

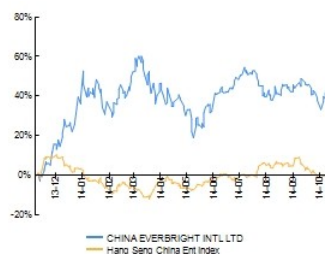
2015 年 4 月 1 日

增持
下调

Market Data: 03 Feb

Closing Price (HK\$)	12.98
Price Target (HK\$)	15.41
HSCEI	12,346
HSCCI	4,650
52-week High/Low (HK\$)	14.06/7.20
Market Cap (US\$m)	7,508
Market Cap (HK\$m)	58,199
Shares Outstanding (m)	4,484
Exchange Rate (Rmb-HK\$)	1.27

Price Performance Chart:



Source: Bloomberg

Analyst

Daniel Huang

A0230513030001 BDQ227

huangzhe@swsresearch.com

Rong Ye A0230512110001

AYZ033

yerong@swsresearch.com

Dimi Du A0230514070005

BEE282

duwei@swsresearch.com

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"Pricing power enhanced" Nov 19, 2014

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项目进展放缓

光大国际 (257:HK)

Financial summary and valuation

	2013	2014	2015E	2016E	2017E
Revenue (HK\$m)	5,319.87	6,355.12	10,217.00	12,063.92	14,056.08
YOY (%)	56.03	19.46	60.77	18.08	16.51
Net income (HK\$m)	1,364.20	1,765.04	2,539.76	3,269.45	3,885.58
YOY (%)	50.91	29.38	43.89	28.73	18.84
EPS (HK\$)	0.33	0.38	0.55	0.71	0.84
Diluted EPS (HK\$)	0.33	0.38	0.55	0.71	0.84
ROE (%)	9.90	10.47	14.00	16.59	18.05
Debt/asset (%)	41.29	42.81	42.92	45.94	48.77
Dividend yield (%)	0.65	0.73	1.06	1.36	1.62
PE (x)	39.82	34.17	23.62	18.35	15.44
PB (x)	3.83	3.26	3.00	2.74	2.50
EV/Ebitda (x)	26.11	21.73	16.31	13.55	11.66

Note: Diluted EPS is calculated as if all outstanding convertible securities, such as convertible preferred shares, convertible debentures, stock options and warrants, were exercised.

投资要点:

业绩低于预期。光大国际公布 14 年业绩，收入为 63.6 亿港元同比增长 19.5%，利润 17.7 亿港元，同比增长 29.4%。每股收益为 0.38 港币同比增长 16.5%。业绩小幅低于我们和市场的预期。

项目延期。总投资为 4.51 亿港元的 5 个垃圾发电项目延期，使得垃圾发电板块的建造收入仅仅为 32 亿港元，同比增长 25.8%。污水处理板块的建造收入为 1.12 亿港元，同比下降 75.1%。新能源板块建造收入为 3.5 亿港元，同比增长 132%。2014 年总建造收入为 36 亿元，同比仅增长 16.4%。

产能增长加速。公司 14 年共增加垃圾日处理产能 4900 吨，截止 14 年底公司垃圾日处理产能达到 14550 吨（同比增长 50.8%）。新项目获取加速，14 年公司新获垃圾日处理产能达到 13400 吨，相比 13 年的 3250 吨增长巨大。公司在建、筹建项目对应垃圾日处理产能达到 23850 吨。

利润率稳定。14 年公司 Ebitda 利润率小幅上升至 47%（13 年为 44%）。其中垃圾发电 Ebitda 利润率上升 3 个百分点至 46%，污水处理 Ebitda 利润率上升 3 个百分点至 54%，新能源 Ebitda 利润率上升 5 个百分点至 40%。产能利用率的提升是导致公司利润率提升的主要原因。14 年公司垃圾发电产能利用率进一步上升至 134%，同比提升 7 个百分点。污水处理产能利用里维持在 88%。

