

2015 年 3 月 6 日

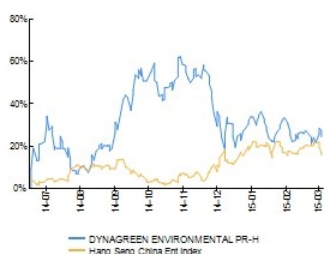
买入  
维持

## 下半年业绩反转 绿色动力环保(1330:HK)

### Market Data: Mar,5

Closing Price (HK\$)	4.30
Price Target (HK\$)	6.11
HSCEI	11,598
HSCCI	4,575
52-week High/Low (HK\$)	5.84/3.45
Market Cap (USD Mn)	579
Market Cap (HK\$ Mn)	4,494
Shares Outstanding (Mn)	1,045
Exchange Rate (RMB-HK\$)	1.26

### Price Performance Chart:



Source: Bloomberg

### Analyst

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### Related Reports

"Significant improvement" Jan 1,2015  
"Approval accelerates" Oct 30,2014

The company does not hold any equities or derivatives of the listed company mentioned in this report ("target"), but then we shall provide financial advisory services subject to the relevant laws and regulations. Any affiliates of the company may hold equities of the target, which may exceed 1 percent of issued shares subject to the relevant laws and regulations. The company may also provide investment banking services to the target. The Company fulfills its duty of disclosure within its sphere of knowledge. The clients may contact [compliance@swsresearch.com](mailto:compliance@swsresearch.com) for relevant disclosure materials or log into [www.swsresearch.com](http://www.swsresearch.com) under disclosure column for further information. The clients shall have a comprehensive understanding of the disclosure and disclaimer upon the last page.

### Financial summary and valuation

	2012	2013	2014E	2015E	2016E
Revenue (RMB million)	932.13	975.19	976.08	1,476.51	1,839.74
YOY (%)	110.52	4.62	0.09	51.27	24.60
Net income (RMB million)	146.34	150.90	138.49	253.06	328.50
YOY (%)	93.12	3.12	(8.23)	82.73	29.81
EPS (RMB)	0.21	0.22	0.13	0.24	0.31
Diluted EPS (RMB)	0.21	0.22	0.13	0.24	0.31
ROE (%)	12.23	12.46	6.95	11.60	13.64
Debt/asset (%)	50.41	63.84	57.73	60.25	62.54
Dividend Yield (%)	-	-	-	-	-
P/E (x)	16.59	15.83	26.79	14.51	11.24
P/B (x)	2.52	2.01	1.83	1.67	1.51
EV/EBITDA (x)	21.84	17.12	10.92	9.04	7.99

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.

### 投资要点:

**年报前瞻:** 我们预计绿色动力 14 年收入可达 Rmb9.76 亿元 (同比增长 0.1%)，其中垃圾焚烧发电运营收入达 Rmb3.55 亿元 (同比增长 37.3%)。建造收入预计达 Rmb6.19 亿元 (同比下降 13.4%)。受公司上市费用等非经营性因素以及新项目开工等因素影响，我们预计 14 年净利润将同比下降 8.2% 至 Rmb1.38 亿元，对应每股收益约 Rmb0.13，同比下降 40.9%。

**下半年业绩好转。** 下半年公司有 3 个垃圾发电项目开工，使得建造收入的达到 Rmb3.99 亿元 (同比增长 241.2%，环比上半年增长 81.3%)。下半年垃圾电厂运营收入也实现增长。主要是由于 1600 吨日处理能力的产能 (约占全部产能 30.5%) 实现正式商业运营。基于发改委的核准，这些产能的电上网电价在下半年实现 15.4% 的增长 (从每兆瓦 Rmb563 上调至每兆瓦 Rmb650) 正式并轨垃圾发电商业运营上网电价。因此下半年垃圾电厂运营收入增至 Rmb1.83 亿 (同比增长 21.1%，环比增 7.7%)。下半年公司收入总计达到 Rmb5.85 亿，环比增长 49.6%。

