

Topsports (6110 HK)

Guidance kept; prioritizing profit over sales

1H26 (ending Aug 2025) results were slightly better than expected, thanks to resilient GP margin. Even though we are cautious about sales growth ahead in 2H26E, margin expansion is still likely given the strong support from principal brands and closure of many under-performing stores. Thanks to various positive signs out of Nike, we start to have more confidence on its turnaround (even it may take quite some time). Due to the 8% FY27E yield, we maintain BUY.

■ **Retail sales trend QTD in 3Q26E (ending Nov 2025) was similar to last quarter.** Retail sales dropped by HSD YoY in 2Q26 (Jun-Aug 2025), widened vs MSD drop back in 1Q26 (Mar-May 2025). According to management, the trend is kind of similar in Sep-Oct 2025, for both online and offline channels. Inventory level was still healthy (inventory days was at 150 days in 1H26 vs 148 days in 1H25, or dropped by 5% YoY on RMB terms in 1H26). But the retail discounts were still widening YoY in 2Q26 (even though the magnitude of increase has kind of narrowed QoQ).

■ **No change on the FY26E guidance, which we do find achievable.** Despite the profit drop in 1H26, management has reiterated the FY26E guidance of flattish net profit (vs FY25) and increase in NP margin (vs FY25). They are also confident on paying out around 100% of net profit as dividends. We believe sales could be still falling fast in 2H26E, given that: 1) sportswear industry demand is still subdued because of the macro uncertainty, 2) both the traffic and conversion rate are still under great pressure, 3) online marketplace is still highly competitive and promotional (which is bad for both Nike and Topsports as they prioritize margin over sales growth at the moment), and 4) store count has dropped a lot and it is still falling. But we are relatively confident about net profit as well as profitability, because: 1) GP margin could still be expanding, thanks to meaningful and continual support from the principal brands, as well as the low base for retail discounts (many promotions were done back in Oct 2024 for inventory clearance), 2) OP margin is likely to improve, since quite a few of the under-performing stores have already been closed in the past 12 to 18 months, 3) average sales per store have started to grow positively in 1H26 (including the new retail sales contribution) and therefore the operating leverage have stabilized.

■ **Maintain BUY but fine-tune TP to HK\$ 3.77, based on 15x FY27E P/E (rolled over from 16x FY26E P/E).** We have revised down FY26E/ 27E/ 28E net profit by 1%/ 8%/ 10%, in order to factor in: 1) weaker offline sales, 2) higher store closures, but 3) a better GP margin. On one hand, we are highly cautious on the sportswear sector in near term (due to potentially unfavorable weather, weak consumer sentiment, rising competition and a worsening landscape). On the other hand, there are already some positive signs about Nike's turnaround. Plus the healthy cash flow and generous payout ratio, and its FY26E/ 27E yield is still high at 7%/ 8%, we thus believe Topsports share price could still be resilient going forward.

Earnings Summary

(YE 28 Feb)	FY24A	FY25A	FY26E	FY27E	FY28E
Revenue (RMB mn)	28,933	27,013	25,176	25,612	26,606
YoY growth (%)	6.9	(6.6)	(6.8)	1.7	3.9
Operating profit (RMB mn)	2,786.5	1,592.7	1,632.8	1,833.0	2,022.1
Net profit (RMB mn)	2,213.0	1,286.0	1,295.3	1,460.2	1,608.7
EPS (Reported) (RMB)	0.36	0.21	0.21	0.24	0.26
YoY growth (%)	20.5	(41.9)	0.7	12.7	10.2
P/E (x)	8.4	14.5	14.4	12.7	11.6
P/B (x)	1.9	2.1	2.1	2.1	2.1
Yield (%)	12.0	9.3	7.0	7.9	8.7
ROE (%)	22.5	13.6	14.5	16.4	18.0

Source: Company data, Bloomberg, CMBIGM estimates

BUY (Maintain)

Target Price	HK\$3.77
(Previous TP)	HK\$3.62
Up/Downside	15.4%
Current Price	HK\$3.27

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Stock Data

Mkt Cap (HK\$ mn)	20,278.0
Avg 3 mths t/o (HK\$ mn)	39.0
52w High/Low (HK\$)	3.96/2.29
Total Issued Shares (mn)	6201.2

