

Target Price Change

27 March 2025

BUY

37% ↑ side

Target price: HK\$192.10

Prior TP: HK\$71.80

9992 HK

Price: HK\$140.70

TP basis: PE

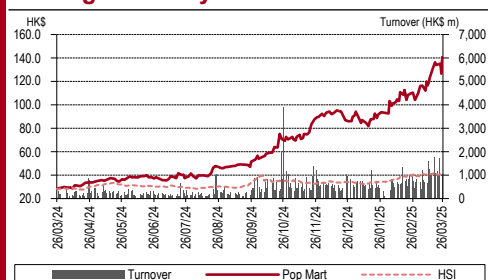
Sector rating: OVERWEIGHT

Forecast Revisions (%)

Year ended 31 Dec	25E	26E	27E
Revenue	24.9	30.5	0
Core EPS	59.9	66.5	0

Source: BOCI Research estimates

Trading Summary



(%)	YTD	1M	3M	12M
Absolute	56.9	27.4	61.8	397.2
Relative to HSI	34.1	29.1	38.5	251.8

Shares outstanding (m)	1,343
Free float (%)	47
Market cap. (HK\$ m)	188,952
3M avg. daily turnover (HK\$ m)	864
Net debt/equity (%) (2025E)	NM
Major shareholder (%)	
GWF Holding	43
Pop Mart Hehuo Holding	5
Wang Ning	2

Source: Company data, FactSet, BOCI Research

Prices as of 26 March 2025

BOCI Research Limited

Consumer Products: Luxury Goods

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Pop Mart International

Solid 2024 results on outperforming overseas business

Pop Mart reported surprisingly solid 2024 results, with revenue and net profit surging 107% and 375% YoY, respectively, driven primarily by exponential growth in overseas markets. The company announced ambitious 2025 guidance, targeting: 1) 50% revenue growth and 2) a doubling of overseas revenue, especially with a robust growth in the US market. We believe these targets are achievable, given Pop Mart's proven ability to develop new IPs and diversify its product offerings beyond blind boxes related to IPs such as Molly and Labubu. We also expect it could sustain strong overseas sales growth by deploying more iconic flagship stores and dedicating more resources to boost sales on e-commerce and TikTok livestreaming. We raised our TP to HK\$192.10 and reiterate **BUY**.

Key Factors for Rating

- **2024 results a strong beat.** Pop Mart delivered impressive 2024 results, with revenue surging 107% YoY to RMB13,038m, driven by explosive growth in overseas markets (+375% YoY). Net profit rose 189% YoY to RMB3,125m. The greater contribution from overseas business (39% of total revenue) and stringent cost controls boosted GPM by 5.5ppts to a record-high 68.5%. The domestic segment also performed strongly, with revenue growing 52% YoY, supported by improved retail store efficiency (same-store sales +28% YoY), refined display and management of online platforms (online revenue +77% YoY), and accelerated membership growth.
- **Ambitious 2025 guidance but likely achievable.** Mgmt. has set aggressive 2025 targets, including: 1) over 50% YoY group revenue growth, reaching RMB20bn; 2) overseas revenue more than doubling, contributing over 50% of total revenue; and 3) sustained GPM expansion. Management remains confident in achieving these goals, citing better-than-expected YTD performance, with 1Q25 revenue potentially growing 100% YoY.
- **Overseas markets continue to be the core growth driver.** Specifically, Pop Mart plans to roll out 100 new retail stores outside mainland China in 2025, highlighting more flagship stores in landmarks worldwide. The US and Europe are key focus areas, with the US market is expected to contribute c.RMB2.5bn in revenue this year (c.22% of total overseas revenue, by our estimates). Supported by localised management teams, Pop Mart aims to launch new initiatives, including POPOP stores, while benefiting from growing brand recognition. E-commerce is also a key focus of the company, as the contribution to overseas has reached 34% by Dec 2024 already, a big leap over Jan 2024 (14%). We believe the increasing contribution of overseas business will enhance both GPM and OPM, driving faster bottom-line growth.

