

Bosideng (3998 HK)

Impressive results and guidance maintained

If we exclude the impairment losses associating with the ladieswear business, the adjusted net profit would have increased by 31% YoY, which was simply stunning under the current macro environment. After this impressive 1H25 results, we are still confident on Bosideng's growth in 2H25E, supported by: 1) various store format upgrades, 2) marketing and promotions in Dec 2024, 3) innovative product launches, 4) product category expansion and 5) potential catch up in wholesale sales growth, etc. Maintain BUY with a new TP of HK\$ 6.05, based on 13x FY26E P/E. It is trading at 10x FY26E P/E and 8x yield.

■ **Sales trends in Apr-Oct 2024 were rather decent but that had slowed down slightly in Nov 2024.** Management mentioned that sales momentum was fairly good during Apr-Oct 2024, but due to unfavorable weather (temperature was warmer than last year), sales trend was slightly below their targets in Nov 2024, even though the sales growth rate was as fast as 30%+ during the double 11 festival (excluding any product returns).

■ **However, the FY24E guidance was maintained, as the management is still confident about their strategy in Dec 2024 and onwards.** Despite the challenges in Nov 2024, management is still confident on achieving its FY25E guidance of mid-teens sales growth and even faster net profit growth). And we do concur with their view, because of: 1) various store format upgrades (e.g. the concept store in Beijing Taikoo Li Sanlitun, already soft opened but more promotion will be done since 7 Dec 2024), 2) different marketing events (e.g. Crossover with the City Harbin and fashion show at the Sophia Cathedral in Dec 2024), 3) innovative product launches which can still fit the potentially warmer than last year weather, 4) top of the class execution, by management team and frontline staffs (where the sales strategy will be adjusted twice a week, to cope with current environment) and 5) potential catch up in wholesale sales growth in 2H25E (as the retail sales growth for self-operated/ wholesale stores were very much the same in 1H25). In terms of profitability, we are still confident on the potential margin improvement, supported by: 1) at least stable GP margin (e.g. retail discounts still improved from 21% off in 2023 to 19% off in 2024 and ASP still increased by RMB 1,500 in 2023 to RMB 1,740 in 2024, during the double 11 festival), 2) operating leverage induced from the robust SSSG (likely 10%+ or even 20%+ in 2H25E), under the TOP strategy.

Earnings Summary

(YE 31 Mar)	FY23A	FY24A	FY25E	FY26E	FY27E
Revenue (RMB mn)	16,774	23,214	26,999	30,042	32,001
YoY growth (%)	3.5	38.4	16.3	11.3	6.5
Operating profit (RMB mn)	2,826.4	4,397.6	5,112.0	5,819.5	6,274.6
Net profit (RMB mn)	2,156.4	3,120.1	3,852.6	4,474.6	4,922.4
EPS (Reported) (RMB)	0.19	0.27	0.33	0.39	0.43
YoY growth (%)	2.9	43.9	23.6	16.2	10.1
P/E (x)	20.1	14.0	11.3	9.7	8.9
P/B (x)	3.2	3.0	2.7	2.5	2.3
Yield (%)	4.4	6.1	6.8	7.9	8.7
ROE (%)	17.4	23.7	26.8	28.4	28.4
Net gearing (%)	25.2	46.7	52.4	57.0	59.7

Source: Company data, Bloomberg, CMBIGM estimates

BUY (Maintain)

Target Price	HK\$6.05
(Previous TP)	HK\$5.98
Up/Downside	49.4%
Current Price	HK\$4.05

China Consumer Discretionary

Walter WOO

(852) 3761 8776

walterwoo@cmbi.com.hk

Stock Data

Mkt Cap (HK\$ mn)	43,932.1
Avg 3 mths t/o (HK\$ mn)	177.5
52w High/Low (HK\$)	5.01/3.22
Total Issued Shares (mn)	10847.4

