J.P.Morgan

Chicmax

Global China Summit 2026 takeaways: On-track multi-brand portfolio; maintain OW

Overweight

2145.HK, 2145 HK

Price (22 May 26): HK$41.20

Price Target (Dec-26): HK$99.00

China

Consumer

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We met with Chicmax at our Global China Summit. We expect a continuous recovery in the core brand KANS, together with strong momentum of emerging brands. We are still positive on Chicmax riding the fast growth and local pride trend in China's cosmetics industry and gaining further market share, leveraging its successful multi-brand portfolio, solid R&D, well-established omni channels and rising brand equity. Our DCF-based PT of HK$99 implies 24x 27E P/E. Maintain OW. Key takeaways below:

- **2026 guidance maintained** at sales + >15% with 12-13% net margin, given on-track recovery of KANS (self-livestreaming recovered to positive growth in Mar, after breaking even in Feb, and KOL-livestreaming resumed in mid-May to regain brand mindshare with a target of c10% GMV contribution in 2H, despite overall (self- + KOL livestreaming) sales declining in Jan-Apr due to a high base of KOL livestreaming, and emerging brands maintaining momentum, with Newpage/Armiyo Jan-Apr sales + >50%/doubled (on track for its 2026 target of +50%/doubling of sales). GPM targets gradual improvement given brand mix and product mix. Chicmax saw limited impact from cost inflation given a relatively high GPM and low proportion of oil-related raw materials.

- **KANS' strategy in 2026.** Channel: KANS resumed its KOL livestreaming on Douyin in mid May and targets c10% GMV contribution in 2H, to regain its brand mindshare. Meanwhile, KANS plans to allocate more resources to emerging channels (i.e. Wechat Channels), which have high ROI. Products: KANS has continuously upgraded its hero products, such as the whitening collection (recently iterated with new whitening ingredients), and the anti-aging collection (to be iterated in 2H), and launched new products, such as the Pro-Xylane collection (sales volume has reached 20mn a month). Category: KANS broke through into men's, hair care, body care and color cosmetics in 2025 and plans to expand into new categories, such as fragrance, in 2026.

- **Multiple brand portfolio to support long-term growth.** Newpage targets 50% sales growth in 2026, along with product line expansion into full age group of 0-18 years old, vs. the original focus of 0-6. Armiyo targets a doubling of sales in 2026, leveraging its established positioning around artemisia oil and strong repeat purchase rates. More new brand pipelines include: 1) a new brand collaboration with Cui Yutao (a famous Maternity and Childcare doctor), leveraging the founder's professional endorsement; 2) the Hello Kitty co-branding in 2H26, covering five independent lines (hair care, color cosmetics, skincare, fragrance, and body care) with a target of Rmb3-5bn sales in the long term.

Style Exposure

Quant Factors	Current %Rank	Hist %Rank (1=Top) 6M	1Y	3Y	5Y
Value	51	81	67	68	97
Growth	6	8	20	10	1
Momentum	88	7	70		
Quality	3	6	8	7	
Low Vol	87	89	91	95	

Sources for: Style Exposure – J.P. Morgan Global Markets Strategy; all other tables are company data and J.P. Morgan estimates.

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Price Performance

	YTD	1m	3m	12m
Abs	-43.4%	-12.7%	-34.9%	-38.5%
Rel	-43.3%	-10.6%	-31.9%	-47.3%

Company Data

Shares O/S (mn)	398
52-week range (HK$)	104.80-38.18
Market cap ($ mn)	2,093
Exchange rate	7.83
Free float (%)	52.3%
3M ADV (mn)	1.08
3M ADV ($ mn)	7.3
Volatility (90 Day)	51
Index	HSI
BBG ANR (Buy | Hold | Sell)	21|1|0

Key Metrics (FYE Dec)

