

MAO GEPING (1318.HK)

Strong Performance in H1 2025 with Further Consolidation of Leading Position in the High-End Cosmetics Market
China | Cosmetics |

10 Sep 2025

Overview

MGP primarily engages in the R&D, production, sales, and makeup skill training services under two major brands: MGPIIN and ZHUAIZHONGSHENG. Leveraging the profound aesthetic expertise, unique understanding of Eastern women’s facial contours and skin characteristics, and the influence of its founder, renowned makeup artist Mr. Ma Ge Ping, the company has gradually established a strong brand advantage in the cosmetics and makeup training sectors. With an increasingly diverse product portfolio and stable growth across both online and offline channels, MGP has emerged as a leading domestic high-end beauty brand.

Company performance review

In H1 2025, the company reported revenue of RMB 2.588 billion with a year-on-year increase of 31.28%, though growth slowed compared to 2024. We attribute this primarily to the following factors:

- 1. Intensified market competition, with strong international beauty brands such as L'Oréal and Estée Lauder, coupled with rising efforts from local beauty companies. Some competitors have also adopted strategies similar to MGP’s “professional makeup artist IP” approach (e.g., Caitang under Proya, NAN beauty launched by CHICMAX in collaboration with makeup artist Chun Nan), which has partially diverted the company’s target customer base.
- 2. Natural slowdown in the growth of core businesses (including cosmetics and skincare products).
- 3. The new fragrance business has not yet contributed significantly.

Net profit attributable to shareholders reached RMB 670 million, with a year-on-year increase of 36.1%. EPS was RMB 1.37, with a year-on-year decrease of 44.3%.

Stable Growth Across Online and Offline Channels, Continued Efforts in E-commerce

In H1 2025, offline revenue reached RMB 1.224 billion, up 26.6% year-on-year, accounting for 48.6% of total revenue. This was mainly due to enhanced sales and marketing efforts, increased average sales per counter, and resumed growth in sales to a high-end multinational beauty retailer. Online revenue was RMB 1.297 billion, up 39% year-on-year, accounting for 51.4% of total revenue, driven by strengthened sales and marketing activities on e-commerce platforms. As of June 30, 2025, the total number of registered members under the company’s online and offline loyalty programs was approximately 13.4 million and 5.6 million respectively. The overall repurchase rate further increased to 26.8%, up 2 percentage points year-on-year.

Strong Growth in Cosmetics and Skincare, Fragrance Business Begins to Contribute

In H1 2025, cosmetics sales revenue reached RMB 1.422 billion, up 31.08% year-on-year, accounting for 55% of total revenue. Skincare revenue was RMB 1.087 billion, up 33.4% year-on-year, accounting for 42% of total revenue. Revenue from the new fragrance business was RMB 11 million, accounting for 0.4% of total revenue. The newly launched high-end fragrance series, "Guo Yun Ning Xiang" and " Eastern Whisper Enlightenment," sold 35,000 units within just over a month of launch. We are optimistic about the future sustained growth of the high-end domestic fragrance business. Revenue from makeup art training and related sales was RMB 67 million, down 5.86% year-on-year, accounting for 2.6% of total revenue. This decline was mainly due to strict controls on student enrollment and class occupancy rates to improve training service quality and student satisfaction under existing training venue conditions, as well as the discontinuation of pre-exam training fees from 2025.

Accumulate

CMP HK\$102
(Closing price as of 09 Sep)
Target 108.52HKD (+6.3%)

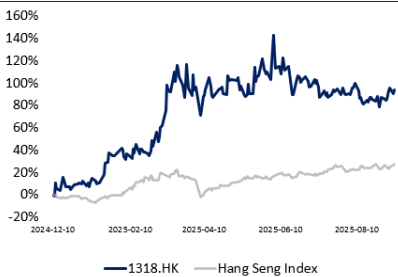
COMPANY DATA

O/S SHARES (MN) :	262
MARKET CAP (HKD bn) :	50
52 - WK HI/LO (HKD):	130.6/46.87

SHARE HOLDING PATTERN, %

Geping Mao	35.6%
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PRICE VS. HSI



Source: Phillip Securities (HK) Research

KEY FINANCIALS

RMB mn	FY24	FY25E	FY26E	FY27E
Revenue	3885	5158	6646	8374
Net profit	881	1186	1528	1925
Diluted EPS (RMB)	2.18	2.42	3.12	3.93
P/E ratio, x	43.1	38.8	30.1	23.9
Dividend Yield,%	0.8%	0.9%	1.1%	1.4%

Source: Company reports, Phillip Securities Est.

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Hero Products Continue to Shine

MGP's hero products primarily fall into two categories: cosmetics and skincare. In cosmetics, its key hero products include contouring, highlighting, and foundation products. In skincare, its star products are the Luxury Caviar Facial Mask and Luxury Regenerating Black Cream. The Luxury Caviar Facial Mask achieved retail sales of over RMB 800 million in 2024. In H1 2025, the company's foundation products continued to perform strongly, with the Luxury Caviar Cushion and Luminous Light Veiling Pressed Powder each achieving retail sales of over RMB 200 million. The Luxury Caviar Facial Mask and Luxury Regenerating Black Cream achieved retail sales of over RMB 600 million and RMB 200 million respectively. According to Qingyan Intelligence data, the size of China's foundation market reached RMB 47.8 billion in the first seven months of 2025 and is expected to exceed RMB 100 billion for the full year, with year-on-year growth of over 15%. On Douyin, the foundation market saw high growth in concealer (52.81%) and highlighter (83.10%) products, forming an innovative growth triangle. This indicates that Douyin beauty users are gradually shifting toward refined foundation products. MGP's contouring, highlighting, and foundation products effectively meet consumer demands. In H1 2025, MGP's foundation products held a 3.1% market share on Tmall and 6.4% on Douyin. Its cushion products held a 9.8% market share on Tmall and 4.1% on Douyin. We believe the hero product strategy is a core pillar of the brand's success, perfectly blending its "professional makeup artist" brand DNA with market commercialization needs, carving out a unique path for high-end domestic brands.

