

Company Report

China Merchants Securities (HK) Co.Ltd.
Hong Kong Equity Research

Sino Biopharm (1177 HK)

Raising estimates and TP but valuation appears full

■ We reset our 12-month TP to HK\$8.80 on 1) estimates upward revision, 2) valuation rollover, and 3) company's leading industry position in new drug R&D, product mix and market share.

■ 9M14 results surprised on the upside on the bottom line but top line growth was unexciting where hepatitis drug sales growth decelerated to 16% YoY vs. 27% in FY13 and 46% in FY12.

■ Downgrade to NEUTRAL on full valuation for now.

What's new

We revised up our FY14E/15E EPS estimates by 5%/7%, respectively, mainly on lower operating margin (on higher R&D costs) which is offset by lower tax rate. New TP HK\$8.80 is based on target 25x FY15E PER, 10% premium to sector average. Implied target 1.1x FY15E PEG using 23% FY14E-16E EPS CAGR is also 10% premium to sector average. Our new FY14E/15E/16E EPS are 8%/13%/16% above consensus.

Our view

We saw better-than-expected opex control in 9M14 where admin expense ratio dropped the most from 6.3% in 9M13 to 4.7%. R&D expense ratio, however, rose from 8.7% to 10.8%. We expect SBP continue to lead the industry in R&D investment to produce an attractive product pipeline for LT profitable growth. Recently-announced share subscription in Swedish new drug developer Karolinska Development also exemplifies such R&D strategy. SBP, perceived as a hepatitis drug powerhouse, saw its largest drug category (45% of group rev mix) growth decelerate in 9M14 where TQGM grew 5% YoY (vs. 28% in FY13) and RZ grew 41% (56%). Strong 35% YoY growth from oncology drugs was insufficient to offset the hepatitis slowdown given smaller % mix at 9%.

Valuation

Current valuation is approx. 10% above direct peer group weighted average, and we expect weaker EPS growth for SBP vs. direct peers. We further believe the stock will trade below high-end of historical PE band of 27x, with target 25x, given decelerating growth momentum.

Financials

HKD mn	2012	2013	2014E	2015E	2016E
Revenue	7,497	9,901	12,180	14,706	17,796
Growth (%)	30	32	23	21	21
Net profit	891	1,037	1,431	1,738	2,156
Growth (%)	92	16	38	21	24
EPS (HKD)	0.18	0.21	0.29	0.35	0.44
DPS (HKD)	0.05	0.05	0.06	0.07	0.09
P/E (x)	44.9	38.6	27.9	23.0	18.5
P/B (x)	6.9	5.5	4.4	3.5	2.8
ROE (%)	25	26.3	25.6	25	25

Source: Company data, CMS (HK) estimates

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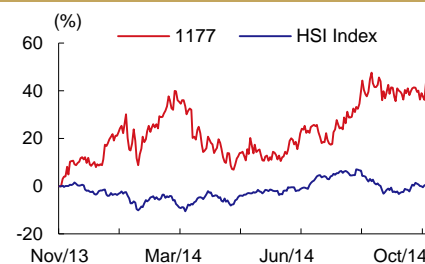
WHAT'S NEW

Rating Downgrade

NEUTRAL

Previous	BUY
Price	HK\$8.3
12-month Target Price (Potential downside)	HK\$8.80 (+6%)
Previous	HK\$6.70

Price Performance



Source: Bigdata

%	1m	6m	12m
1177 HK	9.2	35.5	60.4
HSI	4.5	6.7	6.4

Pharmaceutical & Healthcare

Hang Seng Index	24,087
HSCEI	10,762

Key Data

52-week range (HK\$)	5.41-8.5
Market cap (HK\$ mn)	39,976
Avg. daily volume (mn)	12.93
BVPS (HK\$)	1.66

Shareholdings Structure

Cheng Cheung Ling	24.3%
Tse Ping	16.4%
BlackRock Inc	5.0%
JPMorgan Chase & Co	5.0%
No. of shares outstanding	4,941.5m
Free float	58.9%

Related Research

1. Sinopharm (1099 HK, BUY, TP HK\$36.0) - Solid 9M14 results reported, Raising TP to HK\$36.0, 29 Oct 2014
2. China/HK Healthcare - Pharma contract sales sub-sector - Deserving recognition of unique and necessary CSO values, 22 Oct 2014