Rmb in millions	FY25A	FY26E	FY27E	FY28E
Financial Estimates				
Revenue	9,178	10,711	12,446	14,640
Adj. EBITDA	1,205	1,428	1,749	2,123
Adj. EBIT	1,107	1,330	1,607	1,940
Adj. net income	1,103	1,279	1,530	1,789
Adj. EPS	2.77	3.21	3.84	4.50
BBG EPS	2.80	3.39	4.09	4.90
Cashflow from operations	1,205	169	1,540	878
FCFF	609	490	1,812	1,144
Margins and Growth				
Revenue Growth Y/Y (%)	35.1%	16.7%	16.2%	17.6%
Gross margin	76.4%	76.6%	76.8%	76.9%
EBITDA margin	13.1%	13.3%	14.0%	14.5%
EBIT margin	12.1%	12.4%	12.9%	13.3%
Adj. EPS growth	41.1%	16.0%	19.6%	17.0%
Ratios				
Adj. tax rate	17.3%	17.3%	17.3%	17.3%
Interest cover	162.9	140.2	171.7	208.4
Net debt/Equity	NM	NM	NM	NM
Net debt/EBITDA	NM	NM	NM	NM
ROCE	34.5%	32.2%	31.8%	31.5%
ROE	44.5%	41.0%	39.3%	37.3%
Valuation				
FCFF yield	4.3%	3.4%	12.7%	8.0%
Dividend yield	3.5%	4.1%	4.8%	5.7%
EV/Revenue	2.0	1.8	1.5	1.2
EV/EBITDA	15.1	13.1	10.3	8.6
Adj. P/E	12.9	11.1	9.3	8.0

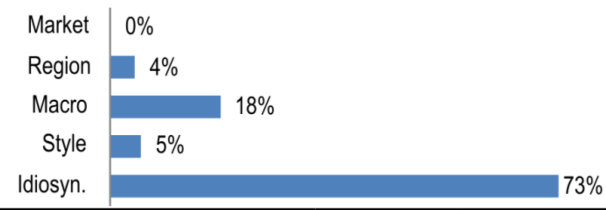
Summary Investment Thesis and Valuation

Chicmax ranks among the top-ten domestic cosmetics companies in China and among the top 15 in the overall beauty and personal care market in China in 2024, with a 1.4% market share and retail sales of Rmb7.7bn, according to Euromonitor. Its core brand, KANS, was the number one cosmetics brand on Douyin with >Rmb6.5bn GMV in 2024.

We expect Chicmax to ride the fast growth and local pride trend in China's cosmetics industry and gain further market share, leveraging its successful multi-brand portfolio, solid R&D, well-established omni channels and rising brand equity.

Our DCF-based Dec-26 PT of HK$99 implies a 24x 27E P/E. We derive our 8.5% WACC based on a 3.0% risk-free rate, a 6.0% risk premium, a 8.9% cost of equity and a terminal growth rate of 1.5%.

Performance Drivers



Factors	6M Corr	1Y Corr
Market: MSCI Asia Pac ex JP	0.00	0.07
Region: China	0.12	0.19
Macro:		
JP Morgan GBI-EM Global Div	0.29	0.32
Emerging Central Bank Rate	0.39	0.23
JPM EM Currency(EMCI) Fixing	0.07	0.20
Quant Styles:		
Momentum	-0.25	-0.18
Size	-0.36	-0.14
Growth	-0.13	-0.13

Source: J.P. Morgan Global Markets Strategy for Performance Drivers; company data, Bloomberg Finance L.P. and J.P. Morgan estimates for all other tables. Note: Price history may not be complete or exact.

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Investment Thesis, Valuation and Risks

Shanghai Chicmax Cosmetic Co., Ltd. *(Overweight; Price Target: HK$99.00)*

Investment Thesis

Chicmax ranks among the top-ten domestic cosmetics companies in China and among the top 15 in the overall beauty and personal care market in China in 2024, with a 1.4% market share and retail sales of Rmb7.7bn, according to Euromonitor. Its core brand, KANS, was the number one cosmetics brand on Douyin with >Rmb6.5bn GMV in 2024.

We expect Chicmax to ride the fast growth and local pride trend in China's cosmetics industry and gain further market share, leveraging its successful multi-brand portfolio, solid R&D, well-established omni channels and rising brand equity.

Valuation

Our DCF-based Dec-26 PT of HK$99 implies a 24x 27E P/E. We derive our 8.5% WACC based on a 3.0% risk-free rate, a 6.0% risk premium, a 8.9% cost of equity and a terminal growth rate of 1.5%.

