



Muyuan (002714 CH) Leading hog producer with expanding market share

- The Group is the largest hog producer in China among the listed players in terms of the number of hogs sold in 11M22 at ~55.2mn head, ~39mn more than the second-largest listed player
- The number of hogs sold by the Group, as a percentage of the national hog output, increased from 1.9% in 2019 to 8.7% in 9M22, indicating an expanding market share
- 3Q22 growth and margin profile outperformed peers, showing strong capability in capturing growth opportunities
- Expect revenue CAGR of 28.5% in FY21-24E with hog sales volume growth as the main growth driver
- Initiate with **BUY**; current TP implies 26.13x/11.93x 22E/23E P/E, or 4.96x/3.71x 22E/23E P/B

Leading hog producer in China. The Group's hog sales volume has been growing since 2019. In 2020, the Group became the largest listed hog producers in China in terms of hog sales volume. In 11M22, its leading position further strengthened with hog sales volume reaching 55,174k, ~39mn more than the second-largest listed player.

Market provides room for growth. The national policy to boost hog production after the African Swine Flu (ASF) outbreak has been effective in boosting the hog and sow inventory levels. We believe the current policy environment is also conducive to production capacity expansion of large-scale hog producers, as demonstrated in their sales volume. In addition, the fluctuating supply of hog provides opportunities for the market leaders to gain more market shares in the process.

Price level remains supportive to margins; 3Q22 saw rebound. The Group's performance is highly correlative to changes in hog price. As price level of hog has improved since early 2022, the Group's margin profile and growth rebounded. In 3Q22, NPM (to shareholders of the Company) reached 22.5% and revenue jumped 147.6% YoY - an impressive leap considering the uneven performance among other leading peers in the industry. We expect hog price to be elevated in the short term, which will continue to support the Group's performance.

Revenue CAGR of 28.5% in FY21-24E. We expect revenue growth to be mainly supported by hog sales volume expanding at 53.8% CAGR in FY21-24E. In addition, stable hog prices in FY23E and demand recovery in consumer market after reopening would elevate growth. We expect overall GPM and NPM (to shareholders of the Company) to increase to 24.9% and 17.1% for FY23E.

Initiate with BUY, TP at RMB 60.5. We believe the Group's leading position would solidify with the expanding production scale and increasing market share. Initiate with **BUY**. Our DCF-derived TP represents 26.13x/11.93x 22E/23E P/E, or 4.96x/3.71x 22E/23E P/B.

Risk factors: 1) Macroeconomic risk; 2) Regulatory/policy risk; 3) Operational risk; 4) Price risk and volatile margins; 5) Leverage risk.

Results and Valuation

As of Dec 31	FY20A	FY21A	FY22E	FY23E	FY24E
Revenue (RMB mn)	56,277	78,890	126,124	157,750	167,367
Chg (YoY %)	178.3	40.2	59.9	25.1	6.1
Net Profit – to shareholders of the Company (RMB mn)	27,451	6,904	12,314	26,969	31,004
Change (% YoY)	349.0	(74.9)	78.4	119.0	15.0
Basic EPS (RMB)	5.33	1.28	2.31	5.07	5.83
Change (YoY %)	89.0	(76.0)	80.8	119.0	15.0
P/E (x)	9.21	38.34	21.21	9.69	8.43
BVPS (RMB)	13.45	14.50	12.19	16.28	20.97
P/B (x)	3.65	3.38	4.03	3.02	2.34
Dividend (RMB)	1.46	0.25	0.45	0.98	1.13
Dividend yield (%)	3.0	0.5	0.9	2.0	2.3
ROAA (%)	34.6	5.1	7.1	13.3	13.5
ROAE (%)	74.7	13.2	20.7	35.6	31.3

Source(s): The Group, ABCI Securities estimates

Company Report Initiation

Dec 14, 2022

Rating: **BUY**

TP: RMB 60.5

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Share price (RMB)	49.08
52WK H/L (RMB)	65.99/45.59
Est. share price return	23.2%
Est. dividend yield	0.9%
Est. total returns	24.1%
Previous rating&TP	N/A
Previous report date	N/A

Source(s): Bloomberg, ABCI Securities estimates

Key data

Shares outstanding (bn)	5.3
Mkt cap (RMB bn)	261.2
3-mth avg ADT (RMB mn)	1,612.7
Major shareholders (%)	
Qin Ying Lin	39.2

Source(s): Bloomberg, the Group, ABCI Securities

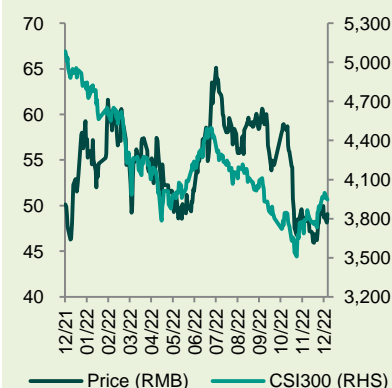
Price performance (%)

