

JNBY Design (3306 HK)

Sales trend is muted but yield is still attractive

1H25 results were inline. It is true that operating cash flow and inventory all weakened but we think those are still manageable. Even though the sales trend YTD is muted, the FY25E guidance should still be achievable. Given the attractive yield of 9%, we maintain BUY.

■ **Retail sales trend YTD in 2025 is muted.** Retail sales growth was roughly at MSD (CMBI est.) and SSSG was at 0% in 1H25, mainly affected by the fairly weak macro environment and the warm winter. However, the retail sales growth actually turned positive in 4Q24 vs negative growth in 3Q24, because of the slightly improved sentiment after the release of government stimulus and JNBY's efforts on e-commerce sales. Entering Jan-Feb 2025, management mentioned a slightly positive retail sales growth while e-commerce sales growth continued to outperform the offline store sales.

■ **But still, management reiterated its FY25E guidance and we do concur with their view.** Management has reiterated its guidance of positive sales (likely MSD) and net profit growth in FY25E and outlined a similar guidance for 2H25E. And they are confident to consistently outperform the entire apparel industry's sales growth. Despite the macro uncertainty and potential consumption downgrade, we are also confident that JNBY can achieve its target, thanks to: **1)** acceleration of store expansion (opened around 100 new stores in 1H25 and represented a 4.4% YoY growth, vs 1.8% in 2H24), **2)** excellent e-commerce sales growth momentum (based on our channel check, online sales growth was still very fast in Jan 2025 and has no signs of slowing down vs 4Q24 and 3Q24), **3)** potential reduction of offline sales growth pressure with the lower base ahead, **4)** enhancement of various customers' experience, members' privileges and benefits (this might not have instant impact on profits but should gradually increase customer satisfaction and brand equity, which should eventually lead to a higher repeated purchase rate), **5)** the boost from M&A of B10CK, a buyer-driven department store brand, which has a fairly rapid growth. And margin-wise, we believe the GP margin can remain stable (inline with management's guidance) because the further reduction of retail discounts and higher sales mix from new products in the direct retail and e-commerce channel should be more than enough to offset the increased supports (e.g. rebates or refunds) for the wholesale distributors. Also the increased advertising and marketing expenses (partly due to different 30 years anniversary celebration events), in our view, might be offset by efficiency gains on the store level (opening of larger, more efficient stores and closing smaller ones) and headquarters level (using AI to streamline many standardized workflows). **All in all, we are forecasting a 5% sales growth and a 6% net profit growth in FY25E.** On a separate note, the long-term target remains unchanged, according to management (RMB 10bn retail sales, RMB 6bn listco-level sales, 65%+ GP margin and 15%+ NP margin).

Earnings Summary

| (YE 30 Jun) | FY23A | FY24A | FY25E | FY26E | FY27E |
|---------------------------|-------|---------|---------|---------|---------|
| Revenue (RMB mn) | 4,465 | 5,238 | 5,503 | 5,895 | 6,254 |
| YoY growth (%) | 9.3 | 17.3 | 5.1 | 7.1 | 6.1 |
| Operating profit (RMB mn) | 857.9 | 1,194.3 | 1,234.1 | 1,342.0 | 1,437.1 |
| Net profit (RMB mn) | 621.3 | 848.1 | 899.6 | 997.1 | 1,088.4 |
| EPS (Reported) (RMB) | 1.22 | 1.63 | 1.73 | 1.92 | 2.10 |
| YoY growth (%) | 9.8 | 33.8 | 6.1 | 10.8 | 9.2 |
| P/E (x) | 12.0 | 8.9 | 8.4 | 7.6 | 7.0 |
| P/B (x) | 3.8 | 3.4 | 3.1 | 2.8 | 2.5 |
| Yield (%) | 5.2 | 9.6 | 8.9 | 9.9 | 10.8 |
| ROE (%) | 33.9 | 40.9 | 39.6 | 39.7 | 38.8 |

Source: Company data, Bloomberg, CMBIGM estimates

BUY (Maintain)

| | |
|----------------------|------------------|
| Target Price | HK\$18.68 |
| (Previous TP) | HK\$17.61) |
| Up/Downside | 19.3% |
| Current Price | HK\$15.66 |

China Consumer Discretionary

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Stock Data

| | |
|--------------------------|-------------|
| Mkt Cap (HK\$ mn) | 8,123.6 |
| Avg 3 mths t/o (HK\$ mn) | 21.5 |
| 52w High/Low (HK\$) | 18.12/11.88 |
| Total Issued Shares (mn) | 518.8 |

Source: FactSet

Shareholding Structure

| | |
|----------------------|-------|
| Mr. Wu Jian & Family | 62.4% |
| The Core Trust | 5.0% |

Source: HKEx

Share Performance

| | Absolute | Relative |
|-------|----------|----------|
| 1-mth | -8.3% | -21.9% |
| 3-mth | 4.0% | -15.1% |
| 6-mth | 17.6% | -11.4% |

