

26 March 2015

买入
维持

业绩略超预期，新品推出有助利润增长

万洲国际 (288:HK)

Market Data: Mar, 25

Closing Price (HK\$)	4.07
Price Target (HK\$)	6.41
HSCEI	11,969
HSCCI	4,525
52-week High/Low (HK\$)	7.09/3.75
Market Cap (US\$m)	7,663
Market Cap (HK\$m)	59,617
Shares Outstanding (m)	14,648
Exchange Rate (Rmb-HK\$)	1.26

Price Performance Chart:



Source: Bloomberg

Analyst

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Related Reports

"WH GROUP (288:HK)—Star potential" Feb 9, 2015

Financial summary and valuation

	2013	2014	2015E	2016E	2017E
Revenue (US\$m)	11,253.00	22,243.00	22,129.51	23,393.09	24,854.38
YoY (%)	80.25	97.66	-0.51	5.71	6.25
Net income (US\$m)	-263.00	766.00	863.52	1,011.07	1,110.33
YoY (%)	-	-	12.73	17.09	9.82
EPS (US\$)	-0.03	0.06	0.06	0.07	0.08
Diluted EPS (US\$)	-0.03	0.05	0.06	0.07	0.08
ROE (%)	-2.36	21.16	18.38	21.05	22.86
Debt/asset (%)	77.83	58.90	62.39	64.20	65.27
Dividend Yield (%)	0.00	0.00	1.76	2.04	2.26
PE (x)	-19.97	8.13	8.87	7.58	6.90
PB (x)	1.68	1.27	1.25	1.23	1.21
EV/Ebitda (x)	23.27	11.73	23.18	5.83	5.77

Note: Diluted EPS is calculated as if all outstanding convertible securities, such as convertible preferred shares, convertible debentures, stock options and warrants, were exercised. P/E is calculated as closing price divided by each year's EPS.

投资要点：

业绩略超预期。万洲国际 2014 年收入同比上涨 97.7%达 222.4 亿美元，营业利润同比上涨 82.2%达 16.1 亿美元。归属于公司所有者的净利润同比上涨 291.3%达 7.66 亿美元，较我们的预测高 6%。主要的差异来自生物资产公允价值变动带来的收益超出预期。收入和利润的同比大幅增长部分原因是 2013 年的同期数值仅包含 2013 年 9 月 26 日万洲完成对史密斯菲尔德收购后，后者的收入和利润贡献，而 2014 年的数字包含整个会计年度。由于负债率较高，财务负担沉重，万洲国际宣布不派发 2014 年股息，以偿还债务，公司考虑从 2015 年开始派息。

史密斯菲尔德的利润 2014 年爆发性增长。史密斯菲尔德 2014 年收入同比保持稳定，受益于成本下降，毛利同比上涨 20.3%。归属于公司所有者的净利润同比上涨 47.0%达 4.54 亿美元。

双汇发展最艰难的时刻已经过去。万洲旗下双汇发展 2014 年四季度收入同比增长 0.7%，好于三季度 0.7%的同比下滑；由于成本同比上升，毛利同比下滑 0.8%，较三季度 4.5%的同比下滑收窄。只是由于 2013 年四季度管理费用的低基数，2014 年四季度管理费用环比稳定，而同比有较大幅度上涨，进而导致归属于公司所有者的净利润同比下滑 14.3%，与三季度相比改善不明显。随着新品的不断推出，我们对双汇 2015 年，特别是 2015 年下半年业绩同比正增长保持乐观。

新品推出进行时。万洲国际 2015 年二月初推出 15 款肉制新品，目前已经在全国 80%的销售点铺货。其中狮子头，港式叉烧，海威夷黄金热狗，芝士鱼肉肠等最后消费者喜爱。公司还将在下半年推出 17 款新品，并预期这些新品将为双汇贡献 6-8%的收入贡献和约 10%的利润贡献。

重申买入。我们维持万洲 2015 年（8.6 亿美元，同比+12.7%）2016 年的盈利预测（10.1 亿美元，同比+17.1%），并推出 2017 年盈利预测（11.1 亿美元，同比+9.8%）。维持目标价 6.41 港币，对应 57.5%的上涨空间，重申买入。

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Investment Highlights :

Results slightly beat. WH Group reported 2014 revenue of US\$22.24bn (+97.7% YoY), operating profit of US\$1.61bn (+82.2% YoY) and net profit of US\$766m (-291.3% YoY, 6% higher than our expectation). The difference stems from biological fair value adjustment gains. The large increase in revenue and operating profit is partially due to Smithfield's contribution after its acquisition on 26 September 2013. Due to high financial expenses, WH group did not pay a dividend in 2014, this may be resumed in 2015.