**财务费用于下半年下降。** 公司于 6 月的 IPO 募集 11.3 亿港币资金，其中 2.9 亿港币用于偿还银行贷款。我们预计公司付息债务规模将下降，从而使得下半年利息费用支出下降。我们预计下半年财务费用约 Rmb0.47 亿，环比下降 24.6%。我们预计全年财务费用为 Rmb1.1 亿，同比上升 48.2%。上半年提计 Rmb0.15 亿 IPO 费用后，我们预计下半年公司将不会在提计该项费用。

**产能增长。** 公司全年新开工 3 个项目，其中 2 个项目开工时间早于管理层预期。公司全年共获新项目 3 个，合计日垃圾处理产能 2,800 吨。公司储备产能垃圾日处理量同比增长 23.4% 至 14,750 吨。

**维持买入。** 我们认为最近有关环境污染记录片的发布，切合两会的召开将使投资者期待更多的针对环境治理政策的出台。我们维持我们 14-16 年利润预测分别为 Rmb1.385 亿/2.531 亿/3.285 亿，同比增幅分别为 -8.2%/82.7%/29.8%。未来 3 年净利润复合增长率为 29.6%。我们维持目标价 HK\$6.11 元不变，对应 15 年 25.5 倍市盈率。我们目标价相对现价有 42% 的涨幅，维持买入评级。

**Results preview.** We expect Dynagreen to report revenue of Rmb976m (+0.1% YoY) in 14E. Of this, we expect waste to energy (WTE) plant operations to contribute Rmb355m (+37.3% YoY), and plant construction to generate Rmb619m (-13.4% YoY). Taking into account non-recurring expenses from the company's mid-2014 IPO and the heightened expenses associated with project launches in 2014, we forecast full-year net profit of Rmb138m (-8.2% YoY) and EPS of Rmb0.13 (-40.9% YoY).

**Turnaround in 2H.** The company broke ground on three new projects in 2H, causing a surge in construction revenue recorded for the period at Rmb399m (+241.2% YoY, +81.3% HoH). Operating revenue also increased in the second half, as three plants in trial operation with total capacity of 1,600t/day, representing 30.5% of operational capacity, matured. With recognition by the National Development and Reform Commission, the plants qualify for higher-rate on-grid tariffs, up 15.4% from Rmb563/MWh to Rmb650/MWh. As a result, revenue from power sales increased 21.1% YoY, 7.7% HoH to Rmb184.3m. Thus, we forecast 2H revenue of Rmb585m, up 49.6% HoH.

**Interest expenses fall in 2H.** The company raised a net of HK\$1.13bn from its June 2014 IPO, of which it directed HK\$290m to pay off debt. The result is a likely decline in interest-bearing debt in 2H14, pushing down interest expense on a sequential basis. We forecast financial cost of Rmb47m in 2H14, down 24.6% HoH. We forecast full-year financing expense of Rmb110m, up 48.2% YoY. After recording Rmb15m in IPO-related expenses in 1H14, we do not expect the company to book further costs linked to the IPO in 2H14.

**Pipeline growth.** Of the company's three new WTE projects in 2014, the company began construction ahead of schedule on two projects. In addition, the company won three new WTE concessions with a total capacity of 2,800t/d in 2014. As such, we calculate the company's total pipeline at 14,750t/d (+23.4% YoY).

**Maintain BUY.** We believe the release of a documentary examining the country's problems with pollution on state-run TV, timed to coincide with the annual convocation of the country's top legislative bodies (the "Two Sessions"), will help draw investor attention to the positive outlook for the WTE sector, among others, given the likelihood of government support. We maintain our net profit forecasts at Rmb138.5m (-8.2% YoY) in 14E, Rmb253.1m (+82.7% YoY) in 15E and Rmb328.5m (+29.8% YoY) in 16E, and expect a three-year earnings Cagr of 29.6%. We maintain our target price of HK\$6.11, representing a valuation of 25.5x 15E PE. With 42% upside, we maintain our BUY rating.