Source: FactSet

Shareholding Structure

Mr. Gao De Kang & Family	70.3%
Nomura Holdings Inc	4.1%

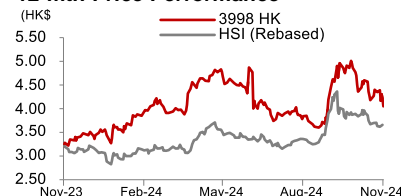
Source: HKEx

Share Performance

	Absolute	Relative
1-mth	-13.8%	-8.2%
3-mth	5.5%	-3.4%
6-mth	-13.5%	-17.7%

Source: FactSet

12-mth Price Performance



Source: FactSet

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- **Maintain BUY and raise TP to HK\$ 6.05.** We fine-tuned FY25E/ 26E/ 27E net profit forecasts by +0.4%/ -1.4%/ -0.2%, in order to factor in: 1) results beat, 2) better-than-expected gov. grant but also higher-than-expected impairment costs for ladieswear and 3) better-than-expected tax rate and less-than-expected minority interests. Despite the potentially unfavourable weather, we are still very confident on its growth onwards (11% sales and 17% net profit CAGR during FY25E-27E). Plus its attractive valuation (10x FY26E P/E and 8% yield), we maintain BUY with TP of HK\$ 6.05, based on 13x FY26E P/E (rolled over from 15x FY25E P/E).
- **We are also confident on the Company's mid (RMB 30bn sales target in FY26E) to long-term growth (FY27E and onwards).** Supported by different growth drivers, like: 1) upgrades in store formats, 2) upgrades in services and experience for members and VIPs, 3) more new product launches (with more upgrades in fashion and functions) and 4) product category expansion (in order to have a bigger price range and cover more groups of customers), we do think the RMB 30bn sales target in FY26E is feasible. From a more long-term prospective, we are also optimistic, supported by other growth drivers like: 1) brand expansion (e.g. acquisition of the Moose Knuckles brand, which is a high-end international brand with ASP of RMB 6000 – 7000, management's target now is to double its sales and maintain a healthy net margin in the next 3 years), and 2) overseas market expansion (likely start in the next 3 to 5 years and the Company is now learning how to operate an international brand).
- **Impressive results in 1H25, esp. under the current macro environment.** Bosideng's sales increased by 18% YoY to RMB 8.8bn and net profit jumped by 23% YoY to RMB 2.7bn, both have beaten CMBI est. by 3% and ahead of FY25E guidance of mid-teen sales growth and even faster net profit growth. We attributed the impressive results to: 1) successful new product launches (e.g. goose down windbreaker collection) and category expansion (e.g. sun protective clothing, added the urban light outdoor collection on top of the sun guard collection, plus the outdoor windbreaker collection), 2) resilient offline down apparel sales (where SSSG could be as high as 20%+). Noted that the OEM and ladieswear business were not exciting and the main growth driver is the down apparel business. GP margin seems to be flattish but the underlying was fairly strong because GP margins for Bosideng brand and Snow Flying brand still managed to expand by 0.9ppts and 0.6ppts (the drags are Bengen brand and ladieswear business), and did not seem to have adversely affected by Goose and duck down prices inflation. Even though the staff costs had increased a lot, but thanks to meaningful operating leverage, the NP margin can still increase by 0.5ppts to 13.8%. We do notice that investors were concerned by the 84% increase in inventory level (104%/ 72% for raw materials/ finished goods), but we are not that worried, because this surge could be well explained by: 1) the need to stock more raw materials ahead of potential input costs inflation, 2) changes in Chinese CNY timing (hence booking time would be 1-2 months earlier this year), 3) strategic decision to slow down the goods delivery to its distributors, in order to avoid unnecessary returns and logistic costs. Another issue concerned by investors is the outflow in CFO (cash flow from operation) of RMB 3.5bn in 1H25 (vs just RMB 0.6bn outflow in 1H24), but this could also be explained by: 1) actions to stock more raw materials and 2) delayed booking time of last year's payment.

