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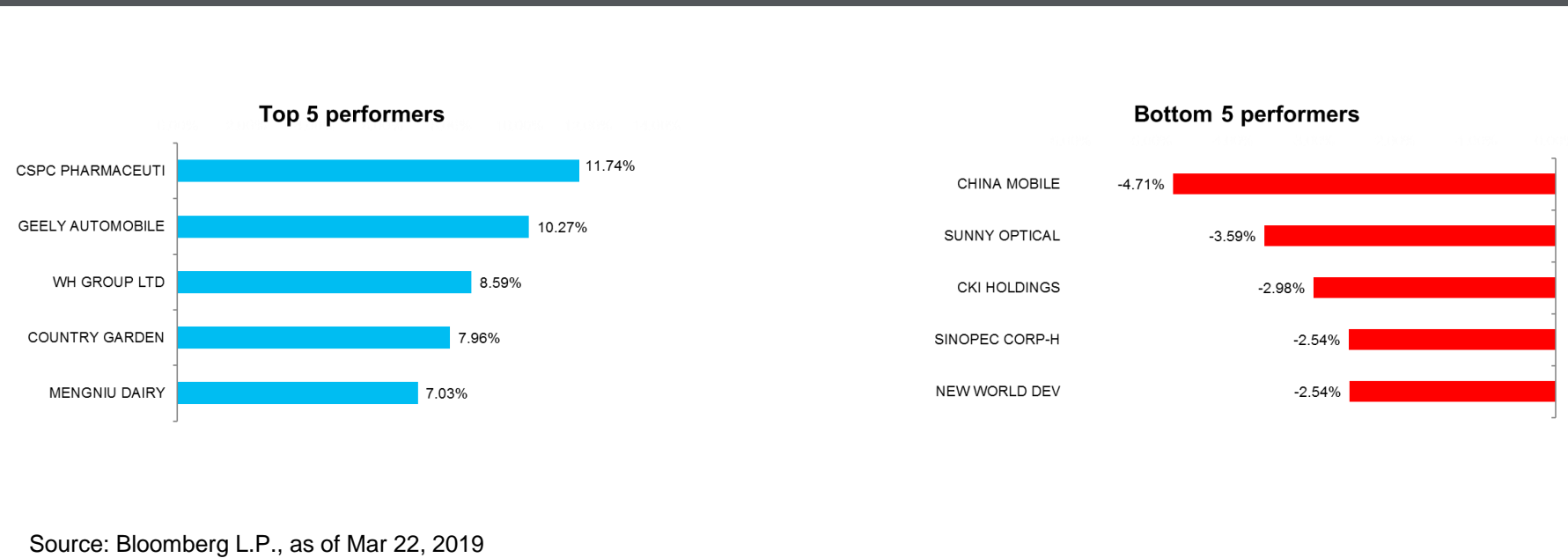
Stock Spotlight

Mar 25, 2019



HSI rose 0.35% last week

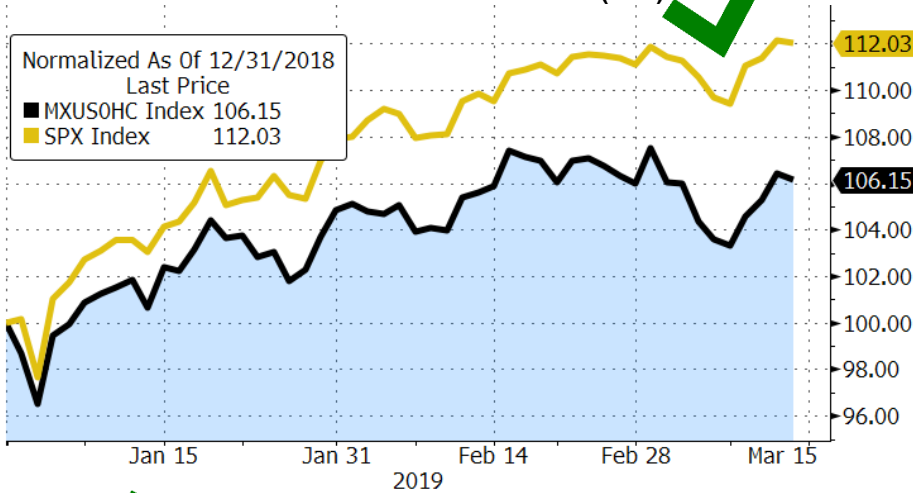
Chart: Weekly HSI Top 5 & Bottom 5 Performers