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**Fig 1: Revenue and profit spike in 2H14**

	1H13	2H13	1H14	2H14	YoY	HoH
<b>Revenue</b>	<b>706,008</b>	<b>269,177</b>	<b>391,235</b>	<b>584,848</b>	<b>117%</b>	<b>49%</b>
Construction	597,965	116,979	220,145	399,097	241%	81%
Operation	106,574	152,198	171,090	184,251	21%	8%
Other	1,469	0	0	1,500		
<b>COGS</b>	<b>-522,407</b>	<b>-165,615</b>	<b>-245,969</b>	<b>-406,791</b>	146%	65%
<b>Gross profit</b>	<b>183,601</b>	<b>103,562</b>	<b>145,266</b>	<b>178,057</b>	<b>72%</b>	<b>23%</b>
Other gain	13,965	10,899	7,375	26,599	144%	261%
Other income	2,994	1,850	7,941	-3,061	-265%	-139%
IPO cost			-15,065	0		-100%
Administration cost	-20,971	-35,370	-28,761	-40,174	14%	40%
Other operating cost	-1	-897	-40	-1,163	30%	2808%
Operating profit	179,588	80,044	116,716	160,259	100%	37%
Financial cost	-32,054	-42,236	-62,773	-47,349	12%	-25%
Profit before tax	147,534	37,808	53,943	112,910	199%	109%
Tax expense	-30,527	-3,914	-19,516	-8,849	126%	-55%
<b>Net profit</b>	<b>117,007</b>	<b>33,894</b>	<b>34,427</b>	<b>104,061</b>	<b>207%</b>	<b>202%</b>
Share holder of the company	117,007	33,894	34,571	103,917	207%	201%
Minority interest	0	0	0	0		
<b>EPS</b>	<b>0.17</b>	<b>0.05</b>	<b>0.05</b>	<b>0.08</b>	<b>75%</b>	<b>76%</b>

Source: Company data, SWS Research

Fig 2:4 WTE plants adopt lower on-grid tariff in trail operation

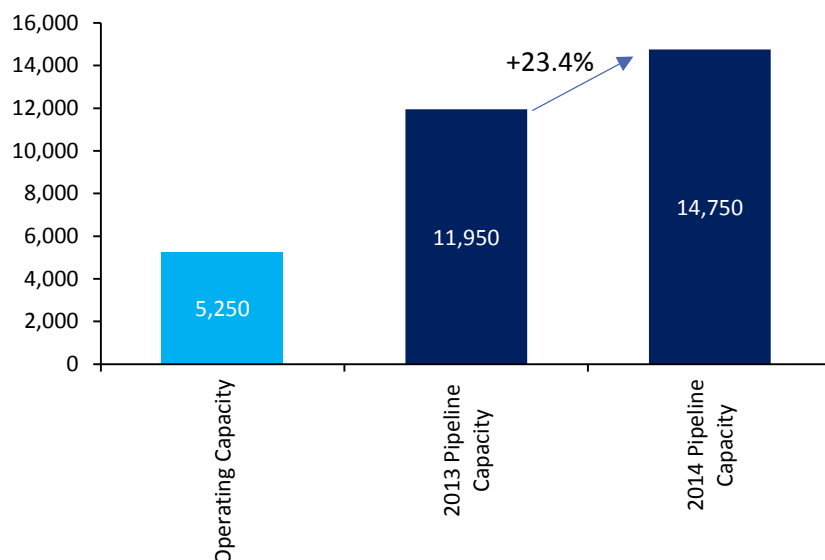
	Capacity (t/d)	On-grid tariff (Rmb/MWh)
<b>Projects with standard on-grid tariff</b>		
Changzhou (Jiangsu Province)	1,050	660
Haining (Zhejiang Province)	600	660
Taizhou (Jiangsu Province)	1,000	650
<i>Average</i>		<b>657</b>
<b>Projects with trail on-grid tariff</b>		
Pingyang (Zhejiang Province)	600	550
Yongjia (Zhejiang Province)	500	550
Rushan (Shandong Province)	500	590
Wuhan (Hebei Province)	1,000	560
<i>Average</i>		<b>563</b>

Source: Company data, SWS Research

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Fig 3: New project secured increase by 28% YoY in 2014. Pipeline capacity is c.3x of operating capacity by end of 2014



Source: Company data, SWS Research

**Maintain BUY.** We believe the release of a documentary examining the country's problems with pollution on state-run TV, timed to coincide with the annual convocation of the country's top legislative bodies (the "Two Sessions"), will help draw investor attention to the positive outlook for the WTE sector, among others, given the likelihood of government support. We maintain our net profit forecasts at Rmb138.5m (-8.2% YoY) in 14E, Rmb253.1m (+82.7% YoY) in 15E and Rmb328.5m (+29.8% YoY) in 16E, and expect a three-year earnings Cagr of 29.6%. We maintain our target price of HK\$6.11, representing a valuation of 25.5x 15E PE. With 42% upside, we maintain our BUY rating.

