

What's Hot Today:

► Budweiser APAC (1876.HK): 1Q24 results inline, volume drop dragged sales

Bud APAC reported its 1Q24 revenue/net profit at US\$1,643/287mn, dropped 3.5/3.4% YoY. The decline in revenue was mainly dragged by a 4.3% volume drop despite a 0.9% ASP hike. Profitability came in flat YoY, with GPM/NPM at 51.5/17.5%, +1.3/flat YoY.

APAC West: During the period, volume/revenue of the region dropped by 4.4/4.5% YoY. China's volume/revenue dropped 6.2/2.7% in Q1, mainly due to bad weather in March. The Mgt added that Apr's bad weather in Guangdong and Fujian will negatively impact on China's Q2 performance. India's revenue and volume both continued its strong momentum with a double-digit growth, supported by a rapid premiumization trend.

APAC East: In 1Q24, although volume dropped by 4.0%, revenue of the region increased 1.4% driven by 5.6% ASP hike. South Korea's volume dropped by mid-single-digit but revenue increased mid-single-digit, thanks to a high single-digit gain in ASP.

Our view: We think the recent soft consumption environment in China will delay the premiumization process. It may suffer more than its peer given its core channel (Night life channel) being highly sensitive to the economy. However, in the long run, we believe the premiumization strategy will continue to bring positive effects to the overall profitability. The near term catalyst could be 1) better than expected volume in summer; 2) channel expansion; 3) consumption recovery. The ticker is trading at 17.6x FY24E P/E. (Research Department)

Fig 1: Budweiser APAC Financials and forecast

(US\$ mn)	FY21A	FY22A	FY23A	FY24E	FY25E	FY26E
Revenue	6,788	6,478	6,856	7,219	7,704	8,164
YoY%	21%	-5%	6%	5%	7%	6%
Gross Profit	3,657	3,240	3,453	3,727	4,037	4,337
YoY%	26%	-11%	7%	8%	8%	7%
GPM%	53.9%	50.0%	50.4%	51.6%	52.4%	53.1%
Net Profit	950	913	852	1,055	1,194	1,310
YoY%	85%	-4%	-7%	24%	13%	10%
NPM%	14.0%	14.1%	12.4%	14.6%	15.5%	16.0%
EPS (US\$)	0.072	0.069	0.065	0.080	0.090	0.098
P/E	19.6	20.3	21.8	17.6	15.6	14.3

Source: Company reports, Bloomberg consensus, Sunwah Kingsway Research

China & HK Indices	CLOSE	1D	YTD
HSI	18,313	-0.9%	7.4%
HSCEI	6,456	-1.1%	11.9%
HSCCI	3,744	-1.6%	11.8%
CSI300	3,630	-0.8%	5.8%
Shanghai A	3,280	-0.6%	9.6%
Shanghai B	253	-0.6%	9.6%
Shenzhen A	1,854	-1.3%	-3.6%
Shenzhen B	1,124	0.5%	4.0%

Key Int'l Indices	CLOSE	1D	YTD
Dow Jones	39,056	0.4%	3.6%
S&P 500	5,187	-0.0%	8.8%
Nasdaq	16,302	-0.2%	8.6%
NIKKEI Index	38,252	0.1%	14.3%
FTSE Index	8,354	0.5%	8.0%
CAC Index	8,131	0.7%	7.8%
DA.X Index	18,498	0.4%	10.4%

Commodities	CLOSE	1D	YTD
GOLD (US\$/oz.)	2,308	-0.2%	12.0%
STEEL (US\$/oz.)	2,109	-0.5%	-5.2%
SILVER (US\$/oz.)	27	0.3%	15.0%
CRUDE OIL (US\$/bbl)	78	-12.1%	10.7%
COPPER (US\$/oz.)	9,904	-0.1%	15.7%
ALUMINIUM (US\$/oz.)	2,549	-0.1%	6.9%
PLATINUM (US\$/oz)	976	-0.2%	-1.4%
ZINC (US\$/oz.)	2,905	0.1%	9.3%
WHEAT (US\$/bu)	616	-2.6%	-1.9%
CORN (US\$/bu)	458	-1.8%	-7.2%
SUGAR (US\$/lb)	N/A	N/A	-3.6%
SOYBEAN (US\$/bu)	1,227	-1.5%	-6.3%
PVC (US\$/t)	N/A	N/A	17.2%
CRB	289	0.5%	3.0%
BDI			5.2%