Source: FactSet

Shareholding Structure

Hillhouse Capital	34.9%
WMVL Limited	20.2%

Source: HKEx

Share Performance

	Absolute	Relative
1-mth	2.2%	3.6%
3-mth	-0.9%	-2.8%
6-mth	8.6%	-9.0%

Source: FactSet

12-mth Price Performance



Source: FactSet

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- **We have seen some positive signs out of Nike, but the reform is still on-going and could take more time.** We are encouraged to see Nike's new products getting better traction: 1) running shoes like Vomero Plus launched in Aug 2025 are very hot-selling, and the sell-through rate was as high as 60%, and 2) apparels like Milano Jacket and basketball shoes like the Kobe series are also very hot-selling. Noted that the running segment sales have already returned to positive in Jan-Sep 2025. Going forward, Nike is going to invest more in the outdoor segment and revamp many of its stores in China, which is all beneficial for Topsports (4 out of the 5 ACG stores in China were opened by Topsports and the store format will be re-designed to become more relevant to the consumers nowadays with a much lower Capex per store). Moreover, management also pointed out the trade fair orders growth (presumably Winter 2026 and Spring 2027) for Nike was only mildly negative, which is certainly an indication of improvement, in our view, given the large number of store closures. But since many of these reforms are at the very early stage, we tend to be cautious and would not expect a meaningful turnaround in the near future.
- **1H26 (ending Aug 2025) results were slightly better than expected.** For 1H26, Topsports' sales declined by 6% YoY to RMB 12.3bn, 2% higher than BBG est./ inline with CMBI est., while net profit dropped by 10% YoY to RMB 788mn, beating BBG est./ CMBI est. by 28%/ 10%, due to: 1) better-than-expected GP margin (at 41% vs BBG/ CMBI est. of 38%/ 40.5%) and 2) meaningful cost savings from more closures of the under-performing stores, even though there are quite some one-off impairment losses). Dividend payout ratio remained high at 102%. By channel, sales growth for direct-retail / wholesale was at -3%/ -20%. By segment, sales growth for principal brands/ other brands/ concessionaire fees was at -5%/ -12%/ -21%. By product type, running outperformed with a positive growth, basketball remained under pressure, while smaller segments like outdoor and tennis continued to grow rapidly.

Earnings revision

Figure 1: Earnings revision

RMB mn	New			Old			Diff (%)		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Revenue	25,176	25,612	26,606	25,550	27,537	29,529	-1.5%	-7.0%	-9.9%
Gross profit	9,801	10,070	10,567	9,899	10,706	11,514	-1.0%	-5.9%	-8.2%
EBIT	1,633	1,833	2,022	1,659	1,995	2,281	-1.6%	-8.1%	-11.4%
Net profit att.	1,295	1,460	1,609	1,313	1,579	1,796	-1.4%	-7.5%	-10.4%
Diluted EPS (RMB)	0.209	0.235	0.259	0.212	0.255	0.290	-1.4%	-7.5%	-10.4%
Gross margin	38.9%	39.3%	39.7%	38.7%	38.9%	39.0%	0.2ppt	0.4ppt	0.7ppt
EBIT margin	6.5%	7.2%	7.6%	6.5%	7.2%	7.7%	0ppt	-0.1ppt	-0.1ppt
Net profit att. margin	5.1%	5.7%	6.0%	5.1%	5.7%	6.1%	0ppt	0ppt	0ppt

Source: Company data, CMBIGM estimates

Figure 2: CMBIGM estimates vs consensus

RMB mn	CMBIGM			Consensus			Diff (%)		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Revenue	25,176	25,612	26,606	26,191	27,293	28,531	-3.9%	-6.2%	-6.7%
Gross profit	9,801	10,070	10,567	10,106	10,716	11,323	-3.0%	-6.0%	-6.7%
EBIT	1,633	1,833	2,022	1,665	1,974	2,226	-1.9%	-7.1%	-9.2%
Net profit att.	1,295	1,460	1,609	1,303	1,538	1,721	-0.6%	-5.0%	-6.5%
Diluted EPS (RMB)	0.209	0.235	0.259	0.210	0.247	0.278	-0.8%	-4.8%	-6.7%
Gross margin	38.9%	39.3%	39.7%	38.6%	39.3%	39.7%	0.3ppt	0.1ppt	0ppt
EBIT margin	6.5%	7.2%	7.6%	6.4%	7.2%	7.8%	0.1ppt	-0.1ppt	-0.2ppt
Net profit att. margin	5.1%	5.7%	6.0%	5.0%	5.6%	6.0%	0.2ppt	0.1ppt	0ppt

