

JNBY Design Limited (03306)

All three brands portfolio delivered revenue growth,
with effective cost management
China | Consumer | Apparel

10 December 2024

Buy

CMP HKD14.76
(Closing price as of 5 December)
Target HKD 17.73 (+20.1%)

JNBY Design Limited (“JNBY”), a leading designer-brand fashion group in China, demonstrated robust performance in the fiscal year ended June 30, 2024 (FY2024). Leveraging its diversified brand portfolio, solid business model, and operational excellence, JNBY has maintained a strong foothold in the competitive Chinese fashion market.

Effective cost management

In FY2024, JNBY reported total revenue of RMB 5.238 billion, a year-on-year increase of 17.3%. This growth was primarily driven by a 10.7% rise in comparable sales across physical stores, an 18.4% expansion in online sales, and a moderate increase in store footprint. Gross margin improved to 66.3% (FY2023: 65.3%), reflecting the Company’s strong brand equity and effective cost management.

Net profit surged by 36.5% year-on-year to RMB 848.1 million, with the net profit margin increasing from 13.9% in FY2023 to 16.2% in FY2024. This demonstrates significant profitability improvement. Notably, net cash inflow from operating activities increased by 70.7% to RMB 1.603 billion, showcasing a robust cash position and strong operational efficiency. With a final dividend of HKD 0.86 per ordinary share, bringing the total dividend payout for FY2024 to 97% of net profit. This reflects the Company’s solid cash flow and commitment to shareholder returns.

All three brands portfolio delivered revenue growth

JNBY’s diversified brand portfolio spans mature brands (e.g., JNBY), growth brands (e.g., CROQUIS, jnby by JNBY, LESS), and emerging brands (e.g., POMME DE TERRE, onmygame, JNBYHOME). In FY2024, all three segments delivered revenue growth. Core brand JNBY posted revenue of RMB 2.944 billion, up 17.1% year-on-year, accounting for 56.2% of total revenue. Growth brands generated RMB 2.184 billion (+17.0% YoY), while emerging brands contributed RMB 109.8 million (+28.7% YoY). The diversified brand strategy enables JNBY to penetrate various consumer segments and mitigate risks while enhancing market share.

The Company’s dual-channel strategy, encompassing an extensive offline retail network and strong online presence, has driven stable growth. Offline channels grew by 17.1% in revenue, while online channels achieved an 18.4% increase. JNBY’s active membership accounts exceeded 550,000 in FY2024, with high-value members (annual spending above RMB 5,000) reaching over 310,000. These members contributed more than 60% of total offline retail sales, underscoring the Company’s success in brand building and membership operations.

COMPANY DATA

O/S SHARES (MN) :	518.750
MARKET CAP (HKD MN) :	7656.8
52 - WK HI/LO (HKD):	17.34/7.48

SHARE HOLDING PATTERN, %

Mr. Wu Jian	61.39%
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PRICE VS. HSI



Source: Phillip Securities (HK) Research

KEY FINANCIALS

CNY mn	FY23	FY24	FY25E	FY26E
Revenue	4,465	5,238	5,686	6,261
Shareholders Net profit	621	849	935	979
Reported EPS	1.22	1.64	1.79	1.85
P/E ratio, x	10.16	8.20	7.51	7.24
Dividend Yield, %	6.6%	11.6%	10.6%	11.0%

Source: Company reports, Phillip Securities Est.

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As of June 30, 2024, JNBY operated 2,024 independent retail stores worldwide, a net increase of 34 stores compared to FY2023. Its offline retail network covers all provinces in mainland China and nine other countries and regions globally. The launch of “JIANGNANBUYI+” multi-brand collection stores and the upgrade of store visuals have enhanced the shopping experience, boosting comparable store sales and reinforcing the Company’s brand presence.

With the steady recovery of China’s economy and improving domestic consumption, JNBY is well-positioned to benefit from favorable market trends. The growing demand for designer brands, particularly among younger consumers seeking personalized and sustainable products, offers significant opportunities for the Company’s multi-brand portfolio.

Meanwhile, the rapid growth of digital consumption and deeper integration of online and offline channels will create new growth drivers for JNBY. The Company’s investments in smart supply chains, omnichannel marketing, and new retail formats position it to adapt quickly to market changes and solidify its leadership in the designer-brand segment.

Company valuation

Considering JNBY’s strong financial performance, brand advantages, and industry prospects, we remain cautiously optimistic about its future. With a net profit margin of 16.2% and robust cash flow in FY2024, the Company demonstrates a solid foundation for sustained earnings growth, we expect FY2025E & FY2026E estimated basic EPS to be RMB\$1.79 & RMB\$1.85 respectively, with TP is HKD17.73, implies a FY2025E P/E of 9.0x (in line with its 5 years average +1 standard deviation) and FY2025E dividend yield of ~8.9%. Our investment rating is “BUY”.

Risk factors

1) Consumer Demand Volatility; 2) Intensified Brand Competition; and 3) Raw Material Cost Fluctuations.

