

Anta Sports (2020 HK)

A beat in 4Q24 but a conservative outlook

Anta brand retail sales growth were inline but that of FILA and other brands' was a beat in 3Q24. While we are cautious about FY25E, we are still confident that Anta Group could outperform the industry with stable sales growth and margin improvements. Maintain BUY and TP at HK\$ 126.68, based on 23x FY25E P/E (unchanged).

■ **We think the profitability in FY24E is intact and our initial thought for FY25E is conservative.** For FY24E, even though sales growth was slightly behind the Company's initial targets, the profit margin should still be protected, as the management has been very cautious on the expenditure (cutting back A&P expenses based on sales performance on a timely manner and trying hard to refine the rental terms, etc.). For FY25E, we believe the retail sales growth target may be set at HSD to 10%, as the management is focusing more on the healthiness of the business, than just chasing the sales numbers. However, we still think many growth drivers for Anta can still sustain into FY25E, such as :1) continual ramp up of various new store formats (Anta Champion stores was rather successful now, recording RMB 100mn sales per month in the last three months already while Super Anta store is a swing factor), 2) creating more new star products (very likely to be those value for money products like PG7, priced at RMB 199 or RMB 299, sold over 1mn pairs) and 3) expansions to overseas (Southeast Asia, the Middle East and the US will be the focuses). And there are also multiple growth drivers for FILA in FY25E, namely: 1) launches of the new batch of better designed products (just started in 4Q24), 2) further ramp up of the functional products (e.g. Tennis and Golf) and footwear, 3) speed-up in store revamps and 4) improvements in customer experience. In terms of margin, we expect GP margin and OP margin to slightly improve, supported by: 1) better mix of new/ old products, 2) offline SSSG to hopefully turn positive with less operating deleverage, 3) better rental terms to be secured and 4) ramp up of the other brands (Descente, Kolon and even Amer sports), which the margins are higher than group's average.

■ **Maintain BUY and TP at HK\$ 126.68**, based on 23x FY25E P/E (unchanged). We continue to choose Anta as our top pick in the China sportswear segment, because: 1) it has decent multi-brand strategy, 2) Anta and FILA brands are likely to turn around with better products, stores and services and 3) meaningful exposure to the rapid-growing outdoor industry. The stock is trading at 18x FY25E P/E, not demanding in our view compared to its 5-year average of 25x.

Earnings Summary

(YE 31 Dec)	FY22A	FY23A	FY24E	FY25E	FY26E
Revenue (RMB mn)	53,651	62,356	69,483	77,930	86,144
YoY growth (%)	8.8	16.2	11.4	12.2	10.5
Operating profit (RMB mn)	11,229.0	15,409.0	16,450.8	18,808.0	21,664.9
Net profit (RMB mn)	8,245.0	11,277.0	14,198.8	15,176.2	17,652.8
EPS (Reported) (RMB)	2.71	3.65	4.60	4.92	5.72
YoY growth (%)	(2.0)	34.7	25.9	6.9	16.3
P/E (x)	26.1	19.4	15.4	14.4	12.4
P/B (x)	5.6	3.7	3.2	2.8	2.5
Yield (%)	1.7	2.7	2.7	3.2	3.7
ROE (%)	26.0	26.3	25.7	24.0	24.5
Net gearing (%)	43.5	42.2	48.3	54.7	60.3

Source: Company data, Bloomberg, CMBIGM estimates

BUY (Maintain)

Target Price HK\$126.68
Up/Downside 68.4%
Current Price HK\$75.25

China Consumer Discretionary

Walter WOO
 (852) 3761 8776
 walterwoo@cmbi.com.hk

Stock Data

Mkt Cap (HK\$ mn)	203,425.5
Avg 3 mths t/o (HK\$ mn)	919.2
52w High/Low (HK\$)	106.30/64.15
Total Issued Shares (mn)	2703.3

