

COSCO Pacific

Terminals segment strong while leasing continues to drag; port acquisitions expected in 2015

Cosco Pacific hosted a post results analyst panel discussion on March 25. We have summarized our key takeaways below:

- **Profit growth muted as strong results from container terminals segment were neutralized by weak leasing division.** COSCO Pac's FY14 NPAT came in at US\$293MM (+2% Y/Y), missing consensus by c6%. Key highlights:
 - 1) **Profit from the terminals business grew 18% Y/Y, outpacing the 10% rise in container throughput, suggesting improving profitability.** Primary drivers of this strong growth were overseas ports (profit +41% Y/Y vs +17% Y/Y for throughput) and Bohai Rim-based ports (profit +36% Y/Y vs. 7% growth for throughput). Mgmt sees +10% throughput growth for Chinese ports in 2015 as achievable.
 - 2) **Container leasing business disappointed; however, sequential improvements seen in 2H14.** Divisional profit for CP's container leasing division declined 24% Y/Y despite segment revenue rising 2.7% Y/Y. Segmental margins saw substantial erosion as a result of suppressed lease rates and resale prices. However, we do note that the Y/Y profit decline moderated to -13% Y/Y in 2H14 vs. -30% in 1H14.
- **Overall ports ASP expected to rise.** Even though management could not confirm any tariff hikes as the company is still negotiating new rates with customers, the company asserted that they are expecting overall ASP for their ports to rise in 2015. Management said that they currently expect rates to be raised in Xiamen (+10% likely) as well as in Shanghai, Qingdao, and Ningbo (we estimate +c5%).
- **Port acquisitions expected to be completed in 2015.** The company explained that they have been actively looking for good investment opportunities globally while focusing on strategically positioned port assets along the Maritime Silk Road that would benefit from China's "One Belt, One Road" plan. Management is currently expecting one or more deals to be completed this year.
- **Maintain OW; SOTP-based Dec-15 PT lowered to HK\$13 from HK\$14.** To reflect the muted outlook of the leasing business, we have revised down our earnings estimates for FY15/16 by 5-7%. We maintain our OW rating on the stock given the positive outlook for the container terminal business as well as the company's current valuation which at a 20% discount to NBV for FY15E and at FY15E P/E of 11.6x remains attractive, in our view.

Overweight

1199.HK, 1199 HK

Price: HK\$10.34

▼ **Price Target: HK\$13.00**
Previous: HK\$14.00

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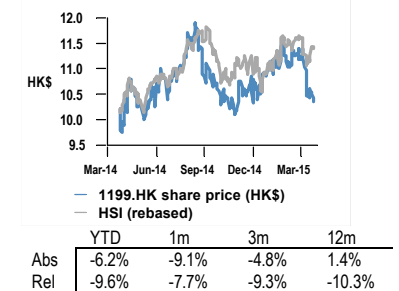
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Price Performance



COSCO Pacific (Reuters: 1199.HK, Bloomberg: 1199 HK)

\$ in mn, year-end Dec	FY12A	FY13A	FY14A	FY15E	FY16E
Total Revenue (\$ mn)	736	799	870	903	970
Net Profit (\$ mn)	342	703	293	335	367
EPS (\$)	0.12	0.25	0.10	0.11	0.13
DPS (\$)	0.05	0.10	0.04	0.05	0.05
Revenue growth (%)	22.8%	8.6%	8.9%	3.7%	7.5%
EPS growth (%)	(14.3%)	103.1%	(59.9%)	14.4%	9.8%
ROE	7.4%	6.7%	6.3%	6.9%	7.3%
P/E (x)	10.9	5.3	13.3	11.6	10.6
P/BV (x)	0.9	0.8	0.8	0.8	0.8
EV/EBITDA (x)	7.2	6.3	6.6	5.6	4.9
Dividend Yield	3.7%	7.5%	3.0%	3.4%	3.8%

Source: Company data, Bloomberg, J.P. Morgan estimates.

Company Data

Shares O/S (mn)	2,786
Market Cap (HK\$ mn)	28,808
Market Cap (\$ mn)	3,714
Price (HK\$)	10.34
Date Of Price	24 Mar 15
Free Float(%)	-
3M - Avg daily vol (mn)	3.75
3M - Avg daily val (HK\$ mn)	41.24
3M - Avg daily val (\$ mn)	5.3
HSI	24,399.60
Exchange Rate	7.76
Price Target End Date	31-Dec-15

See page 10 for analyst certification and important disclosures, including non-US analyst disclosures.

