

JNBY Design (3306 HK)

Sales trend improved but guidance is prudent

FY25 results were inline, but the relatively sluggish core brand sales growth and high inventory level are valid concerns. Even though the decent retail sales growth in Jul-Aug 2025 was rather encouraging, the Company's FY26E guidance (esp. NP margin) is very conservative. Therefore, while we maintain our BUY rating due to the attractive yield (8% in FY26E), short-term share price catalysts could be limited. Our TP was raised to HK\$23.30.

■ **Retail sales trend in Jul-Aug 2025 seems to be encouraging.** According to management, the retail sales growth has speeded up from LSD in 1Q25 and HSD in 2Q25 to about double digit in Jul-Aug 2025 (SSSG is likely to improve as well, in our view), boosted by a number of factors, such as: 1) low base, 2) decent performance in the outlet channels, 3) positive impact yielded from the recent upgrades in member management and customer services (more events and services are offered to the higher-tier members and VIP, therefore the brand recognition has improved) and 4) launches of more new products in the autumn season.

■ **But management has provided a rather conservative FY26E (rapid sales growth but conservative net profit margin), hence this is totally achievable.** The management has reiterated the previously announced long-term sales target (RMB 10bn retail sales, RMB 6bn listco-level sales), and therefore a HSD increase in sales growth is needed in FY26E. However, as the long-term margins target (65%+ GP margin and 15%+ NP margin) was also confirmed, LSD to MSD net profit growth in FY26E is totally reasonable.

For sales growth in FY26E, despite the tough macro, we believe it is feasible, helped by multiple drivers like: 1) low base (due to warm winter in 2024), 2) upgrades in member management and customer services (this round of reform has only just started and the decent sales trend in Jul-Aug 2025 is a good evidence), this could further drive up VIP sales growth and related sales mix), 3) rapid ramp up of the new brands like onmygame and B1OCK in FY26E (both had achieved an about 70% in FY25) and 4) there exist some flexibility for JNBY to boost sales and clear inventory by giving out slightly more retail discounts (as the net profit margin level has already exceeded the long-term target).

For net profit growth in FY26E, we do not rule out any chances of acceleration vs FY25, because it could easily happen if SSSG speeds up and operating leverage kicks in. However, we do want to be prudent, because of the weakening of macro environment in China going into Jun-Dec 2025, and the conservative view from the management and their intention to reinvest into the brand (A&P expenses still increasing faster than the overall sales growth).

Earnings Summary

(YE 31 Dec)	FY24A	FY25A	FY26E	FY27E	FY28E
Revenue (RMB mn)	5,303	5,548	5,979	6,359	6,687
YoY growth (%)	18.8	4.6	7.8	6.4	5.2
Operating profit (RMB mn)	1,192.5	1,197.2	1,255.5	1,349.3	1,425.1
Net profit (RMB mn)	846.5	897.5	931.1	1,005.2	1,066.1
EPS (Reported) (RMB)	1.63	1.71	1.77	1.91	2.03
YoY growth (%)	33.6	4.7	3.7	8.0	6.1
P/E (x)	10.9	10.4	10.0	9.3	8.8
P/B (x)	4.2	3.8	3.5	3.1	2.8
Yield (%)	7.9	7.3	7.5	8.1	8.6
ROE (%)	40.4	38.9	36.7	35.8	34.3

Source: Company data, Bloomberg, CMBIGM estimates

BUY (Maintain)

Target Price	HK\$23.30
(Previous TP)	HK\$18.68)
Up/Downside	19.9%
Current Price	HK\$19.44

China Consumer Discretionary

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Stock Data

Mkt Cap (HK\$ mn)	10,084.5
Avg 3 mths t/o (HK\$ mn)	23.7
52w High/Low (HK\$)	22.12/13.50
Total Issued Shares (mn)	518.8

