

## MINISO Group Holdings

## Solid finish to 2023; growth likely to normalize in 2024, but still strong

Reiterate Rating: BUY | PO: 29.00 USD | Price: 19.32 USD

## Expect strong Q4; reiterate Buy on attractive valuation

We expect MINISO (MNSO) to deliver a solid finish to 2023 with Dec quarter results. We look for 50%+ YoY revenue growth and around 17% reported non-GAAP NPM (flat QoQ or +2ppt YoY). We largely maintain our estimates, but lower our PO by 7% to USD29.0/HKD56.9 on a lower target multiple given the sector de-rating. We continue to like MNSO for its long-term growth potential (leveraging China's world-factory status to capture rising demand for branded value retail, with superior supply-chain capability and flexible business model). MNSO upgraded its strategy focus from value-for-money to more interest-driven, supported by IP licensing, both in China and globally. We think the recent pullback provides a particularly attractive opportunity. The stock is trading at 14x CY24E P/E for 20%+ EPS CAGR, which looks attractive, in our view. Reiterate Buy.

## Dec qtr: strong traffic; accelerating overseas expansion

We expect revenue to grow 50%+ YoY in Dec to RMB3.8bn, flat QoQ. We think China saw a strong recovery (+60% YoY) off a low base, largely driven by traffic recovery, but also thanks to store expansion. Our channel checks suggest MNSO has opened 110 stores in the Dec quarter; CY23 net adds of 587 (or 18% YoY) to 3.9k in total at year-end. We expect overseas revenue to grow 48% YoY, with direct retail regions growing faster than distribution markets. Overseas expansion accelerated to 180 net adds in the Dec quarter; full-year new store openings of 378 to c.2.5k in total, or +18% YoY, at year-end.

## Some normalization expected in 2024, but still strong

We expect revenue growth to normalize to 20-25% in CY24, from c.40% growth in CY23, of which we expect China to deliver mid-teens growth and overseas 35%+. We believe such growth looks stronger than overall retail sales in China and globally, with support from expansion, continuous brand upgrades, and IP-driven strategy.

Estimates (Jun) (CNY)	2022A	2023A	2024E	2025E	2026E
Net Income (Adjusted - mn)	707.52	1,828	2,472	3,082	3,681
EPS	2.31	5.97	8.07	10.06	12.01
EPS Change (YoY)	39.9%	158.4%	35.2%	24.7%	19.4%
Dividend / Share	1.18	3.04	4.08	5.08	6.06
Free Cash Flow / Share	0.563	4.89	6.27	8.66	11.16
Common EPS (CNY)	0.577	1.49	2.02	2.51	3.00
Common Dividend / Share (CNY)	0.294	0.760	1.02	1.27	1.52
<b>Valuation (Jun)</b>					
P/E	56.01x	23.52x	17.21x	13.80x	11.56x
Dividend Yield	0.910%	2.17%	2.94%	3.66%	4.37%
EV / EBITDA*	27.66x	14.01x	10.20x	8.07x	6.75x
Free Cash Flow Yield*	0.405%	3.52%	4.52%	6.23%	8.03%

\* For full definitions of *IQmethod*<sup>SM</sup> measures, see page 8.

26 February 2024

## Equity

## Key Changes

(CNY)	Previous	Current
Price Obj.	US\$31.20	US\$29.00
2024E EPS	8.12	8.07
2025E EPS	10.10	10.06
2026E EPS	12.15	12.01
2024E EBITDA (m)	3,471.4	3,449.7
2025E EBITDA (m)	4,374.7	4,357.2
2026E EBITDA (m)	5,261.1	5,209.4

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## Stock Data

Price (ADR / Common)	19.32 USD / 38.15 HKD
Price Objective	29.00 USD / 56.90 HKD
Date Established	26-Feb-2024 / 26-Feb-2024
Investment Opinion	C-1-8 / C-1-8
52-Week Range	14.46 USD-29.92 USD
Market Value (mn)	5,920 USD
Shares Outstanding (mn)	306.4 / 1,225.6
Average Daily Value (mn)	29.94 USD
Free Float	10.0%
BofA Ticker / Exchange	MNSO / NYS
BofA Ticker / Exchange	XKTAF / HKG
Bloomberg / Reuters	MNSO US / MNSO.N
ROE (2024E)	26.0%
Net Dbt to Eqty (Jun-2023A)	-79.5%

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**Refer to important disclosures on page 10 to 13. Analyst Certification on page 6. Price Objective Basis/Risk on page 6.**

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Timestamp: 25 February 2024 03:30PM EST

IP: intellectual property

# iQprofile<sup>SM</sup> MINISO Group Holdings

## Key Income Statement Data (Jun)

(CNY Millions)

