

Anta Sports (2020 HK)

4Q21 inline but we are prudent about FY22E

Maintain BUY but cut our TP to HK\$ 132.66, based on 32x FY22E P/E (down from 35x). Anta's performance in 4Q21 was roughly inline with our cautious view and we are prudent about the margins in FY22E. Current valuation of 27x FY22E P/E is not demanding, vs 5 years average of 20x and int'l peers' average of 23x.

- **Anta 3Q21 retail sales was in-line.** Anta's retail sales grew by mid-teens YoY in 4Q21, in-line with CMBI est., faster than low-teens in 3Q21, despite weakening macro and COVID-19 environment. Inventory to sales ratio was at 5 months and retail discounts was at 26% off in 4Q21, similar to 3Q21.
- **FILA 3Q21 retail sales missed slightly.** FILA's retail sales grew by HSD YoY in 4Q21, faster than MSD in 3Q21 but slower than CMBI est. of 12%. Inventory to sales ratio was at 6-7 months with 24% off retail discounts, similar to 3Q21.
- **Positive profit alert and expect NP (including the Amer JV) to grow by 45%+ in FY21E.** Anta attributed this growth to: 1) rapid sales growth of 35%+, partly supported by DTC transformation (50%+ Anta brand sales growth), 2) higher finance income and less loss from the Amer JV. Compared to CMBI est., FY21E sales was 4% higher but NP was 6% lower, due to more low margin DTC sales and greater than expected FILA operating deleverage.
- **FY22E guidance is likely to stay but we are cautious about margins.** Management cited a decent Jan-TD growth but it is still too early to judge given the early CNY in FY22E. **We forecast a 20%+ Anta brand retail sales growth in FY22E**, driven by: 1) more ASP hike thru more high-end product launches, 2) ramp up of larger sized stores, 3) category expansion (e.g. women, kids and online) and 4) greater investments in A&P (e.g. Winter Olympics, national team, re-branding). **We expect only a 15%+ growth for FILA**, which has not been benefited much from domestic fashion mania in FY21E. All in all, FY22E could be an investment year and brand momentum may take a while to pick up, hence the short-term margins may still be dragged.
- **Amer sports expansion is still on track.** Amer's losses narrowed to ~RMB 300m in FY21E despite the supply chain disruption in 2H21E. We are optimistic about its growth (Arc'teryx continued to expand rapidly in China and will open flagship stores in US, while Wilson has become the official game basketball brand) and expect it to break even in FY22E.
- **Maintain BUY and revised down our TP to HK\$ 132.66.** We maintain BUY but revised down TP to HK\$ 132.66, based on 32x FY22E P/E (cut from 35x due to sector de-rating). We cut our FY21E/ 22E/ 23E NP forecasts by 6%/ 7%/ 5%, to factor in: 1) slower FILA growth and 2) a lower OP margin. Current valuation is not too demanding at 27x FY22E P/E, given a 32% NP CAGR during FY20-23E and vs 5 years average of 20x P/E.

Earnings Summary

(YE 31 Dec)	FY19A	FY20A	FY21E	FY22E	FY23E
Revenue (RMB mn)	33,928	35,512	48,698	58,522	69,178
YoY growth (%)	40.8	4.7	37.1	20.2	18.2
Net income (RMB mn)	5,344	5,162	7,441	9,598	11,829
EPS (RMB)	1.917	1.850	2.667	3.441	4.240
YoY growth (%)	25.7	(3.5)	44.1	29.0	23.2
Consensus EPS (RMB)	n/a	n/a	2.843	3.619	4.524
P/E (x)	51.7	51.2	35.1	27.2	22.1
P/B (x)	13.3	10.7	8.5	7.0	6.0
Yield (%)	0.6	0.6	0.7	2.2	2.7
ROE (%)	26.6	21.5	25.0	26.4	28.0
Net gearing (%)	Net cash	Net cash	Net cash	Net cash	Net cash

Source: Company data, Bloomberg, CMBIS estimates

BUY (Maintain)

Target Price	HK\$132.66
(Previous TP)	HK\$156.06)
Up/Downside	+17.7%
Current Price	HK\$112.70

