

29 April 2015

**BUY**  
Unchanged

**Market Data: Apr,28**

Closing Price (HK\$)	6.58
Price Target (HK\$)	8.0
HSCEI	14,715
HSCCI	5,591
52-week High/Low (HK\$)	8.00/2.57
Market Cap (US\$m)	540
Market Cap (HK\$m)	4,184
Shares Outstanding (m)	645
Exchange Rate (Rmb-HK\$)	1.27

**Price Performance Chart:**



Source: Bloomberg

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## 配售为并购铺平道路

同方泰德 (1206:HK)

**Financial summary and valuation**

	2013	2014	2015E	2016E	2017E
Revenue (US\$m)	167	221	273	344	444
YoY (%)	34.1	32.9	23.3	25.8	29.3
Net income (US\$m)	15.6	24.5	35.8	48.7	68.1
YoY (%)	16	57	46	36	40
EPS (US\$)	0.026	0.039	0.056	0.076	0.106
Diluted EPS (US\$)	0.023	0.035	0.051	0.069	0.096
ROE (%)	14.61	18.29	20.69	21.58	22.74
Debt/asset (%)	67.2	79.1	77.4	76.4	75.7
Dividend yield (%)	0.00	0.00	0.00	0.00	0.00
PE (x)	36.9	24.1	16.8	12.3	8.8
PB (x)	4.3	4.1	3.5	2.6	1.9
EV/Ebitda (x)	15.5	12.1	7.8	5.4	3.6

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

**股权配售。**在 4 月 28 日闭市后，同方泰德募在港币 5.95 元的价格上配售 128 百万股集资金约港币 767 百万元（净募集额为港币 750.4 百万元），相对于当日收盘价折价约 9.57%。新股占比为是原有股本的 20%和扩大后总股本的 6.67%。配设对象将不低于 6 个大型保险资金，行业领先的公募基金和世界级的资产管理集团。

**期待从母公司注入更多资产** 根据公告，这次筹集来的资金将主要用于城市节能环保业务的扩张（而非偿还债务）和加速企业的战略并购。在 2014 年底，公司的净负债率为 22%，处于一个健康且不需要立即去杠杆化的水平。根据我们对于公司业务发展架构和母公司同方股份（600100：CH）孵化器模式（参见我们 2015 年 3 月 10 日的首发报告）的理解和判断，我们认为这次配售是为之后潜在的母公司资产注入铺平道路。据我们估计，截至 2014 年年底，母公司中和同方泰德所处的定位“节能平台”相关的节能业务包括交通智慧网络，热网节能和智慧城市项目共计收入大致为人民币 10 亿元量级。

**吸引力的风险收益比** 由于越来越多的关于大陆和香港资本市场互通（如沪港通机制）政策的不断催化，我们观察到投资人对香港中小盘股的兴趣在迅速升温。节能环保行业的龙头同方泰德目前交易在 17 倍 2015E 市盈率左右，而同时其 A 股对标企业延华智能（002178.SZ）目前则是 120 倍 2015E 市盈率。我们认为，两者之间巨大的估值差异将会吸引更多的投资者关注同方泰德，从而提升公司的估值。

**维持买入评级** 我们将目标价格从原先的港币 5.5 元上调至港币 8 元，反映了公司在配售后的降低的股权融资成本和 A 股的溢出效应导致的估值提升。我们的新目标价对应 20 倍 15E 市盈率，不包括出售 Distech Controls 和任何潜在的资产注入的增厚效应。基于 22%的上浮空间，我们维持买入评级

**Share placement announced.** On 28 April 2015, Technovator raised HK\$767m (net proceeds of HK\$750.4m) from the sale of 128,944,000 shares at HK\$5.95/share, a 9.57% discount to its closing price. The new shares represent 20% of its existing share capital and 16.67% of its new share capital. The shares will be issued to no less than six places including large insurance funds, leading mutual funds and asset management groups.

**Asset injection from the parent.** The cash raised will be used to develop the urban integrated energy saving business (instead of repaying debt) and accelerate the strategic acquisition according to the company announcement. As of end-2014, net gearing ratio was 22%, a healthy level without immediate deleverage needs. Based on our understanding of the incubation business model of its parent, Tsinghua Tongfang (600100:CH), (please see our initiation report, *In the market for efficiency*, issued 10 March 2015), we expect the placing to be a step towards the parent's assets injection. As of end-2014, its energy saving related business included smart network of transportation, heating network and smart building with total revenue of c. Rmb1bn.

**Attractive risk reward profile.** We have observed a rising interest on Hong Kong listed small- to mid-caps, triggered by positive policies introduced to the Hong Kong-Shanghai Stock Connect. Energy saving leader, Technovator, is trading at 17x 15E leading PE while its A-share peer, Yanhua Smartech (002178:CH), is trading at 120x 15E PE. The significant valuation gap and increasing spill-over effect from the mainland stock market will lead a re-rating for Technovator in our view.