Smithfield profit increase sharply in 2014. Smithfield's revenue remain stable (+0.1% YoY), while gross profit grew by 20.3% YoY thanks to cost decline. Profit grew by 47.0% YoY to US\$454m.

The worst time has passed for Shuanghui (000895.CH), WH's domestic branch. Shuanghui's revenue grew by 0.7% YoY in 4Q14, better than -0.7% YoY in 3Q14. Gross profit decline by 0.8% YoY, lower than 4.5% decline in 3Q14. Profit attributable to shareholders declined by 14.3% YoY due to sharp rise of administration expense compared with low base in 4Q13. With new products launching, we are optimistic on the recovery of Shuanghui in 2015, especially in 2H15.

New product launch on track. WH group launched 15 new packaged meat products at the beginning of this February and has reached c.80% points of sales (POS) YTD. Steamed pork balls, Hong Kong style barbecued pork, Haway Gold Hotdog and Cheese And Fish Sausage are most welcomed by customers. The Group will launch another 17 new products in 2H15 and expects these new products will contribute 6-8% revenue and c.10% profit of Shuanghui in 2015.

Maintain BUY. We maintain WH's earnings forecast of US\$863.52m in 15E (+12.73% YoY), US\$1.01bn in 16E (+17.09% YoY) and introduce 17E earnings forecast of US\$1.11bn (+9.82% YoY). We maintain our target price of HK\$6.41. With 57.5% upside, we maintain our BUY recommendation.

Fig1: Quarterly analysis of Shuanghui Development

Rmbm	1Q13	2Q13	3Q13	4Q13	1Q14	2Q14	3Q14	4Q14
Revenue	9708.15	10598.39	12194.85	12449.06	10242.49	10800.62	12110.8	12541.82
YoY	-1.6%	7.2%	13.5%	16.9%	5.5%	1.9%	-0.7%	0.7%
COGS	7840.23	8377.07	9755.23	10243.64	7974.98	8480.69	9780.05	10353.04
YoY	-13.6%	-8.1%	13.1%	16.7%	1.7%	1.2%	0.3%	1.1%
Gross profit	1867.92	2221.32	2439.62	2205.42	2267.51	2319.93	2330.75	2188.78
YoY	138.6%	187.8%	15.2%	18.1%	21.4%	4.4%	-4.5%	-0.8%
Selling expense	549.89	608.16	614.76	591.32	532.09	650.62	647.24	644.23
YoY	50.8%	73.8%	2.6%	24.8%	-3.2%	7.0%	5.3%	8.9%
Administrative expense	312.5	339.23	395.08	306.32	343.31	351.21	423.67	397.12
YoY	89.2%	167.4%	43.1%	-35.4%	9.9%	3.5%	7.2%	29.6%
Operating profit	980.21	1227.84	1409.73	1308.01	1325.64	1386.4	1267.06	1129.42
YoY	291.9%	313.2%	14.6%	46.6%	35.2%	12.9%	-10.1%	-13.7%
Profit attributable to shareholders	758.19	931.91	1144.79	1023.31	1077.63	1119.59	965.27	877.37
YoY	301.8%	331.1%	20.6%	30.1%	42.1%	20.1%	-15.7%	-14.3%

Source: Company data, SWS Research

Appendix

Table 1: Consolidated Income Statement

US\$m	2013	2014	2015E	2016E	2017E
Revenue	11,253	22,243	22,130	23,393	24,854
Cost of Sales	(9,480)	(18,979)	(18,806)	(19,803)	(21,003)
Gross Profit	1,773	3,264	3,324	3,590	3,852
Other Income	0	0	0	0	0
SG&A Expenses	(874)	(2,269)	(1,419)	(1,482)	(1,584)
Ebitda	453	2,082	1,950	2,168	2,346
EBIT	279	1,728	1,739	1,947	2,115
Finance Costs	(120)	(371)	(185)	(160)	(155)
Profit Before Tax	162	1,420	1,554	1,787	1,960
Income Tax Expense	229	448	433	482	519
Minority Interests	196	206	257	294	330
Profit for the Year	(263)	766	864	1,011	1,110