	Absolute	Relative*
1-mth	0.9	(3.3)
3-mth	(16.1)	(12.5)
6-mth	(4.8)	2.1

Note: relative to CSI300 Index

Source(s): Bloomberg, ABCI Securities

1-yr price performance



Source(s): Bloomberg, ABCI Securities

Note: Market data as of Dec 13, 2022



Investment highlights

1. A leading hog producer in China

The Group is one of the leading hog producers in China whose business is highly concentrated in hog production. In FY21/1H22, revenue contribution from its hog production segment reached 95.2%/96.3%. Its hog sales volume at 40,263k head in 2021 was ranked first among the listed players in China. In 11M22, its hog sales volume reached 55,174k head, the top among the listed players and is ~39mn more than the second-largest listed player.

The Group's hog sales volume has been growing consistently since 2019, capturing the opportunity presented by the African Swine Flu (ASF) outbreak. Hog sale volume growth rate in 2021 accelerated to 122.3% YoY. Meanwhile, other leading players saw fluctuating growth in hog sales volume. We believe this indicates the Group's strong market presence and execution capability in capturing growth.

Exhibit 1: Hog sales volume of top 4 listed players in China

#	Ticker	Name	2019	2020	2021	11M22
Sales volume (k head)						
1	002714 CH	Muyuan	10,253	18,115	40,263	55,174
2	300498 CH	Wens	18,517	9,546	13,217	16,035
3	000876 CH	New Hope Liuhe	3,550	8,293	9,978	13,047
4	002157 CH	Zhengbang	5,784	9,560	14,927	7,959
Change (YoY %)						
1	002714 CH	Muyuan	(6.9)	76.7	122.3	56.6
2	300498 CH	Wens	(17.0)	(48.4)	38.5	33.7
3	000876 CH	New Hope Liuhe	39.0	133.6	20.3	46.5
4	002157 CH	Zhengbang	4.4	65.3	56.1	(43.6)

Source(s): Companies, ABCI Securities

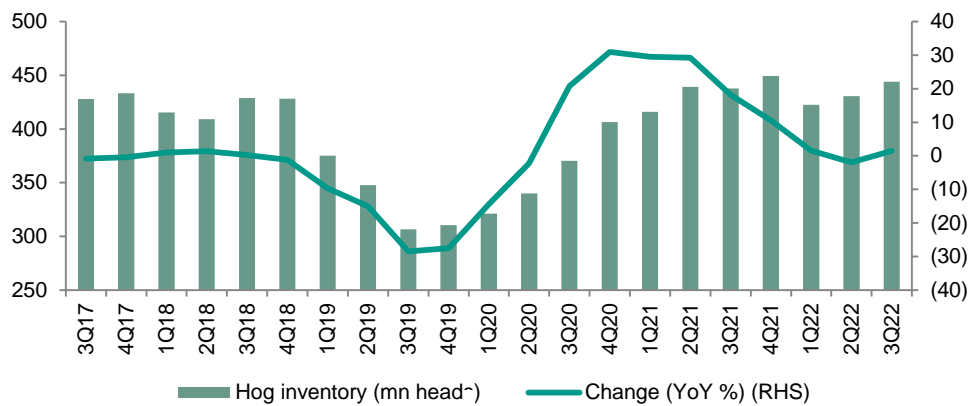
2. Market presents growth opportunities

Measures taken by the relevant authorities to boost hog inventory has been effective since the ASF outbreak. Hog inventory as of end-3Q22 reached 443.9mn head, representing a 44.7% increase compared to the low point of 306.8mn head as of end-3Q19. In addition, the sow inventory level also has been above the normal inventory level since Sep 2021 and reached 43.79mn head as of end-Oct 2022. Aside from the hog/sow inventory volume data, the hog output volume at designated slaughter houses in 2021 and 10M22 improved compared to the levels seen in 2019 and 2020.

We believe the positive policy environment would continue to aid hog production companies to expand capacity and the cyclical nature of hog production market would present opportunities for the hog production companies to gain market shares from time to time.