Earnings revision

Figure 1: Earnings revision

RMB mn	New			Old			Diff (%)		
	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
Revenue	26,999	30,042	32,001	26,657	29,654	31,584	1.3%	1.3%	1.3%
Gross profit	16,045	17,864	19,069	15,942	17,833	19,054	0.6%	0.2%	0.1%
EBIT	5,112	5,820	6,275	5,096	5,908	6,369	0.3%	-1.5%	-1.5%
Net profit att.	3,799	4,414	4,858	3,783	4,478	4,866	0.4%	-1.4%	-0.2%
Diluted EPS (RMB)	0.332	0.386	0.425	0.331	0.392	0.426	0.5%	-1.3%	-0.1%
Gross margin	59.4%	59.5%	59.6%	59.8%	60.1%	60.3%	-0.4ppt	-0.7ppt	-0.7ppt
EBIT margin	18.9%	19.4%	19.6%	19.1%	19.9%	20.2%	-0.2ppt	-0.6ppt	-0.6ppt
Net profit att. margin	14.1%	14.7%	15.2%	14.2%	15.1%	15.4%	-0.1ppt	-0.4ppt	-0.2ppt

Source: Company data, CMBIGM estimates

Figure 2: CMBIGM estimates vs consensus

RMB mn	CMBIGM			Consensus			Diff (%)		
	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
Revenue	26,999	30,042	32,001	26,542	30,016	33,599	1.7%	0.1%	-4.8%
Gross profit	16,045	17,864	19,069	15,806	17,876	19,989	1.5%	-0.1%	-4.6%
EBIT	5,112	5,820	6,275	4,946	5,634	6,390	3.4%	3.3%	-1.8%
Net profit att.	3,799	4,414	4,858	3,609	4,141	4,670	5.3%	6.6%	4.0%
Diluted EPS (RMB)	0.332	0.386	0.425	0.331	0.378	0.425	0.5%	2.2%	0.1%
Gross margin	59.4%	59.5%	59.6%	59.6%	59.6%	59.5%	-0.1ppt	-0.1ppt	0.1ppt
EBIT margin	18.9%	19.4%	19.6%	18.6%	18.8%	19.0%	0.3ppt	0.6ppt	0.6ppt
Net profit att. margin	14.1%	14.7%	15.2%	13.6%	13.8%	13.9%	0.5ppt	0.9ppt	1.3ppt

Source: Company data, CMBIGM estimates

Results review

Figure 3: Earnings review - Half Year

Half yearly - (Mar year end) (RMB mn)	1H24	2H24	1H25	2H25E	1H24 YoY	2H24 YoY	1H25 YoY	2H25E YoY	1H25E CMBI	Actual vs CMBI
Revenue	7,472	15,742	8,804	18,194	21%	49%	18%	16%	8,533	3%
COGS	-3,738	-5,642	-4,413	-6,541					-4,222	
Gross profit	3,733	10,100	4,391	11,653	21%	47%	18%	15%	4,311	2%
GP margin	50.0%	64.2%	49.9%	64.0%					50.5%	
Other income & gains	110	106	196	128					119	64%
S&D expenses	-2,030	-6,025	-2,275	-7,126	25%	34%	12%	18%	-2,270	0%
S&D exp / sales	-27.2%	-38.3%	-25.8%	-39.2%					-26.6%	
Admin expenses	-582	-925	-769	-952	11%	36%	32%	3%	-649	19%
Admin exp / sales	-7.8%	-5.9%	-8.7%	-5.2%					-7.6%	
Other opex	-0	-19	-2	-52					-17	
Operating profit (EBIT)	1,231	3,237	1,542	3,652	18%	70%	25%	13%	1,495	3%
OP margin	16.5%	20.6%	17.5%	20.1%					17.5%	
Other items	0	-70	-70	-11					-17	
Net finance income	82	76	92	101					68	35%
Net finance income / sales	1.1%	0.5%	1.0%	0.6%					0.8%	
Profit after financing costs	1,312	3,243	1,564	3,741					1,546	
Associated coms	-12	-2	-5	-22					-17	
Jointly controlled coms	0	0	0	0					0	
Pre-tax profit	1,301	3,241	1,558	3,719	29%	72%	20%	15%	1,529	2%
Tax	-384	-1,037	-416	-1,009					-398	5%
Tax / sales	-5.1%	-6.6%	-4.7%	-5.5%					-4.7%	
Effective tax rate	-29.6%	-32.0%	-26.7%	-27.1%					-26.0%	
Minority interests	-2	49	12	42					34	
Net profit att.	919	2,155	1,130	2,669	25%	53%	23%	24%	1,098	3%
NP margin	12.3%	13.7%	12.8%	14.7%					12.9%	

