

# Xtep Intl (1368 HK)

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## Company Update

**BUY**

UNCHANGED

Close price: HK\$4.04

Target Price: HK\$5.90 (+46%)

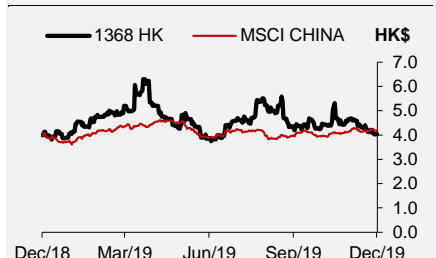
Prior TP: HK\$6.50

### Key Data

HKEx code	1368 HK
12 Months High (HK\$)	6.74
12 Month Low (HK\$)	3.81
3M Avg Dail Vol. (mn)	8.26
Issue Share (mn)	2,512.45
Market Cap (HK\$mn)	10,150.28
Fiscal Year	31/12/2018
Major shareholder (s)	Ding Shuibo (54.16%)

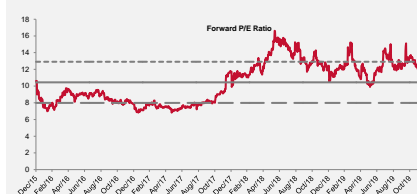
Source: Company data, Bloomberg, OP Research  
Closing price are as of 02/12/2019

### Price Chart



	1mth	3mth	6mth
Absolute %	-13.3	-3.6	4.5
Rel. MSCI CHINA %	-14.2	-9.5	-2.8

### PE



### Company Profile

Xtep International Holdings Ltd. designs, manufactures, and markets sportswear. The Company produces footwear, apparel, and accessories.

## Update on winter sales and new brands

- Winter sales picking up after Sept. We expect ramp-up of Saucony and Merrell in FY20E to be a slight drag on near-term earnings.
- We revised down FY19E/20E adj. net earnings by 2.7%/9.9% to RMB706mn/RMB806mn respectively on lower GPM and higher opex.
- Maintain BUY with TP revised down to HK\$5.90 from HK\$6.50 based on same 16x FY20E P/E.

**Winter sales recovering from Sept.** Our channel check suggests that 4Q sales is doing better than late 3Q thanks to the combined effects from cold air and T-Mall shopping festival. Looking into 2020E, ramp-up of new brands may bring slight drag on near-term earnings:

**Updates for new brands:** We expect Xtep to kick off **Saucony/Merrell** store opening in FY20E with a plan of 30-40/20-30 stores respectively through JV with Wolverine, who will supply as a wholesaler for 30% of the products (international designs). The remaining 70% products will be designed and manufactured in China. We expect these two brands to achieve breakeven in FY22E when the scale of each brand hopefully reaches 200-300 stores. **K-Swiss:** We believe K-Swiss has the most similar brand gene to Anta's FILA among all other brands Xtep acquired. The mgmt mentioned in acquisition presentation that they needed a longer time to perform the re-branding and re-positioning process (i.e. 18-24 months). Thus we believe contributions in sales and operating profits should kick in from 2021E at the earliest.

**Revise down FY19/20E net earnings by 2.7%/9.9% to RMB706mn/RMB806mn respectively on lower margin and higher opex.** Eyeing the upcoming Olympic Games in 2020E, we tune up our A&P expense estimates and revised up total opex by +1.1% for FY20E. We also trim our FY19/FY20 GPM assumptions by 0.4 ppt/0.4ppt to 44.1%/43.6% respectively as we tune up the portion of apparel in the total sales mix. As a result, our FY19/20E diluted EPS is revised down by 2.7%/9.9% to HK\$0.322/HK\$0.367 respectively.

**Maintain BUY on attractive valuation.** We revise down TP to HK\$5.90 from HK\$6.50 based on same 16x FY20E P/E, at 50% discount to Li-Ning (2331 HK, BUY). Maintain BUY on Xtep given attractive valuation (14x FY20E P/E vs industry average of 17x) and 4.8% yield rate.

**Risks:** (1) Slower than expected retail growth (2) deflated consumer confidence due to slowing down macro economy, (3) execution risks in overseas expansion and the ramp-up of newly acquired brands.