Exchange Rates	USD	HKD	EUR	JPY	CHF	RMB
USD		7.818	0.930	155.530	0.908	7.225
HKD	0.128		0.119	19.897	11.616	0.924
EUR	1.075	8.403		167.190	1.025	7.763
JPY	0.006	5.026	0.598		0.584	0.046
CHF	1.101	8.609	1.025	171.233		7.901
RMB	0.138	1.082	0.129	21.532	0.127	

Market Sentiment	CURRENT	5D
CDS Monitor - USD SR 5Y		
Greece	N/A	N/A
Ireland	83	-2.4%
Italy	139	-0.6%
Portugal	207	-0.0%
Spain	108	0.3%
VIX	13	-15.5%

Source: Bloomberg

Latest Research Reports		
Date	Company	Analyst
29/02/2024	Xinyi Solar (968.HK)	Research Department
29/02/2024	Xinyi Energy (3868.HK)	Research Department
26/02/2024	Conant Optical (2276.HK)	Research Department
05/01/2024	Aeon Credit (900 HK)	Ennsley Liu
13/10/2023	Aeon Credit (900 HK)	Howard Wong
17/04/2023	Xtep International (1368 HK)	Eason Cui
14/04/2023	Perfect Medical (1830 HK)	Research Department
03/04/2023	Meidong Auto (1268 HK)	Eason Cui
31/03/2023	Prosperous Industrial (1731 HK)	Research Department
28/03/2023	Yongda (3669 HK)	Eason Cui
17/03/2023	361 Degrees (1361 HK)	Eason Cui
13/03/2023	DONGFANG ELECTRIC (1072 HK)	Eason Cui
01/03/2023	Xinyi Energy (3868 HK)	Eason Cui
28/02/2023	Xinyi Glass (868 HK)	Ken Li
13/02/2023	Auto monthly update	Eason Cui
10/02/2023	Yuexiu Property (123 HK)	Ken Li
18/01/2023	Yongda (3669 HK)	Eason Cui
17/01/2023	Xtep (1368 HK)	Eason Cui
04/01/2023	Auto monthly update	Eason Cui
02/12/2022	Perfect Medical (1830 HK)	Research Department
01/12/2022	XPeng (9868 HK)	Eason Cui

Fig 2: Volume drop dragged sales down by 3.5%

(US\$ mn)	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	1Q24	YoY
Revenue	1,632	1,821	1,860	1,165	1,702	1,964	1,897	1,293	1,643	-3.5%
Volume (mn liter)	2,023	2,500	2,749	1,578	2,208	2,738	2,764	1,620	2,112	-4.3%
ASP (US\$/liter)	0.81	0.73	0.68	0.74	0.77	0.72	0.69	0.80	0.78	0.9%
COGS	-799	-902	-906	-631	-848	-951	-928	-676	-797	-6.0%
Gross Profit	833	919	954	534	854	1,013	969	617	846	-0.9%
Gross margin	51.0%	50.5%	51.3%	45.8%	50.2%	51.6%	51.1%	47.7%	51.5%	1.3pp
SG&A	833	919	954	534	854	1,013	969	617	846	-0.9%
EBITDA	570	569	593	200	580	593	584	257	572	-1.4%
EBITDA margin	34.9%	31.2%	31.9%	17.2%	34.1%	30.2%	30.8%	19.9%	34.8%	0.7pp
EBIT	394	392	429	45	418	427	417	27	408	-2.4%
EBIT margin	24.1%	21.5%	23.1%	3.9%	24.6%	21.7%	22.0%	2.1%	24.8%	0.3pp
Net Profit	302	323	300	-12	297	278	300	-23	287	-3.4%
Net margin	18.5%	17.7%	16.1%	-1.0%	17.5%	14.2%	15.8%	-1.8%	17.5%	0pp

