



## Company Report: China Resources Enterprise (00291 HK)

公司报告: 华润创业 (00291 HK)

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# Revised Binding Disposal Proposal, Maintain “Neutral”

经修订具约束力的出售建议, 维持“中性”评级

Rating:

**Neutral**

Maintained

评级:

中性 (维持)

6-18m TP 目标价:

**HK\$24.12**

Revised from 原目标价:

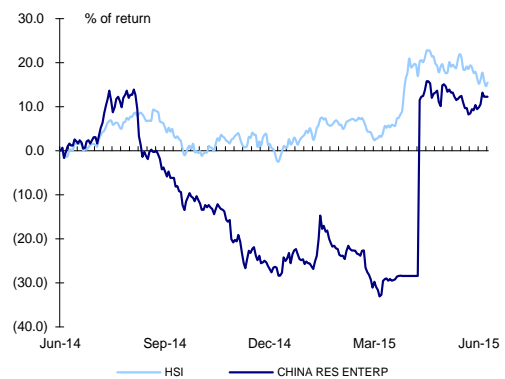
HK\$23.01

Share price 股价:

HK\$24.950

### Stock performance

股价表现



Change in Share Price 股价变动	1 M 1 个月	3 M 3 个月	1 Y 1 年
Abs. % 绝对变动 %	3.7	65.7	17.4
Rel. % to HS index 相对恒指变动 %	7.1	56.3	1.9
Avg. share price(HK\$) 平均股价 (港元)	23.7	21.2	19.2

Source: Bloomberg, Guotai Junan International.

- **Turnover of beer division in 1Q15 rose 8.0% YoY to HK\$ 8,509 million and shareholders' net profit was HK\$ 51 million, up 750% YoY.** Beer sales volume reached to 26.5 million hectoliters, up 2.7% YoY and ASP increased by 5.2% YoY in 1Q15.
- **CRE entered into an agreement with CRH to revise terms for proposed disposal of non-beer business.** The disposal price increases from HK\$ 28 billion to HK\$ 30 billion and special dividend per share rises from HK\$ 11.50 to HK\$ 12.30. The maximum percentage of shares to be acquired under partial offer increased from 10% to 20%.
- **Revise up TP to HK\$ 24.12 and maintain the investment rating as “Neutral”.** We adopt the sum-of-the-parts method to derive the TP of CRE before the restructure. The beer business equals HK\$ 11.20 per share, corresponding to 31.0x 2015 PER and 1.91x 2015 PBR. Together with revised partial cash offer and special dividend, we raise TP to HK\$ 24.12 and maintain the investment rating as “Neutral”.
- **2015 年第一季度啤酒业务收入同比上升 8.0% 至 8,509 百万港元, 股东净利录得 51 百万港元, 同比上升 750%。** 第一季度啤酒销量达到 26.5 亿升, 同比上升 2.7%; 平均销售价格上升 5.2%。
- **华润创业与华润集团达成协议修订非啤酒业务的出售条款。** 出售价格从 280 亿港元上升至 300 亿港元, 每股特别股息由 11.50 港元上调至 12.30 港元。部分收购中拟收购股份的最大比例由 10% 增加至 20%。
- **上调目标价至 24.12 港元, 维持投资评级为“中性”。** 我们采用分部加法计算得出未完成重组的华润创业的目标价。啤酒业务估值为每股 11.20 港元, 相当于 31.0 倍 2015 年市盈率及 1.91 倍 2015 年市净率。连同修改后的现金收购和特别股息, 我们调高目标价至 24.12 港元, 维持投资评级“中性”。

Year End 年结 12/31	Turnover 收入 (HK\$ m)	Net Profit 股东净利 (HK\$ m)	EPS 每股净利 (HK\$)	EPS 每股净利变动 (△%)	PER 市盈率 (x)	BPS 每股净资产 (HK\$)	PBR 市净率 (x)	DPS 每股股息 (HK\$)	Yield 股息率 (%)	ROE 净资产收益率 (%)
2013A	32,994	944	0.393	14.6	63.5	5.458	4.6	0.271	1.1	7.2
2014A	34,482	761	0.314	(20.0)	79.4	5.724	4.4	0.269	1.1	5.6
2015F	36,105	876	0.362	15.2	68.9	5.872	4.2	12.409	49.7	6.2
2016F	37,844	1,010	0.417	15.3	59.8	6.173	4.0	0.125	0.5	6.9
2017F	39,707	1,113	0.460	10.2	54.3	6.501	3.8	0.138	0.6	7.3

Shares in issue (m) 总股数 (m)	2,421.4	Major shareholder 大股东	China Resources Co., Ltd. 51.6%
Market cap. (HK\$ m) 市值 (HK\$ m)	60,413.1	Free float (%) 自由流通比率 (%)	48.1
3 month average vol. 3 个月平均成交股数 ('000)	8,903.3	FY15 Est. NAV (HK\$) FY15 年每股估值 (港元)	24.1
52 Weeks high/low (HK\$) 52 周高/低	26.150 / 14.040		

Source: the Company, Guotai Junan International.

