



Rating
Buy

Asia
China

Transportation
Logistics

Company
Sinotrans

Reuters 0598.HK	Bloomberg 0598 HK	Exchange HSI	Ticker 0598
ADR Ticker SNOTY	ISIN US82937M1071		

Date
19 November 2015

Initiation of Coverage

Price at 18 Nov 2015 (HKD)	4.32
Price target - 12mth (HKD)	6.30
52-week range (HKD)	6.29 - 3.26
HANG SENG INDEX	22,188

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Our top pick in China's logistics space; initiating with Buy

Well positioned for industry consolidation and group restructuring

In addition to its stronger exposure to intra-Asia and domestic trade flows, we also like its asset-light model, which has led to more efficient asset turnover than peers. This, along with its potential to further lever up, should enable Sinotrans to deliver better ROEs ahead, in our view. Meanwhile, the company is also well positioned to be an industry consolidator and is likely to become a major logistics platform if a merger between China Merchants and Sinotrans Group goes ahead. Initiating with a Buy and a target price of HK\$6.3.

Stronger exposure to intra-Asia and domestic markets

Freight forwarding accounted for 77% of total revenue in 1H15, of which nearly half came from intra-Asia. The higher exposure to intra-Asia should enable it to grow at a relatively steady pace, in our view. Logistics made up 15% revenue in 1H. On the back of the strong growth in the domestic logistics sector, we expect its logistics segment to grow at double-digit rates in the coming years, driving a CAGR of 11% for the bottom line over 2015-17E.

Efficient asset turnover and decent room to lever up

Thanks to its asset-light model, Sinotrans' asset turnover is more efficient than Chinese peers' (although lower than some global leaders'). Although net margin of 2.7% has fallen behind the average of 3.5% for the asset-light group, we expect it to gradually improve, on expansion in the logistics segment. Moreover, its leverage (i.e. asset/equity) ratio of 2.5x is still lower than global freight forwarders'. Along with its net cash position, we see decent room for leveraging up, leading to a better ROE.

Valuation and risks

We assign 13x PE for its freight forwarding and 15x P/E for its logistics segments, lower than the average of 20x for global leaders in the field. Storage and terminal services are valued at 9x P/E, slightly lower than the average of 10x P/E for Chinese ports. We value DHL-Sinotrans at 16x P/E, in line with the express sector average. Our SOTP-based TP of HK\$6.3 translates into 17x 2016E P/E, a discount to global peers' average of 20x. Weaker-than-expected trade flow is key risk. Poor execution of expansion is a company risk.

Forecasts And Ratios

Year End Dec 31	2013A	2014A	2015E	2016E	2017E
Sales (CNYm)	45,301.4	45,575.9	47,398.6	49,321.0	51,350.7
EBITDA (CNYm)	1,713.8	1,811.2	2,463.1	2,560.2	2,663.2
Reported NPAT (CNYm)	904.0	1,231.4	1,424.0	1,549.3	1,663.0
DB EPS FD(CNY)	0.221	0.261	0.323	0.352	0.377
DB EPS growth (%)	44.6	18.3	23.8	8.8	7.3
PER (x)	6.0	13.7	11.2	10.3	9.6
EV/EBITDA (x)	2.9	8.3	5.8	5.1	4.4
DPS (net) (CNY)	0.050	0.089	0.074	0.081	0.087
Yield (net) (%)	3.8	2.5	2.0	2.2	2.4

Source: Deutsche Bank estimates, company data

¹ DB EPS is fully diluted and excludes non-recurring items

² Multiples and yields calculations use average historical prices for past years and spot prices for current and future years, except P/B which uses the year end close

Price/price relative



Performance (%)	1m	3m	12m
Absolute	-2.4	-1.7	-23.1
HANG SENG INDEX	-3.8	-4.2	-5.1

Source: Deutsche Bank

Deutsche Bank AG/Hong Kong

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Model updated: 19 November 2015

Running the numbers

Asia

China

Logistics

Sinotrans

Reuters: 0598.HK

Bloomberg: 0598 HK

Buy

Price (18 Nov 15) HKD 4.32

Target Price HKD 6.30

52 Week range HKD 3.26 - 6.29

Market Cap (m) HKDm 19,429
USDm 2,507

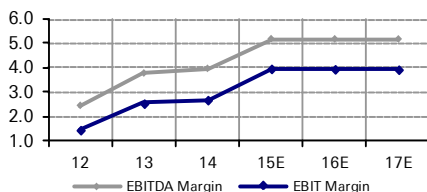
Company Profile

Sinotrans Limited is a leading global logistics provider. The Company is principally engaged in ocean and air freight, road and rail transport, international express, shipping agency, storage and terminal services, and logistics services.

