

# Anta Sports (2020 HK)

## Takeaways from the Anta Superstore visit

The Anta Superstore we visited is fairly competitive and should be a decent growth driver onwards, supported by its superior price to quality and great variety of choices. Moreover, it can also acquire more family-type customers, and it has reasonable room for store expansion and decent financials (both sales per store and sales per sq.m are better than Anta regular stores, based on our estimates). We were slightly doubtful about Anta's execution of its segmentation strategy back on its Investor Day in Oct 2023, but the success of many of its new store formats such as "Anta Superstore", "Anta Champion", "ANTA SNEAKERVERSE", as well as the "Anta Arena" and "Anta Palace" have given us a lot more confidence in its future growth.

■ **We have visited the "Anta Superstore" in Shenzhen Universiade World on 26 Sep 2024.** The "Anta Superstore" is one of the new store formats (targeting the mass market) introduced this year, as part of Anta's segmentation strategy announced back in Oct 2023, in order to capture the needs of different levels of consumers. The other store formats such as "Anta Arena" and "Anta Palace" are for the high-end market and prime locations, while the "Anta Champion" and "ANTA SNEAKERVERSE" are for the niche market. This Anta Superstore we visited was opened in 28 Jul 2024 (the same day for the Shenzhen Universiade World). It has three key features, namely: 1) a super wide range of categories, 2) super high technology and 3) super value for money. At the moment, it has four major product series at the store, including: 1) training, 2) professional sports, 3) outdoor and 4) sports culture. The store can showcase around 1,000 SKUs (about 600/ 300/ 100 for apparel/ footwear / accessory), and sales from apparel/ footwear/ accessory are about 35%/ 65%/ 10% of the total, while sales from adults/ kids make up about 80%/ 20%. Noted that the SKUs in this store is a bit different from the regular Anta stores (only 0% to 10% items are the same, depending on categories). Also, the share of functional/ fashion products is still be the same vs regular Anta stores, but the share of ever-green products will increase.

■ **Maintain BUY and raise TP to HK\$ 107.84.** The new TP is based on 20x FY25E P/E (up from 18x FY25 P/E, to factor in the better investor sentiment after the stimulus rolled out by the central government). Given the 12% sales CAGR and 16% net profit CAGR during FY23-26E, and compared to its 5-year average of 25x, the current valuation of 16x FY25E P/E is not too demanding, in our view.

### Earnings Summary

(YE 31 Dec)	FY22A	FY23A	FY24E	FY25E	FY26E
Revenue (RMB mn)	53,651	62,356	70,322	78,322	87,103
YoY growth (%)	8.8	16.2	12.8	11.4	11.2
Operating profit (RMB mn)	11,229.0	15,409.0	17,125.4	18,546.7	21,591.3
Net profit (RMB mn)	8,245.0	11,277.0	13,686.8	15,012.1	17,632.0
EPS (Reported) (RMB)	2.71	3.65	4.39	4.81	5.65
YoY growth (%)	(2.0)	34.7	20.1	9.7	17.5
P/E (x)	28.9	21.4	17.9	16.3	13.9
P/B (x)	6.2	4.1	3.6	3.2	2.8
Yield (%)	1.5	2.4	2.3	2.9	3.3
ROE (%)	26.0	26.3	24.9	23.9	24.7
Net gearing (%)	43.5	42.2	50.2	56.6	62.1

Source: Company data, Bloomberg, CMBIGM estimates

## BUY (Maintain)

<b>Target Price</b>	<b>HK\$107.84</b>
(Previous TP)	HK\$97.05)
<b>Up/Downside</b>	<b>24.2%</b>
<b>Current Price</b>	<b>HK\$86.85</b>

### China Consumer Discretionary

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#### Stock Data

Mkt Cap (HK\$ mn)	234,784.1
Avg 3 mths t/o (HK\$ mn)	553.7
52w High/Low (HK\$)	94.25/64.15
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	21.6%	8.6%
3-mth	11.5%	1.2%
6-mth	3.9%	-13.3%

