

2015 年 4 月 9 日

买入
维持

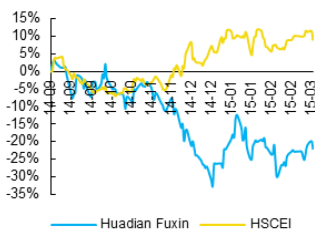
价格发现

华电福新 (816:HK)

Market Data: Apr. 08

Closing Price (HK\$)	3.93
Price Target (HK\$)	5.17
HSCEI	13396
HSCCI	5068
52-week High/Low (HK\$)	4.94/3.08
Market Cap (HK\$ Bn)	33.0
Market Cap (US\$ Bn)	4.3
Shares Outstanding (Mn)	8408
Exchange Rate (HK\$-US\$)	7.75

Price Performance Chart:



Source: Bloomberg

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" HUADIAN FUXIN ENERGY CORP (816:HK) Wind in the Sales " Mar 23,2015

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Financial summary and valuation

	2013	2014	2015E	2016E	2017E
Revenue (Rmbm)	13,242	13,895	15,548	16,749	18,708
YOY (%)	16.66	4.93	11.89	7.73	11.70
Net income (Rmbm)	1468	1867	2634	3385	4405
YOY (%)	34.29	27.20	41.09	28.47	30.16
EPS (Rmb)	0.19	0.23	0.31	0.40	0.52
Diluted EPS (Rmb)	0.19	0.23	0.31	0.40	0.52
ROE (%)	12.91	13.69	15.93	17.29	19.28
Debt/asset (%)	79.74	79.45	77.82	76.68	74.02
Dividend yield (%)	1.21	1.37	1.98	2.54	3.31
PE (x)	16.4	13.5	10.1	7.9	6.0
PB (x)	1.8	1.4	1.3	1.1	1.0
EV/Ebitda (x)	10.1	10.0	9.6	8.6	7.7

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.

低估值股票中首推华电福新。我们 2015 年 3 月 23 日的报告中鉴于市场对福建产能问题和燃煤业务的过度担忧并没有根据新估值上调目标价。然而，近期内地资本大量涌入，在投资者寻找相对有扎实基本面的低估值港股股票中，我们首推华电福新。

依然维持保守预期。我们 2015 年预计的股东应占利润为 26 亿人民币，已包含 5% 燃煤利用小时数下调（为反应燃煤利用率担忧），核电首年运营小时 6000（为反应福建产能过剩担忧），和市场预期的 20 人民币每兆瓦时的燃煤上网电价下调。然而，由于中国长期依赖煤炭能源，我们并不认为燃煤业务在短期内会收到显著的影响。

严重低估的资产组合。2015 年我们保守预计公司新增风电装机 1.4GW，这意味着风电权益装机量将达到 40% 以上，而燃煤装机量会从 14 年的 32% 左右降至 16 年的约 24%。核电权益装机将从 14 年的 3% 左右上升到预计 17 年的 9% 左右（图 1）。15 年股东应占净利预计有 30% 以上将来自风电。燃煤利润贡献将从 2014 年的 38% 预计降至 17 年的 13%。核电将 15 年预计可产生高达 11% 的利润贡献，未来两年将进一步上升到 25% 左右。华电福新从今年开始可有近半或过半利润由风电和核电驱动，其战略转型和新的资产组合应被重新定义，并赋予新能源产业普遍拥有的较高市盈率水平。该公司目前的市值约为 330 亿港元，15E 13x PE 水平下核电业务近无剩余价值，15E 11x PE 水平下核电业务股指只有 3.2x 15E PE。根据市场常况下 8x PE 煤炭业务，12x PE 水电业务，18x PE 核电业务和 15x PE 的其他可再生能源业务，华电福新 2015 年至少可享有 13.3x PE 的估值水平。

