

Giant Biogene (2367 HK)

Strong Performance in 2024

Giant Biogene announced strong 2024 results, with revenue up by 57% YoY to RMB5.5bn. Revenue from skincare products and medical dressing increased by 62.5% YoY and 41.5% YoY, respectively. The increase in revenue proportion of skincare products led to a decline in GPM from 83.6% in 2023 to 82.1% in 2024. Online revenue increased by 70.0% YoY, with revenue contribution rising to 71.6%. Due to the increased proportion of online revenue and rising marketing costs on Tmall and Douyin, the Company's selling expense ratio increased by 3.2 ppts to 36.3% in 2024. Therefore, attributable NPM decreased by 4 ppts to 37.2%.

- **Comfy maintains robust growth with successful category expansion.** In 2024, Comfy's revenue increased by 62.9% YoY to RMB4.5bn. We estimate that revenue proportion of collagen sticks and dressings decreased to below 30% each, with other products continuously achieving solid growth. We estimated *Comfy Focus Cream* generated revenue of over RMB200mn in 2024, and we expect it to potentially double this year. According to Moojing, in 2M25, Comfy maintained strong growth momentum, with total GMV on Tmall, JD.com, and Douyin increasing by 60% YoY. Notably, the lotion/cream category's GMV on Tmall increased by over 240% YoY in 2M25. We think the successful launch of *Focus Cream* further validates Comfy's ability to create blockbuster products. With the continuous expansion of product categories, we expect Comfy to grow rapidly.
- **Collgene accelerated growth.** In 2024, Collgene's revenue increased by 36.3% YoY to RMB840mn, with 2H24 revenue increasing by 50.1% YoY. We think the growth acceleration was driven by 1) robust online sales growth (according to Moojing, Collgene's total GMV on Tmall, JD.com, and Douyin increased by 103% YoY in 2024); and 2) headwinds from the revenue decline of Xi'an Chuangkecun business waning). We estimate that Collgene's offline revenue only accounted for approximately 30% in 2024, and online sales gradually unleashed growth potential. According to Moojing, Collgene's total GMV on Tmall, JD.com, and Douyin increased by over 180% YoY in 2M25, a significant acceleration compared to 2M24.
- **Approval of injectable products delayed.** The product targeting moderate to severe neck wrinkles (Injectable Recombinant Collagen Filler) was granted priority approval in Dec 2024 but the product targeting forehead lines and crow's feet, which was expected to be approved in 1Q25, remains pending. However, the Company has begun to prepare for commercialization and expand its medical aesthetics team. Leveraging its wide distribution network and brand strength in medical aesthetics from medical dressings and the newly launched "Intensive Repair" portfolios, we believe Giant Biogene is still well-positioned for long-term growth in medical aesthetics market despite approval delays.
- **Maintain BUY.** We believe the successful expansion of product portfolios will drive Giant Biogene's long-term rapid growth. Additionally, four injectable products are currently in the application phase and nearing commercialization. We raise our TP of HK\$79.96 based on a 9-year DCF model (WACC: 10.9%, terminal growth rate: 3.0%) considering the strong performance in 2024 and long-term growth potential.

Earnings Summary

(YE 31 Dec)	FY23A	FY24A	FY25E	FY26E	FY27E
Revenue (RMB mn)	3,524	5,539	7,138	9,320	11,944
YoY growth (%)	49.0	57.2	28.9	30.6	28.2
Adjusted net profit (RMB mn)	1,452	2,152	2,473	3,056	3,748
YoY growth (%)	37.4	48.2	15.0	23.6	22.6
P/E (x)	42.4	30.0	26.1	21.2	17.3
Net gearing (%)	(57.2)	(56.5)	(63.4)	(69.0)	(73.6)

Source: Company data, Bloomberg, CMBIGM estimates

BUY (Maintain)

Target Price	HK\$79.96
(Previous TP)	HK\$69.19)
Up/Downside	18.5%
Current Price	HK\$67.45

