

## MINISO Group Holdings

Dec-quarter results: Solid finish to 2023;  
YTD update solid; reiterate Buy

Reiterate Rating: BUY | PO: 29.00 USD | Price: 17.92 USD

## Results in line; reiterate Buy

MINISO finished 2023 with a strong December quarter (Dec-Q). Dec-Q results came in slightly better than our expectation (see our [Dec-Q preview](#) note), led by GPM, with revenue up 54% and non-IFRS net profit up 77%, implying 17.2% NPM. This brought full-year 2023 revenue growth to 39.4% and non-IFRS net profit growth to 109%. 2M24 GMV grew 13% in China and c.40% YoY in the overseas market, which looks solid with a normalized base. The company also announced a 50% dividend payout for 2H23 given its fiscal-year change (from June to December). We revise our income rating to 7 (same or higher) from 8 (same or lower) to reflect higher dividends. We fine-tune our estimates to reflect results. We maintain our PO. We reiterate Buy rating on MINISO, due to 1) strategy shift from value-for-money to interest driven, which should lead to further brand growth upside; 2) potential brand upgrade and UE optimization to lift margins, mainly in the overseas market; 3) ability to leverage China's world-factory status to capture rising demand in the long term. The recent share price pullback could be attributed to rising US-China tension. The stock trades at 14x 2024E P/E, for 21% EPS CAGR over 2024-26.

## Store additions: Reiterates 2024-28 targets

2M24 China/overseas GMV was +c.13%/c.40% YoY, off a normalized base, which was solid. We look for 20%+ revenue and NPAT growth for full-year 2024. MINISO reiterated its target to add 900-1k stores p.a., with 20% revenue CAGR over 2024-2028. NPAT growth should be faster than topline given operating leverage and ramping-up DTC net margin.

## Dec-Q results highlights

Both Dec-Q China and overseas GMV surprised on the upside. Same-store-sales recovery was the key driver (+32%/19% for China/overseas). GMV per store in China returned to 85% of the 2019 level or 100% of 2021. Overseas GMV per store was well above the 2019 level. More importantly, overseas DTC continued to grow at 80%+ YoY and accounted for 50% of overseas revenue. MINISO added another 1k stores globally, including 601 MINISO-branded stores in China (above guidance) and 372 overseas (in line). Margins also hit a historical high, with the GPM at 43.1% and non-IFRS ex-FX NPM at 17.4%.

Estimates (Jun) (CNY)	2022A	2023A	2024E	2025E	2026E
Net Income (Adjusted - mn)	707.52	1,828	2,481	3,058	3,669
EPS	2.31	5.97	8.10	9.98	11.98
EPS Change (YoY)	39.9%	158.4%	35.7%	23.3%	20.0%
Dividend / Share	1.18	3.04	4.05	5.03	6.03
Free Cash Flow / Share	0.563	4.89	6.27	8.54	11.07
Common EPS (CNY)	0.577	1.49	2.02	2.50	2.99
Common Dividend / Share (CNY)	0.294	0.760	1.01	1.26	1.51
<b>Valuation (Jun)</b>					
P/E	51.95x	21.81x	15.90x	12.90x	10.75x
Dividend Yield	0.982%	2.34%	3.14%	3.90%	4.68%
EV / EBITDA*	25.23x	12.77x	9.47x	7.44x	6.19x
Free Cash Flow Yield*	0.437%	3.80%	4.87%	6.63%	8.60%

\* For full definitions of *IQmethod*<sup>SM</sup> measures, see page 9.

