



Rating
Buy

Asia
China

Consumer
Retail / Wholesale Trade

Company
CRE

Reuters 0291.HK	Bloomberg 291 HK	Exchange HSI	Ticker 0291
ADR Ticker CRHKY	ISIN US16940R1095		

Date
22 March 2015

Forecast Change

Price at 20 Mar 2015 (HKD)	15.08
Price target - 12mth (HKD)	18.00
52-week range (HKD)	24.20 - 14.22
HANG SENG INDEX	24,375

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Retail integration remains intact; beer better in Jan/Feb; Buy

Target price lowered to HK\$18 from HK\$19.7; maintaining Buy

We maintain Buy at the early stage of retail integration, confident that CRE's beer operation will offer share-price support. We lower our FY15/16 NP forecast by 15/25% and EBITDA by 4/13% mainly due to a bigger increase in losses in its retail operation in 2014. Jan/Feb 15 retail SSSG was -2.6%, a gradual improvement from 4Q14; while beer experienced a 3-4% rise in both ASP and volume with the premiumization story continuing. Our new SOTP-based target price is HK\$18, which is broadly in line with the EBITDA decline.

Results in line with guidance in its profit warning announcement on 3 March.

CRE announced a net loss of HK\$161m (loss of HK\$794m excluding revaluation gain) for 2014 on a 15% rise in sales to HK\$168.9bn. Sales were broadly in line with our estimates (2.4% lower) while we expected NP of HK\$148m. It maintains its DPS payout of HK\$0.27, the same as in 2013.

2015-retail is the key swing while beer might also resume better growth

For retail, Jan-Feb sssg remains weak at -2.6% (same as 2014) but is a gradual improvement from 4Q14. It plans to close 38 stores (mainly CRE's) with cost savings of HK\$200-300m in 2015. The company maintains its target to achieve breakeven in 3 years. It is also looking into disposal of non-core assets both in HK and China. The beer segment saw a strong performance in Jan/Feb with 3-4% rise for both ASP and volume. Premiumization will continue.

SOTP-based target price (largely EV/EBITDA; Fig 2), trimmed to HK\$18

We lower our FY15/16 NP forecast by 15/25% and EBITDA by 4/13% mainly due to the bigger increase in losses in its retail operation from CRE's original retail business. We maintain Buy at the early stage of retail integration, confident that its beer operation will offer share-price support. Downside risks: 1) Tesco JV integration takes longer than expected; 2) low CPI and rising opex affect retail business margin; 3) inability to offset rising raw material prices in the brewery business; and 4) failure to find partners for its food operation.

Key changes

Price target	19.70 to 18.00	↓	-8.6%
Sales (FYE)	195,200 to 188,830	↓	-3.3%
Op prof margin (FYE)	-	↓	-1.2%
Net profit (FYE)	543.4 to 463.1	↓	-14.8%

Source: Deutsche Bank

Price/price relative



Performance (%)	1m	3m	12m
Absolute	-8.3	-1.8	-23.7
HANG SENG INDEX	-1.8	5.4	15.1

Source: Deutsche Bank

Forecasts And Ratios

Year End Dec 31	2013A	2014A	2015E	2016E	2017E
Sales (HKDm)	146,413.0	168,864.0	188,830.1	203,167.5	220,944.7
Reported NPAT (HKDm)	1,908.0	-161.0	463.1	1,233.6	1,854.2
Reported EPS FD(HKD)	0.80	-0.07	0.19	0.51	0.78
OLD DB EPS FD(HKD)	0.80	0.06	0.23	0.69	-
% Change	0.0%	-208.5%	-14.8%	-25.2%	-
DB EPS growth (%)	-51.6	-	-	166.4	51.4
PER (x)	31.7	-	78.4	29.4	19.4
DPS (net) (HKD)	0.27	0.27	0.06	0.16	0.23
Yield (net) (%)	1.1	1.3	0.4	1.0	1.5

Source: Deutsche Bank estimates, company data

¹ DB EPS is fully diluted and excludes non-recurring items

² Multiples and yields calculations use average historical prices for past years and spot prices for current and future years, except P/B which uses the year end close