**Beer division of CRE reported 8% revenue growth in 1Q15, reaching RMB 8,509 million.** The growth was driven by both sales volume increase and ASP improvement. Sales volume increased to 26.5 million hectoliters, up 2.7% YoY, in line with our full year estimate of 3.2%. Suffered from slowdown in macro economy in China, the total production volume of beer industry in China dropped 2.18% in 1Q15 according to National Statistics Bureau of China. CRE delivered a pretty decent result which was mainly thanks to the expansion and improvement of sales and distribution channels, enhanced capacity and investment in market promotion according to the management. CRE's strategy of updated the product mix to penetrate the mid-end to high-end market began to work. Total sales volume of mid-end and premium products in 1Q15 recorded a rapid growth of 30% YoY and further increased the overall ASP by 5.2% YoY.

**Net profit attributed to shareholders increased to HK\$ 51 million in 1Q15, up 750%.** The significant increase was mainly due to the low base in 1Q14 which partly impacted by the integration with Kingway. On the other hand, first and fourth quarters are normally the slack seasons contributing little or negative net profit for the full year. EBITDA reached HK\$ 865 million, up 29% YoY. EBITDA margin increased from 8.5% in 1Q14 to 10.2%, benefiting from centralized procurement and economies of scale, which partially counteracted the cost pressure.

**CRE announced that the Company and its parent CRH entered into an agreement to revise terms for proposed disposal of non-beer businesses.** The supplement agreement took changes in general market conditions into consideration and also reflected CRH's change of view in non-beer business value. Firstly, the total consideration payable for all of the non-beer businesses has increased from HK\$ 28 billion to HK\$ 30 billion. Secondly, as a result of increased consideration for the disposal, the special dividend will rise from HK\$ 11.5 per share to HK\$ 12.3 per share. Thirdly, CRH is to increase the maximum number of shares to be acquired under the partial offer from 242 million shares to 484 million shares which represents around approximately 20.0% of total issued shares or 41.5% of free float shares. The partial offer price per share remains HK\$ 12.7. The revised proposed disposal will provide more value to the independent shareholders and reflects CRH's confidence to CRE. In addition, CRH has agreed to provide shareholder's loan of up to maximum aggregate amount of HK\$ 10 billion for duration of no more than three years to further support CRE's beer business.

## VALUATION

**Maintain "Neutral" and raise TP to HK\$24.12.** We maintain our valuation of CRE's beer business at HK\$ 11.20, corresponding to 31.0x 2015 PER and 1.91x 2015 PBR. We adopt a SOTP method to derive the target price to HK\$ 24.12 of new CRE, based on 1) 31.0x 2015 PER and 1.91x 2015 PBR for the CRE beer business; 2) special dividend of HK\$ 12.30 per share 3) partial cash offer at 12.70 per share. Details of calculation are as below:

**Table-1: SOTP Valuation Process**

	HK\$
Valuation of CRE Beer Business	11.20
58.54% after Cash Offer	6.56
41.46% Shares Taken Up by CRH at HK\$ 12.7	5.27
Special dividend	12.30
<b>Value per Share</b>	<b>24.12</b>

Source: Guotai Junan International.

