China | Consumer

23 October 2025

Xtep (1368 HK)

Stable growth in 3Q25

Xtep core brand sales up LSD YoY in 3Q25

Xtep announced its 3Q25 operational results, with retail sales for its Xtep Core Brand recorded a LSD growth YoY, as compared with LSD/MSD growth in 2Q25/1Q25. Breaking down by month, sales in Jul/Aug were better than Sep, as Sep was negatively affected by a warmer weather. In terms of sales channels, online growth was better than offline, with online channel maintained a double-digit YoY growth. In terms of products, revenue from shoes was better than apparel, and running and outdoor products outperforming other sports products with double-digit YoY growth. Kidswear sales also fare better than adultwear. Retail inventory turnover was at a healthy level of 4-4.5 months (2Q25: 4-4.5 months) while retail discount level was at 25%-30% (2Q25: 25%-30%).

Plans to open more high productivity outlets by 2026

Xtep accelerated its expansion pace in shopping malls and outlet channels during the quarter. There are two outlet formats: a smaller size (>200sqm) typically located in premium outlet malls with a curated high-quality running assortment to project a premium running image; and a bigger size (600–800 sqm), offering broader assortment breadth and deeper SKU depth which can delivered Rmb1m in monthly sales. The company plans to expand this network to 70–100 stores by 2026. This strategy aligns with the current trend of solid traffic and robust sell-through in the outlet channel and should add incremental contribution to offline sales.

Saucony maintained its 20% YoY during the quarter

Saucony recorded around 20+% YoY growth in 3Q25 (flat QoQ), and offline channels maintained a 30+% YoY growth. Growth in online channel was slower than offline, as its still undergoing transformation, adjusting its product offering and reducing low ASP and discounted products. As of end-3Q25, there are >170 Saucony stores in China, with nearly 30 new stores added YTD so far (3Q25 opened 16 stores). The company maintained its full year store opening plan of 30-50 stores, and we expect to have more stores opened during the fourth quarter.

Maintain our BUY rating and TP of HK$7.8

With the recovery of outdoor activities such as marathons and the increasing health awareness of people, we believe that Xtep would benefit from the rising demand of sports equipment. Also, the idea of rational spending, which emphasizes the value of price is raising in the Chinese economy, we believe the mass-market-focused core brand of the company can favour from the new consumption behavior. We maintained our FY25-FY27 forecasts for now, and keep our target price unchanged at $7.8. We maintained our BUY rating on the counter.

BUY

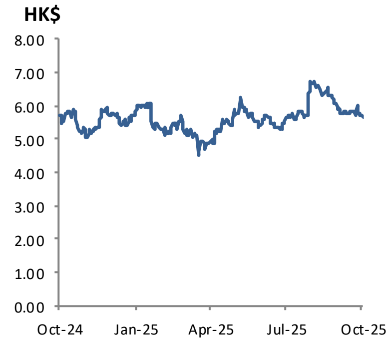
Last Price (HK$)*	5.67
Target Price (HK$)	**7.80**
Upside / (Downside)(%)	37.6%
Previous rating	*BUY*
Previous TP	*7.80*
Hang Seng Index*	25,757.60
** Prices as of mid-day close*	*23-Oct-25*

Key Data

Ticker	1368 HK
Market Cap (HK$m)	15,890
3M avg daily T/O (HK$m)	69.9
52-week High (HK$)	6.83
52-week Low (HK$)	4.46
Free Float (%)	52.6%
Shares O/S (m)	2,802.5

Performance	Absolute	Relative
1 month	-3.7%	-2.2%
3 months	0.7%	-0.1%
6 months	14.5%	-1.8%

Price Chart



Source: Bloomberg

Summary financial data

Year to Dec 31 (Rmb mn)	2023	2024	2025E	2026E	2027E
Revenue	**12,743**	**13,577**	**14,318**	**15,398**	**16,414**
Gross profit	5,331	5,865	6,199	6,736	7,251
Net profit	**1,030**	**1,238**	**1,379**	**1,524**	**1,661**
YoY Growth	2.6%	20.2%	11.3%	10.5%	9.0%
EPS (HKD)	0.408	0.491	0.547	0.604	0.659
P/E (x)	**17.7**	**12.2**	**10.4**	**9.4**	**8.6**
P/B (x)	1.61	1.64	1.51	1.38	1.27
Dividend Yield (%)	3.6	4.2	4.7	5.2	5.7
ROE (%)	**14.7**	**14.9**	**15.2**	**15.4**	**15.4**
Net debt / equity (%)	Net cash	Net cash	Net cash	Net cash	Net cash

