

Anta Sports (2020 HK)

A mixed guidance but long-term growth intact

Maintain BUY but cut our TP to HK\$ 121.33, based on 30x FY22E P/E (down from 32x). Performance in 1Q22E so far was decent for Anta but stayed challenging for FILA. Nevertheless, thanks to more than expected DTC and Amer's contribution, we are still optimistic about FY22E. Current valuation of 26x FY22E P/E is not demanding, vs 5 year-average of 20x and int'l peers' average of 24x.

- **FY21 result in-line.** Anta sales grew by 39% YoY to RMB 49.3bn and net profit increased by 50% YoY to RMB 7.7bn in FY21, both are inline with its CMBI/ BBG est. Other income was lower than our expectation but offset by better finance income and less than expected losses for Amer.
- **1Q22E performance was mixed so far.** Anta retail sales was strong with 20%+ YoY growth in Jan-Feb 2022, aided by the 40-50% online sales growth during the Winter Olympics. However, FILA performance was slightly below management's expectation, at only 15%+. More importantly, Covid-19 outbreak since Mar 2022 has become a real drag as 18-20% of total stores were closed temporarily and e-commerce sales was also hindered by restrictions on logistics. **Growth in 2Q22E may be affected if it persists.**
- **Guided 20%+ retail sales growth for Anta in FY22E.** We are confident on this target, because: 1) DTC transformation is ahead of schedule (sales per store up 30%+, ASP up ~10%, retail discounts improved by ~3ppt YoY and OP margin already reached MSD in FY21), 2) brand reform is rather encouraging (step-up on marketing and more high-end product launches). Moreover, 800 more distributors' stores may be converted into self-owned stores and additional sales of RMB 0.5-1.0bn may be booked in FY22E.
- **Guided 15%+ retail sales growth for FILA in FY22E, but with uncertainty.** Management is working hard towards this target, but that is still highly subject to macro challenges. For FY22E, sales growth may be affected by certain stores closures (because FILA now focuses more on per store productivity) and OP margin may be under pressure due to the excessive inventory level in 1Q22E and likely higher retail discounts. But the long-term target remains unchanged (RMB 40-50bn sales and 25%-30% OP margin).
- **Maintain BUY and revised down our TP to HK\$ 121.33.** We maintain BUY but revised down TP to HK\$ 121.33, based on 30x FY22E P/E (cut from 32x due to sector de-rating). We cut our FY22E/ 23E NP forecasts by 3%/ 4%, to factor in: 1) slower FILA growth, 2) a lower OP margin and 3) greater profit from Amer. Current valuation is not too demanding at 26x FY22E P/E, given a 30% NP CAGR during FY20-23E and vs 5 year-average of 20x P/E.

Earnings Summary

(YE 31 Dec)	FY20A	FY21A	FY22E	FY23E	FY24E
Revenue (RMB mn)	35,512	49,328	60,112	71,372	80,936
YoY growth (%)	4.7	38.9	21.9	18.7	13.4
Net income (RMB mn)	5,162	7,720	9,362	11,385	13,168
EPS (RMB)	1.86	2.77	3.36	4.08	4.72
YoY growth (%)	(3.2)	49.2	21.3	21.6	15.7
Consensus EPS (RMB)	n/a	n/a	3.57	4.47	5.17
P/E (x)	47.8	31.6	26.1	21.4	18.5
P/B (x)	10.0	8.2	6.8	5.5	4.5
Yield (%)	0.7	1.5	1.2	1.6	2.1
ROE (%)	21.5	26.7	26.7	26.3	25.2
Net gearing (%)	Net cash	Net cash	Net cash	Net cash	Net cash

Source: Company data, Bloomberg, CMBIGM estimates

BUY (Maintain)

Target Price	HK\$121.33
(Previous TP)	HK\$132.66)
Up/Downside	+15.1%
Current Price	HK\$105.40

China Sportswear Sector

Walter Woo

(852) 3761 8776
walterwoo@cmbi.com.hk

Raphael Tse

(852) 3900 0856
raphaeltse@cmbi.com.hk

Stock Data

Mkt Cap (HK\$ mn)	284,931
Avg 3 mths t/o (HK\$ mn)	951.91
52w High/Low (HK\$)	191.37/79.35
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%