	2022A	2023A	2024E	2025E	2026E
Sales	10,086	11,473	15,168	18,276	21,513
Gross Profit	3,070	4,443	6,376	7,899	9,551
Sell General & Admin Expense	(2,259)	(2,350)	(3,274)	(3,990)	(4,867)
Operating Profit	882	2,223	3,142	3,941	4,714
Net Interest & Other Income	25	111	135	135	135
Associates	NA	NA	NA	NA	NA
Pretax Income	907	2,334	3,277	4,076	4,849
Tax (expense) / Benefit	(267)	(552)	(879)	(1,069)	(1,239)
Net Income (Adjusted)	708	1,828	2,472	3,082	3,681
Average Fully Diluted Shares Outstanding	306	306	306	306	306

## Key Cash Flow Statement Data

Net Income	638	1,769	2,377	2,987	3,586
Depreciation & Amortization	390	289	308	416	495
Change in Working Capital	361	(530)	(48)	(36)	47
Deferred Taxation Charge	NA	NA	NA	NA	NA
Other Adjustments, Net	17	138	(114)	(115)	(110)
Cash Flow from Operations	1,406	1,666	2,522	3,252	4,018
Capital Expenditure	(1,234)	(169)	(600)	(600)	(600)
(Acquisition) / Disposal of Investments	(275)	(29)	0	0	0
Other Cash Inflow / (Outflow)	(617)	(95)	170	170	170
Cash Flow from Investing	(2,126)	(293)	(430)	(430)	(430)
Shares Issue / (Repurchase)	1	470	0	0	0
Cost of Dividends Paid	(325)	(413)	(1,250)	(1,556)	(1,858)
Cash Flow from Financing	(734)	(326)	(1,182)	(1,486)	(1,788)
Free Cash Flow	172	1,497	1,922	2,652	3,418
Net Debt	(5,611)	(7,091)	(8,001)	(9,337)	(11,137)
Change in Net Debt	1,418	(1,141)	(910)	(1,336)	(1,800)

## Key Balance Sheet Data

Property, Plant & Equipment	420	535	1,001	1,351	1,613
Other Non-Current Assets	2,789	3,009	3,155	6,630	10,018
Trade Receivables	1,056	1,150	1,430	1,587	1,790
Cash & Equivalents	5,618	7,098	8,008	9,344	11,145
Other Current Assets	1,399	1,656	2,031	2,189	2,548
Total Assets	11,282	13,448	15,625	21,102	27,114
Long-Term Debt	7	7	7	7	7
Other Non-Current Liabilities	445	604	604	604	604
Short-Term Debt	0	0	0	0	0
Other Current Liabilities	3,788	3,886	4,813	8,733	12,887
Total Liabilities	4,240	4,496	5,424	9,344	13,498
Total Equity	7,027	8,918	10,168	11,725	13,582
Total Equity & Liabilities	11,267	13,415	15,592	21,069	27,080

## iQmethod<sup>SM</sup> - Bus Performance\*

Return On Capital Employed	9.1%	21.2%	23.8%	26.2%	27.3%
Return On Equity	10.3%	23.0%	26.0%	28.3%	29.3%
Operating Margin	8.7%	19.4%	20.7%	21.6%	21.9%
EBITDA Margin	12.6%	21.9%	22.7%	23.8%	24.2%

## iQmethod<sup>SM</sup> - Quality of Earnings\*

Cash Realization Ratio	2.0x	0.9x	1.0x	1.1x	1.1x
Asset Replacement Ratio	3.2x	0.6x	1.9x	1.4x	1.2x
Tax Rate (Reported)	29.5%	23.6%	26.8%	26.2%	25.5%
Net Debt-to-Equity Ratio	-79.8%	-79.5%	-78.7%	-79.6%	-82.0%
Interest Cover	26.4x	NM	NM	NM	NM

## Key Metrics

\* For full definitions of iQmethod<sup>SM</sup> measures, see page 8.

## Company Sector

Retailing-Broadline/General Merchandisers

## Company Description

MINISO is the largest branded variety retailer of lifestyle products globally and in China. The first store was opened in 2003 in China. It sells the products under its own brands "MINISO". As of end-1QFY23 (Sep'23), MINISO has 6.1K stores globally with 3.8k stores in China and 2.2k stores in around 100 countries. Its founder, Guofu Ye, is the controlling shareholder with 72.5% stake. The company was listed on NYSE in Oct 2020.

## Investment Rationale

1) MINISO offers value proposition with frequently refreshed product assortment, ensuring attractiveness and repurchase. 2) Leveraging China's massive supply chain as foundation, MINISO established best-in-class supply chain, supported by IT systems to deliver extreme value-for-money and minimize inventory risk. 3) Retail partner model could enable scalable expansion at asset-light model. 4) MINISO enjoys proven track record of overseas expansion leveraging flexible business models.