Source: Company reports, Sunwah Kingsway Research

Fig 3: Weak China sales negatively impact group sales

Organic growth	1Q23	2Q23	3Q23	4Q23	1Q23
Organic revenue growth	12.9%	14.9%	7.1%	8.9%	-0.4%
APAC West	12.7%	20.2%	9.9%	9.2%	-1.5%
China	10.9%	19.6%	8.7%	11.1%	-2.7%
India	+double digit	+double digit	+double digit		+double digit
APAC East	13.8%	-7.1%	-5.0%	5.2%	5.2%
South Korea	+double digit			+mid single digit	+mid single digit
Organic volume growth	9.1%	9.5%	0.6%	-2.1%	-4.8%
APAC West	9.0%	11.2%	1.1%	-1.9%	-4.9%
China	7.4%	11.0%	-0.1%	-3.1%	-6.2%
India	+double digit	+double digit			+double digit
APAC East	10.0%	-2.4%	-3.2%	-4.0%	-4.0%
South Korea	+double digit	-low single digit	-mid single digit	-mid single digit	-mid single digit
Organic ASP change	3.5%	4.9%	6.5%	11.2%	4.6%
APAC West	3.4%	8.0%	8.8%	11.3%	3.6%
China	3.2%	7.8%	8.9%	14.7%	3.7%
India					
APAC East	3.5%	-4.8%	-1.9%	9.6%	9.6%
South Korea	+mid single digit	-mid single digit	-low single digit	+ high single digit	+ high single digit
Organic EBITDA change	10.4%	11.1%	4.1%	31.3%	4.2%
APAC West	11.6%	20.3%	10.1%	35.7%	2.0%
China	-5.0%	22.0%	10.6%	44.4%	1.0%
India					
APAC East	2.6%	-29.5%	-21.1%	18.7%	18.7%

