

Jinmao Property Services (816 HK)

Earnings hurt by industry cycle; Parentco's revival offers revaluation chance; Maintain BUY

The company's FY24 revenue and net profit rose 10% to RMB 3.0bn and RMB 372mn, respectively, missing CMBI's forecasts by 4.2% and 7% due to non-owner VAS drag. Despite maintaining a 40% dividend payout ratio, investor expectations were unmet, causing a nearly 10% stock price drop on results release day. We observed that parentco China Jinmao, is gradually stepping out of difficulties and its frequent land acquisitions make it rank the 2nd in the industry in terms of land-to-sales ratio during 2024+2M25 (Figure 4), which will provide strong support for GFA growth of Jinmao Services against the backdrop of fierce competition among 3rd party expansion. We maintain a BUY rating with TP of HK\$4.87, based on a 10x 2025E PE. **The company is currently trading at 5.8x 2025E PE, which we consider to be a good buying point for LT investors** as we believe the company's valuation will further approach that of SOEs with a similar GFA scale, and they are trading at 8.5x 2025E PE currently.

- **FY24 earnings slightly missed.** Revenue rose 10% YoY, missing forecasts due to a 36% YoY drop in non-owner VAS revenue, constrained by developer demand decline, and a 7% YoY decline in owner-VAS revenue, affected by weak consumer sentiment. GP margin of non-owner VAS fell 12 pct, pulling down overall gross margin by 4 pct to 23.8%. Net profit increased 10%, thanks to a 4 pct improvement in SG&A ratio given the company's effort on efficiency improvement.
- **GFA growth outpaced peers; parentco support will be more stable.** Managed-GFA grew 20% YoY to 100mn sqm in FY24, implying a net increase of 16.7mn sqm, where 38% (6.3mn) came from the parentco. The company expects parentco to deliver 4mn sqm in FY25E. We noted that parentco China Jinmao is set to turn profitable, with improving financials and a notable rise in land acquisition actions, posting a FY24+2M25 land-to-sales ratio of 42%, ranked the 2nd in the industry (Figure 4). This will serve as a robust underpinning for the future growth of Jinmao Services' managed-GFA.
- **Dividend payout remains stable but fails to meet rising market expectations.** The company keeps its dividend payout ratio at 40% unchanged, but it seems not to have met the increasingly high expectations of investors, resulting in a nearly 10% drop in stock price on the release day. The company stated that it will consider aligning itself with industry benchmarks in the future.

Earnings Summary

(YE 31 Dec)	FY23A	FY24A	FY25E	FY26E	FY27E
Revenue (RMB mn)	2,704	2,966	3,333	3,608	3,901
YoY growth (%)	11.0	9.7	12.4	8.2	8.1
Net profit (RMB mn)	337.3	372.5	405.3	430.7	455.9
YoY growth (%)	0.4	10.4	8.8	6.3	5.8
EPS (Reported) (RMB)	0.37	0.41	0.45	0.48	0.50
YoY growth (%)	(1.8)	10.4	8.8	6.3	5.8
Consensus EPS (RMB)	n.a.	n.a.	0.49	0.53	n.a.
P/E (x)	7.0	6.4	5.8	5.5	5.2
P/B (x)	1.6	1.4	1.1	0.9	0.8
Yield (%)	5.9	6.3	6.8	7.3	7.7
ROE (%)	23.4	22.9	21.1	18.6	16.9

Source: Company data, Bloomberg, CMBIGM estimates

BUY (Maintain)

Target Price	HK\$4.87
(Previous TP)	HK\$4.91)
Up/Downside	73.4%
Current Price	HK\$2.81

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Stock Data

Mkt Cap (HK\$ mn)	2,540.8
Avg 3 mths t/o (HK\$ mn)	2.4
52w High/Low (HK\$)	3.48/2.01
Total Issued Shares (mn)	904.2

