

Hong Kong

June 17, 2022 - 3:00 PM

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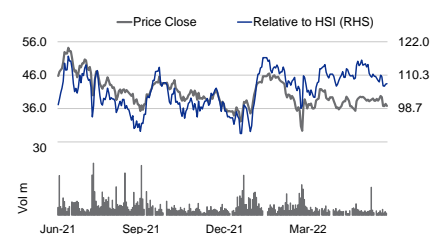
Consensus ratings*: Buy 22 Hold 2 Sell 1

Current price:	HK\$36.75
Target price:	HK\$40.70
Previous target:	HK\$40.70
Up/downside:	10.7%
CGS-CIMB / Consensus:	-20.0%
Reuters:	1209.HK
Bloomberg:	1209 HK
Market cap:	US\$10,686m HK\$83,882m
Average daily turnover:	US\$11.47m HK\$89.93m
Current shares o/s	2,283m
Free float:	27.7%

*Source: Bloomberg

Key financial forecasts

	Dec-22F	Dec-23F	Dec-24F
Net Profit (Rmbm)	2,549	3,386	4,254
Core EPS (Rmb)	1.08	1.43	1.86
Core EPS Growth	48.3%	31.8%	30.8%
FD Core P/E (x)	29.06	22.05	16.86
Recurring ROE	16.7%	19.3%	21.8%
P/BV (x)	4.56	3.97	3.43
DPS (Rmb)	0.40	0.53	0.66
Dividend Yield	1.27%	1.68%	2.10%



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	-5.5	-0.1	-17.1
Relative (%)	-10	-3.9	9.6

Major shareholders	% held
CR Land	72.3

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CR Mixc Lifestyle

Takeaways from virtual property conference

- CR Mixc said Covid-19 impacted its mall operations more than its basic property management; the former will affect its mall management fee.
- It will continue to seek out M&A opportunities but will be very selective, especially if the target's receivables could turn into bad debts.
- We think CR Mixc is one of the winners of the rapid market consolidation in the sector. Maintain Hold given its unattractive valuation of 29x CY22F P/E.

Operational update

- Management participated in our virtual property conference this week. Below are some of the key takeaways from meetings with its management.
- In 5M22, CR Mixc boosted its total managed gross floor area (GFA) by 87m sq m, including 49m sq m from M&As and 13m sq m from third parties (3P). Total contracted GFA added as at May was 120m sq m including 100m sq m from M&As and 16m sq m from 3P.
- For mall operation, it opened four malls in 5M22, once each in Nanjing, Wuhan, Shenyang and Jiahui. Management said Covid-19 had some impact on its mall operations, especially in Mar and Apr, as some of its malls had to be partially or fully closed due to social distancing measures adopted by local governments.
- Sales at its malls were seriously affected by Covid-19 in Apr, with overall tenant sales falling about 17% yoy. May sales were better, at just 1% lower vs. May 2021, as the Covid-19 situation in China improved. Management said sales improved further in Jun, as life in Shanghai and some other cities gradually returns to normal.

Impact from Covid-19 on malls

- As CR Mixc's mall management fees are linked to the respective malls' sales (up to 5% of sales) and financial results (up to 10% of the mall's EBITDA), its management fee is inevitably affected by the malls' weak sales and EBITDA.
- Management shared that its sponsor CR Land is likely to provide some rent waiver to tenants similar to what it did during the first Covid-19 wave; this will affect the management fees collected from CR Land. Management supplemented that CR Land offered its tenants about 1.5 months of rent waiver in 2020. Management said it would currently be difficult to quantify how much this will affect its revenue, and indicated that some of the impact will be recognised in its 1H22 results.

Impact on residential property management

- The impact of Covid-19 on its residential property management revenue is relatively small this time, and mainly on some value added services such as agency business.
- Meanwhile, costs related to overtime allowance and sanitation expenses have risen but the total amount is not very big and one-off. Management added that the efficiency of CR Mixc's residential property management can be further improved to offset negative impact of Covid-19.

Selective on M&As

- In the past 6-9months, CR Mixc concluded two M&As – Yuzhou PM and Zhong Nan PM; the prices it paid for them translate to single-digit P/E valuations.
- Pricing for M&As has come down YTD and CR Mixc will continue to seek out M&A opportunities but it will be very selective, especially if the target has receivables that could turn into bad debts.