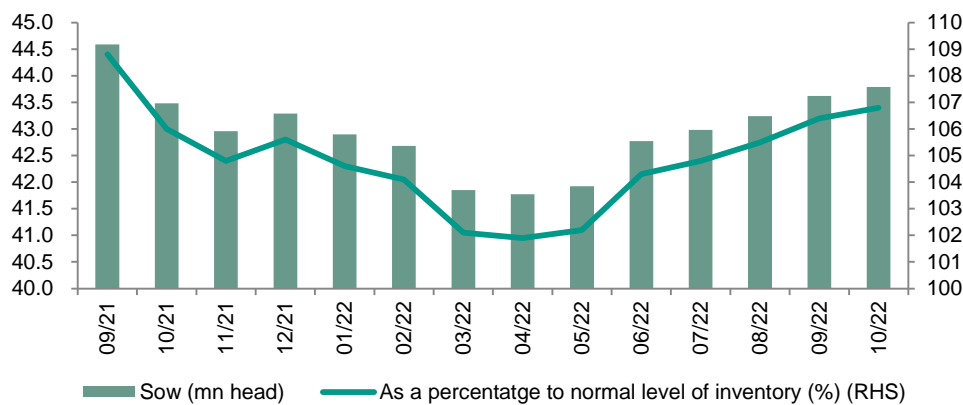


Exhibit 2: National hog inventory



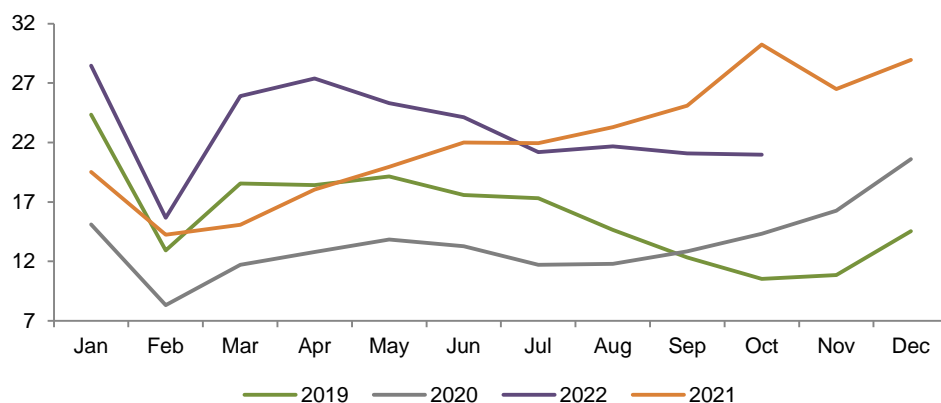
Source(s): NBS, ABCI Securities

Exhibit 3: National sow inventory



Source(s): NBS, ABCI Securities

Exhibit 4: Hog output volume at designated slaughter houses (mn head)



Source(s): MOA, ABCI Securities

In fact, the aggregated hog sales volume of the top four listed hog producers (Muyuan, Wens, New Hope Liuhe, and Zhengbang), as a percentage of the national output volume, increased from 7.0% in 2019 to 14.3% in 9M22. The increasing market concentration of the top 4 listed players shows exits of small-/mid-sized players, growth opportunities for the larger players, and the impact of



post-ASF outbreak regulatory oversight on consolidation of market shares among the top listed players

The Group's market share increased over the years and saw the biggest increase among the top four hog producers. The hog sales volume by the Group, as a percentage of national hog output volume, increased from 1.9% in 2019 to 8.7% in 9M22. The Group has also been the top hog producer since 2020.

Exhibit 5: National hog output volume and market share of top 4 listed hog producers

	National hog output	Muyuan	Wens	Sales volume New Hope Liuhe	Zhengbang	Others	aggregate
Volume (mn head)							
2019	544.2	10.3	18.5	3.5	5.8		506.1
2020	527.0	18.1	9.5	8.3	9.6		481.5
2021	671.3	40.3	13.2	10.0	14.9		592.9
9M22	520.3	45.2	12.4	9.9	7.0		445.7
Market share (%)							
2019	100.0	1.9	3.4	0.7	1.1		93.0
2020	100.0	3.4	1.8	1.6	1.8		91.4
2021	100.0	6.0	2.0	1.5	2.2		88.3
9M22	100.0	8.7	2.4	1.9	1.3		85.7

Note: market share = sales volume of individual companies/national hog output volume

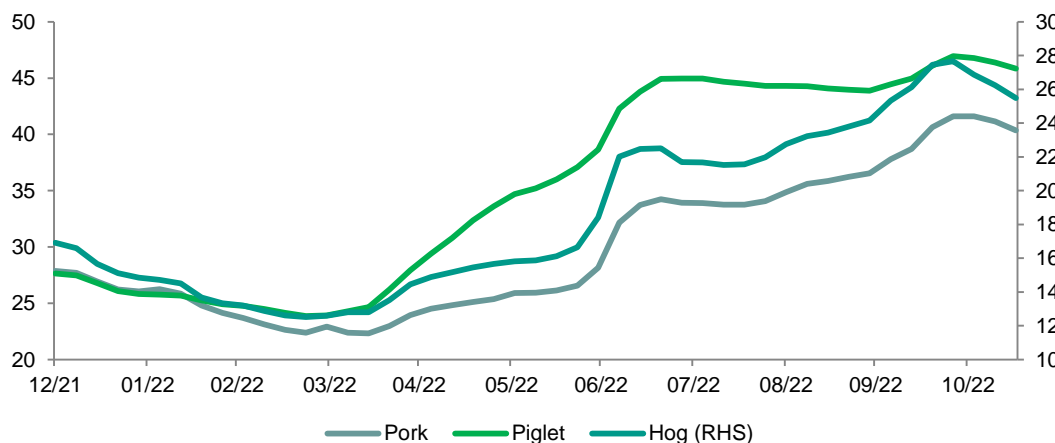
Source(s): NBS, companies, ABCI Securities

We believe the Group should be able to implement its expansion strategy and consolidate its market share. On the one hand, the aggregate market share of the top four listed players is still low. On the other hand, the Group's significantly larger scale would strengthen its leading position, as the figures above demonstrate peers may lose market shares amid intense competition.

