

Atour Lifestyle (ATAT US)

Cautious outlook but downside is limited

Atour continues to face pressure in 2025 YTD, and it has also provided a rather conservative guidance at the low-end of market consensus, in our view. However, supported by the solid retail business, potential business travel demand recovery and more boost from the government stimulus, we do see a chance of sequential improvement in FY25E. Hence, we maintain BUY and raise TP to US\$ 33.31.

■ **The trend in 2025 YTD is still under pressure.** According to the management, Atour has recorded a decline in RevPAR during the CNY, and numbers have even worsened in Mar 2025 MTD, likely dragged by unfavorable weather and high base. Hence, the Company is now forecasting a MSD to HSD drop in RevPAR in overall 1Q25 (should mostly drive by the drop in room rates). But on the other hand, the retail business remained fairly blooming, where sales growth YTD in 2025 is still fast (CMBI est. of 50% or above, evidenced by robust growth during the 8 Mar Festival).

■ **FY25E guidance is conservative, in our view, but sequential improvement is still possible.** The Company has provided a FY25E guidance of 25% or above sales growth (and 35% or above retail business sales growth), both are fairly conservative. Based on our calculations, we believe such growth rate may have implied a RevPAR growth target of a MSD to HSD drop (considering 20% hotel segment sales growth and around 28% store counts growth), which is certainly, quite a cautious guidance. But we do not rule out any chance of a gradual improvement throughout the year, supported by the recovery in business related travelling (many exhibitions will be held in Mar-Apr 2025) and the low base since 2Q25E. In fact, Atour has seen the travel budget and standard of its corporate customers stabilizing in FY25E. Moreover, as more Atour 4.0 and Atour Light 3.0 stores are opened, these store may generate strong same store growth for RevPAR as well. For the retail business, the 35% or above sales growth target is actually inline with our conservative estimates. However, supported by decent sales trend in Jan-Feb 2025 and excellent growth during the International Women's Day (3-8 Festival) and the solid product pipeline ahead (Atour will not only launch upgraded version of pillows and duvets, but also roll out more new categories), we remain extremely positive on its future growth.

■ **Maintain BUY and raise TP to US\$ 33.31.** We trim FY25E/ 26E net profit by estimates by 3%/ 6%, in order to factor in the weaker-than-expected RevPAR and more conservative OP margins. Our new TP is based on 20x FY25E P/E (re-rated up from 18x due to a more optimistic view on overall consumer sector in 2025). Given 22%/ 25% sales/ net profit CAGR during FY24-27E, the current valuation of 17x is not demanding at all.

Earnings Summary

(YE 31 Dec)	FY23A	FY24A	FY25E	FY26E	FY27E
Revenue (RMB mn)	4,666	7,248	9,113	11,132	13,321
YoY growth (%)	106.2	55.3	25.7	22.2	19.7
EBITDA (RMB mn)	1,043.8	1,766.6	2,276.2	2,750.9	3,270.4
Net profit (RMB mn)	739.1	1,273.0	1,688.0	2,068.5	2,478.8
EPS (Reported) (RMB)	1.78	3.06	4.05	5.01	6.00
YoY growth (%)	591.2	72.0	32.6	23.6	19.8
P/E (x)	39.5	22.9	17.3	14.0	11.7
EV/EBITDA (x)	24.8	15.6	12.5	10.3	8.7
Yield (%)	0.1	2.2	2.9	3.6	4.3
ROE (%)	45.3	47.2	43.7	41.2	38.9

Source: Company data, Bloomberg, CMBIGM estimates

BUY (Maintain)

Target Price US\$33.31
(Previous TP US\$32.01)
Up/Downside 15.0%
Current Price US\$28.96

China Consumer Discretionary

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Stock Data

Mkt Cap (US\$ mn)	3,915.7
Avg 3 mths t/o (US\$ mn)	30.0
52w High/Low (US\$)	32.17/15.72
Total Issued Shares (mn)	405.6

