Miniso (MNSO US/9896 HK)

3Q26: Results Better Than Expected; Reiterates 2026 Guidance; Optimistic About Domestic Market In 2027

Highlights

- Miniso's 3Q26 results were better than expected. Domestic revenue exceeded expectations, while overseas revenue was broadly in line, with performance continuing to be dragged by the distributor business. Operating margin contraction was also narrower than management's previous expectation.
- Looking into 4Q26, management expects domestic SSSG to remain at least in the mid-single digits and is confident of exceeding the full-year low-single digit SSSG target. In its preliminary outlook for 2027, management remains optimistic about the domestic market and expects revenue growth of at least high single digits.
- For the overseas markets, the company will continue to streamline its network. Management believes the distributor business has the possibility to gradually stabilise as early as 1Q27. Management also reiterated its 2H26 and full-year guidance. While management has yet to provide specific guidance for 2027, it indicated that margins could improve from 2026 levels. Maintain BUY, with target price unchanged at US$17.50.

3Q26 & 9M26 Results

Year to 31 Dec (Rmbm)	3Q26	2Q26	3Q25	yoy chg (%)	qoq chg (%)	9M26	9M25	yoy chg (%)
Revenue	6,625	5,811	5,797	14.3	14.0	18,124	15,190	19.3
Gross profit	3,000	2,630	2,590	15.8	14.1	8,093	6,747	20.0
Gross margin (%)	45.3	45.3	44.7	0.6	0.0	44.7	44.4	0.2
Adj. operating profit excl. FX	998	791	1,025	(2.5)	26.3	2,627	2,575	2.0
Adj. operating margin excl. FX (%)	15.1	13.6	17.7	(2.6)	1.5	14.5	17.0	(2.5)
Adj. net profit excl. FX	732	588	769	(4.9)	24.3	1,953	2,012	(2.9)
Adj. net margin excl. FX (%)	11.0	10.1	13.3	(2.2)	0.9	10.8	13.2	(2.5)

Source: Miniso, UOB Kay Hian

Analysis

- **3Q26 results better than expected.** Miniso reported 3Q26 revenue of Rmb6,625m (+14% yoy, +14% qoq), largely in line with management's guidance for low-teens growth and 3% above VA consensus, primarily driven by the strong performance of the domestic market. Gross margin was 45.3% (+0.6ppt yoy, flat qoq), due to optimisation of its product mix as the company benefitted from optimised pricing strategies and higher sales contribution of proprietary and designer IPs. Adjusted operating profit excluding forex was Rmb998m (-3% yoy, +26% qoq), with an adjusted operating margin of 15.1% (-2.6ppt yoy, +1.5ppt qoq), better than management's previous expectation of a 4-5ppt yoy decline. Adjusted net profit excluding forex was Rmb732m (-5% yoy, +24% qoq), with an adjusted net margin of 11.0% (-2.2ppt yoy, +0.9ppt qoq).

Key Financials

Year to 31 Dec (Rmbm)	2024	2025	2026F	2027F	2028F
Net turnover	16,994	21,444	24,720	27,269	29,900
EBITDA (adj.)	4,334	4,877	4,464	5,143	5,797
Operating profit (adj.)	3,401	3,671	3,333	3,782	4,206
Net profit (rep./act.)	2,618	1,205	1,699	2,335	2,726
Net profit (adj.)	2,721	2,898	2,571	2,875	3,165
EPS (Fen)	870.7	927.5	822.8	920.2	1,012.9
PE (x)	9.3	8.8	9.9	8.8	8.0
P/B (x)	2.5	2.4	2.3	2.1	1.9
EV/EBITDA (adj.) (x)	4.4	5.1	6.0	5.4	4.8
Dividend yield (%)	5.4	5.4	5.1	5.7	6.2
Net margin (%)	16.0	13.5	10.4	10.5	10.6
Net debt/(cash) to equity (%)	(64.1)	(6.6)	9.1	16.8	18.0
Interest cover (x)	n.a.	14.9	7.9	10.5	14.3
ROE (%)	27.9	27.7	23.8	25.0	25.2
Consensus net profit	-	-	2,374.2	2,819.0	3,193.1
UOBKH/Consensus (x)	-	-	1.08	1.02	0.99

Source: Miniso, Bloomberg, UOB Kay Hian

Analyst(s)

Stella Guo
stella.guo@uobkh.com
+852 2236 6798

Ejann Hiew
hejann@uobkh.com
+603 2147 1995

BUY (Maintained)

