



Rating  
**Hold**

Asia  
China

Consumer  
Food & Beverage

Company  
**Biostime Alert**

Reuters 1112.HK    Bloomberg 1112 HK    Exchange HSI    Ticker 1112

Date  
25 March 2015

## Company Update

Price at 24 Mar 2015 (HKD)	25.85
Price target - 12mth (HKD)	31.10
52-week range (HKD)	56.35 - 15.02
HANG SENG INDEX	24,400

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### Stock data

Market cap (HKDm)	15,569
Market cap (USDm)	2,008
Shares outstanding (m)	602.3
Major shareholders	Biostime Pharmaceuticals (74.7%)
Free float (%)	25.3
Avg daily value traded (USDm)	0.0

Source: Deutsche Bank

### Key data

FYE 12/31	2013A	2014E	2015E
Sales (CNYm)	4,561	4,671	5,376
Net Profit (CNYm)	821.0	630.0	713.6
DB EPS (CNY)	1.60	0.97	1.10
PER (x)	22.8	21.4	18.9
Yield (net) (%)	2.6	2.0	2.3

Source: Deutsche Bank

## 2014 results beat DBe/consensus by 28%/23%

### 2014 NPAT RMB807m vs. DBe/consensus of RMB630/658m

Biostime reported a NPAT of RMB807m, down 2% yoy. Excluding the exceptional penalty paid in 2013, recurring profit would have been down 18% yoy. This is substantially above DBe/consensus. To us, the major surprise comes from lower SG&A expenses. During the year, wages and salaries expenses decreased 17% yoy to RMB558m, a reduction of RMB113m.

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

Figure 1: Biostime results vs. DBe

(RMB,)	1H13A	2H13A	2013A	1H14A	2H14A	2014A	2H14E	2014E
<b>Turnover</b>	<b>2,061</b>	<b>2,500</b>	<b>4,561</b>	<b>2,189</b>	<b>2543</b>	<b>4732</b>	<b>2,482</b>	<b>4,671</b>
yoy	51.3%	23.8%	<b>34.9%</b>	6.2%	1.7%	<b>3.7%</b>	-0.7%	<b>2.4%</b>
Gross Profit	1,370	1,605	<b>2,975</b>	1,346	1581	<b>2,927</b>	1,519	<b>2,865</b>
SG&A exo	(753)	(969)	<b>(1,722)</b>	(927)	(908)	<b>(1,835)</b>	(1,077)	<b>(2,004)</b>
EBIT	617	636	<b>1,253</b>	419	673	<b>1,092</b>	442	<b>861</b>
<b>NPAT</b>	<b>298</b>	<b>523</b>	<b>821</b>	<b>312</b>	<b>495</b>	<b>807</b>	<b>318</b>	<b>630</b>
yoy change	9%	12%	<b>10%</b>	5%	-5.5%	<b>-2%</b>	-32%	<b>-19%</b>
<b>Recurring NPAT</b>	<b>461</b>	<b>523</b>	<b>984</b>	<b>312</b>	<b>495</b>	<b>807</b>	<b>318</b>	<b>630</b>
yoy change	68%	12%	<b>32%</b>	-32%	-5.5%	<b>-18%</b>	-39%	<b>-36%</b>
Gross Margin	66.4%	64.2%	<b>65.2%</b>	61.5%	62.2%	<b>61.9%</b>	61.2%	<b>61.3%</b>
EBIT Margin	29.9%	25.5%	<b>27.5%</b>	19.1%	26.5%	<b>23.1%</b>	17.8%	<b>18.4%</b>
Net margin	14.4%	20.9%	<b>18.0%</b>	14.3%	19.5%	<b>17.1%</b>	12.8%	<b>13.5%</b>

Source: Company data; Deutsche Bank

Deutsche Bank AG/Hong Kong

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