## Stock Data

Shares / Common	0.25
Price to Book Value	4.2x

## Key Changes

(CNY)	Previous	Current
Price Obj.	HK\$61.20	HK\$56.90
2024E EPS	2.03	2.02
2025E EPS	2.53	2.51
2026E EPS	3.04	3.00

# Earnings revisions

## Exhibit 1: MNSO: Earnings revisions

We largely maintain our estimates for FY24/25E

	2024E			2025E		
	Old	New	+/-	Old	New	+/-
<b>P&amp;L (RMBmn)</b>						
Revenue	15,091	15,168	0.5%	17,723	18,276	3.1%
Gross profit	6,308	6,376	1.1%	7,616	7,899	3.7%
Operating expenses	-3,185	-3,274	2.8%	-3,689	-3,990	8.2%
Non-IFRS operating expense*	-3,090	-3,179	2.9%	-3,594	-3,895	8.4%
Operating profit	3,163	3,142	-0.7%	3,959	3,941	-0.4%
Non-IFRS operating profit*	3,241	3,219	-0.7%	4,034	4,016	-0.4%
Profit before tax	3,401	3,380	-0.6%	4,199	4,181	-0.4%
Income tax	-885	-879	-0.6%	-1,073	-1,069	-0.4%
Net profit	2,496	2,480	-0.7%	3,105	3,092	-0.4%
Non-IFRS net profit*	2,612	2,595	-0.6%	3,220	3,207	-0.4%
EPS (RMB)	2.04	2.02	-0.7%	2.53	2.52	-0.4%
Non-IFRS EPS (RMB)*	2.11	2.10	-0.6%	2.61	2.60	-0.4%
<b>Ratio</b>						
GPM	41.8%	42.0%	23 bps	43.0%	43.2%	25 bps
Operating expenses/revenue	-21.1%	-21.6%	-48 bps	-20.8%	-21.8%	-102 bps
Non-IFRS operating expense/revenue*	-20.5%	-21.0%	-48 bps	-20.3%	-21.3%	-103 bps
OPM	21.0%	20.7%	-25 bps	22.3%	21.6%	-77 bps
Non-IFRS OPM*	21.5%	21.2%	-25 bps	22.8%	22.0%	-78 bps
Effective Tax Rate	-26.0%	-26.0%	-1 bps	-25.6%	-25.6%	0 bps
NPM	16.5%	16.3%	-19 bps	17.5%	16.9%	-60 bps
Non-IFRS NPM*	17.3%	17.1%	-19 bps	18.2%	17.5%	-62 bps

Source: BofA Global Research estimates, Company. \* excluding equity-settled share-based payment expenses

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We largely maintain our estimates for FY2024/2025E. Our PO for MNSO is now US\$29.0 (HK\$56.9), based on a 50/50 blend of DCF and P/E. Our DCF-based valuation is US\$31.8/share, which is based on 12% WACC, 1x beta, and 4% terminal growth (all unchanged). Our P/E-driven valuation is US\$26.2/share, now based on 20x CY24E P/E (vs 23x previously given sector de-rating), which is in line with global value retailers' average. We assume USDCNY of 7.2, based on BofA's house view.

# Financials

## Exhibit 2: MINISO: P&L

Gradual recovery ahead

RMBmn	FY22A	FY23A	FY24E	FY25E	FY26E
<b>Revenue</b>	<b>10,086</b>	<b>11,473</b>	<b>15,168</b>	<b>18,276</b>	<b>21,513</b>
COGS	-7,016	-7,030	-8,793	-10,377	-11,962
<b>Gross profit</b>	<b>3,070</b>	<b>4,443</b>	<b>6,376</b>	<b>7,899</b>	<b>9,551</b>
Other income	26	18	22	12	10
<b>SG&amp;A expenses</b>	<b>-2,259</b>	<b>-2,350</b>	<b>-3,274</b>	<b>-3,990</b>	<b>-4,867</b>
<b>Non-IFRS SG&amp;A expenses*</b>	<b>-2,176</b>	<b>-2,287</b>	<b>-3,179</b>	<b>-3,895</b>	<b>-4,772</b>
Selling and distribution expense	-1,442	-1,716	-2,506	-3,127	-3,899
General and administrative expenses	-816	-634	-768	-863	-968
Other net income	87	114	16	20	20
Impairment loss	-42	-2	2	0	0
<b>Operating profit</b>	<b>882</b>	<b>2,223</b>	<b>3,142</b>	<b>3,941</b>	<b>4,714</b>
<b>Non-IFRS operating profit*</b>	<b>978</b>	<b>2,174</b>	<b>3,219</b>	<b>4,016</b>	<b>4,789</b>
Net finance costs	33	111	238	240	240
<b>Profit before tax</b>	<b>907</b>	<b>2,334</b>	<b>3,380</b>	<b>4,181</b>	<b>4,954</b>
Income tax	-267	-552	-879	-1,069	-1,239
<b>Profit from continued operations</b>	<b>640</b>	<b>1,782</b>	<b>2,500</b>	<b>3,112</b>	<b>3,716</b>
Loss from discontinued operations	0	0	0	0	0
Minority interest	-2	-13	-21	-20	-25
<b>Net profit</b>	<b>638</b>	<b>1,769</b>	<b>2,480</b>	<b>3,092</b>	<b>3,691</b>
<b>Non-IFRS net profit*</b>	<b>708</b>	<b>1,828</b>	<b>2,575</b>	<b>3,187</b>	<b>3,786</b>

Source: BofA Global Research estimates, Company. \* Excludes equity-settled share-based payment expenses

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## Exhibit 3: MINISO: Cash flow

