

5 Sep 2023

# Report Review of August 2023

Hong Kong | INVESTNOTES REPORTS REVIEW

---

Sectors:

Air & Automobiles (Zhang Jing),

TMT, Semiconductors, Consumer & Healthcare (Eric Li)

## Automobile & Air (ZhangJing)

This month I released updated reports of Minth (425.HK).

Upon years of input and accumulation, Minth's battery housing business has made a great leap forward in both revenue and operational efficiency. Its 2022 revenue increased by more than 650% year-on-year to RMB2,044 million, and its segment margin further improved to 18.8%. During the Period, the Group won an order for battery housings of a major global platform vehicle model of Mercedes-Benz, and increased its battery housing business share in BMW. Meanwhile, it secured orders for battery housing of two platform models from Stellantis. Besides, as for the Group's NEV start-up customers, the Group also secured orders for battery housing from Lucid, XPeng and Li Auto. Moreover, in the business of composite material housing cover, the Group secured orders from GAC Motor and EVE Energy. With respect to intelligent products, the Group secured orders for illuminated emblems and illuminated grilles from clients such as Geely, Volkswagen and General Motors, and won an order for smart B pillar cover assembly from a Chinese OEM. It also successfully secured orders for intelligent tailgates from Nissan and XPeng.

Annualized new order intake reached a new high. The annualized revenue stood at RMB15.6 billion. The current order backlog rose by RMB49 billion to RMB199 billion from the end of the previous year. Based on the expectations of constantly strong growth of business such as the battery housing business, the Management set a goal of an increase of 20% in revenue in 2023.

We slightly decreased the expected earnings per share for 2023/2024 to 1.66/2.17 (vs 1.81/2.19), taking into account the pressure on the overall gross profit margin from new business during the ramp-up period and the new opportunities brought by the growth of the new energy market in North America to leading suppliers of parts such as Minth.

We believe that it is reasonable to give the Company a valuation of 15.3/11.6/10x P/E and 1.6/1.5/1.3x P/B for 2023/2024/2025, equivalent to target price of HK\$ 28 and BUY rating.

### **TMT, Semiconductors, Consumer, Healthcare (Eric Li)**

This month I released reports of Vinda International (03331.HK).

In 1HFY2023, total revenue of Vinda amounted to HK\$10,070 million, representing an increase of 10.1% organically and of 4.0% (presented in Hong Kong Dollar). 1Q and 2Q revenues were HK\$4,969 million and HK\$5,101 million, a year-on-year increase of 15.5% and 5.5% respectively. 1H Net profit declined by 81.1% to HK\$121 million. The net profit margin narrowed by 5.4 ppts to 1.2%. Basic EPS was 10.0 HK cents (1HFY2022: 53.0 HK cents), and an interim dividend of 10.0 HK cents (1HFY2022: 10.0 HK cents) per share.

Despite the gradual reduction of the pulp prices since the end of 2022, costs in the first half of the year were still impacted by the inventories with relatively high price, and on gross margin, which decreased by 6.9 ppts year-on-year to 25.1%. Gross profit was down by 18.5% to HK\$2,527 million. EBITDA fell by 42.3% to HK\$818 million while EBITDA margin was narrowed by 6.5 ppts to 8.1%. Total foreign exchange loss was HK\$0.3 million (H1 2022: HK\$22.4 million loss), of which HK\$5.4 million loss came from operating activities (H1 2022: HK\$26.2 million loss), and HK\$5.1 million gain was due to financing activities (H1 2022: HK\$3.8 million gain).

In terms of business segments, revenue from tissue segment amounted to HK\$8,361 million in 1HFY2023, which delivered a year-on-year increase of 5.0% or an organic sales growth of 11.5%, representing 83% of Vinda's total revenue (1HFY2022: 82%). The gross margin of tissue segment was 23.8% during this Period (H1 2022: 31.6%). Vinda adhered to focus on premium categories, resulting in a double-digit growth of the premium tissue portfolio in mainland China as well as an increasing proportion of revenue. The impact from the high-cost wood pulp inventory and promotion had been relieved to an extent by the premium categories for its relatively higher profit margin.

Revenue from the personal care business decreased by 0.5% to HK\$1,708 million in 1HFY2023, which was a 3.7% increase at constant exchange rates and represented 17% of the Vinda's total revenue (1HFY2022: 18%), revenue by category was HK\$556 million for baby care, HK\$400 million for feminine care and HK\$752 million for incontinent care. Gross margin of the personal care segment was 31.2% (1HFY2022: 34.1%), of which baby care was 24.0%, feminine care was 46.7% and incontinent care was 28.2%.

Despite the gradual reduction of the pulp prices in the first half of the year, due to inventory cycle factors, the expected cost reduction trend will not be reflected until the second half of the year.

**Fig 1. Performance of Recommended Stocks**

Time	Ticker	Company	Analyst	Rating	Price on Recommendation Date	Target Price	Expected Return	Last Month Closing Price	Last Month Return	Closing Price 2M ago	1M Price Chg
20230817	00425.HK	Minth	ZJ	Buy	83.34	103.23	23.9%	85.42	2.50%	85.05	0.44%
20230814	03331.HK	Vinda International	EL	Sell	17.70	9.78	-44.7%	18.16	2.60%	15.72	15.52%

A stock is calculated by RMB yuan.  
Source: Phillip Securities Research

**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>.

© 2023 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,  
Number 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 Heng Feng Road,  
Green Tech Tower Unit 604,  
Postal code 200070  
Tel (86-21) 51699400  
Fax (86-21) 60911155  
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 10, 330 Collins Street

Melbourne VIC 3000

Tel (+61) 3 8633 9803

Fax (+61) 3 8633 9899

Website: [www.phillipcapital.com.au](http://www.phillipcapital.com.au)