## Appendix

### Consolidated Income Statement

Rmbm	2012	2013	2014E	2015E	2016E
Revenue	932.13	975.19	976.08	1476.51	1839.74
Construction	773.03	714.94	619.24	1070.37	1255.58
Operation	114.02	201.10	268.22	315.10	468.57
Tech service	7.09	1.47	1.50	1.50	1.50
Interest income	37.99	57.68	85.94	89.03	93.89
CostofSales	(698.95)	(688.02)	(652.76)	(1023.90)	(1248.40)
Construction	(635.52)	(572.15)	(495.39)	(856.30)	(1004.46)
Operation	(61.76)	(115.41)	(156.85)	(166.29)	(242.28)
Tech service	(1.67)	(0.47)	(0.48)	(0.48)	(0.48)
GrossProfit	233.18	287.16	323.32	452.61	591.34
OtherIncome	6.71	29.71	38.85	81.97	102.57
EBITDA	239.69	333.92	387.10	564.08	701.20
EBIT	203.07	259.63	276.97	434.48	548.49
FinanceCosts	(36.62)	(74.29)	(110.12)	(129.60)	(152.71)
ProfitBeforeTax	166.46	185.34	166.85	304.89	395.78
IncomeTaxExpense	(20.12)	(34.44)	(28.37)	(51.83)	(67.28)
MinorityInterests	0.00	0.00	0.00	0.00	0.00
ProfitfortheYear	146.34	150.90	138.49	253.06	328.50

### Cash Flow Statement

Rmbm	2012	2013	2014E	2015E	2016E
ProfitBeforeTaxation	166.46	185.34	166.85	304.89	395.78
DeprAndAmortisation	24.45	36.67	0.00	0.00	0.00
FinanceCost	36.62	79.52	110.12	129.60	152.71
LossesFromInvestments	0.00	0.00	0.00	0.00	0.00
ChangeInWorkingCapital	(707.02)	(530.36)	(214.83)	(1244.60)	(977.43)
Others	4.44	(26.79)	(28.37)	(51.83)	(67.28)
CFFromOperatingActivities	(464.40)	(233.88)	62.14	(810.11)	(428.94)
CAPEX	(153.59)	(131.64)	(10.04)	(10.64)	(11.28)
OtherCFFromInvestingActivities	(1.59)	(1.71)	0.00	0.00	0.00
CFFromInvestingActivities	(155.18)	(133.35)	(10.04)	(10.64)	(11.28)
EquityFinancing	0.00	(1.59)	780.16	0.00	0.00
NetChangeInLiabilities	605.46	798.84	300.89	356.96	423.85
DividendAndInterstPaid	0.00	0.00	0.00	0.00	0.00
OtherCFFromFinancingActivities	(34.70)	(90.51)	0.00	0.00	0.00
CFFromFinancingActivities	570.76	706.75	1081.05	356.96	423.85
NetCashFlow	(59.48)	317.78	1104.78	(515.62)	(83.66)
FCFF	(599.51)	(200.59)	124.33	(752.46)	(355.32)
FCFE	(847.42)	162.51	1080.98	637.83	653.11