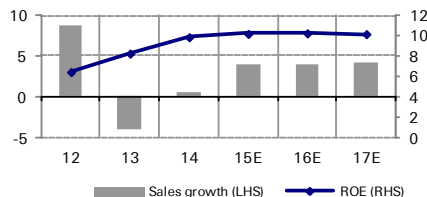
Price Performance



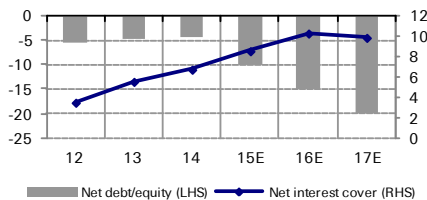
Margin Trends



Growth & Profitability



Solvency



Fiscal year end 31-Dec

Financial Summary

	2012	2013	2014	2015E	2016E	2017E
DB EPS (CNY)	0.15	0.22	0.26	0.32	0.35	0.38
Reported EPS (CNY)	0.15	0.21	0.28	0.32	0.35	0.38
DPS (CNY)	0.03	0.05	0.09	0.07	0.08	0.09
BVPS (CNY)	2.4	2.7	3.0	3.3	3.6	3.9
Weighted average shares (m)	4,249	4,249	4,406	4,406	4,406	4,406
Average market cap (CNYm)	4,095	5,610	15,777	16,004	16,004	16,004
Enterprise value (CNYm)	3,399	4,917	15,073	14,238	13,050	11,769

Valuation Metrics

P/E (DB) (x)	6.3	6.0	13.7	11.2	10.3	9.6
P/E (Reported) (x)	6.3	6.2	12.8	11.2	10.3	9.6
P/BV (x)	0.39	0.82	1.32	1.10	1.02	0.94
FCF Yield (%)	nm	nm	1.6	2.2	2.2	1.9
Dividend Yield (%)	3.1	3.8	2.5	2.0	2.2	2.4
EV/Sales (x)	0.1	0.1	0.3	0.3	0.3	0.2
EV/EBITDA (x)	2.9	2.9	8.3	5.8	5.1	4.4
EV/EBIT (x)	5.0	4.3	12.3	7.6	6.7	5.8

Income Statement (CNYm)

Sales revenue	47,215	45,301	45,576	47,399	49,321	51,351
Gross profit	7,590	5,479	5,686	5,902	6,130	6,370
EBITDA	1,158	1,714	1,811	2,463	2,560	2,663
Depreciation	456	540	564	558	586	616
Amortisation	19	24	24	24	25	26
EBIT	683	1,150	1,223	1,882	1,949	2,021
Net interest income/(expense)	-196	-208	-182	-220	-190	-205
Associates/affiliates	746	654	781	980	1,114	1,269
Exceptionals/extraordinaries	0	-34	81	0	0	0
Other pre-tax income/(expense)	0	0	0	0	0	0
Profit before tax	1,233	1,596	1,822	2,642	2,874	3,085
Income tax expense	322	349	388	793	862	926
Minorities	262	309	284	425	463	497
Other post-tax income/(expense)	0	0	0	0	0	0
Net profit	649	904	1,231	1,424	1,549	1,663
DB adjustments (including dilution)	0	34	-81	0	0	0
DB Net profit	649	938	1,150	1,424	1,549	1,663

Cash Flow (CNYm)

Cash flow from operations	381	1,491	1,108	1,311	1,356	1,359
Net Capex	-1,380	-1,795	-850	-957	-1,006	-1,058
Free cash flow	-998	-303	257	354	349	301
Equity raised/(bought back)	0	0	1,333	0	0	0
Dividends paid	-152	-254	-468	-328	-356	-382
Net inc/(dec) in borrowings	1,333	72	-783	759	0	700
Other investing/financing cash flows	-102	106	-401	1,036	1,195	1,362
Net cash flow	81	-379	-61	1,821	1,188	1,980
Change in working capital	-587	80	-486	-34	-17	-18

Balance Sheet (CNYm)

Cash and other liquid assets	6,372	6,439	6,444	8,266	9,454	11,435
Tangible fixed assets	6,367	7,856	7,365	7,741	8,137	8,552
Goodwill/intangible assets	2,450	2,661	2,736	2,736	2,736	2,736
Associates/investments	4,755	4,465	5,421	5,470	5,525	5,589
Other assets	9,344	9,529	10,743	11,155	11,590	12,049
Total assets	29,288	30,951	32,709	35,368	37,442	40,361
Interest bearing debt	5,677	5,747	5,741	6,500	6,500	7,200
Other liabilities	10,884	11,152	10,663	11,042	11,460	11,901
Total liabilities	16,561	16,899	16,404	17,541	17,960	19,101
Shareholders' equity	10,362	11,536	13,422	14,519	15,712	16,992
Minorities	2,365	2,516	2,883	3,308	3,771	4,267
Total shareholders' equity	12,728	14,052	16,305	17,827	19,483	21,260
Net debt	-696	-692	-704	-1,766	-2,954	-4,235

