

Pop mart (09992.HK)

Labubu drives explosive growth in overseas markets
China | Consumer goods

Company background

POP MART is a leading Chinese trend culture entertainment company, founded in 2010 and headquartered in Beijing. Centered around designer toys, the company has built an integrated operation platform spanning the entire industry chain—covering IP incubation and operation, trendy toy retail, theme parks and experiences, and digital entertainment. POP MART boasts a portfolio of popular IP characters such as Molly, DIMOO, and SKULLPANDA, distributing products through both online and offline channels with a strong following among young consumers.

Financial performance

In 2024, the company achieved total revenue of RMB 13.0 billion, representing a 106.9% year-over-year increase. Operating profit surged 237.6% to RMB 4.2 billion, while net profit attributable to shareholders rose 188.8% to RMB 3.1 billion. Gross profit margin expanded by 5.5 percentage points to 66.8%, primarily driven by optimized product mix and higher contribution from overseas high-margin businesses. Geographically, mainland China revenue grew 52.3% to RMB 8.0 billion, with retail stores (RMB 3.8 billion, +43.8%), online sales (RMB 2.7 billion, +76.9%), and robot stores (RMB 700 million, +26.4%) all posting strong growth. Revenue from Hong Kong, Macau, Taiwan and overseas markets soared 375.2% to RMB 5.1 billion, fueled by explosive expansion in retail stores (RMB 2.9 billion, +404.0%) and online channels (RMB 1.5 billion, +834.0%).

For the first half of 2025, the company projects revenue growth of no less than 200.0% (implying RMB 13.7 billion) and operating profit growth exceeding 350.0% (RMB 4.3 billion), with net profit margin expected to surpass 30.0%, a historical high. This accelerated performance stems from heightened recognition of the company's IP portfolio, increasing overseas revenue contribution, and sustained cost optimization efforts.

Core new IP launches propel explosive overseas growth, with Western markets serving as the primary growth engine

Following the market frenzy driven by its Monster series in Q4 2024, POP MART launched the Labubu 3.0 designer toy series in April 2025. Throughout Q2, Labubu 3.0 continued fueling explosive overseas growth—maintaining Q1's 475%-480% YoY surge—as celebrity endorsements and social media buzz amplified IP popularity, sustaining rapid international revenue expansion. In Q1 2025, North American sales skyrocketed nearly ninefold (895%-900% YoY), while European revenue jumped over sixfold (600%-605% YoY), significantly outpacing Southeast Asia's 345%-350% growth. This validates the company's Western-focused strategy, with management projecting North American sales to match 2020 group-wide levels (RMB 2.5 billion) by year-end. Despite implementing 12%-27% price hikes in North America since mid-April 2025 to offset tariffs, sales momentum remains robust, demonstrating both low consumer price sensitivity and strong pricing power. We believe rising contributions from premium-priced overseas markets will further enhance overall profitability.

On physical retail expansion, 39 new stores opened in H1 2025, with the US (17 stores), Indonesia (6), and Thailand (5) leading the rollout—accelerating POP MART's strategic shift toward offline growth. Digitally, FastMoss data shows TikTok channel GMV reached RMB 498 million in H1 2025, dominated by the US (RMB 336 million), Thailand (RMB 67 million), and Philippines (RMB 29 million).

12 Aug 2025

Accumulate

CMP HKD 278.8
(Closing price as of 7 Aug)
Target HKD 316 (+13.34%)

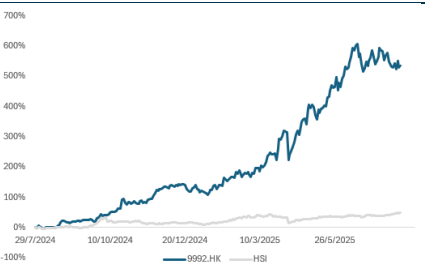
COMPANY DATA

O/S SHARES (MN) :	1343
MARKET CAP (HKD BN) :	374
52 - WK HI/LO (HKD):	293.40/36.96

SHARE HOLDING PATTERN, %

GWF Holding Limited	41.78%
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PRICE VS. HSI



Source: Phillip Securities (HK) Research

KEY FINANCIALS

CNY mn	FY23	FY24	FY25E	FY26E
Revenue	6,301	13,038	26,146	37,713
Net profit	1,082	3,126	7,030	10,643
EPS	0.81	2.33	5.23	7.93
P/E ratio, x	315	109	48	32
Dividend Yield, %	1.53%	0.99%	0.64%	0.96%

Source: Company reports, Phillip Securities Est.

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Overseas Momentum Accelerates Domestic Growth

Leveraging the global buzz around Labubu 3.0, we project POP MART's domestic sales growth will further accelerate from May-June 2025 (versus April levels), driving Q2 China revenue growth to outpace Q1 (+95%-100% YoY).

Company valuation

While POP MART's flagship IPs typically experience short-term spikes (~2 years) followed by deceleration, we believe the company's integrated operational capabilities—spanning channel management, content development, and product innovation—can sustain value release during IP traffic peaks, transforming "blockbusters" into enduring icons.