### Exhibit 1: Forecast and Valuation

Year to Dec (RMB mn)	FY17	FY18	FY19E	FY20E	FY21E
Revenue	5,113.4	6,383.2	7,722.4	8,845.2	9,885.8
Growth (%)	(5.2)	24.8	21.0	14.5	11.8
Adjusted net profit	529.0	577.3	706.1	806.5	899.5
Growth (%)	0.2	9.1	22.3	14.2	11.5
Diluted EPS (HK\$)	0.298	0.324	0.322	0.367	0.410
EPS growth (%)	0.3	9.0	(0.8)	14.2	11.5
Change to previous EPS (%)			(2.7)	(9.9)	
Consensus EPS (HK\$)			0.345	0.423	
ROE (%)	8.0	12.4	11.1	11.7	12.4
P/E (x)	17.8	16.4	12.6	11.0	9.9
P/B (x)	1.8	1.8	1.3	1.2	1.2
Yield (%)	2.6	3.8	4.8	5.5	6.1
DPS (HK\$)	0.140	0.200	0.193	0.220	0.246

Source: Bloomberg, OP Research

## Exhibit 2: Earnings Revision

(RMB mn)	FY19E			FY20E			OP Comments
	New	Old	% Chg	New	Old	% Chg	
<b>Revenue</b>	<b>7,722</b>	<b>7,672</b>	<b>0.7</b>	<b>8,845</b>	<b>8,878</b>	<b>(0.4)</b>	
Gross profit	3,406	3,414	(0.3)	3,857	3,906	(1.3)	
<b>Gross margin</b>	<b>44.1%</b>	<b>44.5%</b>	<b>(0.4)</b>	<b>43.6%</b>	<b>44.0%</b>	<b>(0.4)</b>	
Opex	(2,466)	(2,364)	4.3	(2,631)	(2,602)	1.1	Lift on higher expectation of A&P expenses
EBIT	1,092	1,217	(10.3)	1,317	1,411	(6.7)	
Core Net Profit	706	725	(2.7)	806	895	(9.9)	
Diluted EPS (HK\$)	0.322	0.330	(2.7)	0.367	0.408	(9.9)	

Source: OP Research

## Exhibit 3: New brands store expansion plan summary

	Online launch	Offline stores opening	Products	P/L estimates
<b>Saucony</b>	2019-Jul: T-Mall	2020E-Apr: 30-40 stores	30% international version: (~RMB1,000/pair) 70% domestic design: 25-50% cheaper	2020E: RMB20-30mn loss 2022E: breakeven
<b>Merrell</b>	2020E-Jan	2020E-3Q: 20-30 stores	RMB500-800/pair	2020E: RMB20-30mn loss 2022E: breakeven
<b>Palladium</b>	-	2019E: 180 stores (existing) Future: add 100-150 stores	-	-
<b>K-Swiss</b>	-	2021E (needs 18-24 mths for rebranding after acquisition)	Key focus of Xtep, Chairman will personally direct the progress. LA team will move to China.	-