Key Company Metrics

Sales growth (%)	8.7	-4.1	0.6	4.0	4.1	4.1
DB EPS growth (%)	1.0	44.6	18.3	23.8	8.8	7.3
EBITDA Margin (%)	2.5	3.8	4.0	5.2	5.2	5.2
EBIT Margin (%)	1.4	2.5	2.7	4.0	4.0	3.9
Payout ratio (%)	19.6	23.5	31.8	23.0	23.0	23.0
ROE (%)	6.4	8.3	9.9	10.2	10.2	10.2
Capex/sales (%)	3.2	4.2	2.9	2.0	2.0	2.1
Capex/depreciation (x)	3.2	3.4	2.2	1.6	1.6	1.6
Net debt/equity (%)	-5.5	-4.9	-4.3	-9.9	-15.2	-19.9
Net interest cover (x)	3.5	5.5	6.7	8.5	10.3	9.9

Source: Company data, Deutsche Bank estimates



Investment Thesis

Outlook

As a leading integrated logistics provider in China, Sinotrans is mainly involved in freight forwarding, specialized logistics, storage and terminal, and trucking & express services.

Freight forwarding accounted for 77% of its total revenue in 1H15, followed by logistics with about 15%. While the soft prospects for inter-regional trade might affect its freight forwarding business, its higher exposure to the intra-Asia market should enable it to grow at a relatively steady pace, in our view. In addition, on the back of the strong growth in the domestic logistics sector, we expect its logistics segment to grow at double-digit rates in the coming years. Along with higher margins produced by its logistics segment (vs. freight forwarding) and a strong contribution from DHL-Sinotrans JV, we expect Sinotrans' bottom line to grow by 11% on average over 2015-17E. We initiate on Sinotrans with a Buy rating and target price of HK\$6.3.

Valuation

We adopt an SOTP valuation methodology. We assign 13x PE for its freight forwarding and 15x P/E for its logistics segments, lower than the average of 20x for global leaders in the field. Storage and terminal services are valued at 9x P/E, which is slightly lower than the average of 10x P/E for Chinese ports. We value DHL-Sinotrans at 16x P/E, in line with the express sector average.

Our SOTP valuation produces a target price of HK\$6.3 for Sinotrans, which translates into 17x 2016E P/E. We think this looks fair considering that global peers on average are trading at 20x 2016E P/E.

Risks

The key macro risk is weaker trade flows (particularly intra-Asia and domestic) than we expect, which would result in lower-than-expected revenue. On the company front, we see poor execution of its expansion strategy as a major risk.



Sinotrans Limited is our top pick in China's logistics

Investment summary

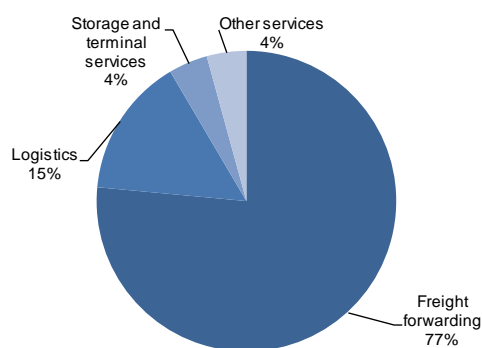
We initiate on Sinotrans Limited (598 HK) with a Buy rating and a target price of HK\$6.3. In addition to its stronger exposure to intra-Asia and domestic trade flows, we also like its asset-light model, which has led to more efficient asset turnover than peers. This, along with its potential to further lever up should enable Sinotrans to deliver better ROEs ahead, in our view. Meanwhile, the company is also well positioned to be an industry consolidator and is likely to become a major logistics platform if a merger between China Merchants and Sinotrans Group goes ahead.

Stronger exposure to intra-Asia and domestic markets

As a leading integrated logistics provider in China, Sinotrans is mainly involved in freight forwarding, specialized logistics, storage and terminal, and trucking & express services.

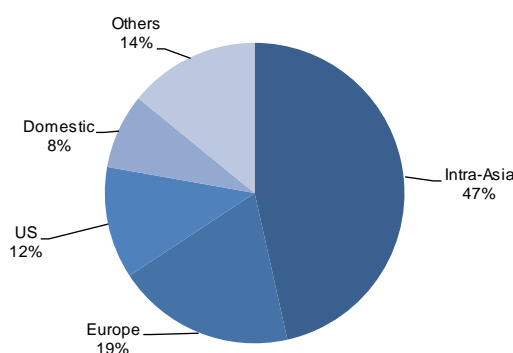
Freight forwarding accounted for 77% of its total revenue in 1H15, followed by logistics with about 15% (Figure 1). While the soft prospects for inter-regional trade might affect its freight forwarding business, its higher exposure to the intra-Asia market should enable it to grow at a relatively steady pace, in our view (Figure 2). In addition, on the strong growth in the domestic logistics sector, we expect its logistics segment to grow at double-digit rates in the coming years.

