

22 April 2015

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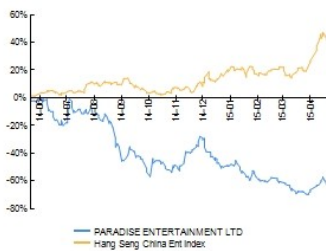
# 复苏略好于预期，等待更多催化

## 汇彩控股 (1180 HK)

### Market Data: Apr,21

Closing Price (HK\$)	2.22
Price Target (HK\$)	2.47
HSCEI	14,111
HSCCI	5,207
52-week High/Low (HK\$)	6.52/1.80
Market Cap (USD Mn)	343
Market Cap (HK\$ Mn)	2,660
Shares Outstanding (Mn)	1,055
Exchange Rate (RMB-HK\$)	1.27

### Price Performance Chart:



Source: Bloomberg

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### Related Reports

"Pay-in for pay-out" Mar 30,2015

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### Financial summary and valuation

	2013	2014	2015E	2016E	2017E
Revenue (HK\$m)	1030	1192	1380	1510	1686
YoY (%)	41%	16%	16%	9%	12%
Recurring net income (HK\$m)	97	93	176	271	411
YoY (%)	-31%	-4%	89%	54%	52%
EPS (HK\$)	0.15	0.06	0.17	0.26	0.39
Recurring EPS (HK\$)	0.15	0.09	0.17	0.26	0.39
ROE (%)	8%	8%	13%	18%	22%
Debt/asset (%)	21%	16%	15%	13%	11%
Dividend Yield (%)	2%	3%	3%	5%	6%
PE (x)	16.1	43.5	14.4	9.4	6.2
PB (x)	1.3	2.1	1.9	1.7	1.4
EV/Ebitda (x)	6.5	10.9	6.8	4.5	2.8

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.

**维持博彩收入增长预测。**根据汇彩控股管理层指引，金碧汇彩娱乐场 2015 年预计实现单位数增长，华都娱乐场实现双位数增长。然而，基于我们对整体博彩市场的谨慎看法，我们认为这一收入增长指引略显乐观，尤其是在 2015 年上半年。因此，我们仍然维持此前对公司博彩收入的预测，2015 年为港币 21 亿，同比增长 1.7%。比较整体澳门中场收入 -6% 的增速，公司的增速仍然快于市场，主要是由于公司目标客户群较少受到高端市场疲软的影响。我们预计 2015 年金碧汇彩和华都将录得与 2014 年相同的博彩收入，葡京娱乐场同比增速达到 20%，而赛马会娱乐场将同比大幅增长近 200%。

**华都实现扭亏。**由于博彩收入增长仅为 1.7%，我们认为今年公司博彩管理业务的盈利增长将主要来自成本的下降。根据我们的预测，华都娱乐场 2014 年的 EBITDA 利润率接近 -10%，而赛马会娱乐场也同样录得大量亏损。根据公司管理层，年初至今的成本控制措施已经初见成效。华都娱乐场在 EBITDA 层面已经实现了盈亏平衡。随着华都和赛马会娱乐场在收入上环比持续提升，同时进一步节省在餐饮，客房方面的成本，预计今年两家娱乐场有望贡献正的 EBITDA。

**机器订单情况好于预期。**根据管理层指引，今年公司将在澳门实现 1500 台机器安装，在海外实现 1000 台机器安装，截止目前，在手订单已经过半。然而，考虑到机器安装后通常先要经过 2-3 个月的试用期之后才会正式计入销售，同时存在各种不确定因素可能导致公司的机器安装延后，我们的机器业务销售预测较公司指引更偏保守。我们预计公司今年总共将实现机器销售 1550 台，较我们此前的预测量提高 200 台，主要是反映在澳门地区更多的机器销售。然而，1550 台中的大部分销售预计将在下半年完成。

**维持增持评级。**我们将 2015、2016、2017 年 EPS 分别从 HK\$0.12、HK\$0.20、HK\$0.31 提高到 HK\$0.17、HK\$0.26、HK\$0.39。一方面是反映了更好的成本控制和更多的机器销售，另一方面是因为公司在税收上得到了政府的支持，今后来自于博彩的利润将免除所得税，从而将减少约 3000 万港币每年的税收支出。基于盈利预测的调整，我们提高目标价至 HK\$2.47 元，对应 11% 的上升空间。维持增持评级。