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<p>Key catalysts for the stock price:</p> <ul style="list-style-type: none"> • Potential EPS accretive acquisitions • Revaluation potential for the port assets <p>CP currently holds should China set up more free trade zones</p>	<p>Upside risks to our view:</p> <ul style="list-style-type: none"> • Tariff hikes • Stronger-than-expected volume growth • Stronger-than-expected new container demand driven by global trade recovery • Faster-than-expected recovery for the leasing business 	<p>Downside risks to our view:</p> <ul style="list-style-type: none"> • Tariff cuts • Weaker-than-expected volume growth • Execution risk associated with new port investments • Lower-than-expected new container demand driven by weaker global trade • Slower-than-expected recovery for the leasing business
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Key financial metrics	FY13A	FY14A	FY15E	FY16E
Revenues (LC)	799	870	903	970
Revenue growth (%)	9%	9%	4%	7%
EBITDA (LC)	437	362	379	395
EBITDA margin (%)	55%	42%	42%	41%
Tax rate (%)	4%	11%	10%	11%
Net profit (LC)	703	293	335	367
EPS (LC)	0.25	0.10	0.11	0.13
Core profit growth (%)	2%	2%	14%	10%
DPS (LC)	0.10	0.04	0.05	0.05
BVPS (LC)	1.61	1.62	1.69	1.76
Operating cash flow (LC mn)	547	599	479	510
Free cash flow (LC mn)	1,245	(53)	182	196
Interest cover (X)	8.9	11.4	12.5	22.0
Net margin (%)	88.0%	33.6%	37.1%	37.9%
Sales/assets (X)	0.11	0.11	0.11	0.12
Debt/equity (%)	43%	40%	47%	43%
Net debt/equity (%)	18%	18%	10%	3%
ROE (%)	16.5%	6.3%	6.9%	7.3%
Key model assumptions	FY13E	FY14A	FY15E	FY16E
Average tariff growth	0%	0%	0%	0%
Attributable throughput growth	9%	11%	10%	6%

Source: Bloomberg, Company data and J.P. Morgan estimates.

Sensitivity analysis	EBITDA		EPS	
	FY15E	FY16E	FY15E	FY16E
Sensitivity to				
5% chg in average tariff	3%	3%	7%	7%
5% chg in container throughput	3%	3%	5%	5%

Source: Bloomberg, Company data and J.P. Morgan estimates.

Comparative metrics	CMP LC	Mkt Cap \$Mn	P/E (x)		EV/EBITDA (x)		P/BV (x)		YTD Stock perf.
			FY15E	FY16E	FY15E	FY16E	FY15E	FY16E	
COSCO Pacific	10.34	3,920	11.6	10.6	8.6	8.2	0.8	0.8	-6.2
CMHI	28.95	9,570	15.9	14.3	9.6	18.0	1.3	1.2	10.9
Tianjin Port	1.56	1,239	12.0	11.1	8.7	8.3	NA	NA	-4.3
Dalian Port	2.9	4,218	14.6	12.6	19.8	18.2	0.7	0.7	14.5
Hutchinson Port Holding Trust	0.69	6,011	NM	NM	12.1	11.3	NM	NM	0.0
Qingdao Port	3.61	2,224	7.8	7.4	4.8	4.5	1.0	1.0	NA

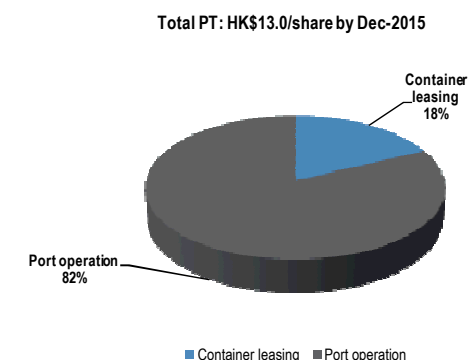
Source: Bloomberg, Company data and J.P. Morgan estimates. Prices are as of 3/25/2015.

Valuation and price target basis

We derive our Dec-15 PT of HK\$13.0 based on SOTP valuation methodology. Our PT corresponds to a P/E of 14.6x, EV/EBITDA of 10.2x and a P/B of 1.0x on FY15E.

The container terminal segment forms c80% of our PT, while the container leasing segment forms c20%.

PT breakdown by segment (FY15E)



Source: Bloomberg, Company data and J.P. Morgan estimates.

JPM vs. consensus, change in estimates

NPAT (US\$MM)	FY15E	FY16E
JPM old	358	386
JPM new	335	367
% chg	-7%	-5%
Consensus	343	370

Source: Bloomberg, Company data and J.P. Morgan estimates.

Key takeaways from the analyst briefing

Strong performance from container terminal segment

The company reported strong results for its container terminal business segment. Total throughput for CP's ports increased 9.9% Y/Y to 67.3MM TEUs while equity throughput rose 10.8% Y/Y to 19.0MM TEUs. Overall, divisional profit for the terminals business segment increased 18.3% Y/Y to US\$221MM. Primary drivers of this strong growth were: 1) QQCT: profit rose 32.2% Y/Y to US\$39.0MM; 2) PCT: profit increased 25.7% Y/Y to US\$29.0MM; 3) Antwerp: went from making a loss of US\$0.3MM in FY13 to generating a profit of US\$4.5MM in FY14; and 4) Xiamen: loss narrowed to US\$6.9MM in FY14 from a loss of US\$14.1MM in FY13. The recently acquired ACT port in HK (acquisition completed in Mar 2014) also had an immediate positive profit contribution of US\$1.6MM in 2014.

