

JNBY Design (3306 HK)

Prudent guidance and generous dividends

FY24 results were roughly inline with CMBI/BBG est.. Some investors could be concerned about the softened performance in 2H24, but this should be partially expected. The conservative tone for FY25E is not surprising and guidance should likely be achieved, thanks to further upgrades in member management and customer services, resilient GP margin and a better channel mix, etc. All in all, we think the downside is still limited, given the stock is just trading at 7x FY25E P/E and 11% FY25E yield.

- FY25E guidance is conservative, but it is expected and achievable, in our view.** First of all, the FY25 guidance provided by management is very prudent, which is foreseeing only positive sales and net profit growth (CMBI est. 7% sales growth and 8% net profit growth). However, we do think that is totally understandable, because: 1) direct retail sales growth was almost flattish during Jan-Jun 2024 (so as the SSSG) and 2) growth of active members and VIPs also slowed down. In our view, such a slowdown is kind of expected by investors already given the current macro backdrop.
- Nevertheless, we are still cautiously optimistic on sales growth,** because: 1) the long-term target is still valid and reiterated by management (RMB 10bn retail sales, RMB 6bn listco-level sales, 65%+ GP margin and 15%+ NP margin) and that is still implying an 8% sales CAGR during FY24-26E, 2) retail sales growth softened a bit in Jun 2024, but should have sequentially improved in Jul-Aug 2024, thanks to the accelerated e-commerce sales, 3) there will be more upgrades in member management and customer services (more segmentation will be carried out and additional benefits will be added to the higher tiers, and more membership data sharing with shopping malls has already been implemented), 4) there will be more advertising around the Company's 30-year anniversary, in order to boost brand equity and sales, and 5) more product series/ lines will be introduced, like the Black label for the menswear CROQUIS.
- Margin-wise, despite the potential drag from sluggish offline SSSG, we think it could still be stable,** thanks to: 1) resilient GP margin, supported by improvement in brand power, a highly healthy inventory level and limited retail discounts, 2) disciplined advertising and marketing expenses (we only expect a MSD to HSD YoY increase in terms of absolute amount, despite the 30-year anniversary), and 3) a favourable channel mix, where sales contribution from wholesale and e-commerce could still increase, due to the shift of direct-retail stores to distributor stores and rapid sales growth from e-commerce channels like Douyin.

Earnings Summary

(YE 30 Jun)	FY23A	FY24A	FY25E	FY26E	FY27E
Revenue (RMB mn)	4,465	5,238	5,630	6,046	6,432
YoY growth (%)	9.3	17.3	7.5	7.4	6.4
Operating profit (RMB mn)	857.9	1,194.3	1,263.2	1,383.0	1,487.6
Net profit (RMB mn)	621.3	848.1	917.0	1,021.7	1,117.8
EPS (Reported) (RMB)	1.22	1.63	1.77	1.97	2.15
YoY growth (%)	9.8	33.8	8.1	11.4	9.4
P/E (x)	10.2	7.6	7.0	6.3	5.8
P/B (x)	3.2	3.0	2.8	2.5	2.3
Yield (%)	6.1	11.2	11.4	12.7	13.9
ROE (%)	33.9	40.9	40.6	41.5	41.3

Source: Company data, Bloomberg, CMBIGM estimates

BUY (Maintain)

Target Price	HK\$17.61
(Previous TP)	HK\$19.77
Up/Downside	29.1%
Current Price	HK\$13.64

China Consumer Discretionary

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Stock Data

Mkt Cap (HK\$ mn)	7,075.8
Avg 3 mths t/o (HK\$ mn)	9.9
52w High/Low (HK\$)	16.20/8.29
Total Issued Shares (mn)	518.8

