



Rating
Buy

Asia
China

Consumer
Food & Beverage

Company
Tenwow Alert

Reuters 1219.HK Bloomberg 1219 HK Exchange HSI Ticker 1219

Date
20 March 2015

Company Update

Price at 19 Mar 2015 (HKD)	2.59
Price target - 12mth (HKD)	3.70
52-week range (HKD)	3.64 - 2.14
HANG SENG INDEX	24,469

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2014 annual results - first take

Tenwow reported a growth of 21% yoy in NPAT to RMB345m, which is in line with DB forecast of RMB350m. Excluding one-off listing expense of RMB17m booked in 2013, recurring NPAT growth would have been 14%. Sales grew by 8% yoy to RMB5.1bn, 7.8% above DB forecast. Own brand sales increased by 19.4% yoy to RMB1.7bn (1H14: +22% yoy) and third party brand product sales was up slightly by 2.5% yoy to RMB3.4bn (1H14: -12% yoy). GPM gained 1.2 ppts yoy to 16.8% mainly due to the increased mix of higher margin own brand products.

Figure 1: Tenwow 2014 annual results

	1H13	2H13	2013	1H14	2H14	2014
Turnover by segment						
Own brand	675.0	752.0	1,427.0	823.0	880.0	1,703.0
Third party brand	1,628.0	1,670.0	3,298.0	1,435.0	1,946.0	3,381.0
Turnover	2,303.0	2,422.0	4,725.0	2,258.0	2,826.0	5,084.0
YoY growth						
Own brand				22%	17%	19%
Third party brand				-12%	17%	3%
Turnover				-2%	17%	8%
GPM by segment						
Own brand	25.1%	30.6%	28.0%	25.5%	31.7%	28.7%
Third party brand	8.7%	11.7%	10.2%	10.7%	10.9%	10.8%
Overall	13.5%	17.6%	15.6%	16.1%	17.3%	16.8%
YoY growth						
Own brand				0.5%	1.1%	0.7%
Third party brand				2.0%	-0.8%	0.6%
Overall				2.6%	-0.2%	1.2%
EBIT	163.0	291.0	454.0	212.0	305.0	517.0
EBITM	7.1%	12.0%	9.6%	9.4%	10.8%	10.2%
NPAT	94.0	192.0	286.0	125.0	220.0	345.0

Source: Deutsche Bank, company data

Stock data

Market cap (HKDm)	5,371
Market cap (USDm)	692
Shares outstanding (m)	2,073.6
Major shareholders	Lin Jianhua (67.8%)
Free float (%)	0.3
Avg daily value traded (USDm)	0.0

Source: Deutsche Bank

Key data

FYE 12/31	2013A	2014E	2015E
Sales (CNYm)	4,725	4,716	5,484
Net Profit (CNYm)	286.3	349.9	430.8
DB EPS (CNY)	0.17	0.17	0.20
PER (x)	15.6	12.5	10.1
Yield (net) (%)	1.5	2.4	3.0

Source: Deutsche Bank

The company will hold an analyst meeting this afternoon. We will follow up with more details.

Deutsche Bank AG/Hong Kong

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