

Sinotrans (598 HK)

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Company Update

BUY

UPGRADE

Close price: HK\$4.11

Target Price: HK\$5.3 (+29%)

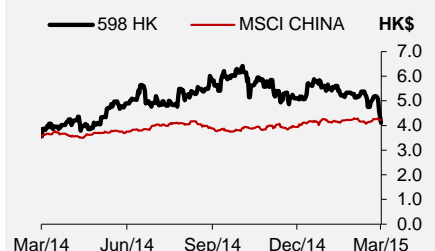
Prior TP: HK\$6.4

Key Data

HKEx code	598
12 Months High (HK\$)	6.55
12 Month Low (HK\$)	3.55
3M Avg Dail Vol. (mn)	11.57
Issue Share (mn)	2,144.89
Market Cap (HK\$m)	18,932.65
Fiscal Year	12/2014
Major shareholder (s)	Sinotrans & CSC Group Company (57.93%)

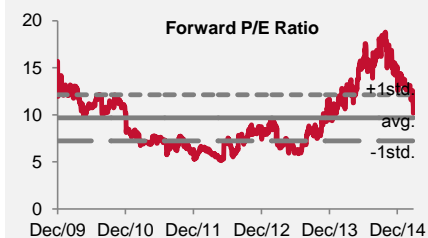
Source: Company data, Bloomberg, OP Research
 Closing price are as of 27/3/2015

Price Chart



	1mth	3mth	6mth
Absolute %	-22.2	-19.4	-29.4
Rel. MSCI CHINA %	-21.8	-26.6	-38.4

PE



Company Profile

Sinotrans Limited provides integrated logistics services with core service of sea, air, rail and road freight forwarding, express services and shipping agency services. The company also provides support services of storage and terminal services, trucking and marine transportation services.

Buy on unjustified concerns

- Sharp share price correction has already priced in the downward earnings revision of the previously over-optimistic forecasts in the market
- Buying opportunities appear from the unjustified market concerns on the absence of Chairman and President during the post-result analyst meeting
- We upgrade our rating to BUY with TP HK\$5.3 or 29% upside

Unjustified market concerns: Sinotrans (598 HK, BUY, TP HK\$5.3) shares price dropped 19% in three trading days after FY14 result announcement. Although the FY14 results missed market consensus estimates as we expected, we believe the sharp correction in stock price is mainly driven by the concerns on the absence of Chairman and President during the post-result analyst meeting. However, we think the concerns are unjustified as the parent group (Sinotrans & CSC) website reported news and photos about Chairman Zhao Huxiang, who was hosting the meetings with SASAC representatives one day before the post-result analyst meeting.

Earnings revision: We revised down our revenue/EBIT/net profit forecasts by 5.3%/15.6%/5.1% and 7.6%/28.7%/17.1% for FY15E and FY16E respectively, based on (1) lower growth in logistics business (2) higher costs in staff and other operating expenses (3) lower growth from DHL-JV and (4) higher effective tax rate. But we do notice the operating efficiency improvement from (1) lower office expenses and (2) higher profits contributions from other JVs (excl. DHL-JV) and associates (when excluding a one-off goodwill impairment).

Upgrade to BUY on undemanding valuation, TP HK\$5.3 or 29% upside: We downgraded Sinotrans to HOLD after the company announced 9M14 result five months ago as we believed the market consensus estimates were too bullish under strong stock performance. With 36% shares price correction since our downgrade, we do believe the company is trading on a decent valuation of FY15E 10.8x PE and 3% dividend yield even pricing in lower expectations. We upgrade our rating to BUY with target PE and TP revised down to FY15E 14x PE and HK\$5.3, representing 23% discount to peers and 29% upside respectively.