**Maintain BUY.** We raise our target price from HK\$5.5 to HK\$8.0 to reflect the company's low equity cost post placement and re-rating potential from A-share's spill-over effect. Our new target price implies 20x 15E PE, which excludes the value accretion from the disposal of Distech Controls or any accretive effect from assets injection. With 22% upside, we maintain our BUY rating.

## APPENDIX

### Consolidated Income Statement

(US\$m)	2013	2014	2015E	2016E	2017E
<b>Revenue</b>	167	221	273	344	444
<b>Cost of Sales</b>	(110)	(144)	(171)	(210)	(264)
<b>Gross Profit</b>	56	77	102	134	180
<b>Other Income</b>	3	4	6	7	9
Distribution expenses	(13)	(15)	(18)	(23)	(29)
Administrative expenses	(21)	(26)	(32)	(40)	(52)
EBITDA	30	48	67	91	125
EBIT	25	41	58	78	108
Finance Costs	(3)	(5)	(5)	(7)	(9)
<b>Profit before tax</b>	22	36	52	71	99
Income tax expense	(5)	(9)	(13)	(18)	(26)
Minority interests	1	2	3	4	6
<b>Profit for the year</b>	16	25	36	49	68

Source: Company, SWS Research

### Consolidated Cash Flow Statement

(US\$m)	2013	2014	2015E	2016E	2017E
<b>Profit before taxation</b>	25	36	52	71	99
Plus : D&A	5	7	9	13	17
Finance cost	1	4	4	5	6
Losses from investments	2	0	0	0	0
Change in working capital	18	(36)	8	(12)	(21)
Others	(6)	(9)	(13)	(18)	(26)
<b>CF from operating activities</b>	12	2	60	58	76
CAPEX	(12)	(19)	(23)	(29)	(37)
Other CF from investing activities	(19)	20	2	2	3
<b>CF from investing activities</b>	(32)	2	(21)	(27)	(35)
Equity financing	(1)	0	0	0	0
Net change in liabilities	43	32	23	33	48
Dividend and interest paid	0	0	0	0	1
Other CF from financing activities	(9)	0	0	0	0
<b>CF from financing activities</b>	33	32	23	33	48
<b>Net cash flow</b>	14	35	62	65	90
FCFF	41	3	65	68	93
FCFE	66	70	81	113	162

Source: Company, SWS Research

**Consolidated Balance Sheet**

(US\$m)	2013	2014	2015E	2016E	2017E
<b>Current Assets</b>	177	219	302	401	543
Bank balances and cash	69	74	151	216	306
Trade and other receivables	89	124	118	146	189
Inventories	17	18	30	36	46
Long-term investment	30	51	51	51	51
PP&E	58	56	20	27	35
Intangible and other assets	37	40	52	61	73
<b>Total Assets</b>	300	362	422	537	699
<b>Current Liabilities</b>	121	152	191	249	330
Borrowings	68	102	128	163	213
Trade and other payables	86	84	98	121	152
Other current liabilities	2	4	4	4	4
Long-term liabilities	38	38	38	38	38
<b>Total Liabilities</b>	194	228	268	326	407
Minority Interests	5	5	8	12	18
Shareholder Equity	107	134	173	226	299
Share Capital	38	98	98	98	98
Reserves	64	31	67	116	184
Equity attributable	102	129	165	214	282
<b>Total Liabilities and equity</b>	300	362	422	537	699

Source: Company, SWS Research

**Key Financial Ratios**

	2013	2014E	2015E	2016E	2017E
<b>Ratios per share (USD)</b>					
Earnings per share	0.02550	0.03930	0.056	0.076	0.106
Operating CF per share	0.022	0.034	0.093	0.091	0.118
Dividend per share	0.00	0.00	0.00	0.00	1.00
Net assets per share	0.20	0.21	0.24	0.33	0.45
<b>Key Operating Ratios(%)</b>					
ROIC	8.23	10.55	14.79	17.25	20.07
ROE	14.61	18.29	20.69	21.58	22.74
Gross profit margin	33.76	34.79	37.36	38.93	40.61
EBITDA Margin	17.88	21.46	24.55	26.41	28.22
EBIT Margin	14.99	18.45	21.11	22.68	24.35
Growth rate of Revenue(YoY)	34.11	32.93	23.32	25.79	29.33
Growth rate of Profit(YoY)	16.32	57.48	45.86	36.14	39.81
Debt-to-asset ratio	67.20	79.07	77.37	76.44	75.70
Turnover rate of net assets	156.21	165.09	177.31	162.71	152.02
Turnover rate of total assets	55.45	61.14	64.76	64.00	63.56
Effective tax rate (%)	23.85	25.69	25.69	25.69	25.69
Dividend yield (%)	0.00	0.00	0.00	0.00	0.00
<b>Valuation Ratios (X)</b>					
P/E	36.9	24.1	16.8	12.3	8.8
P/B	4.3	4.1	3.5	2.6	1.9
EV/Sales	2.8	2.6	1.9	1.4	1.0
EV/EBITDA	15.5	12.1	7.8	5.4	3.6

Source: Company, SWS Research

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