❖ The Hang Seng Index gained 0.35% last week

- ▶ CSPC(1093.HK)'s 2018 revenue of HK\$21.0bn (+36% yoy) and net profit of HK\$3.7bn (+32% yoy) were both in line with consensus estimates. GM improved to 66.2% in 2018 (vs.60.4% in 2017). The stock soared 11.7% last week.
- ▶ China Mobile(0941.HK) announced 2018 net profit of Rmb117.8bn, 2.1% higher than consensus, and payout ratio slightly increased to 49% from 48%. Negatives are FCF drop and stable payout ratio guidance for 2019. Share price dropped 4.7% last week.

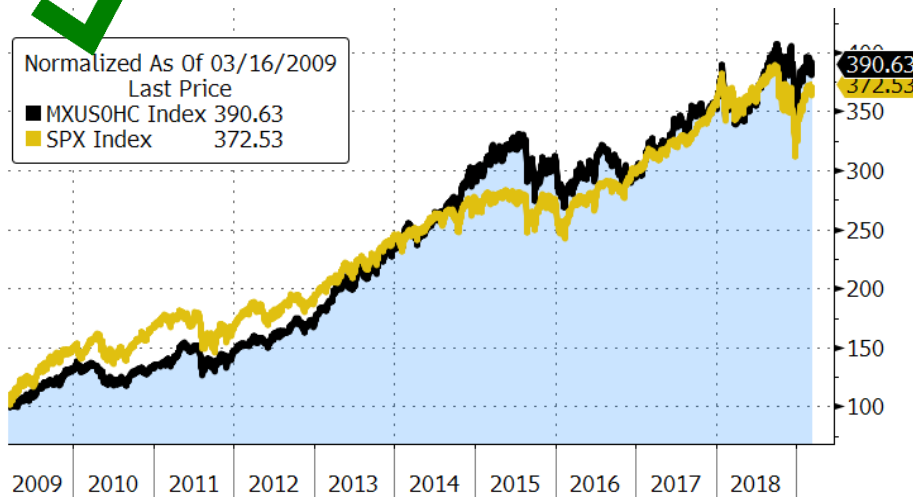
MSCI US Healthcare Index VS S&P 500 (YTD)



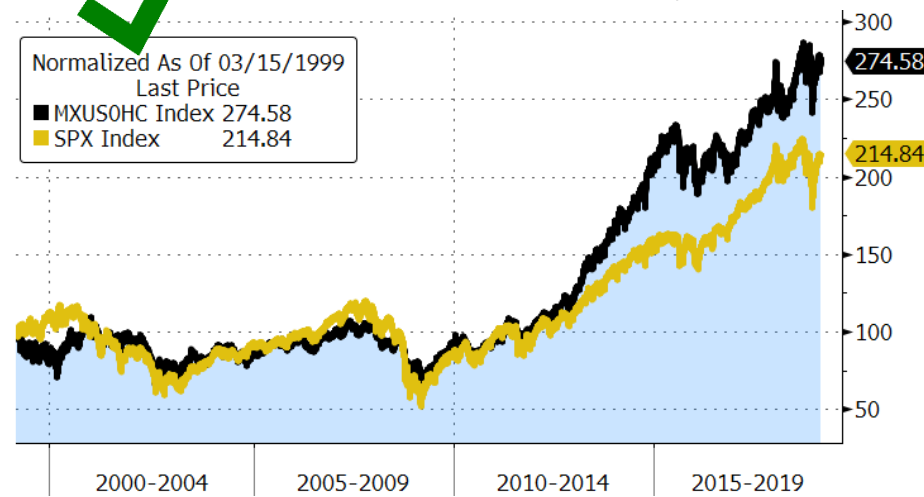
MSCI US Healthcare Index VS S&P 500 (1 year)



MSCI US Healthcare Index VS S&P 500 (10 year)



MSCI US Healthcare Index VS S&P 500 (20 year)

