Laopu Gold (6181.HK): Asia Leaders Conference Takeaways: Consumer sentiment improving; more agile approach amid gold price volatility

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We hosted Laopu offline at our Asia Leader Conference 2026 on Sep 2.

Bottom line: 1) Recent performance: Management noted 2Q was a light season coupled with headwinds from unusual gold price volatility, front-loaded demand before the meaningful price hike in end Feb. Jul-Aug remains off-peak season, and the company started to roll out discounts which supported consumer sentiment improvement; the demand recovery correlates to gold price movement, e.g. in 2H of Aug when gold price picked up, the brand saw strong traffic in stores with discount. **2) Strategy in the face of gold price volatility:** The company has prepared multiple methods including new product launch, discount magnitude adjustment, gifts and service in the face of gold price volatility. GPM is expected to reach 40% based on current promotion magnitude. Management tends to procure inventory in a more agile way amid gold price volatility, and is prioritizing inventory digestion through 3Q using existing, relatively low-cost gold stock. **3) Store network expansion:** In ML China, management reiterated the focus on upgrading store network, and noted that store upgrade has limited impact on rental cost ratio despite better location and larger size. In overseas market, the company plans to expand to Western markets next year where their due diligence shows positive signals. **4) Product:** Laopu remains focused on core brand codes while incorporating innovative materials (e.g., pink gemstones) and techniques. Gold ornament achieved faster year-over-year growth than overall sales during 1H; going forward, the company will further enrich offerings including plan for tailored products for very important clients (VIC).

Key takeaways

Recent performance: Management noted 2Q was a light season along with headwinds from unusual gold price volatility, front-loaded demand before the meaningful price hike in end Feb. However, 2Q sales were anchored by loyal, price-insensitive consumers; repeat purchase rate (defined by existing customers placing order and customers purchasing twice during the period, out of total customers' placed orders) also increased to 47% in 1H26 from 35% in 2025. Jul-Aug remains off-peak season, and the company started to roll out discounts (to 15%-20% off from 10% off prior) which supported consumer sentiment

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improvement; the demand recovery correlates to gold price movement, e.g. in 2H of Aug when gold price picked up (Aug 19-23), the brand saw strong traffic in stores with discount, evidenced by the significant line-up in SKP channel.

Strategy in the **face of gold price volatility:** On the product side, the company has prepared new designs which can set prices based on gold price change. The promotion in Jul-Aug set a baseline for future discount magnitude during promotion activities, but the company might adjust the magnitude based on gold price. If gold price sees further downside risk, management didn't rule out further actions including new product price setting/weight adjustment, gifts, better service etc.

GPM and inventory: GPM is expected to reach 40% based on current promotion magnitude. Management tends to procure inventory in a more agile way amid gold price volatility, and is prioritizing inventory digestion through 3Q using existing, relatively low-cost gold stock.

Design system: R&D is led by the founder alongside a core team of ~20 designers with extremely low turnover. The organization operates a bottom-up submission process for classic collection iterations, combined with top-down executive direction for high-craftsmanship, strategic product lines. Meanwhile, Laopu remains focused on/keeps refining core brand codes while incorporating innovative materials (e.g., pink gemstones) and techniques.

Store network expansion: In ML China, management reiterated the focus on upgrading store network (10-12 stores this year) while does not plan to enter new shopping malls in the near term (except one store signed for Nanjing Deji's new shopping mall). Regarding cost in store network upgrade, management noted the impact to rental cost ratio/take rate is limited and the brand remains among the most productive stores even in 2Q26, ensuring a variable rental term.

Thoughts on overseas market: The company targets for ~4 annual openings in overseas market, and expects new stores to open in Macau and ASEAN in the remainder of the year. Regarding the expansion to Western markets, active due diligence is underway with positive signals. Affluent overseas Chinese population is the focus in overseas market at the initial stage, but management also sees potential for local population with Chinese culture influence expanding.

Gold ornament category: Gold ornament achieved faster year-over-year growth than overall sales during 1H, though currently contribute under 20% of group revenue which implies meaningful room for growth. Going forward, the brand also plans to launch dedicated, high-end gold artifact collections tailored specifically for VIC customers.

Price Target Risks and Methodology - Laopu Gold

We derive our 12-m TP of HK$530 for Laopu Gold on a 13x 2026E target P/E. Key risks include: 1) potential gold price slump, 2) tough regulatory environment for luxury consumption, 3) regional concentration, and 4) overhang of IPO shares post lock-up expiry.

6181.HK	12m Price Target: **HK$530.00**	Price: **HK$385.00**	Upside: **37.7%**

Buy

Market cap: HK$66.5bn / $8.5bn
Enterprise value: HK$70.9bn / $9.0bn
3m ADTV: HK$576.3mn / $73.5mn
China
Greater China Retail
M&A Rank: 3
Leases incl. in net debt & EV?: Yes

GS Forecast

	12/25	12/26E	12/27E	12/28E
Revenue (Rmb mn)	27,303.2	31,842.7	31,724.6	34,652.0
EBITDA (Rmb mn)	6,888.6	9,066.9	9,205.2	9,865.6
EPS (Rmb)	28.25	36.59	37.09	39.33
P/E (X)	22.5	9.0	8.9	8.4
P/B (X)	10.1	4.2	3.7	3.3
Dividend yield (%)	3.4	8.3	8.4	8.9
N debt/EBITDA (ex lease,X)	0.6	0.4	0.1	0.0
CROCI (%)	53.7	41.2	38.7	38.9
FCF yield (%)	(6.8)	7.9	11.8	10.3

	12/25	6/26	12/26E	--
EPS (Rmb)	14.90	24.17	12.39	–

Source: Company data, Goldman Sachs Research estimates, FactSet. Price as of 2 Sep 2026 close.