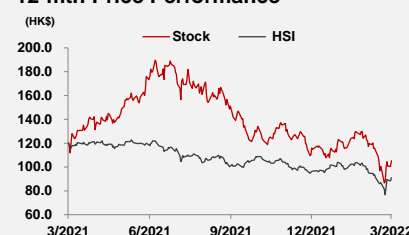
Source: HKEx

Share Performance

	Absolute	Relative
1-mth	-20.9%	-9.9%
3-mth	-8.8%	-1.3%
6-mth	-33.5%	-24.1%
12-mth	-16.5%	14.0%

Source: Bloomberg

12-mth Price Performance



Source: Bloomberg

Auditor: KPMG

Related Reports

1. Anta Sports (2020 HK, BUY) – 4Q21 inline but we are prudent about FY22E – 20 Jan 2022
2. Anta Sports (2020 HK, BUY) – Reset expectations and long-term target remains intact – 19 Oct 2021
3. Anta Sports (2020 HK, BUY) – Guidance maintained but be cautious on opex – 25 Aug 2021

- **Targeting 30% retail sales growth for Descente in FY22E.** Similar to FILA, management is also focusing more on: 1) per store productivity, 2) OP margin improvement and 3) e-commerce sales, rather than store expansion in FY22E, while long term sales target of RMB 4-5bn remains unchanged.
- **Amer sports is a positive surprise.** Amer's losses has narrowed to ~RMB 80mn in FY21, beating our est. of RMB 300mn despite the supply chain issues, we attributed this beat to its shift from multi-brands to mega-brands strategy (resources are now more centralized and duplications were reduced). Management expects profits in FY22E, as all of its core brands (Arc'teryx, Solomon and Wilson) are all doing great in almost all fronts (DTC, China and digital) and 5-year plan is also ahead of schedule.

Earnings revision

Figure 1: Earnings revision

RMB mn	New			Old			Diff (%)		
	FY22E	FY23E	FY24E	FY22E	FY23E	FY24E	FY22E	FY23E	FY24E
Revenue	60,112	71,372	80,936	58,522	69,178	78,567	2.7%	3.2%	3.0%
Gross profit	36,985	44,159	50,220	36,128	42,928	48,887	2.4%	2.9%	2.7%
EBIT	12,833	15,255	17,438	14,032	16,752	19,290	-8.5%	-8.9%	-9.6%
Net profit att.	9,362	11,385	13,168	9,598	11,829	13,672	-2.5%	-3.8%	-3.7%
Diluted EPS (RMB)	3.357	4.082	4.722	3.441	4.240	4.901	-2.4%	-3.7%	-3.7%
Gross margin	61.5%	61.9%	62.0%	61.7%	62.1%	62.2%	-0.2ppt	-0.2ppt	-0.2ppt
EBIT margin	21.3%	21.4%	21.5%	24.0%	24.2%	24.6%	-2.6ppt	-2.8ppt	-3ppt
Net profit att. margin	15.6%	16.0%	16.3%	16.4%	17.1%	17.4%	-0.8ppt	-1.1ppt	-1.1ppt

Source: Company data, CMBIGM estimates

Figure 2: CMBIGM estimates vs consensus

RMB mn	CMBIS			Consensus			Diff (%)		
	FY22E	FY23E	FY24E	FY22E	FY23E	FY24E	FY22E	FY23E	FY24E
Revenue	60,112	71,372	80,936	58,361	70,049	80,071	3.0%	1.9%	1.1%
Gross profit	36,985	44,159	50,220	35,773	43,196	48,555	3.4%	2.2%	3.4%
EBIT	12,833	15,255	17,438	14,238	17,607	18,466	-9.9%	-13.4%	-5.6%
Net profit att.	9,362	11,385	13,168	9,673	12,124	14,228	-3.2%	-6.1%	-7.5%
Diluted EPS (RMB)	3.357	4.082	4.722	3.572	4.473	5.168	-6.0%	-8.7%	-8.6%
Gross margin	61.5%	61.9%	62.0%	61.3%	61.7%	60.6%	0.2ppt	0.2ppt	1.4ppt
EBIT margin	21.3%	21.4%	21.5%	24.4%	25.1%	23.1%	-3ppt	-3.8ppt	-1.5ppt
Net profit att. margin	15.6%	16.0%	16.3%	16.6%	17.3%	17.8%	-1ppt	-1.4ppt	-1.5ppt