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Stock Data

Mkt Cap (HK\$ mn)	69,871.7
Avg 3 mths t/o (HK\$ mn)	199.8
52w High/Low (HK\$)	72.80/35.70
Total Issued Shares (mn)	1035.9

Source: FactSet

Shareholding Structure

Juzi Holding Co., Ltd	56.5%
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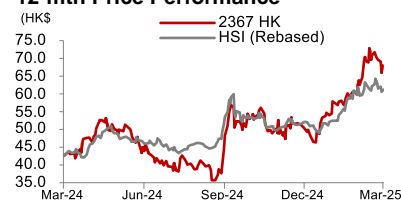
Source: HKEx

Share Performance

	Absolute	Relative
1-mth	5.8%	6.4%
3-mth	34.2%	14.4%
6-mth	39.6%	22.2%

Source: FactSet

12-mth Price Performance



Source: FactSet

Figure 1: Earnings revision

RMB mn	New			Old			Diff (%)		
	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
Revenue	7,138	9,320	11,944	7,288	9,729	12,481	-2.1%	-4.2%	-4.3%
Gross profit	5,784	7,486	9,571	5,905	7,813	9,998	-2.0%	-4.2%	-4.3%
Net profit	2,502	3,085	3,777	2,594	3,300	4,046	-3.6%	-6.5%	-6.6%
EPS (RMB)	2.42	2.98	3.65	2.52	3.21	3.93	-4.3%	-7.2%	-7.3%
Gross margin	81.03%	80.32%	80.13%	81.02%	80.31%	80.10%	+0.01 ppt	+0.02 ppt	+0.03 ppt
Net margin	35.05%	33.10%	31.62%	35.60%	33.92%	32.42%	-0.54 ppt	-0.82 ppt	-0.80 ppt

Source: Company data, CMBIGM estimates

Figure 2: Risk-adjusted DCF valuation

DCF Valuation (in RMB mn)	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E
EBIT	2,809	3,445	4,197	5,069	5,981	6,998	8,118	9,336	10,643
Tax rate	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%
EBIT*(1-tax rate)	2,388	2,929	3,568	4,309	5,084	5,948	6,900	7,935	9,046
+ D&A	62	67	71	75	89	104	120	139	158
- Change in working capital	-45	-95	-109	-139	-164	-192	-222	-256	-292
- Capex	-180	-150	-150	-150	-177	-207	-240	-276	-315
FCFF	2,225	2,751	3,380	4,095	4,832	5,654	6,558	7,542	8,598
Terminal value									111,461

Terminal growth rate	3.0%
WACC	10.9%
Cost of Equity	14.6%
Cost of Debt	5.0%
Equity Beta	1.10
Risk Free Rate	3.0%
Market Risk Premium	10.5%
Target Debt to Asset ratio	35.0%
Effective Corporate Tax Rate	15.0%

Terminal value (RMB mn)	43,768
Total PV (RMB mn)	68,923
Net debt (RMB mn)	-5,633
Minority interest (RMB mn)	11
Equity value (RMB mn)	74,545
Equity value (HK\$ mn)	82,828
# of shares (mn)	1,036
Price per share (HK\$ per share)	79.96

Source: CMBIGM estimates

Figure 3: Sensitivity analysis

		WACC				
		9.9%	10.4%	10.9%	11.4%	11.9%
Terminal growth rate	4.0%	103.10	94.54	87.24	80.94	75.46
	3.5%	97.46	89.89	83.35	77.67	72.68
	3.0%	92.64	85.86	79.96	74.78	70.20
	2.5%	88.46	82.34	76.96	72.21	67.99
	2.0%	84.81	79.23	74.30	69.92	66.00