维持买入评级。我们维持 15 年股东应占净利为 34 亿人民币（同比增长 41%），16 年 34 亿人民币（同比增长+28%）和 17 年 44 亿人民币（同比增长 30%）。每股收益预测不变，15 年 0.31 人民币（同比增长+34%），16 年 0.40 人民币（同比增长 29%）和 17 年 0.52 人民币（同比增长 30%）。我们将目标价由 4.61 港币升至 5.17 港币基于加总零部件（SOTP）估值法，8x PE 给公司的煤炭业务，12x PE 水电业务，18x PE 的核电业务和 15x PE 其他可再生能源领域业务，目标价相当于 13.3x PE15E 或 1.72x PB15E。股价有 32% 的上涨空间，我们维持买入评级。

Investment Highlights :

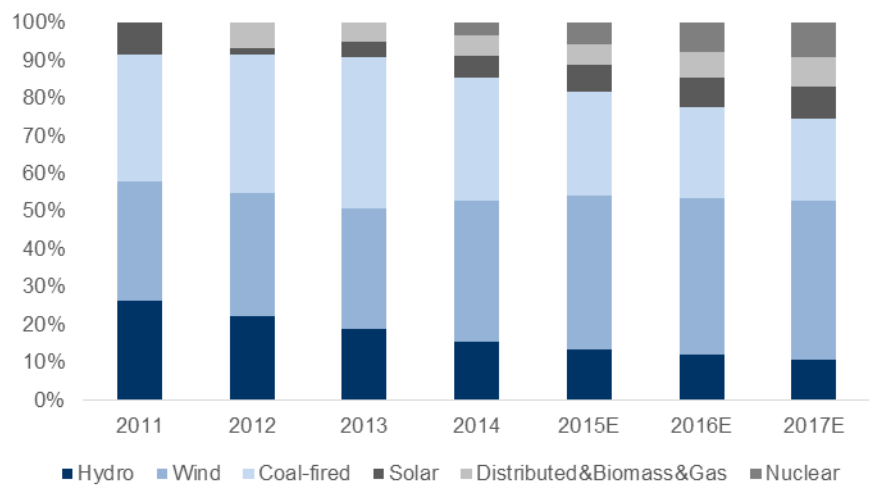
Top pick vs undervalued stocks. In our last report, Wind in the sales, published 23 March 2015, we mentioned our updated sum-of-the-parts (SOTP)-based valuation at HK\$5.17. At the time, we did not raise our target price from HK\$4.61 To HK\$5.17 given bearish market sentiment surrounding overcapacity concerns and long-term challenges for Huadian's coal-fired segment. However, recently large capital inflows from mainland investors looking for relatively undervalued H-share stocks with solid fundamentals have pushed shares of Huadian Fuxing higher

Conservative expectations. In 2015, we conservatively forecast profit attributable to shareholders of Rmb2.6bn in 15E, factored in 5% lower coal-fired utilisation hours, 6,000 utilisation hours for the nuclear unit during its first full-year operation (reflecting market concerns on overcapacity in Fujian) and a Rmb20/MWh coal-fired tariff-cut (in line with consensus), though we do not expect any significant drop over coal-fired utilisation rates given the dominant position of coal-fired energy in total energy consumption in China.

Greatly undervalued portfolio mix. Under our conservative expectation of 1.4GW incremental wind capacity in 2015, the wind segment will account for more than 40% of attributable capacity in 2015, while coal-fired will fall from c.32% to c.24% from 2014-16E. We expect nuclear power to rise from c.3% to c.9% of the total capacity mix from 2014 to 2017E (Figure 1). More than 30% of profit attributable to shareholders is expected to stem from wind power in the year ahead. Coal-fired contribution will decrease from c.38% to c.13% from 2014-17E. Nuclear power will generate up to 11% in 15E and rise to more than 25% over the next two years. More than half will be driven by wind and nuclear power in the coming years, defining Fuxin as a renewable energy company and justifying the high PE ratio assigned to its new portfolio mix and strategy shift (Figure 2). The company's current market cap is HK\$33.0bn, which essentially excludes the nuclear segment when we apply 13x 15E PE, and just 3.2x 15E PE for its nuclear segment when we apply 11x 15E PE. The 15E portfolio justifies at least 13.3x PE given sector multiples of 8x PE for the company's coal business, 12x PE for hydro, 18x PE for nuclear and 15x PE for other renewable segments.