Figure 1: Freight forwarding dominates revenue



Source: Deutsche Bank, company data

Figure 2: By region, intra-Asia accounts for 47%

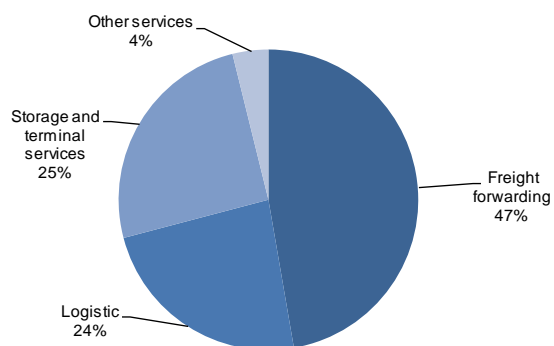


Source: Deutsche Bank, company data

In terms of operating profit, freight forwarding accounted for 47% in 1H15, followed by storage and terminal with 25% and logistics with 24% (Figure 3). At the bottom-line, however, DHL-Sinotrans, which is a JV between Sinoair (600270 CH) and DHL and mainly operates an air express service, contributed 33% in 1H15. Currently, Sinotrans holds a 63.46% stake in Sinoair, which in turn holds a 50% stake in DHL-Sinotrans.

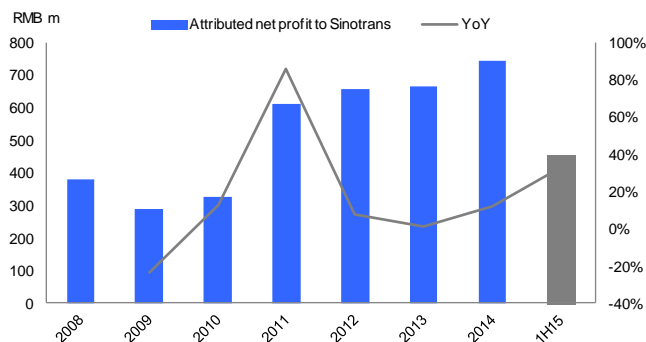


Figure 3: Freight forwarding EBIT also dominates



Source: Deutsche Bank, company data

Figure 4: Net profit of DHL-Sinotrans growing strongly

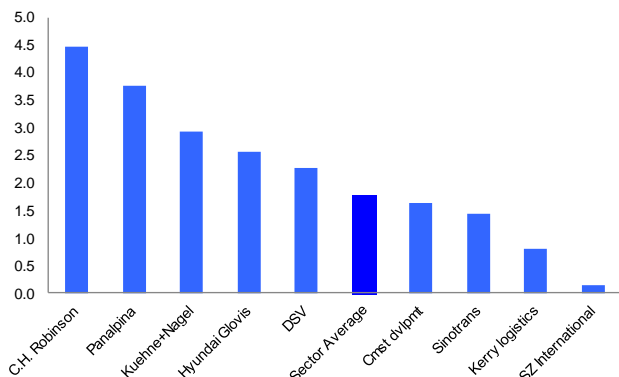


Source: Deutsche Bank, company data

Efficient asset turnover and decent room to lever up

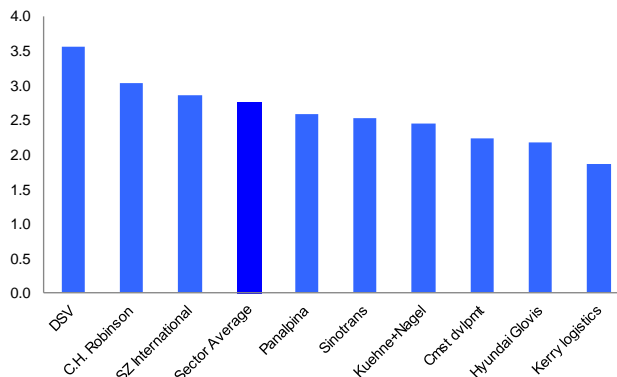
Thanks to its asset-light model, Sinotrans' asset turnover is more efficient than its Chinese peers' (although lower than some global leaders'). On the margin front, although its net margin of 2.7% has fallen behind the average of 3.5% for the asset-light group, we expect it to gradually improve on expansion in the logistics segment. Moreover, the company's leverage (i.e. asset/equity) ratio of 2.5x is still lower than global freight forwarders'. Along with its net cash position, we see decent room for leveraging up, leading to a better ROE.

