FY22E	FY23E	FY24E
<b>Revenue</b>	<b>12,191</b>	<b>13,517</b>	<b>15,887</b>	<b>18,062</b>	<b>20,256</b>	<b>EBIT</b>	<b>1,599</b>	<b>2,225</b>	<b>3,106</b>	<b>3,732</b>	<b>4,441</b>
Down apparels	9,513	10,88	13,07	15,10	17,15	D & A	290	333	373	394	389
OEM management	1,611	1,536	1,651	1,734	1,821	Change in working capital	(487)	(98)	(818)	(336)	(335)
Ladieswear	983	947	1,007	1,062	1,109	Income tax paid	(497)	(537)	(780)	(940)	(1,125)
Diversified apparels	84	145	152	160	168	Others	328	213	211	224	255
<b>Cost of goods sold</b>	<b>(5,482)</b>	<b>(5,592)</b>	<b>(6,358)</b>	<b>(7,116)</b>	<b>(7,847)</b>	<b>Net cash from operating</b>	<b>1,233</b>	<b>2,136</b>	<b>2,092</b>	<b>3,075</b>	<b>3,626</b>
<b>Gross profit</b>	<b>6,709</b>	<b>7,924</b>	<b>9,529</b>	<b>10,946</b>	<b>12,409</b>	Capex & investments	(714)	(541)	(635)	(722)	(810)
<b>Other income</b>	<b>187</b>	<b>204</b>	<b>175</b>	<b>199</b>	<b>223</b>	Associated companies	1,118	(560)	-	-	-
<b>Operating expenses</b>	<b>(5,297)</b>	<b>(5,903)</b>	<b>(6,598)</b>	<b>(7,412)</b>	<b>(8,190)</b>	Interest received	129	-	-	-	-
D & A	(151)	(161)	(169)	(174)	(173)	Others	79	-	-	-	-
Staff costs	(1,346)	(1,652)	(1,833)	(1,954)	(2,149)	<b>Net cash from investing</b>	<b>612</b>	<b>(1,100)</b>	<b>(635)</b>	<b>(722)</b>	<b>(810)</b>
S & D costs (ex-staff, D&A)	(2,938)	(3,174)	(3,724)	(4,293)	(4,742)	Equity raised	-	-	-	-	-
Admin exp. (ex-staff, D&A)	(423)	(503)	(497)	(555)	(619)	Net change in bank loans	(552)	-	-	-	-
Other operating expenses	(439)	(413)	(375)	(436)	(507)	Dividend paid	(863)	(905)	(1,295)	(1,617)	(1,951)
<b>EBIT</b>	<b>1,599</b>	<b>2,225</b>	<b>3,106</b>	<b>3,732</b>	<b>4,441</b>	Others	1,408	(196)	(196)	(196)	(196)
Finance costs, net	1	18	15	28	59	<b>Net cash from financing</b>	<b>(8)</b>	<b>(1,101)</b>	<b>(1,490)</b>	<b>(1,812)</b>	<b>(2,147)</b>
JVs & associates	-	-	-	-	-	<b>Net change in cash</b>	<b>1,837</b>	<b>(65)</b>	<b>(34)</b>	<b>540</b>	<b>669</b>
Exceptional	-	-	-	-	-	Beginning cash balance	1,754	3,639	3,573	3,539	4,079
<b>Pre-tax profit</b>	<b>1,600</b>	<b>2,242</b>	<b>3,121</b>	<b>3,761</b>	<b>4,500</b>	Exchange difference	47	-	-	-	-
Income tax	(405)	(537)	(780)	(940)	(1,125)	<b>Cash at the end of the year</b>	<b>3,639</b>	<b>3,573</b>	<b>3,539</b>	<b>4,079</b>	<b>4,748</b>
Less: Minority interests	(8)	(5)	48	54	61						
<b>Net profit</b>	<b>1,203</b>	<b>1,710</b>	<b>2,293</b>	<b>2,766</b>	<b>3,315</b>						

Balance sheet						Key ratios					
YE 31 Mar (RMB mn)	FY20A	FY21A	FY22E	FY23E	FY24E	YE 31 Mar	FY19A	FY20A	FY21E	FY22E	FY23E