Source: FactSet

#### 12-mth Price Performance



Source: FactSet

#### Recent Reports:

[Topsports \(6110 HK\) - Grim outlook but dividend is attractive](#)  
(12 Sep 24)

[JNBY Design \(3306 HK\) - Prudent guidance and generous dividends](#)  
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[Anta Sports \(2020 HK\) - A moderate outlook and buybacks announced](#)  
(28 Aug 24)

[Xtep \(1368 HK\) - Better margins despite cautious sales growth](#)  
(21 Aug 24)

[Li Ning \(2331 HK\) - We see long-term value but short-term risks](#)  
(19 Aug 24)

[361 Degrees \(1361 HK\) - The cautious outlook is likely priced in](#)  
(13 Aug 24)

- **The store performance is rather encouraging.** With a sales area of 670 sq.m (860 sq.m if we include the warehouse), this Anta Superstore in Shenzhen has generated monthly sales per store of over RMB 1mn (CMBI est. RMB 1.5mn), which is the best-performing store so far in China. The ticket size is at about RMB 330 (price per item is at around RMB 150-200, while items per ticket is at 2.0). Management is targeting monthly sales of RMB 2mn and yearly sales per sq.m of RMB 30,000 and we do find it fairly encouraging. The reasons behind such performance, in our view, are likely: 1) an extremely high price to quality ratio (not just vs Anta regular stores but also many other sportswear and apparel brands) and 2) a great variety of product categories. Based on our estimation, even though there are limited retail discounts being offered, due to the high value-for-money nature, the GP margin may not be too high. However, thanks to its good sales per store and sales per sq.m, we still think the operating leverage is decent, and so is the NP margin at the end.
- **Going forward, we do think it is a decent growth driver for Anta brand and the group.** Firstly, the superstore should be helpful in terms of bringing in more new customers and widening the range of its target customers (like families and students), as over 90% of the customers are new to the Anta group (most of them also joined the membership as well). Secondly, management is now targeting to have 10 stores by FY24E and 40 stores in 3 years' time. Since the customers are new to Anta group, the room for new store opening should be ample. Thirdly, the financials are still very encouraging, because current sales per store (at RMB 1.5mn) and yearly sales per sq.m (at RMB 21k) of the Anta Superstore are already far ahead of Anta regular stores' RMB 300k and RMB 16k, let alone its target of RMB 2mn and RMB 30k. Based on our estimates, these 40 Anta Superstores may contribute up to 2% of the Anta brand sales by FY26E. Also, in our view, it would not be surprising that Anta Superstore's NP margin is higher than the average.

