Deutsche Bank
Research

Rating
Sell

Asia
China

Consumer
Retail / Wholesale Trade

Company
Pop Mart

Reuters	Bloomberg	Exchange	Ticker
9992.HK	9992 HK	HSI	9992

Date
15 June 2026

Company Update

Price at 15 Jun 2026 (HKD)	176.10
Price target - 12mth (HKD)	140.00
52-week range (HKD)	335.40 - 141.80
HANG SENG INDEX	24,718

May-26 Performance: First Negative YoY Growth Since 2024

China May online sales declined by 5% YoY, first negative growth since 2024

We track Pop Mart's China online sales (Tmall/Taobao + Douyin) via Moojing e-commerce data. **In May, sales fell by 5% YoY and 14% MoM. May's performance also indicates a 25% decline compared to the average sales in 2H25. Notably, May marks the first month since 2024 that Pop Mart has recorded negative growth in our online tracker, reversing its previous solid growth momentum.** This confirms our earlier prediction of mounting sales pressure in Pop Mart's domestic market for 2Q26 onwards. Furthermore, we believe this pressure could intensify in 2H26, driven by a higher comparison base and waning IP popularity in China.

Since the beginning of 2026, Pop Mart has been aggressively launching new products, which is the primary driver of current sales. That said, as the base effect intensifies in Q2 and the impact of "fashion fatigue" becomes more significant after such an intense product launch schedule and increasing product supply, we believe Pop Mart will enter a clearer downcycle in 2H26 in both China and overseas markets.

Focus turns to World Cup sales and Labubu 4.0 launch

The near-term investor focus is on "THE MONSTERS × FIFA Series", which is an official collaboration between Pop Mart and FIFA. Labubu's appearance in the World Cup song "Goals" with celebrity Lisa and at the opening ceremony sparked positive discussion in China, celebrating the emergence of a domestic IP on the world stage. Consequently, southbound investors have turned more bullish on the World Cup's impact, believing this collaboration could accelerate sales in Western markets. However, Google Trends metrics remain relatively quiet in the U.S. Furthermore, historical precedents show that while many Chinese brands have previously sponsored FIFA or other sports events (e.g. the Olympics), these sponsorships yielded a limited impact on actual product sales.

Looking ahead, Pop Mart is expected to introduce Labubu 4.0 in the near term. Although Pop Mart's social media teasers show the demo of Labubu with different hairstyles, management has yet to clarify if these belong to a standard new Labubu collection or the official Labubu 4.0 series. While bullish southbound investors anticipate strong sales regarding Labubu 4.0, we argue that the existing "fashion fatigue" surrounding the IP could lead to a weaker-than-expected sales outcome.

Valuation & Risks

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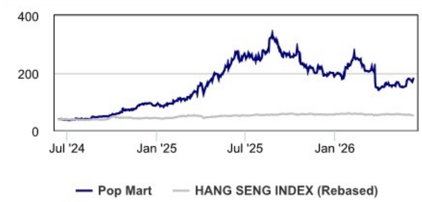
Price/price relative



Performance (%)	1m	3m	12m
Absolute	12.3	-10.8	-31.4
HANG SENG INDEX	-6.2	-3.9	2.8

Source: Deutsche Bank

Key indicators (FY1)

ROE (%)	42.9
Net debt/equity (%)	-67.4
Book value/share (CNY)	23.18
Price/book (x)	6.6
Net interest cover (x)	–
Operating profit margin (%)	41.1

Source: Deutsche Bank

Deutsche Bank AG/Hong Kong

Other than these two major products, Pop Mart has also launched new products for the Molly 20-year anniversary, Twinkle Twinkle, Crybaby, Dear Birds, and Zsiga series, showing a very intense product launch schedule in Q2 to boost sales. Based on our channel checks, offline stores are experiencing a continuous increase in inventory availability. This stands in stark contrast to the out-of-stock bottlenecks observed in 2025. We believe this situation also points to a potential softening of demand in China: the market dynamic has reversed, shifting away from the product scarcity that once drove consumers to queue for new releases.