Looking at the company's ports by region, throughput growth was the strongest at overseas ports where total throughput increased 16.9% Y/Y. Additionally, the overall profitability of CP's overseas operations improved significantly as profit growth (+41% Y/Y) greatly outpaced throughput growth, primarily driven by operations in Antwerp (loss to profit), COSCO-PSA (profit +228% Y/Y) and PCT (profit +25.7% Y/Y). Similarly, CP's Bohai Rim-based ports saw profit growth of 35.6% Y/Y compared to total throughput growth of 6.8% Y/Y (improved profitability largely driven by QQCT which saw profit grow 32% Y/Y). PRD based ports, on the other hand, saw profits decline 3.7% Y/Y despite throughput growth of +13.1% Y/Y. This was principally the result a 9.9% decline in profits to US\$49.4MM for Yantian terminal which was impacted by the expiry of a tax holiday and increased operating costs.

Overall port ASP expected to increase as tariff hike negotiations continue

While the company did not officially confirm any tariff hikes during the analyst briefing as the company is still negotiating new rates with their customers, management did say that they are expecting the company's overall ASP to increase this year. The company is currently expecting tariffs to be raised in Xiamen (+10% likely) as well as in Shanghai, Qingdao, and Ningbo (mgmt did not comment on specifically how much they are expecting these rates to be increased). However, given the mgmt of Qingdao Port (6198.HK; not covered) confirmed during their results briefing two days ago that they already successfully raised tariff rates by 5% (effective January 1 2015), we believe we will see similar-sized rate hikes at CP's ports.

Robust throughput volume growth expected in 2015

Following a strong 2014 that saw total throughput rise 10% Y/Y, mgmt expressed that they believe Chinese ports can achieve throughput growth of +10% Y/Y this year. Even though it is still early in the year, we note that 2M15 throughput growth for Chinese ports stands at c10% Y/Y, in line with the company's full-year expectation. However, we have observed that overseas throughput growth has been slowing down sequentially (+23% Y/Y in 1H14, +12% Y/Y in 2H14, and +9% Y/Y for 2M15), which suggests milder growth can be expected from overseas ports this year (throughput growth of +17% Y/Y for FY14). As a result, we currently expect total throughput growth for CP's entire container terminal segment to rise c10% Y/Y in 2015.

Port acquisitions expected to be completed in 2015

Mgmt gave out preliminary capex guidance of US\$1.1B for 2015, which includes cUS\$440MM of funds to be spent on investments in new terminals. The company explained that they have been actively looking for good investment opportunities globally while focusing on strategically positioned port assets along the Maritime Silk Road that would benefit from China's "One Belt, One Road" plan.

While the company could not provide any specific details about which terminal opportunities are currently being evaluated/pursued, mgmt did say that they have been looking at a mixture of greenfield and brownfield projects (likely to be mid-sized) in both emerging and developed countries. Mgmt explained that they could not give any guidance on an expected timeline of events (as it is hard to predict when exactly a deal can be closed), but did say that they are expecting one or more deals to be completed this year.

Container leasing segment disappointed as lease rates and container prices remain suppressed

Divisional profit for CP's container leasing division declined 24% Y/Y to US\$95.8MM. Segmental revenue actually increased 2.7% Y/Y to US\$357.1MM as the leasing revenue generating fleet increased 2.6% Y/Y to 1.37MM TEUs (average utilization rate of 95.3% in FY14 vs 94.5% in FY13) and the number of disposals of returned containers increased 42.4% to 51k TEUs. However, as both the market lease rate and resale price of containers both remained suppressed throughout 2014, the business segment's margins saw substantial erosion with GPM falling 9.6ppts to 41.5% and NPM declining 9.2ppts to 26.8%.