China Sportswear Sector

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Stock Data

Mkt Cap (HK\$ mn)	304,665
Avg 3 mths t/o (HK\$ mn)	1,006.70
52w High/Low (HK\$)	191.37/105.51
Total Issued Shares (mn)	2,703.3

Source: Bloomberg

Shareholding Structure

Mr. Ding Shizhong (CEO), Mr. Ding Shijia (V-Chairman), Mr. Lai Shixian (CFO) & Family	57.78%
Free Float	42.22%

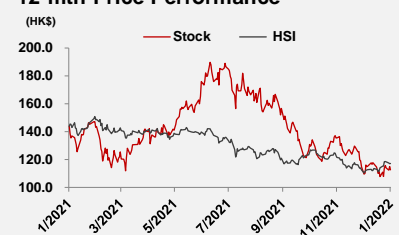
Source: HKEx

Share Performance

	Absolute	Relative
1-mth	0.3%	-3.6%
3-mth	-9.3%	-4.4%
6-mth	-38.3%	-28.4%
12-mth	-12.5%	4.7%

Source: Bloomberg

12-mth Price Performance



Source: Bloomberg

Auditor: KPMG

Related Reports

1. Anta Sports (2020 HK, BUY) – Reset expectations and long-term target remains intact – 19 Oct 2021
2. Anta Sports (2020 HK, BUY) - Guidance maintained but be cautious on opex – 25 Aug 2021
3. Anta Sports (2020 HK, BUY) - An astonishing 5-year target for Anta brand – 9 Jul 2021

Results preview

Figure 1: Results preview – Half Year

Half yearly (RMB mn)	1H20	2H20	1H21	2H21E	1H20 YoY	2H20 YoY	1H21 YoY	2H21 E YoY
Revenue	14,669	20,843	22,812	25,886	-1%	9%	56%	24%
COGS	(6,330)	(8,531)	(8,404)	(10,425)				
Gross profit	8,339	12,312	14,408	15,461	0%	19%	73%	26%
GP margins	56.8%	59.1%	63.2%	59.7%				
Other income & gains	710	679	339	1,317				
S & D expenses	(4,395)	(6,371)	(7,556)	(9,440)	7%	14%	72%	48%
S & D exp / sales	-30.0%	-30.6%	-33.1%	-36.5%				
Admin expenses	(1,050)	(1,072)	(1,286)	(1,951)	128%	26%	22%	82%
Admin exp / sales	-7.2%	-5.1%	-5.6%	-7.5%				
Other opex	0	0	0	0				
Operating profit (EBIT)	3,604	5,548	5,905	5,387	-15%	25%	64%	-3%
OP margins	24.6%	26.6%	25.9%	20.8%				
Other items	0	0	0	0				
Net finance income	(65)	(397)	231	(166)				
Net fin. income / sales	-0.4%	-1.9%	1.0%	-0.6%				
Profit after financing costs	3,539	5,151	6,136	5,221				
Associated coms	0	0	0	0				
Jointly controlled coms	(719)	118	(346)	54				
Pre-tax profit	2,820	5,269	5,790	5,275	-21%	18%	105%	0%
Tax	(1,040)	(1,480)	(1,658)	(1,330)				
Tax / sales	-7.1%	-7.1%	-7.3%	-5.1%				
Effective tax rate	-36.9%	-28.1%	-28.6%	-25.2%				
Minority interests	122	285	292	345				
Net profit att.	1,658	3,504	3,840	3,601	-27%	13%	132%	3%
NP margins	11.3%	16.8%	16.8%	13.9%				
Sales								
Anta	6,777	8,972	10,578	12,607	-11%	-9%	56%	41%
FILA & others	7,892	11,871	12,234	13,279	9%	28%	55%	12%
GP margins								
Anta	41.6%	46.9%	52.8%	52.1%				
FILA & others	70.5%	68.5%	72.3%	67.7%				
OP margins								
Anta	26.8%	29.5%	23.3%	17.4%				
FILA & others	24.7%	26.5%	29.0%	23.0%				

