

# Samsonite International SA (1910.HK)

## Better performance in 2014 than forecast

HONG KONG | CONSUMING | COMPANY UPDATE

26 March 2015

### Summary

- The result of Samsonite in 2014 shows that the sales revenue reaches up to 2.351 billion dollars with a growth of 15.4% yoy, which is the new revenue record. The EBITDA reaches up to 384 million with a growth of 13.8% yoy. And the profits that the shareholders should occupy reach up to 186 million dollars with a growth of 5.8% yoy. The net sales and EBITDA of Samsonite exceed our expectations by 2.8% and 1.3% respectively. The profit margin of EBITDA is 16.4%, a little lower than our expectation of 16.6%. Overall, the result of Samsonite is a little higher than our expectation.
- In this period, the revenues of Asia, North America, Europe and Latin America have growths of 16.1%, 22.4%, 8.3% and 5.7% yoy respectively. The businesses in Latin America and Europe are significantly affected by the exchange rate fluctuation. From the perspective of brand division, the revenue proportion of the core brand Samsonite has reduced from 69.4% in 2013 to 65.3%, which reflects the brand diversification trend of the company. The new acquired brands Speck and Gregory have contributed revenue of more than 100 million dollars, the revenue proportion of which is 8.3%.
- Samsonite has completed the acquisitions of three brands in 2014, see details in the above table. We can see that Samsonite is walking forward firmly on the road of diversification of products and brands, which provides potential power for the business development and result growth of the company in emerging markets. In finance, the three transactions' takeover price altogether equals to about 200 million dollars. In 2014, 110 million dollars of revenue and 1.1 million dollars of profit were made. Although it is hard to describe the acquisition price is cheap, it is good for rising the enterprise's value and establishing more advantages in competitions.
- In 2014, the liability scale of Samsonite increased and the total liability was amount to 67 million by the end of the period, which grew 346% compared to the 15 million at the end of 2013; mostly on account of the remarkable rising short-term liability, the leverage ratio increased from 1.3% in 2013 to 5.2%; however, due to that the liability scale is relatively small, the whole is still in the state of net cash. At the end, the company's cash dropped from 225 million to 140 million dollars.
- Samsonite continuously carries out acquisition to make its product and brand combinations diverse and effectively expand its "defense river" for competition. Yet, the company's steady balance sheet benefits from lower financial leverage, limited capital costs and sufficient cash flow; it is good for helping the company to establish more advantages in competitions. Organic growth and denotative expansion drive Samsonite's continuous and healthy growth. We maintain Samsonite's "Accumulate" rating with 30HKD target price for 12 months, equivalent to 20 times and 18 times of 2014 and 2015's prospective PE ratio.

### Accumulate(Update)

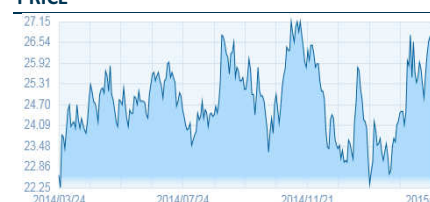
Target Price: HKD 30.00 (13%)

O/S SHARES (MN) :	1,408
MARKET CAP (HKD MN) :	37,388
Ent. Value (HKD MN) :	36,752
52 - WK HI/LO (HKD) :	28.05/21.90

### SHARE HOLDING PATTERN, %

PROMOTERS :	5.60
NON PROMOTER CORP. HOLDINGS :	45.67
PUBLIC & OTHERS :	48.72

### PRICE



Source: Phillip Capital Research

### KEY FINANCIALS

USD Mn	FY13	FY14	FY15E	FY16E
Revenue	2,038	2,350	2,525	2,765
Net Profit	176	186	243	266
EPS	0.125	0.132	0.172	0.189
P/E (X)	24.27	20.00	20.02	18.26
BVPS	0.850	0.930	1.070	1.190
P/B (X)	3.57	2.84	3.22	2.90
DPS	0.057	0.062	0.077	0.092
Div. Yield	1.88%	2.35%	2.23%	2.67%

Source: Phillip Capital Research Est.

Research Analyst  
**Chen Geng**  
 (+ 8621 51699400-107)  
 chengeng@phillip.com.cn

