

Marubi Biotechnology (603983.CH)

The National Recombinant Functional Protein Technology Research Center landed in Marubi, and its investment company (Shanghai Moyang Biotechnology Co., Ltd) obtained the first-Class III medical beauty certificate for hydroxy calcium phosphate microspheres in China. The "double beauty" parallel strategy is expected to have good prospects in the future.

China | Cosmetics |

Overview

Marubi Biotechnology is a leading beauty company in China, renowned for its excellence in "eye care" and has the world's largest and most professional eye skin research center. The company's brands "Marubi", "Chunji" and "Passional Lover" mainly cover the fields of anti-aging, functional skin care and cosmetics.

Performance review

In the first three quarters of 2024, the company's operating income was 1.95 billion yuan (RMB, the same below) with a year-on-year increase of 27.07%; the gross profit margin was 74.63% with a year-on-year increase of 3.79 percentage points; the net profit attributable to shareholders of listed company was 239 million yuan with a year-on-year increase of 37.38%; the net profit margin was 12.28% with a year-on-year increase of 0.92 percentage points, which caused by the further optimization of the company's product structure; the sales expense ratio was 54.85% with a year-on-year increase of 3.08 percentage points, mainly due to the increase in traffic costs of the Douyin platform and intensified industry competition; the gross sales margin was 19.78% with a year-on-year increase of 0.72 percentage points; the net cash flow generated by operating activities was 68 million yuan with a year-on-year increase of 0.84%; EPS was 0.6 yuan with a year-on-year increase of 39.53%.

In the third quarter of 2024, the company's operating income was 600 million yuan, with beauty products performing the best. The revenue from eye products was 124 million yuan with a year-on-year increase of 22.28%. Both sales and price increased, sales increased by 11.68% year-on-year, and unit price increased by 9.49% year-on-year; the revenue from skin care products was 215 million yuan with a year-on-year increase of 15.14%. Although sales decreased, the unit price increased significantly by 43.07% year-on-year; the revenue from cleansing products was 55 million yuan with a year-on-year increase of 12.25%, sales almost unchanged compared with the same period of last year, and unit price increased by 11.22% year-on-year; the revenue from beauty products was 202 million yuan with a year-on-year increase of 54.11%. Thanks to the price-for-sale exchange, sales increased significantly by 84.66% year-on-year, and the unit price decreased by 16.55% year-on-year.

Industry Analysis

The National Bureau of Statistics released the retail sales data of consumer goods from January to February 2025. From January to February, the total retail sale of consumer goods was 8373.1 billion yuan with a year-on-year increase of 4.0%. Among them, the retail sale of cosmetics in January and February was 72 billion yuan which hit the highest in history with a year-on-year increase of 4.4%. According to data from the China Association of Fragrance Flavour and Cosmetic Industries, the total online transaction amount of cosmetics in January and February, 2025 was 95.82 billion yuan with a year-on-year increase of 15.65%; the total transaction volume was 1.28 billion units with a year-on-year increase of 6.8%. In February 2025, the cosmetics transaction amount on the five major e-commerce platforms (Tmall, Taobao, JD.com, Douyin, and PDD) was 46.19 billion yuan with a year-on-year increase of 21.38%; the transaction volume was 620 million units with a year-on-year increase of 21.75%. The data proved that the beauty industry grew rapidly at the beginning of 2025, which would help boost investor's confidence. Marubi's comprehensive year-on-year growth in February reached 176.17%. From January to February 2025, the transaction volume of eye

10 Apr 2025

Accumulate

CMP RMB\$37.01
(Closing price as of 3 Apr)
Target 40.25 RMB (+8.8%)

COMPANY DATA

O/S SHARES (MN) :	401
MARKET CAP (RMB bn) :	14.84
52 - WK HI/LO (RMB):	90.94/19.92

SHARE HOLDING PATTERN, %

Sun Huaqing	72.72%
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PRICE VS. HSI



Source: Phillip Securities (HK) Research

KEY FINANCIALS

RMB million	FY22	FY23	FY24E	FY25E	FY26E
Revenue	1731.7	2225.6	2902.6	3657.0	4441.0
Net profit	167.4	277.6	380.7	494.3	618.2
EPS (RMB)	0.43	0.65	0.89	1.15	1.44
P/E ratio, x	85.3	57.2	41.7	32.1	25.7

Source: Company reports, Phillip Securities Est.

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care products was 32 million units with a year-on-year increase of 43.95%; the transaction amount was 3.41 billion yuan with a year-on-year increase of 56.68%. According to Qingyan Intelligence data, Marubi ranked first on the Douyin beauty eye care list in February this year. We are optimistic about Marubi's leading position as an eye care expert. The GMV of the Marubi brand under Marubi Biotechnology on the Douyin platform in January 2025 was 133 million yuan with a year-on-year increase of 62.53%, ranking 14th on the Douyin beauty list. Since September 2024, Marubi has maintained rapid growth, with monthly GMV exceeding 100 million yuan. In February this year, Passional Lover ranked second in the Kuaishou cosmetics category list with the GMV of 6.36 million yuan. During the International Women's Day promotion, Marubi ranked 7th on the Douyin Mall's Good Products Festival beauty list.