公司报告

招商证券(香港)有限公司

中国生物制药 (1177 HK)

上调盈利预测及目标价, 但股价已充分反映价值

- 我们提高12个月目标价至8.80港元, 基于1)上调盈利预测, 2)行业的估值上升, 以及3)公司在新药研发、产品组合和市场份额拥有领先地位。
- 2014年首九个月的净利润高于预期, 但收入增长放缓, 其中肝病用药销售增长同比下降16%, 远低于2013年的27%及2012年的46%同比增长。
- 下调评级至中性, 因现时股价已反映公司价值。

事件

虽然经营利润率因研发成本上升有所下降, 但因公司税率也较预期低, 我们将FY14E/15E EPS预测分别上调5%/7%。新目标价8.80港元是基于目标25倍 FY15E PER, 较行业平均高10%; 以23% FY14E-16E EPS CAGR而得出的目标1.1倍FY15E PEG亦较行业平均高10%。我们新的FY14E/15E/16E EPS较市场预期高出8%/13%/16%。

我们的观点

公司2014年首九个月在经营成本的控制上较预期为佳, 行政开支比例跌幅最大, 由2013年首九个月的6.3%下跌至4.7%。然而, 研发开支比例由8.7%上升至10.8%。我们预期, 中国生物制药在新药研发投资比例继续增加, 以取得长期的盈利增长。近期公司对瑞典新药开发商Karolinska Development的股份认购亦反映上述的研发策略。中国生物制药被视为肝病用药的强大供应商, 其最大药品类别(占集团收入的45%)的增长在2014年首九个月增长放缓, 其中天晴甘美同比增长5%(对比2013年为28%)及润众增长41%(56%)。由于只占收入的9%, 抗肿瘤药的35%同比增长未能足以抵消肝病用药的放缓。

估值

现时估值较其行业平均高出约10%, 而且我们预期中国生物制药在FY15的每股盈利增长会较弱。基于增长放缓, 我们相信中国生物制药的市盈率会低于27倍的历史高位。因此我们的新目标价为8.80港元, 相当于25倍的FY15市盈率。

盈利预测及估值

港币百万元	2012	2013	2014E	2015E	2016E
营业额	7,497	9,901	12,180	14,706	17,796
同比增长(%)	30	32	23	21	21
净利润	891	1,037	1,431	1,738	2,156
同比增长(%)	92	16	38	21	24
每股盈利(元)	0.18	0.21	0.29	0.35	0.44
每股股息(元)	0.05	0.05	0.06	0.07	0.09
市盈率(X)	44.9	38.6	27.9	23.0	18.5
市净率(X)	6.9	5.5	4.4	3.5	2.8
ROE(%)	25	26.3	25.6	25	25

资料来源: 公司资料, 招商证券(香港)预测

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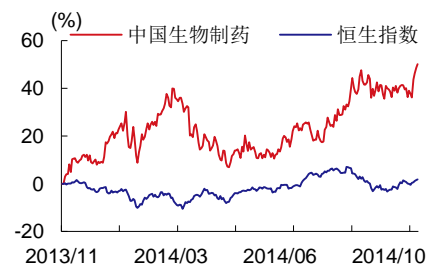
最新变动

评级下调

▼ 中性

前次评级	买入
股价	HK\$8.3
12个月目标价 (上涨/下跌空间)	HK\$ 8.80 (+6%)
前次目标价:	HK\$6.70

股价表现



资料来源: 贝格数据

%	1m	6m	12m
1177 HK	9.2	35.5	60.4
HSI	4.5	6.7	6.4

行业: 医药、医疗服务

恒生指数	24,087
国企指数	10,762

重要数据

52周股价区间(港元)	5.41-8.5
港股市值(百万港元)	39,976
日均成交量(百万股)	12.93
每股净资产(港元)	1.66

主要股东

Cheng Cheung Ling	24.3%
Tse Ping	16.4%
BlackRock Inc	5.0%
JPMorgan Chase & Co	5.0%
总股数(百万股)	4,941.5m
自由流通量	58.9%