Source: FactSet

Shareholding Structure

China Jinmao Hldg. Group	67.3%
Sinochem HK Group	7.5%

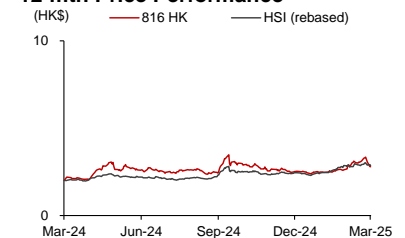
Source: HKEx

Share Performance

	Absolute	Relative
1-mth	5.6%	3.1%
3-mth	11.5%	-6.3%
6-mth	15.6%	-8.1%

Source: FactSet

12-mth Price Performance



Source: Bloomberg

Figure 1: Results summary

RMB mn	2023	2024	YoY	CMBI est.	vs. est.	1H24	2H24	1H YoY	2H YoY	HoH
Revenue	2,704	2,966	9.7%	3,095	-4.2%	1,491	1,475	10.2%	9.1%	-1.1%
Property management services	1,575	2,059	30.7%	2,079	-1.0%	1,009	1,050	34.6%	27.2%	4.0%
VAS to non-property owners	505	325	-35.7%	378	-14.2%	177	148	-20.8%	-47.5%	-16.6%
Community VAS	625	583	-6.7%	637	-8.6%	305	277	-19.6%	13.2%	-9.2%
Gross profit	747	706	-5.4%	762	-7.3%	366	340	2.5%	-12.6%	-7.2%
SG&A	(310)	(220)	-28.8%	(214)	3.2%	(103)	(117)	-35.0%	-22.3%	13.2%
Net profit	337	372	10.4%	400	-6.8%	173	199	18.9%	3.9%	14.8%
EPS (RMB)	0.37	0.41	10.4%	0.44	-6.8%	0.19	0.22	18.9%	3.9%	14.8%
DPS (RMB)	0.15	0.17	7.0%	0.18	-6.6%					
Dividend payout ratio	41%	40%	n.a.	40%	n.a.					
GP Margin	27.6%	23.8%	-3.8 ppt	24.6%	-0.8 ppt	24.6%	23.1%	-1.8 ppt	-5.8 ppt	-1.5 ppt
Property management services	15.8%	15.1%	-0.7 ppt	17.1%	-2.0 ppt	18.0%	12.3%	1.3 ppt	-2.7 ppt	-5.7 ppt
VAS to non-property owners	44.6%	32.9%	-11.7 ppt	30.0%	2.9 ppt	31.3%	34.8%	-6.7 ppt	-15.0 ppt	3.4 ppt
Community VAS	43.7%	49.5%	5.8 ppt	46.0%	3.5 ppt	42.3%	57.4%	3.6 ppt	6.1 ppt	15.1 ppt
SG&A ratio	-11.4%	-7.4%	4.0 ppt	-11.4%	4.0 ppt	-6.9%	-7.9%	4.8 ppt	3.2 ppt	-1.0 ppt
Net Margin	12.5%	12.6%	0.1 ppt	12.9%	-0.4 ppt	11.6%	13.5%	0.9 ppt	-0.7 ppt	1.9 ppt
Managed GFA (mn sq m)	84.2	100.9	19.8%	106.2	-5.0%	98.1	100.9	38.2%	19.8%	
Contracted GFA (mn sq m)	106.4	134.3	26.2%	151.1	-11.1%	117.4	134.3	24.3%	26.2%	

Source: Company data, CMBIGM estimates

Figure 2: Earnings revision

RMB mn	New			Old			Diff (%)		
	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
Revenue	3,333	3,608	3,901	3,640	4,008	n.a.	-8%	-10%	n.a.
Gross Profit	777	824	875	845	901	n.a.	-8%	-9%	n.a.
EBIT	550	584	617	595	637	n.a.	-7%	-8%	n.a.
Net profit	405	431	456	440	472	n.a.	-8%	-9%	n.a.
Gross Margin	0.45	0.48	0.50	0.49	0.52	n.a.	-8%	-9%	n.a.
EBIT Margin	23.3%	22.8%	22.4%	23.2%	22.5%	n.a.	0.1 ppt	0.4 ppt	n.a.
Net Margin	16.5%	16.2%	15.8%	16.3%	15.9%	n.a.	0.2 ppt	0.3 ppt	n.a.