Source: Company data, CMBIGM estimates

Figure 4: Earnings review - Full Year

Full yearly - (Mar year end) (RMB mn)	FY24	FY25E	FY26E	FY25 E YoY	FY26E YoY
Revenue	23,214	26,999	30,042	16%	11%
COGS	-9,380	-10,954	-12,178		
Gross profit	13,834	16,045	17,864	16%	11%
GP margin	59.6%	59.4%	59.5%		
Other income & gains	216	324	361		
S&D expenses	-8,055	-9,401	-10,396	17%	11%
S&D exp / sales	-34.7%	-34.8%	-34.6%		
Admin expenses	-1,508	-1,720	-1,859	14%	8%
Admin exp / sales	-6.5%	-6.4%	-6.2%		
Other opex	-19	-54	-60		
Operating profit (EBIT)	4,468	5,193	5,910	16%	14%
OP margin	19.2%	19.2%	19.7%		
Other items	-70	-81	-91		
Net finance income	158	193	257		
Net finance income / sales	0.7%	0.7%	0.9%		
Profit after financing costs	4,555	5,305	6,077		
Associated coms	-14	-27	-30		
Jointly controlled coms	0	0	0		
Pre-tax profit	4,541	5,278	6,047	16%	15%
Tax	-1,421	-1,425	-1,572		
Tax / sales	-6.1%	-5.3%	-5.2%		
Effective tax rate	-31.3%	-27.0%	-26.0%		
Minority interests	46	54	60		
Net profit att.	3,074	3,799	4,414	24%	16%
NP margin	13.2%	14.1%	14.7%		

Source: Company data, CMBIGM estimates

Assumption

Figure 5: CMBIGM's major assumptions

Major assumptions	FY23A	FY24A	FY25E	FY26E	FY27E
Sales by segment (RMB mn)					
Down apparels	13,574	19,521	23,086	25,873	27,655
OEM management	2,294	2,670	2,990	3,199	3,359
Ladieswear	703	820	710	745	755
Diversified apparels	203	203	213	224	231
Total	16,774	23,214	26,999	30,042	32,001
Sales by segment growth (%)					
Down apparels	2.7%	43.8%	18.3%	12.1%	6.9%
OEM management	20.7%	16.4%	12.0%	7.0%	5.0%
Ladieswear	-22.2%	16.6%	-13.5%	5.0%	1.4%
Diversified apparels	9.2%	0.3%	5.0%	5.0%	3.0%
Total	3.5%	38.4%	16.3%	11.3%	6.5%
Sales by channel growth (%)					
Down Apparels - offline	-6.0%	45.2%	17.3%	11.6%	5.7%
Down Apparels - online	23.1%	41.3%	20.0%	13.0%	9.0%
OEM management	20.7%	16.4%	12.0%	7.0%	5.0%
Non-down apparels - offline	-18.6%	13.6%	-11.0%	5.4%	1.7%
Non-down apparels - online	3.4%	7.3%	2.0%	2.0%	2.0%
Total	3.5%	38.4%	16.3%	11.3%	6.5%
Sales network by segment					
Down apparel	3,423	3,217	3,129	3,183	3,239
Non - down apparel	457	425	412	416	420
Total	3,880	3,642	3,541	3,600	3,659
Sales network by channel type					
Self-operated	1,760	1,465	1,418	1,446	1,475
Third party distributors	2,120	2,177	2,123	2,153	2,185
Total	3,880	3,642	3,541	3,600	3,659
GP margins by segment					
Down apparels	66.2%	65.0%	64.8%	64.6%	64.7%
OEM management	19.9%	20.6%	20.3%	20.3%	20.3%
Ladieswear	68.6%	67.5%	61.0%	61.0%	61.0%
Diversified apparels	25.7%	20.2%	20.2%	20.2%	20.2%
Total	59.5%	59.6%	59.4%	59.5%	59.6%
Opex breakdown					
D&A/ sales	3.1%	3.2%	2.4%	2.0%	1.5%
Rental/ sales	13.2%	10.9%	11.5%	11.4%	11.3%
Labor/ sales	11.0%	11.4%	11.2%	11.1%	11.4%
A&P/ sales	4.5%	5.0%	5.3%	5.5%	5.7%
Others/ sales	11.9%	10.7%	10.7%	10.7%	10.7%
OP margin	16.8%	18.9%	18.9%	19.4%	19.6%
Effective tax rate	25.3%	31.3%	27.0%	26.0%	25.0%
NP att. margin	12.7%	13.2%	14.1%	14.7%	15.2%
NP att. growth (%)	3.7%	43.7%	23.6%	16.2%	10.1%