Source: FactSet

Shareholding Structure

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

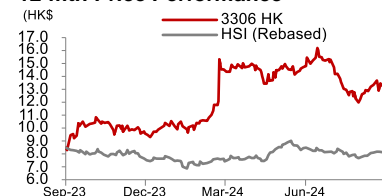
Source: HKEx

Share Performance

	Absolute	Relative
1-mth	14.8%	9.6%
3-mth	-7.8%	-2.4%
6-mth	-6.6%	-12.0%

Source: FactSet

12-mth Price Performance



Source: FactSet

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- **We maintain BUY but trim TP to HK\$ 17.61, based on 10x FY25E P/E (rolled over from 11x FY24E P/E, under a tougher macro environment).** We have slightly revised down FY25E/ 26E net profit by 4%/ 2%, in order to factor in: 1) slower-than-expected SSSG and direct retail sales growth, 2) higher-than-expected GP margin, 3) less-than-expected operating leverage and 4) a higher effective tax rate. Even though management's and our view has both turned more conservative, we believe JNBY's growth rate should still be resilient and industry-leading. More importantly, its dividend yield is still highly attractive and the downside shall be reasonably protected. Moreover, after the inclusion into the HSI composite index, the chance to be included in the Stock Connect programme is high too. It is only trading at 7x FY25E P/E and has a dividend yield of 11%, still below its 8-year average of 9x.
- **New brands were added to the family, but sportswear for kids should be the major focus.** Lately in Aug 2024, JNBY has also announced an acquisition, which is to buy 51% of the company owning the sportswear brand "OMG" and the kids' sportswear brand "onmygame", for an amount of roughly RMB 96.44mn. Going forward, their focus will mainly on the sportswear for kids, and we believe more SKUs could be added and offline stores could be opened, but all of these steps will be gradual. And we think synergy is there given their track records of operating kidswear business.
- **The FY24 results were inline and the dividend was generous.** JNBY's sales increased by 17% YoY to RMB 5.2bn and net profit surged by 37% YoY to RMB 848mn, both are inline with CMBI/ BBG est. In our view, the underlying was good. GP margin increased to 67.3% YoY (1.3ppt higher than CMBI est. of 66.0%) while rental expenses/ staff costs only increased by 11%/ 12% YoY (slower than the sales growth). There were only a few negatives such as the higher-than-expected tax rate, at 30% (vs BBG est. of 27%) and the slowdown of SSSG and sales growth in 2H24 (but this was somewhat expected by the market). In terms of working capital, the inventories actually fell by 9% YoY while the operating cash managed to grow by 71% YoY. Lastly, a final dividend of HK\$ 0.86 per share was announced, which made the FY24 payout ratio at around 97% (vs CMBI/ BBG est. of 92%/ 96%).

Earnings revision

Figure 1: Earnings revision

RMB mn	New			Old			Diff (%)		
	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
Revenue	5,630	6,046	6,432	5,687	6,073	n/a	-1.0%	-0.5%	n/a
Gross profit	3,736	4,018	4,281	3,742	4,002	n/a	-0.2%	0.4%	n/a
EBIT	1,263	1,383	1,488	1,296	1,402	n/a	-2.5%	-1.4%	n/a
Net profit att.	917	1,022	1,118	955	1,038	n/a	-4.0%	-1.5%	n/a
Diluted EPS (RMB)	1.768	1.970	2.155	1.878	2.041	n/a	-5.9%	-3.5%	n/a
Gross margin	66.4%	66.5%	66.6%	65.8%	65.9%	n/a	0.6ppt	0.6ppt	n/a
EBIT margin	22.4%	22.9%	23.1%	22.8%	23.1%	n/a	-0.3ppt	-0.2ppt	n/a
Net profit att. margin	16.3%	16.9%	17.4%	16.8%	17.1%	n/a	-0.5ppt	-0.2ppt	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	5,630	6,046	6,432	5,876	6,458	n/a	-4.2%	-6.4%	n/a
Gross profit	3,736	4,018	4,281	3,854	4,250	n/a	-3.1%	-5.5%	n/a
EBIT	1,263	1,383	1,488	1,293	1,441	n/a	-2.3%	-4.0%	n/a
Net profit att.	917	1,022	1,118	953	1,045	n/a	-3.7%	-2.3%	n/a
Diluted EPS (RMB)	1.768	1.970	2.155	1.852	2.025	n/a	-4.6%	-2.7%	n/a
Gross margin	66.4%	66.5%	66.6%	65.6%	65.8%	n/a	0.8ppt	0.6ppt	n/a
EBIT margin	22.4%	22.9%	23.1%	22.0%	22.3%	n/a	0.4ppt	0.6ppt	n/a
Net profit att. margin	16.3%	16.9%	17.4%	16.2%	16.2%	n/a	0.1ppt	0.7ppt	n/a