Financial

Consolidated Statement of Profit or Loss

Jun Y/E, RMB mn	FY22	FY23	FY24	FY25E	FY26E
Revenue	4,086	4,465	5,238	5,686	6,261
COGS	(1,478)	(1,548)	(1,768)	(1,926)	(2,135)
Gross Profit	2,607	2,917	3,470	3,760	4,126
Selling and marketing expenses	(1,511)	(1,695)	(1,827)	(2,001)	(2,221)
Administrative expenses	(377)	(446)	(506)	(547)	(573)
Reversal of/(provision for) impair. on FA	(6)	0	(2)	(1)	(3)
Other income	63	81	59	78	88
Operating Profit	776	858	1,194	1,289	1,417
Finance income	38	38	58	51	35
Finance expenses	(38)	(45)	(38)	(42)	(53)
Finance costs, net	(0)	(7)	20	10	(18)
Profit before tax	776	851	1,213	1,309	1,380
Income tax	(217)	(230)	(365)	(373)	(401)
Shareholders Net profit	559	621	849	935	979
Reported EPS, Diluted	1.10	1.22	1.64	1.79	1.85
DPS	0.81	0.90	1.59	1.46	1.52
Payout ratio	73.4%	73.7%	97.1%	81.7%	81.7%

Key Financial Data

Jun Y/E, RMB mn	FY22	FY23	FY24	FY25E	FY26E
Valuation Ratio					
P/S ratio, x	1.50	1.41	1.33	1.24	1.13
P/E ratio, x	10.93	10.16	8.20	7.51	7.24
Dividend Yield, %	6.5%	6.6%	11.6%	10.6%	11.0%

Per share data (RMB)

Basic EPS	1.12	1.24	1.67	1.83	1.90
BVPS	3.38	3.96	4.28	4.49	4.91
DPS (HKD)	0.96	0.97	1.71	1.57	1.63

Growth & Margin

Growth					
Revenue Growth	-1.0%	9.3%	17.3%	8.6%	10.1%
Gross Profit Growth	0.4%	11.9%	19.0%	8.3%	9.7%
Operating Profit Growth	-12.2%	10.6%	39.2%	8.0%	9.9%
Net Profit Growth	-13.6%	11.2%	36.5%	10.3%	4.7%
Margin					
Gross Profit Margin	63.8%	65.3%	66.3%	66.1%	65.9%
Operating Profit Margin	19.0%	19.2%	22.8%	22.7%	22.6%
Net Profit Margin	13.7%	13.9%	16.2%	16.4%	15.6%

Key Ratios

ROE	32.9%	33.9%	40.9%	41.8%	40.5%
ROA	14.5%	15.6%	20.1%	20.9%	20.6%

Consolidated Statement of Financial Position

Jun Y/E, RMB mn	FY22	FY23	FY24	FY25E	FY26E
Non Current Asset					
PPE	451	463	427	435	436
Right-of-use assets	720	770	642	702	765
Others	549	610	709	743	782
Total Non Current Assets	1,720	1,843	1,778	1,880	1,983
Current Asset					
Cash & cash equivalents	592	525	699	495	372
Term deposits	384	488	680	770	854
Trade receivables	104	125	122	156	183
Inventories	829	790	720	884	1,052
Others	271	293	374	409	448
Total Current Assets	2,180	2,223	2,594	2,714	2,909
Total Assets	3,900	4,066	4,372	4,594	4,892
Current Liabilities					
Payables	289	236	261	320	353
Borrowings	149	100	-	-	-
Other Non-current Liabilities	1,311	1,280	1,485	1,505	1,523
Total current Liabilities	1,749	1,616	1,746	1,824	1,876
Non Current Liabilities					
Lease liabilities	168	220	181	201	219
Others	298	249	233	228	224
Total Non-Current Liabilities	466	469	415	429	443
Equity					
Shareholders' equity	1,685	1,982	2,169	2,299	2,531
Non-controlling interests	(0)	(0)	42	42	41
Total equity	1,685	1,982	2,212	2,340	2,573
Total Liabilities and Equity	3,900	4,066	4,372	4,594	4,892

Consolidated Statement of Cash Flow

Jun Y/E, RMB mn	FY22	FY23	FY24	FY25E	FY26E
CFO					
Profit before income tax	776	851	1,213	1,309	1,380
D&A add-back	95	122	123	113	116
Others	131	102	45	(86)	(96)
Net (inc)/dec working capital	(149)	(136)	222	(139)	(162)
Net cash flow from operating activities	853	939	1,603	1,197	1,238
CFI					
Purchase of PP&E	(134)	(149)	(135)	(121)	(116)
Others	325	(91)	(148)	(160)	(161)
Net cash flow from investing activities	190	(240)	(283)	(281)	(278)
CFF					
Dividends paid	(612)	(392)	(727)	(806)	(747)
Others	(390)	(380)	(422)	(313)	(336)
Net cash flows from financing activities	(1,002)	(772)	(1,148)	(1,119)	(1,083)
Net Change in Cash	41	(73)	172	(203)	(123)
Cash and CE at Y/E	592	525	699	495	372

Current Price as of: December 5

Source: PSHK Est.

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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