Duan Yongping's stake sparks southbound investor interest

Billionaire investor Duan Yongping has become the biggest external individual shareholder. **We believe the current price rebound since April mostly reflects Duan's heavy stock purchases and the fund flow that follows his lead, rather than being based on fundamentals.**

According to the latest disclosure, Duan Yongping owns 6.04% of the shares. Due to this, southbound interest also rose to an all-time high of around 26% of total shareholding, with these investors becoming the major buyers recently. The rationale for southbound would appear to be: 1) Duan is a very successful value investor, and his heavy shareholding implies a positive outlook for the company that the market may not currently realize. 2) Duan has been selling put options or buying shares around and below the HK$160 share price level, indicating there are sufficient inflows that will defend that price level.

China secondary market trends & our view

Secondary market prices are key indicators of the IP's popularity and supply-demand dynamics. Based on our check, Labubu-related products continue to experience cooling demand, likely due to reduced scarcity after high sales volumes in 2025 and 2026 CNY. "Twinkle Twinkle" is now the only Pop Mart IP deemed "scarce" in China, yet its secondary market price has also begun trading at a discount, signaling early "fashion fatigue," a trend similar to Labubu in 2025. **For the "The Monster x FIFA" series, we also see weak secondary market feedback in China, with ample inventory online and offline and a discounted secondary price (around RMB 550 compared to the RMB 599 retail price), indicating a lack of popularity for the IP despite the discussion on social media in China.**

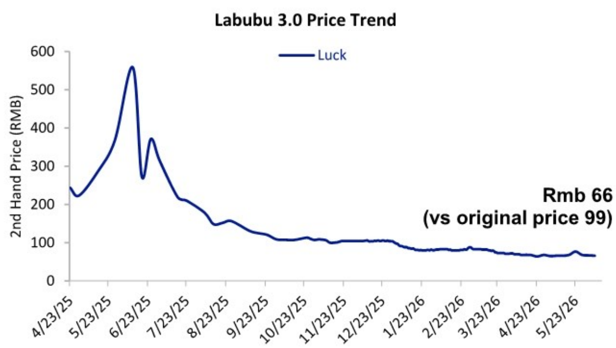
We believe the market is overestimating Pop Mart's growth by extrapolating its robust 2025 sales into the future. **Pop Mart's 1Q26 operational update also confirms our thesis of a sequential decline in IP sales across overseas markets (please see our latest 1Q26 review).** While the China market was temporarily supported by holiday sales, we argue this momentum is not sustainable. May's online sales confirm our view that China sales will see negative growth entering Q2, while the sales pressure could be greater in 2H26. **Thus, we forecast -2% YoY revenue decline and more significant operating deleverage than the market expects, leading to RMB 1.15bn in net profit. We maintain our Sell rating, with a Target Price of HK$140.**

Forecasts and ratios

Year End Dec 31	2024A	2025A	2026E	2027E
Sales (CNYm)	13,037.7	37,120.1	36,482.6	34,860.5
EBITDA (CNYm)	5,017.1	18,008.4	16,105.0	15,148.3
Reported NPAT (CNYm)	3,125.5	12,775.7	11,286.2	10,357.9
Reported EPS FD(CNY)	2.35	9.58	8.51	7.91
DB EPS FD(CNY)	2.35	9.58	8.51	7.91
DB EPS growth (%)	190.6	308.4	-11.2	-7.1
PER (x)	17.3	19.7	17.9	19.2
EV/EBITDA (x)	9.6	13.2	11.3	11.5
DPS (net) (CNY)	0.81	2.38	2.13	1.96
Yield (net) (%)	2.0	1.3	1.4	1.3

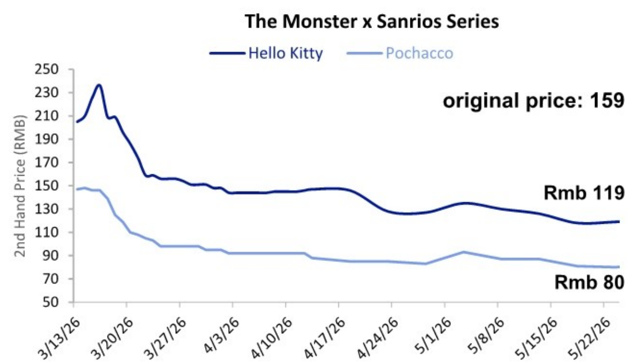
Source: Deutsche Bank estimates, company data