Figure 5: Sinotrans' asset turnover vs. peers



Source: Deutsche Bank, Bloomberg Finance LP

Figure 6: Sinotrans' leverage vs. peers



Source: Deutsche Bank, Bloomberg Finance LP

Well positioned for industry consolidation and group restructuring

As a leading integrated logistics provider in China, we think Sinotrans is well positioned to benefit from industry consolidation. With its SOE status and well-developed logistics network in China, we believe the company has a good chance of evolving into an integrator going forward.

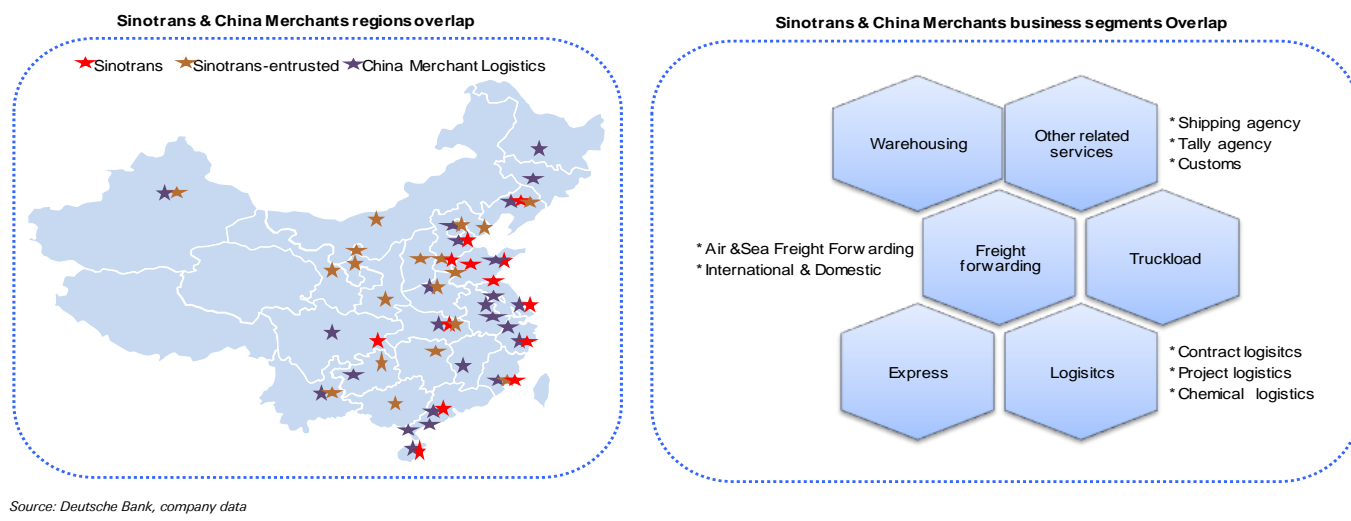
In addition, Sinotrans Limited is designated as a logistics platform for the Sinotrans & CSC Group, and we see further potential for asset injections by the parent going forward. Indeed, Sinotrans has already been entrusted to provide management services to the parent for certain logistics assets. We believe the



listco is highly likely to eventually acquire these assets. In 2014, it acquired 11 subsidiaries from the parent for an aggregate amount of RMB901m.

Lastly, although the asset overlap between China Merchants and Sinotrans & CSC Group is not as high as between Cosco Group and China Shipping Group, which is currently undergoing restructuring, we do not rule out the possibility that the two groups might also be combined. If that happens, Sinotrans is likely to be the platform to consolidate the logistics assets of both Sinotrans & CSC Group and China Merchants Group, in our view (Figure 7).

Figure 7: Logistics assets of Sinotrans and China Merchants groups



Source: Deutsche Bank, company data

Earnings forecasts, valuation and risks

Figure 8 provides our simplified P&L forecasts.