Source: FactSet

12-mth Price Performance



Source: FactSet

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- **We maintain BUY and raise TP to HK\$ 18.68, based on 10x FY25E P/E (rolled over from 10x FY24E P/E).** We have slightly revised down FY25E/ 26E/ FY27E net profit by 2%/ 2%/ 3%, in order to factor in: 1) a slower SSSG and direct retail sales growth, 2) a lower GP margin and 3) less operating leverage. We believe JNBY's sales growth should still be resilient and industry leading; however, a massive speed-up is unlikely. Therefore, as short-term catalysts are limited, the only bright spot right now is its attractive dividend yield. It is trading at 8x FY25E P/E, still below its 8-year average of 9x P/E, with a dividend yield of 9%,.
- **1H25 results inline. While some investors are concerned about the cash flow and inventory, we think both are under good control.** For 1H25 (ending Dec 2024), JNBY's sales increased by 5% to RMB 3.16bn while net profit climbed by 5.5% to RMB 604mn, both inline with CMBI est. and BBG est. However, both the GP margin and opex were weaker than CMBI est. but offset by the better-than-expected other income (mostly government grants) and lower-than-expected tax rate. Some investors are concerned about the 22% YoY drop in operating cash flow and the 28% YoY increase in inventory. But we believe the numbers are fully under control, as the inventory days were at 145 days in 1H25, only increasing 8 days YoY, while any numbers around 155 days should all be considered normal. Moreover, it is true that part of the reasons behind the surge in inventory was the drop in overall sell thru rate due to the warm winter, but the early CNY in 2025 is also a crucial factor. The Company also declared an interim DPS of HK\$ 0.45 in 1H25, implying a payout ratio of 38.6%, similar to the 38.2% in 1H24 (excluding the special dividends).

Earnings revision

Figure 1: Earnings revision

| RMB mn | New | | | Old | | | Diff (%) | | |
|------------------------|-------|-------|-------|-------|-------|-------|----------|---------|---------|
| | FY25E | FY26E | FY27E | FY25E | FY26E | FY27E | FY25E | FY26E | FY27E |
| Revenue | 5,503 | 5,895 | 6,254 | 5,630 | 6,046 | 6,432 | -2.3% | -2.5% | -2.8% |
| Gross profit | 3,648 | 3,915 | 4,159 | 3,736 | 4,018 | 4,281 | -2.3% | -2.6% | -2.8% |
| EBIT | 1,234 | 1,342 | 1,437 | 1,263 | 1,383 | 1,488 | -2.3% | -3.0% | -3.4% |
| Net profit att. | 900 | 997 | 1,088 | 917 | 1,022 | 1,118 | -1.9% | -2.4% | -2.6% |
| Diluted EPS (RMB) | 1.734 | 1.922 | 2.098 | 1.768 | 1.970 | 2.155 | -1.9% | -2.4% | -2.6% |
| Gross margin | 66.3% | 66.4% | 66.5% | 66.4% | 66.5% | 66.6% | -0.1ppt | -0.1ppt | -0.1ppt |
| EBIT margin | 22.4% | 22.8% | 23.0% | 22.4% | 22.9% | 23.1% | 0ppt | -0.1ppt | -0.2ppt |
| Net profit att. margin | 16.3% | 16.9% | 17.4% | 16.3% | 16.9% | 17.4% | 0.1ppt | 0ppt | 0ppt |

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 | 5,503 | 5,895 | 6,254 | 5,576 | 6,019 | 6,469 | -1.3% | -2.1% | -3.3% |
| Gross profit | 3,648 | 3,915 | 4,159 | 3,686 | 3,981 | 4,286 | -1.0% | -1.7% | -2.9% |
| EBIT | 1,234 | 1,342 | 1,437 | 1,203 | 1,299 | 1,407 | 2.6% | 3.3% | 2.1% |
| Net profit att. | 900 | 997 | 1,088 | 896 | 977 | 1,066 | 0.4% | 2.0% | 2.1% |
| Diluted EPS (RMB) | 1.734 | 1.922 | 2.098 | 1.746 | 1.891 | 2.060 | -0.7% | 1.6% | 1.9% |
| Gross margin | 66.3% | 66.4% | 66.5% | 66.1% | 66.1% | 66.2% | 0.2ppt | 0.3ppt | 0.3ppt |
| EBIT margin | 22.4% | 22.8% | 23.0% | 21.6% | 21.6% | 21.8% | 0.9ppt | 1.2ppt | 1.2ppt |
| Net profit att. margin | 16.3% | 16.9% | 17.4% | 16.1% | 16.2% | 16.5% | 0.3ppt | 0.7ppt | 0.9ppt |

