



Rating
Buy

Asia
Hong Kong

Consumer
Retail / Wholesale Trade

Company
**Lifestyle
International Alert**

Reuters 1212.HK	Bloomberg 1212 HK	Exchange HKG	Ticker 1212
ADR Ticker LFSYY	ISIN US53223Q1022		

Date
16 March 2015

Company Update

Price at 13 Mar 2015 (HKD)	13.74
Price target - 12mth (HKD)	21.00
52-week range (HKD)	16.70 - 13.74
HANG SENG INDEX	23,823

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2014 results in line; payout ratio increased

Result in line

Lifestyle announced NP of HK\$2144m (12% yoy decline) on HK\$5.97bn sales (flat growth of +0.2%). EBIT declined by 5% and reached HK\$413m which was 4% lower than we expected but this is offset by higher than expected investment income.

Management announced a final DPS of HK\$0.343, taking the full year DPS to HK\$0.591 (same as last year). Dividend payout ratio increased to 45% from 40%, as a result.

Outlook

Management commented that there are macro uncertainties for the next 13 months. But with secular trend like urbanization and the rise of middle class in China continuing to work in favor of better managed retail operators, management believes it will benefit. In HK, it will continue to fine tune its offering in its TST store while renovation in Sogo store (CWB) will continue. In China, it will start a major renovation in its Shanghai store. In addition, its strategic partnership with QIA may provide a platform for exploring future collaborative opportunities.

Deutsche Bank view

There will be a analyst meeting later today after market close. We believe that set of results is satisfactory given the weak macro environment. Good cashflow also allows the company to increase its payout ratio. Maintaining Buy.

Stock data

Market cap (HKDm)	23,276
Market cap (USDm)	2,998
Shares outstanding (m)	1,694.0
Major shareholders	Thomas Lau & CTF (72.29%)
Free float (%)	28
Avg daily value traded (USDm)	1.805

Source: Deutsche Bank

Key data

FYE 12/31	2013A	2014E	2015E
Sales (HKDm)	5,955	5,924	6,367
Net Profit (HKDm)	2,448.2	2,191.2	2,407.5
DB EPS (HKD)	1.38	1.31	1.44
PER (x)	12.5	10.5	9.6
Yield (net) (%)	3.4	3.8	4.2

Source: Deutsche Bank

Deutsche Bank AG/Hong Kong

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