



Rating  
**Hold**

Asia  
Hong Kong

Consumer  
Retail / Wholesale Trade

Company  
**SA SA International  
Alert**

Reuters 0178.HK	Bloomberg 178 HK	Exchange HKG	Ticker 0178
ADR Ticker SAXJY	ISIN US78513P1003		

Date  
3 March 2015

Company Update

Price at 3 Mar 2015 (HKD)	4.33
Price target - 12mth (HKD)	5.46
52-week range (HKD)	7.16 - 4.33
HANG SENG INDEX	24,887

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## CNY - PRC tourists and locals are not in town

### Sa Sa's retail sales decline by 10% during CNY with SSSg of -7%

Sa Sa announced its retail sales in HK/Macau during the CNY period (2015: 19 to 25 Feb; 2014: 31 Jan to 6 Feb) decreased by 10% yoy with SSSg of -7%. Sales attributed to mainland tourists declined by 11% yoy as a result of a 15% decline in average sales per transaction, offset by a 5% growth in the number of transactions.

For Jan and Feb, its retail sales and same store sales (SSS) in HK/Macau grew by 3% and 7%, respectively, benefiting from the shift of the timing of the CNY from Jan 2014 to Feb 2015. Sales attributed to mainland tourists grew by 6% yoy, as a result of a 23% increase in number of transactions and a 14% decrease in average sales per transaction.

### Deutsche Bank view – HK retail market remains tough

Management commented that the CNY performance was weaker than expected; showing diminishing benefits from the festive season. The weak performance was also partly due to PRC consumers having one day less of CNY holidays vs. 2014. Separately, with the yen and euro weakness, more local consumers traveled aboard during this period. Thus, volume declined while value per ticket reported a slight increase for locals.

Jan/Feb 2015 sales and SSSg was better than the CNY period – management emphasized this is mainly due to the shift of the CNY, and Sa Sa benefited from the overall retail performance for Jan/Feb this year. Management has not seen any major improvement in operations. Maintaining Hold.

#### Stock data

Market cap (HKDm)	12,252
Market cap (USDm)	1,580
Shares outstanding (m)	2,829.5
Major shareholders	Kwok Family (71%)
Free float (%)	29
Avg daily value traded (USDm)	2.557

Source: Deutsche Bank

#### Key data

FYE 3/31	2014A	2015E	2016E
Sales (HKDm)	8,756	9,385	10,199
Net Profit (HKDm)	935.2	876.4	972.4
DB EPS (HKD)	0.33	0.31	0.34
PER (x)	24.3	14.0	12.6
Yield (net) (%)	2.9	5.5	6.0

Source: Deutsche Bank

Figure 1: Quarterly and Golden Week performance

FY12	Date	yoy sales growth	SSSG	Date	yoy sales growth	SSSG
Q1	Apr-Jun11	+39.4%	+27.4%	2010 CNY (14-20 Feb2010)	>15%	na
Q2	Jul-Sept11	+34.5%	+24.9%	2010 Labour Day (1-3 May 2010)	>15%	na
Q3	Oct-Dec11	+29.8%	+24.1%	2010 National Day (1-7 Oct 2010)	13.1%	na
Q4	Jan-Mar12	+19.6%	+15.1%	2011 CNY (3-9 Feb 2011)	16%	na
<b>FY13</b>				2011 Labour Day (30 April to 2 May, 2011)	28.0%	na
Q1	Apr-Jun12	+15.3%	12.30%	2011 National Day (1-7 Oct 2011)	29.7%	na
Q2	Jul-Sept12	+24.8%	+20.9%	2012 CNY (23-29 Jan 2012)	17.0%	12%
Q3	Oct-Dec12	+20.6%	+14.2%	2012 Labour Day (29Apr-1 May 2012)	15.0%	na
Q4	Jan-Mar13	+20.6%	+14.2%	2012 National Day (1-7 Oct 2012)	19.5%	12.4%
<b>FY14</b>				2013 CNY (10- 16 Feb 2013)	c.30%	c.20%
Q1	Apr-Jun13	+28.1%	+18.6%	2013 Labour Day (29Apr-1 May 2013)	25.0%	17.0%
Q2	Jul-Sept13	+13.1%	+8.7%	2013 National Day (1-7 Oct 2013)	11.0%	6.0%
Q3	Oct-Dec13	+18.5%	+15.2%	2014 CNY (31 Jan-6 Feb 2014)	6.0%	3.0%
Q4	Jan-Mar14	+13.9%	+9.9%	2014 Post CNY (3 Jan-9 Feb 2014)	13.0%	10.0%
<b>FY15</b>				2014 Labor Day Holiday (1 to 3 May 2014)	-1.0%	-5.0%
Q1	Apr-Jun14	+5.3%	2.7%	2014 National Day (1-7 Oct 2014)	-1.0%	-3.0%
Q2	Jul-Sept14	13.4%	10.7%	2015 CNY (19 - 25 Feb 2015)	-10.0%	-7.0%
Q3	Oct-Dec14	0.2%	-1.4%			
Q4TD	Jan-Feb15	3.0%	7.0%			

Source: Deutsche Bank, company data

## Deutsche Bank AG/Hong Kong

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