Source: Bloomberg, CMBIGM estimates

Results summary

Figure 3: Results review – Half Year

| Half yearly (RMB mn) | 1H24 | 2H24 | 1H25 | 2H25E | 1H24 YoY | 2H24 YoY | 1H25 YoY | 2H25E YoY | 1H25E CMBIG M | Actual vs CMBIGM |
|-----------------------------------|---------------|---------------|---------------|---------------|-------------|-------------|-------------|--------------|---------------------|------------------------|
| Revenue | 3,006 | 2,232 | 3,156 | 2,346 | 27% | 6% | 5% | 5% | 3,160 | -0.1% |
| COGS | -1,047 | -721 | -1,100 | -754 | | | | | -1,087 | |
| Gross profit | 1,959 | 1,511 | 2,056 | 1,592 | 28% | 9% | 5% | 5% | 2,073 | -0.8% |
| GP margin | 65.2% | 67.7% | 65.1% | 67.9% | | | | | 65.6% | -0.5ppt |
| Other income & gains | 28 | 29 | 62 | 5 | | | | | 38 | |
| S & D expenses | -940 | -887 | -1,021 | -930 | 15% | 1% | 9% | 5% | -1,011 | 0.9% |
| S & D exp / sales | -31.3% | -39.8% | -32.3% | -39.6% | | | | | -32.0% | |
| Admin expenses | -246 | -260 | -272 | -259 | 17% | 11% | 10% | 0% | -256 | 6.1% |
| Admin exp / sales | -8.2% | -11.7% | -8.6% | -11.0% | | | | | -8.1% | |
| Other opex | 0 | 0 | 0 | 0 | | | | | 0 | |
| Operating profit (EBIT) | 802 | 393 | 826 | 408 | 55% | 16% | 3% | 4% | 844 | -2.1% |
| OP margin | 26.7% | 17.6% | 26.2% | 17.4% | | | | | 26.7% | -0.5ppt |
| Other items | 0 | 0 | 0 | 0 | | | | | 0 | |
| Net finance income | 5 | 15 | 11 | 22 | | | | | 13 | |
| Net finance income / sales | 0.2% | 0.7% | 0.3% | 1.0% | | | | | 0.4% | |
| Profit after financing costs | 806 | 408 | 837 | 430 | | | | | 856 | |
| Associated coms | 0 | -1 | -0 | 0 | | | | | 0 | |
| Jointly controlled coms | 0 | 0 | 0 | 0 | | | | | 0 | |
| Pre-tax profit | 806 | 407 | 837 | 430 | 56% | 21% | 4% | 6% | 856 | -2.3% |
| Tax | -234 | -131 | -233 | -135 | | | | | -248 | |
| Tax / sales | -7.8% | -5.9% | -7.4% | -5.7% | | | | | -7.9% | |
| Effective tax rate | -29.0% | -32.3% | -27.8% | -31.3% | | | | | -29.0% | |
| Minority interests | 0 | 0 | 0 | 0 | | | | | 0 | |
| Net profit att. | 573 | 276 | 604 | 296 | 54% | 11% | 5% | 7% | 608 | -0.7% |
| NP margin | 19.0% | 12.3% | 19.1% | 12.6% | | | | | 19.2% | -0.1ppt |

Source: Company data, CMBIGM estimates

Figure 4: Results preview - Full Year

| Full yearly (RMB mn) | FY24 | FY25E | FY26E | FY27E | FY25 E YoY | FY26E YoY | FY27E YoY |
|-----------------------------------|---------------|---------------|---------------|---------------|---------------|--------------|--------------|
| Revenue | 5,238 | 5,503 | 5,895 | 6,254 | 5% | 7% | 6% |
| COGS | -1,768 | -1,854 | -1,981 | -2,095 | | | |
| Gross profit | 3,470 | 3,648 | 3,915 | 4,159 | 5% | 7% | 6% |
| GP margin | 66.3% | 66.3% | 66.4% | 66.5% | | | |
| Other income & gains | 57 | 67 | 76 | 81 | | | |
| S & D expenses | -1,827 | -1,950 | -2,082 | -2,203 | 7% | 7% | 6% |
| S & D exp / sales | -34.9% | -35.4% | -35.3% | -35.2% | | | |
| Admin expenses | -506 | -531 | -567 | -600 | | | |
| Admin exp / sales | -9.7% | -9.6% | -9.6% | -9.6% | | | |
| Other opex | 0 | 0 | 0 | 0 | | | |
| Operating profit (EBIT) | 1,194 | 1,234 | 1,342 | 1,437 | 3% | 9% | 7% |
| OP margin | 22.8% | 22.4% | 22.8% | 23.0% | | | |
| Other items | 0 | 0 | 0 | 0 | | | |
| Net finance income | 20 | 33 | 43 | 54 | | | |
| Net finance income / sales | 0.4% | 0.6% | 0.7% | 0.9% | | | |
| Profit after financing costs | 1,214 | 1,267 | 1,385 | 1,491 | | | |
| Associated coms | -1 | 0 | 0 | 0 | | | |
| Jointly controlled coms | 0 | 0 | 0 | 0 | | | |
| Pre-tax profit | 1,213 | 1,267 | 1,385 | 1,491 | 4% | 9% | 8% |
| Tax | -365 | -367 | -388 | -403 | | | |
| Tax / sales | -7.0% | -6.7% | -6.6% | -6.4% | | | |
| Effective tax rate | -30.1% | -29.0% | -28.0% | -27.0% | | | |
| Minority interests | 0 | 0 | 0 | 0 | | | |
| Net profit att. | 848 | 900 | 997 | 1,088 | 6% | 11% | 9% |
| NP margin | 16.2% | 16.3% | 16.9% | 17.4% | | | |

