

Baozun (BZUN US)

1Q26 results beat; solid revenue growth momentum to sustain

Baozun reported its 1Q26 results, with revenue reaching RMB2.4bn, up 15% YoY (4Q25: +6% YoY), 3.0%/3.5% ahead of our forecast/Bloomberg consensus, driven by beats in both the Baozun E-commerce (BEC) and Baozun Brand Management (BBM) businesses. Non-GAAP NP attributable to ordinary shareholders was RMB1mn, compared with a loss of RMB57mn in 1Q25, supported by improved operating profitability across both BEC and BBM. This was also better than our forecast/Bloomberg consensus of losses of RMB7mn/RMB13mn. We expect solid revenue growth momentum to continue in 2Q26E, and look for 10% YoY revenue growth. Baozun is prioritizing higher-quality revenue streams, improving service satisfaction, and ultimately enhancing overall profitability. We believe the company remains on track to achieve its 2028E profitability target of at least RMB550mn in non-GAAP OP. We maintain our SOTP-based TP unchanged at US\$3.98 and maintain our BUY rating.

■ **1Q26 results came in better than our expectations.** In 1Q26, BEC recorded revenue of RMB1.9bn, up 10% YoY (1Q25: +1%; 4Q25: +2%), while non-GAAP operating profit (OP) improved to RMB13.0mn, compared with a loss of RMB46mn in 1Q25, and was 1% ahead of our forecast. Meanwhile, BBM delivered revenue of RMB538mn, up 39% YoY and 5% ahead of our estimate. BBM's non-GAAP operating loss narrowed to RMB5mn, compared with a loss of RMB21mn in 1Q25, and was also better than our expected loss of RMB7mn.

■ **2Q26E outlook: solid revenue growth momentum to continue.** For 2Q26E, we estimate YoY revenue growth of 7.5%/22.5% for the BEC/BBM businesses. We expect BEC to continue focusing on operating efficiency improvement, with non-GAAP OP reaching RMB102mn in 2Q26E, compared with RMB41mn in 2Q25. For BBM, we anticipate a non-GAAP operating loss of RMB33mn, narrowing from a loss of RMB35mn in 2Q25, driven by operating efficiency improvement in the GAP business, partly offset by incremental investments to support the growth of Hunter and Sweaty Betty. Our 2Q26E revenue forecast is 5% ahead of consensus, while our GAAP OP forecast of RMB56mn is also ahead of consensus of RMB17mn.

■ **Maintain BUY and SOTP-based TP unchanged at US\$3.98.** Our SOTP-based target price remains unchanged at US\$3.98, based on a valuation of RMB1.6bn/US\$233mn, consisting of: 1) RMB1.3bn for BEC, based on 5.0x 2026E EV/EBIT; 2) RMB769mn for BBM, based on an unchanged 0.4x 2026E EV/sales; and 3) RMB2.0bn in net cash. We apply a 60% holding-company discount to the group-level valuation, consistent with our prior framework.

Earnings Summary

(YE 31 Dec)	FY24A	FY25A	FY26E	FY27E	FY28E
Revenue (RMB mn)	9,422	9,945	10,644	11,285	11,807
YoY growth (%)	6.9	5.6	7.0	6.0	4.6
Operating profit (RMB mn)	(114.8)	56.6	179.8	361.2	508.1
Adjusted net profit (RMB mn)	(40.4)	44.2	173.7	310.1	410.4
P/E (x)	ns	ns	7.6	3.7	2.7
ROE (%)	(3.3)	(5.2)	3.5	6.7	8.5
Net gearing (%)	(1.2)	8.1	(1.8)	1.7	(9.6)

Source: Company data, Bloomberg, CMBIGM estimates

BUY (Maintain)

Target Price US\$3.98
Up/Downside 56.7%
Current Price US\$2.54

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Stock Data

Mkt Cap (US\$ mn)	148.3
Avg 3 mths t/o (US\$ mn)	0.4
52w High/Low (US\$)	4.77/2.10
Total Issued Shares (mn)	58.4