Long-term guidance remains unchanged

- Management maintains its targets of 40% net profit CAGR over FY21-25, and total managed GFA of 400m sq m and a mall operation with 150 malls by 2025.
- Given the much faster net profit growth in FY21, this would suggest a net profit CAGR of about 27% over FY22-25.

Maintain Hold and PEG-based TP of HK\$40.7

- We think CR Mixc is one of the key winners of the sector's rapid market consolidation. However, we remain neutral given its unattractive valuation of 29x CY22F P/E.
- Key downside risks to our call include unexpected spread of Covid-19 in China in 2H22F while more value-accretive M&As are an upside risk.

Figure 1: Property management peers comparison

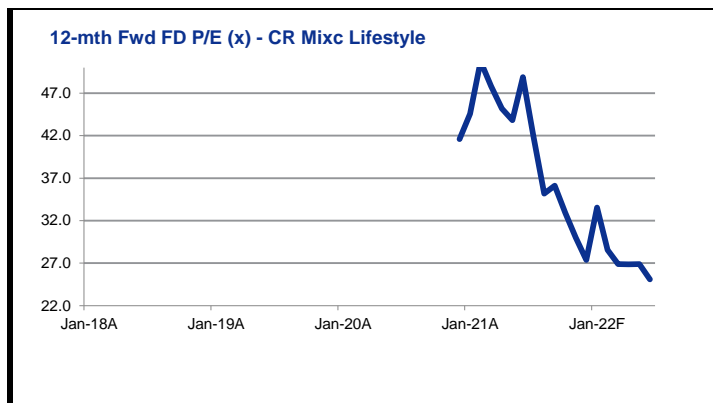
Company Name	Ticker	Share price (HK\$)	Target price (HK\$)	Rating	Upside (%)	Mkt cap (US\$ m)	P/E (x)				Dividend yield			EPS CAGR FY21-24F	FY22F PEG (x)*	Net gearing (%) 2021
							2021	2022F	2023F	2024F	2021	2022F	2023F			
A-Living	3319 HK	12.14	12.30	HOLD	1	2,196	6.2	5.3	4.6	4.1	3.9	4.7	5.4	15%	0.36	(33)
COPH	2669 HK	8.38	11.60	ADD	38	3,509	28.0	20.6	15.9	12.2	1.1	1.5	1.9	32%	0.65	(140)
Country Garden Services	6098 HK	28.10	62.60	ADD	123	12,061	18.3	13.8	10.0	7.7	1.2	1.8	2.5	33%	0.41	(17)
CIFI Ever Sunshine	1995 HK	8.50	17.60	ADD	107	1,898	20.7	14.8	11.0	8.4	1.5	2.0	2.7	33%	0.45	(85)
Greentown Service	2869 HK	7.87	7.40	HOLD	(6)	3,256	25.4	20.9	17.1	14.2	2.5	2.6	2.7	21%	0.98	(56)
KWG Living	3913 HK	2.21	5.80	ADD	162	568	5.6	4.0	3.0	2.3	6.3	8.7	11.7	35%	0.12	(35)
Poly Property Services	6049 HK	50.30	47.00	HOLD	(7)	3,546	27.9	22.2	18.2	15.1	0.7	0.9	1.1	23%	0.98	(112)
Powerlong CM	9909 HK	6.31	7.80	ADD	24	517	6.9	5.6	4.6	3.7	7.1	8.9	11.0	23%	0.25	(162)
Times Neighborhood	9928 HK	1.55	2.75	ADD	77	195	3.9	3.3	2.8	2.3	4.3	7.4	9.3	19%	0.17	(42)
Shimao Services	873 HK	4.20	5.00	HOLD	19	1,321	8.3	6.8	5.5	4.8	3.6	4.4	5.4	20%	0.33	(71)
Sunac Services	1516 HK	4.34	5.60	HOLD	29	1,690	9.0	7.2	5.9	4.9	3.3	4.2	5.1	22%	0.32	(62)
Jinke Smart Services	9666 HK	18.36	21.40	HOLD	17	1,527	9.7	7.8	6.3	5.2	4.1	5.1	6.4	23%	0.34	(67)
CR Mixc Lifestyle	1209 HK	36.75	40.70	HOLD	11	10,686	43.1	29.1	22.1	16.9	0.9	1.3	1.7	37%	0.79	(93)
Mid- and large-cap average					35		20.9	15.7	12.3	9.9	2.1	2.7	3.3	27%	0.59	(74)
Small-cap average					71		6.2	4.9	4.0	3.3	5.4	7.3	9.3	24%	0.22	(78)
Overall average					46		16.4	12.4	9.7	7.8	3.1	4.1	5.1	26%	0.47	(75)