Source: Company data, CMBIGM estimates

Assumptions

Figure 5: Major assumptions

| Major assumptions | FY23A | FY24A | FY25E | FY26E | FY27E |
|--------------------------------------|--------------|--------------|--------------|--------------|--------------|
| Sales by brand (RMB mn) | | | | | |
| JNBY | 2,513 | 2,944 | 3,032 | 3,245 | 3,439 |
| CROQUIS | 676 | 755 | 717 | 753 | 783 |
| jnby by JNBY | 665 | 807 | 807 | 864 | 916 |
| less | 526 | 622 | 628 | 672 | 712 |
| Other brands | 85 | 110 | 318 | 362 | 404 |
| Total | 4,465 | 5,238 | 5,503 | 5,895 | 6,254 |
| Sales by brand growth (%) | | | | | |
| JNBY | 8.7% | 17.1% | 3.0% | 7.0% | 6.0% |
| CROQUIS | 4.7% | 11.7% | -5.0% | 5.0% | 4.0% |
| jnby by JNBY | 12.2% | 21.4% | 0.0% | 7.0% | 6.0% |
| less | 14.0% | 18.3% | 1.0% | 7.0% | 6.0% |
| Other brands | 13.5% | 28.7% | 189.2% | 13.9% | 11.6% |
| Total | 9.3% | 17.3% | 5.1% | 7.1% | 6.1% |
| Sales by channel growth (%) | | | | | |
| Self-owned | 10.9% | 16.4% | -3.9% | 7.9% | 7.3% |
| Distributors | 1.7% | 17.7% | 11.0% | 5.0% | 4.0% |
| Online | 24.5% | 18.4% | 12.0% | 10.0% | 8.0% |
| Sales network by segment | | | | | |
| JNBY | 921 | 924 | 959 | 964 | 969 |
| CROQUIS | 300 | 310 | 315 | 320 | 325 |
| jnby by JNBY | 486 | 493 | 513 | 518 | 523 |
| less | 233 | 240 | 255 | 270 | 280 |
| Other brands | 50 | 58 | 76 | 84 | 92 |
| Total | 1,990 | 2,025 | 2,118 | 2,156 | 2,189 |
| GP margins by channel | | | | | |
| JNBY | 67.2% | 68.2% | 68.6% | 68.8% | 69.1% |
| CROQUIS | 64.7% | 66.3% | 66.1% | 66.1% | 66.1% |
| jnby by JNBY | 58.6% | 59.2% | 60.0% | 60.0% | 60.0% |
| less | 68.7% | 69.9% | 70.1% | 70.1% | 70.1% |
| Other brands | 46.4% | 45.0% | 53.1% | 53.5% | 53.8% |
| Total | 65.3% | 66.3% | 66.3% | 66.4% | 66.5% |
| Opex breakdown | | | | | |
| Outsourcing charges/ sales | 9.2% | 9.0% | 9.0% | 9.0% | 9.0% |
| Rental expenses/ sales | 11.9% | 11.2% | 11.1% | 11.0% | 10.8% |
| Staff costs/ sales | 9.7% | 9.3% | 9.2% | 9.3% | 9.5% |
| A&P expenses/ sales | 9.2% | 7.8% | 7.8% | 7.8% | 7.8% |
| Provisions for inventory/ sales | 2.4% | 1.2% | 2.1% | 2.0% | 2.0% |
| D&A/ sales | 2.7% | 2.3% | 2.2% | 2.2% | 2.2% |
| Selling & distribution costs / sales | 38.0% | 34.9% | 35.4% | 35.3% | 35.2% |
| Admin expenses / sales | 10.0% | 9.7% | 9.6% | 9.6% | 9.6% |
| OP margin | 19.2% | 22.8% | 22.4% | 22.8% | 23.0% |
| Effective tax rate | 27.0% | 30.1% | 29.0% | 28.0% | 27.0% |
| Net profit margin | 13.9% | 16.2% | 16.3% | 16.9% | 17.4% |
| Net profit att. growth (%) | 11.2% | 36.5% | 6.1% | 10.8% | 9.2% |