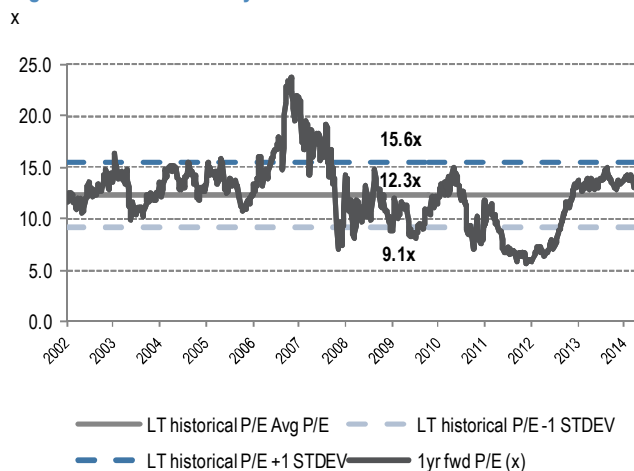
The container leasing segment results were disappointing as we were originally anticipating a stronger rebound in segmental profit in 2H14; even though the Y/Y profit decline for the segment moderated to -13% in 2H14 (-30% in 1H14), this segment's performance missed expectations, which we believe was a large part of why the company's earnings missed consensus estimates by c6%. Looking ahead, mgmt explained that the leasing business is unlikely to see a substantial recovery in the near term as container prices and lease rates are expected to remain at lower levels (though CP believes pricing has stabilized). In light of this, the company said that they have turned to focusing on controlling costs (as well as enhancing profitability through other value-add services such as providing financing for container purchases) to improve the segment's operating efficiency and profitability.

Earnings Revisions

To reflect muted growth expectations for the company's container leasing business, we have revised down our earnings estimates for FY15/16 by 5-7%. We currently forecast profit of US\$335MM/US\$367MM for FY15/16E (-3%/-1% compared to consensus). We have lowered our PT to HK\$13.0 from HK\$14.0 but maintain our OW rating on the stock given the positive outlook of the container terminal business (growth to be supported by likely M&A this year, anticipated tariff hikes expected to be confirmed in the coming months, and strong throughput growth expectations) which now accounts for over 80% of our valuation for CP (c20% of our valuation comes from the leasing segment), as well as the company's current valuation which

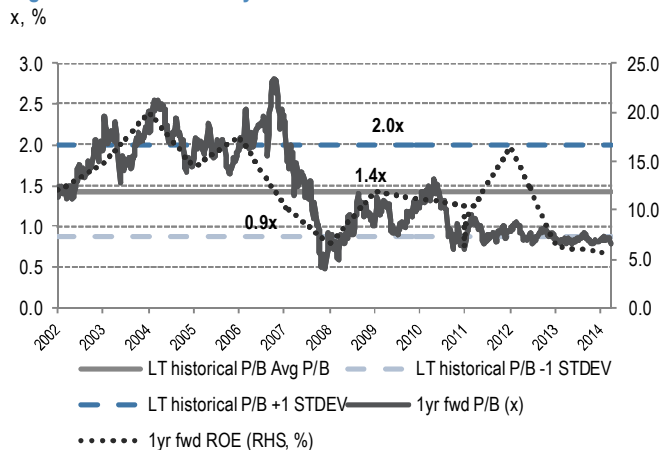
at 20% discount to NBV for FY15E and at FY15E P/E of 11.6x remains attractive, in our view.

Figure 1: COSCO Pac—1yr forward P/E valuation band chart



Source: Bloomberg, Company data, J.P. Morgan estimates.

Figure 2: COSCO Pac—1yr forward P/B vs. ROE chart



Source: Bloomberg, Company data, J.P. Morgan estimates.

Table 1: COSCO Pac—FY14 result review

US\$MM, year-end December	FY14 Actual	FY13 Actual	Y/Y chg%	FY14 JPMe	% Diff	4Q14 Actual	4Q13 Actual	Y/Y chg%
Net Revenue - Total	870	799	9%	881	-1%	214	200	7%
Cost of sales	(546)	(480)	14%	(548)		(140)	(138)	1%
Gross profit	324	318	2%	333	-3%	74	62	19%
GPM %	37%	40%		38%		34%	31%	
Admin expenses	(119)	(103)		(112)		(57)	(43)	33%
Total operating expenses	(666)	(583)		(660)		(197)	(181)	9%
Other operating income/(expense)	23	32		32		25	21	19%
Share of profits of associates & JCEs	171	154	11%	177	-4%	41	36	14%
Operating profit	399	401	-1%	430	-7%	83	76	9%
Interest income	26	18		26		6	8	-20%
Interest expense	(73)	(85)		(71)		(18)	(12)	44%
PBT before MI	352	334	5%	384	-8%	71	72	58%
Income tax expense	(39)	(33)		(41)		(9)	(9)	-1%
PAT before MI	313	301	4%	344	-9%	62	63	-1%
Minority interest expense	(20)	(15)		(18)		(3)	(1)	
Net income to equity shareholders	293	703	2%	326	-10%	59	62	-5%
Core Profit	277	264	5%	304		42	48	-13%
Container terminal	221	187						
Container leasing	96	125						
Dividend	118	282						
Dividend payout	40%	40%						

Source: Company data, J.P. Morgan estimates.