Source: FactSet

Shareholding Structure

Mr. Haijun Wang	22.1%
Legend Capital	6.5%

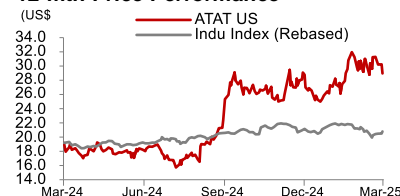
Source: Bloomberg

Share Performance

	Absolute	Relative
1-mth	-5.5%	-3.6%
3-mth	0.7%	2.4%
6-mth	14.3%	13.2%

Source: FactSet

12-mth Price Performance



Source: FactSet

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■ **Atour may open 500 new and good stores and close about 60 stores in FY25E.**

Atour will open about 500 new hotels and close about 60 hotels (the worst performing ones will be eliminated every year) in FY25E. Hence, the store count growth will remain fast at about 30% YoY and is on track to finish its mid-term target of 2,000 hotels by FY25E. But more importantly, the quality of new stores will also be raised when securing a prime location has become one of the KPIs with increasing requirement on hardware and infrastructure. Numbers of new signings in FY25E will continue to go up (vs 670 in FY24 and 576 in FY23), and the repeated purchase rate of existing franchisees continued to increase in FY24.

■ **Atour 4Q24 results beat expectation.** For 4Q24, Atour has registered a 38% YoY increase in sales, better than BBG/ CMBI est. by 4%/ 9%, thanks to the stronger-than-expected hotel segment sales (esp. the sales of hotel supplies). During the same period, net profit has surged by 50% YoY, also better than BBG / CMBI est. by 4%/ 9%, as the beat in GP margin outpaced the climb in opex. For FY24, sales went up by 55% YoY and net profit increased by 45%, both were roughly inline with BBG est..

Earnings revision

Figure 1: Earnings revision

RMB mn	New			Old			Diff (%)		
	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
Revenue	9,113	11,132	13,321	9,223	11,489	n/a	-1.2%	-3.1%	n/a
Gross profit	3,858	4,725	5,649	3,836	4,793	n/a	0.6%	-1.4%	n/a
EBIT	2,208	2,739	3,282	2,320	2,936	n/a	-4.8%	-6.7%	n/a
Net profit att.	1,691	2,072	2,483	1,745	2,210	n/a	-3.1%	-6.2%	n/a
Diluted EPS (RMB)	4.053	5.009	6.003	4.207	5.448	n/a	-3.7%	-8.1%	n/a
Gross margin	42.3%	42.4%	42.4%	41.6%	41.7%	n/a	0.7ppt	0.7ppt	n/a
EBIT margin	24.2%	24.6%	24.6%	25.2%	25.6%	n/a	-0.9ppt	-1ppt	n/a
Net profit att. margin	18.6%	18.6%	18.6%	18.9%	19.2%	n/a	-0.4ppt	-0.6ppt	n/a

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	9,113	11,132	13,321	9,106	11,182	12,949	0.1%	-0.5%	2.9%
Gross profit	3,858	4,725	5,649	3,825	4,821	5,740	0.9%	-2.0%	-1.6%
EBIT	2,208	2,739	3,282	2,090	2,633	3,673	5.7%	4.0%	-10.7%
Net profit att.	1,691	2,072	2,483	1,668	2,099	2,728	1.4%	-1.3%	-9.0%
Diluted EPS (RMB)	4.053	5.009	6.003	7.029	7.411	6.620	-42.3%	-32.4%	-9.3%
Gross margin	42.3%	42.4%	42.4%	42.0%	43.1%	44.3%	0.3ppt	-0.7ppt	-1.9ppt
EBIT margin	24.2%	24.6%	24.6%	22.9%	23.5%	28.4%	1.3ppt	1.1ppt	-3.7ppt
Net profit att. margin	18.6%	18.6%	18.6%	18.3%	18.8%	21.1%	0.2ppt	-0.2ppt	-2.4ppt