Source: FactSet

Shareholding Structure

Mr. Ding Shi zhong & Family	52.2%
The Vanguard Group	1.7%

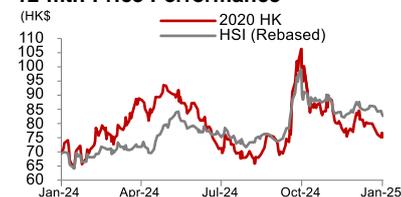
Source: HKEx

Share Performance

	Absolute	Relative
1-mth	-5.3%	-2.4%
3-mth	-22.1%	-15.4%
6-mth	5.5%	-4.1%

Source: FactSet

12-mth Price Performance



Source: FactSet

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- **4Q24 retail sales growth was a slight beat (esp. for FILA and other brands).** Anta's retail sales growth was at HSD in 4Q24, speeding up from MSD in 3Q24 and inline with our conservative estimates of HSD, driven by: 1) meaningful ramp up of various new store formats, 2) decent sales performance of the newly launched value for money products such as the PG7 running shoes and 3) resumption of offline sales growth. FILA retail sales growth was also at HSD in 4Q24, a significant improvement vs the LSD drop in 3Q24 and beating our fairly conservative estimates of MSD, supported by: 1) successful fashion product launches (esp. for the kids and fusions), 2) decent online sales during the double 11 and double 12 (esp. on the platforms like Douyin and Xiaohongshu) and 3) winter inventory (hence down apparel was selling great) was well-prepared vs last year. Overall speaking, we do find this growth rate satisfactory, given the tough industry conditions, slightly high base and warmer than last year winter. From the prospective of FY24, retail sales growth for Anta/ FILA was at HSD/ MSD, falling short of the Company's guidance of 10%/ HSD, however, this should be well-expected given the macro environment in 2H24E. Moreover, the retail sales growth for other brands was at 50% to 55% (45%+/ 60%+ for Descente/ Kolon), accelerated from 45% to 50% in 3Q24, which is a beat vs our estimates of 30%, thanks to overwhelming trend of outdoor sports and decent product and brand quality. In fact, this is fairly impressive, in our view, given the macro conditions, high base and unfavorable weather.
- **Inventory days climbed, but this was normal given the seasonality.** Inventory to sales ratio for Anta/FILA was at around 5 months/ 5 months in 4Q24, vs 4.5 to 5 months/ 5 months in 3Q24 and 4.5 to 5 months/ 4.5 to 5 months in 3Q24. But in our view, this is totally explainable, as the CNY in 2025 is way earlier than that in 2024, as stocking is rather important in order to catch sales during the festival.
- **Anta brand's retail discounts still managed to improve while that of FILA brand has been widened YoY.** According to management's comments and our estimates, Anta brand's online/ offline retail discounts have improved by around 1ppt/ stayed flattish YoY in 4Q24 while FILA brand's online/offline discounts have widened by around 2ppts/ 1ppt YoY in 4Q24.

Earnings revision

Figure 1: Earnings revision

RMB mn	New			Old			Diff (%)		
	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E
Revenue	69,483	77,930	86,144	69,483	77,930	86,144	0.0%	0.0%	0.0%
Gross profit	43,694	49,191	54,558	43,694	49,191	54,558	0.0%	0.0%	0.0%
EBIT	16,451	18,808	21,665	16,451	18,808	21,665	0.0%	0.0%	0.0%
Net profit att.	12,886	13,773	16,020	12,886	13,773	16,020	0.0%	0.0%	0.0%
Diluted EPS (RMB)	4.601	4.918	5.720	4.601	4.918	5.720	0.0%	0.0%	0.0%
Gross margin	62.9%	63.1%	63.3%	62.9%	63.1%	63.3%	0ppt	0ppt	0ppt
EBIT margin	23.7%	24.1%	25.1%	23.7%	24.1%	25.1%	0ppt	0ppt	0ppt
Net profit att. margin	18.5%	17.7%	18.6%	18.5%	17.7%	18.6%	0ppt	0ppt	0ppt

Source: Company data, CMBIGM estimates

Figure 2: CMBIGM estimates vs consensus

RMB mn	CMBIGM			Consensus			Diff (%)		
	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E
Revenue	69,483	77,930	86,144	69,606	77,423	85,853	-0.2%	0.7%	0.3%
Gross profit	43,694	49,191	54,558	43,885	49,234	54,887	-0.4%	-0.1%	-0.6%
EBIT	16,451	18,808	21,665	16,623	18,734	21,151	-1.0%	0.4%	2.4%
Net profit att.	12,886	13,773	16,020	13,262	13,911	15,754	-2.8%	-1.0%	1.7%
Diluted EPS (RMB)	4.601	4.918	5.720	4.641	4.916	5.581	-0.9%	0.0%	2.5%
Gross margin	62.9%	63.1%	63.3%	63.0%	63.6%	63.9%	-0.2ppt	-0.5ppt	-0.6ppt
EBIT margin	23.7%	24.1%	25.1%	23.9%	24.2%	24.6%	-0.2ppt	-0.1ppt	0.5ppt
Net profit att. margin	18.5%	17.7%	18.6%	19.1%	18.0%	18.4%	-0.5ppt	-0.3ppt	0.2ppt