Source: FactSet

Shareholding Structure

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

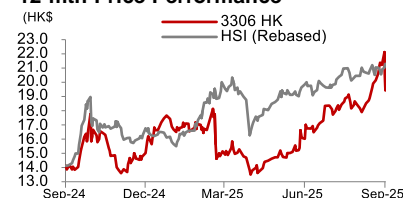
Source: HKEx

Share Performance

	Absolute	Relative
1-mth	5.7%	1.3%
3-mth	21.3%	13.1%
6-mth	28.4%	20.0%

Source: FactSet

12-mth Price Performance



Source: FactSet

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- **Maintain BUY and raise TP to HK\$ 23.30, based on 12x FY26E P/E (rolled over from 10x FY25E P/E).** We have slightly revised down our FY26E/ 27E net profit forecasts by 7%/ 8%, in order to factor in: 1) faster sales growth (mainly due to contribution of new brand), 2) lower-than-expected GP margin and 3) less-than- expected operating leverage. We believe JNBY's sales growth and net profit could still be resilient and industry-leading, however, the net profit growth in FY26E could still be muted. Therefore, our view has become a bit more prudent than before. However, thanks to its rather high dividend yield (7.5%/ 8.1% for FY26E/ 27E), we maintain our BUY rating. The stock is trading at 10x FY26E P/E, slightly higher than its 8-year average of 9x.
- **FY25 results were largely inline.** In FY25, JNBY's sales increased by 5% YoY to RMB 5.55bn and net profit rose by 6% YoY to RMB 898mn, both were largely inline with Bloomberg and CMBI est.. GP margin fell by 0.3ppts to 65.6% in FY25, slightly below CMBI est. of 66.3%, but this was offset by better-than-expected effective tax rate at 26.3%, vs CMBI est. of 29%. E-commerce sales growth remained very robust at 18% in FY25, vs 19% in FY24, even though this was partly aided by the acquisition of onmygame (a kid swear brand sold mainly through online channel). Self-operated store sales dropped by 6% in FY25, vs 20% in FY24, which was partly dragged by the transfer of self-operated stores to distributors. And the distributor-operated store sales increased by 10% in FY25, vs 18% in FY24. On one hand, despite these adjustments, we think the per store performance is still intact as SSSG was at -0.1%, not a bad number given the tough macro and high base in 1H25. But on the other hand, we are also slightly concerned about the overall growth momentum (as the new brand which recorded 100%+ sales growth has seemingly become the sales growth driver than the core brand (JNBY sales increased only by 2%) and jump in inventory level (increased by 24% YoY in absolute amount). All in all, the group has maintained its generous payout ratio of 75% in FY25, and hence the current yield is still high at 7%.

Earnings revision

Figure 1: Earnings revision

RMB mn	New			Old			Diff (%)		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Revenue	5,979	6,359	6,687	5,895	6,254	n/a	1.4%	1.7%	n/a
Gross profit	3,928	4,183	4,406	3,915	4,159	n/a	0.3%	0.6%	n/a
EBIT	1,255	1,349	1,425	1,342	1,437	n/a	-6.4%	-6.1%	n/a
Net profit att.	931	1,005	1,066	997	1,088	n/a	-6.6%	-7.6%	n/a
Diluted EPS (RMB)	1.773	1.914	2.030	1.922	2.098	n/a	-7.8%	-8.8%	n/a
Gross margin	65.7%	65.8%	65.9%	66.4%	66.5%	n/a	-0.7ppt	-0.7ppt	n/a
EBIT margin	21.0%	21.2%	21.3%	22.8%	23.0%	n/a	-1.8ppt	-1.8ppt	n/a
Net profit att. margin	15.6%	15.8%	15.9%	16.9%	17.4%	n/a	-1.3ppt	-1.6ppt	n/a