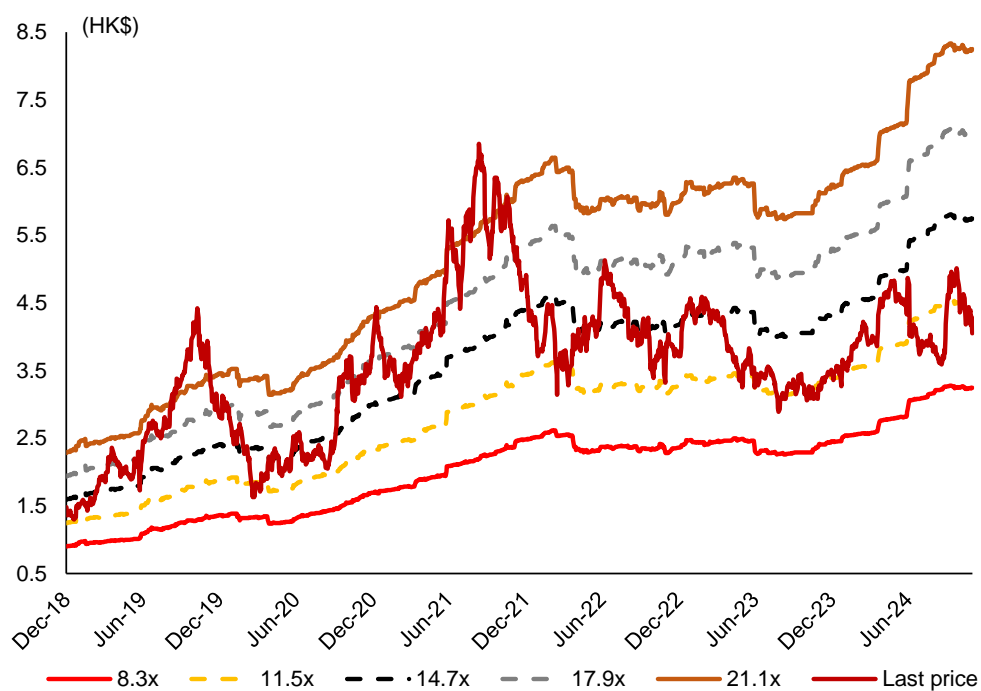
Source: Company data, CMBIGM estimates

Valuation

Figure 6: Peers' valuation

			12m TP	Price	Up/ Down-	Mkt. Cap	Year	P/E (x)		P/B (x)	ROE (%)	3yrs PEG (x)	Yield (%)	YTD perf. (%)	
Company	Ticker	Rating	(LC)	(LC)	side	(HK\$mn)	End	FY1E	FY2E	FY1E	FY1E	FY1E	FY1E	FY1E	
H-shares Apparel															
Bosideng Intl	3998 HK	BUY	6.05	4.05	49%	44,936	Mar-24	10.5	9.0	2.3	25.9	0.6	7.2	15.4	
China Lilang	1234 HK	BUY	4.85	3.80	28%	4,550	Dec-23	7.6	6.7	1.0	13.6	0.8	n/a	(8.1)	
Jnby Design	3306 HK	BUY	17.61	14.66	20%	7,605	Jun-24	7.9	7.3	2.6	40.9	1.3	9.8	43.5	
Viva Goods	933 HK	NR	n/a	0.64	n/a	6,223	Dec-23	n/a	n/a	n/a	(2.0)	0.0	n/a	(28.9)	
Cosmo Lady	2298 HK	NR	n/a	0.26	n/a	574	Dec-23	n/a	n/a	n/a	5.0	0.0	n/a	6.7	
Mulsanne Group	709 HK	NR	n/a	1.65	n/a	2,667	Dec-23	9.7	8.7	n/a	12.7	(3.8)	n/a	(37.5)	
Giordano	1817 HK	NR	n/a	0.47	n/a	447	Dec-23	n/a	n/a	n/a	2.3	0.0	n/a	(32.9)	
Koradior	3709 HK	NR	n/a	9.00	n/a	6,336	Dec-23	9.3	7.9	1.1	15.6	(6.5)	n/a	(36.5)	
								Avg.	9.0	7.9	1.7	14.3	(1.0)	8.5	(9.8)
								Med.	9.3	7.9	1.7	13.1	0.0	8.5	(18.5)
A-shares Apparel															
Ningbo Peacebird	603877 CH	NR	n/a	14.61	n/a	7,432	Dec-23	21.2	16.4	1.4	7.4	5.3	2.2	(14.5)	
Joeone Co Ltd	601566 CH	NR	n/a	9.11	n/a	5,620	Dec-23	23.4	16.3	1.3	6.0	0.7	3.2	(8.6)	
Fujian Septwolves	002029 CH	NR	n/a	7.15	n/a	5,412	Dec-23	n/a	n/a	n/a	4.7	0.0	n/a	24.8	
Hla Corp Ltd	600398 CH	NR	n/a	6.14	n/a	31,658	Dec-23	11.9	10.3	1.6	15.1	(7.4)	6.9	(17.3)	
Jiangsu Hongdou	600400 CH	NR	n/a	3.21	n/a	7,914	Dec-23	107.0	107.0	2.4	(0.2)	1.8	n/a	15.1	