Source: Company data, CMBIGM estimates

Valuation

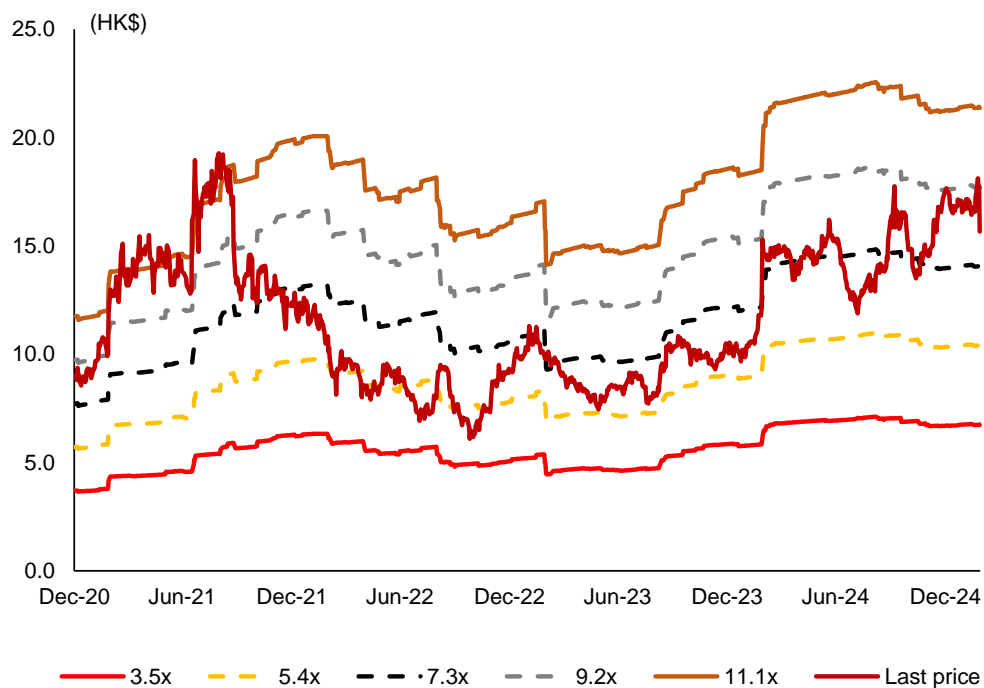
Figure 6: Peers' valuation

| | | | 12m TP | Price | Up/ Down- side | Mkt. Cap | Year | P/E (x) | | P/B (x) | ROE (%) | 3yrs PEG (x) | Yield (%) | YTD. Perf (%) | |
|-----------------------|-----------|--------|-----------|---------|----------------------|-----------|--------|---------|------|------------|------------|-----------------|--------------|------------------|-------|
| Company | Ticker | Rating | (LC) | (LC) | | (HK\$mn) | End | FY1E | FY2E | FY2E | FY1E | FY1E | FY1E | FY1E | |
| H shares Apparel | | | | | | | | | | | | | | | |
| Jnby Design | 3306 HK | BUY | 18.68 | 15.66 | 19% | 8,124 | Jun-24 | 8.4 | 7.6 | 2.7 | 40.9 | 1.0 | 8.9 | (10.7) | |
| Bosideng Int'l | 3998 HK | BUY | 6.05 | 3.91 | 55% | 45,349 | Mar-24 | 11.2 | 9.9 | 2.4 | 25.9 | 0.9 | 7.0 | 0.8 | |
| China Lilang | 1234 HK | BUY | 4.85 | 4.13 | 17% | 4,946 | Dec-23 | 8.3 | 7.3 | 1.1 | 13.6 | 0.9 | 8.5 | 7.0 | |
| Cosmo Lady | 2298 HK | NR | n/a | 0.26 | n/a | 585 | Dec-23 | n/a | n/a | n/a | 5.0 | 0.0 | n/a | 0.0 | |
| Giordano Int'l | 709 HK | NR | n/a | 1.47 | n/a | 2,376 | Dec-23 | 8.6 | 7.7 | n/a | 12.7 | (3.4) | n/a | (12.5) | |
| Eeka Fashion | 3709 HK | NR | n/a | 7.93 | n/a | 5,583 | Dec-23 | 8.2 | 7.0 | 1.0 | 15.6 | (3.6) | n/a | (8.2) | |
| Mulsanne Group | 1817 HK | NR | n/a | 0.47 | n/a | 447 | Dec-23 | n/a | n/a | n/a | 2.3 | 0.0 | n/a | 6.8 | |
| Bauhaus Intl | 483 HK | NR | n/a | 0.22 | n/a | 80 | Mar-24 | n/a | n/a | n/a | (2.9) | 0.0 | n/a | (7.2) | |
| | | | | | | | | Avg. | 8.9 | 7.9 | 1.8 | 14.1 | (0.5) | 8.2 | (3.0) |
| | | | | | | | | Med. | 8.4 | 7.6 | 1.7 | 13.1 | 0.0 | 8.5 | (3.6) |
| A-shares Apparel | | | | | | | | | | | | | | | |
| Dazzle Fashion | 603587 CH | NR | n/a | 12.14 | n/a | 6,177 | Dec-23 | 15.8 | 13.7 | 1.5 | 9.9 | (8.2) | 4.7 | (3.7) | |
| Anzheng Fashion | 603839 CH | NR | n/a | 5.58 | n/a | 2,377 | Dec-23 | n/a | n/a | n/a | (0.8) | 0.0 | n/a | 1.1 | |
| Ellassay Fashion | 603808 CH | NR | n/a | 7.36 | n/a | 2,899 | Dec-23 | 52.6 | 13.6 | 0.9 | (0.3) | 1.7 | 1.5 | 5.3 | |
| Jinhong Fashion | 603518 CH | NR | n/a | 9.03 | n/a | 3,348 | Dec-23 | 10.9 | 9.1 | 0.8 | 8.0 | 1.2 | 3.7 | (7.9) | |