Exhibit 1: Forecast and Valuation

Year to Dec (RMB mn)	FY13A	FY14A	FY15E	FY16E	FY17E
Revenue	45,402.4	45,659.8	48,998.7	51,973.6	55,190.5
Growth (%)	(4.4)	0.6	7.3	6.1	6.2
Net Profit	904.0	1,231.4	1,403.4	1,491.8	1,581.7
Growth (%)	39.3	36.2	14.0	6.3	6.0
Diluted EPS (HK\$)	0.266	0.334	0.381	0.405	0.429
EPS growth (%)	39.3	25.7	14.0	6.3	6.0
Change to previous EPS (%)			(5.1)	(17.1)	(22.2)
Consensus EPS (HK\$)			0.405	0.466	0.521
ROE (%)	6.8	8.1	8.3	8.1	8.0
P/E (x)	15.5	12.3	10.8	10.2	9.6
P/B (x)	1.2	1.1	1.1	1.0	0.9
Yield (%)	1.5	2.6	3.0	3.1	3.3
DPS (HK\$)	0.063	0.106	0.121	0.129	0.137

Source: Bloomberg, OP Research

Exhibit 2: Earnings Revision

(RMB mn)	FY15E			FY16E			FY17E			OP Comment
	New	Old	% Chg	New	Old	% Chg	New	Old	% Chg	
Revenue	48,999	51,760	(5.3)	51,974	56,226	(7.6)	55,190	61,127	(9.7)	Lower growth expectation in logistics
Opex	(47,859)	(50,312)	(4.9)	(50,810)	(54,429)	(6.6)	(54,012)	(58,914)	(8.3)	
EBIT	1,433	1,697	(15.6)	1,470	2,062	(28.7)	1,499	2,419	(38.0)	
Operating margin	2.9%	3.3%	(0.4)	2.8%	3.7%	(0.8)	2.7%	4.0%	(1.2)	
Net Profit	1,403	1,478	(5.1)	1,492	1,799	(17.1)	1,582	2,033	(22.2)	
Net margin	2.9%	2.9%	0.0	2.9%	3.2%	(0.3)	2.9%	3.3%	(0.5)	
Diluted EPS (HK\$)	0.381	0.401	(5.1)	0.405	0.488	(17.1)	0.429	0.552	(22.2)	

Source: OP Research

Absence of the Chairman and the President: On 24 March, Sinotrans & CSC, the parent group of Sinotrans (598 HK), announced SASAC has started a survey for a routine checkup on the management executions and business operations. Since Sinotrans' chairman Zhao Huxiang is also the chairman of the parent group, as shown in the photo below, he was one of the representatives with SASAC members to host the meeting for the middle and senior management in the group. As the meeting was held one day before Sinotrans post-result analyst briefing, we think the absence of chairman is reasonable. Besides, it is said the President Li Guanpeng has an injury on his knee one month ago, which makes him inconvenient to travel in long distance and, thus, unable to join the analyst briefing. We believe the market concern is unjustified and the over-reaction in share price correction (down 19% in 3 days) creates a decent buying opportunity if we consider the current valuation of the listco.

Exhibit 3: Chairman Zhao Huxiang was attending the meeting for the parent group



Source: Sinotrans & CSC website ([link](#))

Detailed analysis for FY14 results

Strong revenue growth in 2H14: We believe the market has overlooked Sinotrans strong revenue growth in 2H14 due to the disappointment from their bullish estimates in FY14 results. The total revenue jumped 14% in 2H14 was driven by double digit growth in freight forwarding, logistics and others segment. By the new business tax to VAT (BT-VAT) arrangement adopted in Sep 2014, we think the company has re-gained the customers lost during the early phase of BT-VAT policy. Besides, from strong demand in cross-border e-commerce and congestion in US west coast, air freight has shown robust growth in revenue and turnaround in profitability.

More recurring projects from logistics: Although project logistics has slowed down due to completion of some engineering logistics projects, the revenue from logistics segment increased 13% in 2H14 due to more recurring demand from contracted logistics in F&B and automobile segments given increasing middle class disposal income in China. With higher contribution from logistics segment in the future, we believe Sinotrans operating margin would be improved in FY15E.

Operating efficiency improvement: Even we are disappointed by the increase in staff costs under smaller number of employee in the company, Sinotrans has shown operating efficiency improvement by lower the office expenses by 9% in FY14. Besides, excluding the contribution from DHL-JV, other JVs under Sinotrans has turned around from loss to profit in FY14. The associates booked a loss of Rmb85mn in 2H14, which was caused by a one-off non-cash goodwill impairment for a UK company. Thus, we revised up our forecast in the profit shared from associates for FY15E and onward.

Higher dividend payout: The company has increased the dividend payout ratio from 24% to 32% or Rmb8.5 cents per shares in FY14. With 3% dividend yield in FY15E, we think it would offer a decent share price support for a company in an industry with growth potential and policy support.