Figure 1:Pop Mart - "Labubu 3.0" 2nd hand price



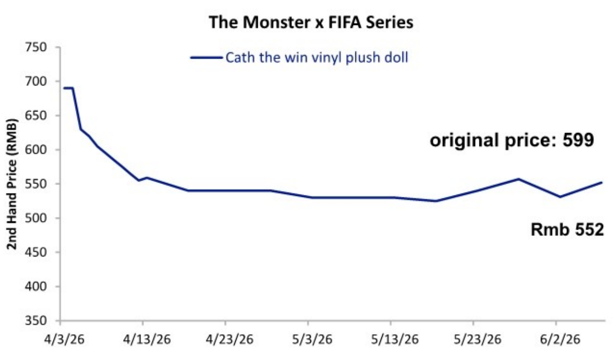
Source : Qiandao,Deutsche Bank estimate

Figure 2: Pop Mart - "The Monster x Sanrio" 2nd hand price



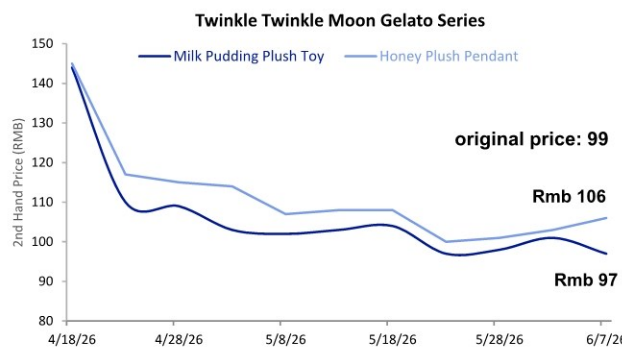
Source : Qiandao,Deutsche Bank estimate

Figure 3: Pop Mart - World Cup series 2nd hand price



Source : Qiandao,Deutsche Bank estimate

Figure 4: Pop Mart - Twinkle Twinkle latest series 2nd hand price

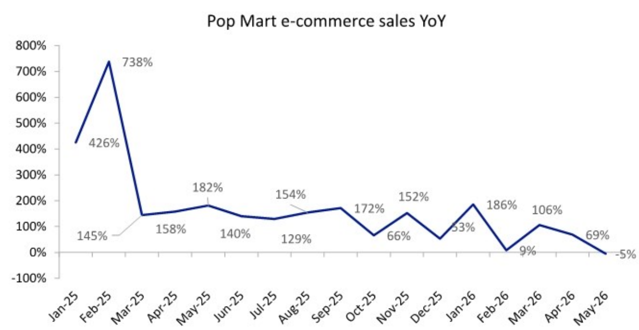


Source : Qiandao,Deutsche Bank estimate

Figure 5: China e-commerce sales GMV

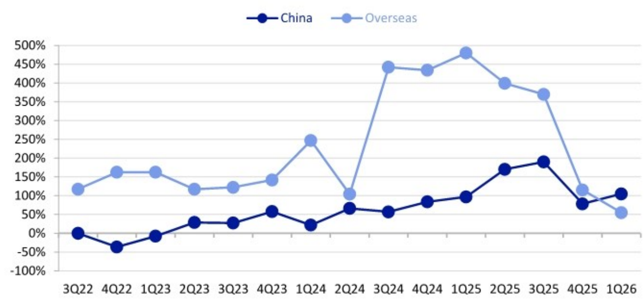
Source : Moojing, Deutsche Bank estimate

Figure 6: China e-commerce sales growth



Source : Moojing, Deutsche Bank estimates

Figure 7: Pop Mart - reported quarterly growth trend



Source : Company data, Deutsche Bank estimates

Figure 8: Pop Mart 2025 quarterly sales breakdown

Quarterly revenue forecast									YoY				QoQ			
Rmb mn	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25	4Q25	1Q25	2Q25	3Q25	4Q25	1Q25	2Q25	3Q25	4Q25
China Sales	**1,690**	**1,831**	**2,414**	**2,951**	**3,330**	**4,953**	**6,978**	**5,591**	**97%**	**171%**	**189%**	**89%**	**13%**	**49%**	**41%**	**-20%**
Overseas	**406**	**631**	**1,282**	**1,833**	**2,356**	**3,238**	**6,005**	**4,669**	**480%**	**413%**	**369%**	**155%**	**28%**	**37%**	**85%**	**-22%**
Asia	**298**	**499**	**1,018**	**1,295**	**1,341**	**1,510**	**2,748**	**2,412**	350%	203%	170%	86%	4%	13%	82%	-12%
North America	82	100	198	422	820	1,444	2,708	1,834	900%	1341%	1265%	335%	95%	76%	87%	-32%
Europe, Australia, and others	26	32	65	116	194	283	550	424	650%	794%	740%	264%	67%	46%	94%	-23%
Overall	**2,096**	**2,462**	**3,696**	**4,784**	**5,685**	**8,191**	**12,983**	**10,260**	**171%**	**233%**	**251%**	**114%**	**19%**	**44%**	**59%**	**-21%**