Source: Bloomberg, CMBIGM estimates

Operating numbers

Figure 3: Sportswear brands sales growth trend

Operating numbers	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24E
Nike China sales	42%	9%	1%	-24%	-8%	-20%	-13%	6%	1%	25%	12%	8%	6%	7%	-3%	-7%
Adidas China sales	156%	-16%	-15%	-24%	-35%	-35%	-27%	-50%	-9%	16%	6%	37%	8%	9%	9%	11%
Anta brand's SSSG																
Anta brand's retail sales	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	+ve MSD	+ve HSD
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	-ve LSD	+ve MSD
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	-ve HSD	+ve HSD
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%	20%-25%	+ve High-teens
FILA brand's retail sales																
FILA brand's retail sales	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	-ve LSD	+ve HSD
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	-ve MSD	+ve LSD
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	-ve Low-teens	Flat
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	-ve HSD	+ve Low-teens
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%	+ve HSD	+ve Mid-teens
Other brands																
Other brands	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%	45%-50%	50%-55%
Descente	150%	100%	50%	40%-45%	40%-45%	Over 20%	Over 35%	+ve High-teens	70%-75%	60%-65%	40%-45%	50%-55%	20-25%	35%-40%	35%-40%	45%-50%
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%	65%-70%	60%-65%
Li Ning group's SSSG																
Li Ning group's retail sales	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	-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 30%	-ve LSD	-ve MSD	-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	-ve HSD	
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	+ve MSD	
Li Ning group's retail sales																
Li Ning group's retail sales	+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	-ve MSD	6%
Direct retail	+ve Low 90%	+ve High 80%	+ve Mid 30%	+ve High 30%	+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	
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	-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	+ve MSD	
Xtep brand's SSSG																
Xtep brand's retail sales	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%	+ve MSD	8%
361 Degree brand's SSSG																
361 Degree brand's offli	+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%	10.0%	13%
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	10%	
E- Commerce				35%-40%	50%	40%	45%	25%	35%	30%	30%	Over 30%	20%-25%	30%-35%	Over 20%	
Pou Sheng's SSSG																
Pou Sheng's SSSG	32%	-11%	-25%	-29%	-21%	-25%	-10%	-27%	0%	13%	-3%	12%	-17%	-16%		
Pou Sheng's sales	48%	-15%	-25%	-27%	-25%	-24%	-8%	-20%	7%	17%	-1%	9%	-7%	-11%	-11%	-6%
Topsports' retail sales																
Topsports' retail sales				-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 LSD	-ve MSD	-ve Low-teens	-ve MSD
Dong Xiang's SSSG	+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	-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	
Dong Xiang's retail sale	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	-ve Low 10% to 20%	
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)