Table 2: COSCO Pac—Profit contribution by port

US\$ '000

	% Equity interest	FY14	FY13	FY2014, Y/Y	% of total (FY14)	2H14	2H13	2H14, Y/Y	% of total (2H14)
Bohai Rim		48,307	35,637	36%	22%	22,629	17,620	28%	20%
Qingdao Qianwan	20.0%	39,034	29,521	32%	18%	17,418	15,159	15%	16%
Dalian Port	20.0%	984	493	100%	0%	846	307	176%	1%
Dalian Automobile	30.0%	1,395	1,070	30%	1%	777	544	43%	1%
Yingkou	50.0%	2,122	1,142	86%	1%	1,543	878	76%	1%
Tianjin Five Continents	14.0%	2,034	1,923	6%	1%	0	0	0%	0%
Tianjin Port Euroasia	30.0%	2,249	1,488	51%	1%	1,759	732	140%	2%
Dongjiakou	25.0%	489			0%	286	0		0%
Yangtze river delta		43,762	42,656	3%	20%	20,248	24,128	-16%	18%
Shanghai Container Terminal	10.0%	434	4,656	-91%	0%	(45)	1,913	-102%	0%
Shanghai Pudong	30.0%	20,689	19,686	5%	9%	9,743	11,305	-14%	9%
Zhangjiagang Win Hanversky	51.0%	3,819	3,119	22%	2%	1,712	1,503	14%	2%
Yangzhou Yuanyang	55.6%	2,033	1,573	29%	1%	696	589	18%	1%
Nanjing Longtan	20.0%	2,578	2,220	16%	1%	1,342	1,162	15%	1%
Ningbo Yuan Dong	20.0%	10,523	9,965	6%	5%	5,092	6,219	-18%	5%
Taicang Terminal	39.0%	3,686	1,437		2%	1,708	1,437		2%
Pearl River Delta & Southeast Coast		79,685	74,285	7%	36%	42,742	35,831	19%	38%
COSCO-HIT	50.0%	16,487	16,203	2%	7%	7,718	6,453	20%	7%
Yantian	13-15%	49,446	54,906	-10%	22%	28,728	30,283	-5%	26%
Guangzhou South China (Nansha)	39.0%	8,948	8,282	8%	4%	3,964	4,210	-6%	4%
ACT	40.0%	1,599			1%	1,045	0		1%
Quan Zhou Pacific	82.4%	8,180	7,259	13%	4%	4,399	3,588	23%	4%
Jinjiang Pacific	80.0%	1,704	1,626	5%	1%	701	888	-21%	1%
Xiamen Ocean Gate	70.0%	(6,858)	(14,112)	-51%	-3%	(3,990)	(9,730)	-59%	-4%
Kao Ming	10.0%	179	121	NA	0%	177	139	NA	0%
Overseas		48,067	34,070	41%	22%	25,098	16,359	53%	22%
COSCO-PSA	49.0%	3,536	1,077	228%	2%	2,519	478	427%	2%
Antwerp Gateway	20.0%	4,469	(319)	-1501%	2%	3,278	106	2992%	3%
Suez Canal	20.0%	11,082	10,261	8%	5%	5,394	5,093	6%	5%
Piraeus	100.0%	28,980	23,051	26%	13%	13,907	10,682	30%	12%
Other non-classified		1,157	119	872%	1%	1,176	(1)	NM	1%
Terminal Segment--Total profit		220,978	186,767	18%	100%	111,893	93,937	19%	100%

Source: Company data, J.P. Morgan research.

Investment Thesis, Valuation and Risks

COSCO Pacific (Overweight; Price Target: HK\$13.00)

Investment Thesis

CP has been streamlining its business scope since 2005 with a string of divestures of non-core businesses (including the logistics business and the container manufacturing business), a restructuring of the container leasing segment into an asset-light model, as well as a number of new investments for the container terminal segment. From a conglomerate model, CP has transformed itself into a play focusing on two segments only – container terminals and container leasing – which generate steady returns and cash flow, in our view. CP trades at an attractive valuation at current levels, in our view. On a P/BV basis, it is at a 20% discount to NBV for FY15E.

Valuation

Our Dec-15 PT of HK\$13 is based on our SOTP valuation. Our PT implies a P/E of 14.6x, EV/EBITDA of 10.2x, and P/BV of 1.0x on FY15E. The container terminal segment forms c80% of our PT, while the container leasing segment forms c20%.

1. For the container terminal business, we use **DCF with a WACC of 9.0%, terminal growth of 2%** and terminal capex of US\$100M to value the consolidated subsidiaries, while using **DDM with a cost of equity of 10.2% and terminal growth of 2%** to value the non-consolidated subsidiaries. The derived NAV for the terminal segment is US\$1.51, implying an FY15E P/E of 16.1x.
2. We apply a **target P/E multiple of 10x FY15E** to value CP's container leasing business by using the valuation of Textainer Group (TGH US), a listed peer, as a benchmark.