Source : ompany data, Deutsche Bank estimates

Figure 9: Pop Mart 2026 quarterly forecast based on our model

Quarterly revenue forecast					YoY				QoQ			
	1Q26	2Q26E	3Q26E	4Q26E	1Q26	2Q26E	3Q26E	4Q26E	1Q26	2Q26E	3Q26E	4Q26E
China Sales	**6,659**	**5,448**	**5,722**	**5,311**	**100%**	**10%**	**-18%**	**-5%**	**19%**	**-18%**	**5%**	**-7%**
Overseas	**3,286**	**3,122**	**3,496**	**3,322**	**40%**	**-4%**	**-42%**	**-29%**	**-30%**	**-5%**	**12%**	**-5%**
Asia	**1,676**	**1,510**	**1,697**	**1,655**	**25%**	**0%**	**-38%**	**-31%**	-31%	-10%	12%	-3%
North America	1,296	1,329	1,489	1,375	58%	-8%	-45%	-25%	-29%	3%	12%	-8%
Europe, Australia, and others	314	283	310	292	61%	0%	-44%	-31%	-26%	-10%	10%	-6%
Overall	**9,945**	**8,570**	**9,218**	**8,633**	**75%**	**5%**	**-29%**	**-16%**	**-3%**	**-14%**	**8%**	**-6%**

Overall Growth	**-2%**

Source : Company data, Deutsche Bank estimates

Model updated: 13 May 2026

Running the numbers

Asia

China

Retail / Wholesale Trade

Pop Mart

Reuters: 9992.HK Bloomberg: 9992 HK

Sell

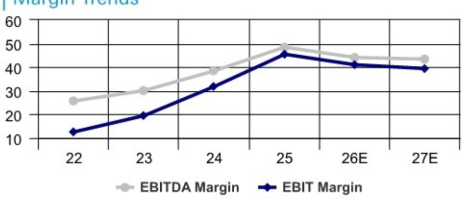
Price (15 Jun 26)	HKD 176.1
Target Price	HKD 140.0
52 Week range	HKD 141.80 - 335.40
Market cap (m)	HKDm 233,604 USDm 29,813

Company Profile

Pop Mart dominates China's pop toy market as its largest and fastest-growing player, with proprietary products accounting for over 90% of its revenue. The company leverages strong IP development and an expansive global retail footprint, with its networks exceeding 700 stores by the end of 2025. The "Monster" (LABUBU) series, its flagship IP, has achieved global recognition, establishing itself as