下调至增持。我们在模型中反映开工延期和产能利用率增长两项因素。建造放缓和效率提升将相互抵消其对收入和净利润的影响。我们维持 15-17 年每股收益 0.55/0.71/0.84 港币不变，每股收益同比增长分别为 37.9%/30.5%/19%。我们维持目标价 15.41，对应 15 年 21.3 倍 PE。鉴于目标价相对于现价 18.7%的涨幅，我们下调评级至增持。

Investment Highlights:

Results miss. China Everbright International reported 2014 revenue of HK\$6.36bn (+19.5% YoY) and net profit of HK\$1.77bn (+29.4% YoY). EPS came in at HK\$0.38 (+16.5%YoY). The results were slightly lower than both SWS and market expectations.

Project delay. The company reported delays to five waste to energy (WTE) projects in 2014, with total investment of HK\$451m. Construction revenue for the WTE segment rose 25.8% YoY to HK\$3.2bn for the year, construction revenue for waste water treatment (WWT) projects fell 75.1% YoY to HK\$112m, and construction revenue for alternative energy projects expanded 132% YoY to HK\$350m. Overall construction revenue was HK\$3.6 in 2014, up just 16.4% YoY.

Accelerated capacity additions. The company added new WTE capacity of 4,900t/day in 2014, bringing its total capacity in operation to 14,550t/d (+50.8% YoY). Including pipeline capacity acquisitions, the company secured 13,400t/d in 2014 additional capacity, vs additions of 3,250t/d in 2013, and bringing total pipeline capacity to 23,850t/d.

Stable margin. The company's Ebitda margin improved from 44% in 2013 to 47% in 2014, with Ebitda margin from WTE at 46% (+3ppts YoY), Ebitda margin from WWT at 54% (+3ppts YoY) and Ebitda margin for alternative energy projects at 40% (+5ppts YoY), as the company raised efficiency at its projects. The company achieved a 134% WTE utilisation rate, up 7ppts YoY, while WWT utilisation was flat at 88%.

Downgrade to Outperform. We update our model to factor in the slower-than-expected pace of project construction and improving efficiency, finding that the two largely offset each other. We maintain our EPS forecasts of HK\$0.55 (+37.9% YoY) in 15E, HK\$0.71 (+30.5% YoY) in 16E and forecast HK\$0.84 (+19% YoY) for 17E. We maintain our target price at HK\$15.41, representing 21.3x 15E PE. Since our last report in early February, the company's stock has gained c.23%; our target price has 18.7% upside remaining, and we therefore downgrade our rating from BUY to Outperform.

APPENDIX

Consolidated Income Statement

HK\$ m	2013	2014	2015E	2016E	2017E
Revenue	5,320	6,355	10,217	12,064	14,056
Cost of sales	-2,944	-3,387	-6,046	-6,967	-8,060
Gross profit	2,375	2,969	4,171	5,097	5,996
Other income	144	219	204	241	492
Distribution expense	-0	32	52	61	71
Administrative expense	-392	-540	-638	-609	-739
Ebitda	2,348	2,863	4,171	5,097	5,996
Ebit	1,955	2,356	3,585	4,549	5,329
Finance costs	-316	-381	-403	-491	-634
Profit before taxation	1,812	2,299	3,386	4,359	5,187
Income tax	-447	-534	-847	-1,090	-1,297
Minority interests	40	62	76	98	117
Profit	1,364	1,765	2,540	3,269	3,886

Source: SWS Research

Consolidated Cash Flow Statement

HK\$ m	2013	2014	2015E	2016E	2017E
Profit before taxation	1,812	2,299	3,386	4,359	5,187
Depr. and amortisation	70	77	85	93	103
Finance cost	316	381	403	491	634
Losses from investments	0	0	0	0	0
Change in working capital	-2,424	-4,393	-4,255	-5,189	-6,179
Others	-138	46	46	46	46
CF from operating activities	-364	-1,590	-335	-200	-210
CAPEX	-56	-800	-800	-800	-800
Other CF from investing activities	-894	0	0	0	0
CF from investing activities	-950	-800	-800	-800	-800
Equity financing	3,617	0	0	0	0
Net change in liabilities	807	2,215	1,044	1,168	1,308
Dividend and interest paid	-263	-345	-426	-616	-793
Other CF from financing activities	-266	-381	-403	-491	-634
CF from financing activities	3,894	1,488	216	61	-119
Net cash flow	2,579	-902	-919	-939	-1,129
FCFF	43	(2,012)	(208)	126	295
FCFE	1,276	584	1,239	3,831	4,551