**Consolidated Balance Sheet**

Rmbm	2012	2013	2014E	2015E	2016E
CurrentAssets	535.87	500.71	748.67	1859.21	1349.59
BankBalancesAndCash	244.67	185.21	502.17	1606.95	1091.33
TradeAndOtherReceivables	700.35	1232.05	1464.98	1335.86	2032.16
Inventories	2.15	2.71	6.02	6.62	7.29
OtherCurrentAssets	0.00	3.50	3.50	3.85	4.24
LongTermInvestment	33.92	19.00	21.00	21.00	21.00
PPE	3.90	5.26	7.06	9.11	10.48
IntangibleAndOtherAssets	563.09	965.47	1345.77	1728.48	2319.41
<b>TotalAssets</b>	<b>1548.09</b>	<b>2413.19</b>	<b>3350.50</b>	<b>4711.87</b>	<b>5485.89</b>
CurrentLiabilities	0.00	0.00	0.00	0.00	0.00
Borrowings	305.15	910.61	1709.45	2010.34	2367.30
TradeAndOtherPayables	163.10	266.94	377.92	415.71	457.28
OtherCurrentLiabilities	5.40	5.94	8.30	9.13	10.05
LongTermLiabilities	24.14	33.06	43.39	80.00	88.00
<b>TotalLiabilities</b>	<b>497.79</b>	<b>1216.54</b>	<b>2139.06</b>	<b>2720.28</b>	<b>3304.98</b>
MinorityInterests	0.00	0.00	0.00	0.00	0.00
ShareholderEquity	0.00	0.00	0.00	0.00	0.00
ShareCapital	689.91	700.00	700.00	1045.00	1045.00
Reserves	360.39	496.65	511.43	946.59	1135.91
EquityAttributable	1050.30	1196.65	1211.43	1991.59	2180.91
<b>TotalLiabilitiesAndEquity</b>	<b>1548.09</b>	<b>14156.00</b>	<b>16294.58</b>	<b>17145.87</b>	<b>18272.30</b>

Source: SWS Research

**Key Financial Ratios**

	2012	2013	2014E	2015E	2016E
Ratios per share (RMB)					
Earnings per share	0.2091	0.2156	0.1325	0.2422	0.3144
OperatingCFPerShare	(0.0679)	(0.0365)	0.0323	(0.8248)	(0.4749)
DividendPerShare					
Key Operating Ratios(%)					
NetAssetsPerShare	1.7095	1.7306	1.9058	2.0870	2.3044
ROIC	12.0099	12.4878	12.8783	12.6683	12.7937
ROE	12.2291	12.4564	6.9536	11.6033	13.6414
GrossProfitMargin	25.0156	29.4470	33.1245	30.6540	32.1427
EBITDAMargin	25.7138	34.2419	39.6581	38.2036	38.1142
EBITMargin	21.7857	26.6239	28.3761	29.4264	29.8135
GrowthRateOfRevenue	110.5163	4.6194	0.0921	51.2692	24.6005
GrowthRateOfProfit	0.9312	0.0312	(0.0823)	0.8273	0.2981
DebtToAssetRatio	50.4121	63.8432	57.7325	60.2451	62.5449
TurnoverRateOfNetAssets	77.8945	80.4985	49.0102	67.7017	76.3984
TurnoverRateOfTotalAssets					
EffectiveTaxRate	14.2980	17.2440	23.4585	13.7705	13.8712
DividendYield					
Valuation Ratios (X)					
PE	20.6376	20.0138	27.5978	15.1032	11.6347
PB	2.5238	2.4930	1.9190	1.7525	1.5871
EVSale	5.6151	5.8613	4.3289	3.4527	3.0469
EVEBITDA	21.8370	11.7514	2.9051	2.7304	2.4550

Source: SWS Research



## Information Disclosure

The views expressed in this report accurately reflect the personal views of the analyst. The analyst declares that neither he/she nor his/her associate serves as an officer of nor has any financial interests in relation to the listed corporation reviewed by the analyst. None of the listed corporations reviewed or any third party has provided or agreed to provide any compensation or other benefits in connection with this report to any of the analyst, the Company or the group company(ies). A group company(ies) of the Company confirm that they, whether individually or as a group (i) are not involved in any market making activities for any of the listed corporation reviewed; or (ii) do not have any individual employed by or associated with any group company(ies) of the Company serving as an officer of any of the listed corporation reviewed; or (iii) do not have any financial interest in relation to the listed corporation reviewed or (iv) do not, presently or within the last 12 months, have any investment banking relationship with the listed corporation reviewed.

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#### Security Investment Rating :

When measuring the difference between the markup of the security and that of the market's benchmark within six months after the release of this report, we define the terms as follows:

Trading BUY: Share price performance is expected to generate more than 20% upside over a 6-month period.

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.

#### Industry Investment Rating:

When measuring the difference between the markup of the industry index and that of the market's benchmark within six months after the release of the report, we define the terms as follows:

Overweight : Industry performs better than that of the whole market :

Equal weight : Industry performs about the same as that of the whole market :

Underweight : Industry performs worse than that of the whole market.

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