Dazzle Fashion	603587 CH	NR	n/a	12.40	n/a	6,351	Dec-23	15.5	13.7	1.5	9.9	19.1	5.2	(5.4)	
Anzheng Fashion	603839 CH	NR	n/a	5.94	n/a	2,546	Dec-23	n/a	n/a	n/a	(0.8)	0.0	n/a	(28.4)	
Lancy Co Ltd	002612 CH	NR	n/a	17.50	n/a	8,312	Dec-23	26.0	21.8	2.2	7.8	1.3	2.8	(9.0)	
Shenzhen Huijie	002763 CH	NR	n/a	7.19	n/a	3,164	Dec-23	n/a	n/a	n/a	4.6	0.0	n/a	(14.5)	
Ellassay Fashion	603808 CH	NR	n/a	7.85	n/a	3,110	Dec-23	24.2	13.8	1.0	(0.3)	0.7	1.9	(14.4)	
								Avg.	32.7	28.5	1.6	5.4	2.2	3.7	(7.2)
								Med.	23.4	16.3	1.5	5.3	0.7	3.0	(11.7)
International Apparel															
Canada Goose	GOOS US	NR	n/a	9.44	n/a	7,173	Mar-24	13.4	12.3	2.3	17.9	0.0	n/a	(20.3)	
Moncler Spa	MONC IM	NR	n/a	46.35	n/a	104,725	Dec-23	20.6	19.1	3.3	22.2	4.0	2.4	(16.8)	
Hugo Boss	BOSS GR	NR	n/a	32.25	n/a	18,667	Dec-23	10.6	8.8	1.4	16.9	2.9	3.7	(52.2)	
Next	NXT LN	NR	n/a	10080.	n/a	124,570	Jan-24	16.0	14.8	5.8	65.3	4.3	2.3	24.2	
Hennes & Mauritz	HMB SS	NR	n/a	151.25	n/a	173,908	Nov-23	20.7	17.1	5.1	22.2	1.0	4.5	(14.4)	
Industria De Diseno	ITX SM	NR	n/a	52.18	n/a	1,337,103	Jan-24	27.1	24.7	7.7	34.9	3.0	3.2	33.6	
Ovs Spa	OVS IM	NR	n/a	2.82	n/a	6,750	Jan-24	9.7	9.0	0.8	5.8	0.5	3.3	26.0	
Pvh Corp	PVH US	NR	n/a	108.37	n/a	47,058	Feb-24	9.2	8.6	1.0	14.5	0.8	0.1	(11.3)	
Vf Corp	VFC US	NR	n/a	20.23	n/a	61,275	Mar-24	42.1	21.4	3.0	(36.9)	(0.2)	1.8	7.6	
Marks & Spencer	MKS LN	NR	n/a	382.70	n/a	77,705	Mar-24	13.7	12.7	2.0	17.6	1.0	1.4	40.5	
								Avg.	18.3	14.8	3.2	18.0	1.7	2.5	1.7
								Med.	14.9	13.7	2.6	17.8	1.0	2.4	(1.8)