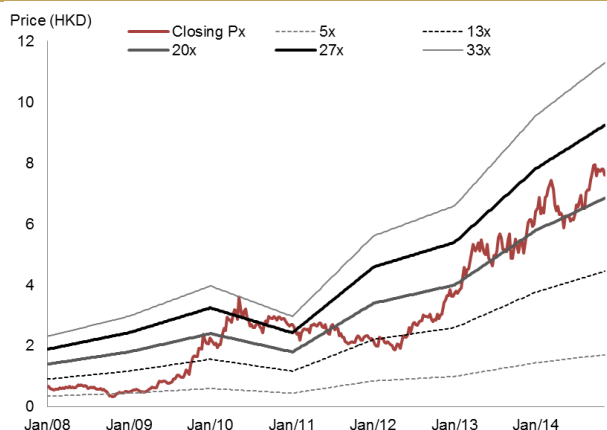
相关报告

1. Sinopharm (1099 HK, BUY, TP HK\$36.0) - Solid 9M14 results reported, Raising TP to HK\$36.0, 29 Oct 2014
2. China/HK Healthcare - Pharma contract sales sub-sector - Deserving recognition of unique and necessary CSO values, 22 Oct 2014

Valuation

Our new TP HK\$8.80 is based on target 25x FY15E PER, 10% premium to sector average. Implied target 1.1x FY15E PEG using 23% EPS CAGR FY14E-16E is also 10% premium to sector average. We believe the stock deserves premium valuation thanks to the company's industry leadership in new drug R&D strength, breadth and depth of product portfolio, and established market shares of its blockbuster drugs. However, we would only assign a 10% premium as we expect weaker EPS growth momentum (23% CAGR FY14E-16E) for SBP vs. peers like CSPC (28%). Current valuation is already approx. 10% above direct peer group weighted average of 21x. We further believe the stock will trade below high-end of historical PE band of 27x, given decelerating growth momentum as the company enters a transitional period where sales of existing products is slowing down and new products sales is yet to ramp meaningfully. We also note that the stock is now trading at 1 standard deviation above historical PE mean so there appears limited upside.

Figure 1: SBP forward P/E band chart



Source: Bloomberg, Company data, CMS (HK)

Figure 2: SBP forward P/E chart



Source: Bloomberg, Company data, CMS (HK)