Source: Company reports, Sunwah Kingsway Research

Fig 4: Peer valuation and stock performance

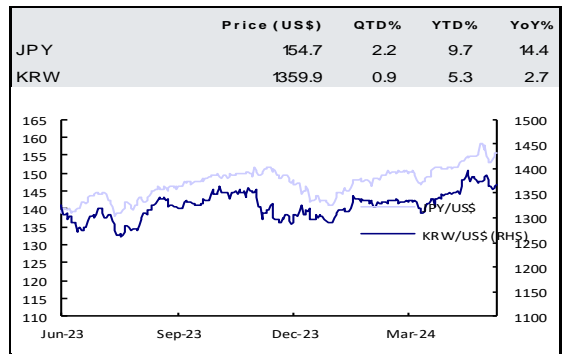
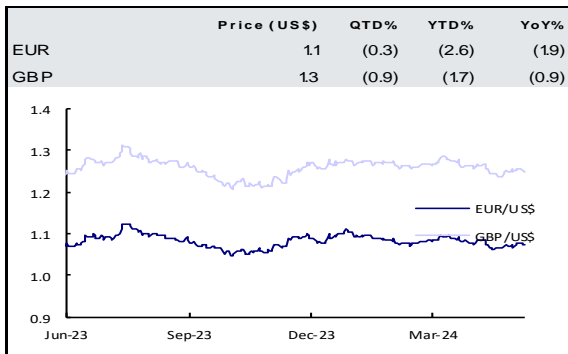
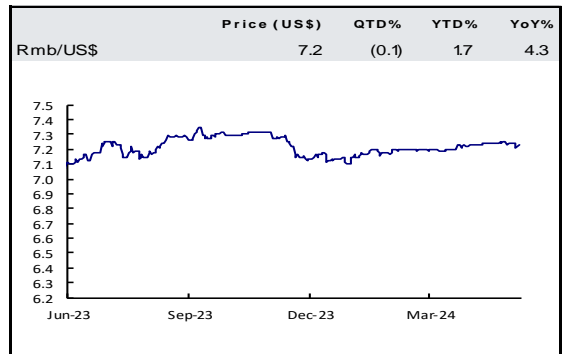
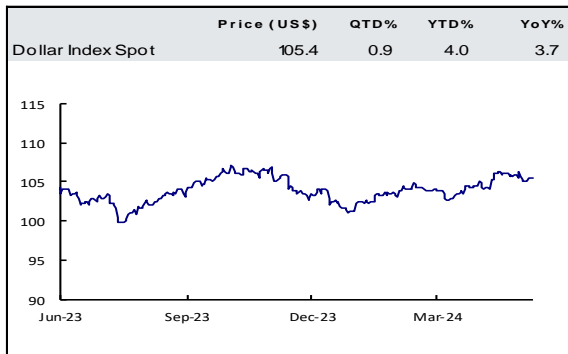
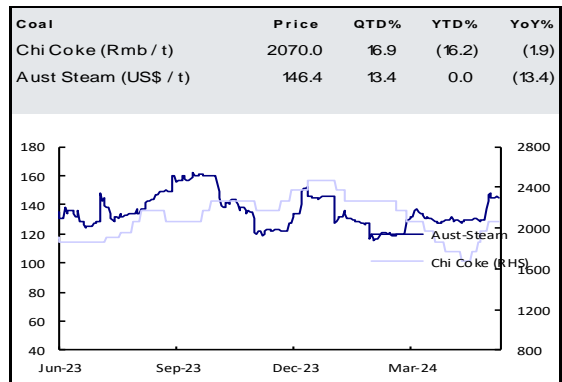
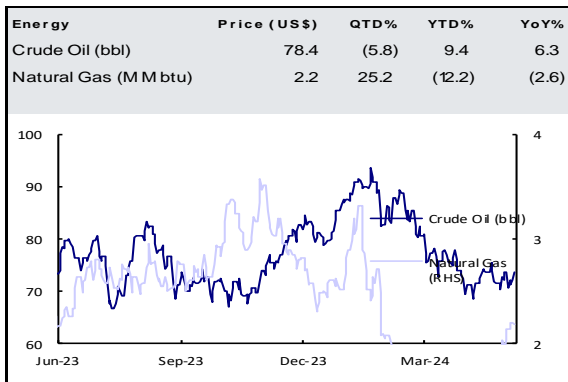
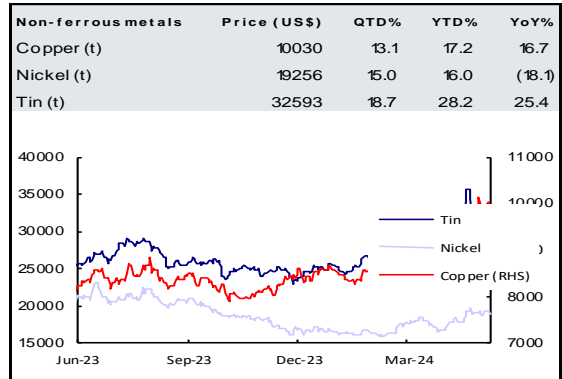
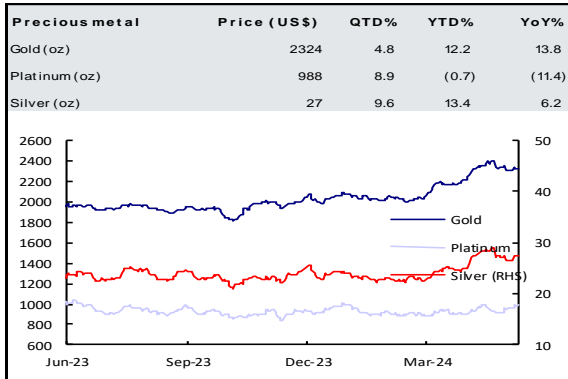
Company	Ticker	Mkt cap (HK\$ bn)	Stock performance			P/E		
			1M	3M	YTD	2024	2025	2026
Budweiser APAC	1876.HK	146	-2%	-16%	-25%	17.6	15.6	14.4
China Resources Beer	0291.HK	119	3%	24%	8%	18.1	15.7	13.8
Tsingtao Brewery	0168.HK	107	16%	26%	14%	15.0	13.2	12.3
Chongqing Brewery	600132.SH	39	11%	25%	10%	23.8	22.1	20.7
Yanjing Brewery	000729.SZ	31	6%	13%	15%	31.1	24.0	19.6
Guangzhou Zhujiang Brewery	002461.SZ	21	7%	12%	8%	25.1	22.4	20.5
HSI			10%	14%	7%			
CSI 300			2%	9%	6%			