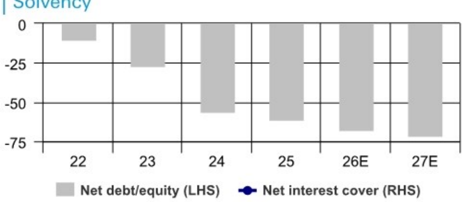
Price Performance

Margin Trends



Growth & Profitibility

Solvency



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Fiscal year end 31-Dec	2022	2023	2024	2025	2026E	2027E
Financial Summary						
DB EPS (CNY)	0.35	0.81	2.35	9.58	8.51	7.91
Reported EPS (CNY)	0.35	0.81	2.35	9.58	8.51	7.91
DPS (CNY)	0.09	0.28	0.81	2.38	2.13	1.96
BVPS (CNY)	5.0	5.8	8.0	16.6	23.2	29.0
Weighted average shares (m)	1,366	1,338	1,327	1,330	1,326	1,310
Average market cap (CNYm)	31,275	25,490	53,856	250,935	201,607	201,607
Enterprise value (CNYm)	30,579	23,414	47,937	237,524	181,319	174,794
Valuation Metrics						
P/E (DB) (x)	65.8	23.6	17.3	19.7	17.9	19.2
P/E (Reported) (x)	65.8	23.6	17.3	19.7	17.9	19.2
P/BV (x)	3.33	3.15	10.39	10.43	6.56	5.25
FCF Yield (%)	1.7	6.3	8.2	3.9	6.0	5.9
Dividend Yield (%)	0.4	1.5	2.0	1.3	1.4	1.3
EV/Sales (x)	6.6	3.7	3.7	6.4	5.0	5.0
EV/EBITDA (x)	25.7	12.3	9.6	13.2	11.3	11.5
EV/EBIT (x)	52.4	19.0	11.5	14.1	12.1	12.7
Income Statement (CNYm)						
Sales revenue	4,617	6,301	13,038	37,120	36,483	34,861
Gross profit	2,655	3,864	8,708	26,765	25,965	24,597
EBITDA	1,188	1,899	5,017	18,008	16,105	15,148
Depreciation	605	669	863	1,118	1,124	1,404
Amortisation	0	0	0	0	0	0
EBIT	583	1,231	4,154	16,890	14,981	13,744
Net interest income(expense)	0	0	0	0	0	0
Associates/affiliates	27	33	48	70	70	70
Exceptionals/extraordinaries	0	0	0	0	0	0
Other pre-tax income/(expense)	29	152	163	76	0	-1
Profit before tax	640	1,416	4,366	17,037	15,050	13,812
Income tax expense	164	327	1,057	4,025	3,555	3,263
Minorities	0	6	183	236	209	192
Other post-tax income/(expense)	0	0	0	0	0	0
Net profit	476	1,082	3,125	12,776	11,286	10,358
DB adjustments (including dilution)	0	0	0	0	0	0
DB Net profit	476	1,082	3,125	12,776	11,286	10,358
Cash Flow (CNYm)						
Cash flow from operations	891	1,991	4,954	10,865	13,303	12,914
Net Capex	-348	-392	-517	-1,172	-1,240	-1,081
Free cash flow	543	1,598	4,438	9,694	12,062	11,834
Equity raised/(bought back)	-634	-334	-78	0	0	0
Dividends paid	-220	-122	-378	-1,083	-3,194	-2,794
Net inc/(dec) in borrowings	0	0	0	0	0	0
Other investing/financing cash flows	22	-363	-418	-1,412	-1,781	-2,323
Net cash flow	-289	780	3,563	7,198	7,087	6,717
Change in working capital	-113	139	246	-3,317	439	630
Balance Sheet (CNYm)						
Cash and other liquid assets	685	2,078	6,109	13,775	20,862	27,579
Tangible fixed assets	449	653	739	1,418	2,025	2,247
Goodwill/intangible assets	147	116	135	209	300	311
Associates/investments	13	8	11	10	10	10
Other assets	7,287	7,113	7,875	16,434	18,335	19,953
Total assets	8,580	9,969	14,871	31,845	41,532	50,100
Interest bearing debt	0	0	0	0	0	0
Other liabilities	1,615	2,188	3,986	9,449	10,835	11,648
Total liabilities	1,615	2,188	3,986	9,449	10,835	11,648
Shareholders' equity	6,963	7,770	10,684	22,278	30,370	37,933
Minorities	2	10	201	375	583	775
Total shareholders' equity	6,965	7,780	10,885	22,652	30,953	38,708
Net debt	-685	-2,078	-6,109	-13,775	-20,862	-27,579
Key Company Metrics						
Sales growth (%)	2.8	36.5	106.9	184.7	-1.7	-4.4
DB EPS growth (%)	-43.8	132.0	190.6	308.4	-11.2	-7.1
EBITDA Margin (%)	25.7	30.1	38.5	48.5	44.1	43.5
EBIT Margin (%)	12.6	19.5	31.9	45.5	41.1	39.4
Payout ratio (%)	24.8	34.7	34.6	24.8	25.1	24.8
ROE (%)	6.9	14.7	33.9	77.5	42.9	30.3
Capex/sales (%)	7.5	6.2	4.0	3.2	3.4	3.1
Capex/depreciation (x)	0.6	0.6	0.6	1.0	1.1	0.8
Net debt/equity (%)	-9.8	-26.7	-56.1	-60.8	-67.4	-71.2
Net interest cover (x)	nm	nm	nm	nm	nm	nm

Source: Company data, Deutsche Bank estimates

Investment Thesis

Outlook

Established in 2010, Pop Mart is a China-based designer toy company globally recognized for popularizing the "blind box" collectibles model. By strategically leveraging proprietary and licensed Intellectual Properties (IPs)—such as "The Monsters" (Labubu)—the company has fostered a passionate international collector base, integrating art and design with a gamified purchasing experience. While the exceptional performance of Labubu was critical to the company's success in 2024–2025, recent weakening trends for the IP suggest potential uncertainty for 2026 sales forecasts. We assign a SELL rating following a decelerating trend observed in 4Q25 and the subsequent 2025 annual results. Although we commend management's strong IP execution in driving international expansion, we believe sales began a downturn in 4Q25 and will continue to decline sequentially. In our view, the market has not yet factored in this sales weakness or the resulting operating deleverage driven by declining same-store sales across both China and overseas markets.