<b>Non-current assets</b>	<b>4,909</b>	<b>5,677</b>	<b>5,939</b>	<b>6,267</b>	<b>6,688</b>	<b>Sales mix (%)</b>					
Fixed asset	1,390	1,711	2,086	2,527	3,061	Down apparels	78.0	80.6	82.3	83.6	84.7
Intangible assets & goodwill	1,654	1,542	1,429	1,316	1,203	OEM management	13.2	11.4	10.4	9.6	9.0
Prepaid lease payments	99	659	659	659	659	Ladieswear	8.1	7.0	6.3	5.9	5.5
Interest in joint ventures	-	-	-	-	-	Diversified apparels	0.7	1.1	1.0	0.9	0.8
Other non-current assets	1,765	1,765	1,765	1,765	1,765	<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>Current assets</b>	<b>12,470</b>	<b>13,124</b>	<b>13,975</b>	<b>15,351</b>	<b>16,850</b>	<b>P&amp;L ratios (%)</b>					
Cash and cash equivalents	3,639	3,573	3,539	4,079	4,748	Gross margin	55.0	58.6	60.0	60.6	61.3
Inventories	2,726	2,605	2,961	3,314	3,655	Operating margin	13.1	16.5	19.5	20.7	21.9
Trade and other receivables	1,959	2,777	3,265	3,711	4,162	Pre-tax margin	13.1	16.6	19.6	20.8	22.2
Prepayments	209	232	272	309	347	Net margin	9.9	12.6	14.4	15.3	16.4
Other current assets	3,937	3,937	3,937	3,937	3,937	Effective tax rate	25.3	24.0	25.0	25.0	25.0
<b>Current liabilities</b>	<b>4,690</b>	<b>5,312</b>	<b>5,379</b>	<b>5,880</b>	<b>6,374</b>	<b>Balance sheet ratios</b>					
Bank loans	818	818	818	818	818	Current ratio (x)	2.7	2.5	2.6	2.6	2.6
Trade payables	1,830	2,298	2,090	2,339	2,580	Quick ratio (x)	2.1	2.0	2.0	2.0	2.1
Accruals & other payables	1,412	1,565	1,840	2,091	2,346	Cash ratio (x)	0.8	0.7	0.7	0.7	0.7
Tax payables	365	365	365	365	365	Inventory turnover days	181	170	170	170	170
others	266	266	266	266	266	Trade receivables days	59	75	75	75	75
<b>Non-current liabilities</b>	<b>2,286</b>	<b>2,286</b>	<b>2,286</b>	<b>2,286</b>	<b>2,286</b>	Trade payables days	122	150	120	120	120
Bank loans	-	-	-	-	-	Total debt / total equity ratio (%)	24	23	21	19	17
Deferred income	-	-	-	-	-	Net debt / equity ratio (%)	Net cash	Net cash	Net cash	Net cash	Net cash
Deferred tax	140	140	140	140	140	<b>Returns (%)</b>					
Others	2,146	2,146	2,146	2,146	2,146	ROE	11.8	15.5	19.1	21.0	22.8
<b>Minority Interest</b>	<b>189</b>	<b>185</b>	<b>232</b>	<b>286</b>	<b>347</b>	ROA	6.9	9.1	11.5	12.8	14.1
<b>Total net assets</b>	<b>10,214</b>	<b>11,018</b>	<b>12,017</b>	<b>13,167</b>	<b>14,530</b>	<b>Per share</b>					
<b>Shareholders' equity</b>	<b>10,214</b>	<b>11,018</b>	<b>12,017</b>	<b>13,167</b>	<b>14,530</b>	Diluted EPS (RMB)	0.11	0.15	0.21	0.25	0.30
Source: Company data, CMBIS estimates						DPS (RMB)	0.08	0.11	0.14	0.17	0.21
						BVPS (RMB)	0.96	1.02	1.13	1.23	1.36

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