Source: Bloomberg, CMBIGM estimates

Results review

Figure 3: Results review – Quarterly

Quarterly (RMB mn)	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q24 YoY	4Q24 YoY	1Q25 E YoY	2Q25E YoY	4Q24E CMBI	Actual vs CMBI
Revenue	1,468	1,797	1,899	2,084	1,926	2,293	47%	38%	31%	28%	1,910	9%
Hotel operating costs	-662	-776	-876	-794	-795	-914					-762	
Other operating costs	-216	-275	-235	-403	-327	-380					-431	
Gross profit	590	746	788	887	803	1,000	44%	74%	36%	34%	717	24%
GP margin	40.2%	41.5%	41.5%	42.6%	41.7%	43.6%					37.5%	
Other income & gains	0	0	0	0	0	0					0	#DIV/0!
Selling & marketing expenses	-175	-225	-218	-355	-237	-298	95%	72%	36%	33%	-156	127%
Selling & marketing exp./ sales	-11.9%	-12.5%	-11.5%	-17.0%	-12.3%	-13.0%					-8.2%	
General & admin expenses	-77	-91	-82	-102	-100	-117	3%	-3%	31%	28%	-196	-48%
General & admin exp./ sales	-5.2%	-5.1%	-4.3%	-4.9%	-5.2%	-5.1%					-10.3%	
Technology & development expenses	-24	-33	-30	-47	-33	-39	48%	109%	35%	18%	-30	57%
Tech & development exp / sales	-1.6%	-1.8%	-1.6%	-2.2%	-1.7%	-1.7%					-1.6%	
Pre-opening & other opex	10	-6	35	31	19	23					52	
Operating profit (EBIT)	325	391	492	414	453	569	44%	93%	40%	45%	387	7%
OP margin	22.1%	21.8%	25.9%	19.9%	23.5%	24.8%					20.3%	
Investment gain (loss)	9	11	19	12	10	11					-11	
Net finance income	13	12	12	9	16	17					5	73%
Net finance income / sales	0.9%	0.6%	0.6%	0.4%	0.9%	0.8%					0.3%	
Profit after financing costs	347	414	524	435	479	597					381	
Associated coms	0	0	0	0	0	0					0	
Jointly controlled coms	0	0	0	0	0	0					0	
Pre-tax profit	347	414	524	435	479	597	47%	83%	38%	44%	381	14%
Tax	-89	-110	-143	-104	-120	-149					-74	
Tax / sales	-6.1%	-6.1%	-7.5%	-5.0%	-6.2%	-6.5%					-3.9%	
Effective tax rate	-25.7%	-26.6%	-27.3%	-23.9%	-25.0%	-25.0%					-19.5%	
Minority interests	1	0	-4	1	1	1					6	-92%
Net profit att.	257	304	384	330	358	447	47%	50%	39%	47%	300	10%
NP margin	17.5%	16.9%	20.2%	15.8%	18.6%	19.5%					15.7%	
Adj. net profit	261	328	384	333	362	453	41%	50%	39%	38%	306	9%
Adj. NP margin	17.8%	18.2%	20.2%	16.0%	18.8%	19.8%					16.0%	