Lower segment margin: Given a tough business environment for logistics industry in China, especially in 4Q14, segment margin has dropped in all sectors in 2H14. By channel check, the industry has shown solid recovery in the first 2 months of 2015 and we believe Sinotrans has been capturing market shares from other weaker players during the previous difficult time.

Slower expectation for asset injection: Sinotrans has been working with parent company to improve other subsidiaries efficiency through entrusted management agreement. Due to longer time in accounting for separating the assets in a SOE, it is uncertain for another round of asset injection in FY15E. Although we have not priced in any growth from potential acquisitions, we think it hurt the market sentiment, but already priced in stock price after the recent correction.

Huge cash outflow in financing: The company recorded Rmb918mn negative financing cashflow in FY14. By netting off the Rmb1.37bn raised through placement during 2H14, there were over Rmb2.2bn cash outflow in financing in FY14. We believe it is caused by sharp increase in prepayment and receivables as well as sharp decrease in payables, but strangely not counting as operating cashflow.

Target PE and TP revision: We lower our target PE from FY15E 16x PE to 14x PE due to lower sentiment on slower asset injection schedule, representing 23% discount to peers average and a decent safety margin. With revised down TP to HK\$5.3, it still offer 29% upside. We strongly believe it is a decent buying opportunity because of irrational market selling pressure driven by unjustified concerns.

Exhibit 4: Result summary

(RMB mn)	Restated 1H13	Restated 2H13	1H14	2H14	1H14 YOY	2H14 YOY
Revenue	23,842	21,561	21,071	24,588	-12%	14%
Other Income	69	94	84	119	23%	26%
Business tax and other surcharges	-60	-40	-46	-38	-23%	-7%
Transportation and related charges	-21,224	-18,598	-18,347	-21,543	-14%	16%
Staff costs	-1,313	-1,556	-1,411	-1,669	7%	7%
Depreciation and amortisation	-228	-336	-246	-342	8%	2%
Office and communication expenses	-243	-298	-214	-279	-12%	-6%
Other (losses)/gains, net	-26	-64	-79	66	207%	-202%
Other operating expenses	-177	-250	-206	-286	16%	14%
Operating profit (EBIT)	638	511	607	616	-5%	20%
Interest income	40	64	46	59	15%	-7%
Finance costs	-159	-152	-144	-144	-10%	-6%
Profit after financing costs	519	423	509	532	-2%	26%
Jointly controlled cos	241	408	374	431	55%	6%
Associated cos	20	-15	60	-85	205%	476%
Pre-tax profit	780	816	944	878	21%	8%
Tax	-161	-188	-218	-169	36%	-10%
Discontinued operations	-30	-4	10	71	-133%	-1733%
Minority interests	139	170	91	193	-34%	14%
Net profit	450	454	644	587	43%	29%

Source: OP Research

Exhibit 5: Result summary

(RMB mn)	Restated 1H13	Restated 2H13	1H14	2H14	1H14 YOY	2H14 YOY	FY13	FY14	YoY	OP Comment
Revenue breakdown										
Freight forwarding	19,264	16,704	16,284	19,173	-15%	15%	35,967	35,457	-1.40%	Strong revenue rebound in 2H14
Logistics	2,832	2,858	3,019	3,225	7%	13%	5,690	6,244	9.70%	Logistics has solid volume growth
Storage and terminal services	897	1,119	915	1,184	2%	6%	2,016	2,099	4.10%	
Others	849	880	853	1,007	0%	14%	1,730	1,860	7.60%	
Segment result										
Freight forwarding	368	345	379	334	3%	-3%	712	713	0.20%	
Logistics	158	112	184	114	16%	2%	271	298	10.10%	Lower ASP in 2H14
Storage and terminal services	176	220	177	198	0%	-10%	397	375	-5.40%	
Others	10	23	2	10	-78%	-55%	33	12	-62.00%	
Segment margin										
Freight forwarding	1.91%	2.06%	2.33%	1.74%	0.4	-0.3	1.98%	2.01%	0	
Logistics	5.59%	3.93%	6.08%	3.55%	0.5	-0.4	4.76%	4.77%	0	
Storage and terminal services	19.63%	19.70%	19.34%	16.73%	-0.3	-3	19.67%	17.87%	-1.8	
Others	1.12%	2.62%	0.25%	1.02%	-0.9	-1.6	1.88%	0.66%	-1.2	