Source: FactSet

Shareholding Structure

Jun Wang	16.4%
Schroders	7.4%

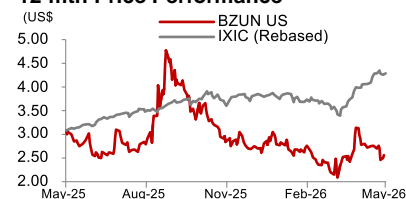
Source: HKEx

Share Performance

	Absolute	Relative
1-mth	-14.8%	-21.3%
3-mth	-8.0%	-19.8%
6-mth	-10.6%	-24.2%

Source: FactSet

12-mth Price Performance



Source: FactSet

Figure 1: Quarterly results

(RMBmn)	1Q25	2Q25	3Q25	4Q25	1Q26	1Q26E consensus	Diff%	1Q26E CMBI forecasts	Diff%
Total revenue	2,064	2,553	2,156	3,172	2,381	2,301	3.5%	2,312	3.0%
YoY growth (%)	4.3%	6.8%	4.8%	5.9%	15.3%				
Breakdown by business type									
1. Product sales	809	994	808	1,238	1,045			1,020	2.5%
YoY growth (%)	14.4%	14.2%	3.2%	11.9%	29.1%				
2. Services	1,255	1,559	1,348	1,934	1,336			1,293	3.4%
YoY growth (%)	-1.4%	2.5%	5.8%	2.4%	6.5%				
Breakdown by business segments									
1. Baozun e-Commerce (BEC)	1,709	2,200	1,799	2,564	1,886			1,837	2.7%
YoY growth (%)	1.4%	3.3%	2.4%	2.5%	10.4%				
2. Baozun Brand Management (BBM)	387	398	396	664	538			513	4.8%
YoY growth (%)	23.4%	35.4%	19.8%	24.0%	38.8%				
3. Intersegment eliminations	(32)	(46)	(38)	(55)	(43)				
Gross profit	1,517	1,841	1,625	2,386	1,686	1,691	-0.3%	1,699	-0.8%
Operating profit	(84)	(9)	(26)	176	0	5		(12)	
Adj. operating profit	(67)	6	(11)	198	8	5	51.4%	6	45.4%
BEC	(46)	41.1	28.1	195.9	13.0			13	0.8%
BBM	(21)	(35.0)	(38.7)	1.8	(4.9)			(7)	
Adj. net profit	(57)	(18)	(40)	160	1	(13)		(7)	
Margin (%)									
GPM	73.5%	72.1%	75.4%	75.2%	70.8%	73.5%	-2.7 ppt	73.5%	-2.7 ppt
OPM	-4.1%	-0.4%	-1.2%	5.5%	0.0%	0.2%	-0.2 ppt	-0.5%	0.5 ppt
Adj. OPM	-3.2%	0.2%	-0.5%	6.2%	0.3%			0.2%	0.1 ppt
BEC	-2.7%	1.9%	1.6%	7.6%	0.7%			0.7%	0.0 ppt
BBM	-5.4%	-8.8%	-9.8%	0.3%	-0.9%			-1.4%	0.5 ppt
Adj. NPM	-2.8%	-0.7%	-1.9%	5.0%	0.1%	-0.5%	0.6 ppt	-0.3%	0.4 ppt

Source: Company data, Bloomberg, CMBIGM estimates

Figure 2: Changes in forecast

RMB mn	Current			Previous			Change (%)		
	2026E	2027E	2028E	2026E	2027E	2028E	2026E	2027E	2028E
Revenue	10,644	11,285	11,807	10,475	11,003	11,433	1.6%	2.6%	3.3%
Gross profit	7,770	8,283	8,690	7,793	8,230	8,592	-0.3%	0.6%	1.1%
Operating profit	180	361	508	181	357	502	-0.7%	1.3%	1.2%
Non-GAAP net profit	174	310	410	148	298	398	17.1%	4.0%	3.1%
GPM	73.0%	73.4%	73.6%	74.4%	74.8%	75.1%	-1.4 ppt	-1.4 ppt	-1.5 ppt
OPM	1.7%	3.2%	4.3%	1.7%	3.2%	4.4%	0.0 ppt	0.0 ppt	-0.1 ppt
Non-GAAP NPM	1.6%	2.7%	3.5%	1.4%	2.7%	3.5%	0.2 ppt	0.0 ppt	0.0 ppt