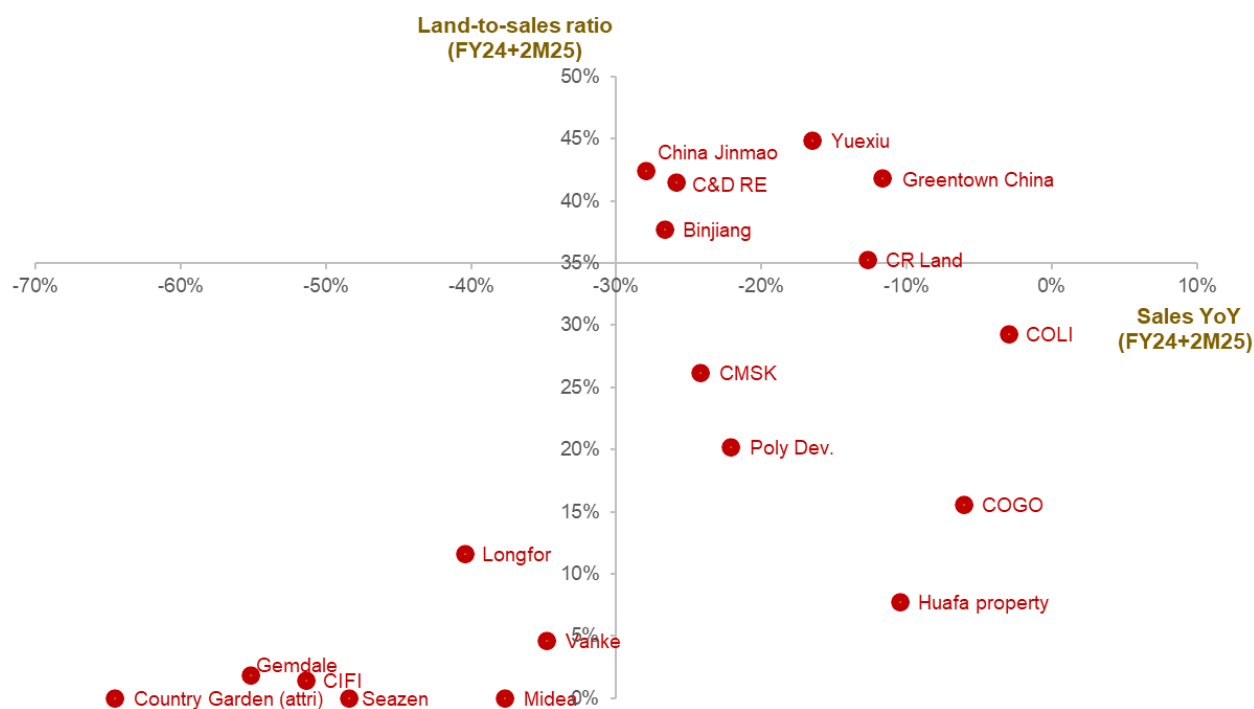
Source: Company data, CMBIGM estimates

Figure 3: CMBI estimates vs. Consensus

RMB mn	CMBIGM			Consensus			Diff (%)		
	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
Revenue	3,333	3,608	3,901	3,742	4,312	n.a.	-10.9%	-16.3%	n.a.
Gross Profit	777	824	875	882	965	n.a.	-11.9%	-14.7%	n.a.
EBIT	550	584	617	571	629	n.a.	-3.6%	-7.1%	n.a.
Net profit	405	431	456	435	474	n.a.	-6.8%	-9.0%	n.a.
Gross Margin	23.3%	22.8%	22.4%	23.6%	22.4%	n.a.	-0.2ppt	0.4ppt	n.a.
EBIT Margin	16.5%	16.2%	15.8%	15.3%	14.6%	n.a.	1.3ppt	1.6ppt	n.a.
Net Margin	12.2%	11.9%	11.7%	11.6%	11.0%	n.a.	0.5ppt	1ppt	n.a.

