

# JNBY Design (3306 HK)

## Conservative guidance after a strong result

Maintain BUY and raise TP to HK\$ 22.84, based on 14x FY6/23E (rolled over from 13x FY6/22E P/E) considering a strong set of results in FY21 and decent growth momentum in the future, despite the relatively conservative guidance. As JNBY disclosed listed co growth target (RMB 6bn sales and RMB 0.9-1bn net profit by 24E), its valuation is not too demanding at 13x FY6/23E P/E (vs its 3 years average of 10x) with 7% FY23E dividend yield.

- FY21 results inline.** FY21 net profit rose by 87% YoY to RMB 647mn, inline with profit alert (expect 80%+ increase). Sales growth was impressive at 33% in FY21, driven by 159% distributor sales growth in 2H21 (by re-stocking), 19% SSSG in FY21 (sales per offline store is already 20%+ higher vs 2019 level). GP margin jumped by 3.3ppt to 62.9%, thanks to better retail discounts, while NP margin rose by 4.5ppt to 15.7%, driven by operating leverage. Special dividend of RMB 0.33 per share was proposed (effective payout ratio of 87%) and FY6/23E yield is now at 6.6%.
- A conservative FY22E guidance but we are slightly more optimistic.** Following a highly impressive performance in FY21, management is now guiding a 10%+ sales growth (SSSG of ~HSD) and a net profit of ~RMB 627mn to RMB 647mn in FY22E (flattish vs FY21's recurring net profit). However, we are slightly more optimistic, due to: 1) strong momentum (CMBI est. of 25%+ SSSG in 2H21), 2) strong growth from the social retail channels (e.g. "Box Project", "Wechat Mall" and "Diversified social e-commerce"), as related sales surged by 90%+ YoY, accounted for ~7% of group sales in FY21, 3) more store image upgrades (for JNBY, Less and jnby by JNBY), 4) better sales from VIPs, as number of VIPs resumed growth of 21% in FY21 due to improvement in overall customer experiences and 5) doubling down in branding and marketing, by hiring 3 new brand ambassadors (Ju Xiaowen/ Yoo Ah-in/ Zhou Xun for JNBY/ CROQUIS/ Less).
- More details about FY24E target disclosed.** While the Company maintained its FY24E retail sales target of RMB 10bn, it has disclosed more targets such as: 1) listed co sales of RMB 6bn, 2) GP margin to reach 65%+ and 3) net profit of ~RMB0.9-1bn, which will be driven by better design, branding, marketing and customer experience in all channels.
- Maintain BUY and raise TP to HK\$ 22.84.** We maintain BUY and raised TP to HK\$ 22.84, based on 14x FY6/23E P/E (rolled over from 13x FY6/22E P/E). We revised up FY21E/ 22E EPS by 21%/ 17%, to factor in: 1) robust SSSG, 2) better GP margin but 3) higher staff and A&P expenses. Valuation is not too demanding, given a 13x FY6/23E P/E and 7% FY6/23E yield.

### Earnings Summary

(YE 30 Jun)	FY20A	FY21A	FY22E	FY23E	FY24E
Revenue (RMB mn)	3,099	4,126	4,645	5,150	5,659
YoY growth (%)	(7.7)	33.1	12.6	10.9	9.9
Net income (RMB mn)	347	647	656	754	848
EPS (RMB)	0.675	1.289	1.301	1.488	1.664
YoY growth (%)	(28.2)	91.0	0.9	14.4	11.8
Consensus EPS (RMB)	n/a	n/a	1.226	1.440	n/a
P/E (x)	27.6	14.4	14.3	12.5	11.2
P/B (x)	5.9	4.9	4.6	4.1	3.7
Yield (%)	2.5	6.5	5.8	6.6	7.4
ROE (%)	23.3	37.0	35.2	36.0	36.0
Net gearing (%)	Net cash	Net cash	Net cash	Net cash	Net cash

Source: Company data, Bloomberg, CMBIS estimates

## BUY (Maintain)

Target Price	HK\$22.84
(Previous TP)	HK\$15.32)
Up/Downside	+22.8%
Current Price	HK\$18.60

### China Apparel Sector

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#### Stock Data

Mkt Cap (HK\$ mn)	9,649
Avg 3 mths t/o (HK\$ mn)	14.98
52w High/Low (HK\$)	21.50/7.16
Total Issued Shares (mn)	518.8