Investment Summary

Year ended 31 Dec	2023	2024	2025E	2026E	2027E
Revenue (RMB m)	6,301	13,038	21,622	29,287	34,232
Reported net profit (RMB m)	1,082	3,125	5,837	8,226	9,996
Core EPS (RMB)	0.885	2.428	4.424	6.211	7.537
Fully diluted EPS (RMB)	0.883	2.417	4.406	6.185	7.506
Core P/E (x)	148.5	54.1	29.7	21.2	17.4
Fully diluted P/E (x)	148.8	54.4	29.8	21.2	17.5
EV/EBITDA (x)	9.9	20.7	18.3	12.8	10.2
P/B (x)	22.8	16.5	12.2	8.9	6.7
DPS (RMB)	0.281	0.815	1.521	2.144	2.605
Yield (%)	0.2	0.6	1.2	1.6	2.0
ROE (%)	16.1	34.9	47.2	48.6	43.9

Source: Company data, BOCI Research estimates

Important disclosures and certifications are located at the back of this research report.

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- **Innovative Product Categories and enriching IP portfolio.** Pop Mart has showcased remarkable innovation in product categories and the cultivation of new IPs. In 2024, CryBaby generated RMB1.2bn in revenue (+1,537% YoY), contributing 8.9% of total revenue, while Twinkle Twinkle, launched in 2024, quickly gained popularity. The jewelry store brand POPOP also delivered solid sales and is set to expand further. Additionally, Pop Mart has reduced its reliance on figure toys, with their revenue contribution declining from 76% in 2023 to 53% in 2024, creating a more balanced category mix. The company will continue to diversify with plush toys and building blocks, broadening its fan base. We view this diversification positions Pop Mart well for sustained growth, even as demand for Labubu products may taper in the coming years.

Key Risks for Rating

- Downside risks: (i) fierce competition and change in consumer preference; (ii) deteriorated brand equity; (iii) inability to secure popular IPs; (iv) regulatory uncertainty; (v) overseas expansion uncertainty; and (vi) commodity inflation.

Valuation

- Given the strong beat of 2024 results, we revised up our 2025/26 core net profit forecasts by 60%/67%, mainly to factor in 1) successful overseas expansion and rising brand recognition; 2) improved retail store management, strong online sales, and same-store sales growth; 3) bullish 2025 guidance and operating leverage.