**催化剂：**公司是恒生小市值指数成分股，关于深港通的新闻将成为公司股价向上的催化剂。此外，新订单的公告以及政府对于赌桌数的授予情况也将成为股价的催化因素。

**Maintain GGR growth forecast.** Paradise guided single-digit gross gaming revenue (GGR) growth from its operations at *Casino Kam Pek* and double-digit GGR growth from its operations at *Waldo Casino*. However, we note ongoing weak market sentiment and expect the strength of the rebound in revenue may be less than the company expects, particularly in 1H15. Therefore, we maintain our previous GGR forecast of HK\$2.1bn in 15E, representing 1.7% YoY growth (vs market growth of -6% YoY for mass/slot segment). We expect GGR taken from Casinos *Kam Pek* and *Waldo* will be flat YoY in 15E while the company's operations at the *Casino Lisboa* will increase 20% YoY and GGR at the *Casino Macau Jockey Club* will expand 178% YoY.

**Waldo breakeven.** We expect earnings growth in the company's casino operations segment in 2015 will be achieved mostly as a result of cost controls. We estimate that the company's operations at the *Waldo* carried a -10% Ebitda margin in 2014, but the company indicated that it recorded breakeven Ebitda at the *Waldo* in the YTD. With GGR likely to continue to pick up on a sequential basis, we expect it will contribute positive Ebitda to Paradise this year.

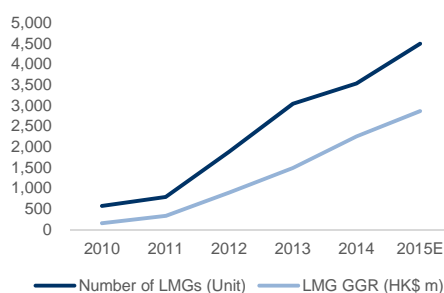
**More machine orders.** Management guided deployment of 1,500 units of its LMG terminals in Macau and 1,000 overseas in 15E, with approximately half of the necessary orders secured already. However, given that there is typically a 2-3 month trial period between deployment and sale, and potential order delay, we upgrade our total machine sales forecast by just 200 units to 1,550 units in 15E, to reflect more order from Macau market. We expect the majority of the machine sales to be booked in 2H15.

**Maintain outperform rating.** We revise up our recurring EPS forecasts from HK\$0.12 to HK\$0.17 in 15E (+89% YoY), from HK\$0.20 to HK\$0.26 in 16E (+54% YoY) and from HK\$0.31 to HK\$0.39 in 17E (+52% YoY) based on the improving earnings outlook and the company's recently secured tax break agreement with the Macau government, which we expect will save some HK\$30m annually. We raise our target price accordingly from HK\$2.09 to HK\$2.47. With 11% upside, we maintain our Outperform rating.

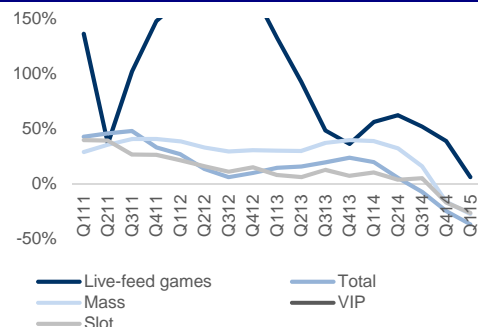
**Figure 1: EBITDA breakdown revision**

	2015E		2016E	
	New	Previous	New	Previous
<b>LT Macau</b>	<b>183.5</b>	<b>157.0</b>	<b>217.6</b>	<b>210.6</b>
Paradise	211.0	214.2	242.1	245.6
Waldo	-7.8	-34.3	-7.5	-14.7
Lisboa	-11.0	-9.3	-9.1	-7.0
Jockey Club	-8.8	-13.6	-7.9	-13.2
<b>LT Game</b>	<b>174.7</b>	<b>162.9</b>	<b>264.1</b>	<b>239.2</b>
Revenue share	76.4	72.1	83.7	79.1
Machine sale/lease	98.4	90.9	180.5	160.1
<b>Corporate expense</b>	<b>-30.0</b>	<b>-30.0</b>	<b>-33.1</b>	<b>-33.1</b>
<b>Total EBITDA</b>	<b>328.2</b>	<b>289.9</b>	<b>448.6</b>	<b>416.7</b>