Figure 8: Sinotrans income statement

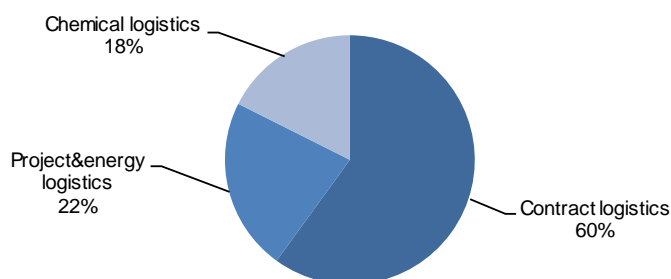
RMB mn	2013	2014	2015E	2016E	2017E	yoy15E	yoy16E	yoy17E
Revenue	45,464	45,779	47,622	49,567	51,622	4%	4%	4%
- Freight forwarding	36,373	35,849	36,925	38,033	39,174	3%	3%	3%
- Logistic	5,802	6,356	6,992	7,691	8,460	10%	10%	10%
- Storage and terminal services	2,218	2,305	2,351	2,398	2,446	2%	2%	2%
Cost of Sales	-39,823	-39,890	-41,496	-43,191	-44,981	4%	4%	4%
Gross profit	5,642	5,889	6,126	6,376	6,641	4%	4%	4%
SG&A expense	-4,402	-4,653	-4,694	-4,877	-5,069	1%	4%	4%
EBIT	1,150	1,223	1,882	1,949	2,021	54%	4%	4%
- Freight forwarding	712	713	735	757	780	3%	3%	3%
- Logistic	271	298	350	385	423	17%	10%	10%
- Storage and terminal services	397	375	400	408	416	7%	2%	2%
Finance costs, net	-208	-182	-220	-190	-205	21%	-14%	8%
Profit on associates & JV	654	781	980	1,114	1,269	26%	14%	14%
PBT	1,596	1,822	2,642	2,874	3,085	45%	9%	7%
Tax	-349	-388	-793	-862	-926	104%	9%	7%
Minority interests	-309	-284	-425	-463	-497	50%	9%	7%
Net profit	904	1,231	1,424	1,549	1,663	16%	9%	7%

Source: Deutsche Bank, company data



Overall, we expect Sinotrans' bottom line to grow by 11% on average over 2015-17E. By segment, we expect its specialized logistics segment to be the key earnings driver going forward. Within specialized logistics, contract logistics currently accounts for 60% of revenue and we expect rising outsourcing of logistics operations by companies to drive steady growth for contract logistics. The remaining 40% comes from project & energy logistics and chemical logistics. According to management, given its strong network and SOE status, these segments are likely to grow at a robust pace in the coming years.

Figure 9: Specialized logistics revenue breakdown



Source: Deutsche Bank, Company data

The earnings of the DHL-Sinotrans JV increased at a CAGR of 24% over 2010-14. Leveraging on DHL's strong expertise and Sinotrans' extensive network in China, we expect its earnings growth to be sustained at a double-digit rate over 2015-17E. Indeed, in 1H15 net profit rose 32% to RMB452m, driven by booming e-commerce.

We initiate on Sinotrans with a Buy rating and target price of HK\$6.3. We adopt an SOTP valuation methodology. We assign 13x PE for its freight forwarding and 15x P/E for its logistics segments, lower than the average of 20x for global leaders in the field. Storage and terminal services is valued at 9x P/E, which is slightly lower than the average of 10x P/E for Chinese ports. We value DHL-Sinotrans at 16x P/E, in line with the express sector average.

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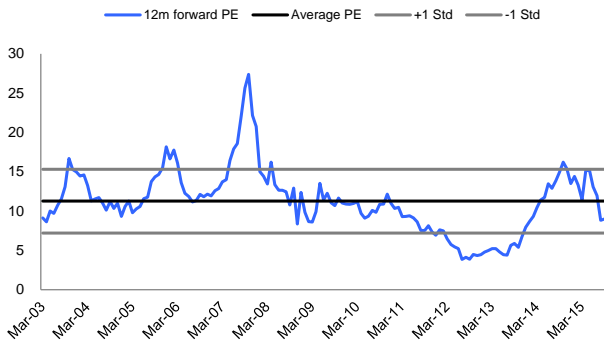
Figure 10: Sinotrans valuation table

Business segment	Basis for valuation	Multiple	16E Value (RMB m)	Per share (RMB/share)	% of total
- Freight forwarding	PE	13.0x	5,014	1.14	22%
- Logistic	PE	15.0x	2,780	0.63	12%
- Storage and terminal services	PE	9.0x	2,407	0.55	11%
- Other services	PE	9.0x	2,277	0.52	10%
- Express services- DHL	PE	16.0x	7,324	1.66	32%
Net cash/ (debt)			2,954	0.67	13%
Total value			22,757	5.17	100%
Target price (HKD/share)				6.30	