As a pioneer and leader in trendsetting toys and commercialization, the company leverages its full-industry-chain advantages to develop and monetize IPs across multiple dimensions. Its product category expansion has shown significant results, while overseas business has entered a new phase of accelerated growth. Accordingly, we forecast the company's 2025-2027 revenue at RMB 26.1/37.7/48.5 billion, with net profit attributable to shareholders at RMB 7.0/10.6/14.2 billion, translating to EPS of RMB 5.23/7.93/10.57. Given its high growth potential, we apply a 55x P/E multiple to our 2025 earnings estimate, arriving at a target price of HKD 316. The current share price implies 2025-2027 P/E multiples of 48x/32x/24x, and we assign an "Accumulate" rating.

Risk factors

1) Intensifying competition; 2) Slower-than-expected overseas expansion; 3) Deteriorated market demand.

Financials

Consolidated Statement of Profit or Loss

Dec Y/E, RMB mn	2023	2024	2025E	2026E	2027E
REVENUE	6301	13038	26146	37713	48525
Cost of revenue	-2437	-4330	-8105	-11314	-14315
Gross profit	3864	8708	18041	26399	34210
Selling and marketing expenses	-2005	-3651	-7059	-9805	-12131
Administrative and general expenses	-707	-947	-1569	-2263	-2912
Operating profit	1231	4154	9412	14331	19168
Net finance income/loss	152	163	158	158	158
Profit before income tax and share of results of equity investees	1416	4366	9570	14489	19325
Income tax expenses	-327	-1058	-2318	-3509	-4681
Net profit	1089	3308	7252	10979	14644
– Equity holders of the Company	1082	3126	7030	10643	14196
– Non-controlling interests	6	183	222	336	448

Consolidated Statement of Financial Position

Dec Y/E, RMB mn	FY23	FY24	FY25E	FY26E	FY27E
Current assets					
Accounts receivable	789	1054	2149	3100	3988
Cash and cash equivalents	2078	6109	13556	23787	37818
Others	4817	5073	6213	7268	7862
Total current assets	7684	12236	21917	34155	49668
Non-current assets					
PPE	653	739	960	1167	1467
Others	1632	1895	1792	1802	1805
Total non-current assets	2285	2635	2752	2969	3273
Total Assets	9969	14871	24670	37124	52941
Current liabilities					
Accounts payable	960	1914	3109	4340	5491
Others	774	1456	4189	7950	13952
Total current liabilities	1733	3370	7297	12290	19442
Non-current liabilities					
Accounts payable	15	15	15	15	15
Others	440	602	602	602	602
Total non-current liabilities	455	616	616	616	616
Total liabilities	2189	3986	7913	12907	20060
Equity attributable to equity holders of the Company	7770	10684	16534	23881	32433
Non-controlling interests	11	201	222	336	448
Total equity	7780	10885	16756	24217	32881
Total liabilities and equity	9969	14871	24670	37124	52941

Consolidated Statement of Cash Flow

Dec Y/E, RMB mn	2023	2024	2025E	2026E	2027E
CFO	1991	4954	8961	12545	17282
Profit before tax	1416	4366	9570	14489	19325
Depreciation and Amortization	669	863	739	862	1022
Change in working capital	-13	82	-30	-775	-332
Others	-80	-357	-1318	-2031	-2734
CFI	234	9	-594	-723	-868
Short term and long term investment, net	626	526	0	0	0
Purchase of property, equipment and intangible assets	-393	-517	-594	-723	-868
CFF	-842	-959	-921	-1589	-2384
Net Change in Cash	1383	4005	7447	10232	14030
Cash, CE and Restricted cash at Beg	685	2078	6109	13556	23787
Cash, CE and Restricted cash at Y/E	2078	6109	13556	23787	37818

Key Financial Data					
Dec Y/E	FY23	FY24	FY25E	FY26E	FY27E
Valuation Ratio					
P/E ratio	279.1	96.7	43.0	28.4	21.3
Dividend Yield, %	1.53%	0.99%	0.70%	1.06%	1.41%
Per share data(RMB)					
EPS	0.81	2.33	5.23	7.93	10.57
BVPS	5.8	8.1	12.5	18.0	24.5
Growth & Margin					
Growth					
Net Revenue Growth	36.47%	106.91%	100.54%	44.24%	28.67%
Gross Profit Growth	45.57%	125.35%	107.18%	46.33%	29.59%
EBIT Growth	121.39%	208.36%	119.21%	51.40%	33.38%
Net Profit Growth	127.52%	188.78%	124.93%	51.40%	33.38%
Margin					
Gross Profit Margin	61.33%	66.79%	69.00%	70.00%	70.50%
EBIT Margin	22.47%	33.49%	36.60%	38.42%	39.82%
Net Profit Margin	17.18%	23.97%	26.89%	28.22%	29.26%
Key Ratios					
ROE	13.93%	29.26%	42.52%	44.57%	43.77%
ROA	10.86%	21.02%	28.50%	28.67%	26.82%

Current Price as of: Aug 7

Exchange rate: HKD/RMB = 0.91

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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