Deeply cultivating the application of recombinant protein technology, and the "double beauty" parallel strategy is expected to have good prospects in the future

As a leader in the research and development and application of recombinant collagen technology, the company continues to increase its R&D investment and deepens the application of innovative technologies of recombinant collagen. The company has launched two hot-selling products, the Peptide Little Red Pen Eye Cream and the Recombinant Collagen Little Golden Needle Essence. In 2023, Marubi's "Collagen Little Golden Needle" one-off essence reached annual sales of more than 1.07 million units, with an annual GMV of more than 200 million. On August 8, 2024, the "National Recombinant Functional Protein Technology Research Center" was officially completed at Marubi Biotechnology. The establishment of a national-level technology research platform marks the company's profound advancement in key technologies and industrial applications of functional proteins. At present, Marubi Biotechnology has completed the stable production and commercial application of recombinant collagen and recombinant elastin and is simultaneously promoting the research and development and application of recombinant fibronectin and periostin. The company has got 19 authorized patents in the field of recombinant collagen, which have been applied to the "Marubi Recombinant Collagen" products. Among them, the Little Golden Needle one-off Essence and Little Golden Needle Cream are popular with consumers. The development inspiration of the "Collagen Little Golden Needle" cream comes from the medical beauty concept of "contour fixation". Professor Xiong Sheng, chief scientist of Marubi recombinant collagen, said that in the future Marubi will also launch Class-III Medical Devices based on recombinant collagen, such as injectable hydrolaser needles and recombinant collagen for filling. At the same time, Marubi plans to officially enter the serious medical field after 2030 and launch products such as recombinant collagen artificial corneas and recombinant collagen 3D printed organs.

The company adheres to the dual beauty parallel strategy of "life beauty + medical beauty". The "Double Beauty Fusion Innovation Consortium" was established in Hengqin in February 2024. It aims to unite top domestic and foreign expert teams in synthetic biology, genetic engineering, bio-fermentation, innovative plant extraction, tissue engineering and biopharmaceuticals to create a double beauty ecological industrial chain and provide an innovative platform for the research, transformation and application of scientific and technological achievements in the field of "beauty and health" between Guangdong and Macao. Marubi Biotechnology's invested company Shanghai Moyang Biotechnology Co., Ltd has obtained the first-Class III certificate for hydroxy calcium phosphate microspheres in China. This is the first compliance certificate for hydroxycalcium phosphate microspheres suitable for facial soft tissue injection filling in China, showing that Marubi Biotechnology is actively deploying in the medical aesthetics field.

Fully involved in DeepSeek to help digitalize business development

In 2024, Marubi Biotechnology launched "Marubi Xiaoyan" to improve R&D efficiency and achieve more efficient and convenient information query and in-depth analysis. Recently, Marubi Xiaoyan has fully connected to the DeepSeek-V3 large model and

successfully realized "smart upgrade", which will help improve the work efficiency of R&D personnel and thus assist the digitalization process of business development.

Investment Thesis

The Chinese cosmetics market has huge growth potential, and young people's recognition of domestic products is constantly increasing. The company has achieved remarkable results since it started online transformation in 2020. The proportion of the company's online revenue has increased year by year. In the future, the company is expected to gain a larger market share online. The company continues to launch new products, strengthens its product matrix, and actively implements the hot-selling products strategy. In 2025, Marubi officially announced Yang Zi as its first global brand spokesperson and promoted the hit product "Collagen Little Golden Needle" cream. Yang Zi was a child star with representative works such as "Home with Kids" and "Ashes of Love". She has more than 60 million fans on Weibo and has a strong celebrity appeal, which will help enhance Marubi's brand awareness and increase the company's sales revenue of hit products.

We forecast that the company's operating income will be RMB 2.90 billion, RMB 3.66 billion and RMB 4.44 billion in 2024-2026, with EPS of RMB 0.89/1.15/1.44, corresponding to a price-earnings ratio (P/E) of 41.7x/32.1x/25.7x. We give the company a P/E of 35 times in 2025, a target price of RMB 40.25, and give it a "accumulate" rating for the first time. (Current price as of Apr 3)

Risk factors

Downward macroeconomic situation, intensified industry competition, management changes, and new product promotion failing to meet expectations.