Source: Company data, CMBIGM estimates

Figure 4: Results preview – Yearly

Yearly (US\$ mn)	FY23	FY24	FY25E	FY23 YoY	FY24 YoY	FY25E YoY	FY24E CMBI	Actual vs CMBI
Revenue	4,666	7,248	9,113	106%	55%	26%	7,074	2.5%
Hotel operating costs	-2,241	-3,108	-3,725				-3,076	
Other operating costs	-586	-1,128	-1,530				-1,157	
Gross profit	1,839	3,012	3,858	169%	64%	28%	2,841	6.0%
GP margin	39.4%	41.6%	42.3%				40.2%	
Other income & gains	0	0	0				0	n/a
Selling & marketing expenses	-470	-973	-1,240	236%	107%	27%	-774	
Selling & marketing exp./ sales	-10.1%	-13.4%	-13.6%				-	
General & admin expenses	-451	-353	-397	29%	-22%	12%	-446	21.0%
General & admin exp./ sales	-9.7%	-4.9%	-4.4%				-6.3%	
Technology & development expenses	-77	-134	-169	17%	73%	26%	-117	14.4%
Tech & development exp / sales	-1.7%	-1.8%	-1.8%				-1.7%	
Pre-opening & other opex	83	70	88				92	
Operating profit (EBIT)	924	1,622	2,141	460%	76%	32%	1,595	1.7%
OP margin	19.8%	22.4%	23.5%				22.6%	
Investment gain (loss)	33	51	46				28	
Net finance income	25	45	64				42	8.9%
Net finance income / sales	0.5%	0.6%	0.7%				0.6%	
Profit after financing costs	982	1,719	2,251				1,665	
Associated coms	0	0	0				0	
Jointly controlled coms	0	0	0				0	
Pre-tax profit	982	1,719	2,251	444%	75%	31%	1,665	3.2%
Tax	-243	-446	-563				-416	
Tax / sales	-5.2%	-6.2%	-6.2%				-5.9%	
Effective tax rate	-24.7%	-25.9%	-25.0%				-	
	2	-2	-3				3	172.6%
Minority interests								
Net profit att.	737	1,275	1,691	651%	73%	33%	1,246	2.4%
NP margin	15.8%	17.6%	18.6%				17.6%	
Adj. net profit att.	903	1,306	1,708	248%	45%	31%	1,279	2.1%
Adj. NP margin	19.4%	18.0%	18.7%				18.1%	

Source: Company data, CMBIGM estimates

Assumptions

Figure 5: CMBIGM's assumptions

Major assumptions	FY22A	FY23A	FY24A	FY25E	FY26E	FY27E
Sales by segment (RMB mn)						
Manachised hotels	1,361	2,706	4,149	5,274	6,598	8,112
Leased hotels	553	840	702	604	593	582
Retail and others	349	1,120	2,397	3,236	3,941	4,626
Total	2,263	4,666	7,248	9,113	11,132	13,321
Sales growth by segment (%)						
Manachised hotels	12%	99%	53%	27%	25%	23%
Leased hotels	-12%	52%	-16%	-14%	-2%	-2%
Retail and others	18%	221%	114%	35%	22%	17%
Total	5%	106%	55%	26%	22%	20%
Number of hotels by segment						
Manachised hotels	899	1,178	1,593	2,044	2,565	3,156
Leased hotels	33	32	26	26	26	26
Total	932	1,210	1,619	2,070	2,591	3,182
Number of hotels growth (%)						
Manachised hotels	26%	31%	35%	28%	25%	23%
Leased hotels	0%	-3%	-19%	0%	0%	0%
Total	25%	30%	34%	28%	25%	23%
Occupancy (%)						
Manachised hotels	63%	78%	77%	76%	76%	76%
Leased hotels	66%	84%	83%	83%	83%	83%
Total	63%	78%	77%	76%	76%	76%
Room rates (RMB)						
Manachised hotels	386	458	433	416	403	391
Leased hotels	465	587	564	547	536	525
Total	391	464	437	418	405	393
RevPAR (RMB)						
Manachised hotels	256	371	347	328	315.8	306.4
Leased hotels	331	517	495	480	469.9	460.5
Total	261	377	351	330	317.7	307.8
Sales per store growth (%)						
Manachised hotels	-11%	45%	-6%	-6%	-4%	-3%
Leased hotels	-15%	56%	-4%	-3%	-2%	-2%
Total	-12%	45%	-7%	-6%	-4%	-3%
GP margins	30.2%	39.4%	41.6%	42.3%	42.4%	42.4%
Selling & Marketing expenses	-6.2%	-10.1%	-13.4%	-13.6%	-13.8%	-14.0%
G & A expenses	-15.5%	-9.7%	-4.9%	-4.4%	-3.9%	-3.7%
Tec. and dev. expenses	-2.9%	-1.7%	-1.8%	-1.8%	-1.8%	-1.8%
Other expenses	1.7%	1.8%	1.0%	1.0%	1.0%	1.0%
Effective tax rate	-47%	-25%	-26%	-25%	-25%	-25%
NP att. margin	4%	16%	18%	19%	19%	19%
NP att. growth (%)	-32%	651%	73%	33%	23%	20%