Source: Bloomberg, Wind, Sunwah Kingsway Research, Data as of May 8 close

Kingsway coverage list

Name	Ticker	Market Cap (HK\$'m)	Price (HK\$)	1D (%)	Rec.	TP (HK\$)	Upside (%)	PER (X)*			Dividend FY2	Absolute performance			Latest update date
								Hist	FY1	FY2		5D%	1M%	3M%	
HANG SENG INDEX	HSI		18,313.86	(0.9)				9.6	9.1	8.5	4.2%	3.1	8.8	16.3	
HANG SENG CHINA ENT IND	HSCEI		6,456.72	(1.1)				8.8	8.4	7.7	4.0%	2.9	9.5	21.7	
CSI 300 INDEX	SHSZ300		3,630.22	(0.8)				14.3	12.2	10.8	3.2%	1.3	2.7	7.9	
FUYAO GLASS	3606 HK	137,284	48.00	(0.6)	LONG	41.50	(13.5)	20.5	17.4	14.8	3.8%	2.0	18.8	31.0	1-Sep-20
BEUR	3718 HK	1,725	0.49	0.0	LONG	1.80	271.1	6.1	5.1	4.2	7.6%	0.0	0.0	0.0	30-Mar-21
BINJIANG SERVICES	3316 HK	4,970	17.98	(1.5)	LONG	23.50	30.7	9.3	7.7	6.3	9.2%	2.7	5.8	19.7	N/A
BYDE	285 HK	66,019	29.30	(1.3)	NEUTRAL	17.60	(39.9)	15.1	12.0	9.4	2.3%	10.2	9.3	2.1	N/A
CHINA LILANG	1234 HK	5,664	4.73	(0.8)	LONG	5.32	12.5	9.9	8.6	7.7	8.7%	(1.5)	(1.2)	16.9	N/A
CHINASOFT INTL	354 HK	13,137	4.62	(5.7)	LONG	12.80	177.1	16.5	13.0	10.0	2.3%	(2.7)	(4.9)	(1.5)	27-Oct-20
CHINA TIAN LUN GAS	1600 HK	4,644	4.73	(0.2)	LONG	8.70	83.9	8.9	7.6	6.8	4.4%	(8.2)	(2.3)	14.5	26-Feb-20
DUIBA GROUP	1753 HK	372	0.35	(2.8)	LONG	5.55	1508.7	11.0	N/A**	N/A**	N/A**	11.3	11.3	53.3	N/A
EDVANTAGE GROUP	382 HK	2,832	2.48	(0.4)	LONG	4.50	81.5	3.9	3.5	3.3	8.7%	0.4	(0.4)	6.4	3-May-22
EVERGREEN PG	1962 HK	334	0.51	0.0	LONG	1.75	243.1	6.5	N/A**	N/A**	N/A**	0.0	7.4	(1.9)	26-Jan-21
HUAHONG SEMI	1347 HK	33,981	15.66	(2.7)	NEUTRAL	26.30	67.9	9.7	23.3	11.7	0.0%	0.4	(0.4)	5.1	29-Jul-21
KINGDEE INTL	268 HK	31,733	8.83	(4.1)	NEUTRAL	17.62	99.5	N/A**	N/A**	100.8	0.0%	5.6	0.0	14.5	20-Aug-20
MEIDONG AUTO	1268 HK	3,716	2.76	(2.5)	LONG	19.76	615.9	24.5	9.1	5.7	5.3%	8.2	(4.8)	8.7	3-Apr-23
MINGYUAN CLOUD	909 HK	5,205	2.68	(5.0)	NEUTRAL	28.00	944.8	N/A**	N/A**	N/A**	1.1%	8.5	11.7	30.1	N/A
PLOVER BAY TECH	1523 HK	3,170	2.88	3.2	LONG	1.70	(41.0)	14.4	12.3	10.8	1.0%	2.9	7.5	44.1	6-Aug-20
POU SHENG INTL	3813 HK	3,515	0.66	0.0	LONG	2.80	324.2	6.4	5.0	3.9	7.0%	0.0	1.5	8.2	16-Nov-20
Q TECH	1478 HK	4,146	3.50	0.9	NEUTRAL	4.97	42.0	46.5	13.2	8.9	0.6%	7.7	11.5	14.0	10-Aug-22
SUNNY OPTICAL	2382 HK	44,504	40.65	(2.3)	LONG	160.80	295.6	37.3	21.7	15.9	1.3%	5.9	3.2	(15.6)	17-Aug-22
TRYLY INTL	732 HK	2,845	0.90	1.1	LONG	2.80	211.1	10.8	N/A**	N/A**	N/A**	5.9	4.7	32.4	8-Apr-21
XINYI ENERGY	3868 HK	9,082	1.10	(2.7)	LONG	1.62	47.3	8.7	7.6	6.6	7.4%	0.0	(0.9)	5.8	29-Feb-24
XINYI GLASS	868 HK	41,062	9.72	(2.8)	LONG	18.60	91.4	7.5	7.1	7.1	7.2%	15.4	8.7	51.2	28-Feb-23
XINYI SOLAR	968 HK	49,361	5.54	(5.1)	LONG	7.20	30.0	11.8	9.4	7.4	6.3%	1.5	(14.8)	48.1	29-Feb-24
XTEP INTL	1368 HK	13,260	5.02	(2.5)	LONG	11.91	137.3	11.4	10.4	9.0	4.8%	0.6	8.4	29.4	17-Apr-23
YONGDA AUTO	3669 HK	4,067	2.11	(4.1)	LONG	6.73	219.0	6.6	5.8	4.4	9.5%	(0.9)	(4.5)	6.0	28-Mar-23
YUEXU PROPERTY	123 HK	19,604	4.87	(4.9)	LONG	13.00	166.9	5.1	5.0	4.9	7.8%	3.6	20.2	(3.0)	10-Feb-23
WEIMOB	2013 HK	4,739	1.54	(5.5)	LONG	14.40	835.1	N/A**	284.7	21.2	0.0%	10.8	4.1	(12.5)	25-Nov-21