Source: SWS Research

Consolidated Balance Sheet

HK\$ m	2013	2014	2015E	2016E	2017E
Current Assets	8,244	8,487	6,817	6,596	6,340
Bank balances and cash	5,814	5,150	2,836	1,940	937
Trade and other receivables	2,319	3,185	3,823	4,492	5,233
Inventories	76	117	123	129	136
Other current assets	35	35	35	35	35
Long-term investment	467	463	463	463	463
PP&E	1,374	1,511	1,662	1,828	2,011
Intangible and other assets	13,421	20,747	25,095	30,382	36,662
Total Assets	23,471	31,200	34,001	39,233	45,441
Current Liabilities	3,572	4,981	5,488	6,060	6,705
Borrowings	1,780	2,611	3,003	3,454	3,972
Trade and other payables	1,734	2,302	2,418	2,538	2,665
Other current liabilities	58	68	68	68	68
Long-term liabilities	6,121	8,360	9,104	11,964	15,457
Total Liabilities	9,692	13,357	14,592	18,024	22,161
Minority Interests	405	1,580	1,817	2,089	2,403
Shareholder Equity					
Share Capital	448	7,405	7,405	7,405	7,405
Reserves	12,926	8,858	10,187	11,714	13,472
Equity attributable	13,374	16,263	17,592	19,120	20,877
Total Liabilities and equity	23,471	31,200	34,001	39,233	45,441

Source: SWS Research

Key Financial Ratios

	2013	2014	2015E	2016E	2017E
Ratios per share (HK\$)					
Earnings per share	0.33	0.38	0.55	0.71	0.84
Diluted EPS	0.33	0.38	0.55	0.71	0.84
Operating CF per share	-0.09	-0.35	-0.07	-0.04	-0.05
Dividend per share	0.09	0.09	0.14	0.18	0.21
Net assets per share	3.39	3.98	4.33	4.73	5.19
Key Operating Ratios(%)					
ROIC	22.3	23.0	20.6	21.2	20.9
ROE	9.9	10.5	14.0	16.6	18.1
Gross profit margin	44.7	46.7	40.8	42.2	42.7
EBITDA Margin	45.9	48.2	41.0	43.8	46.0
EBIT Margin	40.0	42.2	37.1	39.7	41.4
Growth rate of Revenue(YoY)	56.0	19.5	60.8	18.1	16.5
Growth rate of Profit(YoY)	50.9	29.4	43.9	28.7	18.8
Debt-to-asset ratio	41.3	42.8	42.9	45.9	48.8
Turnover rate of net assets	38.6	27.8	41.0	44.2	46.9
Turnover rate of total assets	0.0	0.0	0.0	0.0	0.0
Effective tax rate (%)	36.9	50.4	24.8	24.8	24.0
Dividend yield (%)	0.7	0.7	1.1	1.4	1.6
Valuation Ratios (X)					
P/E	39.8	34.2	23.6	18.4	15.4
P/B	3.8	3.3	3.0	2.7	2.5
EV/Sale	12.0	10.5	6.7	5.9	5.4

Source: SWS Research

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BUY: Share price performance is expected to generate more than 20% upside over a 12-month period.

Outperform: Share price performance is expected to generate between 10-20% upside over a 12-month period.

Hold: Share price performance is expected to generate between 10% downside to 10% upside over a 12-month period.

Underperform: Share price performance is expected to generate between 10-20% downside over a 12-month period.

SELL: Share price performance is expected to generate more than 20% downside over a 12-month period.

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