Source: Bloomberg, CMBIGM estimates

Results summary

Figure 3: Results review – Half Year

Half yearly (RMB mn)	1H24	2H24	1H25E	2H25E	1H24 YoY	2H24 YoY	1H25E YoY	2H25E YoY	2H24E CMBIGM M	Actual vs CMBIGM
Revenue	2,976	2,263	3,160	2,470	26%	7%	6%	9%	2,283	-0.9%
COGS	-1,028	-740	-1,087	-807					-776	
Gross profit	1,948	1,523	2,073	1,663	28%	9%	6%	9%	1,507	1.1%
GP margins	65.5%	67.3%	65.6%	67.3%					66.0%	1.3ppt
Other income & gains	32	26	38	29					41	
S & D expenses	-926	-901	-1,011	-1,000	13%	3%	9%	11%	-956	-5.7%
S & D exp / sales	-31.1%	-39.8%	-32.0%	-40.5%					-41.9%	
Admin expenses	-250	-256	-256	-272	18%	9%	2%	6%	-241	6.2%
Admin exp / sales	-8.4%	-11.3%	-8.1%	-11.0%					-10.6%	
Other opex	0	0	0	0					0	
Operating profit (EBIT)	803	391	844	419	55%	15%	5%	7%	351	11.5%
OP margins	27.0%	17.3%	26.7%	17.0%					15.4%	1.9ppt
Other items	0	0	0	0					0	
Net finance income	5	15	13	16					-0	
Net finance income / sales	0.2%	0.7%	0.4%	0.6%					0.0%	
Profit after financing costs	808	407	856	435					350	
Associated coms	0	-1	0	0					0	
Jointly controlled coms	0	0	0	0					0	
Pre-tax profit	808	405	856	435	57%	21%	6%	7%	350	15.7%
Tax	-234	-131	-248	-126					-79	
Tax / sales	-7.9%	-5.8%	-7.9%	-5.1%					-3.5%	
Effective tax rate	-28.9%	-32.4%	-29.0%	-29.0%					-22.5%	
Minority interests	0	0	0	0					0	
Net profit att.	574	274	608	309	54%	10%	6%	13%	271	1.0%
NP margins	19.3%	12.1%	19.2%	12.5%					11.9%	0.2ppt

