

2018年8月15日

买入
上调

Market Data: Aug 14 2018

Closing Price (HK\$)	36.50
Price Target (HK\$)	45.60
HSCEI	10,744
HSCCI	4,155
52-week High/Low (HK\$)	49.30/27.52
Market Cap (USD Mn)	12,484
Market Cap (HK\$ Mn)	97,998
Shares Outstanding (Mn)	2,685
Exchange Rate (HKD/USD)	7.85

Price Performance Chart:



Source: Bloomberg

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Related Reports

"ANTA SPORTS PRODUCTS (2020:HK) –
"Margin pressure" 28 February 2018

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零售品牌增长强劲，多品牌战略初见成效

安踏体育 (02020:HK)

Financial summary and valuation

	2016	2017	2018E	2019E	2020E
Revenue (US\$m)	13,345.76	16,692.49	21,603.47	26,231.07	30,774.36
YOY (%)	19.95	25.08	29.42	21.42	17.32
Net income (US\$m)	2,385.55	3,087.84	3,714.85	4,771.13	5,676.47
YOY (%)	16.91	29.44	20.31	28.43	18.98
EPS (US\$)	0.95	1.17	1.39	1.78	2.12
Diluted EPS (US\$)	0.95	1.17	1.38	1.78	2.12
ROE (%)	26.32	26.56	25.66	29.22	30.55
Debt/asset (%)	9.42	1.01	0.91	0.79	0.69
Dividend Yield (%)	2.07	2.52	3.01	3.86	4.60
P/E (x)	36.35	28.09	23.35	18.18	15.28
P/B (x)	9.08	6.33	5.69	4.98	4.39
EV/EBITDA (x)	25.48	20.63	16.58	12.41	10.06

Note: Diluted EPS is calculated as if all outstanding convertible securities, such as convertible preferred shares, convertible debentures, stock options and warrants, were exercised.

安踏体育发布 2018 年中报，实现营业收入 106 亿人民币，同比增长 44.1%；净利润 20 亿人民币，同比增长 35.1%；每股收益 0.72 元人民币，同比增长 29.4%。管理层宣布最终股息为 0.5 港币，股息支付率 60.1%。公司业绩超出我们此前的预期。因此，我们提高 18-20 年摊薄后每股收益至 1.38 元、1.78 元、2.12 元。同比分别增长 17.9%、29%、19.1%。我们上调目标价至 45.6 港币（原目标价 39.9 港币），对应 24.9% 的上升空间，上调至买入评级。

零售品牌表现优异。18 年上半年，FILA 品牌的运营效率提升，带动业绩持续超预期发展。品牌库销比保持在 5 倍的健康水平。平均店效从去年的 40 万人民币增长到 18 年上半年的 60 万人民币。品牌年轻和活力的形象转变吸引了更多的顾客。受益于品牌时尚的外观以及专注于一二线城市高端市场的品牌定位，FILA 品牌产品的售价也有所提高。

利润率提升。产品销售结构的变化带动了利润率的提升。FILA 品牌毛利率超过 60%，销售占比从 2H17 的 29% 提升至 1H18 的 32%，带动整体毛利率从 1H17 的 50.6% 增长至 1H18 的 54.3%（ANTA 品牌毛利率为 43%）。对于各个零售板块，毛利率也持续提升。受益于严格的原材料成本控制以及销量增长带来的议价能力上升，18 年上半年 ANTA 品牌鞋类产品毛利率同比提升 1.9 个百分点，服装产品提升 4.3 个百分点，配饰产品提升 4.5 个百分点。营业利润率同比下降 0.4 个百分点，原因在于 2017 年 9 月与 COC 签订的品牌赞助（该成本在接下来的 8 个年平均分摊）。净利率同比下降 1.4 个百分点，原因在于有效税率的提升（1H17 的 26.3% 提升至 1H18 的 27.5%，原因在于其他品牌的亏损无法税前抵扣）以及 2570 万人民币的汇兑损失（1H17 的汇兑损失为 430 万人民币）。

提前备货。为了平稳生产成本，公司提前了冬季原材料的采购，因此在 18 年上半年花费了较去年同期更多的现金（2 亿人民币）。该一次性的变动也是 1H18 经营性现金流（15 亿人民币）与净利润（20 亿人民币）出现较大差距的原因。同时，上半年库存周转天数的提升也占用了部分现金。零售品牌相比于批发需要更多的周转天数。其销售占比的持续提升也推高了公司库存周转天数，占用了部分营运资金。