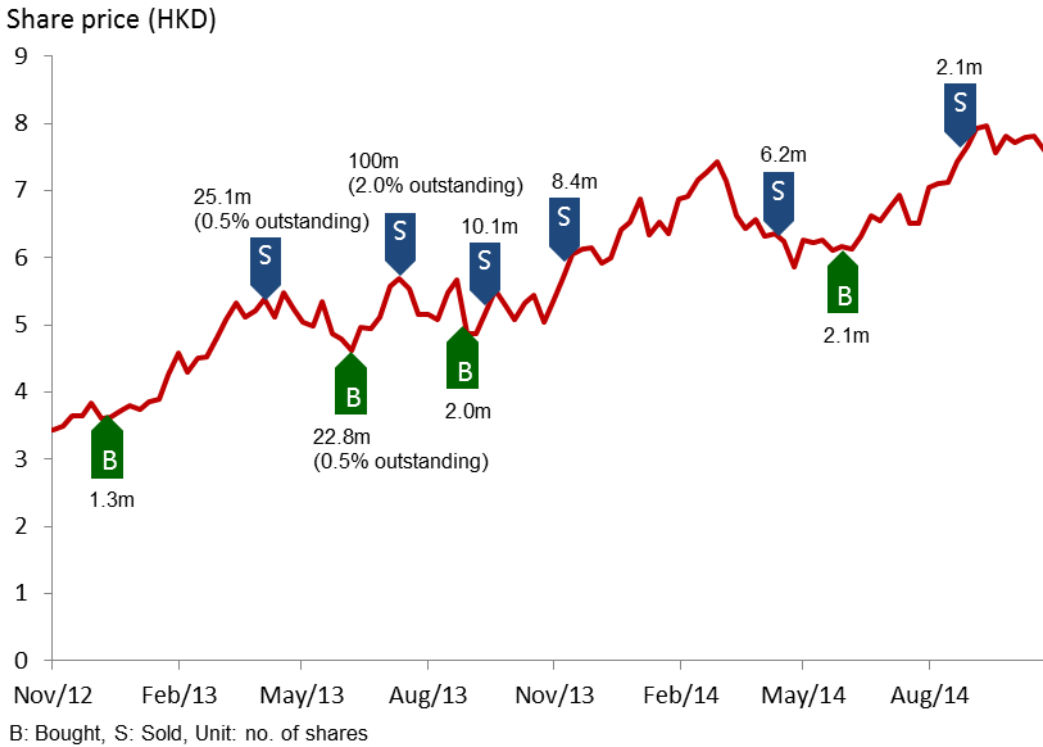
Company	Ticker	Current Price (LC\$)	Market Cap (US\$ mn)	52-Wk Price Range (HK\$)	Avg Turnover (US\$ mn)	P/E (x)			P/B (x)		
						FY13	FY14E	FY15E	FY13	FY14E	FY15E
CMS coverage											
Sino Biopharm	1177 HK	8.09	5158.25	5.16 / 8.38	11.07	38.6	27.9	23.0	5.5	4.4	3.5
Dawnrays	2348 HK	7.47	777.48	3.75 / 8.13	1.80	31.3	23.8	18.4	4.4	3.9	3.4
CSPC	1093 HK	7.20	5488.74	4.68 / 8.49	26.74	41.2	31.3	25.1	5.3	4.7	4.0
Sihuan	460 HK	6.01	8037.26	2.83 / 6.68	19.56	19.1	28.7	23.7	3.1	5.4	4.6
Essex	1061 HK	3.40	244.25	1.86 / 3.99	0.19	34.5	30.1	20.0	7.5	6.0	4.8
Shineway	2877 HK	14.10	1504.61	9.86 / 15.56	1.14	13.6	12.9	11.9	2.1	1.9	1.7
China Medical Sys	867 HK	14.18	4418.21	6.59 / 14.58	8.18	43.1	31.7	24.7	8.4	7.2	6.2
Pioneer	1345 HK	7.32	1259.36	2.88 / 7.59	2.33	32.8	23.9	17.9	6.7	6.1	5.2
Jintian	2211 HK	3.22	830.97	1.88 / 3.65	8.16	14.5	10.8	8.5	2.1	1.8	1.5
Sinopharm	1099 HK	32.55	10786.83	19.72 / 33.1	17.57	29.2	24.1	20.0	2.3	2.1	1.8
iKang	KANG US	18.20	1177.14	12.9 / 22.86	5.58	55.6	36.5	25.6	8.5	3.7	3.2
Phoenix Healthcare	1515 HK	15.20	1635.25	7.38 / 16.26	3.44	112.7	55.9	43.7	5.9	5.5	5.1
Simple Avg						38.8	28.1	21.9	5.1	4.4	3.8
Weighted Avg						34.8	28.2	22.7	4.4	4.3	3.6
HK-listed new drug R&D-focused companies											
Sino Biopharm	1177 HK	8.09	5158.25	5.16 / 8.38	11.07	38.6	27.9	23.0	5.5	4.4	3.5
CSPC	1093 HK	7.20	5488.74	4.68 / 8.49	26.74	41.2	31.3	25.1	5.3	4.7	4.0
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Essex	1061 HK	3.40	244.25	1.86 / 3.99	0.19	34.5	30.1	20.0	7.5	6.0	4.8
Luye	2186 HK	10.40	4456.67	6.51 / 11.54	11.92	na	45.1	28.4	na	4.7	3.9
Bloomage	963 HK	12.76	547.16	10.72 / 27.8	1.04	45.7	20.6	14.9	7.9	4.8	3.6
Consun Pharma	1681 HK	6.64	856.77	4.36 / 7.37	1.05	18.9	22.5	17.4	3.0	3.5	3.0
Fudan-Zhangjiang	1349 HK	7.53	896.80	5.87 / 8.28	0.70	48.0	56.0	47.4	8.4	na	na
Lee's Pharma	950 HK	12.00	842.43	6.67 / 12.6	0.28	25.9	37.3	28.4	5.0	7.4	6.2
Fosun pharma	2196 HK	26.05	7308.09	17.5 / 30.95	6.02	21.8	21.5	18.4	2.9	2.8	2.5
The United Labs	3933 HK	5.50	8947.81	2.9 / 6.56	23.27	105.4	11.6	11.5	0.8	1.2	1.1
Livzon Pharma	1513 HK	56.40	2397.99	35.25 / 62.5	1.15	18.0	24.8	19.5	2.6	3.6	3.2
Simple Avg						37.9	29.8	23.1	4.7	4.4	3.7
Weighted Avg						40.7	26.3	21.1	3.0	3.7	3.1