Source: Company data, CMBIS estimates

Figure 2: Results preview - Full Year

Full yearly (RMB mn)	FY20	FY21E	FY22E	FY21E YoY	FY22E YoY
Revenue	35,512	48,698	58,522	37%	20%
COGS	(14,861)	(18,829)	(22,395)		
Gross profit	20,651	29,869	36,128	45%	21%
GP margins	58.2%	61.3%	61.7%		
Other income & gains	1,389	1,656	1,931		
S & D expenses	(10,766)	(16,996)	(20,032)	58%	18%
S & D exp / sales	-30.3%	-34.9%	-34.2%		
Admin expenses	(2,122)	(3,237)	(3,816)	53%	18%
Admin exp / sales	-6.0%	-6.6%	-6.5%		
Other opex	0	0	0		
Operating profit (EBIT)	9,152	11,292	14,211	23%	26%
OP margins	25.8%	23.2%	24.3%		
Other items	0	0	0		
Net finance income	(462)	65	(13)		
Net fin. income / sales	-1.3%	0.1%	0.0%		
Profit after financing costs	8,690	11,357	14,198		
Associated coms	0	0	0		
Jointly controlled coms	(601)	(292)	(117)		
Pre-tax profit	8,089	11,065	14,081	37%	27%
Tax	(2,520)	(2,988)	(3,661)		
Tax / sales	-7.1%	-6.1%	-6.3%		
Effective tax rate	-31.2%	-27.0%	-26.0%		
Minority interests	407	637	822		
Net profit att.	5,162	7,441	9,598	44%	29%
NP margins	14.5%	15.3%	16.4%		
Sales					
Anta	15,749	23,185	28,257	47%	22%
FILA & others	19,763	25,513	30,265	29%	19%
GP margins					
Anta	44.7%	52.4%	53.6%		
FILA & others	69.3%	70.0%	70.0%		
OP margins					
Anta	28.3%	20.1%	21.0%		
FILA & others	25.8%	26.0%	27.2%		