Source: CMBIGM estimates

Figure 4: CMBIGM estimates vs consensus

RMB mn	CMBIGM			Consensus			Diff (%)		
	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
Revenue	7,138	9,320	11,944	6,849	8,605	10,706	4.2%	8.3%	11.6%
Gross profit	5,784	7,486	9,571	5,627	7,050	8,732	2.8%	6.2%	9.6%
Net profit	2,502	3,085	3,777	2,530	3,125	3,282	-1.1%	-1.3%	15.1%
EPS (RMB)	2.42	2.98	3.65	2.49	2.50	3.08	-2.9%	19.0%	18.3%
Gross margin	81.03%	80.32%	80.13%	82.15%	81.93%	81.56%	-1.12 ppt	-1.61 ppt	-1.43 ppt
Net margin	35.05%	33.10%	31.62%	36.94%	36.32%	30.66%	-1.89 ppt	-3.21 ppt	+0.97 ppt

Source: Company data, Bloomberg, CMBIGM estimates

Figure 5: Peer comparison

Company	Ticker	Rating	Price (LC)	Mkt cap (\$mn)	PE		PB		PS		ROE (%)	
					FY25E	FY26E	FY25E	FY26E	FY25E	FY26E	FY25E	FY26E
H share												
GIANT BIOGENE HOLDING CO LTD	2367 HK	BUY	67.5	8,985	26.1	21.2	7.3	5.9	8.7	6.6	31.3	30.9
A share												
IMEIK TECHNOLOGY DEVELOPMENT-A (爱美客)	300896 CH	NA	184.1	7,669	24.9	21.5	6.0	5.1	16.0	13.8	24.9	24.4
PROYA *COSMETICS CO LTD-A (珀莱雅)	603605 CH	BUY	84.1	4,585	17.8	15.0	4.9	3.9	2.4	2.1	28.7	27.4
BLOOMAGE BIOTECHNOLOGY COR-A (华熙生物)	688363 CH	NA	50.5	3,345	38.2	30.7	3.2	3.0	3.8	3.3	8.2	9.3
SHANXI JINBO BIO-PHARMACEUTICALS-A (锦波生物)	832982 CH	NA	299.0	3,643	25.8	20.2	10.6	6.9	13.5	10.5	41.2	36.0
HARBIN FUERJIA TECHNOLOGY -A (敷尔佳)	301371 CH	NA	35.1	1,935	17.5	15.8	2.0	1.8	5.9	5.4	11.2	11.3
Average					24.8	20.6	5.3	4.1	8.3	7.0	22.8	21.7

Source: Bloomberg, CMBIGM estimates, as of 27 Mar, 2025. *Note: Covered by CMBI consumer staples team

Financial Summary

INCOME STATEMENT	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (RMB mn)						
Revenue	2,364	3,524	5,539	7,138	9,320	11,944
Cost of goods sold	(369)	(577)	(992)	(1,354)	(1,834)	(2,373)
Gross profit	1,995	2,947	4,547	5,784	7,486	9,571
Selling expense	(706)	(1,164)	(2,008)	(2,731)	(3,705)	(4,928)
Admin expense	(111)	(97)	(151)	(178)	(233)	(299)
R&D expense	(44)	(75)	(106)	(121)	(158)	(203)
Other income	69	103	139	161	211	273
Other expense	(1)	(0)	(3)	(15)	(15)	(15)
Other gains/(losses)	(23)	31	44	44	44	44
Interest expense	(0)	(0)	(0)	(0)	(0)	(0)
Others	(1)	1	(0)	0	0	0
Pre-tax profit	1,178	1,745	2,458	2,943	3,629	4,443
Income tax	(176)	(297)	(396)	(441)	(544)	(666)
After tax profit	1,002	1,448	2,062	2,501	3,085	3,776
Minority interest	(0)	(4)	(1)	(1)	(1)	(1)
Attributable net profit	1,002	1,452	2,062	2,502	3,085	3,777
Adjusted net profit	1,056	1,452	2,152	2,473	3,056	3,748