上调评级至买入。考虑到公司零售品牌业绩持续出色的表现，以及对成本的严格控制，我们预期公司的利润率将在未来几年有所提升。其中，我们预计 FILA 的营业利润率将在 2019 财年之前提升到 ANTA 的同等水平，因此，公司产品结构的变化对利润率的压力只会有暂时的影响。我们提高 18-20 年摊薄后每股收益至 1.38 元、1.78 元、2.12 元。同比分别增长 17.9%、29%、19.1%。我们上调目标价至 45.6 港币（原目标价 39.9 港币），对应 24.9% 的上升空间，上调至买入评级。

ANTA Sports Products reported 1H18 revenue of Rmb10.6bn (+44.1% YoY), net profit of Rmb2bn (+35.1% YoY) and EPS of Rmb0.72 (+29.4% YoY). Management declared a final dividend of HK\$0.5, representing a 60.1% payout. The results beat our expectations and we thus lift our diluted EPS forecasts, from Rmb1.34 to Rmb1.38 for 18E (+17.9% YoY), from Rmb1.67 to Rmb1.78 for 19E (+29% YoY), and from Rmb1.95 to Rmb2.12 for 20E (+19.1% YoY). We raise our target price from HK\$39.9 to HK\$45.6 and, with 24.9% upside, upgrade our recommendation to BUY.

Outperformance. FILA continued to outperform in 1H18 with operational efficiency improvements. Inventory to sales ratio stayed at 5, a healthy level for a retail brand. Average revenue generated per square metre increased from Rmb0.4m in 2017 to Rmb0.6m in 1H18. A transition into a younger and more energetic brand captured more customers. By raising the brand's fashion value and focusing on customers in the country's largest cities, Anta has been able to lift selling prices.

Margin improvements. Sales mix helped lift margin. With FILA sales boasting a 60%-plus gross margin, rising sales contribution from the brand (from 29% in 2H17 to 32% in 1H18) has lifted Anta's overall margin from 50.6% in 1H17 to 54.3% in 1H18. For each individual segment, gross margin continues to improve as well. With improved bargaining power as sales increase, Anta has controlled raw materials costs and thus enlarged gross margin by 1.9ppts YoY for footwear, by 4.3ppts YoY for apparel and by 4.5ppts YoY for accessories in 1H18. Operating margin decreased by 0.4ppts YoY in 1H18 due to a sponsorship agreement signed with the China Olympic Committee (COC) in September 2017 (costs will be allocated evenly over the next eight years). Net margin fell 1.4ppts YoY in 1H18 on a combination of rising effective tax rate (+1.2ppts YoY to 27.5%) and foreign exchange loss (Rmb25.7m in 1H18, vs a loss of Rmb4.3m in 1H17).

Changing costs, cash flows. In order to smooth costs, this year ANTA began raw materials procurement for the winter season earlier, resulting in a higher cash outlay in 1H18 (c.Rmb200m). This one-time impact explains the difference between cash from operations (Rmb1.5bn) and net profit gain in 1H18 (Rmb2.0bn). Increased inventory turnover days, as sales of retail brands (with longer sell-through days) outpaced sales of wholesale brands, also soaked up cash in 1H18.

Upgrade to BUY. With the firm's strong retail brands sales and cost controls, we expect margin improvements in coming years. We expect FILA operating margin to rise to ANTA's level by 2019E, implying the change in product mix would only have a temporary effect on margin. We thus raise our diluted EPS forecasts, from Rmb1.34 to Rmb1.38 for 18E (+17.9% YoY), from Rmb1.67 to Rmb1.78 for 19E (+29% YoY), and from Rmb1.95 to Rmb2.12 for 20E (+19.1% YoY). We raise our target price from HK\$39.9 to HK\$45.6 and, with 24.9% upside, upgrade our recommendation from Hold to BUY.

Appendix I

Consolidated Income Statement

US\$m	FY16	FY17	FY18E	FY19E	FY20E
Revenue	13,346	16,692	21,603	26,231	30,774
Cost of Sales	-6,887	-8,451	-10,718	-12,716	-14,605
Gross Profit	6,459	8,241	10,886	13,515	16,169
Sales expenses	-2,831	-3,809	-5,436	-6,437	-7,672
Administrative expenses	-685	-901	-1,047	-1,273	-1,493
EBITDA	3,170	3,781	4,756	6,157	7,352
EBIT	2,944	3,531	4,402	5,806	7,004
Interest income	108	322	259	270	318
Profit before tax	3,311	4,311	5,254	6,795	8,167
Income tax expense	-866	-1,152	-1,375	-1,778	-2,137
Minority interests	-59	-71	-164	-246	-353
Profit for the year	2,386	3,088	3,715	4,771	5,676