Source: Company data, CMBIGM estimates

Figure 2: CMBIGM estimates vs consensus

RMB mn	CMBIGM			Consensus			Diff (%)		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Revenue	5,979	6,359	6,687	5,877	6,232	n/a	1.7%	2.0%	n/a
Gross profit	3,928	4,183	4,406	3,875	4,111	n/a	1.4%	1.8%	n/a
EBIT	1,255	1,349	1,425	1,227	1,297	n/a	2.3%	4.0%	n/a
Net profit att.	931	1,005	1,066	957	1,029	n/a	-2.7%	-2.3%	n/a
Diluted EPS (RMB)	1.773	1.914	2.030	1.820	1.945	n/a	-2.6%	-1.6%	n/a
Gross margin	65.7%	65.8%	65.9%	65.9%	66.0%	n/a	-0.2ppt	-0.2ppt	n/a
EBIT margin	21.0%	21.2%	21.3%	20.9%	20.8%	n/a	0.1ppt	0.4ppt	n/a
Net profit att. margin	15.6%	15.8%	15.9%	16.3%	16.5%	n/a	-0.7ppt	-0.7ppt	n/a

Source: Company data, CMBIGM estimates

Results summary

Figure 3: Results review – Half Year

Half yearly (RMB mn)	1H24	2H24	1H25	2H25	1H24 YoY	2H24 YoY	1H25 YoY	2H25 YoY	2H25E CMBIG M	Actual vs CMBIGM
Revenue	3,006	2,297	3,156	2,392	27%	9%	5%	4%	2,346	1.9%
COGS	-1,047	-760	-1,100	-809					-754	
Gross profit	1,959	1,537	2,056	1,583	28%	10%	5%	3%	1,592	-0.6%
GP margins	65.2%	66.9%	65.1%	66.2%					67.9%	-1.7ppt
Other income & gains	28	30	62	3					5	
S & D expenses	-940	-915	-1,021	-956	15%	4%	9%	4%	-917	4.3%
S & D exp / sales	-31.3%	-39.9%	-32.3%	-40.0%					-39.1%	
Admin expenses	-246	-260	-272	-258	17%	11%	10%	-1%	-275	-6.1%
Admin exp / sales	-8.2%	-11.3%	-8.6%	-10.8%					-11.7%	
Other opex	0	0	0	0					0	
Operating profit (EBIT)	802	391	826	371	55%	15%	3%	-5%	405	-8.3%
OP margins	26.7%	17.0%	26.2%	15.5%					17.2%	-1.7ppt
Other items	0	0	0	0					0	
Net finance income	5	15	11	12					22	
Net finance income / sales	0.2%	0.7%	0.3%	0.5%					0.9%	
Profit after financing costs	806	406	837	383					427	
Associated coms	0	-1	-0	-1					0	
Jointly controlled coms	0	0	0	0					0	
Pre-tax profit	806	405	837	382	56%	21%	4%	-6%	427	-10.7%
Tax	-234	-131	-233	-88					-134	
Tax / sales	-7.8%	-5.7%	-7.4%	-3.7%					-5.7%	
Effective tax rate	-29.0%	-32.4%	-27.8%	-23.1%					-31.3%	
Minority interests	0	0	0	0					0	
Net profit att.	573	274	604	294	54%	10%	5%	7%	293	0.1%
NP margins	19.0%	11.9%	19.1%	12.3%					12.5%	-0.2ppt