Source: Company, OP Research estimates

# Financial Summary

Year to Dec	FY17	FY18	FY19E	FY20E	FY21E
<b>Income Statement (RMB mn)</b>					
Footwear	3,258	3,925	4,247	4,688	5,042
Apparel	1,759	2,327	3,259	3,892	4,547
Accessories	96	131	216	265	297
<b>Turnover</b>	<b>5,113</b>	<b>6,383</b>	<b>7,722</b>	<b>8,845</b>	<b>9,886</b>
YoY%	(5.2)	24.8	21.0	14.5	11.8
COGS	(2,869)	(3,555)	(4,317)	(4,989)	(5,576)
<b>Gross profit</b>	<b>2,244</b>	<b>2,828</b>	<b>3,406</b>	<b>3,857</b>	<b>4,310</b>
Gross margin	43.9%	44.3%	44.1%	43.6%	43.6%
Other income	158	196	152	92	92
Selling & distribution	(911)	(1,357)	(1,677)	(1,839)	(1,998)
Admin	(623)	(456)	(511)	(588)	(657)
R&D	(143)	(166)	(178)	(203)	(227)
Other opex	0	0	(100)	0	0
<b>Total opex</b>	<b>(1,678)</b>	<b>(1,980)</b>	<b>(2,466)</b>	<b>(2,631)</b>	<b>(2,882)</b>
<b>Operating profit (EBIT)</b>	<b>725</b>	<b>1,044</b>	<b>1,092</b>	<b>1,317</b>	<b>1,520</b>
Operating margin	14.2%	16.4%	14.1%	14.9%	15.4%
Provisions	0	0	0	0	0
Interest Income	52	72	62	59	62
Finance costs	(106)	(141)	(144)	(144)	(144)
Profit after financing costs	671	976	1,010	1,232	1,438
Associated companies & JVs	0	0	(20)	(50)	(100)
Pre-tax profit	671	976	990	1,182	1,338
Tax	(224)	(306)	(313)	(363)	(424)
Minority interests	(38)	(13)	(10)	(12)	(14)
Profit from discontinued operations	0	0	0	0	0
<b>Net profit</b>	<b>408</b>	<b>657</b>	<b>667</b>	<b>806</b>	<b>899</b>
YoY%	(23)	61	2	21	12
<b>Adjusted net profit</b>	<b>529</b>	<b>577</b>	<b>706</b>	<b>806</b>	<b>899</b>
YoY%	0	9	22	14	12
Adjusted net margin	10.3%	9.0%	9.1%	9.1%	9.1%
<b>EBITDA</b>	<b>783</b>	<b>1,126</b>	<b>1,160</b>	<b>1,392</b>	<b>1,603</b>
EBITDA margin	15.3%	17.6%	15.0%	15.7%	16.2%
<b>EPS (RMB)</b>	<b>0.184</b>	<b>0.295</b>	<b>0.264</b>	<b>0.319</b>	<b>0.356</b>
YoY%	0	9	(1)	14	12
DPS (HK\$)	0.140	0.200	0.193	0.220	0.246
Year to Dec	FY17	FY18	FY19E	FY20E	FY21E
<b>Cash Flow (RMB mn)</b>					
EBITDA	783	1,126	1,160	1,392	1,603
Chg in working cap	(119)	(513)	(207)	(286)	(270)
Others	205	(94)	0	0	0
<b>Operating cash</b>	<b>868</b>	<b>518</b>	<b>953</b>	<b>1,106</b>	<b>1,333</b>
Interest received	(51)	(55)	62	59	62
Tax	(259)	(309)	(54)	(313)	(363)
<b>Net cash from operations</b>	<b>558</b>	<b>154</b>	<b>960</b>	<b>852</b>	<b>1,031</b>
Capex	(123)	(72)	(88)	(100)	(112)
Investments	(75)	(81)	(2,000)	0	0
Change in short-term bank deposits	447	(234)	0	0	0
Sales of assets	63	83	0	0	0
Interests received	0	0	0	0	0
Others	(37)	24	0	0	0
<b>Investing cash</b>	<b>275</b>	<b>(281)</b>	<b>(2,088)</b>	<b>(100)</b>	<b>(112)</b>
<b>FCF</b>	<b>833</b>	<b>(127)</b>	<b>(1,127)</b>	<b>752</b>	<b>919</b>
Issue of shares	7	59	1,178	0	0
Buy-back	0	(89)	0	0	0
Minority interests	0	(4)	0	0	0
Dividends paid	(271)	(459)	(461)	(458)	(515)
Net change in bank loans	421	(10)	0	0	0
Others	(3)	(7)	(144)	(144)	(144)
<b>Financing cash</b>	<b>154</b>	<b>(511)</b>	<b>573</b>	<b>(602)</b>	<b>(659)</b>
<b>Net change in cash</b>	<b>987</b>	<b>(637)</b>	<b>(554)</b>	<b>150</b>	<b>260</b>
Exchange rate or other Adj	(1)	1	0	0	0
Opening cash	2,847	3,832	3,196	2,642	2,791
<b>Closing cash</b>	<b>3,832</b>	<b>3,196</b>	<b>2,642</b>	<b>2,791</b>	<b>3,051</b>
<b>CFPS (HK\$)</b>	<b>0.314</b>	<b>0.087</b>	<b>0.438</b>	<b>0.388</b>	<b>0.470</b>