3. Pricing level supportive to margins

Prices of pork, hog, and piglet continued to go up in 2022. Since Mar 2022, the prices saw varying paces of increase, which we believe is attributable to global inflation that pushes up raw material costs and changing local supply-demand dynamic. As of the third week of Nov 2022, weekly average wholesale price of pork, hog, and piglet reached RMB 40.36/kg, RMB 25.48/kg, and RMB 45.85/kg, representing YTD growth of 44.8%, 50.6%, and 65.8%. Meanwhile, the weekly average wholesale price of soy meal and pig feeds in the third week of Nov 2022 reached RMB 5.58/kg and RMB 4.1/kg, representing YTD growth of 47.6% and 12.6%.

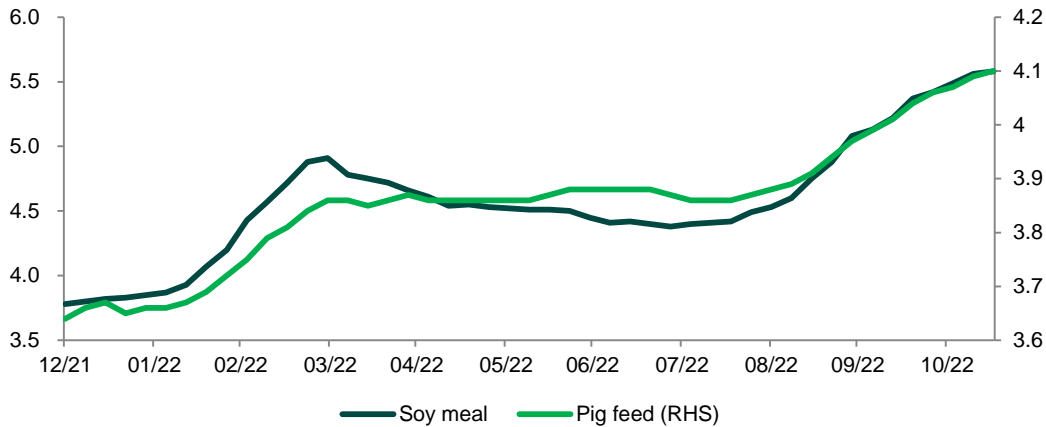
Exhibit 6: Weekly average wholesale price of hog, piglet, and pork (RMB/kg)



Source(s): MOA, ABCI Securities



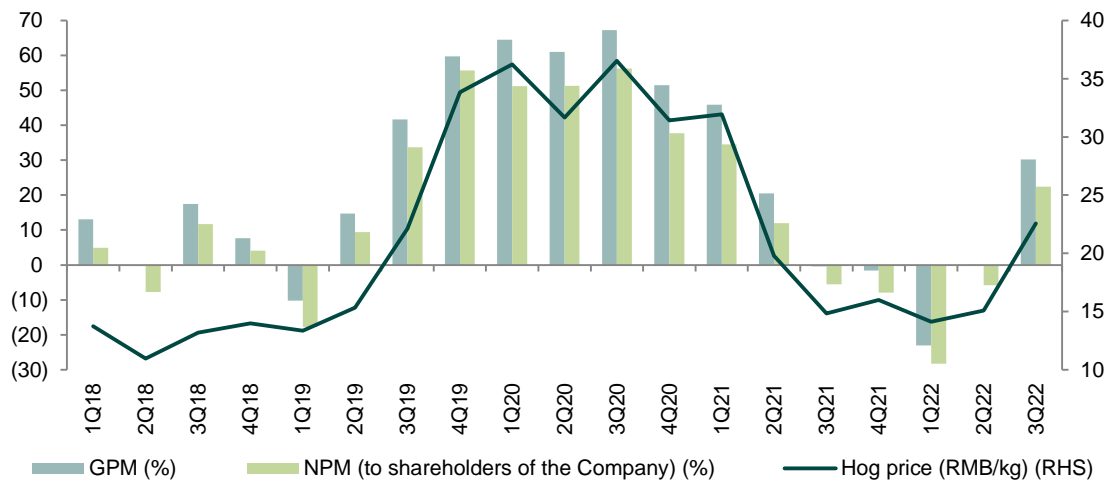
Exhibit 7: Weekly average wholesale price of soy meal and pig feed (RMB/kg)



Source(s): MOA, ABCI Securities

Changes in hog price have been highly correlated to the Group's margins. As hog price dropped in 1H22, the Group's GPM and NPM (to shareholders of the Company) dropped to -23.0% and -28.3% in 1Q22 and 0.0% and -5.8% in 2Q22, and went up to 30.2% and 22.5% in 3Q22 as hog price ticked up. Similar patterns were also observed in the past years. We believe the upward pressure on raw material prices would remain in the short term, supporting the elevated hog price. Higher prices in the short term would benefit the Group's pricing capability and margins.