Source: Company data, CMBIS estimates

Operating numbers

Figure 3: Sportswear brands sales growth trend

Operating numbers	1Q18	2Q18	3Q18	4Q18	1Q19	2Q19	3Q19	4Q19	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21	3Q21	4Q21E
Nike China sales	19.0%	25.0%	20.0%	31.0%	24.0%	22.0%	27.0%	23.0%	-4.0%	1.0%	8.0%	19.0%	42.0%	9.0%	1.0%	-24.0%
Adidas China sales	26.0%	27.0%	26.0%	23.0%	16.0%	14.0%	11.0%	15.0%	-58.0%	0.0%	-5.0%	7.0%	156.0%	-16.0%	-15.0%	
Anta brand's SSSG																
Anta brand's retail sales	20%-25%	+ve Low-teens	+ve Mid-teens	+ve Mid-teens	+ve Low-teens	+ve Mid-teens	+ve Mid-teens	+ve High-teens	-ve 20%-25%	-ve LSD	+ve LSD	+ve LSD	40%-45%	35%-40%	+ve Low-teens	+ve Mid-teens
Core brand	+ve Mid-teens	+ve HSD	+ve Low-teens	+ve HSD	+ve HSD	+ve Low-teens	+ve Low-teens	+ve HSD	-ve 20%-25%	-ve LSD	-ve MSD	-ve MSD	35%-40%	35%-40%	+ve HSD	+ve MSD
Kids	over 40%	over 25%	Over 25%	Over 25%	Over 20%	30%	Over 25%	25%	-ve 20%-25%	+ve MSD	+ve Low-teens	-ve Low-teens	45%-50%	Over 20%	+ve MSD	+ve Mid-teens
Online	over 40%	over 25%	Over 20%	Over 25%	+ve Mid-teens	25%	35%	Over 40%	+ve MSD	Over 40%	Over 50%	Over 25%	Over 60%	Over 45%	25%-30%	30%-35%
Non-Anta brands (FILA/)																
FILA brand's retail sales	80%-85%	90%-95%	90%-95%	80%-85%	65%-70%	55%-60%	50%-55%	50%-55%	-ve MSD	+ve Low-teens	20%-25%	25%-30%	75%-80%	30%-35%	+ve MSD	+ve HSD
Classic/ Core brand								Over 40%	-ve 20%-25%	+ve MSD	+ve MSD	+ve MSD	80%	Over 20%	Flat	Flat
Kids								Over 70%	-ve LSD	Over 30%	Over 30%	Over 20%	100%	Over 40%	+ve Mid-teens	+ve Mid-teens
Fusion								Over 100%	+ve MSD	Over 70%	Over 50%	Over 50%	150%	Over 80%	+ve Mid-teens	+ve Low-teens
Online								Over 70%	160%	Over 80%	Over 90%	70%-80%	Over 40%	Over 40%	20%-25%	25%-30%
Other brands																
Descente				Over 100%	Over 100%	Over 90%	50%	50%	+ve Mid-teens	Over 60%	90%	Over 80%	150%	100%	50%	40%-45%
Kolon						15%	20%	20%	-ve High-teens	+ve LSD	20%-25%	30%-40%	Over 75%	40%	30%	-ve High-teens
Li Ning group's SSSG	+ve Low-teens	+ve HSD	+ve Low-teens	+ve Mid-teens	+ve Mid-teens	+ve Mid-teens	+ve High-teens	+ve Low-teens	n/a	-ve MSD	+ve LSD	+ve Low-teens	n/a	+ve Low 80%	+ve High 20%	
Direct retail	+ve Low-teens	+ve HSD	+ve HSD	+ve MSD	+ve HSD	+ve Low-teens	+ve Low-teens	+ve High-teens	n/a	-ve High-teens	-ve MSD	+ve HSD	n/a	+ve Low 90%	+ve Low 30%	
Wholesales	+ve MSD	+ve LSD	+ve HSD	+ve MSD	+ve Low-teens	+ve Low-teens	+ve Low-teens	+ve Mid-teens	n/a	-ve Low-teens	-ve MSD	+ve MSD	n/a	+ve Low 70%	+ve Mid 20%	
E- Commerce	+ve High 30%	+ve Mid-30%	+ve High 30%	+ve Mid 50%	+ve High 30%	+ve Mid 30%	+ve Mid 50%	+ve Low 40%	+ve Low-teens	+ve Mid 20%	+ve High 30%	+ve Low 30%	n/a	+ve High 80%	+ve Mid 30%	
Li Ning group's retail sa	+ve Mid-teens	+ve Low-teens	+ve Mid-teens	+ve High-teens	+ve Low 20%-25%	+ve Low 20%-25%	+ve Low 30%-35%	+ve Mid 30%-40%	-ve High-teens	-ve MSD	+ve MSD	+ve Mid-teens	+ve High 80%	+ve Low 90%	+ve Low 40%	29.0%
Direct retail	Low 20%-30%	+ve Mid-teens	+ve Mid-teens	+ve HSD	+ve Low-teens	+ve HSD	+ve Mid-teens	+ve High-teens	-ve Mid 30%	-ve Low-teens	Flat	+ve MSD	+ve Low 90%	+ve High 80%	+ve Mid 30%	
Wholesales	+ve MSD	+ve MSD	+ve Low-teens	+ve Low-teens	+ve Low 20%-25%	+ve Mid 20%	+ve Mid 30%	+ve Low 40%	-ve High-teens	-ve HSD	-ve LSD	+ve Low-teens	+ve Low 80%	+ve Low 90%	+ve High 30%	
E- Commerce	+ve High 30%	+ve High 30%	+ve Low 30%	+ve Mid 50%	+ve Low 40%	+ve High 20%	+ve Low 50%	+ve Low 40%	+ve Low-teens	+ve High 20%	+ve Low 40%	+ve Mid 30%	100%	+ve High 90%	+ve Mid 50%	
Xtep's SSSG	+ve Low-teens	+ve Mid-teens	+ve Mid-teens	+ve Mid-teens	+ve Low-teens	+ve Low-teens	10%	+ve Low-teens								
Xtep's retail sales				Over 20%	Over 20%	20%	Over 20%	-ve 20%-25%	-ve LSD	+ve MSD	+ve HSD	Mid 50%-60%	30%-35%	+ve Mid-teens	20%-25%	
361 Degrees' SSSG	+ve HSD	+ve HSD	+ve MSD	Flat	+ve LSD	+ve LSD	+ve LSD	+ve LSD								
361 Degree's retail sales									-ve 20%-25%	-ve Low-teens	-ve HSD	+ve LSD	+ve High-teens	15%-20%	+ve Low-teens	+ve High-teens
Pou Sheng's SSSG	10.1%	2.2%	8.9%	8.7%	8.4%	4.2%	6.0%	1.9%	-32.5%	-17.8%						
Pou Sheng's sales	17.7%	17.7%	24.4%	22.0%	19.9%	18.9%	21.9%	19.1%	-25.1%	0.3%	-0.3%	1.0%	47.8%	-15.0%	-25.1%	-26.7%
Dong Xiang's SSSG	+ve Mid to High SD	-ve Mid to High SD	+ve MSD	+ve LSD	-ve LSD	+ve MSD	+ve Mid to High SD	+ve Mid to High SD	-ve Low to Mid SD	-ve MSD	+ve Low to Mid SD	+ve MSD	+ve HSD	+ve Mid to High SD	-ve High-teens	
Dong Xiang's retail sales				+ve MSD	+ve MSD	+ve Mid-teens	+ve Low-teens	-ve 25%-30%	-ve Low-Mid SD	+ve MSD	+ve Low-teens	60%-70%	+ve Low to Mid-teens	-ve Mid to High-teens		
Direct retail	+ve HSD	Flat	+ve Low-teens	+ve HSD	Flat	+ve LSD	+ve HSD	+ve MSD	-ve 30%-35%	-ve Low-teens	Flat	+ve MSD	70%-75%			
E- Commerce				+ve 35%-45%	+ve 30%-35%	+ve 55%-60%	+ve 40%-45%	-ve Low-teens	+ve 30%-35%	+ve 30%-35%	+ve 20%-30%	35%-40%				