Source: SWS Research

Table 2: Consolidated Cash Flow Statement

US\$m	2013	2014	2015E	2016E	2017E
Profit Before Taxation	162	1,420	1,554	1,787	1,960
Depr And Amortisation	174	354	211	221	231
Finance Cost	(120)	(371)	(185)	(160)	(155)
Losses From Investments	(14)	(15)	(20)	(25)	(30)
Change In Working Capital	(48)	(52)	76	(251)	34
Others	830	674	283	169	789
CF From Operating Activities	984	2,010	1,919	1,741	2,829
Capex	(295)	(320)	(330)	(340)	(350)
Other CF From Investing Activities	(4,720)	(401)	72	70	(53)
CF From Investing Activities	(5,015)	(721)	(258)	(270)	(403)
Equity Financing	0.00	0.00	0.00	0.00	0.00
Net Change In Liabilities	4,523	41	(210)	(130)	(800)
Dividend And Interest Paid	(90)	(100)	(120)	(150)	(300)
Other CF From Financing Activities	(22)	(593)	(3)	(3)	(3)
CF From Financing Activities	4,411	(652)	(333)	(283)	(1,103)
Net Cash Flow	96	187	710	546	649
FCFF	405	1,240	971	759	1,805
FCFE	4,928	(1,069)	761	629	1,005

Source : SWS Research

Table 3: Consolidated Balance Sheet

US\$m	2013	2014	2015E	2016E	2017E
Current Assets	5,167	5,374	7,008	8,009	8,733
Bank Balances And Cash	875	978	1,679	2,237	2,899
Trade And Other Receivables	870	845	1,682	1,801	1,939
Inventories	1,808	1,900	1,682	1,919	1,734
Other Current Assets	1,614	1,651	1,966	2,053	2,161
Long Term Investment	536	539	594	604	614
PPE	4,132	4,582	4,250	4,300	4,350
Intangible And Other Assets	4,321	4,225	4,499	4,544	4,589
Total Assets	14,156	14,720	16,352	17,457	18,286
Current Liabilities	2,822	3,122	3,871	4,055	4,137
Borrowings	684	699	649	599	549
Trade And Other Payables	851	850	1,704	1,825	1,939
Other Current Liabilities	1,287	1,573	1,518	1,631	1,649
Long Term Liabilities	6,697	3,975	3,961	3,961	3,961
Total Liabilities	11,018	8,670	10,202	11,207	11,936
Minority Interests	863	920	1,020	1,120	1,220
Shareholder Equity	2,275	5,130	5,130	5,130	5,130
Share Capital	1	2	3	4	5
Reserves	2,275	5,130	5,130	5,130	5,130
Equity Attributable					
Total Liabilities And Equity	14,156	14,720	16,352	17,457	18,286

Source: SWS Research

Table 4: Key Financial Ratios

	2013	2014	2015E	2016E	2017E
Ratios per share (US\$)					
Earnings per share	(0.03)	0.064	0.059	0.069	0.076
Operating CF Per Share	0.07	0.131	0.089	0.075	0.147
Dividend Per Share	0.00	0.000	0.009	0.011	0.012
Key Operating Ratios (%)	0.31	0.413	0.420	0.427	0.434
Net Assets Per Share					
ROIC	-3.97%	7.23%	8.05%	9.38%	10.26%
ROE	-9.25%	16.67%	14.16%	16.31%	17.62%
Gross Margin	15.76%	14.67%	15.02%	15.35%	15.50%
Ebitda Margin	4.03%	9.36%	8.81%	9.27%	9.44%
Ebit Margin	2.48%	7.77%	7.86%	8.32%	8.51%
Growth Rate Of Revenue	80.25%	97.66%	-0.51%	5.71%	6.25%
Growth Rate Of Profit	-	-	12.73%	17.09%	9.82%
Debt To Asset Ratio	77.83%	58.90%	62.39%	64.20%	65.27%
Turnover Rate Of Net Assets	4.95	4.34	4.31	4.56	4.84
Turnover Rate Of Total Assets	0.79	1.51	1.35	1.34	1.36
Effective Tax Rate	141.4%	31.5%	27.9%	27.0%	26.5%
Dividend Yield	0.00%	0.00%	1.76%	2.04%	2.26%
Valuation Ratios (x)					
PE	(19.97)	8.13	8.87	7.58	6.90
PB	1.68	1.27	1.25	1.23	1.21
EV/Sale	7.85	3.97	3.99	3.78	3.55
EV/Ebitda	23.27	11.73	23.18	5.83	5.77

Source: SWS Research

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