Exhibit 8: Quarterly average wholesale hog price vs. the Group's quarterly margins



Note: Hog price is average of weekly average prices in each corresponding quarter

Source(s): MOA, the Group, ABCI Securities

4. Turnaround in 3Q22

GPM and NPM (to shareholders of the Company) improved from 0.0% and -5.8% in 2Q22 to 30.2% and 22.5% in 3Q22. Revenue growth also jumped from 21.5% YoY in 2Q22 to 147.6% YoY in 3Q22. Meanwhile, the performance of other leading players varied and some even saw YoY revenue reduction.



Exhibit 9: Key performance metrics of the top four listed players

#	Ticker	Name	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22
Revenue change (YoY %)									
1	002714 CH	Muyuan	149.7	65.0	(18.7)	32.1	(9.3)	21.5	147.6
2	300498 CH	Wens	(3.6)	(25.4)	(18.2)	(5.6)	(13.2)	22.7	52.6
3	000876 CH	New Hope Liuhe	42.2	33.8	9.5	(9.3)	0.9	1.7	15.6
4	002157 CH	Zhengbang	78.1	48.4	(17.2)	(53.5)	(48.9)	(74.3)	(75.2)
NPM (to shareholders of the Company) (%)									
1	002714 CH	Muyuan	34.6	12.0	(5.6)	(8.0)	(28.3)	(5.8)	22.5
2	300498 CH	Wens	3.2	(22.0)	(45.2)	(20.1)	(25.8)	1.4	17.3
3	000876 CH	New Hope Liuhe	0.5	(11.0)	(9.1)	(10.0)	(9.8)	(3.8)	3.8
4	002157 CH	Zhengbang	1.7	(11.7)	(46.6)	(145.4)	(37.5)	(51.6)	(101.8)

Source(s): Companies, ABCI Securities

5. Post-pandemic reopening to boost consumption

Relaxation of COVID-related restrictions has been implemented across the nation since early Dec 2022 and more measures were being announced to accelerate the reopening process. We believe overall consumption will go up as challenges on logistics reduce while per capita income and spending growth normalize, and the recovery in tourism and dining will boost market growth. Demand for pork will likely increase and the price level of hog will be supported by a more balanced demand-supply dynamic.



Growth and profitability outlook

Revenue CAGR to reach 28.5% in FY21-24E

We expect the growth of hog sales volume and ASP to gradually decline on the expectation that overall national hog production would recover and hog prices would be subject to new cycles in coming years. In addition, hog sales volume would be the major growth driver.

Based on the above assumptions, we project the Group's FY21-24E revenue CAGR to be 28.5%. We believe that the growth of hog sales volume would achieve FY21-24E CAGR at 53.8%. Meanwhile, the overall ASP of hogs would remain stable at ~RMB 2k/head.

Exhibit 10: Hog sales volume and hog ASP projections

	FY20A	FY21A	FY22E	FY23E	FY24E
Volume (k head)	18,115.0	40,263.0	61,802.0	76,975.6	85,745.1
<i>Growth (YoY %)</i>	<u>76.7</u>	<u>73.1</u>	<u>53.5</u>	<u>24.6</u>	<u>11.4</u>
ASP of hogs (RMB/head)	3,042	1,865	2,012	2,047	1,967
<i>Growth (YoY %)</i>	<u>58.9</u>	<u>(5.8)</u>	<u>7.9</u>	<u>1.7</u>	<u>(3.9)</u>

Source(s): The Group, ABCI Securities estimates

Exhibit 11: Revenue projections

	FY20A	FY21A	FY22E	FY23E	FY24E
Revenue (RMB mn)					
Total	56,277	78,890	126,124	157,750	167,367
Hog production	55,105	75,076	124,351	157,545	168,660
Growth (YoY %)					
Total	178.3	40.2	59.9	25.1	6.1
Hog production	180.8	36.2	65.6	26.7	7.1

Source(s): The Group, ABCI Securities estimates

Margins to improve

The Group's 3Q22 performance showed its improving operational efficiency, which will continue to benefit the overall margin profile. In addition, the relatively high hog price will continue to support the Group's margins in 4Q22 and early FY23E. We expect GPM and NPM (to shareholders of the Company) to reach 17.0% and 9.8% in FY22E and 26.2% and 18.5% in FY24E.