Source: Company data, CMBIGM estimates

Financial Summary

INCOME STATEMENT	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (RMB mn)						
Revenue	2,263	4,666	7,248	9,113	11,132	13,321
Cost of goods sold	(1,580)	(2,827)	(4,236)	(5,255)	(6,407)	(7,672)
Gross profit	683	1,839	3,012	3,858	4,725	5,649
Operating expenses	(556)	(998)	(1,459)	(1,805)	(2,181)	(2,605)
Selling expense	(140)	(470)	(973)	(1,240)	(1,537)	(1,867)
Admin expense	(261)	(365)	(260)	(307)	(362)	(421)
R&D expense	(66)	(77)	(134)	(169)	(206)	(246)
Staff costs	0	0	0	0	0	0
Other rental related expenses	0	0	0	0	0	0
Others	(89)	(86)	(93)	(90)	(76)	(71)
Operating profit	179	954	1,671	2,208	2,739	3,282
Other income	38	83	70	88	108	129
Other gains/(losses)	1	28	48	42	19	24
EBITDA	261	1,044	1,767	2,276	2,751	3,270
EBIT	166	953	1,671	2,184	2,672	3,197
Interest income	14	30	48	67	86	108
Pre-tax profit	181	982	1,719	2,251	2,758	3,305
Income tax	(84)	(243)	(446)	(563)	(689)	(826)
After tax profit	98	737	1,275	1,691	2,072	2,483
Minority interest	2	(2)	2	3	4	5
Net profit	96	739	1,273	1,688	2,068	2,479
Adjusted net profit	259	903	1,306	1,708	2,068	2,479

BALANCE SHEET	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (RMB mn)						
Current assets	2,125	4,242	5,898	7,407	9,118	11,081
Cash & equivalents	1,589	2,841	4,278	5,595	7,098	8,834
Restricted cash	0	0	0	0	0	0
Account receivables	133	162	229	288	352	421
Inventories	57	119	132	164	200	240
Prepayment	134	252	391	492	601	719
Other current assets	211	868	868	868	868	868
Non-current assets	2,637	2,345	2,310	2,284	2,274	2,269
PP&E	360	266	231	205	195	190
Right-of-use assets	1,932	1,713	1,713	1,713	1,713	1,713
Intangibles	6	4	4	4	4	4
Other non-current assets	340	362	362	362	362	362
Total assets	4,762	6,587	8,208	9,690	11,392	13,350
Current liabilities	1,348	2,378	2,746	3,160	3,615	4,111
Short-term borrowings	143	70	70	70	70	70
Account payables	515	1,279	1,647	2,061	2,516	3,012
Tax payable	31	136	136	136	136	136
Other current liabilities	339	597	597	597	597	597
Lease liabilities	320	296	296	296	296	296
Non-current liabilities	2,227	2,149	2,147	2,144	2,140	2,135
Long-term borrowings	2	2	2	2	2	2
Other non-current liabilities	2,225	2,147	2,145	2,142	2,138	2,133
Total liabilities	3,575	4,527	4,893	5,304	5,755	6,246
Share capital	0	0	0	0	0	0
Retained earnings	(78)	507	1,143	2,012	3,068	4,334
Other reserves	1,275	1,561	2,180	2,383	2,576	2,778
Total shareholders equity	1,197	2,068	3,323	4,395	5,645	7,112
Minority interest	(10)	(8)	(8)	(8)	(8)	(8)
Total equity and liabilities	4,782	6,603	8,224	9,706	11,408	13,366