Source: Bloomberg, CMBIGM estimates

Figure 7: Forward 12M P/E valuation band

Source: Bloomberg, CMBIGM estimates

Financial Summary

INCOME STATEMENT	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Mar (RMB mn)						
Revenue	16,214	16,774	23,214	26,999	30,042	32,001
Cost of goods sold	(6,476)	(6,798)	(9,380)	(10,954)	(12,178)	(12,932)
Gross profit	9,737	9,976	13,834	16,045	17,864	19,069
Operating expenses	(7,442)	(7,459)	(9,652)	(11,257)	(12,405)	(13,178)
Selling expense	(6,171)	(6,125)	(8,055)	(9,401)	(10,396)	(11,082)
Admin expense	(1,203)	(1,204)	(1,508)	(1,720)	(1,859)	(1,935)
Others	(68)	(130)	(89)	(135)	(151)	(160)
Operating profit	2,569	2,826	4,398	5,112	5,820	6,275
Other income	274	310	216	324	361	384
Share of (losses)/profits of associates/JV	(14)	(22)	(14)	(27)	(30)	(32)
EBITDA	3,119	3,413	5,197	5,580	6,249	6,624
Depreciation	(437)	(474)	(687)	(355)	(317)	(268)
Other amortisation	(113)	(113)	(113)	(113)	(113)	(82)
Interest income	316	293	374	417	482	545
Interest expense	(199)	(210)	(216)	(225)	(225)	(225)
Other income/expense	0	0	0	0	0	0
Pre-tax profit	2,672	2,887	4,541	5,278	6,047	6,563
Income tax	(613)	(731)	(1,421)	(1,425)	(1,572)	(1,641)
Minority interest	4	(18)	(46)	(54)	(60)	(64)
Net profit	2,059	2,156	3,120	3,853	4,475	4,922

BALANCE SHEET	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Mar (RMB mn)						
Current assets	14,737	14,722	19,019	21,450	23,803	25,672
Cash & equivalents	2,503	3,718	6,227	7,668	9,238	10,616
Account receivables	1,237	923	1,498	1,742	1,938	2,065
Inventories	2,688	2,689	3,197	3,734	4,151	4,408
Prepayment	1,281	1,355	1,288	1,498	1,666	1,775
ST bank deposits	306	1,824	2,752	2,752	2,752	2,752
Other current assets	6,722	4,212	4,057	4,057	4,057	4,057
Non-current assets	6,547	6,221	6,753	6,909	7,174	7,564
PP&E	1,758	1,728	1,544	1,840	2,248	2,752
Investment in JVs & assos	136	236	253	226	196	164
Intangibles	1,496	1,342	1,236	1,124	1,011	929
Other non-current assets	3,157	2,915	3,719	3,719	3,719	3,719
Total assets	21,284	20,943	25,771	28,358	30,976	33,237
Current liabilities	6,610	6,054	11,183	12,473	13,488	14,123
Short-term borrowings	934	770	768	768	768	768
Account payables	3,283	3,097	5,177	6,045	6,720	7,137
Tax payable	620	669	497	497	497	497
Other current liabilities	1,773	1,517	4,741	5,163	5,502	5,720
Non-current liabilities	2,447	2,284	769	769	769	769
Long-term borrowings	0	0	0	0	0	0
Other non-current liabilities	2,447	2,284	769	769	769	769
Total liabilities	9,057	8,338	11,952	13,242	14,257	14,891
Share capital	1	1	1	1	1	1
Retained earnings	0	0	0	(984)	198	1,499
Other reserves	12,192	12,546	13,735	15,962	16,323	16,583
Total shareholders equity	12,193	12,547	13,735	14,978	16,522	18,083
Minority interest	33	57	84	138	198	262
Total equity and liabilities	21,284	20,943	25,771	28,358	30,976	33,237