Source: Company data, CMBIGM estimates

Figure 4: Results review - Full Year

Full yearly (RMB mn)	FY24	FY25	FY26E	FY27E	FY25 YoY	FY26E YoY	FY27E YoY	FY25E CMBIG M	Actual vs CMBIGM
Revenue	5,303	5,548	5,979	6,359	5%	8%	6%	5,503	0.8%
COGS	-1,807	-1,909	-2,052	-2,176				-1,854	
Gross profit	3,496	3,639	3,928	4,183	4%	8%	7%	3,648	-0.3%
GP margins	65.9%	65.6%	65.7%	65.8%				66.3%	
Other income & gains	58	65	73	78				67	
S & D expenses	-1,855	-1,977	-2,178	-2,305	7%	10%	6%	-1,938	2.0%
S & D exp / sales	-35.0%	-35.6%	-36.4%	-36.2%				-35.2%	
Admin expenses	-506	-530	-567	-607	5%	7%	7%	-547	-3.1%
Admin exp / sales	-9.5%	-9.6%	-9.5%	-9.5%				-9.9%	
Other opex	0	0	0	0				0	
Operating profit (EBIT)	1,193	1,197	1,255	1,349	0%	5%	7%	1,231	
OP margins	22.5%	21.6%	21.0%	21.2%				22.4%	
Other items	0	0	0	0				0	
Net finance income	20	23	20	28				33	
Net finance income / sales	0.4%	0.4%	0.3%	0.4%				0.6%	
Profit after financing costs	1,213	1,220	1,276	1,377				1,264	
Associated coms	-1	-2	0	0				0	
Jointly controlled coms	0	0	0	0				0	
Pre-tax profit	1,211	1,218	1,276	1,377	1%	5%	8%	1,264	-3.6%
Tax	-365	-321	-344	-372				-366	
Tax / sales	-6.9%	-5.8%	-5.8%	-5.8%				-6.7%	
Effective tax rate	-30.1%	-26.3%	-27.0%	-27.0%				-29.0%	
Minority interests	0	0	0	0				0	
Net profit att.	847	898	931	1,005	6%	4%	8%	897	0.0%
NP margins	16.0%	16.2%	15.6%	15.8%				16.3%	

Source: Company data, CMBIGM estimates

Assumptions

Figure 5: Major assumptions

Major assumptions	FY24A	FY25A	FY26E	FY27E	FY28E
Sales by brand (RMB mn)					
JNBY	2,944	3,013	3,254	3,449	3,622
CROQUIS	755	720	742	771	794
jnby by JNBY	807	831	872	925	971
less	622	623	648	687	722
Other brands	174	361	463	527	578
Total	5,303	5,548	5,979	6,359	6,687
Sales by brand growth (%)					
JNBY	17.1%	2.3%	8.0%	6.0%	5.0%
CROQUIS	11.7%	-4.6%	3.0%	4.0%	3.0%
jnby by JNBY	21.4%	2.9%	5.0%	6.0%	5.0%
less	18.3%	0.2%	4.0%	6.0%	5.0%
Other brands	104.2%	107.4%	28.2%	13.8%	9.7%
Total	18.8%	4.6%	7.8%	6.4%	5.2%
Sales by channel growth (%)					
Self-owned	19.5%	-6.2%	7.2%	7.9%	6.2%
Distributors	17.7%	9.6%	5.0%	4.0%	3.0%
Online	19.3%	18.3%	14.0%	8.0%	7.0%
Sales network by segment					
JNBY	924	961	966	971	976
CROQUIS	310	308	313	318	323
jnby by JNBY	493	513	518	523	528
less	240	261	276	286	296
Other brands	58	74	82	90	98
Total	2,025	2,117	2,155	2,188	2,221
GP margins by Channel					
JNBY	68.2%	68.6%	68.7%	69.0%	69.2%
CROQUIS	66.3%	66.2%	66.5%	66.5%	66.5%
jnby by JNBY	59.2%	57.9%	58.2%	58.2%	58.2%
less	69.9%	69.0%	69.3%	69.3%	69.3%
Other brands	42.9%	51.5%	52.0%	52.6%	53.1%
Total	65.9%	65.6%	65.7%	65.8%	65.9%
Opex breakdown					
Outsourcing charges/ sales	8.9%	8.1%	8.1%	8.1%	8.1%
Rental expenses/ sales	11.2%	11.0%	10.8%	10.5%	10.4%
Staff costs/ sales	9.3%	9.7%	10.2%	10.5%	10.7%
A&P expenses/ sales	7.7%	9.0%	9.5%	9.5%	9.5%
Provisions for inventory/ sales	1.2%	1.4%	1.3%	1.2%	1.1%
D&A/ sales	2.4%	2.4%	2.4%	2.4%	2.4%
Selling & distribution costs / sales	35.0%	35.6%	36.4%	36.2%	36.1%
Admin expenses / sales	9.5%	9.6%	9.5%	9.5%	9.7%
OP margins	22.5%	21.6%	21.0%	21.2%	21.3%
Effective tax rate	30.1%	26.3%	27.0%	27.0%	27.0%
Net profit margins	16.0%	16.2%	15.6%	15.8%	15.9%
Net profit att. growth (%)	36.3%	6.0%	3.7%	8.0%	6.1%