Exhibit 12: Margin projections

	FY20A	FY21A	FY22E	FY23E	FY24E
GPM	60.7	16.7	17.0	24.9	26.2
- Hog production	62.1	17.5	24.9	32.4	34.9
NPM (to shareholders of the Company)	48.8	8.8	9.8	17.1	18.5

Source(s): The Group, ABCI Securities estimates



Valuation

TP at RMB 60.5; initiate with BUY

We apply the DCF valuation approach to derive our TP. The assumptions in our model include: 1) a beta of 1.06; 2) a risk-free rate of 2.91%; 3) an expected market return of 13.65%; 4) a target debt/asset ratio of 44%; 5) an effective tax rate of 0.26%; 6) a terminal growth rate of 3.0%.

The above assumptions result in a WACC of 10.35%. Our DCF model yields a TP of RMB 60.5, which represents 26.13x/11.93x 22E/23E P/E, or 4.96x/3.71x 22E/23E P/B.

Peer valuation analysis

The Group's comparable peers are mainly listed in the PRC. As of Dec 13, 2022, the average 22E/23E P/E of the sector is at 121.35x/9.50x. The high 22E P/E is mainly due to the distortion by some peers' unusually high P/E figures. We believe these unusually high P/E figures are resulted from the low level of profits or even losses recorded in early 2022, which was triggered by the low hog prices in the same period. Excluding those anomalies, the sector's average 22E/23E P/E is at 19.30x/6.87x, which is somewhat on par with the Group's 22E/23E P/E at 21.21x/9.69x.

Exhibit 13: Peer valuation comparison

Ticker	ENG name	CHN name	P/E (x)		P/B (x)		Yield (%)		ROAA (%)		ROAE (%)	
			22E	23E	22E	23E	22E	23E	22E	23E	22E	23E
002714 CH	MUYUAN	牧原	21.21	9.69	4.03	3.02	0.9	2.0	7.1	13.3	20.7	35.6
300498 CH	WENS	温氏	20.39	8.60	3.17	2.42	1.2	3.1	5.2	14.4	16.2	29.1
000876 CH	NEW HOPE LIUHE	新希望六和	358.16	10.13	1.79	1.56	0.1	1.5	0.2	3.5	0.9	14.1
002157 CH	ZHENGBO	正邦	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	259.9	38.6
002124 CH	TECHBANK	天邦	9.10	5.91	2.59	1.78	1.1	2.7	8.5	9.1	27.3	29.8
002100 CH	TECON	天康	23.70	7.21	1.55	1.33	1.1	2.3	3.3	6.7	7.2	17.7
002548 CH	JINXINNONG	金新农	N/A	7.78	2.64	2.08	N/A	2.6	N/A	N/A	(2.6)	26.8
1610 HK	COFCO JOYCOME	中粮家佳康	16.08	3.53	0.89	0.73	1.8	6.8	0.3	10.6	(8.3)	21.6
603363 CH	AONONG	傲农	N/A	7.72	4.94	2.94	0.1	3.4	N/A	N/A	(7.4)	44.8
002385 CH	DABEINONG	大北农	496.84	28.18	3.59	3.22	0.0	1.0	0.2	6.0	0.8	11.9
002567 CH	TANGRENSHEN	唐人神	25.33	6.27	1.62	1.33	0.7	2.9	2.8	8.3	6.8	22.0
Average			121.35	9.50	2.68	2.04	0.8	2.8	3.4	9.0	29.2	26.5

Note: Data as of Dec 13, 2022

Source(s): Bloomberg, ABCI Securities estimates



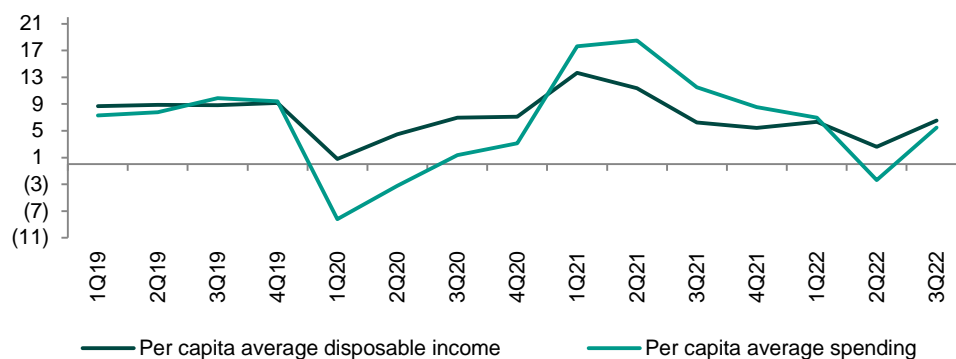
Risk factors

Macroeconomic risk

According to the NBS, average per capita income in 9M22 reached RMB 27,650, while average per capita spending in 9M22 reached RMB 17,878. Based on the NBS data and our calculation, the national average per capita income and spending grew 6.5% YoY and 5.5% YoY in 3Q22.