Source: Bloomberg

#### Shareholding Structure

Mr. Wu Jian & Family	59.20%
FIL Ltd.	2.37%
Vanguard Group	1.35%
Franklin Resources	1.31%
Free Float	37.07%

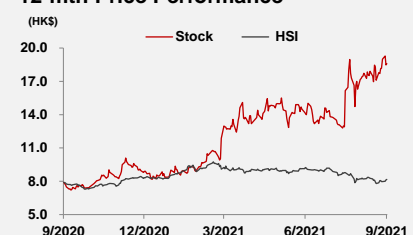
Source: HKEx

#### Share Performance

	Absolute	Relative
1-mth	13.4%	13.7%
3-mth	30.0%	46.4%
6-mth	55.6%	74.2%
12-mth	128.1%	122.0%

Source: Bloomberg

#### 12-mth Price Performance



Source: Bloomberg

#### Auditor: PricewaterhouseCoopers

#### Related Reports

- JNBY Design (3306 HK, BUY) – Speedy recovery and ambitious long-term goal – 1 Mar 2021
- JNBY Design (3306 HK, BUY) – The worst is over and better visibility ahead - 7 Aug 2020
- JNBY Design (3306 HK, BUY) – Unfinalized virus impact and lack of catalysts - 27 Feb 2020

## Results summary

Figure 1: Results summary – Half Year

Half yearly (RMB mn)	1H20	1H20	1H21	2H21	1H22E	2H22E	1H21 YoY	2H21 YoY	1H22E YoY	2H22E YoY
<b>Revenue</b>	2,135	964	2,315	1,812	2,665	1,980	8%	88%	15%	9%
COGS	(801)	(449)	(890)	(639)	(1,013)	(710)				
<b>Gross profit</b>	1,335	515	1,425	1,172	1,651	1,270	7%	128%	16%	8%
<b>GP margins</b>	62.5%	53.4%	61.6%	64.7%	62.0%	64.1%				
Other income & gains	51	5	28	16	29	30				
<b>S &amp; D expenses</b>	(642)	(503)	(671)	(758)	(826)	(882)	5%	51%	23%	16%
S & D exp / sales	-30.1%	-52.2%	-29.0%	-41.8%	-31.0%	-44.5%				
<b>Admin expenses</b>	(144)	(131)	(140)	(188)	(165)	(215)	-3%	43%	18%	14%
Admin exp / sales	-6.8%	-13.6%	-6.0%	-10.4%	-6.2%	-10.8%				
Other opex	0	0	0	0	0	0				
<b>Operating profit (EBIT)</b>	599	-114	642	242	690	203	7%	-312%	7%	-16%
<b>OP margins</b>	28.1%	-11.9%	27.7%	13.4%	25.9%	10.3%				
Other items	0	0	0	0	0	0				
Net finance income	0	1	1	2	5	1				
<b>Net finance income / sales</b>	0.0%	0.1%	0.0%	0.1%	0.2%	0.0%				
Profit after financing costs	599	-113	643	244	695	204				
Associated coms	0	0	0	0	0	0				
Jointly controlled coms	0	0	0	0	0	0				
<b>Pre-tax profit</b>	599	-113	643	244	695	204	7%	-316%	8%	-16%
Tax	(169)	30	(179)	(60)	(188)	(55)				
<b>Tax / sales</b>	-7.9%	3.1%	-7.7%	-3.3%	-7.0%	-2.8%				
<b>Effective tax rate</b>	-28.3%	-26.4%	-27.9%	-24.7%	-27.0%	-27.0%				
Minority interests	0	0	0	0	0	0				
<b>Net profit att.</b>	430	(83)	464	184	507	149	8%	-321%	9%	-19%
<b>NP margins</b>	20.1%	-8.6%	20.0%	10.1%	19.0%	7.5%				

