国泰君安证券 GUOTAI JUNAN SECURITIES

Flash Note: Consumer Sector - Retailing

快讯：消费行业 - 零售

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Retail Sales Down 2.8% YoY in May, Slightly Missing Consensus

5月社会消费品零售总额同比下降2.8%，略差于市场一致预期

- **In May 2020, nominal total retail sales of consumer goods reached RMB3.19 trillion, representing a decrease of 2.8% YoY, which missed the mean market consensus figure compiled by Bloomberg by 0.5 ppts.** Analyzed by area, retail sales in urban areas and rural areas went down by 2.8% YoY and 3.2% YoY, respectively. Retail sales of enterprises above designated size increased 1.3% YoY and retail sales excluding automobiles decreased by 3.5% YoY. Online retail sales of physical goods in Jan.- May 2020 rose by 11.5% YoY and accounted for 24.3% of total retail sales of consumer goods. By category, food and household goods increased by 37.0% YoY and 14.9% YoY, respectively, while apparel dropped by 6.8% YoY.

- **Decline rate of total retail sales continued narrowing in May.** In detail, the necessities category continued reporting decent performance; food, beverages, household goods and medicines recorded YoY growth of 11.4%, 16.7%, 17.3% and 7.3%, respectively, despite narrowed food CPI growth rate. Within consumption upgrade categories, sales of communication appliances and cosmetics showed strong recovery, with YoY growth of 11.4% and 12.9%, respectively, while gold, silver and jewellery sales still decreased but the decline rate narrowed to low single-digit percentage. Sales growth of property-related categories, including home appliances, furniture and building and decoration materials all turned positive, for the first month in 2020. Automobile sales recorded YoY growth of 3.5%, but sales of petroleum and related products decreased YoY due to oil price slump.

- The negative impact from the COVID-19 pandemic continued in May but market sales perfromance has been rebounding. People's daily life such as shopping and dining outside, has gradually returned to normal, though it will take time for the retail sales, especially for discretionary consumer goods, to fully recover, in our view. However, we believe that domestic consumption has been of great importance in 2020 and we have seen consumption vouchers issued in some cities to stimulate consumption. We expect more subsidy policies and stimulation policies in the future, which will be in favor of domestic consumption. We are positive on long-term growth for the Consumer Sector and maintain the rating of "Outperform" for retailing, apparel, food & beverage and household products categories. **We have "Buy" rating for Mengniu Dairy (02319 HK) with a TP of HK$35.50 in the Consumer Sector – Food and Beverage and "Accumulate" rating for Xtep International (01368 HK) with a TP of HK$3.12 in the Consumer Sector - Apparel.**

- **2020 年 5 月，社会消费品零售总额为人民币 3.19 万亿元，同比名义下降 2.8%，低于彭博财经统计的市场平均预期 0.5 个百分点。**分地区来看，城市与农村区域零售额分别同比下滑 2.8%及 3.2%。限额以上企业商品零售额同比增长 1.3%，除汽车以外的消费品零售额同比倒退 3.5%。2020 年 1-5 月网上实物商品零售额同比增长 11.5%，占社会消费品零售总额的 24.3%。分品类，吃类和用类分别同比上升 37.0%和 14.9%，但穿类同比下降 6.8%。

- **社零总额降幅在 5 月持续收窄。**具体来看，生活必需品继续录得良好的表现，尽管食品 CPI 增幅回落，但食品、饮料、日用品和药品仍分别同比上升 11.4%、16.7%、17.3%和 7.3%。在消费升级品类中，通讯器材和化妆品均出现强劲复苏，分别同比增长 11.4%和 12.9%，金银珠宝销售持续下降但跌幅收窄至低单位数。地产相关品类，包括家电、家具和装修建材的销售增速全部转正，为 2020 年来首月。汽车销售录得 3.5%的同比增幅，但由于油价大幅下降，石油及其制品销售同比倒退。