Financial

Consolidated Statement of Profit or Loss

Dec Y/E, RMB million	FY22	FY23	FY24E	FY25E	FY26E
Total Revenue	1731.7	2225.6	2902.6	3657.0	4441.0
Operating Costs	547.3	652.2	748.9	877.7	1021.4
Taxes and surcharges	24.8	22.5	26.1	40.2	53.3
Selling expenses	846.2	1198.6	1567.4	2011.4	2464.8
General and administrative expenses	111.3	108.9	116.1	146.3	162.1
R&D expenses	52.9	62.3	81.2	102.4	124.3
Financial expenses	-12.7	-14.4	-18.8	-23.6	-28.7
Other income	24.2	19.3	21.8	21.8	21.0
Investment income	27.5	43.6	33.0	32.2	34.1
Net gain from change in fair value	5.3	71.0	18.6	23.9	21.2
Asset impairment losses	-9.8	-13.1	-10.1	-11.1	-11.0
Credit impairment losses	-2.1	2.4	-0.3	-0.3	-0.1
Gains from disposal of assets	0.3	0.5	0.4	0.4	0.4
Operating Profits	207.3	319.3	445.1	569.6	709.5
Non-operating revenue	0.5	0.2	0.4	0.3	0.3
Non-operating expenses	1.2	2.5	1.8	1.8	2.0
Income tax expenses	39.2	39.5	63.0	73.8	89.6
Net profit	167.4	277.6	380.7	494.3	618.2
Profit for the year attributable to					
–Owners of the Company	174.2	259.4	355.8	461.9	577.8
EPS(RMB)	0.43	0.65	0.89	1.15	1.44
Weighted shares outstanding	401.4	401.0	401.0	401.0	401.0

Key Financial Data

Dec Y/E	FY22	FY23	FY24E	FY25E	FY26E
Valuation Ratio					
P/E ratio	85.3	57.2	41.7	32.1	25.7
P/B ratio	4.7	4.4	3.8	3.6	3.5
Per share data(RMB)					
EPS	0.43	0.65	0.89	1.15	1.44
BVPS	7.94	8.35	9.77	10.19	10.71
Growth & Margin					
Growth					
Revenue Growth	-3.1%	28.5%	30.4%	26.0%	21.4%
Operating Profit Growth	-30.7%	54.0%	39.4%	28.0%	24.6%
Net Profit Growth	-30.6%	65.8%	37.2%	29.8%	25.1%
Margin					
Gross Profit Margin	12.0%	14.3%	15.3%	15.6%	16.0%
Net Profit Margin	9.7%	12.5%	13.1%	13.5%	13.9%
Key Ratios					
ROE	5.5%	7.8%	9.1%	11.3%	13.5%
ROA	4.3%	5.8%	6.9%	8.5%	10.0%

Consolidated Statement of Financial Position

Dec Y/E, RMB million	FY22	FY23	FY24E	FY25E	FY26E
Current assets					
Inventories	151.7	171.7	190.2	234.0	259.7
Accounts receivable	73.9	31.5	97.5	65.0	132.4
Cash and Cash equivalent	1073.0	1076.7	1334.3	1255.3	1055.7
Others	938.6	1250.0	1249.7	1249.4	1249.3
Total current assets	2237.2	2530.0	2871.8	2803.7	2697.0
Non-current assets					
PPE	501.9	763.5	783.5	926.6	1095.8
Others	1352.1	1160.3	1470.4	1715.6	1999.5
Total current assets	1854.0	1923.8	2253.9	2642.2	3095.3
Total Assets	4091.2	4453.7	5125.6	5445.9	5792.3
Current liabilities					
Accounts and bills payables	229.8	262.6	294.9	358.5	401.9
Bank borrowings	100.0	100.1	147.2	197.3	226.4
Others	338.6	647.5	654.2	660.8	667.4
Total current liabilities	668.5	1010.2	1096.2	1216.5	1295.7
Non-current liabilities					
Bank borrowings	148.0	0.0	0.0	0.0	0.0
Others	22.2	25.0	40.2	70.7	131.6
Total non-current liabilities	170.2	25.0	40.2	70.7	131.6
Total liabilities	838.6	1035.2	1136.5	1287.2	1427.3
Equity attributable to equity holders of the Company	3188.1	3347.1	3917.8	4087.3	4293.6
Total equity	3252.6	3418.6	3989.2	4158.7	4365.0
Total liabilities and equity	4091.2	4453.7	5125.6	5445.9	5792.3

Consolidated Statement of Cash Flow

Dec Y/E, RMB million	FY22	FY23	FY24E	FY25E	FY26E
CFO	48.4	338.0	321.9	551.9	604.6
Net profit	167.4	277.6	380.7	494.3	618.2
Change in working capital	-120.2	139.2	-52.2	52.3	-49.6
Others	1.2	-78.8	-6.7	5.4	35.9
CFI	70.1	-215.2	98.0	-405.5	-475.1
Purchase of PP&E	-110.9	-254.1	-301.3	-356.3	-421.4
Others	181.1	38.9	399.3	-49.1	-53.7
CFF	144.9	-145.3	-162.3	-225.5	-329.1
Cash paid as dividends, profits or interest payments	-76.8	-110.8	-212.0	-275.6	-358.2
Others	221.7	-34.5	49.7	50.1	29.1
Net increase in cash and cash equivalents	263.5	-22.5	257.6	-79.0	-199.7
Cash and cash equivalents at 31 December	1062.0	1039.5	1334.3	1255.3	1055.7

Current Price as of: 3 Apr

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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