Share Price	US$12.18
Target Price	US$17.50
Upside	+43.7%

Stock Data

Sector	Consumer Discretionary
Bloomberg ticker	MNSO US
Shares issued (m)	303.5
Market cap (HK$m)	29,005.9
Market cap (US$m)	3,696.8
3-mth avg daily t'over (US$m)	11.5

Price Performance (%)

52-week high/low				US$21.23/US$8.55
1mth	3mth	6mth	1yr	YTD
19.5	14.0	(14.3)	(42.4)	(35.0)

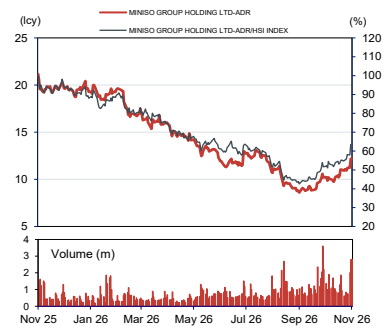
Major Shareholders (%)

Guofu Ye	63.10

Balance Sheet Metrics

FY26 NAV/Share (Rmb)	35.20
FY26 Net Cash/Share (Rmb)	3.17

Price Chart



Source: Bloomberg

Company Description

Miniso is a global value retailer offering a variety of trendy lifestyle products featuring IP design. Its flagship brand "MINISO" offers a frequently-refreshed assortment of lifestyle products spanning across 11 major categories, including home decor, small electronics, textile, accessories, beauty tools, toys, cosmetics, personal care, snacks, fragrance and perfumes, stationery and gifts. The "TOP TOY" brand started operating in Dec 20 in Mainland China, and it now offers pop toys such as blind boxes, toy bricks, model figures, model kits, collectible dolls, Ichiban Kuji and other popular toys.

- In 3Q26, Miniso added 61 stores qoq in Mainland China, while closing 67 stores qoq in overseas markets and three Top Toy stores qoq, bringing its total store numbers to 4,726/3,577/362 respectively.
- **Domestic market outperformed in 3Q26; expects at least mid-single digits SSSG in 4Q26; positive outlook for 2027.** For the domestic market, revenue grew 30% yoy in 3Q26, well ahead of the 2H26 guidance of mid-teens growth, supported by high single-digit same-store sales growth (SSSG). Thus, 9M26 domestic SSSG reached mid-single digits. Looking into 4Q26, management expects domestic SSSG to remain at least in the mid-single digits and is confident of exceeding the full-year low-single-digit SSSG target.
- The company continues to advance its large-store strategy, which remains the key driver of SSSG. Upgraded stores contributed close to 40% of SSSG, while park-style and flagship stores contributed about 20% and 40%, respectively. With only 15-20% of its >4,000 regular stores upgraded over the past two years, management believes there remains substantial room for further growth. Large-format stores are expected to account for more than 30% of the network by end-27 (more than 20% of the store base by end-26). In its preliminary outlook for 2027, management is optimistic about the domestic market and expects revenue growth of at least high single digits.
- **Distributor business could gradually stabilise as early as 1Q27; North America operations remain on track.** For overseas markets, revenue increased 2% yoy in 3Q26, in line with the 2H26 guidance of low single-digit growth. The modest performance of the overseas markets was primarily dragged by the distributor business, whose revenue declined by a low double digit. Management attributed the weakness to channel destocking together with multiple headwinds such as forex and shipping costs, despite GMV still growing by mid-single digits. Distributor inventory stood at 7-8 months, around 1-2 months above the normal level. Looking ahead, the company will continue to streamline its overseas network with a greater focus on quality, targeting net closures of 140-150 distributor stores in 2026 (net closures of 110 stores in 9M26). Management believes the distributor business could gradually stabilise as early as 1Q27. For the North America market, GMV grew 20-25% yoy in 3Q26 and 30-35% in 9M26, with 9M26 SSSG reaching low single digit, on track in achieving its 2026 targets of Rmb4b in revenue and Rmb400m in profit.
- **Reiterates 2026 full-year guidance; margin could improve in 2027.** Management reiterated its 2H26 and full-year guidance. For 2H26, it targets revenue to grow by high single digits, which could bring the full-year revenue growth to mid-teens. The full-year adjusted operating profit is expected to decline by a high single digit, with operating margin down 3-4ppt. While management has yet to provide specific guidance for 2027, it indicated that margins could improve from 2026 levels.