Risks to Rating and Price Target

Downside risks to our PT include: tariff cuts, weaker-than-expected volume growth, execution risk with new port investments, lower-than-expected new container demand driven by weaker global trade, and a slower-than-expected recovery for the company's leasing business.

COSCO Pacific: Summary of Financials

Income Statement						Cash flow statement					
\$ in millions, year end Dec	FY14	FY15E	FY16E	FY17E	FY18E	\$ in millions, year end Dec	FY14	FY15E	FY16E	FY17E	FY18E
Revenues	870	903	970	1,045	1,120	EBIT	204	216	227	252	278
% change Y/Y	8.9%	3.7%	7.5%	7.7%	7.2%	Income tax paid	(39)	(41)	(46)	(50)	(50)
EBITDA	362	379	395	425	455	Other operating Cash flow	199	(29)	(37)	(39)	(31)
% change Y/Y	(17.1%)	4.6%	4.2%	7.6%	7.1%	Cash flow from operations	599	479	510	565	622
EBITDA margin	41.6%	42.0%	40.7%	40.7%	40.7%	Capex spending	(693)	(339)	(339)	(339)	(339)
Operating Profit	204	216	227	252	278	Proceeds from asset disposal	0	0	0	0	0
% change Y/Y	(17.2%)	5.5%	5.1%	11.2%	10.2%	Cash flow from investing	(693)	(338)	(338)	(338)	(338)
Operating Margin	23.5%	23.9%	23.4%	24.1%	24.8%	Dividends paid	(208)	(125)	(140)	(155)	(174)
Net Interest	(47)	(46)	(27)	(10)	1	Interest Paid	(73)	(70)	(68)	(56)	(39)
Earnings before tax	352	399	439	492	539	Debt raised/(repaid)	(153)	0	(100)	(671)	(575)
% change Y/Y	(53.1%)	13.3%	10.2%	12.0%	9.5%	Other financing charges, net	334	818	295	293	285
Tax	(39)	(41)	(46)	(50)	(50)	Cash flow from financing	(27)	694	55	(533)	(464)
as % of EBT	11.1%	10.3%	10.6%	10.2%	9.3%	Changes in Cash	(121)	834	227	(306)	(180)
Net income (reported)	293	335	367	414	459	Beginning cash	1,237	1,116	1,951	2,178	1,872
% change Y/Y	(58.3%)	14.4%	9.8%	12.8%	10.7%	Ending cash	1,116	1,951	2,178	1,872	1,691
Net income (Core)	293	335	367	414	459	Free cash flow	(53)	182	196	236	282
% change Y/Y	2.3%	14.4%	9.8%	12.8%	10.7%						
Shares outstanding	2,925	2,925	2,925	2,925	2,925						
EPS (reported)	0.10	0.11	0.13	0.14	0.16						
DPS	0.04	0.05	0.05	0.06	0.06						
Balance sheet						Ratio Analysis					
\$ in millions, year end Dec	FY14	FY15E	FY16E	FY17E	FY18E	\$ in millions, year end Dec	FY14	FY15E	FY16E	FY17E	FY18E
Cash and cash equivalents	1,116	1,951	2,178	1,872	1,692	EBITDA margin	41.6%	42.0%	40.7%	40.7%	40.7%
Accounts receivable	190	190	198	210	222	Operating Margin	23.5%	23.9%	23.4%	24.1%	24.8%
Inventories	24	19	20	21	22	Net Margin	33.6%	37.1%	37.9%	39.6%	41.0%
Others	0	0	0	0	0						
Current assets	1,330	2,160	2,396	2,103	1,936	Sales per share growth	4.9%	3.7%	7.5%	7.7%	7.2%
						Sales growth	8.9%	3.7%	7.5%	7.7%	7.2%
LT investments	209	209	209	209	209	Net profit growth	(58.3%)	14.4%	9.8%	12.8%	10.7%
Net fixed assets	4,307	4,221	4,213	4,199	4,180	Core EPS growth	(1.5%)	14.4%	9.8%	12.8%	10.7%
Interest in associates & JCEs	1,771	1,708	1,645	1,583	1,522	Interest coverage (x)	11.4	12.5	22.0	61.7	NM
Total Assets	7,617	8,298	8,463	8,094	7,847	Net debt to total capital	15.0%	8.8%	3.2%	(3.2%)	(10.4%)
						Net debt to equity	17.6%	9.7%	3.3%	(3.1%)	(9.4%)
Liabilities						Sales/assets	0.1	0.1	0.1	0.1	0.1
Short-term loans	430	116	16	16	16	Assets/equity	1.6	1.6	1.7	1.6	1.4
Payables	385	469	489	519	548	ROE	6.3%	6.9%	7.3%	7.8%	8.3%
Others	88	10	10	10	10	ROCE	2.7%	2.7%	2.7%	3.1%	3.6%
Total current liabilities	903	596	516	545	574						
Long-term debt	1,578	2,346	2,346	1,675	1,100						
Other liabilities	76	76	76	76	76						
Total Liabilities	2,558	3,018	2,937	2,296	1,750						
Shareholder's equity	4,742	4,940	5,161	5,410	5,685						
BVPS	1.62	1.69	1.76	1.85	1.94						