Source: Company, OP Research

Year to Dec	FY17	FY18	FY19E	FY20E	FY21E
<b>Ratios</b>					
Gross margin (%)	43.9	44.3	44.1	43.6	43.6
Operating margin (%)	14.2	16.4	14.1	14.9	15.4
Net margin (%)	8.0	10.3	8.6	9.1	9.1
Selling & dist'n exp/Sales (%)	17.8	21.3	21.7	20.8	20.2
Admin exp/Sales (%)	12.2	7.2	6.6	6.7	6.6
Salaries/Sales (%)	12.1	11.6	11.4	11.5	11.5
A&P/Sales (%)	12.9	15.2	16.2	15.5	15.0
R&D/Sales (%)	2.8	2.6	2.3	2.3	2.3
Payout ratio (%)	101.4	59.5	60.0	60.0	60.0
Effective tax (%)	33.5	31.4	31.0	29.5	29.5
Total debt/equity (%)	35.4	36.5	29.0	27.5	26.1
Net debt/equity (%)	Net cash	Net cash	Net cash	Net cash	Net cash
Current ratio (x)	3.2	2.5	2.1	2.1	2.1
Quick ratio (x)	2.9	2.2	1.9	1.8	1.8
Inventory T/O (days)	91	86	86	86	86
AR T/O (days)	129	121	120	117	115
AP T/O (days)	131	90	90	90	90
Cash conversion cycle (days)	90	117	116	113	111
Asset turnover (x)	0.6	0.7	0.8	0.8	0.8
Financial leverage (x)	1.7	1.7	1.7	1.7	1.7
EBIT margin (%)	14.2	16.4	14.1	14.9	15.4
Interest burden (x)	0.9	0.9	0.9	0.9	0.9
Tax burden (x)	0.6	0.7	0.7	0.7	0.7
<b>Return on equity (%)</b>	<b>8.0</b>	<b>12.4</b>	<b>11.1</b>	<b>11.7</b>	<b>12.4</b>
<b>ROIC (%)</b>	<b>19.9</b>	<b>26.2</b>	<b>19.0</b>	<b>18.4</b>	<b>20.6</b>
Year to Dec	FY17	FY18	FY19E	FY20E	FY21E
<b>Balance Sheet (RMB mn)</b>					
Fixed assets	686	677	698	725	756
Intangible assets & goodwill	8	8	6	4	3
Associated companies & JVs	0	0	(20)	(70)	(170)
Long-term investments	267	339	2,339	2,339	2,339
Other non-current assets	92	114	114	114	114
<b>Non-current assets</b>	<b>1,052</b>	<b>1,139</b>	<b>3,138</b>	<b>3,113</b>	<b>3,042</b>
Inventories	718	836	836	1,015	1,173
AR	1,807	2,115	2,539	2,835	3,115
Prepayments & deposits	572	727	880	1,008	1,127
Other current assets	953	1,186	1,186	1,186	1,186
Cash	3,832	3,196	2,642	2,791	3,051
<b>Current assets</b>	<b>7,882</b>	<b>8,060</b>	<b>8,082</b>	<b>8,835</b>	<b>9,651</b>
AP	1,028	879	1,067	1,233	1,378
Tax	66	54	313	363	424
Accruals & other payables	565	861	1,042	1,194	1,334
Bank loans & leases	831	1,483	1,483	1,483	1,483
CB & othe debts	0	0	0	0	0
Other current liabilities	0	1	1	1	1
<b>Current liabilities</b>	<b>2,489</b>	<b>3,278</b>	<b>3,905</b>	<b>4,274</b>	<b>4,620</b>
Bank loans & leases	1,019	461	461	461	461
CB & othe debts	0	0	0	0	0
Deferred tax & others	97	129	129	129	129
MI	108	5	14	26	40
<b>Non-current liabilities</b>	<b>1,224</b>	<b>595</b>	<b>604</b>	<b>616</b>	<b>630</b>
<b>Total net assets</b>	<b>5,221</b>	<b>5,326</b>	<b>6,711</b>	<b>7,059</b>	<b>7,443</b>
<b>Shareholder's equity</b>	<b>5,221</b>	<b>5,326</b>	<b>6,711</b>	<b>7,059</b>	<b>7,443</b>
Share capital	20	20	20	20	20
Reserves	5,201	5,306	6,691	7,039	7,424
<b>BVPS (HK\$)</b>	<b>2.94</b>	<b>2.97</b>	<b>3.09</b>	<b>3.25</b>	<b>3.42</b>
Total debts	1,850	1,944	1,944	1,944	1,944
Net cash/(debts)	2,934	2,438	1,884	2,033	2,293

