



T. H. Data Flash – Baozun – August & 3Q18E

October 11, 2018

Continued Addition of Brand Partners; But No One Can Be Insulated from China’s Macro Slowdown

Baozun Inc.
BZUN: Not Rated
Price: \$37.79 (Intraday)
Target Price: N/A

China’s economy showed slower pace of growth, particularly in the consumer area, which triggered the central government to release a policy that aims to promote internal consumption. On the one hand, BZUN continues to gain new brand partners, and on the other hand, we believe it is starting to feel such slower pace. Under these levels of uncertainties, we believe BZUN along with many other China companies, will all adopt a conservative approach toward its guidance. BZUN’s revenue is likely to be inline in 3Q18E; however, the company is unlikely to give an aggressive guidance due to the general economic situation.

52 Week Range: \$26.77 - \$67.41
Market Cap: \$2.12B
Avg. Daily Vol. (100 day): 1,923,721

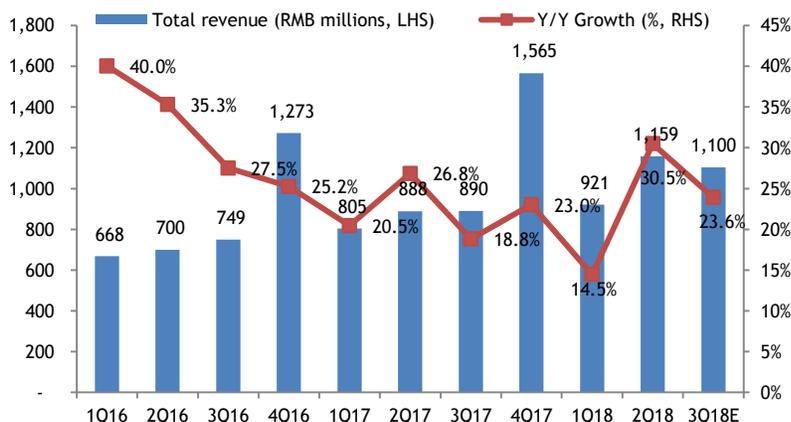
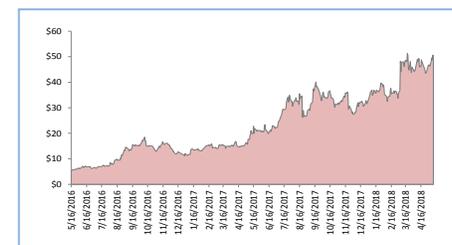
- **Net revenue** – Based on our data and model, we believe the company added 10 GMV partners and 8 brand partners. We believe its net revenue is likely to be in line with consensus at RMB 1,097.2M (23% Y/Y growth) in 3Q18 (Figure 1), largely inline with the mid-point of guidance at RMB 1,090M - 1,120M (22% - 26% Y/Y). Revenue from Services is likely to be RMB 546.0M or 30.7% Y/Y growth, lower than 51.6% Y/Y growth in 2Q18, and revenue from Product sales is likely to be RMB 557M or 17.9% Y/Y growth, a bit higher than 14.4% Y/Y growth in 2Q18.
- **GMV in 3Q18 likely to grow Y/Y** – Total GMV is likely to grow ~51.0% Y/Y to reach RMB 6.2B in 3Q18, including GMV of non-distribution model at RMB 5,629M or 58.2% Y/Y and GMV of distribution model at RMB 641M or 17.5% Y/Y (Figure 2, 3 & 4).

FY (Dec)	2017A	2018E	2019E
Q1	804.9A	921.2A	1,175.3E
Q2	888.3A	1,159.1A	1,443.0E
Q3	890.2A	1,096.8E	1,417.6E
Q4	<u>1,565.4A</u>	<u>2,225.0E</u>	<u>2,967.4E</u>
Revenue	4,148.8A	5,402.1E	7,003.3E
Q1	0.50A	0.54A	0.85E
Q2	0.73A	0.96A	1.43E
Q3	0.59A	0.80E	1.58E
Q4	<u>2.72A</u>	<u>4.69E</u>	<u>8.07E</u>
EPS*	4.53A	6.99E	11.94E
P/E	47.9x	30.5x	16.9x

*Non-GAAP EPS
All figures in RMB millions unless otherwise noted

For the full version of this report, please contact TH Capital.

Figure 1: Total Revenue, 1Q16 – 3Q18E



Source: T.H. DATA (www.thdata.com)

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