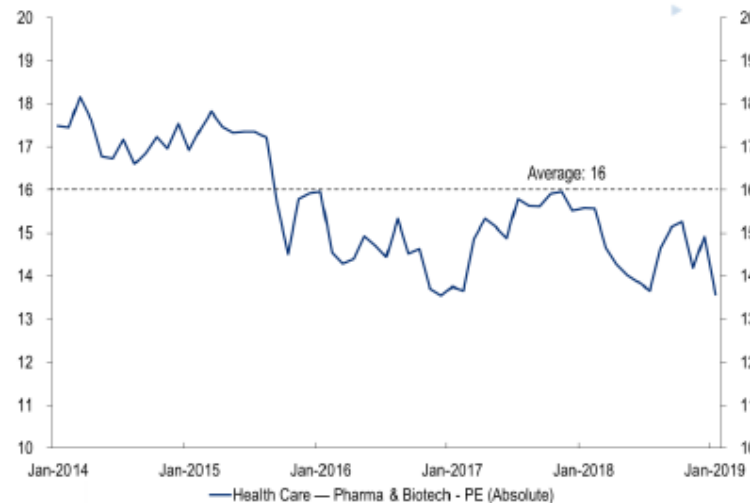


Source: Bloomberg L.P. as of Mar 15, 2019

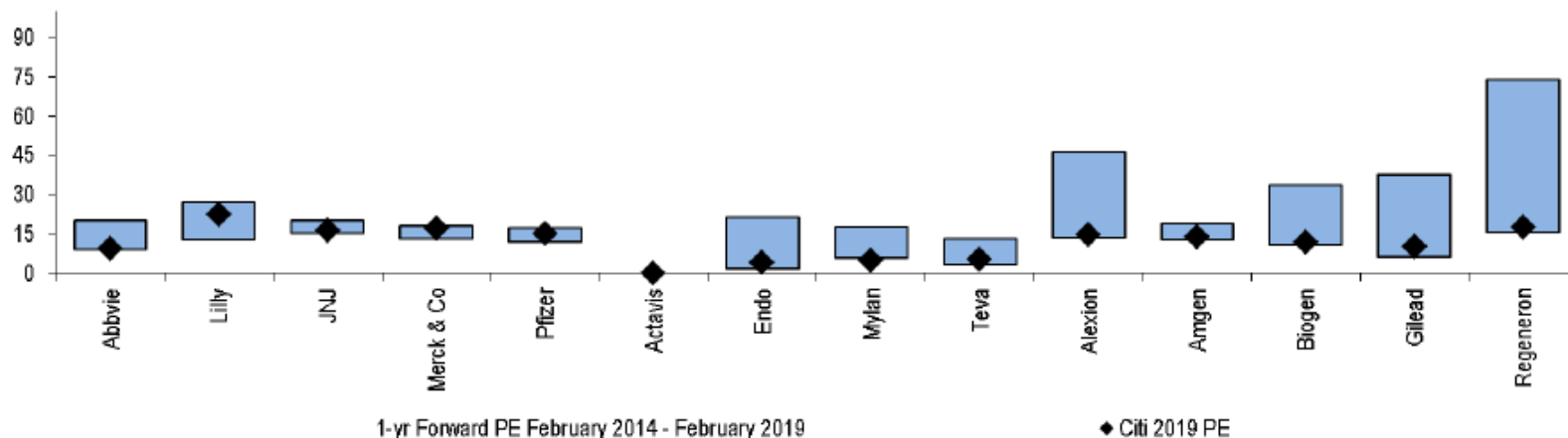
Please note and carefully read the Important Disclosure on the last part

- ❖ Citi-covered US large-caps pharma stocks trade at 13x 2020. The pharma/biotech names, with few exceptions, mostly trading at lower end of 5-year PE bands.
- ❖ We expect that the unprecedented challenge posed by longevity will demand unprecedented responses. With a growing amount of economic output likely to be devoted to treating and supporting the elderly, we see growth potential for healthcare, both medical and services, as well as housing and other forms of support. Companies that develop innovative treatments for some of old age's most prevalent illnesses may offer attractive prospects.

US Pharma & Biotech PE below the last 5 years



Source: DataStream, Citi as of Mar 1, 2019



Source: DataStream, Citi as of Mar 1, 2019

Please note and carefully read the Important Disclosure on the last part

Source: Bloomberg L.P. as of Oct 10, 2018



- ❖ Given these unstoppable aging trends and the resulting investment opportunities, we believe that diversified allocations should include exposure to the potential growth companies in the industries. Although ours is a multi-year view, we also stress the potential benefits over shorter horizons.

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