Source: Company data, Crosby Securities

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英皇證券 Emperor Securities CROSBY

Figure 1 Sportswear operational data (1Q16-3Q25)

	Anta 2020 HK		Li Ning 2331 HK		Xtep 1368 HK		361 Degrees 1361 HK		China Dongxiang 3818 HK	
	ANTA Brand	Other Brands	Sell through	SSSG	Xtep Brand	Saucony	Core	Kid	Kappa	SSSG
1Q 2016	+MSD	-	-	+LSD	-		+7.2%[2]	+7.5%[2]	-	-
2Q 2016	+HSD	-	-	+HSD	-		+7.0%[2]	+7.3%[2]	-	-
3Q 2016	+LSD	+60-70%	-	+HSD	-		+7.3%[2]	+7.3%[2]	-	-
4Q 2016	+high-teens	+50-60%	-	+mid-teens	-		+7.5%[2]	+7.7%[2]	-	-
1Q 2017	+low-teens	+40-50%	+HSD	Flat	-		+7.0%[2]	+7.4%[2]	-	-
2Q 2017	+20-30%	+50-60%	-	+HSD	-		+HSD	+HSD	-	-
3Q 2017	+mid-teens	+40-50%	+LSD	-LSD	-		+HSD	+HSD	-	-
4Q 2017	+20%-25%	+85-90%	+mid-teens	+low-teens	-		+HSD	+HSD	-	-
1Q 2018	+20%-25%	+80-85%[1]	+mid-teens	+low-teens	-		+HSD	+HSD	-	-
2Q 2018	+low-teens	+90-95%	+low-teens	+HSD	-		+HSD	+low-teens	+HSD	+5-9%
3Q 2018	+mid-teens	+90-95%	+mid-teens	+low-teens	-		+MSD	+low-teens	Flat	-1-6%
4Q 2018	+mid 10-20%	+80-85%	+high-teens	+mid-teens	-		Flat	+low-teens	+low-teens	+MSD
1Q 2019	+low 10-20%	+65-70%	+low-twenties	+mid-teens	+20%+		+LSD	+LSD	+HSD	+LSD
2Q 2019	+mid 10-20%	+55-60%	+low-twenties	+mid-teens	+20%+		+LSD	+HSD	+MSD	+LSD
3Q 2019	+mid 10-20%	FILA: +50-55% Others: +30-35%	+low-thirties	+high-teens	+20%		+LSD	+HSD	+MSD	+LSD
4Q 2019	+high-teens	FILA: +50-55% Others: +25-30%	+mid-thirties	+high-teens	+20%+		+LSD	+HSD	+mid-teens	+5-9%
1Q 2020	-20-25%	FILA: -MSD Others: -HSD	-high-teens	-	-20-25%		-25-30%	-25-30%	+low-teens	+5-9%
2Q 2020	-LSD	FILA: +low-teens Others: +25-30%	-MSD	-MSD	-LSD		-low-teens	-low-teens	-high-twenties	-1-6%
3Q 2020	+LSD	FILA: +20-25% Others: +50-55%	+MSD	+LSD	+MSD		-HSD	-HSD	-MSD-LSD	-MSD
4Q 2020	+LSD	FILA: +25-30% Others: +55-60%	+mid-teens	+low-teens	+HSD		+LSD	+MSD	+MSD	+LSD - +MSD
1Q 2021	+40-45%	FILA: +75-80% Others: +115 -120%	+High 80%	-	+Mid 50%		+high-teens	+low-twenties	+low-teens	+MSD