## Financials

FYE	FY11	FY12	FY13	FY14	FY15F	FY16F
<b>Valuation Ratios</b>						
P/E (X), adj.	26.09	19.56	24.27	20.00	20.02	18.26
P/B (X)	2.41	2.74	3.57	2.84	3.22	2.90
Dividend Yield (%)	1.34%	1.31%	1.88%	2.35%	2.23%	2.67%
<b>Per share data (USD)</b>						
EPS, reported	0.060	0.105	0.125	0.132	0.172	0.189
EPS, adj.	0.060	0.105	0.125	0.132	0.172	0.189
DPS	0.021	0.027	0.057	0.062	0.077	0.092
BV/PS	0.650	0.750	0.850	0.930	1.070	1.190
<b>Growth &amp; Margins (%)</b>						
<b>Growth</b>						
Revenue	28.80%	13.23%	15.01%	15.31%	7.45%	9.50%
EBTDA	29.30%	15.73%	17.77%	13.61%	10.21%	8.46%
Net Income, adj.	-75.50%	70.11%	18.92%	5.68%	30.42%	9.65%
<b>Margins</b>						
EBITDA margin	15.85%	16.20%	16.58%	16.34%	16.76%	16.60%
Net profit margin	6.65%	9.42%	9.67%	7.91%	10.76%	9.62%
<b>Key Ratios</b>						
ROE (%)	9.23%	14.00%	14.71%	14.19%	16.10%	15.88%
ROA (%)	5.63%	8.16%	9.10%	8.72%	10.81%	9.71%
Net Debt/(Cash)	net cash	net cash	net cash	net cash	net cash	net cash
Net Gearing (X)	net cash	net cash	net cash	net cash	net cash	net cash
<b>Income Statement (USD mn)</b>						
	<b>FY11</b>	<b>FY12</b>	<b>FY13</b>	<b>FY14</b>	<b>FY15F</b>	<b>FY16F</b>
Revenue	1,565	1,772	2,038	2,350	2,525	2,765
EBITDA	248	287	338	384	423	459
EBIT	209	242	281	299	373	399
EBT	139	225	270	282	370	387
Tax	36	58	73	77	98	101
Tax rate	25.90%	25.78%	27.04%	27.30%	26.60%	26.00%
Profit for the year	104	167	197	205	272	286
Minority interests	17	18	21	19	29	20
Net profit	87	148	176	186	243	266

Source: BLOOMBERG, Samsonite and Phillip Securities

### PHILLIP RESEARCH STOCK SELECTION SYSTEMS

Total Return	Recommendation	Rating	Remarks
>+20%	Buy	1	>20% upside from the current price
+5% to +20%	Accumulate	2	+5% to +20% upside from the current price
-5% to +5%	Neutral	3	Trade within $\pm 5\%$ from the current price
-5% to -20%	Reduce	4	-5% to -20% downside from the current price
<-20%	Sell	5	>20% downside from the current price

We do not base our recommendations entirely on the above quantitative return bands. We consider qualitative factors like (but not limited to) a stock's risk reward profile, market sentiment, recent rate of share price appreciation, presence or absence of stock price catalysts, and speculative undertones surrounding the stock, before making our final recommendation

### GENERAL DISCLAIMER

This publication is prepared by Phillip Securities (Hong Kong) Ltd ("Phillip Securities"). By receiving or reading this publication, you agree to be bound by the terms and limitations set out below.

This publication shall not be reproduced in whole or in part, distributed or published by you for any purpose. Phillip Securities shall not be liable for any direct or consequential loss arising from any use of material contained in this publication.

The information contained in this publication has been obtained from public sources which Phillip Securities has no reason to believe are unreliable and any analysis, forecasts, projections, expectations and opinions (collectively the "Research") contained in this publication are based on such information and are expressions of belief only. Phillip Securities has not verified this information and no representation or warranty, express or implied, is made that such information or Research is accurate, complete or verified or should be relied upon as such. Any such information or Research contained in this publication is subject to change, and Phillip Securities shall not have any responsibility to maintain the information or Research made available or to supply any corrections, updates or releases in connection therewith. In no event will Phillip Securities be liable for any special, indirect, incidental or consequential damages which may be incurred from the use of the information or Research made available, even if it has been advised of the possibility of such damages.

Any opinions, forecasts, assumptions, estimates, valuations and prices contained in this material are as of the date indicated and are subject to change at any time without prior notice.

This material is intended for general circulation only and does not take into account the specific investment objectives, financial situation or particular needs of any particular person. The products mentioned in this material may not be suitable for all investors and a person receiving or reading this material should seek advice from a financial adviser regarding the suitability of such products, taking into account the specific investment objectives, financial situation or particular needs of that person, before making a commitment to invest in any of such products.

This publication should not be relied upon as authoritative without further being subject to the recipient's own independent verification and exercise of judgment. The fact that this publication has been made available constitutes neither a recommendation to enter into a particular transaction nor a representation that any product described in this material is suitable or appropriate for the recipient. Recipients should be aware that many of the products which may be described in this publication involve significant risks and may not be suitable for all investors, and that any decision to enter into transactions involving such products should not be made unless all such risks are understood and an independent determination has been made that such transactions would be appropriate. Any discussion of the risks contained herein with respect to any product should not be considered to be a disclosure of all risks or a complete discussion of such risks.

Nothing in this report shall be construed to be an offer or solicitation for the purchase or sale of a security. Any decision to purchase securities mentioned in this research should take into account existing public information, including any registered prospectus in respect of such security.