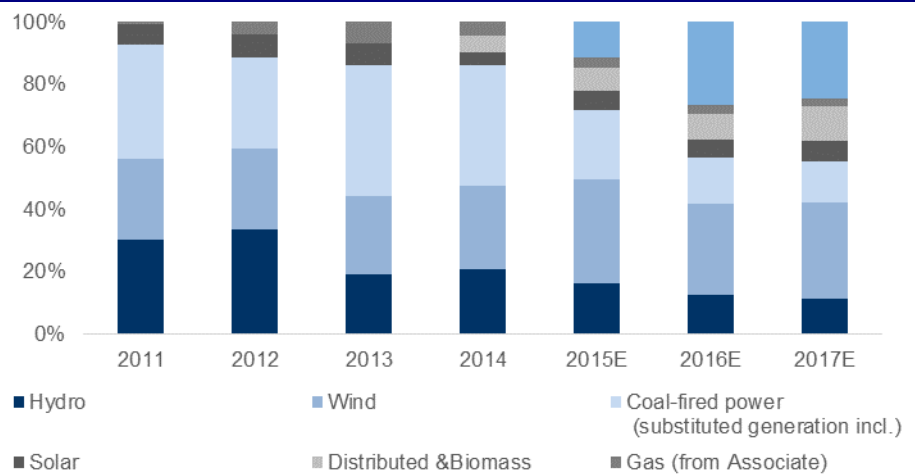
Maintain BUY. We maintain our profit attributable to shareholders forecast of Rmb2,6bn (+41% YoY) in 15E, Rmb3.4bn (+28% YoY) in 15E and Rmb4.4bn (+30% YoY) in 17E. We maintain our EPS forecasts of Rmb0.31 in 15E (+34% YoY), Rmb0.40 in 16E (+28% YoY) and Rmb0.52 in 17E (+30% YoY). We raise our target price from HK\$4.61 to HK\$5.17 based on sum-of-the-parts (SOTP)-based valuation, assigning 8x PE for the company's coal business, 12x PE for its hydro business, 18x PE its nuclear business and 15x PE for its other renewable segments, representing 13.3x 15E PE or 1.72x 15E PB. With 32% upside, we maintain our BUY recommendation.

Figure 1: Attributable capacity breakdown by segments, renewable leads



Source: Company, SWS Research

Figure 2: Profit attributable breakdown by segments, renewable leads



Source: Company, SWS Research

Appendix

Consolidated Income Statement

Rmbm	2013	2014	2015E	2016E	2017E
Revenue	13,242	13,895	15,548	16,749	18,708
Cost of Sales	4,502	4,272	3,993	3,594	3,594
Gross Profit	8,740	9,623	11,555	13,155	15,115
Other Income	61	237	70	70	70
Repairs and maintenance	440	426	498	566	627
Administrative expenses	415	405	474	539	597
EBITDA	6,667	7,692	9,376	11,242	13,071
EBIT	4,492	5,025	6,434	7,866	9,334
Finance Costs	2,305	2,344	2,699	3,234	3,353
Profit before tax	2,187	2,681	3,736	4,632	5,981
Income tax expense	482	534	710	834	1,017
Minority interests	233	280	391	414	558
Profit for the year	1,468	1,867	2,634	3,385	4,405