## Focus charts

Figure 1: Image of the Anta Super Store



Source: Company data, CMBIGM

Figure 2: Image of the basketball product series



Source: Company data, CMBIGM



**Figure 3: Image of the training and tennis product series**



Source: Company data, CMBIGM

**Figure 4: Image of the outdoor and sports culture product series**



Source: Company data, CMBIGM

**Figure 5: Image of the footwear and yoga product series**



Source: Company data, CMBIGM

**Figure 6: Image of the Anta superkids segment**



Source: Company data, CMBIGM



## Operating numbers

**Figure 7: Sportswear brands sales growth trend**

Operating numbers	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24E	4Q24E
<b>Nike China sales</b>	42%	9%	1%	-24%	-8%	-20%	-13%	6%	1%	25%	12%	8%	6%	7%	-5%	-5%
<b>Adidas China sales</b>	156%	-16%	-15%	-24%	-35%	-35%	-27%	-50%	-9%	16%	6%	37%	8%	9%	11%	13%
<b>Anta brand's SSSG</b>																
<b>Anta brand's retail sales</b>	40%-45%	35%-40%	+ve Low-teens	+ve Mid-teens	+ve High-teens	-ve MSD	+ve MSD	-ve HSD	+ve MSD	+ve HSD	+ve HSD	+ve High-teens	+ve MSD	+ve HSD	9%	14%
Core brand	35%-40%	35%-40%	+ve HSD	+ve MSD	+ve Mid-teens	-ve Low-teens	+ve LSD	-ve Mid-teens	+ve HSD	+ve HSD	+ve HSD	25%-30%	+ve LSD	+ve LSD		
Kids	45%-50%	Over 20%	+ve MSD	+ve Mid-teens	20%-25%	+ve LSD	+ve HSD	-ve High-teens	+ve MSD	+ve HSD	+ve HSD	30%-35%	Flat	-ve LSD		
Online	Over 60%	Over 45%	25%-30%	30%-35%	Over 30%	+ve HSD	+ve HSD	+ve MSD	-ve LSD	+ve MSD	+ve LSD	+ve MSD	20%-25%	20%-25%		
<b>FILA brand's retail sales</b>																
<b>FILA brand's retail sales</b>	75%-80%	30%-35%	+ve MSD	+ve HSD	+ve MSD	-ve HSD	+ve Low-teens	-ve Low-teens	+ve HSD	+ve High-teens	+ve Low-teens	25%-30%	+ve HSD	+ve MSD	6%	8%
Classic/ Core brand	80%	Over 20%	Flat	Flat	-ve MSD	-ve DD	-ve LSD	-ve Mid-teens	+ve LSD	+ve MSD	+ve HSD	40%-45%	+ve MSD	+ve HSD		
Kids	100%	Over 40%	+ve Mid-teens	+ve Mid-teens	+ve Mid-teens	+ve HSD	+ve LSD	-ve Low-teens	-ve HSD	+ve LSD	+ve HSD	30%-35%	-ve LSD	-ve LSD		
Fusion	150%	Over 80%	+ve Mid-teens	+ve Low-teens	Over 20%	-ve MSD	+ve LSD	+ve HSD	-ve HSD	+ve LSD	+ve HSD	20%-25%	-ve MSD	+ve MSD		
Online	Over 40%	Over 40%	20%-25%	25%-30%	Over 20%	+ve MSD	Over 65%	Over 40%	Over 40%	60%-65%	-ve Mid-teens	+ve Mid-teens	20%	20%		
<b>Other brands</b>																
<b>Other brands</b>	115%-120%	70%-75%	35%-40%	30%-35%	40%-45%	20%-25%	40%-45%	+ve Low-teens	75%-80%	70%-75%	45%-50%	55%-60%	25%-30%	40%-45%		
Descente	150%	100%	50%	40%-45%	40%-45%	Over 20%	Over 35%	+ve Low-teens	70%-75%	60%-65%	40%-45%	50%-55%	20-25%	35%-40%		
Kolon	Over 75%	40%	30%	-ve High-teens	40%-45%	Over 20%	Over 55%	+ve High-teens	100%	100%	60%-65%	65%-70%	50%	60%		