| Xin Hee | 003016 CH | NR | n/a | 7.60 | n/a | 3,475 | Dec-23 | n/a | n/a | n/a | (1.7) | 0.0 | n/a | (12.1) | |
| Shenzhen Huijie | 002763 CH | NR | n/a | 6.84 | n/a | 2,992 | Dec-23 | n/a | n/a | n/a | 4.6 | 0.0 | n/a | 3.0 | |
| Peacebird Fashion | 603877 CH | NR | n/a | 14.49 | n/a | 7,327 | Dec-23 | 20.8 | 15.9 | 1.5 | 7.4 | 4.7 | 2.1 | (2.1) | |
| Fujian Septwolves | 002029 CH | NR | n/a | 6.32 | n/a | 4,755 | Dec-23 | n/a | n/a | n/a | 4.7 | 0.0 | n/a | (3.4) | |
| Baoxiniao | 002154 CH | NR | n/a | 4.26 | n/a | 6,634 | Dec-23 | 11.1 | 9.6 | 1.3 | 13.1 | 13.4 | 5.8 | (3.4) | |
| Joeone | 601566 CH | NR | n/a | 8.58 | n/a | 5,261 | Dec-23 | 24.2 | 17.5 | 1.2 | 6.0 | 0.7 | 3.4 | 2.0 | |
| Hla Group | 600398 CH | NR | n/a | 7.98 | n/a | 40,900 | Dec-23 | 16.4 | 13.9 | 2.1 | 15.1 | (6.7) | 5.3 | 6.4 | |
| Jiangsu Hongdou | 600400 CH | NR | n/a | 2.42 | n/a | 5,931 | Dec-23 | 80.7 | 80.7 | n/a | (0.2) | 0.0 | n/a | (2.8) | |
| | | | | | | | | Avg. | 29.1 | 21.8 | 1.3 | 5.5 | 0.6 | 3.8 | (1.5) |
| | | | | | | | | Med. | 18.6 | 13.8 | 1.3 | 5.3 | 0.0 | 3.7 | (2.5) |
| International Apparel | | | | | | | | | | | | | | | |
| Hugo Boss | BOSS GR | NR | n/a | 44.88 | n/a | 25,588 | Dec-23 | 14.6 | 12.2 | 2.0 | 16.9 | 4.9 | 2.7 | 0.2 | |
| Next | NXT LN | NR | n/a | 9928.00 | n/a | 120,260 | Jan-24 | 15.6 | 14.5 | 5.7 | 65.3 | 4.5 | 2.3 | 4.5 | |
| Hennes & Mauritz | HMB SS | NR | n/a | 144.30 | n/a | 168,352 | Nov-24 | 17.6 | 15.9 | 4.6 | 24.8 | 1.7 | 5.1 | (3.2) | |
| Industria De Diseno | ITX SM | NR | n/a | 51.44 | n/a | 1,298,356 | Jan-24 | 27.2 | 24.7 | 7.7 | 32.3 | 3.3 | 3.1 | 3.6 | |
| Ovs Spa | OVS IM | NR | n/a | 3.64 | n/a | 7,727 | Jan-24 | 11.5 | 10.5 | 0.9 | 5.8 | 0.5 | 2.6 | 7.2 | |
| Pvh Corp | PVH US | NR | n/a | 76.60 | n/a | 33,137 | Feb-24 | 6.6 | 6.3 | 0.8 | 13.8 | 0.7 | 0.2 | (27.6) | |
| Vf Corp | VFC US | NR | n/a | 25.21 | n/a | 76,352 | Mar-24 | 34.6 | 23.3 | 5.0 | (24.1) | (0.2) | 1.4 | 17.5 | |
| Marks & Spencer | MKS LN | NR | n/a | 353.90 | n/a | 71,248 | Mar-24 | 12.5 | 11.5 | 1.9 | 17.6 | 0.8 | 1.3 | (5.8) | |
| | | | | | | | | Avg. | 17.5 | 14.9 | 3.6 | 19.0 | 2.0 | 2.3 | (0.4) |
| | | | | | | | | Med. | 15.1 | 13.4 | 3.3 | 17.3 | 1.3 | 2.4 | 1.9 |