Source: Company data, CMBIS estimates, *Nike's year end is in May (e.g. 4Q18 calendar year = 2Q19 fiscal year = Sep-Nov 2018)

Earnings revision

Figure 4: Earnings revision

RMB mn	New			Old			Diff (%)		
	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E
Revenue	48,698	58,522	69,178	47,018	57,140	67,517	3.6%	2.4%	2.5%
Gross profit	29,869	36,128	42,928	29,210	35,881	42,799	2.3%	0.7%	0.3%
EBIT	11,338	14,032	16,752	12,154	15,069	18,163	-6.7%	-6.9%	-7.8%
Net profit att.	7,484	9,640	12,026	7,961	10,324	12,642	-6.0%	-6.6%	-4.9%
Diluted EPS (RMB)	2.683	3.456	4.311	2.854	3.701	4.532	-6.0%	-6.6%	-4.9%
Gross margin	61.3%	61.7%	62.1%	62.1%	62.8%	63.4%	-0.8ppt	-1.1ppt	-1.3ppt
EBIT margin	23.3%	24.0%	24.2%	25.9%	26.4%	26.9%	-2.6ppt	-2.4ppt	-2.7ppt
Net profit att. margin	15.4%	16.5%	17.4%	16.9%	18.1%	18.7%	-1.6ppt	-1.6ppt	-1.3ppt

Source: Company data, CMBIS estimates

Figure 5: CMBIS estimates vs consensus

RMB mn	CMBIS			Consensus			Diff (%)		
	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E
Revenue	48,698	58,522	69,178	47,341	57,887	70,036	2.9%	1.1%	-1.2%
Gross profit	29,869	36,128	42,928	28,917	35,598	43,341	3.3%	1.5%	-1.0%
EBIT	11,338	14,032	16,752	11,605	14,411	17,910	-2.3%	-2.6%	-6.5%
Net profit att.	7,484	9,640	12,026	7,756	9,876	12,418	-3.5%	-2.4%	-3.2%
Diluted EPS (RMB)	2.683	3.456	4.311	2.843	3.619	4.524	-5.6%	-4.5%	-4.7%
Gross margin	61.3%	61.7%	62.1%	61.1%	61.5%	61.9%	0.3ppt	0.2ppt	0.2ppt
EBIT margin	23.3%	24.0%	24.2%	24.5%	24.9%	25.6%	-1.2ppt	-0.9ppt	-1.4ppt
Net profit att. margin	15.4%	16.5%	17.4%	16.4%	17.1%	17.7%	-1ppt	-0.6ppt	-0.3ppt