Source: Bloomberg, CMBIGM estimates

Results summary

Figure 3: Results summary – Half Year

Half yearly (RMB mn)	1H20	2H20	1H21	2H21	1H20 YoY	2H20 YoY	1H21 YoY	2H21 YoY	2H21E CMBIGM	Actual vs CMBIGM
Revenue	14,669	20,843	22,812	26,516	-1%	9%	56%	27%	25,886	2%
COGS	(6,330)	(8,531)	(8,404)	(10,520)					(10,425)	
Gross profit	8,339	12,312	14,408	15,996	0%	19%	73%	30%	15,461	3%
GP margins	56.8%	59.1%	63.2%	60.3%					59.7%	
Other income & gains	710	679	339	927					1,317	-30%
S & D expenses	(4,395)	(6,371)	(7,556)	(10,197)	7%	14%	72%	60%	(9,440)	8%
S & D exp / sales	-30.0%	-30.6%	-33.1%	-38.5%					-36.5%	
Admin expenses	(1,050)	(1,072)	(1,286)	(1,642)	128%	26%	22%	53%	(1,951)	-16%
Admin exp / sales	-7.2%	-5.1%	-5.6%	-6.2%					-7.5%	
Other opex	0	0	0	0					0	
Operating profit (EBIT)	3,604	5,548	5,905	5,084	-15%	25%	64%	-8%	5,387	-6%
OP margins	24.6%	26.6%	25.9%	19.2%					20.8%	
Other items	0	0	0	0					0	
Net finance income	(65)	(397)	231	101					(166)	-161%
Net fin. income / sales	-0.4%	-1.9%	1.0%	0.4%					-0.6%	
Profit after financing costs	3,539	5,151	6,136	5,185					5,221	
Associated coms	0	0	0	0					0	
Jointly controlled coms	(719)	118	(346)	265					54	
Pre-tax profit	2,820	5,269	5,790	5,450	-21%	18%	105%	3%	5,275	3%
Tax	(1,040)	(1,480)	(1,658)	(1,363)					(1,330)	
Tax / sales	-7.1%	-7.1%	-7.3%	-5.1%					-5.1%	
Effective tax rate	-36.9%	-28.1%	-28.6%	-25.0%					-25.2%	
Minority interests	122	285	292	207					345	-40%
Net profit att.	1,658	3,504	3,840	3,880	-27%	13%	132%	11%	3,601	8%
NP margins	11.3%	16.8%	16.8%	14.6%					13.9%	
Sales										
Anta	6,777	8,972	10,578	13,434	-11%	-9%	56%	50%	12,607	7%
FILA & others	7,892	11,871	12,234	13,082	9%	28%	55%	10%	13,279	-1%
GP margins										
Anta	41.6%	46.9%	52.8%	51.7%					52.1%	-0.4ppt
FILA & others	70.5%	68.5%	72.3%	68.7%					67.7%	1ppt
OP margins										
Anta	26.8%	29.5%	23.3%	18.5%					17.4%	1.1ppt
FILA & others	24.7%	26.5%	29.0%	20.5%					23.0%	-2.5ppt