Source: Company data, CMBIGM estimates

Figure 4: Results review - Full Year

Full yearly (RMB mn)	FY23	FY24	FY25E	FY26E	FY24 YoY	FY25E YoY	FY26E YoY	FY24E CMBI GM	Actual vs CMBIG M
Revenue	4,465	5,238	5,630	6,046	17%	7%	7%	5,258	-0.4%
COGS	-1,548	-1,768	-1,894	-2,028				-1,804	
Gross profit	2,917	3,470	3,736	4,018	19%	8%	8%	3,455	0.5%
GP margin	65.3%	66.3%	66.4%	66.5%				65.7%	
Other income & gains	82	57	67	72				73	
S & D expenses	-1,695	-1,827	-2,012	-2,144	8%	10%	7%	-1,882	-2.9%
S & D exp / sales	-38.0%	-34.9%	-35.7%	-35.5%				-35.8%	
Admin expenses	-446	-506	-528	-563				-491	
Admin exp / sales	-10.0%	-9.7%	-9.4%	-9.3%				-9.3%	
Other opex	0	0	0	0				0	
Operating profit (EBIT)	858	1,194	1,263	1,383	39%	6%	9%	1,154	
OP margin	19.2%	22.8%	22.4%	22.9%				21.9%	
Other items	0	0	0	0				0	
Net finance income	-7	20	28	36				4	
Net finance income / sales	-0.2%	0.4%	0.5%	0.6%				0.1%	
Profit after financing costs	851	1,214	1,292	1,419				1,158	
Associated coms	0	-1	0	0				0	
Jointly controlled coms	0	0	0	0				0	
Pre-tax profit	851	1,213	1,292	1,419	43%	6%	10%	1,158	4.7%
Tax	-230	-365	-375	-397				-313	
Tax / sales	-5.1%	-7.0%	-6.7%	-6.6%				-5.9%	
Effective tax rate	-27.0%	-30.1%	-29.0%	-28.0%				-27.0%	
Minority interests	0	0	0	0				0	
Net profit att.	621	848	917	1,022	37%	8%	11%	845	0.3%
NP margin	13.9%	16.2%	16.3%	16.9%				16.1%	

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	3,180	3,434	3,674
CROQUIS	676	755	792	832	865
jnby by JNBY	665	807	864	924	980
less	526	622	666	712	755
Other brands	85	110	129	143	158
Total	4,465	5,238	5,630	6,046	6,432
Sales by brand growth (%)					
JNBY	8.7%	17.1%	8.0%	8.0%	7.0%
CROQUIS	4.7%	11.7%	5.0%	5.0%	4.0%
jnby by JNBY	12.2%	21.4%	7.0%	7.0%	6.0%
less	14.0%	18.3%	7.0%	7.0%	6.0%
Other brands	13.5%	28.7%	17.1%	11.2%	10.2%
Total	9.3%	17.3%	7.5%	7.4%	6.4%
Sales by channel growth (%)					
Self-owned	10.9%	16.4%	5.4%	8.3%	7.8%
Distributors	1.7%	17.7%	6.0%	5.0%	4.0%
Online	24.5%	18.4%	15.0%	10.0%	8.0%
Sales network by segment					
JNBY	921	924	929	934	939
CROQUIS	300	310	315	320	325
jnby by JNBY	486	493	498	503	508
less	233	240	255	270	280
Other brands	50	57	63	71	79
Total	1,990	2,024	2,060	2,098	2,131
GP margins by Channel					
JNBY	67.2%	68.2%	68.1%	68.3%	68.5%
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%	47.6%	47.8%	47.9%
Total	65.3%	66.3%	66.4%	66.5%	66.6%
Opex breakdown					
Outsourcing charges/ sales	9.2%	9.0%	9.0%	9.0%	9.0%
Rental expenses/ sales	11.9%	11.2%	11.0%	10.8%	10.5%
Staff costs/ sales	9.7%	9.3%	9.3%	9.4%	9.5%
A&P expenses/ sales	9.2%	7.8%	8.0%	8.0%	8.0%
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%	35.7%	35.5%	35.3%
Admin expenses / sales	10.0%	9.7%	9.4%	9.3%	9.3%
OP margin	19.2%	22.8%	22.4%	22.9%	23.1%
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%	8.1%	11.4%	9.4%