Source: SWS Research

Consolidated Cash Flow Statement

Rmbm	2013	2014	2015E	2016E	2017E
Profit before taxation	2,187	2,681	3,736	4,632	5,981
Plus: Depr. and amortisation	2,175	2,667	2,942	3,376	3,737
Finance cost	2,021	2,670	2,675	3,210	3,329
Losses from investments	-72	-84	-382	-1,003	-1,190
Change in working capital	551	3,067	-6,066	-1,054	-624
Others	-240	-351	-710	-834	-1,017
CF from operating activities	6,622	10,650	2,195	8,328	10,216
CAPEX	-8,753	-14,427	-12,750	-11,071	-9,245
Other CF from investing activities	196	-1,087	171	130	152
CF from investing activities	-8,557	-15,514	-12,579	-10,941	-9,093
Equity financing	68	2,262	0	0	0
Net change in liabilities	3,564	9,830	8,781	7,016	1,914
Dividend and interest paid	-2,593	-3,085	-3,192	-3,867	-4,158
Other CF from financing activities	100	0	0	0	0
CF from financing activities	1,139	9,007	5,589	3,149	-2,244
Net cash flow	-796	4,143	-4,795	536	-1,121

Source: SWS Research

Consolidated Balance Sheet

Rmbm	2013	2014	2015E	2016E	2017E
Current Assets	6,970	9,749	7,757	8,573	8,024
Bank balances and cash	1,769	3,291	946	1,482	361
Trade and other receivables	3,049	3,492	3,798	4,046	4,589
Inventories	412	427	473	505	534
Other current assets	1,741	2,540	2,540	2,540	2,540
Long-term investment	4,058	4,433	4,822	5,824	7,015
PP&E	52,265	66,074	73,484	81,190	86,705
Intangible and other assets	4,383	5,679	5,644	5,632	5,626
Total Assets	67,676	85,935	91,706	101,220	107,370
Current Liabilities	21,816	26,579	25,188	26,592	26,980
Borrowings	11,617	11,997	16,311	18,489	18,928
Trade and other payables	9,826	14,161	8,448	7,674	7,623
Other current liabilities	373	421	429	429	429
Long-term liabilities	32,149	41,698	46,180	51,019	52,494
Total Liabilities	53,966	68,277	71,368	77,611	79,474
Minority Interests	2,500	2,646	3,037	3,451	4,009
Shareholder Equity	11,211	15,013	17,301	20,159	23,887
Share Capital	7,623	8,408	8,408	8,408	8,408
Reserves	3,588	6,605	8,893	11,751	15,479
Equity attributable	11,211	15,013	17,301	20,159	23,887
Total Liabilities and equity	67,676	85,935	91,706	101,220	107,370

Source: SWS Research

Key Financial Ratios

	2013	2014	2015E	2016E	2017E
Ratios per share (RMB)					
Earnings per share	0.19	0.23	0.31	0.40	0.52
Diluted earnings per share	0.19	0.23	0.31	0.40	0.52
Operating CF per share	0.87	1.34	0.26	0.99	1.22
Dividend per share	0.04	0.04	0.06	0.08	0.10
Net assets per share	1.80	2.22	2.42	2.81	3.32
Key Operating Ratios(%)					
ROIC	6.48	6.34	6.86	7.43	8.15
ROE	12.91	13.69	15.93	17.29	19.28
Gross profit margin	41.75	42.30	47.30	49.87	52.39
EBITDA Margin	50.35	55.36	60.31	67.12	69.87
EBIT Margin	33.92	36.16	41.38	46.96	49.89
Growth rate of Revenue(YoY)	16.66	4.93	11.89	7.73	11.70
Growth rate of Profit(YoY)	34.29	27.20	41.09	28.47	30.16
Debt-to-asset ratio	79.74	79.45	77.82	76.68	74.02
Turnover rate of net assets	0.5	0.4	0.4	0.4	0.4
Turnover rate of total assets	0.1	0.1	0.1	0.1	0.1
Effective tax rate (%)	22.15	20.00	19.00	18.00	17.00
Dividend yield (%)	1.21	1.37	1.98	2.54	3.31
Valuation Ratios (X)					
P/E	16.4	13.5	10.1	7.9	6.0
P/B	1.8	1.4	1.3	1.1	1.0
EV/Sale	5.1	5.6	5.8	5.8	5.4
EV/EBITDA	10.1	10.0	9.6	8.6	7.7

Source: SWS Research

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