Source: Company data, CMBIS estimates

Figure 2: Results summary - Full Year

Full yearly (RMB mn)	FY20	FY21	FY22E	FY23E	FY21 YoY	FY22E YoY	FY23E YoY
<b>Revenue</b>	3,099	4,126	4,645	5,150	-8%	33%	13%
COGS	(1,250)	(1,529)	(1,724)	(1,878)			
<b>Gross profit</b>	1,850	2,597	2,921	3,272	-10%	40%	12%
<b>GP margins</b>	59.7%	62.9%	62.9%	63.5%			
Other income & gains	56	44	59	61			
S & D expenses	(1,145)	(1,429)	(1,708)	(1,895)	-2%	25%	19%
<b>S &amp; D exp / sales</b>	-36.9%	-34.6%	-36.8%	-36.8%			
Admin expenses	(276)	(328)	(380)	(413)			
<b>Admin exp / sales</b>	-8.9%	-8.0%	-8.2%	-8.0%			
Other opex	0	0	0	0			
<b>Operating profit (EBIT)</b>	485	884	893	1,024	-25%	82%	1%
<b>OP margins</b>	15.6%	21.4%	19.2%	19.9%			
Other items	0	0	0	0			
Net finance income	1	3	6	9			
<b>Net finance income / sales</b>	0.0%	0.1%	0.1%	0.2%			
Profit after financing costs	486	887	899	1,034			
Associated coms	0	0	0	0			
Jointly controlled coms	0	0	0	0			
<b>Pre-tax profit</b>	486	887	899	1,034	-27%	82%	1%
Tax	(140)	(239)	(243)	(279)			
<b>Tax / sales</b>	-4.5%	-5.8%	-5.2%	-5.4%			
<b>Effective tax rate</b>	-28.7%	-27.0%	-27.0%	-27.0%			
Minority interests	0	0	0	0			
<b>Net profit att.</b>	347	647	656	754	-28%	87%	1%
<b>NP margins</b>	11.2%	15.7%	14.1%	14.6%			

Source: Company data, CMBIS estimates

## Earnings revision

Figure 3: Earnings revision

RMB mn	New			Old			Diff (%)		
	FY22E	FY23E	FY24E	FY22E	FY23E	FY24E	FY22E	FY23E	FY24E
Revenue	4,645	5,150	5,659	4,175	4,768	n/a	11.3%	8.0%	n/a
Gross profit	2,921	3,272	3,621	2,537	2,911	n/a	15.1%	12.4%	n/a
EBIT	893	1,024	1,145	764	904	n/a	16.9%	13.3%	n/a
Net profit att.	656	754	848	557	661	n/a	17.7%	14.2%	n/a
Diluted EPS (RMB)	1.301	1.488	1.664	1.074	1.267	n/a	21.1%	17.5%	n/a
Gross margin	62.9%	63.5%	64.0%	60.8%	61.0%	n/a	2.1ppt	2.5ppt	n/a
EBIT margin	19.2%	19.9%	20.2%	18.3%	19.0%	n/a	0.9ppt	0.9ppt	n/a
Net profit att. margin	14.1%	14.6%	15.0%	13.4%	13.9%	n/a	0.8ppt	0.8ppt	n/a

Source: Company data, CMBIS estimates

Figure 4: CMBIS estimates vs consensus

RMB mn	CMBIS			Consensus			Diff (%)		
	FY22E	FY23E	FY24E	FY22E	FY23E	FY24E	FY22E	FY23E	FY24E
Revenue	4,645	5,150	5,659	4,294	4,865	n/a	8.2%	5.9%	n/a
Gross profit	2,921	3,272	3,621	2,660	3,026	n/a	9.8%	8.1%	n/a
EBIT	893	1,024	1,145	856	984	n/a	4.3%	4.1%	n/a
Net profit att.	656	754	848	614	711	n/a	6.9%	6.2%	n/a
Diluted EPS (RMB)	1.301	1.488	1.664	1.226	1.440	n/a	6.1%	3.3%	n/a
Gross margin	62.9%	63.5%	64.0%	61.9%	62.2%	n/a	1ppt	1.3ppt	n/a
EBIT margin	19.2%	19.9%	20.2%	19.9%	20.2%	n/a	-0.7ppt	-0.3ppt	n/a
Net profit att. margin	14.1%	14.6%	15.0%	14.3%	14.6%	n/a	-0.2ppt	0ppt	n/a