Valuation

We use the discounted cash flow (DCF) method to value Pop Mart. Our DCF assumptions include: 2% risk-free rate, 1.1 beta, a 6% market risk premium and a WACC of 7.9%. We employ the P/E method as a cross check. Our DCF-based target price implies a 14x 2026E P/E.

Risks

Upside Risks: (1) Faster than expected existing IP sales momentum globally. (2) A new blockbuster IP introduced sooner than anticipated. (3) strong progress of Labubu movie & other innovative product types.

Appendix 1

Important Disclosures

*Other information available upon request

Disclosure checklist

Company	Ticker	Recent price*	Disclosure
Pop Mart	9992.HK	176.1 (HKD) 15 Jun 2026	8, 14, 15, 24

*Prices are current as of the end of the previous trading session unless otherwise indicated and are sourced from local exchanges via Reuters, Bloomberg and other vendors . Other information is sourced from Deutsche Bank, subject companies, and other sources. For disclosures pertaining to recommendations or estimates made on securities other than the primary subject of this research, please see the most recently published company report or visit our global disclosure look-up page on our website at https://research.db.com/Research/Disclosures/EquityResearchDisclosures. Aside from within this report, important risk and conflict disclosures can also be found at https://research.db.com/Research/Disclosures/Disclaimer. Investors are strongly encouraged to review this information before investing.

Important Disclosures Required by U.S. Regulators

Disclosures marked with an asterisk may also be required by at least one jurisdiction in addition to the United States.See Important Disclosures Required by Non-US Regulators and Explanatory Notes.

8. Deutsche Bank and/or its affiliate(s) expects to receive, or intends to seek, compensation for investment banking services from this company in the next three months.
14. Deutsche Bank and/or its affiliate(s) has received compensation from this company within the past year for non-investment banking related services.
15. This company has been a client of Deutsche Bank Securities Inc. within the past year during which time it received investment banking services.

Important Disclosures Required by Non-U.S. Regulators

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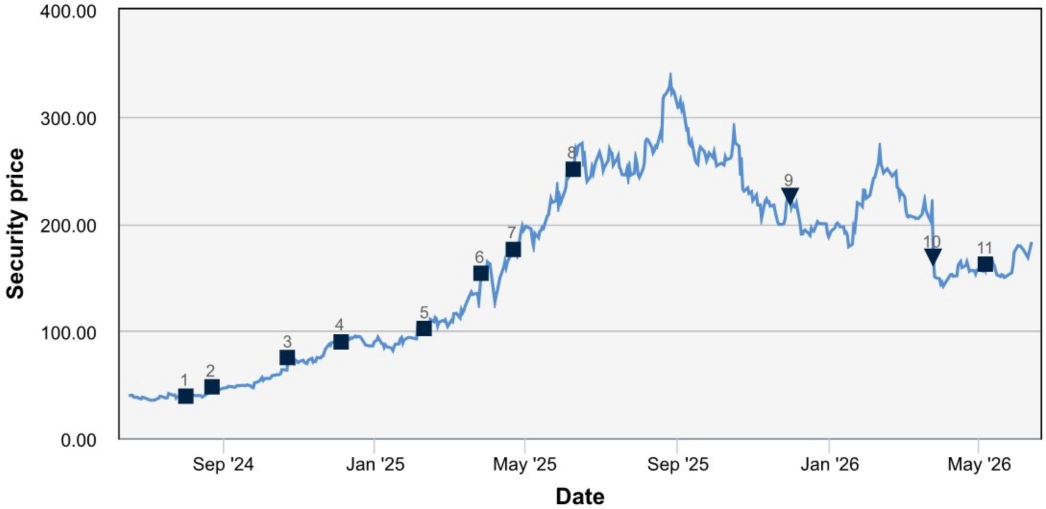
Analyst Certification

The views expressed in this report accurately reflect the personal views of the undersigned lead analyst(s) about the subject issuer and the securities of the issuer. In addition, the undersigned lead analyst(s) has not and will not receive any compensation for providing a specific recommendation or view in this report. Sammi Xu.

