



Travelsky Technology Limited (696.HK)

15 July 2016

SECTOR: Aviation IT

HSI: 21,561

PRICE: HK\$15.40

EARNINGS (reported in RMBm)						KEY DATA	
For the fiscal year ended	2014	2015	2016E	2017E	2018E	Issued Capital (m Shrs)	2,926.2
Turnover	5,336	5,472	6,221	6,966	7,632	Market Cap (HK\$m)	45,063.6
Operating Profit	1,255	1,748	2,011	2,251	2,563	Avg. 6M Turnover (HK\$m)	51.2
Net Profit	1,653	1,914	2,288	2,501	2,763	52 Week High/Low (HK\$)	16.26 / 7.77
EPS (RMB)	0.56	0.65	0.78	0.85	0.94	Net Gearing (%)	CASH
% Change	37.1%	15.8%	19.5%	9.3%	10.5%	Book Value per Share (HK\$)	4.77
DPS (RMB)	0.13	0.17	0.20	0.23	0.25	Free Float (%)	31.87%
Dividend yield (%)	1.0%	1.3%	1.5%	1.5%	1.6%	Major Shareholder(s)	China Travelsky Holding Company (29.3%) 13 PRC Airlines (38.8%)

Source: Bloomberg, Company data, Platinum estimates

SECTION 1 FY15 RESULTS BRIEFING

Revenues impacted by slower System Integration Services.

System integration services impacted fiscal FY15 results, reflecting a fall in orders from airport contracts; most likely due to the anticipation of the 13th FYP. This is consistent with the pattern seen prior to the 12th FYP in 2011.

- Revenue was RMB 5,471.8m, up 2.5% YoY.
 - Revenue from Aviation Information Technology (AIT) was RMB 3,315m, up 9.8% YoY
 - Revenue from Accounting, settlement and clearing services was RMB 492.7m, up 13.9% YoY.
 - Revenue from System Integration Services revenue was RMB 643.4m down 38.1% YoY.
 - Data network revenue and others was RMB 1,200.8m, up 18.9% YoY.
- Net profit was RMB 1,914m, up 15.8% YoY.
 - EPS was RMB 0.65, up 16.1% YoY.

Reduction in personnel expenses improved the bottom-line.

- EBITDA margin was 41.4%, compared to 31.9% a year ago.
 - Personnel expenses grew at their slowest pace in three years, up 8.1%, compared to 20.2% in FY14, and 14.2% in FY13.
- Net profit margin was 35.0%, compared to 31.0% a year ago.