Rmb in millions	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E
Sales	10,711	12,446	14,640	16,968	18,932	20,303	21,388	22,533	23,744
EBIT	1,330	1,607	1,940	2,322	2,665	2,930	3,220	3,532	3,869
Investment inc from associate	1	1	1	1	1	1	1	1	1
Tax rate %	*17%*	*17%*	*17%*	*17%*	*17%*	*17%*	*17%*	*17%*	*17%*
NOPAT	1,100	1,330	1,605	1,921	2,204	2,423	2,663	2,921	3,199
D&A	97	140	181	220	257	292	325	357	387
W.C. change	-650	427	-549	8	-51	-40	-27	-125	-379
Capex	-57	-85	-94	-103	-113	-123	-135	-149	-163
as % of sales	*-0.5%*	*-0.7%*	*-0.6%*	*-0.6%*	*-0.6%*	*-0.6%*	*-0.6%*	*-0.7%*	*-0.7%*
FCFF	490	1,812	1,144	2,045	2,298	2,551	2,826	3,004	3,043
NPV of FCFF	13,087								
PV of terminal value	24,795								
Net debt	-26								
Minority	166								
Equity value	37,742								
Value per share (Rmb)	**95**								
Value per share (HK$)	**99**								

Source: J.P. Morgan estimates.

Risks to Rating and Price Target

Key downside risks to our rating and price target include product quality deterioration, inflation, new brands' incubation and government regulations.

Potential upside catalysts include success in incubation of new brands and better-than-expected growth in core brands.

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Chicmax: Summary of Financials

Income Statement	FY24A	FY25A	FY26E	FY27E	FY28E
Revenue	**6,793**	**9,178**	**10,711**	**12,446**	**14,640**
COGS	(1,683)	(2,163)	(2,507)	(2,887)	(3,389)
Gross profit	**5,109**	**7,015**	**8,204**	**9,559**	**11,252**
SG&A	(4,190)	(5,683)	(6,618)	(7,666)	(8,990)
Adj. EBITDA	**845**	**1,205**	**1,428**	**1,749**	**2,123**
D&A	(106)	(98)	(98)	(141)	(182)
Adj. EBIT	**739**	**1,107**	**1,330**	**1,607**	**1,940**
Net Interest	(6)	(7)	(10)	(10)	(10)
Adj. PBT	**927**	**1,396**	**1,620**	**1,937**	**2,266**
Tax	(124)	(242)	(281)	(336)	(393)
Minority Interest	(22)	(52)	(60)	(72)	(84)
Adj. Net Income	**781**	**1,103**	**1,279**	**1,530**	**1,789**
Reported EPS (Basic)	1.96	2.77	3.21	3.84	4.50
Adj. EPS	**1.96**	**2.77**	**3.21**	**3.84**	**4.50**
DPS	**1.50**	**1.25**	**1.45**	**1.73**	**2.03**
Payout ratio	76.4%	45.1%	45.1%	45.1%	45.1%
Shares outstanding	398	398	398	398	398

Balance Sheet	FY24A	FY25A	FY26E	FY27E	FY28E
Cash and cash equivalents	459	802	316	1,070	1,037
Accounts receivable	426	366	1,688	699	2,029
Inventories	691	653	904	889	1,216
Other current assets	895	1,341	1,341	1,341	1,341
Current assets	**2,471**	**3,162**	**4,249**	**3,999**	**5,623**
PP&E	674	928	1,186	1,433	1,669
LT investments	7	6	6	6	6
Other non current assets	445	871	1,212	1,548	1,863
Total assets	**3,597**	**4,967**	**6,652**	**6,986**	**9,160**
Short term borrowings	60	290	290	290	290
Payables	638	678	1,602	1,024	2,133
Other short term liabilities	643	741	741	741	741
Current liabilities	**1,342**	**1,709**	**2,633**	**2,055**	**3,164**
Long-term debt	0	0	0	0	0
Other long term liabilities	20	384	384	384	384
Total liabilities	**1,362**	**2,093**	**3,016**	**2,438**	**3,547**
Shareholders' equity	2,191	2,768	3,470	4,309	5,291
Minority interests	43	106	166	238	322
Total liabilities & equity	**3,597**	**4,967**	**6,652**	**6,986**	**9,160**
BVPS	**5.51**	**6.95**	**8.72**	**10.83**	**13.29**
y/y Growth	*9.0%*	*26.3%*	*25.4%*	*24.2%*	*22.8%*
Net debt/(cash)	(399)	(512)	(26)	(780)	(747)