<b>Li Ning group's SSSG</b>																
<b>Li Ning group's SSSG</b>	n/a	+ve Low 80%	+ve High 20%	+ve Low 20%	+ve Low 20%	-ve Low-teens	+ve HSD	-ve High-teens	-ve HSD	+ve LSD	-ve MSD	+ve Low-teens	-ve MSD	-ve HSD		
Direct retail	n/a	+ve Low 90%	+ve Low 30%	+ve Mid 20%	+ve Mid 20%	-ve High-teens	+ve MSD	-ve High 20%	-ve LSD	+ve HSD	+ve MSD	+ve High 20%	-ve LSD	-ve MSD		
Wholesales	n/a	+ve Low 70%	+ve Mid 20%	+ve High-teens	+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		
E- Commerce	n/a	+ve High 80%	+ve Mid 30%	+ve High 20%	+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		
<b>Li Ning group's retail sales</b>																
<b>Li Ning group's retail sales</b>	+ve High 80%	+ve Low 90%	+ve Low 40%	+ve Low 30%	+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	-4%	3%
Direct retail	+ve Low 90%	+ve High 80%	+ve Mid 30%	+ve High 30%	+ve Mid 20%	-ve HSD	+ve Low 20%	-ve Mid-teens	+ve Mid-teens	+ve High 20%	+ve Low 20%	+ve Low 50%	+ve MSD	Flat		
Wholesales	+ve Low 80%	+ve Low 90%	+ve High 30%	+ve High 20%	+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		
E- Commerce	100%	+ve High 90%	+ve Mid 50%	+ve Low 40%	+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		
<b>Xtep brand's SSSG</b>																
<b>Xtep brand's retail sales</b>	Mid 50%-60%	30%-35%	+ve Mid-teens	20%-25%	30%-35%	+ve Mid-teens	20%-25%	-ve HSD	20%	+ve High-teens	+ve High-teens	30%-35%	+ve HSD	10%	8%	9%
<b>361 Degree brand's SSSG</b>																
<b>361 Degree brand's offline</b>	+ve High-teens	15%-20%	+ve Low-teens	+ve High-teens	+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%	13%	12%
Kids	20%-25%	30%-35%	15%-20%	25%-30%	20%-25%	20%-25%	20%-25%	+ve LSD	20%-25%	20%-25%	25%-30%	40%	20%-25%	+ve Mid-teens		
E- Commerce				35%-40%	50%	40%	45%	25%	35%	30%	30%	Over 30%	20%-25%	30%-35%		
<b>Pou Sheng's SSSG</b>																
<b>Pou Sheng's SSSG</b>	32%	-11%	-25%	-29%	-21%	-25%	-10%	-27%	0%	13%	-3%	12%	-17%			
<b>Pou Sheng's sales</b>	48%	-15%	-25%	-27%	-25%	-24%	-8%	-20%	7%	17%	-1%	9%	-7%	-11%	-9%	-4%
<b>Topsports' retail sales</b>																
<b>Topsports' retail sales</b>			-ve 20%-25%	-ve High-teens	-ve High 20%	-ve LSD	-ve High-teens	-ve Low-teens	+ve Low 20%	-ve LSD	+ve Low-teens	+ve Low-teens	+ve LSD	-ve MSD	-7%	-7%
<b>Dong Xiang's SSSG</b>	+ve HSD	+ve Mid to High SD	-ve High-teens	-ve Mid to High-teens	-ve MSD	-ve Low to Mid SD	-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		
<b>Dong Xiang's retail sales</b>	60%-70%	+ve Low to Mid-teens	-ve Mid to High-teens	-ve Mid-teens	-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		
Direct retail	70%-75%															
E- Commerce	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)