Source: Company data, CMBIGM estimates

Figure 4: Results summary - Full Year

Full yearly (RMB mn)	FY20	FY21E	FY22E	FY21E YoY	FY22E YoY	2H21E CMBIGM	Actual vs CMBIGM
Revenue	35,512	49,328	60,112	39%	22%	48,698	1%
COGS	(14,861)	(18,924)	(23,127)			(18,829)	
Gross profit	20,651	30,404	36,985	47%	22%	29,869	2%
GP margins	58.2%	61.6%	61.5%			61.3%	
Other income & gains	1,389	1,266	1,383			1,656	-24%
S & D expenses	(10,766)	(17,753)	(21,289)	65%	20%	(16,996)	4%
S & D exp / sales	-30.3%	-36.0%	-35.4%			-34.9%	
Admin expenses	(2,122)	(2,928)	(4,055)	38%	38%	(3,237)	-10%
Admin exp / sales	-6.0%	-5.9%	-6.7%			-6.6%	
Other opex	0	0	0			0	
Operating profit (EBIT)	9,152	10,989	13,023	20%	19%	11,292	-3%
OP margins	25.8%	22.3%	21.7%			23.2%	
Other items	0	0	0			0	
Net finance income	(462)	332	245			65	407%
Net fin. income / sales	-1.3%	0.7%	0.4%			0.1%	
Profit after financing costs	8,690	11,321	13,268			11,357	
Associated coms	0	0	0			0	
Jointly controlled coms	(601)	(81)	120			(292)	
Pre-tax profit	8,089	11,240	13,388	39%	19%	11,065	2%
Tax	(2,520)	(3,021)	(3,481)			(2,988)	
Tax / sales	-7.1%	-6.1%	-5.8%			-6.1%	
Effective tax rate	-31.2%	-26.9%	-26.0%			-27.0%	
Minority interests	407	499	545			637	-22%
Net profit att.	5,162	7,720	9,362	50%	21%	7,441	4%
NP margins	14.5%	15.7%	15.6%			15.3%	
Sales							
Anta	15,749	24,012	29,929	52%	25%	23,185	4%
FILA & others	19,763	25,316	30,183	28%	19%	25,513	-1%
GP margins							
Anta	44.7%	52.2%	53.6%			52.4%	-0.2ppt
FILA & others	69.3%	70.5%	70.0%			70.0%	0.5ppt
OP margins							
Anta	28.3%	20.6%	21.4%			20.1%	0.5ppt
FILA & others	25.8%	24.7%	22.0%			26.0%	-1.3ppt

Source: Company data, CMBIGM estimates

Operating numbers

Figure 5: Sportswear brands sales growth trend

Operating numbers	1Q19	2Q19	3Q19	4Q19	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21	3Q21	4Q21	1Q22E	2Q22E	3Q22E	4Q22E
Nike China sales	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	16.0%	14.0%	11.0%	15.0%	-58.0%	0.0%	-5.0%	7.0%	156.0%	-16.0%	-15.0%	-24.0%				
Anta brand's SSSG																
Anta brand's retail sales	+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	23.0%	5.0%	25.0%	25.0%
Core brand	+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 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	+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/ 65%-70% 55%-60%)																
FILA brand's retail sales			50%-55%	50%-55%	-ve MSD	+ve Low-teens	20%-25%	25%-30%	75%-80%	30%-35%	+ve MSD	+ve HSD	17.0%	10.0%	20.0%	15.0%
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																
			30%-35%	25%-30%	-ve HSD	25%-30%	50%-55%	55%-60%	115%-120%	70%-75%	35%-40%	30%-35%				
Descente	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 Mid-teens	+ve Mid-teens	+ve High-teens	+ve Low-twenties	n/a	-ve MSD	+ve LSD	+ve Low-teens	n/a	+ve Low 80%	+ve High 20%	+ve Low 20%				
Direct retail	+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 Mid 30%	+ve Mid 20%				
Wholesales	+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%	+ve High-teens				
E- Commerce	+ve High 30%	+ve Mid 30%	+ve Mid 30%	+ve Low 40%	+ve Low-teens	+ve Mid 20%	+ve High 30%	+ve Low 30%	n/a	+ve High 80%	+ve Mid 30%	+ve High 20%				
Li Ning group's retail sa																
	+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%	+ve Low 30%	28.0%	5.0%	25.0%	20.0%
Direct retail	+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%	+ve High 20%				
Wholesales	+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%	+ve High 20%				
E- Commerce	+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%	+ve Low 40%				
Xtep's SSSG																
	+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%	28.0%	10.0%	25.0%	20.0%
361 Degrees' SSSG																
	+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	8.4%	4.2%	6.0%	1.9%	-32.5%	-17.8%										
Pou Sheng's sales	19.9%	18.9%	21.9%	19.1%	-25.1%	0.3%	-0.3%	1.0%	47.8%	-15.0%	-25.1%	-26.7%	-10.0%	0.0%	10.0%	15.0%
Dong Xiang's SSSG																
	-ve LSD	+ve MSD	+ve Mid to High SD	+ve High 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 sale	+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	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, CMBIGM estimates, *Nike's year end is in May (e.g. 4Q18 calendar year = 2Q19 fiscal year = Sep-Nov 2018)