Share price data as of 16 Jun 2022. * PEG = FY22F PE/EPS CAGR (FY21-24F)*100
 SOURCES: CGS-CIMB RESEARCH ESTIMATES, BLOOMBERG, COMPANY REPORTS

BY THE NUMBERS

Profit & Loss				
(Rmbm)	Dec-21A	Dec-22F	Dec-23F	Dec-24F
Total Net Revenues	8,875	12,981	17,718	22,410
Gross Profit	2,759	3,998	5,266	6,527
Operating EBITDA	1,911	2,852	3,799	4,749
Depreciation And Amortisation	0	0	0	0
Operating EBIT	1,911	2,852	3,799	4,749
Financial Income/(Expense)	425	545	695	885
Pretax Income/(Loss) from Assoc.	0	0	0	0
Non-Operating Income/(Expense)	0	0	0	0
Profit Before Tax (pre-EI)	2,307	3,396	4,493	5,634
Exceptional Items				
Pre-tax Profit	2,337	3,396	4,493	5,634
Taxation	(610)	(887)	(1,174)	(1,472)
Exceptional Income - post-tax				
Profit After Tax	1,726	2,509	3,319	4,162
Minority Interests	1	40	66	92
Prof. & Special Div	0	0	0	0
FX Gain/(Loss) - post tax				
Other Adjustments - post-tax				
Net Profit	1,727	2,549	3,386	4,254
Recurring Net Profit	1,665	2,469	3,253	4,254
Fully Diluted Recurring Net Profit	1,665	2,469	3,253	4,254

Cash Flow				
(Rmbm)	Dec-21A	Dec-22F	Dec-23F	Dec-24F
EBITDA	1,911	2,852	3,799	4,749
Cash Flow from Inv. & Assoc.	425	545	695	885
Change In Working Capital	4,675	1,070	1,613	2,242
Straight Line Adjustment				
(Incr)/Decr in Total Provisions				
Other Non-Cash (Income)/Expense	59	101	163	245
Other Operating Cashflow	(301)	(451)	(662)	(957)
Net Interest (Paid)/Received	0	0	0	0
Tax Paid	(488)	(710)	(939)	(1,178)
Cashflow From Operations	6,282	3,407	4,669	5,987
Capex	(200)	(2,400)	(1,600)	(1,600)
Disposals Of FAs/subsidiaries				
Disposals of Investment Properties				
Acq. Of Subsidiaries/investments	0	0	0	0
Other Investing Cashflow	2,658	3,206	3,815	4,457
Cash Flow From Investing	2,458	806	2,215	2,857
Debt Raised/(repaid)	739	739	739	739
Proceeds From Issue Of Shares	0	0	0	0
Shares Repurchased				
Dividends Paid	(300)	(630)	(913)	(1,203)
Preferred Dividends				
Other Financing Cashflow	(2,949)	(3,836)	(4,990)	(6,490)
Cash Flow From Financing	(2,510)	(3,727)	(5,164)	(6,954)



Balance Sheet				
(Rmbm)	Dec-21A	Dec-22F	Dec-23F	Dec-24F
Total Cash And Equivalents	13,698	14,184	15,903	17,793
Properties Under Development				
Total Debtors	1,271	2,492	3,973	6,318
Inventories	138	179	233	303
Total Other Current Assets	923	1,292	1,808	2,532
Total Current Assets	16,030	18,147	21,918	26,947
Fixed Assets	527	825	1,257	1,891
Total Investments	0	0	0	0
Intangible Assets	116	1,912	3,264	4,848
Total Other Non-Current Assets	4,919	4,942	4,972	5,011
Total Non-current Assets	5,562	7,679	9,493	11,750
Short-term Debt	801	801	801	801
Current Portion of Long-Term Debt				
Total Creditors	5,144	7,052	9,678	13,296
Other Current Liabilities	134	174	226	294
Total Current Liabilities	6,079	8,027	10,705	14,391
Total Long-term Debt				
Hybrid Debt - Debt Component				
Total Other Non-Current Liabilities	1,624	2,111	2,744	3,568
Total Non-current Liabilities	1,624	2,111	2,744	3,568
Total Provisions	0	0	0	0
Total Liabilities	7,703	10,138	13,450	17,959
Shareholders' Equity	13,888	15,727	18,067	20,934
Minority Interests	1	(39)	(105)	(197)
Total Equity	13,889	15,687	17,961	20,737