Deutsche Bank AG/Hong Kong

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Model updated: 20 March 2015

Running the numbers

Asia
China
Retail / Wholesale Trade

CRE

Reuters: 0291.HK Bloomberg: 291 HK

Buy

Price (20 Mar 15) HKD 15.08
Target Price HKD 18.00
52 Week range HKD 14.22 - 24.20
Market Cap (m) HKDm 36,147
USDm 4,659

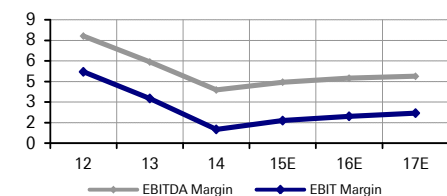
Company Profile

China Resources Enterprise Limited, through its subsidiaries, focuses on the consumer businesses in both Hong Kong and the Chinese Mainland, with core activities being retail, beverage, and food processing and distribution.

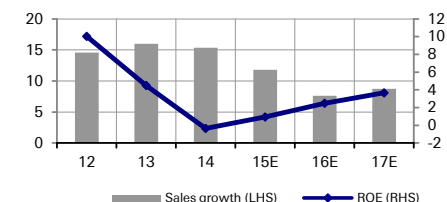
Price Performance



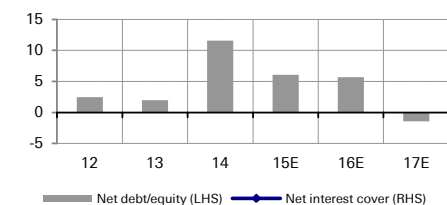
Margin Trends



Growth & Profitability



Solvency



Fiscal year end 31-Dec

Financial Summary

	2012	2013	2014	2015E	2016E	2017E
DB EPS (HKD)	1.65	0.80	-0.07	0.19	0.51	0.78
Reported EPS (HKD)	1.65	0.80	-0.07	0.19	0.51	0.78
DPS (HKD)	0.30	0.27	0.27	0.06	0.16	0.23
BVPS (HKD)	17.1	18.4	20.4	20.5	20.9	21.4
Weighted average shares (m)	2,389	2,389	2,389	2,389	2,389	2,389
Average market cap (HKDm)	61,699	60,532	49,852	36,147	36,147	36,147
Enterprise value (HKDm)	63,029	61,699	57,915	40,433	40,286	35,076

Valuation Metrics

P/E (DB) (x)	15.6	31.7	nm	78.4	29.4	19.4
P/E (Reported) (x)	15.6	31.7	nm	78.4	29.4	19.4
P/BV (x)	1.64	1.40	0.80	0.73	0.72	0.70
FCF Yield (%)	4.3	8.1	nm	10.7	1.1	15.7
Dividend Yield (%)	1.2	1.1	1.3	0.4	1.0	1.5
EV/Sales (x)	0.5	0.4	0.3	0.2	0.2	0.2
EV/EBITDA (x)	6.4	7.1	8.8	4.8	4.2	3.3
EV/EBIT (x)	9.6	12.9	33.7	12.9	10.1	7.2

Income Statement (HKDm)

Sales revenue	126,236	146,413	168,864	188,830	203,167	220,945
Gross profit	30,401	37,373	42,445	49,096	53,636	58,771
EBITDA	9,872	8,678	6,564	8,417	9,649	10,791
Depreciation	3,292	3,889	4,847	5,287	5,641	5,925
Amortisation	0	0	0	0	0	0
EBIT	6,580	4,789	1,717	3,131	4,008	4,866
Net interest income/(expense)	25	230	188	182	198	216
Associates/affiliates	48	27	-64	0	0	0
Exceptionals/extraordinaries	0	0	0	0	0	0
Other pre-tax income/(expense)	0	0	0	0	0	0
Profit before tax	6,653	5,046	1,841	3,312	4,206	5,083
Income tax expense	1,631	1,894	1,550	2,021	1,914	1,951
Minorities	1,077	1,244	452	828	1,051	1,271
Other post-tax income/(expense)	0	0	0	0	-7	-7
Net profit	3,945	1,908	-161	463	1,234	1,854
DB adjustments (including dilution)	0	0	0	0	0	0
DB Net profit	3,945	1,908	-161	463	1,234	1,854