#### Exhibit 4: Peer Group Comparison

					PER	PER	PER	Div yld												EV/	EV/	Gross		Net	ROE	ROE	Sh px	Sh px
			Mkt cap	3-mth avg	Hist	FY1	FY2	EPS FY1	EPS FY2	3-Yr EPS	PEG	Hist	FY1	Hist	P/B	Ebitda	Ebitda	Net gearing	margin	margin	Hist	FY1	1-mth	3-mth				
Company	Ticker	Price	(US\$m)	t/o (US\$m)	(x)	(x)	(x)	YoY%	YoY%	Cagr (%)	(x)	(%)	(%)	(x)	FY1 (x)	Hist	Cur Yr	Hist (%)	Hist (%)	Hist (%)	(%)	(%)	%	%				
Xtep Intl	1368 HK	4.04	1,297	4.7	12.5	12.6	11.0	(0.8)	14.2	16.1	0.8	5.0	4.8	1.4	1.3	5.9	7.1	Net cash	44.3	10.3	12.4	11.1	(13.3)	(8.0)				
HSI		26,444.72			11.2	10.5	10.0	6.8	5.3	6.6	1.58	3.8	3.9	1.23	1.14						11.0	10.9	(1.6)	2.5				
HSCEI		10,363.91			8.7	8.1	7.7	6.6	5.8	7.1	1.15	3.7	4.0	1.19	1.05						13.7	12.9	(2.3)	3.1				
CSI300		3,836.06			13.4	12.5	11.0	7.3	14.0	11.1	1.1	2.2	2.5	1.7	1.7						13.0	13.2	(2.9)	(0.3)				
Domestic peers																												
Adjusted sector avg*					34.6	20.4	16.9	44.2	24.6	28.9	0.9	1.3	4.7	2.4	3.3	13.5	11.9	6.6	43.1	7.8	12.5	10.8	(6.5)	4.3				
361 Degrees	1361 HK	1.43	378	0.5	8.7	5.8	5.2	49.7	12.3	24.0	0.2	6.5	7.5	0.4	0.4	(0.4)	(0.3)	0.0	40.6	5.9	5.5	7.8	(8.3)	(4.0)				
Anta Sports Prod	2020 HK	73.85	25,487	48.5	43.5	31.4	24.9	38.3	26.2	28.1	1.1	0.8	1.1	10.0	9.0	30.0	21.8	0.0	52.6	17.0	28.6	31.3	(2.8)	14.1				
Li Ning Co Ltd	2331 HK	25.60	7,572	36.2	77.7	39.6	32.5	96.1	22.0	45.6	0.9	0.4	0.8	8.1	7.9	41.6	26.6	0.0	48.1	6.8	20.9	21.4	(3.8)	5.6				
Pou Sheng Intl	3813 HK	2.58	1,765	1.2	22.3	15.4	11.6	45.3	32.5	32.6	0.5	1.0	1.2	1.7	1.6	11.8	7.7	39.8	33.5	2.4	9.6	10.3	(12.5)	7.9				
China Dongxiang	3818 HK	0.88	662	0.7	N/A	7.2	10.0	N/A	(28.2)	N/A	N/A	3.1	12.6	0.5	0.5	N/A	3.0	0.0	N/A	N/A	3.3	6.4	0.0	6.0				
Annil Co Ltd-A	002875 CH	14.62	273	6.4	20.7	22.7	17.4	(8.5)	29.9	14.5	1.6	1.1	N/A	2.2	2.0	17.1	12.3	0.0	55.3	6.9	6.9	7.5	(11.7)	(16.3)				
Guirenniao Co-A	603555 CH	4.19	374	4.3	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1.7	1.9	(18.9)	N/A	146.8	28.7	(24.4)	(46.6)	(8.9)	10.3	(3.9)				
International peers																												
Adjusted sector avg*					46.9	40.6	33.0	25.4	17.3	19.8	1.92	0.9	0.6	10.50	10.27	27.5	21.9	0.0	49.0	7.2	26.5	27.6	2.0	7.4				
Nike Inc -CI B	NKE US	93.49	145,943	576.5	36.7	31.4	27.1	16.7	15.8	16.4	1.9	1.0	1.0	15.9	17.7	27.2	23.7	0.0	44.7	10.3	47.3	48.6	4.8	10.6				
Under Armour-A	UAA US	18.89	8,139	89.1	N/A	55.2	39.4	N/A	40.1	(284.2)	N/A	N/A	0.0	4.0	3.9	57.6	21.3	8.5	45.1	(0.9)	5.4	7.3	(10.6)	1.5				
Lululemon Ath	LULU US	225.69	29,402	376.3	62.2	47.6	40.0	30.7	19.0	22.3	2.1	N/A	0.0	19.5	16.5	35.6	29.7	0.0	55.2	14.7	37.8	39.0	12.5	22.2				
Adidas Ag	ADS GR	286.10	63,159	140.1	33.9	29.2	26.0	16.0	12.4	13.6	2.2	1.2	1.3	7.9	7.8	20.9	16.7	0.0	51.9	7.8	28.2	28.8	2.3	6.1				
Puma Se	PUM GR	68.60	11,397	23.6	54.7	39.6	32.5	38.1	22.0	26.9	1.5	0.5	0.7	5.3	5.4	26.1	18.3	0.0	48.4	4.0	14.0	14.1	1.0	(3.7)				