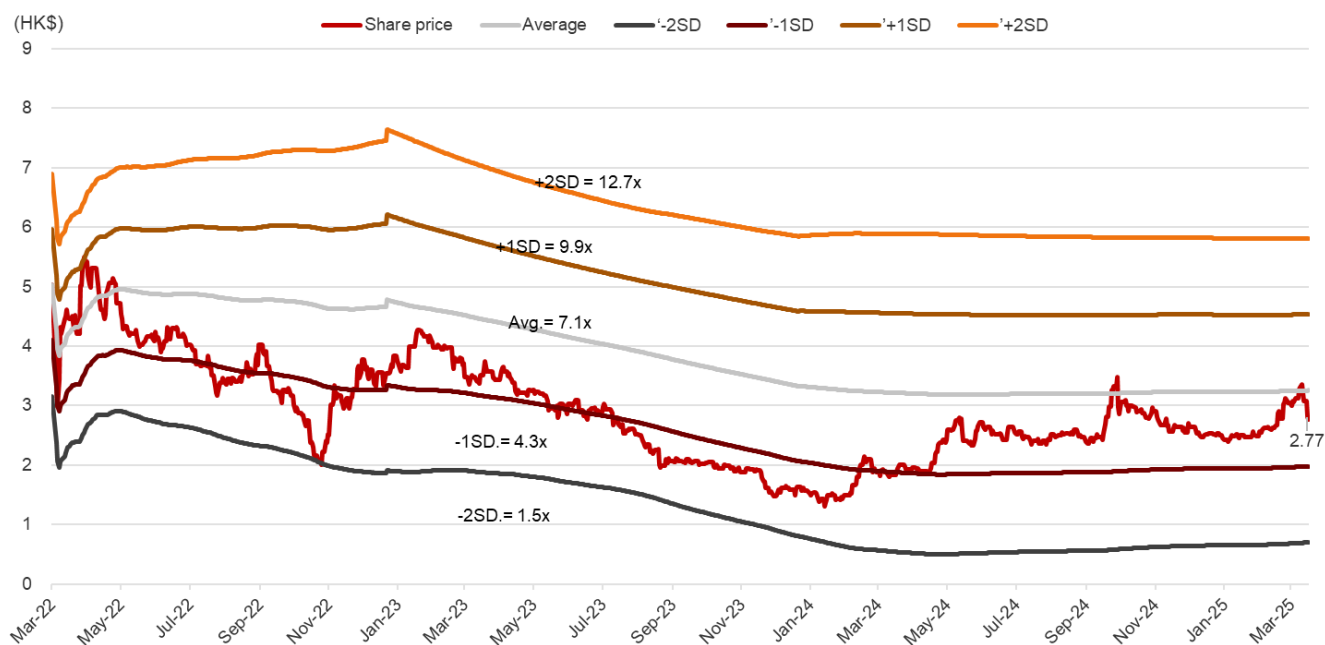
Source: Bloomberg, CMBIGM estimates

Figure 4: Land-to-sales ratio of China Jinmao



Source: Company data, CMBIGM estimates

Figure 5: PE band – Jinmao Property Services (816 HK)