Source: Company data, Bloomberg, CMBIGM estimates

Results summary

Figure 3: Results review – Half Year

Half yearly (RMB mn)	1H25	2H25	1H26	2H26E	1H25 YoY	2H25 YoY	1H26 YoY	2H26 E YoY	1H26E CMBIG M	Actual vs CMBIG M
Revenue	13,055	13,958	12,299	12,878	-8%	-5%	-6%	-8%	12,272	0%
COGS	-7,692	-8,937	-7,261	-8,114					-7,302	
Gross profit	5,362	5,021	5,037	4,764	-15%	-13%	-6%	-5%	4,970	1%
GP margins	41.1%	36.0%	41.0%	37.0%					40.5%	
Other income & gains	75	73	37	101					61	-39%
S & D expenses	-3,822	-4,122	-3,575	-3,728	-7%	-3%	-6%	-10%	-3,633	-2%
S & D exp / sales	-29.3%	-29.5%	-29.1%	-29.0%					-29.6%	
Admin expenses	-495	-501	-506	-498	-10%	-11%	2%	-1%	-491	3%
Admin exp / sales	-3.8%	-3.6%	-4.1%	-3.9%					-4.0%	
Other opex	0	0	0	0					0	
Operating profit (EBIT)	1,121	472	994	639	-35%	-56%	-11%	35%	908	9%
OP margins	8.6%	3.4%	8.1%	5.0%					7.4%	
Other items	0	0	0	0					0	
Net finance income	-13	-21	-9	-6					-12	-28%
Net fin. income / sales	-0.1%	-0.1%	-0.1%	0.0%					-0.1%	
Profit after financing costs	1,108	451	985	633					896	
Associated coms	0	0	0	0					0	
Jointly controlled coms	0	0	0	0					0	
Pre-tax profit	1,108	451	985	633	-35%	-57%	-11%	40%	896	10%
Tax	-235	-40	-197	-127					-179	
Tax / sales	-1.8%	-0.3%	-1.6%	-1.0%					-1.5%	
Effective tax rate	-21.2%	-8.9%	-20.0%	-20.0%					-20.0%	
Minority interests	0	0	0	0					0	
Net profit att.	874	411	788	506	-35%	-53%	-10%	23%	717	10%
NP margins	6.7%	2.9%	6.4%	3.9%					5.8%	

Source: Company data, CMBIGM estimates

Figure 4: Results preview - full year

Full yearly (RMB mn)	FY25	FY26E	FY27E	FY26E YoY	FY27E YoY
Revenue	27,013	25,176	25,612	-7%	2%
COGS	-16,630	-15,375	-15,542		
Gross profit	10,383	9,801	10,070	-6%	3%
GP margins	38.4%	38.9%	39.3%		
Other income & gains	149	138	141		
S & D expenses	-7,944	-7,304	-7,365	-8%	1%
S & D exp / sales	-29.4%	-29.0%	-28.8%		
Admin expenses	-996	-1,003	-1,012	1%	1%
Admin exp / sales	-3.7%	-4.0%	-4.0%		
Other opex	0	0	0		
Operating profit (EBIT)	1,593	1,633	1,833	3%	12%
OP margins	5.9%	6.5%	7.2%		
Other items	0	0	0		
Net finance income	-33	-15	-9		
Net fin. income / sales	-0.1%	-0.1%	0.0%		
Profit after financing costs	1,560	1,618	1,824		
Associated coms	0	0	0		
Jointly controlled coms	0	0	0		
Pre-tax profit	1,560	1,618	1,824	4%	13%
Tax	-275	-324	-365		
Tax / sales	-1.0%	-1.3%	-1.4%		
Effective tax rate	-17.6%	-20.0%	-20.0%		
Minority interests	0	0	0		
Net profit att.	1,285	1,294	1,459	1%	13%
NP margins	4.8%	5.1%	5.7%		

Source: Company data, CMBIGM estimates

Operating numbers

Figure 5: 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	-1%	0%
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		
FILA brand's retail sales																
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	3%	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		
Other brands																
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%		
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%		
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%		
Li Ning group's SSSG																
Li Ning group's retail sales	+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 sales																
Li Ning group's retail sales	+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																
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																
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																
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																
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																
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, *Nike's year end is in May (e.g. 4Q18 calendar year = 2Q19 fiscal year = Sep-Nov 2018)