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**Refer to important disclosures on page 11 to 14. Analyst Certification on page 7. Price Objective Basis/Risk on page 7.**

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## Equity

## Key Changes

(CNY)	Previous	Current
Inv. Opinion	C-1-8	C-1-7
2024E EPS	8.07	8.10
2025E EPS	10.06	9.98
2026E EPS	12.01	11.98
2024E EBITDA (m)	3,449.7	3,389.5
2025E EBITDA (m)	4,357.2	4,313.3
2026E EBITDA (m)	5,209.4	5,179.7

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## Stock Data

Price (ADR / Common)	18.22 USD / 40.05 HKD
Price Objective	29.00 USD / 56.90 HKD
Date Established	26-Feb-2024 / 26-Feb-2024
Investment Opinion	C-1-7 / C-1-7
52-Week Range	14.46 USD-29.92 USD
Market Value (mn)	5,491 USD
Shares Outstanding (mn)	306.4 / 1,225.6
Average Daily Value (mn)	25.18 USD
Free Float	10.0%
BofA Ticker / Exchange	MNSO / NYS
BofA Ticker / Exchange	XKTAF / HKG
Bloomberg / Reuters	MNSO US / MNSO.N
ROE (2024E)	26.1%
Net Dbt to Eqty (Jun-2023A)	-79.5%

2M24: first 2 months of 2024

c.: circa

DTC: direct to consumer

GMV: gross merchandise value

GPM: gross profit margin

k: thousand

NPAT: net profit after tax

NPM: net profit margin

p.a.: per annum

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

## Key Income Statement Data (Jun)

(CNY Millions)

	2022A	2023A	2024E	2025E	2026E
Sales	10,086	11,473	15,217	18,428	21,721
Gross Profit	3,070	4,443	6,456	8,143	9,881
Sell General & Admin Expense	(2,259)	(2,350)	(3,424)	(4,278)	(5,226)
Operating Profit	882	2,223	3,081	3,897	4,685
Net Interest & Other Income	25	111	135	135	135
Associates	NA	NA	NA	NA	NA
Pretax Income	907	2,334	3,216	4,032	4,820
Tax (expense) / Benefit	(267)	(552)	(820)	(1,057)	(1,231)
Net Income (Adjusted)	708	1,828	2,481	3,058	3,669
Average Fully Diluted Shares Outstanding	306	306	306	306	306

## Key Cash Flow Statement Data

Net Income	638	1,769	2,385	2,967	3,578
Depreciation & Amortization	390	289	308	416	495
Change in Working Capital	361	(530)	(52)	(41)	44
Deferred Taxation Charge	NA	NA	NA	NA	NA
Other Adjustments, Net	17	138	(119)	(127)	(125)
Cash Flow from Operations	1,406	1,666	2,522	3,216	3,993
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)	(1,240)	(1,540)	(1,847)
Cash Flow from Financing	(734)	(326)	(1,191)	(1,470)	(1,777)
Free Cash Flow	172	1,497	1,922	2,616	3,393
Net Debt	(5,611)	(7,091)	(7,992)	(9,307)	(11,093)
Change in Net Debt	1,418	(1,141)	(901)	(1,315)	(1,786)

## 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	6,756	10,268
Trade Receivables	1,056	1,150	1,435	1,602	1,807
Cash & Equivalents	5,618	7,098	7,999	9,314	11,100
Other Current Assets	1,399	1,656	2,019	2,167	2,525
Total Assets	11,282	13,448	15,610	21,190	27,313
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	4,803	8,843	13,120
Total Liabilities	4,240	4,496	5,414	9,454	13,731
Total Equity	7,027	8,918	10,163	11,703	13,550
Total Equity & Liabilities	11,267	13,415	15,577	21,157	27,280

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

Return On Capital Employed	9.1%	21.2%	23.8%	25.9%	27.2%
Return On Equity	10.3%	23.0%	26.1%	28.1%	29.2%
Operating Margin	8.7%	19.4%	20.3%	21.1%	21.6%
EBITDA Margin	12.6%	21.9%	22.3%	23.4%	23.8%

## 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%	25.5%	26.2%	25.5%
Net Debt-to-Equity Ratio	-79.8%	-79.5%	-78.6%	-79.5%	-81.9%
Interest Cover	26.4x	NM	NM	NM	NM

## Key Metrics

\* For full definitions of iQmethod<sup>SM</sup> measures, see page 9.

