



Rating
Buy

Asia
China

Consumer
Hotels / Leisure / Gaming

Company
**Songcheng
Performance**

Reuters 300144.SZ Bloomberg 300144 CS Exchange SHZ Ticker 300144

Date
9 August 2017

Breaking News

| | |
|----------------------------|---------------|
| Price at 8 Aug 2017 (CNY) | 19.14 |
| Price target - 12mth (CNY) | 33.00 |
| 52-week range (CNY) | 25.53 - 18.87 |
| Shenzhen Index | 1,965 |

Show business in Jiuzhai suspended due to earthquake

Show business in Jiuzhai suspended due to earthquake

- Songcheng announced that show businesses in Jiuzhaigou (*Jiuzhai Romantic show and the Mystery of Tibet*) will start to suspend operation in August 9 due the recent earthquake.
- Note that On the evening of August 8, an earthquake struck Jiuzhaigou County in Sichuan Province in China.

Limited effect on Songcheng's total performance in 2017

- To recap, Jiuzhai project generated revenue of RMB149m in 2016, which contributed 5.65% of Songcheng's total revenue of RMB 2.64bn.
- The company also disclosed that Jiuzhai project contributed 7% of total net earnings in 2016.
- Therefore, the company believe that the earthquake will have limited effect on Songcheng's 2017 total topline and bottomline due to Jiuzhai's low contribution.
- Please also note that as of August 8, the revenue of Jiuzhai project was c. RMB97m, which accounts for 65% of its revenue in 2016.

Valuation & Risks

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Price/price relative



| Performance (%) | 1m | 3m | 12m |
|-----------------|------|------|-------|
| Absolute | -7.8 | -3.3 | -16.7 |
| Shenzhen Index | -2.0 | 2.4 | -4.3 |

Source: Deutsche Bank

Forecasts and ratios

| Year End Dec 31 | 2015A | 2016A | 2017E | 2018E | 2019E |
|----------------------|---------|---------|---------|---------|---------|
| Sales (CNYm) | 1,694.5 | 2,644.2 | 2,905.7 | 3,551.5 | 4,190.1 |
| EBITDA (CNYm) | 1,004.4 | 1,350.4 | 1,563.3 | 1,920.7 | 2,287.0 |
| Reported NPAT (CNYm) | 630.6 | 902.2 | 1,022.3 | 1,245.2 | 1,471.4 |
| Reported EPS FD(CNY) | 0.45 | 0.62 | 0.70 | 0.86 | 1.01 |
| DB EPS FD(CNY) | 0.45 | 0.61 | 0.70 | 0.85 | 1.01 |
| DB EPS growth (%) | 73.4 | 36.1 | 14.4 | 22.0 | 18.3 |
| PER (x) | 106.1 | 40.5 | 27.4 | 22.5 | 19.0 |
| EV/EBITDA (x) | 66.1 | 26.3 | 17.9 | 14.3 | 11.9 |
| DPS (net) (CNY) | 0.07 | 0.10 | 0.11 | 0.14 | 0.16 |
| Yield (net) (%) | 0.2 | 0.4 | 0.6 | 0.7 | 0.9 |

Source: Deutsche Bank estimates, company data

Key indicators (FY1)

| | |
|-----------------------------|------|
| ROE (%) | 14.9 |
| Net debt/equity (%) | -0.4 |
| Book value/share (CNY) | 5.02 |
| Price/book (x) | 3.8 |
| Net interest cover (x) | 34.9 |
| Operating profit margin (%) | 46.1 |

Source: Deutsche Bank



Appendix 1

Important Disclosures

*Other information available upon request

| Disclosure checklist | | | |
|-----------------------|-----------|------------------------|------------|
| Company | Ticker | Recent price* | Disclosure |
| Songcheng Performance | 300144.SZ | 19.14 (CNY) 8 Aug 2017 | NA |

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Historical recommendations and target price. Songcheng Performance (300144.SZ)

(as of 08/08/2017)



Current Recommendations

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

** Analyst is no longer at Deutsche Bank

| | | | | | | | |
|----|------------|------------------------------------|-------------|----|------------|------------------------------------|-------------|
| 1. | 09/03/2015 | Buy, Target Price Change CNY 34,00 | Tallan Zhou | 3. | 02/28/2017 | Buy, Target Price Change CNY 33,40 | Tallan Zhou |
| 2. | 12/02/2015 | Buy, Target Price Change CNY 38,00 | Tallan Zhou | 4. | 07/10/2017 | Buy, Target Price Change CNY 33,00 | Tallan Zhou |



Equity Rating Key

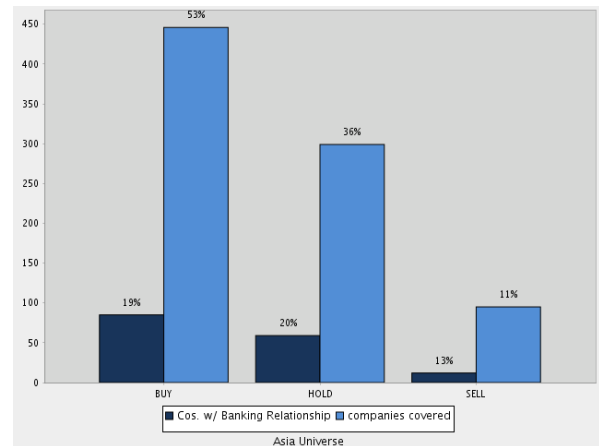
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