Earnings Revision/Risk

- **Lower our 2026/27 earnings forecasts by 1%/3% respectively.** We keep 2026 revenue forecast unchanged but lower our 2027 revenue forecast by 2%. We keep our 2026/27 gross margin estimates unchanged. We raise our 2026/27 selling and distribution expenses ratio by 0.2ppt/0.2ppt, respectively. Thus, our 2026/27 adjusted earnings (excluding exceptional items and share-based compensation) estimates are cut by 1%/3% respectively.

Valuation/Recommendation

- **Maintain BUY, keep target price unchanged at US$17.50.** We roll over our DCF-based target price to 2027 and keep our target price unchanged at US$17.50. Our target price implies 14.3x 2026F PE and 12.8x 2027F PE. The stock currently trades at 9.9x 2026F PE and 8.8x 2027F PE.

Revenue By Segment

(Rmbm)	3Q26	2Q26	3Q25	yoy chg (%)	qoq chg (%)
MINISO brand	**6,122**	**5,340**	**5,221**	**17.2**	**14.6**
- Mainland China	3,770	3,222	2,909	29.6	17.0
- Offline business	3,333	2,849	2,572	29.6	17.0
- Online business	437	373	337	29.5	17.2
- Overseas	2,352	2,118	2,312	1.7	11.1
TOP TOY brand	**503**	**470**	**575**	**(12.5)**	**6.9**
Others	**1**	**1**	**1**	**48.9**	**72.7**

Source: Miniso, UOB Kay Hian

Number Of Stores

	3Q26	2Q26	3Q25
MINISO China	**4,726**	**4,665**	**4,407**
(1) By type			
Directly operated stores	13	15	21
Third party stores	4,713	4,650	4,386
(2) By region			
Tier 1	605	611	584
Tier 2	1,953	1,928	1,817
Tier 3 and below	2,168	2,126	2,006
MINISO overseas	**3,577**	**3,644**	**3,424**
(1) By type			
Directly operated stores	823	580	637
Third party stores	2,754	2,849	2,787
(2) By region			
Asia excluding China	1,728	1,793	1,748
North America	565	536	421
Latin America	717	726	684
Europe	345	356	337
Others	222	233	234
TOP TOY	**362**	**365**	**307**
Directly operated stores	69	63	42
Third party stores	293	302	265
Total	**8,665**	**8,674**	**8,138**

Source: Miniso, UOB Kay Hian

Profit & Loss

Year to 31 Dec (Rmbm)	2025	2026F	2027F	2028F
Net turnover	**21,443.8**	**24,719.5**	**27,269.5**	**29,899.7**
EBITDA (adj.)	4,877.3	4,463.8	5,143.3	5,796.5
Deprec. & amort.	1,206.3	1,131.0	1,361.0	1,591.0
EBIT (adj.)	3,671.0	3,332.8	3,782.3	4,205.6
Net interest income/(expense)	(326.5)	(565.0)	(490.0)	(406.8)
Pre-tax profit (adj.)	**1,913.3**	**2,274.3**	**3,126.0**	**3,649.3**
Tax	(703.5)	(568.6)	(781.5)	(912.3)
Minorities	(4.8)	(6.7)	(9.2)	(10.8)
Net profit	1,205.0	1,699.0	2,335.3	2,726.2
Net profit (adj.)	**2,898.2**	**2,571.0**	**2,875.4**	**3,164.9**

Balance Sheet

Year to 31 Dec (Rmbm)	2025	2026F	2027F	2028F
Fixed assets	2,109.4	2,773.5	3,357.6	3,861.7
Other LT assets	12,437.8	13,107.4	13,626.9	13,996.3
Cash/ST investment	6,817.1	4,181.5	1,873.7	516.7
Other current assets	7,269.2	8,338.2	9,248.5	10,114.5
Total assets	**28,633.5**	**28,400.6**	**28,106.6**	**28,489.1**
ST debt	1,751.0	2,153.9	1,815.4	1,561.5
Other current liabilities	6,721.9	7,053.2	7,135.6	7,311.7
LT debt	5,415.4	4,061.6	3,046.2	2,284.6
Other LT liabilities	4,025.9	4,025.9	4,025.9	4,025.9
Shareholders' equity	10,618.8	10,998.8	11,967.1	13,178.1
Minority interest	100.5	107.2	116.5	127.3
Total liabilities & equity	**28,633.5**	**28,400.6**	**28,106.6**	**28,489.1**