## 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	3.9x

## Key Changes

(CNY)	Previous	Current
Inv. Opinion	C-1-8	C-1-7
2025E EPS	2.51	2.50
2026E EPS	3.00	2.99

# Estimate revisions

## Exhibit 1: MNSO: Estimate revisions

We largely maintain our FY24/25E estimates

	2024E			2025E		
	Old	New	+/-	Old	New	+/-
<b>P&amp;L (RMBmn)</b>						
Revenue	15,168	15,217	0.3%	18,276	18,428	0.8%
Gross profit	6,376	6,456	1.3%	7,899	8,143	3.1%
Operating expenses	-3,274	-3,424	4.6%	-3,990	-4,278	7.2%
Non-IFRS operating expense*	-3,179	-3,332	4.8%	-3,895	-4,187	7.5%
Operating profit	3,142	3,082	-1.9%	3,941	3,897	-1.1%
Non-IFRS operating profit*	3,219	3,149	-2.2%	4,016	3,968	-1.2%
Profit before tax	3,380	3,300	-2.3%	4,181	4,137	-1.1%
Income tax	-879	-820	-6.7%	-1,069	-1,057	-1.1%
Net profit	2,480	2,468	-0.5%	3,092	3,072	-0.6%
Non-IFRS net profit*	2,595	2,576	-0.7%	3,207	3,171	-1.1%
EPS (RMB)	2.02	2.01	-0.5%	2.52	2.51	-0.6%
Non-IFRS EPS (RMB)*	2.10	2.09	-0.4%	2.60	2.58	-0.8%
<b>Ratio</b>						
GPM	42.0%	42.4%	39 bps	43.2%	44.2%	97 bps
Operating expenses/revenue	-21.6%	-22.5%	-92 bps	-21.8%	-23.2%	-138 bps
Non-IFRS operating expense/revenue*	-21.0%	-21.9%	-94 bps	-21.3%	-22.7%	-141 bps
OPM	20.7%	20.3%	-46 bps	21.6%	21.1%	-42 bps
Non-IFRS OPM*	21.2%	20.7%	-53 bps	22.0%	21.5%	-44 bps
Effective Tax Rate	-26.0%	-24.9%	116 bps	-25.6%	-25.5%	2 bps
NPM	16.3%	16.2%	-13 bps	16.9%	16.7%	-25 bps
Non-IFRS NPM*	17.1%	16.9%	-18 bps	17.5%	17.2%	-34 bps

**Source:** BofA Global Research estimates, Company. \* excluding equity-settled share-based payment expenses. Per-share data (not per-ADR).

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We largely maintain our FY24/25E estimates and our PO of USD29/HKD56.9, which is based on a 50/50 blend of DCF and P/E. Our DCF-based valuation is US\$31.9, on 9.8% WACC, 0.75 beta, and 3.5% terminal rate (all unchanged). Our P/E-based valuation is US\$26.1, based on 20x CY24E P/E (unchanged). We assume USDCNY at 7.2, based on our house view (unchanged).

## Results at a glance

China revenue rose 56% YoY in Dec-Q, off a low base. The growth was driven by 1) a recovery in GMV per store +66% YoY (mostly by volume) and 2) store expansion (added 124 new stores in Dec-Q to 3.9k, as of end-2023, or 18% YoY, well above its target of 350-450 at mid-2023).

Overseas: Revenue was up 51% YoY in the Dec-Q, contributing 39% of total revenue. The shift towards DTC continues, with DTC markets up 74% at 48% of total overseas revenue and wholesales +35%. 174 stores were added in the Dec-Q, reaching c.2.5k stores in total, in line with the company's guidance of 350-450.

GPM expanded 3.2ppt YoY or 1.4ppt QoQ, hitting a historical high of 43.1%, owing to rising DTC contribution and intellectual property (IP)-licensed products. SG&A/revenue was up 1.1ppt on rising direct retail contribution, marketing expenses, and higher personnel expense from DTC development. Core operating profit margin (OPM) increased 2.1ppt to 20.6%. Non-IFRS net profit (NP) grew 77% YoY to RMB660mn. If we exclude FX, non-IFRS NPM would have been 17.4%, up from 16.9% in the September quarter.