\* Outliners and "N/A" entries are in red and excl. from the calculation of averages

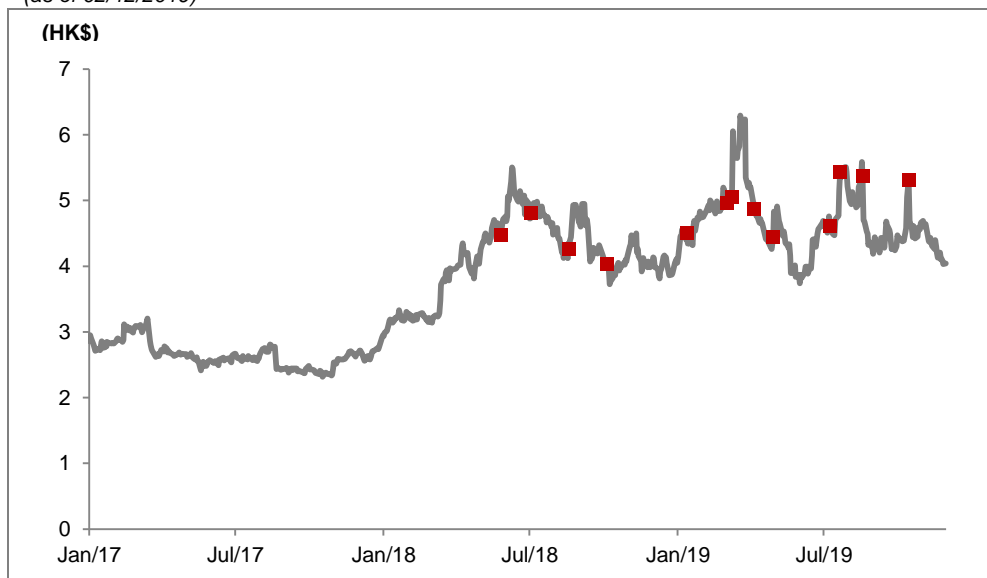
Source: Bloomberg, OP Research

## Our recent reports

Date	Company / Sector	Stock Code	Title	Rating	Analyst
28/11/2019	Edvantage Group	382	Advantageous Educator in Greater Bay Area	BUY	Yuji Fung/Dallas Cai
14/11/2019	Ausnutria Dairy	1717	3Q results up to expectations	BUY	Dallas Cai/Megan Jin
14/11/2019	Anta Sports	2020	Dispose 5% of Amer for introduction of experienced investors	BUY	Dallas Cai/Megan Jin
11/11/2019	Sunny Optical	2382	October shipments in line with expectations	BUY	Yuji Fung/Dallas Cai
11/11/2019	Q Tech	1478	Another month of robust growth in October	BUY	Yuji Fung/Dallas Cai
30/10/2019	CH Display OPT	334	More shifting to processing mode in 3Q19	HOLD	Yuji Fung/Dallas Cai
22/10/2019	Li-Ning	2331	3Q19 saw solid retail performance	BUY	Dallas Cai/Megan Jin
21/10/2019	Q Tech	1478	Upgrade on diversified global footprint	BUY	Yuji Fung/Dallas Cai
18/10/2019	Xtep Intl	1368	3Q19 operations in line	BUY	Dallas Cai/Megan Jin
17/10/2019	Anta Sports	2020	3Q19 retail performance up to expectations	BUY	Dallas Cai/Megan Jin
17/10/2019	361 Degrees Intl	1361	3Q19 operations in line with expectations	BUY	Megan Jin
14/10/2019	Sunny Optical	2382	Another month of robust HLS growth	BUY	Yuji Fung/Dallas Cai
11/10/2019	Q Tech	1478	September saw robust shipment growth momentum	BUY	Yuji Fung/Dallas Cai
02/10/2019	China Prop Mgmt	-	Clear vision of promising secular growth	BUY	Dallas Cai/Yuji Fung
11/09/2019	Q Tech	1478	August saw product mix improving on track	BUY	Yuji Fung/Dallas Cai
10/09/2019	Sunny Optical	2382	Upgrade on HLS market share gain	BUY	Yuji Fung/Dallas Cai