Source: Bloomberg, CMBIS estimates

Assumptions

Figure 6: Major assumptions

Major assumptions	FY19A	FY20A	FY21E	FY22E	FY23E
Sales by segment growth (%)					
Shoes	32.2%	11.3%	42.0%	17.0%	15.0%
Apparels	45.5%	1.3%	35.9%	22.5%	20.3%
Accessories	47.5%	1.8%	6.0%	12.0%	12.0%
Total	40.8%	4.7%	37.1%	20.2%	18.2%
Sales by brand growth (%)					
Anta	9.2%	-41.6%	50.0%	20.0%	17.0%
Anta Kids	27.0%	-37.0%	50.0%	22.0%	19.0%
FILA	73.8%	18.1%	25.0%	15.0%	15.0%
Descente & Others	33.3%	35.4%	60.0%	40.0%	30.0%
E-commerce	45.0%	53.0%	45.0%	23.0%	20.0%
Total	40.8%	4.7%	37.1%	20.2%	18.2%
Sales network					
Anta	7,341	6,851	6,801	6,851	6,881
Anta Kids	3,175	3,071	3,051	3,121	3,191
FILA	1,951	2,006	2,100	2,200	2,300
Descente & Others	476	457	505	620	745
Total	12,943	12,385	12,457	12,792	13,117
GP margins					
Anta	41.3%	44.7%	52.4%	53.6%	54.4%
FILA	70.4%	69.3%	70.0%	70.0%	70.0%
Total	55.0%	58.2%	62.2%	62.8%	63.4%
Opex breakdown					
A&P Expenses / sales	10.6%	10.0%	12.7%	12.2%	12.1%
Labour costs / sales	11.7%	12.5%	14.2%	14.5%	14.8%
R & D expenses / sales	5.2%	5.9%	6.0%	6.0%	6.0%
Rental expenses/ sales	8.8%	10.4%	11.3%	10.8%	10.5%
Selling & distribution costs / sales	28.7%	30.3%	34.9%	34.2%	34.2%
Admin expenses / sales	3.9%	6.0%	6.6%	6.5%	6.5%
OP margin					
Anta	27.1%	28.3%	20.1%	21.0%	21.1%
FILA	27.2%	25.8%	26.0%	27.2%	27.5%
Total	25.6%	25.8%	23.2%	24.3%	24.5%
Effective tax rate	29.8%	31.2%	27.0%	26.0%	26.0%
NP att. margin	15.8%	14.5%	15.3%	16.4%	17.1%
NP att. growth	30.3%	-3.4%	44.1%	29.0%	23.2%