**Exhibit 2: MNSO: Results at a glance**

2QFY24 revenue/non-IFRS net profit was up 54%/77%

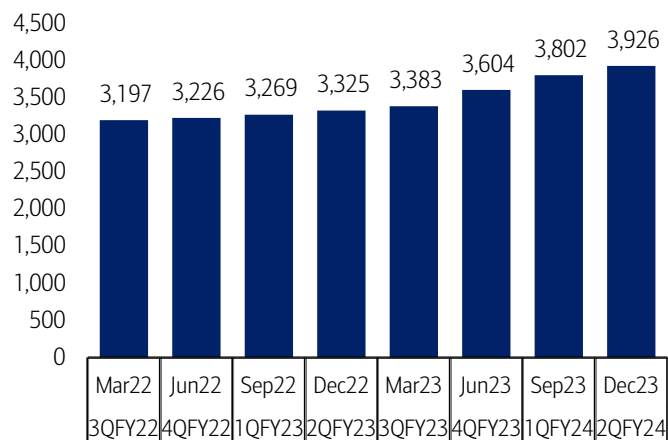
	2QFY23	2QFY24	YoY	1QFY23	1QFY24	YoY
<b>P&amp;L summary (RMBmn)</b>						
<b>Revenue</b>	<b>2,494</b>	<b>3,841</b>	<b>54.0%</b>	<b>2,772</b>	<b>3,791</b>	<b>36.7%</b>
Gross profit	997	1,657	66.2%	989	1,584	60.2%
Other income	8	6	-29.6%	6	13	109.3%
SG&A expenses	-417	-722	73.3%	-381	-641	68.1%
Non-IFRS SG&A expenses*	-409	-701	71.3%	-373	-621	66.6%
Other net income	9	20	128.6%	64	1	-98.5%
Impairment loss on trade and other receivables	-3	-4	NM	-1	2	NM
<b>Operating profit</b>	<b>448</b>	<b>765</b>	<b>71.0%</b>	<b>510</b>	<b>788</b>	<b>54.7%</b>
<b>Non-IFRS operating profit*</b>	<b>461</b>	<b>793</b>	<b>72.0%</b>	<b>523</b>	<b>812</b>	<b>55.4%</b>
Net interest income	23	41	75.7%	25	58	130.9%
<b>Profit before income tax</b>	<b>471</b>	<b>807</b>	<b>71.3%</b>	<b>535</b>	<b>846</b>	<b>58.3%</b>
Income tax expense	-111	-169	51.9%	-130	-228	74.7%
Profit from continued operations	360	638	77.3%	404	618	53.0%
<b>Net profit</b>	<b>352</b>	<b>636</b>	<b>80.4%</b>	<b>412</b>	<b>613</b>	<b>48.8%</b>
<b>Non-IFRS net profit*</b>	<b>373</b>	<b>660</b>	<b>77.0%</b>	<b>417</b>	<b>642</b>	<b>53.8%</b>
<b>Margins</b>						
GPM	40.0%	43.1%	317 bps	35.7%	41.8%	612 bps
SG&A/revenue	-16.7%	-18.8%	-209 bps	-13.8%	-16.9%	-315 bps
Non-IFRS SG&A/revenue*	-16.4%	-18.2%	-185 bps	-13.4%	-16.4%	-294 bps
OPM	17.9%	19.9%	198 bps	18.4%	20.8%	242 bps
Non-IFRS OPM*	18.5%	20.6%	216 bps	18.9%	21.4%	257 bps
Effective tax rate	-4.5%	-4.4%	6 bps	-4.7%	-6.0%	-131 bps
NPM	14.1%	16.6%	242 bps	14.8%	16.2%	131 bps
Non-IFRS NPM*	15.0%	17.2%	224 bps	15.1%	16.9%	188 bps

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

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**Focus charts****Exhibit 3: MINISO: China store count**