Source: Company data, SWS Research

**Figure 2: LMG machine and GGR forecast**


Source: SWS Research, DICJ

**Figure 3: Quarterly GGR growth breakdown**


Source: SWS Research, DICJ

**Figure 4: GGR forecast breakdown**

	2014	2015E	2016E	2017E	2018E
Kampek	1,577	1,578	1,626	1,675	1,758
Waldo	479	477	495	532	570
Lisboa	33	39	47	57	62
Jockey club	17	46	51	56	61
<b>Total GGR</b>	<b>2,106</b>	<b>2,141</b>	<b>2,218</b>	<b>2,319</b>	<b>2,452</b>
Kampek	21%	0%	3%	3%	5%
Grand Waldo		0%	4%	8%	7%
Lisboa		20%	20%	20%	10%
Jockey club		178%	10%	10%	10%
<b>Total GGR</b>	<b>28%</b>	<b>2%</b>	<b>4%</b>	<b>5%</b>	<b>6%</b>

Source: Company data, SWS Research

**Figure 5: Machine sale forecast breakdown**

Unit	2014	2015E	2016E	2017E	2018E
<b>Lease</b>					
US		250	400	350	350
Australia		100	300	300	300
<b>Sale</b>					
<b>First generation</b>	<b>174</b>	<b>1,050</b>	<b>1,100</b>	<b>1,100</b>	<b>1,100</b>
Macau	174	800	700	700	700
Overseas	0	250	400	400	400
<b>Second generation</b>	<b>0</b>	<b>150</b>	<b>200</b>	<b>300</b>	<b>300</b>
Macau	0	150	200	300	300
Overseas	0	0	0	0	0

Source: Company data, SWS Research

**Figure 6: EBITDA forecast breakdown**

	2014	2015E	2016E	2017E	2018E
<b>LT Macau</b>	<b>158</b>	<b>183</b>	<b>218</b>	<b>270</b>	<b>317</b>
Paradise	230	211	242	267	292
Waldo	-44	-8	-8	17	37
Lisboa	-11	-11	-9	-7	-6
Jockey Club	-17	-9	-8	-7	-6
<b>LT Game</b>	<b>70</b>	<b>175</b>	<b>264</b>	<b>384</b>	<b>493</b>
Revenue share	70	76	84	88	94
Machine sale/lease	0	98	180	295	399
<b>Corporate expense</b>	<b>-25</b>	<b>-30</b>	<b>-33</b>	<b>-37</b>	<b>-40</b>
<b>Total EBITDA</b>	<b>204</b>	<b>328</b>	<b>449</b>	<b>617</b>	<b>770</b>
<b>EBITDA margin</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

Source: Company data, SWS Research

## Appendix

**Table 2: Consolidated Cash Flow Statement**

HK\$ mn	2013	2014	2015E	2016E	2017E
<b>Revenue</b>	1,030.5	1,192.3	1,380.1	1,509.9	1,685.9
LT Macau: Paradise	647.4	750.1	739.9	762.1	785.0
<b>Waldo</b>	191.6	263.4	272.1	282.9	305.0
Lisboa	0.8	10.8	13.0	15.6	18.7
<b>LT Game: Revenue share</b>	79.7	140.1	152.7	160.9	169.9
Machine sale/lease	95.2	23.6	185.8	270.2	387.3
<b>EBITDA</b>	197.7	203.9	328.2	448.6	617.1
LT Macau	154.7	157.7	183.5	217.6	270.0
<b>LT Game</b>	49.5	70.1	174.7	264.1	383.6
Corporate expense	-20.7	-24.9	-30.0	-33.1	-36.5
<b>Depreciation</b>	-36.0	-49.3	-60.3	-74.0	-86.9
Amortization	-41.8	-66.1	-66.9	-66.9	-66.9
<b>EBIT</b>	119.9	88.5	200.9	307.7	463.2
Finance cost	-16.1	-8.8	-2.0	-2.0	-2.0
<b>Other gain/loss</b>	0.0	-34.9	0.0	0.0	0.0
Profit before tax	103.8	44.9	198.9	305.7	461.2
<b>Income tax expense</b>	0.0	21.7	0.0	0.0	0.0
Minority interests	7.0	8.1	22.7	34.3	49.9
<b>Recurring net profit</b>	96.7	93.3	176.2	271.3	411.4
Net profit	96.7	58.4	176.2	271.3	411.4