- We raised our TP to HK\$192.10, based on 40x 2025E P/E (previous: 24x), as we see steady footprint in overseas markets and stronger brand recognition among global consumers. We believe Pop Mart deserves valuation parity with **Sanrio** (8136 JP, NR), given their shared focus on IP-driven products and substantial overseas revenue. Our latest target multiple of 40x implies a 0.5x 2025 PEG ratio. Reiterate **BUY**.

Figure 1. 2024 Financial Review

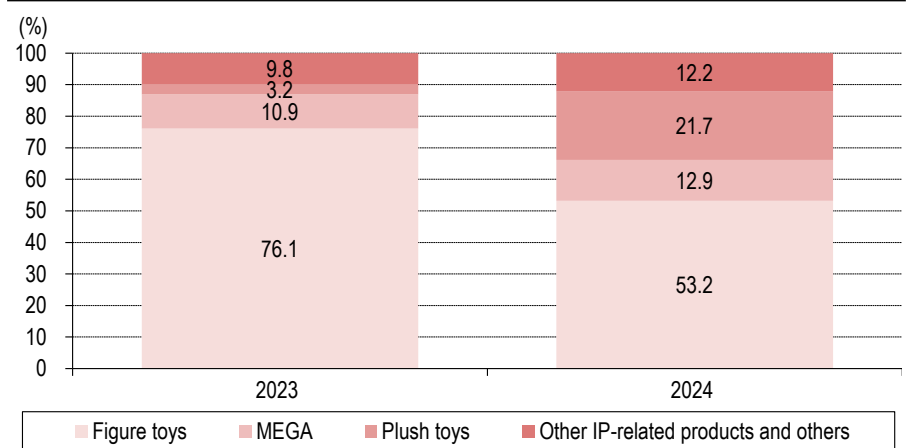
(RMB m)	2021	2022	2023	2024	YoY change (%)	1H23	1H24	YoY change (%)	2H23	2H24	YoY change (%)
Revenue	4,491	4,617	6,301	13,038	106.9	2,814	4,558	62.0	3,487	8,480	143.2
COGS	(1,732)	(1,963)	(2,437)	(4,330)	77.7	(1,115)	(1,639)	46.9	(1,321)	(2,691)	103.7
Gross profits	2,759	2,655	3,864	8,708	125.4	1,698	2,919	71.9	2,166	5,789	167.3
Selling & Distribution expense	(1,106)	(1,471)	(2,005)	(3,650)	82.1	(878)	(1,353)	54.1	(1,126)	(2,297)	103.9
Administration expense	(558)	(686)	(707)	(947)	33.9	(331)	(434)	31.1	(376)	(513)	36.3
Other income and gains	55	86	79	44	(43.9)	49	(5)	NA	30	49	66.0
EBIT	1,150	583	1,231	4,154	237.6	538	1,126	109.5	693	3,028	337.0
Net finance cost	7	29	152	163	7.6	63	84	32.1	88	80	(10.0)
Other net losses	14	27	33	48	45.0	17	18	5.2	16	30	88.5
Pre-tax profit	1,171	640	1,416	4,366	208.4	619	1,228	98.6	797	3,137	293.5
Income tax	(317)	(164)	(327)	(1,057)	223.4	(141)	(264)	87.0	(186)	(793)	327.2
Net profit before MI	855	476	1,089	3,308	203.9	477	964	102.0	612	2,344	283.3
Minority interest	(0)	(0)	(6)	(183)	2,745.4	1	43	6,318.1	(7)	(226)	3,081.3
Net profit attributable to shareholders	854	476	1,082	3,125	188.8	477	921	93.3	619	2,570	315.4
Adjusted profit attributable to shareholders	1,002	574	1,191	3,403	185.9	535	975	82.3	662	2,611	294.3
Gross margin (%)	61.4	57.5	61.3	66.8	5.5	60.4	64.0	3.7	62.1	68.3	6.2
Operating margin (%)	25.6	12.6	19.5	31.9	12.3	19.1	24.7	5.6	19.9	35.7	15.8
Net margin (%)	19.0	10.3	17.2	24.0	6.8	16.9	20.2	3.3	17.7	30.3	12.6
Core Net margin (%)	22.3	12.4	18.9	26.1	7.2	19.0	21.4	2.4	19.0	30.8	11.8