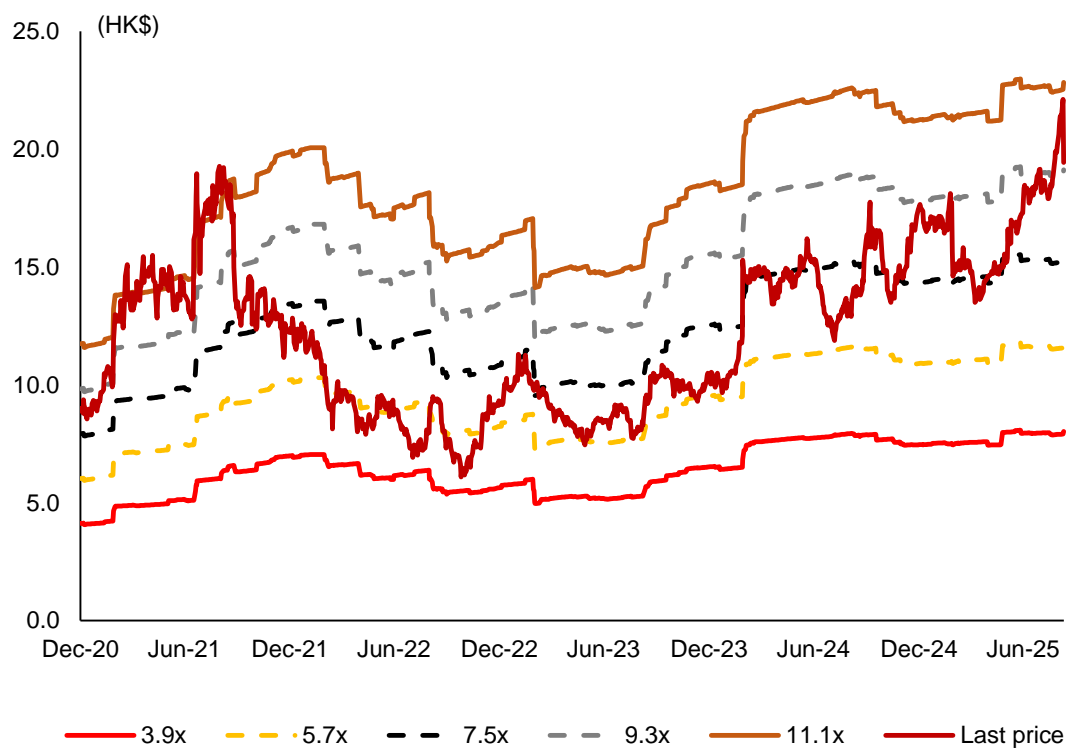
Valuation any data, CMBIGM estimates

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\$m)	End	FY1E	FY2E	FY2E	FY1E	FY1E	FY1E	FY1E
H shares Apparel														
Jnby Design	3306 HK	BUY	23.30	19.44	20%	10,085	Jun-25	10.0	9.3	2.6	37.4	1.7	7.5	10.8
Bosideng Int'l	3998 HK	BUY	5.55	4.69	18%	54,295	Mar-25	12.3	11.1	2.4	22.9	1.1	6.8	20.9
China Lilang	1234 HK	BUY	4.42	3.62	22%	4,335	Dec-24	7.5	6.8	0.9	10.4	0.6	9.4	(4.1)
Cosmo Lady	2298 HK	NR	n/a	0.33	n/a	742	Dec-24	n/a	n/a	n/a	5.0	0.0	n/a	26.9
Giordano Int'l	709 HK	NR	n/a	1.65	n/a	2,667	Dec-24	11.8	11.0	n/a	10.5	1.9	n/a	(1.8)
Eeka Fashion	3709 HK	NR	n/a	7.89	n/a	5,555	Dec-24	8.8	7.7	1.0	10.7	0.6	n/a	(4.2)
Mulsanne Group	1817 HK	NR	n/a	0.41	n/a	385	Dec-24	n/a	n/a	n/a	4.5	0.0	n/a	(8.0)
Bauhaus Intl	483 HK	NR	n/a	0.28	n/a	103	Mar-25	n/a	n/a	n/a	6.9	0.0	n/a	19.1
								Avg.	10.1	9.2	1.7	13.5	0.7	7.9
								Med.	10.0	9.3	1.7	10.4	0.6	7.5
A-shares Apparel														
Dazzle Fashion	603587 CH	NR	n/a	13.11	n/a	6,797	Dec-24	19.7	16.1	1.6	7.0	1.9	2.9	4.0
Anzheng Fashion	603839 CH	NR	n/a	9.29	n/a	3,952	Dec-24	n/a	n/a	n/a	(4.5)	0.0	n/a	68.3
Ellassay Fashion	603808 CH	NR	n/a	8.29	n/a	3,346	Dec-24	16.1	12.1	1.1	(10.4)	(0.1)	1.7	18.6
Jinhong Fashion	603518 CH	NR	n/a	10.30	n/a	3,899	Dec-24	10.2	8.5	0.9	7.7	0.6	4.3	5.1
Xin Hee	003016 CH	NR	n/a	7.98	n/a	3,739	Dec-24	n/a	n/a	n/a	(2.4)	0.0	n/a	(7.7)