Source: Company data, CMBIS estimates

Valuation

Figure 7: Peers valuation table

Company	Ticker	Rating	12m TP (LC)	Price (LC)	Up/Down-side	Mkt. Cap (HK\$m)	Year End	P/E (x)		P/B (x)		ROE (%)	3yrs PEG (x)	Yield (%)	
								FY1E	FY2E	FY1E	FY2E	FY1E	FY1E	FY1E	
H shares Sportswear															
Anta Sports	2020 HK	BUY	132.66	112.70	18%	304,665	Dec-20	35.1	27.2	8.2	6.7	30.5	1.1	1.1	
Li Ning Co	2331 HK	BUY	102.84	75.10	37%	196,503	Dec-20	42.2	33.6	12.3	9.5	33.2	0.8	0.7	
Xtep Intl	1368 HK	BUY	16.43	13.46	22%	35,404	Dec-20	32.0	24.6	3.6	3.3	9.5	0.8	1.9	
361 Degrees Intl	1361 HK	NR	n/a	3.91	n/a	8,084	Dec-20	11.8	10.5	0.9	0.8	7.7	0.6	1.2	
Topsports Intl	6110 HK	NR	n/a	7.63	n/a	47,315	Feb-21	13.4	11.2	3.5	3.0	26.5	0.8	3.9	
Pou Sheng Intl	3813 HK	NR	n/a	1.25	n/a	6,658	Dec-20	7.1	4.6	0.6	0.6	11.6	0.1	1.6	
China DX	3818 HK	NR	n/a	0.70	n/a	4,121	Mar-21	n/a	5.2	0.3	0.3	(0.5)	0.0	n/a	
								Avg.	23.6	16.7	4.2	3.5	16.9	0.6	1.7
								Med.	22.7	11.2	3.5	3.0	11.6	0.8	1.4
International Sportswear															
Nike	NKE US	NR	n/a	146.95	n/a	1,810,452	May-21	39.7	30.6	16.5	15.0	48.3	2.5	0.8	
Adidas	ADS GY	NR	n/a	257.20	n/a	436,878	Dec-20	34.9	26.7	6.7	6.2	29.0	0.5	1.3	
Puma	PUM GY	NR	n/a	95.38	n/a	127,201	Dec-20	47.7	33.2	7.4	6.5	16.3	0.5	0.6	
Under Armour	UAA US	NR	n/a	18.81	n/a	64,175	Dec-20	24.5	24.8	4.4	3.7	25.2	(0.1)	0.0	
Lululemon	LULU US	NR	n/a	332.53	n/a	334,976	Jan-21	43.2	36.2	14.5	11.4	36.1	1.3	0.0	
Skechers	SKX US	NR	n/a	43.71	n/a	53,072	Dec-20	17.4	14.6	2.2	1.9	15.0	0.2	0.0	
Vf Corp	VFC US	NR	n/a	71.11	n/a	217,614	Apr-21	22.3	19.3	7.4	6.8	37.4	0.4	2.8	
Columbia	COLM US	NR	n/a	91.53	n/a	46,508	Dec-20	19.2	16.7	3.1	2.7	16.3	0.3	1.2	
Wolverine	WWW US	NR	n/a	25.95	n/a	16,654	Jan-21	12.3	9.9	3.2	2.7	(12.9)	(0.1)	1.6	
Mizuno Corp	8022 JP	NR	n/a	2157.00	n/a	3,903	Mar-21	16.1	12.1	0.5	0.5	7.7	1.2	2.3	
Asics Corp	7936 JP	NR	n/a	2189.00	n/a	28,299	Dec-20	72.1	27.5	3.0	2.8	4.3	(0.3)	1.1	
								Avg.	31.8	22.9	6.3	5.5	20.2	0.6	1.1
								Med.	24.5	24.8	4.4	3.7	16.3	0.4	1.1

Source: Bloomberg, CMBIS estimates

Financial Summary

Income statement

YE 31 Dec (RMB mn)	FY19A	FY20A	FY21E	FY22E	FY23E
Revenue	33,928	35,512	48,698	58,522	69,178
Footwear	11,410	12,700	18,034	21,100	24,265
Apparel	21,398	21,671	29,455	36,068	43,396
Accessories	1,120	1,141	1,209	1,355	1,517
Cost of goods sold	(15,269)	(14,861)	(18,829)	(22,395)	(26,250)
Gross profit	18,659	20,651	29,869	36,128	42,928
Other income	1,127	1,063	1,702	1,752	2,002
Operating expenses	(11,034)	(12,888)	(20,233)	(23,848)	(28,178)
D & A	(210)	(261)	(454)	(441)	(362)
Staff costs	(1,859)	(2,085)	(3,361)	(4,648)	(5,608)
S & D costs (ex-staff, D&A)	(8,443)	(9,307)	(14,628)	(16,713)	(19,948)
Admin exp. (ex-staff, D&A)	(247)	(940)	(1,386)	(1,561)	(1,686)
Other operating expenses	(275)	(294)	(404)	(485)	(573)
EBIT	8,752	8,826	11,338	14,032	16,752
Finance costs, net	(110)	(136)	19	166	295
JVs & associates	(633)	(601)	(292)	(117)	307
Exceptional	-	-	-	-	-
Pre-tax profit	8,008	8,089	11,065	14,081	17,354
Income tax	(2,384)	(2,520)	(2,988)	(3,661)	(4,512)
Less: Minority interests	280	407	637	822	1,013
Net profit	5,344	5,162	7,441	9,598	11,829