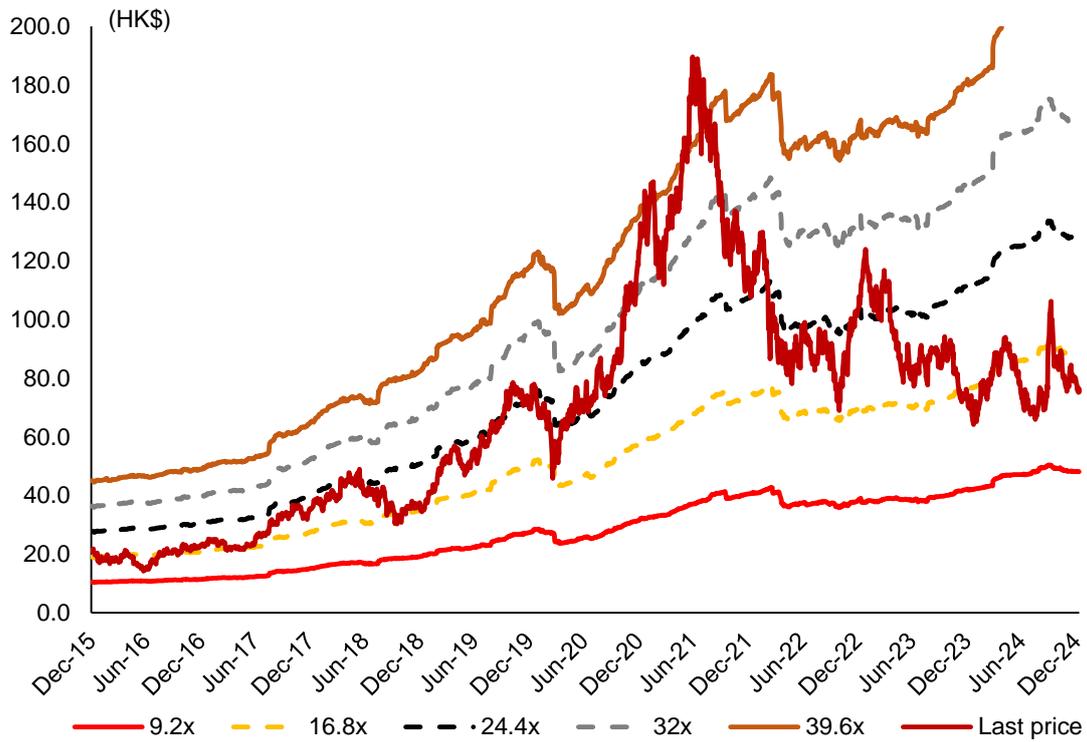
Valuation

Figure 4: 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	
H share Sportswear															
Anta Sports	2020 HK	BUY	126.68	75.25	68%	212,448	Dec-23	14.6	13.7	2.9	24.9	0.9	3.4	(3.3)	
Li Ning Co	2331 HK	BUY	19.58	16.38	20%	42,339	Dec-23	12.9	11.6	1.4	11.8	2.6	3.6	(0.5)	
Xtep Intl	1368 HK	BUY	7.50	5.55	35%	14,894	Dec-23	11.1	9.9	1.3	12.3	0.9	7.6	(1.6)	
361 Degrees Intl	1361 HK	BUY	5.15	4.01	28%	8,291	Dec-23	6.9	6.0	0.7	11.5	0.5	5.8	(5.4)	
Topsports Intl	6110 HK	HOLD	2.82	2.91	-3%	18,046	Feb-24	11.9	9.9	1.7	18.0	(2.4)	7.6	(2.3)	
Pou Sheng Intl	3813 HK	NR	n/a	0.49	n/a	2,583	Dec-23	5.3	4.0	0.3	6.0	0.5	7.7	(3.0)	
China DX	3818 HK	NR	n/a	0.35	n/a	2,031	Mar-24	n/a	n/a	n/a	(1.0)	0.0	n/a	(1.4)	
								Avg.	10.5	9.2	1.4	11.9	0.4	6.0	(2.5)
								Med.	11.5	9.9	1.3	11.8	0.5	6.7	(2.3)
International Sportswear															
Nike	NKE US	NR	n/a	71.29	n/a	820,377	May-24	32.1	27.4	9.2	34.7	(5.2)	2.1	(5.8)	
Adidas	ADS GY	NR	n/a	244.70	n/a	353,472	Dec-23	62.0	32.3	7.0	8.2	(0.2)	0.6	3.3	
Puma	PUM GY	NR	n/a	42.99	n/a	51,646	Dec-23	20.4	15.5	2.2	9.6	1.3	1.8	(3.1)	
Under Armour	UAA US	NR	n/a	8.09	n/a	25,774	Mar-24	27.7	20.4	1.6	(0.9)	38.1	0.0	(2.3)	
Lululemon	LULU US	NR	n/a	392.92	n/a	372,282	Jan-24	27.7	25.5	7.9	46.2	2.5	0.0	2.7	
Amer Sports	AS US	NR	n/a	30.53	n/a	129,773	Dec-23	71.7	44.2	3.1	(1.7)	(0.3)	0.0	9.2	
Skechers	SKX US	NR	n/a	69.31	n/a	81,809	Dec-23	16.3	14.2	1.9	15.1	0.9	0.0	3.1	
On Holding	ONON US	NR	n/a	55.54	n/a	139,700	Dec-23	67.5	53.0	9.4	10.7	1.0	0.0	1.4	
Deckers	DECK US	NR	n/a	207.52	n/a	245,279	Mar-24	37.1	32.4	10.2	43.6	2.7	0.0	2.2	
Vf Corp	VFC US	NR	n/a	21.54	n/a	65,242	Mar-24	47.3	23.0	3.2	(36.9)	(0.3)	1.7	0.4	
Columbia	COLM US	NR	n/a	82.62	n/a	36,764	Dec-23	21.3	19.3	2.3	11.6	4.1	1.5	(1.6)	
Wolverine	WWW US	NR	n/a	22.67	n/a	14,122	Dec-23	25.4	16.8	4.2	(21.5)	(0.1)	1.8	2.1	
Mizuno Corp	8022 JP	NR	n/a	8680.00	n/a	11,340	Mar-24	14.7	13.6	1.4	10.2	2.7	1.4	(3.1)	
Asics Corp	7936 JP	NR	n/a	3116.00	n/a	116,331	Dec-23	35.4	29.1	9.3	27.2	1.2	0.9	0.2	
								Avg.	36.2	26.2	5.2	11.1	3.5	0.8	0.6
								Med.	29.9	24.3	3.7	10.4	1.1	0.7	0.9