Source: SWS Research

Consolidated Cash Flow Statement

US\$m	FY16	FY17	FY18E	FY19E	FY20E
Profit before taxation	3,311	4,311	5,254	6,795	8,167
Plus: Depr. and amortisation	226	250	354	351	348
Finance cost	-54	-155	-259	-270	-318
Losses from investments	3	-19	0	0	0
Change in working capital	-216	-381	-1,236	-726	-719
Others	1	34	0	0	0
CF from operating activities	2,322	3,028	2,737	4,372	5,340
CAPEX	-571	-576	-300	-300	-300
Other CF from investing activities	201	-848	2,704	278	327
CF from investing activities	-369	-1,425	2,404	-22	27
Equity financing	0	3,394	0	0	0
Net change in liabilities	185	-1,427	0	0	0
Dividend and interest paid	-1,594	-2,006	-2,185	-2,609	-3,348
Other CF from financing activities	11	37	0	0	0
CF from financing activities	-1,398	-2	-2,185	-2,609	-3,348
Net cash flow	5,830	6,968	9,923	11,664	13,684
FCFF	1,752	2,451	2,437	4,072	5,040
FCFE	1,780	564	2,046	3,745	4,657

Source: SWS Research

Consolidated Balance Sheet

US\$m	FY16	FY17	FY18E	FY19E	FY20E
Current Assets	11,453	15,442	15,858	18,820	22,026
Bank balances and cash	5,830	6,968	9,923	11,664	13,684
Trade and other receivables	2,641	3,733	4,143	5,031	5,902
Inventories	1,295	2,155	1,791	2,125	2,441
Other current assets	1,687	2,586	0	0	0
Non-current Assets	2,770	3,632	3,579	3,528	3,480
PP&E	1,327	1,909	1,910	1,911	1,911
Intangible and other assets	478	705	659	616	576
Other non-current assets	966	1,018	1,010	1,001	993
Total Assets	14,224	19,074	19,436	22,348	25,506
Current Liabilities	4,273	4,498	3,158	3,653	4,121
Borrowings	938	148	148	148	148
Trade and other payables	3,060	3,978	2,655	3,150	3,618
Other current liabilities	275	373	355	355	355
Non-current Liabilities	55	215	215	215	215
Deferred tax liabilities	14	215	215	215	215
Long term payable to MI	40	0	0	0	0
Total Liabilities	4,327	4,714	3,374	3,869	4,337
Shareholder Equity	9,549	13,706	15,244	17,415	19,752
Share Capital	243	259	259	259	259
Reserves	9,306	13,447	14,985	17,156	19,493
Minority Interests	348	654	818	1,064	1,418
Total Liabilities and equity	14,224	19,074	19,436	22,348	25,506

Source: SWS Research

Key Financial Ratios

	FY17	FY18	FY19E	FY20E	FY21E
Ratios per share (yuan)					
Earnings per share	0.95	1.17	1.39	1.78	2.12
Diluted EPS	0.95	1.17	1.38	1.78	2.12
Operating CF per share	0.93	1.13	1.02	1.63	2.00
Dividend per share	0.67	0.82	0.97	1.25	1.48
Key Operating Ratios(%)					
Net assets per share	3.96	5.37	6.00	6.90	7.91
ROIC	20.73	18.82	21.12	24.41	25.99
ROE	26.32	26.56	25.66	29.22	30.55
Gross profit margin	48.40	49.37	50.39	51.52	52.54
EBITDA Margin	23.62	22.50	21.49	23.11	23.64
EBIT Margin	22.06	21.15	20.38	22.13	22.76
Growth rate of Revenue(YoY)	19.95	25.08	29.42	21.42	17.32
Growth rate of Profit(YoY)	16.91	29.44	20.31	28.43	18.98
Debt-to-asset ratio	30.42	24.71	17.36	17.31	17.00
Turnover rate of net assets	134.86	116.24	134.49	141.95	145.37
Turnover rate of total assets	93.83	87.51	111.15	117.38	120.65
Effective tax rate (%)	26.17	26.72	26.17	26.17	26.17
Dividend yield (%)	2.07	2.52	3.01	3.86	4.60
Valuation Ratios (X)					
P/E	36.35	28.09	23.35	18.18	15.28
P/B	9.08	6.33	5.69	4.98	4.39
EV/Sale	6.02	4.64	3.56	2.87	2.38
EV/EBITDA	25.35	20.49	16.18	12.22	9.95

Source: SWS Research

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