Company valuation

MGP is a leading domestic high-end beauty brand, with core drivers including product premiumization under its high-end positioning, synergistic expansion across online and offline channels, and empowerment through its makeup artist brand IP. We expect the company to maintain a compound annual growth rate (CAGR) of over 25% in revenue over the next three years. However, intensified industry competition may constrain its long-term growth potential. Despite strong revenue growth in H1 2025, the pace has slowed. We forecast revenue for 2025-2027 to be RMB 5.158 billion, RMB 6.646 billion, and RMB 8.374 billion respectively, with EPS of RMB 2.42, RMB 3.12, and RMB 3.93. The current stock price corresponds to a P/E ratio of 38.8x, 30.1x, and 23.9x for 2025-2027. Based on a target 2026 P/E of 32x, we adjust the target price to HKD 108.52 and maintain an "Accumulate" rating. (Current price as of September 09)

Risk factors

The macro-economy is in a downward trend, industry competition is intensifying, and new product promotion is not as good as expected.

Financial

Consolidated Statement of Profit or Loss

Dec Y/E, RMB mn	FY23	FY24	FY25E	FY26E	FY27E
Total Revenue	2886	3885	5158	6646	8374
Cost of sales	-438	-607	-794	-1023	-1289
Gross profit	2448	3278	4364	5622	7084
Operating expenses	-1605	-2172	-2774	-3574	-4503
Finance costs	-2	-5	-7	-9	-12
Profit before tax	888	1177	1583	2040	2570
Income tax expense	-224	-295	-397	-512	-645
Profit for the year	664	881	1186	1528	1925
Profit for the year attributable to					
– Owners of the Company	662	881	1186	1528	1925
EPS(RMB)	3.31	2.18	2.42	3.12	3.93
DPS(RMB)	0.00	0.72	0.80	1.03	1.30
Dividend payout ratio	0%	33%	33%	33%	33%
Weighted shares outstanding	200	405	490	490	490

Key Financial Data

Dec Y/E	FY23	FY24	FY25E	FY26E	FY27E
Valuation Ratio					
P/E ratio	28.4	43.1	38.8	30.1	23.9
Dividend Yield, %	0.0%	0.8%	0.9%	1.1%	1.4%
Per share data(RMB)					
EPS	3.31	2.18	2.42	3.12	3.93
BVPS	7.7	8.7	8.9	11.0	13.6
DPS(RMB)	0.00	0.72	0.80	1.03	1.30
Growth & Margin					
Growth					
Revenue Growth	57.8%	34.6%	32.8%	28.8%	26.0%
Gross Profit Growth	59.7%	33.9%	33.2%	28.8%	26.0%
Net Profit Growth	88.4%	32.8%	34.6%	28.8%	26.0%
Margin					
Gross Profit Margin	84.8%	84.4%	84.6%	84.6%	84.6%
Net Profit Margin	23.0%	22.7%	23.0%	23.0%	23.0%
Key Ratios					
ROE	42.8%	25.1%	27.2%	28.4%	28.8%
ROA	31.6%	19.7%	21.4%	22.6%	23.2%

Consolidated Statement of Financial Position

Dec Y/E, RMB mn	FY23	FY24	FY25E	FY26E	FY27E
Current assets					
Inventories	342	324	613	594	926
Accounts receivable	158	215	244	314	395
Cash and cash equivalents	1138	2797	3354	4326	5197
Others	60	113	142	168	199
Total current assets	1698	3447	4352	5402	6718
Non-current assets					
PPE	168	279	429	610	826
Others	229	747	748	748	748
Total current assets	397	1026	1177	1358	1574
Total Assets	2095	4474	5529	6761	8292
Current liabilities					
Accounts and bills payables	104	92	131	168	212
Short-term Bank and other loans	0	320	425	547	690
Others	426	539	590	639	697
Total current liabilities	529	951	1146	1355	1598
Non-current liabilities					
Long-term Bank& other loans	0	0	0	0	0
Others	17	19	19	19	19
Total non-current liabilities	17	19	19	19	19
Total liabilities	547	970	1164	1374	1617
Equity attributable to equity holders of the Company	1546	3501	4363	5385	6672
Non-controlling interests	2	2	2	2	2
Total equity	1548	3504	4365	5387	6675
Total liabilities and equity	2095	4474	5529	6761	8292

Consolidated Statement of Cash Flow

Dec Y/E, RMB mn	FY23	FY24	FY25E	FY26E	FY27E
CFO	700	969	987	1626	1706
Net profit before tax	888	1177	1583	2040	2570
Change in working capital	-304	-380	-656	-503	-989
Depreciation and Amortization	41	42	52	80	113
Others	75	130	7	9	12
CFI	-195	-628	-203	-261	-329
Purchase of PP&E	-86	-616	-203	-261	-329
Short term and long term investment,net	-109	-12	0	0	0
CFF	-255	1311	-226	-392	-506
Cash payments for distribution of dividends, profits or repayment of interest	-227	-1027	-331	-515	-648
Cash received from financing	-28	2338	105	123	142
Net increase in cash and cash equivalents	250	1654	557	973	871
Cash and cash equivalents at 31 December	1138	2797	3354	4326	5197

Current Price as of: 09 Sep

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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