Source: Bloomberg, CMBIGM estimates

Figure 5: Forward 12M P/E valuation band



Source: Bloomberg, CMBIGM estimates

Financial Summary

INCOME STATEMENT	2021A	2022A	2023A	2024E	2025E	2026E
YE 31 Dec (RMB mn)						
Revenue	49,328	53,651	62,356	69,483	77,930	86,144
Cost of goods sold	(18,924)	(21,333)	(23,328)	(25,789)	(28,739)	(31,586)
Gross profit	30,404	32,318	39,028	43,694	49,191	54,558
Operating expenses	(20,681)	(23,216)	(25,366)	(29,411)	(32,487)	(35,219)
Selling expense	(17,753)	(19,629)	(21,673)	(25,228)	(27,957)	(30,362)
Admin expense	(1,812)	(2,308)	(2,079)	(2,386)	(2,525)	(2,652)
R&D expense	(1,116)	(1,279)	(1,614)	(1,797)	(2,005)	(2,205)
Others	0	0	0	0	0	0
Operating profit	11,372	11,229	15,409	16,451	18,808	21,665
Other income	1,649	2,127	1,747	2,168	2,104	2,326
Share of (losses)/profits of associates/JV	(81)	28	(718)	1,807	468	603
EBITDA	11,944	12,212	16,415	17,040	19,280	22,017
Depreciation	(443)	(860)	(1,018)	(341)	(325)	(311)
Other amortisation	(129)	(123)	12	(248)	(147)	(41)
Interest income	392	609	1,470	1,604	1,907	2,261
Interest expense	(443)	(511)	(521)	(674)	(674)	(674)
Other income/expense	0	0	0	0	0	0
Pre-tax profit	11,240	11,355	15,640	19,188	20,508	23,855
Income tax	(3,021)	(3,110)	(4,363)	(4,989)	(5,332)	(6,202)
Minority interest	(499)	(655)	(1,043)	(1,313)	(1,404)	(1,633)
Net profit	8,219	8,245	11,277	14,199	15,176	17,653
BALANCE SHEET						
YE 31 Dec (RMB mn)						
Current assets	39,902	42,596	52,140	60,329	70,437	81,637
Cash & equivalents	17,592	17,378	15,228	22,070	30,359	39,796
Account receivables	6,914	5,800	6,867	7,652	8,582	9,487
Inventories	7,644	8,490	7,210	7,772	8,661	9,519
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
Non-current assets	22,766	26,599	40,088	42,139	43,069	44,354
PP&E	2,853	3,716	4,143	4,636	5,245	5,968
Investment in JVs & assos	9,027	9,343	21,119	22,926	23,393	23,996
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
Total assets	62,668	69,195	92,228	102,468	113,506	125,991
Current liabilities	15,943	26,207	20,591	21,824	23,291	24,714
Short-term borrowings	1,748	12,198	3,996	3,996	3,996	3,996
Account payables	3,146	2,750	3,195	3,532	3,936	4,326
Tax payable	1,816	2,169	2,825	2,825	2,825	2,825
Other current liabilities	9,233	9,090	10,575	11,471	12,534	13,567
Non-current liabilities	15,062	5,149	15,627	15,627	15,627	15,627
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
Total liabilities	31,005	31,356	36,218	37,451	38,918	40,341
Share capital	261	262	272	272	272	272
Retained earnings	22,663	26,963	32,909	37,579	45,181	54,025
Other reserves	5,999	7,175	18,279	21,303	21,869	22,453
Total shareholders equity	28,923	34,400	51,460	59,154	67,321	76,751
Minority interest	2,740	3,439	4,550	5,863	7,267	8,900
Total equity and liabilities	62,668	69,195	92,228	102,468	113,506	125,991