Miniso added 124 stores in China during Dec-Q, reaching 3926 stores

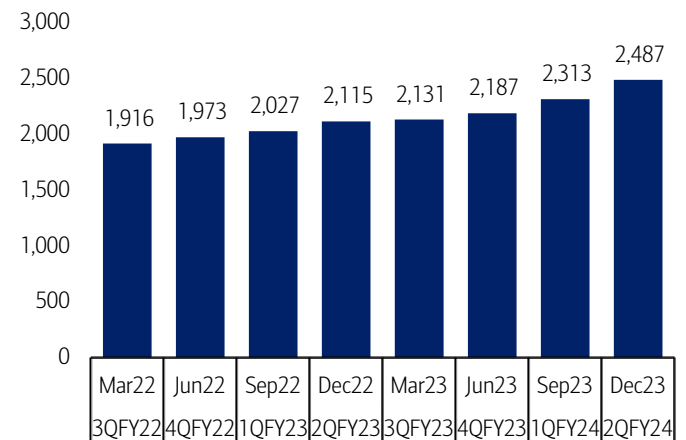


Source: Company

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**Exhibit 4: MINISO: Overseas store count**

Miniso added 174 stores in overseas during Dec-Q, reaching 2487 stores

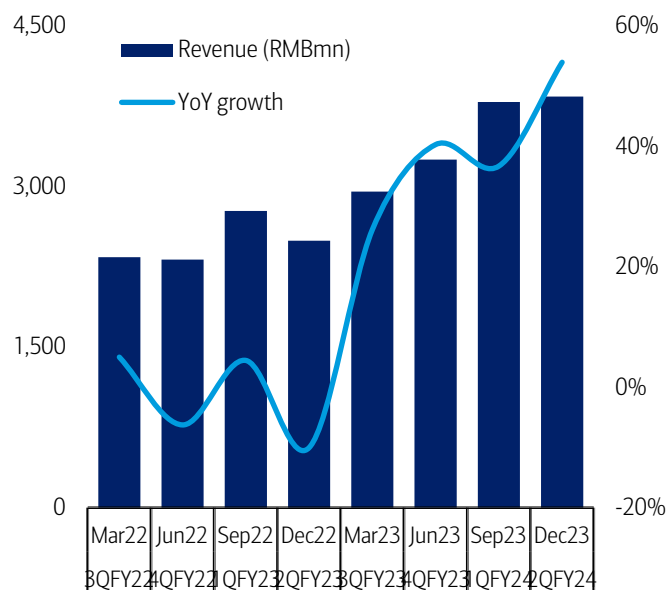


Source: Company

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**Exhibit 5: MINISO: Quarterly revenue and YoY %**

Miniso's Dec-Q revenue was +54% YoY

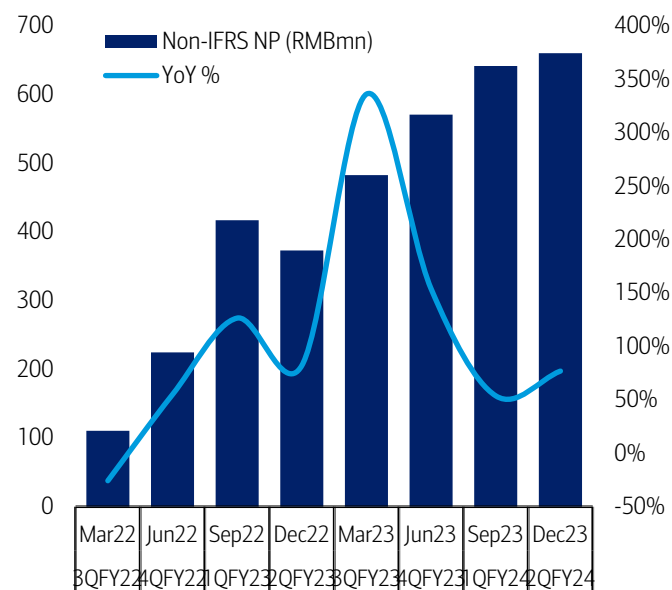


Source: Company

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**Exhibit 6: MINISO: Non-IFRS net profit trend**