Source: Company data, CMBIGM estimates

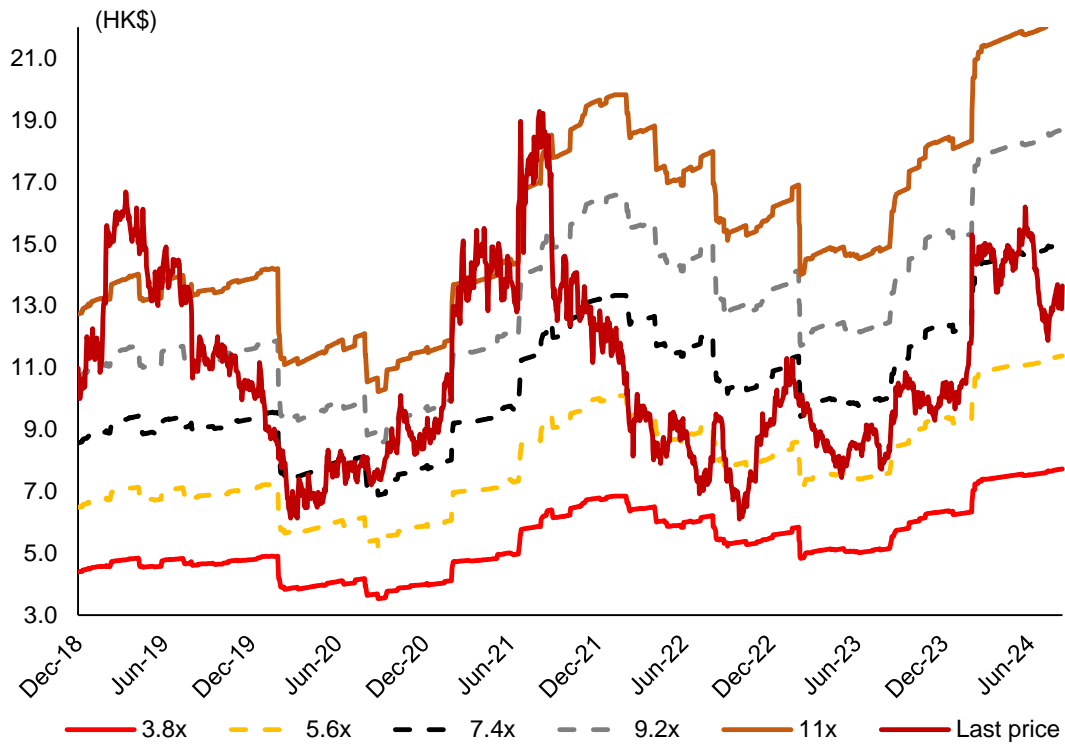
Valuation

Figure 6: Peers' valuation

Company	Ticker	Rating	12m	Price	Up/	Mkt. Cap	Year	P/E (x)		P/B	ROE	3yrs	Yield	YTD.	
			TP	(LC)	Down-			(HK\$mn)	End	FY1E	FY2E	(x)	(%)	PEG (x)	(%)
H shares Apparel															
Jnby Design	3306 HK	BUY	17.61	13.64	29%	7,076	Jun-24	7.2	6.4	2.1	40.9	0.7	11.2	33.5	
Bosideng Int'l	3998 HK	BUY	5.98	3.75	59%	41,388	Mar-24	10.3	9.0	2.2	23.4	0.7	7.8	6.8	
China Lilang	1234 HK	BUY	4.85	3.91	24%	4,682	Dec-23	7.4	6.6	1.0	13.6	0.7	10.3	(5.4)	
Cosmo Lady	2298 HK	NR	n/a	0.27	n/a	596	Dec-23	8.9	6.5	0.3	5.0	0.5	n/a	10.9	
Giordano Int'l	709 HK	NR	n/a	1.56	n/a	2,521	Dec-23	9.2	8.2	n/a	12.7	(3.6)	n/a	(40.9)	
Eeka Fashion	3709 HK	NR	n/a	9.31	n/a	6,555	Dec-23	7.4	6.4	1.1	15.6	1.4	8.1	(34.3)	
Mulsanne Group	1817 HK	NR	n/a	0.56	n/a	532	Dec-23	n/a	n/a	n/a	2.3	0.0	n/a	(20.0)	
Bauhaus Intl	483 HK	NR	n/a	0.24	n/a	87	Mar-24	n/a	n/a	n/a	0.7	0.0	n/a	(48.7)	
								Avg.	8.4	7.2	1.3	14.3	0.1	9.3	(12.3)
								Med.	8.2	6.5	1.1	13.1	0.6	9.2	(12.7)
A-shares Apparel															
Dazzle Fashion	603587 CH	NR	n/a	10.60	n/a	5,553	Dec-23	10.9	9.7	1.3	11.5	1.8	7.2	(19.1)	
Anzheng Fashion	603839 CH	NR	n/a	4.28	n/a	1,876	Dec-23	n/a	n/a	n/a	0.3	0.0	n/a	(48.4)	
Ellassay Fashion	603808 CH	NR	n/a	6.11	n/a	2,476	Dec-23	11.0	8.1	0.7	3.0	0.2	7.2	(33.4)	
Jinhong Fashion	603518 CH	NR	n/a	6.43	n/a	2,450	Dec-23	6.3	5.3	0.5	9.0	0.4	4.8	(35.8)	
Xin Hee	003016 CH	NR	n/a	6.54	n/a	3,078	Dec-23	34.4	31.1	1.0	2.0	(48.8)	n/a	(20.0)	
