

Kingdee (268 HK)

Software and Internet / Quick Note

Quick Note - NEGATIVE

- FY14 net growth rebounded by 56%, but fell short of expectations

Rating:	BUY
Target price:	HK\$3.60
Last price:	HK\$2.85

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✍️ What's New

✍️ Kingdee announced RMB197 mn net profit for FY14, representing 55.9% yoy growth, on the back of 3.5% decline in revenue to RMB1,547 mn.

✍️ Our View

- ✍️ The net profit recovery fell below ours and market consensus. We expected RMB1,621 mn revenue and RMB253 mn net profit respectively.
- ✍️ The decline in revenue was attributable to shifting focus to higher margin business, yet this was still lower than management guideline of mid single digit growth. The opex items were higher than our projections.
- ✍️ The earlier share price rally was attributed to speculation theme on cloud computing and mirco – financing. Nonetheless, the less than satisfactory financial results shall trigger a share price retreat.

Definitions of Recommendations:

For stock recommendations:

Buy: +15% or above of expected return over the next 12 months.
Hold: Between +15% and -5% of expected return over the next 12 months.
Sell: Potential downside of more than 5% over the next 12 months.

Remark: Quick Note is just a quick commentary on sector or stock. No adjustments on estimation, rating or target price will be made. For the latest updates on estimation, rating or target price, please refer to the previous Company Report.

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