Cash Flow (HKDm)

Cash flow from operations	9,589	11,445	9,402	11,393	8,518	14,504
Net Capex	-6,947	-6,536	-23,738	-7,553	-8,127	-8,838
Free cash flow	2,642	4,909	-14,336	3,840	391	5,666
Equity raised/(bought back)	21	18	2,000	0	0	0
Dividends paid	-1,239	-797	-652	-63	-244	-456
Net inc/(dec) in borrowings	2,184	4,977	6,194	0	0	0
Other investing/financing cash flows	-5,726	-3,967	6,092	0	0	0
Net cash flow	-2,118	5,140	-702	3,777	147	5,210
Change in working capital	3,775	4,850	4,286	3,863	692	5,409

Balance Sheet (HKDm)

Cash and other liquid assets	16,396	21,536	20,834	24,611	24,758	29,968
Tangible fixed assets	57,266	69,679	88,570	90,836	93,322	96,235
Goodwill/intangible assets	0	0	0	0	0	0
Associates/investments	517	530	1,415	1,415	1,415	1,415
Other assets	53,309	63,544	70,545	82,949	87,250	90,374
Total assets	127,488	155,289	181,364	199,812	206,746	217,992
Interest bearing debt	17,726	22,703	28,897	28,897	28,897	28,897
Other liabilities	55,978	72,975	82,844	100,139	105,154	113,826
Total liabilities	73,704	95,678	111,741	129,036	134,051	142,723
Shareholders' equity	40,742	44,073	48,747	49,071	49,940	51,242
Minorities	13,042	15,538	20,876	21,704	22,756	24,026
Total shareholders' equity	53,784	59,611	69,623	70,775	72,695	75,269
Net debt	1,330	1,167	8,063	4,286	4,139	-1,071

Key Company Metrics

Sales growth (%)	14.6	16.0	15.3	11.8	7.6	8.8
DB EPS growth (%)	30.9	-51.6	na	na	166.4	51.4
EBITDA Margin (%)	7.8	5.9	3.9	4.5	4.7	4.9
EBIT Margin (%)	5.2	3.3	1.0	1.7	2.0	2.2
Payout ratio (%)	18.3	34.1	nm	30.0	30.2	30.1
ROE (%)	10.0	4.5	-0.3	0.9	2.5	3.7
Capex/sales (%)	5.5	4.5	14.1	4.0	4.0	4.0
Capex/depreciation (x)	2.1	1.7	4.9	1.4	1.4	1.5
Net debt/equity (%)	2.5	2.0	11.6	6.1	5.7	-1.4
Net interest cover (x)	nm	nm	nm	nm	nm	nm

Source: Company data, Deutsche Bank estimates



Company update

SOTP valuation

We lower our FY15/16 NP forecast by 15/25% and EBITDA by 4/13% mainly due to the greater increase in losses in its retail operation mainly from CRE's original retail business. Our new SOTP-based TP is HK\$18, from HK\$19.7, which is broadly in line with the EBITDA decline. We also introduce our 2017 forecast.

However, our forecast excludes any gain from the asset that might be disposed from streamlining its retail operation, like some of the Tesco commercial business, self-owned properties after store closure, and CRE's retail business in HK.

Our sum of the parts-derived target price suggests a price of HK\$18, of which HK\$13.9, or 80% of total NAV, is from the beer operation.

Breakdown of sum-of-the-parts:

Brewery (51% owned) – Our fair value estimate for CRE's brewery business is based on 14x FY15E EV/EBITDA (in line with the target set for TsingTao in deriving our target price). This implies an EV of USD8.8bn, or USD4.5bn for CRE's 51% share.

Retail (80% owned) – We apply 30% discount to Sun Art's (6808.HK) current EV/EBITDA as it is at the early stage of integration (the rate of discount is in line with the range we use in the space). We do expect the operation to recover despite higher-than-expected losses in the short term. This gives a value of HKD7.7bn or USD1.0bn (at 100%).