Source: CMBIGM estimates

Figure 3: CMBI forecast vs consensus

RMB mn	Current			Consensus			Diff (%)		
	2026E	2027E	2028E	2026E	2027E	2028E	2026E	2027E	2028E
Revenue	10,644	11,285	11,807	10,504	11,165	11,925	1.3%	1.1%	-1.0%
Gross profit	7,770	8,283	8,690	7,773	8,230	8,769	0.0%	0.6%	-0.9%
Operating profit	180	361	508	190	297	387	-5.2%	21.6%	31.2%
Non-GAAP net profit	174	310	410	186	283	379	-6.6%	9.6%	8.2%
GPM	73.0%	73.4%	73.6%	74.0%	73.7%	73.5%	-1.0 ppt	-0.3 ppt	0.1 ppt
OPM	1.7%	3.2%	4.3%	1.8%	2.7%	3.2%	-0.1 ppt	0.5 ppt	1.1 ppt
Non-GAAP NPM	1.6%	2.7%	3.5%	1.8%	2.5%	3.2%	-0.1 ppt	0.2 ppt	0.3 ppt

Source: Bloomberg, CMBIGM estimates

Figure 4: Baozun: SOTP valuation

(RMBmn)	Metrics	EBIT/Revenue	Valuation methodology	Target multiple (x)	Shareholding	Valuation
BEC	2026E Non-GAAP EBIT	270	EV/EBIT	5.0	100%	1,348
BBM	2026E Revenue	2,196	EV/sales	0.4	100%	769
Total						2,116
Net cash						1,956
Holding discount						60%
Equity Value						1,629
Equity Value (US\$mn)						233
No. of ADSs outstanding (mn)						58
Target price (US\$)						3.98

Source: CMBIGM estimates; USD:RMB = 1:7.0

Financial Summary

INCOME STATEMENT	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec (RMB mn)						
Revenue	8,812	9,422	9,945	10,644	11,285	11,807
Cost of goods sold	(2,409)	(2,474)	(2,576)	(2,874)	(3,002)	(3,117)
Gross profit	6,403	6,948	7,369	7,770	8,283	8,690
Operating expenses	(4,190)	(4,650)	(5,062)	(5,270)	(5,509)	(5,681)
Selling expense	(2,829)	(3,381)	(3,847)	(4,045)	(4,254)	(4,416)
Admin expense	(856)	(719)	(752)	(751)	(774)	(786)
R&D expense	(505)	(550)	(463)	(474)	(480)	(479)
Others	na	(2,413)	(2,251)	(2,320)	(2,413)	(2,501)
Operating profit	(206)	(115)	57	180	361	508
Other income	82	69	59	59	59	59
Other expense	(41)	(39)	(45)	(36)	(36)	(36)
Gain/loss on financial assets at FVTPL	(9)	(39)	(4)	3	0	0
Investment gain/loss	0	(3)	(213)	0	0	0
Others	na	34	(55)	(17)	(30)	(30)
Pre-tax profit	(217)	(93)	(201)	188	354	501
Income tax	(12)	(21)	(10)	(28)	(53)	(100)
Others	(49)	(71)	(31)	(28)	(29)	(29)
Net profit	(278)	(185)	(242)	132	273	372
Adjusted net profit	(65)	(40)	44	174	310	410
BALANCE SHEET	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec (RMB mn)						
Current assets	7,291	7,214	6,803	7,419	7,522	8,217
Cash & equivalents	2,352	1,289	907	1,276	1,135	1,648
Restricted cash	203	355	141	141	141	141
Account receivables	2,185	2,034	2,173	2,326	2,466	2,580
Inventories	1,045	1,117	879	865	922	948
Prepayment	590	724	576	643	671	697
ST bank deposits	721	1,272	1,747	1,747	1,747	1,747
Other current assets	195	423	379	422	440	456
Non-current assets	3,184	2,993	2,888	2,776	2,824	2,871
PP&E	851	822	759	778	798	818
Investment in JVs & assos	38	37	36	36	36	36
Intangibles	306	357	323	424	452	479
Goodwill	312	362	274	274	274	274
Other non-current assets	1,675	1,413	1,496	1,263	1,263	1,263
Total assets	10,474	10,207	9,691	10,195	10,345	11,088
Current liabilities	3,758	3,748	3,645	3,987	3,815	4,135
Short-term borrowings	1,116	1,221	1,208	1,208	1,208	1,208
Account payables	564	621	466	747	520	796
Tax payable	525	488	371	371	371	371
Other current liabilities	365	249	241	241	241	241
Accrued expenses	1,188	1,170	1,359	1,420	1,475	1,520
Non-current liabilities	865	679	554	513	513	513
Long-term borrowings	0	0	0	0	0	0
Total liabilities	4,623	4,426	4,200	4,499	4,328	4,648
Capital surplus	4,571	4,647	4,640	4,592	4,613	4,632
Retained earnings	(507)	(692)	(934)	(802)	(529)	(157)
Other reserves	1,617	1,630	(5)	101	116	131
Total shareholders equity	5,682	5,584	3,700	3,891	4,200	4,606
Minority interest	170	196	1,791	1,805	1,818	1,834
Total equity and liabilities	10,474	10,207	9,691	10,195	10,345	11,088