Source: OP Research

Financial Summary

Year to Dec	FY13A	FY14A	FY15E	FY16E	FY17E
Income Statement (RMB mn)					
Freight forwarding	35,967	35,457	37,937	39,961	42,125
Logistic (3PL)	5,690	6,244	6,936	7,704	8,558
Storage and terminal services	2,016	2,099	2,187	2,281	2,381
Other services	1,730	1,860	1,939	2,028	2,126
Turnover	45,402	45,660	48,999	51,974	55,190
YoY%	(4)	1	7	6	6
Other income	163	203	218	232	246
Business tax and other surcharges	(101)	(84)	(90)	(95)	(101)
Transportation and related charges	(39,823)	(39,890)	(42,811)	(45,299)	(47,964)
Staff costs	(2,869)	(3,080)	(3,237)	(3,534)	(3,858)
Depreciation & Amortisation	(564)	(588)	(724)	(856)	(999)
Office and related expenses	(541)	(493)	(469)	(466)	(495)
Other opex	(427)	(492)	(528)	(560)	(595)
Total opex	(44,325)	(44,627)	(47,859)	(50,810)	(54,012)
Other profits / (losses), net	(90)	(13)	75	75	75
Operating profit (EBIT)	1,150	1,223	1,433	1,470	1,499
Operating margin	2.5%	2.7%	2.9%	2.8%	2.7%
Interest Income	104	105	108	114	120
Finance costs	(312)	(287)	(287)	(287)	(287)
Profit after financing costs	942	1,041	1,254	1,297	1,332
Associated companies & JVs	654	781	971	1,068	1,175
Pre-tax profit	1,596	1,822	2,225	2,365	2,507
Tax	(349)	(388)	(467)	(483)	(496)
Discontinued operations	(34)	81	0	0	0
Minority interests	(309)	(284)	(355)	(391)	(430)
Net profit	904	1,231	1,403	1,492	1,582
YoY%	39	36	14	6	6
Net margin	2.0%	2.7%	2.9%	2.9%	2.9%
EBITDA	1,714	1,811	2,157	2,326	2,498
EBITDA margin	3.8%	4.0%	4.4%	4.5%	4.5%
EPS (RMB)	0.213	0.267	0.305	0.324	0.343
YoY%	39	26	14	6	6
DPS (HK\$)	0.063	0.106	0.121	0.129	0.137
Year to Dec	FY13A	FY14A	FY15E	FY16E	FY17E
Cash Flow (RMB mn)					
EBITDA	1,714	1,811	2,157	2,326	2,498
Chg in working cap	52	(1,743)	(66)	(59)	(64)
Others	(101)	0	0	0	0
Operating cash	1,665	68	2,091	2,267	2,435
Interests paid	0	0	0	0	0
Tax	(352)	(259)	(282)	(467)	(483)
Net cash from operations	1,313	(191)	1,809	1,800	1,952
Capex	(1,387)	(1,160)	(1,470)	(1,559)	(1,656)
Investments	(532)	(466)	(462)	(470)	(478)
Dividends received	766	805	971	1,068	1,175
Sales of assets	84	84	84	84	84
Interests received	58	105	108	114	120
Others	(208)	(59)	0	0	0
Investing cash	(1,220)	(691)	(768)	(763)	(754)
FCF	93	(882)	1,040	1,038	1,197
Issue of shares	0	1,373	0	0	0
Buy-back	0	0	0	0	0
Minority interests	(73)	0	0	0	0
Dividends paid	(127)	(329)	(405)	(454)	(482)
Net change in bank loans	86	(6)	0	0	0
Others	(274)	(287)	(287)	(287)	(287)
Financing cash	(389)	751	(692)	(741)	(769)
Net change in cash	(296)	(131)	348	297	428
Exchange rate or other Adj	88	77	0	0	0
Opening cash	5,595	5,387	5,332	5,680	5,977
Closing cash	5,387	5,332	5,680	5,977	6,405
CFPS (HK\$)	0.386	(0.052)	0.491	0.489	0.530