Others – beverage (60% owned) and food (100%) – Other operations are relatively small at this stage and are not likely catalysts for the share price. That said, the Kirin JV on the beverage side is a wild card as it helps broaden its product portfolio, and in due course its geographical expansion. The food business is still undergoing restructuring with a focus on developing packaged rice operations, while the slaughtering business remains the 'bread & butter' of the operation. We value the beverage (60%)/food (100%) businesses at HKD4.1bn/HKD2.5bn or HKD1.7/HKD1.03 per share, respectively.

Downside risks: 1) integration of its Tesco JV takes longer than expected; 2) CPI remains low, affecting sssg while rising operating costs, especially staff costs, impact margin for the retail operations; 3) an inability to offset rising raw material prices in the brewery business; and 4) failure in finding partners for its food operation.

Figure 1: Change in SOTP TP

	New	Old
Retail	2.6	2.9
Beer	14.4	15.7
Others	1.0	1.1
Total	18.0	19.7

Source: Deutsche Bank



Figure 2: Deutsche Bank forecast changes and vs. market consensus

HKDm YE Dec	DB forecast			Old forecast			New vs. Old forecast			Market forecast			DB vs. market forecast		
	2014	2015E	2016E	2014	2015E	2016E	2014	2015E	2016E	2014	2015E	2016E	2014	2015E	2016E
Revenue	168,864	188,830	203,167	172,985	195,200	216,848	-2.4%	-3.3%	-6.3%	169,992	192,762	211,752	-0.7%	-2.0%	-4.1%
Gross profit	42,445	49,096	53,636	44,457	50,752	57,248	-4.5%	-3.3%	-6.3%	41,590	47,398	52,686	2.1%	3.6%	1.8%
GP margin	25.1%	26.0%	26.4%	25.7%	26.0%	26.4%				24.5%	24.6%	24.9%			
EBIT	1,717	3,131	4,008	3,104	3,275	5,151	-44.7%	-4.4%	-22.2%	1,934	2,436	4,036	-11.2%	28.5%	-0.7%
EBIT margin	1.0%	1.7%	2.0%	1.8%	1.7%	2.4%				1.1%	1.3%	1.9%			
NPAT	(161)	463	1,241	148	543	1,657	-208.5%	-14.8%	-25.1%	348	681	1,301	-146.3%	-32.0%	-4.6%
Net margin	-0.1%	0.2%	0.6%	0.1%	0.3%	0.8%				0.2%	0.4%	0.6%			

Source: Deutsche Bank estimate, Bloomberg Finance LP

Figure 3: SOTP Valuation

Divisions	Methodology (2015 earnings)	Multiple	NAV (HK\$m)	HK\$/ share	% of NAV	Remarks
Retail (80% owned)	12mth forward EV EBITDA	3.8	6,199	2.57	14%	Maintain our methodology which is based on 30% discount to Sun Art's (6808.HK) current EV/EBITDA. Using EBITDA is preferred for restructuring play. Discount is applying as it is at its early stage of integration.
Beer (51% owned)	EV/EBITDA	13.9	34,809	14.43	80%	Maintain our methodology which is based on our implied EV/EBITDA in setting TP for Tsingtao (168.HK Buy).
Beverage (60% owned)	12mth forward EV/EBITDA	7.8	4,115	1.71	9%	Maintain our methodology which is based on HK listed small cap beverage companies' current EV/EBITDA multiple for 2015.
Food	12mth forward EV/EBITDA	6.0	2,481	1.03	6%	Change our methodology to EV/EBITDA which is based on small cap food names' FY15 multiple on their current share price. The operation is yet to find a partner.
Company net cash/(debt)			(4,286)	(1.78)	-10%	
NAV estimate			43,319		100%	
Fully diluted no. of shares			2,412			
Fair value (HK\$/sh)			18.0			

Source: Deutsche Bank estimate

2015 outlook

The key swing for CRE in 2015 remains in the performance of its retail operation. Management does not expect more provisions from any of the business sections. Capex will be the same as 2014's HK\$7.9bn or less. Dividend will be maintained in absolute terms in 2015

Retail – Target retail division to make money in 2H17

Macro outlook remains challenging with low CPI and lingering anti-extravagance issues (e.g. prepaid cards account for 15-20% of sales in 2014, which experienced a decline of 30% and sales of wine were down).