Shenzhen Huijie	002763 CH	NR	n/a	7.34	n/a	3,290	Dec-24	n/a	n/a	n/a	2.9	0.0	n/a	10.5
Peacebird Fashion	603877 CH	NR	n/a	14.23	n/a	7,330	Dec-24	25.9	18.2	1.4	3.7	1.9	1.7	(3.9)
Fujian Septwolves	002029 CH	NR	n/a	6.97	n/a	5,374	Dec-24	14.8	13.9	0.7	5.0	1.4	n/a	6.6
Baoxiniao	002154 CH	NR	n/a	3.81	n/a	6,080	Dec-24	12.7	10.5	1.1	7.9	2.4	3.5	(13.6)
Joeone	601566 CH	NR	n/a	8.85	n/a	5,561	Dec-24	20.8	17.9	1.2	6.4	0.0	4.7	5.2
Hla Group	600398 CH	NR	n/a	6.91	n/a	36,291	Dec-24	13.7	12.0	1.8	11.9	1.1	5.6	(7.9)
Jiangsu Hongdou	600400 CH	NR	n/a	2.58	n/a	6,465	Dec-24	86.0	86.0	n/a	(11.2)	0.0	n/a	3.6
								Avg.	24.4	21.7	1.2	2.0	0.8	3.5
								Med.	16.1	13.9	1.2	4.3	0.3	3.5
International Apparel														
Hugo Boss	BOSS GR	NR	n/a	42.35	n/a	27,260	Dec-24	12.5	11.1	1.7	16.7	0.9	3.2	(5.4)
Next	NXT LN	NR	n/a	12265.0	n/a	158,688	Jan-25	17.3	16.1	6.1	46.8	1.5	2.5	29.1
Hennes & Mauritz	HMB SS	NR	n/a	149.30	n/a	199,096	Nov-24	21.9	18.7	5.4	25.6	2.2	4.6	0.1
Industria De Diseno	ITX SM	NR	n/a	43.12	n/a	1,228,737	Jan-25	22.2	20.4	6.3	33.0	2.4	3.9	(13.1)
Ovs Spa	OVS IM	NR	n/a	4.10	n/a	9,556	Jan-25	11.9	11.0	1.0	5.8	0.4	2.9	20.6
Pvh Corp	PVH US	NR	n/a	84.62	n/a	31,709	Feb-25	7.8	7.0	0.7	9.3	0.9	0.2	(20.0)
Vf Corp	VFC US	NR	n/a	15.56	n/a	47,331	Mar-25	20.5	14.8	3.1	(3.5)	(0.1)	2.3	(27.5)
Marks & Spencer	MKS LN	NR	n/a	354.50	n/a	76,991	Mar-25	14.9	10.6	1.9	10.2	0.4	1.3	(5.6)
								Avg.	16.1	13.7	3.3	18.0	1.1	2.6
								Med.	16.1	12.9	2.5	13.5	0.9	2.7