Source: Company, OP Research

Year to Dec	FY13A	FY14A	FY15E	FY16E	FY17E
Ratios					
Gross margin (%)	n.a.	n.a.	n.a.	n.a.	n.a.
Operating margin (%)	2.5	2.7	2.9	2.8	2.7
Net margin (%)	2.0	2.7	2.9	2.9	2.9
Selling & dist'n exp/Sales (%)	6.3	6.7	6.6	6.8	7.0
Admin exp/Sales (%)	0.4	0.4	0.4	0.4	0.4
Payout ratio (%)	23.8	31.9	31.9	31.9	31.9
Effective tax (%)	37.0	37.2	37.2	37.2	37.2
Total debt/equity (%)	42.4	36.6	33.8	31.2	28.9
Net debt/equity (%)	Net cash	Net cash	Net cash	Net cash	Net cash
Current ratio (x)	1.3	1.3	1.3	1.3	1.3
Quick ratio (x)	1.3	1.3	1.3	1.3	1.3
Inventory T/O (days)	0	1	1	1	1
AR T/O (days)	63	68	68	68	68
AP T/O (days)	47	47	47	47	47
Cash conversion cycle (days)	17	23	23	23	23
Asset turnover (x)	1.5	1.4	1.4	1.4	1.4
Financial leverage (x)	2.2	2.1	2.0	2.0	1.9
EBIT margin (%)	2.5	2.7	2.9	2.8	2.7
Interest burden (x)	1.4	1.5	1.6	1.6	1.7
Tax burden (x)	0.6	0.7	0.6	0.6	0.6
Return on equity (%)	6.8	8.1	8.3	8.1	8.0
ROIC (%)	5.3	5.0	5.3	5.1	4.8
Year to Dec	FY13A	FY14A	FY15E	FY16E	FY17E
Balance Sheet (RMB mn)					
Fixed assets	10,612	10,154	10,970	11,750	12,490
Intangible assets & goodwill	124	128	111	95	82
Associated companies & JVs	3,323	3,690	4,001	4,313	4,625
Long-term investments	1,143	1,731	1,744	1,756	1,769
Other non-current assets	205	332	332	332	332
Non-current assets	15,406	16,034	17,158	18,247	19,298
Inventories	61	154	165	175	186
AR	7,897	8,523	9,147	9,702	10,303
Prepayments & deposits	1,147	1,553	1,667	1,768	1,877
Other current assets	1,053	1,112	1,112	1,112	1,112
Cash	5,387	5,332	5,680	5,977	6,405
Current assets	15,544	16,675	17,771	18,734	19,883
AP	5,880	5,862	6,291	6,673	7,086
Tax	150	205	467	483	496
Accruals & other payables	2,343	1,660	1,782	1,890	2,007
Bank loans & leases	855	748	748	748	748
CB & other debts	548	2,000	2,000	2,000	2,000
Other current liabilities	2,294	2,404	2,536	2,654	2,781
Current liabilities	12,070	12,879	13,823	14,447	15,117
Bank loans & leases	346	0	0	0	0
CB & other debts	3,999	2,993	2,993	2,993	2,993
Deferred tax & others	485	532	455	455	455
MI	2,516	2,883	3,238	3,628	4,058
Non-current liabilities	7,345	6,408	6,685	7,076	7,505
Total net assets	11,536	13,422	14,421	15,459	16,558
Shareholder's equity	11,536	13,422	14,421	15,459	16,558
Share capital	4,249	4,606	4,606	4,606	4,606
Reserves	7,287	8,816	9,814	10,852	11,952
BVPS (HK\$)	3.39	3.64	3.91	4.19	4.49
Total debts	5,962	5,961	5,961	5,961	5,961
Net cash/(debts)	478	483	831	1,128	1,556