Jan-Feb sssg experienced some gradual improvement. Jan-Feb sssg was -2.6%, the same as 2014 full year's 2.6%. However, it saw some gradual improvement.

It plans to open 150-200 stores (net) in 2015, most of them will be convenience stores with only a few hypermarkets. Meanwhile, one of the future plans management is considering is to downsize some of the hypermarkets, e.g. instead of having 1 hypermarket, they could have 10 smaller-sized supermarkets instead, which is a development in some other markets with the expansion of e-commerce.



Close around 38 stores with ~RMB200-300m savings. Management's focus in 2015 is to integrate the business, including the closure of 95% of the 38 stores (for which it had made provisions of HK\$800m including severance payments and rental termination in 2014) after CNY. The other 5% were closed in 2014. Only 2 stores come from Tesco with the rest from CRE. Management did not indicate where these stores are located as they are scattered all over China. It only mentioned that 5-6 stores will be in North China. The total operating loss savings will amount to ~RMB200-300m.

Tesco integration ongoing. Tesco's losses in 4Q were reduced to HK\$300m in 4Q14, which is better than our expectation and management's previous guidance. Better performance was due to the merger of functions of 2 headquarters. Integration will continue in areas such as sourcing, IT systems and private labels. For example, the company will keep Tesco's brand for the private label business due to its better branding and product quality (as food safety is important to Chinese consumers) already available at the CRE stores. Labor productivity will also be improved by 5-10% although this takes time, according to management.

E-commerce. The launch of the e-commerce platform has been delayed from March 15 to Jun/Jul. It will start with Shenzhen and Guangdong, leveraging on its existing logistics. Capex is expected to be HK\$200m and losses are expected to be ~HK\$100-200m.

Asset disposal. The company acquired several operating assets from Tesco in 2014 one of which has a housing component. Management might look for disposal in the future at suitable terms. Apart from this, management will also review its business in shopping malls from Tesco and operations in HK. The key is that they will not dispose core operating assets.

Beer – Continuing its premiumization strategy

Jan-Feb beer experienced volume growth of 3-4% and ASP of another 3-4%.

This is much better than 4Q's performance. Management explained that the whole market has been good and this might be partly due to the shift of CNY. Management conservatively expects 2015's volume growth to be c.1%. While early data has been encouraging, it is still a bit volatile and is too early to draw a conclusion. But if weather conditions are normal and together with the lower cost trend (it might increase selling expenses at 20-21% in 2013 and 2014) driving sales, it will be a good year.

In terms of strategy, it continues its premiumization strategy. It launched a super premium product with retail price of >RMB20 in 2014 and had performed well, thanks to its innovative marketing and image. Mid-end currently accounts for 40% of sales volume. It expects to continue to gain market share (24% in 2014 vs. 23% in 2013).

Kingway as a second brand. The merger with Kingway is progressing slower than expected. However, it plans to develop Kingway into its second brand and higher selling expenses will be incurred in 2015.

Export potential. The company is also expanding its export business as it started to ship to HK in 2014 and will commence shipping to Australia in 2 months' time.



Potential cost savings to pass on to S&D expense. GPM was 34-35% in 2014 and similar to 2013. There was no change in unit cost. Packaging costs were 28-29% of COGS and barley plus consumption tax was 15-16% of COGS. For 2015, it might see some improvement with lower costs on these packaging and barley costs. However, it might pass on the savings and increase the selling and distribution expense, which was at 20-21% in 2014.

Beverage - cost saving to drive sales growth; higher NPM in 2015

Management believes that the net margin if 8.5% is sustainable or could even improve in 2015, partly driven by lower PET cost and partly by economies of scale in 2014. In 2015, the company will continue to benefit from lower raw material cost and part of this will be reinvested in selling and distribution expense to drive sales growth.

Food – investment continues and turnaround target remains intact

Food loss will reduce this year. Management maintains its target to turn around in 2-3 years time from 2014.