However, since 2020, the per capita income and spending growth has been fluctuating due to the COVID-19 pandemic. Uncertain income growth outlook lowers consumer demand, and the drop in spending has been significant as observed in the past three years due to increased price sensitivity and conservative attitude towards spending amid challenging times. Any events slowing personal income growth would reduce consumer demand and even staples such as pork might see declined demand.

Exhibit 14: Nominal average per capita income and spending growth (YoY %)



Source(s): NBS, ABCI Securities

Regulatory/policy risk

As a hog producer, the Group is facing increasingly stringent regulatory environment on food safety, working condition, and environmental protection. Inability to comply with relevant regulations/policies may result in fines or suspension of operation., which could adversely affect margin or growth.

Operational risk

The Group may also face operational risk relating to its production process. Currently, a major operational risk is potential resurgence of the ASF outbreak, which could lead to decimating the entire hog herd in a farm. The Group may also face other hog-related diseases that would reduce its overall production volume, contaminate its products, or increase operating costs. In addition, the Group's performance would continue to be affected by the long production cycle of hog and the uncertain market price when hogs are being sold.

Price risk and volatile margins

The Group's margins are highly correlated to the price of hog, the Group's main products. If their market prices experience substantial decline, the Group's margins would also be negatively affected. For more details please refer to Exhibit 8.



Leverage risk

The Group's D/E ratio reached 81.1% as of end-3Q22, compared to 38.3% as of end-FY21. The Group's leverage increase would lead to higher financial expenses and reduce net margins.

Exhibit 15: Leverage ratios of the Group

As of Dec 31	FY20A	FY21A	3Q22
D/E (%)	48.2	38.3	81.1
D/A (%)	25.5	29.7	31.2
Net debt/Total equity (%)	25.3	58.9	59.9
Net debt /Total assets (%)	13.6	22.8	23.1

Source(s): the Group, ABCI Securities



Financial statements

Consolidated income statement

As of Dec 31 (RMB mn, except for per share data)	FY20A	FY21A	FY22E	FY23E	FY24E
Revenue	56,277	78,890	126,124	157,750	167,367
- Hog production	55,105	75,076	124,351	157,545	168,660
- Others	1,965	9,585	16,718	21,256	25,151
COGS	(22,128)	(65,680)	(104,678)	(118,525)	(123,474)
Gross profit	34,149	13,210	21,446	39,225	43,893
- Hog production	34,214	13,124	30,937	51,012	58,826
- Others	728	5,857	5,453	9,264	11,512
Business tax and levies	(51)	(92)	(144)	(169)	(189)
S&D expenses	(292)	(700)	(879)	(1,117)	(1,202)
Admin expenses	(3,156)	(3,442)	(4,897)	(6,338)	(6,842)
R&D expenses	(412)	(808)	(1,222)	(1,576)	(1,670)
Finance cost	(688)	(2,178)	(3,097)	(3,081)	(2,959)
Others	822	1,621	2,384	2,817	3,183
Pretax profit	30,373	7,611	13,590	29,762	34,215
Tax	2	28	36	78	90
Net profit	30,375	7,639	13,626	29,840	34,305
- Owners	27,451	6,904	12,314	26,969	31,004
- MI	2,923	735	1,311	2,871	3,301
Cash dividend	5,492	1,320	2,409	5,216	6,031
EPS (RMB)					
- Basic	5.33	1.28	2.31	5.07	5.83
- Diluted	5.28	1.28	2.31	5.07	5.83
Cash DPS (RMB)	1.46	0.25	0.45	0.98	1.13

Note: items may not sum up due to rounding

Source(s): The Group, ABCI Securities estimates

Consolidated balance sheet

As of Dec 31 (RMB mn)	FY20A	FY21A	FY22E	FY23E	FY24E
Cash and cash equivalents	14,594	12,198	17,381	35,526	49,176
Trade receivables	19	136	125	201	213
Inventories	21,179	34,476	42,851	46,234	51,900
Others	3,154	1,944	2,692	3,681	3,653
Current assets	38,946	48,753	63,048	85,642	104,942
PP&E and CIP	73,365	110,654	126,445	135,738	143,348
Biological assets	7,442	7,351	7,286	7,710	7,705
Intangible assets	768	863	935	1,174	1,183
Others	2,105	9,645	9,610	10,300	10,876
Non-current assets	83,681	128,513	144,276	154,922	163,112
Total assets	122,627	177,266	207,324	240,564	268,054
ST borrowings	19,384	30,041	41,249	39,485	36,405
Trade payables	14,623	31,989	32,160	36,393	36,753
Others	9,536	16,202	22,773	28,751	30,701
Current liabilities	43,543	78,232	96,182	104,629	103,859
LT borrowings and bonds	11,931	22,549	22,769	22,904	22,601
Others	1,048	7,881	7,690	7,724	8,014
Non-current liabilities	12,979	30,430	30,459	30,629	30,615
Shareholders' capital	50,407	54,352	64,881	86,634	111,607
MI	15,698	14,252	15,802	18,672	21,973
Total equity	66,105	68,604	80,683	105,306	133,580
Total liabilities and equity	122,627	177,266	207,324	240,564	268,054