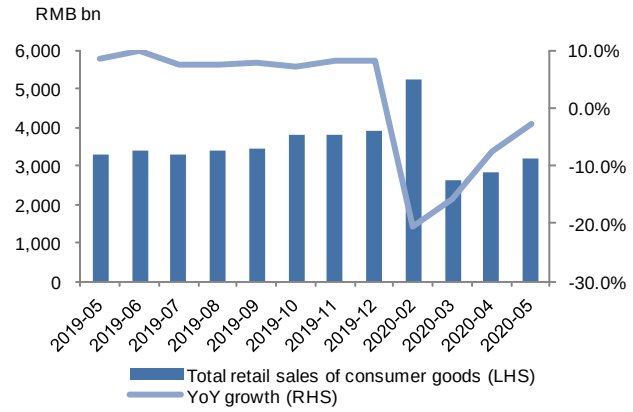
- 尽管新冠疫情带来的负面影响在 5 月持续但市场销售已经开始复苏。人民的日常生活包括购物和外出就餐正在逐步正常化，但我们认为零售销售，特别是可选消费品的全面恢复仍需要时间。然而，我们认为内需在 2020 年的重要性凸显并且看到部分城市已开始发放消费券来刺激消费。我们预期未来将会有更多补贴政策和刺激政策利好内需消费。我们看好消费行业的长期增长并维持零售、服装、食品饮料和日用品子行业"跑赢大市"评级。**我们给予消费 食品饮料行业的蒙牛乳业(02319 HK)"买入"评级和 35.50 港元的目标价以及给予消费-服装行业的特步国际(01368 HK)"收集"评级和 3.12 港元的目标价。**

Table-1: Breakdown of Total Retail Sales

Item	May 2020		YTD 2020	
	YoY (RMB bn)	YoY (%)	YoY (RMB bn)	YoY (%)
Total Retail Sales of Consumer Goods:	**3,197**	**-2.8**	**13,873**	**-13.5**
- Retail Sales excluding Automobile	28,597	-3.5	125,946	-13.0
- Retail Sales of the Enterprises (units) above Designated Size	1,166	1.3	4,932	-12.7
- Online Retail Sales of Physical Goods	-	-	3,374	11.5
Grouped by Different Areas				
-Urban	2,788	-2.8	12,029	-13.5
-Rural	409	-3.2	1,844	-13.0
-Catering Services	**301**	**-18.9**	**1,135**	**-36.5**
-Retail Sales of above Designated Size Enterprise	65	-15.4	243	-33.9
-Retail Sales of Goods	**2,896**	**-0.8**	**12,738**	**-10.6**
-Retail Sales of above Designated Size Enterprise	1,102	2.5	4,688	-11.2
-Grain, Oil, Foodstuff	116	11.4	621	13.4
-Beverages	18	16.7	82	8.5
-Tobacco and Liquor	28	10.4	139	-6.3
-Garments, Footwear, Hats, Knitwear	102	-0.6	407	-23.5
-Cosmetics	27	12.9	115	-4.9
-Gold, Silver & Jewellery	20	-3.9	79	-26.8
-Household Products	53	17.3	231	2.5
-Household Appliances and AV Equipment	74	4.3	275	-18.4
-Chinese & Western Medicine	43	7.3	208	4.9
-Cultural and Office Appliances	24	1.9	116	-0.3
-Furniture	13	3.0	50	-17.5
-Communication Appliances	38	11.4	183	2.3
-Petroleum & Related Products	145	-14.0	644	-19.6
-Automobile	338	3.5	1,279	-17.0
-Construction & Decoration Material	15	1.9	55	-14.3

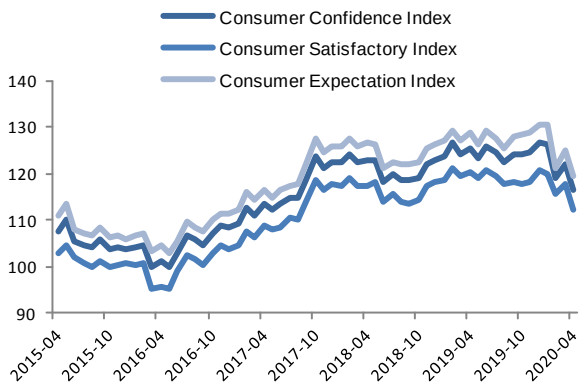
Source: National Bureau of Statistics of China.