Assumptions

Figure 6: CMBIGM's assumptions

Major assumptions	FY23A	FY24A	FY25A	FY26E	FY27E	FY28E
Sales by segment (RMB mn)						
Retail operations	22,741	24,742	23,079	21,987	22,731	23,997
Wholesale operations	4,158	4,022	3,788	3,065	2,759	2,483
Concessionaire fee income	175	170	146	124	123	126
Total	27,073	28,933	27,013	25,176	25,612	26,606
Sales by segment growth (%)						
Retail operations	-14%	9%	-7%	-5%	3%	6%
Wholesale operations	-20%	-3%	-6%	-19%	-10%	-10%
Concessionaire fee income	-26%	-3%	-14%	-15%	-1%	3%
Total	-15%	7%	-7%	-7%	2%	4%
Number of stores						
	6,565	6,144	5,020	4,581	4,457	4,479
Total sales area (sq m)	1,568	1,556	1,363	1,286	1,277	1,302
Growth (%)	-7%	-1%	-12%	-6%	-1%	2%
Average store size (sq m)	239	253	271	281	287	291
Growth (%)	9%	6%	7%	3%	2%	1%
Retail sales (offline) per store						
	2.7	3.0	2.8	3.0	3.0	3.1
Growth (%)	-6%	13%	-6%	4%	2%	2%
Retail sales (online)						
	5,117	6,185	7,051	8,462	9,308	10,239
Growth (%)	14%	21%	14%	20%	10%	10%
GP margins	41.7%	41.8%	38.4%	38.9%	39.3%	39.7%
Rental expenses/ sales	-13.2%	-13.5%	-12.2%	-12.2%	-12.1%	-12.2%
Staff costs/ sales	-10.7%	-10.1%	-10.2%	-10.1%	-10.0%	-10.0%
D & A/ sales	-2.3%	-1.7%	-1.7%	-1.7%	-1.7%	-1.7%
S & D expenses/ sales	-29.7%	-28.9%	-29.4%	-29.0%	-28.8%	-28.7%
G & A expenses/ sales	-4.1%	-3.9%	-3.7%	-4.0%	-4.0%	-3.9%
Effective tax rate	-21%	-20%	-18%	-20%	-20%	-20%
NP att. margin	7%	8%	5%	5%	6%	6%
NP att. growth (%)	-25%	20%	-42%	1%	13%	10%

Source: Company data, CMBIGM estimates

Financial Summary

INCOME STATEMENT	2023A	2024A	2025A	2026E	2027E	2028E
YE 28 Feb (RMB mn)						
Revenue	27,073	28,933	27,013	25,176	25,612	26,606
Cost of goods sold	(15,789)	(16,852)	(16,630)	(15,375)	(15,542)	(16,039)
Gross profit	11,284	12,081	10,383	9,801	10,070	10,567
Operating expenses	(9,153)	(9,471)	(8,939)	(8,307)	(8,378)	(8,691)
Selling expense	(8,052)	(8,356)	(7,944)	(7,304)	(7,365)	(7,648)
Admin expense	(1,101)	(1,115)	(996)	(1,003)	(1,012)	(1,044)
R&D expense	0	0	0	0	0	0
Operating profit	2,431	2,787	1,593	1,633	1,833	2,022
Other income	300	177	149	138	141	146
Share of (losses)/profits of associates/JV	0	0	0	0	0	0
EBITDA	3,019	3,291	2,265	2,174	2,240	2,314
Depreciation	(609)	(484)	(655)	(524)	(397)	(290)
Other amortisation	21	(20)	(17)	(17)	(10)	(3)
Interest income	103	120	85	113	118	115
Interest expense	(211)	(147)	(118)	(128)	(128)	(128)
Net Interest income/(expense)	(109)	(27)	(33)	(15)	(9)	(13)
Other income/expense	0	0	0	0	0	0
Pre-tax profit	2,322	2,759	1,560	1,618	1,824	2,009
Income tax	(486)	(548)	(275)	(324)	(365)	(402)
After tax profit	1,837	2,211	1,285	1,294	1,459	1,607
Minority interest	0	2	1	1	1	1
Net profit	1,837	2,213	1,286	1,295	1,460	1,609

BALANCE SHEET	2023A	2024A	2025A	2026E	2027E	2028E
YE 28 Feb (RMB mn)						
Current assets	12,101	10,559	10,986	10,813	10,910	10,895
Cash & equivalents	2,357	1,956	2,587	2,962	2,976	2,730
Restricted cash	1,286	126	997	997	997	997
Account receivables	1,055	1,330	752	701	713	741
Inventories	6,247	6,284	6,004	5,551	5,611	5,791
Prepayment	1,136	864	646	602	613	637
Other current assets	20	0	0	0	0	0
Non-current assets	4,719	3,985	3,916	3,778	3,781	3,914
PP&E	733	639	541	420	434	570
Right-of-use assets	2,425	1,821	1,819	1,819	1,819	1,819
Investment in JVs & assos	0	0	0	0	0	0
Intangibles	1,073	1,059	1,046	1,029	1,018	1,015
Other non-current assets	488	465	510	510	510	510
Total assets	16,821	14,544	14,903	14,591	14,691	14,809
Current liabilities	5,268	3,347	4,496	4,406	4,425	4,470
Short-term borrowings	1,545	720	2,130	2,130	2,130	2,130
Account payables	991	387	343	317	321	331
Tax payable	360	262	268	268	268	268
Other current liabilities	1,192	1,088	941	877	892	927
Lease liabilities	1,181	890	814	814	814	814
Non-current liabilities	1,719	1,347	1,347	1,346	1,345	1,344
Long-term borrowings	0	0	0	0	0	0
Convertible bonds	0	0	0	0	0	0
Other non-current liabilities	1,719	1,347	1,347	1,346	1,345	1,344
Total liabilities	6,987	4,694	5,844	5,752	5,770	5,813
Share capital	0	0	0	0	0	0
Retained earnings	8,092	8,044	7,172	6,304	6,304	6,304
Other reserves	1,742	1,805	1,887	2,534	2,617	2,691
Total shareholders equity	9,834	9,849	9,059	8,838	8,921	8,995
Minority interest	0	2	0	0	0	0
Total equity and liabilities	16,821	14,544	14,903	14,591	14,691	14,809