Note: items may not sum up due to rounding

Source(s): The Group, ABCI Securities estimates



Consolidated cash flow statement

As of Dec 31 (RMB mn)	FY20A	FY21A	FY22E	FY23E	FY24E
Net profit	30,375	7,639	13,626	29,840	34,305
Depreciation and amortization	3,615	7,348	9,264	10,677	11,830
Change in working capital	(13,061)	6,465	(7,443)	980	(5,378)
Others	2,257	(5,157)	2,830	3,381	3,140
Cash flow from operating activities	23,186	16,295	18,276	44,879	43,896
Change in PP&E, intangible assets and other non-current assets	(46,062)	(35,838)	(21,641)	(29,237)	(27,695)
Others	709	(130)	5,465	4,386	(423)
Cash flow from investing activities	(45,353)	(35,968)	(16,175)	(24,851)	(28,119)
Change in borrowing	23,945	24,630	9,745	(2,797)	(1,724)
Others	2,179	(10,459)	(4,424)	(701)	(1,818)
Cash flow from financing activities	26,124	14,171	5,321	(3,498)	(3,543)
ForEx impact	1	0	0	0	0
Net change in cash	3,958	(5,502)	7,422	16,529	12,235
Cash and cash equivalent - end	13,909	8,407	15,829	32,358	44,593

Note: items may not sum up due to rounding

Source(s): The Group, ABCI Securities estimates

Key operating and financial ratios

As of Dec 31	FY20A	FY21A	FY22E	FY23E	FY24E
Growth (YoY %)					
Revenue	178.3	40.2	59.9	25.1	6.1
- Hog production	180.8	36.2	65.6	26.7	7.1
- Others	230.6	387.9	74.4	27.1	18.3
Gross profit	369.7	(61.3)	62.3	82.9	11.9
Operating profit	377.8	(73.0)	75.1	109.9	13.2
Net profit (to owners of the Company)	349.0	(74.9)	78.4	119.0	15.0
Profitability ratios (%)					
GPM	60.7	16.7	17.0	24.9	26.2
- Hog production	62.1	17.5	24.9	32.4	34.9
- Others	37.0	61.1	32.6	43.6	45.8
OPM	53.7	10.4	11.3	19.0	20.3
NPM (to owners of the Company)	48.8	8.8	9.8	17.1	18.5
Revenue contribution (%)					
Hog breeding	97.9	95.2	98.6	99.9	100.8
Others	3.5	12.2	13.3	13.5	15.0
Working capital turnover (days)					
Receivable turnover	0.1	0.4	0.4	0.4	0.5
Inventory turnover	233.8	154.6	134.8	137.2	145.0
Payable turnover	99.6	107.7	103.6	102.6	103.4
CCC	134.3	47.3	31.6	34.9	42.1
Return ratios (%)					
ROAA	34.6	5.1	7.1	13.3	13.5
ROAE	74.7	13.2	20.7	35.6	31.3
Liquidity ratio (x)					
Current ratio	0.89	0.62	0.66	0.82	1.01
Quick ratio	0.41	0.18	0.21	0.38	0.51
Cash ratio	0.34	0.16	0.18	0.34	0.47
Leverage ratios (%)					
Total debt to Equity	48.2	38.3	79.3	57.7	43.9
Total debt to Total assets	25.5	29.7	30.9	25.2	21.9
Net debt to Equity	25.3	58.9	57.8	23.9	7.1
Net debt to Total assets	13.6	22.8	22.5	10.5	3.5

Note: items may not sum up due to rounding

Source(s): The Group, ABCI Securities estimates



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Rating	Definition
Buy	Stock return rate \geq Market return rate ($\sim 10\%$)
Hold	- Market return rate ($\sim 10\%$) \leq Stock return rate $<$ Market return rate ($\sim +10\%$)
Sell	Stock return $<$ - Market return ($\sim 10\%$)

Stock return rate: expected percentage change of share price plus gross dividend yield over the next 12 months

Market return rate: average market return rate since 2008 (HSI total return index 2009-21 CAGR averaged at 9.2%)

Time horizon of share price target: 12-month

Stock rating, however, may vary from the stated framework due to factors including but not limited to: corporate governance, market capitalization, historical price volatility relative to corresponding benchmark index, average daily turnover of the stock relative to market capitalization of the stock, competitive advantages in corresponding industry, etc.

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