Source: Bloomberg, Company data, CMS (HK)

Key risks

- Government policy e.g. provincial drug tender progress and rule changes, antibribery investigations, drug price cut, etc.
- Pipeline failure risk given growth is increasingly dependent on future new drug launches and shipment ramp
- Intransparency associated with complex investment holding corporate structure
- Active management shareholding transactions

Figure 3: SBP: Active share buy/sell transactions by management



Source: Bloomberg, CMS (HK)

Earnings revision

Expect 38%/ 21%/ 24% FY14E/ 15E/ 16E EPS growth, respectively

We now expect 38% EPS growth in FY14E (up 5% vs. previous estimate) to factor in lower opex and improving net margin. Note that 9M14 net profit is already tracking 81% of our new full-year estimate.

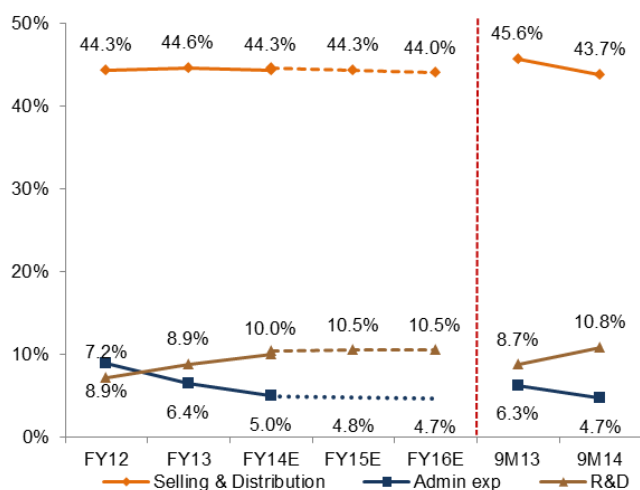
Sino Biopharm 1177 HK HKD m	9M14 track %	New CMS		Old CMS		New vs. Old CMS	
		FY14E	FY15E	FY14E	FY15E	FY14E	FY15E
Sales	75%	12,180	14,706	12,594	15,491	-3%	-5%
Gross profit	75%	9,501	11,515	9,937	12,114	-4%	-5%
Operating profit	78%	2,205	2,750	2,544	3,067	-13%	-10%
Pretax profit	81%	2,557	3,104	2,631	3,152	-3%	-1%
Net profit	81%	1,431	1,738	1,368	1,639	5%	6%
EPS(HKD)	81%	0.29	0.35	0.28	0.33	5%	7%
Margin							
Gross Profit		78.0%	78.3%	79.0%	78.2%		
Operating Profit		18.1%	18.7%	20.2%	19.8%		
Net Profit		11.7%	11.8%	10.9%	10.6%		

Source: Company data, CMS (HK)

Specifically, we

- 1) Revised down group sales by 3%/ 5% in FY14E/15E, respectively, mainly on slower hepatitis drugs sales growth.
- 2) Lowered GP margin by 1-ppt to a stable 78% level, after 9M14 GPM achieved 78.1% vs. 78.4% in 9M13
- 3) Lowered operating profit by 13%/10% in FY14E/15E to factor in higher R&D expense (up 54%/56% for FY14E/15E) and lower SG&A expenses (down 1%/3%).
- 4) Increased finance cost by HKD9.4m to HKD22m in FY14E and by HKD52.5m to HKD68m in FY15E vs. HKD3m in FY13E, as SBP significantly increased bank borrowings to HKD1,359m in 9M14 from HKD333m as of 9M13.
- 5) Lowered effective tax rate to 17% as incurred in 9M14, vs. 20% estimated previously.