2Q 2021	+35-40%	FILA: +30-35% Others: +70 -75%	+low-nineties	+low-eighties	+30-35%		+15-20%	+30-35%	+mid-sixties	+HSD
3Q 2021	+low-teens	FILA: +MSD Others: +35 -40%	+Low 40%	+high-twenties	+Mid-teens		+low-teens	+15-20%	+mid-to-low teens	+M-HSD
4Q 2021	+mid-teens	FILA: +MSD Others: +30 -35%	+low-thirties	+low-twenties	+20-25%		+high-teens	+25-30%	-mid-to-high-teens	-high-teens
1Q 2022	+high-teens	FILA: +MID Others: +40 -45%	+ high-twenties	+low-twenties	+30-35%		+high-teens	+20-25%	-mid-teens	-mid-to-high-teens
2Q 2022	-MSD	FILA: -HSD Others: +20 -25%	-HSD	-low-teens	+Mid-teens		+low-teens	+20-25%	-MSD	-MSD
3Q 2022	+MSD	FILA: +low-teens Others: +40-45%	+mid-teens	+HSD	+20-25%		+mid-teens	+20-25%	-mid-to-high-teens	-mid-to-low-teens
4Q 2022	-HSD	FILA: -low-teens Others: +low-teens	-low-teens	-high-teens	-HSD		Flat	+LSD	-mid-20-30%	-mid-teens
1Q 2023	+MSD	FILA: +HSD Others: +75-80%	+MSD	-HSD	+~20%		+low-teens	+20-25%	+mid-to-low teens	+mid-to-low-teens
2Q 2023	+HSD	FILA: +High-teens Others: +70-75%	+ low-teens	-LSD	+High-teens		+low-teens	+20-25%	+mid 10%-20%	+mid- to-low10-20%
3Q 2023	+HSD	FILA: +Low-teens Others: +45-50%	+MSD	-MSD	+High-teens		+15%	+25-30%	+mid-to-low single digit	+MSD
4Q 2023	+high-teens	FILA: +25-30% Others: +55-60%	+low-twenties	+low-teens	+>30%		+>20%	+~40%	+mid 40%-50%	+high 20%-30%
1Q 2024	+MSD	FILA: +HSD Others: +25-30%	+LSD	-MSD	+HSD		+high-teens	+20-25%	-low 10-20%	-HSD
2Q 2024	+HSD	FILA: +MSD Others: +40-50%	-LSD	-	+10%		+10%	+mid-teens	-mid LSD	-MSD
3Q 2024	+MSD	FILA: -LSD Others: +45-50%	-MSD		+MSD	+>50%	+10%	+10%	-HSD	-low 10-20%
4Q 2024	+HSD	FILA: +HSD Others: +50-55%	+HSD		+HSD	+50%	+10%	+10-15%	-MSD	-HSD
1Q 2025	+HSD	FILA: +HSD Others: +65-70%	+LSD		+MSD	+>40%	+10-15%	+10-15%	-mid-to-high single digit	
2Q 2025	+LSD	FILA: +MSD Others: +50-55%	+LSD		+LSD	+>20%	+10%	+10%		
3Q 2025					+LSD	+>20%	+10%	+10%		