Valuation

Figure 6: 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	121.33	105.40	15%	284,931	Dec-21	26.1	21.4	6.2	5.0	29.2	1.3	1.7	
Li Ning Co	2331 HK	BUY	81.04	67.65	20%	177,030	Dec-21	29.7	23.8	6.3	5.2	26.9	1.4	1.0	
Xtep Intl	1368 HK	BUY	16.21	12.28	32%	32,300	Dec-21	22.1	17.8	3.0	2.8	12.0	0.9	2.7	
361 Degrees Intl	1361 HK	NR	n/a	3.65	n/a	7,547	Dec-20	11.0	9.8	0.9	0.8	7.7	0.5	1.9	
Topsports Intl	6110 HK	NR	n/a	6.51	n/a	40,370	Feb-21	11.6	9.7	2.9	2.5	26.5	0.7	4.4	
Pou Sheng Intl	3813 HK	NR	n/a	0.86	n/a	4,581	Dec-21	4.8	3.4	0.4	0.4	4.5	0.1	3.4	
China DX	3818 HK	NR	n/a	0.49	n/a	2,855	Mar-21	n/a	3.6	0.2	0.2	(0.5)	0.0	n/a	
								Avg.	17.5	12.8	2.9	2.4	15.2	0.7	2.5
								Med.	16.8	9.8	2.9	2.5	12.0	0.7	2.3
International Sportswear															
Nike	NKE US	NR	n/a	135.21	n/a	1,673,424	May-21	36.1	29.0	15.1	13.8	45.7	2.5	0.9	
Adidas	ADS GY	NR	n/a	216.85	n/a	359,622	Dec-21	22.4	18.4	5.7	5.2	30.3	3.5	1.8	
Puma	PUM GY	NR	n/a	78.26	n/a	101,899	Dec-21	28.3	22.3	4.9	4.3	15.7	1.2	1.2	
Under Armour	UAA US	NR	n/a	17.47	n/a	61,173	Dec-21	23.5	22.1	n/a	2.9	19.1	2.6	n/a	
Lululemon	LULU US	NR	n/a	315.71	n/a	319,485	Jan-21	41.0	34.6	13.9	11.0	36.1	1.2	0.0	
Skechers	SKX US	NR	n/a	41.06	n/a	50,148	Dec-21	14.1	11.3	1.7	1.4	25.8	(6.6)	0.0	
Vf Corp	VFC US	NR	n/a	56.85	n/a	173,050	Apr-21	17.7	15.7	6.5	6.0	41.1	0.3	3.5	
Columbia	COLM US	NR	n/a	93.32	n/a	47,120	Dec-21	16.2	14.4	2.8	2.6	18.5	1.4	1.3	
Wolverine	WWW US	NR	n/a	23.56	n/a	15,064	Jan-22	9.1	8.0	2.5	2.1	11.3	0.2	2.6	
Mizuno Corp	8022 JP	NR	n/a	2169.00	n/a	3,735	Mar-21	18.3	13.3	0.5	0.5	7.6	1.8	2.3	
Asics Corp	7936 JP	NR	n/a	2288.00	n/a	28,145	Dec-21	26.4	19.7	2.8	2.5	6.9	0.7	1.3	
								Avg.	23.0	19.0	5.6	4.8	23.5	0.8	1.5
								Med.	22.4	18.4	3.8	2.9	19.1	1.2	1.3