Source: Company data, CMBIS estimates

## Valuation

Figure 5: Peers' valuation

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	
<b>H shares Apparel</b>															
JNBY Design	3306 HK	BUY	22.84	18.60	23%	9,649	Jun-21	14.4	14.3	4.3	3.8	40.4	0.5	6.5	
Bosideng Int'l	3998 HK	BUY	6.13	6.38	-4%	69,137	Mar-21	26.4	21.1	4.6	4.1	16.1	1.1	2.7	
China Lilang	1234 HK	BUY	6.27	4.89	28%	5,856	Dec-20	7.1	6.0	1.2	1.1	15.6	0.3	9.9	
Cosmo Lady	2298 HK	NR	n/a	0.80	n/a	1,800	Dec-20	11.1	7.4	0.6	0.6	1.2	(0.0)	3.2	
Giordano	709 HK	NR	n/a	1.69	n/a	2,667	Dec-20	15.4	12.1	n/a	n/a	5.2	(0.1)	6.5	
Koradior	3709 HK	NR	n/a	10.22	n/a	7,195	Dec-20	9.5	7.6	1.5	1.3	17.2	0.4	5.2	
Esprit Holdings	330 HK	NR	n/a	0.81	n/a	2,293	Dec-20	n/a	n/a	n/a	n/a	(77.0)	0.0	n/a	
La Chapelle	6116 HK	NR	n/a	0.68	n/a	1,112	Dec-20	n/a	n/a	n/a	n/a	n/a	0.0	n/a	
Bauhaus Intl	483 HK	NR	n/a	0.97	n/a	356	Mar-21	n/a	n/a	n/a	n/a	20.3	0.0	n/a	
								<b>Avg.</b>	<b>14.0</b>	<b>11.4</b>	<b>2.4</b>	<b>2.2</b>	<b>4.9</b>	<b>0.2</b>	<b>5.7</b>
								<b>Med.</b>	<b>12.8</b>	<b>9.9</b>	<b>1.5</b>	<b>1.3</b>	<b>15.8</b>	<b>0.0</b>	<b>5.8</b>
<b>A-shares Apparel</b>															
Ningbo Peacebird	603877 CH	NR	n/a	45.83	n/a	26,299	Dec-20	21.8	17.8	5.0	4.4	27.7	0.7	2.6	
Joeone Co Ltd	601566 CH	NR	n/a	15.81	n/a	10,936	Dec-20	30.4	26.4	2.2	2.1	9.4	7.0	n/a	
Fujian Septwolves	002029 CH	NR	n/a	6.19	n/a	5,630	Dec-20	17.2	14.9	0.8	0.7	4.5	0.9	2.1	
Hla Corp Ltd	600398 CH	NR	n/a	7.40	n/a	38,477	Dec-20	10.8	9.3	2.1	1.9	18.2	0.3	5.3	
Jiangsu Hongdou	600400 CH	NR	n/a	2.90	n/a	8,843	Dec-20	37.7	34.9	1.9	1.9	3.7	1.9	n/a	
Lancy Co Ltd	002612 CH	NR	n/a	31.70	n/a	16,883	Dec-20	54.8	40.6	4.5	4.2	8.0	1.1	0.9	
Shenzhen Huijie	002763 CH	NR	n/a	9.76	n/a	4,817	Dec-20	n/a	n/a	n/a	n/a	15.2	0.0	n/a	
Ellassay Fashion	603808 CH	NR	n/a	15.83	n/a	7,033	Dec-20	15.0	12.9	2.1	1.9	13.3	2.8	2.7	
Bobalton Co	002776 CH	NR	n/a	2.44	n/a	1,580	Dec-20	n/a	n/a	n/a	n/a	(17.3)	0.0	n/a	
								<b>Avg.</b>	<b>26.8</b>	<b>22.4</b>	<b>2.6</b>	<b>2.4</b>	<b>9.2</b>	<b>1.6</b>	<b>2.7</b>
								<b>Med.</b>	<b>21.8</b>	<b>17.8</b>	<b>2.1</b>	<b>1.9</b>	<b>9.4</b>	<b>0.9</b>	<b>2.6</b>
<b>International Apparel</b>															
Hugo Boss	BOSS GR	NR	n/a	48.56	n/a	31,511	Dec-20	36.6	21.3	3.9	3.3	0.1	(0.2)	1.5	
Ted Baker	TED LN	NR	n/a	156.70	n/a	3,102	Jan-21	n/a	22.7	n/a	n/a	(57.5)	0.0	0.0	
Next	NXT LN	NR	n/a	8074.00	n/a	115,101	Jan-21	16.7	15.0	10.2	8.2	52.0	0.4	2.3	
Hennes & Mauritz	HMB SS	NR	n/a	179.34	n/a	268,340	Nov-20	28.9	19.5	4.9	4.5	11.1	0.2	3.5	
Industria De Diseno	ITX SM	NR	n/a	29.77	n/a	855,208	Jan-21	27.1	23.4	5.9	5.6	13.7	0.5	3.2	
Ovs Spa	OVS IM	NR	n/a	1.76	n/a	4,709	Jan-21	23.1	11.0	0.6	0.6	4.7	1.9	0.0	
Pvh Corp	PVH US	NR	n/a	120.38	n/a	66,793	Jan-21	15.8	13.6	1.7	1.5	6.1	(0.1)	0.1	
Vf Corp	VFC US	NR	n/a	76.57	n/a	233,771	Mar-21	23.5	20.0	7.6	7.2	32.9	0.4	2.6	
Marks & Spencer	MKS LN	NR	n/a	183.15	n/a	38,455	Apr-21	13.3	11.1	1.4	1.4	(6.6)	(0.1)	0.6	
								<b>Avg.</b>	<b>23.1</b>	<b>17.5</b>	<b>4.5</b>	<b>4.0</b>	<b>6.3</b>	<b>0.3</b>	<b>1.5</b>
								<b>Med.</b>	<b>23.3</b>	<b>19.5</b>	<b>4.4</b>	<b>3.9</b>	<b>6.1</b>	<b>0.2</b>	<b>1.5</b>