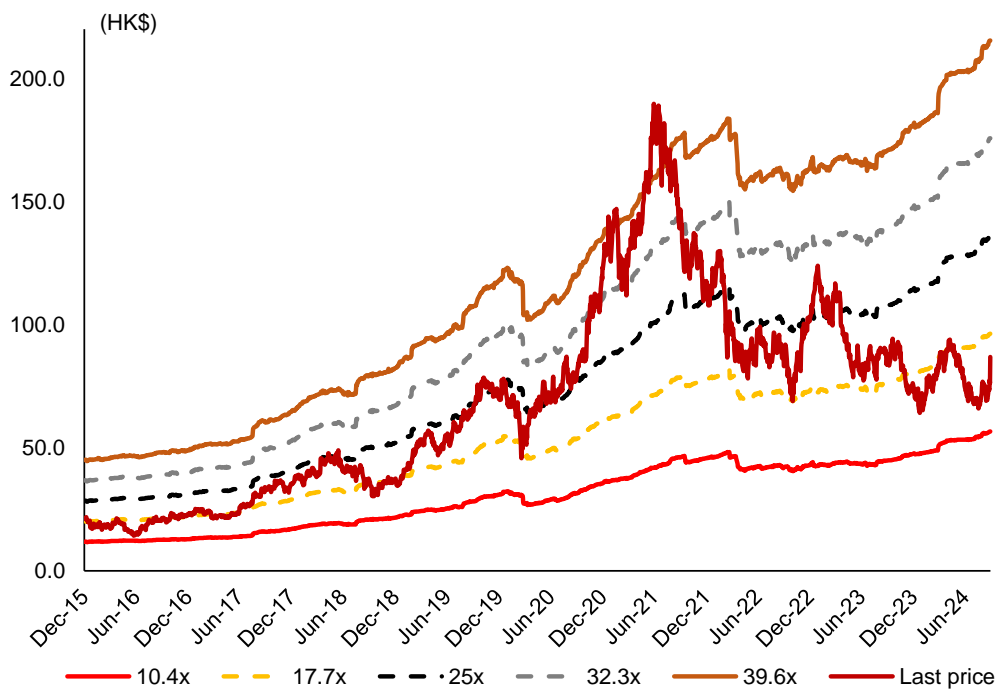
## Valuation

Figure 8: Peers valuation table

Company	Ticker	Rating	12m TP (LC)	Price (LC)	Up/Down-side	Mkt. Cap (HK\$m)	Year End	P/E (x)		P/B (x)	ROE (%)	3yrs PEG (x)	Yield (%)	YTD perf. (%)	
								FY1E	FY2E	FY2E	FY0	FY1E	FY1E	FY1E	
<b>H share Sportswear</b>															
Anta Sports	2020 HK	BUY	107.84	86.85	24%	246,013	Dec-23	17.7	16.1	3.2	24.9	1.1	3.0	14.7	
Li Ning Co	2331 HK	BUY	16.18	17.76	-9%	45,900	Dec-23	13.1	11.8	1.5	11.8	1.8	3.5	(14.1)	
Xtep Intl	1368 HK	BUY	7.32	5.39	36%	14,254	Dec-23	10.3	9.1	1.2	12.3	0.7	4.9	34.4	
361 Degrees Intl	1361 HK	BUY	5.15	3.90	32%	8,064	Dec-23	6.4	5.6	0.6	11.5	0.5	6.3	12.4	
Topsports Intl	6110 HK	BUY	2.89	2.89	0%	17,922	Feb-24	8.7	8.1	1.5	22.5	38.7	9.6	(50.3)	
Pou Sheng Intl	3813 HK	NR	n/a	0.53	n/a	2,823	Dec-23	4.4	3.9	0.3	6.0	0.3	12.4	(19.1)	
China DX	3818 HK	NR	n/a	0.32	n/a	1,884	Mar-24	n/a	18.0	0.2	(6.8)	0.0	6.9	14.5	
								<b>Avg.</b>	<b>10.1</b>	<b>10.4</b>	<b>1.2</b>	<b>11.7</b>	<b>6.2</b>	<b>6.7</b>	<b>(1.1)</b>
								<b>Med.</b>	<b>9.5</b>	<b>9.1</b>	<b>1.2</b>	<b>11.8</b>	<b>0.7</b>	<b>6.3</b>	<b>12.4</b>
<b>International Sportswear</b>															
Nike	NKE US	NR	n/a	89.54	n/a	1,044,356	May-24	29.2	25.3	9.4	40.1	18.2	1.7	(17.5)	