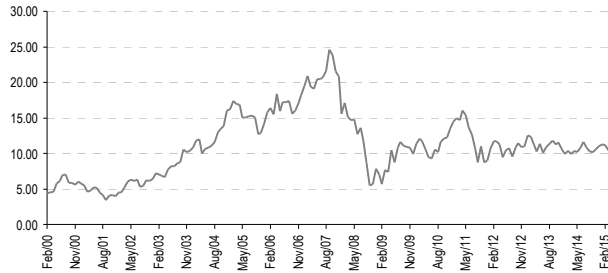
Source: Company reports and J.P. Morgan estimates.

JPM Q-Profile
COSCO Pacific Limited (HONG KONG / Industrials)
 As Of: 23-Mar-2015

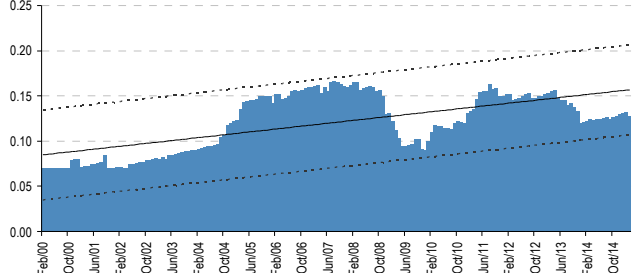
Global Equity Quantitative Analysis

Quant_Strategy@jpmorgan.com

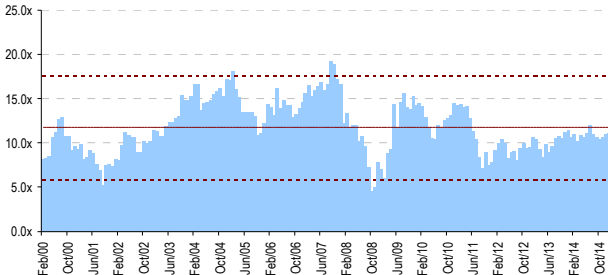
Local Share Price **Current: 10.52**



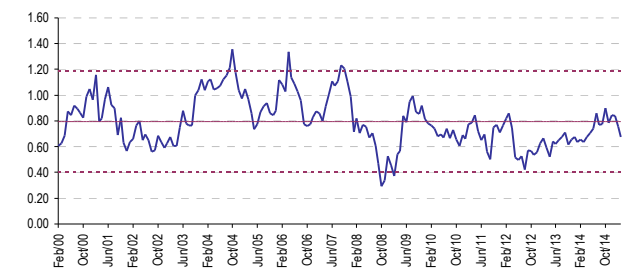
12 Mth Forward EPS **Current: 0.13**



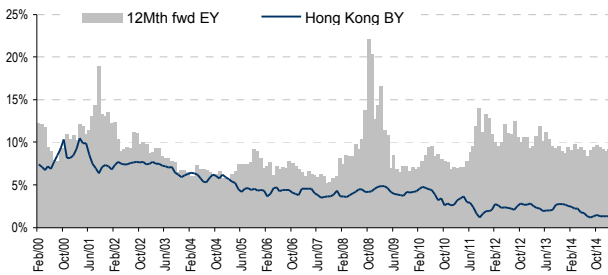
PE (1Yr Forward) **Current: 10.6x**



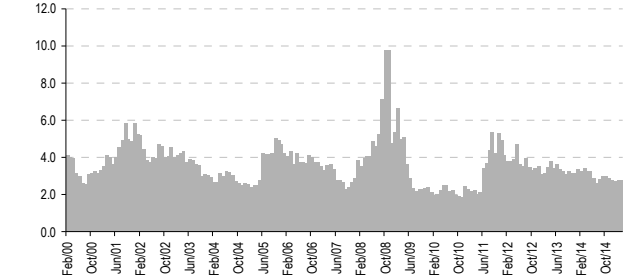
P/E Relative to Hong Kong Index **Current: 0.68**



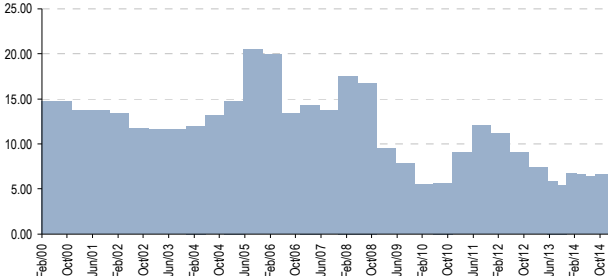
Earnings Yield (& Local Bond Yield) **Current: 9%**