Miniso's Dec-Q non-IFRS net profit was +77% YoY



Source: Company

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## Financials

**Exhibit 9: MINISO: P&L**

Gradual recovery ahead

RMBmn	FY22A	FY23A	FY24E	FY25E	FY26E
<b>Revenue</b>	<b>10,086</b>	<b>11,473</b>	<b>15,217</b>	<b>18,428</b>	<b>21,721</b>
COGS	-7,016	-7,030	-8,761	-10,285	-11,840
<b>Gross profit</b>	<b>3,070</b>	<b>4,443</b>	<b>6,456</b>	<b>8,143</b>	<b>9,881</b>
Other income	26	18	25	12	10
<b>SG&amp;A expenses</b>	<b>-2,259</b>	<b>-2,350</b>	<b>-3,424</b>	<b>-4,278</b>	<b>-5,226</b>
<b>Non-IFRS SG&amp;A expenses*</b>	<b>-2,176</b>	<b>-2,287</b>	<b>-3,332</b>	<b>-4,187</b>	<b>-5,136</b>
Selling and distribution expense	-1,442	-1,716	-2,649	-3,406	-4,248
General and administrative expenses	-816	-634	-776	-872	-978
Other net income	87	114	31	20	20
Impairment loss	-42	-2	-7	0	0
<b>Operating profit</b>	<b>882</b>	<b>2,223</b>	<b>3,082</b>	<b>3,897</b>	<b>4,685</b>
<b>Non-IFRS operating profit**</b>	<b>978</b>	<b>2,174</b>	<b>3,149</b>	<b>3,968</b>	<b>4,755</b>
Net finance costs	33	111	219	240	240
<b>Profit before tax</b>	<b>907</b>	<b>2,334</b>	<b>3,300</b>	<b>4,137</b>	<b>4,925</b>
Income tax	-267	-552	-820	-1,057	-1,231
<b>Profit from continued operations</b>	<b>640</b>	<b>1,782</b>	<b>2,480</b>	<b>3,080</b>	<b>3,693</b>
Loss from discontinued operations	0	0	0	0	0
Minority interest	-2	-13	-12	-8	-10
<b>Net profit</b>	<b>638</b>	<b>1,769</b>	<b>2,468</b>	<b>3,072</b>	<b>3,683</b>
<b>Non-IFRS net profit**</b>	<b>708</b>	<b>1,828</b>	<b>2,565</b>	<b>3,163</b>	<b>3,774</b>

Source: BofA Global Research estimates, Company. \*excluding share-based compensation and impairment loss on non-current assets of directly operated stores

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**Exhibit 10: MINISO: Cash flow**

Cash flow to stay healthy

RMBmn	FY22A	FY23A	FY24E	FY25E	FY26E
<b>Profit before taxation</b>	<b>640</b>	<b>1,782</b>	<b>2,480</b>	<b>3,080</b>	<b>3,693</b>
Non-cash adjustment	556	645	914	1,233	1,486
Change in working capital	356	-539	-52	-41	44
<b>Gross operating cash flow</b>	<b>1,551</b>	<b>1,888</b>	<b>3,342</b>	<b>4,273</b>	<b>5,224</b>
Tax paid	267	552	-820	-1,057	-1,231
<b>Net operating cash flow</b>	<b>1,406</b>	<b>1,666</b>	<b>2,522</b>	<b>3,216</b>	<b>3,993</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>2,616</b>	<b>3,393</b>
Dividends paid to owners of the parent	-325	-413	-1,240	-1,540	-1,847
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	49	70	70
<b>Net Financing cash flow</b>	<b>-734</b>	<b>-326</b>	<b>-1,191</b>	<b>-1,470</b>	<b>-1,777</b>
<b>Net increase/(decrease) in cash</b>	<b>-1,453</b>	<b>1,047</b>	<b>901</b>	<b>1,315</b>	<b>1,786</b>