Cash flow to remain healthy

RMBmn	FY22A	FY23A	FY24E	FY25E	FY26E
<b>Profit before taxation</b>	<b>640</b>	<b>1,782</b>	<b>2,500</b>	<b>3,112</b>	<b>3,716</b>
Non-cash adjustment	556	645	949	1,245	1,494
Change in working capital	356	-539	-48	-36	47
<b>Gross operating cash flow</b>	<b>1,551</b>	<b>1,888</b>	<b>3,402</b>	<b>4,321</b>	<b>5,257</b>
Tax paid	267	552	-879	-1,069	-1,239
<b>Net operating cash flow</b>	<b>1,406</b>	<b>1,666</b>	<b>2,522</b>	<b>3,252</b>	<b>4,018</b>
Capex	-1,234	-169	-600	-600	-600
Other	-892	320	170	170	170
<b>Free cash flow</b>	<b>172</b>	<b>1,497</b>	<b>1,922</b>	<b>2,652</b>	<b>3,418</b>
Dividends paid to owners of the parent	-325	-413	-1,250	-1,556	-1,858
Proceeds from capital injection and share issuance	1	0	0	0	0
Proceeds from loans and borrowings	0	0	0	0	0
Others	-409	87	68	70	70
<b>Net Financing cash flow</b>	<b>-734</b>	<b>-326</b>	<b>-1,182</b>	<b>-1,486</b>	<b>-1,788</b>
<b>Net increase/(decrease) in cash</b>	<b>-1,453</b>	<b>1,047</b>	<b>910</b>	<b>1,336</b>	<b>1,800</b>

Source: Company, BofA Global Research estimates

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**Exhibit 4: MINISO: Balance Sheet**

Strong balance sheet

RMBmn	FY22A	FY23A	FY24E	FY25E	FY26E
<b>Current Assets</b>					
Bank Balances and Cash	5,348	6,489	7,399	8,736	10,536
Inventories	1,188	1,451	1,826	1,984	2,342
Trade and other receivables	1,056	1,150	1,430	1,587	1,790
Others	480	814	814	814	814
<b>Total Current Assets</b>	<b>8,073</b>	<b>9,904</b>	<b>11,469</b>	<b>13,121</b>	<b>15,482</b>
<b>Non-Current Assets</b>					
Property, Plant and Equipment	420	535	1,001	1,351	1,613
Right-of use assets	2,343	2,553	2,699	6,174	9,562
Intangible assets	43	25	25	25	25
Others	356	162	162	162	162
<b>Total Non-Current Assets</b>	<b>3,209</b>	<b>3,544</b>	<b>4,156</b>	<b>7,981</b>	<b>11,631</b>
<b>Total Assets</b>	<b>11,282</b>	<b>13,448</b>	<b>15,625</b>	<b>21,102</b>	<b>27,114</b>
<b>Current Liabilities</b>					
Loan and borrowings	0	0	0	0	0
Trade and other payables	3,073	3,019	3,626	3,906	4,515
Contract liabilities	362	293	293	293	293
Others	264	336	656	4,297	7,842
<b>Total Current Liabilities</b>	<b>3,789</b>	<b>3,886</b>	<b>4,813</b>	<b>8,733</b>	<b>12,887</b>
<b>Non-Current Liabilities</b>					
Contract liabilities	52	47	47	47	47
Loans and borrowings	7	7	7	7	7
Lease liabilities	393	557	557	557	557
Paid-in capital	0	0	0	0	0
<b>Total Non-Current Liabilities</b>	<b>466</b>	<b>644</b>	<b>644</b>	<b>644</b>	<b>644</b>
<b>Total Liabilities</b>	<b>4,254</b>	<b>4,529</b>	<b>5,457</b>	<b>9,377</b>	<b>13,531</b>
<b>Shareholders Equity</b>	<b>7,027</b>	<b>8,918</b>	<b>10,168</b>	<b>11,725</b>	<b>13,582</b>

Source: BofA Global Research estimates, Company

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**Exhibit 5: MINISO: Ratio Analysis**

Recovering growth with margin expansion

	FY22A	FY23A	FY24E	FY25E	FY26E
<b>Profit &amp; Loss</b>					
Revenue Growth (%)	11.2	13.8	32.2	20.5	17.7
NPAT Growth (%)	-145.1	177.2	40.2	24.7	19.4
Non-IFRS NPAT Growth (%)	43.1	158.4	40.8	23.8	18.8
Gross Margin (%)	30.4	38.7	42.0	43.2	44.4
SG&A/Revenue (%)	22.4	20.5	21.6	21.8	22.6
Non-IFRS SG&A/Revenue (%)*	21.6	19.9	21.0	21.3	22.2
Operating Margin (%)	8.7	19.4	20.7	21.6	21.9
Non-IFRS Operating Margin (%)*	9.7	18.9	21.2	22.0	22.3
Effective Tax Rate (%)	26.8	23.0	25.3	25.0	25.0
Net Margin (%)	6.3	15.4	16.3	16.9	17.2
Non-IFRS Net Margin (%)*	7.0	15.9	17.0	17.4	17.6
<b>Balance Sheet</b>					
Net Cash (RMBmn)	5,611	7,091	8,001	9,337	11,137
ROE (%)	10.3	19.8	24.4	26.4	27.2
ROA (%)	7.6	13.2	15.9	14.7	13.6
ROIC	14.1	23.1	28.3	31.4	32.7
Inventory Days	70	68	68	67	66
Receivable Days	14	12	11	11	11
Payable Days	33	34	33	33	33
Working Capital Cycle	50	47	46	45	44