Cash Flow Statement	FY24A	FY25A	FY26E	FY27E	FY28E
Cash flow from operating activities	**547**	**1,205**	**169**	**1,540**	**878**
o/w Depreciation & amortization	106	98	98	141	182
o/w Changes in working capital	(394)	(317)	(650)	427	(549)
Cash flow from investing activities	**(187)**	**(621)**	**(57)**	**(85)**	**(94)**
o/w Capital expenditure	(243)	(87)	(57)	(85)	(94)
as % of sales	*3.6%*	*0.9%*	*0.5%*	*0.7%*	*0.6%*
Cash flow from financing activities	**(596)**	**(252)**	**(587)**	**(700)**	**(818)**
o/w Dividends paid	(522)	(498)	(577)	(690)	(808)
o/w Shares issued/(repurchased)	0	23	0	0	0
o/w Net debt issued/(repaid)	220	230	0	0	0
Net change in cash	**(238)**	**332**	**(476)**	**755**	**(33)**
Adj. Free cash flow to firm	**108**	**609**	**490**	**1,812**	**1,144**
y/y Growth	*(75.6%)*	*465.1%*	*(19.6%)*	*269.8%*	*(36.9%)*

Ratio Analysis	FY24A	FY25A	FY26E	FY27E	FY28E
Gross margin	75.2%	76.4%	76.6%	76.8%	76.9%
EBITDA margin	12.4%	13.1%	13.3%	14.0%	14.5%
EBIT margin	10.9%	12.1%	12.4%	12.9%	13.3%
Net profit margin	11.5%	12.0%	11.9%	12.3%	12.2%
ROE	37.2%	44.5%	41.0%	39.3%	37.3%
ROA	23.2%	25.7%	22.0%	22.4%	22.2%
ROCE	29.4%	34.5%	32.2%	31.8%	31.5%
SG&A/Sales	61.7%	61.9%	61.8%	61.6%	61.4%
Net debt/Equity	NM	NM	NM	NM	NM
Net debt/EBITDA	NM	NM	NM	NM	NM
Sales/Assets (x)	2.0	2.1	1.8	1.8	1.8
Assets/Equity (x)	1.6	1.7	1.9	1.8	1.7
Interest cover (x)	139.2	162.9	140.2	171.7	208.4
Operating leverage	107.4%	141.5%	120.6%	128.9%	117.4%
Tax rate	13.3%	17.3%	17.3%	17.3%	17.3%
Revenue y/y Growth	62.1%	35.1%	16.7%	16.2%	17.6%
EBITDA y/y Growth	55.3%	42.6%	18.5%	22.5%	21.4%
EPS y/y Growth	69.4%	41.1%	16.0%	19.6%	17.0%

Valuation	FY24A	FY25A	FY26E	FY27E	FY28E
P/E (x)	18.2	12.9	11.1	9.3	8.0
P/BV (x)	6.5	5.1	4.1	3.3	2.7
EV/EBITDA (x)	21.7	15.1	13.1	10.3	8.6
Dividend Yield	4.2%	3.5%	4.1%	4.8%	5.7%

Source: Company reports and J.P. Morgan estimates.
Note: Rmb in millions (except per-share data).Fiscal year ends Dec. o/w - out of which

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Date	Rating	Price (HK$)	Price Target (HK$)
04-Sep-23	OW	23.40	35
20-Mar-24	OW	47.00	60
26-Mar-24	OW	48.00	61
10-Apr-24	OW	49.50	71
20-Jan-25	OW	35.95	62
28-May-25	OW	64.55	71
06-Aug-25	OW	81.75	104
02-Sep-25	OW	92.20	109
11-Sep-25	OW	96.50	114
22-Jan-26	OW	74.80	116
31-Mar-26	OW	53.45	99

Source: Bloomberg Finance L.P. and J.P. Morgan; price data adjusted for stock splits and dividends.
Initiated coverage Feb 09, 2023. All share prices are as of market close on the previous business day.

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Coverage Universe: Yao, Qian : Anta Sports (2020) (2020.HK), Best Pacific (2111) (2111.HK), Bosideng (3998.HK), Botanee (300957.SZ), CTG Duty-Free – A (601888.SS), Chicmax (2145.HK), Chow Tai Fook Jewellery (1929) (1929.HK), HLA Group Corp Ltd - A (600398.SS), Lao Feng Xiang - A (600612.SS), Laopu Gold - H (6181.HK), Li Ning (2331) (2331.HK), Luolai Lifestyle - A (002293.SZ), Luthai Textile - A (000726.SZ), Mao Geping - H (1318.HK), Marubi (603983.SS), Peacebird Fashion - A (603877.SS), Proya (603605.SS), Semir Garment - A (002563.SZ), Shanghai Jahwa (600315.SS), Shenzhou International (2313) (2313.HK), Xtep International (1368.HK)

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