Adidas	ADS GY	NR	n/a	233.10	n/a	364,859	Dec-23	66.4	31.7	6.8	4.9	(0.2)	0.5	26.6	
Puma	PUM GY	NR	n/a	37.71	n/a	49,458	Dec-23	17.8	13.7	1.9	10.2	1.0	2.1	(25.4)	
Under Armour	UAA US	NR	n/a	8.55	n/a	28,154	Mar-24	37.0	23.9	1.8	(4.4)	(15.2)	0.0	(2.8)	
Lululemon	LULU US	NR	n/a	266.86	n/a	254,862	Jan-24	19.1	17.8	5.3	43.2	1.9	0.0	(47.8)	
Amer Sports	AS US	NR	n/a	15.76	n/a	61,920	Dec-23	38.3	22.6	1.7	n/a	(0.2)	0.0	n/a	
Skechers	SKX US	NR	n/a	68.81	n/a	81,714	Dec-23	16.5	13.9	1.9	14.4	0.9	0.0	10.4	
On Holding	ONON US	NR	n/a	50.96	n/a	126,357	Dec-23	58.1	52.0	8.1	13.7	1.0	n/a	89.0	
Deckers	DECK US	NR	n/a	153.90	n/a	182,520	Mar-24	29.1	25.7	8.7	41.9	2.7	0.0	38.1	
Vf Corp	VFC US	NR	n/a	18.93	n/a	57,292	Mar-24	34.0	19.4	3.0	(57.0)	(0.2)	1.8	0.7	
Columbia	COLM US	NR	n/a	81.27	n/a	37,015	Dec-23	21.1	18.6	2.2	12.3	3.7	1.5	2.2	
Wolverine	WWW US	NR	n/a	16.75	n/a	10,425	Dec-23	20.0	13.3	3.6	(27.2)	(0.1)	2.6	88.4	
Mizuno Corp	8022 JP	NR	n/a	9150.00	n/a	13,073	Mar-24	15.0	14.1	1.4	10.7	1.6	1.3	132.8	
Asics Corp	7936 JP	NR	n/a	3059.00	n/a	124,892	Dec-23	35.6	31.2	9.1	22.9	1.2	1.2	177.0	
								<b>Avg.</b>	<b>31.2</b>	<b>23.1</b>	<b>4.6</b>	<b>9.7</b>	<b>1.2</b>	<b>1.0</b>	<b>36.3</b>
								<b>Med.</b>	<b>29.2</b>	<b>21.0</b>	<b>3.3</b>	<b>12.3</b>	<b>1.0</b>	<b>1.2</b>	<b>10.4</b>