Source: BofA Global Research estimates, Company. \* Excludes equity-settled share-based payment expenses

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## Price objective basis & risk

### MINISO Group Holdings (MNSO / XKTAF)

Our PO for MNSO is US\$29.0(HK\$56.9), based on a 50/50 blend of DCF and P/E. Our DCF-based valuation is US\$31.8/share, which is based on 12% WACC, 1x beta, and 4% terminal growth. Our P/E-driven valuation is US\$26.2/share, based on 20x CY24 P/E, which is in line with global value retailers' average. We see MNSO's competitive edge given faster growth, asset-light business model (enabling higher NPM and ROE), and deep-integration and digital-connection with suppliers with best-in-class global supply chain. We assume USDCNY of 7.2, based on our house view.

Downside risks to our PO are pandemic volatility, macro, competition, merchandise, the reliance on retail partners and distributors, execution risk in international markets, strategic collaborations with IP licensors, inventory risk, FX risk and key personnel.

## Analyst Certification

I, Lucy Yu, hereby certify that the views expressed in this research report accurately reflect my personal views about the subject securities and issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations or view expressed in this research report.

### APR - Consumer Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
<b>BUY</b>				
	ABC-MART	AMKYF	2670 JP	Arashi Nishizawa
	Adastria	PNMOF	2685 JP	Arashi Nishizawa
	AmorePacific Corp	AMRPF	090430 KS	Ahyung Cho
	Anta Sports	ANPDF	2020 HK	Lucy Yu
	Asahi Group Holdings	ASBRF	2502 JP	Haruka Ono
	Avenue Supermarts	XWCVF	DMART IN	Aditya Mathur
	BGF Retail	XWAHF	282330 KS	Ahyung Cho
	Bosideng	BSDGF	3998 HK	Lucy Yu
	BUD APAC	BDWBF	1876 HK	Chen Luo, CFA
	China Resources Beer (Holdings) Co Ltd	CRHKF	291 HK	Chen Luo, CFA
	Cosmos Pharmaceutical	CSMYF	3349 JP	Arashi Nishizawa
	Dabur India	DBUIF	DABUR IN	Aditya Mathur
	DESCENTE	DESLF	8114 JP	Arashi Nishizawa
	DPC Dash Ltd	DPCDF	1405 HK	Lucy Yu
	Eastroc	XEBSF	605499 CH	Jack Chen
	Eclat	ECLAF	1476 TT	Ronald Leung, CFA
	GOLDWIN	GWNCF	8111 JP	Arashi Nishizawa
	H&H International Holdings	BTSDF	1112 HK	Lynn Wu
	Haier Smart Home Co Ltd	TTHEF	600690 CH	Lucy Yu
	Haier Smart Home Co Ltd	HRSHF	6690 HK	Lucy Yu
	Henan Shuanghui Investment & Dev	HSUIF	000895 CH	Chen Luo, CFA
	Hindustan Unilever	HINLF	HUVR IN	Aditya Mathur
	Hisense Home Appliance	XMBQF	000921 CH	Lucy Yu
	Hisense Home Appliance	HISEF	921 HK	Lucy Yu
	ITC	ITCTF	ITC IN	Aditya Mathur
	JINS HOLDINGS	JNDOF	3046 JP	Arashi Nishizawa
	Kobe Bussan	KOBNF	3038 JP	Arashi Nishizawa
	KT&G	KTCIF	033780 KS	Ahyung Cho
	Kweichow Moutai Co. Ltd.	XHJBF	600519 CH	Chen Luo, CFA
	Li Ning Co Ltd	LNGGF	2331 HK	Lucy Yu
	Luzhou Laojiao	XMBBF	000568 CH	Lynn Wu
	Makalot Industrial	MAKAF	1477 TT	Ronald Leung, CFA
	Man Wah Holdings	MAWHF	1999 HK	Yoyo Pang
	MatsukiyoCocokara & Co	MSMKF	3088 JP	Arashi Nishizawa
	Mengniu Dairy	CIADF	2319 HK	Chen Luo, CFA
	Merida Industry Co Ltd	MIUYF	9914 TT	Ronald Leung, CFA
	MINISO Group Holdings	MNSO	MNSO US	Lucy Yu