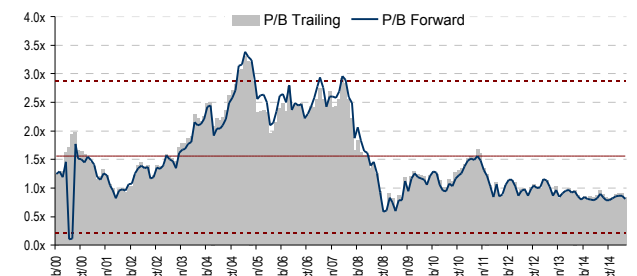
Dividend Yield (Trailing) **Current: 2.74**



ROE (Trailing) **Current: 6.59**



Price/Book (Value) **Current: 0.8x**



Summary

COSCO Pacific Limited		TICKER		1199 HK		As Of:		23-Mar-15			
HONG KONG						Local Price:		10.52			
Industrials						EPS:		0.13			
	Latest	Min	Max	Median	Average	2 S.D.+	2 S.D. -	% to Min	% to Max	% to Med	% to Avg
12mth Forward PE	10.63x	4.53	19.19	11.20	11.78	17.64	5.92	-57%	80%	5%	11%
P/BV (Trailing)	0.84	0.58	3.30	1.34	1.56	2.89	0.23	-31%	291%	59%	84%
Dividend Yield (Trailing)	2.74x	1.87	9.80	3.49	3.59	5.90	1.29	-32%	258%	28%	31%
ROE (Trailing)	6.59	5.45	20.44	11.99	11.76	19.80	3.71	-17%	210%	82%	78%

Source: Bloomberg, Reuters Global Fundamentals, IBES CONSENSUS, JPMorgan Quantitative & Derivative Strategy

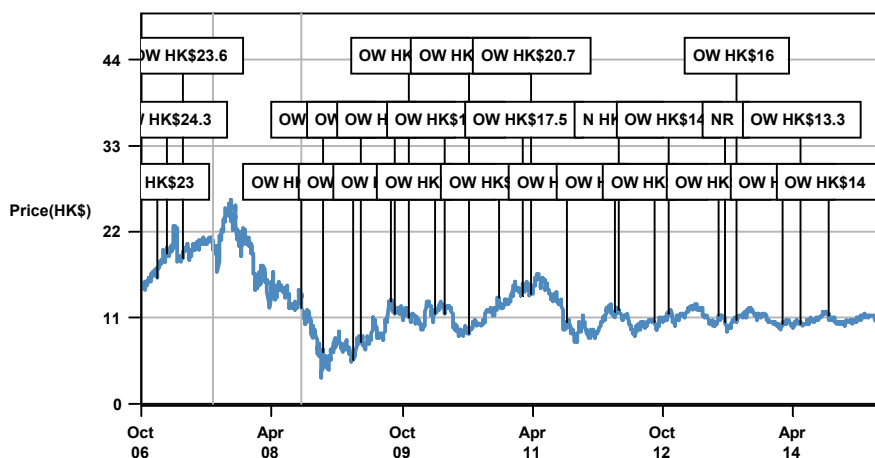
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COSCO Pacific (1199.HK, 1199 HK) Price Chart



Source: Bloomberg and J.P. Morgan; price data adjusted for stock splits and dividends.
 Break in coverage Jun 17, 2013 - Aug 08, 2013.

Date	Rating	Share Price (HK\$)	Price Target (HK\$)
04-Dec-06	OW	16.18	23.00
16-Jan-07	OW	19.34	24.30
22-Mar-07	OW	18.66	23.60
05-Aug-08	OW	12.40	16.60
04-Nov-08	OW	6.61	10.00
12-Mar-09	OW	5.59	8.80
14-Apr-09	OW	8.04	9.30
11-Aug-09	OW	12.98	15.40
01-Sep-09	OW	11.66	15.50
30-Oct-09	OW	10.90	15.60
11-Feb-10	OW	11.48	15.30
31-Mar-10	OW	11.60	15.60
08-Jul-10	OW	9.10	15.30
10-Nov-10	OW	13.70	16.10
15-Feb-11	OW	13.72	17.50
25-Mar-11	OW	14.18	20.70
25-Aug-11	OW	10.44	14.10
14-Mar-12	OW	11.80	14.20
28-Mar-12	N	12.10	14.00
28-Aug-12	OW	10.44	15.00
26-Oct-12	OW	11.42	14.00
22-May-13	OW	11.24	16.00
17-Jun-13	NR	10.50	--
08-Aug-13	OW	10.78	16.00
12-Feb-14	OW	10.14	13.00
28-Apr-14	OW	10.26	13.30
26-Aug-14	OW	11.40	14.00

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