Historical recommendations and target price: Pop Mart (9992.HK)

(as of 06/12/2026)



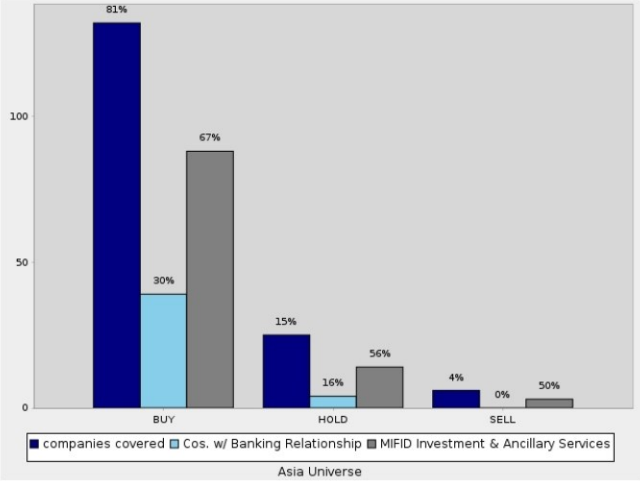
Current Recommendations

Buy
Hold
Sell
Not Rated
Suspended Rating

** Analyst is no longer at Deutsche Bank

1.	08/02/2024	Buy, Target Price Change HKD 48.00, Current Price HKD 39.10 Jessie Xu**
2.	08/23/2024	Buy, Target Price Change HKD 54.00, Current Price HKD 47.75 Jessie Xu**
3.	10/23/2024	Buy, Target Price Change HKD 88.00, Current Price HKD 75.20 Jessie Xu**
4.	12/05/2024	Buy, Target Price Change HKD 108.00, Current Price HKD 89.70 Jessie Xu**
5.	02/10/2025	Buy, Target Price Change HKD 114.00, Current Price HKD 102.30 Jessie Xu**
6.	03/27/2025	Buy, Target Price Change HKD 163.00, Current Price HKD 153.70 Jessie Xu**
7.	04/22/2025	Buy, Target Price Change HKD 200.00, Current Price HKD 175.90 Jessie Xu**
8.	06/09/2025	Buy, Target Price Change HKD 303.00, Current Price HKD 250.80 Jessie Xu**
9.	11/30/2025	Downgraded to Hold, Target Price Change HKD 228.00, Current Price HKD 224.80 Sammi Xu
10.	03/25/2026	Downgraded to Sell, Target Price Change HKD 157.00, Current Price HKD 168.30 Sammi Xu
11.	05/07/2026	Sell, Target Price Change HKD 140.00, Current Price HKD 162.20 Sammi Xu

Equity rating dispersion and banking relationships



Equity Rating and Dispersion Key

The Equity Rating Dispersion Chart depicts the following:

The proportion of recommendations that are rated "buy", "sell" and "hold" over the previous 12 months. This is shown for securities issued in the stated region e.g. "Europe Universe". See rating definitions below. This is represented by the "Companies Covered" bars in the chart. The percentage value displayed above the bar is the proportion as a percentage. E.g. 50% above the “buy” / “Companies Covered” bar means that 50% of DB’s equity research covered companies over the past 12 months have a “buy” rating.

Next to each of the three respective bars showing the proportion of "buy", "sell" and "hold" recommendations we provide two additional bars to show:

- The proportion of "buy", "sell" or "hold recommendations where Deutsche Bank and or/Affiliates provided MIFID Investment or Ancillary Services in the past 12 months. This is represented in the "MIFID Investment and Ancillary Services" bar. The percentage value displayed above the bar shows the proportion of Companies Covered with the given rating where DB has also provided MIFID Investment and Ancillary Services in the past 12 months. E.g. 50% above the “Cos. w/ MIFID Investment and Ancillary Services” bar means 50% of the Companies Covered with the rating stated have also received MIFID Investment and Ancillary Services from DB.

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Buy: Based on a current 12- month view of TSR, we recommend that investors buy the stock.

Sell: Based on a current 12-month view of TSR, we recommend that investors sell the stock.

Hold: We take a neutral view on the stock 12-months out and, based on this time horizon, do not recommend either a Buy or Sell.

TSR = Total Shareholder Return. Percentage change in share price from current price to projected target price plus projected dividend yield

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