Source: Bloomberg, CMBIS estimates

## Assumptions

**Figure 6: Major assumptions**

Major assumptions	FY20A	FY21A	FY22E	FY23E	FY24E
<b>Sales by brand (RMB mn)</b>					
JNBY	1,762	2,299	2,552	2,807	3,059
CROQUIS	557	692	775	853	930
jnby by JNBY	444	657	742	831	923
less	261	391	470	531	594
Other brands	75	87	106	129	153
Total	3,099	4,126	4,645	5,150	5,659
<b>Sales by brand growth (%)</b>					
JNBY	-6.3%	30.5%	11.0%	10.0%	9.0%
CROQUIS	-13.5%	24.2%	12.0%	10.0%	9.0%
jnby by JNBY	-6.7%	47.8%	13.0%	12.0%	11.0%
less	-9.1%	50.0%	20.0%	13.0%	12.0%
Other brands	5.6%	15.5%	21.7%	21.5%	18.9%
Total	-7.7%	33.1%	12.6%	10.9%	9.9%
<b>Sales by channel growth (%)</b>					
Self-owned	-9.1%	29.7%	10.7%	7.7%	6.6%
Distributors	-13.2%	33.9%	12.0%	10.0%	9.0%
Online	18.0%	42.4%	19.0%	21.0%	19.0%
<b>Sales network by segment</b>					
JNBY	881	926	941	956	971
CROQUIS	315	312	327	342	357
jnby by JNBY	436	470	480	490	500
less	184	185	195	205	215
Other brands	39	38	45	53	61
Total	1,855	1,931	1,988	2,046	2,104
<b>GP margins by Channel</b>					
JNBY	61.1%	63.5%	64.0%	64.5%	65.0%
CROQUIS	61.8%	61.9%	62.2%	63.5%	64.0%
jnby by JNBY	56.7%	61.6%	61.7%	62.5%	63.0%
less	62.0%	66.4%	63.5%	64.0%	64.5%
Other brands	19.3%	51.0%	47.0%	47.3%	47.3%
Total	59.7%	62.9%	62.9%	63.5%	64.0%
<b>Opex breakdown</b>					
Outsourcing charges/ sales	9.6%	8.1%	8.4%	8.4%	8.4%
Rental expenses/ sales	14.5%	11.9%	11.8%	11.7%	11.6%
Staff costs/ sales	8.7%	8.7%	8.5%	8.7%	8.9%
A&P expenses/ sales	4.6%	6.9%	8.0%	8.1%	8.1%
Provisions for inventory/ sales	5.7%	2.9%	3.0%	2.9%	2.9%
D&A/ sales	2.0%	1.7%	1.4%	1.4%	1.4%
Selling & distribution costs / sales	36.9%	34.6%	36.8%	36.8%	37.0%
Admin expenses / sales	8.9%	8.0%	8.2%	8.0%	8.0%
<b>OP margins</b>	<b>15.6%</b>	<b>21.4%</b>	<b>19.2%</b>	<b>19.9%</b>	<b>20.2%</b>
Effective tax rate	28.7%	27.0%	27.0%	27.0%	27.0%
<b>Net profit margins</b>	<b>11.2%</b>	<b>15.7%</b>	<b>14.1%</b>	<b>14.6%</b>	<b>15.0%</b>
<b>Net profit att. growth (%)</b>	<b>-28.5%</b>	<b>86.7%</b>	<b>1.4%</b>	<b>15.0%</b>	<b>12.4%</b>