Source: Bloomberg, CMBIGM estimates

Assumptions

Figure 7: Major assumptions

Major assumptions	FY20A	FY21A	FY22E	FY23E	FY24E
Sales by segment growth (%)					
Shoes	11.3%	50.7%	19.0%	18.0%	13.0%
Apparels	1.3%	32.1%	24.3%	19.5%	13.7%
Accessories	1.8%	36.5%	12.0%	12.0%	12.0%
Total	4.7%	38.9%	21.9%	18.7%	13.4%
Sales by brand growth (%)					
Anta	-41.6%	65.9%	24.0%	15.0%	13.0%
Anta Kids	-37.0%	50.0%	25.0%	16.0%	15.0%
FILA	18.1%	25.1%	17.5%	16.0%	10.0%
Descente & Others	35.4%	51.1%	30.0%	30.0%	25.0%
E-commerce	53.0%	45.0%	25.0%	23.0%	15.0%
Total	4.7%	38.9%	21.9%	18.7%	13.4%
Sales network					
Anta	6,851	6,422	6,472	6,502	6,522
Anta Kids	3,071	2,981	3,051	3,121	3,171
FILA	2,006	2,054	2,154	2,254	2,354
Descente & Others	457	459	574	699	909
Total	12,385	11,916	12,251	12,576	12,956
GP margins					
Anta	44.7%	52.2%	53.6%	54.4%	55.0%
FILA	69.3%	70.5%	70.0%	70.0%	70.0%
Others	65.9%	71.0%	66.0%	66.0%	66.0%
Total	58.2%	61.6%	61.5%	61.8%	61.9%
Opex breakdown					
A&P Expenses / sales	10.0%	12.4%	12.2%	12.1%	11.8%
Labour costs / sales	12.5%	13.5%	14.0%	14.2%	14.4%
R &D expenses / sales	5.9%	5.9%	6.0%	6.0%	6.0%
Rental expenses/ sales	10.4%	11.6%	11.9%	12.1%	12.1%
Selling & distribution costs / sales	30.3%	36.0%	35.4%	35.7%	35.7%
Admin expenses / sales	6.0%	5.9%	6.7%	6.8%	6.8%
OP margin					
Anta	28.3%	20.6%	21.4%	19.6%	19.0%
FILA	25.8%	24.7%	22.0%	24.0%	25.0%
Others	8.4%	18.4%	21.2%	23.0%	24.0%
Total	25.8%	22.3%	21.7%	21.7%	21.9%
Effective tax rate	31.2%	26.9%	26.0%	26.0%	26.0%
NP att. margin	14.5%	15.7%	15.6%	16.0%	16.3%
NP att. growth	-3.4%	49.6%	21.3%	21.6%	15.7%

Source: Company data, CMBIGM estimates

Financial Summary

Income statement						Cash flow summary					
YE 31 Dec (RMB mn)	FY20A	FY21A	FY22E	FY23E	FY24E	YE 31 Dec (RMB mn)	FY20A	FY21A	FY22E	FY23E	FY24E
Revenue	35,512	49,328	60,112	71,372	80,936	EBIT	8,826	11,372	12,833	15,255	17,438
Footwear	12,700	19,139	22,775	26,875	30,369	D & A	490	572	746	578	560
Apparel	21,671	28,632	35,593	42,544	48,380	Change in working capital	(3,461)	(282)	1,575	(730)	(463)
Accessories	1,141	1,557	1,744	1,953	2,187	Income tax paid	(2,181)	(2,677)	(3,481)	(4,233)	(4,896)
						Others	3,783	2,876	858	1,091	1,329
Cost of goods sold	(14,861)	(18,924)	(23,127)	(27,213)	(30,716)	Net cash from operating	7,458	11,861	12,531	11,962	13,969
Gross profit	20,651	30,404	36,985	44,159	50,220	Capex & investments	(785)	(2,585)	(842)	(856)	(971)
Other income	1,063	1,649	1,193	1,416	1,606	Associated companies	-	-	-	-	-
						Interest received	-	-	-	-	-
Operating expenses	(12,888)	(20,681)	(25,344)	(30,320)	(34,388)	Others	(1,138)	(2,084)	-	-	-
S & D costs	(10,766)	(17,753)	(21,630)	(26,046)	(29,568)	Net cash from investing	(1,923)	(4,669)	(842)	(856)	(971)
Admin exp. (ex-R&D)	(1,251)	(1,812)	(2,316)	(2,596)	(2,896)	Equity raised	21	-	-	-	-
R & D exp.	(871)	(1,116)	(1,398)	(1,678)	(1,924)	Net change in bank loans	(3,343)	(196)	-	-	-
Other operating exp.	-	-	-	-	-	Dividend paid	(1,404)	(2,456)	(3,259)	(3,136)	(4,229)
EBIT	8,826	11,372	12,833	15,255	17,438	Others	5,955	(2,295)	(423)	(423)	(423)
Finance costs, net	(136)	(51)	434	668	906	Net cash from financing	1,229	(4,947)	(3,682)	(3,559)	(4,652)
JVs & associates	(601)	(81)	120	357	486	Net change in cash	6,764	2,245	8,008	7,546	8,346
Exceptional	-	-	-	-	-	Beginning cash balance	8,221	15,323	17,592	25,600	33,146
Pre-tax profit	8,089	11,240	13,388	16,280	18,830	Exchange difference	338	24	-	-	-
Income tax	(2,520)	(3,021)	(3,481)	(4,233)	(4,896)	Cash at the end of the year	15,323	17,592	25,600	33,146	41,492
Less: Minority interests	407	499	545	663	766						
Net profit	5,162	7,720	9,362	11,385	13,168						