## APR - Consumer Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
	MINISO Group Holdings	XKTAF	9896 HK	Lucy Yu
	New Oriental Education & Technology	EDU	EDU US	Lucy Yu
	New Oriental Education & Technology	NWOEF	9901 HK	Lucy Yu
	Nitori Holdings	NCLTF	9843 JP	Arashi Nishizawa
	Proya Cosmetics	XPXCF	603605 CH	Lynn Wu
	Ryohin Keikaku	RYKKF	7453 JP	Arashi Nishizawa
	Ryohin Keikaku	RYKKY	RYKKY US	Arashi Nishizawa
	Samsonite International	SMSOF	1910 HK	Jack Chen
	Seven & i Holdings	SVNDF	3382 JP	Arashi Nishizawa
	Shenzhou International	SZHIF	2313 HK	Chen Luo, CFA
	Sun Art Retail Group	SURRF	6808 HK	Chen Luo, CFA
	Sundrug	SDGCF	9989 JP	Arashi Nishizawa
	TAL	TAL	TAL US	Lucy Yu
	Tingyi	TCYMF	322 HK	Jack Chen
	Titan Company	XNXAF	TTAN IN	Aditya Mathur
	Topsports International Holding Ltd.	TPSRF	6110 HK	Lucy Yu
	Tsingtao Brewery	TSGTF	168 HK	Lynn Wu
	Tsingtao Brewery	XTSOF	600600 CH	Lynn Wu
	Uni-president China	UNPSF	220 HK	Jack Chen
	UNITED ARROWS	UARWF	7606 JP	Arashi Nishizawa
	United Breweries	UBWRF	UBBL IN	Aditya Mathur
	Varun Beverages	XMKDF	VLB IN	Aditya Mathur
	WH Group Limited	WHGRF	288 HK	Chen Luo, CFA
	Wuliangye Yibin	YBWUF	000858 CH	Chen Luo, CFA
	Yili Industrial Group	XIDRF	600887 CH	Chen Luo, CFA
	Yum China	YUMC	YUMC US	Chen Luo, CFA
	Yum China	XYUMF	9987 HK	Chen Luo, CFA

## NEUTRAL

	Anjoy Foods	XSWCF	603345 CH	Jack Chen
	Asian Paints	XSAFF	APNT IN	Aditya Mathur
	China Feihe	CHFLF	6186 HK	Lynn Wu
	Chow Tai Fook Jewellery	CJEWf	1929 HK	Ronald Leung, CFA
	Fast Retailing	FRCOF	9983 JP	Arashi Nishizawa
	Fast Retailing	FRCOY	FRCOY US	Arashi Nishizawa
	Fenbi Ltd	XFTTF	2469 HK	Lucy Yu
	Giant Manufacturing	GTMUF	9921 TT	Ronald Leung, CFA
	Godrej Consumer Products	XGOCF	GCPL IN	Aditya Mathur
	Gree Electric Appliances	ZHUHF	000651 CH	Chen Luo, CFA
	GS Retail	XGLTF	007070 KS	Ahyung Cho
	Haidilao International Holding Ltd.	HDALF	6862 HK	Lucy Yu
	Hengan Intl	HEGIF	1044 HK	Jack Chen
	Hotel Shilla	HSLLF	008770 KS	Ahyung Cho
	Hyundai Dept Store	HDTSF	069960 KS	Ahyung Cho
	Jason Furniture	XVZDF	603816 CH	Yoyo Pang
	Jubilant FoodWorks	XJUBF	JUBI IN	Aditya Mathur
	Kirin Holdings	KNBWF	2503 JP	Haruka Ono
	Kirin Holdings	KNBWY	KNBWY US	Haruka Ono
	LG H&H	LGHHF	051900 KS	Ahyung Cho
	L'Occitane International S.A.	LCCTF	973 HK	Lynn Wu
	Nestle India	XNTEF	NEST IN	Aditya Mathur
	Nongfu Spring	NNFSF	9633 HK	Jack Chen
	Pan Pacific International HD	DQJCF	7532 JP	Arashi Nishizawa
	Robam Appliance	XVPDF	002508 CH	Lucy Yu
	Sapphire Foods	XLQLF	SAPPHIRE IN	Aditya Mathur
	Shinsegae	SDKLF	004170 KS	Ahyung Cho
	Tata Consumer Products	XTCUF	TATACONS IN	Aditya Mathur
	Yamada Holdings	YMDAF	9831 JP	Arashi Nishizawa
	Yankershop Food	XYNKF	002847 CH	Jack Chen

## UNDERPERFORM

	Bairun	XSBZF	002568 CH	Jack Chen
	Blue Moon	XBMGF	6993 HK	Jack Chen
	Britannia Industries	XJNDF	BRIT IN	Aditya Mathur
	Colgate-Palmolive India	CPIYF	CLGT IN	Aditya Mathur
	E-Mart	EMRTF	139480 KS	Ahyung Cho