Figure 4: Lower SG&A but higher R&D exp ratio

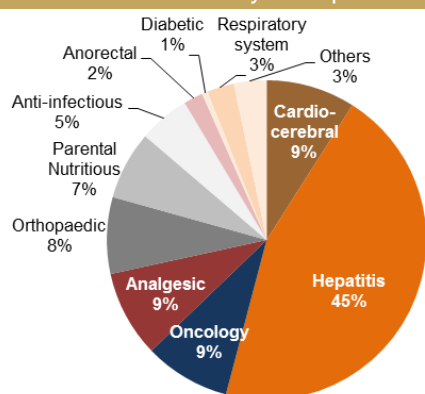


Source: Company data, CMS (HK)

Increasing contribution from non-hepatitis drug categories such as oncology

SBP's product portfolio is currently dominated by hepatitis drugs, and group revenue contribution of which is expected to drop to 45%/42%/39% in FY14E/15E/16E, respectively, as sales of other major drug categories such as oncology and analgesic drugs ramp up.

Figure 5: 9M14 sales mix by therapeutic areas



Source: Company data, CMS (HK)

Figure 6: Growths of SBP's HKD1bn-revenue blockbusters are slowing down

Sino Biopharm 1177 HK Revenue (HKD m)	9M14	9M13	%YoY	FY13	FY12	%YoY
Cardio-cerebral						
Kaishi injection (凯时)	1,213	1,226	-1%	1,611	1,693	-5%
Hepatitis						
Tianqingganmei (天晴甘美)	1,471	1,395	5%	1,748	1,367	28%
Runzhong (Entecavir) (润众)	1,749	1,236	41%	1,669	1,069	56%

Source: Company data, CMS (HK)

Our new revenue estimates have factored in

1) Hepatitis drugs revenue contribution to drop below 45%

We expect hepatitis drugs to only grow at 13%, contributing 45% of total revenue in FY14E vs. 27% YoY growth in FY13 with 49% revenue contribution. We believe our assumption is reasonable as 9M14 is tracking 75% of our full-year estimate HKD5,500m.

2) Oncology and Analgesic drug revenues to ramp up with strong > 35% YoY growth

Sales from oncology/ analgesic products have shown strong growth at 35%/30%YoY in 9M14. We expect these products to maintain > 35% YoY growth in FY14E due to relatively low growth base amid strong end demand.

3) Respiratory system and Anti-infectious drugs to grow >34% in FY14E given low base

We expect respiratory system/ anti-infectious drugs to continue strong growth at 34% in FY14E given low base in FY13. These two drug categories contributed 2.7%/5.2% of group revenue in 9M14 vs. 2.4%/4.8% in 9M13.

Figure 7: Accelerating Oncology vs. Decelerating Hepatitis drugs sales revenue

Sino Biopharm 1177 HK HKD m	New CMS					
	9M14	9M13	FY13	FY14E	FY15E	FY16E
Cardio-cerebral	825	673	984	1,171	1,406	1,701
...% rev YoY	23%		-24%	19%	20%	21%
...% of rev	9.0%	9.1%	9.9%	9.6%	9.6%	9.6%
Hepatitis	4,128	3,571	4,868	5,500	6,215	7,023
...% rev YoY	16%		27%	13%	13%	13%
...% of rev	45.1%	48.2%	49.2%	45.2%	42.3%	39.5%
Oncology	796	588	828	1,118	1,531	2,129
...% rev YoY	35%		35%	35%	37%	39%
...% of rev	8.7%	7.9%	8.4%	9.2%	10.4%	12.0%
Analgesic	803	618	663	915	1,236	1,644
...% rev YoY	30%		211%	38%	35%	33%
...% of rev	8.8%	8.3%	6.7%	7.5%	8.4%	9.2%
Orthopaedic	710	532	726	966	1,256	1,607
...% rev YoY	33%		NA	33%	30%	28%
...% of rev	7.8%	7.2%	7.3%	7.9%	8.5%	9.0%
Parental Nutritious	634	562	788	906	1,042	1,188
...% rev YoY	13%		212%	15%	15%	14%
...% of rev	6.9%	7.6%	8.0%	7.4%	7.1%	6.7%
Anti-infectious	473	354	470	630	837	1,072
...% rev YoY	34%		28%	34%	33%	28%
...% of rev	5.2%	4.8%	4.7%	5.2%	5.7%	6.0%
Anorectal	179	175	225	242	262	283
...% rev YoY	2%		55%	8%	8%	8%
...% of rev	2.0%	2.4%	2.3%	2.0%	1.8%	1.6%
Diabetic	54	49	59	68	79	90
...% rev YoY	11%		45%	15%	15%	15%
...% of rev	0.6%	0.7%	0.6%	0.6%	0.5%	0.5%
Respiratory system	249	179	269	360	479	622
...% rev YoY	39%		255%	34%	33%	30%
...% of rev	2.7%	2.4%	2.7%	3.0%	3.3%	3.5%
Others	303	110	21	303	364	436
...% rev YoY	175%		NA	NA	20%	20%
...% of rev	3.3%	1.5%	0.2%	2.5%	2.5%	2.5%
Total	9,155	7,411	9,901	12,180	14,706	17,796
...% rev YoY	24%		30%	23%	21%	21%