Key Ratios				
	Dec-21A	Dec-22F	Dec-23F	Dec-24F
Revenue Growth	30.9%	46.3%	36.5%	26.5%
Operating EBITDA Growth	83%	52%	33%	25%
Operating EBITDA Margin	21.2%	22.0%	21.4%	21.2%
Net Cash Per Share (Rmb)	5.65	5.86	6.62	7.44
BVPS (Rmb)	6.08	6.89	7.92	9.17
Gross Interest Cover	24.87	37.70	50.22	62.79
Effective Tax Rate	26.1%	26.1%	26.1%	26.1%
Net Dividend Payout Ratio	37.1%	35.8%	35.5%	35.4%
Accounts Receivables Days	38.35	33.71	30.71	29.22
Inventory Days	9.97	6.45	6.05	6.18
Accounts Payables Days	209.2	177.8	179.6	197.6
ROIC (%)	44%	109%	86%	85%
ROCE (%)	13.6%	18.3%	21.6%	23.6%
Return On Average Assets	6.25%	8.29%	9.17%	9.35%

Key Drivers				
	Dec-21A	Dec-22F	Dec-23F	Dec-24F
GFA under management (m sq m)	154.2	295.5	399.5	496.2
GPM - residential property management (%)	20.3%	21.0%	21.7%	21.9%
GPM - commercial operational services (%)	48.6%	53.2%	53.6%	53.8%
Overall gross profit margin (%)	31.1%	30.8%	29.7%	29.1%
SG&A expense ratio (%)	9.9%	8.8%	8.3%	7.9%

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

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Description:	Excellent	Very Good	Good	N/A	N/A

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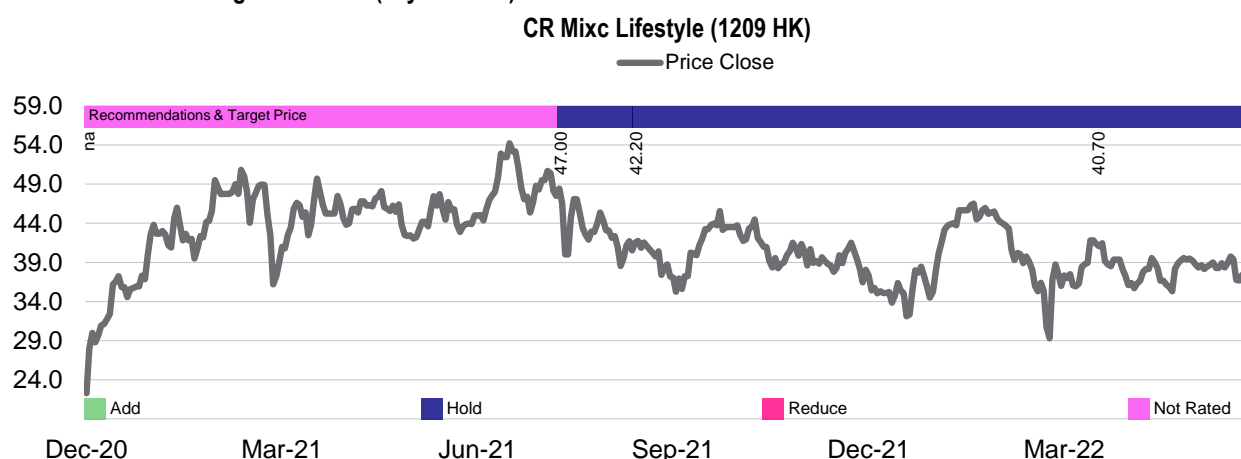
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632 companies under coverage for quarter ended on 31 March 2022		
	Rating Distribution (%)	Investment Banking clients (%)
Add	70.3%	0.8%
Hold	22.0%	0.0%
Reduce	7.8%	0.2%

Spitzer Chart for stock being researched (2 year data)



Corporate Governance Report of Thai Listed Companies (CGR). CG Rating by the Thai Institute of Directors Association (Thai IOD) in 2021, Anti-Corruption 2021

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- Reduce** The stock's total return is expected to fall below 0% or more over the next 12 months.

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