Source: Bloomberg, CMBIGM estimates

Figure 7: Forward 12M P/E valuation band



Source: Bloomberg, CMBIGM estimates

Financial Summary

INCOME STATEMENT	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec (RMB mn)						
Revenue	4,465	5,303	5,548	5,979	6,359	6,687
Cost of goods sold	(1,548)	(1,807)	(1,909)	(2,052)	(2,176)	(2,281)
Gross profit	2,917	3,496	3,639	3,928	4,183	4,406
Operating expenses	(2,141)	(2,361)	(2,507)	(2,745)	(2,912)	(3,062)
Selling expense	(1,695)	(1,855)	(1,977)	(2,178)	(2,305)	(2,413)
Admin expense	(446)	(506)	(530)	(567)	(607)	(649)
R&D expense	0	0	0	0	0	0
Others	0	0	0	0	0	0
Operating profit	858	1,193	1,197	1,255	1,349	1,425
Other income	82	58	65	73	78	82
Share of (losses)/profits of associates/JV	0	(1)	(2)	0	0	0
EBITDA	980	1,322	1,330	1,374	1,447	1,504
Depreciation	(117)	(125)	(123)	(101)	(80)	(62)
Other amortisation	(6)	(5)	(10)	(18)	(17)	(17)
Interest income	38	58	55	49	57	65
Interest expense	(45)	(38)	(32)	(29)	(29)	(29)
Other income/expense	0	0	0	0	0	0
Pre-tax profit	851	1,211	1,218	1,276	1,377	1,460
Income tax	(230)	(365)	(321)	(344)	(372)	(394)
After tax profit	621	847	898	931	1,005	1,066
Minority interest	0	0	0	0	0	0
Net profit	621	847	898	931	1,005	1,066

BALANCE SHEET	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec (RMB mn)						
Current assets	2,223	2,638	2,763	3,051	3,336	3,586
Cash & equivalents	525	699	263	421	593	746
Restricted cash	490	683	724	724	724	724
Account receivables	125	122	126	136	144	152
Inventories	790	751	933	1,002	1,063	1,114
Prepayment	291	349	646	696	740	778
Other current assets	1	34	72	72	72	72
Non-current assets	1,843	1,809	1,765	1,844	1,956	2,098
PP&E	463	458	434	530	660	818
Right-of-use assets	770	642	634	634	634	634
Investment in JVs & assos	0	0	0	0	0	0
Intangibles	20	126	127	110	94	78
Other non-current assets	590	583	569	569	568	568
Total assets	4,066	4,447	4,528	4,895	5,292	5,684
Current liabilities	1,616	1,822	1,760	1,874	1,975	2,062
Short-term borrowings	100	0	0	0	0	0
Account payables	236	261	239	257	272	286
Tax payable	0	0	0	0	0	0
Other current liabilities	1,065	1,384	1,322	1,419	1,504	1,578
Lease liabilities	215	178	198	198	198	198
Non-current liabilities	469	415	361	361	361	361
Long-term borrowings	0	0	0	0	0	0
Convertible bonds	0	0	0	0	0	0
Other non-current liabilities	469	415	361	361	361	361
Total liabilities	2,084	2,237	2,120	2,235	2,336	2,422
Share capital	375	470	419	419	419	419
Retained earnings	1,353	1,473	1,737	1,538	1,798	2,074
Other reserves	254	268	253	703	739	769
Total shareholders equity	1,982	2,210	2,408	2,660	2,956	3,262
Minority interest	0	0	0	0	0	0
Total equity and liabilities	4,066	4,447	4,528	4,895	5,292	5,684