CASH FLOW	2023A	2024A	2025A	2026E	2027E	2028E
YE 28 Feb (RMB mn)						
Operating						
Profit before taxation	2,322	2,759	1,560	1,618	1,824	2,009
Depreciation & amortization	588	504	672	541	407	292
Tax paid	(891)	(600)	(344)	(324)	(365)	(402)
Change in working capital	483	(867)	884	458	(64)	(186)
Others	1,848	1,333	983	128	128	128
Net cash from operations	4,351	3,129	3,755	2,421	1,930	1,842
Investing						
Capital expenditure	(357)	(397)	(373)	(403)	(410)	(426)
Acquisition of subsidiaries/ investments	0	0	0	0	0	0
Others	51	199	75	0	0	0
Net cash from investing	(306)	(198)	(298)	(403)	(410)	(426)
Financing						
Dividend paid	(2,667)	(2,233)	(2,109)	(1,516)	(1,378)	(1,534)
Net borrowings	738	335	539	0	0	0
Proceeds from share issues	0	0	0	0	0	0
Share repurchases	0	0	0	0	0	0
Others	(1,512)	(1,435)	(1,257)	(128)	(128)	(128)
Net cash from financing	(3,440)	(3,332)	(2,826)	(1,644)	(1,506)	(1,662)
Net change in cash						
Cash at the beginning of the year	1,753	2,357	1,956	2,587	2,962	2,976
Exchange difference	0	0	0	0	0	0
Cash at the end of the year	2,357	1,956	2,587	2,962	2,976	2,730
GROWTH	2023A	2024A	2025A	2026E	2027E	2028E
YE 28 Feb						
Revenue	(15.1%)	6.9%	(6.6%)	(6.8%)	1.7%	3.9%
Gross profit	(18.4%)	7.1%	(14.1%)	(5.6%)	2.7%	4.9%
Operating profit	(29.1%)	14.6%	(42.8%)	2.5%	12.3%	10.3%
EBITDA	(26.9%)	9.0%	(31.2%)	(4.0%)	3.0%	3.3%
Net profit	(24.9%)	20.5%	(41.9%)	0.7%	12.7%	10.2%
PROFITABILITY	2023A	2024A	2025A	2026E	2027E	2028E
YE 28 Feb						
Gross profit margin	41.7%	41.8%	38.4%	38.9%	39.3%	39.7%
Operating margin	9.0%	9.6%	5.9%	6.5%	7.2%	7.6%
EBITDA margin	11.2%	11.4%	8.4%	8.6%	8.7%	8.7%
Return on equity (ROE)	18.0%	22.5%	13.6%	14.5%	16.4%	18.0%
GEARING/LIQUIDITY/ACTIVITIES	2023A	2024A	2025A	2026E	2027E	2028E
YE 28 Feb						
Current ratio (x)	2.3	3.2	2.4	2.5	2.5	2.4
Receivable turnover days	14.2	16.8	10.2	10.2	10.2	10.2
Inventory turnover days	144.4	136.1	131.8	131.8	131.8	131.8
Payable turnover days	22.9	8.4	7.5	7.5	7.5	7.5
VALUATION	2023A	2024A	2025A	2026E	2027E	2028E
YE 28 Feb						
P/E	10.1	8.4	14.5	14.4	12.7	11.6
P/E (diluted)	10.1	8.4	14.5	14.4	12.7	11.6
P/B	1.9	1.9	2.1	2.1	2.1	2.1
P/CFPS	4.3	5.9	5.0	7.7	9.6	10.1
Div yield (%)	11.0	12.0	9.3	7.0	7.9	8.7

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

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