### Disclosure of Interest

**Analyst Disclosure:** Neither the analyst(s) preparing this report nor his associate has any financial interest in or serves as an officer of the listed corporation covered in this report.

**Firm's Disclosure:** Phillip Securities does not have any investment banking relationship with the listed corporation covered in this report nor any financial interest of 1% or more of the market capitalization in the listed corporation. In addition, no executive staff of Phillip Securities serves as an officer of the listed corporation.

### Availability

The information, tools and material presented herein are not directed, intended for distribution to or use by, any person or entity in any jurisdiction or country where such distribution, publication, availability or use would be contrary to the applicable law or regulation or which would subject Phillip Securities to any registration or licensing or other requirement, or penalty for contravention of such requirements within such jurisdiction.

Information contained herein is based on sources that Phillip Securities (Hong Kong) Limited ("PSHK") believed to be accurate. PSHK does not bear responsibility for any loss occasioned by reliance placed upon the contents hereof. PSHK (or its affiliates or employees) may have positions in relevant investment products. For details of different product's risks, please visit the Risk Disclosures Statement on <http://www.phillip.com.hk>.

© 2015 Phillip Securities (Hong Kong) Limited

**Contact Information (Regional Member Companies)**

---

**SINGAPORE**

**Phillip Securities Pte Ltd**  
 Raffles City Tower  
 250, North Bridge Road #06-00  
 Singapore 179101  
 Tel : (65) 6533 6001  
 Fax : (65) 6535 6631  
 Website: [www.poems.com.sg](http://www.poems.com.sg)

**MALAYSIA**

**Phillip Capital Management Sdn Bhd**  
 B-3-6 Block B Level 3 Megan Avenue II,  
 No. 12, Jalan Yap Kwan Seng, 50450  
 Kuala Lumpur  
 Tel (603) 21628841  
 Fax (603) 21665099  
 Website: [www.poems.com.my](http://www.poems.com.my)

**HONG KONG**

**Phillip Securities (HK) Ltd**  
 Exchange Participant of the Stock Exchange of Hong  
 Kong  
 11/F United Centre 95 Queensway  
 Hong Kong  
 Tel (852) 22776600  
 Fax (852) 28685307  
 Websites: [www.phillip.com.hk](http://www.phillip.com.hk)

**JAPAN**

**PhillipCapital Japan K.K.**  
 Nagata-cho Bldg.,  
 8F, 2-4-3 Nagata-cho,  
 Chiyoda-ku, Tokyo 100-0014  
 Tel (81-3) 35953631  
 Fax (81-3) 35953630  
 Website: [www.phillip.co.jp](http://www.phillip.co.jp)

**INDONESIA**

**PT Phillip Securities Indonesia**  
 ANZ Tower Level 23B,  
 Jl Jend Sudirman Kav 33A  
 Jakarta 10220 – Indonesia  
 Tel (62-21) 57900800  
 Fax (62-21) 57900809  
 Website: [www.phillip.co.id](http://www.phillip.co.id)

**CHINA**

**Phillip Financial Advisory (Shanghai) Co. Ltd**  
 No 436 Hengfeng Road,  
 Greentech Unit 604,  
 Postal code 200070  
 Tel (86-21) 51699400  
 Fax (86-21) 63532643  
 Website: [www.phillip.com.cn](http://www.phillip.com.cn)

**THAILAND**

**Phillip Securities (Thailand) Public Co. Ltd**  
 15th Floor, Vorawat Building,  
 849 Silom Road, Silom, Bangrak,  
 Bangkok 10500 Thailand  
 Tel (66-2) 6351700 / 22680999  
 Fax (66-2) 22680921  
 Website [www.phillip.co.th](http://www.phillip.co.th)

**FRANCE**

**King & Shaxson Capital Limited**  
 3rd Floor, 35 Rue de la Bienfaisance 75008  
 Paris France  
 Tel (33-1) 45633100  
 Fax (33-1) 45636017  
 Website: [www.kingandshaxson.com](http://www.kingandshaxson.com)

**UNITED KINGDOM**

**King & Shaxson Capital Limited**  
 6th Floor, Candlewick House,  
 120 Cannon Street,  
 London, EC4N 6AS  
 Tel (44-20) 7426 5950  
 Fax (44-20) 7626 1757  
 Website: [www.kingandshaxson.com](http://www.kingandshaxson.com)

**UNITED STATES**

**Phillip Futures Inc**  
 141 W Jackson Blvd Ste 3050  
 The Chicago Board of Trade Building  
 Chicago, IL 60604 USA  
 Tel +1.312.356.9000  
 Fax +1.312.356.9005

**AUSTRALIA**

**PhillipCapital Australia**  
 Level 12, 15 William Street,  
 Melbourne, Victoria 3000, Australia  
 Tel (613) 96188238  
 Fax (613) 92002272  
 Website: [www.phillipcapital.com.au](http://www.phillipcapital.com.au)