Source: Bloomberg, CMBIGM estimates

**Figure 9: Forward 12M P/E valuation band**



Source: Bloomberg, CMBIGM estimates



## Financial Summary

INCOME STATEMENT	2021A	2022A	2023A	2024E	2025E	2026E
<b>YE 31 Dec (RMB mn)</b>						
<b>Revenue</b>	<b>49,328</b>	<b>53,651</b>	<b>62,356</b>	<b>70,322</b>	<b>78,322</b>	<b>87,103</b>
Cost of goods sold	(18,924)	(21,333)	(23,328)	(26,215)	(28,980)	(32,129)
<b>Gross profit</b>	<b>30,404</b>	<b>32,318</b>	<b>39,028</b>	<b>44,107</b>	<b>49,341</b>	<b>54,974</b>
<b>Operating expenses</b>	<b>(20,681)</b>	<b>(23,216)</b>	<b>(25,366)</b>	<b>(30,582)</b>	<b>(33,066)</b>	<b>(35,909)</b>
Selling expense	(17,753)	(19,629)	(21,673)	(26,353)	(28,514)	(30,999)
Admin expense	(1,812)	(2,308)	(2,079)	(2,411)	(2,537)	(2,680)
R&D expense	(1,116)	(1,279)	(1,614)	(1,818)	(2,015)	(2,230)
Others	0	0	0	0	0	0
<b>Operating profit</b>	<b>11,372</b>	<b>11,229</b>	<b>15,409</b>	<b>17,125</b>	<b>18,547</b>	<b>21,591</b>
Other income	1,649	2,127	1,747	3,600	2,271	2,526
Share of (losses)/profits of associates/JV	(81)	28	(718)	422	470	610
<b>EBITDA</b>	<b>11,944</b>	<b>12,212</b>	<b>16,415</b>	<b>17,715</b>	<b>19,019</b>	<b>21,943</b>
Depreciation	(443)	(860)	(1,018)	(341)	(325)	(311)
Other amortisation	(129)	(123)	12	(248)	(147)	(41)
Interest income	392	609	1,470	1,622	1,944	2,300
Interest expense	(443)	(511)	(521)	(674)	(674)	(674)
Other income/expense	0	0	0	0	0	0
<b>Pre-tax profit</b>	<b>11,240</b>	<b>11,355</b>	<b>15,640</b>	<b>18,496</b>	<b>20,287</b>	<b>23,827</b>
Income tax	(3,021)	(3,110)	(4,363)	(4,809)	(5,275)	(6,195)
Minority interest	(499)	(655)	(1,043)	(1,395)	(1,530)	(1,797)
<b>Net profit</b>	<b>8,219</b>	<b>8,245</b>	<b>11,277</b>	<b>13,687</b>	<b>15,012</b>	<b>17,632</b>
<b>BALANCE SHEET</b>						
<b>YE 31 Dec (RMB mn)</b>						
<b>Current assets</b>	<b>39,902</b>	<b>42,596</b>	<b>52,140</b>	<b>61,456</b>	<b>71,504</b>	<b>82,888</b>
Cash & equivalents	17,592	17,378	15,228	22,976	31,310	40,778
Account receivables	6,914	5,800	6,867	7,744	8,625	9,592
Inventories	7,644	8,490	7,210	7,900	8,734	9,683
Prepayment	0	0	0	0	0	0
ST bank deposits	6,989	10,310	21,453	21,453	21,453	21,453
Other current assets	763	618	1,382	1,382	1,382	1,382
<b>Non-current assets</b>	<b>22,766</b>	<b>26,599</b>	<b>40,088</b>	<b>40,764</b>	<b>41,702</b>	<b>43,005</b>
PP&E	2,853	3,716	4,143	4,646	5,260	5,995
Investment in JVs & assos	9,027	9,343	21,119	21,541	22,011	22,621
Intangibles	1,531	1,480	2,089	1,859	1,731	1,708
Other non-current assets	9,355	12,060	12,737	12,718	12,700	12,681
<b>Total assets</b>	<b>62,668</b>	<b>69,195</b>	<b>92,228</b>	<b>102,220</b>	<b>113,206</b>	<b>125,893</b>
<b>Current liabilities</b>	<b>15,943</b>	<b>26,207</b>	<b>20,591</b>	<b>21,988</b>	<b>23,373</b>	<b>24,909</b>
Short-term borrowings	1,748	12,198	3,996	3,996	3,996	3,996
Account payables	3,146	2,750	3,195	3,590	3,969	4,400
Tax payable	1,816	2,169	2,825	2,825	2,825	2,825
Other current liabilities	9,233	9,090	10,575	11,577	12,583	13,687
<b>Non-current liabilities</b>	<b>15,062</b>	<b>5,149</b>	<b>15,627</b>	<b>15,627</b>	<b>15,627</b>	<b>15,627</b>
Long-term borrowings	11,425	492	10,948	10,948	10,948	10,948
Other non-current liabilities	3,637	4,657	4,679	4,679	4,679	4,679
<b>Total liabilities</b>	<b>31,005</b>	<b>31,356</b>	<b>36,218</b>	<b>37,615</b>	<b>39,000</b>	<b>40,536</b>
Share capital	261	262	272	272	272	272
Retained earnings	22,663	26,963	32,909	37,225	44,666	53,409
Other reserves	5,999	7,175	18,279	21,163	21,793	22,405
<b>Total shareholders equity</b>	<b>28,923</b>	<b>34,400</b>	<b>51,460</b>	<b>58,660</b>	<b>66,731</b>	<b>76,086</b>
Minority interest	2,740	3,439	4,550	5,945	7,475	9,272
<b>Total equity and liabilities</b>	<b>62,668</b>	<b>69,195</b>	<b>92,228</b>	<b>102,220</b>	<b>113,206</b>	<b>125,893</b>