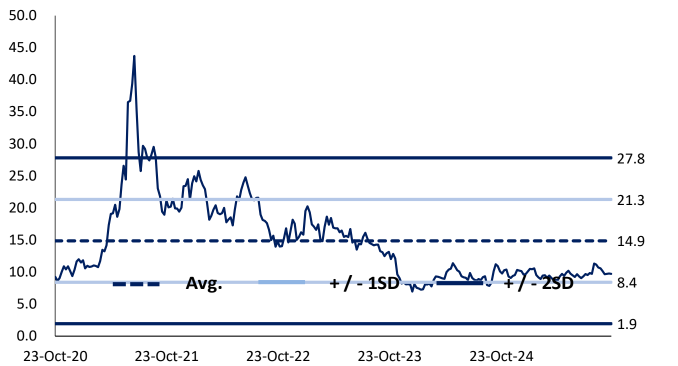
Source: Companies data, Crosby Securities

Figure 2 Peer comparison (closing prices as of 23 Oct 2025)

Company	Ticker	Price	Mkt cap (US$m)	3-mth avg t/o (US$m)	P/E (x) FY1	P/E (x) FY2	FY1-FY3 EPS Cagr (%)	FY1 PEG (x)	Div Yld (%) FY1	Div Yld (%) FY2	P/B (x) Hist	P/B (x) FY1	ROE (%) Hist	ROE (%) FY1	ROIC Hist (%)	Share px chg (%) 1-mth	Share px chg (%) 3-mth	Share px chg (%) 12-mth
HSI		25,760			12.6	11.2	11.6	1.08	3.0	3.2	1.38	1.34	10.7	10.3		(1.5)	0.9	24.1
HSCEI		9,207			11.9	10.4	13.0	0.91	2.8	2.9	1.32	1.28	11.5	10.6		(0.9)	(0.4)	23.1
CSI300		4,566			16.2	14.2	13.0	1.24	2.4	2.7	1.85	1.72	10.2	10.6		1.0	10.8	14.9
Sector Average					**13.5**	**11.9**	**12.4**	**1.1**	**4.8**	**5.4**	**1.7**	**1.9**	**12.4**	**14.3**	**8.9**	**2.2**	**4.1**	**22.3**
Sector Median					**14.8**	**12.5**	**12.4**	**1.0**	**5.0**	**5.4**	**1.5**	**1.6**	**12.8**	**14.3**	**9.9**	**3.1**	**5.8**	**22.4**
Anta Sports	2020 HK	87.40	31,571	132.7	16.6	14.7	12.4	1.35	3.0	3.4	3.49	3.17	24.6	20.3	14.3	(6.8)	(7.7)	0.2
Li Ning Co Ltd	2331 HK	18.44	6,133	49.2	17.0	14.9	12.8	1.33	3.1	3.4	1.61	1.60	10.5	9.5	8.7	6.2	8.2	20.7
Xtep Intl	1368 HK	5.67	2,045	9.0	10.3	9.3	10.0	1.03	5.0	5.4	1.46	1.47	14.5	14.8	11.7	(3.7)	0.7	(0.5)
361 Degrees	1361 HK	6.01	1,599	6.9	8.9	7.9	11.6	0.77	5.4	6.2	1.13	1.08	12.6	12.7	11.1	8.1	11.3	49.5
China Dongxiang	3818 HK	0.49	368	0.6	N/A	N/A	N/A	N/A	N/A	N/A	0.29	N/A	(1.0)	N/A	(1.2)	0.0	3.3	40.2
Topsports Intern	6110 HK	3.38	2,697	4.9	14.8	12.5	15.1	0.98	7.5	8.5	2.14	2.12	13.0	14.3	8.8	9.7	8.8	24.1