Source: Deutsche Bank, Company data

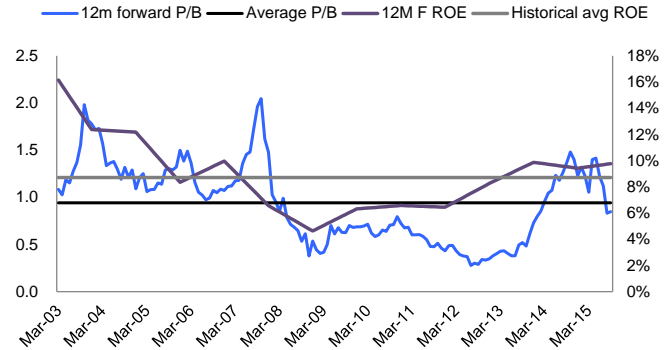


Figure 11: Sinotrans 12m forward P/E



Source: Deutsche Bank, company data

Figure 12: Sinotrans P/B vs. ROE



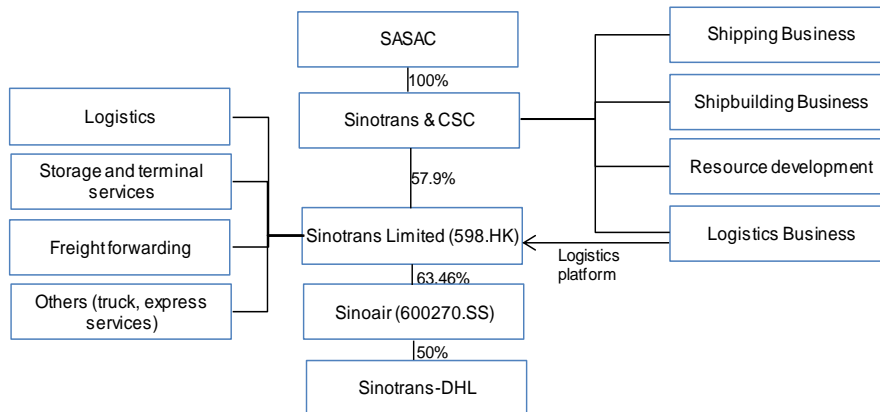
Source: Deutsche Bank, company data

The key macro risk is weaker trade flows (particularly intra-Asia and domestic) than we expect, which would result in lower-than-expected revenue. On the company front, we see poor execution of its expansion strategy as a major risk.

Background, management team, and financial positions

Sinotrans Limited was listed on the main board of HKEx in 2003 as a leading global integrated logistics service provider. Its business mainly engages in freight forwarding, logistics, storage and terminal services, as well as express services. Sinotrans & CSC Group, which is 100% owned by SASAC, is its major shareholder and holds 57.9% stake.

Figure 13: Sinotrans shareholder structure and business segments



Source: Deutsche Bank

Below we list a few major events for Sinotrans Limited historically.

- Parent company consolidation

Sinotrans is a subsidiary of Sinotrans & CSC group. In 2009, Sinotrans Group and China Changjiang National Shipping Group merged into a new transportation SOE giant. Its business includes shipping, shipbuilding, resource development, and logistics business.



■ Logistics platform

Sinotrans is the flagship platform of logistics operations for the parent group. During the past years, Sinotrans acquired freight forwarding as well as logistics assets to be the largest 3PL company in China. Its clients include Samsung, Lenovo, Nestle, GM, and others.

Sinotrans entered the entrusted agreement with the parent for the operation of the logistics business. In 2014, Sinotrans acquired 11 subsidiaries from the entrusted companies for a total consideration of RMB901m. Besides that, in order to enlarge the synergic effect, Sinotrans disposed of marine operations to the parent group, which removed the burden from the company.

■ DHL-JV

Sinotrans holds a 63.46% stake in Sinoair (600270.SS), which mainly operates air freight forwarding and established a 50%-owned JV with DHL in China. At the time of listing, Sinotrans corporate with Fedex and UPS in express services through JVs. While cooperation dissolved at the expiry of the agreement, the DHL-Sinotrans JV is still in place with domestic and international express, which contributed to the bottom line of Sinotrans.

The figures below show management profiles and three simplified financial sheets.

Figure 14: Management profile

Name	Age	Position	Background
Zhao Huxiang	60	Chairman	Previously worked in the Marine Shipping Bureau of the Ministry of Communications; former general manager of Hoi Tung Marine Machinery Suppliers Limited; former director and general manager of China Merchants Holdings (International) Company Limited; former vice president of China Merchants Group
Zhang Jianwei	58	Vice Chairman	Former general manager of China National Chartering Corporation former vice president of Sinotrans Group
Tao Suyun	61	Executive director	Former general manager of Sinorick Shipping Agency; former vice president of Sinotrans Group; former vice president of Sinotrans & CSC Group
Li Guanpeng	49	President	Former general manager of Zhuhai Shipping Agency and Guangdong Shipping Agency; general manager of Sinotrans Guangdong
Wang Lin	56	Vice President	Former general manager of Sinotrans Zhejiang & Zhejiang & Jiangsu Company; former vice president of Sinotrans Eastern Company
Yu Jianmin	49	Vice President	Former chief representative at Sinotrans Group Company's Italian representative office

