

China Consumer

Expecting encouraging data from the 5.1 holiday this year

- **Overall foot traffic.** We expect [encouraging 5.1 travel data](#). According to various sources and news we monitor, air passenger during the holiday is likely [to surpass 9mn persons](#), tracking approximately 110% of the level we saw in 2019. Splitting between domestic and overseas travellers, the former will likely grow by approximately 25%, while, for the latter, the recovery could track up to 30-40% of that in 2019. By destination, [air ticket booking to Hainan grew by 1.5x](#), and Hainan represented [93% of the travel destination of domestic trips](#).
- **Dutyfree.** Relative to 2022, when the 5.1 holidays was filled with short-haul travelers or even campers, search rate for domestic air ticket this year has [surged by 3x approaching the holiday](#). This is despite when tourist to Hainan slightly retreated in April, subsequent to the strong 1Q, and it is still tracking approximately 10% above to that of 2019. While Hainan remains a popular tourist destination, we are optimistic about the dutyfree data to be reported this holiday with growth rate likely surpassing that of last year. For instance, dutyfree sales reported by the 10 dutyfree operators in 2022 was RMB645mn (+39%) with over 64,000 shoppers (+13%).
- **Cosmetics.** 5.1 is not traditionally a strong sales season for cosmetics. According to Moojing, March cosmetic sales grew by 10% YoY, in line with that of total social retail sales. While momentum seemed to have cooled down since Double 11 last year, on a positive note, along with more frequent social gatherings, the use-up of cosmetics on-hand should set stage for a bigger spending wallet for the upcoming 6.18.
- **Baijiu/ beer.** We do not see the holiday to stimulate any gifting demand. However, outdoor activities should fuel higher on-trade consumption, particularly for beer when outdoor BBQ has been popular recently. March and April sales have not been strong historically, and inventory has piled up a bit but not to an alarming level. Our recent channel check with distributors indicated that wholesales pricing for sealed Feitian Moutai per bottle has recovered to about RMB2,950 (from the low of RMB2,900 in March).
- **Stock-for-action.** Proya (603605CH, Buy) is our top buy within cosmetics, followed by Botanee (300957CH, Buy). We like CDF's exposure (601888CH, Buy) to China's reopening. Within F&B, we like CR Beer (291HK, Buy), Tsingtao (168HK, Buy) and Moutai (600519CH, Buy).

Name	Ticker	Rating	Mkt Cap (US\$ mn)	TP (LC)	Upside/Downside	P/E (x)	FY23E	FY24E	P/B (x)	ROE (%)
Food and beverage										
CR Beer	291 HK	BUY	25,334	74.8	22.0	34.8	30.2	5.8	16.6	
Tsingtao	168 HK	BUY	18,868	86.0	3.2	26.3	23.2	3.7	14.0	
BudAPAC	1876 HK	HLD	37,707	27.2	21.7	29.8	27.7	3.3	11.0	
Moutai	600519 CH	BUY	320,150	2,440.0	38.8	31.3	26.9	8.7	28.9	
Dutyfree/ cosmetics										
CTGDF	601888 CH	BUY	48,260	256.0	58.4	31.7	24.6	7.9	25.1	
Botanee	300957 CH	BUY	7,124	157.0	35.3	35.8	28.6	7.5	20.9	
Proya	603605 CH	BUY	6,799	184.0	11.2	47.7	37.3	11.3	23.6	
Jahwa	600315 CH	BUY	2,825	39.2	36.6	25.8	22.0	2.5	9.6	

Source: Company data, BBG, CMBIGM estimates

MARKET PERFORM (Maintain)

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Joseph Wong

(852) 3900 0838

josephwong@cmbi.com.hk

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2. [Kweichow Moutai \(600519 CH\) – 1Q came in slightly higher than we expected](#) – 17 Apr 2023
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6. [CTGDF \(601888 CH\) – At the forefront of China's reopening](#) – 20 Dec 2022
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CMB International Global Markets Limited

Address: 45/F, Champion Tower, 3 Garden Road, Hong Kong, Tel: (852) 3900 0888 Fax: (852) 3900 0800

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