Source: Company data, CMBIGM estimates

Note: Data as of 24 Mar 2025

Figure 6: Valuation comps

Company	Ticker	Last Price	Mkt Cap (USD mn)	P/E (x)		Net Profit Growth (%)			Payout ratio	Dividend Yield	
		(LC)		25E	26E	24E	25E	26E	23A	23A	24E
CR MxC	1209.HK	31.90	9,368	16.4 x	14.3 x	21.2	15.9	14.0	83%	3.7%	5.1%
Onew o	2602.HK	23.00	3,467	12.1 x	10.6 x	(8.6)	15.5	13.9	66%	5.2%	7.1%
Poly Services	6049.HK	30.90	2,200	9.3 x	8.6 x	10.7	10.5	8.4	40%	3.5%	3.9%
COPH	2669.HK	5.10	2,155	9.1 x	8.1 x	13.7	11.7	11.5	31%	2.7%	3.4%
China Merchant PO	001914.SZ	12.16	1,796	13.8 x	12.3 x	11.3	11.9	11.4	30%	2.0%	1.8%
Greentown Services	2869.HK	4.10	1,669	14.0 x	11.9 x	19.7	19.7	17.4	70%	4.9%	5.3%
Binjiang Services	3316.HK	25.45	905	9.9 x	8.5 x	13.4	17.2	16.7	60%	5.3%	5.2%
Yuexiu Services*	6626.HK	2.87	557	7.5 x	6.5 x	(28.0)	51.9	14.4	74%	6.4%	6.8%
C&D PM	2156.HK	2.81	509	7.2 x	6.2 x	(10.3)	21.2	15.4	67%	9.3%	8.3%
Ever Sunshine	1995.HK	2.12	471	6.3 x	5.1 x	8.4	13.3	NA	50%	6.7%	9.3%
S-Enjoy	1755.HK	2.89	324	4.3 x	4.1 x	14.5	7.0	3.2	39%	7.8%	6.8%
Jinmao Services	0816.HK	2.81	327	5.8 x	5.4 x	10.4	8.8	6.3	40%	6.4%	6.9%
New Hope Services	3658.HK	2.19	229	6.2 x	5.6 x	9.4	11.9	11.7	60%	7.9%	8.6%
E-star CM	6668.HK	1.34	175	8.1 x	7.9 x	(12.3)	3.3	2.6	70%	9.7%	11.1%
Average				12.8 x	11.3 x	11.5	15.5	12.8	64%	4.2%	5.2%
BEKE-W	2423.HK	67.20	31,324	27.9 x	22.2 x	(26.4)	16.3	27.8	40%	1.8%	2.0%
Greentown Management	9979.HK	3.19	825	5.3 x	4.9 x	3.0	8.8	8.1	80%	17.0%	14.0%
Average				27.3 x	21.8 x	(25.7)	16.1	27.3	41%	2.2%	2.3%

Source: Company data, Wind, CMBIGM

Note: * denotes company with FY24 data in payout ratio/Dividend yield 23A. Data as of 24 Mar 2025

Financial Summary

INCOME STATEMENT	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (RMB mn)						
Revenue	2,436	2,704	2,966	3,333	3,608	3,901
Cost of goods sold	(1,702)	(1,958)	(2,260)	(2,556)	(2,784)	(3,026)
Operating expenses	734	747	706	777	824	875
Selling expense	(54)	(56)	(35)	(39)	(42)	(46)
Admin expense	(240)	(253)	(185)	(203)	(216)	(234)
Others	8	14	18	16	19	23
Operating profit	448	451	504	550	584	617
Net Interest income/(expense)	(2)	(5)	(11)	(14)	(14)	(14)
Pre-tax profit	446	447	493	536	570	603
Income tax	(105)	(104)	(109)	(119)	(126)	(133)
After tax profit	341	343	384	418	444	470
Minority interest	5	6	12	13	13	14
Net profit	336	337	372	405	431	456
Gross dividends	134	140	80	162	172	182

BALANCE SHEET	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (RMB mn)						
Current assets	2,442	2,998	3,389	3,890	4,410	4,952
Cash & equivalents	1,019	1,252	1,399	1,778	2,207	2,652
Restricted cash	2	2	4	4	4	4
Account receivables	779	900	983	1,104	1,195	1,292
Inventories	4	4	5	5	6	6
Prepayment	611	817	989	989	989	989
Other current assets	27	23	9	9	9	9
Non-current assets	561	616	942	925	912	902
PP&E	91	96	95	104	111	116
Right-of-use assets	28	28	32	21	13	8
Intangibles	92	102	101	87	75	64
Goodwill	249	249	480	480	480	480
Other non-current assets	102	141	233	233	233	233
Total assets	3,004	3,614	4,330	4,815	5,322	5,854
Current liabilities	1,533	1,909	2,371	2,414	2,535	2,664
Account payables	456	603	712	805	877	953
Tax payable	26	40	36	36	36	36
Lease liabilities	16	22	46	46	46	46
Contract liabilities	370	487	651	600	649	702
Accrued expenses	664	756	927	927	927	927
Non-current liabilities	111	137	198	198	198	198
Obligations under finance leases	85	113	177	177	177	177
Other non-current liabilities	26	24	21	21	21	21
Total liabilities	1,643	2,046	2,569	2,611	2,733	2,862
Share capital	840	840	840	840	840	840
Other reserves	504	702	865	1,294	1,667	2,056
Total shareholders equity	1,343	1,542	1,705	2,134	2,506	2,895
Minority interest	17	26	57	70	83	97
Total equity and liabilities	3,004	3,614	4,330	4,815	5,322	5,854