CASH FLOW	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec (RMB mn)						
Operating						
Profit before taxation	(217)	(93)	(201)	188	354	501
Depreciation & amortization	252	245	222	76	77	77
Tax paid	(54)	(54)	(54)	(54)	(54)	(54)
Others	468	4	454	138	(393)	113
Net cash from operations	448	101	420	349	(16)	637
Investing						
Capital expenditure	(165)	(132)	(107)	(84)	(84)	(84)
Net proceeds from disposal of short-term investments	190	(542)	(719)	0	0	0
Others	(365)	(144)	(73)	(40)	(41)	(41)
Net cash from investing	(340)	(818)	(899)	(124)	(124)	(124)
Financing						
Net borrowings	26	105	(20)	0	0	0
Proceeds from share issues	0	0	0	0	0	0
Others	(34)	(125)	(88)	0	0	0
Net cash from financing	(8)	(20)	(107)	0	0	0
Net change in cash						
Cash at the beginning of the year	2,246	2,352	1,644	1,048	1,276	1,135
Exchange difference	7	28	(10)	3	0	0
Cash at the end of the year	2,352	1,644	1,048	1,276	1,135	1,648
GROWTH	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec						
Revenue	4.9%	6.9%	5.6%	7.0%	6.0%	4.6%
Gross profit	4.2%	8.5%	6.1%	5.4%	6.6%	4.9%
Operating profit	na	na	na	218.0%	100.9%	40.7%
Net profit	na	na	na	na	105.9%	36.6%
Adj. net profit	na	na	na	292.8%	78.5%	32.3%
PROFITABILITY	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec						
Gross profit margin	72.7%	73.7%	74.1%	73.0%	73.4%	73.6%
Operating margin	(2.3%)	(1.2%)	0.6%	1.7%	3.2%	4.3%
Adj. net profit margin	(0.7%)	(0.4%)	0.4%	1.6%	2.7%	3.5%
Return on equity (ROE)	(5.0%)	(3.3%)	(5.2%)	3.5%	6.7%	8.5%
GEARING/LIQUIDITY/ACTIVITIES	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec						
Net debt to equity (x)	(0.2)	(0.0)	0.1	(0.0)	0.0	(0.1)
Current ratio (x)	1.9	1.9	1.9	1.9	2.0	2.0
Receivable turnover days	92.7	81.7	77.2	77.1	77.5	78.0
Inventory turnover days	150.6	159.5	141.5	110.8	108.6	109.5
Payable turnover days	78.7	87.4	77.0	77.1	77.1	77.1
VALUATION	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec						
P/E	ns	ns	ns	7.6	3.7	2.7
P/E (diluted)	ns	ns	22.6	5.8	3.3	2.5
P/B	0.2	0.2	0.3	0.3	0.2	0.2

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

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