Exhibit 6: Peer Group Comparison

Company	Ticker	Price	Mkt cap (US\$m)	3-mth		PER FY1	PER FY2	EPS FY1	EPS FY2	3-Yr EPS Cagr (%)	PEG (x)	Div yld Hist (%)	Div yld FY1 (%)	P/B Hist (x)	P/B FY1 (x)	EV/ Ebitda Hist	EV/ Ebitda Cur Yr	Gross Net margin gearing	Gross Net margin Hist (%)	Net margin Hist (%)	ROE Hist (%)	ROE FY1 (%)	Sh px 1-mth %	Sh px 3-mth %
				avg t/o (US\$m)	PER Hist (x)																			
Sinotrans Ltd-H	598 HK	4.11	2,442	7.8	12.3	10.8	10.2	14.0	6.3	8.7	1.24	2.6	3.0	1.13	1.05	10.2	8.4	Net cash	n.a.	2.7	8.1	8.3	(19.9)	(19.4)
HSI		24,486.20			10.3	11.7	10.5	(12.2)	11.2	2.5	4.75	3.7	3.4	1.36	1.27						13.3	10.9	(1.4)	4.9
HSCEI		11,898.09			8.6	8.2	7.4	3.8	11.6	8.4	0.98	3.6	3.8	1.25	1.11						14.6	13.5	(2.4)	2.9
CSI300		3,971.70			17.2	14.3	12.2	20.3	17.5	N/A	N/A	1.5	1.9	2.46	2.10						14.3	14.6	11.2	15.3
Adjusted sector avg*					24.3	20.7	18.1	14.0	14.0	12.9	1.65	1.9	1.8	3.64	3.44	12.9	11.5	19.0	18.3	10.3	19.7	18.1	(0.2)	3.8
Kerry Logistics	636 HK	11.52	2,513	2.6	11.8	16.8	14.9	(30.0)	12.4	(5.5)	N/A	1.5	1.3	1.40	1.23	12.4	9.9	1.2	N/A	7.9	13.6	7.7	2.7	(4.8)
Haier Electronic	1169 HK	19.98	6,941	7.7	17.4	14.8	12.5	17.0	18.6	N/A	N/A	0.5	0.7	3.74	3.25	10.8	8.8	0.0	14.7	3.6	25.5	24.8	(2.3)	6.5
Shenz Intl Hldg	152 HK	11.58	2,826	5.0	8.9	10.7	9.5	(16.5)	11.8	N/A	N/A	3.2	3.3	1.24	1.14	6.3	8.7	27.3	49.3	35.0	14.1	10.9	6.8	2.5
Sitc	1308 HK	4.15	1,386	0.7	11.5	8.6	7.4	32.8	16.1	17.6	0.49	6.0	4.3	1.75	1.54	9.6	6.9	0.0	12.1	8.8	15.7	17.5	(6.5)	(3.0)
Beijing Properti	925 HK	0.64	557	0.2	5.7	N/A	N/A	N/A	N/A	(100.0)	N/A	N/A	N/A	1.11	0.99	(68.6)	112.6	24.2	89.1	1,955.4	24.0	2.0	3.2	(1.5)
Asr Logistics	1803 HK	0.74	77	0.8	46.3	10.6	10.1	337.5	4.3	N/A	N/A	43.9	2.4	1.98	2.39	4.0	6.5	0.0	26.6	1.4	34.6	24.8	8.8	(28.1)
On Time Log	6123 HK	1.46	78	0.1	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	7.3	N/A	0.6	14.7	1.5	15.1	N/A	2.8	(20.2)
Deutsche Post-Rg	DPW GR	28.84	37,781	120.7	16.9	16.0	14.4	5.6	10.6	7.5	2.12	2.8	3.2	3.72	3.35	8.5	8.1	19.2	N/A	3.7	21.6	21.7	(4.9)	5.7
United Parcel-B	UPS US	96.64	87,195	354.7	29.2	18.7	16.9	56.0	10.7	24.5	0.76	2.8	2.9	40.85	18.66	13.7	9.8	347.7	18.1	5.2	70.4	120.9	(5.0)	(13.7)
