

2015 年 4 月 9 日

买入
维持

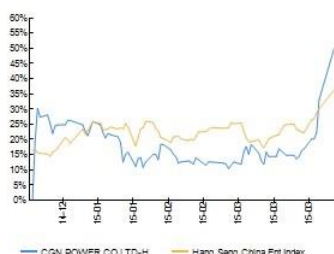
稀缺资产

中广核电力 (1816:HK)

Market Data: Apr, 8

Closing Price (HK\$)	4.15
Price Target (HK\$)	5.08
HSCEI	13396
HSCCI	5068
52-week High/Low (HK\$)	4.25/3.00
Market Cap (USD Mn)	24,400
Market Cap (HK\$ Mn)	189,100
Shares Outstanding (Mn)	45,449
Exchange Rate (HK\$-US\$)	7.75

Price Performance Chart:



Source: Bloomberg

Analyst

Vincent Yu

A0230513070005

BAM599

yuwj@swsresearch.com

Contact

Mae Huang

A0230114120003

(8621)23297818x7317

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"CGN POWER (1816:HK)—Making a statement" Mar 20,2015

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Financial summary and valuation

	2012	2013	2014E	2015E	2016E
Revenue (Rmbm)	17,365	20,793	21,237	30,092	35,515
YoY (%)	(1.2)	19.7	2.1	41.7	18.0
Net income (Rmbm)	4194.5	5712.6	6213.6	7166.2	8591.1
YoY (%)	1.2	36.2	8.8	15.3	19.9
EPS (Rmb)	0.15	0.17	0.14	0.16	0.19
Diluted EPS (Rmb)	0.15	0.17	0.14	0.16	0.19
ROE (%)	18.2	15.1	10.5	11.3	13.0
Debt/asset (%)	75.2	62.1	67.9	67.4	65.0
Dividend Yield (%)	0.8	0.1	1.4	1.6	1.9
PE (x)	21.4	19.1	24.0	20.8	17.3
PB (x)	2.8	1.8	2.0	1.8	1.6
EV/Ebitda (x)	15.2	13.5	20.2	14.3	12.3

Note: Diluted EPS is calculated as if all outstanding convertible securities, such as convertible preferred shares, convertible debentures, stock options and warrants, were exercised. P/E is calculated as closing price divided by each year's EPS.

中国核电新时代。2015 年 3 月 10 日，红沿河核电二期项目获得国家核准，标志着核电行业的正式重启。若内陆核电于 13 五规划中重启，我们预计核电增速将超越政府设定的 2020 年在运 5800 万千瓦、在建 3000 万千瓦的目标。

扎实基本面。中广核电力是最大也是迄今唯一上市核电运营商。基于现有项目，公司权益装机预计 15 年可达 9.94GW，16 年达 12.9GW，17 年达 13.8GW，未来三年复合增速 20.2%。我们预计核电重启前累积的项目将在 15 年到 17 年期间形成大幅的装机容量增长，之后增速会有所递减。考虑到核电的发展规划和增长潜力，我们认为现在是核电最好的投资时机。中广核电力管理层也表示在建项目将如期进入商业运营。

收购防城港核电站预期。台山核电站已如期收购。我们预计中广核电力将于 2016 年初完成防城港核电站的收购，旗下有两个机组共 2.16GW 总容量，第一台机组预计将于 2015 年底前投产，另一台将在 2016 投产。防城港核电站的收购可给公司 16 和 17 年带来新的增长价值。

维持买入评级。我们维持 15 年 EPS 预测为 0.14 人民币 (同比下降 21%)，16 年为 0.16 人民币 (同比增长 16%)，17 年为 0.19 人民币 (同比增长 20%)。鉴于改善的市场情绪和内陆资金流入，我们将目标价由 3.81 港元提升至基于 25x PE 16E 的 5.08 港币，相当于 29x 15E PE 和 2.4x PB 15E。股价有 22% 上涨空间，我们维持买入评级。

Investment Highlights :

New era for nuclear energy. On 10 March 2015, the State Council approved plans to build two one-gigawatt (GW) reactors for the second phase of the company's Hongyanhe project in north-eastern Liaoning Province. This is the first nuclear project since Fukushima, and represents an official nuclear restart in China. The government's 2020 target of 88GW (58GW in operation and 30GW under construction) could be surpassed if supportive policy's of inland nuclear restart are announced at the Communist Party of China's (CPC's) 13th Five-Year Plan (FYP).

Stable fundamental base. CGN Power is the largest nuclear operator as well as the only licensed nuclear operator listed in China's capital market. Attributable capacity, as we expected, will likely reach 9.94GW in 15E, 12.9GW in 16E and 13.8GW in 17E (a three-year Cagr of 20.2%). We expect accumulated capacity (before the nuclear restart) to witness substantial growth of installed capacity in 2015-17E, three years ahead, and flatten in future. We believe that now is the best time to invest given its development plans and growth potential. Management indicates confidence in its on-schedule commercial operating date for all its nuclear power plants under construction.

Expected acquisition of Fangchenggang nuclear power plant. Taishan was acquired on schedule last month by CGN power with two units of 3.5GW on track. In early-2016, two more units under Fangchenggang (with a total capacity of 2.16GW) are expected to be acquired. One of which is expected to commence operation in 2015, while the other will likely follow in 2016. The acquisition, if rolled out as planned, will add significant value to its current portfolio and much higher growth in 16E and 17E.

Maintain BUY. We maintain our EPS forecasts of Rmb0.14 in 15E (-21% YoY), Rmb0.16 in 16E (+16% YoY) and Rmb0.19 in 17E (+20% YoY). Given positive market sentiment and capital inflow, we raise our target price from HK\$3.81 to HK\$5.08 based on 25x PE 16E, representing 29x 15E PE and 2.4x 15E PB. With 22% upside, we maintain our BUY recommendation.