Figure-1: Total Retail Sales of Consumer Goods and YoY Growth



Source: National Bureau of Statistics of China.

Figure-2: Consumer Confidence (%)



Source: National Bureau of Statistics of China.

Table-2: Consumer Sector Peers Comparison of Companies under Guotai Junan International Coverage

Company	Stock Code	Currency	Last price	PE (fiscal year)				PB (fiscal year)				ROE(%)	D/Y(%)	Market Cap
				19A	20F	21F	22F	19A	20F	21F	22F	20F	20F	HKD mil
Apparel														
Anta Sports	2020 HK	HKD	70.65	31.3	30.5	22.0	17.9	8.5	7.1	5.8	4.8	24.9	1.1	190,909
Xtep International	1368 HK	HKD	2.70	7.7	10.7	8.2	6.9	0.9	0.8	0.8	0.8	7.9	5.3	6,784
361 Degrees International	1361 HK	HKD	0.99	4.2	4.5	3.8	3.4	0.3	0.3	0.2	0.3	6.8	9.9	2,047
Li Ning	2331 HK	HKD	25.10	35.7	36.0	26.6	21.6	7.2	6.7	5.5	4.7	20.0	0.8	62,091
China Dongxiang	3818 HK	HKD	0.71	n.a.	5.8	n.a.	n.a.	0.3	n.a.	n.a.	n.a.	6.8	n.a.	4,179
Esprit	330 HK	HKD	0.85	n.a.	n.a.	n.a.	n.a.	0.2	0.3	0.3	0.3	(16.7)	n.a.	1,604
Giordano International	709 HK	HKD	1.15	7.9	9.8	6.8	5.5	0.7	0.7	0.7	0.7	7.0	10.4	1,815
Shenzhou International	2313 HK	HKD	95.50	24.8	26.3	21.5	18.7	5.1	4.8	4.2	3.8	18.5	1.9	143,558
China Lilang	1234 HK	HKD	4.38	5.7	6.6	5.5	5.1	1.3	1.3	1.2	1.1	18.9	10.1	5,245
Simple Average				16.8	16.3	13.5	11.3	2.7	2.7	2.4	2.0	10.4	5.7	
Weighted Average				28.8	28.8	21.9	18.3	6.7	6.0	5.0	4.3	21.1	1.6	
Food & Beverage														
China Foods	506 HK	HKD	2.84	16.8	16.0	13.3	11.4	1.6	1.5	1.4	1.3	9.4	2.2	7,944
China Mengniu Dairy	2319 HK	HKD	29.60	24.9	31.2	21.4	17.8	3.6	3.4	2.9	2.6	10.9	0.7	116,506
Tingyi	322 HK	HKD	12.74	19.0	21.4	19.6	17.9	3.3	3.3	3.2	3.0	15.2	4.2	71,650
Uni-President China	220 HK	HKD	7.83	21.8	21.1	19.5	18.0	2.2	2.2	2.2	2.2	10.7	4.6	33,820
China Modern Dairy	1117 HK	HKD	0.97	15.4	12.9	9.4	5.6	0.8	0.7	0.7	0.6	6.6	0.0	6,215
Tianyun International	6836 HK	HKD	0.96	4.9	4.9	4.1	3.7	0.9	0.8	0.7	0.6	18.0	5.5	938
China Resources Beer	291 HK	HKD	43.60	96.1	55.5	36.3	29.3	6.4	6.1	5.5	5.0	11.2	0.7	141,446
Cafe De Coral	341 HK	HKD	15.62	15.5	36.2	21.6	17.2	2.7	2.9	2.8	2.6	7.0	2.8	9,149
Vitasoy Intl Holdings	345 HK	HKD	28.95	44.1	59.1	49.7	39.6	9.7	9.5	8.9	8.0	16.2	1.2	30,798
Dali Foods Group	3799 HK	HKD	4.92	15.5	15.6	14.3	13.2	3.7	3.6	3.3	3.2	23.4	4.4	67,375
Simple Average				27.4	27.4	20.9	17.4	3.5	3.4	3.2	2.9	12.9	2.6	
Weighted Average				44.0	35.3	25.8	21.6	4.6	4.4	4.0	3.7	13.5	2.1	
Household Products														
Hengan Intl	1044 HK	HKD	59.95	16.1	14.8	14.0	13.2	3.6	3.4	3.1	2.9	23.1	4.5	71,322