Fedex Corp	FDX US	165.49	46,959	286.9	24.3	18.5	15.2	31.1	21.4	22.0	0.84	0.5	0.5	2.93	2.81	8.4	7.4	12.0	20.6	4.6	16.2	15.9	(6.5)	(5.9)
Kuehne & Nagel-R	KNIN VX	144.30	17,905	23.0	27.3	26.2	23.8	4.5	9.7	6.2	4.22	4.1	3.5	7.07	7.39	16.1	15.6	0.0	35.9	3.6	25.4	27.6	4.0	6.0
Panalpina We-Reg	PWTN SW	143.40	3,522	3.2	39.0	28.8	21.1	35.2	36.5	31.2	0.92	1.5	2.2	4.72	4.38	17.5	14.0	0.0	23.6	1.3	12.3	16.2	8.3	6.9
Tnt Express	TNTE NA	5.76	3,415	12.0	N/A	19.9	16.1	N/A	23.1	(202.7)	N/A	1.3	2.0	1.45	1.36	16.9	6.7	0.0	N/A	(3.0)	(8.5)	6.2	5.4	4.3
Expeditors Intl	EXPD US	48.06	9,215	53.8	25.0	22.5	20.3	11.4	10.6	10.1	2.22	1.3	1.5	4.93	5.06	12.8	11.8	0.0	13.2	5.7	19.1	22.3	(0.5)	7.5
Ch Robinson	CHRW US	73.14	10,702	143.2	23.9	21.4	19.4	11.6	10.3	9.7	2.21	2.0	2.1	10.23	10.47	14.6	13.1	100.7	7.9	3.3	45.3	46.7	(1.6)	(4.7)
Oesterreich.Post	POST AV	45.11	3,297	2.8	20.8	18.3	17.7	13.9	3.4	5.9	3.12	4.2	4.5	4.34	4.14	7.3	9.0	0.0	N/A	6.2	20.9	22.0	2.3	11.4
Dsv A/S	DSV DC	214.10	5,490	13.2	24.9	18.7	16.7	32.8	11.8	19.6	0.96	0.7	0.9	6.01	5.54	13.9	12.9	96.3	21.2	3.1	24.3	31.0	(0.6)	13.0
Bollore	BOL FP	4.93	15,404	16.2	54.8	35.7	32.0	53.3	11.6	23.6	1.51	0.6	1.1	1.53	1.53	16.8	15.5	18.1	N/A	2.1	2.8	4.1	0.6	29.3
Hunt (Jb) Trans	JBHT US	85.39	9,949	63.9	26.7	23.7	20.5	12.5	15.9	14.4	1.64	0.9	1.0	8.26	7.00	11.7	10.5	77.0	13.3	6.1	33.8	32.1	(0.1)	0.6
Hyundai Glovis	086280 KS	231,000.00	7,826	79.0	16.2	15.3	13.1	5.3	17.4	10.2	1.51	0.9	0.8	3.13	2.64	12.8	11.2	31.6	7.3	3.9	21.0	18.6	(3.1)	(19.2)
Nippon Express	9062 JP	655.00	5,829	23.5	25.6	21.5	18.2	18.9	18.0	13.9	1.55	1.5	1.5	1.29	1.29	9.2	8.6	37.1	7.1	1.5	6.2	6.2	(2.1)	7.2
Yamato Holdings	9064 JP	2,864.00	10,451	40.9	34.8	29.4	26.8	18.4	9.9	12.0	2.45	0.8	0.9	2.12	2.14	11.2	10.2	0.0	7.3	2.5	7.3	7.3	2.3	18.9
Blue Dart Expres	BDE IN	7,040.00	2,670	0.9	136.2	103.6	82.3	31.5	25.9	26.2	3.96	0.2	0.3	25.98	24.31	95.3	74.9	0.0	N/A	6.3	18.8	22.2	(1.1)	15.3
Singapore Post	SPOST SP	1.95	3,052	8.5	28.9	27.1	24.1	6.7	12.5	11.3	2.40	3.2	3.2	6.09	4.92	19.7	19.5	0.0	N/A	17.4	29.2	23.7	(2.5)	2.9