Shenzhen Huijie	002763 CH	NR	n/a	6.01	n/a	2,705	Dec-23	n/a	n/a	n/a	8.2	0.0	n/a	(28.5)	
Peacebird Fashion	603877 CH	NR	n/a	11.88	n/a	6,181	Dec-23	12.4	10.6	1.1	7.8	1.2	4.5	(30.4)	
Fujian Septwolves	002029 CH	NR	n/a	4.99	n/a	3,863	Dec-23	1.8	1.6	0.1	4.6	0.0	n/a	(12.9)	
Baoxiniao	002154 CH	NR	n/a	3.43	n/a	5,497	Dec-23	7.1	6.2	1.0	15.2	1.0	8.4	(39.6)	
Joeone	601566 CH	NR	n/a	6.88	n/a	4,341	Dec-23	14.0	10.5	0.9	5.1	0.4	3.4	(31.0)	
Hla Group	600398 CH	NR	n/a	5.67	n/a	29,904	Dec-23	9.3	8.4	1.4	18.2	4.2	7.1	(23.6)	
Jiangsu Hongdou	600400 CH	NR	n/a	2.15	n/a	5,422	Dec-23	71.7	58.1	1.6	1.3	1.4	n/a	(22.9)	
								Avg.	17.9	15.0	1.0	7.2	(3.2)	6.1	(28.8)
								Med.	11.0	9.1	1.0	6.5	0.4	7.1	(29.5)
International Apparel															
Hugo Boss	BOSS GR	NR	n/a	35.38	n/a	21,508	Dec-23	10.9	9.0	1.5	18.4	1.5	3.5	(47.6)	
Next	NXT LN	NR	n/a	9926.00	n/a	127,692	Jan-24	15.8	14.8	5.4	60.0	3.5	2.2	22.3	
Hennes & Mauritz	HMB SS	NR	n/a	157.85	n/a	192,449	Nov-23	18.9	16.5	5.0	25.8	0.7	4.4	(10.6)	
Industria De Diseno	ITX SM	NR	n/a	46.60	n/a	1,254,108	Jan-24	24.2	22.3	6.9	32.6	2.3	3.5	18.2	
Ovs Spa	OVS IM	NR	n/a	2.63	n/a	6,612	Jan-24	9.2	8.6	0.7	5.8	0.5	3.6	17.5	
Pvh Corp	PVH US	NR	n/a	94.96	n/a	41,349	Feb-24	8.1	7.4	0.9	14.5	0.7	0.2	(22.2)	
Vf Corp	VFC US	NR	n/a	17.68	n/a	53,638	Mar-24	30.7	17.5	2.8	(57.0)	(0.2)	1.9	(6.0)	
Marks & Spencer	MKS LN	NR	n/a	347.70	n/a	72,931	Mar-24	13.4	12.3	1.8	15.7	1.1	1.6	27.6	
								Avg.	16.4	13.6	3.1	14.5	1.3	2.6	(0.1)
								Med.	14.6	13.6	2.3	17.0	0.9	2.9	5.8

