

Sectors:

TMT, Semiconductors, Consumer & Healthcare (Eric Li)

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This month I released reports of Pop Mart International Group Limited (09992).

Pop Mart International Group Limited (09992) is principally engaged the product design and development and sale of pop toys in China and certain overseas countries and regions. Pop Mart brand products are primarily categorized into blind boxes, action figures, BJDs and accessories. Revenue of the Company is generated in Mainland China and Hong Kong, Macao, Taiwan and overseas through: offline channels, online channels, and wholesales channels and others. Proprietary products of Pop Mart are mainly divided into: artist IPs and licensed IPs. Artist IPs are the major product type of the Company, primarily including MOLLY, SKULLPANDA, DIMOO and THE MONSTERS.

In 1HFY2023, Pop Mart opened 19 new physical stores in Mainland China. The number of physical stores increased to 340. The company opened 118 roboshops in Mainland China. The number of roboshops increased to 2,185. The total number of registered members in Mainland China increased to 30.388 million. In particular, there were 4.384 million new registered members. During the first half of 2023, the sales contributed by members represents 92.2% of total sales, with repeat purchase rate of the member of 44.5%. The number of stores in Hong Kong, Macao, Taiwan and overseas cities amounted to 55 (including joint ventures) and the number of roboshops amounted to 143 (including joint ventures and franchise), respectively, with overseas e-commerce platforms reaching 28. Pop Mart established the first physical store in the France and Malaysia during the period.

In 1HFY2023, Revenue of the company increased to RMB2,814 million, representing a year-on-year increase of 19.3%. Profit for the period increased to RMB477 million, representing an increase of 43.3% YoY. Basic EPS were RMB35.46 cents, and no interim dividend was paid. Non-IFRS adjusted net profit (after excluding share-based payment) increased to RMB535 million, representing an increase of 42.3% YoY.

According to the latest business update for 3QFY2023, Overall revenue in Q3 recorded a period-on-period increase of 35%-40%, among which, revenue attributed from operations in Mainland China recorded a period-on-period increase of 25%-30% and revenue attributed from operations in Hong Kong, Macao, Taiwan and overseas recorded a period-on-period increase of 120%-125%.

The revenue attributed from each respective channel of the operations in the Mainland China: for retail stores operations, was recorded an increase of 35%-40%; for roboshops operations, it was recorded an increase of 45%-50%; for Pop Draw operations, it was recorded a decrease of 10%-15%; for the operations of e-commerce platforms and other online platforms, it was recorded an increase of 20%-25, of which the operations for Tik-Tok flagship store recorded a increase of 875%-880% and the operations for Tmall flagship store recorded a decrease of 20%-25%; and for the operations in wholesales and other channels, it was recorded an increase of 50%-55%.

Fig 1. Performance of Recommended Stocks

Time	Ticker	Company	Analyst	Rating	Price on Recommendation Date	Target Price	Expected Return	Last Month Closing Price	Last Month Return	Closing Price 2M ago	1M Price Chg
20231130	09992.HK	Pop Mart	EL	Accumulate	23.95	28.47	18.9%	23.45	-2.09%	21.55	8.82%

A stock is calculated by RMB yuan.
Source: Phillip Securities Research

PHILLIP RESEARCH STOCK SELECTION SYSTEMS

Total Return	Recommendation	Rating	Remarks
>+20%	Buy	1	>20% upside from the current price
+5% to +20%	Accumulate	2	+5% to +20% upside from the current price
-5% to +5%	Neutral	3	Trade within \pm 5% from the current price
-5% to -20%	Reduce	4	-5% to -20% downside from the current price
<-20%	Sell	5	>20% downside from the current price

We do not base our recommendations entirely on the above quantitative return bands. We consider qualitative factors like (but not limited to) a stock's risk reward profile, market sentiment, recent rate of share price appreciation, presence or absence of stock price catalysts, and speculative undertones surrounding the stock, before making our final recommendation

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