Source: Company, BofA Global Research estimates

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**Exhibit 11: MINISO: Balance Sheet**

Strong balance sheet

RMBmn	FY22A	FY23A	FY24E	FY25E	FY26E
<b>Current Assets</b>					
Bank Balances and Cash	5,348	6,489	7,390	8,705	10,492
Inventories	1,188	1,451	1,814	1,962	2,320
Trade and other receivables	1,056	1,150	1,435	1,602	1,807
Others	480	814	814	814	814
<b>Total Current Assets</b>	<b>8,073</b>	<b>9,904</b>	<b>11,453</b>	<b>13,083</b>	<b>15,433</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	6,299	9,811
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>8,106</b>	<b>11,881</b>
<b>Total Assets</b>	<b>11,282</b>	<b>13,448</b>	<b>15,610</b>	<b>21,190</b>	<b>27,313</b>
<b>Current Liabilities</b>					
Loan and borrowings	0	0	0	0	0
Trade and other payables	3,073	3,019	3,616	3,890	4,497
Contract liabilities	362	293	293	293	293
Others	264	336	656	4,422	8,092
<b>Total Current Liabilities</b>	<b>3,789</b>	<b>3,886</b>	<b>4,803</b>	<b>8,843</b>	<b>13,120</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>5,447</b>	<b>9,487</b>	<b>13,764</b>
<b>Shareholders Equity</b>	<b>7,027</b>	<b>8,918</b>	<b>10,163</b>	<b>11,703</b>	<b>13,550</b>

Source: BofA Global Research estimates, Company

BofA GLOBAL RESEARCH

**Exhibit 12: MINISO: Ratio Analysis**

Recovery in growth with margin expansion

	FY22A	FY23A	FY24E	FY25E	FY26E
<b>Profit &amp; Loss</b>					
Revenue Growth (%)	11.2	13.8	32.6	21.1	17.9
NPAT Growth (%)	-145.1	177.2	39.5	24.5	19.9
Non-IFRS NPAT Growth (%)	43.1	158.4	40.3	23.3	19.3
Gross Margin (%)	30.4	38.7	42.4	44.2	45.5
SG&A/Revenue (%)	22.4	20.5	22.5	23.2	24.1
Non-IFRS SG&A/Revenue (%)*	21.6	19.9	21.9	22.7	23.6
Operating Margin (%)	8.7	19.4	20.3	21.1	21.6
Non-IFRS Operating Margin (%)**	9.7	18.9	20.7	21.5	21.9
Effective Tax Rate (%)	26.8	23.0	24.2	25.0	25.0
Net Margin (%)	6.3	15.4	16.2	16.7	17.0
Non-IFRS Net Margin (%)***	7.0	15.9	16.9	17.2	17.4
<b>Balance Sheet</b>					
Net Cash (RMBmn)	5,611	7,091	7,992	9,307	11,093
ROE (%)	10.3	19.8	24.3	26.3	27.2
ROA (%)	7.6	13.2	15.8	14.5	13.5
ROIC	14.1	23.1	28.0	31.2	32.6
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. \* excluding share-based compensation and impairment loss on non-current assets of directly operated stores

BofA GLOBAL RESEARCH

## 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\$31.9/share, which is based on 12% WACC, 1x beta, and 4% terminal growth. Our P/E-driven valuation is US\$26.1/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
	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	LNNGF	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
	MINISO Group Holdings	XKTAF	9896 HK	Lucy Yu





## APR - Consumer Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
	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	CJWVF	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
	Feng Tay	FTGYF	9910 TT	Ronald Leung, CFA



## APR - Consumer Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
	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	KKXRF	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	SHAOF	8227 JP	Arashi Nishizawa
	Smoore	SMORF	6969 HK	Jack Chen
	Suofeiyi 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
<b>RSTR</b>				
	ITC	ITCTF	ITC IN	Aditya Mathur
	Midea Group Co Ltd	XMGEF	000333 CH	Chen Luo, CFA
<b>RVW</b>				
	Adani Wilmar	XWMAF	AWLTD IN	Aditya Mathur
	Fancl	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