05/09/2019	Sinosoft Tech	1297	1H19 saw softened growth	BUY	Yuji Fung/Dallas Cai
05/09/2019	Truly Int'l	732	1H19 saw loss from associate narrowing on track	BUY	Yuji Fung/Dallas Cai
02/09/2019	TCL Electronics	1070	1H19 earnings beat our expectations	BUY	Yuji Fung/Dallas Cai
27/08/2019	Anta Sports	2020	Positive surprise from OPM and Descente breakeven	BUY	Dallas Cai/Megan Jin
23/08/2019	Tian Lun Gas	1600	1H19 saw growth on track	BUY	Yuji Fung/Dallas Cai
23/08/2019	Ju Teng Intl	3336	1H19 results in line with expectations	BUY	Yuji Fung/Dallas Cai
22/08/2019	Xtep Intl	1368	1H19 earnings beat on non-core items	BUY	Dallas Cai/Megan Jin
22/08/2019	Tongda	698	1H19 saw GPM recovery as expected	BUY	Yuji Fung/Dallas Cai
21/08/2019	Chinasoft Intl	354	1H19 results in line with expectations	BUY	Yuji Fung/Dallas Cai
21/08/2019	361 Degrees Intl	1361	1H19 results in line	BUY	Megan Jin
21/08/2019	Edvantage Group	382	Pathway to the World	NR	Yuji Fung

## Historical recommendations and target price: Xtep (1368 HK)

(as of 02/12/2019)



Date	Rating	TP (HK\$)	Close (HK\$)	Date	Rating	TP (HK\$)	Close (HK\$)
1 09 Oct 2018	BUY	5.70	4.23	6. 03 May 2019	BUY	5.70	4.67
2 15 Jan 2019	BUY	5.70	4.62	7. 15 Jul 2019	BUY	5.60	4.74
3 06 Mar 2019	BUY	5.70	5.27	8. 24 Jul 2019	BUY	6.40	5.59
4 13 Mar 2019	BUY	6.50	5.30	9. 21 Aug 2019	BUY	6.50	5.52
5 09 Apr 2019	BUY	5.70	5.11	10. 18 Oct 2019	BUY	6.50	5.31



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<b>Sell (S)</b>	We expect this stock to underperform the relevant benchmark greater than 15% over the next 12 month.
<b>Relevant Benchmark</b>	Represents the stock closing price as at the date quoted in this report.

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