Source: Company data, CMBIS estimates

## Financial Summary

Income statement						Cash flow summary					
YE 30 Jun (RMB mn)	FY20A	FY21A	FY22E	FY23E	FY24E	YE 30 Jun (RMB mn)	FY19A	FY20A	FY21E	FY22E	FY23E
<b>Revenue</b>	<b>3,099</b>	<b>4,126</b>	<b>4,645</b>	<b>5,150</b>	<b>5,659</b>	<b>EBIT</b>	<b>485</b>	<b>884</b>	<b>893</b>	<b>1,024</b>	<b>1,145</b>
Self-owned	1,354	1,756	1,944	2,093	2,231	D & A	52	74	97	121	146
Distributors	1,276	1,710	1,915	2,106	2,296	Change in working capital	(73)	(27)	(45)	(23)	(26)
Online	464	661	786	951	1,132	Income tax paid	(205)	(239)	(243)	(279)	(314)
Others	5	-	-	-	-	Others	410	32	36	39	46
<b>Cost of goods sold</b>	<b>(1,250)</b>	<b>(1,529)</b>	<b>(1,724)</b>	<b>(1,878)</b>	<b>(2,038)</b>	<b>Net cash from operating</b>	<b>669</b>	<b>723</b>	<b>738</b>	<b>882</b>	<b>998</b>
<b>Gross profit</b>	<b>1,850</b>	<b>2,597</b>	<b>2,921</b>	<b>3,272</b>	<b>3,621</b>	Capex & investments	(117)	(156)	(176)	(195)	(214)
<b>Other income</b>	<b>56</b>	<b>44</b>	<b>59</b>	<b>61</b>	<b>67</b>	Associated companies	-	-	-	-	-
<b>Operating expenses</b>	<b>(1,421)</b>	<b>(1,757)</b>	<b>(2,088)</b>	<b>(2,309)</b>	<b>(2,542)</b>	Interest received	17	-	-	-	-
D & A	(10)	(13)	(16)	(20)	(23)	Others	(157)	-	-	-	-
Staff costs	(246)	(316)	(376)	(416)	(463)	<b>Net cash from investing</b>	<b>(257)</b>	<b>(156)</b>	<b>(176)</b>	<b>(195)</b>	<b>(214)</b>
S & D costs (ex-staff, D&A)	(1,037)	(1,286)	(1,536)	(1,704)	(1,878)	Equity raised	(94)	-	-	-	-
Admin exp. (ex-staff, D&A)	(129)	(142)	(159)	(169)	(179)	Net change in bank loans	20	-	-	-	-
Other operating expenses	-	-	-	-	-	Dividend paid	(220)	(385)	(542)	(520)	(593)
<b>EBIT</b>	<b>485</b>	<b>884</b>	<b>893</b>	<b>1,024</b>	<b>1,145</b>	Others	-	(29)	(29)	(29)	(29)
Finance costs, net	1	3	6	9	17	<b>Net cash from financing</b>	<b>(294)</b>	<b>(414)</b>	<b>(572)</b>	<b>(549)</b>	<b>(622)</b>
JVs & associates	-	-	-	-	-	<b>Net change in cash</b>	<b>118</b>	<b>153</b>	<b>(9)</b>	<b>138</b>	<b>161</b>
Exceptional	-	-	-	-	-	Beginning cash balance	216	337	490	481	619
<b>Pre-tax profit</b>	<b>486</b>	<b>887</b>	<b>899</b>	<b>1,034</b>	<b>1,162</b>	Exchange difference	3	-	-	-	-
Income tax	(140)	(239)	(243)	(279)	(314)	<b>Cash at the end of the year</b>	<b>337</b>	<b>490</b>	<b>481</b>	<b>619</b>	<b>780</b>
Less: Minority interests	0	0	0	0	0						
<b>Net profit</b>	<b>347</b>	<b>647</b>	<b>656</b>	<b>754</b>	<b>848</b>						