Vinda International	3331 HK	HKD	24.45	25.7	17.7	16.3	14.5	3.1	2.7	2.4	2.1	15.8	1.7	29,274
Simple Average				20.9	16.3	15.1	13.9	3.3	3.0	2.8	2.5	19.4	3.1	
Weighted Average				18.9	15.7	14.7	13.6	3.4	3.2	2.9	2.7	21.0	3.7	
Retail														
Sun Art Retail	6808 HK	HKD	11.16	32.8	31.3	27.2	24.3	4.0	3.7	3.4	3.2	12.5	1.4	106,463
Chow Tai Fook Jewellery	1929 HK	HKD	7.04	24.3	17.1	13.5	11.7	2.7	2.5	2.4	2.3	15.2	4.7	70,400
Luk Fook	590 HK	HKD	15.50	12.1	10.0	7.7	n.a.	0.8	0.8	0.7	n.a.	8.2	4.5	9,100
Chow Sang Sang	116 HK	HKD	8.46	8.9	8.4	5.8	5.8	0.5	0.5	0.5	0.5	6.2	3.9	5,731
Samsonite International	1910 HK	HKD	8.35	11.5	n.a.	21.7	9.3	0.8	1.4	1.4	1.3	(47.9)	2.1	11,962
Haier Electronics	1169 HK	HKD	22.80	7.6	15.5	13.0	11.7	2.0	1.9	1.7	1.5	13.0	2.0	64,228
Skyworth Digital	751 HK	HKD	2.05	7.3	6.8	5.6	4.5	0.4	0.3	0.3	0.3	4.8	4.9	6,275
Simple Average				14.9	14.8	13.5	11.2	1.6	1.6	1.5	1.5	1.7	3.4	
Weighted Average				22.0	21.8	18.5	16.3	2.8	2.6	2.5	2.4	10.2	2.7	
E-commerce														
Alibaba	BABA US	USD	217.64	43.0	26.7	25.8	19.7	7.6	5.5	4.6	3.8	23.9	0.0	4,525,151
Jd.Com	JD US	USD	57.99	47.9	44.5	29.4	22.7	7.2	6.2	5.1	4.2	10.0	0.0	694,468
58.Com	WUBA US	USD	49.82	6.2	18.8	12.8	11.8	1.7	1.7	1.6	1.4	6.8	0.0	57,866
Simple Average				32.4	30.0	22.7	18.1	5.5	4.5	3.8	3.1	13.6	0.0	
Weighted Average				43.3	28.9	26.1	20.0	7.5	5.5	4.6	3.8	21.9	0.0	

Source: Bloomberg, Guotai Junan International.

Company Rating Definition

The Benchmark: Hong Kong Hang Seng Index

Time Horizon: 6 to 18 months

Rating		Definition
Buy	买入	Relative Performance >15%; or the fundamental outlook of the company or sector is favorable.
Accumulate	收集	Relative Performance is 5% to 15%; or the fundamental outlook of the company or sector is favorable.
Neutral	中性	Relative Performance is -5% to 5%; or the fundamental outlook of the company or sector is neutral.
Reduce	减持	Relative Performance is -5% to -15%; or the fundamental outlook of the company or sector is unfavorable.
Sell	卖出	Relative Performance <-15%; or the fundamental outlook of the company or sector is unfavorable.

Sector Rating Definition

The Benchmark: Hong Kong Hang Seng Index

Time Horizon: 6 to 18 months

Rating		Definition
Outperform	跑赢大市	Relative Performance >5%; or the fundamental outlook of the sector is favorable.
Neutral	中性	Relative Performance is -5% to 5%; or the fundamental outlook of the sector is neutral.
Underperform	跑输大市	Relative Performance <-5%; or the fundamental outlook of the sector is unfavorable.

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