<b>CASH FLOW</b>	<b>2021A</b>	<b>2022A</b>	<b>2023A</b>	<b>2024E</b>	<b>2025E</b>	<b>2026E</b>
<b>YE 31 Dec (RMB mn)</b>						
<b>Operating</b>						
Profit before taxation	11,240	11,355	15,640	18,496	20,287	23,827
Depreciation & amortization	572	983	1,006	590	472	352
Tax paid	(2,677)	(3,046)	(3,584)	(4,809)	(5,275)	(6,195)
Change in working capital	(282)	(1,104)	1,739	(170)	(330)	(380)
Others	3,008	3,959	4,833	252	204	64
<b>Net cash from operations</b>	<b>11,861</b>	<b>12,147</b>	<b>19,634</b>	<b>14,358</b>	<b>15,359</b>	<b>17,668</b>
<b>Investing</b>						
Capital expenditure	(1,360)	(1,621)	(1,161)	(844)	(940)	(1,045)
Acquisition of subsidiaries/ investments	(94)	(115)	(160)	0	0	0
Others	(3,215)	(3,038)	(24,472)	0	0	0
<b>Net cash from investing</b>	<b>(4,669)</b>	<b>(4,774)</b>	<b>(25,793)</b>	<b>(844)</b>	<b>(940)</b>	<b>(1,045)</b>
<b>Financing</b>						
Dividend paid	(2,456)	(3,950)	(4,250)	(5,092)	(5,411)	(6,481)
Net borrowings	(196)	(1,403)	(558)	0	0	0
Proceeds from share issues	0	0	10,497	0	0	0
Share repurchases	0	0	(113)	0	0	0
Others	(2,295)	(2,488)	(2,105)	(674)	(674)	(674)
<b>Net cash from financing</b>	<b>(4,947)</b>	<b>(7,841)</b>	<b>3,471</b>	<b>(5,766)</b>	<b>(6,085)</b>	<b>(7,155)</b>
<b>Net change in cash</b>						
Cash at the beginning of the year	15,323	17,592	17,378	15,228	22,976	31,310
Exchange difference	24	254	538	0	0	0
Others	2,245	(468)	(2,688)	7,748	8,334	9,468
<b>Cash at the end of the year</b>	<b>17,592</b>	<b>17,378</b>	<b>15,228</b>	<b>22,976</b>	<b>31,310</b>	<b>40,778</b>
<b>GROWTH</b>	<b>2021A</b>	<b>2022A</b>	<b>2023A</b>	<b>2024E</b>	<b>2025E</b>	<b>2026E</b>
<b>YE 31 Dec</b>						
Revenue	38.9%	8.8%	16.2%	12.8%	11.4%	11.2%
Gross profit	47.2%	6.3%	20.8%	13.0%	11.9%	11.4%
Operating profit	28.8%	(1.3%)	37.2%	11.1%	8.3%	16.4%
EBITDA	28.2%	2.2%	34.4%	7.9%	7.4%	15.4%
Net profit	47.6%	0.3%	36.8%	21.4%	9.7%	17.5%
<b>PROFITABILITY</b>	<b>2021A</b>	<b>2022A</b>	<b>2023A</b>	<b>2024E</b>	<b>2025E</b>	<b>2026E</b>
<b>YE 31 Dec</b>						
Gross profit margin	61.6%	60.2%	62.6%	62.7%	63.0%	63.1%
Operating margin	23.1%	20.9%	24.7%	24.4%	23.7%	24.8%
EBITDA margin	24.2%	22.8%	26.3%	25.2%	24.3%	25.2%
Return on equity (ROE)	31.1%	26.0%	26.3%	24.9%	23.9%	24.7%
<b>GEARING/LIQUIDITY/ACTIVITIES</b>	<b>2021A</b>	<b>2022A</b>	<b>2023A</b>	<b>2024E</b>	<b>2025E</b>	<b>2026E</b>
<b>YE 31 Dec</b>						
Net debt to equity (x)	0.4	0.4	0.4	0.5	0.6	0.6
Current ratio (x)	2.5	1.6	2.5	2.8	3.1	3.3
Receivable turnover days	51.2	39.5	40.2	40.2	40.2	40.2
Inventory turnover days	147.4	145.3	112.8	110.0	110.0	110.0
Payable turnover days	60.7	47.1	50.0	50.0	50.0	50.0
<b>VALUATION</b>	<b>2021A</b>	<b>2022A</b>	<b>2023A</b>	<b>2024E</b>	<b>2025E</b>	<b>2026E</b>
<b>YE 31 Dec</b>						
P/E	28.3	28.9	21.4	17.9	16.3	13.9
P/E (diluted)	28.3	28.9	21.4	17.9	16.3	13.9
P/B	7.3	6.2	4.1	3.6	3.2	2.8
P/CFPS	18.4	18.0	11.2	15.3	14.3	12.4
Div yield (%)	1.7	1.5	2.4	2.3	2.9	3.3
EV	223,403.1	219,811.1	213,104.7	205,356.4	197,022.4	187,554.5
EV/Sales	4.5	4.1	3.4	2.9	2.5	2.2
EV/EBITDA	18.7	18.0	13.0	11.6	10.4	8.5

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

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