Market Watch – Major Commodities and Currencies



Source: Bloomberg

US Economic Calendar

Indicators	Freq	Obs Date	Expected Release Date
Wholesale Inventories	MoM		8-May-24
Initial Jobless Claims	WoW		9-May-24
PPI	MoM		14-May-24
Business Inventories	MoM		15-May-24
Retail Sales	MoM		15-May-24
CPI	MoM		15-May-24
Housing Starts / Building Permits	MoM		16-May-24
Industrial Production	MoM		16-May-24
Existing Home Sales	MoM		22-May-24
New home Sales	MoM		23-May-24
Durable Goods Orders	MoM		24-May-24
Consumer Confidence	MoM		28-May-24
GDP	QoQ		30-May-24
Personal Income & Spending	MoM		31-May-24
ISM Manufacturing PMI	MoM		3-Jun-24
Factory Orders	MoM		4-Jun-24
Trade Balance	MoM		6-Jun-24
Employment Report	MoM		7-Jun-24
Auto Sales	MoM		

China Economic Calendar

Indicators	Freq	Obs Date	Expected Release Date
Money Supply - M2	MoM		9-May-24
Trade Balance	MoM		9-May-24
PPI	MoM		11-May-24
CPI	MoM		11-May-24
Retail Sales	MoM		17-May-24
Industrial Production	MoM		17-May-24
PMI Manufacturing	MoM		31-May-24
Foreign Exchange Reserves	QoQ		7-Jun-24
GDP	YoY		15-Jul-24

Hong Kong Economic Calendar

Indicators	Freq	Obs Date	Expected Release Date
GDP	QoQ		17-May-24
Unemployment Rate	MoM		20-May-24
CPI	MoM		23-May-24
Trade Balance	MoM		27-May-24
Retail Sales	MoM		31-May-24
Money Supply - M2	MoM		31-May-24
PMI	MoM		5-Jun-24
Foreign Currency Reserve	MoM		7-Jun-24
Producer Prices Index	QoQ		14-Jun-24
Industrial Production	QoQ		14-Jun-24
Composite Interest Rate	MoM		

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