CASH FLOW	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (RMB mn)						
Operating						
Profit before taxation	181	982	1,719	2,251	2,758	3,305
Depreciation & amortization	81	62	48	26	(7)	(35)
Tax paid	(15)	0	(446)	(563)	(689)	(826)
Change in working capital	(74)	518	149	223	246	269
Others	111	427	48	67	86	108
Net cash from operations	284	1,989	1,518	2,003	2,394	2,821
Investing						
Capital expenditure	(36)	(42)	(58)	(63)	(66)	(66)
Acquisition of subsidiaries/ investments	(153)	(559)	0	0	0	0
Others	(3)	0	0	0	0	0
Net cash from investing	(192)	(601)	(58)	(63)	(66)	(66)
Financing						
Dividend paid	0	(151)	(20)	(620)	(822)	(1,016)
Net borrowings	65	(102)	0	0	0	0
Proceeds from share issues	400	0	0	0	0	0
Share repurchases	(0)	0	0	0	0	0
Others	(8)	106	(3)	(3)	(3)	(3)
Net cash from financing	456	(147)	(23)	(623)	(825)	(1,019)
Net change in cash						
Cash at the beginning of the year	1,039	1,589	2,841	4,278	5,595	7,098
Exchange difference	3	10	0	0	0	0
Others	548	1,241	1,437	1,317	1,503	1,736
Cash at the end of the year	1,589	2,841	4,278	5,595	7,098	8,834
GROWTH	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
Revenue	5.4%	106.2%	55.3%	25.7%	22.2%	19.7%
Gross profit	21.0%	169.3%	63.7%	28.1%	22.5%	19.5%
Operating profit	(11.5%)	431.5%	75.2%	32.2%	24.0%	19.8%
EBITDA	(12.7%)	299.7%	69.2%	28.8%	20.9%	18.9%
EBIT	(15.8%)	473.5%	75.4%	30.7%	22.4%	19.7%
Net profit	(31.2%)	669.2%	72.2%	32.6%	22.5%	19.8%
Adj. net profit	85.6%	248.3%	44.6%	30.8%	21.1%	19.8%
PROFITABILITY	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
Gross profit margin	30.2%	39.4%	41.6%	42.3%	42.4%	42.4%
Operating margin	7.9%	20.4%	23.1%	24.2%	24.6%	24.6%
EBITDA margin	11.5%	22.4%	24.4%	25.0%	24.7%	24.6%
Adj. net profit margin	11.5%	19.4%	18.0%	18.7%	18.6%	18.6%
Return on equity (ROE)	10.9%	45.3%	47.2%	43.7%	41.2%	38.9%
GEARING/LIQUIDITY/ACTIVITIES	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
Net debt to equity (x)	1.2	1.3	1.3	1.3	1.2	1.2
Current ratio (x)	1.6	1.8	2.1	2.3	2.5	2.7
Receivable turnover days	18.8	11.5	11.5	11.5	11.5	11.5
Inventory turnover days	13.4	11.4	11.4	11.4	11.4	11.4
Payable turnover days	40.0	50.3	50.3	50.3	50.3	50.3
VALUATION	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
P/E	272.7	39.5	22.9	17.3	14.0	11.7
P/E (diluted)	272.7	39.5	22.9	17.3	14.0	11.7
P/B	23.1	13.8	8.6	6.5	5.0	4.0
P/CFPS	94.3	14.6	19.3	14.6	12.1	10.3
Div yield (%)	0.0	0.1	2.2	2.9	3.6	4.3
EV	22,781.3	25,884.7	27,599.6	28,376.9	28,376.9	28,376.9
EV/Sales	10.1	5.5	3.8	3.1	2.5	2.1
EV/EBIT	137.2	27.2	16.5	13.0	10.6	8.9
EV/EBITDA	87.2	24.8	15.6	12.5	10.3	8.7

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

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