Source: Deutsche Bank, Company data

Figure 15: Income statement

RMB m	2013	2014	2015E	2016E	2017E
Revenue	45,464	45,779	47,622	49,567	51,622
- Freight forwarding	36,373	35,849	36,925	38,033	39,174
- Logistic	5,802	6,356	6,992	7,691	8,460
- Storage and terminal services	2,218	2,305	2,351	2,398	2,446
Cost of Sales	-39,823	-39,890	-41,496	-43,191	-44,981
Gross profit	5,642	5,889	6,126	6,376	6,641
SG&A expense	-4,402	-4,653	-4,694	-4,877	-5,069
EBIT	1,150	1,223	1,882	1,949	2,021
- Freight forwarding	712	713	735	757	780
- Logistic	271	298	350	385	423
- Storage and terminal services	397	375	400	408	416
Finance costs, net	-208	-182	-220	-190	-205
Profit on associates & JV	654	781	980	1,114	1,269
PBT	1,596	1,822	2,642	2,874	3,085
Tax	-349	-388	-793	-862	-926
Minority interests	-309	-284	-425	-463	-497
Net profit	904	1,231	1,424	1,549	1,663

Source: Deutsche Bank, company data



Figure 16: Balance sheet

RMB m	2013	2014	2015E	2016E	2017E
Cash and other liquid assets	6,439	6,444	8,266	9,454	11,435
Trade and notes receivables	7,897	8,523	8,867	9,229	9,611
Other current assets	1,208	1,707	1,776	1,849	1,925
Fixed assets	7,856	7,365	7,741	8,137	8,552
Goodwill/intangible assets	2,661	2,736	2,736	2,736	2,736
Investment	4,465	5,421	5,470	5,525	5,589
Other non-current assets	424	512	512	512	512
Total assets	30,951	32,709	35,368	37,442	40,361
Debt	5,747	5,741	6,500	6,500	7,200
Other liabilities	11,152	10,663	11,042	11,460	11,901
Total liabilities	16,899	16,404	17,541	17,960	19,101
Share Capital	4,249	4,606	4,606	4,606	4,606
Reserve	7,075	8,517	9,613	10,806	12,087
Dividends	212	299	299	299	299
Minorities	2,516	2,883	3,308	3,771	4,267
Total shareholders' equity	14,052	16,305	17,827	19,483	21,260
Net debt	-692	-704	-1,766	-2,954	-4,235

Source: Deutsche Bank, company data

Figure 17: Cash flow

RMB m	2013	2014	2015E	2016E	2017E
Profit before tax	1,562	1,903	2,642	2,874	3,085
D&A	564	588	581	611	642
Other operating cash flow	-635	-1,383	-1,912	-2,129	-2,368
Cash flow from operations	1,491	1,108	1,311	1,356	1,359
Net Capex	-1,795	-850	-957	-1,006	-1,058
Free cash flow	-303	257	354	349	301
Dividends paid	-254	-468	-328	-356	-382
Investment	106	-401	1,036	1,195	1,326
Net inc/(dec) in borrowings	72	-783	759	0	700
Issued share capital	0	1,333	0	0	0
Net cash flow	-379	-61	1,821	1,188	1,980
Change in working capital	80	-486	-34	-17	-18

Source: Deutsche Bank, company data



Appendix 1

Important Disclosures

Additional information available upon request

Disclosure checklist

Company	Ticker	Recent price*	Disclosure
Sinotrans	0598.HK	4.42 (HKD) 19 Nov 15	6,7,9

*Prices are current as of the end of the previous trading session unless otherwise indicated and are sourced from local exchanges via Reuters, Bloomberg and other vendors. Other information is sourced from Deutsche Bank, subject companies, and other sources. For disclosures pertaining to recommendations or estimates made on securities other than the primary subject of this research, please see the most recently published company report or visit our global disclosure look-up page on our website at <http://gm.db.com/ger/disclosure/DisclosureDirectory.eqsr>.

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Historical recommendations and target price: Sinotrans (0598.HK)

(as of 19/11/2015)



Previous Recommendations

- Strong Buy
- Buy
- Market Perform
- Underperform
- Not Rated
- Suspended Rating

Current Recommendations

- Buy
- Hold
- Sell
- Not Rated
- Suspended Rating

*New Recommendation Structure as of September 9, 2002

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Buy: Based on a current 12-month view of total shareholder return (TSR = percentage change in share price from current price to projected target price plus projected dividend yield), we recommend that investors buy the stock.

Sell: Based on a current 12-month view of total shareholder return, we recommend that investors sell the stock

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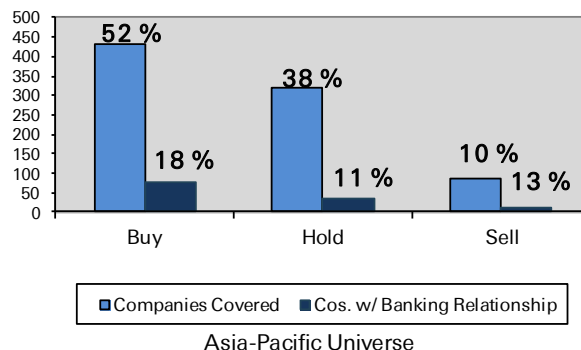
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Equity rating dispersion and banking relationships





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