Source: Bloomberg, CMBIGM estimates

Note: Data as of 27 February 2025

Figure 7: Forward 12M P/E valuation band



Source: Bloomberg, CMBIGM estimates

Financial Summary

| INCOME STATEMENT | 2022A | 2023A | 2024A | 2025E | 2026E | 2027E |
|--|---------|---------|---------|---------|---------|---------|
| YE 30 Jun (RMB mn) | | | | | | |
| Revenue | 4,086 | 4,465 | 5,238 | 5,503 | 5,895 | 6,254 |
| Cost of goods sold | (1,478) | (1,548) | (1,768) | (1,854) | (1,981) | (2,095) |
| Gross profit | 2,607 | 2,917 | 3,470 | 3,648 | 3,915 | 4,159 |
| Operating expenses | (1,889) | (2,141) | (2,333) | (2,481) | (2,649) | (2,803) |
| Selling expense | (1,511) | (1,695) | (1,827) | (1,950) | (2,082) | (2,203) |
| Admin expense | (377) | (446) | (506) | (531) | (567) | (600) |
| R&D expense | 0 | 0 | 0 | 0 | 0 | 0 |
| Others | 0 | 0 | 0 | 0 | 0 | 0 |
| Operating profit | 776 | 858 | 1,194 | 1,234 | 1,342 | 1,437 |
| Other income | 57 | 82 | 57 | 67 | 76 | 81 |
| Share of (losses)/profits of associates/JV | 0 | 0 | (1) | 0 | 0 | 0 |
| EBITDA | 872 | 980 | 1,318 | 1,366 | 1,454 | 1,529 |
| Depreciation | (93) | (117) | (119) | (114) | (94) | (74) |
| Other amortisation | (3) | (6) | (5) | (18) | (18) | (17) |
| Interest income | 38 | 38 | 58 | 62 | 72 | 83 |
| Interest expense | (38) | (45) | (38) | (30) | (30) | (30) |
| Other income/expense | 0 | 0 | 0 | 0 | 0 | 0 |
| Pre-tax profit | 776 | 851 | 1,213 | 1,267 | 1,385 | 1,491 |
| Income tax | (217) | (230) | (365) | (367) | (388) | (403) |
| After tax profit | 559 | 621 | 848 | 900 | 997 | 1,088 |
| Minority interest | 0 | 0 | 0 | 0 | 0 | 0 |
| Net profit | 559 | 621 | 848 | 900 | 997 | 1,088 |

| BALANCE SHEET | 2022A | 2023A | 2024A | 2025E | 2026E | 2027E |
|-------------------------------|-------|-------|-------|-------|-------|-------|
| YE 30 Jun (RMB mn) | | | | | | |
| Current assets | 2,180 | 2,223 | 2,594 | 2,862 | 3,214 | 3,548 |
| Cash & equivalents | 592 | 525 | 699 | 907 | 1,174 | 1,430 |
| Restricted cash | 384 | 490 | 683 | 683 | 683 | 683 |
| Account receivables | 104 | 125 | 122 | 128 | 137 | 145 |
| Inventories | 829 | 790 | 720 | 755 | 807 | 854 |
| Prepayment | 269 | 291 | 337 | 354 | 380 | 403 |
| Other current assets | 2 | 1 | 34 | 34 | 34 | 34 |
| Non-current assets | 2,440 | 2,613 | 2,420 | 2,430 | 2,471 | 2,541 |
| PP&E | 451 | 463 | 427 | 455 | 514 | 601 |
| Right-of-use assets | 720 | 770 | 642 | 642 | 642 | 642 |
| Investment in JVs & assos | 0 | 0 | 0 | 0 | 0 | 0 |
| Intangibles | 19 | 20 | 126 | 109 | 92 | 75 |
| Other non-current assets | 1,250 | 1,360 | 1,225 | 1,224 | 1,223 | 1,223 |
| Total assets | 4,620 | 4,835 | 5,014 | 5,292 | 5,685 | 6,089 |
| Current liabilities | 1,749 | 1,616 | 1,746 | 1,822 | 1,933 | 2,035 |
| Short-term borrowings | 149 | 100 | 0 | 0 | 0 | 0 |
| Account payables | 289 | 236 | 261 | 274 | 292 | 309 |
| Tax payable | 0 | 0 | 0 | 0 | 0 | 0 |
| Other current liabilities | 1,136 | 1,065 | 1,308 | 1,370 | 1,463 | 1,548 |
| Lease liabilities | 175 | 215 | 178 | 178 | 178 | 178 |
| Non-current liabilities | 466 | 469 | 415 | 415 | 415 | 415 |
| Long-term borrowings | 0 | 0 | 0 | 0 | 0 | 0 |
| Convertible bonds | 0 | 0 | 0 | 0 | 0 | 0 |
| Other non-current liabilities | 466 | 469 | 415 | 415 | 415 | 415 |
| Total liabilities | 2,215 | 2,084 | 2,161 | 2,236 | 2,348 | 2,449 |
| Share capital | 333 | 375 | 427 | 427 | 427 | 427 |
| Retained earnings | 1,123 | 1,353 | 1,475 | 1,377 | 1,627 | 1,899 |
| Other reserves | 229 | 254 | 267 | 566 | 599 | 629 |
| Total shareholders equity | 1,685 | 1,982 | 2,169 | 2,371 | 2,653 | 2,955 |
| Minority interest | 0 | 0 | 0 | 0 | 0 | 0 |
| Total equity and liabilities | 3,900 | 4,066 | 4,330 | 4,607 | 5,001 | 5,405 |