2014 review

In line with profit warning announcement

The company announced a net loss of HK\$161m (loss of HK\$794m excluding revaluation gain) for 2014 on a 15% rise in sales to HK\$168.9bn. Sales were broadly in line with our estimates (2.4% lower) while we expected a NP of HK\$148m. The discrepancy was due to higher-than-expected losses from retail operation, which is in line with its guidance in its profit warning announcement on 3 March. Losses from Tesco were in line with our expectation and performance of its original retail operation was weaker than we expected. It maintains its DPS payout of HK\$0.27, same as 2013. Net debt was HK\$8.1bn in 2014 vs. HK\$1.1bn net debt in 2013.

By segment

Retail – reported a 15% rise in sales to HK\$109.5bn. Net loss was HK\$1.36bn, including a HK\$800m provision for store closure of 38 stores. Macro slowdown, e-commerce challenge and loss incurred from the JV all affected the operation. Sales of Tesco China were HK\$11bn (its 100% share) and a loss of HK\$906bn (its 80% share) was reported for its 7 months of operation.

High end Ole stores reported a 10% increase, while convenience stores performed better than the group average. It is important to note that 2014's sssg excludes Tesco, which was treated as new stores. Tesco on a like-for-like basis experienced improvement in sssg. It added 252 self operate/franchise stores (net) including 146 stores from Tesco. GPM was at 22%, similar to 2013.

Losses in the Northern part expanded from 2013's HK\$600-700m even if we exclude provisions. However, it is hard to separate the loss of Tesco and its existing retail business as regional manager such as in Northern and Northeastern China focuses more on Tesco's development these days.

Beer – saw a 4.5% rise in sales to HK\$34.5bn with 1% increase in volume due to poor weather and slow economy, Anhui, Zhejiang and Suzhou markets (30% of its sales) were affected by weather. NP declined by 19% to HK\$761m.



Food – reported a 37% rise in sales to HK\$16bn and core loss of HK\$134m, if one-off disposal gains are removed. This was due to lower-than-expected live pig prices with higher feed cost. The rice business is still at the initial investment stage to gain a nationwide coverage.

Beverage – it also experienced a strong 36% rise in sales with NP rose by 124%. Sales volume rose by 33%, thanks to the strong growth of C'est bon purified water. It further strengthened its leadership in southern China.