Cash Flow

Year to 31 Dec (Rmbm)	2025	2026F	2027F	2028F
Operating	**2,577.9**	**2,134.4**	**2,913.0**	**3,673.6**
Pre-tax profit	1,913.3	2,274.3	3,126.0	3,649.3
Tax	(703.5)	(568.6)	(781.5)	(912.3)
Deprec. & amort.	1,206.3	1,131.0	1,361.0	1,591.0
Associates	834.5	0.0	0.0	0.0
Working capital changes	(1,360.7)	(737.7)	(827.9)	(689.8)
Non-cash items	171.8	35.5	35.5	35.5
Other operating cashflows	(187.3)	(568.6)	(781.5)	(912.3)
Investing	**(7,019.5)**	**(2,500.0)**	**(2,500.0)**	**(2,500.0)**
Capex (growth)	(997.7)	(1,000.0)	(1,000.0)	(1,000.0)
Investments	(31,075.3)	0.0	0.0	0.0
Proceeds from sale of assets	25,117.9	0.0	0.0	0.0
Others	(64.4)	(1,500.0)	(1,500.0)	(1,500.0)
Financing	**4,969.2**	**(2,270.1)**	**(2,720.8)**	**(2,530.6)**
Dividend payments	(1,357.7)	(1,319.1)	(1,367.0)	(1,515.2)
Issue of shares	0.0	0.0	0.0	0.0
Proceeds from borrowings	4,737.1	800.0	800.0	800.0
Loan repayment	(2,124.4)	(1,751.0)	(2,153.9)	(1,815.4)
Others/interest paid	3,714.3	0.0	0.0	0.0
Net cash inflow (outflow)	**527.6**	**(2,635.7)**	**(2,307.8)**	**(1,356.9)**
Beginning cash & cash equivalent	**6,328.1**	**6,817.1**	**4,181.5**	**1,873.7**
Changes due to forex impact	(38.6)	0.0	0.0	0.0
Ending cash & cash equivalent	**6,817.1**	**4,181.5**	**1,873.7**	**516.7**

Key Metric

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Profitability				
EBITDA margin (adj.)	22.7	18.1	18.9	19.4
Pre-tax margin (adj.)	17.6	12.7	14.1	14.2
Net margin (adj.)	13.5	10.4	10.5	10.6
ROA	12.4	9.0	10.2	11.2
ROE	27.7	23.8	25.0	25.2
Growth				
Turnover	26.2	15.3	10.3	9.6
EBITDA (adj.)	12.5	(8.5)	15.2	12.7
Pre-tax profit (adj.)	10.0	(16.9)	22.6	10.1
Net profit	6.5	(11.3)	11.8	10.1
Net profit (adj.)	6.5	(11.3)	11.8	10.1
EPS (adj.)	6.5	(11.3)	11.8	10.1
Leverage				
Debt to total capital	50.0	35.5	28.6	22.7
Debt to equity	68.5	57.5	42.3	30.6
Net debt/(cash) to equity	(6.6)	9.1	16.8	18.0
Interest cover (x)	14.9	7.9	10.5	14.3

IMPORTANT NOTICE - DISCLOSURES AND DISCLAIMERS

This report is provided subject to various disclosures and disclaimers (the "Disclosures / Disclaimers") which form an integral part of this report and are available at this link or by scanning the QR code below:

The Disclosures / Disclaimers contain important information, including without limitation, (a) exclusions of liability, (b) confidentiality obligations, (c) restrictions on publication, circulation, reproduction, distribution and use of the report, (d) potential conflicts of interest, and (e) disclosures and requirements specific to recipients in the United States and other applicable jurisdictions.

Specifically, this report is intended for general circulation and informational purposes only and does not take into account the specific investment objectives, financial situation, or particular needs of any individual person. It is not intended to constitute personal investment advice or a recommendation to buy or sell any investment product or security. You should independently evaluate the information and, where necessary, seek advice from a qualified financial adviser regarding the suitability of any investment, taking into account your specific objectives, financial situation and needs, before making any investment decision. Analyst certifications required under applicable regulations, including SEC Regulation AC (where relevant), are included in this report.

Recipients of this report must carefully read, review and understand the full Disclosures / Disclaimers before using or relying on any information in this report. By accessing, receiving or using this report, you acknowledge and confirm that you have read, understood, accepted and agreed to be bound by the Disclosures / Disclaimers (as may be amended or updated from time to time) in full.