CASH FLOW	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Mar (RMB mn)						
Operating						
Profit before taxation	2,672	2,887	4,541	5,278	6,047	6,563
Depreciation & amortization	550	587	800	468	430	349
Tax paid	(593)	(738)	(1,278)	(1,425)	(1,572)	(1,641)
Change in working capital	(162)	26	2,927	300	232	143
Others	202	289	349	252	255	257
Net cash from operations	2,670	3,051	7,339	4,872	5,391	5,671
Investing						
Capital expenditure	(577)	(508)	(560)	(651)	(725)	(772)
Acquisition of subsidiaries/ investments	0	0	0	0	0	0
Others	(109)	1,125	(1,861)	0	0	0
Net cash from investing	(686)	617	(2,420)	(651)	(725)	(772)
Financing						
Dividend paid	(1,309)	(1,722)	(1,845)	(2,556)	(2,871)	(3,297)
Net borrowings	360	(210)	0	0	0	0
Proceeds from share issues	0	0	0	0	0	0
Share repurchases	(14)	0	(48)	0	0	0
Others	(269)	(561)	(487)	0	0	0
Net cash from financing	(1,232)	(2,493)	(2,380)	(2,556)	(2,871)	(3,297)
Net change in cash						
Cash at the beginning of the year	1,771	2,503	3,718	6,233	7,674	9,244
Exchange difference	(21)	41	(24)	0	0	0
Others	752	1,174	2,539	1,441	1,571	1,377
Cash at the end of the year	2,503	3,718	6,233	7,674	9,244	10,622
GROWTH	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Mar						
Revenue	20.0%	3.5%	38.4%	16.3%	11.3%	6.5%
Gross profit	22.9%	2.5%	38.7%	16.0%	11.3%	6.7%
Operating profit	15.5%	10.0%	55.6%	16.2%	13.8%	7.8%
EBITDA	11.9%	9.4%	52.3%	7.4%	12.0%	6.0%
Net profit	20.8%	4.7%	44.7%	23.5%	16.1%	10.0%
PROFITABILITY	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Mar						
Gross profit margin	60.1%	59.5%	59.6%	59.4%	59.5%	59.6%
Operating margin	15.8%	16.8%	18.9%	18.9%	19.4%	19.6%
EBITDA margin	19.2%	20.3%	22.4%	20.7%	20.8%	20.7%
Return on equity (ROE)	17.7%	17.4%	23.7%	26.8%	28.4%	28.4%
GEARING/LIQUIDITY/ACTIVITIES	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Mar						
Net debt to equity (x)	0.0	0.3	0.5	0.5	0.6	0.6
Current ratio (x)	2.2	2.4	1.7	1.7	1.8	1.8
Receivable turnover days	27.8	20.1	23.6	23.6	23.6	23.6
Inventory turnover days	151.5	144.4	124.4	124.4	124.4	124.4
Payable turnover days	185.0	166.3	201.4	201.4	201.4	201.4
VALUATION	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Mar						
P/E	20.7	20.1	14.0	11.3	9.7	8.9
P/E (diluted)	20.7	20.1	14.0	11.3	9.7	8.9
P/B	3.3	3.2	3.0	2.7	2.5	2.3
P/CFPS	16.0	14.1	5.9	8.8	8.0	7.6
Div yield (%)	4.2	4.4	6.1	6.8	7.9	8.7
EV	44,814.3	42,364.1	39,253.7	37,813.0	36,242.3	34,865.1
EV/Sales	2.8	2.5	1.7	1.4	1.2	1.1
EV/EBITDA	14.4	12.4	7.6	6.8	5.8	5.3

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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