**Table 2: Consolidated Cash Flow Statement**

HK\$ mn	2013	2014E	2015E	2016E	2017E
<b>Net profit</b>	97	58	176	271	411
Plus : Depr. and amortisation	78	115	127	141	154
Finance cost	-16	-9	-2	-2	-2
Tax paid	0	22	0	0	0
Change in working capital	-88	46	-101	-9	-12
Others	37	83	26	38	54
<b>CF from operating activities</b>	107	316	227	439	605
CAPEX	-127	-171	-155	-155	-155
Other CF from investing activities	0	0	0	0	0
<b>CF from investing activities</b>	-127	-171	-155	-155	-155
Equity financing	95	0	0	0	0
Net change in liabilities	0	-59	0	0	0
Dividend and interest paid	-5	-41	-76	-90	-138
Other CF from financing activities	0	0	0	0	0
<b>CF from financing activities</b>	90	-100	-76	-90	-138
<b>Net cash flow</b>	70	45	-5	194	312

FCFF	-153	-41	-130	-26	-16
FCFE	-137	-90	-128	-24	-14

Source: SWS Research

**Table 3: Consolidated Balance Sheet**

HK\$ mn	2013	2014E	2015E	2016E	2017E
<b>Current Assets</b>	529	524	610	813	1,136
Bank balances and cash	267	321	307	501	813
Trade and other receivables	249	159	260	270	282
Inventories	15	46	46	46	46
Other current assets	-1	-2	-3	-4	-5
Long-term investment	1	2	3	4	5
PP&E	183	186	281	362	431
Intangible and other assets	769	703	636	569	502
<b>Total Assets</b>	1,482	1,415	1,530	1,748	2,073
<b>Current Liabilities</b>	169	156	156	156	156
Trade and other payables	153	152	153	153	153
Other current liabilities	16	4	4	4	4
Long-term liabilities	138	68	68	68	68
<b>Total Liabilities</b>	307	224	224	224	224
Minority Interests	28	29	52	86	136
<b>Shareholder Equity</b>	1,148	1,162	1,254	1,438	1,713
Share Capital	1	1	1	1	1
Reserves	1,147	1,151	1,253	1,437	1,712
<b>Total Equity</b>	1,175	1,192	1,306	1,524	1,849
<b>Total Liabilities and equity</b>	1,482	1,415	1,530	1,748	2,073

Source: SWS Research

**Table 4: Key Financial Ratios**

	2013	2014	2015E	2016E	2017E
<b>Ratios per share (HK\$)</b>					
EPS	0.15	0.06	0.17	0.26	0.39
Recurring EPS	0.15	0.09	0.17	0.26	0.39
Operating CF per share	0.17	0.30	0.21	0.41	0.57
Dividend per share	0.05	0.07	0.08	0.13	0.16
Net assets per share	1.81	1.13	1.23	1.44	1.75
<b>Key Operating Ratios(%)</b>					
ROIC	7%	7%	13%	17%	21%
ROE	8%	8%	13%	18%	22%
EBITDA Margin	19%	17%	24%	30%	37%
EBIT Margin	12%	7%	15%	20%	27%
Growth rate of Revenue(YoY)	41%	16%	16%	9%	12%
Growth rate of Profit(YoY)	-31%	-4%	89%	54%	52%
Debt-to-asset ratio	21%	16%	15%	13%	11%

Turnover rate of net assets	130%	101%	110%	107%	100%
Turnover rate of total assets	98%	82%	94%	92%	88%
Effective tax rate (%)	0%	-48%	0%	0%	0%
Dividend yield (%)	2.2%	3.1%	3.7%	5.7%	6.9%
<b>Valuation Ratios (X)</b>					
P/E	15.1	40.9	13.6	8.8	5.8
P/B	1.2	2.0	1.8	1.6	1.3
EV/Sale	1.2	1.7	1.5	1.3	0.9
<b>EV/EBITDA</b>	<b>6.1</b>	<b>10.2</b>	<b>6.4</b>	<b>4.2</b>	<b>2.6</b>

Source: SWS Research

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