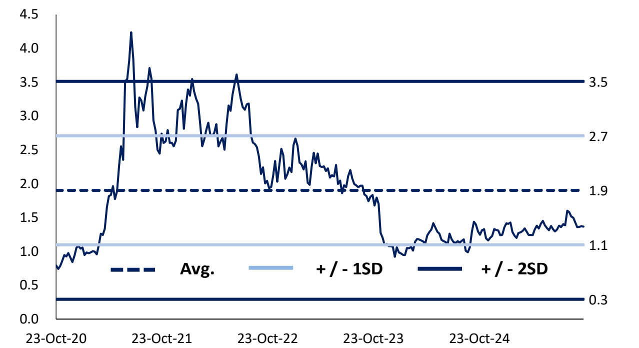
Source: Bloomberg, Crosby Securities

Figure 3 Historical 5-year forward PE range



Source: Bloomberg, Crosby Securities

Figure 4 Historical 5-year forward PB range



Source: Bloomberg, Crosby Securities

Summary financials

Year ended 31 Dec	2023A	2024A	2025E	2026E	2027E
Profit & Loss (RMBm)					
Mass Market	11,947	12,327	12,682	13,114	13,442
YoY%	7.4	3.2	2.9	3.4	2.5
Athleisure	0	0	0	0	0
YoY%	N/A	N/A	N/A	N/A	N/A
Professional sports	796	1,250	1,635	2,285	2,972
YoY%	98.9	57.2	30.8	39.7	30.1
Turnover	**12,743**	**13,577**	**14,318**	**15,398**	**16,414**
YoY%	(1.5)	6.5	5.5	7.5	6.6
COGS	-7,412	-7,712	-8,119	-8,663	-9,163
Gross profit	**5,331**	**5,865**	**6,199**	**6,736**	**7,251**
Margin	41.8%	43.2%	43.3%	43.7%	44.2%
Selling & distribution	-2,655	-2,868	-3,024	-3,253	-3,467
Admin	-1,302	-1,428	-1,505	-1,619	-1,726
R&D	0	0	0	0	0
Other opex	0	0	0	0	0
Total opex	**-3,957**	**-4,295**	**-4,530**	**-4,872**	**-5,193**
YoY%	(4.5)	8.6	5.5	7.5	6.6
Operating profit	**1,374**	**1,570**	**1,669**	**1,864**	**2,058**
Margin	10.8%	11.6%	11.7%	12.1%	12.5%
Other income / (exp)	424	396	396	396	396
Finance costs	-139	-98	-69	-54	-49
Associates' income	15	33	0	0	0
Pre-tax profit	1,674	1,901	1,995	2,206	2,404
Tax	-416	-596	-617	-682	-743
Profit after tax	**1,258**	**1,306**	**1,379**	**1,524**	**1,661**
Margin	9.9%	9.6%	9.6%	9.9%	10.1%
Minority Interest	-3	0	0	0	0
Net profit	**1,255**	**1,306**	**1,379**	**1,524**	**1,661**
YoY%	36.1	4.1	5.6	10.5	9.0
Margin	9.8%	9.6%	9.6%	9.9%	10.1%
Non-core items adj.	-224	-67	0	0	0
Adj. net profit	**1,030**	**1,238**	**1,379**	**1,524**	**1,661**
YoY%	2.6	20.2	11.3	10.5	9.0
Margin	8.1%	9.1%	9.6%	9.9%	10.1%
EBITDA	**1,679**	**1,945**	**1,842**	**2,071**	**2,299**
YoY%	20.9	15.8	(5.3)	12.4	11.0
Margin	13.2%	14.3%	12.9%	13.4%	14.0%
Fully diluted EPS (RMB)	**0.290**	**0.422**	**0.497**	**0.549**	**0.599**
YoY%	(19.8)	45.4	17.7	10.5	9.0
DPS (RMB)	**0.184**	**0.218**	**0.243**	**0.268**	**0.292**
YoY%	10.6	18.6	11.3	10.5	9.0

Year ended 31 Dec	2023A	2024A	2025E	2026E	2027E
Cash Flow (RMBm)					
Operating profit	1,374	1,570	1,669	1,864	2,058
Dep. & Amort.	305	375	173	207	240
Chg in working cap	-21	-439	1,691	-205	-193
Others	127	191	327	341	346
Cash from operations	**1,786**	**1,697**	**3,860**	**2,207**	**2,452**
Tax paid	-531	-469	-617	-682	-743
Net cash from operations	**1,255**	**1,228**	**3,243**	**1,525**	**1,709**
YoY%	119.5	(2.1)	164.1	(53.0)	12.0
Capex	-444	-317	-500	-500	-500
Investments	0	85	0	0	0
Disposal of assets	0	781	0	0	0
Interest received	0	0	0	0	0
Others	-471	103	0	0	0
Net cash from investments	**-915**	**651**	**-500**	**-500**	**-500**
Issue/ buyback of shares	0	0	0	0	0
Interest paid	0	0	0	0	0
Dividends paid	-469	-1,444	-604	-673	-744
Net change in debt	189	-651	0	0	0
Others	-182	-102	0	0	0
Net cash from financing	**-461**	**-2,197**	**-604**	**-673**	**-744**
Net change in cash	**-122**	**-317**	**2,139**	**353**	**465**
Adjustments	2	2	0	0	0
Opening cash	3,414	3,295	2,979	5,118	5,470
Closing cash	**3,295**	**2,979**	**5,118**	**5,470**	**5,935**
FCF	**811**	**911**	**2,743**	**1,025**	**1,209**
YoY%	292.0	12.4	201.0	(62.6)	17.9