Balance sheet						Key ratios					
YE 31 Dec (RMB mn)	FY20A	FY21A	FY22E	FY23E	FY24E	YE 31 Dec	FY20A	FY21A	FY22E	FY23E	FY24E
Non-current assets	19,150	22,766	22,981	23,617	24,514	Sales mix (%)					
Fixed asset	2,184	2,853	3,216	3,735	4,380	Footwear	35.8	38.8	37.9	37.7	37.5
Intangible assets & goodwill	1,579	1,531	1,263	1,023	789	Apparel	61.0	58.0	59.2	59.6	59.8
Prepaid lease payments	46	43	43	43	43	Accessories	3.2	3.2	2.9	2.7	2.7
Interest in joint ventures	9,658	9,027	9,147	9,504	9,990	Total	100.0	100.0	100.0	100.0	100.0
Other non-current assets	5,683	9,312	9,312	9,312	9,312	P&L ratios (%)					
Current assets	32,717	39,902	48,557	59,103	69,845	Gross margin	58.2	61.6	61.5	61.9	62.0
Cash and cash equivalents	15,323	17,592	25,600	33,146	41,492	Operating margin	24.9	23.1	21.3	21.4	21.5
Inventories	5,486	7,644	6,780	8,201	9,257	Pre-tax margin	22.8	22.8	22.3	22.8	23.3
Trade and other receivables	6,614	6,914	8,426	10,004	11,344	Net margin	14.5	15.7	15.6	16.0	16.3
Prepayments	-	-	-	-	-	Effective tax rate	29.0	26.7	26.0	26.0	26.0
Other current assets	5,294	7,752	7,752	7,752	7,752	Balance sheet ratios					
Current liabilities	11,715	15,943	18,165	20,435	22,369	Current ratio (x)	2.8	2.5	2.7	2.9	3.1
Bank loans	1,968	1,748	1,748	1,748	1,748	Quick ratio (x)	2.3	2.0	2.3	2.5	2.7
Trade payables	2,376	3,146	3,845	4,524	5,106	Cash ratio (x)	131	110	141	162	185
Accruals & other payables	4,572	6,969	8,493	10,083	11,435	Inventory turnover days	135	147	107	110	110
Tax payables	1,507	1,816	1,816	1,816	1,816	Trade receivables days	68	51	51	51	51
Others	1,292	2,264	2,264	2,264	2,264	Trade payables days	58	61	61	61	61
Non-current liabilities	14,328	15,062	15,062	15,062	15,062	Total debt / total equity ratio (%)	60	46	38	31	25
Bank loans	12,456	11,425	11,425	11,425	11,425	Net debt / equity ratio (%)	Net cash	Net cash	Net cash	Net cash	Net cash
Deferred income	99	74	74	74	74	Returns (%)					
Deferred tax	527	655	655	655	655	ROE	21.5	26.7	26.7	26.3	25.2
Others	1,246	2,908	2,908	2,908	2,908	ROA	10.0	12.3	13.1	13.8	14.0
Minority Interest	1,811	2,740	3,285	3,947	4,714	Per share					
Total net assets	24,013	28,923	35,027	43,275	52,214	EPS (RMB)	1.86	2.77	3.36	4.08	4.72
Shareholders' equity	24,013	28,923	35,027	43,275	52,214	DPS (RMB)	0.58	1.32	1.01	1.40	1.83
						BVPS (RMB)	8.88	10.7	12.9	16.0	19.3

Source: Company data, CMBIS estimates

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CMB International Global Markets Limited

Address: 45/F, Champion Tower, 3 Garden Road, Hong Kong, Tel: (852) 3900 0888 Fax: (852) 3900 0800

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