## 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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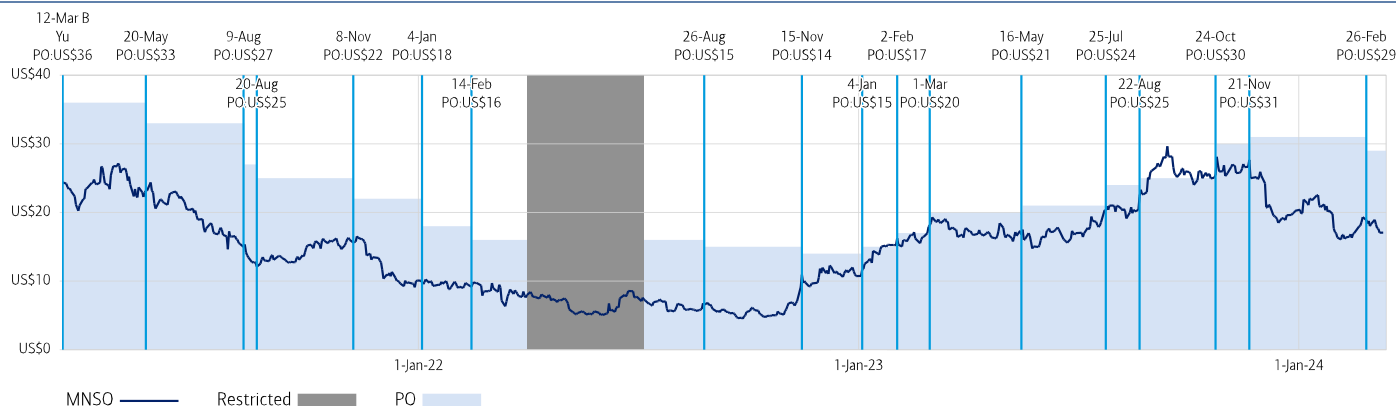
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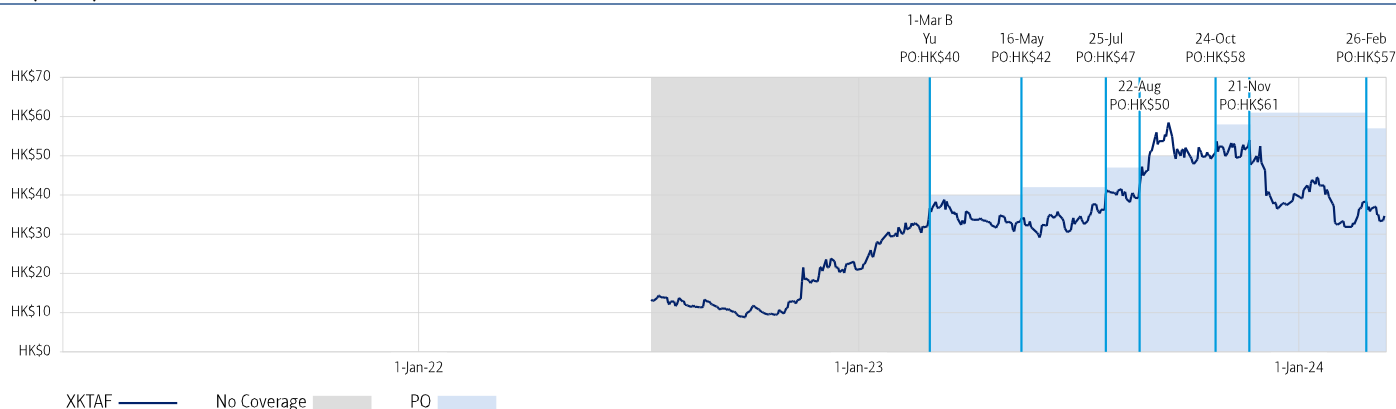
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### MINISO (MNSO) Price Chart



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



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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