Source: Company data, BOCI Research

Figure 2. Revenue and Margins by Region

Revenue by region (RMB m)	2021	2022	2023	2024
Mainland China	4,307	4,163	5,235	7,972
HK, Macau and overseas	184	454	1,066	5,066
Revenue mix (%)				
Mainland China	95.9	90.2	83.1	61.1
HK, Macau and overseas	4.1	9.8	16.9	38.9
Margins (%)				
GPM - Mainland China	62.2	57.8	60.6	63.9
GPM - HK, Macau and overseas	46.6	54.5	64.9	71.3
OPM - Mainland China		14.5	23.7	33.1
OPM - HK, Macau and overseas		12.4	18.0	35.8

Source: Company data, BOCI Research

Figure 3. Revenue Mix by Product Category


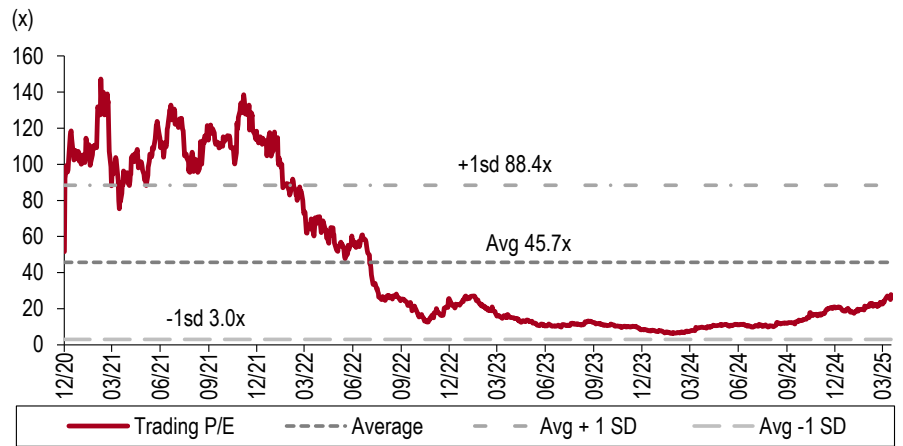
Source: Company data, BOCI Research

Figure 4. Earnings Revision

(RMB m)	New			Old			Change (%)		
Forecast change	2025E	2026E	2027E	2025E	2026E	2027E	2025E	2026E	2027E
Revenue	21,622	29,287	34,232	17,316	22,438	NA	25	31	NA
Gross profit	14,802	20,184	23,694	11,183	14,513	NA	32	39	NA
SG&A	(7,091)	(9,302)	(10,551)	(6,754)	(8,468)	NA	5	10	NA
- Selling & distribution expenses	(5,837)	(7,650)	(8,675)	(4,953)	(6,157)	NA	18	24	NA
- Administration expenses	(1,254)	(1,652)	(1,876)	(1,801)	(2,311)	NA	(30)	(29)	NA
Other income & expense	108	146	171	139	180	NA	(22)	(18)	NA
Operating profit	7,819	11,028	13,314	4,568	6,225	NA	71	77	NA
EBITDA	8,968	12,465	15,000	5,630	7,528	NA	59	66	NA
Pre-tax profit	8,193	11,546	14,029	4,757	6,469	NA	72	78	NA
Income tax expenses	(2,048)	(2,886)	(3,507)	(1,189)	(1,617)	NA	72	78	NA
Net profit before minority interest	6,145	8,659	10,522	3,568	4,852	NA	72	78	NA
Net income	5,837	8,226	9,996	3,589	4,881	NA	63	69	NA
Core net income	5,942	8,341	10,122	3,708	4,999	NA	60	67	NA
Margins (%)									
Gross margin	68.5	68.9	69.2	64.6	64.7	NA	3.9	4.2	NA
Operating margin	36.2	37.7	38.9	26.4	27.7	NA	9.8	9.9	NA
Net margin	27.0	28.1	29.2	20.7	21.8	NA	6.3	6.3	NA
Cost ratios (%)									
SG&As	32.8	31.8	30.8	39.0	37.7	NA	(6.2)	(6.0)	NA
- Selling & distribution expenses	27.0	26.1	25.3	28.6	27.4	NA	(1.6)	(1.3)	NA
- Administration expenses	5.8	5.6	5.5	10.4	10.3	NA	(4.6)	(4.7)	NA
Effective tax rate	25.0	25.0	25.0	25.0	25.0	NA	0.0	0.0	NA

Source: BOCI Research estimates

Figure 5. Forward P/E of Pop Mart



Source: Bloomberg, BOCI Research estimates

Income Statement (RMB m)

Year ended 31 Dec	2023	2024	2025E	2026E	2027E
Revenue	6,301	13,038	21,622	29,287	34,232
Cost of sales	(2,437)	(4,330)	(6,820)	(9,103)	(10,538)
Operating exp.	(2,633)	(4,553)	(6,983)	(9,156)	(10,380)
EBITDA	1,899	5,017	8,968	12,465	15,000
Depr & amortisation	669	863	1,149	1,437	1,686
Operating profit (EBIT)	1,231	4,154	7,819	11,028	13,314
Net interest inc./(exp.)	152	163	296	413	597
Other gains/(losses)	33	48	78	104	118
Pre-tax profit	1,416	4,366	8,193	11,546	14,029
Tax on profit	(327)	(1,057)	(2,048)	(2,886)	(3,507)
Min. int./others	(6)	(183)	(307)	(433)	(526)
Net profit	1,082	3,125	5,837	8,226	9,996
Core net profit	1,184	3,220	5,942	8,341	10,122
EPS (RMB)	0.809	2.356	4.347	6.126	7.443
Core EPS (RMB)	0.885	2.428	4.424	6.211	7.537
DPS (RMB)	0.281	0.815	1.521	2.144	2.605
Revenue YoY %	36.5	106.9	65.8	35.5	16.9
EBIT YoY %	111.0	237.6	88.2	41.0	20.7
EBITDA YoY %	59.8	164.2	78.7	39.0	20.3
Core net profit YoY%	148.9	172.0	84.5	40.4	21.4
Fully diluted EPS YoY%	153.8	173.7	82.3	40.4	21.4

Source: Company data, BOCI Research estimates

Balance Sheet (RMB m)