| CASH FLOW | 2022A | 2023A | 2024A | 2025E | 2026E | 2027E |
|--|----------------|--------------|----------------|--------------|--------------|--------------|
| YE 30 Jun (RMB mn) | | | | | | |
| Operating | | | | | | |
| Profit before taxation | 776 | 851 | 1,213 | 1,267 | 1,385 | 1,491 |
| Depreciation & amortization | (96) | (123) | (124) | (132) | (112) | (92) |
| Tax paid | (238) | (328) | (341) | (367) | (388) | (403) |
| Change in working capital | (149) | (136) | 222 | 17 | 26 | 24 |
| Others | 560 | 675 | 632 | 294 | 253 | 213 |
| Net cash from operations | 853 | 939 | 1,603 | 1,078 | 1,164 | 1,233 |
| Investing | | | | | | |
| Capital expenditure | (134) | (149) | (135) | (142) | (152) | (162) |
| Acquisition of subsidiaries/ investments | (6) | (7) | (9) | 0 | 0 | 0 |
| Others | 330 | (84) | (139) | 0 | 0 | 0 |
| Net cash from investing | 190 | (240) | (283) | (142) | (152) | (162) |
| Financing | | | | | | |
| Dividend paid | (612) | (392) | (727) | (698) | (715) | (786) |
| Net borrowings | (371) | (390) | (419) | 0 | 0 | 0 |
| Proceeds from share issues | 3 | 16 | 18 | 0 | 0 | 0 |
| Share repurchases | (23) | (6) | (21) | 0 | 0 | 0 |
| Others | 0 | 0 | 0 | (30) | (30) | (30) |
| Net cash from financing | (1,002) | (772) | (1,148) | (727) | (745) | (815) |
| Net change in cash | | | | | | |
| Cash at the beginning of the year | 549 | 592 | 525 | 699 | 907 | 1,174 |
| Exchange difference | 2 | 6 | 2 | 0 | 0 | 0 |
| Others | 41 | (73) | 172 | 209 | 267 | 256 |
| Cash at the end of the year | 592 | 525 | 699 | 907 | 1,174 | 1,430 |
| GROWTH | 2022A | 2023A | 2024A | 2025E | 2026E | 2027E |
| YE 30 Jun | | | | | | |
| Revenue | (1.0%) | 9.3% | 17.3% | 5.1% | 7.1% | 6.1% |
| Gross profit | 0.4% | 11.9% | 19.0% | 5.1% | 7.3% | 6.2% |
| Operating profit | (12.2%) | 10.6% | 39.2% | 3.3% | 8.7% | 7.1% |
| EBITDA | (8.7%) | 12.5% | 34.4% | 3.7% | 6.4% | 5.2% |
| Net profit | (13.6%) | 11.2% | 36.5% | 6.1% | 10.8% | 9.2% |
| PROFITABILITY | 2022A | 2023A | 2024A | 2025E | 2026E | 2027E |
| YE 30 Jun | | | | | | |
| Gross profit margin | 63.8% | 65.3% | 66.3% | 66.3% | 66.4% | 66.5% |
| Operating margin | 19.0% | 19.2% | 22.8% | 22.4% | 22.8% | 23.0% |
| EBITDA margin | 21.3% | 22.0% | 25.2% | 24.8% | 24.7% | 24.4% |
| Return on equity (ROE) | 32.9% | 33.9% | 40.9% | 39.6% | 39.7% | 38.8% |
| GEARING/LIQUIDITY/ACTIVITIES | 2022A | 2023A | 2024A | 2025E | 2026E | 2027E |
| YE 30 Jun | | | | | | |
| Net debt to equity (x) | 0.3 | 0.3 | 0.5 | 0.6 | 0.6 | 0.6 |
| Current ratio (x) | 1.2 | 1.4 | 1.5 | 1.6 | 1.7 | 1.7 |
| Receivable turnover days | 9.3 | 10.3 | 8.5 | 8.5 | 8.5 | 8.5 |
| Inventory turnover days | 204.6 | 186.3 | 148.7 | 148.7 | 148.7 | 148.7 |
| Payable turnover days | 71.4 | 55.7 | 53.9 | 53.9 | 53.9 | 53.9 |
| VALUATION | 2022A | 2023A | 2024A | 2025E | 2026E | 2027E |
| YE 30 Jun | | | | | | |
| P/E | 13.1 | 12.0 | 8.9 | 8.4 | 7.6 | 7.0 |
| P/E (diluted) | 13.1 | 12.0 | 8.9 | 8.4 | 7.6 | 7.0 |
| P/B | 4.5 | 3.8 | 3.4 | 3.1 | 2.8 | 2.5 |
| P/CFPS | 8.6 | 7.9 | 4.7 | 7.0 | 6.5 | 6.1 |
| Div yield (%) | 8.1 | 5.2 | 9.6 | 8.9 | 9.9 | 10.8 |
| EV | 7,635.1 | 7,500.6 | 6,992.7 | 6,784.1 | 6,517.5 | 6,261.2 |
| EV/Sales | 1.9 | 1.7 | 1.3 | 1.2 | 1.1 | 1.0 |
| EV/EBITDA | 8.8 | 7.7 | 5.3 | 5.0 | 4.5 | 4.1 |

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

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