Cash flow summary

YE 31 Dec (RMB mn)	FY19A	FY20A	FY21E	FY22E	FY23E
EBIT	8,752	8,826	11,338	14,032	16,752
D & A	448	509	710	723	569
Change in working capital	1,178	(3,461)	(54)	(1,143)	(1,342)
Income tax paid	(2,133)	(2,181)	(2,988)	(3,661)	(4,512)
Others	(759)	3,765	543	689	818
Net cash from operating	7,485	7,458	9,549	10,640	12,285
Capex & investments	(11,28)	(785)	(877)	(819)	(830)
Associated companies	-	-	-	-	-
Interest received	-	-	-	-	-
Others	(1,783)	(1,138)	-	-	-
Net cash from investing	(13,06)	(1,923)	(877)	(819)	(830)
Equity raised	709	21	-	-	-
Net change in bank loans	7,733	(3,343)	-	-	-
Dividend paid	(1,417)	(1,404)	(1,656)	(3,046)	(5,990)
Others	(2,356)	5,955	(523)	(523)	(523)
Net cash from financing	4,670	1,229	(2,179)	(3,569)	(6,513)
Net change in cash	(910)	6,764	6,493	6,251	4,942
Beginning cash balance	9,284	8,221	15,323	21,816	28,068
Exchange difference	(153)	338	-	-	-
Cash at the end of the year	8,221	15,323	21,816	28,068	33,009

Balance sheet

YE 31 Dec (RMB mn)	FY19A	FY20A	FY21E	FY22E	FY23E
Non-current assets	17,898	19,150	19,024	19,003	19,571
Fixed asset	2,148	2,184	2,633	2,981	3,466
Intangible assets & goodwill	678	1,579	1,296	1,044	821
Prepaid lease payments	53	46	46	46	46
Interest in joint ventures	10,551	9,658	9,366	9,249	9,555
Other non-current assets	4,468	5,683	5,683	5,683	5,683
Current assets	23,321	32,717	41,597	50,826	59,099
Cash and cash equivalents	8,221	15,323	21,816	28,068	33,009
Inventories	4,405	5,486	5,417	6,565	7,911
Trade and other receivables	6,309	6,614	9,070	10,900	12,884
Prepayments	-	-	-	-	-
Other current assets	4,386	5,294	5,294	5,294	5,294
Current liabilities	12,412	11,715	14,047	15,882	17,870
Bank loans	1,359	1,968	1,968	1,968	1,968
Trade payables	2,963	2,376	3,010	3,581	4,197
Accruals & other payables	5,821	4,572	6,270	7,534	8,906
Tax payables	1,225	1,507	1,507	1,507	1,507
Others	1,044	1,292	1,292	1,292	1,292
Non-current liabilities	7,746	14,328	14,328	14,328	14,328
Bank loans	6,644	12,456	12,456	12,456	12,456
Deferred income	-	99	99	99	99
Deferred tax	256	527	527	527	527
Others	846	1,246	1,246	1,246	1,246
Minority Interest	979	1,811	2,448	3,269	4,282
Total net assets	20,082	24,013	29,798	36,350	42,189
Shareholders' equity	20,082	24,013	29,798	36,350	42,189

Key ratios

YE 31 Dec	FY19A	FY20A	FY21E	FY22E	FY23E
Sales mix (%)					
Footwear	33.6	35.8	37.0	36.1	35.1
Apparel	63.1	61.0	60.5	61.6	62.7
Accessories	3.3	3.2	2.5	2.3	2.2
Total	100.0	100.0	100.0	100.0	100.0
P&L ratios (%)					
Gross margin	55.0	58.2	61.3	61.7	62.1
Operating margin	25.8	24.9	23.3	24.0	24.2
Pre-tax margin	23.6	22.8	22.7	24.1	25.1
Net margin	15.8	14.5	15.6	16.8	17.1
Effective tax rate	27.6	29.0	27.0	26.0	26.0
Balance sheet ratios					
Current ratio (x)	1.9	2.8	3.0	3.2	3.3
Quick ratio (x)	1.5	2.3	2.6	2.8	2.9
Cash ratio (x)	66	131	155	177	185
Inventory turnover days	105	135	105	107	110
Trade receivables days	68	68	68	68	68
Trade payables days	71	58	58	58	58
Total debt / total equity ratio (%)	40	60	48	40	34
Net debt / equity ratio (%)	Net cash	Net cash	Net cash	Net cash	Net cash
Returns (%)					
ROE	26.6	21.5	25.0	26.4	28.0
ROA	13.0	10.0	12.3	13.7	15.0
Per share					
EPS (RMB)	1.92	1.85	2.67	3.44	4.24
DPS (RMB)	0.61	0.58	0.69	2.06	2.54
BVPS (RMB)	7.43	8.88	11.02	13.45	15.61

Source: Company data, CMBIS estimates

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