As at 31 Dec	2023	2024	2025E	2026E	2027E
Cash & cash equiv.	5,990	9,657	13,096	18,485	25,477
Receivables	321	478	792	1,073	1,254
Inventories	905	1,525	2,993	3,995	4,624
Other current assets	468	577	577	577	577
Total current assets	7,683	12,236	17,457	24,129	31,932
Fixed assets	653	739	884	1,055	939
Other long term assets	1,516	1,760	1,891	2,111	2,288
Total long-term assets	2,285	2,635	2,945	3,391	3,457
Total assets	9,969	14,871	20,403	27,520	35,389
Creditors	445	1,010	1,956	2,610	3,022
Short-term debt	15	0	0	0	0
Other current liabs.	1,273	2,360	2,810	3,420	3,807
Total current liabs.	1,733	3,370	4,766	6,030	6,829
Long-term borrowings	0	0	0	0	0
Other long-term liabs.	455	616	651	723	770
Share capital	1	1	1	1	1
Reserves/others	7,769	10,683	14,477	19,824	26,321
Shareholders' equity	7,770	10,684	14,478	19,825	26,322
M.I./Pref. shr/Oth	10	201	508	941	1,467
Total liabs. & equity	9,969	14,871	20,403	27,520	35,389
Per share (RMB)					
Book value	5.8	8.0	10.8	14.8	19.6
Tangible assets	5.7	7.9	10.7	14.6	19.4
Net debt/(cash)	Net cash	Net cash	Net cash	Net cash	Net cash

Source: Company data, BOCI Research estimates

Cash-flow Statement (RMB m)

Year ended 31 Dec	2023	2024	2025E	2026E	2027E
Pre-tax profit	1,416	4,366	8,193	11,546	14,029
Depr. & amortisation	669	863	1,149	1,437	1,686
Net interest expenses	(152)	(163)	(296)	(413)	(597)
Chg. in working capital	139	305	(410)	(60)	(38)
Tax paid	(262)	(610)	(2,048)	(2,886)	(3,507)
Other operating activ's	182	204	259	354	528
CF from operations	1,991	4,964	6,848	9,977	12,101
CAPEX	(392)	(652)	(865)	(1,171)	(1,027)
Decr./.(incr.) in invest.	7	0	0	0	0
Other investing activ's	0	0	0	0	0
CF from investing	(385)	(652)	(865)	(1,171)	(1,027)
Net incr. in debt	0	(15)	0	0	0
Dividends paid	(122)	(1,094)	(2,043)	(2,879)	(3,499)
Other financing activ's	(720)	(414)	(501)	(537)	(583)
CF from financing	(842)	(1,523)	(2,544)	(3,416)	(4,082)
Change in cash	764	2,790	3,438	5,389	6,992
Cash at start of year	685	2,078	4,868	8,306	13,695
Free cash flow to firm	1,605	4,313	5,983	8,805	11,074
Free cash flow to equity	1,605	4,298	5,983	8,805	11,074

Source: Company data, BOCI Research estimates

Key Ratios

Year ended 31 Dec	2023	2024	2025E	2026E	2027E
Profitability (%)					
EBITDA margin	30.1	38.5	41.5	42.6	43.8
EBIT margin	19.5	31.9	36.2	37.7	38.9
Pre-tax margin	22.5	33.5	37.9	39.4	41.0
Net profit margin	17.2	24.0	27.0	28.1	29.2
Liquidity (x)					
Current ratio	4.4	3.6	3.7	4.0	4.7
Interest coverage	NM	NM	NM	NM	NM
Net debt to equity (%)	NM	NM	NM	NM	NM
Quick ratio	3.9	3.2	3.0	3.3	4.0
Valuation (x)					
P/E	162.5	55.8	30.2	21.5	17.7
Core P/E	148.5	54.1	29.7	21.2	17.4
Core P/E @ target price	202.8	73.9	40.6	28.9	23.8
P/B	22.8	16.5	12.2	8.9	6.7
P/FCF	110.0	40.4	29.5	20.0	15.9
EV/EBITDA	9.9	20.7	18.3	12.8	10.2
Activity ratios					
Inventory days	132.7	102.4	120.9	140.1	149.3
Accounts receivables days	14.9	11.2	10.7	11.6	12.4
Accounts payables days	20.4	20.4	25.0	28.5	30.0
Returns (%)					
Dividend payout ratios	35.0	35.0	35.0	35.0	35.0
Return on equity	16.1	34.9	47.2	48.6	43.9
Return on assets	10.2	25.3	33.2	34.5	31.7
Return on capital employed	16.7	44.5	60.4	61.7	54.8

Source: Company data, BOCI Research estimates

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SELL : Stock with expected total absolute return (including dividends) < -10% over the next twelve months

OVERWEIGHT : Sector expected to outperform the market benchmark over the next twelve months

NEUTRAL : Sector expected to perform in-line with market benchmark over the next twelve months

UNDERWEIGHT : Sector expected to underperform the market benchmark over the next twelve months

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