Balance sheet						Key ratios					
YE 30 Jun (RMB mn)	FY19A	FY20A	FY21E	FY22E	FY23E	YE 30 Jun	FY19A	FY20A	FY21E	FY22E	FY23E
<b>Non-current assets</b>	<b>728</b>	<b>810</b>	<b>889</b>	<b>962</b>	<b>1,030</b>	<b>Sales mix (%)</b>					
Fixed asset	324	409	490	566	636	Self-owned	43.7	42.6	41.8	40.6	39.4
Intangible assets & goodwill	14	11	9	7	6	Distributors	41.2	41.4	41.2	40.9	40.6
Prepaid lease payments	8	8	8	8	8	Online	15.0	16.0	16.9	18.5	20.0
Interest in joint ventures	-	-	-	-	-	Others	0.2	-	-	-	-
Other non-current assets	382	381	381	380	380	<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>Current assets</b>	<b>2,106</b>	<b>2,577</b>	<b>2,768</b>	<b>3,075</b>	<b>3,410</b>	<b>P&amp;L ratios (%)</b>					
Cash & cash equivalents	337	490	481	619	780	Gross margin	59.7	62.9	62.9	63.5	64.0
Inventories	904	1,106	1,247	1,359	1,475	Operating margin	15.6	21.4	19.2	19.9	20.2
Trade and other receivables	97	130	146	162	178	Pre-tax margin	15.7	21.5	19.4	20.1	20.5
Prepayments	253	337	379	421	462	Net margin	11.2	15.7	14.1	14.6	15.0
Other current assets	515	515	515	515	515	Effective tax rate	28.7	27.0	27.0	27.0	27.0
<b>Current liabilities</b>	<b>1,257</b>	<b>1,548</b>	<b>1,702</b>	<b>1,848</b>	<b>1,996</b>	<b>Balance sheet ratios</b>					
Bank loans	188	188	188	188	188	Current ratio (x)	1.7	1.7	1.6	1.7	1.7
Trade payables	182	222	251	273	297	Quick ratio (x)	1.0	1.0	0.9	0.9	1.0
Accruals & other payables	756	1,006	1,132	1,256	1,380	Cash ratio (x)	0.3	0.3	0.3	0.3	0.4
Tax payables	-	-	-	-	-	Inventory turnover days	264	264	264	264	264
Others	132	132	132	132	132	Trade receivables days	11	11	11	11	11
<b>Non-current liabilities</b>	<b>92</b>	<b>92</b>	<b>92</b>	<b>92</b>	<b>92</b>	Trade payables days	53	53	53	53	53
Bank loans	-	-	-	-	-	Total debt / total equity	13.5	11.5	10.8	9.6	8.5
Deferred income	4	4	4	4	4	Net debt / equity ratio (%)	Net cash	Net cash	Net cash	Net cash	Net cash
Deferred tax	15	15	15	15	15	<b>Returns (%)</b>					
Others	73	73	73	73	73	ROE	23.3	37.0	35.2	36.0	36.0
<b>Minority interest</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	ROA	12.2	19.1	17.9	18.7	19.1
<b>Total net assets</b>	<b>1,486</b>	<b>1,748</b>	<b>1,863</b>	<b>2,098</b>	<b>2,353</b>	<b>Per share</b>					
<b>Shareholders' equity</b>	<b>1,486</b>	<b>1,748</b>	<b>1,863</b>	<b>2,098</b>	<b>2,353</b>	EPS (RMB)	0.67	1.29	1.30	1.49	1.66
						DPS (RMB)	0.42	1.10	0.98	1.12	1.25
						BVPS (RMB)	2.86	3.44	3.65	4.09	4.57

Source: Company data, CMBIS estimates

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