Source: Company data, CMS (HK)

9M14 results: top line missed but bottom line beat

1) 9M14 rev grew 23.5% YoY, in-line with growth momentum achieved in 1H14 (24.4%), but still slower vs. our expected 27% for the full-year. However, 9M14 net profit grew 38.4% YoY, faster than 31% achieved in 1H14, and 32% expected for the full-year.

2) Product mix and growth momentum remain stable, vs. 1H14: Hepatitis drugs % rev mix down from 46% to 45% (major hepatitis B drug - 16% of group revenue - Runzhong up 41.5% YoY), CCV drugs mix maintained at 9%, Analgesic drugs mix was down from 9% to 7%, and Oncology drugs mix also maintained at 9%. We believe Runzhong is increasingly under pressure against intensifying competition.

3) 9M14 GM was stable at 78% vs. a year ago, and 1H14, 1-ppt below our full-year estimate at 79%. OPM jumped 4-ppt YoY to 32%, thanks to greater opex control with lower SG&A ratio despite R&D expense ratio increased to 10.8% vs. 8.7% in 9M13.

4) NM achieved 13%, 2-ppt higher than a year ago, and our full-year estimate given better cost control and lower effective tax rate in 3Q14, 14.1% during 9M14 vs. 20% in 1H14.

Sino Biopharm 1177 HK HKD m	9M14	9M13	YoY	CMS Old Est		Consensus Est	
				FY14	Track %	FY14	Track %
Sales	9,155	7,411	24%	12,594	73%	12,147	75%
Gross Profit	7,151	5,812	23%	9,937	72%	9,435	76%
Operating Profit	1,729	1,318	31%	2,544	68%	2,205	78%
Pretax Profit	2,081	1,532	36%	2,631	79%	2,643	79%
Net Profit	1,157	836	38%	1,368	85%	1,314	88%
EPS(HKD)	0.23	0.17	38%	0.28	85%	0.27	87%
Margin							
Gross Profit	78.1%	78.4%	0%	79%		78%	
Operating Profit	18.9%	17.8%	1%	20%		17%	
Net Profit	12.6%	11.3%	1%	11%		10%	

Source: Company data, CMS (HK)

Financial Summary

Balance Sheet

HKD million	2012	2013	2014E	2015E	2016E
Current assets	4,598	5,827	8,877	11,650	14,675
Cash & equivalents	2,495	2,890	4,672	7,433	8,932
Equity investments	119	139	139	139	139
Trade receivables	1,134	1,583	2,002	2,417	2,925
Prepayments & other AR	244	318	1,017	433	1,225
Other receivables	0	0	0	0	0
Inventories	553	805	954	1,137	1,363
Other current assets	53	92	92	92	92
Non-current assets	3,103	4,142	4,494	4,913	5,416
Investments	755	1,262	1,262	1,262	1,262
PP&E	1,717	2,107	2,459	2,878	3,381
Intangible assets	82	88	88	88	88
Other non-current assets	548	685	685	685	685
Total assets	7,701	9,969	13,371	16,564	20,091
Current liabilities	1,795	2,580	2,841	3,578	4,085
Bank loans	21	74	54	63	73
Trade payables	295	475	587	699	839
Prepaid accounts	0	0	0	0	0
Other current liabilities	1,479	2,031	2,199	2,816	3,173
Long-term liabilities	122	164	1,469	1,683	1,922
Bank loans	20	0	1,305	1,519	1,758
Others	102	164	164	164	164
Total liabilities	1,916	2,744	4,310	5,261	6,007
Issued capital	124	124	124	124	124
Reserves	4,360	5,265	6,498	7,888	9,614
NCI	1,203	1,738	2,439	3,290	4,347
Total equity	5,785	7,225	9,061	11,302	14,084
Total equity and liabilities	7,701	9,969	13,371	16,564	20,091