BALANCE SHEET	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (RMB mn)						
Current assets	2,538	4,135	6,402	8,073	10,282	12,995
Cash & equivalents	1,331	2,504	4,030	5,640	7,643	10,119
Account receivables	69	102	141	157	205	262
Inventories	184	200	311	349	473	612
Financial assets at FVTPL	866	1,275	1,829	1,829	1,829	1,829
Other current assets	87	54	91	99	134	173
Non-current assets	600	838	1,636	1,754	1,836	1,914
PP&E	491	663	1,042	1,164	1,251	1,333
Right-of-use assets	60	48	51	46	41	36
Deferred income tax	1	1	1	1	1	1
Intangibles	7	7	6	6	7	8
Other non-current assets	41	118	536	536	536	536
Total assets	3,138	4,973	8,038	9,826	12,118	14,909
Current liabilities	281	531	836	853	965	1,091
Account payables	55	133	287	287	388	502
Tax payable	75	117	117	117	117	117
Other current liabilities	138	243	410	410	410	410
Lease liabilities	1	2	5	5	5	5
Contract liabilities	12	36	17	34	44	57
Non-current liabilities	20	71	82	82	82	82
Deferred income	18	20	19	19	19	19
Other non-current liabilities	2	52	63	63	63	63
Total liabilities	301	602	918	935	1,047	1,174
Ordinary share capital	0	0	0	0	0	0
Preferred share capital	0	0	0	0	0	0
Treasury shares	(0)	(0)	(0)	(0)	(0)	(0)
Other reserves	2,833	4,362	7,108	8,880	11,061	13,726
Minority interest	4	9	12	11	10	10
Total equity	2,837	4,371	7,120	8,891	11,071	13,735
Total equity and liabilities	3,138	4,973	8,038	9,826	12,118	14,909

CASH FLOW	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (RMB mn)						
Operating						
Profit before taxation	1,178	1,745	2,458	2,943	3,629	4,443
Depreciation & amortization	28	34	49	62	67	71
Tax paid	(173)	(206)	(396)	(441)	(544)	(666)
Change in working capital	(132)	128	115	(45)	(95)	(109)
Others	31	(54)	(127)	(110)	(160)	(222)
Net cash from operations	932	1,647	2,098	2,409	2,897	3,517
Investing						
Capital expenditure	(153)	(226)	(200)	(180)	(150)	(150)
Others	(706)	(301)	109	131	181	243
Net cash from investing	(859)	(527)	(91)	(49)	31	93
Financing						
Dividend paid	0	0	0	0	0	0
Proceeds from share issues	508	0	0	0	0	0
Others	(6,298)	52	390	(751)	(926)	(1,133)
Net cash from financing	(5,790)	52	390	(751)	(926)	(1,133)
Net change in cash						
Cash at the beginning of the year	7,103	1,331	2,504	4,030	5,640	7,643
Exchange difference	(55)	1	0	0	0	0
Cash at the end of the year	1,331	2,504	4,902	5,640	7,643	10,119
GROWTH	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
Revenue	52.3%	49.0%	57.2%	28.9%	30.6%	28.2%
Gross profit	47.3%	47.7%	54.3%	27.2%	29.4%	27.8%
Net profit	21.0%	44.9%	42.1%	21.3%	23.3%	22.4%
Adj. net profit	24.1%	37.4%	48.2%	15.0%	23.6%	22.6%
PROFITABILITY	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
Gross profit margin	84.4%	83.6%	82.1%	81.0%	80.3%	80.1%
Adj. net profit margin	44.7%	41.2%	38.8%	34.6%	32.8%	31.4%
Return on equity (ROE)	52.0%	40.3%	35.9%	31.3%	30.9%	30.5%
GEARING/LIQUIDITY/ACTIVITIES	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
Net debt to equity (x)	(0.5)	(0.6)	(0.6)	(0.6)	(0.7)	(0.7)
Current ratio (x)	9.0	7.8	7.7	9.5	10.7	11.9
VALUATION	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
P/E	63.6	42.4	30.0	26.1	21.2	17.3
P/E (diluted)	64.2	42.6	30.6	26.1	21.2	17.3
P/B	15.6	14.1	8.7	7.3	5.9	4.8
Div yield (%)	0.0	1.4	2.0	1.2	1.4	1.7

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

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