



Rating
Buy

Asia
China

Consumer

Company
Hengan Intl. Alert

Reuters 1044.HK	Bloomberg 1044 HK	Exchange HKG	Ticker 1044
ADR Ticker HEGIY	ISIN US42551N1046		

Date
24 March 2015

Company Update

Price at 23 Mar 2015 (HKD)	85.50
Price target - 12mth (HKD)	86.00
52-week range (HKD)	93.35 - 76.35
HANG SENG INDEX	24,495

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Stock data

Market cap (HKDm)	105,283
Market cap (USDm)	13,575
Shares outstanding (m)	1,229.0
Major shareholders	Sze Man Bok (19.76%)
Free float (%)	59
Avg daily value traded (USDm)	20.9

Source: Deutsche Bank

Key data

FYE 12/31	2013A	2014E	2015E
Sales (HKDm)	21,186	24,365	28,056
Net Profit (HKDm)	3,721.0	3,738.4	4,476.5
DB EPS (HKD)	3.09	2.98	3.55
PER (x)	27.3	28.7	24.1
Yield (net) (%)	2.2	2.1	2.6

Source: Deutsche Bank

2014 annual result - first take

Hengan 2014 NPAT +5.2% yoy, beating DBe/consensus

Hengan 2014 NPAT increased 5.2% yoy to HKD3,916m, 4.7%/4.3% higher than DBe (HKD3,738m) and market consensus (HKD3,754m). Revenue was up 12.5% to HKD23.93bn, 2% below DBe, but its 46.1% GPM was higher than DBe of 45.2%. During the period, government grants increased 65% yoy to HKD667m (2013: HKD404m), and helped to offset the HKD132m exchange loss (2013: HKD279m exchange gain).

The company will hold an analyst briefing this afternoon, we will follow up with details.

Figure 1: 2014 results highlight

	1H13	2H13	2014		YoY Change	
			1H14	2H14	1H14	2H14
Sales (HK\$m)						
Sanitary napkins	2,860	3,113	3,586	3,842	25%	23%
Disposable diapers	1,432	1,506	1,546	1,549	8%	3%
Tissue paper	5,065	5,139	5,638	5,219	11%	2%
Food & snack products	932	673	947	588	2%	-13%
Skincare and others	126	341	381	535	202%	57%
Total	10,415	10,771	12,098	11,733	16%	9%
Gross profit	4,711	4,848	5,434	5,554	15%	13%
GPM	45.2%	45.0%	44.9%	47.3%	-0.3%	2.3%
EBIT	2,356	2,584	2,376	2,900	1%	12%
EBITM	22.6%	24.0%	19.6%	24.7%	-3.0%	0.7%
Net Profit	1,859	1,862	1,775	2,141	-5%	15%

Source: Company Data

Deutsche Bank AG/Hong Kong

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