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 30 Jun (RMB mn)						
Revenue	4,086	4,465	5,238	5,630	6,046	6,432
Cost of goods sold	(1,478)	(1,548)	(1,768)	(1,894)	(2,028)	(2,151)
Gross profit	2,607	2,917	3,470	3,736	4,018	4,281
Operating expenses	(1,889)	(2,141)	(2,333)	(2,540)	(2,707)	(2,870)
Selling expense	(1,511)	(1,695)	(1,827)	(2,012)	(2,144)	(2,273)
Admin expense	(377)	(446)	(506)	(528)	(563)	(597)
R&D expense	0	0	0	0	0	0
Others	0	0	0	0	0	0
Operating profit	776	858	1,194	1,263	1,383	1,488
Other income	57	82	57	67	72	77
Share of (losses)/profits of associates/JV	0	0	(1)	0	0	0
EBITDA	872	980	1,331	1,400	1,499	1,582
Depreciation	(93)	(117)	(133)	(133)	(112)	(91)
Other amortisation	(3)	(6)	(4)	(4)	(4)	(3)
Interest income	38	38	58	66	74	81
Interest expense	(38)	(45)	(38)	(38)	(38)	(38)
Other income/expense	0	0	0	0	0	0
Pre-tax profit	776	851	1,213	1,292	1,419	1,531
Income tax	(217)	(230)	(365)	(375)	(397)	(413)
After tax profit	559	621	848	917	1,022	1,118
Minority interest	0	0	0	0	0	0
Net profit	559	621	848	917	1,022	1,118
BALANCE SHEET						
YE 30 Jun (RMB mn)						
Current assets	2,180	2,223	2,580	2,819	3,080	3,313
Cash & equivalents	592	525	698	836	990	1,125
Restricted cash	384	490	490	490	490	490
Account receivables	104	125	147	158	170	181
Inventories	829	790	902	967	1,035	1,098
Prepayment	269	291	341	366	393	419
Other current assets	2	1	1	1	1	1
Non-current assets	2,440	2,613	2,649	2,699	2,785	2,905
PP&E	451	463	505	559	649	772
Right-of-use assets	720	770	770	770	770	770
Investment in JVs & assos	0	0	(1)	(1)	(1)	(1)
Intangibles	19	20	17	13	10	7
Other non-current assets	1,250	1,360	1,359	1,358	1,358	1,357
Total assets	4,620	4,835	5,229	5,518	5,865	6,218
Current liabilities	1,749	1,616	1,824	1,932	2,046	2,152
Short-term borrowings	149	100	100	100	100	100
Account payables	289	236	270	289	310	329
Tax payable	0	0	0	0	0	0
Other current liabilities	1,136	1,065	1,240	1,329	1,423	1,510
Lease liabilities	175	215	215	215	215	215
Non-current liabilities	466	469	469	469	469	469
Long-term borrowings	0	0	0	0	0	0
Convertible bonds	0	0	0	0	0	0
Other non-current liabilities	466	469	469	469	469	469
Total liabilities	2,215	2,084	2,293	2,401	2,515	2,621
Share capital	333	375	375	375	375	375
Retained earnings	1,123	1,353	1,215	1,390	1,584	1,797
Other reserves	229	254	577	584	621	656
Total shareholders equity	1,685	1,982	2,167	2,348	2,580	2,827
Minority interest	0	0	0	0	0	0
Total equity and liabilities	3,900	4,066	4,459	4,749	5,095	5,448