CASH FLOW	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (RMB mn)						
Operating						
Profit before taxation	446	447	493	536	570	603
Depreciation & amortization	40	45	29	48	44	42
Tax paid	(100)	(76)	(96)	(105)	(113)	(120)
Change in working capital	(212)	33	143	34	143	145
Others	(21)	3	1	1	(2)	0
Net cash from operations	154	451	570	515	643	670
Investing						
Capital expenditure	(60)	(32)	(32)	(32)	(32)	(32)
Acquisition of subsidiaries/ investments	(289)	0	0	0	0	0
Net proceeds from disposal of short-term investments	0	0	0	0	0	0
Others	(11)	(23)	1	1	1	1
Net cash from investing	(360)	(55)	(32)	(32)	(32)	(32)
Financing						
Dividend paid	(100)	(159)	(80)	(162)	(172)	(182)
Net borrowings	(9)	(10)	(241)	(10)	(10)	(10)
Proceeds from share issues	773	0	0	0	0	0
Others	1	6	(1)	(1)	(1)	(1)
Net cash from financing	665	(163)	(322)	(173)	(183)	(194)
Net change in cash						
Cash at the beginning of the year	554	1,019	1,252	1,468	1,778	2,207
Exchange difference	6	0	0	0	0	0
Cash at the end of the year	1,019	1,252	1,468	1,778	2,207	2,652
GROWTH	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
Revenue	60.7%	11.0%	9.7%	12.4%	8.2%	8.1%
Operating profit	58.9%	0.8%	11.7%	9.2%	6.1%	5.7%
Net profit	88.8%	0.4%	10.4%	8.8%	6.3%	5.8%
PROFITABILITY	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
Operating margin	18.4%	16.7%	17.0%	16.5%	16.2%	15.8%
Return on equity (ROE)	43.7%	23.4%	22.9%	21.1%	18.6%	16.9%
GEARING/LIQUIDITY/ACTIVITIES	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
Current ratio (x)	1.6	1.6	1.4	1.6	1.7	1.9
Receivable turnover days	116.7	121.5	120.9	120.9	120.9	120.9
Inventory turnover days	0.9	0.8	0.8	0.8	0.8	0.8
Payable turnover days	97.8	112.4	115.0	115.0	115.0	115.0
VALUATION	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
P/E	6.9	7.0	6.4	5.8	5.5	5.2
P/B	1.8	1.6	1.4	1.1	0.9	0.8
Div yield (%)	5.8	5.9	6.3	6.8	7.3	7.7
EV	3,627.9	4,407.5	5,499.7	5,648.0	5,847.9	6,064.6
EV/Sales	1.5	1.6	1.9	1.7	1.6	1.6

Source: Company data, CMBIGM estimates. Note: The calculation of net cash includes financial assets.

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HOLD : Stock with potential return of +15% to -10% over next 12 months
SELL : Stock with potential loss of over 10% over next 12 months
NOT RATED : Stock is not rated by CMBIGM

OUTPERFORM : Industry expected to outperform the relevant broad market benchmark over next 12 months
MARKET-PERFORM : Industry expected to perform in-line with the relevant broad market benchmark over next 12 months
UNDERPERFORM : Industry expected to underperform the relevant broad market benchmark over next 12 months

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