## APR - Consumer Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
	Feng Tay	FTGYF	9910 TT	Ronald Leung, CFA
	Foshan Haitian Flavouring & Food Co Ltd	XCMJF	603288 CH	Lynn Wu
	Fuling Zhacai	XSRTF	002507 CH	Lynn Wu
	Heilan Home Co Ltd	XYWDF	600398 CH	Lucy Yu
	Jiangsu Yanghe Brewery	XJBTF	002304 CH	Chen Luo, CFA
	Ligao Foods	XLFLF	300973 CH	Jack Chen
	Lotte Shopping	LOSPF	023530 KS	Ahyung Cho
	Marico	MAIOF	MRCO IN	Aditya Mathur
	Oppein Home Group	XXRFX	603833 CH	Yoyo Pang
	Pidilite Industries	PDLFF	PIDI IN	Aditya Mathur
	Seria	SAOGF	2782 JP	Arashi Nishizawa
	Shanghai Jahwa	SNJUF	600315 CH	Lynn Wu
	Shanghai M&G Stationery	XBHUF	603899 CH	Yoyo Pang
	Shanxi Fen Wine	XCKZF	600809 CH	Lynn Wu
	SHIMAMURA	SHAOX	8227 JP	Arashi Nishizawa
	Smoores	SMORF	6969 HK	Jack Chen
	Suofeiya Home Collection Co Ltd	XGUZF	002572 CH	Yoyo Pang
	United Spirits	XUNIF	UNSP IN	Aditya Mathur
	Want Want China	WWNTF	151 HK	Chen Luo, CFA
	WORKMAN	WKISF	7564 JP	Arashi Nishizawa
	Xiabu Xiabu	XIAXF	520 HK	Lucy Yu
	Yihai Intl	YNNHF	1579 HK	Lucy Yu
	Yihai Kerry Arawana	XYIHF	300999 CH	Lynn Wu
	Yonghui Superstores Co Ltd	XQYXF	601933 CH	Lucy Yu
	Zhejiang Semir Garment Co Ltd	XARGF	002563 CH	Lucy Yu

## RSTR

	Midea Group Co Ltd	XMGEF	000333 CH	Chen Luo, CFA
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## RVW

	Adani Wilmar	XWMAF	AWLTD IN	Aditya Mathur
	Fancf	FACYF	4921 JP	Yuri Nishizaki
	Kose	KOSCF	4922 JP	Yuri Nishizaki
	Pola Orbis HD	PORBF	4927 JP	Yuri Nishizaki
	Shimano	SHMDF	7309 JP	Yuri Nishizaki
	Shiseido	SSDOF	4911 JP	Yuri Nishizaki
	Shiseido	SSDOY	SSDOY US	Yuri Nishizaki

IQmethod<sup>SM</sup> Measures Definitions

## Business Performance

Return On Capital Employed

Return On Equity

Operating Margin

Earnings Growth

Free Cash Flow

## Numerator

NOPAT = (EBIT + Interest Income) × (1 – Tax Rate) + Goodwill Amortization

Net Income

Operating Profit

Expected 5 Year CAGR From Latest Actual

Cash Flow From Operations – Total Capex

## Denominator

Total Assets – Current Liabilities + ST Debt + Accumulated Goodwill Amortization

Shareholders' Equity

Sales

N/A

N/A

## Quality of Earnings

Cash Realization Ratio

Asset Replacement Ratio

Tax Rate

Net Debt-To-Equity Ratio

Interest Cover

## Numerator

Cash Flow From Operations

Capex

Tax Charge

Net Debt = Total Debt – Cash &amp; Equivalents

EBIT

## Denominator

Net Income

Depreciation

Pre-Tax Income

Total Equity

Interest Expense

## Valuation Toolkit

Price / Earnings Ratio

Price / Book Value

Dividend Yield

Free Cash Flow Yield

Enterprise Value / Sales

EV / EBITDA

## Numerator

Current Share Price

Current Share Price

Annualised Declared Cash Dividend

Cash Flow From Operations – Total Capex

EV = Current Share Price × Current Shares + Minority Equity + Net Debt +

Other LT Liabilities

Enterprise Value

## Denominator

Diluted Earnings Per Share (Basis As Specified)