CASH FLOW	2022A	2023A	2024A	2025E	2026E	2027E
YE 30 Jun (RMB mn)						
Operating						
Profit before taxation	776	851	1,213	1,292	1,419	1,531
Depreciation & amortization	(96)	(123)	(137)	(137)	(116)	(95)
Tax paid	(238)	(328)	(365)	(375)	(397)	(413)
Change in working capital	(149)	(136)	24	7	7	7
Others	560	675	313	312	269	227
Net cash from operations	853	939	1,049	1,099	1,182	1,257
Investing						
Capital expenditure	(134)	(149)	(174)	(188)	(201)	(214)
Acquisition of subsidiaries/ investments	(6)	(7)	0	0	0	0
Others	330	(84)	0	0	0	0
Net cash from investing	190	(240)	(174)	(188)	(201)	(214)
Financing						
Dividend paid	(612)	(392)	(663)	(735)	(790)	(871)
Net borrowings	(371)	(390)	0	0	0	0
Proceeds from share issues	3	16	0	0	0	0
Share repurchases	(23)	(6)	0	0	0	0
Others	0	0	(38)	(38)	(38)	(38)
Net cash from financing	(1,002)	(772)	(701)	(773)	(828)	(908)
Net change in cash						
Cash at the beginning of the year	549	592	525	698	836	990
Exchange difference	2	6	0	0	0	0
Others	41	(73)	173	138	154	135
Cash at the end of the year	592	525	698	836	990	1,125
GROWTH	2022A	2023A	2024A	2025E	2026E	2027E
YE 30 Jun						
Revenue	(1.0%)	9.3%	17.3%	7.5%	7.4%	6.4%
Gross profit	0.4%	11.9%	19.0%	7.6%	7.5%	6.6%
Operating profit	(12.2%)	10.6%	39.2%	5.8%	9.5%	7.6%
EBITDA	(8.7%)	12.5%	35.8%	5.2%	7.0%	5.6%
Net profit	(13.6%)	11.2%	36.5%	8.1%	11.4%	9.4%
PROFITABILITY	2022A	2023A	2024A	2025E	2026E	2027E
YE 30 Jun						
Gross profit margin	63.8%	65.3%	66.3%	66.4%	66.5%	66.6%
Operating margin	19.0%	19.2%	22.8%	22.4%	22.9%	23.1%
EBITDA margin	21.3%	22.0%	25.4%	24.9%	24.8%	24.6%
Return on equity (ROE)	32.9%	33.9%	40.9%	40.6%	41.5%	41.3%
GEARING/LIQUIDITY/ACTIVITIES	2022A	2023A	2024A	2025E	2026E	2027E
YE 30 Jun						
Net debt to equity (x)	0.3	0.3	0.4	0.4	0.4	0.4
Current ratio (x)	1.2	1.4	1.4	1.5	1.5	1.5
Receivable turnover days	9.3	10.3	10.3	10.3	10.3	10.3
Inventory turnover days	204.6	186.3	186.3	186.3	186.3	186.3
Payable turnover days	71.4	55.7	55.7	55.7	55.7	55.7
VALUATION	2022A	2023A	2024A	2025E	2026E	2027E
YE 30 Jun						
P/E	11.1	10.2	7.6	7.0	6.3	5.8
P/E (diluted)	11.1	10.2	7.6	7.0	6.3	5.8
P/B	3.8	3.2	3.0	2.8	2.5	2.3
P/CFPS	7.3	6.7	6.1	5.9	5.4	5.1
Div yield (%)	9.5	6.1	11.2	11.4	12.7	13.9
EV	6,587.3	6,452.8	6,366.1	6,228.1	6,074.6	5,939.8
EV/Sales	1.6	1.4	1.2	1.1	1.0	0.9
EV/EBITDA	7.6	6.6	4.8	4.4	4.1	3.8

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

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