Figure 4: Sales and NP breakdown

CRE													
YE Dec						2013				2014			
HK\$m	2013	2014	2015	2016	2017	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
	A	A	F	F	F	A	A	A	A	A	A	A	A
Sales (Continuing operations)	146,413	168,864	188,830	203,167	220,945	36,153	35,704	40,583	34,376	41,812	41,694	47,551	37,807
Retail	95,174	109,500	121,987	127,041	134,007	25,923	21,984	23,920	23,347	28,081	24,508	29,582	27,329
Beer	32,994	34,482	36,403	39,369	42,578	6,548	9,530	11,332	5,584	7,876	10,599	10,911	5,096
Food	12,069	16,486	19,783	23,740	28,488	2,433	2,571	3,171	4,297	3,942	4,093	4,334	4,117
Beverage	7,305	9,891	12,611	15,583	19,256	1,453	1,922	2,494	1,436	2,259	2,798	3,162	1,672
Investment property													
Elimination	(1,129)	(1,495)	(1,954)	(2,567)	(3,385)	(204)	(303)	(334)	(288)	(346)	(304)	(438)	(407)
% growth	16%	15%	12%	8%	9%	8%	17%	19%	22%	16%	17%	17%	10%
Retail	14%	15%	11%	4%	5%	7%	22%	14%	14%	8.3%	11.5%	23.7%	17.1%
Beer	18%	5%	6%	8%	8%	13%	8%	24%	31%	20%	11%	-4%	-9%
Food	16%	37%	20%	20%	20%	-6%	1%	20%	63%	62%	59%	37%	-4%
Beverage	53%	35%	28%	24%	24%	56%	41%	54%	67%	55%	46%	27%	16%
Elimination	136%	32%	31%	31%	32%	129%	168%	137%	112%	70%	0%	31%	41%
% Mix	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Retail	65%	65%	65%	63%	61%	72%	62%	59%	68%	67%	59%	62%	72%
Beer	23%	20%	19%	19%	19%	18%	27%	28%	16%	19%	25%	23%	13%
Food	8%	10%	10%	12%	13%	7%	7%	8%	13%	9%	10%	9%	11%
Beverage	5%	6%	7%	8%	9%	4%	5%	6%	4%	5%	7%	7%	4%
Elimination	-1%	-1%	-1%	-1%	-2%	-1%	-1%	-1%	-1%	-1%	-1%	-1%	-1%
% Contribution mix						25%	24%	28%	23%	25%	25%	28%	22%
Retail						27%	23%	25%	25%	26%	22%	27%	25%
Beer						20%	29%	34%	17%	23%	31%	32%	15%
Food						20%	21%	26%	36%	24%	25%	26%	25%
Beverage						20%	26%	34%	20%	23%	28%	32%	17%
Net profit (Continuing operations)	1,642	(794)	463	1,241	1,861	512	493	911	(274)	349	319	(101)	(1,361)
Net profit (Continuing operations) -sub total	1,836	(495)	792	1,587	2,224	567	525	944	(200)	430	420	(41)	(1,304)
Retail	734	(1,359)	(496)	(23)	364	525	99	75	35	464	(25)	(732)	(1,066)
Beer	943	761	1,019	1,142	1,235	(23)	381	749	(164)	6	411	625	(281)
Food	53	(134)	(59)	47	85	57	14	30	(48)	(50)	(22)	(19)	(43)
Beverage	106	237	328	421	539	8	31	90	(23)	10	56	85	86
Net corporate int & exp	(194)	(299)	(329)	(345)	(363)	(55)	(32)	(33)	(74)	(81)	(101)	(60)	(57)
Net profit (Continuing operations) -sub total	8%	-127%	-260%	100%	40%	-4%	-14%	34%	-6%	-24%	-20%	-104%	552%
Retail	40%	-285%	-63%	-95%	-1676%	-6%	10%	-3%	-117%	-12%	-125%	-1076%	-3146%
Beer	15%	-19%	34%	12%	8%	-30%	-7%	49%	198%	-126%	8%	-17%	71%
Food	-80%	-353%	-56%	-180%	80%	0%	-84%	-56%	-202%	-188%	-257%	-163%	-10%
Beverage	23%	124%	38%	28%	28%	33%	29%	55%	1050%	25%	81%	6%	-474%
Net corporate int & exp	17%	54%	10%	5%	5%	83%	-16%	-13%	23%	47%	216%	82%	-23%
% mix	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Retail	45%	171%	-107%	-2%	20%	103%	20%	8%	-13%	133%	-8%	725%	78%
Beer	57%	-96%	220%	92%	66%	-4%	77%	82%	60%	2%	129%	-619%	21%
Food	3%	17%	-13%	4%	5%	11%	3%	3%	18%	-14%	-7%	19%	3%
Beverage	6%	-30%	71%	34%	29%	2%	10%	8%	3%	18%	-84%	-6%	-8%
Investment property	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Net corporate int & exp	-12%	38%	-71%	-28%	-19%	-11%	-6%	-4%	27%	-23%	-32%	59%	4%
Margin	1%	0%	0%	1%	1%	1.6%	1.5%	2.3%	-0.6%	1.0%	1.0%	-0.1%	-3.4%
Retail	0.8%	-1.2%	-0.4%	0.0%	0.3%	2.0%	0.5%	0.3%	0.1%	1.7%	-0.1%	-2.5%	-3.9%
Beer	2.9%	2.2%	2.8%	2.9%	2.9%	-0.4%	4.0%	6.6%	-2.9%	0.1%	3.9%	5.7%	-5.5%
Food	0.4%	-0.8%	-0.3%	0.2%	0.3%	2.3%	0.5%	0.9%	-1.1%	-1.3%	-0.5%	-0.4%	-1.0%
Beverage	1.5%	2.4%	2.6%	2.7%	2.8%	0.6%	1.6%	3.6%	-1.6%	0.4%	2.0%	2.7%	5.1%
Investment property													
Net corporate int & exp													
Investments & Others													
% Contribution mix						31%	29%	51%	-11%	-87%	-85%	8%	263%
Retail						72%	13%	10%	5%	-34%	2%	54%	78%
Beer						-2%	40%	79%	-17%	1%	54%	82%	-37%
Food						108%	26%	57%	-91%	37%	16%	14%	32%
Beverage						8%	29%	85%	-22%	4%	24%	36%	36%