* Outliners and "N/A" entries are in red and excl. from the calculation of averages

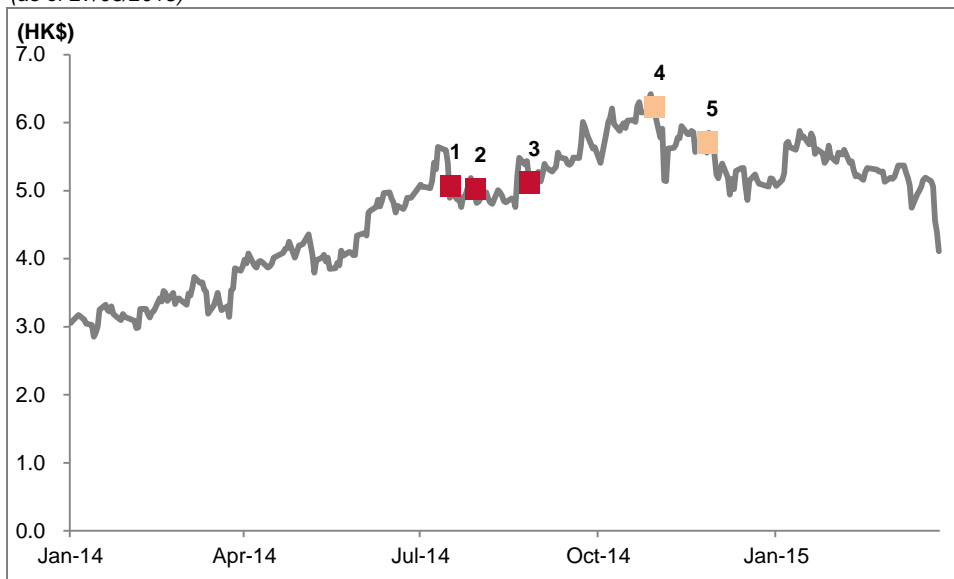
Source: Bloomberg, OP Research

Our recent reports

Date	Company / Sector	Stock Code	Title	Rating	Analyst
27/03/2015	BWI Intl	2339	FY14 earnings record huge gain of HK\$183 mn	NR	Kelvin Ng
25/03/2015	Sinotrans	598	FY14 result first take	HOLD	Bruce Yeung
25/03/2015	COOLPAD	2369	Question marks over Dazen JV bring some cool	HOLD	Yuji Fung
24/03/2015	Technovator	1206	NDR Takeaway	BUY	Yuji Fung
23/03/2015	Shenzhen International	152	Decent dividend from toll road subsidiary	BUY	Bruce Yeung
19/03/2015	Technovator	1206	FY14 results First Take	BUY	Yuji Fung
18/03/2015	Ju Teng Intl	3336	In-line FY14 result; Margin expansion resumed	BUY	Yuji Fung
17/03/2015	Kwoon Chung Bus	306	Value unlocked	NR	Bruce Yeung
12/03/2015	BWI Intl	2339	FY14 earnings hit huge gain of HK\$169 mn	NR	Kelvin Ng
10/03/2015	Technovator	1206	Spin-off and poised to swamp China	BUY	Yuji Fung
03/03/2015	TCL COMM	2618	Strong guidance ahead	BUY	Yuji Fung
06/02/2015	Technovator	1206	Positive signaling from stake increase by ParentCo	BUY	Yuji Fung
04/02/2015	Beijing Properties	925	Divest for reinvesting logistics properties	BUY	Bruce Yeung
03/02/2015	TK Group	2283	When the best is served by the best of best	NR	Lindsay Hu/ Yuji Fung
15/01/2015	Ju Teng Intl	3336	Correction overdone	BUY	Yuji Fung
12/01/2015	TCL COMM	2618	Profits soar with Iron Man, X-men and OneTouch	BUY	Yuji Fung
09/01/2015	Technovator	1206	Past year promising, New Year winning	BUY	Yuji Fung
06/01/2015	Sinomedia	623	Downgrade on economic slowdown	HOLD	Yuji Fung
05/01/2015	SCUD Group	1399	Beneficiary of Xiaomi Success	BUY	Yuji Fung
22/12/2014	China Fiber Optic Network	3777	Penetrating into a broadband service provider	BUY	Yuji Fung
10/12/2014	SCUD Group	1399	Introducing Value Partner as 2nd largest shareholder	BUY	Vivien Chan/ Yuji Fung
08/12/2014	Great Wall Motor	2333	SUV sales accelerates	BUY	Vivien Chan
27/11/2014	PAX Global	327	Overseas expansion on track	HOLD	Vivien Chan
26/11/2014	BWI Intl	2339	A Chinese-owned, Global Auto Parts Leader with a strong product	NR	Vivien Chan
24/11/2014	Tiangong	826	Solid order growth remains	BUY	Vivien Chan
19/11/2014	Sinotrans	598	A shift to risk aversion	HOLD	Bruce Yeung
17/11/2014	CMGC	8081	Mobile game coming to the stage	NR	Lindsay Hu/ Yuji Fung

Historical recommendations and target price: Sinotrans (598 HK)

(as of 27/03/2015)



1	11 Jul 2014	BUY, Target price HK\$6.5	4	29 Oct 2014	BUY -> HOLD, Target price change HK\$7.20
2	17 Jul 2014	BUY, Target price change HK\$6.07	5	19 Nov 2014	HOLD, Target price change HK\$6.4
3	22 Aug 2014	BUY, Target price change HK\$6.20			

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Hold (H)	We expect this stock to perform in line with the relevant benchmark over the next 12 months.
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Relevant Benchmark	Represents the stock closing price as at the date quoted in this report.

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