Shareholders' Equity / Current Basic Shares

Current Share Price

Market Cap = Current Share Price × Current Basic Shares

Sales

Basic EBIT + Depreciation + Amortization



Valuation Toolkit

Numerator

Denominator

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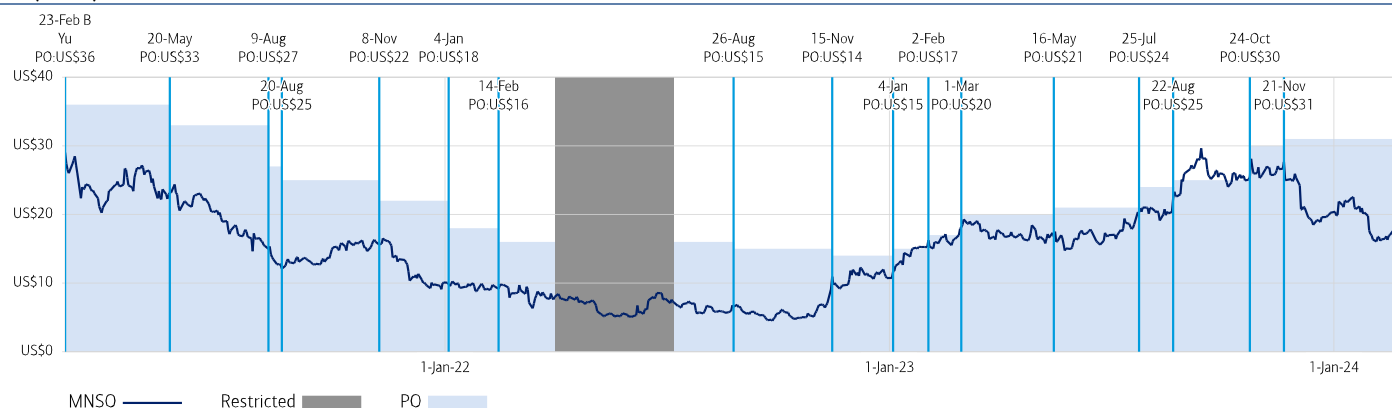
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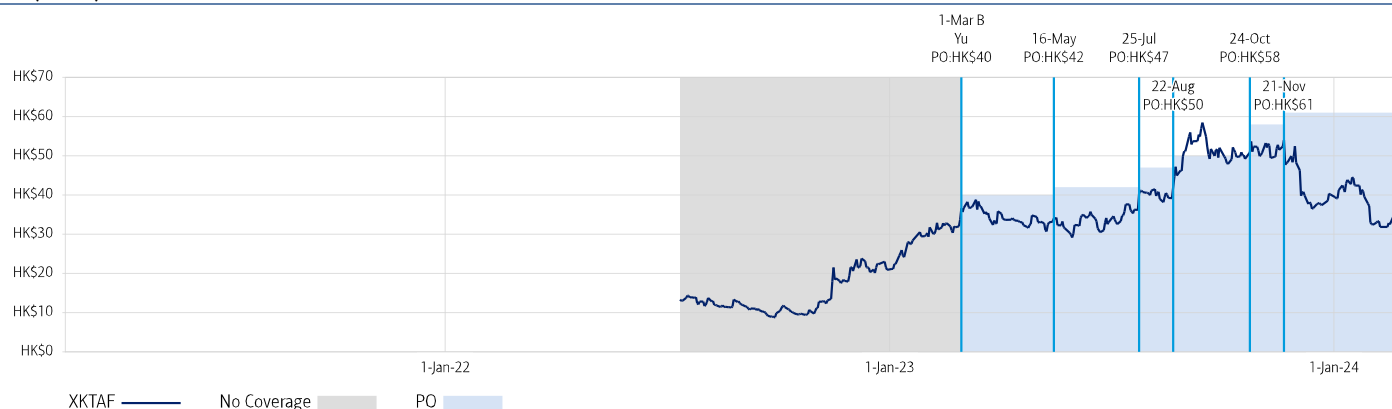
### MINISO (MNSO) Price Chart



B: Buy, N: Neutral, U: Underperform, PO: Price Objective, NA: No longer valid, NR: No Rating

The Investment Opinion System is contained at the end of the report under the heading "Fundamental Equity Opinion Key". Dark grey shading indicates the security is restricted with the opinion suspended. Medium grey shading indicates the security is under review with the opinion withdrawn. Light grey shading indicates the security is not covered. Chart is current as of a date no more than one trading day prior to the date of the report.

### MINISO (XKTAF) Price Chart



B: Buy, N: Neutral, U: Underperform, PO: Price Objective, NA: No longer valid, NR: No Rating

The Investment Opinion System is contained at the end of the report under the heading "Fundamental Equity Opinion Key". Dark grey shading indicates the security is restricted with the opinion suspended. Medium grey shading indicates the security is under review with the opinion withdrawn. Light grey shading indicates the security is not covered. Chart is current as of a date no more than one trading day prior to the date of the report.

### Equity Investment Rating Distribution: Retailing Group (as of 31 Dec 2023)

Coverage Universe	Count	Percent	Inv. Banking Relationships <sup>R1</sup>	Count	Percent
Buy	96	57.83%	Buy	39	40.63%
Hold	32	19.28%	Hold	12	37.50%
Sell	38	22.89%	Sell	18	47.37%

### Equity Investment Rating Distribution: Global Group (as of 31 Dec 2023)

Coverage Universe	Count	Percent	Inv. Banking Relationships <sup>R1</sup>	Count	Percent
Buy	1895	53.62%	Buy	1083	57.15%
Hold	832	23.54%	Hold	454	54.57%
Sell	807	22.84%	Sell	383	47.46%

<sup>R1</sup> Issuers that were investment banking clients of BofA Securities or one of its affiliates within the past 12 months. For purposes of this Investment Rating Distribution, the coverage universe includes only stocks. A stock rated Neutral is included as a Hold, and a stock rated Underperform is included as a Sell.

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Investment rating	Total return expectation (within 12-month period of date of initial rating)	Ratings dispersion guidelines for coverage cluster <sup>R2</sup>
Buy	≥ 10%	≤ 70%
Neutral	≥ 0%	≤ 30%
Underperform	N/A	≥ 20%

<sup>R2</sup>Ratings dispersions may vary from time to time where BofA Global Research believes it better reflects the investment prospects of stocks in a Coverage Cluster.

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