Cashflow Statement

HKD million	2012	2013	2014E	2015E	2016E
CF from OA	1,358	1,576	1,346	3,562	2,450
Profit before tax	1,725	2,137	2,557	3,104	3,852
D&A	179	224	257	316	387
Finance costs	10	3	22	68	79
Investment income	-22	29	0	0	0
Changes of WC	149	-115	-987	715	-1,028
Others	-684	-700	-502	-641	-840
CF from IA	-47	-692	-531	-609	-689
Capital expenditure	-332	-501	-609	-735	-890
Other investments	285	-191	78	126	201
CF from FA	-528	-536	966	-192	-262
Borrowings	-44	21	1,285	223	249
Share capital	0	0	0	0	0
Dividends	-474	-591	-296	-348	-431
Minority	0	0	0	0	0
Others	-10	34	-22	-68	-79
Net cash flow	783	348	1,782	2,761	1,499

Source: Company data, CMS (HK) estimates

Profit & Loss Statement

HKD million	2012	2013	2014E	2015E	2016E
Revenue	7,497	9,901	12,180	14,706	17,796
Cost of sales	1,611	2,228	2,680	3,191	3,826
SG&A exp	4,533	5,930	7,296	8,765	10,535
Others - net	0	0	0	0	0
Op profit	1,353	1,742	2,205	2,750	3,435
Financial costs	10	3	22	68	79
D&A	179	224	257	316	387
FV changes	0	0	0	0	0
Inv income	240	238	248	248	248
Non-op inc	55	69	78	126	201
Non-op exp	84	90	49	49	49
PBT	1,723	2,137	2,557	3,104	3,852
Taxes	305	355	424	515	639
Net profit	1,417	1,782	2,132	2,589	3,213
NCI	527	745	701	851	1,056
Equity shareholders'	891	1,037	1,431	1,738	2,156
EPS (HKD)	0.18	0.21	0.29	0.35	0.44

Financial Ratios

	2012	2013	2014E	2015E	2016E
YoY growth rate					
Revenue	29.7%	32.1%	23.0%	20.7%	21.0%
Op profit	21.6%	28.7%	62.9%	57.8%	55.8%
Net profit	92.5%	16.4%	38.0%	21.4%	24.1%
Profitability					
Gross margin	78.5%	77.5%	78.0%	78.3%	78.5%
NP margin	11.9%	10.5%	11.7%	11.8%	12.1%
ROE	25.3%	26.3%	25.6%	25.0%	25.0%
Liquidity					
D/A	0.5%	0.7%	10.2%	9.6%	9.1%
ND/A	Net Cash	Net Cash	Net Cash	Net Cash	Net Cash
Current ratio	2.6	2.3	3.1	3.3	3.6
Quick ratio	2.3	1.9	2.8	2.9	3.3
Operating efficiency					
Asset turnover	1.0	1.0	0.9	0.9	0.9
Inventory turnover	2.9	2.8	2.8	2.8	2.8
AR turnover	6.6	6.3	6.1	6.1	6.1
AP turnover	5.5	4.7	4.6	4.6	4.6
Per share ratios (HKD)					
EPS	0.18	0.21	0.29	0.35	0.44
CFPS	0.27	0.32	0.27	0.72	0.50
BPS	1.17	1.46	1.83	2.29	2.85
DPS	0.05	0.05	0.06	0.07	0.09
Valuation (x)					
PE	44.9	38.6	27.9	23.0	18.5
PB	6.9	5.5	4.4	3.5	2.8
EV/EBITDA	24.2	18.9	15.1	12.1	9.7

Investment Ratings

Rating	Definition
BUY	Expected to outperform the market index by >10% over the next 12 months
NEUTRAL	Expected to outperform or underperform the market index by 10% or less over the next 12 months
SELL	Expected to underperform the market index by >10% over the next 12 months

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