CASH FLOW	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec (RMB mn)						
Operating						
Profit before taxation	851	1,211	1,218	1,276	1,377	1,460
Depreciation & amortization	(123)	(130)	(133)	(119)	(98)	(79)
Tax paid	(328)	(341)	(323)	(344)	(372)	(394)
Change in working capital	(136)	215	(313)	(15)	(13)	(10)
Others	675	644	684	267	224	187
Net cash from operations	939	1,600	1,133	1,065	1,120	1,164
Investing						
Capital expenditure	(149)	(138)	(150)	(197)	(210)	(221)
Acquisition of subsidiaries/ investments	(7)	(9)	(292)	0	0	0
Others	(84)	(139)	(75)	0	0	0
Net cash from investing	(240)	(286)	(517)	(197)	(210)	(221)
Financing						
Dividend paid	(392)	(727)	(629)	(679)	(709)	(761)
Net borrowings	(390)	(419)	(327)	0	0	0
Proceeds from share issues	16	18	29	0	0	0
Share repurchases	(6)	(21)	(121)	0	0	0
Others	0	1	(2)	(29)	(29)	(29)
Net cash from financing	(772)	(1,147)	(1,051)	(709)	(739)	(790)
Net change in cash						
Cash at the beginning of the year	592	525	699	263	421	593
Exchange difference	6	7	(2)	0	0	0
Others	(73)	167	(435)	159	171	154
Cash at the end of the year	525	699	263	421	593	746
GROWTH	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec						
Revenue	9.3%	18.8%	4.6%	7.8%	6.4%	5.2%
Gross profit	11.9%	19.8%	4.1%	7.9%	6.5%	5.3%
Operating profit	10.6%	39.0%	0.4%	4.9%	7.5%	5.6%
EBITDA	12.5%	34.9%	0.6%	3.3%	5.3%	4.0%
Net profit	11.2%	36.3%	6.0%	3.7%	8.0%	6.1%
PROFITABILITY	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec						
Gross profit margin	65.3%	65.9%	65.6%	65.7%	65.8%	65.9%
Operating margin	19.2%	22.5%	21.6%	21.0%	21.2%	21.3%
EBITDA margin	22.0%	24.9%	24.0%	23.0%	22.8%	22.5%
Return on equity (ROE)	33.9%	40.4%	38.9%	36.7%	35.8%	34.3%
GEARING/LIQUIDITY/ACTIVITIES	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec						
Net debt to equity (x)	0.3	0.5	0.3	0.3	0.4	0.4
Current ratio (x)	1.4	1.4	1.6	1.6	1.7	1.7
Receivable turnover days	10.3	8.4	8.3	8.3	8.3	8.3
Inventory turnover days	186.3	151.7	178.3	178.3	178.3	178.3
Payable turnover days	55.7	52.7	45.7	45.7	45.7	45.7
VALUATION	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec						
P/E	14.6	10.9	10.4	10.0	9.3	8.8
P/E (diluted)	14.6	10.9	10.4	10.0	9.3	8.8
P/B	4.7	4.2	3.8	3.5	3.1	2.8
P/CFPS	9.6	5.8	8.2	8.8	8.3	8.0
Div yield (%)	4.2	7.9	7.3	7.5	8.1	8.6
EV	9,461.5	9,027.4	9,333.1	9,174.4	9,003.3	8,849.8
EV/Sales	2.1	1.7	1.7	1.5	1.4	1.3
EV/EBITDA	9.7	6.8	7.0	6.7	6.2	5.9

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

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