APPENDIX

Table 1: Consolidated Income Statement

Rmbm	2013	2014	2015E	2016E	2017E
Revenue	17,365	20,793	21,237	30,092	35,515
Cost of Sales	8,961	10,399	10,811	14,675	17,325
Gross Profit	8,148	10,090	10,128	14,995	17,693
Other Income	1,506	1,788	1,948	3,070	3,683
Distribution expenses	4	4	4	6	8
Administrative expenses	1,027	1,465	1,579	2,293	2,777
EBITDA	11,363	13,681	14,475	21,285	25,019
EBIT	8,873	11,004	11,327	16,862	19,767
Finance Costs	2,804	3,204	2,788	6,721	7,003
Profit before tax	6,070	7,800	8,539	10,141	12,764
Income tax expense	998	925	1,437	1,207	1,496
Minority interests	877	1,162	889	1,768	2,677
Profit for equity holders	4,195	5,713	6,214	7,166	8,591

Source: SWS Research

Table 2: Consolidated Cash Flow Statement

Rmbm	2013	2014	2015E	2016E	2017E
Profit before taxation	6,070	7,800	8,539	10,141	12,764
Plus: Depr. and amortisation	2,490	2,677	3,148	4,423	5,252
Finance cost	2,804	3,204	2,788	6,721	7,003
Losses from investments	-914	-800	-1,326	-1,686	-1,839
Change in working capital	-1,168	-6,293	-1,801	-4,195	-3,141
Others	793	794	761	938	1,189
CF from operating activities	9,493	6,346	10,672	15,134	19,731
CAPEX	-12,429	-11,546	-28,450	-17,739	-10,960
Other CF from investing activities	7,947	-5,053	1,940	1,514	401
CF from investing activities	-4,482	-16,599	-26,510	-16,225	-10,558
Equity financing	2,708	22,337	0	0	0
Net change in liabilities	428	15,726	9,118	6,713	-3,481
Dividend and interest paid	-1,655	-3,802	-2,051	-2,365	-2,835
Other CF from financing activities	-5,417	-3,115	-2,705	-6,645	-6,933
CF from financing activities	-3,937	32,100	4,362	-2,296	-13,249
Net cash flow	1,075	21,847	-11,476	-3,387	-4,076

Source: SWS Research

Table 3: Consolidated Balance Sheet

Rmbm	2013	2014	2015E	2016E	2017E
Current Assets	21,761	42,150	35,798	38,428	38,339
Bank balances and cash	6,640	26,712	19,326	15,938	11,863
Trade and other receivables	3,059	3,750	4,054	5,523	6,422
Inventories	8,384	9,337	10,068	14,617	17,703
Other current assets	3,678	2,350	2,350	2,350	2,350
Long-term investment	11,093	11,893	16,230	19,475	22,874
PP&E	87,042	93,983	175,911	186,012	189,626
Intangible and other assets	7,779	8,900	9,249	9,391	9,523
Total Assets	127,675	156,926	237,188	253,306	260,362
Current Liabilities	26,462	23,559	36,132	39,439	41,535
Borrowings	2,401	3,837	4,931	5,241	5,265
Trade and other payables	12,175	11,341	11,824	14,828	16,866
Other current liabilities	11,887	8,381	19,376	19,370	19,404
Long-term liabilities	69,521	73,950	124,995	131,237	127,764
Total Liabilities	95,983	97,510	161,127	170,676	169,299
Minority Interests	8,640	8,628	21,109	22,877	25,554
Shareholder Equity	23,052	50,789	54,952	59,753	65,509
Share Capital	19,768	45,449	45,449	45,449	45,449
Reserves	3,284	5,340	9,503	14,304	20,060
Equity attributable	23,052	50,789	54,952	59,753	65,509
Total Liabilities and equity	127,675	156,926	237,188	253,306	260,362

Source: SWS Research

Table 4: Key Financial Ratios

	2013	2014	2015E	2016E	2017E
Ratios per share (Rmb)					
Earnings per share	0.15	0.17	0.14	0.16	0.19
Diluted earnings per share	0.15	0.17	0.14	0.16	0.19
Operating CF per share	0.16	0.50	0.58	0.36	0.23
Dividend per share	0.03	0.00	0.05	0.05	0.06
Net assets per share	1.16	1.78	1.67	1.82	2.00
Key Operating Ratios(%)					
ROIC	6.8	6.9	5.1	6.6	7.5
ROE	18.2	15.1	10.5	11.3	13.0
Gross profit margin	46.9	48.5	47.7	49.8	49.8
EBITDA Margin	65.4	65.8	68.2	70.7	70.4
EBIT Margin	51.1	52.9	53.3	56.0	55.7
Growth rate of Revenue(YoY)	(1.2)	19.7	2.1	41.7	18.0
Growth rate of Profit(YoY)	1.2	36.2	8.8	15.3	19.9
Debt-to-asset ratio	75.2	62.1	67.9	67.4	65.0
Turnover rate of net assets	0.5	0.3	0.3	0.4	0.4
Turnover rate of total assets	0.1	0.1	0.1	0.1	0.1
Effective tax rate (%)	16.7	16.8	16.8	11.9	11.7
Dividend yield (%)	0.8	0.1	1.4	1.6	1.9
Valuation Ratios (X)					
P/E	21.4	19.1	24.0	20.8	17.3
P/B	2.8	1.8	2.0	1.8	1.6
EV/Sale	10.0	8.9	13.8	10.1	8.7
EV/EBITDA	15.2	13.5	20.2	14.3	12.3

Source: SWS Research

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