CASH FLOW	2021A	2022A	2023A	2024E	2025E	2026E
YE 31 Dec (RMB mn)						
Operating						
Profit before taxation	11,240	11,355	15,640	19,188	20,508	23,855
Depreciation & amortization	572	983	1,006	590	472	352
Tax paid	(2,677)	(3,046)	(3,584)	(4,989)	(5,332)	(6,202)
Change in working capital	(282)	(1,104)	1,739	(114)	(353)	(340)
Others	3,008	3,959	4,833	(1,133)	206	71
Net cash from operations	11,861	12,147	19,634	13,542	15,502	17,736
Investing						
Capital expenditure	(1,360)	(1,621)	(1,161)	(834)	(935)	(1,034)
Acquisition of subsidiaries/ investments	(94)	(115)	(160)	0	0	0
Others	(3,215)	(3,038)	(24,472)	0	0	0
Net cash from investing	(4,669)	(4,774)	(25,793)	(834)	(935)	(1,034)
Financing						
Dividend paid	(2,456)	(3,950)	(4,250)	(5,192)	(5,605)	(6,591)
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)
Net cash from financing	(4,947)	(7,841)	3,471	(5,866)	(6,279)	(7,265)
Net change in cash						
Cash at the beginning of the year	15,323	17,592	17,378	15,228	22,070	30,359
Exchange difference	24	254	538	0	0	0
Others	2,245	(468)	(2,688)	6,842	8,288	9,437
Cash at the end of the year	17,592	17,378	15,228	22,070	30,359	39,796
GROWTH	2021A	2022A	2023A	2024E	2025E	2026E
YE 31 Dec						
Revenue	38.9%	8.8%	16.2%	11.4%	12.2%	10.5%
Gross profit	47.2%	6.3%	20.8%	12.0%	12.6%	10.9%
Operating profit	28.8%	(1.3%)	37.2%	6.8%	14.3%	15.2%
EBITDA	28.2%	2.2%	34.4%	3.8%	13.1%	14.2%
Net profit	47.6%	0.3%	36.8%	25.9%	6.9%	16.3%
PROFITABILITY	2021A	2022A	2023A	2024E	2025E	2026E
YE 31 Dec						
Gross profit margin	61.6%	60.2%	62.6%	62.9%	63.1%	63.3%
Operating margin	23.1%	20.9%	24.7%	23.7%	24.1%	25.1%
EBITDA margin	24.2%	22.8%	26.3%	24.5%	24.7%	25.6%
Return on equity (ROE)	31.1%	26.0%	26.3%	25.7%	24.0%	24.5%
GEARING/LIQUIDITY/ACTIVITIES	2021A	2022A	2023A	2024E	2025E	2026E
YE 31 Dec						
Net debt to equity (x)	0.4	0.4	0.4	0.5	0.5	0.6
Current ratio (x)	2.5	1.6	2.5	2.8	3.0	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
VALUATION	2021A	2022A	2023A	2024E	2025E	2026E
YE 31 Dec						
P/E	25.6	26.1	19.4	15.4	14.4	12.4
P/E (diluted)	25.6	26.1	19.4	15.4	14.4	12.4
P/B	6.6	5.6	3.7	3.2	2.8	2.5
P/CFPS	16.7	16.3	10.1	14.7	12.8	11.2
Div yield (%)	1.9	1.7	2.7	2.7	3.2	3.7
EV	192,044.5	188,452.5	181,742.7	174,900.2	166,612.1	157,174.7
EV/Sales	3.9	3.5	2.9	2.5	2.1	1.8
EV/EBITDA	16.1	15.4	11.1	10.3	8.6	7.1

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

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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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