Year ended 31 Dec	2023A	2024A	2025E	2026E	2027E
Balance Sheet (RMBm)					
Fixed assets	1,592	1,669	2,011	2,319	2,594
Assoicates & JCE	0	0	0	0	0
Goodwill & intangibles	723	17	2	-13	-28
Deferred tax assets	0	0	0	0	0
Others	2,966	3,053	3,053	3,053	3,053
Non-current assets	**5,281**	**4,738**	**5,065**	**5,358**	**5,618**
Inventories	1,794	1,596	1,861	2,002	2,134
Trade & bills receivables	4,975	5,011	3,579	3,850	4,103
Prepayments, deposits & others	1,112	1,046	1,046	1,046	1,046
Investments	0	0	0	0	0
Cash	3,295	2,979	5,118	5,470	5,935
Others	869	597	597	597	597
Current assets	**12,044**	**11,230**	**12,202**	**12,966**	**13,816**
Total assets	**17,325**	**15,968**	**17,267**	**18,324**	**19,434**
Trade & bills payables	2,531	2,195	2,720	2,926	3,119
Accruals & other payables	1,666	1,662	1,662	1,662	1,662
Tax payable	63	113	113	113	113
Bank loans	954	1,161	1,161	1,161	1,161
Bonds, CB & debentures	0	0	0	0	0
Others	680	150	150	150	150
Current liabilities	**5,892**	**5,283**	**5,808**	**6,013**	**6,206**
Bank loans	1,691	867	867	867	867
Bonds, CB & debentures	0	0	0	0	0
Deferred tax liabilities	243	176	176	176	176
Others	576	941	941	941	941
Non-current liabilities	**2,510**	**1,983**	**1,983**	**1,983**	**1,983**
Total liabilities	**8,402**	**7,266**	**7,790**	**7,996**	**8,189**
Total net assets	**8,923**	**8,703**	**9,477**	**10,328**	**11,246**
Share capital	23	24	24	24	24
Reserves	8,839	8,679	9,453	10,305	11,222
Shareholder's equity	**8,863**	**8,703**	**9,477**	**10,328**	**11,246**
Minority interests	61	0	0	0	0
Total Equity	**8,923**	**8,703**	**9,477**	**10,328**	**11,246**
Total debts	2,888	2,204	2,204	2,204	2,204
Net cash/(debts)	**407**	**776**	**2,914**	**3,267**	**3,732**
BVPS (RMB)	**3.194**	**3.137**	**3.416**	**3.722**	**4.053**

Year ended 31 Dec	2023A	2024A	2025E	2026E	2027E
Key ratios					
Margins (%)					
Gross margin	41.8	43.2	43.3	43.7	44.2
EBITDA margin	13.2	14.3	12.9	13.4	14.0
EBIT margin	10.8	11.6	11.7	12.1	12.5
Net margin	9.8	9.6	9.6	9.9	10.1
Net margin (Core profit)	8.1	9.1	9.6	9.9	10.1
Effective tax rate (%)	25.1	31.9	30.9	30.9	30.9
Selling exp as % of rev	20.8	21.1	21.1	21.1	21.1
Admin exp as % of rev	10.2	10.5	10.5	10.5	10.5
R&D exp as % of rev	0.0	0.0	0.0	0.0	0.0
Other opex as % of rev	0.0	0.0	0.0	0.0	0.0
Total opex as % of rev	31.1	31.6	31.6	31.6	31.6
Interest coverage (x)	9.9	16.1	24.2	34.4	41.7
Dividend payout (%)	49.5	48.8	48.8	48.8	48.8
Balance sheet ratios					
Inventory days	100	80	78	81	82
Acct. rec. days	132	134	110	88	88
Acct. payable days	131	112	110	119	120
Cash cycle	**102**	**103**	**77**	**50**	**50**
Net debt/equity (%)	**Net cash**	**Net cash**	**Net cash**	**Net cash**	**Net cash**
Net debt/total cap (%)	Net cash	Net cash	Net cash	Net cash	Net cash
Current ratio (x)	2.04	2.13	2.10	2.16	2.23
Returns (%)					
Asset turnover (x)	0.75	0.82	0.86	0.87	0.87
Financial leverage (x)	1.98	1.90	1.83	1.80	1.75
EBIT margin (%)	14.2	14.7	14.4	14.7	14.9
Interest burden (x)	0.92	0.95	0.97	0.98	0.98
Tax burden (x)	0.75	0.69	0.69	0.69	0.69
ROE (%)	**14.7**	**14.9**	**15.2**	**15.4**	**15.4**
ROIC (%)	**17.9**	**17.5**	**20.5**	**23.8**	**24.1**

Source: Company data, Crosby Securities

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