**Table-2: Peers Comparison**

Company	Stock Code	Currency	Last price	Market Cap (HK\$ mn)	PER(x)				PBR(x)	ROE (%)	DY (%)	EV/EBITDA	ROA (%)
					14A	15F	16F	17F	15F	15F	15F		15F
<b>HK - Listed Brewery</b>													
Tsingtao Brewery	168 HK	HKD	48.850	73,499	26.3	25.0	22.6	21.0	3.1	13.1	1.2	16.2	7.4
CRE	291 HK	HKD	24.950	60,413	n.a.	122.9	60.1	36.7	1.3	1.5	0.7	11.5	0.6
Simple Average <sup>1</sup>					26.3	25.0	22.6	21.0	3.1	13.1	1.2	16.2	7.4
Weighted Average <sup>1</sup>					26.3	25.0	22.6	21.0	3.1	13.1	1.2	16.2	7.4
<b>PRC - Listed Brewery</b>													
Tsingtao	600600 CH	CNY	47.750	73,500	32.4	30.3	27.6	25.1	3.8	13.0	1.0	16.0	7.4
Beijing Yanjing	000729 CH	CNY	11.260	39,510	43.5	37.2	34.1	28.2	2.5	6.7	0.9	n.a.	4.3
Chongqing Brewery	600132 CH	CNY	25.830	15,612	172.2	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Fujian Yanjinghuiquan	600573 CH	CNY	17.700	5,526	136.2	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Simple Average					96.1	33.7	30.9	26.6	3.1	9.8	0.9	16.0	5.8
Weighted Average					56.2	32.7	29.9	26.2	3.3	10.8	0.9	16.0	6.3
<b>HK - Listed Staple</b>													
Want Want	151 HK	HKD	8.390	110,250	23.0	20.1	18.3	17.3	5.8	31.6	2.9	13.1	15.9
Uni-President China	220 HK	HKD	6.860	29,631	75.9	32.5	27.2	23.2	2.0	6.4	0.6	12.3	3.5
Tingyi	322 HK	HKD	15.640	87,648	28.2	23.2	20.3	18.4	3.3	14.6	2.1	9.8	5.6
China Foods	506 HK	HKD	5.190	14,518	n.a.	53.0	33.5	25.6	2.3	4.2	0.2	16.2	1.3
Hengan Intl	1044 HK	HKD	92.000	112,646	28.9	24.2	21.0	18.3	5.8	25.0	2.5	15.8	11.0
China Yurun Food	1068 HK	HKD	3.300	6,015	106.5	82.5	55.0	n.a.	0.4	0.4	2.0	10.4	0.3
China Mengniu Dairy	2319 HK	HKD	41.700	81,784	27.4	23.3	19.7	16.2	2.7	12.2	1.1	14.8	6.1
Vinda International	3331 HK	HKD	16.340	16,321	27.5	23.7	19.7	16.3	2.9	12.9	1.1	15.3	5.5
Simple Average					45.3	35.3	26.8	19.3	3.2	13.4	1.6	13.5	6.2
Weighted Average					31.1	25.1	21.2	18.2	4.3	19.7	2.0	13.5	9.2
<b>International Brewery</b>													
AB Inbev	ABI BB	EUR	108.900	1,534,842	25.6	22.4	21.3	20.0	3.7	16.9	2.9	13.1	6.2
Sabmiller	SAB LN	GBp	3,363.000	668,136	25.2	26.3	21.3	19.8	3.5	13.3	2.2	16.9	6.7
Diageo	DGE LN	GBp	1,903.500	588,201	21.2	21.0	19.6	18.3	6.4	31.5	2.8	16.3	9.2
Heineken	HEIA NA	EUR	68.430	345,426	25.9	19.9	17.9	16.3	2.9	14.9	1.8	10.7	5.8
Carlsberg	CARLB DC	DKK	615.000	111,400	21.3	18.0	15.9	14.3	1.6	8.7	1.5	9.9	3.6
Kirin	2503 JP	JPY	1,732.500	99,686	49.1	35.4	30.7	27.6	1.5	4.2	2.2	9.5	2.4
Asahi	2502 JP	JPY	4,016.500	122,275	27.0	22.9	20.6	18.8	2.0	9.5	1.3	11.2	4.4
Simple Average					27.9	23.7	21.0	19.3	3.1	14.2	2.1	12.5	5.5
Weighted Average					25.4	22.9	20.7	19.3	3.8	17.6	2.5	13.9	6.5

Source: Bloomberg, Guotai Junan International.  
 Note: 1. Excluding CRE.



### Appendix: Simplified Financial Statements after Restructuring

Year End Dec.	INCOME STATEMENT				
HK\$ mn	2013A	2014A	2015F	2016F	2017F
Turnover	32,994	34,482	36,105	37,844	39,707
Cost of sales	(22,106)	(23,034)	(24,046)	(25,128)	(26,286)
Gross profit	10,888	11,448	12,059	12,716	13,421
Profit before tax	2,467	1,989	2,291	2,642	2,910
Taxation	(617)	(497)	(573)	(660)	(728)
Profit from operations	1,850	1,492	1,718	1,981	2,183
Non-controlling interests	(907)	(731)	(842)	(971)	(1,070)
Net profit	944	761	876	1,010	1,113
EPS (HK\$) Basic	0.393	0.314	0.362	0.417	0.460
DPS (HK\$)	0.271	0.269	12.409	0.125	0.138

Source: the Company, Guotai Junan International.

Year End Dec.	BALANCE SHEET				
HK\$ mn	2013A	2014A	2015F	2016F	2017F
Total assets	58,133	57,770	59,262	62,294	65,606
Total liabilities	32,418	30,592	31,382	32,988	34,741
Non-controlling interest	12,600	13,317	13,661	14,360	15,124
Shareholders' equity	13,115	13,861	14,219	14,946	15,741
BPS (HK\$)	5.458	5.724	5.872	6.173	6.501

### Company Rating Definition

The Benchmark: Hong Kong Hang Seng Index

Time Horizon: 6 to 18 months

Rating	Definition
Buy	Relative Performance > 15%; or the fundamental outlook of the company or sector is favorable.
Accumulate	Relative Performance is 5% to 15%; or the fundamental outlook of the company or sector is favorable.
Neutral	Relative Performance is -5% to 5%; or the fundamental outlook of the company or sector is neutral.
Reduce	Relative Performance is -5% to -15%; or the fundamental outlook of the company or sector is unfavorable.
Sell	Relative Performance < -15%; or the fundamental outlook of the company or sector is unfavorable.

### Sector Rating Definition

The Benchmark: Hong Kong Hang Seng Index

Time Horizon: 6 to 18 months

Rating	Definition
Outperform	Relative Performance > 5%; or the fundamental outlook of the sector is favorable.
Neutral	Relative Performance is -5% to 5%; or the fundamental outlook of the sector is neutral.
Underperform	Relative Performance < -5%; or the fundamental outlook of the sector is unfavorable.

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