Source: Deutsche Bank, company data



Appendix 1

Important Disclosures

Additional information available upon request

Disclosure checklist

Company	Ticker	Recent price*	Disclosure
CRE	0291.HK	15.12 (HKD) 20 Mar 15	NA

*Prices are current as of the end of the previous trading session unless otherwise indicated and are sourced from local exchanges via Reuters, Bloomberg and other vendors. Data is sourced from Deutsche Bank and subject companies.

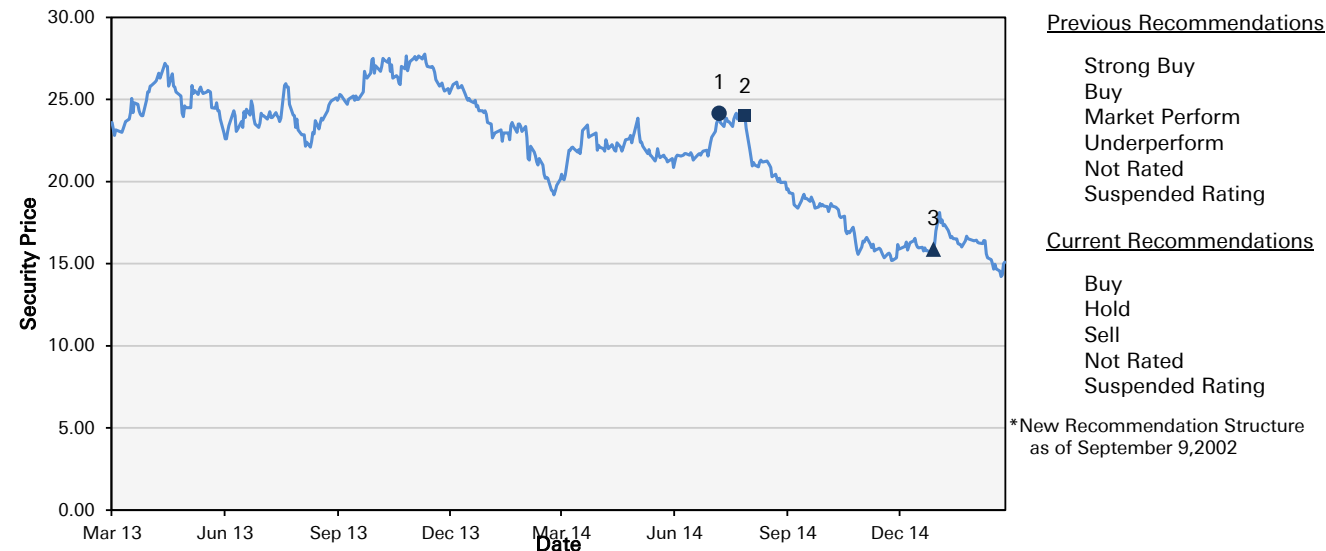
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Historical recommendations and target price: CRE (0291.HK)

(as of 3/20/2015)



1.	31/07/2014:	Downgrade to Hold, Target Price Change HKD24.33	3.	21/01/2015:	Upgrade to Buy, Target Price Change HKD19.70
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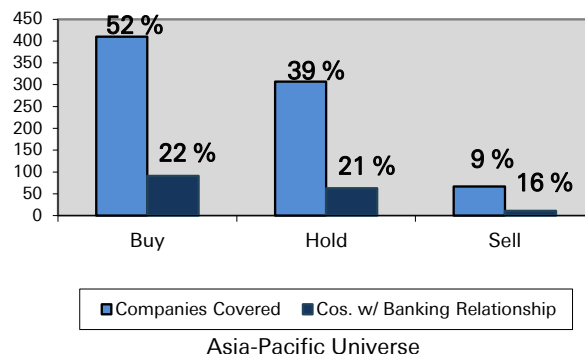
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